



SAN MIGUEL CORPORATION

May 12, 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:

We reply with respect to the attached news article entitled "SMC forecasts double-digit growth, to buy \$300-M 6 Panamax vessels" posted in Manila Bulletin (Internet Edition) on May 9, 2014. The article reported in part that:

"Diversified conglomerate San Miguel Corporation will announce double-digit earnings growth for the first quarter of the year and the firm intends to boost margins by increasing efficiency – including the purchase of six Panamax vessels worth about \$300 million.

In an interview, SMC President Ramon S. Ang said all subsidiaries are performing well and noted that earnings last year were dragged down mainly by foreign exchange losses.

SMC posted a 50.6 percent drop in attributable net income to P4.2 billion in the first quarter of 2013 from P8.5 billion in the same period last year because of lower equity earnings, higher interest expense and the higher foreign exchange gains experienced in 2012.

The firm posted double-digit revenue growth in the first quarter of 2013 despite external challenges that affected a number of its businesses. Consolidated revenues for the first three months of the year amounted to P178.3 billion, 25 percent higher than in the previous year.

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We advise that the statements of Mr. Ramon S. Ang, President and Chief Executive Officer of the Company, relating to: (i) the extent of the growth in the earnings of the SMC Food Group for the 1st quarter of the year, (ii) the plan of the SMC Food Group to boost margins by increasing efficiency, inclusive of the proposed purchase of six Panamax vessels and (iii) the effect of interest expense and foreign exchange losses in the businesses of the SMC Food Group, as reported in the aforementioned articles, respectively, are accurate.

Very truly yours,

FERDINAND K. CONSTANTINO
Corporate Information Officer