

President Chain Store

2912TT



Group Overview

Dominant Brand Image

- The first store was opened in 1980 as the 1st CVS in Taiwan.
- The largest CVS operators in Taiwan with 50% market share ,85% franchise ratio and 4803 store network.
- Permanent 7-Eleven licensee in Taiwan, and ranked No.4 of the world's 7-Eleven network.

Leverage Extensive Network

- **Strengthen “real” retail platform:**
Focus on “Food store” concept and increase private label product offerings



- **Establish “virtual” 2nd floor:**
Ticketing services through “ibon”
Online shopping website “7nET”



Full-Range Service in Asia

- **7006 store network in Taiwan, Philippine, China, Vietnam**
Domestic: Retail, Logistic, F&B
Overseas: CVS (Philippine 7-Eleven, Shanghai 7-Eleven)
F&B (Shanghai F&B Platform)
Super & Hypermarket (China, Vietnam)

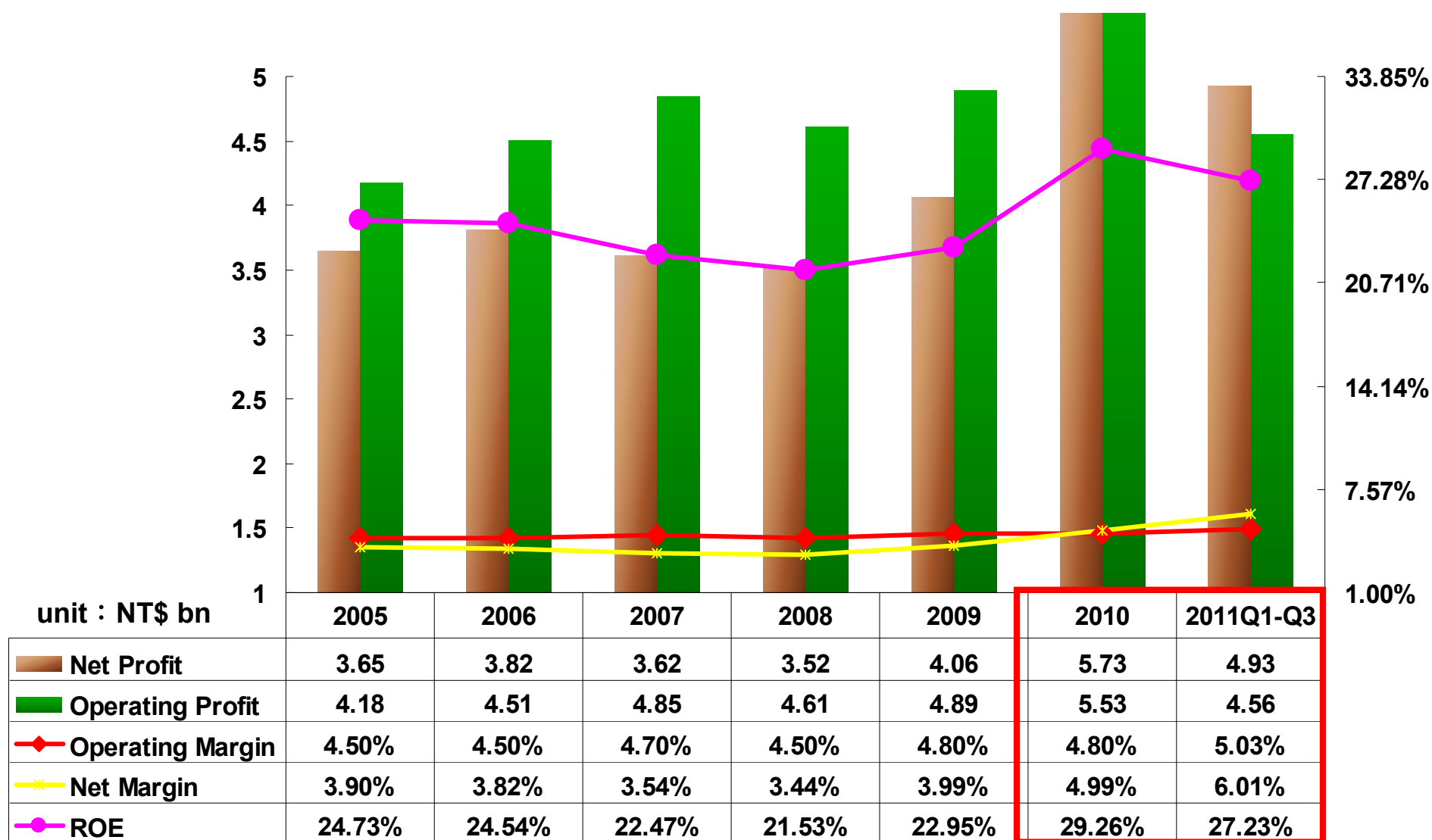
2011Q1-Q3 Results

Parent Income Statement

Unit:\$NT'million

	<u>2010FY</u>		<u>YOY</u>	<u>2011Q1-Q3</u>		<u>YOY</u>
	<u>Amount</u>	<u>%</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>%</u>
Net sales	111,074	96.9%	12.9%	87,815	96.8%	5.7%
Other operating revenue	3,590	3.1%	6.4%	2,917	3.2%	8.2%
Total operating revenue	114,664	100.0%	12.7%	90,732	100.0%	6.1%
Gross profit	35,923	31.3%	9.0%	28,478	31.4%	6.5%
Operating expenses	(30,395)	-26.5%	8.3%	(23,915)	-26.4%	5.8%
Operating income	5,527	4.8%	13.0%	4,562	5.0%	10.5%
Non-operating income	1,102	1.0%	increase 1352	1,748	1.9%	17.6%
Income before taxes	6,629	5.8%	42.7%	6,310	7.0%	12.4%
Income tax expense	903	0.8%	54.4%	854	0.9%	23.8%
Net Income	\$5,726	5.0%	41.1%	\$5,456	6.0%	10.8%
Earnings per share	(pre-tax)	(after tax)		(pre-tax)	(after tax)	
Net income (unit:\$NTD)	<u>6.38</u>	<u>5.51</u>		<u>6.07</u>	<u>5.25</u>	

Profitability Trend



Two Engines for Growth: 7-11 Taiwan and Subsidiaries

NI grows 11% in 2011Q1-Q3

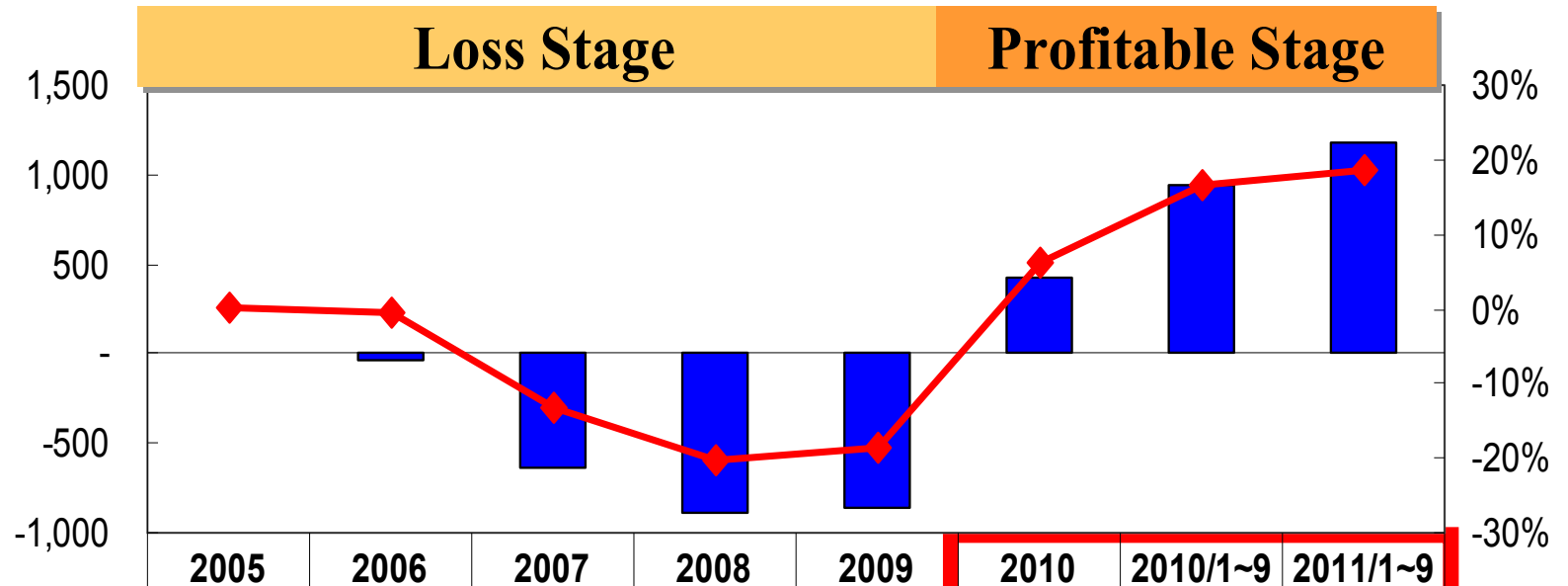
Solid growth from Taiwan 7-11

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

Positive contribution from Subsidiaries

- ✓ 11 subsidiaries' NI over NT\$100m in 2011 first nine months .
- ✓ Strong earning drivers in the near future.

Second Engine for Growth



Investment gain or loss (Million NT \$)	8	-33	-637	-890	-862	419	940	1,176
Profit Contribution(%)	0.17%	-0.66%	-13.25%	-20.31%	-18.55%	6.32%	16.75%	18.64%
Long term Investment (Billion NT \$)	17.7	19.2	19.3	19.8	21.3	20.8	21.5	20.0
To total Assets(%)	52.52%	53.00%	45.21%	42.11%	43.56%	42.11%	41.35%	39.29%

Business Scope

Taiwan 7-11

Retail

- Cosmed (100%)
- Being Spa (100%)
- Smile Gas Station (80.87%)
- President Pharmaceutical (73.74%)
- Hankyu (70%)
- Pet Plus (70%)
- Takkyubin (70%)
- Philippine 7-11(56.59%)
- Muji (Taiwan) (51%)
- Uni-mart Vietnam (51%)
- Book.com (50.03%)
- Rakutan (49%)

China

- Shanghai 7-11 (100%)
- Shanghai Cold Stone (100%)
- Wuhan Oven Bakery (100%)
- Sichuan Uni-Mart (100%)
- Sato(Shanghai) (81%)
- Shandong Uni-Mart (55%)
- Shanghai Afternoon Tea (51%)
- Royal Host (51%)
- Shanghai Mister Donuts (50%)
- Shanghai Starbucks (30%)

Support

- Capital Inventory (100%)
- Tokyo Marketing (100%)
- Musashino (90%)
- Q-Ware (86.76%)
- President Information (56%)
- Bank Pro E-Service (53.33%)

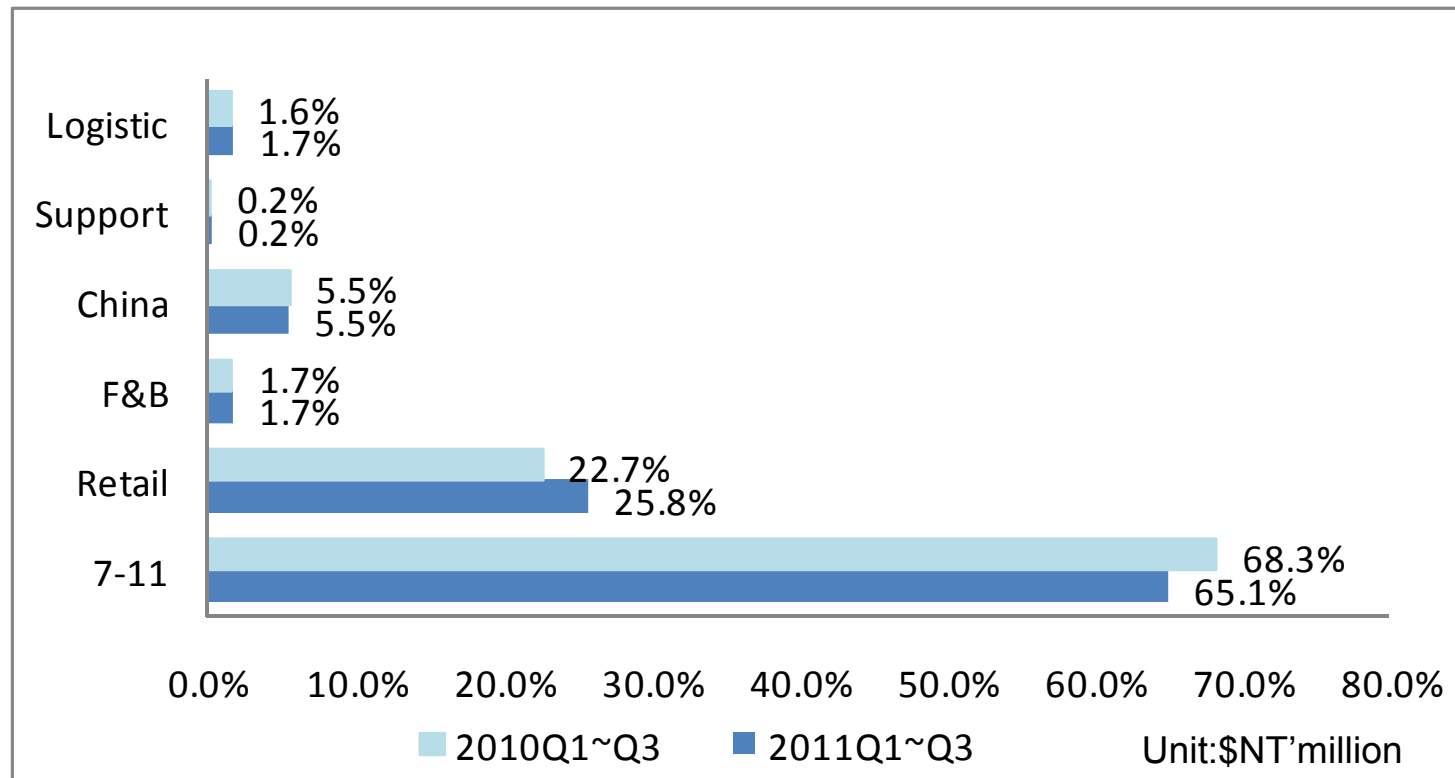
Logistic

- Retail Support (25%)
- Cold-Chain (60%)
- Wisdom (100%)

F&B

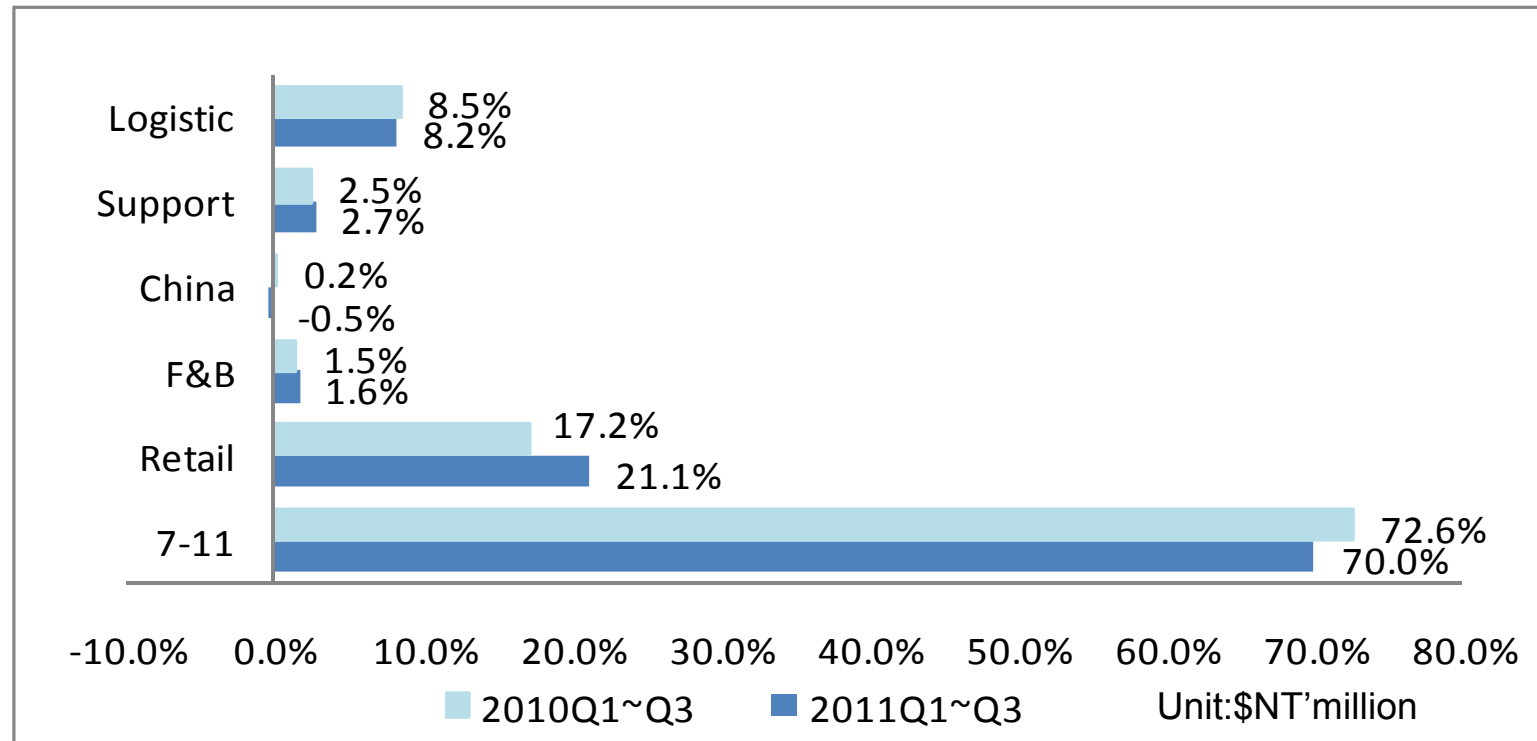
- 21 Century (100%)
- Oven Bakery (100%)
- Cold Stone (100%)
- Sato (81%)
- Afternoon Tea (51%)
- Mister Donut (50%)
- Starbucks (30%)

Consolidated Sales Contribution



	7-11	Retail	F&B	China	Support	Logistic
2011Q1~Q3	90,401	35,861	2,343	7,593	345	2,416
2010Q1~Q3	85,280	28,319	2,070	6,911	240	2,011

Consolidated Net Profit Contribution



	7-11	Retail	F&B	China	Support	Logistic	Elimination
2011Q1~Q3	5,221	1,573	120.04	(38.54)	198.96	611.61	(228.92)
2010Q1~Q3	4,794	1,133	99.87	13.87	165.10	563.28	(164.12)

Taiwan Major Subsidiaries

Unit: \$NT'm

Retail

Cosmed Taiwan

(100%)



Stores: 347

NI: 10'FY: 297 11'Q3: 247
09'FY: 166 10'Q3: 208

MUJI Taiwan

(51%)



Stores: 22

NI: 10'FY: 160 11'Q3: 145
09'FY: 105 10'Q3: 106

Hankyu Dept. Taiwan

(70%)



Stores: 2

NI: 10'FY: -240 11'Q3: -85
09'FY: -352 10'Q3: -259

President Pharmaceutical

(73.74%)



NI: 10'FY: 167 11'Q3: 199
09'FY: 90 10'Q3: 127

F&B

Starbucks Taiwan

(30%)



Stores: 248

NI: 10'FY: 329 11'Q3: 340
09'FY: 111 10'Q3: 251

Afternoon Tea

(51%)



Stores: 9

NI: 10'FY: -35 11'Q3: -14
09'FY: -34 10'Q3: -17

Mister Donut

(50%)



Stores: 49

NI: 10'FY: 2 11'Q3: 13
09'FY: -109 10'Q3: -3

Cold Stone

(100%)



Stores: 31

NI: 10'FY: 32 11'Q3: 24
09'FY: -12 10'Q3: 26

Retail (E-Commerce)

Books.com

(50.03%)



NI: 10'FY: 189 11'Q3: 179
09'FY: 123 10'Q3: 154

Rakuten

(49%)



NI: 10'FY: -112 11'Q3: -18
09'FY: -207 10'Q3: -104

China Major Subsidiaries

Unit: \$NT'm

Retail

Shanghai 7-11

(100%)



Stores: 82

NI: 10'FY:-162 11'Q3:-202

09'FY:-89 10'Q3:-102

Drugstore

Shenzhen Cosmed

(65%)



Stores: 7

NI: 10'FY:-35 11'Q3:-16

09'FY:-86 10'Q3:-19

F&B

Starbucks

(30%)



Stores: 220

NI:10'FY:387 11'Q3:487

09'FY:229 10'Q3:269

Afternoon Tea

(51%)



Stores: 3

NI:10'FY:-42 11'Q3:-37

09'FY:-73 10'Q3:-30

Mister Donut

(50%)



Stores: 16

NI:10'FY:-55 11'Q3:-37

09'FY:-55 10'Q3:-40

Cold Stone

(100%)



Stores: 47

NI: 10'FY:-52 11'Q3:-13

09'FY:-115 10'Q3:-31

Supermarket & Hypermarket

Sichuan Uni-mart

Hypermarket (100%)

Stores: 5



NI: 10'FY:-23 11'Q3:-25

09'FY:-103 10'Q3:-16

Shandong Uni-mart

Supermarket (55%)

Stores: 162

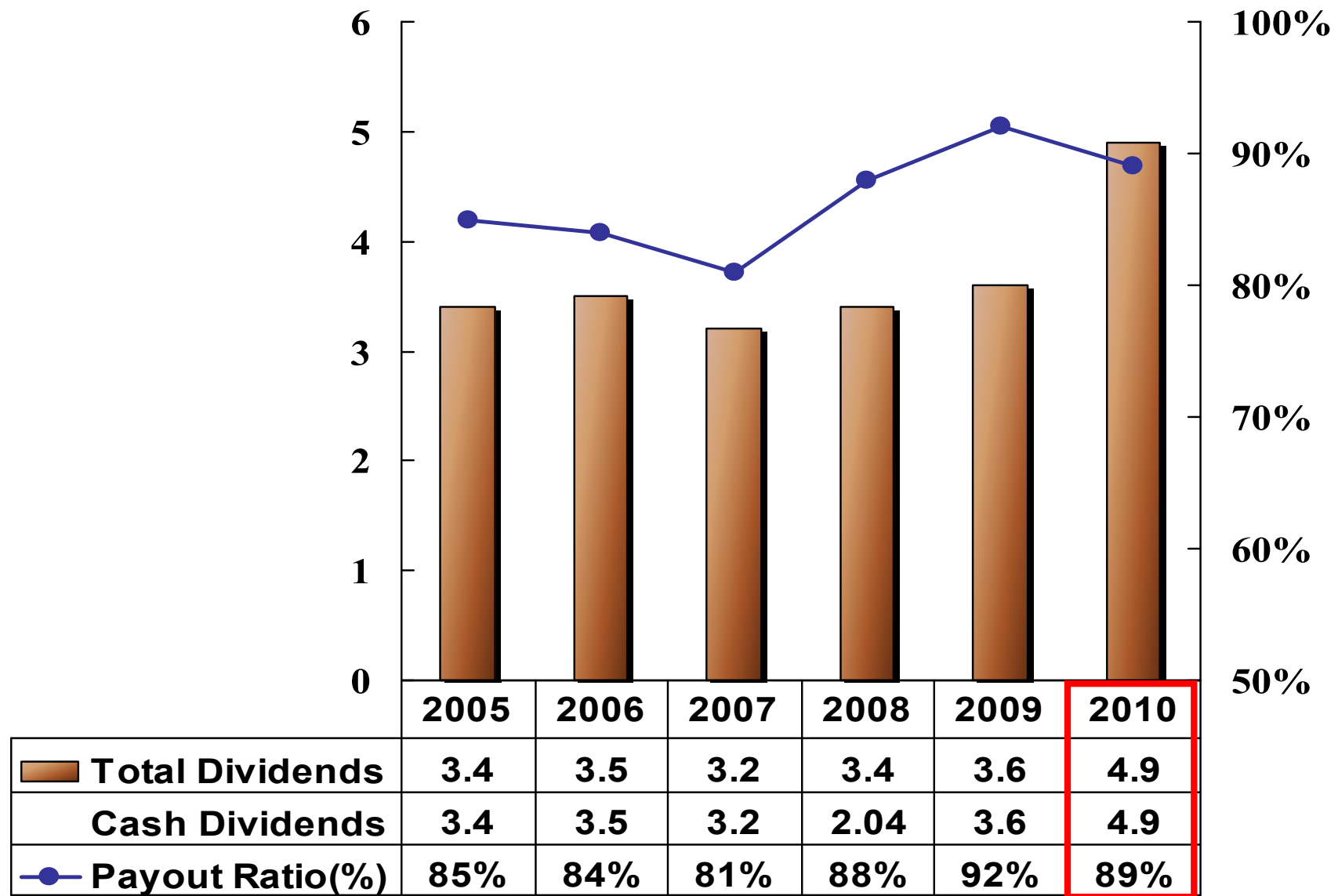


NI:10'FY:157 11'Q3:118

09'FY:163 10'Q3:144

Dividend Policy

Dividend Trend



Long-term Strategies

Operational Strategy

New Store Format

- Bigger stores account for 45% by the end of 2011, and will keep expanding in the future.
- Focus on “Food store” concept .



Operational Strategy

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.



Operational Strategy

Strengthen Real-virtual Retail Platform



Rakuten
Store Opening Platform



Books.com
Online Book Store



Online shopping website
for daily necessity

ibon
Over 4700 ibons
Provide 10,000
services

WiFi
Over 4600 stores
Provide WiFi

App
500,000 downloads



Real Stores

4803 Stores
3000 Sku
Complete logistic
support

Operational Strategy 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.

The collage displays various promotional materials for 7-Eleven:

- Top Left:** A large coupon sheet titled "集滿10點" (Collect 10 points) with multiple sections offering discounts on food, beverages, and other products.
- Top Right:** Another coupon sheet titled "集滿10點可任選下列7商品買一送一" (Collect 10 points to choose from 7 products, buy one get one free), featuring a grid of product images.
- Bottom Left:** A coupon sheet titled "集滿10點可任選下列7商品免費兌換" (Collect 10 points to choose from 7 products for free exchange), showing various items available for redemption.
- Bottom Center:** A colorful calendar-style promotion for "OPEN YOUR DREAM 耳機公仔" (Headphone公仔), featuring a grid of dates and cartoon characters.
- Bottom Right:** A screenshot of the 7-Eleven Facebook page, showing the profile, cover photo, and a recent post about a promotion.
- Bottom Far Right:** A screenshot of a blog post from the 7-Eleven website, titled "OPEN! 最後催告!!台北版急OPEN!PLAZA週年慶進入倒數~現在單筆消費500元就「送魔法萬用水貼紙一份」!!", detailing a special anniversary promotion.

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
 - expand boundaries
 - intensify franchisingTarget: 1000 stores in 2013.
- ☐ Cost controls

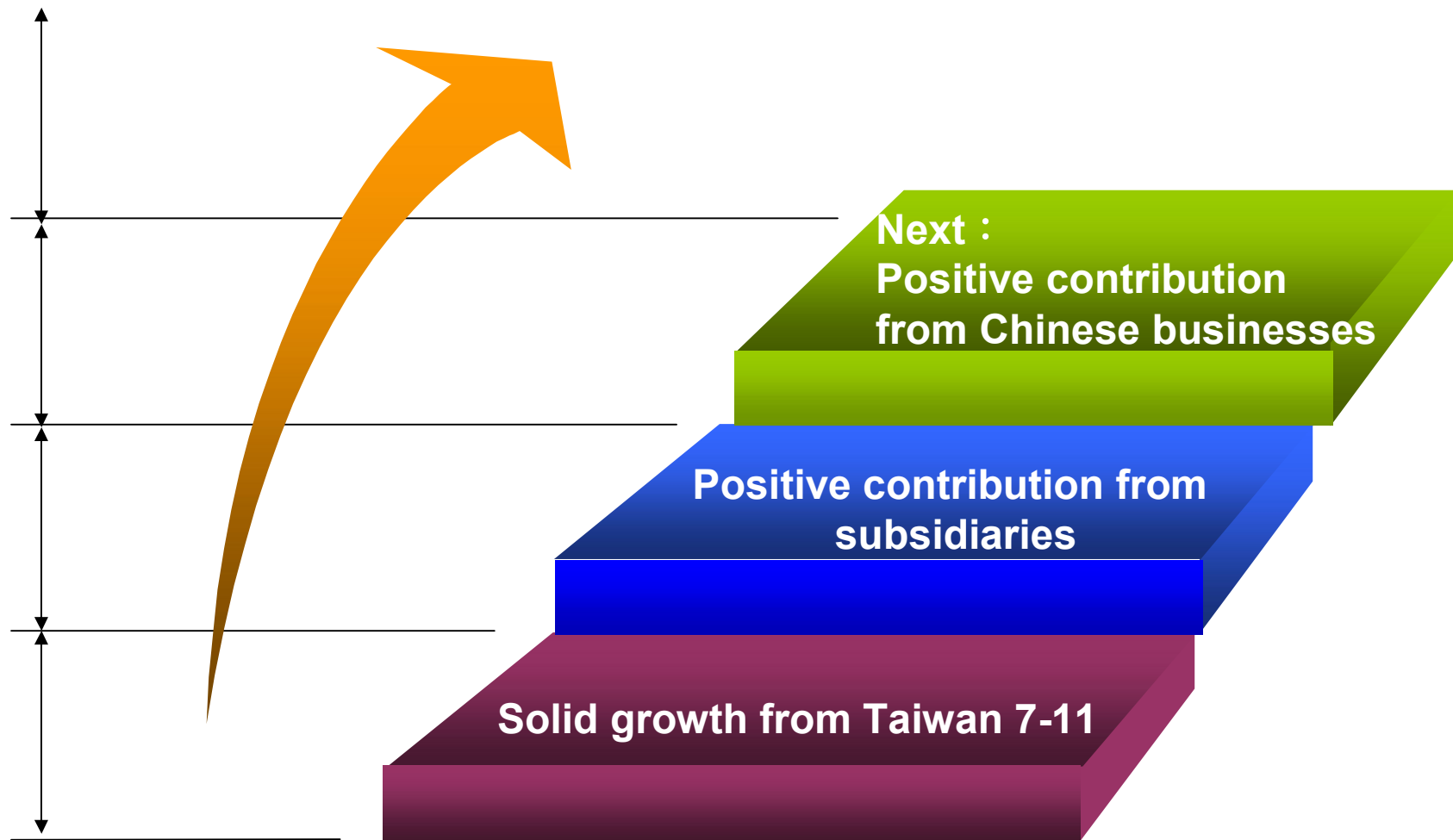
China-Aiming for becoming regional leading brands

602 stores in China, 405 in East China.

- ☐ Shanghai 7-11 :
aggressive roll-out plan and product mix differentiation.
- ☐ F&B businesses :
develop existing brands
- ☐ Supermarket : entering new markets and differentiation.

Key to Continued growth

Focus, Execution



Appendix

Parent Balance Sheet

Unit:\$NT'million

	<u>At the end of 2010</u>		<u>At the end of 2011Q3</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets				
Cash, equivalents & ST investment	4,626	9%	13,575	28%
Receivable-net	9,060	18%	1,545	3%
Inventories	2,931	6%	3,121	6%
Other current assets	1,702	3%	273	1%
Total current assets	18,319	37%	18,514	38%
Available-for-sale financial assets	1,534	3%	944	2%
LT investments (Equity method)	10,603	22%	10,906	22%
LT investments (Cost method)	8,613	17%	8,285	17%
Total LT investments	20,750	42%	20,135	41%
Total fixed assets	7,765	16%	8,284	17%
Total other assets	2,267	5%	2,408	5%
Total assets	\$49,272	100%	\$49,341	100%

Parent Balance Sheet

Unit:\$NT'million

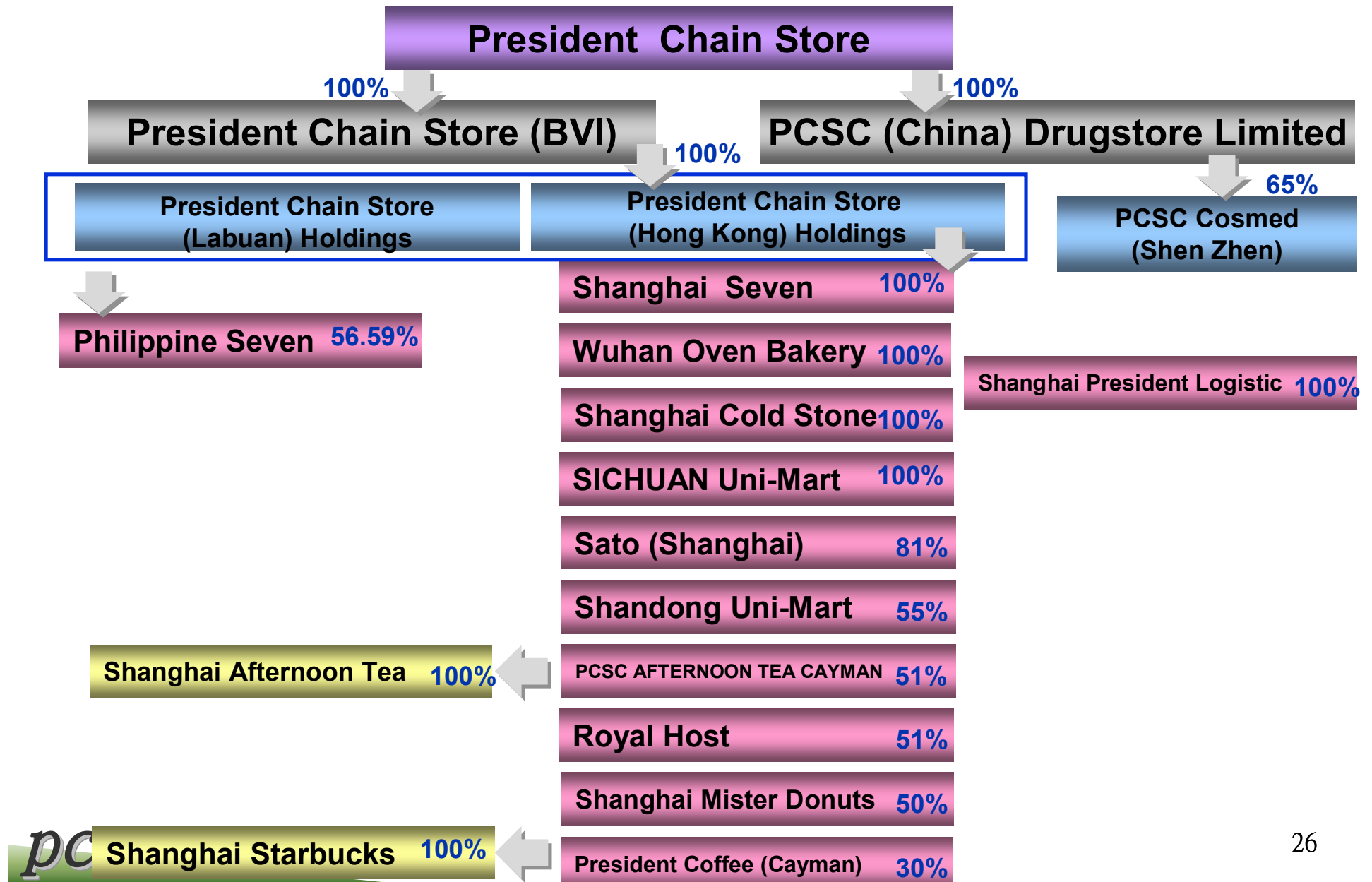
	<u>At the end of 2010</u>		<u>At the end of 2011Q3</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Liability				
Notes /Accounts Payable	9,857	20%	11,552	23%
Accrued expenses	2,537	5%	2,684	5%
Advance receipts	1,782	4%	2,026	4%
Income taxes payable	792	2%	365	1%
Others	6,524	13%	6,274	13%
Total current liabilities	21,492	44%	22,901	46%
Total long-term liabilities	5,000	10%	4,000	8%
Other Liabilities	2,567	5%	2,579	5%
Total liabilities	29,060	59%	29,480	60%
Shareholders' equity				
Capital	10,396	21%	10,396	21%
Retained earnings	9,804	20%	10,166	21%
Others	12	0%	(701)	-1%
Total shareholders' equity	20,212	41%	19,861	40%
Liabilities and shareholders' equity	\$49,272	100%	\$49,341	100%

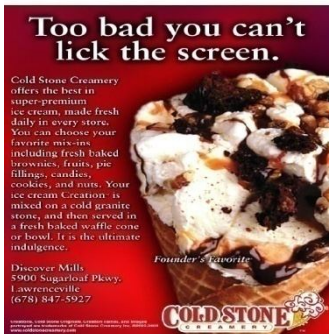
Parent Statement of Cash Flow

Unit:\$NT'million

	<u>2010FY</u>	<u>2011Q1-Q3</u>
Cash flows from operating activities	7,462	12,983
Cash flows from investing activities	(2,263)	(2,315)
Cash flows from financing activities	(5,876)	(6,071)
Net increase (decrease) in cash & equivalents	(677)	4,596
Cash and cash equivalents, beginning of year	5,304	4,626
Cash and cash equivalents, end of year	<u>4,626</u>	<u>9,222</u>

Overseas Investment Structure





Q&A