

MINUTES OF THE  
ANNUAL STOCKHOLDERS MEETING OF  
**ABS-CBN CORPORATION**  
HELD ON APRIL 25, 2019 at 8:00 A.M.

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The annual meeting of the stockholders of ABS-CBN CORPORATION was held on April 25, 2019 at 8:00 a.m. at the Dolphy Theater, ABS-CBN Broadcast Center, Sgt. Esguerra Avenue corner Mother Ignacia Street, Quezon City.

CALL TO ORDER

The meeting was called to order by the Chairman of the Board, Mr. Martin L. Lopez, who presided over the same. The Secretary, Enrique I. Quiason, recorded the minutes of the proceedings.

PROOF OF SERVICE OF NOTICE

The Secretary certified that for purposes of the meeting, proper notices of the same were sent to all stockholders of record in accordance with the provisions of the By-Laws.

CERTIFICATION OF THE PRESENCE OF QUORUM

The Secretary certified that there being present at the meeting, in person or by proxy, stockholders owning 1,784,472,717 common and preferred shares out of 1,861,972,581 common and preferred shares, or 95.84% of the total number of the issued and outstanding common and preferred shares, a quorum was present for the transaction of business.

The Secretary explained that a number of proxies and ballots that were received and validated carried abstentions to some of the matters to be discussed and approved during the meeting.

The Secretary also explained that the manner of voting shall be non-cumulative, except as to the election of directors, and each stockholder shall have one vote for each share entitled to vote and registered in his name. Voting shall be done by balloting and SyCip Gorres Velayo & Co. has been retained to count and canvass the ballots. In the election of directors, the top eleven nominees with the most number of votes will be elected as directors. Cumulative voting shall be allowed.

In addition to the Chairman of the Board, Mr. Martin L. Lopez, the following directors

were present during the annual general meeting: Mr. Emmanuel S. de Dios (independent director); Mr. Federico M. Garcia; Mr. Carlo L. Katigbak; Mr. Augusto Almeda Lopez; Mr. Eugenio Lopez III; Mr. Manuel M. Lopez; and Mr. Salvador G. Tirona. The following Board Advisors were also present during the meeting: Mr. Mario Luza Bautista; Mr. Randolph S. David; Mr. Rafael L. Lopez; Mr. Honorio Poblador IV; and Ms. Ma. Rosario Santos-Concio. Also present were Ms. Catherine E. Lopez, the partner-in-charge from the external auditor, SyCip Gorres Velayo & Co. and Mr. Ricardo B. Tan, Jr., Head, Investor Relations and Compliance Officer. The key officers of the Corporation were also present to answer any questions from the stockholders.

#### READING AND APPROVAL OF MINUTES OF PREVIOUS STOCKHOLDERS MEETING

The reading of the minutes of the stockholders' meeting held on April 19, 2018 was dispensed with and, upon motion duly made and seconded, the stockholders unanimously approved the same.

The Corporate Secretary made it of record that, as of 7:50 a.m., the Corporation received proxies and ballots representing 1,784,399,266 common and preferred shares or 99.99% of the shares present or represented at the meeting voting in favor of dispensing with the reading of the minutes and approving the same, 0 shares voted against the agenda item and 10,717 shares abstained.

Based on the final tabulation of SyCip Gorres Velayo & Co., the Corporation received proxies and ballots representing 1,784,429,743 common and preferred shares or 99.99% of the shares present or represented at the meeting voting in favor of the agenda item, 0 shares voted against and 14,205 shares abstained.

#### REPORT OF THE PRESIDENT AND CHIEF OPERATING OFFICER

The President and Chief Executive Officer, Mr. Carlo L. Katigbak rendered the following report to the stockholders:

*Mga Kapamilya,*

Over the past 65 years, ABS-CBN has always aspired to improve the communities we serve. Seeing our audiences respond to our efforts is a real source of everyday inspiration. However, technology and audiences are changing at an exponential rate. This change will continue to expand and disrupt – and today, our industry currently finds itself in the

middle of these winds. Our ability as an institution to continue to re-invent ourselves, while anchored on our mission to serve the Filipino, will be at the core of our longevity and success.

Last year, we accelerated our transformation program, with a view to becoming an organization better equipped to capitalize on new opportunities. This program will deliver on five essential targets.

First is to accelerate the transformation to a digital organization. Second is to grow our experiences business. Third is to expand our revenues and audiences beyond the Philippines. Fourth is to better serve our *kapamilyas* through public service efforts geared towards long-term transformation. And fifth is to continue to be the industry pioneer and leader in our core broadcasting business.

### **Digital Initiatives**

We've made significant progress with our digital initiatives. iWant was relaunched with over 95,000 hours of TV shows, movies and original productions - generating 60 million views in December 2018. ABS-CBN.com continued to be the #1 Philippine-based website and ranked 3rd behind Google and Facebook among Philippine-based users. ABS-CBN Entertainment's Youtube channel became the first Philippine recipient of Youtube's Diamond Creator Award in June for reaching 10 million subscribers. It ended 2018 with 15 million and is now the 8th most viewed channel in the world. ABS-CBN News is the #1 Youtube news channel in the Philippines with 3.9 million views and 5.6 million subscribers – ranking among the top 30 in the world.

A real adopter to the digital environment has been our Music group. Previously considered a sunset business, it is now a shining example of a successful transformation to digital. By embracing streaming platforms like Spotify as well as the expansion of its concert initiatives into digital, regional and international audiences, ABS-CBN Music has returned to profitability with digital sales accounting for 92% of total music revenues. Across all these digital properties, ABS-CBN is attracting new audiences and new content creators both here and abroad. These efforts will continue to accelerate in 2019. Our digital effort is supported by initiatives in growing our social media presence, developing our online ad sales capabilities and in various technology upgrades. We've made investments in big data and artificial intelligence. We have also doubled down on our digital innovation efforts across the company.

To better improve our capabilities on the advertising side, we are testing a cross-platform initiative that will provide solutions for advertisers who aim to reach their specific target segments across both our core and digital properties. They will be able to do this in an environment that is safe for their brands and across a network of digital properties that are committed to protecting the data privacy of our audiences.

Digital is our fastest growing business today. Our combined digital advertising revenues now account for nearly a billion pesos while total digital revenues represent 13% of total ABS revenues.

### **International Expansion**

The world has become a global market and we aim to make content a primary export of our company. We are fueled by the belief that Filipino performing and creative talent is world class, and it is time we make Filipino talent shine on the world stage. This is why

international expansion to non-Filipino or international audiences is a critical driver for our growth.

We are starting off our efforts with three movies. *Yellow Rose* is headlined by two Filipinos - Tony Award nominee Eva Noblezada and Tony Award winner Lea Salonga, and is directed by Fil-Am Dianne Paragas. The movie is one of the first awardees of a grant from ABS-CBN's Cinematografo Festival. It was recently chosen as the opening film of the 35th Los Angeles Asian Pacific Film Festival. *Eerie*, a co-production with Singapore-based CREATE, stars our very own Charo Santos-Concio and Bea Alonzo, and is directed by Mikhail Red. *Quezon's Game*, is a movie about how President Quezon provided refuge for more than a thousand Jews fleeing the Nazi regime in 1939. It has now garnered over 22 awards from various Film Festivals globally.

International demand for our traditional content also continues to grow. Overseas syndication efforts have resulted in revenues doubling from 2015 to 2018. Last year alone, syndication sales rose 30% year-on-year driven by Africa and overseas OTT platforms. In the coming years, we will be expanding our efforts into Latin America and Asia. Just last month, Showtime Indonesia - our first format sale in that market began airing on MNCTV. We will soon be investing in various co-productions not only for feature films but for TV series, documentaries, music, concerts, and lifestyle content. Our international efforts will also see an expansion of TFC and our theatrical movie distribution into new territories. Last year, we generated P500 million in international gross receipts for our movies – 18% of our total box office revenues. All told, our international initiatives accounted for 15% of total ABS-CBN revenues in 2018.

### **Growing the Themed Experiences Business**

In 2015, Kidzania Manila became the 20th Kidzania location in the world. A dedicated play and learning space for Filipino children and families, Kidzania Manila welcomed its 1 millionth visitor in 2018 and is poised to turn a profit this year.

We furthered our investment in themed experiences with the launch of the ABS-CBN Studio Experience in Trinoma, Quezon City. ABS-CBN Studio Experience offers visitors 15 different attractions. Noteworthy is the Kapamilya Theater – home to the country's first and only 4-dimensional production, "ASAP 4D" which immerses audiences in the all-star show as if the performances were happening live.

Concerts, Mall Shows, and many other pocket events complete our themed experiences initiatives. In 2018, our integrated events business orchestrated 500 events both here and abroad. In turn, these events delivered 53% in revenue growth from 2017, 460,000 face to face engagements and close to P1.6 billion in revenues.

### **Strengthening our Core**

Our core media platforms are expected to continue delivering substantial contributions that will help fund our transformation. ABS-CBN dominated ratings across all time blocks in 2018 and remained the #1 network in the Philippines. As of last year, close to 7 million homes now have TV+ boxes. Seven out of 10 non-cabled homes in Metro Manila and 6 out of 10 non-cabled homes in the suburbs are now watching television on TV+ boxes. Cinema and Yey!, our TV+ channels, are now the #3 and #4 free to air channels in the country.

To further improve the production of our TV programs, we inaugurated our first two soundstages in December 2018. Alongside the inauguration, we have been investing in the training of our teams, guided by our Hollywood-based consultants, to evolve into a stronger creative organization.

ABS-CBN News continued to produce the most watched news program in the Philippines via *TV Patrol*, while DZMM held on to the number one spot on AM radio. In FM, MOR remained the number one station in Metro Manila and various parts of the country. ABS-CBN Films has continued to perform well. *The House of Us* is now the all-time Philippine box office record-holder with P700 million in local gross receipts and over US\$2 million in international revenues. *Fantastica* ended the year with P400 million in domestic receipts while *Exes Baggage* did over P350 million in global box office receipts.

Sky Direct – our DTH service, ended the year with 937,000 subscribers. It crossed the 1 million subscriber mark in January 2019 – barely three years after its launch. As 2018 ended, Sky Cable started its broadband expansion program to address the growing demand for broadband products and faster speeds.

### **In the Service of the Filipino**

All our efforts have always been guided by a call to be of service to the Filipino – telling their stories, inspiring and entertaining them, advocating on their behalf, and assisting them during challenging times.

After reviewing our efforts, we've decided to focus our resources on seven key areas – Overseas Filipino Welfare, Health and Wellness, Child Welfare, Humanitarian Relief and Rehabilitation, Education, the Environment, and Livelihood and Employment.

Through the support of individuals and partners who have trusted ABS-CBN with their donations, we served close to 10,000 *kapamilyas* through our Tulong Center and close to 17,000 patients through our medical and dental missions. Bantay Bata assisted close to 8,000 children. Operation Sagip provided relief support to 32,000 families.

Finally, our environmental efforts continued in the La Mesa Watershed and Ecopark and in various other communities.

### **The Year in Review**

This was a difficult year for the advertising business. We estimate that total industry TV ad sales declined by 6% from 2017. We believe that the businesses of many of our advertisers were adversely affected by the impact of high inflation and the increased sugar tax. Consequently, our total advertising revenues for 2018 declined by 4% to P20.3 billion.

Sky also faced a challenging year as continued cord-cutting drove down its cable revenues by 13% to P4.1B which was mitigated by the growth in broadband and DTH. This resulted in total subscription revenues for Sky staying flat.

Excluding DTT box sales, expenses remained flat versus the previous year, but not enough to mitigate the effect of lower revenues. In 2018, our net income was at P1.9 billion, 40% lower than the previous year.

We are well positioned for a rebound in market conditions. With stronger ratings in broadcast, and continued growth in viewership on our digital properties, we are confident that there will be a full recovery of our profitability this year.

### **Our Commitment**

It is clearly an uncertain time for ABS-CBN. We are faced with threats from many directions: changing consumer habits, disruptive technologies, political headwinds, and new competitors.

Your company has been through many periods of uncertainty in the past, and we have not only overcome challenges, but because of them, we have emerged a better, stronger and more relevant company.

Allow us to thank all of you for standing by us and supporting us throughout these difficult times. Your trust is a pillar of strength for those of us that have had to deal with these challenges day-to-day.

Regardless of what the future holds, our commitment is to continue serving our audiences and our public, in any way we can. This is our calling - one that will never dim. This is why we exist. And this is why we can face the future with a confidence that comes from believing that what we do matters to the people we serve.

*Maraming salamat po.*

Thereafter, a video presentation was presented covering the significant activities and achievements of the Corporation for the past 65 years, focusing on public service.

Consistent with the Corporation's policy allowing stockholders to participate in the meetings of stockholders and ask questions, the Chairman opened the floor for any questions that the stockholders may have on the Management Report or the Financial Statements.

A stockholder, Mr. Guillermo Gili, Jr. complained that he did not receive his notice. He also complained that the security guards of ABS-CBN Corporation gave him a difficult time in entering the premises and questioned his status as a stockholder. He also said that the registration was already closed when he finally reached the registration desk for the stockholders. He also did not receive his give-away. The Chairman apologized to Mr. Gili and said that the Company will look into the matter.

Another stockholder, Mr. Stephen Soliven inquired why the net income from 2016 to 2018 has been continuously declining from P4.7 billion in 2016 to P3.9 billion in 2017 and P1.9 billion in 2019. He asked whether the company achieved the budget targets for the year. The Chairman requested the Company's Chief Finance Officer, Mr. Aldrin M. Cerrado, to respond to the question. Mr. Cerrado said that the Company achieved its target net income before income taxes in 2016 and 2017. The income in 2016 was higher than 2017 income

because 2016 was an election year with political advertisements helping in the increase in income. In 2018, advertising revenues were challenged and the budgeted income was not met.

Mr. Justo Sy said that he bought his shares at P50.00 and it is now at P19.00. He asked that Management focus on increasing the value of the shares of the stockholders. He said that he realizes that the performance of the Company in 2018 was not good but hopes that something will be done for the stockholders. The President, Mr. Katigbak, thanked the Mr. Sy for his feedback. Mr. Katigbak said that Management shares his frustration about the stock price. The best assurance that Management can give to the stockholders that it is protecting the value of their investment is to ensure that the Company performs its very best. He said that the Company saw record performance in 2016 and 2017 but unfortunately 2018 was a very difficult year not only for ABS-CBN but also for the entire industry. He assured the stockholder that in 2019, the Company has so far exceeded its targets and so long as the Company maintains its momentum, it expects 2019 to be another good year. Mr. Katigbak, however, added that good financial performance does not necessarily translate into an appreciation in stock price. Mr. Katigbak assured the stockholders that from a Management standpoint it is doing whatever it can to make sure that the Company continues to perform at its best, continue to deliver on the financial commitments and hopefully the stock price takes recognition of Management's efforts.

A stockholder complained that he did not receive his notice of the meeting. The Corporate Secretary said that he will look into the matter regarding the complaint.

Mr. Sam Canowa inquired why some regional programming have been cancelled and asked if this is due to cost cutting measures. The President, Mr. Katigbak, said that the reduction in the number of hours of programming in the regional stations was due to the declining trend of regional advertising revenues. The Company is just making sure that the cost of operations is matched by the revenues. Mr. Canowa further asked about an update on the franchise renewal of ABS-CBN Corporation, Sky Cable Corporation and Destiny Cable. Mr. Katigbak said that applications for the renewal of the franchises for ABS-CBN and Sky Cable were filed but the Company anticipates that this will have to be refiled when the new Congress convenes this year. Mr. Canowa said that he expects improvement in the studio set for *Halalan 2019*, specially the set of *TV Patrol*, as he had commented last year. The Chairman noted the comment.

Mr. Gili made it of record that he is abstaining from all the proposed actions to be presented in the meeting.

Mr. J.P. Reyes inquired about the earning guidelines of the Company. The Chief Finance Officer, Mr. Cerrado, said that the Company will be releasing its first quarter 2019 results in the following week, which would contain the earning guidelines.

#### APPROVAL OF REPORT OF PRESIDENT AND AUDITED FINANCIAL STATEMENTS

The next item taken up was the consideration of the audited financial statements of the company for the year ended December 31, 2018. Upon motion duly made and seconded, and there being no objection from any stockholder, the report of the President and Chief Executive Officer was noted and the Audited Financial Statements of the company for the year ended December 31, 2018 were approved.

The Corporate Secretary made it of record that, as of 7:50 a.m., the Corporation received proxies and ballots representing 1,784,399,316 common and preferred shares or 99.99% of the shares present or represented at the meeting voting in favor of approving the report of the President and Chief Executive Officer and the Audited Financial Statements, 0 shares voted against the agenda item and 10,667 shares abstained (including the votes of Mr. Gili).

Based on the final tabulation of SyCip Gorres Velayo & Co., the Corporation received proxies and ballots representing 1,784,429,793 common and preferred shares or 99.99% of the shares present or represented at the meeting voting in favor of the agenda item, 0 shares voted against and 14,155 shares abstained.

#### RATIFICATION OF THE ACTS OF THE BOARD BOARD COMMITTEES, AND MANAGEMENT

Upon motion and duly made and seconded, and there being no objection to the motion, the stockholders approved and adopted the following resolution:

“RESOLVED, That all acts of the Board of Directors, the Board Committees and the Management of company during the period January 1, 2018 to December 31, 2019 be, as the same hereby are, confirmed and ratified.”

The Corporate Secretary made it of record that, as of 7:50 a.m., the Corporation received proxies and ballots representing 1,784,399,316 common and preferred shares or 99.99% of the shares present or represented at the meeting voting in favor of the ratification of the acts of the Board of Directors, the Board Committees and Management for the period January 1, 2018 to December 31, 2018, 0 shares voted against the agenda item and 10,667 shares abstained

(including the votes of Mr. Gili).

Based on the final tabulation of SyCip Gorres Velayo & Co., the Corporation received proxies and ballots representing 1,784,431,145 common and preferred shares or 99.99% of the shares present or represented at the meeting voting in favor of the agenda item, 0 shares voted against and 12,803 shares abstained.

#### ELECTION OF DIRECTORS

The meeting proceeded to the election of directors for the ensuing year.

The Secretary informed the stockholders that he received, in accordance with the rules of the Securities and Exchange Commission, nominations in favor of the following stockholders as Directors for the ensuing year 2019 to 2020:

EMMANUEL S. DE DIOS  
AUGUSTO ALMEDA LOPEZ  
CARLO L. KATIGBAK  
EUGENIO LOPEZ III  
OSCAR M. LOPEZ  
MANUEL M. LOPEZ  
MARTIN L. LOPEZ  
FEDERICO R. LOPEZ  
FEDERICO M. GARCIA  
SALVADOR G. TIRONA  
ANTONIO JOSE U. PERIQUET

with Mr. Antonio Jose U. Periquet and Mr. Emmanuel S. De Dios being nominated as independent directors. There were no other stockholders nominated.

The Corporate Secretary made it of record that, as of 7:50 a.m., each of the eleven nominees received the votes of at least 1,780,389,116 shares or 99.99% of the common and preferred shares present or represented at the meeting.

The following is the final tabulation of the votes received by each of the nominees:

Director	Voted in Favor	%	Abstained	%
Federico M. Garcia	1,784,432,515	99.99%	11,433	0.0006%
Carlo L. Katigbak	1,784,429,865	99.99%	14,083	0.0008%
Augusto Almeda Lopez	1,784,432,515	99.99%	11,433	0.0006%
Eugenio Lopez III	1,784,434,465	99.99%	10,483	0.0006%
Federico R. Lopez	1,784,432,515	99.99%	11,433	0.0006%
Manuel M. Lopez	1,784,432,515	99.99%	11,433	0.0006%
Martin L. Lopez	1,784,432,515	99.99%	11,433	0.0006%

Oscar M. Lopez	1,784,432,515	99.99%	11,433	0.0006%
Salvador G. Tirona	1,784,430,510	99.99%	13,438	0.0008%
Emmanuel S. de Dios	1,784,429,305	99.99%	14,643	0.0008%
Antonio Jose U. Periquet	1,784,429,841	99.99%	14,107	0.0008%

A stockholder moved, and was seconded, that the those nominated be declared elected as directors for the ensuing year and until their successors shall have been duly elected and qualified since there were only 11 seats in the Board to be filled and only 11 stockholders were nominated.

The Chairman thereupon directed declared the 11 nominees as the duly elected members of the Board of Directors of the company, to act as such until the election and qualification of their successors.

#### APPOINTMENT OF EXTERNAL AUDITOR

Upon motion made and duly seconded, and there being no objection from any stockholder, the auditing firm of SyCip, Gorres, Velayo & Co. was retained as external auditor of the company.

The Corporate Secretary made it of record that, as of 7:50 a.m., the Corporation received proxies and ballots representing 1,784,400,578 common and preferred shares or 99.99% of the shares present or represented at the meeting voting in favor of the re-appointment of SyCip Gorres Velayo & Co. as external auditor of the company, 0 shares voted against the agenda item and 9,405 shares abstained (including the votes of Mr. Gili).

Based on the final tabulation of SyCip Gorres Velayo & Co., the Corporation received proxies and ballots representing 1,784,431,145 common and preferred shares or 99.99% of the shares present or represented at the meeting voting in favor of the agenda item, 0 shares voted against and 12,803 shares abstained.

#### INVESTMENT OF FUNDS IN BUSINESS VENTURES

The Chairman next informed the Board that in its regular meeting held on March 28, 2019, the Board of Directors approved the investment of funds in the following business ventures, which have business purposes other than the Corporation's primary purpose:

- a) An investment in a joint venture with Ever Bilena Cosmetics, Inc.;
- b) An investment in Chosen Bun, Inc.; and

- c) An investment in a joint venture with iBayad.

A description of these investments was disclosed in the Definitive Information Statement which were distributed to the stockholders. The Chairman presented to the stockholders the approval of these investment of funds in these business ventures which have purposes other than the primary purpose of the Corporation.

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

“RESOLVED, That the stockholders of ABS-CBN Corporation, approve, as it hereby approves, the investment of funds of the Corporation in the following business ventures:

- a) An investment in a joint venture with Ever Bilena Cosmetics, Inc.;
- b) An investment in Chosen Bun, Inc.; and
- c) An investment in a joint venture with iBayad.”

The Corporate Secretary made it of record that, as of 7:50 a.m., the Corporation received proxies and ballots representing 1,784,401,717 common and preferred shares or 99.99% of the shares present or represented at the meeting voting in favor of approving the investment of funds in the above mentioned business ventures, 0 shares voted against the agenda item and 8,266 shares abstained (including the votes of Mr. Gili).

Based on the final tabulation of SyCip Gorres Velayo & Co., the Corporation received the following votes:

Investment	In Favor	%	Against	%	Abstained	%
Joint Venture with Ever Bilena	1,784,427,701	99.99%	0	0%	16,247	0.0009%
Investment in Chosen Bun	1,784,425,312	99.99%	1,279	0%	17,357	0.0010%
Joint Venture in iBayad	1,784.425,312	99.99%	1,279	0%	17.357	0.0010%

OTHER MATTERS

The Chairman inquired if there were other matters to be taken up during the meeting and entertained questions from the floor.

Mr. Soliven, a stockholder, asked whether ABS-CBN University is still existing and registered with the Securities and Exchange Commission. The Chief Finance Officer, Mr. Cerrado said that ABS-CBN University is a division of ABS-CBN Corporation and is not a separate entity registered with the SEC. It is still existing and its purpose is to train personnel.

Mr. Gili inquired if the security guards have training in securities laws to process the registration of stockholders during a meeting. The Chairman again apologized for the incident and said that this matter will be investigated.

The Chairman asked if there any other questions from the stockholders. There being no questions, the Chairman proceeded to the next item in the agenda.

ADJOURNMENT

There being no further business to transact, upon motion duly made and seconded, and there being no objection, the meeting was adjourned.

(Sgd.)  
**ENRIQUE I. QUIASON**  
Corporate Secretary

ATTEST:

(Sgd.)  
**MARTIN L. LOPEZ**  
Chairman