COVER SHEET

P	W	-	2	7	7				

S. E. C. Registration Number

							S	A	N										
							M	I	G	U	E	L							
			C	O	R	P	O	R	A	T	I	O	N						

(Company's Full Name)

N	O	.	4	0		S	A	N		M	I	G	U	E	L		A	V	E
M	A	N	D	A	L	U	Y	O	N	G		C	I	T	Y				
M	E	T	R	O		M	A	N	I	L	A								
P	H	I	L	I	P	P	I	N	E	S									

(Business Address: No. Street City/Town/Province)

Atty. Mary Rose S. Tan

Contact Person

(632) 632-3000

Company Telephone Number

SEC FORM (1st Quarter-2024)

2nd Tuesday of June

1	2

Month

3	1

Day

		1	7	-	Q		

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

- - - - - - - - - - - - - - - - - -

S T A M P S

- - - - - - - - - - - - - - - - - -

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2024**

2. Commission identification number **PW00000227**

3. BIR Tax Identification No. **000-060-741-000**

4. Exact name of issuer as specified in its charter **SAN MIGUEL CORPORATION**

5. **Philippines**
   Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (SEC Use Only)

7. **No. 40 San Miguel Avenue, Mandaluyong City, Metro Manila** — **1550**
   Address of issuer's principal office — Postal Code

8. **(632) 8632-3000**
   Issuer's telephone number, including area code

9. **N/A**
   Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

	Number of Shares of Stock and debt Outstanding as of March 31, 2024
Common Shares	2,383,896,588
Series "2-F" Preferred Shares	223,333,500
Series "2-I" Preferred Shares	169,333,400
Series "2-J" Preferred Shares	266,666,667
Series "2-K" Preferred Shares	183,904,900
Series "2-M" Preferred Shares	173,333,325
Series "2-L" Preferred Shares	165,358,600
Series "2-N" Preferred Shares	100,115,100
Series "2-O" Preferred Shares	187,859,700
TOTAL	**3,853,801,780**

Total Liabilities — P1,842,910 million

11. Are any or all of registrant's securities listed on a Stock Exchange?
Yes [√] No [ ]

If yes, disclose name of the Stock Exchange and class of securities listed therein:
Philippine Stock Exchange

(a) Common Shares
(b) Series "2" Preferred Shares - 2-F
(c) Series "2" Preferred Shares - 2-I
(d) Series "2" Preferred Shares - 2-J
(e) Series "2" Preferred Shares - 2-K
(f) Series "2" Preferred Shares - 2-M
(g) Series "2" Preferred Shares - 2-L
(h) Series "2" Preferred Shares - 2-N
(i) Series "2" Preferred Shares - 2-O

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months.
Yes [√] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.
Yes [√] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited consolidated financial statements of San Miguel Corporation ("SMC" or "Parent Company") and its subsidiaries (collectively, the "Group") as of and for the period ended March 31, 2024 (with comparative figures as of December 31, 2023 and for the period ended March 31, 2023) and Selected Notes to the Consolidated Financial Statements is hereto attached as **Annex "A"**.

Item 2. Management's Discussion and Analysis of Financial Position and Financial Performance.

The information required by Part III, Paragraph (A)(2)(b) of "Annex C, as amended" is attached hereto as **Annex "B".**

PART II--OTHER INFORMATION

The Company may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C, which otherwise be required to be filed with respect to such information, or in a subsequent report on Form 17-Q.

NONE

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer	**SAN MIGUEL CORPORATION**
Signature and Title	**FERDINAND K. CONSTANTINO** Chief Finance Officer and Treasurer
Date	May 15, 2024
Signature and Title	**BELLA O. NAVARRA** Comptrollership Manager/ Principal Accounting Officer
Date	May 15, 2024

ANNEX "A"

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2024 AND DECEMBER 31, 2023
(In Millions)

	Note	2024 Unaudited	2023 Audited
ASSETS			
Current Assets			
Cash and cash equivalents	*8, 9*	**P270,341**	P261,358
Trade and other receivables - net	*4, 8, 9*	**264,992**	263,119
Inventories		**149,937**	161,986
Current portion of biological assets - net		**3,307**	3,515
Prepaid expenses and other current assets	*4, 8, 9*	**148,287**	141,424
Total Current Assets		**836,864**	831,402
Noncurrent Assets			
Investments and advances - net		**43,321**	37,089
Investments in equity and debt instruments	*4, 8, 9*	**19,426**	19,417
Property, plant and equipment - net	*5*	**773,247**	753,472
Right-of-use assets - net		**106,830**	108,014
Investment property - net		**81,436**	79,513
Biological assets - net of current portion		**2,512**	2,667
Goodwill - net		**182,723**	182,791
Other intangible assets - net		**312,878**	306,638
Deferred tax assets		**21,124**	19,633
Other noncurrent assets - net	*4, 8, 9*	**127,167**	118,729
Total Noncurrent Assets		**1,670,664**	1,627,963
		P2,507,528	P2,459,365
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	*4, 8, 9*	**P231,538**	P214,881
Accounts payable and accrued expenses	*4, 8, 9*	**236,480**	223,055
Lease liabilities - current portion	*4, 8, 9*	**15,491**	19,631
Income and other taxes payable		**49,335**	46,254
Dividends and distributions payable	*4, 7*	**5,607**	4,605
Current maturities of long-term debt - net of debt issue costs	*4, 8, 9*	**266,626**	236,798
Total Current Liabilities		**805,077**	745,224
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	*4, 8, 9*	**943,186**	953,786
Lease liabilities - net of current portion	*4, 8, 9*	**35,515**	36,941
Deferred tax liabilities		**30,219**	29,503
Other noncurrent liabilities	*4, 8, 9*	**28,913**	28,745
Total Noncurrent Liabilities		**1,037,833**	1,048,975

Forward

	2024 Unaudited	2023 Audited
Equity		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - common	**P16,443**	P16,443
Capital stock - preferred	**10,187**	10,187
Additional paid-in capital	**177,442**	177,468
Capital securities	**24,211**	24,211
Equity reserves	**7,036**	7,354
Retained earnings:		
Appropriated	**93,128**	87,170
Unappropriated	**93,950**	103,151
Treasury stock	**(109,763)**	(109,763)
	312,634	316,221
Non-controlling Interests	**351,984**	348,945
Total Equity	**664,618**	665,166
	P2,507,528	P2,459,365

Note: See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

CERTIFIED CORRECT:

BELLA O. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023
(In Millions, Except Per Share Data)

	Note	2024 Unaudited	2023 Unaudited
SALES	2	P392,713	P346,725
COST OF SALES		328,363	290,182
GROSS PROFIT		64,350	56,543
SELLING AND ADMINISTRATIVE EXPENSES		(23,886)	(21,490)
INTEREST EXPENSE AND OTHER FINANCING CHARGES		(23,522)	(21,803)
INTEREST INCOME		3,634	3,453
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES		416	652
GAIN (LOSS) ON SALE OF PROPERTY AND EQUIPMENT		13	(45)
OTHER INCOME (CHARGES) - Net	3	(6,847)	10,072
INCOME BEFORE INCOME TAX		14,158	27,382
INCOME TAX EXPENSE		5,271	9,643
NET INCOME		P8,887	P17,739
Attributable to:			
Equity holders of the Parent Company		P509	P8,832
Non-controlling interests		8,378	8,907
		P8,887	P17,739
Basic and Diluted Earnings (Loss) Per Common Share Attributable to Equity Holders of the Parent Company	6	(P0.78)	P3.13
Cash Dividends Declared Per Common Share	7	P0.35	P0.35

Note: See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

CERTIFIED CORRECT:

BELLA C. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023
(In Millions)

	2024 Unaudited	2023 Unaudited
NET INCOME	**P8,887**	P17,739
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified to profit or loss		
Remeasurement loss on net defined benefit retirement plan	**(1)**	(6)
Income tax benefit	**-**	1
Net gain (loss) on financial assets at fair value through other comprehensive income	**(7)**	11
Income tax benefit (expense)	**1**	(7)
Share in other comprehensive income of associates and joint ventures - net	**1**	-
	(6)	(1)
Items that may be reclassified to profit or loss		
Net loss on exchange differences on translation of foreign operations	**(625)**	(1,495)
Net gain on financial assets at fair value through other comprehensive income	**9**	13
Income tax expense	**(2)**	-
Net gain (loss) on cash flow hedges	**246**	(26)
Income tax benefit (expense)	**(61)**	10
Share in other comprehensive income (loss) of associates and joint ventures - net	**(51)**	47
	(484)	(1,451)
OTHER COMPREHENSIVE LOSS - Net of tax	**(490)**	(1,452)
TOTAL COMPREHENSIVE INCOME - Net of tax	**P8,397**	P16,287
Attributable to:		
Equity holders of the Parent Company	**P197**	P8,249
Non-controlling interests	**8,200**	8,038
	P8,397	P16,287

Note: See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

CERTIFIED CORRECT:

BELLA O. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023
(In Millions)

		Equity Attributable to Equity Holders of the Parent Company															
						Equity Reserves					Retained Earnings						
	Note	Capital Stock		Additional Paid-in Capital	Senior Perpetual Capital Securities	Reserve for Retirement Plan	Hedging Reserve	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Appro-priated	Unappro-priated	Treasury Stock		Total	Non-Controlling Interests	Total Equity
		Common	Preferred										Common	Preferred			
As at January 1, 2024 (Audited)		P16,443	P10,187	P177,468	P24,211	(P10,465)	(P403)	P330	P2,974	P14,918	P87,170	P103,151	(P67,093)	(P42,670)	P316,221	P348,945	P665,166
Net loss on exchange differences on translation of foreign operations		-	-	-	-	-	-	-	(443)	-	-	-	-	-	(443)	(182)	(625)
Share in other comprehensive income (loss) of associates and joint venture - net		-	-	-	-	-	-	(50)	(2)	-	-	-	-	-	(52)	2	(50)
Net gain on cash flow hedges		-	-	-	-	-	185	-	-	-	-	-	-	-	185	-	185
Net gain (loss) on financial assets at fair value through other comprehensive income		-	-	-	-	-	-	(1)	-	-	-	-	-	-	(1)	2	1
Remeasurement loss on defined benefit retirement plan		-	-	-	-	(1)	-	-	-	-	-	-	-	-	(1)	-	(1)
Other comprehensive income (loss)		-	-	-	-	(1)	185	(51)	(445)	-	-	-	-	-	(312)	(178)	(490)
Net income		-	-	-	-	-	-	-	-	-	-	509	-	-	509	8,378	8,887
Total comprehensive income (loss)		-	-	-	-	(1)	185	(51)	(445)	-	-	509	-	-	197	8,200	8,397
Share issuance costs from re-issuance of treasury shares		-	-	(26)	-	-	-	-	-	-	-	-	-	-	(26)	-	(26)
Net reduction to non-controlling interests and others		-	-	-	-	-	-	-	-	(6)	-	(32)	-	-	(38)	(1)	(39)
Appropriations - net		-	-	-	-	-	-	-	-	-	5,958	(5,958)	-	-	-	-	-
Cash dividends and distributions:	7																
Common		-	-	-	-	-	-	-	-	-	-	(834)	-	-	(834)	(3,798)	(4,632)
Preferred		-	-	-	-	-	-	-	-	-	-	(1,854)	-	-	(1,854)	(100)	(1,954)
Senior perpetual capital securities		-	-	-	-	-	-	-	-	-	-	(1,032)	-	-	(1,032)	(1,262)	(2,294)
As at March 31, 2024 (Unaudited)		P16,443	P10,187	P177,442	P24,211	(P10,466)	(P218)	P279	P2,529	P14,912	P93,128	P93,950	(P67,093)	(P42,670)	P312,634	P351,984	P664,618

Forward

	Note	Equity Attributable to Equity Holders of the Parent Company															
		Capital Stock		Additional Paid-in Capital	Senior Perpetual Capital Securities	Equity Reserves					Retained Earnings		Treasury Stock		Total	Non-Controlling Interests	Total Equity
		Common	Preferred			Reserve for Retirement Plan	Hedging Reserve	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Appropriated	Unappropriated	Common	Preferred			
As at January 1, 2023 (Audited)		P16,443	P10,187	P177,719	P24,211	(P9,256)	(P274)	P114	P5,641	P16,528	P71,004	P129,239	(P67,093)	(P89,670)	P284,793	P354,359	P639,152
Net loss on exchange differences on translation of foreign operations		-	-	-	-	-	-	-	(632)	-	-	-	-	-	(632)	(863)	(1,495)
Share in other comprehensive income (loss) of associates and joint venture - net		-	-	-	-	-	-	50	-	-	-	-	-	-	50	(3)	47
Net loss on cash flow hedges		-	-	-	-	-	(12)	-	-	-	-	-	-	-	(12)	(4)	(16)
Net gain on financial assets at fair value through other comprehensive income		-	-	-	-	-	-	15	-	-	-	-	-	-	15	2	17
Remeasurement loss on defined benefit retirement plan		-	-	-	-	(4)	-	-	-	-	-	-	-	-	(4)	(1)	(5)
Other comprehensive income (loss)		-	-	-	-	(4)	(12)	65	(632)	-	-	-	-	-	(583)	(869)	(1,452)
Net income		-	-	-	-	-	-	-	-	-	-	8,832	-	-	8,832	8,907	17,739
Total comprehensive income (loss)		-	-	-	-	(4)	(12)	65	(632)	-	-	8,832	-	-	8,249	8,038	16,287
Net addition (reduction) to non-controlling interests and others		-	-	-	-	-	-	-	(309)	11	-	(260)	-	-	(558)	(849)	(1,407)
Appropriations - net		-	-	-	-	-	-	-	-	-	9,423	(9,423)	-	-	-	-	-
Cash dividends and distributions:	7																
Common		-	-	-	-	-	-	-	-	-	-	(835)	-	-	(835)	(3,466)	(4,301)
Preferred		-	-	-	-	-	-	-	-	-	-	(877)	-	-	(877)	(125)	(1,002)
Senior perpetual capital securities		-	-	-	-	-	-	-	-	-	-	(1,000)	-	-	(1,000)	(2,072)	(3,072)
As at March 31, 2023 (Unaudited)		P16,443	P10,187	P177,719	P24,211	(P9,260)	(P286)	P179	P4,700	P16,539	P80,427	P125,676	(P67,093)	(P89,670)	P289,772	P355,885	P645,657

Note: See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

CERTIFIED CORRECT:

BELLA G. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023
(In Millions)

	Note	2024 Unaudited	2023 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P14,158**	P27,382
Adjustments for:			
Interest expense and other financing charges		**23,522**	21,803
Depreciation, amortization and others - net	*3, 5*	**22,434**	4,255
Interest income		**(3,634)**	(3,453)
Equity in net earnings of associates and joint ventures		**(416)**	(652)
Loss (gain) on sale of property and equipment		**(13)**	45
Operating income before working capital changes		**56,051**	49,380
Changes in noncash current assets, certain current liabilities and others		**16,745**	19,786
Cash generated from operations		**72,796**	69,166
Interest and other financing charges paid		**(22,676)**	(21,706)
Income taxes paid		**(2,943)**	(1,925)
Net cash flows provided by operating activities		**47,177**	45,535
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property, plant and equipment	*5*	**(27,866)**	(16,113)
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 used in investing activities		**(51,646)**	(36,519)

Forward

	Note	2024 Unaudited	2023 Unaudited
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Short-term borrowings		**P287,274**	P250,199
Long-term borrowings		**24,181**	65,352
Payments of:			
Short-term borrowings		**(270,526)**	(300,920)
Long-term borrowings		**(14,402)**	(79,041)
Payments 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	7	**(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)
Net cash flows provided by (used in) financing activities		**12,668**	(79,338)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**784**	(4,276)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**8,983**	(74,598)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**261,358**	318,214
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**P270,341**	P243,616

Note: See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

CERTIFIED CORRECT:

BELLA O. NAVARRA
SVP, Corporate Finance - Comptrollership

SAN MIGUEL CORPORATION AND SUBSIDIARIES
TRADE AND OTHER RECEIVABLES
MARCH 31, 2024
(In Millions)

			Past Due			
	Total	**Current**	**1 - 30 Days**	**31 - 60 Days**	**61 - 90 Days**	**Over 90 Days**
Trade	P 188,565	P 130,365	P 13,837	P 4,973	P 2,527	P 36,863
Non-trade	78,890	44,884	304	464	592	32,646
Others	10,578	9,790	90	20	7	671
Total	278,033	**P 185,039**	**P 14,231**	**P 5,457**	**P 3,126**	**P 70,180**
Less allowance for impairment losses	13,041					
Net	**P 264,992**					

San Miguel Corporation
Proceeds from Issuance of Series "2", in Subseries "L", Subseries "N" and Subseries "O" Preferred Shares
March 31, 2024
(Amounts in Millions)

i) Gross and Net Proceeds as Disclosed in the Final Offer Supplement [a]

Gross proceeds			**P**	50,000
Estimated fees, commissions and expenses relating to the issue:				
Underwriting fees	**P**	275		
PSE filing fee (inclusive of VAT)		56		
Taxes		25		
Philippine SEC filing and legal research fee		13		
Estimated legal and other professional fees		6		
Estimated other expenses		4		379
Net proceeds			**P**	49,621

ii) Actual Gross and Net Proceeds [b]

Gross proceeds			**P**	34,000
Underwriting fees	**P**	218		
PSE filing fee (inclusive of VAT)		56		
Taxes		17		
Philippine SEC filing and legal research fee		13		
Legal and other professional fees		5		
Other expenses		1		310
Net proceeds/balance of the proceeds			**P**	33,690

iii) Each Expenditure Item Where the Proceeds were Used

Repayment of Philippine Peso-denominated short-term loans	**P**	16,530		
Repayment of the Series B Bonds		7,294	**P**	23,824

iv) Balance of the Proceeds as of End of Reporting Period **P** 9,866

a The Gross and Net Proceeds as Disclosed in the Final Offer Supplement is based on (i) 400,000,000 Series "2" Preferred Shares with an (ii) oversubscription option of 266,666,700 Series "2" Preferred Shares at P75.00 per share amounting to P50,000 million.

b The Actual Gross and Net Proceeds is based on (i) 400,000,000 Series "2" Preferred Shares with an (ii) oversubscription option of 53,333,400 Series "2" Preferred Shares at P75.00 per share amounting to P34,000 million.

1. Material Accounting Policy Information

The interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting* and do not include all the information required in the annual consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements as at December 31, 2023.

The interim consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on May 14, 2024.

The interim consolidated financial statements are presented in Philippine peso and all financial information are rounded off to the nearest million (000,000), except when otherwise indicated.

The principal accounting policies adopted in the preparation of the interim consolidated financial statements of the Group are consistent with those followed in the most recent annual audited consolidated financial statements, except for the changes in accounting policies as explained below.

The Financial and Sustainability Reporting Standards Council (FSRSC) approved the adoption of a number of new and amendments to standards as part of Philippine Financial Reporting Standards (PFRS).

Adoption of Amendments to Standards

The Group has adopted the following amendments to PFRS effective January 1, 2024 and accordingly, changed its accounting policies in the following areas:

- Lease Liability in a Sale and Leaseback (Amendments to PFRS 16, *Leases*). The amendments confirm the following:
  - On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale and leaseback transaction.
  - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right-of-use asset it retains.

  A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

- Classification of Liabilities as Current or Noncurrent - 2020 Amendments and Noncurrent Liabilities with Covenants - 2022 Amendments (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
  - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead require that the right must have substance and exist at the reporting date;

- clarified that only covenants with which the entity must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;

- provided additional disclosure requirements for noncurrent liabilities subject to conditions within 12 months after the reporting period to enable the assessment of the risk that the liability could become repayable within 12 months; and

- clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

- Supplier Finance Arrangements (Amendments to PAS 7, *Statement of Cash Flows,* and PFRS 7, *Financial Instruments: Disclosures).* The amendments introduce new disclosure objectives to provide information about the supplier finance arrangements of an entity that would enable users to assess the effects of these arrangements on the liabilities and cash flows, and the exposure to liquidity risk.

  Under the amendments, entities also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

  The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in PFRS 7 on factors an entity might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

The adoption of the amendments to standards did not have a material effect on the interim consolidated financial statements.

New and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2024 and have not been applied in preparing the interim consolidated financial statements. None of these are expected to have a significant effect on the interim consolidated financial statements.

The Group will adopt the following new and amendments to standards on the respective effective dates:

- PFRS 17, *Insurance Contracts*, replaces the interim standard, PFRS 4, *Insurance Contracts*, and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The new standard applies to all insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

PFRS 17 aims to increase transparency and to reduce diversity in the accounting for insurance contracts. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by a specific adaptation for contracts with direct participation features (the variable fee approach) and simplified approach (the premium allocation approach) mainly for short-duration contracts.

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two years after its effective date as decided by the International Accounting Standards Board (IASB).

PFRS 17 is effective for annual reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Lack of Exchangeability (Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*). The amendments clarify that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

  When a currency is not exchangeable, an entity needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

  The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the entity because the currency is not exchangeable.

  The amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted. Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the entity uses a presentation currency other than its functional currency.

Deferral of the local implementation of Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

- The amendments address an inconsistency in the requirements in PFRS 10 and PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Originally, the amendments apply prospectively for annual reporting periods beginning on or after January 1, 2016, with early adoption permitted. However, on January 13, 2016, the FSRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

2. Segment Information

Operating Segments

The reporting format of the Group's operating segments is determined based on the Group's risks and rates of return which are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products produced and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's reportable segments are food and beverage, packaging, energy, fuel and oil, infrastructure and cement.

The food and beverage segment is engaged in: (i) the processing and marketing of branded value-added refrigerated processed meats and canned meat products, manufacturing and marketing of butter, margarine, cheese, milk, ice cream, jelly-based snacks and desserts, specialty oils, salad aids, snacks and condiments, marketing of flour mixes and the importation and marketing of coffee and coffee-related products (collectively known as "Prepared and Packaged Food"), (ii) the production and sale of feeds ("Animal Nutrition and Health"), (iii) the poultry and livestock farming, processing and selling of poultry and fresh meats ("Protein"), and (iv) the milling, production and marketing of flour and bakery ingredients, grain terminal handling, food services, franchising and international operations. It is also engaged in the production, marketing and selling of fermented, malt-based and non-alcoholic beverages within the Philippines and several foreign markets; and production of hard liquor in the form of gin, Chinese wine, brandy, rum, vodka and other liquor variants which are available nationwide, while some are exported to select countries.

The packaging segment is involved in the production and marketing of packaging products including, among others, glass containers, glass molds, polyethylene terephthalate (PET) bottles and preforms, PET recycling, plastic closures, corrugated cartons, woven polypropylene, kraft sacks and paperboard, pallets, flexible packaging, plastic crates, plastic floorings, plastic films, plastic trays, plastic pails and tubs, metal closures and two-piece aluminum cans, woven products, industrial laminates and radiant barriers. It is also involved in crate and plastic pallet leasing, PET bottle filling graphics design, packaging research and testing, packaging development and consultation, contract packaging and trading.

The energy segment sells, retails and distributes power, through power supply agreements, retail supply contracts, concession agreement and other power-related service agreements, either directly to customers (other generators, distribution utilities, including Manila Electric Company, electric cooperatives and industrial customers), or through the Philippine Wholesale Electricity Spot Market.

The fuel and oil segment is engaged in refining crude oil and marketing and distribution of refined petroleum products.

The infrastructure segment has investments in companies which hold long-term concessions in the infrastructure sector in the Philippines. It is engaged in the management and operation, as well as, construction and development of various infrastructure projects such as major toll roads, airports, railways and bulk water.

The cement segment is primarily engaged in the manufacturing, marketing and distribution of cement products.

Inter-segment Transactions

Segment revenues, expenses and performance include sales and purchases between operating segments. Such transactions are eliminated in consolidation.

Operating Segments

Financial information about reportable segments as at and for the periods ended March 31, 2024, December 31, 2023 and March 31, 2023 follows:

	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Eliminations		Consolidated	
	March 2024	March 2023	**March 2024**	March 2023	**March 2024**	March 2023	**March 2024**	March 2023	**March 2024**	March 2023	**March 2024**	March 2023	**March 2024**	March 2023	**March 2024**	March 2023	**March 2024**	March 2023
Sales																		
External sales	**P95,414**	P93,165	**P6,320**	P6,644	**P42,126**	P37,751	**P225,016**	P184,652	**P8,884**	P8,169	**P9,082**	P10,170	**P5,871**	P6,174	**P -**	P -	**P392,713**	P346,725
Inter-segment sales	**18**	21	**2,087**	3,551	**1,997**	3,373	**2,621**	4,101	**2**	1	**194**	170	**9,037**	9,148	**(15,956)**	(20,365)	**-**	-
Total sales	**P95,432**	P93,186	**P8,407**	P10,195	**P44,123**	P41,124	**P227,637**	P188,753	**P8,886**	P8,170	**P9,276**	P10,340	**P14,908**	P15,322	**(P15,956)**	(P20,365)	**P392,713**	P346,725
Result																		
Segment result	**P13,119**	P11,581	**P696**	P803	**P8,840**	P7,575	**P10,171**	P8,418	**P4,768**	P4,484	**P1,811**	P1,333	**P604**	P684	**P455**	P175	**P40,464**	P35,053
Interest expense and other financing charges																	**(23,522)**	(21,803)
Interest income																	**3,634**	3,453
Equity in net earnings of associates and joint ventures																	**416**	652
Gain (loss) on sale of property and equipment																	**13**	(45)
Other income (charges) - net																	**(6,847)**	10,072
Income tax expense																	**(5,271)**	(9,643)
Net Income																	**P8,887**	P17,739

	March 2024	December 2023	**March 2024**	December 2023	**March 2024**	December 2023	**March 2024**	December 2023	**March 2024**	December 2023	**March 2024**	December 2023	**March 2024**	December 2023	**March 2024**	December 2023	**March 2024**	December 2023
Other Information																		
Segment assets	**P303,581**	P297,032	**P48,470**	P50,431	**P720,651**	P702,778	**P436,285**	P432,972	**P447,560**	P440,455	**P117,683**	P116,185	**P343,883**	P339,296	**(P178,441)**	(P180,120)	**P2,239,672**	P2,199,029
Investments in and advances to associates and joint ventures	**-**	-	**-**	-	**12,061**	10,953	**7**	6	**7,409**	5,184	**2,458**	2,358	**21,386**	18,588	**-**	-	**43,321**	37,089
Goodwill and trademarks																	**182,940**	183,008
Other assets																	**20,471**	20,606
Deferred tax assets																	**21,124**	19,633
Consolidated Total Assets																	**P2,507,528**	P2,459,365

Forward

	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Eliminations		Consolidated	
	March 2024	December 2023	**March 2024**	December 2023	**March 2024**	December 2023	**March 2024**	December 2023	**March 2024**	December 2023	**March 2024**	December 2023	**March 2024**	December 2023	**March 2024**	December 2023	**March 2024**	December 2023
Segment liabilities	**P71,547**	P73,742	**P8,494**	P9,603	**P92,957**	P81,870	**P74,611**	P66,707	**P53,665**	P53,317	**P7,223**	P6,974	**P101,499**	P102,371	**(P151,327)**	(P148,456)	**P258,669**	P246,128
Loans payable																	**231,538**	214,881
Long-term debt																	**1,209,812**	1,190,584
Lease liabilities																	**51,006**	56,572
Income and other taxes payable																	**49,335**	46,254
Dividends and distributions payable and others																	**12,331**	10,277
Deferred tax liabilities																	**30,219**	29,503
Consolidated Total Liabilities																	**P1,842,910**	P1,794,199

Disaggregation of Revenue

The following table shows the disaggregation of revenue by timing of revenue recognition and the reconciliation of the disaggregated revenue with the Group's reportable segments for the periods ended March 31, 2024 and 2023:

	Food and Beverage		Packaging		Energy		Fuel and Oil		Infrastructure		Cement		Real Estate and Others		Consolidated	
	March 2024	March 2023	**March 2024**	March 2023	**March 2024**	March 2023	**March 2024**	March 2023	**March 2024**	March 2023	**March 2024**	March 2023	**March 2024**	March 2023	**March 2024**	March 2023
Timing of recognition																
Sales recognized at point in time	**P95,411**	P93,162	**P6,139**	P6,419	**P -**	P -	**P225,016**	P184,652	**P -**	P -	**P9,082**	P10,170	**P4,772**	P5,304	**P340,420**	P299,707
Sales recognized over time	**3**	3	**181**	225	**42,126**	37,751	**-**	-	**8,884**	8,169	**-**	-	**1,099**	870	**52,293**	47,018
Total external sales	**P95,414**	P93,165	**P6,320**	P6,644	**P42,126**	P37,751	**P225,016**	P184,652	**P8,884**	P8,169	**P9,082**	P10,170	**P5,871**	P6,174	**P392,713**	P346,725

3. Other Income (Charges) - Net

Other income (charges) - net consists of:

	Note	March 31 2024	2023
Gain (loss) on foreign exchange - net	8	**(P7,581)**	P10,452
Construction costs		**(6,453)**	(12,613)
Construction revenue		**6,453**	12,613
Gain (loss) on derivatives - net	9	**358**	(2,177)
Dividend income		**12**	14
Miscellaneous gain		**-**	1,530
Others		**364**	253
		(P6,847)	P10,072

The construction revenue recognized in profit or loss approximates the construction costs recognized. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Construction costs are recognized by reference to the stage of completion of the construction activity of toll road, airport, water concession rights as at reporting date.

Miscellaneous gain represents the income recognized in 2023 by Ginebra San Miguel Inc. from the assignment of product rights amounting to P1,530.

"Others" consist of rent income, commission income, insurance claims, changes in fair value of financial assets at fair value through profit or loss (FVPL), reversal of impairment, casualty loss and expenses of closed facilities.

4. Related Party Disclosures

San Miguel Corporation (SMC or the Parent Company), certain subsidiaries and their shareholders, associates and joint ventures purchase products and services from one another in the normal course of business. The Parent Company requires approval of the BOD for related party transactions amounting to at least ten percent (10%) of the total consolidated assets based on its latest audited financial statements.

Amounts owed by/owed to related parties are collectible/will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The following are the transactions with related parties and the outstanding balances as at March 31, 2024 and December 31, 2023:

	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Ultimate Parent Company	**March 31, 2024**	**P1**	**P -**	**P -**	**P515**	On demand; non-interest bearing	Unsecured
	December 31, 2023	8	-	-	515		
	March 31, 2024	**-**	**-**	**3,037**	**-**	To be settled on the first anniversary of commercial operations of the Nonoc Project; interest bearing	Unsecured; no impairment
	December 31, 2023	-	-	3,037	-		
Retirement Plans	**March 31, 2024**	**6**	**-**	**2,992**	**-**	On demand; non-interest bearing	Unsecured; no impairment
	December 31, 2023	29	-	3,332	-		
	March 31, 2024	**58**	**-**	**4,127**	**46**	On demand; interest bearing	Unsecured; no impairment
	December 31, 2023	239	-	4,129	9		
Associates	**March 31, 2024**	**411**	**1**	**3,260**	**80**	On demand; non-interest bearing	Unsecured; no impairment
	December 31, 2023	2,466	-	1,119	73		
	March 31, 2024	**93**	**-**	**4,297**	**27,881**	Less than 1 to 15 years; interest bearing	Unsecured and secured; no impairment
	December 31, 2023	469	-	4,288	25,076		
Joint Ventures	**March 31, 2024**	**23**	**14**	**219**	**14**	On demand; non-interest bearing	Unsecured; no impairment
	December 31, 2023	74	65	197	18		
	March 31, 2024	**13**	**-**	**621**	**-**	On demand; interest bearing	Unsecured; with impairment
	December 31, 2023	40	-	621	-		
	March 31, 2024	**20**	**-**	**1,475**	**-**	Less than 1 to 10.5 years; interest bearing	Unsecured; no impairment
	December 31, 2023	77	-	1,479	-		
Shareholder of the Ultimate Parent Company	**March 31, 2024**	**-**	**-**	**1,300**	**-**	On demand; non-interest bearing	Unsecured; no impairment
	December 31, 2023	-	-	1,300	-		
Shareholders in Subsidiaries	**March 31, 2024**	**13**	**266**	**95**	**1,324**	On demand; non-interest bearing	Unsecured; no impairment
	December 31, 2023	30	990	100	1,304		
Others	**March 31, 2024**	**96**	**31**	**140**	**327**	On demand; non-interest bearing	Unsecured; no impairment
	December 31, 2023	451	2,965	157	162		
Total	**March 31, 2024**	**P734**	**P312**	**P21,563**	**P30,187**		
Total	December 31, 2023	P3,883	P4,020	P19,759	P27,157		

1) Revenue consists of sale of power, fuel and other products and services to related parties.

2) Purchases consist of purchase of inventories, power and other products and services from related parties.

3) Amounts owed by related parties consist of current and noncurrent receivable, advances to suppliers and deposits and share in expenses.

   a) Amounts owed by related parties include interest bearing receivable from Top Frontier Investment Holdings, Inc. (Top Frontier or the Ultimate Parent Company) related to the remaining balance of the consideration for the sale of Clariden Holdings, Inc. (Clariden) amounting to P2,312 and the assignment of certain receivables of the Ultimate Parent Company amounting to P725.

      (i) Amounts owed by the Ultimate Parent Company amounting to P2,312: On September 27, 2019, SMC and Top Frontier agreed in writing that the second payment amounting to P1,099, plus 5.75% interest rate per annum of any portion thereof unpaid, and the final payment amounting to P1,213, plus 6.00% per annum of any portion thereof unpaid, shall be payable and the interest shall be accrued, on the first anniversary of commercial operations of the Nonoc Project or such extended date as may be mutually agreed by the parties in writing. The Nonoc Project is primarily focused in extracting nickel deposits in Nonoc Island, Surigao City, Surigao del Norte undertaken by Pacific Nickel Philippines, Inc., an indirect subsidiary of Clariden. As at March 31, 2024 and December 31, 2023, the Nonoc

Project has not yet started commercial operations. These amounts are included as part of noncurrent receivables and deposits under "Other noncurrent assets - net" account in the consolidated statements of financial position as at March 31, 2024 and December 31, 2023.

(ii) *Amounts owed by the Ultimate Parent Company amounting to P725:* These amounts are subject to 5.75% interest rate per annum and will accrue upon commencement of commercial operations of the Nonoc Project. As at March 31, 2024 and December 31, 2023, the Nonoc Project has not yet started commercial operations. These amounts are included as part of noncurrent receivables and deposit under "Other noncurrent assets - net" account in the consolidated statements of financial position as at March 31, 2024 and December 31, 2023.

b) The Parent Company has advances to and receivables from San Miguel Corporation Retirement Plan amounting to P6,171 and P6,522 as at March 31, 2024 and December 31, 2023, respectively, included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statements of financial position. Portion of the advances are subject to interest of 5.75% per annum in 2024 and 2023. Interest income earned from the advances amounted to P47 in 2024 and 2023.

c) Petron has advances to Petron Corporation Employee Retirement Plan amounting to P948 and P937 as at March 31, 2024 and December 31, 2023, respectively, included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statements of financial position. The advances are subject to interest of 5% per annum in 2024 and 2023. Interest income earned from the advances amounted to P11 in 2024 and 2023.

d) Amounts owed by related parties include investments in debt securities under investment agreement with Bank of Commerce (BankCom) for a total amount of P4,297 and P4,288 as at March 31, 2024 and December 31, 2023, respectively, presented as part of "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts in the consolidated statements of financial position.

e) Amounts owed by related parties include non-interest-bearing receivable from joint ventures included as part of "Trade and other receivables - net" account in the consolidated statements of financial position. Allowance for impairment losses pertaining to these receivables amounted to P621 as at March 31, 2024 and December 31, 2023.

f) Amounts owed by joint ventures include the interest-bearing loans granted by PowerOne Ventures Energy Inc. to Angat Hydropower Corporation amounting to P1,475 and P1,479 as at March 31, 2024 and December 31, 2023, respectively, presented as part of "Trade and other receivables - net" and "Other noncurrent assets - net" accounts in the consolidated statements of financial position.

g) Amounts owed by related parties include the receivable from the assignment by Eagle Cement Corporation to Far East Holdings Inc. of the advances for future investment in KB Space Holdings Inc. amounting to P1,300, presented as part of "Trade and other receivables - net" account in the consolidated statements of financial position as at March 31, 2024 and December 31, 2023.

4) Amounts owed to related parties consist of trade payables, professional fees and leases. Amounts owed to a related party for the lease of office space presented as part of “Lease liabilities - current portion” amounted to P5 and P4 as at March 31, 2024 and December 31, 2023, respectively, and as part of “Lease liabilities - net of current portion” amounted to P3 and P5 as at March 31, 2024 and December 31, 2023, respectively. The amount owed to the Ultimate Parent Company pertains to dividends payable.

5) The amounts owed to associates include interest bearing loans payable to BankCom presented as part of “Loans payable” account amounting to P7,653 and P6,382 and “Long-term debt” account amounting to P20,228 and P18,694 in the consolidated statements of financial position as at March 31, 2024 and December 31, 2023, respectively.

   The amounts owed to associates include syndicated project finance loans amounting to P14,019 and P12,375 as at March 31, 2024 and December 31, 2023, respectively, which were secured by certain property, plant and equipment and other intangible assets.

There were no known transactions with parties that fall outside the definition "related parties" under PAS 24, *Related Party Disclosures*, but with whom SMC or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

5. Property, Plant and Equipment

Property, plant and equipment consist of:

March 31, 2024 and December 31, 2023

	Land and Land Improvements	Buildings and Improvements	Power Plants	Refinery and Plant Equipment	Service Stations and Other Equipment	Equipment, Furniture and Fixtures	Leasehold Improvements	Capital Projects in Progress	Total
Cost									
January 1, 2023 (Audited)	P53,863	P80,797	P203,466	P194,444	P20,482	P233,513	P9,971	P194,022	P990,558
Additions	320	734	1,728	394	514	7,698	173	59,612	71,173
Acquisition of a subsidiary	448	-	-	-	-	-	-	-	448
Disposals/retirement	(6)	(168)	(76)	(1)	(918)	(2,943)	(14)	(14)	(4,140)
Reclassifications and others	3,801	12,365	20,251	948	261	23,101	2,549	(55,165)	8,111
Currency translation adjustments	(102)	(276)	-	(1,278)	(494)	(773)	2	(38)	(2,959)
December 31, 2023 (Audited)	58,324	93,452	225,369	194,507	19,845	260,596	12,681	198,417	1,063,191
Additions	85	25	488	68	344	1,511	56	25,289	27,866
Disposals/retirement	-	(17)	-	-	(476)	(279)	(1)	-	(773)
Reclassifications and others	152	1,838	19,335	1	(6)	2,569	3,934	(26,988)	835
Currency translation adjustments	(80)	39	-	(258)	(102)	71	(18)	(8)	(356)
March 31, 2024 (Unaudited)	**58,481**	**95,337**	**245,192**	**194,318**	**19,605**	**264,468**	**16,652**	**196,710**	**1,090,763**
Accumulated Depreciation									
January 1, 2023 (Audited)	4,418	22,994	31,561	70,405	15,550	119,783	2,817	-	267,528
Depreciation	560	2,518	8,760	6,336	950	12,496	547	-	32,167
Disposals/retirement	(6)	(117)	(13)	(1)	(818)	(1,980)	(14)	-	(2,949)
Reclassifications	(11)	(477)	-	31	14	467	(8)	-	16
Currency translation adjustments	1	(129)	-	(553)	(320)	(444)	-	-	(1,445)
December 31, 2023 (Audited)	4,962	24,789	40,308	76,218	15,376	130,322	3,342	-	295,317
Depreciation	141	664	2,365	1,838	194	3,458	157	-	8,817
Disposals/retirement	-	(17)	-	-	(451)	(222)	(1)	-	(691)
Reclassifications	(11)	(295)	-	-	2	16	-	-	(288)
Currency translation adjustments	(3)	4	-	(116)	(60)	(43)	(4)	-	(222)
March 31, 2024 (Unaudited)	**5,089**	**25,145**	**42,673**	**77,940**	**15,061**	**133,531**	**3,494**	**-**	**302,933**
Accumulated Impairment Losses									
January 1, 2023 (Audited)	-	3,417	-	-	-	11,395	26	-	14,838
Impairment	-	-	-	-	-	15	-	65	80
Disposals/retirement	-	(42)	-	-	-	(84)	-	-	(126)
Reclassifications	-	-	-	-	-	(122)	-	-	(122)
Currency translation adjustments	-	(72)	-	-	-	(196)	-	-	(268)
December 31, 2023 (Audited)	-	3,303	-	-	-	11,008	26	65	14,402
Reversal of impairment	-	-	-	-	-	(5)	-	-	(5)
Currency translation adjustments	-	46	-	-	-	141	(1)	-	186
March 31, 2024 (Unaudited)	**-**	**3,349**	**-**	**-**	**-**	**11,144**	**25**	**65**	**14,583**
Carrying Amount									
December 31, 2023 (Audited)	P53,362	P65,360	P185,061	P118,289	P4,469	P119,266	P9,313	P198,352	P753,472
March 31, 2024 (Unaudited)	**P53,392**	**P66,843**	**P202,519**	**P116,378**	**P4,544**	**P119,793**	**P13,133**	**P196,645**	**P773,247**

March 31, 2023

	Land and Land Improvements	Buildings and Improvements	Power Plants	Refinery and Plant Equipment	Service Stations and Other Equipment	Equipment, Furniture and Fixtures	Leasehold Improvements	Capital Projects in Progress	Total
Cost									
January 1, 2023 (Audited)	P53,863	P80,797	P203,466	P194,444	P20,482	P233,513	P9,971	P194,022	P990,558
Additions	93	97	61	45	32	1,326	9	14,450	16,113
Disposals/retirement	-	(3)	(76)	-	(80)	(151)	-	-	(310)
Reclassifications and others	815	1,272	2	275	77	2,321	9	(692)	4,079
Currency translation adjustments	(66)	(244)	-	(644)	(253)	(762)	(17)	(17)	(2,003)
March 31, 2023 (Unaudited)	54,705	81,919	203,453	194,120	20,258	236,247	9,972	207,763	1,008,437
Accumulated Depreciation									
January 1, 2023 (Audited)	4,418	22,994	31,561	70,405	15,550	119,783	2,817	-	267,528
Depreciation	128	560	2,077	1,412	252	2,931	116	-	7,476
Disposals/retirement	-	(3)	(13)	-	(76)	(122)	-	-	(214)
Reclassifications	(21)	(172)	-	-	4	59	-	-	(130)
Currency translation adjustments	1	(118)	-	(277)	(157)	(456)	(3)	-	(1,010)
March 31, 2023 (Unaudited)	4,526	23,261	33,625	71,540	15,573	122,195	2,930	-	273,650
Accumulated Impairment Losses									
January 1, 2023 (Audited)	-	3,417	-	-	-	11,395	26	-	14,838
Reversal of impairment	-	-	-	-	-	(5)	-	-	(5)
Currency translation adjustments	-	(47)	-	-	-	(184)	(1)	-	(232)
March 31, 2023 (Unaudited)	-	3,370	-	-	-	11,206	25	-	14,601
Carrying Amount									
March 31, 2023 (Unaudited)	P50,179	P55,288	P169,828	P122,580	P4,685	P102,846	P7,017	P207,763	P720,186

Depreciation charged to operations amounted to P8,817 and P7,476 for the periods ended March 31, 2024 and 2023, respectively.

Reclassifications and others include transfers to investment property due to change in usage as evidenced by ending of owner-occupation or commencement of operating lease to another party and reclassifications from capital projects in progress account to specific property, plant and equipment accounts.

As at March 31, 2024 and December 31, 2023, certain property, plant and equipment amounting to P176,124 and P165,263, respectively, are pledged as security for syndicated project finance loans.

6. Basic and Diluted Earnings Per Common Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company, net of dividends on preferred shares and distributions to holders of capital securities, by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

For the purpose of computing diluted EPS, the net income for the period attributable to equity holders of the Parent Company and the weighted-average number of issued and outstanding common shares during the period are adjusted for the effect of all potential dilutive debt or equity instruments.

Basic and diluted EPS is computed as follows:

	March 31	
	2024	2023
Net income attributable to equity holders of the Parent Company	**P509**	P8,832
Less: Dividends on preferred shares for the period	**1,854**	877
Distributions to capital securities for the period	**516**	500
Net income (loss) attributable to common shareholders of the Parent Company (a)	**(P1,861)**	P7,455
Weighted average number of common shares outstanding (in millions) - basic and diluted (b)	**2,384**	2,384
Basic and diluted earnings (loss) per common share attributable to equity holders of the Parent Company (a/b)	**(P0.78)**	P3.13

Earnings (loss) per share is computed based on amounts in nearest Peso.

As at March 31, 2024 and 2023, the Parent Company has no dilutive debt or equity instruments.

7. Dividends and Distributions

Dividends

The BOD of the Parent Company approved the declaration and payment of the following cash dividends for common and preferred shares as follows:

2024

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend per Share
Common				
	March 11, 2024	March 27, 2024	April 26, 2024	**P0.35**
Preferred				
SMC2F	January 18, 2024	March 21, 2024	April 4, 2024	**1.27635**
SMC2I	January 18, 2024	March 21, 2024	April 4, 2024	**1.18790625**
SMC2J	January 18, 2024	March 21, 2024	April 4, 2024	**0.890625**
SMC2K	January 18, 2024	March 21, 2024	April 4, 2024	**0.84375**
SMC2L	January 18, 2024	March 21, 2024	April 4, 2024	**1.48396875**
SMC2M	January 18, 2024	March 21, 2024	April 4, 2024	**1.5703125**
SMC2N	January 18, 2024	March 21, 2024	April 4, 2024	**1.5649875**
SMC2O	January 18, 2024	March 21, 2024	April 4, 2024	**1.611300**

2023

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend per Share
Common				
	March 9, 2023	March 31, 2023	April 28, 2023	P0.35
Preferred				
SMC2F	January 26, 2023	March 21, 2023	April 4, 2023	1.27635
SMC2I	January 26, 2023	March 21, 2023	April 4, 2023	1.18790625
SMC2J	January 26, 2023	March 21, 2023	April 4, 2023	0.890625
SMC2K	January 26, 2023	March 21, 2023	April 4, 2023	0.84375

On May 14, 2024, the BOD of the Parent Company declared regular and one-time cash dividends to all preferred shareholders of record as at June 21, 2024 on the following shares to be paid on July 4, 2024, as follows:

Regular Dividend

Class of Shares	**Dividend Per Share**
SMC2F	P1.27635
SMC2I	1.18790625
SMC2J	0.890625
SMC2K	0.84375
SMC2L	1.48396875
SMC2M	1.5703125
SMC2N	1.5649875
SMC2O	1.611300

One-Time Dividend

Class of Shares	**Dividend Per Share**
SMC2K	P0.1031250
SMC2L	0.329770833333333
SMC2M	0.505989583333333
SMC2N	0.347775
SMC2O	0.358066666666667

The foregoing one-time dividend shall be paid for the purpose of synchronization and alignment of dividend payments on the outstanding Series 2 Preferred Shares, in accordance with the respective terms and conditions of the Series 2 Preferred Shares issuances.

Distributions

The Parent Company paid P1,032 to the holders of Senior Perpetual Capital Securities in 2024, and P1,000 in 2023, as distributions in accordance with the terms and conditions of subscription agreements with the Parent Company.

8. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Market Risk (Interest Rate Risk, Foreign Currency Risk and Commodity Price Risk)
- Liquidity Risk
- Credit Risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group include cash and cash equivalents, financial assets at FVPL, investments in equity and debt instruments, restricted cash, short-term and long-term loans, dividends and distributions payable, and derivative instruments. These financial instruments, except financial assets at FVPL and derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as trade and other receivables, noncurrent receivables and deposits, accounts payable and accrued expenses, lease liabilities and other noncurrent liabilities arise directly from and are used to facilitate its daily operations.

The outstanding derivative instruments of the Group such as options, forwards and swaps are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to foreign currency, interest rate and commodity price risks arising from the operating and financing activities.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD constituted the Audit and Risk Oversight Committee to assist the BOD in fulfilling its oversight responsibility of the Group's corporate governance process relating to the: (a) quality and integrity of the consolidated financial statements and financial reporting process and the systems of internal accounting and financial controls; (b) performance of the internal auditors; (c) annual independent audit of the consolidated financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; (d) compliance with tax, legal and regulatory requirements; (e) evaluation of management's process to assess and manage the enterprise risk issues; and (f) fulfillment of the other responsibilities set out by the BOD. The Audit and Risk Oversight Committee shall prepare such reports as may be necessary to document the activities of the committee in the performance of its functions and duties. Such reports shall be included in the annual report of the Group and other corporate disclosures as may be required by the Securities and Exchange Commission (SEC) and/or the Philippine Stock Exchange, Inc.

The Audit and Risk Oversight Committee also oversees how management monitors compliance with the risk management policies and procedures of the Group and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit assists the Audit and Risk Oversight Committee in monitoring and evaluating the effectiveness of the risk management and governance processes of the Group. Internal Audit undertakes both regular and special reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Oversight Committee.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to the long-term borrowings and investment securities. Investment securities acquired or borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, investment securities acquired or borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

On the other hand, the investment policy of the Group is to maintain an adequate yield to match or reduce the net interest cost from its borrowings pending the deployment of funds to their intended use in the operations and working capital management. However, the Group invests only in high-quality securities while maintaining the necessary diversification to avoid concentration risk.

In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit or loss.

The management of interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios.

The Group uses interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities, and notional amounts. The Group assesses whether the derivative designated in the hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

The following are the main sources of ineffectiveness in the hedge relationships:

- the effect of the counterparty's and the Group's own credit risk on the fair value of the derivative contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and

- changes in the timing of the hedged transactions.

Interest Rate Risk Table

The terms and maturity profile of the interest-bearing financial instruments, together with its gross amounts, are shown in the following tables:

March 31, 2024	**<1 Year**	**1-2 Years**	**>2-3 Years**	**>3-4 Years**	**>4-5 Years**	**>5 Years**	**Total**
Fixed Rate							
Philippine Peso-denominated	**P104,341**	**P72,896**	**P99,407**	**P121,301**	**P68,704**	**P134,656**	**P601,305**
Interest rate	**3.2837% - 9.635%**	**3.2837% - 9.635%**	**3.2837% - 9.635%**	**3.5483% - 9.635%**	**3.5483% - 9.635%**	**3.5483% - 9.635%**	
Foreign currency-denominated (expressed in Philippine Peso)	**1,351**	**1,413**	**1,477**	**1,544**	**10,051**	**10,123**	**25,959**
Interest rate	**8.331%**	**8.331%**	**8.331%**	**8.331%**	**6.55% - 8.331%**	**8.331%**	
Floating Rate							
Philippine Peso-denominated	**22,140**	**1,950**	**2,031**	**2,276**	**2,562**	**23,879**	**54,838**
Interest rate	**Bloomberg Valuation (BVAL) + margin or applicable reference rate, whichever is higher**	**BVAL + margin or applicable reference rate, whichever is higher**	**BVAL + margin or applicable reference rate, whichever is higher**	**BVAL + margin or applicable reference rate, whichever is higher**	**BVAL + margin or applicable reference rate, whichever is higher**	**BVAL + margin or applicable reference rate, whichever is higher**	
Foreign currency-denominated (expressed in Philippine Peso)	**140,273**	**41,997**	**108,762**	**112,279**	**45,610**	**91,180**	**540,101**
Interest rate	**Secured Overnight Financing Rate (SOFR)/ applicable reference rate + margin**	**SOFR/ applicable reference rate + margin**	**SOFR/ applicable reference rate + margin**	**SOFR/ applicable reference rate + margin**	**SOFR/ applicable reference rate + margin**	**SOFR/ applicable reference rate + margin**	
	P268,105	**P118,256**	**P211,677**	**P237,400**	**P126,927**	**P259,838**	**P1,222,203**

December 31, 2023	<1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated	P98,099	P73,303	P75,000	P118,771	P87,199	P142,861	P595,233
Interest rate	3.2837% - 9.635%	3.2837% - 9.635%	3.2837% - 9.635%	3.3832%- 9.635%	3.5483% - 9.635%	3.5483% - 9.635%	
Foreign currency-denominated (expressed in Philippine peso)	1,330	1,391	1,454	1,520	9,895	9,967	25,557
Interest rate	8.331%	8.331%	8.331%	8.331%	6.55% - 8.331%	8.331%	
Floating Rate							
Philippine Peso-denominated	2,286	21,819	1,938	1,938	2,398	23,561	53,940
Interest rate	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	BVAL + margin or applicable reference rate, whichever is higher	
Foreign currency-denominated (expressed in Philippine peso)	136,617	23,802	88,505	73,884	120,336	85,960	529,104
Interest rate	SOFR/ applicable reference rate + margin	SOFR/ applicable reference rate + margin	SOFR/ applicable reference rate + margin	SOFR/ applicable reference rate + margin	SOFR/ applicable reference rate + margin	SOFR/ applicable reference rate + margin	
	P238,332	P120,315	P166,897	P196,113	P219,828	P262,349	P1,203,834

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's profit before tax (through the impact on floating rate borrowings) by P1,487 and P5,830 for the period ended March 31, 2024 and for the year ended December 31, 2023, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

Foreign Currency Risk

The functional currency is the Philippine Peso, which is the denomination of the bulk of the Group's revenues. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group enters into foreign currency hedges using a combination of non-derivative and derivative instruments such as foreign currency forwards, options or swaps to manage its foreign currency risk exposure.

Short-term currency forward contracts (deliverable and non-deliverable) and options are entered into to manage foreign currency risks arising from importations, revenue and expense transactions, and other foreign currency-denominated obligations. Currency swaps are entered into to manage foreign currency risks relating to long-term foreign currency-denominated borrowings.

Certain derivative contracts are designated as cash flow hedges. The Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of the cash flows. The Group assesses whether the derivatives designated in the hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the cumulative dollar-offset and hypothetical derivative method.

The following are the main sources of ineffectiveness in the hedge relationships:

- the effect of the counterparty's and the Group's own credit risk on the fair value of the derivative contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in foreign exchange rates; and

- changes in the timing of the hedged transactions.

Information on the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine Peso equivalents is as follows:

	March 31, 2024		December 31, 2023	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	**US$1,742**	**P98,004**	US$1,720	P95,227
Trade and other receivables	**1,309**	**73,810**	1,322	73,163
Prepaid expenses and other current assets	**23**	**1,283**	21	1,165
Noncurrent receivables	**35**	**1,974**	33	1,857
	3,109	**175,071**	3,096	171,412
Liabilities				
Loans payable	**275**	**15,442**	243	13,458
Accounts payable and accrued expenses	**2,703**	**152,110**	2,497	138,309
Long-term debt (including current maturities)	**10,065**	**566,060**	10,018	554,661
Lease liabilities (including current portion)	**386**	**21,705**	434	24,066
Other noncurrent liabilities	**106**	**5,973**	25	1,447
	13,535	**761,290**	13,217	731,941
Net foreign currency-denominated monetary liabilities	**US$10,426**	**P586,219**	US$10,121	P560,529

The Group reported net gain (loss) on foreign exchange amounting to (P7,581) and P10,452 for the periods ended March 31, 2024 and 2023, respectively, with the translation of its foreign currency-denominated assets and liabilities (Note 3). These mainly resulted from the movements of the Philippine Peso against the US dollar as shown in the following table:

	US Dollar to Philippine Peso
March 31, 2024	**P56.240**
December 31, 2023	55.370
March 31, 2023	54.360
December 31, 2022	55.755

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to translation of results and financial position of foreign operations):

	P1 Decrease in the US Dollar Exchange Rate		**P1 Increase in the US Dollar Exchange Rate**	
March 31, 2024	**Effect on Income before Income Tax**	**Effect on Equity**	**Effect on Income before Income Tax**	**Effect on Equity**
Cash and cash equivalents	**(P1,237)**	**(P1,442)**	**P1,237**	**P1,442**
Trade and other receivables	**(391)**	**(1,016)**	**391**	**1,016**
Prepaid expenses and other current assets	**(10)**	**(21)**	**10**	**21**
Noncurrent receivables	**(33)**	**(27)**	**33**	**27**
	(1,671)	**(2,506)**	**1,671**	**2,506**
Loans payable	**100**	**249**	**(100)**	**(249)**
Accounts payable and accrued expenses	**2,524**	**2,110**	**(2,524)**	**(2,110)**
Long-term debt (including current maturities)	**10,028**	**7,801**	**(10,028)**	**(7,801)**
Lease liabilities (including current portion)	**300**	**311**	**(300)**	**(311)**
Other noncurrent liabilities	**19**	**63**	**(19)**	**(63)**
	12,971	**10,534**	**(12,971)**	**(10,534)**
	P11,300	**P8,028**	**(P11,300)**	**(P8,028)**

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
December 31, 2023	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P1,238)	(P1,425)	P1,238	P1,425
Trade and other receivables	(429)	(1,076)	429	1,076
Prepaid expenses and other current assets	(10)	(19)	10	19
Noncurrent receivables	(31)	(25)	31	25
	(1,708)	(2,545)	1,708	2,545
Loans payable	-	242	-	(242)
Accounts payable and accrued expenses	1,338	2,054	(1,338)	(2,054)
Long-term debt (including current maturities)	9,977	7,775	(9,977)	(7,775)
Lease liabilities (including current portion)	341	349	(341)	(349)
Other noncurrent liabilities	16	21	(16)	(21)
	11,672	10,441	(11,672)	(10,441)
	P9,964	P7,896	(P9,964)	(P7,896)

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

Commodity Price Risk

Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in commodity prices.

The Group enters into various commodity derivatives to manage its price risks on strategic commodities. Commodity hedging allows stability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Group, thus protecting raw material cost and preserving margins. For hedging transactions, if prices go down, hedge positions may show marked-to-market losses; however, any loss in the marked-to-market position is offset by the resulting lower physical raw material cost.

The Parent Company enters into commodity derivative transactions on behalf of its subsidiaries to reduce cost by optimizing purchasing synergies within the Group and managing inventory levels of common materials.

Commodity Swaps, Futures and Options. Commodity swaps, futures and options are used to manage the Group's exposures to volatility in prices of certain commodities such as fuel oil, crude oil, coal, aluminum, soybean meal and wheat.

Commodity Forwards. The Group enters into forward purchases of various commodities. The prices of the commodity forwards are fixed either through direct agreement with suppliers or by reference to a relevant commodity price index.

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary. The Group also uses derivative instruments such as forwards and swaps to manage liquidity.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

March 31, 2024	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	**P270,341**	**P270,341**	**P270,341**	**P -**	**P -**	**P -**
Trade and other receivables - net	**264,992**	**264,992**	**264,992**	**-**	**-**	**-**
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	**2,356**	**2,356**	**2,013**	**-**	**343**	**-**
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	**904**	**904**	**509**	**-**	**-**	**395**
Financial assets at fair value through other comprehensive income (FVOCI) (included under "Investments in equity and debt instruments" account)	**7,427**	**7,813**	**139**	**54**	**1,957**	**5,663**
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	**12,159**	**15,853**	**1,385**	**846**	**11,185**	**2,437**
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	**9,166**	**9,982**	**-**	**1,736**	**2,184**	**6,062**
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	**19,251**	**19,251**	**14,808**	**3,094**	**-**	**1,349**
Financial Liabilities						
Loans payable	**231,538**	**233,643**	**233,643**	**-**	**-**	**-**
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, infrastructure restoration obligation (IRO), asset retirement obligation (ARO), and deferred income)	**233,445**	**233,445**	**233,445**	**-**	**-**	**-**
Dividends and distributions payable	**5,607**	**5,607**	**5,607**	**-**	**-**	**-**
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	**948**	**948**	**823**	**-**	**125**	**-**
Long-term debt (including current maturities)	**1,209,812**	**1,533,016**	**339,363**	**178,372**	**688,824**	**326,457**
Lease liabilities (including current portion)	**51,006**	**63,371**	**15,614**	**6,619**	**22,499**	**18,639**
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, mine rehabilitation obligation (MRO), deferred income and other noncurrent non-financial liabilities)	**11,600**	**11,600**	**-**	**5,694**	**3,827**	**2,079**

December 31, 2023	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P261,358	P261,358	P261,358	P -	P -	P -
Trade and other receivables - net	263,119	263,119	263,119	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	2,364	2,364	2,063	-	301	-
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	1,401	1,401	1,012	-	-	389
Financial assets at FVOCI (included under "Investments in equity and debt instruments" account)	7,424	7,738	54	54	1,970	5,660
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	12,158	16,822	1,333	846	2,636	12,007
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	9,181	10,613	843	1,541	2,156	6,073
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	18,519	18,519	14,076	3,111	-	1,332
Financial Liabilities						
Loans payable	214,881	217,073	217,073	-	-	-
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO, and deferred income)	220,205	220,205	220,205	-	-	-
Dividends and distributions payable	4,605	4,605	4,605	-	-	-
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	1,177	1,177	908	-	269	-
Long-term debt (including current maturities)	1,190,584	1,521,481	312,675	181,041	699,563	328,202
Lease liabilities (including current portion)	56,572	69,146	20,878	6,467	22,334	19,467
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	11,023	11,023	-	5,577	3,671	1,775

Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables and investment securities. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Trade and Other Receivables
The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on the credit risk.

The Group obtains collateral or arranges master netting agreements, where appropriate, so that in the event of default, the Group would have a secured claim.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group ensures that sales on account are made to customers with appropriate credit history. The Group has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

Investment in Debt Instruments
The Group limits its exposure to credit risk by investing only in liquid debt instruments with counterparties that have high credit ratings. The Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields.

Credit Quality
In monitoring and controlling credit extended to counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprised of the financial standing of the customer while the non-financial aspects include but are not limited to the assessment of the customer's nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Group.

The credit quality of financial assets is being managed by the Group using internal credit ratings. Credit quality of the financial assets was determined as follows:

High grade includes deposits or placements to reputable banks and companies with good credit standing. High grade financial assets include cash and cash equivalents and derivative assets.

Standard grade pertains to receivables from counterparties with satisfactory financial capability and credit standing based on historical data, current conditions and the Group's view of forward-looking information over the expected lives of the receivables. Standard grade financial assets include trade and other receivables and noncurrent receivables and deposits.

Receivables with high probability of delinquency and default were fully provided with allowance for impairment losses.

Financial information on the Group's maximum exposure to credit risk, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	March 31, 2024	December 31, 2023
Cash and cash equivalents (excluding cash on hand)	**P266,608**	P256,366
Trade and other receivables - net	**264,992**	263,119
Derivative assets	**2,356**	2,364
Investment in debt instruments at FVPL	**509**	1,012
Investment in debt instruments at FVOCI	**676**	667
Investment in debt instruments at amortized cost	**12,159**	12,158
Noncurrent receivables and deposits - net	**9,166**	9,181
Restricted cash	**19,251**	18,519
	P575,717	P563,386

The table below presents the Group's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month expected credit loss (ECL) or lifetime ECL. Assets that are credit-impaired are separately presented.

	March 31, 2024					
	Financial Assets at Amortized Cost					
	12-Month ECL	**Lifetime ECL not Credit Impaired**	**Lifetime ECL Credit Impaired**	**Financial Assets at FVPL**	**Financial Assets at FVOCI**	**Total**
Cash and cash equivalents (excluding cash on hand)	**P266,608**	**P -**	**P -**	**P -**	**P -**	**P266,608**
Trade and other receivables	**-**	**264,992**	**13,041**	**-**	**-**	**278,033**
Derivative assets	**-**	**-**	**-**	**1,168**	**1,188**	**2,356**
Investment in debt instruments at FVPL	**-**	**-**	**-**	**509**	**-**	**509**
Investment in debt instruments at FVOCI	**-**	**-**	**-**	**-**	**676**	**676**
Investment in debt instruments at amortized cost	**12,159**	**-**	**-**	**-**	**-**	**12,159**
Noncurrent receivables and deposits	**-**	**9,166**	**563**	**-**	**-**	**9,729**
Restricted cash	**19,251**	**-**	**-**	**-**	**-**	**19,251**

	December 31, 2023					
	Financial Assets at Amortized Cost					
	12-Month ECL	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired	Financial Assets at FVPL	Financial Assets at FVOCI	Total
Cash and cash equivalents (excluding cash on hand)	P256,366	P -	P -	P -	P -	P256,366
Trade and other receivables	-	263,119	13,120	-	-	276,239
Derivative assets	-	-	-	1,270	1,094	2,364
Investment in debt instruments at FVPL	-	-	-	1,012	-	1,012
Investment in debt instruments at FVOCI	-	-	-	-	667	667
Investment in debt instruments at amortized cost	12,158	-	-	-	-	12,158
Noncurrent receivables and deposits	-	9,181	567	-	-	9,748
Restricted cash	18,519	-	-	-	-	18,519

The aging of receivables is as follows:

March 31, 2024	**Trade**	**Non-trade**	**Amounts Owed by Related Parties**	**Total**
Current	**P130,365**	**P44,884**	**P9,790**	**P185,039**
Past due:				
1 - 30 days	**13,837**	**304**	**90**	**14,231**
31 - 60 days	**4,973**	**464**	**20**	**5,457**
61 - 90 days	**2,527**	**592**	**7**	**3,126**
Over 90 days	**36,863**	**32,646**	**671**	**70,180**
	P188,565	**P78,890**	**P10,578**	**P278,033**

December 31, 2023	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P127,332	P42,108	P8,709	P178,149
Past due:				
1 - 30 days	17,482	8,071	66	25,619
31 - 60 days	5,049	282	14	5,345
61 - 90 days	3,322	1,331	14	4,667
Over 90 days	35,262	24,939	2,258	62,459
	P188,447	P76,731	P11,061	P276,239

Various collaterals for trade receivables such as bank guarantees, time deposits and real estate mortgages are held by the Group for certain credit limits.

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible based on historical payment behavior and analyses of the underlying customer credit ratings. There are no significant changes in their credit quality.

The Group computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period. There are no significant changes in the credit quality of the counterparties during the period.

The Group's cash and cash equivalents, derivative assets, investments in debt instruments and restricted cash are placed with reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of trade and other receivables and noncurrent receivables and deposits is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous counterparties.

The Group does not execute any credit guarantee in favor of any counterparty.

Financial and Other Risks Relating to Livestock

The Group is exposed to financial risks arising from the change in cost and supply of feed ingredients and the selling prices of chicken, hogs and cattle and related products, all of which are determined by constantly changing market forces such as supply and demand and other factors. The other factors include environmental regulations, weather conditions and livestock diseases for which the Group has little control. The mitigating factors are listed below:

- The Group is subject to risks affecting the food industry, generally, including risks posed by food spoilage and contamination. Specifically, the fresh meat industry is regulated by environmental, health and food safety organizations and regulatory sanctions. The Group has put into place systems to monitor food safety risks throughout all stages of manufacturing and processing to mitigate these risks. Furthermore, representatives from the government regulatory agencies are present at all times during the processing of dressed chicken, hogs and cattle in all dressing and meat plants and issue certificates accordingly. The authorities, however, may impose additional regulatory requirements that may require significant capital investment at short notice.

- The Group is subject to risks relating to its ability to maintain animal health status considering that it has no control over neighboring livestock farms. Livestock health problems could adversely impact production and consumer confidence. However, the Group monitors the health of its livestock on a daily basis and proper procedures are put in place.

- The livestock industry is exposed to risk associated with the supply and price of raw materials, mainly grain prices. Grain prices fluctuate depending on the harvest results. The shortage in the supply of grain will result in adverse fluctuation in the price of grain and will ultimately increase the Group's production cost. If necessary, the Group enters into forward contracts to secure the supply of raw materials at a reasonable price.

Other Market Price Risk

The Group's market price risk arises from its investments carried at fair value (financial assets at FVPL and FVOCI). The Group manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

Capital Management

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debts, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the consolidated statements of financial position.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Group's business, operation and industry.

The Group, except for BankCom which is subject to certain capitalization requirements by the Bangko Sentral ng Pilipinas, is not subject to externally imposed capital requirements.

9. Financial Assets and Financial Liabilities

Recognition and Initial Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset (unless a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated as at FVPL, includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets
The Group classifies its financial assets, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the consolidated statements of income when the financial asset is derecognized, modified or impaired.

The Group's cash and cash equivalents, trade and other receivables, investment in debt instruments at amortized cost, noncurrent receivables and deposits, and restricted cash are included under this category.

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Financial Assets at FVOCI. Investment in debt instruments is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in the fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Financial assets at FVOCI are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment on investment in debt instruments are recognized in the consolidated statements of income. When investment in debt instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the consolidated statements of changes in equity are transferred to and recognized in the consolidated statements of income.

Dividends earned on holding an investment in equity instrument are recognized as dividend income in the consolidated statements of income when the right to receive the payment has been established, unless the dividend clearly represents a recovery of the part of the cost of the investment. When investment in equity instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the consolidated statements of changes in equity are never reclassified to the consolidated statements of income.

The Group's investments in equity and debt instruments at FVOCI are classified under this category.

Financial Assets at FVPL. All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. This includes derivative financial assets that are not designated as cash flow hedge. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVPL.

At initial recognition, the Group may irrevocably designate a financial asset as at FVPL if the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on different bases.

The Group carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in the consolidated statements of income as incurred. Changes in fair value and realized gains or losses are recognized in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income. Any interest earned from investment in debt instrument designated as at FVPL is recognized in the consolidated statements of income. Any dividend income from investment in equity instrument is recognized in the consolidated statements of income when the right to receive payment has been established, unless the dividend clearly represents a recovery of the part of the cost of the investment.

The Group's derivative assets that are not designated as cash flow hedge and investments in equity instruments and debt instruments at FVPL are classified under this category.

Financial Liabilities

The Group determines the classification of its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Financial Liabilities at FVPL. Financial liabilities are classified under this category through the fair value option. Derivative instruments (including embedded derivatives) with negative fair values, except those covered by hedge accounting relationships, are also classified under this category.

The Group carries financial liabilities at FVPL using their fair values and reports fair value changes in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective accounting hedge are recognized in other comprehensive income and presented in the consolidated statements of changes in equity. Any interest expense incurred is recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income.

The Group's derivative liabilities that are not designated as cash flow hedge are classified under this category.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Interest expense and other financing charges" account in the consolidated statements of income. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized as well as through the amortization process.

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in the consolidated statements of income.

The Group's liabilities arising from its trade transactions or borrowings such as loans payable, accounts payable and accrued expenses, long-term debt, lease liabilities and other noncurrent liabilities are included under this category.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of income.

Impairment of Financial Assets

The Group recognizes allowance for ECL on investments in debt instruments at amortized cost and investments in debt instruments at FVOCI.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group recognizes lifetime ECLs for receivables that do not contain significant financing component. The Group uses provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether these financial assets at amortized cost and investments in debt instruments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the restructuring of a financial asset by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECLs on investments in debt instruments at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the consolidated statements of income. The ECLs on investments in debt instruments at FVOCI are recognized as accumulated impairment losses in other comprehensive income, with the resulting impairment losses (or reversals) recognized in the consolidated statements of income.

Classification of Financial Instruments between Liability and Equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

The table below presents a comparison by category of the carrying amounts and fair values of the Group's financial instruments:

	March 31, 2024		December 31, 2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**P270,341**	**P270,341**	P261,358	P261,358
Trade and other receivables - net	**264,992**	**264,992**	263,119	263,119
Derivative assets (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	**2,356**	**2,356**	2,364	2,364
Financial assets at FVPL (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	**904**	**904**	1,401	1,401
Financial assets at FVOCI (included under "Investments in equity and debt instruments" account)	**7,427**	**7,427**	7,424	7,424
Financial assets at amortized cost (included under "Prepaid expenses and other current assets" and "Investments in equity and debt instruments" accounts)	**12,159**	**12,159**	12,158	12,158
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	**9,166**	**9,166**	9,181	9,181
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets - net" accounts)	**19,251**	**19,251**	18,519	18,519

Forward

	March 31, 2024		December 31, 2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities				
Loans payable	**P231,538**	**P231,538**	P214,881	P214,881
Accounts payable and accrued expenses (excluding current retirement liabilities, derivative liabilities, IRO, ARO, and deferred income)	**233,445**	**233,445**	220,205	220,205
Dividends and distributions payable	**5,607**	**5,607**	4,605	4,605
Derivative liabilities (included under "Accounts payable and accrued expenses" and "Other noncurrent liabilities" accounts)	**948**	**948**	1,177	1,177
Long-term debt (including current maturities)	**1,209,812**	**1,226,014**	1,190,584	1,211,878
Lease liabilities (including current portion)	**51,006**	**51,006**	56,572	56,572
Other noncurrent liabilities (excluding noncurrent retirement liabilities, derivative liabilities, IRO, ARO, MRO, deferred income and other noncurrent non-financial liabilities)	**11,600**	**11,600**	11,023	11,023

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Trade and Other Receivables, Financial Assets at Amortized Cost, Noncurrent Receivables and Deposits and Restricted Cash. The carrying amount of cash and cash equivalents, and trade and other receivables approximates fair value primarily due to the relatively short-term maturities of these financial instruments. In the case of financial assets at amortized cost, noncurrent receivables and deposits and restricted cash, the fair value is based on the present value of expected future cash flows using the applicable discount rates based on current market rates of identical or similar quoted instruments.

Derivatives. The fair values of forward exchange contracts are calculated by reference to current forward exchange rates. In the case of freestanding currency and commodity derivatives, the fair values are determined based on quoted prices obtained from their respective active markets. Fair values for stand-alone derivative instruments that are not quoted from an active market and for embedded derivatives are based on valuation models used for similar instruments using both observable and non-observable inputs.

Financial Assets at FVPL and Financial Assets at FVOCI. The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market. For debt and equity instruments with no quoted market prices, a reasonable estimate of their fair values is calculated based on the expected cash flows from the instruments discounted using the applicable discount rates of comparable instruments quoted in active markets.

Loans Payable, Accounts Payable and Accrued Expenses, and Dividends and Distributions Payable. The carrying amount of loans payable, accounts payable and accrued expenses, and dividends and distributions payable approximates fair value due to the relatively short-term maturities of these financial instruments.

Long-term Debt, Lease Liabilities and Other Noncurrent Liabilities. The fair value of interest-bearing fixed rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as at reporting date. Discount rates used for Philippine Peso-denominated loans range from 5.7% to 6.2% and 5.1% to 6.0% as at March 31, 2024 and December 31, 2023, respectively. The discount rates used for foreign currency-denominated loans range from 4.2% to 5.3% and 3.9% to 5.3% as at March 31, 2024 and December 31, 2023, respectively. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

Derivative Financial Instruments and Hedge Accounting

The Group uses derivative financial instruments, such as forwards, swaps and options to manage its exposure on foreign currency, interest rate and commodity price risks. Derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized in the consolidated statements of income.

Freestanding Derivatives

The Group designates certain derivatives as hedging instruments to hedge the exposure to variability in cash flows associated with recognized liabilities arising from changes in foreign exchange rates and interest rates.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedging instrument are expected to offset the changes in cash flows of the hedged item.

Cash Flow Hedge. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the “Hedging reserve” account in the consolidated statements of changes in equity. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in fair value of the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the consolidated statements of income.

The Group designates only the intrinsic value of options and the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the time value of options, the forward element of forward contracts and the foreign currency basis spread of financial instruments are separately accounted for as cost of hedging and recognized in other comprehensive income. The cost of hedging is removed from other comprehensive income and recognized in the consolidated statements of income, either over the period of the hedge if the hedge is time related, or when the hedged transaction affects the consolidated statements of income if the hedge is transaction related.

When the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is transferred and included in the initial cost of the hedged asset or liability. For all other hedged transactions, the amount accumulated in equity is reclassified to the consolidated statements of income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the consolidated statements of income.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument expires, is sold, is terminated or is exercised, hedge accounting is discontinued prospectively. The amount that has been accumulated in equity is: (a) retained until it is included in the cost of non-financial item on initial recognition, for a hedge of a transaction resulting in the recognition of a non-financial item; or (b) reclassified to the consolidated statements of income as a reclassification adjustment in the same period or periods as the hedged cash flows affect the consolidated statements of income, for other cash flow hedges. If the hedged future cash flows are no longer expected to occur, the amounts that have been accumulated in equity are immediately reclassified to the consolidated statements of income.

Embedded Derivatives
The Group assesses whether embedded derivatives are required to be separated from the host contracts when the Group becomes a party to the contract.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met:

(a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;

(b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

(c) the hybrid or combined instrument is not recognized as at FVPL.

However, an embedded derivative is not separated if the host contract is a financial asset.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL.

Derivative Instruments Accounted for as Cash Flow Hedges

The Group designated the following derivative financial instruments as cash flow hedges:

	Maturity			
March 31, 2024	**1 Year or Less**	**> 1 Year - 2 Years**	**> 2 Years - 5 Years**	**Total**
Foreign currency risk:				
Call spread swaps:				
Notional amount	**US$190**	**US$ -**	**US$80**	**US$270**
Average strike rate	**P48.00 to P53.70**	**-**	**P51.35 to P59.00**	
Foreign currency and interest rate risks:				
Cross currency swap:				
Notional amount	**US$30**	**US$ -**	**US$ -**	**US$30**
Average strike rate	**P50.635**	**-**	**-**	
Fixed interest rate	**3.60% to 4.01%**	**-**	**-**	
Interest rate risk:				
Interest rate collar:				
Notional amount	**US$ -**	**US$ -**	**US$775**	**US$775**
Interest rate	**-**	**-**	**0.39% to 6.35%**	

	Maturity			
December 31, 2023	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years	Total
Foreign currency risk:				
Call spread swaps:				
Notional amount	US$190	US$ -	US$80	US$270
Average strike rate	P48.00 to P53.70	-	P51.35 to P59.00	
Foreign currency and interest rate risks:				
Cross currency swap:				
Notional amount	US$30	US$ -	US$ -	US$30
Average strike rate	P50.635	-	-	
Fixed interest rate	3.60% to 4.01%	-	-	
Interest rate risk:				
Interest rate collar:				
Notional amount	US$ -	US$ -	US$525	US$525
Interest rate	-	-	0.39% to 6.35%	

The following are the amounts relating to hedged items:

March 31, 2024	**Change in Fair Value Used for Measuring Hedge Ineffectiveness**	**Hedging Reserve**	**Cost of Hedging Reserve**
Foreign currency risk:			
US dollar-denominated borrowings	**(P35)**	**P -**	**(P238)**
Foreign currency and interest rate risks:			
US dollar-denominated borrowings	**(27)**	**(15)**	**21**
Interest rate risk:			
US dollar-denominated borrowings	**(414)**	**428**	**(414)**

December 31, 2023	Change in Fair Value Used for Measuring Hedge Ineffectiveness	Hedging Reserve	Cost of Hedging Reserve
Foreign currency risk:			
US dollar-denominated borrowings	P4	P -	(P290)
Foreign currency and interest rate risks:			
US dollar-denominated borrowings	(142)	(23)	20
Interest rate risk:			
US dollar-denominated borrowings	59	148	(258)

There are no amounts remaining in the hedging reserve from hedging relationships for which hedge accounting is no longer applied.

The following are the amounts related to the designated hedging instruments:

March 31, 2024	Notional Amount	Carrying Amount		Line Item in the Consolidated Statement of Financial Position where the Hedging Instrument is Included	Changes in the Fair Value of the Hedging Instrument Recognized in Other Comprehensive Income	Cost of Hedging Recognized in Other Comprehensive Income	Amount Reclassified from Hedging Reserve to the Consolidated Statement of Income	Amount Reclassified from Cost of Hedging Reserve to the Consolidated Statement of Income	Line Item in the Consolidated Statement of Income Affected by the Reclassification
		Assets	Liabilities						
Foreign currency risk:									
Call spread swaps	**US$270**	**P889**	**P -**	Prepaid expenses and other current assets, and Other noncurrent assets - net	**P35**	**P22**	**(P35)**	**P47**	Interest expense and other financing charges, and Other income (charges) - net
Foreign currency and interest rate risks:									
Cross currency swap	**30**	**153**	**-**	Prepaid expenses and other current assets	**27**	**1**	**(16)**	**-**	Interest expense and other financing charges, and Other income (charges) - net
Interest rate risk:									
Interest rate collar	**775**	**146**	**(125)**	Other noncurrent assets - net, and Other noncurrent liabilities	**414**	**(208)**	**(41)**	**-**	Interest expense and other financing charges

December 31, 2023	Notional Amount	Carrying Amount		Line Item in the Consolidated Statement of Financial Position where the Hedging Instrument is Included	Changes in the Fair Value of the Hedging Instrument Recognized in Other Comprehensive Income	Cost of Hedging Recognized in Other Comprehensive Income	Amount Reclassified from Hedging Reserve to the Consolidated Statement of Income	Amount Reclassified from Cost of Hedging Reserve to the Consolidated Statement of Income	Line Item in the Consolidated Statement of Income Affected by the Reclassification
		Assets	Liabilities						
Foreign currency risk:									
Call spread swaps	US$270	P832	P -	Prepaid expenses and other current assets, and Other noncurrent assets - net	(P4)	P10	P4	P197	Interest expense and other financing charges, and Other income - net
Foreign currency and interest rate risks:									
Cross currency swap	30	137	-	Prepaid expenses and other current assets	142	105	(291)	(9)	Interest expense and other financing charges, and Other income - net
Interest rate risk:									
Interest rate collar	525	125	(269)	Other noncurrent assets - net, and Other noncurrent liabilities	(59)	(202)	(77)	(21)	Interest expense and other financing charges

The hedges were assessed to be effective as the critical terms of the hedged items match the hedging instruments. No ineffectiveness was recognized in the 2024 and 2023 consolidated statements of income.

The table below provides a reconciliation by risk category of components of equity and analysis of other comprehensive income items, net of tax, resulting from cash flow hedge accounting.

	March 31, 2024		December 31, 2023	
	Hedging Reserve	**Cost of Hedging Reserve**	Hedging Reserve	Cost of Hedging Reserve
Beginning balance	**P125**	**(P528)**	P339	(P595)
Changes in fair value:				
Foreign currency risk	**35**	**22**	(4)	10
Foreign currency risk and interest rate risks	**27**	**1**	142	105
Interest rate risk	**414**	**(208)**	(59)	(202)
Amount reclassified to profit or loss	**(92)**	**47**	(364)	167
Tax effect	**(96)**	**35**	71	(13)
Ending balance	**P413**	**(P631)**	P125	(P528)

Derivative Instruments Not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding and embedded derivatives found in host contracts, which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

Freestanding Derivatives

Freestanding derivatives consist of interest rate, foreign currency and commodity derivatives entered into by the Group.

Interest Rate Swap

The Group has outstanding interest rate swap with notional amount of US$90 as at March 31, 2024 and December 31, 2023. Under the agreement, the Group receives floating interest rate based on SOFR and pays fixed interest rate up to 2026. The net positive fair value of the swap amounted to P45 and P47 as at March 31, 2024 and December 31, 2023, respectively.

Currency Forwards

The Group has outstanding foreign currency forward contracts with aggregate notional amount of US$758 and US$978 as at March 31, 2024 and December 31, 2023, respectively, and with various maturities in 2024. The net positive (negative) fair value of these currency forwards amounted to P201 and (P385) as at March 31, 2024 and December 31, 2023, respectively.

Currency Options

The Group has outstanding currency options with an aggregate notional amount of US$1,165 and US$200 as at March 31, 2024 and December 31, 2023, respectively, and with various maturities in 2024. The net negative fair value of these currency options amounted to P11 and P18 as at March 31, 2024 and December 31, 2023, respectively.

Commodity Swaps

The Group has outstanding swap agreements covering its fuel oil requirements, with various maturities in 2024 and 2025. Under the agreements, payment is made either by the Group or its counterparty for the difference between the hedged fixed price and the relevant price index.

The outstanding notional quantity of fuel oil were 33.6 million barrels and 51.1 million barrels as at March 31, 2024 and December 31, 2023, respectively. The net positive fair value of these swaps amounted to P196 and P738 as at March 31, 2024 and December 31, 2023, respectively.

Embedded Derivatives
The Group's embedded derivatives include currency forwards embedded in non-financial contracts.

Embedded Currency Forwards
The total outstanding notional amount of currency forwards embedded in non-financial contracts amounted to US$166 and US$145 as at March 31, 2024 and December 31, 2023, respectively. These non-financial contracts consist mainly of foreign currency-denominated purchase orders, sales agreements and capital expenditures. The embedded forwards are not clearly and closely related to their respective host contracts. The net negative fair value of these embedded currency forwards amounted to P86 and P20 as at March 31, 2024 and December 31, 2023, respectively.

The Group recognized marked-to-market gain (loss) from freestanding and embedded derivatives amounting to P358, (P2,177) and (P1,379) for the periods ended March 31, 2024 and 2023, and December 31, 2023, respectively (Note 3).

Fair Value Changes on Derivatives
The net movements in fair value of all derivative instruments are as follows:

	March 31, 2024	December 31, 2023
Balance at beginning of year	**P1,187**	P792
Net change in fair value of derivatives:		
Designated as accounting hedge	**291**	43
Not designated as accounting hedge	**358**	(1,379)
	1,836	(544)
Less fair value of settled instruments	**428**	(1,731)
Balance at end of period	**P1,408**	P1,187

Fair Value Measurements
The Group measures financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Fair Value Hierarchy
Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The table below analyzes financial instruments carried at fair value by valuation method:

	March 31, 2024			December 31, 2023		
	Level 1	**Level 2**	**Total**	Level 1	Level 2	Total
Financial Assets						
Derivative assets	**P -**	**P2,356**	**P2,356**	P -	P2,364	P2,364
Financial assets at FVPL	**509**	**395**	**904**	1,012	389	1,401
Financial assets at FVOCI	**1,408**	**6,019**	**7,427**	1,407	6,017	7,424
Financial Liabilities						
Derivative liabilities	**-**	**948**	**948**	-	1,177	1,177

The Group has no financial instruments valued based on Level 3 as at March 31, 2024 and December 31, 2023. For the period ended March 31, 2024 and for the year ended December 31, 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

10. Events After the Reporting Date

a) Approval of the Issuance of P20,000 Fixed Rate Peso-denominated Bonds by the 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, consisting of a Base Offer of P15,000 and an Oversubscription Option of P5,000, out of the remainder of the existing P50,000 bonds shelf-registered fixed rate bonds with the SEC.

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

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

11. Other Matters

a. Commitments

The outstanding purchase commitments of the Group amounted to P248,851 and P248,484 as at March 31, 2024 and December 31, 2023, respectively.

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 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 and Financial Performance.

c. There were no material changes in estimates of amounts reported in prior financial years.

d. 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.

SAN MIGUEL CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

The following are the major performance measures that San Miguel Corporation and Subsidiaries (the Group) uses. Analyses are employed by comparisons and measurements based on the financial data as of March 31, 2024 and December 31, 2023 for liquidity, solvency and profitability ratios and for the periods ending March 31, 2024 and 2023 for operating efficiency ratios.

	March 2024	December 2023
Liquidity:		
Current Ratio	**1.04**	1.12
Quick Ratio	**0.66**	0.70
Solvency:		
Debt to Equity Ratio	**2.77**	2.70
Asset to Equity Ratio	**3.77**	3.70
Profitability:		
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%
Operating Efficiency:		
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	$\frac{\text{Current Assets – Inventory – Current Portion of Biological Assets - Prepayments}}{\text{Current Liabilities}}$
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	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company*}}{\text{Average Equity Attributable to Equity Holders of the Parent Company}}$

Forward

KPI	Formula
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.*

SAN MIGUEL CORPORATION

ANNEX "B"

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**
		(In Millions)				
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 GSMI; (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 GSMI 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 GSMI.

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**
		(In Millions)				
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

	March	December	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
(In Millions)	**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

	March	December	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
(In Millions)	**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, GSMI 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

	March	December	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
(In millions)	**2023**	2022	Amount	%	**2023**	2022
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

	March	December	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
(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 GSMI; 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:

(In Millions)	**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:

(In Millions)	**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:

(In Millions)	**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
Liquidity:		
Current Ratio	**1.04**	1.12
Quick Ratio	**0.66**	0.70
Solvency:		
Debt to Equity Ratio	**2.77**	2.70
Asset to Equity Ratio	**3.77**	3.70
Profitability:		
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
Operating Efficiency:		
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	$\frac{\text{Current Assets - Inventories - Current Portion of Biological Assets - Prepayments}}{\text{Current Liabilities}}$
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 cyclicality 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.