



SAN MIGUEL CORPORATION

January 16, 2017

The Philippine Stock Exchange, Inc.
Disclosure Department
3rd 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 following news articles entitled, as follows:

1. "TRB, SMC studying proposal to construct Manila-Pasig Skyway" posted in The Daily Tribune (Internet Edition) on January 15, 2017, which reported in part that:

"The Toll Regulatory Board (TRB) and San Miguel Corp. (SMC) are now discussing the proposal to construct a tollway linking skyway stage 3 which would be an optional route for trucks going to the eastern portion of Metro Manila.

....

He added informal discussions started last November on SMC's proposal to build an inner-city expressway from an alignment of its Skyway Stage 3 project that will pass over San Juan River, C-3 and then on to Pasig.

The unsolicited proposal, Suansing said, has been welcomed by TRB as it aligns with plans to connect different cities via expressways, removing the need to pass through many roads to reach the final destination.

However, the discussions on the proposal will take time owing to the usual problems that have to be solved, such as right-of-way issues for erecting ramps. How to keep costs down to ensure toll rates are low is also up for discussion.

If the project is approved by the TRB, Suansing said the proposal will undergo Swiss challenge and other required government approvals and procedures, especially since it will cost billions of pesos to build.

...."

We confirm that the Company is discussing with the Toll Regulatory Board the construction of an extension of the Skyway Stage 3 Project to be an optional route for trucks going to the eastern portion of Metro Manila. Such extension may pass thru the San Juan River, C-3 and the Pasig river, respectively. We advise that the construction of such tollway will not be considered an unsolicited proposal since it would be an extension of the Skyway Stage 3 Project.

2. “SMC to hit ‘hairy’ revenue goal in 2-3 years” posted in Inquirer.net on January 16, 2017, which reported in part that:

“Conglomerate San Miguel Corp. (SMC) expects to breach the P1-trillion revenue goal in the next two to three years as the group completes a massive expansion program of traditional and new businesses.

‘In the next five years, we could grow revenues by about 50 percent, so roughly 10 percent per year,’ SMC chief finance officer Ferdinand Constantino told reporters on the sidelines of a roadshow related to a P20-billion bond offering.

The target is to double operating income in the next five years, translating to an annual expansion of 13-14 percent each year.

If not for the downtrend in oil prices, which in turn has affected the revenue contribution of the fuel and oil business, SMC senior vice president Aurora Calderon said the P1-trillion revenue goal would have been hit by 2018 or 2019. But relying only on organic growth, she said the goal may be achieved by 2019 to 2020.

As such, Constantino said the P1-trillion revenue goal—identified a decade ago as SMC’s big hairy audacious goal (BHAG)—could be hit ‘maybe in two years’ time.’

.....”

We confirm that San Miguel Corporation expects to achieve its objective of reaching a P 1 Trillion revenue in the next two (2) or three (3) years upon completion of the on-going expansion programs of the traditional and new businesses of the Company at such time. Such expectation was expressed by Mr. Ferdinand K. Constantino and Ms. Aurora T. Calderon, respectively, during the investors’ briefing of the Company, as reported in the aforementioned news article.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer