# President Chain Store Corp.

## 2912 TT

# 2020 Highlights and Results

# 2020 Performance Overview

**Leadership Advantage**

- Taiwan 7-ELEVEN exceeded 6,000 stores with market share > 50% and stable franchise ratio of 90%. Introduced lifestyle and co-brand stores to meet diversified needs
- Strong foundation and adaptability: Continued growth in per-store daily (PSD) sales; revenue growth over NT$10B
- Ranked No.1 (Industry Leader) among 63 international food and staples retailers by Dow Jones Sustainability Index

**O2O Integration**

O2O Service Platform:

- Improved OpenPoint APP provides easy access to a virtual storefront; sales from pre-orders through APP over NT$3B since launch
- OpenPoint membership extended to other PCSC businesses; now over 12 million members
- Integration of delivery platform with PCSC businesses to create synergy and extend service into homes

**Expansion across Asia**

Continued expansion of retail presence with 10,000+ stores in Asia

- Taiwan: Retail, drugstore, F&B, logistics support, e-commerce, delivery etc.
- Overseas: Philippines 7-ELEVEN , retail business in China

# Financial Highlights

◆ **Historical revenue and profit**

Unit: NTD billion

| | 2016 | 2017 | 2018 | 2019 | **2020** | **YOY** |
|---|---|---|---|---|---|---|
| Revenue (Company Only) | 140.1 | 144.5 | 154.1 | 158.0 | **168.1** | **6.4%** |
| Revenue (Consolidated) | 215.4 | 221.1 | 244.9 | 256.1 | **258.5** | **1.0%** |
| Net Profit | 9.8 | 31.0 | 10.2 | 10.5 | **10.2** | **-2.9%** |
| One-off gain from Starbucks deal | - | 20.4 | - | - | - | - |
| EPS (NT$) | 9.46 | 29.83 | 9.82 | 10.14 | **9.85** | **-2.9%** |

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

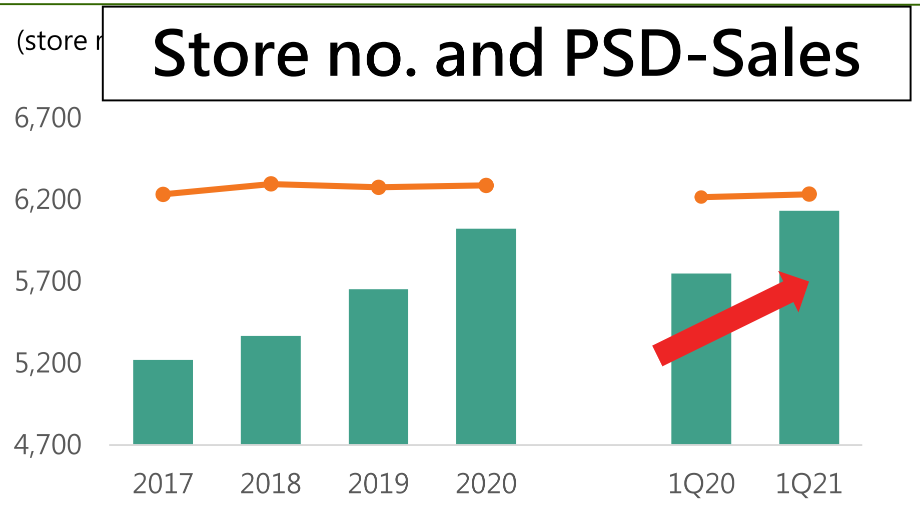
Note 2：The operating profits of Taiwan 7-ELEVEN grew year on year in 2020. Given that the one-off tax refund from subsidiaries was recognized in 2019, and overseas subsidiaries were hit hard by lockdown measures due to the impact of COVID-19, the net profit attributable to the parent company declined in 2020.

# 2021 First Quarter Financial Results

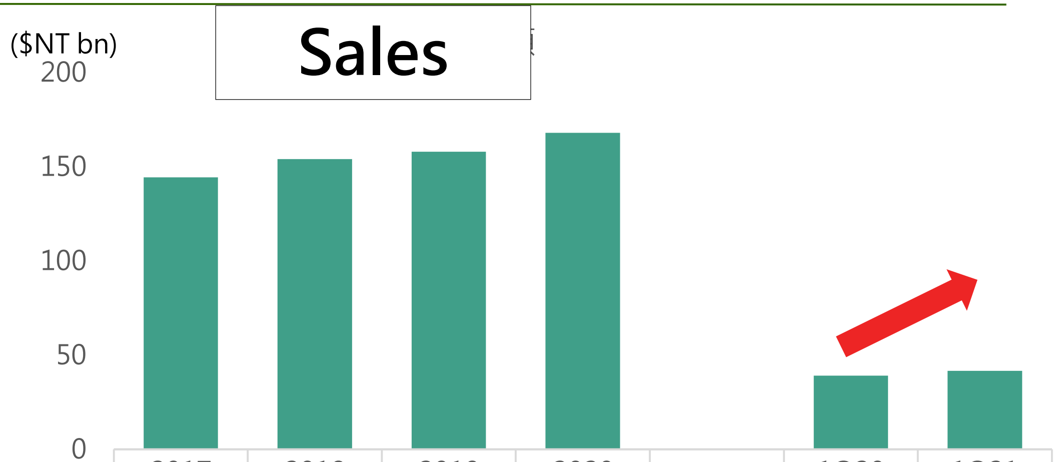
Unit: NTD billion

| | 1Q20 | 1Q21 | YOY |
|---|---|---|---|
| Revenue (Company Only) | 39.3 | 41.8 | 6.4% |
| Revenue (Consolidated) | 63.0 | 65.1 | 3.2% |
| Net Profit (Consolidated) | 2.9 | 3.0 | 3.0% |
| Net Profit attributable to the parent company | 2.6 | 2.7 | 6.1% |
| EPS (NT$) | 2.61 | 2.46 | +0.15 |

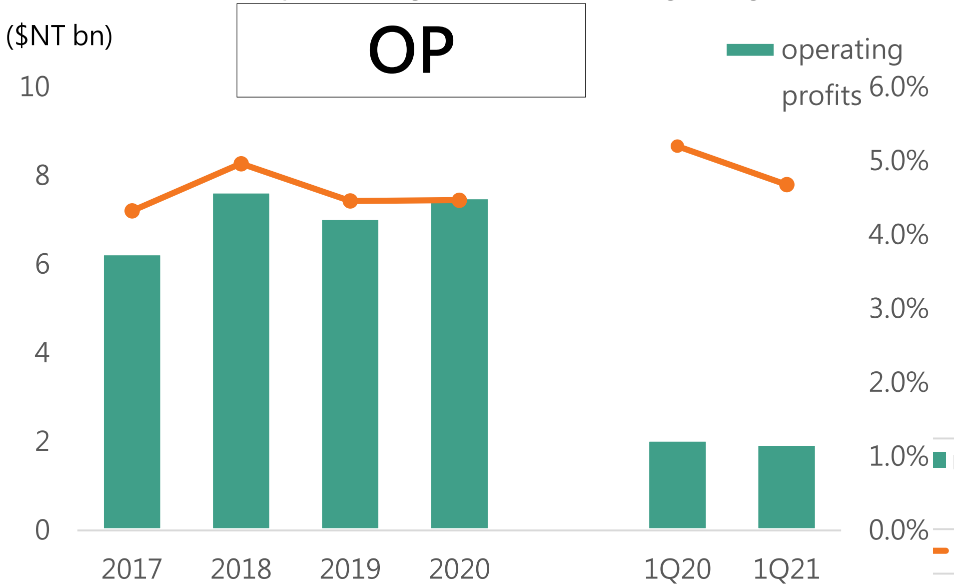
# Sales and Profitability (Company)



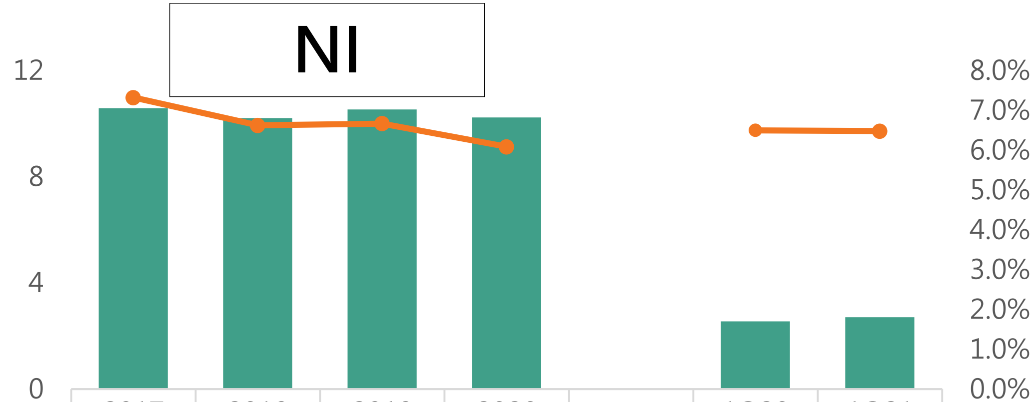

Note: 1Q21 PSD-Sales was positive growth in low single digit.




| | 2017 | 2018 | 2019 | 2020 | | 1Q20 | 1Q21 |
|---|---|---|---|---|---|---|---|
| sales | 144.5 | 154.1 | 158.0 | 168.1 | | 39.3 | 41.8 |



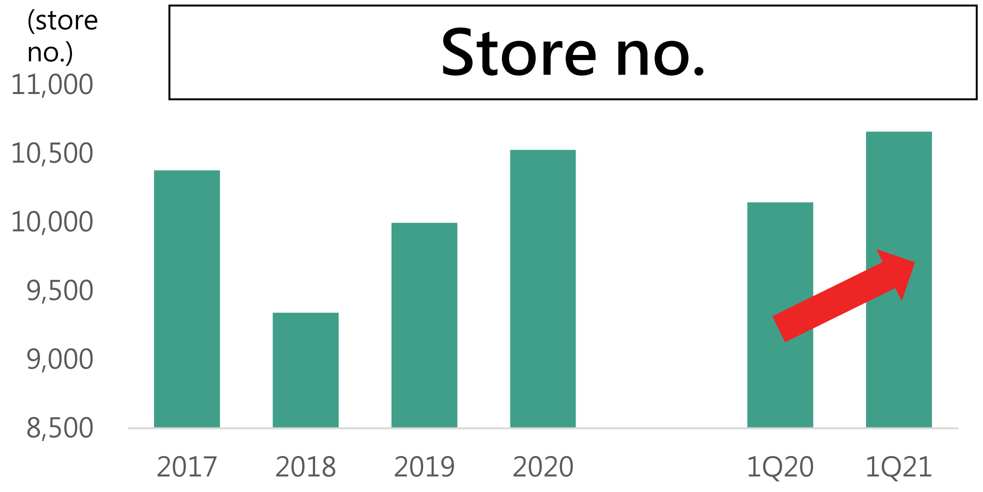

Note: OPM in 1Q21 decreased because of the high sales growth rate of low margin in cigarettes.




| | 2017 | 2018 | 2019 | 2020 | | 1Q20 | 1Q21 |
|---|---|---|---|---|---|---|---|
| net profits (one off impact removed) | 10.6 | 10.2 | 10.5 | 10.2 | | 2.6 | 2.7 |
| NI(%) (one off impact removed) | 7.3% | 6.6% | 6.7% | 6.1% | | 6.5% | 6.5% |

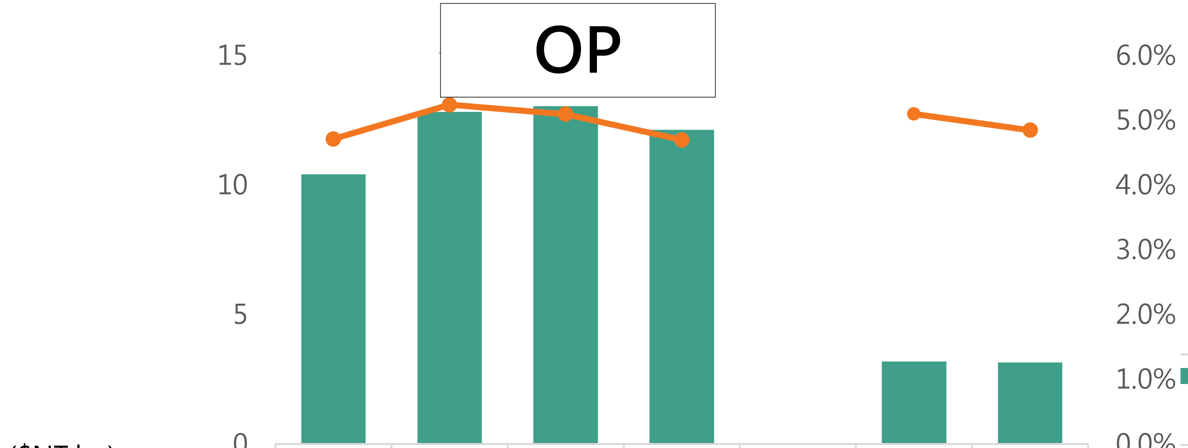
Note: Figures in 2017 excluded Shanghai Starbucks disposal gain.

# Sales and Profitability (Consolidated)



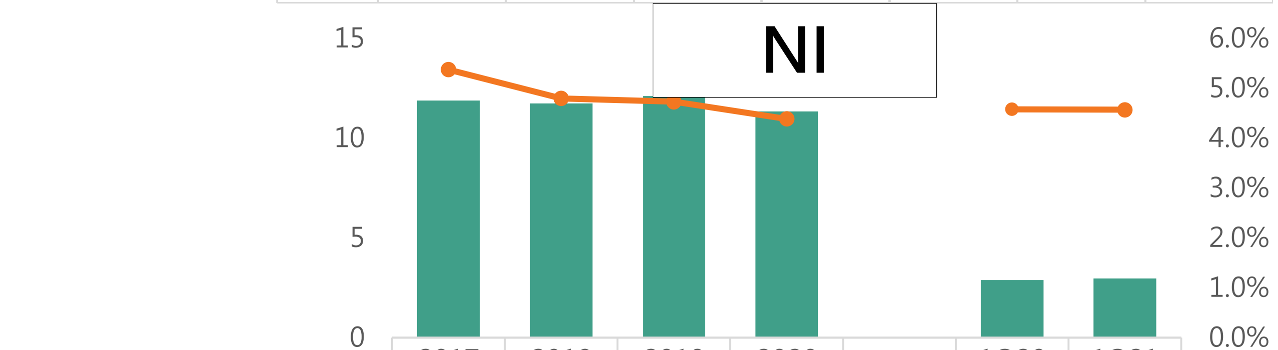

Note: Outlets included Shanghai Starbucks before 2017


| | 2017 | 2018 | 2019 | 2020 | | 1Q20 | 1Q21 |
|---|---|---|---|---|---|---|---|
| sales | 221.1 | 244.9 | 256.1 | 258.5 | | 63.1 | 65.1 |




| | 2017 | 2018 | 2019 | 2020 | | 1Q20 | 1Q21 |
|---|---|---|---|---|---|---|---|
| operating profits | 10.4 | 12.8 | 13.1 | 12.1 | | 3.2 | 3.2 |
| OPM(%) | 4.7% | 5.2% | 5.1% | 4.7% | | 5.1% | 4.9% |

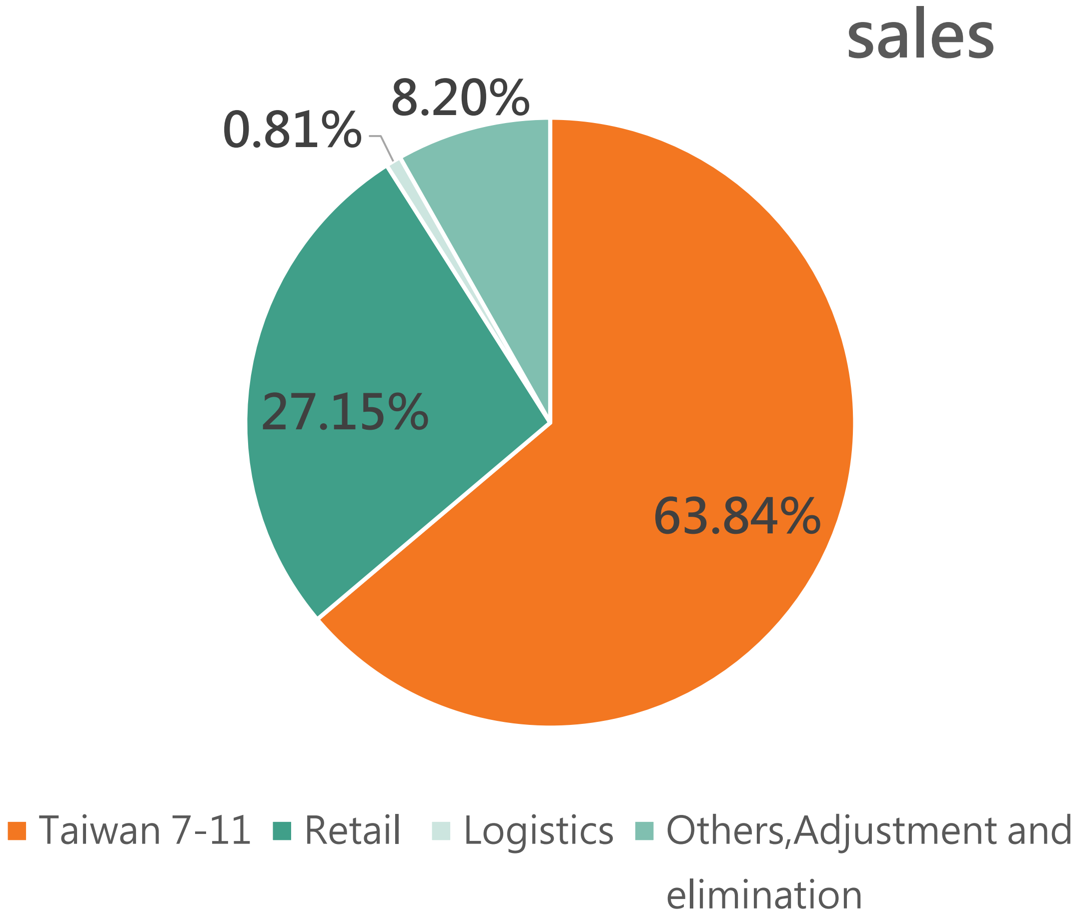
Note: OPM declined mainly because Philippines 7-11 was hit hard by lockdown measures due to the impact of COVID-19.

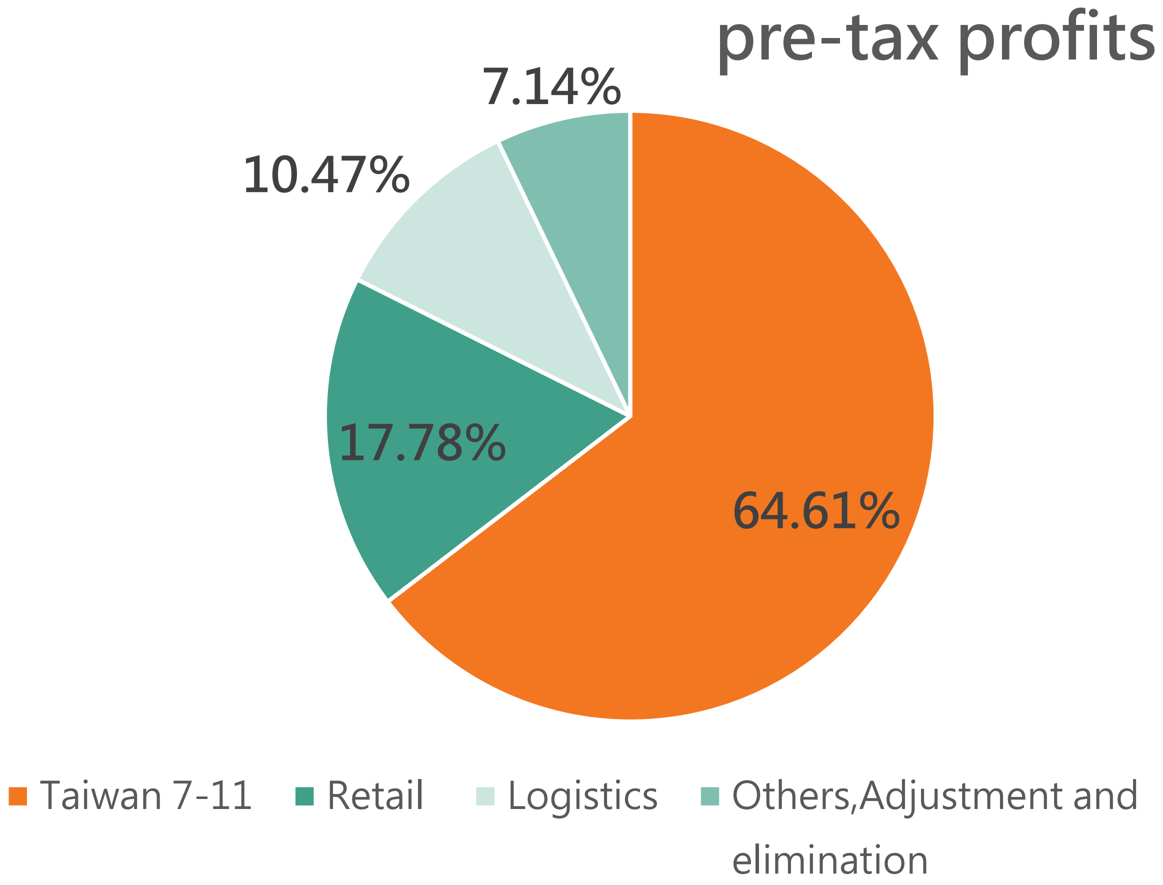



| | 2017 | 2018 | 2019 | 2020 | | 1Q20 | 1Q21 |
|---|---|---|---|---|---|---|---|
| net profits (one off impact removed) | 11.9 | 11.7 | 12.1 | 11.3 | | 2.9 | 3.0 |
| NI(%) (one off impact removed) | 5.4% | 4.8% | 4.7% | 4.4% | | 4.6% | 4.6% |

Note: Figures in 2017 excluded Shanghai Starbucks disposal gain.

# Segment Information



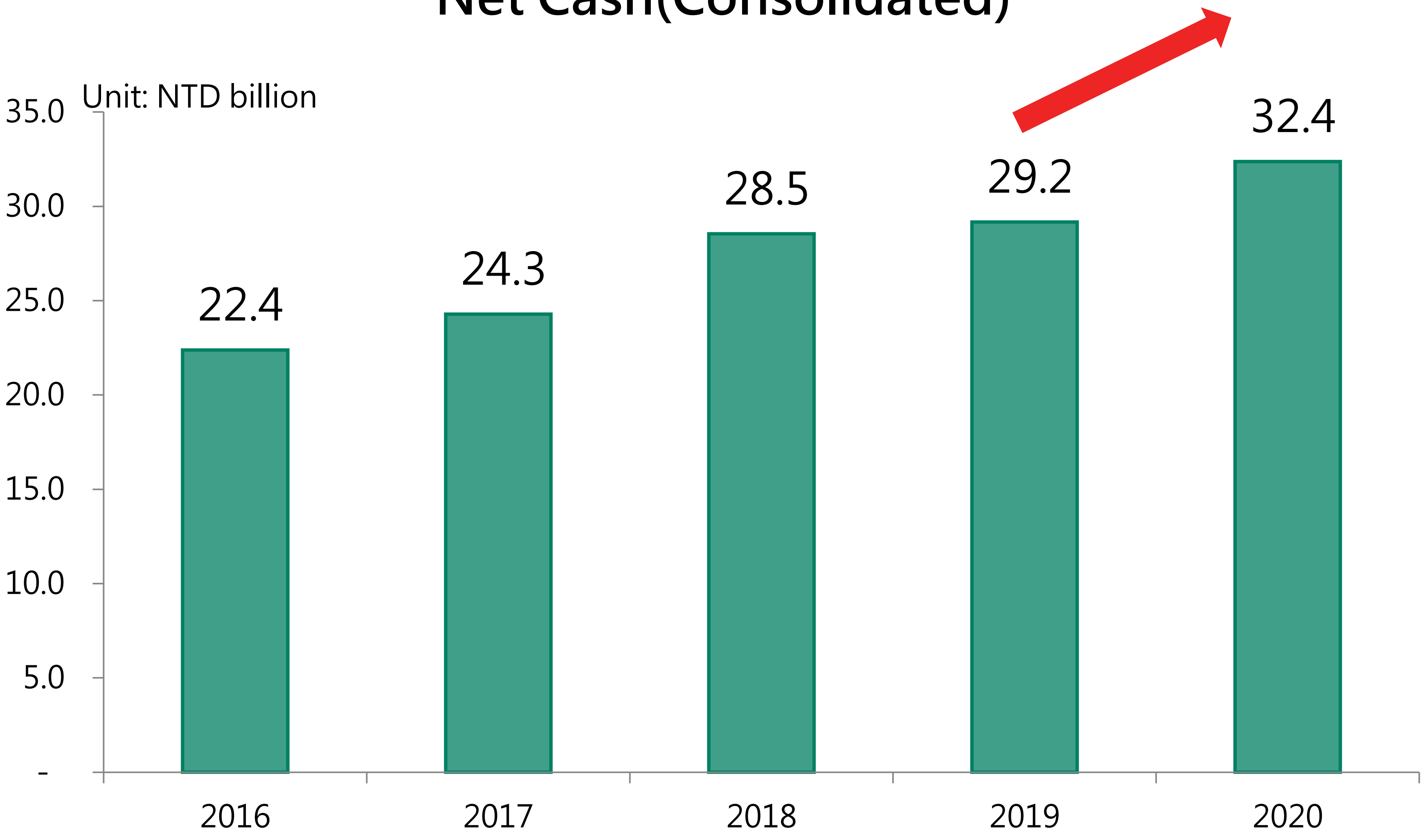

Retail business: Philippines 7-11, Cosmed, Takkyubian(Transnet), Books.com, Mech-President etc.

Logistics: Retail support, Cold Chain, Wisdom distribution etc.

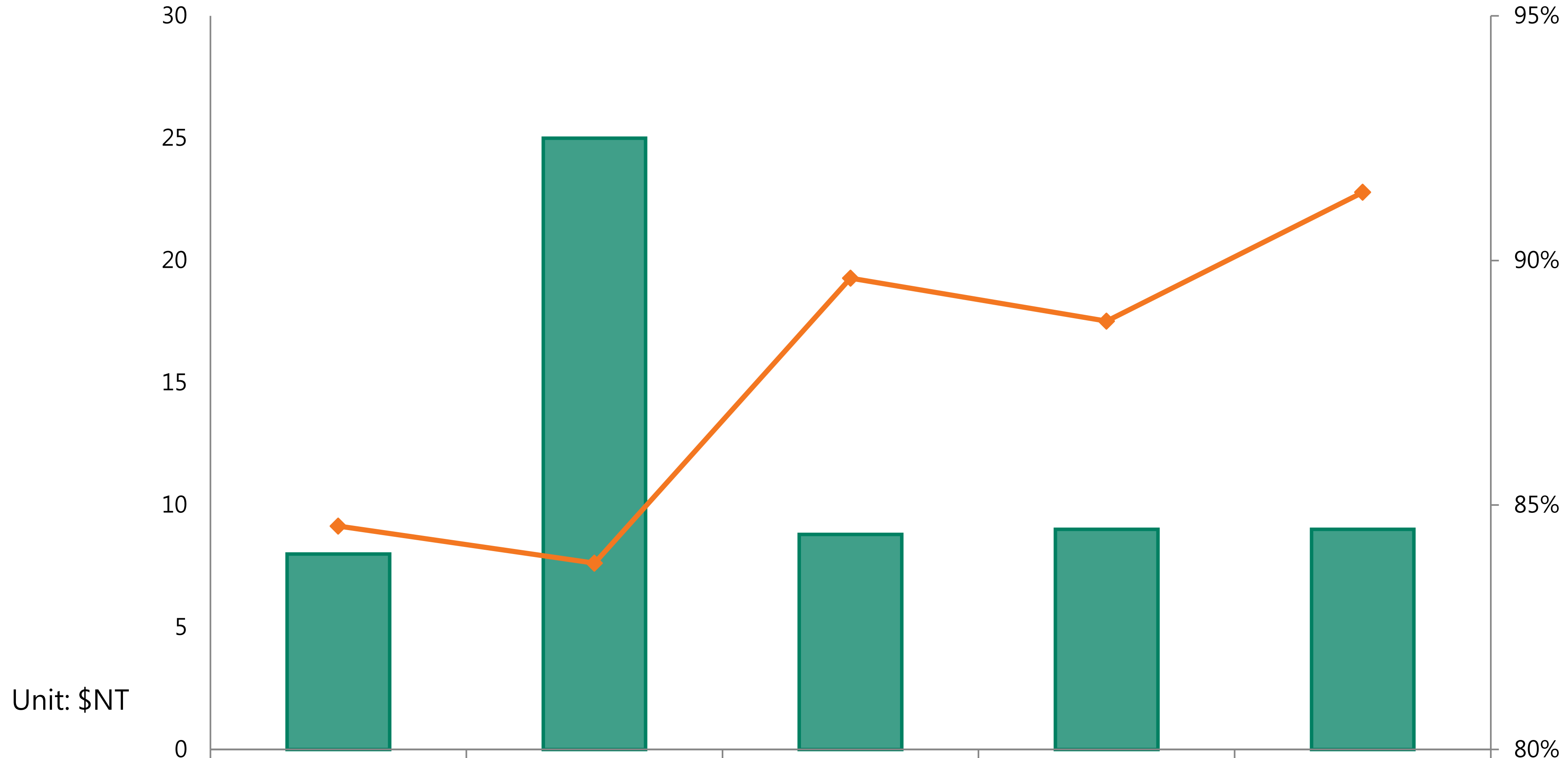
Others: China business, F&B business (e.g. Starbucks) and Support business

# Steady Cash Flow

## Net Cash(Consolidated)



# Sustainable Cash Dividend

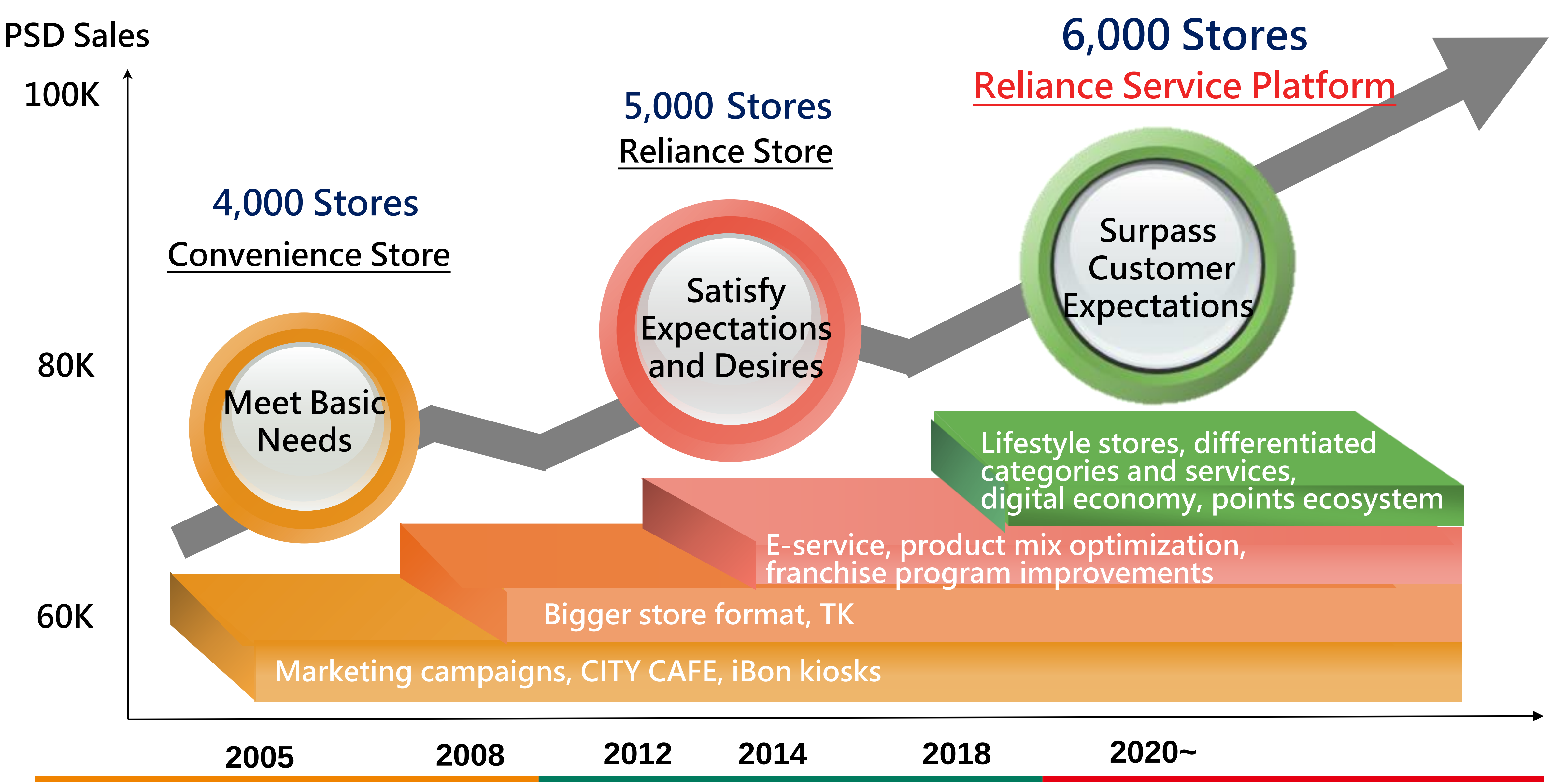



| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| cash dividends | 8.0 | 25.0 | 8.8 | 9.0 | 9.0 |
| Payout Ratio | 84.57% | 83.81% | 89.64% | 88.76% | 91.39% |

Note：2020 cash dividend has not been approved by AGM.

# Outlook

# Key Milestones to Create New Momentum for Growth



## Expand Physical Store Services

## Benefit from O2O Integration

# Surpass Customer Expectations

Building a Reliance-based Service Platform to Create New Growth Momentum

### Offline Experience
-Enhance core business
-Strengthen brand

### Great to have

7-ELEVEN

- Lifestyle Stores
- Differentiated categories
- E-service

OPEN POINT

- Mobile ordering and pickup
- i-Preorder
- Membership benefits

### Online Service
-Virtual storefront
-Expand into new fields

foodomo

Adjust structure to align with growth

People, Stores, Products, Logistics, Culture, Systems, Policy

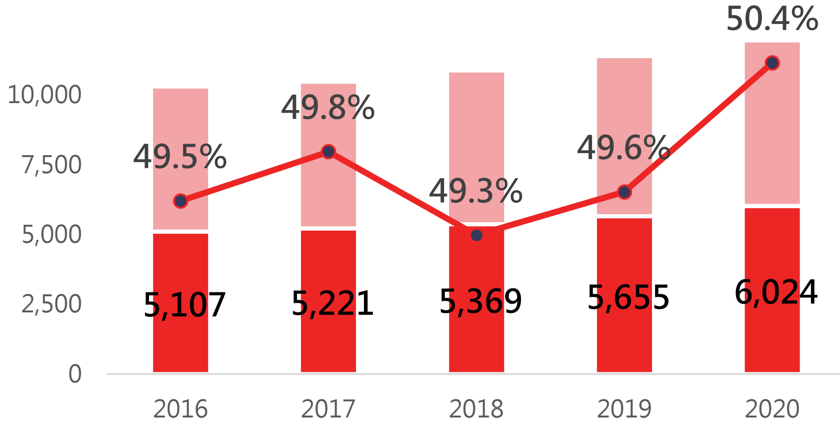
# Aggressive Expansion to Drive Growth

- Aggressive expansion focusing on both quality and quantity to ensure economy of scale
- Stable growth in franchise ratio of total stores; new high in renewal rate

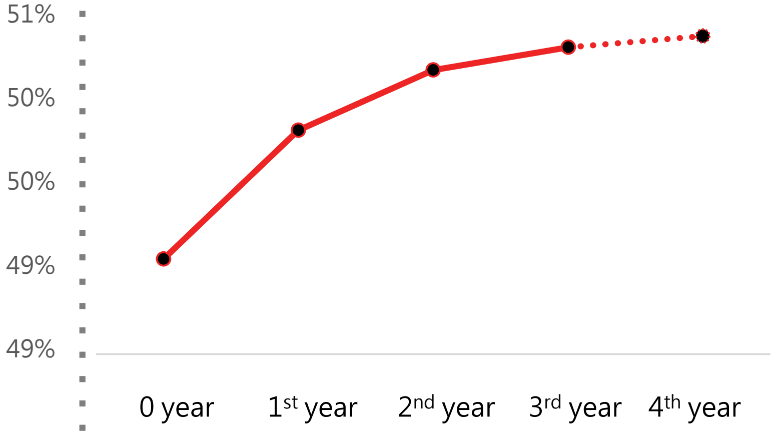
**6000 stores: each store flourish in its own way**

(Store No. 6000: Fengyi Store)

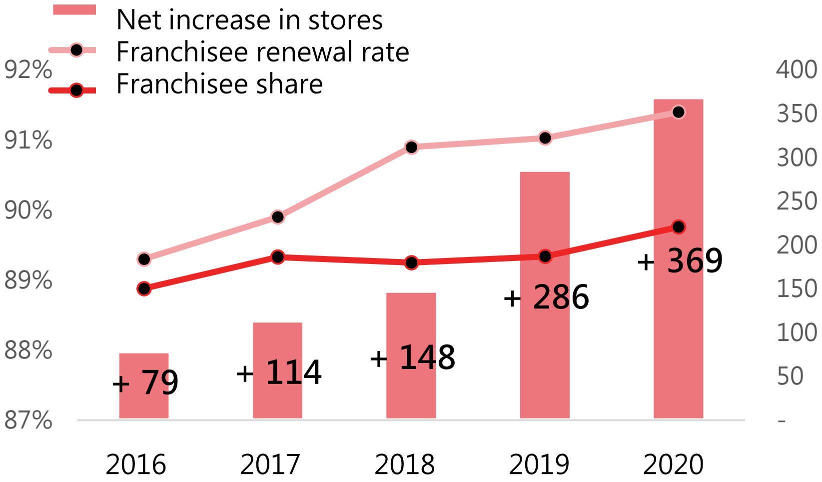
## 7-ELEVEN Taiwan Market Share by No. of Stores




## PSD growth for new stores in past 5 years




## Franchisee Overview



# Diverse Lifestyle Platforms to Meet Local Needs

- Leverage internal and external resources to provide the 4E experiences: Experience, Education, Entertainment, Exploration
- Continue to introduce new elements for ∞ possibilities

ELEVEN ✖ Any Lifestyle

## 2018


K.Seren


Bakery


!+? CAFE RESERVE

PIZZA


Books.com

21 TO GO


BEING fit


Candy Store


Draft Beer

## 2019

Coca-Cola theme store


Kanahei theme store


Heineken theme store

Lay’ s theme store

Maserati theme store


Disney theme store

# Diverse Lifestyle Platforms to Meet Local Needs

**2020**

**2021**


Snoopy theme store


Hello Kitty theme store

Sumikko Gurashi theme store

OPEN! theme store

Frozen food focus

Cooking classroom

... more ways to interact

Simple-Fit concept store


Diverse Lifestyle stores


Cold Stone

Pokemon theme store

**To be continued...**

# Fresh Food: A Community Kitchen that Meets All Needs

## Digital Tools

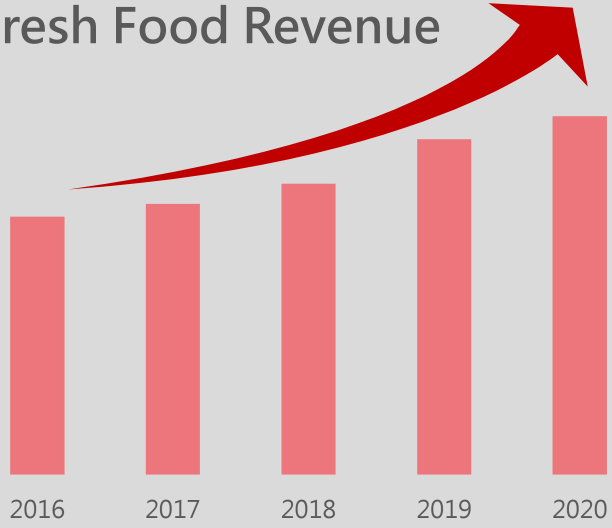
- ✔ **Dual AI:** Precise ordering, less shortages
- ✔ **i-Love Food discounts:** Less waste /higher earnings
- ✔ **Mobile Ordering and Pickup:** Digital marketing channel
- ✔ **Delivery Platform:** Broaden customer base

## Fresh food revenue hits new record

## Better and Safer

- ✔ Continue to improve taste and quality
- ✔ Rigorous food safety standards

Fresh Food Revenue




## New Trends & Opportunities

- ✔ Health/fitness/frozen food trends
- ✔ Differentiated products through collaboration with five-star hotels and famous restaurants
- ✔ New line: Paninis, vegetarian brand



# Strengthen CITY CAFE Brand and Seize Digital Opportunities

## Brand Equity

- Continue to upgrade coffee beans and equipment
- High-value differentiated products

## Market Trends

- Four major focuses
- Develop new products for different customer segments

## Digital Opportunities

- Mobile ordering and pickup drives cloud business growth
- Intelligent coffee vending machines create new sales

2020 NT$15B+ sales (physical+cloud) — Mobile ordering and pickup

2019 NT$14B+ sales — ! +? CAFE RESERVE / CITY PRIMA

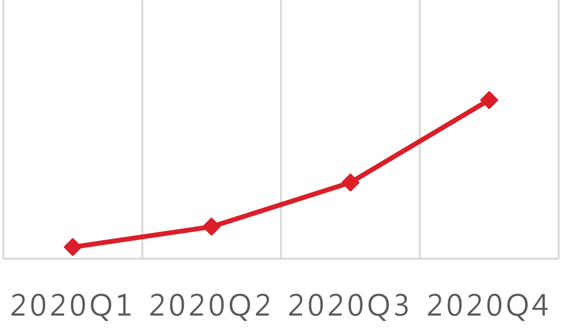
2018 NT$13B+ sales — premium beans / bubble tea

2015 NT$10B+ sales — Launch Fresh Teas

2007 NT$500M sales — 1000 stores

2004 — Introduce CITY CAFE / 30 stores

RAPID GROWTH IN CLOUD SALES



# Comprehensive and Convenient Services Drive Growth

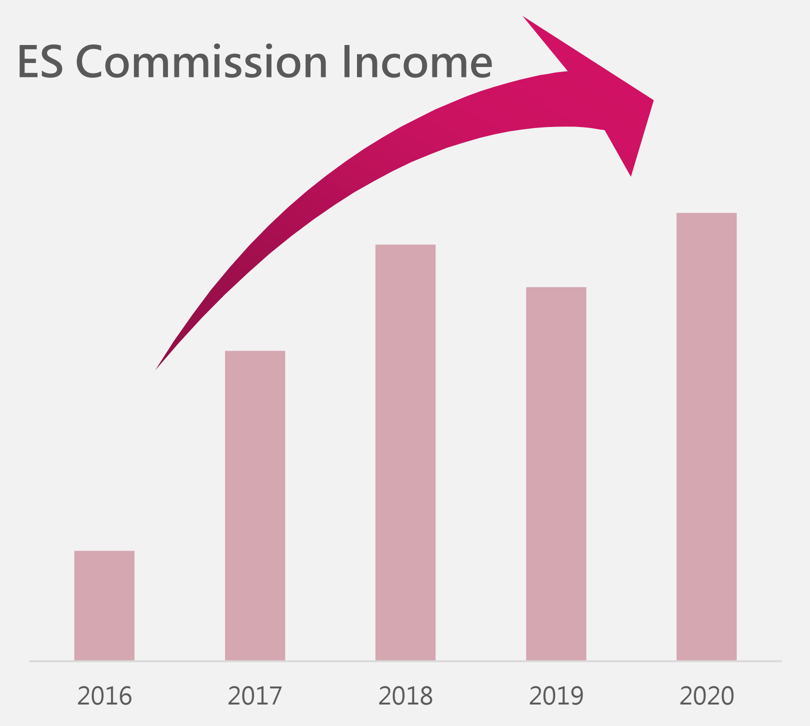
## Enhanced E-Service

- ✔ **MyShip business**
  - -Own platform share up
  - -No. 4 in no. of packages!
- ✔ **Quick Collection Service**
  Pickup at home; capacity still growing
- ✔ **Cold Chain Pickup**
  A second growth curve
- ✔ **Local Collaboration**
  Help physical retailers pivot to online


## New Collection Options

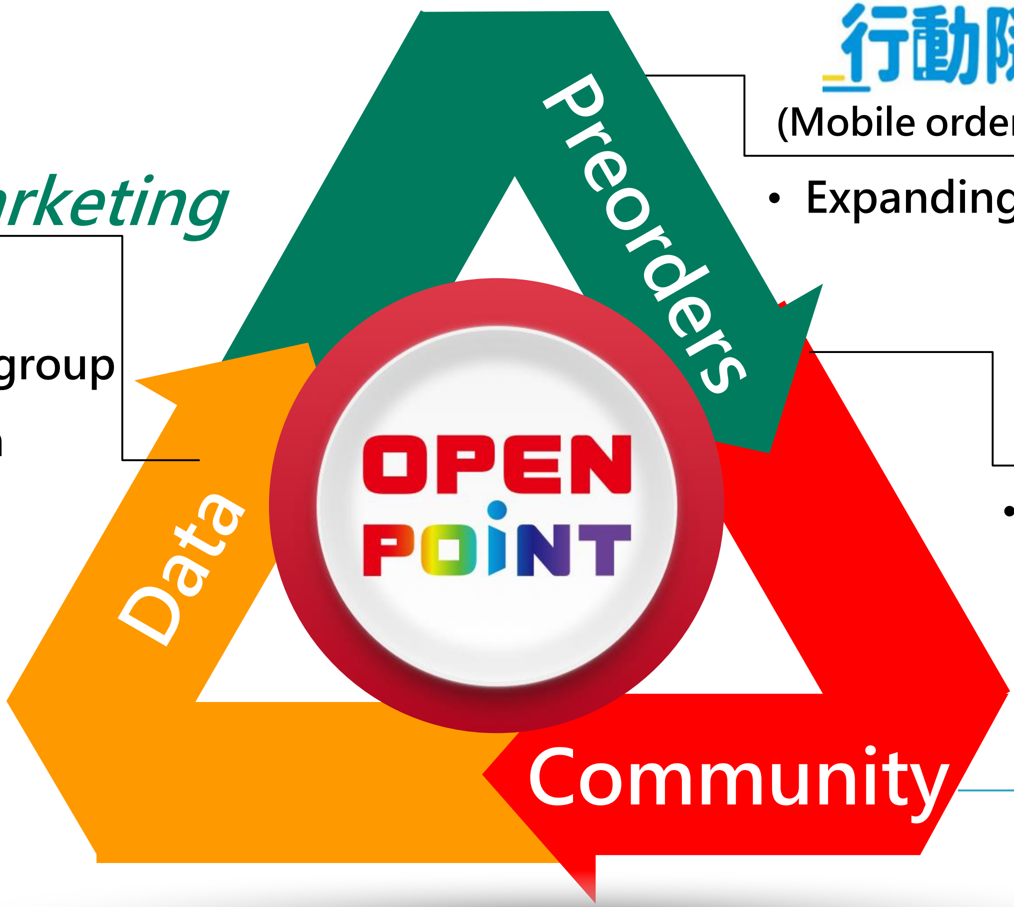
- ✔ **Collection/Payments Platform**
  Migrant worker remittances/loan collection
- ✔ **Mask/Stimulus Voucher Preorders**
  New opportunities during the pandemic


| ES transactions/yr | Collection transactions/yr |
|---|---|
| 200-300M | 300-400M |
| YOY+ 15~20% | YOY +5~10% |



# A High-Quality Comprehensive Digital Service Platform

## Building up the OpenPoint Ecosystem in 2021




### *Precision Marketing*

- Membership tiers
- Integration across group
- Data value creation

OPEN POINT 行動隨時取

(Mobile ordering and pickup)

- Expanding to key products

i預購

(i-Preorder)

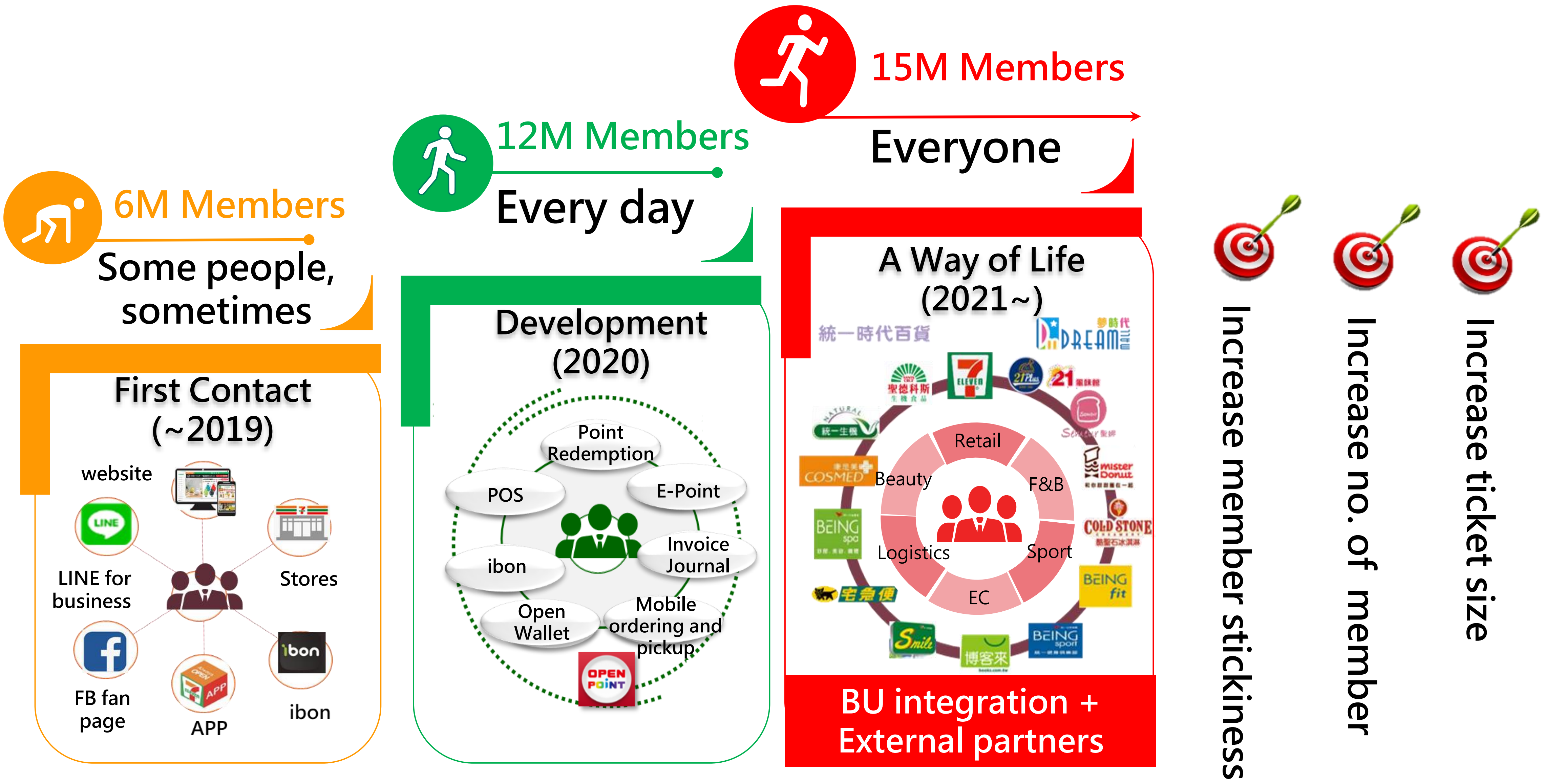
- convenient store on e-commerce

Holiday dishes, appliances, consumer electronics, etc.

### *Upgraded Features*

- Store communities
- “+1” ordering

# Building the OpenPoint Ecosystem



# Innovative Technologies for the Future

## Intelligent Vending Machine


- Multiple temperature zones allow diverse product stock
- IoT network for precise control

## Intelligent Coffee Vending Machine


- New opportunity to generate sales outside of stores
- Diverse payment methods for a variety of locations

## Self-Checkout Counter

- QR code + contactless technology for accuracy
- Quick, easy, efficient

# 7-Eleven Philippines: Ready for the New Normal

## High-Quality Expansion

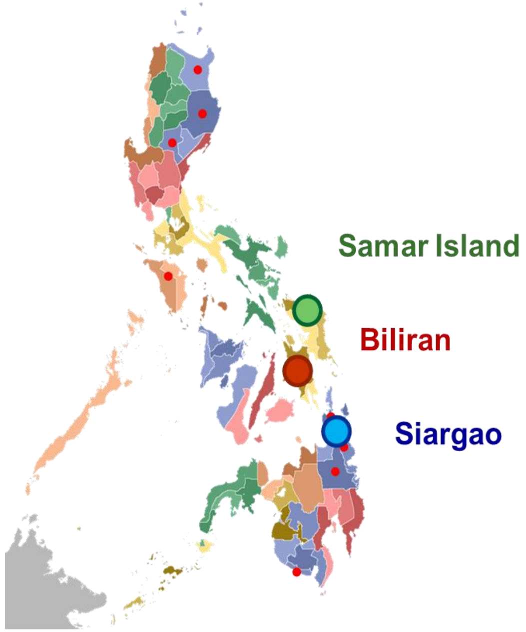
- Market share leader for convenience store segment; 2,978 stores in 2020, continued expansion in 2021
- Franchise program improvements and stable franchise ratio

## Flexible Operations

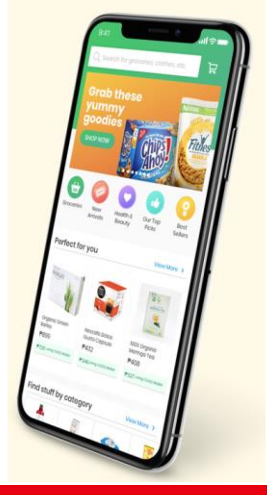
- More daily necessity and grocery products; flexible shelving & pricing strategies
- Continue to develop differentiated product categories, and strengthen fresh food and coffee brands
- Expand delivery service

## Digital Development and New Services

- Keep up with customer trends to provide more comprehensive and convenient service
- Develop e-commerce platform and ATM services etc.
- CliQQ Wallet user base growing





# Sustainable Company for Customers, Society, and Environment

## Rigorous Supplier Management for Food Safety

Quality inspection lab est. 2012; full source tracing to ensure food safety

## Plastics and Packaging Reduction Programs

Prioritization of packaging with less plastic and biodegradable plastics; eliminated plastic straws and used sip lids in 2019

## Charity Platform for Disadvantaged Groups and Global Issues

Meal deliveries for disadvantaged elderly on weekends; care for seniors with dementia; community health stations

## i-Love Food program for Food Waste Reduction

i珍食 LOVE FOOD

Goal to reduce food waste by half by 2030

**2 years running**
**Dow Jones Sustainability Indices (DJSI World and DJSI Emerging market Index)**

**First Honor**
**2020 DJSI Industry Leader of Food and Staples Retailing**

**First Honor**
**Enterprise Asia Responsible Enterprise Award**

**FTSE4Good Emerging Markets Index; MSCI ESG Leaders Indexes and Global SRI Indexes; TWSE Corporate Governance 100 Index; FTSE4Good TIP Taiwan ESG Index; Top 5% in Taiwan Corporate Governance Evaluation System**

# The end