

HD **UPDATE 1-Manila's San Miguel sees bank unit sale soon, eyes overseas oil and gas deal**

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* Selling Bank of Commerce due to lack of major banking presence

* Says in talks with foreign and domestic groups for banking unit

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* Says actively pursuing an overseas oil and gas deal

* Considering selling out of Australian mining firm Indophil (Adds comments, details)

By Enrico Dela Cruz and Neil Jerome Morales

MANILA, Sept 24 (Reuters) - The Philippines' most diversified conglomerate, San Miguel Corp, said on Wednesday it is in talks to sell its unlisted banking unit soon, while eyeing an overseas oil and gas buy, as it strengthens its portfolio after a soured airline investment.

San Miguel, which kicked off an aggressive expansion in 2008 to add power, mining, telecoms, oil refining and infrastructure to its stable of food and beverage businesses, continues to seek acquisitions as it looks to double group revenues in five years, from around 850 billion pesos now (\$19.10 billion).

But San Miguel, the Philippines' biggest revenue-making company, is not in a hurry to seal a purchase, although it is actively pursuing an offshore oil and gas deal, President Ramon Ang told reporters.

"It's definitely offshore, not Philippines, not China, not Vietnam," Ang said at his Manila office. He declined to give details, but said the group was targeting companies with good cash flow and strong earnings.

San Miguel, whose output is equivalent to 6.5 percent of the Philippines' gross domestic product, has cash of more than \$4 billion, enough to fund any acquisition or investment, Ang said.

The group, also Southeast Asia's first brewer, has spent \$11.6 billion on acquisitions since 2008, Reuters data shows.

But it is also the most indebted listed company, with total liabilities of 787.67 billion pesos (\$17.7 billion) at the end of June, against total assets of 1.17 trillion pesos.

BANK SALE

After failed talks with Malaysia's CIMB Group Holdings last year, San Miguel is again negotiating with foreign and domestic groups to sell a stake in unlisted Bank of Commerce worth \$500 million, Ang said, adding the group wanted to exit the banking sector for lack of a major presence.

The sale is being handled by Citibank, Ang said.

"There are so many interested in Bank of Commerce now," Ang said. "It may be sold soon."

San Miguel this month sold back its stake in Philippine Airlines to the flag carrier's majority owner, Lucio Tan. Ang said San Miguel did not make money from its two-year investment.

The group is open to another airline investment in future, but wants to focus on growing its existing portfolio, including food, where it wants to diversify into biscuits, instant noodles, and ready-to-eat items.

San Miguel has said it was planning a solo bid for British snacks maker United Biscuits <IPO-UNI.L>, owner of brands such as Jaffa Cakes and Twiglets, with the auction valued at more than \$3 **billion**.

"It's a non-binding offer at the moment, we haven't submitted anything yet," Ang said, adding that the group hoped to enter the second round of the United Biscuits bid process.

The group is also considering selling out of Australian **mining firm** Indophil Resources NL, in which it has a minority **stake**, after Philippine conglomerate Alsons Group offered about \$360 **million** to fully acquire the **company**.

"We are studying the tender offer, whether we will sell, to join, or whatever," Ang said.

He added that Indophil's main project in southern Philippines, said to be the biggest undeveloped **gold** and **copper** mine in Southeast Asia, was fraught with problems related to the government's **mining** policy and development of the mine. (\$1=44.5000 Philippine peso) (Writing by Rosemarie Francisco; Editing by Clarence Fernandez)

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