



**INVESTMENTS  
CORPORATION**

February 28, 2019

**PHILIPPINE STOCK EXCHANGE, INC.**

6th Floor, PSE Tower  
28th St. corner 5th Ave.  
BGC, Taguig City

Attention: **Ms. Janet A. Encarnacion**  
*Head, Disclosure Department*

**PHILIPPINE DEALING & EXCHANGE CORP.**

37<sup>th</sup> Floor, Tower 1, The Enterprise Center  
6766 Ayala Ave., cor. Paseo de Roxas, Makati City

Attention: **Atty. Joseph B. Evangelista**  
*Head, Issuer Compliance and Disclosure Department*

Re: **Press Release - SM 2018 Net Income Up 13% to PHP37B**  
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Ladies and Gentlemen:

Please be informed that SM Investments Corporation is releasing to the press the attached statement entitled "SM 2018 Net Income Up 13% to PHP37B."

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Elmer B. Serrano', written over a light blue circular stamp.

**ELMER B. SERRANO**  
Corporate Secretary

Encl. a/s



## SM 2018 Net Income Up 13% to PHP37B

(28 February 2018. Pasay City, Philippines) SM Investments Corporation (SM) reported a 13% growth in net income to PHP37.1 billion in 2018 from PHP32.9 billion in 2017. Consolidated revenues also rose 13% to PHP449.8 billion from PHP397.9 billion the previous year.

Property accounted for 41% of total earnings, with banks comprising 38% and retail 21%.

“Our very good results in 2018 were driven by all three core businesses, retail, banking and property, each of which delivered strong revenue growth and also strong earnings growth. We remain optimistic about the economic environment and growth opportunities for the group in 2019,” SM President Frederic C. DyBuncio said.

### Retail

Operations under SM Retail Inc., which consist of non-food (THE SM STORE and specialty stores) and food stores (SM Markets), reported total revenues grew 12% to PHP335.6 billion from PHP299.2 billion in 2017. Net income likewise grew 8% to PHP11.3 billion from PHP10.4 billion the previous year.

THE SM STORE opened four stores in Urdaneta, Telebastagan, Legazpi and Valenzuela. Total gross selling areas of all 63 department stores in 2018 stood at 797,740 square meters.

The food group, which includes SM Markets (SM Supermarket, SM Hypermarket and Savemore), Alfamart and WalterMart, added 210 new stores in 2018.

At end-December 2018, SM Retail had a total of 2,328 outlets, comprising 63 THE SM STORES, 1,383 specialty retail outlets, 56 SM Supermarkets, 53 SM Hypermarkets and 195 Savemore, 52 WalterMart and 526 Alfamart stores. A total of 335 outlets were added in 2018 across the retail business portfolio.

### Property

SM Prime Holdings posted a consolidated net income growth of 17% in 2018 to PHP32.2 billion

from the previous year. Consolidated revenues rose 14% to PHP104.1 billion in 2018.

Mall revenues grew 11% to PHP59.3 billion in 2018 while rental income increased 11% to PHP50.5 billion. The increase in revenues was due to the rising contribution of rentals from new and expanded malls launched mostly in the developing provincial areas of the Philippines from 2017 to 2018 such as in SM CDO Downtown Premier, S Maison, SM City Puerto Princesa, SM Center Tuguegarao Downtown, SM City Urdaneta Central, SM City Telabastagan, SM City Legazpi and SM Center Ormoc. Same-mall-sales growth was at 8% across all mature malls.

Cinema and event ticket sales improved by 9% to PHP5.2 billion in 2018. Revenues from amusement and merchandise sales also increased 14% to PHP3.6 billion in 2018.

SM Prime has 72 malls in the Philippines offering 8.3 million square meters of gross floor area (GFA) and seven malls in China with 1.3 million sqm of GFA as of year-end 2018.

The residential group, led by SM Development Corporation (SMDC), reported a revenue growth of 22% to PHP36.5 billion in 2018. SMDC's reservation sales grew by 25% to PHP72.3 billion in 2018. The strong sales take-up came from projects such as Shore 3 Residences in the Mall of Asia Complex, Pasay City, Fame Residences in Mandaluyong City and Bloom Residences in Parañaque City.

The rest of SM Prime's businesses registered a combined revenue growth of 7% to PHP8.4 billion in 2018.

## **Banking**

BDO Unibank, Inc. (BDO) posted a net income of PHP32.7 billion in 2018, up 17%. Net interest income grew by 20% to PHP98.3 billion. Gross customer loans rose 15% to PHP2.0 trillion. Deposits grew 14% to PHP2.4 trillion.

China Banking Corporation (China Bank) reported net income growth of 7% to PHP8.1 billion in 2018. Net interest income was up 17% to PHP22.9 billion on the back of a 13% increase in gross loans to PHP513 billion. Total deposits rose 14% to PHP722.1 billion.

## **Balance Sheet**

Total assets of SM grew 10% and surpassed PHP1 trillion to PHP1.06 trillion. SM maintains a healthy balance sheet with a conservative gearing ratio of 44% net debt to 56% equity.

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## About SM Investments Corporation

SM Investments Corporation is a leading Philippine company that is invested in market leading businesses in retail, banking and property. It also invests in ventures that capture high growth opportunities in the emerging Philippine economy.

SM's retail operations are the country's largest and most diversified with its food, non-food and specialty retail stores. SM's property arm, SM Prime Holdings, Inc., is the largest integrated property developer in the Philippines with interests in malls, residences, offices, hotels and convention centers as well as tourism-related property developments. SM's interests in banking are in BDO Unibank, Inc., the country's largest bank and China Banking Corporation, the 7th largest bank.

For more about SM, visit [www.sminvestments.com](http://www.sminvestments.com)

For further inquiries, please contact:

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