



Investor Kit

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Outline

I. The Company

- ❑ Company Profile
- ❑ Key Business Units
 - ❑ Malls
 - ❑ Residences
 - ❑ Commercial
 - ❑ Hotels and Convention Centers
- ❑ Key Strategies
- ❑ Roadmap
- ❑ Landbank
- ❑ Capex Program

II. Financial Highlights

- ❑ 9M2017 Results

Company Profile

- ❑ One of the largest integrated property developers in Southeast Asia by market capitalization
- ❑ 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\$20.1bn

| | |
|-------------------------------------|----------------|
| PSE Stock Symbol | SMPH |
| Market Capitalization | PHP1,022bn |
| Outstanding Shares | 28,879mn |
| Last Traded Price (Nov 21, 2017) | Php35.40/share |
| Average Daily Turnover (YTD) | US\$5.9mn |

Key Business Units



Malls

- ▶ SM Supermalls
- ▶ SM Lifestyle and Entertainment Inc.
- ▶ Family Entertainment Center Inc.

Residences

- ▶ SM Development Corp. and its subsidiaries
- ▶ Highlands Prime Inc.
- ▶ Costa Del Hamilo Inc.

Commercial

- ▶ Offices and warehouses
- ▶ Mall of Asia Complex
- ▶ Seaside City Cebu

Hotels & Convention Centers

- ▶ Radisson Blu
- ▶ Taal Vista
- ▶ Pico Sands
- ▶ Park Inn
- ▶ Conrad
- ▶ SMX Convention Center

At a Glance

Fast Facts

- ▶ 65 Malls in the Philippines
- ▶ 7 Malls in China
- ▶ 9.3 million square meters (sqm) total Gross Floor Area (GFA)

9M2017 Operating Highlights

- ▶ Total Revenues reached PHP38.6 billion, up by 10.0% from PHP35.1 billion
- ▶ Operating Income grew by 11.7% to PHP21.4 billion from PHP19.1 billion
- ▶ Total Investment Properties of PHP220.8 billion

Fast Facts

- ▶ 46 Residential Projects
- ▶ 111, 659 Residential Units (since 2003)

9M2017 Operating Highlights

- ▶ Total Real Estate Revenues expanded by 9.8% to PHP20.5 billion from PHP18.6 billion
- ▶ Operating Income rose by 20.4% to PHP6.2 billion from PHP5.1 billion
- ▶ Total Assets amounted to PHP132.2 billion

Fast Facts

- ▶ 6 Office Buildings with 383,000 sqm total GFA
- ▶ 3 warehouses and other facilities with GFA of 37,480 sqm

9M2017 Operating Highlights

- ▶ Total Revenues increased by 14.8% to PHP2.3 billion from PHP2.0 billion
- ▶ Operating Income went up by 21.6% to PHP1.9 billion from PHP1.5 billion
- ▶ Total Investment Properties amounted to PHP35.2 billion

Fast Facts

- ▶ 6 Hotels
- ▶ 1,510 Hotel Rooms
- ▶ 4 Convention Centers and 3 Trade Halls

9M2017 Operating Highlights

- ▶ Total Revenues jumped by 62.1% to PHP3.5 billion from PHP2.1 billion
- ▶ Operating Income improved by 154.7% to PHP841 million from PHP330 million
- ▶ Total Investment Properties of PHP10.6 billion



Key Business Units

Malls

Residences

Commercial

Hotels & Convention Centers

Malls



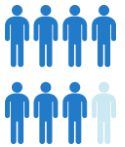
65 Malls Philippines
7 Malls China

Total GFA



7.98M sqm Philippines
1.27M sqm China

Average Daily Pedestrian Count



3.5M Visitors Philippines
0.2M Visitors China

Mall Tenants



17,230 Tenants Philippines
1,867 Tenants China

Parking Slots



83,521 Slots Philippines
15,373 Slots China

Cinema



334 Screens Philippines
58 Screens China

SM Prime is the largest mall operator/developer in the Philippines

Key Business Units

Malls

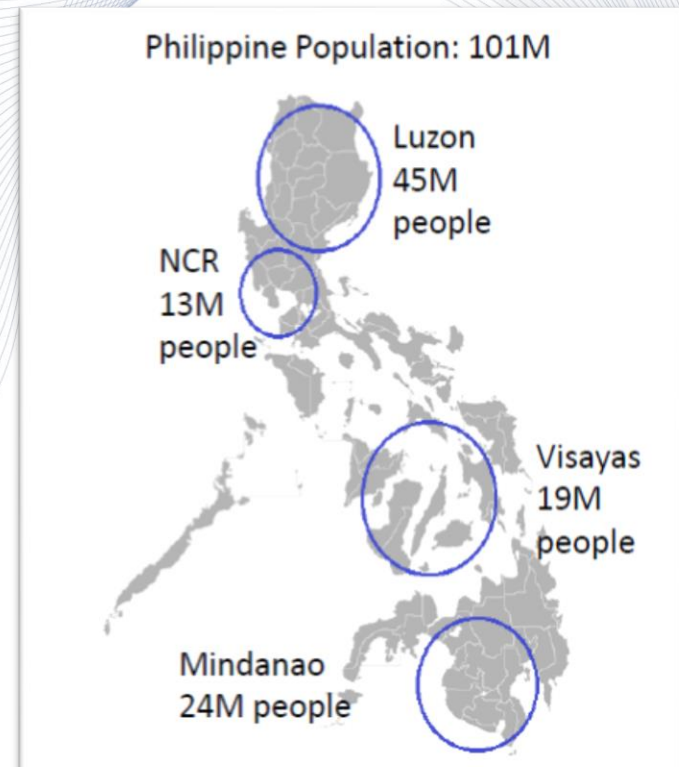
Residences

Commercial

Hotels & Convention Centers

Philippine Malls

- ❑ Metro Manila malls account for 36% in terms of number of malls: followed by Luzon (48%); Visayas (8%); and Mindanao (8%)
- ❑ Average mature mall occupancy rate is 94%
- ❑ Same-Mall-Sales-Growth (SMSG) is 7% year-on-year (YoY)



Key Business Units

Malls

Residences

Commercial

Hotels & Convention Centers

2018 Philippine Malls' Expansion Program

- ❑ New malls are geared towards the provincial cities
- ❑ This year, we opened SM Center Tuguegarao Downtown, SM City Puerto Princesa, SM CDO Downtown Premier in Cagayan de Oro, S Maison in Conrad Manila, Pasay and SM Cherry Antipolo in Rizal
- ❑ Available landbank of 141.66 hectares which is good for over the next 5 years

| New Malls |
|-----------------------|
| SM Center Lemery |
| SM Center Pulilan |
| SM Center Imus |
| SM City Legazpi |
| SM City Urdaneta |
| SM City Telabastagan |
| SM City Ormoc |
| SM Center Dagupan |
| SM Moonwalk Parañaque |
| SM Center Cabuyao |

Key Business Units

Malls

Residences

Commercial

Hotels & Convention Centers

China Malls

- ❑ Operating in China since 2001 and became part of SM Prime in 2007
- ❑ Contributed 5% of the overall revenues and 4% of consolidated operating income
- ❑ Operates 7 malls with a total GFA of 1.3m sqm
- ❑ Future expansions will focus in Fujian province



SM Xiamen Lifestyle



SM City Tianjin



SM City Suzhou

Key Business Units

Malls

Residences

Commercial

Hotels & Convention Centers

Primary Homes

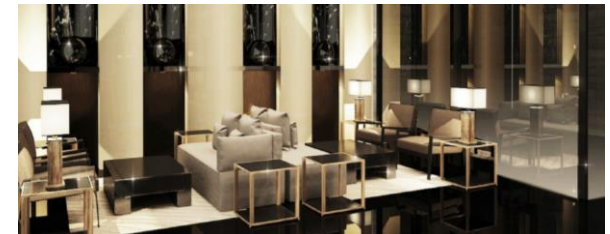
- ❑ A leading residential developer focused on affordable housing segment including high-rise buildings (HRBs) mid-rise buildings (MRBs) and single-detached house and lot
- ❑ Accounts to 32% of the consolidated revenues
- ❑ Will launch 15,000 to 18,000 units in 2018, same pace as 2017
- ❑ Have a total landbank of 464.54 hectares



Fame Residences, Mandaluyong City



Jazz Residences, Makati City



Air Residences, Makati city

Key Business Units

Malls

Residences

Commercial

Hotels & Convention Centers

Primary Homes

Projects Overview

| | |
|--|----------------------------|
| Ready-for-Occupancy (RFO) (Unsold Units) | 2,789 |
| Ongoing Construction (Unsold Units) | 12,704 |
| 9M2017 Reservation Sales (value) | PHP42.1 bn |
| 9M2017 Reservation Sales (units) | 12,963 |
| 2017 Planned launches | 15,000-18,000 units (est.) |
| 2018 CAPEX (est) | PHP39.2bn |

Landbank (Hectares)

| | |
|--------------------------|--------|
| Metro Manila | 67.16 |
| Outside Metro Manila | 397.38 |
| Land for Future Projects | 464.54 |



Coast Residences, Pasay City

Key Business Units

Malls

Residences

Commercial

Hotels & Convention Centers

Leisure Homes

- Have 2 large-scale tourism projects – Tagaytay Highlands and Pico de Loro
 - Tagaytay Highlands is an exclusive mountain resort, golf club and residential complex, covering some areas of Cavite and Batangas provinces
 - The 40-hectare Pico de Loro is the Phase 1 of Hamilo Coast project, a premier and sustainable leisure destination in Nasugbu, Batangas
- Landbank of 539.10 hectares



Pico de Loro at Hamilo Coast



Construction of Woodridge Place's Mahogany and Linden buildings



The Aspenhills Village Hall

Key Business Units

Malls

Residences

Commercial

Hotels & Convention Centers

Offices

- Have 6 office buildings with a combined GFA of 383,000 sqm
- ThreeE-ComCenter (GFA of 130,000 sqm) and FourE-ComCenter (GFA of 191,000 sqm) are currently under construction and are scheduled for completion in 2018 and 2020, respectively
- Have an available land bank of 76 hectares

Completed Projects



TwoE-comCenter

FiveE-comCenter

On-going Project



ThreeE-comCenter

FourE-comCenter

Key Business Units

Malls

Residences

Commercial

Hotels & Convention Centers

Hotels & Convention Centers

- ❑ Operating 6 hotels with over 1,500 rooms; 4 SMX Convention Centers, and 3 Megatrade Halls with almost 37,000 sqm of leasable space
- ❑ Opened the 347-room Conrad Manila in Mall of Asia Complex, Pasay City last June 2016



Radisson Blu Hotel

Pico Sands Hotel

Park Inn by Radisson



Park Inn Clark



Conrad Manila



SMX Convention Center

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 Focus on affordable and economic housing products

5 Continue the rollout of offices, hotels and convention centers





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

5-Year Roadmap to 2018

| | Malls | Residences | | Commercial | Hotels & Convention Centers |
|--------|---|---|---------------------------------------|--|-----------------------------|
| | | Primary Homes | Leisure Homes | | |
| 2018E | GFA: 10.5 Million sqm (86% Phil + 14% China) | Launched Units: 132,424 Projects: 65 | Launched Units: 2,600 Projects: 19 | GFA: 0.51 Million sqm No of Towers: 7 | Rooms: 1,510 Projects: 6 |
| | +13% in GFA | +13% in units | +10% in units | +34% in GFA | +0% in rooms |
| 2017 E | GFA: 9.3 Million sqm (86% Phil + 14% China) | Launched Units: 117,424 Projects: 54 | Launched Units: 2,363 Projects: 16 | GFA: 0.38 Million sqm No of Towers: 6 | Rooms: 1,510 Projects: 6 |
| | +4% in GFA | +15% in units | +10% in units | +0% in GFA | +0% in rooms |
| 2016 A | GFA: 8.9 Million sqm (86% Phil + 15% China) | Launched Units: 102,424 Projects: 39 | Launched Units: 2,148 Projects: 13 | GFA: 0.38 Million sqm No of Towers: 6 | Rooms: 1,510 Projects: 6 |
| | +8% in GFA | +15% in units | +6% in units | +16% in GFA | +29% in GFA |
| 2015 A | GFA: 8.3 Million sqm (89% Phil + 11% China) | Launched Units: 89,065 Projects: 34 | Launched Units: 2,035 Projects: 12 | GFA: 0.33 Million sqm No of Towers: 5 | Rooms: 1,167 Projects: 5 |
| | +14% in GFA | +28% in units | 0% in units | +75% in GFA | +15% in rooms |
| 2014 A | GFA: 7.3 Million sqm (89% Phil + 11% China) | Launched Units: 69,421 Projects: 25 | Launched Units: 2,035 Projects: 12 | GFA: 0.19 Million sqm No of Towers: 4 | Rooms: 1,015 Projects: 4 |
| | +4% in GFA | +9% in units | 0% in units | +28% in GFA | +0% in rooms |
| 2013 A | GFA: 7.0 Million sqm (89% Phil + 11% China) | Launched Units: 63,892 Projects: 21 | Launched Units: 2,035 Projects: 12 | GFA: 0.15 Million sqm No of Towers: 3 | Rooms: 1,015 Projects: 4 |

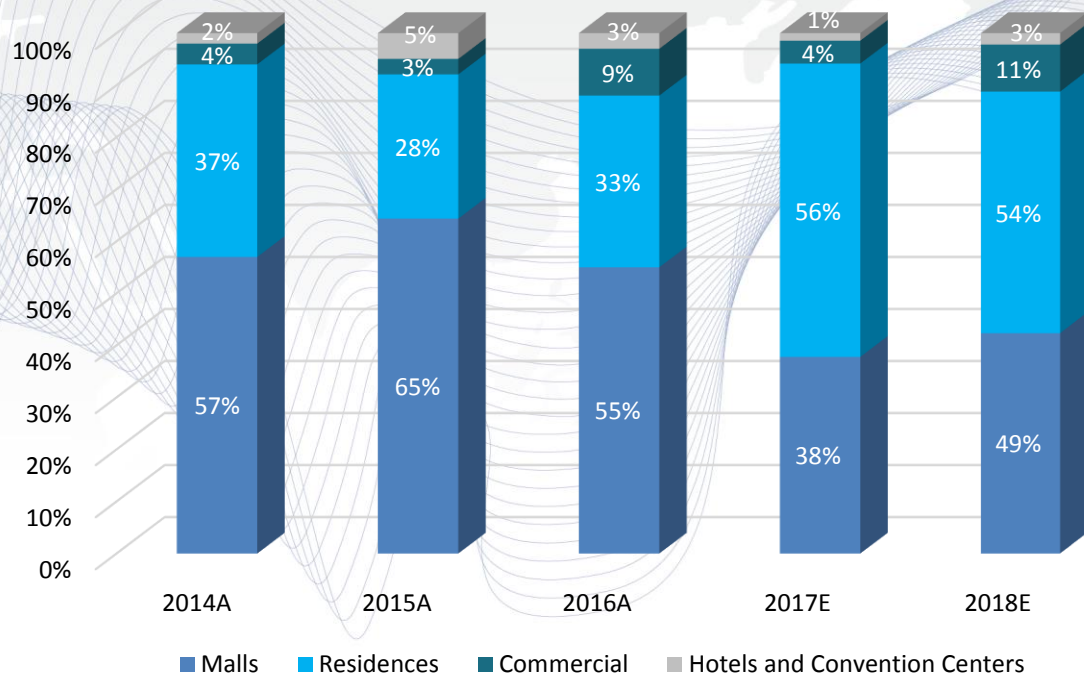
- We are on schedule to meet the 5-Year Program unveiled in 2013
- The growth will be driven by malls and residential operations complemented by offices and hotels and convention centers

Landbank

| | No. of Sites | Area (in hectares) | % of Total | Area by Region (in hectares) | | |
|---|--------------|-----------------------|-------------|------------------------------|--------------|-----------|
| | | | | Metro Manila | Provincial | China |
|  Malls | 35 | 151 | 12% | 8 | 133 | 10 |
|  Primary Homes | 70 | 465 | 38% | 67 | 398 | - |
|  Leisure Homes | 2 | 539 | 44% | - | 539 | - |
|  Commercial | 17 | 76 | 6% | 9 | 67 | - |
| Total | 124 | 1,231 | 100% | 84 | 1,137 | 10 |

- ❑ SM Prime's landbank is good for the next 5 to 7 years, geared towards provincial expansions
- ❑ Leisure projects are for medium-term development

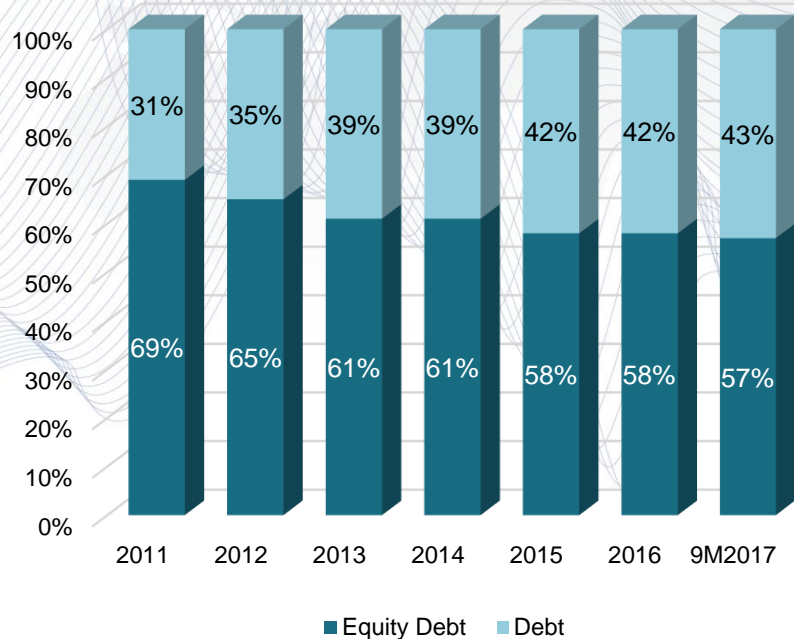
CAPEX Program



- ❑ We will spend an average of PHP50bn per annum on the next 2 years to support our provincial expansion
- ❑ The CAPEX program will be funded by the combination of local borrowings and internal funds

Maintain Conservative Balance Sheet

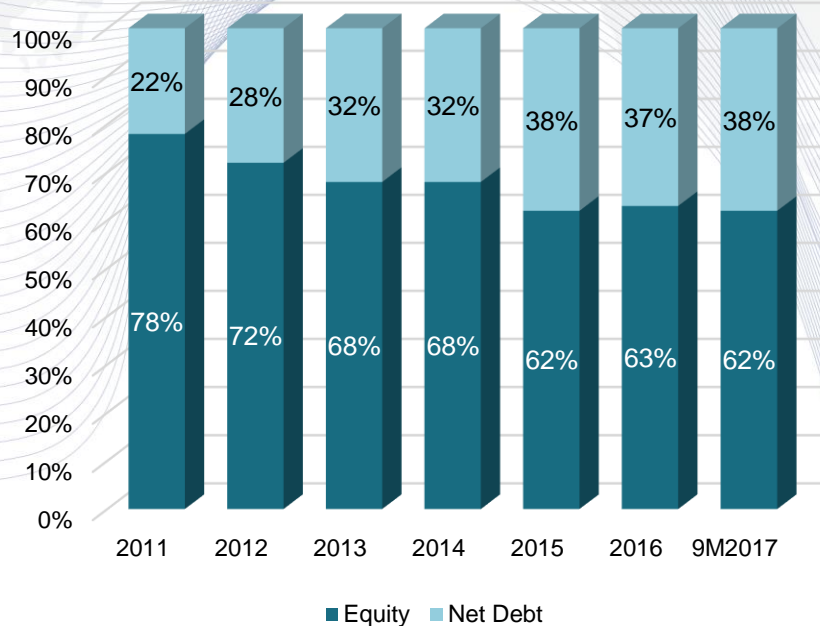
Debt to Equity*



*Total interest-bearing liabilities

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

Net debt to equity**



**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



Financial Highlights

Consolidated Financials

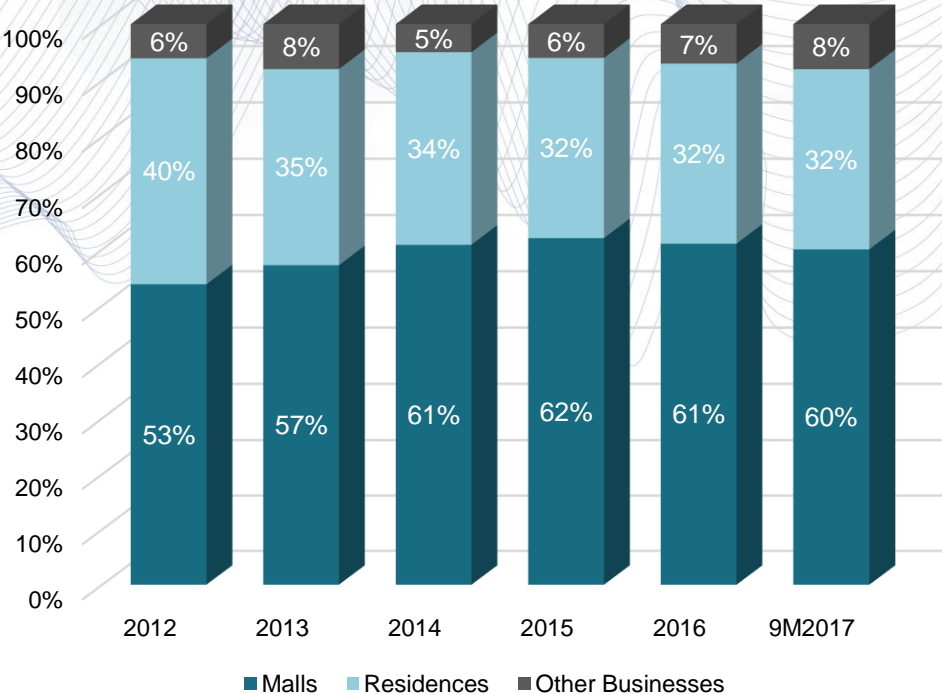
Malls

Residences

Commercial

Hotels & Convention Centers

Revenue Segment Contribution



- ❑ Malls accounts to 60% of SM Prime’s consolidated revenues, while Residences is 32%
- ❑ Other Businesses covers the rest

Consolidated Financials

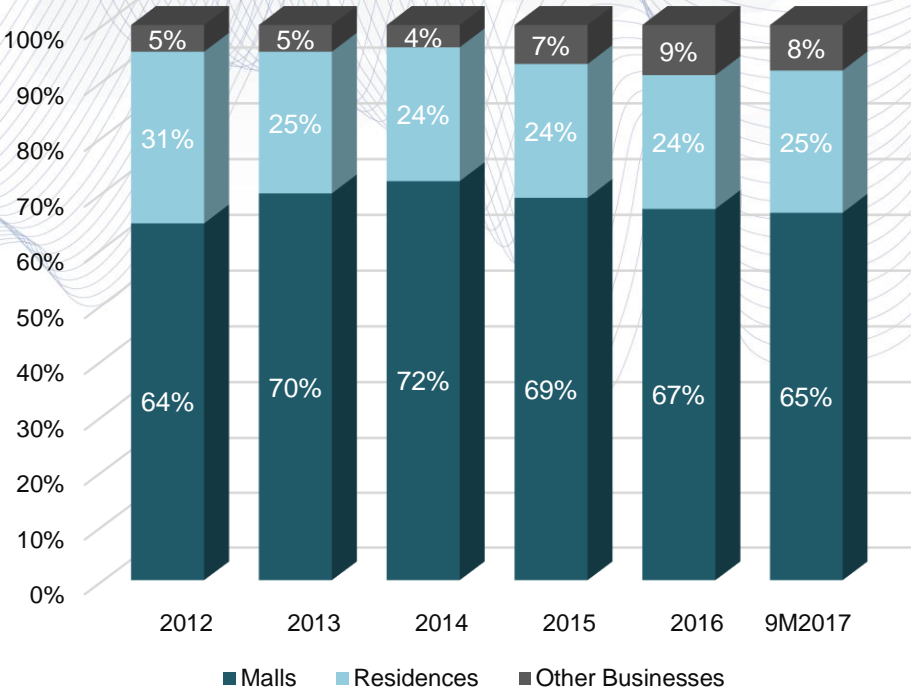
Malls

Residences

Commercial

Hotels & Convention Centers

Net Income Segment Contribution



- ❑ Over 70% of the consolidated net income is recurring while the rest comes from developmental income
- ❑ Malls contribute the most among key business units
- ❑ The contribution from these BUs should be sustained over the medium term

Consolidated Financials

Malls

Residences

Commercial

Hotels & Convention
Centers

| (In PHP billion) | 9M2017 | 9M2016 | % Chg |
|------------------|--------|--------|-------|
| Revenues | 64.7 | 57.8 | 12.0% |
| EBITDA | 36.3 | 31.2 | 16.4% |
| Operating Income | 30.1 | 25.9 | 16.5% |
| Net Income | 20.0 | 17.5 | 14.9% |

- Recorded an 16% net income growth to PHP5.7bn in 3Q2017 from PHP4.9bn, leading to 15% growth to PHP20.0bn from PHP17.5bn in 9M2017. Consolidated revenues likewise grew by 12% to PHP64.7bn from PHP57.8bn
- Growth is a testament to the buoyant overall economy that benefits our revenue and income streams from our businesses

Financials

| | Malls: Phil | Residences | Commercial | Hotels & Convention Centers |
|--|-------------|---------------|---------------|-----------------------------|
| | | | | |
| (In PHP billion) | | | | |
| | | 9M2017 | 9M2016 | % Chg |
| Revenues | | 35.1 | 32.0 | 9.6% |
| - Rent Income | | 29.5 | 26.8 | 10.1% |
| - Cinema and Event Ticket Sales and others | | 5.6 | 5.2 | 7.4% |
| EBITDA | | 24.4 | 21.6 | 13.2% |
| Operating Income | | 20.1 | 17.6 | 13.8% |

- ❑ Revenues grew by 10% in 9M2017 to PHP35.1bn in from PHP32.0bn due to the additional rental revenues from mall expansions and consistent same-mall-sales growth of 7% YoY
- ❑ Operating income increased by 14% to PHP20.1bn from PHP17.6bn, likewise operating margins went up to 57% from 55% in the same period

Financials

| | Residences | Commercial | Hotels & Convention Centers |
|---------------------|------------|------------|-----------------------------|
| Malls: China | | | |
| (In PHP million) | 9M2017 | 9M2016 | % Chg |
| Revenues | 3,491 | 3,074 | 13.6% |
| - Rent Income | 3,375 | 2,977 | 13.4% |
| - Others | 116 | 96 | 19.9% |
| EBITDA | 2,291 | 2,206 | 3.9% |
| Operating Income | 1,325 | 1,519 | -12.8% |

- ❑ Revenues jumped by 14% to PHP3.5bn in 9M2017 from PHP3.1bn in the same period last year, inclusive of initial contribution from SM City Tianjin
- ❑ Excluding SM City Tianjin, operating income increased by 28% to PHP1.9bn from PHP1.5bn and operating income margin grew to 56% from 49% YoY

Financials

| | Malls | Residences | Commercial | Hotels & Convention Centers |
|-------------------------|-------|---------------|---------------|-----------------------------|
| (In PHP billion) | | | | |
| | | 9M2017 | 9M2016 | % Chg |
| Revenues | | 20.5 | 18.7 | 9.8% |
| EBITDA | | 6.3 | 5.3 | 20.1% |
| Operating Income | | 6.2 | 5.1 | 20.4% |

- ❑ Revenues expanded by 10% to PHP20.5bn in 9M2017 from PHP18.7bn driven by the increase in sales take-up of RFO units and construction accomplishments of SMDC's residential projects
- ❑ SMDC's reservation sales rose by 18% to PHP42.1bn from PHP35.5bn, while unit sales increased by 3% bringing the total to 12,963 units from 12,579 units
- ❑ Gross profit margin improved to 49% from 48%, whereas net income margin moved up to 25% from 23%

Financials

Malls

Residences

Commercial

Hotels & Convention
Centers

| (In PHP billion) | 9M2017 | 1H2016 | % Chg |
|------------------|--------|--------|-------|
| Revenues | 2.3 | 2.0 | 14.8% |
| EBITDA | 2.2 | 1.8 | 19.3% |
| Operating Income | 1.9 | 1.5 | 21.6% |

- ❑ Posted a 15% revenue growth to PHP1.5bn from PHP1.3bn YoY driven by the new rental revenues from FiveE-comCenter
- ❑ Operating income improved by 22% to PHP1.9bn from PHP1.5bn, operating income margin likewise rose to 82% from 78% in the same period being reviewed

Financials

Malls: China

Residences

Commercial

Hotels & Convention
Centers

| (In PHP million) | 9M2017 | 9M2016 | % Chg |
|------------------|--------|--------|--------|
| Revenues | 3,485 | 2,150 | 62.1% |
| EBITDA | 1,251 | 599 | 108.9% |
| Operating Income | 841 | 330 | 154.7% |

- ❑ Revenues reached PHP3,485mn in 9M2017 from PHP2,150mn in 9M2016, up by 62%
- ❑ Operating income increased by 155% to PHP841mn from PHP330mn, while operating income margin went up by 24% from 15%
- ❑ Overall growth was highly attributed to the opening of Conrad Manila last June 2016

Consolidated Balance Sheet

| (In PHP Million (except % data)) | 9M2017 | % to Assets | 2016 | % to Assets |
|---|----------------|-------------|----------------|-------------|
| Assets | | | | |
| Cash and cash equivalents | 39,486 | 8% | 25,201 | 5% |
| Available-for-sale investments | 27,559 | 5% | 21,213 | 5% |
| Receivables | 32,820 | 6% | 32,833 | 7% |
| Investment Properties | 266,618 | 51% | 251,499 | 54% |
| Land and development | 63,315 | 12% | 46,701 | 10% |
| Condominium and residential units for sale | 7,065 | 1% | 5,206 | 1% |
| Other Assets | 85,071 | 16% | 82,907 | 18% |
| Total Assets | 521,934 | 100% | 465,560 | 100% |
| Liabilities and Stockholders' Equity | | | | |
| Interest bearing debt | 189,869 | 36% | 164,378 | 35% |
| Accounts payable and others | 79,933 | 15% | 65,819 | 14% |
| Total Liabilities | 269,862 | 52% | 230,197 | 49% |
| Total Equity | 252,072 | 48% | 235,364 | 51% |

- ❑ Continue to maintain a very conservative balance sheet
- ❑ Half of our assets are in the investment properties while our interest bearing debt accounts for 36%

Cash flow

| (In PHP millions) | 9M2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Cash Flows from Operating Activities | | | | | | |
| Operating Income before Working Capital Changes | 35,007 | 42,122 | 36,362 | 33,568 | 30,020 | 26,865 |
| Cash Generated from Operations | 32,029 | 43,597 | 37,425 | 11,646 | 28,030 | 10,233 |
| Cash flows from Investing Activities | (24,069) | (32,999) | (55,230) | (29,389) | (30,715) | (20,528) |
| Cash Flows from Financing Activities | 12,132 | (5,604) | 14,015 | 30,750 | 12,709 | 17,907 |
| Net Cash and Cash Equivalents | 14,285 | (669) | (9,375) | 8,104 | 5,843 | 3,954 |
| Cash and Cash Equivalents at Beginning of Year | 25,201 | 25,870 | 35,245 | 27,142 | 21,299 | 17,345 |
| Cash and Cash Equivalents at End of Year | 39,486 | 25,201 | 25,870 | 35,245 | 27,142 | 21,299 |

- ❑ Net gearing is equivalent to 38:62 in 9M2017, still within the management target of keeping 50:50 net debt to equity ratio
- ❑ Cash flow mostly come from malls and residential operations

Investment Highlights

- ❑ Establish strong brand equity
- ❑ Leading integrated real estate platform with strong track record across full suite of asset classes
- ❑ World-class mall 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





Thank You.