



# C.P. Seven Eleven Public Company Limited



Presentation of 3Q06 results

15 November 2006



# Financial Highlights

Units in Million Baht

	3Q05	3Q06	Change
<b>Total Revenue</b>	25,635	26,226	+2.3%
<b>Net Profits</b>	374	382	+2.1%

Year	2003	2004	2005	9M05	9M06
Total Revenue	60,731	78,366	98,948	73,499	77,331
Net Profits	1,339	1,696	1,508	1,230	1,259



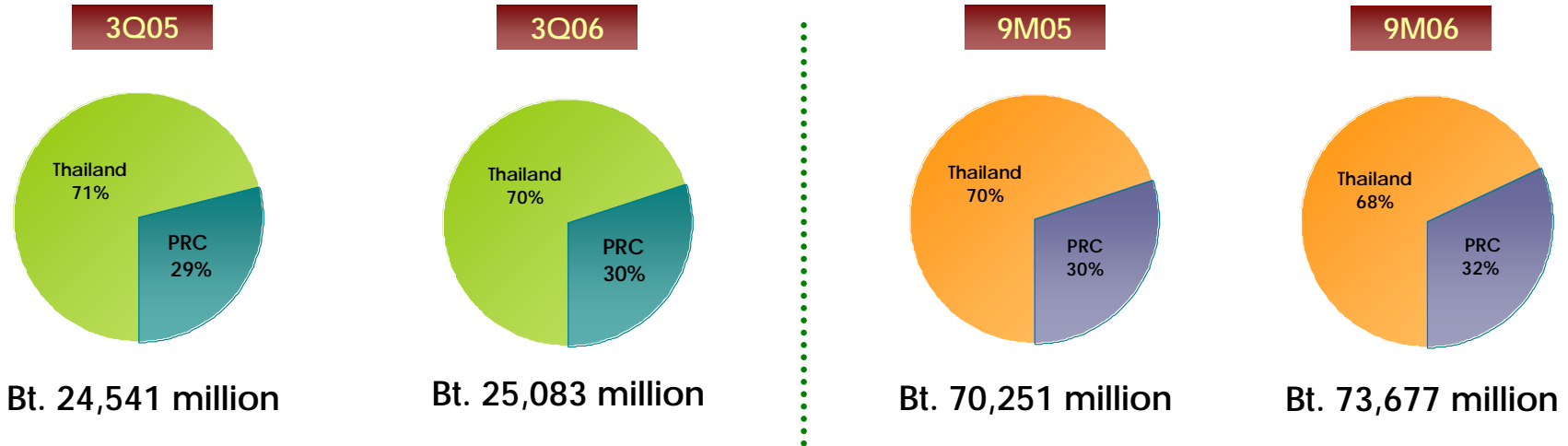
# Share Capital Information

- Price (November 10, 2006): Bt 6.95
  
- Hi/Low (YTD) : Bt 7.90/5.65 per share
  
- Average daily turnover : Bt 22.9 million
  
- No. of shares : 4,446,962,650 (Par Bt 1)
  
- Market capitalization : Bt 30,906 million
  
- Major shareholders : CP Group 45.0%  
AIA 9.0%  
GIC 6.0%
  
- First trade date : October 14, 2003
- Dividend Payment 2003 : Bt 1.75 per share (payout ratio of 54%)
- Dividend Payment 2004 : Bt 2.25 per share (payout ratio of 59%)
- Dividend Payment 2005 : Bt 0.30 per share (payout ratio of 88%)

Note: In 2005, capital was increased by stock dividend at 1:1 and par value was changed from Baht 5 to Baht 1 per share.



# Sales & Services Income by Segments



• *Proportionate consolidation*

## Revenue breakdown

<i>Bt.million / % of Total</i>	<u>3Q05</u>		<u>3Q06</u>		<u>9M05</u>		<u>9M06</u>	
Thailand	17,423	89.3%	17,555	88.7%	49,451	88.9%	50,317	87.9%
PRC	<u>2,114</u>	<u>10.7%</u>	<u>2,235</u>	<u>11.3%</u>	<u>6,178</u>	<u>11.1%</u>	<u>6,938</u>	<u>12.1%</u>
<b>Total</b>	<u>19,512</u>	<u>100.0%</u>	<u>19,790</u>	<u>100.0%</u>	<u>55,629</u>	<u>100.0%</u>	<u>57,255</u>	<u>100.0%</u>

## Operating profit breakdown

<i>Bt.million / % of Total</i>	<u>3Q05</u>		<u>3Q06</u>		<u>9M05</u>		<u>9M06</u>	
Thailand	701	124.7%	878	139.4%	2,013	114.1%	2,563	131.0%
PRC	<u>-139</u>	<u>-24.7%</u>	<u>-248</u>	<u>-39.4%</u>	<u>-249</u>	<u>-14.1%</u>	<u>-606</u>	<u>-31.0%</u>
<b>Total</b>	<u>562</u>	<u>100.0%</u>	<u>630</u>	<u>100.0%</u>	<u>1,764</u>	<u>100.0%</u>	<u>1,957</u>	<u>100.0%</u>



Businesses in Thailand

Convenience Store Business :

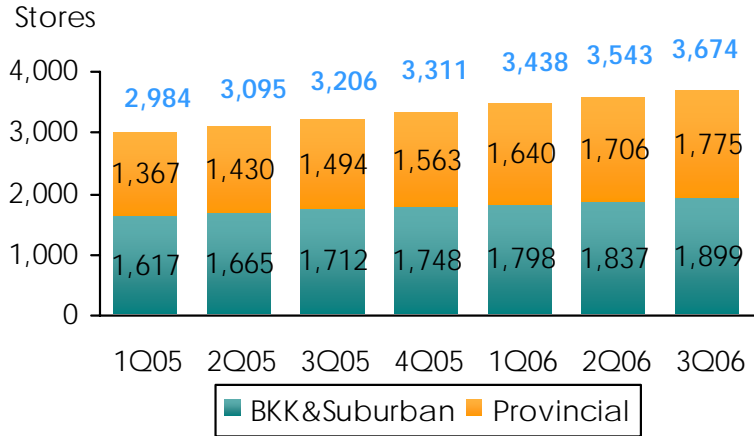
"7-Eleven"



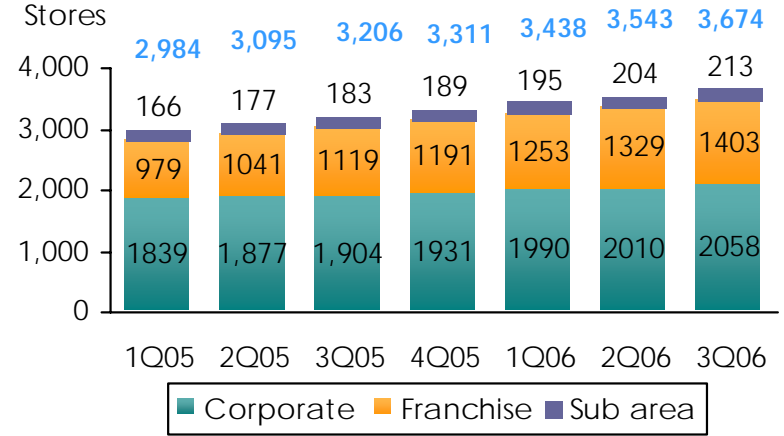


# Store Types Breakdown

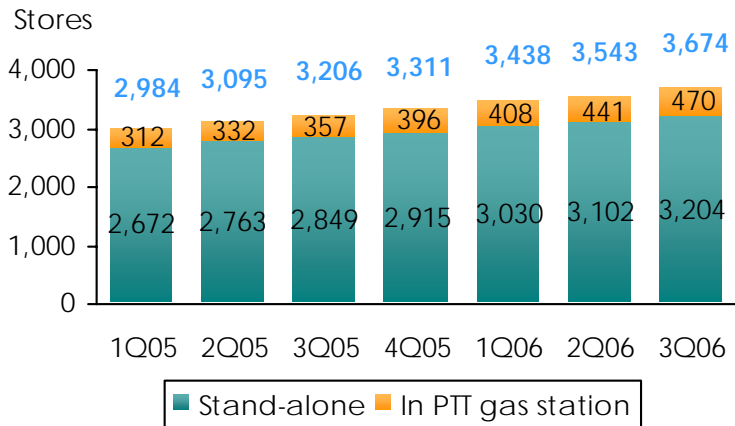
## BKK & Suburban / Provincial



## Corporate / Franchise / Sub area



## Stand-alone / In PTT gas station

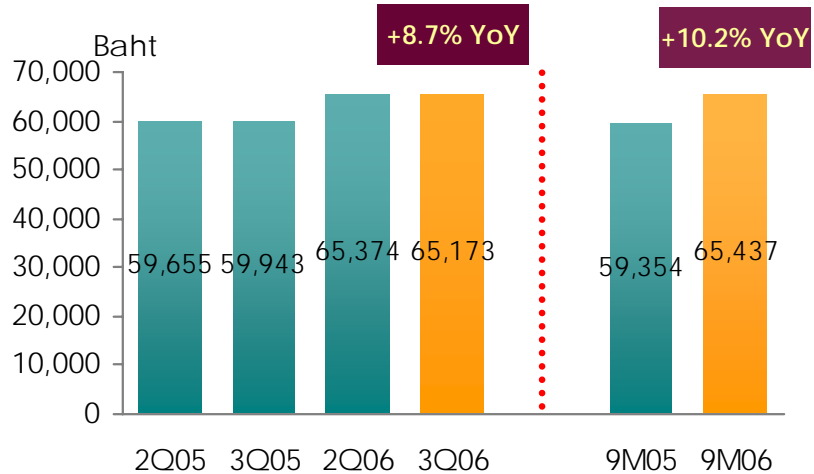


Stores/Year	2003	2004	2005	9M06
BKK & Suburban	1,359	1,571	1,748	1,899
Provincial	1,038	1,290	1,563	1,775
<b>Total</b>	<b>2,397</b>	<b>2,861</b>	<b>3,311</b>	<b>3,674</b>
<b>Expansion</b>	<b>+355</b>	<b>+464</b>	<b>+450</b>	<b>+363</b>

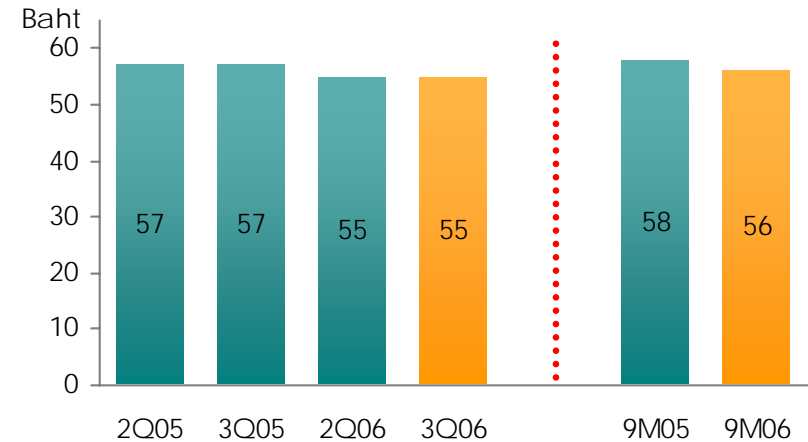


# Sales and Spending per Ticket

Avg. Same Store Sales per Store per Day\*

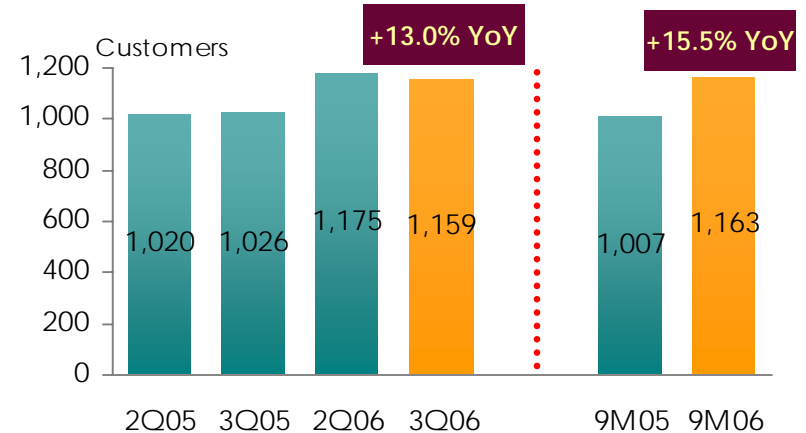


Spending per Ticket



Year	2003	2004	2005
Same Store Sales (Bt)	51,584	55,023	60,886
SSS Growth	11.6%	6.7%	10.7%
Spending Per Ticket (Bt)	52	56	58
No. of customer/store/day	977	956	1,032

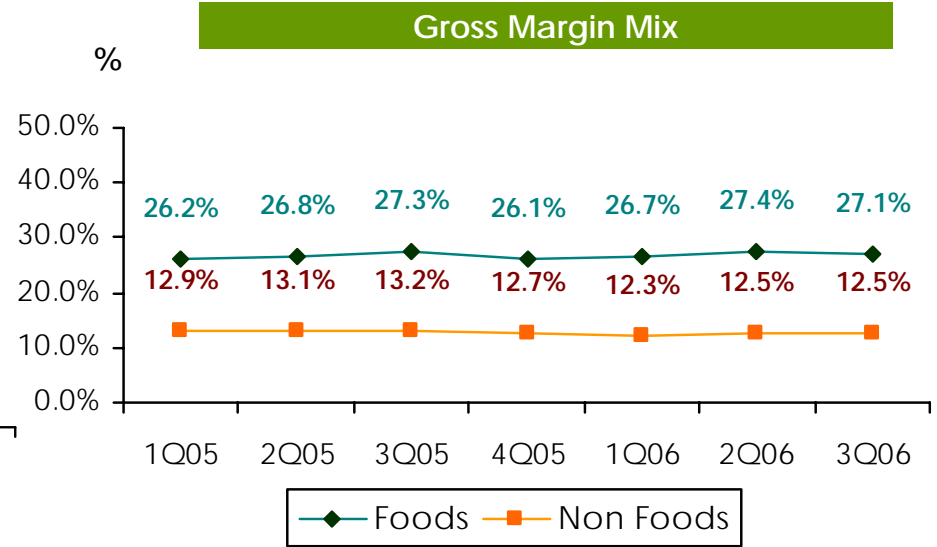
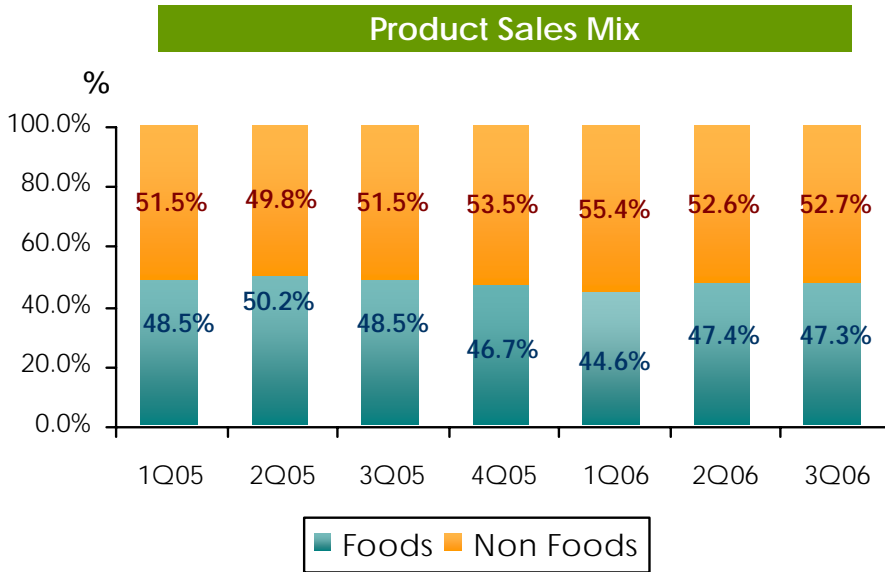
Customer per Store per Day



Note \* Calculated based on number of stores opened at the end of the previous comparable period i.e. stores under operation of at least 1 year.  
 \* The figures of average same store sales include phone card and are used for comparison only.



# Product Sales Mix & Gross Margin Mix



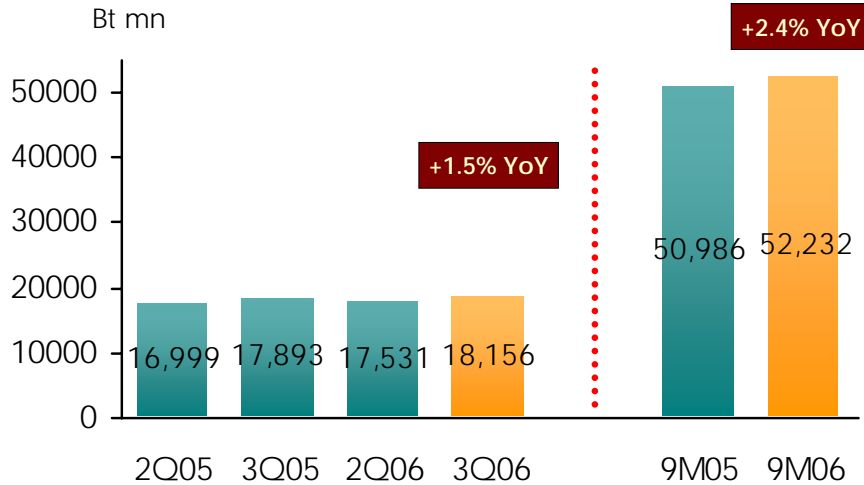
- Food and non food mix remain unchanged. However, we aim to increase a portion of food according to our strategy of moving towards convenience food store.
- Food and non food gross margin remain unchanged around 27% and 12.5% respectively. Food has continued the key challenge to attract new customers and sustain growth.



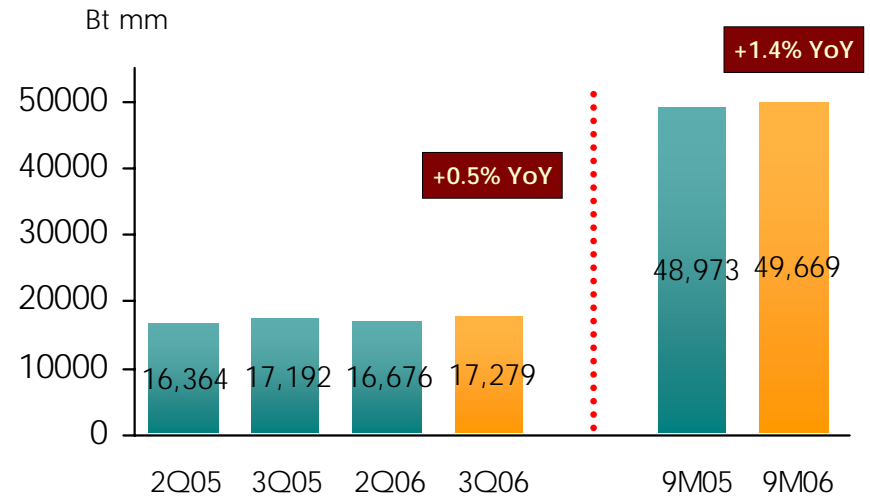


# Convenience Store Performance

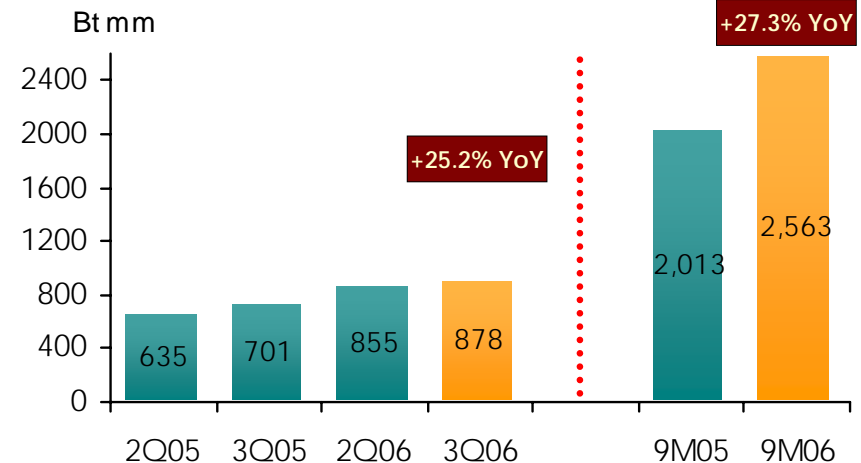
## CVS Revenue <sup>1</sup>



## CVS Costs <sup>2</sup>



## Operating Profits



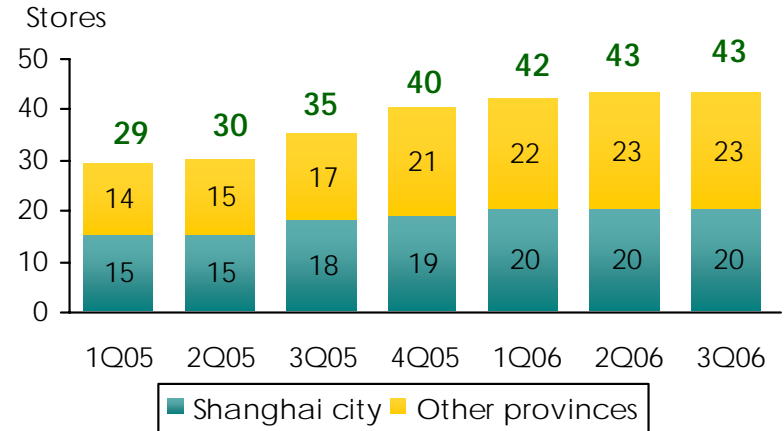
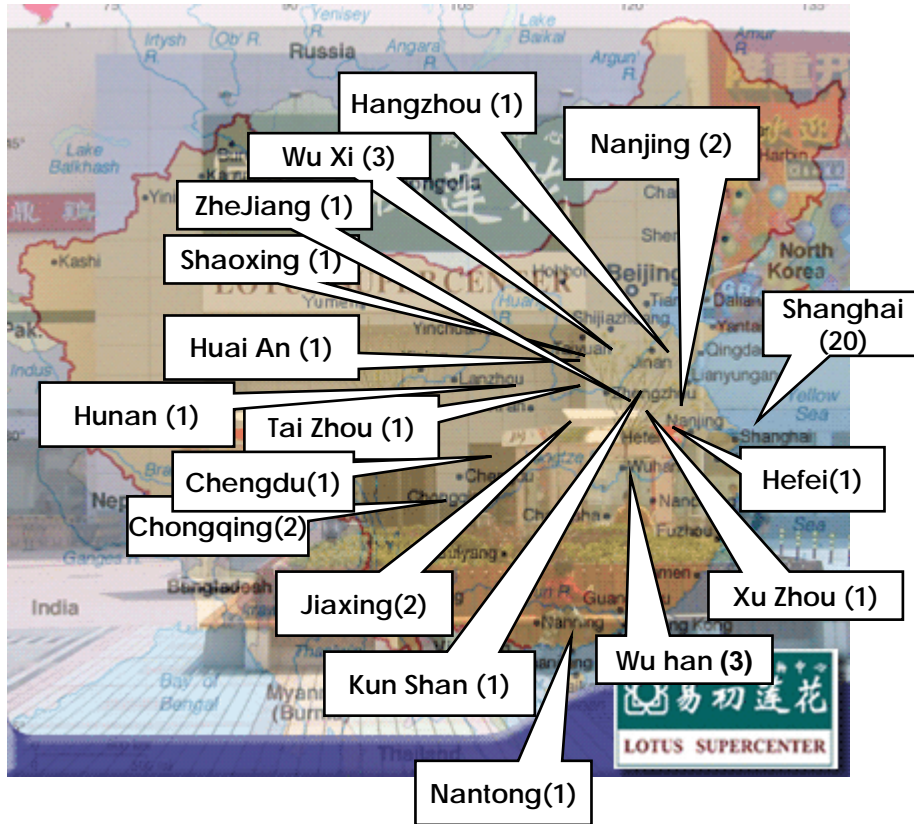
Year	2003	2004	2005
CVS Revenue <sup>1</sup>	42,805	54,837	67,568
CVS Costs <sup>2</sup>	41,054	52,777	65,038
Operating Profits	1,751	2,060	2,530

Note: <sup>1</sup> CVS Revenue are comprised of sales & service incomes, other operating incomes and other businesses revenues.

<sup>2</sup> CVS Costs are comprised of costs of sales & service and SG&A expenses.



## Business in PRC Supercenter Business : Lotus Shanghai

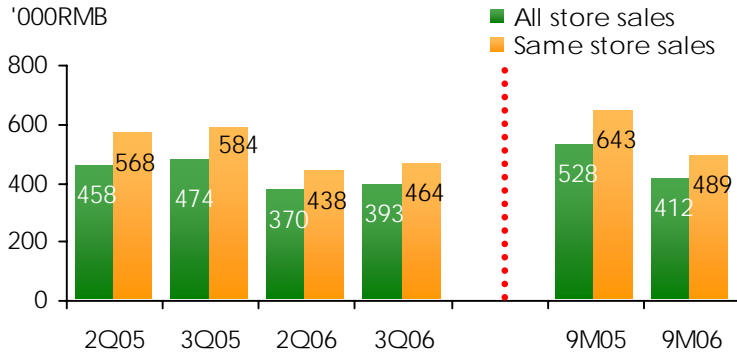


■ In 3Q06, there is no opening of new stores; thus, total Lotus stores remain unchanged at 43.

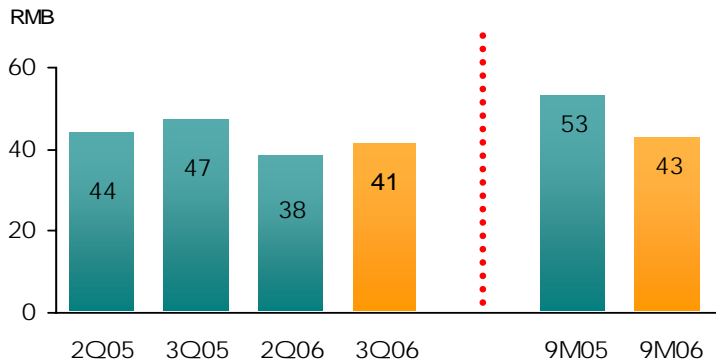
No. of Stores	2003	2004	2005
Shanghai	10	14	19
Others	5	11	21
<b>Total</b>	<b>15</b>	<b>25</b>	<b>40</b>

*Note : SLS has commenced contract since July 2004 to manage another 2 Lotus stores in Wuhan without title to any assets in accordance with an agreement to manage an outlet between SLS and two local companies*

### Avg. Sales/Store/Day

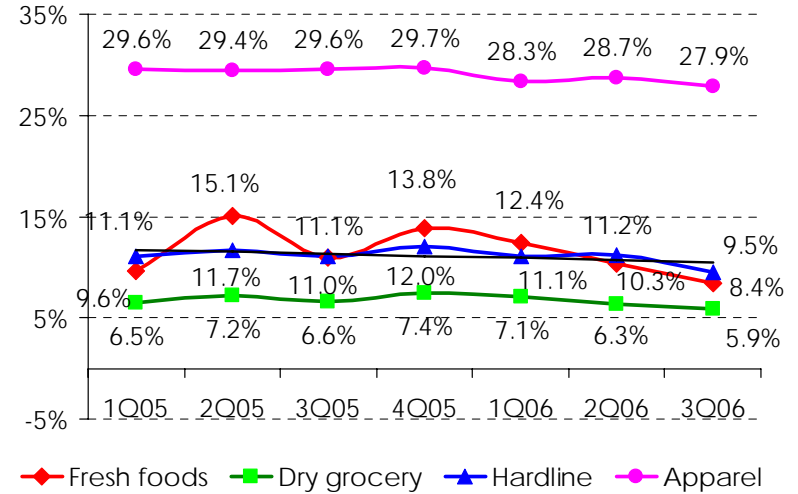


### Sales per sq.m.

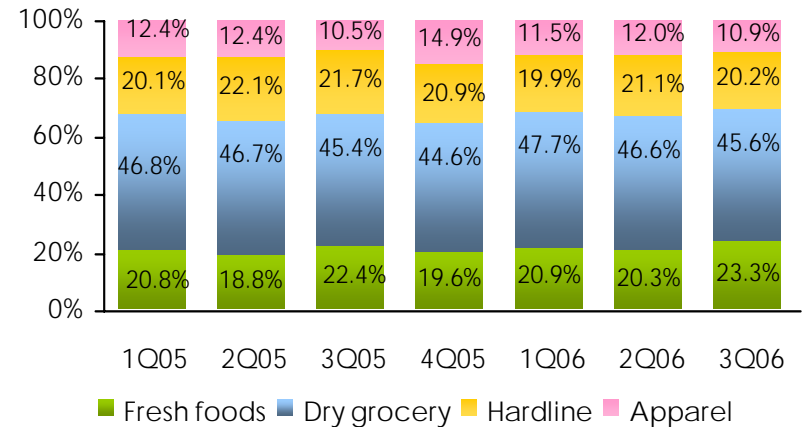


Year	2003	2004	2005
Same Store Sales (000 RMB)	798	797	626
Sales per sq.m. (RMB)	82	70	51

### Gross Margin Mix (%)

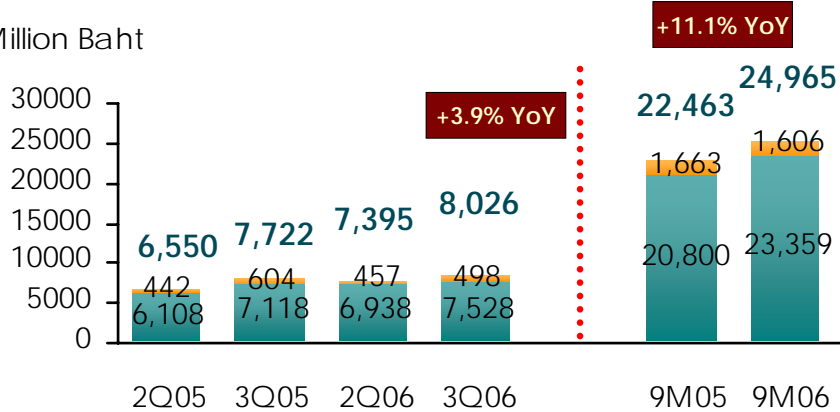


### Product Sales Mix (%)



## Sales and Service Income

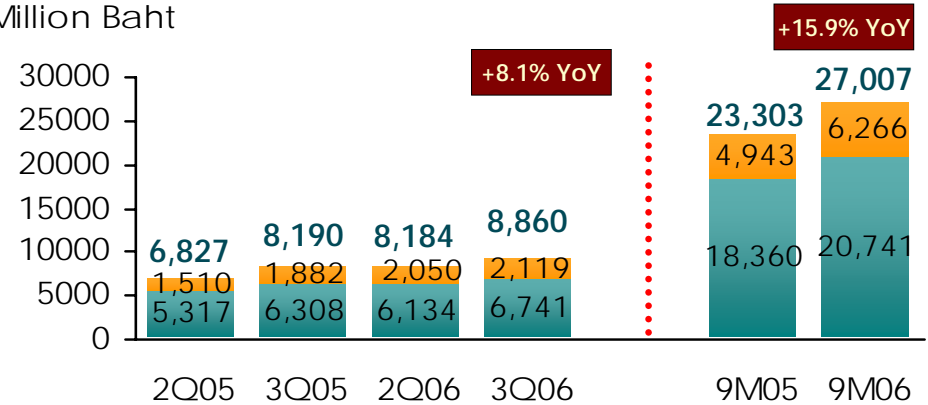
Million Baht



■ Sales and Service Income ■ Other Operating Income

## Costs of Sales & Service and Operating Exp.

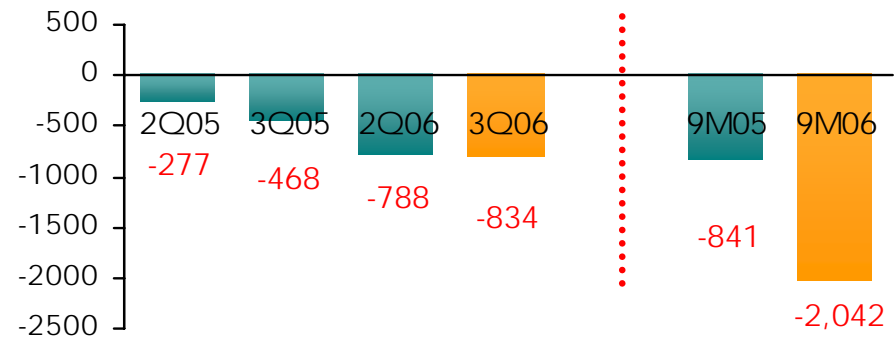
Million Baht



■ Costs of Sales and Services ■ Operating expenses

## Operating Profit

Million Baht



Year	2003	2004	2005
Sales & Service Income	17,889	23,483	31,292
Cost of Sales & Service and Operating Expenses	17,668	22,969	32,490
Operating Profits	221	514	-1,198

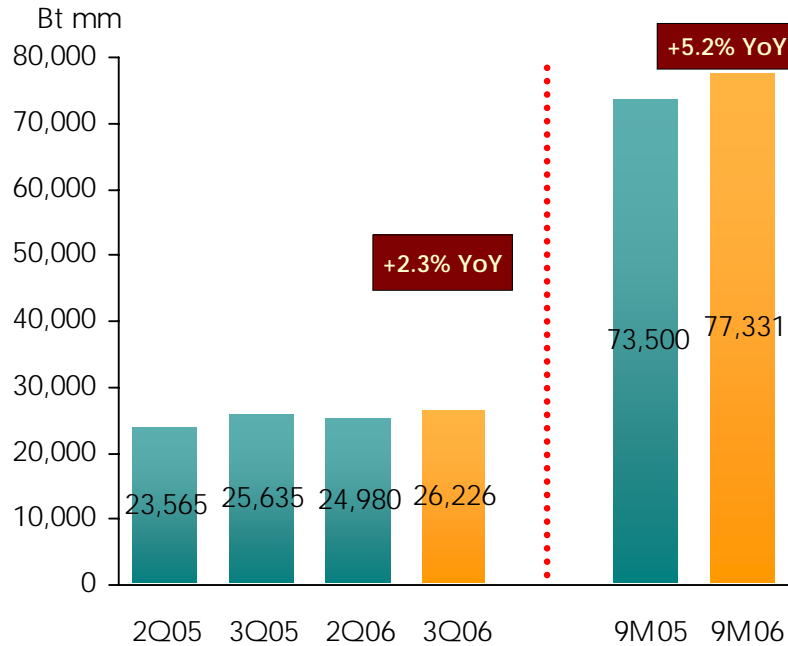


# Financial Highlights : 3Q06 Consolidated

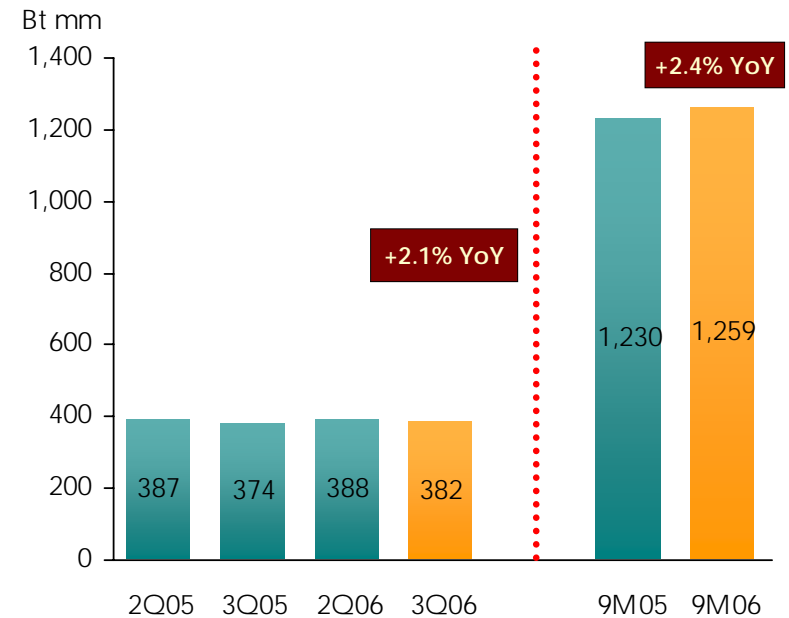




## Total Revenue



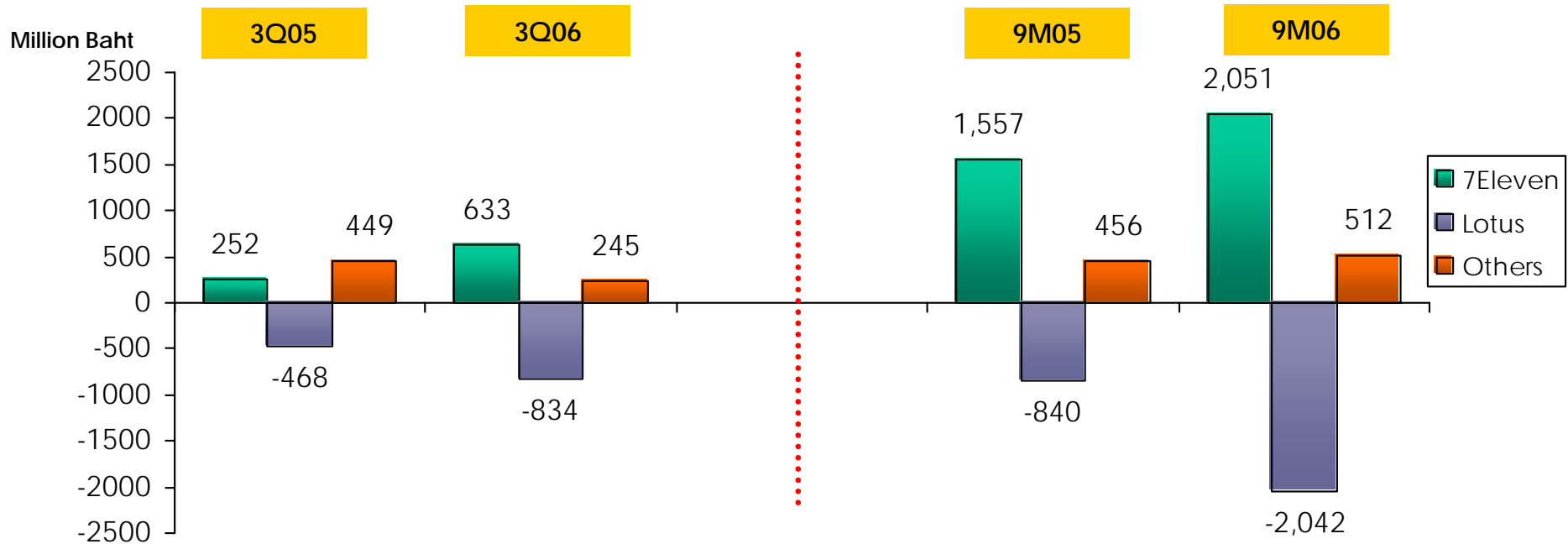
## Net Profits



Year	2003	2004	2005
Revenue (Bt mn)	60,731	78,366	98,948
Net Profit (Bt mn)	1,339	1,696	1,508



# Operating profit (By Business Segment)



Bt 233 million **-81% YoY** → Bt 44 million

Bt 1,173 million **-56% YoY** → Bt 520 million

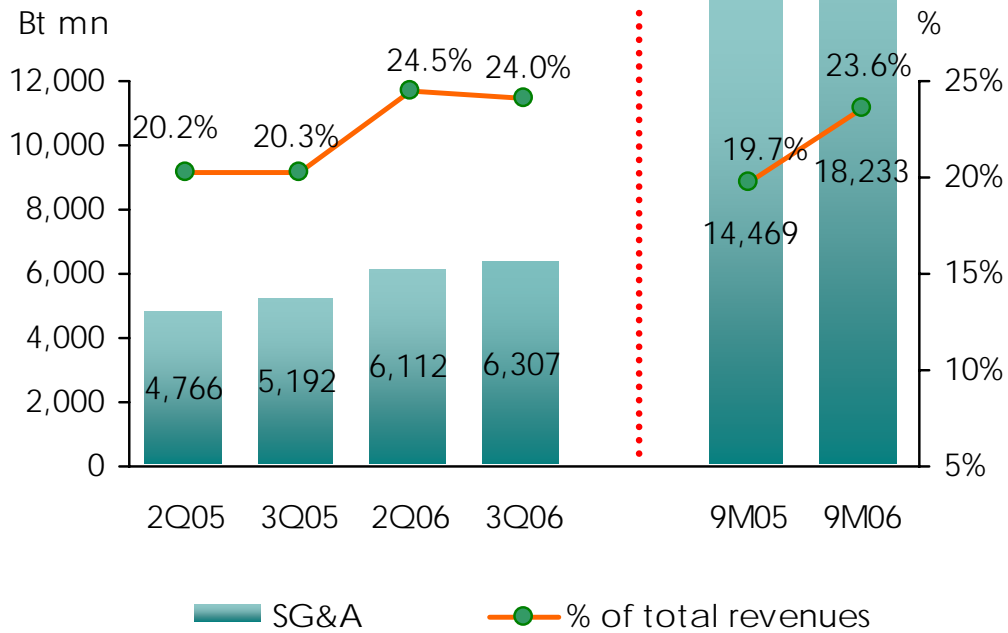
Operating profit (Bt mn)	2003	2004	2005
7-Eleven	1,542	931	2,001
Lotus	221	514	-1,198
Others	209	1,138	529
<b>Total</b>	<b>1,972</b>	<b>2,583</b>	<b>1,332</b>

Note: Other businesses mainly are comprised of Counter Service, Retailink, CPRAM and others.  
Operating profit is prior to minority interests adjustment.

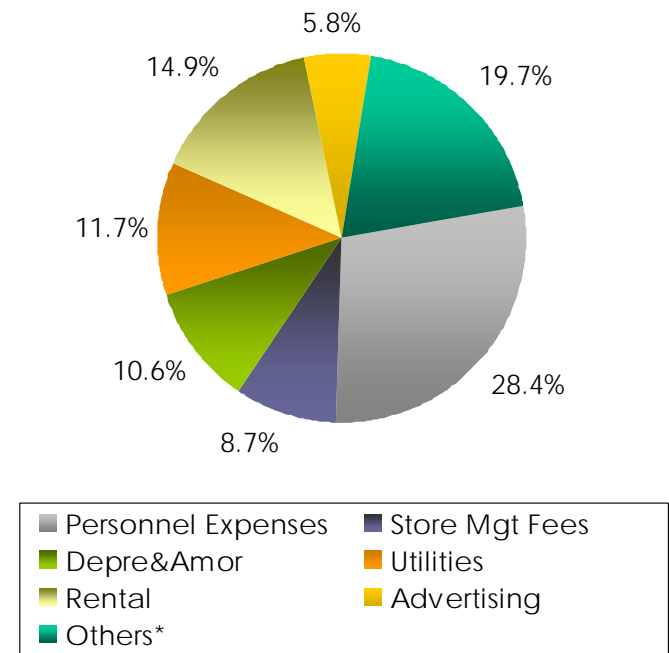




# Selling and Administrative Expenses



Breakdown for 3Q06



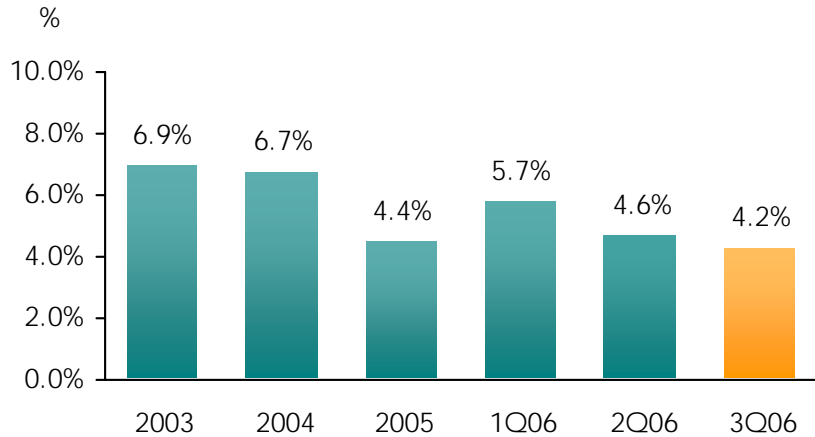
SG&A	2003	2004	2005
SG&A Expense (Bt mn)	11,263	15,012	20,485
% of total revenue	18.5%	19.2%	20.7%

\*Note: Others are comprised of royalty fee, professional fee, R&D, and transportation etc.



# Key performance ratio

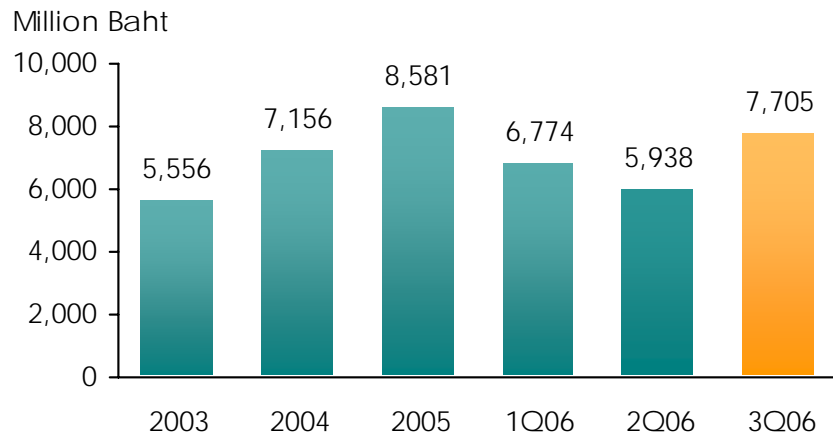
### ROAA



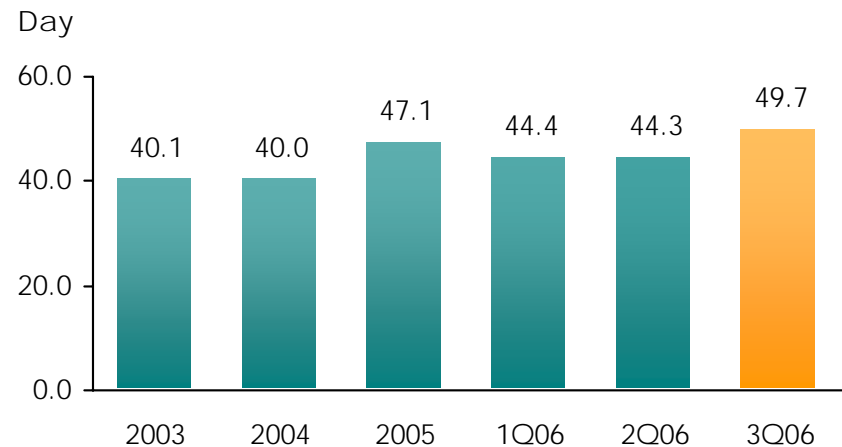
### ROAE



### Cash



### Cash Cycle Day



Note: annualized return is calculated by multiplying quarterly return with 4.



# Future and Capex Plan

## Future Plan

### 7-Eleven Store Expansion

- Plan to open at 400 - 450 stores in 2006 comprising of
  - ¾ stand alone VS ¼ PTT
  - Franchise : Corporate 50:50
  - Bangkok : Provincial 40:60
- Target to reach 5,000 stores by year 2010
- Target to achieve 5% same store sales growth for the next 3-5 years

### Product Strategy

- Foods:Non-Foods 50:50
- Retailer Initiative : Store assortment

### Lotus Shanghai

- Plan to expand around 5 stores in 2006

## 2006 Projected CAPEX

### Thailand

Million Baht

- |                                     |            |
|-------------------------------------|------------|
| ▪ 400-450 stores expansion          | 1,300      |
| ▪ 400 stores renovation             | 400        |
| ▪ Investment in subsidiaries & DC   | 800        |
| ▪ Head office expansion & IT system | <u>500</u> |

**Total**

**3,000**

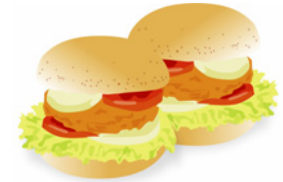
### Investment in PRC

#### ▪ Lotus Shanghai

5 stores expansion	1,250
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## Store Types



### Corporate Store

Invested by CP7-11 & run by company's employees

### Franchise Store

- CP7-11 is responsible for merchandise cost
- Franchisees pay entrance fee to CP7-11
- Franchisees are responsible for store-level expenses
- Run by franchisees with close supervision of CP7-11
- Different types of franchises has charged different rates of revenue & expense sharing

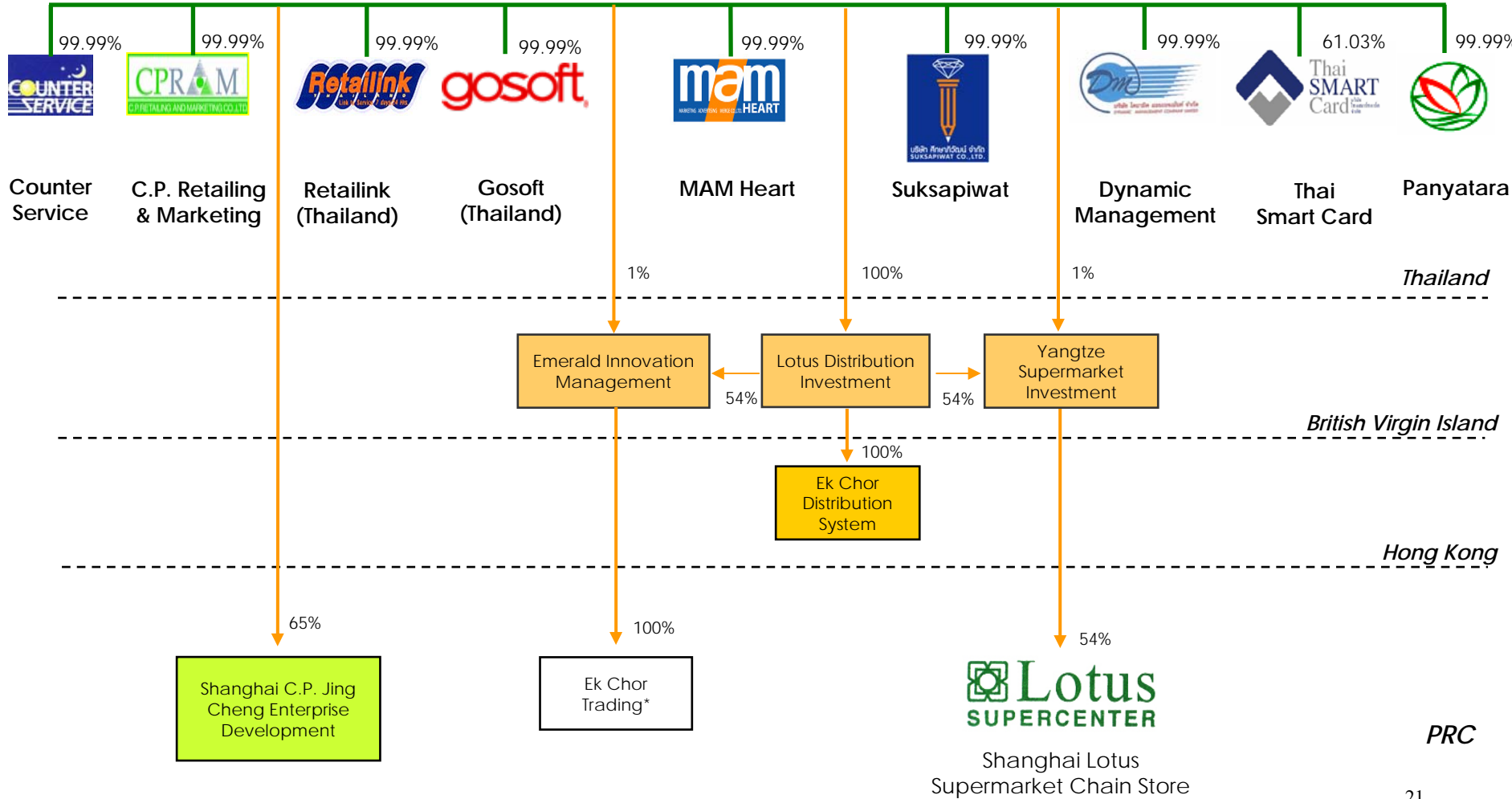
- CP7-11 records sales and COGS
- CP7-11 pays "outlet management fee" on avg. 50% of store gross profit to these franchisees

### Sub-Area Store

- Licensed by CP7-11 to exclusively open 7-Eleven stores in specific area, i.e. Phuket, Yala, Chiangmai, and UbonRatchthani
- Franchisees pay royalty fee to CP7-11



# Group Structure of C.P. Seven Eleven Public Company



\* No longer commencing operation



# Subsidiaries and Affiliates

## Counter Service Co., Ltd.

Type of business : Bill payment collection  
Registered capital: Baht 70 million

## C.P. Retailing and Marketing Co., Ltd.

Type of business : Manufacturer and distributor of  
frozen food and bakery  
Registered capital: Baht 350 million

## Retailink (Thailand) Co., Ltd.

Type of business : Distributor and maintenance of  
retail equipment  
Registered capital: Baht 20 million

## Gosoft (Thailand) Co., Ltd.

Type of business : Information technology services  
Registered capital: Baht 2 million

## Shanghai Lotus Supermarket Chain Store Co., Ltd.

Type of business : Supercenter business  
Registered capital: USD 84 million

## M.A.M. Heart Co., Ltd.

Type of business : Marketing services  
Registered capital: Baht 1 million

## Dynamic Management Co., Ltd.

Type of business : Logistics services  
Registered capital: Baht 2 million

## Suksapiwat Co., Ltd.

Type of business : Vocational school  
Registered capital: Baht 810 million

## Thai Smart Card Co., Ltd.

Type of business : Payment of goods and services  
through Smart Card  
Registered capital: Baht 800 million

## Panyatara Co., Ltd.

Type of business : Training business  
Registered capital: Baht 1 million



# Changes in Accounting

Before Feb 2004	Phone card revenues were booked under CVS segment.
Feb 2004	Phone card revenues were booked under Other Business segment.
Impact	In segmentation report, sale, cost of sales and operating profit under Other Business will be increased and vice versa under CVS.
Sept 2005	Phone card revenues were booked under CVS segment.
Impact	In segmentation report, sale, cost of sales and operating profit under CVS will be increased and vice versa under Other Business.
Oct 2005	Phone card revenues of two mobile phone operators were booked as commission earned.
Impact	In consolidated, the company only and segmentation reports, sale and cost of sales will be reduced but service income will be increased. However, operating profit remains unchanged.

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