

President Chain Store Corp. 2005 1H Investor Conference

September 2nd, 2005

Agenda

- **Welcome**
- **2005 1H Financial Results**
- **Remarks** *President Hsu, Chung-Jen*
- **Q&A**

2005 1H Financial Review

2005 1H Highlights

Unit:\$NT'billion

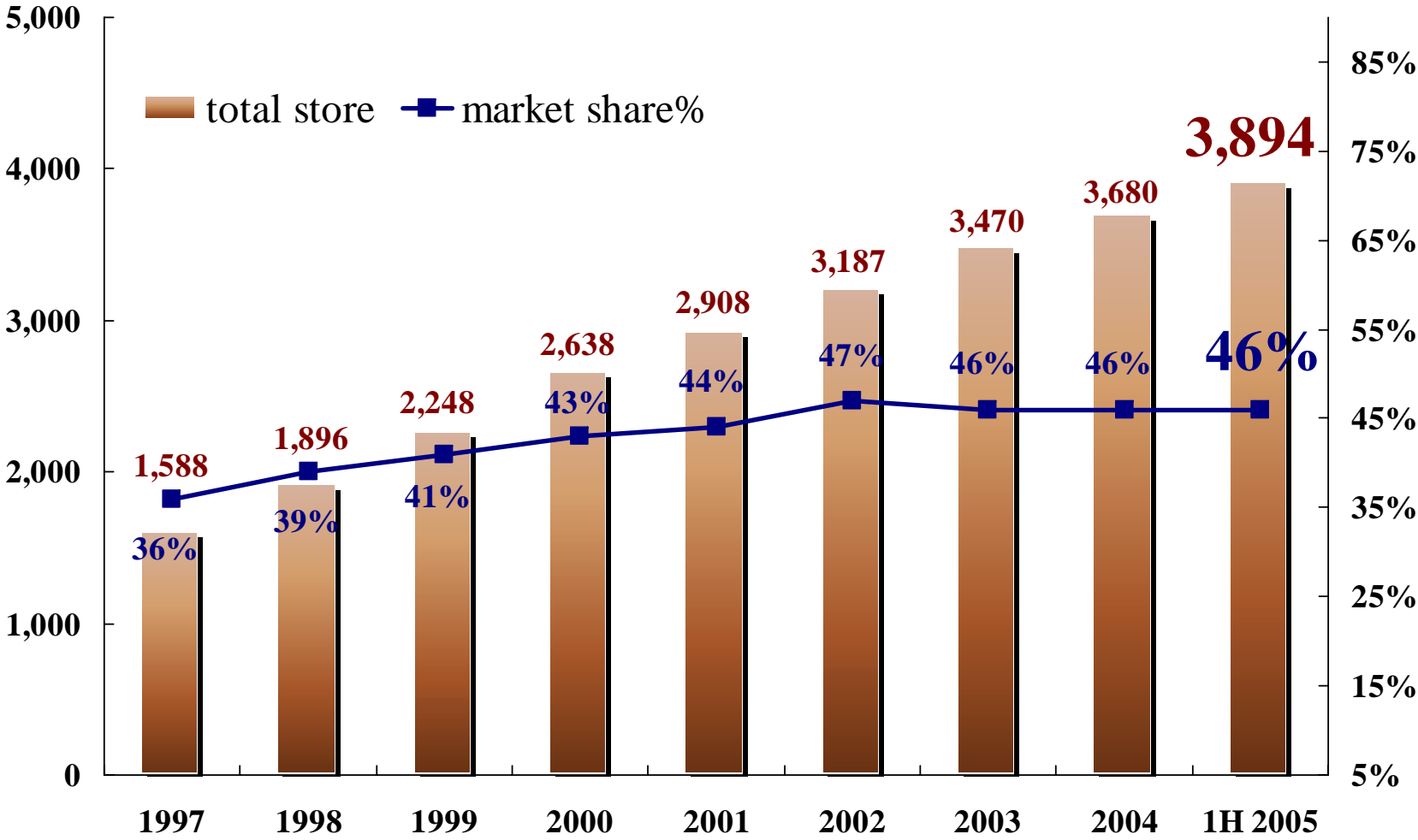
| | Parent |
|------------------------------|---------------|
| Sales | 44.5 |
| Gross Profit | 13.1 |
| Net Income | 1.9 |
| EPS | \$2.03 |
| Cash and S-Investment | 2.5 |
| Total Asset | 34.2 |
| Interest Bearing Debt | 2.7 |
| Shareholders' Equity | 13.3 |
| ROE | 26.81% |

2005 1H Parent Income Statement

Unit:\$NT'million

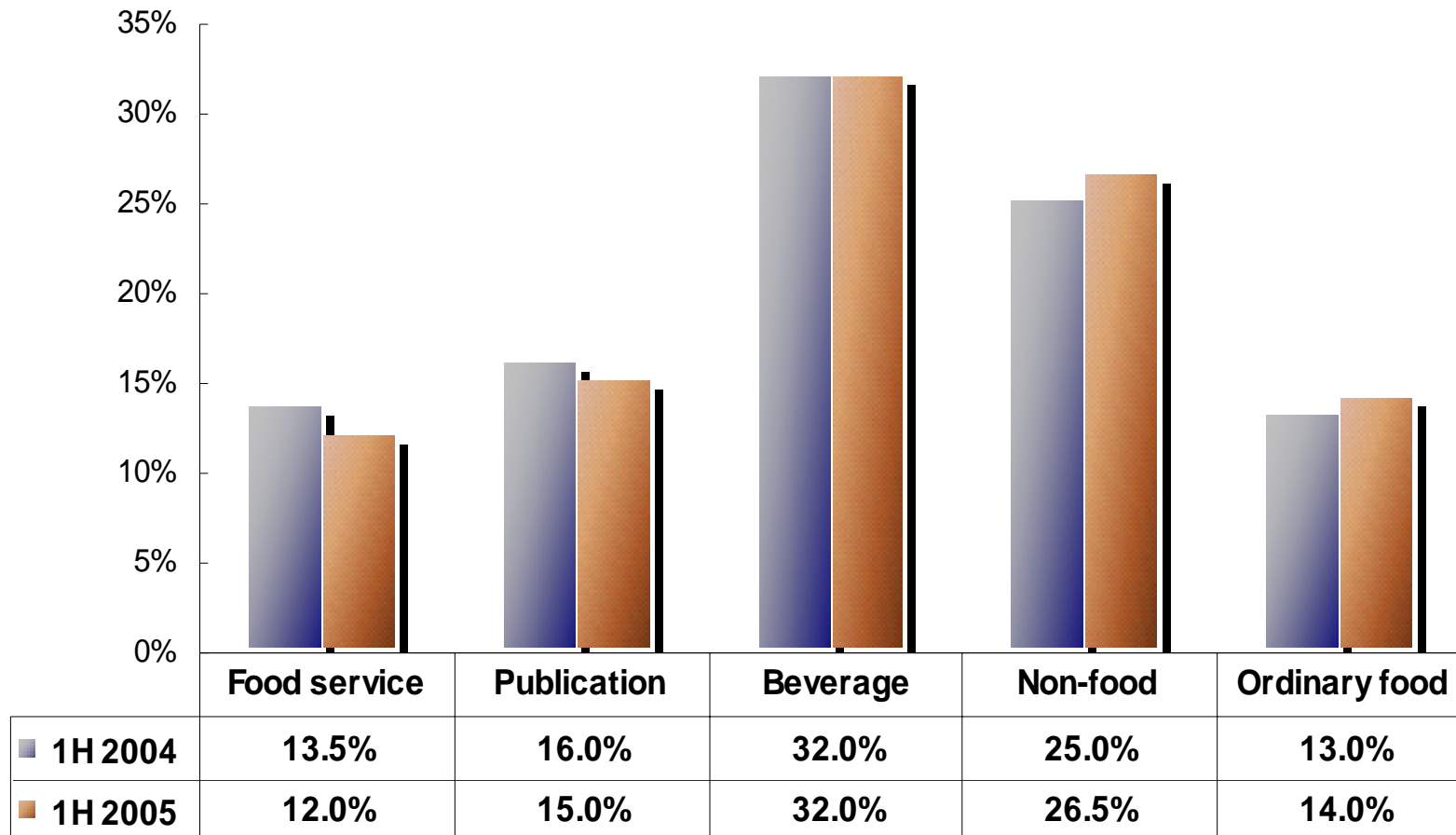
| | <u>2005</u> | | <u>2004</u> | | <u>YOY</u> |
|--------------------------------|----------------|---------------|----------------|---------------|--------------|
| | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> | <u>%</u> |
| Net sales | 43,081 | 96.9% | 38,525 | 97.0% | 11.8% |
| Other operating revenue | 1,372 | 3.1% | 1,203 | 3.0% | 14.1% |
| Total operating revenue | 44,453 | 100.0% | 39,728 | 100.0% | 11.9% |
| Gross profit | 13,077 | 29.4% | 11,777 | 29.6% | 11.0% |
| Operating expenses | (11,089) | -24.9% | (10,360) | -26.1% | 7.0% |
| Operating income | 1,988 | 4.5% | 1,417 | 3.6% | 40.3% |
| Net non-operating income | 351 | 0.8% | 358 | 0.9% | -1.8% |
| Income before income taxes | 2,340 | 5.3% | 1,775 | 4.5% | 31.8% |
| Income tax expense | (484) | -1.1% | (340) | -0.9% | 42.4% |
| Net Income | \$1,856 | 4.2% | \$1,435 | 3.6% | 29.3% |
| Earnings per share | (pre-tax) | (after tax) | (pre-tax) | (after tax) | |
| Net income (unit:\$NTD) | 2.56 | 2.03 | 1.94 | 1.57 | |

Stores & Market share

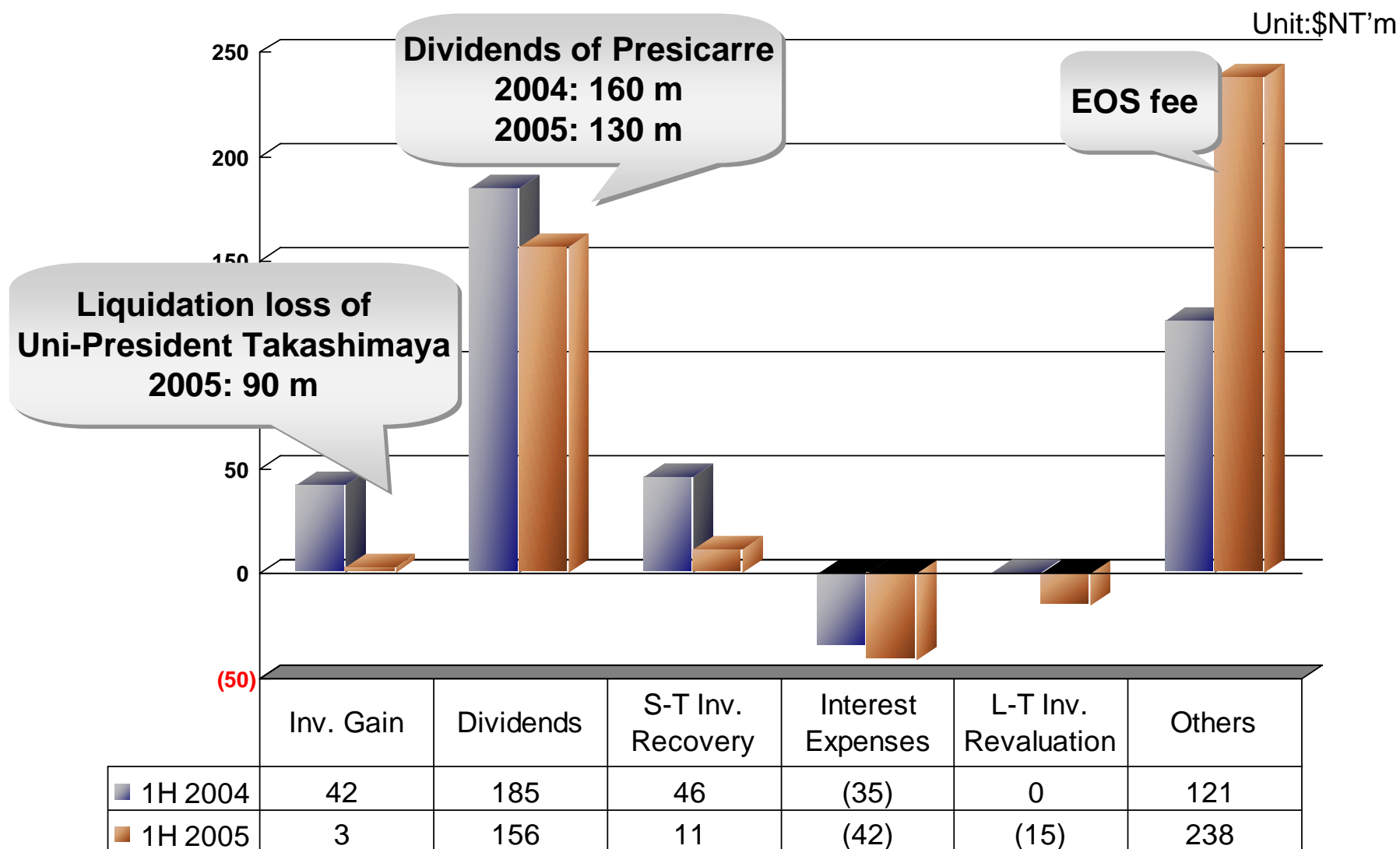


Store type distribution list : RC→18% FC82%(FC1→46% FC2→36%)

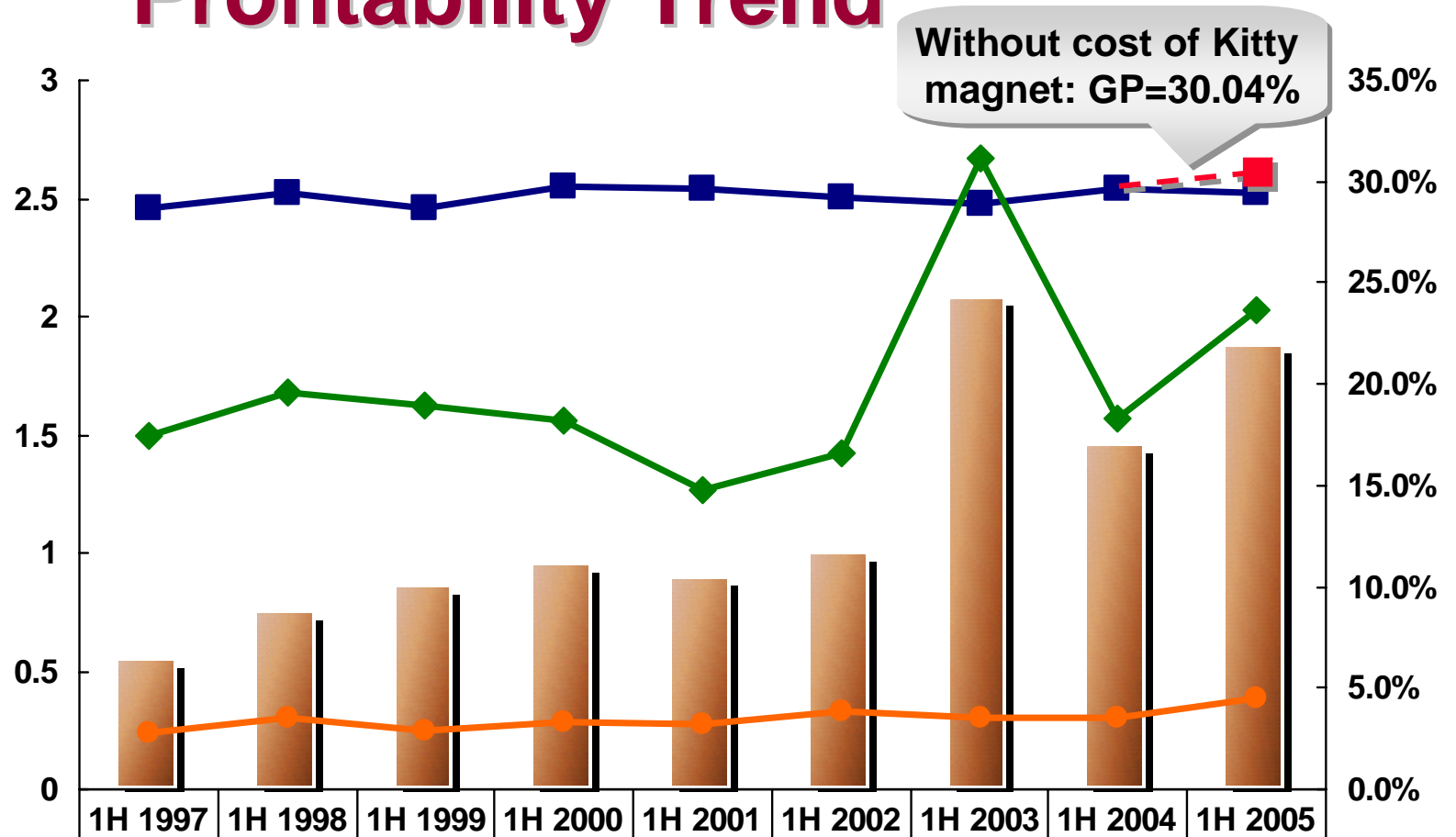
Sales Breakdown By Product



Non-Operating Income Breakdown



Profitability Trend



| | | | | | | | | | |
|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Net Profit(NT\$bn) | 0.53 | 0.73 | 0.84 | 0.94 | 0.88 | 0.98 | 2.06 | 1.44 | 1.86 |
| Gross Margin | 28.7% | 29.4% | 28.7% | 29.8% | 29.6% | 29.2% | 28.9% | 29.6% | 29.4% |
| Operating Margin | 2.79% | 3.55% | 2.87% | 3.34% | 3.25% | 3.80% | 3.50% | 3.6% | 4.5% |
| EPS(NT\$) | 1.5 | 1.68 | 1.62 | 1.56 | 1.27 | 1.42 | 2.67 | 1.57 | 2.03 |

1H 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> | |
| Assets | | | | | |
| Cash, equivalents & ST investment | 2,516 | 7% | 2,518 | 9% | 0% |
| Receivable-net | 871 | 3% | 777 | 3% | 12% |
| Inventories | 2,393 | 7% | 1,991 | 7% | 20% |
| Other current assets | 770 | 2% | 723 | 2% | 6% |
| Total current assets | 6,549 | 19% | 6,010 | 21% | 9% |
| LT investments (Equity method) | 5,250 | 15% | 5,324 | 18% | -1% |
| LT investments (Cost method) | 11,921 | 35% | 8,724 | 30% | 37% |
| LT investments (Corporate bonds) | 80 | 0% | 120 | 0% | -33% |
| Total LT investments | 17,250 | 50% | 14,168 | 48% | 22% |
| Total fixed assets | 7,038 | 21% | 7,277 | 25% | -3% |
| Total other assets | 3,352 | 10% | 1,841 | 6% | 82% |
| Total assets | \$34,189 | 100% | \$29,296 | 100% | 17% |

1H 2005 Parent Balance Sheet

| Liabilities and SE Liability | 2005 | | 2004 | | Unit:\$NT'million |
|---|-----------------|-------------|-----------------|-------------|-------------------|
| | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> | <u>YOY</u> |
| Payable | 14,219 | 42% | 10,963 | 37% | 30% |
| Accrued expenses | 1,661 | 5% | 1,394 | 5% | 19% |
| Cash in advance | 695 | 2% | 393 | 1% | 77% |
| Current portion of long-term liabilities | 200 | 1% | 0 | 0% | |
| Total current liabilities | 16,774 | 49% | 12,751 | 44% | 32% |
| Corporate bond | 2,000 | 6% | 2,200 | 8% | -9% |
| Long-term loans | 500 | 1% | 0 | 0% | |
| Total long-term liabilities | 2,500 | 7% | 2,200 | 8% | 14% |
| Total liabilities | 20,868 | 61% | 16,450 | 56% | 27% |
| Shareholders' equity | | | | | |
| Capital | 9,152 | 27% | 9,152 | 31% | 0% |
| Retained earnings | 4,170 | 12% | 3,694 | 13% | 13% |
| Total shareholders' equity | 13,321 | 39% | 12,846 | 44% | 4% |
| Liabilities and shareholders' equity | \$34,189 | 100% | \$29,296 | 100% | 17% |

1H 2005 Statement of Cash Flow

Unit:\$NT'million

| | <u>2005</u> |
|--|--------------------|
| Cash flows from operating activities : | 5,703 |
| Net Income | 1,856 |
| Adjusted: Depreciation & Amortization | 1,033 |
| Accounts payable | 2,349 |
| Cash flows from investing activities : | (4,101) |
| Acquisition of long-term investments - non-affiliates | (3,582) |
| Cash flows from financing activities : | (226) |
| Payments of property, plant and equipment acquired last year | (241) |
| Net increase (decrease) in cash and equipments | 1,376 |
| Cash and cash equivalents, beginning of year | 938 |
| Cash and cash equivalents, end of year | 2,314 |

Consolidated Rule

| Requirement of Consolidated Subsidiaries | | Consolidated Rules | Subsidiaries Consolidated |
|--|------------------------------------|---|--|
| PCSC holding % | Requirement | | |
| >50% | All Subsidiaries are consolidated. | 100% consolidated. (SE - only the minority interest are consolidated.) (Related items are adjusted.) | Cosmed(Taiwan & China), President Transnet, Wisdom distribution, Uni-President Cold-Chain, Mech-President, Philippine 7-11...etc. |
| $\geq 20\%$ $\leq 50\%$ | PCSC & PEC own more than 50%. | | MUJI, Retail Support International |
| | Joint Venture | Consolidated by % owned. (Related items are adjusted.) | Starbucks (Taiwan & Shanghai), Mister Donut, Yellow Hat. |

Q&A

Please download the presentation material from the following website:

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

Thank you!