



SAN MIGUEL CORPORATION

August 11, 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 released entitled "**SMC net income grows six-fold to P18.4 billion**", 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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August 11, 2014

NEWS RELEASE

SMC net income grows six-fold to P18.4 billion

Diversified conglomerate San Miguel Corporation reported that its net income before non-controlling interest grew more than six-fold to P18.4 billion in the first six months of the year, on the back of strong performances from all businesses and lower interest expenses.

The company took in P405 billion in total revenues in the first semester, a 13% improvement from 2013, as its power and fuels businesses delivered double-digit revenue growth and its traditional food and beverage units showed stable growth.

Operating income improved 14% to P33 billion, on the back of significant second quarter gains in power and fuels. Consolidated recurring EBITDA, meanwhile, was up 11% at P45.3 billion.

Beer

San Miguel Brewery Inc.'s consolidated sales volume reached 102 million cases, marginally higher from the same period in 2013, with sustained domestic sales uptrend resulting to revenues of P37.7 billion, a 3% increase. Operating income ended at P10.3 billion.

Double-digit operating income growth from International Operations, partially offset weaker domestic margins brought on by an increase in excise taxes at the start of the year.

Liquor

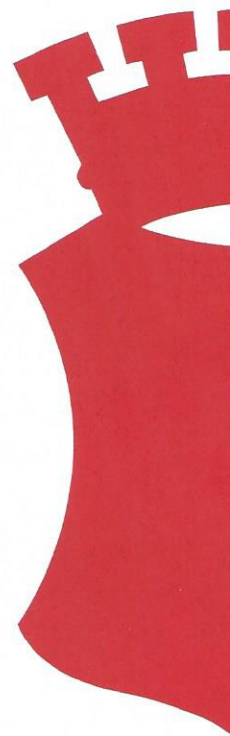
Ginebra San Miguel Inc. grew its revenues by 14% to P6.9 billion, on the back of higher hard liquor volume sales, which reached 9.8 million cases, a 7% improvement from last year.

Flagship Ginebra San Miguel led volume sales growth, outpacing its 2013 performance 21% to 8.1 million cases. GSML also saw a huge turnaround in operating income, which reached P70 million on higher volumes and lower production costs and fixed operating expenses.

Food

San Miguel Pure Foods Company Inc.'s consolidated revenues improved 4%, reaching P49.2 billion, as its agro-industrial and milling clusters delivered strong results, along with the dairy, fats and oils segment of its branded value-added business.

Operating income reached P2.7 billion, up 12% from last year, on the back of higher revenues, higher margins, managed fixed cost spending, and the strong performance of its poultry and meats, flour and dairy businesses, which benefitted from increased volumes, higher selling prices, and better efficiencies.



Packaging

San Miguel Yamamura Packaging Corp. reported revenues of P11.5 billion, at par with last year, on higher demand for paper products and improved utilization of its PET plant. Malaysia operations also provided positive revenue growth as volume grew for most products. As a result, operating income reached P1.01 billion, 8% higher than the same period last year.

Power

SMC Global Power delivered consolidated offtake volume of 8,789 GWh, 5% higher than last year, on the back of higher bilateral volume from Sual. Volumes from San Roque also improved with better water reservoir levels, while Ilijan delivered higher WESM volume for the second quarter. These, combined with higher average realization prices, brought in consolidated revenues of P43.8 billion, 16% ahead of last year.

Improved revenues and lower generation costs increased operating income by 36% to P14.9 billion.

Petron

Both Petron Corp.'s domestic and Malaysian operations delivered solid growth, generating revenues of P258 billion, 18% higher than last year.

Petron sold 43.1 million barrels, up 8% from last year, with Philippine operations delivering 25.1 million barrels, a 10% improvement, driven by the continued expansion of its service station network and growth in industrial sales. Malaysian operations contributed 18 million barrels, up 6% from last year, on a stronger network and higher industrial and LPG sales.

The strong volume performance, combined with less volatile regional prices, translated to a 36% increase in operating income to P5.87 billion.

Infrastructure

SMC said that all its infrastructure projects are proceeding as scheduled.

Construction on the Tarlac-Pangasinan-La Union Expressway's Section 2, running from Carmen to Urdaneta in Pangasinan, is on stream and is set to be completed by the end of the year. The remaining 26 kilometers of the total 88.6-kilometer project is slated for completion in 2016.

Improvement of the STAR Tollway is also ongoing, with overlaying of asphalt already complete for the entire 22.16-km stretch from Sto. Tomas to Lipa City and the additional two lanes for the Lipa to Batangas stretch. In addition, construction of a 19-kilometer concrete pavement is almost complete.

Construction on the NAIA Expressway is also in full swing, particularly on seven of the total 17 ramps. Advance works for Skyway Stage 3 is also underway, with 72 out of 80 bored piles already completed and 15 out of 20 columns already constructed.

Work on the extension of the runway at Boracay Airport is also on schedule, with preparation work ongoing for 800 out of the 850 meters interim runway extension which will bring total runway length to 1,800 meters.

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