



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

# **INVESTORS BRIEFING**

## **Q2 2015**

**7<sup>th</sup> Floor The Columbia Tower,  
Ortigas Avenue, Mandaluyong City**

Email: [investor-relations@7-eleven.com.ph](mailto:investor-relations@7-eleven.com.ph)

# Who We Are

---



**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	627	45%
Luzon-ex MM	640	46%
Visayas	136	9%
Mindanao	2	0%
<b>Total</b>	<b>1,405</b>	<b>100%</b>



# 1,405 stores

As of June 30, 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



PHILIPPINE SEVEN CORPORATION



**1984**

THE FIRST 7-ELEVEN STORE OPENS AT THE CORNER OF EDZA AND MARAL, QUEZON CITY.



**1998**

PSC, NOW WITH OVER 100 STORES, LAUNCHES ITS INITIAL PUBLIC OFFERING, WITH SHARES OFFERED AT P4.40.



**2000**

PRESIDENT CHAIN STORE CORP. (PCSC) PURCHASES 50.4% OF PSC'S COMMON SHARES AT P150 PER SHARE, WHICH HELPED STRENGTHEN THE COMPANY AND ENABLED IT TO PURSUE ITS STORE EXPANSION PLANS.



**2007**

PSC'S BOARD OF DIRECTORS ESTABLISHES PHILSEVEN FOUNDATION INC., THE COMPANY'S CSR WING.



**2012**

PSC OPENS ITS 711<sup>TH</sup> STORE IN THE COUNTRY.



**2013**

EXPANSION CONTINUES IN VISAYAS AS 7-ELEVEN OPENS IN BACOLOD.



**2014**

7-ELEVEN'S UPGRADED LOOK CONTINUES TO BE ROLLED OUT ACROSS NEW AND EXISTING STORES AND OFFERS CUSTOMERS A MORE INVITING AMBIENCE AND EASY ACCESS TO ITS PRODUCTS.



**1982**

PHILIPPINE SEVEN CORPORATION (PSC) IS ESTABLISHED AND SOON TO MASTER CONCEPT TO OPERATE 7-ELEVEN STORES IN THE COUNTRY.



**1989**

THIS YEAR MARKS THE FIRST YEAR PSC TURNS A PROFIT WITH A TOTAL OF 9 STORES IN OPERATION.



**1998**

CONVENIENCE DISTRIBUTION INC. (CDI), PSC'S WHOLLY OWNED SUBSIDIARY, IS OPENED TO PROVIDE CENTRALIZED WAREHOUSE AND DISTRIBUTION SYSTEMS TO SERVICE ITS 7-ELEVEN STORES.



**2005**

PSC LAUNCHES FULL-SCALE FRANCHISING AND ENDS THE YEAR WITH 85 FRANCHISE STORES OUT OF OVER 200 STORES.



**2010**

THE 500<sup>TH</sup> STORE OPENS AT QUEZON AVENUE, QUEZON CITY.



**2012**

7-ELEVEN EXPANDS BEYOND LIZON AND CROSSES OVER INTO CEBU, QUEEN CITY OF THE SOUTH.



**2013**

PSC CELEBRATES A MAJOR MILESTONE AS IT OPENS 1,000<sup>TH</sup> STORE AT GREENFIELD DISTRICT, MANDALUYONG CITY.



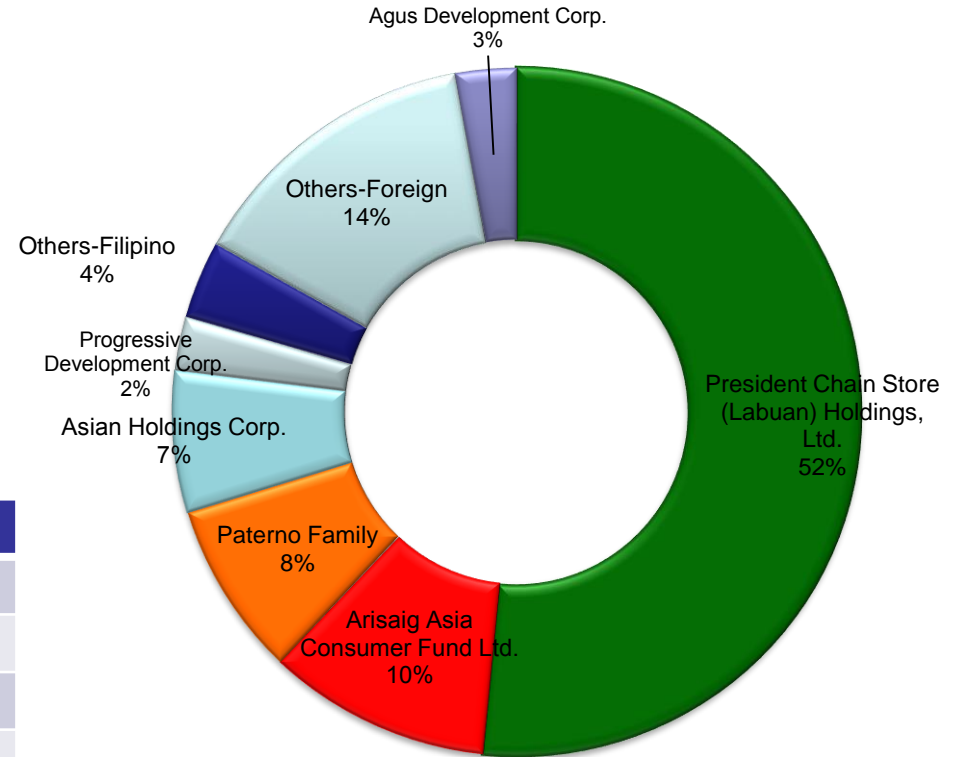
**2014**

PSC CONTINUES ITS AGGRESSIVE EXPANSION PLANS IN THE VISAYAS REGION BY OPENING SIX 7-ELEVEN STORES IN ILOILO CITY.

# Shareholding Structure



## Present Shareholding Structure



As of June 30, 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



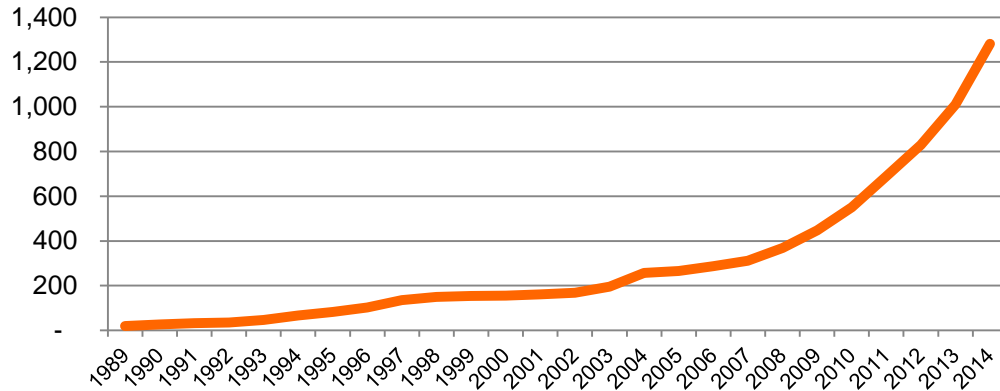
Price (July 27, 2015)	Php 110.00
Hi/Low (12 months)	Php 80.00 – Php 140.00
Free Float	32%
Outstanding Shares	458.44 million
Market Capitalization	USD 1.11 billion

Dividend Payment	2008	2009	2010	2011	2012	2013	2014	2015
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>

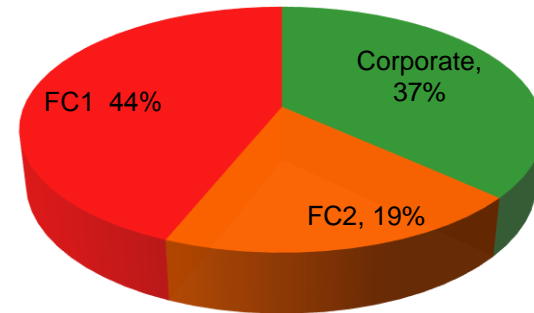
# Store Count



Store Count



Store Count by Type



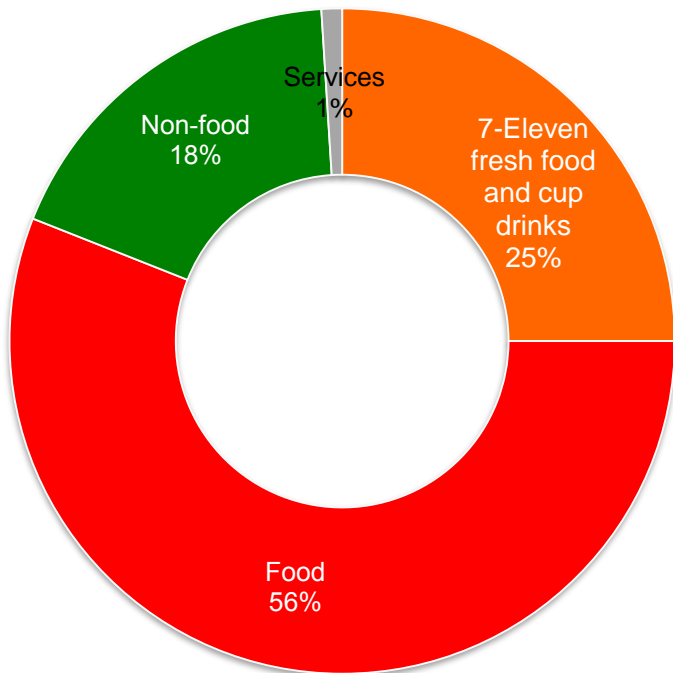
- Number of stores grew by 20% to 25% annually
- 63% of stores are franchised
- Expects to end 2015 with close to 1,600 stores from 1,282 in 2014.



# 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** Use your **EVERY DAY! REWARDS** and get a **Free Magnum Choco Cappuccino** when you buy 5 Breakfast Combos in a week.

**MAKE YOUR OWN COMBO! STEP 1: Choose one food item. STEP 2: Choose one drink.**

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

Some products only available in selected stores.

**EVERY DAY! REWARDS**

<http://rewards.7-eleven.com.ph>

**EVERY DAY! WiFi**

Now available at

**7-ELEVEN**

1 point = 15 mins of WiFi

(Available in selected stores only)

**7-ELEVEN RUN 1500**

**Proud to be in Iloilo**

**7-ELEVEN -TRAIL- 1500**

*Celebrating*

**1000**

Stores in the Philippines

**7-ELEVEN**

**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**

Lea Delilla  
Gaudencio Tambula  
Erlito Hermosa  
Gloria Buanan  
Yoshiko Dardanas  
Ailyn Hinasale  
Maryann Calapuyan  
Genner Aron Calapan  
Almora Anad  
Ariana Salugail

**1000**

# Franchise Packages

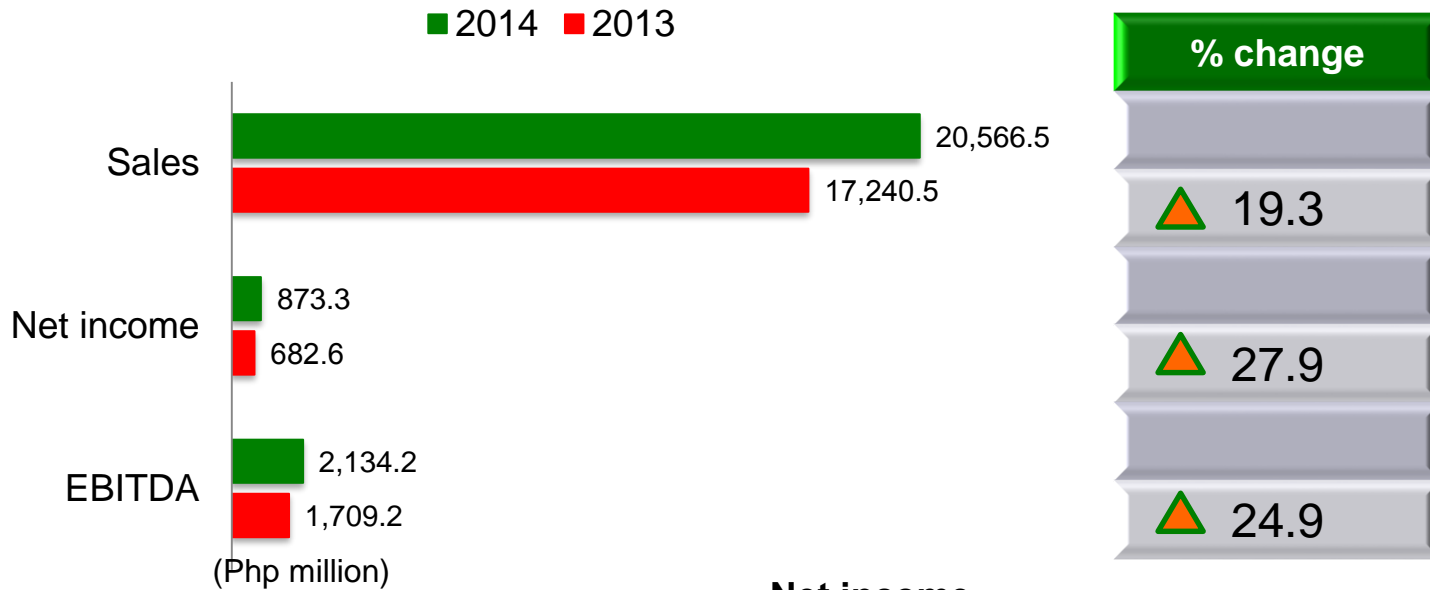


	FC1	FC2
Franchise Type	Investor	Industrial
Investment	USD 80,000-100,000	USD 20,000-25,000
Building	Franchisee	PSC
Merchandise	Franchisee	
Equipment	PSC	
Cash Bond (PGD)	-	Franchisee
Term	5+5 years	
GP Split	66% FC, 34% PSC	40% FC, 60% PSC
Rent	Franchisee	PSC
Electricity	50 - 50 split	60 - 40 split
Manpower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

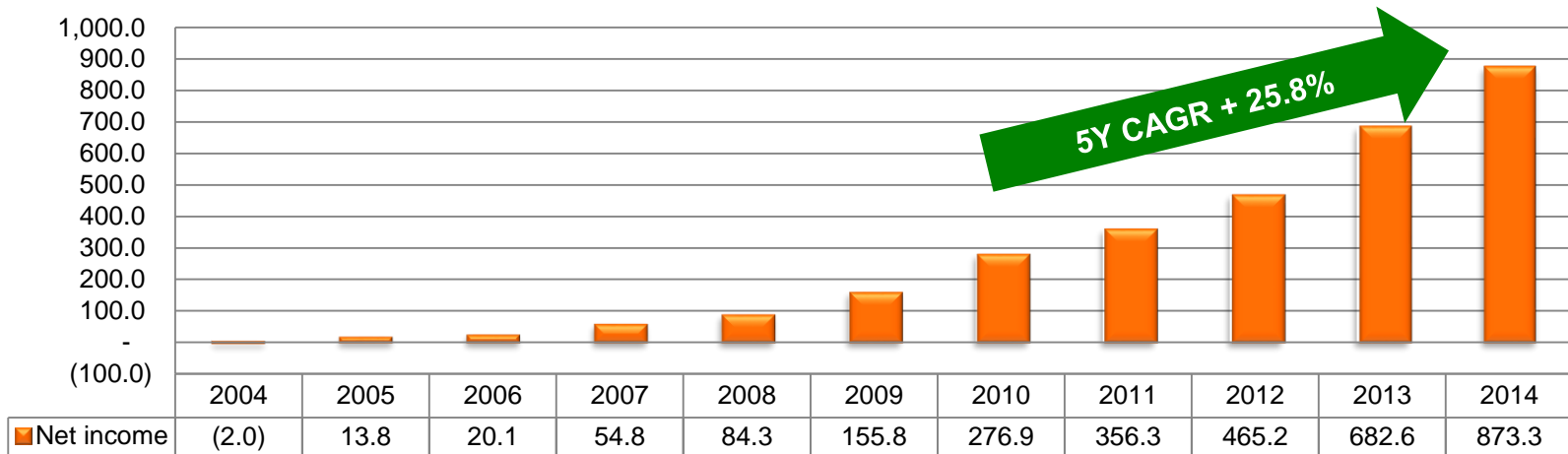
\* USD 1.00 = PhP 44.00



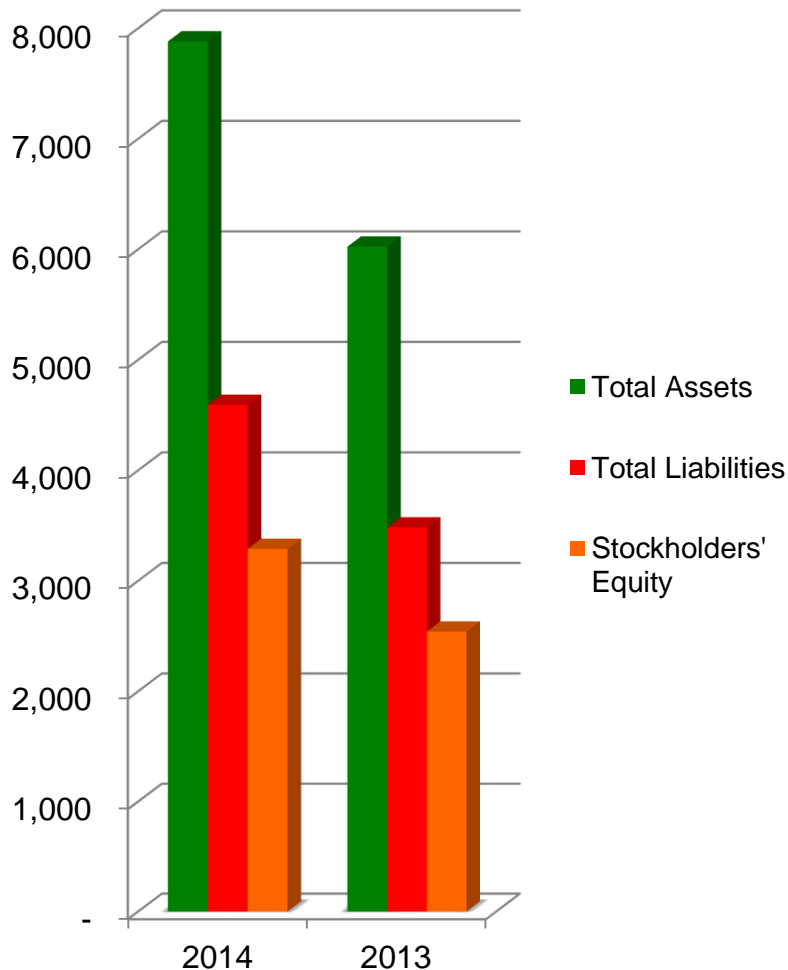
# Financial Highlights



Net income



# Financial Highlights

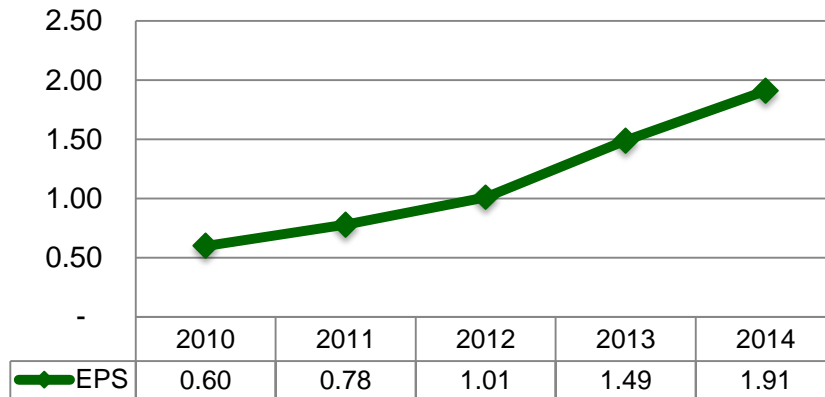


<b>Balance Sheet and Cash Flow</b> (in Php Million except Book Value per Share)	<b>As of</b> <b>Dec. 31,</b> <b>2014</b>	<b>%</b> <b>change</b>
Total Assets	7,882.3	31%
Current Assets	3,365.4	28%
Non-current Assets	4,516.9	33%
Current Liabilities	4,225.3	33%
Total Liabilities	4,592.8	32%
Stockholders' 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:

Ratio	2014	2013
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



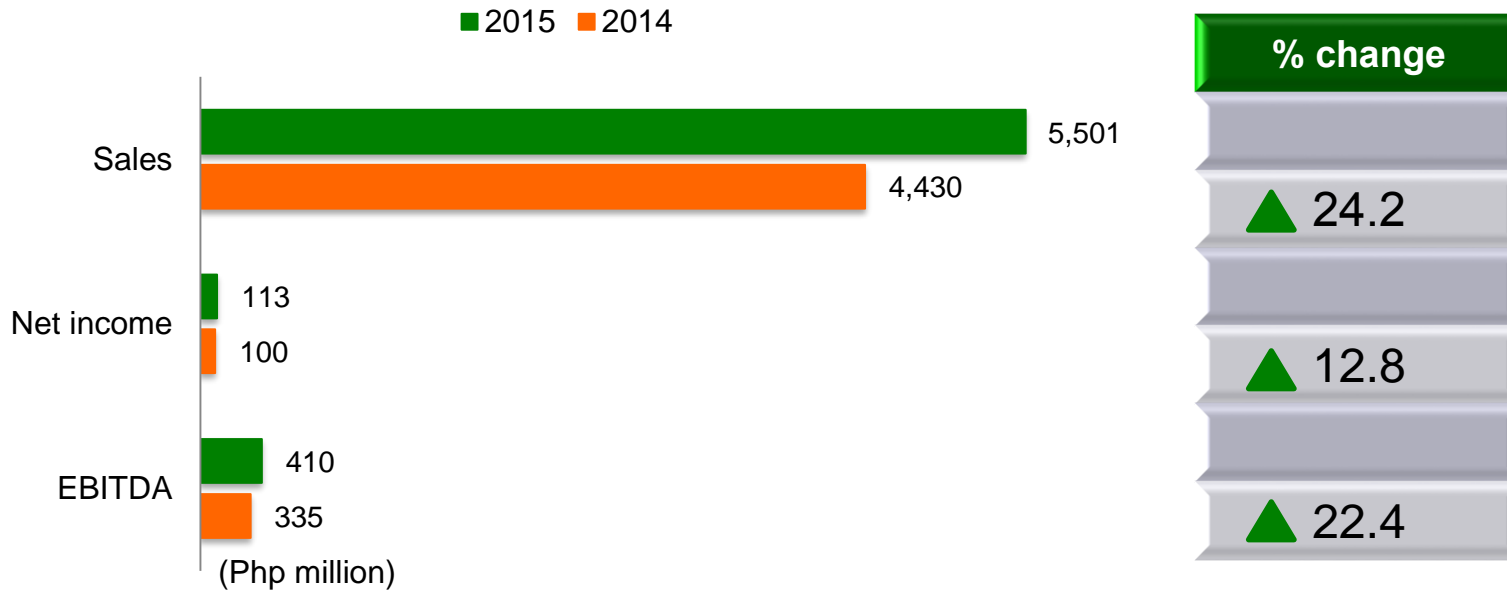
# Comparative Metrics



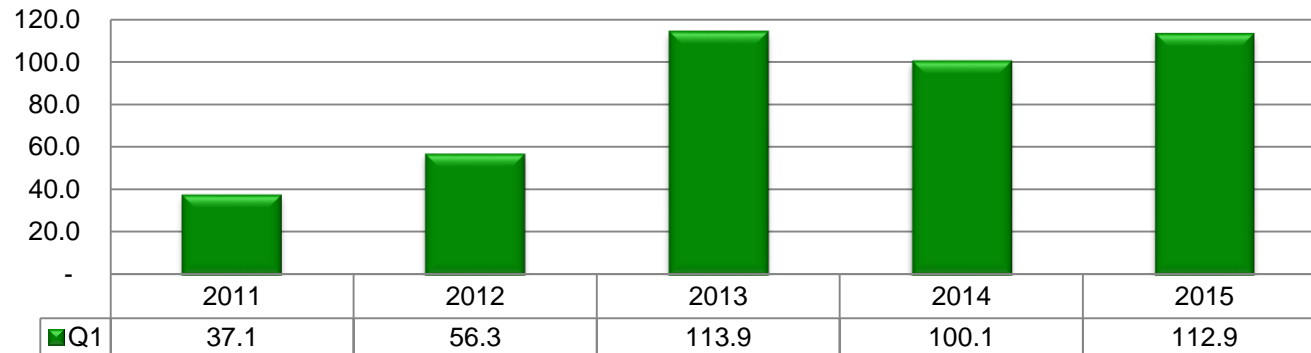
2014			
7-Eleven	PSC (Philippines )	PCSC (Taiwan)	CPALL (Thailand)
<b>Key Performance Ratio:</b>			
Store count	1,282	5,040	8,127
Net Margin %	4.2*	6.9	3.8
EBITDA %	10.4*	8.9	9.5
EBIT %	6.2*	4.8	7.7
ROE	30.0	36.1	42.3
Days inventory outstanding	29.3	21.4	23.0
Days payable outstanding	41.8	50.1	69.5

\* Based from system-wide sales

# Q1 Financial Highlights

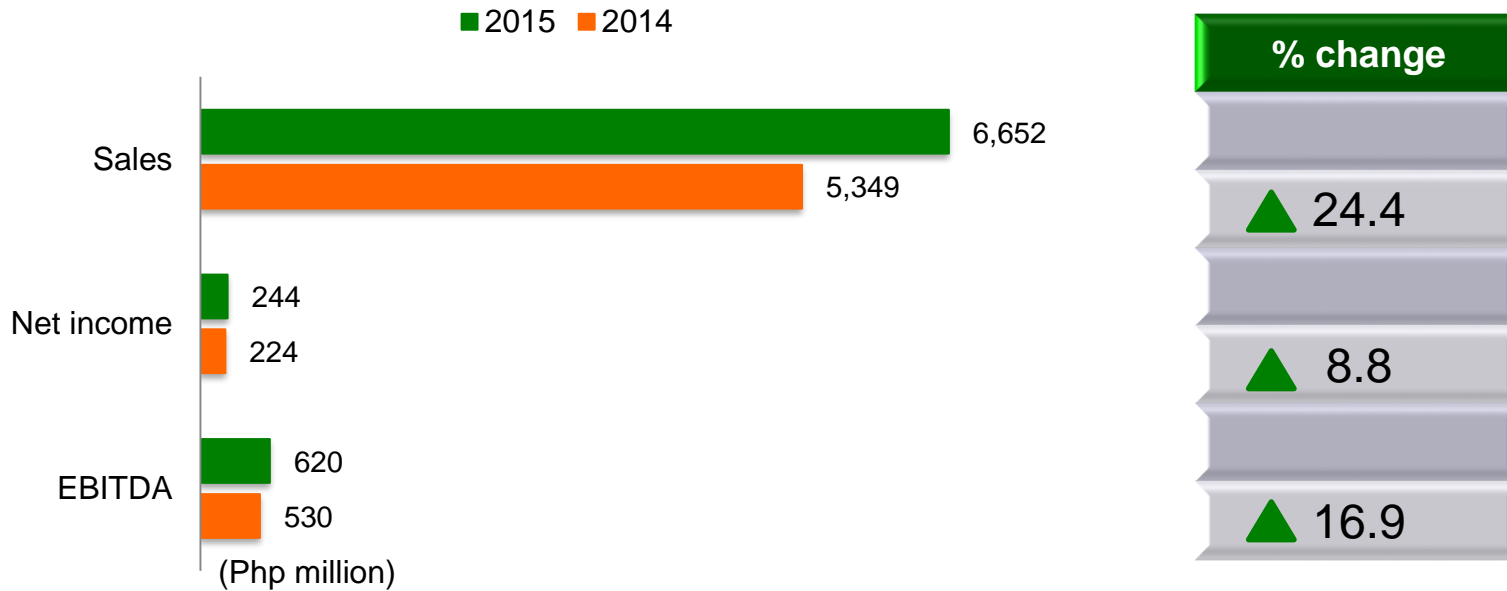


Q1 Net Income 5 Year Trend

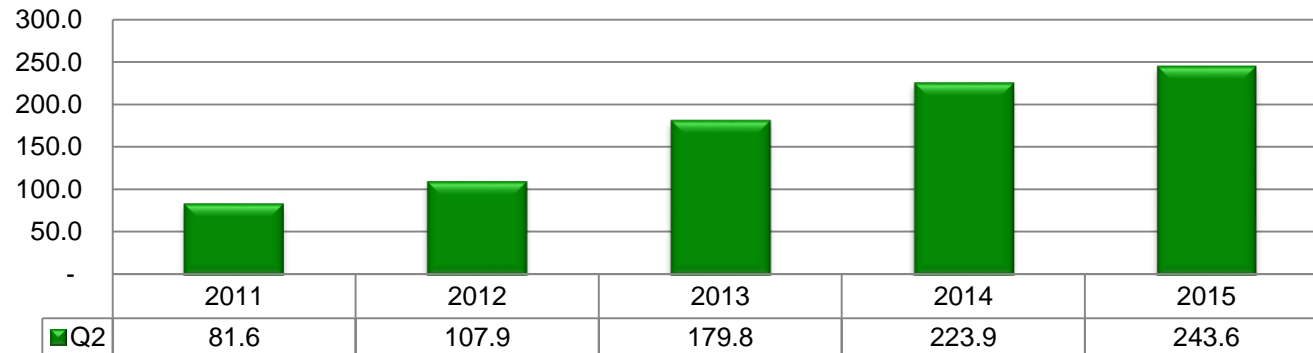




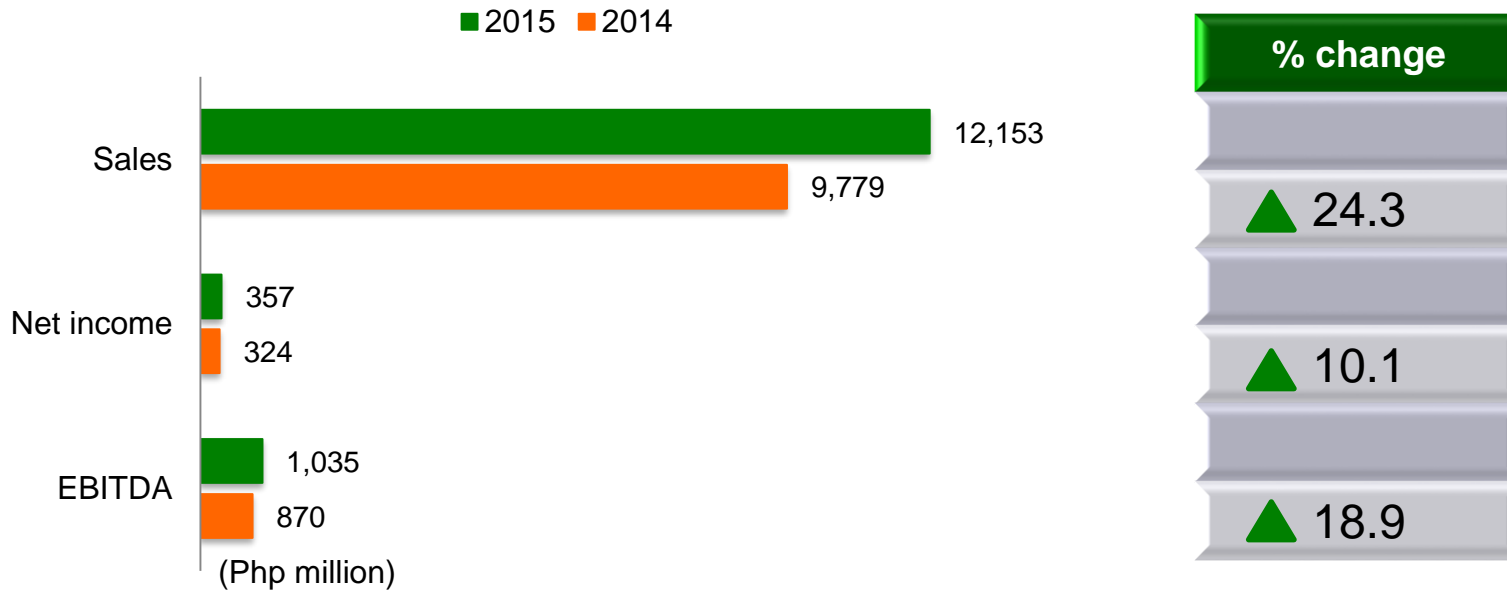
# Q2 Financial Highlights



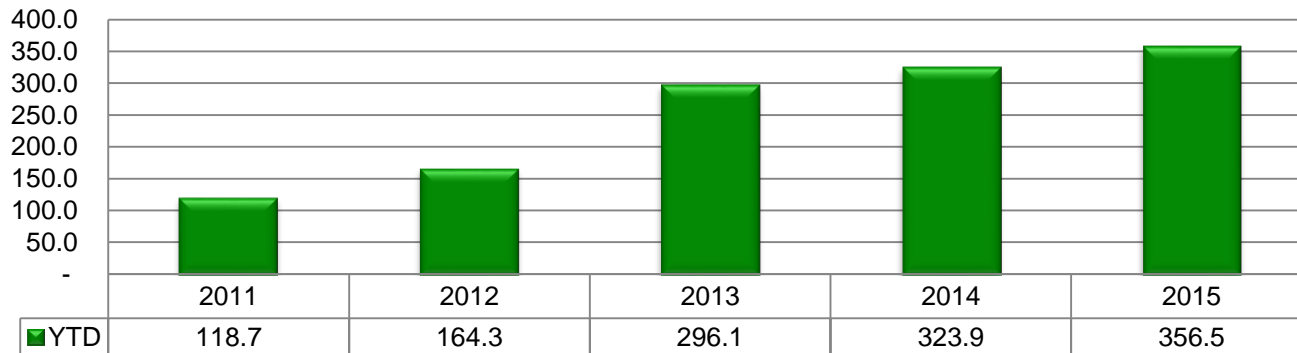
Q2 Net Income 5 Year Trend



# YTD Financial Highlights



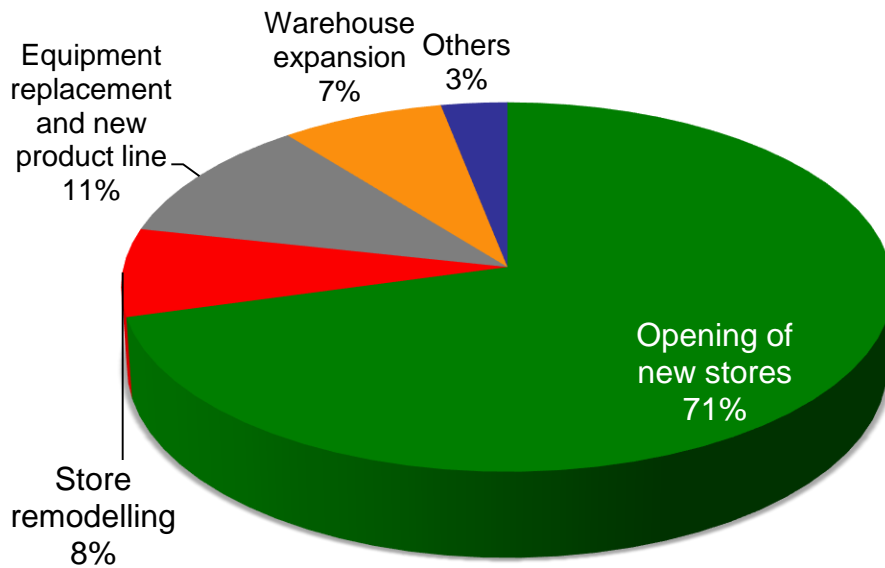
YTD Net Income 5 Year Trend



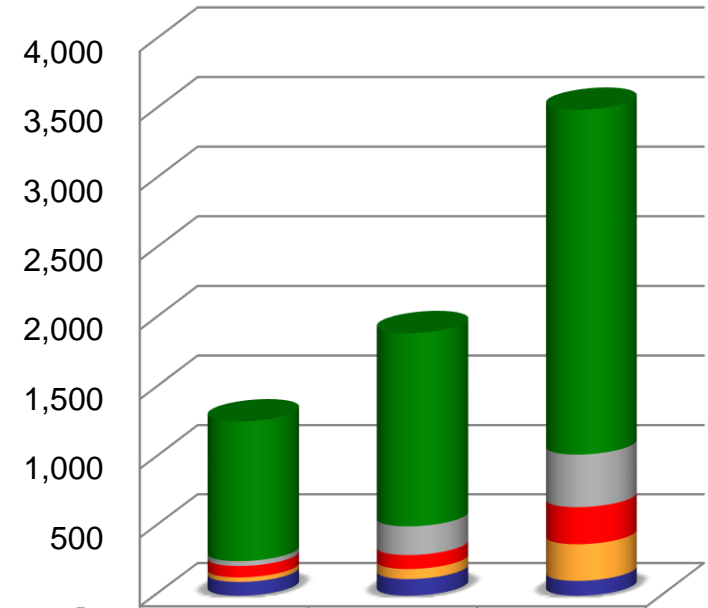
# CAPEX



## 2015 Budget of Php3.5 billion



## 3 Year Trend



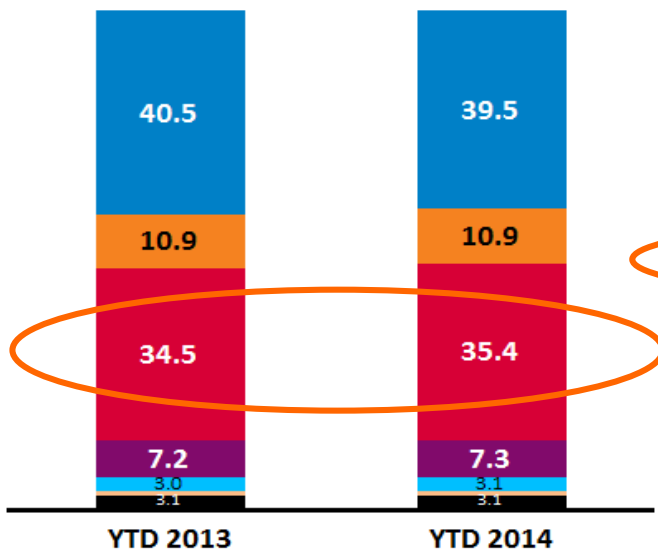
	2013	2014	2015
■ Opening of new stores	1,013	1,394	2,476
■ Equipment replacement and new product line	35	208	382
■ Store remodelling	83	102	270
■ Warehouse expansion	33	73	266
■ Others	100	121	108

# Future Growth affected by trend of traditional stores

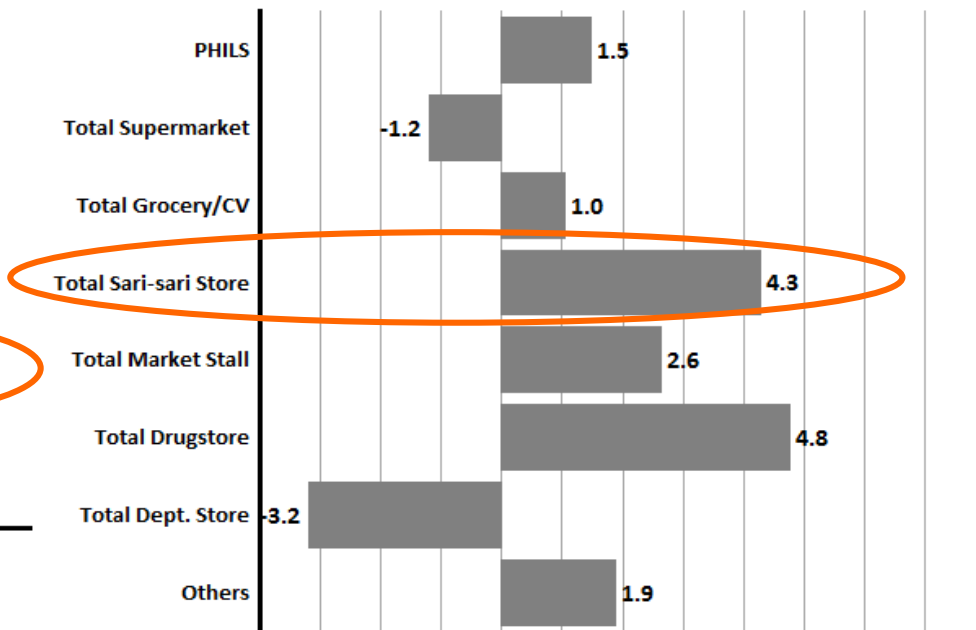


PHILS by Channel | YTD TY vs YTD LY  
Value Share of Trade

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

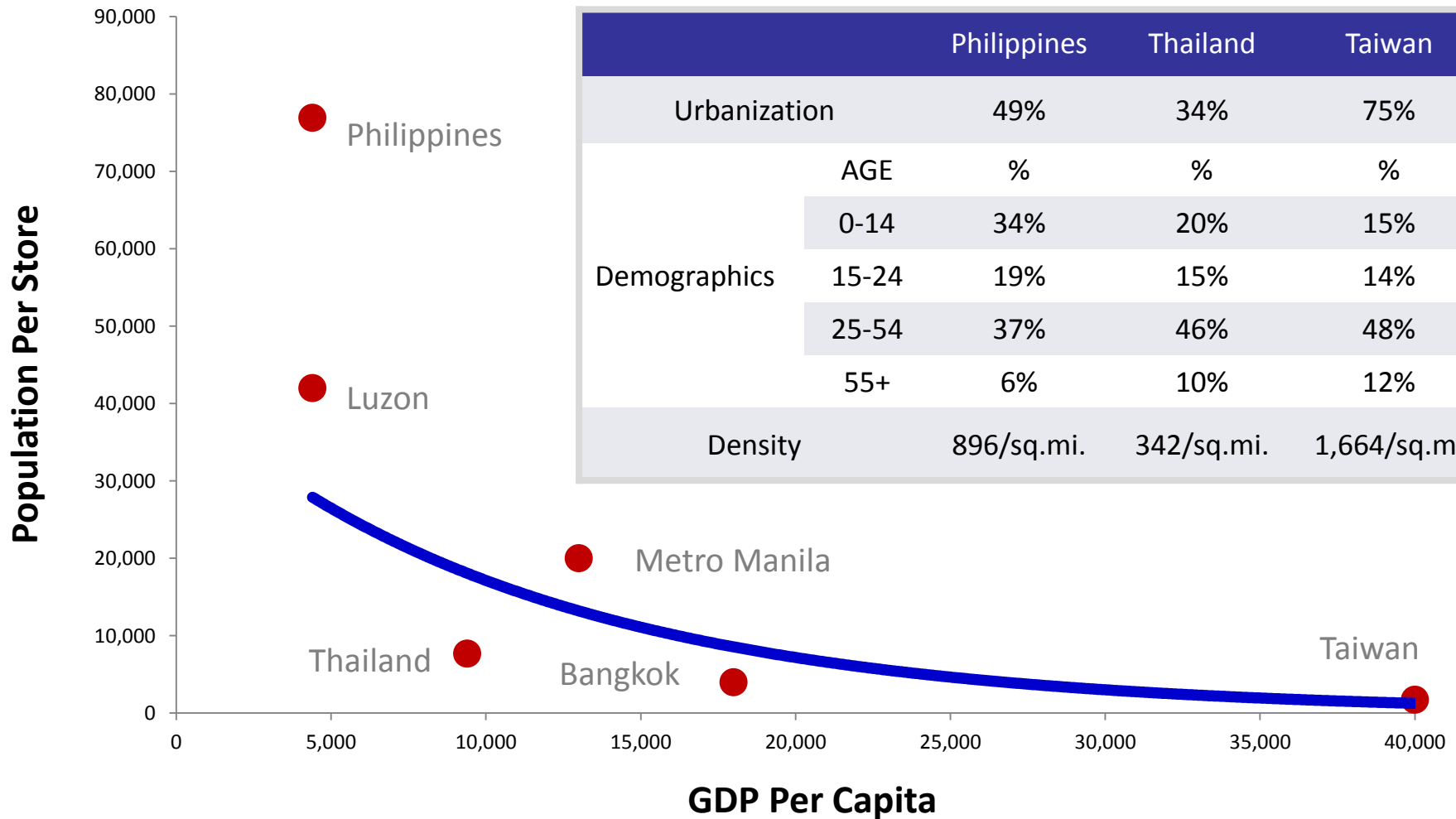


- Total Supermarket
- Total Grocery/CV
- Total Sari-sari Store
- Total Market Stall
- Total Drugstore
- Total Dept. Store
- Others



Source: AC Nielsen 2014

# Potential to improve penetration...





**\* End of Presentation \***