

President Chain Store Corp.

February, 2009

Business Scope

CVS

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

Drug Store

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

Department Store

- Hankyu Department Store (70%)

Life Style Business

1. Muji (41%)
2. Plaza (100%)

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%)

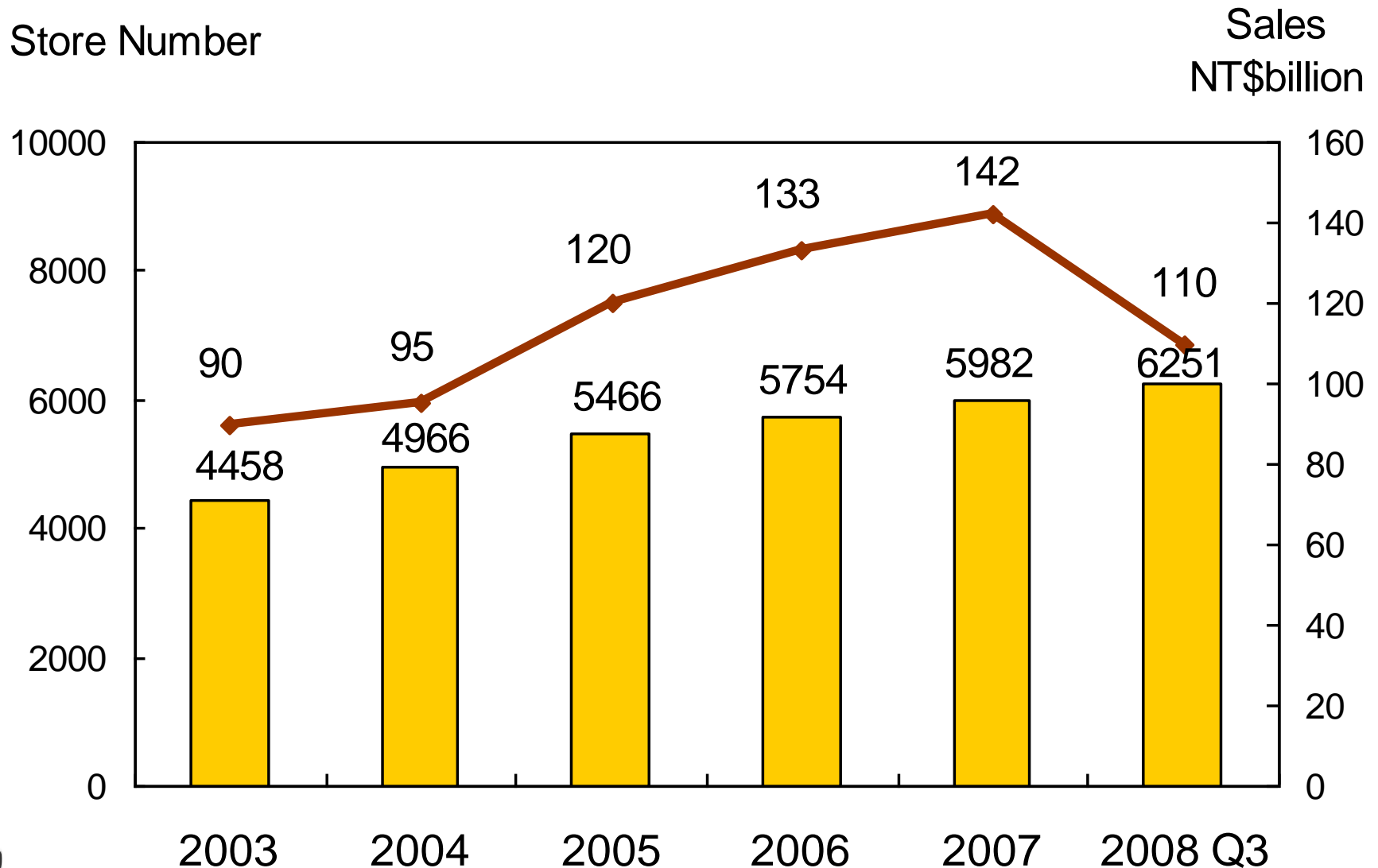
E-Commerce

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

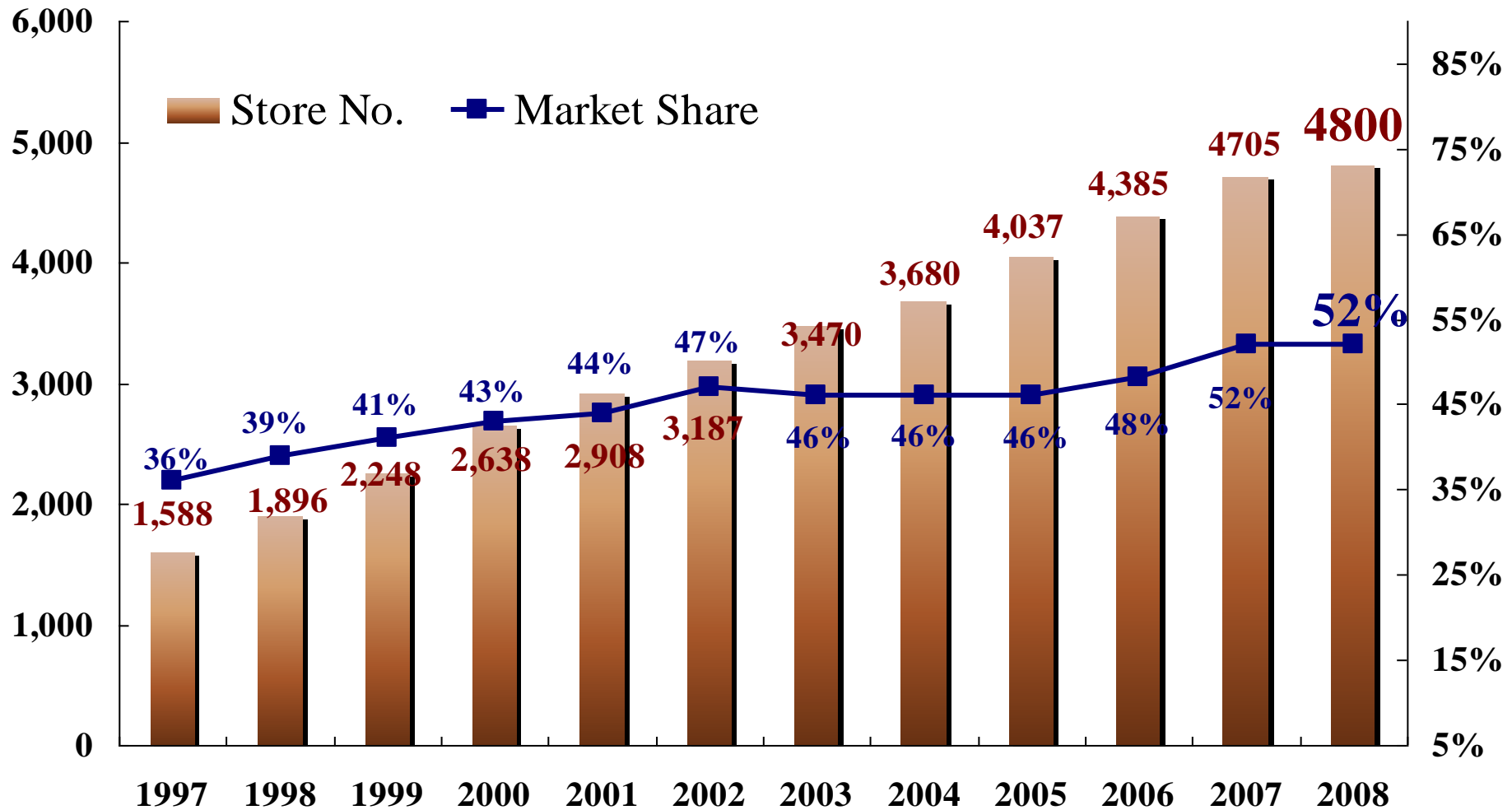
Distribution

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 & Market Share For 7-Eleven Taiwan



Franchise store: 89.67%

Taiwan Main Subsidiaries

Drugstore

Cosmed Taiwan



Shareholding of PCSC: 100%
Store No. : 257(07);289(08)

Life Style

MUJI



Shareholding of PCSC: 41%
Store No. : 11(07);14(08)

PLAZA



Shareholding of PCSC: 100%
Store No. : 2(07);7(08)

Restaurant

Starbucks Taiwan



Shareholding of PCSC: 30%
Store No. : 212(07);222(08)

Mister Donut



Shareholding of PCSC: 50%
Store No. : 37(07);46(08)

Cold Stone Creamery



Shareholding of PCSC: 100%
Store No. : 6(07);13(08)

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%

Distribution

TAKKYUBIN



Shareholding of PCSC: 70%

Overseas Subsidiaries

China Businesses

Drugstore

**Shenzhen
Cosmed**



Shareholding of PCSC: 65%
Store No.: 12(07) ; 14(08)

Supermarket/ Hypermarket

**Shandong Unimart
Supermarket**



Shareholding of PCSC: 55%
Store No.: 61(07);102(08)

**Sichuan Unimart
Hypermarket**



Shareholding of PCSC: 100%
Store No.: 3(07) ; 4(08)

Restaurant

**Shanghai
Starbucks**



Shareholding of PCSC: 30%
Store No.: 131(07);167(08)

**Cold Stone
Creamery**



Shareholding of PCSC: 100%
Store No.: 8(07);34(08)

Other Overseas Businesses

**Philippine
7- Eleven**



Shareholding of PCSC: 56.59%
Store No.: 311(07);368(08)

**Canada
T&T Supermarket**



Shareholding of PCSC: 20%
Store No.: 16(07);16(08)

**Vietnam Uni-mart
Supermarket**



Shareholding of PCSC: 51%
Store No.: 1(07);2(08)

Financial Review

2007 FY & 2008 Q3

Parent Income Statement

Unit:\$NT'million

	<u>2008 Q3</u>		<u>YOY</u>		<u>2007</u>		<u>YOY</u>
	<u>Amount</u>	<u>%</u>	<u>%</u>		<u>Amount</u>	<u>%</u>	<u>%</u>
Net sales	73,942	96.4%	-1.32%		98,885	96.6%	2.3%
Other operating revenue	2,752	3.6%	8.02%		3,479	3.4%	3.8%
Total operating revenue	76,694	100.0%	-1.02%		102,364	100.0%	2.4%
Gross profit	24,417	31.8%	3.39%		31,744	31.0%	5.0%
Operating expenses	(21,046)	-27.4%	3.83%		(26,890)	-26.3%	4.5%
Operating income	3,371	4.4%	0.76%		4,854	4.7%	7.5%
Net non-operating income	504	0.7%	-28.10%		-43	0.0%	-107.9%
Income before income taxes	3,875	5.1%	-4.24%		4,810	4.7%	-4.9%
Income tax expense	(844)	-1.1%	8.23%		(1,188)	-1.2%	-3.9%
Net Income	\$3,031	4.0%	-7.22%		\$3,622	3.5%	-5.2%

Earnings per share	(pre-tax)	(after tax)		(pre-tax)	(after tax)
Net income (unit:\$NTD)	<u>4.23</u>	<u>3.31</u>		<u>5.26</u>	<u>3.96</u>

Reasons for the Profit Decline in 2008 Q3

(1) Recognised 191m expense of Employee's bonus and director's remuneration

(2) Loss from New business

Hankyu department store, Marks & Spencer, Cold Stone Creamery, Plaza, Rakuten, Afternoon tea

2007 FY & 2008 Q3 Parent Balance Sheet

Unit:\$NT'million

	<u>2008 Q3</u>		<u>2007</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets				
Cash, equivalents & ST investment	12,581	26%	8,569	20%
Receivable-net	1,461	3%	758	2%
Inventories	2,842	6%	2,993	7%
Other current assets	978	2%	1,032	2%
Total current assets	17,862	37%	13,352	31%
Available-for-sale financial assets	530	1%	740	2%
LT investments (Equity method)	7,691	16%	6,728	16%
LT investments (Cost method)	12,019	25%	11,809	28%
Total LT investments	20,240	42%	19,277	45%
Total fixed assets	7,699	16%	7,645	18%
Total intangible assets	203	0%	0	18%
Total other assets	2,289	5%	2,274	5%
Total assets	\$48,293	100%	\$42,638	100%

2007 FY & 2008 Q3

Parent Balance Sheet

Unit:\$NT'million

	<u>2008 Q3</u>		<u>2007</u>	
Liabilities and SE	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Liabilities				
Notes /Accounts Payable	17,623	36%	12,504	29%
Accrued expenses	1,836	4%	2,270	5%
Advance receipts	1,341	3%	1,031	2%
Income taxes payable	253	1%	641	2%
Current portion of long-term liabilities	0	0%	1,100	3%
Others	0	0%	5	0%
Total current liabilities	21,053	44%	17,551	41%
Total long-term liabilities	9,100	19%	6,700	16%
Total other Liabilities	2,292	5%	2,132	5%
Total liabilities	32,445	67%	26,383	62%
Shareholders' equity				
Capital	9,152	19%	9,152	21%
Retained earnings	6,384	13%	6,575	15%
Other adjustments	312	1%	527	1%
Total shareholders' equity	15,847	33%	16,254	38%
Liabilities and shareholders' equity	\$48,293	100%	\$42,638	100%

2007 FY & 2008 Q3

Parent Statement of Cash Flow

Unit:\$NT'million

	2008 Q3	2007
Cash flows from operating activities :	6,608	6,085
Net Income	3,031	3,622
Adjusted: Depreciation & Amortization	1,341	1,805
Changes in assets and liabilities	1,859	(336)
Cash flows from investing activities :	(3,233)	(5,937)
Acquisition of long-term investments	(1,797)	(1,278)
Purchase of fixed asset	(1,738)	(2,447)
Increase of short-term investment	0	(2,555)
Cash flows from financing activities :	(1,561)	2,493
Increase in long-term loans	1,300	6,700
Payment of dividend and director's remuneration	(2,961)	(3,203)
Payback of corporate bond	0	(900)
Net increase (decrease) in cash and equivalents	1,814	2,640
Cash and cash equivalents, beginning of year	5,879	3,238
Cash and cash equivalents, end of year	7,693	5,879

2008 Q3 Actual CAPEX

☐ Taiwan 7-11 Operation	1.86 billion
☐ Long-term investment	1.80 billion
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Total Expenditure	3.66 billion

2009 Outlook

2009 Outlook for 7-Eleven Taiwan

(1)Store Opening Plan

➤ **Net increase 100 stores, YOY+2.08%**

(2)Gross Margin improvement

Strategies for 7-Eleven Operation

Remain Dominant Position

- Steady Store Opening Strategy
- New 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	1.5-2 billion
Total Expenditure	3.5-4 billion

New Store Opening
Store Remodeling
Others

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

China Business

NT\$ 0.5-1 billion

Cosmed, Wuhan Bakery, Afternoon Tea, Cold Stone, etc.

Taiwan Business

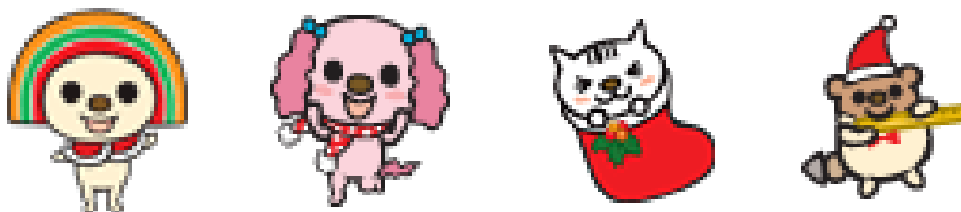
NT\$ 1 billion

Cold Stone, Plaza, Hankyu Department Store, Afternoon Tea, Pet Plus, Rakuten on-line shops, etc.

2009 Expansion plan for Subsidiaries

Company		Net Increase # of stores	Total # of stores
Cosmed	Taiwan	31	320
	China	3	17
Starbucks	Taiwan	11	233
	China	23	190
PLAZA		5	12
MUJI		2	16
Cold Stone	Taiwan	3	17
	China	9	43
Uni-mart	China-Shandong	48	150
	China-Sichuan	2	6
Mister Donut		-4	42
Afternoon Tea	Taiwan	5	7
	China	3	5
Pet Plus		2	4

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>