



INVESTMENTS
CORPORATION

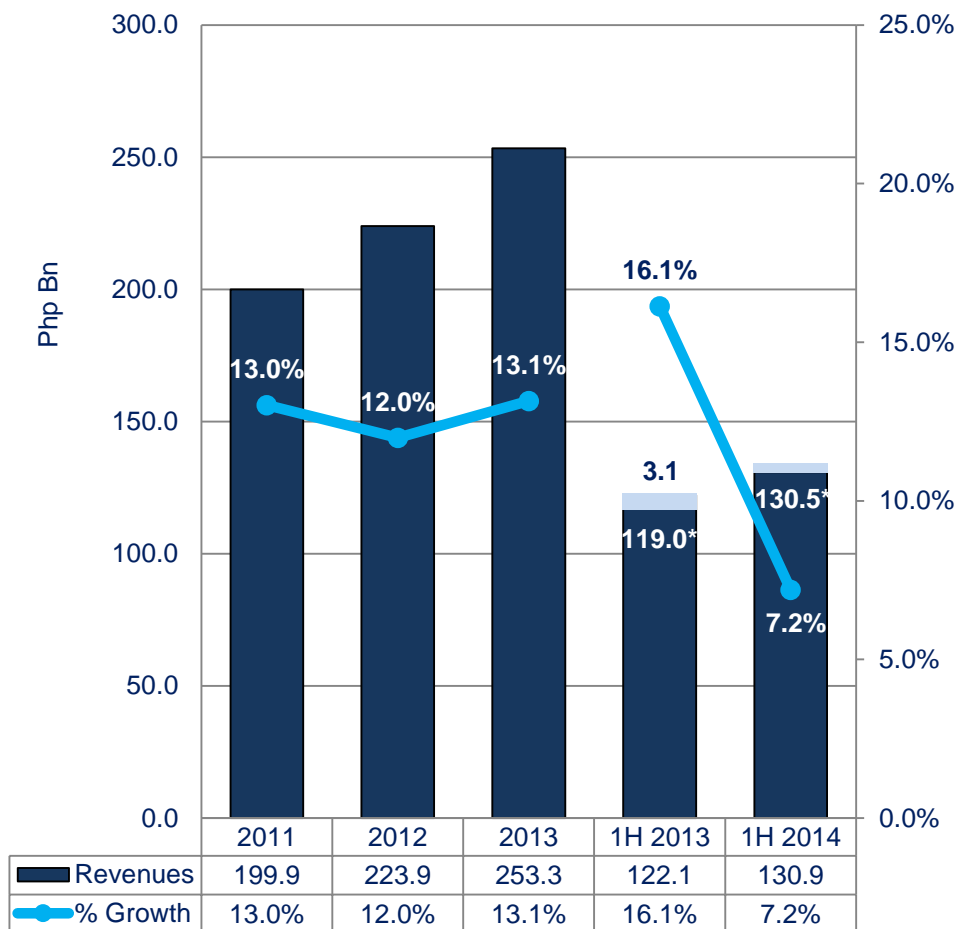


First Half 2014 Media and Analyst Briefing August 2014

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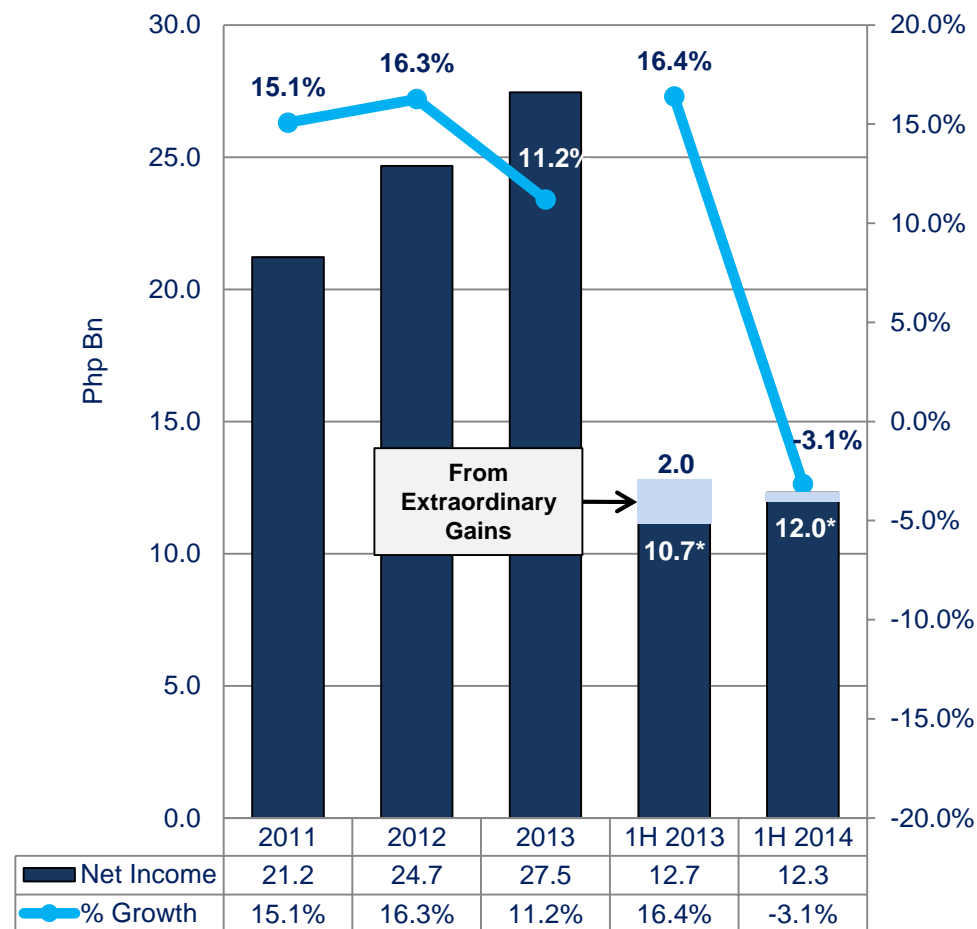

Profitability

REVENUES



*Revenues excluding extraordinary items growth of 9.7%

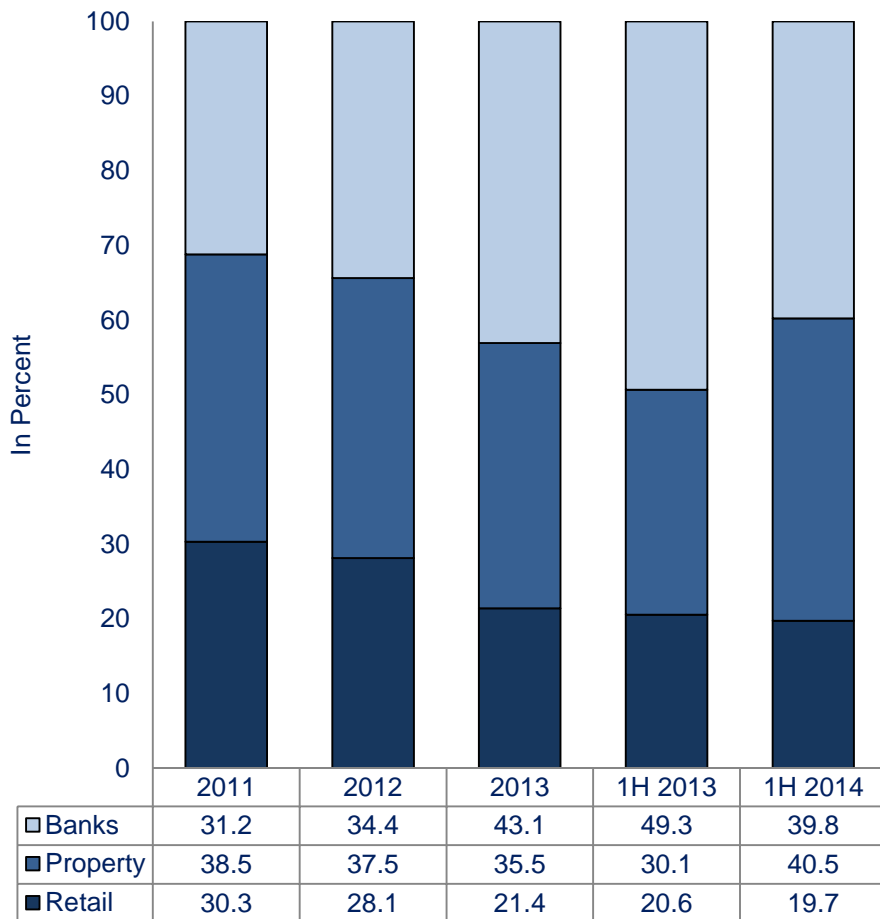
NET INCOME



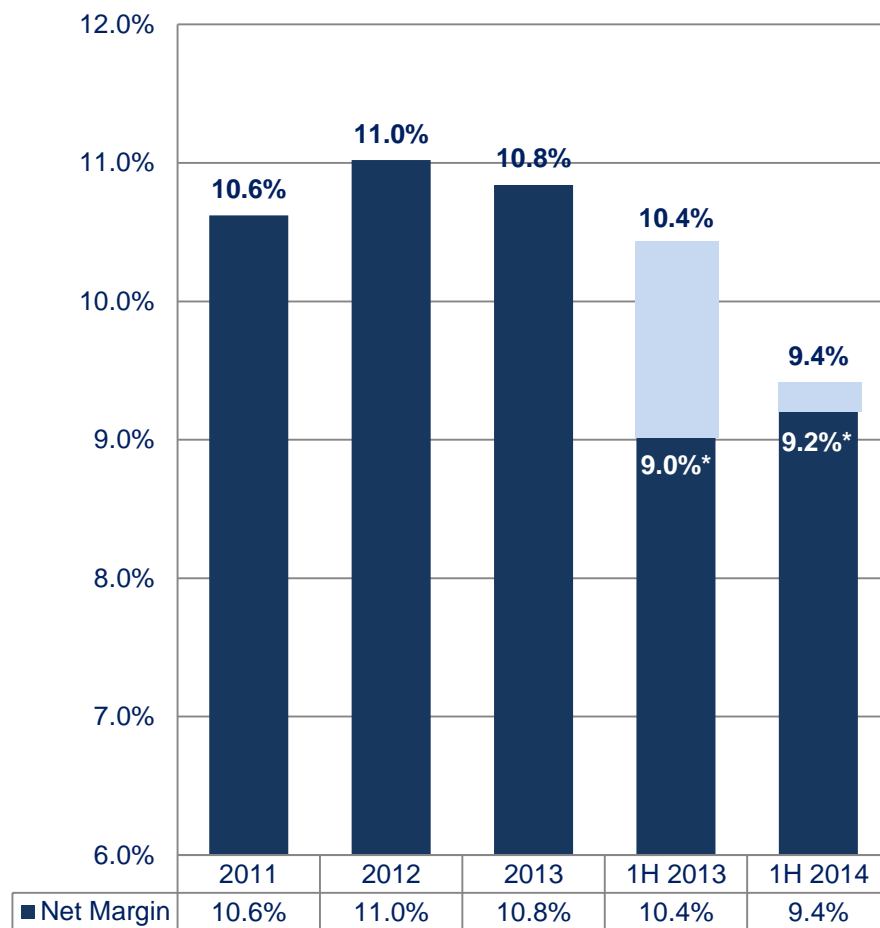
*Net income excluding extraordinary items growth of 11.8%

Stable and Sustainable Returns

NET INCOME PROFILE

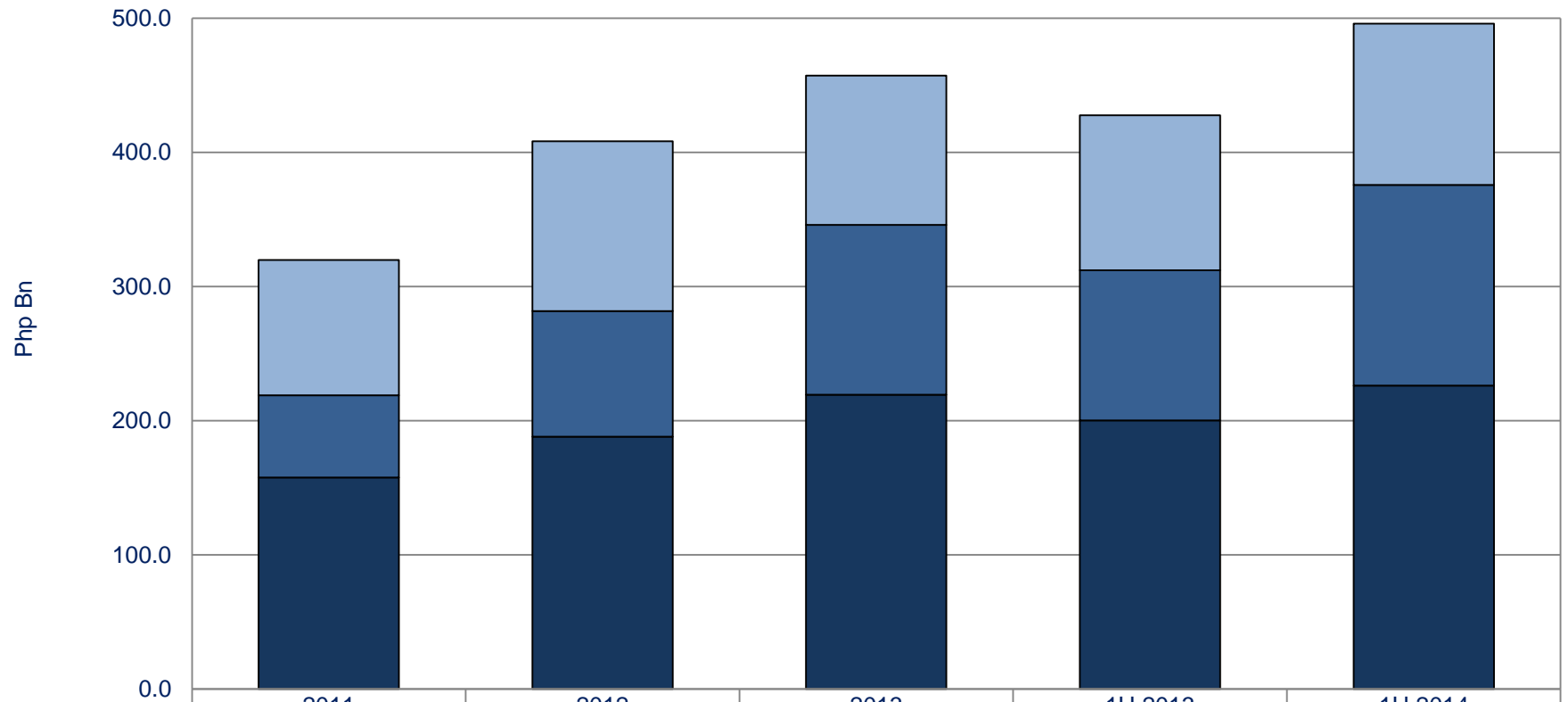


NET MARGIN



*Net margin excluding extraordinary items

Strong Balance Sheet



	2011	2012	2013	1H 2013	1H 2014
Cash & NCE	100.8	126.6	111.2	115.6	120.3
Net Debt	61.33	93.61	126.5	111.9	149.6
Equity	157.7	188.1	219.4	200.2	226.1
Net Debt to Equity Ratio	28 : 72	33 : 67	37 : 63	36 : 64	40 : 60



Retail

(In PHP billion)	1H 2014	1H 2013	% Chg	FY 2013
Sales	91.2	83.6	9.1%	180.9
Operating Income	4.0	4.0	-0.3%	8.0
Net Income	2.8	2.9	-4.9%	5.7
Net Income Margin	3.0%	3.5%	--	3.1%

Store Statistics

Store Format	Stores as of Jun 2014	Change from previous period	Stores as of Jun 2013	Selling Area (in sqm)	Ave. Selling Area (in sqm)
SM Department Store	49	2	47	437,622	8,931
SM Supermarkets	40	2	38	173,911	4,348
SM SaveMore	97	11	86	165,976	1,711
SM Hypermarket	41	4	37	196,738	4,798
Walter Mart	22	1	21	52,437	2,383
Total	249	20	229	1,026,683	--



Banking – BDO Unibank

(In PHP billion)	1H 2014	1H 2013	% Chg	FY 2013
Net Interest Income	24.7	19.9	24%	43.2
Non Interest Income	14.2	20.4	-30%	31.8
Net Income	11.1	14.1	-22%	22.6

Core Net Income growth of 19%

BDO Unibank

Financial Highlights	1H '14 (PHP bn)	1H '13 (PHP bn)	% Change	FY '13 (PHP bn)
Assets	1,684.5	1,330.5	27%	1,672.8
Deposits	1,365.9	1,015.5	35%	1,345.3
Gross Customer Loans	975.1	806.6	21%	911.5
Net Interest Margin (%)	3.1%	3.4%	--	3.2%
Cost to Income Ratio (%)	62.2%	52.5%	--	57.7%
ROE (%)	13.5%	18.7%	--	14.5%
Loans to Deposits Ratio (%)	71.0%	79.4%	--	67.8%
Gross NPL (%)	1.6%	2.4%	--	1.6%
CAR (%)	14.5%*	--	--	15.4%**
Tier 1	13.5%*	--	--	14.3%**
Tier 2	1.0%*	--	--	1.1%**

*Basel III

**Basel II

Business Strategy

- **Diversified and sustainable earnings 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



Banking – China Bank

(In PHP billion)	1H 2014	1H 2013	% Chg	FY 2013
Net Interest Income	6.79	4.43	53.27	9.94
Non Interest Income	1.96	3.47	(43.37)	5.16
Net Income	2.20	2.96	(25.5)	5.10

Operating income (excluding trading gains) grew 43%

China Bank

Financial Highlights	1H '14 (PHP bn)	1H '13 (PHP bn)	% Change	FY '13 (PHP bn)
Assets	457.40	345.62	32.34	413.70
Deposits	387.68	290.25	33.57	354.27
Loans (Net)*	264.04	185.76	42.14	220.54
Net Interest Margin (%)	3.18	2.86	--	2.98
Cost to Income Ratio (%)	65.01	56.80	--	59.00
ROE (%)	9.08	13.24	--	11.31
Loans (Net)* to Deposits Ratio (%)	68.11	64.00	--	62.25
Gross NPL (%)	3.04	2.64	--	1.99
CAR (%)	16.24	17.96		
Tier 1	14.78	17.11	--	14.50
Tier 2	1.46	0.85	--	15.39

* Net Loans inclusive of UDSCL

Business Strategy

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



Property Group – SM Prime Holdings, Inc.

(In PHP billion)	1H 2014	1H 2013	% Chg	FY 2013
Revenues	33.4	31.2	7.2%	59.8
Operating Income	14.2	12.6	12.2%	24.1
Net Income	9.8	9.0	12.0%	16.3

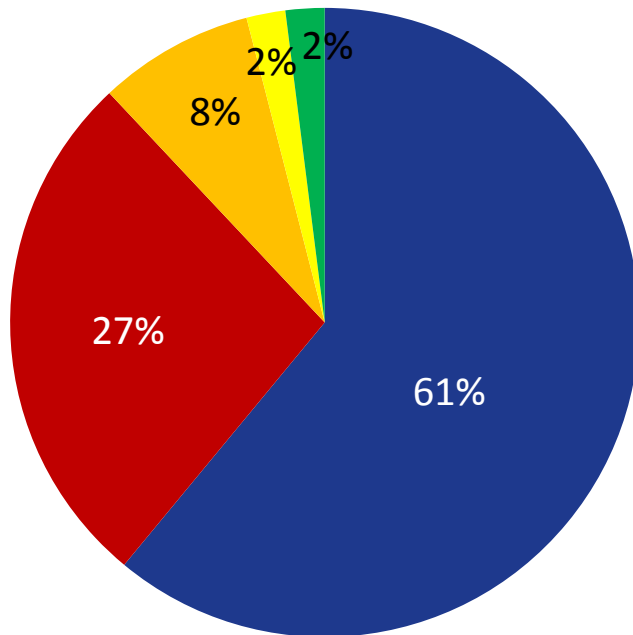
SM Prime Holdings, Inc.

1H 2014 Consolidated Results

ASSETS

PHP354.29bn

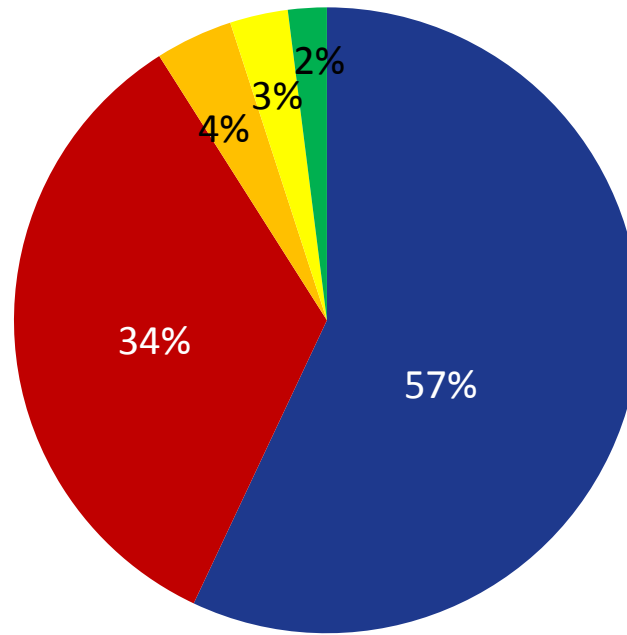
+6% vs. YE



REVENUES

PHP33.42bn

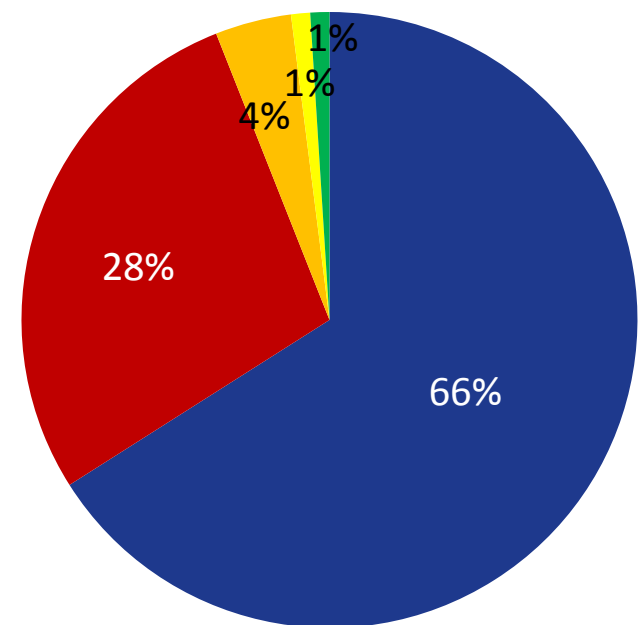
+7% YoY



NET INCOME

PHP9.80bn

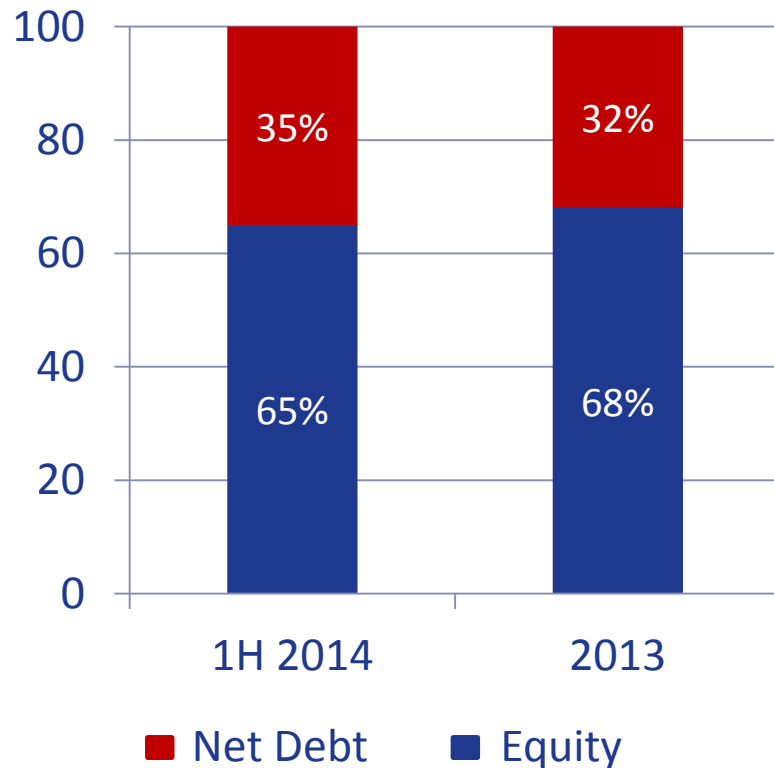
+12% YoY



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

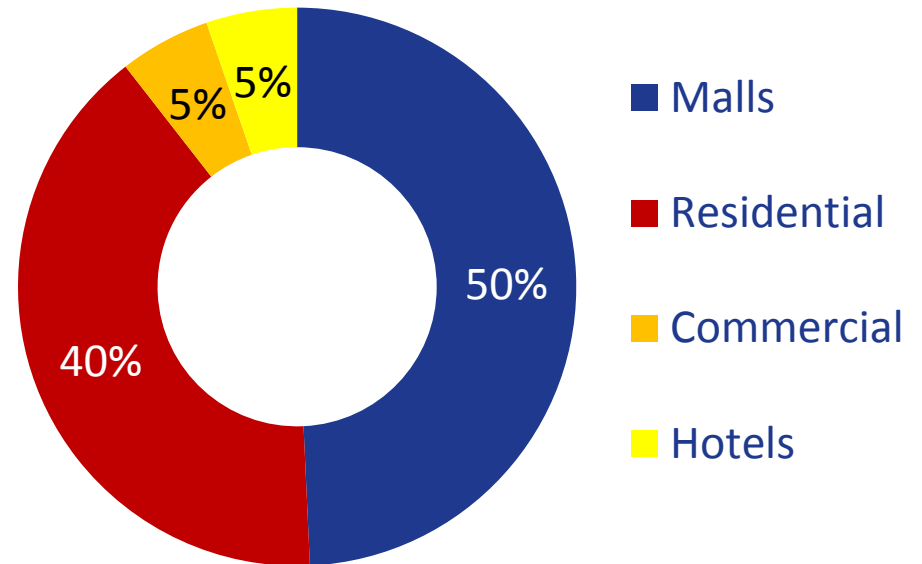
SM Prime Holdings, Inc.

Net Gearing Ratio



2014 Capex

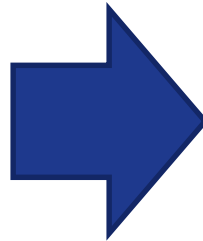
PHP 60.9bn



SM Prime's Operating Roadmap

Project Portfolio as at end Dec 2013

- **Malls:** 6.95M sqm of GFA for 53 Malls (48 in Phils; 5 in China)
- **Residential:** 63,892 launched units for 21 projects, 47,618 units sold
- **Offices:** 0.15M sqm of GFA for 3 towers
- **Hotels:** 1,362 rooms for 5 projects
- **Leisure:** 4,998 launched units, for 4 projects



Project Portfolio by end Dec 2018

- **Malls:** 10.96M sqm of GFA for 85 Malls (74 in Phils; 11 in China)
- **Residential:** 139,628 launched units for 41 projects
- **Offices:** 0.46M sqm of GFA for 7 projects
- **Hotels:** 2,187 rooms for 10 projects
- **Leisure:** 5,477 launched units, 8 projects



Mall Operations - Consolidated

(In PHP billion)	1H 2014	1H 2013	% Chg	FY 2013
Revenues	19.0	16.6	14.9%	34.5
Operating Income	10.3	9.0	15.0%	18.3
EBITDA	12.7	11.0	15.6%	23.0
Net Income	6.7	5.7	16.8%	11.6

Same Store Rental Growth of 7%

SM Malls Philippines

- Largest shopping mall developer and operator in the Philippines with 49 Malls
- Strong synergies with SM Retail business
- Act as anchor for Lifestyle City developments
- Plans to continue to roll out 3-4 supermalls per year
- Current average Mall occupancy of 97%
- Expected to continue to contribute over 50% of SM Prime's revenue and net income

(In PHP million)	1H 2014	1H 2013	% Chg	FY 2013
Revenues	17.2	15.2	14%	31.3
Income from Operations	9.5	8.4	13%	17.3
EBITDA	11.2	10.1	11%	21.4
Net Income after Tax	6.0	5.5	10%	10.6
Operating margin	55%	56%	--	55%
EBITDA margin	65%	67%	--	68%
Net Income margin	35%	36%	--	34%

2014 Expansion Program: Philippines

Opening		GFA (sqm)
Q2 2014	SM Cauayan	66,299
Q3 2014	SM Angono	33,094
Expanding		
Q1 2014	SM Megamall Bldg D	101,005
Q2 2014	SM Bacolod	133,894
Q3 2014	SM Lipa	34,437
Total		368,729
Projection		
End 2014	Total Malls	50
	Total GFA	6.6 mn sqm (+6%)



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 790,000 sqm, 11% of the group's 6.3 million sqm GFA

(In PHP million)	1H 2014	1H 2013	% Chg	FY 2013
Revenues	1,791	1,390	29%	3,121
Income from Operations	822	543	52%	1,017
EBITDA	1,421	857	66%	1,676
Net Income after Tax	888	417	113%	958
Operating margin	46%	39%	--	33%
EBITDA margin	79%	62%	--	54%
Net margin	37%	18%	--	31%

2014 Expansion Program: China

Opening		GFA (sqm)
2014	Zibo	154,900
2015	Tianjin	540,000
Total		694,900

Projection		
End 2015	Total Malls	7
	Total GFA	1.5 mn (+87%)





Residential

(In PHP billion)	1H 2014	1H 2013	% Chg	FY 2013
Revenues	11.0	11.9	-7.7%	19.8
Operating Income	4.8	4.7	1.9%	8.4
EBITDA	3.5	3.5	-0.1%	5.8
Net Income	2.7	2.8	-5.2%	4.2

Projects and Landbank Profile

Projects Overview

Ready-for-Occupancy (RFO) Units	2,719
Ongoing Construction (Unsold Units)	9,826
Total Units Made Available since 2005	63,874
Planned Launches over 12 months	6
Reservation Sales for 1H 2014	P15.4 bn

2014 Budget CAPEX	P18.2 bn
Projects	P13.1 bn
Landbanking	P 5.1 bn



Landbank (hectares)

Metro Manila	60.5
Outside Metro Manila	86.7
Land for Future Projects	147.2





Commercial

(In PHP billion)	1H 2014	1H 2013	% Chg	FY 2013
Revenues	1.5	1.5	1.4%	3.3
Operating Income	0.5	0.6	-0.5%	1.0
Net Income	0.5	0.5	-1.2%	1.3

SM Group Capex for 2014

Segment	Capex (PHP bn)	Projects
Retail	4.5	New stores / Renovations
Banks	4.0	Branch expansion, IT enhancements
Property	60.9	
Malls	30.0	New SM malls and expansions for Philippines and China
Residential	24.5	Condominiums and HPI projects
Commercial	3.2	Three E-com
Hotels and Convention Centers, Others	3.2	Conrad Manila, SMX Taguig and Hamilo
Others	1.6	
Total	71.0	

Key Messages

SMIC is delivering strong underlying growth, while strengthening the long term positions of its three core businesses

- Banking – BDO and China Bank are growing and driving profitability while maintaining a strong capital base
- Property – steady growth with 5 year plan to double size
- Retail – resilient performance with aggressive growth plans based on competitive strengths

Q & A



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