

**MINUTES OF THE  
REGULAR STOCKHOLDERS' MEETING  
OF GINEBRA SAN MIGUEL INC.**

May 26, 2016 at 2:00 P.M.  
Executive Dining Room, SMC Head Office Complex  
40 San Miguel Ave., Mandaluyong City

**Directors Present:**

Eduardo M. Cojuangco, Jr.  
Ramon S. Ang  
Bernard D. Marquez  
Francisco S. Alejo III  
Leo S. Alvez  
Gabriel S. Claudio  
Mario K. Surio  
Francisco H. Villaruz, Jr.

**Apology:**

Minita V. Chico-Nazario

**In attendance:**

Ferdinand K. Constantino, SMC Senior Vice President  
and Chief Finance Officer  
Virgilio S. Jacinto, GSMI Compliance Officer  
and Corporate Secretary  
Cynthia M. Baroy, GSMI Chief Finance Officer  
Conchita P. Jamora, GSMI General Counsel  
and Asst. Corporate Secretary

*Management Committee Members:*

Clemente O. Alburo  
Nelson S. Elises  
Rosalina A. Lioanag  
Emmanuel B. Macalalag  
Allan P. Mercado  
Roxanne Angela B. Millan  
Isadora A. Papica

**I. NATIONAL ANTHEM AND INVOCATION**

The Corporate Secretary, Atty. Virgilio S. Jacinto, requested everyone to rise for the singing of the National Anthem and to remain standing for the Invocation to be led by Ms. Cynthia M. Baroy, Chief Finance Officer of the Company.

**II. CALL TO ORDER/CERTIFICATION ON NOTICE AND QUORUM**

The Chairman, Mr. Eduardo M. Cojuangco, Jr., presided and called the meeting to order. Atty. Jacinto recorded the minutes of the proceedings.

Atty. Jacinto informed the attendees that notices were duly sent to the stockholders of record of the Company and that there was a quorum. He also notified the assembly that there were present in the meeting, in person or by proxy, about 81.19% of the common shares of stocks and 100% of the preferred shares of stocks of the Company, or about 85% of the outstanding capital stock

of the Company. Further, he added that proxies covering 85% of the outstanding shares of the Company, common and preferred, were issued in favor of and held by the Chairman, authorizing him to vote for the approval of corporate acts that require the conformity of the stockholders.

Atty. Jacinto also advised the stockholders that an open forum will follow the presentation of the Annual Report for 2015 and, in order to give them a chance to ask their questions, the stockholders were requested to submit their questions in writing. He added that question forms were available from the ushers and usherettes and that the stockholders should identify themselves in the form. Finally, he said that in answering the questions, written questions submitted in advance would be given preference.

### **III. APPROVAL OF THE MINUTES OF THE REGULAR STOCKHOLDERS' MEETING ON MAY 28, 2015**

The Chairman presented the first item in the agenda which is the approval of the Minutes of the Regular Stockholders' Meeting held on May 28, 2015. He informed the stockholders that copies of the Minutes were available at the registration area.

On motion duly made and seconded and there being no objection, the following resolution was approved by the stockholders present and/or represented:

#### **Resolution No. 2016-05-26-01**

RESOLVED, that the Minutes of the Regular Stockholders' Meeting of Ginebra San Miguel Inc. held on May 28, 2015, be approved."

### **IV. PRESENTATION OF THE ANNUAL REPORT**

The Chairman proceeded to the next item in the agenda and requested the President of the Company, Mr. Bernard D. Marquez, to present the Annual Report for 2015.

Mr. Marquez presented to the stockholders the Company's Annual Report for 2015. A copy of his report is attached as Annex "A".

After the report, Atty. Jacinto reiterated that for the open forum, written questions submitted in advance will be given priority.

During the open forum, a stockholder asked the question, "How did the first quarter of the year perform? What will be the outlook for the year?" Mr. Marquez responded that the Company had a good start for 2016. He stated that Volume is up by 7%, Revenue is also up by 7% and income from continuing operations is also good. He added that the Company has a net income of Php188 million, double that of last year and hoped to sustain the same for the rest of the year.

Another stockholder asked about the prospects for the liquor industry in the medium to long-term. Mr. Marquez expressed the view that the industry will continue to be dynamic and grow. Management hoped to capitalize on the said opportunities by growing the Company's existing core business, and at the same time coming up with new products to ride on the tide of growth of the industry.

A stockholder also inquired on the possibility of having complimentary PBA tickets and also for stockholders to be given priority in buying PBA tickets



due to the difficulty of obtaining tickets to Ginebra games. Mr. Marquez replied that Management will look into the matter.

As there were no more questions, a stockholder moved to close the open forum and approve and ratify the Annual Report for 2015, as presented.

On motion duly made and seconded and there being no objection, the following resolution was approved by the stockholders present and/or represented:

**Resolution No. 2016-05-26-02**

“RESOLVED, that the open forum of stockholders be closed and that the Company’s Annual Report for 2015, as presented, be approved and ratified.”

**V. RATIFICATION OF ALL ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND THE CORPORATE OFFICERS**

The Chairman proceeded to the next item in the agenda, which is the ratification of all acts and proceedings of the Board of Directors and corporate officers since the Regular Stockholders' Meeting held on May 28, 2015 until the date of this meeting.

On motion duly made and seconded and there being no objection, the following resolution was approved by the stockholders present and/or represented:

**Resolution No. 2016-05-26-03**

“RESOLVED, that all acts, resolutions, and proceedings of the Board of Directors and corporate officers of the Company since the Regular Meeting of the Stockholders held on May 28, 2015 until the date of this meeting as reflected in the minutes of the meetings of the Board of Directors, as well as financial statements and records of the Company be approved, confirmed and ratified.”

**VI. ELECTION OF DIRECTORS**

The Chairman requested Atty. Jacinto to read the names of the nominees for election to the Board of Directors of the Company for 2016.

Atty. Jacinto read the names of the qualified nominees, as follows:

1. Eduardo M. Cojuangco, Jr.
2. Ramon S. Ang
3. Bernard D. Marquez
4. Leo S. Alvez
5. Gabriel S. Claudio
6. Francisco S. Alejo III
7. Mario K. Surio
8. Justice Minita V. Chico-Nazario – Independent Director
9. Justice Francisco H. Villaruz, Jr. – Independent Director

The Chairman informed the stockholders that in compliance with the mandatory requirement of the Securities and Exchange Commission for electing Independent Directors, the nominees for election as Independent Directors, who are Minita V. Chico-Nazario and Francisco H. Villaruz, Jr., were disclosed in the Information Statement distributed to the stockholders.

A stockholder moved that considering that the number of directors to be elected is nine (9) and there are only nine (9) nominees, the balloting be dispensed with and that all the nine (9) nominees be considered unanimously elected as Directors of the Company.

On motion duly made and seconded and there being no objection, the following resolution was approved by the stockholders present and/or represented:

**Resolution No. 2016-05-26-04**

“RESOLVED, that considering that the number of directors to be elected is nine (9) and there are only nine (9) nominees, the balloting be dispensed with and that all the nine (9) nominees be considered unanimously elected as Directors of the Company.”

The Chairman, on behalf of Management, welcomed the newly-elected Directors of the Company. He also thanked the stockholders for their vote of confidence.

**VII. APPOINTMENT OF EXTERNAL AUDITOR**

The Chairman proceeded to the next item in the agenda, which is the appointment of external auditor and requested Director Francisco H. Villaruz, Jr., Independent Director and Member of the Audit Committee, to present the recommendation of the Audit Committee on the matter.

Director Villaruz informed the stockholders that after deliberation and evaluation, the Audit Committee recommends the appointment of the auditing firm of R.G Manabat & Co. as the external auditor of the Company for the fiscal year 2016.

On motion duly made and seconded and there being no objection, the following resolution was approved by the stockholders present and/or represented:

**Resolution No. 2016-05-26-05**

“RESOLVED, that the auditing firm of R.G. Manabat & Co. be designated as external auditor of the Company for the fiscal year 2016.”

**VIII. ADJOURNMENT**

The Chairman asked if there were any other matters or business that the stockholders intend to present to the assembly.

A stockholder asked permission from the Chairman to express his admiration to one of the employees of the SMC Stock Transfer Service Corporation who assisted stockholders in the lobby. He suggested that the Company increase its retained earnings so that the remuneration of such employee be adjusted accordingly.

On motion duly made and seconded and there being no objection, the following resolution was approved by the stockholders present and/or represented:



**Resolution No. 2016-05-26-06**

“RESOLVED, that the 2016 Regular Stockholders’ Meeting of the Company be adjourned.”

ATTESTED BY:



**EDUARDO M. COJUANGCO, JR.**  
Chairman



**VIRGILIO S. JACINTO**  
Corporate Secretary

GINEBRA SAN MIGUEL INC.  
REGULAR STOCKHOLDERS' MEETING  
26 MAY 2016

REPORT OF THE PRESIDENT:

Fellow stockholders, ladies and gentlemen, good afternoon.

Ginebra San Miguel Inc. (GSMI) is back on familiar ground. We've built on the gains achieved these past couple of years and further sharpened our focus in 2015--growing our liquor business, and divesting of the non-alcoholic beverage business.

As you might imagine, we're feeling decidedly upbeat and are particularly proud of the results of our efforts:

- First, volumes of flagship brand Ginebra San Miguel and Vino Kulafu set record highs in the last five years;
- Second, our Consolidated Revenues reached ₱16.6 billion while Gross Profit hit ₱4.4 billion in 2015. In both cases, these are the highest we've recorded since 2011.
- Third, 2015 Income from Continuing Operations reached ₱ 146 million, a significant turnaround from the ₱54 million loss incurred in 2014;

We owe our strong performance to the robust growth posted by our core liquor products. Our highly successful 'Ganado sa Buhay' campaign resonated well with consumers and helped push volumes for brand Ginebra San Miguel 5% higher, bringing new and younger drinkers to the brand. Equally encouraging, volumes for Vino Kulafu rose by 12%. The brand benefited from promotions for the movie Kid Kulafu; efforts to enhance functionality through its use as a mixed drink; and intensified product distribution.

The positive performance by both brands boosted our market share to almost 30% of the hard liquor industry. In fact, the Nielsen Retail Audit showed GSMI as the fastest growing company among major local liquor players in 2015.

Indeed, "Ganado" has evolved from a slogan into a philosophy that guides everything we do as a business.

Fired up by the "Ganado" spirit, we met every challenge head on. We countered

rising costs by deriving even higher efficiencies from our distillery and became more rigorous in forecasting our full-year bottle requirements to gain favorable contracted prices.

The operating gains of 2015 yielded a marked improvement from the prior year's performance. Our Net Loss, which is due largely to the recognition of expired tax benefits in 2012, was significantly reduced to ₱386 million from ₱766 million in 2014 - a firm indication that our efforts are paying off.

Clearly, our optimism is justified. Our first quarter of 2016 results demonstrate that our return to growth is on solid ground. Versus the comparable period in 2015, volumes are up by 7% to 5.3 million cases, Consolidated Revenues are also up by 7% to ₱3.9 billion, and Operating Income doubled to ₱188 million.

Moving forward, prospects remain bright as we have already reclaimed market leadership in the North Luzon and South Luzon areas, as of March 2016, based on Nielsen Retail Audit. To this end, we will continue to make strides towards regaining dominance of the liquor industry with our gin products at the forefront.

Flagship Ginebra San Miguel will solidify its hold of core consumers and capture younger drinkers to expand its drinking base. Complementary brands GSM Blue will aid the iconic brand through the recruitment of entry drinkers, while Ginebra San Miguel Premium Gin will venture into the emerging premium segment. Developments are also ongoing for the introduction of specialty or craft gin products to cater to the needs of the more sophisticated upscale market.

Supporting our gin portfolio, Primera Light Brandy will be utilized to entice switching from loyal brandy drinkers, while dominant Chinese Wine brand Vino Kulafu will lead our assault in the Visayas and Mindanao regions.

Ladies and gentlemen, we have successfully implemented operational and productivity systems that have led to brand growth and sustainable margins. Allow me to extend, yet again, our sincerest gratitude to you, our stockholders, for your continued support. I would like to thank, too, the members of our board, for their trust and guidance; and our employees, for embracing the "Ganado" spirit as only they can.

Thank you very much and a pleasant afternoon to all.