

# President Chain Store Corp.

## Investor Conference

March 26, 2015



*pcsc*

# Agenda

- ❑ 2014 Achievements and Results
- ❑ 2015 Outlook
- ❑ Ending Remarks
- ❑ Q&A

# 2014 Achievements and Results

# Achievements in 2014

1. PCSC listed on MSCI Global Sustainability Indexes, received award of Information Disclosure and Transparency Ranking System, and named by ACGA for our efforts in corporate governance.
2. PCSC listed on the top 250 retailers around the world by Deloitte.
3. 7-ELEVEN Taiwan hit 5,000 stores. 2,033 stores were certified by TK Practice.
4. 250 million cups of CITY CAFE were sold with NTD9.5 billion revenue.
5. Revenue of ready-to-cook products surpassed NTD800 million , which grew by 20%.



# Achievements in 2014

6. Enhance product diversity by integrating group brands in 7-ELEVEN.
7. ibon 2G and ibon APP increase the accessibility and convenience of E-service by 7-11.
8. icash 2.0 integrates OPENPOINT and becomes the first card that combines payment and point-collection .
9. 7-ELEVEN Philippines hit 1,200 stores, and profitability grew by over 20%.
10. Starbucks Shanghai exceeded 600 stores, and profitability grew by over 20%.



Philippines 7-11



Shanghai Starbucks

# Financial Highlights

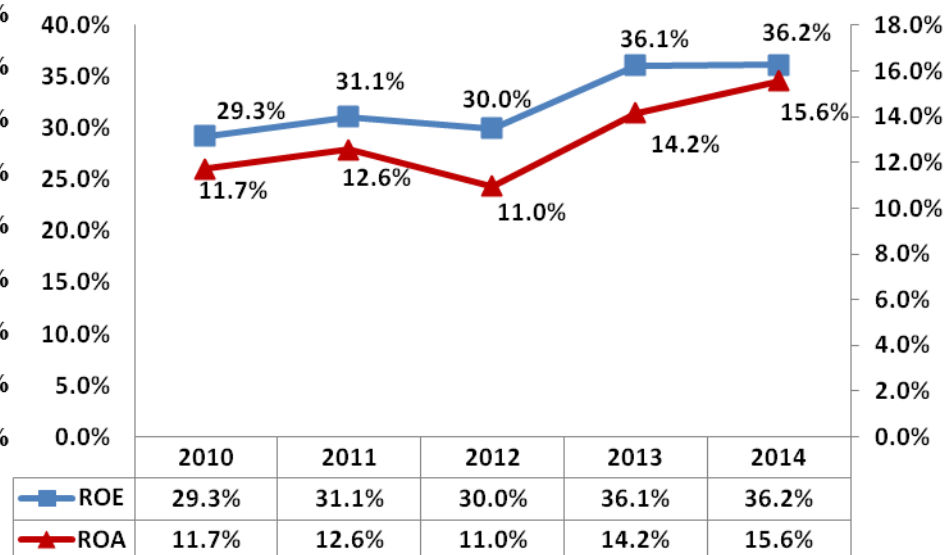
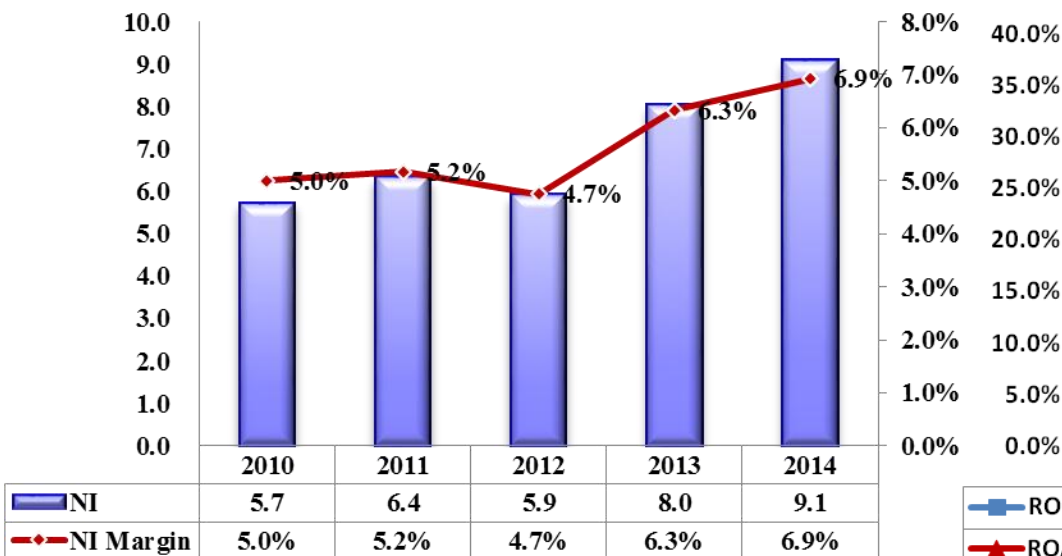
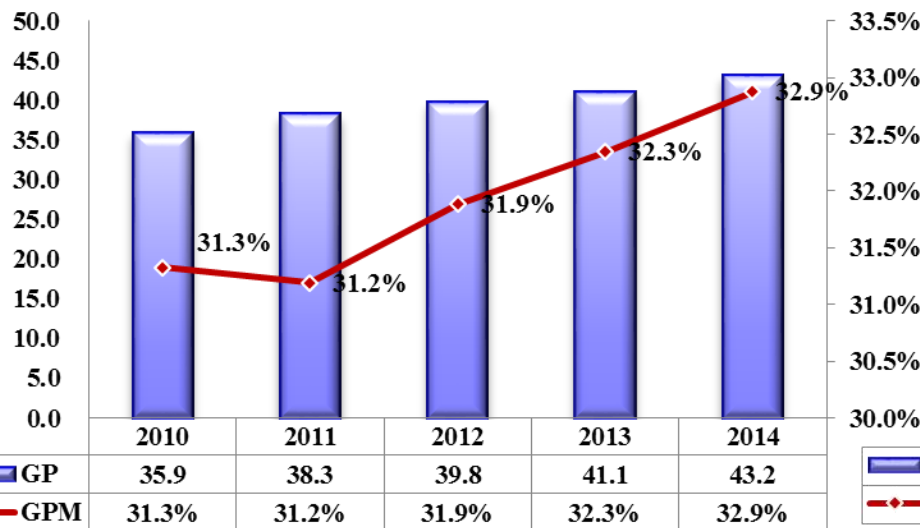
## ◆ Historical revenue and profitability

Unit : \$NT' billion

	2010	2011	2012	2013	2014	2013 V.S. 2014
<b>Revenue (Company Only)</b>	<b>114.7</b>	<b>122.7</b>	<b>124.8</b>	<b>126.9</b>	<b>131.3</b>	<b>3.4%</b>
<b>Revenue (Consolidated)</b>	<b>169.9</b>	<b>189.3</b>	<b>192.6</b>	<b>200.6</b>	<b>208.0</b>	<b>3.7%</b>
<b>Net Profit</b>	<b>5.7</b>	<b>6.4</b>	<b>5.9</b>	<b>8.0</b>	<b>9.1</b>	<b>13.1%</b>
<b>EPS (NT\$)</b>	<b>5.51</b>	<b>6.11</b>	<b>5.69</b>	<b>7.73</b>	<b>8.74</b>	<b>+1.01</b>

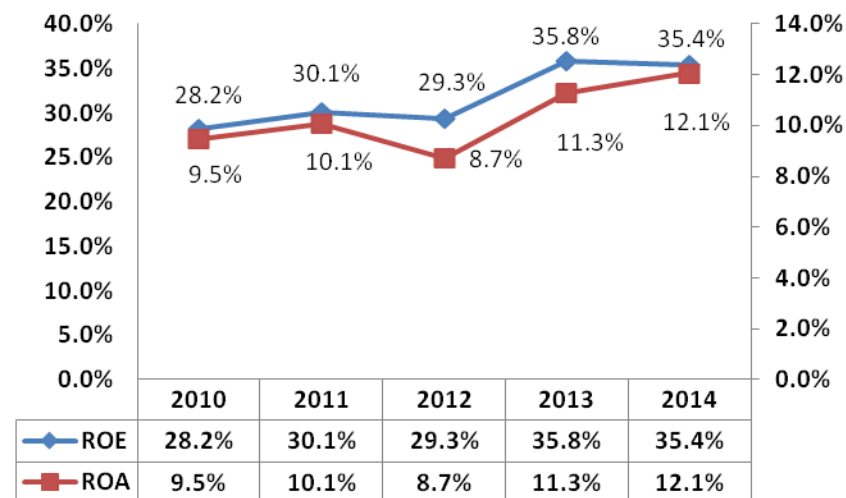
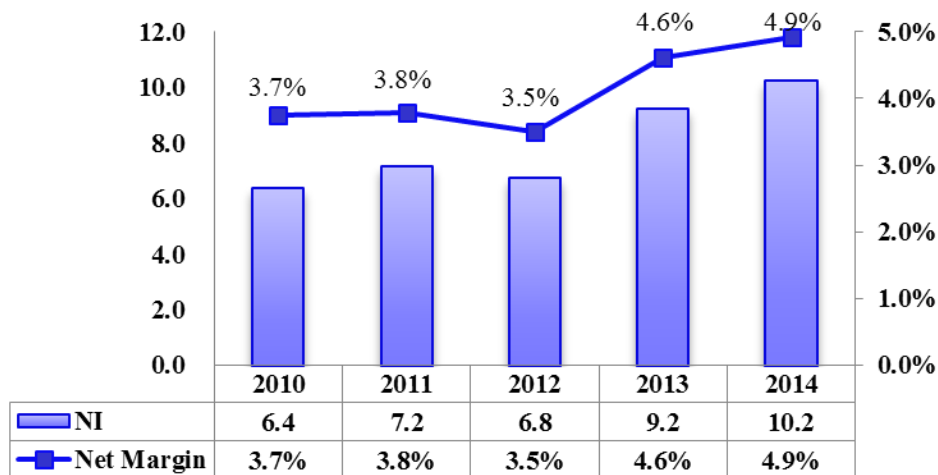
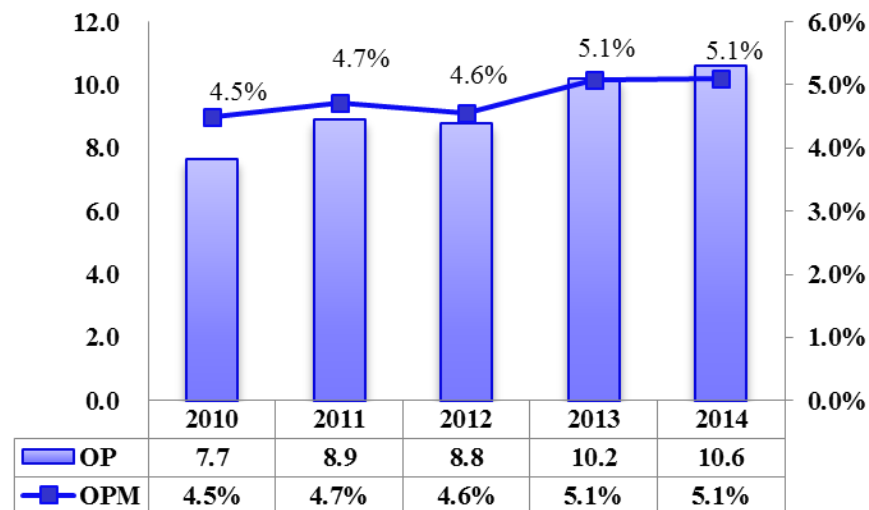
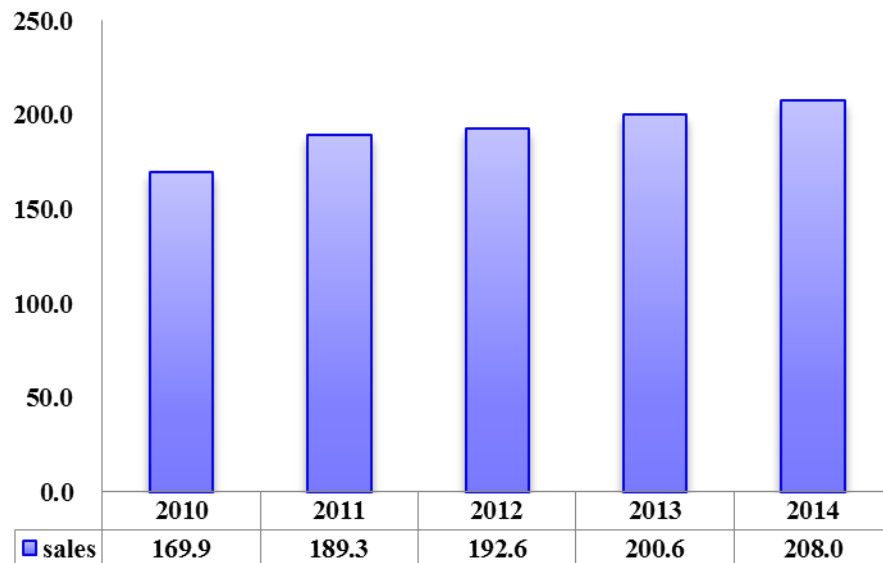
# Profitability Hits Record High (Company Only)

Unit : \$NT'bn



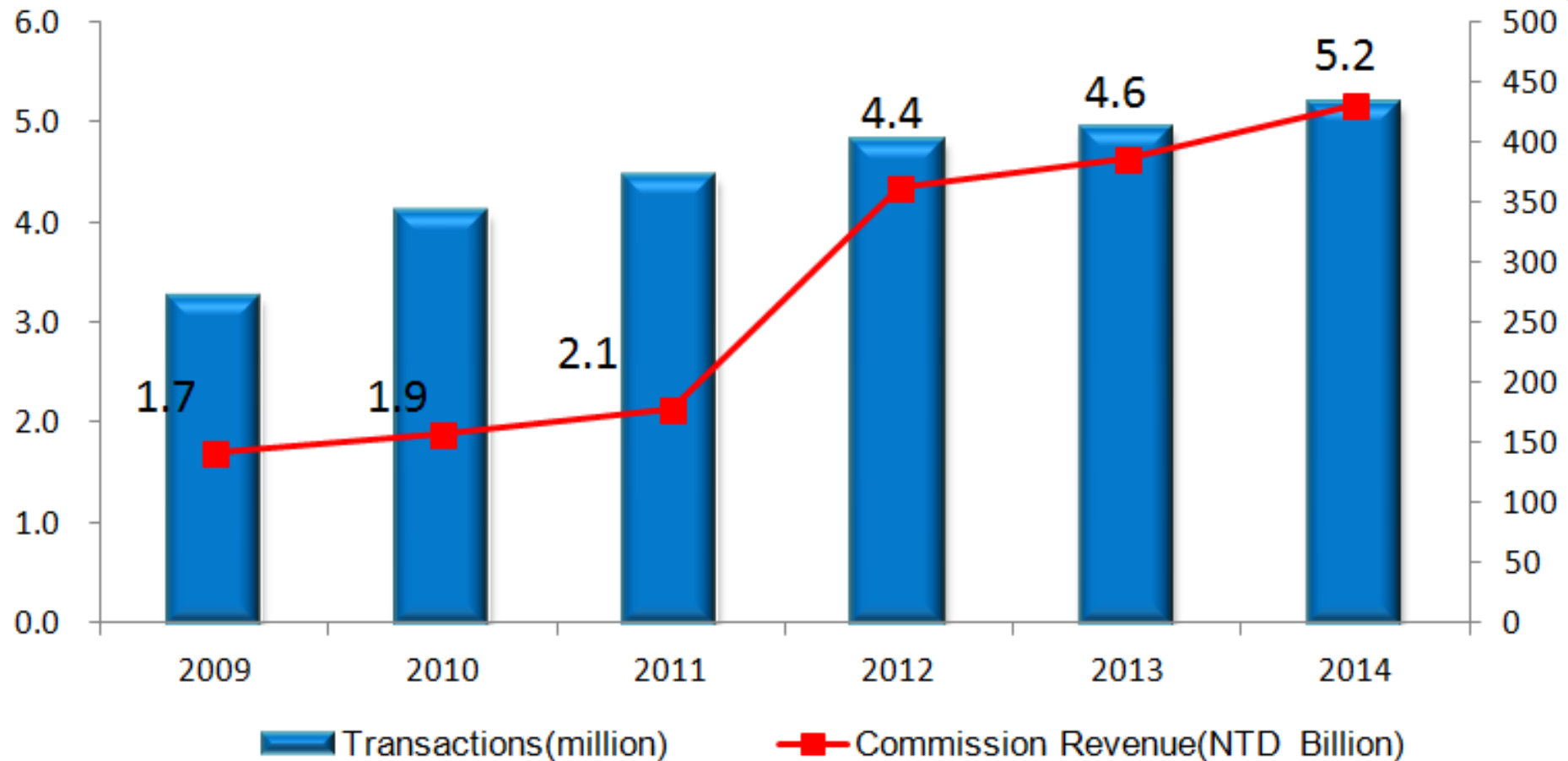
# Profitability Hits Record High (Consolidated)

Unit : \$NT'bn

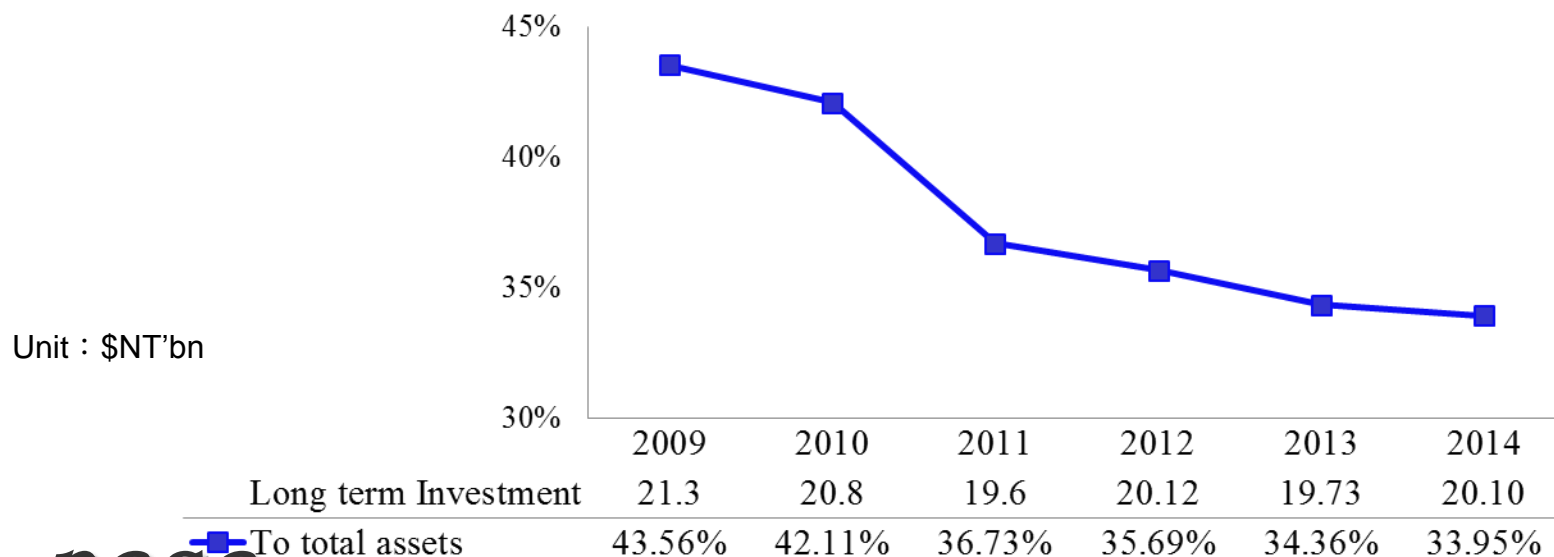
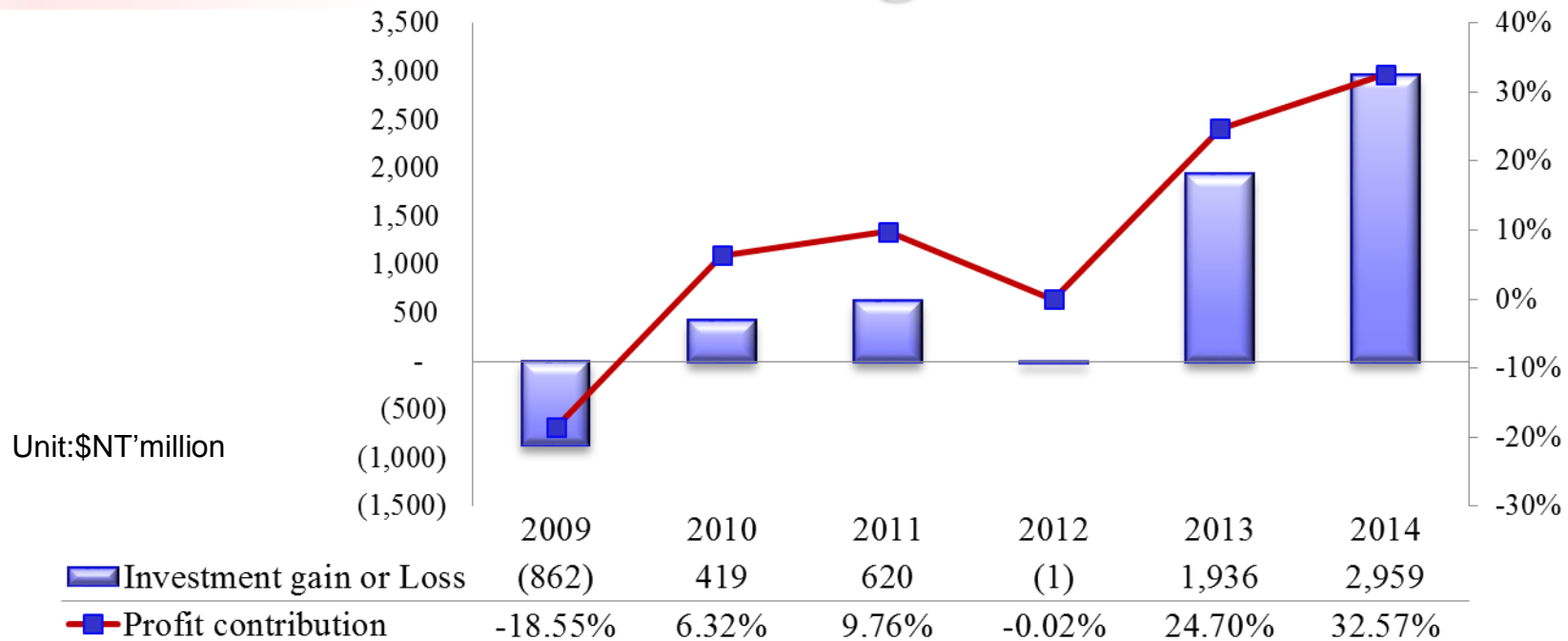




# Bill Collection Services



# Focus Brings Profits

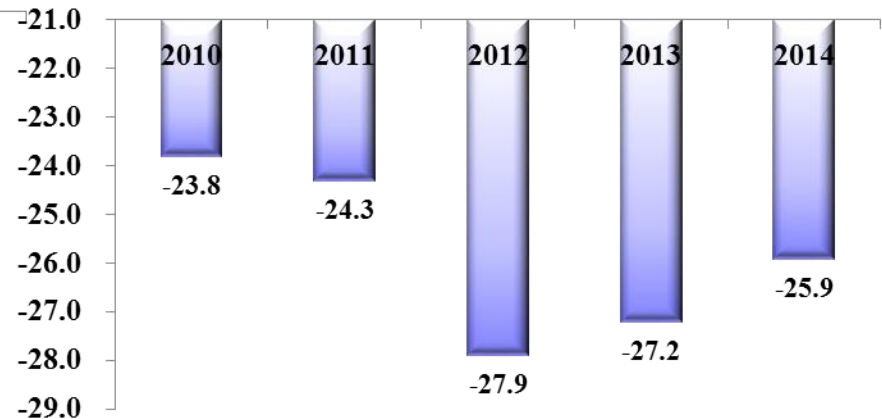
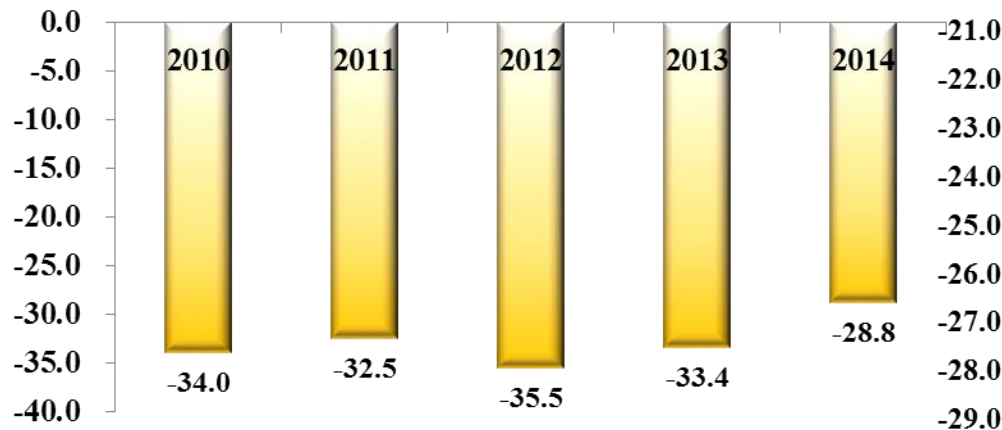


# Negative Cash Cycle Days

Unit : \$NT'bn

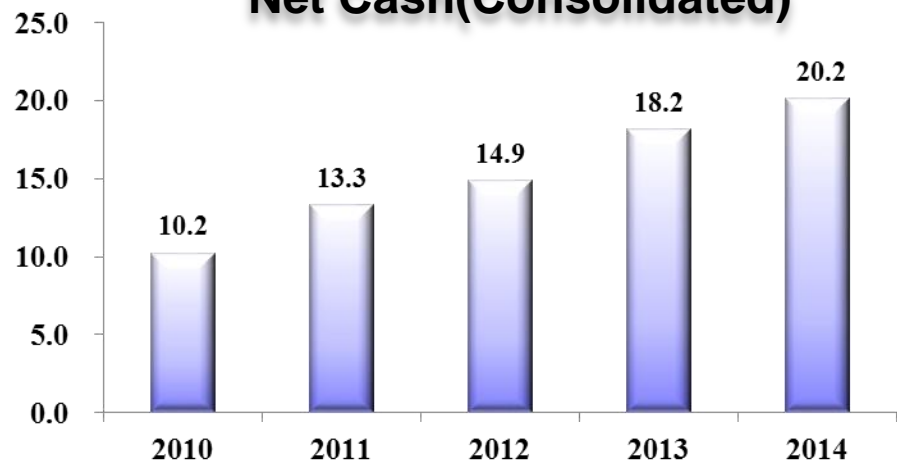
## Cash Conversion Days(Company only)

## Cash Conversion Days(Consolidated)

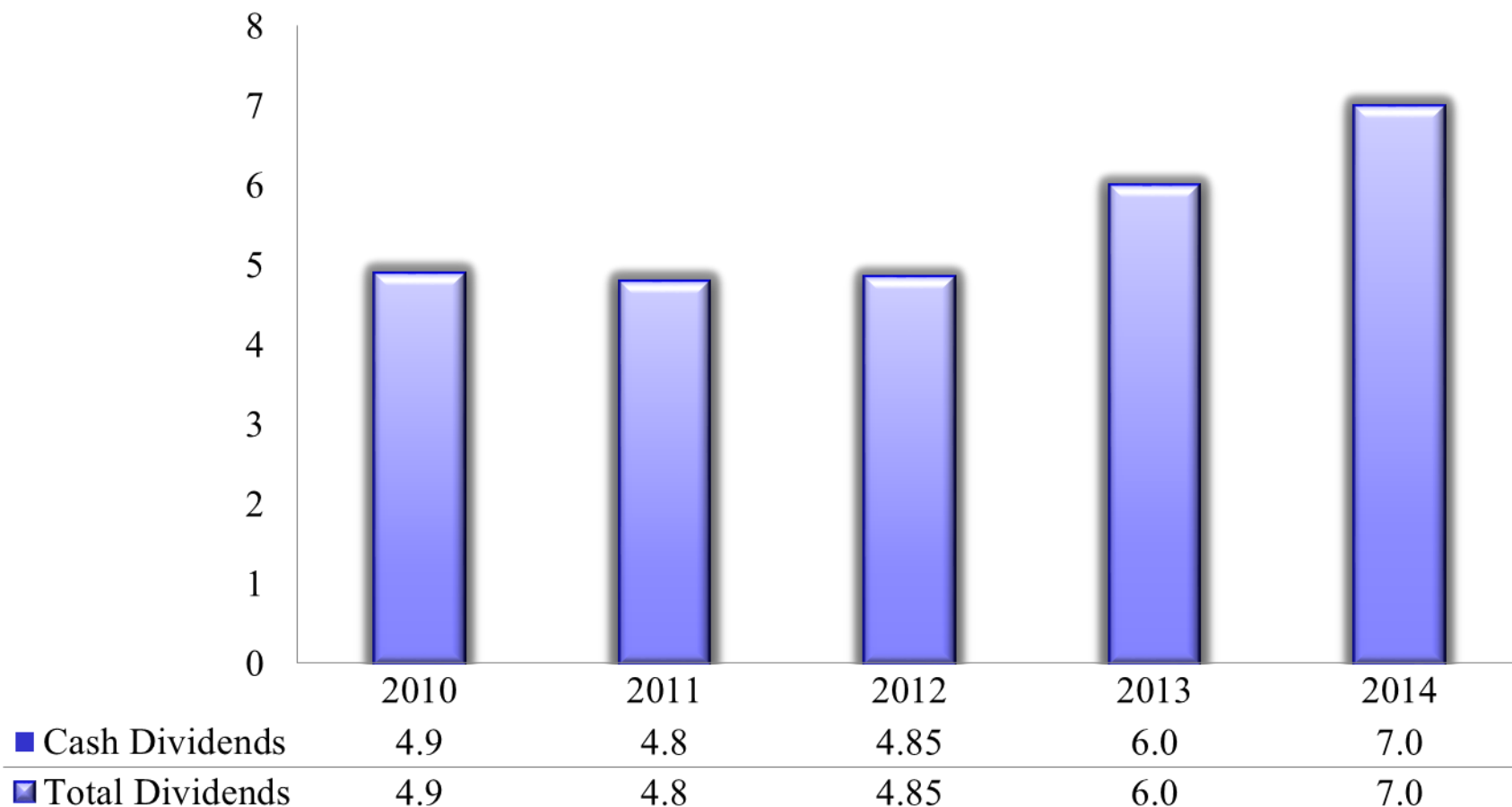


## Net Cash(Company only)

## Net Cash(Consolidated)



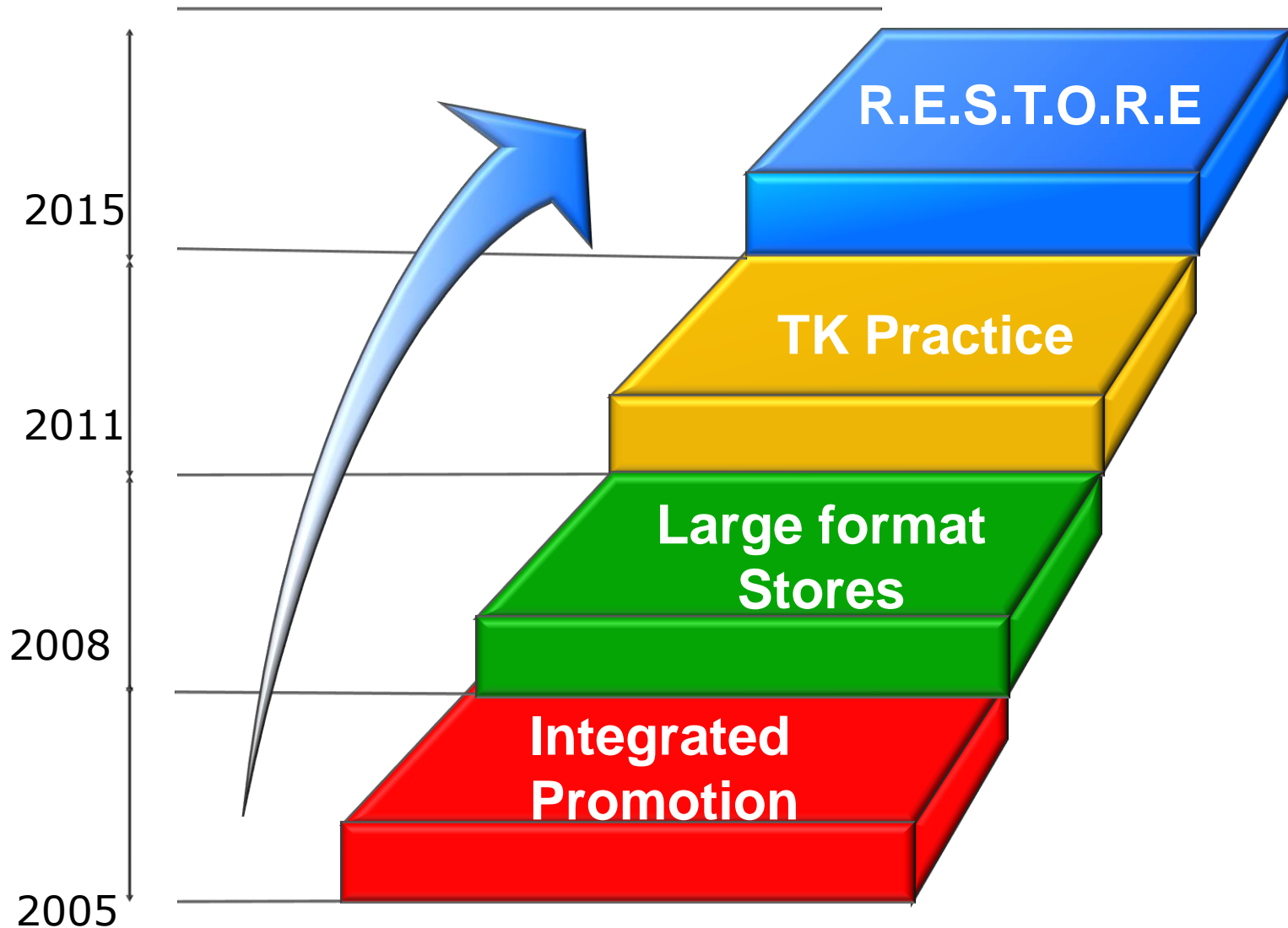
# 100% Cash Dividend





# 2015 Outlook

# Four-stage transformation



**Revitalize Each Store To Obtain Retail Excellence**

# Opportunities and Challenges

## Trends

- ◆ Aging population
- ◆ Fewer children
- ◆ Fast-paced life
- ◆ Price hike but salary stagnant
- ◆ High popularity of mobile devices and accessibility of internet
- ◆ High consciousness of beauty and health
- ◆ Care about the sustainability of the environment

**PCSC is staying on top of consumer trends**

## Challenges

- ◆ Food safety
- ◆ Costs increase

**Conscientious and careful product development  
Focus on Franchisees' profitability**

# CITY CAFE

1. By upgrading coffee bean quality, coffee professionals, store atmosphere, CITY CAFE sales reached NTD 9.5b, with 28% black coffee.
2. By launching delivery service and new desserts to bring premium experiences for customers.





# Convenient and Quality Fresh Food

- Food quality control mechanism after food safety issues in 2014 :
  - 1.Adjust product mix and suppliers.
  - 2.Strengthen traceability management to further control the quality.
- Enhance fresh-food restaurant image by increasing variety and upgrading the quality.
- Expand from Ready-to-eat to Take Home products.



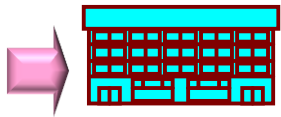
# Convenient and Quality Fresh Food

## ■ From Farms to 7-11 stores

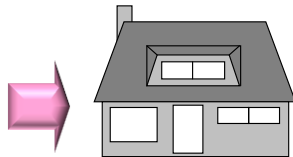
1. 1,000 stores with ready-to-cook products. Banana, sweet corn are the best sellers.
2. Traceable vegetables are introduced.
3. Organic vegetables are introduced to fulfill customers' needs.



Farms



Ingredient  
Suppliers



Commissary



Restriction  
Lab



Logistics



Stores

**1,500 farmers**  
Contracted-farming

**167 suppliers**  
Mutual purchase and  
inspection  
Material sourcing

**13 commissaries**  
ISO22000 certified  
Periodic auditing

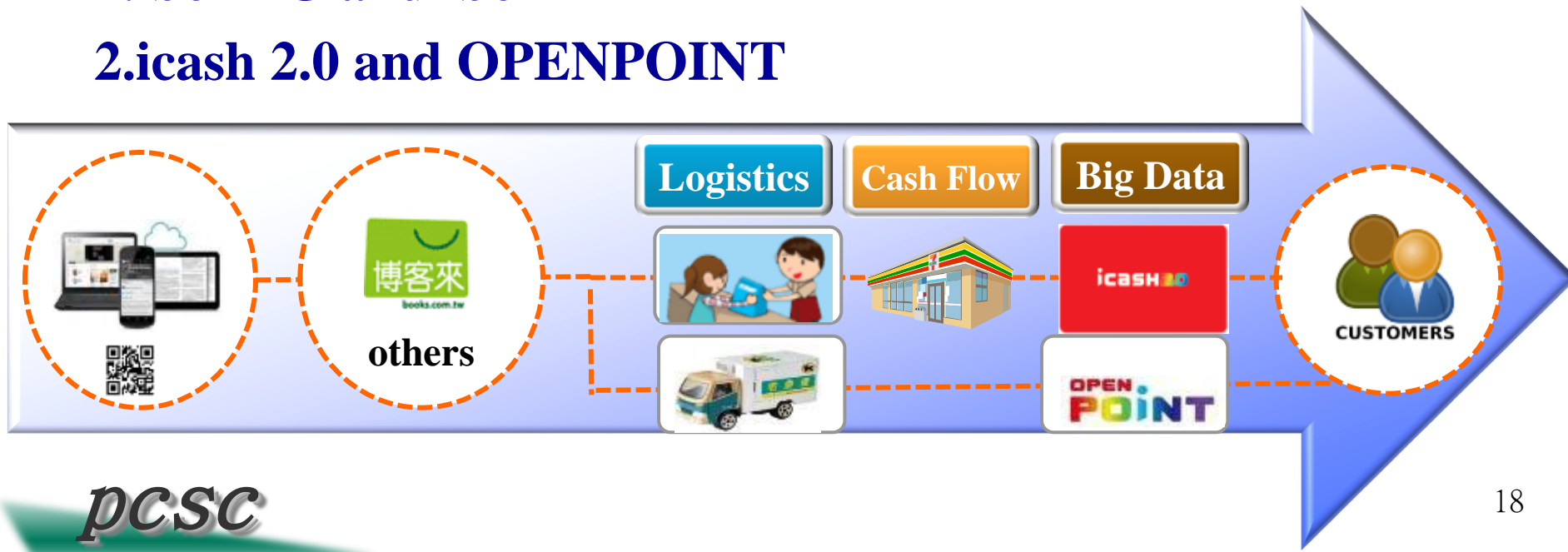
**1 restriction lab**

**14 distribution  
centers**  
Periodic auditing  
Temperature control

**5,040 stores**

# Comprehensive E-service Platform

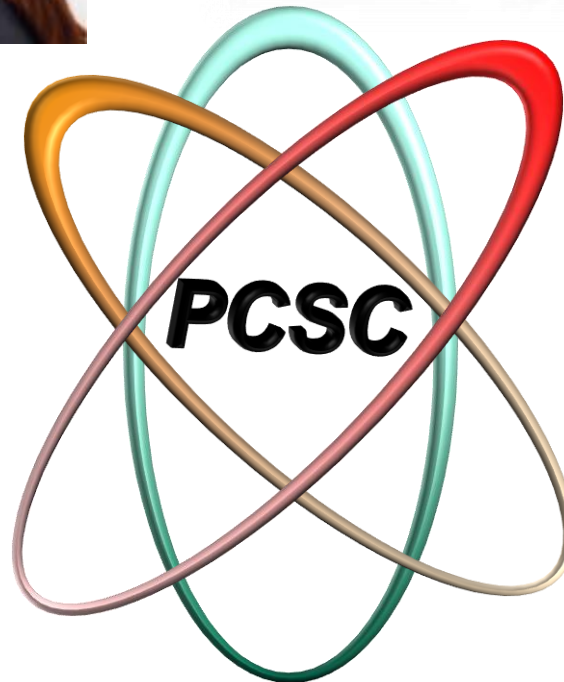
- Intensive network, completed logistics and information system make 7-11 becomes safe and convenient E-service platform.
- Continuous Upgrades:
  1. ibon 2G and ibon APP
  2. icash 2.0 and OPENPOINT





# Beauty and Health

- Cultivate professionals and brands to fulfill customers' needs in health and beauty.



# R.E.S.T.O.R.E → Optimize store utility

- Revitalize each store to obtain retail excellence by strengthening product mix according to different areas and target customers.

Commercial area, school, residential area,  
sightseeing area, transit etc.

Beauty  
products

Health  
products

Daily  
Necessity  
Imported  
products

Fresh  
Fruits  
Organic  
Products



# Overseas Businesses

- **Shanghai Starbucks**

Total stores will exceed 900 in 2015

- **Seven Eleven Philippines**

Total stores will exceed 1,500 in 2015

- **Continue to strengthen business model of CVS, supermarkets, Food & Beverage in China.**



**pcsc**

Philippines 7-11



Shanghai Starbucks



# Highlights of ESG Practice

## ■ Environmental-friendly store:

1.72% stores are recognized as the top level of Green CVS stores, which is the highest store numbers in Taiwan.

2. Energy Usage Intensity is decreasing.

## ■ Benchmark Global G.A.P. to :

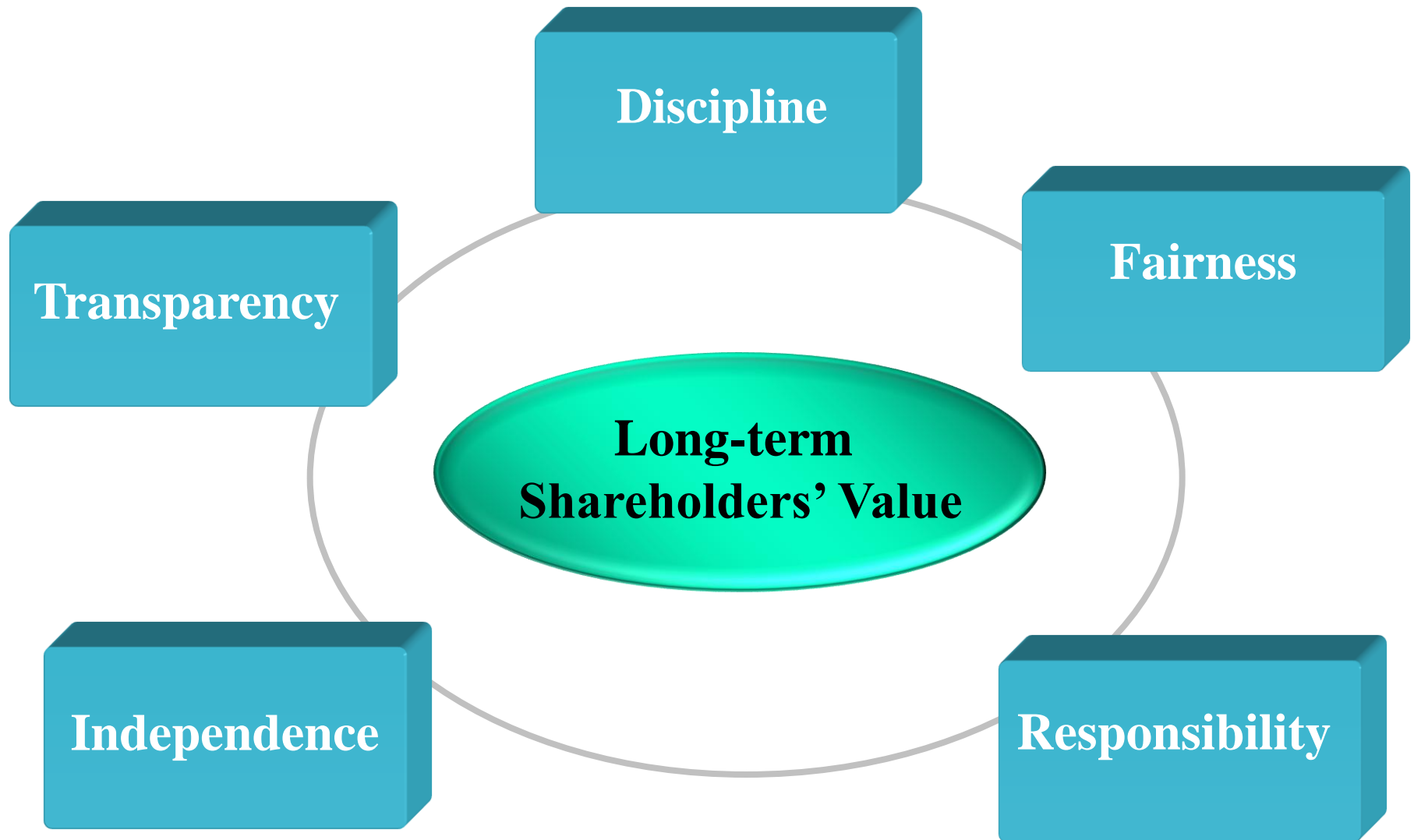
1. Upgrade agriculture by encouraging protected cultivation in our supply chain.

2. Promote reduction of toxicity of pesticide and chemical fertilizer.

3. Continue expanding the use of domestic agricultural products to support our farmers.



# Highlights of ESG Practice





# Highlights of ESG Practice

## ■ Focus on franchisees' profitability

1. Due to the increase of minimum wage and fresh food development strategy, PCSC will provide additional subsidization since April 1, 2015.
2. Continue pursuing win-win for the company and the franchisees.

## ■ Social Cares

1. Encourage children in the hospitals through OPEN! Cares activities.
2. Care for the elderly who live alone.



# 2015 Cash Flow Projection

Operating Cash inflows	NTD 10~11b
Cash outflows : Taiwan 7-11	NTD 2.5~2.6 b
Long-term investments	NTD 1b
Cash dividends	NTD 7.2 b





# Ending Remarks

## Jui-Tang, Chen



# Q&A