



PHILIPPINE SEVEN CORPORATION

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PHILIPPINE STOCK EXCHANGE, INC.

3rd Floor, Philippine Stock Exchange Plaza,
Ayala Triangle, Ayala Avenue
Makati City

Attention: **JOSE VALERIANO B. ZUÑO III**
OIC-Head, Disclosure Department

Re: Clarifications on news article of February 05, 2018

Gentlemen:

This is in response to your correspondence today, February 06, 2018, asking for confirmation of the veracity of information contained in the news article entitled "Philippine Seven steps up expansion after robust 2017 results" posted in The Manila Bulletin (Internet Edition) on February 05, 2018.

We refer to the portions of the article quoted in your correspondence as follows:

"After opening 318 new stores in 2017, Philippine Seven Corp. (PSC), the exclusive local licensor of global C-store chain 7-Eleven, announced it was stepping up its momentum with more strategic franchising initiatives as part of its aggressive expansion plan.

As it embarks for long-term profitability and strong leadership this 2018, PSC, with a C-store fleet now pegged at 2,285, is targeting to open 375 new stores in various strategic locations this fiscal year.

Areas up for expansion include Region 2 (namely Isabela, Tuguegarao, Nueva Vizcaya and also Mindoro). For Visayas, PSC will be starting expansion in Leyte, Tacloban, and the rest of Eastern Visayas. In Mindanao, the company is planning to open stores in Surigao Del Sur and Norte and Sultan Kudarat.

'This year's plan for Visayas and Mindanao is to open 75% franchise stores. Also, we have formulated a new franchise offer, the FC3, which is a lower investment compared to our existing franchise package. From R3.5 to R5-million investment, we came up with the new franchise package which is around less than half a million,' revealed Francis Medina, Business Development Unit Head.

Via the FC3 package, the company is targeting to have 'a franchise ratio from 54% to 60%.'

'Our FC ratio is still more than half of our total stores. As of 2017, we already started converting some of our company-owned stores to franchise-owned. This year, we are planning to fully launch the FC3 to the public and we are expecting a heavy traffic of inquiries from there. The new program requires a full time store operator that will be hands on with store operations. Also, applicants will undergo 3-5 months of operations training,' he further stated.

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We confirm that the said store opening target, geographical expansion initiative are in line with our medium-term market development plan.

We hope that this response is sufficient to clarify the matter.

Thank you very much.

Very truly yours,

LAWRENCE M. DE LEON

Head

Finance & Accounting Services Division