



## TECO Electric & Machinery Co., Ltd.

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## TECO Announces 2017 Results

Taipei, Taiwan, March 29 2018 - 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 2017.

### Consolidated Basis

Unit: NT\$1,000

Item	Period 4Q 2017	vs. 4Q 2016 (+/-%)	vs. 3Q 2017 (+/-%)	2017	vs. 2016 (+/-%)
Operating Revenue	13,275,213	-1.1%	4.7%	50,942,521	2.0%
Gross Profit, net	3,004,596	-11.7%	3.1%	12,196,268	-7.1%
Operating Profit	836,746	-23.9%	11.3%	3,496,200	-16.5%
Income Tax Expense	176,717	-19.0%	-28.8%	809,656	-9.7%
Net Income <sup>(1)</sup>	615,942	-28.8%	-27.5%	3,092,358	-11.2%
EPS(NT\$)	0.31				

(1) Excluding net income attributed to non-controlling interests.

Please find the details in the following pages.

For the fourth quarter of 2017, net revenue totaled NT\$13,275 million and gross profit was NT\$3,005 million. Operating profit came in at NT\$837 million and net income was NT\$616 million. Earnings per share was reported as NT\$0.31.

Recurring operating revenue decreased by 0.7% as opposed to 4Q'16. Gross profit fell 11.7%. Operating profit and net income decreased by 23.9% and 28.8% respectively. The decrease in non-operating income was mainly due to the drop of Net currency exchange gain in 4Q16. (See table 1)

**Table 1**

	4Q ' 17		4Q ' 16		YoY %
	Amount	%	Amount	%	
(In NT\$1,000, except EPS)					
Operating Revenue	13,275,213	100.0%	13,427,629	100.0%	-1.1%
Recurring Operating Revenue	13,317,867	100.3%	13,418,042	99.9%	-0.7%
Gain on Sales of Financial Assets	(42,654)	-0.3%	9,587	0.1%	-544.9%
Operating Costs	(10,270,250)	-77.4%	(10,023,310)	-74.6%	2.5%
Gross Profit, net <sup>(1)</sup>	3,004,596	22.6%	3,404,233	25.4%	-11.7%
Operating expenses	(2,167,850)	-16.3%	(2,303,983)	-17.2%	-5.9%
Operating Profit	836,746	6.3%	1,100,250	8.2%	-23.9%
Non-operating Income (Expense)	87,408	0.7%	154,282	1.1%	-43.3%
Other Income	247,843	1.9%	158,159	1.2%	56.7%
Other Gains and Losses	(206,288)	-1.6%	144,829	1.1%	-242.4%
Financial Costs	(58,591)	-0.4%	(42,815)	-0.3%	36.8%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	104,444	0.8%	(105,891)	-0.8%	-
Income before Tax	924,154	7.0%	1,254,532	9.3%	-26.3%
Income Tax Expense	(176,717)	-1.3%	(218,109)	-1.6%	-19.0%
Net Income <sup>(2)</sup>	615,942	4.6%	864,695	6.4%	-28.8%
EPS	0.31		0.44		

**Note:**

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

(2) Excluding net income attributed to non-controlling interests.

Recurring operating revenue for 4Q'17 increased by 4.8% over 3Q'17. Gross profit increased by 3.1% while operating profit increased by 11.3% and net income decreased by 27.5%. The main reason results in decreasing Non-operating Income is the one off insurance claims in 3Q17.

**Table 2**

(In NT\$1,000, except EPS)	4Q ' 17		3Q ' 17		YoY %
	Amount	%		%	
Operating Revenue	13,275,213	100.0%	12,677,880	100.0%	4.7%
Recurring Operating Revenue	13,317,867	100.3%	12,706,967	100.2%	4.8%
Gain on Sales of Financial Assets	(42,654)	-0.3%	(29,087)	-0.2%	46.6%
Operating Costs	(10,270,250)	-77.4%	(9,762,733)	-77.0%	5.2%
Gross Profit, net <sup>(1)</sup>	3,004,596	22.6%	2,913,818	23.0%	3.1%
Operating expenses	(2,167,850)	-16.3%	(2,162,324)	-17.1%	0.3%
Operating Profit	836,746	6.3%	751,494	5.9%	11.3%
Non-operating Income (Expense)	87,408	0.7%	444,485	3.5%	-80.3%
Other Income	247,843	1.9%	699,827	5.5%	-64.6%
Other Gains and Losses	(206,288)	-1.6%	(215,456)	-1.7%	-4.3%
Financial Costs	(58,591)	-0.4%	(81,654)	-0.6%	-28.2%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	104,444	0.8%	41,768	0.3%	150.1%
Income before Tax	924,154	7.0%	1,195,979	9.4%	-22.7%
Income Tax Expense	(176,717)	-1.3%	(248,149)	-2.0%	-28.8%
Net Income <sup>(2)</sup>	615,942	4.6%	849,994	6.7%	-27.5%
EPS	0.31		0.43		

*Note:*

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

*(2) Excluding net income attributed to non-controlling interests.*

For 2017, operating revenue totaled NT\$50,943 million and gross profit was NT\$12,196 million. Operating profit came in at NT\$3,496 million and net income was NT\$3,092 million. Earnings per share was reported as NT\$1.56.

Recurring operating revenue increased by 2.1% as opposed to 2016. Gross profit and operating profit decreased by 7.1% and 16.5% respectively. Net income decreased by 11.2%. The increase in non-operating income was mainly due to the increase in insurance claims under Other Income. (See table 3)

**Table 3**

(In NT\$1,000, except EPS)	2017		2016		YoY %
	Amount	%	Amount	%	
Operating Revenue	50,942,521	100.0%	49,923,836	100.0%	2.0%
Recurring Operating Revenue	50,815,545	99.8%	49,752,645	99.7%	2.1%
Gain on Sales of Financial Assets	126,976	0.2%	171,191	0.3%	-25.8%
Operating Costs	(38,743,733)	-76.1%	(36,788,304)	-73.7%	5.3%
Gross Profit, net <sup>(1)</sup>	12,196,268	23.9%	13,134,395	26.3%	-7.1%
Operating expenses	(8,700,068)	-17.1%	(8,944,914)	-17.9%	-2.7%
Operating Profit	3,496,200	6.9%	4,189,481	8.4%	-16.5%
Non-operating Income (Expense)	857,704	1.7%	743,810	1.5%	15.3%
Other Income	1,506,936	3.0%	1,160,006	2.3%	29.9%
Other Gains and Losses	(628,521)	-1.2%	(43,705)	-0.1%	1338.1%
Financial Costs	(254,638)	-0.5%	(282,231)	-0.6%	-9.8%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	233,927	0.5%	(90,260)	-0.2%	-359.2%
Income before Tax	4,353,904	8.5%	4,933,291	9.9%	-11.7%
Income Tax Expense	(809,656)	-1.6%	(896,293)	-1.8%	-9.7%
Net Income <sup>(2)</sup>	3,092,358	6.1%	3,481,480	7.0%	-11.2%
EPS	1.56		1.76		

Note:

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

(2) Excluding net income attributed to non-controlling interests.

**Table 4**

(In NT\$1,000)	Dec 31, 2017	Dec 31, 2016	Sep 30, 2016
Cash & Cash Equivalents	14,129,330	13,989,826	13,412,258
Receivables	12,479,097	13,859,458	12,625,975
Inventories	11,336,492	11,177,041	11,578,226
Other Current Assets	6,317,849	6,269,985	7,321,359
Total Current Assets	44,262,768	45,296,310	44,937,818
Financial Assets			
Available for sale - Non Current	12,925,119	11,743,617	12,951,778
Long-Term Investments			
Under Equity Method	4,022,455	3,871,299	3,946,880
Other Non-Current Assets	30,806,615	31,462,730	30,783,855
Total Non-Current Assets	47,754,189	47,077,646	47,682,513
Total Assets	92,016,957	92,373,956	92,620,331
Current Liabilities	18,742,356	18,958,845	19,280,618
Bonds Payable	4,000,000	3,000,000	4,000,000
Long-Term Borrowings	6,466,239	9,428,570	7,022,460
Other Non-Current Liabilities	4,934,225	5,261,998	4,921,700
Total Non-Current Liabilities	15,400,464	17,690,568	15,944,160
Total Liabilities	34,142,820	36,649,413	35,224,778
Total Shareholders' Equity <sup>(1)</sup>	57,874,137	55,724,543	57,395,553

(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\$50.9 Billion for the 2017 fiscal year. More information is available at <http://www.teco.com.tw>

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