

President Chain Store Corp.

November, 2007

Business Scope & Strategies

Business Scope

CVS

1. Taiwan 7-11
2. Philippine 7-11 (56.59%)

Drug Store

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

Department Store

Hankyu Department Store (70%)

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

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

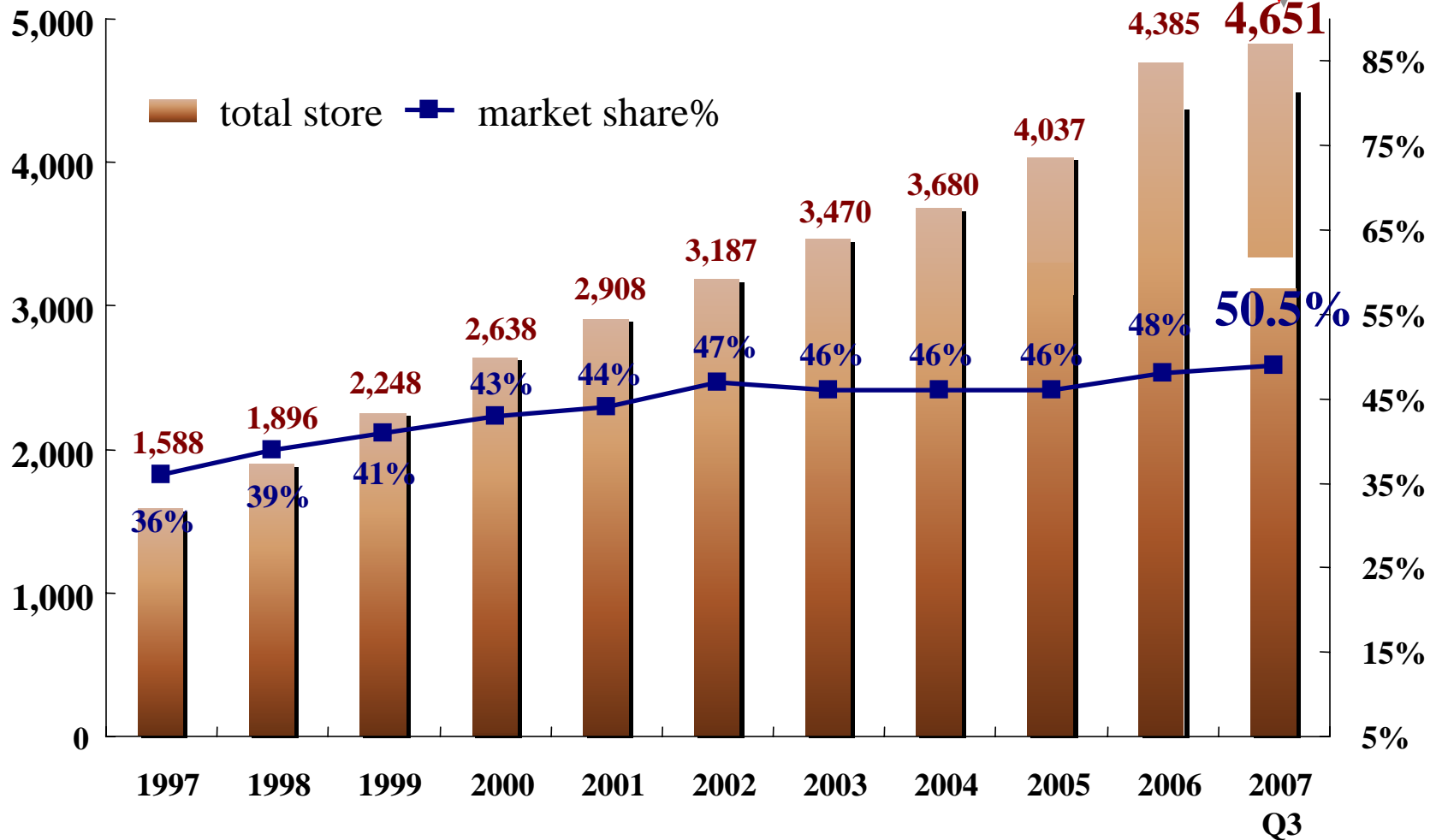
PCSC Group

Distribution

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

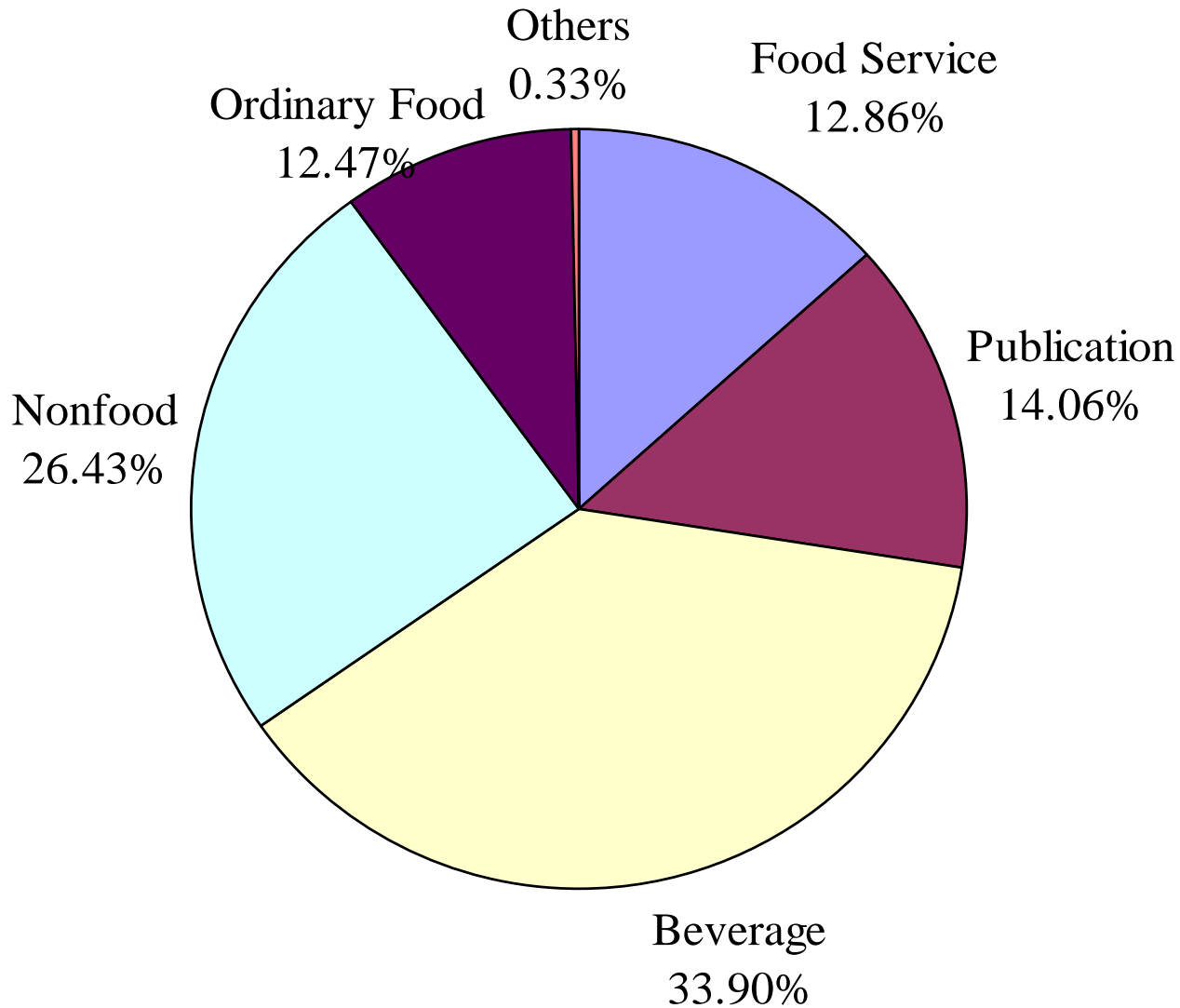
Store Number & Market share For 7-Eleven Taiwan

7.6% YOY



FRANCHISE % = 85.36%

7-Eleven Sales Breakdown



Strategies for 7-11 Operation

- ❑ Steady Expansion-Remain the dominant Position in Taiwan
- ❑ Persistent Innovation-Extend Value of CVS
 - Unique Private Label Products
 - Convenient Services
 - Creative Marketing
 - New Store Format



Taiwan Main Subsidiaries

Drugstore

Cosmed Taiwan



Shareholding of PCSC: 100%
Store No. : 248

Life Style

MUJI



Shareholding of PCSC: 41%
Store No. : 10

PLAZA



Shareholding of PCSC: 100%
Store No. : 2

Marks & Spencer

Shareholding of PCSC: 40%
Store No. : 3

Restaurant

Starbucks Taiwan



Shareholding of PCSC: 30%
Store No. : 206

Mister Donut



Shareholding of PCSC: 50%
Store No. : 27

Cold Stone Creamery



Shareholding of PCSC: 100%
Store No. : 2

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%

Distribution

TAKKYUBIN



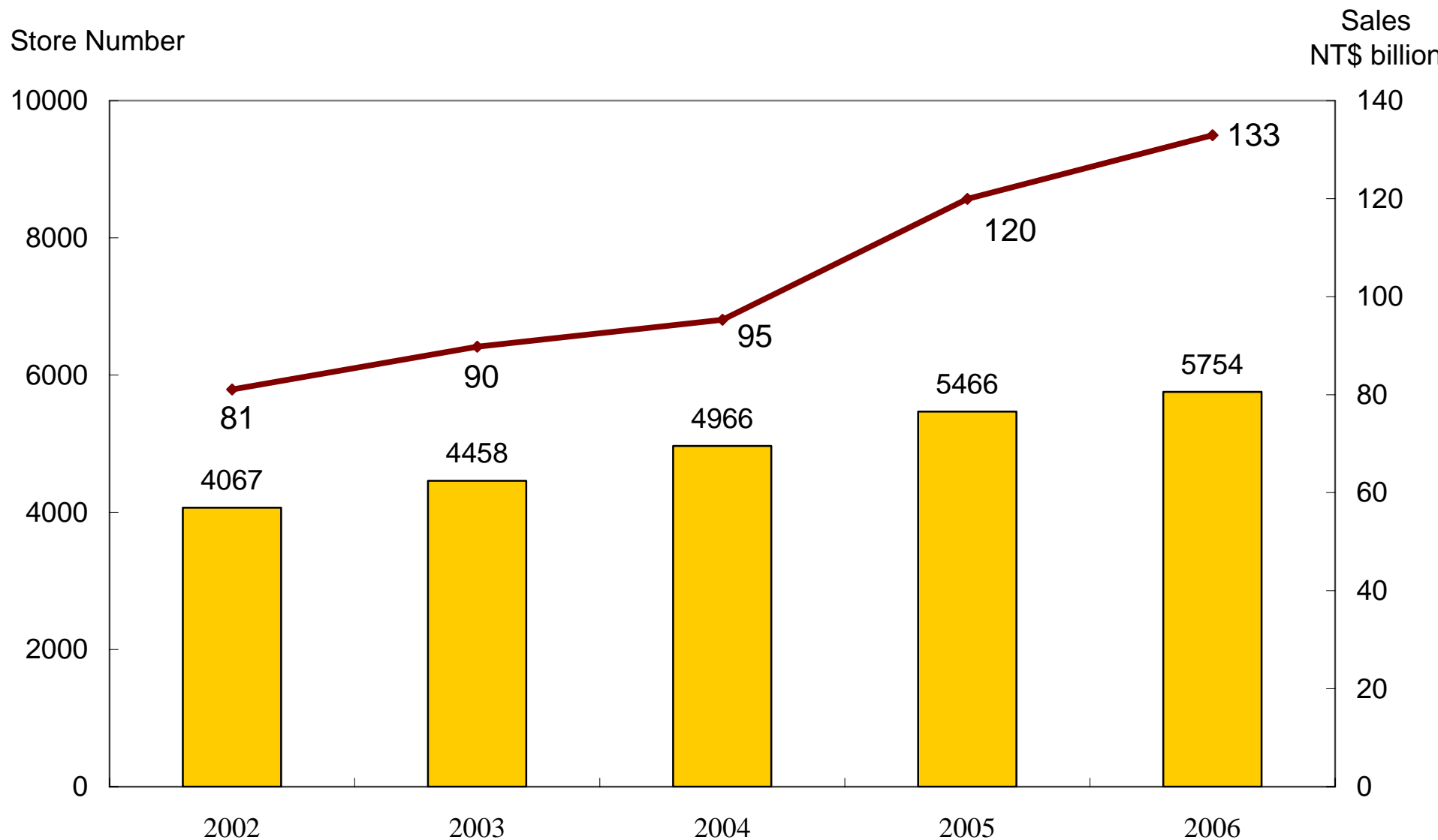
Shareholding of PCSC: 70%

Wisdom Distribution



Shareholding of PCSC: 100%

Sales & Store Number of PCSC Group



Strategies for Taiwan Operation

- ❑ Focus on Retailing Business
- ❑ Create Synergy, Improve Efficiency
- ❑ Introduce Great Retail Brands



Overseas Subsidiaries

China Businesses

Drugstore

**Shenzhen
Cosmed**



Shareholding of PCSC: 65%
Store No.: 10

Supermarket/ Hypermarket

**Shandong Unimart
Supermarket**



Shareholding of PCSC: 55%
Store No.: 50

**Sichuan Unimart
Hypermarket**



Shareholding of PCSC: 100%
Store No.: 2

Restaurant

**Shanghai
Starbucks**



Shareholding of PCSC: 30%
Store No.: 122

**Cold Stone
Creamery**



Shareholding of PCSC: 100%
Store No.: 2

Other Overseas Businesses

**Philippine
7- Eleven**



Shareholding of PCSC: 56.59%
Store No.: 296

**Canada
T&T Supermarket**



Shareholding of PCSC: 20%
Store No.: 16

**Vietnam Unimart
Supermarket**



Shareholding of PCSC: 51%
Store No.: 1

Financial Review

2007 1~3Q Parent Income Statement

Unit:\$NT'million

	<u>2007</u>		<u>2006</u>		<u>YOY</u>
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>%</u>
Net sales	74,934	96.7%	72,604	96.7%	3.2%
Other operating revenue	2,548	3.3%	2,449	3.3%	4.0%
Total operating revenue	77,482	100.0%	75,053	100.0%	3.2%
Gross profit	23,615	30.5%	22,333	29.8%	5.7%
Operating expenses	(20,270)	-26.2%	(19,334)	-25.8%	4.8%
Operating income	3,345	4.3%	2,999	4.0%	11.5%
Net non-operating income	701	0.9%	526	0.7%	33.3%
Income before income taxes	4,047	5.2%	3,525	4.7%	14.8%
Income tax expense	(780)	-1.0%	(822)	-1.1%	-5.1%
Net Income	\$3,267	4.2%	\$2,703	3.6%	20.9%
Earnings per share	(pre-tax)	(after tax)	(pre-tax)	(after tax)	
Net income (unit:\$NTD)	<u>4.42</u>	<u>3.57</u>	<u>3.85</u>	<u>2.95</u>	

Profitability Trend



Net Profit(NT\$bn)	1.40	1.67	1.79	1.84	2.59	3.68	3.05	3.65	3.82	3.27
Gross Margin	29.8%	29.5%	30.3%	29.7%	29.6%	30.0%	30.3%	30.1%	30.2%	30.48%
Operating Margin	3.3%	3.1%	3.9%	3.7%	4.1%	4.3%	3.9%	4.5%	4.5%	4.22%
EPS(NT\$)	3.21	3.24	2.96	2.66	3.36	4.3	3.33	3.99	4.18	3.57

2007 1~3Q Parent Balance Sheet

Unit:\$NT'million

	<u>2007</u>		<u>2006</u>		<u>YOY</u>
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
Assets					
Cash, equivalents & ST investment	12,296	26%	3,821	10%	222%
Receivable-net	863	2%	730	2%	18%
Inventories	2,864	6%	2,957	8%	-3%
Other current assets	947	2%	901	2%	5%
Total current assets	<u>16,970</u>	<u>36%</u>	<u>8,409</u>	<u>23%</u>	<u>102%</u>
Available-for-sale financial assets	864	2%	434	1%	99%
LT investments (Equity method)	7,080	15%	6,386	17%	11%
LT investments (Cost method)	12,209	26%	12,130	33%	1%
LT investments (Corporate bonds)	0	0%	0	0%	
Total LT investments	<u>20,152</u>	<u>43%</u>	<u>18,950</u>	<u>52%</u>	<u>6%</u>
Total fixed assets	<u>7,400</u>	<u>16%</u>	<u>6,775</u>	<u>19%</u>	<u>9%</u>
Total other assets	<u>2,316</u>	<u>5%</u>	<u>2,449</u>	<u>7%</u>	<u>-5%</u>
Total assets	\$46,839	100%	\$36,583	100%	28%

2007 1~3Q Parent Balance Sheet

Unit:\$NT'million

Liabilities and SE	2007		2006		YOY
	Amount	%	Amount	%	
Liabilities					
Notes /Accounts Payable	15,419	33%	13,868	38%	11%
Accrued expenses	1,868	4%	2,234	6%	-16%
Advance receipts	951	2%	974	3%	-2%
Current portion of long-term liabilities	1,100	2%	900	2%	22%
Total current liabilities	19,338	41%	17,976	49%	8%
Total long-term liabilities	9,450	20%	1,920	5%	392%
Other Liabilities	2,085	4%	1,886	5%	11%
Total liabilities	30,873	66%	21,782	60%	42%
Shareholders' equity					
Capital	9,152	20%	9,152	25%	0%
Retained earnings	6,220	13%	5,346	15%	16%
Others	594	1%	303	1%	-
Total shareholders' equity	15,966	34%	14,801	40%	8%
Liabilities and shareholders' equity	\$46,839	100%	\$36,583	100%	28%

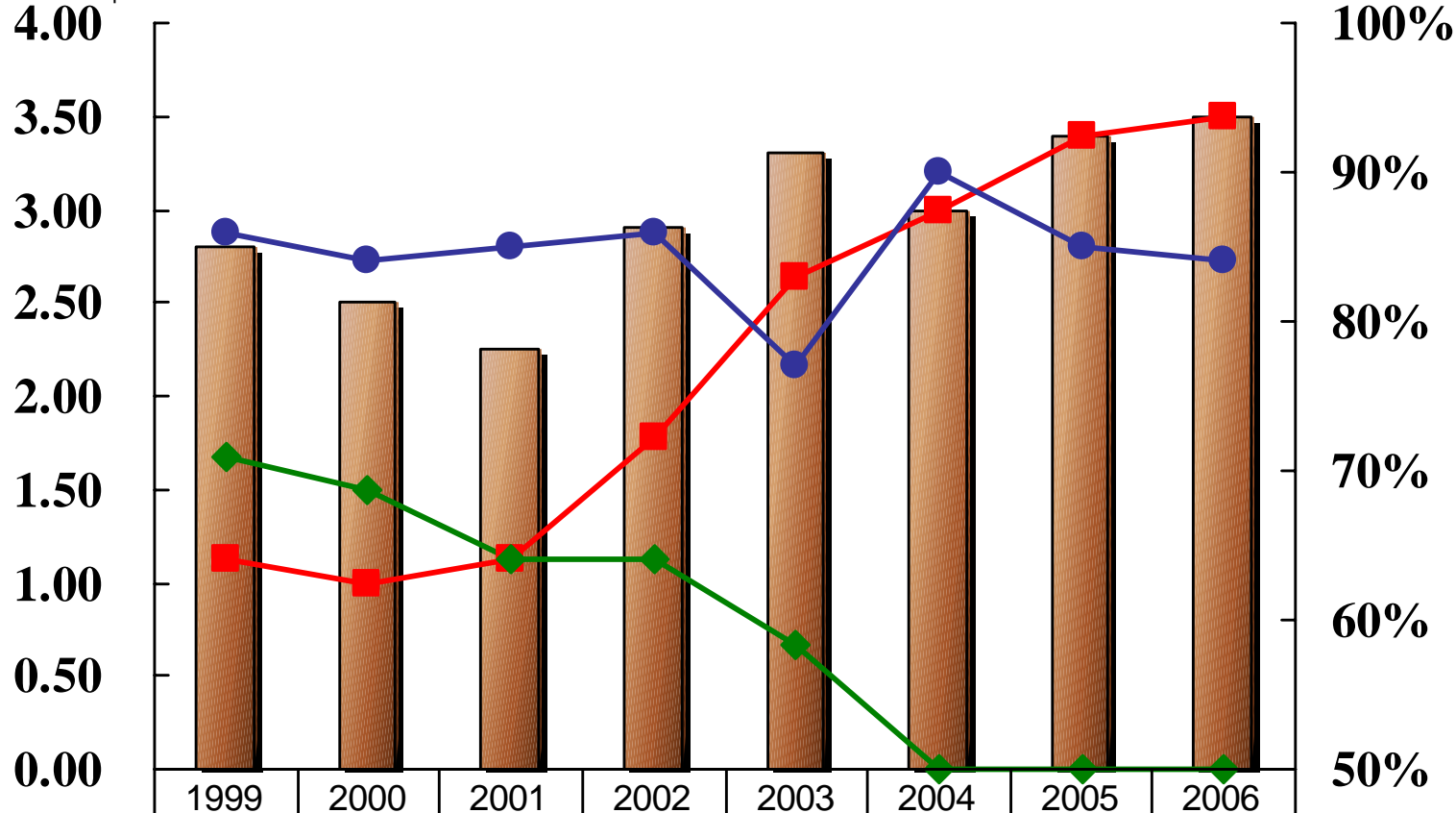
2007 1~3Q Parent Statement of Cash Flow





Unit:\$NT'million

	<u>2007</u>
Cash flows from operating activities :	6,316
Net Income	3,267
Adjusted: Depreciation & Amortization	1,358
Cash flows from investing activities :	(9,769)
Acquisition of long-term investments	(1,213)
Increase of short-term investment	(6,906)
Cash flows from financing activities :	5,471
Increase in long-term loans	9,450
Payback of corporate bond	(900)
Net increase (decrease) in cash and equivalents	2,017
Cash and cash equivalents, beginning of year	3,238
Cash and cash equivalents, end of year	<u>5,256</u>

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 1-3 Q Major Capital Expenditure

☐ Taiwan 7-11 Operation	1.8 billion
☐ Long-term investment	1.2 billion
Total Expenditure	3.0 billion

China Business **NT\$ 518 million**

Additional Capital & New Business

- Sichuan Uni-mart NT\$ 348m
- Cold stone- China NT\$ 170m

Taiwan Business **NT\$ 338 million**

New Business

- Uni-President Department Store 210 m
- Marks & Spencer 128 m

2007 Outlook for PCSC

2007 Outlook for 7-Eleven

Financial Guidance

(1) Store Opening Plan

- Net increase 300 stores, YOY+6.4%

(2) Gross margin will increase slightly

(3) Operating Margin will keep flat