

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
Dec 4, 2019
2. SEC Identification Number
11840
3. BIR Tax Identification No.
000-100-341-000
4. Exact name of issuer as specified in its charter
SAN MIGUEL FOOD AND BEVERAGE, INC.
5. Province, country or other jurisdiction of incorporation
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
100 E. Rodriguez Jr. Avenue (C-5 Road), Barangay Ugong, Pasig City, Metro Manila
Postal Code
1604
8. Issuer's telephone number, including area code
(632) 5317-5000
9. Former name or former address, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON (FB)	5,909,220,090
PREFERRED (FBP2)	15,000,000

11. Indicate the item numbers reported herein
Item 9. Other Events

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



SAN MIGUEL
FOOD AND BEVERAGE, INC.

San Miguel Food and Beverage, Inc. FB

PSE Disclosure Form 4-30 - Material Information/Transactions
References: SRC Rule 17 (SEC Form 17-C) and
Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure

Issuance of Peso-dominated fixed rate bonds.

Background/Description of the Disclosure

Further to the disclosure on November 14, 2019 regarding the filing of the registration statement and preliminary prospectus for the Php15 Billion fixed rate bonds offer of the Company, we advise that the bond issuance has been given a rating of PRS Aaa by Philratings.

Other Relevant Information

Attached is a copy of the press release of Philratings.

Filed on behalf by:

Name	Alexandra Trillana
Designation	Corporate Secretary and Compliance Officer

San Miguel Food and Beverage, Inc.'s Proposed P15.0 Billion Fixed-rate Bonds Get Highest Rating of PRS Aaa

Philippine Rating Services Corporation (PhilRatings) assigned an Issue Credit Rating of **PRS Aaa**, with a **Stable Outlook**, for San Miguel Food and Beverage, Inc.'s (SMFB; the Company) proposed Fixed-rate Bonds worth P15.0 billion. The proceeds from the proposed bond issuance will mainly be used for the redemption of the P15.0 billion Series 2 Preferred Shares of the Company in March 2020.

Obligations rated **PRS Aaa** are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. **PRS Aaa** is the highest rating assigned by PhilRatings.

On the other hand, an Outlook is an indication as to the possible direction of any rating change within a one year period and serves as further refinement to the assigned credit rating for the guidance of investors, regulators, and the general public. A **Stable Outlook** is assigned when a rating is likely to be maintained or to remain unchanged in the next twelve months.

PhilRatings took into account the following major rating factors in assigning the rating and the Outlook for SMFB's proposed bonds: (i) strong brand equity and leading market position of SMFB's core businesses; (ii) realized synergies as part of the San Miguel Group and as a result of the consolidation of the food and beverage business under SMFB, coupled with the Company's highly-experienced management team; (iii) continued positive outlook for the economy which is expected to benefit the food and beverage industry; (iv) the Company's conservative financial position considering the capital intensive nature of its businesses; and (v) its strong profitability performance and healthy cash flow generation.

PhilRatings' ratings are based on available information and projections at the time that the rating review was performed. PhilRatings shall continuously monitor developments relating to SMFB and may change the ratings at any time, should circumstances warrant a change.

SMFB is the publicly-listed food and beverage unit of conglomerate San Miguel Corporation (SMC). In 2018, SMC underwent an internal restructuring to consolidate its food and beverage business under SMFB. As a result of the consolidation, San Miguel Pure Foods Company, Inc. was renamed as SMFB and SMC's beverage business units, namely San Miguel Brewery Inc. (SMB) and Ginebra San Miguel, Inc. (GSMI) were transferred under it.

At present, SMFB is considered as a leading food and beverage company in the Philippines with three primary operating divisions, namely: Beer, Spirits, and Food. The Beer and Non-alcoholic Beverage Division, through SMB, and the Spirits Division, through GSMI, comprise its beverage business. The Food Division, on the other hand, is operated through a number of key subsidiaries such as San Miguel Foods, Inc., Magnolia Inc., and The Purefoods-Hormel Company, Inc. The brands and products which SMFB markets and sells are among the most recognizable and top-of-mind names in the industry and hold market-leading positions in their respective categories.

SMFB's parent company SMC is one of the largest and most diversified conglomerates in the Philippines. As an SMC-owned company, SMFB realizes synergies from its relationship with the broader San Miguel Group. The size and scale of the broader San Miguel Group likewise provide the Company with significant leverage and bargaining power with suppliers. Furthermore, the consolidation of SMC's food and beverage business under SMFB resulted in economies of scale in infrastructure and unlocked greater shareholder value by creating a sizeable consumer vertical market under one company.

PhilRatings also positively notes that SMFB shares common directors and executive officers with other SMC-owned companies, reflecting the Company's strategic importance to the entire Group.

While the economy experienced a slowdown in growth in 2018, it is the seventh consecutive year that the domestic economy sustained its growth of more than 6%. According to the Philippine Statistics Authority, the country's real GDP per capita has been consistently growing at an average growth of 4.1% in the past ten years, reflecting the nation's increasing purchasing power.

In 2019, year-to-date GDP growth stood at 5.8%, just slightly below the lower end of the government's target. It should be noted likewise that GDP growth for the third quarter alone was at 6.2%, a recovery from the 5.6% and 5.5% recorded in the first and second quarters of 2019. Economic growth was bolstered by slowing inflation which was at 0.8% in October, even lower than the 0.9% recorded in September. Such economic conditions and indicators augur well for the Company, considering that its products are largely consumed on a regular basis by individuals and households.

Considering the capital-intensive nature of SMFB's businesses, the Company has been able to maintain a conservative capitalization structure in the last five years. As of September 30, 2019, the Company's DE Ratio remained well below the 1:1 mark and its Asset to Equity Ratio was above 1.50x. Both are indicative of the Company's ability to avail of more debt, if needed. In addition, the Current Ratio that is maintained above 1x is also indicative of the strong liquidity profile of the Company.

Over the years, the Company has been able to exhibit solid profit performance and healthy cash flow generation. Total Revenues of SMFB grew at a compounded annual growth rate (CAGR) of 11.7% from 2015 to 2018. Operating Income, EBITDA and Net Income all similarly exhibited an upward trend over the same period. Cash flow from operations has continued to grow from 2016 to 2018 and for the latest interim period while EBITDA Interest Coverage Ratio remained consistently above 13.95x since 2016.