



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:

Enclosed is a copy of our press statement entitled "SMC starts strong with P195-B in revenues for the first quarter," 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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May 12, 2014

NEWS RELEASE

SMC starts strong with P195-B in revenues for the first quarter

Diversified conglomerate San Miguel Corporation (SMC) started the year strong, delivering P195-billion in revenues for the first quarter, up 9% from the same period last year.

Petron Corporation and SMC Global Power Holdings Corp. were the biggest contributors, posting double-digit improvement even as core businesses San Miguel Brewery Inc., San Miguel Pure Foods Company Inc., and San Miguel Yamamura Packaging Corp. reported better quarter-on-quarter results as well.

Liquor unit Ginebra San Miguel Inc. made a solid recovery, which, together with the strong performance of SMPFC and the power business, raised consolidated operating income to P15.5 billion. Consolidated recurring EBITDA, meanwhile, amounted to P21.6 billion.

The strengthening of the US dollar against the peso however resulted in foreign exchange losses of about P1.8 billion for the first quarter, a stark contrast from the P1 billion forex gains the company reported in the same period last year. With the appreciation of the peso ending at P43.65 last May 9, the first quarter forex losses is effectively eliminated.

As a result, net income attributable to equity holders of the parent company was at P2.2 billion. Without the forex losses, SMC's net income was at P4.0 billion, 23% higher than the comparable income for the same period last year.

BEER

San Miguel Brewery Inc.'s consolidated sales volume reached 46.6 million cases, lower than the previous year owing to a trade build-up prior to the price increase implemented in February 2013 to cover increase in excise taxes.

Volumes, however, picked up by February and March this year, improving 11%



and 7% respectively, allowing SMB to match year-ago sales revenues at P17.6 billion and post an operating income of P4.7 billion.

LIQUOR

Ginebra San Miguel posted revenues of P3.6 billion in the first quarter, 21% higher than in the prior year, on the back of strong volume sales, which was up 10% from last year. Flagship Ginebra San Miguel continued to grow.

Combined with cost containment initiatives, Ginebra posted a turnaround in profitability, reporting P43.9 million in operating income versus its P392 million loss in 2013.

FOOD

San Miguel Pure Foods Company Inc.'s consolidated sales revenues rose 5% to P24.2 billion, with all segments contributing to growth. Operating income reached P1.3 billion, a 46% improvement, on the back of higher volumes and better margins in poultry and meats, lower wheat cost, improved supply of cassava, and better efficiencies.

Poultry and Fresh Meats improved 11% while the Feeds business chalked up a 3% growth. The Milling cluster also contributed an 11% growth. Meanwhile, the Branded Value-Added business registered a 4% increase.

PACKAGING

San Miguel Yamamura Packaging Corp. delivered revenues amounting to P5.6 billion, up 1% from 2013 levels. The Paper segment registered record-high volume sales on the back of strong demand.

Greater demand for pre-forms and beverage-filling services contributed to improved PET sales, while the company's Malaysia operations also contributed to higher revenues. Operating income ended at P439 million.

POWER

SMC Global Power Holdings Corp.'s consolidated revenues reached P20 billion, up 14% from the same period in 2013, on account of higher bilateral prices and volume sales improvement. Consolidated off-take volume of 4,144 GWh was 1% higher.

Operating income, meanwhile, rose 20% to P6.6 billion.

FUELS AND OILS

Petron Corporation's consolidated revenues rose 12% to P125 billion, with both Philippine and Malaysian operations delivering strong performances in the first quarter.

Total volumes reached 20.7 million barrels, a 4% increase from last year. Domestic volumes grew 2% to 11.8 million barrels while Malaysia delivered a 6% volume growth, or almost nine million barrels.

Petron's consolidated net income stood at P2.23 billion in the first quarter, better than last year's P2.2 billion.

Petron's Refinery Master Plan Phase 2 project, which upgrades its Bataan refinery, was 98% complete as of the end of the first quarter--on track for its scheduled start of commercial operations by the 4th quarter.

INFRASTRUCTURE

SMC also reported that its 88.85-kilometer Tarlac-Pangasinan-La Union Expressway project had passed the halfway mark with the opening of the 49.36-kilometer Phase 1 section from Tarlac City to Carmen in Pangasinan.

It also commenced preparatory work on the Skyway Stage 3 project, which will link the Southern Luzon Expressway and Skyway system to the North Luzon Expressway.

Construction of the NAIA Expressway, which will connect all NAIA airport terminals to the Skyway, Pagcor Entertainment City, and the Cavite Expressway, is also ongoing.

The upgrade of the Boracay Airport in Caticlan is on schedule, with construction of the extended runway due to begin this year. Construction of the new terminal is slated next year. The company aims to complete the project by 2016.

For media inquiries, please call:

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