



Issued by: Test-Rite International Co. Ltd (Ticker: 2908 TT/ 2908 TW)
Subject: Test-Rite 4Q18 and FY2018 Earnings Results Announcement

Date: March 26, 2019

Test-Rite reported revenue of NT\$9.79 billion in 4Q18 (+12.6% YoY), a net loss of NT\$202 million, and basic EPS of -NT\$0.39. Revenue in 2018 was NT\$39.9 billion (+7.9% YoY) while net profit after tax came in at NT\$406 million; basic EPS of NT\$0.8 declined by NT\$0.81 from the previous year. The Board has approved management's proposal to distribute a cash dividend of NT\$1.28 per share (2017: NT\$1.2).

On a consolidated basis, our trading revenue in 2018 was NT\$1.95 billion and our retail revenue was NT\$1.88 billion, accounting for 48% and 47%, respectively, of total revenue. The profit in Q4 2018 was affected by a substantial one-time cost restructuring adjustment at HOLA China and the related personnel cuts at the stores and headquarters. These changes should prove conducive for long-term growth, as the Group continues to actively cultivate and invest in the industry. In line with delivering a consistent dividend policy in the interest of shareholders, the Board resolved to distribute a cash dividend of NT\$1.28 per share, which is slightly above NT\$1.2 in 2017.

Consolidated trading revenue reached a new high in 2018, increasing by 18.4% from 2017. Our agency business continued to deliver a strong performance, with shipments up by 10.5% to NT\$13.3 billion. A healthy pace of growth in the U.S. and European markets was supportive of our overall trading shipments. Building on this momentum, Test-Rite decided to construct a second warehouse in the U.S. east coast. Our strategy to sustain stable growth going forward encompasses the further expansion of sourcing on a global basis, development of a southbound policy, deepening of relations with customers, strengthening products expertise and differentiation, and nurturing a new dynamism in delivering performance.

Our retail business in Taiwan was affected by a lackluster economic environment, the impact of the government's pension reforms, and a weak real estate market. Our Taiwan retail business reported revenue of NT\$16.5 billion in 2018, which was 1.7% lower than in 2017. In response to the challenges posed by the external environment, we have intensified our customer-centric strategies through the integration of online and offline channels, a strong drive to increase online sales, and the use of new technologies to strengthen the shopping experience at physical stores. Having established a new retail business model, our TR Plus website saw sales rising by 43.4% in the year to exceed its NT\$1 billion sales target. During the annual "Double 11" festival, we combined our virtual and physical channels and posted a new single-day retail sales record of over NT\$200 million. Test-Rite also joined forces with Taobao, China's largest e-commerce platform, to launch a new retail format store, Taobao x hoi!, in Taiwan. TLW meanwhile set a milestone with TLW Dadun, the first small-sized smart store. We remain poised to develop the full potential of all our retail channels.

As of the end of 2018, Test-Rite Group operated 27 TLW (DIY) stores, 26 HOLA stores, 2 Crate & Barrel stores, and 2 Hoi stores in Taiwan, as well as 21 HOLA stores in China.

Unit: NT\$m

Item	4Q18	4Q17	YoY%	FY2018	FY2017	YoY%
Consolidated Sales	9,792	8,698	12.6%	39,898	36,963	7.9%
Consolidated Net Profit	(202)	222	-191.1%	406	823	-50.6%



Figure 1 – Test-Rite IFRS-based consolidated P&L for 4Q18

(NT\$m)	4Q18	4Q17	YoY%	FY2018	FY2017	YoY%
Consolidated sales	9,792	8,698	12.6%	39,898	36,963	7.9%
COGS	(7,349)	(6,128)	19.9%	(29,637)	(26,181)	13.2%
Gross profit	2,443	2,570	-4.9%	10,261	10,783	-4.8%
Operating expense	(2,565)	(2,392)	7.2%	(9,800)	(9,822)	-0.2%
Operating profit	(122)	178	-168.5%	461	961	-52.0%
Non-operating income/loss	(138)	245	NA	(115)	150	NA
Pre-tax profit	(260)	423	-161.5%	346	1,111	-68.9%
Net profit	(200)	223	-189.7%	419	826	-49.1%
Other net profit	(15)	(49)	-69.4%	(62)	(54)	14.8%
Total net profit	(215)	174	-223.6%	357	772	-53.6%
Net profit attributable to TRIC shareholders	(202)	222	-191.0%	406	823	-50.6%
NT Dollar (After Tax)						
Basic EPS	-0.39	0.43	-189.7%	0.80	1.61	-50.3%
Diluted EPS	-0.39	0.43	-189.7%	0.80	1.61	-50.3%
Gross margin	24.9%	29.5%	-4.6%	25.7%	29.2%	-3.5%
Operating margin	-1.2%	2.0%	-3.3%	1.2%	2.6%	-1.4%
Pre-tax margin	-2.7%	4.9%	-7.5%	0.9%	3.0%	-2.1%
Net margin	-2.1%	2.6%	-4.6%	1.0%	2.2%	-1.2%

Sophia Tong
Group CEO
TEL: 886-2-8791-5888

Eric Chang (Please contact for further information)
Deputy Spokesperson
Tel: 886-2-8791-5888 ext. 5041
Email:Eric-JH.Chang@testritigroup.com

Linda Lin
CFO & Spokesperson
TEL: 886-2-8791-5888

Judy Chen
Investor Relations Principal Specialist
TEL: 886-2-8791-5888 ext. 5936
E-mail: investor@testritigroup.com