



SAN MIGUEL CORPORATION

August 11, 2015

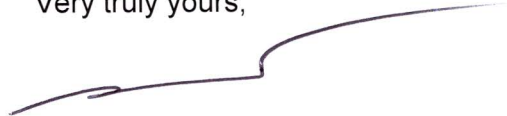
The Philippine Stock Exchange, Inc.
Disclosure Department
3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

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

Gentlemen:

Enclosed is a copy of our press statement entitled "**SMC operating income grows 23% to P40.7 billion**," which we will release to the press today.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer

News Release



SMC CORPORATE AFFAIRS OFFICE

40 San Miguel Avenue, Mandaluyong City,
1550 Metro Manila, Philippines

August 11, 2015

SMC operating income grows 23% to P40.7 billion

San Miguel Corporation (SMC) reported P40.7 billion in consolidated operating income for the first half of the year, a 23% increase over the same period last year, on the back of a 5% combined revenue growth in its core businesses, the significant profit recovery of Petron in the second quarter as a result of more stable crude oil prices, and higher contribution from its infrastructure business.

Unfavorable crude prices at the start of the year, along with lower volumes for SMC Global Power as a result of the maintenance shutdown of the Malampaya gas facilities, however resulted in a 16% decline in SMC's consolidated revenues to P338.8 billion.

Consolidated net income, excluding the effects of forex movement amounted to P18 billion, 15% higher than last year. The company incurred about P1.1 billion in forex losses as of June 30, 2015, compared to the forex gains in the same period last year.

Consolidated EBITDA reached P51.8 billion, 14% higher than 2014.

BEER

San Miguel Brewery Inc.'s net income for the first half of the year grew 10% to P6.9 billion. Consolidated revenues grew 5%, reaching P39.8 billion, driven mainly by domestic operations, with volumes up 3% to 86.4 million cases.

Operating income amounted to P10.9 billion, 6% better than last year, as SMB sustained programs to maximize operating efficiency and cost management.

LIQUOR

Ginebra San Miguel Inc. sustained its recovery with consolidated revenues growing 8% to P7.5 billion, on the back of a 4% volume growth.

Operating income also jumped 252% to P246 million on volume growth and lower alcohol costs resulting from more efficient distillery operations.

FOOD

San Miguel Pure Foods Company Inc. posted consolidated revenues of P50.5 billion, 3% higher than last year, on the back of the solid performance of its Branded Value-Added, Feeds, and Flour businesses.

Operating income grew 2% to P2.7 billion, as higher revenues and cost breaks improved overall margins with the Feeds and Branded Value-Added businesses posting



double digit operating performance. Operating income would have been higher if not for the operating results of the Poultry business. A glut in supply significantly depressed selling prices resulting to lower revenues. Poultry prices began recovering in July.

The Food Group net income grew 5% to P1.8 billion.

PACKAGING

San Miguel Yamamura Packaging Group's revenues grew 4% to P12.0 billion, pushed by higher sales of glass products to beverage companies and exports.

Operating income, meanwhile reached P1.1 billion, 7% higher than last year, driven by higher production efficiency and cost management programs.

POWER

SMC Global Power's off-take volume of 8,153 GWh for the first half of the year ended 7% lower than last year.

The Ilijan power plant delivered lower bilateral volumes, stemming from the scheduled maintenance outage of Malampaya in the first quarter; the plant's annual maintenance, and occasional gas supply restrictions. Sual, San Roque and the Limay Cogeneration power plants however delivered higher volumes.

FUELS AND PETROCHEMICALS

Petron Corporation sold 47.4 million barrels, 9% higher than last year, as domestic volumes surged by 17% to 29.7 million barrels. Volumes for Malaysia reached 17.7 million barrels.

Consolidated revenues however amounted to P186 billion, a decline of 28% from last year, with an almost 50% drop in crude and product prices, which was tempered by higher volume sales.

Operating income grew by almost 50% to P8.9 billion as crude prices became more stable in recent months. Net income also grew 13% to P3.4 billion, P3.2 billion of which was earned in the second quarter.

INFRASTRUCTURE

San Miguel Holdings Inc., SMC's infrastructure business contributed P5.3 billion in toll revenues for the first half of the year, the main bulk of which came from SLEX and Skyway 1 and 2, which were consolidated beginning March. Operating income amounted to P3.0 billion.

The company also provided updates on the construction of its key infrastructure projects:

- NAIA Expressway remains on track while Skyway Stage 3 is progressing well.
- Boracay Airport runway extension construction is also progressing well. Work on the first two phases of the Interim Runway Extension is now almost complete.

For media inquiries, please contact:
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