

23 December 2025

Philippine Dealing & Exchange Corp.

29th Floor, BDO Equitable Tower,
8751 Paseo de Roxas, Makati City

Attention: **ATTY. SUZY CLAIRE R. SELLEZA**
Head - Issuer Compliance and Disclosure Department

Re: SMC Tollways Fixed Rate Bonds Series A due 2030
SMC Tollways Fixed Rate Bonds Series B due 2031
SMC Tollways Fixed Rate Bonds Series C due 2034
Press Release

Gentlemen:

In compliance with the Philippine Dealing & Exchange Corp. ("PDEX") guidelines, please find enclosed copy of our disclosure to Securities and Exchange Commission on December 23, 2025.

Very truly yours,


RAOUL EDUARDO C. ROMULO
Corporate Information Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. December 23, 2025
Date of Report (Date of earliest event reported)
2. SEC Identification Number CS201310694 3. BIR Tax Identification No. 008-547-087
4. SMC TOLLWAYS CORPORATION
Exact name of registrant as specified in its charter
5. Metro Manila, Philippines 6. (SEC Use Only)
Province, country or other jurisdiction of Industry Classification Code:
incorporation
7. 11/F San Miguel Properties Centre, 7 St. Francis St, Mandaluyong City 1550
Address of principal office Postal Code
8. (02) 8702 4833
Issuer's telephone number, including area code
9. N/A
Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC

Title of Each Class

Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding

Series A Bonds Due 2030	Php10,560,100,000.00
Series B Bonds Due 2031	Php5,898,950,000.00
Series C Bonds Due 2034	Php18,540,950,000.00

11. Indicate the item numbers reported herein: Item 9

Item 9. Other Events

On December 23, 2025, the Philippine Rating Services Corporation (“PhilRatings”) published a report stating that PhilRatings maintained the Issue Credit Rating of PRS Aaa with a Stable Outlook for SMC Tollways Corporation’s P35.0 billion outstanding bonds.

Obligations rated “PRS Aaa” are of the highest quality with minimal credit risk. The obligor’s capacity to meet its financial commitment on the obligation is extremely strong. PRS Aaa is the highest rating assigned by PhilRatings.

A copy of the PhilRatings press release is attached as Annex “A”.

- nothing follows -

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized on December 23, 2025.

SMC TOLLWAYS CORPORATION

By:



MARY ROSE S. TAN
Corporate Secretary and
Compliance Officer

 PHILIPPINE RATING SERVICES CORPORATION	ISSUE RATING REPORT
	SMC TOLLWAYS CORPORATION

DATE: December 23, 2025
ANALYSTS: Joan Grace P. Bual
Aline Lei A. Abon
Eunice Nicolette R. Uson

5TH Floor, ALGO Center
162 Leviste St., Salcedo Village
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MONITORING

Amount	Interest Rate	Tenor	Issue Date	Maturity Date	Assigned Rating and Outlook
₱10.56010 billion Series A	6.4783%	5.25 years	December 5, 2024	March 5, 2030	PRS Aaa Stable Outlook
₱5.89895 billion Series B	6.7026%	7 years	December 5, 2024	December 5, 2031	
₱18.54095 billion Series C	6.9331%	10 years	December 5, 2024	December 5, 2034	
Total: P35.0 billion					

Obligations rated **PRS Aaa** are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. **PRS Aaa** is the highest rating assigned by PhilRatings.

An **Outlook** is an indication as to the possible direction of any rating change within a one-year period and serves as a further refinement to the assigned credit rating for the guidance of investors, regulators, and the general public.

A **Stable Outlook** is assigned when a rating is likely to be maintained or to remain unchanged in the next 12 months.

RATING RATIONALE

A major expressway operator under the San Miguel Group

Established on June 7, 2013, SMC Tollways Corporation (SMC Tollways or the Company) is mainly dedicated to the rehabilitation, building, and development, as well as overseeing the continuous maintenance and operations, of the Skyway System—a key arterial road network connecting the northern and southern corridors of Metro Manila. The Company holds the investments in the Skyway System of San Miguel Holdings Corp. (SMHC), the infrastructure arm of conglomerate San Miguel Corporation (SMC).

SMC, in turn, is one of the country's largest and most diversified conglomerates, holding business interests in various sectors, from food and beverage, packaging, fuel and oil, energy to infrastructure, cement, property development and leasing, car distributorship, and banking services. Its key businesses have the advantage of well-entrenched market leadership, supported by strong brand equity and proven track

record. SMC reported consolidated revenues and net income of ₱1.1 trillion and ₱78.6 billion, respectively, in the first nine months of 2025 (9M2025). The Group's consolidated assets also stood at ₱2.7 trillion as of end-September 2025.

Sustained growth in revenues and earnings, supported by robust demand for services

In 2024, SMC Tollways' topline inched up by 4.5% from ₱20.3 billion in 2023 to ₱21.2 billion. Revenue from toll operations continued to make up the bulk of total revenues, accounting for 98.1%. Top line expansion was supported by the sustained growth in annual average daily traffic (AADT) for all vehicle classes.

Given the growth in revenues, bolstered by well-managed costs and expenses as well as increased interest income, bottom line further grew in 2024. Net income went up by 9.9% from ₱8.4 billion in 2023 to ₱9.2 billion. Net profit margin (NPM) and return on average assets (ROAA) also continued to improve, increasing to 43.6% and 8.6%, respectively.

Revenues also went up by 5.7% in 9M2025, from ₱15.7 billion in the 9M2024 to ₱16.6 billion, on the back of increased traffic volume across all vehicular classes. Cost of services remained well managed, as such grew at a softer rate of 2.7% year-on-year (YoY) to ₱4.5 billion. Operating expenses, in contrast, jumped by 31.7% YoY to ₱1.0 billion due to the increase in management fees. Pre-tax profit therefore grew by 8.4% YoY, from ₱8.5 billion to ₱9.2 billion, driven by higher operating profit as well as interest income. Income tax expense notably climbed by 50.0% YoY to ₱1.8 billion, however, following the expiration of Skyway Stage 3's income tax holiday.

With the foregoing, bottom line registered a marginal increase of 1.5%, from ₱7.3 billion in 9M2024 to ₱7.4 billion in 9M2025. NPM decreased from 46.4% to 44.5%, while ROAA inched up from 8.5% to 8.6%

Conservative capital structure despite capital-intensive nature of business

SMC Tollways' consolidated assets expanded by 5.7% from ₱104.9 billion as of end-2023 to ₱110.9 billion as of end-2024. Service concession rights accounted for 71.3% of total assets as of end-2024, down from its 76.5% share as of end-2023.

Interest-bearing debt decreased by 6.1% from ₱55.6 billion as of end-2023 to ₱52.3 billion as of end-2024. Total equity, on the other hand, soared by 19.6% to ₱51.3 billion as of end-2024. Equity expansion was driven by continued plowback of earnings. As a result, debt-to-equity ratio improved from 1.3x as of end-2023 to 1.0x as of end-2024. Debt-to-capitalization ratio stood at 50.4% as of end-2024.

As of end-September 2025, consolidated assets further increased to ₱113.0 billion. Total equity also expanded by 14.0% to ₱58.6 billion, on account of the 12.1% increase in retained earnings to ₱58.8 billion. Higher equity was coupled with lower debt levels (-7.8% to ₱48.2 billion), resulting in an improved debt-to-equity ratio of 0.8x.

More than ample liquidity backed by strong cashflow generation

Cash from operating activities of the Company jumped by 15.6% from ₱16.4 billion in 2023 to ₱18.9 billion in 2024, supported by the growth in earnings and increase in accounts payable. As internally generated cash was more than enough to cover investing and financing activities, cash and cash equivalents settled at ₱17.3 billion as of end-2024, significantly up by 57.6%. Current ratio and acid test ratio were also more than ample at 2.5x and 1.4x, respectively, as of end-2024.

In 9M2025, cash from operations marginally decreased by 4.7% YoY from ₱13.6 billion to ₱13.0 billion. It was nevertheless still more than sufficient to cover funds used in investing and financing activities, resulting in a 20.8% increase in cash balance to ₱20.9 billion as of end-September 2025.

Liquidity ratios further improved as of end-September 2025. Current ratio was more than ample at 3.0x, while acid test ratio stood at 2.0x.

BUSINESS RISK

Company Profile

SMC Tollways was established on June 7, 2013 as Atlantic Aurum Investments Philippines Corporation (AAIPC). The Company was formed to deal with real and personal property, including but not limited to those engaged in the logistics, tollways, infrastructure, and similar business. The Securities and Exchange Commission (SEC) approved the change in the Company's name to its present name on April 5, 2021.

SMC Tollways holds the investments in the Skyway System of SMHC, the infrastructure arm of conglomerate SMC.

The Concession

The Metro Manila Skyway, or simply the Skyway System, is an elevated expressway that crosses major highways in Metro Manila. Passing through Quezon City, Makati City, Pasay City, and Parañaque City, the development goes over existing roads to make a more convenient link between the North Luzon Expressway (NLEX) and South Luzon Expressway (SLEX).

SMC Tollways, through its subsidiaries, operates the Skyway Stage 1, Skyway Stage 2, Skyway Stage 3, and the Skyway Extension.

Table 1. The Skyway System¹

Name	Description	Concessionaire
Stage 1 "SS1"	The rehabilitation of the 13.43-kilometer (km) at-grade (or ground level) section of Magallanes to Alabang and the construction of a 9.02-km six-lane, 2x3 divided elevated expressway from Buendia, Makati to Bicutan Parañaque City. Construction started in April 1995, and exits/interchanges were completed and gradually opened from 1999 to 2010.	SMC Skyway Corporation (SMC Skyway)
Stage 2 "SS2"	Continuation of Stage 1 and included a 6.88-km elevated expressway from Bicutan to Alabang over the existing alignment of the SLEX. Construction started in 2007, with portions opened from December 2010 to April 2011.	
Stage 3 "SS3"	An elevated expressway of roughly 17.93 km from Buendia, Makati City to NLEX Balintawak, Quezon City. Construction started in January 2015. The tollway had its soft opening in December 2020 and was formally opened on January 14, 2021.	SMC Skyway Stage 3 Corporation (SMC Skyway Stage 3)

¹ Sources: 2018 Audited Financial Statements (AFS) of SMC Tollways Corporation
<https://www.sanmiguel.com.ph/page/infrastructure>
<https://trb.gov.ph/index.php/toll-road-projects/skyway>
<https://www.dpwh.gov.ph/dpwh/PPP/projs/sucat>
<https://www.dpwh.gov.ph/dpwh/PPP/projs/mme>
<https://www.pna.gov.ph/articles/1020809>

Skyway Extension	An additional 4.1-km elevated expressway that connects the existing Skyway system to Susana Heights, Muntinlupa. This toll road also provided additional lanes to Skyway in Sucat. Construction of the project started in July 2019 and was formally inaugurated as the SLEX Elevated Extension Project in February 2022.	SMC Skyway Corporation (SMC Skyway)
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Ongoing Projects

SMC Tollways continues to develop the Skyway System. As of end-September 2025, the Company had the following ongoing projects:

SS1 and SS2 Extension and Widening Projects

The Skyway Extension Project spans from Sucat to Alabang. It targets to improve traffic queuing by providing an additional lane to the whole section of the southbound viaduct which merges with the SLEX southbound lanes.²

The SS1 Widening project is a 11.6-km development between Buendia and Sucat. Such will add one lane through an extension of deck slabs at northbound lanes. Similarly, the SS2 Widening project—between Dr. A Santos Avenue Interchange and Skyway Main Toll Plaza—will attach an additional northbound lane using deck slabs.³

These projects aim to improve storage for traffic queuing for both northbound and southbound exits and improve overall network capacity.

SS3 Additional On and Off Ramps

For SS3, the construction of additional On (Entrance) and Off (Exit) ramps are in the works to offer motorists additional accessible routes and manage increasing vehicular traffic on the expressway.

There are five ramps in the pipeline, namely: (1) Maria Clara Off Ramp - completed and operated on December 28, 2024, (2) Shaw/Sevilla On & Off Ramp, (3) Quirino South Bound (SB) On & Off Ramp, (4) Pandacan Ramps, and (5) Section 2A. PhilRatings notes that after the previous rating exercise, the Maria Clara Off-Ramp—northbound exit of the Quezon Avenue extension on SS3—was already opened to the public in December 2024.⁴

Recent Developments

The Skyway to Ninoy Aquino International Airport Expressway (NAIAX) By-Pass Ramp

The Skyway to NAIAX By-Pass Ramp is set to be constructed along Pasay. It will be a 1.0-km long two-lane extension that will connect the Skyway Project to the NAIAX.⁵ The project was designed to eliminate the bottleneck that usually occurs when entering the NAIAX from the Skyway's southbound lanes.

² A viaduct is a long elevated roadway usually consisting of a series of arches.

³ Deck slabs serve as a load-bearing element which evenly distributes the weight of the structure across supporting beams or columns and/or walls.

⁴ <https://www.abs-cbn.com/news/business/2024/12/28/motorists-can-now-use-skyway-stage-3-quezon-ave-extension-exit-1401>

⁵ Under SMHC's subsidiary, SMC NAIAX Corporation (formerly Vertex Tollways Development, Inc.), NAIAX is a 5.4-km, four-lane elevated expressway that connects the Skyway System to Ninoy Aquino International Airport (NAIA) Terminals 1, 2, and 3 as well as to Entertainment City.

In August 2024, SMC Chairman and Chief Executive Officer (CEO) Ramon S. Ang shared in an interview that the project cost will range from ₱3 billion to ₱5 billion, contingent on the possible construction of an underground road (if deemed necessary to further alleviate traffic within the area).⁶

The New Sucat Interchange

The New Sucat Interchange will be located along Meralco Road and Captain Toti Posadas Avenue (Market Street). Consisting of a five-lane roundabout that connects nearby roads, the project intends to alleviate traffic congestion along East Service Road, Skyway At-Grade, and Dr. Arcadio Santos Avenue. This also involves the relocation of the Sucat Northbound and Southbound Exit Toll Plaza to cater to a bigger volume of vehicles and provide motorists with a larger space leading to the toll plaza.

The New Bicutan Interchange

The New Bicutan Interchange spans along General Santos Avenue with a three-lane roundabout. Such entails the relocation of the Bicutan Northbound and Southbound exit toll plazas to accommodate more vehicles. With approximately two hectares for acquisition, the new Bicutan toll plaza will be located within the Department of Science and Technology (DOST) area. Given this, vehicles from the east of General Santos Avenue intending to enter the Skyway At-Grade Northbound will have direct access to the entry toll plaza.

The new interchanges are intended to improve the existing roadways within the vicinity.

Subsidiaries

SMC Tollways has three direct subsidiaries: (1) SMC Skyway Corporation or SMC Skyway, (2) Stage 3 Connector Tollways Holdings Corporation or S3HC, and (3) Toll Road Operation & Maintenance Venture Corporation or TROMV.

Table 2. Subsidiaries of SMC Tollways

Company	Type of Ownership	Equity Share	Net Income (Loss) (In Php Millions)			Revenues (In Php Millions)		
			2022	2023	2024	2022	2023	2024
SMC Skyway Corporation (SMC Skyway)	Direct	87.8%	6,474	6,939	7,251	9,544	10,764	11,049
Stage 3 Connector Tollways Holdings Corporation (S3HC)	Direct	100.0%	4	10	11	-	-	-
SMC Skyway Stage 3 Corporation (MMSS3)	Indirect	90.0%	1,482	3,596	5,507	6,281	8,265	8,824
Toll Road Operation & Maintenance Venture Corporation (TROMV)	Direct	53.4%	(0.06)	(0.06)	(0.07)	-	-	-
Skyway O&M Corporation (SOMCO)	Indirect	57.9%	6	4	6	1,190	1,255	1,348

Source: 2024 audited financial statements of SMC Tollways

PhilRatings notes that there were no changes in the Company's equity share in its subsidiaries since the last rating review.

⁶ <https://www.newnaia.com.ph/about-us/news/smc-investing-up-to-p-5-billion-for-naia-terminal-3-off-ramp>

(1) SMC Skyway Corporation (SMC Skyway)

SMC Skyway, formerly Citra Metro Manila Tollways Corporation or CMMTC, was 87.8%-owned by SMC Tollways as of end-2024. The Philippine National Construction Corporation (PNCC) held 8.1% of the company and 4.1% was held by the public. Incorporated in November 1995, SMC Skyway was built to design, construct, and finance toll road projects of the Republic of the Philippines (ROP), pursuant to a “build-and-transfer” or other duly approved scheme. The projects included were the Metro Manila Skyway and the proposed Metro Manila Expressway.

Since April 5, 2011, SMC Skyway has owned the 30-year franchise period for the integrated SS1 and SS2.

Skyway Stage 1 and Skyway Stage 2

On November 27, 1995, the joint venture between the PNCC and PT Citra Lamtoro Gung Persada (CLGP) was signed and approved to undertake the construction of the Metro Manila Skyway and Metro Manila Expressway. The joint venture included, among others, that CLGP, in cooperation with PNCC, committed itself to finance, design, and construct the (1) Metro Manila Skyway in three stages consisting of the South Metro Manila Skyway (SMMS) as Stage 1 and Stage 2 and the North Metro Manila Skyway and Central Metro Manila Skyway, collectively referred to as Skyway Stage 3; and the (2) Metro Manila Expressway as Stage 4.

A supplemental toll operations agreement (STOA) for the SMMS was executed for the design and construction of the SS1 and SS2, by and among SMC Skyway, PNCC, and the ROP. Under the STOA, the design and construction of the SMMS, as well as the financing thereof, shall be the primary obligation of SMC Skyway. The operation and maintenance of the SMMS, on the other hand, shall be the responsibility of PNCC, through its wholly-owned subsidiary, PNCC Skyway Corporation (PSC).

In July 2007, the operations and maintenance responsibilities for the SMMS was transferred from PSC to SOMCO.

The SS1 and SS2 shall be owned by the ROP, without prejudice to the rights and entitlement of SMC Skyway and SOMCO under the STOA. The toll revenues are shared or distributed among SMC Skyway, SOMCO, and PNCC for the operations and maintenance of the two expressways.

SLEX Elevated Extension Project

Inaugurated in February 2022, the SLEX Elevated Extension Project is part of the three-year plan to expand toll roads in the south of Metro Manila to help decongest heavy traffic. The extension project connected the elevated section of the Skyway in Sucat to Susana Heights in SLEX, bypassing the Alabang viaduct and improving direct access to both the Alabang area and the Alabang-Zapote Road.

(2) Stage 3 Connector Tollways Holdings Corporation (S3HC)

S3HC, a wholly-owned subsidiary of SMC Tollways, was incorporated in 2014 as a holding company for investments in logistics, tollways, infrastructure, and similar businesses. S3HC is the parent company of SMC Skyway Stage 3, formerly Citra Central Expressway Corporation or CCEC. As of end-2024, SMC Tollways held 90% equity stake in SMC Skyway Stage 3, while the remaining 10% was owned by PNCC.

SMC Skyway Stage 3 holds the 30-year concession rights to design, finance, and construct the SS3. The franchise period commenced on July 12, 2021.

Skyway Stage 3

The STOA for the SS3 was executed in July 2013 by and among SMC Skyway Stage 3, ROP, acting by and through the Toll Regulatory Board (TRB), PNCC, and Central Metro Manila Skyway Corporation (CMMSC). Under the STOA, SMC Skyway Stage 3 was granted the obligation to design and construct the project, while CMMSC was granted the responsibility to operate and maintain the SS3.

The SS3 shall be owned by the ROP, without prejudice to the rights and entitlement of SMC Skyway Stage 3 and CMMSC under the STOA. The toll revenues will be shared or distributed between SMC Skyway Stage 3 and CMMSC for the operations and maintenance of the SS3.

Based on the project brief of the Department of Public Works and Highways (DPWH), SS3 had a total of 29 ramps, with 23 ramps completed and six ramps ongoing construction.⁷

(3) Toll Road Operation & Maintenance Venture Corporation (TROMV)

Incorporated in October 2007, TROMV is primarily engaged in toll road operation and maintenance activity in the Philippines. TROMV is the shareholder of the operating and maintenance companies of SMC Skyway and SMC Skyway Stage 3. As of end-2024, SMC Tollways had a 53.4% stake in TROMV, while the balance of 46.6% was held by SMHC.

The acquisition of TROMV resulted in the indirect ownership of 57.9% in SOMCO. SOMCO was established on December 13, 2007 to maintain and operate toll roads and toll facilities, as well as all extensions, linkages or stretches as may be authorized by the TRB or other appropriate government agency.

Operations

SMC Tollways derives its revenues from toll collections, alongside toll operations and maintenance fees. Currently, there are three revenue-generating subsidiaries, namely:

- SMC Skyway for the operation of SS1 and SS2
- SMC Skyway Stage 3 for the operation of SS3, and
- SOMCO for the maintenance and operation of toll roads and facilities.

PhilRatings notes that toll revenues from SS3 were recognized beginning on July 12, 2021.

Petitions for toll price adjustments may be filed by SMC Tollways two years after its receipt of the toll operation certificate. As of report writing date, toll prices for SS1 and SS2, as well as SS3 were unchanged since 2019 and 2021, respectively.

⁷ <https://www.dpwh.gov.ph/dpwh/PPP/projs/mmss-3>

Table 3. Annual Average Daily Traffic (AADT) of SS1, SS2 and SS3

	2022	2023	2024	1H2025	Average Share to Total	Horizontal Analysis		
						2022 to 2023	2023 to 2024	2024 to 1H2025
Skyway Stage 1 and Skyway Stage 2								
Class 1	210,502	233,789	236,539	245,129	85.6%	11.1%	1.2%	3.6%
Class 2	22,239	24,935	25,863	26,033	9.2%	12.1%	3.7%	0.7%
Class 3	13,599	13,659	14,448	14,849	5.2%	0.4%	5.8%	2.8%
Total Vehicle volume	246,340	272,383	276,850	286,011	100%	10.6%	1.6%	3.3%
Skyway Stage 3								
Class 1	118,010	147,406	154,925	168,029	95.8%	24.9%	5.1%	8.5%
Class 2	2,943	7,328	8,102	8,500	4.2%	149.0%	10.6%	4.9%
Class 3	1	2	5	5	0.0%	100.0%	150.0%	0.0%
Total Vehicle volume	120,954	154,736	163,031	176,534	100.0%	27.9%	5.4%	8.3%

Class 1 – two axles and an overall height of up to 7.5 feet; **Class 2** – two axles and height of more than 7.5 feet including Class 1 Vehicles with trailers; **Class 3** – trucks with more than three axles and height greater than 7.5 feet.

The steady growth in traffic volume over the recent years supported the growth in the Company's topline. AADT for SS1 and SS2 inched up by 1.6% to 276,850 in 2024 and further by 3.3% to 286,011 in the first half of 2025 (1H2025). Similarly, AADT for SS3 grew by 5.4% to 163,031 in 2024 and by 8.3% to 176,534 in 1H2025.

Pre-pandemic (2019) AADT for SS1 and SS2 was surpassed by 11.3% in 1H2025. Class 1 and Class 3 vehicles exceeded their counterparts by 13.5% and 21.9%, respectively. Class 2 vehicles, in contrast, reached only 90.0% of pre-pandemic figure, but nonetheless increased since the last rating exercise. Regarding the slower post-pandemic growth for Class 2 vehicles, management previously explained that the Land Transportation Franchising and Regulatory Board (LTFRB) issued a rule in 2022 that only allows provincial bus operators to use their private terminals in the Metro from 10pm to 5am, limiting the usage of such vehicles in toll roads.

As shown above, bulk of the vehicles that travelled on the Skyway System were categorized as Class 1 or light vehicles, accounting for more than 85.0% of total vehicles.

PhilRatings notes that in 9M2025, AADT for SS1 and SS2 bumped up by 2.3% to 283,106 while AADT for SS3 grew by 8.1% to 176,165. Going forward, the Company expects to continue to record improvements in the AADT of its tollways.

In June 2025, a concrete slab fell onto a sport utility vehicle driven by a student along MIA Road in Barangay Tambo, Parañaque City on NAIAX.⁸ In a statement issued by SOMCO in the same month, the Skyway operator claimed that the accident appeared to be isolated and highly unusual. Maintenance teams, nonetheless, were consequently thoroughly inspecting the carriageway to ensure no reoccurrence of similar risks in the future.

⁸ <https://www.philstar.com/nation/2025/06/13/2450141/smc-skyway-freak-accident-isolated>

Ownership

SMC Tollways is a wholly owned subsidiary of Atlantic Aurum Investments BV (AAIBV), a holding company incorporated in the Netherlands. AAIBV is 95%-owned by SMHC, which is in turn fully-owned by SMC and serves as the holding company for the conglomerate's infrastructure businesses.

SMHC is doing business under the name and style of SMC Infrastructure. It handles the construction, management, and operation of the country's largest infrastructure network. Aside from the Skyway System, SMHC's portfolio includes: the Tarlac-Pangasinan-La Union Expressway (TPLEX), the Southern Tagalog Arterial Road (STAR), SLEX, NAIAX, the Boracay Airport, and the Bulacan Bulk Water Supply Project. Major ongoing projects include: the Metro Rail Transit Line 7 (MRT-7), various toll roads, the New Manila International Airport (NMIA), and the NAIA rehabilitation.

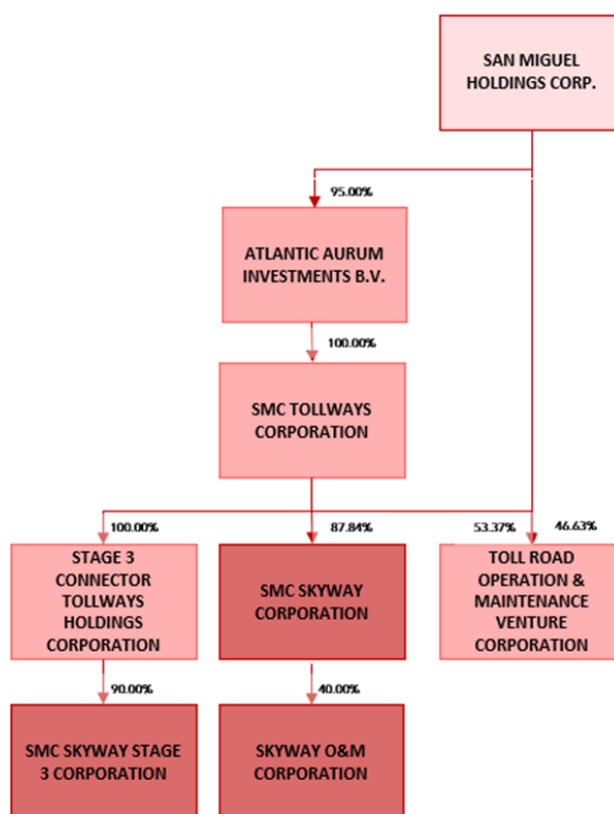


Illustration 1. Ownership Structure of SMC Tollways as of end-2024

Since its establishment in 1890, SMC has grown to become one of the country's largest and most diversified conglomerates. The company currently holds business interests in various sectors, from food and beverage, packaging, fuel and oil, energy to infrastructure, cement, property, and banking services. Its key businesses have the advantage of well-entrenched market leadership, supported by strong brand equity and proven track record.

As of report writing date, SMC has a rating of PRS Aaa, with a Stable Outlook, for its ₱139.2 billion outstanding bond issuances. Other companies under the San Miguel Group with outstanding rating of PRS Aaa, with a Stable Outlook, for their debt issuances are: San Miguel Food and Beverage, Inc. (SMFB, ₱7.0 billion outstanding bonds), San Miguel Global Power Holdings Corporation (SMGP, ₱8.4 billion

outstanding bonds), and Petron Corporation (Petron, ₱41.0 billion outstanding bonds). Bank of Commerce, the banking arm of SMC, has an Issuer Credit Rating of PRS Aa plus (corp.), with a Stable Outlook.

SMC's revenues increased by 8.9% from ₱1.4 trillion in 2023 to ₱1.6 trillion in 2024. This was mainly on account of the higher sales volume across all business segments, especially Petron, as well as higher average selling prices of San Miguel Brewery Inc. (SMB) and Ginebra San Miguel Inc. (GSMI). Consolidated net income, however, decreased by 18.0% to ₱36.7 billion, mainly on account of the loss on foreign exchange and higher net financing cost of SMC, Petron, and SMGP. With the decrease in SMC's bottom line, NPM decreased from 3.1% in 2023 to 2.3% in 2024. Return on average equity (ROAE) also went down from 6.9% to 5.5%, while ROAA inched down from 1.8% to 1.4%

In 9M2025, SMC's top line inched down by 7.5%, from ₱1.2 trillion to ₱1.1 trillion, primarily due to lower sales volume and average selling prices of Petron. Net income, nonetheless, more than doubled from ₱37.1 billion to ₱78.6 billion, mainly attributable to gains from fair valuation in energy-related investments. Given this, profitability ratios substantially improved: NPM jumped from 3.1% in 9M2024 to 7.2% in 9M2025, ROAE doubled from 7.1% to 14.4%, and ROAA went up from 1.9% to 3.9%

The SMC Group's consolidated assets stood at ₱2.7 trillion as of end-September 2025, marginally up by 0.9% due to the increase in investments and advances as well as cash and cash equivalents, partly offset by the decrease in property, plant, and equipment. Total liabilities and total equity amounted to ₱2.0 trillion (-1.6%) and ₱732.5 billion (+8.3%), respectively. As of end-September 2025, SMC remained liquid, with a current ratio of 1.3x (up from 1.2x as of end-2024). Interest-bearing debt to equity ratio also improved from 2.4x as of end-2024 to 2.2x as of end-September 2025.

Management

PhilRatings notes that there were no significant changes in management since the last review except the following: (1) the demise of Mr. Jose C. Laureta, who previously served as the Company's Director and Corporate Secretary; (2) Mr. Joseph N. Pineda no longer holds a directorship position, but nonetheless retains his position as the Treasurer; and (3) the addition of Mr. John Paul L. Ang as Director. The Company disclosed that the vacancies were filled by: (1) Mr. Joseph N. Pineda as the new member of the Board of Directors and (2) Atty. Mary Rose S. Tan as the appointed Corporate Secretary.

The Chairman of the Board and President of SMC Tollways is Ramon S. Ang, who is also Chairman and CEO of SMC. Mr. Ang holds key management positions in other publicly listed companies and has held various directorships in domestic and international subsidiaries of the Group.

Raoul Eduardo C. Romulo is the Chief Finance Officer (CFO) of SMC Tollways. Mr. Romulo is concurrently the CFO and Treasury Head of SMHC and holds other key positions within the SMC Group.

SMC Tollways has no collective bargaining agreements in place. As of end-2024, SMC Tollways and its subsidiaries had a total of 1,336 regular employees.

*Toll Collection System*⁹

SMC Tollways, together with other toll road operators under SMHC, uses the Autosweep Radio Frequency Identification (RFID) to aid in its electronic toll collection (ETC) program. The Group officially introduced the collection system to its tollways in 2016.

As of September 2024, RFID payments comprised 90% of total toll revenues (up from 80% as of end-2023), while the balance of 10% were from cash payments. The processing of RFID payments is said to be four to five times faster and more efficient than dealing with cash payments in collecting toll payments from motorists. As of June 2025, RFID payments in SS1 and SS2 increased to 97% of total collections.

Strategy

SMC Tollways strives to integrate sustainability into its operations. To achieve this, the Company continuously invests in new technologies and energy-efficient equipment, actively benchmarking its practices against industry peers. The Company is also committed to delivering a safe, efficient, and customer-centric tollway experience by implementing proactive management strategies.

To enhance customer satisfaction and mitigate risks, some of the deployed strategies are as follows:

- Implements traffic management systems, real-time monitoring, and road safety enhancements to reduce congestion and prevent accidents;
- Continuously upgrades tolling technology, including RFID and cashless payment systems, to ensure faster and more convenient transactions;
- Maintains multiple communication channels, such as hotlines and customer service centers, to address concerns promptly and improve user experience;
- Develops contingency plans and emergency response measures to handle natural hazards, system outages, and human errors effectively; and
- Works with regulatory bodies, local government units, and emergency responders to enhance public safety and customer welfare.

Additionally, as part of the SMC Group and given the Shared Services Agreements¹⁰ entered with SMHC, the Company benefits from shared resources such as manpower, legal, and human resources, functions and systems, which facilitate synergies and operational efficiency, ensuring consistent quality of materials and services.

Economic, Environmental, Social and Governance (EESG)

The Company is committed to fostering economic growth, advancing industry innovation, and addressing environmental and social challenges in infrastructure development. Furthermore, initiatives are continuously aligned with the United Nations Sustainable Development Goals (UN SDGs) to underscore commitment to global climate action and sustainable development.

SMC Tollways strives to provide reliable and resilient infrastructure that plays a crucial role in supporting economic development, generating employment, and facilitating tourism, among others. By boosting transportation efficiency, business and industry productivity rises, elevating the overall quality of life. In

⁹ The Group and Intelligent E-Processes Technologies Corp. (IETC) entered into service agreements for non-exclusive and nontransferable license to use the toll collection system, preventive and corrective maintenance of Intelligent Transportation System, and RFID management and customer services. The agreement is valid until December 31, 2025, renewable for another term.

¹⁰ Shared services include human resources, corporate affairs, legal, finance, and treasury functions.

addition, the Company conducts a comprehensive Environmental Impact Assessment (EIA) prior to any development to identify and mitigate potential effects to communities in place. In collaboration with local government units, the Company also seeks opportunities for mutually beneficial partnerships with stakeholders.

Consumption of electricity, fleet fuel, and water are closely monitored to mitigate its environmental and financial impacts. Inefficient usage of these resources can result to excessive carbon emissions, resource depletion, and increased operational costs. Hence, the Company remains committed to adopting targeted initiatives to minimize its footprint and ensure compliance with environmental laws and regulations.¹¹

With the guidance of its management and Board of Directors (BOD), the Company strategically reviews and monitors its economic performance, aiming to maximize the Company's market value. Moreover, the Company's Audit and Risk Oversight Committee, together with its Internal Audit Department, regularly reviews risk management controls and procedures and assists the BOD in fulfilling its oversight responsibility of corporate governance processes.

ECONOMY

Gross Domestic Product (GDP)

2024

The country's GDP expanded by 5.7% in 2024, mainly driven by the growth in the following industries: Construction (+10.3%), Financial and insurance activities (+9.0%), and Wholesale and retail trade; repair of motor vehicles and motorcycles (+5.6%). While higher than the 5.5% GDP growth recorded in 2023, the number failed to hit the government's 6.0%-6.5% growth target for 2024. According to the Department of Economy, Planning and Development (DEPDev, formerly NEDA)¹² Undersecretary Rosemarie Edillon, extreme weather events and geopolitical tensions during the year prevented the country from achieving its growth target. Nonetheless, the country remained one of the fastest-growing economies in the Asia Pacific region.

Of the three major economic sectors, Services and Industry posted growths of 6.7% and 5.6%, respectively, while Agriculture, Forestry, and Fishing (AFF) contracted by 1.5%. The contraction of the AFF sector was on the back of the six consecutive storms that struck the country from the end of October to the middle of November 2024.

On the demand side, all major expenditure items recorded growth: Household final consumption expenditure (HFCE), +4.9%; Government final consumption expenditure (GFCE), +7.3%; Investment spending, +7.7%; Exports, +3.3%; and Imports, +4.2%. The HFCE growth for 2024 was slightly slower than the 5.5% recorded in 2023, likely due to elevated price levels and borrowing costs during the period.

Third Quarter of 2025 (3Q2025)

In 3Q2025, the country's GDP grew by 4.0%, slower than the 5.5% in the previous quarter and the 5.2% in 3Q2024. The latest recorded growth was also the slowest posted since the 3.8% contraction in 1Q2021. This brought the country's year-to-date economic growth to 5.0%, below the lower band of the 5.5%-6.5% target for the year. Growth was driven by the following industries: Wholesale and retail trade; repair of

¹¹ The Company continuously monitors its projects' adherence to the following key environmental laws and regulations: RA 8749 – Clean Air Act, RA 9275 – Clean Water Act, RA 9003 – Ecological Solid Waste Act of 2000, and RA 6969 – Hazardous Wastes Management Act.

¹² On April 10, 2025, President Ferdinand Marcos Jr. signed the Republic Act No. 12145, which legislated DEPDev's charter. NEDA was then reorganized into the DEPDev.

motor vehicles and motorcycles, 5.0%; Financial and insurance activities, 5.5%; and Professional and business services, 6.2%. For the major economic sectors, Industry, Services, and AFF grew by 0.7%, 5.5%, and 2.8%, respectively.

HFCE was up by 4.1% in 3Q2025, also slower than the 5.3% growth in 2Q2025 and the 5.2% in 3Q2024. Growth for the period was supported by the increase in the following: Food and non-alcoholic beverages, 4.2%; Health, 11.3%; Miscellaneous goods and services, 3.7%; Restaurants and hotels, 5.9%; and Transport, 4.4%. Gross capital formation (GCF), or Investments, reduced by 2.8% in 3Q2025, driven by the 0.5% decline in Construction for the period. This is amid the reported corruption surrounding public infrastructure projects.

Inflation and Interest Rates¹³

In December 2024, inflation settled at 2.9%. This brought the 2024 average inflation rate to 3.2%, well within the 2.0%-4.0% target of the government. Such was also a notable improvement from the 6.0% average inflation rate recorded in 2023. Considering the easing inflation in 2024, the Bangko Sentral ng Pilipinas (BSP) reduced the policy rate by a total of 75 basis points (bps) during the year, bringing it down to 5.75% by end-2024.

According to the Philippine Statistics Authority (PSA), inflation was unchanged at 1.7% in October 2025 and slower than the previous year's 2.3%. Core inflation, which does not include volatile commodities such as food and energy, marginally decreased from 2.6% in September 2025 to 2.5% in October 2025. Considering the October 2025 figure, year-to-date headline inflation was 1.7%—below the BSP's 2.0%-4.0% target band.

On October 9, 2025, the Monetary Board decided to further reduce the benchmark policy rate by 25 bps to 4.75%, citing a weaker growth outlook amidst infrastructure spending issues. The BSP has therefore reduced policy rates by a total of 100 bps since the beginning of 2025.

Outlook

Various economic watchdogs believe that the Philippines will grow at a slower pace over the next 18 months, considering the potential adverse impact of the reciprocal tariffs imposed by the United States (US). Singapore-based DBS Bank lowered its forecast Philippine GDP growth for 2025 from 5.8% to 5.6%, citing softer consumer and business confidence. BMI Country Risk & Industry Research, on the other hand, maintained its forecast that growth will slow down to 5.4% this year. The research firm believes that subdued remittances growth and tariff uncertainty would weigh heavily on household consumption and investment. Japan-based Nomura Group, however, maintained its 2025 GDP growth forecast at 5.3%. Pantheon Macroeconomics, which is based in the United Kingdom (UK), similarly kept its 5.3% growth forecast for 2025.

In June 2025, the Philippine government lowered its growth target for the year and narrowed its growth goals for 2026 to 2028. The revised targets reflect global uncertainties stemming from tensions in the Middle East and shifts in US trade policies. GDP growth for 2025 is now projected at 5.5%-6.5%, down

¹³ <https://mb.com.ph//10/09/bsp-lowers-rate-to-475-amid-weaker-growth-outlook-infra-spending-woes>

from the earlier forecast of 6%-8%. GDP targets for 2026-2028 were narrowed to 6%-7%, from the previous range of 6%-8%.

The government also trimmed its inflation assumption for 2025, lowering it to 2%-3% from 2%-4%, but maintained its inflation outlook for 2026-2028 at 2%-4%. It also revised its fiscal program, with the budget deficit as a share of GDP now expected to widen to 5.5% in 2025 and 5.2% in 2026, from previous forecasts of 5.3% and 4.7%, respectively.

INDUSTRY

Infrastructure Flagship Projects (IFPs) under the Build, Better, More Program¹⁴

In September 2025, DEPDev reported that 52 infrastructure flagship projects (IFPs) were targeted for completion by 2028. These projects are part of the 207 total IFPs under the administration's Build, Better, More Program. While 23 of these projects are progressing as scheduled, 29 have experienced delays of at least two months. Delayed projects were reported under various agencies, including the Departments of Agriculture, Information and Communications Technology, Transportation, and Public Works and Highways, as well as other institutions such as the Local Water Utilities Administration and the Metropolitan Waterworks and Sewerage System.

According to DEPDev, of the 52 projects targeted for completion by 2028, 32 falls under the physical connectivity sector. The rest are distributed across different sectors, namely water resources (8 projects), digital connectivity (2), health (2), agriculture (3), and power (1). Around 21 of these projects, valued at about ₱1 billion in total, are in Metro Manila, Central Luzon, and Calabarzon. Common issues affecting project timelines include site access problems, contractor and consultant delays, procurement bottlenecks, and legal challenges. In response, implementing agencies have introduced measures such as simplifying access procedures, improving procurement planning, and enhancing legal coordination. To further support implementation, DEPDev launched an IFP monitoring dashboard to regularly track project status.

To streamline the permitting process, Executive Order No. 59, issued in 2024, reduced the number of IFP-licensing agencies from 30 to about 18. As of June 2025, seven IFPs had been completed. For 2026, ₱52.1 billion had been allocated for the 52 IFPs set for completion within the current administration. This represents 33.1% of the ₱157.2 billion total funding requirement for the 52 projects. The government's full infrastructure budget for 2026 stands at ₱1.6 trillion. Meanwhile, 140 IFPs are expected to be completed beyond 2028.

Automotive Sales¹⁵

Data from the Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI) and the Truck Manufacturers Association (TMA) showed that total sales in September 2025 inched down by 3.8%, from 39,542 in September 2024 to 38,029. According to Michael L. Ricafort, chief economist at Rizal Commercial Banking Corp., the annual decline was a result of positive base effects, alongside weather disruptions and earthquakes. Month on month sales, in contrast, had a modest recovery from the 7.6% drop in August.

Commercial vehicles made up the bulk of sales at 79.1%, totaling 30,081, while passenger car sales made up the balance with 7,948 units. Within the commercial segment, light commercial vehicles had a 0.7%

¹⁴ <https://www.bworldonline.com/top-stories/2025/09/10/697368/depdev-52-flagship-projects-to-be-completed-by-2028/>

¹⁵ <https://www.bworldonline.com/top-stories/2025/10/24/707568/philippine-car-sales-fall-for-3rd-straight-month/>

uptick year-on-year (YoY) to 21,109 units, while Asian utility vehicles (AUV) climbed by 11.5% YoY to 7,943. On a monthly basis, light commercial vehicle sales increased by 1.2% and AUVs surged by 16.1%. Light-duty truck and bus sales expanded by 8.3% YoY to 589, while medium- and heavy-duty categories went down by 7.5% and 4.2%, respectively, to 371 and 69 units. Truck categories posted growths from its counterparts in August.

Mr. Ricafort added that improved weather in the later part of the year could help stimulate car demand. In line with this, the automotive industry is targeting sales of 500,000 units this year, up from 467,252 units in 2024.

In the first nine months of the year, total vehicle sales marginally decreased by 0.3% YoY to 343,410 units. Passenger car sales slipped by 23.6% to 69,306 units, which counterbalanced the 8.2% rise in commercial vehicle sales to 274,104.

Toyota Motor Philippines Corp. remained the market leader with a 47.99% share, followed by Mitsubishi Motors Philippines Corp. (19.05%), Ford Group Philippines (4.86%), Nissan Philippines, Inc. (4.84%), and Suzuki Philippines, Inc. (4.77%).

Moreover, electrified vehicle (EV) sales reached 20,662 units in the first nine months, representing roughly 6% of total sales. The Electric Vehicle Association of the Philippines (EVAP) and the Department of Energy (DoE) expect EV registrations to reach 35,000 by the end of 2025, up from 29,715 as of July 2025.

In line with the transportation sector's goal of reaching 2.5 million EVs by 2040, EVAP President Edmund A. Araga shared that they target to make EVs account for at least 50% of all vehicles on the country's roads by 2040. He added that the incentives under the Electric Vehicle Industry Development Act (such as coding scheme exemption, registration discounts, and priority parking), along with the EV incentive strategy that the government is working on, will accelerate the shift to EV and make the goal achievable.

Cashless Toll Collection and Interoperability Developments¹⁶

Developments in toll operations also moved forward this year, particularly in relation to ETC and interoperability. In early 2025, MPTC and San Miguel Corp. Infrastructure (SMCI) suspended their plan to fully enforce cashless toll collection following a directive from the Department of Transportation (DoTr). The plan, which included a "no valid ETC device, no entry" rule, was set to take effect in March 2025. The DoTr halted the policy, citing the need to avoid inconvenience for motorists and to prevent potential congestion at toll booths.

Despite the suspension, both MPTC and SMCI emphasized that full adoption of cashless systems remains critical to achieving ETC interoperability across tollways. As of early 2025, the TRB reported that 97% of tollway users were already using cashless systems. The TRB is currently reviewing operational issues such as real-time charging, account management, and RFID performance. It also conducted recent audits of toll operators' systems to support further improvements. While RFID reader systems were found to be compliant, worn-out RFID tags were noted as a recurring issue.

¹⁶ <https://www.topgear.com.ph/news/motoring-news/mptc-smc-infrastructure-suspend-cashless-plans-a6888-20250226>
<https://www.bworldonline.com/corporate/2025/03/05/657216/regulator-still-targets-cashless-unified-toll-rollout-this-year/>
<https://newsinfo.inquirer.net/2127700/ph-launches-one-rfid-all-tollways-system-to-lessen-travel-delays>

On October 21, 2025, President Ferdinand Marcos Jr. led the launch of the Toll Collection System Interoperability Project, also known as One RFID, All Tollways. This initiative will enable motorists transverse Luzon expressways—including NLEX, SCTEX, CAVITEX, C5 Southlink, CALAX, TPLEX, Skyway, Skyway Stage 3, SLEX, NAIAX, Muntinlupa–Cavite Expressway (MCX), and STAR Tollway—to need only one RFID sticker/tag, as well as maintain and reload only one ETC system account (either Easytrip or Autosweep). He shared that such reform was part of the broader goal to modernize and connect the country's infrastructure, while remaining receptive to the needs of the Filipinos.

Acting Transportation Secretary Giovanni Lopez stated that the new RFID sticker/tag will be placed behind the windshield, instead of the older headlight-mounted tags that caused scanning delays. The registration for One RFID, All Tollways is free and voluntary, allowing motorists to choose whether to adopt the new system or retain the previous two-account system. New subscribers and/or existing subscribers of either Autosweep or Easytrip, whose accounts are in good standing and with no negative balance, may enroll to the program. Additionally, the load balance from the RFID account that the user chooses not to retain may be transferred to the preferred account.

Crude Oil Prices¹⁷

For the trading week ended October 24, 2025, the prices of Dubai crude, gasoline, diesel, and kerosene all increased. Dubai crude rose by about \$3.00 per barrel, while gasoline went up by approximately \$1.40 per barrel. Diesel and kerosene both inched up by \$3.20 and \$3.00 per barrel, respectively.

The crude oil price hike was influenced by ongoing geopolitical tensions, particularly between Russia and Ukraine. In support of the latter, the US imposed new sanctions on Russian oil companies Rosneft and Lukoil. On October 22, 2025, the US Department of Treasury, along with the UK and the European Union (EU), pressured Moscow into peace negotiations with Ukraine by targeting Russian oil exports. The two Russian companies—Rosneft and Lukoil—collectively exports 3.1 million barrels per day of oil, with Rosneft accounting for almost half of its country's total oil production.

Data from the US Energy Information Administration reported a 960-thousand-barrel decline in crude oil stockpiles to 422.8 million barrels. The counter-seasonal draw was attributed to stronger refinery demand despite the easing of oil refineries turnaround.¹⁸ Since April, the V8 Group— comprised of Saudi Arabia, Russia, Iraq, the United Arab Emirates, Kuwait, Kazakhstan, Algeria, and Oman—of the Organization of the Petroleum Exporting Countries and allies (OPEC+) have ramped up their oil production by 2.7 million barrels per day, in efforts to grow their market share against US shale oil producers.

The Asian gasoline market price had a slight increase, on the back of lower US gasoline inventory, slightly offset by softer demand from Japan and Indonesia. The market for ultra-low sulfur diesel similarly strengthened given steady market demand and near-term supply outlook remaining to be tight.

Domestically, Philippine oil companies implemented price increases effective September 2, 2025. Gasoline and kerosene prices went up by ₱0.70 per liter, while diesel inched up by ₱1.00 per liter. Year-to-date, gasoline and diesel have seen total net increases of ₱12.80 and ₱13.45 per liter, respectively, while kerosene has posted a net increase of ₱2.75 per liter.

¹⁷ <https://doe.gov.ph/articles/3132438--oil-monitor-as-of-28-october-2025>

¹⁸ A turnaround refers to a planned period of extensive maintenance, renovation, and capital investment at a refinery or other major manufacturing installation.

FINANCIAL RISK

Analysts' Note: PhilRatings' calculation of certain financial metrics may differ from what the Company uses and publishes.

Profitability**2024**

Consolidated revenues of SMC Tollways and its subsidiaries inched up by 4.5% from ₱20.3 billion in 2023 to ₱21.2 billion in 2024. Revenue from toll operations made up the bulk of total revenues, accounting for 98.1%, slightly higher than its 98.0% share in 2023. Top line expansion was supported by the sustained growth in AADT for all vehicle classes.

Cost of services went up by a slightly slower pace of 4.2% to ₱6.0 billion, mainly due to additional depreciation and amortization recognized. With this, gross profit therefore increased by 4.6% to ₱15.2 billion in 2024, which translated to an improved gross profit margin (GPM) of 71.6%. Operating expenses, on the other hand, was relatively flat at ₱1.1 billion in 2024. Pre-tax profit grew by 9.2% from ₱9.9 billion in 2023 to ₱10.8 billion, mainly attributed to the higher operating profit and interest income.

Given the growth in revenues, bolstered by well-managed costs and expenses as well as increased interest income, bottom line grew in 2024. Net income went up by 9.9% from ₱8.4 billion in 2023 to ₱9.2 billion. NPM and ROAA also continued to improve, increasing to 43.6% and 8.6%, respectively. ROAE decreased from 21.5% in 2023 to 19.6% in 2024, on the back of the faster increase in equity, as the Company reinvests its earnings to operations. Debt service coverage ratio (DSCR) remained more than adequate in 2024 at 1.8x.

Based on projections provided in the previous rating review, the Company achieved its 2024 revenue target of ₱21.2 billion. Boosted by the lower-than-expected costs and expenses, SMC Tollways surpassed its net income target of ₱7.3 billion by 26.0%.

9M2025

In 9M2025, top line went up by 5.7%, from ₱15.7 billion in 9M2024 to ₱16.6 billion, on the back of increased traffic volume across all vehicular classes. Cost of services remained well managed, as such grew at a softer rate of 2.7% YoY to ₱4.5 billion. The uptick was a result of the increase in government fees proportionate to the growth in toll revenues as well as repairs and maintenance expenses. With this, the Company had a gross profit of ₱12.0 billion in 9M2025, which translated to an improved GPM of 72.6%. Operating expenses jumped by 31.7% YoY from ₱767.6 million to ₱1.0 billion due to the increase in management fees. Pre-tax profit therefore grew by 8.4% YoY, from ₱8.5 billion to ₱9.2 billion, driven by higher operating profit and interest income. Income tax expense notably jumped by 50.0% YoY, from ₱1.2 billion to ₱1.8 billion, following the expiration of SS3's income tax holiday.

With the foregoing, bottom line slightly expanded by 1.5% from ₱7.3 billion in 9M2024 to ₱7.4 billion in 9M2025. NPM inched down from 46.4% in 9M2024 to 44.5% in 9M2025, attributed to the 31.7% surge in operating expenses, while ROAE decreased from 19.9% to 17.1% due to the faster increase in equity. ROAA, on the other hand, registered an uptick from 8.5% to 8.6%.

Projections

SMC Tollways forecasts steady profitability over the medium-term, supported by the growth in its topline. The latter will in turn be bolstered by the anticipated sustained improvement in AADT. Revenues from SMC Skyway will continue to account for roughly 55% of total revenues, while the balance will come from SMC Skyway Stage 3.

Cash Flow and Liquidity

2024

Cash from operating activities jumped by 15.6%, from ₱16.4 billion in 2023 to ₱18.9 billion in 2024, supported by the growth in earnings and increase in accounts payable.

Cash used in investing activities went up by 26.9% from ₱1.8 billion in 2023 to ₱2.3 billion in 2024. This was mainly due to the Company's ₱2.2 billion outlay for service concession rights as well as the 94.5% increase in advances to contractors.

For debt servicing in 2024, the Company's cash balance was notably augmented by the ₱34.5 billion drawdown in long-term debt. Given this, net cash used in financing activities slipped by 30.1%, from ₱14.7 billion in 2023 to ₱10.3 billion.

As cash from operations significantly offset investing and financing cash outflows, cash and cash equivalents settled at ₱17.3 billion as of end-2024, up by 57.6%. Current ratio and acid test ratio were more than ample at 2.5x and 1.4x, respectively, as of end-2024.

9M2025

Cash from operations in 9M2025 marginally decreased by 4.7% from ₱13.6 billion in 9M2024 to ₱13.0 billion, driven by the decrease in accounts payable slightly offset by higher pre-tax profit.

Net cash used in investing activities more than doubled from ₱1.6 billion to ₱4.3 billion. This was primarily due to the increases in due from related parties as well as service concession rights. Additions in service concession rights reflect capital expenditures for the Company's various Skyway projects.

Net cash used in financing activities, on the other hand, fell by 58.8% YoY from ₱12.3 billion to ₱5.1 billion. Payments for long-term debt softened, and a notable portion of restricted cash was made available for spending. As of end-September 2025, restricted cash slipped by 22.8%, from ₱9.9 billion as of end-2024 to ₱7.6 billion.

Internally generated cash was more than sufficient to cover funds used in investing and financing activities, resulting in an ending cash balance of ₱20.9 billion as of end-September 2025. The said cash level was substantially higher than the ₱17.3 billion balance as of end-2024.

Liquidity ratios further improved as of end-September 2025. Current ratio was more than ample at 3.0x, while acid test ratio stood at 2.0x.

Projections

Operating cash is seen to remain positive moving forward. Moreover, as internally generated cash will be sufficient to cover funds needed for investing and financing activities, cash balance will notably grow. Current ratio and acid test ratio will also be more than adequate over the projected period. Overall, healthy liquidity is expected over the medium-term.

Capital Structure

2024

Consolidated assets marginally increased by 5.7%, from ₱104.9 billion as of end-2023 to ₱110.9 billion as of end-2024. Service concession rights accounted for 71.3% of total assets as of end-2024, down from its 76.5% share as of end-2023.

Interest-bearing debt decreased by 6.1%, from ₱55.6 billion as of end-2023 to ₱52.3 billion as of end-2024. Total equity, on the other hand, soared by 19.6% to ₱51.3 billion as of end-2024. Equity expansion was driven by continued plowback of earnings. As a result of the foregoing, debt-to-equity ratio improved from 1.3x as of end-2023 to 1.0x as of end-2024. Debt-to-capitalization also went down, from 56.4% as of end-2023 to 50.4% as of end-2024.

9M2025

As of end-September 2025, consolidated assets slightly went up from ₱110.9 billion as of end-2024 to ₱113.0 billion. Total equity expanded by 14.0% to ₱58.6 billion, on account of the 12.1% increase in retained earnings to ₱58.8 billion. Higher equity was coupled with lower debt levels (-7.8% to ₱48.2 billion), resulting in an improved debt-to-equity ratio of 0.8x. As of end-September 2025, 45.1% of the Company's capitalization came from debt.

Projections

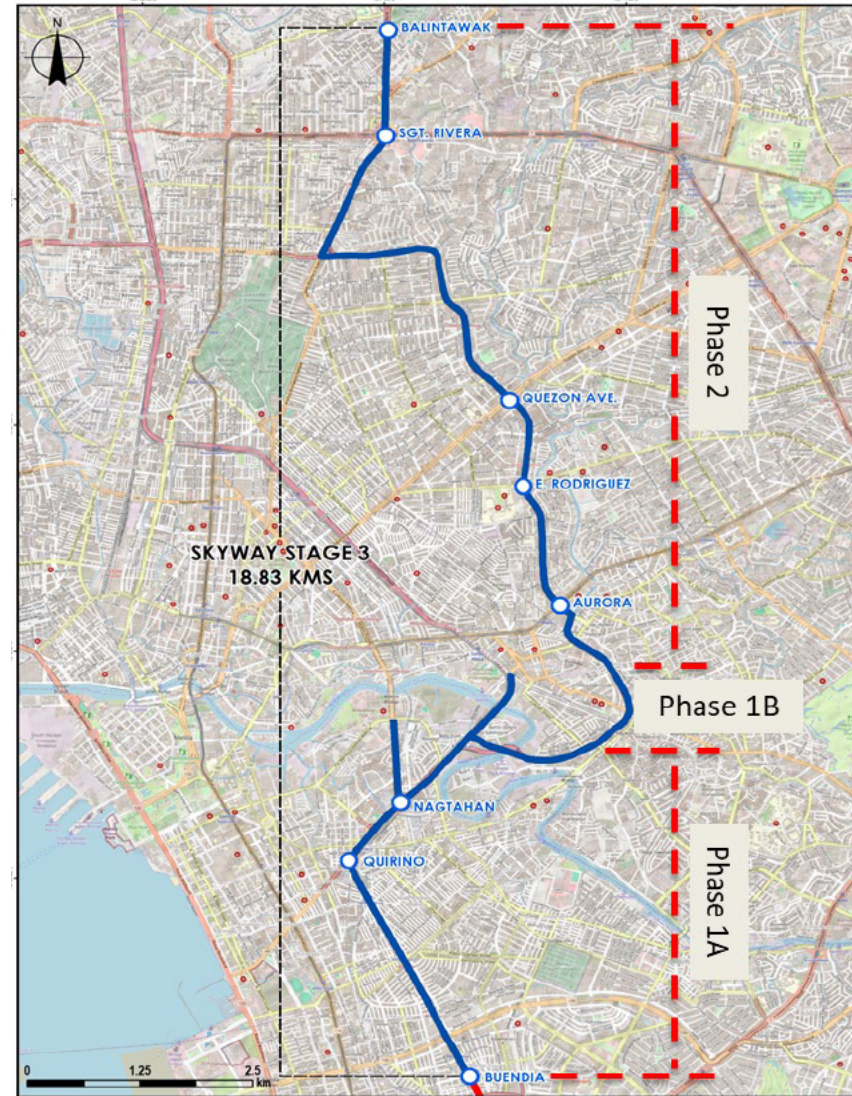
SMC Tollways looks forward to continued improvement in its debt-to-equity ratio. This will be supported by a growing equity base, as the Company will continue to reinvest its earnings to operations.

Financial Flexibility

As of end-September 2025, SMC Tollways had used up its available credit facilities. While the Company is not listed, SMC and its select subsidiaries are. As of December 17, 2025, SMC had a market capitalization of ₱200.2 billion.

ANNEX A

The Skyway System



Skyway Extension

