



統一企業(股)公司  
UNI-PRESIDENT ENTERPRISES CORP.

Security Code: 1216 TT

2017 Annual Results

2018.3.29

### UPCH



### UPEC



統一蛋糕屋

茶裏王

回甘 就像現泡  
單細胞生茶萃取技術

來一客



晨光

純喫茶



Dr. Milker

### PCSC



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# Agenda

**1. Uni-President (1216TT) Group Overview**

**2. CVS & Retail Business (PCSC 2912TT)**

**3. China F&B Business (UPCH 220HK)**

# 1. Uni-President(1216TT) Group Overview

# The Highlight of Uni-President Group

## Largest F&B Company in Taiwan

- ✓ Market Cap US\$13.25bn, QFII ratio 54.02%
- ✓ Total assets US\$13.89bn, and revenue US\$13.40bn.
- ✓ Vertical integration from manufacturing, distribution to retailing.

## Top 3 F&B Company in China (UPCH)

- ✓ **Top. 2** position in Instant Noodle & RTD Tea ; **Top.3** in RTD Juice ; **Top. 1** in RTD Milk Tea (market share by value)

## Largest CVS & Hypermarket Retailers in Taiwan

- ✓ **“7-11”** Convenience Store Chains & **“Carrefour”** Hypermarket Chains

## Focusing F&B and Retail Businesses in Asia

\* Market cap & QFII based on the closing price NT\$68.00 (US\$1=NT\$29.170) as of Mar 23, 2018

\* \* Total assets and revenue were consolidated-based in 2017: US\$1=NT\$29.848

# The Major Structure of Uni-President Group

**Taiwan F&B: Uni-President (UPEC) (1216 TT)**



## F&B

**Uni-President China (UPCH) (220 HK)**  
UPEC holds 70.5%

**Southeast Asia Holdings**  
(Vietnam、Indonesia、Thailand、Philippines)  
UPEC holds 100%

**TTET Union (1232TT)**



UPEC holds 38.50%  
UP Group holds 46.14%

**Wei Lih Food**  
UPEC holds 33.3%  
Taiwan To.2 Noodle Company



**Kuang Chuan Dairy**

UPEC holds 31.25%  
Taiwan To.3 Dairy Company



## Retail & Logistics

**President Chain Stores (PCSC) (2912TT)**



UPEC holds 45.4%

**President Drugstore (Cosmed Taiwan)**



PCSC holds 100%

**TAKKYUBIN**



PCSC holds 70%  
UPEC holds 20%

**Phillipine 7-11 (SEVN PM)**



PCSC holds 52.22%

## Container & Packaging

**Ton-Yi Industrial (9907TT)**



UPEC holds 45.55%  
UP Group holds 47.49%

## Leisure Business

**President Fair Development (Dream Mall)**

UPEC holds 40.5%  
UP Group holds 100%

**Uni-President Development (Taipei BOT)**

UPEC holds 30%  
UP Group holds 70%

## Others

**President International Development (PIDC)**

UPEC holds 69.37%

**Scinopharm (1789TT)**



UPEC holds 37.94%  
UP Group holds 47.96%

**President Securities (2855TT)**

UPEC holds 27.71%;  
UP Group holds 33.11%

\* The above structure only includes Uni-President's major subsidiaries.

# Key P&L Items of Uni-President (Consolidated)

Unit : NTD in Billions

Consolidated	2017Y			2016Y		2015Y		2014Y (adjusted)	
	Amount	%	YoY	Amount	%	Amount	%	Amount	%
Revenue	399.86	100.0%	-3.3%	413.36	100.0%	416.15	100.0%	418.33	100.0%
Gross Profit	132.74	33.2%	-3.6%	137.65	33.3%	137.92	33.1%	128.01	30.6%
Operating Profit	22.36	5.6%	6.0%	21.09	5.1%	21.64	5.2%	16.97	4.1%
Pre Tax Income	76.49	19.1%	150.8%	30.50	7.4%	27.25	6.5%	22.49	5.4%
Net Income	59.97	15.0%	153.3%	23.68	5.7%	21.59	5.2%	18.21	4.4%
*Net Income	39.84	10.0%	174.2%	14.53	3.5%	14.11	3.4%	11.13	2.7%
*EPS (after tax)	7.01			2.56		2.48		1.96	

\*The figure is attributable to the equity holders of the company.

Note: 2014Y(adjusted) is based on 2013Y version of Taiwan IFRS



# Segment Information of Uni-President (Consolidated)

Unit : NTD in Billions

2017 Segment Results	F&B and Feeds	CVS & Other Retail	Container & Packing	Others	Total	Adj.	Consolidated
Segment revenue **	130.24	196.21	22.11	51.30	399.86	0.00	399.86
YoY	-9.5%	2.1%	-0.2%	-7.1%	-3.3%		-3.3%
Segment income	7.51	9.08	1.45	2.64	20.68	1.68	22.36
Segment margin	5.8%	4.6%	6.6%	5.1%	5.2%		5.6%
YoY	7.0%	-4.0%	-34.7%	144.4%	4.6%		6.0%

\*\* Revenue from external customers

**Note: Major contributed Companies of each segment**

- **F&B and Feeds** : UPEC(1216TT) / UPCH(220HK) / Southeast-Asia affiliates etc.
- **CVS & Other Retail** : PCSC(2912TT)'s Taiwan 7-11/ President Drugstore (Cosmed)/ President Transnet Corp (Taiwan Takkyubin)/President Pharmaceutical/ Uni-Ustyle Taipei/ Philippine 7-11 etc.
- **Container&Packing** : Ton-Yi Industrial(9907TT) / President Packaging Corp. etc.
- **Others** : PCSC(2912TT)'s China retail & logistics business / ScinoPharm(1789TT) / PIDC/ Uni-President Development Corp. / President Fair Development (Dream Mall) etc.



# Uni-President (1216TT) Key Cash Flow Items (Consolidated)

Unit : NTD in Billions

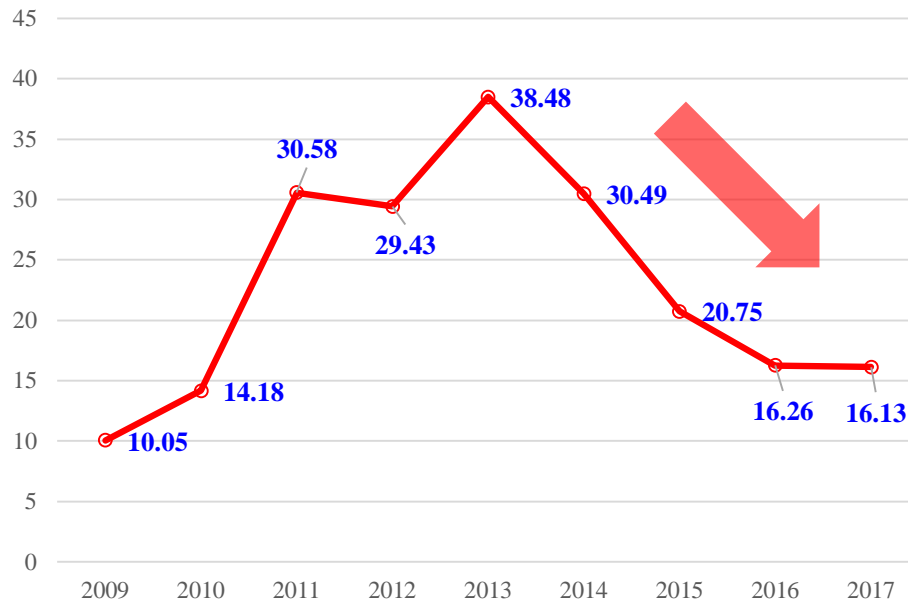
Items	2017Y	2016Y
<b>Beginning Balance</b>	<b>56.33</b>	<b>45.03</b>
<b>Net Cash provided by operating activities</b>	46.46	55.53
<b>Net cash (used in) investing activities</b>	(9.13)	(10.57)
*Capital Expenditure	(16.13)	(16.26)
Proceeds from disposal of assets / investments	5.78	10.64
<b>Net cash (used in) provided by financing activities</b>	(40.84)	(32.31)
<b>Ending Balance</b>	<b>54.70</b>	<b>56.33</b>

\* Capital expenditures includes the acquisition and disposal of PP&E (including interests payment), the increase of intangible assets, the prepayment of equipment (including interests payments), and the long-term prepaid rent (the land-use right)

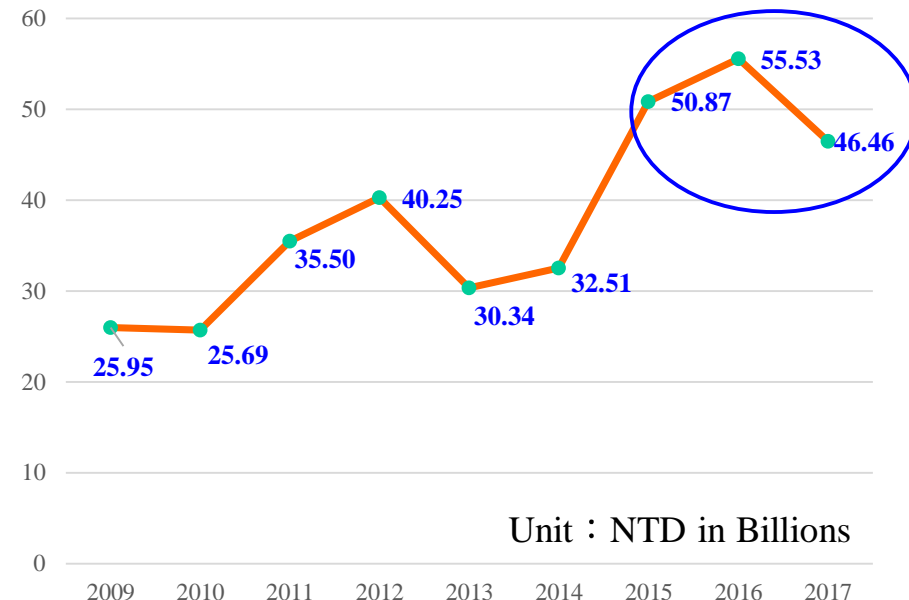
# Uni-President (1216TT) Key Cash Flow Items (Consolidated)

## \* Historical Capex & Operating Cash Flow

### Historical capex



### Operating cash flow



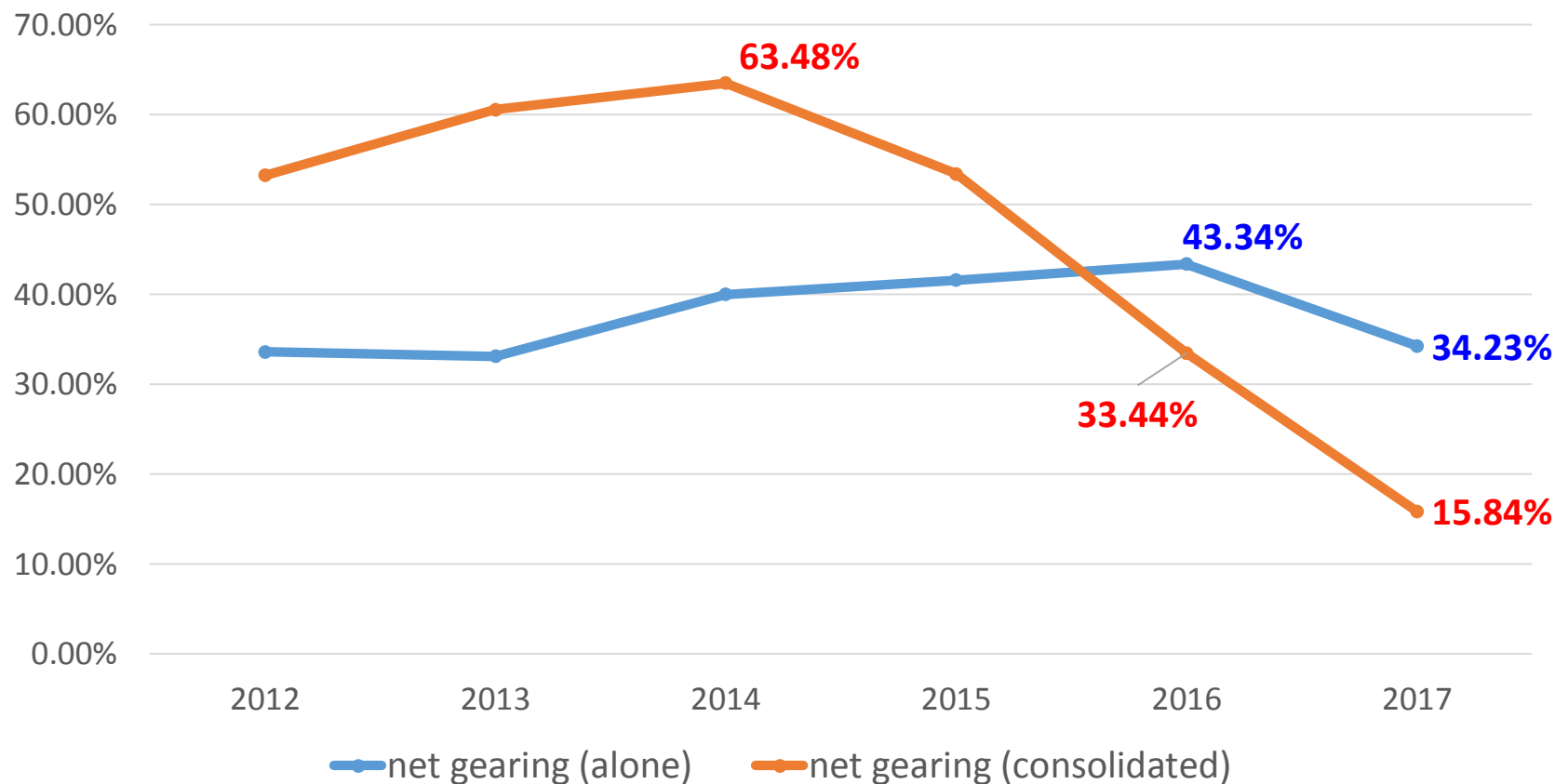
Unit : NTD in Billions

\* 2014-2017 figures are based on 2013Y version of Taiwan IFRS

\* Capital expenditures includes the acquisition and disposal of PP&E (including interests payment), the increase of intangible assets, the prepayment of equipment (including interests payments), and the long-term prepaid rent (the land-use right)

# Uni-President (1216TT) Key Financial Items (Consolidated)

## net gearing ratio



- 2014-2017 figures are based on 2013Y version of Taiwan IFRS
- Net gearing ratio = (total financial debt – cash and cash equivalent) / total equity

# Historical Key P&L Items of Uni-President (Standalone)

Unit : NTD in Billions

Stand-alone	2017Y			2016Y		2015Y		2014Y (adjusted)	
	Amount	%	YoY	Amount	%	Amount	%	Amount	%
Revenue	39.28	100.0%	0.9%	38.92	100.0%	38.29	100.0%	40.23	100.0%
Gross Profit	11.57	29.5%	0.3%	11.53	29.6%	11.11	29.0%	10.33	25.7%
Operating Profit	1.06	2.7%	-47.5%	2.02	5.2%	1.75	4.6%	1.53	3.8%
Net Income	39.84	101.4%	174.2%	14.53	37.3%	14.11	36.9%	11.13	27.7%
EPS (after tax)	7.01			2.56		2.48		1.96	
Cash dividend/share	* 5.50			2.10		2.00		1.40	
Stock dividend/share	0.00			0.00		0.00		0.40	
Cash dividend as % of Total dividend	100%			100%		100%		78%	
Cash dividend payout ratio	78%			82%		81%		** 69%	

Note1: 2014Y(adjusted) is based on 2013Y version of Taiwan IFRS

Note2\*: Y2017 dividend policy was proposed at 2018/3/28 board meeting (pending shareholders' meeting resolution).

Note3\*\*: Y2014 cash dividend payout ratio was based on pre adjusted EPS\$2.04 in 2014.

# Major Profit Contributors to Uni-President (Standalone)

Stand-alone basis (NTD in Millions)	2017Y		2016Y		YoY	Y2015		Y2014 (Adjusted)	
	Amount	% of NI	Amount	% of NI		Amount	% of NI	Amount	% of NI
Operating Income	1,057	3%	2,016	14%	-48%	1,750	12%	1,534	14%
Total Investment Income (Equity Method)	37,245	93%	12,595	87%	196%	12,391	88%	9,714	87%
Major Components of Investment Income:									
1.PCSC(2912TT) (45.4% ownership)	14,108	35%	4,488	31%	214.36%	3,690	26%	4,182	38%
2.Kai Yu Investment (100% ownership)	13,536	34%	959	7%	1311.48%	664	5%	461	4%
3.Cayment President (100% ownership)	4,510	11%	3,737	26%	20.68%	4,353	31%	1,577	14%
4.President Securities (28.31% ownership)	741	2%	233	2%	218.16%	265	2%	439	4%
5.PIDC (69.37% ownership)	609	2%	335	2%	81.88%	174	1%	155	1%
6.Nan Lien Intl (100% ownership)	426	1%	422	3%	1.09%	364	3%	276	2%
7. PRESCO (100% ownership)	417	1%	284	2%	46.97%	217	2%	134	1%
8.Presicarre (20.5% ownership)	356	1%	304	2%	16.88%	246	2%	189	2%
9.Kuang Chuan Dairy (31.25% ownership)	316	1%	348	2%	-9.08%	340	2%	158	1%
10.TTET Union (38.50% ownership)	313	1%	337	2%	-6.97%	344	2%	372	3%
11.Ton Yi Industrial (9907TT) (45.55% ownership)	279	1%	492	3%	-43.29%	270	2%	351	3%
Net Income	39,845	100%	14,527	100%	174.29%	14,108	100%	11,126	100%

Note: 2014Y(adjusted) is based on 2013Y version of Taiwan IFRS

## **2. CVS & Retail Business (PCSC 2912TT)**

# CVS & Retail Businesses



**President Chain Store Corp. (PCSC 2912TT)**

**(UPEC holds 45.4% )**

- **History:** Opened the first 7-11 in Taiwan in 1980 & Listed on TWSE since 1997.
- **Valuation:** Market cap US\$10.44bn\* , QFII ratio 41.74%.
- **Geographic Scope:** Taiwan 、 China 、 Southeast Asia (Philippine).

\* Market cap & QFII Ratio based on closing price NT\$293 as of Mar 23, 2018 US\$1=NT\$29.170



# Key P&L Items of PCSC (2912TT) (Consolidated)

Unit : NTD in Billions

Consolidated	2017Y			2016Y		2015Y		2014Y (adjusted)	
	Amount	%	YoY	Amount	%	Amount	%	Amount	%
Revenue	221.13	100.0%	2.7%	215.36	100.0%	205.48	100.0%	200.44	100.0%
Gross Profit	73.43	33.2%	4.0%	70.61	32.8%	66.28	32.3%	62.66	31.3%
Operating Profit	10.42	4.7%	0.2%	10.41	4.8%	9.61	4.7%	9.50	4.7%
Net Income	32.32	14.6%	190.1%	11.14	5.2%	9.44	4.6%	10.25	5.1%
*Net Income	31.02	14.0%	215.3%	9.84	4.6%	8.24	4.0%	9.09	4.5%
*EPS (after tax)	29.83			9.46		7.92		8.74	

\*The figure is attributable to the equity holders of the company.

Note: 2014Y(adjusted) is based on 2013Y version of Taiwan IFRS

# PCSC (2912TT) Consolidated Revenue by Segments

Unit : NTD in Billions

Revenue by Segments	2017Y	% of Rev.	YoY	2016Y	% of Rev.
1.Conveinece Stores	143.87	65.1%	3.1%	139.58	64.8%
2.Retail Business (including filling stations)	65.30	29.5%	2.5%	63.69	29.6%
3.PCSC's other operating segments (including restaurant and china retail)	9.33	4.2%	1.1%	9.23	4.3%
4.Logistics Business	2.63	1.2%	-8.1%	2.87	1.3%
<b>Consolidated Revenue</b>	<b>221.13</b>	<b>100.0%</b>	<b>2.7%</b>	<b>215.36</b>	<b>100.0%</b>

# Key P&L Items of PCSC (2912TT) (Standalone)

Unit : NTD in Billions

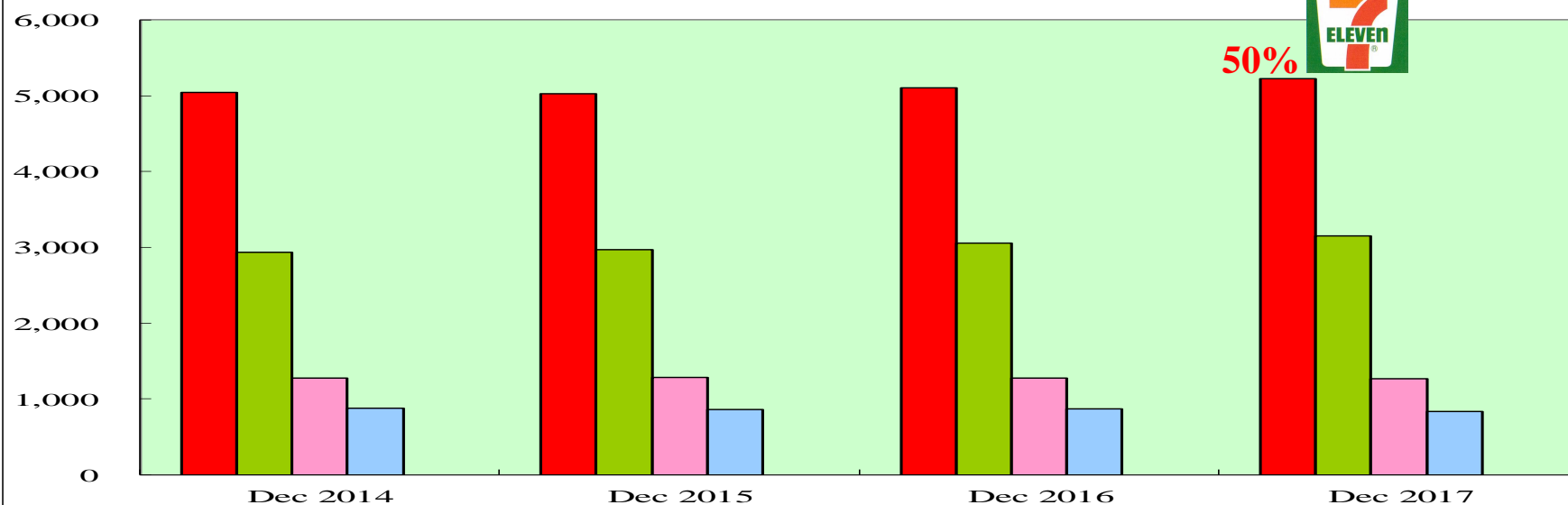
Standalone	2017Y			2016Y		2015Y		2014Y (adjusted)	
	Amount	%	YoY	Amount	%	Amount	%	Amount	%
Revenue	144.48	100.0%	3.1%	140.15	100.0%	133.41	100.0%	131.33	100.0%
Gross Profit	50.64	35.0%	5.3%	48.08	34.3%	45.11	33.8%	43.18	32.9%
Operating Profit	6.25	4.3%	-6.4%	6.67	4.8%	6.41	4.8%	6.30	4.8%
Net Income	31.02	21.5%	215.3%	9.84	7.0%	8.24	6.2%	9.09	6.9%
EPS(after tax)	29.83			9.46		7.92		8.74	
Cash dividend/share	*25.00			8.00		7.20		7.00	
Stock dividend/share	0.00			0.00		0.00		0.00	
Cash dividend payout ratio	84%			85%		91%		80%	

Note1: 2014Y(adjusted) is based on 2013Y version of Taiwan IFRS

Note2\*: Y2017 dividend policy was proposed at 2018/2/23 board meeting (pending shareholders' meeting resolution)..

# PCSC's Market Share in Taiwan

## Number of Convenience Stores in Taiwan



	Dec 2014	Dec 2015	Dec 2016	Dec 2017
7-ELEVEN	5,040	5,028	5,107	5,221
A company	2,936	2,972	3,057	3,152
B company	1,278	1,286	1,273	1,267
C company	876	862	873	838

Data source: PCSC

# PCSC's Major Retail Scopes in Taiwan

## PCSC (2912TT)

### Convenience Store

#### 7-ELEVEN



PCSC holds 100%  
# of stores: 5,221

### Drugstore

#### Cosmed Taiwan



PCSC holds 100%  
# of stores: 398

### Department Store

#### Uni-Ustyle



PCSC holds 70%  
UPEC holds 30%  
# of store: 1

### Shopping Mall

#### Dream Mall



PCSC holds 19%  
UPEC holds 40.5%  
PIDC holds 40.5%  
# of store: 1

### Restaurants

#### Starbucks Taiwan

PCSC holds 30%  
UPEC holds 20%  
# of stores: 427



#### Cold Stone Creamery



PCSC holds 100%  
# of stores: 31

#### Mister Donut



PCSC holds 50%  
# of stores: 65

#### 21 Century



PCSC holds 100%  
# of stores: 26

### Distribution & Logistics

#### Retail Support International



UP Group holds 65%

#### Uni-President Cold-Chain



UP Group holds 100%

#### Wisdom Distribution



UP Group holds 100%

#### TAKKYUBIN



PCSC holds 70%  
UPEC holds 20%

### Online Retailer



Books.com.tw  
PCSC holds 50.03%



Ibon Mart  
PCSC holds 100%

\* Store No. is as of end Dec 2017

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# PCSC's Major Retail Scopes Overseas

## China

### Convenience Store

#### Shanghai 7-ELEVEN

PCSC holds 100%  
# of stores: 118



#### Zhejiang 7-ELEVEN

PCSC holds 100%  
# of stores: 20



### Supermarket

#### Shandong Uni-Mart

PCSC holds 55%  
# of stores: 190



## Southeast Asia

### Convenience Store

#### Philippine 7-ELEVEN (SEVN PM)

PCSC holds 52.22%  
# of stores: 2,285



\* Store No. is as of end Dec, 2017

### **3. China F&B Business (UPCH 220HK)**



# F&B Business in China

## Uni-President China Holdings Ltd. (UPCH 220 HK) (UPEC holds 70.5%)

- Commenced China F&B operations in **1992**
- Listed on HKSE since **Dec 17<sup>th</sup>, 2007**
- Current market cap US\$3.51bn\*
- Strong market share (by value): **Top 2** in Instant Noodles, RTD Tea ; **Top 3** in RTD Juice ; **Top 1** in RTD Milk Tea.
- Distribution to 31 provinces across China



\* Market cap based on closing price HK\$6.37 as of Mar 23, 2018, US\$1=HK\$7.8485

# Historical Key P&L Items of UPCH (220HK) (Consolidated)

Unit : RMB in Millions

Consolidated	2017Y			2016Y		2015Y		2014Y	
	Amount	% of Rev.	YoY	Amount	% of Rev.	Amount	% of Rev.	Amount	% of Rev.
Revenue	21,297	100.0%	1.5%	20,986	100.0%	22,102	100.0%	22,488	100.0%
Gross Profit	7,052	33.1%	-2.4%	7,228	34.4%	8,141	36.8%	7,308	32.5%
Operating Profit	1,187	5.6%	23.3%	963	4.6%	1,031	4.7%	372	1.7%
Pre Tax Profit	1,277	6.0%	19.6%	1,068	5.1%	1,171	5.3%	415	1.8%
* Net Profit	878	4.1%	44.6%	607	2.9%	835	3.8%	286	1.3%
**EPS(cents)	20.33			14.06		19.32		7.18	
Total Payout Ratio	70%			20%		20%		20%	
Cash dividend/share(cents)	14.23			2.812		3.864		1.322	

\* The figure is attributable to the equity holders of the company.

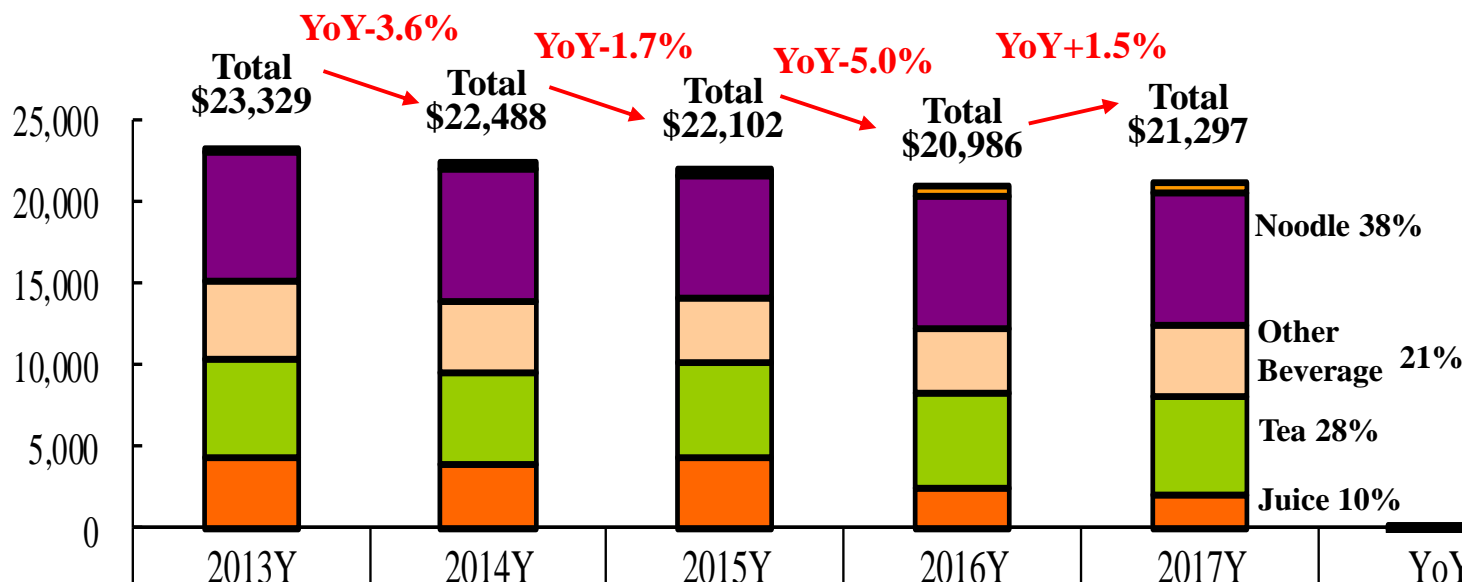
\*\* Weighted Average EPS reflects right issue on June 24, 2014

# Industry Growth In China

Unit: %	2017Y		2016Y	
	Value	Volume	Value	Volume
<b>Instant Noodle</b>	<b>3.6</b>	<b>0.3</b>	<b>1.3</b>	<b>-5.7</b>
<b>Beverage</b>	<b>9.9</b>	<b>9.4</b>	<b>3.3</b>	<b>2.3</b>
RTD tea (no milk)	22.5	16.5	15.9	5.9
Juice	1.8	-1.6	-0.7	-4.9
Milk Tea	5.6	4.9	-9.0	-10.1
Carbonated drink	8.4	7.6	1.9	1.9
Bottled water	17.1	14.8	9.1	7.2
Functional drink	8.5	4.7	3.9	1.1
Asian traditional drink	4.0	3.1	-4.5	-5.2

# UPCH (220HK) Sales Break-down by Products

Unit : RMB in millions



	2013Y	2014Y	2015Y	2016Y	2017Y	YoY
Other Business	351	523	483	584	669	14.5%
Instant Noodles	7,826	7,960	7,567	8,221	8,163	-0.7%
Other Beverage	4,750	4,540	3,947	3,766	4,462	18.5%
RTD Tea	6,143	5,526	5,826	5,915	5,964	0.8%
RTD Juice	4,259	3,939	4,278	2,500	2,039	-18.5%

# UPCH (220HK) Margin & Expenses Breakdown

## Gross Margin As % of revenue

	2017Y	2016Y	2015Y
Company	33.1%	34.4%	36.8%
Instant Noodle	29.8%	30.9%	33.4%
Beverage	36.2%	37.6%	39.3%

## Expenses As % of revenue

	2017Y	2016Y	2015Y
Company	28.8%	32.6%	33.2%
Selling&Marketing	24.2%	27.9%	28.6%
Administration	4.6%	4.8%	4.6%

## Net Margin As % of revenue

	2017Y	2016Y	2015Y
Company	4.1%	2.9%	3.8%
Instant Noodle	5.0%	3.8%	2.3%
Beverage	8.1%	7.3%	7.9%