

SBS Clarificatory Response to Due Diligence column of the Manila Times

SBS Philippines Corporation is issuing this statement in response to the comments made in the Manila Times column of Mr. Emeterio Sd. Perez of November 17th, 19th and 22nd, 2015 (Internet Edition) in which he wrote about the Company's dividends, loans and expenses.

In clarification, the Company reiterates the following disclosures made in its published reports and financial statements:

Dividends

- On October 8, 2014, the Company's Board of Directors approved the reversal of the P275.0 million appropriation from retained earnings for a planned acquisition of a parcel of land and construction of a building in relation to its corporate expansion project.
- Subsequent to such reversal, the Company's Board of Directors declared cash dividends on December 22, 2014 amounting to P265.5 million from its accumulated retained earnings of P 282.7 million as of December 31, 2013 based on the Company's audited financial statements of such year. These cash dividends were approved for payment distribution on March 25, 2015 to stockholders of record as of December 29, 2014.
- Thereafter, in its meeting of March 5, 2015, the Board of Directors declared cash dividends of P100.0 million from accumulated unrestricted retained earnings of P117.4 million as of December 31, 2014 based on the Company's audited financial statements of such year. These cash dividends were approved for payment distribution on April 28, 2015 to stockholders of record as of March 5, 2015.
- No dividends have been declared on any future retained earnings. All dividends were declared from the unrestricted retained earnings of the Company. These dividend transactions were all reported in the Company's Prospectus and were appropriately audited by the Company's external auditors and reflected in the audited financial statements of the Company

Loans

- Regarding the loans payables, short term loans (current) increased by 93% from P261.5 million as of December 31, 2014 to P505.0 million as of September 30, 2015. On the other hand, long term loans decreased by 66.7% from P1,163.5 million as of December 31, 2014 to P387.5 million as of September 30, 2015. Overall, total loans outstanding declined by 34.7% from P1,425.0 million as of December 31, 2014 to P892.5 million as of September 30, 2015. The overall decline of P532.5 million was due to the prepayments of certain higher interest bearing term loans amounting to P282.9 million in accordance with the planned use of the IPO

proceeds as disclosed in the Prospectus, and with the balance mainly paid from the proceeds of the additional share subscription payments (paid by virtue of the conversion of cash advances) of a majority shareholder.

Expenses

- The Company reports its expenses in accordance with financial reporting standards. The Company's quarterly financial reports are prepared meeting the same principles and following the same guidelines that would apply during the audit of the external auditor. Further, the Company officials certify that the report does not contain any untrue statement of a material fact, or omit to state a material fact, necessary in order to make the statements made not misleading with respect to the period covered by the report, and the financial statements and other financial information included in the report fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of and for any the periods presented in the report.