

# TECO Electric & Machinery Co., Ltd.



**TECO**

# Safe Harbor Statement

- ❑ This Presentation contains certain forward-looking statements that are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.
- ❑ Except as required by law, we undertake no obligation to update any forward – looking statements, whether as a result of new information, future events or otherwise.

# Agenda

**I. 1Q20 Financial Results**

II. Recap of Recent Major Events

# Statements of Comprehensive Income – 1Q20

(In NT Millions)	1Q20	4Q19	QoQ	1Q19	YoY
Operating Revenue	10,665	12,059	-11.6%	11,707	-8.9%
- Recurring Operating Revenue	10,584	12,032	-12.0%	11,619	-8.9%
- Gain(Loss) on financial assets at fair value through profit or loss	81	27	200.0%	88	-8.0%
Net Gross Profit	2,647	2,485	6.5%	2,905	-8.9%
Operating Profit	809	660	22.6%	926	-12.6%
Non-operating Income	(171)	165	-203.6%	43	-497.7%
Income Before Tax	638	825	-22.7%	969	-34.2%
Income Tax	(99)	(168)	-41.1%	(263)	-62.4%
Net Income **	447	635	-29.6%	635	-29.6%
EPS(NT\$)	0.23	0.32	-28.1%	0.32	-28.1%

\* Excluding non-controlling interest

# Financial Highlights – 1Q20

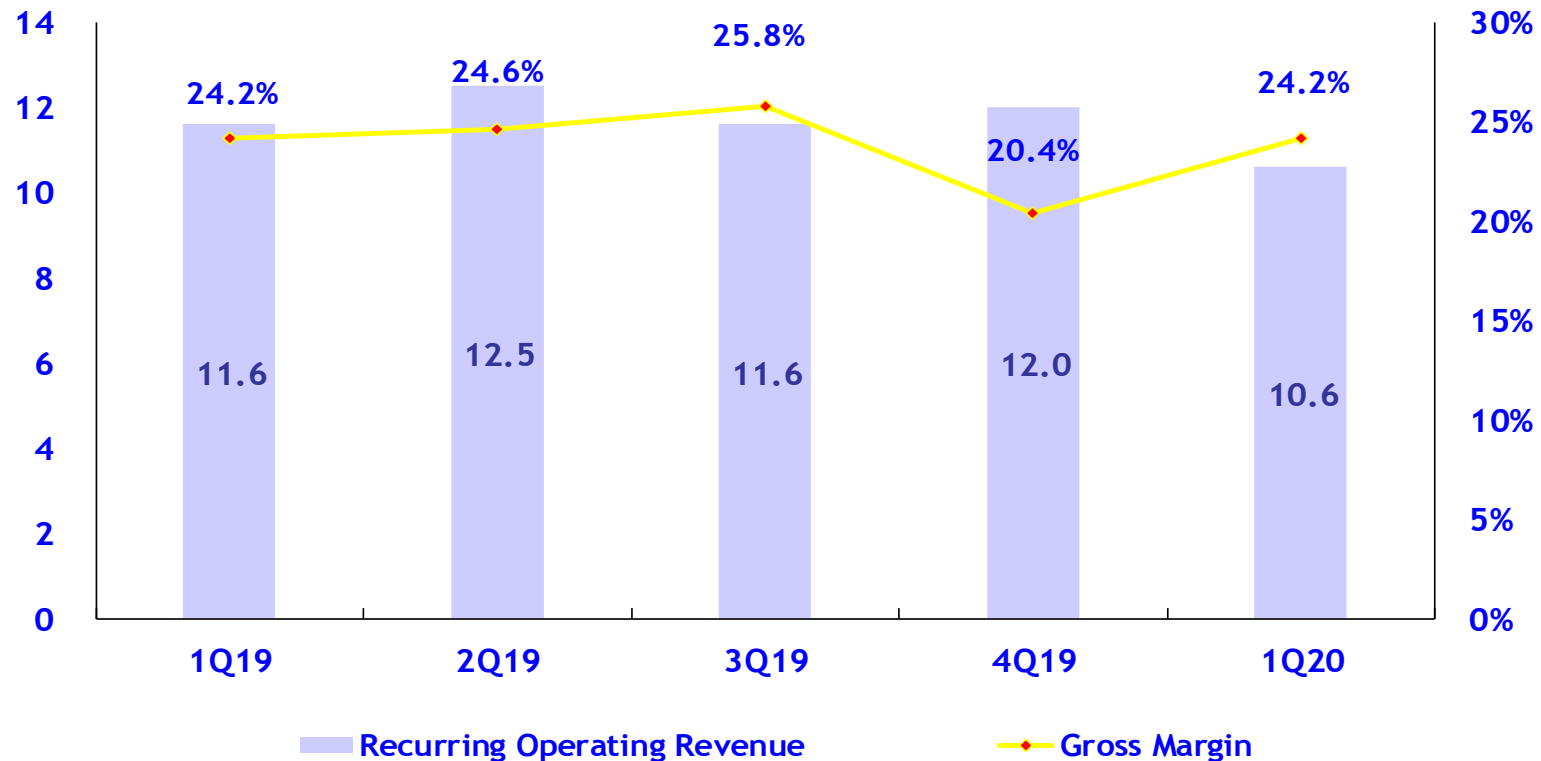
(In NT Millions)	1Q20	4Q19	QoQ	1Q19	YoY
Net sales -Recurring *	10,584	12,032	-12.0%	11,619	-8.9%
Gross Margin - Recurring *	24.2%	20.4%	380bps	24.2%	-
Operating Margin - Recurring *	6.9%	5.3%	160bps	7.2%	-30bps
EPS (NT\$)	0.23	0.32	-28.1%	0.32	-28.1%
ROE (%) **	3.2%	4.5%	-130bps	4.6%	-140bps
ROA (%) **	1.8%	2.6%	-80bps	2.7%	-90bps

\* Excluding gain(loss) on financial assets at fair value through profit or loss

\*\* Annualized number and excluding non-controlling interests

# Recurring Operating Revenue vs. Gross Margin

NT\$ Billion

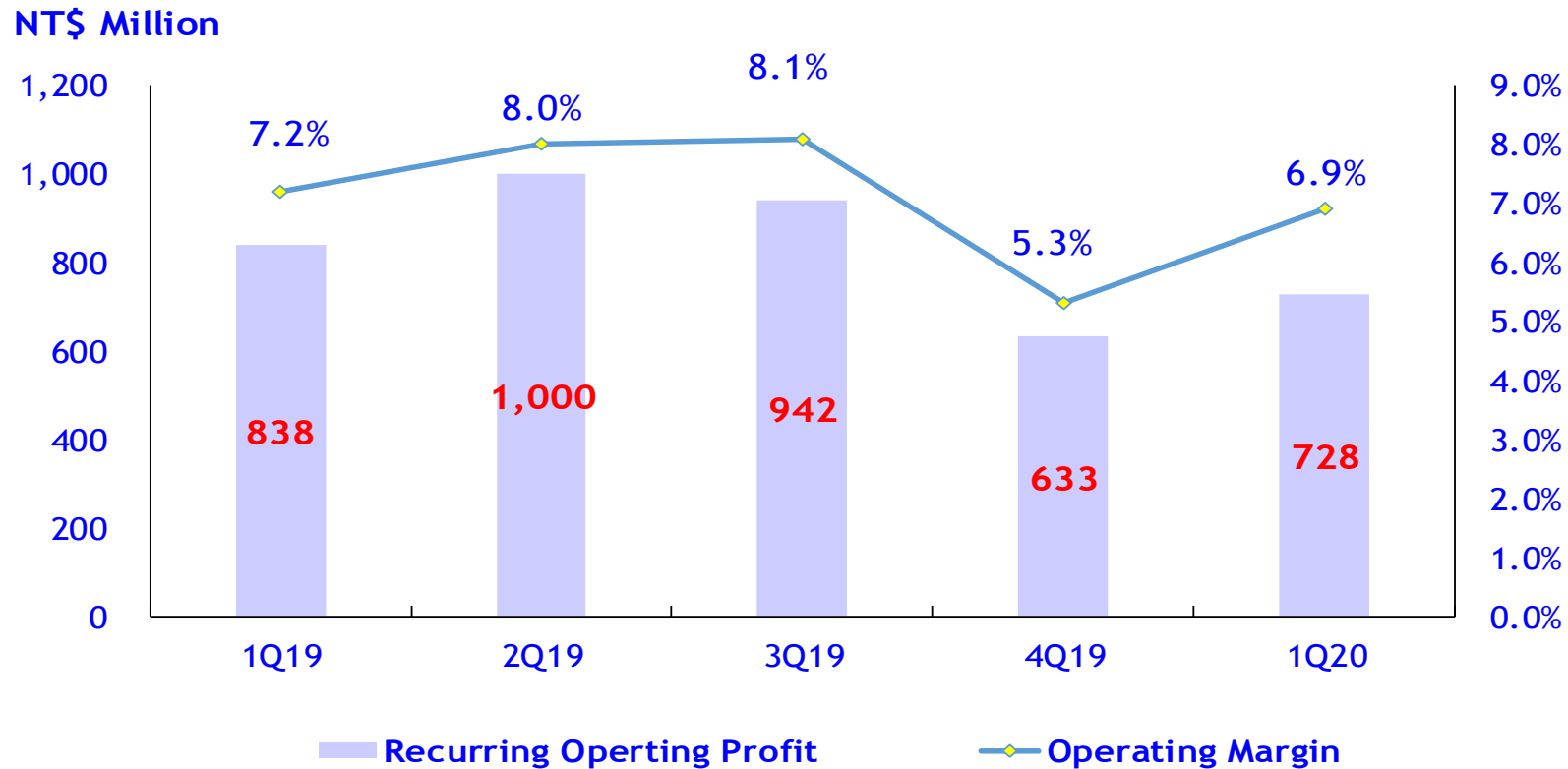


\* Recurring Operating Revenue = Operating Revenue – financial assets at fair value through profit or loss

\*\* Gross Margin = Recurring Gross Profit / Recurring Operating Revenue

\*\*\* Recurring Gross profit excludes financial assets at fair value through profit or loss

# Recurring Operating Profit vs. Operating Margin

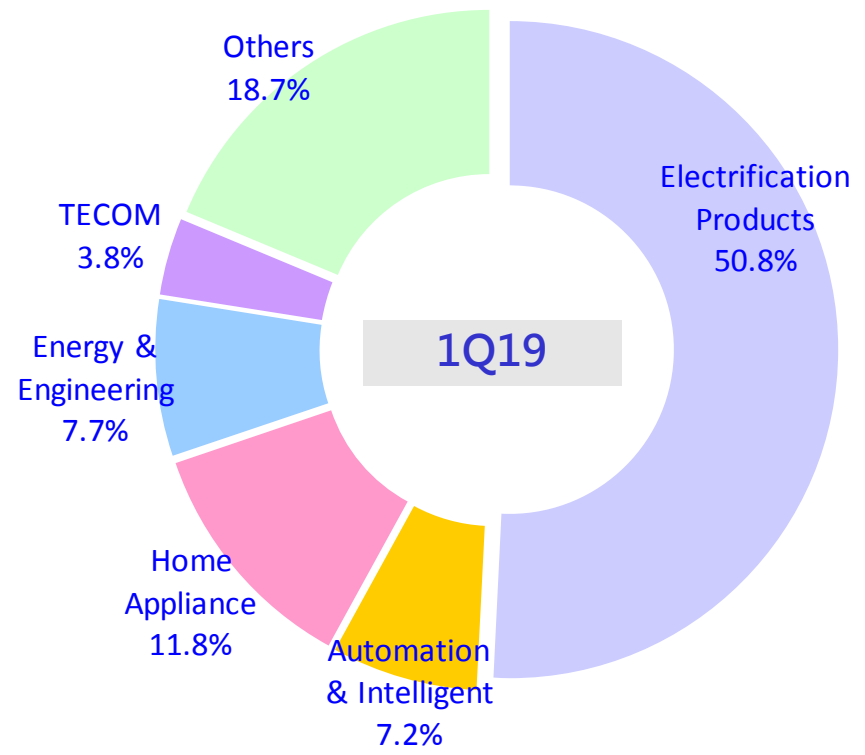
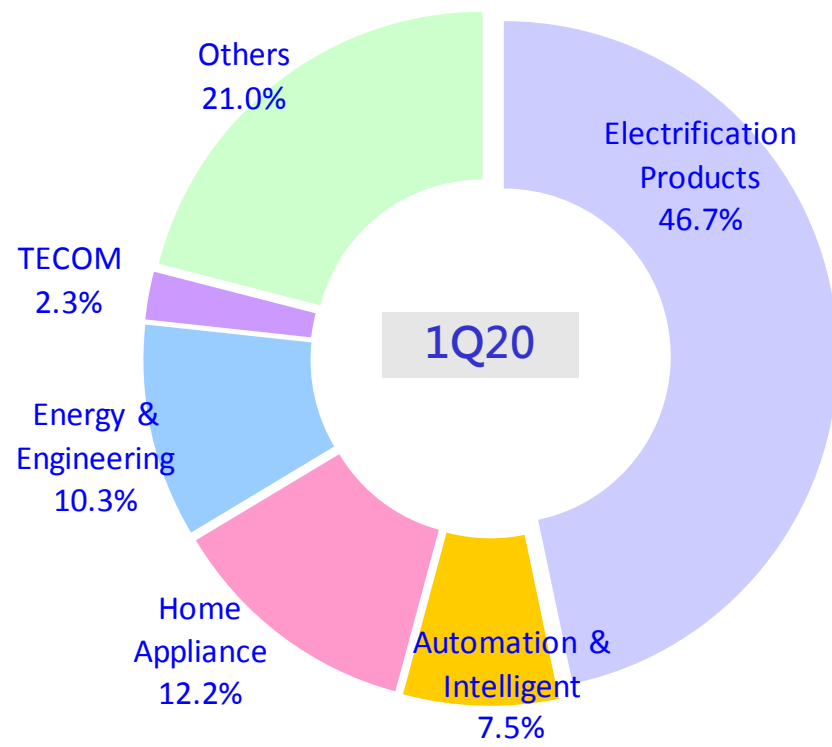


\* Recurring Operating Profit excludes financial assets at fair value through profit or loss

\*\* Operating Margin = Recurring Operating Profit / Recurring Operating Revenue

# Revenue Breakdown

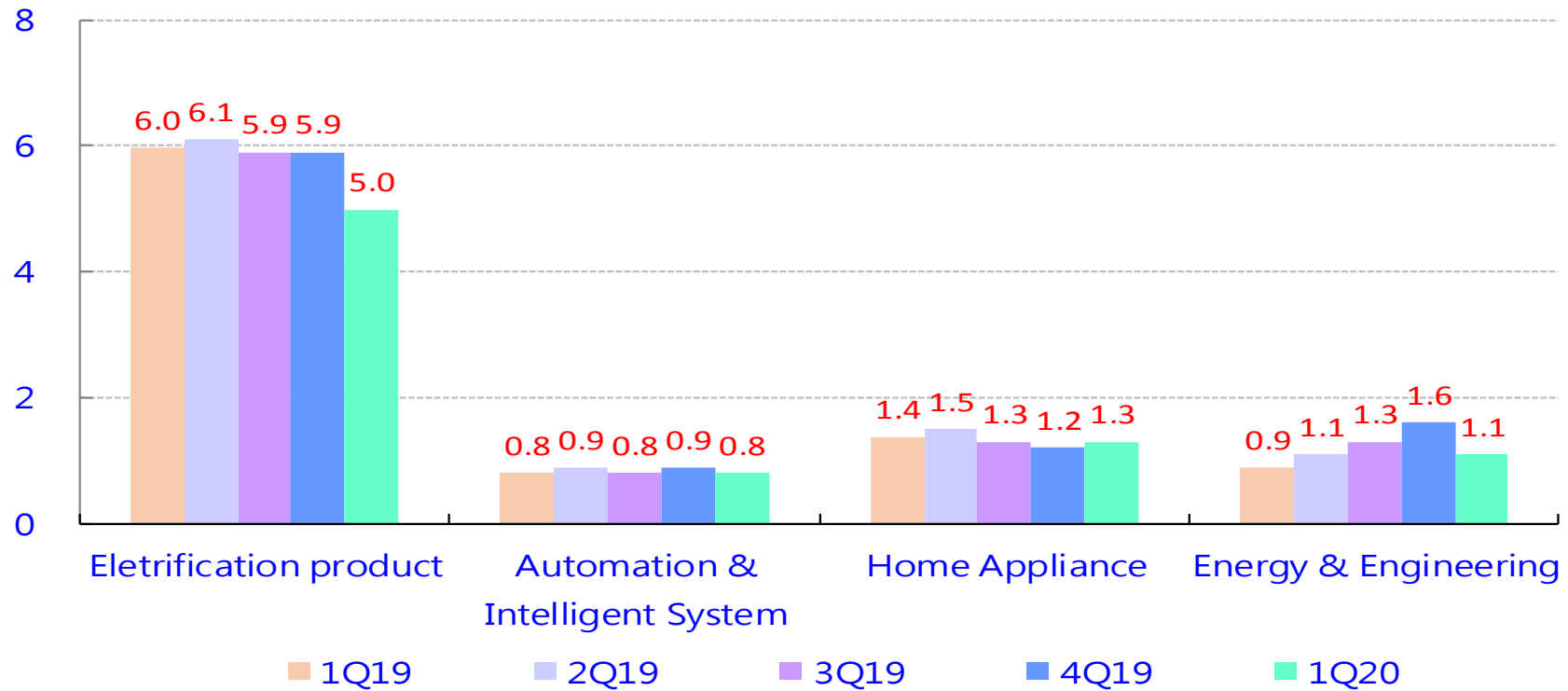
In 1Q 2020, total consolidated topline down 8.9% YoY





# Sales on Major Business Lines

NT\$ Billions



# Balance Sheets – March 2020

(In NT\$ 1,000)

	Mar. 2020		Dec. 2019		Mar. 2019年	
	Amount	%	Amount	%	Amount	%
Cash & Cash Equivalent	23,759,597	23%	19,111,371	19%	17,519,287	18%
Receivable	9,941,792	10%	10,711,774	11%	10,705,587	11%
Inventories	9,832,914	10%	9,853,585	10%	11,492,629	12%
<b>Total Assets</b>	<b>102,023,782</b>	<b>100%</b>	<b>99,094,404</b>	<b>100%</b>	<b>98,873,049</b>	<b>100%</b>
Short-term Borrowings	6,083,959	6%	1,857,637	2%	1,947,764	2%
Payable	12,508,412	12%	11,954,866	12%	11,304,481	11%
Long-term Borrowings	7,116,574	7%	6,673,954	7%	7,286,112	7%
Corporate Bond Payable	1,000,000	1%	1,000,000	1%	4,000,000	4%
<b>Total Liabilities</b>	<b>42,647,561</b>	<b>42%</b>	<b>37,389,614</b>	<b>38%</b>	<b>38,335,980</b>	<b>39%</b>
<b>Equities</b>	<b>59,376,221</b>	<b>58%</b>	<b>61,704,790</b>	<b>62%</b>	<b>60,537,069</b>	<b>61%</b>

## Key Indices

AR Turnover (times)	4.32	4.59	4.47
Inventory Turnover (times)	3.05	3.21	2.88
Current Ratio	1.88	2.17	2.49
Quick Ratio	1.40	1.57	1.73
Net Debt to Equity	-10.5%	-10.0%	-5.2%

# Agenda

I. 1Q20 Financial Results

**II. Recap of Recent Major Events**

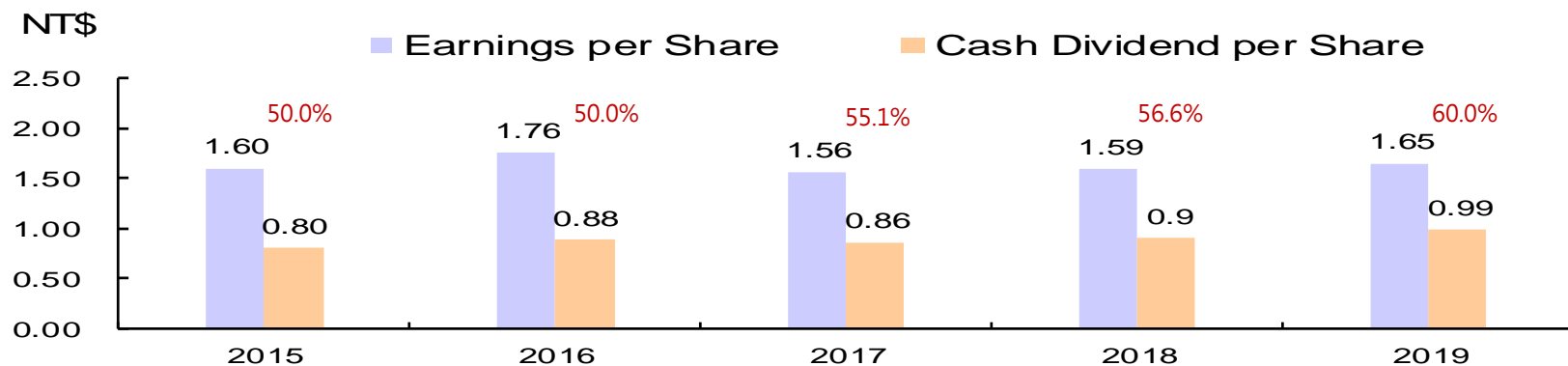
# Recent Major Events

## -Corporate Governance

Ranked in the top 5% of corporate governance evaluations for six consecutive years, and only 12 of all listed companies have this honor.

## -Important Resolution of 2020 AGM

- ✓ Amend the company's articles of incorporation to reduce the total number of board seats to 7~ 11 seats, with at least 3 independent directors, to continuously enhance the level of corporate governance.
- ✓ Issue cash dividend of NT\$0.99 per share and payout ratio reaches 60% with historical high in the past five years.



[Http//www.teco.com.tw](http://www.teco.com.tw)

[ir@teco.com.tw](mailto:ir@teco.com.tw)

**TECO** 