



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

# **INVESTORS BRIEFING**

## **Q3 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

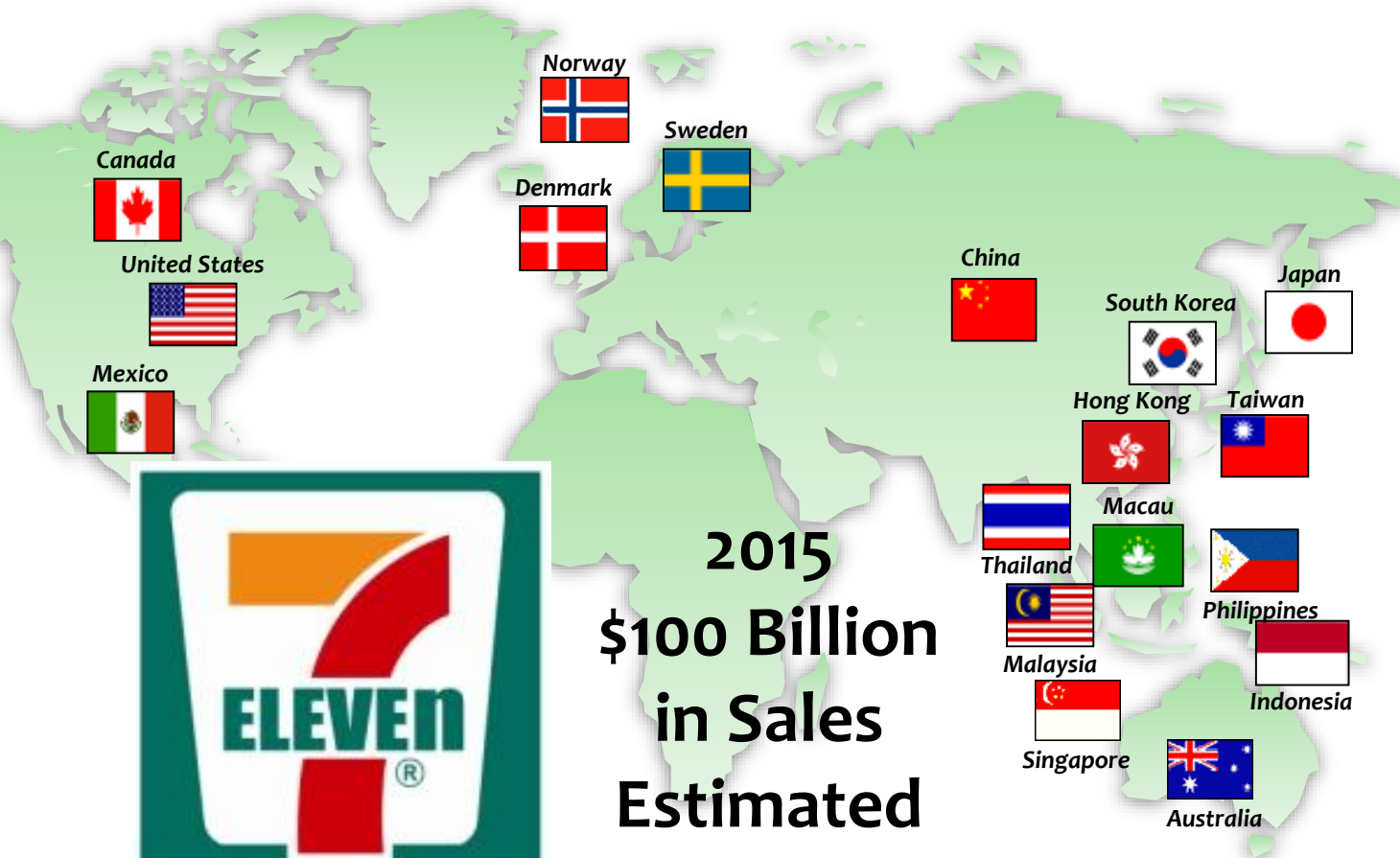


The World's Largest Retailer: ~ 55,000 Stores

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	689	43%
Luzon-ex MM	702	44%
Visayas	178	11%
Mindanao	33	2%
<b>Total</b>	<b>1,602</b>	<b>100%</b>



# 1,602 stores

As of Dec. 31, 2015

*7-Eleven has at least 65% 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 TODA AND KAMAL, 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 P18.00 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 ARM.



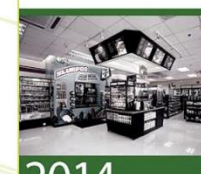
**2012**

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 SECURES ITS MASTER LICENSE 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 LUZON 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.



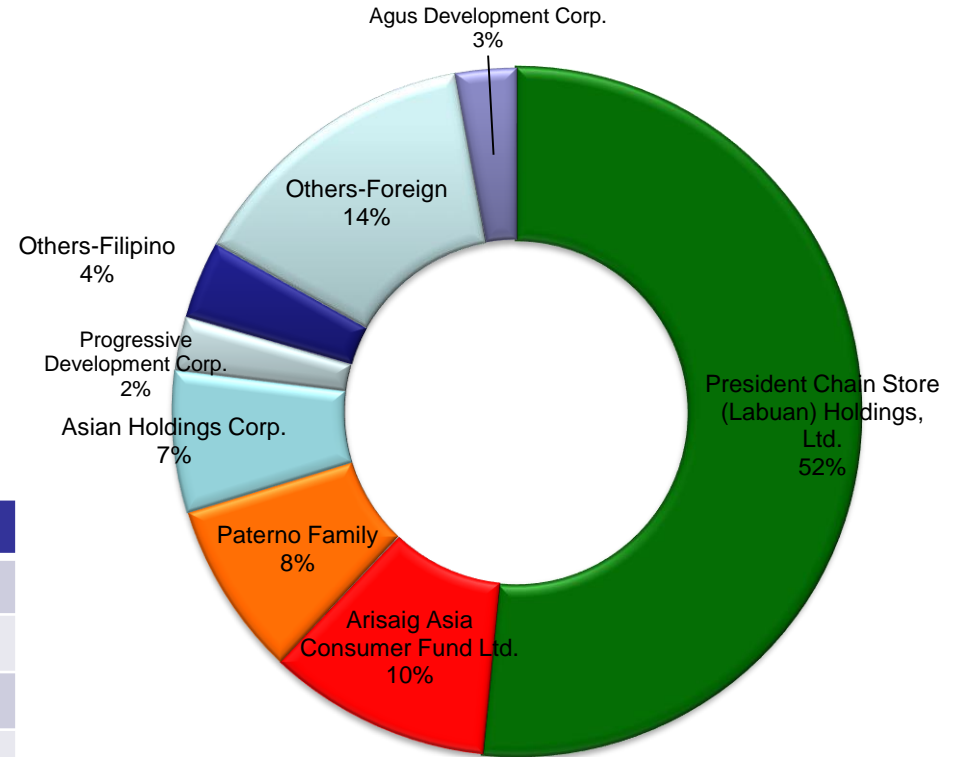
**2014**

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 September 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



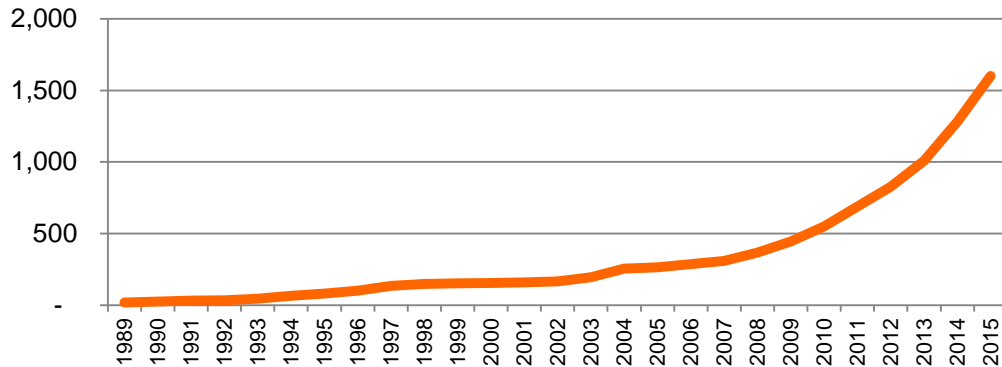
Price (Nov. 11, 2015)	Php 109.00
Hi/Low (12 months)	Php 80.00 – Php 140.00
Free Float	32%
Outstanding Shares	458.44 million
Market Capitalization	USD 1.06 billion

<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>

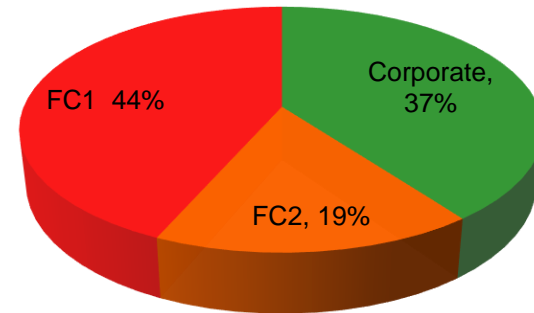
# Store Count



## Store Count



## Store Count by Type



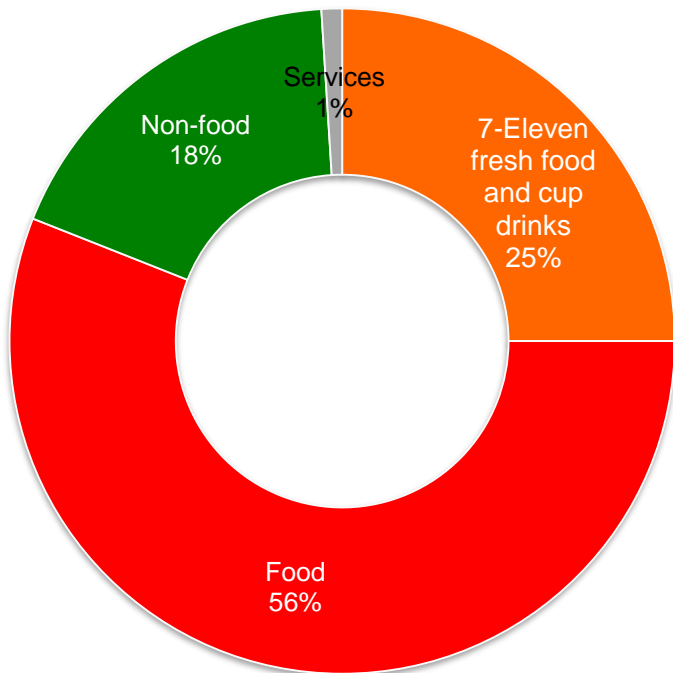
- Number of stores grew by 20% to 25% annually
- 60% of stores are franchised
- Expects to end 2015 with close to 1,600 stores from 1,282 in 2014.



# 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.

Some products only available in selected stores.

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

**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 Bostan  
Yoshiko Dardanas  
Ailyn Hinasale  
Maryann Calapuyan  
Genner Arnel Calapan  
Almora Arnel  
Ariana Salugail

**1000**

# Franchise Packages

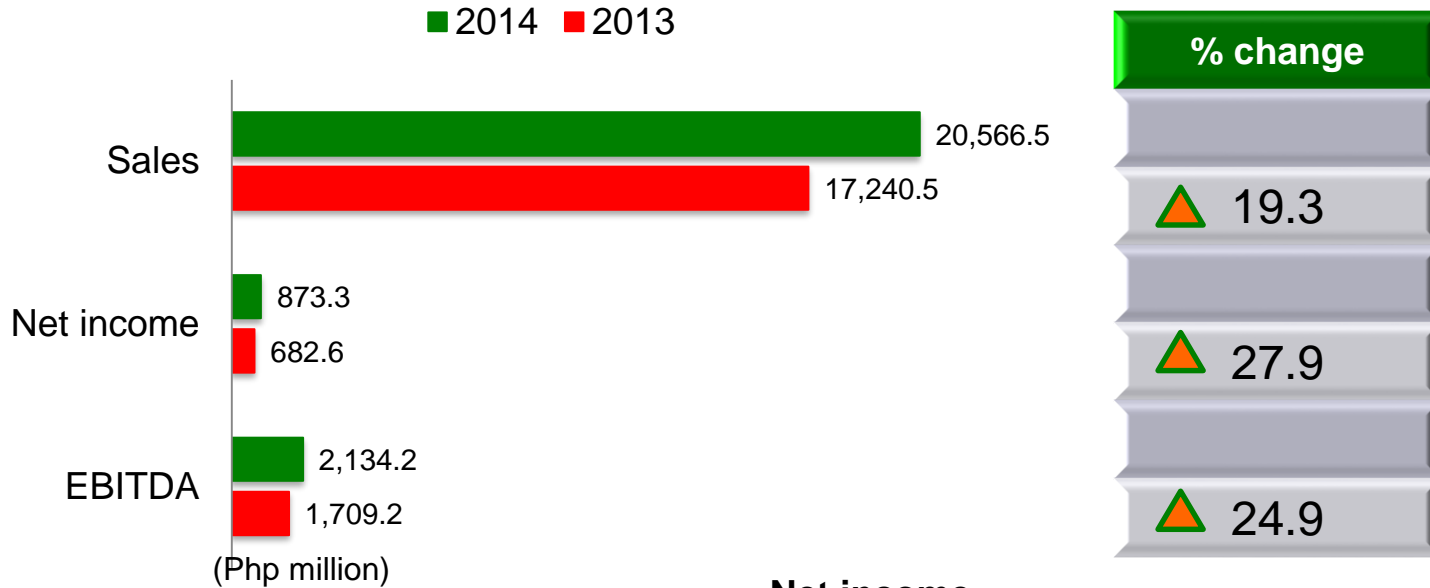


	FC1	FC2
Franchise Type	Investor	Industrial
Investment	USD 80,000-100,000	USD 20,000-25,000
Building	Franchisee	PSC
Merchandise	Franchisee	
Equipment	PSC	
Cash Bond (PGD)	-	Franchisee
Term	5+5 years	
GP Split	66% FC, 34% PSC	40% FC, 60% PSC
Rent	Franchisee	PSC
Electricity	50 - 50 split	60 - 40 split
Manpower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

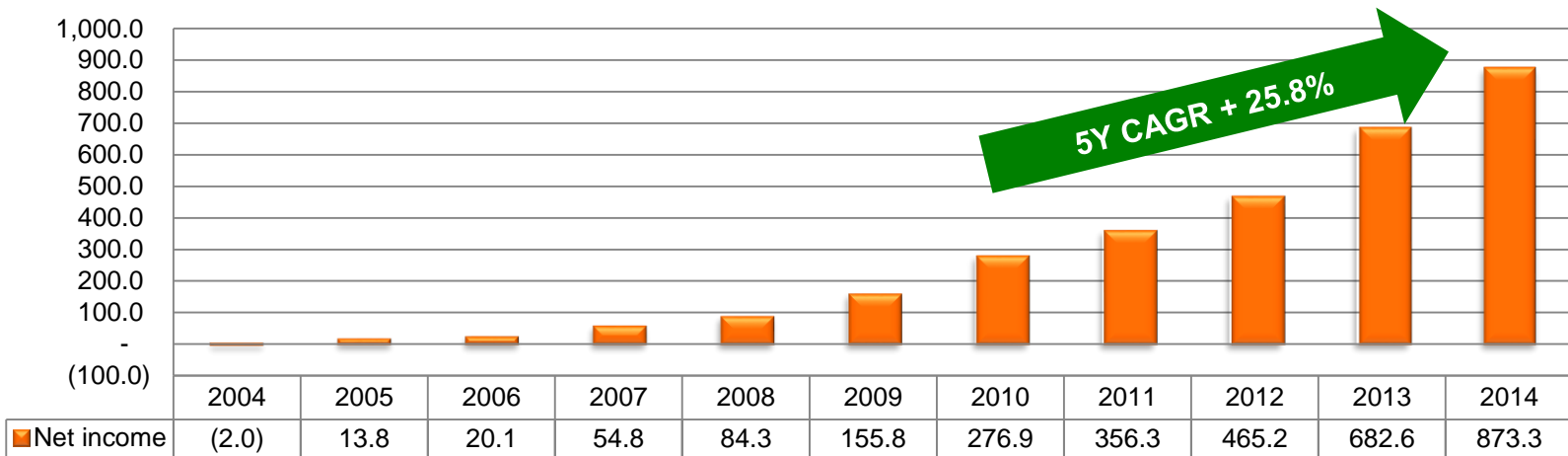
\* USD 1.00 = PhP 46.00



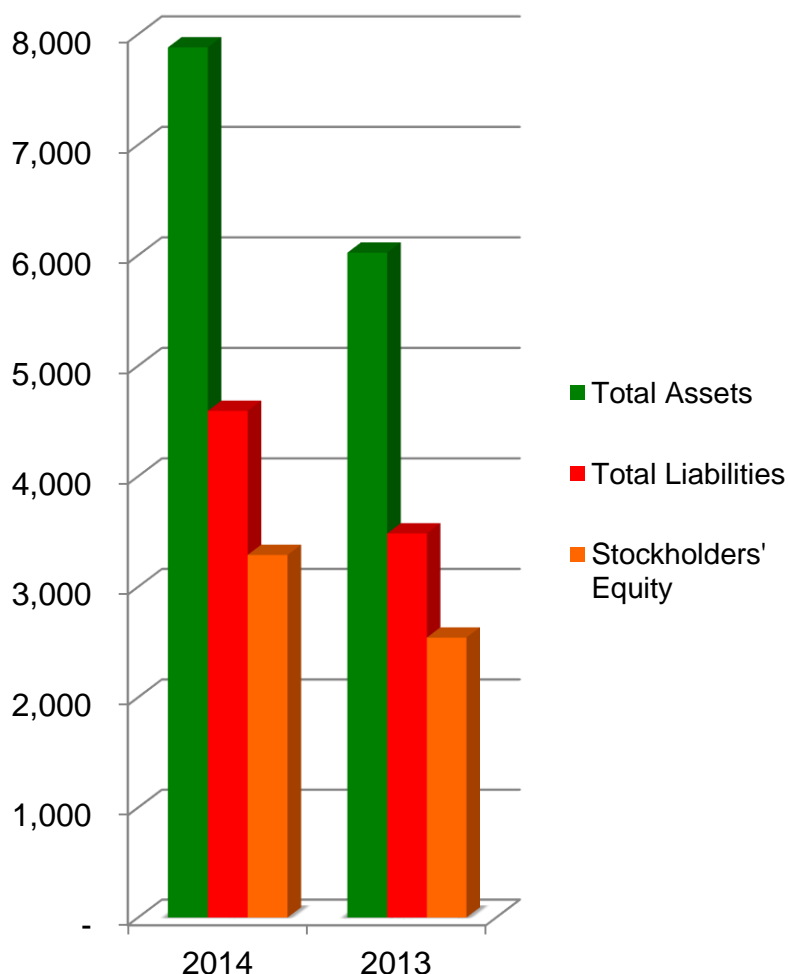
# Financial Highlights



Net income



# Financial Highlights

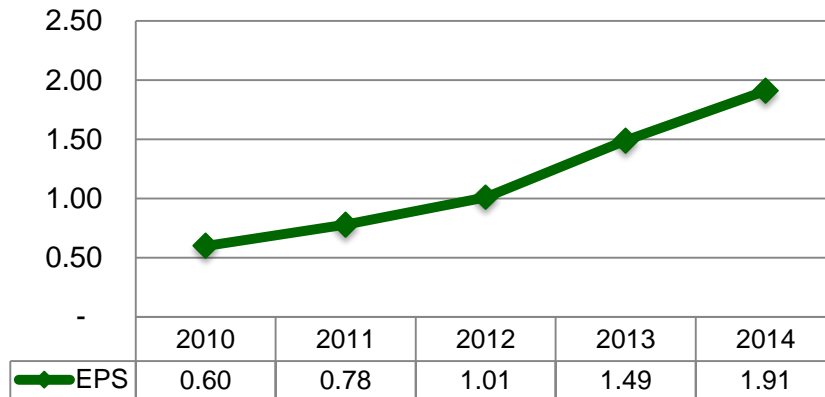


<b>Balance Sheet and Cash Flow</b> (in Php Million except Book Value per Share)	<b>As of Dec. 31, 2014</b>	<b>% change</b>
Total Assets	7,882.3	31%
Current Assets	3,365.4	28%
Non-current Assets	4,516.9	33%
Current Liabilities	4,225.3	33%
Total Liabilities	4,592.8	32%
Stockholders' Equity	3,289.5	29%
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 2014 2013

### Liquidity and Leverage Ratio:

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

### Profitability Ratio:

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



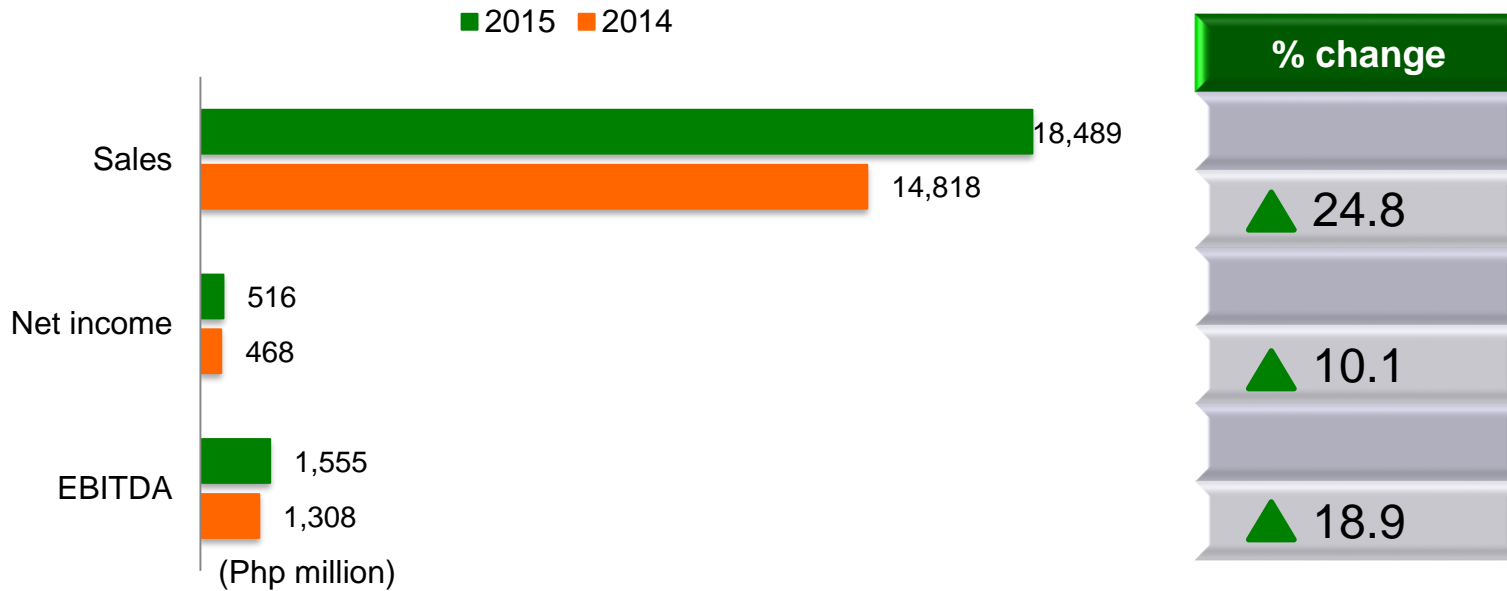
# Comparative Metrics



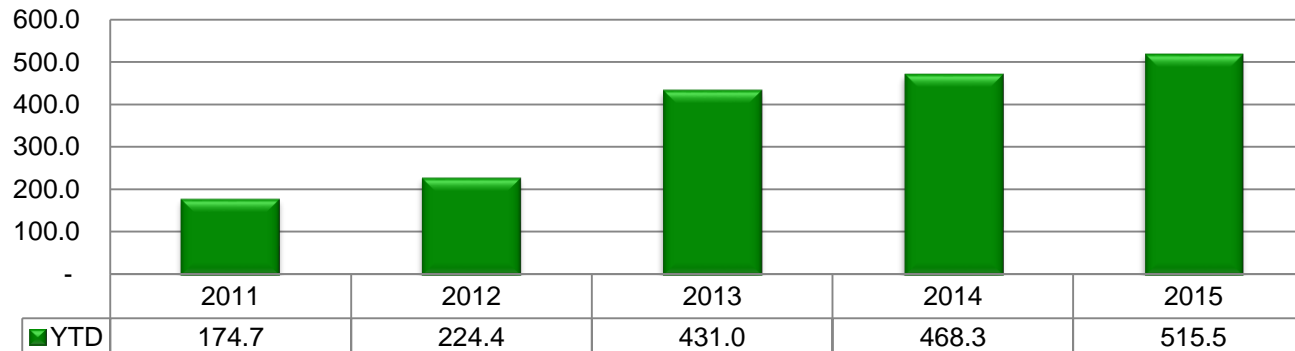
2014			
7-Eleven	PSC (Philippines )	PCSC (Taiwan)	CPALL (Thailand)
<b>Key Performance Ratio:</b>			
Store count	1,282	5,040	8,127
Net Margin %	4.2*	6.9	3.8
EBITDA %	10.4*	8.9	9.5
EBIT %	6.2*	4.8	7.7
ROE	30.0	36.1	42.3
Days inventory outstanding	29.3	21.4	23.0
Days payable outstanding	41.8	50.1	69.5

\* Based from system-wide sales

# 9 Mos 2015 Financial Highlights



YTD Net Income 5 Year Trend



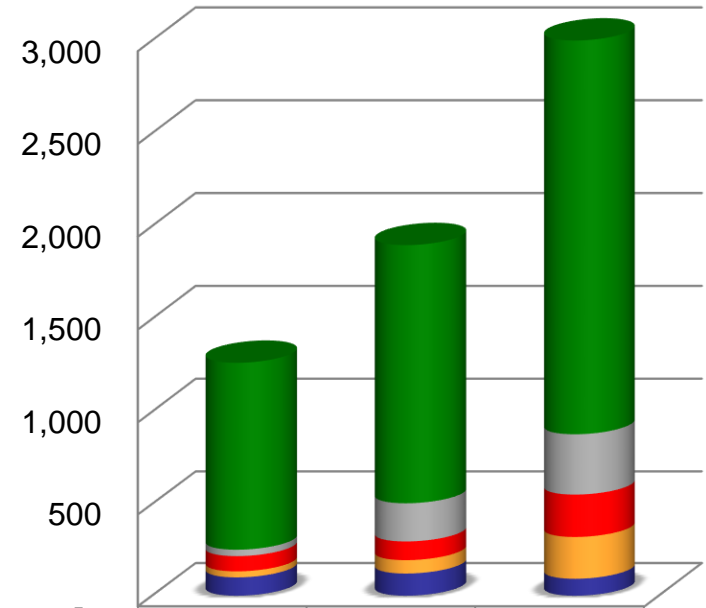
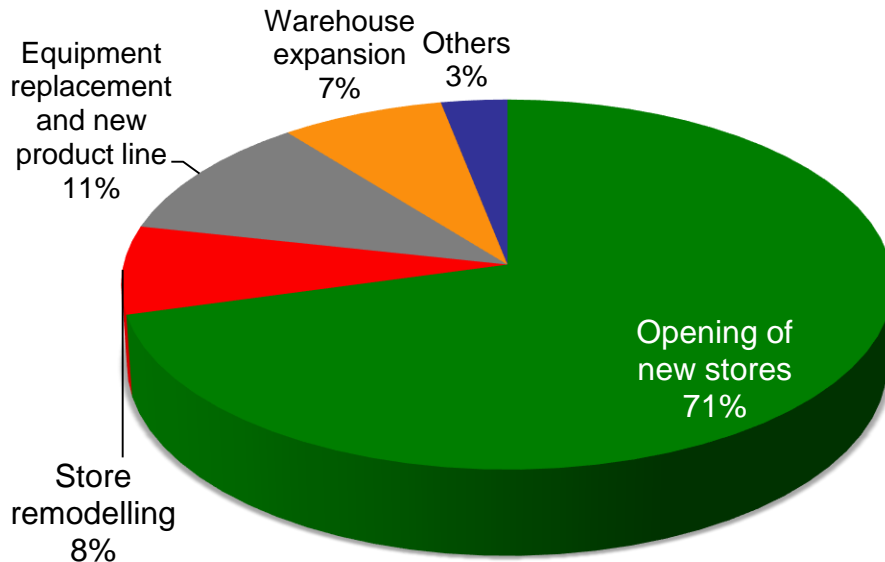


# 2015 CAPEX



## 2015 Budget of Php3.0 billion

## 3 Year Trend



	2013	2014	2015
Opening of new stores	1,013	1,394	2,121
Equipment replacement and new product line	35	208	327
Store remodelling	83	102	231
Warehouse expansion	33	73	228
Others	100	121	92

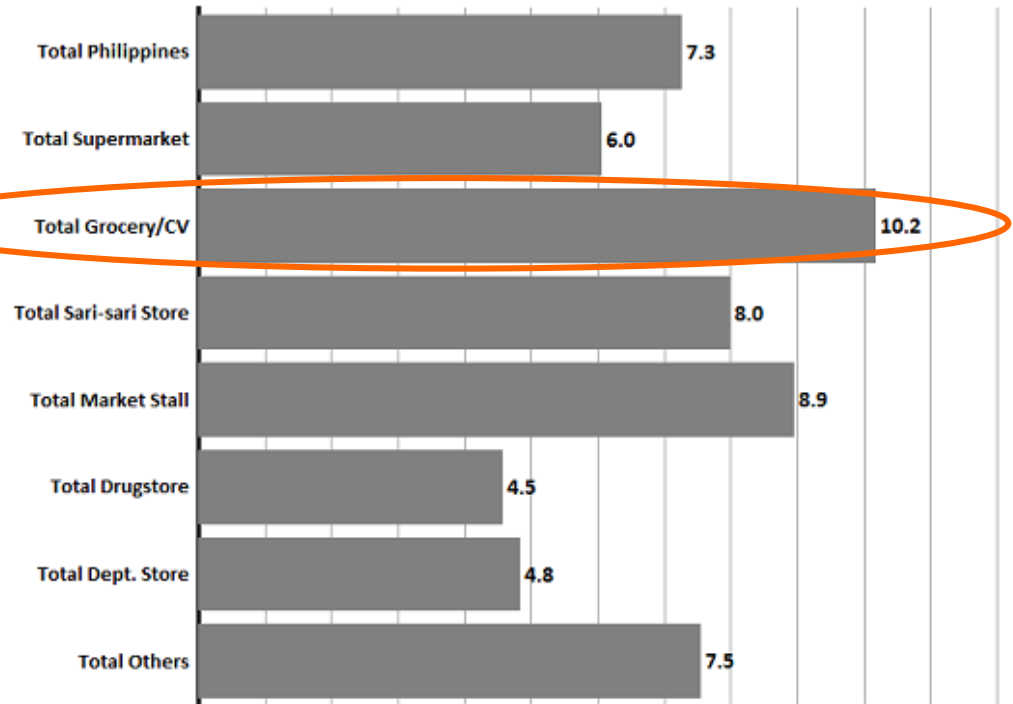
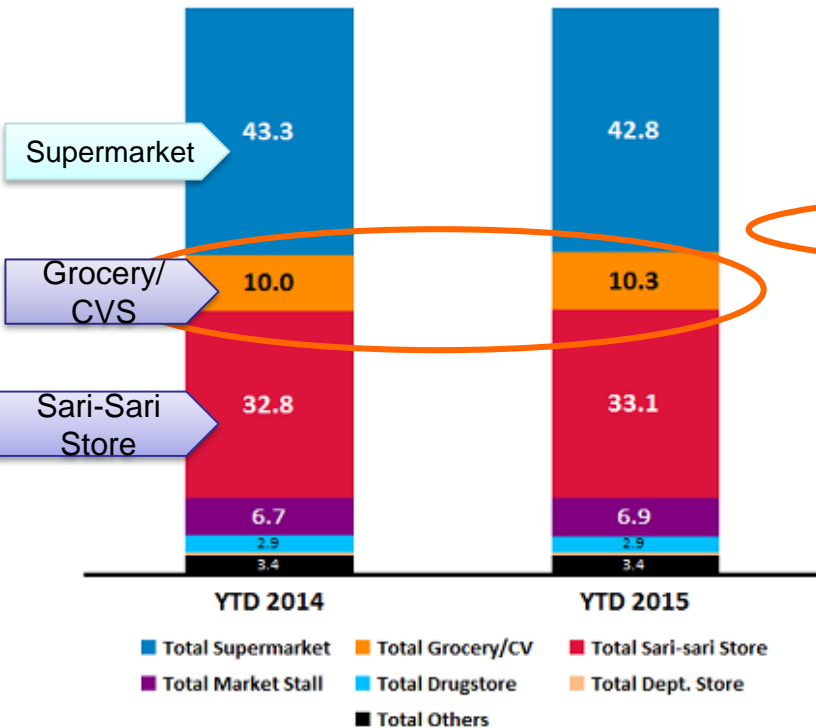
- To build at least 5 new DCs to support expansion
- Cost to build store ranges from P5.0 to P6.0 million
- To remodel close to 100 existing stores aged 6 to 7 years.

# Future Growth affected by trend of traditional stores



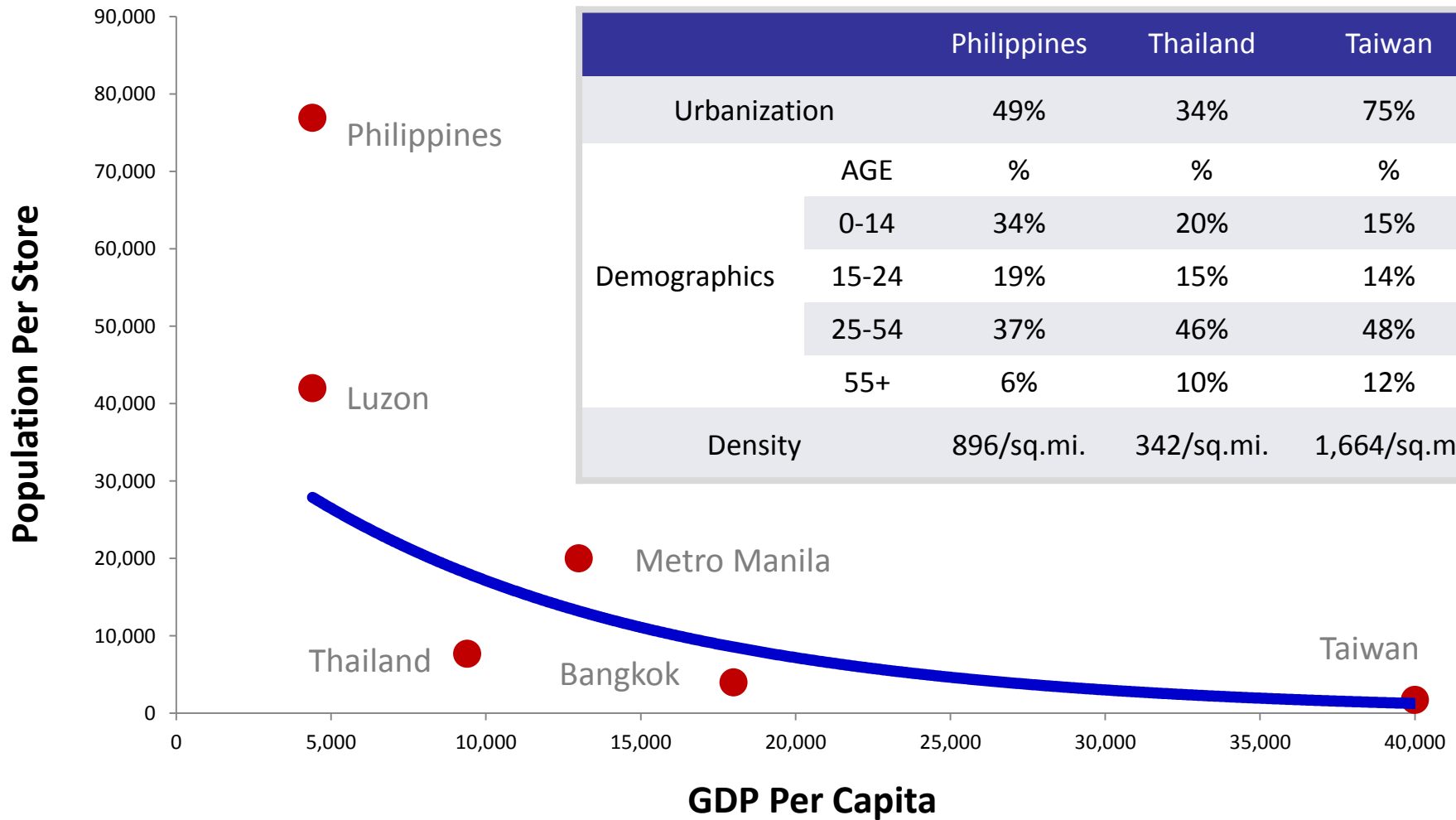
Total Philippines by Channel | YTD TY vs YTD LY  
Value Share of Trade

Total Philippines by Channel | Period Ended SEP15  
Value Change % vs Year Ago



Based on General Performance Update YTD SEPTEMBER 2015 by Nielsen

# Potential to improve penetration...





**\* End of Presentation \***