



President Chain Store Corp.
2005 Annual Investor Conference
March 23th, 2005



Agenda

14:00~14:10 Welcome and Introduction

**14:10~14:40 2004 Financial Results &
2005 Outlook**

14:40~14:50 Remarks

14:50~15:40 Q&A



2004 Financial Review



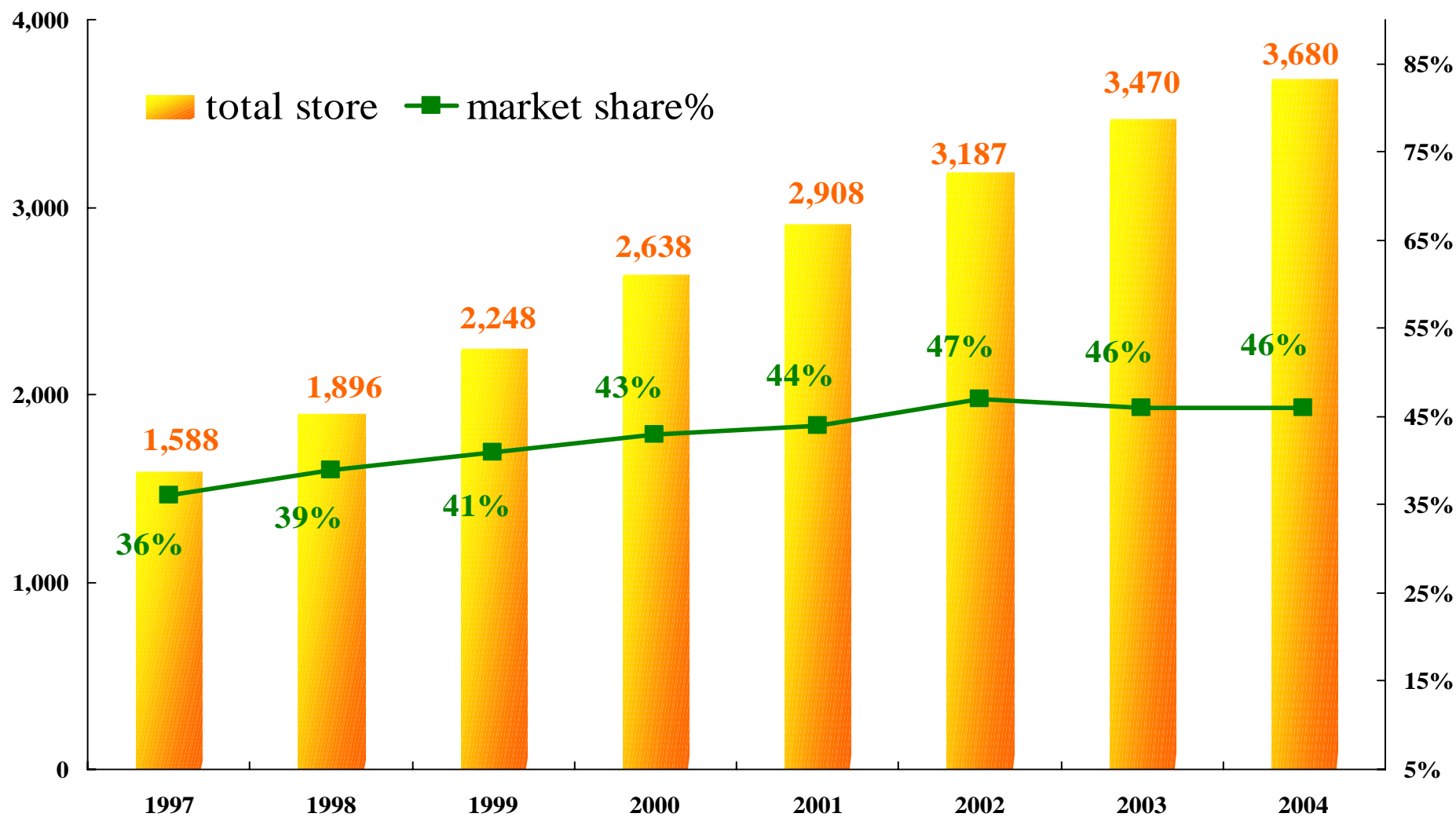
2004 Income Statement

unit:\$NT '000

	<u>2004</u>		<u>2003</u>		<u>YOY</u>
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
<u>Operating revenues</u>					
Net sales	78,390,063	96.85%	75,744,481	97.28%	3.49%
Others	<u>2,553,036</u>	<u>3.15%</u>	<u>2,117,135</u>	<u>2.72%</u>	<u>20.59%</u>
Total operating revenues	80,943,099	100.00%	77,861,616	100.00%	3.96%
Gross profit	24,559,257	30.34%	23,371,944	30.02%	5.08%
<u>Operating expenses</u>					
Selling expenses	(18,699,298)	-23.10%	(17,750,068)	-22.80%	5.35%
G&A expenses	<u>(2,668,531)</u>	<u>-3.30%</u>	<u>(2,300,472)</u>	<u>-2.95%</u>	<u>16.00%</u>
Total operating expenses	<u>(21,367,829)</u>	<u>-26.40%</u>	<u>(20,050,540)</u>	<u>-25.75%</u>	<u>6.57%</u>
Operating income	<u>3,191,428</u>	<u>3.94%</u>	<u>3,321,404</u>	<u>4.27%</u>	<u>-3.91%</u>
Non-operating income	<u>836,926</u>	<u>1.03%</u>	<u>927,601</u>	<u>1.19%</u>	<u>-9.78%</u>
Non-operating expenses	<u>(242,446)</u>	<u>-0.30%</u>	<u>(314,273)</u>	<u>-0.40%</u>	<u>-22.85%</u>
Income before income taxes	3,785,908	4.68%	3,934,732	5.05%	-3.78%
Income tax expense	<u>(738,511)</u>	-0.91%	<u>(253,126)</u>	-0.33%	191.76%
Net Income	<u>\$3,047,397</u>	<u>3.76%</u>	<u>\$3,681,606</u>	<u>4.73%</u>	<u>-17.23%</u>
Earnings per share	(pre-tax)	(after tax)	(pre-tax)	(after tax)	(pre-tax)
Net income(unit:\$NTD)	<u>4.14</u>	<u>3.33</u>	<u>4.30</u>	<u>4.02</u>	<u>-3.72%</u>



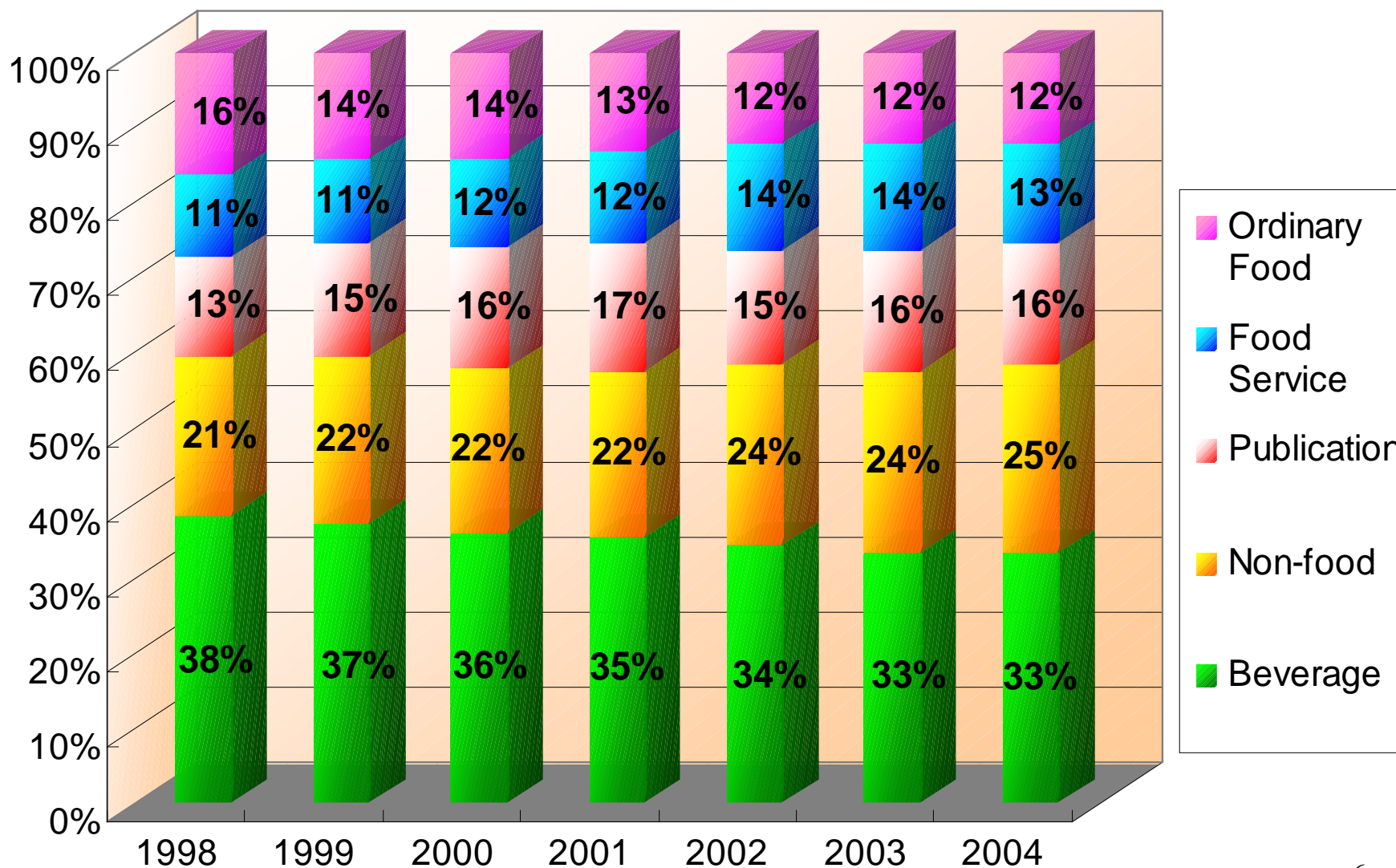
Stores & Market share



Store type distribution list : RC→16% FC84%(FC1→46% FC2→38%)

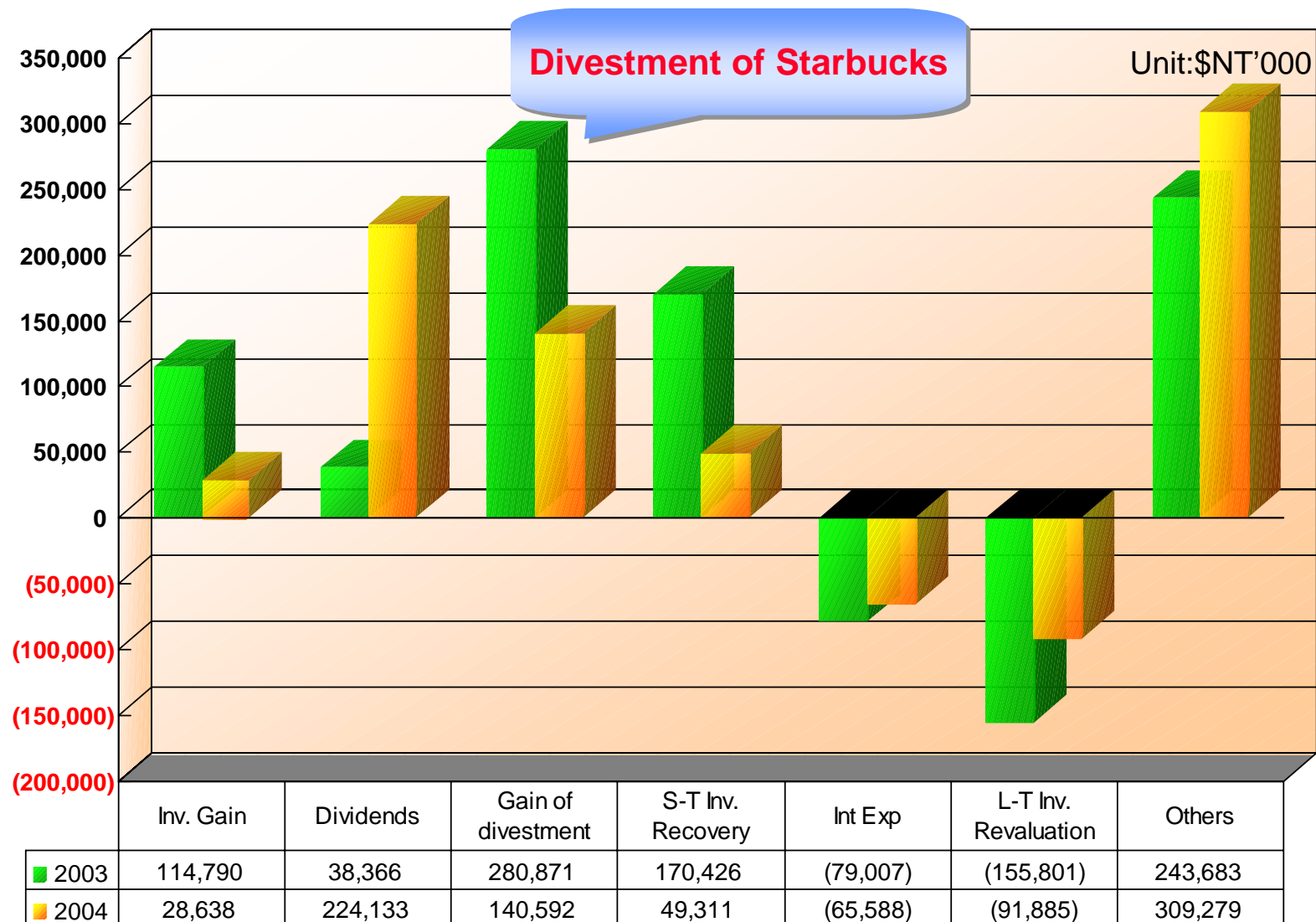


Sales Breakdown By Product



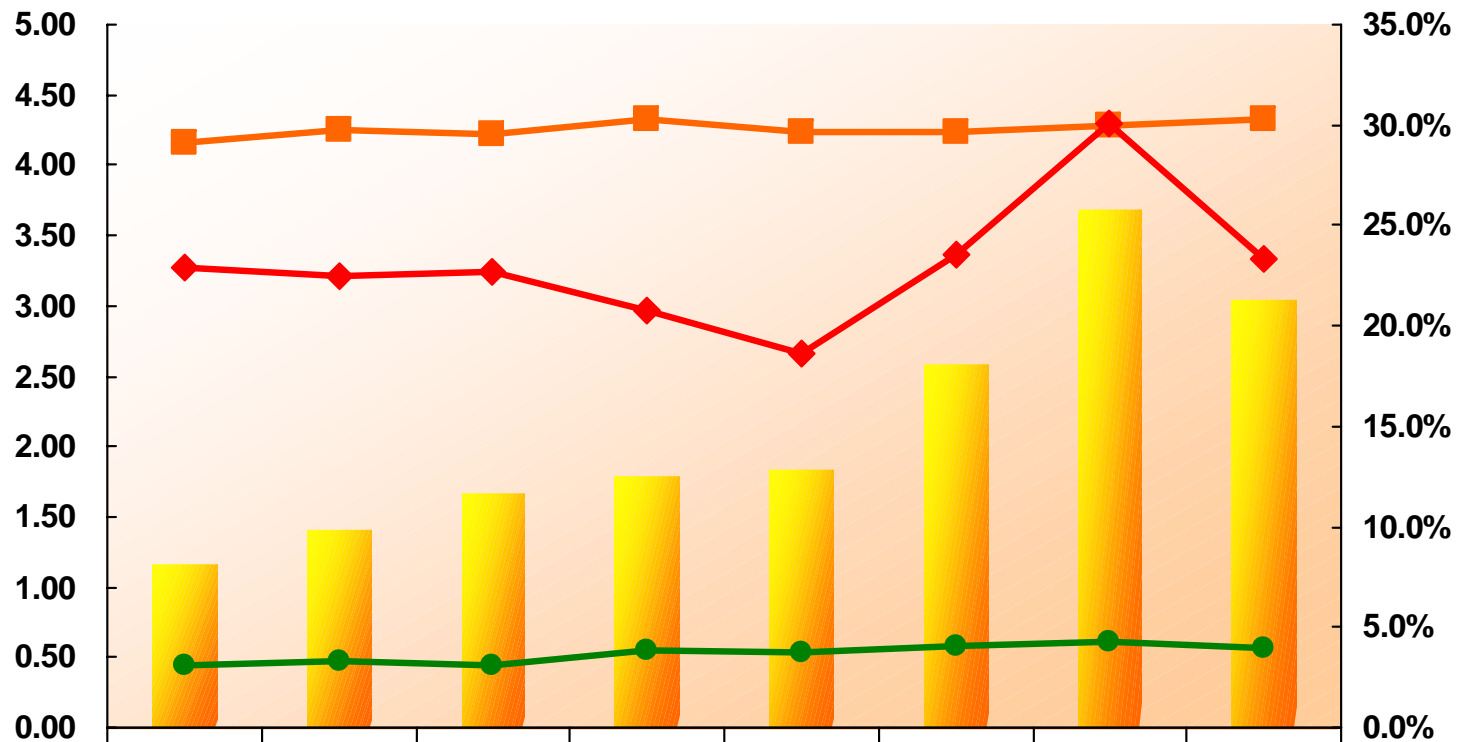


Non-Operating Income Breakdown





Profitability Trend



	1997	1998	1999	2000	2001	2002	2003	2004
Net Profit(NT\$bn)	1.16	1.40	1.67	1.79	1.84	2.59	3.68	3.05
Gross Margin	29.1%	29.8%	29.5%	30.3%	29.7%	29.6%	30.0%	30.3%
Operating Margin	3.1%	3.3%	3.1%	3.9%	3.7%	4.1%	4.3%	3.9%
EPS(NT\$)	3.27	3.21	3.24	2.96	2.66	3.36	4.30	3.33



Main Subsidiaries



Mr. Donut:2
100 in 3 years



Cosmed Taiwan:131
Cosmed Shenzhen: 0
100 in 5 years



Muji Taiwan:4
20 in 5 years



Philippine 7-11: 257



大統華T&T

T&T Supermarket:11
(Canada)



TAKKYUBIN



Starbucks Taiwan:140
Starbucks Shanghai:55



Smile Gas Station:108



Disposal of Investments

Unit: NT\$m

Company	Alliance President General Insurance	President Musashino	President Transnet
Capital	2,000	522.9	1,000
before Holding	5.50%	60.00%	80.00%
after	0.00%	10.00%	70.00%
Cash inflow	165	291	100
Disposal gain	54	40	73
Reason for disposal	Finance non-core	Manufacturing non-core	Agreement



2004 Balance Sheet

	Unit : NT\$ '000	
	<u>2004.12.31</u>	<u>2003.12.31</u>
Assets		
Cash, equivalents & ST investment	1,180,755	2,827,731
Receivable-net	573,870	958,340
Inventories	2,202,557	2,055,650
Prepayments	<u>747,532</u>	<u>742,072</u>
Total current assets	<u>4,704,714</u>	<u>6,583,793</u>
LT investments (Equity method)	5,086,723	4,797,951
LT investments (Cost method)	8,576,990	7,990,890
LT investments (Corporate bonds)	<u>100,000</u>	<u>0</u>
Total LT investments	<u>13,763,713</u>	<u>12,788,841</u>
Property, Plant and Equipment	<u>9,193,812</u>	<u>6,833,018</u>
Total other assets	<u>1,532,699</u>	<u>1,634,198</u>
Total assets	<u><u>\$29,194,938</u></u>	<u><u>\$27,839,850</u></u>



2004 Balance Sheet

	Unit : NT\$ '000	
	<u>2004.12.31</u>	<u>2003.12.31</u>
Liabilities and SE		
Payable	8,314,502	8,515,254
Accrued expenses	1,697,540	1,557,116
Cash received in advance	585,543	356,485
Total current liabilities	<u>10,597,585</u>	<u>10,428,855</u>
Bonds payable	2,200,000	2,200,000
Long-term loans	<u>500,000</u>	<u>0</u>
Total long-term liabilities	<u>2,700,000</u>	<u>2,200,000</u>
Total liabilities	<u>14,823,113</u>	<u>14,033,060</u>
Shareholders' Equity		
Common stock	9,151,604	8,584,995
Retained earnings	<u>5,220,221</u>	<u>5,221,794</u>
Total shareholders' equity	<u>14,371,825</u>	<u>13,806,789</u>
Liabilities and SE	<u>\$29,194,938</u>	<u>\$27,839,849</u>



2004 Statement of Cash Flow

Unit:\$NT'000

	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	5,632,543
CASH FLOWS FROM INVESTING ACTIVITIES:	(5,168,452)
CASH FLOWS FROM FINANCING ACTIVITIES:	(2,255,659)
NET INCREASE (DECREASE) IN CASH AND CASH EQU	(1,791,568)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,729,345
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$937,777</u>
Supplemental disclosures of cash flow information	
Interest paid	<u>\$66,161</u>
Income tax paid	<u>\$844,166</u>



2004 Major Capital Expenditure

<input type="checkbox"/> Store Opening and Renovation	2.2 billion
★ System support	0.1 billion
<input type="checkbox"/> Office building	1.7 billion
<input type="checkbox"/> Long term investment	1.2 billion



Shareholders & Dividends



Dividend Policy

□ Dividend Pay Out Structure

Net Profit

- (-) Legal Reserve (10%)
 - (-) Board of Directors Remuneration (2%)
 - (-) Employees Bonus (4%)
-

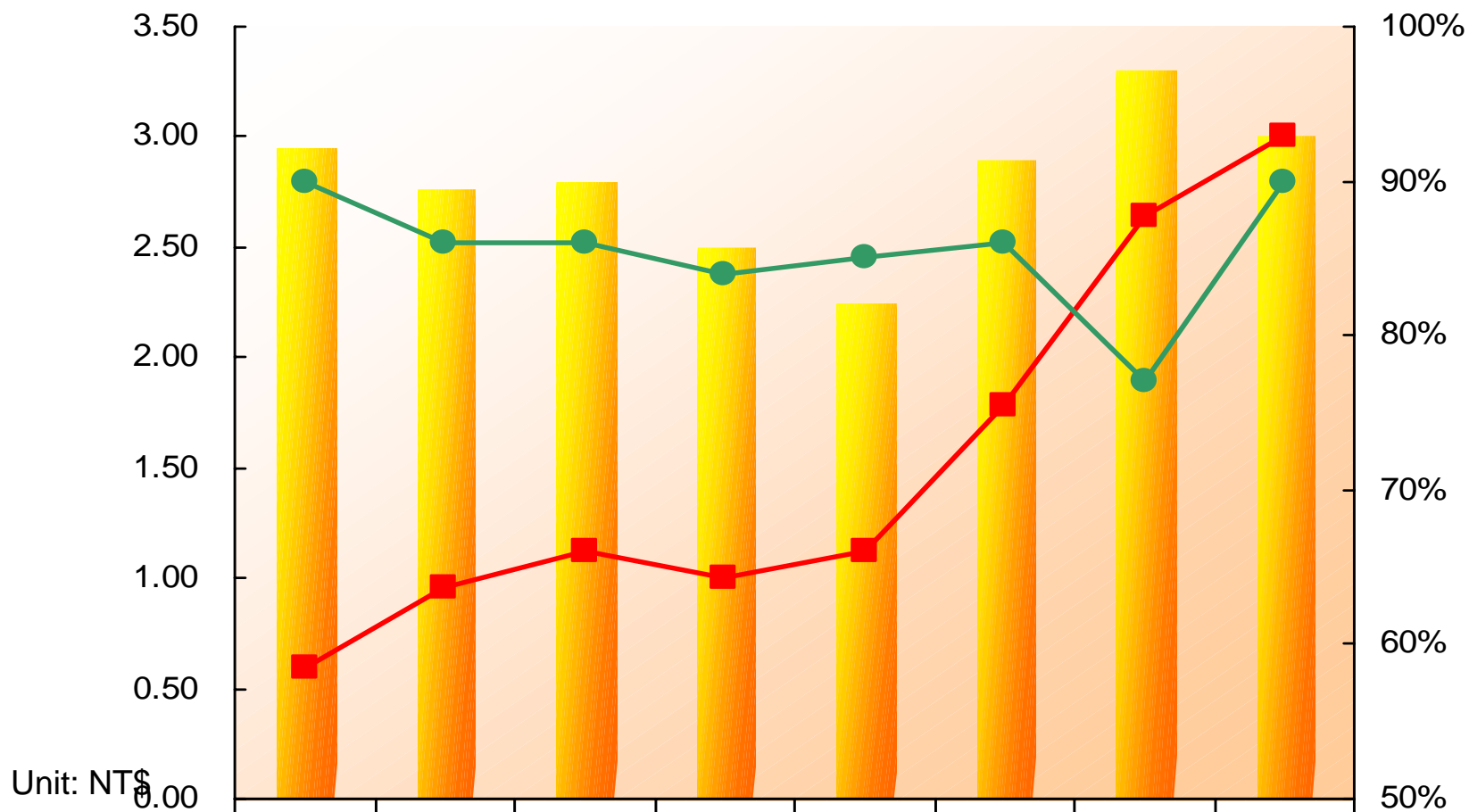
(=) Total Dividend Pay Out (84% of Net Profit)




□ New Dividend Policy

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



Dividends Breakdown



 Total Dividends	2.95	2.76	2.80	2.50	2.25	2.90	3.30	3.00
 Cash Dividends	0.59	0.96	1.12	1.00	1.12	1.78	2.64	3.00
 Payout Ratio(%)	90%	86%	86%	84%	85%	86%	77%	90%



2005 Outlook



2005 Outlook for 7-Eleven

□ Store Development

- Net increase: 320+ stores
- Franchise portion: 84%

□ Sales Target

- PSD-sales will keep flat

□ Margin Target

- Gross margin will continue to improve.
- Operating margin may decrease.
 - new regulation on pension plan
 - additional dep.& amort. expense for POSII