Taiwan | Consumer Staples | 29 July 2026

Daiwa Capital Markets Hong Kong Limited

President Chain Store (2912 TT)

Target price: **TWD270.00** (from TWD250.00)

Share price (29 Jul): **TWD241.00** | Up/downside: **+12.0%**

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Outperform
(unchanged)

2Q26 review: fundamentals on track

- 2Q26 EPS beat our estimate slightly; in line with Bloomberg consensus
- Ongoing share gains in Taiwan CVS segment with store expansion
- Reaffirming our Outperform (2) call; raising 12-month TP to TWD270

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What's new: PCSC posted its 2Q26 results on 29 July after market hours. We reaffirm our Outperform (2) call as we believe PCSC's share gain potential in the Taiwan consumer market with its aggressive store addition strategy over 2026-28E should bear fruit in the mid to long term. PCSC is likely a better pick in the non-tech space to hedge against stock market volatility.

What's the impact: **2Q26 results review.** PCSC's 2Q26 net profit of TWD3,174m (+2.7% QoQ and +4.3% YoY) beat our forecast by 4.5% but missed the Bloomberg consensus by 4.1%. Revenue of TWD92,176m (+4.1% QoQ and +5.5% YoY) was in line with our and consensus forecasts. The YoY expansion was mainly driven by fresh food, up 9-10% YoY (accounting for 26-27% of Taiwan 7-Eleven's revenue in 2Q26), and city café, up by 11-12% YoY (9-10% of Taiwan 7-Eleven's revenue in 2Q26). Its gross margin of 34.6% in 2Q26 slightly beat our forecast of 34.4% but missed the consensus estimate (34.9%). However, its operating profit of TWD3,845m (+1.9% QoQ and -0.8% YoY) missed our and consensus forecasts by 3.7-4.8% due to continued investments in store expansion and logistics. Overall, its 2Q26 EPS finished at TWD3.06, slightly higher than our and consensus estimates of TWD2.92 and TWD3.05, respectively.

Intact 2H26 outlook. PCSC's share in convenience store (CVS) by store count in Taiwan rose further to 52.3% in 1Q26 from 52.2% in 2025 and 51.8% in 2024 vs. Family Mart's 32.1% in 1Q26 and 32.2% in 2025. PCSC maintains its 2026 target of adding 150-200 Taiwan 7-Eleven stores (86 of net additions in 1H26) with per store daily (PSD) revenue growth of a low single digit percentage (0-1% in 1H26) with improving profitability. For Philippines 7-Eleven, PCSC aims to add 400-500 stores in 2026 vs. 159 net additions in 1H26. On Cosmed, PCSC will continue its aggressive store addition in 2026, targeting 50-100 new additions vs. 35 in 1H26 as the company sees demand in cosmetics and healthcare. We believe PCSC's aggressive store expansion strategy will continue to 2027. We keep our 2026-27E EPS almost unchanged and introduce our 2028 forecasts.

What we recommend: We reaffirm our Outperform (2) rating and raise our 12-month TP to TWD270 (from TWD250), still based on a 22x PER (vs. its past-3-year normalised trading PER of 18-27x) applied to our 1-year forward EPS (4Q26-3Q27E EPS). Its dividend yield of 4.1-4.9% over 2026-28E should support its current share price level. Key downside risks: higher-than-expected opex and competition.

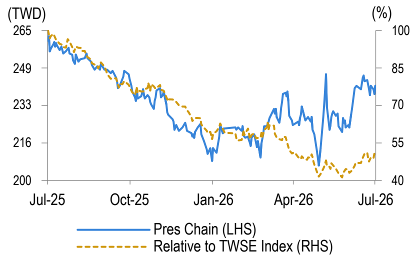
How we differ: We are more positive on its share gain story in the Taiwan consumer space with margin expansion.

Forecast revisions (%)

Year to 31 Dec	26E	27E	28E
Revenue change	(0.3)	(2.2)	n.a.
Net profit change	1.2	(0.5)	n.a.
Core EPS (FD) change	1.1	(0.5)	n.a.

Source: Daiwa forecasts

Share price performance



12-month range	206.50-262.50
Market cap (USDbn)	7.73
3m avg daily turnover (USDm)	35.02
Shares outstanding (m)	1,040
Major shareholder	Uni-President Enterprises (45.4%)

Financial summary (TWD)

Year to 31 Dec	26E	27E	28E
Revenue (m)	369,575	386,753	404,581
Operating profit (m)	14,751	15,865	17,377
Net profit (m)	11,991	13,000	14,439
Core EPS (fully-diluted)	11.506	12.474	13.854
EPS change (%)	7.0	8.4	11.1
Daiwa vs Cons. EPS (%)	(1.1)	1.3	1.3
PER (x)	20.9	19.3	17.4
Dividend yield (%)	4.1	4.4	4.9
DPS	9.8	10.6	11.8
PBR (x)	5.1	4.6	4.1
EV/EBITDA (x)	7.8	7.7	6.8
ROE (%)	26.2	25.1	25.1

Source: FactSet, Daiwa forecasts

Flash

PCSC: P&L statement

	2026E				2027E				2026E	2027E	2028E
(TWDm)	1Q	2QE	3QE	4QE	1QE	2QE	3QE	4QE			
Net sales	88,528	92,176	94,547	94,325	95,180	96,141	97,169	98,263	369,575	386,753	404,581
COGS	-57,917	-60,295	-61,639	-61,928	-62,256	-62,807	-63,228	-64,530	-241,779	-252,821	-264,098
Gross profit	30,610	31,881	32,908	32,397	32,924	33,334	33,941	33,733	127,796	133,932	140,483
Operating costs	-26,837	-28,036	-28,837	-29,335	-28,840	-29,227	-29,539	-30,461	-113,045	-118,067	-123,105
Operating profit	3,773	3,845	4,071	3,062	4,084	4,107	4,402	3,272	14,751	15,865	17,377
Non-operating profit	848	862	793	756	866	1,013	867	831	3,258	3,577	3,923
Pre-tax profit	4,621	4,708	4,864	3,817	4,951	5,120	5,269	4,102	18,010	19,442	21,300
Tax / minority int.	-1,530	-1,533	-1,517	-1,438	-1,599	-1,731	-1,609	-1,502	-6,019	-6,441	-6,861
Net profit	3,091	3,174	3,347	2,379	3,352	3,389	3,660	2,600	11,991	13,000	14,439
Basic EPS (TWD)	2.97	3.05	3.22	2.29	3.22	3.26	3.52	2.50	**11.53**	**12.51**	**13.89**
Operating Ratios											
Gross margins	34.6%	34.6%	34.8%	34.3%	34.6%	34.7%	34.9%	34.3%	34.6%	34.6%	34.7%
Operating margin	4.3%	4.2%	4.3%	3.2%	4.3%	4.3%	4.5%	3.3%	4.0%	4.1%	4.3%
Pre-tax margin	5.2%	5.1%	5.1%	4.0%	5.2%	5.3%	5.4%	4.2%	4.9%	5.0%	5.3%
Net margin	3.5%	3.4%	3.5%	2.5%	3.5%	3.5%	3.8%	2.6%	3.2%	3.4%	3.6%
Year-on-Year %											
Net revenue	4.6%	5.5%	6.3%	5.1%	7.5%	4.3%	2.8%	4.2%	5.4%	4.6%	4.6%
Gross profit	6.5%	6.0%	5.7%	5.9%	7.6%	4.6%	3.1%	4.1%	6.0%	4.8%	4.9%
Operating income	4.2%	-0.8%	7.5%	15.6%	8.2%	6.8%	8.1%	6.8%	5.9%	7.5%	9.5%
Pre-tax income	6.7%	2.2%	11.4%	4.8%	7.1%	8.7%	8.3%	7.5%	6.3%	8.0%	9.6%
Net income	6.7%	4.3%	12.9%	3.0%	8.4%	6.7%	9.4%	9.3%	7.0%	8.4%	11.1%
Qtr-on-Qtr %											
Net revenue	-1.4%	4.1%	2.6%	-0.2%	0.9%	1.0%	1.1%	1.1%			
Gross profit	0.1%	4.2%	3.2%	-1.6%	1.6%	1.2%	1.8%	-0.6%			
Operating income	42.5%	1.9%	5.9%	-24.8%	33.4%	0.6%	7.2%	-25.7%			
Pre-tax income	26.9%	1.9%	3.3%	-21.5%	29.7%	3.4%	2.9%	-22.1%			
Net income	33.9%	2.7%	5.4%	-28.9%	40.9%	1.1%	8.0%	-29.0%			

Source: Company, Daiwa forecasts

PCSC: earnings forecasts revisions

	2026E			2027E			2028E		
(TWDm)	Previous	New	Consensus	Previous	New	Consensus	Previous	New	Consensus
Revenue	370,611	369,575	367,406	395,416	386,753	383,469	n.a.	404,581	401,594
Diff (%)		-0.3%	0.6%		-2.2%	0.9%		n.a.	0.7%
Gross Margin (%)	34.5%	34.6%	34.6%	34.5%	34.6%	34.8%	n.a.	34.7%	35.1%
Operating profit	14,871	14,751	15,287	16,168	15,865	16,159	n.a.	17,377	16,914
Operating Margin (%)	4.0%	4.0%	4.2%	4.1%	4.1%	4.2%	n.a.	4.3%	4.2%
Net profit	11,854	11,991	12,103	13,065	13,000	12,739	n.a.	14,439	14,114
Diluted EPS	11.38	11.51	11.63	12.54	12.47	12.31	n.a.	13.85	13.68
Diff (%)		1.1%	-1.1%		-0.5%	1.3%		n.a.	1.3%

Source: Company, Bloomberg, Daiwa forecasts

PCSC: 2Q26 results

	Actual						
	TWDm	QoQ%	YoY%	Daiwa	Diff %	Consensus	Diff %
Revenue	92,176	4.1%	5.5%	91,392	0.9%	91,635	0.6%
Gross profit	31,881	4.2%	6.0%	31,411	1.5%	31,944	-0.2%
Gross margin (%)	34.6%			34.4%	0.2pp	34.9%	-0.3pp
Operating profit	3,845	1.9%	-0.8%	3,994	-3.7%	4,038	-4.8%
Operating margin (%)	4.2%			4.4%	-0.2pp	4.4%	-0.2pp
Pre-tax profit	4,708	1.9%	2.2%	4,729	-0.4%	4,915	-4.2%
Pre-tax margin (%)	5.1%			5.2%	-0.1pp	5.4%	-0.3pp
Net profit	3,174	2.7%	4.3%	3,036	4.5%	3,309	-4.1%
Basic EPS (TWD)	3.06	2.8%	4.5%	2.92	4.7%	3.05	0.3%

Source: Company, Bloomberg, Daiwa forecasts

Financial summary

Key assumptions

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Number of Taiwan 7-Eleven stores	6,379	6,631	6,859	7,077	7,248	7,399	7,559	7,679
SSSG in Taiwan 7-Eleven (%)	(5.9)	3.8	4.2	3.2	1.6	(1.2)	5.2	8.2
Consolidated operating margin (%)	4.1	4.2	4.3	4.1	4.0	4.0	4.1	4.3

Profit and loss (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
CVS	168,010	182,872	197,664	210,705	220,046	222,332	238,972	263,504
Retail	76,161	87,177	96,773	104,993	108,201	115,402	116,523	116,523
Other Revenue	18,564	20,385	22,605	22,234	22,487	31,841	31,257	24,554
Total Revenue	**262,735**	**290,434**	**317,042**	**337,932**	**350,735**	**369,575**	**386,753**	**404,581**
Other income	0	0	0	0	0	0	0	0
COGS	(174,612)	(192,580)	(208,870)	(222,505)	(230,193)	(241,779)	(252,821)	(264,098)
SG&A	(77,454)	(85,515)	(94,422)	(101,455)	(106,611)	(113,045)	(118,067)	(123,105)
Other op.expenses	0	0	0	0	0	0	0	0
Operating profit	**10,670**	**12,340**	**13,750**	**13,973**	**13,930**	**14,751**	**15,865**	**17,377**
Net-interest inc./(exp.)	(1,021)	(690)	190	134	(617)	(693)	(283)	55
Assoc/forex/extraord./others	2,423	2,420	2,417	3,255	3,632	3,952	3,860	3,868
Pre-tax profit	**12,072**	**14,070**	**16,357**	**17,362**	**16,945**	**18,010**	**19,442**	**21,300**
Tax	(2,053)	(3,000)	(3,696)	(3,620)	(3,611)	(3,971)	(4,394)	(4,814)
Min. int./pref. div./others	(1,157)	(1,788)	(2,047)	(2,203)	(2,124)	(2,047)	(2,047)	(2,047)
Net profit (reported)	**8,862**	**9,282**	**10,614**	**11,539**	**11,210**	**11,991**	**13,000**	**14,439**
Net profit (adjusted)	**8,862**	**9,282**	**10,614**	**11,539**	**11,210**	**11,991**	**13,000**	**14,439**
EPS (reported)(TWD)	**8.524**	**8.928**	**10.209**	**11.099**	**10.783**	**11.534**	**12.505**	**13.889**
EPS (adjusted)(TWD)	**8.524**	**8.928**	**10.209**	**11.099**	**10.783**	**11.534**	**12.505**	**13.889**
EPS (adjusted fully-diluted)(TWD)	**8.507**	**8.910**	**10.185**	**11.071**	**10.751**	**11.506**	**12.474**	**13.854**
DPS (TWD)	**9.000**	**9.000**	**9.000**	**9.000**	**9.000**	**9.804**	**10.629**	**11.805**
EBIT	**10,670**	**12,340**	**13,750**	**13,973**	**13,930**	**14,751**	**15,865**	**17,377**
EBITDA	**31,808**	**34,680**	**37,507**	**38,958**	**40,510**	**32,517**	**31,407**	**34,099**

Cash flow (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit before tax	12,072	14,070	16,357	17,362	16,945	18,010	19,442	21,300
Depreciation and amortisation	21,138	22,340	23,757	24,985	26,580	17,766	15,542	16,722
Tax paid	(2,053)	(3,000)	(3,696)	(3,620)	(3,611)	(3,971)	(4,394)	(4,814)
Change in working capital	6,508	2,388	(2,155)	7,753	(1,658)	(2,562)	(226)	(269)
Other operational CF items	(1,681)	(1,561)	8,126	(9,719)	(1,747)	(1,042)	(2,434)	(2,442)
Cash flow from operations	**35,984**	**34,238**	**42,389**	**36,761**	**36,510**	**28,200**	**27,930**	**30,497**
Capex	(8,635)	(11,517)	(12,866)	(19,752)	(21,357)	(13,022)	(10,442)	(10,924)
Net (acquisitions)/disposals	240	(320)	(12,137)	7,460	190	58	0	0
Other investing CF items	(992)	(747)	(2,006)	(546)	(672)	(174)	0	0
Cash flow from investing	**(9,388)**	**(12,584)**	**(27,009)**	**(12,838)**	**(21,839)**	**(13,138)**	**(10,442)**	**(10,924)**
Change in debt	(2,761)	3,454	9,791	3,618	12,093	(11,362)	0	0
Net share issues/(repurchases)	0	0	0	0	0	0	0	0
Dividends paid	(10,654)	(10,706)	(10,590)	(12,066)	(10,672)	(9,357)	(9,876)	(9,876)
Other financing CF items	(13,128)	(13,729)	(14,139)	(14,884)	(15,777)	(4,002)	0	0
Cash flow from financing	**(26,543)**	**(20,981)**	**(14,938)**	**(23,332)**	**(14,356)**	**(24,721)**	**(9,876)**	**(9,876)**
Forex effect/others	(968)	2,219	(53)	1,747	(1,401)	434	0	0
Change in cash	**(914)**	**2,892**	**389**	**2,338**	**(1,086)**	**(9,224)**	**7,611**	**9,697**
Free cash flow	27,349	22,721	29,523	17,009	15,153	15,179	17,487	19,573

Source: FactSet, Daiwa forecasts

Financial summary continued …

Balance sheet (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Cash & short-term investment	46,309	49,072	56,851	53,012	51,882	42,972	50,583	60,280
Inventory	18,440	21,670	23,427	23,632	26,709	26,474	27,586	28,917
Accounts receivable	9,148	9,283	10,270	11,157	11,132	12,522	13,044	13,669
Other current assets	5,515	5,063	4,324	4,794	4,825	5,298	5,298	5,298
Total current assets	**79,412**	**85,087**	**94,873**	**92,595**	**94,547**	**87,265**	**96,511**	**108,163**
Fixed assets	29,141	34,408	37,505	49,670	62,291	60,319	55,219	49,421
Goodwill & intangibles	9,814	9,665	9,508	9,197	9,250	9,142	9,142	9,142
Other non-current assets	96,137	104,050	115,466	118,320	126,543	130,421	130,808	131,202
Total assets	**214,504**	**233,210**	**257,352**	**269,782**	**292,631**	**287,147**	**291,680**	**297,928**
Short-term debt	5,630	9,570	13,502	9,254	20,701	16,043	16,043	16,043
Accounts payable	28,330	31,048	34,277	35,179	31,960	33,530	34,939	36,624
Other current liabilities	54,638	57,091	61,104	63,339	67,938	65,747	65,747	65,747
Total current liabilities	**88,598**	**97,709**	**108,884**	**107,771**	**120,599**	**115,321**	**116,729**	**118,415**
Long-term debt	963	493	6,352	14,730	15,165	19,468	19,468	19,468
Other non-current liabilities	82,151	89,360	94,270	95,261	103,941	94,000	94,000	94,000
Total liabilities	**171,713**	**187,562**	**209,505**	**217,762**	**239,704**	**228,789**	**230,197**	**231,883**
Share capital	10,396	10,396	10,396	10,396	10,396	10,396	10,396	10,396
Reserves/R.E./others	23,767	26,063	27,448	31,881	32,165	38,722	43,893	50,503
Shareholders' equity	**34,163**	**36,459**	**37,845**	**42,278**	**42,561**	**49,118**	**54,289**	**60,899**
Minority interests	8,628	9,189	10,003	9,743	10,365	9,241	7,193	5,146
Total equity & liabilities	**214,504**	**233,210**	**257,352**	**269,782**	**292,631**	**287,147**	**291,680**	**297,928**
EV	219,463	220,729	223,554	231,263	244,898	252,329	242,670	230,926
Net debt/(cash)	**(39,715)**	**(39,009)**	**(36,997)**	**(29,028)**	**(16,016)**	**(7,461)**	**(15,072)**	**(24,769)**
BVPS (TWD)	**32.861**	**35.070**	**36.402**	**40.666**	**40.939**	**47.246**	**52.220**	**58.578**

Key ratios (%)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales (YoY)	1.6	10.5	9.2	6.6	3.8	5.4	4.6	4.6
EBITDA (YoY)	(1.3)	9.0	8.2	3.9	4.0	(19.7)	(3.4)	8.6
Operating profit (YoY)	(12.1)	15.7	11.4	1.6	(0.3)	5.9	7.5	9.5
Net profit (YoY)	(13.4)	4.7	14.4	8.7	(2.8)	7.0	8.4	11.1
Core EPS (fully-diluted) (YoY)	(13.4)	4.7	14.3	8.7	(2.9)	7.0	8.4	11.1
Gross-profit margin	33.5	33.7	34.1	34.2	34.4	34.6	34.6	34.7
EBITDA margin	12.1	11.9	11.8	11.5	11.6	8.8	8.1	8.4
Operating-profit margin	4.1	4.2	4.3	4.1	4.0	4.0	4.1	4.3
Net profit margin	3.4	3.2	3.3	3.4	3.2	3.2	3.4	3.6
ROAE	25.3	26.3	28.6	28.8	26.4	26.2	25.1	25.1
ROAA	4.2	4.1	4.3	4.4	4.0	4.1	4.5	4.9
ROCE	20.6	23.5	22.3	19.4	16.9	16.2	16.6	17.5
ROIC	n.a	n.a	n.a	65.4	36.6	26.2	25.2	30.7
Net debt to equity	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Effective tax rate	17.0	21.3	22.6	20.9	21.3	22.1	22.6	22.6
Accounts receivable (days)	12.0	11.6	11.3	11.6	11.6	11.7	12.1	12.0
Current ratio (x)	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.9
Net interest cover (x)	10.4	17.9	n.a.	n.a.	22.6	21.3	56.1	n.a.
Net dividend payout	105.6	100.8	88.2	81.1	83.5	85.0	85.0	85.0
Free cash flow yield	10.9	9.1	11.8	6.8	6.0	6.1	7.0	7.8

Source: FactSet, Daiwa forecasts

Company profile

President Chain Store is the operator of 7-Eleven Taiwan, the largest convenience-store chain in Taiwan, with over 7,200 stores at the end of 2025 and a dominant market share. In addition, the company has invested in Philippine 7-Eleven, Shanghai 7-Eleven, Taiwan Starbucks and Cosmed, among other investments in Greater China and overseas.

ESG analysis

ESG risks

Risks		Management	Analyst comments
G	Executive/board quality	2	The CEO and Chairperson of PCSC are not the same individual. The company has scored an overall "AA" in MSCI ESG ratings since 2017, indicating its strong ESG performance during the past 8 years. Its corporate governance and corporate behaviour performance is at a moderate level compared with peers.
	Capital management	2	PCSC's maintained its dividend payout ratio at 81-106% over 2015-25, which we consider as reasonable as it has a solid position in Taiwan's CVS market. However, we note that PCSC plans to adopt a relatively aggressive store expansion strategy. Thus, its payout ratio in the coming few years may depend on its expansion results.
	Related party & transaction	2	Revenue from related-party transactions only accounts for 1% of PCSC's revenue in 2025, with no suspicious activity observed.
S	Product quality & safety	1	PCSC's domestic OEM factories (total: 45) have received ISO 22000 certification. New suppliers are tested based on PCSC's quality control standards. Also, PCSC has established its own Material and Quality Assurance System to ensure the source of each material is trackable. We note that PSCS leads its peers on the MSCI ESG rating for product safety and quality.
E	Waste & hazardous materials management	1	PCSC has established its own recycling platform to manage its waste and material, providing TWD3-120 discount coupons to the public as incentives to recycle. In addition to reducing straw production, PCSC has also introduced bio-based PLA materials and FSC-certified recycled cup holders and packages to reduce plastic use.

Note: Management score represents a company's ability to manage/benefit from certain ESG topics. The scores range from 1 to 3, with 1 being the strongest.

Update Date: 29 Jul 2026

Source: Daiwa, Company

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