SAN MIGUEL CORPORATION

May 14, 2020

The Philippine Stock Exchange, Inc.
Disclosure Department
6th Floor, Philippine Stock Exchange Tower
28th Street, corner 5th Avenue
Bonifacio Global City, Taguig

Attention: **Janet A. Encarnacion**
Head, Disclosure Department

Re: Clarification on News Report about
SMC Global Power Holdings Corp.

Gentlemen:

We reply with respect to the attached news article entitled "SMC Global posts 10% income drop" posted in manilastandard.net on May 13, 2020. The article reported that:

> "SMC Global Power Corp., the power arm of diversified San Miguel Corp., said posted a 10-percent decline in consolidated net income in the first quarter to P3.221 billion from P3.579 billion in the same period last year amid lower revenues and lower power costs.
>
> Consolidated revenues reached P28.298 billion in the first quarter, or 18 percent lower than last year's P34.676 billion a year ago.
>
> SMC Global attributed the revenue decrease to the decline in bilateral offtake volume of South Premiere Power Corp. due to lower Manila Electric Co. nominations and lower average sales prices under the new power supply agreements of SPPC and San Miguel Energy Corp. with Meralco effective Dec. 31, 2019.
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> Other factors were lower average sales prices of Masinloc Power Partners Co. Ltd. for its bilateral offtake volume and lower average spot prices for Luzon-based power plants moderated by higher revenues of San Miguel Consolidated Power Corp. on account of the increase in its bilateral offtake volume; and increase in spot sales volume of MPPCL and Strategic Power Devt. Corp."

By way of response to the Exchange, we advise that the decline in the first quarter consolidated net income of SMC Global Power Holdings Corp. for 2020 compared with the results in the first quarter of 2019, and the underlying reasons for such decline, as reported in the aforementioned news article, are accurate.

Very truly yours,

MARY ROSE S. TAN
Assistant Corporate Secretary