

ANNEX “B”

**MANAGEMENT’S DISCUSSION AND ANALYSIS
OF FINANCIAL POSITION AND FINANCIAL
PERFORMANCE
(As of December 31, 2023)**



SAN MIGUEL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE

This discussion summarizes the significant factors affecting the consolidated financial performance, financial position and cash flows of San Miguel Corporation ("SMC" or the "Parent Company") and its subsidiaries (collectively referred to as the "Group") for the three-year period ended December 31, 2023. The following discussion should be read in conjunction with the attached audited consolidated statements of financial position of the Group as at December 31, 2023 and 2022, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2023. Certain accounts in prior years have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported financial performance for any period (*Please refer to Note 40 of the Audited Consolidated Financial Statements as at December 31, 2023*). All necessary adjustments to present fairly the Group's consolidated financial position as at December 31, 2023 and the financial performance and cash flows for the year ended December 31, 2023 and for all the other periods presented, have been made.

The financial information appearing in this report is presented in Philippine Peso, which is the functional currency of the Parent Company. All financial information are rounded off to the nearest million (000,000), except when otherwise indicated.

I. FINANCIAL PERFORMANCE

Comparisons of key financial performance for the last three years are summarized in the following tables.

	For the Years Ended December 31		
	2023	2022	2021
		<i>(In Millions)</i>	
Sales	P1,446,703	P1,506,591	P941,193
Cost of Sales	1,208,410	1,314,607	751,015
Gross Profit	238,293	191,984	190,178
Selling and Administrative Expenses	(93,808)	(83,972)	(77,991)
Operating Income	144,485	108,012	112,187
Interest Expense and Other			
Financing Charges	(91,303)	(60,795)	(49,265)
Interest Income	14,027	7,108	3,591
Equity in Net Earnings of Associates and Joint Ventures	1,729	1,197	1,040
Gain on Sale of Investments and Property and Equipment	83	733	167
Other Income (Charges) - net	4,086	(16,178)	(1,768)
Net Income	44,699	26,760	48,159
Net Income (Loss) Attributable to Equity Holders of the Parent Company	198	(12,968)	13,925
Net Income Attributable to Non-controlling Interests	44,501	39,728	34,234

2023 vs. 2022

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2023	2022	Amount	%	2023	2022
	<i>(In Millions)</i>					
Sales	P1,446,703	P1,506,591	(P59,888)	(4%)	100%	100%
Cost of Sales	1,208,410	1,314,607	(106,197)	(8%)	84%	87%
Gross Profit	238,293	191,984	46,309	24%	16%	13%
Selling and Administrative Expenses	(93,808)	(83,972)	9,836	12%	(6%)	(6%)
Operating Income	144,485	108,012	36,473	34%	10%	7%
Interest Expense and Other Financing Charges	(91,303)	(60,795)	30,508	50%	(6%)	(4%)
Interest Income	14,027	7,108	6,919	97%	1%	1%
Equity in Net Earnings of Associates and Joint Ventures	1,729	1,197	532	44%	0%	0%
Gain on Sale of Investments and Property and Equipment	83	733	(650)	(89%)	0%	0%
Other Income (Charges) - Net	4,086	(16,178)	20,264	125%	0%	(1%)
Income Before Income Tax	73,107	40,077	33,030	82%	5%	3%
Income Tax Expense	28,408	13,317	15,091	113%	2%	1%
Net Income	P44,699	P26,760	P17,939	67%	3%	2%
Net Income (Loss) Attributable to:						
Equity Holders of the Parent Company	P198	(P12,968)	P13,166	102%	0%	(1%)
Non-controlling Interests	44,501	39,728	4,773	12%	3%	3%
Net Income	P44,699	P26,760	P17,939	67%	3%	2%

The Group's consolidated sales of P1,446,703 million for the year ended December 31, 2023, declined by 4% compared to last year mainly due to the lower average selling prices of Petron Corporation (Petron) and the Energy business and the decrease in volume of the Energy business and the Food division under the Food and Beverage business. The decrease was partly offset mainly by the higher sales volume of Petron, San Miguel Brewery Inc. (SMB) and Ginebra San Miguel Inc. (GSMI) and the sales contribution of Eagle Cement Corporation (ECC), which was consolidated effective December 14, 2022.

The Group's cost of sales decreased by 8% mainly due to: (a) lower cost per liter of petroleum products, partly offset by the higher volumes of Petron; and (b) lower cost to supply of the Energy business brought by the decline in average coal prices and lower overall power purchases. The decrease was partly offset by the: (a) higher cost of sales relative to increase in volume of SMB and the higher cost of major raw materials consumed in production, reduced by the lower volumes of the Food division; and (b) the cost of sales of ECC.

Selling and administrative expenses increased by 12% to P93,808 million compared to last year, mainly due to higher salaries and employee benefits of the Group, distribution costs and contracted services primarily from the Food and Beverage business and Petron, and the operating expenses of ECC.

Consolidated operating income increased by 34% to P144,485 million from last year mainly driven by the sustained performance improvements of Petron, Energy and Infrastructure businesses, and the operating income contribution of ECC in 2023.

The increase in interest expense and other financing charges was mainly due to both higher interest rates and from increased average level of loans of SMC and Petron.

The increase in interest income was primarily due to higher interest rates and average balance of short-term placements of the Infrastructure and Food and Beverage businesses and SMC, as well as the investment in debt securities of SMB in December 2022, and the interest income contribution of ECC.

The increase in equity in net earnings of associates and joint ventures was mainly due to the share in the higher net income of Bank of Commerce (BankCom) and in the lower net loss of Angat Hydropower Corporation (Angat Hydro).

The decrease in gain on sale of investments and property and equipment was mainly due to the gain recognized in 2022 by San Miguel Global Power Holdings Corp. (San Miguel Global Power; formerly SMC Global Power Holdings Corp.) from the sale of its investment in shares of stock of Strategic Energy Development, Inc. (SEDI).

Other income - net of P4,086 million was a turnaround from last year's other charges - net of P16,178 million. This primarily pertains to the gain on foreign exchange in 2023 compared to the loss recognized in 2022 mainly by the Energy business and SMC resulting from the revaluation of foreign currency-denominated long-term debt and cash and cash equivalents, and the income recognized from the assignment of product rights by GSML. In December 2023, the Philippine Peso appreciated against the US Dollar by P0.385 (2023 - P55.370 vs. 2022 - P55.755), while in December 2022, the Philippine Peso significantly depreciated against the US Dollar by P4.756 (2022 - P55.755 vs. 2021 - P50.999).

The increase in income tax expense was mainly due to the turnaround of deferred income tax from income tax benefit in 2022 to income tax expense in 2023 primarily from SMC and the Energy business as a result of the deferred income tax recognized on unrealized losses in 2022 compared to unrealized gains in 2023 from the revaluation of foreign currency-denominated long-term debt and derivatives.

Consolidated net income significantly increased by 67% to P44,699 million, from P26,760 million last year, mainly on account of the: (a) improved operations of most businesses mainly Petron, Energy, Infrastructure, SMB and GSML; (b) gain on foreign exchange in 2023, a turnaround from the loss recognized in 2022 mainly by the Energy business and SMC; (c) net income contributed by ECC; and (d) income recognized from the assignment of product rights by GSML. The increase was partly offset by the higher net financing cost.

The income attributable to equity holders of the Parent Company was a turnaround from the loss recognized in 2022 mainly due to the higher net income, partly reduced by the increase in the share of non-controlling interests (NCI) on the Group's net income.

The increase in the share of NCI on the Group's net income was mainly due to the higher net income of SMB and higher amount of dividend on preferred shares and distribution on Senior Perpetual Capital Securities (SPCS) of Petron.

The following are the highlights of the performance of the individual business segments:

1. FOOD AND BEVERAGE

San Miguel Food and Beverage, Inc. (SMFB) delivered a year of steady topline growth despite challenging macroeconomic conditions particularly in the first half of the year.

SMFB's consolidated sales for the year ended 2023 amounted to P379,822 million, reflecting a 6% increase from 2022. All business segments delivered sales growth, driven by better volumes and prices.

SMFB's consolidated income from operations for the year amounted to P48,411 million, 1% lower, as the growth in volumes and prices were not sufficient to offset rising input costs and operating expense increases.

Consolidated net income jumped 10% to P38,105 million, the highest net income figure achieved by the Food and Beverage Group since the SMFB consolidation in 2018.

a. Beer and Non-Alcoholic Beverages (NAB) Division

SMB sustained its growth and recovery in 2023 with consolidated sales of P147,347 million, up 8%, driven by higher volumes and selling prices in both domestic and overseas markets.

SMB's consolidated net income was up 16% at P25,322 million.

Domestic Operations

SMB's domestic sales climbed 8% to P131,720 million on the back of a 3% growth in volumes coupled with a price increase effective March 1, 2023. Improved results were supported by effective marketing campaigns, expanded sales initiatives, as well as the resumption of tourism activities, fiestas, and festivals.

International Operations

SMB's revenue from its international operations rose 7% as volumes increased 6%, driven by robust demand for its San Miguel global brands, including Red Horse, across all markets that resulted in overall growth, particularly in South China, Thailand, and Exports.

b. Spirits Division

GSMI registered another record-breaking year, which coincidentally marked its tenth year of continued growth.

Revenues grew 13% to P53,639 million as a result of higher volumes and selling prices. Total volumes in 2023 recorded a 4% growth from 2022 as the Spirits division implemented initiatives to sustain strong brand equity through creative, consistent, and relevant messaging. This was complemented by consumer promos and various marketing programs on-ground that made consumers experience its brands better. Distribution coverage was, likewise, further broadened last year.

Income from operations grew 14% to P6,835 million, while net income was up 55% to P7,046 million.

c. Food Division

The Food division delivered P178,847 million in consolidated revenues, 2% higher than the previous year, driven largely by increased pricing to cope with rising input costs, backed by aggressive marketing efforts to boost demand.

Income from operations amounted to P10,228 million and net income at P6,590 million. While lower than the previous year, these figures still surpass pre-pandemic levels.

All the Food segments, except for the Protein segment, sustained topline growth.

- The Animal Nutrition and Health segment saw a 5% increase in revenue, driven by higher selling prices, which helped offset a decline in volume due to the lingering effects of African Swine Fever (ASF) on hog feeds and the Avian Flu on layer feeds.
- The Prepared and Packaged Food segment demonstrated resilience with a 3% revenue growth despite challenging market conditions marked by high inflation and reduced consumer spending. Strategic price adjustments played a significant role in sustaining revenue growth despite a decline in overall volumes.
- The Flour segment capitalized on the favorable trend of easing wheat prices, employing a competitive pricing strategy that boosted volumes and enabled it to achieve a 15% increase in revenue.
- The Protein segment which consists of the Poultry and Fresh Meats businesses, experienced a 3% decline in revenues. This can be primarily attributed to Poultry which grappled with capacity limitations early in the year that hindered volume growth. Although this was substantially addressed during the year, the influx of imported chicken created an industry oversupply that exerted downward pressure on chicken prices and impeded revenue growth.

The performance of fresh meats reflects a deliberate strategy to keep hog operations at a minimum to manage the impact of ASF on the business. For the meantime, the Food division has been importing pork to supplement the needs of the Monterey meat shops.

Thus, although the Feeds, Prepared and Packaged Food, and the Flour segments delivered strong revenue and income growth, the overall performance of the Food division was adversely affected by the challenges faced in the Poultry segment due to its significant contribution to the Food division.

2. PACKAGING

The Packaging business recorded consolidated revenues of P38,379 million in 2023, 4% better than the previous year's level. This was driven by the sustained demand of glass containers, plastic crates and pallets from the food and beverage customers complemented by the continued growth of its operations in Australia.

Operating income reached P1,915 million, a significant increase of 16% against 2022 on account of enhanced operational efficiencies coupled with cost containment programs.

3. ENERGY

San Miguel Global Power posted relatively flat generation volumes year-on-year, primarily due to the extended outage of the 1200 megawatts (MW) Ilijan Power Plant from June 2022 up to June 2023 while it underwent retrofitting works to improve its fuel efficiency and reliability, and as it awaited the substantial completion of an adjacent full-scale Liquefied Natural Gas (LNG) terminal that has been tolled on a long-term basis.

San Miguel Global Power sold 8% lower offtake volumes in 2023 as it ceased to supply 670 MW contract capacity to Manila Electric Company (Meralco) following the suspension and eventual termination of the pertinent power supply agreement, anchored on a favorable decision from the higher court. It has, however, been able to secure several emergency power supply agreements that allowed the contracting of its available capacities, and to operate the Ilijan Power Plant using commercial LNG on a fuel pass-through basis.

Consolidated revenues were at P169,590 million, 23% lower from last year, as fuel tariffs went down with an equivalent decline in coal prices - averaging only US\$172.79/Metric Tons (MT) in 2023 compared to US\$360.19/MT in 2022, in terms of GlobalCoal Newcastle indexed prices.

However, San Miguel Global Power was able to improve its operating income by 13% on contracted volumes as it worked out a transition to fuel pass thru arrangements for most of its bilateral customers and with fuel prices going significantly lower. Operating income reached P32,526 million.

Consequently, with improved margin and turnaround from foreign exchange loss to foreign exchange gain in 2023, consolidated net income surged to P9,903 million, a significant increase from the P3,134 million net income reported in 2022.

4. FUEL AND OIL

Petron's consolidated revenues slipped to P801,027 million in 2023 despite higher volumes, down 7% from last year's P857,638 million, reflecting the continued price correction of the extraordinarily elevated levels in the oil market. The average benchmark Dubai crude as of full year 2023 closed at US\$82 per barrel, still down by 15% from 2022 average.

This was primarily driven by the strong performance in its Philippine operations, while Malaysia continued to deliver steady growth. Petron's volumes of 126.9 million barrels in 2023 was 13% higher than last year's level, fueled by the significant growth in its jet fuel and Liquefied Petroleum Gas (LPG) sales, backed by higher production at its Bataan and Port Dickson refineries.

Consolidated operating income reached P30,721 million, a notable 60% leap from last year's level, primarily driven by its continued efforts in optimizing assets and resources, capturing continued demand recovery, and response to market volatility.

Petron posted a consolidated net income of P10,134 million, growing by 51% from P6,697 million in 2022.

5. INFRASTRUCTURE

The Infrastructure business delivered a remarkable performance in 2023, posting consolidated revenues of P34,006 million, 17% higher than last year. This was mainly brought by the sustained growth from all operating toll roads reaching a combined average daily traffic volumes of 1.0 million vehicles, up 8% from the previous year's level complemented by the continued increase in travel activities.

Driven by the robust volume growth, operating income surged 25% to P17,722 million, coupled by continued cost management initiatives. Net income also posted a 29% increase to P11,413 million.

The Group's major infrastructure projects are in full swing.

The railway component percentage accomplishment for its Metro Rail Transit Line 7 (MRT 7) is at 68.70% while the detailed engineering design and site development for the depot is still ongoing and on track to operate by end of 2025 or early 2026.

At the center of SMC's push to transform the Philippines into a regional hub and major tourist destination, its Manila International Airport (MIA) Project is underway, with the overall progress of land development and ground improvement works at 77%.

6. CEMENT

The cement business, comprised of ECC, Northern Cement Corporation (NCC) and Southern Concrete Industries, Inc. (SCII), registered a four-fold growth in consolidated revenues to P37,231 million in 2023, mainly due to the sales contribution of ECC in 2023.

Operating income, likewise, posted robust growth amounting to P5,980 million while net income reached P4,010 million.

Despite the challenges in the market, the business continued to deliver a strong performance through various cost containment initiatives and significant improvement in the cost of major inputs.

2022 vs. 2021

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2022	2021	Amount	%	2022	2021
	<i>(In Millions)</i>					
Sales	P1,506,591	P941,193	P565,398	60%	100%	100%
Cost of Sales	1,314,607	751,015	563,592	75%	87%	80%
Gross Profit	191,984	190,178	1,806	1%	13%	20%
Selling and Administrative Expenses	(83,972)	(77,991)	5,981	8%	(6%)	(8%)
Operating Income	108,012	112,187	(4,175)	(4%)	7%	12%
Interest Expense and Other Financing Charges	(60,795)	(49,265)	11,530	23%	(4%)	(5%)
Interest Income	7,108	3,591	3,517	98%	1%	0%
Equity in Net Earnings of Associates and Joint Ventures	1,197	1,040	157	15%	0%	0%
Gain on Sale of Investments and Property and Equipment	733	167	566	339%	0%	0%
Other Charges - Net	(16,178)	(1,768)	14,410	815%	(1%)	(0%)
Income Before Income Tax	40,077	65,952	(25,875)	(39%)	3%	7%
Income Tax Expense	13,317	17,793	(4,476)	(25%)	1%	2%
Net Income	P26,760	P48,159	(P21,399)	(44%)	2%	5%
Net Income (Loss) Attributable to:						
Equity Holders of the Parent Company	(P12,968)	P13,925	(P26,893)	(193%)	(1%)	1%
Non-controlling Interests	39,728	34,234	5,494	16%	3%	4%
Net Income	P26,760	P48,159	(P21,399)	(44%)	2%	5%

The Group recorded an all-time high consolidated sales of P1,506,591 million, up 60% from P941,193 million in 2021, beating its pre-pandemic 2019 sales of P1,020,502 million by 48%.

The Group's cost of sales increased by P563,592 million or 75% mainly due to: (a) higher cost per liter of fuel products and increase in sales volume of Petron; (b) higher cost of coal and higher power purchases of the Energy business; and (c) higher prices of major raw materials of the Food division under the Food and Beverage business.

The increase in selling and administrative expenses by 8% to P83,972 million was mainly due to higher: (a) personnel expenses of Petron and the Energy business; (b) advertising and promotions of Petron and the Beer and NAB and Spirits divisions of the Food and Beverage business; (c) impairment loss on receivables of the Energy business and on deferred containers of the Beer and NAB division under the Food and Beverage business; (d) repairs and maintenance of Petron; and (e) taxes and licenses of the Energy business.

The increase in interest expense and other financing charges was mainly due to the higher average loan balance of SMC, Petron and the Infrastructure business, partly offset by the declining outstanding lease liabilities of entities under the Independent Power Producer Administration (IPPA) Agreements and long-term debt of the Energy business.

The increase in interest income was mainly due to the higher interest rates on cash and cash equivalents of SMC and higher balance of short-term placements of the Group.

The increase in equity in net earnings of associates and joint ventures was mainly due to the share in the higher net income of Manila North Harbour Port, Inc. (MNHPI) partly offset by the share in the higher net loss of Angat Hydro.

The gain on sale of investments and property and equipment in 2022 primarily represents the sale by: (a) San Miguel Global Power of its investment in shares of stock of SEDI; and (b) Sual Power Inc. (SPI; formerly San Miguel Energy Corporation) of its investments in Daguma Agro-Minerals, Inc., Sultan Energy Phils. Corp. and Bonanza Energy Resources, Inc. The gain on sale of property and equipment in 2021 mainly represents the gain on the disposal of properties by San Miguel (Baoding) Brewery Co., Ltd. and San Miguel (China) Investment Company Limited.

Other charges - net increased primarily due to the higher net loss on foreign exchange from the revaluation of foreign currency-denominated net liabilities of the Group, as a result of the higher depreciation of Philippine Peso against the US Dollar by P4.756 in December 2022 (2022 - P55.755 vs. 2021 - P50.999) as compared to P2.976 in December 2021 (2021 - P50.999 vs. 2020 - P48.023).

The lower income tax expense was primarily due to the recognition in 2022 of deferred tax benefit on: (a) NOLCO by SPI and South Premiere Power Corp. (SPPC); and (b) unrealized net foreign exchange loss by SMC. This was partly offset by the: (a) impact for 2020 of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act which was adjusted in the first quarter of 2021 and reduced income tax expense by P3,607 million in 2021; and (b) higher income tax from the improved performances of the Beer and NAB division under the Food and Beverage business, the Infrastructure business and other subsidiaries of the Energy business.

Excluding the significant effect of foreign exchange losses recognized in 2022 and the adjustment in 2021 of the impact of CREATE Act for 2020, consolidated core net income amounted to P43,216 million, down by 8% from last year's P47,042 million.

With higher interest expense and foreign exchange losses, consolidated net income ended at P26,760 million.

The loss attributable to equity holders of the Parent Company was a turnaround from the income recognized in 2021 mainly due to the lower net income and increase in the share of NCI on the Group's net income.

The share of NCI on the Group's net income increased in 2022 mainly due to the: (a) higher amount of distribution on SPCS of San Miguel Global Power and Petron and (b) higher net income of the SMB and Infrastructure businesses. The increase was partly offset by the lower amount of dividend on preferred shares of Petron.

The following are the highlights of the performance of the individual business segments:

1. FOOD AND BEVERAGE

SMFB posted full year consolidated sales of P358,853 million, 16% increase from 2021 mainly driven by sustained volume growth and better selling prices across the Beer and NAB, Spirits and Food divisions.

SMFB's consolidated operating income grew 11% to P48,711 million and net income rose 10% to P34,665 million compared to 2021.

a. Beer and NAB Division

SMB sustained its growth trend in 2022 delivering consolidated volumes of 224.6 million cases, up 10% from 2021, primarily driven by the positive impact of relaxed mobility and continued re-opening of markets in both domestic and international operations. Consolidated sales amounted to P136,235 million, an increase of 17% from 2021.

Accordingly, consolidated operating income and net income ended at P29,516 million and P21,750 million, higher by 10% and 6% from 2021, respectively.

Domestic Operations

SMB's domestic beer volumes reached 198.9 million cases, 9% higher than 2021, the result of continuous brand-building and demand-generating programs in key channels capitalizing on the further easing of restrictions and expanded mobility beginning end of March of 2022 which paved the way for the re-opening of on-premise outlets.

This was further supported by effective volume-generating programs and marketing in traditional and modern trade channels from core brands such as Pale Pilsen's ongoing "*Gintong Dagat*" campaign and new digital materials for "*Sarap Laging Kasama*" alongside online posts in SMB Viber Community; Red Horse' new digital contents including the "*Muziknuman*" and "*Lakas Sa-Rap Battle*" episodes on Red Horse Beer's "*Lakas Tama*" YouTube channel, continued airing of "*Una*" Entry Point Drinker and "*Spirit Horse*" core campaigns; and San Mig Light's ongoing "*Bright Side*" thematic campaign, New "*Speakeasy*" podcast episode and "*The Light Space*" live Twitter Space, together with other trade and social media marketing programs.

With higher volumes and reflecting the full impact of the price increase implemented in October 2021, SMB's domestic sales grew 16% to P121,849 million. Operating income reached P26,993 million, 7% higher than 2021 on the back of cost saving initiatives and improvements in operational efficiencies.

International Operations

SMB's international operations sustained its strong performance, ending 2022 with a double-digit volume growth of 15% compared to 2021 brought about by the consistent volume gains recorded from Thailand, Indonesia and Export businesses. These were the result of continued re-opening of the economy, revival of tourism supported by distributor and wholesaler incentive programs implemented, and Exports growth to the United States of America, Bahrain, Middle East and new markets in Asia and Africa. Meanwhile, Hong Kong, South China and Vietnam have shown signs of recovery but still remained lower compared to 2021.

b. Spirits Division

GSMI delivered another record-breaking performance in 2022 registering its highest-ever net income of P4,547 million, exceeding 2021 by 9%.

Volumes reached an all-time high of 44.6 million cases, surpassing 2021 levels by 7%. Growth was supported by effective marketing campaigns which resonated well with consumers, such as Ginebra San Miguel's award-winning "*Hanggang Huling Patak ng Bagong Tapang*", Vino Kulafu's "*Lakas Ka Namo*" and GSM Blue's "*Choose What's True*" advertising campaigns alongside the on-ground market penetration promos such as "*Kusog Kulafu Buenas Grasya*" and expanded distribution.

Full year 2022 sales reached P47,341 million, 11% higher from the P42,534 million reported in 2021. Operating income ended at P5,987 million, 13% higher than 2021 on account of the increase in selling price implemented in February 2022, operational efficiency improvements and rationalization of fixed expense, offsetting the impact of inflationary pressures on raw materials and other inputs.

c. Food Division

The Food division sustained its robust top line performance throughout the year 2022, delivering consolidated sales of P175,288 million, 16% higher than 2021. Amidst rising inflation, volumes in most segments grew, boosted by intensified distribution, aggressive promotional activities, launch of new products and utilization of additional capacity from new facilities. Faced with escalating raw material prices, most businesses implemented price increases to partly recover rising costs.

Despite the challenges brought about by rising commodity prices, inflation and depreciating peso, the Food Division managed to grow operating income by 15% to P13,270 million on the back of optimized utilization of company-owned facilities and strategic spending on revenue-generating advertising and promotions.

Net income stood at P9,218 million, a 21% increase compared to 2021's level.

- The Protein segment, comprised of the Poultry and Meats businesses, registered sales 4% higher than 2021. Poultry's sales climbed 9% mainly on account of better selling prices as volumes were constrained by capacity shortages. Notwithstanding, Poultry benefitted from the strong recovery of food service and positive market acceptance of marinated *Timplados* products. Meanwhile, the decline in meats' sales is reflective of deliberate moves to downsize hog operations due to the ASF.
- The Animal Nutrition and Health segment posted 26% growth in sales compared to 2021, propelled by volume growth and better selling prices. Volume grew on the back of higher sales of broiler, layer, and hog feeds, as well as growing demand for its Nutri Chunks pet care and San Miguel Animal Health Care veterinary medicine products.
- The Prepared and Packaged Food segment sales exceeded 2021 by 17%. Growth was led by flagship products - *Purefoods Tender Juicy Hotdogs*, *Purefoods Chicken Nuggets*, whole hams, and Magnolia butter and cheese, with significant contribution from newly launched products under the Purefoods native line and Magnolia salad aids. Significant volume growth along with market share gains was seen across multiple categories.
- Revenue of the Flour segment soared 38%, mainly driven by higher prices, as the business had to cover for higher wheat cost.

2. PACKAGING

The Packaging business generated consolidated sales of P37,039 million in 2022, 10% higher than 2021, boosted by the increase in domestic demand for Glass, Metal, two-piece Aluminum Cans, Beverage Filling and Logistics Services operations from domestic food and beverage customers combined. International operations in China, Vietnam, Malaysia, and Australia also grew from 2021.

Better productivity, management of expenses along with cost saving programs implemented across all business units propelled operating income to increase by 42% at P1,648 million compared to 2021.

3. ENERGY

San Miguel Global Power recorded offtake volumes of 27,402 gigawatt hours (GWh) in 2022, higher by 181 GWh from 2021 mainly driven by the increase in energy demand from distribution utilities with the recovery in economic activities.

Consolidated sales amounted to P221,389 million, up by 66% from P133,710 million in 2021, brought about by the increase in average realization prices reflecting higher fuel costs, increase in spot sale prices, and improved power nominations. In addition, the commencement of commercial operations of the 20 MW Kabankalan Battery Energy Storage System (BESS) in January 2022 likewise contributed to the increase.

The unprecedented spikes in coal prices in 2022 has challenged San Miguel Global Power's operating performance, with prices soaring from US\$65 or P3,340.00 per metric ton (at P51.30 per US\$1) at execution date of contract to as high as US\$434 or P25,430.00 per metric ton (at P58.59 per US\$1). This resulted in incremental supply costs that the Energy business had absorbed to cover the 1,000 MW capacity contracted to Meralco alone. This, along with the increase in power purchase costs driven by elevated spot sale prices combined with the deration of the Ilijan Power Plant resulting from the Malampaya gas supply restriction and the plant's shutdown for inspection, repairs, and maintenance since June 5, 2022, all translated to a significant increase in supply costs. Hence, operating income declined by 22% from P36,841 million in 2021 to P28,886 million.

With lower margins and the recognition of unrealized net foreign exchange losses resulting from the unprecedented depreciation of Philippine Peso against the US dollar in 2022, net income amounted to P3,134 million, 80% behind 2021. Without the recognized foreign exchange losses and CREATE Act adjustments in the first quarter of 2021, net income would have been P10,046 million, lower by 25% from 2021.

Despite these challenges, San Miguel Global Power has remained focused on its goal to provide stable and reliable power to the country through its baseload capacities. Construction of committed additional capacities located in Mariveles, Bataan, Masinloc, Zambales and the Batangas Combined Cycle Power Plant (BCCPP) in Ilijan, Batangas that will provide additional 2,600 MW are progressing well, along with the 1,000 MW BESS and 800 MW from Solar. These will boost the baseload power capacity of the country in the next two years. In particular, the BESS and BCCPP is San Miguel Global Power's path to transitioning its power generation to more renewable sources.

4. FUEL AND OIL

Petron ended 2022 strong mainly driven by the recovery in demand specifically from the industrial and aviation sectors. Combined sales volumes from its Philippine and Malaysia operations reached 112.8 million barrels, 37% higher compared to 2021. The Philippine operation registered 68.5 million barrels, 43% higher than the 47.9 million barrels in 2021. Demand for gasoline and diesel products remained high with notable increases as well in the sales of jet fuel, LPG and polypropylene products, as Petron resumed its production of polypropylene in 2022.

Consolidated sales rose 96% to P857,638 million mainly driven by growth in fuel demand and higher crude oil prices. Dubai crude oil averaged at US\$96 per barrel in 2022, nearly 40% higher than 2021's average of US\$69 per barrel. The year 2022 was characterized with high volatility in crude oil prices. Dubai crude oil surged to as high as US\$113 per barrel in June, dropping by 32% in the second half to US\$77 per barrel in December, due to global inflationary and recession fears.

Consolidated operating income ended 12% higher at P19,213 million, compared to P17,215 million in 2021, despite external headwinds and lower prices in the second semester of 2022. Operating costs were contained, further supported by continued optimization of refining assets. Petron ramped up its refinery production to take advantage of favorable refining cracks, partly countered by more expensive crude and finished product import costs, higher working capital requirements and borrowing rates.

Consolidated net income settled at P6,697 million, up 9% from 2021's P6,136 million.

5. INFRASTRUCTURE

The Infrastructure business continued its growth momentum for the year 2022 recording a 25% increase in combined average daily traffic volumes. Travel and mobility have returned to normal with the resumption of onsite work and classes and increased outdoor activities. Consolidated revenues ended at P29,008 million, 47% higher than 2021's level.

Operating income soared 112% to P14,142 million, mainly driven by the sustained double-digit volume growth in all operating toll roads.

The Group's major ongoing infrastructure projects are all on track.

The railway component of the Metro Rail Transit Line 7 (MRT 7) Project which include the guideway and stations is already 60% completed. The detailed engineering design and site development of the depots are ongoing. The road component is undergoing the study of the realignment.

The South Luzon Expressway - Toll Road 4 Project is progressing well with ongoing right-of-way (ROW) acquisition, construction of underpass, bridges, earthworks and embankments including installation of reinforced concrete pipe culvert and concrete box culvert, including clearing works.

The Supplemental Toll Operation Agreement (STOA) for the South Luzon Expressway - Toll Road 5 Project was signed on June 3, 2022 and was approved by the Office of the President on June 27, 2022. Detailed engineering design studies, ROW acquisitions and awarding of the independent contractor contract are in progress.

The Ninoy Aquino International Airport Expressway (NAIAX) Tramo Connecting Ramp has been issued the Notice to Proceed on May 16, 2022 by the Department of Public Works and Highways, with variation order approval issued on July 6, 2022. Ongoing works for the bored piling are almost complete. Delivery of universal beams girders and accessories has been completed. Civil works for the columns and fabrication of the pre-cast coping beam are set to begin.

Skyway Stage 4 Project is also progressing well with ongoing ROW acquisition, detailed engineering design either already approved or undergoing review and evaluation by the Toll Regulatory Board and pre-construction activities already started which include inspection of seedlings for the planting of trees.

The STOA for Pasig River Expressway Project has been signed on September 21, 2021 and approved by the Office of the President on March 13, 2022. Environmental Compliance Certificate application and detailed engineering design services are in progress while ongoing activities are still limited to site development and river dredging.

The Northern Access Link Expressway and Southern Access Link Expressway's STOA have been signed on March 21 and June 20, 2022 and approved by the Office of the President on May 6 and June 27, 2022, respectively.

On March 31, 2022, SMC entered into a loan facility agreement with several lenders amounting to US\$2,165 million for the financing of the land development works for the MIA Project, of which US\$871 million has been drawn as at December 31, 2022. SMC has received the initial certification from the Independent Environmental and Social Consultant of the Airport land development works lenders and is in continuous compliance with the International Finance Corporation Performance Standards. The project team together with the consultants and third-party providers are currently working on the Airport Masterplan along with the critical components of the airport. Site clearing activities is almost complete while land filling and ground improvement works are almost 50% done.

II. FINANCIAL POSITION

A. The following are the major developments in 2023:

In 2023, the Group has undertaken various financing activities. The significant transactions are as follows:

AVAILMENT OF LONG-TERM DEBT

PESO TERM LOANS

- **Energy**

- a) Masinloc Power Co. Ltd. (MPCL; formerly Masinloc Power Partners Co. Ltd.)**

On January 17, 2023, MPCL agreed with local bank lenders to amend its Omnibus Refinancing Agreement, with an outstanding obligation amounting to US\$149 million as at the agreement date, into a Peso-denominated loan amounting to P8,155 million, subject to floating interest rate with maturities up to January 2023. MPCL holds a one-time right to convert the loan into a fixed interest rate borrowing on the second anniversary allowed under the terms of the agreement.

- b) San Miguel Global Power**

On June 15 and August 8, 2023, San Miguel Global Power drew P5,000 and P2,500 million, respectively, from a P10,000 million Corporate Notes Facility Agreement executed on June 9, 2023. The loan is subject to a fixed interest rate and will mature in June 2028. The proceeds of the loan were used to partially refinance maturing debt obligations, fund general corporate purposes, including investments in LNG and BESS, and cover transaction-related costs, fees and expenses.

- c) SMGP BESS Power, Inc. (SMGP BESS; formerly Universal Power Solutions, Inc.)**

On October 27, 2023, SMGP BESS drew the first tranche amounting to P28,000 million from the P40,000 million Omnibus Loan and Security Agreement (OLSA) executed on October 23, 2023 with various local banks. The loan is subject to a fixed interest rate and will mature in October 2033. The proceeds from the first tranche were used for the purchase of outstanding perpetual securities issued to SMC and reimbursement or repayment of reimbursable advances from San Miguel Global Power, both of which were used to finance payment for interest, design, construction and the operation of the BESS projects, and cover transaction-related costs, fees and expenses.

- **Infrastructure**

- a) **SMC NAIAX Corporation (SMC NAIAX)**

On various dates in 2023, SMC NAIAX availed of a total of P1,187 million term loans from its P5,656 million OLSA with various banks executed on December 21, 2022. The term of the loan is for seven years and three months and is subject to a floating interest rate. The proceeds of the loan are being used to partially finance the construction and development of the NAIAX Tramo Extension Project.

- b) **SMC SLEX Holdings Company Inc. (SSHCI)**

On April 19, 2023, SSHCI availed of the remaining P4,200 million of the P20,000 million term loan facility agreement executed on December 3, 2021. The loan is subject to a floating interest rate payable quarterly and with a term of three years. The proceeds were used to partially finance investments, expansion and capital expenditure programs in toll roads and other infrastructure and infrastructure-related projects.

- c) **SMC Mass Rail Transit 7 Inc. (SMC MRT 7)**

On June 1 and July 17, 2023, SMC MRT 7 availed of a total of P14,300 million term loan from the P100,000 million OLSA with various local banks executed on May 18, 2023. The proceeds of the loan are being used to partly finance the MRT 7 Project. The loan is subject to a floating interest rate and with a term of 15 years.

- **Food and Beverage**

- SMB**

On February 21, 2023, SMB availed of the remaining P5,000 million term loan from its P10,000 million loan facility executed on December 19, 2022 to partially finance capital expenditures. The term of the loan is for five years and is subject to a fixed interest rate for the first two years and repricing thereafter.

- **Cement**

- a) **San Miguel Equity Investments Inc. (SMEI)**

On July 14, 2023, SMEI availed of a P30,000 million term loan, subject to a fixed interest rate and with a term of ten years. The proceeds were used for refinancing of existing short-term loan and/or other general corporate purposes.

- b) **NCC**

On various dates in 2023, NCC availed of a total of P3,750 million term loan from its existing P12,500 million OLSA executed in June 2021. The loan is subject to a fixed interest rate and with final repayment date on June 30, 2031. Proceeds of the loan are being used to partially finance the ongoing cement plant project in Sison, Pangasinan. The OLSA was fully drawn as at December 31, 2023.

- **SMC**

On June 30, 2023, SMC availed of a P5,200 million term loan for the refinancing of its Corona Virus Disease 2019 response activities during the period 2020 to 2022. The loan is subject to a fixed interest rate and with a term of six years.

FOREIGN CURRENCY-DENOMINATED LOANS

- **San Miguel Global Power**

- a) On March 16, 2023, San Miguel Global Power availed of a US\$100 million term loan from a facility agreement executed on March 10, 2023 with a foreign bank. The loan is subject to a floating interest rate and will mature in September 2024.

The proceeds of the loan, net of transaction-related fees and costs of the facility, were used for general corporate purposes, as well as for various capital expenditures and debt refinancing.

- b) On October 31, 2023, San Miguel Global Power availed of a US\$50 million term loan from a facility agreement executed on October 24, 2023 with a foreign bank. The loan is subject to a floating interest rate and will mature in April 2025. The proceeds of the loan were used to refinance the US\$50 million three-year term loan drawn in April 2021 which matured in October 2023, and payment of transaction related fees, costs and expenses in relation to the facility agreement.

- **SMC**

- a) On various dates in 2023, SMC availed of a total of US\$1,330 million from the term loan facility executed on March 21, 2023, which was increased from US\$1,200 million to US\$1,330 million effective June 30, 2023. The term of the loan is for five years and is subject to a floating interest rate. The proceeds of the loan were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction related fees, costs and expenses of the facility.
- b) On various dates in 2023, SMC availed of a total of US\$622 million term loan from the US\$2,165 million loan facility executed on March 31, 2022. The loan is subject to a floating interest rate and with a term of 13 years. The proceeds were used to fund the land development works of the MIA Project in Bulacan. Total drawdowns as at December 31, 2023 amounted to \$1,493 million.
- c) On July 10 and July 31, 2023, SMC availed of a US\$200 million term loan, subject to a floating interest rate and US\$150 million term loan, subject to a fixed interest rate, with a term of five years. The proceeds of the loans were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction related fees, costs and expenses of the facility.
- d) On September 20, 2023, SMC availed of a US\$300 million term loan, subject to a floating interest rate and with a term of five years. The proceeds of the loan were used to refinance a total of US\$300 million term loans availed in 2018.
- e) In November 2023, SMC availed of a total of US\$300 million term loans, subject to a floating interest rate and with a term of five years. The proceeds of the loan were used for general corporate purposes including the refinancing of external indebtedness, as well as related fees and expenses and payment of other transaction related fees, costs and expenses of the facility.

- **Petron**

On various dates in 2023, Petron availed of a total of US\$399 million loans from the following: (1) US\$174 million from the remaining balance of the term loan facility executed in November 2022, which was increased from US\$550 million to US\$669 million effective February 17, 2023 (the "US\$669 million Facility"), and (2) US\$225 million from the term loan facility executed on March 28, 2023 (the "US\$225 million Facility"). The final amortization of the US\$669 million Facility will be

on November 8, 2027, while the final amortization of the US\$225 million Facility will be on March 28, 2028. Both Facilities are subject to floating interest rates.

The US\$174 million loans from the US\$669 million Facility were used to partially prepay the amortizations for the JPY15,000 million long-term loan amounting to US\$30 million, to prepay the remaining balance of the US\$800 million long-term loan amounting to US\$113 million, and partially fund payment of the P7,000 million Series B Bonds due on October 27, 2023 amounting to US\$31 million. Proceeds from the US\$225 million Facility were used to partially fund the redemption of Petron's US\$500 million SPCS.

PAYMENT OF FIXED RATE PESO-DENOMINATED BONDS

- **SMC**

On March 20, 2023, SMC paid its Series E Fixed Rate Peso-denominated Bonds amounting to P13,146 million, which matured on the same date. The Series E Bonds, which formed part of the P20,000 million Series E, Series F and Series G Fixed Rate Bonds were issued by SMC in 2018.

The Series E Bonds were paid from the proceeds of the P60,000 million Series L, Series M and Series N Fixed Rate Peso-denominated Bonds issued on December 14, 2022.

- **San Miguel Global Power**

On July 11 and August 17, 2023, San Miguel Global Power paid its Series B and Series G Bonds, respectively, with a total amount of P19,090 million. The Series B Bonds formed part of the P15,000 million Series A-B-C fixed rate bonds issued in July 2016, while the Series G Bonds were issued in 2018.

The payment was funded through capital infusion by SMC and cash generated from operations.

- **Petron**

On October 27, 2023, Petron paid its Series B Fixed Rate Peso-denominated Bonds amounting to P7,000 million, which matured on the same date. The Series B Bonds formed part of the P20,000 million retail bonds issued by Petron in 2016.

The payment was funded by the US\$31 million term loan drawn on August 14, 2023 from the US\$669 million facility and cash generated from operations.

PAYMENT OF TERM LOANS

FOREIGN CURRENCY-DENOMINATED TERM LOANS

- **San Miguel Global Power**

On March 13, 2023, San Miguel Global Power paid the remaining balance of the US\$700 million term loan facility availed on March 16, 2018, amounting to US\$500 million, which matured on the same day.

The payment was funded by the proceeds from issuance of Redeemable Perpetual Securities (RPS) by San Miguel Global Power to SMC amounting to US\$500 million on March 10, 2023 and cash generated from operations.

- **SMC**

- a) On February 23, 2023, SMC prepaid in full the US\$400 million term loan availed on March 16, 2018. The US\$400 million was paid from the available cash balance.
- b) On April 28, 2023, SMC paid in full the US\$300 million loan availed in 2018, funded by the proceeds from the issuance of P60,000 million Series L, Series M and Series N Fixed Rate Peso-denominated Bonds issued on December 14, 2022.

PESO TERM LOAN

- **ECC**

On May 29, 2023, ECC prepaid in full the balance of its Term Loan Facility and Security Agreement entered in 2016, amounting to P4,049 million. The payment was funded by the proceeds from the redemption on May 25, 2023 of the P4,000 million RPS issued by SMC in 2020.

PAYMENT OF OTHER MATURING OBLIGATIONS

During the year, the Group paid a total of P27,497 million of its scheduled amortizations and maturing obligations.

The Infrastructure, Energy, Cement, Petron, Packaging, Food and Beverage businesses and SMC paid a total of P9,526 million, P5,129 million, P4,900 million, P4,643 million, P2,625 million, P514 million and P160 million, respectively, of their maturing obligations.

ISSUANCE OF EQUITY AND CAPITAL SECURITIES

- **Petron**

On July 7, 2023, Petron issued and listed at the Philippine Stock Exchange (PSE) 5,000,000 Series 4A, 2,995,000 Series 4B and 6,005,000 Series 4C Preferred Shares (inclusive of the oversubscription of 1,500,000 shares) under the 50,000,000 Series 4 Shelf Registered Preferred Shares at an issue price of P1,000.00 per share or for a total amount of P14,000 million. The Series 4 Shelf Registered Preferred Shares, which were approved for issue by the Securities and Exchange Commission (SEC) on June 14, 2023, are cumulative, deferrable, non-voting, non-participating, non-convertible, redeemable, and reissuable Peso-denominated perpetual preferred shares.

The Series 4 Preferred Shares are redeemable in whole and not in part, starting on the second and half, third and fifth year or on any dividend payment date thereafter for Series 4A, Series 4B and Series 4C Preferred Shares, respectively. Dividend rates are 6.7079%, 6.7972% and 7.0861% per annum for Series 4A, Series 4B and Series 4C Preferred Shares, respectively.

The net proceeds were used to partly fund the full redemption on July 19, 2023 of the remaining US\$478 million SPCS issued in 2018.

- **SMC**

On August 23, 2023, SMC issued 173,333,325 Series 2-M Preferred Shares (Series 2-M) and were listed at the PSE on August 29, 2023. The shares were issued at an offer price of P75.00 per share for a total amount of P13,000 million, with dividend rate of 8.375% per annum. The shares are cumulative, non-voting, non-participating, non-convertible, redeemable, Peso-denominated preferred shares issued out of the treasury shares of SMC. The Series 2-M Preferred Shares were privately-placed.

The net proceeds from the issuance of Series 2-M were used for general corporate purposes.

On December 1, 2023, SMC issued a total of 453,333,400 Series 2-L, 2-N and 2-O (Series 2-LNO) Preferred Shares which were under the 866,666,700 shelf-registration and were listed at the PSE on the same date. The shares were issued at an offer price of P75.00 per share for a total amount of P34,000 million, with dividend rates of 7.9145% (Series 2-L), 8.3466% (Series 2-N) and 8.5936% (Series 2-O) per annum. The shares are cumulative, non-voting, non-participating, non-convertible, redeemable, Peso-denominated preferred shares issued out of the treasury shares of SMC.

The net proceeds of the from the issuance of the Series 2-LNO were used for repayment of Peso-denominated short-term facilities, repayment of Series B Bonds and will be used for the repayment of Series H Bonds on October 4, 2024.

REDEMPTION OF US\$500 MILLION SPCS BY PETRON

On January 4, 2023, Petron conducted a tender offer of up to US\$50 million to the holders of its outstanding US\$500 million SPCS issued and listed at the Singapore Exchange Securities Trading Limited (SGX-ST) in January 2018. On January 12, 2023, the expiration deadline of the tender offer, a total of US\$22 million in principal amount of SPCS were accepted by Petron. Security holders that validly tendered their securities at or prior to the expiration deadline and which Petron accepted for purchase from such security holder were paid the applicable purchase price of US\$927.00 per US\$1,000.00 on January 19, 2023.

On July 19, 2023, Petron fully redeemed at par the remaining balance of the SPCS with an aggregate amount of about US\$478 million.

Following the full redemption, distributions ceased to accrue, and the redeemed securities were cancelled and delisted from the SGX-ST.

The redemption was funded through availment of a US\$225 million term loan, issuance of 14,000,000 Series 4 Preferred Shares and cash generated from operations.

SUBSEQUENT EVENTS

- **Payment of P7,294 million Series B Fixed Rate Peso-denominated Bonds by SMC**

On March 1, 2024, SMC paid the P7,294 million Series B Fixed Rate Peso-denominated bonds, which matured on the same date. The Series B Bonds, which formed part of the first tranche of the P60,000 million shelf registered fixed rate bonds Series A, Series B and Series C Fixed Rate Bonds were issued by the Parent Company in 2017.

- **Rehabilitation, Operation and Maintenance of Ninoy Aquino International Airport (NAIA) by SMC SAP & Company Consortium (Consortium)**

On February 16, 2024, the Consortium, led by San Miguel Holdings Corp. (SMHC), has officially won the contract to rehabilitate, operate and maintain the NAIA which is the country's main international gateway. The Consortium is comprised of SMHC owning 33%, RMM Asian Logistics Inc. owning 30%, RLW Aviation Development Inc. owning 27% and Incheon International Airport Corp owning 10%. Together, the members of the consortium incorporated the concession company, New NAIA Infra Corp. in the same ownership percentage sharing.

On March 18, 2024, the Concession Agreement was signed with the concession company, New NAIA Infra Corp. The operation of NAIA is expected to be turned-over by the Manila International Airport Authority to the concession company, six months after the execution of the Concession Agreement.

- **Joint Investment in an Integrated LNG Facility by San Miguel Global Power and Chromite Gas Holdings, Inc. (CGHI)**

On March 1, 2024, the Board of Directors (BOD) of San Miguel Global Power approved the following transactions:

- 1) Subscription by CGHI, a joint venture company owned by Meralco PowerGen Corporation and Therma NatGas Power Inc., of approximately 67% equity interest in the wholly-owned subsidiaries of San Miguel Global Power, namely: SPPC, Excellent Energy Resources Inc. (EERI) and Ilijan Primeline Industrial Estates, Inc. (IPIEC); and
- 2) Purchase by San Miguel Global Power of approximately 33% of the total outstanding capital stock of Linseed Field Corporation (LFC) from Eurodite Universal Power Incorporated.

The assets covered by the transaction consists of the: (a) 1,275 MW Ilijan Combined Cycle Gas Power Plant owned by SPPC which is currently operational, (b) 1,320 MW BCCPP owned by EERI which is under construction, (c) 390,829 sqm land where the BCCPP of EERI is situated, and (d) import and regasification LNG terminal owned by LFC which will process LNG for SPPC and EERI and has capacity to service additional third-party customers.

B. The following are the major developments in 2022:

INVESTING ACTIVITIES

Acquisition by SMC through SMEII of ECC

On October 5, 2022, SMEII signed a share purchase agreement with Far East Holdings, Inc., the parent company of ECC and three other individual shareholders (collectively, the Selling Shareholders) for the acquisition by SMEII of a total of 4,425,123,001 common shares (Sale Shares) representing approximately 88.50% of the total outstanding and issued capital stock of ECC for a total consideration of P97,441 million or P22.02 per Sale Share.

ECC and its subsidiaries are engaged in manufacturing, marketing, sale, and distribution of cement. ECC owns a cement production facility in San Ildefonso, Bulacan and a grinding and packaging facility in Limay, Bataan.

On October 27, 2022, the Philippine Competition Commission issued a notice which states that the transaction is not subject to the notification requirement under the Philippine Competition Act and its implementing rules and regulations. Consequently, on November 7, 2022, SMEII proceeded to conduct a mandatory tender offer to acquire a total of 574,877,004 common shares of ECC, representing approximately 11.46% of the outstanding capital stock of ECC held by the minority shareholders, as required by the Securities Regulations Code, which tender offer was likewise considered as the tender offer required for the voluntary delisting of ECC under the relevant rules of the PSE after the required written assent of the stockholders of ECC was secured.

The tender offer period ended on December 5, 2022, a total of 572,780,677 ECC shares representing approximately 11.46% of the total outstanding common shares of ECC were tendered (Tendered Shares) for a total consideration of P12,613 million or P22.02 per share (Tender Offer Price). The Tendered Shares were crossed through the PSE on December 14, 2022, upon approval of the PSE of a special block sale of the Tendered Shares. Thereafter, ECC petitioned for a voluntary delisting and was approved by the PSE effective February 28, 2023.

As a result of the transaction, ECC was consolidated effective December 14, 2022. SMEII beneficially owns 4,997,903,678 common shares representing 99.96% of the total outstanding common shares of ECC as at December 31, 2023 and 2022.

The total acquisition cost of ECC amounting to P110,054 million was funded by short-term loan availed by SMC and existing cash balance.

Redemption of Investment in Preferred Shares of Top Frontier Investment Holdings, Inc. (Top Frontier)

On December 20, 2022, the BOD of Top Frontier approved the redemption of the remaining 1,904,540 preferred shares held by SMC. On December 21, 2022, Top Frontier redeemed the preferred shares at the redemption price of P35,424 million, corresponding to the original issue price, plus unpaid cash dividends amounting to P267 million.

In 2022, the Group has undertaken various financing activities. The significant transactions are as follows:

AVAILMENT OF LONG-TERM DEBT

PESO TERM LOANS

- **SSHCI**

On various dates in 2022, SSHCI availed of a total of P15,800 million term loans from the P20,000 million term loan facility agreement executed on December 3, 2021. The loans are subject to a floating interest rate and will mature on January 3, 2025. The proceeds were used to partially finance investments, expansion and capital expenditure programs in toll roads and other infrastructure and infrastructure-related projects and other related and/or allied businesses which provide service to the toll roads and other infrastructure-related projects.

- **Petron**

- a. On May 19, June 15 and June 16, 2022, Petron availed of a total of P15,000 million term loans for the: (a) partial financing of power plant project, (b) payment of the remaining balance of US dollar term loan, and (c) payment of various loan facilities. The P15,000 million term loan is divided into three P5,000 million loans, each with a term of five years and subject to fixed interest rates. The term loans will mature on May 19, June 15 and June 16, 2027, respectively.
- b. On September 8 and September 30, 2022, Petron availed of a total of P3,000 million term loans for the repayment of indebtedness. The loans are subject to fixed interest rates and will mature on September 8, 2025.

- **SMC NAIAX**

On December 28, 2022, SMC NAIAX availed of a P3,124 million term loan from its P5,656 million OLSA with various banks executed on December 21, 2022. The loan is subject to a fixed interest rate and will mature on June 21, 2030. The proceeds of the loan were used to prepay the balance of the OLSA executed in 2014 and will be used to partially finance the construction and development of the NAIAX Tramo Extension Project.

- **SMB**

On December 20, 2022, SMB availed of a P5,000 million five-year term loan from its P10,000 million loan facility with a local bank. The loan is subject to a fixed interest rate and will mature on December 20, 2027. The proceeds of the loan were used to partially finance capital expenditures.

- **NCC**

On various dates in 2022, NCC availed of a total of P1,674 million term loan from its existing P12,500 million OLSA executed on June 22, 2021. The loan is subject to a fixed interest rate and with final repayment date on June 30, 2031. Proceeds of the loan were used to finance the ongoing cement plant project in Sison, Pangasinan. Total drawdowns from the OLSA as at December 31, 2022 amounted to P8,749 million.

FOREIGN CURRENCY-DENOMINATED LOANS

- **San Miguel Global Power**

- a. On January 21, 2022, San Miguel Global Power availed of a US\$200 million term loan from the loan facility agreement executed on September 8, 2021. Proceeds of the loan were used for capital expenditures relating to expansion projects and payment of other transaction related fees, costs and expenses of the facility. The term of the loan is for three years and is subject to a floating interest rate.
- b. On May 24, 2022, San Miguel Global Power availed of a US\$100 million term loan from the loan facility agreement executed on May 18, 2022. Proceeds of the loan were used mainly for working capital requirements of BESS and BCCPP Projects, for general corporate requirements and payment of other transaction related fees, costs and expenses of the facility. The loan is subject to a floating interest rate and will mature in May 2025.
- c. On August 26, 2022, San Miguel Global Power availed of a US\$300 million term loan from its loan facility agreement executed on August 18, 2022. Proceeds of the loan were used mainly for general corporate purposes, including capital expenditures and refinancing of short-term loan. The loan is subject to a floating interest rate and will mature in August 2027.

- **SMC**

- a. On February 18 and April 20, 2022, SMC availed of a total of US\$450 million term loan from the US\$900 million loan facility agreement executed on October 21, 2021 for general corporate purposes. The loan is subject to a floating interest rate and will mature on October 21, 2026.
- b. On various dates in June, August and September 2022, SMC availed of a total of US\$700 million term loan from the US\$700 million loan facility agreement executed on March 28, 2022 for general corporate purposes. The loan is subject to a floating interest rate and will mature on March 29, 2027.

- c. On various dates in 2022, SMC availed of a total of US\$871 million term loan from the US\$2,165 million loan facility executed on March 31, 2022 for the financing of the MIA Project's land development works. The term of the loan is 13 years and is subject to a floating interest rate.
- d. On August 2, 2022, SMC availed of a US\$100 million loan from the US\$100 million term loan facility executed on May 27, 2022 for general corporate purposes. The loan is subject to a floating interest rate and will mature on May 27, 2027.

- **Petron**

In November and December 2022, Petron availed of US\$267 million and US\$228 million loans, respectively, from the US\$550 million term loan facility executed on November 8, 2022. The loan is amortized over five years with a two-year grace period and subject to a floating interest rate. The proceeds were used to partially prepay the US\$800 million term loan facility availed in 2019 and the US\$150 million term loan availed in 2020.

ISSUANCE AND PAYMENT OF FIXED RATE PESO-DENOMINATED BONDS

- **Issuance of P30,000 Million Fixed Rate Bonds by SMC**

On March 4, 2022, SMC issued and listed at the Philippine Dealing & Exchange Corporation (PDEX) P17,440 million Series J and P12,560 million Series K Fixed Rate Peso-denominated Bonds from the P60,000 million Shelf Registered Fixed Rate Bonds. The bonds are due in March 2027 and 2029 with interest rates of 5.2704% and 5.8434% per annum, respectively.

The proceeds from the issuance of the bonds were used to refinance short-term loan facilities and other general corporate purposes.

- **Registration and Issuance of P60,000 Million Fixed Rate Peso-denominated Bonds by SMC**

On December 14, 2022, SMC issued and listed at the PDEX a total of P60,000 million Fixed Rate Peso-denominated Bonds comprising of P27,101 million Series L, P9,712 million Series M and P23,187 million Series N bonds which were approved by the SEC on November 22, 2022. The Series L, Series M and Series N bonds are due in December 2028, 2029 and 2032 with interest rates of 7.4458%, 7.8467% and 8.4890% per annum, respectively.

Portion of the proceeds from the issuance of the bonds were used for: (i) the optional redemption of the Subseries "2-H" Preferred Shares; and (ii) the repayment of Peso-denominated short-term loan facilities used to redeem the Series A and Series D Bonds, and the remaining balance will be used for (iii) the final redemption and payment of the Series E Bonds due in 2023; and (iv) the refinancing of certain US Dollar-denominated obligations.

- **Registration of P60,000 Million-Worth of Fixed Rate Peso-Denominated Bonds and Issuance of P40,000 Million Series K, L and M Bonds by San Miguel Global Power**

On July 26, 2022, San Miguel Global Power issued and listed at the PDEX a total of P40,000 million Fixed Rate Peso-denominated Bonds, the first tranche of the P60,000 million shelf registered fixed rate bonds approved by the SEC on July 11, 2022.

The bonds comprised of P5,000 million Series K Bonds due 2025, P25,000 million Series L Bonds due 2028 and P10,000 million Series M Bonds due 2032, with interest rates per annum of 5.9077%, 7.1051% and 8.0288%, respectively.

The proceeds from the issuance of the bonds were used: (i) to partially finance San Miguel Global Power's investments in power-related assets, particularly BCCPP and related assets, coal power plant projects, BESS and solar power plant projects; (ii) for general corporate purposes; and (iii) for payment of transaction-related fees, costs and expenses.

- **Payment of Fixed Rate Peso-Denominated Series A and D Bonds by SMC**

On March 1 and April 7, 2022, SMC paid its Series A and D Fixed Rate Peso-denominated Bonds amounting to P6,683 million and P10,000 million, respectively. The Series A and Series D Bonds matured on their respective payment dates and were issued by SMC in 2017.

The Series A and D Bonds were paid using the proceeds from short-term loan facilities.

- **Payment of Fixed Rate Peso-Denominated Series D and Series H Bonds by San Miguel Global Power**

On April 25 and December 22, 2022, San Miguel Global Power paid its P13,845 million Series H and P9,913 million Series D Fixed Rate Peso-denominated Bonds, which matured on the same dates. The Series D and Series H Bonds were issued by San Miguel Global Power in 2017 and 2019, respectively.

The Series H Bonds were paid partly from the proceeds of short-term loan facilities and from cash generated from operations.

- **Payment of Fixed Rate Peso-Denominated Series F Bonds by SMB**

On April 2, 2022, SMB paid its Series F Fixed Rate Peso-denominated Bonds amounting to P7,000 million, which matured on the same day. The Series F Bonds were issued by SMB in 2012.

The payment was funded by the proceeds from the P7,000 million term loan availed on April 1, 2022 from a local bank. The loan is subject to a fixed interest rate and will mature in 2025 and 2027.

- **Payment of Fixed Rate Peso-Denominated Series B Bonds by SMC SLEX Inc. (SMC SLEX)**

On May 22, 2022, SMC SLEX paid its Series B Fixed Rate Peso-denominated Bonds amounting to P2,400 million, which matured on the same day. The Series B Bonds were issued by SMC SLEX in 2015.

The Series B Bonds were paid using internally generated funds.

PAYMENT OF OTHER MATURING OBLIGATIONS

In 2022, the Group paid a total of P22,074 million of its scheduled amortizations and maturing obligations funded by cash generated from operations.

Infrastructure, Energy, Petron, Packaging, Food and Beverage and SMC paid a total of P8,575 million, P6,824 million, P3,430 million, P2,902 million, P183 million and P160 million, respectively, of their maturing obligations.

REDEMPTION OF PREFERRED SHARES BY SMC

Redemption of Series “2” Preferred Shares - Subseries “2-H” by SMC

On December 21, 2022, SMC redeemed its outstanding 164,000,000 Subseries “2-H” Preferred Shares issued in March 2016. The redemption price was the issue price of P75.00 per share, plus any accumulated unpaid cash dividends. The redemption of Subseries “2-H” Preferred Shares was approved by the BOD of SMC on September 22, 2022.

The Subseries “2-H” Preferred Shares were redeemed using part of the proceeds of the P60,000 million Fixed Rate Peso-denominated Bonds issued on December 14, 2022.

The redeemed shares were not retired and may be re-issued by SMC at a price to be determined by the BOD. The listing of the shares are suspended until re-issued by SMC, upon the approval of the application for lifting of trading suspension by SMC, in accordance with the listing rules of the PSE.

REPURCHASE OF CAPITAL SECURITIES BY SAN MIGUEL GLOBAL POWER

On October 26, 2022, the BOD of San Miguel Global Power authorized the conduct of tender offer to the holders of its US dollar-denominated SPCS listed at the SGX-ST to purchase for cash up to US\$400 million SPCS. The conduct of the tender offer commenced on October 26, 2022, and expired on November 4, 2022 (the “Expiration Deadline”). All valid tender offers from security holders, representing an aggregate of US\$124 million in principal amount of SPCS were accepted by San Miguel Global Power. Security holders that validly tendered their securities at or prior to the expiration deadline and which San Miguel Global Power accepted for purchase from such security holder were paid the applicable purchase price and the relevant accrued distribution amount on November 9, 2022.

The payment for the repurchased SPCS was funded by San Miguel Global Power’s issuance of RPS to SMC.

C. The following are the major developments in 2021:

INVESTMENT IN SUBSIDIARIES

Merger of NCC and San Miguel Northern Cement, Inc. (SMNCI)

On March 3, 2021, the BOD and stockholders of NCC and SMNCI approved the plan of merger of NCC and SMNCI, with NCC as the surviving entity.

On June 14, 2021, the SEC approved the Articles and Plan of Merger executed by NCC and SMNCI, whereby the entire assets and liabilities of SMNCI were transferred to and absorbed by NCC, the surviving entity.

On July 1, 2021, the effective date of the merger, NCC issued 131,835,212 common shares in favor of SMEII for a total amount of P9,834 million as consideration for the net assets of SMNCI in accordance with the Plan of Merger. The shares were issued out of the increase in the authorized capital stock of NCC, which was approved by the SEC on June 14, 2021.

The merger of NCC and SMNCI is considered to be a business combination under common control. The Group accounts for business combinations involving entities that are ultimately controlled by the same ultimate parent before and after the business combination and the control is not transitory, using the pooling of interest method.

The assets and liabilities of the combining entities are reflected in the consolidated statement of financial position at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination.

On October 6, 2021, the BIR issued Ruling No. S40M-371-2021 which confirmed the tax-free exchange of investment relative to the merger of NCC and SMNCL.

Investment by SMC Equivest Corporation (SMCEC) in Preferred Shares and Common Shares of BankCom

On August 5, 2021, SMCEC subscribed to 41,666,667 Series 1 Preferred Shares of BankCom at P132.00 per share or a total of P5,500 million.

The preferred shares are non-voting, except as provided by law, perpetual or non-redeemable, cumulative, convertible to common shares at the option of the holders, subject to requirements under laws, rules and regulations, have preference over common shares in case of liquidation, dissolution, or winding up of the affairs of BankCom and subject to the other terms and conditions as may be fixed by the BOD of BankCom, required under regulations, and to the extent permitted by applicable law.

On October 20, 2021, SMCEC acquired 1,571,600 common shares of BankCom at P226.48 per share or P357 million, including transaction cost, representing additional 1.4% ownership interest.

The Bangko Sentral ng Pilipinas (BSP) and SEC approved the Amendment of Articles of Incorporation of BankCom on October 4 and November 2, 2021, respectively, for the change in the par value of BankCom's common and preferred shares from P100.00 per share to P10.00 per share, which was approved by the BOD and stockholders of BankCom on May 25 and July 8, 2021, respectively. As a result, San Miguel Properties, Inc. (SMPI) and SMCEC's investment in BankCom's common shares increased from 44,771,180 shares to 447,711,800 shares and from 6,830,556 shares to 68,305,560 shares, respectively. SMCEC's investment in BankCom's preferred shares also increased from 41,666,667 shares to 416,666,670 shares.

As at December 31, 2021, SMC through SMPI and SMCEC, respectively, has 39.93% and 6.09% equity ownership interests in BankCom.

On December 23, 2021, the Monetary Board of the BSP, in its Resolution No. 1798, approved the upgrade of the banking license of BankCom from commercial bank to universal bank, subject to the public offering of its shares and listing the same with the PSE within one year from the date of the grant of the universal banking license.

On February 15, 2022, the SEC issued its pre-effective letter relating to the registration of securities of up to 1,403,013,920 common shares of BankCom to be listed and traded in the Main Board of the PSE in relation to its initial public offering. On February 16, 2022, the PSE approved the application for the listing of up to 1,403,013,920 common shares of BankCom, which includes the 280,602,800 common shares subject of the initial public offering. On March 31, 2022, BankCom listed its common shares with the PSE.

In 2021, the Group has undertaken various financing activities. The significant transactions are as follows:

AVAILMENT OF LONG-TERM DEBT

PESO TERM LOANS

- **San Miguel Global Power**

On May 28, 2021, San Miguel Global Power availed of a P5,000 million from its term loan facility agreement with a local bank executed in May 2020. The proceeds of the loan were used for general corporate purposes. The loan is subject to a fixed interest rate and will mature on May 28, 2025.

- **SMC Tollways**

On March and June 2021, SMC Tollways drew a total of P12,900 million from the P41,200 million Corporate Notes Facility Agreement dated December 9, 2019 with various local banks. The proceeds of the loan were mainly used to refinance existing debt obligations, invest and/or advance for infrastructure projects, for general corporate purposes and to finance transaction-related fees, taxes and expenses. The loan is subject to a fixed interest rate and repricing on the fifth year from initial drawdown date, and payable in 40 quarterly installments up to December 14, 2029. As at December 31, 2021, the total amount of the P41,200 million facility has been fully drawn.

- **NCC**

On June 30, 2021, SMNCI availed of a P7,075 million from the P12,500 million OLSA executed on June 22, 2021. The loan is subject to a fixed interest rate and with final repayment date on June 30, 2031. Proceeds of the loan were used to partially finance the development, design, construction, completion and operation of the cement plant in Sison, Pangasinan, repay the reimbursable sponsor advances and finance the transaction costs, other taxes, costs and operation expenses and other financing costs incurred in availing the loan. On July 1, 2021, the balance of the loan was transferred to NCC following the merger of NCC and SMNCI.

- **The Purefoods-Hormel Company, Inc. (PF-Hormel)**

On September 29, 2021, PF-Hormel availed of a P7,000 million term loan, subject to a fixed interest rate and will mature on September 29, 2026. The proceeds of the loan were used for the refinancing of existing indebtedness and general corporate purposes.

- **SCII**

On December 29, 2021, SCII fully availed the P4,800 million loan from the OLSA executed on December 22, 2021. The loan is subject to a fixed interest rate and with final repayment date on December 31, 2028. Proceeds of the loan were used to partially finance the development, design, construction, completion and operation of the cement grinding facility with cement packing and pier facilities of SCII in Davao.

FOREIGN CURRENCY-DENOMINATED TERM LOANS

- **San Miguel Global Power**

a. On March 9, 2021, San Miguel Global Power executed a five-year term loan facility agreement for the amount of US\$200 million used to refinance its maturing US\$200 million loan obligation. Drawdown was completed on March 12, 2021. On May 21, 2021, the loan facility agreement was amended to increase the amount from US\$200 million to US\$300 million.

On June 7, 2021, San Miguel Global Power availed of the remaining US\$100 million from its amended loan facility agreement. The proceeds of the loan were used mainly for the payment of Series A Fixed Rate Bonds in July 2021. The loan is subject to a floating interest rate and will mature in March 2026.

- b. On April 12, 2021, San Miguel Global Power availed of a US\$50 million from its term loan facility with a foreign bank executed on October 12, 2020. Proceeds of the loan were used for the payment of capital expenditures of the BCCPP (including expansion projects related thereto), funding of liquid natural gas import, storage and distribution facilities, pre-operating and operating working capital requirements for the BESS Projects, and transaction-related fees, costs and expenses of the facility. The loan is subject to a floating interest rate and will mature in October 2023.
- **SMC**
 - a. On October 21, 2021, SMC executed a five-year term loan facility agreement for the amount of US\$700 million. The facility agreement was amended on November 29, 2021 increasing the amount from US\$700 million to US\$900 million. On October 28 and December 23, 2021, SMC drew a total of US\$450 million from the facility. The loan is subject to a floating interest rate and will mature on October 21, 2026. The proceeds of the loan were and will be used for general corporate purposes.
 - b. On December 13, 2021, SMC executed a five-year term loan facility agreement for the amount of US\$100 million. Drawdown was completed on December 23, 2021. The loan is subject to a floating interest rate and will mature on December 14, 2026. The proceeds of the loan were used for general corporate purposes.

ISSUANCE AND PAYMENT OF BONDS

- **Shelf-registration of P50,000 Million Fixed Rate Peso-Denominated Bonds by SMC and Issuance of P30,000 Million Bonds**

On June 21, 2021, the SEC approved the shelf-registration of P50,000 million fixed rate Peso-denominated bonds of SMC.

On July 8, 2021, SMC issued and listed at the PDEX P30,000 million Series I Bonds. The bonds are due in 2027, with an interest rate of 3.3832% per annum and with a put option on the part of the bondholder on the third anniversary of its issue date. Interest is payable every 8th of January, April, July and October of each year.

The proceeds from the issuance of the Bonds were used to repay existing obligations.

- **Issuance of P18,000 Million Fixed Rate Bonds by Petron**

On October 12, 2021, Petron issued and listed at the PDEX P18,000 million fixed rate, Peso-denominated bonds, the first tranche of the P50,000 million shelf-registered fixed rate bonds approved by the SEC.

The bonds consist of P9,000 million Series E Bonds maturing in 2025 with an interest rate of 3.4408% per annum and P9,000 million Series F Bonds maturing in 2027 with an interest rate of 4.3368% per annum. Interest is payable quarterly in arrears every 12th of January, April, July and October of each year.

The proceeds from the issuance of the bonds were used primarily for the payment of the outstanding Series A Bonds, partial financing of the power plant project and payment of existing indebtedness.

- **Payment of Fixed Rate Peso-Denominated Series G Bonds by SMB**

On April 5, 2021, SMB paid its Series G Fixed Rate Bonds amounting to P12,462 million, which matured on the same day. The Series G Bonds form part of the P15,000 million fixed rate bonds issued by SMB in 2014.

The payment was financed from the proceeds of the P12,000 million term loans availed on March 30, 2021 from four banks. The loans are subject to fixed interest rates, where P10,000 million are due on March 30, 2026 and P2,000 million are due on March 30, 2028.

- **Payment of Fixed Rate Peso-Denominated Series A Bonds by San Miguel Global Power**

On July 12, 2021, San Miguel Global Power paid its Series A Fixed rate Bonds amounting to P6,153 million, which matured on the same day. The Series A Bonds, which form part of the P15,000 million Series ABC Fixed Rate Bonds issued by San Miguel Global Power in 2016.

The Series A Bonds were paid partly from the proceeds of the US\$100 million out of the US\$300 million Syndication Agreement availed in June 2021 and partly from the P5,000 million term loan availed in May 2021.

PAYMENT OF OTHER MATURING OBLIGATIONS

In 2021, the Group paid P18,686 million of maturing obligations funded by cash generated from operations.

Energy, Petron, Infrastructure, Packaging and other businesses paid a total of P7,293 million, P4,785 million, P3,778 million, P2,488 million and P342 million, respectively, of their maturing long-term debt.

ISSUANCE OF CAPITAL SECURITIES BY SUBSIDIARIES

- **Issuance of US\$550 Million SPCS by Petron**

On April 19, 2021, Petron issued US\$550 million SPCS at an issue price of 100%, with an initial distribution rate of 5.95% per annum. The securities were listed at the SGX-ST on April 20, 2021. The net proceeds were used for the repayment of its indebtedness and for general corporate purposes.

- **Issuance of US\$750 Million SPCS by San Miguel Global Power**

On June 9, 2021, San Miguel Global Power issued US\$600 million SPCS at an issue price of 100%, with an initial distribution rate of 5.45% per annum. The securities were listed at the SGX-ST on June 10, 2021.

On September 15, 2021, San Miguel Global Power issued US\$150 million SPCS at an issue price of 100.125%, with an initial distribution rate of 5.45% per annum. The additional securities which were listed at the SGX-ST on September 16, 2021 were consolidated into single series with the securities issued in June 2021.

The net proceeds were used primarily for the 1,320 MW BCCPP and for general corporate purposes.

REDEMPTION OF PREFERRED SHARES BY SMC

Redemption of Series “2” Preferred Shares - Subseries “2-G”, Subseries “2-C” and Subseries “2-E” by SMC

On March 30 and September 21, 2021, SMC redeemed its outstanding 66,666,600 Subseries “2-G”, 255,559,400 Subseries “2-C” and 134,000,100 Subseries “2-E” Preferred Shares issued in March 2016, September 2012 and 2015, respectively. The redemption price was the issue price of P75.00 per share, plus any accumulated unpaid cash dividends. The redemption of Subseries “2-G” Preferred Shares was approved by the BOD of SMC on March 11, 2021 while the redemption of Subseries “2-C” and Subseries “2-E” Preferred Shares was approved by the BOD of SMC on August 5, 2021.

The Subseries “2-G” Preferred Shares were redeemed using the proceeds of the US\$1,950 million drawdown in March 2020 from the remainder of the term loan facility amounting to US\$2,000 million.

The Subseries “2-C” and Subseries “2-E” Preferred Shares were redeemed from proceeds of short-term loan availments.

The redeemed shares were not retired and may be re-issued by SMC at a price to be determined by the BOD. The shares are suspended until re-issued by SMC, upon the approval of the application for lifting of trading suspension by SMC, in accordance with the listing rules of the PSE.

REDEMPTION OF SERIES 2B PREFERRED SHARES BY PETRON

On November 3, 2021, Petron redeemed its 2,877,680 Series 2B Preferred Shares issued on November 3, 2014 at a redemption price of P1,000.00 per share or a total of P2,878 million. The Series 2B Preferred Shares were redeemed from proceeds of short-term loan availments. The redemption was approved by the BOD of Petron on March 9, 2021.

REDEMPTION OF CAPITAL SECURITIES BY SAN MIGUEL GLOBAL POWER

On February 26, 2021, San Miguel Global Power completed the redemption of its US\$300 million Undated Subordinated Capital Securities (USCS) issued on August 26, 2015 pursuant to the terms and conditions of the securities. The redemption price includes the principal amount and any accrued but unpaid distributions up to (but excluding) the step-up date.

The US\$300 million USCS were redeemed using part of the proceeds of the US\$350 million SPCS issued on December 15, 2020.

D. MATERIAL CHANGES PER LINE OF ACCOUNT

2023 vs. 2022

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2023	2022	Amount	%	2023	2022
			<i>(In Millions)</i>			
Cash and cash equivalents	P261,358	P318,214	(P56,856)	(18%)	11%	13%
Trade and other receivables - net	263,119	238,782	24,337	10%	11%	10%
Inventories	161,986	190,193	(28,207)	(15%)	6%	8%
Current portion of biological assets - net	3,515	3,418	97	3%	0%	0%
Prepaid expenses and other current assets	141,424	133,691	7,733	6%	6%	6%
Total Current Assets	831,402	884,298	(52,896)	(6%)	34%	37%
Investments and advances - net	37,089	32,523	4,566	14%	2%	1%
Investments in equity and debt instruments	19,417	18,921	496	3%	1%	1%
Property, plant and equipment - net	753,472	708,192	45,280	6%	31%	30%
Right-of-use assets - net	108,014	112,067	(4,053)	(4%)	4%	5%
Investment property - net	79,513	74,660	4,853	7%	3%	3%
Biological assets - net of current portion	2,667	2,671	(4)	(0%)	0%	0%
Goodwill - net	182,791	184,100	(1,309)	(1%)	7%	8%
Other intangible assets - net	306,638	249,321	57,317	23%	12%	10%
Deferred tax assets	19,633	22,554	(2,921)	(13%)	1%	1%
Other noncurrent assets - net	118,729	102,518	16,211	16%	5%	4%
Total Noncurrent Assets	1,627,963	1,507,527	120,436	8%	66%	63%
Total Assets	P2,459,365	P2,391,825	P67,540	3%	100%	100%
Loans payable	P214,881	P267,704	(P52,823)	(20%)	9%	11%
Accounts payable and accrued expenses	223,055	227,126	(4,071)	(2%)	9%	9%
Lease liabilities - current portion	19,631	21,020	(1,389)	(7%)	1%	1%
Income and other taxes payable	46,254	37,694	8,560	23%	2%	2%
Dividends and distributions payable	4,605	4,037	568	14%	0%	0%
Current maturities of long- term debt - net of debt issue costs	236,798	170,032	66,766	39%	9%	7%
Total Current Liabilities	745,224	727,613	17,611	2%	30%	30%

Forward

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2023	2022	Amount	%	2023	2022
Long-term debt - net of current maturities and debt issue costs	P953,786	P918,164	P35,622	4%	39%	39%
Lease liabilities - net of current portion	36,941	54,455	(17,514)	(32%)	2%	2%
Deferred tax liabilities	29,503	26,297	3,206	12%	1%	1%
Other noncurrent liabilities	28,745	26,144	2,601	10%	1%	1%
Total Noncurrent Liabilities	1,048,975	1,025,060	23,915	2%	43%	43%
Capital stock - common	16,443	16,443	-	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,468	177,719	(251)	(0%)	7%	7%
Capital securities	24,211	24,211	-	0%	1%	1%
Equity reserves	7,354	12,753	(5,399)	(42%)	0%	1%
Retained earnings:						
Appropriated	87,170	71,004	16,166	23%	4%	3%
Unappropriated	103,151	129,239	(26,088)	(20%)	4%	6%
Treasury stock	(109,763)	(156,763)	47,000	30%	(4%)	(7%)
Equity Attributable to						
Equity Holders of the Parent Company	316,221	284,793	31,428	11%	13%	12%
Non-controlling Interests	348,945	354,359	(5,414)	(2%)	14%	15%
Total Equity	665,166	639,152	26,014	4%	27%	27%
Total Liabilities and Equity	P2,459,365	P2,391,825	P67,540	3%	100%	100%

Consolidated total assets as at December 31, 2023 amounted to P2,459,365 million, P67,540 million higher than December 31, 2022. The increase was primarily due to the increase in property, plant and equipment, intangible assets, trade and other receivables and other noncurrent assets, offset by the decrease in cash and cash equivalents and inventories.

The decrease in cash and cash equivalents of P56,856 million was mainly due to the net payment of short-term loans, capital expenditures for the ongoing projects of the Infrastructure, Energy, Food and Beverage and Cement businesses, payment of interests, dividends and distributions and lease liabilities. This was partly offset by cash generated from operations, net proceeds from the availment of long-term debt and from the reissuance of treasury shares by SMC and Petron.

The increase in trade and other receivables - net by P24,337 million was mainly attributable to the: (a) higher trade receivables of the Energy business as a result of the Emergency Power Supply Agreement with Meralco which commenced in March and August 2023, (b) higher receivables recognized versus collections during the year by SPI, and (c) higher receivable of Petron from the Philippine Government due to increased excise tax refund claims.

The decrease in inventories by P28,207 million was attributable mainly to the: (a) lower materials and supplies inventory of the Food division as a result of the normalized level coming from the high level in December 2022 due to purposive buying of raw materials at that time in anticipation of price increases, depletion of hedged meat materials, and higher production volumes, (b) lower price of both crude oil and finished products and lower volume of crude oil, partly offset by higher volume of finished products of Petron.

The increase in prepaid expenses and other current assets by P7,733 million was primarily due to: (a) higher input taxes from the ongoing projects and power purchases of the Energy business, (b) increase in advances to suppliers mainly contributed by advances for LNG procurement of SPPC and (c) higher unused creditable withholding taxes of Petron. The increase was partly offset by the utilization of restricted cash fund for debt servicing requirements of the Energy business.

The increase in investments and advances - net by P4,566 million was mainly due to the advances for future investments to certain companies by the Energy business and the Group's share in the net earnings of BankCom and MNHPI in 2023. The increase was partly offset by the dividend received from MNHPI.

The increase in property, plant and equipment - net by P45,280 million was mainly due to the costs of the ongoing projects of the Energy business, the Food and Beer and NAB divisions of the Food and Beverage business and Cement business.

The increase in investment property - net by P4,853 million was mainly due to the reclassification from property, plant and equipment to investment property of certain properties of the Energy business as a result of the change in usage, acquisition of parcels of land in Bulacan for the Airport Project and the consolidation of the investment property of IPIEC and Blue Eagle Star, Corp.

The increase in other intangible assets - net by P57,317 million was mainly due to the additions to concession rights for the MIA Project and the costs of various other ongoing projects of the Infrastructure business, partly offset by the total amortization for the year.

The decrease in deferred tax assets by P2,921 million was primarily due to the recognition by SMC of deferred tax on unrealized gains on foreign exchange mainly from the revaluation of the foreign currency-denominated long-term debt and derivatives.

The increase in other noncurrent assets - net by P16,211 million was mainly due to the higher amount of: (a) contract assets for the MRT 7 Project, (b) advances paid to contractors and suppliers of the ongoing projects of the Infrastructure and Energy businesses, and (c) restricted cash balance for debt servicing requirements of the Energy business.

The decrease in loans payable by P52,823 million was mainly due to the net payment made by SMC, Food division and the Energy business.

The increase in income and other taxes payable by P8,560 million was mainly due to the higher amount of Value-Added Tax (VAT) payable: (a) on the sales of the Energy business subject to VAT and (b) of the Food and Beverage business as a result of the implementation of quarterly VAT remittance compared to monthly remittance in 2022.

The increase in dividends and distributions payable by P568 million was mainly due to the declaration of dividends by Petron and SMC to preferred shareholders in November 2023 payable in 2024.

The increase in total long-term debt, net of debt issue costs, of P102,388 million was primarily due to the net availments of foreign currency-denominated and Peso term loans by the Group, partly offset by the payment of Series B and G Bonds by San Miguel Global Power, Series E Bonds by SMC and Series B Bonds by Petron and translation adjustments for the year.

The decrease in total lease liabilities by P18,903 million was primarily due to the payments made to Power Sector Assets and Liabilities Management (PSALM) by the entities of the Energy business under the IPPA Agreements.

The increase in deferred tax liabilities by P3,206 million was mainly due to the temporary differences on lease-related expenses in relation to the IPPA lease agreement of SPI and San Roque Hydropower Inc. (formerly Strategic Power Devt. Corp.) and on qualifying assets and capital allowance of Petron Malaysia.

The increase in other noncurrent liabilities by P2,601 million was mainly due to the increase in: (a) retention payable for the ongoing projects of the Infrastructure business and (b) retirement liabilities of the Food and Beverage business resulting from the net remeasurement loss on plan assets net of contributions paid, partly offset by the application of retention payable to contractors' billings of the Energy business.

The decrease in equity reserves by P5,399 million was mainly due to the loss on exchange differences on the translation of foreign operations for the year, loss from the redemption of SPCS by Petron, and remeasurement loss on the retirement plan assets of SMFB.

The increase in appropriated retained earnings by P16,166 million was mainly due to the net appropriations made by: (a) the Infrastructure business for the capital expenditures of the various ongoing projects, (b) San Miguel Foods, Inc. for the Feeds Expansion Projects; (c) SMB for the payment of Series H Bonds and the P10,000 million term loans maturing on April 2, 2024 and December 20, 2027, respectively, and (d) SMC Shipping and Lighterage Corporation (SMCSLC) for the construction of shipyard and warehouse and purchase of vessels, partly offset by the reversal of appropriations for the Power Plant Project of Petron.

The decrease in unappropriated retained earnings by P26,088 million was mainly due to the net appropriations of retained earnings and dividends and distributions.

The decrease in treasury stock by P47,000 million represents the re-issuance of 173,333,325 Series "2-M" Preferred Shares on August 29, 2023 and a total of 453,333,400 Series "2-L, 2-N and 2-O" Preferred Shares on December 1, 2023 of SMC at an issue price of P75.00 per share.

2022 vs. 2021

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2022	2021	Amount	%	2022	2021
			<i>(In Millions)</i>			
Cash and cash equivalents	P318,214	P300,030	P18,184	6%	13%	15%
Trade and other receivables - net	238,782	161,808	76,974	48%	10%	8%
Inventories	190,193	141,209	48,984	35%	8%	7%
Current portion of biological assets - net	3,418	3,106	312	10%	0%	0%
Prepaid expenses and other current assets	133,691	108,689	25,002	23%	6%	5%
Total Current Assets	884,298	714,842	169,456	24%	37%	35%
Investments and advances - net	32,523	55,002	(22,479)	(41%)	1%	3%
Investments in equity and debt instruments	18,921	41,966	(23,045)	(55%)	1%	2%
Property, plant and equipment - net	708,192	567,609	140,583	25%	30%	28%
Right-of-use assets - net	112,067	163,364	(51,297)	(31%)	5%	8%
Investment property - net	74,660	69,825	4,835	7%	3%	3%
Biological assets - net of current portion	2,671	2,244	427	19%	0%	0%
Goodwill - net	184,100	130,081	54,019	42%	8%	6%
Other intangible assets - net	249,321	190,979	58,342	31%	10%	9%
Deferred tax assets	22,554	17,141	5,413	32%	1%	1%
Other noncurrent assets - net	102,518	98,600	3,918	4%	4%	5%
Total Noncurrent Assets	1,507,527	1,336,811	170,716	13%	63%	65%
Total Assets	P2,391,825	P2,051,653	P340,172	17%	100%	100%
Loans payable	P267,704	P190,779	P76,925	40%	11%	9%
Accounts payable and accrued expenses	227,126	194,579	32,547	17%	9%	10%
Lease liabilities - current portion	21,020	23,423	(2,403)	(10%)	1%	1%
Income and other taxes payable	37,694	23,102	14,592	63%	2%	1%
Dividends and distributions payable	4,037	4,296	(259)	(6%)	0%	0%
Current maturities of long- term debt - net of debt issue costs	170,032	88,857	81,175	91%	7%	4%
Total Current Liabilities	727,613	525,036	202,577	39%	30%	25%

Forward

	December		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2022	2021	Amount	%	2022	2021
Long-term debt - net of current maturities and debt issue costs	P918,164	P725,108	P193,056	27%	39%	35%
Lease liabilities - net of current portion	54,455	71,569	(17,114)	(24%)	2%	4%
Deferred tax liabilities	26,297	28,742	(2,445)	(9%)	1%	1%
Other noncurrent liabilities	26,144	19,959	6,185	31%	1%	2%
Total Noncurrent Liabilities	1,025,060	845,378	179,682	21%	43%	42%
Capital stock - common	16,443	16,443	-	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,719	177,719	-	0%	7%	9%
Capital securities	24,211	28,171	(3,960)	(14%)	1%	1%
Equity reserves	12,753	14,136	(1,383)	(10%)	1%	1%
Retained earnings:						
Appropriated	71,004	66,630	4,374	7%	3%	3%
Unappropriated	129,239	157,707	(28,468)	(18%)	6%	8%
Treasury stock	(156,763)	(144,363)	(12,400)	(9%)	(7%)	(7%)
Equity Attributable to Equity Holders of the Parent Company	284,793	326,630	(41,837)	(13%)	12%	16%
Non-controlling Interests	354,359	354,609	(250)	(0%)	15%	17%
Total Equity	639,152	681,239	(42,087)	(6%)	27%	33%
Total Liabilities and Equity	P2,391,825	P2,051,653	P340,172	17%	100%	100%

Consolidated total assets as at December 31, 2022 amounted to P2,391,825 million, P340,172 million higher than December 31, 2021. The increase was primarily due to the higher balance of cash and cash equivalents, trade and other receivables, inventories, property, plant and equipment and other intangible assets. The increase was partly offset by the decrease in right-of-use assets.

The increase in cash and cash equivalents by P18,184 million was mainly due to net proceeds from the availments of short-term loans and long-term debt, redemption of investment in equity securities and collection of advances for investments. This was partly offset by the capital expenditures for the ongoing projects of Petron, the Energy, Food and Beverage, Cement and Infrastructure businesses, acquisition of subsidiaries, payment of lease liabilities and dividends and distributions and repurchase and redemption of equity and capital securities.

The increase in trade and other receivables - net by P76,974 million was mainly attributable to higher trade customer balances from: (a) the Energy business on account of higher average realization prices driven by higher coal prices and overall spot market rates; and (b) Petron brought about by the increase in prices of fuel products.

The increase in inventories by P48,984 million was mainly due to the: (a) higher prices of both crude oil and finished products coupled with higher volume of finished products of Petron; (b) higher prices of imported raw materials and higher level of finished goods relative to increase in demand and prices of the Food division under the Food and Beverage business; and (c) higher cost of coal shipments of the Energy business brought about by the significant increase in coal prices.

The increase in total biological assets by P739 million was due to higher volume of chicken loaded in the farm.

The increase in prepaid expenses and other current assets by P25,002 million was primarily due to the: (a) higher input taxes of the Energy business from vatable purchases in 2022; (b) additional restricted cash funding by the Energy and Infrastructure businesses for the payment of long-term debt; and (c) higher specific tax and product replenishment claims and unused creditable withholding taxes of Petron.

The decrease in investments and advances - net by P22,479 million mainly represents the collection of advances for investment to Bryce Canyon Investments Limited in accordance with an investment agreement executed in 2016. In December 2022, the agreement was terminated as agreed by both parties.

The decrease in investments in equity and debt instruments by P23,045 million mainly represents the redemption of SMC's investments in preferred stocks of Top Frontier partly offset by the investment in debt securities under investment agreement with BankCom by SMB, GSMI and Petrogen Insurance Corporation.

The increase in property, plant and equipment - net by P140,583 million and the decrease in right-of-use assets - net by P51,297 million were mainly due to the reclassification by SPPC of the Ilijan Power Plant from right-of-use assets to property, plant and equipment following the end of its IPPA agreement with PSALM and subsequent acquisition in June 2022, including directly attributable costs. The increase in property, plant and equipment - net was also due to the consolidation of the cement plant and properties of ECC, the costs of the ongoing projects of Petron, the Energy and Cement businesses and the Food and Beer and NAB divisions under the Food and Beverage business.

The increase in investment property - net by P4,835 million was mainly due to the acquisition of a property in Mandaluyong and reclassification of properties from property, plant and equipment due to change in use by SMPI and acquisition of various properties in Bulacan.

The increase in goodwill - net by P54,019 million mainly represents the goodwill recognized as a result of the consolidation of ECC.

The increase in other intangible assets - net by P58,342 million was mainly due to the: (a) additions to concession rights for the MIA Project and for the various ongoing Infrastructure projects; and (b) the mining rights recognized upon the consolidation of ECC. The increase was partly offset by the total amortization in 2022.

The increase in deferred tax assets by P5,413 million was mainly due to: (a) the recognition by SMC and San Miguel Global Power of deferred tax on unrealized foreign exchange loss primarily from the translation of its foreign currency-denominated long-term debt; and (b) the recognition by SMC of deferred tax on the remeasurement of its retirement plan assets.

The increase in loans payable by P76,925 million was mainly due to the net availments by Petron and Food Division for working capital requirements and San Miguel Global Power to partly finance the payment of Series H Bonds in April 2022 and for general corporate requirements.

The increase in accounts payable and accrued expenses by P32,547 million was mainly due to: (a) higher outstanding liabilities to contractors and vendors by the Energy and Infrastructure businesses for the ongoing projects; (b) higher coal purchases of the Energy business on account of the surge in coal prices; and (c) consolidation of the balances of ECC.

The increase in income and other taxes payable by P14,592 million was mainly due to higher VAT and withholding tax payable of the Energy business and higher excise tax liability of Petron Philippines.

The decrease in dividends and distributions payable by P259 million was mainly due to payment to preferred shareholders of Petron for dividends which were declared in 2021.

The increase in total long-term debt, net of debt issue costs, by P274,231 million was primarily due to the: (a) issuance of P90,000 million and P40,000 million fixed rate Peso-denominated bonds by SMC and San Miguel Global Power, respectively; (b) the availment by the Group of various foreign and Peso term loans; and (c) the revaluation of foreign currency-denominated loans by the Group. The increase was partly offset by the payment of fixed rate Peso-denominated bonds by SMC, San Miguel Global Power, SMC SLEX and SMB and payment by the Group of other maturing obligations.

The decrease in total lease liabilities by P19,517 million was primarily due to the payments made to PSALM, partly offset by foreign exchange loss and interest expense recognized in 2022 by the Energy business' entities under the IPPA Agreements.

The decrease in deferred tax liabilities by P2,445 million was mainly attributable to the recognition of deferred tax benefit on NOLCO by the Energy business partly offset by the deferred tax liability recognized from the differences in actual PSALM payments over finance lease liability-related expenses.

The increase in other noncurrent liabilities by P6,185 million was mainly due to increase in retention payable for: (a) the Mariveles Power Plant and BESS Projects of the Energy business and (b) the land development works for the MIA Project and the increase in retirement liabilities of SMB and SMC as a result of the higher actuarial loss on defined benefit obligation and remeasurement loss on retirement plan assets, respectively.

The decrease in the balance of capital securities by P3,960 million represents the RPS of SMC issued to ECC in 2020 which was eliminated upon consolidation of ECC in 2022.

The decrease in equity reserves by P1,383 million was mainly due to the remeasurement loss on the retirement plan assets of SMC, SMB and Petron partly offset by the gain on exchange differences on the translation of foreign operations in 2022.

The increase in appropriated retained earnings by P4,374 million was due to the appropriations by: (a) Multi-Ventures Investment Holdings, Inc. for the expansion projects located in Cavite; and (b) SMCSLC for the acquisition of new bulk carriers and vessel. The increase was partly offset by the reversal of appropriation for the final settlement of fixed monthly payments to PSALM following the end of the IPPA agreement of SPPC for the Ilijan Power Plant in June 2022.

The decrease in unappropriated retained earnings by P28,468 million was primarily due to the net loss attributable to equity holders of the Parent Company, cash dividends declared and distributions and the net appropriations in 2022.

The increase in treasury stock by P12,400 million mainly represents the redemption by SMC of the Subseries "2-H" Preferred Shares.

III. CASH FLOW

SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

	For the Years Ended December 31		
	2023	2022	2021
	<i>(In Millions)</i>		
Net cash flows provided by (used in) operating activities	P83,096	(P12,393)	P50,138
Net cash flows used in investing activities	(155,457)	(201,528)	(127,572)
Net cash flows provided by financing activities	15,303	224,298	21,096

Net cash flows provided by (used in) operating activities basically consists of income for the year and changes in noncash current assets, certain current liabilities and others.

Net cash flows provided by (used in) investing activities are as follows:

	For the Years Ended December 31		
	2023	2022	2021
	<i>(In Millions)</i>		
Additions to:			
Property, plant and equipment	(P71,173)	(P75,986)	(P74,421)
Intangible assets	(64,677)	(58,162)	(26,007)
Advances to contractors and suppliers	(9,448)	(11,449)	(16,067)
Investment property	(5,450)	(4,415)	(6,546)
Investments and advances	(5,271)	(2,432)	(5,223)
Investments in equity and debt instruments	(616)	(12,937)	(6,101)
Increase in other noncurrent assets and others	(15,699)	(6,330)	(7,053)
Interest received	13,396	5,973	3,313
Proceeds from:			
Sale of property and equipment and other intangible assets	1,307	253	1,350
Redemption and disposal of investments in equity and debt instruments	606	35,454	6,509
Disposal of subsidiaries, net of cash and cash equivalents disposed of	418	385	-
Dividends received	1,150	2,452	2,674
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	(97,204)	-
Collection of advances for investment	-	22,870	-

Net cash flows provided by (used in) financing activities are as follows:

	For the Years Ended December 31		
	2023	2022	2021
	<i>(In Millions)</i>		
Net proceeds from (payments of) short-term borrowings	(P52,100)	P74,582	P49,599
Cash dividends and distributions paid	(44,145)	(42,123)	(39,310)
Repurchase and redemption of capital securities and preferred shares of subsidiaries	(27,134)	(4,703)	(17,459)
Payments of lease liabilities	(20,995)	(26,031)	(26,151)
Decrease in non-controlling interests' share in the net assets of subsidiaries and others	(3,014)	(2,630)	(623)
Net proceeds from long-term borrowings	102,057	237,503	27,358
Net proceeds from reissuance of treasury shares	46,749	-	-
Net proceeds from issuance of capital securities, preferred shares and treasury shares of subsidiaries	13,885	-	61,899
Redemption of preferred shares	-	(12,300)	(34,217)

The effect of exchange rate changes on cash and cash equivalents amounted to P202 million, P7,807 million and P9,159 million in 2023, 2022 and 2021, respectively.

IV. ADDITIONAL INFORMATION ON UNAPPROPRIATED RETAINED EARNINGS

The unappropriated retained earnings of the Parent Company is restricted in the amount of P67,093 million in 2023, 2022 and 2021, representing the cost of common shares held in treasury.

The unappropriated retained earnings of the Group includes the accumulated earnings in subsidiaries and equity in net earnings of associates and joint ventures not available for declaration as dividends until declared by the respective investees.

V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year. Please refer to Items I “Financial Performance” and II “Financial Position” of the MD&A for the discussion of certain Key Performance Indicators.

	December 31	
	2023	2022
Liquidity:		
Current Ratio	1.12	1.22
Quick Ratio	0.70	0.77
Solvency:		
Debt to Equity Ratio	2.70	2.74
Asset to Equity Ratio	3.70	3.74
Profitability:		
Return on Average Equity Attributable to Equity Holders of the Parent Company	0.07%	(4.24%)
Interest Rate Coverage Ratio	1.80	1.66
Return on Assets	1.84%	1.20%
Operating Efficiency:		
Volume Growth	6%	20%
Revenue Growth (Decline)	(4%)	60%
Operating Margin	10%	7%

The manner by which the Group calculates the key performance indicators is as follows:

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventories} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}}{\text{Average Equity Attributable to Equity Holders of the Parent Company}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$

KPI	Formula
Return on Assets	$\frac{\text{Net Income}}{\text{Average Total Assets}}$
Volume Growth	$\left(\frac{\text{Sum of all Businesses' Revenue at Prior Period Prices}}{\text{Prior Period Net Sales}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

VI. OTHER MATTERS

▪ Commitments

The outstanding purchase commitments of the Group amounted to P248,484 million as at December 31, 2023.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

- There are no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management's Discussion and Analysis of Financial Position, Financial Performance and Cash Flows.
- There were no material changes in estimates of amounts reported in prior interim periods of the current year or changes in estimates of amounts reported in prior financial years.
- There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate within the next 12 months any cash flow or liquidity problems. The Group was not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amounts of the Group's trade payables that have not been paid within the stated trade terms.
- There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operation.
- There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets, except for Note 43 (a) of the Audited Consolidated Financial Statements as at December 31, 2023.
- There are no significant elements of income or loss that did not arise from continuing operations.
- Except for the Prepared and Packaged Food and Protein segments of the Food division under the Food and Beverage business, which consistently generate higher revenues during the Christmas holiday season, the effects of seasonality or cyclicity on the interim operations of the Group's businesses are not material.
- There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

ANNEX “B-1”

**MANAGEMENT’S DISCUSSION AND ANALYSIS
OF FINANCIAL POSITION AND FINANCIAL
PERFORMANCE**

(As of March 31, 2024)



SAN MIGUEL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE

INTRODUCTION

The following discussion should be read in conjunction with the attached unaudited consolidated financial statements of San Miguel Corporation ("SMC" or "Parent Company") and its subsidiaries (collectively referred to as the "Group") as at and for the period ended March 31, 2024 (with comparative figures as at December 31, 2023 and for the period ended March 31, 2023). All necessary adjustments to present fairly the consolidated financial position, financial performance and cash flows of the Group as at March 31, 2024, and for all the other periods presented, have been made. Certain information and footnote disclosure normally included in the audited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards have been omitted.

I. 2024 SIGNIFICANT TRANSACTIONS

INVESTING ACTIVITIES

- **Rehabilitation, Operation and Maintenance (O&M) of Ninoy Aquino International Airport (NAIA)**

On February 15, 2024, New NAIA Infra Corp. (NNIC) was incorporated by the members of the SMC-SAP & Co. Consortium (the "Consortium"), namely San Miguel Holdings Corp. (SMHC) at 33%, RMM Asian Logistics, Inc. at 30%, RLW Aviation Development, Inc. at 27% and Incheon International Airport Corporation at 10%. On February 16, 2024, the Consortium was officially awarded by the Department of Transportation (DOTr) the contract to rehabilitate, operate and maintain the NAIA, which is the country's main international gateway.

On March 18, 2024, the Concession Agreement (CA) was signed between the DOTr, and Manila International Airport Authority (MIAA) and the concession company, NNIC, and an upfront fee of P30,000 million was paid by NNIC which was funded by loan availment and equity infusion. The CA covers a 25-year concession period, which comprises an initial term of 15 years plus a ten-year extension subject to the fulfillment of Key Performance Indicators to be reviewed on the eighth year.

The project is a Rehabilitate-Expand-Operate and Transfer scheme and calls for NNIC to expand the terminal capacity from the current design capacity of 35 Million Passengers per Annum (MPAX) to 62 MPAX and to increase runway capacity from 42 peak hourly rate to 48. The operation of NAIA is expected to be turned-over by the MIAA to NNIC six months after the execution of the CA or on September 14, 2024. Preparation activities for the start of the O&M are on-going which include completion of deliverables required prior to the O&M start and completion of requirements to obtain funding for capital expenditure.

- **Joint Investment in an Integrated Liquefied Natural Gas (LNG) Facility by San Miguel Global Power Holdings Corp. (San Miguel Global Power; formerly SMC Global Power Holdings Corp.) and Chromite Gas Holdings, Inc. (CGHI)**

On March 1, 2024, Meralco PowerGen Corporation (MGen) and Aboitiz Power Corporation (AboitizPower), through their joint venture entity (MGen and AboitizPower shareholdings at 60% and 40% each, respectively), CGHI, have entered into agreements with San Miguel Global Power and San Miguel Global Power's subsidiaries, for CGHI to jointly invest in and acquire a 67% stake in San Miguel Global Power's gas-fired power plants, namely: (i) the operating 1,278 megawatts (MW) Ilijan Combined Cycle Gas Power Plant owned by South Premiere Power Corp. (SPPC); (ii) the adjacent, under construction 1,320 MW Combined Cycle Gas Power Plant owned by Excellent Energy Resources Inc. (EERI); and (iii) land owned by Ilijan Primeline Industrial Estate Corp. On the same day, San Miguel Global Power entered into a Share Purchase Agreement with Eurodite Universal Power Incorporated for the purchase of 32.98% of the outstanding common shares of Linseed Field Corporation (LFC). LFC is the owner of the import and regasification LNG terminal, which will process LNG for SPPC and EERI and has capacity to service additional third-party customers.

Top Frontier Investment Holdings, Inc., the ultimate parent company of San Miguel Global Power, is currently in the process of preparing filings with the relevant regulatory agencies in relation to the joint investment by San Miguel Global Power and CGHI.

AVAILMENT OF LONG-TERM DEBT

PESO TERM LOANS

- **SMGP BESS Power Inc. (SMGP BESS; formerly Universal Power Solutions, Inc.)**

On March 25, 2024, SMGP BESS drew the second tranche amounting to P12,000 million from the P40,000 million Omnibus Loan and Security Agreement (OLSA) with various local banks executed on October 23, 2023. The loan is subject to a fixed interest rate and will mature in October 2033. The proceeds from the second tranche will be used for the reimbursement or repayment of reimbursable advances from San Miguel Global Power, to fund the cost and expenses in relation to the design, construction, and operation of the 930 MW Battery Energy Storage Systems (BESS) projects, and for payment of transaction costs.

- **Petron Corporation (Petron)**

On March 6, 2024, Petron availed of a P7,000 million term loan with a term of five years. The loan is subject to a fixed interest rate for the first two years and will be repriced at a new fixed interest rate for the last three years. The proceeds of the loan will be used for payment of existing indebtedness.

- **Infrastructure**

- **SMC Mass Rail Transit 7 Inc. (SMC MRT 7)**

On January 15, 2024, SMC MRT 7 availed a total of P1,000 million term loans, subject to a floating interest rate and with a term of 14 years and six months. The proceeds of the loans will be used to finance the Metro Rail Transit Line 7 (MRT 7) Project.

- **SMC NAIAX Corporation (SMC NAIAX)**

On March 4, 2024, SMC NAIAX drew a total of P469 million term loans from the P5,656 million OLSA with various banks executed on December 21, 2022. The loans are subject to a floating interest rate and with a term of six years and three months. The proceeds of the loans will be used to partially finance the construction and development of the NAIAX Tramo Extension Project.

FOREIGN CURRENCY-DENOMINATED LOANS

▪ **SMC**

On various dates in the first quarter of 2024, SMC drew a total of US\$69 million term loans from the US\$2,165 million loan facility executed on March 31, 2022. The loans are subject to floating interest rate and with a term of 13 years. The proceeds were used to fund the land development works of the Manila International Airport (MIA) Project in Bulacan.

PAYMENT OF FIXED RATE PESO-DENOMINATED BONDS BY SMC

On March 1, 2024, SMC paid the P7,294 million Series B fixed rate Peso-denominated Bonds, which matured on the same date. The Series B Bonds, which formed part of the first tranche of the P60,000 million shelf registered fixed rate bonds Series A, Series B and Series C Fixed Rate Bonds were issued by SMC in 2017.

The Series B Bonds were paid from the net proceeds of the issuance of Series 2-L, Series 2-N and Series 2-O Preferred Shares in December 2023.

PAYMENT OF OTHER MATURING OBLIGATIONS

For the first quarter of 2024, the Group paid a total of P7,108 million of its scheduled amortizations and maturing obligations funded by cash generated from operations.

The Infrastructure business, Petron, the Energy, Packaging, Food and Beverage businesses, SMC and Cement business paid a total of P2,877 million, P2,270 million, P1,375 million, P436 million, P85 million, P40 million and P25 million, respectively, of their maturing obligations.

EVENTS AFTER THE REPORTING DATE

a. Approval of the Issuance of P20,000 Million Fixed Rate Peso-denominated Bonds by the Board of Directors (BOD) of SMC

On April 11, 2024, the BOD of SMC approved the issuance of fixed rate Peso-denominated bonds of up to P20,000 million, consisting of a Base Offer of P15,000 million and an Oversubscription Option of P5,000 million, out of the remainder of the existing P50,000 million shelf-registered fixed rate bonds with the Securities and Exchange Commission.

b. Payment of P13,200 Million Series C Fixed Rate Peso-denominated Bonds by Petron

On April 19, 2024, Petron paid the P13,200 million Series C fixed rate Peso-denominated Bonds issued in 2019.

II. FINANCIAL PERFORMANCE

2024 vs. 2023

	March		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
<i>(In Millions)</i>						
Sales	P392,713	P346,725	P45,988	13%	100%	100%
Cost of Sales	(328,363)	(290,182)	38,181	13%	(84%)	(84%)
Gross Profit	64,350	56,543	7,807	14%	16%	16%
Selling and Administrative Expenses	(23,886)	(21,490)	2,396	11%	(6%)	(6%)
Operating Income	40,464	35,053	5,411	15%	10%	10%
Interest Expense and Other Financing Charges	(23,522)	(21,803)	1,719	8%	(6%)	(6%)
Interest Income	3,634	3,453	181	5%	1%	1%
Equity in Net Earnings of Associates and Joint Ventures	416	652	(236)	(36%)	0%	0%
Gain (Loss) on Sale of Property and Equipment	13	(45)	58	129%	0%	0%
Other Income (Charges) - Net	(6,847)	10,072	(16,919)	(168%)	(2%)	3%
Income Before Income Tax	14,158	27,382	(13,224)	(48%)	3%	8%
Income Tax Expense	(5,271)	(9,643)	(4,372)	(45%)	(1%)	(3%)
Net Income	P8,887	P17,739	(P8,852)	(50%)	2%	5%
Net Income Attributable to Equity Holders of the Parent Company	P509	P8,832	(P8,323)	(94%)	0%	2%
Net Income Attributable to Non-controlling Interests	8,378	8,907	(529)	(6%)	2%	3%
Net Income	P8,887	P17,739	(P8,852)	(50%)	2%	5%

Consolidated sales of P392,713 million for the first quarter of 2024 increased by 13% compared to last year, mainly on account of higher sales volume of Petron, the Energy business, the Food division and Ginebra San Miguel Inc. (GSMI), and the higher average selling prices of San Miguel Brewery Inc. (SMB) and GSMI.

The Group's cost of sales increased by P38,181 million or 13%, mainly due to: (a) higher volume sold reduced by the lower cost per liter of petroleum products of Petron; and (b) higher LNG and coal consumption resulting from the resumption of operations of the Ilijan Power Plant in June 2023 and commissioning activities of the Mariveles Power Plant starting April 2023 and higher volume of power purchases in 2024 due to the increased demand from bilateral customers and the spot market, partly offset by lower cost of coal due to the decline in NewCastle coal price indices of the Energy business.

The increase in selling and administrative expenses by P2,396 million or 11% was attributable mainly to higher salaries and employee benefits of the Group, distribution costs, and advertising and promotion expenses primarily from the Food and Beverage business and higher real property taxes paid by the Energy business.

Consolidated operating income increased by P5,411 million or 15% from the same period last year, mainly driven by the: (a) growth in volume from effective volume strategy and efficiency measures implemented by Petron; (b) higher sales volume of the Food division and GSML; (c) improved margins on contracted volumes, as the Energy business worked out a transition to fuel passthrough arrangements for most of its bilateral customers and margin contributed by SMGP BESS through ancillary services; (d) strong margins focusing on cost control initiatives implemented by the Cement business; and (e) sustained growth in traffic volumes backed by continued cost management initiatives of the Infrastructure business.

The increase in interest expense and other financing charges was mainly due to higher interest rates and increased average level of loans of Petron and the Energy business.

The increase in interest income was primarily due to higher interest rates and average balance of short-term investments of the Infrastructure and Food and Beverage businesses. The increase was partly offset by the lower interest income from reduced average balance of cash and cash equivalents of SMC and lower average interest rates on short-term investments of the Energy business.

The decrease in equity in net earnings of associates and joint ventures was mainly due to the share on the lower net income of Angat Hydropower Corporation (Angat Hydro), partly offset by the share in higher net income of Bank of Commerce (BankCom) for the first quarter in 2024 compared to the same period last year.

The gain on sale of property and equipment in 2024 pertains mainly to the sale of demo units of SMC Asia Car Distributors Corp. and foreclosed properties of SMC, while the loss in 2023 resulted mainly from the retirement of certain equipment of Malita Power Inc. (MPI, formerly San Miguel Consolidated Power Corporation).

Other charges - net of P6,847 million was a turnaround from last year's other income - net of P10,072 million. This primarily pertains to the loss on foreign exchange in 2024 compared to the gain recognized in 2023 mainly by SMC and the Energy business resulting from the revaluation of foreign currency-denominated long-term debt and cash and cash equivalents and the income recognized from the assignment of product rights by GSML in 2023. In March 2024, the Philippine Peso depreciated by P0.870 against the US Dollar, while in 2023, the Philippine Peso appreciated by P1.395 against the US Dollar.

The decrease in income tax expense was mainly due to the deferred income tax benefit recognized in 2024 by SMC, a turnaround from the deferred income tax expense in 2023. The deferred income tax recognized pertains to unrealized foreign exchange losses in 2024 compared to unrealized foreign exchange gains in 2023 from the revaluation of foreign currency-denominated long-term debt and derivatives.

Consolidated net income declined by 50% to P8,887 million, from P17,739 million last year, mainly on account of the loss on foreign exchange in the first quarter of 2024, a turnaround from the gain recognized in 2023 resulting from the revaluation of foreign currency-denominated long-term debt and cash and cash equivalents mainly of SMC and the Energy business, partly offset by the improved operations of most businesses mainly Petron, the Energy and Infrastructure businesses, the Food division and GSML.

The net income attributable to equity holders of the Parent Company decreased mainly due to lower net income on account of the foreign exchange loss as compared to foreign exchange gain in the same period in 2023.

The decrease in the share of non-controlling interests (NCI) on the Group's net income was mainly due to the distribution on Senior Perpetual Capital Securities of Petron in 2023, partly offset by the higher net income of Petron in 2024.

The following are the highlights of the performance of the individual business segments:

1) FOOD AND BEVERAGE

San Miguel Food and Beverage, Inc. (SMFB) sustained its steady performance in the first quarter of 2024, posting a 2% growth in consolidated revenues from the same period last year at P95,432 million on the back of robust volume growth from GSMI and the Food division.

Consolidated income from operations amounted to P13,119 million, up 13% from last year, while net income reflected a 1% increase to P9,974 million from last year's level.

a) Beer and Non-Alcoholic Beverages (NAB) Division

SMB reported first quarter of 2024 consolidated sales volume at 58.9 million cases, 6% lower than the comparable period in 2023 due to last year's higher base and trade build-up from price adjustments. As a result, SMB's consolidated sales amounted to P37,367 million, slightly down 3% from the same period in 2023.

Similarly, consolidated operating income and net income ended slightly lower than last year at P8,131 million and P6,514 million, respectively.

Domestic Operations

SMB's domestic beer and NAB sales amounted to P33,055 million, down 3% compared to last year due to the aforementioned trade build-up for the March 2023 price adjustment slowing down the sales volume growth of beer by 7% to 51.3 million cases.

International Operations

SMB's international sales volume reported a slight decline of 1% in volumes due to market mix changes. However, global San Miguel brands continued to deliver strong volumes, growing 4% in first quarter of 2024.

b) Spirits Division

GSMI continued its growth momentum in the first quarter of 2024, delivering a robust 17% growth in consolidated revenues to P15,117 million against the comparable period a year ago, primarily brought by the sustained volume growth of 8% to 12.5 million cases compared to the previous year.

GSMI's strong volume growth was secured by the strength of its core brands and its implemented initiatives to sustain strong brand equity, coupled with supply chain improvements developed over the years.

Income from operations, likewise, surged 40% to P2,278 million, on the back of operating efficiencies in imported alcohol purchase, second-hand bottle use and biogas generation at the distillery.

Meanwhile, consolidated net income stood at P1,907 million.

c) Food Division

The Food division delivered P42,950 million in revenues, 2% higher than the previous year. This was mainly driven by higher volumes across most segments, resulting from aggressive marketing efforts to boost demand.

The Prepared and Packaged Food segment which consists of processed meats, dairy, spreads, and coffee businesses, led topline growth, with a 9% revenue increase, attributed to better selling prices and sustained volume growth.

The Protein segment, which includes the Poultry and Fresh Meats businesses, saw a 2% revenue improvement, fueled by strong chicken volume growth, which offset the impact of lower chicken prices caused by the proliferation of imported frozen chicken, and the lingering effects of African Swine Fever (ASF) on the hog industry.

The Animal Nutrition and Health segment experienced a 3% decline in revenue as it strategically aligned prices with lower raw material costs, maintaining a competitive edge amidst continuing challenges in the hog industry due to ASF.

The Flour segment revenue showed a slight 1% decrease due to strategic competitive pricing aimed at increasing volume.

Operating income recorded a 78% improvement to P2,730 million versus last year, buoyed by higher gross profits as key raw material prices eased and efficiencies from company-owned facilities were optimized.

Similarly, net income surged 139% to P1,771 million versus the relative period in the previous year.

2) PACKAGING

The Packaging business recorded consolidated revenues of P8,407 million in the first quarter of 2024. The 18% decline was on account of the record-high volume requirements mainly from the Beer division reported in the comparable period last year.

Consequently, consolidated operating income saw a 13% decrease to P696 million versus last year.

3) ENERGY

San Miguel Global Power reported a remarkable 7% rebound in first quarter of 2024 consolidated revenues amounting to P44,123 million from P41,124 million in first quarter of 2023. This was mainly attributable to the 71% increase in offtake volume brought by higher bilateral volumes from SPPC's emergency power supply agreements with Manila Electric Company and new retail supply customers of Limay Power Plant.

Moreover, ancillary services rendered by ten BESS facilities of San Miguel Global Power, with a combined capacity of 330 MW and commencing operations on various dates from August 2023 up to March 2024, contributed to the revenue growth.

In addition, the Energy business has successfully transitioned to fuel passthrough arrangements for most of its bilateral customers.

Net income ended lower at P1,547 million, dragged by the net loss on foreign exchange of P1,436 million, a turnaround from last year's gain of P3,695 million.

Operating income, however, reached P8,840 million a significant 17% increase from last year.

The Energy business accomplished another key milestone on its BESS Project with an additional three BESS facilities, with a combined capacity of 110 MW, located in Concepcion, Tarlac, Ormoc, Leyte and Jasaan, Misamis Oriental, commencing operations on March 18, 2024.

The remaining BESS capacities of 630 MW are gearing up for the anticipated competitive selection process (CSP) for additional grid ancillary services requirements of National Grid Corporation of the Philippines as well as for peak power supply applications that will help ensure energy security for the local power industry in the near term. Alternative to the CSP is the reserve market where power reserves can be traded under the operation of Independent Electricity Market Operator of the Philippines (IEMOP).

On February 26, 2024, the Energy Regulatory Commission (ERC) granted a Provisional Authority to Operate (PAO) in favor of Mariveles Power Generation Corporation's (MPGC) Unit 1. Following the receipt of the PAO from the ERC, MPGC declared the commercial operations of its 150 MW Unit 1 with the IEMOP starting March 28, 2024.

4) FUEL AND OIL

Petron marked a robust performance for the first three months of the year, posting consolidated revenues of P227,637 million, 21% higher than last year's level primarily driven by its strong volume growth.

Petron's consolidated volumes reached 35.3 million barrels, up 23% versus the previous year backed by the recorded broad-based growth across all its business segments. This was also attributable to the higher production at Petron's refineries in Bataan and Port Dickson in Malaysia.

Consolidated operating income amounted to P10,171 million, up 21% from the same period last year on the back of its efficiency measures and volume strategies, as well as its resilience and response to macroeconomic volatility. Benchmark Dubai crude climbed 9% to US\$84.15 per barrel by March this year compared to \$77.33 per barrel in December 2023.

Moreover, consolidated net income jumped 16% versus last year to P3,933 million.

5) INFRASTRUCTURE

The Infrastructure business sustained its strong performance in the first quarter of 2024, posting consolidated revenues of P8,886 million, 9% higher than last year on the back of the solid performance of its major operating toll roads.

Total average daily traffic volumes were up 3% from last year's level to 1,022,521 vehicles complemented by the continued increase in travel activities. This, coupled by cost management initiatives and tollway maintenance and improvement works, resulted in a 6% increase in operating income to P4,768 million versus the same quarter last year.

Net income rose by 38% to P3,590 million driven by its higher interest income.

The Land Development Works of the MIA Project are ongoing and progressing well. Overall progress for the land development works is at 79.49% while airport development works is estimated to commence in 2025.

The Railway Component percentage accomplishment for the MRT 7 is at 72.82% while the Detailed Engineering Design and site development for the depot is still ongoing. In addition, 17 out of 36 trainsets were delivered on-site.

6) CEMENT

The Cement business which includes Eagle Cement Corporation (ECC), Northern Cement Corporation and Southern Concrete Industries, Inc., recorded consolidated revenues of P9,276 million, down 10% from last year. The Cement business was able to maintain its volume versus last year, however, revenue declined due to market constriction coupled with the influx of cheaper imports resulting in declining prices of local cement.

Operating income, despite a challenging market environment, leaped by 36% versus last year to P1,811 million due to lower cost of inputs on the back of the business' cost containment initiatives and operating efficiencies.

The Cement business nearly doubled its net income to P1,199 million from P631 million in the comparable quarter in 2023 supported by lower net financing charges.

2023 vs. 2022

	March		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2023	2022	Amount	%	2023	2022
	<i>(In Millions)</i>					
Sales	P346,725	P316,765	P29,960	9%	100%	100%
Cost of Sales	(290,182)	(264,531)	25,651	10%	(84%)	(84%)
Gross Profit	56,543	52,234	4,309	8%	16%	16%
Selling and Administrative Expenses	(21,490)	(19,767)	1,723	9%	(6%)	(6%)
Operating Income	35,053	32,467	2,586	8%	10%	10%
Interest Expense and Other Financing Charges	(21,803)	(12,365)	9,438	76%	(6%)	(4%)
Interest Income	3,453	1,037	2,416	233%	1%	0%
Equity in Net Earnings of Associates and Joint Ventures	652	448	204	46%	0%	0%
Gain (Loss) on Sale of Property and Equipment	(45)	2	(47)	(2350%)	(0%)	0%
Other Income (Charges) - Net	10,072	(1,465)	11,537	788%	3%	(0%)
Income Before Income Tax	27,382	20,124	7,258	36%	8%	6%
Income Tax Expense	(9,643)	(6,181)	3,462	56%	(3%)	(2%)
Net Income	P17,739	P13,943	P3,796	27%	5%	4%
Net Income Attributable to Equity Holders of the Parent Company	P8,832	P6,336	P2,496	39%	2%	2%
Net Income Attributable to Non-controlling Interests	8,907	7,607	1,300	17%	3%	2%
Net Income	P17,739	P13,943	P3,796	27%	5%	4%

The Group recorded consolidated sales of P346,725 million for the first quarter of 2023, 9% higher than the same period in 2022 mainly on account of higher sales volume of Petron and SMB and the sales contribution of ECC which was consolidated effective December 2022. This was partly offset by the lower sales from the Energy business.

The Group's cost of sales increased by 10% mainly due to: (a) increase in sales volume partly offset by the lower cost per liter of fuel products of Petron; (b) higher sales volume of SMB; and (c) the cost of sales of ECC for the first quarter in 2023. This was partly offset by the lower overall power purchases of the Energy business relative to the decline in sales volume.

The increase in selling and administrative expenses of 9% is attributable mainly to higher distribution costs and amortization of deferred containers of SMB and the additional operating expenses of ECC.

Consolidated operating income rose 8% to P35,053 million driven by the sustained performance improvements of SMB and the Infrastructure business and the contribution of ECC in 2023. This was however softened by the effect of rising raw material prices which continues to challenge the businesses, particularly the Food division and the Energy business.

The increase in interest expense and other financing charges was mainly due to higher interest rates and average loan balance of SMC and Petron.

The increase in interest income was mainly due to higher interest rates and average balance of short-term placements of the Infrastructure business, SMC, SMB and Petron and the higher balance of investment in debt securities of SMB, GSMI, and Petrogen Insurance Corporation.

The increase in equity in net earnings of associates and joint ventures was mainly due to the share on the higher net income of BankCom and Angat Hydro in the first quarter of 2023 compared to the same period in 2022.

The loss on sale of property and equipment in 2023 was mainly due to the retirement of certain equipment by MPI.

Other income - net in 2023 mainly represents the net gain on foreign exchange from the revaluation of foreign currency-denominated long-term debt. Other charges - net in 2022 mainly represents the net loss on foreign exchange from the revaluation of foreign currency-denominated long-term debt partly offset by the gain on revaluation of foreign currency-denominated cash and cash equivalents and receivables. In March 2023, the Philippine Peso appreciated by P1.395 against the US Dollar, while in 2022, the Philippine Peso depreciated by P0.741 against the US Dollar.

The higher income tax expense of the Group was primarily due to SMC's turnaround from income tax benefit in 2022 to income tax expense in 2023, as a result of the unrealized gain on the revaluation of foreign currency-denominated long-term debt compared to unrealized loss in the same period in 2022 and the higher unrealized gain on derivatives.

Consolidated net income rose 27% to P17,739 million, from P13,943 million in 2022, mainly on account of the significant gain on foreign exchange recognized in the first quarter of 2023, as a result of the appreciation of the Philippine Peso against the US Dollar in March 2023, compared to the loss on foreign exchange recognized in the same period in 2022.

The net income attributable to equity holders of the Parent Company increased by P2,496 million mainly due to higher net income on account of the gain on foreign exchange in 2023 as compared to the loss on foreign exchange in the same period in 2022.

The increase in share of NCI on the Group's net income was mainly due to the higher net income of SMFB.

The following are the highlights of the performance of the individual business segments:

1) FOOD AND BEVERAGE

SMFB posted consolidated sales of P93,186 million during the first three months of 2023, 12% higher than the same period in 2022, brought about by the volume growth from the Beer division combined with higher selling prices across the Beer, Spirits and Food divisions.

However, while the Beer division posted strong operating income growth in the first quarter of 2023, the impact of rising cost of raw materials that affected the Food and Spirits divisions resulted in the decline in operating income of SMFB by 9% at P11,581 million.

SMFB's consolidated net income was up 8% ending at P9,875 million, mainly due to SMB's strong performance, including the gain recognized by GSMI from the assignment of product rights.

a) Beer and NAB Division

SMB's consolidated sales rose 29% to P38,335 million from P29,659 million in 2022, mainly due to volume growth and price adjustments implemented by both the domestic and international operations. Consolidated volumes reached 62.6 million cases, up 26% from 2022.

SMB's operating income grew 25% to P8,438 million from 2022 while consolidated net income reached P6,819 million, up 38% from P4,935 million in 2022.

Domestic Operations

SMB's domestic operations delivered beer volumes of 54.9 million cases for the first three months of 2023, 26% higher compared to the same period in 2022. The continued uptrend in volumes were mainly driven by the full return of business operations, on-premise recovery, and resumption of tourism activities complemented by new brand campaigns and offtake generating programs. Along with the impact of the price increase implementation, SMB domestic revenues grew 28% to P33,988 million from the same period in 2022.

NAB's volume sustained its growth momentum surpassing the 2022 level by 73%.

Combined with cost management and efficiency improvements, operating income and net income amounted to P7,309 million and P5,740 million, 17% and 29% growth, respectively.

To support its robust performance and further strengthen value proposition and consumption in key channels, SMB domestic launched new thematic brand campaigns namely: San Miguel Pale Pilsen's "*Samaritan*" advertisement and "*Sarap ng Beermen Predictions*" digital promotions; Red Horse' "*Magneto*" advertisement; and San Mig Light's ongoing "*Yass*" and "*Sweet Street*" thematic campaign. NAB also launched the new Magnolia Fruit Drink Mango in 250ml bottle last April 2023, affordably priced at P10.00 per bottle.

International Operations

SMB's international operations posted increase in volumes and sales of 29% and 27%, respectively, in the first three months of 2023. This was primarily driven by the strong performance from Hong Kong, Thailand, and exports.

b) Spirits Division

GSMI recorded sales volumes of 11.5 million cases, down by 5% from 2022, reflecting the effect of a temporary volume slowdown in February 2023 due to the price increase implementation on February 1, 2023, this was 15 days earlier compared to the 2022 price increase implementation. Nevertheless, the launching in March 2023 of the nationwide "*Ngiting Instanalo*" consumer promo drove the quick rebound in volumes posting a 10% growth in March 2023 compared to the same period in 2022. GSM Blue volumes, in particular, posted a year-to-date growth of 32% against 2022.

Sales reached P12,945 million, 3% higher from the P12,620 million reported in the same period in 2022. Operating income, however, was down 9% to P1,631 million mainly brought by lower volumes and higher input costs.

Net income amounted to P2,532 million, 81% higher than in 2022 mainly on account of the income from the assignment of product rights recognized in March 2023.

c) Food Division

The Food division posted consolidated sales of P41,908 million during the first quarter of 2023, 3% higher than the same period in 2022. The Food division had a rough start as persistent high inflation rates started to impact consumer spending and limited poultry capacity curbed sales of the Poultry business. However, price increases implemented since 2022 across products categories to cope with rising raw material costs helped sustain topline growth.

While commodity prices have generally trended lower during the first quarter of 2023, absolute price levels remained elevated compared to 2022. The price gap between the first quarter of 2023 and the same period in 2022 is also heightened as inventories during the early part of 2022 were priced lower.

The continued escalation of raw material costs and other inputs squeezed operating income to P1,531 million, 63% lower compared to 2022. Consequently, net income ended at P740 million, 76% lower than same period in 2022.

The Food division is committed to recover from this temporary setback, seeing second quarter of 2023 improvements with prices of raw materials starting to stabilize. Better growing efficiencies in poultry is also expected with the recovery of some contract growers and addition of new capacities that will come onstream for the balance of 2023.

Revenues from the Animal Nutrition and Health segment grew by 8%, on account of higher selling prices. Volumes were behind in 2022 as ASF and avian flu persisted, dampening demand for feeds. At least half of the towns within the country remain affected by the ASF which has cut total hog population by almost one-fourth since its onset in 2018. Meanwhile, around 2.2 million birds were lost due to avian flu.

The Protein segment, consisting of Poultry and Meats businesses, posted sales 8% lower than in 2022, which has been affected by the aggressive capacity grabbing by other industry players which constricted volumes. Fresh Meats' lower volumes, on the other hand, reflected the deliberate strategy to downsize the hog operations.

The Prepared and Packaged Food segment's consolidated sales was 14% higher than in 2022. Demand for Tender Juicy Hotdogs and Purefoods Chicken Nuggets held steady despite price increases while sales of butter, margarine, cheese, and coffee registered growth. Purefoods luncheon meat, in particular, has been emerging as a viable alternative for SPAM.

The Flour segment posted a 13% growth in consolidated sales on the back of better selling prices combined with volume growth after regaining market share.

2) PACKAGING

The Packaging business' consolidated sales for the first quarter of 2023 grew 27% to P10,195 million compared to the same period in 2022, sustaining its growth momentum since end of 2022. This was mainly driven by strong demand from glass, plastics, flexibles and beverage filling which continue to increase, together with the stable growth from Australia operations.

Operating income amounted to P803 million, 31% higher than same period in 2022.

3) ENERGY

San Miguel Global Power's offtake volumes for the first quarter in 2023 ended at 4,657 gigawatt hours, 33% lower than in 2022, mainly due to the absence of natural gas supply to the Ilijan Power Plant.

Consolidated sales amounted to P41,124 million, slightly lower than the P43,036 million registered in 2022. Volume decline was mitigated by the overall higher average tariff rate adjustments for pass-on fuel costs.

With better margins on its available net capacity, operating income reached P7,575 million, up 12% from P6,790 million in 2022.

Net income grew 177% to P5,345 million, which includes the impact of net foreign exchange gains recognized from the revaluation of foreign currency-denominated net liabilities compared to the net foreign exchange loss recognized in 2022.

San Miguel Global Power recently accomplished several key milestones in its two landmark and game changing projects in the local power industry.

The 1,000 MW BESS project was inaugurated on March 31, 2023 in Limay, Bataan. Some of the BESS capacities have successfully participated and secured ancillary services contracts to render power quality solutions for the Grid. The remaining BESS capacities are gearing up to meet the incoming requirements for grid ancillary services and also provide instant peak supply that will help ensure energy security in the coming years.

San Miguel Global Power also launched its foray into LNG power generation with the first ever shipment of LNG to the country which happened in the last week of April 2023. The LNG transfer was made to a Floating Storage Unit which eventually berthed on the first ever LNG terminal in the country strategically located between San Miguel Global Power's 1,200 MW Ilijan Power Plant and the new 1,313 MW Batangas Combined Cycled Power Plant. The LNG terminal is expected to provide LNG fuel to the Ilijan Power Plant in May 2023 and reintegrate its valuable baseload capacity to the Grid.

4) FUEL AND OIL

Petron sustained its recovery momentum in the first quarter of 2023, delivering significant growth across the business, registering consolidated sales of P188,753 million, 10% higher from P172,331 million in 2022. This was mainly boosted by growth in fuel demand from both Philippine and Malaysian operations registering 28.6 million barrels, up 11% from 25.7 million barrels in 2022.

Consolidated commercial sales grew 13% owing to higher demand from the aviation sector. Retail sales from both the Philippine and Malaysian markets similarly increased by 12% due to increased mobility. Polypropylene sales likewise expanded by 68%.

Despite the price movements of Dubai crude oil, which dipped by 16% to US\$80.32 per barrel in the first quarter of 2023 from US\$95.56 in 2022, operating income ended at P8,418 million, at par with 2022 while net income amounted to P3,399 million, slightly behind same period in 2022 of P3,598 million by 6%.

5) INFRASTRUCTURE

The Infrastructure business sustained its growth momentum since end of 2022 recording combined average daily traffic volumes of 996,805 for the first quarter in 2023, 23% higher compared to the same period in 2022. This was mainly driven by the resumption of onsite work and face to face classes along with the increase in tourism-related travel. Correspondingly, consolidated revenues reached P8,170 million, 31% higher than 2022 level.

Operating income soared by 82% to P4,484 million, as a result of sustained growth in traffic volumes backed by continued cost management initiatives.

The construction of MRT 7, South Luzon Expressway - Toll Road 4 (SLEX-TR4) and Skyway Stage 4 are all on track. The awarding of the Independent Contractor contract is in progress for the Pasig River Expressway, Northern Access Link Expressway, Southern Access Link Expressway, and South Luzon Expressway - Toll Road 5 projects. As at March 2023, the overall completion of the Land Development Works for the MIA Project was at 55.33%. The MIA project team continues to work on the Airport Masterplan along with the critical components of the Airport.

6) CEMENT

The Cement business registered consolidated sales of P10,340 million for the first quarter of 2023 from P3,222 million in 2022, representing mainly the sales contribution of ECC. Operating income amounted to P1,333 million from P293 million in 2022.

The current portfolio of the Cement business is expected to further solidify SMC's strong position in the domestic cement industry, which greatly complements and enhances its nation-building-through-infrastructure development agenda across multiple industries.

III. FINANCIAL POSITION

2024 vs. 2023

(In Millions)	March	December	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
Cash and cash equivalents	P270,341	P261,358	P8,983	3%	11%	11%
Trade and other receivables - net	264,992	263,119	1,873	1%	10%	11%
Inventories	149,937	161,986	(12,049)	(7%)	6%	6%
Current portion of biological assets - net	3,307	3,515	(208)	(6%)	0%	0%
Prepaid expenses and other current assets	148,287	141,424	6,863	5%	6%	6%
Total Current Assets	836,864	831,402	5,462	1%	33%	34%
Investments and advances - net	43,321	37,089	6,232	17%	2%	2%
Investments in equity and debt instruments	19,426	19,417	9	0%	1%	1%
Property, plant and equipment - net	773,247	753,472	19,775	3%	31%	31%
Right-of-use assets - net	106,830	108,014	(1,184)	(1%)	4%	4%
Investment property - net	81,436	79,513	1,923	2%	3%	3%
Biological assets - net of current portion	2,512	2,667	(155)	(6%)	0%	0%
Goodwill - net	182,723	182,791	(68)	(0%)	7%	7%
Other intangible assets - net	312,878	306,638	6,240	2%	13%	12%
Deferred tax assets	21,124	19,633	1,491	8%	1%	1%
Other noncurrent assets - net	127,167	118,729	8,438	7%	5%	5%
Total Noncurrent Assets	1,670,664	1,627,963	42,701	3%	67%	66%
Total Assets	P2,507,528	P2,459,365	P48,163	2%	100%	100%
Loans payable	P231,538	P214,881	P16,657	8%	9%	9%
Accounts payable and accrued expenses	236,480	223,055	13,425	6%	9%	9%
Lease liabilities - current portion	15,491	19,631	(4,140)	(21%)	1%	1%
Income and other taxes payable	49,335	46,254	3,081	7%	2%	2%
Dividends and distributions payable	5,607	4,605	1,002	22%	0%	0%
Current maturities of long- term debt - net of debt issue costs	266,626	236,798	29,828	13%	11%	9%
Total Current Liabilities	805,077	745,224	59,853	8%	32%	30%
Long-term debt - net of current maturities and debt issue costs	943,186	953,786	(10,600)	(1%)	38%	39%
Lease liabilities - net of current portion	35,515	36,941	(1,426)	(4%)	1%	2%
Deferred tax liabilities	30,219	29,503	716	2%	1%	1%
Other noncurrent liabilities	28,913	28,745	168	1%	1%	1%
Total Noncurrent Liabilities	1,037,833	1,048,975	(11,142)	(1%)	41%	43%

Forward

(In Millions)			Horizontal Analysis		Vertical Analysis	
	March	December	Increase (Decrease)			
	2024	2023	Amount	%	2024	2023
Capital stock - common	P16,443	P16,443	P -	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,442	177,468	(26)	(0%)	7%	7%
Capital securities	24,211	24,211	-	0%	1%	1%
Equity reserves	7,036	7,354	(318)	(4%)	0%	0%
Retained earnings:						
Appropriated	93,128	87,170	5,958	7%	4%	4%
Unappropriated	93,950	103,151	(9,201)	(9%)	4%	4%
Treasury stock	(109,763)	(109,763)	-	0%	(4%)	(4%)
Equity Attributable to						
Equity Holders of						
the Parent Company	312,634	316,221	(3,587)	(1%)	13%	13%
Non-controlling Interests	351,984	348,945	3,039	1%	14%	14%
Total Equity	664,618	665,166	(548)	(0%)	27%	27%
Total Liabilities and						
Equity	P2,507,528	P2,459,365	P48,163	2%	100%	100%

Consolidated total assets as at March 31, 2024 amounted to P2,507,528 million, P48,163 million higher than December 31, 2023. The increase was primarily due to the increase in cash and cash equivalents, prepaid expenses and other current assets, investments and advances, property, plant and equipment, other intangible assets and other noncurrent assets, offset by the decrease in inventories.

The decrease in inventories by P12,049 million was attributable mainly to: (a) Petron's lower volume of crude oil, partly offset by higher volume of finished products and higher prices of both crude oil and finished products; (b) utilization of spare parts for combustor and turbine inspection conducted during the quarter and decline in LNG stockpile of Ilijan Power Plant; and (c) decline in coal inventory of the Sual, Masinloc, Limay and Malita Power Plants as a result of higher consumption.

The decrease in total biological assets of P363 million was mainly due to lower feed costs and decrease in volume of flocks loaded as compared to December 31, 2023 balances.

The increase in prepaid expenses and other current assets by P6,863 million was primarily due to: (a) higher input taxes of Petron, SMC Shipping and Lighterage Corporation and the Energy business; (b) additional advances paid to suppliers of coal and LNG of the Energy business; and (c) higher excise tax claims and unused creditable withholding taxes of Petron. The increase was partly offset by the application of fixed fee reduction credits by Sual Power Inc.

The increase in investments and advances - net by P6,232 million was mainly due to the: (a) advances for future investment to certain companies by SMC and the Energy business; (b) investment in NNIC by SMHC; and (c) Group's share in the net income of BankCom and Manila North Harbour Port, Inc. (MNHPI) in first quarter of 2024. The increase was partly offset by the dividend received from MNHPI.

The increase in deferred tax assets by P1,491 million was primarily due to the recognition by SMC of deferred tax on unrealized losses on foreign exchange mainly from the revaluation of foreign currency-denominated long-term debt and derivatives.

The increase in other noncurrent assets - net by P8,438 million was mainly due to the higher amount of: (a) contract assets for the MRT 7 Project; (b) advances paid to contractors and suppliers of the ongoing projects of the Infrastructure and Energy businesses; and (c) transaction costs incurred by SMC for the US\$2,000 million term loan facility but not yet drawn as at March 31, 2024.

The increase in loans payable by P16,657 million was mainly due to the net availment made by SMC and the Food division, reduced by the net payment made by Petron.

The increase in accounts payable and accrued expenses by P13,425 million was mainly due to higher payables for capital expenditures of the Energy business and higher outstanding liabilities to the contractors and vendors of Petron, partly offset by the settlements made for fuel supplies, energy fees and power purchases of the Energy business.

The increase in income and other taxes payable by P3,081 million was mainly due to the higher: (a) income tax payable of SMB, GSML and Petron; and (b) excise duties on the inventory of Petron.

The increase in dividends and distributions payable by P1,002 million was mainly due to the: (a) declaration by SMC of dividends to Series 2-L, Series 2-N and Series 2-O preferred shareholders on January 19, 2024, which were paid on April 4, 2024; and (b) declaration by The Purefoods-Hormel Company, Inc. (PF-Hormel) of dividends to common shareholders in March 2024, payable in July and December 2024.

The increase in total long-term debt, net of debt issue costs of P19,228 million was primarily due to the availment of Peso term loans mainly by the Energy business and Petron and foreign currency-denominated term loan by SMC, and translation adjustments for the period. The increase was partly offset by the payment of Series B Bonds by SMC and other maturing obligations of the Group.

The decrease in total lease liabilities by P5,566 million was primarily due to the payments made to Power Sector Assets and Liabilities Management (PSALM) by the entities of the Energy business under the Independent Power Producer Administration (IPPA) Agreements.

The increase in appropriated retained earnings by P5,958 million was mainly due to the net appropriations made by: (a) SMC SLEX, Inc. (SMC SLEX) for the capital expenditures of SLEX-TR4 Project in 2024 and 2025; and (b) PF-Hormel for the expansion of the Battered, Breaded and Fried capacity, storage and distribution capability and Plant 3 line automation.

The decrease in unappropriated retained earnings by P9,201 million was mainly due to the net appropriations of retained earnings and dividends and distributions.

2023 vs. 2022

<i>(In millions)</i>	March	December	Horizontal Analysis		Vertical Analysis	
	2023	2022	Increase (Decrease)		2023	2022
			Amount	%		
Cash and cash equivalents	P243,616	P318,214	(P74,598)	(23%)	10%	13%
Trade and other receivables - net	225,762	238,782	(13,020)	(5%)	10%	10%
Inventories	182,606	190,193	(7,587)	(4%)	8%	8%
Current portion of biological assets - net	3,674	3,418	256	7%	0%	0%
Prepaid expenses and other current assets	130,272	133,691	(3,419)	(3%)	6%	6%
Total Current Assets	785,930	884,298	(98,368)	(11%)	34%	37%
Investments and advances - net	34,220	32,523	1,697	5%	1%	1%
Investments in equity and debt instruments	18,944	18,921	23	0%	1%	1%
Property, plant and equipment - net	720,186	708,192	11,994	2%	31%	30%
Right-of-use assets - net	110,873	112,067	(1,194)	(1%)	5%	5%
Investment property - net	74,119	74,660	(541)	(1%)	3%	3%
Biological assets - net of current portion	2,821	2,671	150	6%	0%	0%
Goodwill - net	183,788	184,100	(312)	(0%)	8%	8%
Other intangible assets - net	259,354	249,321	10,033	4%	11%	10%
Deferred tax assets	19,861	22,554	(2,693)	(12%)	1%	1%
Other noncurrent assets - net	106,981	102,518	4,463	4%	5%	4%
Total Noncurrent Assets	1,531,147	1,507,527	23,620	2%	66%	63%
Total Assets	P2,317,077	P2,391,825	(P74,748)	(3%)	100%	100%
Loans payable	P216,482	P267,704	(P51,222)	(19%)	9%	11%
Accounts payable and accrued expenses	219,145	227,126	(7,981)	(4%)	9%	9%
Lease liabilities - current portion	21,102	21,020	82	0%	1%	1%
Income and other taxes payable	46,692	37,694	8,998	24%	2%	2%
Dividends and distributions payable	4,247	4,037	210	5%	0%	0%
Current maturities of long-term debt - net of debt issue costs	106,083	170,032	(63,949)	(38%)	5%	7%
Total Current Liabilities	613,751	727,613	(113,862)	(16%)	26%	30%
Long-term debt - net of current maturities and debt issue costs	956,030	918,164	37,866	4%	42%	39%
Lease liabilities - net of current portion	48,526	54,455	(5,929)	(11%)	2%	2%
Deferred tax liabilities	27,395	26,297	1,098	4%	1%	1%
Other noncurrent liabilities	25,718	26,144	(426)	(2%)	1%	1%
Total Noncurrent Liabilities	1,057,669	1,025,060	32,609	3%	46%	43%

Forward

			Horizontal Analysis		Vertical Analysis	
	March	December	Increase (Decrease)			
(In millions)	2023	2022	Amount	%	2023	2022
Capital stock - common	P16,443	P16,443	P -	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,719	177,719	-	0%	8%	7%
Capital securities	24,211	24,211	-	0%	1%	1%
Equity reserves	11,872	12,753	(881)	(7%)	1%	1%
Retained earnings:						
Appropriated	80,427	71,004	9,423	13%	4%	3%
Unappropriated	125,676	129,239	(3,563)	(3%)	5%	6%
Treasury stock	(156,763)	(156,763)	-	0%	(7%)	(7%)
Equity Attributable to						
Equity Holders of						
the Parent Company	289,772	284,793	4,979	2%	13%	12%
Non-controlling Interests	355,885	354,359	1,526	0%	15%	15%
Total Equity	645,657	639,152	6,505	1%	28%	27%
Total Liabilities and						
Equity	P2,317,077	P2,391,825	(P74,748)	(3%)	100%	100%

Consolidated total assets as at March 31, 2023 amounted to P2,317,077 million, P74,748 million lower than December 31, 2022. The decrease was primarily due to decrease in cash and cash equivalents.

The decrease in cash and cash equivalents of P74,598 million was mainly due to the net payment of long-term debt and short-term loans, capital expenditures for the ongoing projects of Petron, the Infrastructure, Energy, Food and Beverage and Cement businesses and payment of interest and dividends and distributions. This was partly offset by cash generated from operations.

The decrease in trade and other receivables - net by P13,020 million was mainly attributable to the: (a) lower trade customer balances of Petron on account of the lower prices of petroleum products; (b) lower receivables from the Malaysian Government under the Automatic Pricing Mechanism of Petron Malaysia; and (c) collection of receivables from peak season sales by the Food division. The decrease was partly offset by the increase in excise tax refund claims of Petron.

The increase in total biological assets by P406 million was due to higher volume of chicken loaded in the farm, higher growing costs due to higher feeds and chick costs and additional hog farms with the increase in production of breeding stocks.

The increase in investments and advances - net by P1,697 million was mainly due to the: (a) advances by the Energy and Cement businesses for future investments to certain companies; and (b) Group's share in the net earnings of MNHPI, BankCom and Angat Hydro in 2023.

The decrease in deferred tax assets by P2,693 million was primarily due to the deferred income tax expense recognized by SMC on unrealized gain from the revaluation of foreign currency-denominated long-term debt and derivatives.

The decrease in loans payable by P51,222 million was mainly due to the net payment made by SMC and Petron.

The increase in income and other taxes payable by P8,998 million was mainly due to the: (a) higher Value-Added Tax (VAT) payable of the Food and Beverage business as a result of the implementation of quarterly VAT remittance compared to monthly remittance in 2022 and higher income tax payable from the improved performance of SMB and GSML; and (b) higher excise tax liability of Petron Philippines.

The increase in dividends and distributions payable by P210 million was mainly due to the dividend declaration on March 16, 2023 by SMC Skyway Corporation, net of payment to a non-controlling shareholder.

The decrease in total long-term debt, net of debt issue costs by P26,083 million was primarily due to the: (a) payment of foreign currency-denominated term loans by San Miguel Global Power and SMC, Series E Bonds by SMC and other maturing obligations by the Group; and (b) translation adjustments for the period. The decrease was partly offset by the availment of foreign currency-denominated and Peso term loans by the Group.

The decrease in total lease liabilities by P5,847 million was primarily due to the payments made to PSALM by the Energy business' entities under the IPPA Agreements.

The decrease in equity reserves by P881 million was mainly due to the loss on exchange differences on the translation of foreign operations for the period with the appreciation of the Philippine Peso against the US Dollar.

The increase in appropriated retained earnings was attributable to: (a) appropriation of SMB for the payment of Series H Bonds which matured on April 2, 2024 and the P10,000 million term loans that will mature on December 20, 2027; and (b) net appropriations of SMC SLEX for capital expenditures in 2023.

IV. SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

<i>(In Millions)</i>	March 31	
	2024	2023
Net cash flows provided by operating activities	P47,177	P45,535
Net cash flows used in investing activities	(51,646)	(36,519)
Net cash flows provided by (used in) financing activities	12,668	(79,338)

Net cash flows provided by operating activities for the period basically consists of income for the period and changes in noncash current assets, certain current liabilities and others.

Net cash flows provided by (used in) investing activities included the following:

<i>(In Millions)</i>	March 31	
	2024	2023
Additions to:		
Property, plant and equipment	(P27,866)	(P16,113)
Intangible assets	(8,282)	(11,850)
Investments and advances	(6,216)	(998)
Advances to contractors and suppliers	(3,778)	(2,290)
Investment property	(2,490)	(934)
Investments in debt instruments	(174)	(130)
Increase in other noncurrent assets and others	(7,150)	(7,201)
Interest received	3,713	2,776
Dividends received	350	14
Proceeds from:		
Disposal of investments in debt instruments	179	125
Sale of property and equipment	68	82

Net cash flows provided by (used in) financing activities included the following:

<i>(In Millions)</i>	March 31	
	2024	2023
Proceeds from (payment of) short-term loans - net	P16,748	(P50,721)
Proceeds from (payment of) long-term debt - net	9,779	(13,689)
Payment of lease liabilities	(5,923)	(5,356)
Cash dividends and distributions paid to non-controlling shareholders	(4,843)	(5,273)
Cash dividends and distributions paid	(3,035)	(2,892)
Decrease in non-controlling interests' share in the net assets of subsidiaries and others	(32)	(265)
Share issuance costs from re-issuance of treasury shares	(26)	-
Repurchase of capital securities of a subsidiary	-	(1,142)

The effect of exchange rate changes on cash and cash equivalents amounted to P784 million and (P4,276) million in March 31, 2024 and 2023, respectively.

V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year. Please refer to Items II “Financial Performance” and III “Financial Position” for the discussion of certain Key Performance Indicators.

	March 2024	December 2023
<u>Liquidity:</u>		
Current Ratio	1.04	1.12
Quick Ratio	0.66	0.70
<u>Solvency:</u>		
Debt to Equity Ratio	2.77	2.70
Asset to Equity Ratio	3.77	3.70
<u>Profitability:</u>		
Return on Average Equity Attributable to Equity Holders of the Parent Company	(2.58%)	0.07%
Interest Rate Coverage Ratio	1.60	1.80
Return on Assets	1.44%	1.84%
	Period Ended March 31	
	2024	2023
<u>Operating Efficiency:</u>		
Volume Growth	21%	7%
Revenue Growth	13%	9%
Operating Margin	10%	10%

The manner by which the Group calculates the key performance indicators is as follows:

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventories} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}^*}{\text{Average Equity Attributable to Equity Holders of the Parent Company}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Return on Assets	$\frac{\text{Net Income}^*}{\text{Average Total Assets}}$
Volume Growth	$\left(\frac{\text{Sum of all Businesses' Revenue at Prior Period Prices}}{\text{Prior Period Net Sales}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

* Annualized for quarterly reporting.

VI. OTHER MATTERS

a. Commitments

The outstanding purchase commitments of the Group amounted to P248,851 million as at March 31, 2024.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets, and capital expenditures of the ongoing infrastructure projects needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

- b. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate within the next 12 months any cash flow or liquidity problems. The Group was not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amounts of the Group's trade payables that have not been paid within the stated trade terms.

- c. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets, except for Note 43 (a) of the Audited Consolidated Financial Statements as at December 31, 2023.
- d. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- e. There are no significant elements of income or loss that did not arise from continuing operations.
- f. Except for the Prepared and Packaged Food and Protein segments of the Food division under the Food and Beverage business, which consistently generate higher revenues during the Christmas holiday season, the effects of seasonality or cyclicity on the interim operations of the Group's businesses are not material.
- g. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

ANNEX “B-2”

**MANAGEMENT’S DISCUSSION AND ANALYSIS
OF FINANCIAL POSITION AND FINANCIAL
PERFORMANCE**
(As of June 30, 2024)



SAN MIGUEL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE

INTRODUCTION

The following discussion should be read in conjunction with the attached unaudited consolidated financial statements of San Miguel Corporation ("SMC" or "Parent Company") and its subsidiaries (collectively referred to as the "Group") as at and for the period ended June 30, 2024 (with comparative figures as at December 31, 2023 and for the period ended June 30, 2023). All necessary adjustments to present fairly the consolidated financial position, financial performance and cash flows of the Group as at June 30, 2024, and for all the other periods presented, have been made. Certain information and footnote disclosure normally included in the audited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards have been omitted.

I. 2024 SIGNIFICANT TRANSACTIONS

INVESTING ACTIVITIES

▪ Rehabilitation, Operation and Maintenance (O&M) of Ninoy Aquino International Airport (NAIA)

On February 15, 2024, New NAIA Infra Corp. (NNIC) was incorporated by the members of the SMC-SAP & Co. Consortium (the "Consortium"), namely San Miguel Holdings Corp. (SMHC) at 33%, RMM Asian Logistics, Inc. at 30%, RLW Aviation Development, Inc. at 27% and Incheon International Airport Corporation at 10%. On February 16, 2024, the Consortium was officially awarded by the Department of Transportation (DOTr) the contract to rehabilitate, operate and maintain the NAIA, which is the country's main international gateway.

On March 18, 2024, the Concession Agreement (CA) was signed between the DOTr, Manila International Airport Authority (MIAA) and the concession company, NNIC, and an upfront fee of P30,000 million was paid by NNIC which was funded by loan availment and equity infusion. The CA covers a 25-year concession period, which comprises an initial term of 15 years plus a ten-year extension subject to the fulfillment of Key Performance Indicators to be reviewed on the eighth year.

The project is a Rehabilitate-Expand-Operate and Transfer scheme and calls for NNIC to expand the terminal capacity from the current design capacity of 35 Million Passengers per Annum (MPAX) to 62 MPAX and to increase runway capacity from 42 peak hourly rate to 48. The operation of NAIA is expected to be turned-over by the MIAA to NNIC six months after the execution of the CA or on September 14, 2024. Preparation activities for the start of the O&M are ongoing which include completion of deliverables required prior to the O&M start and completion of requirements to obtain funding for capital expenditure.

- **Joint Investment in an Integrated Liquefied Natural Gas (LNG) Facility by San Miguel Global Power Holdings Corp. (San Miguel Global Power; formerly SMC Global Power Holdings Corp.) and Chromite Gas Holdings, Inc. (CGHI)**

On March 1, 2024, Meralco PowerGen Corporation (MGen) and Aboitiz Power Corporation (AboitizPower), through their joint venture entity (MGen and AboitizPower shareholdings at 60% and 40% each, respectively), CGHI, have entered into agreements with San Miguel Global Power and San Miguel Global Power's subsidiaries, for CGHI to jointly invest in and acquire a 67% stake in entities through which San Miguel Global Power owns and/or operates the following: (i) the operating 1,278 megawatts (MW) Ilijan Combined Cycle Gas Power Plant owned by South Premiere Power Corp. (SPPC); (ii) the adjacent, under construction 1,320 MW Combined Cycle Gas Power Plant owned by Excellent Energy Resources Inc. (EERI); and (iii) the land owned by Ilijan Primeline Industrial Estate Corp. On the same day, San Miguel Global Power entered into a Share Purchase Agreement with Eurodite Universal Power Incorporated for the purchase of 32.98% of the outstanding common shares of Linseed Field Corporation (LFC). LFC is the owner of the import and regasification LNG terminal, which will process LNG for SPPC and EERI.

Top Frontier Investment Holdings, Inc., the ultimate parent company of San Miguel Global Power, is currently in the process of securing the necessary clearance from the Philippine Competition Commission in relation to the joint investment by San Miguel Global Power and CGHI.

AVAILMENT OF LONG-TERM DEBT

PESO TERM LOANS

- **SMGP BESS Power Inc. (SMGP BESS; formerly Universal Power Solutions, Inc.)**

On March 25, 2024, SMGP BESS drew the second tranche amounting to P12,000 million from the P40,000 million Omnibus Loan and Security Agreement (OLSA) with various local banks executed on October 23, 2023. The loan is subject to a fixed interest rate and will mature in October 2033. The proceeds from the second tranche will be used for the reimbursement or repayment of reimbursable advances from San Miguel Global Power, to fund the cost and expenses in relation to the design, construction, and operation of the 930 MW Battery Energy Storage Systems (BESS) Projects, and for payment of transaction costs.

- **Infrastructure**

- **SMC Mass Rail Transit 7 Inc. (SMC MRT 7)**

On January 15 and April 15, 2024, SMC MRT 7 drew a total of P12,500 million term loans from the P100,000 million OLSA executed with various local banks on May 18, 2023. The loans are subject to a floating interest rate and with a term of 14 years and six months. The proceeds of the loans will be used to finance the Metro Rail Transit Line 7 (MRT 7) Project.

- **SMC NAIAX Corporation (SMC NAIAX)**

On March 4 and June 18, 2024, SMC NAIAX drew a total of P761 million term loans from the P5,656 million OLSA executed with various banks on December 21, 2022. The loans are subject to a floating interest rate and with a term of six years and three months. The proceeds of the loans will be used to partially finance the construction and development of the NAIAX Tramo Extension Project.

FOREIGN CURRENCY-DENOMINATED LOANS

▪ SMC

- a. On various dates in the first semester of 2024, SMC drew a total of US\$233 million term loans from the US\$2,165 million loan facility executed on March 31, 2022. The loans are subject to a floating interest rate and with a term of 13 years. The proceeds were used to fund the land development works of the Manila International Airport (MIA) Project in Bulacan.
- b. On May 17, 2024, SMC availed of a US\$150 million term loan, subject to a fixed interest rate and with a term of five years. The proceeds of the loan were used for general corporate purposes.

PAYMENT OF LONG-TERM DEBT

FIXED RATE PESO-DENOMINATED BONDS

▪ SMC

On March 1, 2024, SMC paid the P7,294 million Series B fixed rate Peso-denominated Bonds, which matured on the same date. The Series B Bonds, which formed part of the first tranche of the P60,000 million shelf registered fixed rate bonds Series A, Series B and Series C Fixed Rate Bonds were issued in 2017.

The Series B Bonds were paid from the net proceeds of the issuance of Series 2-L, Series 2-N and Series 2-O Preferred Shares in December 2023.

▪ PETRON CORPORATION (PETRON)

On April 19, 2024, Petron paid its Series C fixed rate Peso-denominated Bonds amounting to P13,200 million. The Series C Bonds which formed part of the P20,000 million retail bonds were issued in October 2018.

The payment was funded by the: (a) P7,000 million term loan availed on March 6, 2024 subject to a fixed interest rate for the first two years and will be repriced at a new fixed interest rate for the last three years; (b) P5,000 million term loan availed on April 18, 2024, subject to a floating interest rate and with a term of five years; and (c) cash generated from operations.

▪ SAN MIGUEL GLOBAL POWER

On April 24, 2024, San Miguel Global Power paid the P9,232 million Series I fixed rate Peso-denominated Bonds, from the proceeds of short-term loan facilities and from cash generated from operations.

The Series I Bonds which formed part of the P30,000 million Series H, Series I and Series J fixed rate Peso-denominated Bonds were issued in April 2019.

PESO TERM LOAN

▪ SAN MIGUEL GLOBAL POWER

On April 26, 2024, San Miguel Global Power fully paid the P14,100 million balance of its P15,000 million fixed rate seven-year term loan availed in April 2017 from a local bank upon its maturity pursuant to the terms and conditions of the credit facility.

The payment was funded by the proceeds of short-term loan facilities and from cash generated from operations.

PAYMENT OF OTHER MATURING OBLIGATIONS

For the first semester of 2024, the Group paid a total of P17,462 million of its scheduled amortizations and maturing obligations funded by the proceeds of short-term loan facilities and cash generated from operations.

The Infrastructure business, Petron, the Energy, Food and Beverage, Packaging and Cement businesses and SMC paid a total of P5,752 million, P3,994 million, P3,674 million, P2,710 million, P875 million, P325 million and P132 million, respectively, of their maturing obligations.

ISSUANCE AND REDEMPTION OF CAPITAL SECURITIES BY SAN MIGUEL GLOBAL POWER

On April 19, 2024, San Miguel Global Power issued US\$800 million Redeemable Perpetual Securities at an issue price of 100%, with a prescribed initial distribution rate per annum, payable pursuant to the terms of the agreement.

The net proceeds were used in part for the redemption of the US\$783 million Senior Perpetual Capital Securities (SPCS) on April 25, 2024, pursuant to the terms and conditions of the securities. The redemption price includes the principal amount and any accrued but unpaid distributions up to (but excluding) the step-up date.

The US\$783 million SPCS is the remaining securities out of the US\$800 million SPCS issued in April and July 2019.

The difference between the price paid and the net carrying amount of the SPCS repurchased amounting to P4,854 million was recognized as part of "Equity reserves" account in the consolidated statement of financial position as at June 30, 2024.

EVENT AFTER THE REPORTING DATE

Issuance of Series O and P Fixed Rate Peso-denominated Bonds by the Parent Company

On July 3, 2024, the Parent Company issued and listed with the Philippine Dealing & Exchange Corp. the Series O and P fixed rate Peso-denominated Bonds amounting to P20,000 million, out of the remainder of the existing P50,000 million bonds shelf-registered with the Securities and Exchange Commission.

The net proceeds were used to partially pay P11,240 million out of the P30,000 million Series I fixed rate Peso-denominated Bonds as a result of the put option exercised by some of the holders of the Series I Bonds. Further, the remaining balance of the Series I fixed rate Peso-denominated Bonds were repriced at 7.4650% per annum from 3.3832% per annum effective July 8, 2024, until its maturity on July 8, 2027.

II. FINANCIAL PERFORMANCE

2024 vs. 2023

	June		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
<i>(In Millions)</i>						
Sales	P789,021	P685,229	P103,792	15%	100%	100%
Cost of sales	(655,195)	(571,215)	83,980	15%	(83%)	(83%)
Gross profit	133,826	114,014	19,812	17%	17%	17%
Selling and administrative expenses	(48,737)	(44,093)	4,644	11%	(6%)	(7%)
Operating income	85,089	69,921	15,168	22%	11%	10%
Interest expense and other financing charges	(47,645)	(44,847)	2,798	6%	(6%)	(6%)
Interest income	7,324	6,531	793	12%	1%	1%
Equity in net earnings of associates and joint ventures	1,237	1,098	139	13%	0%	0%
Gain (loss) on sale of investments and property and equipment	58	(40)	98	245%	0%	(0%)
Other income (charges) - net	(24,387)	6,220	(30,607)	(492%)	(3%)	1%
Income before income tax	21,676	38,883	(17,207)	(44%)	3%	6%
Income tax expense	(8,098)	(15,558)	(7,460)	(48%)	(1%)	(3%)
Net Income	P13,578	P23,325	(P9,747)	(42%)	2%	3%
Net income (loss) attributable to:						
Equity holders of the Parent Company	(P8,703)	P757	(P9,460)	(1250%)	(1%)	0%
Non-controlling interests	22,281	22,568	(287)	(1%)	3%	3%
Net Income	P13,578	P23,325	(P9,747)	(42%)	2%	3%

The Group's consolidated sales of P789,021 million for the first semester of 2024 increased by 15% compared to last year, mainly on account of the higher sales volume of Petron, the Energy business, the Food division and Ginebra San Miguel Inc. (GSMI), combined with the higher average selling price of Petron, GSMI and San Miguel Brewery Inc. (SMB).

The Group's cost of sales increased by P83,980 million or 15%, mainly due to: (a) higher volume sold and increase in average cost per liter of petroleum products of Petron; (b) the resumption of Ilijan Power Plant's operations from June 2023 onwards; (c) costs of generation of the Mariveles Greenfield Power Plant while most of its units undergo testing and commissioning; and (d) incremental depreciation expense from the ten BESS facilities that are now in full commercial operations. This was partially mitigated by lower fuel costs incurred by the coal-fired power plants as global coal prices went down in the first semester of 2024 compared to the same period in 2023, in terms of Globalcoal Newcastle indexed prices.

The increase in selling and administrative expenses by P4,644 million or 11% was attributable mainly to higher salaries and employee benefits of the Group, and higher distribution costs, amortization of deferred containers in line with sales volume growth and expenses related to newly-built warehousing facilities of the Food and Beverage business.

Consolidated operating income increased by 22% to P85,089 million from last year, mainly driven by the: (a) improved margins on contracted volumes, as the Energy business worked out a transition to fuel passthrough arrangements for most of its bilateral customers and margin contributed by SMGP BESS through ancillary services, (b) growth in volume from effective marketing programs implemented by Petron, and (c) higher sales volume of the Food division and GSML.

The increase in interest expense and other financing charges by P2,798 million was mainly due to higher interest rates and increased average level of long-term debt of the Energy business and Petron and short-term loans of Petron.

The increase in interest income by P793 million was primarily due to both higher interest rates and average balance of short-term placements of the Infrastructure and Food and Beverage businesses. The increase was partly offset by the lower interest income from reduced average balance of cash and cash equivalents of SMC.

The increase in equity in net earnings of associates and joint ventures by P139 million was mainly due to the share on the higher net income of Angat Hydropower Corporation for the first semester in 2024 compared to the same period last year.

The gain on sale of investments and property and equipment in 2024 pertains mainly to the sale by San Miguel Properties, Inc. of its investment in shares of stock of Elite Montagne Realty Corp., sale of demo units of SMC Asia Car Distributors Corp. and foreclosed properties of SMC, while the loss in 2023 resulted mainly from the retirement of certain equipment of Malita Power Inc. (MPI, formerly San Miguel Consolidated Power Corporation).

Other charges - net of P24,387 million was a turnaround from last year's other income - net of P6,220 million. This primarily pertains to the loss on foreign exchange in 2024 compared to the gain recognized in 2023 mainly by SMC, the Energy business and Petron resulting from the revaluation of foreign currency-denominated long-term debt and cash and cash equivalents and the income recognized from the assignment of product rights by GSML in 2023. In June 2024, the Philippine Peso significantly depreciated by P3.240 against the United States (US) Dollar, while in 2023, the Philippine Peso appreciated by P0.555 against the US Dollar.

The decrease in income tax expense by P7,460 million was mainly due to the deferred income tax benefit recognized in 2024 by SMC, a turnaround from the deferred income tax expense in 2023. The deferred income tax recognized pertains to unrealized foreign exchange losses in June 2024 compared to unrealized foreign exchange gains in June 2023 from the revaluation of foreign currency-denominated long-term debt and derivatives.

Consolidated net income declined by 42% to P13,578 million, from P23,325 million last year, mainly on account of the loss on foreign exchange in the first semester of 2024, a turnaround from the gain recognized in 2023, partly offset by the improved operations of most businesses mainly the Food division, Petron, GSML, the Energy, Cement and Infrastructure businesses.

The net loss attributable to equity holders of the Parent Company in 2024 was a turnaround from the net income attributable to equity holders of the Parent Company in 2023 mainly on account of the loss on foreign exchange in the first semester of 2024 as compared to the gain recognized in the same period in 2023 by SMC.

The following are the highlights of the performance of the individual business segments:

1. FOOD AND BEVERAGE

San Miguel Food and Beverage, Inc. (SMFB) continued to deliver strong results in the first semester of 2024, driven by the consistent growth across its businesses. SMFB consolidated sales increased by 4% to P192,882 million compared to the same period last year.

Consolidated income from operations grew by 16% to P26,641 million, primarily driven by higher sales volumes of the Food division and GSMI. Net income rose 6% to P19,977 million.

a) Beer and Non-Alcoholic Beverages (NAB) Division

SMB posted consolidated sales of P75,073 million, up 1% from the same period last year. The increase was primarily due to the full impact of the price increase implemented in March 2023.

Consolidated operating income declined by 3% to P15,887 million. Similarly, net income recorded a decline of 7% to P12,563 million.

Domestic Operations

Sales from domestic operations amounted to P66,992 million, 1% higher than in the same period in 2023, mainly due to the price increase.

International Operations

Revenue from international operations was slightly lower than in the same period in 2023 due to a 1% drop in volumes.

b) Spirits Division

GSMI sustained its growth momentum into the first semester of 2024, with revenues recording an 18% growth to P29,992 million. The strong performance was driven by double-digit volume growth, increased selling prices, reduced costs of imported alcohol, and improved biogas generation in distilleries.

Operating income grew by 31% to P4,411 million on the back of strong topline growth. Meanwhile, net income declined by 10% to P3,676 million due to the one-time gain from the assignment of product rights in 2023. Excluding this, net income would have been higher by 26%.

c) Food Division

The Food division delivered a strong performance in the first half of the year. While sales grew modestly, profit growth soared as raw material prices eased considerably. Consolidated revenue increased by 3% to P87,819 million with most segments registering an uptrend in volumes.

The Food division ended the first half with operating income at P6,384 million, nearly double that of last year. Higher gross profit margins combined with optimized production efficiencies offset rising operating expenses which included mandated wage hikes and marketing expenses to spur volumes. This translated to a net income of P4,174 million, two and a half times higher than the same period last year.

The Prepared and Packaged Food segment, comprised of processed meats, dairy and coffee, continued to outperform prior year with an 11% rise in revenue despite the inflationary environment. A wide range of consumer promotions and in-store activities boosted sales across all channels, while new facilities generated improved efficiencies, resulting in a double-digit growth in operating income.

The Protein segment experienced a turnaround as poultry prices recovered and increased growing capacity supported strong demand from both foodservice and retail markets. This led to a 6% revenue growth for the segment.

The Animal Nutrition and Health segment saw a 6% decline in revenue. With lower raw material prices, the business opted for price rollbacks to stimulate demand which remained sluggish amid continued challenges in broiler and hog feeds.

The Flour segment recorded revenue at par with last year. Volumes expanded in response to price reductions implemented to maintain market share in an intensely competitive market.

2. PACKAGING

The Packaging business recorded consolidated revenues of P17,974 million, down 4% against the comparable period last year.

Consolidated operating income, however, recorded a 14% increase to P1,362 million on account of better production efficiencies, coupled with the cost measures implemented.

3. ENERGY

San Miguel Global Power consolidated revenues for the first semester of 2024 amounted to P98,944 million, higher by 17% from P84,770 million recognized in the same period last year. The increase was mainly driven by higher offtake volume from the following sources: (i) several power supply agreements (PSA) from Manila Electric Company (Meralco) and other distribution utilities secured by the Group that allowed the contracting of its available capacities mainly from the 1,200 MW Ilijan Power Plant of SPPC and the incremental generation from the 600 MW Mariveles Greenfield Power Plant, with most of its units currently undergoing testing and commissioning; and (ii) ancillary services rendered for National Grid Corporation of the Philippines (NGCP) using a total of ten BESS facilities of SMGP BESS, with a combined installed capacity of 330 megawatt hours (MWh) during the period.

Consolidated income from operations of P22,988 million for the first semester of 2024 was up by 56% from the same period last year owing to improved margins as the Energy business worked out a successful transition to fuel passthrough arrangements for most of its bilateral customers including the 1,200 MW PSA of SPPC with Meralco that was in effect for most part of the first semester of 2024, as well as the additional margins contributed by BESS through ancillary services.

Net income for the first semester of 2024 increased to P7,438 million or by 26%, from P5,909 million reported for the same period last year.

The Energy business accomplished another key milestone on its BESS Project with an additional three BESS facilities, with a combined capacity of 110 MWh, located in Concepcion, Tarlac, Ormoc, Leyte and Jasaan, Misamis Oriental, commencing operations on March 18, 2024. The remaining BESS capacities of 630 MWh are gearing up for the anticipated competitive selection process (CSP) for additional grid ancillary services requirements of NGCP as well as for peak power supply applications that will help ensure energy security for the local power industry in the near term. Alternative to the CSP is the reserve market where power reserves can be traded under the operation of Independent Electricity Market Operator of the Philippines (IEMOP).

For the first semester of 2024, all four units of the 600 MW Mariveles Greenfield Power Plant of Mariveles Power Generation Corporation were undergoing testing and commissioning with one unit declared operational with the IEMOP starting March 28, 2024.

4. FUEL AND OIL

Petron delivered a 21% growth in consolidated revenues for the first half of 2024 to P444,490 million from last year's P367,037 million, sustaining its positive momentum this 2024.

Petron continued to register strong volumes in the Philippines and Malaysia which reached 69.1 million barrels in the first six months, up 20% from the 57.6 million barrels sold in the same period last year. The solid outcome is fueled by the sustained performance of key segments, particularly retail and exports.

Petron's sales volumes in the Philippines rose 27% to 44.4 million barrels, while volumes from its Malaysian operations grew by 9% to 24.7 million barrels.

Petron's retail segment, which posted a 10% increase, remained a key driver of the stellar volume performance through effective marketing programs in the combined service station network of about 2,600 outlets in the Philippines and Malaysia. Sales to industrial accounts likewise jumped 9% mainly on higher jet fuel and liquefied petroleum gas (LPG) demand.

Global oil prices remained volatile because of the ongoing tensions in the Middle East. The price per barrel of Dubai crude oil averaged US\$83 in the first six months, 5% higher than in the same period in 2023 as producers continued to manage supply.

With Petron's solid volume growth, overall margins improved despite the softening of refining cracks, falling by 17% from last year's level. Consolidated operating income rose by 8% to P17,313 million. Net income ended at P6,023 million, slightly lower than last year.

5. INFRASTRUCTURE

The Infrastructure business sustained its strong performance in the first semester of 2024, posting consolidated revenues of P18,075 million, 9% higher than last year on the back of the solid performance of its major operating toll roads.

Total average daily traffic volumes were up 4% from last year's level to 1,034,081 vehicles complemented by the continued increase in economic and travel activities. This, coupled by cost management initiatives and tollway maintenance and improvement works, resulted to an 8% increase in operating income to P9,650 million versus the same period last year. Net income increased by 40% to P7,721 million due to sustained growth in traffic volumes backed by continued cost management initiatives.

The land development and ground improvement works of the MIA Project are progressing well with overall progress at 84.61%. Per approved DOTr timeline, Airport Development will be completed by the end of 2028.

Currently, a study is ongoing on the realignment of the highway component of the MRT 7 Project. This component includes the new locations of the final two stations, which are currently pending for approval. In the second quarter of 2024, five additional trainsets were delivered, bringing the total trainsets delivered on-site to 22 out of the 36 trainsets ordered.

6. CEMENT

The Cement business consolidated revenues in 2024 declined slightly by 6% to P18,962 million compared to the same period last year. Considering a 5% volume growth versus last year, the business experienced a revenue drop due to an influx of cheaper imported traded cement, leading to a decline in local cement prices. Despite the lower selling prices, the business managed to grow its operating income by 31% to P3,952 million compared to the same period last year on the back of cost reductions and operating efficiencies.

2023 vs. 2022

	June		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2023	2022	Amount	%	2023	2022
	<i>(In Millions)</i>					
Sales	P685,229	P711,416	(P26,187)	(4%)	100%	100%
Cost of sales	(571,215)	(606,558)	(35,343)	(6%)	(83%)	(85%)
Gross profit	114,014	104,858	9,156	9%	17%	15%
Selling and administrative expenses	(44,093)	(38,131)	5,962	16%	(7%)	(5%)
Operating income	69,921	66,727	3,194	5%	10%	10%
Interest expense and other financing charges	(44,847)	(25,633)	19,214	75%	(6%)	(4%)
Interest income	6,531	2,313	4,218	182%	1%	0%
Equity in net earnings of associates and joint ventures	1,098	725	373	51%	0%	0%
Gain (loss) on sale of property and equipment	(40)	2	(42)	(2100%)	(0%)	0%
Other income (charges) - net	6,220	(13,255)	19,475	147%	1%	(2%)
Income before income tax	38,883	30,879	8,004	26%	6%	4%
Income tax expense	(15,558)	(11,074)	4,484	40%	(3%)	(1%)
Net Income	P23,325	P19,805	P3,520	18%	3%	3%
Net income (loss) attributable to:						
Equity holders of the Parent Company	P757	(P1,341)	P2,098	156%	0%	(0%)
Non-controlling interests	22,568	21,146	1,422	7%	3%	3%
Net Income	P23,325	P19,805	P3,520	18%	3%	3%

The Group's consolidated sales for the first semester of 2023 ended 4% lower at P685,229 million from the same period in 2022 mainly on account of lower revenues from Petron due to declining crude oil prices and lower volumes from San Miguel Global Power, offsetting the higher revenues from the other businesses and the contribution from Eagle Cement Corporation (ECC) which was consolidated on December 14, 2022.

The Group's cost of sales decreased by P35,343 million or 6% mainly due to: (a) lower cost per liter of petroleum products, partly offset by the higher volumes of Petron; and (b) lower overall power purchases of the Energy business relative to the decline in sales volume. The decrease was partly offset by the: (a) higher cost of sales relative to increase in volume of SMB and the higher cost of major raw materials consumed in production, partly offset by the lower volumes of the Food division; and (b) the cost of sales of ECC for the first semester in 2023.

The increase in selling and administrative expenses by P5,962 million or 16% is attributable mainly to higher salaries and employee benefits of the Group, distribution costs and contracted services primarily from the Food and Beverage business and Petron, and the operating expenses of ECC.

Consolidated operating income for the first half of 2023 sustained its growth which reached P69,921 million, up by 5% from the comparative period in 2022. Sustained performance improvements of SMB and GSMI, the Infrastructure and Packaging businesses and the addition of ECC, mitigated the impact of rising raw material costs which continue to affect some of the businesses.

The increase in interest expense and other financing charges by P19,214 million or 75% was mainly due to both higher interest rates and average loan balance primarily of SMC and Petron.

The increase in interest income by P4,218 million was mainly due to higher interest rates and average balance of short-term placements of SMC, the Infrastructure and Food and Beverage businesses, as well as the higher balance of investment in debt securities of SMB, GSMI and Petrogen Insurance Corporation.

The increase in equity in net earnings of associates and joint ventures by P373 million or 51% was mainly due to the share on the higher net income of Bank of Commerce (BankCom) in the first semester of 2023 compared to the same period in 2022.

The loss on sale of property and equipment in 2023 was mainly due to the retirement of certain equipment by MPI.

Other income - net of P6,220 million in 2023 mainly represents the: (a) net gain on foreign exchange from the revaluation of foreign currency-denominated long-term debt and cash and cash equivalents, partly offset by the realized loss from settlements of foreign currency-denominated long-term debt; and (b) income recognized by GSMI from the assignment of product rights. Other charges - net of P13,255 million in 2022 mainly represents the loss on foreign exchange from the revaluation of foreign currency-denominated long-term debt partly offset by the gain on revaluation of foreign currency-denominated cash and cash equivalents and receivables. In June 2023, the Philippine Peso appreciated by P0.555 against the US Dollar, while in 2022, the Philippine Peso significantly depreciated by P3.976 against the US Dollar.

The higher amount of income tax expense by P4,484 million or 40% was primarily due to the recognition by SMC of income tax expense in 2023 a turn-around from income tax benefit in 2022, as a result of the unrealized gain on the revaluation of foreign currency-denominated long-term debt compared to a loss in the same period in 2022.

Consolidated net income rose 18% to P23,325 million, from P19,805 million in 2022 on account of operating income growth and the gain on foreign exchange as compared to the loss on foreign exchange recognized in the same period in 2022.

The net income attributable to equity holders of the Parent Company increased by P2,098 million mainly on account of the gain on foreign exchange in 2023 as compared to loss on foreign exchange in the same period in 2022.

The increase in the net income attributable to non-controlling interests was mainly due to the higher net income of SMB.

The following are the highlights of the performance of the individual business segments:

1. FOOD AND BEVERAGE

SMFB posted consolidated sales of P184,587 million during the first six months in 2023, 7% higher than the same period in 2022, primarily brought about by higher selling prices across its Beer and NAB, Spirits and Food divisions combined with continuous volume growth from the Beer and NAB and Spirits divisions.

Consolidated operating income however, ended lower by 13% at P22,987 million mainly due to the impact of rising cost of raw materials that continues to affect the Food division.

With SMB and GSML's sustained performance, SMFB's consolidated net income ended at par with 2022 at P18,809 million.

a) Beer and NAB Division

SMB continued its strong performance with consolidated sales and volumes reaching P74,119 million and 121.4 million cases for the first semester of 2023, up by 14% and 10% than the same period of 2022, respectively.

SMB's operating income grew by 12% to P16,429 million attributable to higher volume and selling prices in both domestic and international operations despite the effect of excise tax increase effective January 1, 2023. Consolidated net income ended at P13,469 million, up 26% from P10,656 million in 2022.

Domestic Operations

SMB's domestic operations delivered 9% growth in beer volumes for the first half of 2023 compared to the same period in 2022. SMB's domestic sales reached P66,035 million, up 13% from 2022. Operating income and net income amounted to P14,545 million and P11,710 million, higher by 7% and 20%, respectively.

The continued volume growth was driven by the relevant brand campaigns, visibility drive, seasonal and geo-targeted digital initiatives as well as intensified offtake generation and defense programs, coupled with the favorable external business environment. SMB's brand affinity was further strengthened by the new brand campaigns and volume-generating programs namely: San Miguel Pale Pilsen's new "*Wanted*" thematic campaign with "*Batang San Miguel*" tagline and "*Pacquiao Blow-by-Blow*" television sponsorships; Red Horse' "*Levitating*" Core and "*Magneto*" Entry Point Drinkers advertisements; and San Mig Light's ongoing "*Yass*" thematic campaign, the new "*Speakeasy*" podcast episode and "*2023 SML Limited Edition Can*". To further boost its strength, SMB continues to focus on expanding its distribution, marketing and promotional activities and improve its cost-competitiveness and operational efficiencies.

International Operations

SMB's international operations also continued to perform well, delivering 16% higher volumes at 14.3 million cases as a result of robust and growing consumption in Thailand, South China and Exports markets. Correspondingly, operating income grew by 66% as higher volumes was supported by better margin and lower costs.

b) Spirits Division

GSMI continues to deliver solid performance in the first semester of 2023. Sales grew 10% to P25,406 million brought mainly by the gains from higher selling prices and the quick rebound in volumes, recovering the 5% decline in the first quarter. Combined with the support of relevant thematic campaigns, nationwide consumer promo which recorded the highest number of redemptions, and resumption of on-ground activations, consolidated volumes, reached 22.2 million cases, up 1% from 2022.

Operating income amounted to P3,376 million, 3% higher than in 2022 level while net income reached P4,077 million, 64% higher than in 2022, which include the one-time income from the assignment of product rights recognized in 2023.

c) Food Division

The Food division's consolidated sales for the first half of 2023 amounted to P85,065 million, slightly ahead of 2022, mainly driven by higher selling prices implemented since the second half of 2022. Volumes were however down due to the effect of high inflation which dampened consumer purchasing power, resurgence of the African Swine Fever (ASF) and poultry capacity supply constraints.

The sustained rise of raw material prices throughout the first half of 2023 outpaced growth of revenue, squeezing income from operations, ending lower by 63% to P3,216 million.

Consequently, net income amounted to P1,691 million.

The expected easing of raw material prices, coupled with a stronger Peso, as well as the stabilization of poultry capacity, will improve prospects for the second half of 2023.

Revenues from the Animal Nutrition and Health segment grew by 9% mainly on account of higher selling prices. Volumes remained adversely affected by the sluggish performance of the poultry and hog sectors due to the continuing challenge of Avian Flu and ASF. While cases of Avian Flu have been subsiding, the ASF is reported to be spreading in the Visayas and has resurged in some areas of Luzon and Mindanao, discouraging hog farmers from repopulating their farms.

The Protein segment, consisting of Poultry and Meats businesses, posted a 9% decline in revenues. While poultry capacity has improved, a surge in frozen chicken imports caused chicken prices to fall during the second quarter in 2023, offsetting volume gains. Fresh Meats revenues were expectedly lower on account of the deliberate decision to downsize hog operations at a minimum to manage the impact of ASF.

The Prepared and Packaged Food segment delivered consolidated revenues 8% higher than in 2022 brought by higher selling prices. Despite the difficult market environment, growth was noted in a number of canned meat, bread spread and coffee categories, which sustained double-digit growth in volumes.

The Flour segment sustained its strong growth momentum recording a 14% growth in revenue from 2022 on the back of better volumes and favorable selling prices combined with the easing cost of wheat.

2. PACKAGING

The Packaging business recorded consolidated revenues of P18,730 million for the first six months of 2023, 16% higher than the same period in 2022, brought about by the higher sales delivered from the glass, plastics and beverage filling businesses together with the stable growth from Australia operations.

Operating income amounted to P1,200 million, 25% higher than in 2022.

3. ENERGY

San Miguel Global Power's offtake volumes for the first semester of 2023 ended at 10,685 gigawatt hours, 25% lower than in 2022, mainly due to lower bilateral sales volumes of the Ilijan Power Plant following the Temporary Restraining Order issued on December 7, 2022 on its obligation to supply the 670 MW contract capacity to Meralco and which was eventually allowed to be terminated by the Court of Appeals. The decline was countered by the emergency power supply agreements with Meralco which took effect on March 26, 2023.

Consolidated sales ended at P84,770 million, down 17% from P102,581 million in 2022. Higher average realization prices partly mitigated the lower offtake volumes brought by the increase in pass-on fuel rates coupled with higher average spot prices.

With better margins on its available net capacity, operating income increased by 8% from 2022, reaching P14,751 million.

Consequently, net income grew 414% to P5,909 million, resulting from better margins and foreign exchange gains recognized from the revaluation of foreign currency-denominated net liabilities compared to the net foreign exchange loss recognized in 2022.

The BESS Project has successfully secured ancillary services contracts with the NGCP that will render power quality solutions for the grid. The remaining pipeline of battery projects are gearing up to meet incoming requirements for the grid's ancillary services and provide instant peak supply to help ensure energy security in the coming years.

4. FUEL AND OIL

Petron reinforced its strong volumes for the first half of 2023, redelivering consolidated sales volumes of 57.6 million barrels, 12% higher than the 51.4 million barrels in 2022, mainly brought about by the country's strong demand recovery. In particular, volumes from Philippine operations jumped 16% to 34.9 million barrels. Combined Philippines and Malaysia volumes from commercial and retail businesses recorded a 13% and 8% year-on-year increase, respectively.

Despite the strong increase in sales volume, Petron continues to be affected by the volatile global oil prices. The price correction in the oil market which began in the second semester of 2022 following the record high price surge in the second quarter of 2022 brought upon by the Russia-Ukraine war, resulted to lower average selling prices of Petron's petroleum products. Benchmark Dubai crude oil hovered around the US\$80 per barrel mark during the first semester of 2023, declining by 22% from the same period in 2022. As a result, consolidated revenues declined by 8% to P367,037 million from P398,517 million in 2022.

Despite the softening of refining margins, Petron sustained its consolidated operating income at P16,011 million for the first semester of 2023, at par with the same period in 2022, lifted by the encouraging volume growth and continued operational and marketing efforts.

Net income settled at P6,142 million, down 20% from P7,706 million in 2022, the effect of rising financing costs brought by the successive hikes in interest rates.

5. INFRASTRUCTURE

The Infrastructure business delivered consolidated revenues of P16,572 million, 23% higher than in 2022, sustaining its growth momentum from the operating toll roads. Combined average daily traffic volumes recorded for the first semester of 2023 reached 998,303 vehicles, up 13% from 2022.

Operating income grew 49% to P8,960 million, as a result of sustained growth in traffic volumes backed by continued cost management initiatives.

The railway component of MRT 7 is about 65% completed, while the Detailed Engineering Design and site development are still ongoing. The South Luzon Expressway (SLEX) - Toll Road 4 and Skyway Stage 4 Projects are all on track. The awarding of the Independent Consultant contract is in progress for the Pasig River Expressway, Southern Access Link Expressway and SLEX - Toll Road 5 Projects. The Toll Regulatory Board has approved the Independent Consultant for the Northern Access Link Expressway. As at June 2023, the overall completion of the Land Development Works for the MIA Project was about 69%, with site clearance at almost 99% complete.

6. CEMENT

The Cement business registered consolidated sales of P20,164 million, tripling from P6,908 million in 2022, representing mainly the sales contribution of ECC. Operating income amounted to P3,023 million from P398 million in 2022.

In June 2023, Northern Cement Corporation started the commercial operations of its third integrated line with a capacity of 50 million bags per annum.

Southern Concrete Industries, Inc. has declared its full commercial operations on May 31, 2023, establishing its presence in Mindanao.

III. FINANCIAL POSITION

2024 vs. 2023

(Amounts in millions)			Horizontal Analysis		Vertical Analysis	
	June 2024	December 2023	Increase (Decrease)		2024	2023
			Amount	%		
Cash and cash equivalents	P253,890	P261,358	(P7,468)	(3%)	10%	11%
Trade and other receivables						
- net	263,809	263,119	690	0%	10%	11%
Inventories	175,618	161,986	13,632	8%	7%	6%
Current portion of biological assets - net	3,331	3,515	(184)	(5%)	0%	0%
Prepaid expenses and other current assets	152,059	141,424	10,635	8%	6%	6%
Total Current Assets	848,707	831,402	17,305	2%	33%	34%
Investments and advances - net	44,436	37,089	7,347	20%	2%	2%
Investments in equity and debt instruments	19,622	19,417	205	1%	1%	1%
Property, plant and equipment - net	787,574	753,472	34,102	5%	31%	31%
Right-of-use assets - net	105,795	108,014	(2,219)	(2%)	4%	4%
Investment property - net	82,636	79,513	3,123	4%	3%	3%
Biological assets - net of current portion	2,518	2,667	(149)	(6%)	0%	0%
Goodwill - net	183,250	182,791	459	0%	7%	7%
Other intangible assets - net	325,909	306,638	19,271	6%	13%	12%
Deferred tax assets	25,635	19,633	6,002	31%	1%	1%
Other noncurrent assets - net	129,362	118,729	10,633	9%	5%	5%
Total Noncurrent Assets	1,706,737	1,627,963	78,774	5%	67%	66%
Total Assets	P2,555,444	P2,459,365	P96,079	4%	100%	100%
Loans payable	P262,279	P214,881	P47,398	22%	10%	9%
Accounts payable and accrued expenses	254,654	223,055	31,599	14%	10%	9%
Lease liabilities - current portion	11,498	19,631	(8,133)	(41%)	0%	1%
Income and other taxes payable	46,396	46,254	142	0%	2%	2%
Dividends and distributions payable	5,444	4,605	839	18%	0%	0%
Current maturities of long-term debt - net of debt issue costs	271,382	236,798	34,584	15%	11%	9%
Total Current Liabilities	851,653	745,224	106,429	14%	33%	30%
Long-term debt - net of current maturities and debt issue costs	951,032	953,786	(2,754)	(0%)	37%	39%
Lease liabilities - net of current portion	35,190	36,941	(1,751)	(5%)	2%	2%
Deferred tax liabilities	31,531	29,503	2,028	7%	1%	1%
Other noncurrent liabilities	30,759	28,745	2,014	7%	1%	1%
Total Noncurrent Liabilities	1,048,512	1,048,975	(463)	(0%)	41%	43%

Forward

(Amounts in millions)			Horizontal Analysis		Vertical Analysis	
	June	December	Increase (Decrease)			
	2024	2023	Amount	%	2024	2023
Capital stock - common	P16,443	P16,443	P -	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,442	177,468	(26)	(0%)	7%	7%
Capital securities	24,211	24,211	-	0%	1%	1%
Equity reserves	2,667	7,354	(4,687)	(64%)	0%	0%
Retained earnings:						
Appropriated	88,468	87,170	1,298	1%	4%	4%
Unappropriated	86,423	103,151	(16,728)	(16%)	3%	4%
Treasury stock	(109,763)	(109,763)	-	0%	(4%)	(4%)
Equity Attributable to:						
Equity holders of						
the Parent Company	296,078	316,221	(20,143)	(6%)	12%	13%
Non-controlling interests	359,201	348,945	10,256	3%	14%	14%
Total Equity	655,279	665,166	(9,887)	(1%)	26%	27%
Total Liabilities and Equity	P2,555,444	P2,459,365	P96,079	4%	100%	100%

Consolidated total assets as at June 30, 2024 amounted to P2,555,444 million, P96,079 million higher than December 31, 2023. The increase was primarily due to the increase in inventories, prepaid expenses and other current assets, investments and advances, property, plant and equipment, other intangible assets, deferred tax assets and other noncurrent assets, partially offset by the decrease in cash and cash equivalents.

The increase in inventories by P13,632 million was attributable mainly to: (a) Petron's higher volume and prices of both crude oil and finished products; and (b) higher materials and supplies of the Food division mainly due to higher volume of wheat purchased during the period. The increase was partially offset by the Energy business': (a) higher consumption of LNG supply inventory coupled with the decline in average LNG cost during the period; and (b) utilization of spare parts during the combustor and turbine inspection conducted for the Ilijan Power Plant.

The decrease in total biological assets by P333 million was mainly attributable to lower production costs in 2024 as compared to December 2023.

The increase in prepaid expenses and other current assets by P10,635 million was primarily due to: (a) higher input taxes of Petron and SMC Shipping and Lighterage Corporation; (b) additional advances paid to suppliers of coal and LNG of the Energy business; and (c) higher excise tax claims and unused creditable withholding taxes of Petron.

The increase in investments and advances - net by P7,347 million was mainly due to the: (a) advances for future investments to certain companies by SMC and the Energy business; and (b) investment in NNIC by SMHC.

The increase in property, plant and equipment - net by P34,102 million was mainly due to the costs of the ongoing projects of the Energy business, and the feedmill expansion of the Food division.

The increase in other intangible assets - net by P19,271 million was mainly due to the additions to concession rights for the MIA Project and the costs of various other ongoing projects of the Infrastructure business, partly offset by the amortization during the period.

The increase in deferred tax assets by P6,002 million was primarily due to the recognition by SMC of deferred income tax on unrealized losses on foreign exchange mainly from the revaluation of foreign currency-denominated long-term debt and derivatives.

The increase in other noncurrent assets - net by P10,633 million was mainly due to the amount of contract assets for the MRT 7 Project recognized during the period.

The increase in loans payable by P47,398 million was mainly due to the net availment made by SMC and the Energy business.

The increase in accounts payable and accrued expenses by P31,599 million was mainly due to additional payables to contractors relating to the ongoing construction projects of the Energy business, higher outstanding liabilities to vendors and suppliers of Petron, higher purchases of raw materials by the Food division and power purchases by Masinloc Power Co. Ltd.

The increase in dividends and distributions payable by P839 million was mainly due to the declaration by SMC of dividends to Series 2-L, Series 2-N and Series 2-O preferred shareholders on May 14, 2024, which were paid on July 4, 2024. The Series 2-L, 2-N and 2-O were issued on December 1, 2023.

The increase in total long-term debt, net of debt issue costs by P31,830 million was primarily due to the translation adjustments on foreign currency-denominated loans, partially reduced by the net payments made by the Group.

The decrease in total lease liabilities by P9,884 million was primarily due to the payments made to Power Sector Assets and Liabilities Management (PSALM) by the entities of the Energy business under the Independent Power Producer Administration (IPPA) Agreements.

The increase in deferred tax liabilities by P2,028 million was mainly due to the deferred income tax expense recognized by SPPC for the application of its available Net Operating Loss Carry Over carryforward benefits to its income tax expense, and the difference in actual PSALM payments over finance lease liability-related expenses.

The increase in other noncurrent liabilities by P2,014 million was mainly due to the higher amount of retention payable for the ongoing projects of the Infrastructure business.

The decrease in equity reserves by P4,687 million was mainly due to the foreign exchange difference recognized on the redemption of the US\$783 million SPCS of San Miguel Global Power in April 2024.

The decrease in unappropriated retained earnings by P16,728 million was primarily due to the net loss attributable to equity holders of the Parent Company, cash dividends and distributions declared and the net appropriations during the period.

2023 vs. 2022

(Amounts in millions)	June	December	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2023	2022	Amount	%	2023	2022
Cash and cash equivalents	P262,198	P318,214	(P56,016)	(18%)	11%	13%
Trade and other receivables - net	233,673	238,782	(5,109)	(2%)	10%	10%
Inventories	166,076	190,193	(24,117)	(13%)	7%	8%
Current portion of biological assets - net	3,686	3,418	268	8%	0%	0%
Prepaid expenses and other current assets	134,978	133,691	1,287	1%	6%	6%
Total Current Assets	800,611	884,298	(83,687)	(9%)	34%	37%
Investments and advances - net	34,700	32,523	2,177	7%	1%	1%
Investments in equity and debt instruments	19,103	18,921	182	1%	1%	1%
Property, plant and equipment - net	728,164	708,192	19,972	3%	31%	30%
Right-of-use assets - net	109,746	112,067	(2,321)	(2%)	4%	5%
Investment property - net	74,988	74,660	328	0%	3%	3%
Biological assets - net of current portion	2,912	2,671	241	9%	0%	0%
Goodwill - net	184,474	184,100	374	0%	8%	8%
Other intangible assets - net	279,285	249,321	29,964	12%	12%	10%
Deferred tax assets	20,209	22,554	(2,345)	(10%)	1%	1%
Other noncurrent assets - net	113,210	102,518	10,692	10%	5%	4%
Total Noncurrent Assets	1,566,791	1,507,527	59,264	4%	66%	63%
Total Assets	P2,367,402	P2,391,825	(P24,423)	(1%)	100%	100%
Loans payable	P234,158	P267,704	(P33,546)	(13%)	10%	11%
Accounts payable and accrued expenses	225,584	227,126	(1,542)	(1%)	10%	9%
Lease liabilities - current portion	21,615	21,020	595	3%	1%	1%
Income and other taxes payable	46,430	37,694	8,736	23%	2%	2%
Dividends and distributions payable	3,834	4,037	(203)	(5%)	0%	0%
Current maturities of long- term debt - net of debt issue costs	129,614	170,032	(40,418)	(24%)	5%	7%
Total Current Liabilities	661,235	727,613	(66,378)	(9%)	28%	30%
Long-term debt - net of current maturities and debt issue costs	973,917	918,164	55,753	6%	41%	39%
Lease liabilities - net of current portion	43,454	54,455	(11,001)	(20%)	2%	2%
Deferred tax liabilities	28,757	26,297	2,460	9%	1%	1%
Other noncurrent liabilities	26,577	26,144	433	2%	1%	1%
Total Noncurrent Liabilities	1,072,705	1,025,060	47,645	5%	45%	43%

Forward

(Amounts in millions)			Horizontal Analysis		Vertical Analysis	
	June 2023	December 2022	Increase (Decrease)		2023	2022
			Amount	%		
Capital stock - common	P16,443	P16,443	P -	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,719	177,719	-	0%	8%	7%
Capital securities	24,211	24,211	-	0%	1%	1%
Equity reserves	10,572	12,753	(2,181)	(17%)	0%	1%
Retained earnings:						
Appropriated	84,280	71,004	13,276	19%	4%	3%
Unappropriated	111,558	129,239	(17,681)	(14%)	5%	6%
Treasury stock	(156,763)	(156,763)	-	0%	(7%)	(7%)
Equity Attributable to:						
Equity holders of						
the Parent Company	278,207	284,793	(6,586)	(2%)	12%	12%
Non-controlling Interests	355,255	354,359	896	0%	15%	15%
Total Equity	633,462	639,152	(5,690)	(1%)	27%	27%
Total Liabilities and Equity	P2,367,402	P2,391,825	(P24,423)	(1%)	100%	100%

Consolidated total assets as at June 30, 2023 ended at P2,367,402 million, P24,423 million lower than December 31, 2022. The decrease was primarily due to decrease in cash and cash equivalents and inventories, partly offset by the increase in other intangible assets and property, plant and equipment.

The decrease in cash and cash equivalents by P56,016 million was mainly due to the net payment of short-term loans, capital expenditures for the ongoing projects of the Infrastructure, Energy, Food and Beverage and Cement businesses and payment of interests, dividends and distributions and lease liabilities. This was partly offset by cash generated from operations and net proceeds from availment of long-term debt.

The decrease in inventories by P24,117 million was attributable mainly to the cost of major raw materials consumed during the period by the Food division from bulk purchases at end of 2022 and lower prices of both crude oil and finished products of Petron.

The increase in total biological assets by P509 million was due to higher growing costs driven by higher feeds and chick, broiler and hog costs.

The increase in investments and advances - net by P2,177 million was mainly due to the: (a) advances by the Energy and Cement businesses for future investments to certain companies; and (b) Group's share in the net earnings of BankCom and Manila North Harbour Port, Inc. (MNHPI) in the first semester of 2023. The increase was partly offset by the dividend received from MNHPI.

The increase in other intangible assets - net by P29,964 million was mainly due to additions to concession rights for the MIA Project, reclamation costs of Navotas Coastal Bay Project and the costs of various ongoing projects of the Infrastructure business, partly offset by the total amortization in 2023.

The decrease in deferred tax assets by P2,345 million was primarily due to the deferred income tax expense recognized by SMC on unrealized gain from the revaluation of the foreign currency-denominated long-term debt.

The increase in other noncurrent assets - net by P10,692 million was mainly due to additional advances paid to contractors and suppliers for ongoing projects and increase in restricted cash fund balance for the payment of long-term debt of the Energy business.

The decrease in loans payable by P33,546 million was mainly due to the net payments made by Petron, SMC, the Food division, and the Energy business. The decrease was partly offset by the availment of loan by San Miguel Equity Investments Inc. for payment of bridge financing for the acquisition of ECC.

The increase in income and other taxes payable by P8,736 million was mainly due to the: (a) higher Value-Added Tax (VAT) payable of the Food and Beverage and Energy businesses as a result of the implementation of quarterly VAT remittance compared to monthly remittance in 2022; (b) higher income tax payable from the improved performance of SMB and GSML; and (c) higher excise tax liability of Petron Philippines.

The decrease in dividends and distributions payable by P203 million was mainly due to payment of cash dividends by Petron in March and June 2023 to preferred stockholders which were declared in 2022 and by SMC in January 2023 to Subseries "2-H" preferred stockholders which was declared in November 2022. The decrease was partly offset by the dividends payable recognized in relation to the declaration of cash dividends by The Purefoods-Hormel Company, Inc. to its non-controlling shareholder in March 2023.

The increase in total long-term debt, net of debt issue costs by P15,335 million was primarily due to the availment of foreign and Peso term loans by the Group, partly offset by the: (a) payments of foreign currency-denominated term loans by San Miguel Global Power and SMC, Series E Bonds by SMC, and other maturing obligations by the Group; and (b) translation adjustments.

The increase in deferred tax liabilities by P2,460 million was mainly due to the higher deferred tax liability recognized by the Energy business arising from the differences in actual PSALM payments over finance lease liability-related expenses.

The decrease in total lease liabilities by P10,406 million was primarily due to the payments made to PSALM by the Energy business' entities under the IPPA Agreements.

The decrease in equity reserves by P2,181 million was mainly due to the loss on exchange differences on the translation of foreign operations for the period with the appreciation of the Philippine Peso against the US Dollar.

The increase in appropriated retained earnings by P13,276 million was due to the appropriations by: (a) San Miguel Foods, Inc. for the Feeds Expansion Projects; (b) SMB for the payment of Series H Bonds which matured on April 2, 2024 and the P10,000 million term loans that will mature on December 20, 2027; and (c) SMC SLEX Inc. for capital expenditures in 2023, net of reversals for projects that were already completed. The increase was partly offset by the reversal of appropriations for the power plant project of Petron.

The decrease in unappropriated retained earnings by P17,681 million was mainly due to the net appropriations and cash dividends and distributions declared for the first semester of 2023.

IV. SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

<i>(In Millions)</i>	June 30	
	2024	2023
Net cash flows provided by operating activities	P74,608	P75,612
Net cash flows used in investing activities	(93,889)	(80,333)
Net cash flows provided by (used in) financing activities	8,597	(50,366)

Net cash flows provided by operating activities for the period basically consists of income for the period and changes in noncash current assets, certain current liabilities and others.

Net cash flows provided by (used in) investing activities included the following:

<i>(In Millions)</i>	June 30	
	2024	2023
Additions to:		
Property, plant and equipment	(P48,178)	(P29,444)
Intangible assets	(23,476)	(34,107)
Investments and advances	(7,007)	(2,306)
Investment property	(4,212)	(2,507)
Advances to contractors and suppliers	(2,349)	(9,463)
Investments in debt instruments	(532)	(445)
Increase in other noncurrent assets and others	(16,012)	(9,916)
Interest received	6,505	6,094
Proceeds from:		
Disposal of investments in debt instruments	519	439
Sale of property and equipment	482	264
Disposal of subsidiaries, net of cash and cash equivalents disposed of	8	418
Dividends received	363	640

Net cash flows provided by (used in) financing activities included the following:

<i>(In Millions)</i>	June 30	
	2024	2023
Proceeds from (payment of) short-term loans - net	P46,813	(P32,691)
Net proceeds from issuance of capital securities of a subsidiary	43,481	-
Increase (decrease) in non-controlling interests' share in the net assets of subsidiaries and others	31	(2,759)
Redemption of capital securities of subsidiaries	(45,040)	(1,151)
Cash dividends and distributions paid to non-controlling shareholders	(17,063)	(17,221)
Payments of lease liabilities	(11,500)	(10,498)
Cash dividends and distributions paid	(5,717)	(4,635)
Proceeds from (payment of) long-term debt - net	(2,382)	18,589
Share issuance costs from re-issuance of treasury shares	(26)	-

The effect of exchange rate changes on cash and cash equivalents amounted to P3,216 million and (P929) million in June 30, 2024 and 2023, respectively.

V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year. Please refer to Items II “Financial Performance” and III “Financial Position” for the discussion of certain Key Performance Indicators.

	June 2024	December 2023
<u>Liquidity:</u>		
Current Ratio	1.00	1.12
Quick Ratio	0.61	0.70
<u>Solvency:</u>		
Debt to Equity Ratio	2.90	2.70
Asset to Equity Ratio	3.90	3.70
<u>Profitability:</u>		
Return on Average Equity Attributable to Equity		
Holders of the Parent Company	(3.03%)	0.07%
Interest Rate Coverage Ratio	1.45	1.80
Return on Assets	1.39%	1.84%
	Period Ended June 30	
	2024	2023
<u>Operating Efficiency:</u>		
Volume Growth	19%	3%
Revenue Growth (Decline)	15%	(4%)
Operating Margin	11%	10%

The manner by which the Group calculates the key performance indicators is as follows:

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventories} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}^*}{\text{Average Equity Attributable to Equity Holders of the Parent Company}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Return on Assets	$\frac{\text{Net Income}^*}{\text{Average Total Assets}}$
Volume Growth	$\left(\frac{\text{Sum of all Businesses' Revenue at Prior Period Prices}}{\text{Prior Period Net Sales}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

* Annualized for quarterly reporting.

VI. OTHER MATTERS

a. Commitments

The outstanding purchase commitments of the Group amounted to P267,588 million as at June 30, 2024.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets, and capital expenditures of the ongoing infrastructure projects needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

- b. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate within the next 12 months any cash flow or liquidity problems. The Group was not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amounts of the Group's trade payables that have not been paid within the stated trade terms.

- c. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets, except for Note 43 (a) of the Audited Consolidated Financial Statements as at December 31, 2023.
- d. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- e. There are no significant elements of income or loss that did not arise from continuing operations.
- f. Except for the Prepared and Packaged Food and Protein segments of the Food division under the Food and Beverage business, which consistently generate higher revenues during the Christmas holiday season, the effects of seasonality or cyclicity on the interim operations of the Group's businesses are not material.
- g. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

ANNEX “B-3”

**MANAGEMENT’S DISCUSSION AND ANALYSIS
OF FINANCIAL POSITION AND FINANCIAL
PERFORMANCE**

(As of September 30, 2024)



SAN MIGUEL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE

INTRODUCTION

The following discussion should be read in conjunction with the attached unaudited consolidated financial statements of San Miguel Corporation ("SMC" or "Parent Company") and its subsidiaries (collectively referred to as the "Group") as at and for the period ended September 30, 2024 (with comparative figures as at December 31, 2023 and for the period ended September 30, 2023). All necessary adjustments to present fairly the consolidated financial position, financial performance and cash flows of the Group as at September 30, 2024, and for all the other periods presented, have been made. Certain information and footnote disclosure normally included in the audited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards have been omitted.

I. 2024 SIGNIFICANT TRANSACTIONS

The following are the major developments in 2024:

INVESTING ACTIVITIES

▪ Rehabilitation, Operation and Maintenance (O&M) of Ninoy Aquino International Airport (NAIA)

On February 15, 2024, New NAIA Infra Corp. (NNIC) was incorporated by the members of the SMC-SAP & Co. Consortium (the "Consortium"), namely San Miguel Holdings Corp. (SMHC) at 33%, RMM Asian Logistics, Inc. at 30%, RLW Aviation Development, Inc. at 27% and Incheon International Airport Corporation at 10%. On February 16, 2024, the Consortium was officially awarded by the Department of Transportation (DOTr) the contract to rehabilitate, operate and maintain the NAIA, which is the country's main international gateway.

On March 18, 2024, the Concession Agreement (CA) was signed between the DOTr, Manila International Airport Authority (MIAA) and the concession company, NNIC. The CA covers a 25-year concession period, which comprises an initial term of 15 years plus a ten-year extension subject to the fulfillment of Key Performance Indicators to be reviewed on the 8th year.

The project is a Rehabilitate-Expand-Operate and Transfer scheme and calls for NNIC to expand the terminal capacity from the current design capacity of 35 Million Passengers per Annum (MPAX) to 62 MPAX and to increase runway capacity from 42 to 48 peak hourly rate.

On September 13, 2024, NNIC remitted to MIAA the upfront fee required under the CA, including value-added tax (VAT), and annuity payment which was funded by loan availment and equity infusion.

On September 14, 2024, NNIC officially took over operations at NAIA following the completion of all required deliverables for turnover as outlined in the CA.

- **Joint Investment in an Integrated Liquefied Natural Gas (LNG) Facility by San Miguel Global Power Holdings Corp. (San Miguel Global Power; formerly SMC Global Power Holdings Corp.) and Chromite Gas Holdings, Inc. (CGHI)**

On March 1, 2024, Meralco PowerGen Corporation (MGen) and Aboitiz Power Corporation (AboitizPower), through their joint venture entity (MGen and AboitizPower shareholdings at 60% and 40% each, respectively), CGHI, have entered into agreements with San Miguel Global Power and San Miguel Global Power's subsidiaries, for CGHI to jointly invest in and acquire a 67% stake in entities through which San Miguel Global Power owns and/or operates the following: (i) the operating 1,278 megawatts (MW) Ilijan Combined Cycle Gas Power Plant owned by South Premiere Power Corp. (SPPC); (ii) the adjacent, under construction 1,320 MW Combined Cycle Gas Power Plant owned by Excellent Energy Resources Inc. (EERI); and (iii) the land owned by Ilijan Primeline Industrial Estate Corp. On the same day, San Miguel Global Power entered into a Share Purchase Agreement with Eurodite Universal Power Incorporated for the purchase of 32.98% of the outstanding common shares of Linseed Field Corporation (LFC). LFC is the owner of the import and regasification LNG terminal, which will process LNG for SPPC and EERI.

Top Frontier Investment Holdings, Inc., the ultimate parent company of San Miguel Global Power, is currently in the process of securing the necessary clearance from the Philippine Competition Commission in relation to the joint investment by San Miguel Global Power and CGHI.

In 2024, the Group has undertaken various financing activities. The significant transactions are as follows:

AVAILMENT OF LONG-TERM DEBT

PESO TERM LOANS

- **Energy**

- **SMGP BESS Power Inc. (SMGP BESS; formerly Universal Power Solutions, Inc.)**

On March 25, 2024, SMGP BESS drew the second tranche amounting to P12,000 million from the P40,000 million Omnibus Loan and Security Agreement (OLSA) with various local banks executed on October 23, 2023. The loan is subject to a fixed interest rate and will mature in October 2033. The proceeds from the second tranche will be used for the reimbursement or repayment of reimbursable advances from San Miguel Global Power, to fund the cost and expenses in relation to the design, construction, and operation of the 930 MW Battery Energy Storage Systems (BESS) Projects, and for payment of transaction costs.

- **San Miguel Global Power**

On July 19, 2024, San Miguel Global Power availed of a P10,000 million term loan, subject to a fixed interest rate of 7.375% per annum and with a term of five years. The proceeds from the loan were used to refinance a short-term loan.

- **Infrastructure**

- **SMC Mass Rail Transit 7 Inc. (SMC MRT 7)**

On various dates in 2024, SMC MRT 7 drew a total of P15,400 million term loans from the P100,000 million OLSA executed with various local banks on May 18, 2023. The loans are subject to a floating interest rate and with a term of 14 years and six months. The proceeds from the loans were used to finance the Metro Rail Transit Line 7 (MRT 7) Project.

- **SMC NAIAX Corporation (SMC NAIAX)**

On March 4 and June 18, 2024, SMC NAIAX drew a total of P761 million term loans from the P5,656 million OLSA executed with various banks on December 21, 2022. The loans are subject to a floating interest rate and with a term of six years and three months. The proceeds from the loans were used to partially finance the construction and development of the NAIAX Tramo Extension Project.

FOREIGN CURRENCY-DENOMINATED LOANS

- **SMC**

- a. On various dates in 2024, SMC drew a total of US\$289 million term loans from the US\$2,165 million loan facility executed on March 31, 2022. The loans are subject to a floating interest rate and with a term of 13 years. The proceeds from the loans were used to fund the land development works of the Manila International Airport (MIA) Project in Bulacan.
- b. On May 17, 2024, SMC availed of a US\$150 million term loan, subject to a fixed interest rate and with a term of five years. The proceeds from the loan were used for general corporate purposes.
- c. On August 2, 2024, SMC availed of a US\$50 million term loan, subject to a floating interest rate and with a term of five years. The proceeds from the loan were used for general corporate purposes.
- d. On September 27, 2024, SMC availed of a US\$2,000 million term loan, subject to a floating interest rate and with a term of five years. The proceeds from the loan were used to refinance the matured loans drawn by SMC amounting to US\$50 million and US\$1,950 million on December 27, 2019 and March 19, 2020, respectively.

- **Petron Corporation (Petron)**

On various dates in July and September 2024, Petron drew a total of US\$359 million from the US\$500 million term loan facility executed on July 11, 2024. The loans are subject to a floating interest rate and have a final maturity in July 2029. The proceeds from the loans were partially used to repay outstanding indebtedness and settle liabilities for crude oil importations.

- **San Miguel Yamamura Australasia Pty. Ltd. (SMYA)**

On July 29, 2024, SMYA drew a AU\$45 million term loan from the syndicated facility agreement entered into on July 22, 2024. The loan is subject to a floating interest rate and will mature in July 2027. The proceeds from the loan were used to refinance existing indebtedness.

- **San Miguel Global Power**

On September 9, 2024, San Miguel Global Power drew a US\$200 million term loan from the US\$200 million loan facility, with option to increase up to US\$300 million, executed with a foreign bank on August 30, 2024. The loan is subject to a floating interest rate and will mature in August 2027. The proceeds from the loan were used to refinance the US\$200 million matured term loan drawn on January 21, 2022.

ISSUANCE AND PAYMENT OF FIXED RATE PESO-DENOMINATED BONDS

- **Issuance of Series O and Series P Fixed Rate Peso-denominated Bonds by SMC**

On July 3, 2024, SMC issued and listed on the Philippine Dealing & Exchange Corp. P13,000 million Series O and P7,000 million Series P fixed rate Peso-denominated Bonds from the P50,000 million Shelf Registered fixed rate Bonds approved by the Securities and Exchange Commission in 2021. The Series O Bonds have a term of five years and six months from the issue date with a fixed interest rate of 7.2584% per annum. The Series P Bonds have a term of ten years from the issue date with a fixed interest rate of 7.7197% per annum.

The proceeds from the issuance of the bonds were used for the partial payment of Series I fixed rate Peso-denominated Bonds and the remaining balance will be used for the repayment of Series F Bonds on March 19, 2025 and investments in the MIA Project and other airport-related projects in Bulacan.

- **Payment of Series B Fixed Rate Peso-denominated Bonds by SMC**

On March 1, 2024, SMC paid the P7,294 million Series B fixed rate Peso-denominated Bonds, which matured on the same date. The Series B Bonds, which formed part of the first tranche of the P60,000 million Shelf Registered fixed rate bonds Series A, Series B and Series C Fixed Rate Bonds were issued in 2017.

The Series B Bonds were paid from the net proceeds of the issuance of Series 2-L, Series 2-N and Series 2-O Preferred Shares in December 2023.

- **Partial Payment of Series I Fixed Rate Peso-denominated Bonds by SMC**

On July 8, 2024, SMC partially paid the P11,240 million of the P30,000 million Series I fixed rate Peso-denominated Bonds as a result of the put option exercised by the bondholders. The Series I Bonds, which formed part of the first tranche of the P50,000 million Shelf Registered fixed rate Bonds were issued in 2021. The remaining balance of the Series I fixed rate Peso-denominated Bonds was repriced at 7.4650% per annum from 3.3832% per annum effective July 8, 2024, until maturity on July 8, 2027.

The payment was funded partly from the proceeds of Series O and Series P fixed rate Peso-denominated Bonds.

▪ **Payment of Series C Fixed Rate Peso-denominated Bonds by Petron**

On April 19, 2024, Petron paid the P13,200 million Series C fixed rate Peso-denominated Bonds, which matured on the same date. The Series C Bonds which formed part of the P20,000 million Retail Bonds were issued in October 2018.

The payment was funded by the: (a) P7,000 million term loan availed on March 6, 2024 subject to a fixed interest rate for the first two years and will be repriced at a new fixed interest rate for the last three years; (b) P5,000 million term loan availed on April 18, 2024, subject to a floating interest rate and with a term of five years; and (c) cash generated from operations.

▪ **Payment of Series I Fixed Rate Peso-denominated Bonds by San Miguel Global Power**

On April 24, 2024, San Miguel Global Power paid the P9,232 million Series I fixed rate Peso-denominated Bonds, from the proceeds of short-term loan facilities and from cash generated from operations.

The Series I Bonds which formed part of the P30,000 million Series H, Series I and Series J fixed rate Peso-denominated Bonds were issued in April 2019.

PAYMENT OF PESO TERM LOAN BY SAN MIGUEL GLOBAL POWER

On April 26, 2024, San Miguel Global Power fully paid the P14,100 million balance of its P15,000 million fixed rate seven-year term loan availed in April 2017 from a local bank upon its maturity pursuant to the terms and conditions of the credit facility.

The payment was funded by the proceeds of short-term loan facilities and from cash generated from operations.

PAYMENT OF OTHER MATURING OBLIGATIONS

For the nine-month period ended September 30, 2024, the Group paid a total of P24,274 million of its scheduled amortizations and maturing obligations funded by the proceeds of short-term loan facilities and cash generated from operations.

ISSUANCE AND REDEMPTION OF CAPITAL SECURITIES BY SAN MIGUEL GLOBAL POWER

- a. On April 19, 2024, San Miguel Global Power issued US\$800 million Redeemable Perpetual Securities at an issue price of 100%, with a prescribed initial distribution rate per annum, payable pursuant to the terms of the agreement.

The net proceeds were used in part for the redemption of the US\$783 million Senior Perpetual Capital Securities (SPCS) on April 25, 2024, pursuant to the terms and conditions of the securities. The US\$783 million SPCS is the remaining securities out of the US\$800 million SPCS issued in April and July 2019. The redemption price included the principal amount and any accrued but unpaid distributions up to (but excluding) the step-up date.

The difference between the price paid and the net carrying amount of the SPCS repurchased amounting to P4,854 million was recognized as part of "Equity reserves" account in the consolidated statement of financial position as at September 30, 2024.

- b. On September 12, 2024, San Miguel Global Power issued US\$800 million SPCS ("Securities") at an issue price of 100%, with a distribution rate of 8.75% per annum, payable pursuant to the terms of the agreement. The Securities were used in part for the exchange of certain existing SPCS amounting to US\$532 million and the repurchase of certain existing SPCS amounting to US\$157 million on September 12, 2024.

The remaining proceeds of US\$111 million were used for the payment of: (i) costs and expenses related to the issuance of the Securities; (ii) accrued distribution in respect of the securities that was accepted for exchange and repurchase; and (iii) pre-development costs of solar energy projects.

The difference between the price paid and the net carrying amount of the SPCS exchanged and repurchased amounting to P5,259 million was recognized as part of "Equity reserves" account in the consolidated statement of financial position as at September 30, 2024.

On September 30, 2024, San Miguel Global Power issued an additional US\$100 million SPCS ("Additional Securities") at an issue price of 100% plus an amount corresponding to accrued distribution from and including September 12, 2024 to, but excluding, September 30, 2024. The Additional Securities are consolidated into and form a single series with the Securities issued on September 12, 2024, bringing the total securities to US\$900 million and are identical in all respects, except for the date of issuance and issue price.

The net proceeds of the Additional Securities are intended for the pre-development costs of solar energy projects and capital expenditures related to the BESS projects.

The Securities and Additional Securities were listed on the Singapore Exchange Securities Trading Limited on September 13, 2024 and October 1, 2024, respectively.

ISSUANCE OF PREFERRED SHARES BY PETRON

On September 23, 2024, Petron issued and listed at the Philippine Stock Exchange 8,500,000 Series 4-D and 8,330,000 Series 4-E Preferred Shares, under the 50,000,000 Series 4 Shelf Registered Preferred Shares at an issue price of P1,000.00 per share or for a total amount of P16,830 million. The shares are cumulative, deferrable, non-voting, non-participating, non-convertible, redeemable, reissuable, Philippine Peso-denominated perpetual Preferred Shares with a par value of P1.00 per share.

The preferred shares are perpetual and have no fixed final maturity date. Dividend rates are 6.8364% and 7.1032% per annum for Series 4-D and Series 4-E, respectively.

The net proceeds will be used to redeem the Series 3-A Preferred Shares in December 2024, refinance maturing obligations, and fund general corporate purposes, including the purchase of crude oil inventory.

EVENTS AFTER THE REPORTING DATE

a) Payment of Series H Fixed Rate Peso-denominated Bonds by SMC

On October 4, 2024, SMC paid the P10,000 million Series H Fixed Rate Peso-denominated Bonds which were issued in 2019.

b) Acquisition of 90% Ownership Interest in Bulakan Water Company, Inc. (BWCI) and 90% Ownership Interest in Obando Water Company, Inc. (OWCI) by SMC Bulacan Water Services Corporation (SMC Bulacan)

On May 16, 2024, SMC Bulacan entered into a Share Purchase Agreement with Filipinas Water Holdings Corporation (FWHC), a subsidiary of Manila Water Company, Inc., for the sale of 90% ownership interest in both BWCI and OWCI for a total consideration of P1,025 million, subject to closing conditions which have been complied with on October 22, 2024.

Amendments to the respective Joint Venture Agreements between FWHC, BWCI and OWCI were also executed on October 22, 2024, whereby SMC Bulacan replaced FWHC as the joint venture partner of the water districts.

BWCI is a joint venture corporation with the Bulakan Water District operating the water and sanitation concession in the Municipality of Bulakan while OWCI is a joint venture corporation with the Obando Water District operating the concession in Obando, also in Bulacan.

c) Acquisition of Sual Coal-fired Thermal Power Plant (Sual Power Plant) in Pangasinan

On October 25, 2024, the 1,294 MW Sual Power Plant, located in Pangasinan, was turned over to Sual Power Inc. (SPI) by TeaM Energy Corp. (TPEC), through the Power Sector Assets and Liabilities Management Corporation (PSALM) and the National Power Corporation, in accordance with the Independent Power Producer Administration (IPPA) Agreement effective November 6, 2009 and the Deed of Absolute Sale executed between PSALM and SPI dated October 24, 2024, after the contract between TPEC and the government expired.

Sual Power Plant, the largest coal-fired power plant in the Philippines in terms of installed capacity, has been providing power to the Luzon grid since 1999 under a 25-year build-operate-transfer scheme.

II. FINANCIAL PERFORMANCE

2024 vs. 2023

	September		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
	<i>(In Millions)</i>					
Sales	P1,179,521	P1,061,088	P118,433	11%	100%	100%
Cost of sales	(983,803)	(884,199)	99,604	11%	(84%)	(83%)
Gross profit	195,718	176,889	18,829	11%	16%	17%
Selling and administrative expenses	(73,864)	(66,703)	7,161	11%	(6%)	(6%)
Operating income	121,854	110,186	11,668	11%	10%	11%
Interest expense and other financing charges	(72,693)	(66,086)	6,607	10%	(6%)	(6%)
Interest income	11,063	10,372	691	7%	1%	1%
Equity in net earnings of associates and joint ventures	1,612	1,392	220	16%	0%	0%
Gain on sale of investments and property and equipment	142	136	6	4%	0%	0%
Other charges - net	(2,336)	(6,439)	(4,103)	(64%)	(0%)	(1%)
Income before income tax	59,642	49,561	10,081	20%	5%	5%
Income tax expense	(22,548)	(18,374)	4,174	23%	(2%)	(2%)
Net Income	P37,094	P31,187	P5,907	19%	3%	3%
Net income attributable to:						
Equity holders of the						
Parent Company	P4,978	P146	P4,832	3310%	0%	0%
Non-controlling interests	32,116	31,041	1,075	3%	3%	3%
Net Income	P37,094	P31,187	P5,907	19%	3%	3%

The Group's consolidated sales of P1,179,521 million for the nine-month period of 2024 increased by 11% compared to the same period last year, mainly on account of the sales volume growth of Petron, the Energy and Food and Beverage businesses, combined with the higher average selling prices of Ginebra San Miguel Inc. (GSMI) and San Miguel Brewery Inc. (SMB).

The Group's cost of sales increased by P99,604 million or 11%, mainly due to: (a) the increase in volume sold and increase in average cost per liter of petroleum products of Petron; and (b) the higher LNG consumption during the period of the Ilijan Power Plant as a result of the resumption of operations on May 31, 2023, costs of generation of the Mariveles Greenfield Power Plant while most of its units undergo testing and commissioning, and higher volume of power purchases due to the increased demand from bilateral customers from the spot market during the period of the Energy business. This was partly offset by the lower cost of coal due primarily to the decline in NewCastle coal price indices for the period.

The increase in selling and administrative expenses by P7,161 million or 11% was mainly due to higher distribution and handling costs and other contracted services mainly from the Food and Beverage business, and salaries and employee benefits of the Group.

The consolidated operating income increased by P11,668 million or 11% from the same period last year mainly driven by the: (a) improved margins on contracted volumes of the Energy business as it worked out a transition to fuel passthrough arrangements for most of its bilateral customers and the margin contributed by SMGP BESS through ancillary services; (b) higher sales volume of the Food and Beverage business; and (c) continued cost management initiatives and improvement works of the Infrastructure business. The increase was tempered by the decline in operating income of Petron due to correction in refining margins partly offset by the impact of higher volume.

The increase in interest expense and other financing charges by P6,607 million was mainly due to higher interest rates and increased average level of borrowings of the Energy business, SMC and Petron.

The increase in interest income by P691 million was primarily due to higher interest rates and average balance of short-term placements of the Food and Beverage and Infrastructure businesses. The increase was partly offset by the lower interest income from reduced average balance of cash and cash equivalents of SMC.

The increase in equity in net earnings of associates and joint ventures by P220 million was mainly due to the share on higher net income of Angat Hydropower Corporation (Angat Hydro), reduced by the share on the net loss of NNIC.

The lower amount of other charges - net by P4,103 million was mainly due to the: (a) lower amount of loss on the revaluation of foreign currency-denominated long-term debt primarily of SMC and Petron as a result of the lower depreciation of the Philippine Peso against the US Dollar from P0.82 in 2023 to P0.66 in 2024; and (b) foreign exchange gain realized by Petron in 2024 due to payment in July to September of foreign currency-denominated crude oil liabilities when the Philippine Peso and Malaysian Ringgit drastically appreciated against the US Dollar, a turnaround from foreign exchange loss in 2023.

The increase in income tax expense by P4,174 million was mainly due to the reversal of deferred income tax benefit by: (a) SPPC as a result of the utilization of net operating loss carry over (NOLCO) in 2024 and (b) SMC on realized foreign exchange loss as a result of the payment of foreign currency-denominated long-term debt in 2024 and 2023.

Consolidated net income increased by 19% to P37,094 million from P31,187 million in the same period last year, mainly on account of the improved operations of most businesses mainly the Food division, the Energy, Infrastructure and Cement businesses, and the lower amount of loss on the revaluation of foreign currency-denominated long-term debt primarily of SMC and Petron as a result of the lower depreciation of the Philippine Peso against the US Dollar.

The significant increase in net income attributable to equity holders of the Parent Company by P4,832 million was mainly due to the higher net income, partly reduced by the increase in share of non-controlling interests (NCI) on the Group's net income.

The following are the highlights of the performance of the individual business segments:

1. FOOD AND BEVERAGE

San Miguel Food and Beverage, Inc. (SMFB) delivered strong financial results for the first nine months of 2024 with significant growth registered across all division. Consolidated sales reached P291,108 million, a 5% increase compared to the same period last year.

Operating income rose 15%, reaching P39,914 million, primarily driven by higher sales volume across all divisions. Net income also saw robust growth, rising by 11% to P30,410 million compared to the same period last year.

a) Beer and Non-Alcoholic Beverages (NAB) Division

SMB reported consolidated sales of P111,220 million, an increase of 3% from the same period last year, driven by higher sales volume and the implementation of a price increase in the domestic market effective September 1, 2024.

Consolidated operating income declined by 3% to P23,433 million, reflecting the effects of the excise tax increase. Net income fell by 5% to P18,533 million.

Domestic Operations

Domestic operations experienced a 4% growth in the third quarter, reversing the slight decline seen in the first semester of the year. This resulted in total volumes of 152.7 million cases for the nine-month period, representing a 1% increase from the same period last year.

International Operations

International operations volumes also grew by 2% in the third quarter, up from the flat growth in the first half. This led to the year-to-date September volume of 20.8 million cases.

b) Spirits Division

GSMI continued its upward volume trend in the third quarter, closing the nine-month period with a 10% year-on-year increase to 37.0 million cases. This double-digit growth was driven by the consistent robust performance of its flagship Ginebra San Miguel and recovery of Vino Kulafu. The combination of strong volumes and a price increase implemented in February led to significant revenue growth, resulting in a 17% rise to P45,562 million.

Operating income grew by 26% to P6,336 million, benefiting from lower costs of packaging materials. Net income held steady at P5,441 million, aligned with prior year's level. Without the effects of the one-time gain from the assignment of product rights in March of last year, net income would have risen by 25%.

c) Food Division

The Food division sustained its positive performance, posting a 4% year-on-year revenue growth for the nine-month period to P134,329 million, as most business segments continued to show strong volume growth.

Operating income nearly doubled to P9,805 million, supported by an expansion in gross margin from 17% to 22%, driven by a decline in raw material costs.

Net income surged to P6,701 million, more than doubling last year's figure of P2,899 million.

The Protein segment revenues increased by 7%, fueled by a 9% rise in volume and continued favorable selling prices in the third quarter.

The Animal Nutrition and Health segment revenues declined by 6%, as volumes remained muted in the third quarter.

The Prepared and Packaged Food segment maintained its growth trajectory, posting an 11% revenue increase on account of favorable selling prices and a 9% rise in volume.

2. PACKAGING

The Packaging business for the nine-month period, generated consolidated revenues of P28,480 million, up 3% against the comparable period last year and a significant recovery from the previous quarter.

Consolidated operating income posted a robust 31% year-on-year increase to P2,098 million on account of improved production efficiencies, coupled with cost measures implemented across the group.

3. ENERGY

San Miguel Global Power sustained its exceptional performance, reporting a 57% increase in offtake volumes for the nine-month period of 2024, reaching 27,043 gigawatt hours (GWh). This growth was driven by: (a) Power Supply Agreements (PSAs) secured from Manila Electric Company (Meralco) and other distribution utilities; (b) new retail electricity supply customers for Limay Power Plant; (c) ancillary services provided to the National Grid Corporation of the Philippines and offered to the reserve market through BESS; and (d) the commencement of commercial operations of Mariveles Greenfield Power Plant's Units 1 and 2 on March 28 and September 26, 2024, respectively. Consequently, consolidated revenues rose by 23% to P153,592 million, compared to P125,213 million in the same period in 2023.

Operating income saw significant growth of 43% driven by improved margins as the Energy business worked out a transition to fuel passthrough arrangements for most of its bilateral customers and additional margin contributions of BESS ancillary services.

Net income surged by 48% to P13,465 million.

4. FUEL AND OIL

Petron continued to report strong revenues in the first nine months of the year despite challenges in the international oil market. Consolidated revenues grew by 12% to P657,933 million from P587,283 million in the same period last year. This was driven by the sustained volume growth of 12% to 104.4 million barrels from 93.6 million barrels in 2023.

Petron's sales volume from its Philippine operations and Singapore trading arm posted a combined 16% increase to 67.8 million barrels, while sales volume from Malaysian operations rose by 4% to 36.6 million barrels.

Petron managed an operating income of P22,254 million in the first nine months from P27,008 million in the same period last year, as the strong performance of the marketing segment weighed down by the correction in refining margins by as much as 30% year-on-year. This resulted in a net income for the nine-month period of P7,109 million from P9,508 million in 2023.

5. INFRASTRUCTURE

The Infrastructure business continues to deliver steady growth, posting consolidated revenues of P26,992 million in the nine-month period of 2024, an 8% increase compared to the same period last year. The revenue growth was buoyed by the 2% increase in total average daily traffic from all operating toll roads, reaching 1,024,881 vehicles. The Infrastructure business recorded an 8% increase in operating income to P14,613 million.

The land development and ground improvement works of the MIA Project are ongoing with overall progress at 84.61%. Per the approved DOTr timeline, Airport Development is expected to be completed by the end of 2028.

SMC-led consortium, NNIC, officially took over operations at NAIA on September 14, 2024, following the completion of all required deliverables for turnover as outlined in the CA.

The depot, detailed engineering and design, site development, and construction of other facilities of the MRT 7 Project are still ongoing. There is also an ongoing study of the realignment of the Highway Component. In addition, the new location of Station 14 has been agreed by the San Jose del Monte Local Government Unit with DOTr. In the third quarter of 2024, four additional trainsets were delivered on-site, bringing the total to 26 trainsets out of 36 trainsets ordered.

6. CEMENT

The Cement business consolidated revenues in the nine-month period of 2024 declined by 6% to P27,041 million compared to the same period last year, while sales volume increased by 3%. The decline in revenue was driven by lower selling prices, influenced by the influx of cheaper imported traded cement. Despite the decline in topline, operating income grew by 16%, supported by lower costs and increased operating efficiencies.

2023 vs. 2022

	September		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2023	2022	Amount	%	2023	2022
	<i>(In Millions)</i>					
Sales	P1,061,088	P1,112,522	(P51,434)	(5%)	100%	100%
Cost of sales	(884,199)	(970,245)	(86,046)	(9%)	(83%)	(87%)
Gross profit	176,889	142,277	34,612	24%	17%	13%
Selling and administrative expenses	(66,703)	(56,780)	9,923	17%	(6%)	(5%)
Operating income	110,186	85,497	24,689	29%	11%	8%
Interest expense and other financing charges	(66,086)	(41,175)	24,911	61%	(6%)	(4%)
Interest income	10,372	4,125	6,247	151%	1%	1%
Equity in net earnings of associates and joint ventures	1,392	876	516	59%	0%	0%
Gain on sale of investments and property and equipment	136	584	(448)	(77%)	0%	0%
Other charges - net	(6,439)	(30,867)	(24,428)	(79%)	(1%)	(3%)
Income before income tax	49,561	19,040	30,521	160%	5%	2%
Income tax expense	(18,374)	(6,095)	12,279	201%	(2%)	(1%)
Net Income	P31,187	P12,945	P18,242	141%	3%	1%
Net income (loss) attributable to:						
Equity holders of the Parent Company	P146	(P15,115)	P15,261	101%	0%	(2%)
Non-controlling interests	31,041	28,060	2,981	11%	3%	3%
Net Income	P31,187	P12,945	P18,242	141%	3%	1%

The Group's consolidated sales for the nine-month period of 2023 ended at P1,061,088 million, 5% lower than the same period in 2022. The lower average selling prices of Petron and the Energy business and decrease in volumes of the Energy business and the Food division have offset the higher sales volume of Petron, SMB and GSMI and the Infrastructure business, along with the higher average selling prices of the Food and Beverage business and the sales contribution of Eagle Cement Corporation (ECC), which was consolidated effective December 14, 2022.

The Group's cost of sales decreased by P86,046 million or 9% mainly due to: (a) lower cost per liter of petroleum products partly offset by the higher volumes of Petron; and (b) lower cost to supply of the Energy business brought by the decline in average coal prices and lower overall power purchases. The decrease was partly offset by the: (a) higher cost of sales relative to increase in volume of SMB and the higher cost of major raw materials consumed in the production partly offset by the lower volumes of the Food division; and (b) the cost of sales of ECC for the nine-month period of 2023.

The increase in selling and administrative expenses by P9,923 million or 17% is attributable mainly to higher salaries and employee benefits of the Group, business taxes, distribution costs and contracted services primarily from the Food and Beverage business and Petron, and the operating expenses of ECC.

Consolidated operating income increased by 29% to P110,186 million compared to the same period in 2022 mainly driven by the sustained performance improvements of Petron, the Infrastructure business, SMB and GSMI, plus the operating income contribution of ECC for the nine-month period of 2023.

The increase in interest expense and other financing charges by P24,911 million was mainly due to higher average loan balance of SMC and Petron coupled with higher interest rates.

The increase in interest income by P6,247 million was primarily due to higher interest rates and average balance of short-term placements of SMC and the Infrastructure and Food and Beverage businesses, as well as the higher balance of investment in debt securities of SMB, Petrogen Insurance Corporation and GSMI, and the interest income contribution of ECC.

The increase in equity in net earnings of associates and joint ventures by P516 million was mainly due to the share on the higher net income of Bank of Commerce (BankCom) and the share in the lower net loss of Angat Hydro for the nine-month period of 2023 compared to the same period in 2022.

The decrease in gain on sale of investments and property and equipment by P448 million was mainly due to the gain recognized in 2022 by San Miguel Global Power from the sale of its investments in shares of stock of Strategic Energy Development, Inc.

The lower amount of other charges - net in 2023 by P24,428 million primarily pertains to the decrease in the loss on foreign exchange from the revaluation of foreign currency-denominated long-term debt of the Energy business, SMC and Petron. In September 2023, the Philippine Peso depreciated by P0.82 against the US Dollar, while in September 2022, the Philippine Peso significantly depreciated by P7.626 against the US Dollar.

The increase in income tax expense by P12,279 million was mainly due to the turnaround of SMC from income tax benefit in 2022 to income tax expense in 2023 and the deferred tax expense recognized from lease-related temporary differences and lower income tax benefit on NOLCO in 2023 by SPI.

Consolidated net income in 2023 significantly increased by 141% to P31,187 million, from P12,945 million in 2022, mainly on account of the: (a) lower loss on foreign exchange recognized by the Group, mainly from the Energy business, SMC and Petron, in the nine-month period ended September 2023 compared to the same period in 2022; (b) improved operations of most businesses mainly from Petron, the Infrastructure business, SMB and GSMI; (c) net income contributed by ECC in the first nine months of 2023; and (d) income recognized from the assignment of product rights by GSMI in 2023. The increase was partly offset by the higher net financing costs due to higher average loan balance primarily of SMC and Petron and increased interest rates.

Net income attributable to equity holders of the Parent Company in 2023 amounting to P146 million was a turnaround from the net loss of P15,115 million attributable to equity holders of the Parent Company in 2022. This was primarily due to the higher net income, partly reduced by the increase in share of NCI in the Group's net income.

The increase in the net income attributable to NCI by P2,981 million was mainly due to the higher net income of SMB and higher amount of dividend and distribution on preferred shares and SPCS of Petron.

The following are the highlights of the performance of the individual business segments:

1. FOOD AND BEVERAGE

SMFB sustained consolidated revenue growth for the nine-month period of 2023, increasing by 6% to P276,656 million, primarily brought about by better selling prices across all divisions and strong volume from SMB.

Operating income however decreased by 8% to P34,685 million, primarily reflecting the decline in the Food division due to the impact of significant increase in raw material prices and lower sales volume in 2023, partially tempered by the strong performance of SMB and GSMI.

With sustained performance of SMB and GSMI, consolidated net income increased by 4% to P27,483 million.

a) Beer and NAB Division

SMB maintained its growth trajectory during the nine-month period of 2023, with consolidated revenues reaching P108,333 million, 9% higher from the P98,992 million in 2022 while consolidated sales volumes increased by 5% to 177 million cases.

Correspondingly, operating income in 2023 grew to P24,114 million, exceeding the same period in 2022 by 8% owing to improved volumes and selling prices in both domestic and international operations coupled with cost reduction initiatives and efficiency improvements. Consolidated net income ended at P19,431 million, up 20% from the same period in 2022.

Domestic Operations

SMB's domestic beer and NAB volumes rose by 4% and 24%, respectively, for the nine-month period of 2023 compared to the same period in 2022. This was attributed to the relevant brand campaigns, visibility drive, seasonal and geo-targeted digital initiatives as well as intensified offtake generation and defense programs alongside a more positive business environment. SMB further strengthened the equity and brand awareness for its portfolio of products through the new brand campaigns and offtake-generating programs namely: Nationwide activations of "*San Miguel Beer Oktoberfest*"; San Miguel Pale Pilsen's "*Wanted*" campaign; Red Horse' "*Spirit Horse*" and "*Magneto*" Entry Point Drinkers campaigns and San Mig Light's ongoing "*Yass*" thematic campaign and the new "*Speakeasy*" podcast episode.

As a result, domestic sales revenue amounted to P96,339 million, up 9% versus the same period in 2022. Operating income and net income amounted to P21,390 million and P16,886 million, 5% and 16% higher, respectively.

International Operations

SMB's international operations also continued to deliver favorable revenue and operating income growth on the back of sustained volume growth from Export operations, South China and Thailand. SMB international sales volumes reached 21.1 million cases, increasing by 9% from 2022. The volume improvement was also supported by the growth of newly launched specialty beer products (San Miguel Cerveza Blanca, San Mig Zero, San Miguel Flavored Beer Lychee and the limited-edition San Miguel Chocolate Lager) to complement at-home consumption, excite the market and capitalize on the growth of the modern trade off-premise channel.

b) Spirits Division

GSML maintained its growth momentum posting a 13% growth in revenues to P38,915 million in the nine months of 2023, driven by the gains from higher selling prices and the localized efforts to increase traction of gin in the Visayas and Mindanao regions.

GSML's September 2023 year-to-date volume growth recovery was maintained, reaching 34 million cases, 3% better than the comparable period in 2022. Supporting this growth were consumer promos - led by *"Ngiting Suki"* raffle promo - and resumption of on-ground activations, while keeping brands relevant through thematic campaigns such as *"Iba ang Ngiti Ngayon sa One Ginebra Nation"*.

Operating income grew by 10% over the 2022 level to P5,034 million on account of implemented price increase fully covering rise in input costs, as well as gradual lowering of packaging materials cost.

Net income reached P5,491 million, 62% higher than in 2022, which included the one-time gain from the assignment of product rights recognized in 2023.

c) Food Division

The Food division posted consolidated revenue of P129,412 million in the first nine months of 2023, slightly up by 1% from 2022. The growth was largely on account of favorable selling prices as volumes of most businesses dropped amidst weak markets. Limited poultry capacity in the first half and the lingering effect of the African Swine Fever (ASF) also weighed on the volumes of poultry and feeds during the nine-month period of 2023.

Income from operations dipped by 50% to P5,217 million due to higher cost of raw materials and the increase in selling and administrative expenses arising from higher manpower requirements to support expanded operations and government-mandated wage increase. This translated to a net income of P2,899 million.

Financial results, however, have shown quarter-on-quarter improvements as raw material prices have started to recede, boosting operating margins and auguring prospects of stronger profits in the remainder of 2023.

The Animal Nutrition and Health segment delivered a revenue growth of 6% mainly driven by higher selling prices as volumes continued to be affected by the industry-wide hog depopulation triggered by the ASF.

The Protein segment which consists of the poultry and meats businesses, registered revenue 7% lower than in 2022 as improvement due to additional capacity in the third quarter could not yet offset capacity limitations in the first half of 2023. Revenue of the fresh meats business likewise declined from 2022 following downsized hog operations amidst the resurgence of the ASF in some provinces.

The Prepared and Packaged Food segment, comprising processed meats, ready-to-eat and plant-based food, dairy, spreads, and coffee businesses, grew by 5% also on account of better selling prices. Despite tempered consumer spending, sales volume growth of chicken nuggets, luncheon meat, butter, margarine, cheese, salad aids, and coffee remained steady.

The Flour segment sustained its strong growth momentum, recording a 17% revenue growth from 2022 on the back of strong demand from institutional customers and favorable selling prices, even as the cost of wheat has eased.

2. PACKAGING

The Packaging business generated consolidated revenues of P27,665 million for the nine-month period of 2023, a 10% increase from the same period in 2022, driven by the high demand from glass and plastics businesses together with the sustained growth from its Australian operations.

Operating income increased by 20% to P1,596 million against the comparable period in 2022 on account of improved efficiencies and implementation of cost containment programs.

3. ENERGY

San Miguel Global Power posted 17,237 GWh offtake volume, 19% lower than the nine-month period of 2023 compared to 2022, primarily due to the extended outage of the 1,200 MW Ilijan Power Plant from June 2022 up to June 2023 while it underwent retrofitting works to improve its fuel efficiency and reliability. It is also awaiting the substantial completion of the adjacent full-scale LNG terminal that has a long-term tolling agreement to receive, store and re-gasify LNG fuel.

Consolidated revenues amounted to P125,213 million, down 25% from 2022, brought about by the aforementioned lower contracted volumes and lower realization prices, resulting from lower fuel tariffs with NewCastle coal indices averaging US\$185.45/MT for the period compared to US\$353.76/MT in the same period in 2022.

Despite this, gross margins of contracted volumes improved by 34% with the transition to fuel passthrough arrangements for most of its bilateral customers and significant decline in fuel prices. Operating income reached P23,337 million.

Consequently, net income surged to P9,088 million, a significant turnaround from the P2,635 million net loss recorded in the same period in 2022, resulting from lower foreign exchange loss recorded in 2023 compared to 2022.

4. FUEL AND OIL

Petron sustained its volume growth in the first nine months of 2023, recording consolidated sales volume of 93.6 million barrels, up 16% from the 80.4 million barrels sold in the same period in 2022. Said volume improvements were noted across major business segments. Consolidated retail sales volumes from the Philippines and Malaysia posted an 8% improvement, fueled by higher demand for Petron's gasoline and diesel products. Commercial volumes increased by 12% resulting from new sales agreements and renewed ties with major airlines and flag carriers throughout the period.

Philippine operations sales volumes grew by 20% to 42.7 million barrels from 35.5 million barrels in 2022, demonstrating Petron's overall lead in the domestic market including the Liquefied Petroleum Gas sector as per the latest data from the Department of Energy.

Consolidated revenues stood at P587,283 million for the nine-month period of 2023, lower than the P631,138 million recorded in 2022, which reflected the price correction from the extraordinarily elevated levels in the oil market which began in the second semester of 2022 brought upon by the Russia-Ukraine conflict. While international prices started to rise again in the third quarter, the average benchmark Dubai crude oil as of September 2023 closed at almost US\$82 per barrel mark, still down by 18% from the same period in 2022.

Despite lower revenues, Petron's consolidated operating income jumped by 64% reaching P27,008 million from P16,498 million in 2022, driven largely by the robust volume growth.

Subsequently, net income grew 16% to P9,508 million compared to P8,179 million in 2022.

5. INFRASTRUCTURE

The Infrastructure business continued its consistent growth momentum from the operating toll roads for the nine-month period of 2023, posting consolidated revenues of P25,081 million a 20% increase from 2022. Combined average daily traffic volumes reached more than 1,002,362 vehicles, up 11% from the 2022 level brought by the continuous increase in travel activities.

Operating income increased by 35% to P13,567 million, driven primarily by the sustained growth in traffic volumes, coupled with continued cost management initiatives.

6. CEMENT

The Cement business registered consolidated revenues of P28,887 million, tripling from P8,126 million in 2022. Operating income amounted to P4,593 million from an operating loss of P19 million in 2022.

Despite the challenges in the market, the business was able to sustain its strong performance through various cost containment initiatives and significant improvement in the cost of major inputs.

III. FINANCIAL POSITION

2024 vs. 2023

(Amounts in millions)	September 2024	December 2023	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
			Amount	%	2024	2023
Cash and cash equivalents	P281,162	P261,358	P19,804	8%	11%	11%
Trade and other receivables - net	242,304	263,119	(20,815)	(8%)	9%	11%
Inventories	175,658	161,986	13,672	8%	7%	6%
Current portion of biological assets - net	3,215	3,515	(300)	(9%)	0%	0%
Prepaid expenses and other current assets	165,829	141,424	24,405	17%	6%	6%
Total Current Assets	868,168	831,402	36,766	4%	33%	34%
Investments and advances - net	43,926	37,089	6,837	18%	2%	2%
Investments in equity and debt instruments	21,070	19,417	1,653	9%	1%	1%
Property, plant and equipment - net	811,698	753,472	58,226	8%	31%	31%
Right-of-use assets - net	105,147	108,014	(2,867)	(3%)	4%	4%
Investment property - net	86,586	79,513	7,073	9%	3%	3%
Biological assets - net of current portion	2,460	2,667	(207)	(8%)	0%	0%
Goodwill - net	187,199	182,791	4,408	2%	7%	7%
Other intangible assets - net	330,831	306,638	24,193	8%	13%	12%
Deferred tax assets	18,746	19,633	(887)	(5%)	1%	1%
Other noncurrent assets - net	123,590	118,729	4,861	4%	5%	5%
Total Noncurrent Assets	1,731,253	1,627,963	103,290	6%	67%	66%
Total Assets	P2,599,421	P2,459,365	P140,056	6%	100%	100%
Loans payable	P251,136	P214,881	P36,255	17%	10%	9%
Accounts payable and accrued expenses	265,153	223,055	42,098	19%	10%	9%
Lease liabilities - current portion	6,792	19,631	(12,839)	(65%)	0%	1%
Income and other taxes payable	46,332	46,254	78	0%	2%	2%
Dividends and distributions payable	3,685	4,605	(920)	(20%)	0%	0%
Current maturities of long- term debt - net of debt issue costs	131,998	236,798	(104,800)	(44%)	5%	9%
Total Current Liabilities	705,096	745,224	(40,128)	(5%)	27%	30%
Long-term debt - net of current maturities and debt issue costs	1,094,134	953,786	140,348	15%	42%	39%
Lease liabilities - net of current portion	34,735	36,941	(2,206)	(6%)	1%	2%
Deferred tax liabilities	33,174	29,503	3,671	12%	1%	1%
Other noncurrent liabilities	32,123	28,745	3,378	12%	1%	1%
Total Noncurrent Liabilities	1,194,166	1,048,975	145,191	14%	46%	43%

Forward

(Amounts in millions)	September 2024	December 2023	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
			Amount	%	2024	2023
Capital stock - common	P16,443	P16,443	P -	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	0%	0%
Additional paid-in capital	177,442	177,468	(26)	(0%)	7%	7%
Capital securities	24,211	24,211	-	0%	1%	1%
Equity reserves	68	7,354	(7,286)	(99%)	0%	0%
Retained earnings:						
Appropriated	89,799	87,170	2,629	3%	3%	4%
Unappropriated	95,811	103,151	(7,340)	(7%)	4%	4%
Treasury stock	(109,763)	(109,763)	-	0%	(4%)	(4%)
Equity Attributable to:						
Equity holders of						
the Parent Company	304,198	316,221	(12,023)	(4%)	12%	13%
Non-controlling interests	395,961	348,945	47,016	13%	15%	14%
Total Equity	700,159	665,166	(34,993)	5%	27%	27%
Total Liabilities and Equity	P2,599,421	P2,459,365	P140,056	6%	100%	100%

Consolidated total assets as at September 30, 2024 amounted to P2,599,421 million, P140,056 million higher than December 31, 2023. The increase was primarily due to the increase in cash and cash equivalents, inventories, prepaid expenses and other current assets, property, plant and equipment and other intangible assets, partly offset by the decrease in trade and other receivables.

The increase in cash and cash equivalents by P19,804 million was mainly due to the cash generated from operations and net proceeds from borrowings and issuance of capital securities. This was partly offset by capital expenditures for the ongoing projects of the Infrastructure and Energy businesses and Food division, payment of interests, dividends and distributions, income taxes and lease liabilities and redemption of capital securities.

The decrease in trade and other receivables - net by P20,815 million was mainly attributable to Petron's lower receivable balance from trade customers and from the Malaysian and Philippine Government due to subsidy payment received and excise tax refund claims granted, respectively.

The increase in inventories by P13,672 million was attributable mainly to: (a) higher volume of both crude oil and finished products of Petron; (b) higher materials and supplies, mostly wheat, and increase in finished goods of the Food division; and (c) reclassification of properties due to change in use from investment property to inventory by San Miguel Properties, Inc. The increase was reduced by the lower prices of both crude oil and finished products of Petron and the utilization of spare parts during the combustor and turbine inspection conducted for the Ilijan Power Plant of the Energy business.

The decrease in total biological assets by P507 million was mainly attributable to lower production costs in 2024 compared to December 2023.

The increase in prepaid expenses and other current assets by P24,405 million was primarily due to: (a) higher excise tax claims, input VAT and unused creditable withholding taxes of Petron; (b) additional advances paid to suppliers of coal and LNG of the Energy business; and (c) increase in restricted cash balance for debt servicing requirements of the Energy and Infrastructure businesses.

The increase in investments and advances - net by P6,837 million was mainly due to the advances for future investments to certain companies by the Energy business and SMC and investment in NNIC by SMHC.

The increase in investments in equity and debt instruments by P1,653 million was mainly due to the investment of SMC in non-voting preferred shares of stock of a company.

The increase in property, plant and equipment - net by P58,226 million was mainly due to the costs of the ongoing projects of the Energy business and the Food division.

The increase in investment property - net by P7,073 million was mainly due to the acquisition of land for the MIA Project and for future projects of the Energy business and the effect of foreign currency translation adjustment on the investment property of Petron Malaysia.

The increase in other intangible assets - net by P24,193 million was mainly due to the additions to concession rights for the MIA Project and the costs of various other ongoing projects of the Infrastructure business, partly offset by the amortization during the period.

The decrease in deferred tax assets by P887 million was primarily due to the reversal by SMC of deferred tax asset on realized foreign currency losses resulting from the payment of foreign currency-denominated long-term loan in 2024, net of the recognition of deferred tax asset on unrealized foreign currency losses on derivatives, cash flow hedges and foreign currency-denominated long-term debt.

The increase in loans payable by P36,255 million was mainly due to the net availment made by SMC and the Energy business.

The increase in accounts payable and accrued expenses by P42,098 million was mainly due to: (a) higher payables for capital expenditures and higher trade-related payables mainly for power purchases, coal and fuel supply of the Energy business; and (b) higher payables for the purchase of raw materials and acquisition of fixed assets for the various expansion projects of the Food division.

The decrease in dividends and distributions payable by P920 million was mainly due to the payment of dividends by: (a) Petron to Series 3A and Series 3B preferred shareholders on March 1, 2024, which were declared on November 7, 2023; and (b) SMC Skyway Corporation (SMC Skyway) to common shareholders in February 2024 which were declared in December 2023.

The increase in total long-term debt, net of debt issue costs by P35,548 million was primarily due to the net availment made by the Group.

The decrease in total lease liabilities by P15,045 million was primarily due to the payments made to PSALM, partly offset by the interest expense and foreign exchange loss recognized in 2024 by the entities of the Energy business under the IPPA Agreements.

The increase in deferred tax liabilities by P3,671 million was mainly due to the difference in actual PSALM payments over finance lease liability-related expenses and the deferred income tax expense recognized by SPPC for the application of its available NOLCO carryforward benefits to its income tax liability.

The increase in other noncurrent liabilities by P3,378 million was mainly due to the higher amount of retention payable for the ongoing projects of the Infrastructure business, and higher derivative liabilities on currency options of SMC.

The decrease in equity reserves by P7,286 million was mainly due to the loss on foreign exchange recognized on the redemption, exchange and repurchase of foreign currency-denominated SPCS of San Miguel Global Power. The decrease was reduced by the gain on exchange differences on the translation of foreign operations for the period with the depreciation of the Philippine Peso against the US Dollar.

The decrease in unappropriated retained earnings by P7,340 million was mainly due to the dividends and distributions declared and net appropriations of retained earnings during the period. This was partly offset by the net income attributable to equity holders of the Parent Company.

The increase in equity attributable to NCI by P47,016 million was mainly due to the net issuance of capital securities by San Miguel Global Power, issuance of Series 4-D and Series 4-E Preferred Shares by Petron and the share of NCI in the net income and other comprehensive income of the Group, net of dividends and distributions declared to NCI.

2023 vs. 2022

<i>(Amounts in millions)</i>	September 2023	December 2022	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
			Amount	%	2023	2022
Cash and cash equivalents	P265,293	P318,214	(P52,921)	(17%)	11%	13%
Trade and other receivables - net	262,221	238,782	23,439	10%	11%	10%
Inventories	169,608	190,193	(20,585)	(11%)	7%	8%
Current portion of biological assets - net	3,709	3,418	291	9%	0%	0%
Prepaid expenses and other current assets	137,439	133,691	3,748	3%	5%	6%
Total Current Assets	838,270	884,298	(46,028)	(5%)	34%	37%
Investments and advances - net	36,073	32,523	3,550	11%	1%	1%
Investments in equity and debt instruments	19,484	18,921	563	3%	1%	1%
Property, plant and equipment - net	738,031	708,192	29,839	4%	30%	30%
Right-of-use assets - net	109,189	112,067	(2,878)	(3%)	5%	5%
Investment property - net	76,377	74,660	1,717	2%	3%	3%
Biological assets - net of current portion	2,738	2,671	67	3%	0%	0%
Goodwill - net	184,519	184,100	419	0%	8%	8%
Other intangible assets - net	295,921	249,321	46,600	19%	12%	10%
Deferred tax assets	22,153	22,554	(401)	(2%)	1%	1%
Other noncurrent assets - net	114,031	102,518	11,513	11%	5%	4%
Total Noncurrent Assets	1,598,516	1,507,527	90,989	6%	66%	63%
Total Assets	P2,436,786	P2,391,825	P44,961	2%	100%	100%
Loans payable	P222,549	P267,704	(P45,155)	(17%)	9%	11%
Accounts payable and accrued expenses	230,032	227,126	2,906	1%	10%	9%
Lease liabilities - current portion	22,256	21,020	1,236	6%	1%	1%
Income and other taxes payable	46,313	37,694	8,619	23%	2%	2%
Dividends and distributions payable	3,734	4,037	(303)	(8%)	0%	0%
Current maturities of long- term debt - net of debt issue costs	227,648	170,032	57,616	34%	9%	7%
Total Current Liabilities	752,532	727,613	24,919	3%	31%	30%
Long-term debt - net of current maturities and debt issue costs	955,668	918,164	37,504	4%	39%	39%
Lease liabilities - net of current portion	38,966	54,455	(15,489)	(28%)	2%	2%
Deferred tax liabilities	27,687	26,297	1,390	5%	1%	1%
Other noncurrent liabilities	27,181	26,144	1,037	4%	1%	1%
Total Noncurrent Liabilities	1,049,502	1,025,060	24,442	2%	43%	43%

Forward

(Amounts in millions)	September 2023	December 2022	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
			Amount	%	2023	2022
Capital stock - common	P16,443	P16,443	P -	0%	1%	1%
Capital stock - preferred	10,187	10,187	-	0%	1%	0%
Additional paid-in capital	177,699	177,719	(20)	(0%)	7%	7%
Capital securities	24,211	24,211	-	0%	1%	1%
Equity reserves	9,047	12,753	(3,706)	(29%)	0%	1%
Retained earnings:						
Appropriated	83,225	71,004	12,221	17%	3%	3%
Unappropriated	109,142	129,239	(20,097)	(16%)	5%	6%
Treasury stock	(143,763)	(156,763)	(13,000)	(8%)	(6%)	(7%)
Equity Attributable to:						
Equity holders of the						
Parent Company	286,191	284,793	1,398	0%	12%	12%
Non-controlling interests	348,561	354,359	(5,798)	(2%)	14%	15%
Total Equity	634,752	639,152	(4,400)	(1%)	26%	27%
Total Liabilities and Equity	P2,436,786	P2,391,825	P44,961	2%	100%	100%

Consolidated total assets as at September 30, 2023 amounted to P2,436,786 million, P44,961 million higher than December 31, 2022. The increase was primarily due to the increase in trade and other receivables, property, plant and equipment and intangible assets, partly offset by the decrease in cash and cash equivalents and inventories.

The decrease in cash and cash equivalents by P52,921 million was mainly due to the net payment of short-term loans, capital expenditures for the ongoing projects of the Infrastructure, Energy, Food and Beverage and Cement businesses, and payment of interests, dividends and distributions and lease liabilities. This was partly offset by cash generated from operations and net proceeds from availment of long-term debt.

The increase in trade and other receivables - net by P23,439 million was mainly attributable to the higher trade receivables of the Energy business which primarily pertains to the Emergency Power Supply Agreement with Meralco which commenced in March 2023 and Petron's higher receivable from the Malaysian and Philippine Government due to subsidy payment received and increase in excise tax refund claims, respectively.

The decrease in inventories by P20,585 million was attributable mainly to the lower purchases of major raw materials during the nine-month period of 2023 coming from a higher level of raw materials and finished goods inventory of the Food division in December 2022.

The increase in total biological assets by P358 million was mainly due to higher growing expenses, which include feed costs and broiler/hog costs.

The increase in investments and advances - net by P3,550 million was mainly due to the advances for future investments to certain companies by the Energy business and the Group's share in the net earnings of BankCom and Manila North Harbour Port, Inc. (MNHPI) in third quarter of 2023. The increase was partly offset by the dividend received from MNHPI.

The increase in other intangible assets - net by P46,600 million was mainly due to the additions to concession rights for the MIA Project and the costs of various other ongoing projects of the Infrastructure business, partly offset by the total amortization in 2023.

The increase in other noncurrent assets - net by P11,513 million was mainly due to additional advances paid to contractors and suppliers for the ongoing projects of the Energy and Infrastructure businesses and increase in restricted cash balance for debt servicing requirements of the Energy business.

The decrease in loans payable by P45,155 million was mainly due to the net payments made by Petron, the Food division, the Energy business and SMC.

The increase in income and other taxes payable by P8,619 million was mainly due to the higher amount of: a) VAT payable resulting from higher trade receivable of the Energy business; and b) VAT payable as a result of the implementation of quarterly VAT remittance compared to monthly remittance in 2022 of the Food and Beverage business.

The decrease in dividends and distributions payable by P303 million was mainly due to payment of cash dividends to the non-controlling stockholders of SMC Skyway in 2023 which were declared in December 2022.

The increase in total long-term debt, net of debt issue costs by P95,120 million was primarily due to the availment of foreign currency-denominated term loans and Peso term loans by the Group. The increase was reduced by the payment of foreign currency-denominated term loans by SMC, San Miguel Global Power and Masinloc Power Co. Ltd. (formerly, Masinloc Power Partners Co. Ltd.), redemption of Series E Bonds by SMC and Series B and G Bonds by San Miguel Global Power, payment of other maturing obligations of the Group, and translation adjustments.

The decrease in total lease liabilities by P14,253 million was primarily due to the payments made to PSALM by the entities of the Energy business under the IPPA Agreements.

The increase in deferred tax liabilities by P1,390 million was mainly due to the higher deferred tax liability recognized by the Energy business arising from the differences in actual PSALM payments over finance lease liability-related expenses and the utilization by Petron Malaysia of deferred tax on carryforward capital allowance.

The decrease in equity reserves by P3,706 million was mainly due to the loss on exchange differences from the redemption of US\$500 million SPCS of Petron and translation of foreign operations of Petron Malaysia as a result of the strengthening of the Philippine Peso against the Malaysian Ringgit in 2023.

The increase in appropriated retained earnings by P12,221 million was mainly due to the appropriations made by: (a) San Miguel Foods, Inc. for the Feeds Expansion Projects; (b) SMB for the payment of Series H Bonds which matured on April 2, 2024 and the P10,000 million term loans that will mature on December 20, 2027; and (c) SMC SLEX Inc. for capital expenditures in 2023, net of reversals for projects that were already completed. The increase was partly offset by the reversal of appropriations for the power plant project of Petron.

The decrease in unappropriated retained earnings by P20,097 million was mainly due to the net appropriations of retained earnings and dividends and distributions declared.

The decrease in treasury stock by P13,000 million represents the re-issuance on August 29, 2023, of 173,333,325 Series "2-M" Preferred Shares of SMC at an issue price of P75.00 per share.

IV. SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

<i>(In Millions)</i>	September 30	
	2024	2023
Net cash flows provided by operating activities	P94,177	P75,536
Net cash flows used in investing activities	(110,160)	(119,195)
Net cash flows provided by (used in) financing activities	36,086	(9,868)

Net cash flows provided by operating activities for the period basically consists of income for the period and changes in noncash current assets, certain current liabilities and others.

Net cash flows provided by (used in) investing activities included the following:

<i>(In Millions)</i>	September 30	
	2024	2023
Additions to:		
Property, plant and equipment	(P54,968)	(P45,200)
Intangible assets	(30,132)	(52,331)
Investments and advances	(8,182)	(3,459)
Investment property	(6,930)	(4,053)
Advances to contractors and suppliers	(3,205)	(9,983)
Investments in equity and debt instruments	(1,962)	(536)
Increase in other noncurrent assets and others	(18,215)	(15,105)
Interest received	10,869	8,932
Dividends received	1,210	650
Proceeds from:		
Sale of property and equipment and other intangible assets	828	943
Disposal of investments in debt instruments	519	529
Disposal of subsidiaries, net of cash and cash equivalents disposed of	8	418

Net cash flows provided by (used in) financing activities included the following:

<i>(In Millions)</i>	September 30	
	2024	2023
Net proceeds from issuance of preferred shares and capital securities of subsidiaries	P71,384	P -
Proceeds from (payment of) short-term loans - net	35,137	(44,463)
Proceeds from long-term debt - net	27,315	84,009
Redemption of capital securities of subsidiaries	(45,040)	(27,134)
Cash dividends and distributions paid to non-controlling shareholders	(25,780)	(23,095)
Payments of lease liabilities	(17,172)	(15,727)
Cash dividends and distributions paid	(9,726)	(7,349)
Share issuance costs from re-issuance of treasury shares	(26)	-
Decrease in non-controlling interests' share in the net assets of subsidiaries and others	(6)	(2,977)
Net proceeds from reissuance of treasury shares of a subsidiary	-	13,888
Net proceeds from reissuance of treasury shares	-	12,980

The effect of exchange rate changes on cash and cash equivalents amounted to (P299 million) and P606 million in September 2024 and 2023, respectively.

V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year. Please refer to Items II “Financial Performance” and III “Financial Position” for the discussion of certain Key Performance Indicators.

	September 2024	December 2023
<u>Liquidity:</u>		
Current Ratio	1.23	1.12
Quick Ratio	0.74	0.70
<u>Solvency:</u>		
Debt to Equity Ratio	2.71	2.70
Asset to Equity Ratio	3.71	3.70
<u>Profitability:</u>		
Return on Average Equity Attributable to Equity		
Holders of the Parent Company	1.62%	0.07%
Interest Rate Coverage Ratio	1.82	1.80
Return on Assets	2.00%	1.84%
	<u>Period Ended September 30</u>	
	2024	2023
<u>Operating Efficiency:</u>		
Volume Growth	14%	7%
Revenue Growth (Decline)	11%	(5%)
Operating Margin	10%	10%

The manner by which the Group calculates the key performance indicators is as follows:

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventories} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}^*}{\text{Average Equity Attributable to Equity Holders of the Parent Company}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Return on Assets	$\frac{\text{Net Income}^*}{\text{Average Total Assets}}$
Volume Growth	$\left(\frac{\text{Sum of all Businesses' Revenue at Prior Period Prices}}{\text{Prior Period Net Sales}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

* Annualized for quarterly reporting.

VI. OTHER MATTERS

a. Commitments

The outstanding purchase commitments of the Group amounted to P265,619 million as at September 30, 2024.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets, and capital expenditures of the ongoing infrastructure projects needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

- b. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate within the next 12 months any cash flow or liquidity problems. The Group was not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amounts of the Group's trade payables that have not been paid within the stated trade terms.

- c. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets, except for Note 43 (a) of the Audited Consolidated Financial Statements as at December 31, 2023.
- d. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- e. There are no significant elements of income or loss that did not arise from continuing operations.
- f. Except for the Prepared and Packaged Food and Protein segments of the Food division under the Food and Beverage business, which consistently generate higher revenues during the Christmas holiday season, the effects of seasonality or cyclicity on the interim operations of the Group's businesses are not material.
- g. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

ANNEX “C”

SAN MIGUEL CORPORATION
Top 20 Stockholders
(As of September 30, 2024)

ssst823
2025-02-28
01:31:11 PM

San Miguel Corporation
STOCK TRANSFER MODULE
List of Stockholders
As of Sep 30, 2024

PAGE

1

RANK	STOCKHOLDER NAME	Common	TOTAL SHARES	% OF O/S
1	TOP FRONTIER INVESTMENT HOLDINGS, INC.	1,424,111,661	1,424,111,661	59.738819 %
2	PRIVADO HOLDINGS, CORP.	368,140,516	368,140,516	15.442806 %
3	PCD NOMINEE CORPORATION (FILIPINO)	304,161,576	304,161,576	12.759009 %
4	PCD NOMINEE CORPORATION (NON-FILIPINO)	106,095,316	106,095,316	4.450500 %
5	REPUBLIC OF THE PHILIPPINES	27,636,339	27,636,339	1.159293 %
6	PETRON CORPORATION EMPLOYEES' RETIREMENT PLAN	14,250,900	14,250,900	0.597799 %
7	MILLENNIUM ENERGY, INC.	10,807,380	10,807,380	0.453349 %
8	SYSMART CORPORATION	5,100,607	5,100,607	0.213961 %
9	SOLEDAD O. COJUANGCO	2,297,222	2,297,222	0.096364 %
10	MARINE SHORE INVESTMENT HOLDINGS, INC.	2,089,660	2,089,660	0.087657 %
11	EVERETT STEAMSHIP CORPORATION	1,903,330	1,903,330	0.079841 %
12	SGOC HOLDINGS CORPORATION	1,512,895	1,512,895	0.063463 %
13	RAMON S. ANG	1,345,429	1,345,429	0.056438 %
14	MACRINA LEYSON	1,144,752	1,144,752	0.048020 %
15	CARMEL OF THE DIVINE INFANT JESUS OF PRAGUE INC. A/C NO 2	957,516	957,516	0.040166 %
16	PAC RIM REALTY & DEVELOPMENT CORP.	912,050	912,050	0.038259 %
17	REAL MONASTERIO DE LA PURISIMA CONCEPCION DE NUESTRA MADRE SANTA CLARA DE MANILA	810,282	810,282	0.033990 %
18	CHENG SIOK TUAN	689,113	689,113	0.028907 %
19	JAIME DEE	624,544	624,544	0.026198 %
20	A M T DEVELOPMENT CORPORATION	603,991	603,991	0.025336 %
		-----	-----	-----
		2,275,195,079	2,275,195,079	95.440175 %
		=====	=====	=====
TOTAL NO. OF SHARES :		2,383,896,588		
TOTAL NO. OF DISTINCT STOCKHOLDERS :		33,194		
TOTAL NO. OF ACCOUNTS :		33,209		

ssst823
2025-02-28
01:33:00 PM

San Miguel Corporation
STOCK TRANSFER MODULE
List of Stockholders
As of Sep 30, 2024

PAGE

1

RANK	STOCKHOLDER NAME	Preferred 2-F	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	194,650,560	194,650,560	87.156902 %
2	SAN MIGUEL BREWERY INC. RETIREMENT PLAN	8,000,000	8,000,000	3.582087 %
3	SOCIAL SECURITY SYSTEM	7,328,500	7,328,500	3.281415 %
4	SAN MIGUEL CORP. RETIREMENT PLAN FIP	5,333,400	5,333,400	2.388088 %
5	PCD NOMINEE CORPORATION (NON-FILIPINO)	1,308,800	1,308,800	0.586029 %
6	DIVERSIFIED AGROCHEMICALS TRADING CORPORATION	1,000,000	1,000,000	0.447761 %
7	T. D. MAKAO INC.	707,000	707,000	0.316567 %
8	GATELUCK CORPORATION	667,000	667,000	0.298656 %
9	FIRST LIFE FINANCIAL CO., INC.	533,500	533,500	0.238880 %
10	BEN TIUK SY OR JUDY YU SY	335,000	335,000	0.150000 %
11	AUGUSTO MANUEL A. AGUSTIN &/OR DORIS NUBLA AGUSTIN	320,000	320,000	0.143283 %
12	MICHAEL A. CASTRO OR TRICIA C. ODEJAR	280,000	280,000	0.125373 %
13	BAGUIO GAS CORPORATION	200,000	200,000	0.089552 %
14	NCC RETIREMENT PLAN	153,030	153,030	0.068521 %
15	SAN MIGUEL MILLS, INC. RETIREMENT PLAN	144,000	144,000	0.064478 %
16	ANTONIO G. TINSAY &/OR IRENE C. TINSAY &/OR JOIE C. TINSAY	118,000	118,000	0.052836 %
17	JOSELITO PULMANO OBAR OR MA. ZORAIDA CUACHON OBAR	112,000	112,000	0.050149 %
18	CHEMSON Y. LEE OR DIANA O. LEE	106,700	106,700	0.047776 %
19	CATHRINE DIANNE D. BRIONES OR DENNIES CARLO D. BRIONES OR MARION KEMUEL V. BRIONES	100,000	100,000	0.044776 %
20	DEWEY T. TAN	100,000	100,000	0.044776 %
		221,497,490	221,497,490	99.177907 %

TOTAL NO. OF SHARES : 223,333,500
TOTAL NO. OF DISTINCT STOCKHOLDERS : 130
TOTAL NO. OF ACCOUNTS : 130

RANK	STOCKHOLDER NAME	Preferred 2-I	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	150,236,340	150,236,340	88.722213 %
2	SAN MIGUEL BREWERY INC. RETIREMENT PLAN	6,153,600	6,153,600	3.634014 %
3	SAN MIGUEL CORP. RETIREMENT PLAN FIP	2,900,000	2,900,000	1.712598 %
4	SGOC HOLDINGS CORPORATION	2,700,000	2,700,000	1.594488 %
5	PCD NOMINEE CORPORATION (NON-FILIPINO)	1,360,340	1,360,340	0.803350 %
6	SAN MIGUEL CORPORATION RETIREMENT PLAN - STP	900,000	900,000	0.531496 %
7	JUAN BRUNO HOLDINGS OPC	450,000	450,000	0.265748 %
8	FIRST LIFE FINANCIAL CO., INC.	400,000	400,000	0.236220 %
9	GREATER REUNION HOLDINGS INC.	382,500	382,500	0.225886 %
10	CHIONG PING G. CHING AND/OR MARIA GRACIA J. TAN	238,700	238,700	0.140965 %
11	CHING HUAY LO SY OR JAMIE BERNADETTE ANG SY OR JUSTIN AARON ANG SY	216,800	216,800	0.128031 %
12	ANTONIO G. TINSAY &/OR JOIE C. TINSAY &/OR IRENE C. TINSAY	200,000	200,000	0.118110 %
13	JOHNSON CHEONG GO OR JOVENTINO CHEONG GO	133,500	133,500	0.078839 %
14	JOHNSON CHEONG GO OR MARY ONG GO	133,500	133,500	0.078839 %
15	KNIGHTS OF COLUMBUS FRATERNAL ASSOCIATION OF THE PHILS., INC.	133,200	133,200	0.078661 %
16	DAVID GO CHIONG OR MARIA VILMA YU CHIONG OR DELWYN VINCE YU CHIONG	126,700	126,700	0.074823 %
17	EDSEL U. LIM OR RUTH KATHERINE K. LIM	120,100	120,100	0.070925 %
18	KAY MITOY HOLDINGS INCORPORATED	112,500	112,500	0.066437 %
19	LLIS HOLDINGS INC.	112,500	112,500	0.066437 %
20	MAKHIA HOLDINGS INC.	112,500	112,500	0.066437 %
		-----	-----	-----
		167,122,780	167,122,780	98.694516 %
		=====	=====	=====

TOTAL NO. OF SHARES :	169,333,400
TOTAL NO. OF DISTINCT STOCKHOLDERS :	102
TOTAL NO. OF ACCOUNTS :	102

RANK	STOCKHOLDER NAME	Preferred 2-J	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	129,000,387	129,000,387	48.375145 %
2	CCJ HOLDINGS CORPORATION	16,098,000	16,098,000	6.036750 %
3	LOCC HOLDINGS CORPORATION	16,098,000	16,098,000	6.036750 %
4	SAINT BRUNO HOLDINGS CORPORATION	16,098,000	16,098,000	6.036750 %
5	SGOC HOLDINGS CORPORATION	16,098,000	16,098,000	6.036750 %
6	TINCOBAR HOLDINGS CORPORATION	16,098,000	16,098,000	6.036750 %
7	JUAN BRUNO HOLDINGS OPC	13,415,000	13,415,000	5.030625 %
8	GREATER REUNION HOLDINGS INC.	11,402,750	11,402,750	4.276031 %
9	KAY MITOY HOLDINGS INCORPORATED	3,353,750	3,353,750	1.257656 %
10	LLIS HOLDINGS INC.	3,353,750	3,353,750	1.257656 %
11	MAKHIA HOLDINGS INC.	3,353,750	3,353,750	1.257656 %
12	SANTA LAKAN HOLDINGS INC.	3,353,750	3,353,750	1.257656 %
13	BELLBRIE HOLDINGS, INC.	2,683,000	2,683,000	1.006125 %
14	HAVACHLO HOLDINGS INC.	2,683,000	2,683,000	1.006125 %
15	JONIMER HOLDINGS CORP.	2,683,000	2,683,000	1.006125 %
16	SAMIED HOLDINGS CORPORATION	2,683,000	2,683,000	1.006125 %
17	SOMALET HOLDINGS CORP.	2,683,000	2,683,000	1.006125 %
18	FORT BASSETT HOLDINGS INC.	2,012,250	2,012,250	0.754594 %
19	VIDA Y AMORE HOLDINGS CORPORATION	867,000	867,000	0.325125 %
20	PCD NOMINEE CORPORATION (NON-FILIPINO)	698,810	698,810	0.262054 %
		264,716,197	264,716,197	99.268574 %
TOTAL NO. OF SHARES :		266,666,667		
TOTAL NO. OF DISTINCT STOCKHOLDERS :		50		
TOTAL NO. OF ACCOUNTS :		50		

RANK	STOCKHOLDER NAME	Preferred 2-K	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	180,807,675	180,807,675	98.315855 %
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	2,146,575	2,146,575	1.167220 %
3	KNIGHTS OF COLUMBUS FRATERNAL ASSOCIATION OF THE PHILS., INC.	445,800	445,800	0.242408 %
4	SAN MIGUEL MILLS, INC. RETIREMENT PLAN	147,000	147,000	0.079933 %
5	MARY OH TAN OR JAYSON TAN DY	100,000	100,000	0.054376 %
6	VIDA Y AMORE HOLDINGS CORPORATION	83,000	83,000	0.045132 %
7	G.D. TAN & CO., INC.	60,000	60,000	0.032626 %
8	ANCHOR INSURANCE BROKERAGE CORPORATION RETIREMENT PLAN	40,000	40,000	0.021750 %
9	ANTONIO T. CHUA	30,000	30,000	0.016313 %
10	SMHC MULTI-EMPLOYER RETIREMENT PLAN	13,950	13,950	0.007585 %
11	KNIGHTS OF COLUMBUS FR. GEORGE J. WILLMANN CHARITIES INC.	7,600	7,600	0.004133 %
12	MA. LOURDES L. JAVELLANA	7,000	7,000	0.003806 %
13	LUIS MA. GIL L. GANA OR GWENDOLYN PETRECIA LL PIMENTEL-GANA	4,000	4,000	0.002175 %
14	KC PHILIPPINES FOUNDATION, INC.	3,400	3,400	0.001849 %
15	JOSE M. JAVELLANA JR.	2,600	2,600	0.001414 %
16	SANDRA MARIE L. JAVELLANA	1,600	1,600	0.000870 %
17	DOMINIQUE MARIE AKIO THERESE P. GANA OR JONATHAN A. PABILLORE	1,400	1,400	0.000761 %
18	EDUARDO B. GUTIERREZ	1,000	1,000	0.000544 %
19	JUSTIN MARIO L. JAVELLANA	800	800	0.000435 %
20	MICHELLE DENISE J. LESACA	800	800	0.000435 %
		----- 183,904,200 =====	----- 183,904,200 =====	----- 99.999619 % =====
TOTAL NO. OF SHARES :		183,904,900		
TOTAL NO. OF DISTINCT STOCKHOLDERS :		21		
TOTAL NO. OF ACCOUNTS :		21		

ssst823
2025-02-28
01:36:23 PM

San Miguel Corporation
STOCK TRANSFER MODULE
List of Stockholders
As of Sep 30, 2024

PAGE

1

RANK	STOCKHOLDER NAME	Preferred 2-L	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	161,194,060	161,194,060	97.481510 %
2	SAN MIGUEL BREWERY INC. RETIREMENT PLAN	1,333,400	1,333,400	0.806369 %
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	1,181,940	1,181,940	0.714774 %
4	SAN MIGUEL FOODS INC. RETIREMENT PLAN	333,400	333,400	0.201622 %
5	SAN MIGUEL YAMAMURA PACKAGING CORP. RETIREMENT PLAN	333,400	333,400	0.201622 %
6	DEWEY T. TAN OR ZENaida U. TAN	150,000	150,000	0.090712 %
7	GINEBRA SAN MIGUEL INC. RETIREMENT PLAN	133,400	133,400	0.080673 %
8	THE PUREFOODS HORMEL CO., INC. EMPLOYEES RETIREMENT PLAN	133,400	133,400	0.080673 %
9	SMHC MULTI-EMPLOYER RETIREMENT PLAN	80,000	80,000	0.048380 %
10	MAGNOLIA INC. RETIREMENT PLAN	66,700	66,700	0.040337 %
11	SAN MIGUEL MILLS, INC. RETIREMENT PLAN	66,700	66,700	0.040337 %
12	SMITS, INC. RETIREMENT PLAN	66,700	66,700	0.040337 %
13	JOHN BALDWIN TAN	60,000	60,000	0.036285 %
14	ANTONIO T. CHUA	40,000	40,000	0.024190 %
15	G.D. TAN & CO., INC.	38,000	38,000	0.022980 %
16	SAN MIGUEL EQUITY INVESTMENTS INC. RETIREMENT PLAN	33,400	33,400	0.020199 %
17	DISTILERIA BAGO, INC. RETIREMENT PLAN	26,700	26,700	0.016147 %
18	ARCHEN TECHNOLOGIES, INC. RETIREMENT PLAN	20,000	20,000	0.012095 %
19	SMCGP MULTI-EMPLOYER RETIREMENT PLAN	20,000	20,000	0.012095 %
20	PROCESS SYNERGY INC. RETIREMENT PLAN	13,400	13,400	0.008104 %
		----- 165,324,600 =====	----- 165,324,600 =====	----- 99.979439 % =====
TOTAL NO. OF SHARES :		165,358,600		
TOTAL NO. OF DISTINCT STOCKHOLDERS :		27		
TOTAL NO. OF ACCOUNTS :		27		

RANK	STOCKHOLDER NAME	Preferred 2-M	TOTAL SHARES	% OF O/S
1	GOVERNMENT SERVICE INSURANCE SYSTEM	133,333,330	133,333,330	76.923079 %
2	SOCIAL SECURITY SYSTEM	17,333,333	17,333,333	10.000000 %
3	THE INSULAR LIFE ASSURANCE COMPANY LTD.	13,333,330	13,333,330	7.692306 %
4	SOCIAL SECURITY SYSTEM ASSIGNED TO MANDATORY PROVIDENT FUND	7,999,999	7,999,999	4.615384 %
5	SOCIAL SECURITY SYSTEM ASSIGNED TO EMPLOYEES' COMPENSATION COMMISSION FUND	1,333,333	1,333,333	0.769231 %
		-----	-----	-----
		173,333,325	173,333,325	100.000000 %
		=====	=====	=====
TOTAL NO. OF SHARES :		173,333,325		
TOTAL NO. OF DISTINCT STOCKHOLDERS :		5		
TOTAL NO. OF ACCOUNTS :		5		

RANK	STOCKHOLDER NAME	Preferred 2-N	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	90,668,390	90,668,390	90.564151 %
2	SAN MIGUEL BREWERY INC. RETIREMENT PLAN	2,666,700	2,666,700	2.663634 %
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	1,698,410	1,698,410	1.696457 %
4	SAN MIGUEL FOODS INC. RETIREMENT PLAN	1,333,400	1,333,400	1.331867 %
5	SAN MIGUEL YAMAMURA PACKAGING CORP. RETIREMENT PLAN	1,333,400	1,333,400	1.331867 %
6	GINEBRA SAN MIGUEL INC. RETIREMENT PLAN	600,000	600,000	0.599310 %
7	THE PUREFOODS HORMEL CO., INC. EMPLOYEES RETIREMENT PLAN	266,700	266,700	0.266393 %
8	MAGNOLIA INC. RETIREMENT PLAN	200,000	200,000	0.199770 %
9	SMITS, INC. RETIREMENT PLAN	200,000	200,000	0.199770 %
10	SMHC MULTI-EMPLOYER RETIREMENT PLAN	186,700	186,700	0.186485 %
11	SAN MIGUEL MILLS, INC. RETIREMENT PLAN	160,000	160,000	0.159816 %
12	DISTILERIA BAGO, INC. RETIREMENT PLAN	80,000	80,000	0.079908 %
13	NCC RETIREMENT PLAN	66,700	66,700	0.066623 %
14	JIMMY SANTOS ONG	57,000	57,000	0.056934 %
15	ENRIQUE LL. YUSINGCO	55,000	55,000	0.054937 %
16	SAN MIGUEL PROPERTIES, INC. RETIREMENT PLAN	53,400	53,400	0.053339 %
17	SMC SHIPPING AND LIGHTERAGE CORPORATION RETIREMENT PLAN	53,400	53,400	0.053339 %
18	G.D. TAN & CO., INC.	53,000	53,000	0.052939 %
19	RUBEN S. ONG OR RICHARD AUSTIN ONG	47,500	47,500	0.047445 %
20	ANCHOR INSURANCE BROKERAGE CORPORATION RETIREMENT PLAN	40,000	40,000	0.039954 %

-----	-----	-----
99,819,700	99,819,700	99.704940 %
=====	=====	=====

TOTAL NO. OF SHARES :	100,115,100
TOTAL NO. OF DISTINCT STOCKHOLDERS :	40
TOTAL NO. OF ACCOUNTS :	40

ssst823
2025-02-28
01:38:04 PM

San Miguel Corporation
STOCK TRANSFER MODULE
List of Stockholders
As of Sep 30, 2024

PAGE

1

RANK	STOCKHOLDER NAME	Preferred 2-0	TOTAL SHARES	% OF O/S
1	PCD NOMINEE CORPORATION (FILIPINO)	142,546,050	142,546,050	75.878994 %
2	SOCIAL SECURITY SYSTEM	27,800,000	27,800,000	14.798278 %
3	SOCIAL SECURITY SYSTEM ASSIGNED TO MANDATORY PROVIDENT FUND	10,000,000	10,000,000	5.323121 %
4	SAN MIGUEL BREWERY INC. RETIREMENT PLAN	2,000,000	2,000,000	1.064624 %
5	SOCIAL SECURITY SYSTEM ASSIGNED TO EMPLOYEES' COMPENSATION COMMISSION FUND	2,000,000	2,000,000	1.064624 %
6	PCD NOMINEE CORPORATION (NON-FILIPINO)	663,300	663,300	0.353083 %
7	SAN MIGUEL FOODS INC. RETIREMENT PLAN	333,400	333,400	0.177473 %
8	SAN MIGUEL YAMAMURA PACKAGING CORP. RETIREMENT PLAN	333,400	333,400	0.177473 %
9	GENTEEL HOLDINGS, INC.	270,000	270,000	0.143724 %
10	GINEBRA SAN MIGUEL INC. RETIREMENT PLAN	266,700	266,700	0.141968 %
11	SOCIAL SECURITY SYSTEM ASSIGNED TO NEW VOLUNTARY PROVIDENT FUND	200,000	200,000	0.106462 %
12	THE PUREFOODS HORMEL CO., INC. EMPLOYEES RETIREMENT PLAN	200,000	200,000	0.106462 %
13	MAPRAZ HOLDINGS, INC.	135,000	135,000	0.071862 %
14	SPAGNOLO HOLDINGS, INC.	135,000	135,000	0.071862 %
15	MAGNOLIA INC. RETIREMENT PLAN	133,400	133,400	0.071010 %
16	SMHC MULTI-EMPLOYER RETIREMENT PLAN	133,400	133,400	0.071010 %
17	SMITS, INC. RETIREMENT PLAN	133,400	133,400	0.071010 %
18	SAN MIGUEL MILLS, INC. RETIREMENT PLAN	106,700	106,700	0.056798 %
19	CAROUSEL HOLDINGS, INC.	100,000	100,000	0.053231 %
20	MONACO HOLDINGS, INC.	100,000	100,000	0.053231 %
		187,589,750	187,589,750	99.856302 %
TOTAL NO. OF SHARES :		187,859,700		
TOTAL NO. OF DISTINCT STOCKHOLDERS :		39		
TOTAL NO. OF ACCOUNTS :		39		