

# **President Chain Store Corp.**

**June, 2009**

# 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. Plaza (100%)
3. 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-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%)

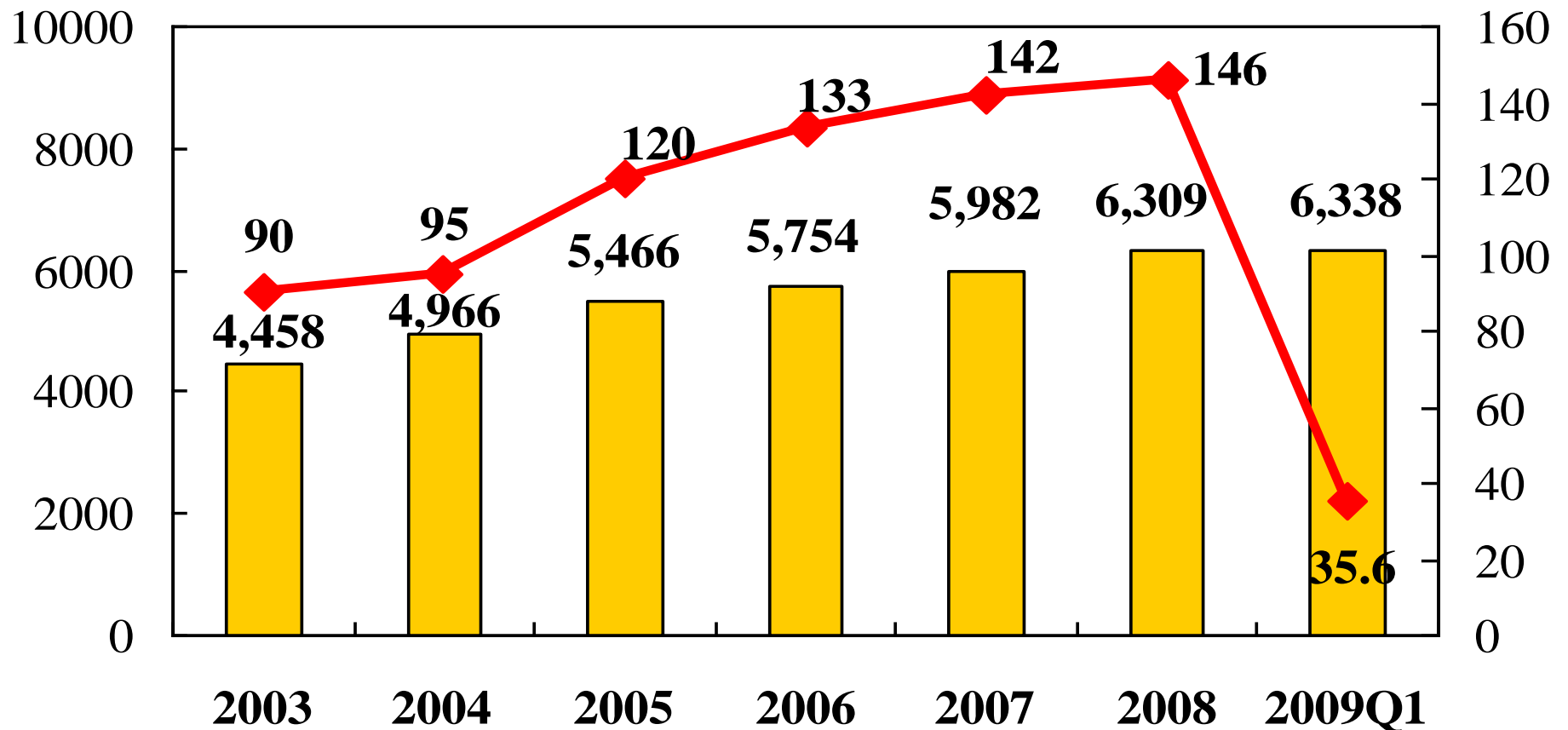
## Logistics

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

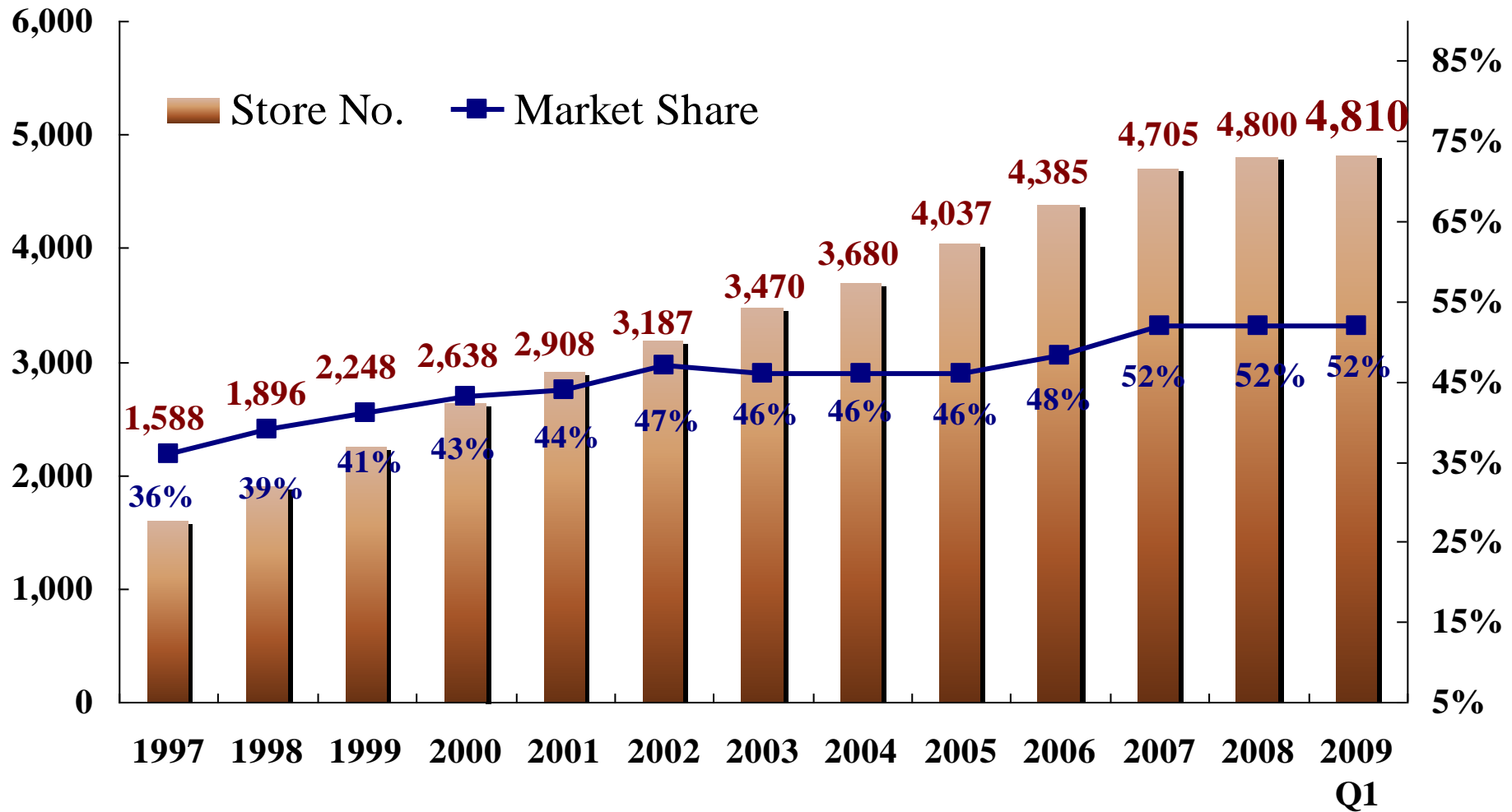
# Sales & Store Number of PCSC Group

Store Number

Sales  
NT\$billion



# Store Number & Market Share For 7-Eleven Taiwan



**Franchise store: 89.81%**

# Taiwan Main Subsidiaries

## Drugstore

### Cosmed Taiwan



Shareholding of PCSC: 100%  
Store No. : 289(08);293(09Q1)

## Life Style

### MUJI



Shareholding of PCSC: 41%  
Store No. : 14(08);14(09Q1)

### PLAZA



Shareholding of PCSC: 100%  
Store No. : 7(08);7(09Q1)

## Restaurant

### Starbucks Taiwan



Shareholding of PCSC: 30%  
Store No. : 222(08);224(09Q1)

### Mister Donut



Shareholding of PCSC: 50%  
Store No. : 46(08);45(09Q1)

### Cold Stone Creamery



Shareholding of PCSC: 100%  
Store No. : 13(08);13(09Q1)

## Distribution

### TAKKYUBIN



Shareholding of PCSC: 70%

## 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%

### Wisdom Distribution



Shareholding of PCSC: 100%

# Overseas Subsidiaries

## China Businesses

### CVS

#### Shanghai 7-Eleven



Shareholding of PCSC: 100%  
Store No.: 4(09'May)

### Drugstore

#### Shenzhen Cosmed



Shareholding of PCSC: 65%  
Store No.: 14(08);11(09Q1)

### Supermarket/ Hypermarket

#### Shandong Unimart Supermarket



Shareholding of PCSC: 55%  
Store No.: 102(08);112(09Q1)

#### Sichuan Unimart Hypermarket



Shareholding of PCSC: 100%  
Store No.: 4(08);4(09Q1)

### Restaurant

#### Shanghai Starbucks



Shareholding of PCSC: 30%  
Store No.: 167(08);167(09Q1)

#### Cold Stone Creamery



Shareholding of PCSC: 100%  
Store No.: 34(08);34(09Q1)

## Other Overseas Businesses

#### Philippine 7- Eleven



Shareholding of PCSC: 56.59%  
Store No.: 368(08);371(09Q1)

#### Canada T&T Supermarket



Shareholding of PCSC: 20%  
Store No.: 16(08);16(09Q1)

#### Vietnam Uni-mart Supermarket



Shareholding of PCSC: 51%  
Store No.: 2(08);2(09Q1)

# Financial Review

# 2008 FY & 2009Q1 Parent Income Statement

Unit:\$NT'million

|                            | <u>2009Q1</u> |             | <u>YOY</u>   | <u>2008</u>    |             | <u>YOY</u>   |
|----------------------------|---------------|-------------|--------------|----------------|-------------|--------------|
|                            | <u>Amount</u> | <u>%</u>    | <u>%</u>     | <u>Amount</u>  | <u>%</u>    | <u>%</u>     |
| Net sales                  | 23,337        | 96.7%       | -1.3%        | 98,437         | 96.3%       | -0.5%        |
| Other operating revenue    | 804           | 3.3%        | -5.0%        | 3,754          | 3.7%        | 7.9%         |
| Total operating revenue    | 24,141        | 100.0%      | -1.4%        | 102,191        | 100.0%      | -0.2%        |
| Gross profit               | 7,543         | 31.3%       | 0.8%         | 32,735         | 32.0%       | 3.1%         |
| Operating expenses         | (6,676)       | -27.7%      | 0.5%         | (28,128)       | -27.5%      | 4.6%         |
| Operating income           | 868           | 3.6%        | 3.1%         | 4,607          | 4.5%        | -5.1%        |
| Net non-operating income   | 154           | 0.6%        | -43.2%       | (225)          | -0.2%       | 418.1%       |
| Income before income taxes | 1,021         | 4.2%        | -8.2%        | 4,382          | 4.3%        | -8.9%        |
| Income tax expense         | (251)         | -1.0%       | -7.5%        | (862)          | -0.8%       | -27.4%       |
| <b>Net Income</b>          | <b>\$771</b>  | <b>3.2%</b> | <b>-8.4%</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>1.12</u> | <u>0.84</u> | <u>4.79</u> | <u>3.85</u> |



# 2008 FY & 2009Q1 Parent Balance Sheet

Unit:\$NT'million

|                                     | <u>2009Q1</u>   |             | <u>2008</u>     |             |
|-------------------------------------|-----------------|-------------|-----------------|-------------|
|                                     | <u>Amount</u>   | <u>%</u>    | <u>Amount</u>   | <u>%</u>    |
| <b>Assets</b>                       |                 |             |                 |             |
| Cash, equivalents & ST investment   | 10,928          | 24%         | 11,662          | 25%         |
| Receivable-net                      | 957             | 2%          | 1,010           | 2%          |
| Inventories                         | 2,837           | 6%          | 3,294           | 7%          |
| Other current assets                | 942             | 2%          | 954             | 2%          |
| <b>Total current assets</b>         | <b>15,664</b>   | <b>34%</b>  | <b>16,920</b>   | <b>36%</b>  |
| Available-for-sale financial assets | 556             | 1%          | 524             | 1%          |
| LT investments (Equity method)      | 8,647           | 18%         | 7,827           | 17%         |
| LT investments (Cost method)        | 11,492          | 25%         | 11,496          | 24%         |
| <b>Total LT investments</b>         | <b>20,696</b>   | <b>44%</b>  | <b>19,848</b>   | <b>42%</b>  |
| <b>Total fixed assets</b>           | <b>7,596</b>    | <b>16%</b>  | <b>7,804</b>    | <b>17%</b>  |
| <b>Total intangible assets</b>      | <b>259</b>      | <b>1%</b>   | <b>273</b>      | <b>1%</b>   |
| <b>Total other assets</b>           | <b>2,272</b>    | <b>5%</b>   | <b>2,286</b>    | <b>5%</b>   |
| <b>Total assets</b>                 | <b>\$46,487</b> | <b>100%</b> | <b>\$47,131</b> | <b>100%</b> |

# 2008 FY & 2009Q1 Parent Balance Sheet

Unit:\$NT'million

|   | <u>2009Q1</u>   |             | <u>2008</u>     |             |
|---|-----------------|-------------|-----------------|-------------|
| <b>Liabilities and SE</b>                   | <u>Amount</u>   | <u>%</u>    | <u>Amount</u>   | <u>%</u>    |
| <b>Liabilities</b>                          |                 |             |                 |             |
| Notes /Accounts Payable                     | 14,814          | 32%         | 15,714          | 33%         |
| Accrued expenses                            | 1,809           | 4%          | 1,805           | 4%          |
| Advance receipts                            | 1,486           | 3%          | 1,449           | 3%          |
| Income taxes payable                        | 525             | 1%          | 275             | 1%          |
| Current portion of long-term liabilities    | 0               | 0%          | 0               | 0%          |
| Others                                      | 0               | 0%          | 0               | 0%          |
| Total current liabilities                   | 18,634          | 40%         | 19,243          | 41%         |
| Total long-term liabilities                 | 8,200           | 18%         | 9,100           | 19%         |
| Total other Liabilities                     | 2,338           | 5%          | 2,340           | 5%          |
| <b>Total liabilities</b>                    | <b>29,172</b>   | <b>63%</b>  | <b>30,683</b>   | <b>65%</b>  |
| <b>Shareholders' equity</b>                 |                 |             |                 |             |
| Capital                                     | 9,152           | 20%         | 9,152           | 19%         |
| Retained earnings                           | 7,643           | 16%         | 6,873           | 15%         |
| Other adjustments                           | 520             | 1%          | 423             | 1%          |
| <b>Total shareholders' equity</b>           | <b>17,315</b>   | <b>37%</b>  | <b>16,448</b>   | <b>35%</b>  |
| <b>Liabilities and shareholders' equity</b> | <b>\$46,487</b> | <b>100%</b> | <b>\$47,131</b> | <b>100%</b> |

# 2008 FY & 2009Q1 Parent Statement of Cash Flow

Unit:\$NT'million

|   | <u>2009</u>    | <u>2008</u>    |
|---|----------------|----------------|
| <b>Cash flows from operating activities :</b>         | <b>3,837</b>   | <b>5,483</b>   |
| Net Income  | 771            | 3,520          |
| Adjusted: Depreciation & Amortization                 | 457            | 1,816          |
| Changes in assets and liabilities                     | 2,617          | (1,137)        |
| <b>Cash flows from investing activities :</b>         | <b>(1,260)</b> | <b>(4,057)</b> |
| Acquisition of long-term investments                  | (881)          | (2,216)        |
| Purchase of fixed asset                               | (411)          | (2,098)        |
| <b>Cash flows from financing activities :</b>         | <b>(900)</b>   | <b>(1,793)</b> |
| Increase in long-term loans                           | (900)          | 2,400          |
| Payment of cash dividend and employee bonus           | 0              | (3,222)        |
| Payback of corporate bond                             | 0              | (1,100)        |
| <b>Net increase (decrease) in cash and equivalent</b> | <b>1,676</b>   | <b>(366)</b>   |
| Cash and cash equivalents, beginning of year          | 5,512          | 5,879          |
| Cash and cash equivalents, end of year                | 7,188          | 5,512          |

# 2008 Actual CAPEX

|                          |                     |
|--------------------------|---------------------|
| ☐ Taiwan 7-11 Operation  | 2.10 billion        |
| ☐ Long-term investment   | 2.22 billion        |
| <hr/>                    |                     |
| <b>Total Expenditure</b> | <b>4.32 billion</b> |



## **Taiwan Business**

**NT\$ 1.83 billion**

Hankyu Department Store, Dream Mall, Rakuten,  
Cold Stone, Afternoon Tea, BOT etc.

## **China Business**

**NT\$ 0.39 billion**

Cold Stone, Cosmed

# 2009 Outlook

# 2009 Outlook for 7-Eleven Taiwan

## (1) Store Opening Plan

- Flexible adjustment, Profit priority

## (2) Gross Margin improvement



# Strategies for 7-Eleven Taiwan Operation

## Remain Dominant Position

- Improve stores' performance
- Adjust Store Format

## Adjust Product Mix

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

## Innovative Service

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

# 2009 CAPEX Projection

|  |                  |
|--|------------------|
| <input type="checkbox"/> Taiwan 7-11 Operation | 2 billion        |
| <input type="checkbox"/> Long-term investment  | 2 billion        |
| <b>Total Expenditure</b>                       | <b>4 billion</b> |

**New Store Opening**  
**Store Remodeling**  
**Others**

**NT\$ 0.7 billion**  
**NT\$ 0.4 billion**  
**NT\$ 0.9 billion**

**China Business**

**NT\$ 1 billion**

Shanghai 7-11, Mister Donut, Cosmed, Wuhan Bakery,  
Service company, etc.

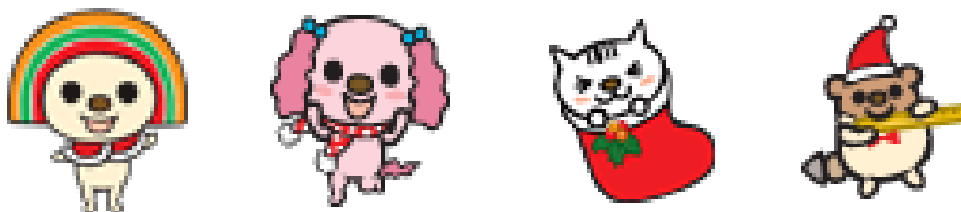
**Taiwan Business**

**NT\$ 1 billion**

Hankyu Department Store, Rakuten on-line shops, etc.



# ***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>