

**MINUTES OF THE ANNUAL MEETING  
OF THE STOCKHOLDERS OF PETRON CORPORATION  
(May 15, 2018)**

**Time and Place**

The Annual Meeting of the Stockholders of **PETRON CORPORATION** (the “Company” or “Petron”) was held on May 15, 2018 at the Ballroom of the Valle Verde Country Club located along Capt. Henry Javier St., Bo. Oranbo, Pasig City. The meeting commenced at about 2:00 p.m.

**Quorum Report**

The Corporate Secretary of the Company, Atty. Joel Angelo C. Cruz, reported that the notice of the meeting was mailed to the stockholders as of the March 27, 2018 record date in compliance with the by-laws of the Company. Based on the stock transfer agent’s certification on the attendance of the meeting, there were more than 79% of the total outstanding shares represented. Thus, a quorum was announced.

Atty. Cruz noted that the Chairman of the Board of Directors held proxies for 79.125% of the outstanding common shares of the Company and is voting in favor of all the corporate actions in the agenda.

The directors of the Company, named below, were in attendance:

Mr. Eduardo M. Cojuangco, Jr.  
Mr. Ramon S. Ang (President and Chief Executive Officer)  
Mr. Lubin B. Nepomuceno  
Atty. Estelito P. Mendoza  
Mr. Jose P. de Jesus  
Mr. Mirzan Mahathir  
Mr. Ron W. Haddock  
Ms. Aurora T. Calderon  
Atty. Virgilio S. Jacinto  
Nelly Favis-Villafuerte  
Mr. Reynaldo G. David (Independent Director; Chairman,  
Audit Committee)  
Ret. Chief Justice Artemio V. Panganiban (Independent Director)  
Mr. Margarito B. Teves (Independent Director)

Also present were the following:

Mr. Horacio C. Ramos (nominee for director)  
Mr. Carlos Jericho L. Petilla (nominee for Independent Director)  
Mr. Erich Y. Pe Lim, Investor Relations Manager  
Ms. Rohanie Galicia, R.G. Manabat & Co./KPMG

**Call to Order**

There being a quorum, the Chairman, Mr. Eduardo M. Cojuangco, Jr., called the annual meeting of the stockholders to order and presided over the same. Atty. Cruz recorded the minutes of the proceedings.

## **Reading of the Agenda**

The rest of the agenda of the meeting as follows was presented on the screen for ease of reference of the stockholders:

- (1) Review and approval of the minutes of the previous annual stockholders' meeting;
- (2) Management Report and submission to the stockholders of the financial statements for the year 2017;
- (3) Ratification of all acts of the Board of Directors and Management since the last stockholders' meeting in the year 2017;
- (4) Appointment of an external auditor and ratification of its fees for the review of the 2017 audited financial statements of the Company and its subsidiaries;
- (5) Election of the Board of Directors for the ensuing term; and
- (6) Such other business as may come before the stockholders.

## **Review and Approval of Minutes of Previous Meeting**

The Chairman announced that the first item in the rest of the agenda was the approval of the minutes of the May 16, 2017 Annual Stockholders' Meeting, copies of which were made available at the registration area of the venue. On motion duly made and seconded, and there being no objection, the minutes of the Annual Stockholders' Meeting of May 16, 2017 were approved.

Based on the vote canvassing results provided by the SMC Stock Transfer Corporation, the stock transfer agent of the Company, (the “Voting Canvassing Results”) this agenda item had the following voting results:

For	7,420,678,201 - 79.153%
Against	0 - 0.000%
Abstain	0 - 0.000%

## **Annual Report and Other Reports of Management**

### ***Management Report***

The Senior Vice President and Chief Finance Officer of the Company, Mr. Emmanuel E. Eraña, delivered the management report covering operations for 2017 and the first quarter of 2018.

Mr. Eraña commenced his report by explaining that year 2017 saw the rise of oil prices as Organization of the Petroleum Exporting Countries and other producers were successful in cutting back nearly 2 million barrels daily to shore up prices. This led to a 29% increase in the benchmark Dubai crude over the period, averaging USD 53 per barrel in 2017. In the first quarter of 2018, oil prices continued their upward trend due to rising demand and tensions in the Middle East. An additional 20% increase brought average crude prices to USD 64 per barrel.

He explained that, with the strong growth of the Philippine economy in 2017, the industry became more competitive as small players gained market share. While fuel demand remains strong, the Company expects a more cut-throat business environment in 2018, especially with higher pump prices. To capture more demand, the Company built about 150 brand new stations all over the country. Petron marked a milestone as it hit 2,400 stations, still the

largest retail network by far. This is nearly 600 more than other major players combined.

He then reported that the Company's 2017 revenues rose by 26% versus the previous year at Php 434.6 billion due to higher crude prices and record sales volumes which reached 107.8 million barrels. The increase in revenues was also driven by the Company's focus on higher value products and the substantial growth in its retail business which increased by 8%. In the first quarter 2018, the Company's revenue grew by 21% to Php 129.1 billion, reflecting sustained sales volumes and rising prices of fuel products.

He proceeded to inform the stockholders that the Company continued to rank first in all major segments of the market. The retail business posted the strongest performance with the Company's continued network expansion, widening the gap between it and other players. In the lubes segment, the Company's volumes were up by 14% than 2016 as a result of rebranding, the addition of innovative engine oils such as *Blaze Racing*, and efforts to penetrate new trade channels. *Petron Gasul* remains number one in the LPG market. Industrial sales also had strong performances. The Company's commercial sales of Jet A1, for example, increased by 8%.

He then informed the stockholders that Petron is becoming top of mind in the lives of Malaysian consumers, just six years after the Company expanded and built its reputation in this highly competitive market. Malaysian domestic volumes surged 9% in 2017. There was strong growth in all major business segments. This was a strong indication that Petron is becoming the preferred brand in Malaysia.

Mr. Eraña continued to report that the Company had its best performance in history, hitting a consolidated net income of Php 14.1 billion in 2017, a 30% increase from the previous year's earnings of Php 10.8 billion. Operating income likewise grew by 16% to Php 27.6 billion. For the first quarter 2018, the Company posted its highest quarterly income of Php 5.8 billion, 4% higher over the same period last year.

He explained that the Company continued to implement its key strategies and programs. The Company also focused on the production and sales of high-margin products to boost profitability by further optimizing its production capabilities. In 2017, the Petron Bataan Refinery was able to attain the highest utilization rate in its 60-year history. There was a marked increase in the production of high-margin fuels and petrochemicals. The Company is also already studying the next phase of refinery expansions both in the Philippines and Malaysia to enable the Company to produce environment-friendly and high-value products.

He continued to inform the stockholders that the Company ensures that its value chain creates the most value for its customers. It has nearly 40 terminals in the region. It achieved another safety milestone in 2017, accumulating 100 million man-hours without lost time injury. In the Philippines, the Company added about 540,000 barrels of storage capacity reflecting increased demand and is planning to build more storage facilities at the Port Dickson Refinery in Malaysia to reduce costs by allowing bigger import parcels. The Company attained Integrated Management Systems Certifications for all 29 facilities in the Philippines. In Malaysia, its Port Dickson Refinery received the Prime Minister's Hibiscus Award & Malaysian Society Occupational Safety & Health Award.

Mr. Eraña then reported the Company continued to increase and leverage on its extensive retail network of 3,000 stations in the Philippines and Malaysia that serve as touch points to give the best service its customers deserve. The Company's *Best Day* and *Fuel Happy* campaigns were translated to give the best products, the best services, and the best convenience for its customers. In 2017, the Petron Rewards Cards had a record of 4.7 million active users.

He explained that the Company remained the leader in fuels innovation. The Company tested its fuels in the second Euro-4 economy run, in partnership with the Department of Energy, and achieved great results. Of the over 50 vehicles in the 200 kilometer run, more than 50% traveled over 20 kilometers per liter, highlighting the efficiency of Petron fuels. Petron continued to lead the industry with the best fuel in the country, *Petron Blaze 100 Euro 6*, the first and only Euro 6 gasoline in the country which meets the world's best fuel standards. The Company also increased the sales of its revolutionary *Turbo Diesel Euro 5* in Malaysia. Further, the Company launched pioneering new engine oils locally. Its *Blaze Racing Engine Oil* was tested in extreme driving conditions in the F4 SEA Championships in the region.

He then informed the stockholders that, with the Company's nationwide reach, it is able to engage and sustain more communities. In 2017, the Company, through the Petron Foundation, (i) sent nearly 16,000 scholars to school since 2002, with the first batch of its Senior High School scholars graduating in 2017 and the Company employing several scholars; (ii) led the planting of more than 300,000 mangrove seedlings in 30 locations nationwide; (iii) served nearly 10,000 people in its clinics and medical missions; and (iv) ensured that all its facilities nationwide conducted corporate social responsibility activities for the host communities.

Mr. Eraña ended his report by thanking the Company's shareholders, business partners, customers, and employees for encouraging the Company go beyond business as usual and assured them that the Company would continue to be the industry leader and a true force for change.

### ***Open Forum***

The Chairman then announced an open forum during which stockholders could raise queries or concerns or give their proposals. Among the questions raised and matters discussed are set out below.

1. Ms. Danalyn Clemente of Quezon City asked the reason for the Company's further enhanced performance in 2017 compared to 2016. Mr. Lubin B. Nepomuceno, the General Manager, explained that the very good performance of the Company for 2017 was attributable to the optimum operational availability and utilization of the Petron Bataan Refinery, the continued network expansion, and the efficient logistics of the Company.
2. Mr. Albert Montano of Parañaque City congratulated the Company for its strong performance in 2017 and the first quarter of 2018. He asked if this good performance would continue for the rest of 2018. Mr. Nepomuceno confirmed that the Company was expecting to continue to perform well in 2018 since the strategies of efficient and optimum utilization of the Petron Bataan Refinery, network expansion and service station upgrades, and efficient logistics are intended to provide for the long-term results of the Company.



3. Ms. Rufina Guillermo-Orillosa of Taguig asked about Petron Malaysia's net income. Mr. Nepomuceno informed the stockholders that the net income of the Petron Malaysian companies improved by 70% due to lower operations costs, increased number of service stations, and the production of *Blaze 100 Euro 6* and *Turbo Diesel Euro 5*.
4. Ms. Kristine Graza of Muntinlupa City inquired about any increase to the dividends in view of the increased net income of the Company. Mr. Nepomuceno explained that the dividends paid out in 2018 were 50% higher than the previous year's. He further explained that, while the Company continues to review dividend rates, the Company also considers funding for capital projects necessary to sustain the Company's growth.
5. Mr. Gloria Sipin of Pateros asked about the investment in Petron Malaysia. Mr. Nepomuceno informed the stockholders that Petron was already becoming a preferred brand in Malaysia. He explained that Petron Malaysia has about 600 new or upgraded service stations and operates one of three (3) refineries in Malaysia.
6. Ms. Menchu Mangubat of Caloocan City asked whether the Company was still pursuing its aggressive network expansion program considering that the Company already has a total of about 3,000 service stations in the Philippines and Malaysia. Mr. Nepomuceno confirmed that Petron would continue to expand its retail service station network both in the Philippines and in Malaysia, by 150 and 50 in 2018, respectively.
7. Mr. Cornelio Ramos of Manila requested information on future projects of the Company in Bataan. Mr. Nepomuceno informed the stockholders that the Company is reviewing the expansion of its petrochemical business through the production of mixed xylene, toluene and benzene.

8. Ms. Monica Guzman of Quezon City asked how stockholders could be Petron dealers. Mr. Nepomuceno informed the stockholders to get in touch with the office of Mr. Archie B. Gupalor, Vice President for National Sales. His department reviews dealership applications.
  
9. Ms. Suzette Oderon of Rodriguez, Rizal thanked the Company for the good service in its gas stations especially in the provinces.

There being no further questions or comments raised, the open forum was closed and, on motion duly made and seconded, the management report, together with the other written reports mailed to the stockholders, were accepted and filed as part of the minutes of the meeting. The following resolution was accordingly passed by the stockholders:

**Resolution No. 1, Series of 2018**

**RESOLVED, That the 2017 Annual Report of Management, the Management Report, including the 2017 financial statements, as well as the other reports of Management distributed and mailed to the stockholders be of Petron Corporation, and hereby are, ACCEPTED and FILED as part of the minutes of the present meeting.**

Based on the Vote Canvassing Results, this agenda item had the following voting results:

For	7,413,456,201 -	79.076%
Against	0 -	0.000%
Abstain	7,222,000 -	0.077%

**Ratification of all Acts of the Board of Directors and Management**

The Chairman then proceeded to note that the next item in the agenda was the ratification of all acts of the Board of Directors of the Company and the Management since the last annual stockholders' meeting held in 2017.

Atty. Cruz explained that the material items approved by the Board of Directors or the Executive Committee since the 2017 annual stockholders' meeting include those in the list attached as Annex A-5 to the Definitive Information Statement earlier made available by the Company. He also informed the stockholders that copies of the list were posted at the registration area.

Upon motion made and seconded, the following resolution was accordingly passed:

**Resolution No. 2, Series of 2018**

**RESOLVED, That all acts, resolutions and proceedings of the Board of Directors and the corporate officers of Petron Corporation (the "Company") since the Annual Meeting of the Stockholders of the Company on May 16, 2017, as set forth in the minutes of the meetings of the Board of Directors and its board committees be, and hereby are, APPROVED, CONFIRMED and RATIFIED.**

Based on the Vote Canvassing Results, this agenda item had the following voting results:

For	7,413,456,201-	79.076%
Against	0 -	0.000%
Abstain	7,222,000 -	0.077%

## **Appointment of External Auditor and Ratification of External Auditor Fees**

The Chairman then announced that the next item in the agenda was the appointment of the accounting firm R.G. Manabat & Co., CPAs/KPMG as external auditor of the Company for 2018 and the ratification of the external auditor fees for the review and preparation of the 2017 Audited Financial Statements of the Company and its subsidiaries.

On motion made and duly seconded, the stockholders approved the following resolution:

### **Resolution No. 3, Series of 2018**

**RESOLVED, That the appointment of the accounting firm R.G. Manabat & Co., CPAs/KPMG as the external auditor of Petron Corporation (the "Company") for 2018 be, and hereby is, APPROVED.**

**RESOLVED, FURTHER That the fees of R.G. Manabat & Co., CPAs/KPMG for the review and preparation of the of the 2017 Audited Financial Statements of the Company and its subsidiaries in the amount of P6,819,400 as approved by the Board of Directors on August 8, 2017 be, and hereby are, RATIFIED.**

Based on the Vote Canvassing Results, this agenda item had the following voting results:

For	7,419,520,501-	79.141%
Against	0 -	0.000%
Abstain	1,157,700-	0.012%

The Chairman noted the comment made from the floor by Mr. Nestor Lim after the motions were made and seconded. Mr. Lim advised the Company to consider other external auditors in view of the accounting issues involving the financial statements of the 2Go Group reviewed and prepared by R.G. Manabat & Co., CPAs/KPMG.

### **Election of Directors**

As explained in the Information Statement mailed to the stockholders, a stockholder may vote such number of shares for as many persons as there are directors to be elected, or he/she may cumulate his/her shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares he/she has, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit; provided, that the total number of votes cast by him/her shall not exceed the number of shares owned by him/her as shown in the books of the Company multiplied by the whole number of directors to be elected.

The Corporate Secretary proceeded to announce the nomination of the following as directors of the Company:

Mr. Eduardo M. Cojuangco, Jr.  
Mr. Ramon S. Ang  
Mr. Lubin B. Nepomuceno  
Atty. Estelito P. Mendoza  
Mr. Jose P. de Jesus  
Mr. Ron W. Haddock  
Ms. Aurora T. Calderon  
Mr. Mirzan Mahathir  
Atty. Virgilio S. Jacinto  
Atty. Nelly Favis-Villafuerte  
Mr. Horacio C. Ramos  
Ret. Chief Justice Artemio V. Panganiban (independent)  
Mr. Reynaldo G. David (independent)  
Mr. Margarito B. Teves (independent)  
Mr. Carlos Jericho L. Petilla (independent)

The following motions were made and duly seconded: (i) motion to dispense with balloting; (ii) motion to authorize the Chairman to instruct the Corporate Secretary to cast all votes of shareholders properly represented at the meeting in favor of the 15 nominees (except as otherwise expressly instructed in any written proxy given the Chairman); and (iii) motion to declare the 15 nominees as duly elected directors. These motions were all approved.

As instructed, the Corporate Secretary cast all shares duly represented at the meeting, except as otherwise expressly instructed in a written proxy given the Chairman, in favor of the 15 nominees. With the required votes being obtained by the nominees, the Chairman declared the following persons as duly elected directors of the Company, with the voting results based on the Vote Canvassing Results:

Nominee	IN FAVOR	AGAINST	ABSTAIN	TOTAL
EDUARDO M. COJUANGCO, JR.	7,155,712,313	19,733,500	245,232,388	7,420,678,201
RAMON S. ANG	7,412,098,501	6,797,600	7,374,600	7,426,270,701
LUBIN B. NEPOMUCENO	7,242,964,734	2,647,600	244,218,288	7,489,830,622
ESTELITO P. MENDOZA	7,237,159,834	4,255,800	248,547,788	7,489,963,422
JOSE P. DE JESUS	7,241,052,834	2,647,600	246,130,188	7,489,830,622
RON W. HADDOCK	7,241,052,834	2,647,600	246,130,188	7,489,830,622
AURORA T. CALDERON	7,153,678,421	19,854,792	247,144,988	7,420,678,201
MIRZAN MAHATHIR	7,241,052,834	2,647,600	246,130,188	7,489,830,622
VIRGILIO S. JACINTO	7,239,055,934	4,255,800	246,518,888	7,489,830,622
NELLY FERVIS-VILLAFUERTE	7,242,066,934	2,647,600	245,116,088	7,489,830,622
HORACIO C. RAMOS	7,241,052,834	2,647,600	246,130,188	7,489,830,622
REYNALDO G. DAVID	7,414,720,801	2,318,900	0	7,417,039,701
ARTEMIO V. PANGANIBAN	7,391,969,101	19,404,800	3,043,000	7,414,416,901
MARGARITO B. TEVES	7,412,147,001	19,526,092	0	7,431,673,093
CARLOS JERICO L. PETILLA	7,414,720,801	0	0	7,414,720,801
<b>TOTAL</b>	<b>109,280,505,711</b>	<b>112,032,884</b>	<b>2,471,716,780</b>	<b>111,864,255,375</b>

Pursuant to the foregoing, the following resolution was approved:

**Resolution No. 4, Series of 2018**

**RESOLVED, That the following persons are hereby declared as the duly elected directors of the Corporation, to serve for a term of one (1) year or until their successors shall have been duly elected and qualified in accordance with the by-laws of the Company:**

**Mr. Eduardo M. Cojuangco, Jr.  
Mr. Ramon S. Ang  
Mr. Lubin B. Nepomuceno  
Atty. Estelito P. Mendoza  
Mr. Jose P. de Jesus  
Mr. Ron W. Haddock  
Ms. Aurora T. Calderon  
Mr. Mirzan Mahathir  
Atty. Virgilio S. Jacinto  
Atty. Nelly Favis-Villafuerte  
Mr. Horacio C. Ramos  
Ret. Chief Justice Artemio V. Panganiban (independent)  
Mr. Reynaldo G. David (independent)  
Mr. Margarito B. Teves (independent)  
Mr. Carlos Jericho L. Petilla (independent)**

**Adjournment**

Upon query from the floor from Atty. Pacifico Tagub, the Chairman confirmed that the Company is keeping abreast with developments on the production of electric cars and driverless cars.

There being no further matters raised, and on motion made and seconded, the Chairman adjourned the meeting at about 2:40 p.m. and thanked the stockholders for their attendance and support.

Respectfully submitted:

**JOEL ANGELO C. CRUZ**  
Corporate Secretary

Approved by:

**EDUARDO M. COJUANGCO, JR.**  
Chairman