



SAN MIGUEL CORPORATION

June 14, 2012

The Philippine Stock Exchange, Inc.
Disclosure Department
3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

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

Gentlemen:

Enclosed is a copy of our press statement entitled "San Miguel targets new investments, P1 trillion revenue in near-term" which we will release to the press today.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer

News Release

SMC CORPORATE AFFAIRS OFFICE

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JUNE 14, 2012

San Miguel targets new investments, P1 trillion revenue in near-term

Diversified conglomerate San Miguel Corporation (SMC) is targeting P1 trillion in sales revenue in the near term, twice its present level, as it looks to ramp up new investments in the power sector, mining, and the oil and gas segments.

Speaking before stockholders at their annual meeting, SMC Chairman and CEO Eduardo Cojuangco Jr. said that while the target seemed ambitious, further acquisitions and organic growth would help the company achieve its goal.

"We have already identified potential investments related to our existing businesses, chief among them the power sector, mining, and the oil and gas segments," he said.

Cojuangco said that acquisitions and investments the company made over the past five years have generated strong revenue and cash for the group, despite tough economic and market conditions.

"From the period 2011 to 2015, we expect San Miguel to post a strong double-digit compounded annual growth rate, driven primarily by the earnings contributions from our new businesses, mainly power and Petron," he said.

In 2011 alone, consolidated sales revenues reached P536 billion, more than double the previous year's P246 billion. Operating income was at P56 billion, a 62% improvement, while consolidated net income attributable to equity holders of the parent company was P17.5 billion, up 36% on a recurring income basis.

SMC's new businesses contributed over P345 billion or an estimated 63% of the company's sales in 2011.

With its recent investments in Exxon Mobil's downstream oil business in Malaysia and its stake in the firms operating the Skyway and South Luzon Expressway, Cojuangco said the company's performance would improve further.

"By 2015, our infrastructure projects will begin generating significant cash flow, and once finished, our upgrade of Petron's Bataan refinery will result in greater



efficiencies, a shift toward more profitable, value-added products and better margins,” he said.

“Our strong balance sheet—SMC’s ratio of net debt to EBITDA stands at only 2.14 at the end of 2011—allows us to pursue additional investments, should we see good opportunities on the horizon,” he added.

Cojuangco credited SMC president and chief operating officer Ramon S. Ang for the company’s continuously improving performance over the past 14 years.

“It is largely to his credit that San Miguel today is one of the most exciting, fastest-growing, and profitable companies in the Philippines.”

The company’s most recent acquisition, a 49% stake in both Trustmark Holdings Corp. and Zuma Holdings and Management Corp., majority shareholders of PAL Holdings Inc. which owns flag carrier Philippine Airlines and low-cost carrier Air Philippines Corp., respectively, is seen to boost the competitiveness of both airlines.

“With so many alternatives open to travelers today—no-frills budget airlines, more carriers opening new and more frequently-traveled routes—the airline industry is easily commoditized. The immediate task at hand, after putting in place an efficiency plan that will lower operating costs, is to differentiate and reposition PAL. With the new leadership of our president and COO Ramon Ang and new management directives in place, we expect to turn around Asia’s first airline and be in the black in two years time,” Cojuangco said.

While the chief executive acknowledged that the company’s diversification represents a fundamental shift in its business model and culture as an organization, it would continue to pursue growth opportunities in its traditional food and beverage businesses for the long term.

Recently, the company added bottling lines and built a new bottling plant for its beverage business. It has also upgraded production lines in its processed meat facilities and is constructing a grains terminal in Batangas.

“We believe that San Miguel’s long-term value rests on fulfilling a social purpose. The unique portfolio of businesses we manage today will set us up for the future and perhaps even leave the country and our countrymen a little better off in the process,” he said.

“As our nation’s leading corporation, we aspire to do our share in terms of job creation, rural development, improving infrastructure and encouraging the growth of tourism. Our financial strength provides us the means to have a positive and meaningful impact on these issues,” he added.

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