

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

May 25, 2017 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
Leo S. Alvez
Gabriel S. Claudio
Mario K. Surio
Minita V. Chico-Nazario
Aurora S. Lagman

Apology:

Francisco S. Alejo III

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:

Charity Anne A. Chiong
Nelson S. Elises
Teodorico T. Lasin
Emmanuel B. Macalalag
Allan P. Mercado
Roxanne Angela B. Millan
Ronald Rudolf C. Molina
Angeline F. Uy

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 83.90% of the common shares of stocks and 100% of the preferred shares of stocks of the Company, or about 85.56% of the outstanding capital stock of the Company. Further, he added that proxies covering 78.27% 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 2016 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 26, 2016

The Chairman presented the first item in the agenda which was the approval of the Minutes of the Regular Stockholders' Meeting held on May 26, 2016. He informed the stockholders that copies of the Minutes were available in the Company's website and 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. 2017-05-25-01

RESOLVED, that the Minutes of the Regular Stockholders' Meeting of Ginebra San Miguel Inc. held on May 26, 2016, 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 2016.

Mr. Marquez presented to the stockholders the Company's Annual Report for 2016. 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 were raised by three (3) stockholders. The first one was from Ms. Lucy Lim of Quezon City, and the question asked was "To what do you attribute GSMI's good 2016 performance?". The Vice Chairman of the Company, Mr. Ramon S. Ang, responded that the major factors which resulted in the good performance of the Company were dedicated management, cohesive team work and good governance, respectively.

The next question was from Ms. Digna Calaunan of Pangasinan, who asked if GSMI is launching any new product this year. Mr. Marquez replied that the Company is currently developing some products which will be launched in the market hopefully by the second half of this year for both domestic and international market. But in the meantime, the Company is focusing on its core brands and improving their relevance in the current areas where they are distributed, and in new areas as well.

The last question was from Ms. Elenita Liboon from Makati City, and she would like to know if Barangay Ginebra's performance in the PBA affects sales performance. Mr. Marquez replied in the affirmative and explained that *"definitely with the team lalo na nung nanalo tayo nung Championship gumaganda yung awareness at tumataas yung relevance ng brand ulit sa mga consumer so I think there's a positive effect, Ginebra being the most popular team in the PBA, Ginebra San Miguel also is the most popular gin in the Philippines and in the world."*

As there were no more questions, a stockholder moved to close the open forum and approve and ratify the Annual Report for 2016, 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. 2017-05-25-02

"RESOLVED, that the open forum of stockholders be closed and that the Company's Annual Report for 2016, 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 and corporate officers since the Regular Stockholders' Meeting held on May 26, 2016 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. 2017-05-26-03

"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 26, 2016 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 2017.

Atty. Jacinto read the names of the qualified nominees whose qualifications were evaluated and recommended by the Nomination and Hearing Committee during its meeting held on March 15, 2017, as follows:

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

9. Justice Aurora S. Lagman – 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 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. 2017-05-25-04

“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. Bernard D. Marquez
Mr. Francisco S. Alejo III
Mr. Leo S. Alvez
Mr. Gabriel S. Claudio
Mr. Mario K. Surio
Ms. Minita V. Chico-Nazario
Ms. Aurora S. Lagman”

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 Minita V. Chico-Nazario, Independent Director and Chairperson of the Audit Committee, to present the recommendation of the Audit Committee on the matter.

Director Chico-Nazario informed the stockholders that after deliberation and evaluation of the Audit Committee during its meeting on March 15, 2017, 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 2017.

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. 2017-05-26-05

“RESOLVED, that the auditing firm of R.G. Manabat & Co. be designated as External Auditor of the Company for the fiscal year 2017.”

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. 2017-05-26-06

“RESOLVED, that the 2017 Regular Stockholders’ Meeting of the Company be adjourned.”

ATTESTED BY:


EDUARDO M. COJUANGCO, JR.
Chairman


VIRGILIO S. JACINTO
Corporate Secretary

Annex “A”

GINEBRA SAN MIGUEL INC.
REGULAR STOCKHOLDERS’ MEETING
PRESIDENT’S REPORT
25 MAY 2017

Fellow stockholders, ladies and gentlemen, good afternoon.

The theme of this year’s annual report perfectly captures how we feel as an organization. We’re in very high spirits because of the gains we’ve made in the last year. And I believe that you’ll be as happy as we are with the results that we’re about to report.

After several years of rebuilding, Ginebra San Miguel Inc. is back in good health, with improving margins, and a robust balance sheet.

- Consolidated revenues rose 12%, to ₱18.6 billion.
- Gross profit was 7% higher to ₱4.7 billion due to greater efficiencies across the business;
- Even more encouragingly, Net Income at ₱ 361 million, fully reversed the prior year’s ₱ 386 million net loss.

We’ve managed to rectify the deficiencies in our organization that resulted in lost volumes. Where we failed to fully appreciate changing market and competitive dynamics that resulted in a preference shift to lighter alcoholic products a few years ago, we’re now quicker to the draw. We’ve improved the brand equity of our flagship products and flanker brands, recruiting new drinkers and the next generation of consumers through advertising and activation programs designed to further engage our drinkers and drive up demand and off-take.

Our entry into the light brandy segment, Primera Light Brandy, is doing very well, riding on the popularity of our endorser as well as the superior quality of our product. Where previously we might have dropped the ball in terms of the consumer, we are paying greater attention to what he needs and wants, allowing us to make better decisions on how we use our marketing spend and where we sell our products. Flagship Ginebra San Miguel’s move to target young drinkers drove volumes 8% higher from 2015, the biggest recorded jump in the last 12 years.

As a result, volumes were up for a third consecutive year. I’m happy to report that we’ve won back control of our bailiwicks and are gaining ground in underserved markets. We’re also very proud of how one of our mainstays is doing. Vino Kulafu is going from strength to strength in the Visayas and Mindanao areas. Versus 2015, volumes for Vino Kulafu are up by 21%, again the highest in the last decade.

Based on the Nielsen Retail Audit of December 2016, GSMI is now the runaway market leader in North Luzon and South Luzon areas. While the growth of other liquor companies has stagnated, GSMI’s share of the market grew by 3 percentage-points, to 30% of the industry.

Given all these, how can we not be in high spirits?

Our focus on costs is yielding real results. To offset the rise in cost of molasses, we’ve been using alcohol from our subsidiary Thai San Miguel Liquor Company Limited. We’ve also become more efficient in retrieving our bottles, forestalling the need to produce new ones, which of course would be an added expense.

The growth is holding up: in the first quarter of 2017, we've managed to sell over 7 million cases, 32% higher than 2016. Consolidated revenues is similarly up by 31%, to ₱5.1 billion, Operating Income by 61%, to ₱303 million, and Net Income by 138%, to ₱129 million.

For the remainder of the year, we're confident we will continue on this growth trajectory, building on our inherent assets – strong, relevant brands, highly effective routes to market – to drive performance.

On this note and on behalf of the members of the Board, I would like to extend my sincerest gratitude to you, our stockholders, for your continued trust and support.

Maraming salamat at isang ganadong hapon sa inyong lahat.