

President Chain Store Corp.

October, 2008

Business Scope

CVS

1. 7-Eleven Taiwan (100%)
2. 7-Eleven Philippine(56.59%)

Drug Store

1. Cosmed Taiwan (100%)
2. Cosmed China (65%)

Department Store

- Hankyū Department Store (70%)

Life Style Business

1. Muji(41%)
2. Plaza (100%)

Supermarket / Hypermarket

1. Shandong Uni-Mart Supermarket (55%)
2. Sichuan Uni-Mart Hypermarket (100%)
3. Vietnam Uni-Mart Supermarket (51%)
4. T&T Supermarket (Canada) (20%)

Restaurant-Food & Beverage

1. Starbucks Taiwan (30%)
2. Starbucks Shanghai (30%)
3. Mr. Donut (50%)
4. Cold Stone Creamery Taiwan(100%)
5. Cold Stone Creamery China (100%)
6. Afternoon Tea Taiwan (51%)
7. Afternoon Tea China (51%)

E-Commerce

1. Books.Com (50.03%)
2. Taiwan Rakuten (49%)

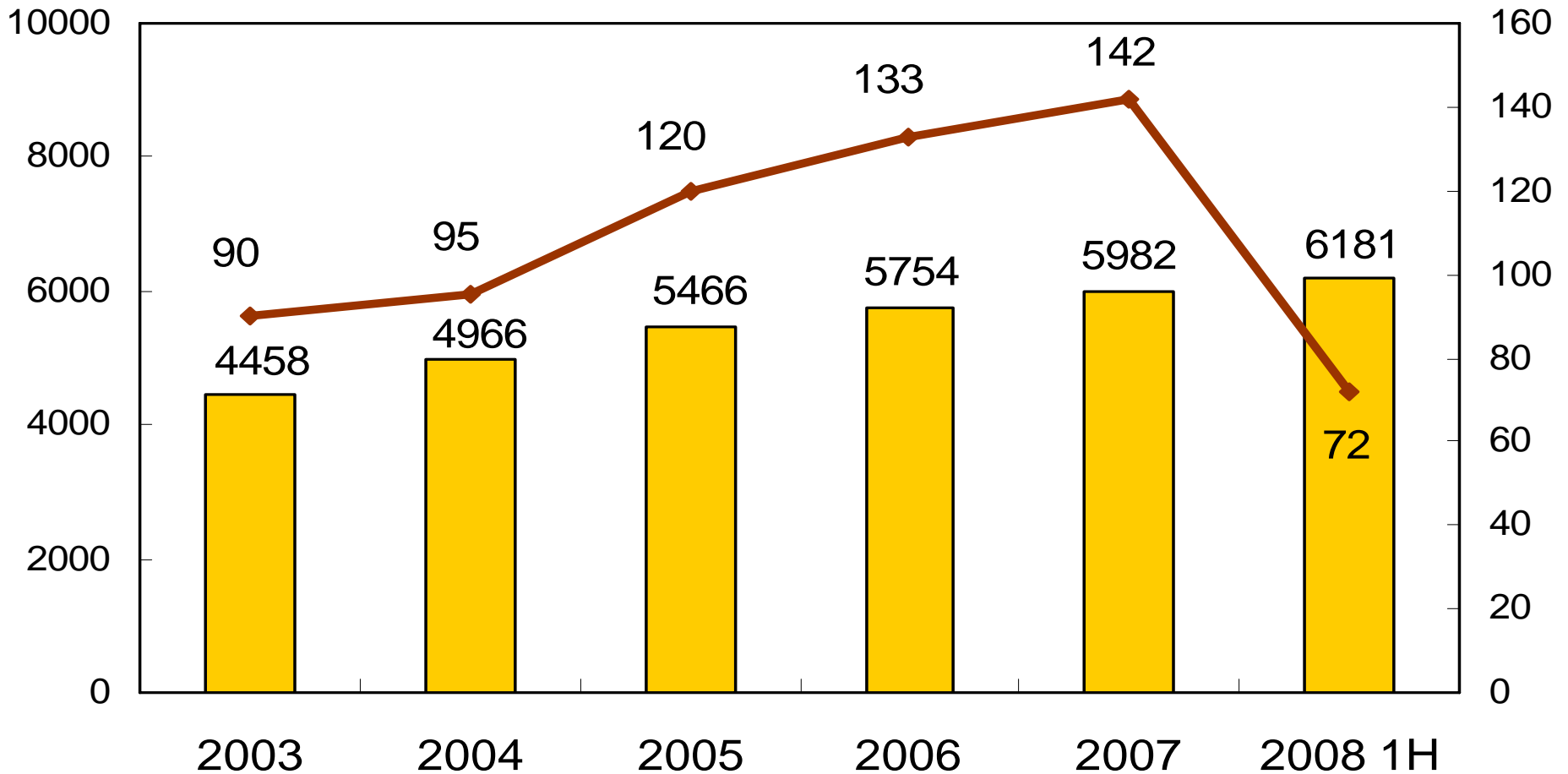
Distribution

1. Retail Support International(25%)
2. Uni-President Cold-Chain(60%)
3. Wisdom Distribution(100%),
4. TAKKYUBIN(70%)

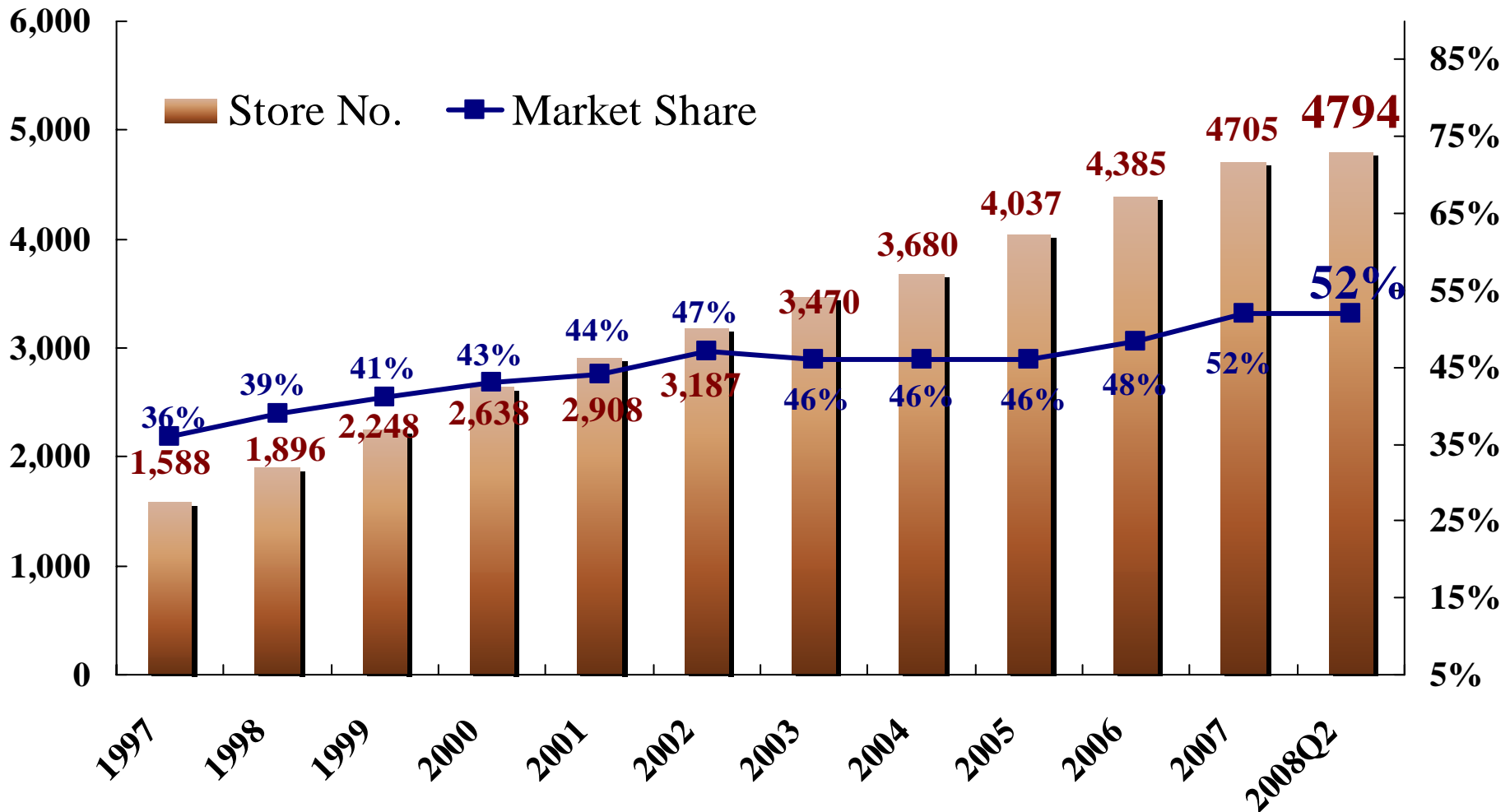
Sales & Store Number of PCSC Group

Store Number

Sales
NT\$billion



Store Number & Market Share For 7-Eleven Taiwan



Franchise store: 87.84%

Taiwan Main Subsidiaries

Drugstore

Cosmed Taiwan



Shareholding of PCSC: 100%
Store No. : 257(07);273(08H1)

Life Style

MUJI



Shareholding of PCSC: 41%
Store No. : 11(07);12(08H1)

PLAZA



Shareholding of PCSC: 100%
Store No. : 2(07);3(08H1)

Restaurant

Starbucks Taiwan



Shareholding of PCSC: 30%
Store No. : 212(07);217(08H1)

Mister Donut



Shareholding of PCSC: 50%
Store No. : 37(07);42(08H1)

Cold Stone Creamery



Shareholding of PCSC: 100%
Store No. : 6(07);11(08H1)

Distribution

TAKKYUBIN



Shareholding of PCSC: 70%

Department Store

Hankyu



Shareholding of PCSC: 70%
Store No. :1

Distribution

Retail Support International



Shareholding of PCSC: 25%

Uni-President Cold-Chain



Shareholding of PCSC: 60%

Wisdom Distribution



Shareholding of PCSC: 100%

Overseas Subsidiaries

China Businesses

Drugstore

**Shenzhen
Cosmed**



Shareholding of PCSC: 65%
Store No.: 12(07) ; 15(08H1)

Supermarket/ Hypermarket

**Shandong Unimart
Supermarket**



Shareholding of PCSC: 55%
Store No.: 61(07);82(08H1)

**Sichuan Unimart
Hypermarket**



Shareholding of PCSC: 100%
Store No.: 3(07) ; 4(08H1)

Restaurant

**Shanghai
Starbucks**



Shareholding of PCSC: 30%
Store No.: 131(07);146(08H1)

**Cold Stone
Creamery**



Shareholding of PCSC: 100%
Store No.: 8(07);24(08H1)

Other Overseas Businesses

**Philippine
7- Eleven**



Shareholding of PCSC: 56.59%
Store No.: 311(07);329(08H1)

**Canada
T&T Supermarket**



Shareholding of PCSC: 20%
Store No.: 16(07);16(08H1)

**Vietnam Uni-mart
Supermarket**



Shareholding of PCSC: 51%
Store No.: 1(07);1(08H1)

Financial Review

2007 FY & 2008 H1 Parent Income Statement

Unit:\$NT'million

	<u>2008 H1</u>		<u>YOY</u>	<u>2007</u>		<u>YOY</u>
	<u>Amount</u>	<u>%</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>%</u>
Net sales	47,709	96.4%	-3.88%	98,885	96.6%	2.3%
Other operating revenue	1,783	3.6%	4.69%	3,479	3.4%	3.8%
Total operating revenue	49,492	100.0%	-3.60%	102,364	100.0%	2.4%
Gross profit	15,656	31.6%	2.82%	31,744	31.0%	5.0%
Operating expenses	(13,651)	-27.6%	3.41%	(26,890)	-26.3%	4.5%
Operating income	2,005	4.1%	-1.00%	4,854	4.7%	7.5%
Net non-operating income	423	0.9%	-20.66%	-43	0.0%	-107.9%
Income before income taxes	2,428	4.9%	-5.09%	4,810	4.7%	-4.9%
Income tax expense	(497)	-1.0%	13.66%	(1,188)	-1.2%	-3.9%
Net Income	\$1,931	3.9%	-8.96%	\$3,622	3.5%	-5.2%
Earnings per share	(pre-tax)	(after tax)		(pre-tax)	(after tax)	
Net income (unit:\$NTD)	2.65	2.11		5.26	3.96	

Reasons for the Profit Decline in 2008 H1

(1) Recognised 120m Employee's bonus expense

(2) Loss from New business

Hankyu department store, Marks & Spencer, Cold Stone Creamery, Plaza, Rakuten, Afternoon tea

2007 FY & 2008 H1 Parent Balance Sheet

Unit:\$NT'million

	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets				
Cash, equivalents & ST investment	13,679	28%	8,569	20%
Receivable-net	1,149	2%	758	2%
Inventories	2,732	6%	2,993	7%
Other current assets	908	2%	1,032	2%
Total current assets	18,468	38%	13,352	31%
Available-for-sale financial assets	762	2%	740	2%
LT investments (Equity method)	7,664	16%	6,728	16%
LT investments (Cost method)	11,779	24%	11,809	28%
Total LT investments	20,205	41%	19,277	45%
Total fixed assets	7,749	16%	7,645	18%
Total intangible assets	132	0%	0	18%
Total other assets	2,279	5%	2,274	5%
Total assets	\$48,833	100%	\$42,638	100%

2007 FY & 2008 H1 Parent Balance Sheet

Unit:\$NT'million

Liabilities and SE	2008 H1		2007	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Liabilities				
Notes /Accounts Payable	19,459	40%	12,504	29%
Accrued expenses	1,372	3%	2,270	5%
Advance receipts	1,163	2%	1,031	2%
Income taxes payable	529	1%	641	2%
Current portion of long-term liabilities	0	0%	1,100	3%
Others	0	0%	5	0%
Total current liabilities	<u>22,523</u>	<u>46%</u>	<u>17,551</u>	<u>41%</u>
Total long-term liabilities	<u>9,200</u>	<u>19%</u>	<u>6,700</u>	<u>16%</u>
Other Liabilities	<u>2,240</u>	<u>5%</u>	<u>2,132</u>	<u>5%</u>
Total liabilities	33,963	70%	26,383	62%
Shareholders' equity				
Capital	9,152	19%	9,152	21%
Retained earnings	5,285	11%	6,575	15%
Other adjustments	433	1%	527	1%
Total shareholders' equity	14,869	30%	16,254	38%
Liabilities and shareholders' equity	\$48,833	100%	\$42,638	100%

2007 FY & 2008 H1

Parent Statement of Cash Flow

Unit:\$NT'million

Cash flows from operating activities :	5,785	6,085
Net Income	1,931	3,622
Adjusted: Depreciation & Amortization	892	1,805
Changes in assets and liabilities	3,085	(336)
Cash flows from investing activities :	(5,892)	(5,937)
Acquisition of long-term investments	(1,151)	(1,278)
Purchase of fixed asset	(1,177)	(2,447)
Increase of short-term investment	(3,771)	(2,555)
Cash flows from financing activities :	1,442	2,493
Increase in long-term loans	2,500	6,700
Payment of cash dividend	0	(3,203)
Payback of corporate bond	(1,100)	(900)
Net increase (decrease) in cash and equivalents	1,335	2,640
Cash and cash equivalents, beginning of year	5,879	3,238
Cash and cash equivalents, end of year	7,214	5,879

2008 Outlook

2008 Outlook for 7-Eleven Taiwan

(1) Store Opening Plan

- Net increase 125 stores, YOY+2.66%

(2) Gross Margin improvement

(3) Operating Margin keep flat

Strategies for 7-Eleven Operation

Remain Dominant Position

- Steady Store Opening Strategy
- New Store Format

Adjust Product Mix

- Complete
- Differentiation
- Improve Gross Margin
Private label product /
exclusive product

Innovative Service

- I-bon Service
- Pre-order
- E-commerce

2008 CAPEX Projection

☐ Taiwan 7-11 Operation	3.50 billion
☐ Long-term investment	2.00 billion
Total Expenditure	5.50 billion

New Store Opening	NT\$ 1.3 billion
Store Remodeling	NT\$ 0.6 billion
Machine	NT\$ 1.1 billion
IT Equipment	NT\$ 0.5 billion

China Business **NT\$ 1 billion**

Sichuan Uni-mart, Cosmed, Cold stone,
Afternoon Tea, Shanghai 7-11, etc.

Taiwan Business **NT\$ 1 billion**

Uni-President Department Store, Afternoon Tea,
Pet Plus, Rakuten on-line shops, etc.

2008 H1 Actual CAPEX

☐ Taiwan 7-11 Operation	1.18 billion
☐ Long-term investment	1.15 billion
Total Expenditure	2.33 billion

2008 Expansion Plan for Subsidiaries

Company		Net Increase # of stores	Total # of stores
Cosmed	Taiwan	43	300
	China	15	27
Starbucks	Taiwan	18	230
	China	39	170
PLAZA		4	6
MUJI		3	14
Cold Stone	Taiwan	7	13
	China	28	36
Uni-mart	China-Shandong	41	102
	China-Sichuan	2	5
Mister Donut		33	70
Afternoon Tea	Taiwan	2	2
	China	4	5

Thank you!



IR website (Chinese version)

<http://www.7-11.com.tw/pcsc/invest/investment.asp>

IR website (English Version)

<http://www.7-11.com.tw/en/Investor/investment.asp>