



INVESTMENTS  
CORPORATION



## Nine-Month 2014 Results

November 2014

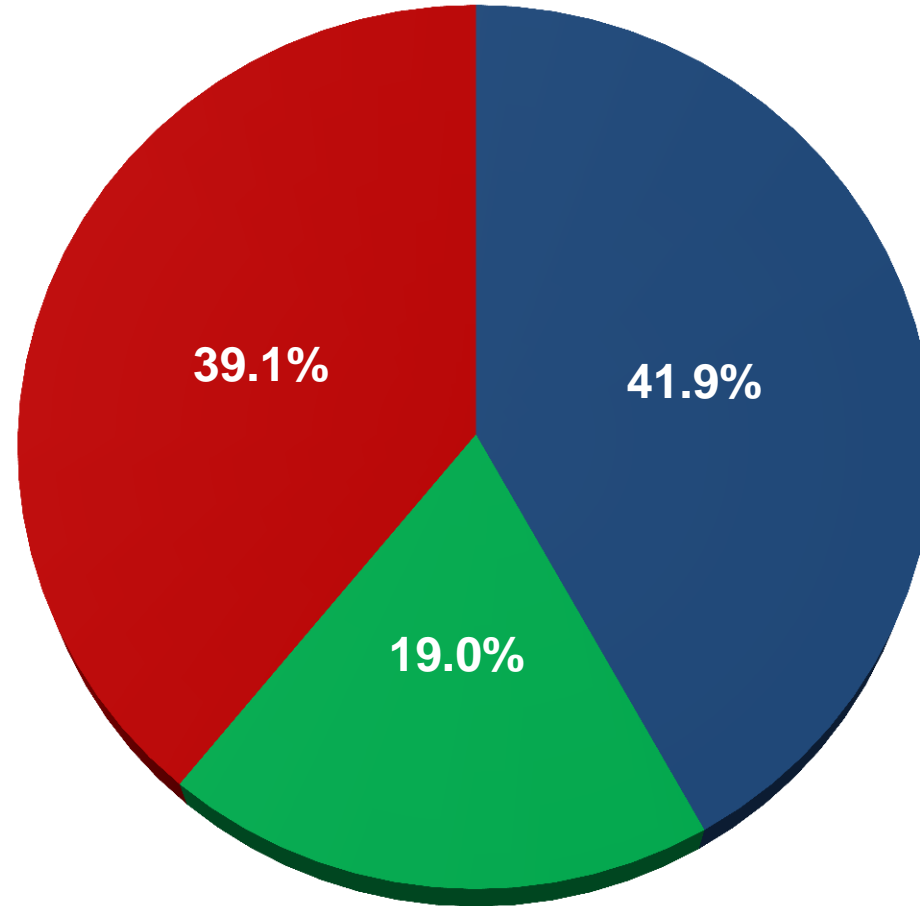
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# Profitability

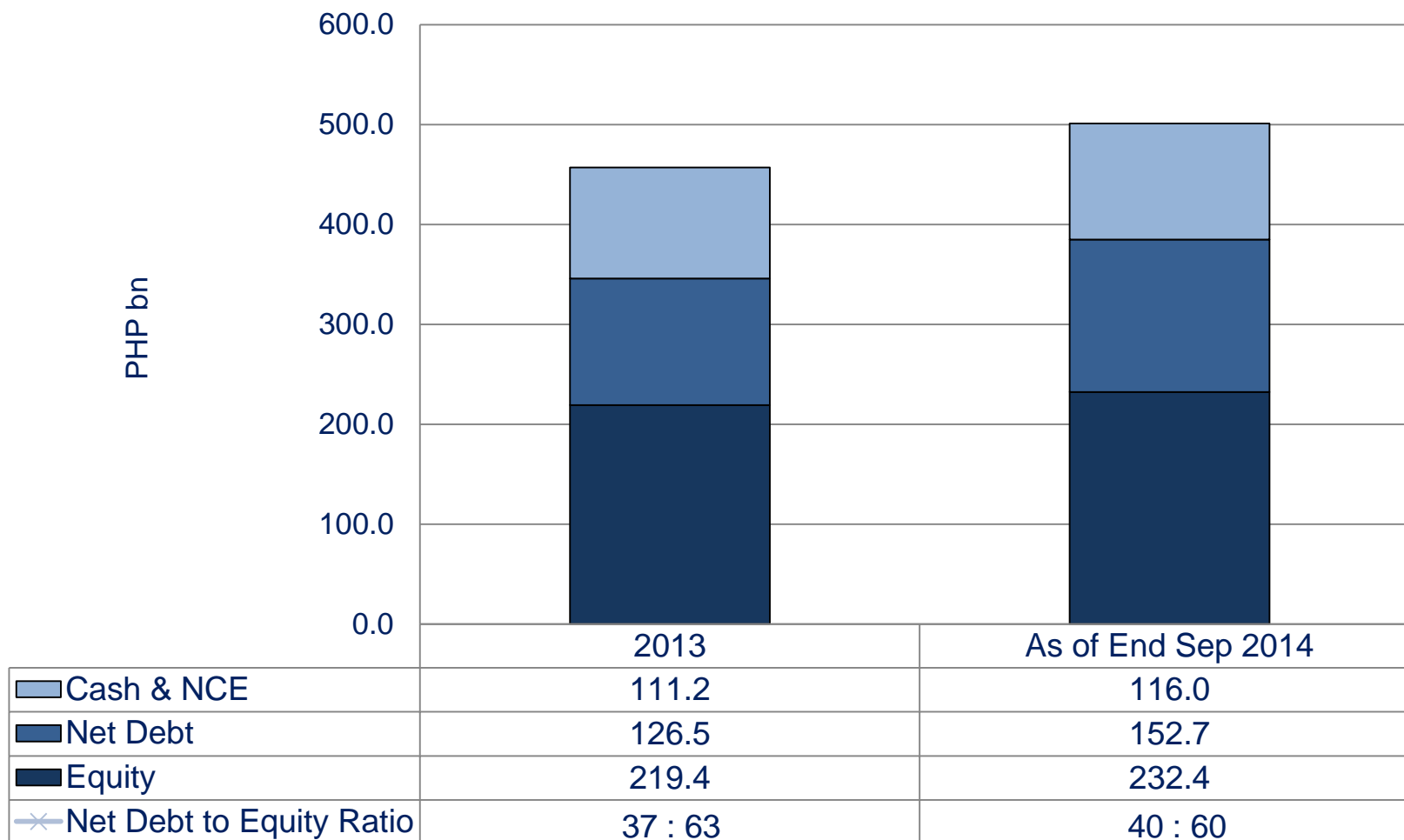
(In PHP billion)	Q3 2014	% Chg	9M 2014	% Chg
<b>Consolidated</b>				
Revenues	62.4	8.8%	193.2	7.7%
Net Income	5.8	0.1%	18.2	-2.1%
<i>Net Margin</i>	<i>9.4%</i>	<i>--</i>	<i>9.4%</i>	<i>--</i>
<b>Underlying</b>				
Revenues	62.4	8.8%	192.9	9.4%
Net Income	6.1	17.6%	18.1	13.7%
<i>Net Margin</i>	<i>9.8%</i>	<i>--</i>	<i>9.4%</i>	<i>--</i>

# Net Income Profile



■ Banks    ■ Retail    ■ Property

# Strong Balance Sheet





## Retail

(In PHP billion)	Q3 2014	% Chg	9M 2014	% Chg
Sales	45.2	9.4%	136.4	9.2%
Operating Income	1.5	41.1%	5.5	8.3%
Net Income	1.1	44.4%	3.8	5.0%
<i>Net Margin</i>	2.3%	--	2.8%	--



# Store Statistics

Store Format	Stores as of Sep 2014	Selling Area (in sqm)	Ave. Selling Area (in sqm)
SM Department Store	49	431,833	8,813
SM Supermarkets	40	173,911	4,348
Savemore	102	173,811	1,704
SM Hypermarket	41	196,738	4,798
Walter Mart	23	53,220	2,314
<b>Total</b>	<b>255</b>	<b>1,029,513</b>	<b>--</b>

## Business Strategy

### ● Non-Food Retail

- Provincial expansion

### ● Food Retail

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



## Banking – BDO Unibank

(In PHP billion)	9M 2014	9M 2013	% Chg
Net Interest Income	37.5	31.0	20.8%
Non Interest Income	21.8	25.8	-15.4%
Net Income	16.7	18.2	-8.0%

# BDO Unibank

Financial Highlights	9M '14 (PHP bn)	9M '13 (PHP bn)	% Change
Assets	1,751.0	1,505.6	16.3%
Deposits	1,424.9	1,202.8	18.5%
Gross Customer Loans	1,031.8	846.4	21.9%
Net Interest Margin (%)	3.1%	3.3%	--
Cost to Income Ratio (%)	62.2%	56.5%	--
ROE (%)	13.3%	15.1%	--
Loans to Deposits Ratio (%)	72.4%	70.4%	--
Gross NPL (%)	1.5%	2.7%	--
CAR (%)	14.1%*	18.3%	--
Tier 1	13.1%*	15.6%	--
Tier 2	1.0%*	2.7%	--

\*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)	9M 2014	9M 2013	% Chg
Net Interest Income	10.38	7.08	46.54
Non Interest Income	3.04	4.38	-30.66
Net Income	3.37	3.93	-14.31

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

# China Bank

Financial Highlights	9M '14 (PHP bn)	9M '13 (PHP bn)	% Change
Assets	456.22	359.03	27.07
Deposits	385.20	303.24	27.03
Loans (Net)*	274.64	206.33	33.11
Net Interest Margin (%)	3.23%	2.95%	--
Cost to Income Ratio (%)	64.66%	58.42%	--
ROE (%)	8.94%	11.79%	--
Loans (Net)* to Deposits Ratio (%)	71.30%	68.04%	--
Gross NPL (%)	3.00%	2.40%	--
CAR (%)	14.90%	16.71%	--
Tier 1	13.98%	15.83%	--
Tier 2	0.92%	0.88%	--

\* 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)	Q3 2014	% Chg	9M 2014	% Chg
Revenues	14.4	11.6%	47.8	8.5%
Operating Income	6.0	17.7%	20.1	13.8%
Net Income	3.7	12.0%	13.5	11.8%
<i>Net Margin</i>	25.5%	--	28.2%	--

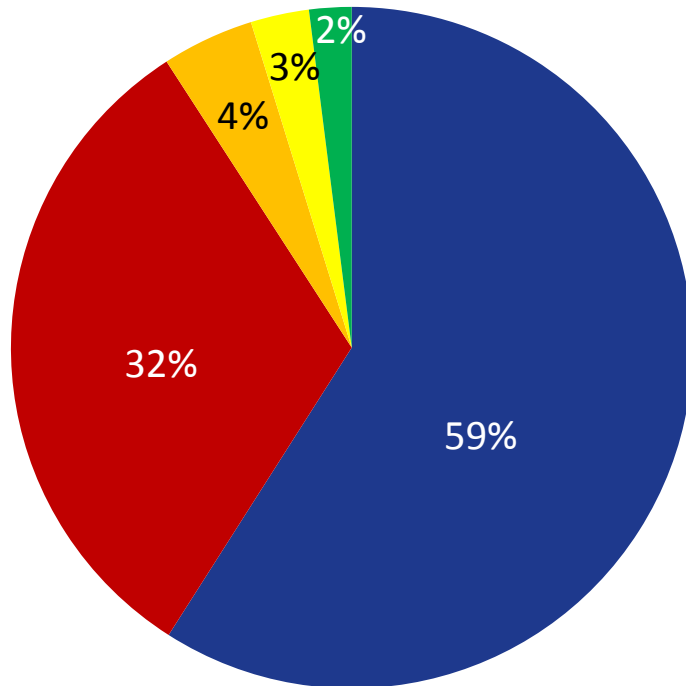
# SM Prime Holdings, Inc.

## 9M 2014 Consolidated Results

### REVENUES

PHP47.80bn

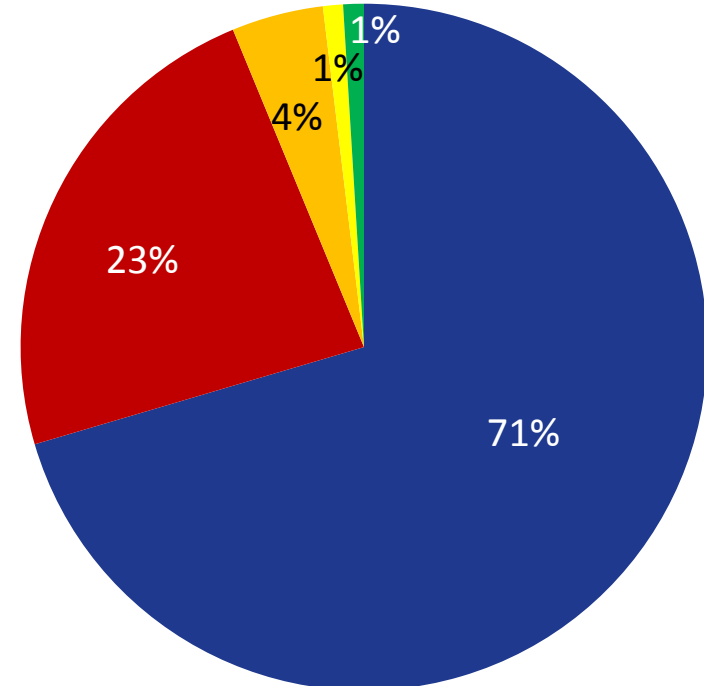
+9% YoY



### NET INCOME

PHP13.46bn

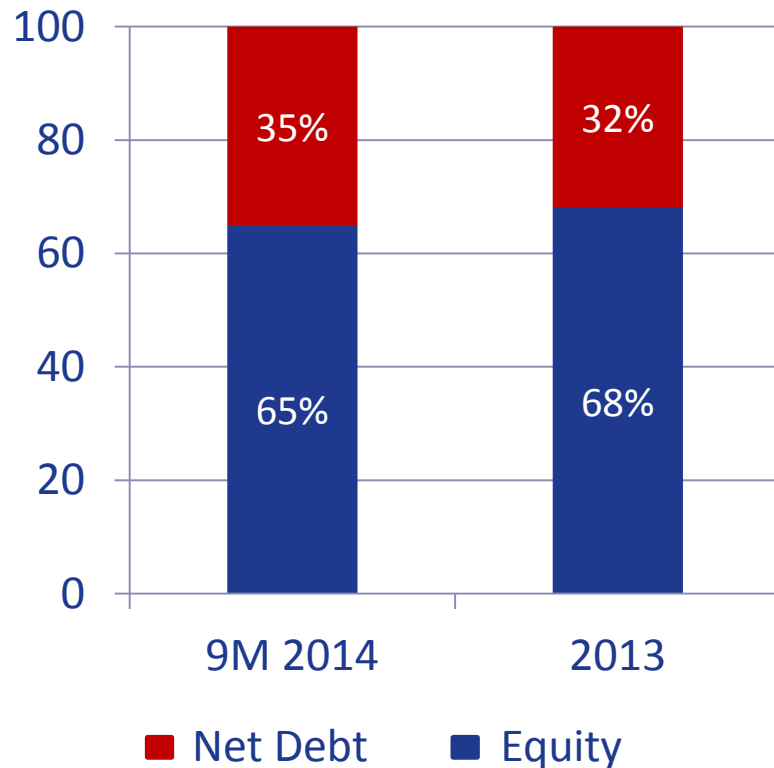
+12% YoY



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

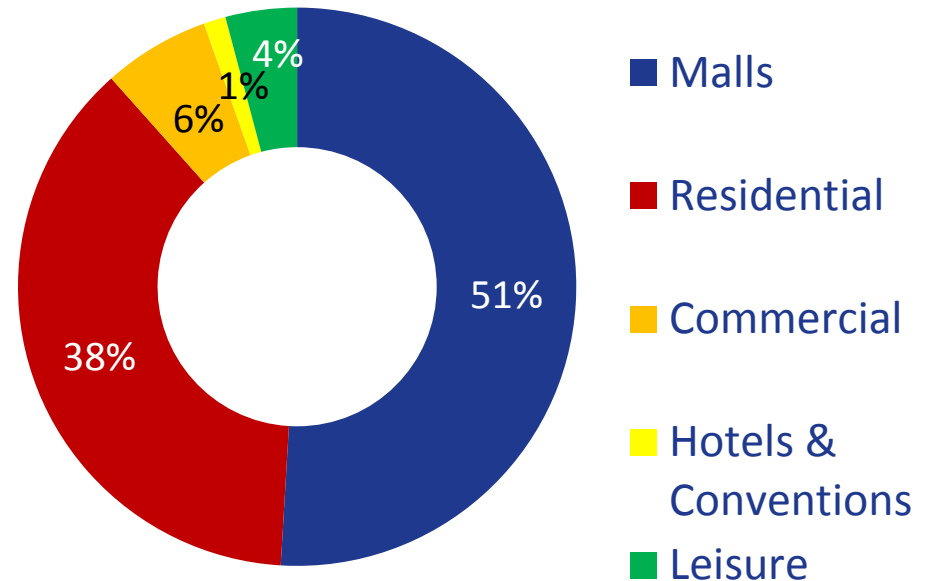
# SM Prime Holdings, Inc.

## Net Gearing Ratio



## 2014 Capex

PHP 58.9bn







# Mall Operations - Consolidated

(In PHP billion)	Q3 2014	% Chg	9M 2014	% Chg
Revenues	9.2	11.7%	28.3	14.0%
Operating Income	4.9	11.5%	15.3	13.1%
EBITDA	5.8	5.7%	18.6	11.8%
<i>EBITDA margin</i>	63.4%	--	65.7%	--
Net Income	3.1	14.4%	9.6	11.1%
<i>Net margin</i>	34.2%	--	34.1%	--

Same Store Rental Growth of 7%

# 2014 Expansion Program: Philippines

Opening		GFA (sqm)
Q2 2014	SM Cauayan	70,614
Q4 2014	SM Angono	41,481
Expanding		
Q1 2014	SM Megamall Bldg D	101,005
Q3 2014	SM Lipa	34,437
Q4 2014	SM Bacolod	133,894
Total		381,431
Projection		
End 2014	Total Malls	50
	Total GFA	6.6 mn sqm (+6%)





# 2015 Expansion Program: Philippines

Opening		GFA (sqm)
1H 2015	SM SRP Cebu	460,791
1H 2015	SM Sangandaan	32,000
2H 2015	SM San Mateo	67,631
2H 2015	SM Cabanatuan	172,000
2H 2015	SM Trece Martires	49,200
Expanding		
1H 2015	SM Iloilo	35,331
Total		816,953
Projection		
End 2015	Total Malls	55
	Total GFA	7.4 mn sqm (+12%)



# 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 790,601 sqm, 11% of the group's 7.3 million sqm GFA

(In PHP million)	Q3 2014	% Chg	9M 2014	% Chg
Revenues	882	12.9%	2,672	23.1%
Operating Income	380	26.8%	1,202	42.7%
EBITDA	601	37.9%	1,535	71.7%
Net Income after Tax	295	145.1%	960	158.5%
EBITDA margin	68%	--	57%	--
Net margin	33%	--	36%	--

# 2014 Expansion Program: China

Opening		GFA (sqm)
2H 2014	Zibo	154,913
2H 2015	Tianjin	540,000
Total		694,913

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





# 2015: Landmark Year

	# of Malls end 2014	# of Malls end 2015	GFA (sqm) end 2014	Additional GFA (sqm)	GFA (sqm) end 2015	% Chg
Philippines	50	55	6,601,643	816,953	7,418,596	12.4%
China	6	7	949,514	540,000	1,489,514	56.9%
<b>Total</b>	<b>56</b>	<b>62</b>	<b>7,551,157</b>	<b>1,356,953</b>	<b>8,908,110</b>	<b>18.0%</b>



## Residential - SMDC

(In PHP billion)	Q3 2014	% Chg	9M 2014	% Chg
Revenues	3.7	12.0%	14.7	-3.5%
Operating Income	0.6	65.7%	3.7	6.4%
EBITDA	0.8	22.8%	4.3	3.5%
<i>EBITDA margin</i>	22.0%	--	28.8%	--
Net Income	0.4	-0.7%	3.1	-4.6%
<i>Net margin</i>	12.2%	--	21.0%	--

# Projects and Landbank Profile

## Projects Overview

Total Units Made Available since 2005	67,841
Units Sold	53,642
Units Sold (%)	79%
Planned Launches (units) in 2014	10,436
Projects Launched (units) in 2014	3,642
Reservation Sales for 9M 2014	P24.3 bn
2014 Budget CAPEX	P18.2 bn
Projects	P13.1 bn
Landbanking	P 5.1 bn



## Landbank (hectares)

Metro Manila	51.6
Outside Metro Manila	92.2
<b>Land for Future Projects</b>	<b>143.8</b>







# Commercial

(In PHP billion)	Q3 2014	% Chg	9M 2014	% Chg
Revenues	0.7	15.6%	2.2	2.0%
Operating Income	0.3	22.3%	0.8	13.3%
EBITDA	0.4	-1.3%	1.2	-1.3%
<i>EBITDA margin</i>	<i>57.7%</i>	<i>--</i>	<i>57.1%</i>	<i>--</i>
Net Income	0.2	15.2%	0.6	2.1%
<i>Net margin</i>	<i>26.2%</i>	<i>--</i>	<i>26.9%</i>	<i>--</i>

# SM Cyber Offices





# E-Com Buildings



# Key Messages

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

- Banking – driving profitability with strong capital base
- Property – scaling up to execute more integrated lifestyle projects
- Retail – resilient performance with aggressive growth plans based on competitive strengths and multi-format strategy for food retail





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## Nine-Month 2014 Results

November 2014

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