



TECO Electric & Machinery Co., Ltd.

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TECO Announces 2Q 2016 Results

Taipei, Taiwan, August 14 2016 - 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 2Q 2016.

Consolidated Basis

Unit: NT\$1,000

Item	Period 2Q 2016	vs. 2Q 2015 (+/-%)	vs. 1Q 2016 (+/-%)	1H 2016	vs. 1H 2015 (+/-%)
Operating Revenue	12,814,079	5.4%	9.7%	24,492,501	2.6%
Gross Profit, net	3,453,698	12.6%	8.9%	6,624,249	8.2%
Operating Profit	1,186,115	31.4%	14.8%	2,219,481	17.5%
Income Tax Expense	264,002	-8.1%	-2.6%	534,983	-6.9%
Net Income ⁽¹⁾	1,034,839	13.3%	51.5%	1,717,875	4.1%
EPS(NT\$)	0.52			0.87	

(1) Excluding non-controlling interests.

Please find the details in the following pages.

For the second quarter of 2016, net revenue totaled NT\$12,814 million and gross profit was NT\$3,454 million. Operating profit came in at NT\$1,186 million and net income was NT\$1,035 million. Earnings per share was reported as NT\$0.52.

Recurring operating revenue increased by 5.2% as opposed to 2Q'15. Gross profit and operating profit increased by 12.6% and 31.4% respectively. Net income increased by 13.3%. The decrease in non-operating income was mainly due to the decrease in "Other non-operating income" in 2Q16. (See table 1)

Table 1

(In NT\$1,000, except EPS)	2Q ' 16 ⁽³⁾		2Q ' 15 ⁽³⁾		YoY %
	Amount	%	Amount	%	
Operating Revenue	12,814,079	100.0%	12,159,518	100.0%	5.4%
Recurring Operating Revenue	12,789,692	99.8%	12,153,929	100.0%	5.2%
Gain on Sales of Financial Assets	24,387	0.2%	5,589	0.0%	336.3%
Operating Costs	(9,359,985)	-73.0%	(9,090,698)	-74.8%	3.0%
Gross Profit, net ⁽¹⁾	3,453,698	27.0%	3,067,055	25.2%	12.6%
Operating expenses	(2,267,583)	-17.7%	(2,164,183)	-17.8%	4.8%
Operating Profit	1,186,115	9.3%	902,872	7.4%	31.4%
Non-operating Income (Expense)	263,037	2.1%	377,554	3.1%	-30.3%
Other Income	288,864	2.3%	401,031	3.3%	-28.0%
Other Gains and Losses	(44,494)	-0.3%	(25,533)	-0.2%	74.3%
Financial Costs	(65,806)	-0.5%	(46,475)	-0.4%	41.6%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	84,473	0.7%	48,531	0.4%	74.1%
Income before Tax	1,449,152	11.3%	1,280,426	10.5%	13.2%
Income Tax Expense	(264,002)	-2.1%	(287,378)	-2.4%	-8.1%
Net Income ⁽²⁾	1,034,839	8.1%	912,961	7.5%	13.3%
EPS	0.52		0.46		

Note:

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

(2) Excluding non-controlling interests.

(3) Comply with IFRS.

Recurring operating revenue for 2Q'16 increased 10.7% over 1Q'16. Gross profit increased by 8.9% while operating profit increased by 14.8%. Net income increased by 51.5%. The main reason results in increasing Non-operating Income is the dividend income and investments accounted for under the equity method in 2Q16.

Table 2

(In NT\$1,000, except EPS)	2Q ' 16 ⁽³⁾		1Q ' 16 ⁽³⁾		YoY %
	Amount	%		%	
Operating Revenue	12,814,079	100.0%	11,678,422	100.0%	9.7%
Recurring Operating Revenue	12,789,692	99.8%	11,555,122	98.9%	10.7%
Gain on Sales of Financial Assets	24,387	0.2%	123,300	1.1%	-80.2%
Operating Costs	(9,359,985)	-73.0%	(8,507,576)	-72.8%	10.0%
Gross Profit, net ⁽¹⁾	3,453,698	27.0%	3,170,551	27.1%	8.9%
Operating expenses	(2,267,583)	-17.7%	(2,137,185)	-18.3%	6.1%
Operating Profit	1,186,115	9.3%	1,033,366	8.8%	14.8%
Non-operating Income (Expense)	263,037	2.1%	28,390	0.2%	826.5%
Other Income	288,864	2.3%	181,749	1.6%	58.9%
Other Gains and Losses	(44,494)	-0.3%	(3,251)	0.0%	1268.6%
Financial Costs	(65,806)	-0.5%	(97,501)	-0.8%	-32.5%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	84,473	0.7%	(52,607)	-0.5%	-
Income before Tax	1,449,152	11.3%	1,061,756	9.1%	36.5%
Income Tax Expense	(264,002)	-2.1%	(270,981)	-2.3%	-2.6%
Net Income ⁽²⁾	1,034,839	8.1%	683,036	5.8%	51.5%
EPS	0.52		0.34		

Note:

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

(2) Excluding non-controlling interests.

(3) Comply with IFRS.

For the first half of 2016, operating revenue totaled NT\$24,493 million and gross profit was NT\$6,624 million. Operating profit came in at NT\$2,219 million and net income was NT\$1,718 million. Earnings per share was reported as NT\$0.87.

Recurring operating revenue decreased by 2.4% as opposed to 1H'15. Gross profit and operating profit increased by 8.2% and 17.5% respectively. Net income decreased by 4.1%. The decrease in non-operating income was mainly due to the increase in Finance costs. (See table 3)

Table 3

(In NT\$1,000, except EPS)	1H ' 16 ⁽³⁾		1H ' 15 ⁽³⁾		YoY %
	Amount	%	Amount	%	
Operating Revenue	24,492,501	100.0%	23,875,832	100.0%	2.6%
Recurring Operating Revenue	24,344,814	99.4%	23,765,394	99.5%	2.4%
Gain on Sales of Financial Assets	147,687	0.6%	110,438	0.5%	33.7%
Operating Costs	(17,867,561)	-73.0%	(17,755,993)	-74.4%	0.6%
Gross Profit, net ⁽¹⁾	6,624,249	27.0%	6,124,116	25.6%	8.2%
Operating expenses	(4,404,768)	-18.0%	(4,234,561)	-17.7%	4.0%
Operating Profit	2,219,481	9.1%	1,889,555	7.9%	17.5%
Non-operating Income (Expense)	291,427	1.2%	499,818	2.1%	-41.7%
Other Income	470,613	1.9%	583,533	2.4%	-19.4%
Other Gains and Losses	(47,745)	-0.2%	(84,873)	-0.4%	-
Financial Costs	(163,307)	-0.7%	(94,184)	-0.4%	73.4%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	31,866	0.1%	95,342	0.4%	-66.6%
Income before Tax	2,510,908	10.3%	2,389,373	10.0%	5.1%
Income Tax Expense	(534,983)	-2.2%	(574,762)	-2.4%	-6.9%
Net Income ⁽²⁾	1,717,875	7.0%	1,650,067	6.9%	4.1%
EPS	0.87		0.83		

Table 4

(In NT\$1,000)	June 30, 2016	Mar 31, 2016	June 30, 2015
Cash & Cash Equivalents	14,247,729	13,818,921	15,435,742
Receivables	13,278,367	12,317,743	12,077,787
Inventories	11,390,489	11,672,242	11,364,491
Other Current Assets	5,414,913	5,322,467	3,267,607
Total Current Assets	44,331,498	43,131,373	42,145,627
Financial Assets			
Available for sale - Non Current	11,874,840	12,023,030	12,711,851
Long-Term Investments			
Under Equity Method	3,943,514	3,951,407	5,233,135
Other Non-Current Assets	31,211,384	31,585,377	19,673,485
Total Non-Current Assets	47,029,738	47,559,814	37,618,471
Total Assets	91,361,236	90,691,187	79,764,098
Current Liabilities	23,584,384	22,693,357	20,122,931
Bonds Payable	3,000,000	3,000,000	3,000,000
Long-Term Borrowings	5,348,233	4,560,146	1,385,135
Other Non-Current Liabilities	5,114,877	5,042,701	4,251,683
Total Non-Current Liabilities	13,463,110	12,602,847	8,636,818
Total Liabilities	37,047,494	35,296,204	28,759,749
Total Shareholders' Equity ⁽¹⁾	54,313,742	55,394,983	51,004,349

(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\$48.6 Billion for the 2015 fiscal year. More information is available at <http://www.teco.com.tw>

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