

# **President Chain Store Corp.**

## **Investor Conference**

**March 19, 2018**

# Agenda

- ❑ 2017 Achievements and Results
- ❑ Outlook
- ❑ Ending Remarks
- ❑ Q&A

# Achievements in 2017

1. Listed on FTSE4Good, MSCI Global Sustainability Indexes, and TWSE Corporate Governance 100 Index, ranked as top 5% by Taiwan Corporate Governance Evaluation System. Listed as the top 250 retailers around the world by Deloitte, and ranking rise in the third consecutive year.
2. Improve franchisee profitability by adjusting franchise program. Franchise Ratio and renewal rate both hit the record high.
3. Optimize operations through talents cultivation and TK mindset.
4. Develop bigger stores and feature stores to enrich customers experience.
5. CITY Brand revenue exceeded NT\$12 billion. New product line launched as another growth driver.

# Achievements in 2017

6. Fortify logistics infrastructure to enhance its capability and efficiency. Delivery and Pick-up parcels surpassed 180 million.
7. ibon transactions exceeded 200 million by further enhancement of mobile services and cooperation with EC platforms.
8. Fresh food contribution reached 17.6% by equipment and products upgrade and process optimized.
9. Diversified payment tools and OPENPOINT rewards provide more convenience and interests .
10. Philippine 7-ELEVEN expands aggressively with store number exceeded 2,200 stores.

# 2017 Financial Results

# Financial Highlights

## ◆ Historical revenue and profit

Unit:NTD billion

	2013	2014	2015	2016	2017	YoY
Revenue (Company Only)	126.9	131.3	133.4	140.1	144.5	3.1%
Revenue (Consolidated)	200.6	200.4	205.5	215.4	221.1	2.7%
Net Profit	8.0	9.1	8.2	9.8	31.0	215.3%
One-off gain from Starbucks deal	-	-	-	-	20.4	-
EPS (NT\$)	7.73	8.74	7.92	9.46	29.83	+20.37

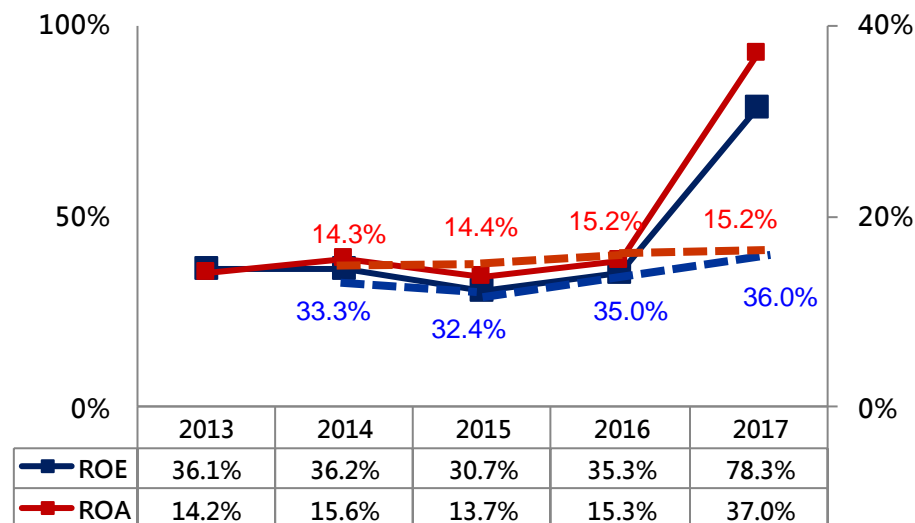
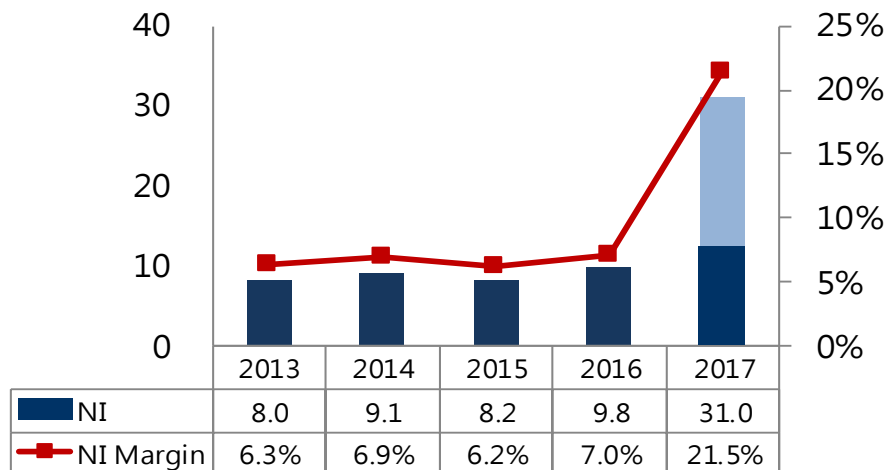
Note 1 : The one-off gain from Starbucks deal includes disposal gain of Shanghai Starbucks, re-measurement gain of Taiwan Starbucks and relative expenses.

Note 2 : Excluding one-off gain from Starbucks deal, PCSC's recurring EPS is NT\$10.18, YoY grows NT\$0.72.

# Profitability Trend

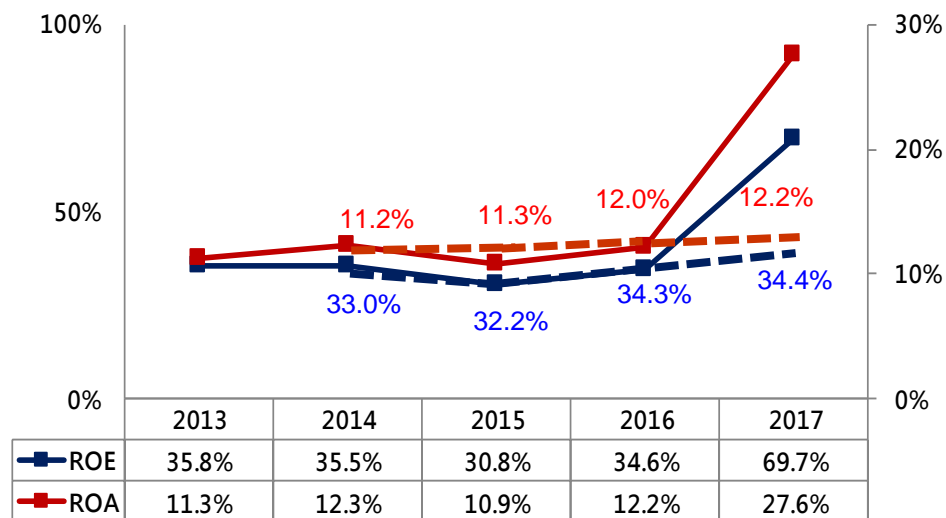
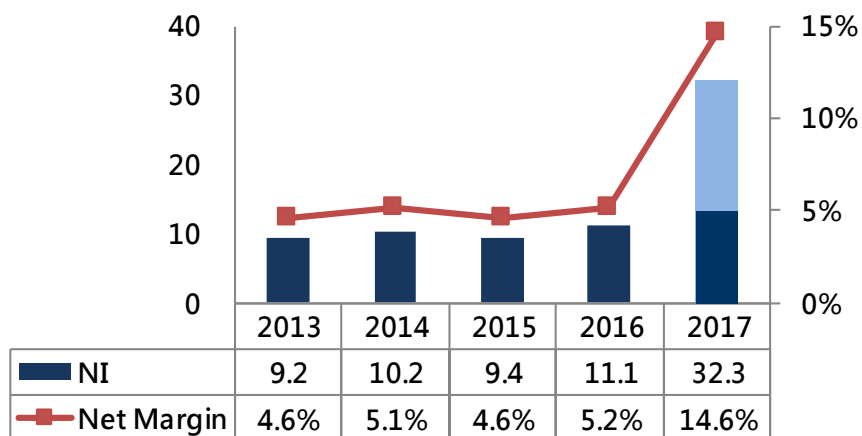
## Company Only

Unit:NTD billion



## Consolidated

Unit:NTD billion

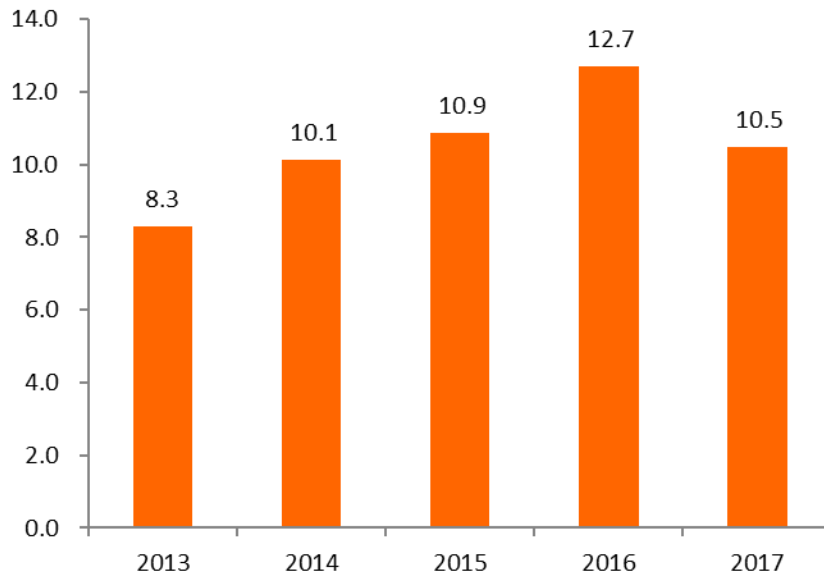


**Note :** Numbers in 2014, 2015, 2016 and 2017 excluded MUJI disposal gain, profit-sharing adjustment, BankPro E-service disposal gain, and Starbucks gain respectively for like-for-like comparison.

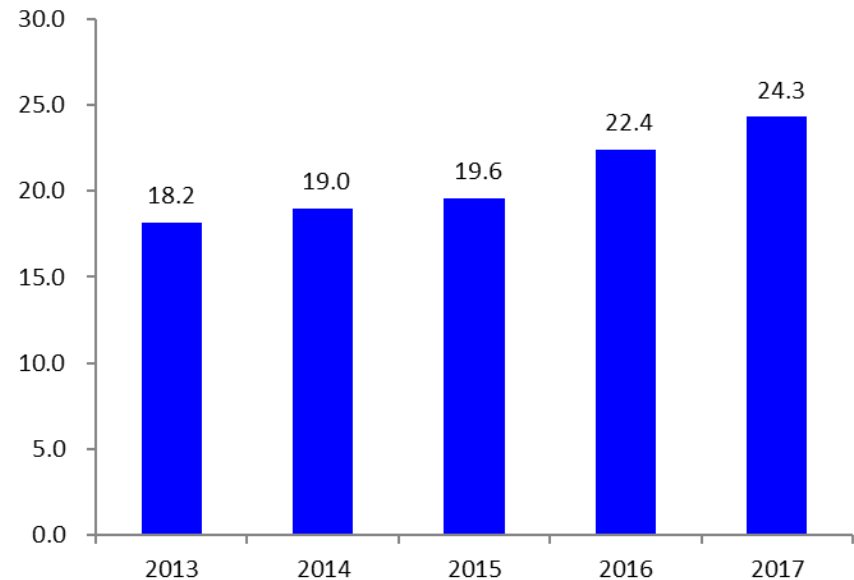
# Cash Flow Trend

Unit: NTD billion

## Net Cash(Company only)



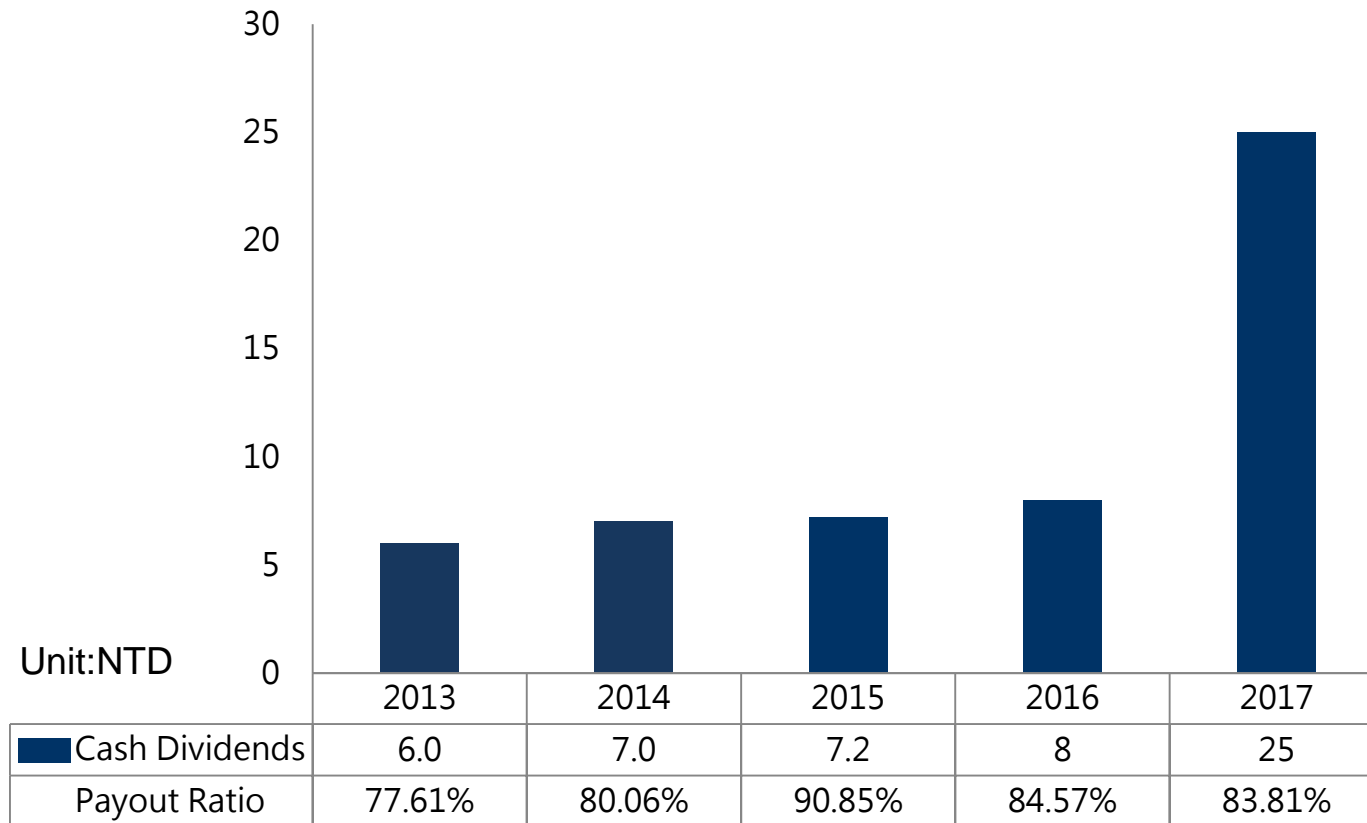
## Net Cash(Consolidated)



**Note :** The longer holidays in the end of 2017 resulted in payment terms deferred temporally.



# Cash Dividend Trend



Note 1 : 2017 cash dividend has not been approved by AGM.

Note 2 : 2017 cash dividend includes Shanghai Starbucks disposal gain.

# Outlook

# Sustainable Growth of PCSC

**Long-term targets**

**Taiwan 7-ELEVEN**

**Advancing PSD Sales to NTD 100K**

**Subsidiaries**

**Following trends and opportunities**

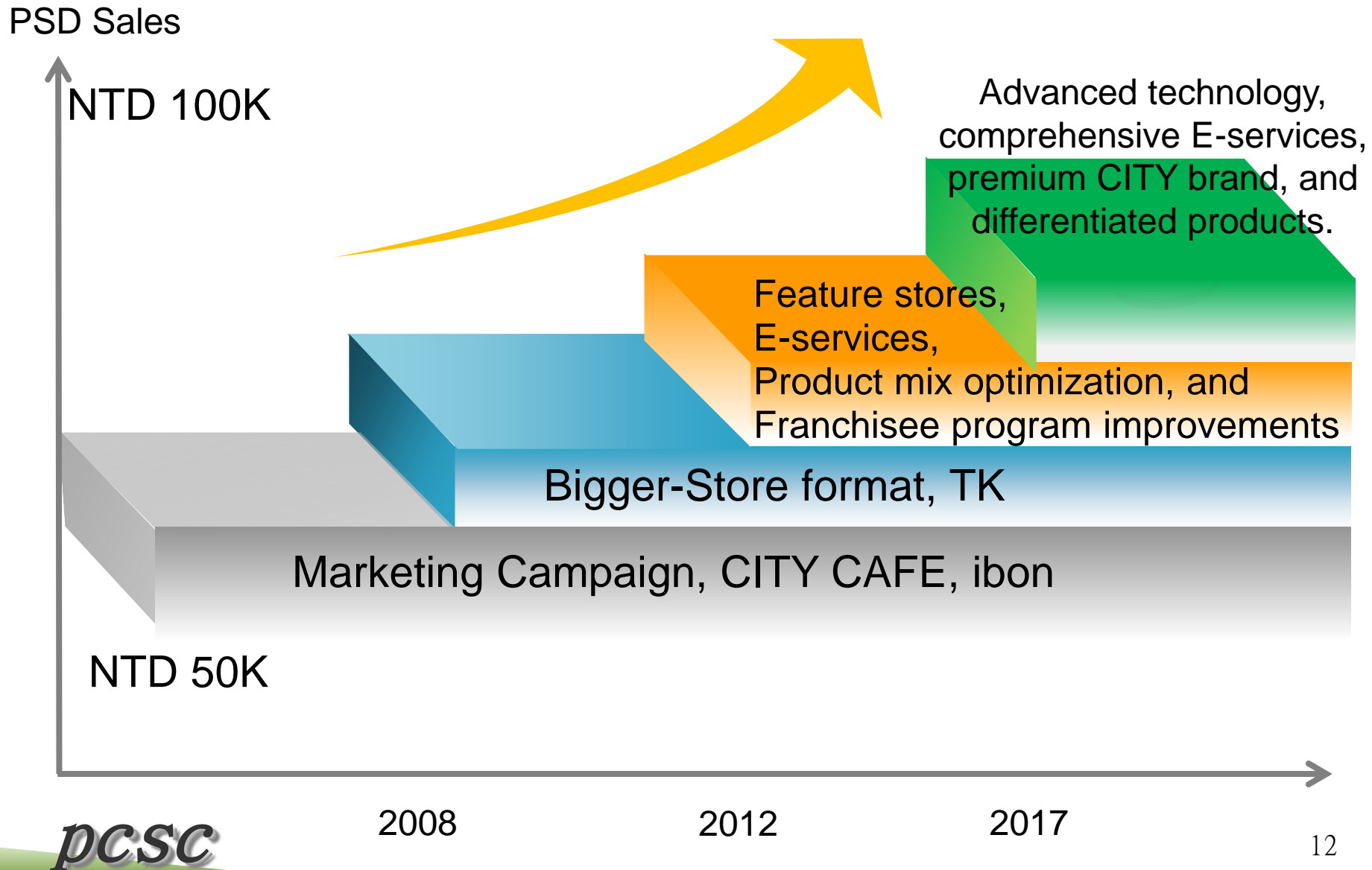
Let each store  
flourish in its own way;  
Replicate the successes  
across the network.

Nurture talent with  
in-depth expertise;  
Expand the business with  
clear strategies.

New Technology ; Advanced process;  
Lifestyle trend ; Regional development.

**People, Store, Product, System, Logistics, Policy, Culture**

# Multiple Drivers for Sustainable Growth



# Apply Technology to Enhance Efficiency and Value

## Value and Experience

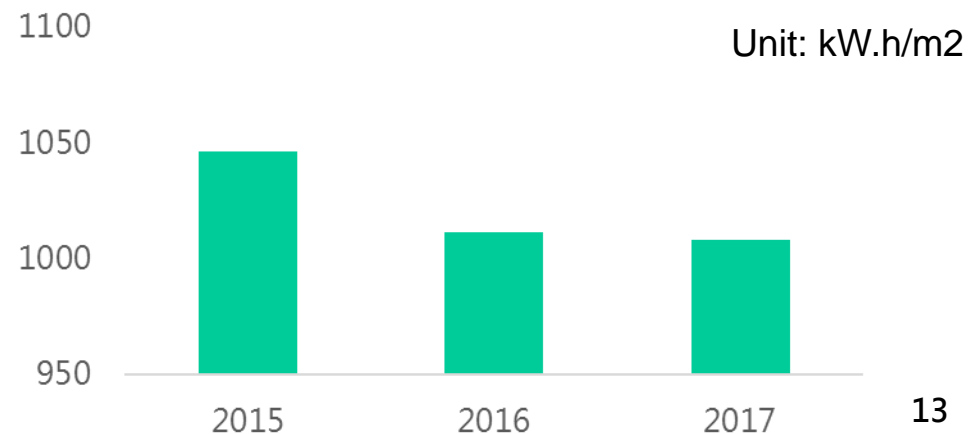
- Improve operational efficiency and customer experience by system upgrade and advanced technologies testing in X-store.

## Environmental Friendly

- Apply energy-saving equipment to reduce electricity consumption.
- Expand energy-saving efficiency to BUs through joint procurement.



Trend of Energy Use Intensity

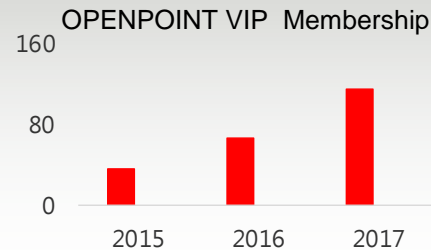


# Extend Digital Platform

Integrate digital flow with  
OPENPOINT membership



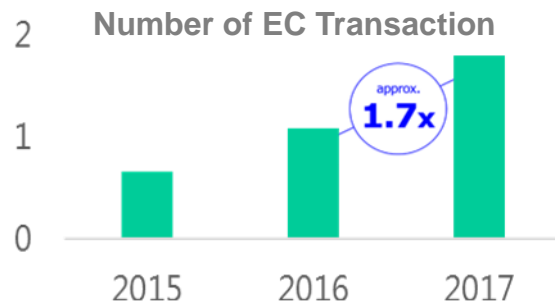
## Rewards



- Points' value enhancement
- Strategic Alliance
- Simplified Registration process



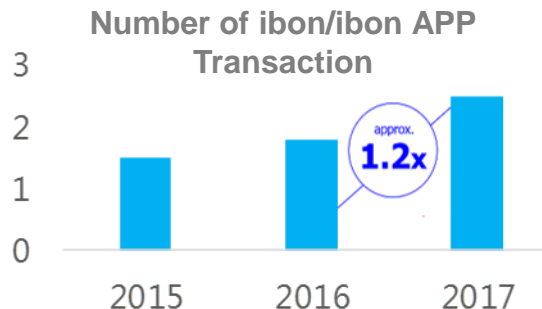
## Delivering and Pick-up



Key Drivers:

- Invest in automation equipment and warehouse to enhance capacity and efficiency.
- Value-added pick-up services.

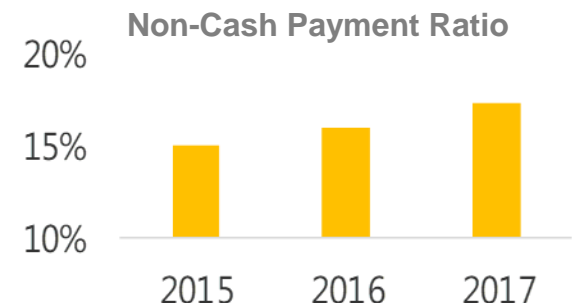
## Multi-media Application



Key Drivers:

- Integrate online and offline services
- Customized service

## Non-Cash Payment

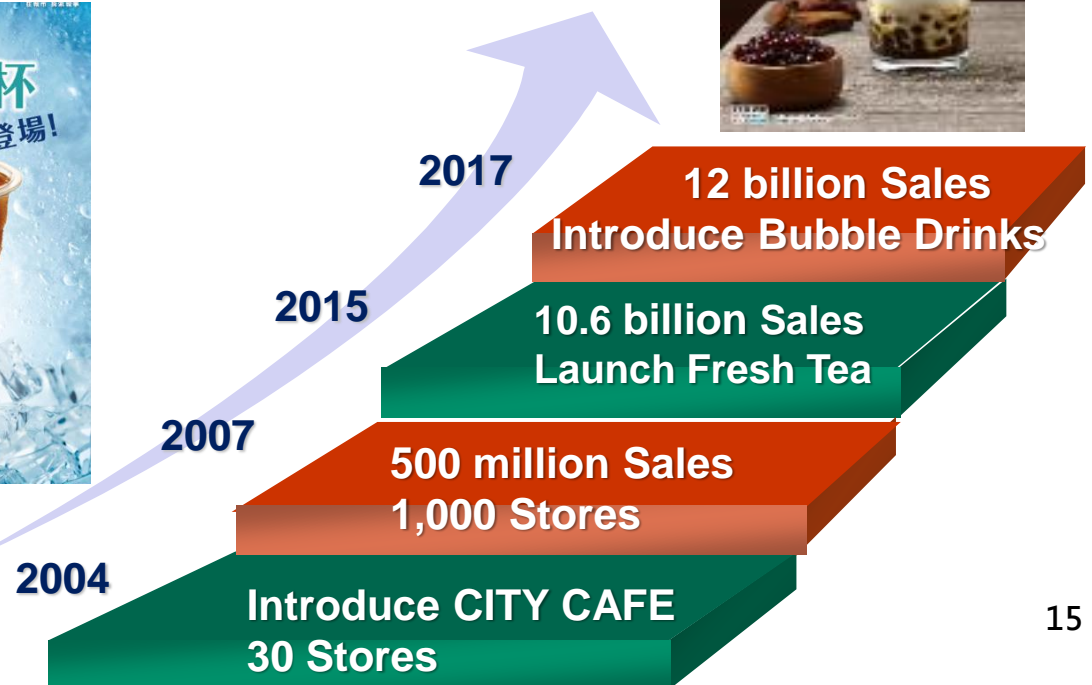


Key Drivers:

- Diversify payment tools
- Increase non-cash payment ratio

# Upscale CITY Brand

- Upgrade systems and equipment to enhance quality.
- Grow CITY Brand through new products and merchandise launched.
- Improve store service efficiency by optimizing procedures.





# Provide Quality, Tasty, and Convenient Fresh Food Service

## Food Safety

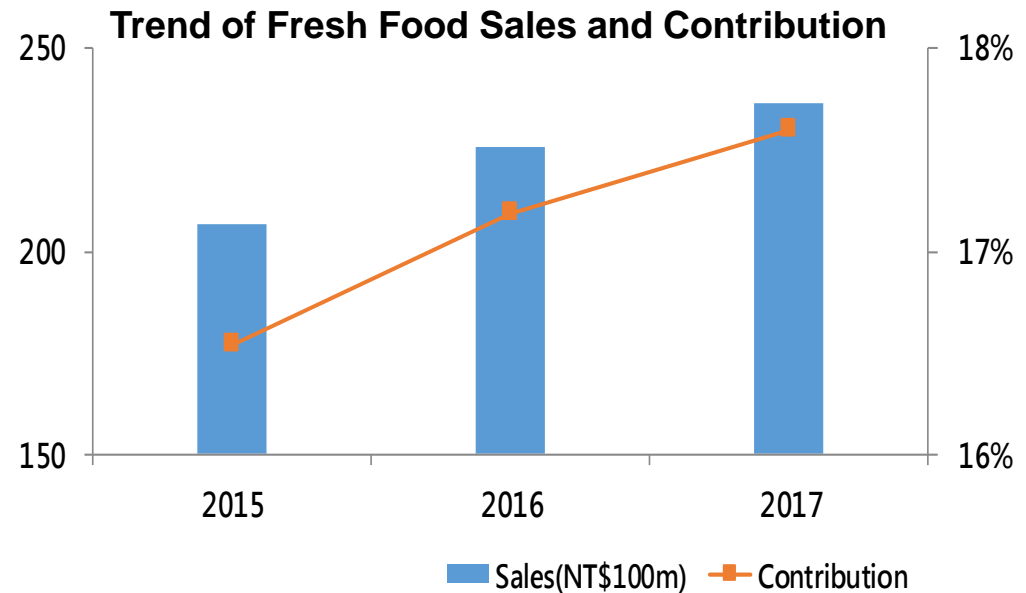
- Strengthen traceability mechanism from farm to table.
- Preventive management.

## Infrastructure

- Renew equipment, improve efficiency of process and delivery.

## Product Upgrade

- Advanced technique make quality street foods available in 7-ELEVEN.





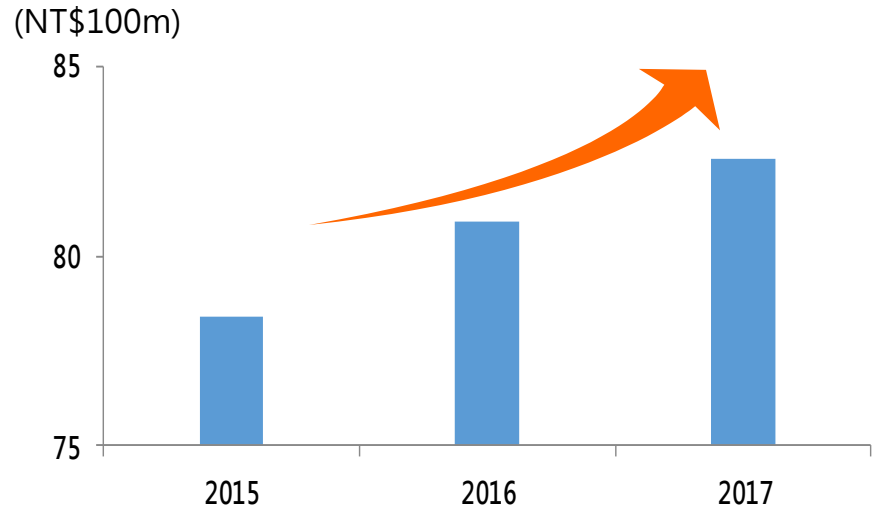
# Differentiate Product Mix

- Extend frozen products of iseLect and daily necessities of UNIDESIGN.
- Selective, premium and exclusive international products to enrich product mix.
- Exclusive and quality brands products enhance the feeling of freshness.



pcsc

Trend of International and PL product sales



# Fast-Growing Philippine 7-ELEVEN

## Aggressive Expansion

- Maintain dominant market shares, and will exceed 2,600 stores in 2018.
- Continue to expand stores in new areas.



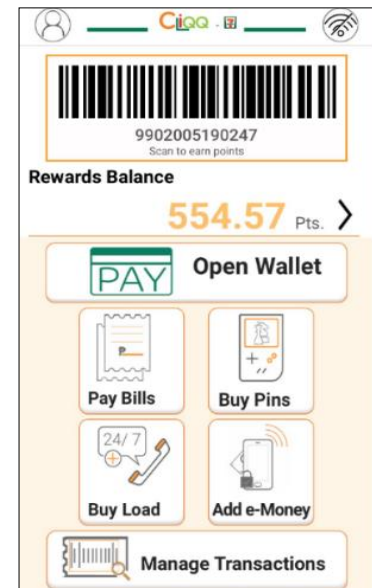
## Profitability Improvement

- Ground up more satellite kitchens to raise the capacity of fried products.
- Continually introduce coffee machines and enhance brand image.
- Expand assortment to optimize product display.
- Adjust Franchise program.



## Digital Service

- Introduce E-Wallet, CliQQ Pay.
- Develop in-store pick-up service.
- Transfer successful experiences from Taiwan 7- ELEVEN.



# Regional Trend and Opportunities



- Cultivate talents and transfer Know-how.

- Follow the lifestyle trend to drive sustainable growth of Takkyubin, Books.com, Taiwan Starbucks , etc.

- Strengthen profitability of Philippine 7-ELEVEN.
- Improve operations of Shanghai and Zhejiang 7-ELEVEN by enhancing infrastructure.

- Evaluate potential investments in domestic and overseas markets.

# Ending Remarks

## Jui-Tang, Chen

# Q&A