

Introduction

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Introduction San Miguel Brewery Inc. (SMB) is the largest alcoholic segment in the Philippines and have consistently dominated the market for beer having a 95% share. It is the largest producer of beer with six breweries strategically located throughout the Philippines and a highly developed and effective distribution system serving approximately 471, 000 retail outlets. Before it is known as San Miguel Brewery nowadays, it was first known as La Fabrica de Cerveza de San Miguel, Southeast Asia's first brewery and producer of what is now the bestselling beers in the region. It began its operations in 1890 and by 1914 it was exported to Shanghai, Hong Kong, and Guam, the pioneer in Asia. From brewing and bottling of what is one of the largest selling cervezas and among the top 10 beer brands in the world, San Miguel has expanded its business to food and packaging. San Miguel Corporation emerged and San Miguel Brewery has become its subsidiary. San Miguel Corporation, its parent company, due to changing consumer demands has even more diversified its business into heavy industries including power and other utilities, mining, energy, toll ways and airports. Having a single product during its first operations in 1890, now the pioneer and iconic brand San Miguel Pale Pilsen has grown into seven more strong and popular brands dominating the market for SMB: San Mig Light, Red Horse Beer, Cerveza Negra, Gold Eagle Beer, San Miguel Strong Ice, San Miguel Super Dry, and San Miguel Premium All-Malt Beer. Now, the company is catering the different preferences and tastes of Filipinos and of the world through its diverse range of products which are internationally recognized for having a exemplary quality. The company has strategically positioned its breweries in the country to ensure the freshness and availability of the

product and so as to minimize distribution costs. Their breweries are located at Valenzuela City, Metro Manila; San Fernando City, Pampanga; Mandaue City, Cebu; Bacolod City, Negros Occidental; Darong, Sta. Cruz, Davao del Sur, and newly built in Sta. Rosa, Laguna, with a total annual production capacity of 15.1 million hectolitres. Consolidated revenues for San Miguel Brewery Inc. for September year-to-date 2012 amounted to P53.8 billion, up 3% over the previous year with volume sales totalling 164 million cases. Its international beer operations and exports business also continued to post strong revenue growth. Management of fixed costs for beer domestic and improved operating performance for the international business resulted in a 5% increase in SMB's operating income, which reached P15.4 billion. San Miguel Brewery comprises for about 10% of the total sales of its parent company San Miguel Corporation.