

2011 Annual Results Presentation



TCL Multimedia Technology Holdings Limited

Stock Code: 01070



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Agenda

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



Results Overview



Results Overview

- **Realized increases in both turnover and profitability**
 - Turnover: HK\$ 32,932 million, ↑ 22.2 %
 - Gross Profit: HK\$ 5,289 million, ↑ 40.5 %
 - Operating Profit: HK\$ 883 million
 - Profit Attributable to Owners of the Parent: HK\$ 453 million
 - Proposed a final dividend of HK16.00 cents per share.
- **LCD TV sales volume reached 10.86 million sets, ↑ 45.5 % y-o-y**
 - Became the first Chinese TV manufacturer to exceed 10 million sets in annual LCD TV sales volume
 - PRC Market: ↑ 28.9 %
 - Emerging Markets: ↑ 144.3 %
- **2011 full year TV market share increased***
 - Global LCD TV market share: 4.9%, ranking up to No. 7 from No.10 in FY2010
 - PRC TV market share: 15.6%, ranked No.2
 - PRC LCD TV market share: 14.9%, ranked No.3
- **Product mix has continuously been optimized, sales volume of LED backlight LCD TVs accounted for 43.1 % and 45.7 %, respectively, of overall LCD TV sales volume and LCD TV sales volume in the PRC Market**
 - In December 2011, the proportion of LED backlight LCD TVs as a percentage of overall LCD TV sales volume and LCD TV sales volume in the PRC Market continued to increase and reached 60.6% and 62.1 % respectively

*Source: DisplaySearch





Financial Highlights



Consolidated Results

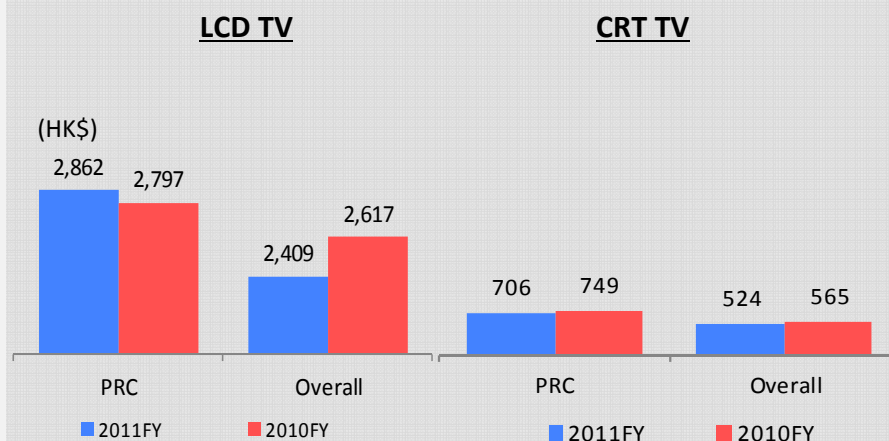
(HK\$ million)	2011 Full Year	2010 Full Year	Change
Turnover	32,932	26,949	+22.2%
Gross profit	5,289	3,765	+40.5%
Operating profit /(loss)	883	(591)	N/A
Profit /(loss) attributable to owners of the parent	453	(983)	N/A
Basic earnings/(loss) per share (HK cents)	41.80	(92.05)	N/A
Proposed final dividend per share (HK cents)	16.00	-	N/A

Consolidated Results(Q4)

(HK\$ million)	2011 Q4	2010 Q4	Change
Turnover	10,416	7,854	+32.6%
Gross profit	1,775	1,330	+33.5%
Operating profit	192	143	+34.3%
Profit attributable to owners of the parent	62	8	+675.0%
Basic earnings per share (HK cents)	5.69	0.75	+658.7%

Average Selling Prices & Profit Margins

Average Selling Prices



Profit Margins

	2011 Full Year	2010 Full Year	Change
Gross profit margin	16.1%	14.0%	+2.1%
Expense ratio*	14.1%	16.6%	(2.5%)
Operating profit/(loss) margin	2.7%	(2.2%)	+4.9%

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

Balance Sheet Highlights

(HK\$ million)	31 December 2011	31 December 2010	Change
Non-current assets	1,797	1,931	(6.9%)
Current assets	22,335	16,569	+34.8%
- Inventories	4,298	4,925	(12.7%)
- Cash and bank balances	4,452	2,133	+108.7%
Current liabilities	19,749	14,966	+32.0%
Net current assets	2,586	1,603	+61.3%
Non-current liabilities	730	284	+157.0%
Net assets	3,653	3,250	+12.4%

*As of 31 December 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\$557 million syndicated loan was reclassified as non-current liabilities.

Key Financial Indicators

	31 December 2011	31 December 2010	Change
Inventory turnover (days)*	49	74	↓ 25 days
A/R turnover (days)*	35	47	↓ 12 days
A/P turnover (days)*	65	72	↓ 7 days
Current ratio	1.1	1.1	Unchange
Gearing ratio**	0 [#]	38.5%	↓ 38.5%

*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

[#]At the end of 2011, as the Group's net borrowing was zero (total HK\$4,707,771,000 of pledged deposits and cash and bank balances, which was higher than HK\$4,438,009,000 of interest-bearing borrowings), the Group's gearing ratio was therefore zero.

Segment Results

(HK\$ million)		2011 Full Year	2010 Full Year	Change
PRC TV Business	Turnover	19,615	15,790	+24.2%
	Gross Profit	4,040	2,662	+51.8%
	Operating Results	565	(492)	N/A
Overseas TV Business	Turnover	8,743	6,879	+27.1%
	Gross Profit	849	673	+26.2%
	Operating Results	(72)	(345)	+79.1%
AV Products	Turnover	4,113	3,574	15.1%
	Gross Profit	385	387	(0.5%)
	Operating Results	123	204	(39.7%)



Segment Results(Q4)

(HK\$ million)		2011 Q4	2010 Q4	Change
PRC TV Business	Turnover	6,596	5,039	+30.9%
	Gross Profit	1,341	1,056	+27.0%
	Operating Results	128	201	(36.3%)
Overseas TV Business	Turnover	2,882	1,768	+63.0%
	Gross Profit	307	183	+67.8%
	Operating Results	11	(161)	N/A
AV Products	Turnover	919	936	(1.8%)
	Gross Profit	132	98	+34.7%
	Operating Results	40	56	(28.6%)



Business Review



Improving Results and Key Financial Indicators

- Enhancing 'speed and efficiency' in operation and sales strategies

Strong sales volume growth of LCD TVs in the PRC and Emerging Markets continued

- The PRC Market:
6.61 million sets, ↑28.9%
- Emerging Markets:
2.37 million sets, ↑ 144.3%

(y-o-y comparison)

Optimized product structure and improved product competitiveness

- Sales proportion of LED backlight LCD TV, internet TV and 3D TV for the LCD TV sales volume continued to increase

In December:

LED: overall 60.6%;

PRC Market 62.1%

Internet: PRC Market 28.0%

3D: PRC Market 3.3%

Profitability and operating efficiency significantly improved

- Gross profit margin ↑ 2.1% points
- Expense ratio ↓ 2.5% points
- Operating profit margin ↑ 4.9% points
- Profit attributable to owners of the parent was HK\$453 million, successfully turning around from loss to profit

(y-o-y comparison)

Accelerated inventory and receivable turnover

- Inventory ↓ HK\$627million
- Inventory turnover days ↓25 days
- Account receivables ↑ HK\$558 million
- Account receivable turnover days ↓ 12 days

(Compared against the end of 2011)

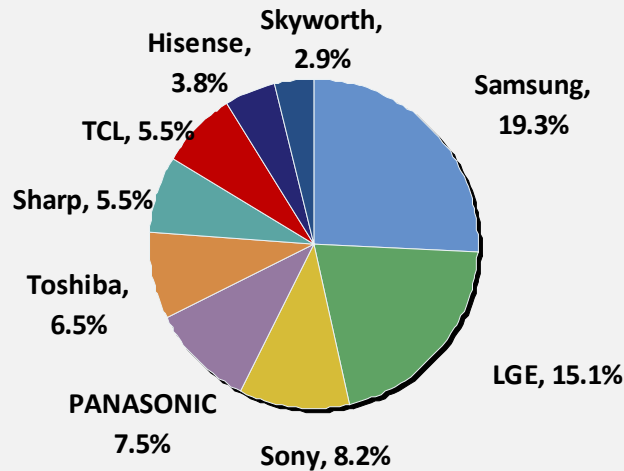
Solid financial position

- Cash and bank balance: approximately HK\$4.452 billion, ↑ HK\$2.319 billion
- Gearing ratio: Reduced from 38.5% to zero

(Compared against the end of 2011)

TV Market Shares and Rankings

2011 Full Year TV global market share (TCL ranked No.7)



2011 Full Year LCD TV global market share (TCL ranked No.7)

Ranking	Brand	2011 LCD TV Market Share	2010 LCD TV Market Share
1	Samsung	18.8%	17.9%
2	LGE	12.1%	12.1%
3	Sony	9.9%	11.3%
4	Toshiba	7.2%	7.3%
5	Sharp	6.6%	7.4%
6	Panasonic	6.2%	5.0%
7	TCL	4.9%	3.6%
8	Hisense	4.5%	3.9%
9	Skyworth	3.5%	3.3%
10	Philips	3.5%	3.8%

2011 Full Year TV PRC market share (TCL ranked No.2)

Ranking	Brand	2011 TV Market Share	2010 TV Market Share
1	Hisense	16.8%	16.7%
2	TCL	15.6%	16.1%
3	Skyworth	14.4%	15.0%
4	Changhong	13.8%	12.5%
5	Konka	11.0%	11.4%
6	Haier	5.4%	4.8%
7	Sharp	4.4%	4.6%
8	Sony	4.3%	4.5%
9	Samsung	3.5%	3.9%
10	Panasonic	3.2%	2.2%

2011 Full Year LCD TV PRC market share (TCL ranked No.3)

Ranking	Brand	2011 LCD TV Market Share	2010 LCD TV Market Share
1	Hisense	18.2%	18.1%
2	Skyworth	15.8%	16.6%
3	TCL	14.9%	13.6%
4	Changhong	11.4%	10.5%
5	Konka	10.7%	10.8%
6	Haier	5.9%	5.4%
7	Sharp	4.8%	5.3%
8	Sony	4.8%	5.2%
9	Samsung	3.3%	4.3%
10	Panasonic	2.1%	0.9%

Source: DisplaySearch



TV Market Share and Ranking – Global LCD TVs

2011 quarterly global LCD TV market share					
Ranking	Brand	2011 Q1	2011 Q2	2011 Q3	2011 Q4
1	Samsung	17.6%	17.7%	18.4%	20.6%
2	LGE	13.0%	12.8%	11.0%	11.8%
3	Sony	10.2%	11.0%	9.6%	9.3%
4	Toshiba	7.1%	7.6%	7.8%	6.6%
5	Panasonic	5.1%	7.0%	6.7%	5.9%
6	Sharp	7.7%	7.4%	6.9%	5.0%
7	TCL	4.4%	4.8%	5.2%	5.0%
8	Hisense	4.8%	4.3%	4.4%	4.5%
9	Skyworth	3.3%	3.0%	3.8%	3.7%
10	Philips	3.8%	3.0%	3.5%	3.6%

*Source: DisplaySearch



TV Sales Volume

Total TV Sales Volume ('000 sets)	2011 Full Year	2010 Full Year	Change
Total	15,045	13,012	+15.6%
PRC	7,612	7,071	+7.7%
Overseas	7,433	5,941	+25.1%
LCD TV Sales Volume ('000 sets)	2011 Full Year	2010 Full Year	Change
Total	10,860	7,464	+45.5%
Of which: LED backlight LCD TVs	4,682	843	+455.4%
PRC	6,606	5,124	+28.9%
Overseas	4,254	2,340	+81.8%
CRT TV Sales Volume ('000 sets)	2011 Full Year	2010 Full Year	Change
Total	4,185	5,548	(24.6%)
PRC	1,006	1,947	(48.3%)
Overseas	3,179	3,601	(11.7%)



TV and LCD TV Sales Volume(Q4)

Total TV Sales Volume ('000 sets)	2011Q4	2010Q4	Change
Total	4,542	3,446	+31.8%
PRC	2,403	2,007	+19.7%
Overseas	2,139	1,439	+48.6%
LCD TV Sales Volume ('000 sets)	2011Q4	2010Q4	Change
Total	3,700	2,273	+62.8%
Of which: LED backlight LCD TVs	1,973	504	+291.5%
PRC	2,218	1,622	+36.7%
Overseas	1,482	651	+127.6%
CRT TV Sales Volume ('000 sets)	2011Q4	2010Q4	Change
Total	842	1,173	(28.2%)
PRC	185	385	(51.9%)
Overseas	657	788	(16.6%)

TV – PRC Market

Optimized product mix

- Launched 23 series of new products
- LED backlight LCD TV's proportion of total LCD TV sales up to 45.7% ; especially up to 62.1% in December
- Launched series of market-leading smart “cloud” TVs, Internet and smart “cloud” TVs accounted for 22.5% of LCD TV
- Gross profit margin increased 3.7% points from 16.9% in 2010 to 20.6% in 2011

Improved sales channels and coverage

- Established approximately 26,000 points of sales up to the end of 2011, an increase of approximately 5,000 points of sales y-o-y

Enhanced speed and efficiency

- Product models decreased from 411 in 2010 to 166 in 2011
- Inventory turnover decreased by 19 days y-o-y
- Operating profit margin was up to 2.9% from -3.1% in the same period of last year

■ LCD TV sales volume reached 6.61 million sets, up 28.9 % y-o-y

■ Operating results turned around with HK\$565 million operating profit

TV – Overseas Markets

Product mix has continuously been being optimized

- LCD TV's proportion of overall TV sales: 57.2%
- LED backlight LCD TV's proportion of total LCD TV sales: 39.1%

Sales volume of LCD TVs in Emerging Markets surged 144.3 % y-o-y

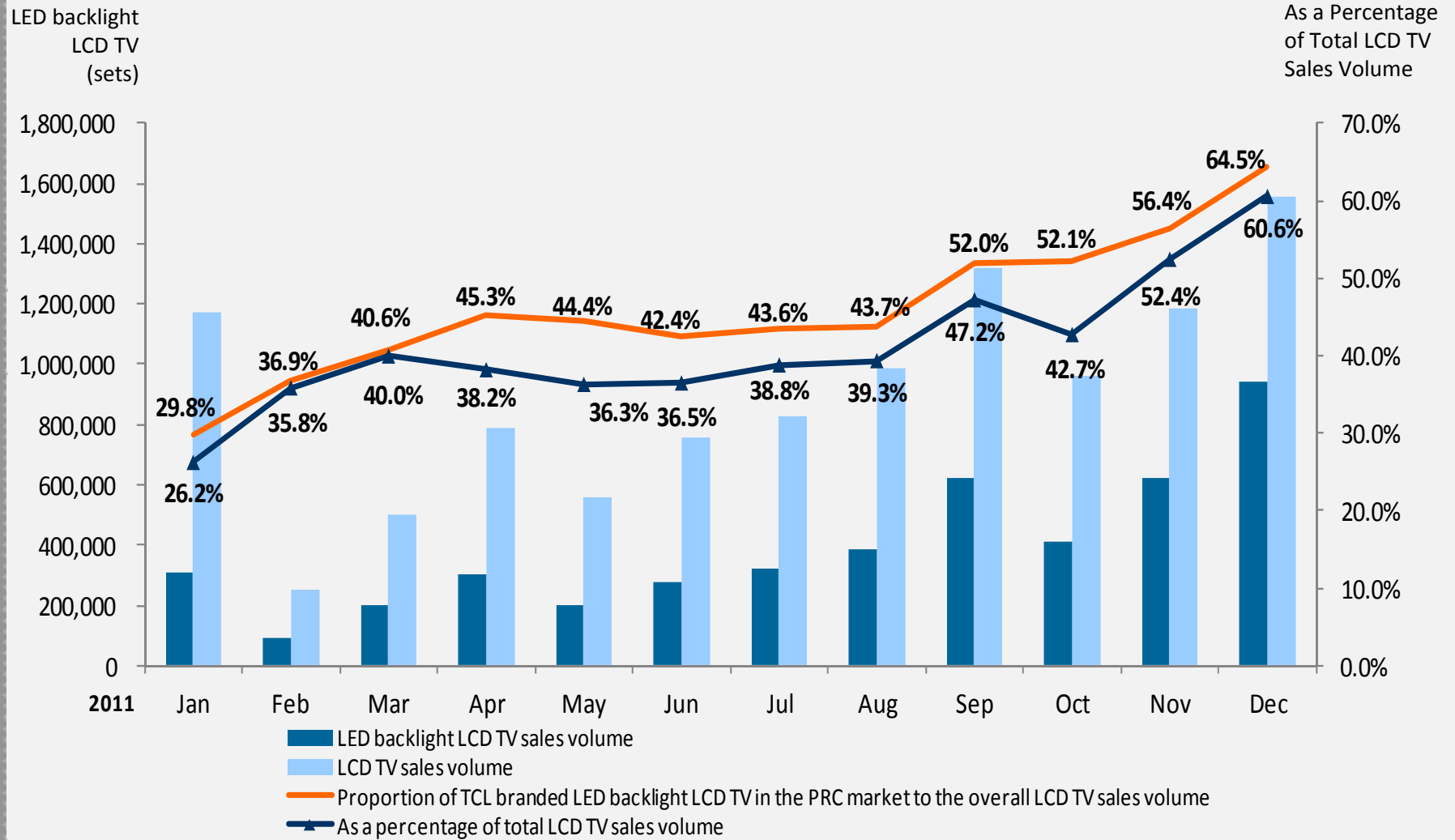
- Swiftly launched series of LCD TV products to meet market demand driven by the market transition
- Improved its brand image by being the joint promotion partner of the movie "Transformers 3"
- Latin America, the Middle East and Southeast Asia realized rapid growth, in which Thailand, the Philippines, Brazil, Argentina and Dubai saw the best performance

Strategic OEM: started to show results after the improvement of the customer base, LCD TV sales volume continued to increase

■ Sales volume of LCD TVs reached 4.25 million sets, up 81.8 % y-o-y

■ Operating results significantly improved with operating loss reduced by HK\$273 million

Proportion of LED Backlight LCD TVs Continued to Increase



Continuous Enhancement of Product Competitiveness

Product Functionality



Self-developed



Interconnected and interactive



Vivid Image



Integration of Smart and 3D Technology



Adopt "cloud" calculation and storage technology

TV Development

Internet LCD

2009

Natural Light & blue laser Internet LCD

2010

3D Internet LCD Smart TV

2011

Super-smart "Cloud" TV

2012



Flagship Products Launched in 2011

- Focused on developing products that incorporate features such as super slim edge TVs, 3D TVs and smart “cloud” TVs. Launched 23 product series featuring 73 new products in the PRC Market and received overwhelming market responses

Cloud·Yi Z11



Cloud·Bo V8200



Cloud·Zhuo V7300



Cloud·Shang E5300



New Marketing and Promotional Campaigns to Strengthen Brand Image



- Leveraged “Celebration for the 30th Anniversary of TCL” as an opportunity for growth, carried out a series of promotional activities

- The promotional activities for TCL super smart “cloud” TVs attracted the most attention

- Became an global joint promotion partner of the movie “Transformers III”, carried out a series of promotional activities , to improve brand image and boost sales



AV Business

Continued to carry out product and market diversification; improved efficiency and established its overseas supply chains to reduce cost

Increased its R&D investment and further improved product competitiveness

Launched 97 new product series, including DVD players, blue ray DVD players, video and digital multimedia broadcasting products and Super DVD (SDVD) players

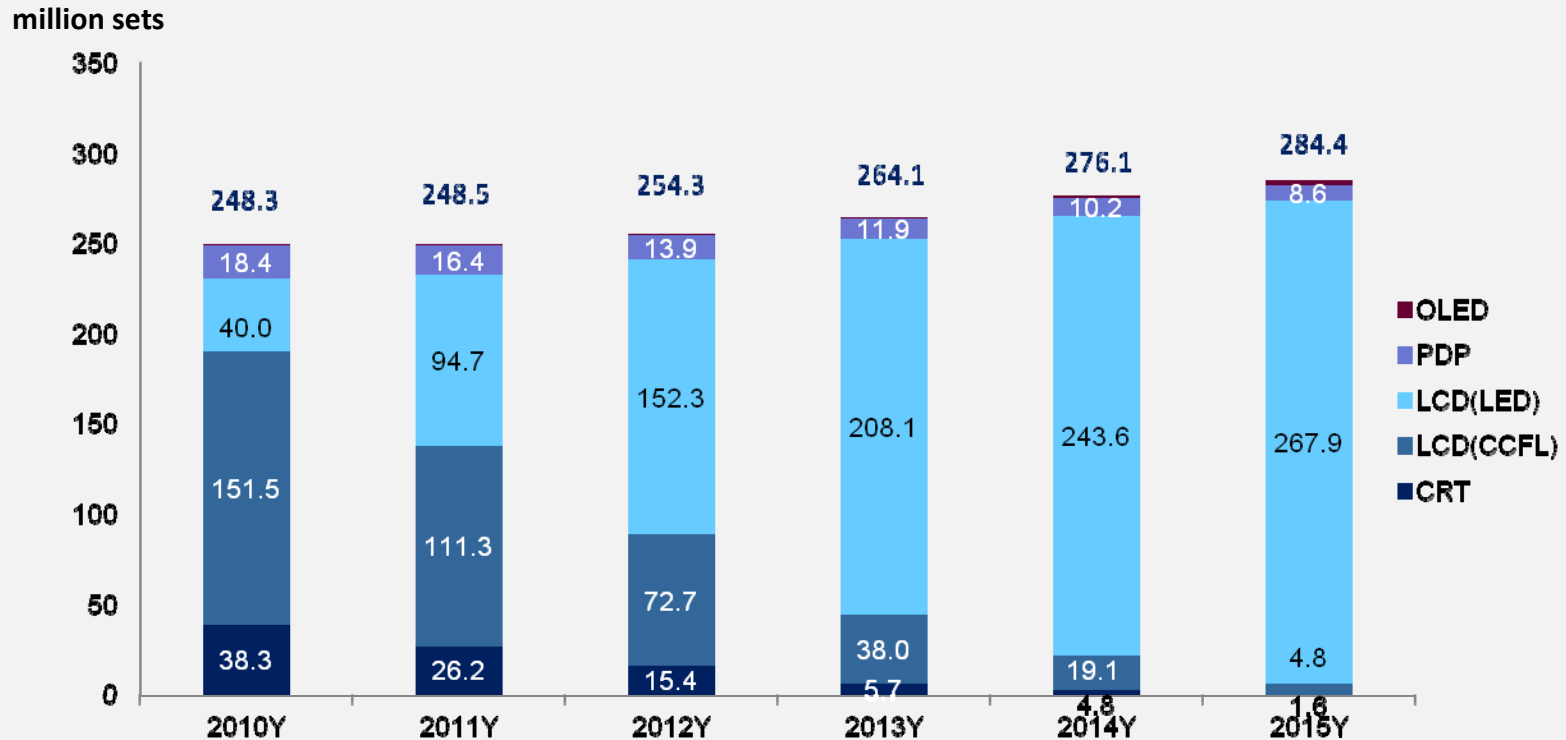
■ **Sales volume of AV products reached 20.00 million sets, up 25.8 % y-o-y**



Outlook

Industry Analysis – Global TV Market Capacity

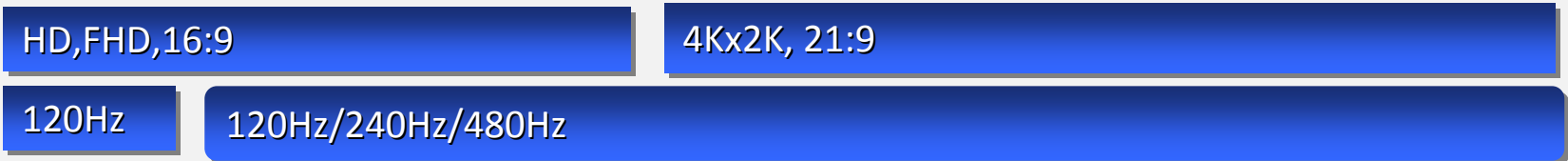
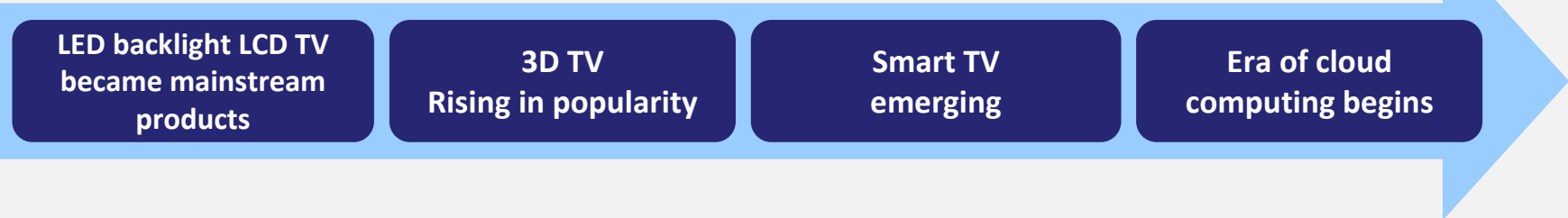
Global Shipment by Product



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

*Source: DisplaySearch

Industry Analysis – Product Development Trend



LED LCD TV: Direct? Edge?

3D TV: Shutter? Popularized?

PDP TV: Lower Production cost for large sized 3D TV

IPTV

SMART TV: Android OS Linux OS

SMD Starts MP of G5.5 OLED

2013/2H: SMD Invests and Starts G8 OLED

OLED TV Activated?



Outlook – TV Business

2012 sales target of LCD TVs is
13.80 million sets, 27.1% y-o-y

Enhance “speed and efficiency” in operations and marketing strategies
Strengthen core competitiveness and improve profitability by
utilizing the advantage of vertically integrated industry chain

Global Industry Chain
Integration

Global Sales & Marketing
System Establishment

Product Mix
Optimization

Outlook – PRC TV Market

Enhance “speed and efficiency” in operations and marketing strategies
Enlarge market share and strengthen profitability

PRC Market
Consolidating
Position as a
Leading Player

Continue to improve operational efficiency

- Continue to reduce expense ratio
- Speed up turnover of inventory and account receivables

Continue to strengthen sales channels

- Further penetrate into third- to fifth-tier cities and rural markets; with the aim to increase the number of points of sales to 30,000 in 2012

Optimize its product mix and enhance brand influence

- Vigorously promote 3D TVs and smart “cloud” TVs
- Leverage on the position as the exclusive partner of CCTV 3D channel to enhance brand influence

Outlook – Overseas TV Markets

Overseas Markets
 Aim to turn around its overall business in 2012

1. Continue to implement a stable and healthy operation strategy
2. Focus to develop the Emerging Markets and other markets that have potential for considerable profit growth
3. Continue to increase sales volume proportion of LCD TVs and LED backlight LCD TVs

Increase volume and generate profits

- Strategic adjustment started to show results
- Optimize the OEM customer mix
- Strengthen strategic partnerships



Dedicated to boosting sales in areas such as Brazil, Central America and Africa

- Step up its efforts in promoting TCL brand to create a global and youthful brand image to enhance brand influence

Innovative Business Model

- TCL brand development
- Strengthen strategic partnership with customers
- Explore national sales channels

Build healthy business and reduce losses

- Improve operational efficiency
- Endeavor to adjust product mix and improve inventory management



Outlook – AV Business

AV Business



- Strengthen strategic partnership with major customers and endeavor to expand customer base
- Boost investment in R&D and optimize global supply chain
- Diversify product mix

- Step up investment in the R&D capabilities of software and electro-acoustic
- Improve the product competitiveness and cost advantages

Integration of Upstream and Downstream Industry Chain to Capture Market Growth in LCD TVs

Shenzhen Huaxing Photoelectrics Technology Company Limited
8.5 Generation LCD Panel Production Line

- Joint venture among TCL Corporation, the ultimate holding company of the company, the Shenzhen Municipal Government and Samsung (South Korea)
- Mass production in Q4 2011

LED Backlight Modules Production Line

- TCL Optoelectronic + TCL Coretronic + Huizhou Bri-King Optronics

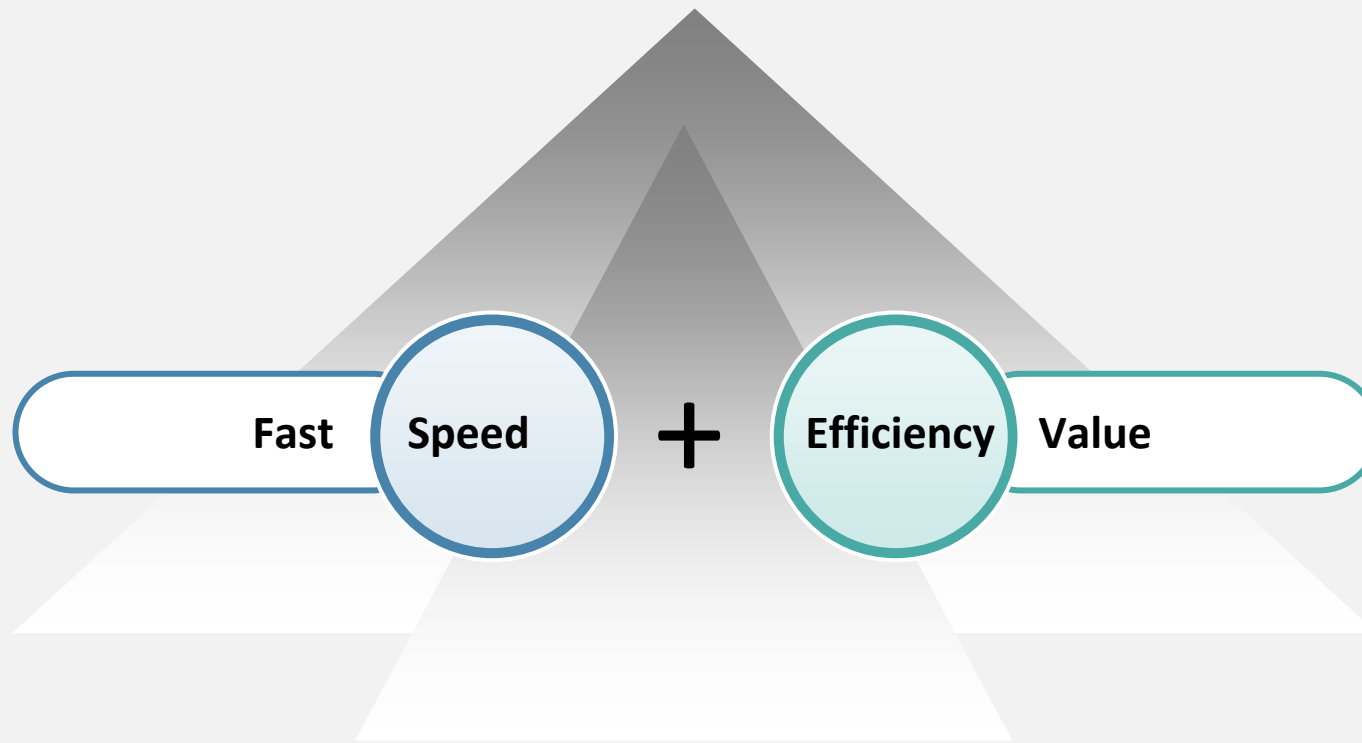
TCL Optoelectronics Technology (LCD Module Business)

- 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
- Create new revenue streams by improving production capabilities through strategic cooperation with Shenzhen Huaxing Photoelectrics Technology Company Limited

Entering a new phase of the Group's integration vertically along the industry chain to deliver strategic support for a stable supply of raw materials and cost control

TCL has become the only PRC TV manufacturer with a fully integrated supply chain and sales capabilities

Keys to Success: Speed and Efficiency





Thank You

