

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)

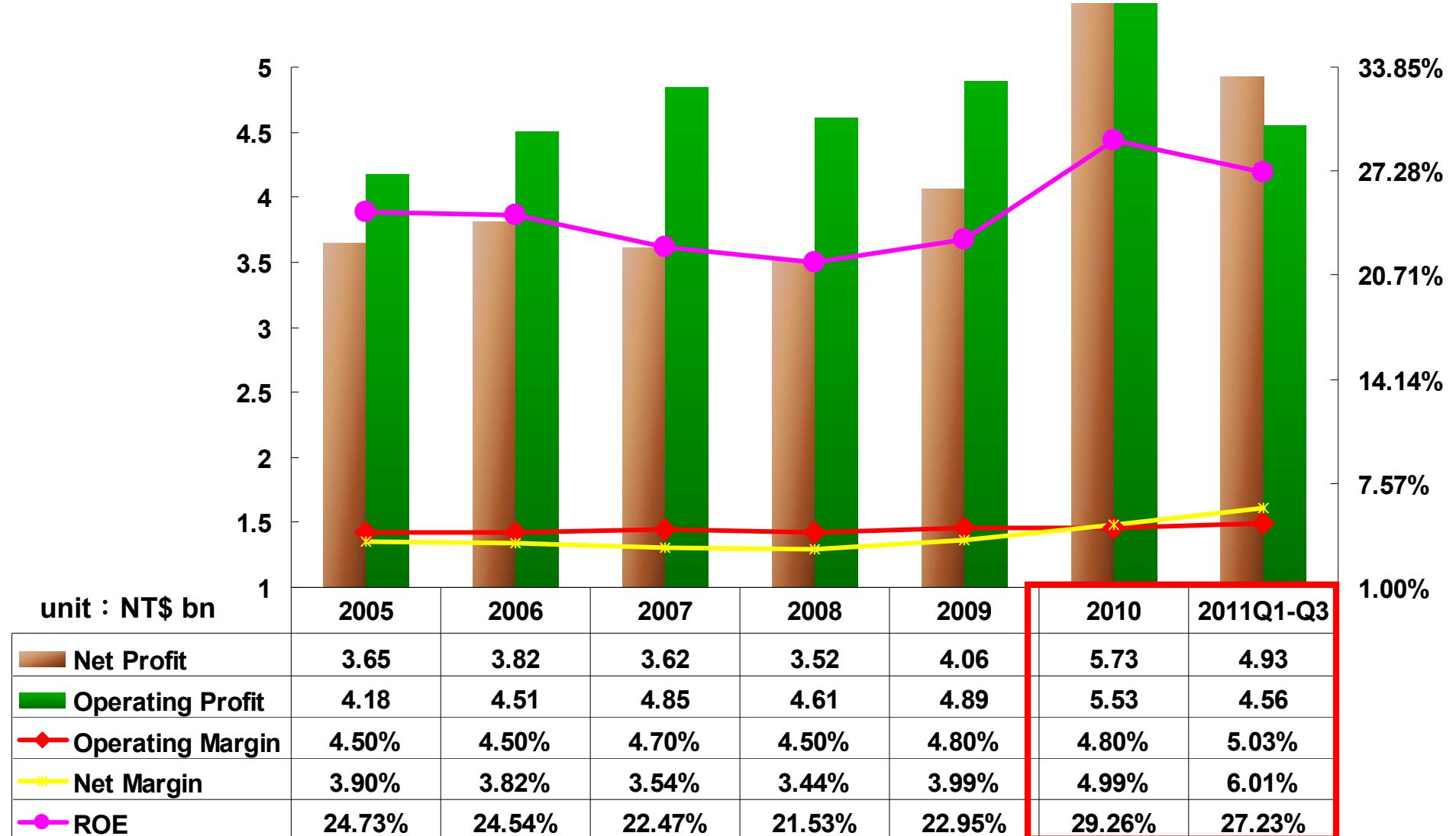
2011Q1-Q3 Results

Parent Income Statement

Unit:\$NT'million

	2010FY		YOY	2011Q1-Q3		YOY
	Amount	%	%	Amount	%	%
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

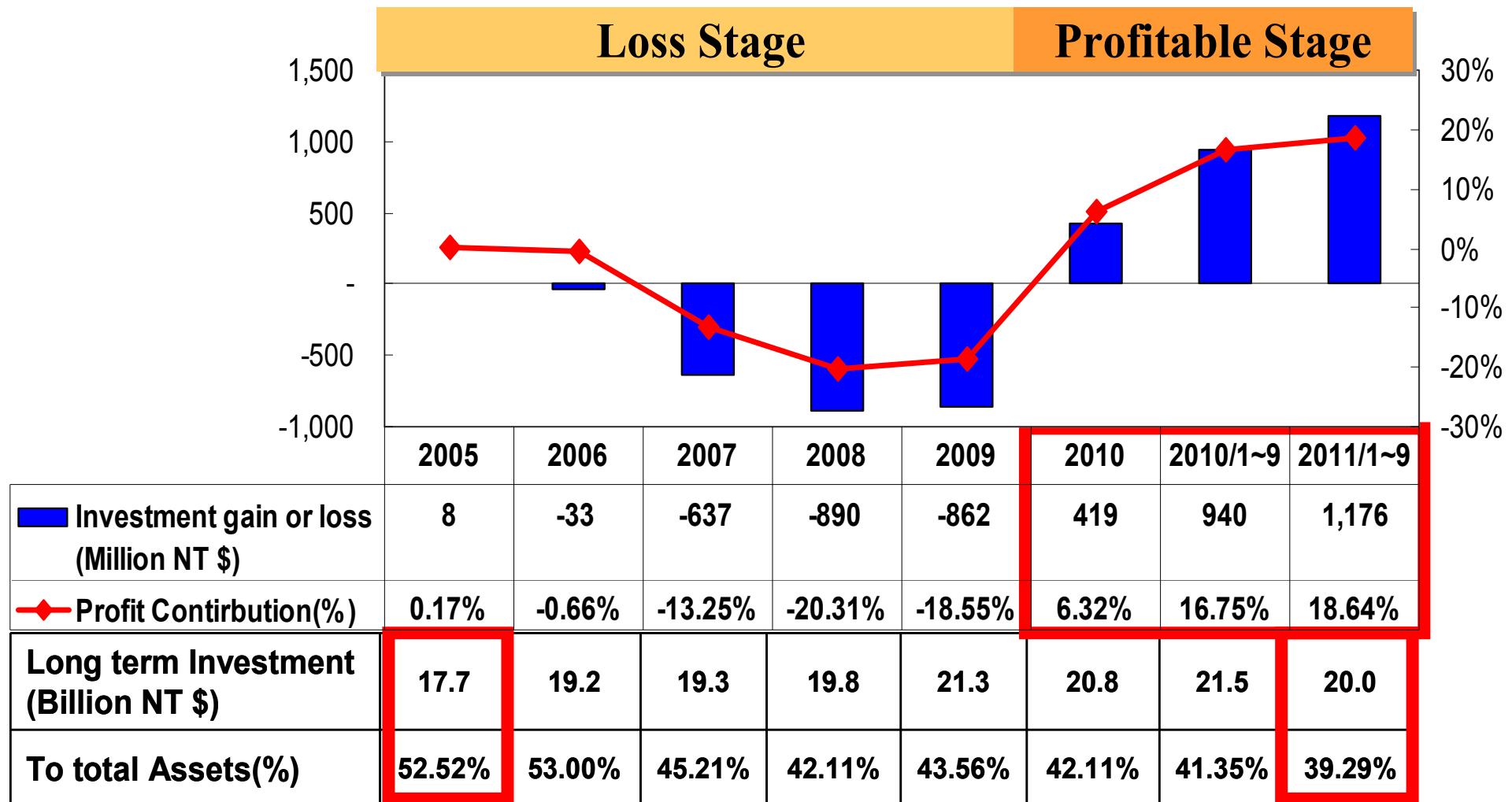
Solid growth from Taiwan 7-11

- ✓ 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



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%)

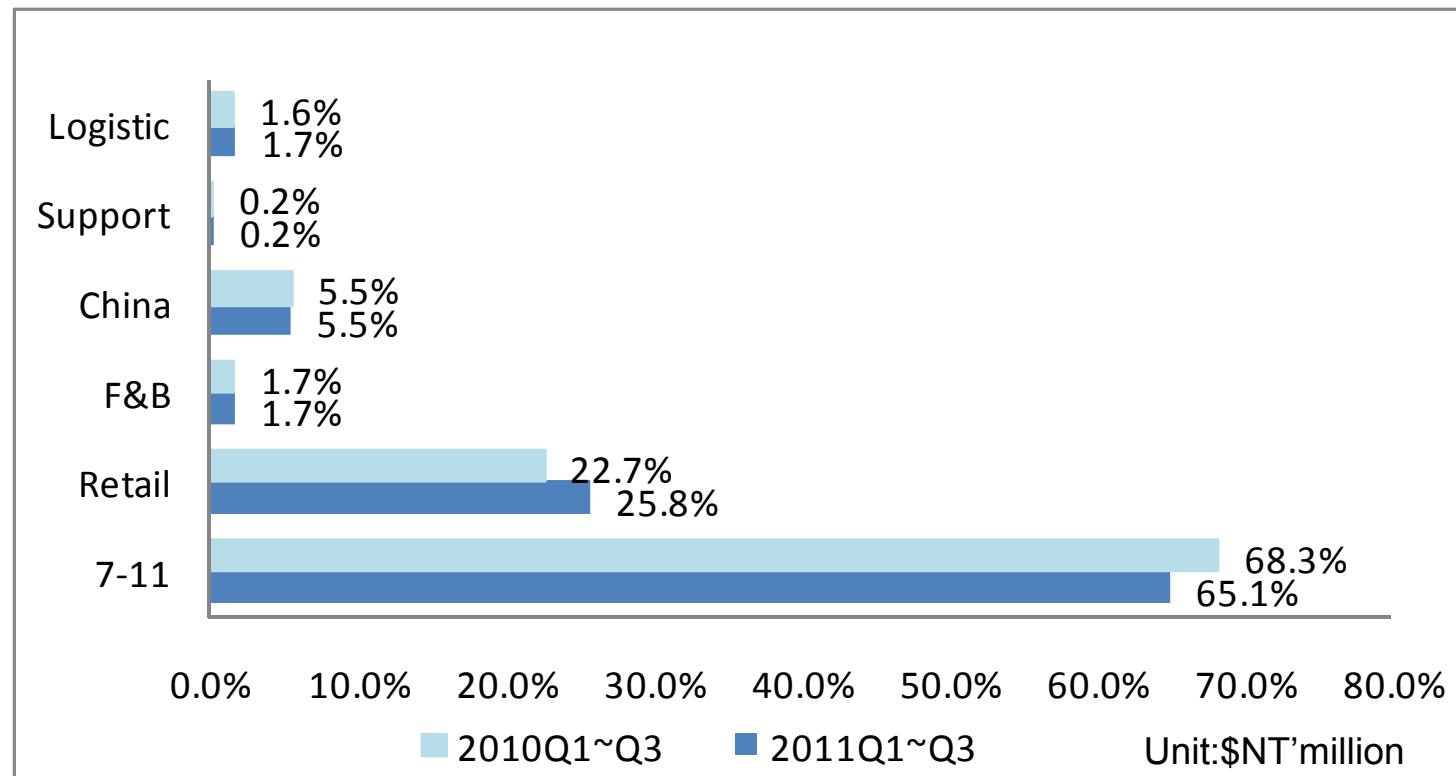
Logistic

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

F&B

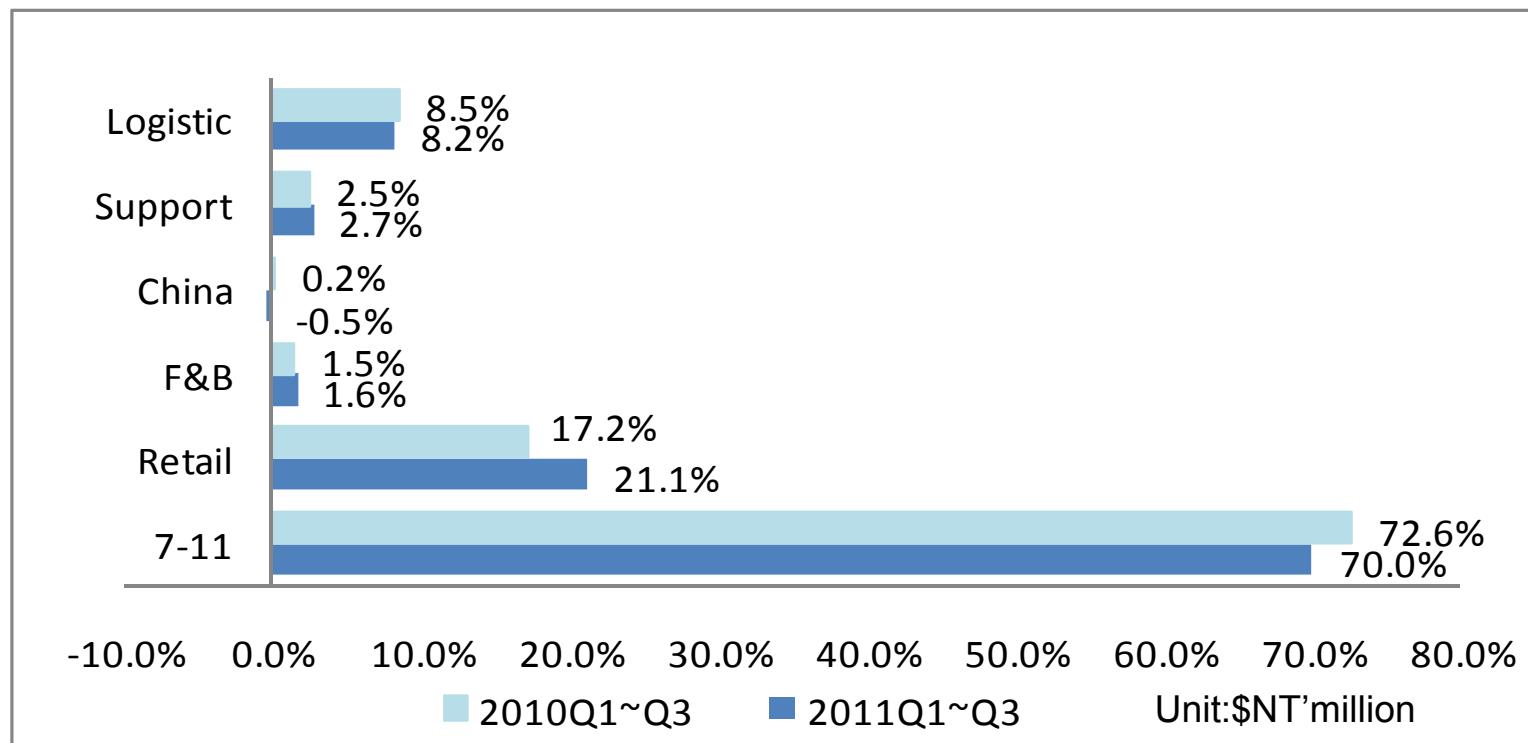
- 21 Century (100%)
- Oven Bakery (100%)
- Cold Stone (100%)
- Sato (81%)
- Afternoon Tea (51%)
- Mister Donut (50%)
- Starbucks (30%)

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



Starbucks

(30%)

Stores: 220

NI: 10'FY:387 11'Q3:487
09'FY:229 10'Q3:269



F&B

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%)

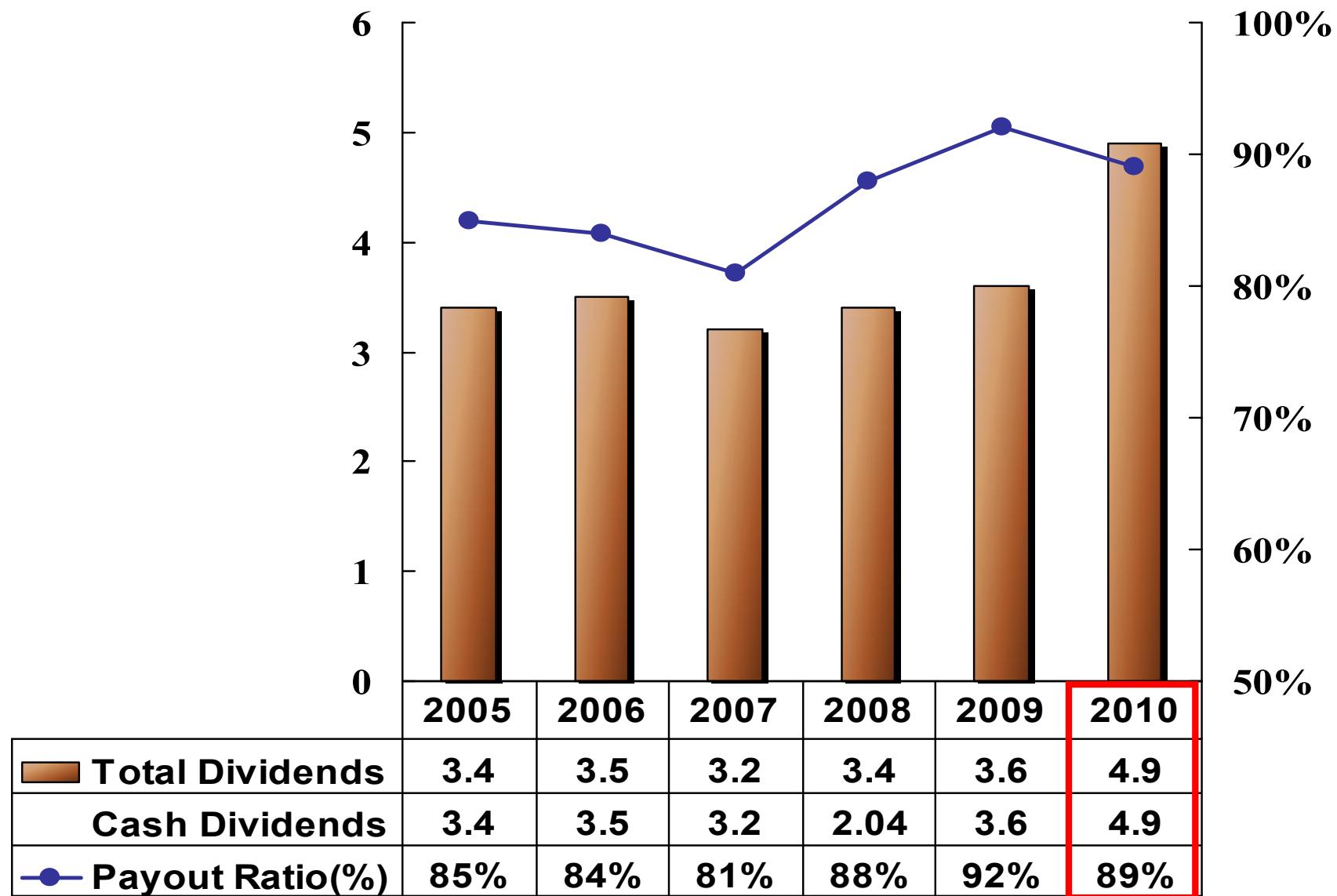
Stores: 162

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



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 includes:

- A top row of three images: 1. A coupon booklet for OPEN! Plaza with various discounts and a QR code. 2. A collection sheet for OPEN! Plaza with a grid of 30 numbered boxes, each containing a small cartoon character. 3. A Facebook page for 7-Eleven Taiwan, showing a post about a promotion.
- A bottom row of two images: 1. A collection sheet for OPEN! Plaza with a grid of 30 numbered boxes, each containing a small cartoon character. 2. A Facebook post for 7-Eleven Taiwan with a photo of a coffee cup and text about a promotion.

Overseas Businesses – Transfer and localize

Philippine 7-11-Aiming for becoming best retailer of convenience for emerging markets.

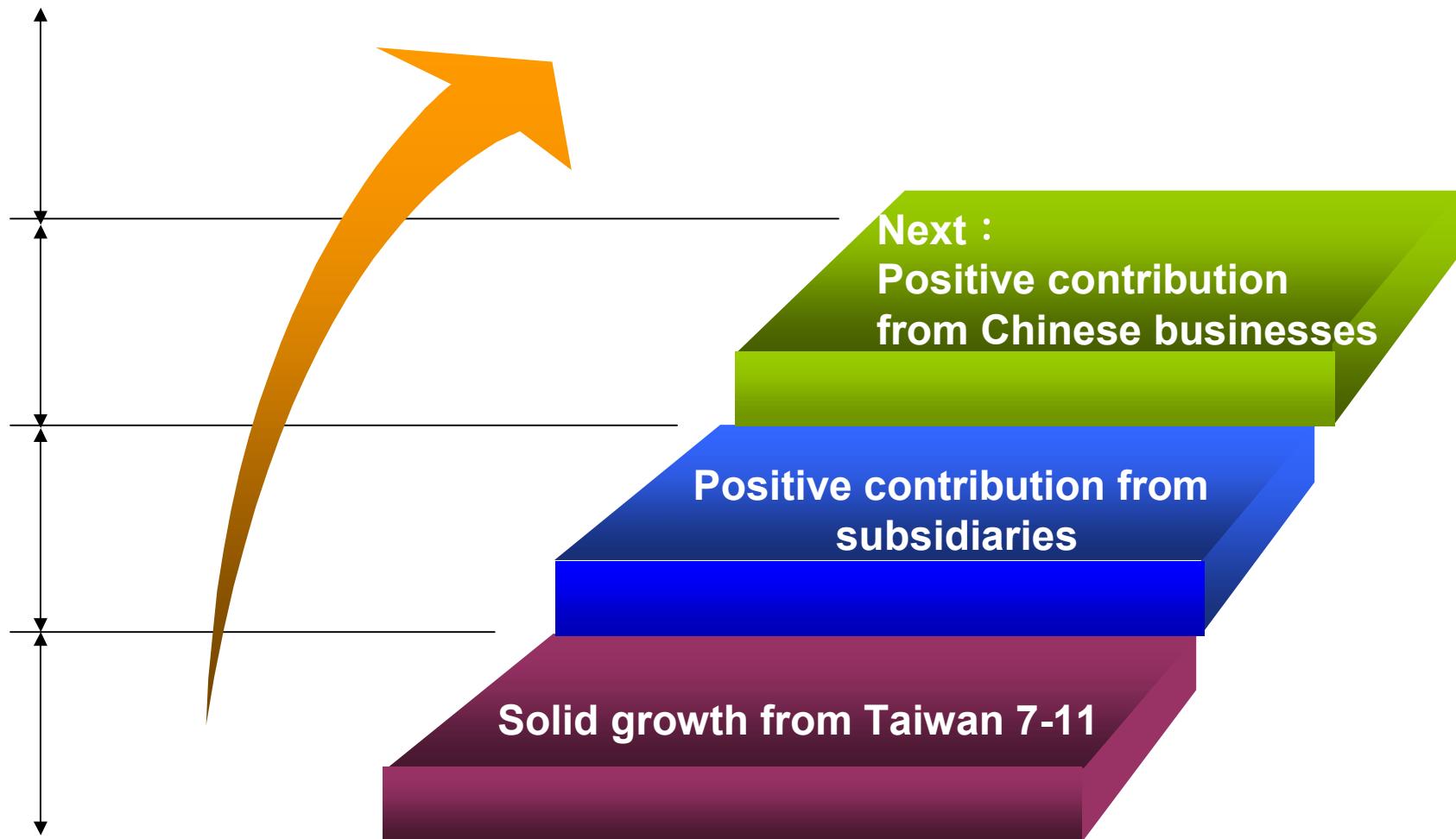
- Enhance PSD through product mix adjustment (Fresh food, general merchandise)
- Market Dominance
 - expand boundaries
 - intensify franchisingTarget:1000 stores in 2013.
- Cost controls

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	<u>18,319</u>	<u>37%</u>	<u>18,514</u>	<u>38%</u>
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	<u>20,750</u>	<u>42%</u>	<u>20,135</u>	<u>41%</u>
Total fixed assets	7,765	16%	8,284	17%
Total other assets	<u>2,267</u>	<u>5%</u>	<u>2,408</u>	<u>5%</u>
Total assets	\$49,272	100%	\$49,341	100%

Parent Balance Sheet

Unit:\$NT'million

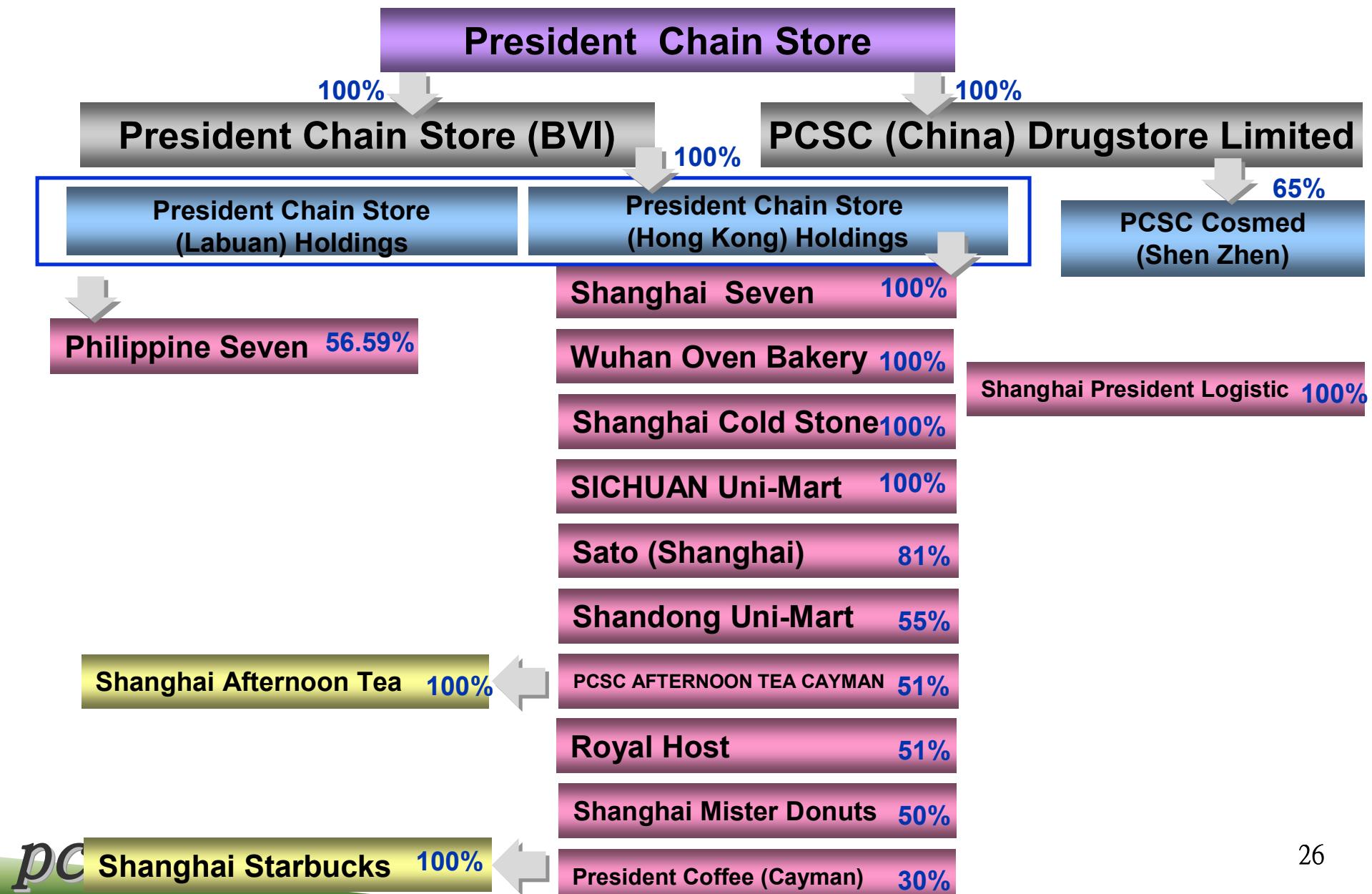
	<u>At the end of 2010</u>		<u>At the end of 2011Q3</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Liability				
Notes /Accounts Payable	9,857	20%	11,552	23%
Accrued expenses	2,537	5%	2,684	5%
Advance receipts	1,782	4%	2,026	4%
Income taxes payable	792	2%	365	1%
Others	6,524	13%	6,274	13%
Total current 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%

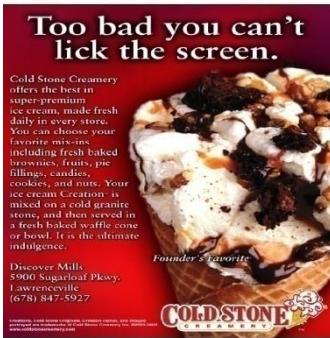
Parent Statement of Cash Flow

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