



SAN MIGUEL CORPORATION

March 27, 2014

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 net income grows 210% to P53.6 billion, less unrealized forex losses," 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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NEWS RELEASE

SMC net income grows 210% to P53.6 billion, less unrealized forex losses

San Miguel Corporation delivered strong financial results in 2013, with both core and new businesses bringing stable margins and a healthy cash flow.

Consolidated revenues rose 7% to P748 billion, with new businesses accounting for 70% of total revenues, improving 9% over the previous year. The core beverage, food, and packaging businesses posted moderate growth at 2%.

Consolidated operating income grew 7%, reaching almost P55.1 billion, on the back of strong margins from the beer and power businesses and the sustained performance of Petron and San Miguel Pure Foods Company, Inc. Consolidated recurring EBITDA, meanwhile, improved 1% to P77.3 billion.

Consolidated net income attributable to equity holders of the parent company grew 42%, reaching P38.1 billion, as the sale of San Miguel's entire stake in Meralco yielded a P40 billion gain. These earnings completely offset unrealized foreign exchange losses amounting to about P15.6 billion, brought about by the strengthening of the US dollar in the second half of 2013. Without unrealized forex losses, net income improved 210% to P53.6 billion.

BEER

Higher excise taxes weighed down San Miguel Brewery Inc., as volumes declined 9% to 204 million cases. Despite this, SMB still matched its year-ago revenue performance at P75.1 billion. Margin levels remained healthy, as cost containment measures and operational efficiencies in both domestic and international operations resulted to P21.6 billion in income from operations.

LIQUOR

The new excise tax regime, which nearly doubled for hard liquor, lowered volumes for Ginebra San Miguel Inc. Volumes recovered in the third quarter, particularly for



flagship Ginebra San Miguel, which grew market share nearly 3% over the previous year.

Volumes in the non-alcoholic segment meanwhile grew 20%, with revenues also growing by nearly double-digits. As a result, GSMI consolidated revenues grew 3%, to over P14 billion. Overall operating losses of P793 million however remain, as higher excise taxes and lower volumes weighed the company down.

FOOD

Revenues for SMPFC improved 4% over the previous year, reaching almost P100 billion driven mainly by the strong performance of the branded value-added businesses.

Operating income improved 6% to P5.5 billion with better margins brought by higher selling prices of meats, improved availability of cassava, lower prices of dairy raw materials and better efficiencies.

PACKAGING

San Miguel Yamamura Packaging Group brought in revenues of P25.2 billion in 2013. Having broadened and built on relationships with new and existing customers, nearly all of SMYPC segments grew, led by Exports, which posted revenues 23% higher than the prior year. Operating income ended at P2.1 billion for 2013.

POWER

Consolidated revenues for SMC Global Power Holdings Inc. was slightly lower at P74.0 billion due to lower WESM prices, mainly from the supply months of November and December 2013 where an ERC order used regulated prices in lieu of WESM prices. Total off-take volumes of 16,163 GWh were slightly better than the previous year due to better utilization of the Sual power plant.

Income from operations however grew 20% to P20.5 billion, brought on by lower generation costs for Sual, which signed power supply agreements with Meralco in 2013.

FUELS

Petron Corporation's consolidated revenues grew 9% to P464 billion in 2013 on the full consolidation of Petron Malaysia, which contributed P183 billion to total revenues.

Total volumes reached 81.5 million barrels, a 10% improvement from the previous year, with Petron Malaysia contributing 34.4 million barrels. Domestically, retail volumes grew by 3% amidst programs to rationalize unprofitable industrial accounts in LPG, fuel oil and aviation fuel.

Income from operations reached P11.7 billion, up 49% from the previous year. Operating income from Philippine operations grew substantially by 48%, reaching

P9.5 billion. Petron Malaysia added to over-all profitability with a P2.21 billion contribution, a 50% increase from 2012.

UPDATE ON PROJECTS

Meanwhile, the company reported progress on various infrastructure projects. After opening the first 22.6 kilometers of the Tarlac-Pangasinan-La Union Expressway from Tarlac City to Paniqui, the company said it is set to open the section up to Carmen by the second half of the year.

San Miguel's infrastructure unit has also broken ground for the NAIA Expressway and the Skyway Stage 3 Projects and work is underway on improving the STAR Tollway, which it recently consolidated.

The Boracay Airport runway extension project is also set to be completed by December 2014. Once operational, it will be able to accommodate commercial jets. Preparatory work on a new terminal is set to begin by the end of the year.

Construction of two new power generation plants in Luzon and Mindanao, which will have an initial combined capacity of 600 megawatts, is also on track for completion by 2015.

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