



Issued by: Test-Rite International Co. Ltd (Ticker: 2908 TT/ 2908 TW)

Date: May 13, 2019

Subject: Test-Rite 1Q19 Earnings Results Announcement

Test-Rite reported revenue of NT\$9.88 billion in 1Q19, net profit after tax of NT\$178 million, and basic EPS of NT\$0.35

On a consolidated basis, our trading revenue in 1Q19 was NT\$4.95 billion while our retail revenue was NT\$4.66 billion, accounting for 48% and 47%, respectively, of total revenue. Operating profit came in at NT\$312 million, an increase of 4.8% from 1Q18.

During the quarter, gross and operating profit of our core businesses performed significantly better compared to 1Q18. Gross profit benefited from new high value-added products and some moderation in commodity prices, which boosted operating profit by nearly 5%. While net profit after tax in 1Q19 was affected by one-off factors, our competitive advantage was upheld as reflected in the strength of our core businesses. We believe that further efforts underway to optimize HOLA China's structure and the enhanced development of the Group's supply chain will prove conducive to long-term growth.

In 1Q19, net profit after tax was lower than in the comparable period a year ago. This was mainly attributable to an increase in the income tax rate from 17% to 20% during 1Q18, resulting in a one-time reduction in the income-tax benefit of about NT\$120 million. In addition, the effects of adopting IFRS 16 Leases for the first time in 2019 trimmed profit by about NT\$40 million.

As of the end of 1Q19, Test-Rite Group operated 27 TLW (DIY) stores, 26 HOLA stores, 2 Crate & Barrel stores, and 2 Hoi stores in Taiwan, as well as 19 HOLA stores in China.



Figure 1 – Test-Rite IFRS-based consolidated P&L for 1Q19

(NT\$mn)	1Q19	1Q18	YoY%
Consolidated sales	9,879	10,348	-4.5%
COGS	(7,066)	(7,575)	-6.7%
Gross profit	2,813	2,773	1.5%
Operating expense	(2,501)	(2,475)	1.0%
Operating profit	312	298	4.8%
Non-operating income/loss	(91)	(40)	125.5%
Pre-tax profit	221	258	-14.1%
Net profit	178	309	-42.4%
Other net profit	19	18	5.6%
Total net profit	197	327	-39.8%
Net profit attributable to TRIC shareholders	178	309	-42.4%
NT Dollar (After Tax)			
Basic EPS	0.35	0.61	-43.3%
Diluted EPS	0.35	0.61	-43.3%
Gross margin	28.5%	26.8%	1.7%
Operating margin	3.2%	2.9%	0.3%
Pre-tax margin	2.2%	2.5%	-0.2%
Net margin	1.8%	3.0%	-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