



SAN MIGUEL CORPORATION

May 2, 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:

With respect to the following news articles:

1. "SMC's Re play" under BizBuzz column posted in Inquirer.net on May 1, 2017, which reported in part that:

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Conglomerate San Miguel Corp., in a major foray into the renewable energy space, said it would push forward with a tidal power project, the first in the Philippines when completed. SMC president Ramon Ang said the company envisioned a 20,000-megawatt project over a decade, which would help bring down the cost of electricity while cutting reliance on less environment-friendly power options. Details remained scant at this stage. But based on the timing, SMC wanted to move fast on the project. Ang said they would submit a proposal to the Department of Energy 'in the next few weeks.' By year-five, SMC should be producing 4,000-MW from its tidal power project.

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Ang said he was unable to name their technology partner at this stage. But he noted the conglomerate's plan has even attracted the interest of Vietnam's trade minister. He noted the Philippines would come first. 'This project is not a maybe-we will do this in the Philippines,' Ang said.

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2. "Conglomerate mulls \$60B tidal power facility" published in Malaya Business Insight on May 1, 2017, which reported in part that:

"The energy arm of diversifying conglomerate San Miguel Corp. (SMC) plans to build a tidal power facility in the Pacific Ocean which could yield up to 20,000 megawatts in capacity. Ramon Ang, SMC president told reporters, said SMC Global Power Holdings Corp. will seek approval of the Department of Energy (DOE) 1 in the next few weeks for the tidal power project's 10-year program. SMC Global Power is optimistic that in the first five years of operation the

facility could produce up to 4,000 megawatts of power which it would sell to the (sic) grid at P5 per kilowatt hour without feed-in-tariff from the government. The rate is expected to further go down to P3 per kwh after SMC Global shall have recovered the estimated capital investments of up to \$60 billion based the rule of thumb of \$3 million investments per megawatt.

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SMC will file an application with the Board of Investments to secure incentives.
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3. "SMC eyes BRT system" posted in The Philippine Star (Internet Edition) on May 2, 2017, which reported in part that:

"MANILA, Philippines - Diversified conglomerate San Miguel Corp. (SMC) is planning to construct a bus rapid transit (BRT) system from Susana Heights in Muntinlupa City to Balintawak in Quezon City. SMC president and chief operating officer Ramon Ang told reporters his company is considering the possibility of building a BRT system that would run along the Metro Manila Skyway from Susana Heights to Balintawak. 'We will prepare landing station everywhere. So can you imagine, from Susana Heights going to Balintawak, you can ride a bus like a train,' he said. He said SMC would come up with the design and build the BRT system. Ang said the BRT, which would provide a roadway dedicated to buses, would make travel from Muntinlupa to Balintawak much easier.

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4. "Partners SMC, PNCC bare plan to build P700-B toll road to Bicol" posted in Manila Bulletin (Internet Edition) on April 27, 2017, which reported in part that:

"San Miguel Holdings Corporation (SMHC), the infrastructure arm of San Miguel Corporation (SMC) and state-owned Philippine National Construction Corp. (PNCC) now plan to build a P700 billion, 388-kilometer Bicol toll road from Lucena, Quezon to Matnog, Sorsogon. SMC President and COO Ramon S. Ang and PNCC President and CEO Mario Espinosa made the announcement the other night, (April 26, 2017), after signing a Memorandum of Agreement (MOA) reiterating their existing joint venture. The partners are exploring possible stretches, linkages and extensions that can be built from the toll roads that they are currently undertaking.

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While they cannot immediately come up with the maximum volume of passenger and cargo traffic that can potentially go through the Bicol toll road without the feasibility study, both partners are gung-ho that the P700-billion project can perk up tourism and commerce along this vital route.

The Bicol toll road can take eight to ten years to complete, they reckoned, inasmuch as they have to construct it segment by segment, tunnel through mountains and build bridges. Nevertheless, Ang assured that financing the project will not be an issue.

'SMC will take care of the funding. We need to invest US\$4 billion (roughly R200 billion) a year. And we can borrow anywhere. We have no problem with money.'

By way of response to the Exchange, we advise as follows:

1. Renewable Energy – Tidal Power Facility

We confirm that San Miguel Corporation ("SMC"), through SMC Global Power Holdings Corp., intends to seek the approval of the Department of Energy for the construction and operation of a tidal power facility in the Pacific Ocean for a period of ten (10) years, at an estimated cost of US\$60 billion, and with a generating capacity of up to 20,000 megawatts. Tidal energy is a form of hydropower where electricity is produced from the change in water levels from high tide and low tide.

Upon its operation, the facility is expected to generate 4,000 megawatts by the fifth year, which can be sold to the grid at P5.00 per kilowatt hour without feed-in tariff from the Government and reduce the cost of electricity of consumers, as advised by Mr. Ramon S. Ang, President and Chief Operating Officer of SMC.

2. Bus Rapid Transit System

We advise that SMC, through San Miguel Holdings Corp. is planning to design, build and operate a bus rapid transport system from Susana Heights, Muntinlupa City to Balintawak, Quezon City, which would run parallel to the Metro Manila Skyway, with landing stations at strategic locations. With a roadway dedicated to buses, travel from Muntinlupa City to Balintawak will be faster and easier as conveyed by Mr. Ramon S. Ang.

3. Bicol Toll Road

Further to the disclosure we made on April 27, 2017, we confirm that SMC, through San Miguel Holdings Corp. and the Philippine National Construction Corporation are studying the feasibility of constructing a toll road from Quezon to Sorsogon. Both parties shall secure the relevant approvals from the Department of Public Works and Highways, the Toll Regulatory Board and other governmental agencies for the contemplated toll road.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer