



INVESTMENTS
CORPORATION

First-Half 2016 Media and Analysts' Briefing

August 4, 2016



Solid Revenue Growth

Revenue ▲9%

In Php Billion

139.2

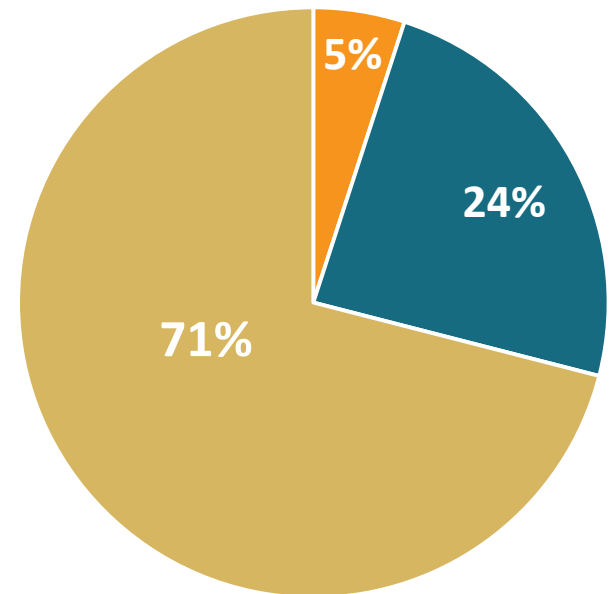
1H 2015

151.1

1H 2016

Revenue Profile

Banking Property Retail

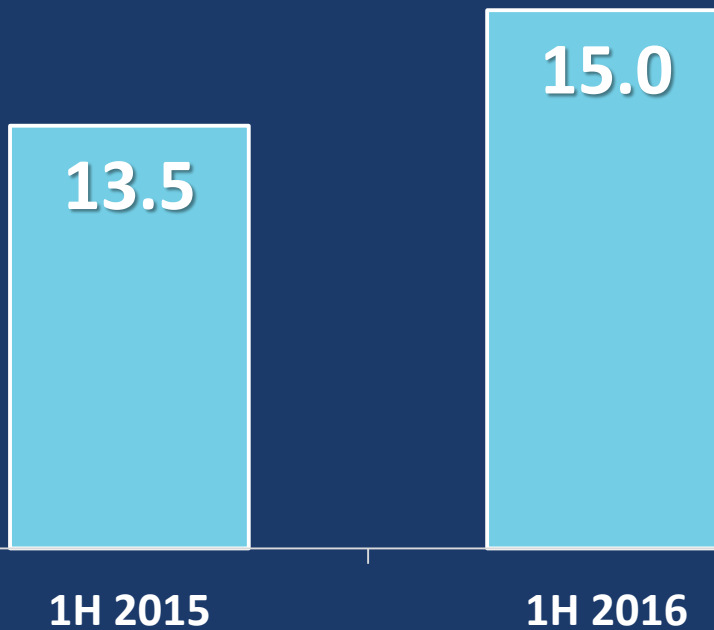


Banking business not consolidated

Earnings Growth Driven by All Core Businesses

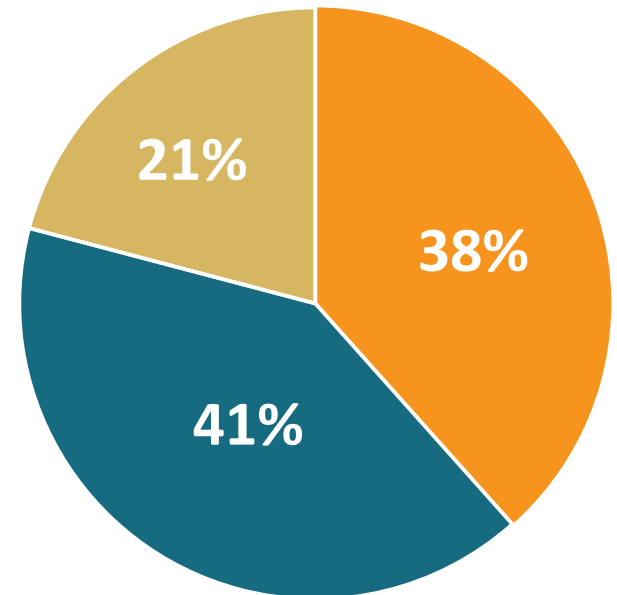
Net Income ↑11%
Recurring Earnings ↑8%

In Php Billion



Net Income Profile

Banking Property Retail



Strong and Stable Balance Sheet

Total Assets ▲7%

In Php Billion

721

770

1H 2015

1H 2016

Total Equity

Php393bn ▲8%

Net Debt to Equity

39 : 61

RETAIL

OPERATIONS

STRENGTHENING OUR
MARKET FOCUS

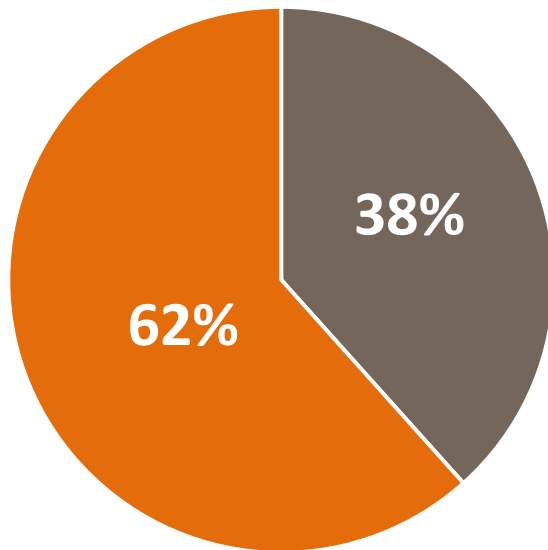


RETAIL

Consolidated Revenues

Php106.9bn ▲9%

■ Non-Food ■ Food



In Php Billion

98.4

1H 2015

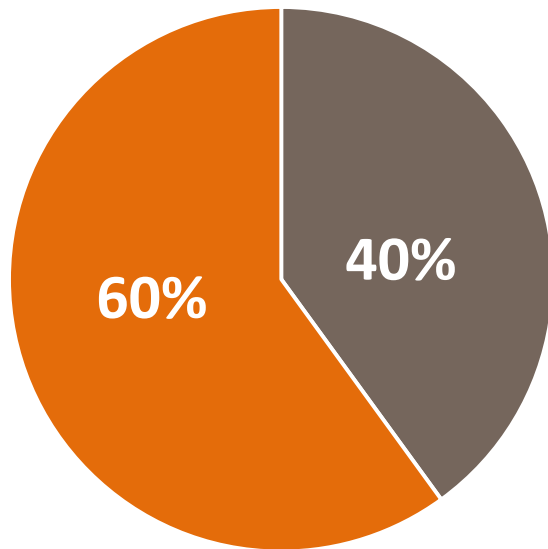
106.9

1H 2016

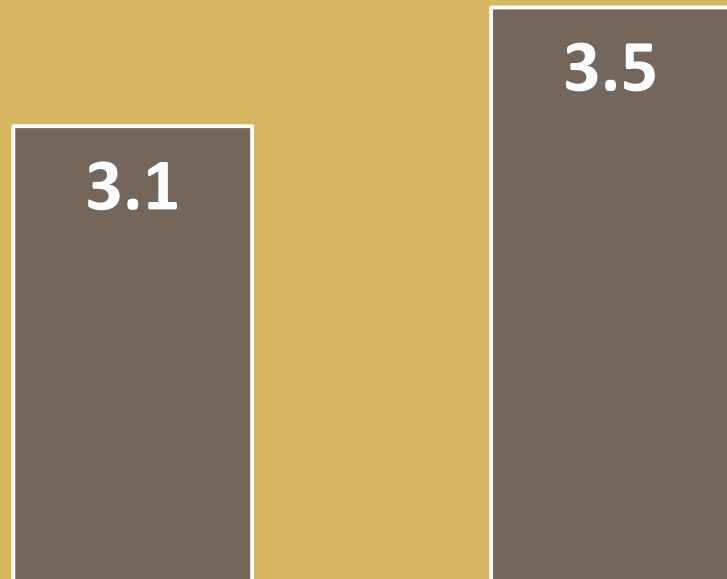
Consolidated Earnings

Php3.5bn  14%

■ Non-Food ■ Food



In Php Billion



1H 2015

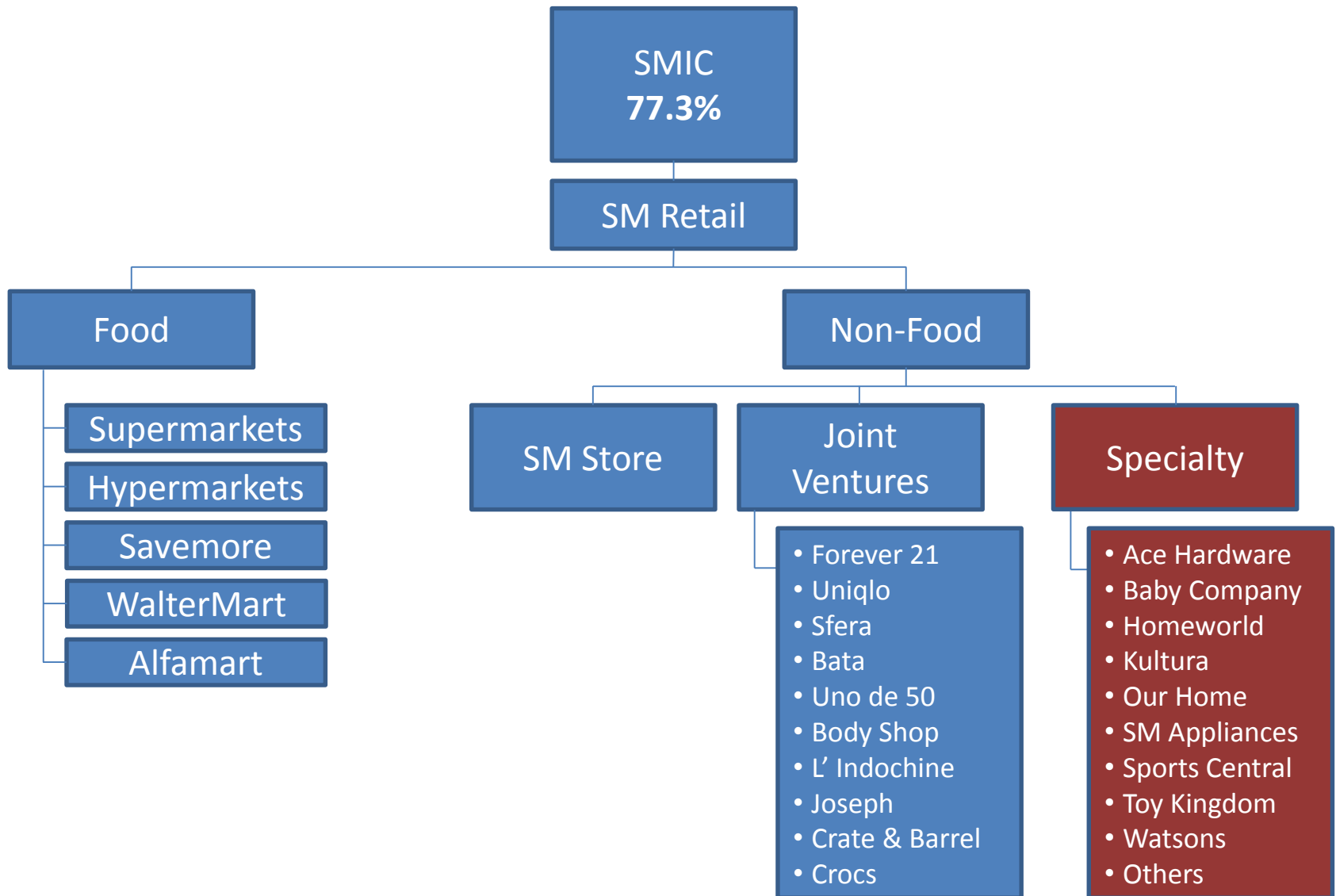
1H 2016

Expanding Store Footprint

Operating Highlights	Stores	Added YTD	GSA
The SM Store	55	2	729,722
SM Supermarket	47	2	327,731
SM Hypermarket	45	1	346,788
SaveMore	147	12	447,409
Waltermart	34	2	102,135
Total	328	19	1,953,786

- 146 Alfamart stores as of end June 30, 2016

SM Retail Post-Merger Structure



Transaction Overview

- Merger – SM Retail Inc. surviving entity
- Strategic Fit
 - Discretionary retailing
 - Scale and diversity
 - Strong mall synergies
- Alignment of Structure and Ownership
- Earnings Accretive – higher growth and margins



Increased Presence in Discretionary Retailing

Specialty Store As of Year End 2015	Outlets
Ace Hardware	123
Homeworld	76
SM Appliance	65
Toy Kingdom and Pet Express	136
Watsons	459
Baby Company	79
Kultura	39
Sports Central	81
Others	371
TOTAL	1,429

Note: Includes outlets in other SM Retail formats

Increased Scale

2015 (in PHP Billion)	Revenue	Net Income*	Outlets
SM Retail Pre-Merger	215	7.2	310
SM Retail Post-Merger	253	TBD	1,700+

**Before minority interest*

Higher Margins and Revenue Growth

Full Year 2015	Net Margin*	Revenue Growth
Total Specialty	6.3%	8.3%
SM Retail (Pre-Merger)	3.4%	7.3%

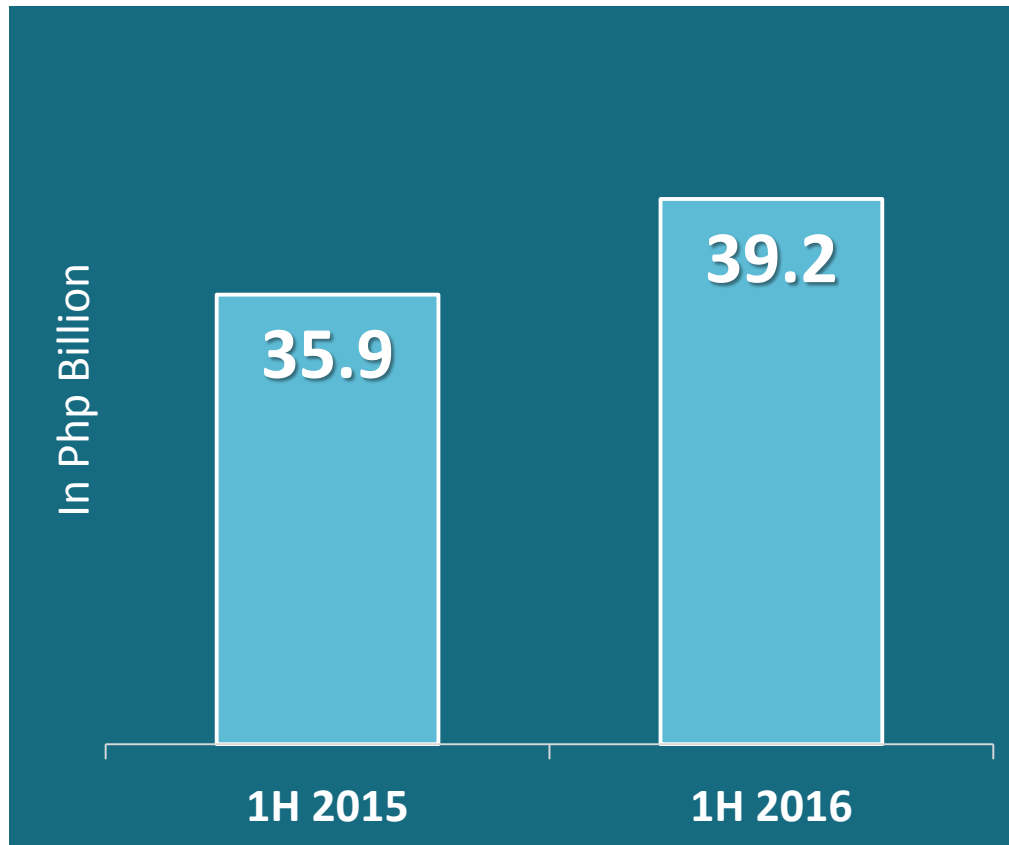
**Before minority interest*

PROPERTY

ENRICHING COMMUNITIES
ENHANCING LIFESTYLES



Rental Income Drives Growth in Consolidated Revenues

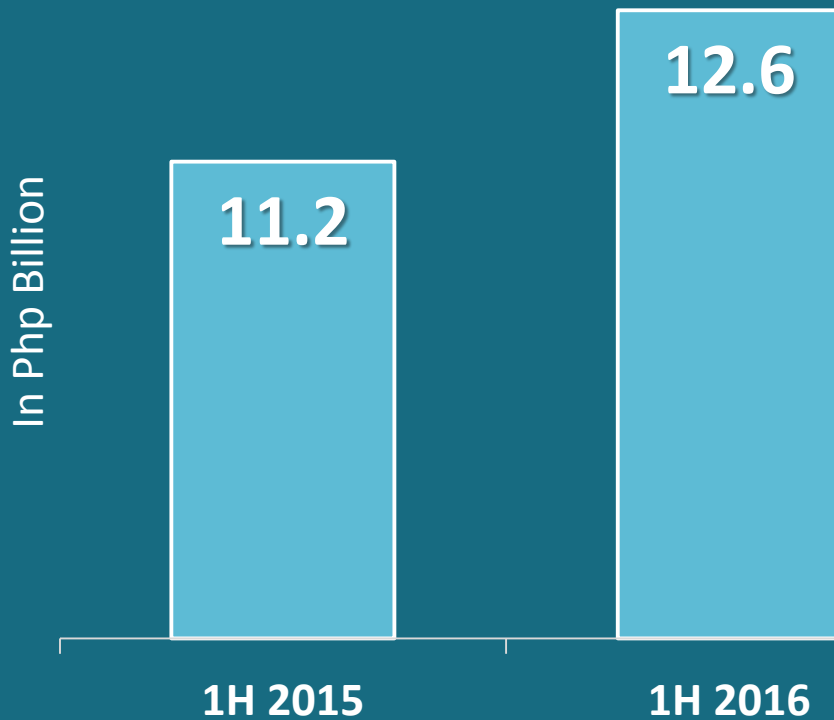


Revenues  9%

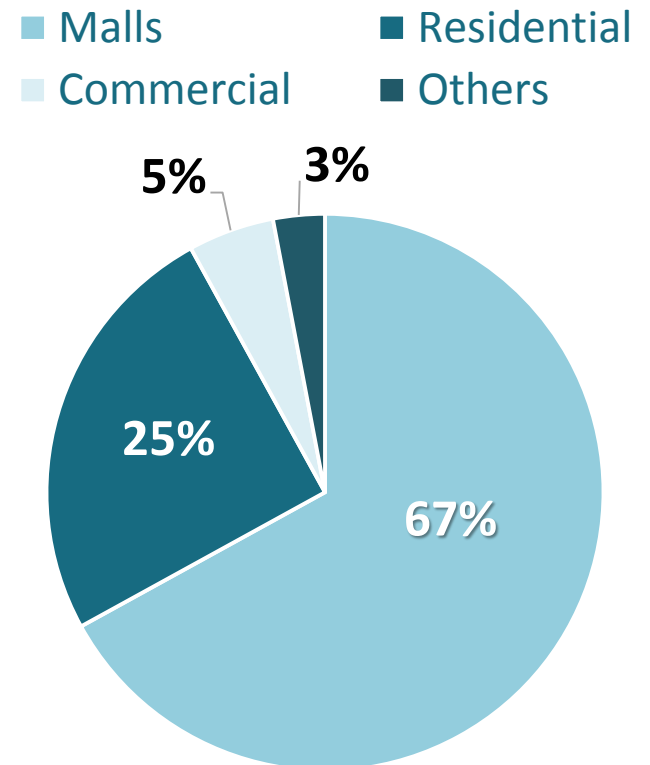
13% Rental Revenues
Retail and
Commercial

Strong Earnings

Recurring Income ↑12%

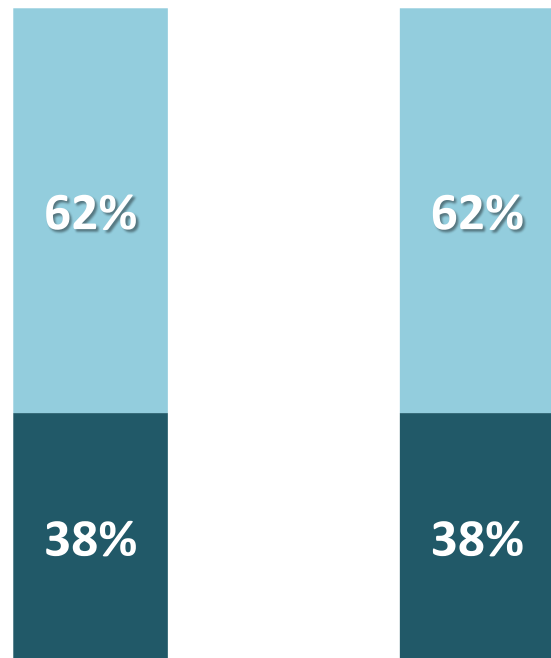


Net Income Profile



Strong Financial Position

Net Gearing Ratio

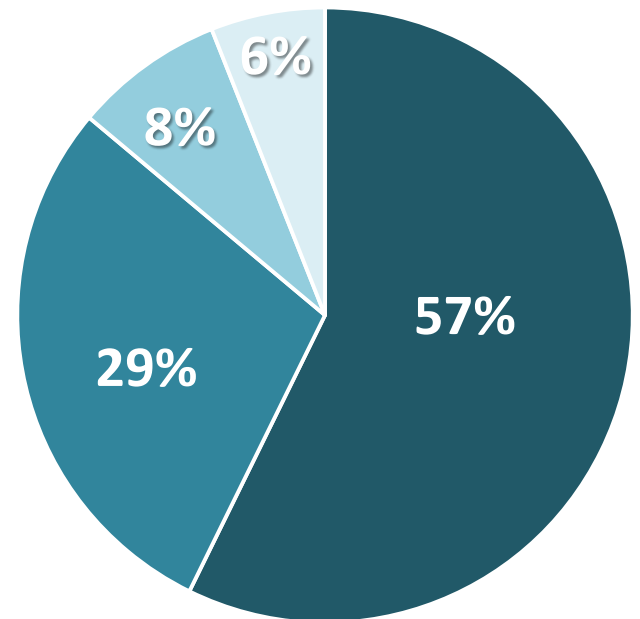


FY 2015

1H 2016

■ Net Debt ■ Equity

2016 CAPEX: PHP50B



■ Malls

■ Residential

■ Commercial

■ Others

Mall Performance

Revenues ▲ 9%

In Php Billion

21.6

23.6

1H 2015

1H 2016

Earnings ▲ 10%

In Php Billion

7.7

8.4

1H 2015

1H 2016

Mall Expansion

First Half 2016 Mall Openings



SM San Jose Del Monte



SM Trece Martires

Planned Openings and Expansions for Second Half 2016

New Malls

SM Cherry Congressional

SM East Ortigas

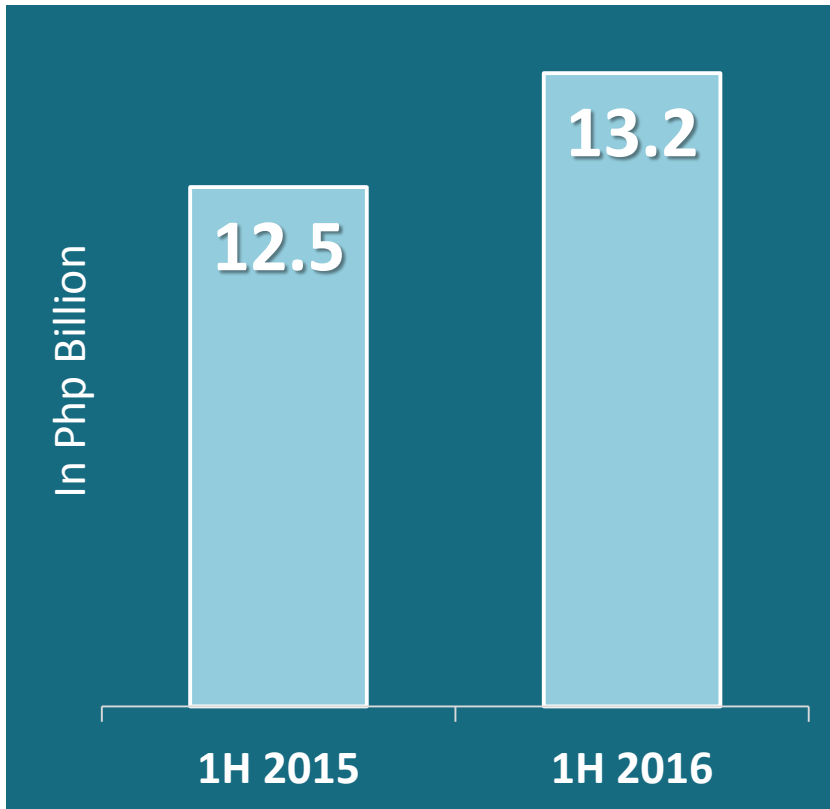
Expansions

SM San Pablo

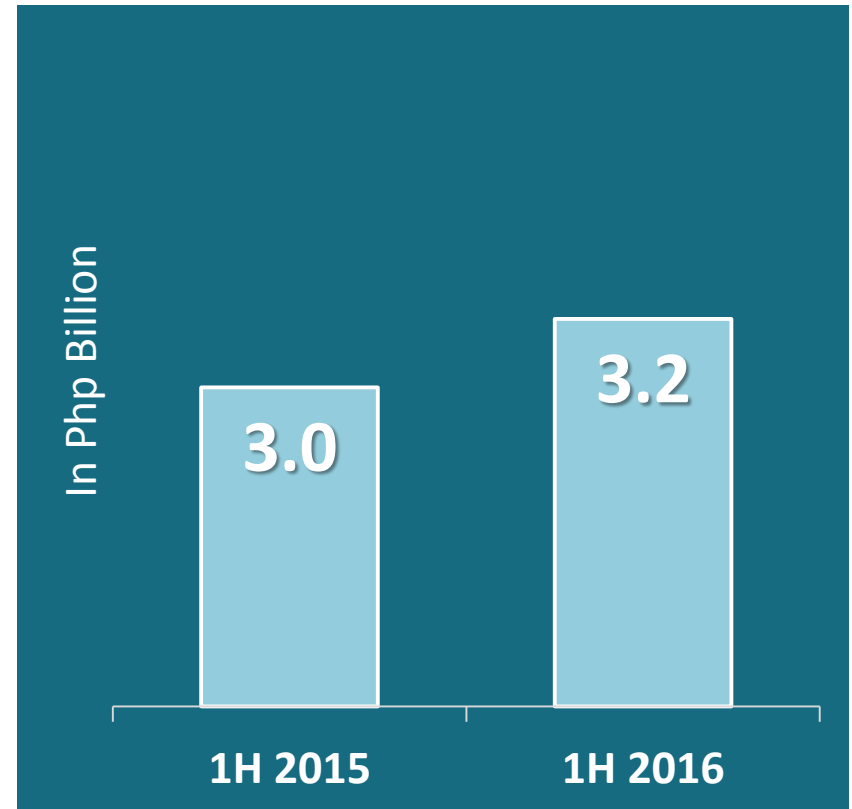
SM Molino

Brisk Sales of SM Residential Units

Revenues ▲ 6%

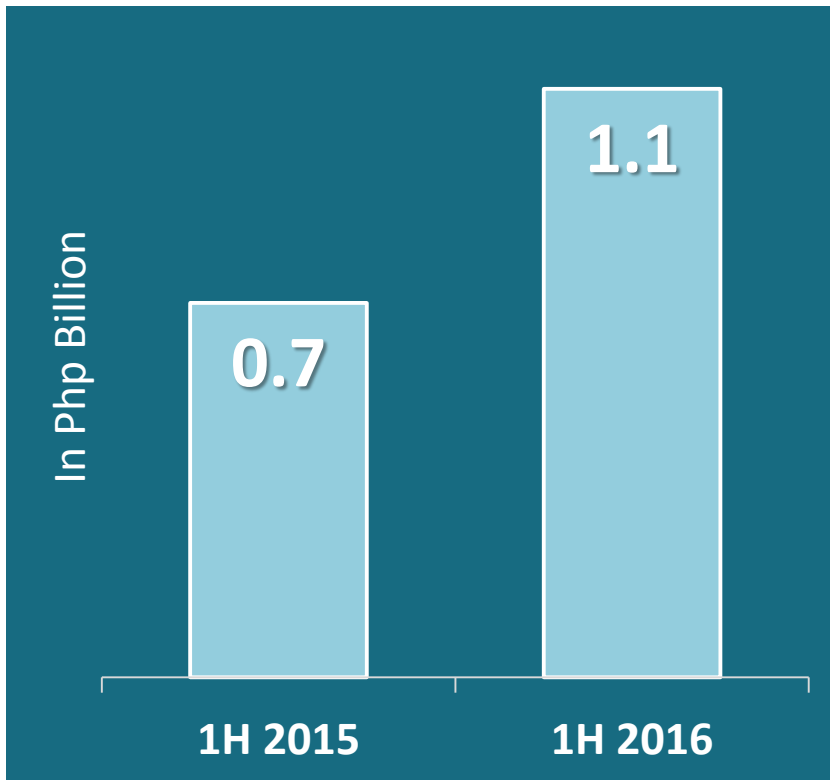


Earnings ▲ 7%

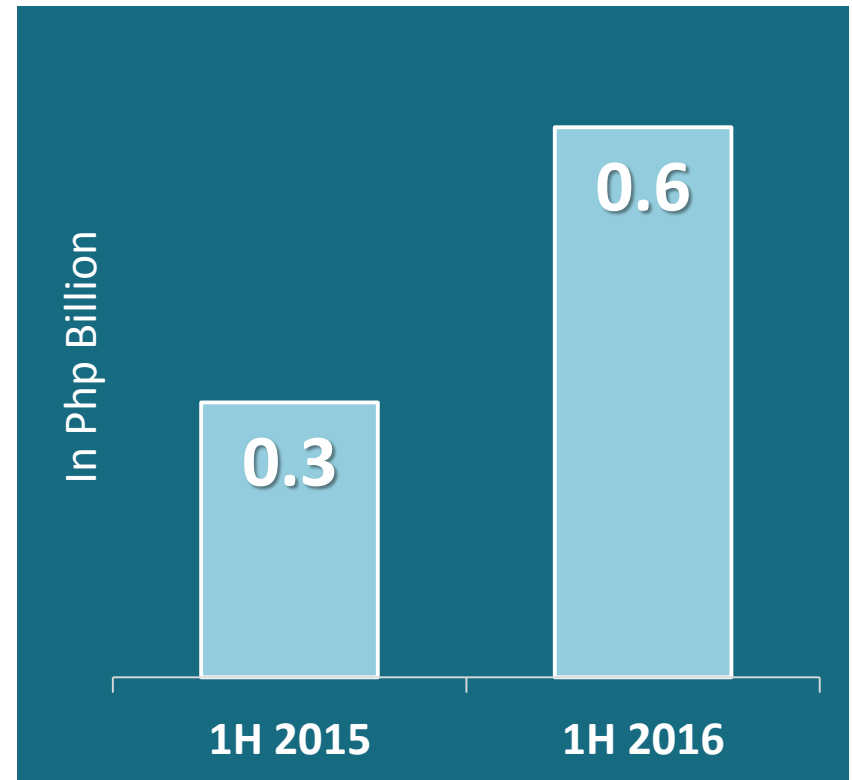


SM Prime: Commercial Properties Group

Revenues ↑51%



Earnings ↑128%



Faster Roll Out of Commercial Buildings and Hotels



**FiveE-com
Center**

Conrad Hotel

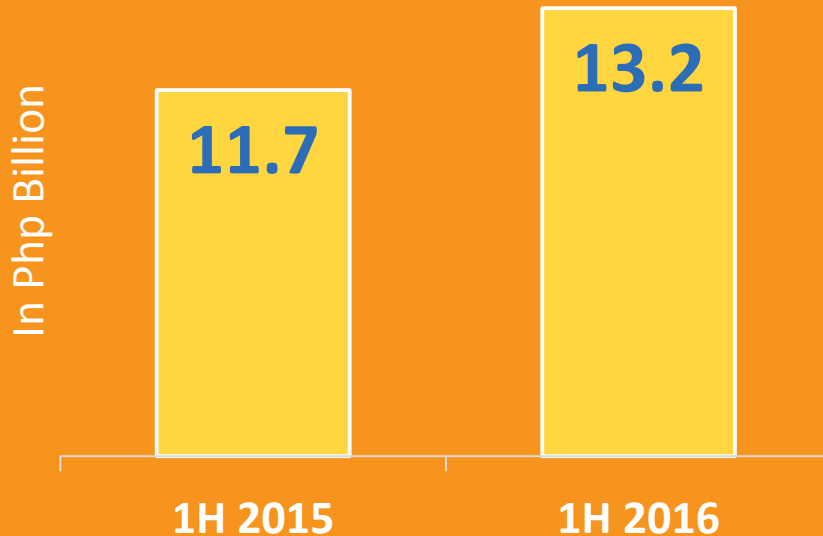


BANKING OPERATIONS

SUSTAINING GROWTH



Net Income ▲ 13%



Financial Highlights

1H 2016

Net Interest Margin	3.2%
Cost to Income Ratio	64.9%
Return on Common Equity	13.1%
Loans to Deposits Ratio	77.2%
Gross NPL	1.3%
Total CAR	13.1%
Tier 1 Ratio	11.6%
CET1	11.3%

Total Resources

Php **2.2tn** ▲ 15%

Gross Customer Loans

Php **1.4tn** ▲ 21%

Deposits

Php **1.8tn** ▲ 17%

China Bank

Net Income ↑30%

In Php Billion

2.5

1H 2015

3.3

1H 2016

Financial Highlights

1H2016

Net Interest Margin	3.2%
Cost to Income Ratio	61.4%
Return on Equity	10.7%
Loans to Deposits Ratio	71.2%
Gross NPL	2.6%
Total CAR	13.2%
Tier 1 Ratio/CET 1	12.3%

Total Resources

Php**556**bn ↑16%

Gross Customer Loans

Php**330**bn ↑12%

Deposits

Php**463**bn ↑16%



INVESTMENTS
CORPORATION

First-Half 2016 Media and Analysts' Briefing

August 4, 2016

