

## **Aurora Reports first-quarter 2013 Earnings**

**Profit of NT\$286 million, or NT\$0.94 per share, at first-quarter record high**

TAIPEI, Taiwan, May 7, 2013 – Aurora Corp. (Ticker: 2373 TT / 2373 TW) today announced first-quarter 2013 results ended March 31, 2012. For the quarter, the company reported earnings per share of NT\$0.94 compared with NT\$0.76 in the first quarter of 2012. The 24% growth in EPS was due partly to stable profit from the office automation (OA) segments across Taiwan and China, and partly to strong gains in China's furniture market as Aurora is fast-establishing itself as a premium brand for mid-level to high-end office furniture.

### **Revenue**

During the first quarter of 2013, the OA and office furniture segments in China maintained strong momentum driven by increasing brand penetration there, while the core operation in Taiwan remained stable. Consolidated revenue fell 26% year-over-year and 16% quarter-over-quarter to NT\$2.47 billion reflecting the deconsolidation of Aurora Telecom. The company sold a majority stake of Aurora Telecom to Tsann Kuen, one of Taiwan's largest IT and consumer electronics retail chain, in October 2012.

On a pro-forma basis, excluding the revenue from Aurora Telecom for comparable periods, first-quarter revenue would have increased 2% from the year-ago quarter and decreased 4% from the previous quarter.

Revenue from China came in at NT\$1.62 billion, up 4% from the year-ago quarter and representing 66% of total revenue.

For the quarter, the representation of revenue by segment was as follows: Taiwan OA 28%, Taiwan office furniture 7%, China OA 23%, China office furniture 33% and China office equipment 9%. The China office furniture segment shall remain the engine of growth as it now accounts for one-third of the company's total revenue.

### **Gross Profit**

First-quarter gross profit fell 11% to NT\$1.12 billion from the year-ago quarter. Gross margin advanced to 45.4% compared with 37.7% in the year-ago quarter due to higher contribution from the higher-margin China office furniture business, increased

revenue from equipment servicing and the sale of supplies and the method of treating Aurora Telecom as an equity investment in an unconsolidated affiliate.

### **Operating Profit**

First-quarter operating profit fell 1% to NT\$189 million, while operating margin jumped to 7.7% from 5.8% in the year-ago quarter.

### **Net Profit**

First-quarter net profit soared 22% to NT\$286 million compared with NT\$235 million in the year-ago quarter. Earnings per share was NT\$0.94, reaching the first-quarter record high.

### **Marketing Highlights**

MIF in Mainland China and Taiwan continued to accumulate, while install base of color products continued to grow. The acceleration of the penetration rate of color copiers should bolster margin consistently.

### **Recent Events and Future Prospects**

Aurora is stepping up its “550 Project” to capitalize on the trend toward urbanization in China’s countryside that has been fueled by an acceleration of China’s 12th five-year plan and policies targeting the development of western China and rural towns. To meet the challenge, Aurora is moving more aggressively to build a network of distributors and new channels in central and western China and introduce new products that meet the needs of vendors. At the same time, the company continues to invest in vertical integrating core capabilities while exploring new applications in other sectors.

Aurora’s office furniture business in China is actively developing new products, including medical and school furniture, to penetrate new markets and expand sales. It has also launched a special initiative to build a comprehensive supply chain. In recognition of its efforts, the business was awarded the “2012 Gold Prize for Advanced Manufacturing” by the government of Jiading District in northwestern Shanghai for the fifth consecutive year. The award is based on a number of indicators reflecting a company’s overall strength, including output, tax contribution, overall energy efficiency, contribution to society, R&D investment, and whether it is publicly listed.

Aurora’s OA business in China underwent a major organizational change in April,

splitting into two major business groups – Direct Sales and Distribution – to expand the two channels. The Distribution Business Group introduced a responsibility center management system for the first time and is actively developing new products, such as 3D printers. Aurora remains committed to positioning itself as a Chinese brand and will apply for “famous brand” certification for its OA products in China in the second quarter.

After a magnitude 7.0 earthquake hit Ya’an City in Sichuan Province on April 20, the Aurora Group responded immediately by donating 2 million renminbi to the Jiading branch of the Shanghai Charity Foundation for use in disaster reconstruction efforts. The Aurora Group hopes that by doing its part it will spur even more enterprises and individuals to get involved in public welfare initiatives. We also wish the best to the people of Ya’an and hope that reconstruction efforts can be completed as soon as possible.

The third “Economic & Financial Forum,” co-sponsored by the Economic Daily News, was held in Hong Kong on April 25. Participants included government officials, business leaders and scholars from Taiwan, Hong Kong and China. The Aurora Group was invited to participate in a seminar on “Economic and Trade Cooperation in Greater China and Building Chinese Brands” and was represented by Aurora Group Executive Director and CEO Alice Lin, who shared Aurora’s branding experience in Greater China. “A brand should be more than just a symbol; it should reflect a company’s overall competitiveness,” Lin said, who also stressed the importance of strengthening the brand internally and externally. “Internally, Aurora has developed many platforms to expedite product innovation and back office support; externally, it has enhanced the quality and timeliness of its service, hoping to provide an experience that resonates with customers,” Lin said.

### **Investor Relations Contacts**

Ernest Ma, Spokesperson  
+886-2-2345-8088  
lr@aurora.com.tw

### **About Aurora**

Founded in 1965, Aurora Corp. is dedicated to creating the ideal office environment through its broad portfolio of office equipment and furniture, electronic products and mobile phone chain outlets. Over the past five decades, it has emerged as a unique marketing and distribution group in Greater China. In China, the company has

trumpeted its “Aurora” brand to build a presence in the OA and office furniture markets. After being granted “famous brand” status in China for the first time, Aurora became the only Taiwanese-invested company to have its own pavilion at the 2010 World Expo in Shanghai. It now enjoys an excellent reputation in China’s high-end office furniture market and is recognized as a national brand favored by Chinese government agencies and state-run companies.

### **Forward-Looking Statements**

Except for statements in respect of historical matters, the statements in this press release are “forward-looking statements.” Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual performance, financial condition or results of operations of Aurora Corp. to be materially different from any future results implied by the forward-looking statements. Investors are cautioned that actual events and results could differ materially from these statements as a result of a variety of factors, including conditions in the overall market and economy, acceptance and demand for products, and technological and development risks.

The financial forecasts and forward-looking statements in this document reflect the current belief of Aurora Corp. as of the date of this document and Aurora Corp. undertakes no obligation to update these forecasts and forward-looking statements for events or circumstances that occur subsequent to such date.

## Supplement : First-quarter 2013 Profit & Loss

(in NT million)	1 <sup>st</sup> quarter		
	2012	2013	YoY
Net Sales	3,331	2,468	-26%
Gross Profit	1,257	1,120	-11%
Operating Expense	1,065	931	-13%
Operating Income	192	189	-1%
Non-op. Income (Expense)	116	149	29%
Income Before Tax	308	338	10%
Consolidated Net Income	252	306	21%
Attributable to:			
Minority shareholders	18	20	10%
Shareholders of Aurora	235	286	22%
Earnings Per Share (NT\$)	0.76	0.94	24%
Gross margin	37.7%	45.4%	7.7%
Operating margin	5.8%	7.7%	1.9%
Net margin	7.0%	11.6%	4.6%

Note<sup>1</sup> : Aurora Telecom, which Aurora owned but sold a majority stake to Tsann Kuen, was deconsolidated from Aurora and treated as an equity investment starting from November 2012.

Note<sup>2</sup> : All Q1 2013 results provided herein were audited and approved by the board of directors.