

TECO Electric & Machinery Co., Ltd.



2019 2Q Business Review

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.

1H 19 Income Statement

(In NT Millions)	1H 19	1H 18	YoY
Operating Revenue	24,249	25,046	-3.2%
Recurring Operating Revenue	24,148	25,024	-3.5%
Gain on Sales of Financial Assets	101	22	359.1%
Gross Profit, net *	6,006	6,122	-1.9%
Operating Profit	1,939	1,785	8.6%
Non-operating Income (Expense)	570	467	22.1%
Income before Tax	2,509	2,252	11.4%
Income Tax Expense	(520)	(453)	14.8%
Net Income **	1,802	1,640	9.9%
EPS (NT\$)	0.92	0.83	10.8%

* Unrealized / realized gain on inter-affiliate accounts included

** Excluding non-controlling interest

1H 19 Financial Highlights

(In NT Millions)	1H 19	1H 18	YoY
Net Sales - recurring *	24,148	25,024	-3.5%
Gross Margin - recurring *	24.5%	24.4%	10bps
Operating Margin - recurring *	7.6%	7.0%	60bps
EPS (NT\$)	0.92	0.83	10.8%
ROE (%) **	6.5%	6.3%	20bps
ROA (%) **	3.7%	3.5%	20bps

* Excluding financial assets at fair value through profit or loss

** Annualized number and excluding non-controlling interests

2Q 19 Income Statement

(In NT Millions)	2Q 19	1Q 19	QoQ	2Q 18	YoY
Operating Revenue	12,542	11,707	7.1%	12,890	-2.7%
Recurring Operating Revenue	12,529	11,619	7.8%	12,969	-3.4%
Gain on Sales of Financial Assets	13	88	-85.2%	(79)	-
Gross Profit, net *	3,101	2,905	6.7%	3,112	-0.4%
Operating Profit	1,013	926	9.4%	878	15.4%
Non-operating Income (Expense)	527	43	1125.6%	522	1.0%
Income before Tax	1,540	969	58.9%	1,399	10.1%
Income Tax Expense	(257)	(263)	-2.3%	(192)	33.9%
Net Income **	1,167	635	83.8%	1,103	5.8%
EPS (NT\$)	0.60	0.32	87.5%	0.56	7.1%

* Unrealized / realized gain on inter-affiliate accounts included

** Excluding non-controlling interest

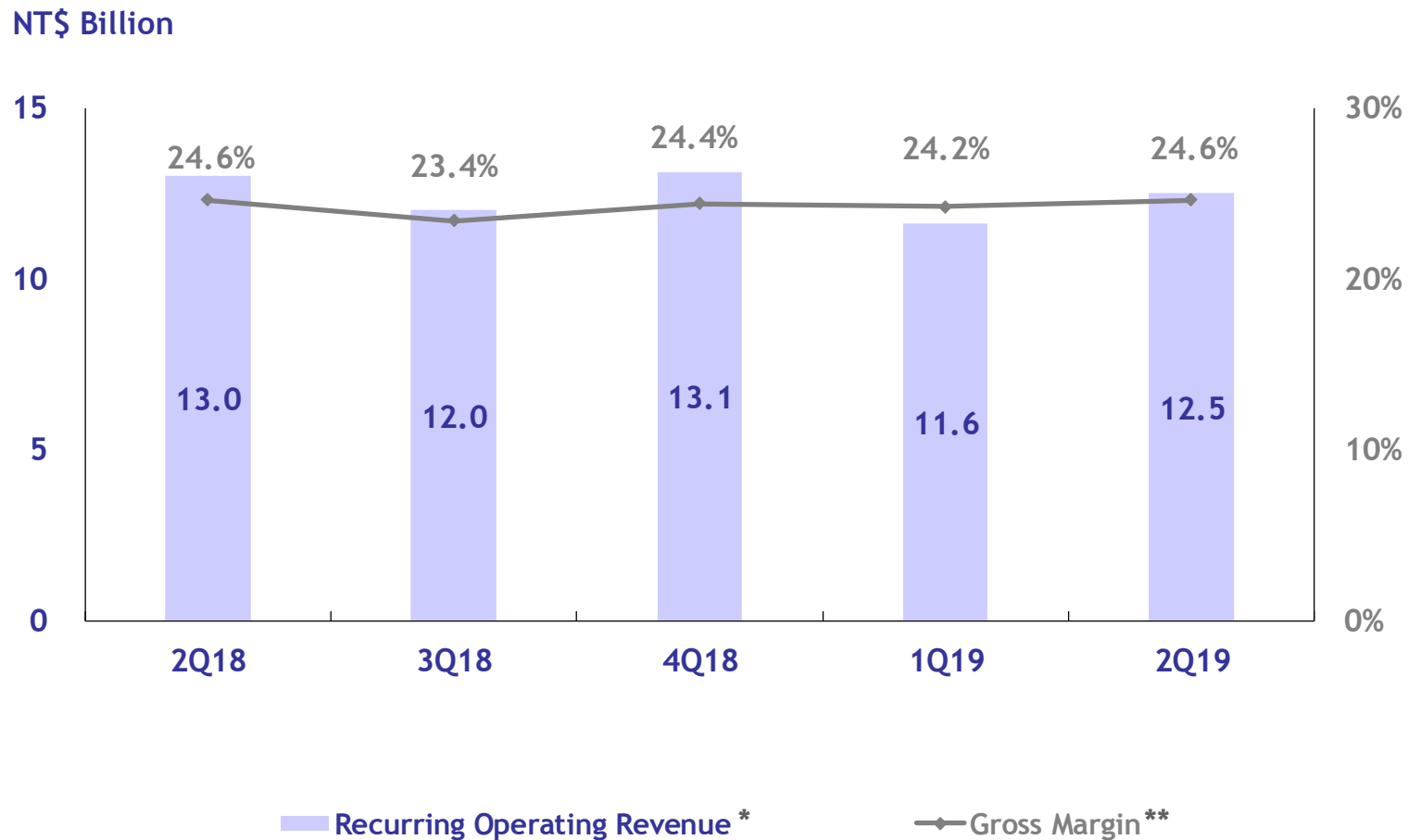
2Q 19 Financial Highlights

(In NT Millions)	2Q 19	1Q 19	QoQ	2Q 18	YoY
Net Sales - recurring *	12,529	11,619	7.8%	12,969	-3.4%
Gross Margin - recurring *	24.6%	24.2%	40bps	24.6%	-
Operating Margin - recurring *	8.0%	7.2%	80bps	7.4%	60bps
EPS (NT\$)	0.60	0.32	87.5%	0.56	7.1%
ROE (%) **	8.2%	4.6%	360bps	8.4%	-20bps
ROA (%) **	4.6%	2.7%	190bps	4.7%	-10bps

* Excluding financial assets at fair value through profit or loss

** Annualized number and excluding non-controlling interests

Recurring Operating Revenue vs. Gross Margin

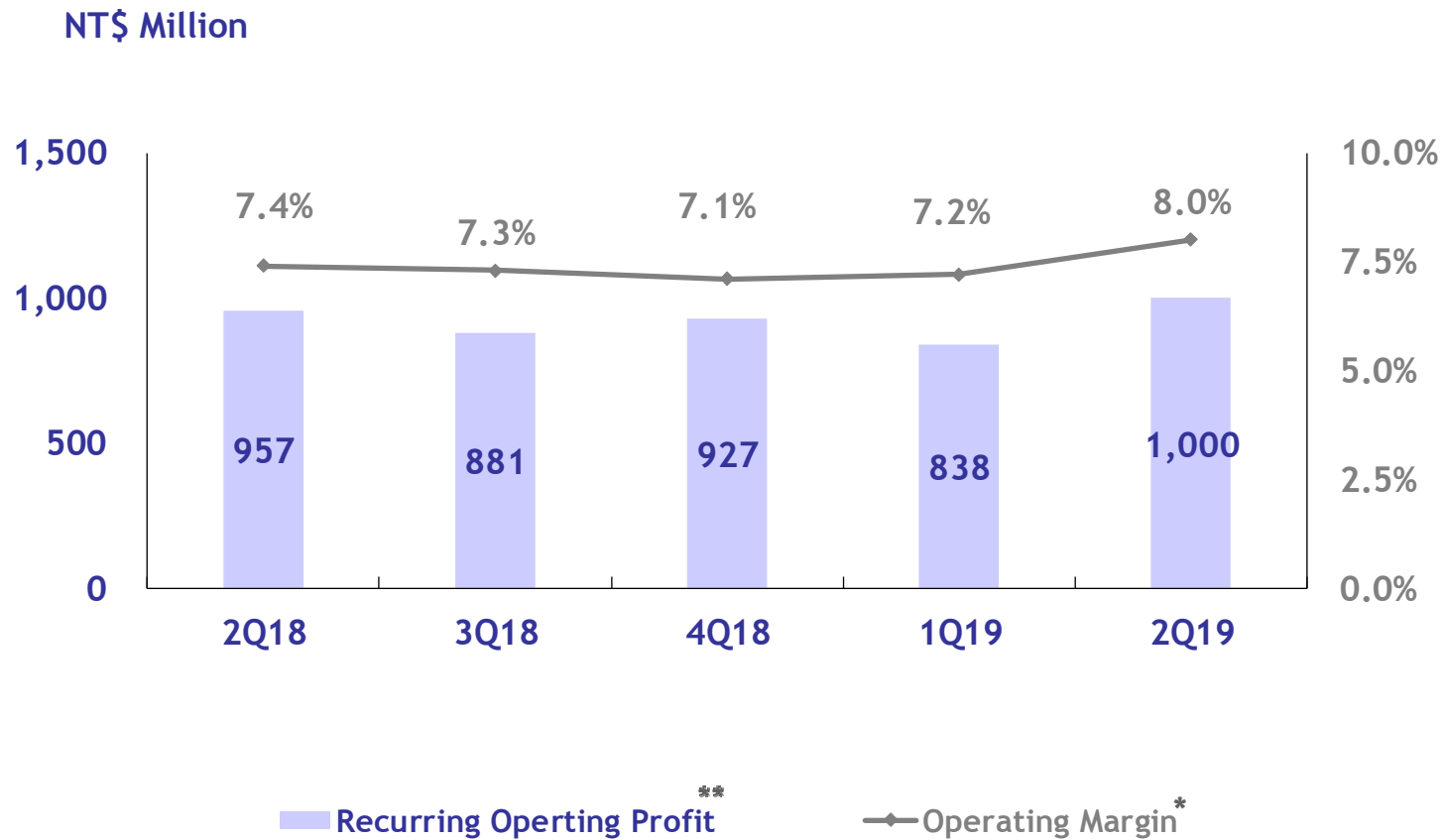


* Recurring Operating Revenue = Operating Revenue – financial assets at fair value through profit or loss

** 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

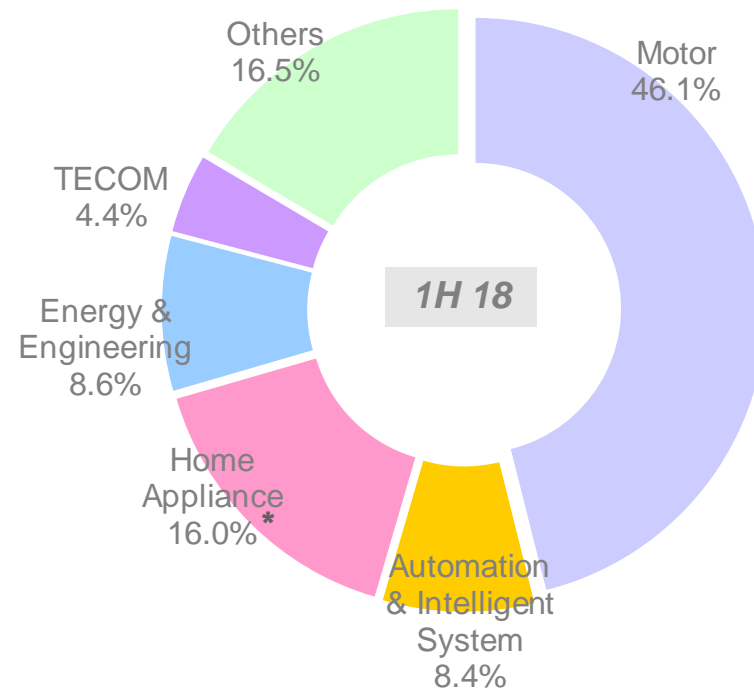
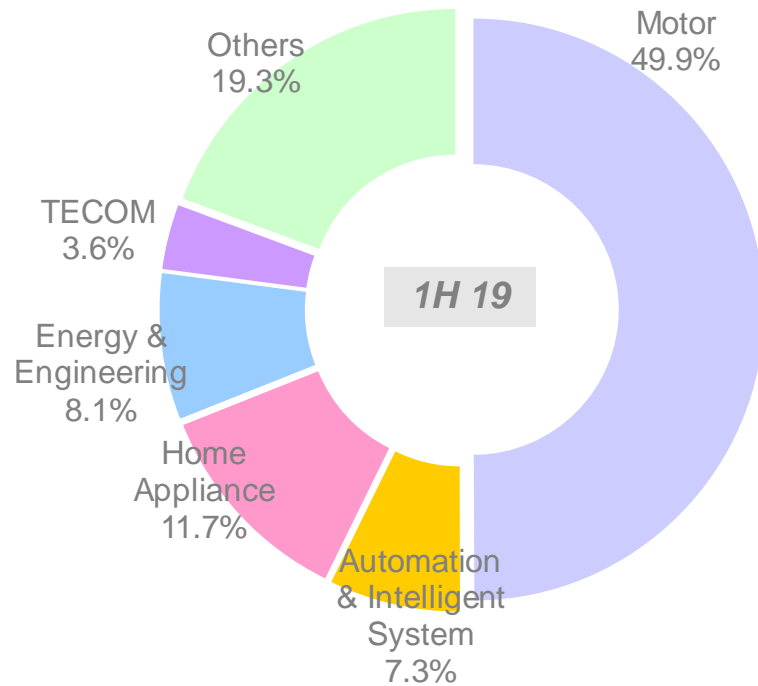


* Recurring Operating Profit / Recurring Operating Revenue

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

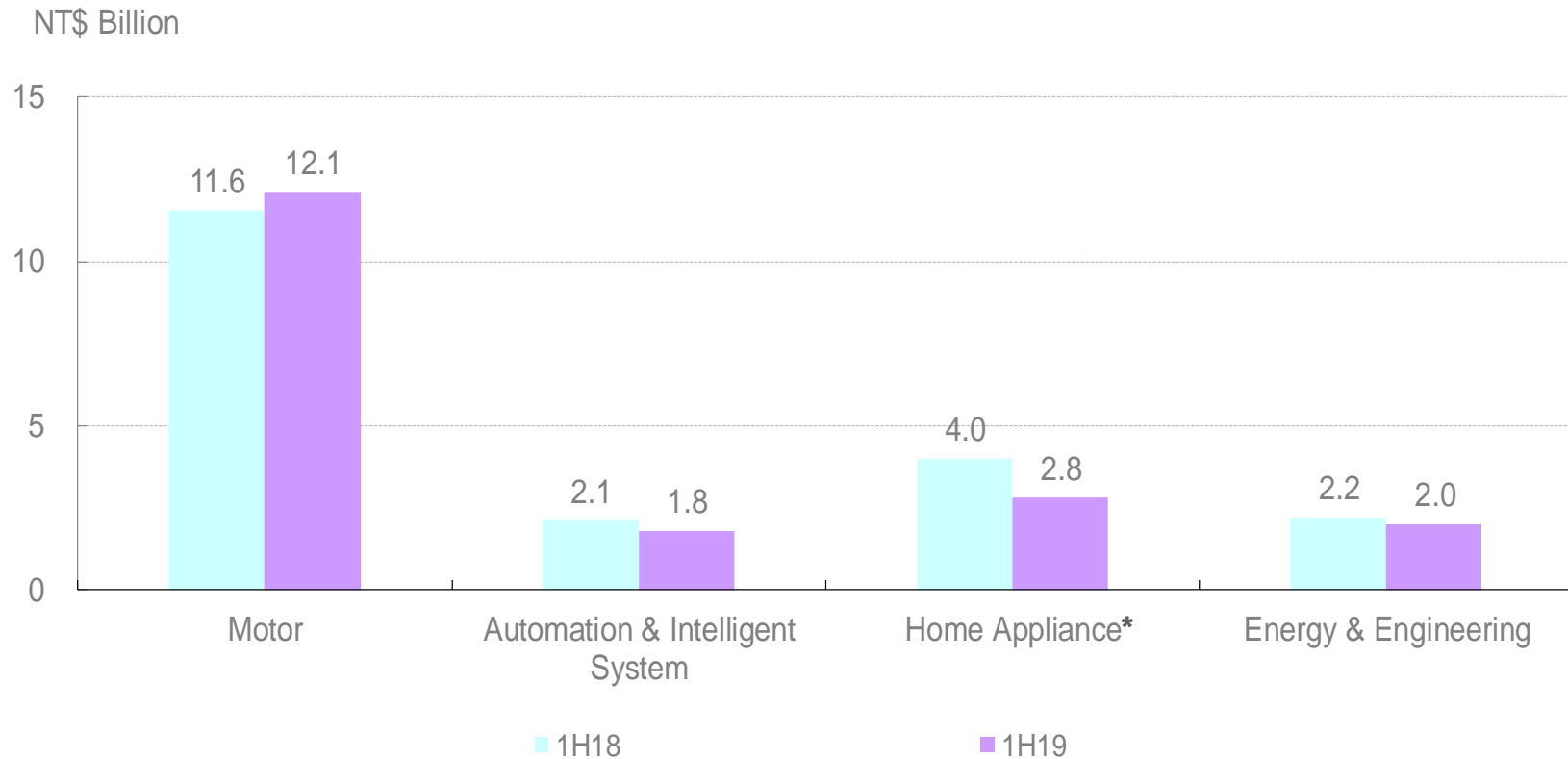
Revenue Breakdown

In 1H19, total consolidated topline down by 3.2% YoY.



*: Including Kueling's sales of NT\$1bn. It was removed from consolidated statement since June 2018.

Sales Trend on Major Business lines



*: Including Kueling's sales of NT\$1bn. It was removed from consolidated statement since June 2018.

Jun. 19 Balance Sheet

(In NT 1,000)

	Jun 19		Dec 18		Jun 18	
	Amount	%	Amount	%	Amount	%
Cash & Cash Equivalent	18,350,957	18%	17,535,566	19%	18,159,135	20%
Receivable	12,394,500	12%	10,841,917	12%	11,719,958	13%
Inventories	10,881,992	11%	11,429,685	12%	11,806,046	13%
Total Assets	102,025,619	100%	91,981,286	100%	92,848,190	100%
Short-term Borrowings	1,830,255	2%	1,994,360	2%	1,980,960	2%
Payable	13,581,644	13%	12,538,210	14%	14,487,056	16%
Long-term Borrowings	6,623,956	6%	6,746,354	7%	7,404,243	8%
Corporate Bond Payable	1,000,000	1%	4,000,000	4%	4,000,000	4%
Total Liabilities	39,596,723	39%	33,490,371	36%	36,030,022	39%
Equities	62,428,896	61%	58,490,915	64%	56,818,168	61%

Key Indices

AR Turnover (times)	4.34	4.64	4.50
Inventory Turnover (times)	3.05	3.11	3.05
Current Ratio	2.01	2.41	2.28
Quick Ratio	1.46	1.68	1.63
Net Debt to Equity	-8.0%	-6.7%	-7.3%

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