



TECO Electric & Machinery Co., Ltd.

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TECO Announces 3Q 2017 Results

Taipei, Taiwan, November 14 2017 - 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 2017.

Consolidated Basis

Unit: NT\$1,000

Item	Period 3Q 2017	vs. 3Q 2016 (+/-%)	vs. 2Q 2017 (+/-%)	9M 2017	vs. 9M 2016 (+/-%)
Operating Revenue	12,677,880	5.6%	-3.0%	37,667,308	3.2%
Gross Profit, net	2,913,818	-6.2%	-11.3%	9,191,672	-5.5%
Operating Profit	751,494	-13.6%	-25.5%	2,659,454	-13.9%
Income Tax Expense	248,149	73.3%	41.1%	632,939	-6.7%
Net Income ⁽¹⁾	849,994	-5.4%	-22.1%	2,476,416	-5.4%
EPS(NT\$)	0.43			1.25	

(1) Excluding non-controlling interests.

Please find the details in the following pages.

For the third quarter of 2017, net revenue totaled NT\$12,678 million and gross profit was NT\$2,914 million. Operating profit came in at NT\$751 million and net income was NT\$850 million. Earnings per share was reported as NT\$0.43.

Recurring operating revenue increased 6.0% as opposed to 3Q'16. Gross profit and operating profit decreased 6.2% and 13.6% respectively. Net income decreased 5.4%. The increase in non-operating income was mainly due to the insurance claims and gain on disposal assets in 3Q17. (See table 1)

Table 1

(In NT\$1,000, except EPS)	3Q ' 17 ⁽³⁾		3Q ' 16 ⁽³⁾		YoY %
	Amount	%	Amount	%	
Operating Revenue	12,677,880	100.0%	12,003,706	100.0%	5.6%
Recurring Operating Revenue	12,706,967	100.2%	11,989,789	99.9%	6.0%
Gain on Sales of Financial Assets	(29,087)	-0.2%	13,917	0.1%	-309.0%
Operating Costs	(9,762,733)	-77.0%	(8,897,433)	-74.1%	9.7%
Gross Profit, net ⁽¹⁾	2,913,818	23.0%	3,105,913	25.9%	-6.2%
Operating expenses	(2,162,324)	-17.1%	(2,236,163)	-18.6%	-3.3%
Operating Profit	751,494	5.9%	869,750	7.2%	-13.6%
Non-operating Income (Expense)	444,485	3.5%	298,101	2.5%	49.1%
Other Income	699,827	5.5%	531,234	4.4%	31.7%
Other Gains and Losses	(215,456)	-1.7%	(140,789)	-1.2%	53.0%
Financial Costs	(81,654)	-0.6%	(76,109)	-0.6%	7.3%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	41,768	0.3%	(16,235)	-0.1%	-
Income before Tax	1,195,979	9.4%	1,167,851	9.7%	2.4%
Income Tax Expense	(248,149)	-2.0%	(143,201)	-1.2%	73.3%
Net Income ⁽²⁾	849,994	6.7%	898,910	7.5%	-5.4%
EPS	0.43		0.45		

Note:

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

(2) Excluding non-controlling interests.

(3) Comply with IFRS.

Recurring operating revenue of 3Q'17 decreased 2.4% over 2Q'17. Gross profit and operating profit decreased 11.3% and 25.5% respectively. Net income decreased by 22.1%. The main reason results in increasing Non-operating Income are the insurance claims and gain on disposal assets in 3Q17.

Table 2

(In NT\$1,000, except EPS)	3Q ' 17 ⁽³⁾		2Q ' 17 (3)		YoY %
	Amount	%		%	
Operating Revenue	12,677,880	100.0%	13,073,245	100.0%	-3.0%
Recurring Operating Revenue	12,706,967	100.2%	13,014,926	99.6%	-2.4%
Gain on Sales of Financial Assets	(29,087)	-0.2%	58,319	0.4%	-149.9%
Operating Costs	(9,762,733)	-77.0%	(9,787,215)	-74.9%	-0.3%
Gross Profit, net ⁽¹⁾	2,913,818	23.0%	3,286,558	25.1%	-11.3%
Operating expenses	(2,162,324)	-17.1%	(2,277,254)	-17.4%	-5.0%
Operating Profit	751,494	5.9%	1,009,304	7.7%	-25.5%
Non-operating Income (Expense)	444,485	3.5%	380,558	2.9%	16.8%
Other Income	699,827	5.5%	426,361	3.3%	64.1%
Other Gains and Losses	(215,456)	-1.7%	(68,335)	-0.5%	215.3%
Financial Costs	(81,654)	-0.6%	(50,787)	-0.4%	60.8%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	41,768	0.3%	73,319	0.6%	-43.0%
Income before Tax	1,195,979	9.4%	1,389,862	10.6%	-13.9%
Income Tax Expense	(248,149)	-2.0%	(175,918)	-1.3%	41.1%
Net Income ⁽²⁾	849,994	6.7%	1,090,613	8.3%	-22.1%
EPS	0.43		0.55		

Note:

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

(2) Excluding non-controlling interests.

(3) Comply with IFRS.

For the first nine months of 2017, operating revenue totaled NT\$37,667 million and gross profit was NT\$9,192 million. Operating profit came in at NT\$2,659 million and net income was NT\$2,476 million. Earnings per share was reported as NT\$1.25.

Recurring operating revenue increased by 3.2% as opposed to 9M'16. Gross profit and operating profit decreased 5.5% and 13.9% respectively. Net income decreased 5.4%. The increase in non-operating income was mainly due to the insurance claims and gain on disposal assets. (See table 3)

Table 3

(In NT\$1,000, except EPS)	9M ' 17 ⁽³⁾		9M ' 16 ⁽³⁾		YoY %
	Amount	%	Amount	%	
Operating Revenue	37,667,308	100.0%	36,496,207	100.0%	3.2%
Recurring Operating Revenue	37,497,678	99.5%	36,334,603	99.6%	3.2%
Gain on Sales of Financial Assets	169,630	0.5%	161,604	0.4%	5.0%
Operating Costs	(28,473,483)	-75.6%	(26,764,994)	-73.3%	6.4%
Gross Profit, net ⁽¹⁾	9,191,672	24.4%	9,730,162	26.7%	-5.5%
Operating expenses	(6,532,218)	-17.3%	(6,640,931)	-18.2%	-1.6%
Operating Profit	2,659,454	7.1%	3,089,231	8.5%	-13.9%
Non-operating Income (Expense)	770,296	2.0%	589,528	1.6%	30.7%
Other Income	1,259,093	3.3%	1,001,847	2.7%	25.7%
Other Gains and Losses	(422,233)	-1.1%	(188,534)	-0.5%	124.0%
Financial Costs	(196,047)	-0.5%	(239,416)	-0.7%	-18.1%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	129,483	0.3%	15,631	0.0%	728.4%
Income before Tax	3,429,750	9.1%	3,678,759	10.1%	-6.8%
Income Tax Expense	(632,939)	-1.7%	(678,184)	-1.9%	-6.7%
Net Income ⁽²⁾	2,476,416	6.6%	2,616,785	7.2%	-5.4%
EPS	1.25		1.32		

Table 4

(In NT\$1,000)	Sep 30, 2017	June 30, 2017	Sep 30, 2016
Cash & Cash Equivalents	13,412,258	13,397,764	14,831,484
Receivables	12,625,975	13,140,008	12,583,493
Inventories	11,578,226	11,424,203	11,531,653
Other Current Assets	7,321,359	7,058,787	5,219,846
Total Current Assets	44,937,818	45,020,762	44,166,476
Financial Assets			
Available for sale - Non Current	12,951,778	13,300,010	12,788,267
Long-Term Investments			
Under Equity Method	3,946,880	3,875,511	3,953,173
Other Non-Current Assets	30,783,855	31,021,938	31,221,245
Total Non-Current Assets	47,682,513	48,197,459	47,962,685
Total Assets	92,620,331	93,218,221	92,129,161
Current Liabilities	19,280,618	20,600,606	18,061,656
Bonds Payable	4,000,000	3,000,000	3,000,000
Long-Term Borrowings	7,022,460	8,149,099	10,347,469
Other Non-Current Liabilities	4,921,700	4,895,345	5,111,349
Total Non-Current Liabilities	15,944,160	16,044,444	18,458,818
Total Liabilities	35,224,778	36,645,050	36,520,474
Total Shareholders' Equity ⁽¹⁾	57,395,553	56,573,171	55,608,687

(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\$49.9 Billion for the 2016 fiscal year. More information is available at <http://www.teco.com.tw>

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