



TECO Electric & Machinery Co., Ltd.

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TECO Announces 2Q 2017 Results

Taipei, Taiwan, August 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 2Q 2017.

Consolidated Basis

Unit: NT\$1,000

Item	Period 2Q 2017	vs. 2Q 2016 (+/-%)	vs. 1Q 2017 (+/-%)	1H 2017	vs. 1H 2016 (+/-%)
Operating Revenue	13,073,245	2.0%	9.7%	24,989,428	2.0%
Gross Profit, net	3,286,558	-4.8%	9.9%	6,277,854	-5.2%
Operating Profit	1,009,304	-14.9%	12.3%	1,907,960	-14.0%
Income Tax Expense	175,918	-33.4%	-15.8%	384,790	-28.1%
Net Income ⁽¹⁾	1,090,613	5.4%	103.5%	1,626,422	-5.3%
EPS(NT\$)	0.55			0.82	

(1) Excluding non-controlling interests.

Please find the details in the following pages.

For the second quarter of 2017, net revenue totaled NT\$13,073 million and gross profit was NT\$3,287 million. Operating profit came in at NT\$1,009 million and net income was NT\$1,091 million. Earnings per share was reported as NT\$0.55.

Recurring operating revenue increased by 1.8% as opposed to 2Q'16. Gross profit and operating profit decreased by 4.8% and 14.9% respectively. Net income increased by 5.4%. The increase in non-operating income was mainly due to the increase in dividend income in 2Q16. (See table 1)

Table 1

(In NT\$1,000, except EPS)	2Q ' 17 ⁽³⁾		2Q ' 16 ⁽³⁾		YoY %
	Amount	%	Amount	%	
Operating Revenue	13,073,245	100.0%	12,814,079	100.0%	2.0%
Recurring Operating Revenue	13,014,926	99.6%	12,789,692	99.8%	1.8%
Gain on Sales of Financial Assets	58,319	0.4%	24,387	0.2%	139.1%
Operating Costs	(9,787,215)	-74.9%	(9,359,985)	-73.0%	4.6%
Gross Profit, net ⁽¹⁾	3,286,558	25.1%	3,453,698	27.0%	-4.8%
Operating expenses	(2,277,254)	-17.4%	(2,267,583)	-17.7%	0.4%
Operating Profit	1,009,304	7.7%	1,186,115	9.3%	-14.9%
Non-operating Income (Expense)	380,558	2.9%	263,037	2.1%	44.7%
Other Income	426,361	3.3%	288,864	2.3%	47.6%
Other Gains and Losses	(68,335)	-0.5%	(44,494)	-0.3%	53.6%
Financial Costs	(50,787)	-0.4%	(65,806)	-0.5%	-22.8%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	73,319	0.6%	84,473	0.7%	-13.2%
Income before Tax	1,389,862	10.6%	1,449,152	11.3%	-4.1%
Income Tax Expense	(175,918)	-1.3%	(264,002)	-2.1%	-33.4%
Net Income ⁽²⁾	1,090,613	8.3%	1,034,839	8.1%	5.4%
EPS	0.55		0.52		

Note:

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

(2) Excluding non-controlling interests.

(3) Comply with IFRS.

Recurring operating revenue for 2Q'17 increased 10.5% over 1Q'17. Gross profit increased by 9.9% while operating profit increased by 12.3%. Net income increased by 103.5%. The main reason results in increasing Non-operating Income is the dividend income in 2Q17.

Table 2

(In NT\$1,000, except EPS)	2Q ' 17 ⁽³⁾		1Q ' 17 ⁽³⁾		YoY %
	Amount	%		%	
Operating Revenue	13,073,245	100.0%	11,916,183	100.0%	9.7%
Recurring Operating Revenue	13,014,926	99.6%	11,775,785	98.8%	10.5%
Gain on Sales of Financial Assets	58,319	0.4%	140,398	1.2%	-58.5%
Operating Costs	(9,787,215)	-74.9%	(8,923,535)	-74.9%	9.7%
Gross Profit, net ⁽¹⁾	3,286,558	25.1%	2,991,296	25.1%	9.9%
Operating expenses	(2,277,254)	-17.4%	(2,092,640)	-17.6%	8.8%
Operating Profit	1,009,304	7.7%	898,656	7.5%	12.3%
Non-operating Income (Expense)	380,558	2.9%	(54,747)	-0.5%	-
Other Income	426,361	3.3%	132,905	1.1%	220.8%
Other Gains and Losses	(68,335)	-0.5%	(138,442)	-1.2%	-50.6%
Financial Costs	(50,787)	-0.4%	(63,606)	-0.5%	-20.2%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	73,319	0.6%	14,396	0.1%	409.3%
Income before Tax	1,389,862	10.6%	843,909	7.1%	64.7%
Income Tax Expense	(175,918)	-1.3%	(208,872)	-1.8%	-15.8%
Net Income ⁽²⁾	1,090,613	8.3%	535,809	4.5%	103.5%
EPS	0.55		0.27		

Note:

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

(2) Excluding non-controlling interests.

(3) Comply with IFRS.

For the first half of 2017, operating revenue totaled NT\$24,989 million and gross profit was NT\$6,278 million. Operating profit came in at NT\$1,908 million and net income was NT\$1,626 million. Earnings per share was reported as NT\$0.82.

Recurring operating revenue increased by 1.8% as opposed to 1H'16. Gross profit and operating profit decreased by 5.2% and 14.0% respectively. Net income decreased by 5.3%. The increase in non-operating income was mainly due to the increase in dividend income. (See table 3)

Table 3

(In NT\$1,000, except EPS)	1H ' 17 ⁽³⁾		1H ' 16 ⁽³⁾		YoY %
	Amount	%	Amount	%	
Operating Revenue	24,989,428	100.0%	24,492,501	100.0%	2.0%
Recurring Operating Revenue	24,790,711	99.2%	24,344,814	99.4%	1.8%
Gain on Sales of Financial Assets	198,717	0.8%	147,687	0.6%	34.6%
Operating Costs	(18,710,750)	-74.9%	(17,867,561)	-73.0%	4.7%
Gross Profit, net ⁽¹⁾	6,277,854	25.1%	6,624,249	27.0%	-5.2%
Operating expenses	(4,369,894)	-17.5%	(4,404,768)	-18.0%	-0.8%
Operating Profit	1,907,960	7.6%	2,219,481	9.1%	-14.0%
Non-operating Income (Expense)	325,811	1.3%	291,427	1.2%	11.8%
Other Income	559,266	2.2%	470,613	1.9%	18.8%
Other Gains and Losses	(206,777)	-0.8%	(47,745)	-0.2%	333.1%
Financial Costs	(114,393)	-0.5%	(163,307)	-0.7%	-30.0%
Share of Profit (Loss) of Associates and Joint Ventures					
Accounted for Using Equity Method	87,715	0.4%	31,866	0.1%	175.3%
Income before Tax	2,233,771	8.9%	2,510,908	10.3%	-11.0%
Income Tax Expense	(384,790)	-1.5%	(534,983)	-2.2%	-28.1%
Net Income ⁽²⁾	1,626,422	6.5%	1,717,875	7.0%	-5.3%
EPS	0.82		0.87		

Table 4

(In NT\$1,000)	June 30, 2017	Mar 31, 2017	June 30, 2016
Cash & Cash Equivalents	13,397,764	14,658,514	14,247,729
Receivables	13,140,008	12,277,618	13,278,367
Inventories	11,424,203	11,261,754	11,390,489
Other Current Assets	7,058,787	5,698,783	5,414,913
Total Current Assets	45,020,762	43,896,669	44,331,498
Financial Assets			
Available for sale - Non Current	13,300,010	12,554,658	11,874,840
Long-Term Investments			
Under Equity Method	3,875,511	3,909,226	3,943,514
Other Non-Current Assets	31,021,938	30,853,398	31,211,384
Total Non-Current Assets	48,197,459	47,317,282	47,029,738
Total Assets	93,218,221	91,213,951	91,361,236
Current Liabilities	20,600,606	17,507,668	23,584,384
Bonds Payable	3,000,000	3,000,000	3,000,000
Long-Term Borrowings	8,149,099	9,414,143	5,348,233
Other Non-Current Liabilities	4,895,345	5,070,785	5,114,877
Total Non-Current Liabilities	16,044,444	17,484,928	13,463,110
Total Liabilities	36,645,050	34,992,596	37,047,494
Total Shareholders' Equity ⁽¹⁾	56,573,171	56,221,355	54,313,742

(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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