

The background of the slide is a photograph of several blue industrial robotic arms in a factory environment. The image is darkened with a blue overlay to make the white text stand out. On the left side, there is a vertical bar with a gradient from grey to orange.

2021 3rd Quarter Earnings Conference

November 12th , 2021





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.

Financial Highlights 3Q21

• 2021 Q3 Financials

	3Q 2021	2Q 2021	QoQ	3Q 2020	YoY
Net Sales-Recurring *	13,137	12,813	2.5%	11,437	14.9%
Gross Margin-Recurring *	21.1%	23.9%	-280bps	22.1%	-100bps
Operating Margin- Recurring *	5.7%	8.2%	-250bps	6.1%	-40bps
EPS (TWD)	0.75	0.68	10.3%	0.41	82.9%

The Three Business Groups Operating Performance

ESG Update

Appendix: Financial Statements

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

- 2021 Q3 recurring net sales increased by 14.9% YoY and 2.5% QoQ due to continual growth in Taiwan, Europe, China and Australia
- The recurring gross margin was 21.1%, less than Q2 level by 2.8%, due to the cost pressure from raw materials and freight expense. Recurring operating margin also lower than Q2 level by 2.5%.
- EPS reached at NT 0.75 in Q3, increased by NT 0.07 versus Q2. An increase of NT 0.34 from the same period last year, mainly due to the impact of the COVID 19 epidemic, the shareholders meetings of the invested companies were postponed to Q3 which resulted in an increase in dividend income.

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Financial Highlights 9M21

- 2021 Q3 Financials

	9M 2021	9M 2020	YoY
Net Sales-Recurring *	37,490	32,878	14.0%
Gross Margin-Recurring *	22.8%	23.5%	-70bps
Operating Margin- Recurring *	7.0%	6.7%	+30bps
EPS (TWD)	1.96	1.41	39.0%

Recurring net sales in the first nine months of 2021 was TWD 37.49 billion, with 14.0% YoY growth, and EPS in the first nine months of 2021 reached at TWD 1.96, an increase of TWD 0.55 over the same period last year

The Three Business Groups Operating Performance

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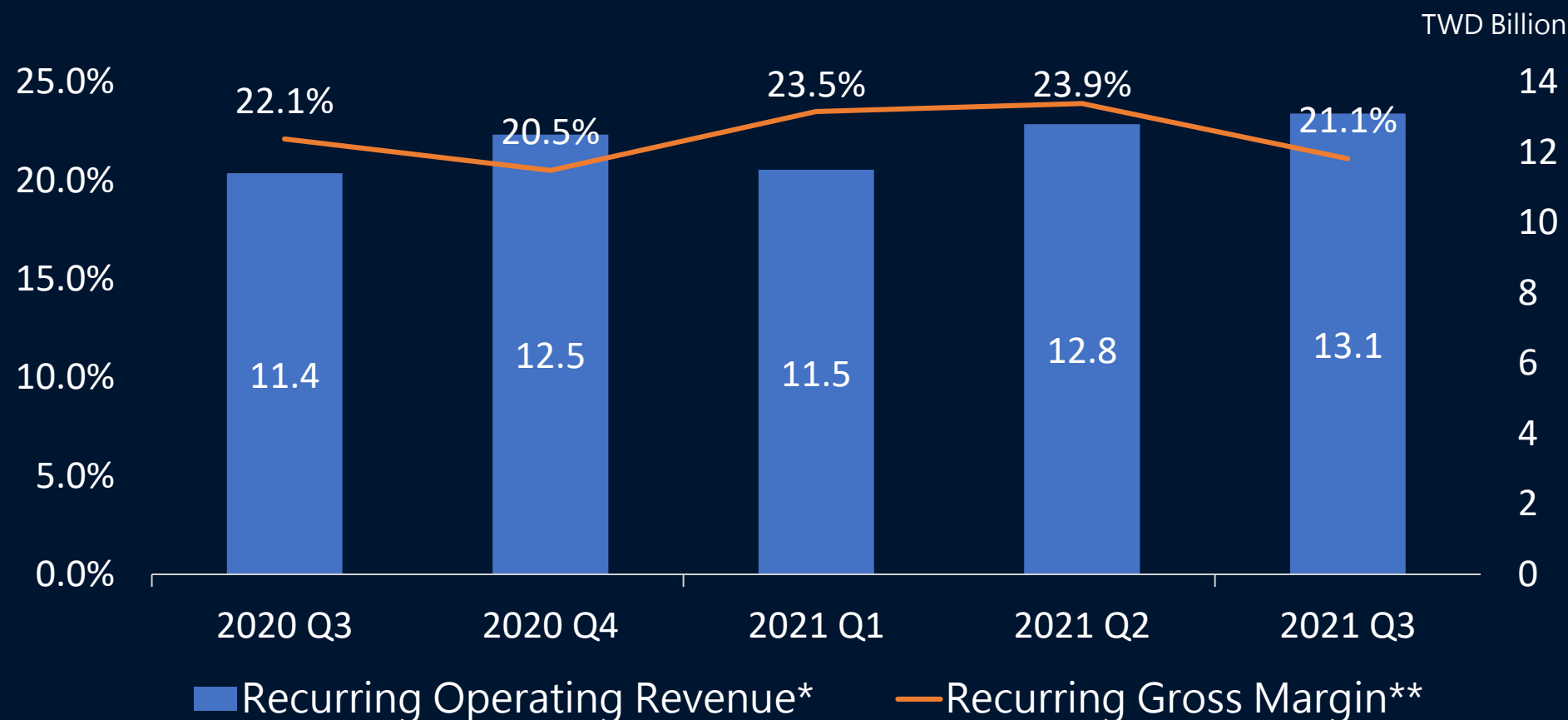
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* Excluding gain (loss) on financial assets at fair value through profit or loss

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Recurring Operating Revenue vs. Recurring Gross Margin

• 2021 Q3 Financials



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

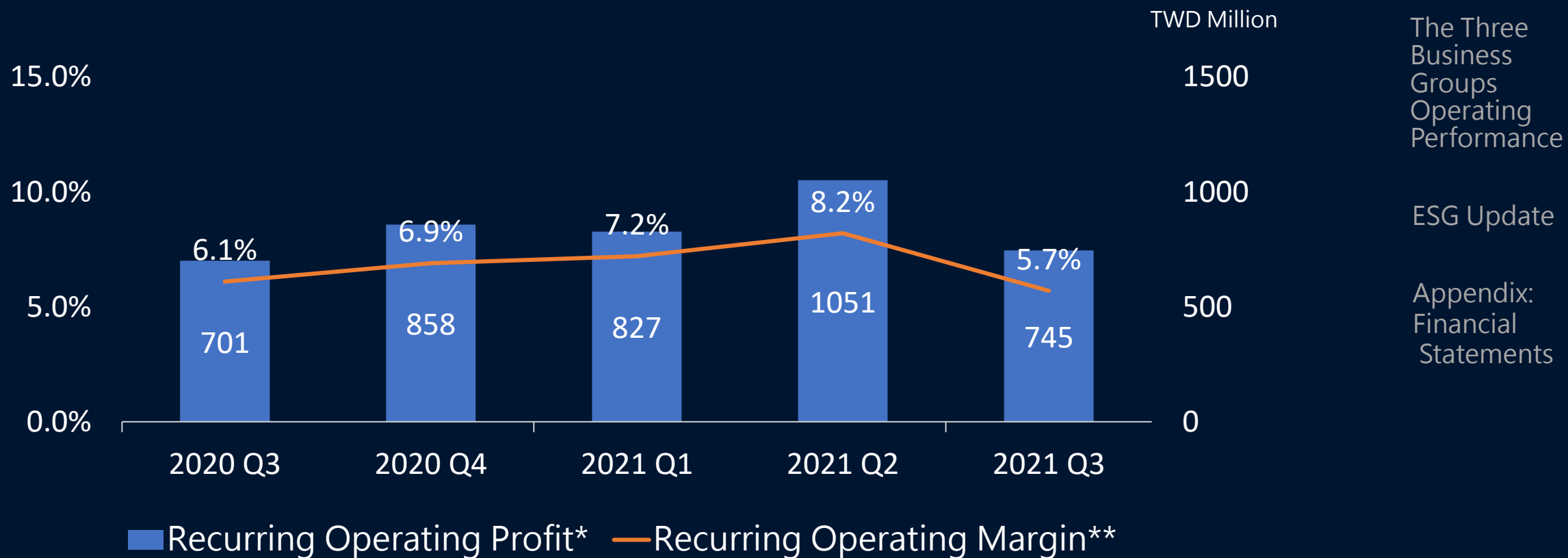
** Recurring Gross Margin= Recurring Gross Profit/ Recurring Operating Revenue

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

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Recurring Operating Profit vs. Recurring Operating Margin

2021 Q3
Financials

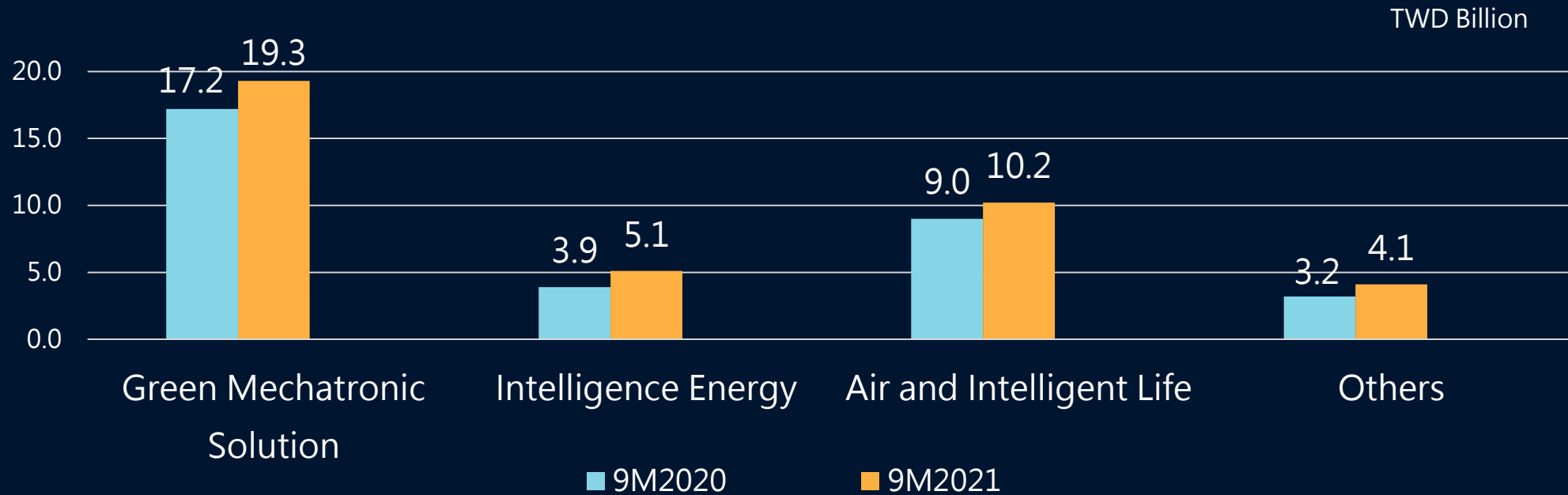


* Recurring Operating Profit excludes financial assets at fair value through profit or loss

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

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Performance of Business Groups



• The Three Business Groups Operating Performance

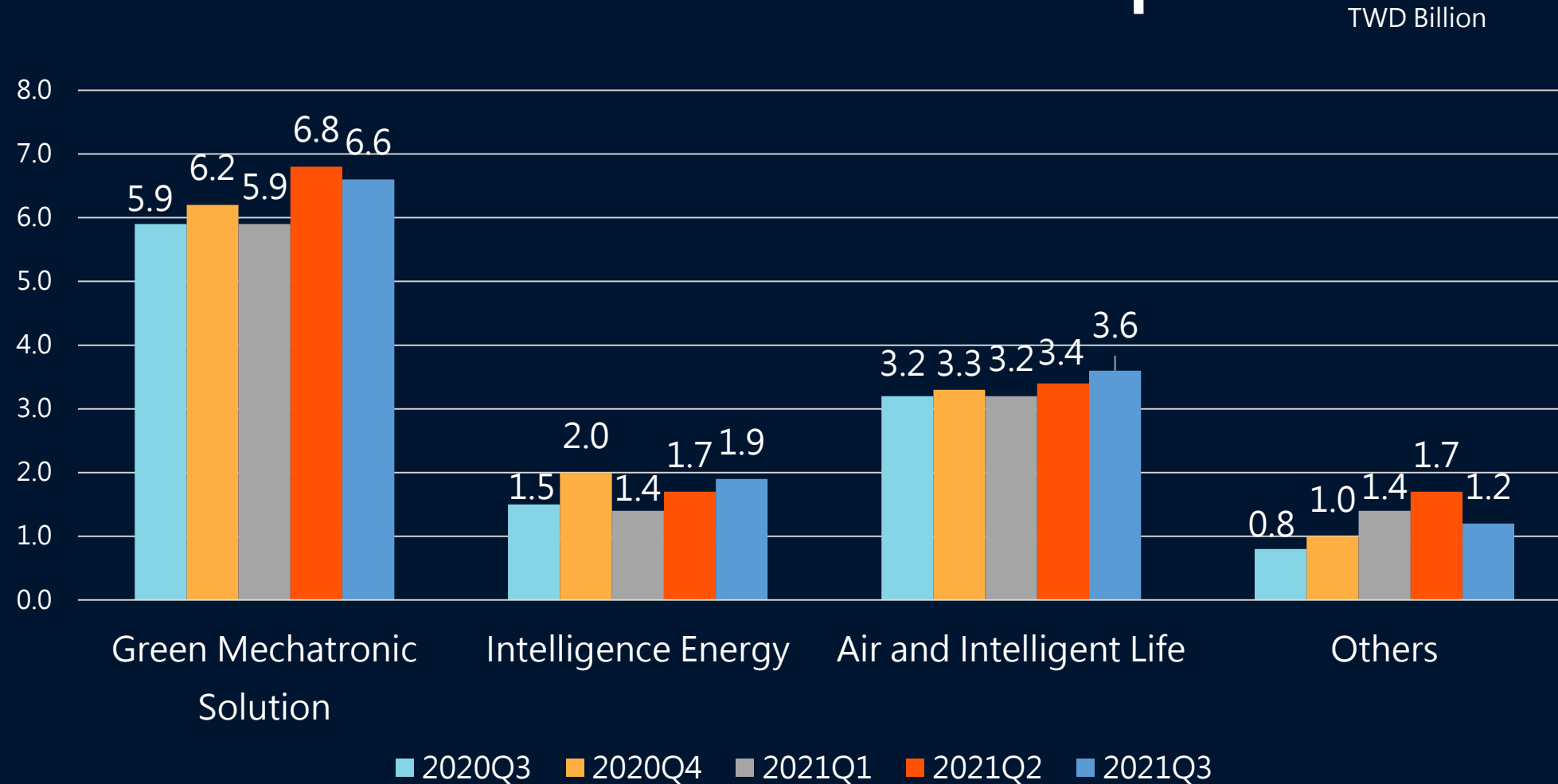
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- ✓ "Green Mechatronic Solution" revenue increased by 12.2% YoY, thanks to strong demand for global industrial products, the continuous growth of the motor and automation business in China and Motovario in Europe.
- ✓ The revenue growth of "Intelligence Energy" increased by 29.4% YoY, mainly due to the growth of TECO's engineering project revenue (including onshore substation of offshore wind farm and IDC projects, etc.)
- ✓ The YoY revenue growth of "Air and Intelligent" was 12.7%, mainly due to: 1) The revenue growth of TECO's home appliance; 2) Affected by the epidemic, the demand for e-commerce shopping increased, which led to the growth of Taiwan Pelican's home delivery business; 3. Increase in ITTS's ERP projects for digital transformation.

Sales Trend of Business Groups

2021 Q3
Financials



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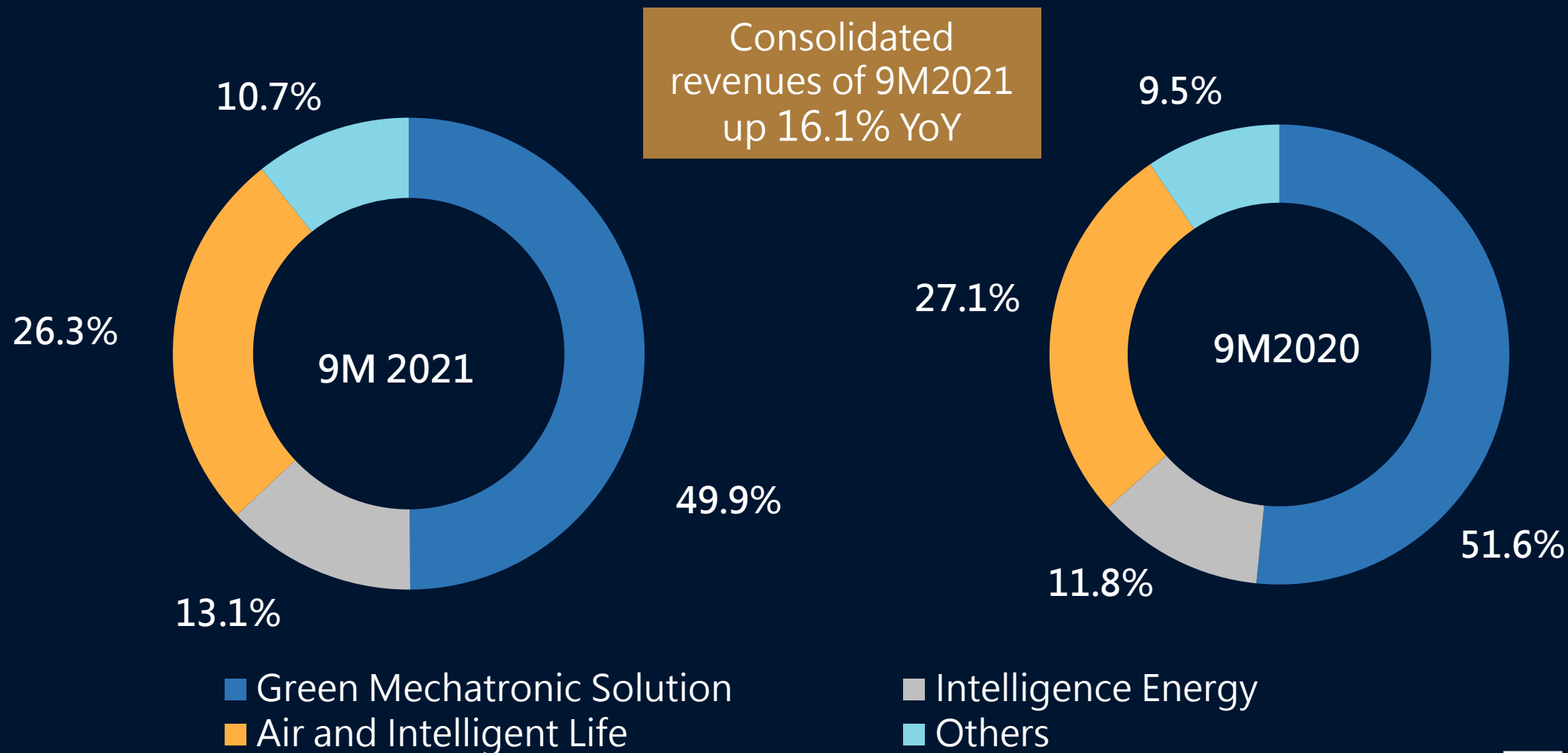
Revenue Breakdown by Business Group 1/2

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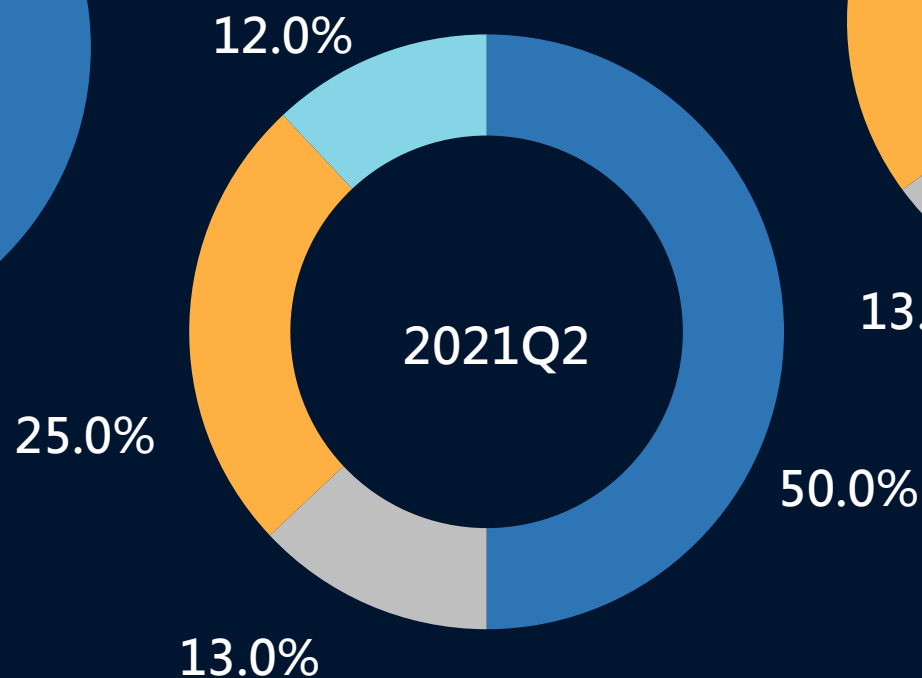
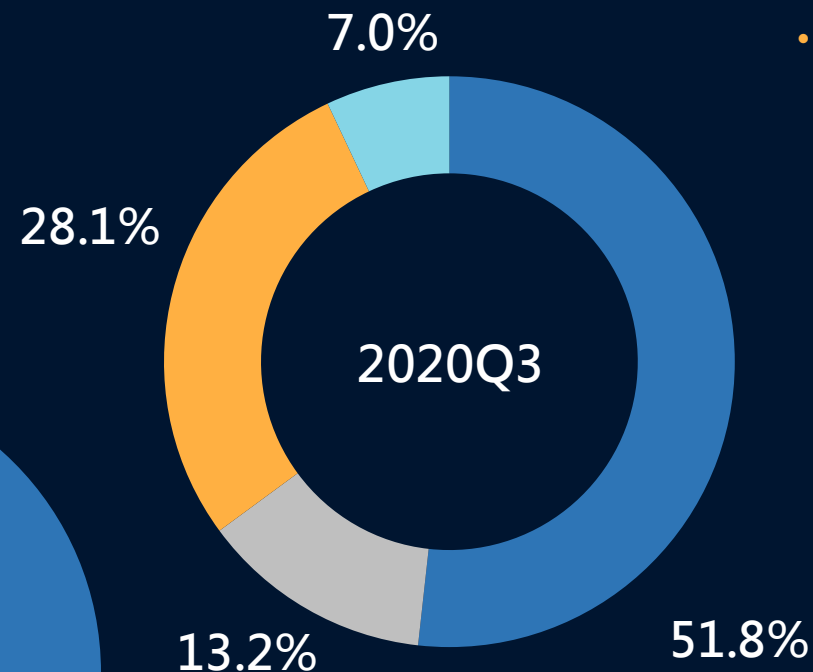
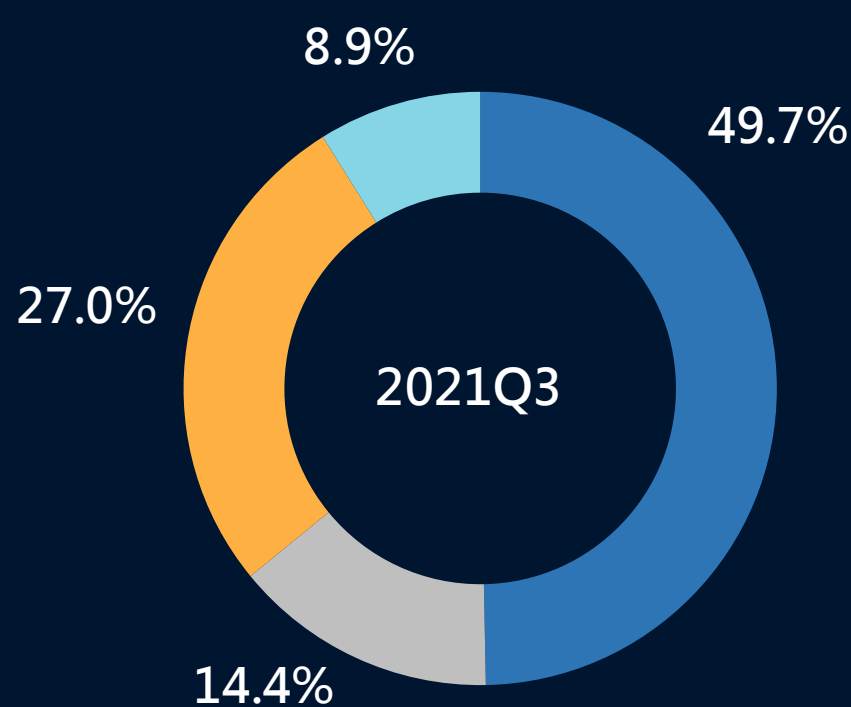
Revenue Breakdown by Business Group 2/2

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Consolidated
revenues of 2021Q3
up 15.7% YoY

■ Green Mechatronic Solution ■ Intelligence Energy
■ Air and Intelligent Life ■ Others

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Green Mechatronic Solution

E-Mobility Taiwan Exhibition (Oct. 2021)



T Power 130

- 創新降低噪音及振動專利技術：噪音最佳化68dB、振動降低40%
- 符合3大車輛功能安全目標(Safety goal)，可防止車輛
(1)發生非預期的加速、(2)減速、(3)失去動力。
- 通過嚴苛之環境及耐久驗證，具有高可靠性及高耐環境性
- 應用於四輪乘用車、電動物流車及3.49噸貨卡(含)以下商用車型

T Power 130

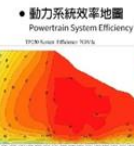
- Innovative noise- and vibration-reduction patented technology: optimized noise 68 dB, 40% vibration reduction
- Conformance to three major auto safety goals, namely prevention of unexpected acceleration, deceleration, and power loss.
- Passage of rigorous environmental and durability certification, with high reliability and high environmental endurance
- Applications in four-wheel passenger car, e-logistics vehicles, and 3.49-ton and lighter trucks

E-commercial logistics
Vehicle Powertrain Systems



T Power+系列

- **Design:**
超高效率永磁同步電機與驅動器，自主研發設計功率模組化範圍150~250kW
- **Manufacture:**
車電專用生產線，自動化、智慧化製造，品質保證
- **Innovation:**
創新降噪發明專利及降低漏磁發明專利
- **Taiwan:**
採用中鋼高性能規格電磁鋼片，動力系統應用於電動大客車、電動貨卡、港口AGV等載具



T Power+ series

- **Design:**
High-efficiency permanent-magnet synchronous electric machinery and driver, self-developed 150-250 kW power modules
- **Manufacture:**
Dedicated automotive-electronics production line, automation, smart manufacturing, quality guarantee
- **Innovation:**
Innovative noise-reduction patent and magnetic-leakage reduction patent
- **Taiwan:**
Employment of high-performance, high-specifications magnetic steel sheets of China Steel Corporation, powertrain for applications in e-bus, e-truck, and port AGV

E-bus and E-boat Powertrain System



T Power系列

- 為國產業者第一家自主設計、生產製造包括電動車用馬達及驅動控制系統產品
- 產品採彈性功率模組化設計，機種可擴充50kW~130 kW
- 主要應用：四輪乘用電動車及3.49噸(含)以下商用車型
- 可升級為高度集成3合1動力系統
- 產品通過嚴苛之環境驗證，具有高可靠性及高耐環境性
- 榮獲2021台灣精品金質獎

T Power series

- Manufacture of self-developed e-vehicle motor and drive controller the first company in Taiwan.
- 50 kW-130 kW power modules
- Major applications: Four-wheel passenger car and 3.49-ton and lighter commercial vehicles
- Upgradable to highly integrated three-in-one powertrain
- Passage of rigorous environmental and durability certification, with high reliability and high environmental endurance
- Awarded as 2021 Taiwan Excellence Gold

E-passenger Car Powertrain System



Intelligence Energy

Hai Long Wind Project Onshore Substation EPC Contract


Hai Long Offshore Wind Project and TECO signed a preferred supplier agreement of onshore substation with an installed capacity of 1,044MW on Sep. 29th.

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Mechatronic Engineering project of Taoyuan Airport's third terminal

TECO team has won out in the bidding on the mechatronic engineering project of Taoyuan Airport's third terminal at TWD12.7 billion, according to the outcome publicized on Aug. 30th

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Air and Intelligent Life



- Ensure shipments and margin increase in Air-conditioning project for elementary and high schools.
- Commercial AC business focused on DC inverter duty product lines
 - Total revenue of focused business lines grew **91.8% YoY**
 - % to total commercial AC business raised from 12.2% in 2020 to **20.9%** in 2021

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Outlook for 4th Quarter

2021 Q3
Financials

Revenue YoY Growth

Green Mechatronic Solution: 10%~15%

Intelligence Energy: 5%~10%

Air and Intelligent Life: 5%~10%

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Company-Wide Recurring Gross Margin :

21%~24%

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Carbon Neutrality Triggers Strong Demand for Energy Conservation & Carbon Abatement Solutions

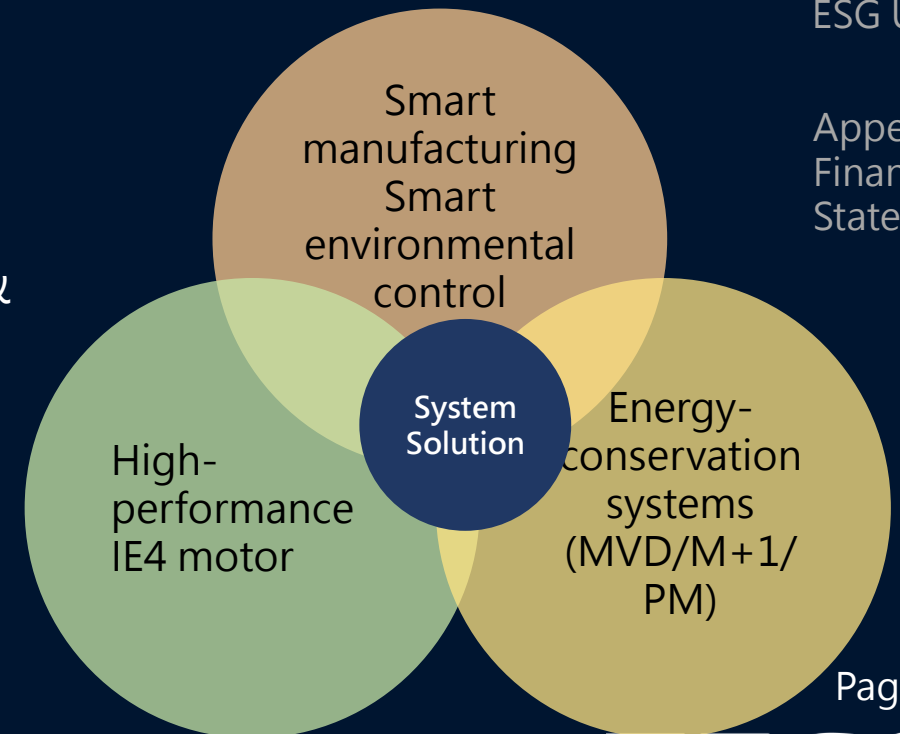
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- Given motor's heavy energy consumption, as a leading motor manufacturer worldwide, TECO established Smart Solutions Sales Center and Mechatronic System Sales & Marketing Division in July 2021, for provision of tailor-made energy consumption and carbon abatement solutions, as well as feasible system programs, to customers.
- Successive completion of energy-conservation projects for major semiconductor, papermaking, and textile firms.
- Cutting-edge energy-conservation, carbon-abatement solutions :
 - ✓ Electrification program for booster pump stations of U.S. Oil & Gas transmission and distribution pipelines
 - ✓ Waste-heat power-generation systems for steelmaking/petrochemical firms
- Smart monitoring and management of factory power consumption
- Smart production equipment IoT, Smart product stacking/packaging/transport



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MSCI

A (August 6, 2021)



BB (August 14, 2020)

Sustainalytics

(100~0, 0 is the best score)

21.66 (August, 2021)



23.6 (July 27, 2020)

FTSE

(0~5, 5 is the best score)

3.5 (June, 2021)



2.7 (2020)

A blue industrial robotic arm is the central focus, set against a blurred background of a factory floor. The arm is positioned diagonally across the frame. To the left of the text, there is a vertical bar with a gradient from grey to orange.

Q&A

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TECO 

Statements of Comprehensive Income- 3Q21

2021 Q3
Financials

(TWD Million)	2021Q3	2021Q2	QoQ	2020Q3	YoY
Operating Revenue	13,241	13,487	-1.8%	11,448	15.7%
Recurring Operating Revenue	13,137	12,813	2.5%	11,437	14.9%
Gain (Loss) on financial asset at fair value through profit or loss	104	674	-84.6%	11	845.5%
Net Gross Profit **	2,874	3,733	-23.0%	2,453	17.2%
Operating Profit	849	1,725	-50.8%	712	19.2%
Non operating Income	1,266	32	3856.3%	254	398.4%
Income Before Tax	2,115	1,758	20.3%	966	118.9%
Income Tax	(406)	(179)	126.8%	(185)	119.5%
Net Income**	1,579	1,437	9.9%	802	96.9%
EPS (TWD)	0.75	0.68	10.3%	0.41	82.9%

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* Including unrealized/realized benefits of affiliated companies

** Excluding non controlling interest

- Revenue in 2021Q3 increased by approximately 15.7% compared to 2020Q3, mainly due to:
 1. Revenue growth of Green Mechatronic Solution growth in Taiwan & Europe, Intelligence Energy & home appliance in Taiwan, as well as Taiwan Pelican.
 2. higher valuation of financial assets such as Fubon Media held by Tong An Investment.
- The net non operating income in 2021Q3 increased by TWD1.2 bn. The main reason is that
 1. due to COVID 19 epidemic, the shareholders' meeting of those invested companies were postponed to Q3, resulting in an increase of TWD713 million .
 2. Valuation increase of TWD67million on financial asset at fair value through profit or loss

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Statements of Comprehensive Income- 9M2021

2021 Q3
Financials

- Revenue in 9M2021 increased by 16.1% compared to 9M2020, mainly due to: 1) Revenue growth in Taiwan, China, Europe Taiwan Pelican; 2) higher valuation of financial assets such as Fubon Media held by Tong An Investment.
- The net non operating income in 9M2021 increased by 101% versus 9M2020. The main reason is that due to increase in dividend income and earning from equity method investment.
- The income tax of 9M2021 is higher than that of 9M2020 by NT\$302million, which is mainly due to 1) Increase in profit resulting in estimated increase in income tax and 2) recognized the basic tax resulting from Tong An Investment' s disposal of marketable securities in the current period.

(TWD Million)	9M2021	9M2020	YoY
Operating Revenue	38,719	33,349	16.1%
Recurring Operating Revenue	37,490	32,878	14.0%
Gain (Loss) on financial asset at fair value through profit or loss	1,229	471	160.9%
Net Gross Profit **	9,775	8,192	19.3%
Operating Profit	3,852	2,674	44.1%
Non operating Income	1,453	722	101.2%
Income Before Tax	5,305	3,396	56.2%
Income Tax	(786)	(484)	62.4%
Net Income**	4,519	2,728	65.7%
EPS (TWD)	1.96	1.41	39.0%

* Including unrealized/realized benefits of affiliated companies

** Excluding non controlling interest

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Balance Sheets - September 2021

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(TWD Thousand)	Sep. 30, 2021		De. 31, 2020		Sep. 30, 2020	
	Amount	%	Amount	%	Amount	%
Cash & Cash Equivalents	17,920,142	13%	20,397,260	19%	20,308,158	19%
Receivables	10,547,272	8%	10,642,883	10%	10,086,451	10%
Inventories	11,983,175	9%	9,627,248	9%	10,008,929	10%
Total Assets	135,089,107	100%	105,679,071	100%	106,068,500	100%
Payables	15,026,502	11%	12,921,618	12%	11,497,747	11%
Short term Borrowings	2,148,828	2%	2,816,832	3%	2,938,004	3%
Long term Borrowings	4,480,954	3%	3,611,731	3%	4,671,586	4%
Corporate Bond Payables	6,000,000	4%	6,000,000	6%	6,000,000	6%
Total Liabilities	40,927,377	30%	38,053,839	34%	38,673,838	36%
Equities	94,161,730	70%	67,625,232	66%	67,394,662	64%

Key Indices			
AR Turnover (times)	3.30	4.41	4.41
Inventory Turnover (times)	3.35	3.36	3.15
Current Ratio	2.16	2.33	2.36
Quick Ratio	1.51	1.75	1.75
Net Debt to Equity	-2.6%	-11.8%	-9.9%

• Cash and Cash Equivalents decreased by TWD2.48bn compared to Year end of 2020 mainly due to purchase of mutual fund.

• Inventories increased by TWD2.35bn compared to Year end of 2020 mainly due to business growth and preparation for potential inflation and shortage of raw materials.

• Payables increased by TWD2.1bn and TWD 3.53bn compared to Year end of 2020 and June end of 2021 mainly due to increase in inventories.

• Equities increased by TWD26.5bn compared to Year end of 2020 mainly due to higher valuation of financial assets besides net income and capital increase through share swap.