



SAN MIGUEL CORPORATION

May 17, 2010

Philippine Stock Exchange
Disclosure Department
Listing and Disclosure Group
4th Floor, Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City

Attention: **Ms. Janet A. Encarnacion**
Head - Disclosure Department

Gentlemen:

Enclosed is a copy of our press statement entitled “**SMC first quarter income surges 7 percent to P2.90 billion,**” which we will release to the press today.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer



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SMC first quarter income surges 7 percent to P2.90 billion

Food, beverage, and packaging conglomerate San Miguel Corporation (SMC) registered a net income of P2.90 billion for the first quarter of 2010, up 7% from the same period last year.

Driven by strong sales from its domestic beer and hard liquor businesses, SMC generated consolidated sales revenue of P44.7 billion, a 7% improvement from 2009 figures.

With higher sales, improved margins and managed fixed costs across the group, consolidated operating income rose 35% to P 5.79 billion.

Beer

Domestic beer operations for the first quarter delivered sales volumes of 43.8 million cases, 2% higher than in the previous year. With higher selling prices, sales revenue reached P13.4 billion, up 7% from 2009 levels.

With stable raw material prices, SMB's operating income grew 20% to P4.65 billion. Net income ended at P2.75 billion, a 3% improvement from the previous year.

In SMB's overseas markets, volumes were strongest in Hong Kong, Indonesia, Thailand, and its Exports business resulting in sales revenues of US\$ 59.7 million, 5% higher than the previous year. The company's mainland China operations continue to face stiff competition

Hard liquor

Ginebra San Miguel Inc. (GSMI) posted positive results with domestic sales 14% better than 2009 levels, with core brands Ginebra San Miguel Gin and GSM Blue delivering growth.

Sales revenue reached P5.57 billion and operating income stood at P474 million, both higher by 22% and 14% respectively, owing to favorable sales volume performance, more stable fuel prices and lower molasses costs. Net income ended at P317 million, again higher than last year.

Food

San Miguel's food group meanwhile posted consolidated sales revenue of P18.7 billion in the first quarter, two percent higher than in 2009, driven by favorable selling prices from almost all businesses. With improved operational efficiencies, lower raw material prices and effective fixed cost management, operating income more than doubled to P1.36 billion.

Packaging

Sales revenue for the conglomerate's packaging business was at P5.58 billion for the first three months, an 11% growth over the previous year, due to higher sales of plastics and metal containers.

Despite improved efficiencies and better management of fixed costs, operating income ended at P516 million, lower than in 2009, due to higher raw material costs.

Power, telecoms, tollways

The conglomerate, which recently won the bidding for the 1,200-megawatt Ilijan Natural Gas Power Plant, also reported first quarter revenues of P11.4 billion and operating income of P2.14 billion from its Limay, Sual, and San Roque power plants.

Its telecom venture, Liberty Telecoms, which soft-launched its Wi-Tribe service in February, has already captured more than 11,000 subscribers and is targeting 70,000 subscribers by year-end. ##

For media inquiries, please call:

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