

2012 Q1 Results Presentation



TCL Multimedia Technology Holdings Limited

Stock Code: 01070



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Agenda

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

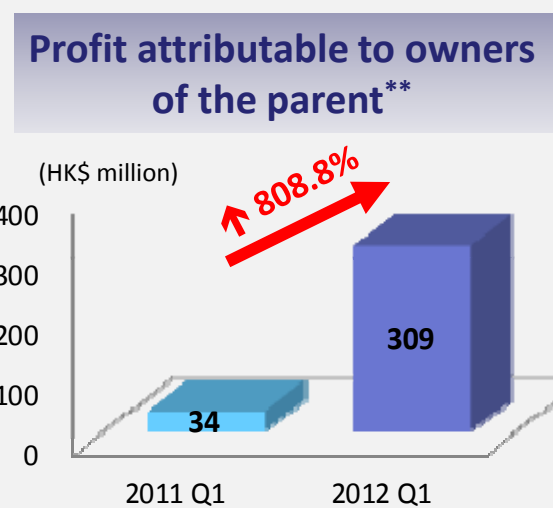
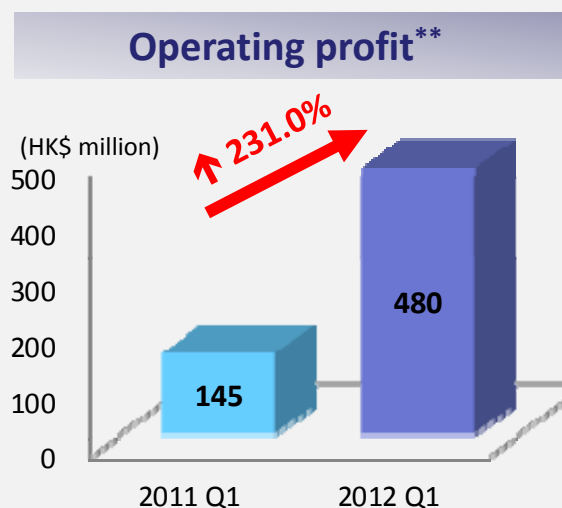
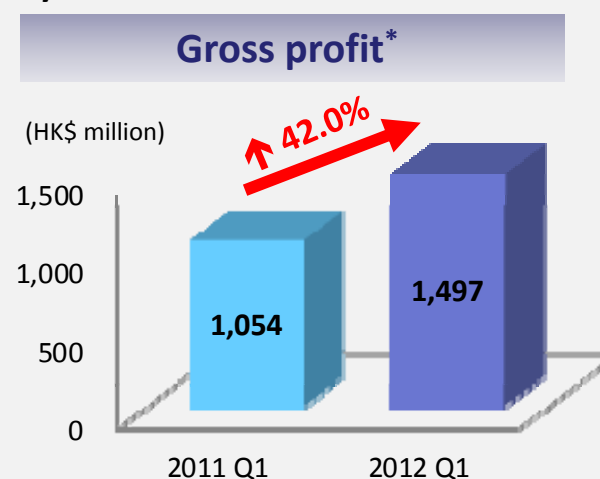
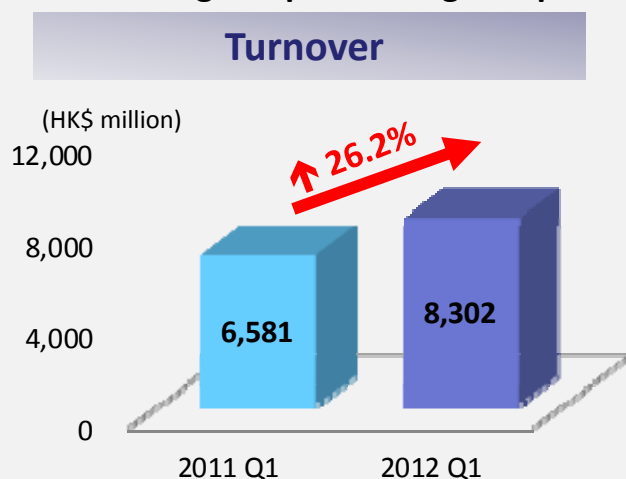
The financial results used in the presentation are unaudited results for the three months ended 31 March



Results Overview

Results Overview

- Turnover and gross profit margin improved and satisfactory results achieved



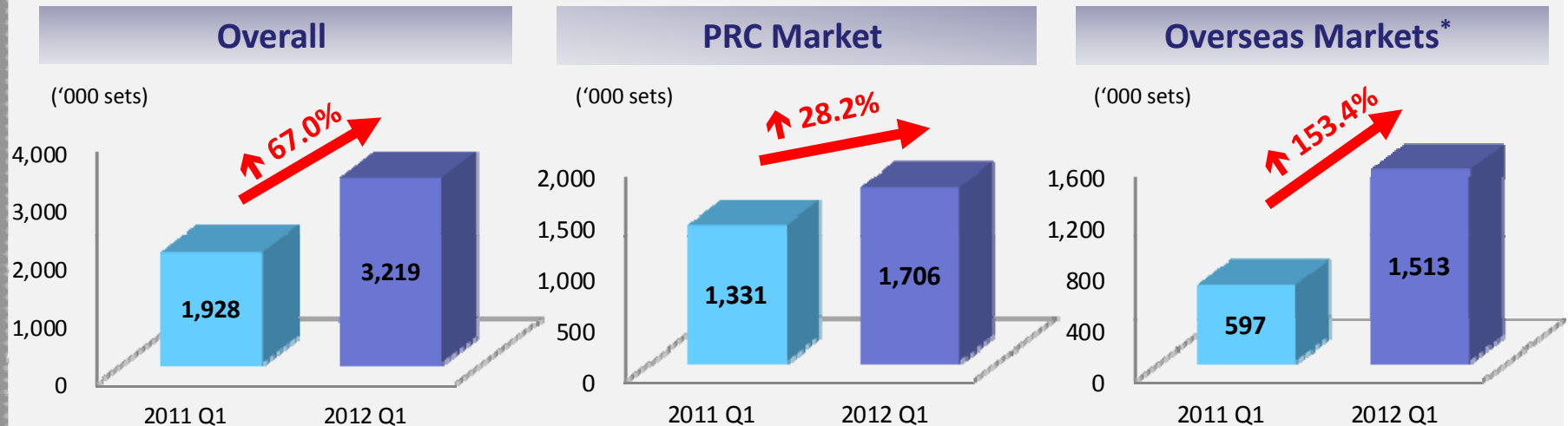
*Gross profit margin improved to 18.0% from 16.0% in the same period of last year

** Including the one-off gain of HK\$144 million arising from the acquisition of entire equity interest in TCL Optoelectronics Technology (Huizhou) Co., Ltd. and its 60% owned-subsiary, Huizhou TCL Coretronic Co., Ltd. The acquisition was completed on 18 January 2012.



Results Overview (continued)

2012 Q1 LCD TV sales volume



*Emerging Markets: ↑ 181.3 % y-o-y

- Product mix has continuously been optimized, sales volume of LED backlight LCD TVs accounted for 62.8% and 65.2%, respectively, of overall LCD TV sales volume and LCD TV sales volume in the PRC Market
- AV business maintained healthy profitable growth thanks to improved operational efficiency and effective cost control as well as the strategy of diversifying its products and customer base
- The acquisition of the entire equity interest in TCL Optoelectronics Technology (Huizhou) Co., Ltd. and its 60% owned-subsiary, Huizhou TCL Coretronic Co., Ltd. was completed on 18 January 2012





Financial Highlights



Consolidated Results

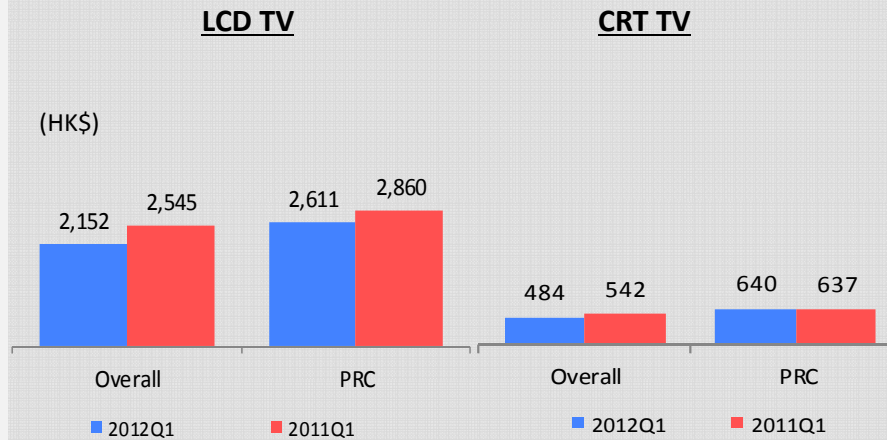
(HK\$ million)	2012 Q1	2011 Q1	Change
Turnover	8,302	6,581	+26.2%
Gross profit	1,497	1,054	+42.0%
Operating profit	480*	145	+231.0%
Profit attributable to owners of the parent	309*	34	+808.8%
Basic earnings per share (HK cents)	24.32	3.13	+677.0%

* Including the one-off gain of HK\$144 million arising from the acquisition of entire equity interest in TCL Optoelectronics Technology (Huizhou) Co., Ltd. and its 60% owned-subsiidiary, Huizhou TCL Coretronic Co., Ltd. The acquisition was completed on 18 January 2012.



Average Selling Prices & Profit Margins

Average Selling Prices



Profit Margins

	2012 Q1	2011 Q1	Change
Gross profit margin	18.0%	16.0%	+2.0%
Expense ratio*	14.9%	15.2%	(0.3%)
Operating profit margin	5.8%	2.2%	+3.6%

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

Balance Sheet Highlights

(HK\$ million)	31 March 2012	31 December 2011	Change
Non-current assets	2,454	1,797	+36.6%
Current assets	21,134	22,335	(5.4%)
- Inventories	3,902	4,298	(9.2%)
- Cash and bank balances	5,492	4,452	+23.4%
Current liabilities	18,227	19,749	(7.7%)
Net current assets	2,907	2,586	+12.4%
Non-current liabilities	740	730	+1.4%
Net assets	4,621	3,653	+26.5%

Key Financial Indicators

	31 March 2012	31 December 2011	Change
Inventory turnover (days)*	51	49	↑2 days
A/R turnover (days)*	43	35	↑8 days
A/P turnover (days)*	83	65	↑18 days
Current ratio (times)	1.2	1.1	+0.1
Gearing ratio**	0 [#]	0	Unchanged

*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

[#]As at 31 March 2012, as the Group's total pledged deposits and cash and bank balances of HK\$6,872 million were higher than total interest-bearing borrowings of HK\$5,177 million, the Group's gearing ratio was zero.

Segment Results

(HK\$ million)		2012 Q1	2011 Q1	Change
PRC TV Business	Turnover	4,509	4,046	+11.4%
	Gross Profit	1,139	883	+29.0%
	Operating Results	216	162	+33.3%
Overseas TV Business	Turnover	2,789	1,487	+87.6%
	Gross Profit	291	113	+157.5%
	Operating Results	45	(90)	N/A
AV Business	Turnover	693	919	(24.6%)
	Gross Profit	73	52	+40.4%
	Operating Results	36	21	+71.4%





Business Review



Improving Results and Key Financial Indicators

- Enhancing “speed and efficiency” in operation and sales strategies with remarkable results

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

- The PRC Market:
1.71 million sets, ↑28.2%
- Overseas Markets:
1.51 million sets, ↑ 153.4%
 - Emerging Markets:
0.89 million sets, ↑ 181.3%

(Compared to 2011Q1)

Optimized product structure and improved product competitiveness

- Sales proportion of LED backlight LCD TV, smart and internet TV and 3D TV to the LCD TV sales volume continued to increase
- Q1 2012:
- LED: overall 62.8%;
PRC Market 65.2%
 - Smart & Internet:
PRC Market 32.3%
 - 3D: PRC Market 13.2%

Profitability and operating efficiency significantly improved

- Gross profit margin ↑ 2.0% points
- Expense ratio ↓ 0.3% points
- Operating profit margin ↑ 3.6% points
- Profit attributable to owners of the parent : HK\$ 309 million, ↑ 808.8%

(Compared to 2011Q1)

Reduced inventory and accounts receivable balance

- Inventory ↓ HK\$ 396 million
- Inventory turnover days ↑ 2 days
- Account receivables ↓ HK\$ 398 million

(Compared against year end of 2011)

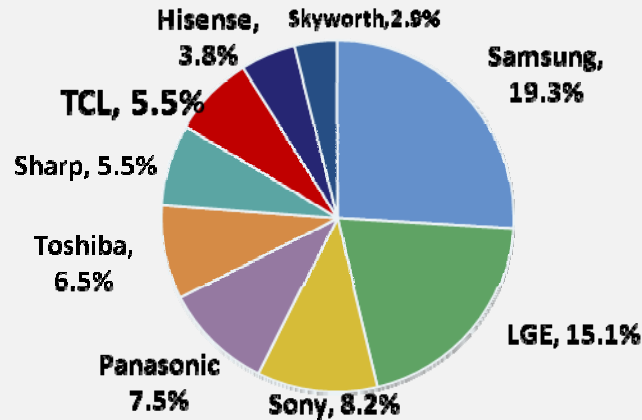
Solid financial position

- Cash and bank balance: HK\$ 5,492 million, ↑ HK\$ 1,040 million
- Current ratio: 1.2 (2011: 1.1)
- Gearing ratio: zero (unchanged)

(Compared against year end of 2011)

TV Market Shares and Rankings

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



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 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 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 Sales Volume

Total TV Sales Volume ('000 sets)	2012 Q1	2011 Q1	Change
Total	3,984	3,091	+28.9%
PRC	1,792	1,708	+4.9%
Overseas	2,192	1,383	+58.5%
LCD TV Sales Volume ('000 sets)	2012 Q1	2011 Q1	Change
Total	3,219	1,928	+67.0%
Of which: LED backlight LCD TVs	2,022	599	+237.6%
Smart & Internet TVs	551	84	+556.0%
3D TVs	250	0.5	+49,900.0%
PRC	1,706	1,331	+28.2%
Overseas	1,513	597	+153.4%
CRT TV Sales Volume ('000 sets)	2012 Q1	2011 Q1	Change
Total	765	1,163	(34.2%)
PRC	86	377	(77.2%)
Overseas	679	786	(13.6%)



TV – PRC Market

Product mix has continuously been optimized

- In Q1, 3 series of new products were launched, of which 2 series were 3D TVs
- In Q1, sales volume of LED backlight LCD TVs as a percentage of total LCD TV sales volume increased to 65.2%
- In Q1, sales volume of 3D TVs and smart & Internet TVs as a proportion of LCD TV sales volume reached 13.2% and 32.3%
- Gross profit margin increased by 3.5% points from 21.8% to 25.3%

Improved sales channels and coverage

- Continued to increase the number of its points of sales in third-to-sixth-tier markets and establish specialty stores

Enhanced speed and efficiency

- Inventory turnover days decreased by 13 days y-o-y
- Operating profit margin increased to 4.8% from 4.0% in the same period of last year

■ LCD TV sales volume reached 1.71 million sets, up 28.2 % y-o-y

■ Operating profit amounted to HK\$216 million, up 33.3 % y-o-y

TV – Overseas Markets

Product mix has continuously been optimized

- Proportion of LCD TV sales volume to overall TV sales volume: 69.0%
- Proportion of LED backlight LCD TV sales volume to total LCD TV sales volume: 60.1%

Sales volume of LCD TVs in Emerging Markets surged 181.3 % y-o-y

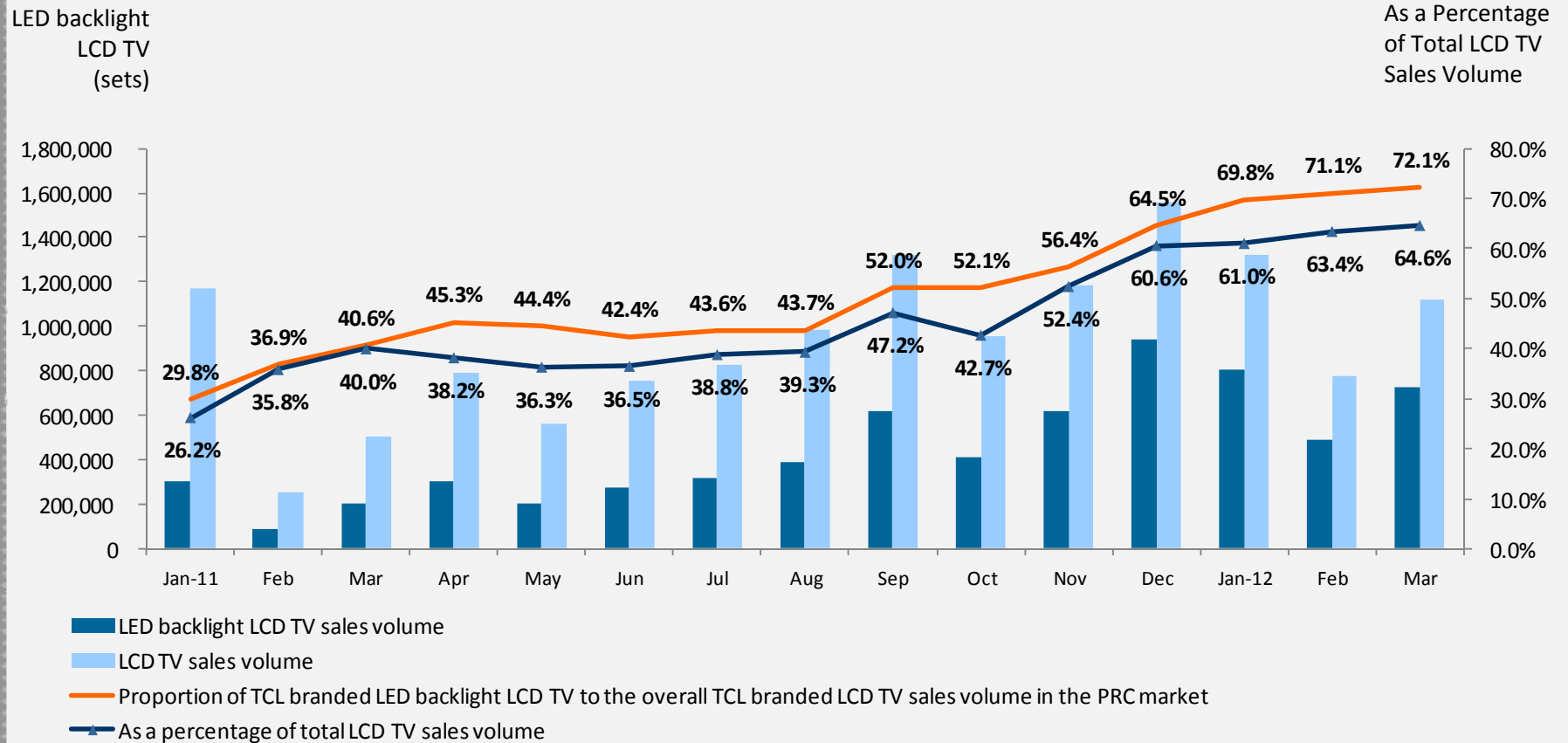
- Continued to optimize its product mix, the proportion of the LED backlight LCD TV sales volume to LCD TV sales volume increased
- Vigorously exploring new sales channel and customers
- Continued to improve the brand image of its key stores in key cities
- Satisfactory sales performance in Africa, Brazil, Thailand and etc.

Strategic OEM business showed results after the optimization of its customer base, leading to continuous growth in LCD TV sales volume

Driven by the UEFA EURO in European Market, along with the improvement of the product mix, sales volume of LCD TVs grew 50.7% y-o-y

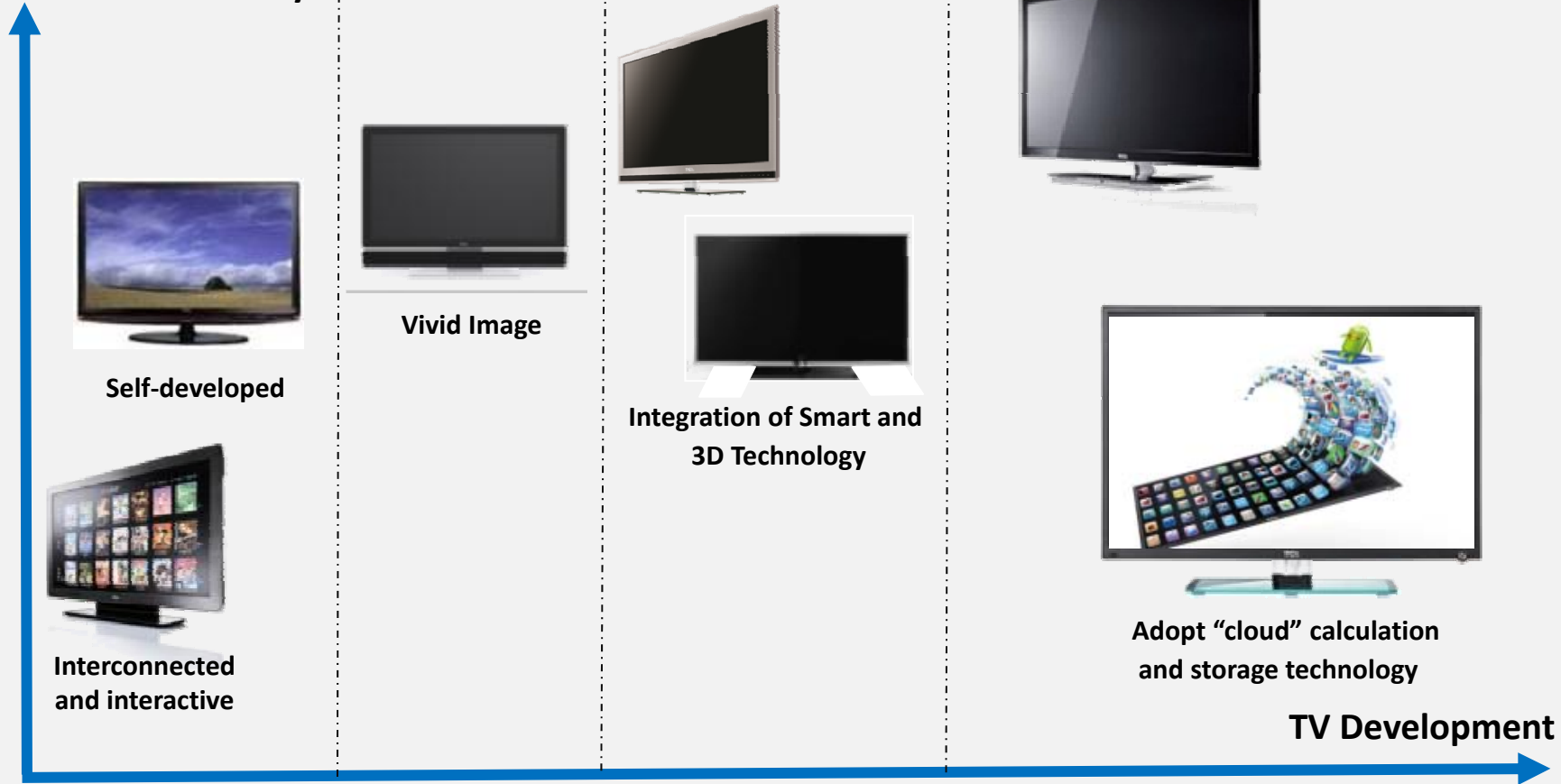
■ **Sales volume of LCD TVs reached 1.51 million sets, up 153.4 % y-o-y**

Proportion of LED Backlight LCD TV Sales Volume Continued to Increase



Continuous Enhancement of Product Competitiveness

Product Functionality



Internet LCD TV

2009

Natural Light & blue laser LCD TV
LED backlight LCD TV

2010

3D Internet LCD TV
Smart TV

2011

Super-smart "Cloud" TV

2012



AV Business

Further strengthened its R&D capabilities and the competitiveness of its products, and launched 25 new product series

Continued to carry out diversification of product and customer base, improved efficiency and established its overseas supply chains to reduce cost

Under the influence of the volatile global economy and the shrinking DVD player market, the total sales volume of AV products recorded a decline. However, sales volume of blue ray products and electro-acoustic products increased significantly

Maintained healthy profitable growth thanks to improved operational efficiency and effective cost control

■ Sales volume of AV products reached 3.37 million sets, down 23.5 % y-o-y

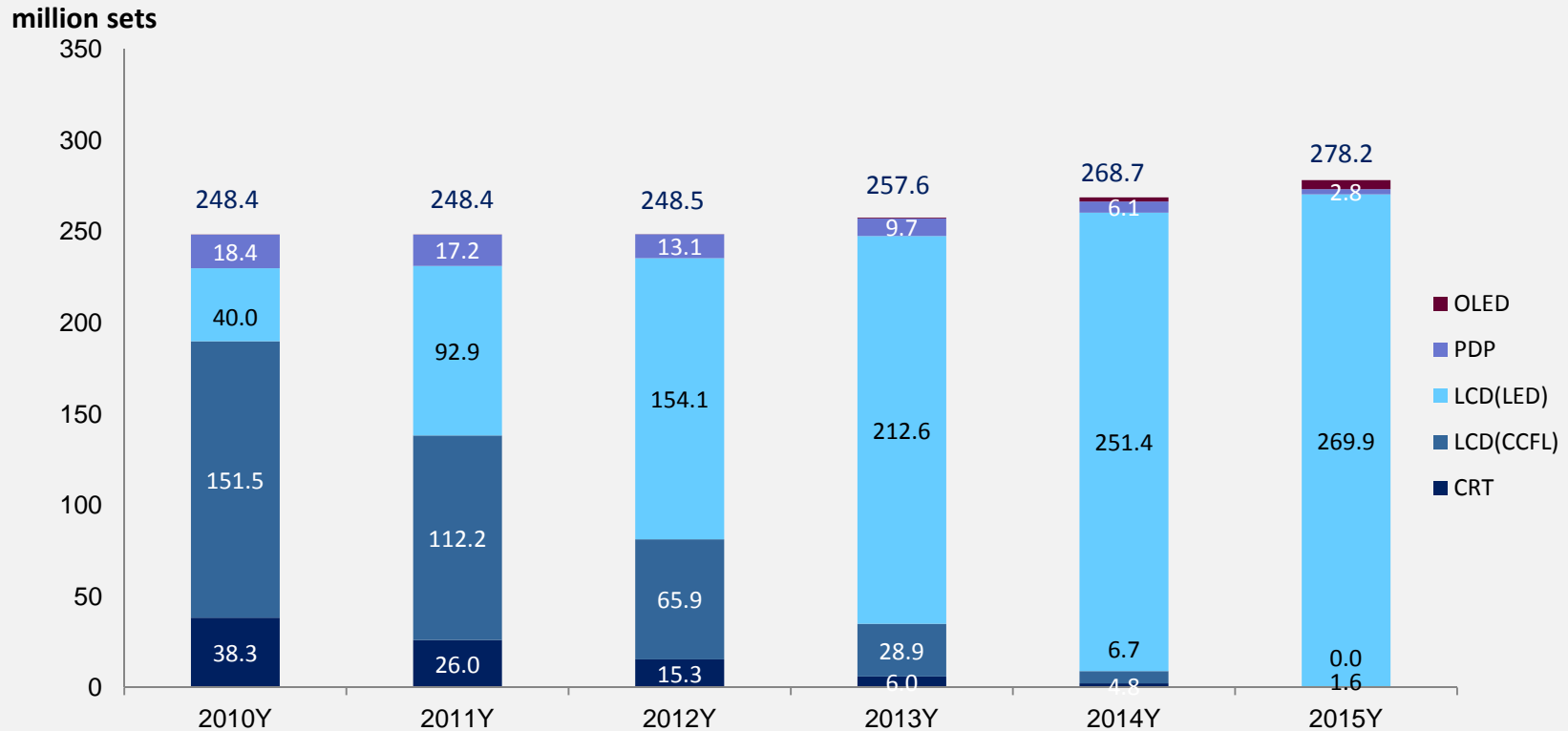


Outlook



Industry Analysis – Global TV Market Capacity

Global Shipment by Product

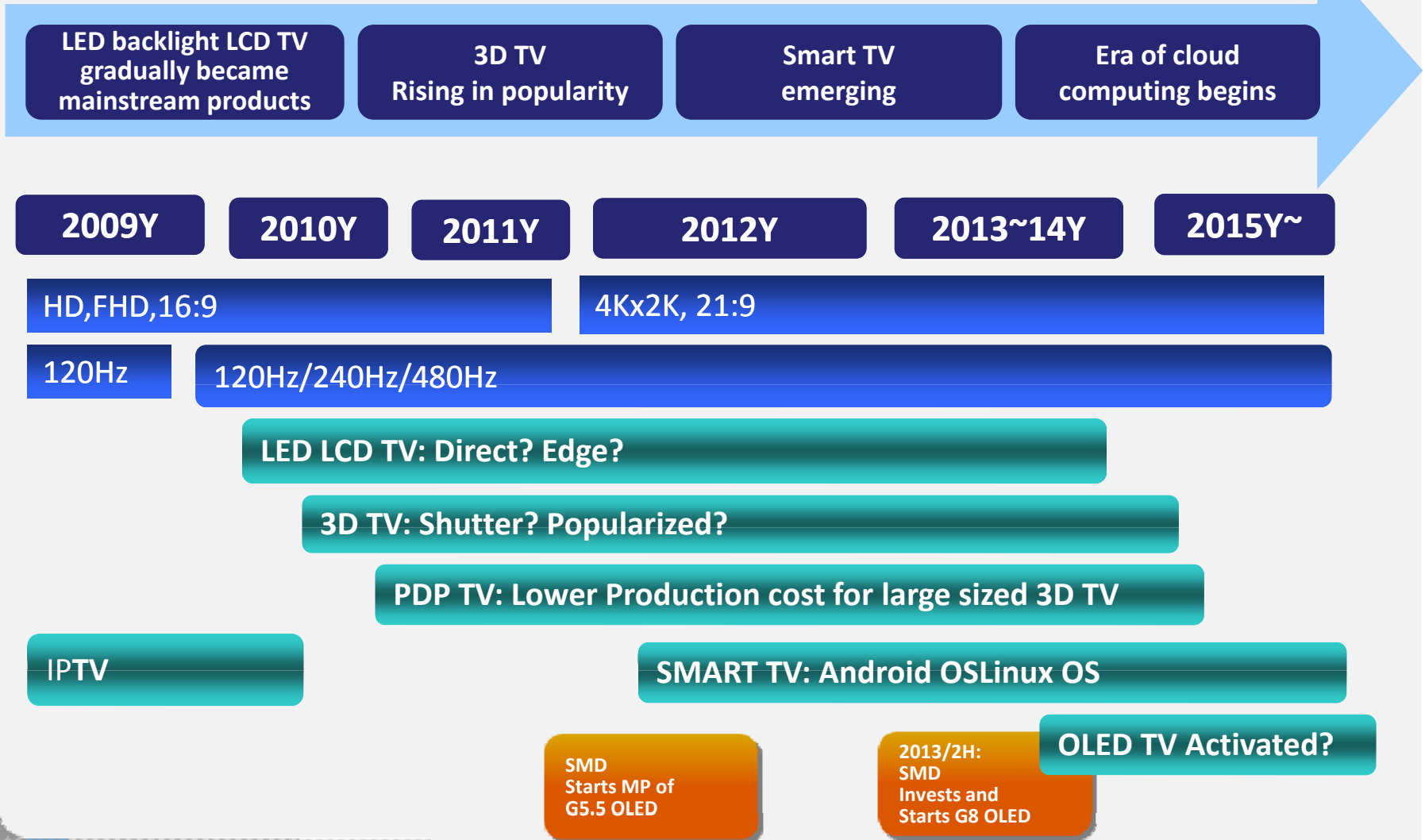


The popularity of 3D TV and smart & internet TV has been growing, LED backlight LCD TVs have become mainstream products

*Source: DisplaySearch



Industry Analysis – Product Development Trend



Outlook – TV Business

13.80 million sets

2012 sales target of LCD TVs
is up 27.1% y-o-y

Enhance “speed and efficiency” in operations and marketing strategies
Enhance core competitiveness and improve profitability by
strengthening the innovation capability in its product technology.

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-sixth-tier cities and rural markets; with the aim to increase the number of points of sales from 26,000 at the end of 2011 to 30,000 in 2012

Optimize its product mix and enhance brand influence

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

Outlook – “Full cloud strategies”

Tie up with the six series of 3D smart “cloud” TVs and focus on the four major areas – products, price, place and promotion – to carry out “full cloud strategies” and to build up core competitive advantages in the cloud age



Cloud-Bo
V8200S



Cloud-Feng
V7500



Cloud-Yue
E5390



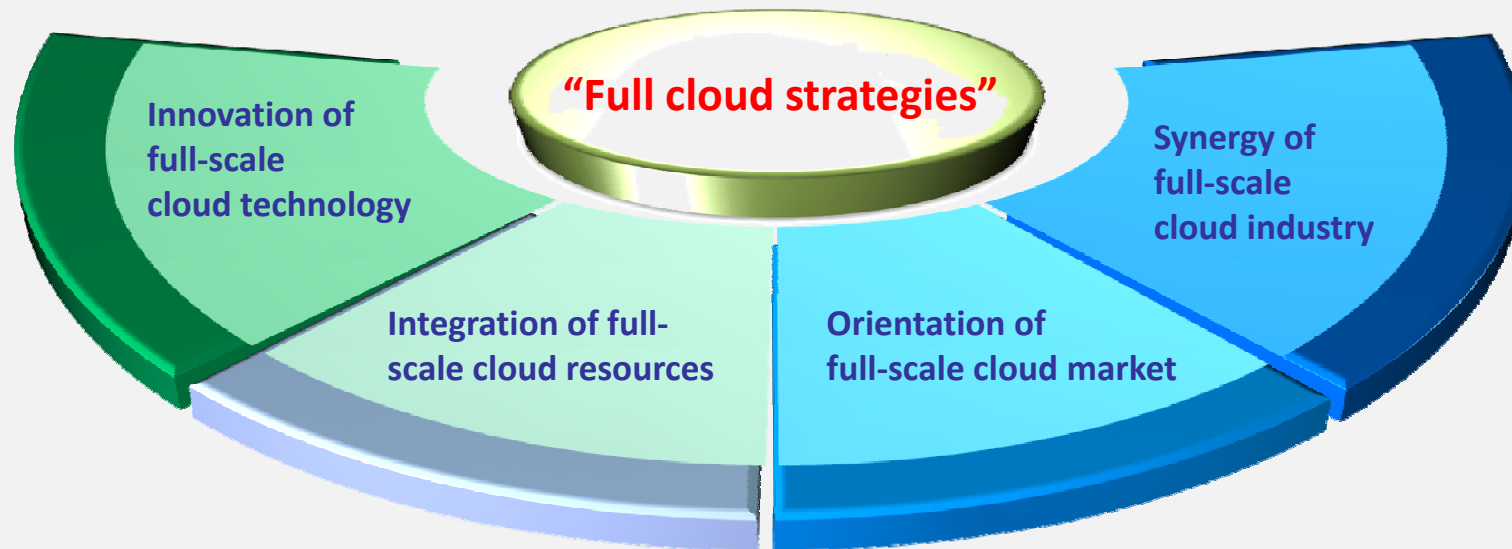
Cloud-Zhuo
V7300



Cloud-Ya
F3390



Cloud-Shang
E5300



Outlook – Overseas TV Markets

Overseas Markets

Aim to turn around its overall business in full year 2012

1. Continue to implement a stable and healthy operational strategy
2. Focus to develop the Emerging Markets and other profitable markets
3. Continue to increase the proportion of LCD and LED backlight LCD TV sales volume

Increase volume and generate profits

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

Strategic
OEM

Emerging
Markets

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

North
America

Europe

Build healthy business with further improvement

- 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 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



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



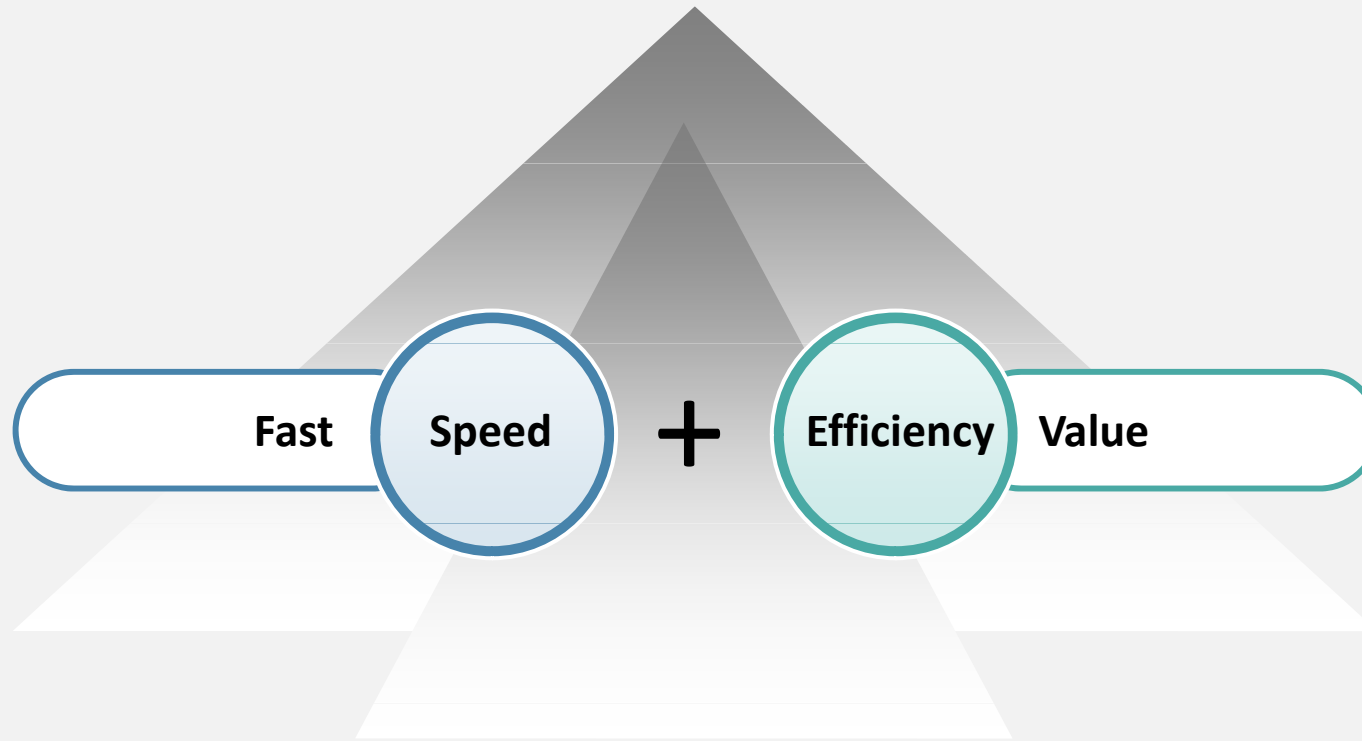
LED Backlight Modules Production Line

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

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 and distributor with a fully integrated supply chain and sales capabilities

Keys to Success: Speed and Efficiency





Thank You

