



## TATUNG (2371.TT) announces net sales for June of 2012.

Unit: NT\$ Million	2012 / 06	Rev(%)	MoM	YoY	2012 /1-6	Rev(%)	YoY
Power BG	1,335	51%	-3%	-13%	7,578	45%	-14%
Consumer BG	1,014	38%	-24%	-28%	7,806	46%	-5%
System BG	289	11%	41%	-21%	1,562	9%	-32%
Net Sales	2,638	100%	-10%	-20%	16,946	100%	-12%

**Sales for June of 2012 were NT\$2,638 million, decreasing 10% month over month. Sales in the first 6 months of 2012 decreased 12% from the same period of 2011.**

### Power BG

- ◆ Sales in June 2012, accounting for 51% of total sales, decreased 3% MoM mainly because copper price plunged by 6.7% resulting in sales decline in cable & wire. However, sales in motors and heavy industrials were better than that of the prior month.
- ◆ In light of prevailing pursuit in environmental protection, demand for high-efficiency and energy-saving motors incurred continuous sales growth; exports to power plants in Australia and USA expanded constantly. Although copper prices declined in June 2012, increased orders for telecom/fiber cables helped enhance sales performance in the field. We will continue to develop new energy-saving products in Taiwan. We will also continue to work closely with domestic consulting firms to hunt for construction opportunities from offshore power plants and transformer stations to achieve growth in sales and profits.

### Consumer BG

- ◆ Sales in June 2012, accounting for 38% of total sales, decreased 24% MoM. This was mainly due to (1) reduction of low-margin ODM business, (2) postponed launch of new digital electronic products in own brand business, and (3) decreased sales in seasonal appliances. We will realign product mix in this third quarter for lifting up sales and profits.
- ◆ Along with raising temperatures and the government's subsidy program, we expect to see a sales jump in air conditioners. In anticipation of increasing petro and electricity price, the company has launched the "energy saving against price surge" programs to promote led lighting, inverter air conditioners, inverter refrigerators and inverter washing machines. The 2<sup>nd</sup> government's NT\$2000 subsidy program has started in middle of May which will drive sales increase in energy level 1 and 2 air conditioners, energy-saving LCD TVs and monitors. ODM has postponed the delivery of some gaming headphones as per customer's requirements. Besides, ODM has stopped production of lower-margin LCD monitors, which is expected to help enhance overall margins.

### System BG

- ◆ Sales in June 2012, accounting for 11% of total sales, increased 41% from last month. In response to appreciation of petro and utility price, we have formed a specific department to integrate resources and to explore energy-saving related business opportunity for the sales enlargement in the second half of the year. We have obtained a big project of "Hwa-Tung line railway electrification project" for the amount of NT\$ 2.4 billion; we will also endeavor

to bid for other railway electrification constructions and light rail train system projects.

- ◆ Building smart meters and AMI (advanced metering infrastructure) has become national strategies for many governments; we are dominant in Taiwan's smart grid market and have obtained offshore certifications to expand into international market. We anticipate some breakthroughs in second half of this year. We will integrate and systemize our System and Power BG to offer energy-saving products and services as well as information communication technology for a total solution to our clients.

This announcement is drawn up in Chinese and English. If there should be any discrepancy or contradiction in between, the Chinese version will be prior to the English one.