

FY 2009 Results Presentation



TCL Multimedia Technology Holdings Limited



Agenda

- Results Overview
- Financial Highlights
- Business Review
- Outlook

Results Overview



TCL Multimedia Technology Holdings Limited



Results Overview

- Results achieved a turnaround and continued to improve steadily; recorded HK\$397 million profit in 2009 as compared with HK\$268 million loss in 2008, while turnover increased by 17.7% year-on-year to HK\$30,343 million.
- The Group's total TV sales volume reached 14.24 million sets in 2009. LCD TV sales volume maintained rapid growth. According to statistics from DisplaySearch, the Group's TV market share in 2009 was ranked No.5 globally and has held the largest market share in the PRC for six consecutive years. The Group's LCD TV sales volume in 2009 significantly increased 100.1% to 8.37 million sets compared to the previous year. LCD TV sales volume in the PRC Market reached 4.63 million sets, market share increased from 11.0% in 2008 to 15.8% in 2009.
- AV business maintained stable growth and became the Group's new profit growth momentum. Sales volume in 2009 increased 26.0% to 21.29 million sets. Segment operating profit increased 76.1% to HK\$192million.
- The Group maintained a healthy financial position; cash and bank balances as at 31 December 2009 were HK\$2,079 million with a low gearing ratio of 2.6%.
- Adjacent to TCL Corporation's module plant, the Group's LCD TV Integration Plant located in Huizhou, the PRC commenced operation in September 2009, it enhances efficiency, expands production capacity and cuts costs through vertical integration which further improves the industry structure in TCL's LCD industrial park.
- The PRC government continued to expand favorable stimulus plans on the Consumer Electronics industry, including "Household Appliances Subsidy Scheme", "Home Appliances Replacement Scheme" and "Promotion of Energy Efficient Appliances" policies. The Group is well positioned to seize these opportunities leveraging its "TCL" and "ROWA" dual brand advantages in the PRC Market.

TV Sales Volume and LCD TV Sales Volume Growth

**Overall LCD TV sales volume increased 100.1% year-on-year;
LCD TV sales volume in the PRC more than doubled to 4,629,000 sets**

('000 sets)	LCD TV Sales Volume FY 2009	LCD TV Sales Volume FY 2008	LCD TV Sales Volume year-on-year growth (%)	TV Sales Volume Total FY 2009	TV Sales Volume Total FY 2008
Total	8,373	4,184	+100.1	14,238	14,366
PRC	4,629	1,466	+215.8	7,597	6,848
Overseas	3,744	2,718	+37.7	6,641	7,518

Financial Highlights



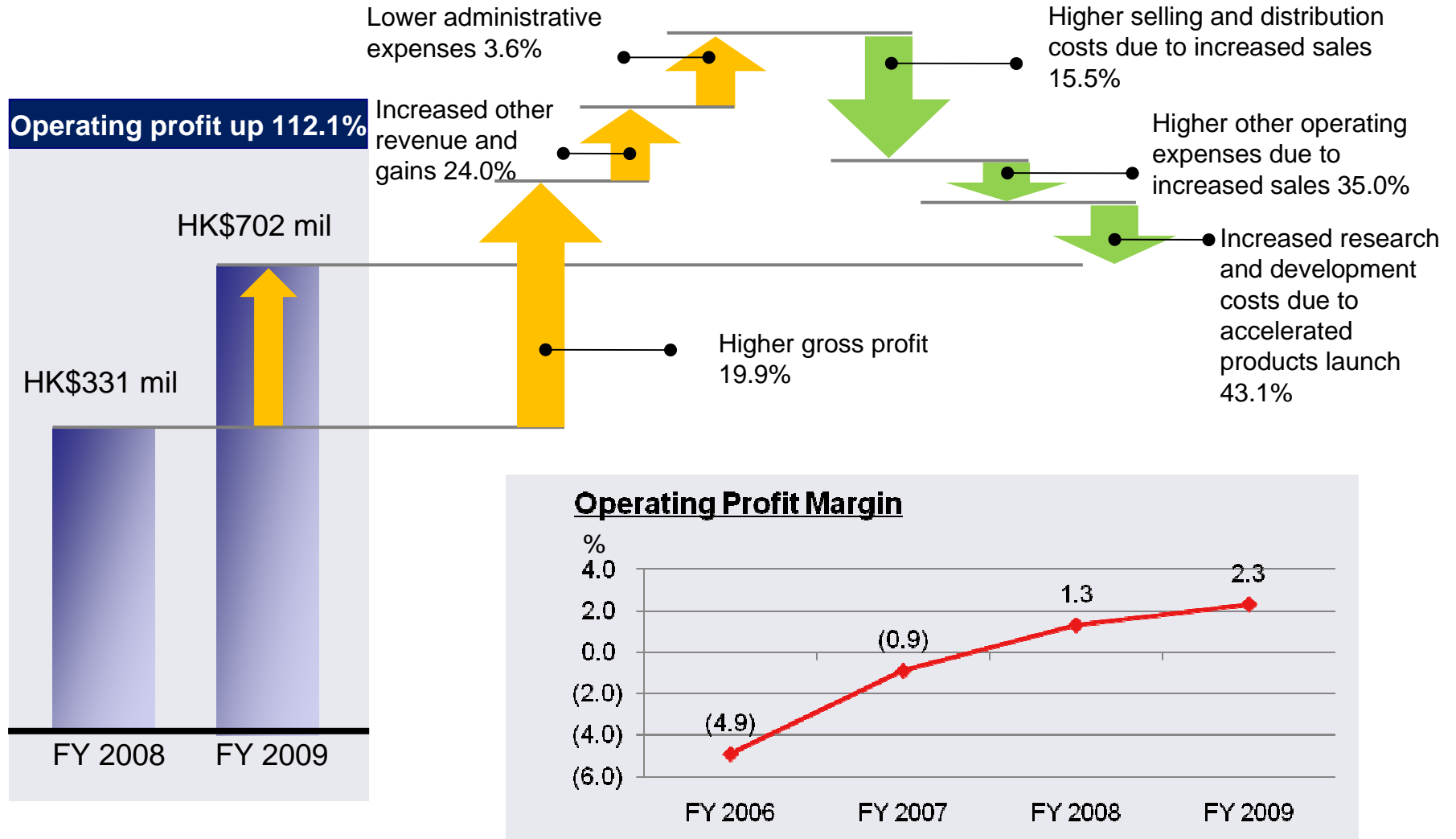
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Consolidated Results

(HK\$ million)	FY 2009	FY 2008	Change (%)
Turnover	30,343	25,773	+17.7
Gross profit	4,924	4,107	+19.9
Operating profit (EBIT)	702	331	+112.1
Effects of convertible bonds	-	(309)	N/A
Profit / (loss) attributable to owners of the parent	397	(268)	N/A
Basic earnings / (loss) per share (HK cents)	39.15	(36.15)	N/A
Final dividend per share (HK cents)	12.00	-	N/A

Major Factors for Change in Operating Profit



Balance Sheet Highlights

(HK\$ million)	31 December 2009	31 December 2008
Non-current assets	2,026	1,883
Current assets	12,895	10,734
- Inventories	4,918	3,062
- Cash and bank balances	2,079	2,158
Current liabilities	10,804	9,169
Net current assets	2,091	1,565
Non-current liabilities	405	35
Net assets	3,712	3,413

Key Financial Indicators

	31 December 2009	31 December 2008
Inventory turnover (FG) (days)*	35	35
A/R turnover (days)*	57	56
A/P turnover (days)*	80	82
Current ratio	1.2	1.2
Gearing ratio**	2.6%	0.8%

*The above turnover days are calculated based on average balance of the year.

**Gearing Ratio = Net Borrowing/Equity attributable to owners of the parent. Net Borrowing = total interest-bearing borrowings – cash and bank balances - pledged deposits

Segment Results

(HK\$ million)		2009	2008	Change(%)
PRC TV business	Turnover	15,865	11,619	+36.5
	Gross Profit	3,225	2,743	+17.6
	Operating Results	506	639	(20.8)
Overseas TV business	Turnover	10,424	10,742	(3.0)
	Gross Profit	1,242	1,066	+16.5
	Operating Results	96	(217)	N/A
AV Products	Turnover	3,819	2,843	+34.3
	Gross Profit	424	248	+71.0
	Operating Results	192	109	+76.1

Segment Results

(HK\$ million)		4Q 2009	3Q 2009	Q-o-Q Change(%)	4Q 2008	Y-o-Y Change(%)
PRC TV business	Turnover	4,955	4,917	+0.8	3,302	+50.1
	Gross Profit	799	948	(15.7)	787	+1.5
	Operating Results	144	50	+188.0	208	(30.8)
Overseas TV business	Turnover	3,336	3,341	(0.1)	2,627	+27.0
	Gross Profit	405	409	(1.0)	265	+52.8
	Operating Results	97	26	+273.1	(72)	N/A
AV Products	Turnover	885	1,383	(36.0)	650	+36.2
	Gross Profit	110	163	(32.5)	44	+150.0
	Operating Results	32	98	(67.3)	8	+300.0

Business Review

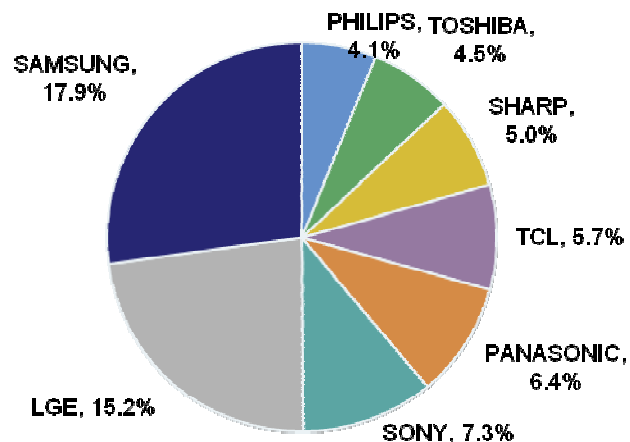


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TV Market Shares and Global Ranking

2009 TV global market share (TCL ranked No.5)



2009 LCD TV global market share (TCL ranked No.7)

Brand	2009 LCD Market Share	2008 LCD Market Share
SAMSUNG	18.8%	19.7%
LGE	11.2%	10.0%
SONY	10.5%	13.7%
SHARP	6.7%	9.0%
TOSHIBA	5.8%	6.4%
PHILIPS	4.9%	7.6%
TCL	4.6%	2.3%
PANASONIC	4.4%	4.2%
HISENSE	4.1%	1.6%
VIZIO	4.1%	2.9%

2009 TV PRC market share (TCL ranked No.1)

Brand	2009 TV Market Share	2008 TV Market Share
TCL	18.3%	17.1%
HISENSE	17.2%	14.0%
SKYWORTH	16.3%	16.3%
CHANGHONG	14.2%	13.9%
KONKA	12.7%	15.9%
HAIER	4.4%	5.3%
LGE	2.7%	1.6%
SAMSUNG	2.7%	2.4%
SHARP	2.4%	2.2%
SONY	2.2%	2.0%

Source: DisplaySearch

2009 LCD TV PRC market share (TCL ranked No.3)

Brand	2009 LCD Market Share	2008 LCD Market Share
HISENSE	19.8%	13.1%
SKYWORTH	18.5%	14.6%
TCL	15.8%	11.0%
KONKA	10.6%	9.9%
CHANGHONG	9.8%	7.4%
HAIER	4.5%	4.0%
LGE	3.9%	4.9%
SAMSUNG	3.8%	7.4%
SHARP	3.5%	6.9%
SONY	3.2%	6.3%

Brand Value

TCL maintained No.1 TV brand position among the 2009 Most Valuable Brands

Sponsor “Asian Games China Tour” Evening Gala - The tour visited 9 major cities in the PRC to promote Asian Games sportsmanship and ignite participation of the event



“TCL Asian Games Ambassador” - The PRC Basketball Team



TCL is an official partner of the 2010 Guangzhou Asian Games



Since November 2009, TCL has organized a large scale roadshow in over 20 cities in the PRC. More people can experience the passion, creativity, personality, and enjoyment of the GZ Asian Games by creative and interactive multimedia activities.



R&D



Blue-ray HD Decoding



Natural Light



10bit Full HD Panel Driver Technology



240Hz+MEMC Motion Compensation



DDAC Sound



Deepening cooperation with major parts suppliers, carried out joint design to improve the efficiency of product development and to reduce the development cycle

Flagship Products – Internet TV and LED Back-light TV



Online Upgrade



Online Theatre



Online Karaoke



Video Download



Interactive Fitness Games



Instant Information

3D TV



TV – PRC Market

- LCD TV sales volume for 2009 reached 4.63 million sets, soared by 215.8% as compared to that in last year. The Group maintained its No.1 position in the PRC TV market for six consecutive years; LCD TV market share in the PRC increased to 15.8% from 11.0% in 2008 and was ranked No.3 (DisplaySearch 2009 Data)
- TCL maintained No.1 TV brand position among the “Most Valuable Brand in the PRC” in 2009 with a brand value of RMB41.7 billion (Source: a joint research by RREEF, Global Billboard and Beijing Famous-Brand Evaluation Co. Ltd.)
- Benefited from the market transition from CRT TVs to LCD TVs and continuous expansion of the PRC government’s supporting policies including “Household Appliances Subsidy Scheme”, “Home Appliances Replacement Scheme” and “Promotion of Energy Efficient Appliances” policies, the PRC Market achieved strong growth
- The Group launched Internet TV and LED TV in the PRC Market during the fourth quarter of 2009. The Internet TV lineup includes P10、C10、X10、E9、F19、S10 and V10 models, with increasing content and functions including online upgrade, interactive fitness games, weather information and distance learning.
- Internet TV has received enthusiastic responses from the market. Internet TV sales volume became a significant part of the total LCD TV sales volume in the PRC Market and contributed to the Group’s income.

TV - European Markets

- Total sales volume of LCD TVs in European Markets increased by 77.5% attributable to the growing popularity of Digital Video Broadcasting - Terrestrial (“DVB-T”) (MPEG-4) technology in the European Markets
- The Group’s LCD TV sales volume in Western Europe doubled compared with that in last year, driven mainly by successful marketing of Internet TVs in France and continuous sales growth of the TCL brand LCD TVs
- Sales in many Eastern European countries, such as Poland and Norway recorded satisfactory growth
- European operations continued to implement cost control measures and exercised stringent risk control while striving for business growth

TV - North American Markets

- LCD TV sales volume in 2009 advanced by 58.4% over that in previous year
- Despite North American economy was slowly recovering, high unemployment rate and flat consumer personal expenditures contributed to a challenging environment for the Group's operations in the region
- Sales to major retail chains continued to increase with the Group's enhanced marketing efforts and its brand power
- The Group's 32" LCD TV production lines in Mexico were relocated to Huizhou, the PRC so as to enhance the efficiency of the supply chain and to improve product quality; manufacturing costs can also be reduced
- Execution of after-sales support service was transferred to a leading American after-sales solutions provider, optimized the delivery of these services, lowered costs and raised customers' satisfaction levels

TV - Emerging Markets

- LCD TV sales volume recorded a phenomenal growth rate of 316.5% over that in previous year; CRT TV business also achieved healthy growth and maintained within the top three position in the CRT TV market (DisplaySearch Data)
- In order to promote its brand image, the Group has set up flagship stores and image shops in key areas of the Emerging Markets
- Participated in the “Road of Asia” marketing campaign across 16 countries and regions to increase its brand and product awareness
- Through an online torch relay program and sponsorship of major sporting events, the Group successfully generated greater exposure of its brand and adopted sports marketing strategies which helped boost sales
- Gross margin increased to 12.3% from 11.5% in the previous year due to supply chain optimization and vigorous cost control measures

TV - Strategic OEM

- Dedicated itself to providing Strategic OEM customers with competitively priced and highly vertically integrated product supply solutions and to actively develop new customers
- To meet rigid energy-savings requirements for appliances in different regions, the Group has adopted the Energy Using Products (“EuP”) Code and Electronic Industry Code of Conduct (“EICC”)
- Continued to optimize its supply chain and streamline production flow in order to improve product quality and lower production costs

AV Products

- Both the sales volume and turnover hit record highs; Sales volume of AV products increased 26.1% to 21.29 million sets from 16.89 million sets in the previous year; Turnover increased 34.3%
- Operation efficiency significantly enhanced and operating profit jumped 76.1% YoY. AV Products segment became another major contributor to the Group's overall business
- Sales volume of the Group's DVD products has remained the highest in the world since 2007. (Source: Techno Systems Research Co., Ltd.)
- Introduced a total of 408 AV product models during the year, including DVD, PDVD, BD and AUDIO.
- Enhanced R&D efforts on AV products, which resulted in a significant breakthrough made in its technology and design.

Outlook

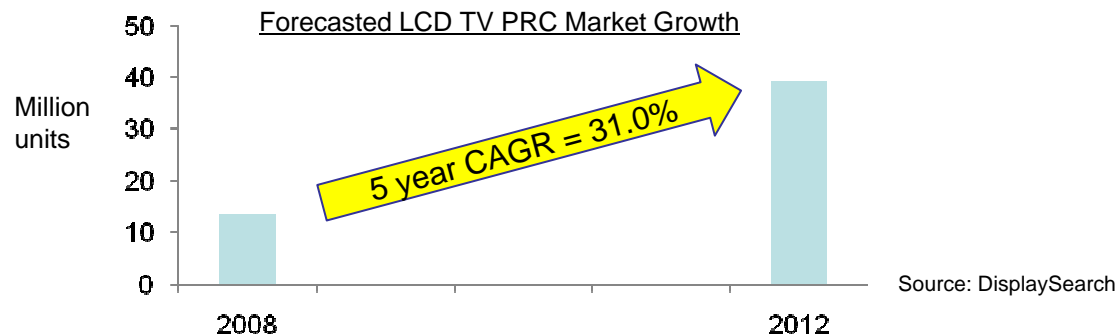


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Outlook

- The gradually recovering global economy and the replacement cycle in the PRC TV Market create a golden growth age for TV manufacturers. The PRC government continues to expand favorable stimulus plans on the Consumer Electronics industry, including “Household Appliances Subsidy Scheme”, “Home Appliances Replacement Scheme” and “Promotion of Energy Efficient Appliances” policies, which will accelerate sales growth of high-end TV products. Moreover, the PRC government plans to connect the telecommunications network, broadcasting network and the Internet before 2015 which will create ample business opportunities for the TV industry



- The Group will focus on enhancing its competitiveness through highly efficient operation. The Group also strives to seek improvements in its marketing strategies, channels, production capacity, products and costs with an aim to enhance its operating results and create greater value for its shareholders
- Enhance the integration of LCD, LED supply chain and LCD module technics. The new LCD TV Integration Plant has commenced operation in September 2009. The Group can expand production capacity, lower costs, increase efficiency and enhance core competitiveness through vertical integration
- Strengthen its efforts in LED TV and 3D products, continue to launch innovative products that meet consumers' demand

Outlook

- Leveraging the Group's brand power and channel advantages in the PRC Market, further enhance products differentiation and industry competitiveness. Continue to solidify its leading position in the PRC Market amid the golden growth age of the TV replacement cycle. Meanwhile, with its "TCL" and "ROWA" dual brand advantages, the Group is well positioned to seize business opportunities with mainstream products including Internet TV and LED TV
- Taking initiatives to further enhance its cost structure and efficiency in Overseas Markets with the target to maintain a stable business growth in long term

---- In European Markets, the Group will strengthen its efforts in high value-added products including LED TV and fully exploit its local resources from overseas factories. The Group will allocate resources to important markets through its product and regional focused marketing strategies and target to achieve breakthroughs in sales and TCL brand coverage in these markets

---- In North American Markets, the Group will adopt prudent business development plan and launch a new branding strategy. The Group will also diversify its distribution channels to lower costs and increase product competitiveness

---- In Emerging Markets, the Group will lower business risks through diversified product mix and sales models including channels, original equipment manufacturers (OEM) and agencies. The Group will also continue its business transition from CRT TVs to LCD TVs with its CRT TV market leadership in the Emerging Markets. It will focus on marketing smaller sized LCD TVs to exploit customer base. Meanwhile, it will take advantage of opportunities arising from the "Asian Games" and "The World Cup" to generate more sales in South eastern Asia, Africa and Latin America.

- For AV products, the Group will put more resources into the development of blue ray and portable products to meet market needs through a diversified product mix.

Thank you



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