

2011 Interim Results Presentation



追梦
30年



创意感动生活
The Creative Life

TCL Multimedia Technology Holdings Limited

Stock Code : 01070

Disclaimer

- The information contained herein should not be utilized for any legal purposes with regard to any investor's investment decisions or results. In particular, this document does not constitute any recommendations or invitations for subscription for or sale and purchase of any securities of TCL Multimedia Technology Holdings Limited (the "Company"). The Company hereby expressly disclaims any liability for any loss or damage resulting from or in connection with any reliance by any investor on the information contained herein.
- A number of forward-looking statements may be made during this presentation. Forward-looking statements are any statements that are not historical facts. These forward-looking statements are based on the current expectations of the Company and there can be no assurance that such expectations will prove to be correct. Because forward-looking statements involve risks and uncertainties, the Company's actual results could differ materially from these statements.

Agenda

- **Results Overview**
- **Financial Highlights**
- **Business Review**
- **Outlook**

The financial results used in this presentation are unaudited results for the six months ended 30 June



Results Overview



TCL Multimedia Technology Holdings Limited



Results Overview

- **Satisfactory performance in interim results was attributable to significant improvement in operating efficiency**
 - **Turnover: HK\$13,156 million , up 7.5% year-on-year**
 - **Gross Profit: HK\$2,060 million, up 19.7% year-on-year**
 - **Operating Profit: HK\$343 million**
 - **Profit Attributable to Owners of the Parent: turn around with HK\$131 million**
- **LCD TV sales volume reached 4.033 million sets, accounting for 64.3% of the total sales volume, up 23.9% year-on-year**
 - **LCD TV sales volume in the PRC Market: up 23.0% year-on-year**
 - **LCD TV sales volume in Emerging Markets: up significantly by 124.3% year-on-year**
- **Launched 13 new series and 31 new products in the PRC Market, focusing on the development of high-end TV products such as LED backlight LCD TVs, Smart TVs and 3D TVs**
- **LED backlight LCD TV sales volume to overall LCD TV sales volume rose to 34.2%**
- **Announced the acquisition of TCL Optoelectronics Technology (Huizhou) Co., Ltd. (primarily engages in the LCD module business) to further realize the strategy of vertical integration and to improve the competitiveness with regard to TV manufacturing capabilities**



Financial Highlights



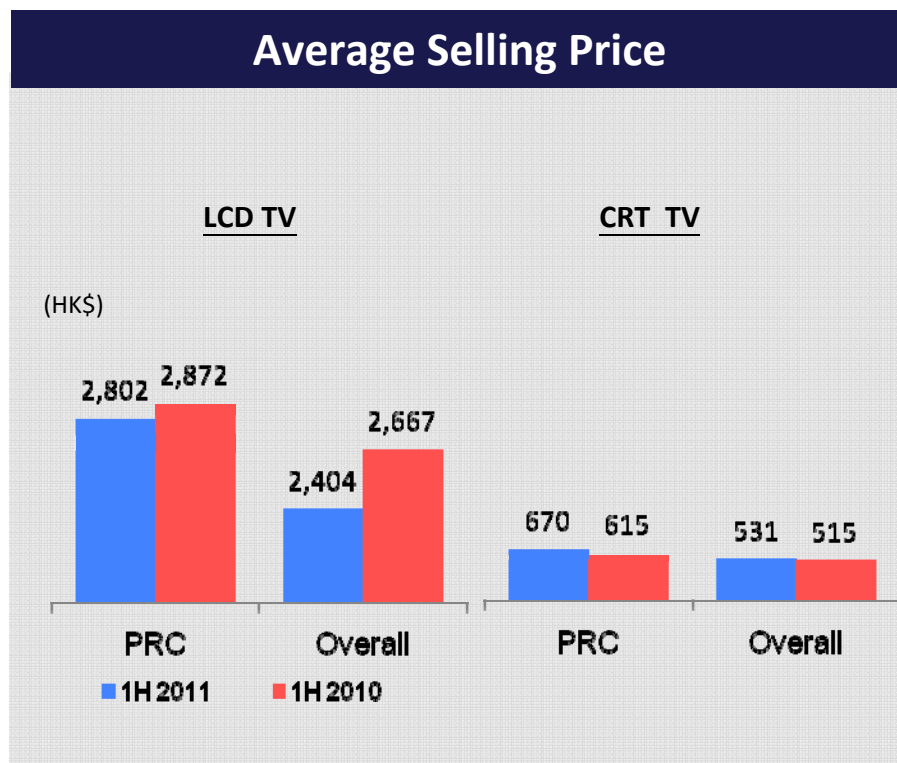
TCL Multimedia Technology Holdings Limited



Consolidated Results

(HK\$ million)	1H 2011	1H 2010	Change
Turnover	13,156	12,241	+7.5%
Gross profit	2,060	1,721	+19.7%
Operating profit/(loss)	343	(173)	N/A
Profit/(loss) attributable to owners of the parent	131	(334)	N/A
Basic earnings/(loss) per share (HK cents)	12.07	(31.80)	N/A

Average Selling Price & Margin



Margin

	1H 2011	1H 2010	Change
Gross profit margin	15.7%	14.1%	+1.6 % points
Expense ratio*	14.0%	15.7%	(1.7) %points
Operating margin	2.6%	(1.4%)	+4.0 % points

*Expense ratio = (Selling and distribution costs + administrative expenses) / turnover

Balance Sheet Highlights

(HK\$ million)	30 June 2011	31 December 2010
Non-current assets	1,832	1,931
Current assets	15,727	16,569
- Inventories	3,927	4,925
- Cash and bank balances	3,025	2,133
Current liabilities	13,317	14,966
Net current assets	2,410	1,603
Non-current liabilities*	846	284
Net assets	3,396	3,250

*As of 30 June 2011, the Group complied with all financial covenants according to the loan agreement (the Group breached of certain financial covenants on 31 December 2010), therefore, an aggregate carrying amount of HK\$616 million syndicated loan was reclassified as non-current liabilities

Key Financial Indicators

	30 June 2011	31 December 2010
Inventory turnover (days)*	58	68
A/R turnover (days)*	40	47
A/P turnover (days)*	74	72
Current ratio	1.2	1.1
Gearing ratio**	7.8%	38.5%

*Calculation of the above turnover days was 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)		1H 2011	1H 2010	Y-O-Y Change
PRC TV Business	Turnover	7,484	6,513	+14.9%
	Gross Profit	1,588	1,057	+50.2%
	Operating Results	345	(182)	N/A
Overseas TV Business	Turnover	3,401	3,626	(6.2%)
	Gross Profit	306	401	(23.7%)
	Operating Results	(38)	(78)	+51.3%
AV Products	Turnover	1,927	1,641	+17.4%
	Gross Profit	152	219	(30.6%)
	Operating Results	55	139	(60.4%)



Business Review

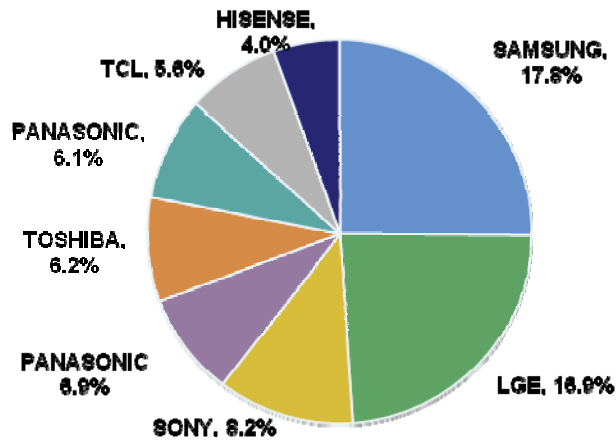


TCL Multimedia Technology Holdings Limited



TV Market Shares and Ranking

2011 1Q TV global market share (TCL ranked No.7)



2011 1Q TV PRC market share (TCL ranked No.2)

Brand	2011 1Q TV Market Share	2010 TV Market Share
HIENSEN	19.4%	16.8%
TCL	16.0%	15.6%
SKYWORTH	13.7%	15.3%
CHANGHONG	11.6%	13.5%
KONKA	9.4%	11.6%
SHARP	5.7%	4.8%
HAIER	5.6%	5.3%
SONY	4.4%	4.0%
SAMSUNG	4.0%	3.2%
LGE	3.6%	3.7%

資料來源: DisplaySearch

2011 1Q LCD TV global market share (TCL ranked No.8)

Brand	2011 1Q LCD Market Share	2010 LCD Market Share
SAMSUNG	17.6%	17.5%
LGE	13.1%	11.8%
SONY	10.2%	12.4%
SHARP	7.7%	8.0%
TOSHIBA	7.1%	7.9%
PANASONIC	5.1%	5.5%
HIENSEN	4.8%	3.6%
TCL	4.4%	3.3%
PHILIPS	3.8%	3.5%
VIZIO	3.6%	4.6%

2011 1Q LCD TV PRC market share (TCL ranked No.3)

Brand	2011 1Q LCD Market Share	2010 LCD Market Share
HIENSEN	21.3%	18.0%
SKYWORTH	15.1%	16.7%
TCL	13.9%	14.1%
CHANGHONG	9.9%	11.5%
KONKA	8.3%	11.3%
SHARP	6.4%	5.3%
HAIER	6.3%	5.9%
SONY	5.0%	4.4%
SAMSUNG	4.2%	3.4%
LGE	4.0%	4.1%

Improving Results and Key Financial Indicators

- Management is dedicated to enhancing its operating strategies with “speed and efficiency” for operation and sales strategies

Sales volume in the PRC and Emerging Markets continued to increase

- The PRC Market: Total LCD TV sales volume reached 2.527 million sets, up 23.0% year-on-year
- Emerging Markets: Total LCD TV sales volume reached 0.893 million sets, up significantly by 124.3% year-on-year

Optimized product structure and product competitiveness

- The proportion of LED backlight LCD TV sales volume to overall LCD TV sales volume continued to increase in 1H of this year reaching:
 - Overall: 34.2%
 - The PRC Market: 36.2%
- The proportion of Smart TVs and 3D TVs increased and became the sweet spot driver of performance

Profitability significantly improved

- Gross profit margin increased by 1.6 percentage points year-on-year
- Expense ratio decreased by 1.7 percentage points year-on-year
- Operating margin increased by 4.0 percentage points year-on-year
- Business turned around with profit attributable to owners of the parent of HK\$131 million

Accelerated inventory and receivables turnover

- Inventory and inventory turnover days were reduced by HK\$999 million and down by 10 days respectively (as compared to the end of 2010)
- Account receivables and account receivable turnover days were reduced by HK\$686 million and down by 7 days respectively (as compared to the end of 2010)

Solid financial position

- Gearing ratio reduced from 38.5% to 7.8% (as compared to the end of 2010)
- Cash and bank balance: approximately HK\$3,025 million, which increased by HK\$892 million compared to the end of 2010
- Current ratio improved from 1.1 at the end of 2010 to 1.2 at the end of June 2011

TV Sales Volume

Total TV Sales Volume (‘000 sets)	1H 2011	1H 2010	Y-O-Y Change
Overall	6,276	6,090	+3.1%
PRC	3,128	3,048	+2.6%
Overseas	3,148	3,042	+3.5%
LCD TV Sales Volume (‘000 sets)	1H 2011	1H 2010	Y-O-Y Change
Overall	4,033	3,254	+23.9%
Of which: LED backlight LCD TVs	1,379	-	N/A
PRC	2,527	2,055	+23.0%
Overseas	1,506	1,199	+25.6%
CRT TV Sales Volume (‘000 sets)	1H 2011	1H 2010	Y-O-Y Change
Overall	2,243	2,836	(20.9%)
PRC	601	993	(39.5%)
Overseas	1,642	1,843	(10.9%)

TV – PRC Market

Product structure:

- Proportion of LED backlight LCD TVs to overall LCD TVs sales volume increased to 36.2%.
- 1H TCL-branded Smart TV sales accounted for 22.6%
- Proportion of 3D LED LCD TVs to overall LED LCD TV sales volume reached 4.3%

Marketing: channel and sales planning optimization and inventory control

- Inventory turnover reduced by 5 days with inventory amount reduced 22% y-o-y
- 2,990 more retail outlets in rural markets compared to the year ended 2010

Product competitiveness: enhancement through vertical integration, cost cutting and product optimization

- Launched 13 series of new products
- Overall TV gross margin improved to 21.2%

Back-end operating capabilities: supply chain's turnover reduced by 22 days

- LCD TV sales volume reached 2.527 million sets, up 23.0% year-on-year
- Operating results turned around with a HK\$345 million profit

TV – Overseas Markets

Increase the sales proportion of LCD TVs and LED backlight LCD TVs; supply chain turnover reduced by 19 days

Emerging Markets: LCD TV sales volume surged 124.3% y-o-y, key markets such as Brazil, Indonesia and Thailand recorded LCD TV sales volume breakthroughs

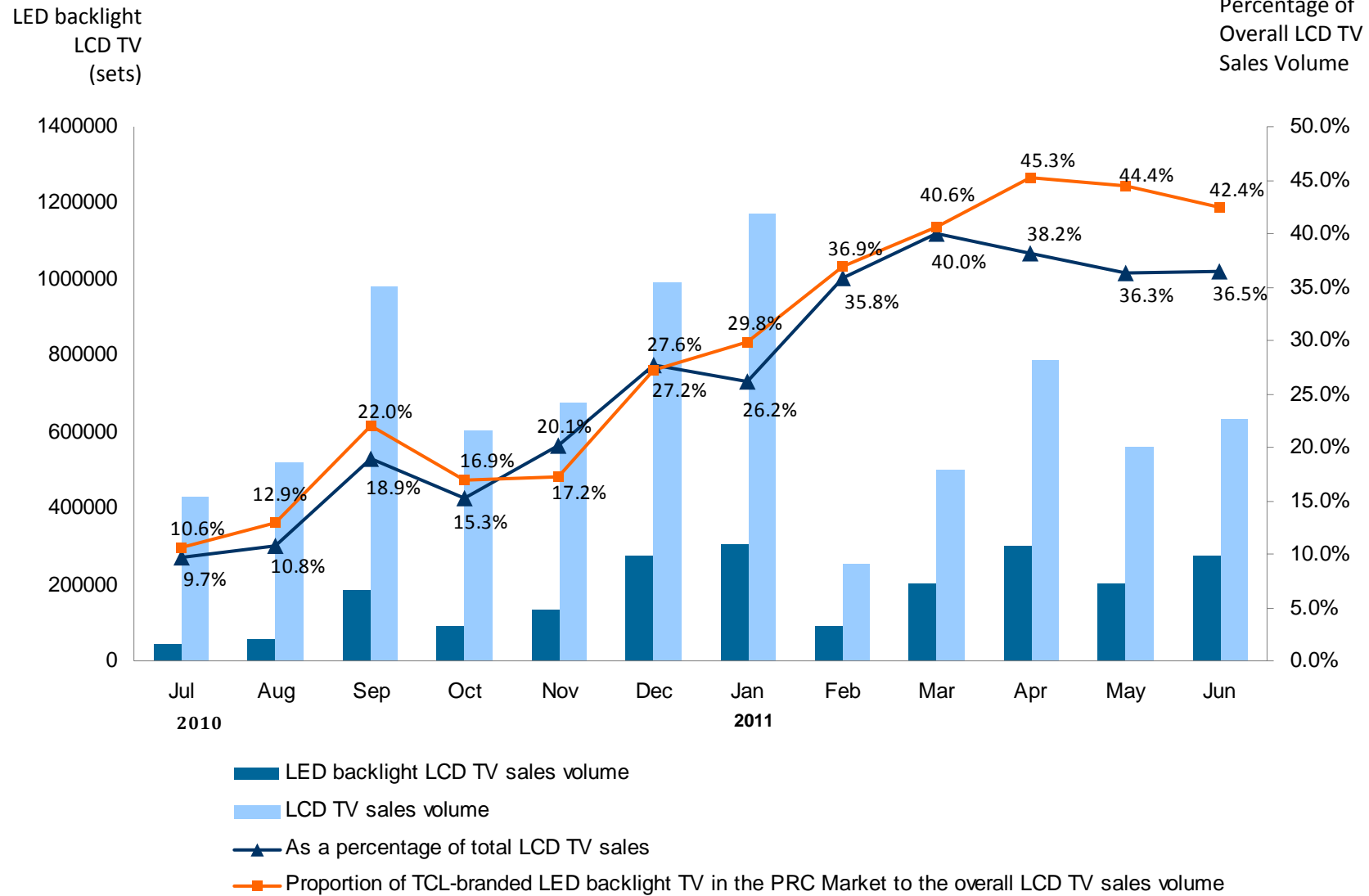
European Markets: enhanced sales management, intensified risk control; inventory turnover started to produce results

North American Markets: explored regional sales channels and started sales of TCL-branded products

Strategic OEM: adjusted customer base started to show results

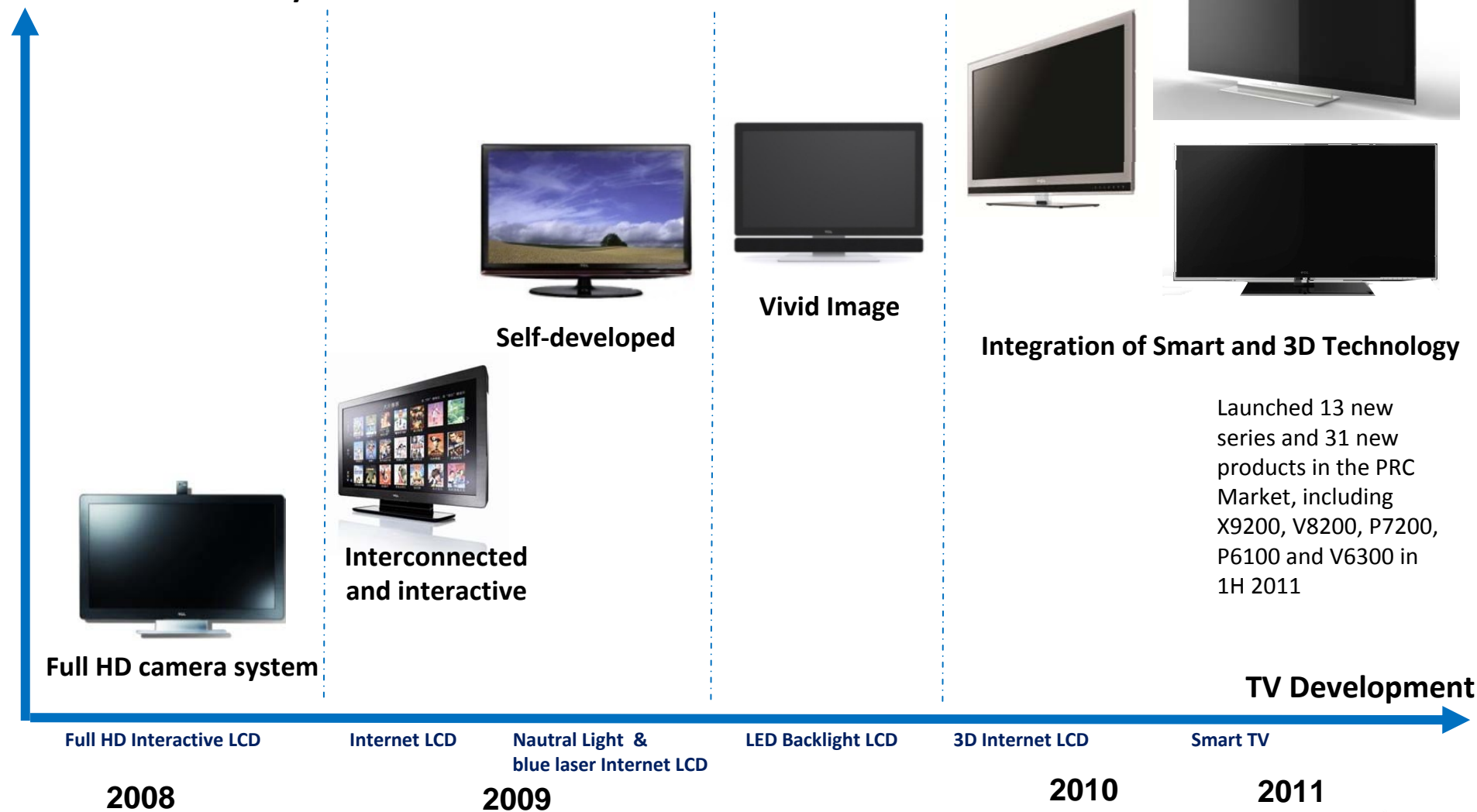
- Sales volume of LCD TVs reached 1.506 million sets, up 25.6% year-on-year
- Operating results significantly improved with operating loss reduced HK\$39.97 million

Proportion of sales volume of LED backlight LCD



Continuously Enhance Product Competitiveness

Product Functionality



New Products Launch in 1H 2011



X9200

- 21:9 home theater
- 120Hz GPR 3D
- Full screen crystal edge seal
- Smart IP
- Voice control
- Mobile control
- Online video
- 3D cinema
- Default Sina microblog
- News feed
- Smart App Store
- Full-feature browser
- All-in-one digital functions



V 8200

- Full screen crystal edge seal
- 240Hz SG 3D
- Super Smart
- Win7 OS
- 5 in 1 remote control
- Voice control
- Multi-screen interaction
- Large-scaled games
- Online music
- Smart App Store
- Full-feature browser
- Built-in Wifi
- All-in-one digital functions



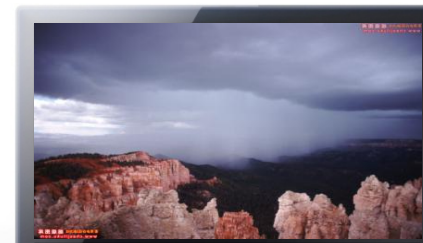
P7200

- Ultra-narrow frame
- 120Hz SG 3D
- Smart IP
- Mobile control
- Voice control
- Online video
- Default Sina microblog
- Smart APP Store
- All-in-one digital functions



V 6300

- Brushed metal case
- 120Hz PR 3D
- Smart IP
- Voice control
- Online video
- Online music
- Online game
- Smart APP Store
- All-in-one digital functions



P 6100

- Ultra glossy case
- 120Hz SG 3D
- Internet
- Online education
- Wasu online video
- News feed
- All-in-one digital functions



F3200

- Internet
- Online education
- Wasu online video
- News feed

New Marketing and Promotional Campaigns to Strengthen Brand Image



Became an international joint promotion partner of “Transformers III”, reflecting unprecedented cooperation between the PRC TV manufacturer and Hollywood movie, thus strengthening brand image significantly

Launched commemorative edition “Smart Change” V8200 series, the world’s first Super Smart 3D TV for “Transformers III”

Through product placement in films:

- Urban markets: improved TCL brand’s reputation from consumers and drove the sales of 3D and Smart TV
- Rural markets: increased brand influence



New Marketing and Promotional Campaigns to Strengthen Brand Image (continued)

Officially appointed as the main sponsor of the Chinese National Basketball Team (Mens) in May 2011; launched “TCL 30 Years - Thanksgiving China Tour” basketball caravan roadshow

Launched the Z11 Super Smart 3D TV Series products, TCL Group’s 30th Anniversary Collection TV and collaborated for nationwide promotion with Chinese National Basketball Team (Mens)

Further deepened cooperation with the Chinese National Basketball Team (Mens); continuously strengthened brand image in the PRC market and increase the market penetration rate



AV Business

Fostered diversification of products and launched 152 new products

Expansion of the new production lines during the transition period resulted in year-on-year decrease in gross profit margin

Established overseas industrial bases in regions with cost and logistics advantages and realized bulk shipments. The pressure from rising costs of production was relieved to a certain extent and product competitiveness was strengthened

■ Sales volume of AV products reached 9.504 million sets, up 22.3% year-on year



Outlook



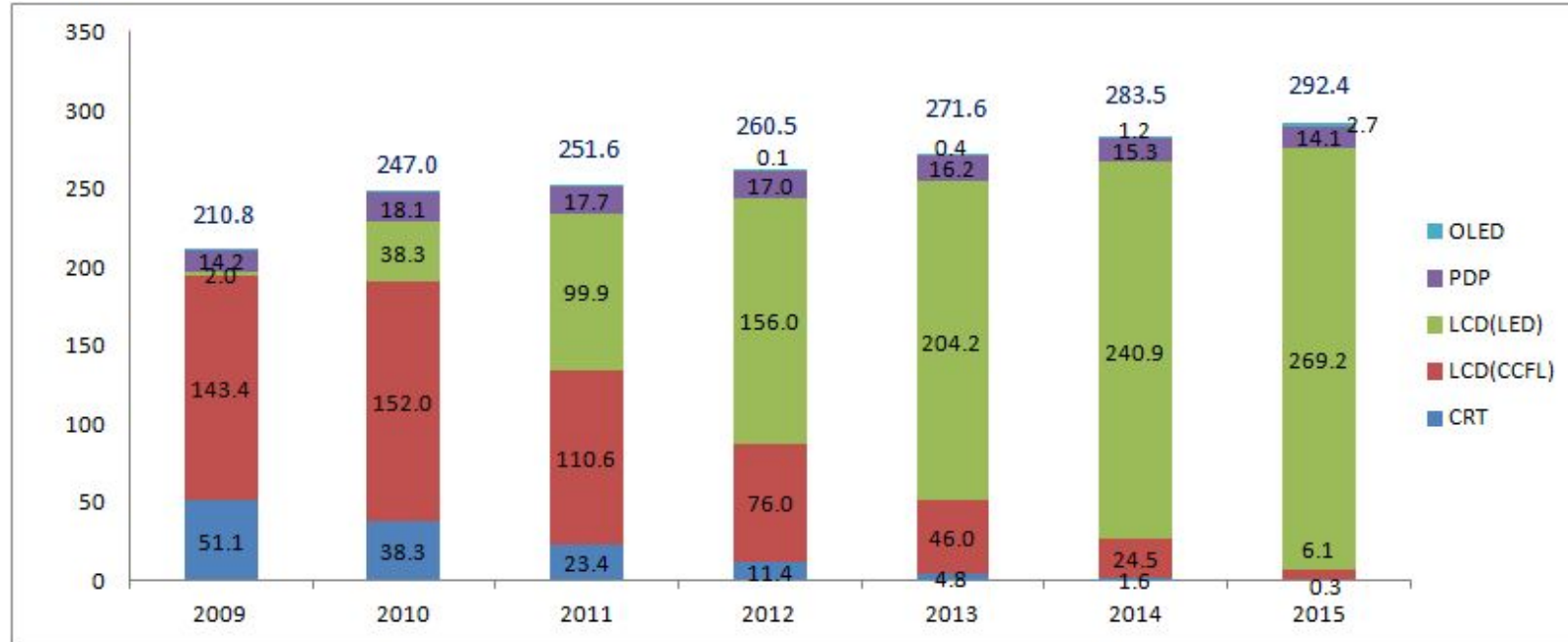
TCL Multimedia Technology Holdings Limited



Industry Analysis – Global TV Market Capacity

Global TV Shipments by Product

Million sets

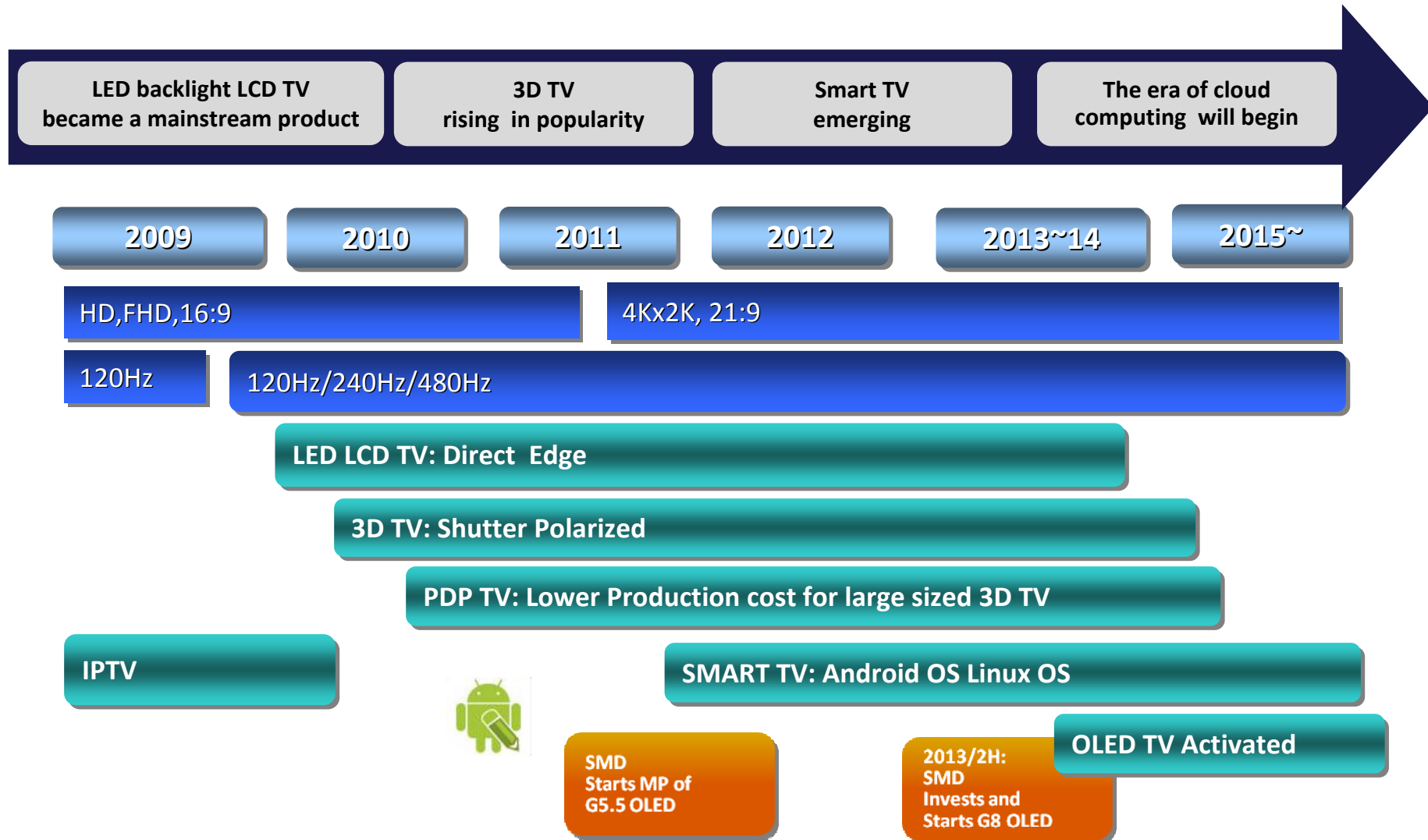


Sources: DisplaySearch, Q2'11

With more sophisticated 3D and Smart Internet TV production technology, LED backlight LCD TVs have become mainstream products

* DisplaySearch lowered the 2H global TV shipments forecast by 2.9% in its report in June 2011

Industry Analysis – Product Development Trend



Outlook – TV Business The PRC Market

Emphasis on Speed and Efficiency; Adopt CE and IT for Sales, Marketing and Operations
LCD TV Sales target of 2011 adjusted from 8.5 million sets to 9.6 million sets

**Continue to Boost
Profitability in the
PRC Market**

Continue to increase the operational efficiency :

- Reduce expense ratio
- Speed up turnover of inventory and trade receivable

Accelerate the development of TCL stores

- Establish 700 integrated specialty stores
- Establish 800 specialty stores in fourth-tier and fifth-tier cities

Further establish retail outlets in rural markets

- Aim to achieve 21,000 retail outlets by the end of this year

Outlook – TV Business Overseas Markets

Overseas Markets
maintain healthy
development of TV
business

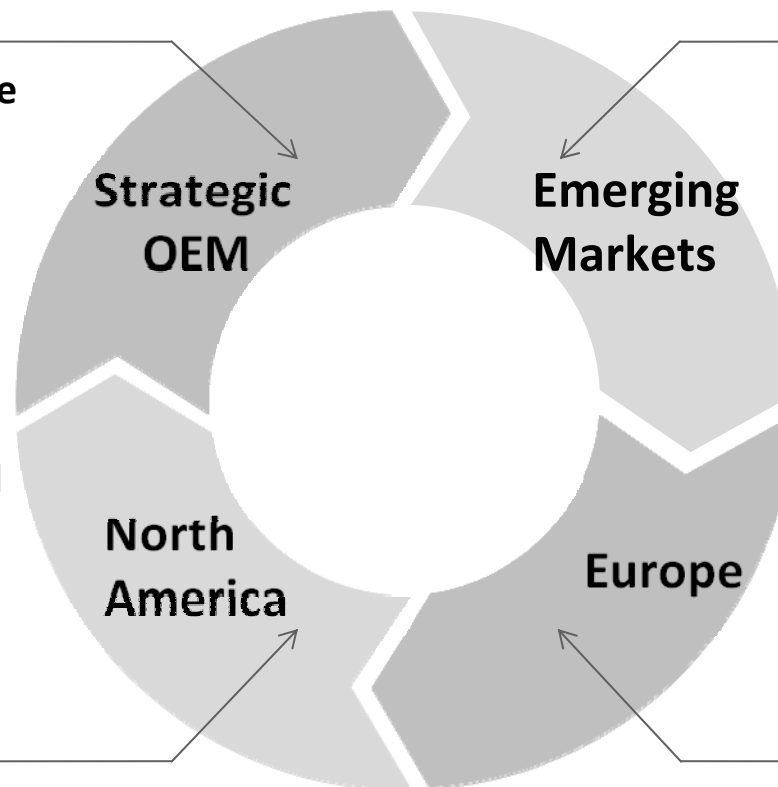
Improve risk control system
Continue TCL brand building

Increase volume to generate profits

- Industrial support to key customers
- Strengthen strategic partnership

Innovative Business Model

- TCL brand development
- Control operational risk
- Explore national sales channels



Boost Profitability

- Optimize sales channel management
- Increase promotion of products
- Own brand operation + industrial sales

Build healthy business and reduce losses

- Dual-brand strategy
- Supply chain optimization

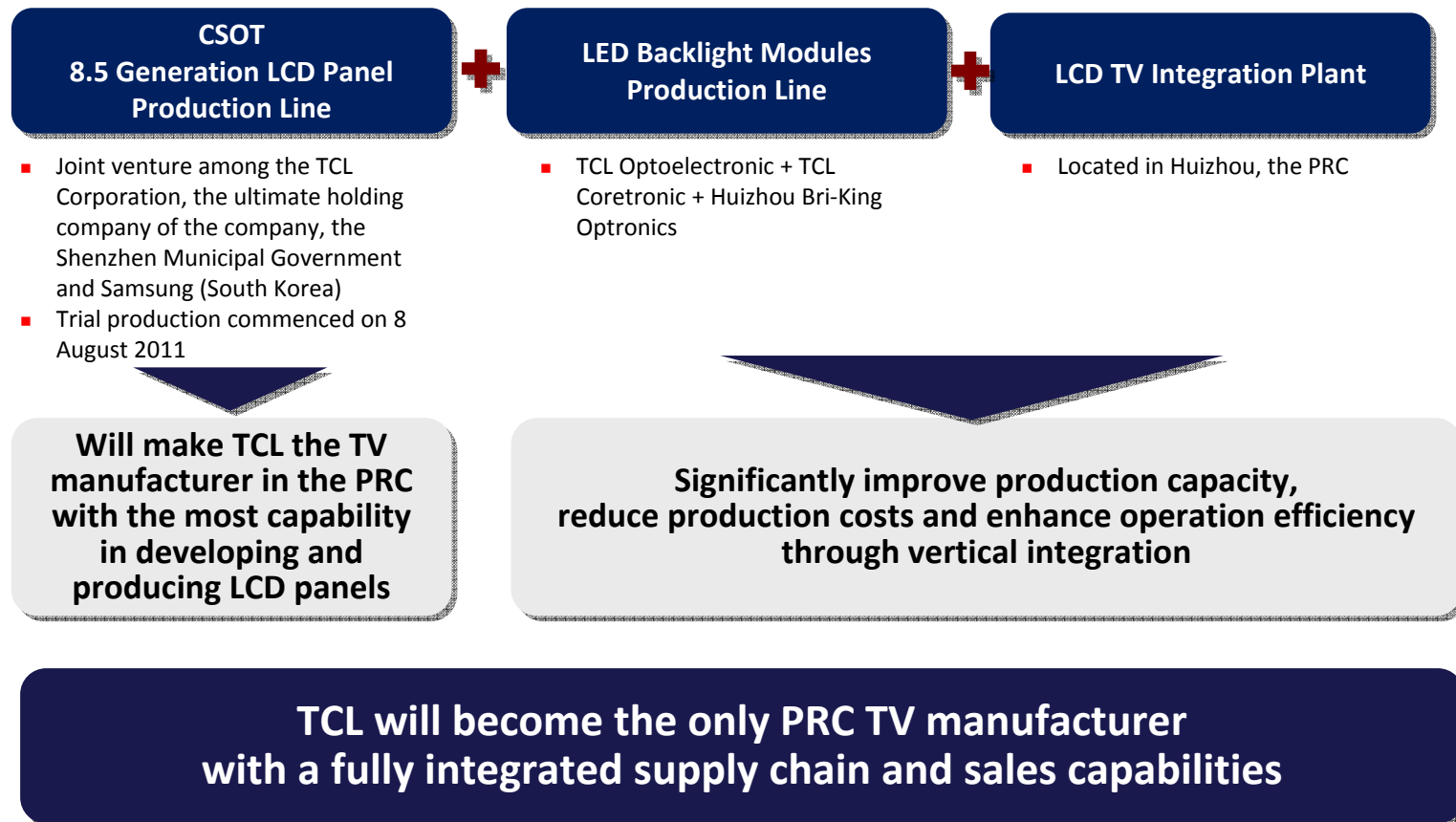
Outlook – AV Business

AV Business

Explore new production lines and strengthen product competitiveness leveraging the advantages of its own accumulated technology and client base

Mitigate cost pressures through improvements in production processes, production efficiency and a globalised industry chain structure

Integration of upstream and downstream industry chain to capture momentum in growth in the LCD TV market



Integration of upstream and downstream industry chain to capture momentum in growth in the LCD TV market

**TCL Optoelectronics
Technology
(LCD TV module
business)**

Symbolize its official entry into the upstream industry chain of LCD TV production and achieve integration between LCD modules and manufacturing to reduce production costs

The first large-panel LCD module production plant with the PRC's most advanced LCD module production line, built by PRC enterprises with local investment

Further realize the Group's vertical integration strategy and realize potential cost synergy

Create new revenue streams by improving production capabilities through strategic cooperation with Shenzhen Huaxing Photoelectrics

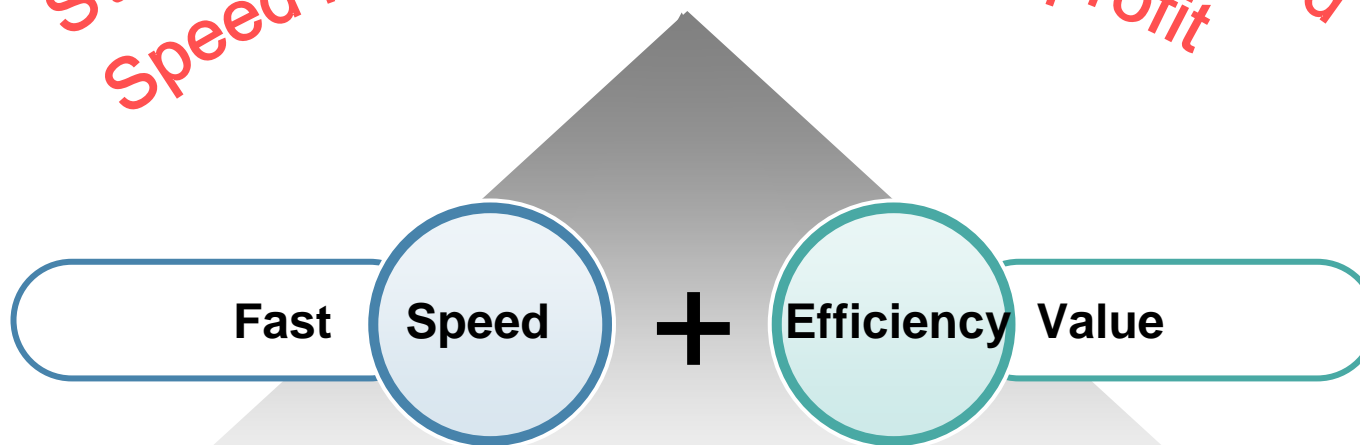
**Shenzhen Huaxing
Photoelectrics
(8.5-generation LCD
panel production line)**

A joint venture with the Shenzhen Municipal Government and Samsung (South Korea), commenced trial production on 8 August 2011

Provide strategic support to the supply of the LCD panels; generate synergy and strengthen its overall competitiveness

Keys to Success: Speed and Efficiency

Strategy is more important than speed
Speed is more important than profit





Thank You



TCL Multimedia Technology Holdings Limited

