

## 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 4780 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

- **6870 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)

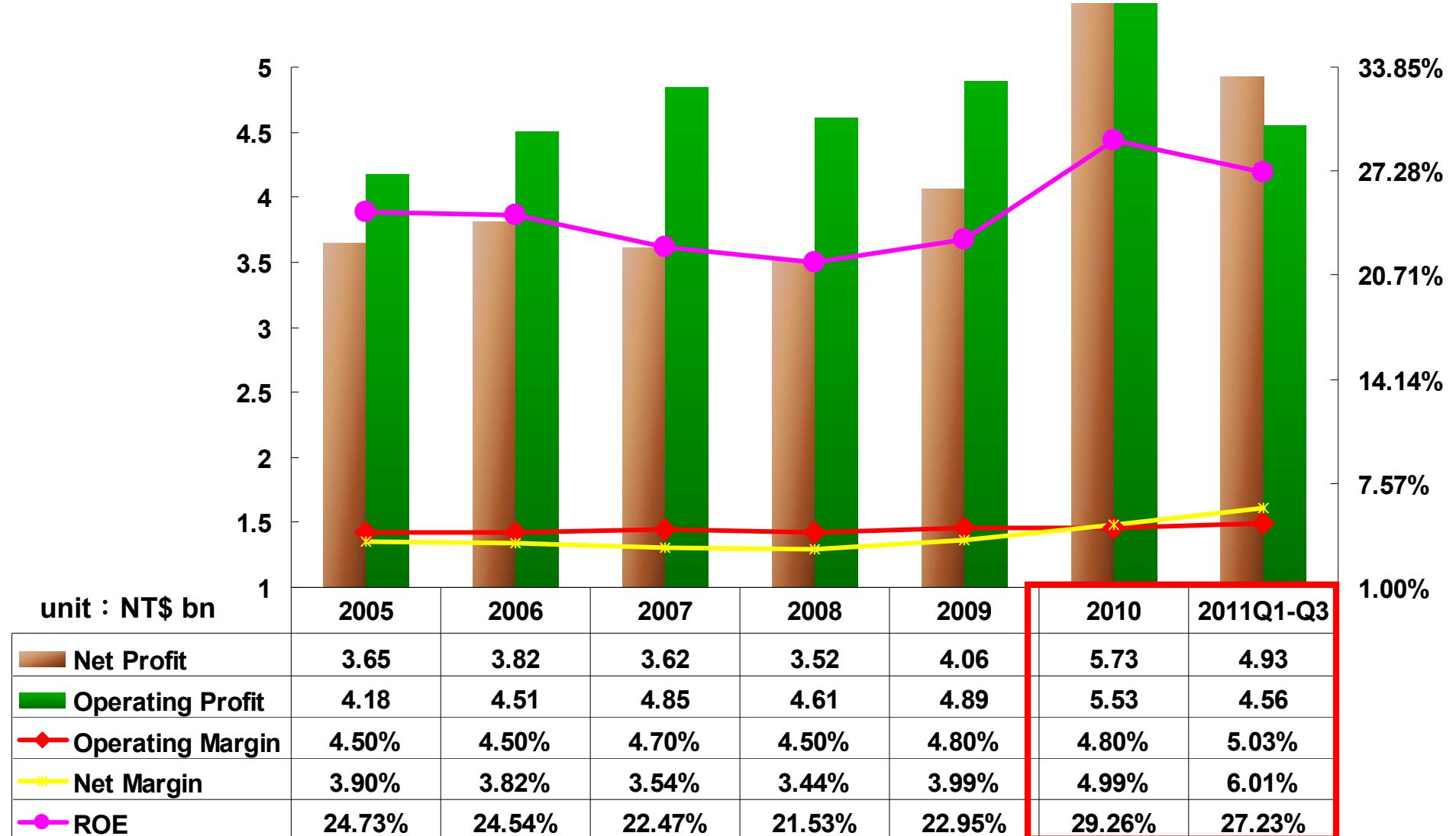
# 2011Q1-Q3 Results

# 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%
<b>Total operating revenue</b>	<b>114,664</b>	<b>100.0%</b>	<b>12.7%</b>	<b>90,732</b>	<b>100.0%</b>	<b>6.1%</b>
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%
<b>Net Income</b>	<b>\$5,726</b>	<b>5.0%</b>	<b>41.1%</b>	<b>\$5,456</b>	<b>6.0%</b>	<b>10.8%</b>
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

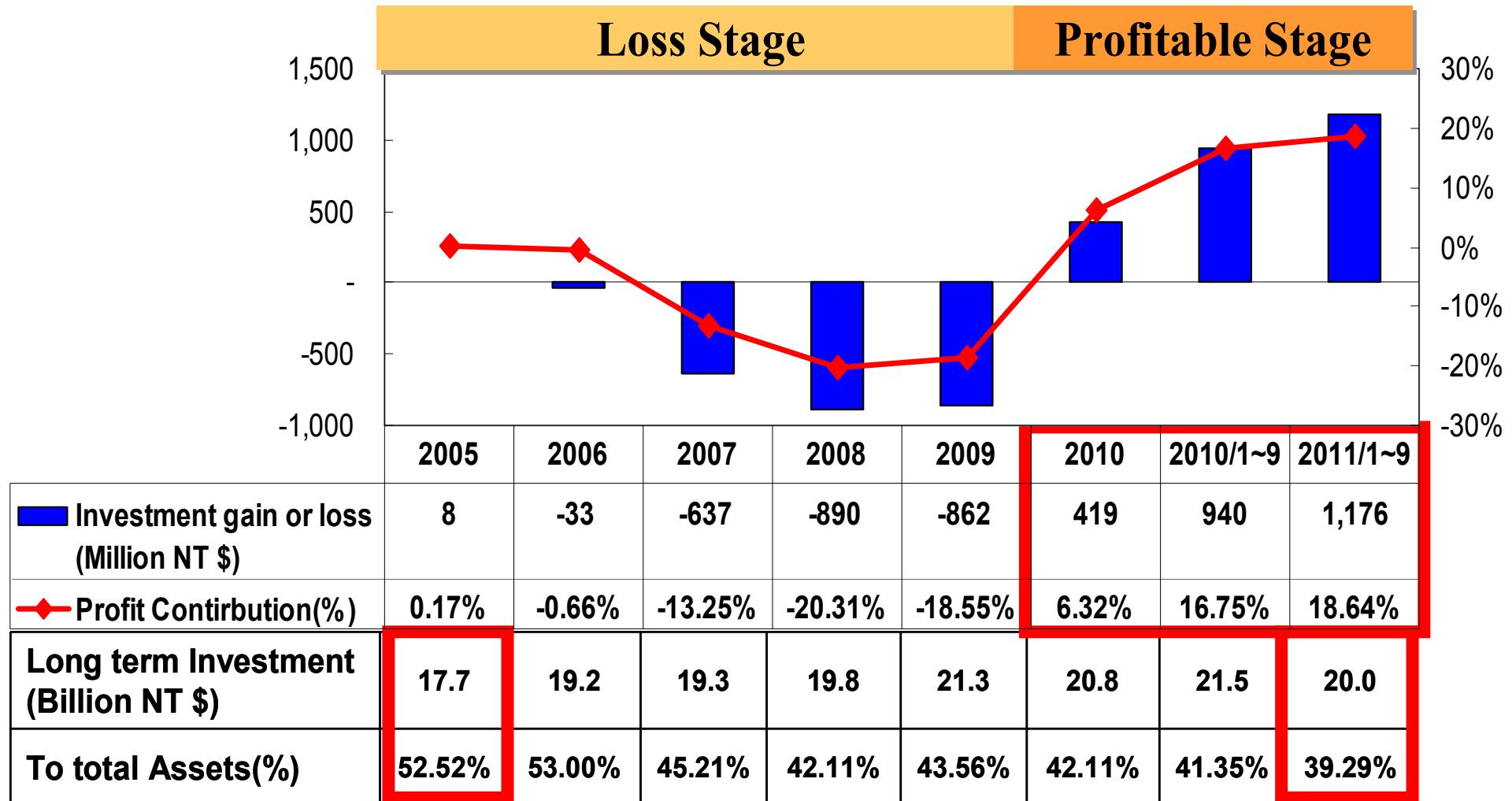
## Solid growth from Taiwan 7-11

- ✓ 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



# Taiwan Major Subsidiaries

Unit: \$NT'm

## Lifestyle Business

### 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



## Restaurant

### 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



## 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

## Convenience Store

### 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



## Restaurant

### 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%)

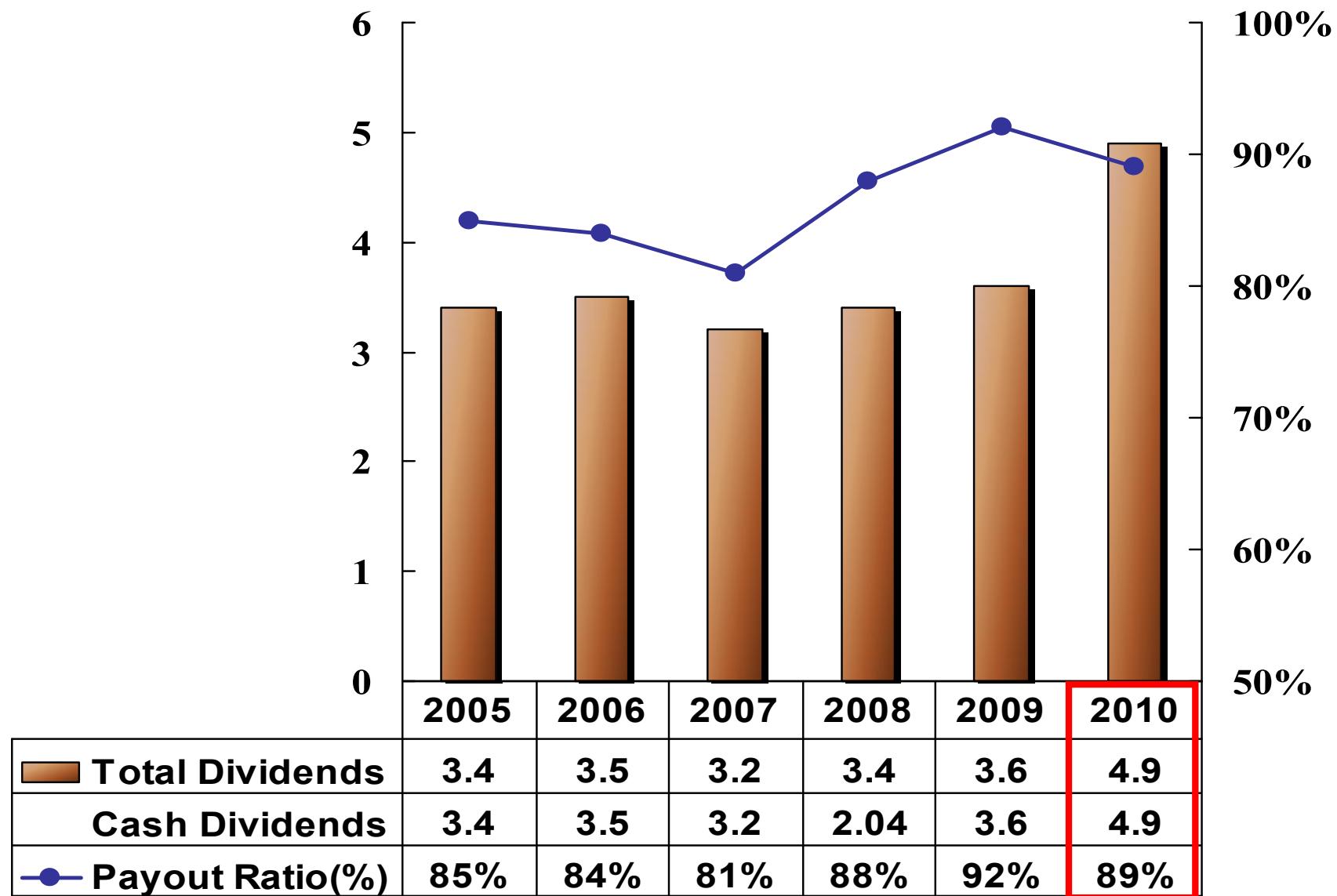


**Stores: 162**

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 40%, and targeting 50% by the end of 2015.
- 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**

4780 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.



facebook 搜尋

7-ELEVEN

公司

塗鴉牆

打卡我的咖啡角落上傳照片抽HTC手機

花園角落

活動時間:10/31止

7-ELEVEN

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」!!還有OPEN小將♥真心推薦♥的超值商品[OPEN走秀娃娃+LOCK落褲娃娃]兩款合購可享8折! [OPEN小將透心涼娃娃]四款合購9折!只有台北版急限定!挖 全部都是可愛到爆, 讓人超想收藏的呢!粉絲們最想把誰帶回家?一起來分享吧!

<http://www.openopen.com.tw/blog/blog.asp?id=100785>

牆上相片



# 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 franchising

Target:1000 stores in 2013.

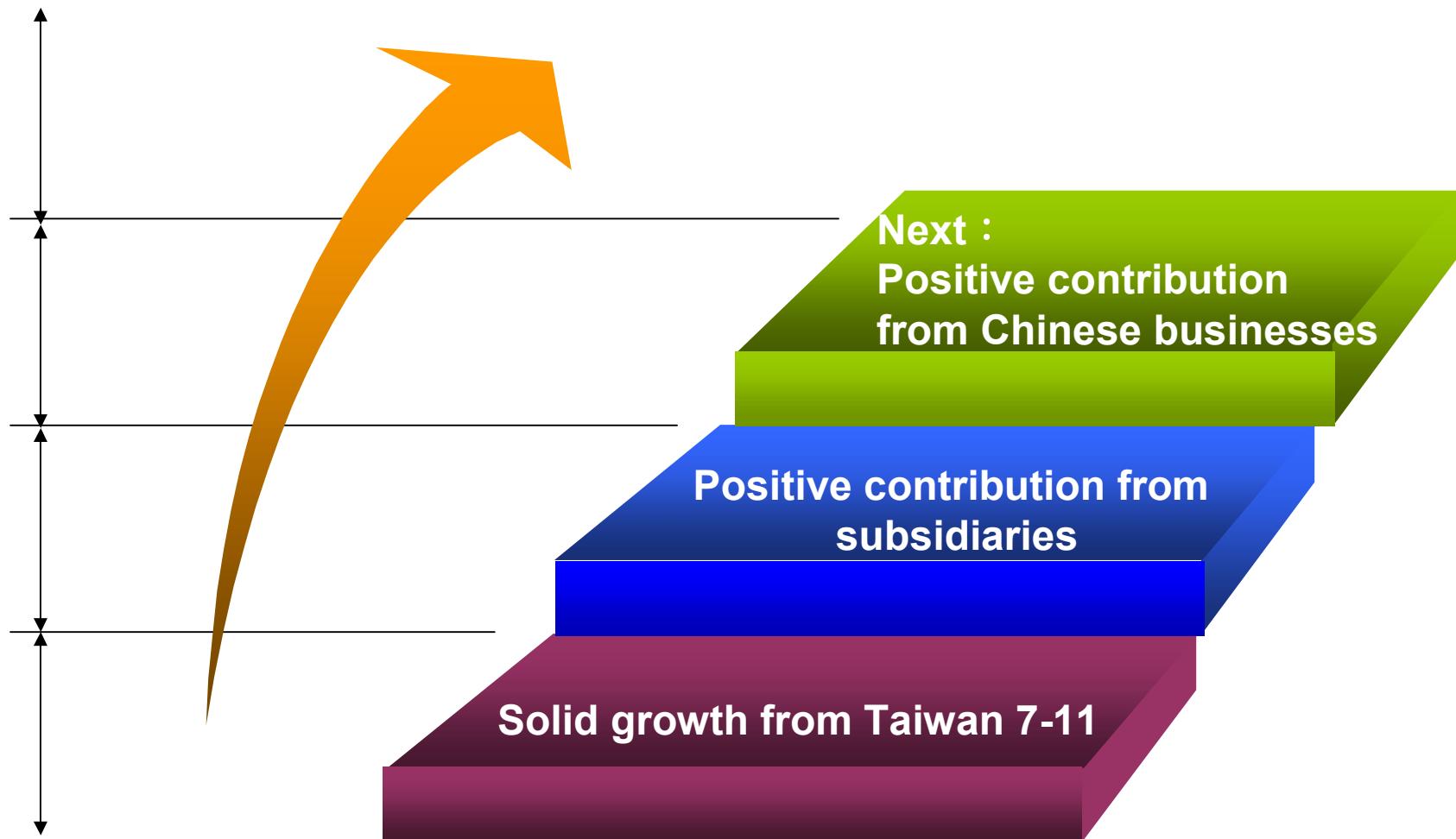
- Cost controls

## China-Aiming for becoming regional leading brands

- 568 stores in China, 385 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>
<b>Assets</b>				
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>
<b>Total assets</b>	<b>\$49,272</b>	<b>100%</b>	<b>\$49,341</b>	<b>100%</b>

# 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>
<b>Liability</b>				
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%
<b>Total current liabilities</b>	<b>21,492</b>	<b>44%</b>	<b>22,901</b>	<b>46%</b>
<b>Total long-term liabilities</b>	<b>5,000</b>	<b>10%</b>	<b>4,000</b>	<b>8%</b>
<b>Other Liabilities</b>	<b>2,567</b>	<b>5%</b>	<b>2,579</b>	<b>5%</b>
<b>Total liabilities</b>	<b>29,060</b>	<b>59%</b>	<b>29,480</b>	<b>60%</b>
<b>Shareholders' equity</b>				
Capital	10,396	21%	10,396	21%
Retained earnings	9,804	20%	10,166	21%
Others	12	0%	(701)	-1%
<b>Total shareholders' equity</b>	<b>20,212</b>	<b>41%</b>	<b>19,861</b>	<b>40%</b>
<b>Liabilities and shareholders' equity</b>	<b>\$49,272</b>	<b>100%</b>	<b>\$49,341</b>	<b>100%</b>

# Parent Statement of Cash Flow

Unit:\$NT'million

	<u>2010FY</u>	<u>2011Q1-Q3</u>
<b>Cash flows from operating activities</b>	7,462	12,983
<b>Cash flows from investing activities</b>	(2,263)	(2,315)
<b>Cash flows from financing activities</b>	(5,876)	(6,071)
<b>Net increase (decrease) in cash &amp; equivalents</b>	(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>

# Business Scope

## Retail

- Taiwan 7-11
- 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%)

## Logistic

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

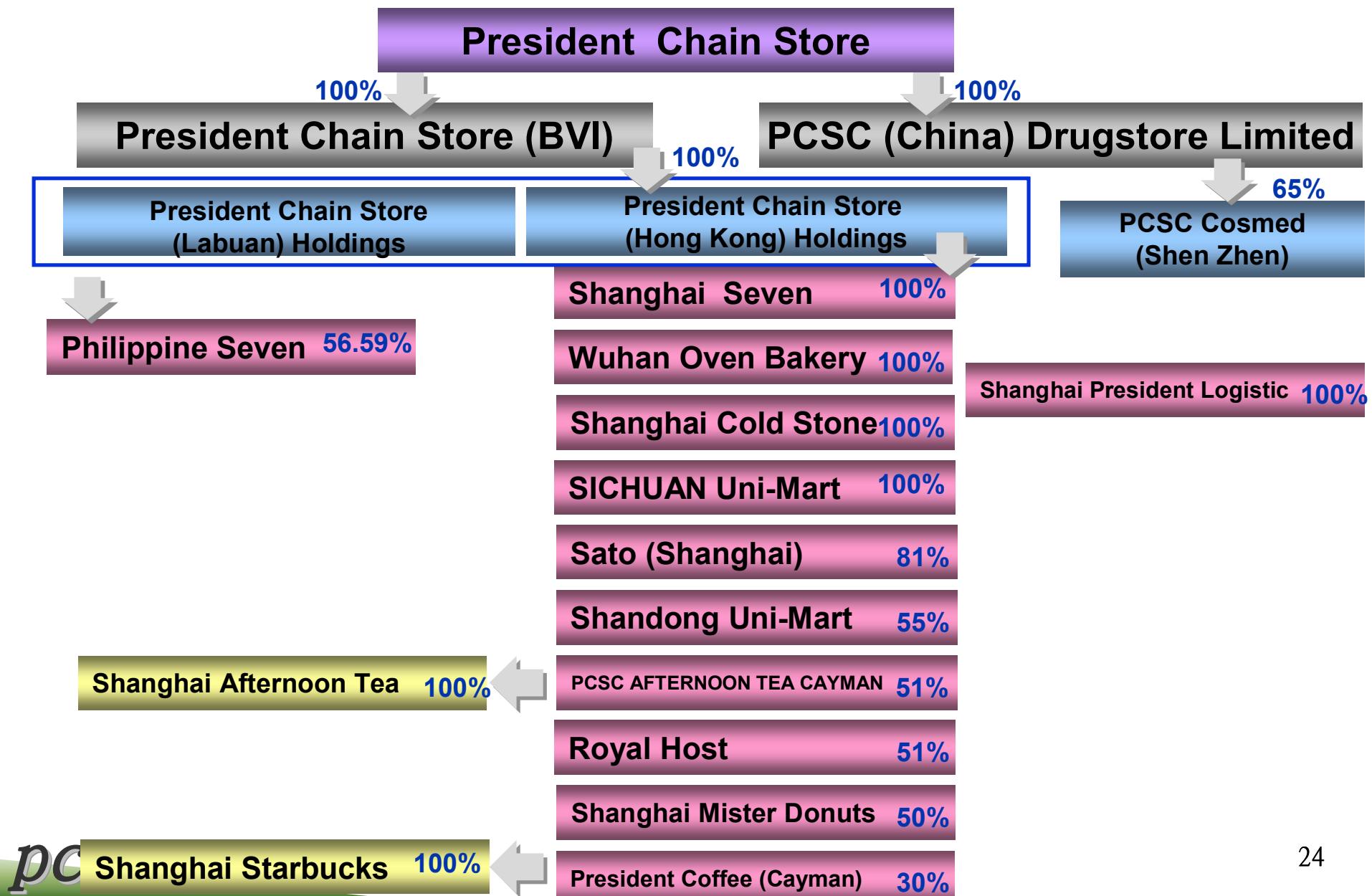
## F&B

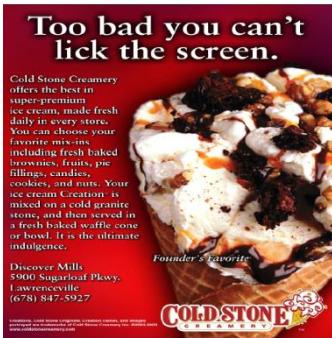
- 21 Century (100%)
- Oven Bakery (100%)
- Cold Stone (100%)
- Sato (81%)
- Afternoon Tea (51%)
- Mister Donut (50%)
- Starbucks (30%)

## Support

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

# Overseas Investment Structure





## Q&A