



## TECO Electric & Machinery Co., Ltd.

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## TECO Announces 2016 Results

Taipei, Taiwan, March 30 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 2016.

### Consolidated Basis

Unit: NT\$1,000

Item	Period 4Q 2016	vs. 4Q 2015 (+/-%)	vs. 3Q 2016 (+/-%)	2016	vs. 2015 (+/-%)
Operating Revenue	13,427,629	7.6%	11.9%	49,923,836	2.7%
Gross Profit, net	3,404,233	6.7%	9.6%	13,134,395	5.9%
Operating Profit	1,100,250	17.6%	26.5%	4,189,481	10.6%
Income Tax Expense	218,109	60.3%	52.3%	896,293	-14.6%
Net Income <sup>(1)</sup>	864,695	51.5%	-3.8%	3,481,480	9.6%
EPS(NT\$)	0.44			1.76	

(1) Excluding non-controlling interests.

Please find the details in the following pages.

For the fourth quarter of 2016, net revenue totaled NT\$13,428 million and gross profit was NT\$3,404 million. Operating profit came in at NT\$1,100 million and net income was NT\$865 million. Earnings per share was reported as NT\$0.44.

Recurring operating revenue increased by 7.6% as opposed to 4Q'16. Gross profit increased by 6.7%. Operating profit and net income increased by 17.6% and 51.5% respectively. The increase in non-operating income was mainly due to the increase in Gain on Disposal of Investments under Other Gains and Losses in 4Q16. (See table 1)

**Table 1**

(In NT\$1,000, except EPS)	4Q ' 16 <sup>(3)</sup>		4Q ' 15 <sup>(3)</sup>		YoY %
	Amount	%	Amount	%	
Operating Revenue	13,427,629	100.0%	12,475,214	100.0%	7.6%
Recurring Operating Revenue	13,418,042	99.9%	12,466,651	99.9%	7.6%
Gain on Sales of Financial Assets	9,587	0.1%	8,563	0.1%	12.0%
Operating Costs	(10,023,310)	-74.6%	(9,288,862)	-74.5%	7.9%
Gross Profit, net <sup>(1)</sup>	3,404,233	25.4%	3,189,598	25.6%	6.7%
Operating expenses	(2,303,983)	-17.2%	(2,253,951)	-18.1%	2.2%
Operating Profit	1,100,250	8.2%	935,647	7.5%	17.6%
Non-operating Income (Expense)	154,282	1.1%	(137,052)	-1.1%	-
Other Income	158,159	1.2%	413,596	3.3%	-61.8%
Other Gains and Losses	144,829	1.1%	(451,184)	-3.6%	-
Financial Costs	(42,815)	-0.3%	(77,482)	-0.6%	-44.7%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	(105,891)	-0.8%	(21,982)	-0.2%	381.7%
Income before Tax	1,254,532	9.3%	798,595	6.4%	57.1%
Income Tax Expense	(218,109)	-1.6%	(136,066)	-1.1%	60.3%
Net Income <sup>(2)</sup>	864,695	6.4%	570,782	4.6%	51.5%
EPS	0.44		0.28		

**Note:**

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

(2) Excluding non-controlling interests.

(3) Comply with IFRS.

Recurring operating revenue for 4Q'16 increased 11.9% over 3Q'16. Gross profit increased by 9.6% while operating profit increased by 26.5% and net income decreased by 3.8%. The main reason results in decreasing Non-operating Income is the Dividend Income in 4Q16.

**Table 2**

(In NT\$1,000, except EPS)	4Q ' 16 <sup>(3)</sup>		3Q ' 16 <sup>(3)</sup>		YoY %
	Amount	%		%	
Operating Revenue	13,427,629	100.0%	12,003,706	100.0%	11.9%
Recurring Operating Revenue	13,418,042	99.9%	11,989,789	99.9%	11.9%
Gain on Sales of Financial Assets	9,587	0.1%	13,917	0.1%	-31.1%
Operating Costs	(10,023,310)	-74.6%	(8,897,433)	-74.1%	12.7%
Gross Profit, net <sup>(1)</sup>	3,404,233	25.4%	3,105,913	25.9%	9.6%
Operating expenses	(2,303,983)	-17.2%	(2,236,163)	-18.6%	3.0%
Operating Profit	1,100,250	8.2%	869,750	7.2%	26.5%
Non-operating Income (Expense)	154,282	1.1%	298,101	2.5%	-48.2%
Other Income	158,159	1.2%	531,234	4.4%	-70.2%
Other Gains and Losses	144,829	1.1%	(140,789)	-1.2%	-
Financial Costs	(42,815)	-0.3%	(76,109)	-0.6%	-43.7%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	(105,891)	-0.8%	(16,235)	-0.1%	552.2%
Income before Tax	1,254,532	9.3%	1,167,851	9.7%	7.4%
Income Tax Expense	(218,109)	-1.6%	(143,201)	-1.2%	52.3%
Net Income <sup>(2)</sup>	864,695	6.4%	898,910	7.5%	-3.8%
EPS	0.44		0.45		

*Note:*

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

*(2) Excluding non-controlling interests.*

*(3) Comply with IFRS.*

For 2016, operating revenue totaled NT\$49,924 million and gross profit was NT\$13,134 million. Operating profit came in at NT\$4,933 million and net income was NT\$3,481 million. Earnings per share was reported as NT\$1.76.

Recurring operating revenue increased by 2.6% as opposed to 2015. Gross profit and operating profit increased by 5.9% and 10.6% respectively. Net income increased by 9.6%. The decrease in non-operating income was mainly due to the decrease in Net Currency Exchange Gain under Other Gains and Losses. (See table 3)

**Table 3**

(In NT\$1,000, except EPS)	2016 <sup>(3)</sup>		2015 <sup>(3)</sup>		YoY %
	Amount	%	Amount	%	
Operating Revenue	49,923,836	100.0%	48,598,573	100.0%	2.7%
Recurring Operating Revenue	49,752,645	99.7%	48,504,693	99.8%	2.6%
Gain on Sales of Financial Assets	171,191	0.3%	93,880	0.2%	82.4%
Operating Costs	(36,788,304)	-73.7%	(36,203,039)	-74.5%	1.6%
Gross Profit, net <sup>(1)</sup>	13,134,395	26.3%	12,400,311	25.5%	5.9%
Operating expenses	(8,944,914)	-17.9%	(8,612,684)	-17.7%	3.9%
Operating Profit	4,189,481	8.4%	3,787,627	7.8%	10.6%
Non-operating Income (Expense)	743,810	1.5%	775,644	1.6%	-4.1%
Other Income	1,160,006	2.3%	1,361,206	2.8%	-14.8%
Other Gains and Losses	(43,705)	-0.1%	(511,807)	-1.1%	-91.5%
Financial Costs	(282,231)	-0.6%	(227,691)	-0.5%	24.0%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	(90,260)	-0.2%	153,936	0.3%	-158.6%
Income before Tax	4,933,291	9.9%	4,563,271	9.4%	8.1%
Income Tax Expense	(896,293)	-1.8%	(1,049,155)	-2.2%	-14.6%
Net Income <sup>(2)</sup>	3,481,480	7.0%	3,177,291	6.5%	9.6%
EPS	1.76		1.60		

Note:

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

(2) Excluding non-controlling interests.

(3) Comply with IFRS.

**Table 4**

(In NT\$1,000)	Dec 31, 2016	Sep 30, 2016	Dec 31, 2015
Cash & Cash Equivalents	13,989,826	14,831,484	14,919,042
Receivables	13,859,458	12,583,493	12,366,714
Inventories	11,177,041	11,531,653	11,755,227
Other Current Assets	6,269,985	5,219,846	3,251,419
Total Current Assets	45,296,310	44,166,476	42,292,402
Financial Assets			
Available for sale - Non Current	11,743,617	12,788,267	10,905,909
Long-Term Investments			
Under Equity Method	3,871,299	3,953,173	5,464,797
Other Non-Current Assets	31,462,730	31,221,245	25,771,144
Total Non-Current Assets	47,077,646	47,962,685	42,141,850
Total Assets	92,373,956	92,129,161	84,434,252
Current Liabilities	18,958,845	18,061,656	22,715,038
Bonds Payable	3,000,000	3,000,000	3,000,000
Long-Term Borrowings	9,428,570	10,347,469	2,300,299
Other Non-Current Liabilities	5,261,998	5,111,349	4,986,411
Total Non-Current Liabilities	17,690,568	18,458,818	10,286,710
Total Liabilities	36,649,413	36,520,474	33,001,748
Total Shareholders' Equity <sup>(1)</sup>	55,724,543	55,608,687	51,432,504

(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\$48.6 Billion for the 2015 fiscal year. More information is available at <http://www.teco.com.tw>

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