

## **A. SORIANO CORPORATION**

### **ANNUAL MEETING OF STOCKHOLDERS**

Place: Manila Peninsula Hotel

Date: April 18, 2018

Time: 10:00 A.M.

The annual meeting of stockholders was held at the place, date and time indicated above.

#### **I. CALL TO ORDER**

The Chairman, Mr. Andres Soriano III, called the meeting to order, and requested the Corporate Secretary, Atty. Lorna Patajo-Kapunan, to certify to the proof of notice of meeting.

#### **II. PROOF OF NOTICE**

The Corporate Secretary certified that in accordance with the Corporation Code of the Philippines and the By-Laws of the Corporation, printed copies of the Notice of Annual Meeting of the Stockholders and Information Statement were sent by mail and by special messenger service starting March 21, 2018 to all stockholders of record as of March 16, 2018 at their respective addresses of record.

#### **III. QUORUM**

At the request of the Chairman, the Corporate Secretary certified that 2,252,886,796 shares, or 90.11% of the issued and outstanding capital stock of the Corporation were represented at the meeting in person and by proxy. There was, therefore, a quorum.

#### **IV. APPROVAL OF MINUTES OF PREVIOUS MEETING**

The minutes of the previous Annual Stockholders Meeting held on April 19, 2017 have been available for examination by the stockholders at the office of the Corporate Secretary for the past year. Also, copies of the minutes were posted in the registration area of the present meeting.

On motion duly made and seconded, the minutes of the Annual Stockholders' Meeting held on April 19, 2017, were approved.

#### **V. PRESENTATION OF THE CHAIRMAN AND CEO'S MESSAGE TO STOCKHOLDERS**

The Chairman delivered his message to the stockholders, quoted in full as follows:

Good morning, fellow stockholders, directors, ladies and gentlemen, welcome to our annual stockholders' meeting.

Our country's Gross Domestic Product grew 6.7 percent in 2017, a modest drop from the 6.9 percent growth in 2016. The main contributors to the GDP growth were the agriculture, manufacturing, construction and service sectors. Government spending decreased partly due to the delayed passage of the Tax Reform or TRAIN Law, which aims to fund the government's Build, Build, Build Program.

With this positive economic backdrop, Anscor has invested in companies and sectors that will benefit from this thrust, namely, infrastructure, education, food, retail and property.

For the 2017 financial year, your Company achieved a consolidated net income of P1.6 billion driven by a P1.1 billion gain from the sale of

Cirrus Medical Staffing, Inc. and a gain of P84 million from the sale of Enderun Colleges, Inc.

Other sources of revenue were the P335 million gain from the sale of traded shares, dividend income of P271 million, and interest income of P99 million.

In 2017, Anscor set up provisions amounting to P626 million against investments that we foresee to face challenges in 2018.

The book value per share of your Company increased to P15.21 from P13.17 as of December 31, 2017.

I am pleased to advise that a cash dividend of 50 centavos per share, 20 centavos per share regular and 30 centavos per share special, is payable today for shareholders of record as of March 26, 2018.

Effective January 1, 2018, our financial reports will be presented in accordance with a new accounting standard that requires income or loss recognition on the increases or decreases in values of the public traded equities we hold, even if the financial assets have not been sold. This new accounting rule will result in more volatility in the reported earnings of your Company.

Moving to our operations, Phelps Dodge experienced a 32 percent growth in sales outside the National Capital Region. Revenues increased by 9 percent, from P6.6 billion in 2016 to P 7.2 billion in 2017, driven by the rise in copper prices. Margins reverted to a more normal range as wholesale prices could not be adjusted to keep pace with increased copper costs and there was customer resistance to frequent price increases. Consequently, profits dropped from P751 million to P544 million.

Notwithstanding the pricing challenges, Phelps Dodge posted a 22 percent return on equity and remains focused on reducing costs through value engineering, higher machine and material efficiencies, and lean manufacturing. PDP reached its target of zero accidents and is proud of its safety record.

In 2017, Phelps Dodge paid Anscor a cash dividend of P250 million and a management fee of P62 million.

Amanpulo Resort generated total revenue of P861 million, an increase of 27 percent as compared to the previous year's P679 million, despite the average room rate falling 9 percent. Occupancy rate increased to 55 percent from 44 percent in 2016. The appreciation of the US dollar vis-à-vis the Philippine peso also contributed to higher revenues.

Amanpulo's 2017 net profit rose to P100 million from P37 million. However, Seven Seas consolidated net income of P101 million was lower than the P 380 million reported in 2016, which included the gain from the sale of two villas.

Other initiatives included the installation of a new power generating unit to reduce energy expenses, improved staff facilities and an expansion of the organic farm.

In 2017, Anscor received a total of P125 million from Seven Seas in the form of cash dividends and the redemption of preferred shares.

AG&P continues its push into the emerging LNG sector and made modest gains in its traditional modularization and on site construction business. It registered a net income of US\$17 million in 2017.

During the year, AG&P opened an office in Houston, Texas dedicated to advanced LNG engineering, and finalized joint ventures in Indonesia and in Western India. Financing for these projects is still being negotiated.

AG&P is in the process of raising critically needed equity to fund future projects and restructuring its debt profile.

Anscor increased its stake in ATRAM Investment Management Partners Corp. from 10 percent to 20 percent. ATRAM is engaged in asset and wealth management and had assets under management of P115 billion at the end of December 2017. ATRAM's net income in 2017 reached P 35 million, a 58 percent increase from 2016.

*The Asset*, a financial publication which recognizes Asian companies that excel in their respective industries, awarded ATRAM the "Rising Star – Philippines" in 2017 for its excellence in fund management.

KSA Realty Corporation, the owner of The Enterprise Center had an occupancy rate of 97 percent for 2017.

In 2017 KSA paid Anscor a cash dividend of P 114 million.

This month, Anscor invested P180 million for a 26 percent stake in Fremont Holdings, Inc. which owns 128 hectares of land in Malvar and Balete, both in Batangas. Fremont has entered into an agreement with a prominent real estate company to develop the properties into a residential housing project.

A portion of your Company's assets is dedicated to early-stage or start-up companies and private equity opportunities.

These are:

- Three million US Dollars in YmAbs Therapeutics Inc., a US-based clinical stage biopharmaceutical company focused on developing new cancer treatments through immunotherapies.
- Two million US dollars in Element Data, a Seattle, Washington-based Artificial Intelligence Company. Its decision intelligence platform powers a decision intelligence engine that understands complex interdependencies between data and people.
- One million US dollar investment in Madaket Healthcare. Madaket is an innovative software service platform that automates healthcare provider data management processes.
- Lastly, your Company is committed to invest in Sierra Madre Philippines, a newly formed private equity fund that will start deploying growth capital to small and mid-sized Philippine companies in 2018.

On corporate social responsibility, The Andres Soriano Foundation, in partnership with its donors, the Department of Education and with the Manamoc National High School in Cuyo, Palawan, opened a 15-million-peso project for laboratory facilities and classrooms for tourism-related services. These facilities included technical training rooms for Cookery, Bread & Pastries, Food & Beverage, Housekeeping and Back of the House's Linen, Laundry and Storage. This initiative aims to provide practical education and employment opportunities for the community's senior high school graduates who cannot afford to study in a university.

ASF's small island development program in 2017 included:

- a medical mission that provided medical services for nearly 3,000 patients;

- a supplementary feeding program together with the villages' health stations and elementary schools;
- environment protection through mangrove propagation and coastal clean-up;
- and a livelihood program promoting the islands' handcrafted products in Manila.

In partnership with the Maternity Foundation from Copenhagen, Denmark and the Department of Health of the Southwestern Tagalog Region, ASF launched a training program for midwives and health workers to successfully handle emergency birth delivery cases in the island municipalities of Cuyo, Agutaya and Magsaysay. The program taught them how to use the Safe Delivery Application, a mobile health tool for Basic Emergency Obstetric and Newborn Care.

As part of its cancer care program, ASF is a fund conduit for pharmaceutical companies that provide allowances for seven medical doctors specializing in medical oncology. It continues to support the maintenance medication of fifty-two breast cancer patients through the Cancer Institute of the Philippine General Hospital.

The National Economic and Development Authority is targeting 7 to 8 percent growth in 2018 and your Company will continue to maintain a balanced portfolio of financial and operating assets. Our diversification has enhanced our risk profile and is the foundation for our investment strategy. Funds from divestments will be used for promising business ventures, irrespective of whether they are public or private equity ventures.

To you our valued shareholders, to our customers, employees and partners, thank you very much for your continued support, trust and confidence in the leadership of the Anscor Group.

On behalf of our Board of Directors, our officers and staff, thank you. A pleasant morning to you all.

**VI. APPROVAL OF 2017 ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017, AND RATIFICATION OF ALL ACTS, CONTRACTS, INVESTMENTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT SINCE THE LAST ANNUAL MEETING AS SET FORTH IN THE MINUTES BOOK, ANNUAL REPORT, THE AUDITED FINANCIAL STATEMENTS, OR AS DISCLOSED IN REPORTS TO THE SECURITIES AND EXCHANGE COMMISSION (SEC) AND PHILIPPINE STOCK EXCHANGE (PSE)**

After delivering his message, the Chairman entertained questions from stockholders. After which, the Chairman moved for the approval of the 2017 Annual Report and audited Financial Statements as of December 31, 2017, as well as the ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the last annual meeting as set forth in the minutes book, the Annual Report, the audited Financial Statements, or as disclosed in reports to the SEC and PSE.

The motion was duly seconded, and the following resolutions were approved:

RESOLVED, That the 2017 Annual Report and the Audited Financial Statements as of December 31, 2017, of the Corporation are hereby approved;

RESOLVED, FURTHER, That all acts, contracts, investments and resolutions of the Board of Directors and Management since the last annual meeting as set forth in the minutes book, annual report, the

audited financial statements, or as disclosed in reports to the Securities and Exchange Commission and Philippine Stock Exchange, be as they are hereby approved, ratified and confirmed.

## **VII. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS**

The meeting then proceeded to the election of the members of the Board of Directors for the ensuing year. The Chairman requested the Corporate Secretary to inform the stockholders of the nominations received.

The Corporate Secretary said that pursuant to Section 3(a) of Article IV of the By-Laws of the Corporation, the following were nominated on or before the March 1, 2018 deadline of submission of nominations:

1. Mr. Andres Soriano III
2. Mr. Eduardo J. Soriano
3. Mr. Ernest K. Cuyegkeng
4. Mr. Jose C. Ibazeta
5. Mr. John L. Gokongwei Jr.
6. Mr. Oscar J. Hilado
7. Mr. Roberto R. Romulo

There being no other nominees, the Chairman moved that the Corporate Secretary be directed to cast the votes of the stockholders present in person and by proxy, except for those who have given specific instructions otherwise in their proxies, in favor of the above-named nominees.

The motion was duly seconded and there being no objection, the motion was carried. The Chairman directed the Corporate Secretary to cast the votes of the stockholders present in person and by proxy, except those who have given specific instructions otherwise in their proxies, in favor of the gentlemen nominated. The Chairman declared the above-named nominees as the duly elected Directors of the Corporation for the ensuing year. Among the newly elected members of the Board, Messrs. Oscar J. Hilado and Roberto R. Romulo are independent Directors.

## **VIII. APPOINTMENT OF EXTERNAL AUDITORS**

On motion duly made and seconded, it was unanimously approved to appoint SyCip, Gorres, Velayo & Co. to be the Company's External Auditors for the ensuing year.

**IX. ADJOURNMENT**

There being no other matter to consider, the meeting, on motion duly made and seconded, was adjourned.

Makati City, April 18, 2018.



**JOSHUA L. CASTRO**  
Assistant Corporate Secretary

**APPROVED:**



**ANDRES SORIANO III**  
Chairman