

2000 Semi-Annual Report



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A. Financial Highlights

(In million pesos, except per share data)

| | 1st half '00 | 1st half '99 | % change |
|------------------------|--------------|--------------|----------|
| Net Sales | P42,368 | P37,523 | 13% |
| Income from operations | 4,000 | 3,148 | 27% |
| Net Income | Net Income | 2,715 | 26% |
| Per Common Share | | | |
| Earnings per share | 1.52 | 1.09 | 39% |
| Cash Dividend | 0.75 | 0.78 | -4% |

B. Fellow Stockholders and Employees

For San Miguel Corporation, the first half of the year 2000 was a semester of strong results and significant positioning for the future.

Over this period, your company achieved a number of successes that contributed greatly to the growth-trend we are currently seeing.

Against the backdrop of slow economic growth, we outpaced many of the industries in which we compete and at the same time, solidified innovative and aggressive plans for the remainder of the year.

San Miguel posted a consolidated net income of P3.4 billion, 26% higher than the P2.7 billion in 1999.

This resulted from the particularly strong performance of La Tondeña Distillers, Inc. and our packaging business as well as improvements in our international beer operations.

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SAN MIGUEL CORPORATION

Operating income for the first half was 27% higher at P4.0 billion, while operating income margins grew to 11.2%, up from last year's 9.9%.

Consolidated net sales reached P42.4 billion, a 13% increase from last year following gains posted across the beverage, food and packaging businesses. San Miguel posted a 13% gain in sales column versus 1999.

Operating income for San Miguel's Philippine beer operations increased 8% to P2.5 billion, while sales revenue grew 10% to P15.6 billion from P14.1 billion. Slowed down by a weak market, volume growth was nevertheless maintained at 2% for the first semester - a result of increased penetration coverage and consistent product availability.

C. Consolidated Statements of Income & Unappropriated Earnings

| | 2000 | 1999 | 1998 |
|---|----------|----------|----------|
| NET SALES | P 42,368 | P 37,523 | P 38,157 |
| COST OF SALES AND OPERATING EXPENSES | 38,368 | 34,375 | 35,993 |
| INCOME FROM OPERATIONS | 4,000 | 3,148 | 2,164 |
| OTHER INCOME (CHARGES) | | | |
| <i>Equity in earnings of affiliates</i> | 404 | 397 | 1,292 |
| <i>Financial charges - net</i> | (500) | (750) | (3,187) |
| <i>Minority Interest in earnings (losses) of subsidiaries</i> | (260) | (183) | 416 |
| <i>Others</i> | 324 | 744 | 452 |
| | (32) | 208 | (1,027) |
| INCOME BEFORE TAX | 3,968 | 3,356 | 1,137 |
| PROVISION FOR INCOME TAX | 541 | 641 | 414 |
| NET INCOME | 3,427 | 2,715 | 723 |
| UNAPPROPRIATED RETAINED EARNINGS | | | |
| January 1 | 48,899 | 46,815 | 24,959 |
| Cash Dividends | (1,687) | (1,852) | (902) |
| Stock Dividends | - | (1,130) | - |
| Appropriation for Expansion Project | (267) | - | (439) |
| UNAPPROPRIATED RETAINED EARNINGS | | | |
| June 30 | P 50,372 | P 46,548 | P 24,341 |
| EARNINGS PER SHARE | P 1.52 | P 1.09 | P 0.29* |

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SAN MIGUEL CORPORATION

D. Board of Directors

Eduardo M. Cojuangco, Jr.
Chairman & Chief Executive Officer

Ramon S. Ang
Vice-Chairman & Chief Finance

Francisco C. Eizmendi, Jr.
President & Chief Operating Officer

Manuel M. Cojuangco
Director

Raul P. De Guzman
Director

Estelito P. Mendoza
Director

Alan Lopez Lee
Director

Gabriel L. Villareal
Director

Benjamin P. Paulino
Director

Faustino F. Galang
Director

Hermogenez L. Tantoco
Director

Carlos A. Arellano
Director

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Director

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Director

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Director

