



**Philippine Seven Corporation (SEVN:PM)**

# **INVESTORS BRIEFING**

## **Q1 2015**

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Ortigas Avenue, Mandaluyong City**  
Email: [investor-relations@7-eleven.com.ph](mailto:investor-relations@7-eleven.com.ph)

# Who We Are

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**MISSION:** To make daily life easier by providing modern convenience.

**VISION:** To be the best retailer of convenience for emerging markets.

**VALUES:** We value integrity, teamwork and reliability. We are data-driven and customer focused in our decisions.

# A Global Brand



The World's Largest Retailer: ~ 55,000 Stores

SERVING OVER

**44M**  
GUESTS  
DAILY



**2X**  
WORLD'S  
POPULATION  
EVERY  
YEAR



2015  
**\$100 Billion**  
in Sales  
Estimated

# Local Coverage



By Location	Store Count	%
Metro Manila	600	45%
Luzon	622	46%
Visayas	119	9%
<b>Total</b>	<b>1,341</b>	<b>100%</b>



**1,341 stores**

As of March 31, 2015

*7-Eleven has at least 60% market share in the Philippines.*

# PSC History at a Glance



<b>1982</b>	PSC was established	<b>2005</b>	Moved to a full-scale distribution center
<b>1984</b>	Opened first store	<b>2007</b>	PhilSeven Foundation was established
<b>1996</b>	Opened 100 <sup>th</sup> Store	<b>2010</b>	Opened 500 <sup>th</sup> Store
<b>1998</b>	PSC launches its IPO; Opened first Franchise store	<b>2012</b>	Opened 711 <sup>th</sup> Store and entered Visayas Market via Cebu
<b>2000</b>	PCSC purchased 50.4% of PSC's common shares	<b>2013</b>	Opened 1,000 <sup>th</sup> Store



THE SEVEN COMPANIES

**1984**  
THE FIRST 7-ELEVEN STORE OPENING IN THE COUNTRY IN CEBU WITH 1000 CUSTOMERS.

**1998**  
PHILSEVEN WITH OVER 100 STORES, INCLUDING ITS RETAIL, PUBLIC, AND PRIVATE OUTLETS.

**2000**  
PRESENT CHAIN STORE CORP (PCSC) PURCHASES 50.4% OF PSC COMMON SHARES AT P2.30 PER SHARE, WHICH ALSO SETS THE STAGE FOR COMPANY AND SHAREHOLDERS TO PURSUE ITS GROWTH EXPANSION PLANS.

**2007**  
PHILSEVEN FOUNDATION INC. FOR COMMUNITY SERVICE.

**2012**  
THE COMPANY'S 711<sup>TH</sup> STORE IN THE COUNTRY.

**2013**  
COMPANY CONTRACTS FOR HOME APPLIANCES STORES IN BAGUIO.

**2014**  
COMPANY UPDATES FOOD COURT AND ADDS NEW AND EXISTING STORES AND SERVICES. CUSTOMERS ENJOY SWIFT SERVICE AND EASY ACCESS TO THE RESTROOMS.

**1982**  
PHILIPPINE SEVEN CORPORATION (PSC) IS FORMED AND THE FIRST 7-ELEVEN STORE IS OPENED IN CEBU WITH 1000 CUSTOMERS.

**1989**  
PHILSEVEN WITH TWO FRANCHISE UNITS AND A TOTAL OF 9 STORES IN OPERATION.

**1998**  
CONVENIENCE DISTRIBUTION INC. (CDI) IS FORMED TO MANAGE THE DISTRIBUTION OF GOODS TO 7-ELEVEN STORES.

**2005**  
PSC LAUNCHES ITS FIRST FRANCHISE STORE IN THE PHILIPPINES.

**2010**  
THE COMPANY'S 500<sup>TH</sup> STORE IN THE COUNTRY.

**2012**  
P-ELEVEN EXPANDS BEYOND CEBU AND OPENS ITS 711<sup>TH</sup> STORE IN THE COUNTRY.

**2013**  
PSC LAUNCHES ITS 1000<sup>TH</sup> STORE IN THE COUNTRY.

**2014**  
PSC LAUNCHES ITS 1000<sup>TH</sup> STORE IN THE COUNTRY.

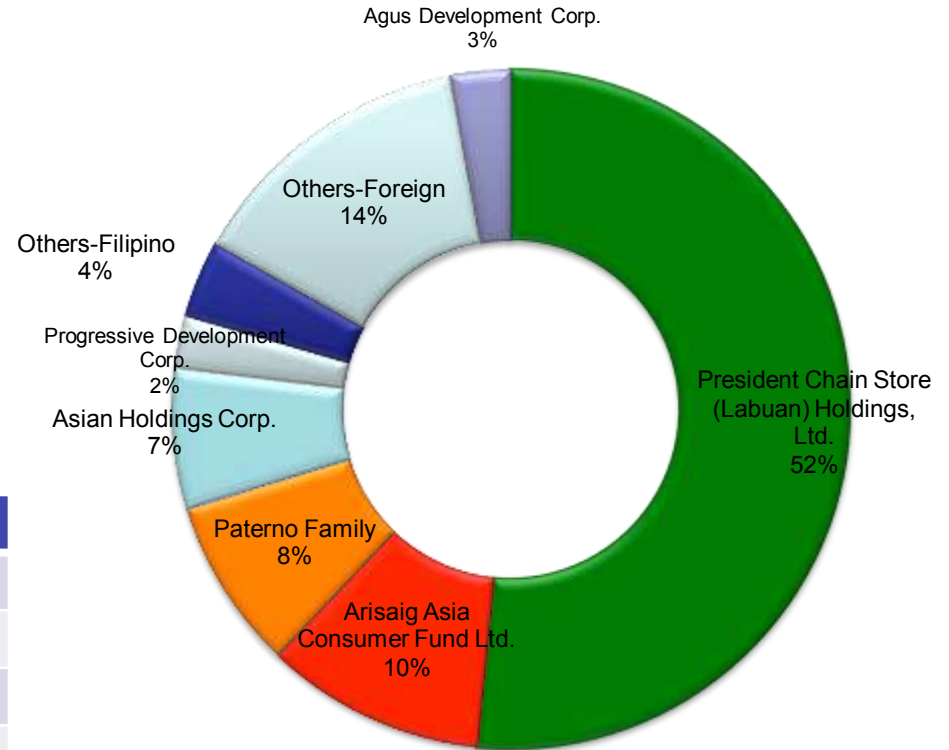


# Shareholding Structure



## Present Shareholding Structure

As of March 31, 2015	%
President Chain Store (Labuan) Holdings, Ltd	51.56%
Others-Foreign	14.00%
Arisaig Asia Consumer Fund Ltd.	10.47%
Paterno Family	8.21%
Asian Holdings Corporation	6.69%
Others-Filipino	3.68%
Agus Development Corporation	2.87%
Progressive Development Corporation	2.51%



# SEVN Share Information



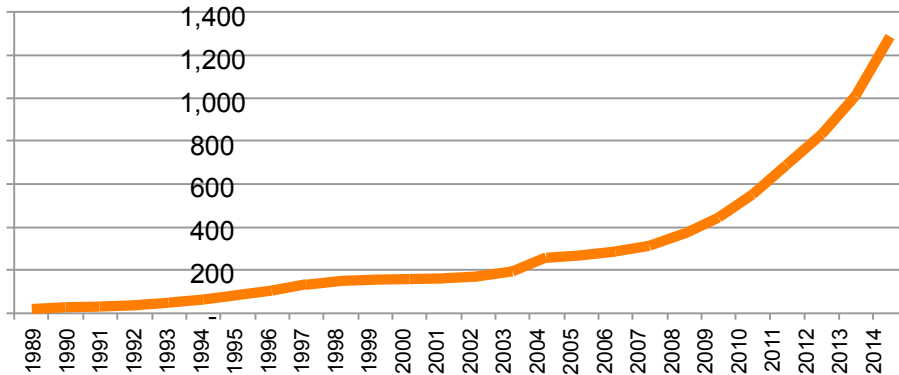
Price (Apr. 17, 2015)	Php 110.00
Hi/Low (12 months)	Php 80.00 – Php 111.00
Free Float	32%
Outstanding Shares	458.44 million USD
Market Capitalization	1.13 billion

<b>Dividend Payment</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Stock	.10	.10	.05	.15	.15	.15	-	-
Cash	-	-	.05	.10	.10	.10	.30	.40
<b>Total</b>	<b>.10</b>	<b>.10</b>	<b>.10</b>	<b>.25</b>	<b>.25</b>	<b>.25</b>	<b>.30</b>	<b>.40</b>
<b>Dividend Payout</b>	<b>43.3%</b>	<b>31.0%</b>	<b>18.4%</b>	<b>27.2%</b>	<b>24.3%</b>	<b>21.4%</b>	<b>20.1%</b>	<b>20.9%</b>

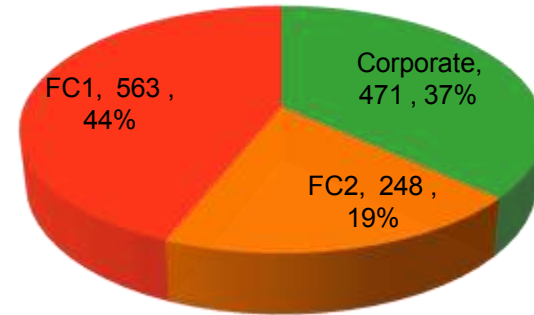
# Store Count



Store Count



Store Count by Type



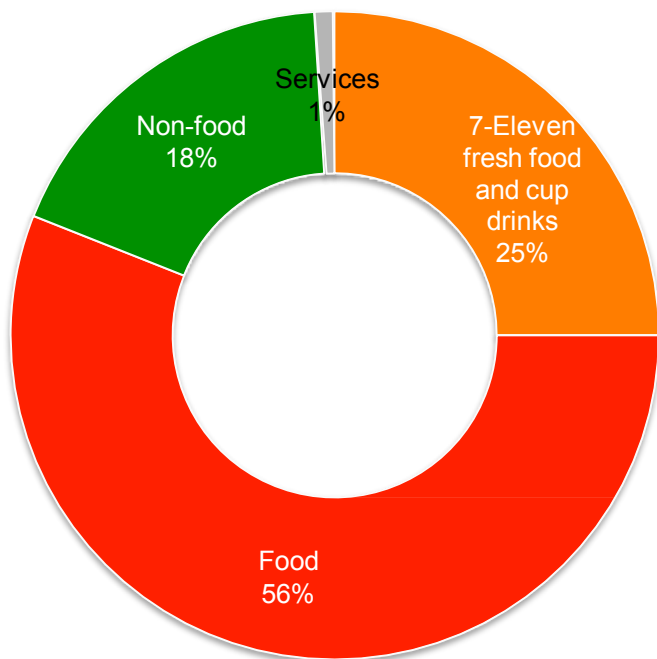
- Number of stores grew by 20% to 25% annually
- 63% of stores are franchised
- Expects to end 2015 with close to 1,600 stores from 1,282 in 2014.



# Proprietary Products



## By Section



1. 7-Eleven fresh food and drinks includes, rice meal, sandwiches, Slurpee® and coffee.
2. Food section are FMCG and alcoholic beverages
3. Non-food are cigarettes and health & beauty items
4. Services pertains to fees earned from bill payment, e-loads and consignment.

# Promotions and Events



**Breakfast**  
More Combos.  
All Day!

**SAVE UP TO P16**

1. Choose one food item. 2. Choose one drink.

<b>39 PESOS</b>	+	<b>49 PESOS</b>
<b>59 PESOS</b>	+	<b>69 PESOS</b>

Some products may not be available in selected stores.



**EVERY DAY!**

# WiFi

Now available at

1 point = 15 mins of WiFi

(Available in selected stores only)



**1000 THANKS!**

★ RAFFLE PROMO ★  
A THOUSAND THANKS TO OUR MOST LOYAL CUSTOMERS

**CONGRATULATIONS TO ALL THE WINNERS!**

2014 TOYOTA ALTIS WINNER  
**Patricia Marie Pamesa**

IPAD AIR 16GB WINNERS

- Andrés Dela Cruz
- Guadalupe Tabares
- Edison Herrera
- Gerardo Jimenez
- Wendy Chastaneda
- Adrian Hernandez
- Melissa Caceres
- Cherrie Ann Capone
- Araceli Alonzo
- Araceli Rodriguez

1000



# Franchise Packages

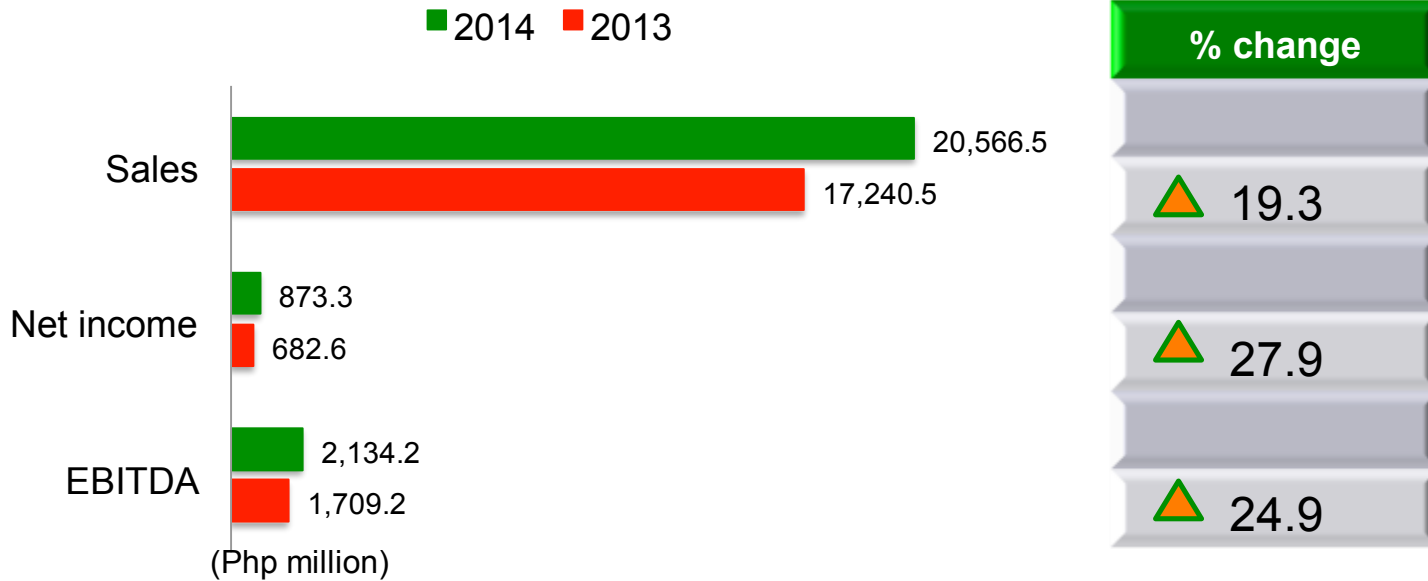


	FC1	FC2
Franchise Type	Investor	Industrial
Investment	USD 80,000-100,000	USD 20,000-25,000
Building	Franchisee	PSC
Merchandise	Franchisee	
Equipment	PSC	
Cash Bond (PGD)	-	Franchisee
Term	5+5 years	
GP Split	66% FC, 34% PSC	40% FC, 60% PSC
Rent	Franchisee	PSC
Electricity	50 - 50 split	60 - 40 split
Manpower	Franchisee	

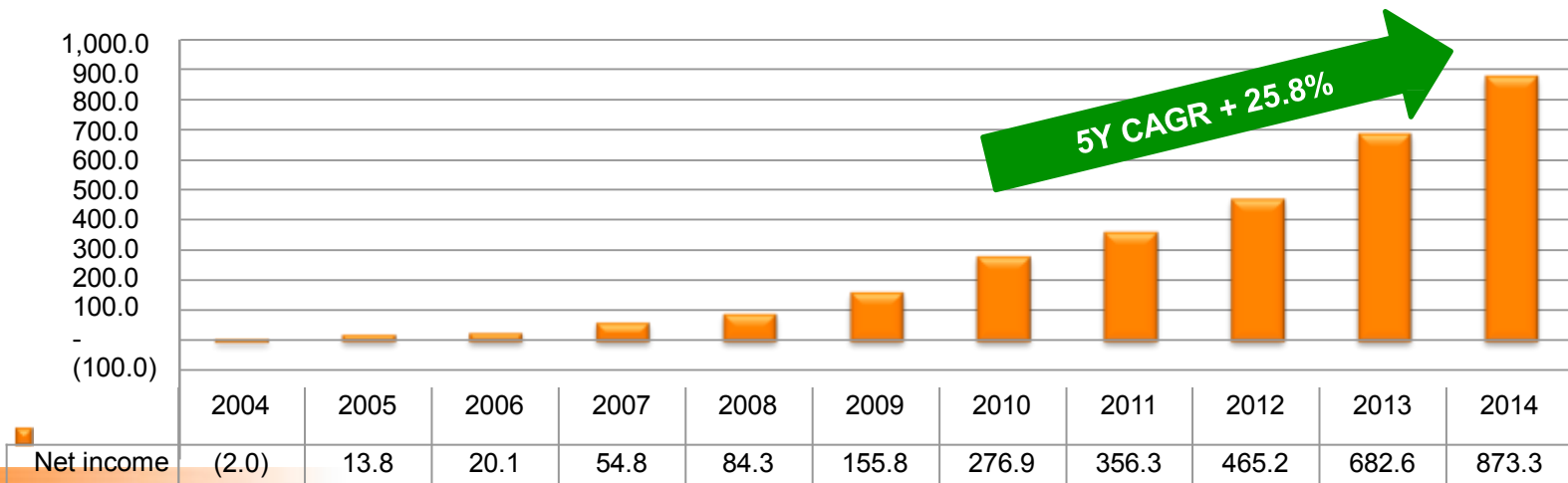
\* USD 1.00 = PhP 44.00



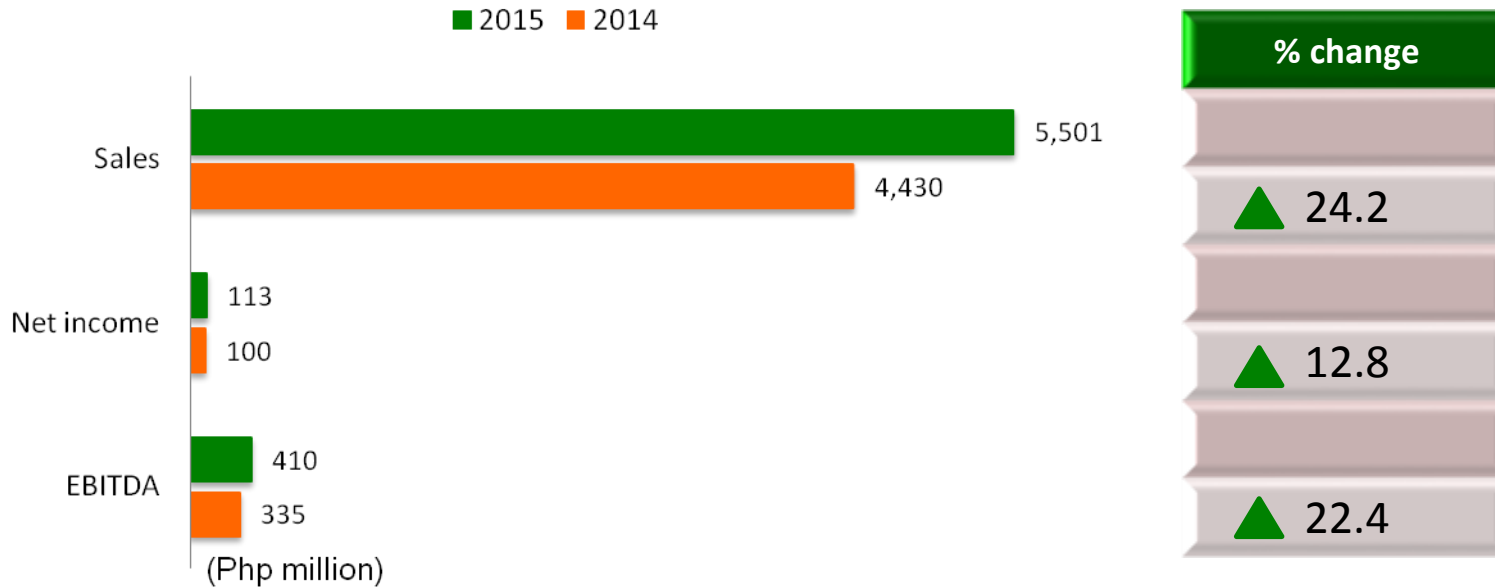
# Financial Highlights



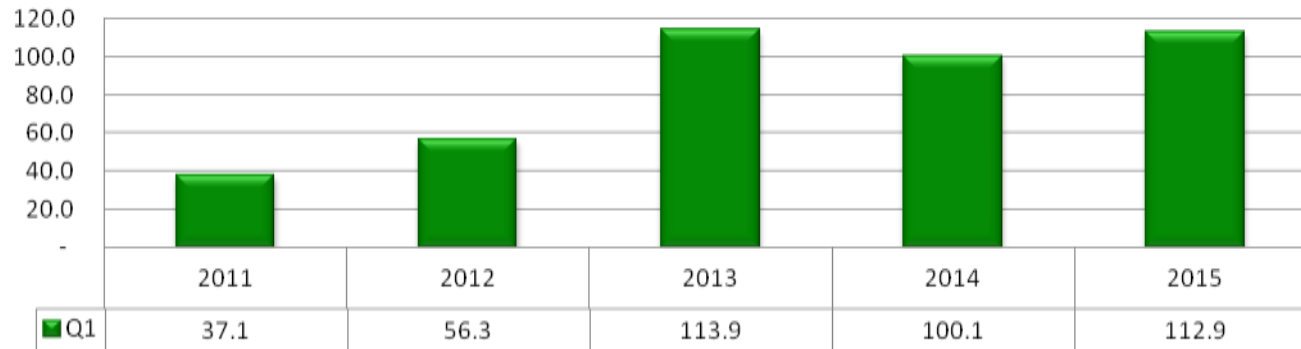
## Net income



# Q1 Financial Highlights

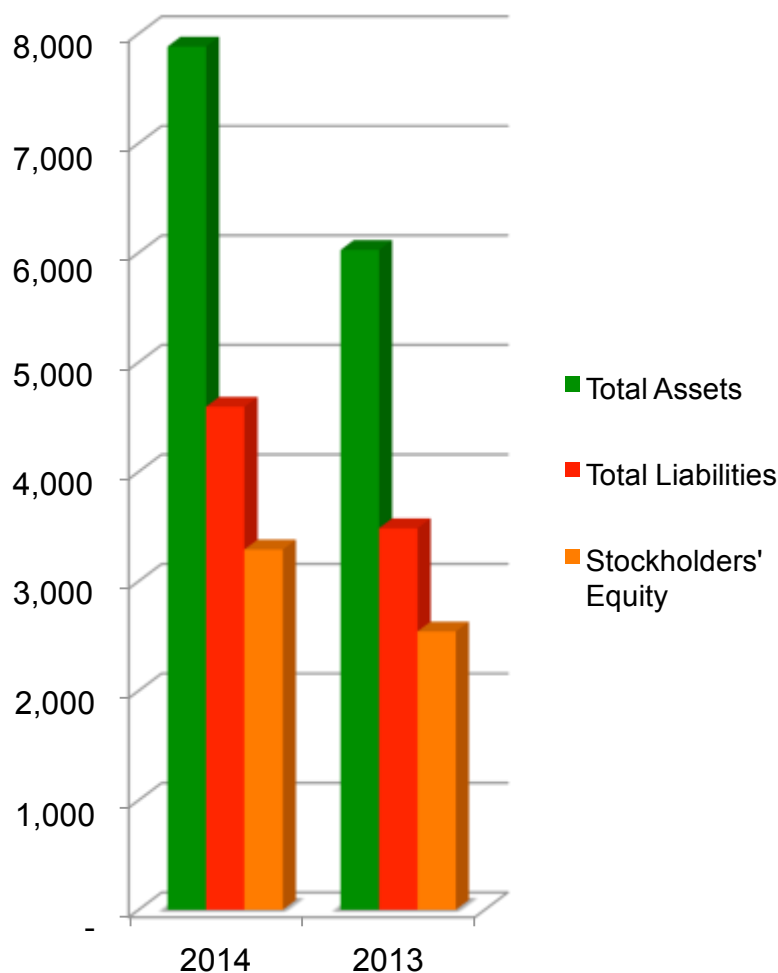


Q1 Net Income 5 Year Trend





# Financial Highlights



<b>Balance Sheet and Cash Flow</b> (in Php Million except Book Value per Share)	<b>As of Dec. 31, 2014</b>	<b>% change</b>
Total Assets	7,882.3	31%
Current Assets	3,365.4	28%
Non-current Assets	4,516.9	33%
Current Liabilities	4,225.3	33%
Total Liabilities	4,592.8	32%
Stockholders' Equity	3,289.5	29%
Book Value per Share (P)	7.18	29%
Cash Flow from Operating Activities	2,175.5	18%
Cash Flow used in Investing Activities	-1,942.3	48%
Cash Flow from Financing Activities	35.5	34%

# Financial Highlights



## EPS



## Selected Financial Ratio

### Liquidity and Leverage Ratio:

Ratio	2014	2013
Current Ratio (x)	0.80	0.83
Net Debt to Equity (%)	-15.3%	-16.7%

### Profitability Ratio:

Ratio	2014	2013
Return on Equity (%)	30.0	30.7
Return on Capital Employed (%)	32.1	30.2
EBITDA Margin (%)	12.4	12.1

EBIT Margin (%)	7.4	7.0
Net Margin (%)	5.1	4.8

### Activity Ratio:

Days Inventory Outstanding	29.3	28.0
Days Payable Outstanding	41.8	42.3
Days Receivable Outstanding	8.0	7.5
Cash Conversion Days	-4.4	-6.9



# Comparative Metrics



2014			
7-Eleven	PSC (Philippines)	PCSC** (Taiwan)	CPALL (Thailand)***
<b>Key Performance Ratio:</b>			
Store count	1,282	5,040 (end-2014)	8,127
Net Margin %	4.2*	6.3	3.8
EBITDA %	10.4*	8.9	9.5
EBIT %	6.2*	5.0	7.7
ROE	30.0	36.1	42.3
Days inventory outstanding	29.3	20.8	23.0
Days payable outstanding	41.8	54.2	69.5

\* Based from system-wide sales

\*\* Based from 2013 Annual Report

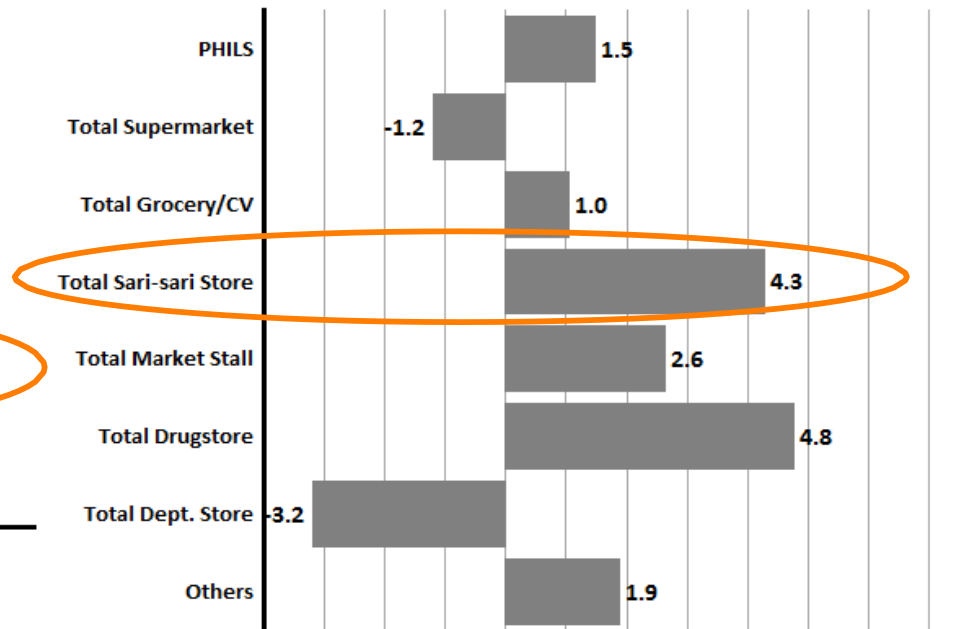
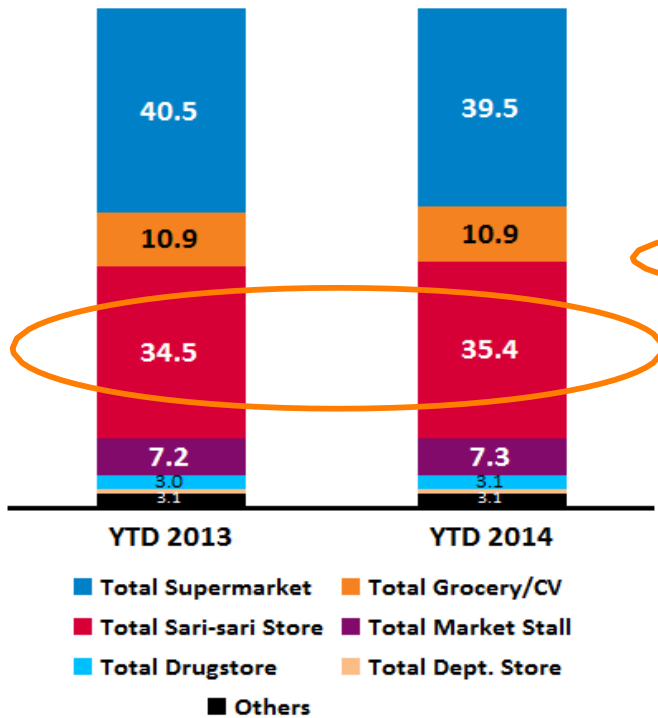
\*\*\* Based from Company only FS

# Future Growth affected by trend of traditional stores



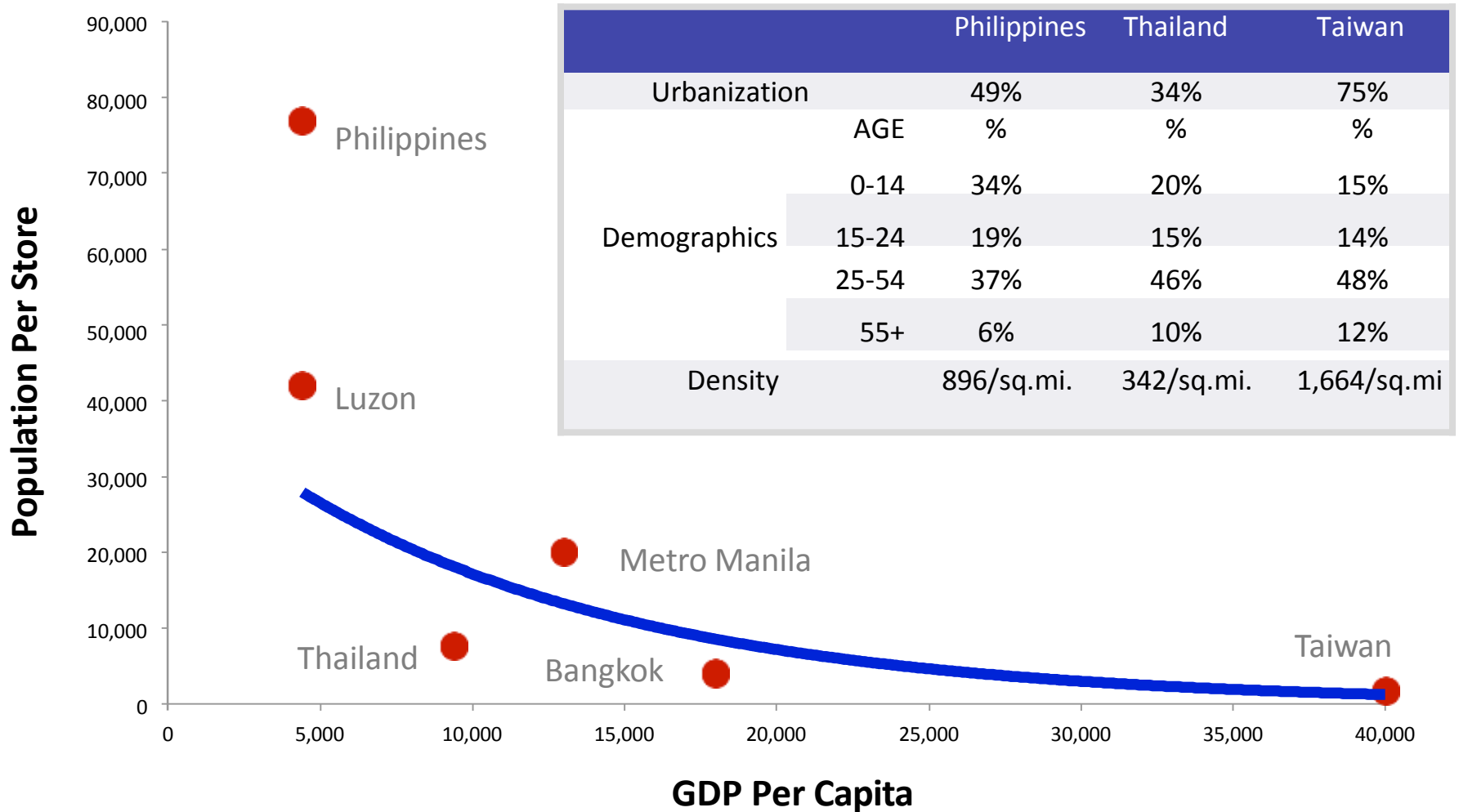
PHILS by Channel | YTD TY vs YTD  
LY Value Share of Trade

PHILS by Channel | Period Ended  
MAY14 Value Change % vs Year Ago



Source: AC Nielsen 2014

# Potential to improve penetration...







**\* End of Presentation \***