

President Chain Store Corp.

February, 2009

Business Scope

CVS

1. 7-Eleven Taiwan (100%)
2. 7-Eleven Taiwan Shanghai (100%)
3. 7-Eleven Philippine (56.59%)

Drug Store

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

Department Store

- Hankyu 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 Taiwan (50%)
4. Mr. Donut China (50%)
5. Cold Stone Creamery Taiwan (100%)
6. Cold Stone Creamery China (100%)
7. Afternoon Tea Taiwan (51%)
8. Afternoon Tea China (51%)

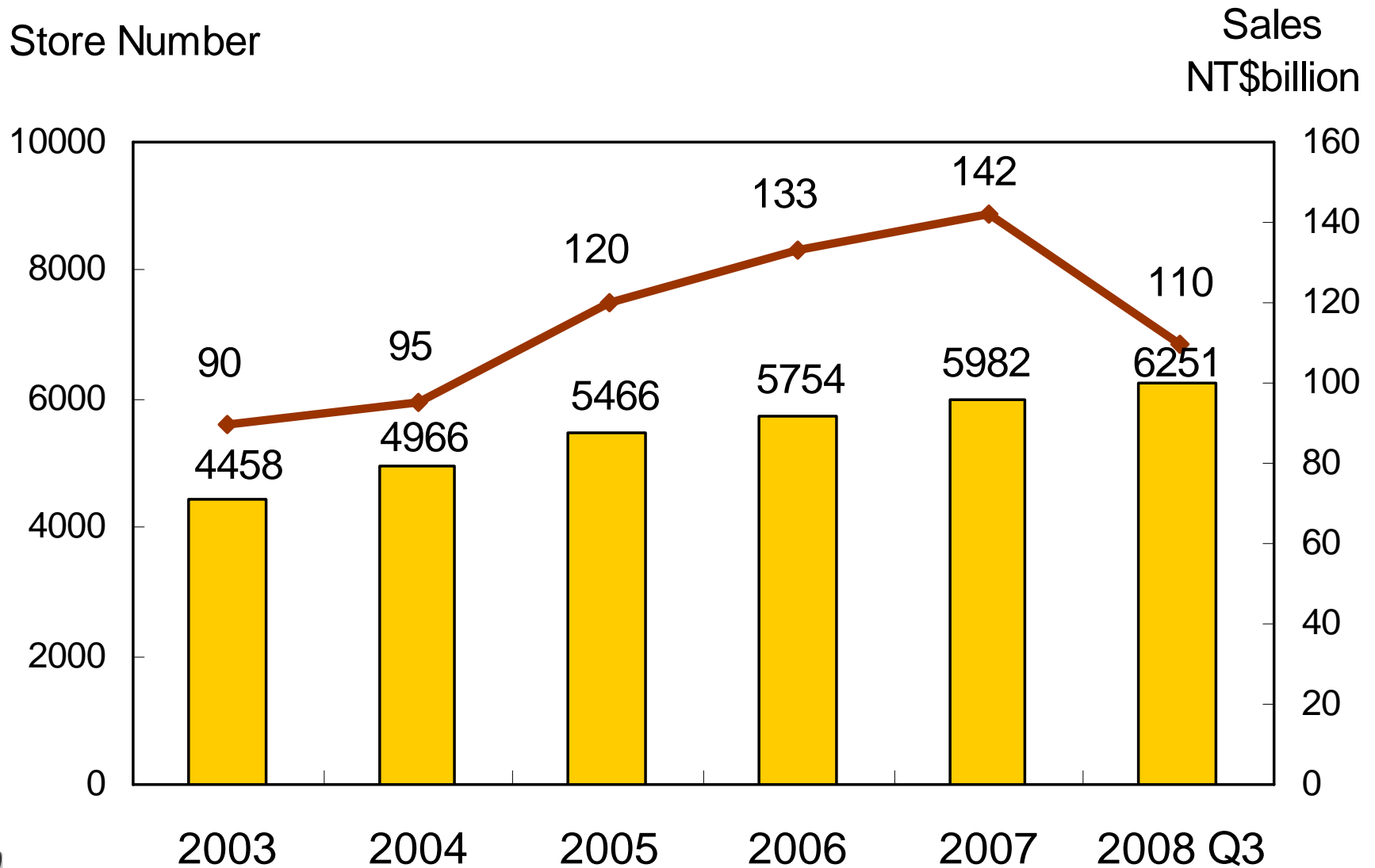
E-Commerce

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

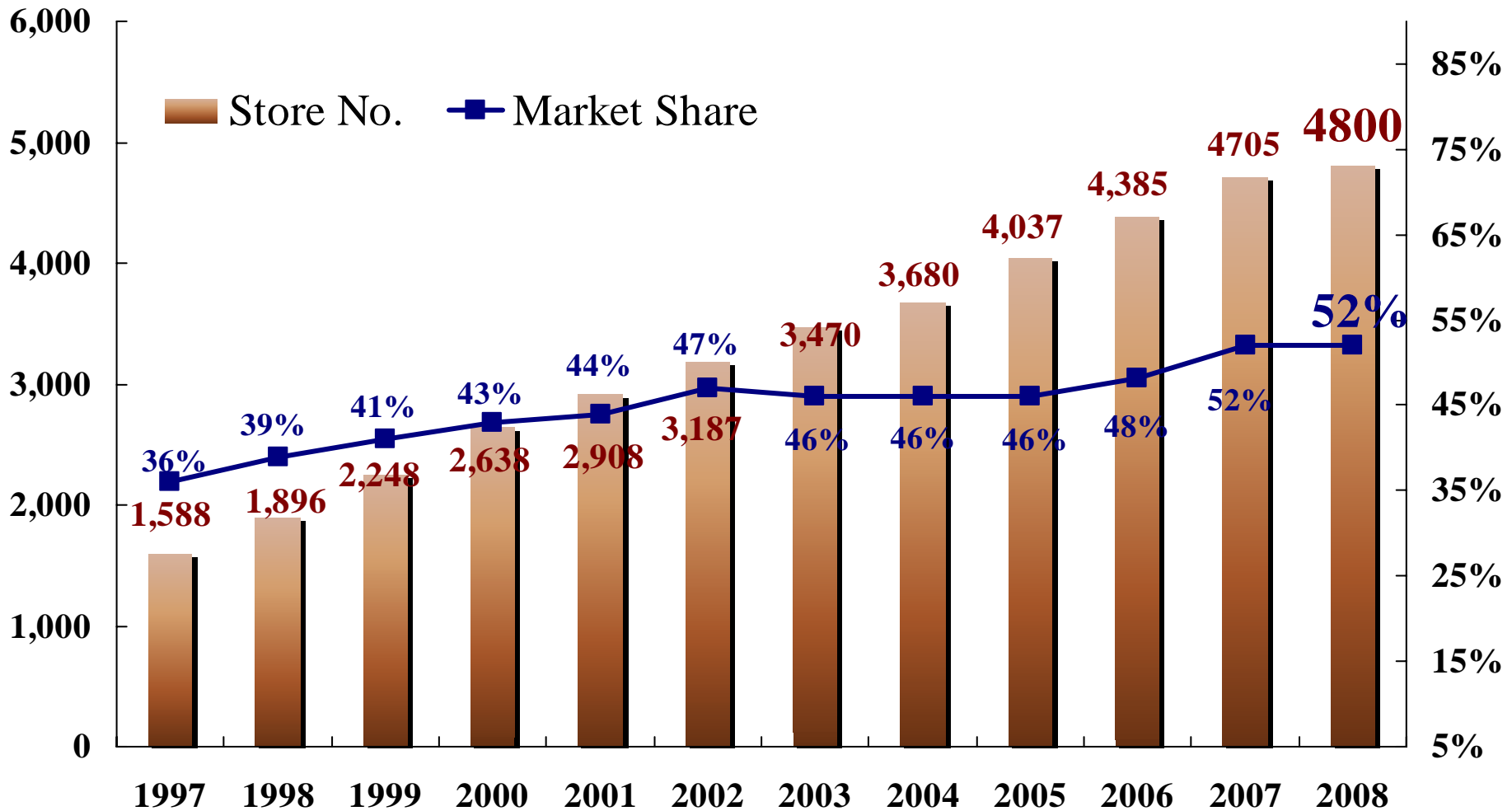
Distribution

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 & Market Share For 7-Eleven Taiwan



Franchise store: 89.67%

Taiwan Main Subsidiaries

Drugstore

Cosmed Taiwan



Shareholding of PCSC: 100%
Store No. : 257(07);289(08)

Life Style

MUJI



Shareholding of PCSC: 41%
Store No. : 11(07);14(08)

PLAZA



Shareholding of PCSC: 100%
Store No. : 2(07);7(08)

Restaurant

Starbucks Taiwan



Shareholding of PCSC: 30%
Store No. : 212(07);222(08)

Mister Donut



Shareholding of PCSC: 50%
Store No. : 37(07);46(08)

Cold Stone Creamery



Shareholding of PCSC: 100%
Store No. : 6(07);13(08)

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) ; 14(08)

Supermarket/ Hypermarket

**Shandong Unimart
Supermarket**



Shareholding of PCSC: 55%
Store No.: 61(07);102(08)

**Sichuan Unimart
Hypermarket**



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

Restaurant

**Shanghai
Starbucks**



Shareholding of PCSC: 30%
Store No.: 131(07);167(08)

**Cold Stone
Creamery**



Shareholding of PCSC: 100%
Store No.: 8(07);34(08)

Other Overseas Businesses

**Philippine
7- Eleven**



Shareholding of PCSC: 56.59%
Store No.: 311(07);368(08)

**Canada
T&T Supermarket**



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

**Vietnam Uni-mart
Supermarket**



Shareholding of PCSC: 51%
Store No.: 1(07);2(08)

Financial Review

2007 FY & 2008 Q3 Parent Income Statement

Unit:\$NT'million

	<u>2008 Q3</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	73,942	96.4%	-1.32%	98,885	96.6%	2.3%
Other operating revenue	2,752	3.6%	8.02%	3,479	3.4%	3.8%
Total operating revenue	76,694	100.0%	-1.02%	102,364	100.0%	2.4%
Gross profit	24,417	31.8%	3.39%	31,744	31.0%	5.0%
Operating expenses	(21,046)	-27.4%	3.83%	(26,890)	-26.3%	4.5%
Operating income	3,371	4.4%	0.76%	4,854	4.7%	7.5%
Net non-operating income	504	0.7%	-28.10%	-43	0.0%	-107.9%
Income before income taxes	3,875	5.1%	-4.24%	4,810	4.7%	-4.9%
Income tax expense	(844)	-1.1%	8.23%	(1,188)	-1.2%	-3.9%
Net Income	\$3,031	4.0%	-7.22%	\$3,622	3.5%	-5.2%
Earnings per share	(pre-tax)	(after tax)		(pre-tax)	(after tax)	
Net income (unit:\$NTD)	<u>4.23</u>	<u>3.31</u>		<u>5.26</u>	<u>3.96</u>	

Reasons for the Profit Decline in 2008 Q3

(1) Recognised 191m expense of Employee's bonus and director's remuneration

(2) Loss from New business

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

2007 FY & 2008 Q3 Parent Balance Sheet

Unit:\$NT'million

	<u>2008 Q3</u>		<u>2007</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets				
Cash, equivalents & ST investment	12,581	26%	8,569	20%
Receivable-net	1,461	3%	758	2%
Inventories	2,842	6%	2,993	7%
Other current assets	978	2%	1,032	2%
Total current assets	17,862	37%	13,352	31%
Available-for-sale financial assets	530	1%	740	2%
LT investments (Equity method)	7,691	16%	6,728	16%
LT investments (Cost method)	12,019	25%	11,809	28%
Total LT investments	20,240	42%	19,277	45%
Total fixed assets	7,699	16%	7,645	18%
Total intangible assets	203	0%	0	18%
Total other assets	2,289	5%	2,274	5%
Total assets	\$48,293	100%	\$42,638	100%

2007 FY & 2008 Q3 Parent Balance Sheet

Unit:\$NT'million

Liabilities and SE	2008 Q3		2007	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Liabilities				
Notes /Accounts Payable	17,623	36%	12,504	29%
Accrued expenses	1,836	4%	2,270	5%
Advance receipts	1,341	3%	1,031	2%
Income taxes payable	253	1%	641	2%
Current portion of long-term liabilities	0	0%	1,100	3%
Others	0	0%	5	0%
Total current liabilities	<u>21,053</u>	<u>44%</u>	<u>17,551</u>	<u>41%</u>
Total long-term liabilities	<u>9,100</u>	<u>19%</u>	<u>6,700</u>	<u>16%</u>
Total other Liabilities	<u>2,292</u>	<u>5%</u>	<u>2,132</u>	<u>5%</u>
Total liabilities	32,445	67%	26,383	62%
Shareholders' equity				
Capital	9,152	19%	9,152	21%
Retained earnings	6,384	13%	6,575	15%
Other adjustments	312	1%	527	1%
Total shareholders' equity	15,847	33%	16,254	38%
Liabilities and shareholders' equity	\$48,293	100%	\$42,638	100%

2007 FY & 2008 Q3

Parent Statement of Cash Flow

Unit:\$NT'million

	<u>2008 Q3</u>	<u>2007</u>
Cash flows from operating activities :	6,608	6,085
Net Income	3,031	3,622
Adjusted: Depreciation & Amortization	1,341	1,805
Changes in assets and liabilities	1,859	(336)
Cash flows from investing activities :	(3,233)	(5,937)
Acquisition of long-term investments	(1,797)	(1,278)
Purchase of fixed asset	(1,738)	(2,447)
Increase of short-term investment	0	(2,555)
Cash flows from financing activities :	(1,561)	2,493
Increase in long-term loans	1,300	6,700
Payment of dividend and director's remuneration	(2,961)	(3,203)
Payback of corporate bond	0	(900)
Net increase (decrease) in cash and equivalent	1,814	2,640
Cash and cash equivalents, beginning of year	5,879	3,238
Cash and cash equivalents, end of year	<u>7,693</u>	<u>5,879</u>

2008 Q3 Actual CAPEX

☐ Taiwan 7-11 Operation	1.86 billion
☐ Long-term investment	1.80 billion
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Total Expenditure	3.66 billion

2009 Outlook

2009 Outlook for 7-Eleven Taiwan

(1) Store Opening Plan

- Net increase 100 stores, YOY+2.08%

(2) Gross Margin improvement

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

2009 CAPEX Projection

- ☐ Taiwan 7-11 Operation 2 billion
- ☐ Long-term investment 1.5-2 billion

Total Expenditure 3.5-4 billion

New Store Opening NT\$ 0.7 billion
Store Remodeling NT\$ 0.4 billion
Others NT\$ 0.9 billion

China Business NT\$ 0.5-1 billion
Cosmed, Wuhan Bakery, Afternoon Tea, Cold Stone, etc.

Taiwan Business NT\$ 1 billion
Cold Stone, Plaza, Hankyu Department Store, Afternoon Tea, Pet Plus, Rakuten on-line shops, etc.

2009 Expansion plan for Subsidiaries

Company		Net Increase # of stores	Total # of stores
Cosmed	Taiwan	31	320
	China	3	17
Starbucks	Taiwan	11	233
	China	23	190
PLAZA		5	12
MUJI		2	16
Cold Stone	Taiwan	3	17
	China	9	43
Uni-mart	China-Shandong	48	150
	China-Sichuan	2	6
Mister Donut		-4	42
Afternoon Tea	Taiwan	5	7
	China	3	5
Pet Plus		2	4

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>