



TECO Electric & Machinery Co., Ltd.

5F, 19-9, San Chong Road, Nan-Kang, Taipei 115, Taiwan

Tel: (8862) 2655-3333 | Fax: (8862) 2655-2259 | <http://www.teco.com.tw>

TECO Announces 3Q 2018 Results

Taipei, Taiwan, November 14 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 3Q 2018.

Consolidated Basis

Unit: NT\$1,000

Item	Period 3Q 2018	vs. 3Q 2017 (+/-%)	vs. 2Q 2018 (+/-%)	9M 2018	vs. 9M 2017 (+/-%)
Operating Revenue	12,064,362	-4.8%	-6.4%	37,109,837	-1.5%
Gross Profit, net	2,823,832	-3.1%	-9.3%	8,945,884	-2.7%
Operating Profit	884,586	17.7%	0.8%	2,669,408	0.4%
Income Tax Expense	168,355	-32.2%	-12.2%	621,297	-1.8%
Net Income ⁽¹⁾	820,436	-3.5%	-25.6%	2,460,690	-0.6%
EPS(NT\$)	0.41			1.24	

(1) Excluding non-controlling interests.

Please find the details in the following pages.

For the third quarter of 2018, net revenue totaled NT\$12,064 million and gross profit was NT\$2,824 million. Operating profit came in at NT\$885 million and net income was NT\$820 million. Earnings per share was reported as NT\$0.41.

Recurring operating revenue decreased by 5.1% as opposed to 3Q'17. Gross profit and operating profit decreased by 3.1% and increased 17.7% respectively. Net income decreased by 3.5%. The decrease in non-operating income was mainly due to the one off insurance claims in 3Q17. (See table 1)

Table 1

(In NT\$1,000, except EPS)	3Q ' 18		3Q ' 17		YoY %
	Amount	%	Amount	%	
Operating Revenue	12,064,362	100.0%	12,677,880	100.0%	-4.8%
Recurring Operating Revenue	12,061,346	100.0%	12,706,967	100.2%	-5.1%
Available for sale financial assets	3,016	0.0%	(29,087)	-0.2%	-110.4%
Operating Costs	(9,240,125)	-76.6%	(9,762,733)	-77.0%	-5.4%
Gross Profit, net ⁽¹⁾	2,823,832	23.4%	2,913,818	23.0%	-3.1%
Operating expenses	(1,939,246)	-16.1%	(2,162,324)	-17.1%	-10.3%
Operating Profit	884,586	7.3%	751,494	5.9%	17.7%
Non-operating Income (Expense)	187,969	1.6%	444,485	3.5%	-57.7%
Other Income	339,145	2.8%	699,827	5.5%	-51.5%
Other Gains and Losses	(171,518)	-1.4%	(215,456)	-1.7%	-20.4%
Financial Costs	(50,498)	-0.4%	(81,654)	-0.6%	-38.2%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	70,840	0.6%	41,768	0.3%	69.6%
Income before Tax	1,072,555	8.9%	1,195,979	9.4%	-10.3%
Income Tax Expense	(168,355)	-1.4%	(248,149)	-2.0%	-32.2%
Net Income ⁽²⁾	820,436	6.8%	849,994	6.7%	-3.5%
EPS	0.41		0.43		

Note:

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

(2) Excluding non-controlling interests.

Recurring operating revenue for 3Q'18 decreased 6.4% over 2Q'18. Gross profit decreased by 9.3% while operating profit increased by 0.8%. Net income decreased by 25.6%. The main reason results in decreasing non-operating Income was mainly due to the decrease in dividend income in 3Q18.

Table 2

	3Q ' 18		2Q ' 18		YoY %
	Amount	%	Amount	%	
(In NT\$1,000, except EPS)					
Operating Revenue	12,064,362	100.0%	12,889,764	100.0%	-6.4%
Recurring Operating Revenue	12,061,346	100.0%	12,969,417	100.6%	-7.0%
Available for sale financial assets	3,016	0.0%	(79,653)	-0.6%	-103.8%
Operating Costs	(9,240,125)	-76.6%	(9,777,476)	-75.9%	-5.5%
Gross Profit, net ⁽¹⁾	2,823,832	23.4%	3,111,974	24.1%	-9.3%
Operating expenses	(1,939,246)	-16.1%	(2,234,506)	-17.3%	-13.2%
Operating Profit	884,586	7.3%	877,468	6.8%	0.8%
Non-operating Income (Expense)	187,969	1.6%	522,074	4.1%	-64.0%
Other Income	339,145	2.8%	513,943	4.0%	-34.0%
Other Gains and Losses	(171,518)	-1.4%	27,172	0.2%	-731.2%
Financial Costs	(50,498)	-0.4%	(55,143)	-0.4%	-8.4%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	70,840	0.6%	36,102	0.3%	96.2%
Income before Tax	1,072,555	8.9%	1,399,542	10.9%	-23.4%
Income Tax Expense	(168,355)	-1.4%	(191,818)	-1.5%	-12.2%
Net Income ⁽²⁾	820,436	6.8%	1,102,993	8.6%	-25.6%
EPS	0.41		0.56		

Note:

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

(2) Excluding non-controlling interests.

For the first nine months of 2018, operating revenue totaled NT\$37,110 million and gross profit was NT\$8,946 million. Operating profit came in at NT\$3,325 million and net income was NT\$2,461 million. Earnings per share was reported as NT\$1.24.

Recurring operating revenue decreased by 1.1% as opposed to 9M'17. Gross profit decreased by 2.7% and operating profit increased by 0.4%. Net income decreased by 0.6%. The decrease in non-operating income was mainly due to the one off insurance claims in 2017. (See table 3)

Table 3

(In NT\$1,000, except EPS)	9M ' 18		9M ' 17		YoY %
	Amount	%	Amount	%	
Operating Revenue	37,109,837	100.0%	37,667,308	100.0%	-1.5%
Recurring Operating Revenue	37,085,174	99.9%	37,497,678	99.5%	-1.1%
Available for sale financial assets	24,663	0.1%	169,630	0.5%	-85.5%
Operating Costs	(28,163,333)	-75.9%	(28,473,483)	-75.6%	-1.1%
Gross Profit, net ⁽¹⁾	8,945,884	24.1%	9,191,672	24.4%	-2.7%
Operating expenses	(6,276,476)	-16.9%	(6,532,218)	-17.3%	-3.9%
Operating Profit	2,669,408	7.2%	2,659,454	7.1%	0.4%
Non-operating Income (Expense)	655,379	1.8%	770,296	2.0%	-14.9%
Other Income	1,018,054	2.7%	1,259,093	3.3%	-19.1%
Other Gains and Losses	(315,404)	-0.8%	(422,233)	-1.1%	-25.3%
Financial Costs	(164,378)	-0.4%	(196,047)	-0.5%	-16.2%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	117,107	0.3%	129,483	0.3%	-9.6%
Income before Tax	3,324,787	9.0%	3,429,750	9.1%	-3.1%
Income Tax Expense	(621,297)	-1.7%	(632,939)	-1.7%	-1.8%
Net Income ⁽²⁾	2,460,690	6.6%	2,476,416	6.6%	-0.6%
EPS	1.24		1.25		

Note:

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

(2) Excluding non-controlling interests.

Table 4

(In NT\$1,000)	Sep 30, 2018	June 30, 2018	Sep 30, 2017
Cash & Cash Equivalents	17,764,515	18,159,135	13,412,258
Receivables	12,326,673	12,716,832	12,625,975
Inventories	11,890,120	11,806,046	11,578,226
Other Current Assets	3,372,110	3,346,408	7,321,359
Total Current Assets	45,353,418	46,028,421	44,937,818
Financial Assets			
Net gain on financial assets at fair value through profit or loss -Non Current	1,977,271	2,054,012	-
Net gain on financial assets at fair value through other comprehensive income -Non Current	11,098,998	10,547,926	-
Available for sale - Non Current	-	-	12,951,778
Long-Term Investments			
Under Equity Method	4,104,711	4,385,520	3,946,880
Other Non-Current Assets	30,320,090	29,832,311	30,783,855
Total Non-Current Assets	47,501,070	46,819,769	47,682,513
Total Assets	92,854,488	92,848,190	92,620,331
Current Liabilities	18,519,205	20,150,146	19,280,618
Bonds Payable	4,000,000	4,000,000	4,000,000
Long-Term Borrowings	8,097,628	7,404,243	7,022,460
Other Non-Current Liabilities	4,515,572	4,475,633	4,921,700
Total Non-Current Liabilities	16,613,200	15,879,876	15,944,160
Total Liabilities	35,132,405	36,030,022	35,224,778
Total Shareholders' Equity ⁽¹⁾	57,722,083	56,818,168	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>

Investor Relations Contact

Shelly Chen
Investor Relations
Phone : 886-2-2655-3333 Ext. 3302
Fax : 886-2-2655-2291
Email : shelly.chen@teco.com.tw

PR Contact

Lily Chiang
PR Manager
Phone : 886-2-2655-3333 Ext. 3579
Fax : 886-2-2655-2291
Email : lily.chiang@teco.com.tw