



Investing for a Better Tomorrow

Philippines-Japan Business Investment Forum 2018

Inclusive Growth of the Philippines and Numerous Business Opportunities

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Corporate Affairs & Sustainability
SM Investments Corporation



Japan–Philippines Economic Partnership Agreement

- Covering investment and free trade agreement between Japan and the Philippines
- Signed in Helsinki, Finland on September 9, 2006



The Jeepney



1949



2018

KAI

ZEN

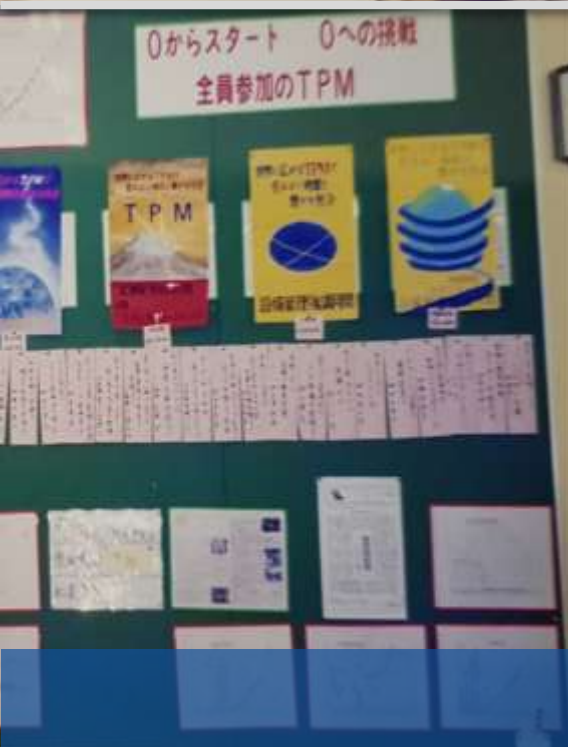
改

善

Change for Good



JICA-sponsored training on Heavy Machineries, 1977



TPM Training by JIPM, 1993

Income Statement and Balance Sheet

\$ million

Income statement

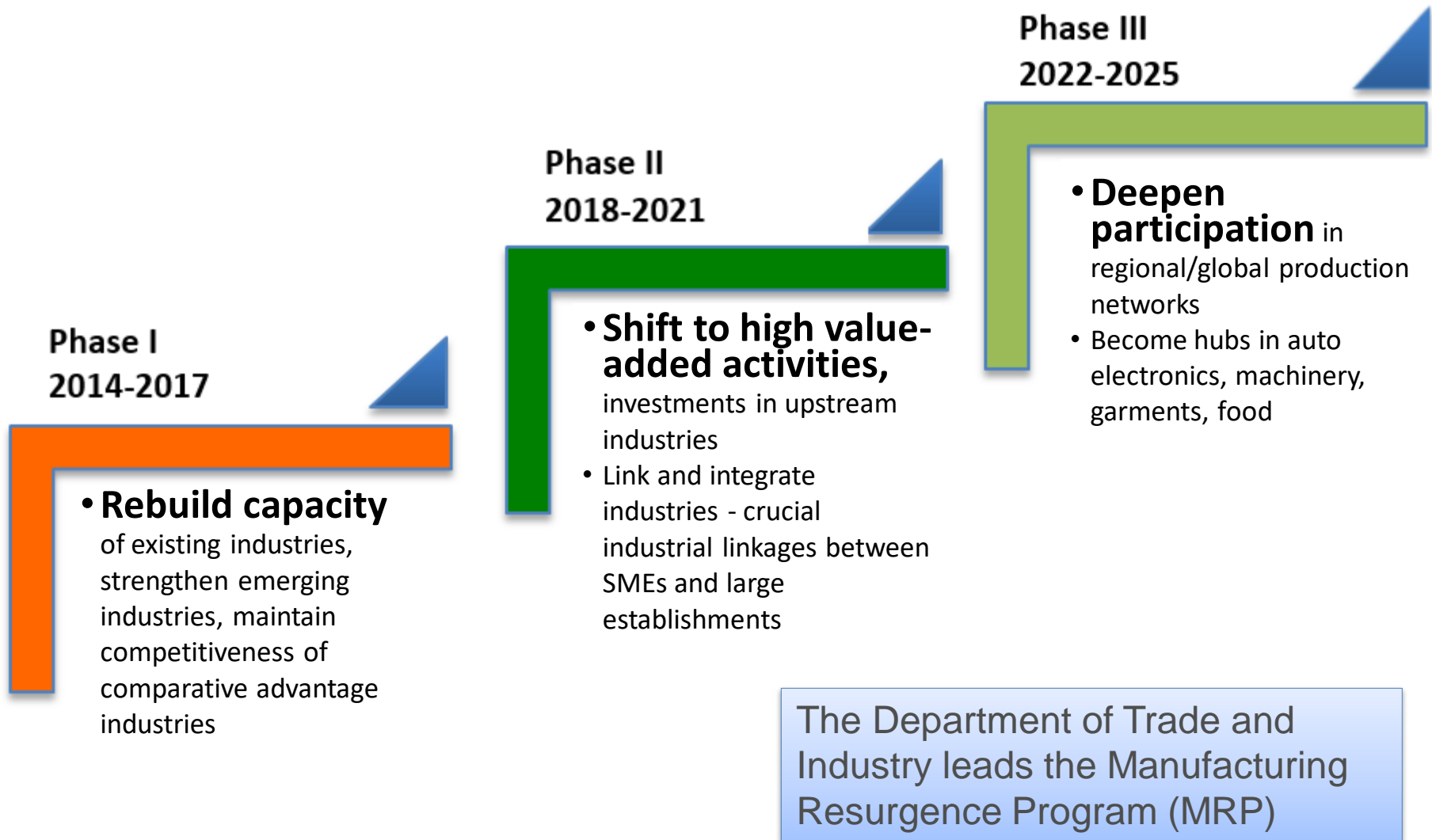
	Prior year	Current year
Revenues	782.6	900.0
Cost of sales	(508.7)	(612.0)
Selling costs	(156.5)	(171.0)
Depreciation	(27.0)	(31.3)
Operating profit	90.4	85.7
Interest	(5.0)	(7.5)
Earnings before taxes	85.4	78.2
Taxes	(31.1)	(30.8)
Net Income	54.3	47.4

Balance sheet

	Prior year	Current year
Working cash	15.0	12.3
Accounts receivable	85.8	111.0
Inventory	69.7	75.5
Current assets	170.5	198.8
Property and equipment	626.1	720.0
Total assets	796.6	918.8
Liabilities and equity		
Accounts payable	33.7	44.1
Short-term debt	—	19.4
Current liabilities	33.7	63.5
Long-term debt	170.0	215.0
Shareholders' equity	592.9	640.3
Liabilities and equity	796.6	918.8



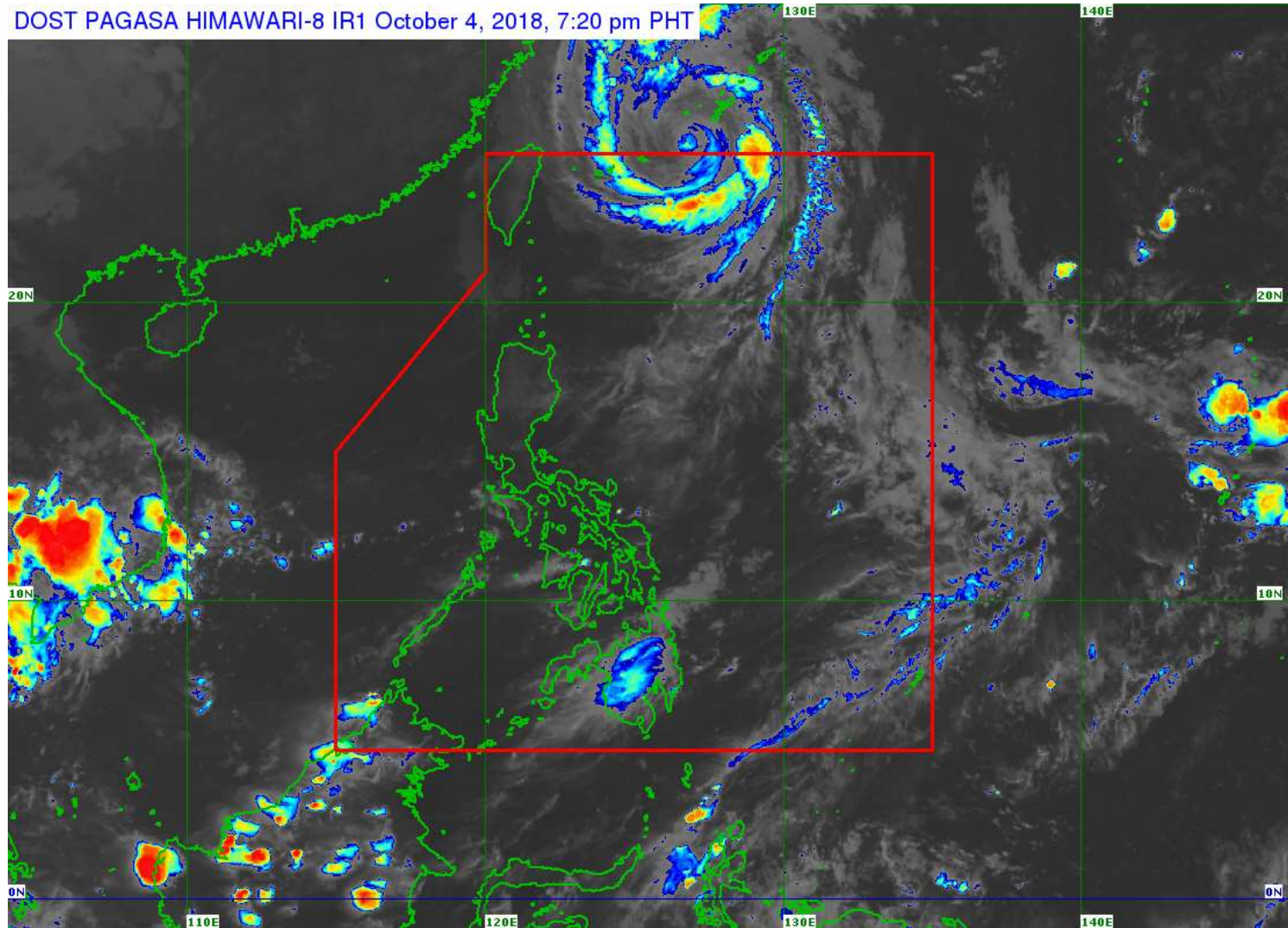
Philippines' Manufacturing Resurgence Program



'Queenie' out of PH, en route to southern Japan

By: [Consuelo Marquez](#) - Reporter / @CMarquezINQ INQUIRER.net / 07:53 PM October 04, 2018

DOST PAGASA HIMAWARI-8 IR1 October 4, 2018, 7:20 pm PHT





7,107
islands

Photo: Project LUPAD

March 11, 2017

Total number of Philippine Islands is now 7,641



Source: *Philippine Primer*

The Philippines at a glance

POPULATION - 2017



GNI PER CAPITA (PPP) - 2016



LAND AREA

**300,000
SQUARE KMS**



GDP GROWTH - 2017



GDP GROWTH FORECAST

6.7% (2018), 6.8% (2019), 6.8% (2020)

CAPITAL CITY



MANILA

GDP 2017

US\$321.2 BILLION

POLITICAL STRUCTURE



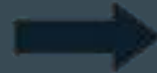
**CONSTITUTIONAL
DEMOCRATIC REPUBLIC**

HOW OLD ARE FILIPINOS?

Filipinos are younger compared to the rest of the world.

The median age in the Philippines is 23.1 years old.
This is equivalent to the age of someone who recently graduated from college.

15.1	UGANDA
15.2	NIGER
16.4	MALI
23.1	PHILIPPINES
34.7	THAILAND
28.2	VIETNAM
45.4	JAPAN
30.2	UAE
37.1	USA



The Philippines is in an economic sweet spot because of its young workforce.



Typhoons



Flooding



Fire



Earthquake



ARISE is a **UNISDR-led network** of private sector alliance for disaster resilient societies whose members voluntarily commit to align with the **Sendai Framework**.



United Nations International Strategy for Disaster Reduction

As the UN office for disaster risk reduction, **UNISDR** supports the implementation, follow-up and review of the **Sendai Framework for Disaster Risk Reduction 2015-2030**, which was adopted by the Third UN World Conference on Disaster Risk Reduction on 18 March 2015 in Sendai, Japan.



Development of Critical Infrastructure



Road networks



Water systems



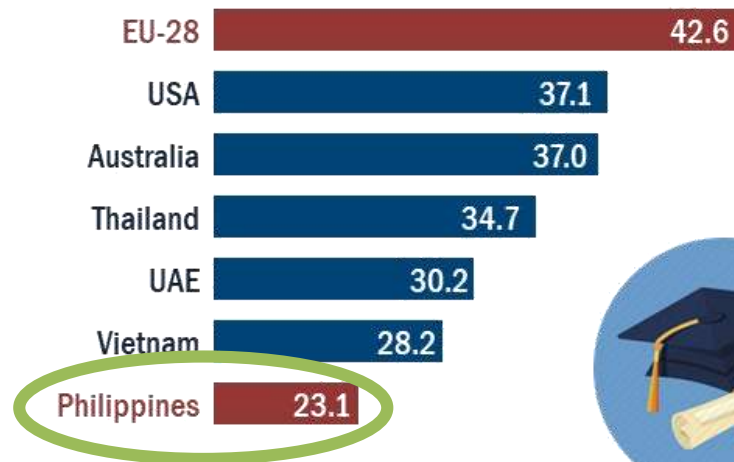
Power supply



Telecommunications

Development of Human Capital

PH in Demographic Sweet Spot



FILIPINOS ARE YOUNGER COMPARED TO THE REST OF THE WORLD

The median age in the Philippines is 23.1 years old.
This is equivalent to the age of someone who recently graduated from college.

Development of Human Capital



Creation of Local Jobs



Establishment of Reliable Social Safety-Nets



Food sufficiency



Healthcare



Education



30%
of total Philippine
Stock Exchange
market capitalization

SM Investments Corporation – Our Businesses

Core Investments

Retail	Banking	Property
SM RETAIL	BDO UNIBANK	SM PRIME HOLDINGS
	CHINA BANKING CORP.	
THE SM STORE		MALLS
FOOD		RESIDENTIAL
JOINT VENTURES		COMMERCIAL
SPECIALTY RETAILERS		HOTELS & CONVENTIONS
		LEISURE & TOURISM

Equity Investments

BELLE CORP
ATLAS MINING
NET GROUP
CITYMALL
2GO GROUP
MYTOWN
AIRSPEED
GOLDILOCKS

SM Group Companies' Rankings in the Philippines

Conglomerates

Market Cap (USD bn)

SMIC 21.8

Ayala Corp	11.8
JG Summit	8.0
SMC	7.5
Aboitiz Equity	5.6
LT Group	3.5
GT Capital	3.3
Metro Pacific	3.2
DMCI	3.2
Alliance Global	2.6

Source: Bloomberg;
Figures as of August 31, 2018

Retailers

FY 2017 Total Sales (USD bn)

SM Retail 5.8

Puregold	2.5
Robinsons	2.3

Source: Company Information, end-2017

Banks

Total Resources (USD bn)

BDO 53.1

Metrobank	39.7
BPI	36.6
Landbank	31.3
PNB	16.2
China Bank 13.8	
Security Bank	13.4
DBP	11.9
UnionBank	11.7
RCBC	11.3

Source: Company Information, 3M 2018

Property Developers

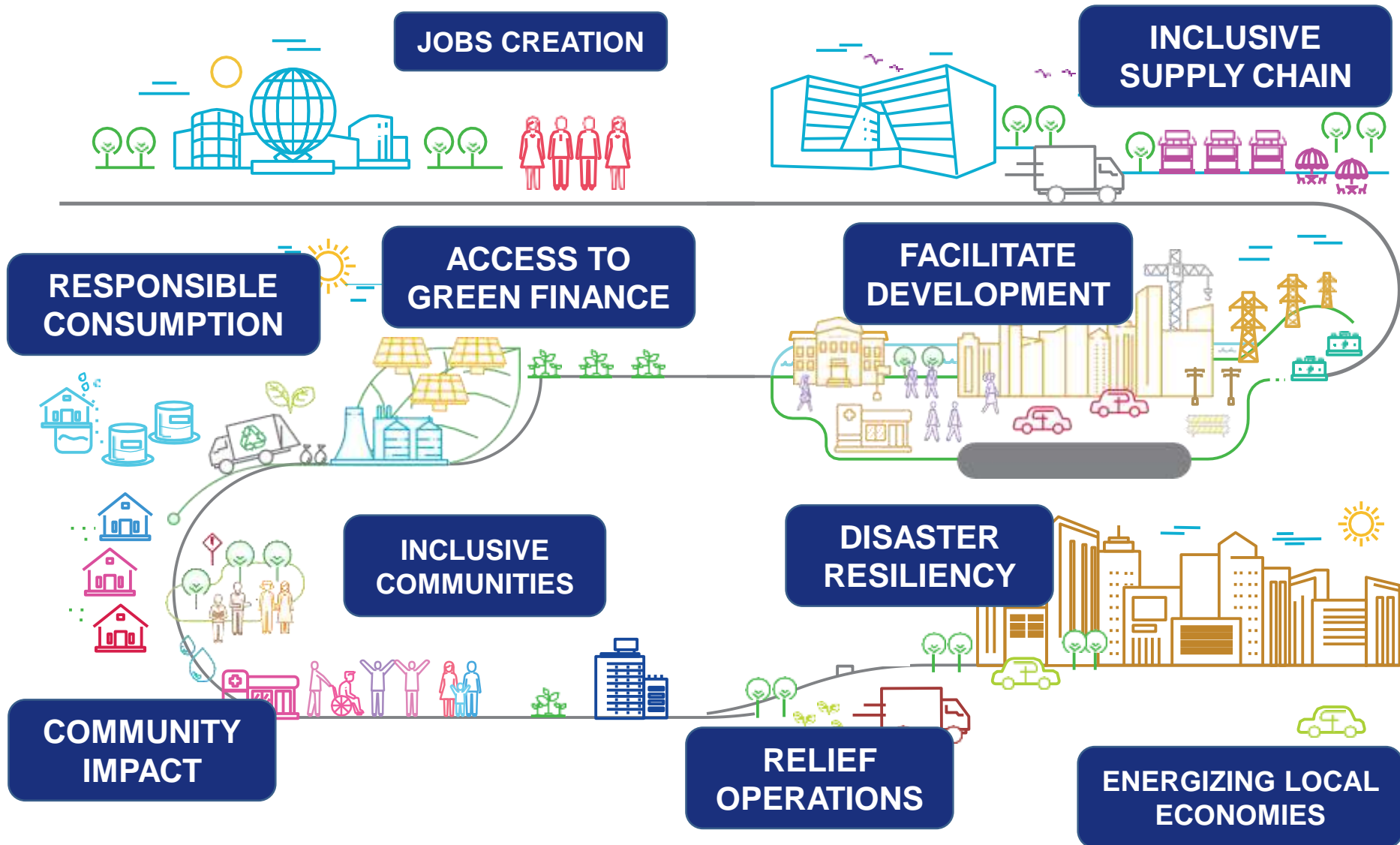
Market Cap (USD bn)

SM Prime 21.8

Ayala Land	12.3
Megaworld	2.8
Robinsons Land	2.1
Vistaland	1.5
Double Dragon	1.1
Filinvest	0.7

Source: Bloomberg;
Figures as of August 31, 2018

SM's Path to Sustainable Growth

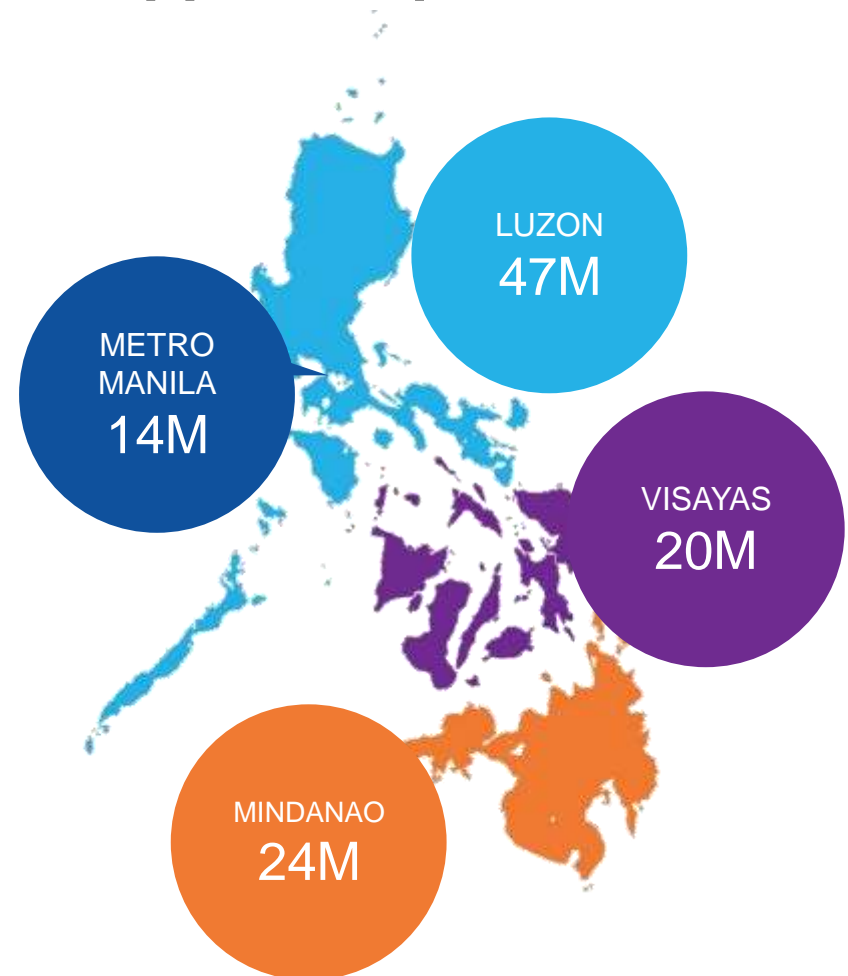


Nationwide Footprint ... and Expansion Opportunity

As of end 2017

- 2,149 retail outlets
- 70 malls
- 1,827 bank branches

Philippine Population: 106M





BUILDS SM MALLS & STORES

Job Opportunities

350,000+

jobs created directly
and indirectly

One of the

Top 10 Jobstreet
Top 2,000 Forbes business
magazine

best companies to work for





Inclusive Supply Chain

1,400+

MSMEs engaged

National Snack: “Turon”

Fried sugar-glazed banana





Aloha Fruits and Vegetables

Proprietor: Glaiza Angsibayan



supplies an
average of
20 tons of
saba per
week



supplies to
36 SM Markets
stores in just
3 years



supplies
200 kilos of
durian during
Fruits of the
Season

Drink for 2 Program in partnership with UNICEF



100,000+

students in 94 public elementary schools with access to clean water

Facilitate Development

132

public school
buildings and

509

health centers and
medical facilities built





The SM Mall of Asia Complex





Responsible Consumption

5.6M m³

water recycled by
SM Prime equivalent to

2,231

Olympic-size
swimming pools

Access to Green Finance

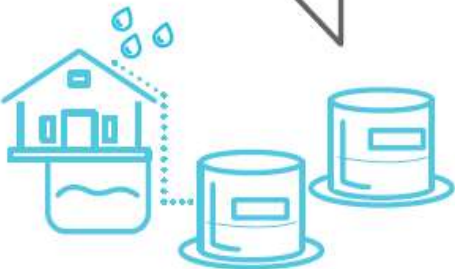
US\$450M

green funds
resulting to

636,545

tonnes CO₂e avoided
per year

**PROMOTES
ENVIRONMENTAL
RESPONSIBILITY**





246 number of stilts



20.5m
elevation from the ground



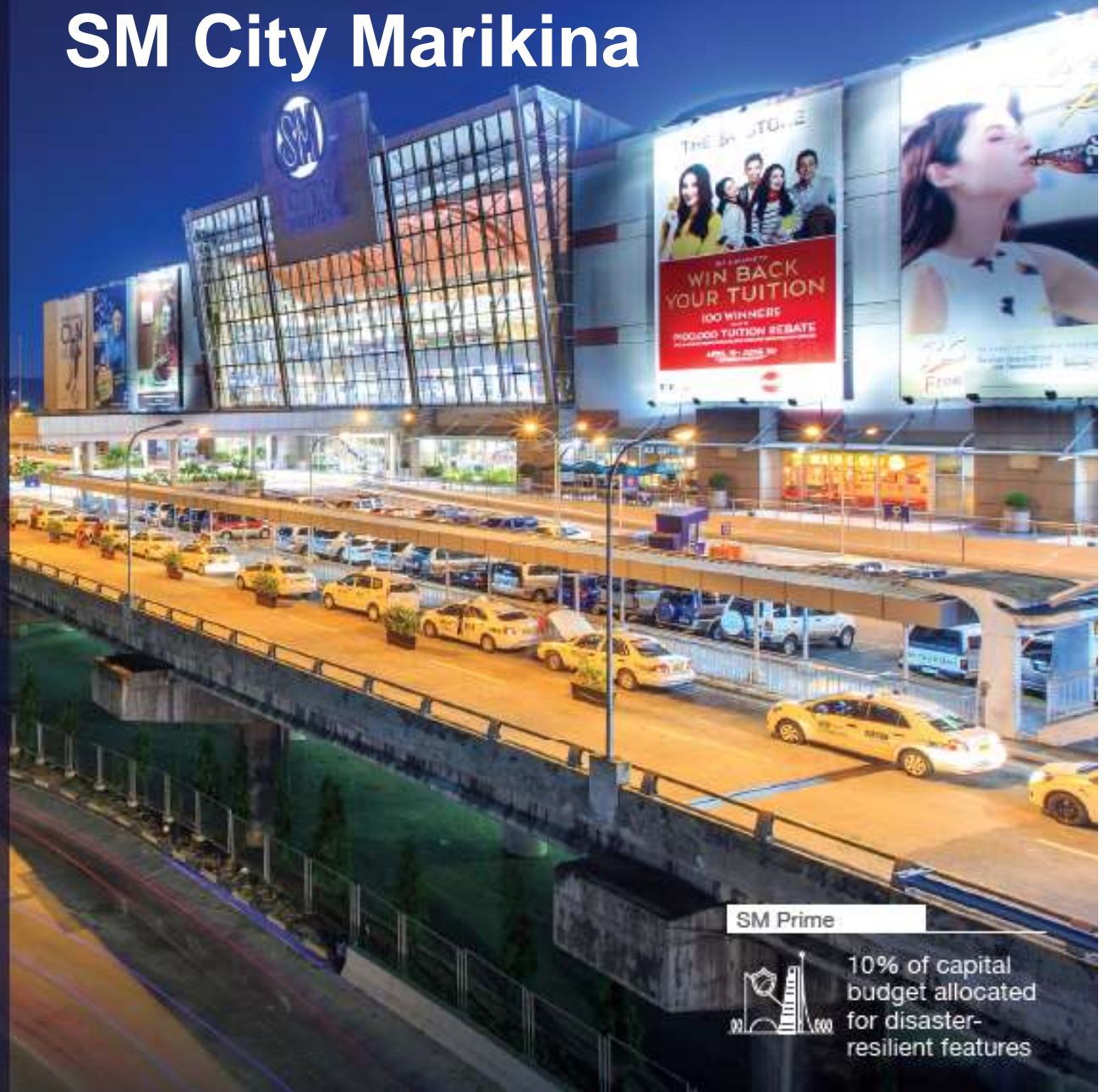
built **20m**
farther than the standard
regulation of buildings
- 90m away from the
Marikina River centerline



3,000

people who took shelter
in SM City Marikina
during Typhoon Ondoy
(Ketsana)

Disaster Resilient Mall SM City Marikina



SM Prime



10% of capital
budget allocated
for disaster-
resilient features

Renewable Energy

33,000

solar panels installed
in various SM Malls
enough to power
6,000 households

8.9MW

Power



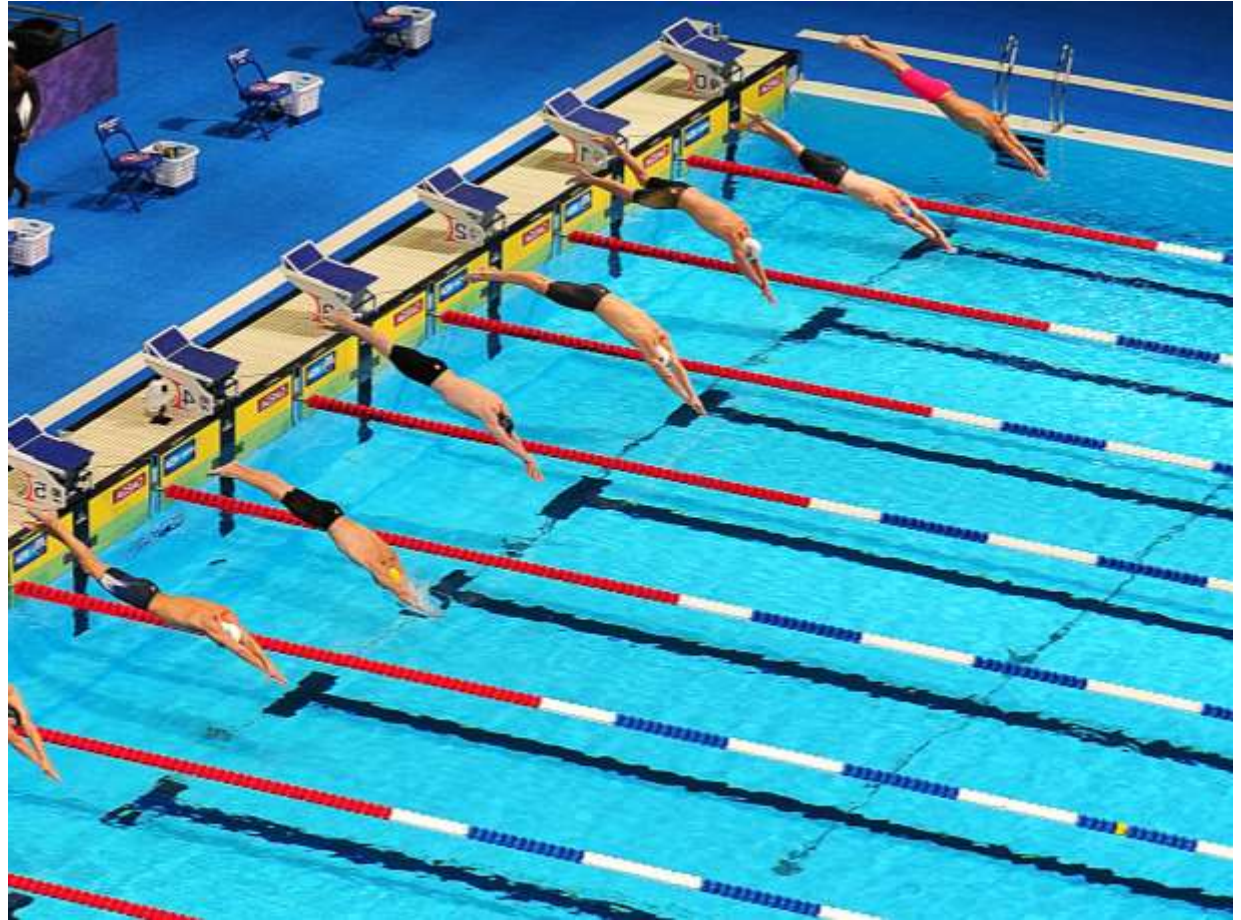
Water Recycling

5.6M

water recycled
equivalent to

2,231

Olympic-size
swimming pools





3

marine protected
areas within our
areas of operations

468

unique individuals out of the 1,000
Philippine whale sharks protected
through BDO Partnership with WWF

10

hectares of
mangroves
protected



82

bird species recorded and protected in
Pico de Loro

80+

Oliver Ridley turtle hatchlings released

Promoting Social Inclusion



**MOVIES FOR
THE DEAF AND
BLIND**



**PROGRAMS FOR CHILDREN
WITH SPECIAL NEEDS**



**JOBS FOR
SENIOR
CITIZENS**



Supporting Communities



EDUCATION



**HEALTH &
WELLNESS**



**FARMERS'
TRAINING**



**ENVIRONMENTAL
SUSTAINABILITY**

Disaster Risk Reduction

102,400+

direct and indirect beneficiaries of UN ARISE activities promoting disaster resilient societies



DRIVES SUSTAINABLE GROWTH

100,000+

kalinga packs distributed by SM Foundation

424,200+

families supported by BDO Foundation

Energizing Local Economies

Top Taxpayer

in 30 cities

SM's Path to Sustainable Growth

Impact to Date

Job Opportunities

350,000+

jobs created directly and indirectly

One of the

Top 10 *Jobstreet*

Top 2,000 *Forbes business magazine*
best companies to work for

Inclusive Supply Chain

1,400+

MSMEs engaged

BUILDS SM MALLS AND STORES

Responsible Consumption

5.6M m³

water recycled by SM Prime equivalent to

2,231

Olympic-size swimming pools

Access to Green Finance

US\$450M

green funds resulting to

636,545

tonnes CO₂e avoided per year

PROMOTES ENVIRONMENTAL RESPONSIBILITY

Facilitate Development

132

public school buildings and

509

health centers and medical facilities built

PROVIDES INCLUSIVE ECONOMIC OPPORTUNITIES

Community Impact

15M

beneficiaries served

Inclusive Communities

186,350+

participants in activities supporting persons with special needs

CREATES POSITIVE COMMUNITY IMPACT

Disaster Risk Reduction

102,400+

direct and indirect beneficiaries of UN ARRISE activities promoting disaster resilient societies

DRIVES SUSTAINABLE GROWTH

1,000

disaster-resilient homes built



100,000+

kilanga packs distributed by SM Foundation

424,200+

families supported by BDO Foundation

Energizing Local Economies

Top Taxpayer

in 30 cities

Business Development Leadership Roles

Teresita



BDO and Non-
Food Retail

Elizabeth



Hotels and
Convention
Centers

Henry Jr.



Integrated
Property
Development and
Residential

Hans



China Bank
and Mall
Development

Herbert



Food
Retail

Harley



Non-food
Retail

Board of Directors



Sustainable Development Leadership Roles

Teresita



**Economic
Inclusion / Job
Creation and
Agriculture**

Hans



**Climate Change
Actions and
Disaster Risk
Reductions**

Herbert



**Food Supply
Chain and
Solid Waste
Management**

Elizabeth



**Life on Land and
Water, Nature
Conservation
and Biodiversity**

Harley



**Education &
Health and
Well-being**

Henry Jr.



**Sustainable
Living and
Cities**



Henry Sy, Sr.

**Overall vision of a
better tomorrow for
the Philippines**



Felicidad Sy

**Wellness, Peace and
Spiritual Development**

どうも有り難うございます。

Domo arigato gozaimasu.

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