



First-Half 2007 Analyst Briefing

10 August 2007



Website: www.sminvestments.com

SM Today

Dominant in Retail Merchandising	30 Department Stores	29 Supermarkets	9 Hypermarkets
Dominant in Mall Operations	28 Malls with GFA of 3.6 million sqm.		
Dominant in Banking and Financial Services	BDO Unibank 684 branches		China Banking Corp. 157 branches
Emerging Player in Property and Tourism Development	Residential: SMDC HPI	Commercial: SM BayCity	Tourism: Hamilo Hotel Projects

Balance Sheet Highlights

- Strong balance sheet with an asset growth of 35% as of end June 2007
- Current assets grew 15% with a current ratio of 1.4x
- Book value stood at Php 183.5 per share, up 25.8%

(In Php billion)	1H07	1H06	% Chg
Total Assets	246.5	182.4	35.1%
Current Assets	62.5	54.3	15.1%
Non-Current Assets	184.0	128.1	43.6%
Current Liabilities	44.6	27.2	63.7%
Non-Current Liabilities	59.1	50.0	18.2%
Total Liabilities	103.7	77.8	34.1%
Stockholders Equity	142.8	105.1	35.8%
Book Value Per Share (Php)	183.5	145.8	25.8%

Income Statement Highlights

- 96% revenue growth driven by the acquisition of SM Supermarkets and Hypermarkets in June 2006, and growth across all business segments of SM
- Net income grew 16% to Php5.9 billion
- Recurring income grew 21% to Php3.6 billion

(In Php billion)	1H07	1H06	% Chg
Revenues	55.3	28.1	96.4%
Gross Profit	10.9	6.7	62.7%
Other Income / (Expenses)	-0.9	1.8	-150.6%
Net Profit Before Tax	10.0	8.5	18.2%
Net Income	5.9	5.1	16.1%
Minority Interest	2.3	2.1	10.8%
EPS (Php)	9.6	9.1	5.4%

Financial Ratios

- SM financial ratios continue to reflect a liquid balance sheet, manageable debt levels, profitable operations, strong earnings growth

	1H07	1H06
Current Ratio	1.4	1.9
Return on Equity (%)*	10.8%	11.2%
Debt/Equity Ratio	41:59	40:61
Net Debt (Php bn)	Php42.3bn	Php19.2bn
Net Debt/Equity	27:73	19:81
Revenue Growth (%)	96.4%	11.1%
Net Income Growth (%)	16.1%	85.1%
Interest Cover (x)	6.5x	5.3x
EBITDA (Php bn)	13.0	8.1
EBITDA Margin (%)	23.5%	28.7%
Net Margin (%)	10.6%	18.0%

* annualized

Revenue and Income Profiles

Six Months Ended June 2007	Revenues	Net Income	Net Asset Value/sh**
SM Investments	Php55 bn	Php6 bn	Php479
Core Businesses	Revenue Profile	Net Income Profile	NAV Profile
Retail Merchandising	82	29	17.0%
Mall Operations	12	27	31.5%
Banking and Financial Services	3*	31	23.1%
Property Development	3	13	23.4%

Notes:

* Banks are not consolidated.

** Valuation methodology: Retail merchandising based on 15x est. '07 earnings; Malls based on net asset value as of end June '07; Banks based on two times book value as of end June '07; and, property assets based on appraised values as of end Dec. '06, excluding SMDC and HPI which are based on market cap. as of end June '07.

Retail Merchandising

Statistics



1 st Half 2007	SM Dept. Stores	SM Super-markets	SM Hyper-markets	Total Retail
Revenues (Php bn)	21.2	15.8	6.4	43.4
Net Income (Php bn)	0.7	0.6	0.2	1.5
Net Margins (%)	3.2	3.8	3.9	3.5
Return on Equity (%)*	42%	36%	54%	40%
Total No. of Stores	30	29	9	68
Capex 2007 (Php bn)	1.5	0.3	0.4	2.2

* annualized

Mall Operations



Financial Highlights

1st Half '07 performance:

- Operating margin: 56%
- EBITDA: Php5.2billion
- EBITDA margin: 70%
- Net margin: 39%
- ROE: 16%

SM Prime Holdings, Inc.	1 st Half		% Chg
	2007 (Php m)	2006 (Php m)	
Revenues	7,453	6,088	22%
Operating Expenses	3,302	2,547	30%
Income From Operations	4,151	3,541	17%
Other Income / (Expense)	-44	38	-214%
Income Before Minority Interest	4,107	3,579	15%
Minority Interest	153	154	0%
Net Income	2,905	2,617	11%

2007 Mall Expansion Program

Opening		New Malls or Mall Expansions	Gross Floor Area (sq.m.)
2007	March	SM City Bacolod	61,413
	November	SM City Cebu Expansion	107,049
	within 4th Q	SM City Pampanga Expansion	17,539
	November	SM Taytay	91,920
	October	Sunset Strip, SM BayCity	18,000
	within 4th Q	SM Muntinlupa	53,327
	September	SM Mall of Asia's Science Discovery Center and Planetarium	7,500
Year end 2007			
		Number of Malls	31
		GFA (in sq.m.)	3.9 million
2007		Estimated CAPEX	7.0 billion



Banking and Financial Services



Website: www.sminvestments.com

Financial Highlights

	BDO		China Bank	
	1 st Half 2007 (Php bn)	Growth (y/y)	1 st Half 2006 (Php bn)	Growth (y/y)
Net Interest Income	11.0	18.7%	3.2	11.6%
Other Income	9.0	47.6%	0.9	3.0%
Net Income	3.2	22.3%	1.6	14.5%
ROE	11.6%	--	12.9%	--
Assets	608.1	2.1%	169.4	9.0%
Capital	56.5	28.4%	25.7	3.4%
Deposits	459.5	7.0%	134.0	10.1%
Loans	268.7	1.8%	79.5	12.3%
NPL (%)	5.9% ¹	--	5.8%	--
NPA (%)	6.2% ²	--	0%	--

1/ NPL over the Gross Loans (including interbank loans, per BSP definition)

2/ NPA over the sum of Gross Loans (including interbank loans) and ROPOA



Property Development



Website: www.sminvestments.com

Financial Highlights

- Property revenues are still largely derived from residential projects
- Commercial and tourism related revenues to come on stream 4th qtr of 2007

1 st Half 2007	Total Property
Revenues (Php bn)	1.6
Net Income (Php bn)	0.9
Net Margin (%)	54.3
Est'd Capex for 2007 (Php bn)	7.05

Summary

- Corporate fundamentals of SM remain intact and performance of its operating companies are on track to meet full-year targets.
- The retail group is seeing the fruits of increased consumer spending, higher operating efficiencies, and scale economies.
- Mall operations remains the dominant player in the Philippines with continued penetration in the provincial areas.

Summary

- Banking will benefit further from the ongoing integration of BDO and Equitable PCI Bank.
- Property is fast becoming a major source of revenues and income for the group.
- Hidden values will continue to be unlocked as land assets are transformed into SM's various property and tourism projects.



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