



## SAN MIGUEL CORPORATION

January 13, 2017

**The Philippine Stock Exchange, Inc.**  
Disclosure Department  
3<sup>rd</sup> Floor, Tower One and Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

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

Gentlemen:

We reply with respect to the news article entitled "SMC allocates P281 billion for big-ticket projects" posted in Business World Online on January 12, 2017. The article reported in part that:

"SAN MIGUEL Corp. (SMC) is spending P281 billion to finance the expansion of its businesses in line with efforts to grow its revenues by half and double earnings before interest, taxes, depreciation, and amortization (EBITDA) by 2020.

The planned spending forms part of its P543-billion capital expenditure program 'across major projects,' P262 billion of which had been spent, said Ferdinand K. Constantino, senior vice-president, chief financial officer and treasurer of the diversified conglomerate, during the company's institutional investors' briefing for its maiden retail bond offering in Makati City.

The big-ticket projects cover the expansion of its food (P3 billion), oil and fuel (P119.9 billion), power (P156.7 billion) and infrastructure (P210.7 billion) businesses. The toll roads accounted for bulk of the capex at P119 billion, while the refinery upgrade of Petron Corp. was the single biggest expense at P93.3 billion.

This year, SMC may spend P63 billion, the bulk of which will be allocated to complete the development of its power facilities, Mr. Constantino said. A total of P191 billion will be earmarked for capex in "2018 and beyond," according to a presentation to investors.


'Revenue will be 1.5x and EBITDA (earnings before interest, tax, depreciation and amortization) will be 2x in 2020 compared to 2015,' Mr. Constantino said. SMC registered consolidated sales revenue of P674 billion and EBITDA of P108.6 billion in 2015.

By 2020, new businesses will retain its contribution to revenues at 66% and will increase its share of EBITDA to 67% from 60%.

....."

We confirm that the Company has earmarked up to P281 billion to finance the expansion of its existing food, oil and fuel, power and infrastructure businesses up to 2020, to the extent presented by Mr. Ferdinand K. Constantino, at the investors' briefing held yesterday January 12, 2017, and reported in the aforementioned news article. Such amount is part of the P543 billion capital expenditure program of the Company for major projects, P262 billion of which has been spent as of the 3<sup>rd</sup> quarter of 2016, as likewise explained by Mr. Constantino during the briefing.

Very truly yours,



**FERDINAND K. CONSTANTINO**  
Corporate Information Officer