

**MINUTES OF THE REGULAR MEETING OF
THE STOCKHOLDERS OF**

SAN MIGUEL BREWERY INC.

Held on May 30, 2017
at the Executive Dining Room
2nd Floor, SMC Head Office Complex
40 San Miguel Avenue, Mandaluyong City

PRESENT:

Stockholders

Please refer to the Record of Attendance of Shareholders attached hereto as Annex "A."

Directors

Ramon S. Ang (Chairman of the Board/Chairman, Executive Committee)
Roberto N. Huang
Ferdinand K. Constantino (Chairman, Executive Compensation Committee)
Keisuke Nishimura
Alonzo Q. Ancheta (Chairman, Governance and Nomination Committee)
Carmelo L. Santiago (Chairman, Audit Committee)
Carlos Antonio M. Berba
Takashi Hayashi
Toshiya Miyoshi
Daniel L. Henares
Fumiaki Ozawa

I. CALL TO ORDER

The meeting was called to order at 2:05 p.m. The Chairman, Mr. Ramon S. Ang, presided over the meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary, Atty. Rosabel Socorro T. Balan, certified that notices were duly sent. She further certified that there are present in person or by proxy, stockholders representing approximately 99.92% of the outstanding capital stock of the Company.

The total number of shares in attendance is 15,350,010,801. Of this total number of shares 15,316,199,150 shares are represented by proxy while 33,811,651 shares are represented in person.

Atty. Balan also informed the stockholders of the procedures to be observed during the open forum after the President's report. She advised the stockholders that questions in writing submitted in advance will be given priority in order to give more stockholders the opportunity to ask questions.

Voting procedures are stated in the Information Statement distributed to the stockholders. Under the Information Statement, in the election of directors, the eleven nominees with the greatest number of votes will be elected as directors. Other proposals or matters submitted to a vote, a vote of the majority of the shareholders present or represented by proxy at the meeting is necessary for the approval of such proposal or matter. Shareholders vote viva voce, unless a motion to cast votes by ballot is made and duly seconded, and approved by the majority of the shareholders present or represented at the meeting as the method of voting for any or all of the proposals or matters submitted to a vote at the meeting.

In all proposals or matters for approval except for election of directors, each share of stock entitles its registered owner to one vote. In case of election of directors, cumulative voting as provided in the Information Statement shall be adopted. Counting of votes will be done by the Corporate Secretary or Assistant Corporate Secretary with the assistance of the Company's stock transfer agent.

III. APPROVAL OF THE MINUTES OF THE REGULAR STOCKHOLDERS' MEETING HELD ON MAY 31, 2016

The Chairman referred to the minutes of the regular stockholders' meeting held on May 31, 2016 for approval. A copy of the minutes has been posted in the registration area.

On motion duly made and seconded, the stockholders approved the minutes of the regular stockholders' meeting held on May 31, 2016.

IV. PRESENTATION OF THE ANNUAL REPORT

The President, Mr. Roberto N. Huang, delivered the report on the operation performance and business highlights of the Company and its subsidiaries ("Group") for the year ended December 31, 2016 and for the first quarter of 2017. A copy of the report is attached hereto as Annex "B".

The Chairman thereafter declared an open forum and, together with the President, Chief Finance Officer and Corporate Secretary, entertained questions from the floor.

The following questions were asked during the Company:

1. From Ms. Josephine D. Cabaluna: What are the factors that contributed to the strong volume performance of the Company?

Mr. Huang responded that this is attributable to good economic condition, better Gross Domestic Product and climate, lower cost of gasoline and the like, highly dedicated workforce that is eager to come up

with good marketing programs, and sustainable sales distribution and marketing.

2. From Ms. Wilma R. Ramizo: What are the Company's targets or plans this year in terms of volume and growth?

Mr. Huang replied that aside from the Company's goal to attain higher volume in 2017, the Company intends to expand its capacity which includes a new packaging line in the Sta. Rosa production facility and a new brewery in Tagaloan, Misamis Oriental.

3. From Ms. Ma Christina F. Paule: What are SMB's plans for the non-alcoholic beverage business ("NAB")?

Mr. Huang replied that the Company is studying at the moment its plans for its NAB, and that while it intends to expand its carbonated soft drink ("CSD") business, it will do so slowly. He stated that currently, there are only two lines current producing the Company's San Mig Cola products and the initial results of the launch are very promising. The President also stated that definite plans for NAB may be in the next one or two years.

4. From Mr. Jose A. Arriola: Isn't the Company's unappropriated retained earnings already too high?

The Company's Chief Finance Officer, Ms. Mercy Marie J. L. Amador, responded that the appropriated amount for expansion projects of ₱5 billion is constantly being reviewed. As the Company evaluates its expansion plans in the next few years, the Company is looking to increase the appropriated amount. She further stated that the Company is also constantly reviewing the dividends as declared. She noted that dividends have been steadily increasing with dividends currently amounting to close to ₱0.70 per share per year.

The Chairman further added that the reason for the higher appropriations in retained earnings is the construction of the new brewery in Tagaloan, Misamis Oriental and Iloilo City. He stated that the cost of each brewery is at least US\$100 million without ancillaries such as pier, power plant, loading equipment and trucks. Given this, the current appropriated amount is not sufficient and will be increased.

5. From Mr. Jose A. Arriola: What is the current book value of the shares of the Company?

Ms. Amador responded that the current book value is ₱3.30 per share (equity value divided by the number of total outstanding shares of 15.4 billion).

6. From Mr. Jose A. Arriola: Is there any plan to list the shares of the Company?

The Chairman responded that the Company was constrained to voluntarily delist from the Philippine Stock Exchange due to the rules implemented on the public float. He stated however that if there is any opportunity in the future for the Company to go public once again, the Company will go back to the shareholders and seek permission to do so.

There being no further questions, a stockholder moved to close the open forum and to approve and ratify the annual report as presented. The motion was duly seconded. There being no objection to the motion, the annual report was approved and ratified as presented.

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

The Chairman proceeded to the next item on the agenda which is the ratification of all acts and proceedings of the Board of Directors and corporate officers since the date of the last stockholders' meeting.

Upon motion duly made and seconded, the following resolution was approved:

“RESOLVED, that all acts, resolutions and proceedings of the Board of Directors and corporate officers of the Company since the Annual Meeting of the Stockholders on May 31, 2016 as set forth in the minutes of the meetings of the Board of Directors be approved, confirmed and ratified.”

VI. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman proceeded to the next item on the agenda which is the appointment of external auditor.

A stockholder moved for the appointment of the accounting firm of R.G. Manabat & Co. as the external auditors of the Company for fiscal year 2017. The motion was duly seconded. There being no objection to the motion, the Chairman declared the motion carried.

VII. ELECTION OF THE BOARD OF DIRECTORS

The Chairman then proceeded to the election of directors. He asked the Corporate Secretary to inform the stockholders of the nominees for election to the Board of Directors.

The Corporate Secretary read the names of the following qualified nominees:

1. Ramon S. Ang
2. Roberto N. Huang
3. Ferdinand K. Constantino
4. Keisuke Nishimura
5. Carmelo L. Santiago
6. Alonzo Q. Ancheta
7. Carlos Antonio M. Berba
8. Takashi Hayashi
9. Toshiya Miyoshi
10. Daniel L. Henares
11. Fumiaki Ozawa

The Chairman informed the stockholders that Directors Alonzo Q. Ancheta and Carmelo L. Santiago have been identified as nominees for election as independent directors of the Company in the Information Statement circulated to the stockholders in accordance with the requirements of the Securities and Exchange Commission.

A stockholder then moved to dispense with the balloting for the election of directors considering that there are eleven nominees and there are only eleven seats in the Board, and to consider all the eleven nominees as duly elected members of the Board. The motion was seconded. There being no objection, the motion was carried and the Chairman declared the eleven nominees as duly elected members of the Board of Directors.

The Chairman, on behalf of management, welcomed the newly-elected Board of Directors and thanked the stockholders for their vote of confidence.

VIII. ADJOURNMENT

The Chairman asked if there are any other matters that the stockholders wish to present.

There being no other matters raised, the Chairman entertained a motion for adjournment.

Upon motion duly made and seconded, the Chairman adjourned the meeting and thanked all stockholders for attending.

The voting results of the resolutions passed in this meeting are attached hereto as Annex "C".

ATTESTED BY:

RAMON S. ANG
Chairman of the Board

ROSABEL SOCORRO T. BALAN
Corporate Secretary

DRAFT

SAN MIGUEL BREWERY INC.
STOCKHOLDERS' MEETING

Annex "A"

May 30, 2017

PERCENTAGE

99.922%

Record Date: April 17, 2017

Shareholders in Attendance

57

Stockholder Name	Common Shares	% of O/S
1 TAKASHI HAYASHI	5,000	0.000033%
1 KIRIN HOLDINGS COMPANY, LIMITED	7,456,859,880	48.541160%
1 TOSHIYA MIYOSHI	5,000	0.000033%
1 KEISUKE NISHIMURA	5,000	0.000033%
1 FUMIAKI OZAWA	5,000	0.000033%
1 SAN MIGUEL CORPORATION	7,859,319,270	51.161009%
6 Attendance by Proxy	15,316,199,150	99.702299%

Stockholder Name	Common Shares	% of O/S
1 JESSICA L. ABRENICA	5,000	0.000033%
2 DANTE A. ALIGNAY OR TERESITA P. ALIGNAY	800	0.000005%
1 ALONZO Q. ANCHETA	10,000	0.000065%
1 RAMON S. ANG	5,000	0.000033%
1 MA. BRENDA C. ANQUILO	1,000	0.000007%
1 JOSE A. ARRIOLA	3,000	0.000020%
1 STEPHANIE C. BALSICAS	3,000	0.000020%
1 ANALYN L. BENOZA	3,000	0.000020%
1 CARLOS ANTONIO M. BERBA	5,000	0.000033%
1 RUELLE ALBERT D. CASTRO	400	0.000003%
1 CO KIAN CHAY	1,000	0.000007%
1 FERDINAND K. CONSTANTINO	5,000	0.000033%
1 ALLAN L. CRUZ	100	0.000001%
2 YOLANDA M. DELA CRUZ OR EMILIO M. DELA CRUZ	50	0.000000%
1 CARMEN B. DELGRA	3,000	0.000020%
1 EUSEBIO A. DIPASUPIL	1,000	0.000007%
1 MILAGROS I. DUCENAS	3,000	0.000020%
1 DANILO G. FORCADO	5,000	0.000033%
1 GREGORIO M. GIDO	500	0.000003%
1 GUILLERMO F. GILI, JR.	1,000	0.000007%
1 JUDITHO Y. GONZALO	3,000	0.000020%
1 DANIEL L. HENARES	5,000	0.000033%
1 ROBERTO N. HUANG	5,000	0.000033%
1 EDGAR B. LESACA	12,000	0.000078%
1 LORLINA M. LIM	3,000	0.000020%
1 ROSALINA A. LIOANAG	12,000	0.000078%
1 CELINA F. LUCERO	3,000	0.000020%
1 CELINE CARMELA F. LUCERO	3,000	0.000020%
1 ROY EDUARDO T. LUCERO	3,000	0.000020%
1 JOANNE MARIE P. MAULIT	3,000	0.000020%
1 DANILO L. MONTE	8,000	0.000052%
1 KARL IVAN B. MOSQUEDA	3,000	0.000020%
1 ANGELINA M. NAVARRO	3,000	0.000020%
1 TORIBIO F. NAVARRO, JR.	3,000	0.000020%
1 ISADORA A. PAPICA	6,000	0.000039%
1 GEORGIA ISABEL R. REYES	1,000	0.000007%
1 NOEMI L. RONQUILLO	3,000	0.000020%
1 HIPOLITO C. ROSEL	3,000	0.000020%
1 DULCE GIDGET R. SALUD	6,000	0.000039%
1 HENRY G. SALUTAN	3,000	0.000020%
1 RUBY B. SALUTAN	3,000	0.000020%
1 SAN MIGUEL BREWERY, INC. RETIREMENT PLAN	28,549,900	0.185848%
1 SAN MIGUEL CORPORATION RETIREMENT PLAN	5,085,800	0.033107%
1 CARMELO L. SANTIAGO	5,000	0.000033%
1 STEPHEN G. SOLIVEN	1	0.000000%
1 ATTY. PACIFICO B. TACUB	15,000	0.000098%
1 JOSEPH A. VALERIANO	3,000	0.000020%
1 JUAN GABRIEL R. VEDUA	3,000	0.000020%
1 FRANK C. VILLANUEVA	100	0.000001%
51 Attendance in Person	33,811,651	0.220100%
57 TOTAL ATTENDANCE	15,350,010,801	99.922%

TOTAL OUTSTANDING SHARES (as of Record date)

15,361,931,761

TOTAL NO. OF STOCKHOLDER (as of Record date)

1,071

Other Attendees and Guests

Operations Committee

Mercy Marie Jacqueline L. Amador
Rosabel Socorro T. Balan
Minerva Lourdes B. Bibonia
Debbie D. Namalata
Rene T. Ceniza
Feliciano M. Madlansacay
Enrico E. Reyes
Lynn B. Santos
Alma Leonora C. Javenia
Dario S. Feliciano
Frederick Gerard S. Martelino
Frederick R. Mariano
Jesus J. Bitanga, Jr.
Ernest F. Estrera
Daniel B. Trajano III
Daniel T. de Castro, Jr.
Carmela R. Ortiz
Clifford T. Que

R.G. Manabat & Co.

Enrico E. Baluyut
Camille Anne Baez
Anne Resuello

Other Guests

Felicitas Tacub
Lolita Monte
Reynabeth D. de Guzman
Maricris Manuel
Ma. Christina F. Paule
Josephine D. Cabaluna
Jethro Joseph N. Ngo
Allan Z. Sienes
Liberty B. Sebastian
Leovigilda L. Dimayuga
Anna Rose Ducusin
Ann Belleza
Sean M. Guibone
Ma. Consuelo M. Santos
Arnel P. Garibay

Paolo M. Garcia
Dianne V. Ducepec
Danielle R. Corpuz
Katrina F. Mancao
Rommel M. Lumibao
Nina H. Sison
Doris J. Ong
Ma. Victoria L. Joven
Maricris M. Marcelo
Wilma R. Ramizo
Ric Edward A. Gaspar
William J. Antonio
Raymond H. Patalinghug
Jesus A. Villalon
Roberto M. Sabaulan

President's Report
SMB Stockholders Meeting
30 May 2017

Mr. Chairman, members of the Board, fellow stockholders, San Miguel Brewery employees, friends from the media, guests, good afternoon!

Year after year, San Miguel Brewery Inc. has been enjoying success as a major player in the alcoholic beverage industry. Having captured the lion's share of the market meant that excellence has been more than just a vision; it has become a tangible output that is expected of the company year in and year out.

In last year's meeting, we promised to seize more opportunities for growth here and abroad. I am happy to inform you that the company lived up to that promise. In 2016, we asserted our leadership in the Philippine market, grew stronger in our overseas operations, and made SMB better than ever.

After posting stellar numbers across the board, 2016 was nothing short of phenomenal for San Miguel Brewery Inc. It was certainly a great year for our company.

Operational excellence and superior results were an offshoot of the company's innovative marketing programs, volume-generating sales initiatives, heightened focus on cost and operational efficiencies, and a highly dedicated and committed workforce backed by positive economic conditions.

Fellow stockholders, I am pleased to announce the consolidated operating results of San Miguel Brewery Inc. for 2016 –

Our company registered an all-time high sales with volume breaching the 200-million-cases mark, a growth of 12 percent from the previous year.

Sales revenue rose to P97.2 billion pesos, 18 percent higher than 2015.

Operating income grew 20 percent to P27.2 billion pesos, resulting in a 28 percent operating margin. Net income increased 31 percent to P17.7 billion.

Domestic beer volumes posted a 15 percent increase over 2015. Our non-alcoholic beverage (NAB) business likewise expanded. Volumes grew by 77 percent versus year-ago level.

Our success last year was not just a story of triumph, it was also a story of our employees’ *malasakit* and our business partners’ *commitment* to bring outstanding value to San Miguel Brewery. These led us to achieve all-time records in volume, revenue and operating income – making 2016 a truly remarkable year for your company!

In the Philippines, SMB reinforced its leadership in the beer market.

Over 125 years of being the Filipinos favorite brew helped us develop relationships with customers that have withstood, and are worth far more than, any novel experience. This strong bond – best captured by our slogan, *Samahang Walang Katulad* – allowed us to endure and prosper.

Setting the tone for SMB’s malt-based beverage segment were the thematic ads “True Love”, “*Bakit Nga Ba Type Kita*”, and “Sincere”, which were developed to strengthen love for San Miguel Beer.

This was reinforced by the annual nationwide Oktoberfest campaign which ran on a more intimate “back to basics” theme, further establishing consumers’ association of this event with our brands.

Red Horse Beer asserted its position as “The Country’s No. 1 Beer” by capitalizing on its hardcore lifestyle equity with the “Pambansang Muziklaban” competition and “Pasiklaban” consumer promos.

Our flagship brand **San Miguel Pale Pilsen** steadied its foothold through the “*Sarap ng Orig, Sarap ng Totoo*” thematic campaign. The promotion of the Pale Pilsen Gold offered a new look for the classic brew to reach a young and dynamic market.

The country’s no. 1 low-calorie beer, **San Mig Light**, further resonated with upscale drinkers through nationwide campaigns “Alarm” and “Let’s Bar” and on-ground activations “Bucket Nights” and “Get More, Meet More” while the “Party All Night DJ Spin Off” connected the brand with new influencers within its bar and club scene niche.

For the economy segment, **Gold Eagle Beer** extended its reach through its “*Sama-Sama Mag-Jamming, Sama-Sama Mag-Gold Eagle Beer*” campaign. The brewery’s regional markets gained traction through TVC and radio jingles, below-the-line crown collection promo, scratch-board promo, and barangay jamming events.

We are very proud of **San Miguel Flavored Beer in lemon and apple variants** for sustaining its expansion as both brand awareness and demand soared. Digital campaigns were utilized to reach tech-savvy consumers while retail store promotions kept the brand top of mind at point of sales.

San Miguel Lifestyle Brews – **Premium All Malt, Super Dry, Cerveza Negra**, and **Kirin Ichiban** – maintained the brewery’s strong position on the premium beer segment by improving visibility and availability of its products.

The brewery’s venture to create an entirely new segment paid off as **San Mig Zero** successfully appealed to conservative, health-conscious drinkers. San Mig Zero sustained awareness and image-building activities through advertising materials, digital efforts and consumer promotions.

Our NAB portfolio, on the other hand, continues to gain ground. Through strategic outdoor placements, trial and off-take generating programs, we increased awareness and created more demand for our products: **Magnolia HealthTea, Fruit Drink and PureWater.**

We made further enhancements in our manufacturing processes with improvements in distribution as we expanded into other product offerings.

And because SMB’s *malasakit* goes beyond business, we continued with our various CSR programs nationwide in support of education, livelihood, health and sanitation, and the environment.

In fact, through the *Trees Brew Life* project under our flagship environmental advocacy program “*Buhayin ang Kalikasan*”, 500,000 seedlings of hardwood, mangrove and fruit-bearing tree species have already been planted with the support of more than 2,600 volunteer employees, dependents, business partners and stakeholders since its inception in 2009.

In our international operations, San Miguel Brewing International Limited (SMBIL) posted strong recovery in 2016. SMBIL is back on the growth track following an 84 percent increase in operating income driven by margin improvements, tight cost management and enhancement of operational efficiencies.

All units registered better financial results in 2016, led by the sustained growth in Thailand and Exports, sales rebound in Indonesia and boosted by improvements in China, Hong Kong and Vietnam. SMBIL further strengthened its presence in both existing and new markets by implementing various sales initiatives aided by vibrant marketing campaigns as well as introduction of new products, variants and packaging design in selected markets.

Operating income in **Thailand** for 2016 was significantly higher on account of higher exports contribution, incremental profit of partner brands as well as higher margins from domestic operations and a more efficient A&P spending.

Exports sustained its profit uptrend as San Miguel and Red Horse volumes increased, led by higher sales to the UAE, Malaysia, Korea and Oman. Volumes were further boosted by sales to new markets in Europe and Africa, particularly Italy, Kenya and Djibouti.

Operating income in **Indonesia** for 2016 was still significantly higher compared to the previous year. The price increases implemented in mid-year made up for the continuing instability caused by the regulation banning the sale of alcohol in provision and convenience stores.

Operations in **China** continued to face tough market conditions in 2016 due to the economic slowdown in the country. Consolidated **South and North China operations** managed to perform better with improved volume mix and lower production costs as well as a purposive shift to higher-margin products.

Favorable performance in **Hong Kong** was a result of the distribution and warehouse restructuring projects which brought down logistics costs and provided additional rental income. Margins were also higher on account of rationalized trade support and the price increase implemented in the middle of 2016.

Vietnam sustained its volume and profit improvement in 2016. San Mig Light continued its expansion driven by brand awareness programs and consumer promotions while the growth of W1N Bia volumes was supported by trade incentives.

Fellow stockholders, the strong recovery of our international beer business last year further inspires us to continue to deliver strong financial performance in the Asia Pacific region while penetrating new export markets this year.

Allow me now to share with you the highlights of your company's performance in the first quarter of 2017 –

SMB's consolidated revenues reached P25.4 billion pesos, a 9 percent increase compared to the same period last year. Operating income grew 10 percent to P6.7 billion pesos.

In SMB, we have made it a habit to understand and satisfy the needs, concerns and expectations of our customer. Nothing gives us more pride than being able to delight our patrons with our growing selection of world-class products.

Ever ready to delight our customers in every way, last March, we launched our newest product, **San Mig Cola**. The early projections are promising.

Aside from new products, we have our eyes set on expanding the capacity of our bottling plant in Sta. Rosa, Laguna alongside our plan of putting up our 6th brewery in Tagoloan, Misamis Oriental.

Just last month, we broke ground for the new brewery that will be completed in about two years. This is a significant milestone for our company. This new brewery is a major step in ensuring that we are able to meet the increasing demand of our customers in the coming years.

This year, we will **fortify SMB's leadership in the alcoholic market while improving profitability for our NAB business.**

One way to meet this goal is to further strengthen beer and NAB consumption by ensuring visibility and availability in all trade channels.

We will also deepen "Brand Love" for SMB brands, enhance trade and dealer management as well as pursue improvements in the supply chain while we accelerate organizational capability to support our multi-beverage thrust.

For our international operations, SMBIL is on track to sustain its profit growth in 2017. We will support volume growth of our San Miguel brands with brand-building initiatives as well as expansion programs in other markets overseas.

As we pursue further growth for our business, we believe that SMB has a significant role to play in fostering sustainable development. We also believe that at the heart of the success of our company is doing business honorably where nature is nurtured, education is championed and communities are empowered.

The year 2016 was indeed a celebration of wins on all fronts, both domestic and international, with each function of the business contributing to the greater good of the brewery. After such a phenomenal year, the challenge now is turning this phenomenon into a norm.

With your continued support and the relentless effort of our employees and business partners, we forge on – as usual – towards achieving bigger goals holding ourselves accountable to deliver more value to you, our shareholders.

We are confident because the beers and non-alcoholic beverages that we sell are products of excellence. The company that we serve is consistently dedicated in delivering superior, sustainable, and profitable growth every year. And Team SMB makes sure it fulfills its commitment to the consumers, the public, and to you, our shareholders.

On behalf of our workforce, I would like to thank you for your faith and confidence, in us, as we brew the future with proud expectations and take SMB to greater heights.

Let's Up the Vibe and Drink to Life!

Cheers to a record-breaking year!

RESULTS OF ANNUAL STOCKHOLDERS' MEETING RESOLUTIONS

Shareholders owning/holding 15,350,010,801 common shares or 99.92% of the 15,361,931,761 issued and outstanding capital stock as of the Record Date for the May 30, 2017 annual stockholders' meeting attended the meeting.

Resolution	Approving	Dissenting	Abstaining
Election of Directors	All nominees for directors were unanimously elected by the stockholders with each director receiving 15,350,010,801 votes.	None	None
Approval of Minutes of the 2016 Annual Stockholders' Meeting	15,350,010,801 votes	None	None
Approval of Annual Report for the year ended December 31, 2016	15,350,010,801 votes	None	None
Ratification of all acts and proceedings of the board of directors and corporate officers	15,350,010,801 votes	None	None
Appointment of R.G. Manabat & Co.	15,350,010,801 votes	None	None