

# **President Chain Store Corp.**

**March, 2010**

# Business Scope

## CVS

1. 7-Eleven Taiwan (100%)
2. 7-Eleven Shanghai (100%)
3. 7-Eleven Philippine (56.59%)

## Drug Store

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

## Life Style Business

1. Muji (41%)
2. Hankyu Department Store (70%)

## Supermarket / Hypermarket

1. Shandong Uni-Mart Supermarket (55%)
2. Sichuan Uni-Mart Hypermarket (100%)
3. Vietnam Uni-Mart Supermarket (51%)

## Restaurant-Food & Beverage

1. Starbucks Taiwan (30%)
2. Starbucks Shanghai (30%)
3. Mr. Donut Taiwan (50%)
4. Mr. Donut China (50%)
5. Cold Stone Creamery Taiwan (100%)
6. Cold Stone Creamery China (100%)
7. Afternoon Tea Taiwan (51%)
8. Afternoon Tea China (51%)

## E-Commerce

1. Books.Com (50.03%)
2. Taiwan Rakuten (49%)

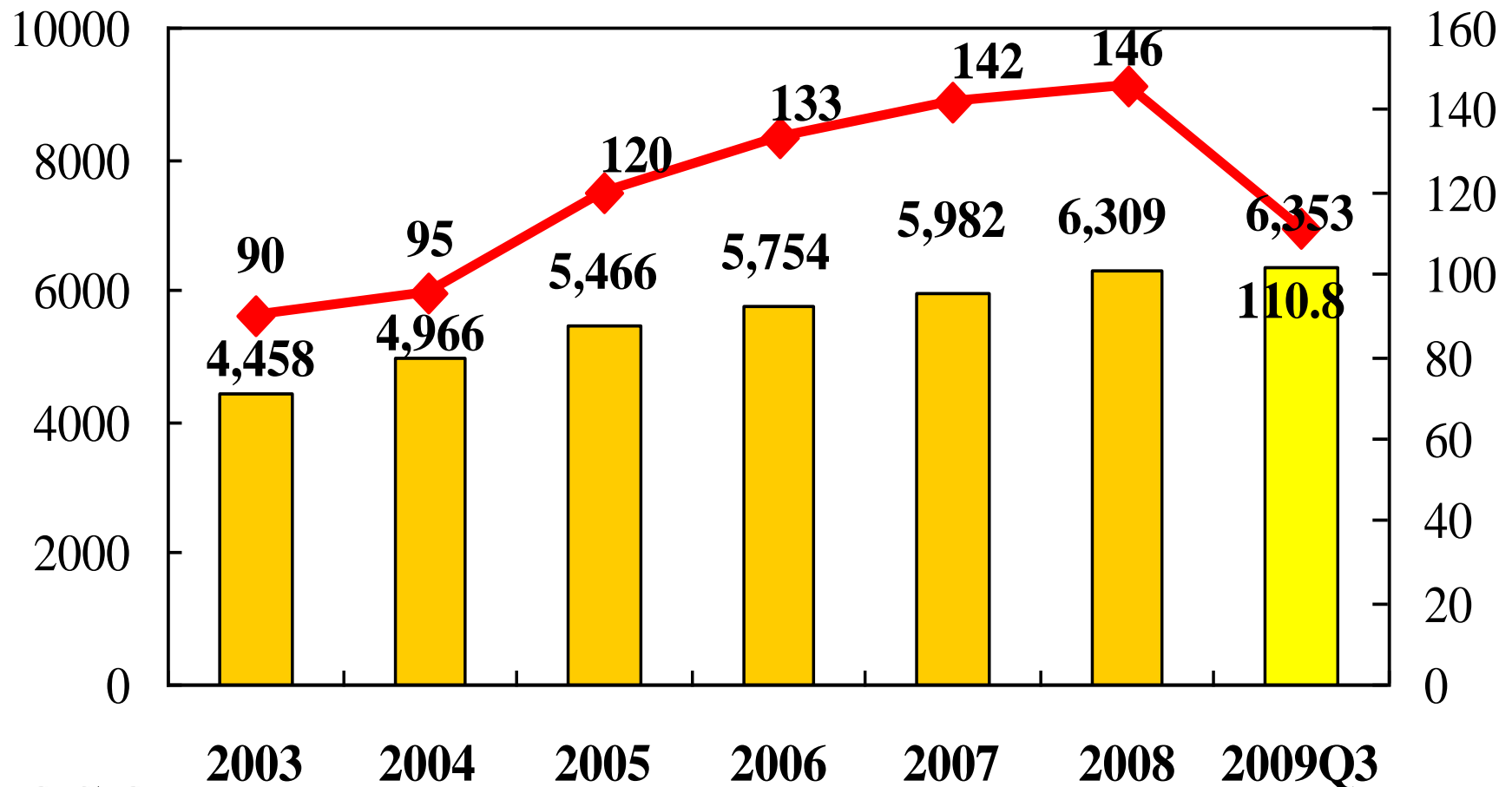
## Logistics

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

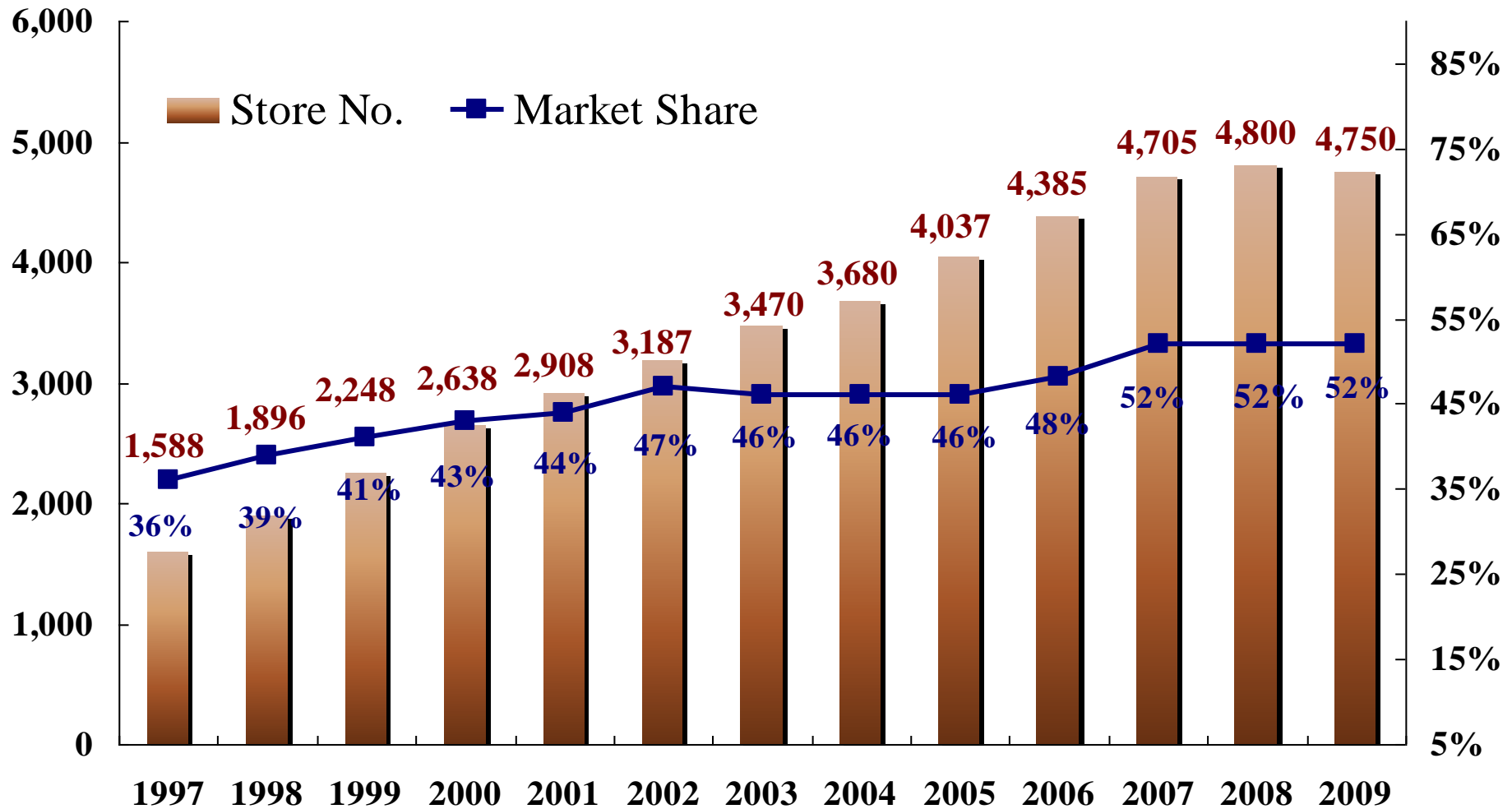
# Sales & Store Number of PCSC Group

Store Number

Sales  
NT\$billion



# Store Number & Market Share For 7-Eleven Taiwan



**Franchise store: 89.47%**

# Taiwan Main Subsidiaries

## Restaurant

### Starbucks Taiwan



Shareholding of PCSC: 30%  
Store No. : 222(08);223(09)

### Mister Donut Taiwan



Shareholding of PCSC: 50%  
Store No. : 46(08);42(09)

### Cold Stone Creamery Taiwan



Shareholding of PCSC: 100%  
Store No. : 13(08);20(09)

### Afternoon Tea Taiwan



Shareholding of PCSC: 51%  
Store No. : 2(08);10(09)

## Life Style

### MUJI



Shareholding of PCSC: 41%  
Store No. : 14(08);17(09)

### Hankyu Department Store



Shareholding of PCSC: 70%  
Store No. :1(09)

### TAKKYUBIN



Shareholding of PCSC: 70%

## Drug Store

### Cosmed Taiwan



Shareholding of PCSC: 100%  
Store No. : 289(08);303(09)

## Distribution

### Retail Support International



Shareholding of PCSC: 25%

### Uni-President Cold-Chain



Shareholding of PCSC: 60%

### Wisdom Distribution



Shareholding of PCSC: 100%

# Overseas Subsidiaries

## China Businesses

### CVS

**Shanghai 7-Eleven**



Shareholding of PCSC: 100%

Store No.: 13(09)

### Drugstore

**Shenzhen  
Cosmed**



Shareholding of PCSC: 65%

Store No.: 14(08);5(09)

### Supermarket / Hypermarket

**Shandong Uni-mart  
Supermarket**



Shareholding of PCSC: 55%

Store No.: 102(08);122(09)

**Sichuan Uni-mart  
Hypermarket**



Shareholding of PCSC: 100%

Store No.: 4(08);4(09)

### Restaurant

**Shanghai  
Starbucks**



Shareholding of PCSC: 30%

Store No.: 167(08);173(09)

**Cold Stone  
Creamery**



Shareholding of PCSC: 100%

Store No.: 34(08);39(09)

**Afternoon Tea  
Shanghai**



Shareholding of PCSC: 51%

Store No.: 2(08);3(09)

**Mister Donut  
Shanghai**



Shareholding of PCSC: 50%

Store No. : 8(09)

## Other Overseas Businesses

**Philippine  
7- Eleven**



Shareholding of PCSC: 56.59%

Store No.: 368(08);401(09)

**Vietnam Uni-mart  
Supermarket**



Shareholding of PCSC: 51%

Store No.: 2(08);1(09)

# Financial Review

# 2009Q1-Q3 & 2008 FY Parent Income Statement

Unit:\$NT'million

	<u>2009Q1-Q3</u>		<u>YOY</u>	<u>2008FY</u>		<u>YOY</u>
	<u>Amount</u>	<u>%</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>%</u>
Net sales	73,320	96.7%	-0.8%	98,437	96.3%	-0.5%
Other operating revenue	2,533	3.3%	-7.9%	3,754	3.7%	7.9%
Total operating revenue	75,853	100.0%	-1.1%	102,191	100.0%	-0.2%
Gross profit	24,550	32.4%	0.6%	32,735	32.0%	3.1%
Operating expenses	20,996	27.7%	-0.2%	(28,128)	-27.5%	4.6%
Operating income	3,554	4.7%	5.3%	4,607	4.5%	-5.1%
Net non-operating income	647	0.9%	29.2%	(225)	-0.2%	418.1%
Income before income taxes	4,201	5.5%	8.4%	4,382	4.3%	-8.9%
Income tax expense	(797)	-1.1%	-5.6%	(862)	-0.8%	-27.4%
<b>Net Income</b>	<b>\$3,405</b>	<b>4.5%</b>	<b>12.3%</b>	<b>\$3,520</b>	<b>3.4%</b>	<b>-2.8%</b>

Earnings per share	(pre-tax)	(after tax)	(pre-tax)	(after tax)
Net income (unit:\$NTD)	<u>4.04</u>	<u>3.28</u>	<u>4.79</u>	<u>3.85</u>



# 2009Q1-Q3 & 2008 FY

## Parent Balance Sheet

Unit:\$NT'million

	<u>2009Q1-Q3</u>		<u>2008FY</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Assets</b>				
<b>Total current assets</b>	16,291	33.9%	16,920	35.9%
<b>Total LT investments</b>	21,910	45.6%	19,848	42.1%
<b>Total fixed assets</b>	7,324	15.3%	7,804	16.6%
<b>Total intangible assets</b>	229	0.5%	273	0.6%
<b>Total other assets</b>	2,273	4.7%	2,286	4.9%
<b>Total assets</b>	<b>\$48,026</b>	<b>100.0%</b>	<b>\$47,131</b>	<b>100.0%</b>
<b>Liabilities and SE</b>				
<b>Liabilities</b>				
Total current liabilities	19,847	41.3%	19,243	40.8%
Total long-term liabilities	7,700	16.0%	9,100	19.3%
Total other Liabilities	2,320	4.8%	2,340	5.0%
<b>Total liabilities</b>	<b>29,867</b>	<b>62.2%</b>	<b>30,683</b>	<b>65.1%</b>
<b>Total shareholders' equity</b>	<b>18,160</b>	<b>37.8%</b>	<b>16,448</b>	<b>34.9%</b>
<b>Liabilities and shareholders' equity</b>	<b>\$48,026</b>	<b>100.0%</b>	<b>\$47,131</b>	<b>100.0%</b>

# 2009Q1-Q3 & 2008 FY

## Parent Statement of Cash Flow

Unit:\$NT'millio  
n

	<u>2009Q1-Q3</u>	<u>2008FY</u>
<b>Cash flows from operating activities</b>	3,953	5,483
<b>Cash flows from investing activities</b>	(3,161)	(4,057)
<b>Cash flows from financing activities</b>	(3,273)	(1,793)
<b>Net increase (decrease) in cash &amp; equivalents</b>	(2,481)	(367)
Cash and cash equivalents, beginning of year	<u>5,512</u>	<u>5,879</u>
Cash and cash equivalents, end of year	<u>3,031</u>	<u>5,512</u>

# 2009Q1-Q3 Actual CAPEX

❑ Taiwan 7-11 Operation	1.07 billion
❑ Long-term investments	2.25 billion

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<b>Total Expenditure</b>	<b>3.32 billion</b>
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## **China Business**

**NT\$ 0.97 billion**

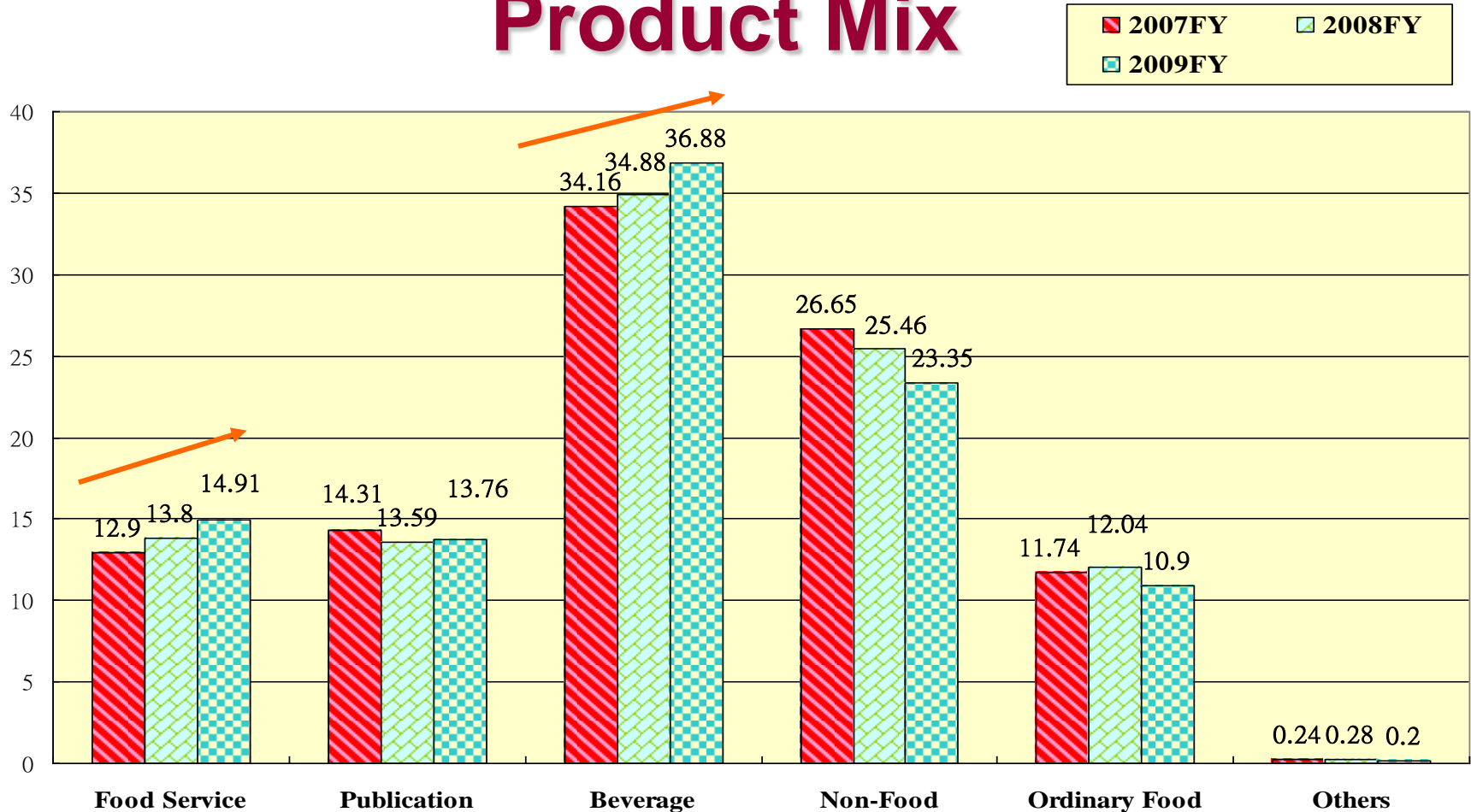
Shanghai 7-11, Shanghai Mister Donut,  
Wuhan Fresh Bakery, etc.

## **Taiwan Business**

**NT\$ 1.28 billion**

Hankyu Department Store, Rakuten, Afternoon Tea,  
Mister Donut, etc.

# Product Mix



■ **Food Service-** lunch box, desert, Japanese tempura, rice ball, bread, etc.

■ **Publication-** pre-order product, telephone commutation, news paper, etc.

■ **Beverage-** room temperature and cold drink, alcohol drink, Slurpee, City Cafe, etc.

■ **Non Food-** cigarette, daily necessity, etc.

■ **Ordinary Food-** instant noodle, candy, cookies, etc.

■ **Others-** product cannot be scanned

# Private Label Product-Fresh Food

- From breakfast to lunch and dinner, even the tea time and night snack, 7-Eleven provides customers with multiple choices.
- Chinese food, Japanese food, and American food, etc.

7-Eleven is your convenient neighbor

## Breakfast



## Lunch + Dinner



## Snack

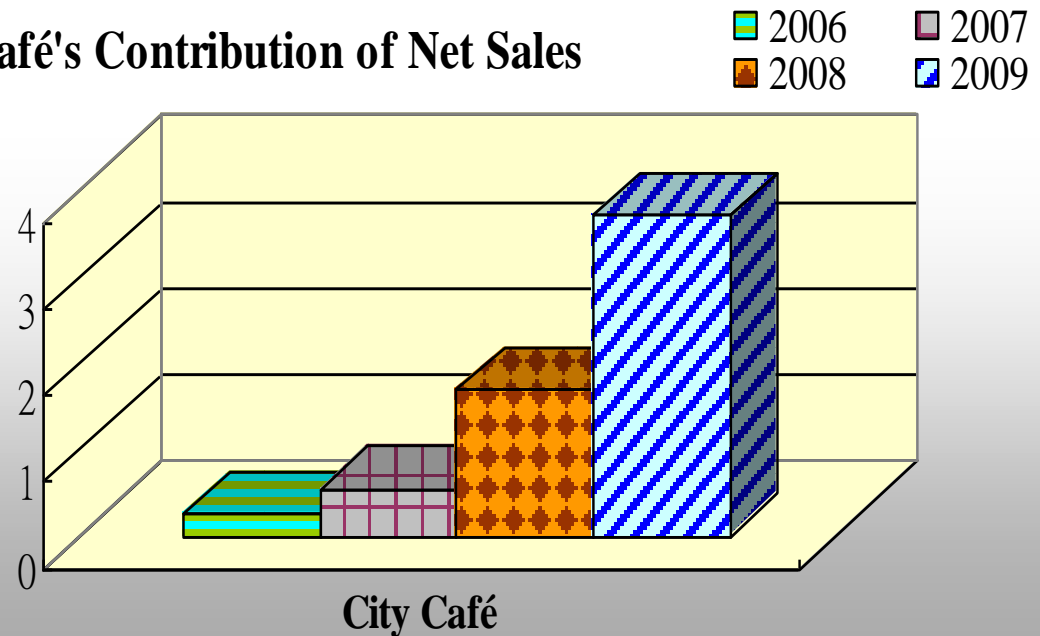


# Private Label Beverage- City Café

- City Café with reasonable price and high quality, provide convenient life to customers.
- By the end of 2009, we installed 3650 City Café machines.
- City Café is the biggest coffee chain in Taiwan market.



City Café's Contribution of Net Sales



# 2010 Outlook

# Strategies for 7-Eleven Operation

## Improve Store Performance

- New Store Format
- Store Relocation

## Adjust Product Mix

- Complete
- Differentiation
- Improve Gross Margin  
Private label product /  
exclusive product

## Innovative Service & Multiple Promotion activities

- I-bon Service
- Pre-order
- E-commerce
- Strategic alliances



# New Store Format and Relocation

- Bigger size store- complete product mix, provide more comfortable space.
- Food Store- provide breakfast, lunch, and dinner. Increase contribution of fresh food items.
- Store Relocation- improve performance and SSS.



# Product Mix Adjustment- Private Label Product



- Multiple product lines, include food products and daily necessities.
- Private Label products enjoy higher gross margin, provide differentiation and satisfy customers' every need.



Provide What Customers Need





# Innovative Service- ibon

- Ticketing Service Platform
  - Movie, Concert, Transportation, Hotel, Theme Park, etc.
- Document Printing and download Service
- Credit Card Point Redemption
- Bill Payment Service
- Online Game Point Deposit
- Digital Life



# Multiple promotion activities

- Provide high value-added gifts.
- Alliance with subsidiaries and other retailers.
- Aiming to increase SSS and provide differentiated consuming experience for customers.



# 2010 CAPEX Projection

☐ Taiwan 7-11 Operation	2.5 billion
☐ Long-term investment	1.5~2 billion
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<b>Total Expenditure</b>	<b>4~4.5 billion</b>

# ***Thank you!***



**IR website (Chinese version)**

<http://www.7-11.com.tw/pcsc/invest/investment.asp>

**IR website (English Version)**

<http://www.7-11.com.tw/en/Investor/investment.asp>