



TECO Electric & Machinery Co., Ltd.

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TECO Announces 2Q 2015 Results

Taipei, Taiwan, August 13th 2015 - 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 2015.

Consolidated Basis

Unit: NT\$1,000

Item	Period 2Q 2015	vs. 2Q 2014 (+/-%)	vs. 1Q 2015 (+/-%)	1H 2015	vs. 1H 2014 (+/-%)
Operating Revenue	12,159,518	-14.5%	3.8%	23,875,832	-13.9%
Gross Profit, net	3,067,055	-14.7%	0.3%	6,124,116	-11.1%
Operating Profit	902,872	-33.5%	-8.5%	1,889,555	-25.8%
Income Tax Expense	287,378	-34.1%	0.0%	574,762	-28.9%
Net Income ⁽¹⁾	912,961	-37.9%	23.9%	1,650,067	-29.2%
EPS(NT\$)	0.46			0.83	

(1) Excluding non-controlling interests.

Please find the details in the following pages.

For the second quarter of 2015, net revenue totaled NT\$12,160 million and gross profit was NT\$3,067 million. Operating profit came in at NT\$903 million and net income was NT\$913 million. Earnings per share was reported as NT\$0.46.

Recurring operating revenue decreased by 14.0% as opposed to 2Q'14. Gross profit and operating profit decreased by 14.7% and 33.5% respectively. Net income decreased by 37.9%. The decrease in non-operating income was mainly due to the decrease in gain on disposal of property, plant and equipment in 2Q14. (See table 1)

Table 1

(In NT\$1,000, except EPS)	2Q ' 15 ⁽³⁾		2Q ' 14 ⁽³⁾		YoY %
	Amount	%	Amount	%	
Operating Revenue	12,159,518	100.0%	14,215,523	100.0%	-14.5%
Recurring Operating Revenue	12,153,929	100.0%	14,140,253	99.5%	-14.0%
Gain on Sales of Financial Assets	5,589	0.0%	75,270	0.5%	-92.6%
Operating Costs	(9,090,698)	-74.8%	(10,622,297)	-74.7%	-14.4%
Gross Profit, net ⁽¹⁾	3,067,055	25.2%	3,594,089	25.3%	-14.7%
Operating expenses	(2,164,183)	-17.8%	(2,235,549)	-15.7%	-3.2%
Operating Profit	902,872	7.4%	1,358,540	9.6%	-33.5%
Non-operating Income (Expense)	377,554	3.1%	645,261	4.5%	-41.5%
Other Income	401,031	3.3%	239,230	1.7%	67.6%
Other Gains and Losses	(25,533)	-0.2%	416,819	2.9%	-
Financial Costs	(46,475)	-0.4%	(57,741)	-0.4%	-19.5%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	48,531	0.4%	46,953	0.3%	3.4%
Income before Tax	1,280,426	10.5%	2,003,801	14.1%	-36.1%
Income Tax Expense	(287,378)	-2.4%	(435,920)	-3.1%	-34.1%
Net Income ⁽²⁾	912,961	7.5%	1,470,149	10.3%	-37.9%
EPS	0.46		0.74		

Note:

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

(2) Excluding non-controlling interests.

(3) Comply with IFRS.

Recurring operating revenue for 2Q'15 increased 4.7% over 1Q'15. Gross profit increased by 0.3% while operating profit decreased by 8.5%. Net income increased by 23.9%. The increase in non-operating income was mainly due to the increase in dividend income in 2Q15. (See table 2)

Table 2

(In NT\$1,000, except EPS)	2Q ' 15 ⁽³⁾		1Q ' 15 ⁽³⁾		YoY %
	Amount	%	Amount	%	
Operating Revenue	12,159,518	100.0%	11,716,314	100.0%	3.8%
Recurring Operating Revenue	12,153,929	100.0%	11,611,465	99.1%	4.7%
Gain on Sales of Financial Assets	5,589	0.0%	104,849	0.9%	-94.7%
Operating Costs	(9,090,698)	-74.8%	(8,665,295)	-74.0%	4.9%
Gross Profit, net ⁽¹⁾	3,067,055	25.2%	3,057,061	26.1%	0.3%
Operating expenses	(2,164,183)	-17.8%	(2,070,378)	-17.7%	4.5%
Operating Profit	902,872	7.4%	986,683	8.4%	-8.5%
Non-operating Income (Expense)	377,554	3.1%	122,264	1.0%	208.8%
Other Income	401,031	3.3%	182,502	1.6%	119.7%
Other Gains and Losses	(25,533)	-0.2%	(59,340)	-0.5%	-57.0%
Financial Costs	(46,475)	-0.4%	(47,709)	-0.4%	-2.6%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	48,531	0.4%	46,811	0.4%	3.7%
Income before Tax	1,280,426	10.5%	1,108,947	9.5%	15.5%
Income Tax Expense	(287,378)	-3.1%	(287,384)	-2.5%	0.0%
Net Income ⁽²⁾	912,961	10.3%	737,106	6.3%	23.9%
EPS	0.46		0.37		

Note:

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

(2) Excluding non-controlling interests.

(3) Comply with IFRS.

For the second half of 2015, operating revenue totaled NT\$23,876 million and gross profit was NT\$6,124 million. Operating profit came in at NT\$1,890 million and net income was NT\$1,650 million. Earnings per share was reported as NT\$0.83.

Recurring operating revenue decreased by 13.8% as opposed to 1H'14. Gross profit and operating profit decreased by 11.1% and 25.8% respectively. Net income decreased by 29.2%. The increase in non-operating income was mainly due to the decrease in gain on disposal of property, plant and equipment in 2Q14. (See table 3)

Table 3

(In NT\$1,000, except EPS)	1H ' 15 ⁽³⁾		1H ' 14 ⁽³⁾		YoY %
	Amount	%	Amount	%	
Operating Revenue	23,875,832	100.0%	27,740,150	100.0%	-13.9%
Recurring Operating Revenue	23,765,394	99.5%	27,569,267	99.4%	-13.8%
Gain on Sales of Financial Assets	110,438	0.5%	170,883	0.6%	-35.4%
Operating Costs	(17,755,993)	-74.4%	(20,855,862)	-75.2%	-14.9%
Gross Profit, net ⁽¹⁾	6,124,116	25.6%	6,885,682	24.8%	-11.1%
Operating expenses	(4,234,561)	-17.7%	(4,338,973)	-15.6%	-2.4%
Operating Profit	1,889,555	7.9%	2,546,709	9.2%	-25.8%
Non-operating Income (Expense)	499,818	2.1%	780,731	2.8%	-36.0%
Other Income	583,533	2.4%	351,086	1.3%	66.2%
Other Gains and Losses	(84,873)	-0.4%	422,298	1.5%	-
Financial Costs	(94,184)	-0.4%	(118,339)	-0.4%	-20.4%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	95,342	0.4%	125,686	0.5%	-24.1%
Income before Tax	2,389,373	10.0%	3,327,440	12.0%	-28.2%
Income Tax Expense	(574,762)	-2.4%	(808,415)	-3.4%	-28.9%
Net Income ⁽²⁾	1,650,067	6.9%	2,331,404	8.4%	-29.2%
EPS	0.83		1.18		

Table 4

(In NT\$1,000)	June 30, 2015	Mar 31, 2015	June 30, 2014
Cash & Cash Equivalents	15,435,742	15,089,115	15,417,110
Receivables	12,077,787	11,695,759	14,292,181
Inventories	11,364,491	11,346,602	11,067,460
Other Current Assets	3,267,607	3,276,139	3,209,894
Total Current Assets	42,145,627	41,407,615	43,986,645
Financial Assets			
Available for sale - Non Current	12,711,851	12,796,759	12,866,672
Long-Term Investments			
Under Equity Method	5,233,135	5,244,017	5,198,992
Other Non-Current Assets	19,673,485	19,666,389	19,490,802
Total Non-Current Assets	37,618,471	37,707,165	37,556,466
Total Assets	79,764,098	79,114,780	81,543,111
Current Liabilities	20,122,931	16,267,582	22,605,375
Bonds Payable	3,000,000	1,513,200	1,443,300
Long-Term Borrowings	1,385,135	4,333,160	4,127,692
Other Non-Current Liabilities	4,251,683	4,276,025	4,186,676
Total Non-Current Liabilities	8,636,818	10,122,385	9,757,668
Total Liabilities	28,759,749	26,389,967	32,363,043
Total Shareholders' Equity ⁽¹⁾	51,004,349	52,724,813	49,180,068

(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\$53.8 Billion for the 2014 fiscal year. More information is available at <http://www.teco.com.tw>

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