

## 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 4822 store network.
- Permanent 7-Eleven licensee in Taiwan, and ranked No.5 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

- **7154 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)

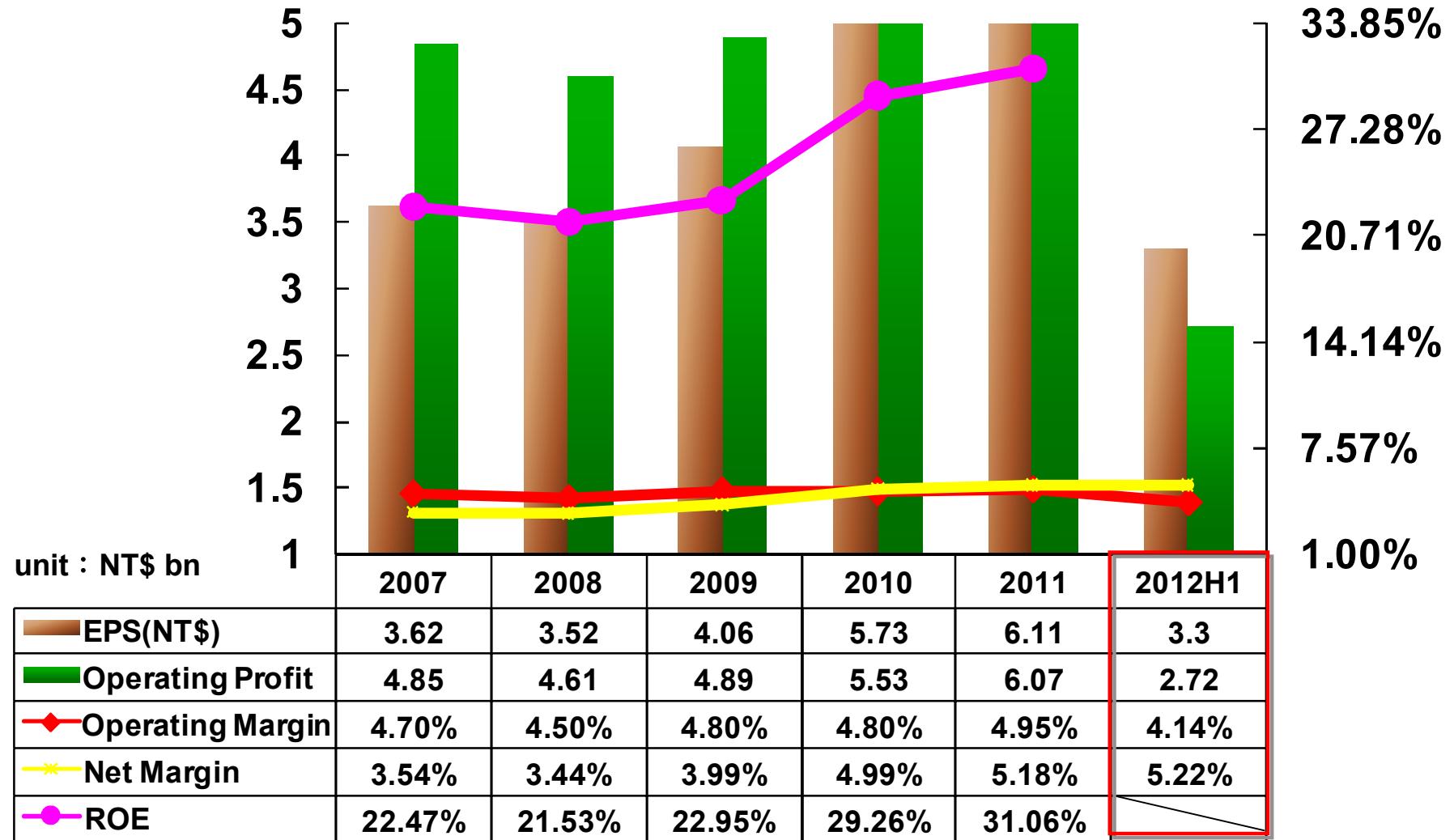
# 2012H1 Results

# Parent Income Statement

Unit:\$NT'million

	2011FY		YOY	2012Q1-Q2		YOY
	Amount	%	%	Amount	%	%
Net sales	118,751	96.8%	6.9%	63,428	96.6%	12.2%
Other operating revenue	3,962	3.2%	10.4%	2,259	3.4%	17.1%
<b>Total operating revenue</b>	<b>122,713</b>	<b>100.0%</b>	<b>7.0%</b>	<b>65,687</b>	<b>100.0%</b>	<b>12.4%</b>
Gross profit	38,275	31.2%	6.5%	19,193	29.2%	3.8%
Operating expenses	(32,200)	-26.2%	5.9%	(16,474)	-25.1%	6.4%
Operating income	6,074	4.9%	9.9%	2,719	4.1%	-9.9%
Non-operating income	1,356	1.1%	23.1%	1,260	1.9%	5.1%
Income before taxes	7,430	6.1%	12.1%	3,979	6.1%	-5.7%
Income tax expense	1,078	0.9%	19.4%	547	0.8%	-4.1%
<b>Net Income</b>	<b>\$6,352</b>	<b>5.2%</b>	<b>10.9%</b>	<b>\$3,432</b>	<b>5.2%</b>	<b>-5.9%</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>3.83</u>	<u>3.30</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%)
- 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%)

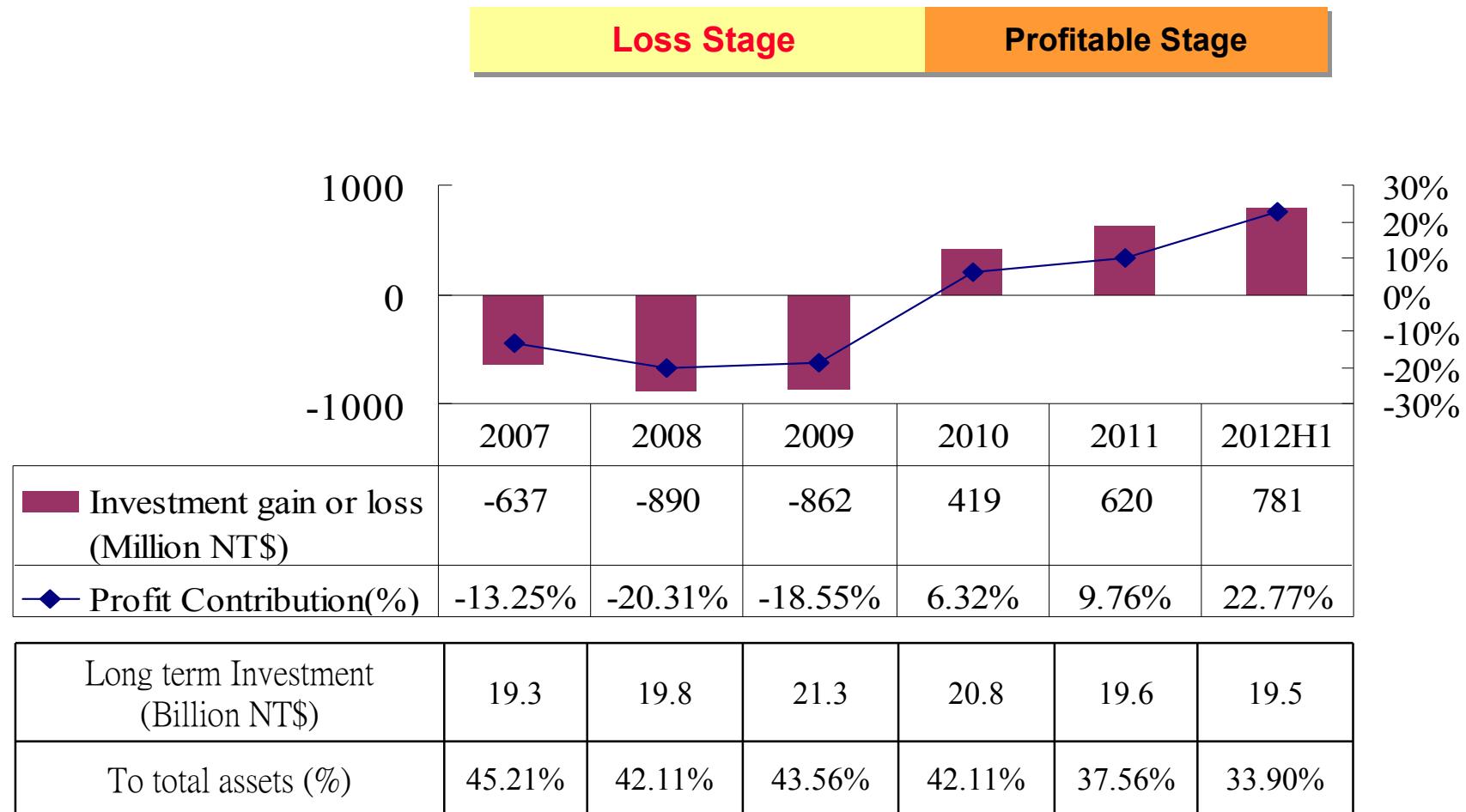
### Logistic

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

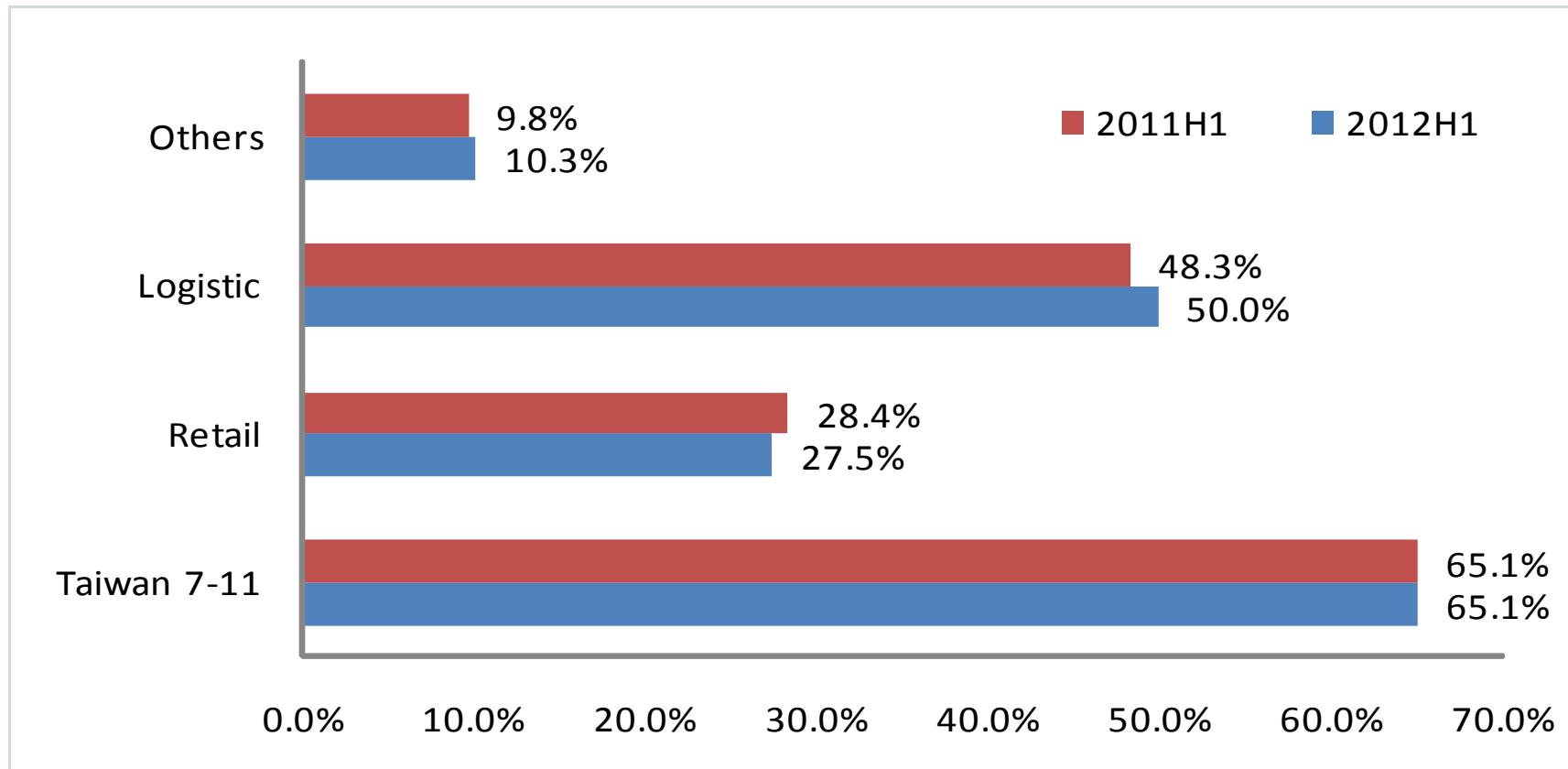
### F&B

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

# Long term Investment

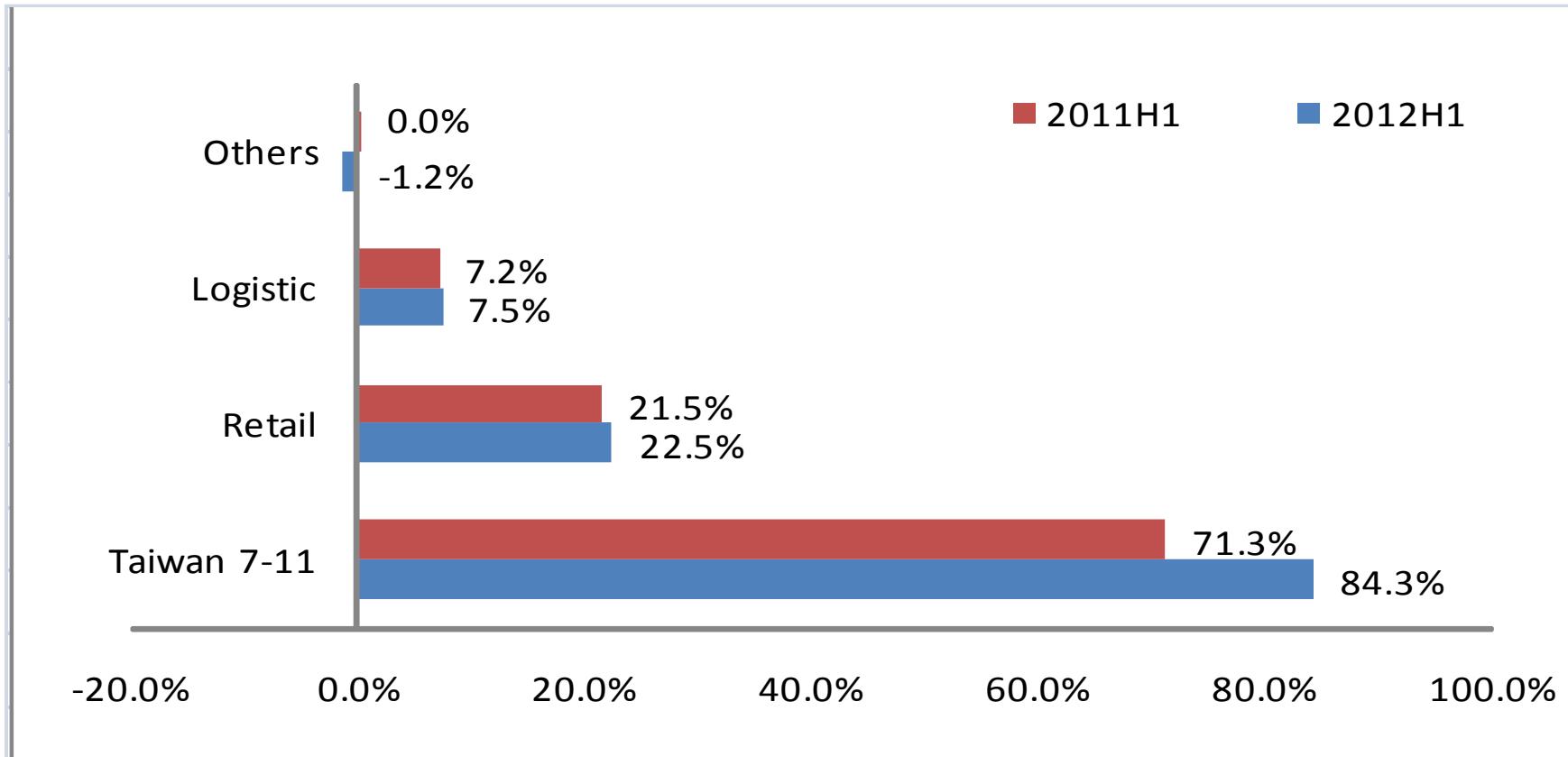


# Consolidated Sales Contribution



NTD million	Taiwan 7-11	Retail	Logistic	Others	Elimination
2012H1	65,687	27,767	50,404	10,347	-53,313
2011H1	58,456	25,554	43,426	8,825	-46,439

# Consolidated Net Profit Contribution



NTD million	Taiwan 7-11	Retail	Logistic	Others	Elimination
2012H1	3,979	1,064	354	-56	-621
2011H1	3,521	1,064	357	-2	0

# Taiwan Major Subsidiaries

Unit: \$NT'm

## Retail

### Cosmed Taiwan

(100%)

**Stores: 362**

NI: 12'H1:73 11'FY:338  
11'H1:152 10'FY:297



### MUJI Taiwan

(51%)

**Stores: 25**

NI: 12'H1:49 11'FY:206  
11'H1:111 10'FY:160



### Hankyu Dept. Taiwan

(70%)

**Stores: 2**

NI: 12'H1:-59 11'FY:-137  
11'H1:-36 10'FY:-241



### President Pharmaceutical

(73.74%)



NI: 12'H1:216 11'FY:271  
11'H1:128 10'FY:167

## F&B

### Starbucks Taiwan

(30%)

**Stores: 270**

NI: 12'H1:205 11'FY:425  
11'H1:200 10'FY:329



### Afternoon Tea

(51%)

**Stores: 14**

NI: 12'H1:-3 11'FY:-21  
11'H1:-8 10'FY:-35



### Mister Donut

(50%)

**Stores: 53**

NI: 12'H1:-29 11'FY:7  
11'H1: 18 10'FY:2



### Cold Stone

(100%)

**Stores: 37**

NI: 12'H1:5 11'FY:21  
11'H1:10 10'FY:32



## Retail (E-Commerce)

### Books.com

(50.03%)

NI: 12'H1:132 11'FY:222  
11'H1:111 10'FY:189



### Rakuten

(49%)

NI: 12'H1:-21 11'FY:-28  
11'H1:-8 10'FY:-112



# China Major Subsidiaries

Unit: \$NT'm

## F&B

### Starbucks

(30%)



**Stores: 262**

**NI: 12'H1:539 11'FY:742  
11'H1:307 10'FY:387**

### Mister Donut

(50%)



**Stores: 20**

**NI: 12'H1:-27 11'FY:-71  
11'H1:-20 10'FY:-55**

### Cold Stone

(100%)



**Stores: 55**

**NI: 12'H1:-10 11'FY:-26  
11'H1:-19 10'FY:-52**

## Retail

### Shanghai 7-11

(100%)



**Stores: 100**

**NI: 12'H1:-200 11'FY:-314  
11'H1:-121 10'FY:-162**

## Supermarket & Hypermarket

### Sichuan Uni-mart

Hypermarket (100%)

**Stores: 4**

**NI: 12'H1:5 11'FY:-118**

**11'H1:0.1 10'FY:-23**

### Shandong Uni-mart

Supermarket (55%)

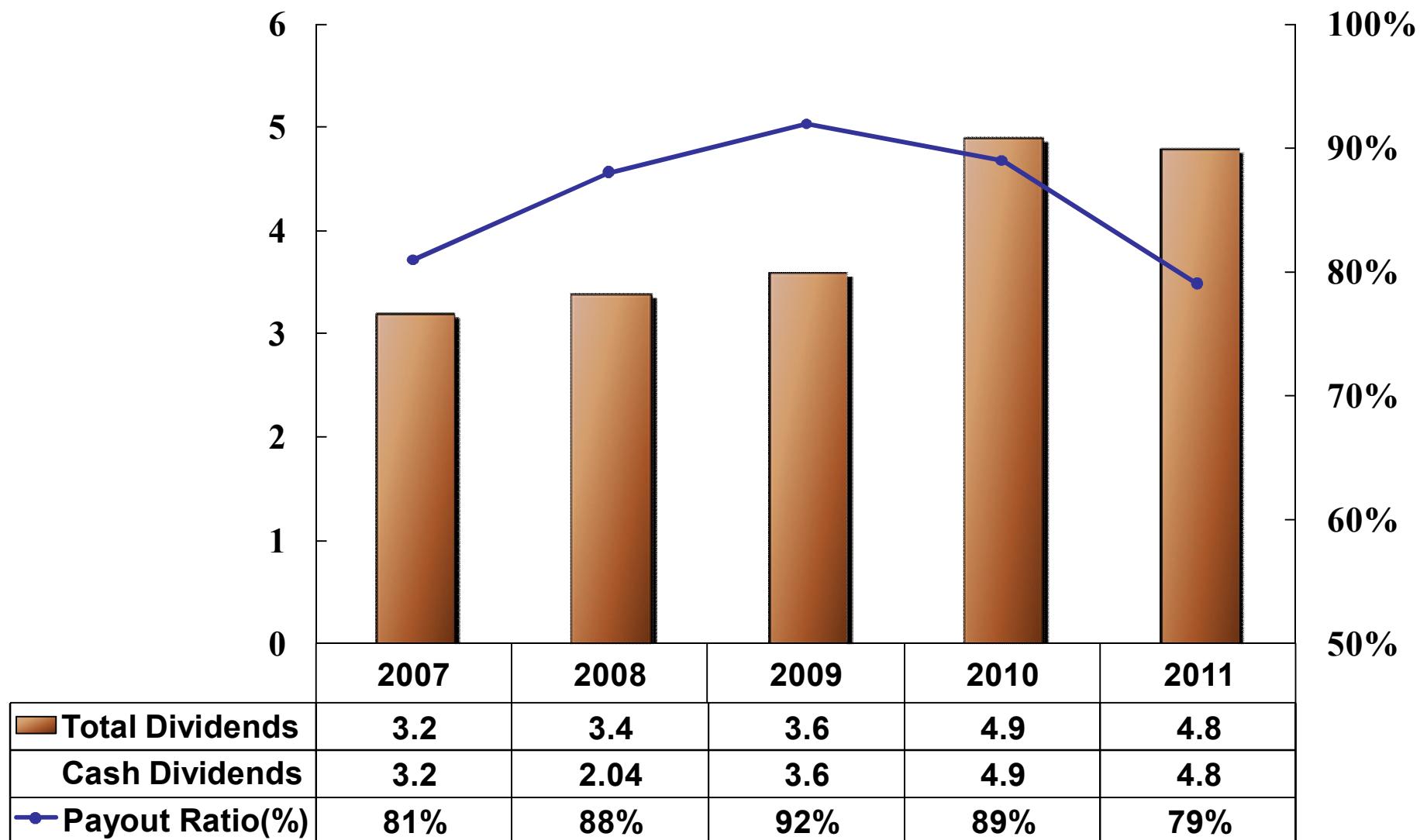
**Stores: 169**

**NI: 12'H1:25 11'FY:129**

**11'H1:80 10'FY:157**

# Dividend Policy

# Dividend Trend



# Long-term Strategies

# Operational Strategy

## New Store Format

- Bigger stores account for 51% until Q2 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**  
4822 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.

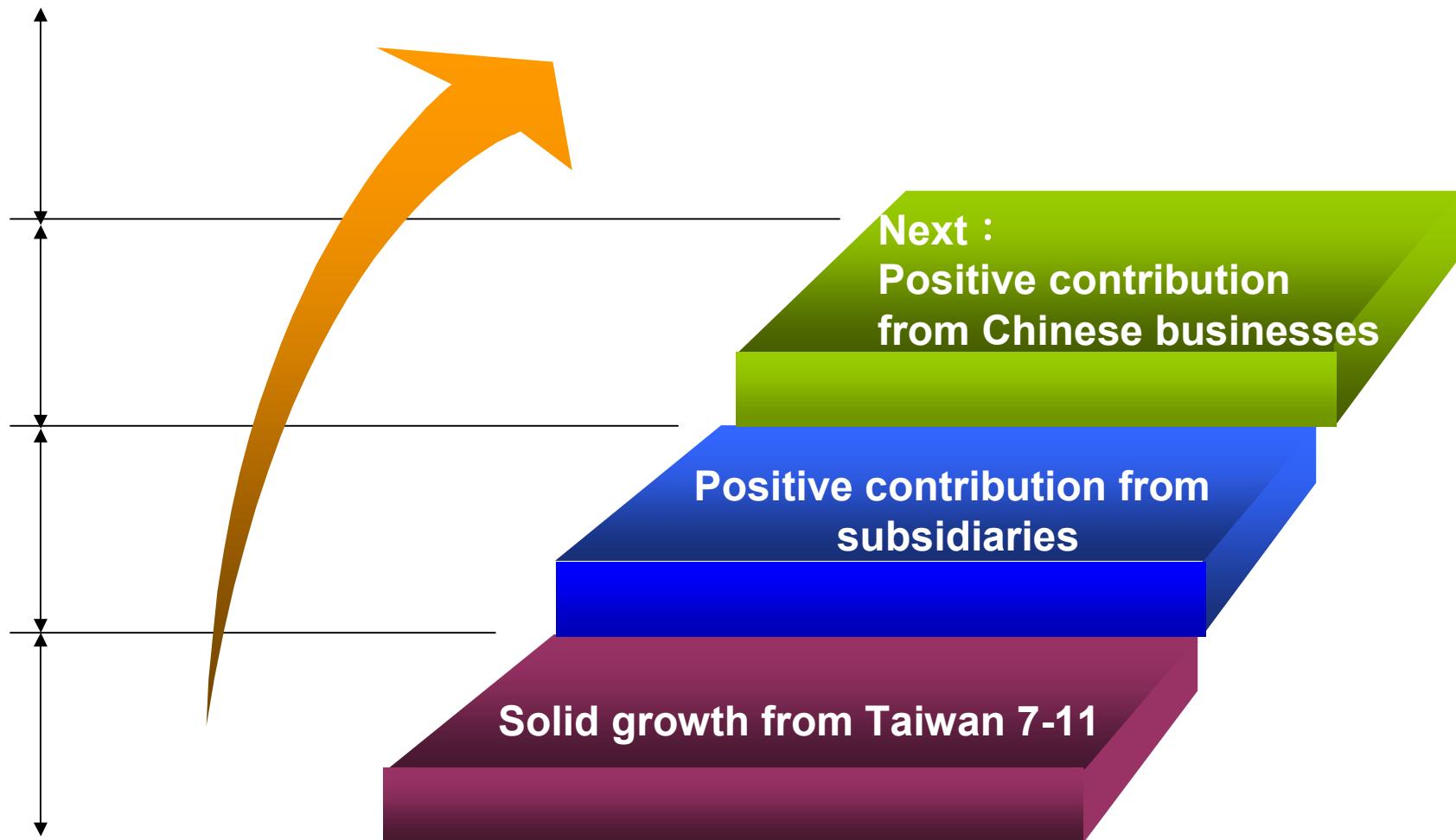
- Enhance PSD through product mix adjustment (Fresh food, general merchandise)
- Market Dominance
  - expand boundaries
  - intensify franchisingTarget:1000 stores in 2013.
- Cost controls

## China-Aiming for becoming regional leading brands

- 651 stores in China. 466 stores in east China.
- Shanghai 7-11 : steady 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 2011</u>		<u>At the end of 2012Q2</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Assets</b>				
Cash, equivalents & ST investment	16,161	31%	19,784	34%
Receivable-net	524	1%	553	1%
Inventories	3,659	7%	3,600	6%
Other current assets	1,237	2%	3,057	5%
<b>Total current assets</b>	<b>21,581</b>	<b>41%</b>	<b>26,994</b>	<b>47%</b>
Available-for-sale financial assets	898	2%	914	2%
LT investments (Equity method)	11,070	21%	10,974	19%
LT investments (Cost method)	7,667	15%	7,607	13%
<b>Total LT investments</b>	<b>19,635</b>	<b>38%</b>	<b>19,495</b>	<b>34%</b>
<b>Total fixed assets</b>	<b>8,541</b>	<b>16%</b>	<b>8,459</b>	<b>15%</b>
<b>Total other assets</b>	<b>2,522</b>	<b>5%</b>	<b>2,579</b>	<b>4%</b>
<b>Total assets</b>	<b>\$52,279</b>	<b>100%</b>	<b>\$57,527</b>	<b>100%</b>

# Parent Balance Sheet

Unit:\$NT'million

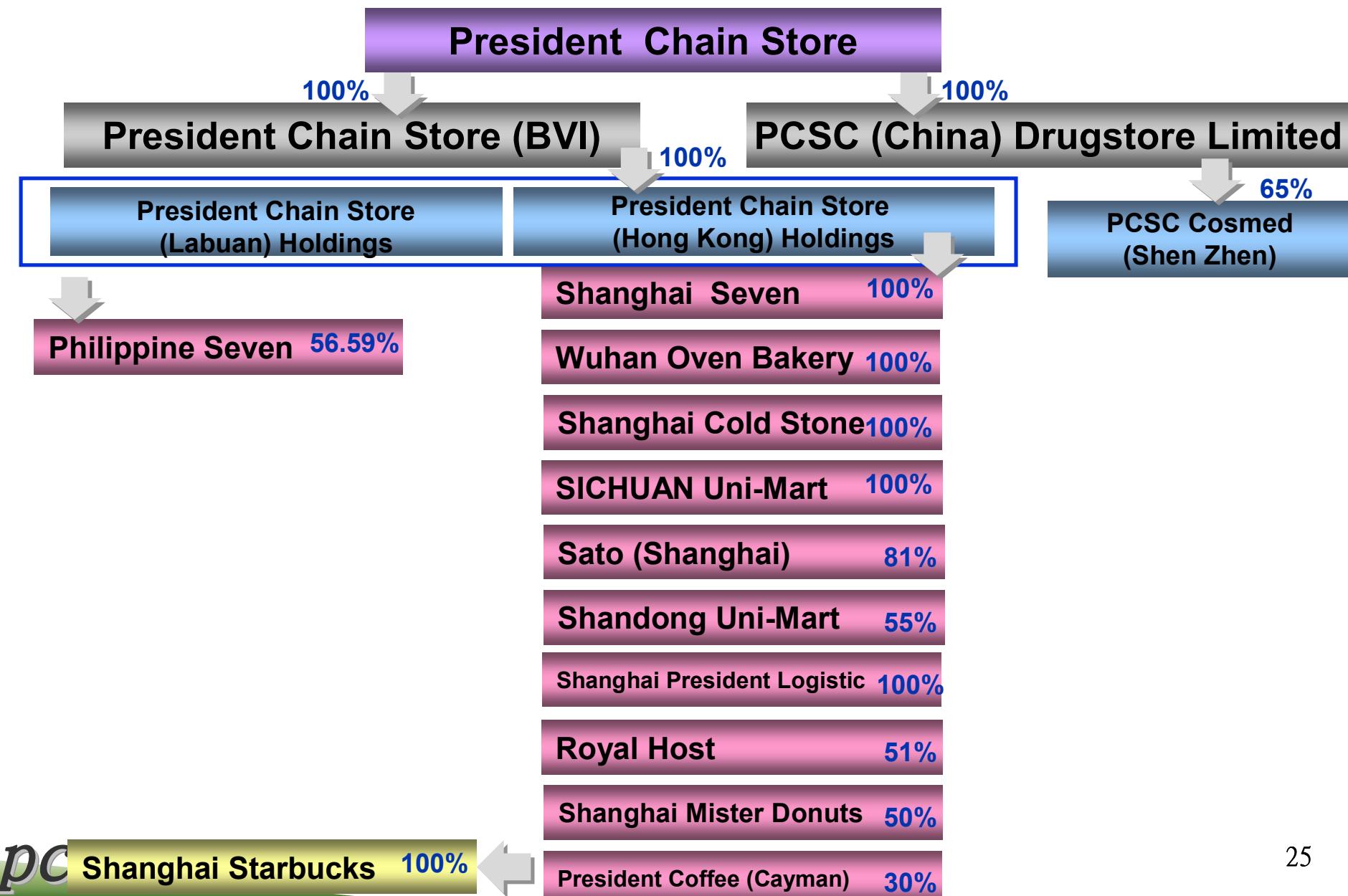
	<u>At the end of 2011</u>		<u>At the end of 2012Q2</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Liability</b>				
Notes /Accounts Payable	11,772	23%	13,367	23%
Accrued expenses	2,876	6%	2,474	4%
Advance receipts	2,132	4%	2,146	4%
Income taxes payable	605	1%	537	1%
Others	8,111	16%	13,061	23%
<b>Total current liabilities</b>	<b>25,496</b>	<b>49%</b>	<b>31,585</b>	<b>55%</b>
<b>Total long-term liabilities</b>	<b>3,400</b>	<b>7%</b>	<b>4,100</b>	<b>7%</b>
<b>Other Liabilities</b>	<b>2,689</b>	<b>5%</b>	<b>2,722</b>	<b>5%</b>
<b>Total liabilities</b>	<b>31,585</b>	<b>60%</b>	<b>38,407</b>	<b>67%</b>
<b>Shareholders' equity</b>				
Capital	10,396	20%	10,396	18%
Retained earnings	11,062	21%	9,503	17%
Others	(764)	-1%	(779)	-1%
<b>Total shareholders' equity</b>	<b>20,694</b>	<b>40%</b>	<b>19,120</b>	<b>33%</b>
<b>Liabilities and shareholders' equity</b>	<b>\$52,279</b>	<b>100%</b>	<b>\$57,527</b>	<b>100%</b>

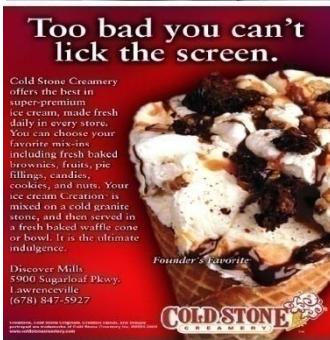
# Parent Statement of Cash Flow

Unit:\$NT'million

	<u>2011FY</u>	<u>2012Q1-Q2</u>
<b>Cash flows from operating activities</b>	15,067	3,258
<b>Cash flows from investing activities</b>	(3,199)	(2,045)
<b>Cash flows from financing activities</b>	(6,683)	742
<b>Net increase (decrease) in cash &amp; equivalents</b>	5,185	1,955
Cash and cash equivalents, beginning of year	4,626	9,811
Cash and cash equivalents, end of year	<u>9,811</u>	<u>11,766</u>

# Overseas Investment Structure





## Q&A