



2022 3rd Quarter
Earnings Conference

November 15th, 2022



Safe Harbor Statement

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.

Financial Highlights 3Q22

- 2022 Q3 Financials

	3Q 2022	2Q 2022	QoQ	3Q 2021	YoY
Net Sales	14,816	14,544	1.9%	13,137	12.8%
Gross Margin	22.5%	23.0%	-50bps	21.1%	140bps
Operating Margin	8.9%	8.9%	-	5.7%	320bps
EPS (TWD)	0.51	0.48	6.3%	0.75	-32.0%

The Three Business Groups Operating Performance

Recap of Recent Major Events

Appendix: Financial Statements

- 3Q 2022 net sales increased by 12.8% YoY due to continuous growth of Green Mechatronic Solutions in North America and Europe, as well as engineering projects of Intelligence Energy.
- The gross margin was 22.5%, higher than the same period last year level by 1.4%, due to price increase in motor products and USD appreciation. Operating margin was higher than 3Q 2021 level by 3.2% due to an increase in gross margin and expense control.
- EPS reached at TWD 0.51 in Q3, increased by TWD 0.03 versus the previous quarter, decreased by TWD 0.24 from the same period last year mainly because the loss of TWD 250 million in financial asset evaluation (EPS decreased by TWD 0.12), compared to the same period last year, the financial asset evaluation benefit was TWD 310 million (EPS increased by TWD 0.15).

Financial Highlights 9M22

- 2022 Q3 Financials

The Three Business Groups Operating Performance

Recap of Recent Major Events

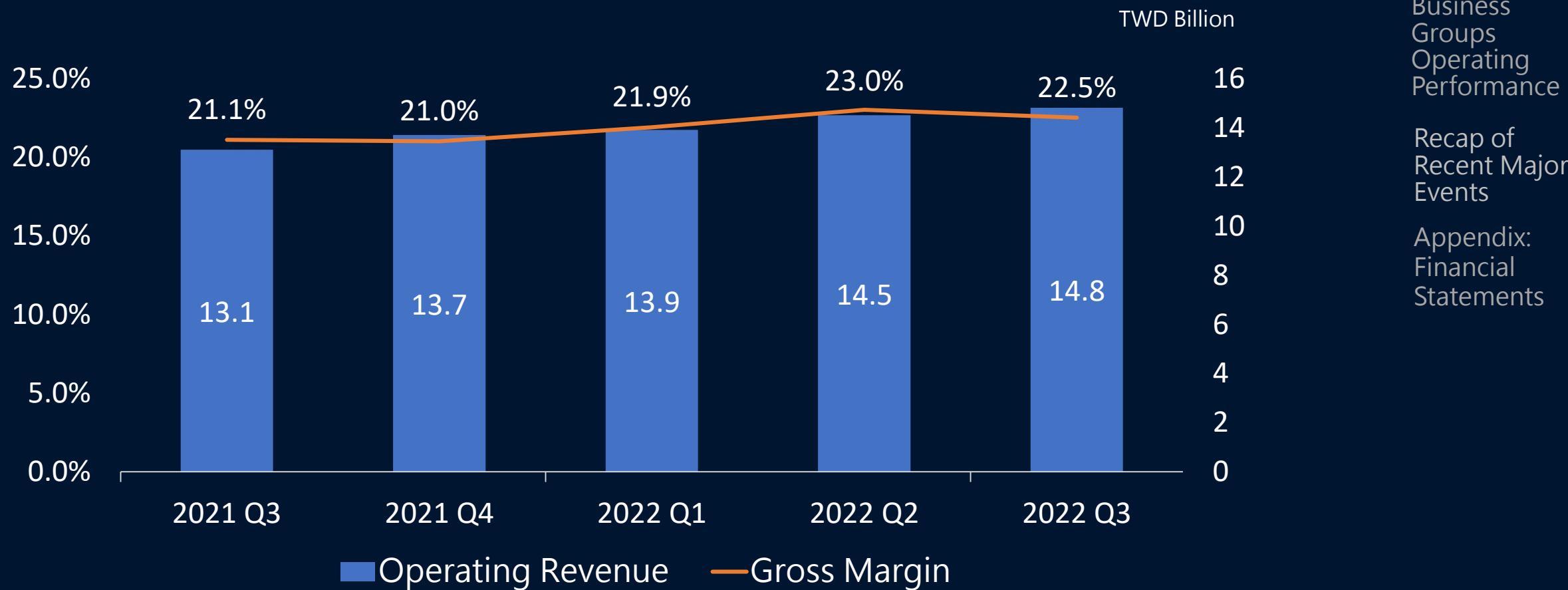
Appendix: Financial Statements

Net sales in the first nine months of 2022 was TWD 43.26 billion, with 15.4% YoY growth, and EPS in the first nine months of 2022 reached at TWD 1.16, a decrease of TWD 0.8 over the same period last year, mainly due to the loss in financial asset evaluation.

	9M22	9M21	YoY
Net Sales	43,257	37,490	15.4%
Gross Margin	22.5%	22.8%	-30bps
Operating Margin	8.7%	7.0%	170bps
EPS (TWD)	1.16	1.96	-40.8%

Operating Revenue vs. Gross Margin

- 2022 Q3 Financials

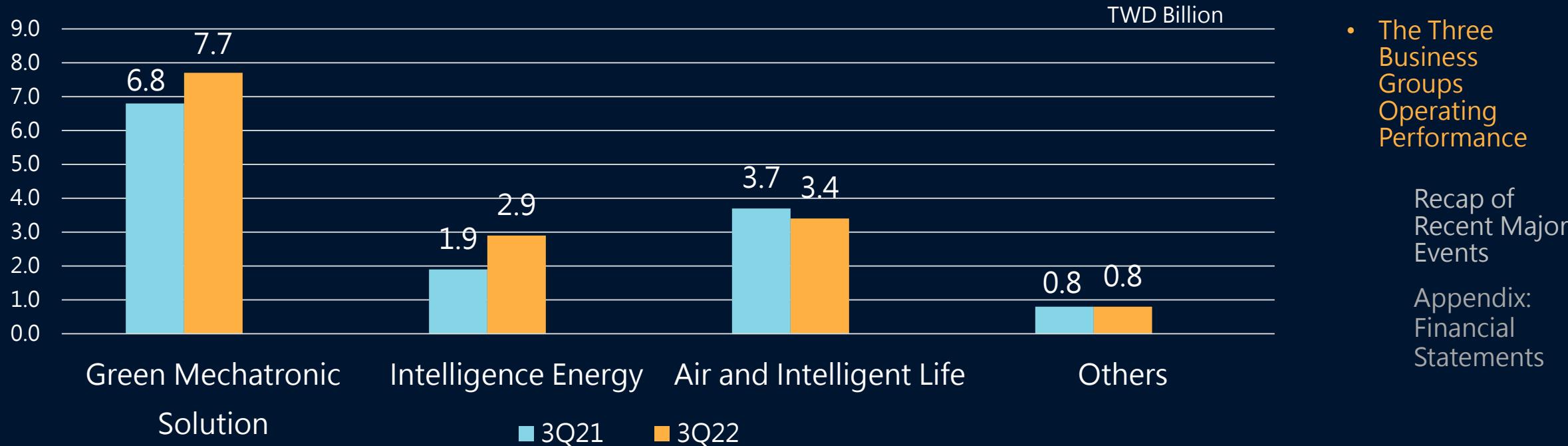


Operating Profit vs. Operating Margin

- 2022 Q3 Financials
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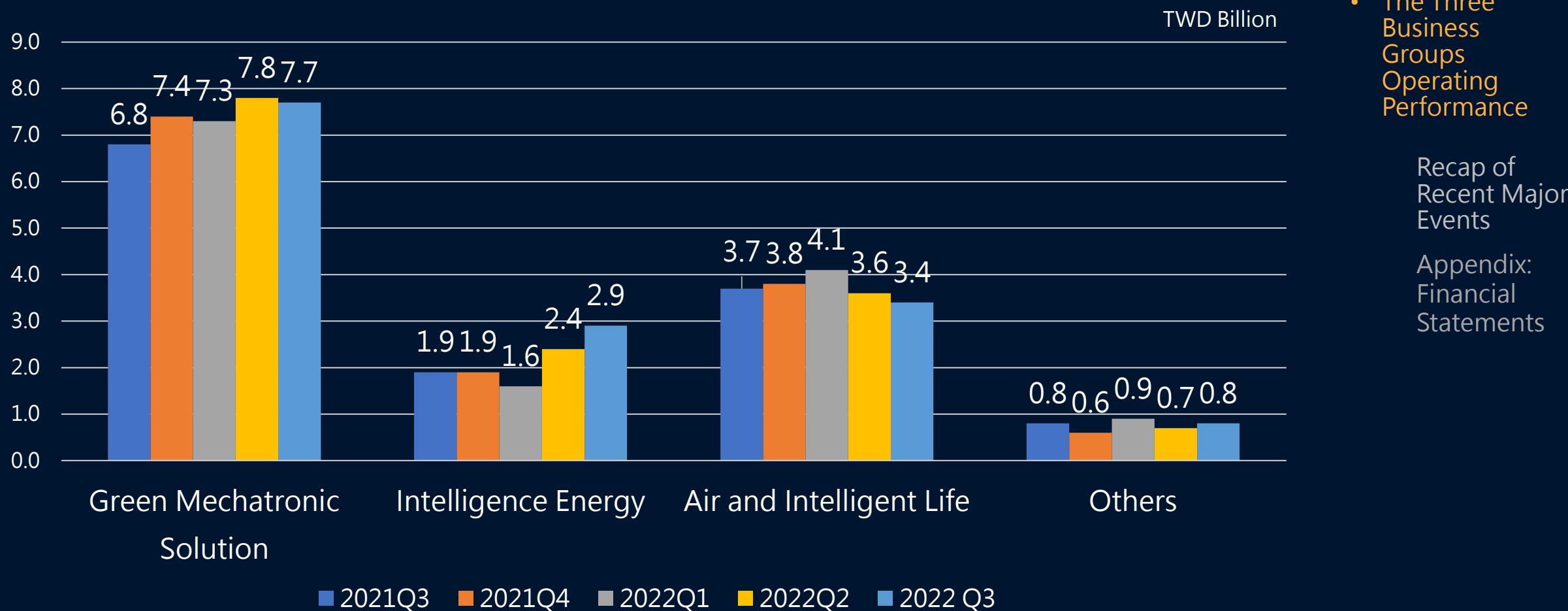
Performance of Business Groups



- The Three Business Groups Operating Performance
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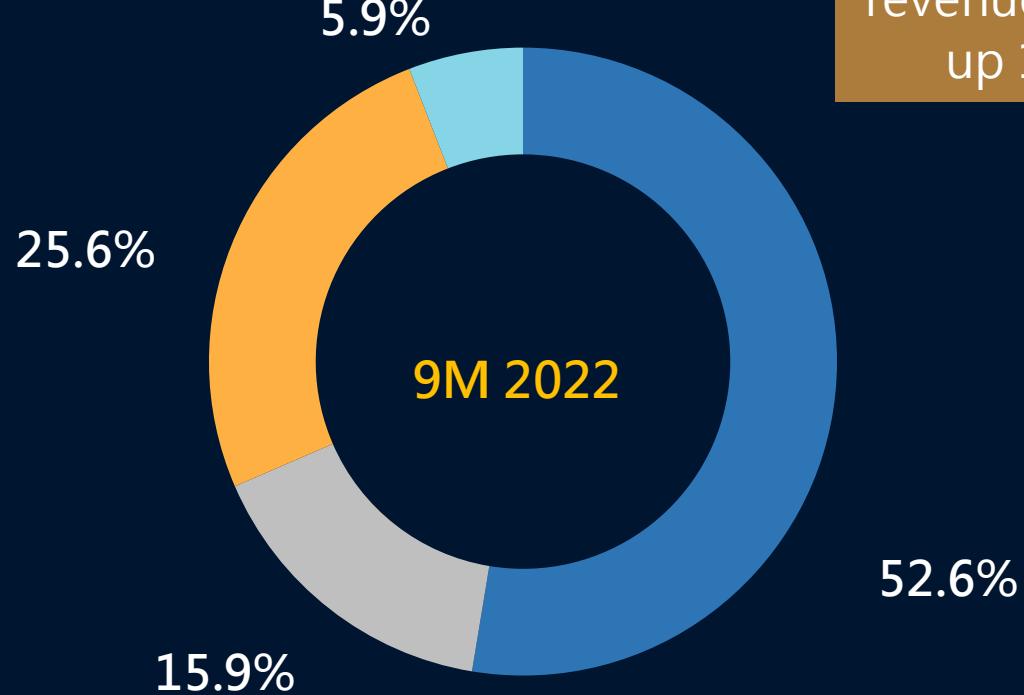
- ✓ "Green Mechatronic Solution" revenue increased by 13.2% YoY, thanks to the continuous growth in North America and Europe.
- ✓ The revenue growth of "Intelligence Energy" increased by 50.0% YoY, mainly due to the growth of engineering project revenue (including IDC projects and Longtan UHV substation energy storage system, etc.)
- ✓ "Air and Intelligent Life" revenue decreased by 6.8% YoY, mainly due to the one-off government project in the same period last year, resulting in the higher base period of comparison. However, the sales of air conditioners in the regular market still grew on YoY basis.

Sales Trend of Business Groups

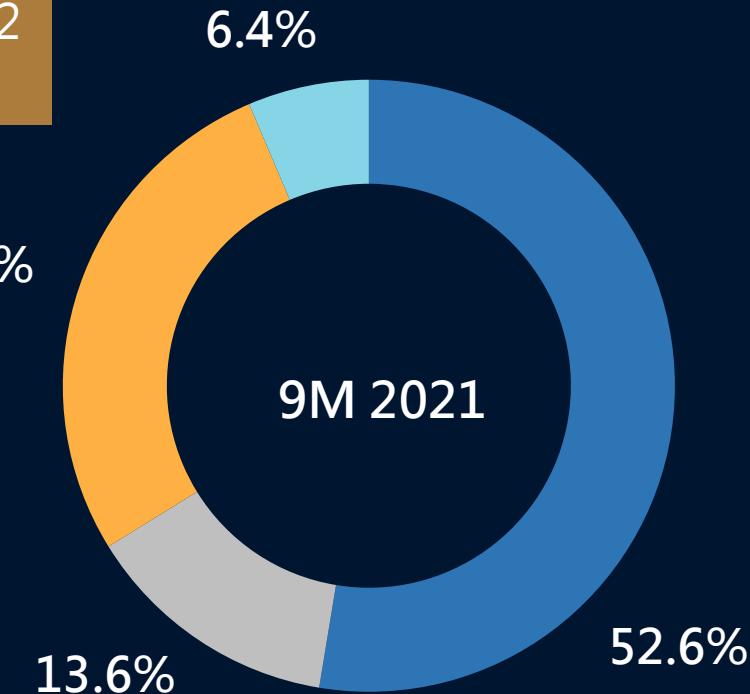


Revenue Breakdown by Business Group 1/2

- The Three Business Groups Operating Performance



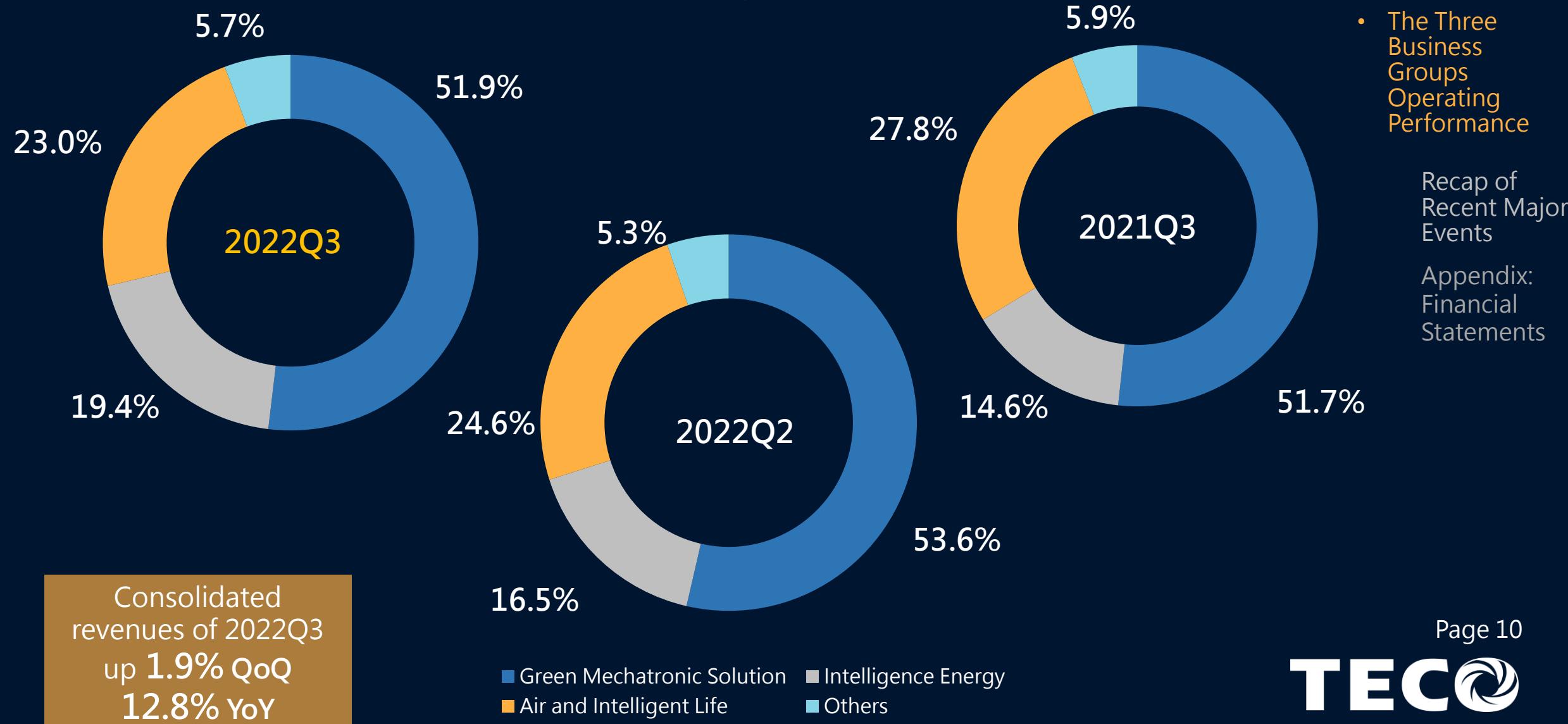
Consolidated
revenues of 9M 2022
up 15.4% YoY



- Green Mechatronic Solution
- Air and Intelligent Life

- Intelligence Energy
- Others

Revenue Breakdown by Business Group 2/2



Outlook for 4th Quarter

Revenue YoY Growth

Green Mechatronic Solution 7%~11%

Intelligence Energy 33%~37%

Air and Intelligent Life* -16%~-12%

(* : if excluding the impact of the one-off project in Q4 last year ~ 4%)

- The Three Business Groups Operating Performance

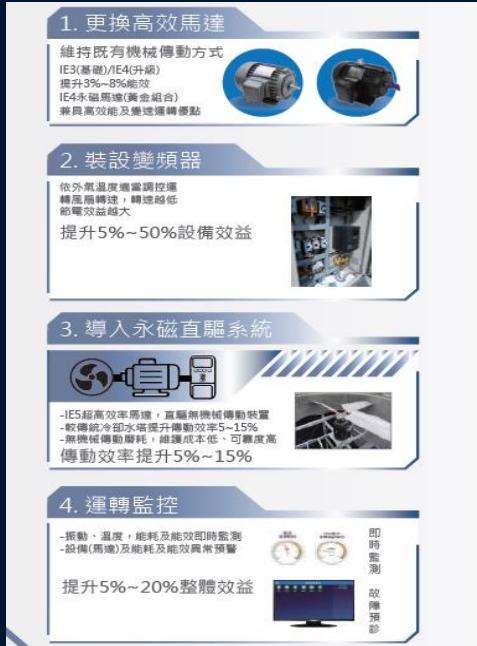
Recap of Recent Major Events

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Company-Wide Gross Margin 22%~26%

Forging a Low-Carbon Futuristic Smart Factory

Low Carbon Industry Solution



Smart Factory Solution

Robotic Arm Joint Module

- ✓ Compact structure and light weight
- ✓ Flexible, fast and easy connection design, greatly improving installation efficiency
- ✓ Flexible customization - suitable for 2~6 axis all kinds of plane / articulated robots and automation equipment



Open Smart Transport Platform

- ✓ Affinity human-machine interface, which can quickly establish smart transport requirements
- ✓ Robot application system, which can be programmed by itself for mapping, positioning, and navigation application requirements
- ✓ Built-in I/O application module, which can meet the needs of external development and expansion



Carbon Assets Management Solution



- Recap of Recent Major Events

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The Three Business Groups Operating Performance

Recap of Recent Major Events | 2022.10.21 ABB and TECO Sign Letter of Intent for Pushing Offshore Wind Power Substations

2022 Q3
Financials



ABB, internationally renowned engineering multinational, and TECO, announced today signing of letter of intent for jointly tapping the Taiwanese market for offshore wind-power substations. Both parties will form a highly competitive team, developing highly credible, complete solutions for offshore substation-related equipment and engineering, to foster the indigenous offshore wind-power industry.

TECO will extend its reach to offshore substations, on top of such original products as GIS switchgear, spare generators, and **pre-fitting electric-equipment room (E-House)**, offering a stable, safe, and reliable renewable-energy power system. The collaborative E-House solution will be applied to IDCs, optimizing their power consumption efficiency via energy storage and energy management systems.

In the 3rd phase of Taiwan's offshore windfarm project (2026~2035), TECO will foray into the offshore substation market, with a scale estimated at NT\$10 billion, the first among local heavy electric equipment firms.

The Three
Business
Groups
Operating
Performance

- Recap of Recent Major Events

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Recap of Recent Major Events | 2022.11.01 Taiwan Excellent Awards

2022 Q3
Financials

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The banner features the TECO logo at the top left, followed by the text '東元電機勇奪精品獎' (TECO Wins the Premium Product Award). Below this is the Taiwan Excellence 2023 logo. The banner is divided into two rows of products. The top row includes: '大型兩極剛性軸變頻智能馬達' (Large two-pole rigid shaft frequency conversion intelligent motor), 'IE5超高效率節能永磁馬達' (IE5 ultra-high efficiency energy-saving permanent magnet motor), '精巧型智能數位通訊式直流伺服驅動器2' (Compact intelligent digital communication DC servo driver 2), '高功率密度節能矩陣式變頻驅動器' (High power density energy-saving matrix frequency converter), '高效率模組化大型電動載具全系列動力系統' (High efficiency modularized large electric vehicle power system), and '智能匯集-移動式協作機器人' (Smart aggregation - mobile collaborative robot). The bottom row includes: '超高效冷卻水塔智慧型恆控系統' (Super high efficiency cooling tower intelligent constant control system), '冰水機AI智慧節能專家系統PQDR-K10505CD1' (AI intelligent energy-saving expert system for chiller systems), '智能多機融合應用機器人系統' (Intelligent multi-machine fusion application robot system), '智慧節能 變頻冷媒冷凝機組解決方案' (Intelligent energy-saving variable frequency refrigerant condenser unit solution), '智慧雙動力 商用變頻空調聯網節能解決方案' (Intelligent dual-power intelligent energy-saving solution for commercial variable frequency air conditioning network), and '智慧物流解決方案 增高機智能精準定位及導航指引系統' (Intelligent logistics solution for intelligent high-rise machine precise positioning and navigation guidance system).

TECO has staged a brilliant performance in the 31st Taiwan Excellent Awards this year, with all of its 12 entries being awarded, including its mobile collaborative robot which has made the finalist list for the golden award.

Recap of Recent Major Events | Achievement of ESG

2022 Q3
Financials

2022 DJSI

TECO scored 78 points, improved
by two points vs. Y2021

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA	
Score	Company Name
89	Schneider Electric S.E.
88	Signify N.V.
87	Prysmian S.p.A.
81	Legrand SA
78	TECO Electric & Machinery Co., Ltd.
69	ABB Ltd
66	Havells India Limited
62	WEG S.A.
60	Fuji Electric Co., Ltd.

2022 Taiwan Corporate Sustainability Awards (TCSA)

TECO received " Talent Development Leadership Award", " Taiwan Top 100 Sustainable Model Enterprise Award", " Social Inclusion Leadership Award ", and "platinum award under Corporate Sustainability Reports Award"



- Recap of Recent Major Events

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Q&A

[Http://www.teco.com.tw](http://www.teco.com.tw)
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TECO

Statements of Comprehensive Income | 3Q22

2022 Q3
Financials

(TWD Million)	2022Q3	2022Q2	QoQ	2021Q3	YoY	
Operating Revenue	14,816	14,544	1.87%	13,137	12.78%	The Three Business Groups Operating Performance
Net Gross Profit *	3,340	3,341	-0.03%	2,770	20.58%	
Operating Profit	1,314	1,287	2.10%	746	76.14%	
Non operating Income	235	280	-16.07%	1369	-82.83%	
Income Before Tax	1,549	1567	-1.15%	2,115	-26.76%	Recap of Recent Major Events
Income Tax	(307)	(396)	-22.47%	(406)	-24.38%	
Net Income**	1,083	1021	6.09%	1,579	-31.40%	
EPS (TWD)	0.51	0.48	6.25%	0.75	-32.00%	

* Including unrealized/realized benefits of affiliated companies

** Excluding non controlling interest

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- Revenue in 2022Q3 increased by approximately 12.8% compared to 2021Q3, is mainly due to:
Continual growth of Green Mechatronic Solutions in North America and Europe, as well as engineering projects of Intelligence Energy.
- The net non operating income in 2022Q3 was TWD 235 million, compared to the net non operating profit in 2021Q3 was TWD 1.37 billion. The main reason is because:
 - (1) The stock market volatility resulted in a loss of TWD 250 million in financial asset evaluation; however, compared to the same period last year, the financial asset evaluation benefit was TWD 310 million.
 - (2) Dividend income decreased by TWD476 million compared to 2021Q3, because the shareholders' meeting of those invested companies were postponed to Q3 due to COVID 19 epidemic in 2021.

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Statements of Comprehensive Income | 9M22

2022 Q3
Financials

- Revenue in the first nine months of 2022 increased by 15.38% compared to the same period of 2021, mainly due to the revenue growth of three business groups.
- The net non operating income in the first nine months of 2022 decreased by 93.88% versus the same period of 2021, mainly due to the loss in financial asset evaluation.

(TWD Million)	9M2022	9M2021	YoY
Operating Revenue	43,257	37,490	15.38%
Net Gross Profit*	9,725	8,546	13.80%
Operating Profit	3,752	2,624	42.99%
Non operating Income	164	2,681	-93.88%
Income Before Tax	3,916	5,305	-26.18%
Income Tax	(1,049)	(786)	33.46%
Net Income**	2,452	4,117	-40.44%
EPS (TWD)	1.16	1.96	-40.82%

The Three Business Groups Operating Performance

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** Excluding non controlling interest

Balance Sheets | September 2022

- Cash and Cash Equivalents increased by TWD 2.9bn compared to Year end of 2021 mainly due to 1) the increase in both revenue and profit, 2) the redemption of OASIS Fund.
- Inventories increased by TWD 1.1bn compared to Year end of 2021 mainly due to the need for business growth and the impact of exchange rate. Inventory turnover has not changed much.
- Equities decreased by TWD 14.5 bn compared to Year end of 2021. In addition to the current period's net profit, it was mainly due to the announcement of cash dividends and the increase in the loss of financial asset evaluation.

(TWD Thousand)	Sep. 30, 2022		Sep. 30, 2021		Dec. 31, 2021		The Three Business Groups Operating Performance
	Amount	%	Amount	%	Amount	%	
Cash & Cash Equivalents	20,094,083	16%	17,920,142	13%	17,274,143	13%	
Receivables	11,802,928	10%	10,547,272	8%	11,741,329	9%	
Inventories	13,331,277	11%	11,983,175	9%	12,252,098	9%	
Total Assets	122,471,116	100%	135,089,107	100%	136,612,450	100%	
Payables	15,876,566	13%	15,026,502	11%	15,919,185	12%	
Short term Borrowings	2,071,374	2%	2,148,828	2%	2,042,697	1%	
Long term Borrowings	4,660,173	4%	4,480,954	3%	4,095,257	3%	
Corporate Bond Payables	5,000,000	4%	6,000,000	4%	6,000,000	4%	
Total Liabilities	41,300,729	34%	40,927,377	30%	40,950,519	30%	
Equities	81,170,387	66%	94,161,730	70%	95,661,931	70%	
Key Indices							
AR Turnover (times)	4.94		4.85		4.69		
Inventory Turnover (times)	3.31		3.35		3.42		
Current Ratio	2.24		2.16		2.14		
Quick Ratio	1.53		1.51		1.48		
Net Debt to Equity	-10.30%		-5.62%		-5.40%		

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