

# President Chain Store 2011 Analyst Meeting

2011.04.29



# Agenda

- 2010 and 2011Q1 Results
- 2011 Outlook
- Q&A

# 2010 and 2011Q1 Results

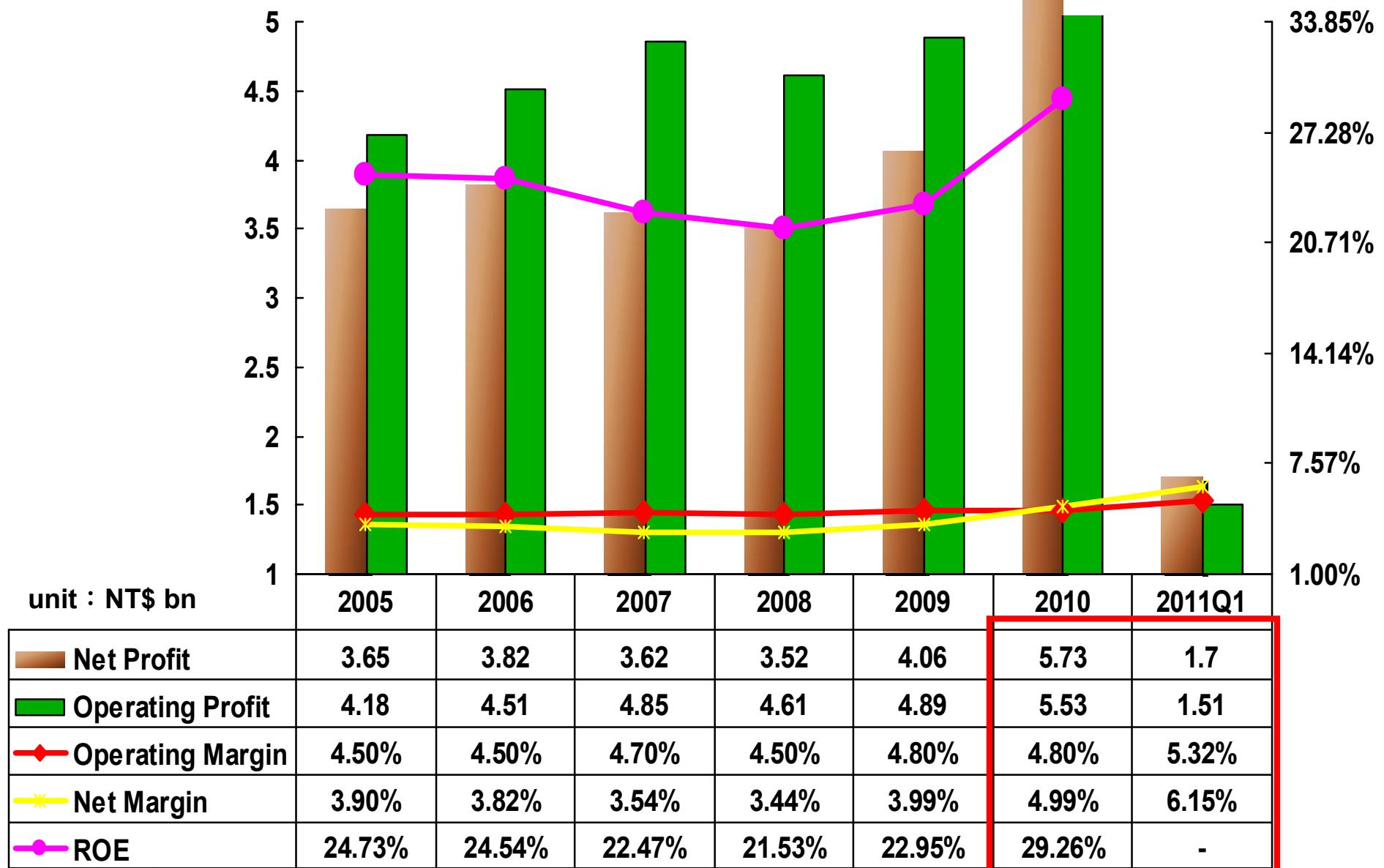
# Parent Income Statement

Unit:\$NT'million

	2010		YOY	2011Q1		YOY
	Amount	%	%	Amount	%	%
Net sales	111,074	96.9%	12.9%	27,320	96.6%	5.1%
Other operating revenue	3,590	3.1%	6.4%	964	3.4%	8.2%
<b>Total operating revenue</b>	<b>114,664</b>	<b>100.0%</b>	<b>12.7%</b>	<b>28,283</b>	<b>100.0%</b>	<b>5.2%</b>
Gross profit	35,923	31.3%	9.0%	8,964	31.7%	8.8%
Operating expenses	(30,395)	-26.5%	8.3%	(7,459)	-26.4%	6.9%
Operating income	5,527	4.8%	13.0%	1,505	5.3%	19.6%
Non-operating income	1,102	1.0%	increase 1352	533	1.9%	-20.9%
Income before taxes	6,629	5.8%	42.7%	2,039	7.2%	5.5%
Income tax expense	903	0.8%	54.4%	299	1.1%	-8.5%
<b>Net Income</b>	<b>\$5,726</b>	<b>5.0%</b>	<b>41.1%</b>	<b>\$1,739</b>	<b>6.1%</b>	<b>8.3%</b>
Earnings per share	(pre-tax)	(after tax)		(pre-tax)	(after tax)	
Net income (unit:\$NTD)	<u>6.38</u>	<u>5.51</u>		<u>1.96</u>	<u>1.67</u>	

\*non-operating income in 2010Q1 included conversion gain from Toppoly, amounting to NT\$ 294m.

# Profitability Hit a New High



# Two Engines for Growth: 7-11 Taiwan and Subsidiaries

NI grow 41% in 2010  
NI grows 8% in 2011Q1

## Solid growth from Taiwan 7-11

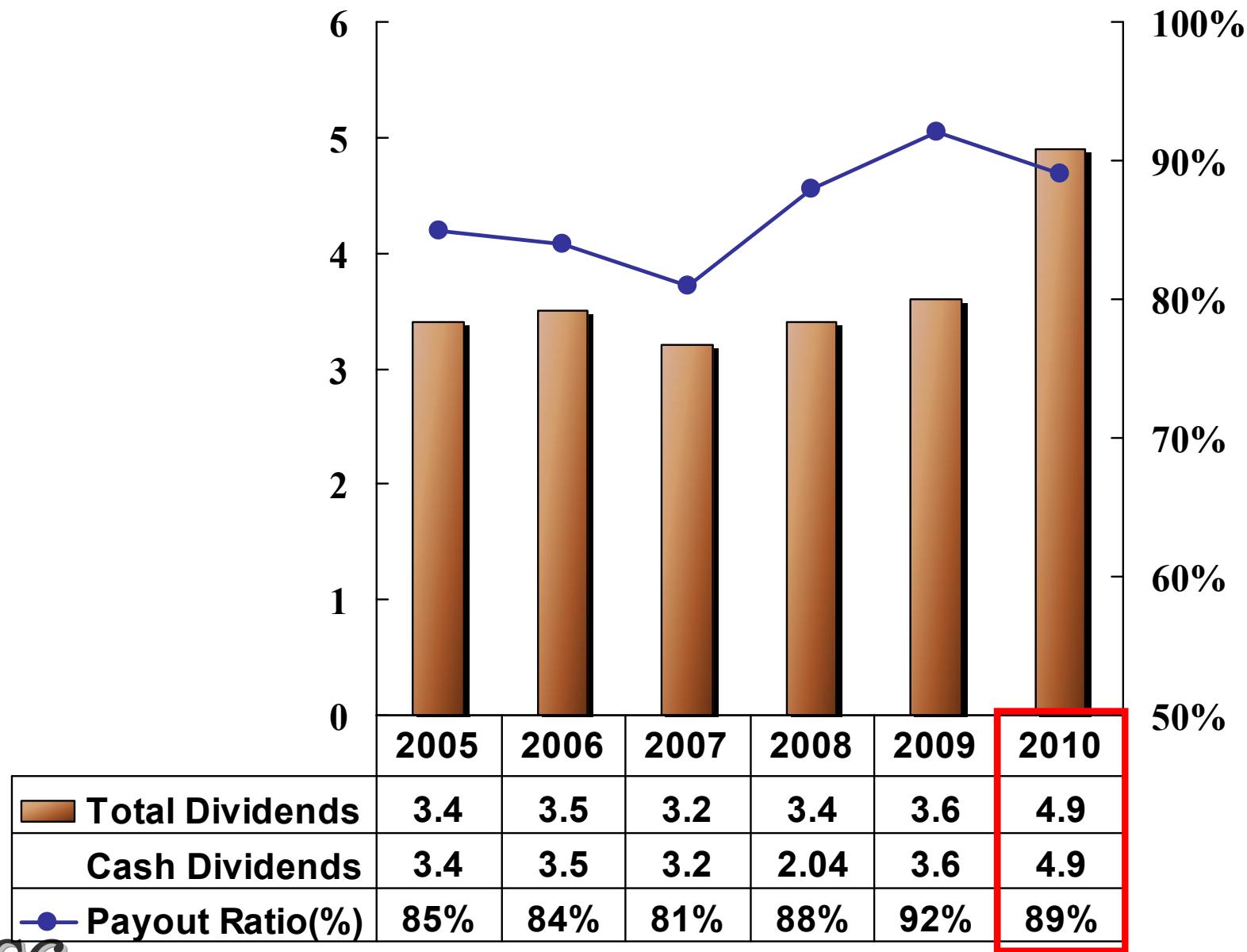
- ✓ Internal strategies
  - New store formats
  - Private Label products
  - Virtual business
  - Innovative promotions

## Positive contribution from Subsidiaries

- ✓ 12 subsidiaries' NI over NT\$100m in 2010.
- ✓ Loss from Chinese businesses declines

# Dividend Policy

# Cash Dividend Reaches New High



# 2011 Outlook

# Taiwan 7-11 : Strengthen Real-virtual Retail Platform

Over 35% are Bigger Stores

**Food Store**

City Café and  
Fresh food

**Net Store**

Virtual Businesses

+

**【Chain Store】 => 【Net Store】**

- The most convenience platform for consumers.
- The most innovative platform for real-virtual integration.
- The most efficient platform for suppliers.

# New Store Format

- Focus on raising store profitability.
- Adjust product mix depending on the characteristics of the neighborhood.
- Bigger stores account for 33%, and the number keeps growing.



# Product Mix Adjustments

- **Higher quality** : City Café provides convenience and good quality coffee.
- **More choices** : a variety of national brands and private label products.
- **Reasonable prices** : reasonable prices for daily necessities and private label products.



# Innovative Promotions

- Enhance value-added experience through cooperation with group affiliates and other channels.
- We have the most facebook fans among Taiwanese companies. We use it as communication and marketing platform.



facebook 搜尋

### 7-ELEVEN

公司

Hello Kitty 時尚限定

穿上新買的衣服，把街頭當成伸展台。你也是super model!

塗鴉牆

分享 Po文 相片

留個言吧.....

7-ELEVEN

手機APP一粉絲們都品嚐過香醇又懷舊的CITY CAFE特調冰咖啡了嗎？現在好康再回饋！4/20~5/3前每天早上7:11起，掃描櫃檯區張貼的咖啡海報行動條碼(QR code)，並將商品訊息分享到FB，就有機會獲得每日限量發送的「特調冰咖啡買一送一」優惠唷！沒搶到限量特調，還有加油獎icash 2000元等你抽哦→ <http://www.7-11.com.tw/app/web/coupon01.html>

4/20~5/3每天早上7:11起  
CITY CAFE 特調冰咖啡  
買1送1!

5 小時前 · 講 · 留言 · 分享

# Virtual Businesses

- ibon : New services include ticketing services for transportation, online shopping, etc.
- 7NET : 150,000 items, 580,000 membership.



The homepage of 7NET features a large banner for Mother's Day with a woman and a child, and a promotional offer of up to \$300 off. The site includes a search bar, a menu bar with categories like民生用品 (Household Goods), and a sidebar with social media links and promotional banners for various brands like DHC, OPEN!KIDS, and 千趣會 (Qianquhui).

# Overseas Businesses – Transfer and localize

## Philippine 7-11-Aiming for becoming best retailer of convenience for emerging markets.

- Enhance PSD through product mix adjustment (Fresh food, general merchandise)
- Market Dominance
  - entering new area
  - intensify franchising

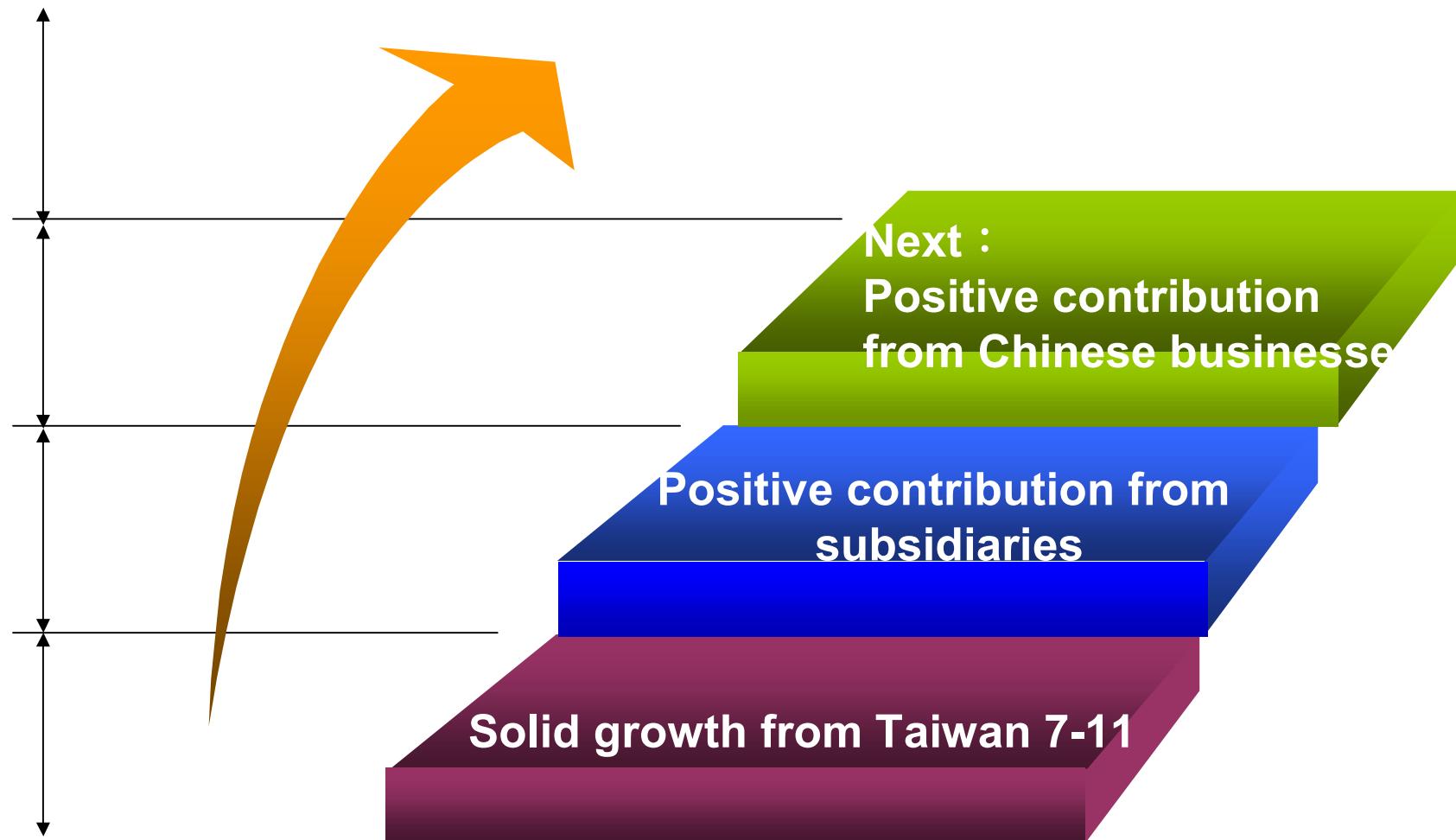
Target: 1000 stores in 2013.

- Cost controls

## China-Aiming for becoming regional leading brands

- 509 stores in China, 300 in East China.
- Shanghai 7-11 : aggressive roll-out plan and product mix differentiation.
- F&B businesses : develop existing brands
- Super & Hypermarket :
  - (1)Sichuan:introducing JV partner.
  - (2)Shandong : entering new markets and differentiation.

# Key to Sustainable growth – Focus, Execution



# Q&A

