



INVESTMENTS  
CORPORATION



## Investor Presentation

March 2015

[www.sminvestments.com](http://www.sminvestments.com)

THE DYNAMIC  
WORLD OF



# Table of Contents

<b>Key Recent Events</b>	p.3
<b>The Philippine Economy</b>	p.4
<b>About SM Investments</b>	p.5
<b>Retail Operations</b>	p.15
<b>Banking</b>	p.22
<b>Property</b>	p.33
Mall Operations	p.39
Residential	p.51
Lifestyle Cities	p.55
Commercial	p.58
Leisure & Tourism	p.60
<b>Landbank</b>	p.64
<b>Portfolio Investments</b>	p.66
<b>Corporate Social Responsibility</b>	p.71
<b>Corporate Governance</b>	p.73
<b>Group Capex for 2015</b>	p.74

# Key Recent Events

## Retail

- Opened 42 stores in FY 2014
- H&M opened in Q2
- Crate & Barrel opened in Q3
- Launched Alfamart minimart format
- Achieved 1M sqm of net selling area

## Banking

- SMIC sold 2% stake in BDO to Kazanah
- BDO acquired One Network Bank
- China Bank completed acquisition of Planters Bank and PHP8 billion stock rights offering

## Property

- Formed Ortigas Holdings JV with Ayala Land and Ortigas Family
- Launched largest mall-based solar farm in the world in SM North EDSA
- Built 50<sup>th</sup> mall in the Philippines

## Portfolio Investments

- Opening of City of Dreams
- CityMall secures 20 sites for 2015

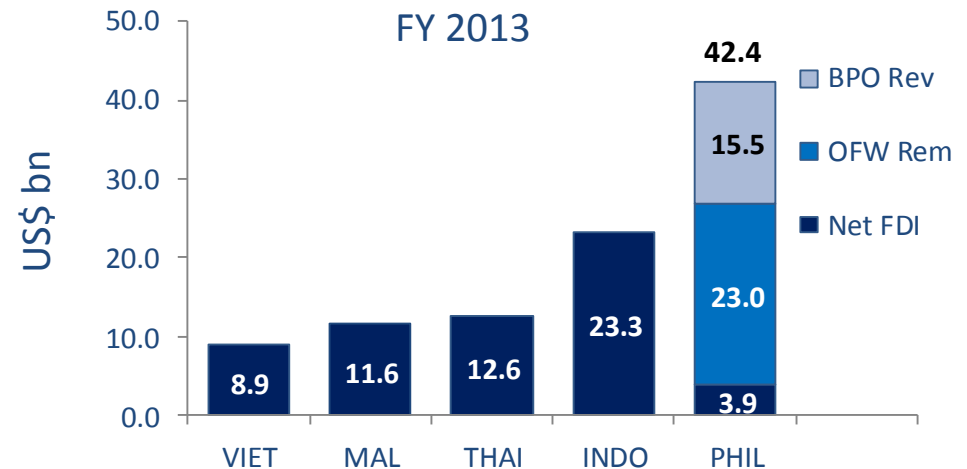
# Strong Philippine Economic Fundamentals

- Strong GDP growth
  - 6.1% in 2014
- Low cost of business
  - 2.4% inflation (Jan 2015)
  - Ave. bank lending rate of 5.6% (Jan 2015)
  - Strong Peso
- Liquid, well capitalized banking system
  - CAR: 16.7% (Jun 2014)
  - NPLs: 1.8% (2014)
- Manageable debt burden
  - 45.4% Govt debt / GDP (2014)
- Investment-grade rating
- Favorable demographics
- Strong domestic consumption

## Opportunities

- Jobs creation, entrepreneurship
- Infrastructure
  - Energy, transport, water
  - Housing backlog
- Exports and manufacturing base
- FDIs

## Net External Inflows & BPO Revenues



Source: World Bank

# About SM Investments

## SM is a strong proxy for the continuing breakout of the Philippines

- Direct beneficiary of rising GDP and increased consumer spending
- Large cap and diversified market play
- Continued strong financial performance and healthy balance sheet

## SM has a strong business model and excellent management

- Leading player in core businesses
- Tightly managed to leverage strengths and extract synergies across the Group
- Ongoing focus on good corporate governance and shareholder value creation

## SM will continue to deliver growth

- Aggressive expansion plans in all core businesses
- China and Portfolio Investments provide additional upsides
- Funding available for both organic and acquisition-led expansion



# OUR INVESTMENTS

## Core Investments

**Retail**

**Banking**

**Property**

**100%**  
**SM RETAIL INC.**

**45%**  
**BANCO DE ORO**

**20%**  
**CHINA BANKING CORP.**

**50%**  
**SM PRIME HOLDINGS, INC.**

SM STORES*	SM SUPER MARKET	SM HYPER MARKET	SAVE MORE
------------	-----------------	-----------------	-----------

MALLS	RESIDENTIAL	COMMERCIAL	HOTELS & CONVENTIONS	LEISURE & TOURISM
-------	-------------	------------	----------------------	-------------------

## Portfolio Investments

**28%**  
**BELLE CORP**

**29%**  
**ATLAS CONSOLIDATED MINING**

**90%**  
**NET GROUP**

**34%**  
**CITYMALL COMMERCIAL CENTERS**

\* 80% owned

# SM Investments Board of Directors



From left to right: **STEPHEN C. CU-UNJIENG** Adviser to the Board  
**HANS T. SY** Adviser to the Board  
**VICENTE S. PEREZ, JR.** Independent Director  
**HENRY T. SY, JR.** Vice Chairperson  
**TERESITA SY-COSON** Vice Chairperson  
**HENRY SY, SR.** Chairman

**HARLEY T. SY** Director and President  
**JOSE T. SIO** Director, Executive Vice President and  
Chief Finance Officer  
**JOSEPH R. HIGDON** Independent Director  
**AH DOO LIM** Independent Director  
**ELIZABETH T. SY** Adviser to the Board  
**HERBERT T. SY** Adviser to the Board

# Strong Leadership

## Retail

### Non Food Stores



Teresita

Harley

### Food Stores



Herbert

## Banking

### BDO



Teresita

### Chinabank



Hans

## Property

### SM Prime



Henry Jr.

Hans

Elizabeth

# SM Group Companies' Rankings

Philippine Banks <i>Total Resources (\$bn)</i>		Philippine Retailers <i>Total Sales (\$mn)</i>		Philippine Property Developers <i>Market Cap (\$bn)</i>		Philippine Conglomerates <i>Market Cap (\$bn)</i>	
<b>BDO</b>	<b>42.4</b>	<b>SM Retail</b>	<b>3,033</b>	<b>SM Prime</b>	<b>11.0</b>	<b>SMIC</b>	<b>14.5</b>
Metrobank	36.0	Puregold	1,330	Ayala Land	10.7	PLDT	14.0
BPI	32.5	Robinsons	1,250*	DMCI	4.7	JG Summit	10.4
LBP	23.8	<i>*Includes all retail formats Source: Philippine Stock Exchange; Figures as of Q3 2014</i>		Megaworld	3.4	AyalaCorp	9.0
PNB	13.6	<b>Philippine Retailers <i>Total Stores</i></b>		Robinsons Land	2.4	Aboitiz	6.5
DBP	10.8	<b>SM Retail</b>	<b>255</b>	Filinvest Land	0.8	AGI	5.2
<b>China Bank</b>	<b>10.7</b>	Puregold	233	<i>Source: Bloomberg; Figures as of Dec 29, 2014</i>			
RCBC	10.4	Robinsons	142*	<i>Source: Bloomberg; Figures as of Dec 29, 2014</i>			
UBP	10.0	<i>*Includes Supermarkets and Department Stores only Source: Company Information</i>		<i>Source: Bloomberg; Figures as of Dec 29, 2014</i>			
SECB	9.0			<i>Source: Bloomberg; Figures as of Dec 29, 2014</i>			
<i>Source: Business World as of Q4 2014</i>				<i>Source: Bloomberg; Figures as of Dec 29, 2014</i>			

# Profitability

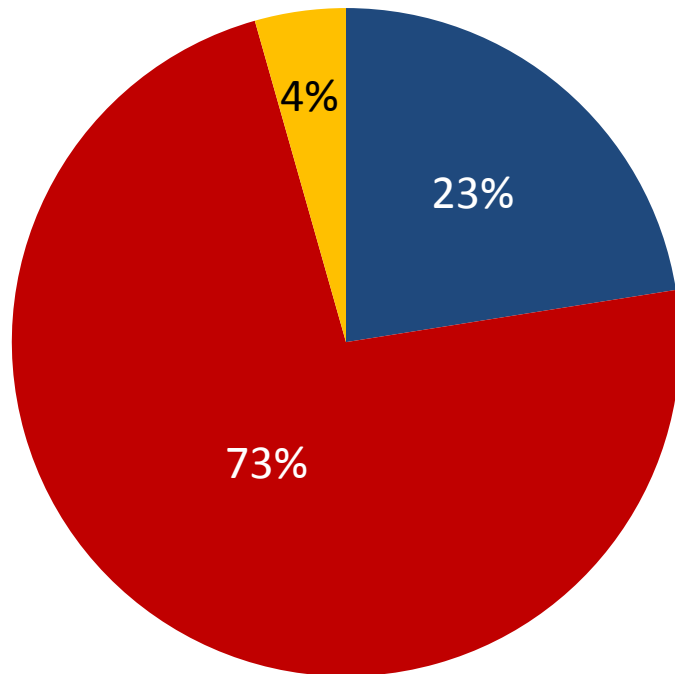
(In PHP billion)	Q4 2014	% Chg	FY 2014	% Chg
<b>Consolidated</b>				
Revenues	82.5	11.7%	275.7	8.9%
Recurring Net Income	7.6	5.6%	25.4	14.4%
Net Income	10.2	15.1%	28.4	3.5%
<i>Net Margin</i>	<i>12.4%</i>	<i>--</i>	<i>10.3%</i>	<i>--</i>

# SMIC Core Businesses

## FY 2014 Consolidated Results\*

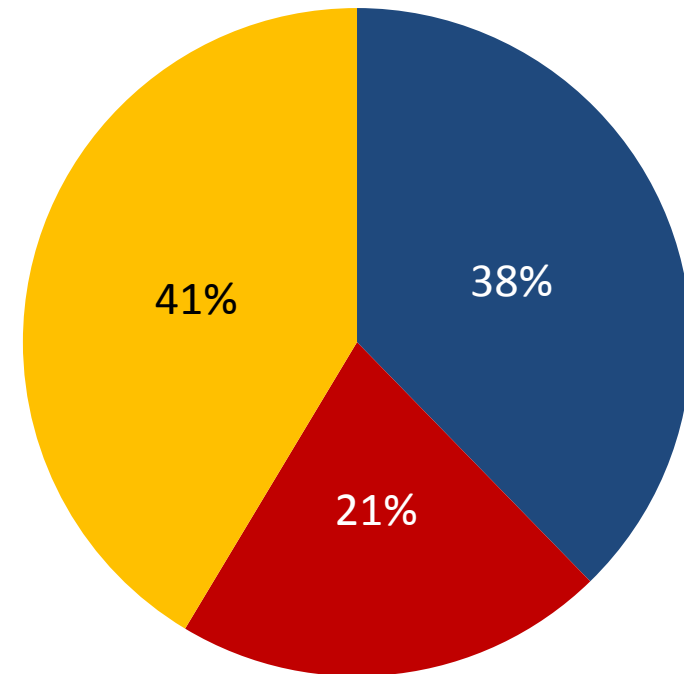
### REVENUES

PHP275.7bn  
+8.9% YoY



### NET INCOME

PHP28.4bn  
3.5% YoY



■ Property

■ Retail

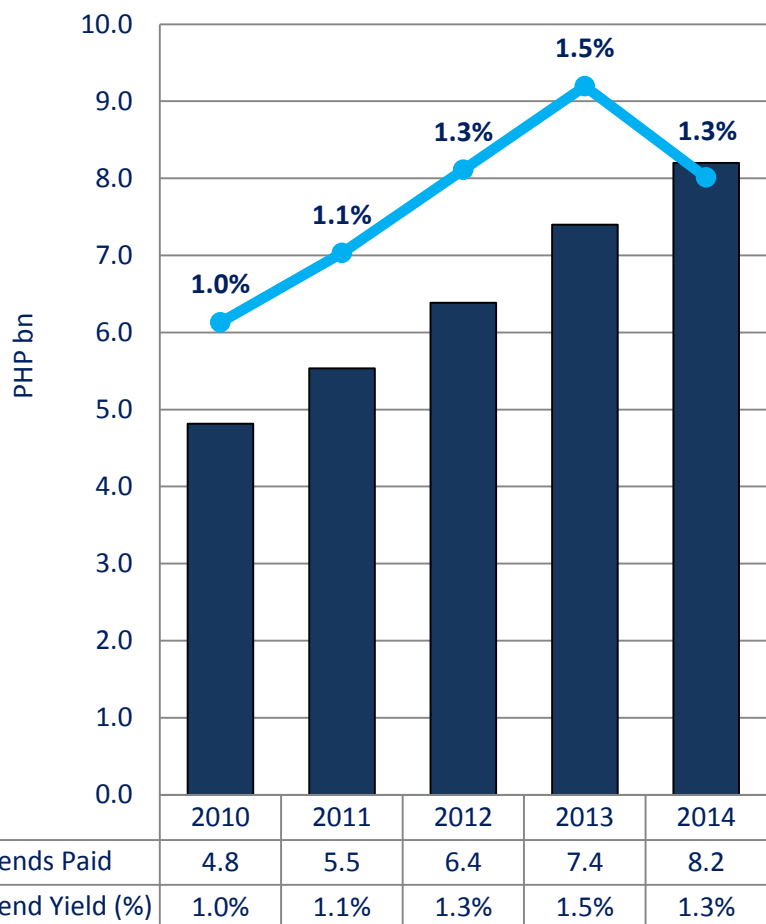
■ Banking

Note:

\*Banking business not consolidated

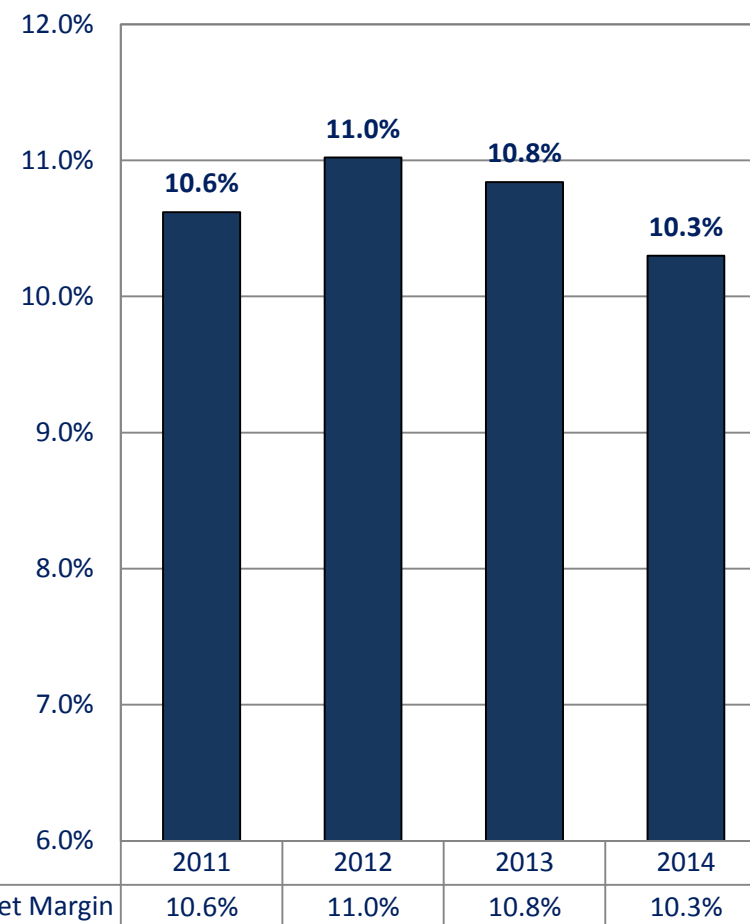
# Yield

## DIVIDENDS



Dividend Yield is based on closing price as of December 29, 2014  
Dividend Payout Ratio is at 30%

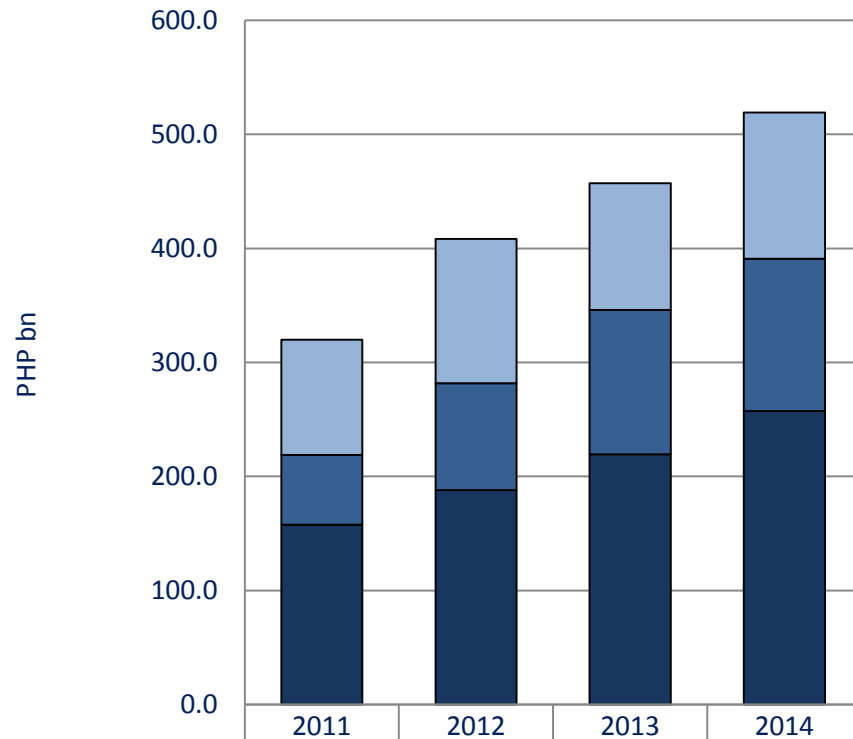
## NET MARGIN



Net margin excluding extraordinary income

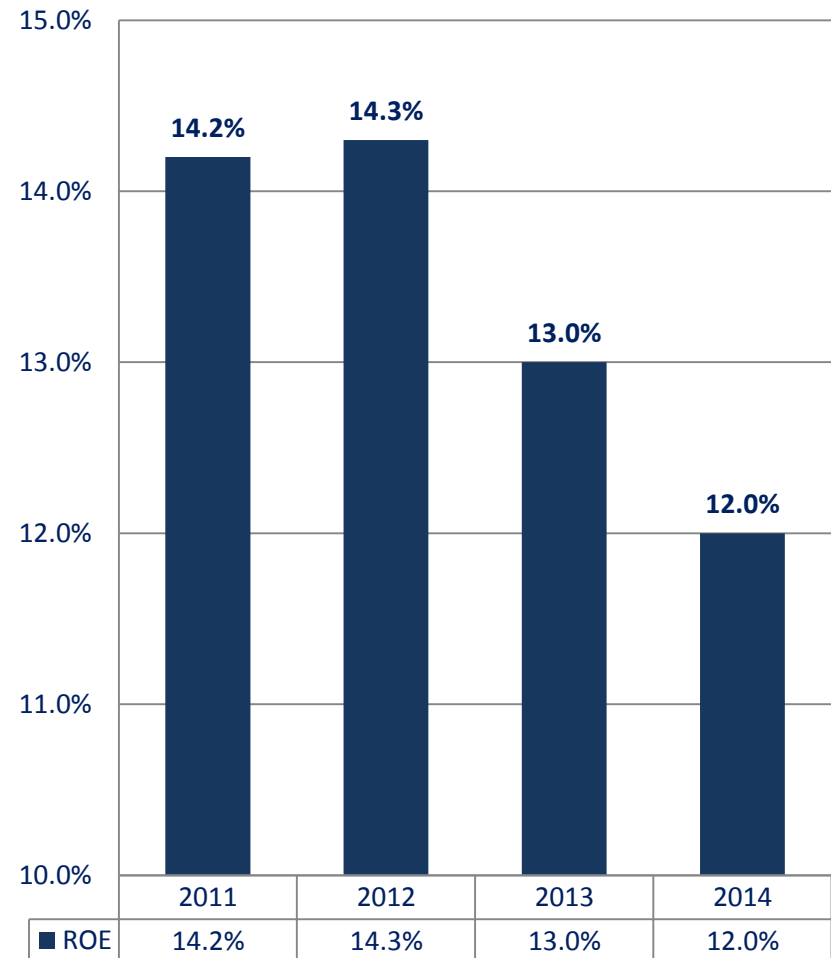
# Financial Strength and Returns

## TOTAL CAPITAL



Cash & NCE	100.8	126.6	111.2	128.1
Net Debt	61.33	93.61	126.5	133.6
Equity	157.7	188.1	219.4	257.3
Net Debt to Equity Ratio	28:72	33:67	37:63	34:66

## RETURN ON EQUITY



# SMIC Parent Debt

Average Debt Tenure: 5.3 Years

Average Cost of Debt: 5.57%

Peso/Foreign: 46 : 54

## Recent Bond Offerings

Issued	Amount	Currency	Due Date	Coupon
Jun 10, 2014	USD350 million	US Dollar	Jun 2024	4.875%
May 19, 2014	PHP15 billion	Philippine Peso	May 2021/May 2024	5.2958%/5.6125%
Oct 17, 2012	USD500 million	US Dollar	Oct 2019	4.25%
Jul 16, 2012	PHP15 billion	Philippine Peso	Jul 2019/Jul 2022	6.0%/6.9442%
Feb 15, 2012	USD250 million	US Dollar (Convertible)	Feb 2017	1.625%



# Retail

(In PHP billion)	Q4 2014	% Chg	FY 2014	% Chg
Sales	60.7	8.4%	197.1	9.0%
Operating Income	3.0	2.0%	8.5	6.0%
Net Income	2.1	0.4%	5.9	3.3%
<i>Net Income Margin</i>	<i>3.4%</i>	<i>--</i>	<i>3.0%</i>	<i>--</i>

# Store Statistics

Store Format	Stores as of Dec 2014	Gross Selling Area (in sqm)	Ave. Gross Selling Area (in sqm)
SM Store	50	665,521	13,310
SM Supermarkets	40	294,723	7,368
Savemore	113	353,745	3,130
SM Hypermarket	42	356,476	8,488
Walter Mart	24	76,423	3,184
<b>Total</b>	<b>269</b>	<b>1,746,888</b>	--

## Business Strategy

### ● Non-Food Retail

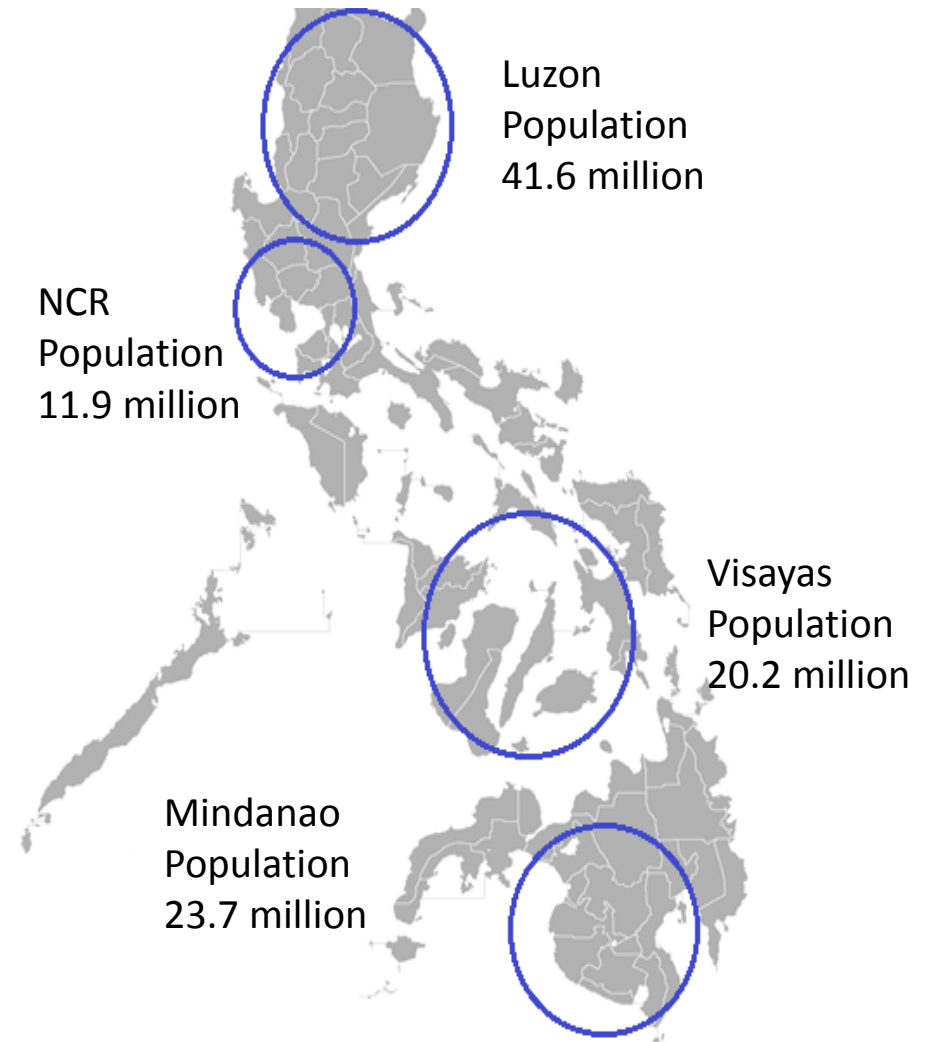
- Provincial expansion
- Enhanced store layouts
- New brand introductions

### ● Food Retail

- Accelerated expansion through organic growth and partnerships
- Multiple store formats
- First mover in minimarts

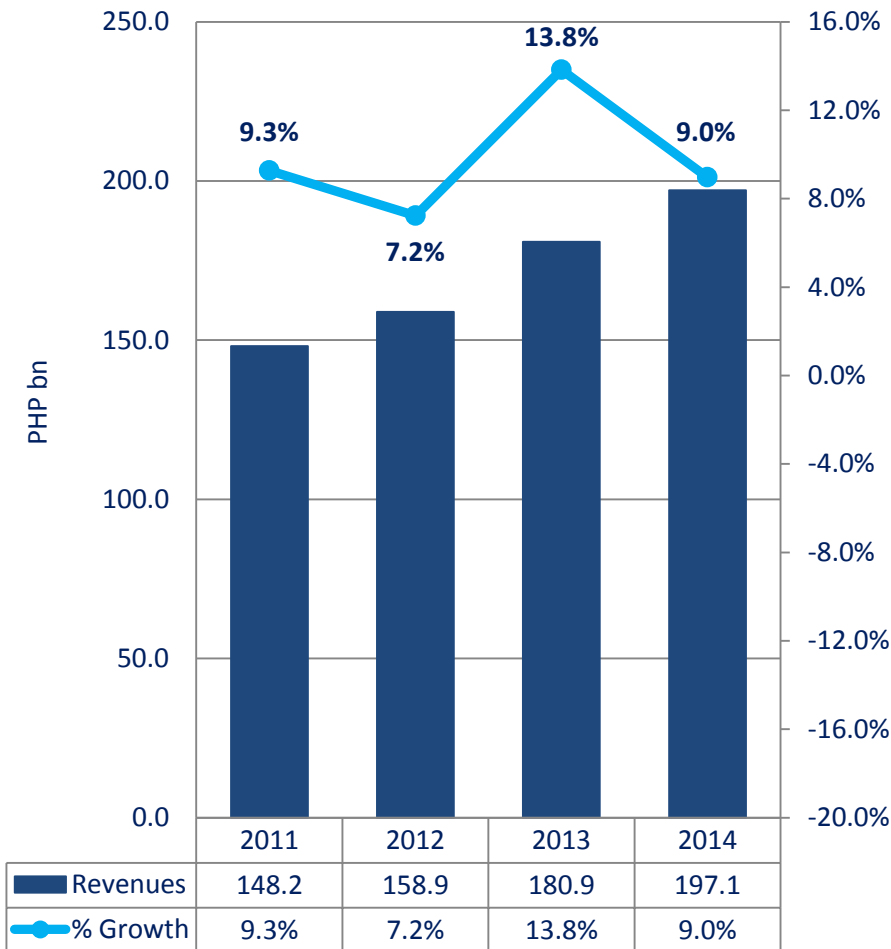
# SM Retail Philippines

Area	Number of Retail Stores	Gross Selling Area (sqm)	% of Total Gross Selling Area
NCR	100	781,745	45%
Luzon	125	684,969	39%
Visayas	29	175,816	10%
Mindanao	15	104,358	6%
<b>Total</b>	<b>269</b>	<b>1,746,888</b>	<b>100%</b>

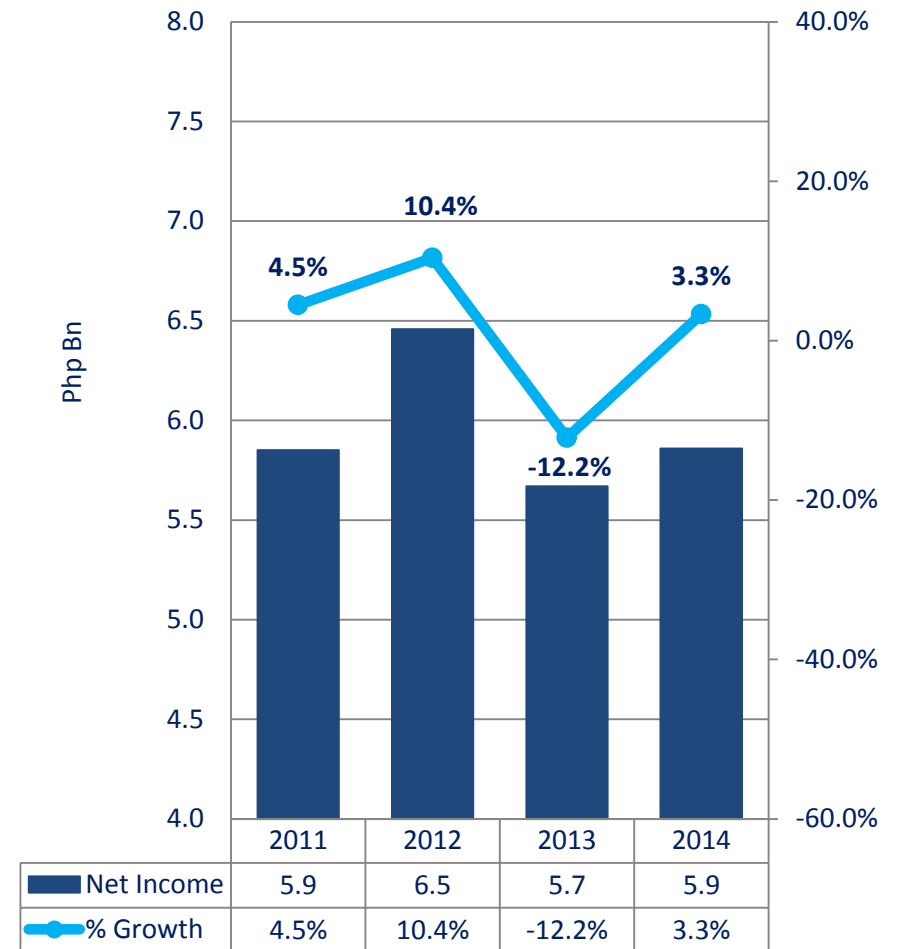


# Retail Operations

## REVENUES



## NET INCOME



2014 recurring net income grew 14.4%

# Non-Food Retail Strategy

**We aim to maintain leadership in growing the Philippines organized retail market, through broad range marketing, merchandising and synergy with SM malls**

- Further broaden customer base to cover ABC income levels in rural and urban areas through the SM mall footprint as its anchor store in the non-food segment
- Provide the widest range of merchandise mix and price points
- Tailor fit store design, layout and merchandise to match target markets and achieve optimal sales growth
- Strengthen in-house brands through marketing and collaboration with well known designers
- Provide more add on services (bills payments, currency exchange, ticketing, loyalty card, prestige customer lounges) to enrich customer experience and goodwill
- Bring in global brands such as Uniqlo, Forever 21, H&M, Crate and Barrel, as Philippine middle class increase aspirations

# Food Retail Strategy

**We aim to maintain leadership in growing the Philippines organized retail market, using multiple formats to grow**

- **Broad customer base reflects growing market opportunity** – ABC income levels in rural and urban areas and all regions, reflecting large market opportunity as the organized sector is created
- **Strong competitive point of difference** – through broad product and service range and overall customer in-store experience; plus Mall synergies
- **Competitive advantages** – in scale, distribution and branding
- **Price competitive** – not necessarily price leader, conscious of protecting margins
- **Multiple store formats** – allow us to meet the different needs of our target segments and to achieve greater penetration of existing markets
- **Strategic partnerships** – create accelerated growth opportunities in underpenetrated regions and in untapped rural market by forging partnership with strong domestic and foreign players (e.g. CityMalls, WalterMart, Alfamart)

# Alfamart

- Alfamart Philippines
  - JV with Alfamart Indonesia
  - First mover in the minimart space
  - Different to convenience store format
    - Supermarket pricing
    - Ready-to-cook vs. Ready-to-eat
    - Value-added services
  - Currently in the testing phase with 30 branches in provincial areas south of Metro Manila



- Alfamart Indonesia
  - 9,487 stores with 27 warehouses
  - Coverage: 16 provinces
  - 930 new stores in 9M 2014





# BDO Unibank

(In PHP billion)	Q4 2014	% Chg	FY 2014	% Chg
Net Interest Income	13.7	12.3%	51.2	18.7%
Non Interest Income	7.7	28.3%	29.5	-7.4%
Net Income	6.1	38.6%	22.8	0.9%

# BDO Unibank

Financial Highlights	FY '14 (PHP bn)	FY '13 (PHP bn)	% Change
Assets	1,863.6	1,672.8	11.4%
Deposits	1,492.3	1,345.3	10.9%
Gross Customer Loans	1,089.4	911.5	19.5%
Net Interest Margin	3.2%	3.3%	--
Cost to Income Ratio	60.1%	57.7%	--
ROE	13.4%	14.0%	--
Loans to Deposits Ratio	73.0%	67.8%	--
Gross NPL	1.3%	1.9%	--
CAR	14.1%*	18.3%	--
Tier 1	13.2%*	15.6%	--
Tier 2	0.9%*	2.7%	--

\*Basel III

## Business Strategy

### ● Diversified and sustainable earning stream

- Client acquisition through branch expansion
- Drive provincial lending and deposit taking initiatives
- Expand fee income via cross-selling

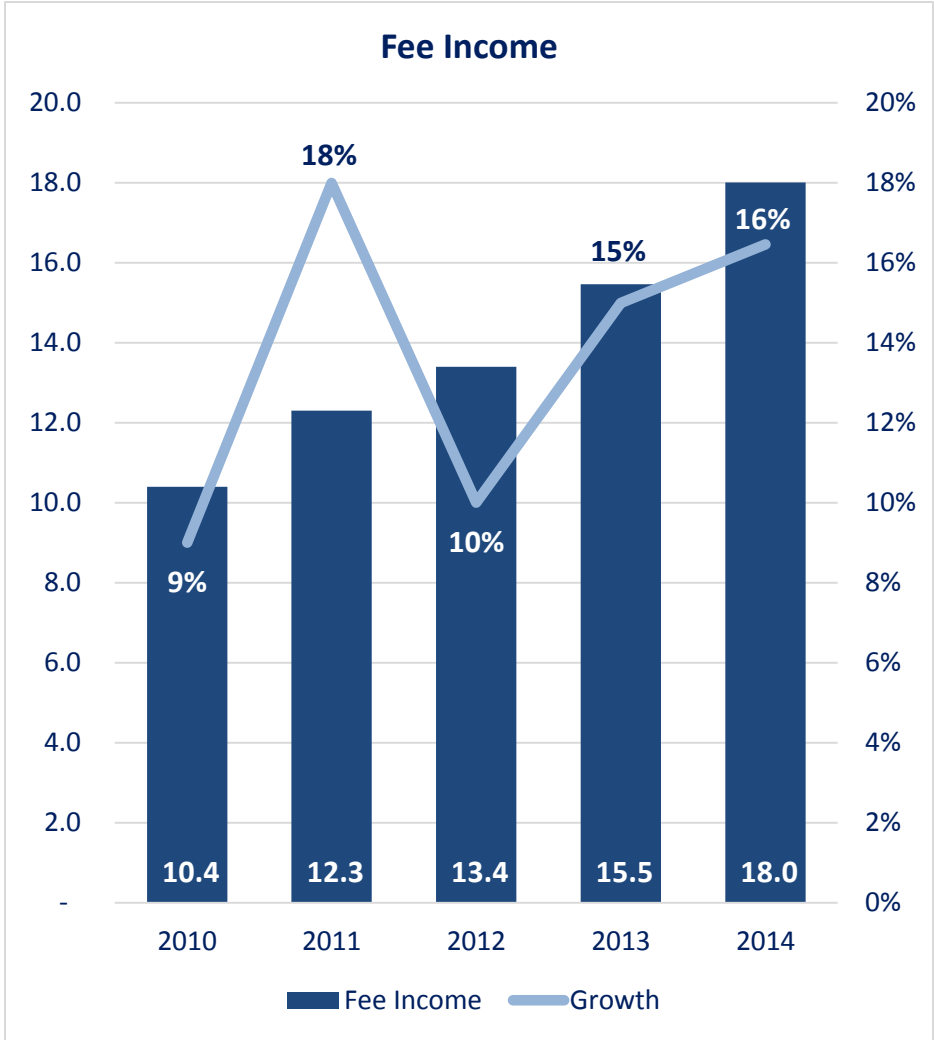
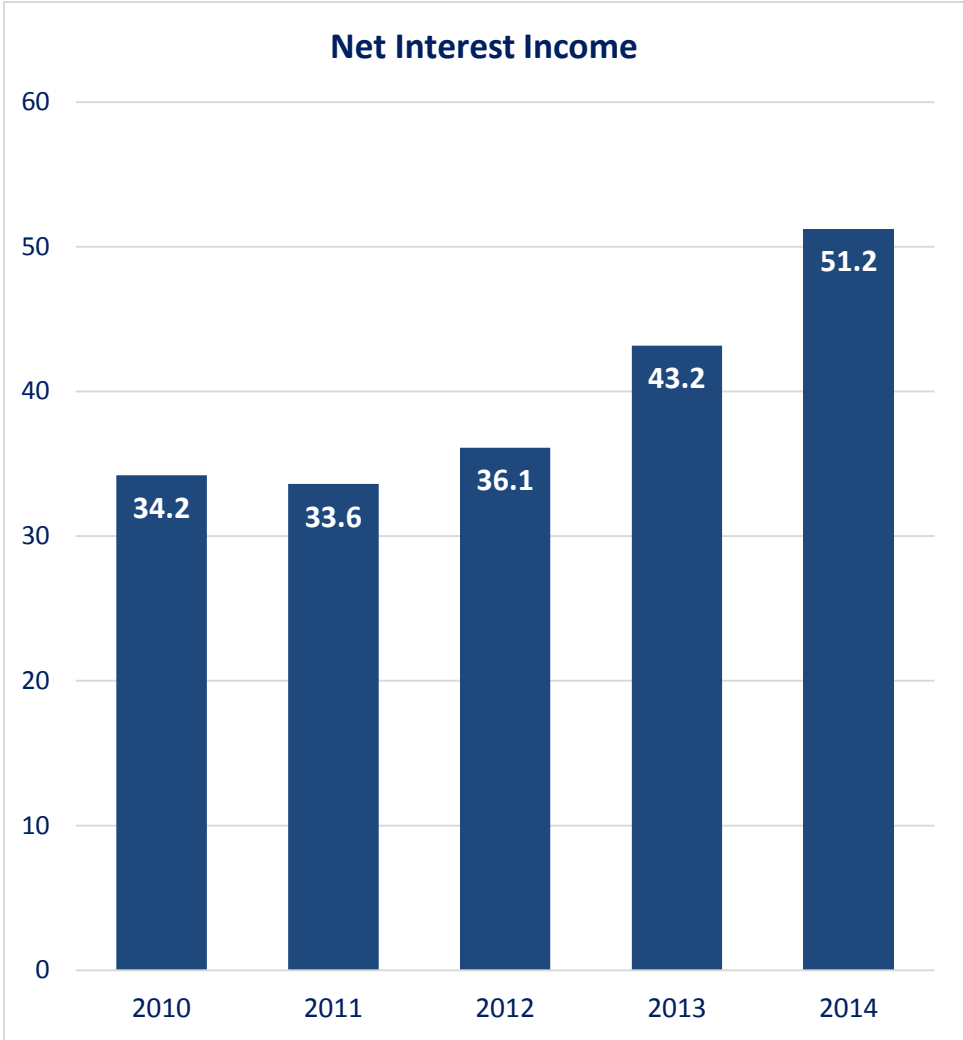
### ● Operating leverage

- Manage OPEX growth
- Implement digital strategy

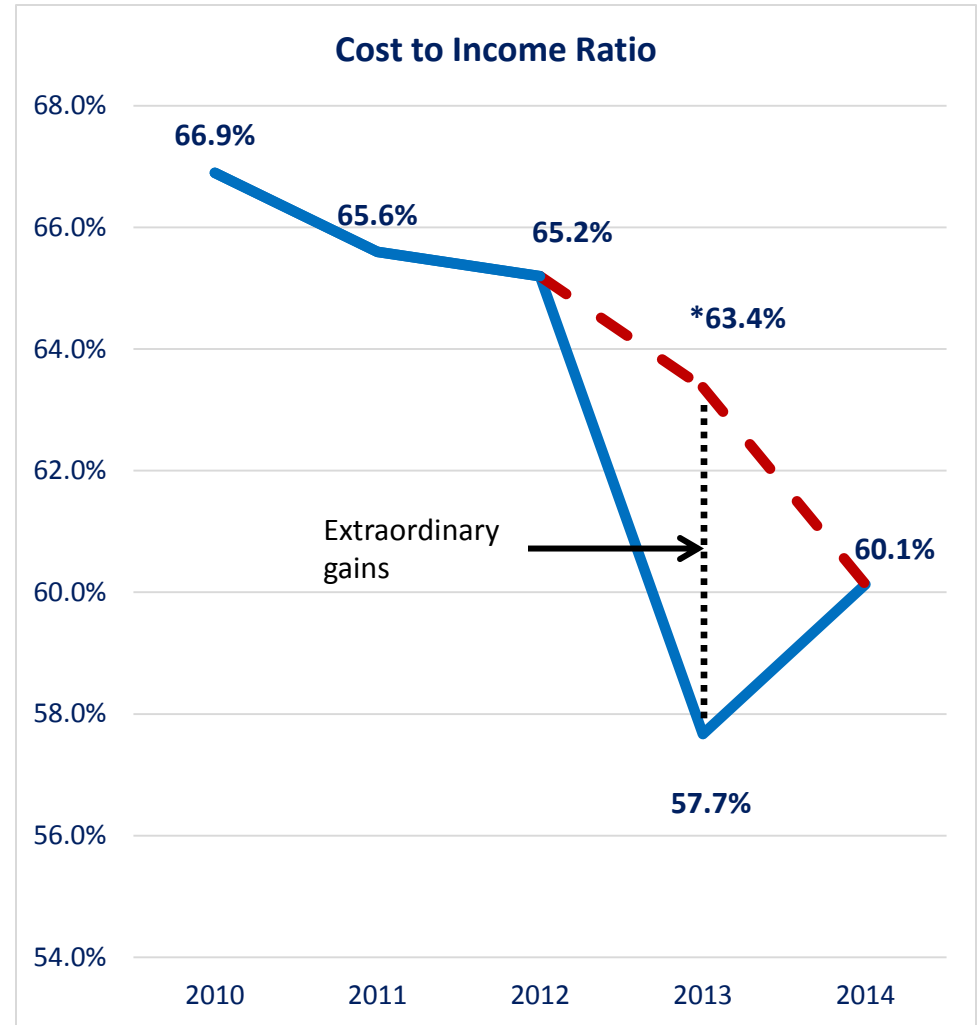
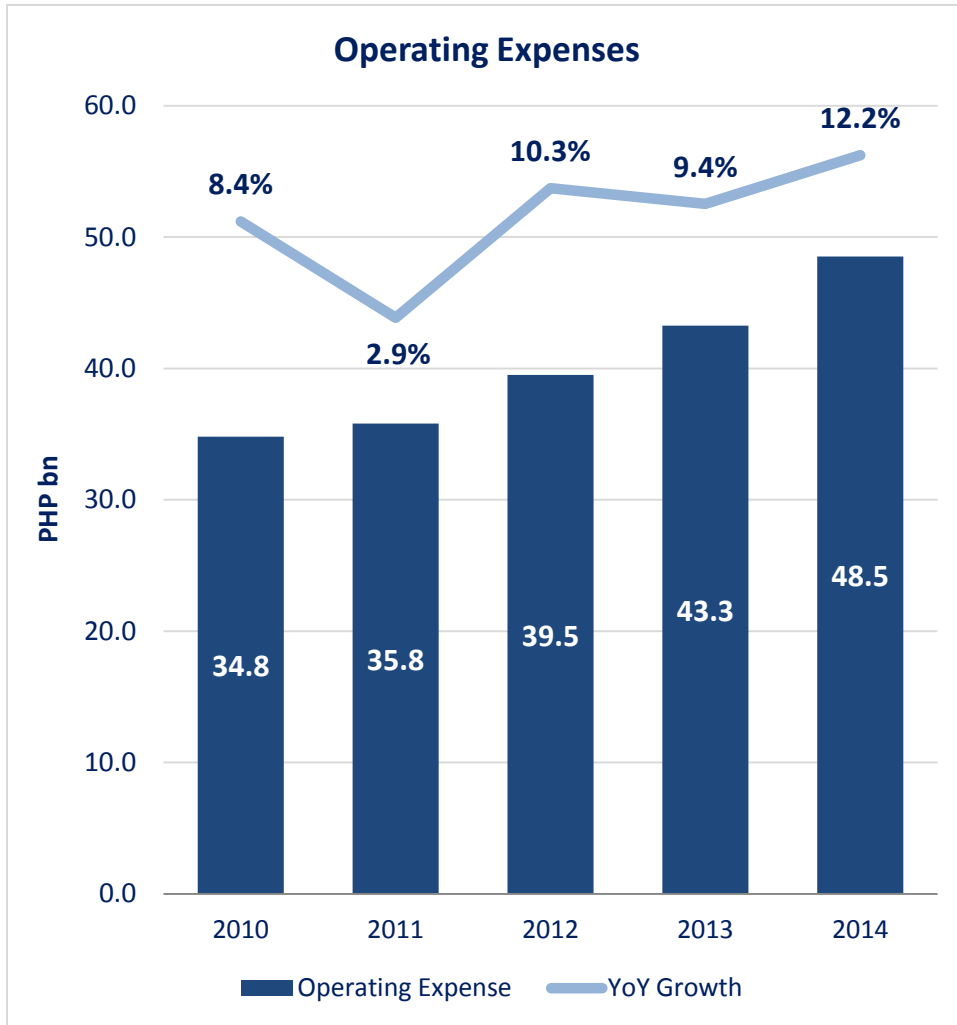
### ● Prudent balance sheet management

- Conservative provisioning for risk assets
- Complement current funding with long term
- Ensure sufficient capital to support growth

# BDO Unibank – Revenue Growth

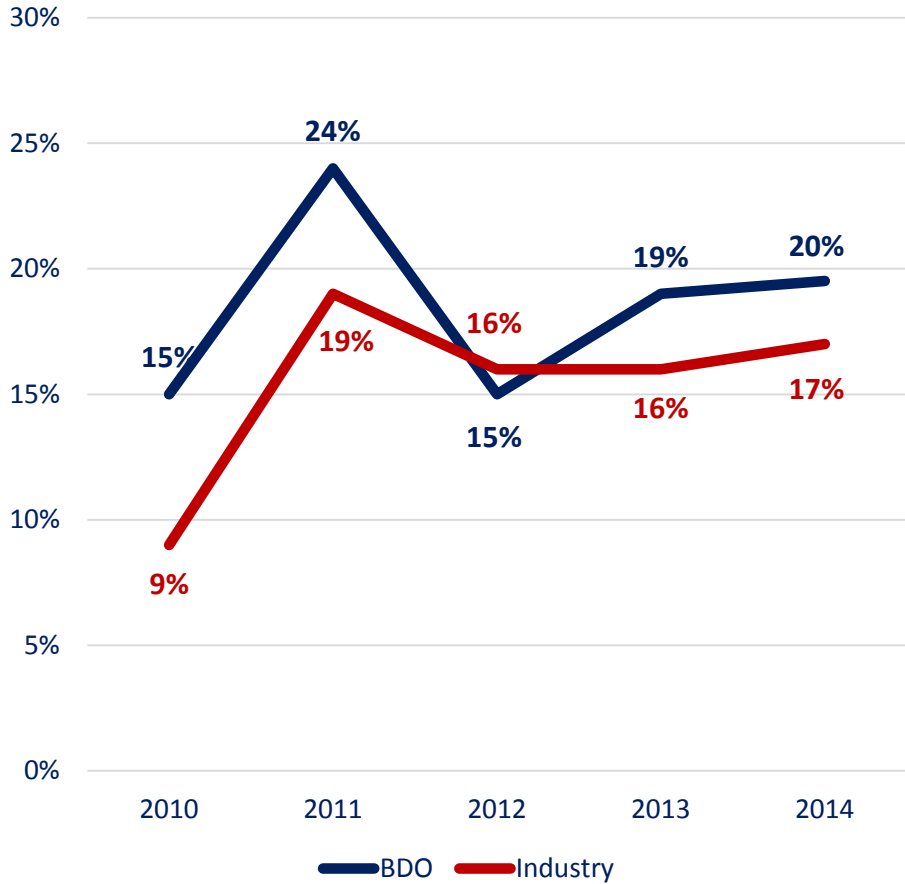


# BDO Unibank – Cost Management

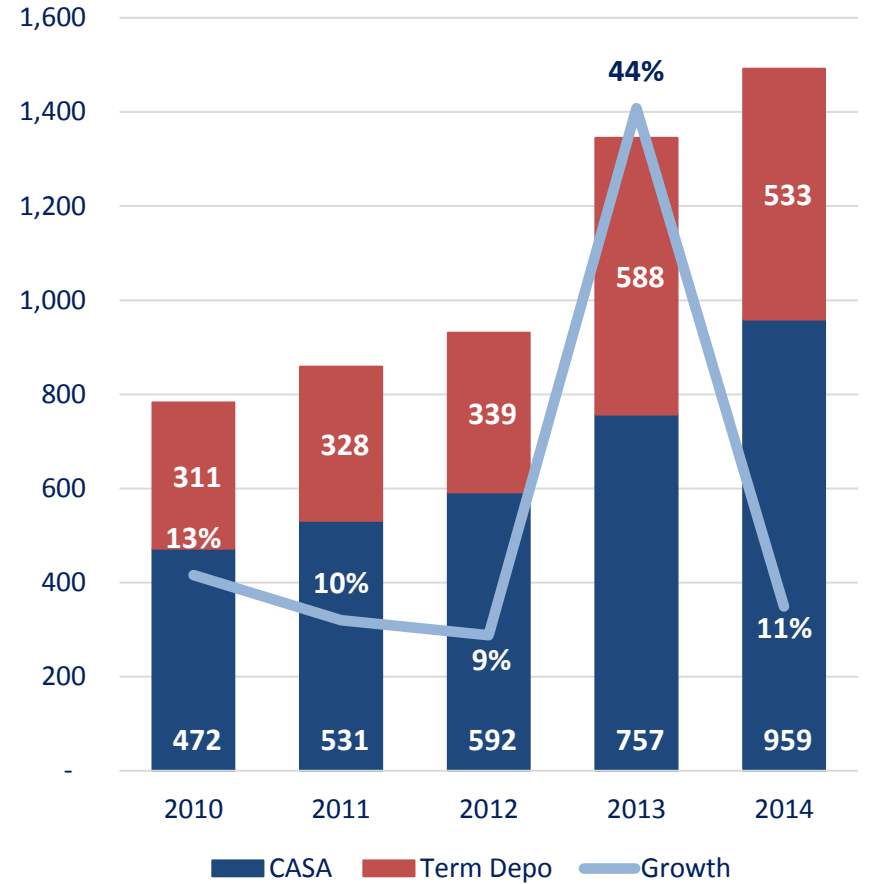


# BDO Unibank – Loan and Deposit Growth

## Loan Growth

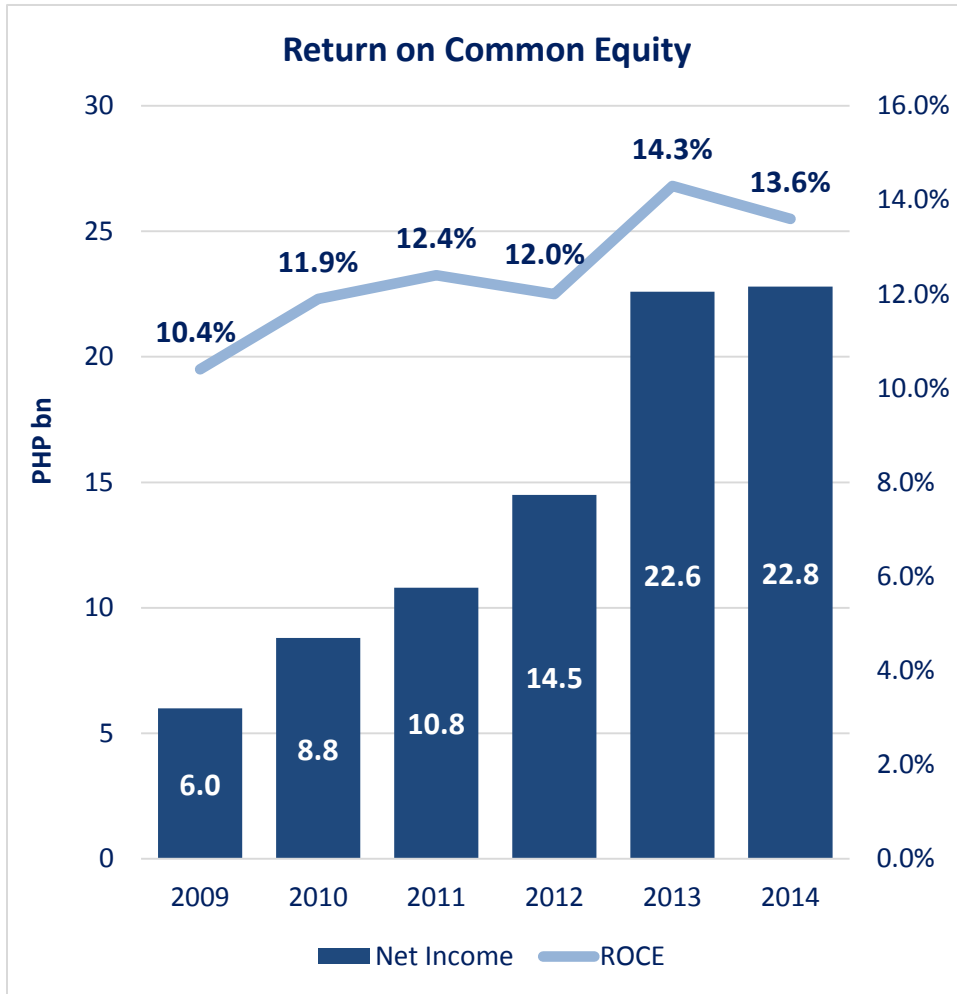


## Deposit Growth



CASA share at 64% of total deposits

# BDO Unibank – Improving Performance





# China Bank

(In PHP billion)	Q4 2014	% Chg	FY 2014	% Chg
Net Interest Income	3.7	30.0%	14.1	41.8%
Non Interest Income	1.7	121.1%	4.8	-7.8%
Net Income	1.8	49.0%	5.1	0.2%

*Operating income (excluding trading gains) grew 36%*

# China Bank

Financial Highlights	FY '14 (PHP bn)	FY '13 (PHP bn)	% Change
Assets	470.9	413.7	13.8%
Deposits*	399.3	354.3	12.7%
Gross Customer Loans**	299.0	227.7	31.4%
Net Interest Margin	3.3%	3.0%	--
Cost to Income Ratio	62.2%	59.0%	--
ROE	9.9%	11.3%	--
Loans (Net) to Deposits Ratio	72.7%	62.3%	--
NPL	2.6%	2.0%	--
CAR	14.9%	15.4%	--
Tier 1	14.0%	14.5%	--
Tier 2	0.9%	0.9%	--

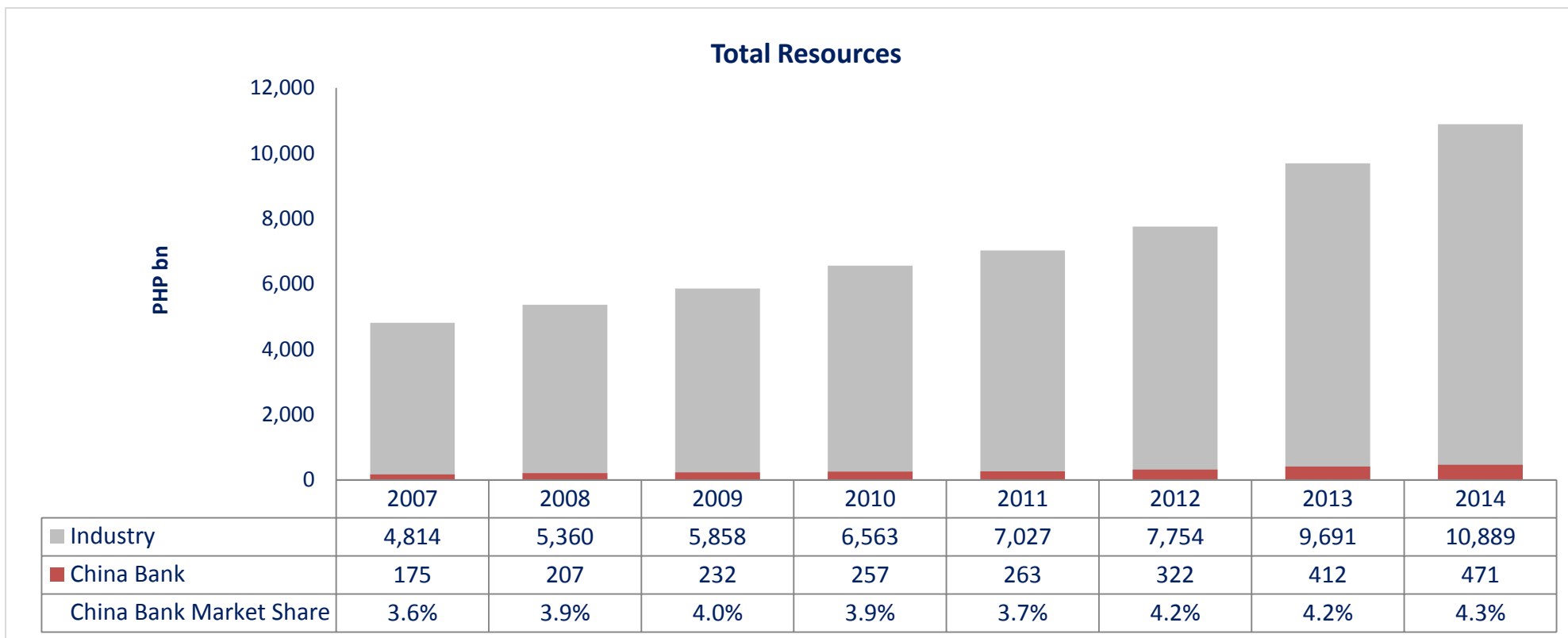
\*CASA growth of 24%

\*\*Net Loans inclusive of UDSCl; 2013 excludes PDB

## Business Strategy

- Integration of Plantersbank into China Bank Family
- Sustain loans growth
- Continue diversification of fee-based businesses

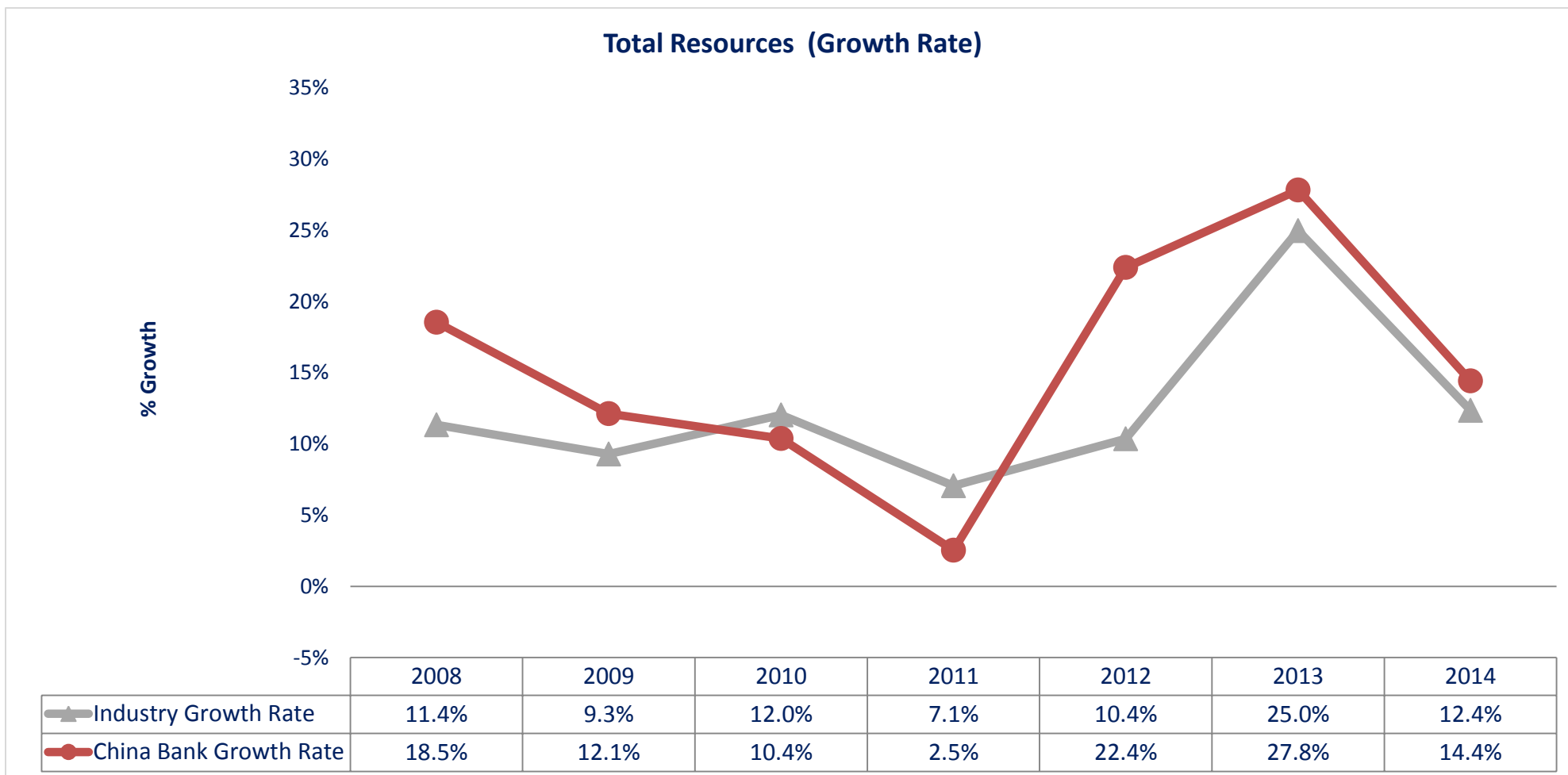
# China Bank – Market Position



Ranking in Terms of Total Resources								
	2007	2008	2009	2010	2011	2012	2013	2014
China Bank	10	9	9	8	10	8	8	7

Source: BusinessWorld Banking Report

# China Bank – Total Resources Growth



Source: BusinessWorld Banking Report



# Property Group

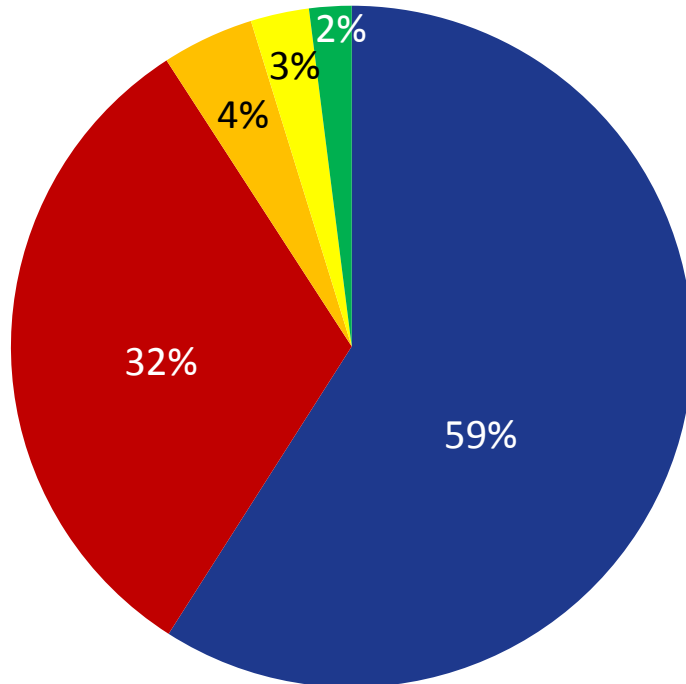
(In PHP billion)	Q4 2014	% Chg	FY 2014	% Chg
Revenues	18.4	16.3%	66.2	10.8%
Operating Income	7.6	17.3%	27.7	14.7%
Net Income	4.9	16.4%	18.4	13.0%
<i>Net Margin</i>	<i>26.8%</i>	<i>--</i>	<i>27.8%</i>	<i>--</i>

# SM Prime Holdings, Inc.

## FY 2014 Consolidated Results

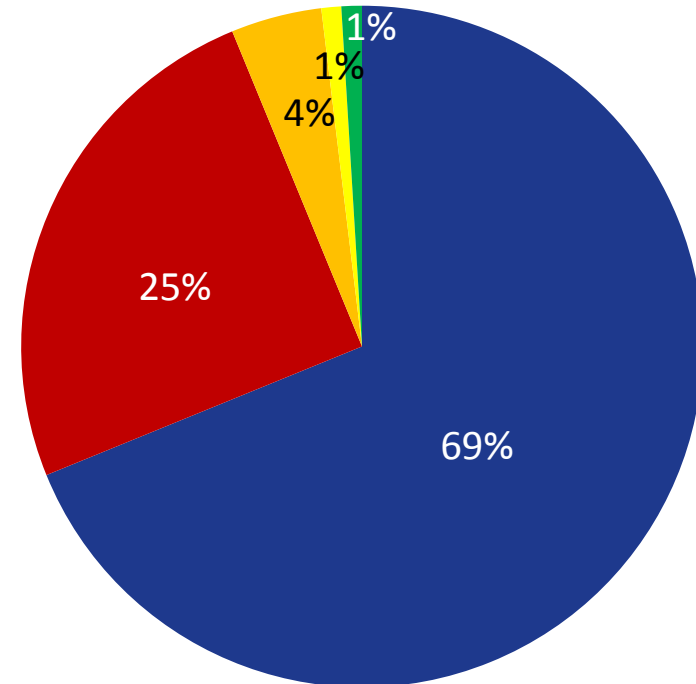
### REVENUES

PHP66.2bn  
+10.8% YoY



### NET INCOME

PHP18.4bn  
+13.0% YoY



■ Malls ■ Residential ■ Commercial ■ Hotels & Conventions ■ Leisure

# SM Prime Holdings, Inc.

Most defensive and least cyclical among Philippine property conglomerates

	9M 2014							
	SMPH		ALI		RLC <sup>2/</sup>		MEG	
Total Revenue (in PHP bn)	47.80	100%	68.32	100%	13.07	100%	28.64 <sup>3/</sup>	100%
Rental Revenue	30.37	64%	15.38	23%	7.16	55%	5.20	18%
Others	17.43	36%	52.94	77%	5.91	45%	23.44	82%
Total GLA (in '000 sqm)	5,133	--	1,910	--	1,305	--	861 <sup>4/</sup>	--
GLA Retail	5,012	--	1,330	--	1,025	--	240	--
GLA Office	121	--	580	--	280	--	621	--
Return on Assets	3.67% <sup>1/</sup>	--	3.58%	--	4.69%	--	3.42% <sup>3/</sup>	--
Debt to Equity	43:57	--	67:33	--	37:63	--	41:59	--

<sup>1/</sup> Added bank restructuring costs

<sup>2/</sup> As of June 2014 due to change in fiscal year

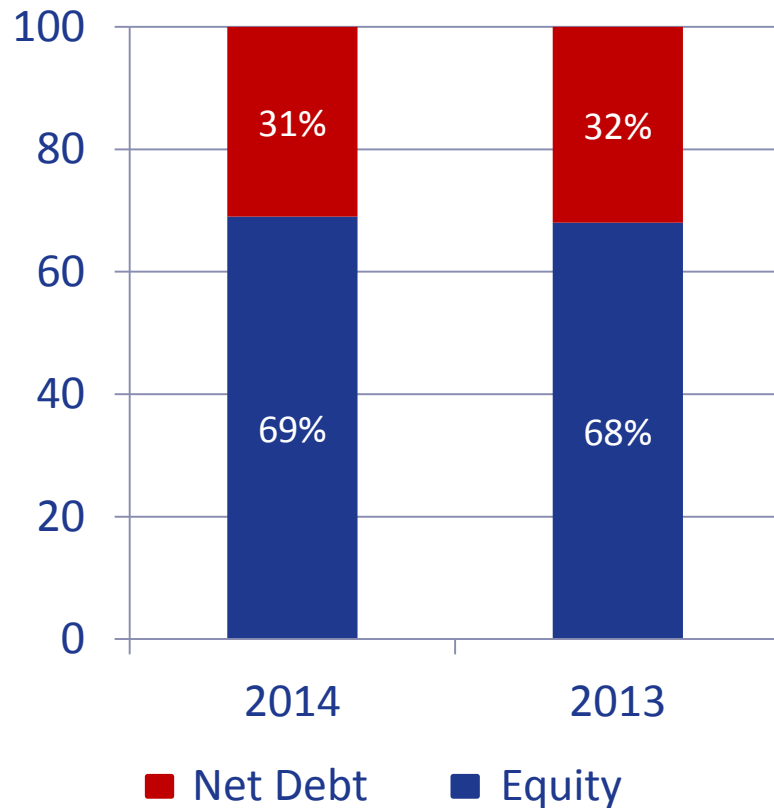
<sup>3/</sup> Normalized

<sup>4/</sup> Planned GLA for 2014

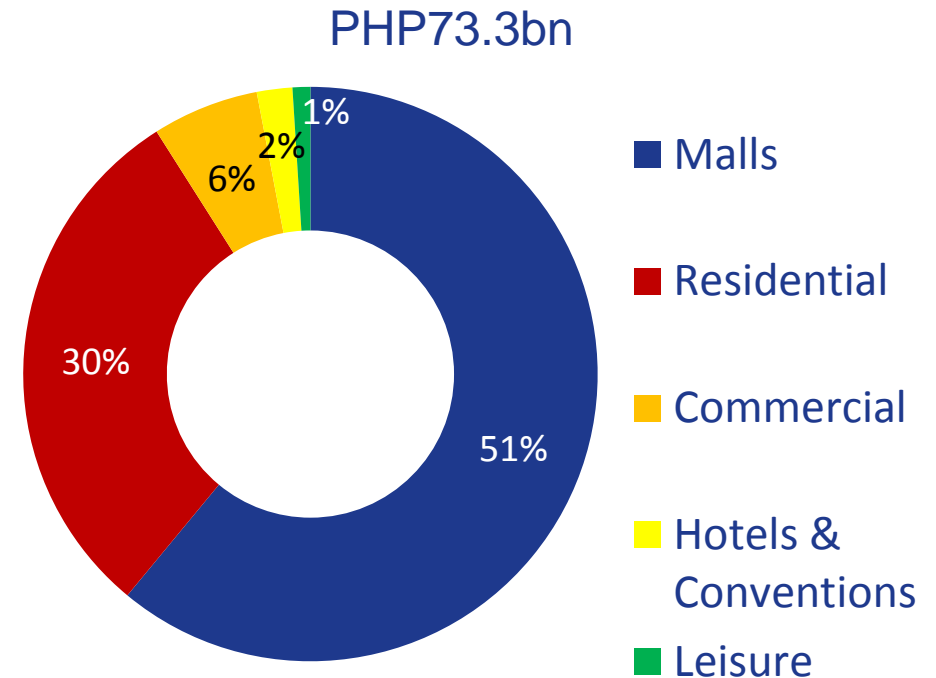
**Sources:** Company Data from Investor Presentations and Briefing Materials

# SM Prime Holdings, Inc.

## Net Gearing Ratio



## 2015 Capex



# SM Prime's Roadmap

**Doubling revenues and profits by 2018**

	Malls	Residential	Commercial	Hotels & Convention Centers
2018	GFA: 10.96 Million sqm No of Malls: 85 (74 Phil + 11 China)	Launched Units: 142,128 Projects: 57	GFA: 0.46 Million sqm No of Towers: 7	Rooms: 2,187 Projects: 10
	<b>+57%</b> in GFA	<b>+116%</b> in Units	<b>+207%</b> in GFA	<b>+115%</b> in Rooms
2013	GFA: 7.0 Million sqm No of Malls: 53 (48Phil + 5 China)	Launched Units: 65,927 Projects: 33	GFA: 0.15 Million sqm No of Towers: 3	Rooms: 1,015 Projects: 4

# Key Strategies

1

Increase acquisition of large-scale strategic landbank and develop more lifestyle cities

4

Offer wide range of products in the residential segment

2

Leverage on world-class malls to anchor lifestyle city strategy

5

Continue the aggressive rollout of BPO office development

3

Optimize existing properties

6

Maintain strong balance sheet, prudent risk & capital management and good governance



## Mall Operations - Consolidated

(In PHP billion)	Q4 2014	% Chg	FY 2014	% Chg
Revenues	10.4	7.9%	38.7	12.3%
Operating Income	5.7	17.8%	21.0	14.3%
EBITDA	6.9	13.4%	25.5	12.2%
<i>EBITDA margin</i>	66.2%	--	65.8%	--
Net Income	3.2	9.1%	12.9	10.6%
<i>Net margin</i>	30.9%	--	33.2%	--

# SM Malls Trivia

## Malls



**50** Philippines

**5** China

## Mall Tenants



Philippines

**15,314** tenants

China

**1,388** tenants

## Parking Slots



Philippines

**52,369** slots

China

**6,793** slots

## Average Daily Pedestrian Count



Philippines

**3.0** million

China

**0.2** million

## Total Gross Floor Area



Philippines

**6.5** million sqm

China

**0.8** million sqm

## Cinema Seats



Philippines

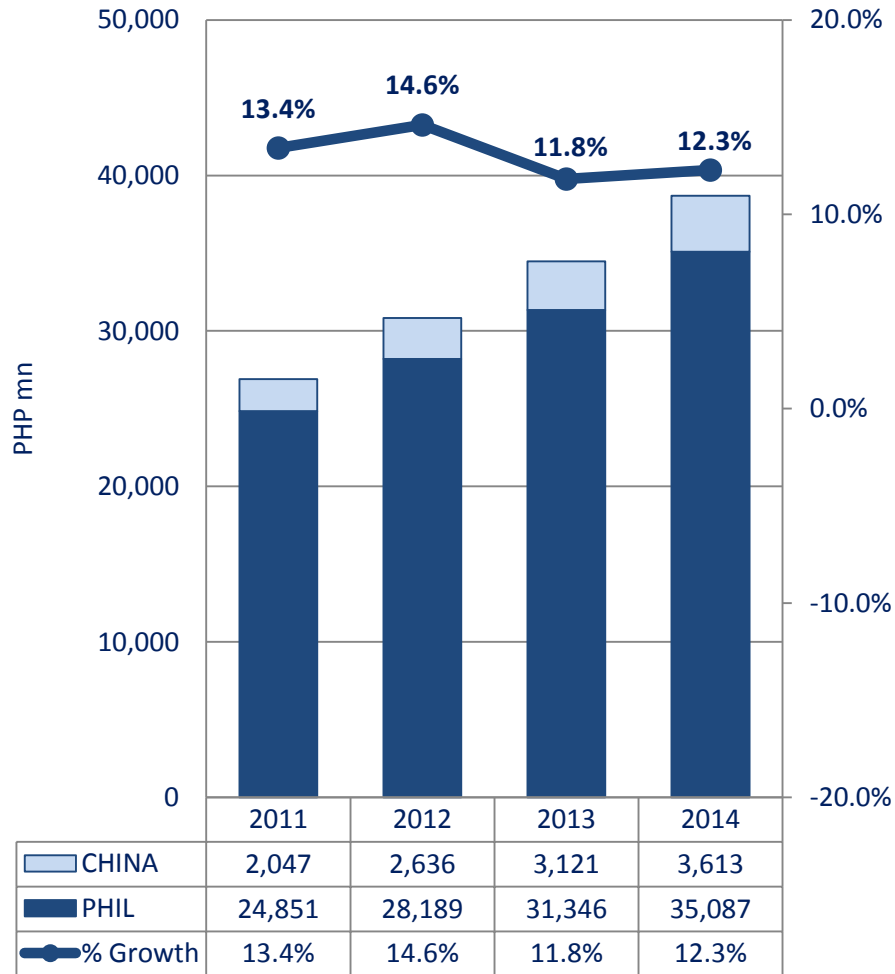
**126,154** seats

China

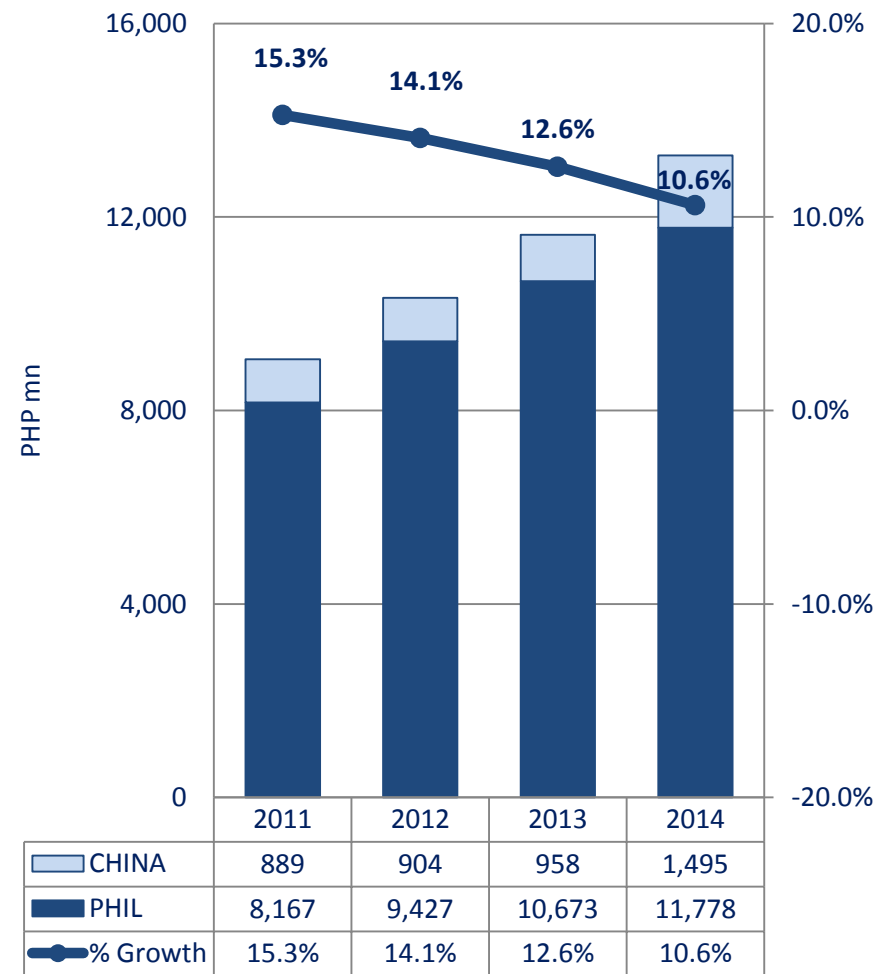
**6,456** seats

# Mall Operations

## REVENUES

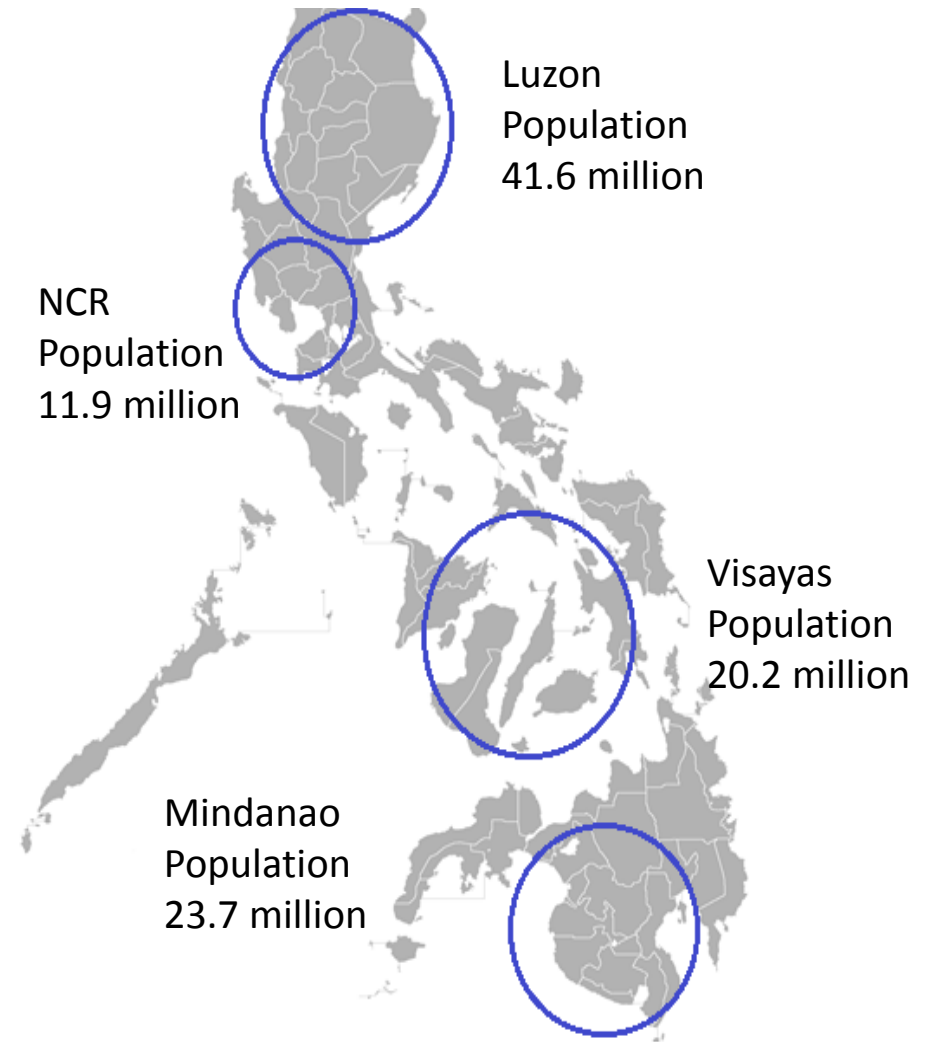


## NET INCOME



# SM Malls Philippines

Area	Number of Malls	GFA (sqm)	% of Total GFA
NCR	18	3,265,325	50%
Luzon	24	2,119,630	33%
Visayas	4	616,997	10%
Mindanao	4	485,229	7%
<b>Total</b>	<b>50</b>	<b>6,487,181</b>	<b>100%</b>



# SM Malls Philippines

- Largest shopping mall developer and operator in the Philippines with 50 Malls
- Strong synergies with SM Retail business
- Anchor for Lifestyle City developments
- Current average mall occupancy of 95%
- Will continue contributing over 50% of SM Prime's revenue and net income

(In PHP billion)	Q4 2014	% Chg	FY 2014	% Chg
Revenues	9.5	8.9%	35.1	11.9%
Income from Operations	5.2	11.5%	19.3	11.2%
EBITDA	6.5	24.7%	23.0	12.3%
Net Income	3.1	30.7%	11.8	10.4%
EBITDA margin	68.5%	--	65.7%	--
Net Income margin	32.6%	--	33.6%	--

# 2014 Marks SM Prime's 50<sup>th</sup> Philippine Mall



## SM Angono

Opening Date: Nov 2014  
 Gross Floor Area: 41,481 sqm  
 SM Malls in Rizal: SM Taytay,  
 SM Masingag

## SM Malls

<u>Metro Manila</u>	<u>GFA (sqm)</u>						
North EDSA	482,959	Marikina	178,485	Molino	52,061	San Fernando	43,130
Sta. Mesa	133,563	Las Piñas	39,788	Sta. Rosa	86,463	Cauayan	70,614
Megamall	484,373	Novaliches	60,560	Clark	142,585	<u>Visayas</u>	
Southmall	205,687	Aura	249,862	Lipa	111,698	Cebu	273,804
Fairview	188,681	BF Parañaque	120,200	Taytay	98,928	Iloilo	105,954
Manila	167,812			Rosales	63,330	Bacolod	133,751
Sucot	96,560	<u>Luzon</u>		Baliwag	91,241	Consolacion	103,489
Bicutan	113,667	Bacoor	120,202	Naga	75,652	<u>Mindanao</u>	
San Lazaro	181,593	Pampanga	132,484	Rosario	59,326	Davao	128,145
Valenzuela	70,681	Lucena	78,685	Tarlac	101,629	Cagayan de Oro	87,837
Mall of Asia	406,961	Baguio	107,950	San Pablo	56,609	General Santos	125,245
Pasig	29,602	Marilao	93,910	Calamba	67,384	Lanang	144,002
Muntinlupa	54,292	Dasmariñas	206,231	Masinag	90,261		
		Batangas	80,350	Olongapo	47,426		

**Total Gross Floor Area of 6.5 million sqm in just 29 years**

# 2015 Expansion Program: Philippines

Opening		GFA (sqm)
1H 2015	SM Sangandaan	35,319
2H 2015	SM SRP Cebu	460,791
2H 2015	SM San Mateo	80,043
2H 2015	SM Cabanatuan	154,020
Expanding		
1H 2015	SM Iloilo	50,849
1H 2015	SM Lipa	28,212
	<b>Total</b>	<b>809,234</b>
Projection		
	<b>Total Malls</b>	<b>54</b>
<b>End 2015</b>	<b>Total GFA</b>	<b>7.2 mn sqm (+12.5%)</b>



# SM Seaside City

## Area Details

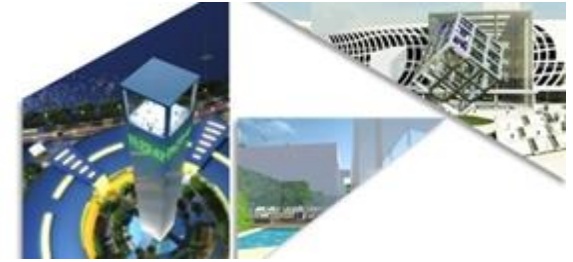
- Location: South Road Properties, Cebu
- Gross Floor Area: 460,791 sqm

## Mall Features

- 18-lane Bowling Center
- Ice Skating Rink
- 5-theater Cineplex
- IMAX Theater
- 4 Amphitheatres
- Roof garden
- Observatory Tower

## Schedule of opening: 2H 2015

  
SEASIDE CITY  
CEBU



# SM China Malls



Existing	Address	Yr/Month Opened	GFA (sqm)
 SM Xiamen	Xiamen City, Fujian Province	2001 December	128,203
 Xiamen Lifestyle Center	Xiamen City, Fujian Province	2009 October	109,922
 Jinjiang	Quanzhou City, Fujian Province	2005 November	167,830
 Chengdu	Chengdu City, Sichuan Province	2006 October	166,665
 Suzhou	Wuzhong District, Suzhou, Jiangsu Province	2011 September	72,552
 Chongqing	Yubei District, Chongqing City	2012 December	149,429

Upcoming	Address	Yr/Month Opened	GFA (sqm)
 Zibo	Zichuan District, Zibo, Shandong Province	2015	154,000
 Tianjin	Tianjin Binhai New Area	2016	540,000

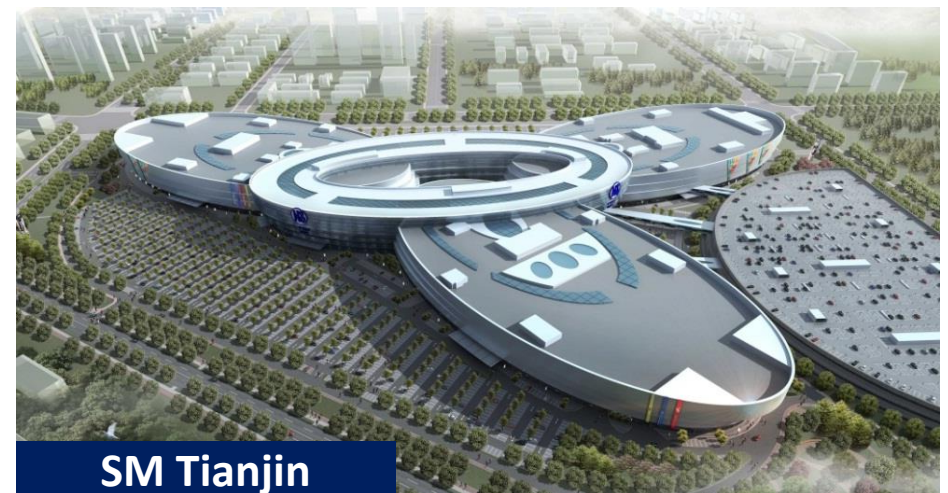
# SM Malls China

- SM Prime's emerging business in China translates to strong growth both in revenues and net income
- SM Prime plans to open one mall per year in second and third tier cities
- Largest SM mall under construction in Tianjin with a GFA of 540,000 sqm
- SM China malls' combined GFA is 794,601 sqm, 11% of the group's 7.3 million sqm GFA

(In PHP million)	Q4 2014	% Chg	FY 2014	% Chg
Revenues	941	-0.9%	3,613	15.8%
Income from Operations	497	184.3%	1,699	67.0%
EBITDA	814	-7.2%	2,836	30.7%
Net Income	536	-8.8%	1,495	56.1%
EBITDA margin	86.5%	--	78.5%	--
Net margin	56.9%	--	41.4%	--

# 2015 & 2016 Expansion Program: China

Opening		GFA (sqm)
2015	Zibo	154,913
2016	Tianjin	540,000
<b>Total GFA</b>		<b>694,913</b>
Projection		
End 2016	Total Malls	7
	Total GFA	1.5 mn (+57%)



# SM Prime's Mall Expansion in 2015

Location	No. of Malls end 2014	No. of Malls end 2015	GFA (sqm) end 2014	Added GFA (sqm)	GFA (sqm) end 2015	% Chg
<b>Philippines</b>	<b>50</b>	<b>54</b>	<b>6,487,181</b>	<b>809,234</b>	<b>7,296,415</b>	<b>12.5%</b>
<i>SM Sangadaan</i>				35,319		
<i>SM SRP Cebu</i>				460,791		
<i>SM San Mateo</i>				80,043		
<i>SM Cabanatuan</i>				154,020		
<i>SM Iloilo Expansion</i>				50,849		
<i>SM Lipa Expansion</i>				28,212		
<b>China - Zibo</b>	<b>5</b>	<b>6</b>	<b>794,601</b>	<b>154,913</b>	<b>949,514</b>	<b>19.5%</b>
<b>Total</b>	<b>55</b>	<b>60</b>	<b>7,281,782</b>	<b>964,147</b>	<b>8,245,929</b>	<b>13.2%</b>



## Residential - SMDC

(In PHP billion)	Q4 2014	% Chg	FY 2014	% Chg
Revenues	6.0	30.5%	20.8	4.7%
Operating Income	1.6	21.1%	5.3	10.4%
EBITDA	1.8	7.0%	6.1	4.5%
<i>EBITDA margin</i>	30.8%	--	29.4%	--
Net Income	1.6	65.5%	4.7	11.2%
<i>Net margin</i>	26.3%	--	22.6%	--

# Projects and Landbank Profile

## Projects Overview

Total Units Available since 2005	69,414
Units Sold	57,057
Units Sold (%)	82%
Projects Launched (units) in 2014	5,215
Reservation Sales for 2014	P35.9 bn
2015 Budget CAPEX	P21.2 bn
Projects	P16.2 bn
Landbanking	P 5.0 bn

## Projects Overview

Batangas	80.5
Pampanga	28.3
Davao	6.2
Rizal	5.5
<b>Outside Metro Manila</b>	<b>120.5</b>
Quezon City	14.2
Makati	11.3
Parañaque	8.6
Pasay	7.9
Las Piñas	4.7
Mandaluyong	3.3
Valenzuela	1.9
Manila	1.9
Taguig	0.2
<b>Metro Manila</b>	<b>54.0</b>
<b>Land for Future Projects</b>	<b>174.5</b>



# Typical Unit Layout – Shore Residences

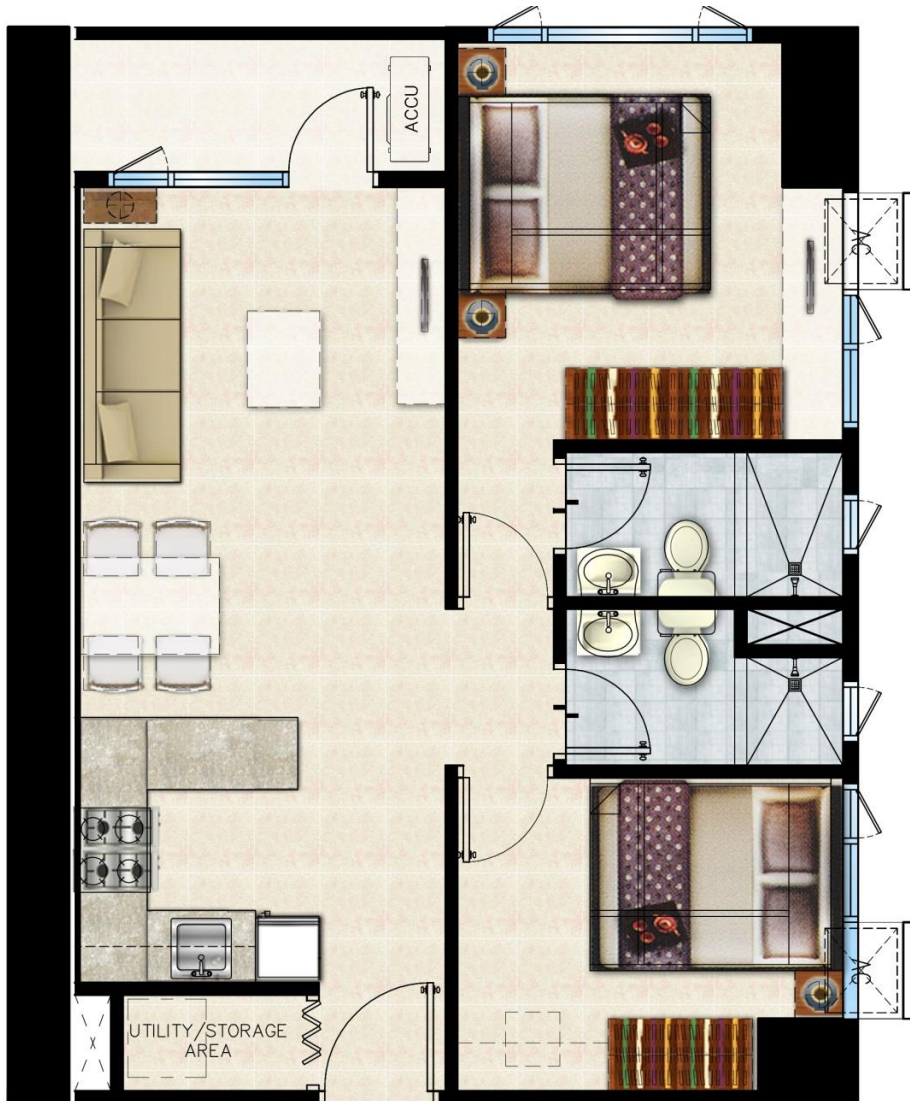


One Bedroom Unit with Balcony  
Approx. 27.67 to 29.53 sqm



# Typical Unit Layout – Shore Residences

Two Bedroom Unit with Balcony  
Approx. 58.46sqm



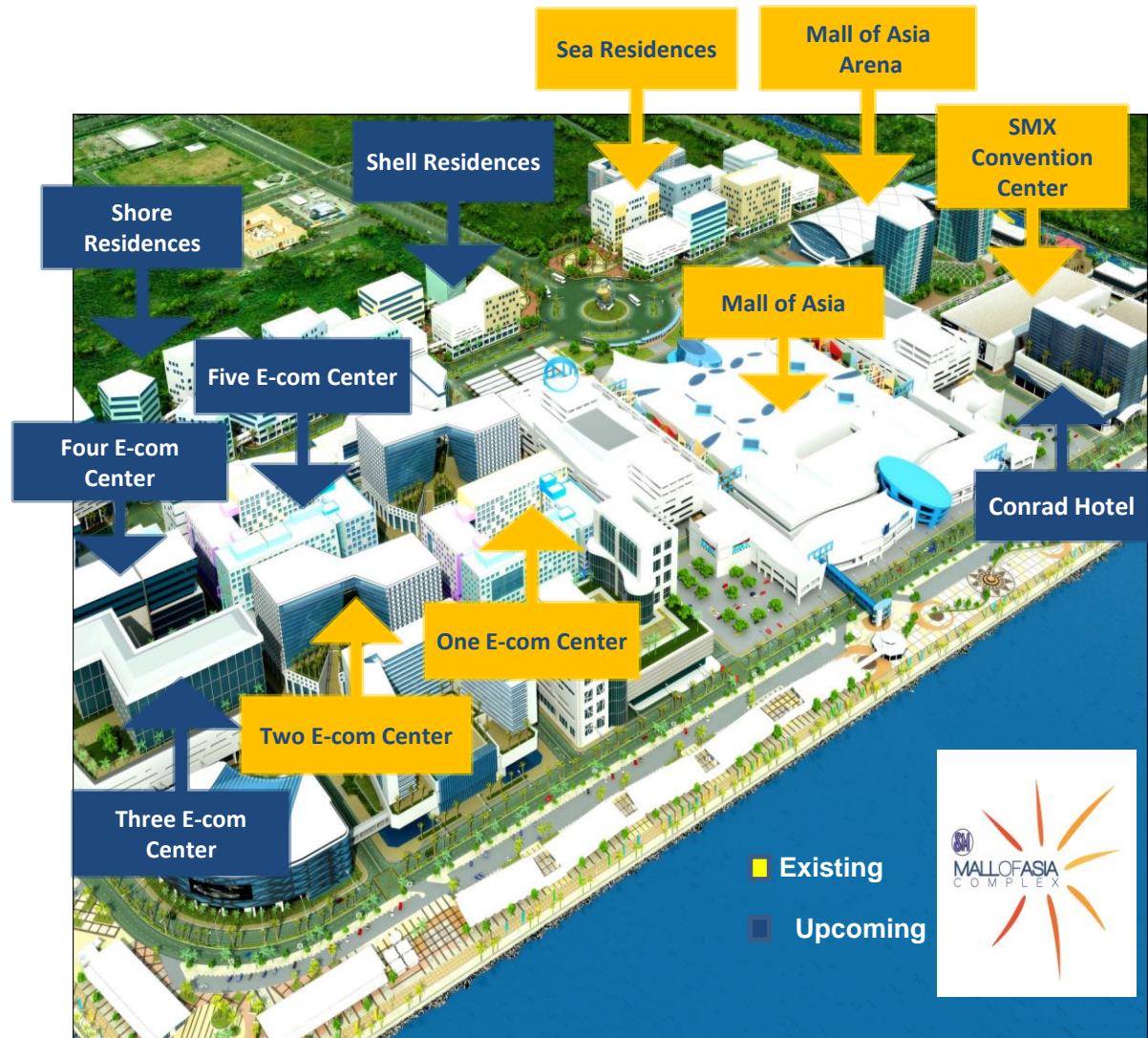


# Lifestyle Cities

- New operating segment created post-merger
- Focus will be to build on the success of the 60-hectare MOA complex and roll-out more large-scale master-planned mixed-use developments throughout the country
- Enlarged SM Prime will access more land suitable for similar developments

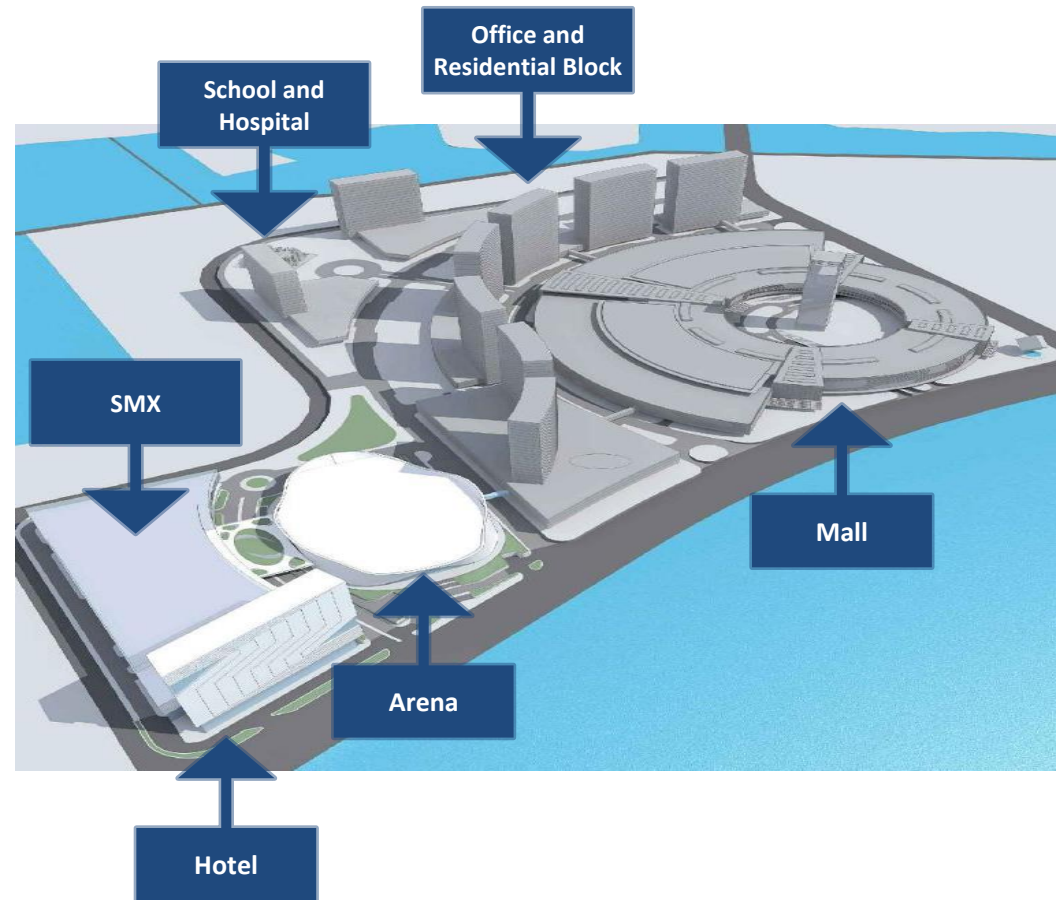
# Mall of Asia Complex

- 60 hectares of reclaimed land fronting Manila Bay
- Emerging commercial and entertainment hub
- Existing structures:
  - Mall of Asia
  - SMX Convention Center
  - SM Arena
  - One E-Com Center, Two E-Com Center
- Under construction:
  - Three E-Com Center
  - Five E-Com Center
  - 5-star Conrad Manila
  - Shell Residences



# SM Seaside Lifestyle Complex

- 30 hectares mixed use development on reclaimed land in Cebu
- Site of Cebu's largest mall and the fourth largest SM mall in the country with a GFA of 460,791 sqm
- Integrated development
  - Mall
  - High-rise residential
  - Commercial buildings
  - Hotel
  - Church
  - Convention center
  - Arena





# Commercial

(In PHP billion)	Q4 2014	% Chg	FY 2014	% Chg
Revenues	0.8	-20.4%	2.9	-7.0%
Operating Income	0.3	2.8%	1.1	8.2%
EBITDA	0.4	6.7%	1.7	2.5%
<i>EBITDA margin</i>	52.9%	--	57.7%	--
Net Income	0.2	9.7%	0.8	5.8%
<i>Net margin</i>	24.4%	--	27.9%	--

# Office Building Portfolio



SM Cyber Baguio  
Harrison Rd. Baguio City  
Year completed: 2008  
GFA: 13,285 sqm



OneE-com Center  
MOA Complex  
Pasay City  
Year completed: 2008  
GFA: 100,035 sqm



SM Cyber Makati One  
Sen. Gil Puyat Ave.,  
Makati City  
Year completed: 2008  
GFA: 22,055 sqm



TwoE-com Center  
MOA Complex  
Pasay City  
Year completed: 2012  
GFA: 107,962 sqm



SM Cyber Makati Two  
Sen. Gil Puyat Ave.,  
Makati City  
Year completed: 2008  
GFA: 16,725 sqm



FiveE-com Center  
MOA Complex  
Pasay City  
Target completion: 2Q2015  
GFA: 129,281 sqm



SM Cyber West Avenue  
EDSA cor, West Ave.,  
Quezon City  
Target completion: 2Q2014  
GFA: 41,799 sqm



ThreeE-com Center  
MOA Complex  
Pasay City  
Target completion: TBA  
GFA: 111,727 sqm

Current Gross Floor Area: 301,861 sqm

Gross Floor Area by end 2015: 431,142 sqm

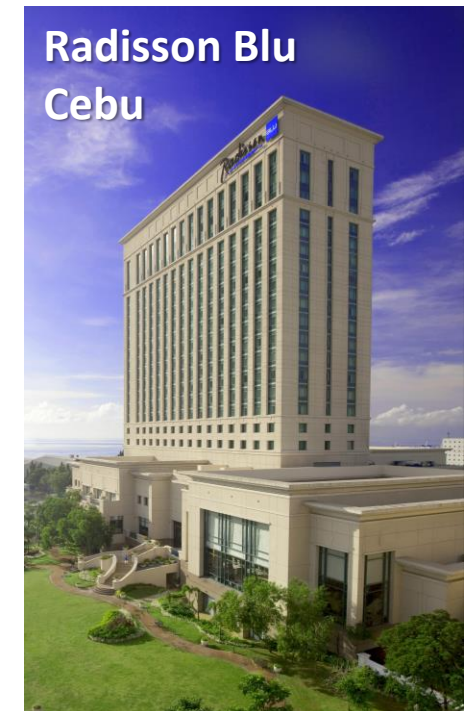
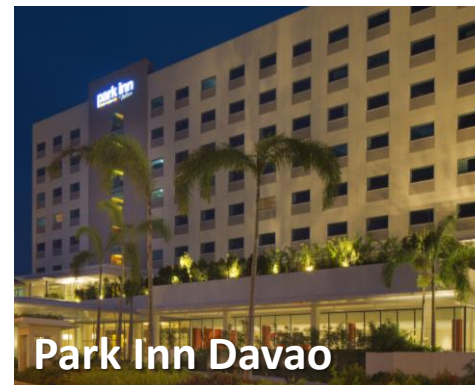


## Leisure & Tourism

- Four operating hotels with a total of 1,013 rooms
- 347-room, 5-star Conrad Hotel under construction at the Mall of Asia Complex
- 36,137 sqm of convention and exhibition space
- 40-hectare Pico de Loro project is Phase 1 of the Hamilo Coast project, a premier, sustainable leisure destination in Nasugbu, Batangas

# SM Hotels

Hotel	Location	Rooms
Taal Vista	Tagaytay	261
Radisson Blu	Cebu	396
Pico Sands	Hamilo Coast	154
Park Inn	Davao	202
Conrad Hotel (Under Construction)	Pasay	347
Park Inn (Under Construction)	Clark	154
<b>Total</b>		<b>1,514</b>



# SM Hotels: Pico de Loro



Partnering with



# Convention & Exhibition Halls, SM Arena

Venue	Location	Leasable Space (sqm)
SMX Manila	Mall of Asia Complex	17,326
SMX Davao	SM Lanang Premier	5,196
SMX Taguig	SM Aura	3,136
SMX Bacolod	Bacolod	4,198
Megatrade Hall	Megamall	4,216
Cebu Trade Hall	Cebu	2,065
<b>Total</b>		<b>36,137</b>

Venue	Location	Number of Seats
SM Arena	Mall of Asia Complex	15,000



# SM Group Landbank

Companies	Landbank (sqm)
SM Prime	10,116,840
Malls	2,397,384
Residential	1,744,749
Commercial	376,876
Leisure	5,597,831
SMIC	57,801,502
<b>Total</b>	<b>67,918,342</b>



# Landbank: Batangas Property



- Hamilo Coast asset is owned directly by SMIC
- 5,780 hectares
- 31 km of coastline
- 13 coves
- Pristine environment
- 1½ - 2 hours from Manila



# Portfolio Investments

**Opportunistic investments that provide high yield and/or growth potential outside of SM's core businesses, with potential future synergies for the group**

- Participate in Philippine sectors with attractive economics
  - Tourism and Leisure
  - Mining
  - Property
- SM provides strong management support, local market knowledge and financial backing
- Strategic partners are operators with proven track records
- Branding and operations distinct from core group businesses
- Strong governance with substantial or controlling interests
- Return expectations exceed core businesses

# Belle Corporation

- 28% ownership; publicly listed
- Developer of high-end entertainment and leisure properties
- Subsidiary, Premium Leisure Corp., holds 1 of 4 gaming licenses in Entertainment City complex in Manila Bay
- US\$1.3bn City of Dreams Manila, operated by Melco Crown
  - Total gross floor area: 300,000 sqm
  - Gaming floor area: up to c.22,000 sqm
  - 372 gaming tables
  - 1,680 slot machines
  - 1,680 electronic table games
  - Three hotel brands with 950 keys: Crown, Nobu, Hyatt

(In PHP mn)	9M 2014	9M 2013	% Change	FY 2013
Revenues	1,615	2,117	-23.7%	2,624
Operating Costs and Expenses	737	452	62.9%	818
Net Operating Income	878	1,665	-47.3%	1,806
Net Income	1,863	3,430	-45.7%	3,636
Net Margin	115.4%	162.0%	--	138.6%
ROE	9.1%	5.5%	--	19.7%
Net Debt (Cash) to Equity Ratio	0.33:1.00	0.001:1.00	--	0.19:1.00

# Atlas Consolidated Mining

- 29% ownership; publicly listed
- Copper mine with 20+ years mine life, over 400m tonnes of proved and probable reserves at ave. cut-off grade of 0.34% Cu
- Business turnaround
  - Declared dividends for 2012 and 2013
  - 43k tonnes of ore/day in 2013
  - Expansion to 60k tonnes capacity achieved in 2014
- Further opportunities:
  - Copper price improvement
  - Reducing cash cost
  - Increased by-product extraction
  - Exploration of extensive prospects
- Excellent environmental and social record

(In PHP mn)	9M 2014	9M 2013	% Change	FY 2013
Revenues	12,590	10,977	15%	14,451
Total Cash Cost	8,078	6,449	25%	9,046
EBITDA	4,658	4,528	3%	5,405
Net Income	841	1,626	-48%	1,896
Core Income*	1,011	2,102	-52%	2,616

*\*Net income after tax adjusted for non-recurring items such as foreign exchange and mark-to-market adjustments.*

# Net Buildings in Bonifacio Global City, Taguig



	Net Plaza	Net Cube	Net Square	Net One	Net Quad
Gross Leasable Area	55,661 sqm	20,000 sqm	18,687 sqm	14,358 sqm	38,767 sqm
Occupancy Rate	100%	100%	100%	100%	100%



- 34% ownership of a JV with outstanding local partners
- Rapid growth plans to develop 10k to 20k sqm strip malls in underserved markets outside Metro Manila
- SM has right of first refusal on supermarket space in all malls
- 100 CityMalls by 2020 - target 25 by end 2015



# SM Foundation



## Our Advocacies

### Education

Over 1,900 graduates and 1,300 scholars; also donated 196 classrooms

### Health

Over 1,000 medical missions helping over 810,000 people and built 100 wellness centers

### Livelihood

Over 80 farmer training sessions with over 10,000 graduates, forming part of our supply chain

### Operation Tulong

Disaster Relief: Has helped over 148,000 families to date

# SM Cares Housing Project



- SM has committed to build 1,000 homes for the survivors of Typhoon Haiyan/Yolanda in 2013
- Houses being constructed and donated in Bogu, Iloilo, Tacloban, Ormoc and Samar
- Disaster-resilient design
- Community center, playground and basketball court
- Partnering with NGOs to provide livelihood trainings and community assistance
- Fully funded by SM and private partners

# Corporate Governance

## SM Investments has put in place:

- Independent Directors on all listed company Boards
- Governance Team
- Proactive Investor Relations
- Transparent Disclosures
- Sustainability Reporting
- Code of Ethics

## Recent Citations

- Corporate Governance Asia
- Philippine Stock Exchange
- Institute of Corporate Directors
- The Asset Magazine
- Asia CEO Awards – Lifetime Contributor for Mr. Henry Sy Sr.



# SM Group Capex for 2015

	Capex (Pesos bn)	Projects
Retail	4.7	New stores / Renovations
Banks	4.0	Branch expansion, IT enhancements
Property	73.3	
Malls	41.6	New SM malls and expansions in Philippines and China
Residential	22.0	Condominiums and HPI projects
Commercial	4.0	ThreeE-com and FiveE-Com
Hotels and Convention, Other	2.7	Conrad Manila
Other Projects	3.0	
Others	0.8	
<b>Total</b>	<b>82.8</b>	

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