

**President Chain Store Corp.**

**Investor Conference**

**March 18, 2019**

# Agenda

- ❑ 2018 Highlights and Results
- ❑ Outlook
- ❑ Ending Remarks
- ❑ Q&A

# 2018 Highlights

1. A constituent of the FTSE4Good index, MSCI Global Sustainability Index, and TWSE Corporate Governance 100 Index. Ranked top 5% by TWSE's Corporate Governance Evaluation. Named among top 250 global retailers by Deloitte, while ranking rise for the 3rd consecutive year.
2. 7-ELEVEN in local exceeded 5,300 stores. Introduced lifestyle stores in various locations to meet the diversified needs.
3. Launched first unmanned shop in local, the X Store.
4. CITY CAFE revenue exceeded NT\$13 billion in 2018. New product line launched as another growth driver.
5. Fresh food contribution reached new high, thanks to equipment and products upgrade, process optimization and collaboration with famous restaurants & chefs.

# 2018 Highlights

6. Fortified logistics infrastructure to enhance its capability and efficiency. Delivery and Pick-up parcels exceeded 220 million units.
7. Introduced OPEN WALLET with OPENPOINT rewards across channels.
8. Expanded OPENPOINT application by diversified collect and redeem programs.
9. Franchise renewal rate hit a record high. Improved franchisee profitability and company profits by optimizing franchise program.
10. Aggressive expansion for Philippine 7-ELEVEN with over 2,500 stores.

# 2018 Financial Results

# Financial Highlights

## ◆ Historical revenue and profit

Unit: NTD billion

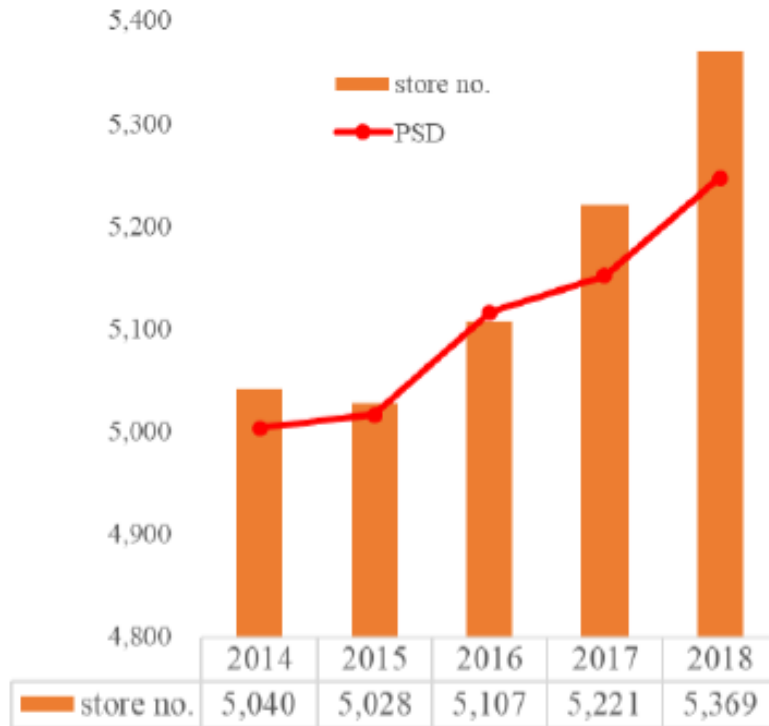
	2014	2015	2016	2017	2018	YOY
Revenue (Company Only)	131.3	133.4	140.1	144.5	154.1	6.6%
Revenue (Consolidated)	200.4	205.5	215.4	221.1	244.9	10.7%
Net Profit	9.1	8.2	9.8	31.0	10.2	-67.1%
One-off gain from Starbucks deal	-	-	-	20.4	-	-
EPS (NT\$)	8.74	7.92	9.46	29.83	9.82	-20.01

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

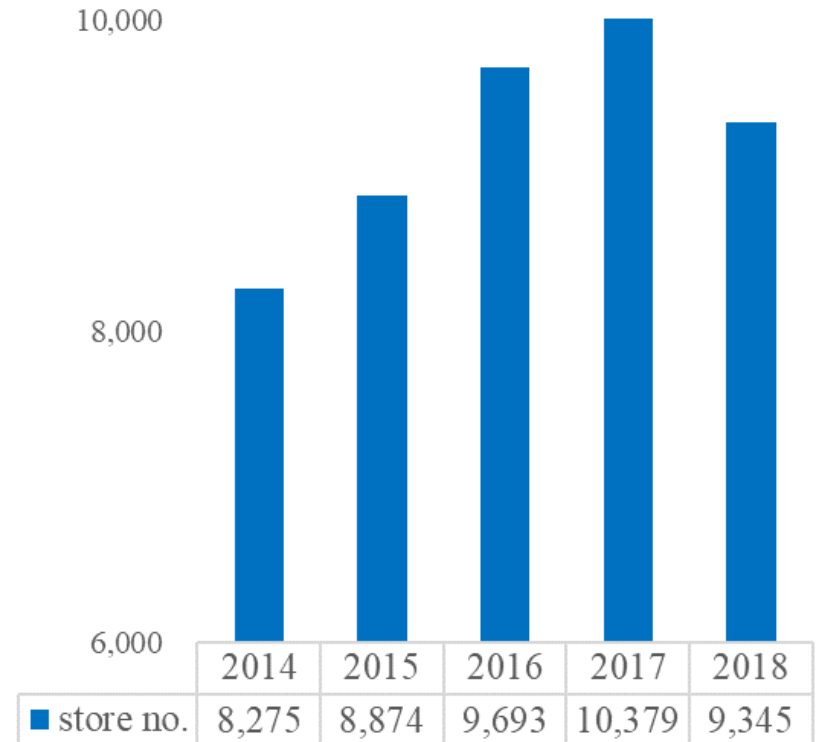
Note 2 : Excluding one-off gain from Shanghai Starbucks deal in 2017, 2018 pre-tax profits grew.

# Store Number Trend

## Local 7-ELEVEN



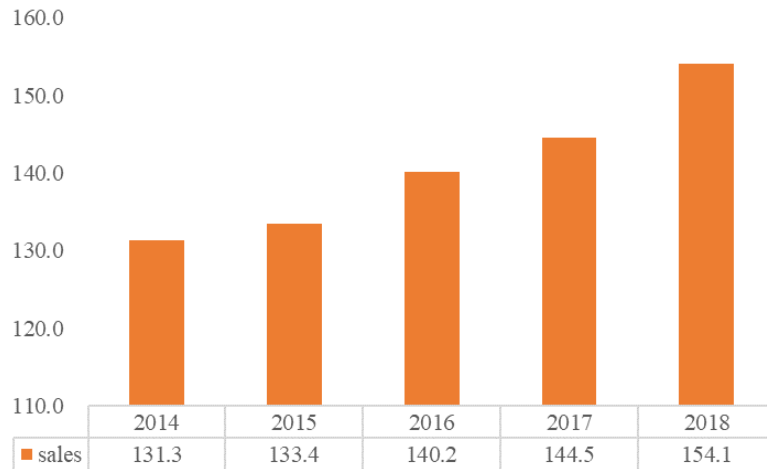
## PCSC



Note: Outlets in 2018 increased by 443 compared to 2017, which excluded Shanghai Starbucks.

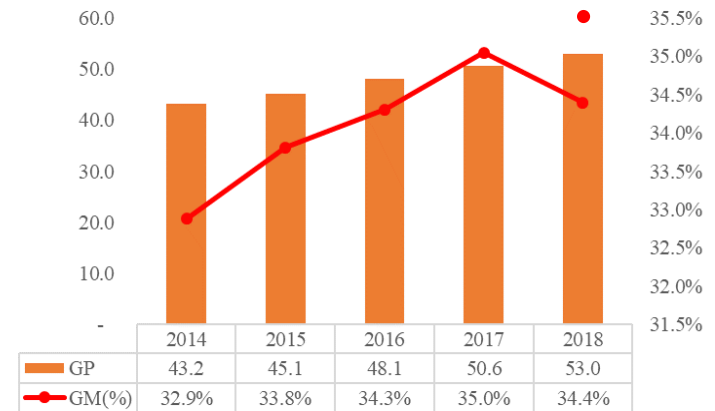
# Sales and Profitability (Company)

## Sales



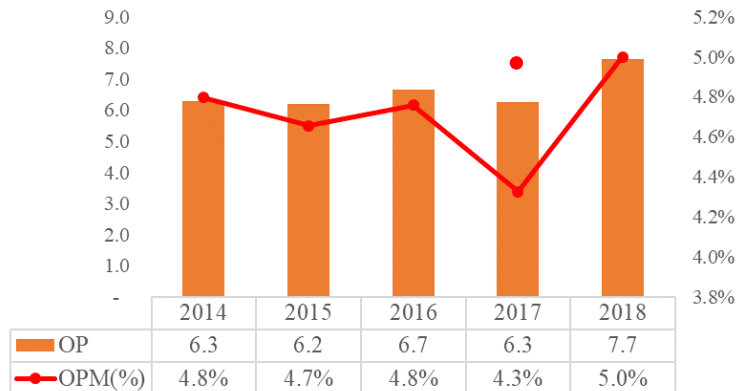
## GP

NT\$ billion



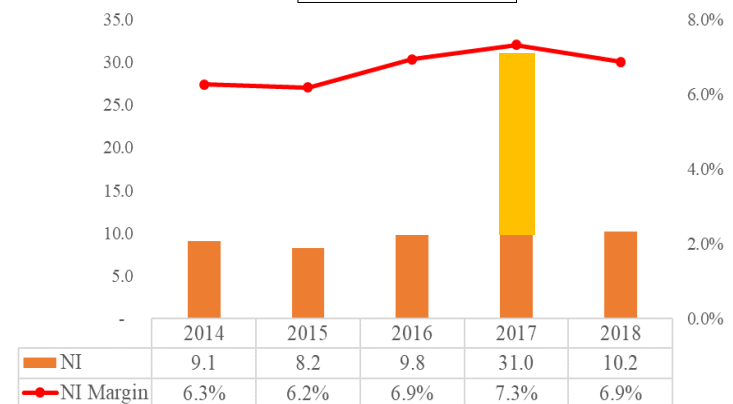
Note : 2018 GM% decreased because of tobacco tax.

## OP



Note : one-off expense from Shanghai Starbucks deal in 2017.

## NI



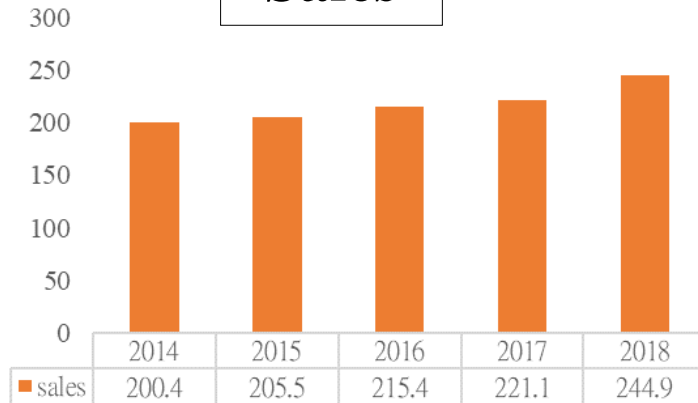
Note: Figures in 2014, 2016, 2017 and 2018 excluded MUJI disposal gain, BankPro E-service disposal gain, Shanghai Starbucks gain and one-off DTL impact respectively for like-for-like comparison.



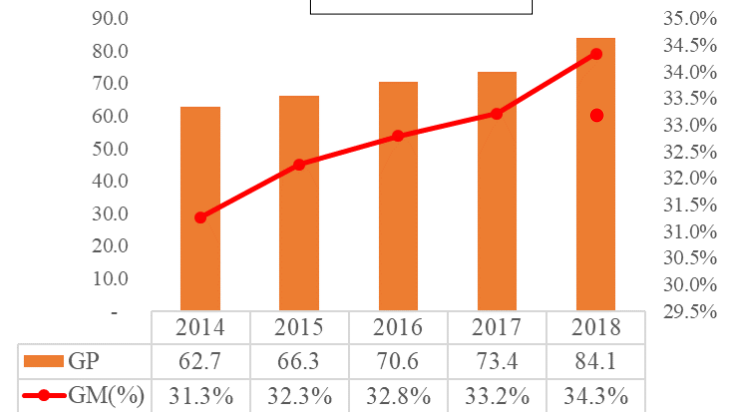
# Sales and Profitability (Consolidated)

NT\$ billion

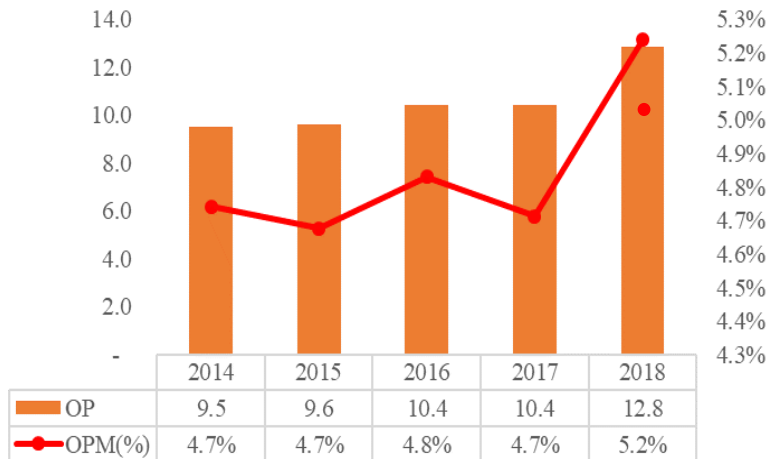
## Sales



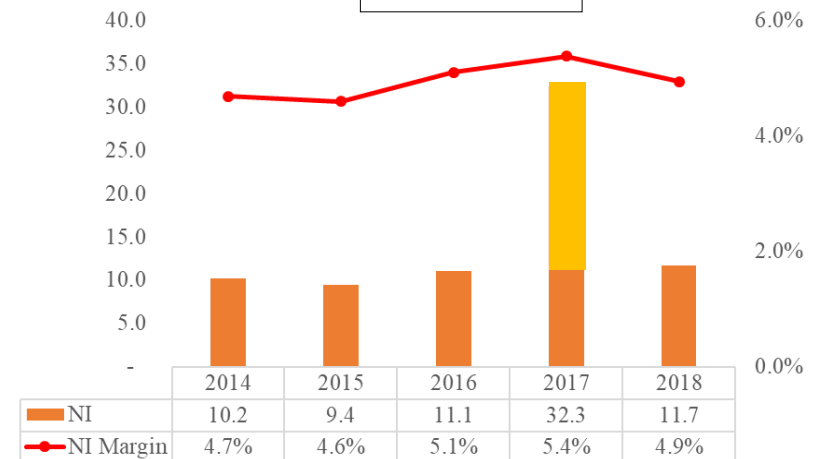
## GP



## OP



## NI



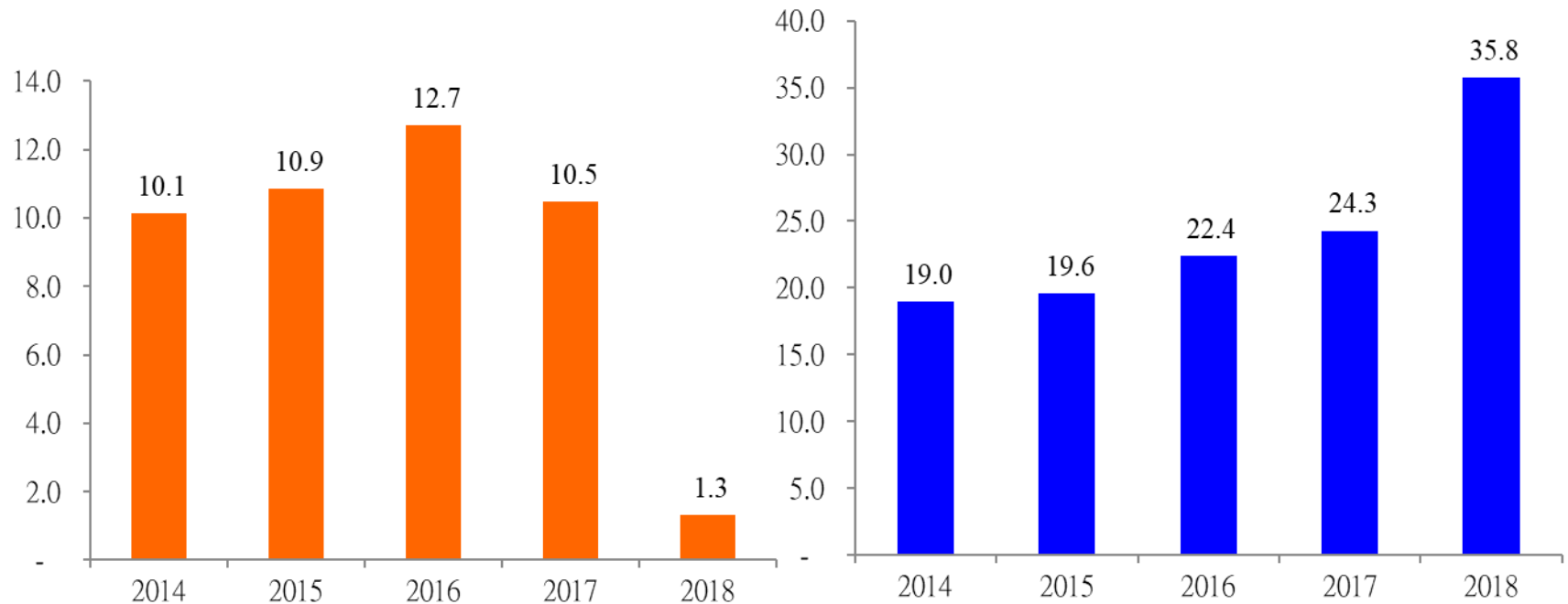
Note: The Figure for 2014, 2016, 2017 and 2018 does not include MUJI disposal gain, BankPro E-service disposal gain, Shanghai gain and one-off DTL impact respectively.

# Steady Cash Flow

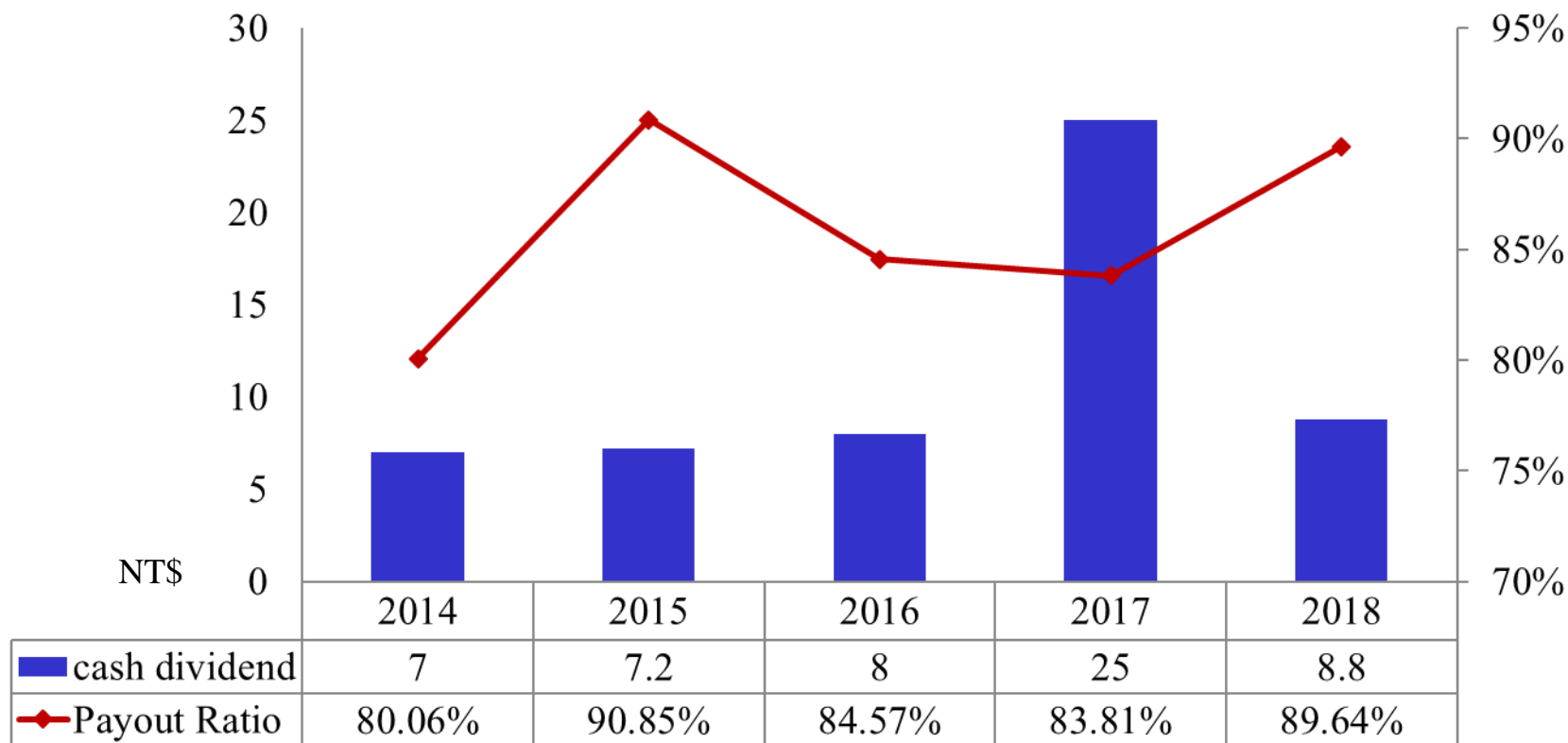
NT\$ billion

**Net Cash(Company only)**

**Net Cash(Consolidated)**



# Sustainable Cash Dividend



Note : 2018 cash dividend has not been approved by AGM.

# Outlook

# Sustainable Growth of PCSC

**Long-term goals**

**7-ELEVEN in local**

**Advancing PSD Sales to NTD 100K**

**Subsidiaries**

**Seizing trends and opportunities**

Let each store  
flourish in its own way;  
Steady Investment  
for stable growth

Adjust Structure  
to align with Growth

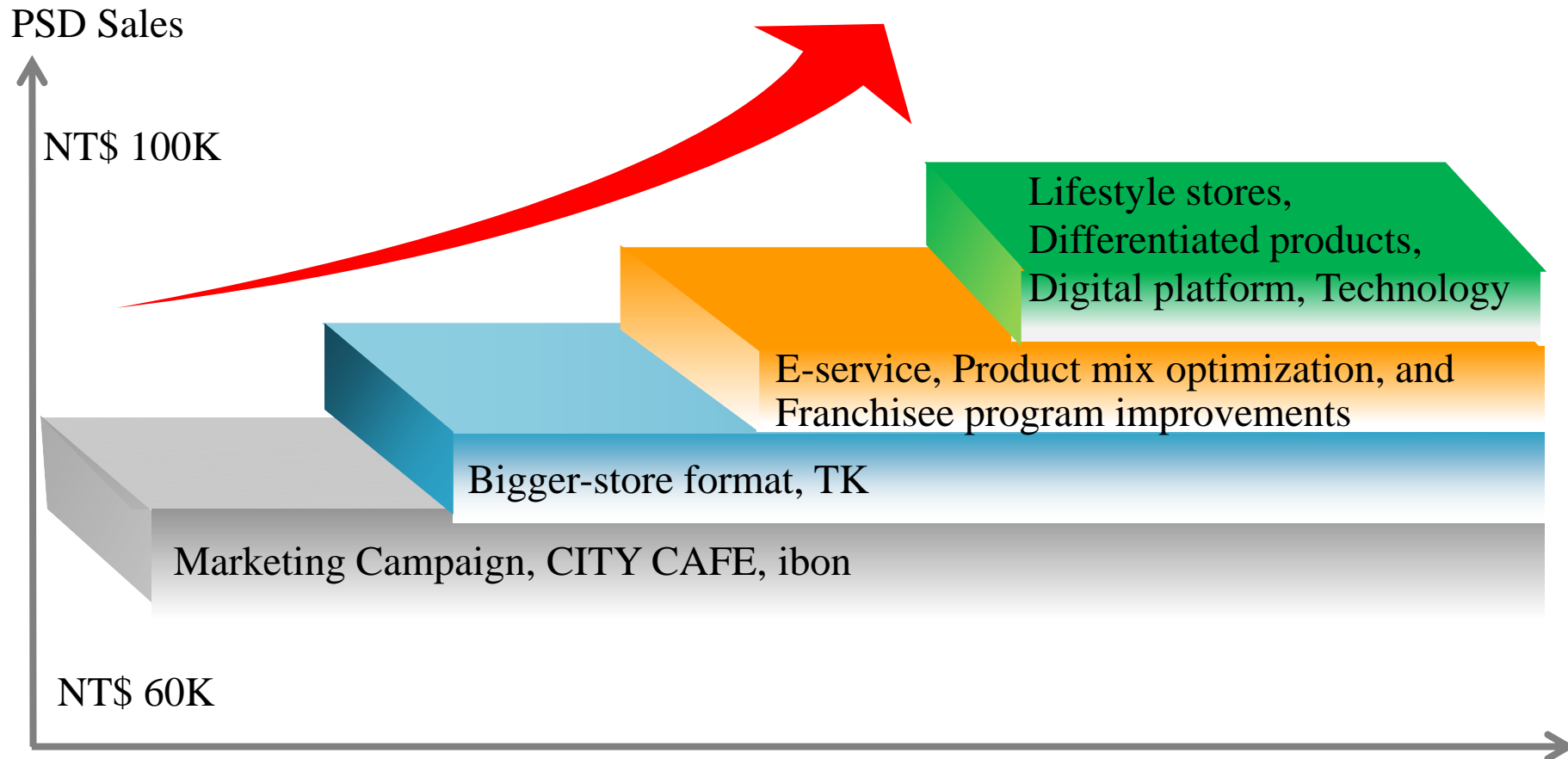
Realize synergies;  
Expand the business

**Lifestyle Change ; Environment Challenge**

**New Technology ; Regional Development**

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

# Key Milestones



2008

2012

2018

**Convenience**

**Basic  
NEED**

Tailor to various  
lifestyle

**Reliance**

**Satisfy  
WANT**

**Increase  
Traffic and  
ticket size**

# Upscale CITY Brand

- Upgrade coffee beans and equipment to enhance quality. CITY CAFE generated a revenue of over NT\$13bn in 2018 with steady growth in coffee, tea and bubble drinks.
- Reinforce brand value and enrich customer experience with high quality and differentiated products.



# Provide Quality, Tasty, and Convenient Fresh Food Service

Famous restaurants  
& chefs

Innovation  
Differentiation



Advanced Technique  
Traceability  
Food Safety

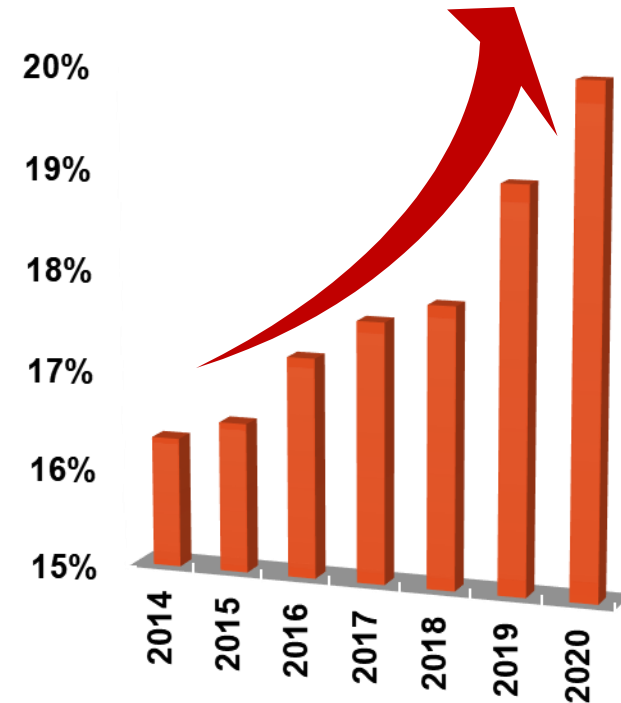


Strengthen between  
peak times

Healthy & Quality  
Consumption Trend



Sales contribution up to  
20% by 2020  
(excluding CITY CAFE)



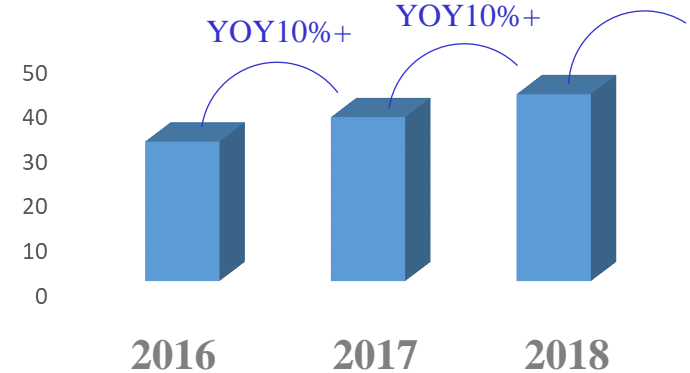


# Differentiated Product Mix

Exclusive and unique products from around the world



Sales of differentiated products



Collaboration with SEJ, to introduce premium, famous, and 7-only products



Constantly roll out four thematic gondolas



Big-Packed



Imported



MUJI

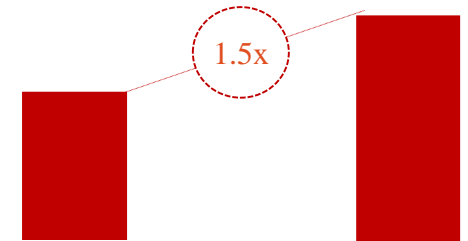


7 Premium

# Lifestyle Store for everyone

- Create PCSC synergy to meet the needs of One-stop shopping.
- Unlock unlimited potentials by cooperating with external resources
- Offer a unique 3E experience: Experience, Education, & Entertainment

2018 PSD-sales



Stores with same size in similar district

Lifestyle stores



✕ Any Lifestyle





# Lifestyle Store for everyone



# Comprehensive Digital Service

## Step 1


## Various payment methods and points rewards

## Step 2

## Points integration across PCSC

## Step 3

## Platform expansion with strategic alliances



**ASP improvement**

**Increase Traffic**

**Strengthen VIP loyalty and increase visit frequency**

## Cash Flow: OPEN WALLET

## Logistics Flow:



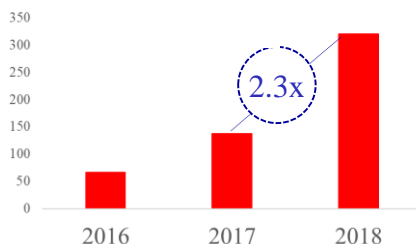
## Information Flow :Completed customer consumption and engagement footprint

# Comprehensive Digital Platform

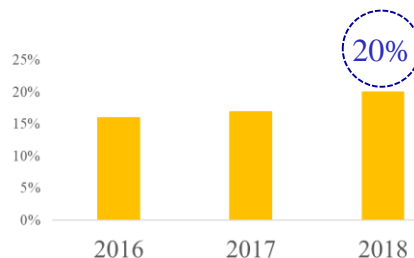
## Leverage O2O Integration

### OP VIP Management

#### OP members



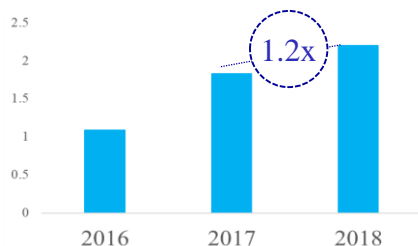
#### Non-cash payment



**VIP members to grow by 100% in 2019**

### Commission revenue

#### E-Commerce parcels



#### ibon 、ibon app transaction



**Offer new services to Increase traffic**



# Go Digital in the Philippines

## Aggressive Expansion

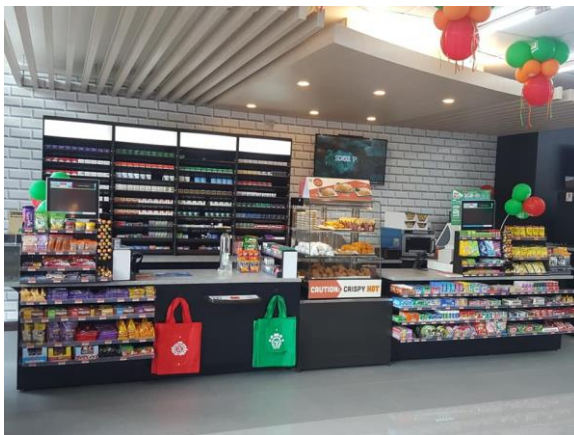
- Maintain dominant market shares, and expect to net increase 300+ stores in 2019

## Quality Improvement

- Enhance coffee brand image
- Increase fried products offerings
- Optimize franchise system

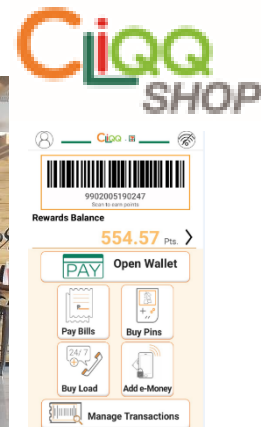


pcsc



## Growing Digital service

- Launch E-Commerce gondola in physical stores
- Cooperate with Lazada and Shopee to increase parcels in-store pick up and return service
- Increase e-payment percentages



# Regional Trend and Opportunities



- Utilize PCSC resources and transfer Know-how

- Adapt to lifestyle trend and drive sustainable growth for Takkyubin, Books.com, and Uni-wonder corp.

- 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

## Mr. Jui-Tien Huang



# Q&A