



Investor Presentation

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Outline

I. The Company

- ☐ Company Profile
- ☐ Key Business Units
 1. Malls
 2. Residential
 3. Commercial
 4. Hotels and Convention Centers
- ☐ Key Strategies
- ☐ Roadmap
- ☐ Capex Program

II. Financial Highlights

- ☐ 2014 full year results

Company Profile

- ❑ One of the largest integrated property developer in Southeast Asia by market capitalization
- ❑ One of the largest listed real estate developer on the PSE by market capitalization, total assets and net income
- ❑ Consistently cited for excellence in corporate governance, property development, environmental consciousness, and service.

Market Capitalization

• **US\$12.77bn**

PSE Stock Symbol	SMPH
Market Capitalization	PHP568bn
Outstanding Shares	28,879mn
Last Traded Price (23 Feb 15)	Php19.68/share



Key Business Units

SM PRIME

MALLS



SUPERMALLS



RESIDENTIAL

SMDC

The good guys!

pico de loto

Taaytan Highlands

COMMERCIAL



PRIME

Commercial Properties Group



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TAAL VISTA HOTEL

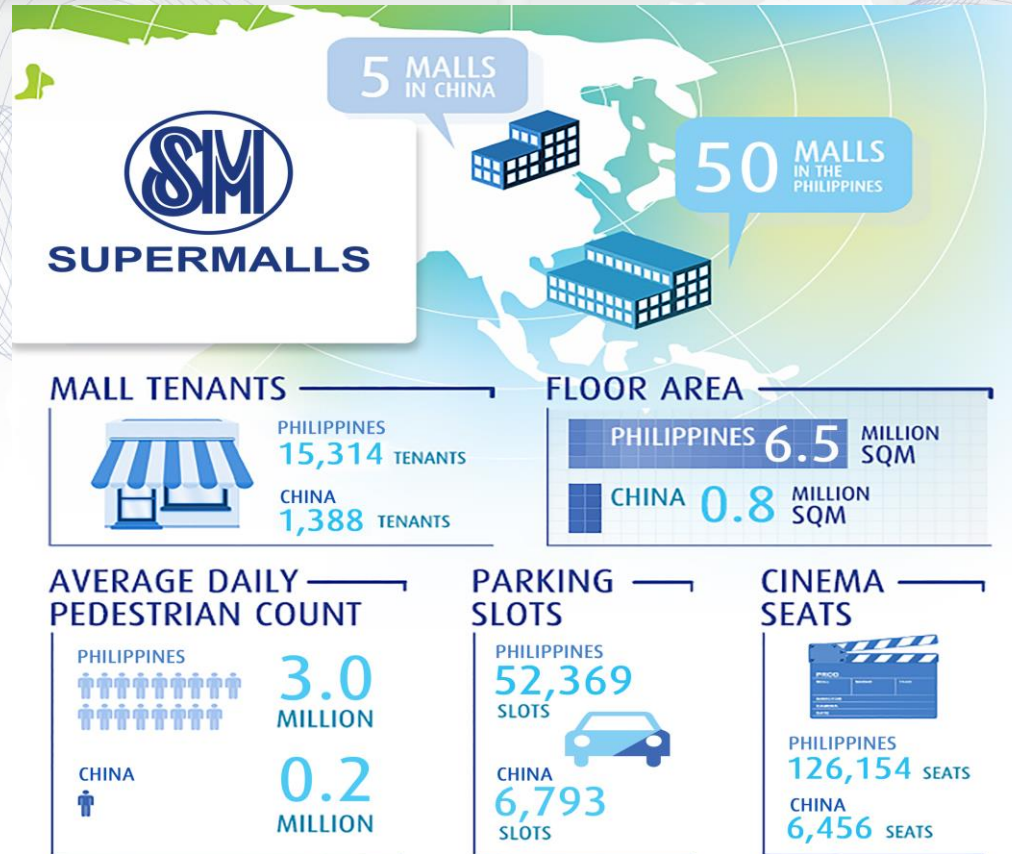


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SMPH is the largest mall operator/developer in the Philippines

MALLS: Philippines

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- ❑ SM Prime malls derive revenues from rent charge to tenants, cinema ticket sales and providing amusement/parking facilities.



- ❑ Anchor for Lifestyle City developments
- ❑ Current average mall occupancy of 97%



- ❑ Will continue contributing over 50% of SM Prime's revenue and net income

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- ❑ SM Prime's China operation focus on 2nd and 3rd tier city locations
- ❑ SM Prime plans to open one mall per year to complement the expansion in the Philippines.
- ❑ SM China malls' combined GFA is almost 800k sqm, 11% of the group's 7.3m sqm GFA

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2015 Expansion Program

Philippines

Opening		GFA (sqm)
1H2015	SM Sangandaan	35,319
2H2015	SM San Mateo (Center)	80,043
2H2015	SM Cabanatuan	154,020
Expanding		
1H2015	SM Iloilo	50,849
1H2015	SM Lipa	28,212
Total		348,443
Projection		
End of 2015	Total Malls	53
	Total GFA	7.6 mn sqm

China

Opening		GFA (sqm)
2015	Zibo	154,913
Total		154,913
Projection		
End of 2015	Total Malls	6
	Total GFA	1 mn sqm

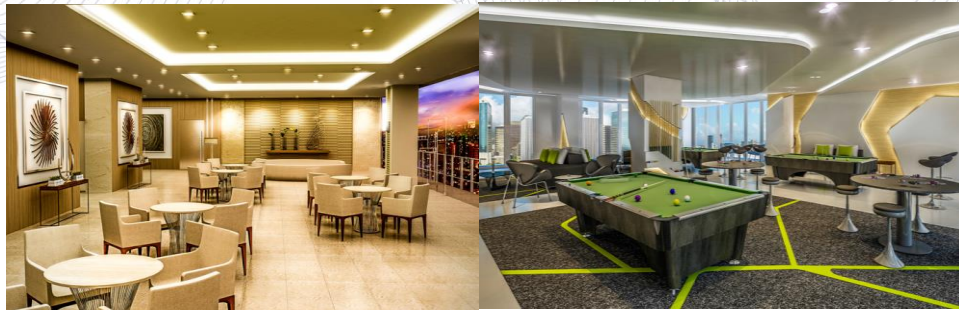
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Primary Homes



- ❑ Operates under SMDC, a leading condominium developer in Metro Manila
- ❑ 8 completed projects in 2014; 17 ongoing developments and 11 more (5 new projects; expansion of 6 existing projects) to be launched over the next 12 months
- ❑ Land bank of 174.5 hectares, some of which can be converted into mixed-use developments

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Primary Homes

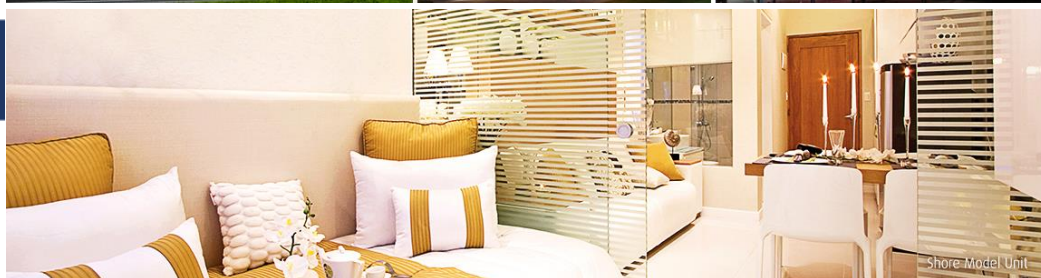
Projects Overview

Ready-for-Occupancy (RFO) Units (End 2014)	2,174
Ongoing Construction (Unsold Units)	10,440
Total Units Made Available since 2005	69,414
Planned Launched over 12 months	4
Reservation Sales for 2014	PHP 35.9 bn
2015 CAPEX	PHP 21.2 bn
Project	PHP 16.2 bn
Landbanking	PHP 5.0 bn



Landbank (hectares)

Metro Manila	54.0
Outside Metro Manila	120.5
Land for Future Projects	174.5



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Leisure Homes

- ❑ 2,035 launched units for 12 projects
- ❑ 2 large-scale tourism projects – Tagaytay Highlands and Pico de Loro
- ❑ Tagaytay Highlands is an exclusive mountain resort, golf club and residential complex
- ❑ 40 hectares Pico de Loro project is Phase 1 of Hamilo Coast project, a premier, sustainable leisure destination in Nasugbu, Batangas



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Offices

Existing Projects



Future Projects



- ☐ Office buildings primarily catering to the burgeoning BPO Industry
- ☐ GFA for 4 completed towers: almost 190K sqm
- ☐ Access to enlarged landbank and balance sheet to accelerate growth
- ☐ Available landbank: 7-10 years

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Mall of Asia Arena (MOA Arena)



- ❑ Mall of Asia Arena (MOA Arena) with 16,000 seating capacity

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- ❑ 4 operating hotels with over 1,000 rooms
- ❑ 4 SMX Convention Centers and 2 Megatrade Halls with over 36,000 sqm of leasable space
- ❑ Conrad Hotel in Mall of Asia Complex and Park Inn by Radisson in Clark are currently under construction
- ❑ Plans to build more SMX Convention Centers and hotels near SM Malls

Key Strategies

1

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

2

Leverage on world-class malls to anchor lifestyle city strategy

3

Optimize existing properties

4

Offer wide range of products in the residential segment

5

Continue the aggressive rollout of BPO office development

6

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

1

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

MOA Complex



- ✓ Proven landbanking capabilities
- ✓ Track record of value enhancement through integrated master planning
- ✓ World-class retail malls and commercial property developments

Future lifestyle city projects



We intend to replicate the successful Mall-of-Asia model in our upcoming lifestyle city projects throughout the country

Case Study

SM Mall of Asia Complex flagship project



- A 60 ha master-planned bayside development in Pasay City with total estimated land value of Php58.3bn¹ vs. book value of Php2.3bn as of Dec 31, 2012
- 23-ha of remaining landbank for future development providing **significant untapped opportunities**

Completed projects



- SM Mall of Asia 406,961 sqm GFA
- Sea Residences
- One and Two E-com Center BPO office buildings
- SMX Convention Center
- SM MOA Arena

Ongoing projects



- Conrad Hotel
- Three E-com Center BPO office building
- Shell Residences (2015)
- Shore Residences

Future projects

- Four, Five and Six E-com Centers
- Infrastructure connectivity



FourE-comCenter

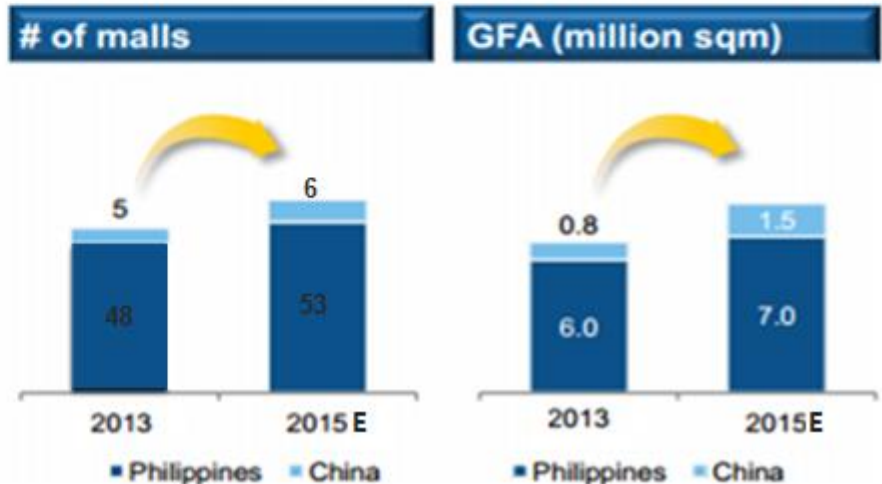
Our lifestyle city projects allow us to capture value across the full real estate spectrum, and enhance our ability to create sustainable long-term value enhancements

2

Leverage on world-class malls to anchor lifestyle city strategy



- 7 Philippine malls (GFA of 1,044,836 sqm) and 2 China malls (GFA of 694,000 sqm) are planned to be completed by 2015
- Continue roll-out in major cities outside Metro Manila where disposable income is rising significantly
- Expand existing malls with high foot traffic and favorable demographics
- Focused China strategy around second/third tier cities and middle-class market



3

Optimize existing properties

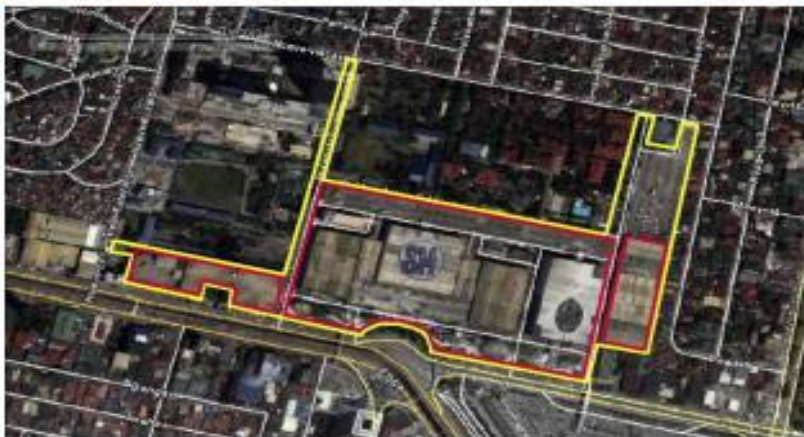
Optimize use of existing properties through value accretive expansion

- Most of the existing malls occupy less than half of their lot area
- Developing non-retail components in this space will significantly unlock property value
- At least 10 projects, located in prime areas have been identified

Resulting in:

- Higher development margins and returns due to “sunk” land cost and established infrastructure
- Increased foot traffic that will benefit the new project as well as the mall property business

SM North EDSA



SM City Clark

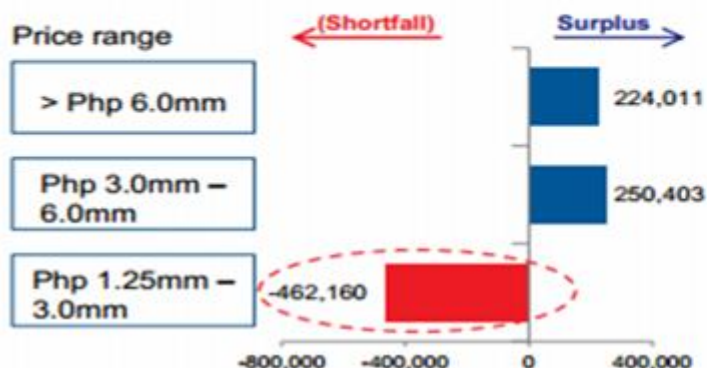


4

Offer wide range of products in the residential segment

Significant housing shortfall

Housing demand and supply profile (No. of units)



- There is currently a significant housing supply shortfall in the affordable income segment (Php1.25mm – Php3.0mm)¹
- Housing supply shortfall is expected to persist and hit 6.5mm households by 2030¹

Source: ¹SHDA

2013 and 2014 project launches

2013	Tagaytay Taguig Quezon City	approx. 3,700 units
4Q13	Bay Area Quezon City Parañaque	approx. 8,000 units
2014	Makati Mandaluyong Tagaytay	approx. 5,218 units

 Developments near SM Malls

We are accelerating residential project launches particularly areas where we are already entrenched

SMDC intends to maintain its leadership on vertical residential for the affordable income segment – the largest, most resilient and fastest growing segment in the market

5

Continue the aggressive rollout of BPO Offices

Ongoing projects

2 Ongoing projects



FiveE-ComCenter



ThreeE-ComCenter

- 15-storey commercial building with a GFA of over 125,000 sqm (completion by 1Q15)
- 15-storey commercial building with a GFA of over 111,000 sqm

Future projects



FourE-comCenter

- 15-story office building: GFA of c. 100,000 sqm

Opportunities

- Well positioned to take advantage of strong growth in the Philippine BPO industry given proximity to SM malls and key transportation hubs
- Increasing "Flight to quality" from older buildings in blighted areas to our newer properties
- Strong take-up for our new projects

Growing demand for BPO in the Philippines

Philippines contact center revenue (US\$bn)

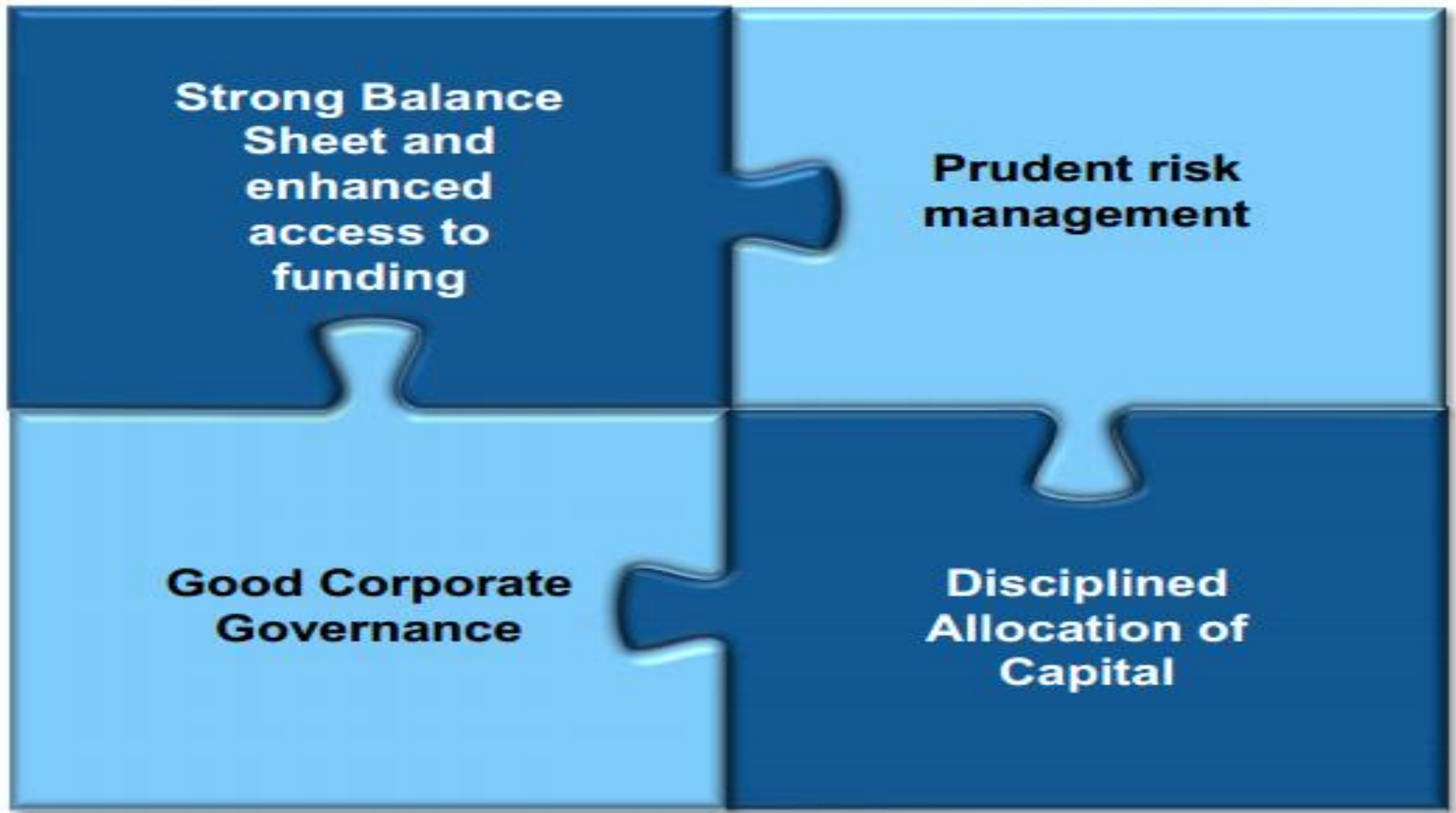
Number of employees ('000)



Source: BPAP and CCAP

We are targeting to double our office GFA over the next 2 – 3 years by launching one new BPO office building every year to take advantage of growing BPO office demand

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

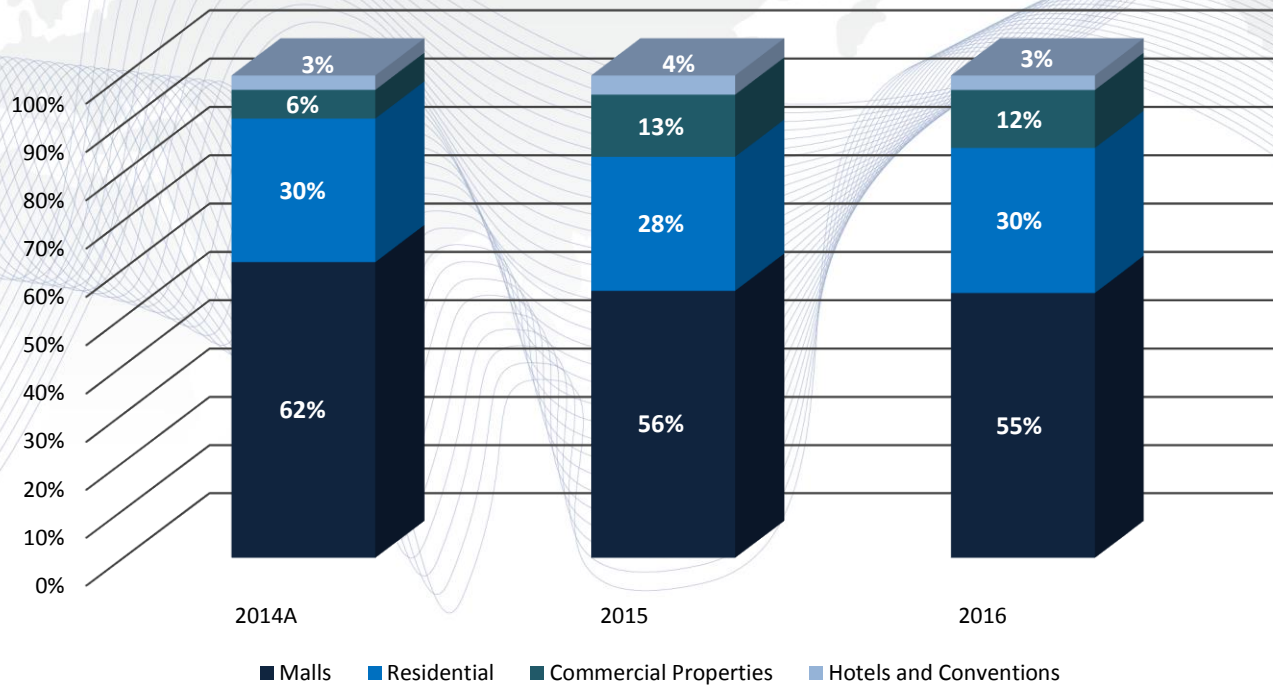


5-Year Roadmap to 2018



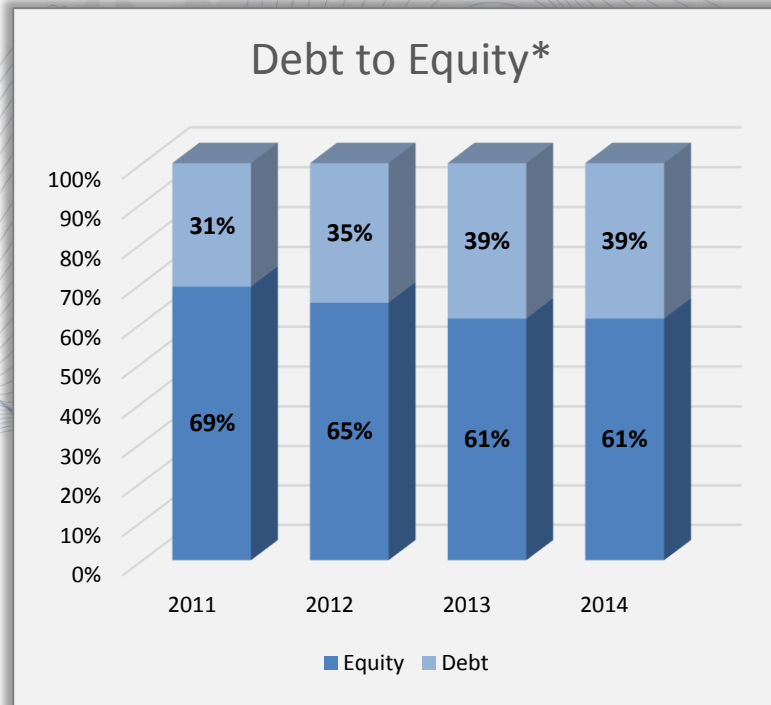
- ☐ We intend to double our income by 2018 based on our 5 year roadmap
- ☐ The growth will be driven by malls and residential units

Capex Program



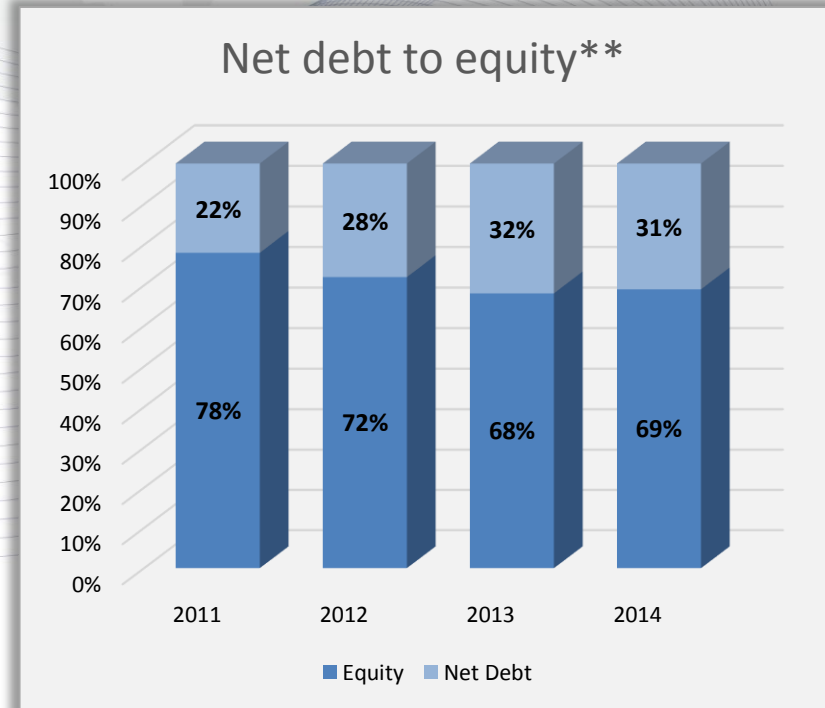
- ❑ We will spend almost PHP200bn over 3 years to jumpstart our expansion program to achieve our goal to double the income by 2018
- ❑ We will maintain a very conservative gearing ratio despite the massive Capex program.

Maintain conservative Balance Sheet



*Total interest-bearing liabilities

Total equity attributable to equity holders of the parent +
Total interest-bearing liabilities



**Total interest-bearing liabilities- cash & cash equivalents
and investment securities

Total equity attributable to equity holders of the parent +
Total interest-bearing liabilities- cash & cash equivalents
and investment securities

Investment Highlights



- ❑ Establish strong brand equity
- ❑ Leading integrated real estate platform with strong track record across full suite of asset classes
- ❑ World-class retail malls business, which will anchor future lifestyle city projects
- ❑ Significant growth opportunities from landbank optimization and future acquisitions
- ❑ Strong balance sheet supported by strong recurring income
- ❑ Highly experienced management team and strong corporate governance



Financial Highlights

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**HOTELS &
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Consolidated Financials

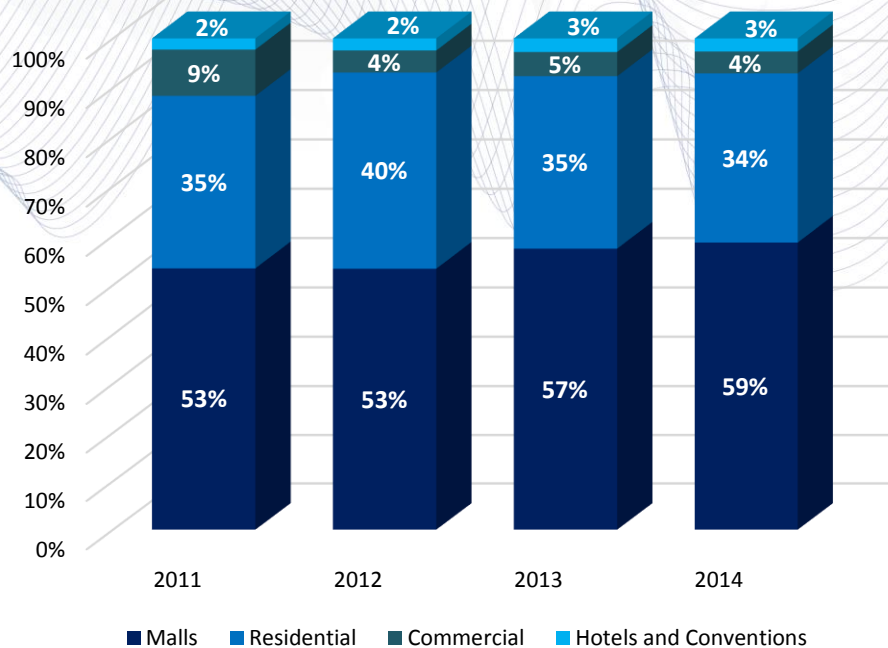
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Segment Contribution



□ Revenue from Malls comprise almost 60% of SMPH's revenue, while residential revenue is 34%

□ Rent from commercial office spaces make up 4% while Hotels and Convention centers take up the rest

Consolidated Financials

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(In PHP billion)	2014	2013	% Chg
Revenues	66.2	59.8	10.8%
EBITDA	33.8	29.9	13.1%
Operating Income	27.7	24.1	14.7%

- ❑ SM Prime recorded consolidated revenues of PHP66.2bn for the year 2014, up 10.8% YoY while total cost and expenses increased by only 8% to PHP38.6bn allowing EBITDA to post 13.1% growth to PHP33.8bn
- ❑ Overall net income grew by 13% to PHP18.4bn, sustaining growth posted in 2013

Consolidated Financials

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(In PHP billion)	2014	2013	% Chg
Revenues	38.8	34.5	12.6%
EBITDA	25.8	22.7	13.8%
Operating Income	21.0	18.3	14.5%

- ❑ SM Prime malls (almost 60% of total turnover) posted revenues of PHP38.8bn in 2014, up by 12.6 % YoY
- ❑ Cinema ticket sales added PHP4.3bn on the top-line of mall operation, +14% YoY
- ❑ SMPH ended 2014 with more than 7.5m sqm of shopping space

Consolidated Financials

MALLS: PHIL

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(In PHP billion)	2014	2013	% Chg
Revenues	35.2	31.3	12.3%
EBITDA	23.4	20.5	14.0%
Operating Income	19.3	17.3	11.5%

- ❑ Philippine Malls revenue (91% of total malls) grew by 12.3% to PHP35.2bn in full year, mostly driven by the 7% growth in same-store-sales and additional shopping space of 564k sqm in the past 2 years
- ❑ Net income growth should catch up as new malls contribution accelerate while depreciation expense stabilize
- ❑ Occupancy remains high at 97%

Consolidated Financials

MALLS: CHINA

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(In PHP billion)	2014	2013	% Chg
Revenues	3.6	3.1	15.8%
EBITDA	2.8	2.2	30.7%
Operating Income	1.7	1.0	67.0%

- ❑ China Malls revenue (9% of total malls) grew by 15.8% to PHP3.6bn due to rising occupancy rate of newer malls while tenants on existing malls shift to percentage of sales rental revenues
- ❑ EBITDA margin expanded to 78.5% attributed to cost efficiencies and higher revenues
- ❑ Occupancy level above 90% for the 5 operating malls

Consolidated Financials

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(In PHP billion)	2014	2013	% Chg
Revenues	22.7	20.9	8.6%
EBITDA	6.3	6.0	6.1%
Operating Income	5.5	4.8	15.1%

- ❑ Residential revenue (34% of consolidated revenue) continue to show improvements, following the 9% year-on-year growth
- ❑ The housing unit expected to sustain its growth as more projects are completed while the group intends to launch more high-rise residential development over this year
- ❑ Gross profit margin improved to 45% from 43% while net income margin stable at 21%

Consolidated Financials

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(In PHP billion)	2014	2013	% Chg
Revenues	2.9	2.9	0.8%
EBITDA	1.7	1.7	-0.5%
Operating Income	1.1	1	5.7%

- ❑ Commercial Property Group has recently ground break ThreeE-com while FiveE-com is ready for occupancy this year
- ❑ Aiming to reach almost 500k sqm of office space by 2018
- ❑ The group aims to contribute 5% of SMPH's total revenue based on the 5- year road map

Consolidated Balance Sheet

In PHP Million (except % data)	As of 31 December			
	2014	% to Assets	2013	% to Assets
ASSETS				
Cash and cash equivalents	37,202	10%	27,142	8%
Available-for-sale investments	29,672	8%	23,369	7%
Receivables	30,687	8%	27,184	8%
Investment properties	202,398	52%	171,666	51%
Land and development	42,241	11%	34,821	10%
Condominium and residential units for sale	7,579	2%	6,103	2%
Other assets	39,064	10%	45,298	13%
Total Assets	388,842	100%	335,584	100%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Interest bearing debt	129,283	33%	106,313	32%
Accounts payable and others	60,474	16%	66,004	20%
Total Liabilities	189,757	49%	172,317	51%
Equity Attributable to Parent	199,085	51%	163,267	49%

- ❑ Cash rose by 37% to PHP37bn in end of 2014 on account of the bond issuance worth P20bn and the US\$210m club loan
- ❑ Receivables accounts for 8% of total assets almost the same level in end of 2013



Thank you.