



TECO Electric & Machinery Co., Ltd.

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TECO Announces 3Q 2014 Results

Taipei, Taiwan, November 14th 2014 - 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 3Q 2014.

Consolidated Basis

Unit: NT\$1,000

(1) Excluding non-controlling interests.

Item	Period					
	3Q 2014	vs. 2Q 2013 (+/-%)	vs. 1Q 2014 (+/-%)	9M 2014	vs. 9M 2013 (+/-%)	
Operating Revenue	13,449,780	-7.6%	-5.5%	41,224,290	-3.8%	
Gross Profit, net	3,395,973	-1.4%	-5.4%	10,275,151	1.8%	
Operating Profit	1,085,375	-6.4%	-19.7%	3,616,954	1.3%	
Income Tax Expense	293,360	38.1%	-32.7%	1,101,775	12.1%	
Net Income	1,034,208	-0.4%	-29.7%	3,365,612	16.2%	
EPS(NT\$)	0.53			1.71		

Please find the details in the following pages.

For the third quarter of 2014, net revenue totaled NT\$13,449 million and gross profit was NT\$3,396 million. Operating profit came in at NT\$1,085 million and net income was NT\$1,034 million. Earnings per share was reported as NT\$0.53.

Recurring operating revenue decreased by 7.1% as opposed to 3Q'13. Gross profit and operating profit decreased by 1.4% and 6.4% respectively. Net income decreased by 0.4%. The increase in non-operating income was mainly due to the increase in gain on associates and joint ventures accounted for using equity method and dividend income in 3Q14.

(See table 1)

Table 1

(In NT\$1,000, except EPS)	3Q ' 14		3Q ' 13		YoY %
	Amount	%	Amount	%	
Operating Revenue	13,449,780	100.0%	14,562,674	100.0%	-7.6%
Recurring Operating Revenue	13,553,532	100.8%	14,592,617	100.2%	-7.1%
Gain on Sales of Financial Assets	(103,752)	-0.8%	(29,943)	-0.2%	246.5%
Operating Costs	(10,053,284)	-74.7%	(11,115,111)	-76.3%	-9.6%
Gross Profit, net ⁽¹⁾	3,395,973	25.2%	3,445,319	23.7%	-1.4%
Operating expenses	(2,310,598)	-17.2%	(2,285,595)	-15.7%	1.1%
Operating Profit	1,085,375	8.1%	1,159,724	8.0%	-6.4%
Non-operating Income (Expense)	334,154	2.5%	191,394	1.3%	74.6%
Other Income	415,262	3.1%	303,172	2.1%	37.0%
Other Gains and Losses	(128,749)	-1.0%	(101,147)	-0.7%	27.3%
Financial Costs	(58,543)	-0.4%	(65,386)	-0.4%	-10.5%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	106,184	0.8%	54,755	0.4%	93.9%
Income before Tax	1,419,529	10.6%	1,351,118	9.3%	5.1%
Income Tax Expense	(293,360)	-2.2%	(212,501)	-1.5%	38.1%
Net Income ⁽²⁾	1,034,208	7.7%	1,038,580	7.1%	-0.4%
EPS	0.53		0.56		

Note:

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

(2) Excluding non-controlling interests.

Recurring operating revenue for 3Q'14 decreased 4.3% over 2Q'14. Gross profit decreased by 5.4% while operating profit decreased by 19.7%. Net income decreased by 29.7%. The decrease in non-operating income was mainly due to the decrease in gain on disposal of property, plant and equipment in 3Q14. (See table 2)

Table 2

(In NT\$1,000, except EPS)	3Q ' 14		2Q ' 14		YoY %
	Amount	%	Amount	%	
Operating Revenue	13,449,780	100.0%	14,236,090	100.0%	-5.5%
Recurring Operating Revenue	13,553,532	100.8%	14,160,820	99.5%	-4.3%
Gain on Sales of Financial Assets	(103,752)	-0.8%	75,270	0.5%	-
Operating Costs	(10,053,284)	-74.7%	(10,645,965)	-74.8%	-5.6%
Gross Profit, net ⁽¹⁾	3,395,973	25.2%	3,590,988	25.2%	-5.4%
Operating expenses	(2,310,598)	-17.2%	(2,239,807)	-15.7%	3.2%
Operating Profit	1,085,375	8.1%	1,351,181	9.5%	-19.7%
Non-operating Income (Expense)	334,154	2.5%	652,620	4.6%	-48.8%
Other Income	415,262	3.1%	239,237	1.7%	73.6%
Other Gains and Losses	(128,749)	-1.0%	417,036	2.9%	-
Financial Costs	(58,543)	-0.4%	(59,012)	-0.4%	-0.8%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	106,184	0.8%	55,359	0.4%	91.8%
Income before Tax	1,419,529	10.6%	2,003,801	14.1%	-29.2%
Income Tax Expense	(293,360)	-3.1%	(435,920)	-3.1%	-32.7%
Net Income ⁽²⁾	1,034,208	10.3%	1,470,149	10.3%	-29.7%
EPS	0.53		0.74		

Note:

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

(2) Excluding non-controlling interests.

For the first nine months of 2014, operating revenue totaled NT\$41,224 million and gross profit was NT\$10,275 million. Operating profit came in at NT\$3,616 million and net income was NT\$3,365 million. Earnings per share was reported as NT\$1.71.

Recurring operating revenue decreased by 3.7% as opposed to 9M'13. Gross profit and operating profit increased by 1.8% and 1.3% respectively. Net income increased by 16.2%. The increase in non-operating income was mainly due to the increase in gain on disposal of property, plant and equipment in 2Q14. (See table 3)

Table 3

(In NT\$1,000, except EPS)	9M ' 14		9M ' 13		YoY %
	Amount	%	Amount	%	
Operating Revenue	41,224,290	100.0%	42,851,076	100.0%	-3.8%
Recurring Operating Revenue	41,177,159	99.9%	42,768,528	99.8%	-3.7%
Gain on Sales of Financial Assets	67,131	0.2%	82,548	0.2%	-18.7%
Operating Costs	(30,950,101)	-75.1%	(32,762,396)	-76.5%	-5.5%
Gross Profit, net ⁽¹⁾	10,275,151	24.9%	10,089,332	23.5%	1.8%
Operating expenses	(6,658,197)	-16.2%	(6,517,048)	-15.2%	2.2%
Operating Profit	3,616,954	8.8%	3,572,284	8.3%	1.3%
Non-operating Income (Expense)	1,130,015	2.7%	576,065	1.3%	96.2%
Other Income	766,385	1.9%	588,254	1.4%	30.3%
Other Gains and Losses	293,356	0.7%	60,452	0.1%	385.3%
Financial Costs	(179,596)	-0.4%	(191,161)	-0.4%	-6.0%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	249,870	0.6%	118,520	0.3%	110.8%
Income before Tax	4,746,969	11.5%	4,148,349	9.7%	14.4%
Income Tax Expense	(1,101,775)	-2.7%	(982,560)	-2.4%	12.1%
Net Income ⁽²⁾	3,365,612	8.2%	2,897,475	6.8%	16.2%
EPS	1.71		1.57		

Note:

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

(2) Excluding non-controlling interests.

Table 4

(In NT\$1,000)	Sep 30, 2014	June 30, 2014	Sep 30, 2013
Cash & Cash Equivalents	15,844,900	15,434,733	14,356,932
Receivables	12,124,000	14,239,346	12,325,370
Inventories	11,490,739	11,092,168	11,334,128
Other Current Assets	3,078,065	3,237,871	2,681,375
Total Current Assets	42,537,704	44,004,118	40,697,805
Financial Assets			
Available for sale - Non Current	12,359,618	12,866,672	10,635,308
Long-Term Investments			
Under Equity Method	5,147,037	5,069,704	4,751,457
Other Non-Current Assets	19,818,601	19,678,767	19,894,395
Total Non-Current Assets	37,325,256	37,615,143	35,281,160
Total Assets	79,862,960	81,619,261	75,978,965
Current Liabilities	19,298,029	22,681,525	19,457,202
Bonds Payable	1,480,200	1,443,300	2,034,378
Long-Term Borrowings	4,667,520	4,127,692	5,899,813
Other Non-Current Liabilities	4,408,096	4,239,982	4,697,411
Total Non-Current Liabilities	10,555,816	9,810,974	12,631,602
Total Liabilities	29,853,845	32,492,499	32,088,804
Total Shareholders' Equity ⁽¹⁾	50,009,115	49,126,762	43,890,161

(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 50 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\$56.6 Billion for the 2013 fiscal year. More information is available at <http://www.teco.com.tw>

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