



SAN MIGUEL CORPORATION

July 13, 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 news article entitled "SMC sets next wave of diversification" posted in Inquirer.net on July 13, 2017. The article reported in part that:

"Conglomerate San Miguel Corp. (SMC) is mapping out its next wave of diversification that seeks to add next-generation technology businesses—such as micro-chips, smartphones and electric cars production—to its portfolio.

After the stockholders meeting of Top Frontier Holdings yesterday, SMC president Ramon S. Ang said SMC was heading to a new phase of diversification, nine years after building and acquiring new ventures outside of its traditional food and beverage business.

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'The next phase is to go to next-generation electronics manufacturing,' Ang said.

These may include chips, plug-in or battery-operated vehicles and consumer electronics like smartphones, he said.

SMC's aspiration is to build the Philippine version of South Korea's largest chaebol, Samsung, a leading global producer of home electronics with cutting-edge technology including smartphones, tablets, TVs, home appliances and other products.

'This is what we are studying because that's the future,' Ang said.

E-commerce may also be part of SMC's next wave of diversification, Ang said, noting that online business was gaining traction globally.

The next phase of SMC's diversification is something that enjoys high margins and robust demand globally, Ang said.

To date, he said Samsung has been exporting \$40-billion worth of products from its manufacturing hub in Vietnam. Ang said that if SMC could get into this new wave of business, it would add a new leg of growth to the conglomerate.

The new businesses that would emerge in the future would all be based on clean technology—such as tidal power, hydropower, clean technology and high-tech chips, he said.

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By way of response to the Exchange, we advise that San Miguel Corporation is contemplating to invest in the next-generation technology businesses, such as the production of micro-chips, smartphones, home appliances and electric cars, as part of the continuing diversification of its investment portfolio, as reported in the aforementioned article and confirmed by Mr. Ramon S. Ang, President and Chief Operating Officer of the Company.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer