SAN MIGUEL CORPORATION

March 14, 2024

MR. ANTONINO A. NAKPIL
President & CEO
Philippine Dealing & Exchange Corp.
29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

Re: Press Release entitled: SMC's 2023 income
Soars 67% to P44.7 billion

Gentlemen:

Please see attached disclosure of the Company.

Very truly yours,

MARY ROSE S. TAN
Assistant Corporate Secretary

SAN MIGUEL
CORPORATION

March 14, 2024

The Philippine Stock Exchange, Inc.
Disclosure Department
6th Floor, Philippine Stock Exchange Tower
28th Street, corner 5th Avenue
Bonifacio Global City, Taguig City

Attention: **Alexandra D. Tom Wong.**
Manager, Disclosure Department

Gentlemen:

Please see attached press statement of the Company entitled "SMC's 2023 net income soars 67% to P44.7 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

SAN MIGUEL CORPORATION

March 14, 2024

SMC's 2023 net income soars 67% to ₱44.7 billion

San Miguel Corporation (SMC) reported strong full-year profits for 2023, with a 67% jump in consolidated net income to ₱44.7 billion.

This was driven by significant volume growth across its key businesses, including San Miguel Brewery, Inc., Ginebra San Miguel, Inc., Petron, and SMC Infrastructure, together with the integration of Eagle Cement Corporation's financial results.

SMC's strategic focus on operational efficiencies and sustainability initiatives contributed to a 24% increase in EBITDA to ₱205.3 billion and a 34% rise in consolidated operating income to ₱144.5 billion.

"We had a strong finish to 2023, which was marked by a healthy operating income and EBITDA, thanks to our continuous efforts to maximize operational efficiencies, aligned with our sustainability agenda. Our robust performance again reflects our resilience and ability to deliver a strong bottom line despite macroeconomic uncertainties, and our commitment to continue investing on nation-building projects," SMC President and CEO Ramon S. Ang, said.

FOOD AND BEVERAGE

San Miguel Food and Beverage Inc. (SMFB) delivered outstanding financial results for the year. SMFB generated revenues of ₱379.8 billion, a 6% increase from the previous year, with all business units reporting sales growth on account of improved volumes and pricing strategies.

EBITDA went up 7% to ₱66.8 billion, while net income jumped 10% to ₱38.1 billion, the highest achieved by the group since SMFB's consolidation in 2018. Consolidated operating income was down slightly by 1% at ₱48.4 billion, as the decline in the food business weighed down the otherwise strong performance of the beverage segment.

SMB reported an 8% increase in consolidated sales to ₱147.3 billion, fueled by an 8% and 7% sales growth in the local and international markets, respectively. Domestic sales volumes, however, were still 25% below pre-pandemic levels.

Net income stood at ₱25.3 billion, up 16%, resulting from better operating performance and higher interest income.

GSMI's revenues reached ₱53.6 billion, up 13% from last year as it hit record-high volumes in 2023. This was driven by efforts to enhance brand equity through consistent advertising, consumer promotions, and expanding market reach. Consequently, this translated to a 14% improvement in operating income to ₱6.8 billion. Both EBITDA and net income saw substantial increases of 41% and 55%, amounting to ₱9.4 billion and ₱7.0 billion, respectively.

The Food Group reached revenues of ₱178.8 billion, up 2% from the previous year. This was achieved through strategic pricing across segments, complemented by aggressive marketing to stimulate demand. Strong fourth quarter operating income growth of 89% cushioned a full-year decline at 23%, to end at ₱10.2 billion.

POWER

San Miguel Global Power reported a 23% decline in revenues to ₱169.6 billion, as a result of lower contracted volumes, and prices due to reduced fuel tariffs. Newcastle coal indices averaged US$172.79/MT in 2023, compared to US$360.19/MT in 2022.

Notably, the fourth quarter saw a 32% increase in volumes from the year-earlier period—a turnaround from the declines in the first three quarters of the year, partly due to higher sales volume from the San Roque hydropower plant, and increased contributions from its Battery Energy Storage System (BESS) network.

Operating income was up 13% to ₱32.5 billion due to lower cost to supply, and exposure to better spot prices during the period resulting from the suspension of the 670MW PSA of SPPC. Better operating margins were also accompanied by forex gains for the year versus forex losses in 2022. As a result, net income tripled to ₱9.9 billion from 2022's ₱3.1 billion. EBITDA grew to ₱22.3 billion, up 34% from the previous year.

FUEL AND OIL

Petron's continuing efforts to sustain demand recovery, optimize assets and resources, and respond to market volatility, resulted in a 60% improvement in operating income, which reached ₱30.7 billion coming from ₱19.2 billion in 2022. Net income amounted to ₱10.1 billion, 51% higher than the ₱6.7 billion reported in the previous year.

The company delivered combined 2023 sales volumes of 126.9 million barrels, 13% higher than the 112.8 million barrels sold in 2022, fueled by its wide presence and effective volume-generation strategies both in the Philippines and Malaysia. Strong volume performance was driven by significant growth in its Jet Fuel and LPG sales, backed by higher production at its Bataan and Port Dickson refineries.

Despite higher sales volume, Petron's revenues settled at ₱801.0 billion, slipping 7% from the previous year's ₱857.6 billion, as prices continued to correct from record-high levels in 2022. The full year average price of benchmark Dubai crude stood at $82 per barrel in 2023, down 15% from $96 in 2022.

INFRASTRUCTURE

SMC Infrastructure registered consolidated revenues of ₱34.0 billion, 17% higher than the previous year. This was mainly brought about by sustained growth across all operating toll roads. Combined average daily traffic volume reached 1.0 million vehicles, an 8% increase from 2022 level, buoyed by continued increase in travel activities.

Driven by robust volume growth, operating income surged 25% to ₱17.7 billion, coupled by continued cost management initiatives. Net income increased 33% increase over last year to ₱11.4 billion. Consolidated EBITBA margin of 81% remains robust.

CEMENT

The Cement Business, comprised of Eagle Cement Corporation, Northern Cement Corporation, and Southern Concrete Industries, Inc., registered a four-fold growth in consolidated revenues to ₱37.2 billion in 2023, mainly due to the full-year consolidation of Eagle in 2023, and the start of commercial operations of our new facility in Davao del Sur.

EBITDA grew substantially to ₱9.5 billion from ₱532.3 million in the previous year. Meanwhile, the group swung to an operating income of nearly ₱6.0 billion from a loss last year. Despite prevailing challenges in the market, cost containment initiatives and significant improvement in the cost of major inputs, helped the business deliver a strong performance.

Outlook

SMC remains confident in its ability to efficiently manage its business and continue to deliver sustainable value, amid continuing market uncertainties. The Company is optimistic that the country's robust macroeconomic fundamentals and its strategy, anchored on our sustainability agenda, will sustain growth momentum throughout 2024.

SMC's Food and Beverage business is seen to continue its growth trajectory, aided by a positive consumer demand backdrop, favorable inflationary environment, and strong brand following.

The Infrastructure business, on the other hand, is seen to sustain its growth trajectory with continued traffic growth across its network, along with increased travel throughout the country.

Meanwhile, with its increased capacity, the Cement business is expected to benefit from both private and public sectors' push for economic and infrastructure development.

For media inquiries, please contact:

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