



A background image of a factory floor with several blue industrial robotic arms. The image is overlaid with a dark blue semi-transparent filter. On the left side, there is a vertical bar with a gradient from grey to orange.

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

	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%

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.

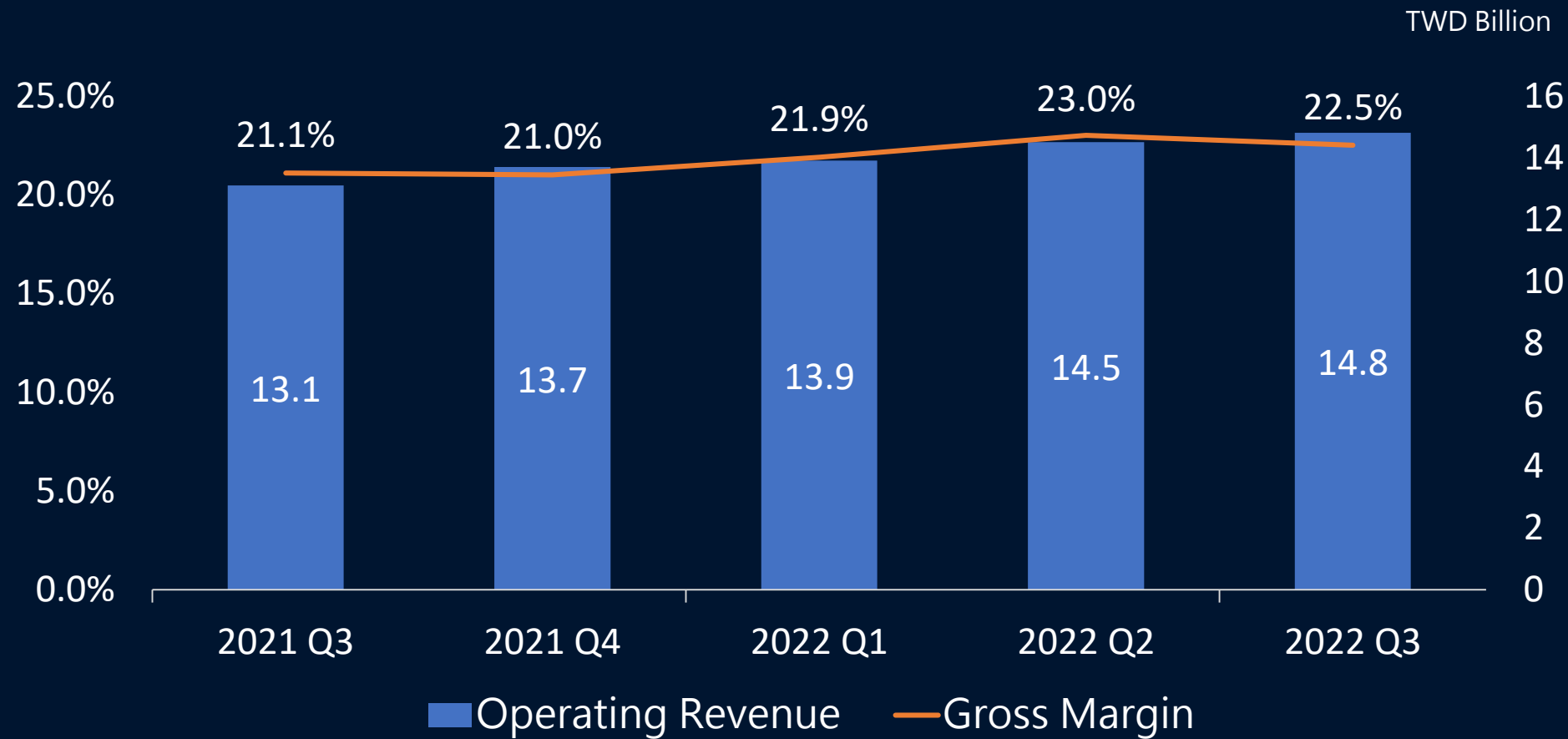
The Three Business Groups Operating Performance

Recap of Recent Major Events

Appendix: Financial Statements

Operating Revenue vs. Gross Margin

- 2022 Q3 Financials



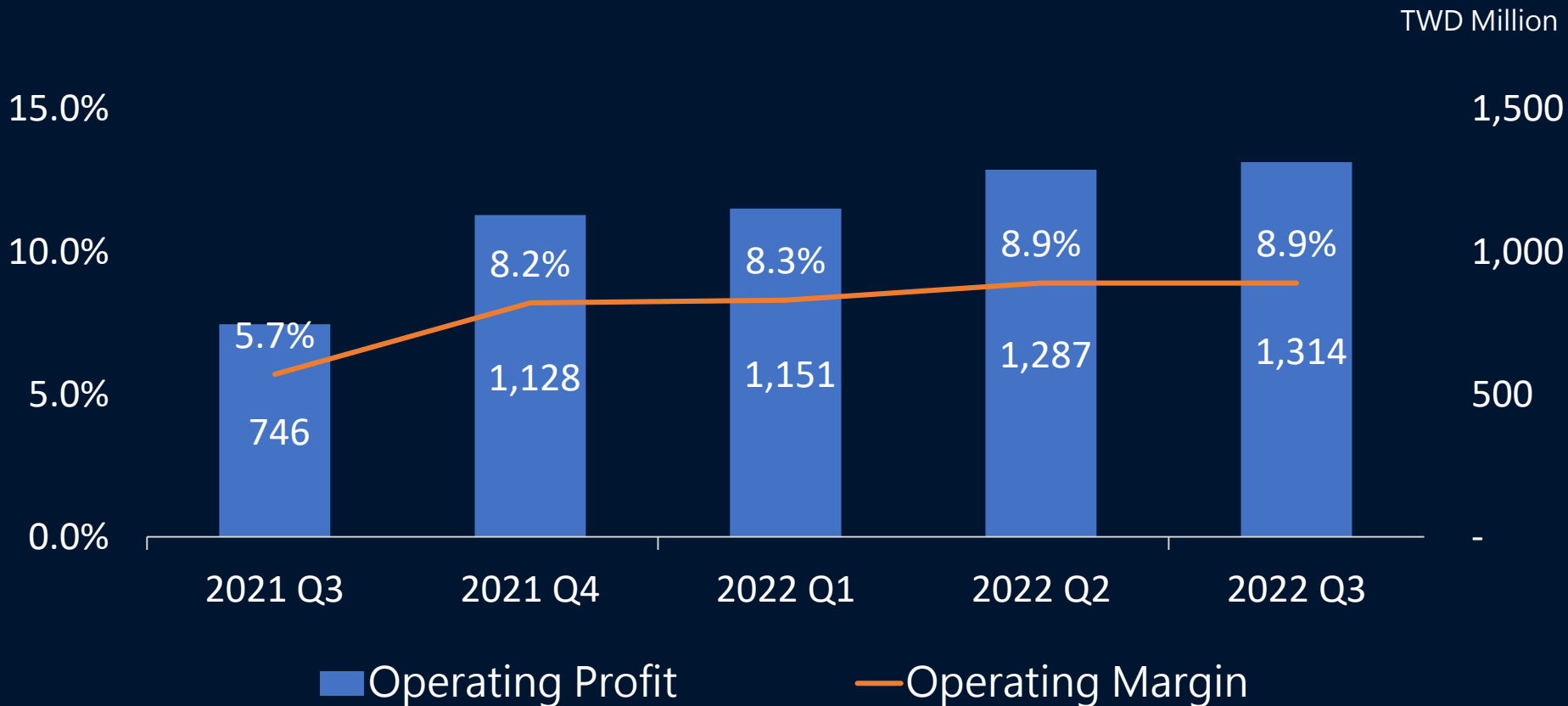
The Three
Business
Groups
Operating
Performance

Recap of
Recent Major
Events

Appendix:
Financial
Statements

Operating Profit vs. Operating Margin

- 2022 Q3 Financials



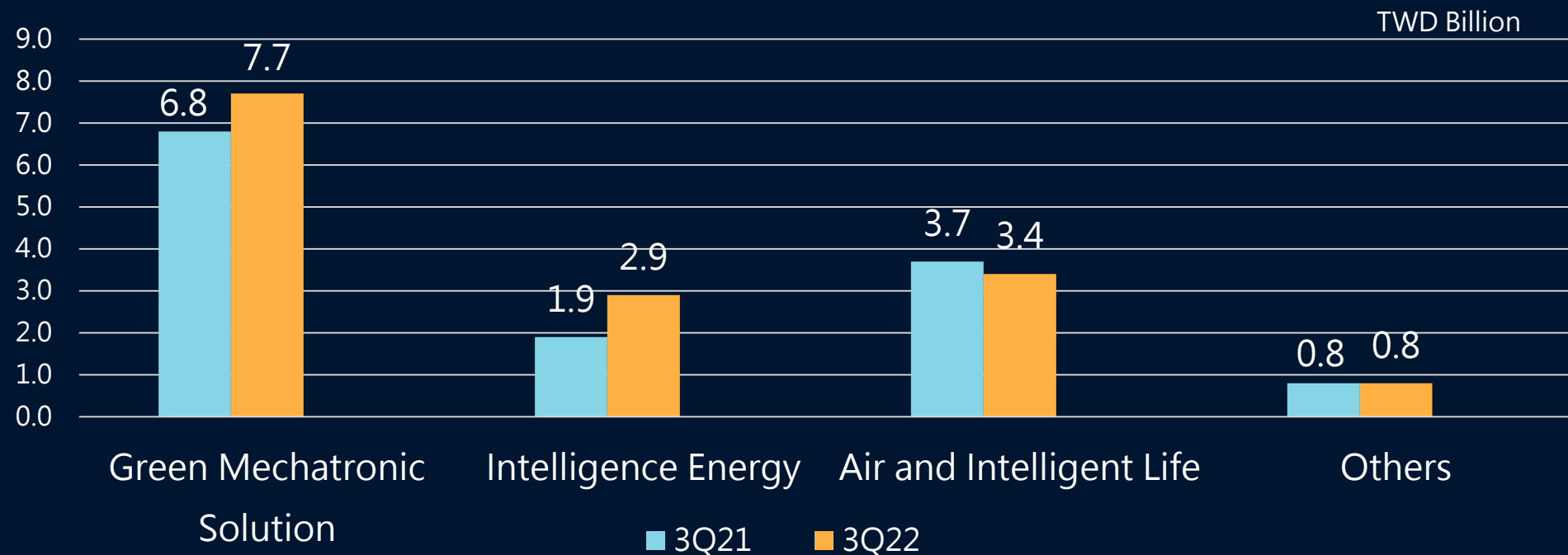
The Three
Business
Groups
Operating
Performance

Recap of
Recent Major
Events

Appendix:
Financial
Statements

Performance of Business Groups

2022 Q3
Financials



- The Three Business Groups Operating Performance

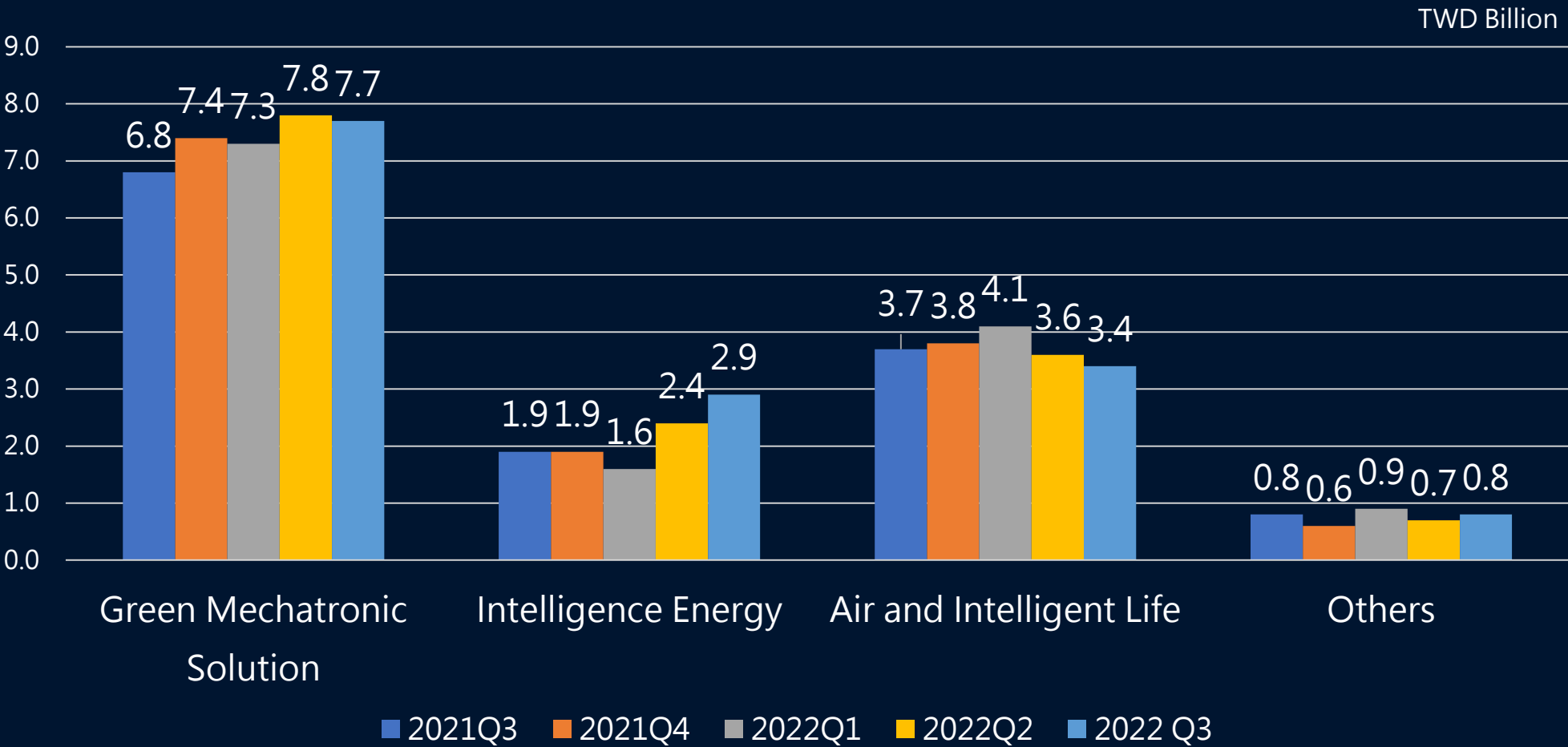
Recap of Recent Major Events

Appendix: Financial Statements

- ✓ "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.

Page 7

Sales Trend of Business Groups



- The Three Business Groups Operating Performance

Recap of Recent Major Events

Appendix: Financial Statements

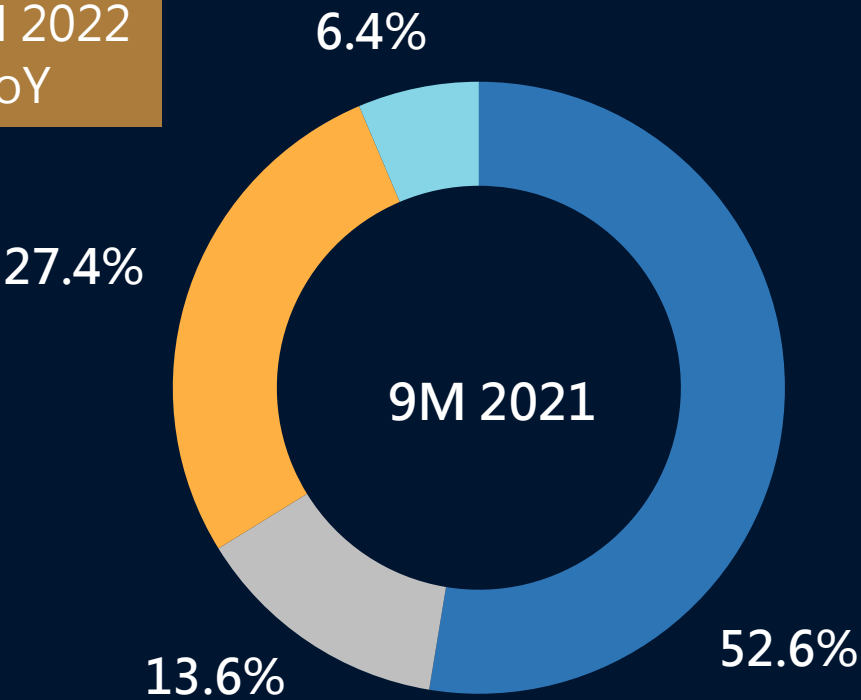
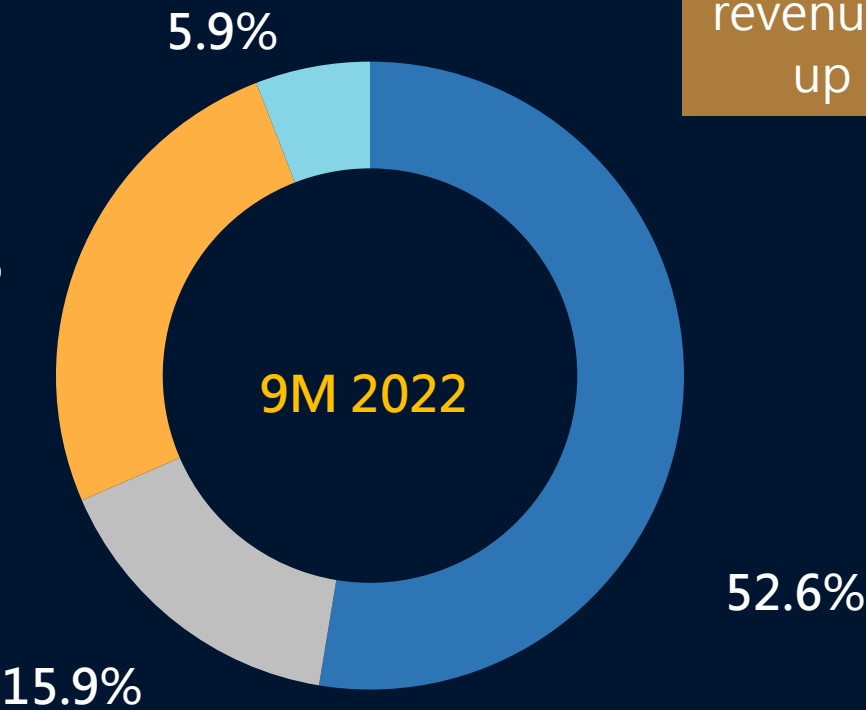
Revenue Breakdown by Business Group 1/2

- The Three Business Groups Operating Performance

Recap of Recent Major Events

Appendix: Financial Statements

Consolidated revenues of 9M 2022 up 15.4% YoY



■ Green Mechatronic Solution
■ Air and Intelligent Life

■ Intelligence Energy
■ Others

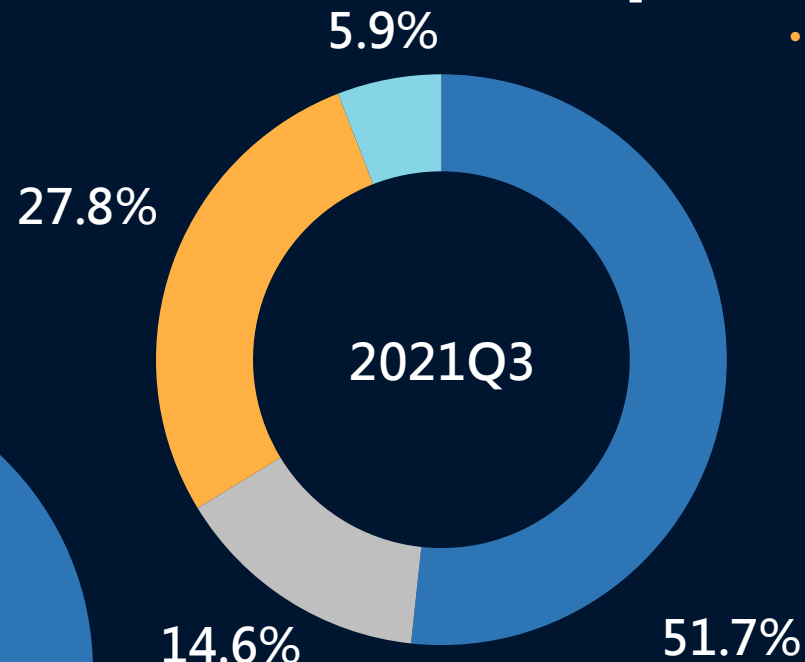
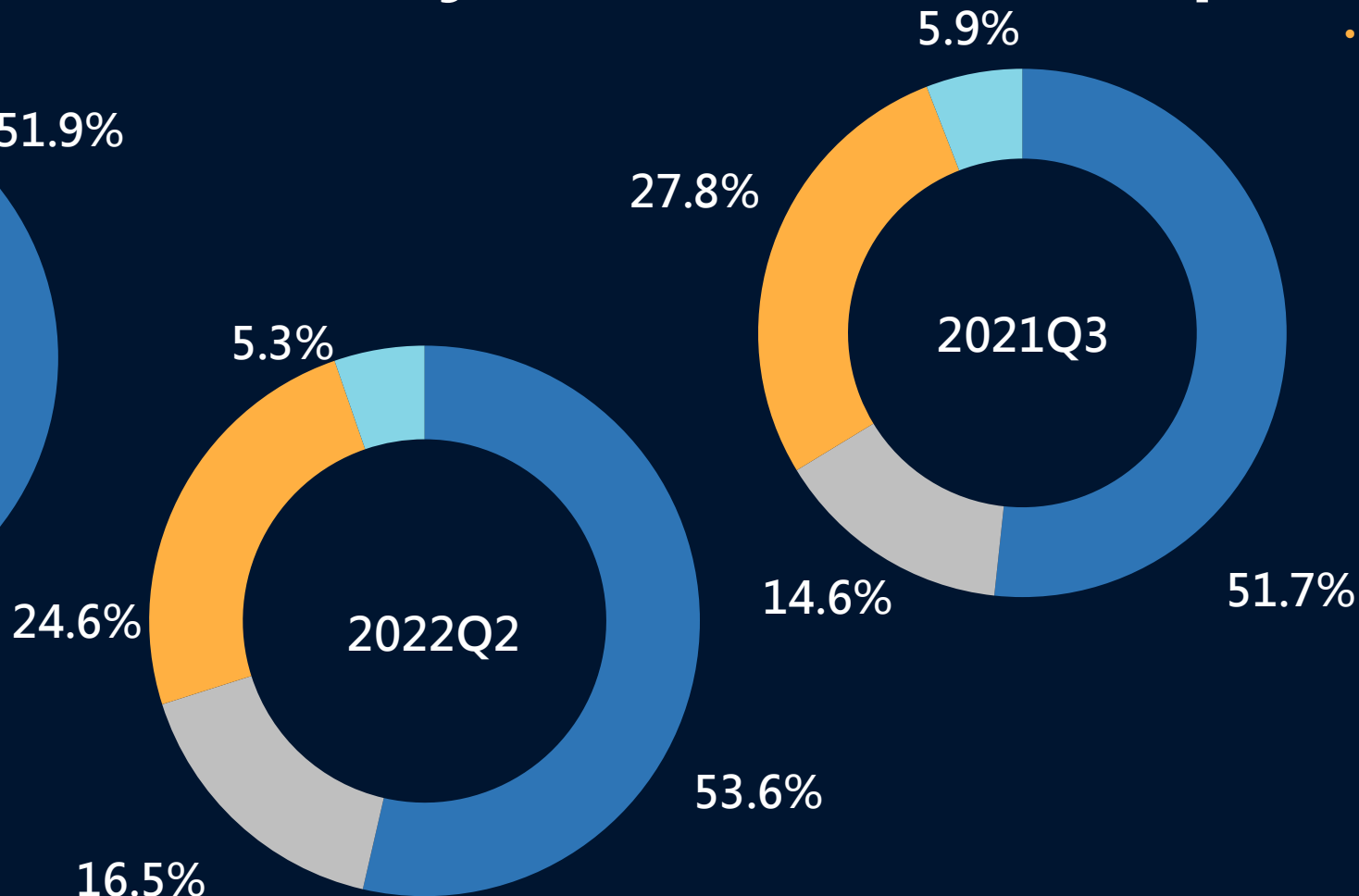
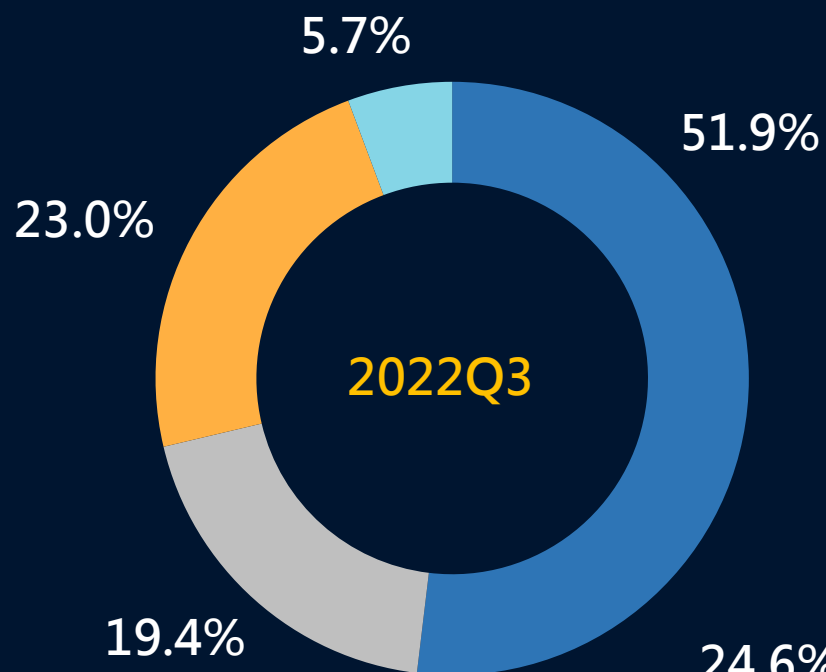
Revenue Breakdown by Business Group 2/2

2022 Q3
Financials

- The Three Business Groups Operating Performance

Recap of Recent Major Events

Appendix: Financial Statements



Consolidated revenues of 2022Q3
up **1.9% QoQ**
12.8% YoY

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

Page 10

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%)

Company-Wide Gross Margin 22%~26%

- The Three Business Groups Operating Performance

Recap of Recent Major Events

Appendix: Financial Statements

Recap of Recent Major Events | 2022.08.24 Automation Taipei 2022

2022 Q3
Financials

The Three
Business
Groups
Operating
Performance

• Recap of
Recent
Major Events

Appendix:
Financial
Statements

Page 12



Forging a Low-Carbon Futuristic Smart Factory

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



Low Carbon Industry Solution

1. 更換高效馬達

維持既有機械傳動方式
IE3(基礎)/IE4(升級)
提升3%~8%能效
IE4-永磁馬達(黃金組合)
兼具高能效及變速運轉優點

2. 裝設變頻器

依外氣溫度適當調控運轉風扇轉速，轉速越低
節電效益越大
提升5%~50%設備效益

3. 導入永磁直驅系統

-IE5超高效率馬達，直驅無機械傳動裝置
-軟傳動冷卻水塔提升傳動效率5~15%
-無機械傳動磨耗，維護成本低、可直度高
傳動效率提升5%~15%

4. 運轉監控

-振動、溫度、能耗及能效即時監測
-設備(馬達)及能耗及能效異常預警
提升5%~20%整體效益

Online Exhibition TECO X Automation Taipei

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

2022 Q3
Financials

The Three
Business
Groups
Operating
Performance

- Recap of Recent Major Events

Appendix:
Financial
Statements



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.

Page 13

Recap of Recent Major Events | 2022.11.01 Taiwan Excellent Awards

2022 Q3
Financials

The Three
Business
Groups
Operating
Performance

- Recap of
Recent
Major Events

Appendix:
Financial
Statements



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.

Page 14

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"



The Three
Business
Groups
Operating
Performance

- Recap of
Recent
Major Events

Appendix:
Financial
Statements

Page 15

A blue industrial robotic arm is the central focus, set against a blurred background of a factory floor. The arm is positioned diagonally across the frame. To the left of the text, there is a vertical bar with a gradient from grey at the top to orange at the bottom.

Q&A

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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%
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%
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%

The Three
Business
Groups
Operating
Performance

Recap of
Recent Major
Events

• Appendix:
Financial
Statements

* Including unrealized/realized benefits of affiliated companies

** Excluding non controlling interest

- 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.

Page 17



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%

* Including unrealized/realized benefits of affiliated companies

** Excluding non controlling interest

The Three
Business
Groups
Operating
Performance

Recap of
Recent Major
Events

- Appendix:
Financial
Statements

Page 18

Balance Sheets | September 2022

2022 Q3
Financials

The Three
Business
Groups
Operating
Performance

Recap of
Recent Major
Events

• Appendix:
Financial
Statements

(TWD Thousand)	Sep. 30, 2022		Sep. 30, 2021		Dec. 31, 2021	
	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%

- 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.

Page 19