



SAN MIGUEL CORPORATION

August 13, 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 "SMC 1st half revenues up 25%, net income climbs 31%," which we will release to the press today.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer

News Release

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SMC 1st half revenues up 25%, net income climbs 31%

Diversified conglomerate San Miguel Corporation (SMC) chalked up P329.5 billion in consolidated sales revenues for the first semester of 2012, 25% higher than the same period last year, as the majority of its businesses turned in good performances, contributing solidly to the top line.

Despite the rise in input costs for some of its businesses, SMC chairman and chief executive officer Eduardo M. Cojuangco Jr. said that SMC's highly-diversified portfolio provided fresh growth drivers that made it resilient and enabled the company to turn in strong results.

"Our first semester financial results provide a glimpse of the importance of a diversified portfolio and the continuing value of our core businesses to the overall stability of the group," Cojuangco said.

SMC reported first-half consolidated net income attributable to equity holders of the parent of P14.1 billion, 31% higher than last year.

With higher crude and raw material prices resulting in slimmer margins, operating income amounted to P25.1 billion, 20% lower compared to the same period last year.

Consolidated recurring earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to P38.4 billion.

Beer

San Miguel Brewery Inc.'s consolidated revenues for the first semester reached P36.9 billion, up 4% from the previous year, with the brewery's international operations registering double-digit revenue growth as a result of higher volumes in Hong Kong, Indonesia, and Thailand. Consolidated operating income improved 6% to P10.8 billion.

Liquor and soft beverages

Ginebra San Miguel Inc.'s revenues reached P7.2 billion, 12% lower than last year. However, the company has seen improvements in its performance with volumes for its flagship Ginebra San Miguel surpassing year-ago levels by 13%. Second quarter volumes have also significantly narrowed the gap versus last year.

Food

Revenues of San Miguel Pure Foods Co. Inc. improved 7% to P45.3 billion as almost all segments contributed to higher sales, with the agro-industrial cluster, value-added meats, and



milling segments leading growth.

Higher raw material prices and limited supply of cassava in the earlier part of the year weighed down on its operating income, which was at P1.9 billion in the first semester. However, the second quarter improvements in the pork and chicken supply-demand scenario and raw material prices almost doubled its operating income to P1.2 billion from P659 million in the first quarter.

Packaging

The San Miguel Packaging Group's revenues reached P11.9 billion, slightly lower than 2011 levels as its off-shore operations continued to be affected by the prevailing global economic crisis. Operating income however grew 5% to P1.1 billion.

Power

SMC Global Power's net generation volume for the first semester reached 8,081 gigawatt hours, up 12% from the same period last year.

With better utilization of all plants and increased demand from bilateral customers, consolidated net revenues grew 11% to P39.5 billion. Its strong performance and continued management of operating costs resulted in a 17% jump in operating income to P8.8 billion.

Fuel and oil

Petron Corporation posted consolidated revenues of P193.3 billion, up 43% from the same period last year with the consolidation of the second quarter revenues of its Malaysian operations. Consolidated net income however dropped to P432 million, significantly lower than the P6.04 billion posted in the same period in 2011 due to volatility in global oil markets. Excluding the second quarter loss of Petron Malaysia, Petron Philippines posted a net income of P1.99 billion in the first half.

The industry saw a steep and continuous decline in crude oil and finished product prices from April to the first week of July, which resulted to 13 weeks of consecutive price rollbacks in local pump prices. Margins also narrowed as higher cost inventory were sold at lower prices. But while margins were contracting, Petron's total domestic sales grew by 9% in the first half to 21.81 million barrels.

Other new businesses

SMC's infrastructure projects are progressing as planned and that the company expects revenues to come in by the first quarter of 2013.

Philippine Airlines also recently took delivery of its third long-haul Boeing 777-300 ER. PAL has also started implementing its new growth strategy that includes the modernization of its fleet, the expansion of its network, and improvements in passenger service. Looking forward, the airline has several initiatives in place aimed at increasing profits by generating revenue growth and controlling costs.

"Across the San Miguel Group, we will be working hard to harness potential synergies from recent acquisitions and new businesses so that markets can be developed, revenue streams can be increased, costs can be reduced, and efficiency improved," Cojuangco said.

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