



**Keynote Address**  
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**Philippine Stock Exchange**  
**06 May 2010**

Members of the Board of the PSE, distinguished guests, ladies and gentlemen, good morning.

It seems like we rang the PSE bell only a few months ago. Time flies so fast that I didn't even realize it's been five years since we went public with SM Investments.

Now that I reflect back at what SM was in 2005, it was a very different organization. Over a period of five years, our businesses have grown substantially and new ones have emerged. In addition to retail, mall operations, and banking, we now have a full-blown property business and an emerging business in hotels and conventions.

No wonder we hardly noticed the time. We were all busy growing and transforming SM into a more diversified enterprise, taking advantage of the synergies among the different companies -- all with the end goal of enhancing shareholder value while serving millions nationwide. SM's transformation also involved adhering to world-class standards in operations, financial management, corporate governance, and providing real-time communications and other services to our minority investors.

When we went public in 2005, we only had 26 SM Department Stores under the SM Investments portfolio. In 2006, we injected the food retail business, which now has different store formats, namely SM Supermarkets, SaveMore stores, SM Hypermarkets, and Makro. To date, we have over 120 stores all over the country.

In the mall business, we now have 37 malls in the Philippines from only 23 malls in 2005, not including the SM Mall of Asia, which we opened only in 2006. We also now have four malls in China, three of which were injected into SM Prime in 2008.

BDO has also become a dominant player in the banking industry after its successful merger with Equitable PCI Bank in 2007. In the meantime, China Bank also expanded, following its acquisition of Manila Bank two years ago. So, from only 251 branches in 2005, BDO ended 2009 with 707 branches altogether, for an average annual growth of 46%. Similarly, BDO's assets grew approximately 57% per annum from Php234 billion to Php862 billion by the end of 2009.

Our property group has also expanded so fast, particularly SM Development Corporation, which in 2005 had only two residential projects. Now SMDC has twelve projects, and last year sold the most number of housing units in the industry. Meanwhile, we continue to develop our commercial projects at the Mall of Asia Complex and our resort development in Nasugbu, Batangas.

Consequently, our total workforce has grown from about 50,000 to over 70,000 in five years. We continue to provide more jobs all over the country as we further expand all of our businesses.

All these resulted in increasing SM's total assets from only Php170 billion in 2005 to Php342 billion as of end March 2010, for an average growth of 25% per annum.

SM's profitability also improved significantly. From a net income of only P7 billion in 2005, SM's profits have more than doubled by the end of last year at Php16 billion for an average growth of 31% per annum.

Our balance sheet remains very sound, reflecting SM's very conservative approach in funding our expansion program and managing our resources.

Moving forward, our plans are just as aggressive. In fact, based on our last planning session, our five-year capex could reach about Php200 billion. Hence, as in the last five years, the next five may pass rather quickly but full of exciting prospects for SM and all of our stakeholders.

Thank you for your continued support and for giving us this opportunity to celebrate our fifth year anniversary as a publicly listed company with all of you here at the PSE. I wish you all a pleasant day ahead.

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