

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

May 31, 2018 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
Francisco S. Alejo III
Aurora T. Calderon
Leo S. Alvez
Gabriel S. Claudio
Mario K. Surio
Minita V. Chico-Nazario
Aurora S. Lagman

In attendance:

Ferdinand K. Constantino, SMC Senior Vice President
and Chief Finance Officer
Virgilio S. Jacinto, GSMI Corporate Secretary
and Compliance Officer
Emmanuel B. Macalalag, GSMI General Manager
Cynthia M. Baroy, GSMI Chief Finance Officer
Conchita P. Jamora, GSMI General Counsel
and Asst. Corporate Secretary
Reyna-Beth D. De Guzman, Investor Relations Officer
Noel A. Baladiang, Engagement Partner, R.G. Manabat & Co.

Management Committee Members:

Noel T. Callanta
Charity Anne A. Chiong
Allan P. Mercado
Roxanne Angela B. Millan
Ronald Rudolf C. Molina
Saturnino G. Pajarillo, Jr.

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 confirmed that notices were duly sent to the stockholders of record of the Company and that there was a quorum for the meeting. He notified the assembly that there were present in the meeting, in person or by

proxy, about 85.2% of the common shares of stocks and 100.0% of the preferred shares of stocks of the Company, or about 86.7% of the outstanding capital stock of the Company. Further, he added that proxies covering 78.7% 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 all corporate acts that required the conformity of the stockholders. Finally, he stated that voting shall be made in accordance with the procedure set forth in the Information Statement that was distributed to the stockholders prior to the meeting.

Atty. Jacinto also advised the stockholders that an open forum will follow the presentation of the Annual Report for 2017 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 25, 2017

The Chairman presented the first item in the agenda which was the approval of the Minutes of the Regular Stockholders' Meeting held on May 25, 2017. He informed the stockholders that a copy of the draft Minutes is posted in the Company's website and is available for viewing 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. 2018-05-31-01

"RESOLVED, that the Minutes of the Regular Stockholders' Meeting of Ginebra San Miguel Inc. held on May 25, 2017, be approved."

IV. PRESENTATION OF THE ANNUAL REPORT

The Chairman proceeded to the next item in the agenda. He requested the General Manager of the Company, Mr. Emmanuel B. Macalalag, to present the Annual Report for 2017.

Mr. Macalalag presented to the stockholders the Company's Annual Report for 2017. 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, questions from three (3) stockholders were raised and answered by Mr. Macalalag as follows:

1. *Alma Mombay from Calamba, Laguna*
"To what do you attribute GSMI's good 2017 performance?"

The Company's performance in 2017 is attributed to two (2) main factors: (1) closer brand affinity with the consumers and (2) tighter management of the Company's supply chain. The Company intensified its bottle retrieval program and improved the yield of its distillery in Negros, which somehow levelled-down

the operational costs. Also, the Company strengthened its campaigns for Ginebra San Miguel and Vino Kulafu, which brands greatly contributed to the top line growth of the Company.

2. *Monica Gatbunton from Quezon City*
“Kumikita na po ang Ginebra, kailan po kaya kami magkakaroon ng dibidendo?”

“Malapit na ho, pero pag-aaralan po natin yan ng maiging maigi.”

3. *Glacie Atencio from Parañaque City*
“Can the Gin Kings make a comeback this conference?”

With the never-say-die attitude of the team, Management is positive that Gin Kings can keep its standing in the conference especially that Brownlee, the team’s import, will be back in the team soon.

Stockholder Mr. Eduard Barja from Binondo manifested that he has three (3) proxies from three (3) stockholders who cannot personally attend the meeting because of old age and illness, and requested that the said stockholders be given giveaways. The Chairman noted the request.

As there were no other questions, a stockholder moved to close the open forum, approve and ratify the Annual Report for 2017, 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. 2018-05-31-02

“RESOLVED, that the open forum of stockholders be closed and that the Company’s Annual Report for 2017, 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 was the ratification of all acts and proceedings of the Board of Directors (the “Board”) and corporate officers since the Regular Stockholders' Meeting held on May 25, 2017 until the date of this meeting. He informed the assembly that the list of the acts and proceedings for ratification was available for viewing at the registration area and was shown on the screen for reference.

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. 2018-05-31-03

“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 25, 2017 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 2018.

Atty. Jacinto informed the assembly that the qualifications of the nominees were evaluated and favorably recommended to the Board by the Corporate Governance Committee during its meeting held on March 14, 2018. He added that the names of the nominees were included in the Information Statement, and are presented on the screen. He then read the names of the nominees, who are as follows, namely:

1. Mr. Eduardo M. Cojuangco, Jr.
2. Mr. Ramon S. Ang
3. Mr. Francisco S. Alejo III
4. Ms. Aurora T. Calderon
5. Mr. Leo S. Alvez
6. Mr. Gabriel S. Claudio
7. Mr. Mario K. Surio
8. Ms. Minita V. Chico-Nazario – Independent Director
9. Ms. Aurora S. Lagman – Independent Director”

The Chairman informed the stockholders that in compliance with the mandatory requirement of the Securities and Exchange Commission in electing Independent Directors, the nominees for election as Independent Directors, who are Minita V. Chico-Nazario and Aurora S. Lagman, 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, which motion having been duly made and seconded, and there being no objection, was approved by the stockholders present and/or represented. Pursuant thereto, the following resolution was approved:

Resolution No. 2018-05-31-04

“RESOLVED, that balloting be dispensed with and the following be considered unanimously elected as Directors of the Company:

Mr. Eduardo M. Cojuangco, Jr.
Mr. Ramon S. Ang
Mr. Francisco S. Alejo III
Ms. Aurora T. Calderon
Mr. Leo S. Alvez
Mr. Gabriel S. Claudio
Mr. Mario K. Surio
Ms. Minita V. Chico-Nazario – Independent Director
Ms. Aurora S. Lagman – Independent Director”

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

VII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman proceeded to the next item in the agenda, which was the appointment of External Auditor and requested Director Minita V. Chico-Nazario, Independent Director and Chairperson of the Audit and Risk Oversight Committee, to present the recommendation of the said Committee on the matter.

Director Chico-Nazario informed the stockholders that after deliberation and evaluation of the Audit and Risk Committee during its meeting on March 14, 2018, the Committee agreed to favorably recommend the reappointment of the auditing firm of R.G Manabat & Co. as the External Auditor of the Company for the fiscal year 2018.

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. 2018-05-31-05

“RESOLVED, that the auditing firm of R.G. Manabat & Co. be designated as External Auditor of the Company for the fiscal year 2018.”

VIII. ADJOURNMENT

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

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. 2018-05-31-06

“RESOLVED, that the 2018 Regular Stockholders’ Meeting of the Company be adjourned.”

A copy of the voting results is attached as Annex “B”.

ATTESTED BY:

EDUARDO M. COJUANGCO, JR.
Chairman

VIRGILIO S. JACINTO
Corporate Secretary

2017 ANNUAL REPORT TO THE STOCKHOLDERS

Fellow stockholders, ladies and gentlemen, good afternoon.

2017 was a very fulfilling year for Ginebra San Miguel Inc. (GSMI). Volumes have grown four years in a row. Net Income was at its highest in the last seven years at ₱602 million—a 67% jump from 2016. Consolidated Revenues rose by 12% to ₱20.9 billion.

As a business, we’ve recovered from our missteps and regained lost ground in key markets, strengthening our core brands, and further improving our company’s overall financial health.

Our recovery can be attributed to two key factors: marketing and selling programs designed to strengthen brand equity, and ongoing efforts to keep a lid on major material costs.

“Ganado sa Buhay”, the highly successful campaign of our flagship brand Ginebra San Miguel, continued to resonate with our consumers, resulting in a 12% growth in volumes over the previous year. Volumes for Vino Kulafu—a brand which celebrated its 60th anniversary in 2017—likewise grew by 3%, following its “Dosenang Lakas” campaign which highlighted its unique 12-herb formulation.

Helped by these campaigns, our share of the spirits industry continued to grow. Based on Nielsen Retail Audit, GSMI’s market share peaked at 32% in August to average 30% for the full year of 2017, a 2% increase from 2016.

Cost efficiency is another area we have worked very hard to improve. With higher operating efficiencies in our distillery and sourcing of cheaper alcohol and molasses, we were able to keep alcohol costs within 2016 levels. In addition, the expansion of our supplier network resulted in higher bottle retrievals, which allowed us to maintain container cost levels at par with the previous year. We see these efforts to control costs as fuel for further brand building that will lead to more consistent top-line growth. As a result of these efforts, we’re now back in fighting form and showing the best growth we’ve seen in recent years.

We have a disciplined, focused growth strategy for our flagship and we are not letting up in our campaign for greater market share. As 2017 drew to a close, we launched a new campaign slogan, “Ginebra Ako!” which will extend Ginebra San Miguel’s reach and relevance to a more diverse mix of consumers, by reinforcing the brand’s association with positive traits such as resiliency, strength, and tenacity in tough times.

The campaign appears to be gaining traction, as evidenced by our first-quarter 2018 results. From January to March this year, we registered volumes totaling 8.4 million cases, 20% higher than the same period in 2017. Consolidated Revenues grew by 24% to ₱6.4 billion. Profitability also increased across the board, with Operating Income growing by 58%, to ₱478 million, and Net Income nearly doubling, to ₱255 million.

In many ways, our new slogan, “Ginebra Ako!” is also a reflection of our renewed self-confidence and our determination to pull ourselves up by the bootstraps to out-drive value today and into our future.

We would like to thank our Board of Directors for the unwavering support and confidence, our GSMI employees for their unrelenting contributions, and you, our stockholders, for the continued trust and belief in our company.

Maraming salamat po at mabuhay kayong lahat!

DRAFT

GINEBRA SAN MIGUEL INC.
Annual Stockholders Meeting 2018

I. Election of the Board of Directors

No.	Nominee	FOR	AGAINST	ABSTAIN	TOTAL VOTES
1	EDUARDO M. COJUANGCO, JR.	276,447,170	0	307,300	276,754,470
2	RAMON S. ANG	276,447,170	0	307,300	276,754,470
3	FRANCISCO S. ALEJO III	276,447,170	0	307,300	276,754,470
4	LEO S. ALVEZ	276,447,170	0	307,300	276,754,470
5	AURORA T. CALDERON	276,447,170	0	307,300	276,754,470
6	GABRIEL S. CLAUDIO	276,447,170	0	307,300	276,754,470
7	MARIO K. SURIO	276,447,170	0	307,300	276,754,470
8	MINITA V. CHICO-NAZARIO	276,754,470	0	0	276,754,470
9	AURORA S. LAGMAN	276,754,470	0	0	276,754,470
TOTAL		2,488,639,130	0	2,151,100	2,490,790,230

	Resolution	FOR		AGAINST		ABSTAIN		TOTAL SHARES	
II.	Approval of the Minutes of the 2017 Regular Stockholders’ Meeting held on May 25, 2017	276,754,470	86.73%	0	0.00%	0	0.00%	276,754,470	86.73%
III.	Approval of the Annual Report of the Company for the year ended December 31, 2017	276,754,470	86.73%	0	0.00%	0	0.00%	276,754,470	86.73%
IV.	Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers since the 2017 Regular Stockholders’ Meeting	276,754,470	86.73%	0	0.00%	0	0.00%	276,754,470	86.73%
V.	Appointment of R.G. Manabat & Co. as External Auditor of the Company for Fiscal Year 2018	276,447,170	86.63%	307,300	0.10%	0	0.00%	276,754,470	86.73%

	No. of Shares	% to Total Outstanding Shares
OUTSTANDING COMMON SHARES	286,327,841	
OUTSTANDING PREFERRED SHARES	32,786,885	
TOTAL OUTSTANDING SHARES AS OF RECORD DATE	319,114,726	100.00%
TOTAL SHARES IN ATTENDANCE		
Attending proxy assignees	251,410,185	
Attending stockholders	25,657,670	
	277,067,855	86.82%
TOTAL SHARES VOTING		
Total shares counted for proxy assignee	251,410,185	
Total shares counted for stockholder	25,344,285	
	276,754,470	86.73%
TOTAL SHARES UNCAST	313,385	0.09%