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# 2024 4<sup>th</sup> Quarter Earnings Conference

March 25<sup>th</sup>, 2025

# Safe Harbor Statement

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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.

# Reporting Outline

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1. 2024 Q4 Financial Results
2. 2024 Q4 Operating Performance
3. Operating Outlook
4. Recap of Recent Major Events

# Financial Highlights 4Q24

	4Q 2024	3Q 2024	QoQ	4Q 2023	YoY
Net Sales (TWD Million)	13,522	13,457	0.5%	14,365	-5.9%
Gross Margin	25.3%	26.0%	-70bps	25.9%	-60bps
Operating Margin	10.0%	12.1%	-210bps	10.5%	-50bps
EPS (TWD)	0.56	0.84	-33.3%	0.52	7.7%

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- 4Q 2024 net sales declined 5.9% YoY, mainly due to the decrease in revenue from "Green Mechatronic Solution" in North America and Europe market, as well as the decrease in revenue from energy storage projects of "Intelligence Energy"; increased 0.5% QoQ, which was not much different from the third quarter.
- The gross margin decreased 0.6% YoY, mainly due to the decrease in the revenue share of "Green Mechatronic Solution"; decreased 0.7% QoQ, mainly due to the increase in the revenue share of "Intelligence Energy".
- Operating margin decreased 0.5% YoY, mainly due to the decrease in gross margin and the increase in manpower in Q4.
- EPS reached at TWD 0.56 in Q4, decreased TWD 0.28 QoQ, mainly due to the higher amount of dividend income in Q3; increased TWD 0.04 YoY.

# Financial Highlights 2024

	2024	2023	YoY
Net Sales (TWD Million)	55,235	59,394	-7.0%
Gross Margin	25.6%	25.2%	40bps
Operating Margin	11.3%	11.2%	10bps
EPS (TWD)	2.73	2.76	-1.1%

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2024 Q4 Operating Performance

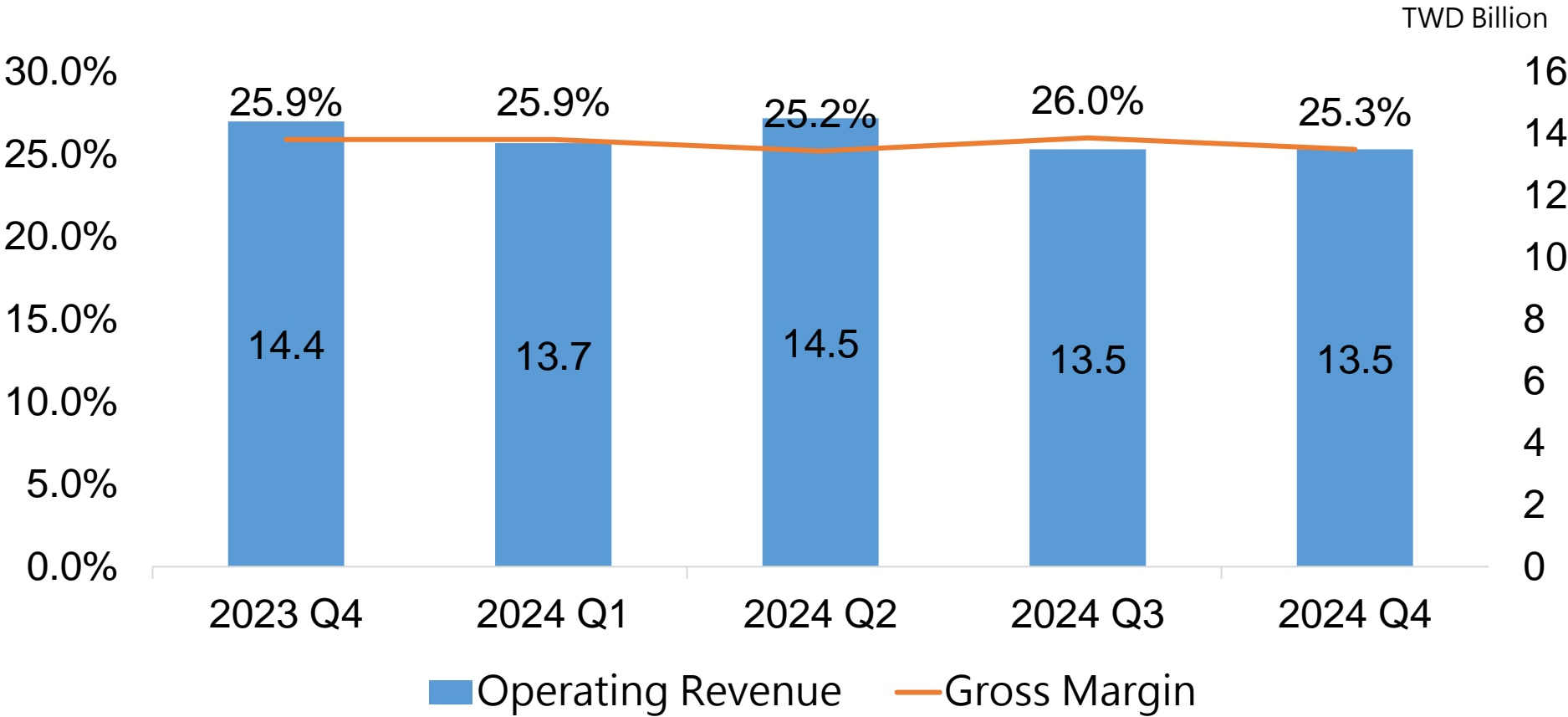
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- 2024 net sales declined 7.0% YoY, mainly due to the decline in demand in North America and Europe market in "Green Mechatronic Solution", and "Intelligence Energy" recognizing more energy storage project revenue in the same period last year.
- The gross margin increased 0.4% YoY, mainly due to the decrease in the revenue share of "Intelligence Energy".
- Operating margin increased 0.1% YoY.
- EPS reached at TWD 2.73 in 2024, declined TWD 0.03 YoY.
- The board of directors resolved to propose a cash dividend of TWD 2.2 per share. ※yet to be approved by the shareholders' meeting on June 3, 2025

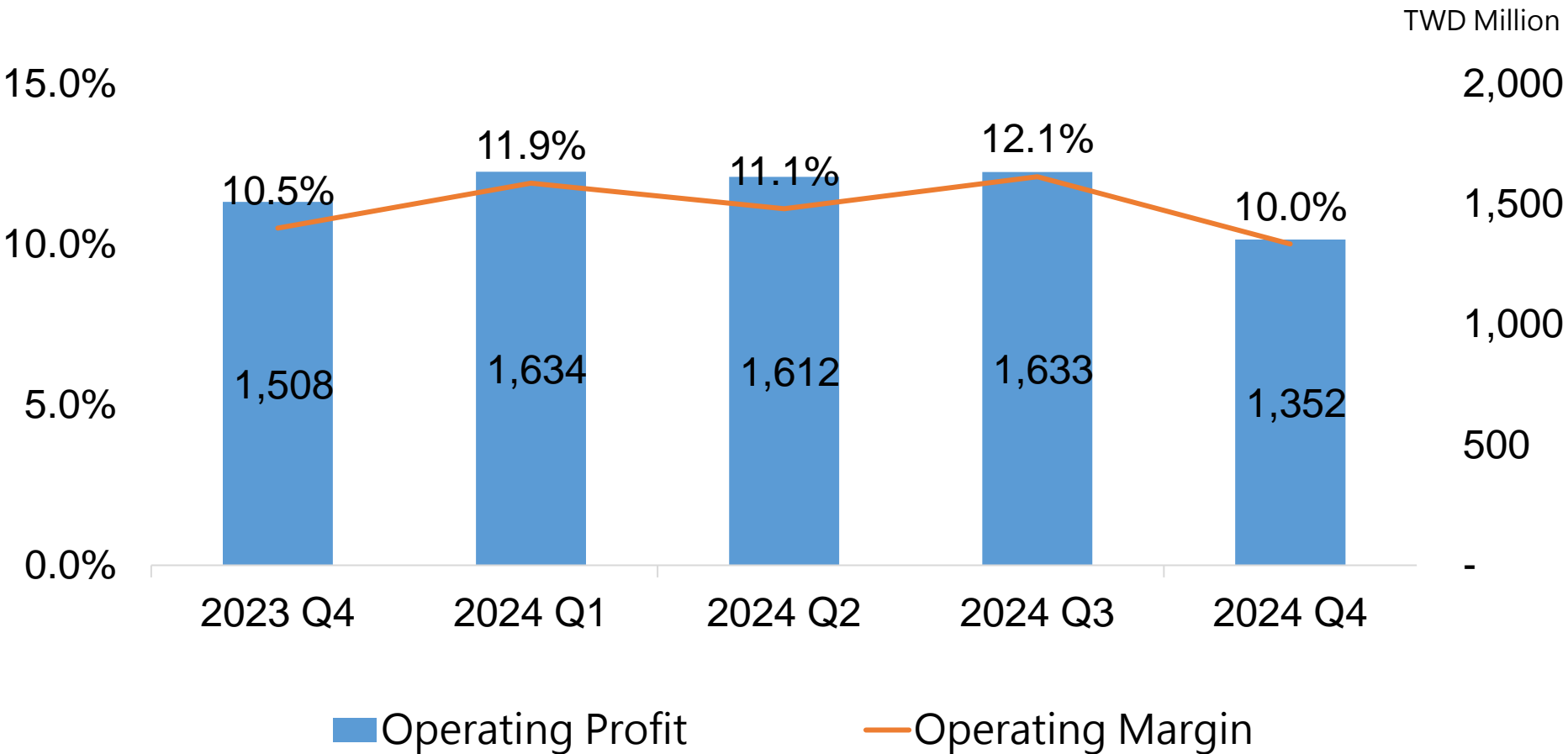
# Operating Revenue vs. Gross Margin



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The gross margin decreased 0.6% YoY, mainly due to the decrease in the revenue share of "Green Mechatronic Solution"; decreased 0.7% QoQ, mainly due to the increase in the revenue share of "Intelligence Energy".

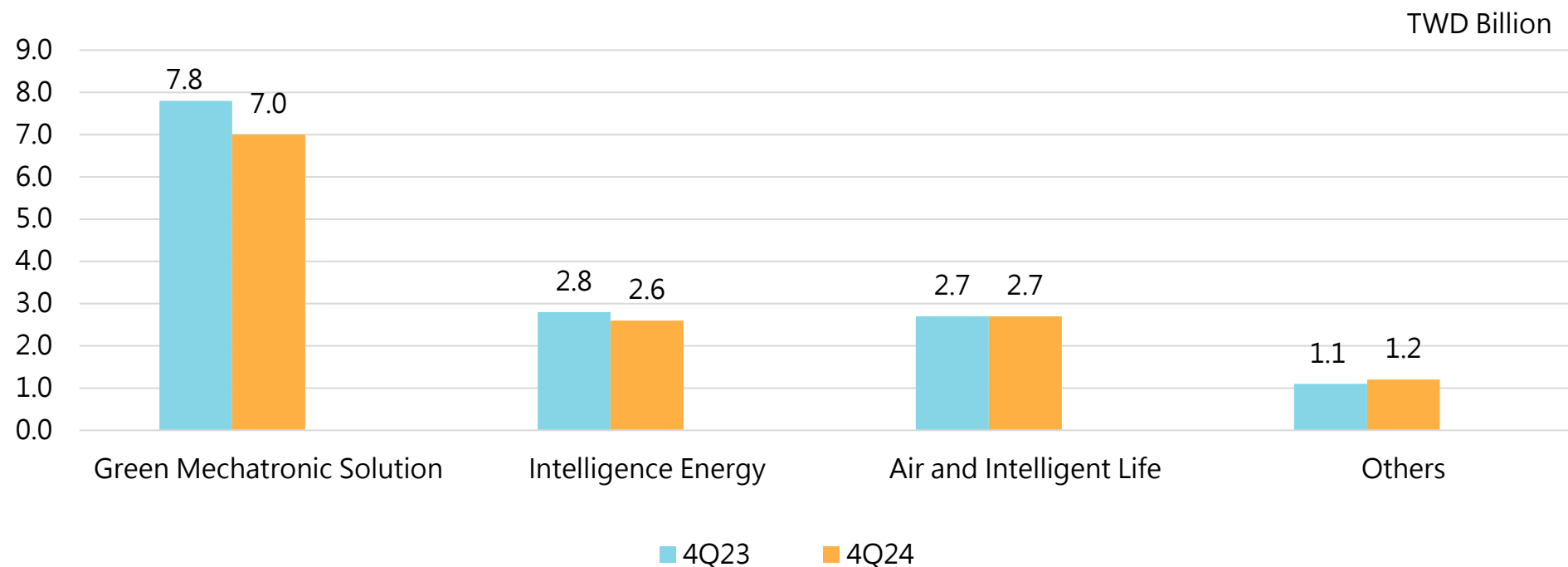
# Operating Profit vs. Operating Margin



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● Operating margin decreased 0.5% YoY, mainly due to the decrease in gross margin and the increase in manpower in Q4.

# Performance of Business Groups



- ✓ “Green Mechatronic Solution” revenue decreased by 10.0% YoY, mainly due to the decline in demand in North America and Europe market.
- ✓ The revenue of “Intelligence Energy” decreased by 7.6% YoY, mainly due to the decrease in energy storage project revenue.
- ✓ “Air and Intelligent Life” revenue increased by 0.4% YoY.

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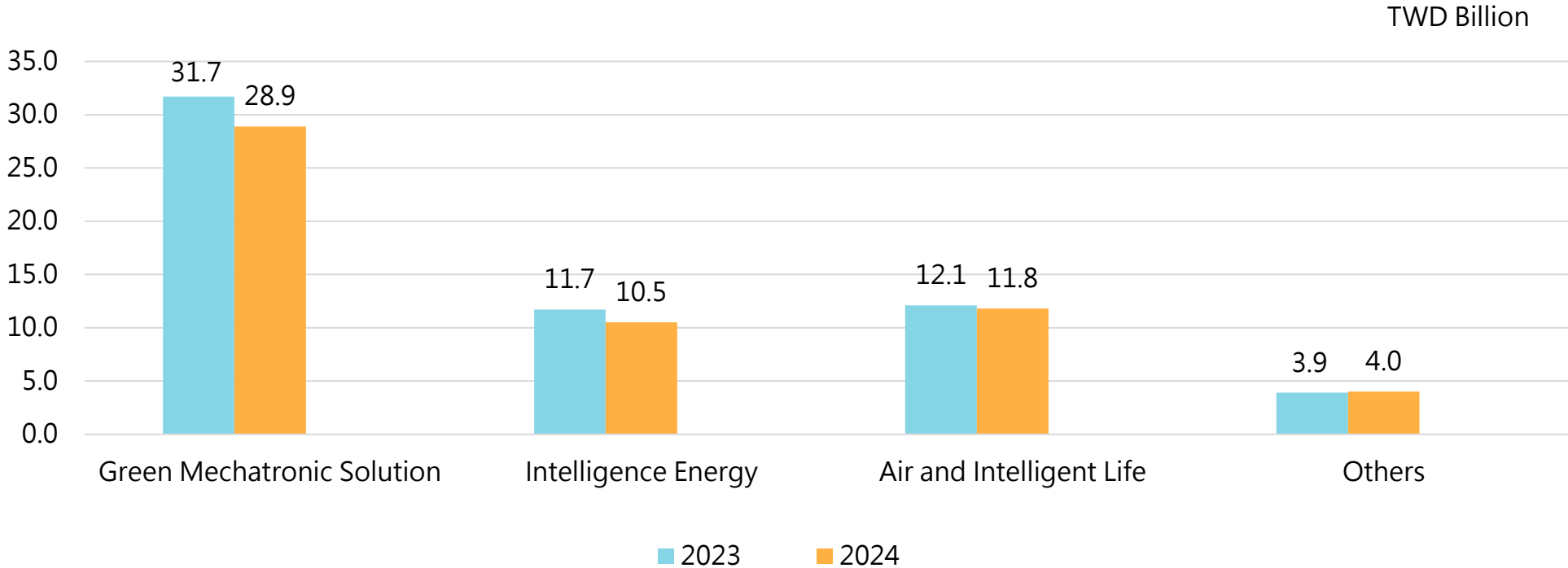
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# Performance of Business Groups



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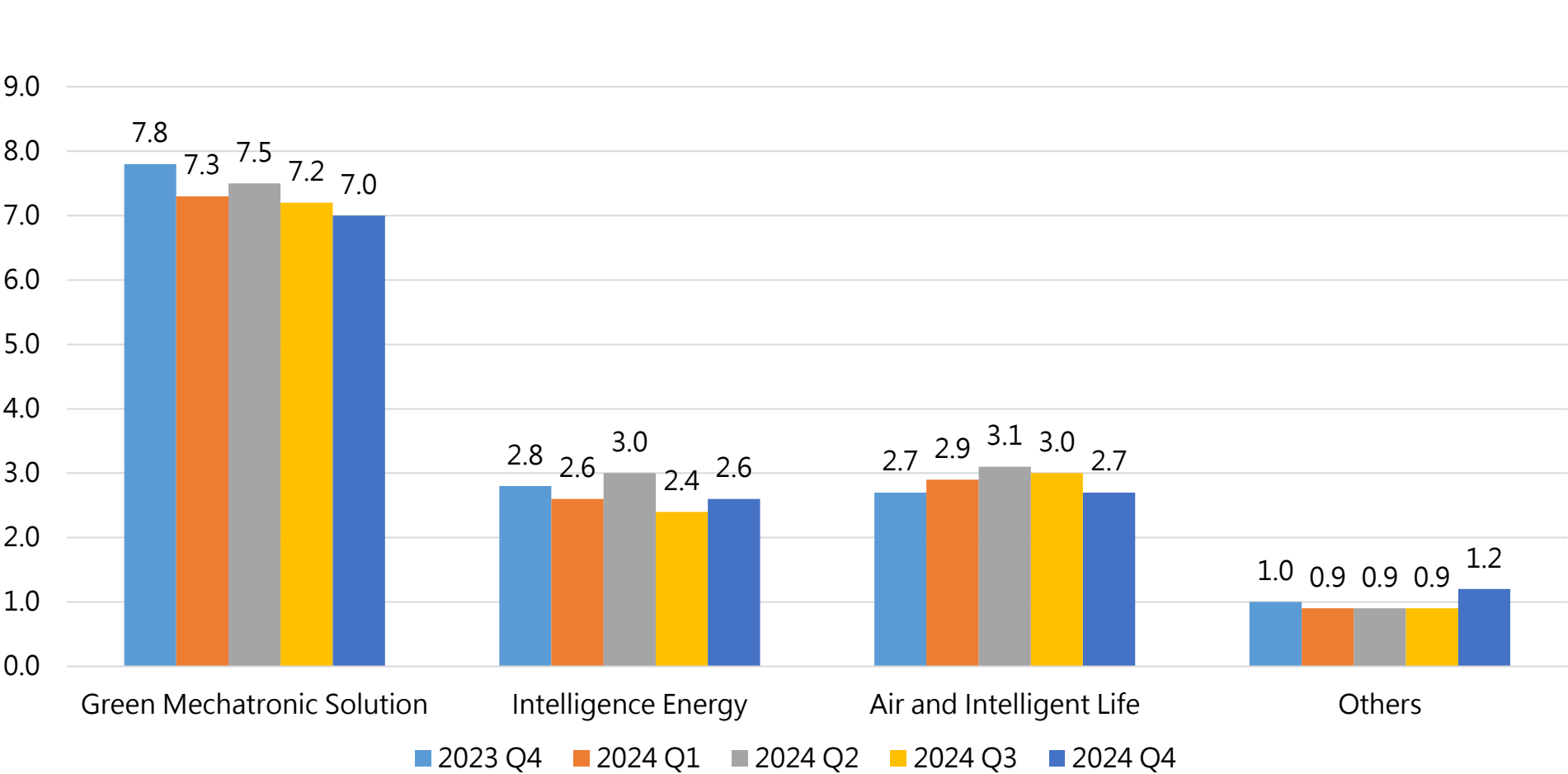
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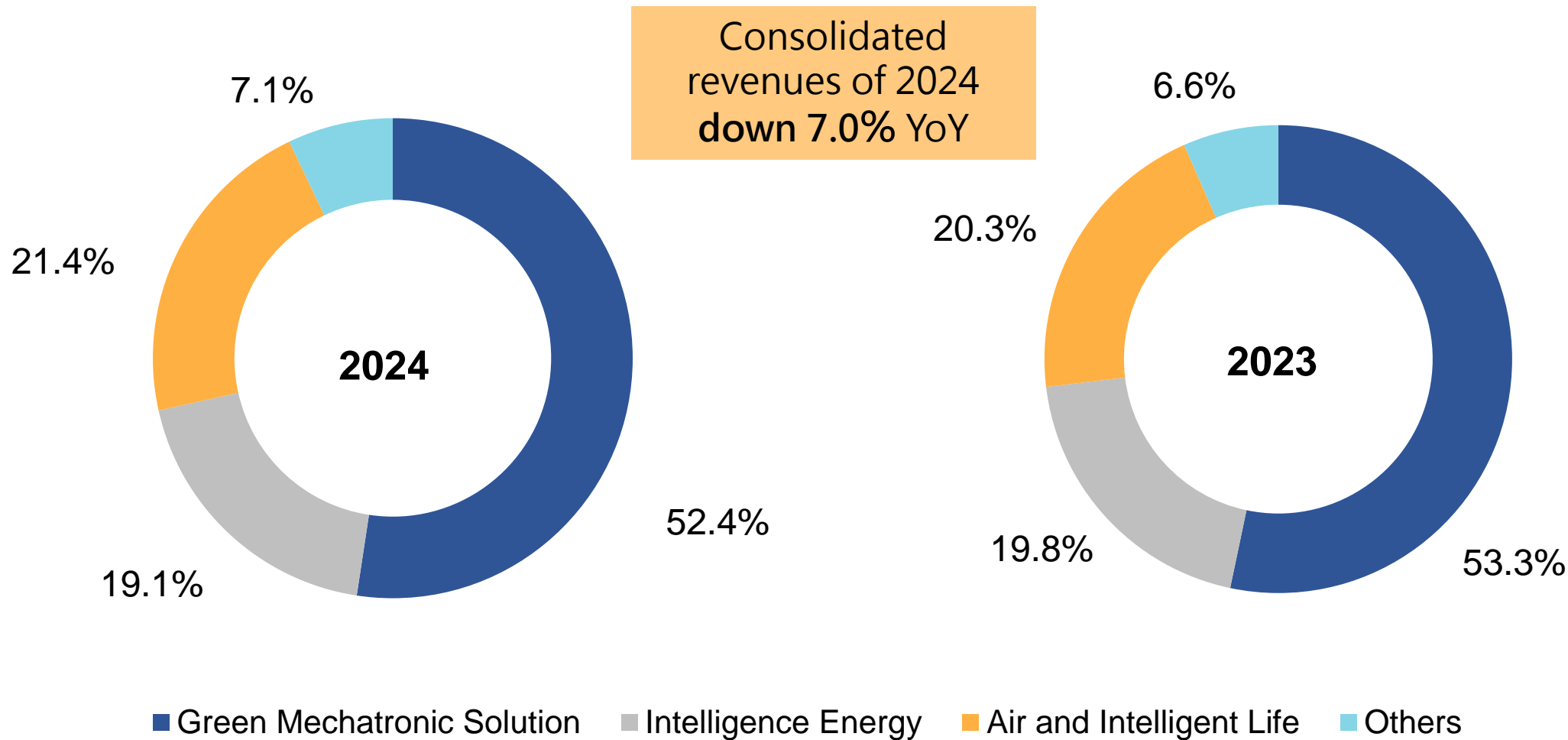
- ✓ “Green Mechatronic Solution” revenue decreased by 8.6% YoY, mainly due to the decline in demand in North America and Europe market.
- ✓ The revenue of “Intelligence Energy“ decreased by 10.0% YoY, mainly due to the more recognition of energy storage project revenue in the same period last year.
- ✓ “Air and Intelligent Life” revenue decreased by 2.0% YoY, mainly due to the decline in revenue from information services and home delivery.

# Sales Trend of Business Groups

TWD Billion



# 2024 Revenue Breakdown by Business Group



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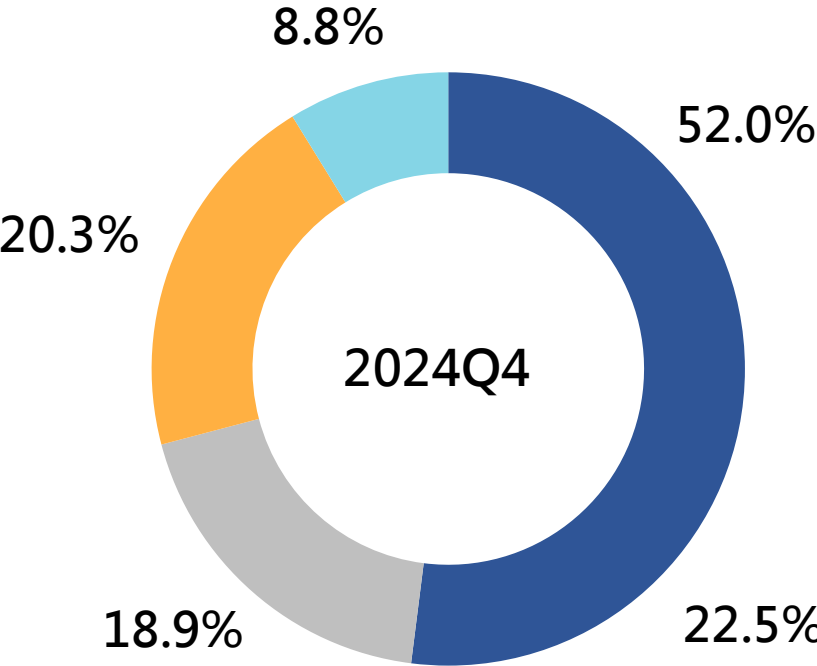
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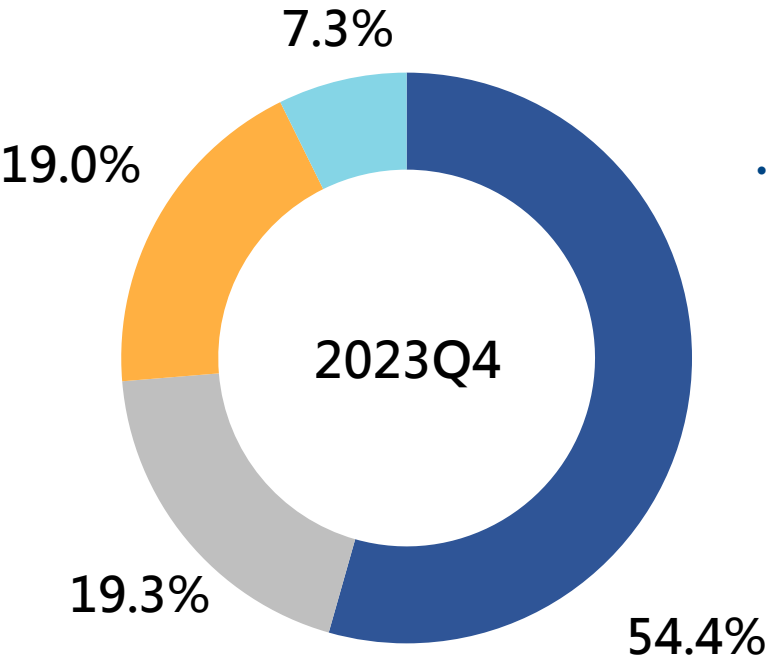
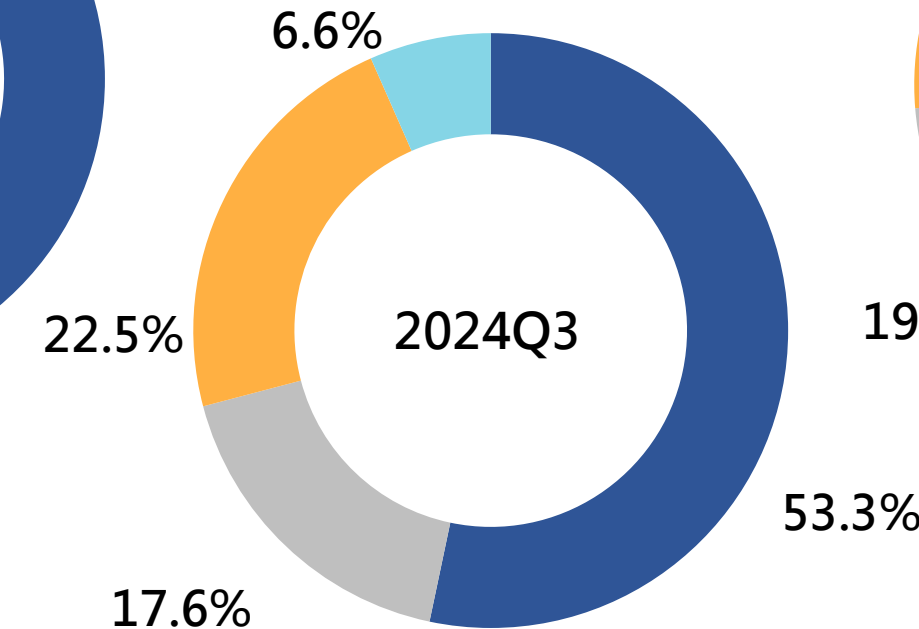
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# 4Q24 Revenue Breakdown by Business Group



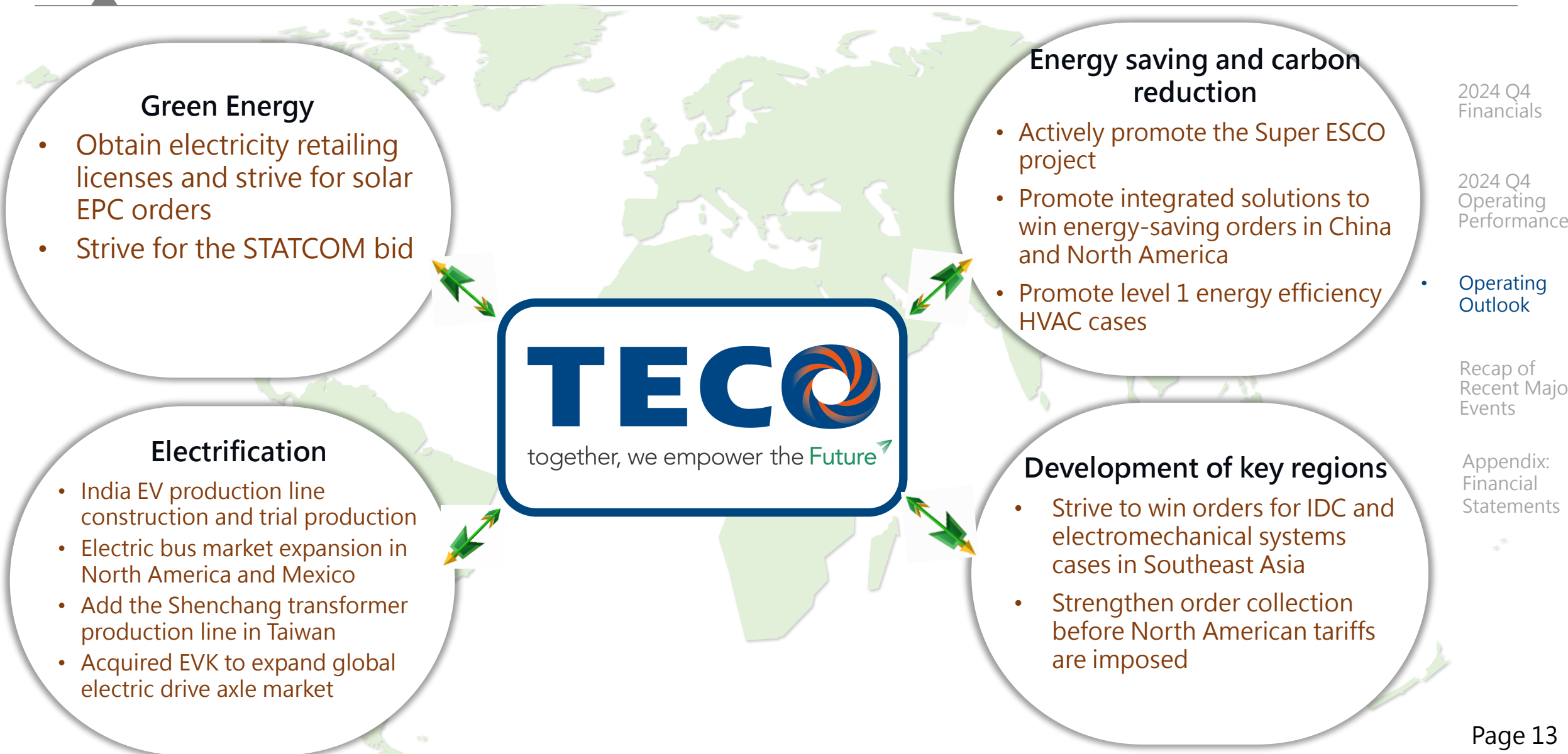
Consolidated revenues of 2024Q4 up 0.5% QoQ down 5.9% YoY



■ Green Mechatronic Solution ■ Intelligence Energy  
■ Air and Intelligent Life ■ Others

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# 4 Major Strategic Development Focuses



# Overview of the Three Major Markets

US

- Policy uncertainty affects companies' willingness to invest. The ISM PMI in February was 50.3 (previously 50.9), lower than the market expectation of 50.5. The overall manufacturing industry maintained a volatile trend.
- Under the impact of tariffs, commodity prices have significantly increased (the index climbed to 62.4, previously 54.9), triggering concerns about inflation.
- The consumer confidence index fell for the third consecutive month in February, indicating a relatively conservative outlook on current and future labor market.

- Tariff uncertainty and lack of consumer confidence have affected investment plans in the consumer industry, posing challenges to orders for low-voltage motor products and production at Mexican factories.
- The continued weakness in oil and natural gas prices has reduced companies' willingness to invest capital, creating short-term pressure on orders for high-voltage motor products.

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Taiwan

- The business climate signal score in January dropped by 4 points from the previous month, but exports turned red due to the booming AI application business opportunities.
- In the domestic market, the manufacturing sales volume index decreased 10.4% from the previous month to 3.8%; the turnover change rate of wholesale, retail and catering industries decreased from 7.7% in the previous month to 0.9%, both showing a downward trend and tending to be slightly conservative.

- Benefiting from the AI and electric power and machinery industries, the manufacturing machinery and equipment PMI in February was 59.5 (previously 50.2), which has been above the boom-bust line for four consecutive months, which is beneficial for TECO to take order for related products.
- The manufacturing industry has been planning the layout of decentralized manufacturing in the global supply chain, and the outlook for power and machinery equipment in the next six months is expected to expand.

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China

- The two sessions announced that GDP growth this year will be maintained at 5%, and they will expand borrowing to expand domestic demand through loose monetary policies and special actions to boost consumption.
- The official PMI in February rebounded slightly to 50.2 (previously 49.1), the highest in nearly three months. Among the details, new orders 51.1 (previous 49.2) and production 52.5 (previous 49.8) both returned above the boom-bust line, indicating that manufacturing companies' production activities have resumed after the holiday and domestic demand has improved slightly.

- Although the manufacturing PMI maintained expansion, the annual CPI growth rate remained below 0.5%, indicating that people's consumption power has not seen a clear improvement and low-voltage motor products are still facing challenges.
- The high-quality development projects mentioned in the two sessions, such as AI, EV, robots and other related business opportunities, are worthy of TECO's active pursuit.

## Estimated Revenue

Green Mechatronic Solution	YoY <->	QoQ <->
Intelligence Energy	YoY ↓	QoQ <->
Air and Intelligent Life	YoY ↑	QoQ ↑

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Company-Wide Gross Margin	YoY ↓	QoQ <->
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# Recap of Recent Major Events | Achievement of ESG



TECO won Taiwan Corporate Sustainability Awards for 11 consecutive years. This year, TECO took home the "Top 100 Sustainability Model Enterprises Award" and "Corporate Sustainability Report Platinum Award".

## Member of Dow Jones Sustainability Indices

Powered by the S&P Global CSA

TECO has been selected for the Emerging Markets Index for the fifth consecutive year. TECO ranked first in the ESG evaluation among electromechanical stocks in emerging markets and improved its overall score from last year, securing the second position globally in the electromechanical industry category, ahead of several renowned international brands.

S&P Global

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TECO Electric & Machinery Co., Ltd.  
Electrical Components & Equipment

**Top 1%**

Corporate Sustainability  
Assessment (CSA) 2024 Score

84/100

Score date  
February 5, 2025

For terms of use, visit [www.spglobal.com/yearbook](http://www.spglobal.com/yearbook).

TECO has been selected into the S&P Sustainability Yearbook for five consecutive years and ranks among the top 1% of companies in the world. Only 11 companies in Taiwan are included.

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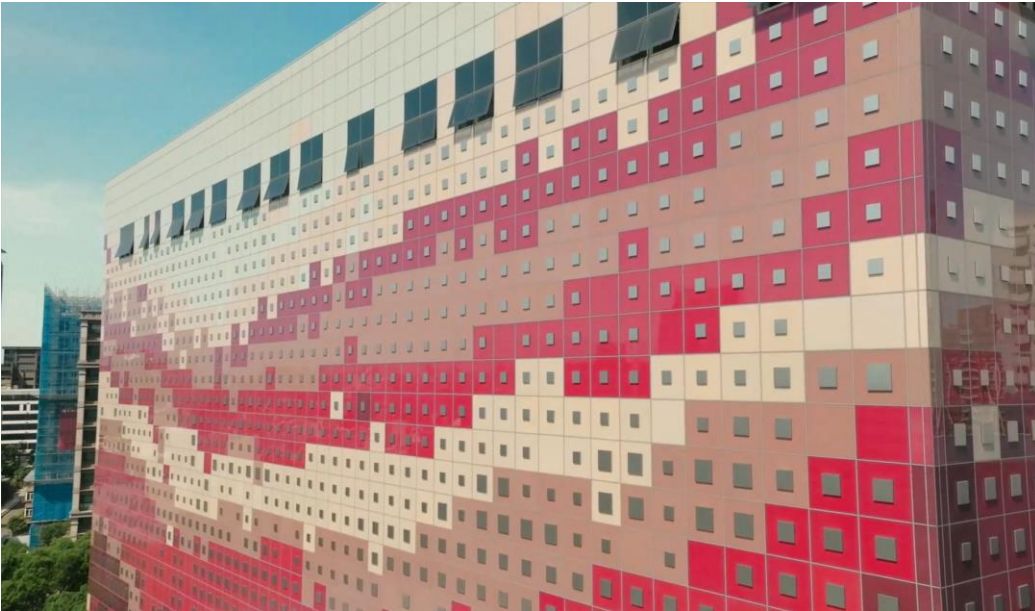
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# Recap of Recent Major Events | 2024.12.27

## National Archive Administration New Construction Project undertaken by TECO wins Public Construction Commission Golden Quality Award



The new construction project of Linkou National Archive, which was undertaken by TECO for the electromechanical engineering, has been awarded the "Excellent Quality Awards for Public Construction" at the 24th Public Construction Commission Golden Quality Award!

TECO not only applied Building Information Modeling (BIM) for precise construction but also devised system architecture and various integration requirements. These include integrating security access, emergency rescue systems, power and fire systems, as well as the integration of HVAC and ICT technologies to achieve safety, convenience, energy-saving, and sustainability goals.

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# Recap of Recent Major Events | 2025.02.25

**TECO's ratings have been confirmed by Taiwan Ratings: Long-term “twA+”, Short-term “twA-1”, with a Positive outlook**



Rating Research Service  
信用評等資料庫

Media Release:

## **TECO 'twA+/twA-1' Ratings Affirmed; Liquidity Revised To Strong From Exceptional; Outlook Remains Positive**

February 25, 2025

### “Positive” Outlook

- ✓ TECO could enhance its product portfolio around energy efficient electrical motor and equipment solutions to sustain EBITDA margin over the next two years.

### Liquidity revised to “Strong” from “Exceptional”

- ✓ Expectation of the company’s higher capital expenditure and investment needs tied to its electrical solution and green energy businesses
- ✓ Higher cash dividends

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# Recap of Recent Major Events | 2025.03.14

## TECO Board Approves the New President Appointment



TECO Board approves the new president appointment. Kao Fei-Yuan, the current president of the Green Mechatronic Solution Business Group, will take over as the new president, effective April 7.

President Kao holds a master's degree in Mechanical Engineering from National Central University. He joined TECO in 1994. Following TECO's restructuring into three business groups in 2021, Kao was appointed as the head of the Green Mechatronic Solution Business Group, leading efforts in energy efficiency, carbon reduction, and electrification. Under his leadership, TECO successfully expanded its global production network, establishing high-efficiency motor plants in Vietnam and Mexico in response to international regional economic trends and supply chain localization.

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# Recap of Recent Major Events | 2025.03.18

## TECO Promotes ESCO Energy Services Theme to Help Enterprises Achieve Deep Energy Savings



### AI Greenhouse Gas Inventory Solution (AI-CN<sub>m</sub>)

TECO Group AI Carbon Footprint Verification Tool and Management Platform, first conducts for enterprises:

Fully digital auditing operations using AI recognition technology  
Provide an intelligent bulletin board to monitor carbon emission hotspots, carbon emission information, and electricity usage information, assisting manufacturers in effectively implementing emission reduction.

### Smart Energy-Saving Solution for Utility Systems

In diverse environments such as factories, commercial buildings, and hospitals, TECO's smart control and sensor data analysis enable precise regulation of power equipment and utility systems, achieving over 40% energy savings and carbon reduction.

This energy-saving solution integrates smart meters, pressure gauges, flow meters, and temperature & humidity sensors to collect operational data. A visualized interface provides real-time energy efficiency monitoring, offering a comprehensive performance verification

### Deep Energy-Saving for Intelligent Air Conditioning

Through energy diagnostics, TECO integrates multiple chiller systems for centralized control, offering cost-effective, customized energy-saving solutions that reduce both electricity consumption and carbon emissions. TECO chillers incorporate AI technology in deep energy-saving solutions, enhancing operational stability and improving energy savings by an estimated 10% to 12%, with a maximum total energy-saving rate of 50% to 60%.

### Virtual Power Plant

TECO's Hukou facility hosts the group's first Virtual Power Plant (VPP) Demonstration Center, integrating solar power, energy storage systems, hydrogen fuel cells, and hybrid air conditioning under a centralized Energy Management System (EMS). With demand response, peak load management, and off-grid capabilities, the system manages energy distribution and load balancing, ensuring efficient green power allocation while reducing electricity costs and enhancing grid stability. TECO's VPP demonstrates its expertise and vision in driving

### Smart Energy Management

Comprehensive energy management and intelligent equipment monitoring solution that integrates power management, water resource monitoring, charging station management, and equipment optimization through one-stop management, AI data analytics, and automated control technology, helping businesses achieve high-efficiency energy savings and smart operations.

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# Recap of Recent Major Events | 2025.03.19

## TECO Acquires Malaysia's NCL Energy to Enter Southeast Asia's Data Center MEP Engineering Market



TECO Board approved the acquisition and investment of NCL Energy Sdn Bhd and its renewable energy subsidiary, NCL Green Sdn Bhd, for a total price not exceeding MYR 70 million. The acquisition signing ceremony was held on March 19th. The transaction is expected to be completed in Q2 2025. TECO will acquire an 80% stake in NCL, becoming its largest shareholder.

NCL has been a long-term strategic partner of Malaysia's electricity company, Tenaga Nasional Berhad (TNB). With NCL's experienced team and past achievements, TECO will be able to quickly obtain the necessary MEP engineering licenses and workforce for the Malaysian market. Furthermore, this acquisition will allow TECO to seamlessly connect with major Malaysian EPC contractors such as Gamuda and Sunway, enabling it to provide comprehensive MEP engineering services for international cloud computing clients in Malaysia.

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# Q&A

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**<https://www.teco.com.tw>**  
**[ir@teco.com.tw](mailto:ir@teco.com.tw)**

# Statements of Comprehensive Income | 4Q24

(TWD Million)	2024Q4	2024Q3	QoQ	2023Q4	YoY
Operating Revenue	13,522	13,457	0.48%	14,365	-5.87%
Net Gross Profit *	3,422	3,494	-2.06%	3,720	-8.01%
Operating Profit	1,352	1,633	-17.18%	1,508	-10.31%
Non operating Income	276	748	-63.05%	192	43.94%
Income Before Tax	1,629	2,381	-31.59%	1,700	-4.19%
Income Tax	-329	-478	-31.12%	-474	-30.54%
Net Income**	1,300	1,903	-31.71%	1,092	19.01%
EPS (TWD)	0.56	0.84	-33.33%	0.52	7.69%

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\* Including unrealized/realized benefits of affiliated companies

\*\* Excluding non controlling interest

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- Revenue in 2024Q4 was TWD 13.5 billion, decreased by approximately 5.87% YoY, mainly due to the decrease in revenue from "Green Mechatronic Solution" in North America and Europe market, as well as the decrease in revenue from energy storage projects of "Intelligence Energy".



# Statements of Comprehensive Income | 2024

- Revenue in 2024 decreased by 7.00% YoY and gross profit decreased by 5.36% YoY, mainly due to the decrease in Green Mechatronic Solution’s revenue in North America and Europe, resulting in a decrease in high gross profit revenue.
- The net non-operating income in 2024 increased by 14.73% YoY, mainly due to higher interests in the disposal of real estate, plant and equipment compared with the same period last year.

(TWD Million)	2024	2023	YoY
Operating Revenue	55,235	59,394	-7.00%
Net Gross Profit*	14,140	14,941	-5.36%
Operating Profit	6,232	6,663	-6.47%
Non operating Income	1,848	1,611	14.73%
Income Before Tax	8,080	8,274	-2.35%
Income Tax	-1,829	-1,942	-5.84%
Net Income**	6,251	5,830	7.23%
EPS (TWD)	2.73	2.76	-1.09%

\* Including unrealized/realized benefits of affiliated companies  
\*\* Excluding non controlling interest

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# Balance Sheets | December 2024

- Cash and Cash Equivalents increased by TWD 2.4 bn compared to Year end of 2023, mainly due to cash inflows from operations.
- Equities decreased by TWD 4.7 bn compared to Year end of 2023, mainly due to the payment of cash dividends and the recognition of net profit and the unrealized losses from financial assets measured at fair value through other comprehensive income.

(TWD Thousand)	Dec. 31, 2024		Sep. 30, 2024		Dec. 31, 2023	
	Amount	%	Amount	%	Amount	%
Cash & Cash Equivalents	26,055,287	21%	24,589,363	19%	23,640,536	19%
Receivables	10,262,364	8%	10,397,474	8%	11,976,212	9%
Inventories	13,482,866	11%	12,275,817	10%	11,631,793	9%
Total Assets	124,273,801	100%	126,857,317	100%	127,313,790	100%
Payables	10,184,817	8%	9,364,426	7%	9,250,143	7%
Short term Borrowings	1,137,121	1%	2,268,583	2%	1,357,111	1%
Long term Borrowings	10,794,576	9%	10,241,821	8%	3,549,846	3%
Corporate Bond Payables	0	0%	0	0%	5,000,000	4%
Total Liabilities	42,600,748	34%	41,761,646	33%	40,871,010	32%
Equities	81,673,053	66%	85,095,671	67%	86,442,780	68%
Key Indices						
AR Turnover (times)	4.97		5.02		5.08	
Inventory Turnover (times)	3.09		3.26		3.43	
Current Ratio	2.01		1.92		2.32	
Quick Ratio	1.33		1.28		1.61	
Net Debt to Equity	-17.29%		-14.19%		-15.89%	

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