

# **President Chain Store Corp. 2006 Investor Conference**

*March 22nd, 2006*

# Agenda

- **Opening Remarks**  
*President Hsu, Chung-Jen*
- **2005 Financial Results & 2006 Outlook**
- **Q&A**

# Opening Remarks

*President Hsu, Chung-Jen*

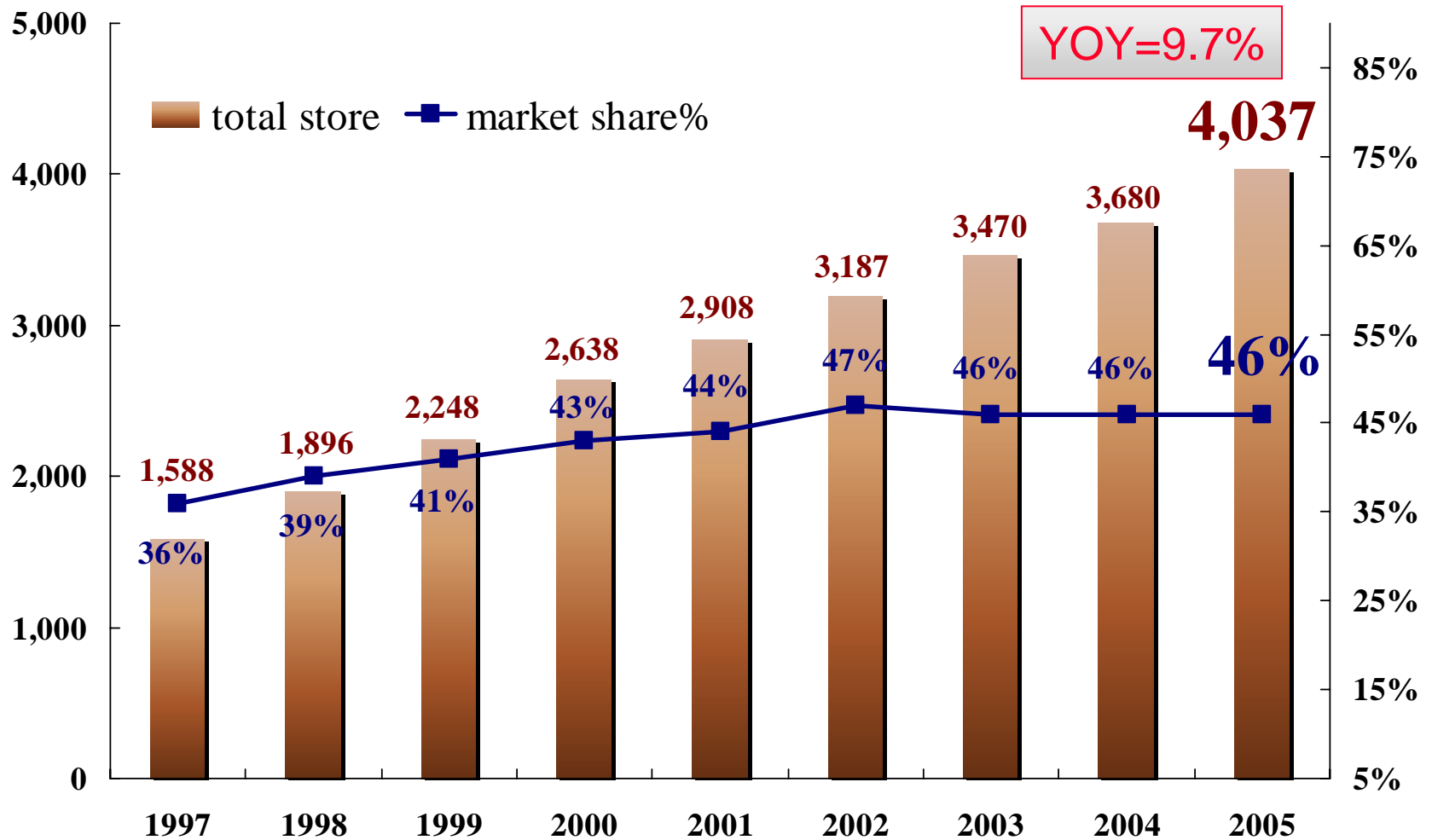
# 2005 Financial Review

# 2005 Parent Income Statement

Unit:\$NT'million

	<u>2005</u>		<u>2004</u>		<u>YOY</u>
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>%</u>
Net sales	90,672	96.8%	78,390	96.8%	15.7%
Other operating revenue	3,002	3.2%	2,553	3.2%	17.6%
<b>Total operating revenue</b>	<b>93,674</b>	<b>100.0%</b>	<b>80,943</b>	<b>100.0%</b>	<b>15.7%</b>
Gross profit	28,159	30.1%	24,559	30.3%	14.7%
Operating expenses	(23,982)	-25.6%	(21,363)	-26.4%	12.3%
Operating income	4,177	4.5%	3,196	3.9%	30.7%
Net non-operating income	454	0.5%	590	0.7%	-23.1%
Income before income taxes	4,631	4.9%	3,786	4.7%	22.3%
Income tax expense	978	1.0%	739	0.9%	32.3%
<b>Net Income</b>	<b>\$3,653</b>	<b>3.9%</b>	<b>\$3,047</b>	<b>3.8%</b>	<b>19.9%</b>
Earnings per share	(pre-tax)	(after tax)	(pre-tax)	(after tax)	
Net income (unit:\$NTD)	<b>5.06</b>	<b>3.99</b>	<b>4.14</b>	<b>3.33</b>	

# Stores & Market share

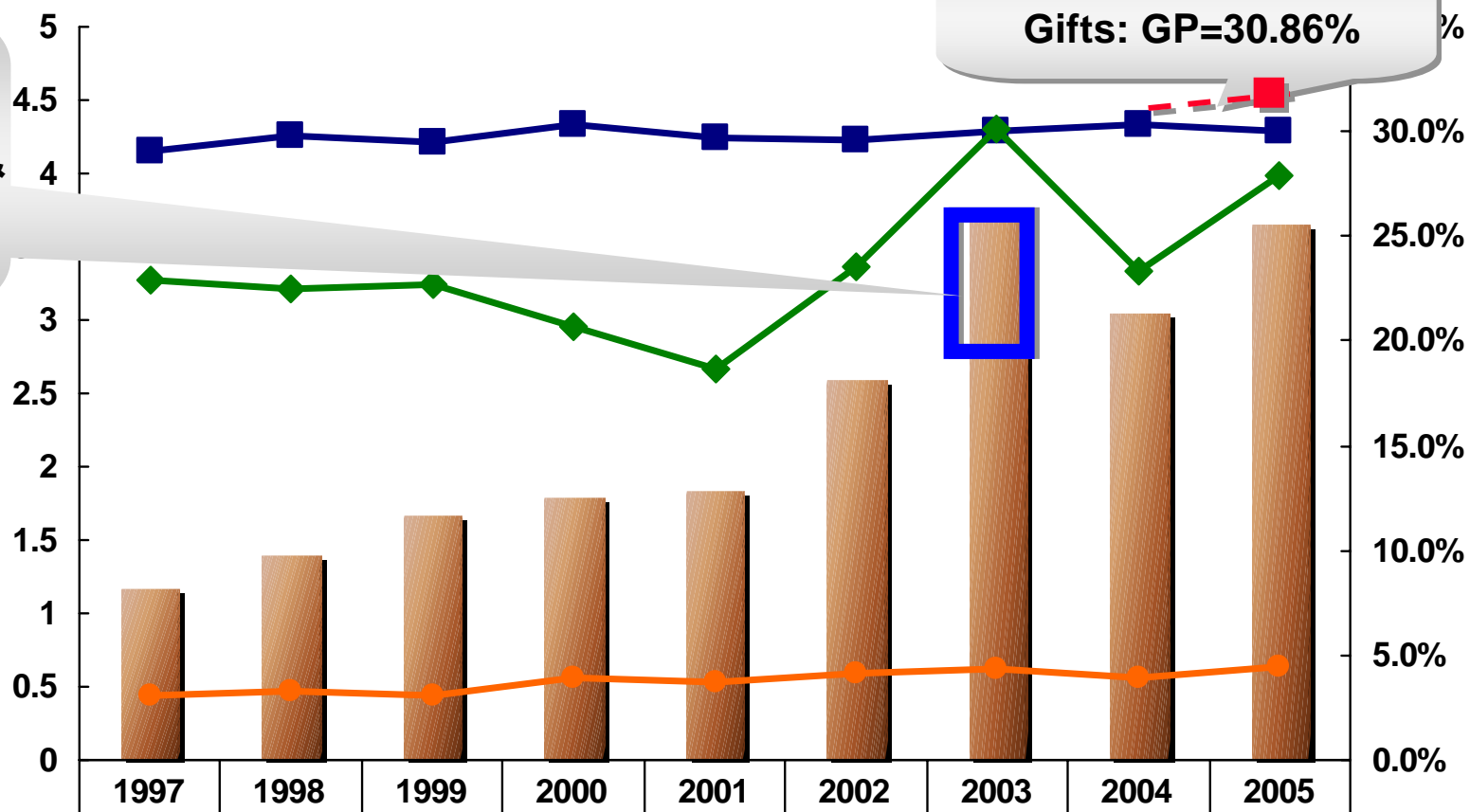


Store type distribution list : RC→18% FC82%(FC1→47% FC2→35%)

# Profitability Trend

Gain on disposal of Starbucks & Toppoly tax rebate 767m

Without cost of Promotion Gifts: GP=30.86%



	1997	1998	1999	2000	2001	2002	2003	2004	2005
Net Profit(NT\$bn)	1.16	1.40	1.67	1.79	1.84	2.59	3.68	3.05	3.65
Gross Margin	29.1%	29.8%	29.5%	30.3%	29.7%	29.6%	30.0%	30.3%	30.1%
Operating Margin	3.1%	3.3%	3.1%	3.9%	3.7%	4.1%	4.3%	3.9%	4.5%
EPS(NT\$)	3.27	3.21	3.24	2.96	2.66	3.36	4.3	3.33	3.99

# 2005 Parent Balance Sheet

Unit:\$NT'million

	<u>2005</u>		<u>2004</u>		<u>YOY</u>
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
<b>Assets</b>					
Cash, equivalents & ST investment	2,081	6%	1,181	4%	76%
Receivable-net	772	2%	574	2%	34%
Inventories	2,755	8%	2,203	8%	25%
Other current assets	818	2%	748	3%	9%
Total current assets	<u>6,427</u>	<u>19%</u>	<u>4,705</u>	<u>16%</u>	<u>37%</u>
LT investments (Equity method)	5,509	16%	5,087	17%	8%
LT investments (Cost method)	12,135	36%	8,577	29%	41%
LT investments (Corporate bonds)	60	0%	100	0%	-40%
Total LT investments	<u>17,704</u>	<u>53%</u>	<u>13,764</u>	<u>47%</u>	<u>29%</u>
Total fixed assets	<u>6,954</u>	<u>21%</u>	<u>9,194</u>	<u>31%</u>	<u>-24%</u>
Total other assets	2,550	8%	1,533	5%	66%
<b>Total assets</b>	<b>\$33,635</b>	<b>100%</b>	<b>\$29,195</b>	<b>100%</b>	<b>15%</b>

# 2005 Parent Balance Sheet

Unit:\$NT'million

Liabilities and SE Liability	<u>2005</u>		<u>2004</u>		<u>YOY</u>
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
Payable	10,309	31%	8,314	28%	24%
Accrued expenses	2,082	6%	1,698	6%	23%
Cash in advance	846	3%	586	2%	44%
Current portion of long-term liabilities	200	1%	0	0%	-
<b>Total current liabilities</b>	<b>13,437</b>	<b>40%</b>	<b>10,598</b>	<b>36%</b>	<b>27%</b>
Corporate bond	2,000	6%	2,200	8%	-9%
Long-term loans	1,320	4%	500	2%	164%
<b>Total long-term liabilities</b>	<b>3,320</b>	<b>10%</b>	<b>2,700</b>	<b>9%</b>	<b>23%</b>
<b>Total liabilities</b>	<b>18,462</b>	<b>55%</b>	<b>14,823</b>	<b>51%</b>	<b>25%</b>
<b>Shareholders' equity</b>					
Capital	9,152	27%	9,152	31%	0%
Retained earnings	6,022	18%	5,276	18%	14%
<b>Total shareholders' equity</b>	<b>15,173</b>	<b>45%</b>	<b>14,372</b>	<b>49%</b>	<b>6%</b>
<b>Liabilities and shareholders' equity</b>	<b>\$33,635</b>	<b>100%</b>	<b>\$29,195</b>	<b>100%</b>	<b>15%</b>

# 2005 Parent Statement of Cash Flow

Unit:\$NT'million

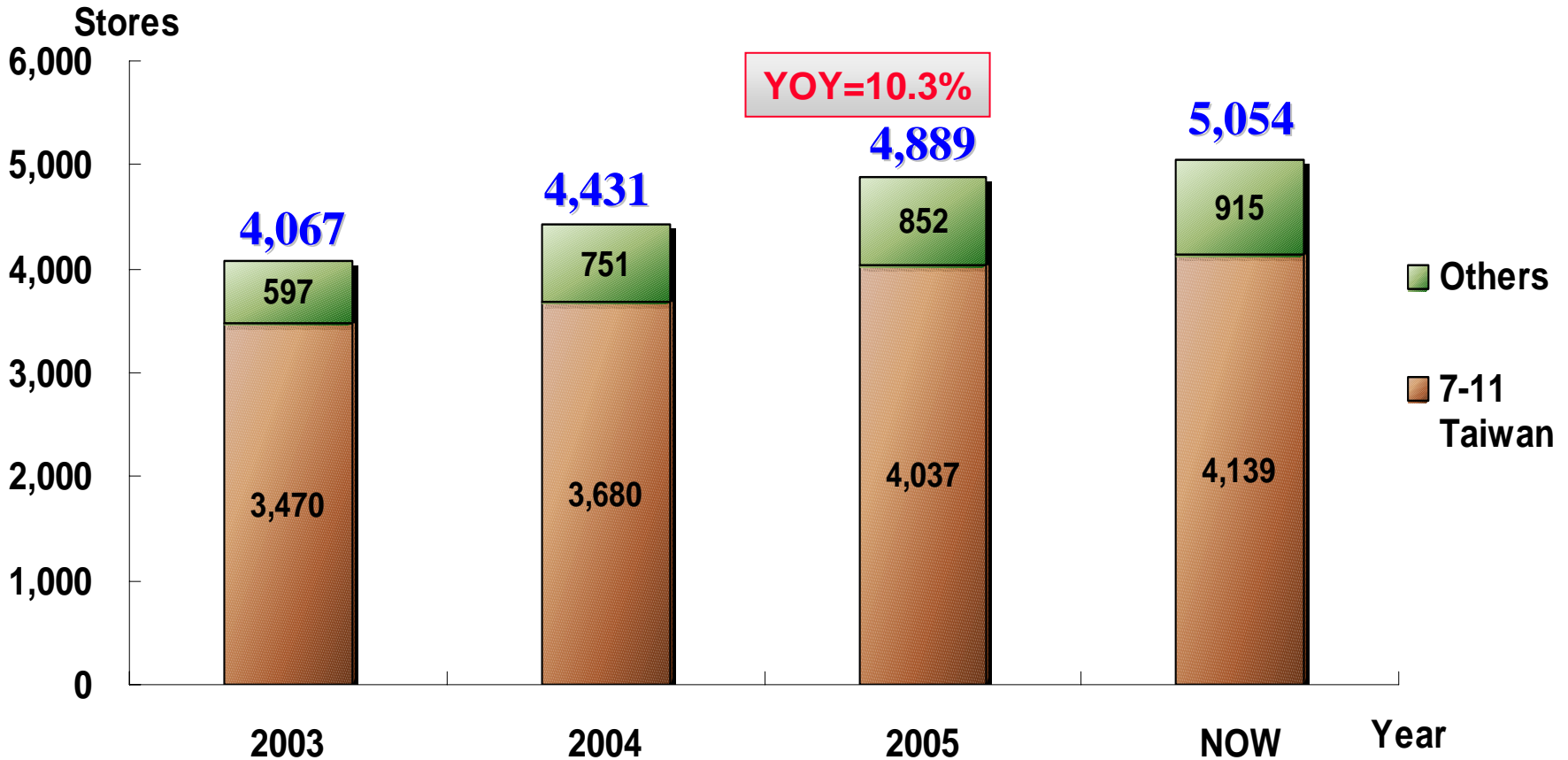
	<u>2005</u>	<u>2004</u>
<b>Cash flows from operating activities :</b>	<b>7,722</b>	<b>5,633</b>
Net Income	3,653	3,047
Adjusted: Depreciation & Amortization	2,061	1,866
<b>Cash flows from investing activities :</b>	<b>(4,438)</b>	<b>(5,168)</b>
Acquisition of long-term investments - non-affiliates	(4,059)	
<b>Cash flows from financing activities :</b>	<b>(2,146)</b>	<b>(2,256)</b>
Payments of Cash Dividend	(2,745)	(2,266)
<b>Net increase (decrease) in cash and equipments</b>	<b>1,138</b>	<b>(1,792)</b>
Cash and cash equivalents, beginning of year	938	2,729
Cash and cash equivalents, end of year	2,076	938

# 2005 Highlights

Unit:\$NT'billion

	Parent	Consolidated	%
Sales	93.7	119.9	<b>78%</b>
Gross Profit	28.2	36.7	<b>77%</b>
Net Income		3.7	
EPS		\$3.99	
Cash and S-Investment	2.1	5.5	<b>38%</b>
Total Asset	33.6	45.0	<b>75%</b>
Interest Bearing Debt	3.5	4.6	<b>77%</b>
Shareholders' Equity	15.2	16.9	<b>90%</b>
ROE	24.73%	24.16%	

# Total stores in PCSC group



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

# Shareholders & Dividends

# Dividend Policy

## □ Dividend Pay Out Structure

### Net Profit

( - ) Legal Reserve (10%)

( - ) Board of Directors Remuneration (2%)

( - ) Employees Bonus (6%)

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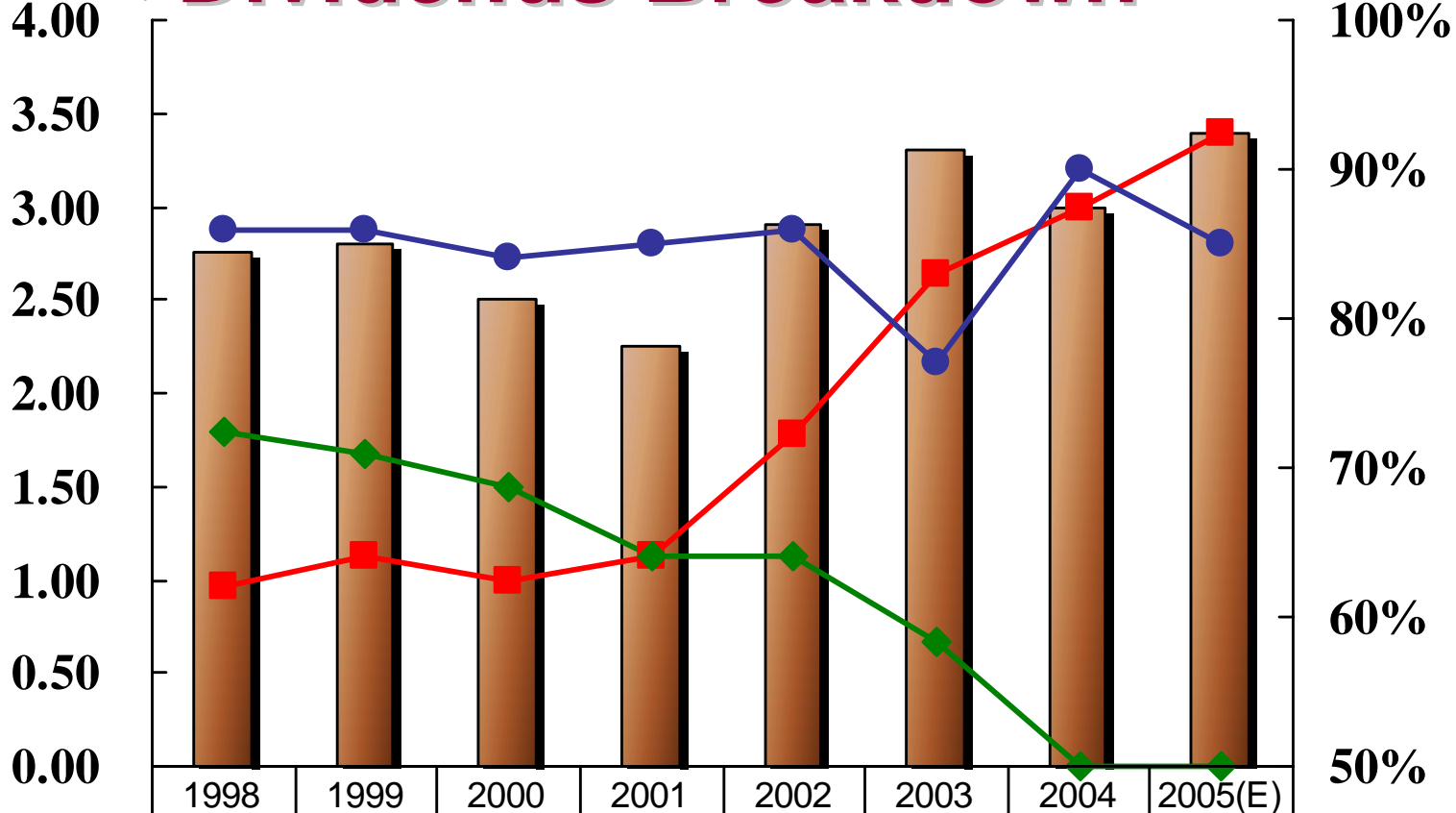
( = ) Total Dividend Pay Out (82% of Net Profit)

## □ Dividend Policy

- The ceiling of cash dividends to total dividends increases to 100%.

# Dividends Breakdown

Unit: NT\$



Total Dividends	2.76	2.80	2.50	2.25	2.90	3.30	3.00	3.4
Cash Dividends	0.96	1.12	1.00	1.12	1.78	2.64	3.00	3.4
Stock Dividends	1.80	1.68	1.50	1.13	1.12	0.66	0.00	0.00
Payout Ratio(%)	86%	86%	84%	85%	86%	77%	90%	85%

# Q&A

Please download the presentation material from the following website:

1. <http://www.7-11.com.tw/pcsc/invest/a6.asp>  
<http://www.7-11.com.tw/en/Investor/i06.asp>
2. <http://newmops.tse.com.tw/> (stock code:2912)

Thank you!