

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

**SAN MIGUEL BREWERY INC.**

Held on May 31, 2016  
at the Executive Dining Room  
2<sup>nd</sup> 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  
Carmelo L. Santiago (Chairman, Audit Committee)  
Carlos Antonio M. Berba  
Takashi Hayashi  
Toshiya Miyoshi  
Katsuhiko Matsumoto  
Daniel L. Henares

**I. CALL TO ORDER**

The meeting was called to order at 2:03 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 99.7% of the outstanding capital stock of the Company.

The total number of shares in attendance is 15,316,302,901. Of this total number of shares 15,316,199,150 shares are represented by proxy while 103,751 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. Atty. Balan also referred to the Information Statement distributed to the stockholders for the voting procedures in the meeting. She further stated that counting of votes will be done by the Corporate

Secretary or Assistant Corporate Secretary with the assistance of the Company's stock transfer agent.

The Chairman informed the stockholders that he is holding proxies for approximately 99% of the outstanding capital stock of the Company and that he will be voting in favor of all corporate actions.

### **III. APPROVAL OF THE MINUTES OF THE REGULAR STOCKHOLDERS' MEETING HELD ON MAY 26, 2015**

The Chairman referred to the minutes of the regular stockholders' meeting held on May 26, 2015 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 26, 2015.

### **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, 2015 and for the first quarter of 2016. A copy of the report is attached hereto as Annex "C".

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 by the stockholders of the Company:

What was the book value of the shares of the Company in 2014 and 2015 as per financial reports?

The Company's Chief Finance Officer responded that the book value in 2015 is ₱2.73 per share, which is 10% higher than 2014 book value of ₱2.49 per share.

Does the value of ₱20.00 per share still hold if one is to sell back his shares to the Company?

The Company's Chief Finance Officer responded that as the Company is no longer listed with the Philippine Stock Exchange, Inc., the price at which the shares will be sold will depend on how much the stockholder is willing sell to a prospective private buyer and the price at which the buyer is willing to purchase the shares.

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 26, 2015 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 2016. 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. Katsuhiko Matsumoto
11. Daniel L. Henares

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 "B".

ATTESTED BY:



**RAMON S. ANG**  
Chairman of the Board



**ROSABEL SOCORRO T. BALAN**  
Corporate Secretary

**SAN MIGUEL BREWERY INC.**  
**ANNUAL STOCKHOLDERS' MEETING**

May 31, 2016

PERCENTAGE 99.702%

Record Date: April 18, 2016

Attendees 42

Stockholder Name	Common Shares	% of O/S
1 TAKASHI HAYASHI	5,000	0.000033%
1 KIRIN HOLDINGS COMPANY, LIMITED	7,456,859,880	48.540757%
1 KATSUHIKO MATSUMOTO	5,000	0.000033%
1 TOSHIYA MIYOSHI	5,000	0.000033%
1 KEISUKE NISHIMURA	5,000	0.000033%
1 SAN MIGUEL CORPORATION	7,859,319,270	51.160584%
<b>6</b>	<b>Attendance by Proxy</b>	<b>15,316,199,150 99.701470%</b>

Stockholder Name	Common Shares	% of O/S
1 JESSICA L. ABRENICA	5,000	0.000033%
1 SHERYL R. ALANO	2,000	0.000013%
2 DANTE A. ALIGNAY OR TERESITA P. ALIGNAY	800	0.000005%
1 RAMON S. ANG	5,000	0.000033%
1 JOSE A. ARRIOLA	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%
2 YOLANDA M. DELA CRUZ OR EMILIO M. DELA CRUZ	50	0.000000%
1 EUSEBIO A. DIPASUPIL	1,000	0.000007%
1 RONNIE M. FABABIER	3,000	0.000020%
1 DANILO G. FORCADO	5,000	0.000033%
1 GUILLERMO F. GILI, JR.	1,000	0.000007%
1 DANIEL L. HENARES	5,000	0.000033%
1 ROBERTO N. HUANG	5,000	0.000033%
1 EUGENIO C. LEYNES, JR.	3,000	0.000020%
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 ANGELINA M. NAVARRO	3,000	0.000020%
1 TORIBIO F. NAVARRO, JR.	3,000	0.000020%
1 CECILIA M. ORTEGA	500	0.000003%
1 RHODA ISABEL L. PALMA-GIL	3,000	0.000020%
1 ISADORA A. PAPICA	6,000	0.000039%
1 NOEMI L. RONQUILLO	3,000	0.000020%
1 CARMELO L. SANTIAGO	5,000	0.000033%
1 STEPHEN G. SOLIVEN	1	0.000000%
1 LEONCIO CHUA TIAN SU	1,000	0.000007%
1 RICHARD B. TAMBUNTING	3,000	0.000020%
1 JUAN GABRIEL R. VEDUA	3,000	0.000020%
<b>36</b>	<b>Attendance in Person</b>	<b>103,751 0.000675%</b>
<b>42</b>	<b>TOTAL ATTENDANCE</b>	<b>15,316,302,901 99.702%</b>

TOTAL OUTSTANDING SHARES (as of Record date) 15,362,059,461  
TOTAL NO. OF STOCKHOLDER (as of Record date) 1,083

**RESULTS OF ANNUAL STOCKHOLDERS' MEETING RESOLUTIONS**

Shareholders owning/holding 15,316,302,901 common shares or 99.702% of the 15,362,059,461 issued and outstanding capital stock as of the Record Date for the May 31, 2016 annual stockholders' meeting attended the meeting.

<b>Resolution</b>	<b>Approving</b>	<b>Dissenting</b>	<b>Abstaining</b>
Election of Directors	All nominees for directors were unanimously elected by the stockholders with each director receiving 15,316,302,901 votes.	None	None
Approval of Minutes of the 2015 Annual Stockholders' Meeting	15,316,302,901 votes	None	None
Approval of Annual Report for the year ended December 31, 2015	15,316,302,901 votes	None	None
Ratification of all acts and proceedings of the board of directors and corporate officers	15,316,302,901 votes	None	None
Appointment of R.G. Manabat & Co.	15,316,302,901 votes	None	None

**PRESIDENT’S REPORT**  
**2016 ANNUAL STOCKHOLDERS MEETING**

---

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

It is a great honor for me to share with you the 2015 results of San Miguel Brewery Inc.

The company’s performance exceeded year-ago results as it tracked substantial volume gains for the second straight year. Consolidated sales revenue grew by 4.3% to P82 billion. Meanwhile, operating income rose to P22.6 billion with a healthy margin of 27.5%, resulting in a net income of P13.5 billion.

The company’s strong performance in 2015 was stimulated by the improving economy, favorable demographics, better job situation and the low cost environment.

SMB’s performance in 2015 benefitted from the favorable economic climate, while overcoming challenges such as higher excise tax rates and aggressive competition in the market. Total beer and malt-based beverage volumes sustained its momentum as it ended three percent higher than the previous year driven by new brand campaigns and implementation of demand-generating programs.

**DOMESTIC OPERATIONS**

For our domestic operations, Red Horse, San Mig Light and the flagship brand San Miguel Pale Pilsen led the way in volume growth as most brands performed well for the beer business. San Miguel Flavored Beer sustained its gains as it continued its robust expansion.

San Miguel continued to hold its signature equity events and volume-generating programs such as “Oktoberfest” Beer and Music Festival kick-off and barangay parties and “On-air Millionaire” radio-based crown collection and raffle promo, among others.

For 2015, Pale Pilsen performed favorably by focusing on the brand’s iconic stature and “original beer” equity in its campaign and thematic advertisements and promotions.

Following the successful run of the limited edition “Bilib” can in 2014, the brand rolled out limited-edition “#nagsimulasabeer” cans and a six-pack, Christmas-themed package.

Together with its parent San Miguel Corporation, SMB celebrated Pale Pilsen’s 125th anniversary with an integrated campaign highlighting the brand’s significant contribution to the company’s rich history. The National Historical Commission of the Philippines installed a historical marker here at the SMC Head Office Complex to highlight the event. Commemorative medals and stamps were issued by the Bangko Sentral ng Pilipinas and Philippine Postal Corporation, respectively.

Red Horse continued to be the “number one beer” and this was reinforced by programs focusing on “astig” and rock equities such as “Red Stud” thematic materials, tactical “Batang Condo” TVC and Muziklaban and Pasiklaban on-ground executions.

San Mig Light’s expansion was propelled by its “Magaan sa Tiyan” and “Look Good and Feel Good All Night” attributes consisting of thematic campaign, sari-sari store consumer promotions, Bucket Nights and SML Party All Night program alongside roll-out of ACL packaging in GMA.

In the economy segment, we enhanced the value proposition of Gold Eagle through regional ad placements using the “Jamming” storyline.

San Miguel Flavored Beer continued to show strong results due to intensified initiatives such as “Game Tayo” digital program, consumer and penetration drive in convenience stores and sari-sari stores. The brand is being promoted as the most refreshing alcoholic drink for playtime to engage younger beer drinkers.

For Lifestyle Brews, image-building and trial generation programs were pursued based on “quality” and “ingredients” story while conducting tra-digital campaign and packaging enhancement for San Mig Zero.

SMB earned recognitions from the government and international organizations, proof of the company’s regard to high quality standards. The company’s nationwide energy conservation program garnered citations from the Department of Energy.

Several beer brands also received awards from the Monde Selection. Aside from the medals, the Monde Selection bestowed on Pale Pilsen and Cerveza Negra—two legacy brands of the company—the International High Quality Trophy for winning the Gold in three consecutive years. In addition to its win at the Monde Selection, Super Dry also won a Gold Medal in the 2015 Australian International Beer Awards.

## **NON-ALCOHOLIC BEVERAGE MARKET**

Last year, SMB embarked on its new business, following the acquisition of the non-alcoholic beverage (NAB) assets of Ginebra San Miguel Inc. SMB’s foray into the NAB market aims to bring another revenue stream for the company and strengthen its competitiveness and resilience. With your approval, we began our five-year plan to be a leading player in the multi-beverage market.

Since the start of the NAB operations, volumes of non-alcoholic beverage products showed gradual improvement as the company introduced enhancements in its operation to ensure sustainable growth of this business.

As we integrated the NAB operations, we have seen how this will help grow the bottom line for SMB. We have modest expectations for our NAB operations in the short term, because we will have to work effectively in rolling out our products in the market.

For our NAB venture to be successful, we have to grow its volumes profitably. This means that we have to sell in areas close to our source, so that we minimize the cost of moving the goods while maximizing the returns. Once we have saturated the areas around our plants, we move on to the next area until we have established a steady demand for our products.

As our NAB business takes off, we will add more products in the coming months.

## **INTERNATIONAL OPERATIONS**

For our international operations, we faced a challenging year in 2015 as each unit's performance was driven by external and internal factors unique to its market.

Double-digit volume growth of San Miguel brands in Thailand and Vietnam as well as higher export volumes to the Middle East, South Korea and Singapore were offset by volume losses registered by Hong Kong, Indonesia and North China. As a result, consolidated volumes were lower compared to last year. Full year operating income was behind 2014, largely dragged by the significant drop in volumes in the first half of the year. Our international operations was able to post a turnaround in the second half of 2015, notably in the fourth quarter, giving us a stronger platform for profit recovery in 2016.

On the per country performance, Thailand's overall volume grew by double-digit rate, outperforming the industry's expansion, resulting in the unit's improved operating profit.

Domestic volume in Vietnam sustained its double-digit growth trend, with increased sales of San Miguel Pale Pilsen, San Mig Light and W1nBia. However, total production volume and operating income were pulled down mainly by lower exports contribution as a result of the on-going political crisis in some of its African markets.

The Indonesia beer industry faced a difficult year following the implementation of a government regulation banning the sale of alcohol in provision and convenience stores. The company implemented sales programs to cushion the impact of the new regulation, with volumes posting recovery in the second semester of the year. Cerveza Negra draught was rolled out in November and was met with positive trade feedback, fueling the company's growth potential in the country's sizeable dark beer segment.

On the China operations, sales volume for South China managed to post double-digit growth due to increased export volume as well as higher sales in North and West Guangdong. As for North China operations, volumes and profit declined as a result of intensified competition and reduced economic activity following closures in manufacturing plants that failed to comply with government emission standards.

In Hong Kong, total sales volume declined as low tourist arrivals resulted into slower demand in on-premise channels and impact of the pullout of partner brands in late 2014. Excluding the discontinued brands, volumes were up by two percent, buoyed by the strong growth of San Mig Light and incremental volume from recently launched brands including Cerveza Negra, Red Horse and a range of premium draught partner brands from the US, Spain, New Zealand and UK.

Total Export volume of San Miguel brands rose in 2015 backed by higher sales to the UAE, South Korea, US, Taiwan and Singapore. Export operating income posted double-digit growth with better margins largely due to lower transfer costs stemming from its regional sourcing strategy.

## UP THE VIBE

Last year, we rallied our employees as we began looking ahead to where we want to be in 2020. We laid out this vision to our 2,700-strong workforce in the Philippines, because we believe that when the objectives are shared with people, they become invested in it. When they know where we are going, people understand the measures we do for the company.

We called our **Vision 2020: *Up the VIBE***. Now you may ask what **VIBE** is all about.

For SMB to become a significant challenger in the beverage market, our employees must be **VIBRANT**, **INSPIRED**, and **BOLD** individuals with an **ENTREPRENEURIAL** mindset.

Vibe means giving one's best in helping the company achieve its annual targets. Vibe means going to work inspired by the people you go to work for. Vibe means finding bold ways to change the market. Vibe means cultivating the entrepreneurial spirit of employees.

We've already "upped the vibe" in the first quarter of 2016. SMB took advantage of the higher demand for our products here in the Philippines, while our overseas operations performed better than expected. Consolidated sales revenues grew 23% to P23.3 billion while operating income rose 17% to P6.1 billion. Net income for the first quarter climbed 23% to P4 billion.

On behalf of every SMB employee from our manufacturing facilities, to our offices around the region, we thank our dear shareholders for your trust and confidence. We assure you that every Beerman is committed to bring this company forward as always.

Thank you very much.