



SAN MIGUEL CORPORATION

April 3, 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 news article entitled "SMC wants Saigon Brewery" posted in Manila Standard (Internet Edition) on April 2, 2017. The article reported in part that:

"San Miguel Corp., the country's biggest beer maker, plans to bid for Saigon Alcohol Beer and Beverages Corp., Vietnam's leading beer producer.

'At the moment, we are evaluating the deals and we will definitely join the public bidding of Vietnamese government for the sale of Saigon Brewery,' San Miguel president and chief operating officer Ramon Ang said over the weekend.

San Miguel will likely bid alone in the privatization of Sabeco, which currently remains 89.59-percent owned by the Vietnamese government.

The Vietnamese government announced in September last year its plan to sell its entire 89.59-percent stake in Sabeco for \$1.8 billion and its 82-percent stake in Hanoi Beer Alcohol Beverage Corp. for \$404 million.

....

'The businesses we ventured into have matured, such that the company is in a very stable position,' Ang said, citing compounded annual 20-percent growth in recurring profit and a near fourfold increase in assets since 2008 following San Miguel's diversification from food and drinks into non-allied industries such as toll roads and resources. Excluding one-off items, profit will rise at least 20 percent to about P60 billion (\$1.2 billion) this year, he said.

....

San Miguel Corp. also plans to invest \$34 billion in an oil refinery, an integrated steel complex and an ocean-tide power plant as the Philippines' largest company by sales expands amid forecasts for robust economic growth in the country, according to Ang.

.....

San Miguel plans to build an oil refinery complex with a capacity of 250,000 barrels a day and an integrated steel plant, which will entail investments of \$15 billion each. An ocean-tide energy project with initial capacity of 1,200 megawatts and costing \$3.6 billion is also in the pipeline.

The oil refinery, which will also produce aromatics and petrochemicals, and the steel plant are under study and construction could take three-and-a-half years, while the power project may be completed in five, Ang said.

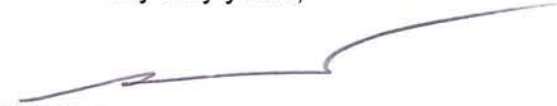
.....”

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

- 1) San Miguel Corporation (the “Company”) shall participate in the public bidding that will be conducted by the Vietnamese Government for the sale of 89.59% of Saigon Alcohol Beer and Beverage Corporation, the leading beer producer in Vietnam.
- 2) Based on projections, the Company expects net profit to rise by 20 percent (20%) to about P60 Billion for 2017.
- 3) The Company is evaluating the viability of investments in new business ventures namely: (i) a new and larger oil refinery, with a projected capacity of 250,000 barrels per day, capable of manufacturing parallel products like petrochemicals and aromatics, at an estimated cost of \$15 billion, (ii) a fully-integrated steel mill designed to produce steel from iron ore and other finished products from a stainless steel manufacturing facility, with an investment of \$15 billion, and (iii) a renewable energy power plant, using ocean tide technology, with a capacity of 1,200 megawatts of electricity, at a cost of \$3.6 billion.

The contemplated investments were confirmed by Mr. Ramon S. Ang, President and Chief Operating Officer of the Company, as reported in the aforementioned article. Appropriate disclosures shall be made to the Exchange in the event such investments are pursued and implemented by the Company.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer