



**INVESTMENTS  
CORPORATION**

May 3, 2016

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

Attention: **Ms. Janet A. Encarnacion**  
*Head, Disclosure Department*

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

**PHILIPPINE DEALING & EXCHANGE CORP.**  
37<sup>th</sup> 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 Recurring Net Income Rises 12% in Q1**  
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Ladies and Gentlemen:

Please be informed that SM Investments Corporation (SMIC) is releasing to the press the attached statement regarding SMIC's net income in the first quarter of 2016.

Very truly yours,

**ELMER B. SERRANO**  
Corporate Secretary

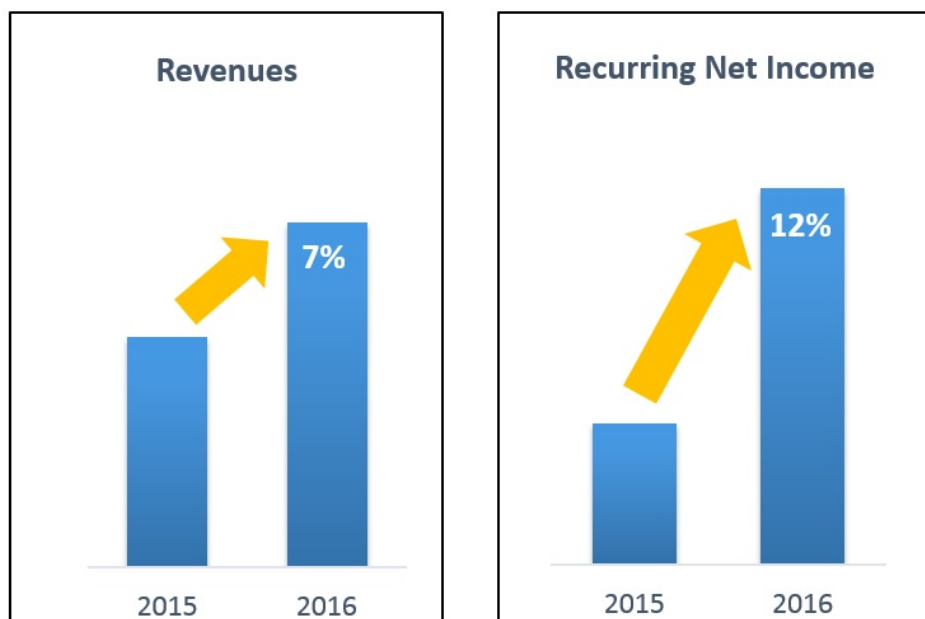
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### PRESS RELEASE

## SM Recurring Net Income Rises 12% in Q1



(3 May 2016. Pasay City, Philippines) SM Investments Corporation (SM) posted a 12% growth in recurring net income in the first quarter of 2016. Consolidated net income (including non-recurring items) stood at PHP7.0 billion for the January to March period, up 3.6% from PHP6.7 billion in the same period last year. Consolidated revenues grew 7% to PHP69.8 billion for the first quarter.

“We are pleased with SM’s strong underlying growth in the first quarter as consumer spending continued to be vibrant and sentiment about the Philippine economy remains strong. Our continuing efforts to improve efficiencies in all our businesses have also helped ensure solid earnings growth,” SM President Harley T. Sy said.

For the first quarter, property accounted for 43% of SM’s consolidated net income, followed by banks at 36% and retail at 21%.

## Retail

Retail operations under SM Retail Inc., which consist of both food (SM Markets) and non-food (THE SM STORE), reported sustained growth in total sales of 8% to PHP48.8 billion in the first quarter, while net income rose 16% to PHP1.5 billion.

SM's food retail business continued to expand, adding five new stores. At end-March, SM Retail had a total of 314 stores comprising 53 THE SM STOREs, 45 SM Supermarkets, 44 SM Hypermarkets, 140 Savemore and 32 WalterMart stores.

Following their acquisition last year and recent modernization, two Cherry Foodarama grocery stores are now fully operational inside SM Cherry malls in Shaw and Congressional Avenue.

SM earlier announced the merger of SM Retail with a group of specialty retail stores such as Ace Hardware, SM Appliance Center, Homeworld, Our Home, Toy Kingdom, Watsons, Kultura, Baby Company and Sports Central. The combined entity will have over 1,900 outlets and 2.4 million sqm of gross floor area.

## Banking

For the first quarter of 2016, BDO Unibank posted a net income of P5.5 billion as core lending, deposit-taking and fee-generating businesses delivered solid numbers. Net Interest Income grew by 17% to P15.5 billion, supported by the 15% jump in customer loans to PHP1.3 trillion and a 14% growth in deposits to PHP1.7 trillion.

## Property

SM Prime Holdings, Inc. (SM Prime) reported a recurring net income growth of 12% in the first quarter to PHP5.8 billion. Consolidated revenues rose 10% to PHP18.2 billion.

Rental revenues from malls and commercial spaces, which accounted for 59% of the total, grew 14% to PHP10.8 billion. On the other hand, total mall revenues rose 11% to PHP11.0 billion from PHP9.9 billion in the previous year. Excluding the new malls and expansions, same-store growth averaged 7%. Total revenues from the commercial group registered a 16% growth in revenues to PHP887.2 million.

SM Prime's residential group, which accounted for 32% of total revenues, recorded higher revenues by 5% to PHP5.8 billion in the period largely on higher construction accomplishments of SM Development Corporation (SMDC) projects launched in 2013 to 2015.

The hotels and convention centers business grew by 22% in the first quarter of 2016 to PHP617.2 million in terms of revenues.

## Balance Sheet

As of end-March, total assets of SM grew 6% to PHP760.5 billion. SM maintains a healthy balance sheet with a conservative gearing ratio of 36% net debt to 64% equity.

### **About SM Investments Corporation**

SM Investments Corporation, founded by entrepreneur Henry Sy, Sr., is one of the country's largest publicly listed companies with a sustainable group of businesses that thrives on synergies of its banking, property and retail operations. SM has grown into one of the most highly respected companies in the country owing to its progressive approach in business and its comprehensive sustainability programs for its host communities through SM Foundation and SM Cares.

SM's retail operations enjoy a strong brand franchise consisting of non-food under THE SM STORE and food under SM Markets comprising of SM Supermarket, SM Hypermarket, and Savemore and other food retail stores under Waltermart and Alfamart. 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 seventh largest bank.

For more about SM, click here: [www.sminvestments.com](http://www.sminvestments.com)

For further information, please contact:

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SM Investments Corporation

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