



**INVESTMENTS
CORPORATION**

May 10, 2017

PHILIPPINE STOCK EXCHANGE, INC.
Tower One, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Mr. Jose Valeriano B. Zuño III**
OIC - Head, Disclosure Department

Ms. Christina Marie C. Fortes
Assistant Manager, Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.
37th Floor, Tower 1, The Enterprise Center
6766 Ayala Ave., cor. Paseo de Roxas, Makati City

Attention: **Ms. Vina Vanessa S. Salonga**
Head, Issuer Compliance and Disclosure Department (ICDD)

Re: **Press Release - SM Net Income Grows 8% in Q1**
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Ladies and Gentlemen:

Please be informed that SM Investments Corporation will be releasing to the press the attachment entitled "SM Net Income Grows 8% in Q1".

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Elmer B. Serrano', written over a horizontal line.

ELMER B. SERRANO
Corporate Secretary

Encl. a/s



INVESTMENTS
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PRESS RELEASE

SM Net Income Grows 8% in Q1

(10 May 2017. Pasay City, Philippines) SM Investments Corporation (SM) registered an 8% growth in net income in the first quarter of 2017 to PHP7.7 billion from PHP7.1 billion in the same period the previous year. Consolidated revenues also rose 8% to PHP84.5 billion from PHP78.4 billion in the first quarter.

“SM is off to a strong start in the first quarter with good growth and steady profit margins across our core businesses. We are also pleased with recent acquisitions like our stake in 2GO Group, which will help us build our portfolio of investments to capture the high growth of the Philippine economy,” SM President Frederic C. DyBuncio said.

SM is taking opportunities to build its portfolio of investments in complementary businesses that will help capture the high growth of the Philippine economy. Its equity investments include stakes in strong assets such as the City of Dreams Manila property, NET Buildings, CityMalls and others. It recently announced the acquisition of 34.5% in the parent company of 2GO Group and 61.2% in MyTown. SM continues to look to invest in partners with leading positions, strong management and potential for high growth and attractive yields.

For the first quarter, property accounted for 44% of SM’s consolidated net income, followed by banks at 35% and retail at 21%.

Retail

Retail operations under SM Retail Inc., which consist of both food (SM Markets) and non-food (THE SM STORE and Specialty Retail) reported sustained growth in total sales of 7% to PHP61.4 billion in the first quarter, while net income rose 3% to PHP2.3 billion.

At end-March, SM Retail had a total of 2,194 stores comprising 57 THE SM STOREs, 1,584 specialty retail stores, 48 SM Supermarkets, 44 SM Hypermarkets, 165 Savemore, 39 WalterMart and 257 Alfamart stores.

SM Markets’ expansion in the first quarter has been focused on Savemore, its neighborhood store format. Savemore expanded rapidly by opening 10 new stores as of end-March, largely in provincial areas.

Revenues from SM Retail’s specialty retail stores grew 7% to PHP14.2 billion. Specialty retail brands include Ace Hardware, SM Appliance Center, Homeworld, Our Home, Toy Kingdom, Watsons, Kultura, Baby Company and Sports Central.

Banking

For the first quarter of 2017, BDO Unibank posted a net income of PHP5.8 billion, or an increase of 6% compared with 2016. Earnings were driven by net interest income growth of 19% to PHP18.4 billion, supported by a 21% increase in customer loans to PHP1.5 trillion and 13% growth in deposits to PHP1.9 trillion.

China Banking Corporation (China Bank) reported its net income grew 6% to PHP1.5 billion in the first quarter due to strong growth in lending and core fee-based income. Net interest income rose 14% to PHP4.5 billion, driven by a 16% growth in gross loan portfolio. Total deposits grew 17% to PHP530.5 billion.

Property

SM Prime Holdings, Inc. (SM Prime) reported net income growth of 13% in the first quarter to PHP6.6 billion. Consolidated revenues rose 12% to PHP20.5 billion.

Overall mall revenues, which accounted for 62% of SM Prime's total revenues, surged 11% to PHP12.7 billion. Mall rental revenues grew 10% to PHP10.7 billion from additional retail space of 1.1 million square meters of gross floor area added since 2015. Excluding the new malls and expansions, same-mall-sales grew 7%. Cinema and event ticket sales rose 16% to PHP1.2 billion due to higher foreign movie and event ticket sales while revenues from amusement and merchandise sales jumped 27% to PHP763.0 million.

SM Prime's residential group, which accounted for 29% of total revenues, recorded higher revenues by 6% to PHP6.0 billion in the period largely on higher construction accomplishments of SM Development Corporation (SMDC) projects launched from 2014 to 2015. SMDC's reservation sales surged 52% to PHP12.3 billion in the first quarter, translating to a 35% improvement in unit sales to 3,988 units.

The Commercial Properties Group, which contributed 4% of total revenues, posted a 16% increase in revenues to PHP749.0 million.

Hotels and convention centers revenues soared 82% to PHP1.1 billion in the first quarter largely from the opening of Conrad Manila last year.

Balance Sheet

As of end-March, total assets of SM grew 16% to PHP895.5 billion. SM maintains a healthy balance sheet with a conservative gearing ratio of 42% net debt to 58% equity.

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About SM Investments Corporation

SM Investments Corporation is a leading Philippine company that is invested in market leading businesses in retail, banking and property. It also invests in ventures that can capture high growth opportunities in the emerging Philippine economy. It looks for market leaders or those with potential to become leaders in their chosen sectors that offer synergies and attractive returns and cashflows.

SM's retail operations are the country's largest and most diversified with its food, non-food and specialty retail stores. SM's property arm, SM Prime Holdings, Inc., is the largest integrated property developer in the Philippines with interests in malls, residences, offices, hotels and convention centers as well as tourism-related property developments. SM's interests in banking are in BDO Unibank, Inc. (BDO), the country's largest bank and China Banking Corporation (China Bank), the 7th largest bank.

For more about SM, click here: www.sminvestments.com

For further inquiries, please contact:

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SM Investments Corporation

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