

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 4820 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)

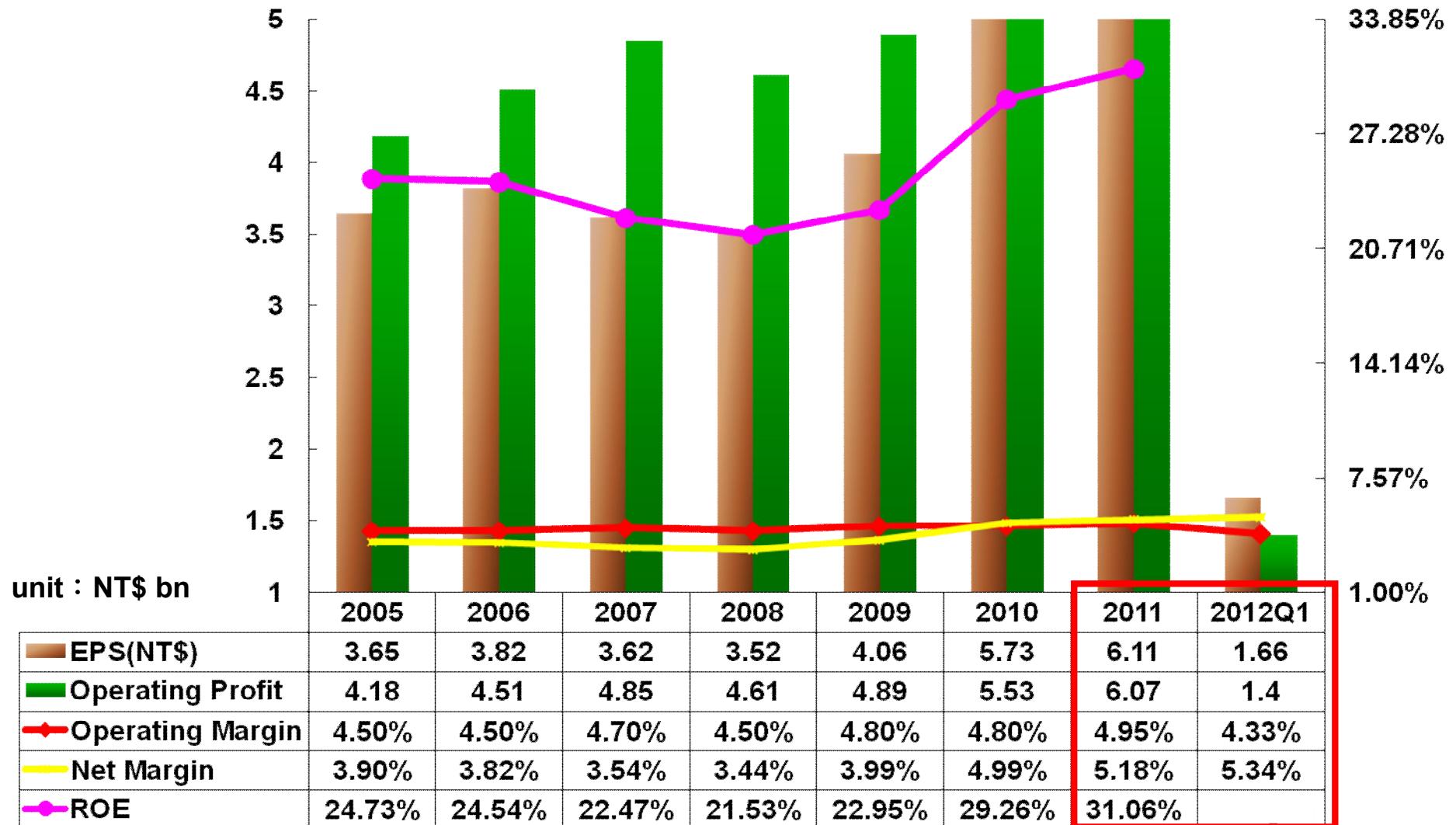
2011FY & 2012Q1 Results

Parent Income Statement

Unit:\$NT'million

	2011FY		YOY	2012Q1		YOY
	Amount	%	%	Amount	%	%
Net sales	118,751	96.8%	6.9%	31,089	96.4%	13.8%
Other operating revenue	3,962	3.2%	10.4%	1,160	3.6%	20.3%
Total operating revenue	122,713	100.0%	7.0%	32,249	100.0%	14.0%
Gross profit	38,275	31.2%	6.5%	9,286	28.8%	3.6%
Operating expenses	(32,200)	-26.2%	5.9%	(7,889)	-24.5%	5.8%
Operating income	6,074	4.9%	9.9%	1,397	4.3%	-7.2%
Non-operating income	1,356	1.1%	23.1%	610	1.9%	14.2%
Income before taxes	7,430	6.1%	12.1%	2,007	6.2%	-1.6%
Income tax expense	1,078	0.9%	19.4%	285	0.9%	-4.7%
Net Income	\$6,352	5.2%	10.9%	\$1,722	5.3%	-1.0%
Earnings per share	(pre-tax)	(after tax)		(pre-tax)	(after tax)	
Net income (unit:\$NTD)	<u>7.15</u>	<u>6.11</u>		<u>1.93</u>	<u>1.66</u>	

Profitability Trend



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%)
- 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%)

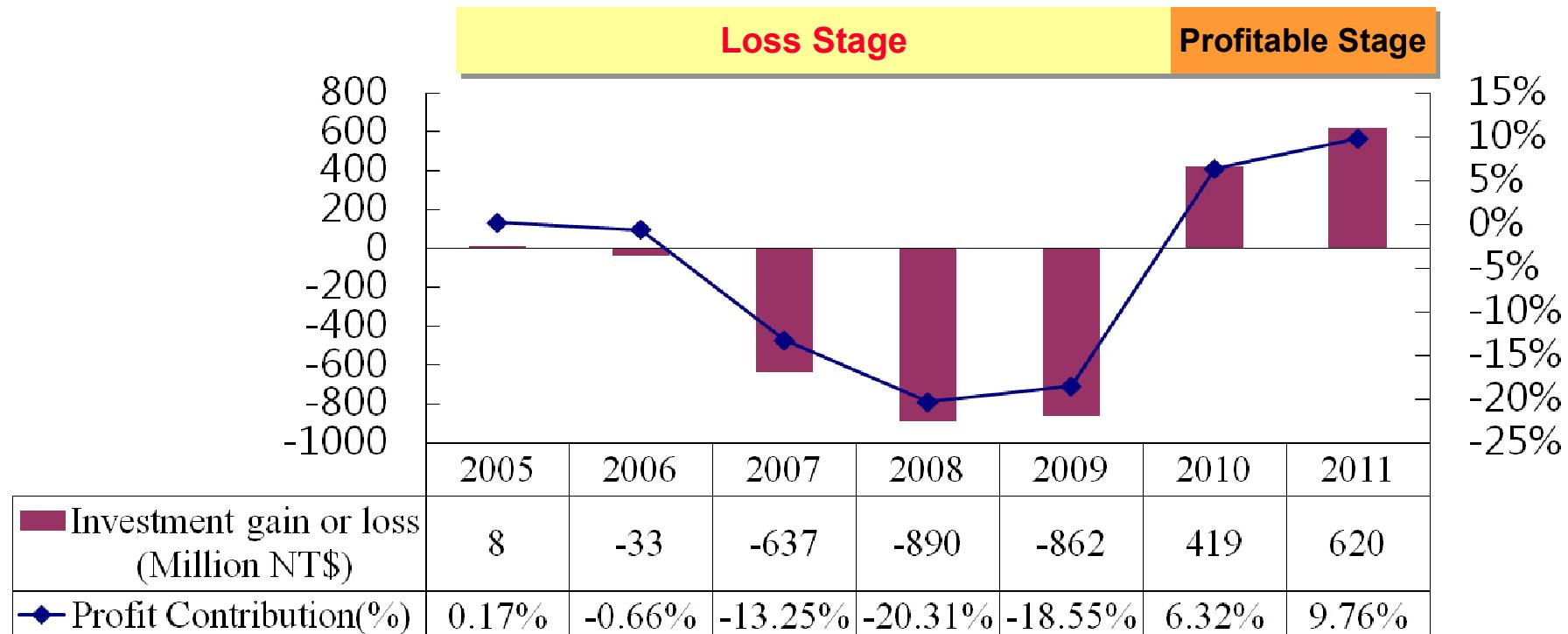
Logistic

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

F&B

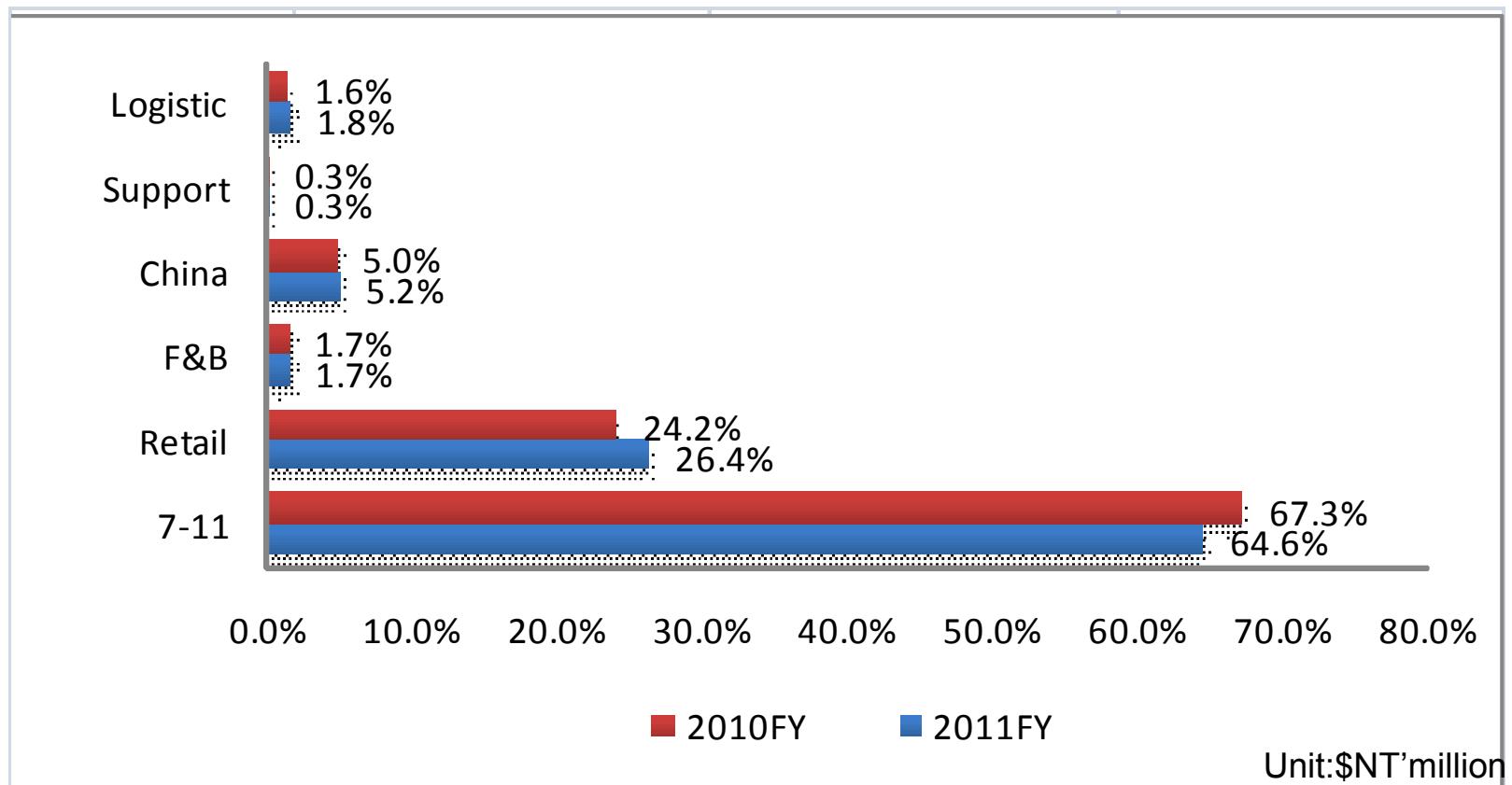
- 21 Century (100%)
- Oven Bakery (100%)
- Cold Stone (100%)
- Sato (81%)
- Afternoon Tea (51%)
- Mister Donut (50%)
- Starbucks (30%)

Long term Investment



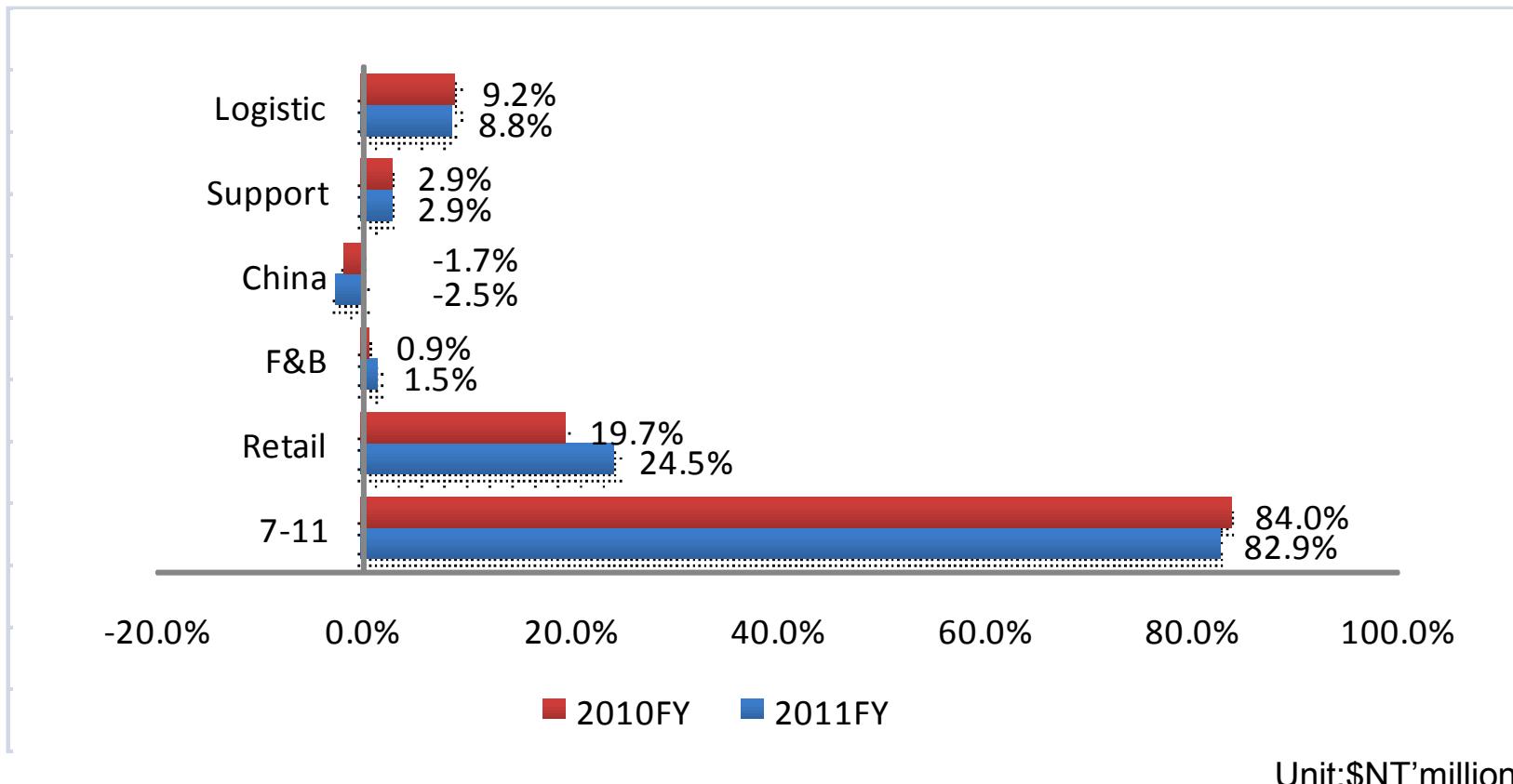
Long term Investment (Billion NT\$)	17.7	19.2	19.3	19.8	21.3	20.8	19.6
To total assets (%)	52.52%	53.00%	45.21%	42.11%	43.56%	42.11%	37.56%

Consolidated Sales Contribution



	7-11	Retail	F&B	China	Support	Logistic
2011FY	122,241	49,978	3,203	9,848	533	3,448
2010FY	14,367	41,058	2,810	8,417	470	2,795

Consolidated Net Profit Contribution



	7-11	Retail	F&B	China	Support	Logistic	Elimination
2011FY	7,430	2,193	136	(227)	263	788	(1,622)
2010FY	6,628	1,555	72	(135)	232	723	(1,186)

Taiwan Major Subsidiaries

Unit: \$NT'm

Retail

Cosmed Taiwan

(100%)

Stores: 358

NI: 12'Q1:27 11'FY:338
11'Q1:72 10'FY:297



MUJI Taiwan

(51%)

Stores: 24

NI: 12'Q1:46 11'FY:206
11'Q1:60 10'FY:160



Hankyu Dept. Taiwan

(70%)

Stores: 2

NI: 12'Q1:-26 11'FY:-137
11'Q1:11 10'FY:-240



President Pharmaceutical

(73.74%)



NI: 12'Q1:88 11'FY:271
11'Q1:63 10'FY:167

F&B

Starbucks Taiwan

(30%)

Stores: 264

NI: 12'Q1:131 11'FY:425
11'Q1:112 10'FY:329



Afternoon Tea

(51%)

Stores: 13

NI: 12'Q1:-2 11'FY:-21
11'Q1:-6 10'FY:-35



Mister Donut

(50%)

Stores: 53

NI: 12'Q1:6 11'FY:7
11'Q1:15 10'FY:2



Cold Stone

(100%)

Stores: 36

NI: 12'Q1:-4 11'FY:21
11'Q1:-3 10'FY:32



Retail (E-Commerce)

Books.com

(50.03%)

NI: 12'Q1:69 11'FY:222
11'Q1:54 10'FY:189



Rakuten

(49%)

NI: 12'Q1:-16 11'FY:-28
11'Q1:-5 10'FY:-112



China Major Subsidiaries

Unit: \$NT'm

F&B

Starbucks

(30%)



Stores: 246

**NI: 12'Q1:212 11'FY:741
11'Q1:117 10'FY:387**

Mister Donut

(50%)



Stores: 20

**NI: 12'Q1:-14 11'FY:-71
11'Q1:-10 10'FY:-55**

Cold Stone

(100%)



Stores: 49

**NI: 12'Q1:-11 11'FY:-26
11'Q1:-22 10'FY:-52**

Retail

Shanghai 7-11

(100%)



Stores: 100

**NI: 12'Q1:-101 11'FY:-314
11'Q1:-58 10'FY:-162**

Supermarket & Hypermarket

Sichuan Uni-mart

Hypermarket (100%)

Stores: 4



**NI: 12'Q1:18 11'FY:-118
11'Q1:14 10'FY:-23**

Shandong Uni-mart

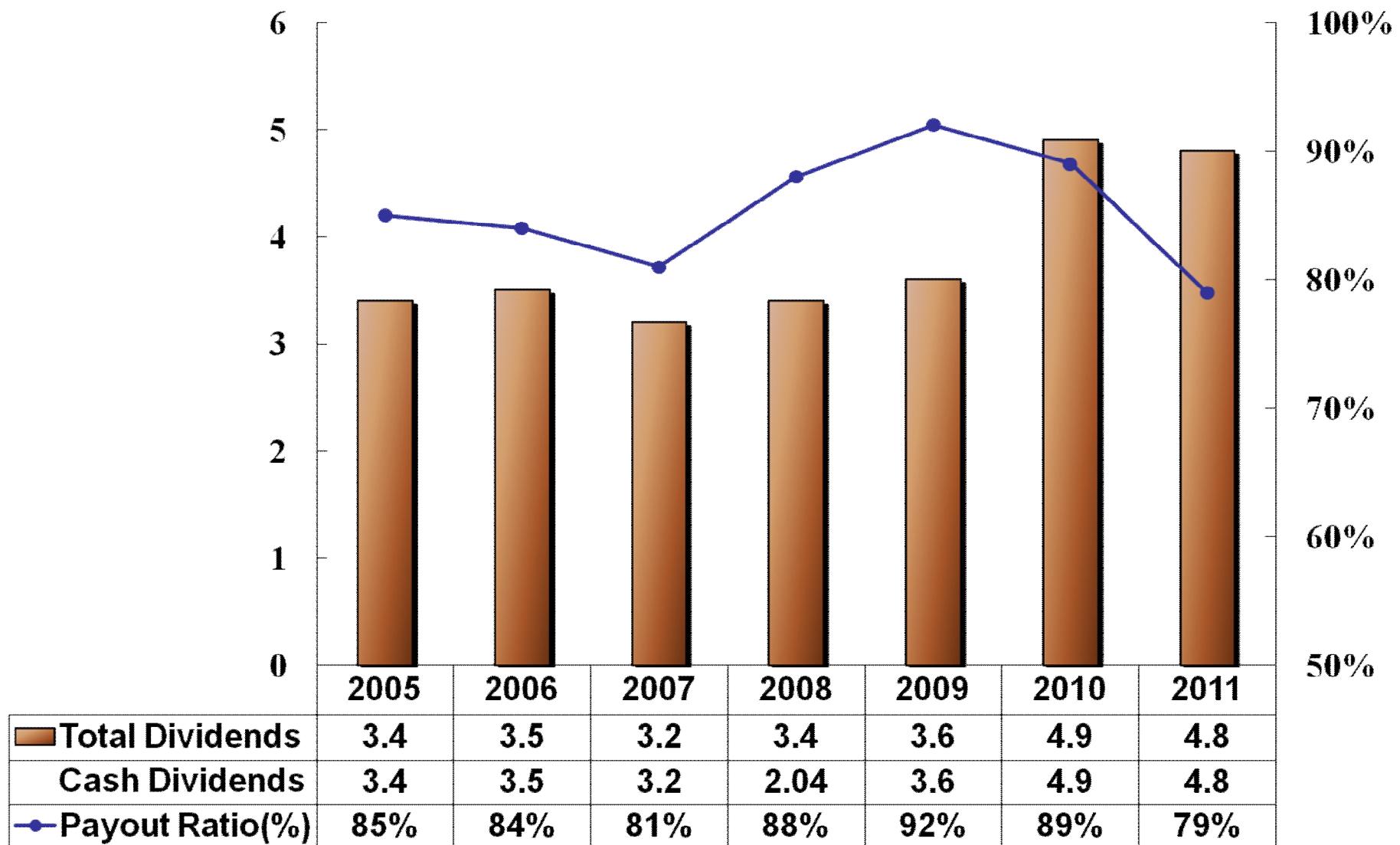
Supermarket (55%)

Stores: 167

**NI: 12'Q1:29 11'FY:129
11'Q1:67 10'FY:157**

Dividend Policy

Dividend Trend



Long-term Strategies

Operational Strategy

New Store Format

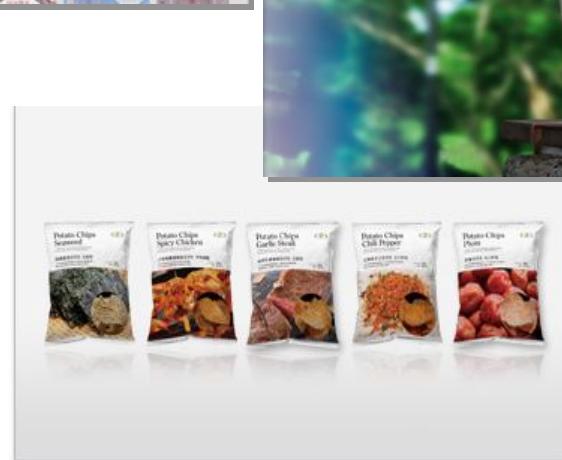
- Bigger stores account for 50% until Q1 in 2012, and will keep expanding in the future.
- Focus on “Food store” concept .



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
4815 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.



Overseas Businesses – Transfer and localize

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

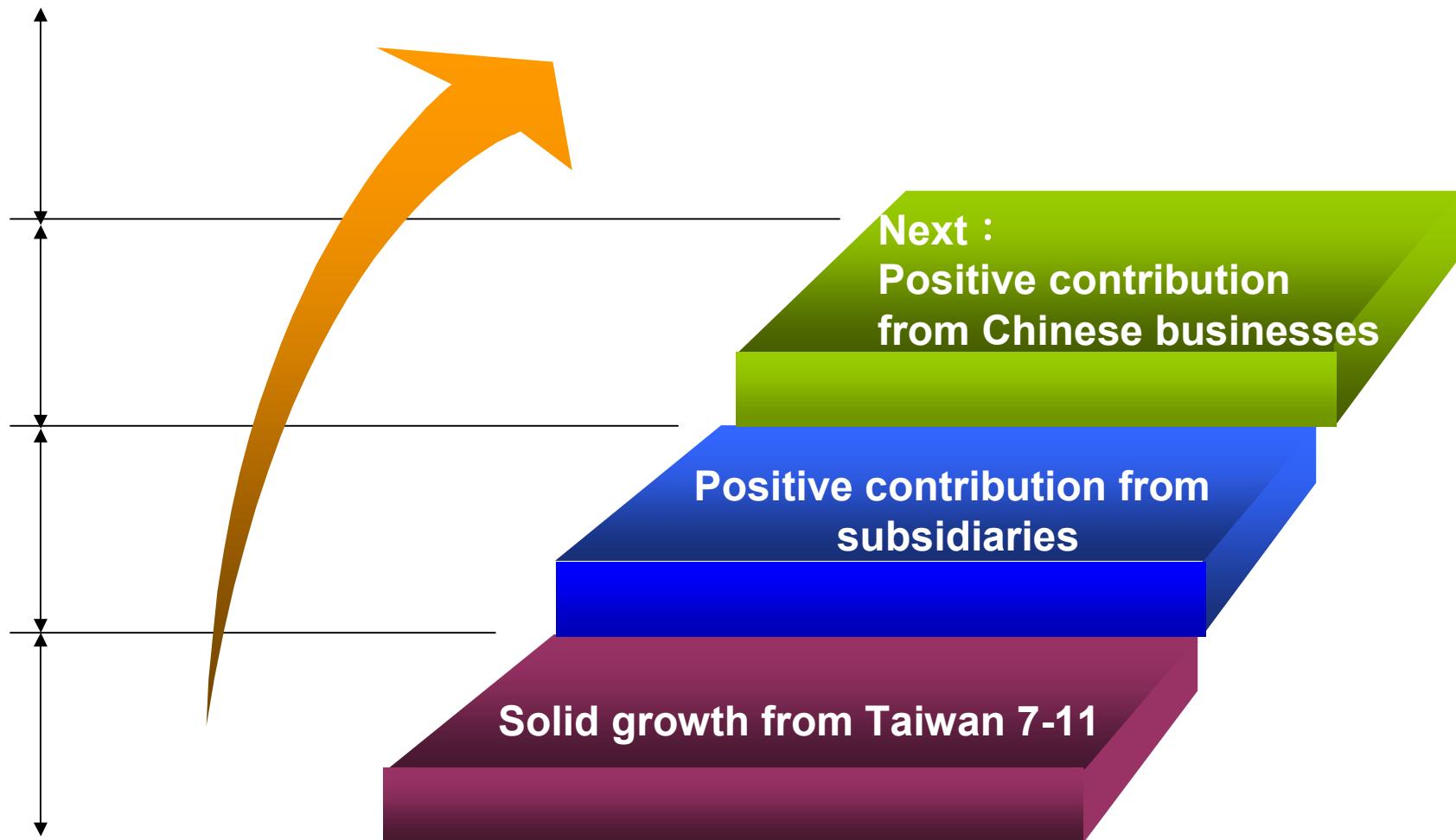
- Enhance PSD through product mix adjustment (Fresh food, general merchandise)
- Market Dominance
 - expand boundaries
 - intensify franchisingTarget:1000 stores in 2013.
- Cost controls

China-Aiming for becoming regional leading brands

- 616 stores in China, 420 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>2011FY</u>		<u>2012Q1</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets				
Cash, equivalents & ST investment	16,161	31%	14,739	29%
Receivable-net	524	1%	1,445	3%
Inventories	3,659	7%	3,281	6%
Other current assets	1,237	2%	367	1%
Total current assets	<u>21,581</u>	<u>41%</u>	<u>19,832</u>	<u>39%</u>
Available-for-sale financial assets	898	2%	1,000	2%
LT investments (Equity method)	11,070	21%	11,416	22%
LT investments (Cost method)	7,667	15%	7,667	15%
Total LT investments	<u>19,635</u>	<u>38%</u>	<u>20,084</u>	<u>39%</u>
Total fixed assets	8,541	16%	8,661	17%
Total other assets	<u>2,522</u>	<u>5%</u>	<u>2,296</u>	<u>4%</u>
Total assets	\$52,279	100%	\$51,074	100%

Parent Balance Sheet

Unit:\$NT'million

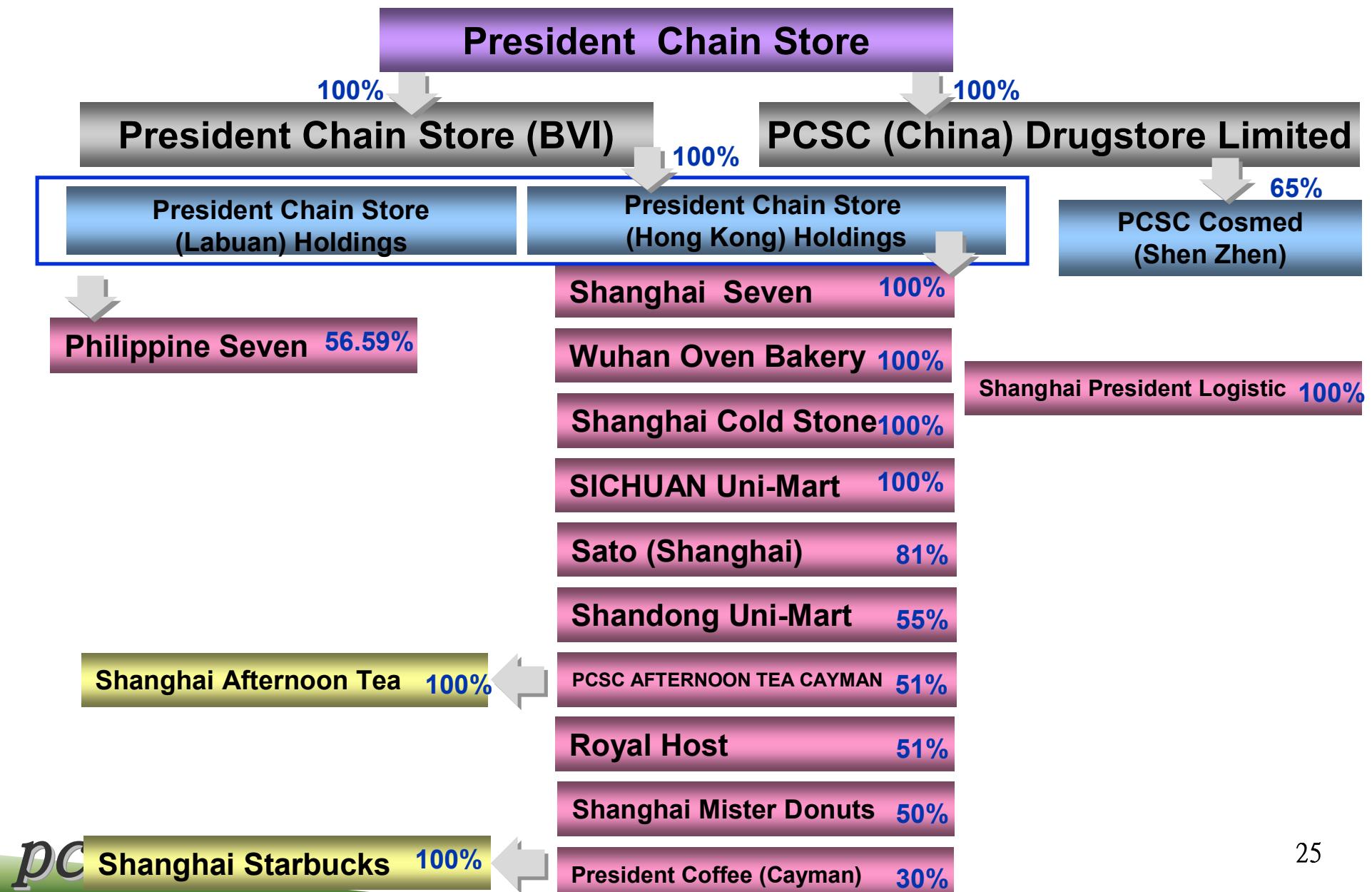
	2011FY		2012Q1	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Liability				
Notes /Accounts Payable	11,772	23%	11,322	22%
Accrued expenses	2,876	6%	2,009	4%
Advance receipts	2,132	4%	2,078	4%
Income taxes payable	793	2%	885	2%
Others	7,923	15%	7,665	15%
Total current liabilities	25,496	49%	23,959	47%
Total long-term liabilities	3,400	7%	1,890	4%
Other Liabilities	2,689	5%	2,697	5%
Total liabilities	31,585	60%	28,546	56%
Shareholders' equity				
Capital	10,396	20%	10,396	20%
Retained earnings	11,062	21%	12,784	25%
Others	(764)	-1%	(652)	-1%
Total shareholders' equity	20,694	40%	22,528	44%
Liabilities and shareholders' equity	\$52,279	100%	\$51,074	100%

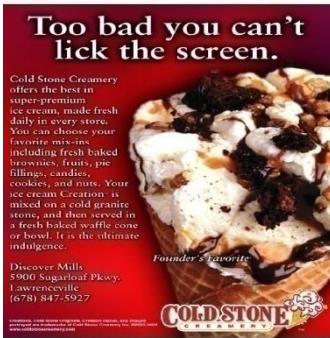
Parent Statement of Cash Flow

Unit:\$NT'million

	<u>2011FY</u>	<u>2012Q1</u>
Cash flows from operating activities	15,067	1,484
Cash flows from investing activities	(3,199)	(920)
Cash flows from financing activities	(6,683)	(1,496)
Net increase (decrease) in cash & equivalents	5,185	(931)
Cash and cash equivalents, beginning of year	4,626	9,811
Cash and cash equivalents, end of year	<u>9,811</u>	<u>8,880</u>

Overseas Investment Structure





Q&A