

# President Chain Store Corp.

*May, 2007*

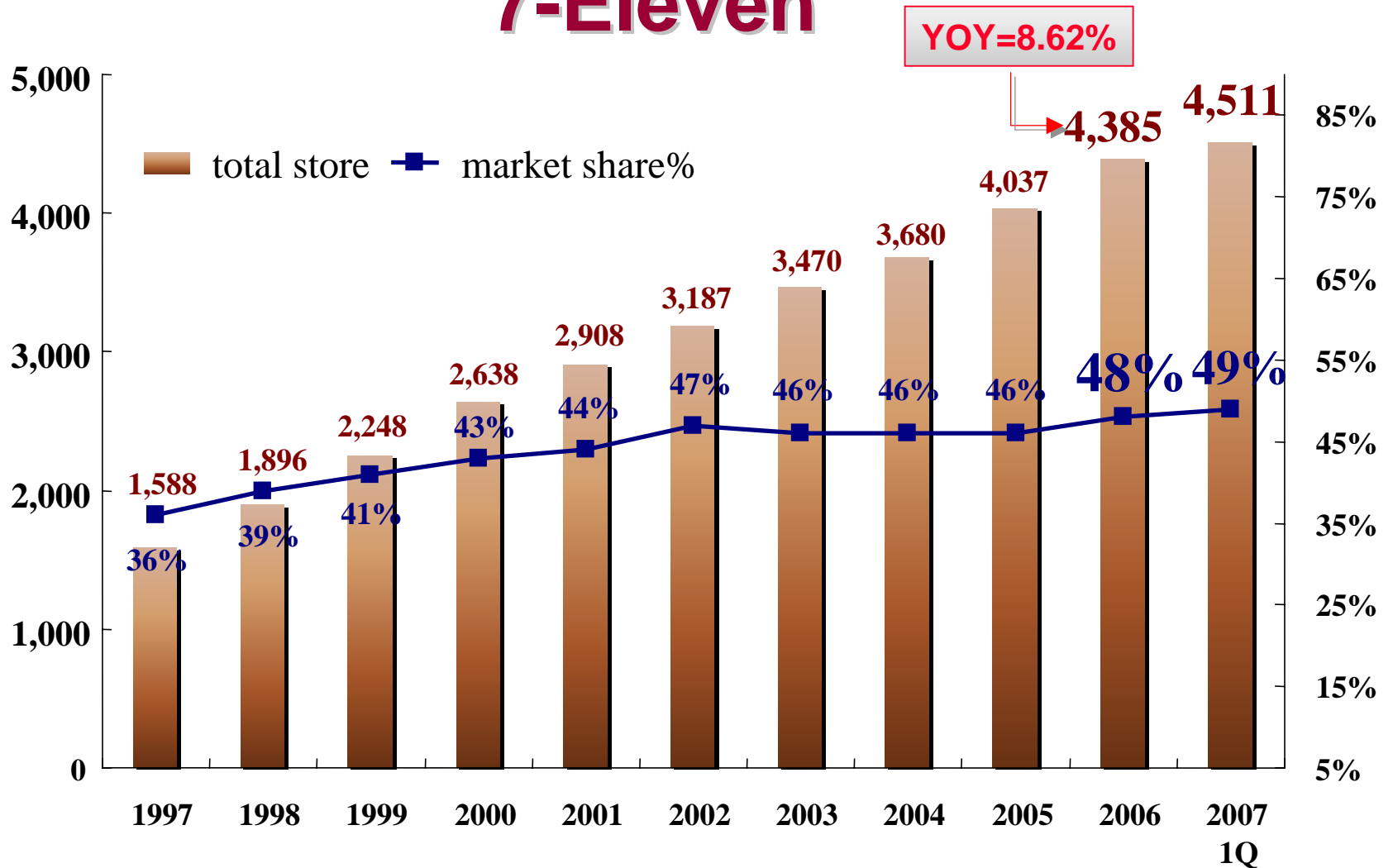
# Financial Review

# Parent Income Statement

Unit:\$NT'million

	<u>2007 1Q</u>			<u>2006</u>		
	<u>Amount</u>	<u>%</u>	<u>YOY</u>	<u>Amount</u>	<u>%</u>	<u>YOY</u>
Net sales	23,780	96.5%	8.9%	96,629	96.6%	6.6%
Other operating revenue	851	3.5%	6.9%	3,351	3.4%	11.6%
<b>Total operating revenue</b>	<b>24,631</b>	<b>100.0%</b>	<b>8.8%</b>	<b>99,980</b>	<b>100.0%</b>	<b>6.7%</b>
Gross profit	7,142	29.0%	7.8%	30,243	30.2%	7.4%
Operating expenses	(6,264)	-25.4%	6.4%	(25,729)	-25.7%	7.3%
Operating income	878	3.6%	19.1%	4,514	4.5%	8.1%
Net non-operating income	256	1.0%	126.5%	544	0.5%	19.8%
Income before income taxes	1,134	4.6%	33.4%	5,058	5.1%	9.2%
Income tax expense	265	1.1%	44.0%	1,236	1.2%	26.4%
<b>Net Income</b>	<b>\$869</b>	<b>3.5%</b>	<b>30.5%</b>	<b>\$3,822</b>	<b>3.8%</b>	<b>4.6%</b>
Earnings per share	(pre-tax) (after tax)			(pre-tax) after tax)		
Net income (unit:\$NTD)	<b>1.24</b>	<b>0.95</b>		<b>5.53</b>	<b>4.18</b>	

# Store Number & Market share For 7-Eleven



**FRANCHISE % = 83.98%**

# Profitability Trend



Net Profit(NT\$bn)	1.40	1.67	1.79	1.84	2.59	3.68	3.05	3.65	3.82	0.87
Gross Margin	29.8%	29.5%	30.3%	29.7%	29.6%	30.0%	30.3%	30.1%	30.2%	29.00%
Operating Margin	3.3%	3.1%	3.9%	3.7%	4.1%	4.3%	3.9%	4.5%	4.5%	3.60%
EPS(NT\$)	3.21	3.24	2.96	2.66	3.36	4.3	3.33	3.99	4.18	0.95

# Taiwan Main Subsidiaries

2006  
Unit: \$NT'm

## Life style Business

### Cosmed Taiwan



**Stores: 210**

**06' Sales: 4,137**

**05' Sales: 3,286**

### MUJI Taiwan



**Stores: 9**

**06' Sales: 530**

**05' Sales: 406**

## Restaurant

### Starbucks Taiwan



**Stores: 189**

**06' Sales: 2,849**

**05' Sales: 2,637**

### Mister Donut



**Stores: 16**

**06' Sales: 550**

**05' Sales: 327**

## Distribution

### TAKKYUBIN



**(home delivery)**

**06' Sales: 3,046**

**05' Sales: 2,642**

### Wisdom Distribution



**(magazine delivery)**

**06' Sales: 6,147**

**05' Sales: 5,877**

### Retail Support International

**(room temperature delivery)**



**06' Sales: 46,643**

**05' Sales: 44,768**

### Uni-President Cold-Chain

**(low temperature delivery)**



**06' Sales: 16,602**

**05' Sales: 14,907**

# Overseas Subsidiaries

2006

Unit: \$NT'm

## Cosmetic & Drugstore

**China-Shenzhen  
Cosmed**

**Stores: 7**

**06' Sales: 36**

**05' Sales: 21**



## Restaurant

**China-Shanghai  
Starbucks**

**Stores: 100**

**06' Sales: 1,412**

**05' Sales: 946**



## Convenience Store

**Philippine  
7- Eleven**

**Stores: 287**

**06' Sales: 3,043**

**05' Sales: 2,679**



## Supermarket & Hypermarket

**Canada  
T&T Supermarket**

**Stores: 15**

**06' Sales: 10,626**

**05' Sales: 8,719**



**China-Shandong  
Supermarket**

**Stores: 38**

**06' Sales: 1,940**

**05' Sales: 1,007**



**China-Sichuan  
Hypermarket**

**Stores: 2**

**06' Sales: 461**

**05' Sales: 54**



**Vietnam  
Supermarket**

**Stores: 1**

**06' Sales: 95**

**05' Sales: 89**



# 2006 Parent Balance Sheet

Unit:\$NT'million

	<u>2006</u>		<u>2005</u>		<u>YOY</u>
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
<b>Assets</b>					
Cash, equivalents & ST investment	3,369	9%	2,081	6%	62%
Receivable-net	729	2%	772	2%	-6%
Inventories	2,881	8%	2,755	8%	5%
Other current assets	905	2%	859	3%	5%
Total current assets	<u>7,884</u>	<u>22%</u>	<u>6,467</u>	<u>19%</u>	<u>22%</u>
LT investments (Equity method)	6,352	17%	5,509	16%	15%
LT investments (Cost method)	12,896	36%	12,135	36%	6%
LT investments (Corporate bonds)	0	0%	20	0%	
Total LT investments	<u>19,248</u>	<u>53%</u>	<u>17,664</u>	<u>53%</u>	<u>9%</u>
Total fixed assets	<u>6,851</u>	<u>19%</u>	<u>6,954</u>	<u>21%</u>	<u>-1%</u>
Total other assets	<u>2,460</u>	<u>7%</u>	<u>2,550</u>	<u>8%</u>	<u>-4%</u>
<b>Total assets</b>	<b><u>\$36,319</u></b>	<b><u>100%</u></b>	<b><u>\$33,635</u></b>	<b><u>100%</u></b>	<b><u>8%</u></b>

# 2006 Parent Balance Sheet

Unit:\$NT'million

Liabilities and SE Liability	<u>2006</u>		<u>2005</u>		<u>YOY</u>
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
Payable	12,948	36%	10,336	31%	25%
Accrued expenses	2,422	7%	2,055	6%	18%
Cash in advance	1,023	3%	846	3%	21%
Current portion of long-term liabilities	900	2%	200	1%	-
<b>Total current liabilities</b>	<b>17,293</b>	<b>48%</b>	<b>13,437</b>	<b>40%</b>	<b>29%</b>
Derivative liabilities for hedge	15	0%	0	0%	
Corporate bond	1,100	3%	2,000	6%	-45%
Long-term loans and others	15	0%	1,320	4%	-99%
<b>Total long-term liabilities</b>	<b>1,115</b>	<b>3%</b>	<b>3,320</b>	<b>10%</b>	<b>-66%</b>
Other liabilities	1,928	5%	1,705	5%	13%
<b>Total liabilities</b>	<b>20,336</b>	<b>56%</b>	<b>18,462</b>	<b>55%</b>	<b>10%</b>
<b>Shareholders' equity</b>					
Capital	9,152	25%	9,152	27%	0%
Retained earnings	6,465	18%	6,022	18%	7%
Other adjustments	366	1%	(1)	0%	
<b>Total shareholders' equity</b>	<b>15,983</b>	<b>44%</b>	<b>15,173</b>	<b>45%</b>	<b>5%</b>
<b>Liabilities and shareholders' equity</b>	<b>\$36,319</b>	<b>100%</b>	<b>\$33,635</b>	<b>100%</b>	<b>8%</b>

# 2006 Parent Statement of Cash Flow

Unit:\$NT'million

	<u>2006</u>	<u>2005</u>
<b>Cash flows from operating activities :</b>	<b>9,094</b>	<b>7,726</b>
Net Income	3,822	3,653
Adjusted: Depreciation & Amortization	1,931	2,065
<b>Cash flows from investing activities :</b>	<b>(3,257)</b>	<b>(4,683)</b>
Acquisition of long-term investments	(1,714)	(4,458)
<b>Cash flows from financing activities :</b>	<b>(4,675)</b>	<b>(1,905)</b>
Payments of Cash Dividend	(3,112)	(2,745)
<b>Net increase (decrease) in cash and equivalents</b>	<b>1,162</b>	<b>1,138</b>
Cash and cash equivalents, beginning of year	2,076	938
Cash and cash equivalents, end of year	3,238	2,076

# 2006 Major Capital Expenditure

☐ Taiwan 7-11 Operation Capex      1.6 billion

☐ Long-term investment                      1.7 billion

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**Total Expenditure                              3.3 billion**



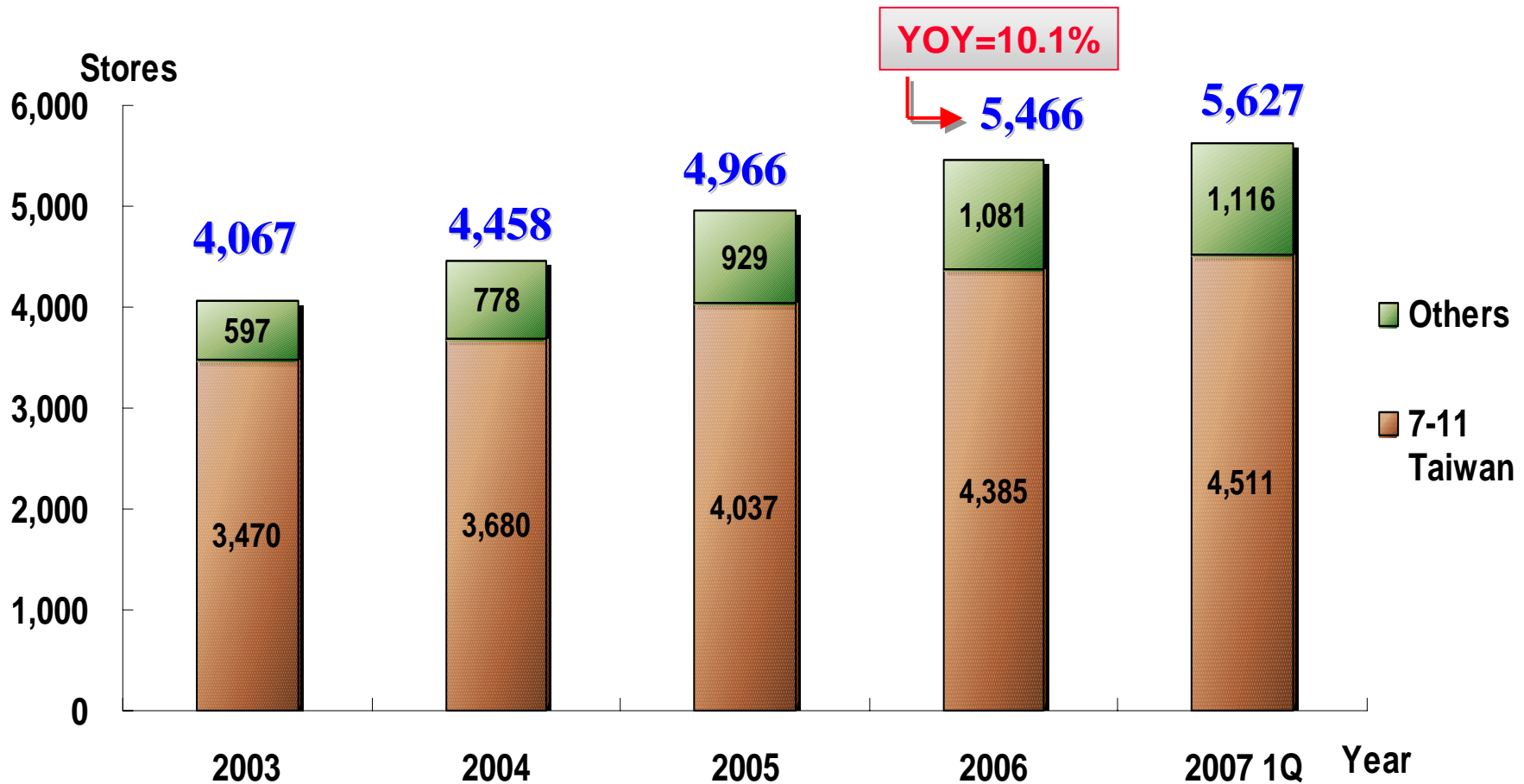
<b>China Business</b>	<b>NT\$ 212 million</b>
<b>Taiwan Business</b>	<b>NT\$ 1,502 million</b>

# 2006 Highlights

Unit:\$NT'million

	Parent	Consolidated
Sales	99,980	132,945
Gross Profit	30,243	39,903
Net Income		3,822
EPS		4.18
Cash and S-Investment	3,369	7,518
Total Asset	36,319	49,235
Interest Bearing Debt	2,000	3,341
Shareholders' Equity	15,983	18,013
ROE	24.73%	24.16%

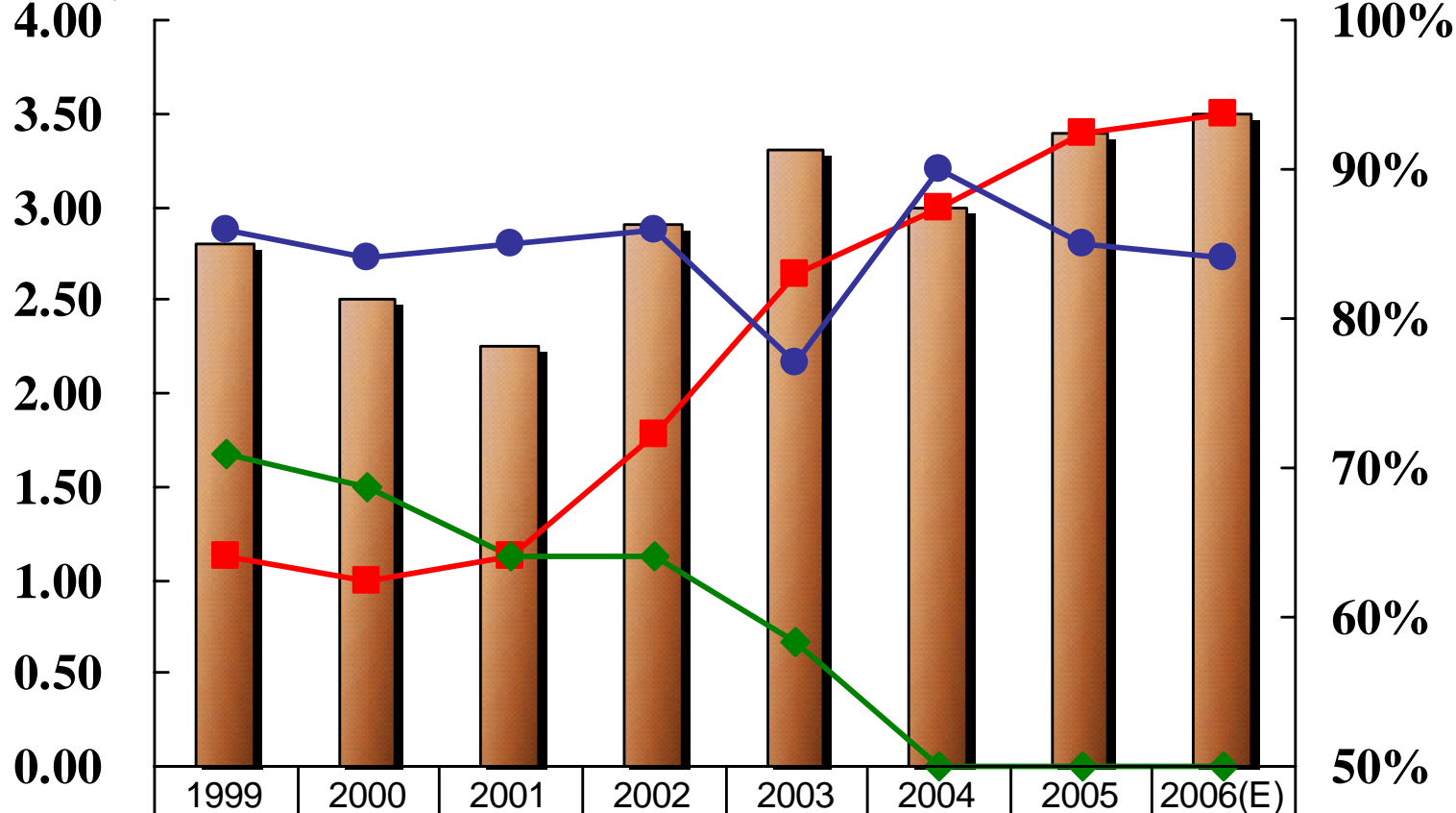
# Total Store Number of PCSC Group







Others: Cosmed, Starbucks, Mister Donuts, MUJI, Smile gas station, Philippine 7-11, T&T supermarkets, Uni-mart...etc.

# Dividends Breakdown

Unit: NT\$



 Total Dividends	2.80	2.50	2.25	2.90	3.30	3.00	3.4	3.5
 Cash Dividends	1.12	1.00	1.12	1.78	2.64	3.00	3.4	3.5
 Stock Dividends	1.68	1.50	1.13	1.12	0.66	0.00	0.00	0.00
 Payout Ratio(%)	86%	84%	85%	86%	77%	90%	85%	84%

# 2007 Outlook for PCSC

# 2007 Outlook for 7-Eleven

## Financial Guidance

### (1) Store Opening Plan

- Net increase 250 stores, YOY+5.7%
- Percentage of franchise stores: 83-84%

(2) PSD-sales will keep flat

(3) Gross margin will increase slightly

(4) Operating Margin will keep flat

# 2007 Major Capital Expenditure

☐ Taiwan 7-11 Operation Capex (Store Opening, Remodel, New Equipment)	3.0 billion
☐ Long-term investment	2.0 billion
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☐ <b>Total Expenditure</b>	<b>5.0 billion</b>