

**TECO Electric & Machinery Co., Ltd.**

5F, 19-9, San Chong Road, Nan-Kang, Taipei 115, Taiwan

Tel: (8862) 2655-3333 | Fax: (8862) 2655-2259 | <http://www.teco.com.tw>**TECO Announces 4Q 2018 Results**

Taipei, Taiwan, March 26 2019 - TECO Electric and Machinery Co., Ltd., a leading manufacturer and service provider of motors, home appliances and information technology, today announced its financial results for 4Q 2018.

Consolidated Basis

Unit: NT\$1,000

Item	Period 4Q 2018	vs. 4Q 2017 (+/-%)	vs. 3Q 2018 (+/-%)	2018	vs. 2017 (+/-%)
Operating Revenue	12,995,090	-2.1%	7.7%	50,104,927	-1.6%
Gross Profit, net	3,106,775	3.4%	10.0%	12,052,659	-1.2%
Operating Profit	851,078	1.7%	-3.8%	3,520,486	0.7%
Income Tax Expense	189,022	7.0%	12.3%	810,319	0.1%
Net Income ⁽¹⁾	689,399	11.9%	-16.0%	3,150,089	1.9%
EPS(NT\$)	0.35			1.59	

*(1) Excluding non-controlling interests.***Please find the details in the following pages.**

For the fourth quarter of 2018, net revenue totaled NT\$12,995 million and gross profit was NT\$3,107 million. Operating profit came in at NT\$851 million and net income was NT\$689 million. Earnings per share was reported as NT\$0.35.

Recurring operating revenue decreased by 1.9% as opposed to 4Q'17. Gross profit and operating profit increased by 3.4% and 1.7% respectively. Net income increased by 11.9%. (See table 1)

Table 1

	4Q ' 18		4Q ' 17		YoY %
(In NT\$1,000, except EPS)	Amount	%	Amount	%	
Operating Revenue	12,995,090	100.0%	13,275,213	100.0%	-2.1%
Recurring Operating Revenue	13,070,819	100.6%	13,317,867	100.3%	-1.9%
Available for sale financial assets	(75,729)	-0.6%	(42,654)	-0.3%	77.5%
Operating Costs	(9,888,920)	-76.1%	(10,270,250)	-77.4%	-3.7%
Gross Profit, net ⁽¹⁾	3,106,775	23.9%	3,004,596	22.6%	3.4%
Operating expenses	(2,255,697)	-17.4%	(2,167,850)	-16.3%	4.1%
Operating Profit	851,078	6.5%	836,746	6.3%	1.7%
Non-operating Income (Expense)	110,423	0.8%	87,408	0.7%	26.3%
Other Income	246,029	1.9%	247,843	1.9%	-0.7%
Other Gains and Losses	(74,480)	-0.6%	(206,288)	-1.6%	-63.9%
Financial Costs	(58,162)	-0.4%	(58,591)	-0.4%	-0.7%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	(2,964)	0.0%	104,444	0.8%	-102.8%
Income before Tax	961,501	7.4%	924,154	7.0%	4.0%
Income Tax Expense	(189,022)	-1.5%	(176,717)	-1.3%	7.0%
Net Income ⁽²⁾	689,399	5.3%	615,942	4.6%	11.9%
EPS	0.35		0.31		

Note:

(1) Unrealized / realized gain on inter-affiliate accounts included.

(2) Excluding non-controlling interests.

Recurring operating revenue for 4Q'18 increased 8.4% over 3Q'18. Gross profit increased by 10.0% while operating profit decreased by 3.8%. Net income decreased by 16.0%. The main reason results in decreasing non-operating Income was mainly due to the recognition of dividend income in 3Q18.

Table 2

	4Q ' 18		3Q ' 18		YoY %
(In NT\$1,000, except EPS)	Amount	%	Amount	%	
Operating Revenue	12,995,090	100.0%	12,064,362	100.0%	7.7%
Recurring Operating Revenue	13,070,819	100.6%	12,061,346	100.0%	8.4%
Available for sale financial assets	(75,729)	-0.6%	3,016	0.0%	-2610.9%
Operating Costs	(9,888,920)	-76.1%	(9,240,125)	-76.6%	7.0%
Gross Profit, net ⁽¹⁾	3,106,775	23.9%	2,823,832	23.4%	10.0%
Operating expenses	(2,255,697)	-17.4%	(1,939,246)	-16.1%	16.3%
Operating Profit	851,078	6.5%	884,586	7.3%	-3.8%
Non-operating Income (Expense)	110,423	0.8%	187,969	1.6%	-41.3%
Other Income	246,029	1.9%	339,145	2.8%	-27.5%
Other Gains and Losses	(74,480)	-0.6%	(171,518)	-1.4%	-56.6%
Financial Costs	(58,162)	-0.4%	(50,498)	-0.4%	15.2%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	(2,964)	0.0%	70,840	0.6%	-104.2%
Income before Tax	961,501	7.4%	1,072,555	8.9%	-10.4%
Income Tax Expense	(189,022)	-1.5%	(168,355)	-1.4%	12.3%
Net Income ⁽²⁾	689,399	5.3%	820,436	6.8%	-16.0%
EPS	0.35		0.41		

Note:

(1) Unrealized / realized gain on inter-affiliate accounts included.

(2) Excluding non-controlling interests.

In 2018, operating revenue totaled NT\$50,105 million and gross profit was NT\$12,053 million. Operating profit came in at NT\$3,520 million and net income was NT\$3,150 million. Earnings per share was reported as NT\$1.59.

Recurring operating revenue decreased by 1.3% as opposed to 2017. Gross profit decreased by 1.2% and operating profit increased by 0.7%. Net income increased by 1.9%. (See table 3)

Table 3

	12 ' 18		12M ' 17		YoY %
(In NT\$1,000, except EPS)	Amount	%	Amount	%	
Operating Revenue	50,104,927	100.0%	50,942,521	100.0%	-1.6%
Recurring Operating Revenue	50,155,993	100.1%	50,815,545	99.7%	-1.3%
Available for sale financial assets	(51,066)	-0.1%	126,976	0.3%	-140.2%
Operating Costs	(38,052,253)	-75.9%	(38,743,733)	-73.7%	-1.8%
Gross Profit, net ⁽¹⁾	12,052,659	24.1%	12,196,268	26.3%	-1.2%
Operating expenses	(8,532,173)	-17.0%	(8,700,068)	-17.9%	-1.9%
Operating Profit	3,520,486	7.0%	3,496,200	8.4%	0.7%
Non-operating Income (Expense)	765,802	1.5%	857,704	1.5%	-10.7%
Other Income	1,264,083	2.5%	1,506,936	2.3%	-16.1%
Other Gains and Losses	(389,884)	-0.8%	(628,521)	-0.1%	-38.0%
Financial Costs	(222,540)	-0.4%	(254,638)	-0.6%	-12.6%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	114,143	0.2%	233,927	-0.2%	-51.2%
Income before Tax	4,286,288	8.6%	4,353,904	9.9%	-1.6%
Income Tax Expense	(810,319)	-1.6%	(809,656)	-1.8%	0.1%
Net Income ⁽²⁾	3,150,089	6.3%	3,092,358	7.0%	1.9%
EPS	1.59		1.56		

Note:

(1) Unrealized / realized gain on inter-affiliate accounts included.

(2) Excluding non-controlling interests.

Table 4

(In NT\$1,000)	Dec. 31, 2018	Sep. 30, 2018	Dec. 31, 2017
Cash & Cash Equivalents	17,535,566	17,764,515	14,129,330
Receivables	10,841,917	12,326,673	12,479,097
Inventories	11,429,685	11,890,120	11,336,492
Other Current Assets	3,953,203	3,372,110	6,317,849
Total Current Assets	43,760,371	45,353,418	44,262,768
Financial Assets			
Net gain on financial assets at fair value through profit or loss -Non Current	2,140,203	1,977,271	-
Net gain on financial assets at fair value through other comprehensive income -Non Current	11,354,525	11,098,998	-
Available for sale - Non Current	-	-	12,925,119
Long-Term Investments			
Under Equity Method	4,207,360	4,104,711	4,022,455
Other Non-Current Assets	30,518,827	30,320,090	30,806,615
Total Non-Current Assets	48,220,915	47,501,070	47,754,189
Total Assets	91,981,286	92,854,488	92,016,957
Current Liabilities	18,141,380	18,519,205	18,742,356
Bonds Payable	4,000,000	4,000,000	4,000,000
Long-Term Borrowings	6,746,354	8,097,628	6,466,239
Other Non-Current Liabilities	4,602,637	4,515,572	4,934,225
Total Non-Current Liabilities	15,348,991	16,613,200	15,400,464
Total Liabilities	33,490,371	35,132,405	34,142,820
Total Shareholders' Equity ⁽¹⁾	58,490,915	57,722,083	57,874,137

(1) Including non-controlling interests.

About TECO Electric & Machinery Co., Ltd.

TECO Electric & Machinery Co., Ltd. (TSE 1504) was founded in 1956 and has since been well known as one of world's leading motor-manufacturers. For 60 years and running, TECO has now engaged in various business sectors ranging from Industrial Products, Home Appliances, Mechanical and Electrical Construction, Key Components Manufacturing and Information Technology. Teco's consolidated revenue was NT\$50.1 Billion for the 2018 fiscal year. More information is available at <http://www.teco.com.tw>

Investor Relations Contact

Nina Liu
Investor Relations Specialist
Phone : 886-2-2655-3333 Ext. 3302
Fax : 886-2-2655-2291
Email : ninaliu@teco.com.tw

PR Contact

Lily Chiang
PR Manager
Phone : 886-2-2655-3333 Ext. 3579
Fax : 886-2-2655-2291
Email : lily.chiang@teco.com.tw