

C05807-2018

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)
Aug 28, 2018
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
23/F, THE JMT CORPORATE CONDOMINIUM, ADB AVE., ORTIGAS CENTER, PASIG
CITY, METRO MANILA
Postal Code
1605
8. Issuer's telephone number, including area code
(632) 317-5000
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. FB

PSE Disclosure Form 4-31 - Press Release
References: SRC Rule 17 (SEC Form 17-C)
Section 4.4 of the Revised Disclosure Rules

Subject of the Disclosure

Company updates.

Background/Description of the Disclosure

Please see attached for your reference, presentation materials on San Miguel Food and Beverage, Inc. (the "Company"), which the Company is providing its investors.

Other Relevant Information

The presentation is for information and reference only and does not constitute or form part of and should not be construed as, an offer to sell, or the solicitation of an offer to purchase, any securities of the Company in any jurisdiction or an inducement to enter into any investment activity.

Filed on behalf by:

Name	Alexandra Trillana
Designation	Corporate Secretary and Compliance Officer

COVER SHEET

1 1 8 4 0

S. E. C. Registration Number

S A N M I G U E L F O O D A N D

B E V E R A G E , I N C .

(Company's Full Name)

23 r d F I r. J M T B I d g. A D B

A v e. P a s i g C i t y

(Business Address: No. Street City/Town/Province)

ALEXANDRA B. TRILLANA

Contact Person

(632) 317-5450

Company Telephone Number

SEC Form

Month

Day

1 7 - C

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Dept. Requiring this Doc.

Amended Articles Number/Section

Amended Articles Number/Section

Total No. of Stockholders

Total No. of Stockholders

Domestic

Domestic

Foreign

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

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Document I. D.

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE (SRC)
AND SRC RULE 17(b)(3) THEREUNDER

1. **August 28, 2018**
Date of Report (Date of earliest event reported)
2. SEC Identification No. **11840**
3. BIR Tax Identification No. **000-100-341-000**
4. **SAN MIGUEL FOOD AND BEVERAGE, INC.**
Exact name of registrant as specified in its charter
5. **Philippines**
(Province, country or other jurisdiction of Incorporation)
6. (SEC Use Only)
Industry Classification Code
6. **23/F The JMT Corporate Condominium, ADB Avenue, Ortigas Center, Pasig City**
1605
(Address of principal office) (Postal Code)
7. **(632) 317-5000** (Registrant's telephone number, including area code)
8. **Registrant has not changed address since its last report to this Honorable Commission**
(Former name or former address, if changed since last report)
9. Securities registered pursuant to Sections 8 and 12 of SRC

Title of Each Class	Issued and Outstanding as of June 30, 2018
Common	5,909,220,090
Preferred	<u>15,000,000</u>
	<u>5,924,220,090</u>

10. Indicate the item numbers reported herein:

Item 9. Other Events

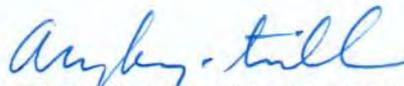
Please see attached for your reference, presentation materials on San Miguel Food and Beverage, Inc. (the "Company"), which the Company is providing to its investors. The presentation is for information and reference only and does not constitute or form part of and should not be construed as, an offer to sell, or the solicitation of an offer to purchase, any securities of the Company in any jurisdiction or an inducement to enter into any investment activity.

###

Pursuant to the requirements of the Securities Regulation Code, the registrant duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SAN MIGUEL FOOD AND BEVERAGE, INC.

By:



ALEXANDRA BENGSON TRILLANA
Corporate Secretary and Compliance Officer

August 28, 2018.



SAN MIGUEL
FOOD AND BEVERAGE, INC.

Company Updates

August – September 2018



Disclaimer

This presentation is for information and reference only and does not constitute or form part of and should not be construed as, an offer to sell, or the solicitation of an offer to buy or acquire, any securities of San Miguel Food and Beverage, Inc. (the “Company”) in any jurisdiction or an inducement to enter into any investment activity.

This presentation contains “forward-looking statements”, which are based on current expectations and projections about future events, and include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “plans”, “could”, “should”, “predicts”, “projects”, “estimates”, “foresees” or similar expressions or the negative thereof, as well as predictions, projections and forecasts of the economy or economic trends of the markets, which are not necessarily indicative of the future or likely performance of the Company, and projections and forecasts of their performance, which are not guaranteed. Such forward-looking statements, as well as those included in any other material discussed at the presentation, concern future circumstances and results and involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause their actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions and estimates regarding the Company’s present and future business strategies, including expansion plans and the environment in which they will operate in the future. Forward-looking statements are not guarantees of future performance. These forward-looking statements speak only as at the date of this presentation, the Company does not intend to supplement, amend, update or revise any forward-looking statements as a result of new information or to reflect future events or circumstances, except as required under applicable laws.

These materials have not been independently verified and will not be updated. These materials, including but not limited to forward-looking statements speak only as of the date of this presentation and is not intended to give any assurances as to future results. The Company expressly disclaims any obligation or undertaking to supplement, amend, update or revise any materials, including any financial data or forward-looking statements, as a result of new information or to reflect future events or circumstances, except as required under applicable laws. Given the abovementioned risks, uncertainties and assumptions, you should not place undue reliance on these forecast and projections. Past performance is not necessarily indicative of future performance.

This presentation contains certain financial measures, including EBITDA and EBITDA margin, that are used by management as a supplemental measure of the Company’s performance. These measures should not be considered as an alternative to net income, revenues or any other performance measure derived in accordance with PFRS or as an alternative to cash flow from operations or as a measure of our liquidity.

The information contained in these materials has not been independently verified, approved or endorsed. To the extent available, the industry, market and competitive position data contained in this presentation has come from official or third party sources for which the Company has obtained the necessary consents for use. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Moreover, any information from third party sources contained in these materials may not be used or relied upon by any other party, or for any other purpose, and may not, directly or indirectly, be reproduced, disseminated or quoted without the prior written consent of such third party.



01 OVERVIEW OF SMFB



Introducing San Miguel Food and Beverage



SAN MIGUEL
FOOD AND BEVERAGE, INC.

“Celebrating life”



SMFB at a Glance



SAN MIGUEL
FOOD AND BEVERAGE, INC.



128 years of rich heritage with brands associated with quality products



#1 in Beer, **#1** in Gin, **#1** in Chinese Wine and **#1** in 4 Food categories⁽¹⁾



c.87% of Revenue from categories with **#1** market position⁽²⁾



c.400,000+ Beer Outlets, **141,000+** Spirits Outlets and **c.130,000** Food Points of Sale



c.US\$4.7bn 2017 Revenue⁽³⁾



c.US\$933m 2017 EBITDA⁽³⁾ and **c.20%** EBITDA Margin⁽⁴⁾



c.11% 2015-17 Revenue CAGR and **c.15%** 2015-17 EBITDA CAGR⁽⁵⁾

Largest consumer player in the Philippines with proven business model, extensive and efficient distribution network and compelling financial profile

Source: GlobalData

Notes:

1. Comprising branded processed meats, butter and spreadable fats, animal feeds, and poultry and fresh meats. Based on GlobalData industry report
2. Based on 2017 Revenue from full year 2017 audited combined financial statements
3. Based on exchange rate of USD/PHP 53.50. EBITDA is computed as net income before: income tax expense, net financing charges (interest income net of interest expense), extraordinary or exceptional items, foreign exchange losses (gains), depreciation and amortization and impairment losses. Based on full year 2017 audited combined financial statements
4. EBITDA margin is computed as EBITDA divided by Revenue
5. % CAGR is calculated as follows: $[\text{Value at End Period} \div \text{Value at Beginning Period}]^{1/(\text{number of periods})} - 1 \times 100$

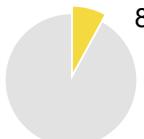
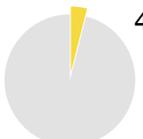
A Household Name Embedded in the Fabric of the Philippine Economy and the Filipino Culture

128 Years of Heritage in the Philippines

1890	Established our Beer business	
1925	Entered Food with Magnolia ice cream (est. 1925) and B-Meg (est. 1953)	
1972	Entered Poultry business	
1987	Acquired Gin business (est. 1834) and VINO Kulafu (est. 1957)	
1990s	Acquired Monterey Farms, STAR (est. 1931) and Dari Crème (est. 1959)	
2001	Acquired Pure Foods Corporation (prepared and packaged food) (est. 1956)	
2018	Consolidation of Food and Beverage	

- ✓ 32 well-established brands across 6 categories built over almost 130 years
- ✓ Our brands are embedded in the daily lives of our consumers
- ✓ Extensive operational know-how with first mover advantage through expansion into adjacent F&B categories
- ✓ Strong heritage reflective of quality, trust and loyalty

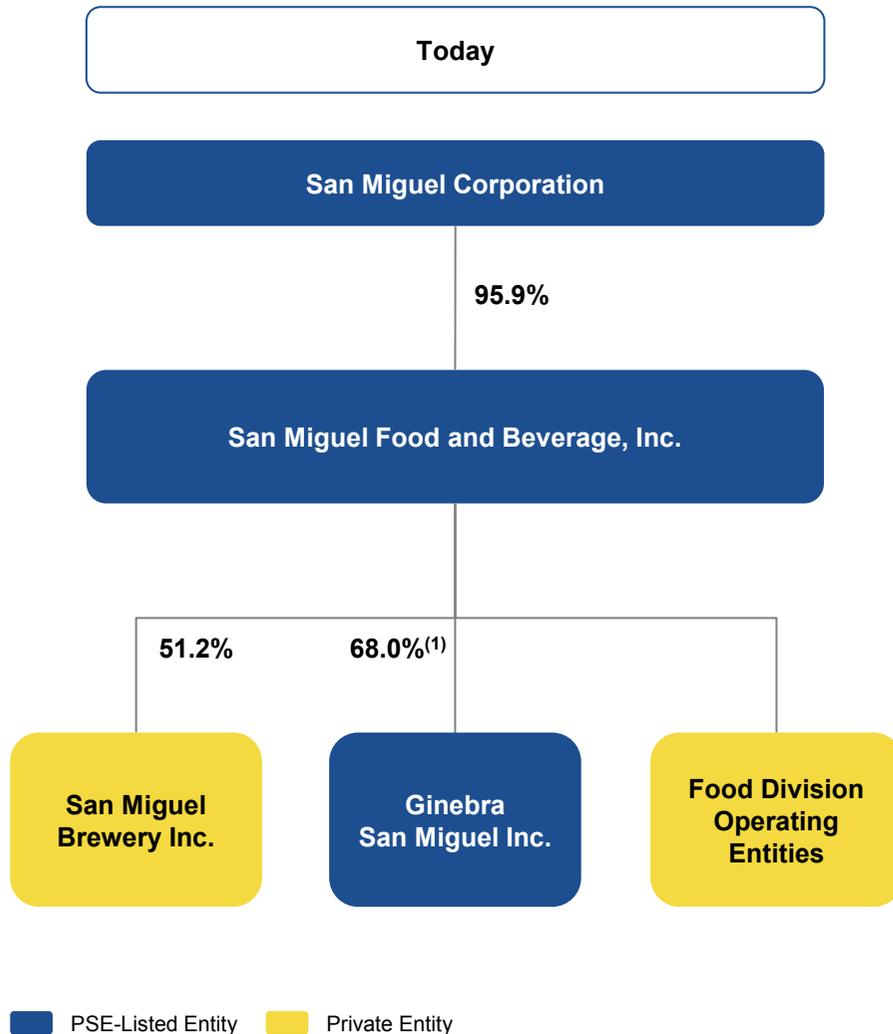
Operating Across Diversified and High Growth Categories with Leading Market Positions

	% Revenue Contribution to SMFB ⁽¹⁾	% EBITDA Contribution to SMFB ⁽¹⁾⁽²⁾	Products	Market Shares ⁽³⁾	Ranking ⁽³⁾
Beer and NAB	 45% 2015-17 Revenue CAGR⁽⁵⁾: 17.3%	 70% 2017 EBITDA Margin: 30.8%		<ul style="list-style-type: none"> Beer: 92.7% 	
Spirits	 8% 2015-17 Revenue CAGR: 13.7%	 4% 2017 EBITDA Margin: 8.8%		<ul style="list-style-type: none"> Gin: 95.3% Chinese Wine: 64.5% 	 
Food ⁽⁴⁾	 47% 2015-17 Revenue CAGR: 4.8%	 26% 2017 EBITDA Margin: 11.2%	 <p>Prepared and Packaged Food</p> <p>Animal Nutrition and Health</p> <p>Protein</p> <p>Other Food Categories</p>	<ul style="list-style-type: none"> Branded Processed Meats: 35.0% Butter and Spreadable Fats: 47.8% Animal Feeds: 25.0% Poultry and Fresh Meats: 23.5% 	   

Notes:

1. FY2017
2. EBITDA is computed as net income before: income tax expense, net financing charges (interest income net of interest expense), extraordinary or exceptional items, foreign exchange losses (gains), depreciation and amortization and impairment losses. Based on full year 2017 audited combined financial statements. EBITDA margin is computed as EBITDA divided by Revenue
3. Based on GlobalData industry report
4. Comprises Prepared and Packaged Food, Animal Nutrition and Health, Protein, and Other Food Categories
5. % CAGR is calculated as follows: $[\text{Value at End Period} \div \text{Value at Beginning Period}]^{(1/\text{number of periods})} - 1 \times 100$

Establishment of a Powerhouse Consumer Company

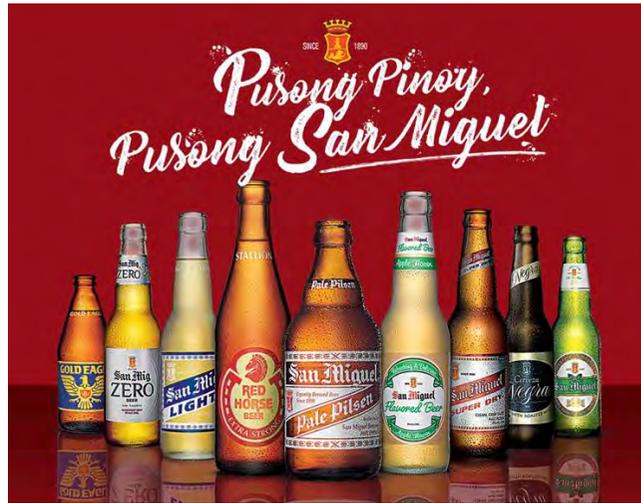


Rationale for the SMFB Consolidation

- 1 Create a **unique and formidable platform** focused on the food and beverage businesses which is able to **address the consumer's needs** across a **broad range** of customer segments
- 2 Harness the pooling and optimization of **market knowledge, customer access, distribution and logistics network** of the integrated businesses
- 3 Benefit from the **synergies and cost savings** from shared infrastructure and group-wide procurement, leveraging on SMC's size and reach
- 4 Unlock the value of these combined business segments under SMFB, and in turn, **enhance shareholder value**
- 5 Provide investors with an opportunity to invest in a large liquid consumer benchmark with **stable cash generation and sustainable growth**

Note:

1. Represents 216,972,000 common shares that were part of the Share Swap out of the total 319,114,726 common and preferred shares



02 KEY INVESTMENT HIGHLIGHTS



The Definitive Proxy for the Philippines Consumption



1

One of the Largest Consumer Companies in the Philippines with a Rich Heritage of 128 Years

2

Powerful Portfolio of Iconic and Trusted Brands that Resonate Deeply with Our Local Consumers

3

Leading Market Positions in the Most Attractive Consumer Categories

4

Strategically Located Production Facilities and Unique Elements of the Business Model Driving Profitability and Strong Competitive Advantages

5

Extensive Distribution Network Across the Philippines Covering Diverse Channels

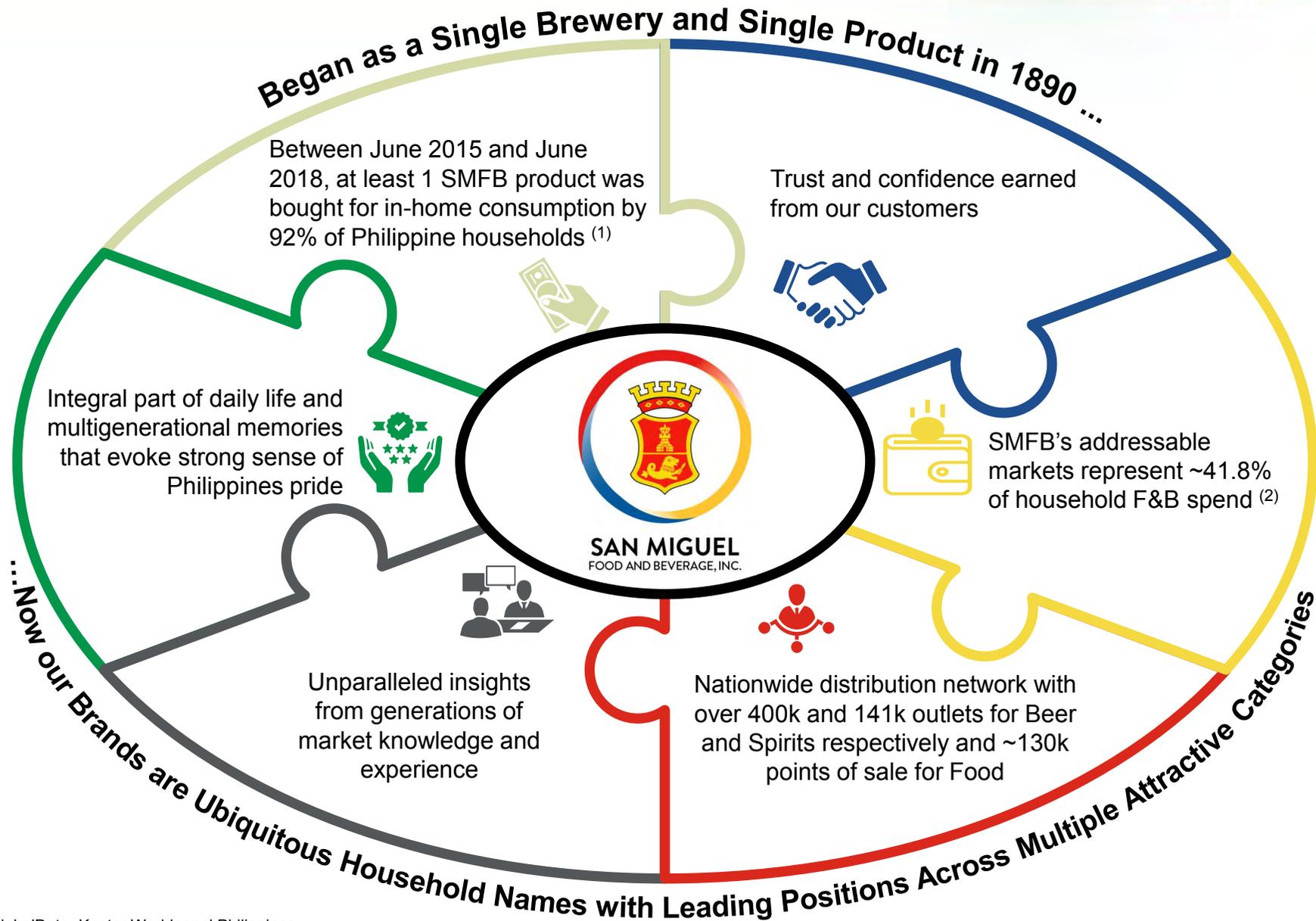
6

Powerful Consumer Insights Drive Growth, Innovation, and New Product Development

7

Highly Experienced Management Team Supported by the Broader San Miguel Group and International Partnerships

① One of the Largest Consumer Company in the Philippines with a Rich Heritage of 128 Years...



Source: GlobalData, Kantar Worldpanel Philippines

Notes:

1. Based on a survey conducted by Kantar Worldpanel between June 2015-June 2018

2. Calculated by dividing total SMFB addressable market size by total Philippines F&B industry size. SMFB addressable markets include beer, NAB, spirits, branded processed meats, protein, dairy, ice cream and flour

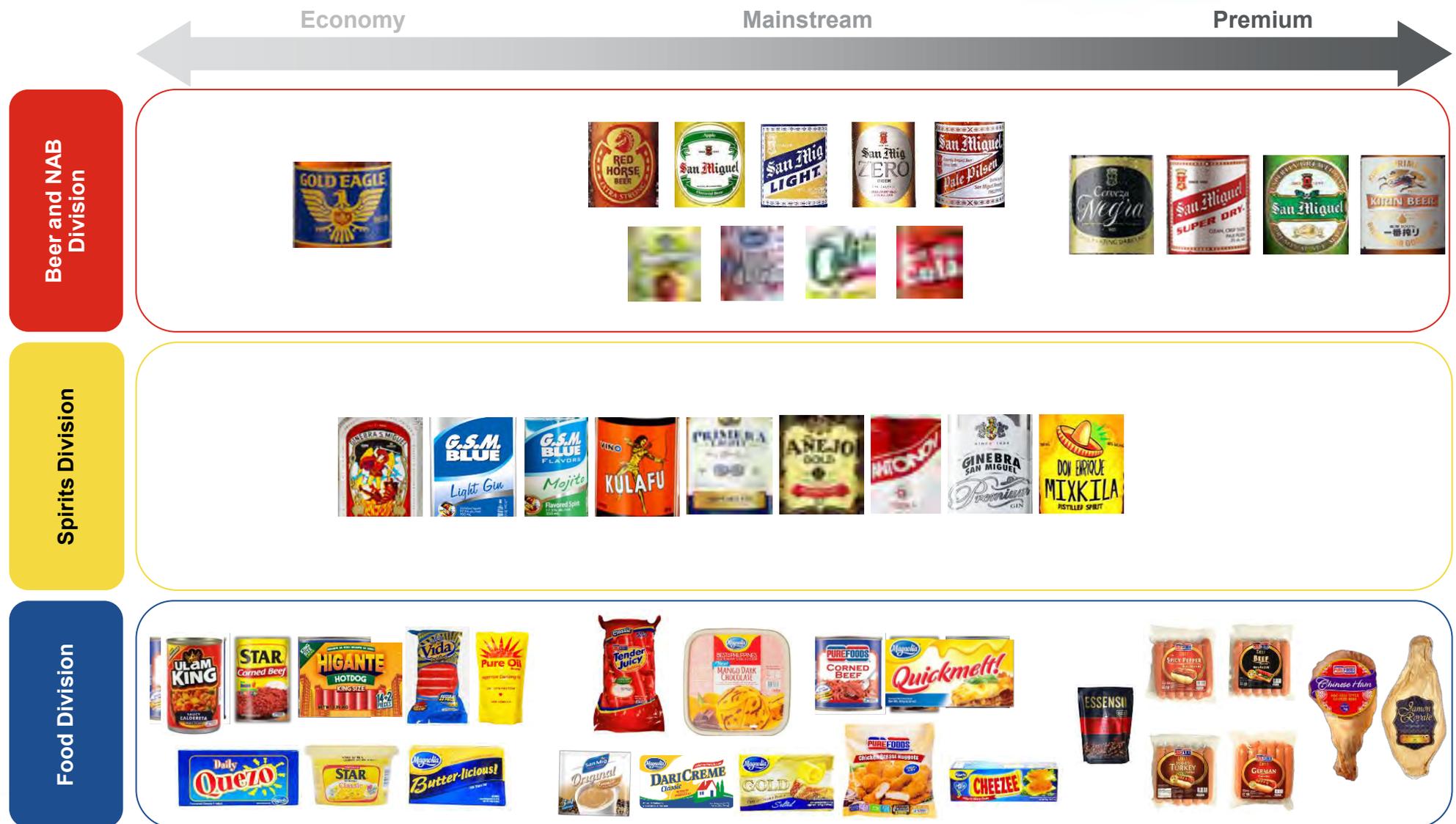
1 ...Engaging Our Consumers at Every Meal and Occasion

- Broad access to the consumer through multiple food and beverage categories
- Catering to consumers at every meal and occasion, guided by SMFB's slogan of "Celebrating Life"
- Products are consumed by our consumers as part of their daily lives

Breakfast	Lunch / Dinner at Home	Dining Out	Snack Time	Social Occasions	Special Occasions
<p>Coffee Milk Bakery</p>  <p>Butter, Margarine & Cheese Baking Ingredients</p>  <p>Refrigerated & Canned Meats</p> 	<p>Beer Poultry</p>  <p>Refrigerated Meats Flour Sauces</p>  <p>Fresh Meats Baking Ingredients</p> 	<p>Foodservice</p>  <p>Franchising (Food-to-go)</p>  	<p>Biscuits Ice Cream</p>  <p>Butter, Margarine & Cheese Bakery</p>  <p>Canned Meats Non-alcoholic Beverages</p> 	<p>Beer</p>   <p>Spirits</p>   <p>Non-alcoholic Beverages</p> 	<p>Seasonal products</p>  

1 Our Brands and Products Target the Full Consumer Spectrum

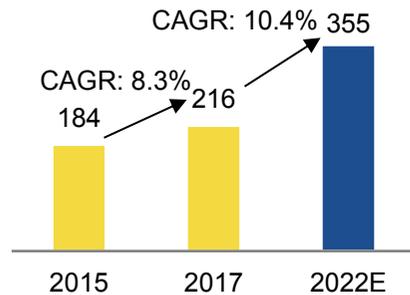
- Wide product offering meeting needs of all customers



1 Well Positioned to Benefit from the Economic Growth of the Philippines

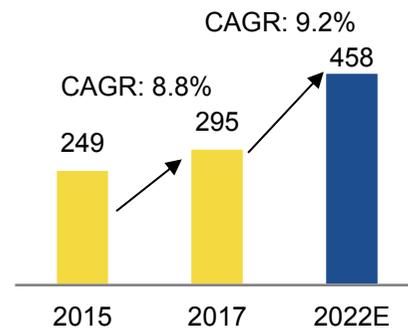
SMFB is Poised to Benefit From the Positive Economic Trends in the Philippines...

Nominal Household Consumption Expenditure (\$ bn⁽¹⁾)



Source: GlobalData

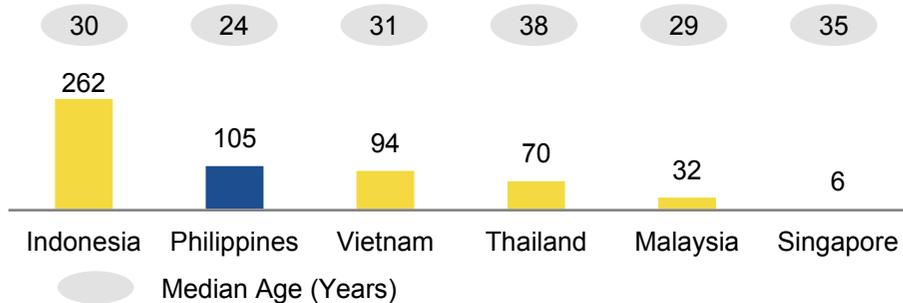
Nominal GDP (\$ bn⁽¹⁾)



Source: GlobalData

SMFB is Supported by the Youngest and 2nd Largest Population Base in Southeast Asia

Population, 2017 (m)



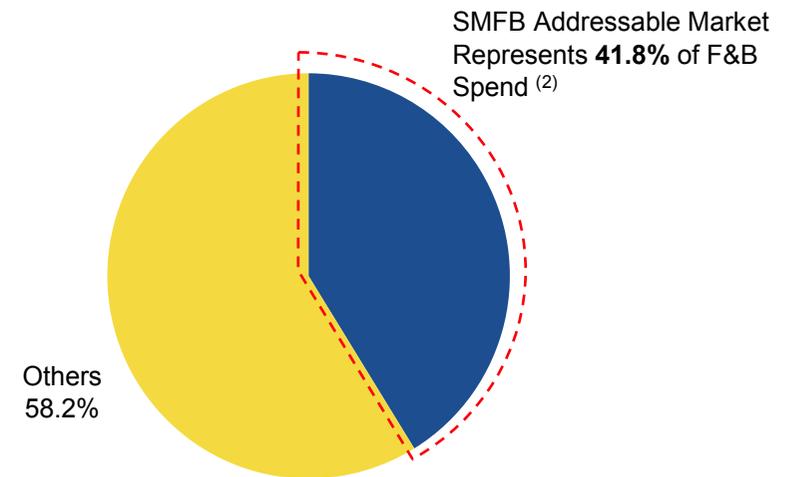
Source: GlobalData, IMF

Notes:

1. Based on exchange rate of USD/PHP 53.50
2. Calculated by dividing total SMFB addressable market size by total Philippines F&B industry size. SMFB addressable markets include beer, NAB, spirits, branded processed meats, protein, dairy, ice cream and flour

...Capturing 41.8% of the Philippines' Food and Beverage Spend

Share of the Philippines' Food and Beverage Spend (%)



As an integrated food and beverage platform, SMFB believes it is the proxy for Philippines consumption

Source: GlobalData

2 Powerful Portfolio of Iconic and Trusted Brands that Resonate Deeply with Our Local Consumers

Beer and NAB Brands		
Brand		2017 Ranking (by Volume)
	Red Horse	#1
	San Miguel Pale Pilsen	#2
	San Mig Light	#3
	Gold Eagle	#4
	San Miguel Flavored Beer	#7
	San Miguel Super Dry	#8
	San Miguel Premium	
	San Mig Zero	
	Cerveza Negra	
	Kirin Ichiban	
	Cali/Cola/Fruit Drink/Health Tea	

Spirits Brands		
Brand		2017 Ranking ⁽¹⁾ (by Volume)
	Ginebra San Miguel	#1
	Vino Kulafu	#1
	GSM Blue Flavors	
	GSM Blue Light Gin	
	Primera Light Brandy	
	Ginebra San Miguel Premium	
	Antonov Vodka	
	Don Enrique Mixkila	
	Añejo Gold Medium Rum	

Food Brands		
Brand		2017 Ranking ⁽²⁾ (by Value)
	Magnolia	#1
	B-Meg	#1
	Purefoods	#1
	San Miguel Mills	
	Monterey	#4
	Star	#1
	Dari Crème	
	San Mig Coffee	
	La Pacita	

Source: GlobalData

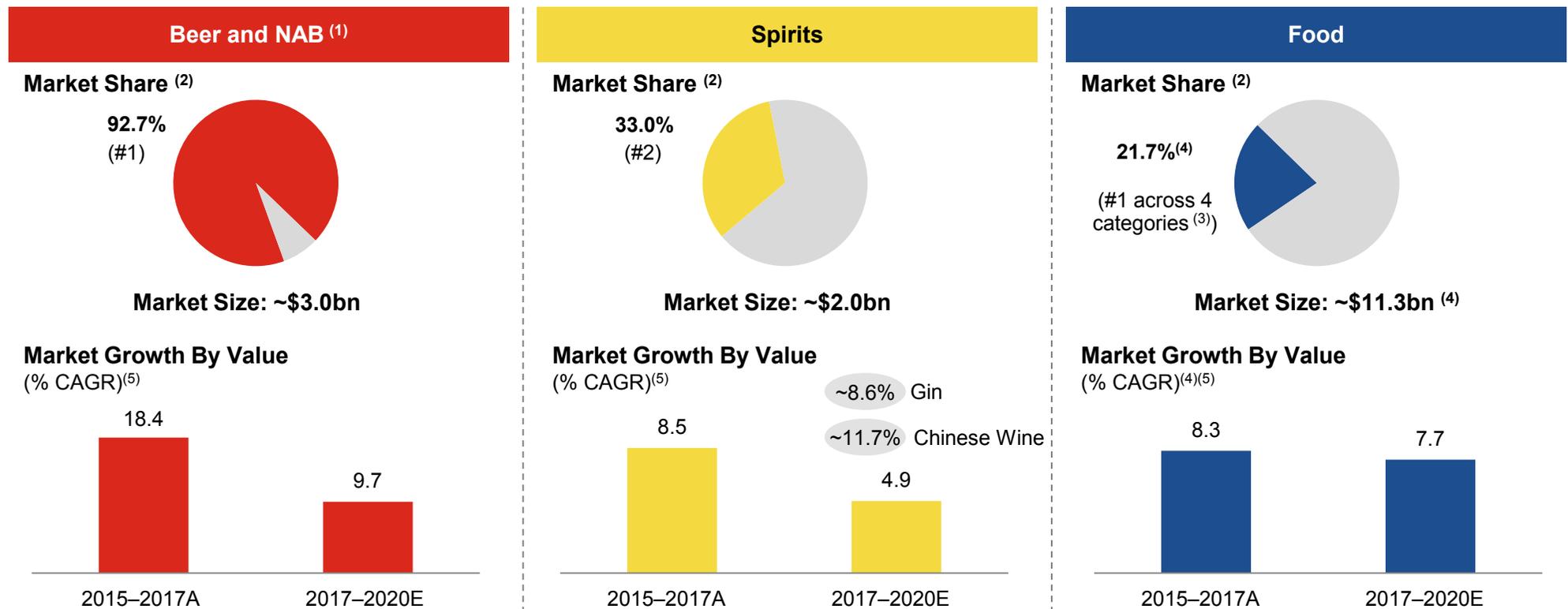
Notes:

- Ranking by volume within category per GlobalData. Ginebra San Miguel is ranked #1 in gin. Vino Kulafu is ranked #1 in Chinese wine
- Ranking by value within category per GlobalData. Magnolia is ranked #1 in poultry and fresh meats; ranked #2 in ice cream and ranked #4 in butter and spreadable fats. B-Meg is ranked #1 in animal feeds. Purefoods is ranked #1 in branded processed meats. Monterey is ranked #4 in poultry and fresh meats. Star is ranked #1 in butter and spreadable fats.

3 Leading Market Positions in the Most Attractive Consumer Categories

- Approximately 87% of revenue in 2017 was generated from categories where we hold #1 rankings
- 13th largest brewer in the world by volume and one of the top four Asian brewers by revenue in 2017
- SMFB is world's number one selling gin by volume, with market leadership in spirits demonstrated by our strong market share in the gin category and a growing demand for our Chinese wine
- SMFB offers a broad range of high-quality food products with some of the most recognizable brands in Philippine food industry

Diversified Product Offerings with #1 Positions Across 7 Categories



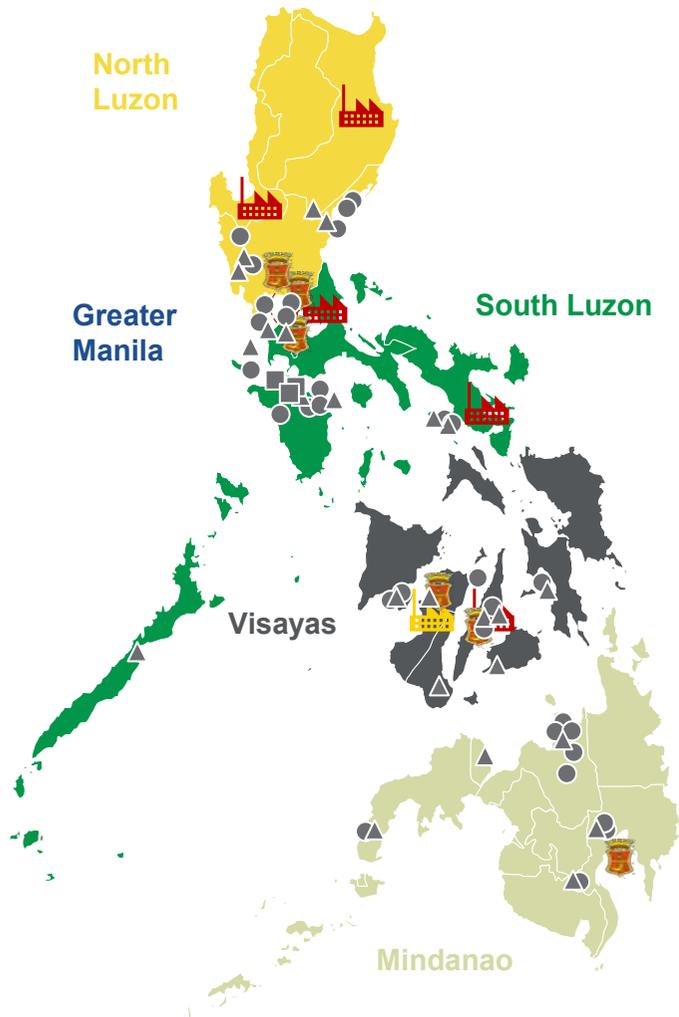
Source: GlobalData

Notes:

1. Market data is for beer only
2. Market share for beer and spirits is in volume terms whereas for food it is in value terms
3. Include butter and spreadable fats, poultry and fresh meats, branded processed meats and animal feeds
4. Include branded processed meat, dairy (including ice cream), protein, and animal feeds
5. % CAGR is calculated as follows: $[\text{Value at End Period} \div \text{Value at Beginning Period}]^{(1/\text{number of periods})} - 1 \times 100$

4 Strategically Located Production Facilities Providing Strong Competitive Advantage

Efficient Production Facilities Strategically Located Throughout the Philippines Providing Wide Coverage of Population & Proximity to Raw Material Sources



-  Distillery
-  Bottling plant
-  Beer Production Facilities
-  Feed mill
-  Meat processing
-  Value added plant

Note:
1. Includes distillery

Key Competitive Advantages

- ✓ Beer and NAB Division's ability to serve all regions and transport beer products to market within **5-7 days** from production, ensures **product availability and freshness**
- ✓ Spirits produced with alcohol obtained from a centralized distillery in Negros Occidental, which is the Philippines' **largest molasses producing region**, and bottled at five domestic facilities located across the country
- ✓ Nationwide manufacturing network for food products across Luzon, Visayas & Mindanao ensures **product freshness and better access to key raw materials**

Company-owned	Luzon	Visayas and Mindanao	Plants under Construction / Expansion
Beer Production Facilities	3	3	2
Spirits Facilities	4	2 ⁽¹⁾	0
Food Plants	17	3	14

5 Extensive Distribution Network Across the Philippines Covering Diverse Channels

Significant Distribution Network / Points-of-Sale Network Across the Philippines ⁽¹⁾...



...With Multi-channel Distribution Platform to Maximize Customer Reach

Mom and Pop Store

- ✓ **Primary purchase channel** for key customers and clear competitive advantage for SMFB
- ✓ **Only carry products with strong following** due to limited shelf space and capital
- ✓ Difficult for competitors to penetrate
- ✓ **Returnable Glass Bottle (“RGB”) system** for beer where used bottles are returned to be recycled by SMFB

Modern Trade

- ✓ Established **key accounts groups** to manage and expand presence in modern trade
- ✓ Includes Monterey Meatshops and Magnolia Chicken Stations among others

On-Premise

- ✓ Focus on **increasing visibility and consumption** in targeted outlets
- ✓ Established Great Food Solutions to manage food sales to foodservice channel

Note:

1. All the distribution points data is as of 30 June 2018

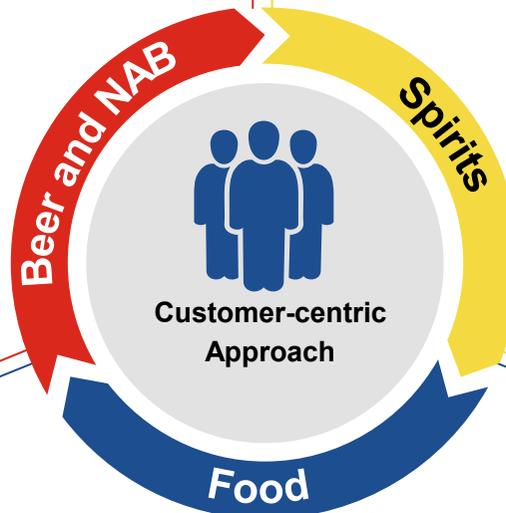
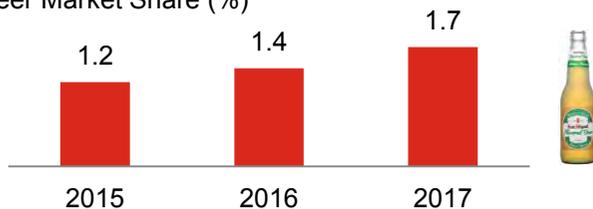
6 Powerful Consumer Insights Driving Innovation and New Product Development

- Track record of introducing new products by leveraging our extensive market knowledge of consumer preferences, demographic and market trends, and distribution channels

- Calibrated New Product Development (“NPD”) approach** by carefully studying the market and introducing products when needed at the optimal time
- Engages in **proprietary research** to identify **market gaps and changes in consumer preferences**

San Miguel Flavored Beer

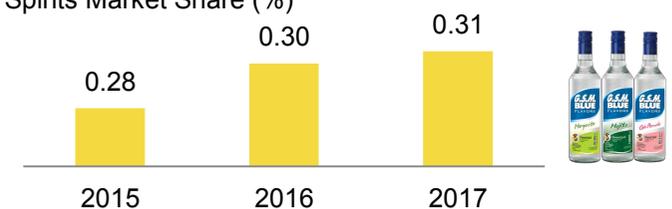
Beer Market Share (%)



- Dedicated development team**
- Focused on **winning market share** in spirits from rum and brandy
- Attract new customers with **NPD cycles of at least 6 months** from development to launch

GSM Blue

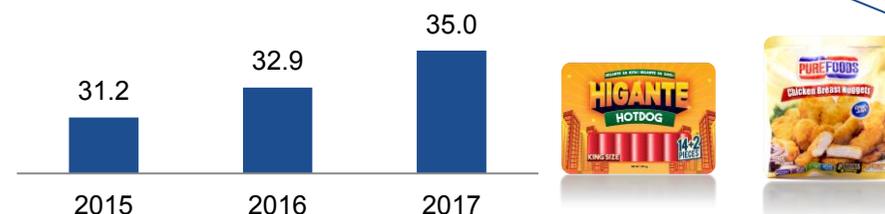
Spirits Market Share (%)



- Driven by **dedicated innovations group**
- Comprehensive NPD approach** across all key business lines
- Leverage **proprietary consumer data and insights** to identify new trends
- Five step **“Stage Gate Process”** to introduce food innovations in a disciplined manner

Branded Processed Meats

Market Share (%)



Source: GlobalData

7 Highly Experienced Management Team Supported by the Broader San Miguel Group and International Partnerships

- The total number of employees was c.10,000 as of June 30, 2018. 48% in Beer and NAB Division, 11% in Spirits Division, and 41% in Food Division
- Highly experienced management team with majority of key management having over 20 years of experience
- For the six-month period ended June 30, 2018, employee turnover was 1.7% in Beer and NAB Division, 3% in Food Division, and less than 1% in Spirits Division

Strategic Partnerships with Globally Renowned Companies



Eduardo M. Cojuangco, Jr.
Chairman of the Board



Roberto N. Huang
Chief Operating Officer – Beer



Ramon S. Ang
President & Chief Executive Officer



Francisco S. Alejo III
Chief Operating Officer – Food

Unique Macro Insights as Part of San Miguel Group



Packaging



SAN MIGUEL CORPORATION



Fuel and Oil



SMC GLOBAL POWER

Energy



SMC INFRASTRUCTURE

Infrastructure



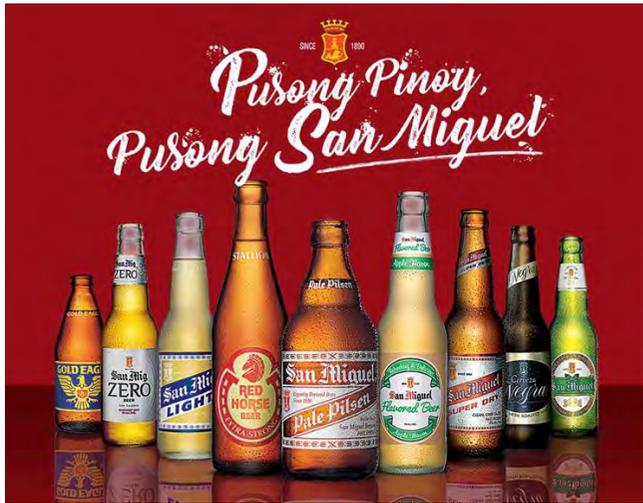
Ferdinand K. Constantino
Treasurer



Emmanuel B. Macalalag
Chief Operating Officer – Liquor



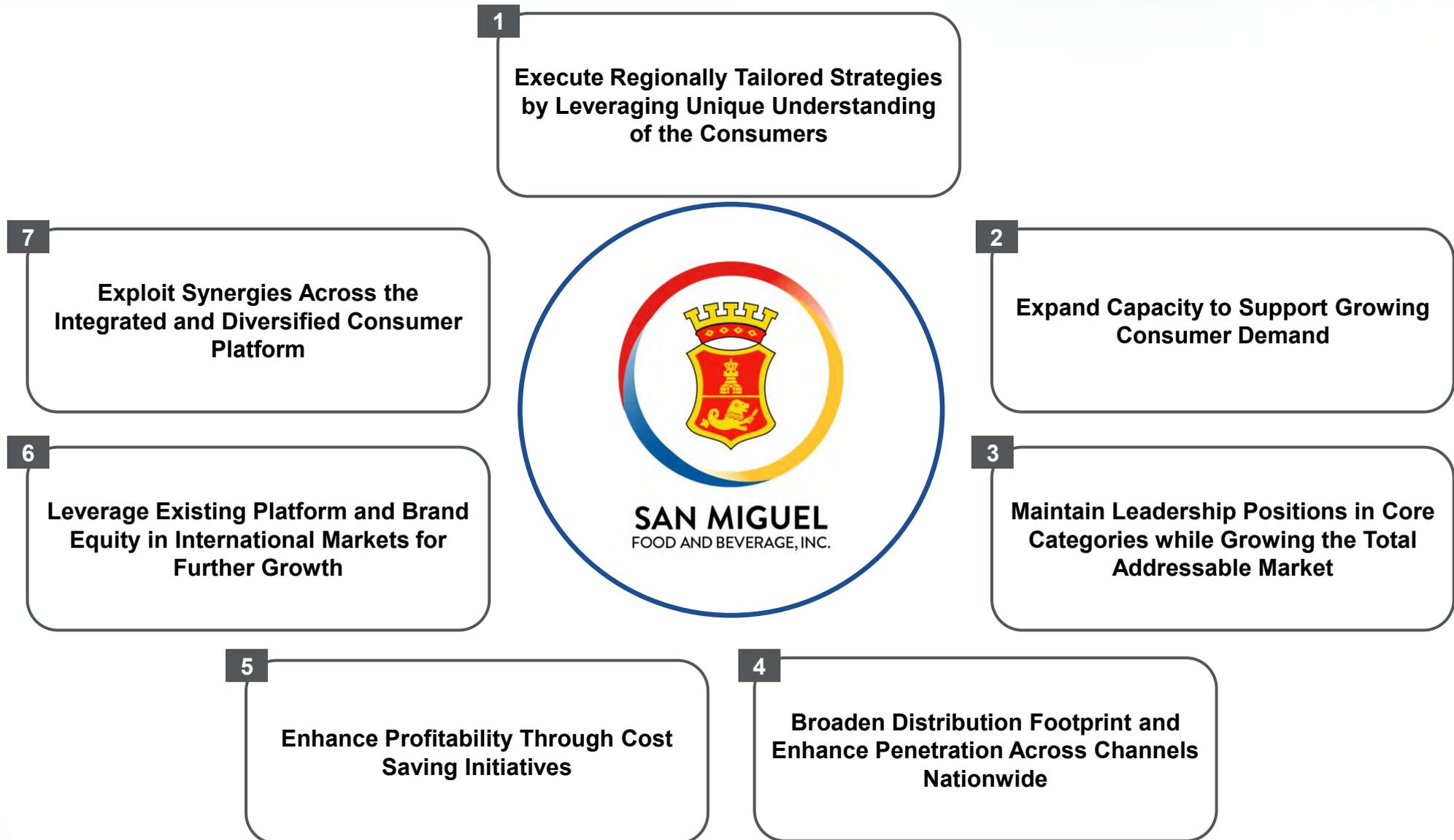
Noji Alindogan
Chief Finance Officer and Chief Strategy Officer

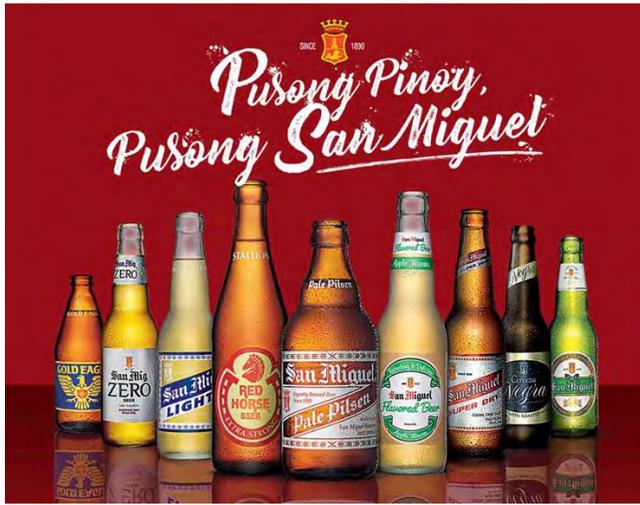


03 KEY STRATEGIES



SMFB Strategies





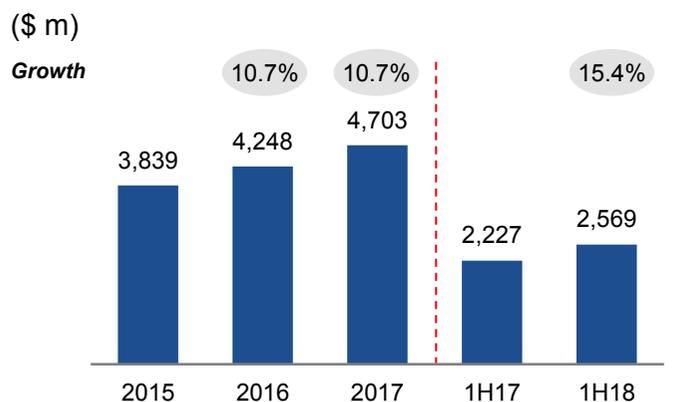
04 FINANCIAL SUMMARY



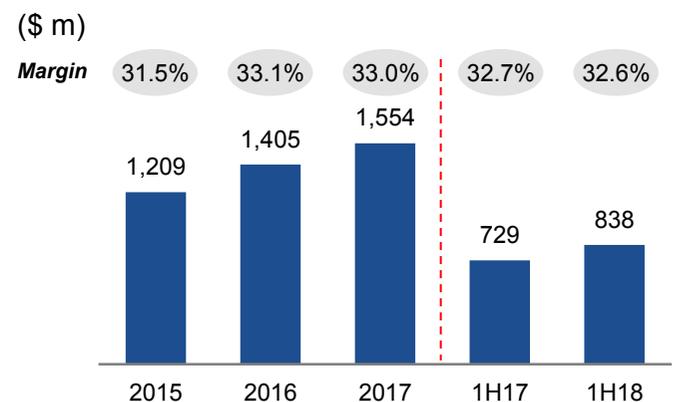
San Miguel Food and Beverage – Summary Financials

- Overall, SMFB's financials have been robust over the past 3 years
- Revenue increase driven by:
 - Strong volume growth and planned price increases
 - Continued focus on cost efficiency and cost management projects
 - Continued transformation into a vertically integrated branded business
- The Group sustained its growth for the first half of 2018

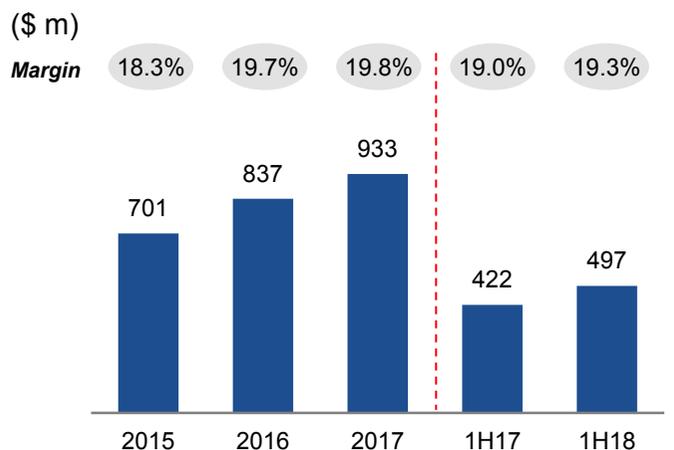
Revenue⁽¹⁾



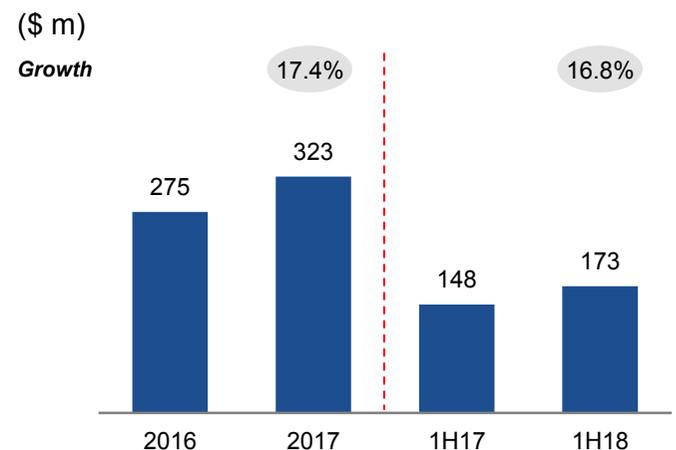
Gross Profit⁽¹⁾



EBITDA⁽¹⁾⁽²⁾



Net Income⁽¹⁾⁽³⁾



Notes:

1. Based on exchange rate of USD/PHP 53.50
2. EBITDA is computed as net income before: income tax expense, net financing charges (interest income net of interest expense), extraordinary or exceptional items, foreign exchange losses (gains), depreciation and amortization and impairment losses
3. Net income attributable to equity holders of the parent company, post non-controlling interests

San Miguel Food and Beverage – Cash Flow Items and Capital Structure

- SMFB's liquidity and leverage profiles remain stable and attractive
- SMFB's cash dividend policy: up to 60% of the prior year recurring net income

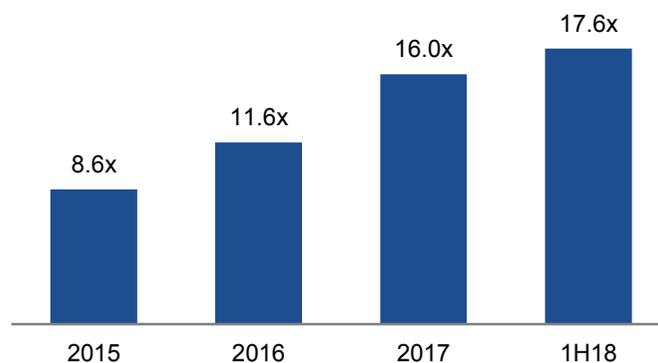
Capex⁽¹⁾

(\$ m)

	2015	2016	2017	1H17	1H18
Beer					
Beer Capex	19	23	33	9	23
Spirits					
Spirits Capex	4	7	4	1	2
Food					
Food Capex ⁽³⁾	59	121	204	94	73
Total	82	151	240	104	98
<i>% of Revenue</i>	<i>2.1%</i>	<i>3.6%</i>	<i>5.1%</i>	<i>4.7%</i>	<i>3.8%</i>

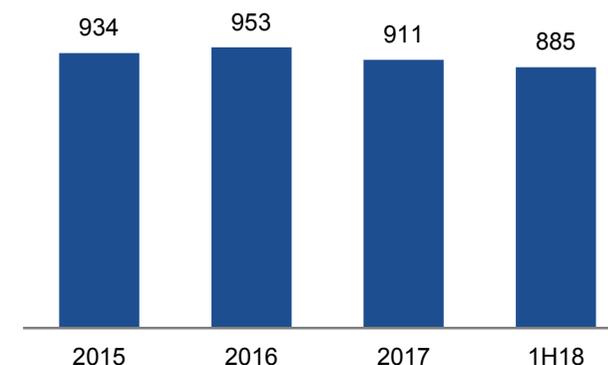
Interest Coverage Ratio⁽⁴⁾

(x)



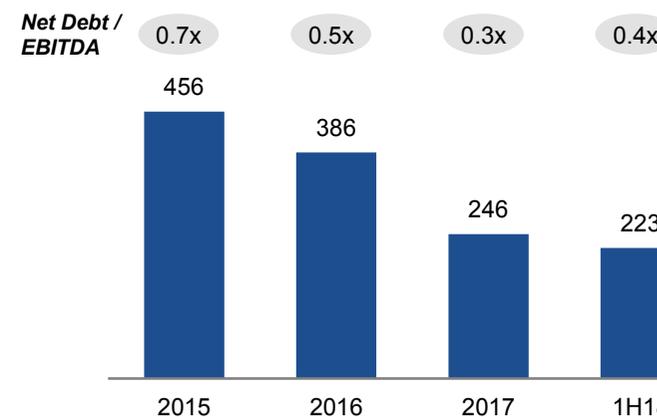
Gross Debt⁽¹⁾⁽²⁾

(\$ m)



Net Debt⁽¹⁾⁽⁵⁾

(\$ m)



Notes:

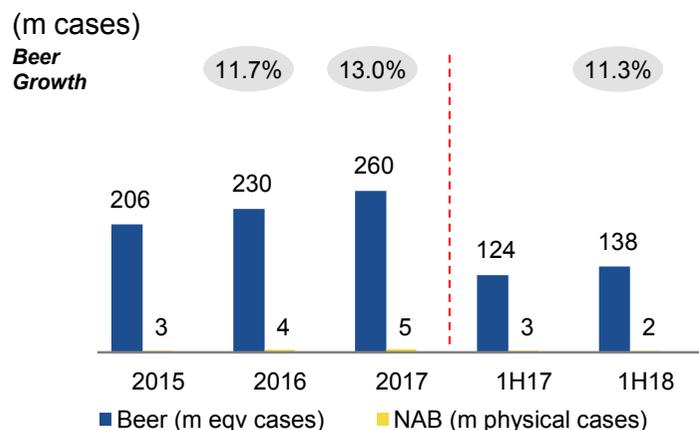
1. Based on exchange rate of USD/PHP 53.50
2. Defined as the aggregate of notes payable, current maturities of long-term debt (net of debt issue cost) and long-term debt (net of current maturities and debt issue costs)
3. Food expansion CAPEX for 2015, 2016, 2017 and 1H18 are \$43M, \$103M, \$178M and \$62M, respectively

4. The aggregate of income before income tax and interest expense and other financing charges divided by interest expense and other financing charges
5. Gross Debt less cash and cash equivalents

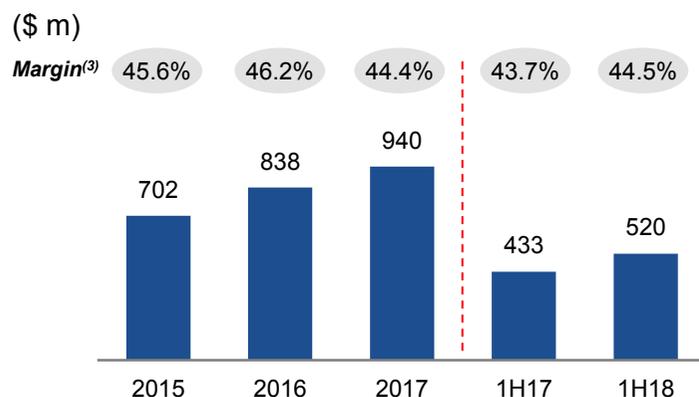
Beer and NAB Division – Summary Financials

- Sales in our Beer and NAB segment increased by 16.6% from \$1.8bn in 2016 to \$2.1bn in 2017
- Key drivers:
 - Resilience to higher excise tax owing to effective price management
 - Product innovation when opportune
 - Stable fixed and variable costs
- The volume of our beer products increased by 11.3% from 124 million cases in 1H17 to 138 million cases in 1H18 on the back of strong market demand and effective marketing campaigns

Volume



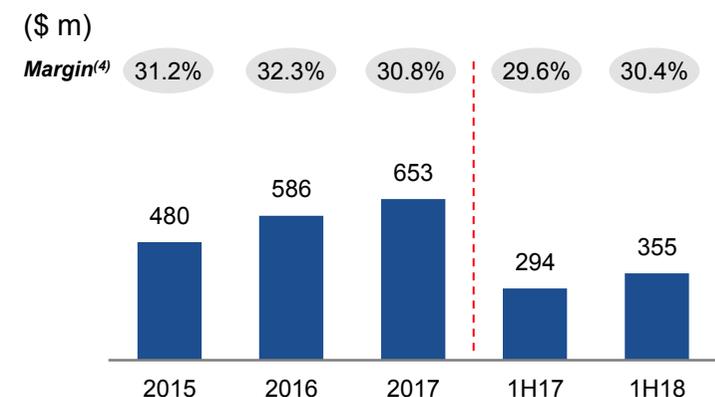
Gross Profit⁽¹⁾



Revenue⁽¹⁾



EBITDA⁽¹⁾⁽²⁾



Notes:

1. Based on exchange rate of USD/PHP 53.50
2. EBITDA is computed as net income before: income tax expense, net financing charges (interest income net of interest expense), extraordinary or exceptional items, foreign exchange losses (gains), depreciation and amortization and impairment losses
3. Gross Profit Margin is computed as Gross Profit divided by Revenue
4. EBITDA Margin is computed as EBITDA divided by Revenue

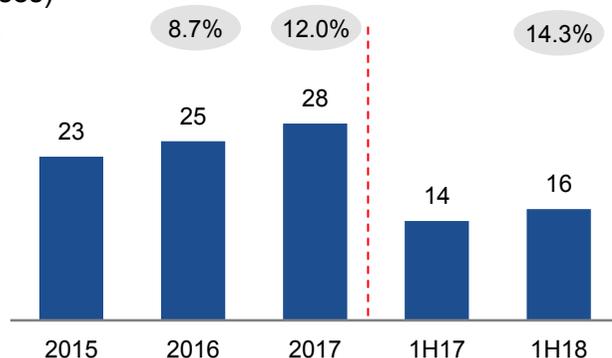
Spirits Division – Summary Financials

- Sales in our spirits segment increased by 12.6% from \$347m in 2016 to \$390m in 2017
- Key drivers:
 - Effective marketing campaigns
 - Production efficiency improvements
 - Strategic sourcing of critical inputs
 - Effective management of fixed operating expense
- Sales in our Spirits segment increased by 19.0% in 1H2018 compared to the same period a year ago primarily due to strong volume sales for core brands such as Ginebra San Miguel and Vino Kulafu

Volume

(m cases)

Growth



Revenue⁽¹⁾

(\$ m)

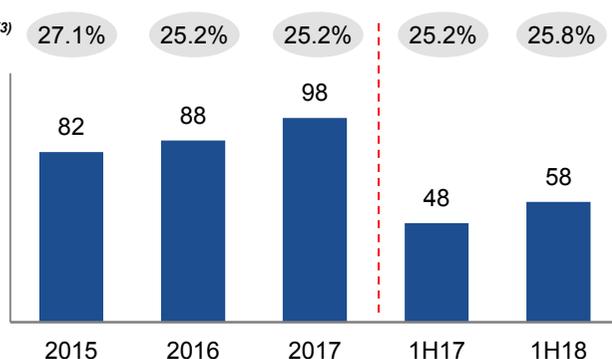
Growth



Gross Profit⁽¹⁾

(\$ m)

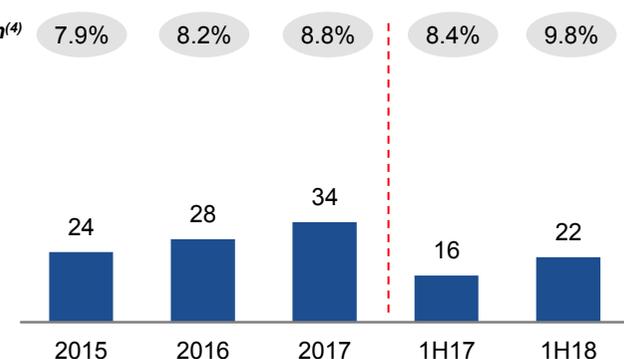
Margin⁽³⁾



EBITDA⁽¹⁾⁽²⁾

(\$ m)

Margin⁽⁴⁾



Notes:

1. Based on exchange rate of USD/PHP 53.50
2. EBITDA is computed as net income before: income tax expense, net financing charges (interest income net of interest expense), extraordinary or exceptional items, foreign exchange losses (gains), depreciation and amortization and impairment losses
3. Gross Profit Margin is computed as Gross Profit divided by Revenue
4. EBITDA Margin is computed as EBITDA divided by Revenue

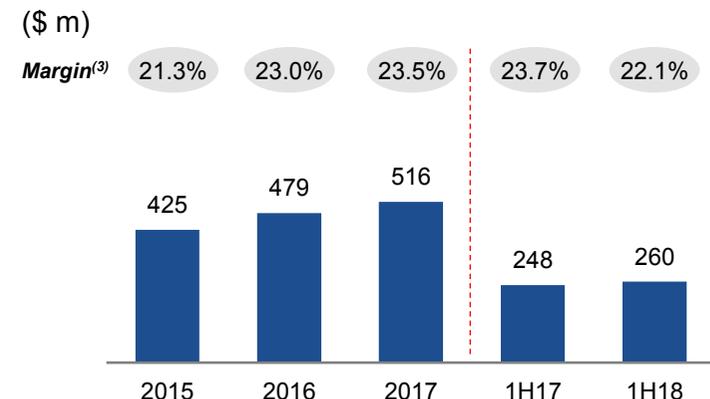
Food Division – Summary Financials

- Our Food segment posted sales of \$2.2bn in 2017 and had registered increases of 4.4% and 5.3% for the last two years. These were increases despite the adverse impact of the decline in flour prices, capacity constraints both in our feeds and flour businesses and outbreak of avian flu, among others
- Key drivers:
 - Improved distribution, particularly in VisMin region over 2015-17
 - Robust performance in wet market channel
 - Sustained growth in stable-priced channel outlets
- 1H18 showed an improvement in performance over 1H17
 - Improved availability and distribution, supported by effective marketing activities

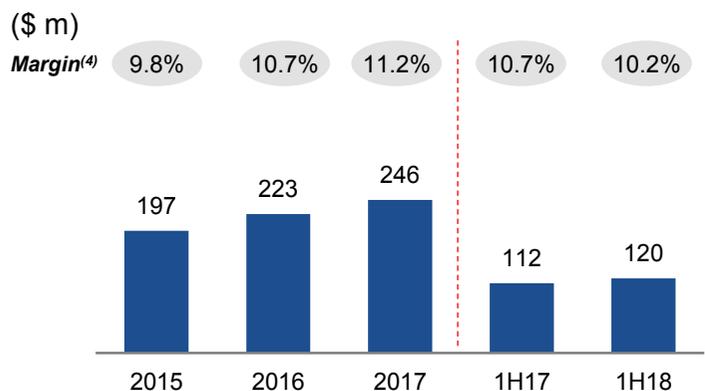
Revenue⁽¹⁾



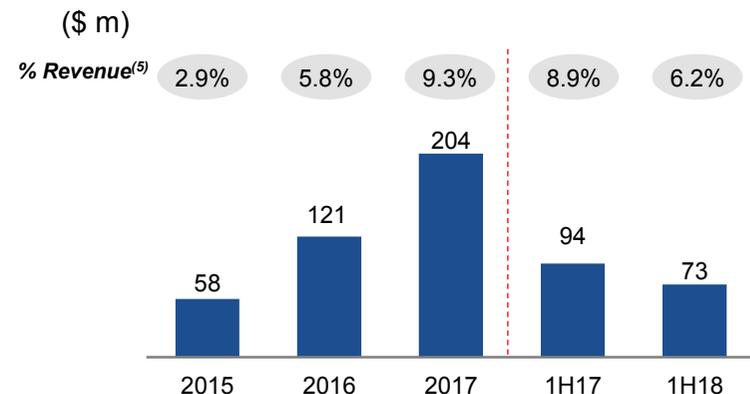
Gross Profit⁽¹⁾



EBITDA⁽¹⁾⁽²⁾



Capex⁽¹⁾



Notes:

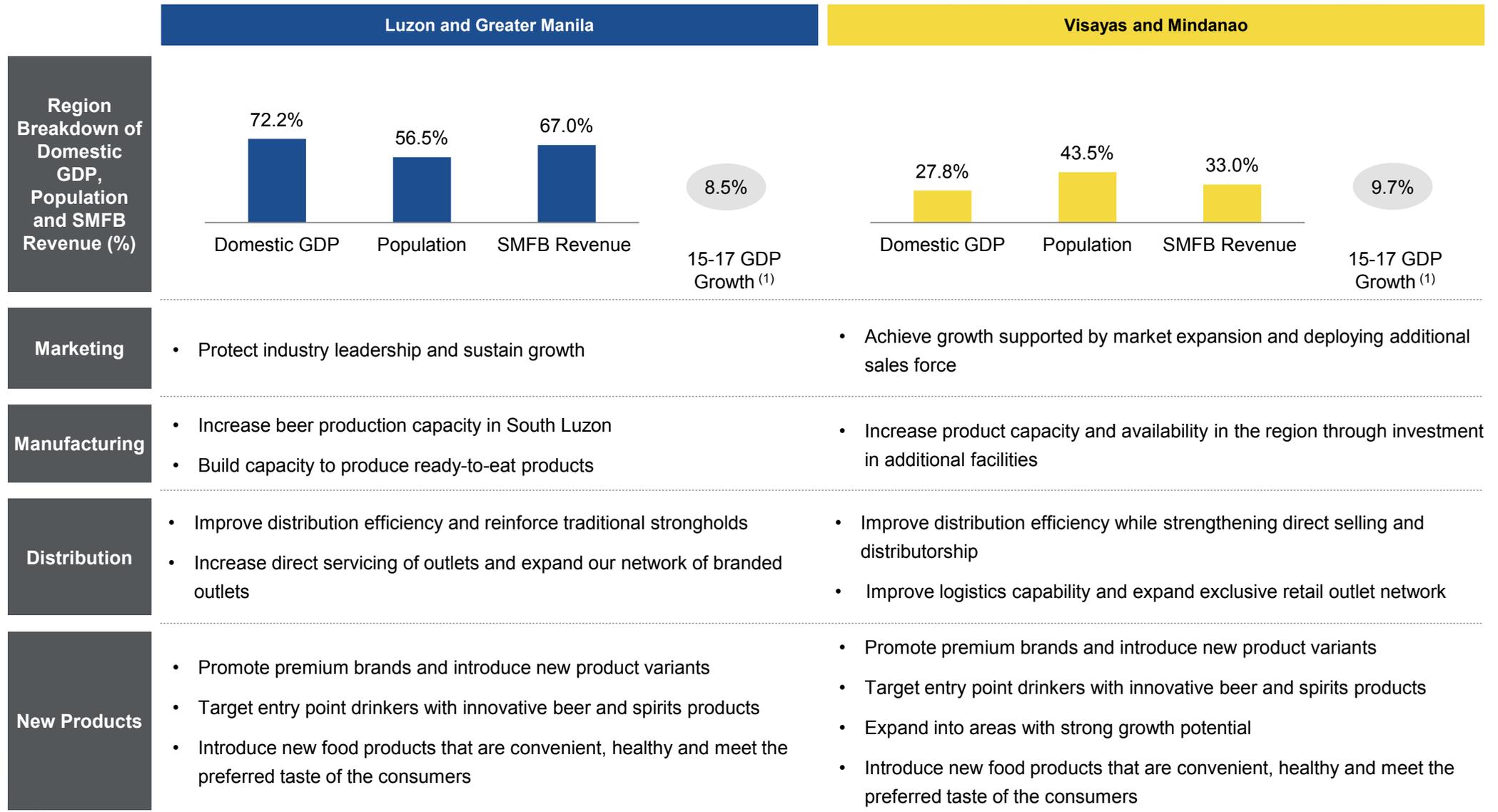
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3. Gross Profit Margin is computed as Gross Profit divided by Revenue
4. EBITDA Margin is computed as EBITDA divided by Revenue
5. % Revenue is computed as CAPEX divided by Revenue



APPENDIX STRATEGIES



1 Execute Regionally Tailored Strategies by Leveraging Unique Understanding of the Philippine Consumers



Source: GlobalData

Note:

1. Calculated by nominal GDP

2 Expand Capacity to Support Growing Consumer Demand

- The Food Division plans to transition from tolled to company owned facilities to optimize efficiencies and enhance production capabilities

Capacity Expansion – Beer

- Expand existing beer production capacity at Sta. Rosa, Laguna to serve requirements in South Luzon
- New production facility in Tagoloan, Misamis Oriental to serve Northern Mindanao
- Aim to address the growing demand for beer products and promote cost efficiency in sourcing and distribution of products



Capacity Expansion – Prepared and Packaged Food

- Increasing capacity by 134,000 MT from 2018 to 2020 for value-added meats, dairy, spreads, and biscuits businesses
- Started production in our new hotdog plant located in General Trias, Cavite
- To build 4 facilities/line for Hotdogs, Breaded, Battered and Fried products; butter, margarine and cheese; and cannery



Capacity Expansion – Poultry / Pork and Feed

- 3 processing facilities with 74 million birds total capacity from 2018 to 2020
- 5 new feed mills from 2018 to 2020 with 1.5m MT capacity in total, one of which will be equipped with aquatic floating feeds to increase the Food Division's capacity for higher margin products and help supply the Visayas & Mindanao region



Capacity Expansion – Others

- Currently constructing new flour mill at Mabini, Batangas in Luzon complemented by additional warehousing facilities
 - Additional capacity of 11m bags
- To build a ready-to-eat facility in Luzon



3 Maintain Leadership Positions in Core Categories While Growing the Total Addressable Market

- Pursue innovative consumer promotions and relevant, consistent and fresh campaigns, on-ground activations as well as occasion-creation programs to strengthen demand for each brand
- Continued use of traditional media (TV, radio and out-of-home advertising) while actively tapping the digital space to promote awareness, trial and consumption of our brands and engage customers through various social media
- Strong focus on new product rollouts that cater to changing consumer preferences and specific industry trends

	 	 	 
Targeted Campaigns through Diverse Channels and Participating in Events			
Basketball Merchandising for Brand Promotion			
Increase Product Availability Across Store Formats	<ul style="list-style-type: none"> • Off-premise / Mom and Pop stores • Modern trade • On-premise 	<ul style="list-style-type: none"> • Mom and Pop stores • Modern trade 	<ul style="list-style-type: none"> • General trade • Modern trade • Food service
New Product Rollouts that Cater to Changing Consumer Preferences	<ul style="list-style-type: none"> • Calibrated NPD approach • Identify market opportunities in existing and adjacent categories 	<ul style="list-style-type: none"> • Attract new customers and capture share from competitors • NPD cycles of at least 6 months 	<ul style="list-style-type: none"> • Enter ready-to-eat and heat-and-serve categories • Move to a higher percentage of value-added and stable priced products vs. commodity priced products
Key Strategies	<ul style="list-style-type: none"> • Actively promote specific brands and products in key segments to guard against competition (e.g. Red Horse in liquor strongholds, San Mig Light in bar channel, San Miguel Pale Pilsen for core market) 	<ul style="list-style-type: none"> • Strengthen our leadership position with our core brands • Target younger segment through new variants (e.g. Primera Light Brandy and GSM Blue Flavors) 	<ul style="list-style-type: none"> • Enhance our various food brands' positions as the trusted brands of choice

4 Broaden Distribution Footprint and Enhance Penetration Across Channels Nationwide

- Sustain the strong growth momentum by broadening our outlet coverage through promotions and increased market penetration across all channels
- Improve distribution capabilities and increase nationwide penetration through strategies and product offerings tailored for each channel

Extend the Depth of Distribution with Division-Specific Strategies...



- Increase **market penetration**
- **Ensure product availability** in selected outlets and improve outlet servicing

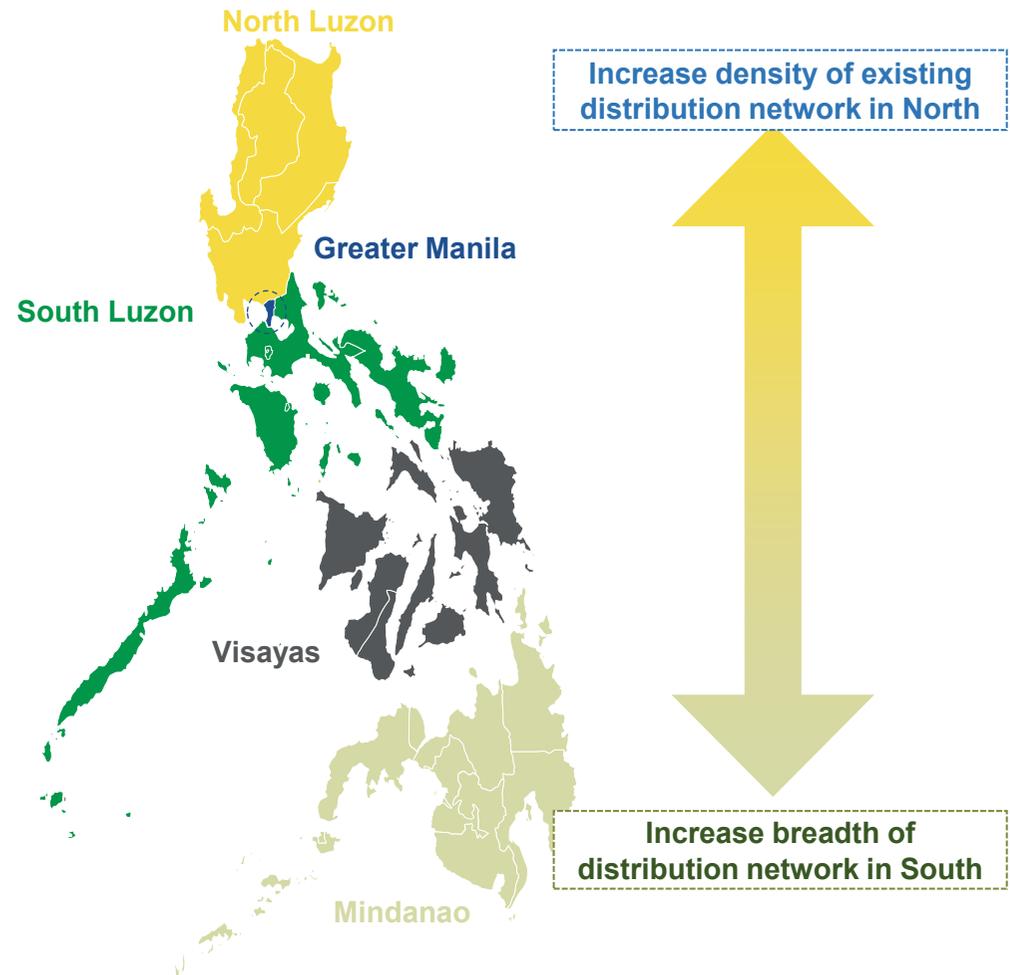


- Undertake **targeted distributor (and marketing) campaigns** to gain market share from competing brandy and gin products
- Acquire **new dealers** in areas with high volume potential, especially in the geographically segmented Southern Philippines
- Continue rollout of new **Key Accounts Management strategy**



- Increase distribution in the **general trade channel**
- **Directly serve** various outlets (e.g., wet markets and Mom and Pop stores)
- **Expand network of points of sales**
- **Increase manufacturing and logistics capabilities** across all regions and business units to serve untapped areas of demand

...Through Investment in Additional Production Facilities and Distribution Capabilities

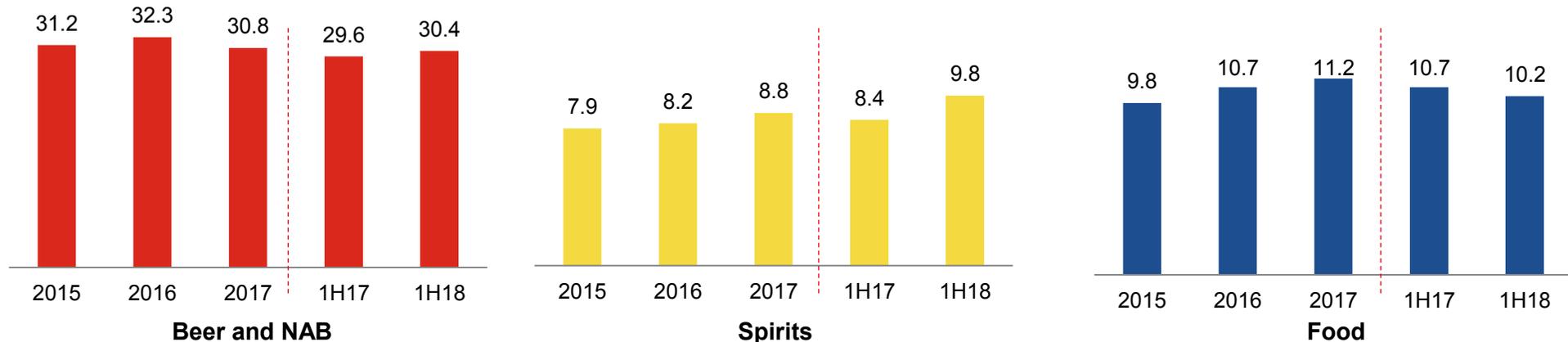


5 Enhance Profitability Through Cost Saving Initiatives

- Implement efficiency improvements, productivity enhancements, cost management measures and continuous product portfolio reviews to further expand EBITDA margin
- Improve brand / product portfolio mix
- Broaden our base of suppliers and materials

Continued EBITDA⁽¹⁾ Improvements Across Divisions...

EBITDA Margin (%)



...With Key Future Initiatives to Defend / Improve Profitability Margins



- Enhance supply chain efficiencies through stronger sourcing and distribution schemes
- Expand multi-continent sourcing
- Optimize process optimization initiatives



- Source economically-priced input materials
- Further improve second-hand bottle usage
- Optimize yield and energy efficiency in alcohol production



- Initiate use of alternative raw materials
- Utilize climate controlled housing system for hogs and broilers to increase production cycles
- Improve feeds consumed to weight ratio
- Optimize breeder potential by increasing live weight
- Transition to owned facilities for efficiency improvements
- Build new grain terminal to improve shipping access
- Reduce freight and handling costs

Note:

1. EBITDA is computed as net income before: income tax expense, net financing charges (interest income net of interest expense), extraordinary or exceptional items, foreign exchange losses (gains), depreciation and amortization and impairment losses

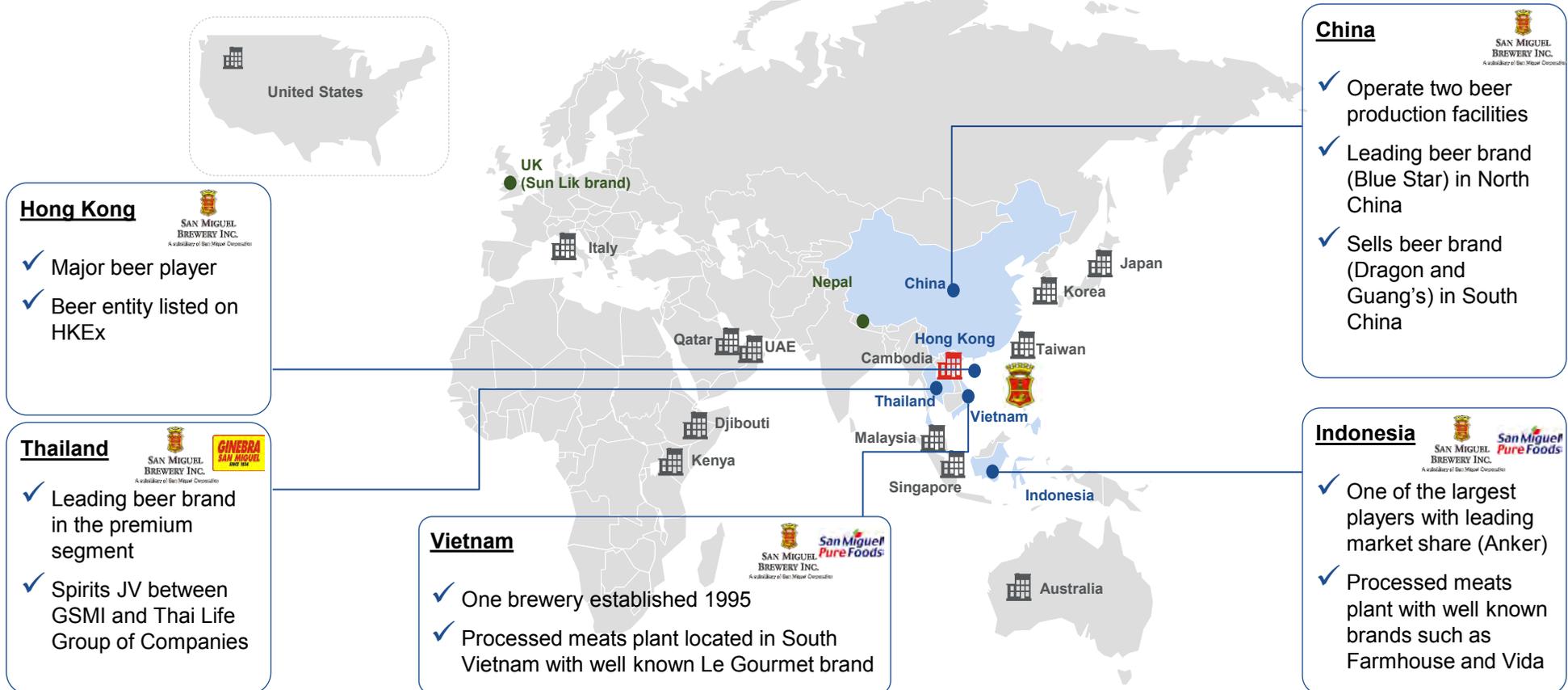
6 Leverage Existing Platform and Brand Equity in International Markets for Further Growth

- Products are exported to almost 60 countries
- We plan to grow further in Asia, Middle East, US and Australia and new markets in Europe and Africa through image-building, volume generating programs and expansion of distribution base
- International expansion strategy is to strengthen our position in core markets and drive growth through market expansion via San Miguel brands and local brands

● International facilities (9)

🏢 Major export markets & sales offices (12)

● Licensing (2)



7 Potential Synergies Across Our Combined Consumer Platform

1

Procurement

- Sourcing synergies from coordinated planning and procurement
- Identify by-products in certain businesses that could be used as inputs (e.g. spent grain)

2

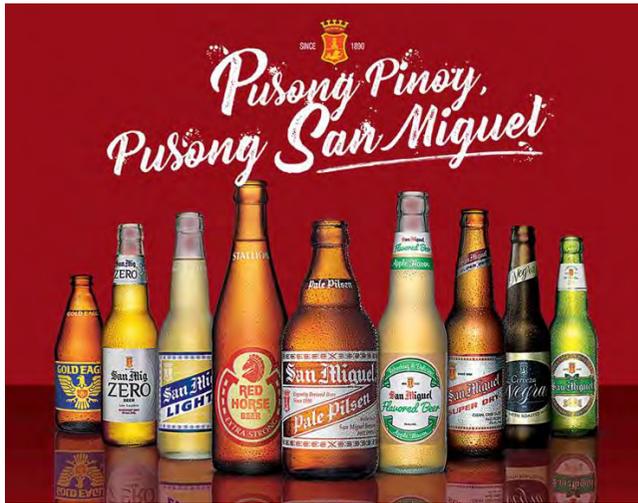
Logistics / Freight Transportation and Handling

- Optimize logistics through shared third party logistics, warehousing, transportation fleet, sales offices

3

Advertisement and Promotion

- Savings on above-the-line and below-the-line marketing expenses
- Maximize cross-selling opportunities across all divisions



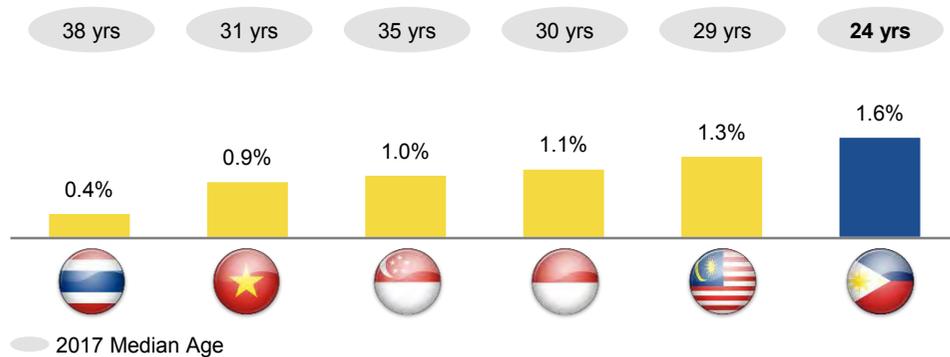
APPENDIX INDUSTRY OVERVIEW



SMFB is a Key Beneficiary of the Strong Macro Outlook in the Philippines...

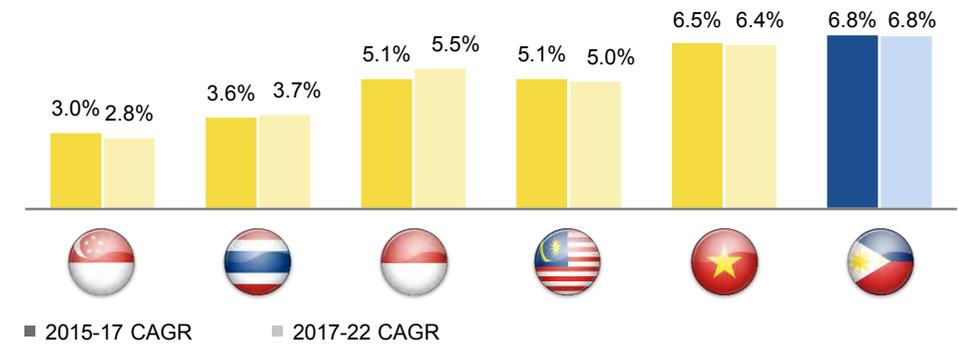
The Fastest Growing Population in SEA...

2017-22E Population Growth



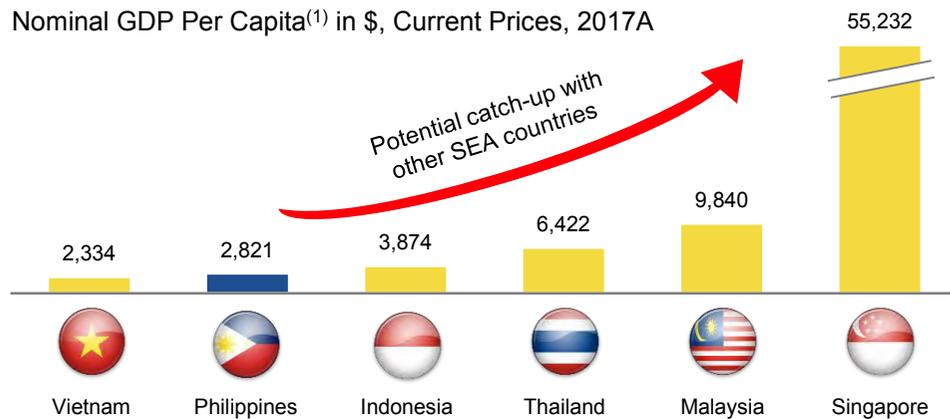
...With GDP Growth Expected to Outpace Regional Peers

2015-17A / 2017-22E Real GDP CAGR



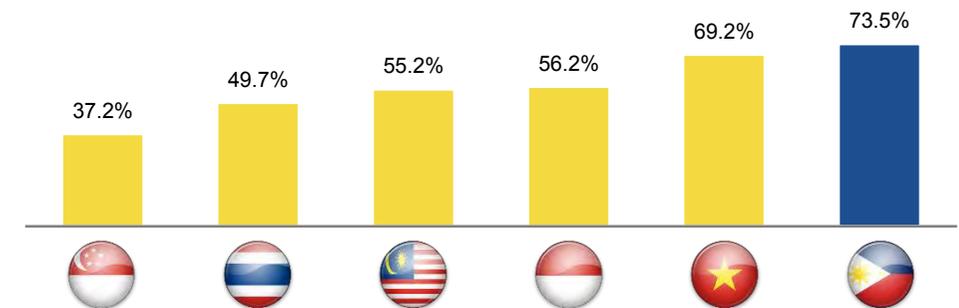
Significant Growth Headroom...

Nominal GDP Per Capita⁽¹⁾ in \$, Current Prices, 2017A



...Driven by Consumer-Focused Economy

Household Consumption Expenditure as % of GDP, 2017A



Source: GlobalData

Note:

1. Based on exchange rate of USD/PHP 53.50, USD/VND 22,713.06, USD/IDR 13,380.87, USD/THB 33.94, USD/MYR 4.30, USD/SGD 1.38

...And is Positioned in the Most Attractive Consumer Categories

SMFB is Positioned Strongly in the Largest and Fastest-Growing F&B Categories

	Market Size (\$ bn, 2017)	Market Growth (2017–20E, Value)	SMFB Market Share ⁽¹⁾	SMFB Ranking
Beer	3.0	9.7%	92.7%	#1
Spirits	2.0	4.9%	33.0%	#2
Gin	0.6	8.6%	95.3%	#1
Chinese Wine	0.1	11.7%	64.5%	#1
Prepared and Packaged Food				
Branded Processed Meats	0.4	8.6%	35.0%	#1
Dairy and Ice Cream ⁽²⁾	2.5	4.6%	12.5%	#3 ⁽³⁾
Butter and Spreadable Fats	0.2	5.9%	47.8%	#1
Protein	6.4	8.5%	23.5%	#1
Animal Nutrition and Health	2.0	8.8%	25.0%	#1

Source: GlobalData

Notes:

1. In volume terms for beverages and value terms for food
2. Includes milk, cheese, butter and spreadable fats, and ice cream
3. #3 ranking refers to combined dairy categories: milk, cheese, and butter and spreadable fats. SMFB is ranked #2 in ice cream with 11% market share