



July 21, 2009

**Philippine Stock Exchange**  
Disclosure Department  
Listing and Disclosure Group  
4th Floor, Philippine Stock Exchange Center  
Exchange Road, Ortigas Center  
Pasig City

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

Gentlemen:

Enclosed is a copy of our press statement entitled "**Innovation, New Product Introductions Appealing to Value-Conscious Consumers Boost SMPFC Revenues in 2008,**" which we will release to the press today.

Very truly yours,



**FERDINAND K. CONSTANTINO**  
Corporate Information Officer



## **PRESS RELEASE**

### **Innovation, New Product Introductions Appealing to Value-Conscious Consumers Boost SMPFC Revenues in 2008**

San Miguel Pure Foods Company, Inc. (SMPFC), the food arm of conglomerate San Miguel Corporation (SMC) posted a record P71.1 billion in total revenues for 2008, a 15% growth from 2007 figures on the back of pricing measures that covered higher input costs.

Steady volume and revenue increases in most of the core businesses and favorable selling prices boosted revenues amid steep raw material price increases and shrinking disposable incomes, according to SMPFC Chairman Eduardo M. Cojuangco.

“Our ability to maintain our market leadership in many different food categories relies on anticipating changing trends and understanding the consumer behavior from various income ranges. We constantly review our product portfolio and find ways to offer quality and affordable products that are relevant to their needs,” he said.

Several innovations include products like Ulam King—an inexpensive, viand that is a complete meal in itself. and Mom’s Kitchen, prepared meals for middle-income consumers.

Also key to the company’s growth are its effective marketing strategies. One example is the Magnolia Chicken Station, which has enjoyed phenomenal success since its launch in 2004. With over 300 stations throughout the Philippines, this selling innovation has resulted in a 29% increase in volumes in the last year alone.

Another SMPFC innovation is the Community Partner Program launched last year. Small entrepreneurs or community partners have been enlisted in the effort to make SMPFC products available in sari-sari stores and wet markets which are beyond the reach of larger dealers due to inaccessibility or lack of economies of scale.

With this, SMPFC penetrated close to 100 additional distribution networks.

"It's a winning proposition all around: job creation or extra income for those that need it and wider reach for our products. This is the perfect example of how we have worked in partnership with our dealers and found an innovative solution to market in a way that both inspires and rewards," Cojuangco said.

He also cited renewed focus on research and development (R&D) that underscore the Food Group's emphasis on nutrition, value and taste.

Facing a challenging 2009, Cojuangco said, "To further drive cost improvements across the Food Group, we will continue working to improve margins by leveraging our scale to ensure we have a competitively advantaged cost base, improve manufacturing efficiencies, and improve the performance of our supply and distribution chains."

"We are confident that we have adopted the appropriate strategies to successfully surmount the difficulties of the present. While there is still more work to do, we made reasonably good progress in creating a stronger, more resilient San Miguel Pure Foods Company for our consumers, business partners, employees and shareholders," he also said.

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