

## President Chain Store

2912TT



# Group Overview

## Dominant Brand Image

- The first store was opened in 1980 as the 1<sup>st</sup> 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” 2<sup>nd</sup> 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)

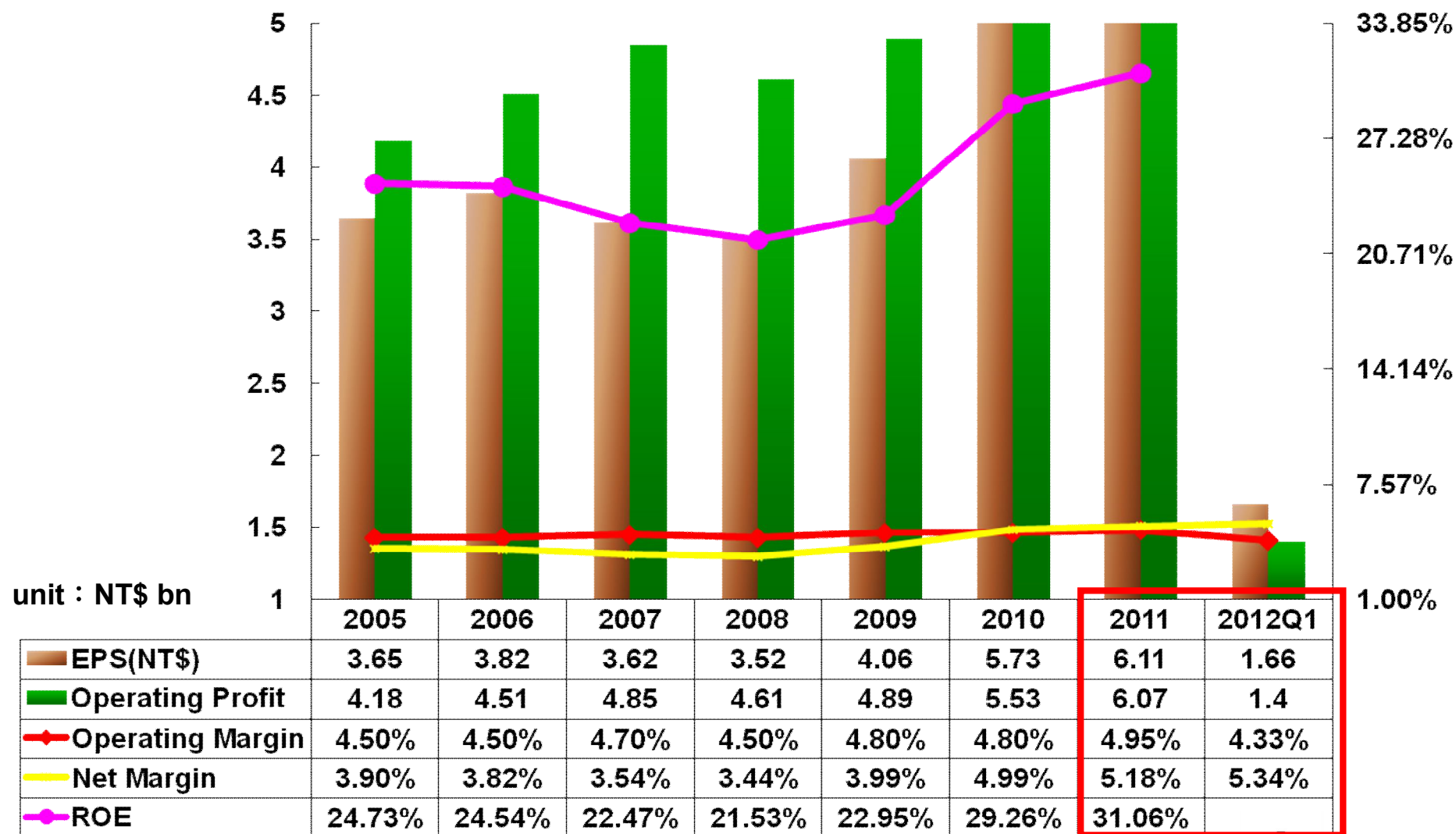
# 2011FY & 2012Q1 Results

# Parent Income Statement

Unit:\$NT'million

	<u>2011FY</u>		YOY	<u>2012Q1</u>		YOY
	<u>Amount</u>	<u>%</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>%</u>
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%
<b>Net Income</b>	<b>\$6,352</b>	<b>5.2%</b>	<b>10.9%</b>	<b>\$1,722</b>	<b>5.3%</b>	<b>-1.0%</b>
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

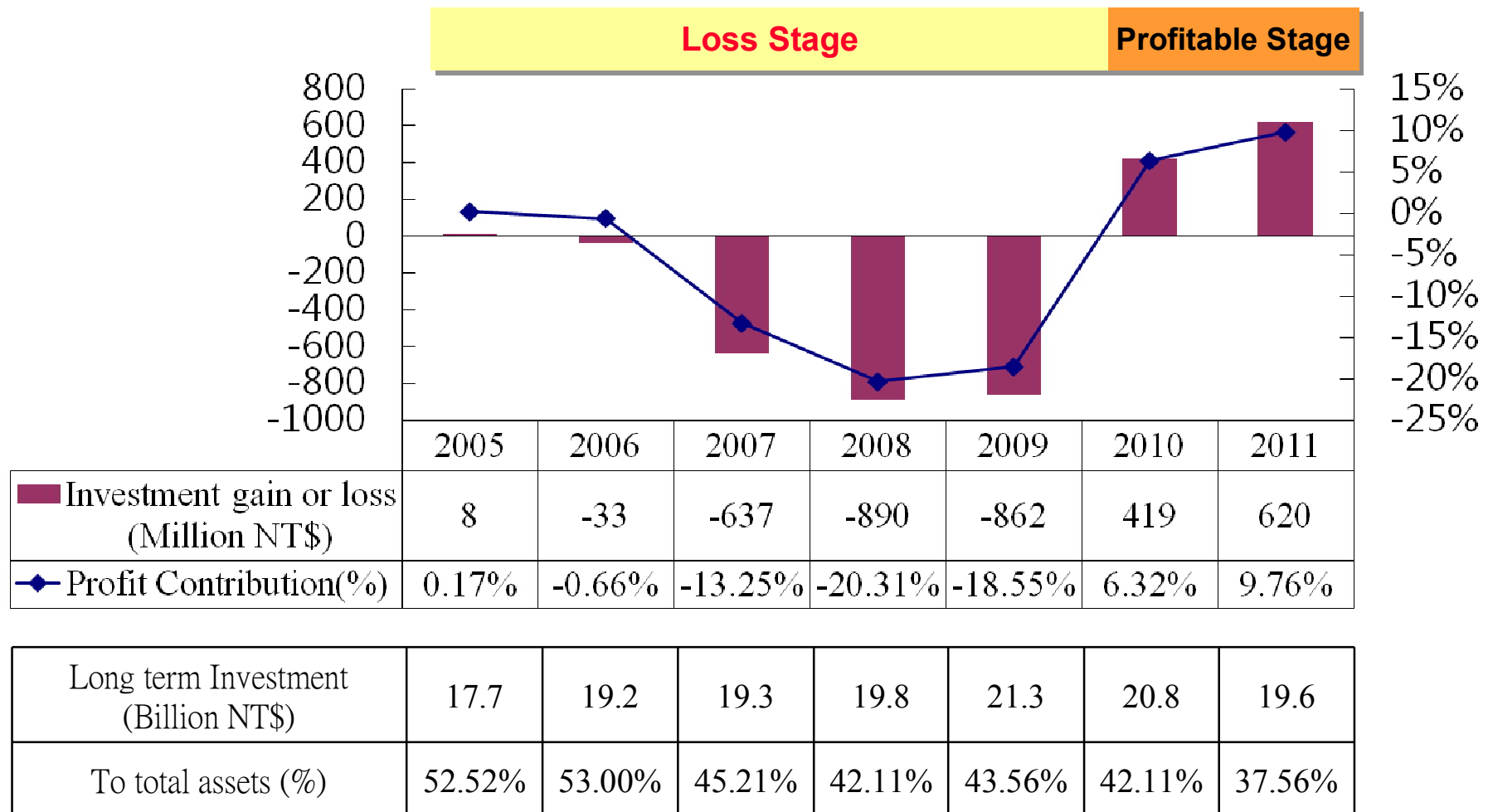
- Retail Support (25%)
- Cold-Chain (60%)
- Wisdom (100%)

### F&B

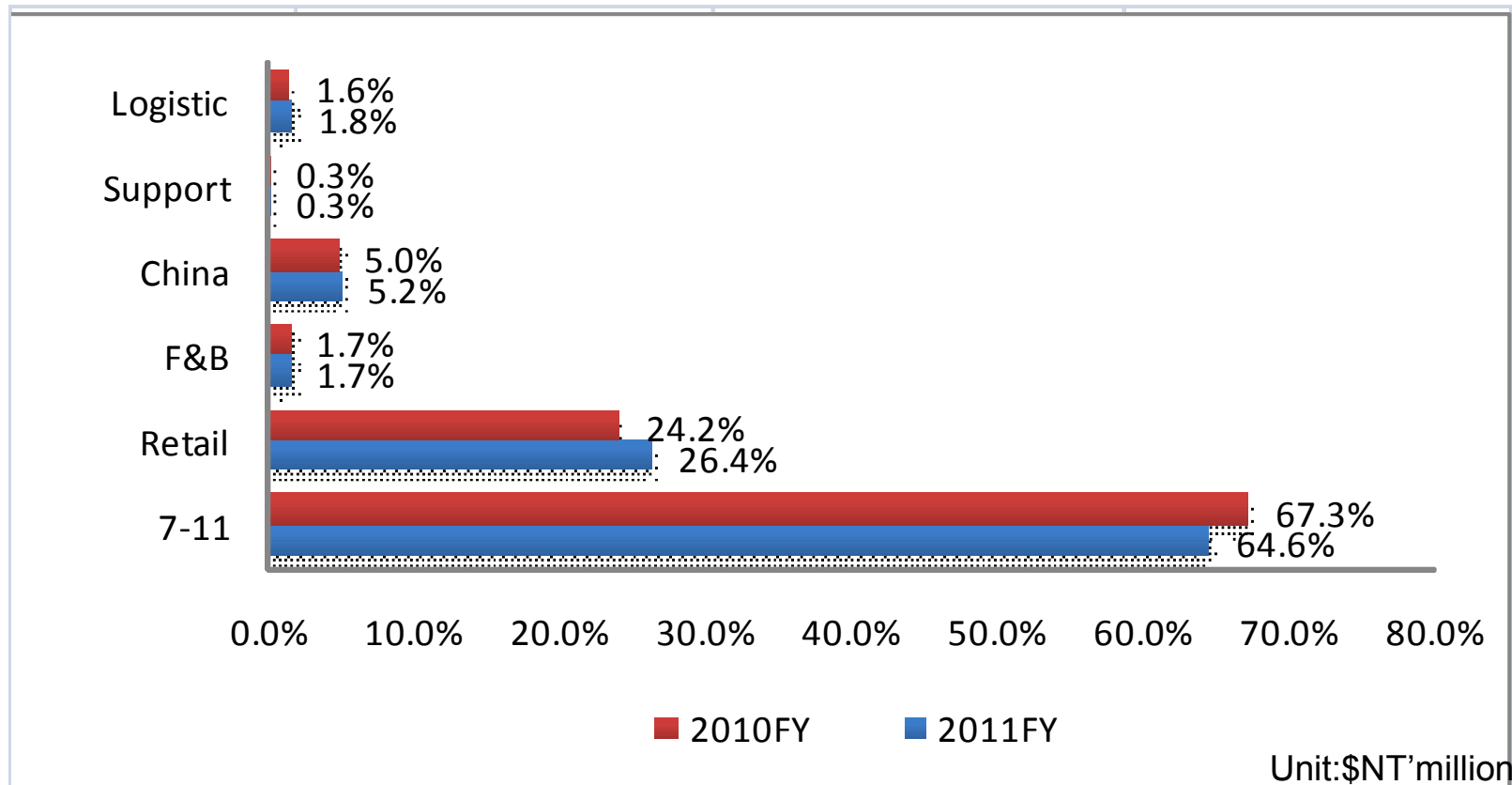
- 21 Century (100%)
- Oven Bakery (100%)
- Cold Stone (100%)
- Sato (81%)
- Afternoon Tea (51%)
- Mister Donut (50%)
- Starbucks (30%)



# Long term Investment



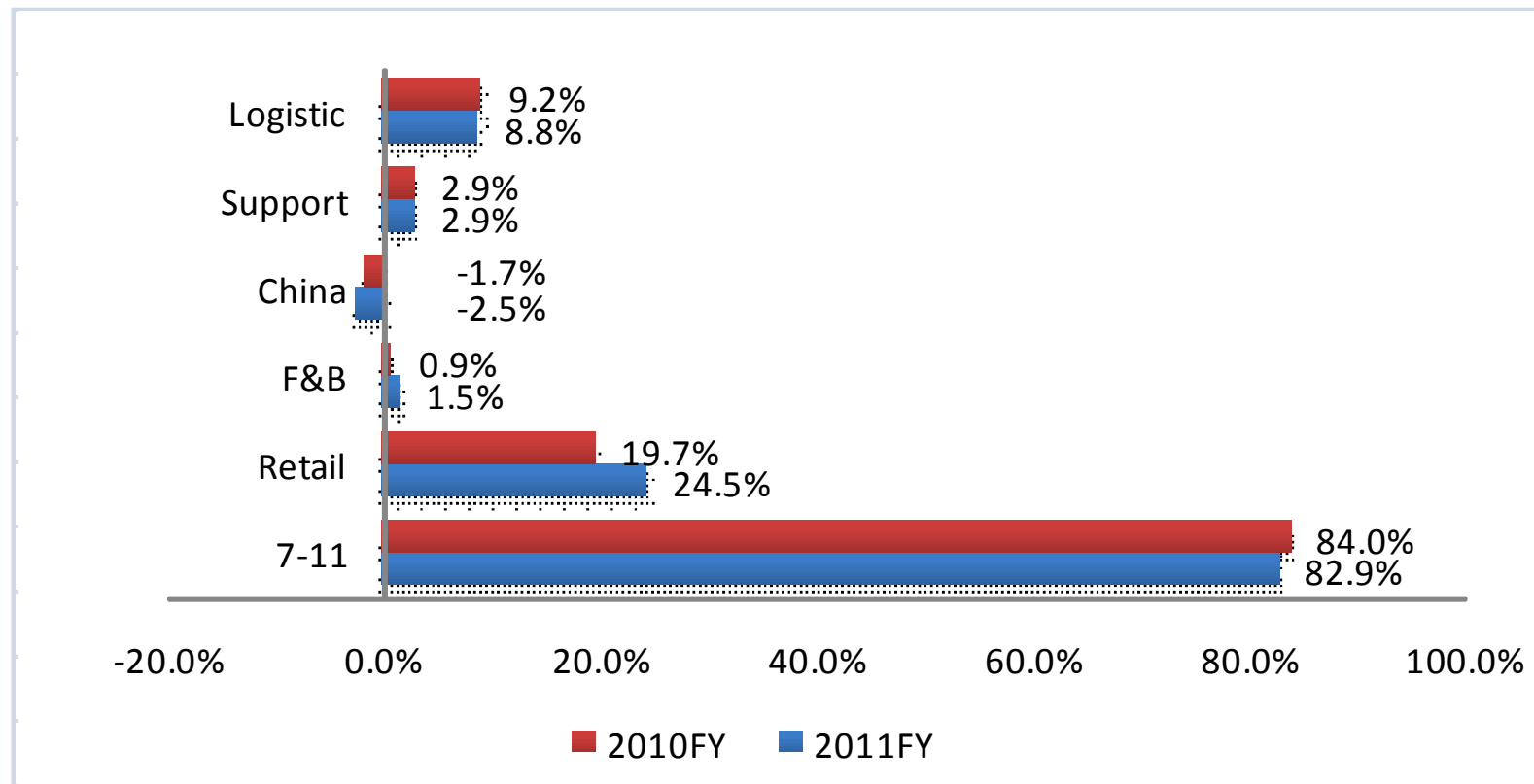
# Consolidated Sales Contribution



	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



Unit:\$NT'million

	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%)

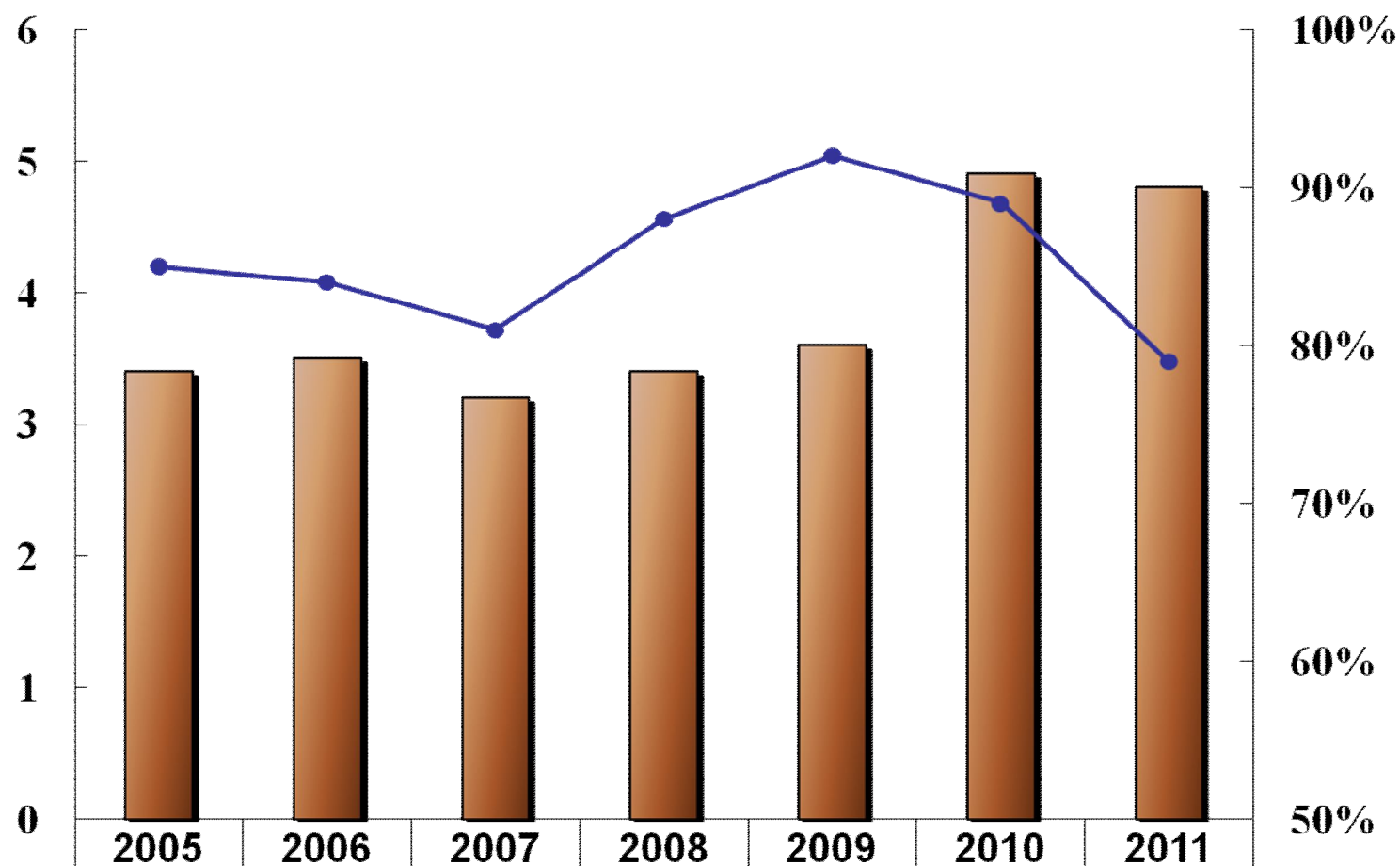
**Stores: 167**



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

# Dividend Policy

# Dividend Trend



<span style="display:inline-block; width:10px; height:10px; background-color: #A52A2A; border: 1px solid black;"></span> Total Dividends	3.4	3.5	3.2	3.4	3.6	4.9	4.8
Cash Dividends	3.4	3.5	3.2	2.04	3.6	4.9	4.8
<span style="display:inline-block; width:10px; height:1px; background-color: #4169E1; border: 1px solid black;"></span> Payout Ratio(%)	85%	84%	81%	88%	92%	89%	79%

# 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



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**

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

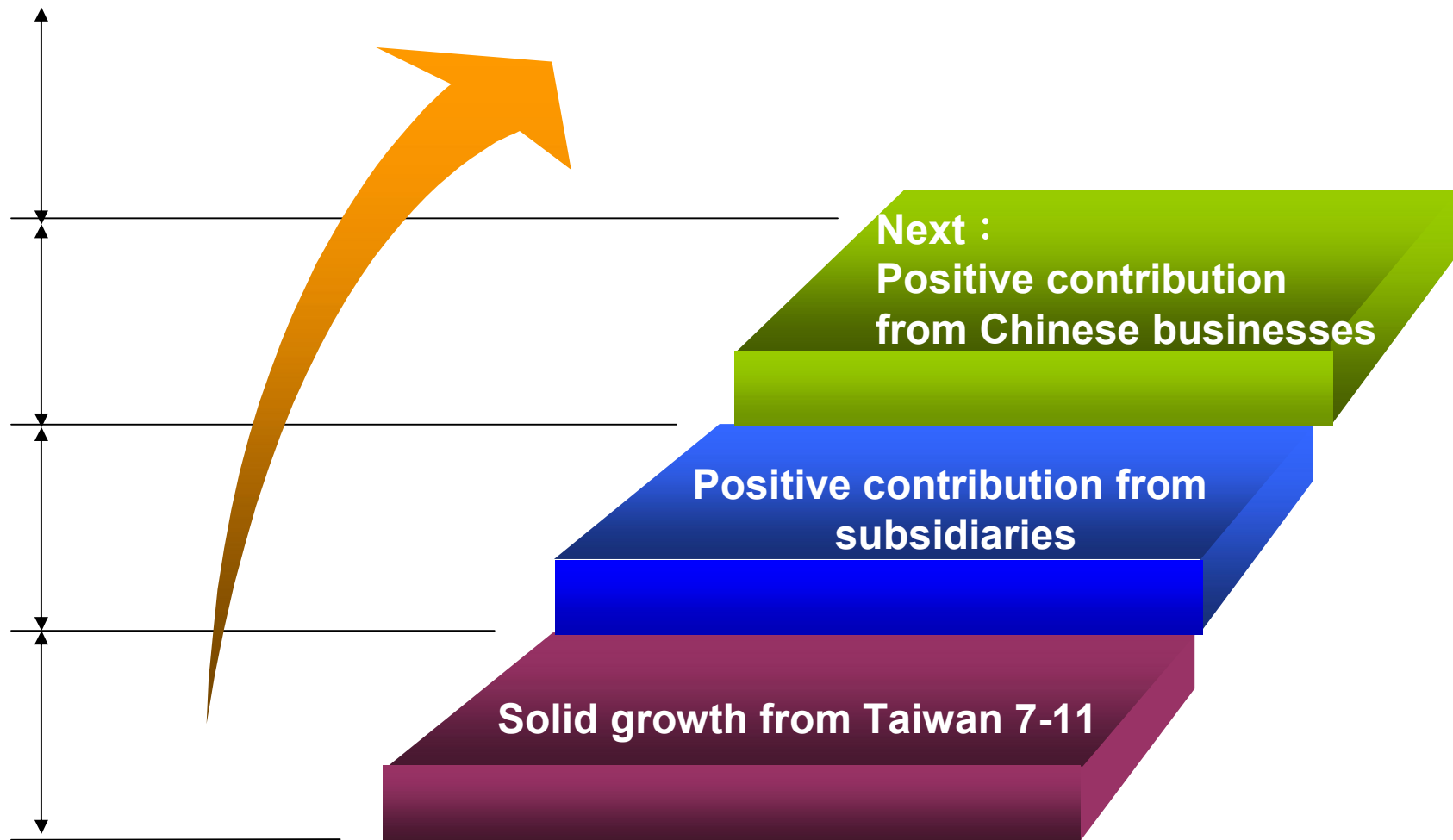
**China**-Aiming for becoming regional leading brands

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>
<b>Assets</b>				
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	21,581	41%	19,832	39%
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	19,635	38%	20,084	39%
Total fixed assets	8,541	16%	8,661	17%
Total other assets	2,522	5%	2,296	4%
<b>Total assets</b>	<b>\$52,279</b>	<b>100%</b>	<b>\$51,074</b>	<b>100%</b>



# Parent Balance Sheet

Unit:\$NT'million

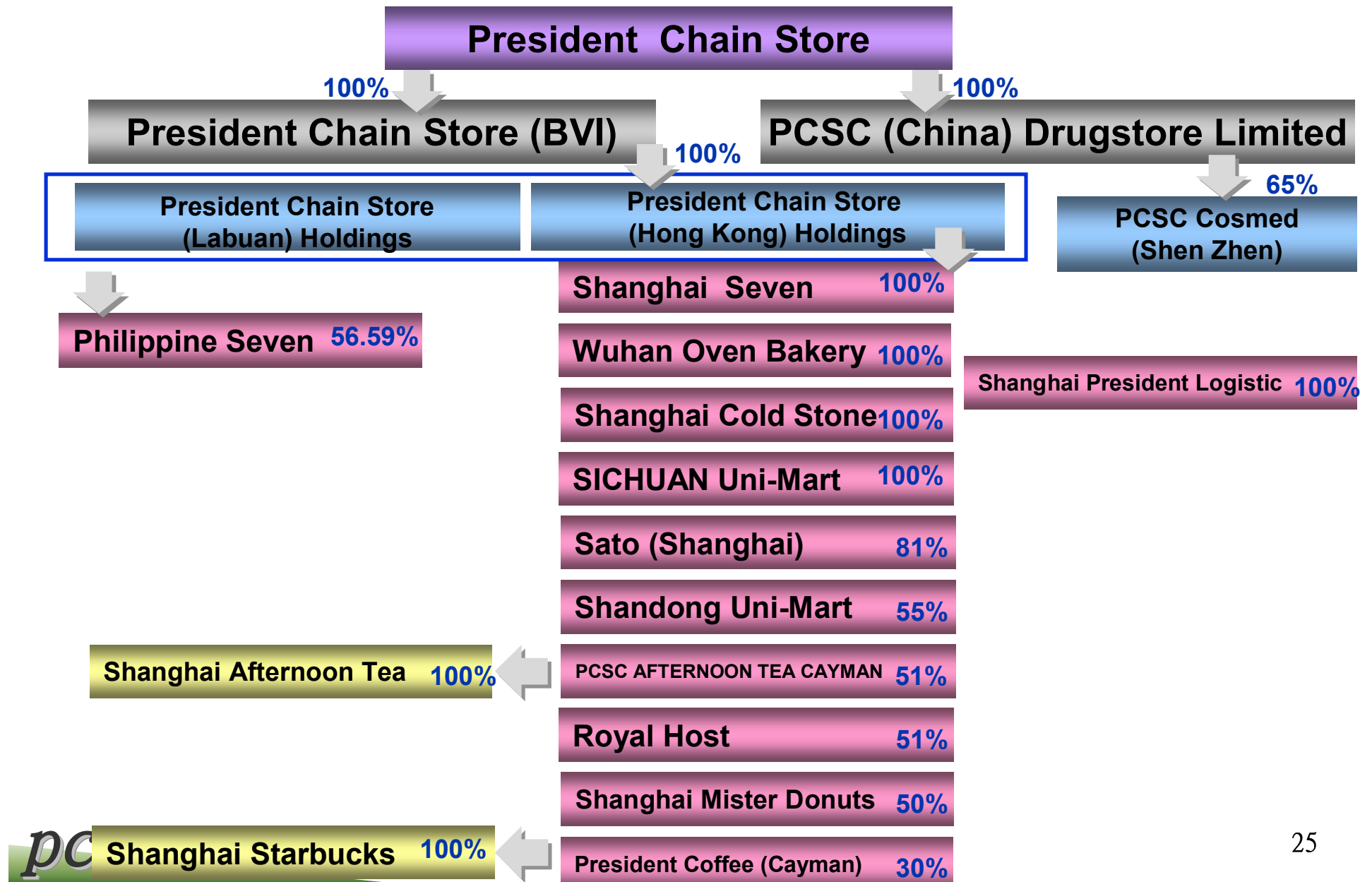
	<u>2011FY</u>		<u>2012Q1</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Liability</b>				
Notes /Accounts Payable	11,772	23%	11,322	22%
Accrued expenses	2,876	6%	2,009	4%
Advance receipts	2,132	4%	2,078	4%
Income taxes payable	793	2%	885	2%
Others	7,923	15%	7,665	15%
<b>Total current liabilities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

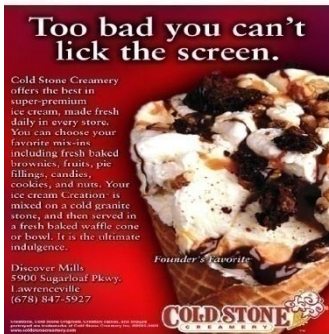
# Parent Statement of Cash Flow

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)
<b>Net increase (decrease) in cash &amp; equivalents</b>	<b>5,185</b>	<b>(931)</b>
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