

Mr. Frederic DyBuncio

Nikkei Asia300 Global Business Forum

Bangkok, Thailand

July 14, 2017

Opening Statement

Good afternoon.

Thank you for Nikkei's kind invitation and I'm very pleased to participate in this business forum.

Undoubtedly, the ASEAN market integration opens up to endless possibilities for those who wish to take part and be competitive. It allows free flow of goods, services, capital and investments. There is higher awareness about ASEAN integration today which provides access to economies that have been growing at an average rate of 5.3% in annual GDP Growth from 2000 to 2016, access to corporates and markets with a youthful population of 635 million people.

Financial markets in ASEAN will open doors to new pools of investors for debt and equity issuances especially for Philippine corporates.

Competition is part of the game which could provide pressure on margins and profitability especially with the presence of larger ASEAN corporates getting their feet wet in the Philippine market.

More interestingly is that ASEAN integration is also happening at the cusp of a digital revolution. As technology further evolves and connects economies of varied cultures and geopolitics, more issues come to the fore and present complex challenges and disruptive opportunities for everyone.

At SM Investments Corporation, we are preparing for multiple scenarios. Basically at the core of this is making sure our financial position is strong.

We are also studying very closely the evolving digital landscape and its possible impact on our businesses and the rest of the region, taking into account our strengths and keeping our ears close to the ground for opportunities.

Our company has been in the Philippines for nearly 60 years and we are still committed to investing in the country as we see high potential for growth. SM is uniquely positioned to capture the growth in the Philippine economy because of its strong brand franchise, market leading position, synergies and track record of success. Our government's plans for investment in infrastructure, agriculture and tourism in particular give us high confidence in expanding our presence across the country.

Outside of our own borders, we are invested in China through our malls. We have seven malls there as we endeavor to provide the same quality and level of service our company and our brand are known for in emerging cities in China with a growing middle class.

Asia and ASEAN in particular are large growth regions and therefore ripe for those who would have the mindset and resources to compete.

Our goal is to further strengthen our own market position locally in order to better face greater ASEAN interconnectivity.

Before I close, let me briefly share what we look for as an investment company when we expand. Before we go into new markets, we ask ourselves how this can potentially enhance group synergies. We look for businesses that can offer stable cashflows and attractive financial returns. Like the proverbial suitor, SM is attracted to companies that can capture high-growth opportunities. We like market leaders or those with potential to become leaders in their chosen sectors.

It is very timely that through this forum we seek to understand the numerous opportunities ASEAN integration opens for us.

Again, thank you for letting me participate. I look forward to our ensuing discussions.

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