

TECO Electric & Machinery Co., Ltd.



2019 1Q 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.

1Q 19 Income Statement - consolidated

(In NT Millions)	1Q 19	4Q 18	QoQ	1Q 18	YoY
Operating Revenue	11,707	12,995	-9.9%	12,156	-3.7%
Recurring Operating Revenue	11,619	13,071	-11.1%	12,055	-3.6%
Gain on Sales of Financial Assets	88	(76)	-	101	-12.9%
Gross Profit, net *	2,905	3,107	-6.5%	3,010	-3.5%
Operating Profit	926	851	8.8%	907	2.1%
Non-operating Income (Expense)	43	111	-61.3%	(55)	-
Income before Tax	969	961	0.8%	853	13.6%
Income Tax Expense	(263)	(189)	39.2%	(261)	0.8%
Net Income **	635	689	-7.8%	537	18.2%
EPS (NT\$)	0.32	0.35	-8.6%	0.27	18.5%

* Unrealized / realized gain on inter-affiliate accounts included

** Excluding non-controlling interest

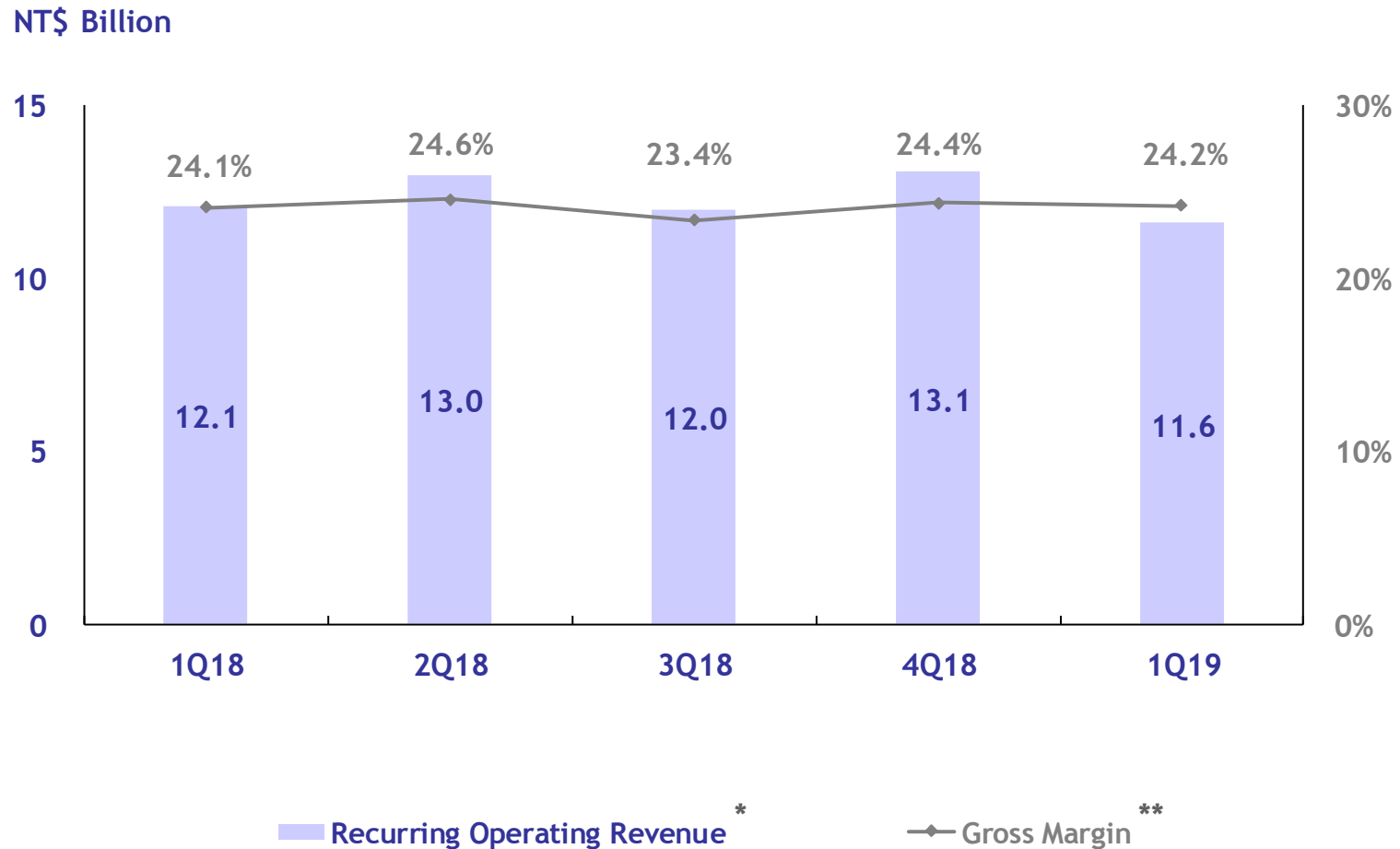
1Q 19 Financial Highlights - consolidated

(In NT Millions)	1Q 19	4Q 18	QoQ	1Q 18	YoY
Net Sales - recurring *	11,619	13,071	-11.1%	12,055	-3.6%
Gross Margin - recurring *	24.2%	24.4%	-20bps	24.1%	10bps
Operating Margin - recurring *	7.2%	7.1%	10bps	6.7%	50bps
EPS (NT\$)	0.32	0.35	-8.6%	0.27	18.5%
ROE (%) **	4.6%	5.2%	-60bps	4.1%	50bps
ROA (%) **	2.7%	3.0%	-30bps	2.3%	40bps

* Excluding financial assets at fair value through profit or loss

** Annualized number and excluding non-controlling interests

Recurring Operating Revenue vs. Gross Margin

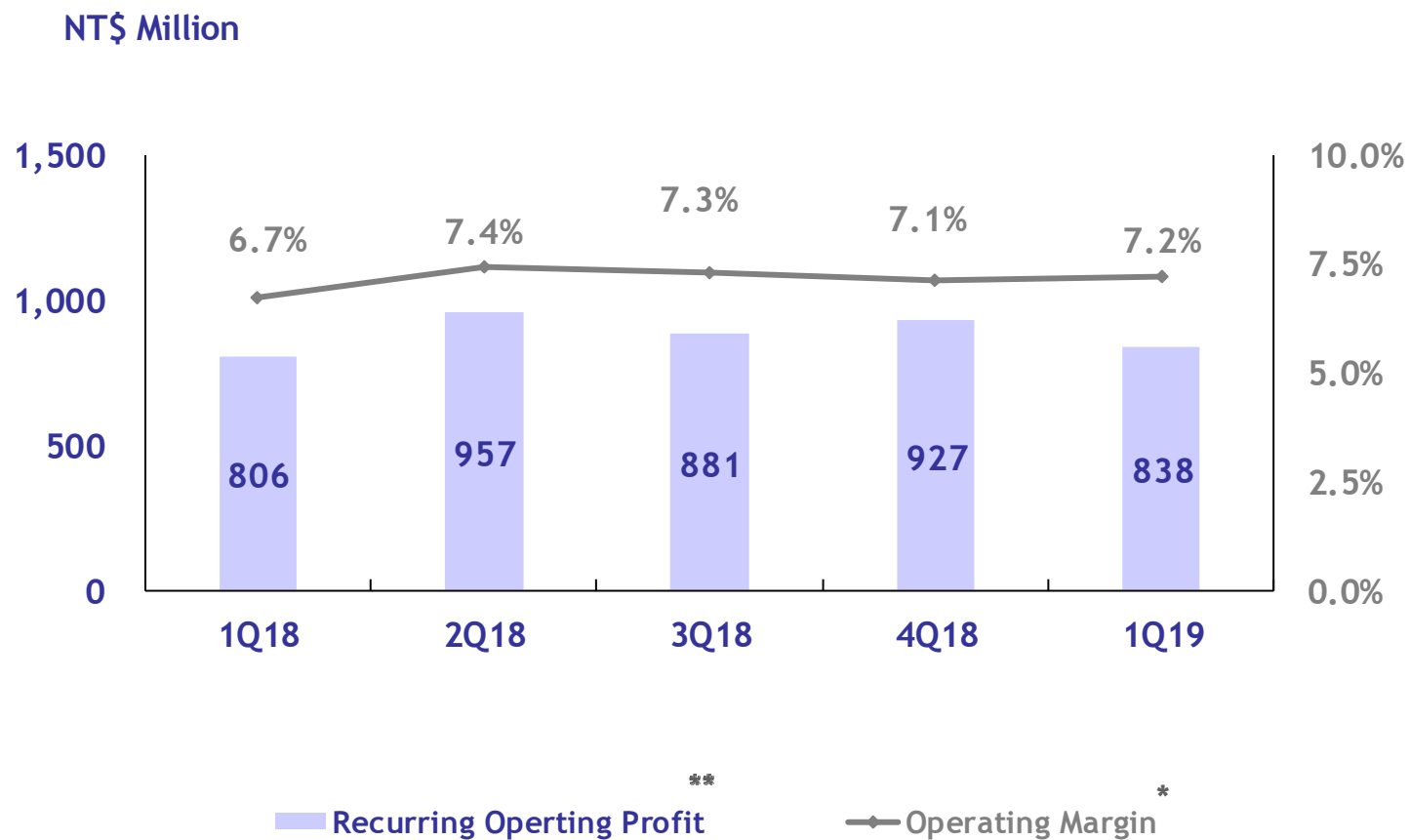


* Recurring Operating Revenue = Operating Revenue – financial assets at fair value through profit or loss

** 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

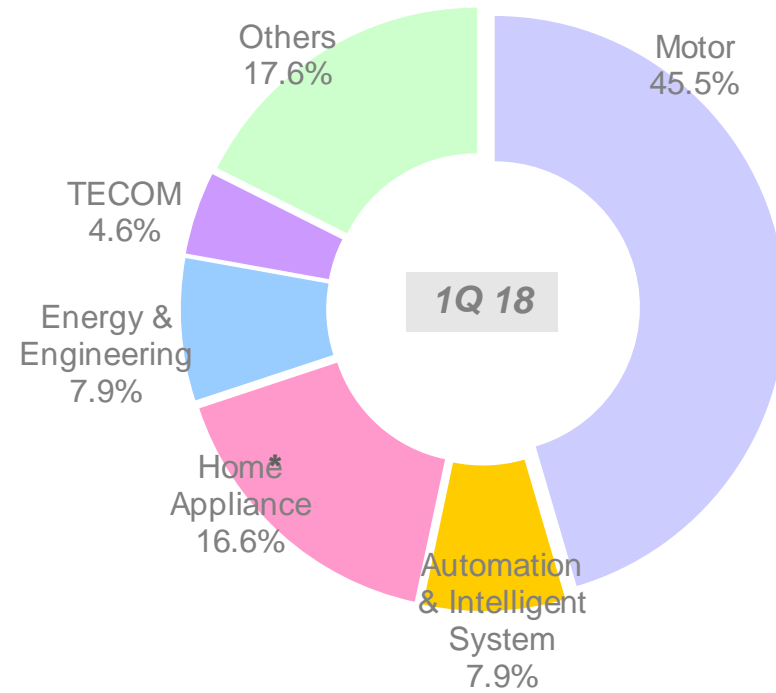
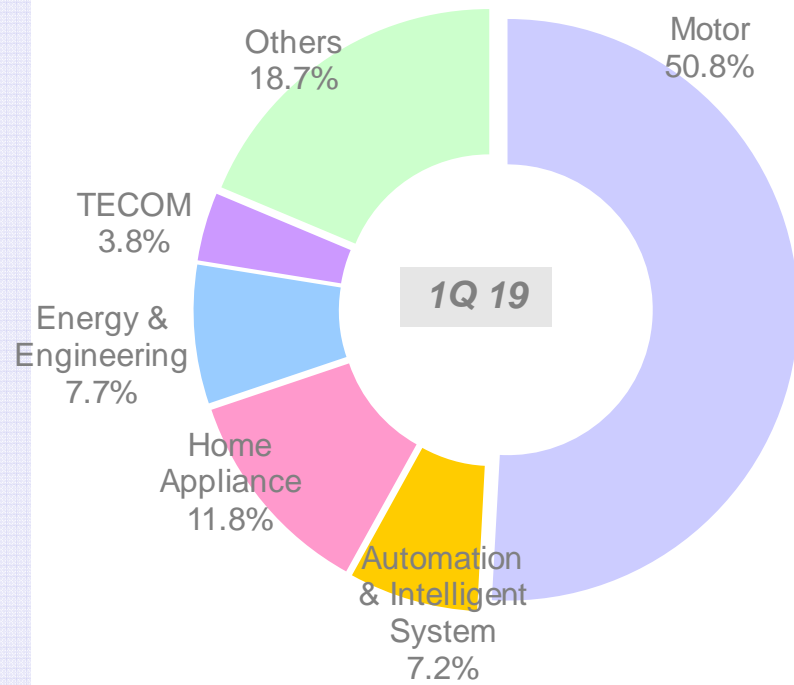


* Recurring Operating Profit / Recurring Operating Revenue

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

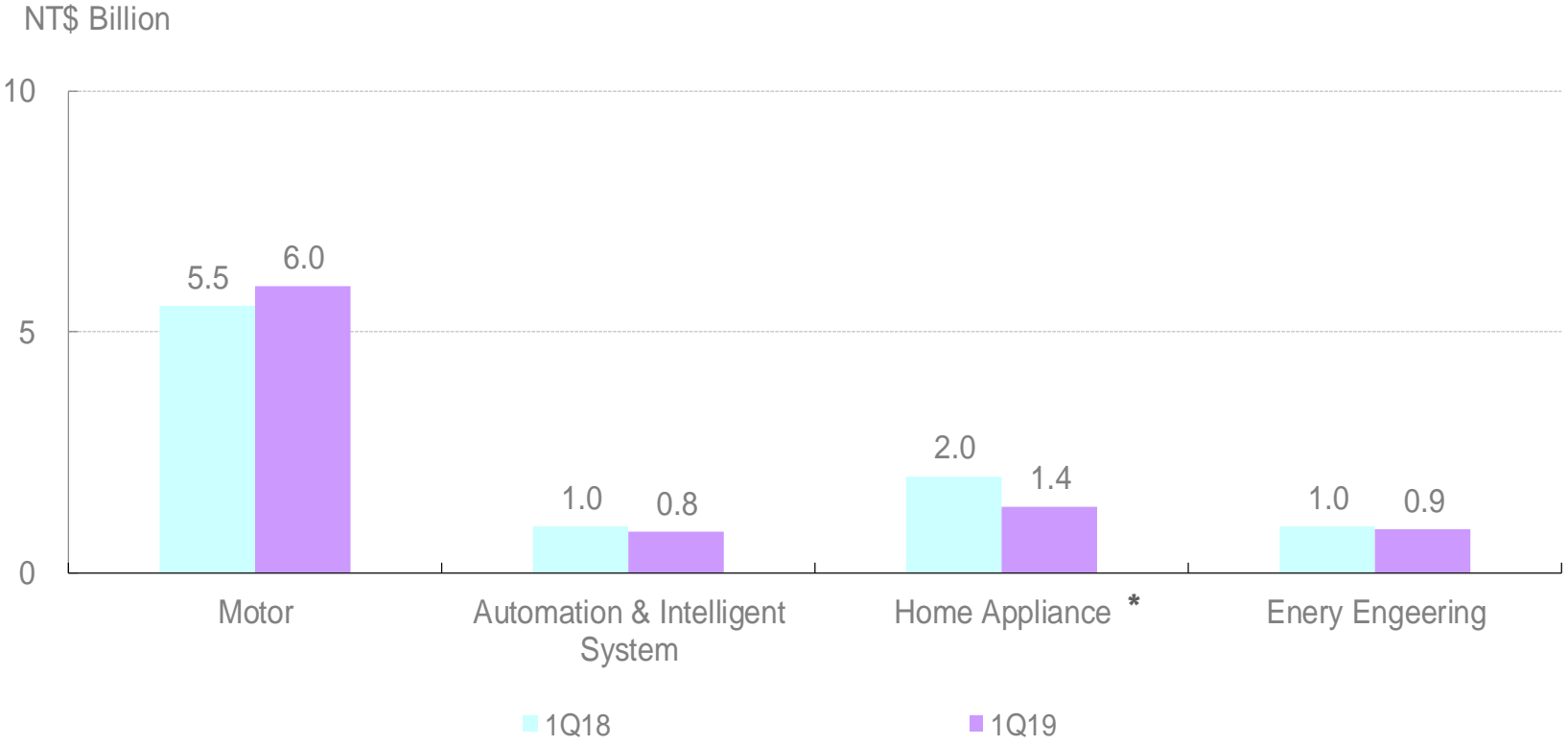
Revenue Breakdown

In 1Q19, total consolidated topline down by 3.7% YoY.



Note: Excluding Kueling from consolidated revenue since June 2018.

Sales Trend on Major Business lines



Note: Excluding Kueling from consolidated revenue since June 2018.

1Q'19 Balance Sheet - consolidated

(In NT 1,000)	Mar 19		Dec 18		Sep 18	
	Amount	%	Amount	%	Amount	%
Cash & Cash Equivalent	17,519,287	18%	17,535,566	19%	17,764,515	19%
Receivable	10,705,587	11%	10,841,917	12%	12,326,673	13%
Inventories	11,492,629	12%	11,429,685	12%	11,890,120	13%
Total Assets	98,873,049	100%	91,981,286	100%	92,854,488	100%
Short-term Borrowings	1,947,764	2%	1,994,360	2%	2,267,047	3%
Accounts Payable	11,304,481	11%	12,538,210	14%	12,245,689	13%
Long-term Borrowings	7,286,112	7%	6,746,354	7%	8,097,628	9%
Corporate Bond Payable	4,000,000	4%	4,000,000	4%	4,000,000	4%
Total Liabilities	38,335,980	39%	33,490,371	36%	35,132,405	38%
Equities	60,537,069	61%	58,490,915	64%	57,722,083	62%

Key Indices

AR Turnover (times)	4.54	4.72	4.59
Inventory Turnover (times)	3.07	3.34	3.23
Current Ratio	2.49	2.41	2.44
Quick Ratio	1.84	1.76	1.78
Net Debt to Equity	-7.1%	-8.2%	-5.9%

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