



## TECO Electric & Machinery Co., Ltd.

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## TECO Announces 2Q 2018 Results

Taipei, Taiwan, August 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 2Q 2018.

### Consolidated Basis

Unit: NT\$1,000

Item	Period 2Q 2018	vs. 2Q 2017 (+/-%)	vs. 1Q 2018 (+/-%)	1H 2018	vs. 1H 2017 (+/-%)
Operating Revenue	12,889,764	-1.4%	6.0%	25,045,475	0.2%
Gross Profit, net	3,111,974	-5.3%	3.4%	6,122,052	-2.5%
Operating Profit	877,468	-13.1%	-3.3%	1,784,822	-6.5%
Income Tax Expense	191,818	9.0%	-26.5%	452,942	17.7%
Net Income <sup>(1)</sup>	1,102,993	1.1%	105.3%	1,640,254	0.9%
EPS(NT\$)	0.56			0.83	

(1) Excluding non-controlling interests.

Please find the details in the following pages.

For the second quarter of 2018, net revenue totaled NT\$12,890 million and gross profit was NT\$3,112 million. Operating profit came in at NT\$877 million and net income was NT\$1,103 million. Earnings per share was reported as NT\$0.56.

Recurring operating revenue decreased by 0.3% as opposed to 2Q'17. Gross profit and operating profit decreased by 5.3% and 13.1% respectively. Net income increased by 1.1%. The increase in non-operating income was mainly due to the increase in net currency exchange gain and dividend income in 2Q17. (See table 1)

**Table 1**

(In NT\$1,000, except EPS)	2Q ' 18		2Q ' 17		YoY %
	Amount	%	Amount	%	
Operating Revenue	12,889,764	100.0%	13,073,245	100.0%	-1.4%
Recurring Operating Revenue	12,969,417	100.6%	13,014,926	99.6%	-0.3%
Available for sale financial assets	(79,653)	-0.6%	58,319	0.4%	-236.6%
Operating Costs	(9,777,476)	-75.9%	(9,787,215)	-74.9%	-0.1%
Gross Profit, net <sup>(1)</sup>	3,111,974	24.1%	3,286,558	25.1%	-5.3%
Operating expenses	(2,234,506)	-17.3%	(2,277,254)	-17.4%	-1.9%
Operating Profit	877,468	6.8%	1,009,304	7.7%	-13.1%
Non-operating Income (Expense)	522,074	4.1%	380,558	2.9%	37.2%
Other Income	513,943	4.0%	426,361	3.3%	20.5%
Other Gains and Losses	27,172	0.2%	(68,335)	-0.5%	-139.8%
Financial Costs	(55,143)	-0.4%	(50,787)	-0.4%	8.6%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	36,102	0.3%	73,319	0.6%	-50.8%
Income before Tax	1,399,542	10.9%	1,389,862	10.6%	0.7%
Income Tax Expense	(191,818)	-1.5%	(175,918)	-1.3%	9.0%
Net Income <sup>(2)</sup>	1,102,993	8.6%	1,090,613	8.3%	1.1%
EPS	0.56		0.55		

*Note:*

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

*(2) Excluding non-controlling interests.*

Recurring operating revenue for 2Q'18 increased 7.6% over 1Q'18. Gross profit increased by 3.4% while operating profit decreased by 3.3%. Net income increased by 105.3%. The main reason results in increasing non-operating Income is net currency exchange gain and dividend income in 2Q18.

**Table 2**

(In NT\$1,000, except EPS)	2Q ' 18		1Q ' 18		YoY %
	Amount	%	Amount	%	
Operating Revenue	12,889,764	100.0%	12,155,711	100.0%	6.0%
Recurring Operating Revenue	12,969,417	100.6%	12,054,411	99.2%	7.6%
Available for sale financial assets	(79,653)	-0.6%	101,300	0.8%	-178.6%
Operating Costs	(9,777,476)	-75.9%	(9,145,732)	-75.2%	6.9%
Gross Profit, net <sup>(1)</sup>	3,111,974	24.1%	3,010,078	24.8%	3.4%
Operating expenses	(2,234,506)	-17.3%	(2,102,724)	-17.3%	6.3%
Operating Profit	877,468	6.8%	907,354	7.5%	-3.3%
Non-operating Income (Expense)	522,074	4.1%	(54,664)	-0.4%	-
Other Income	513,943	4.0%	164,966	1.4%	211.5%
Other Gains and Losses	27,172	0.2%	(171,058)	-1.4%	-115.9%
Financial Costs	(55,143)	-0.4%	(58,737)	-0.5%	-6.1%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	36,102	0.3%	10,165	0.1%	255.2%
Income before Tax	1,399,542	10.9%	852,690	7.0%	64.1%
Income Tax Expense	(191,818)	-1.5%	(261,124)	-2.1%	-26.5%
Net Income <sup>(2)</sup>	1,102,993	8.6%	537,261	4.4%	105.3%
EPS	0.56		0.27		

Note:

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

(2) Excluding non-controlling interests.

For the first half of 2018, operating revenue totaled NT\$25,045 million and gross profit was NT\$6,119 million. Operating profit came in at NT\$1,785 million and net income was NT\$1,640 million. Earnings per share was reported as NT\$0.83.

Recurring operating revenue increased by 0.9% as opposed to 1H'18. Gross profit and operating profit decreased by 2.5% and 6.5% respectively. Net income increased by 0.9%. The increase in non-operating income was mainly due to the increase in net currency exchange gain. (See table 3)

**Table 3**

(In NT\$1,000, except EPS)	1H ' 18		1H ' 17		YoY %
	Amount	%	Amount	%	
Operating Revenue	25,045,475	100.0%	24,989,428	100.0%	0.2%
Recurring Operating Revenue	25,023,828	99.9%	24,790,711	99.2%	0.9%
Available for sale financial assets	21,647	0.1%	198,717	0.8%	-89.1%
Operating Costs	(18,923,208)	-75.6%	(18,710,750)	-74.9%	1.1%
Gross Profit, net <sup>(1)</sup>	6,122,052	24.4%	6,277,854	25.1%	-2.5%
Operating expenses	(4,337,230)	-17.3%	(4,369,894)	-17.5%	-0.7%
Operating Profit	1,784,822	7.1%	1,907,960	7.6%	-6.5%
Non-operating Income (Expense)	467,410	1.9%	325,811	1.3%	43.5%
Other Income	678,909	2.7%	559,266	2.2%	21.4%
Other Gains and Losses	(143,886)	-0.6%	(206,777)	-0.8%	-30.4%
Financial Costs	(113,880)	-0.5%	(114,393)	-0.5%	-0.4%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	46,267	0.2%	87,715	0.4%	-47.3%
Income before Tax	2,252,232	9.0%	2,233,771	8.9%	0.8%
Income Tax Expense	(452,942)	-1.8%	(384,790)	-1.5%	17.7%
Net Income <sup>(2)</sup>	1,640,254	6.5%	1,626,422	6.5%	0.9%
EPS	0.83		0.82		

Note:

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

(2) Excluding non-controlling interests.

**Table 4**

(In NT\$1,000)	June 30, 2018	Mar 31, 2018	June 30, 2017
Cash & Cash Equivalents	18,159,135	18,166,969	13,397,764
Receivables	12,716,832	12,152,296	13,140,008
Inventories	11,806,046	11,813,647	11,424,203
Other Current Assets	3,346,408	3,286,891	7,058,787
Total Current Assets	46,028,421	45,419,803	45,020,762
Financial Assets			
Net gain on financial assets at fair value through profit or loss -Non Current	2,054,012	2,005,130	-
Net gain on financial assets at fair value through other comprehensive income -Non Current	10,547,926	11,184,948	-
Available for sale - Non Current	-	-	13,300,010
Long-Term Investments			
Under Equity Method	4,385,520	4,052,341	3,875,511
Other Non-Current Assets	29,832,311	30,714,462	31,021,938
Total Non-Current Assets	46,819,769	47,956,881	48,197,459
Total Assets	92,848,190	93,376,684	93,218,221
Current Liabilities	20,150,146	18,927,001	20,600,606
Bonds Payable	4,000,000	4,000,000	3,000,000
Long-Term Borrowings	7,404,243	6,511,375	8,149,099
Other Non-Current Liabilities	4,475,633	4,848,451	4,895,345
Total Non-Current Liabilities	15,879,876	15,359,826	16,044,444
Total Liabilities	36,030,022	34,286,827	36,645,050
Total Shareholders' Equity <sup>(1)</sup>	56,818,168	59,089,857	56,573,171

(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>

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