



创意感动生活
The Creative Life



TCL Multimedia Technology Holdings Limited

Stock Code: 01070

2012 Annual Results Presentation





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A number of forward-looking statements may be made from this presentation. Forward-looking statements are 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.



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Agenda

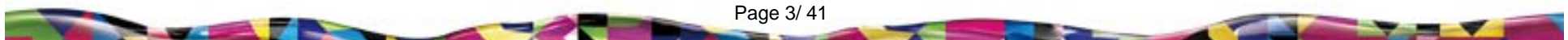
1. Results Overview
2. Financial Highlights
3. Business Review
4. Outlook



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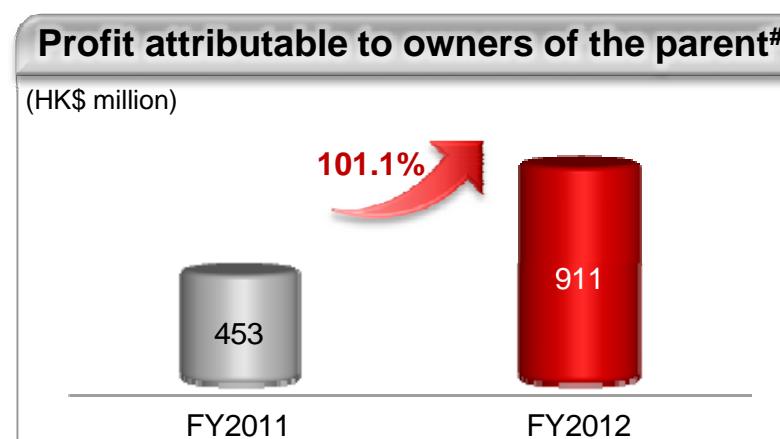
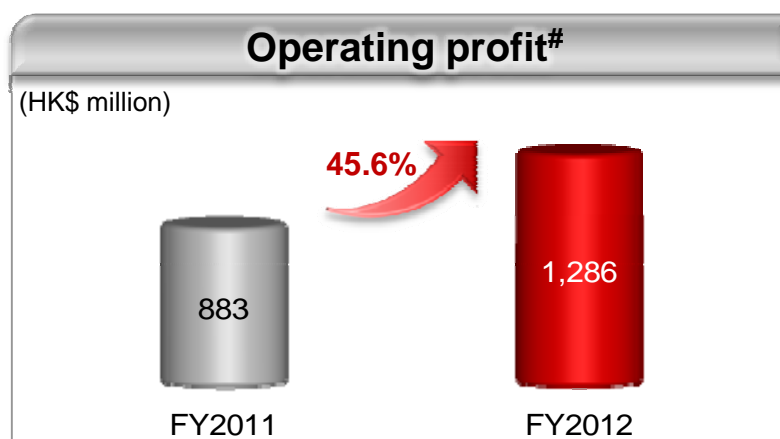
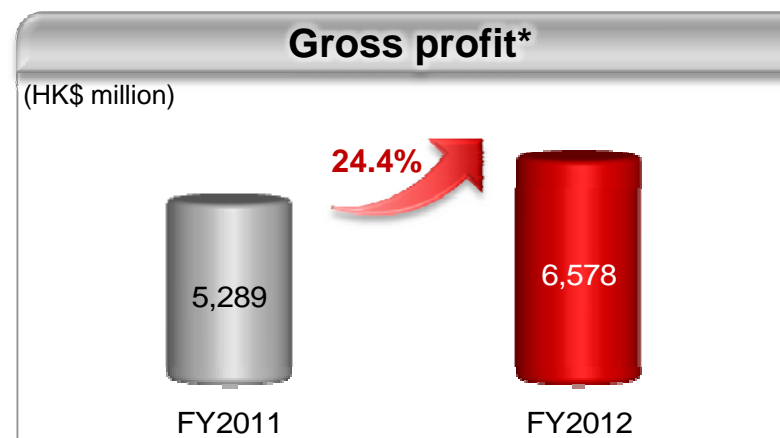
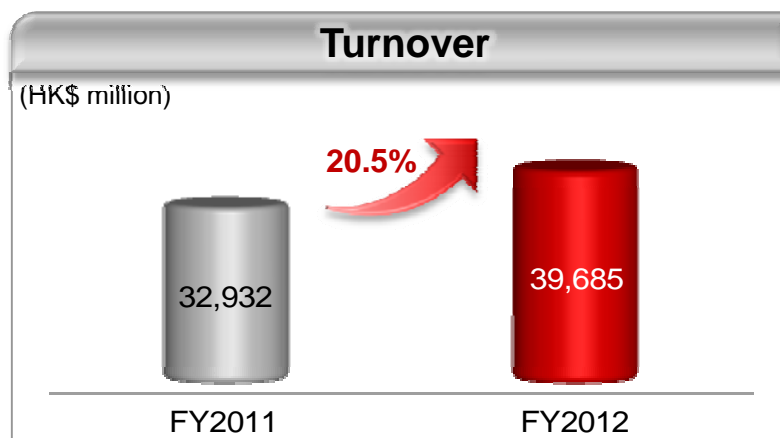


Results Overview



Results Overview (For the year ended 31 December 2012)

- Continued to improve overall profitability; Steadily increased turnover and gross profit margin
- Proposed a final dividend of HK14.80 cents per share (interim dividend: HK10.00 cents per share)



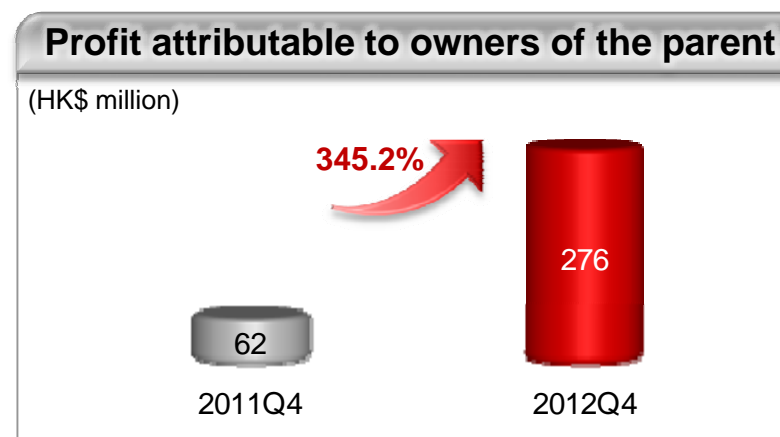
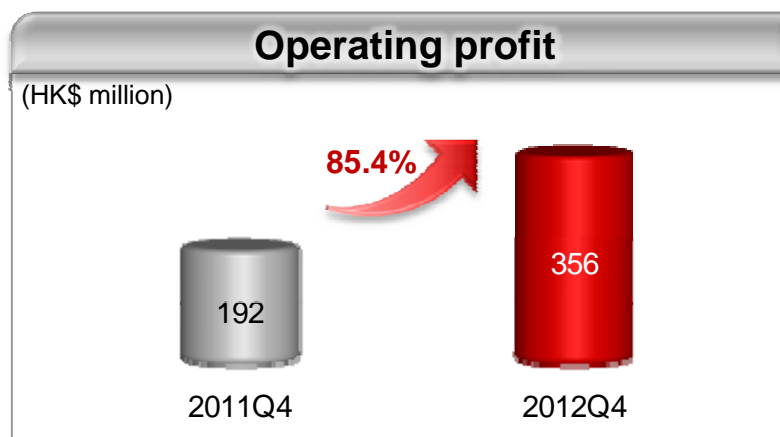
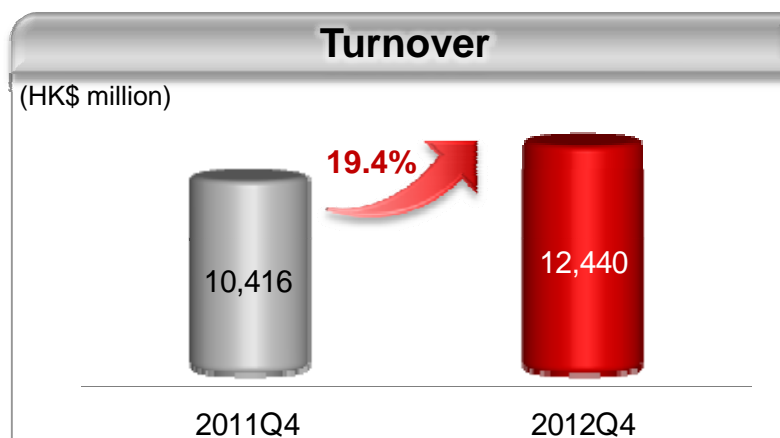
* Gross profit margin improved to 16.6% from 16.1% in the same period of last year

Including a 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

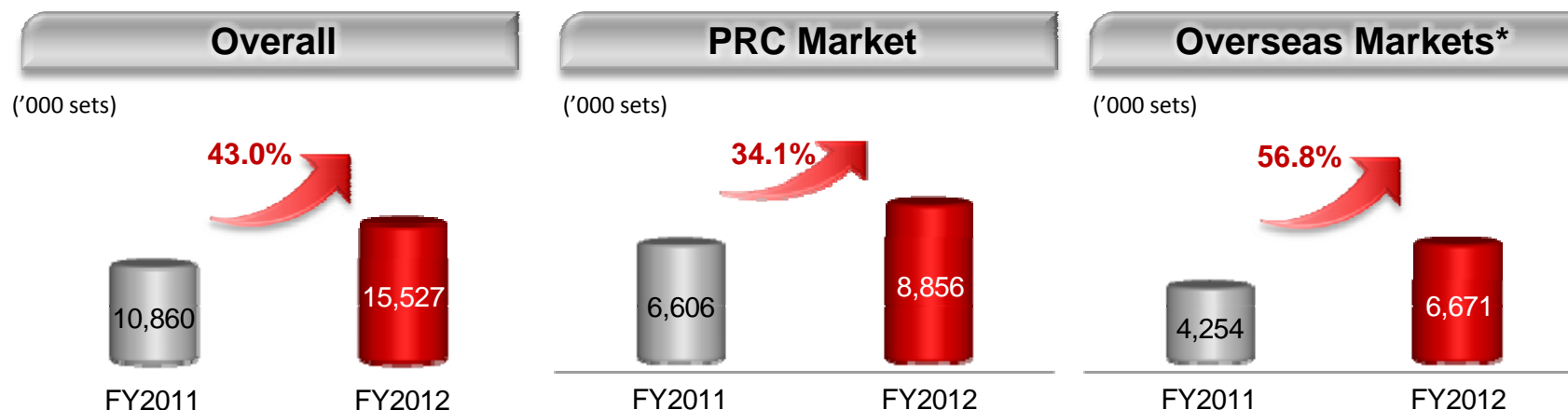
Results Overview (For the 3 months ended 31 December 2012)

Annual Results 2012

- Achieved satisfactory results in Q4



LCD TV Sales Volume in Full Year of 2012



*Of which: Emerging Markets ↑ 70.4 % y-o-y

- Overall sales volume of LCD TV rose 43.0% y-o-y to 15.53 million sets in 2012, exceeding the Group's full-year LCD TV sales volume target of 15.20 million sets
- Product mix has continuously been optimized. Sales volume proportion of high-end TV products to LCD TVs continued to increase:
 - PRC Market:
Smart & internet TVs: 77.7%; 3D TVs: 28.9% (in December 2012)
- According to the latest DisplaySearch report, the Group's global LCD TV market share increased from 4.8% in 2011 to 5.8% in 2012, thereby lifted its ranking to No. 4. The Group has maintained its No. 1 position in the PRC LCD TV market with a market share of 18.0%

Financial Highlights



Consolidated Results (For the year ended 31 December 2012)

Annual Results 2012

(HK\$ million)	FY2012	FY2011	Change
Turnover	39,685	32,932	+20.5%
Gross profit	6,578	5,289	+24.4%
Operating profit	1,286[#]	883 [*]	+45.6%
Profit attributable to owners of the parent	911[#]	453 [*]	+101.1%
Basic earnings per share (HK cents)	69.65	41.80	+66.6%
Dividend per share (HK cents)	24.8	16.0	+55.0%
– Interim	10.0	nil	
– Final	14.8	16.0	

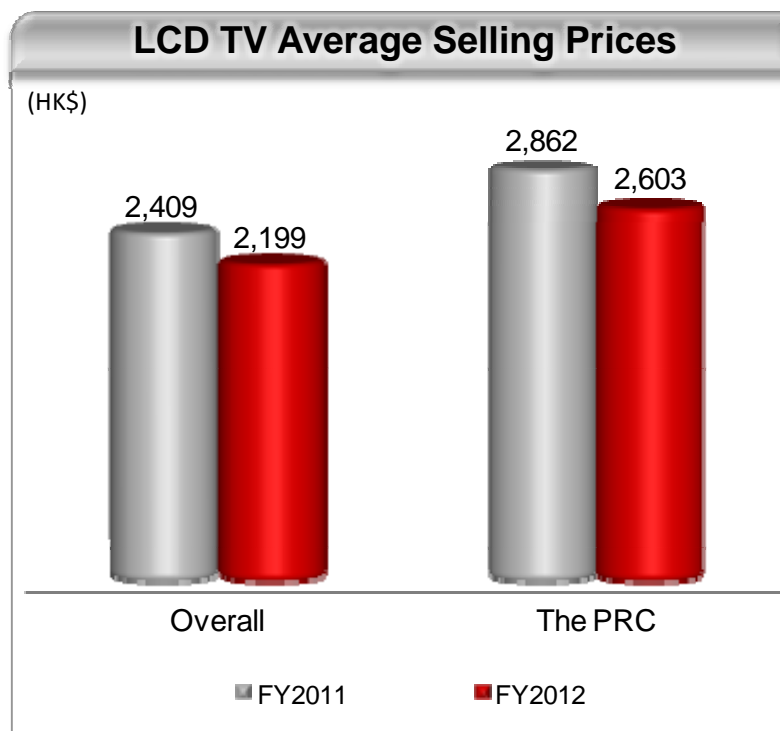
[#] Including an one-off gain of HK\$144 million arising from the acquisition of entire equity interest in TCL Optoelectronics Technology (Huizhou) Co., Ltd. and its 60% owned-subsiidiary, Huizhou TCL Coretronic Co., Ltd. The acquisition was completed on 18 January 2012

^{*} Including an one-off gain of HK\$232 million after the completion of disposal of the Company's wholly-owned subsidiary, TCL King Electronics (Shenzhen) Company Limited, in 2011

Consolidated Results (For the 3 months ended 31 December 2012) Annual Results 2012

(HK\$ million)	2012 Q4	2011 Q4	Change
Turnover	12,440	10,416	+19.4%
Gross profit	1,997	1,775	+12.5%
Operating profit	356	192	+85.4%
Profit attributable to owners of the parent	276	62	+345.2%
Basic earnings per share (HK cents)	21.09	5.69	+270.7%

Average Selling Prices & Profit Margins



Profit Margins

	FY2012	FY2011	Change
Gross profit margin	16.6%	16.1%	+0.5p.p.
Expense ratio*	13.7%	14.1%	(0.4p.p.)
Operating profit margin	3.2%	2.7%	+0.5p.p.

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

Balance Sheet Highlights

(HK\$ million)	31 December 2012	31 December 2011	Change
Non-current assets	3,078	1,797	+71.3%
Current assets	24,942	22,335	+11.7%
- Inventories	6,732	4,298	+56.6%
- Cash and bank balances	3,431	4,452	(22.9%)
Current liabilities	22,580	19,749	+14.3%
Net current assets	2,362	2,586	(8.7%)
Non-current liabilities	448	730	(38.6%)
Net assets	4,992	3,653	+36.7%

Key Financial Indicators

	31 December 2012	31 December 2011	Change
Inventory turnover (days)*	48	48	Unchanged
A/R turnover (days)*	36	35	↑ 1 day
A/P turnover (days)*	69	65	↑ 4 days
Cash conversion cycle (days)	15	18	↓ 3 days
Current ratio (times)	1.1	1.1	Unchanged
Gearing ratio**	0 [#]	0	Unchanged

* The above turnover days are calculated based on average balances 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 December 2012, as the Group's total pledged deposits and cash and bank balances of HK\$4,258 million was higher than the total interest bearing borrowings of HK\$3,010 million, the Group's gearing ratio was zero

Segment Results (For the year ended 31 December 2012)

Annual Results 2012

(HK\$ million)		FY2012	FY2011	Change
TV Business PRC Market	Turnover	23,146	19,615	+18.0%
	Gross Profit	4,916	4,040	+21.7%
	Operating Results	902	527*	+71.2%
TV Business Overseas Markets	Turnover	11,940	8,743	+36.6%
	Gross Profit	1,112	849	+31.0%
	Operating Results	159	(1)*	N/A
AV Business	Turnover	3,574	3,880*	(7.9%)
	Gross Profit	404	380*	+6.3%
	Operating Results	73	102*	(28.4%)

* restated

Segment Results (For the 3 months ended 31 December 2012)

Annual Results 2012

(HK\$ million)		2012 Q4	2011 Q4	Change
TV Business PRC Market	Turnover	7,904	6,596	+19.8%
	Gross Profit	1,553	1,341	+15.8%
	Operating Results	290	137*	+111.7%
TV Business Overseas Markets	Turnover	3,282	2,882	+13.9%
	Gross Profit	223	307	(27.4%)
	Operating Results	7	52*	(86.5%)
AV Business	Turnover	934	900*	+3.8%
	Gross Profit	110	128*	(14.1%)
	Operating Results	(9)	46*	N/A

* restated



Business Review



Continuously Optimizing Results & Key Financial Indicators

Committed to “speed and efficiency” as a focus and implemented its core development strategy of achieving “sales volume growth, transformation & sustainable profit growth” with remarkable results

Strong sales volume growth of LCD TVs[#]

- The PRC Market: 8.86 million sets, ▲34.1%
- Overseas Markets: 6.67 million sets, ▲56.8%; of which: Emerging Markets: 4.03 million sets, ▲70.4%
- Exceeding its annual LCD TV sales volume target of 15.20 million sets, marking the first time a Chinese LCD TV manufacturer has reached 15.00 million sets in annual sales volume

Optimized product mix

- Sales volume proportion of high-end products to LCD TVs continued to increase
2012FY: Smart & internet TVs: 50.9% (PRC Market)
3D TVs: 24.1% (PRC Market)

Steadily improved profitability[#]

- Gross profit margin: 16.1% ⇒ 16.6% ▲0.5 percentage points
- Expense ratio: 14.1% ⇒ 13.7% ▼0.4 percentage points
- Operating profit margin: 2.7% ⇒ 3.2% ▲0.5 percentage points
- Profit attributable to owners of the parent: HK\$ 911 million, ▲101.1%

Improved operational efficiency^{*}

- Inventory: HK\$4,298 million ⇒ HK\$6,732 million ▲ HK\$2,434 million
- Inventory turnover days: 48 days Maintained at a healthy level
- Cash conversion cycle: 18 days ⇒ 15 days ▼ 3 days

Solid financial position^{*}

- Cash and bank balance: HK\$4,258million ▼ HK\$450 million
- Bank loans: HK\$3,010 million ▼ HK\$325 million
- Current ratio: 1.1 times (2011: 1.1 times)
- Gearing ratio: 0 (2011: 0)
- Return on equity: 19.1% (2011: 12.8%)



[#] against year end of 2011
^{*} against 2011 year end

TV Market Shares & Rankings

2012 LCD TV global market share (TCL ranked No. 4)

Ranking	Brand	2012 LCD TV Market Share	2011 LCD TV Market Share
1	Samsung	20.0%	18.7%
2	LGE	13.1%	12.0%
3	Sony	7.4%	9.9%
4	TCL	5.8%	4.8%
5	Toshiba	5.5%	7.2%
6	Panasonic	5.0%	6.2%
7	Hisense	4.7%	4.5%
8	Sharp	4.1%	6.6%
9	Skyworth	4.1%	3.5%
10	AOC	4.0%	0.9%

2012 LCD TV PRC market share (TCL ranked No. 1)

Ranking	Brand	2012 LCD TV Market Share	2011 LCD TV Market Share
1	TCL	18.0%	14.8%
2	Skyworth	16.6%	15.7%
3	Hisense	16.3%	18.2%
4	Konka	11.7%	10.7%
5	Changhong	10.7%	11.3%
6	Haier	6.5%	5.9%
7	Sony	3.8%	4.7%
8	Sharp	3.2%	4.8%
9	Samsung	3.1%	3.3%
10	Panasonic	2.1%	2.1%

Source: DisplaySearch

TV Sales Volume (For the year ended 31 December 2012)

Annual Results 2012

Total TV Sales Volume ('000 sets)	FY2012	FY2011	Change
Total	17,557	15,045	+16.7%
PRC	9,032	7,612	+18.7%
Overseas	8,525	7,433	+14.7%
LCD TV Sales Volume ('000 sets)	FY2012	FY2011	Change
Total	15,527	10,860	+43.0%
Of which: LED backlight LCD TVs	11,828	4,682	+152.6%
Smart & Internet TVs	4,637	1,492	+210.8%
3D TVs	2,179	326	+568.4%
PRC	8,856	6,606	+34.1%
Overseas	6,671	4,254	+56.8%
CRT TV Sales Volume ('000 sets)	FY2012	FY2011	Change
Total	2,030	4,185	(51.5%)
PRC	176	1,006	(82.5%)
Overseas	1,854	3,179	(41.7%)

TV Sales Volume (For the 3 months ended 31 December 2012)

Annual Results 2012

Total TV Sales Volume ('000 sets)	2012 Q4	2011 Q4	Change
Total	5,050	4,542	+11.2%
PRC	2,911	2,403	+21.1%
Overseas	2,139	2,139	Unchanged
LCD TV Sales Volume ('000 sets)	2012 Q4	2011 Q4	Change
Total	4,678	3,700	+26.4%
Of which: LED backlight LCD TVs	4,096	1,973	+107.6%
Smart & Internet TVs	2,024	598	+238.5%
3D TVs	884	133	+564.7%
PRC	2,885	2,218	+30.1%
Overseas	1,793	1,482	+21.0%
CRT TV Sales Volume ('000 sets)	2012 Q4	2011 Q4	Change
Total	372	842	(55.8%)
PRC	26	185	(85.9%)
Overseas	346	657	(47.3%)

TV Business – PRC Market

Operating profit:
HK\$903 million
▲ 71.4% y-o-y

LCD TV sales volume:
8.86 million sets
▲ 34.1% y-o-y

Continuous optimization of product mix

- 17 product series featuring 38 new products, including high-end product series
- Sales volume of 3D TVs and smart & internet TVs contributing to 24.1% and 50.9% of total LCD TV sales volume, respectively

Increased the sales volume proportion of high-end products for margins improvement

- Gross profit margin increased 0.6 percentage points from 20.6% to 21.2% y-o-y

Enhanced “speed & efficiency”

- Inventory turnover days decreased by 8 days y-o-y
- Operating profit margin increased to 3.9% from 2.7% last year

Improved sales channels & points of sales (“POS”) establishment

- The number of POS as at year end of 2012 increased to approximately 30,000 in third-tier to sixth-tier markets and rural markets
- Established a comprehensive strategic cooperation with large-scale home appliance retail chains and online sales channels

TV Business – Overseas Markets

**Operating profit:
HK\$159 million,
became profitable**

**LCD TV sales
volume:
6.67 million sets
▲ 56.8% y-o-y**

Continuous optimization of product mix

- Proportion of LCD TV sales volume further increase to 78.3%

Sales volume of LCD TVs in Emerging Markets surged 70.4% y-o-y

- Proactively expanded the proportion of sales volume of high-end TVs
- Explored new sales channels and intensified marketing efforts and achieved strong growth in Latin America, the Middle East and Southeast Asia

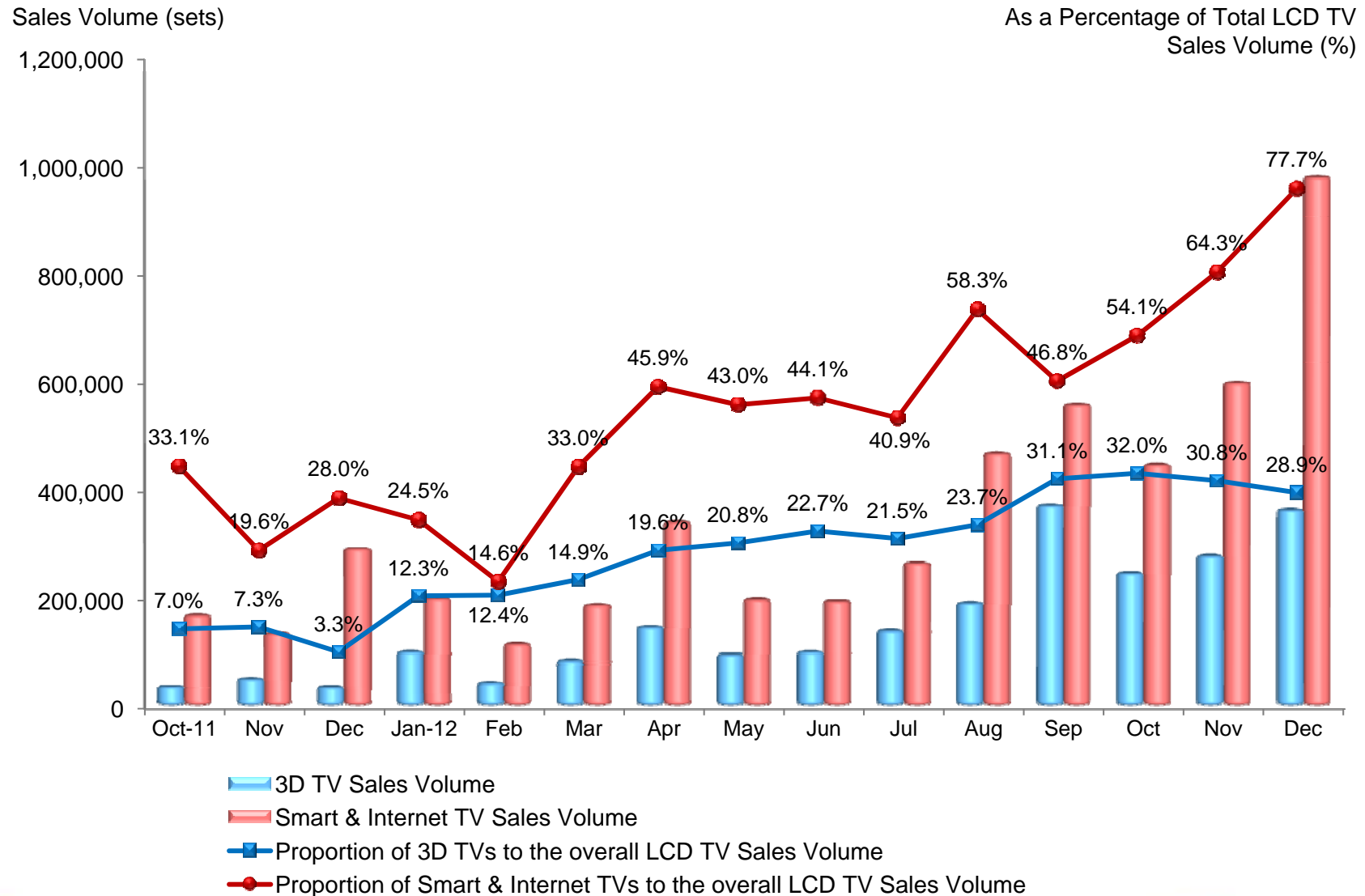
Sales volume of LCD TVs in European Markets grew by 24.4% y-o-y

- Capitalized on the events including 2012 UEFA EURO and London Olympic Games etc, and initiated an array of sports marketing and promotional activities
- Expanded Central and Northern European markets. Sales performances in Germany, Poland and Sweden achieved significant improvements

Steady improvement of Strategic OEM business

- Sales volume of LCD TVs recorded sustainable growth
- Optimizing customer base

Proportion of 3D TV, Smart & Internet TV Sales Volume Increased Steadily in the PRC Market



Continuous Enhancement of Product Competitiveness



Google super-smart TV MoVo



iCE SCREEN



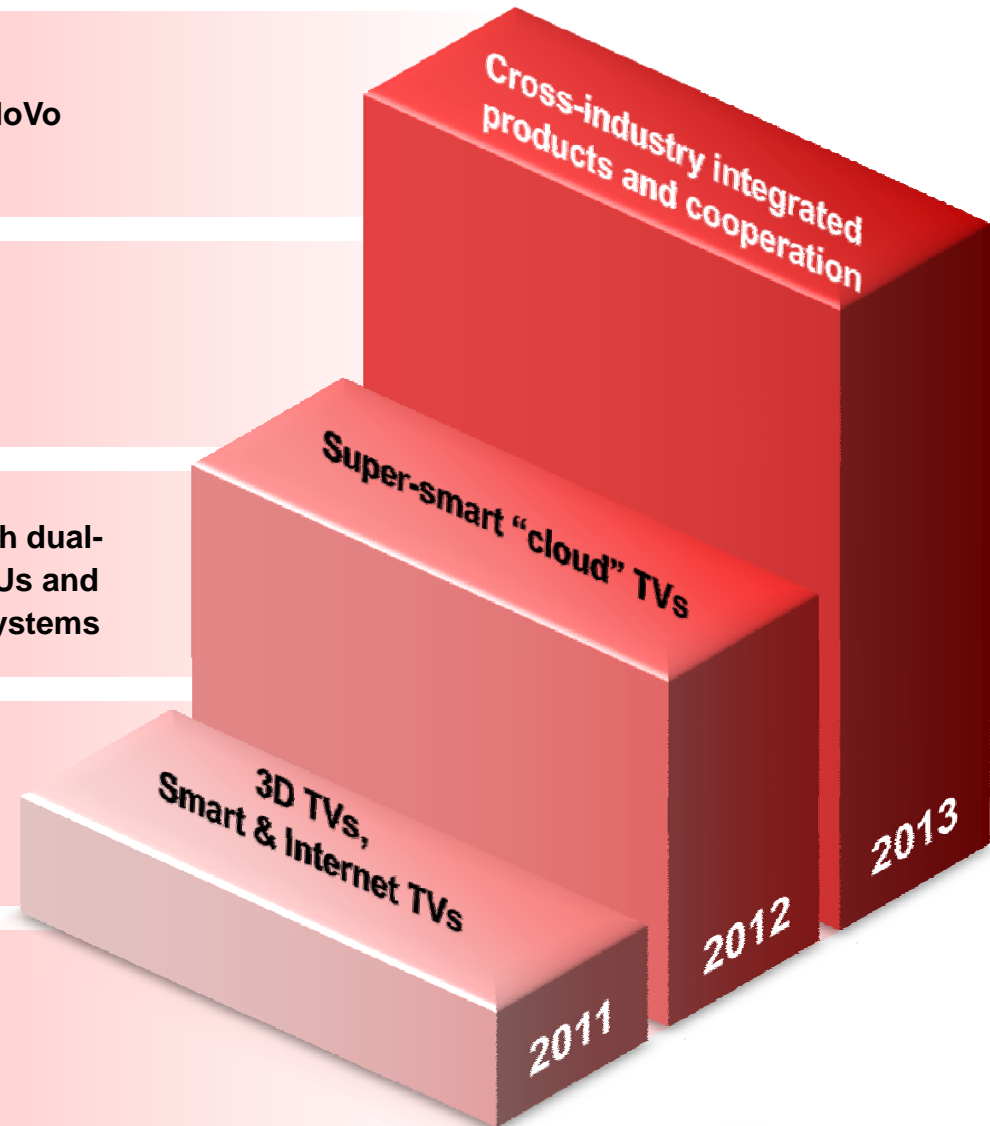
3D smart "cloud" TVs with dual-core CPUs, dual-core GPUs and Android 4.0+ operating systems



Adopt "cloud" computing and storage technology



Integration of smart and 3D technology



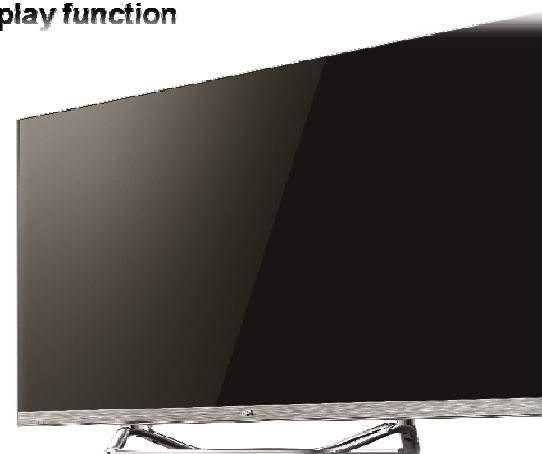
Continuous Enhancement of Product Competitiveness (Cont'd)

Both software and hardware enhancements in 3D Smart "Cloud" TV and new products launch

Full series of 3D smart "cloud" TVs equipped with the world's top dual-core CPUs, dual-core GPUs and the Android 4.0+ operating systems



Cloud • Ping² V6500 series, the world's first smart "cloud" TVs with dual-core 4D dual-display function



Cloud • Chang E4500 series, the world's first smart "cloud" TVs with dual-core processors featuring KTV function



Enhanced Innovation Capability

Jointly launched the world's first large screen portable entertainment smart "cloud" product with Tencent Holdings – iCE SCREEN



Enhanced Innovation Capability (Cont'd)

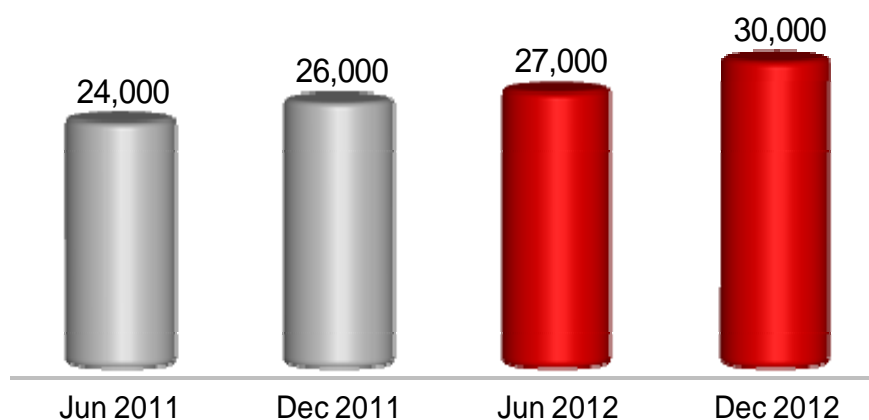
**Jointly launch Google Super-Smart TV MoVo with Marvell,
the world's leading semiconductor chip manufacturer.
Become the first Chinese television enterprise to launch the integrated Google TVs**



- Based on Google's powerful search engine and combining TCL's proprietary developed PBO (Personal Box Office, commonly known as the "Lazy TV") innovative technology
- Combined PBO and Google search technology , users can enjoy real "Lazy TV" super smart experience without operating a remote control or initiating voice recognition

Sales Channel Development – To Raise Sales Volume & Strengthen Brand Influence

POS in third-tier to sixth-tier markets & rural markets in the PRC



- 29 sales branches and 183 operation departments in the PRC Market
- First-tier and second-tier cities accounted for 30% of the PRC Market sales volume, while third-tier to sixth-tier markets and rural markets accounted for 70%



Strengthened Marketing Efforts to Enhance Brand Influence

Participated in 2013 International Consumer Electronics Fair in Las Vegas, USA



COLOR YOUR WORLD

TCL obtained the naming rights – “TCL Chinese Theatre”



Collaborated with “Iron Man 3” through brand placement, joint promotions and authorized usage of creative elements



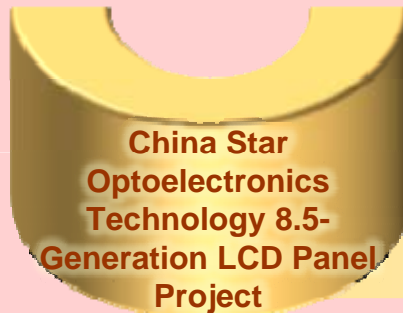
Became the first Chinese television brand with its TV products featured at Hong Kong International Airport



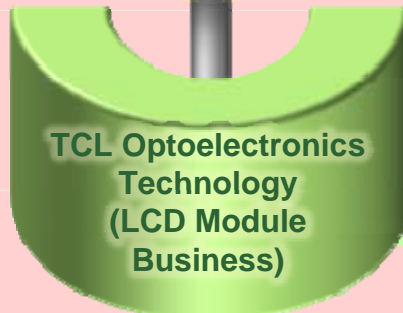
Integration of Upstream & Downstream Industry Chain Synergy Effects from Vertical Integration Become More Apparent

Stable supply of raw materials & cost control

Synergy effects from vertical integration become more apparent



- Reached its target production capacity ahead of schedule. Production volume of LCD mother glass was about 120,000 pieces for the month of December 2012, with a good yield rate of 95.9%
- Continue to create synergy effects in planning, manufacturing, cost control, quality control and transportation
- Ensure supply of raw materials and effective cost control



- Own the PRC's most advanced LCD module production lines
- Create new revenue streams by improving production capabilities through strategic cooperation with China Star Optoelectronics Technology



- TCL Optoelectronic Technology + TCL Coretronic + Huizhou Bri-King Optronics
- Quality control on whole process



become the only TV manufacturer & distributor with a fully integrated industry chain and sales capabilities in the PRC



Tonly Electronics Business (Formerly known as AV Business) Annual Results 2012

An ODM supplier offering AV products to international brands and customers

Business Review

Changing industry landscape in 2012 facilitated rapid transformation in products, sale performances of various product lines are as follows:

- **BD / DVD Products:**

The shrinking traditional DVD player market made sales volume dropped by 45% y-o-y to 9.43 million sets

However, sales volume of BD products rose 37% y-o-y to 2.73 million sets as the global economy slowly picked up

- **Audio Products:**

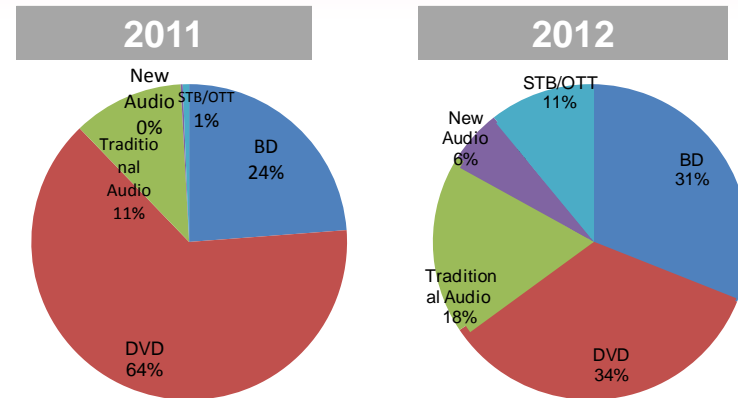
Sales volume of traditional audio products (Home Theatre Systems) rose 29% y-o-y to 0.94 million sets, better than the industry's average

Sales volume of new audio products (including soundbar, docking, wireless) rose 1,773% y-o-y to 0.61 million sets, better than the industry's average

- **STB/OTT Products:**

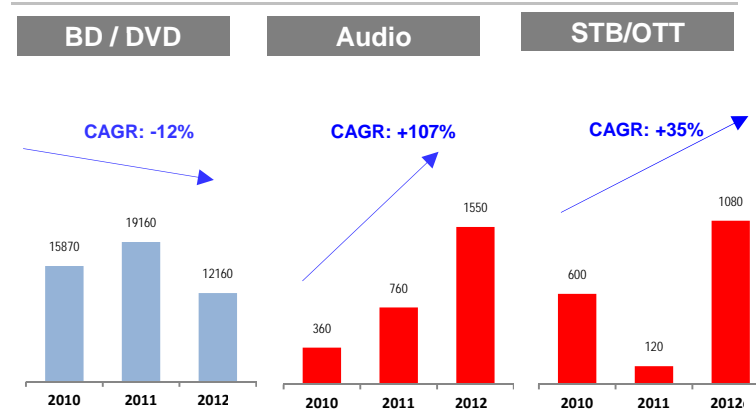
Sales volume of STB/OTT products reached more than 1 million sets and achieved satisfactory growth

Changes in the Product Mix (based on sales turnover)



Source: Company information

Sales Growth of Key Products ('000 sets)



Source: Company information

Product Overview of Tonly Electronics

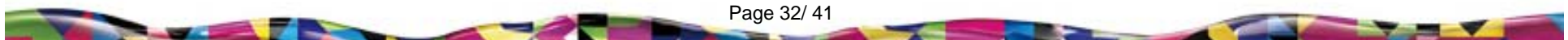
On-going business

Discontinued business

Core business has transformed from traditional audio & BD / DVD series to new audio & STB / OTT series

	2005 & before	2006	2007	2008	2009	2010	2011	2012
STB/OTT Series			DVB-C/T1				OTT BOX	ABS-S
Traditional Audio					DVD HTS	BD HTS	Micro & Mini	
New Audio							Docking	Portable speaker
BD / DVD Series	DVDP		PDVD	BDP		PBD		Soundbar

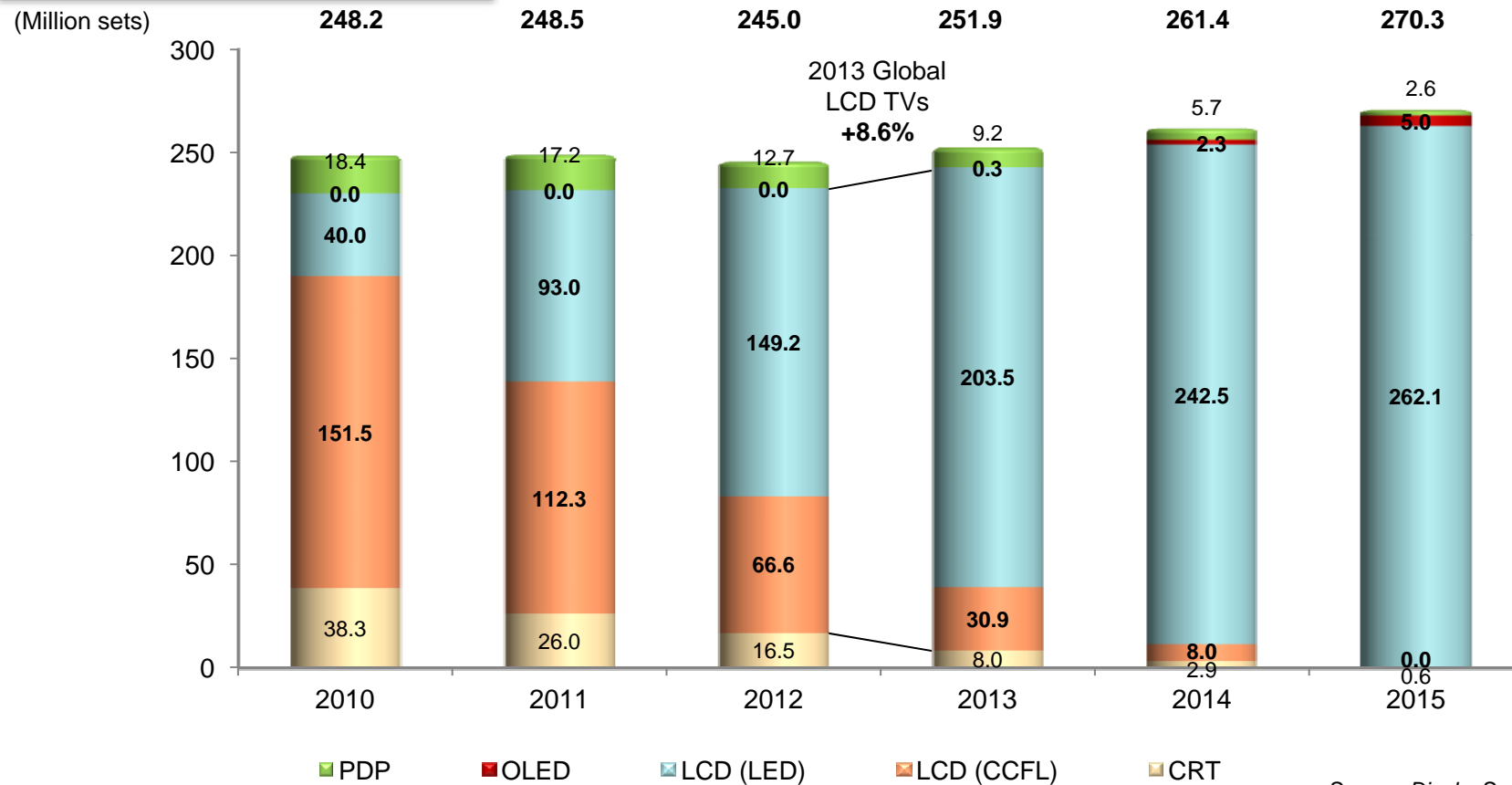
Outlook



Industry Analysis – Forecast on Global TV Market Capacity

The popularity of 3D TVs and smart & internet TVs has been growing

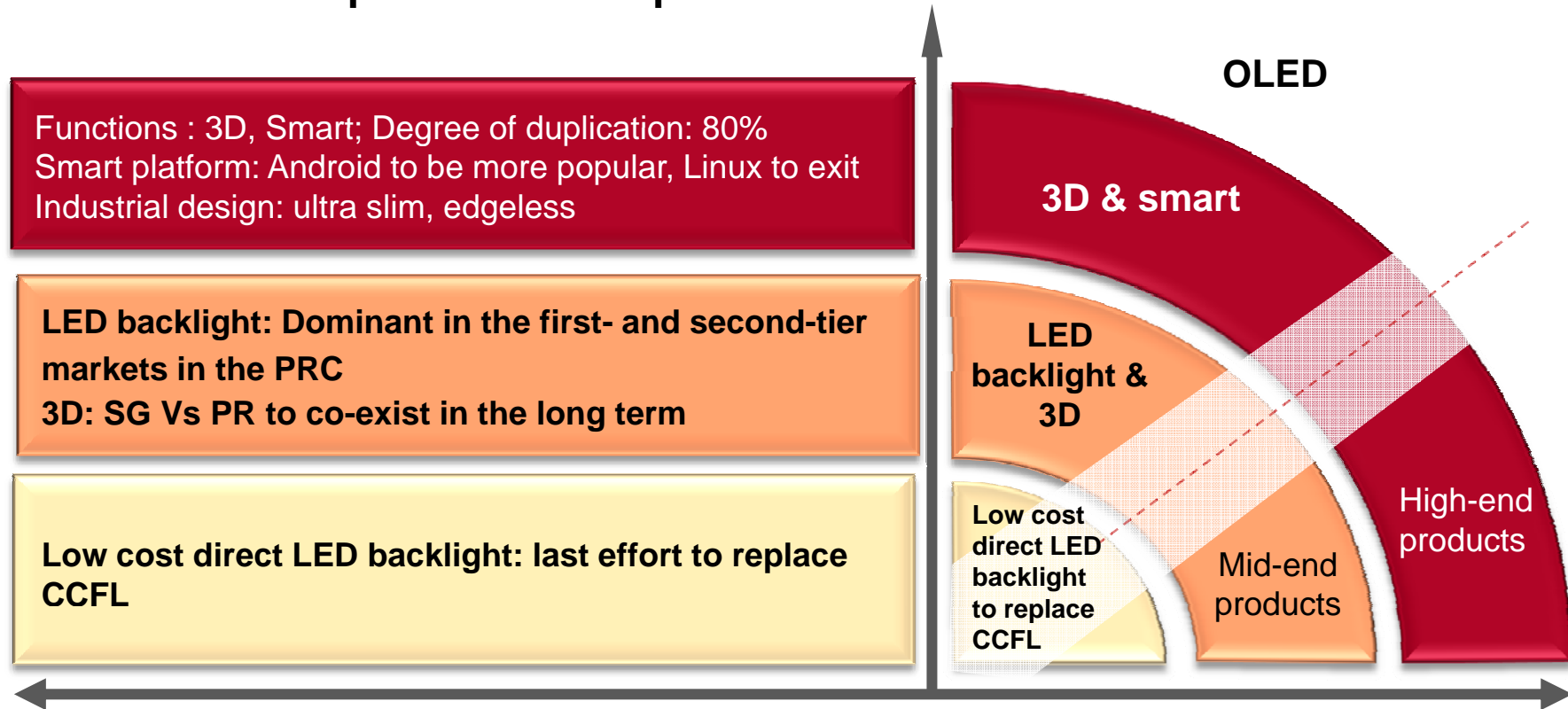
Global Shipment by Product



Source: DisplaySearch

Industry Analysis - Product Development Trend

Three levels in product development



Source: China Market Monitor Co.Ltd

Outlook - TV Business

2013 global sales volume target of LCD TVs: 18.00 million sets, expected up 15.9% year-on-year*

- Remain committed to “speed and efficiency” as its core development strategy

- Develop cost-effective products and actively expand sales channels and improve operational efficiency



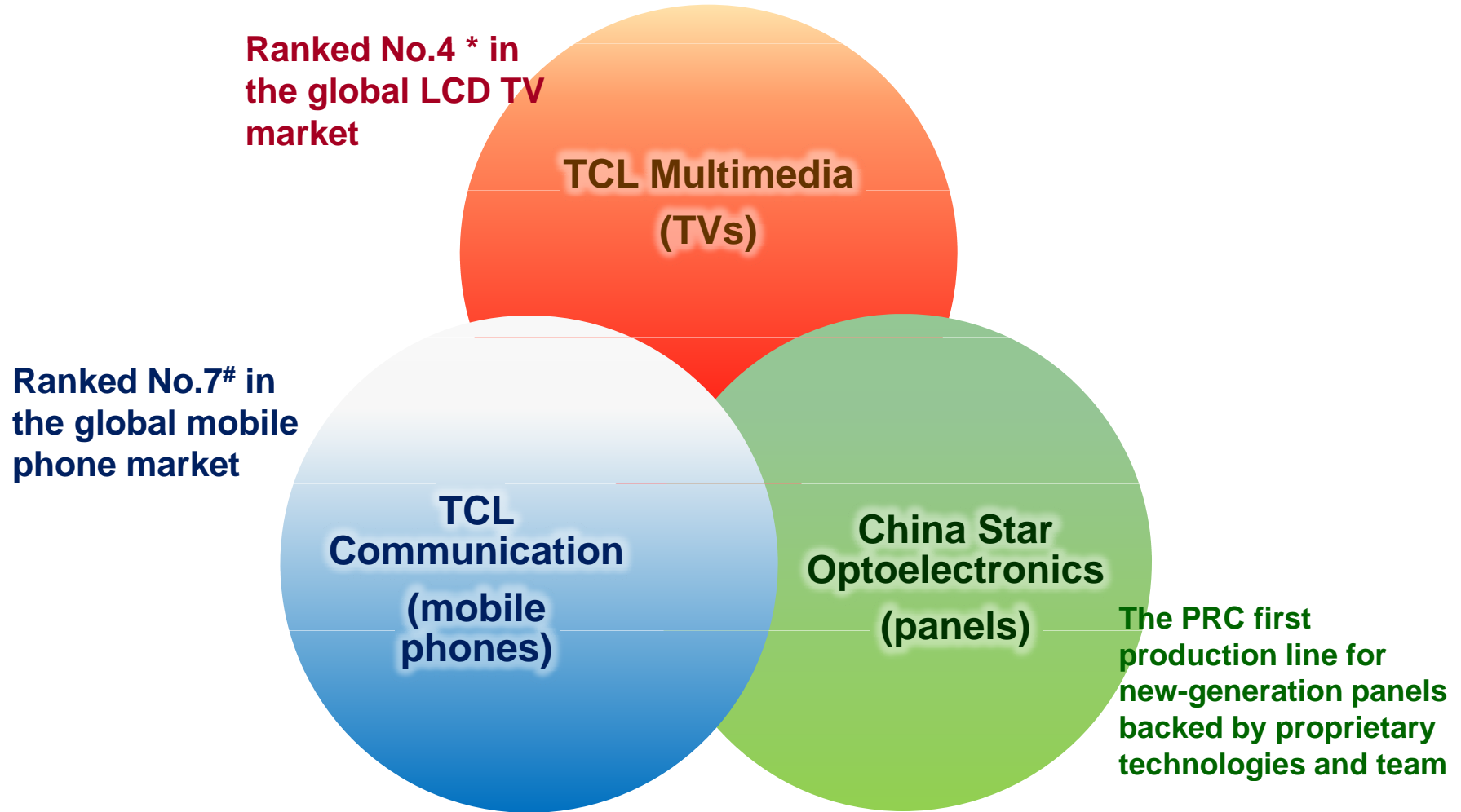
** Compared with the actual sales volume of 15.53 million sets in 2012*

Outlook - Leveraging TCL Group's Resources to Create Synergies and Aims to become the Leading Global Consumer Electronics Brand

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Annual Results 2012



Source: * DisplaySearch 2012

Gartner Report (November 2012), presenting handset only, excluding TCL-Alcatel ODM product

Outlook - TV Business in the PRC Market

Reinforce market leadership in the PRC

Enlarge market share high-end segment + *Accomplish steady growth* + *Maintain strong profitability*

Product strategy

- Implement "Full Cloud Strategies" and focus on improving customer experience
- Enhance competitiveness of its products and increase the proportion of high-end products

Brand & promotion strategy

- Develop a more innovative sales and promotion model to sustain brand development
- Strengthen brand image and awareness

Channel strategy

- Continue to increase the numbers of POS and specialty stores
- Improve store efficiency and management

Operational strategy

- Improve operation management and overall competitiveness
- Better leverage integration of industry chain to reduce costs and expense ratio, to achieve faster turnaround cycle

Outlook – TV Business in Overseas Markets

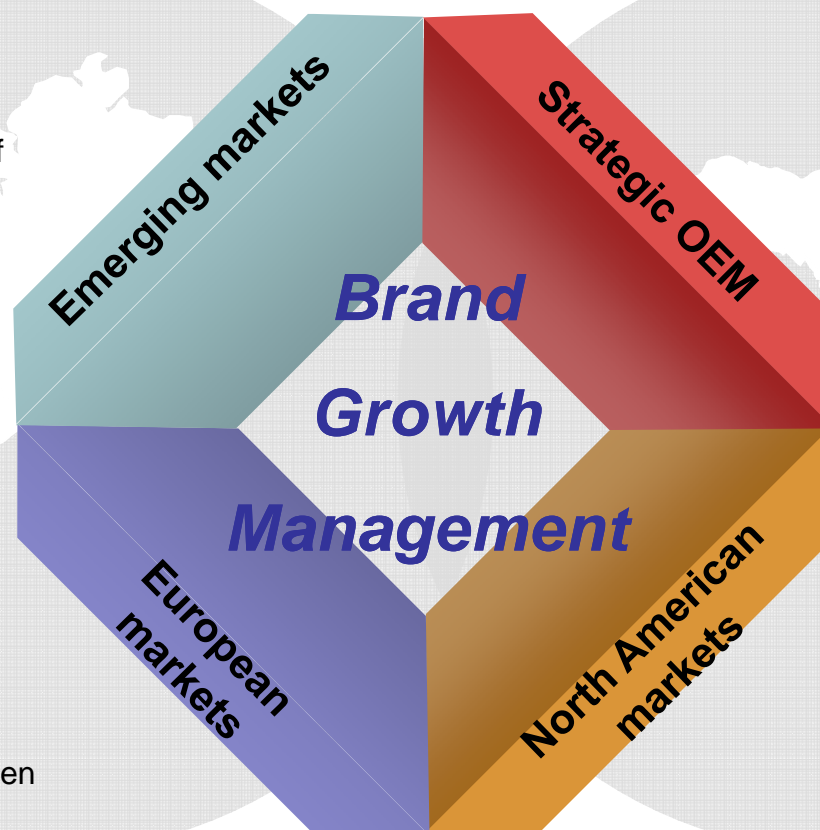
- Increase investments in branding and marketing in order to create globalized and youthful brand image
- Launch high-end products and boost sales volume growth, including smart TVs, ultra-narrow rim product series, etc
- Continue to adopt prudent management approach to sustain profitability

Increase proportion of sales volume of high-end products

- Increase the proportion of sales volume of LED backlight LCD TVs and smart TVs
- Explore sales channels and improve overall operational efficiency

Improve operational efficiency

- Continue to improve operational efficiency proactively adjust the product mix and strengthen inventory management



Optimize strategic OEM customer base

- Leverage supply chain and industry chain resources and optimize costs

Increase investment in branding

- Participate in large-scale overseas trade fairs to strengthen relationships with global customers

Outlook - Tonly Electronics Business

Business competitive advantages

1 Provide services to the world's first-tier brands and customers with long-term and stable domestic and international clientele

2 Focus on R&D capability and investment, work closely with customers to jointly design and develop new products to achieve fast and cost-effective scalable manufacturing within the industry

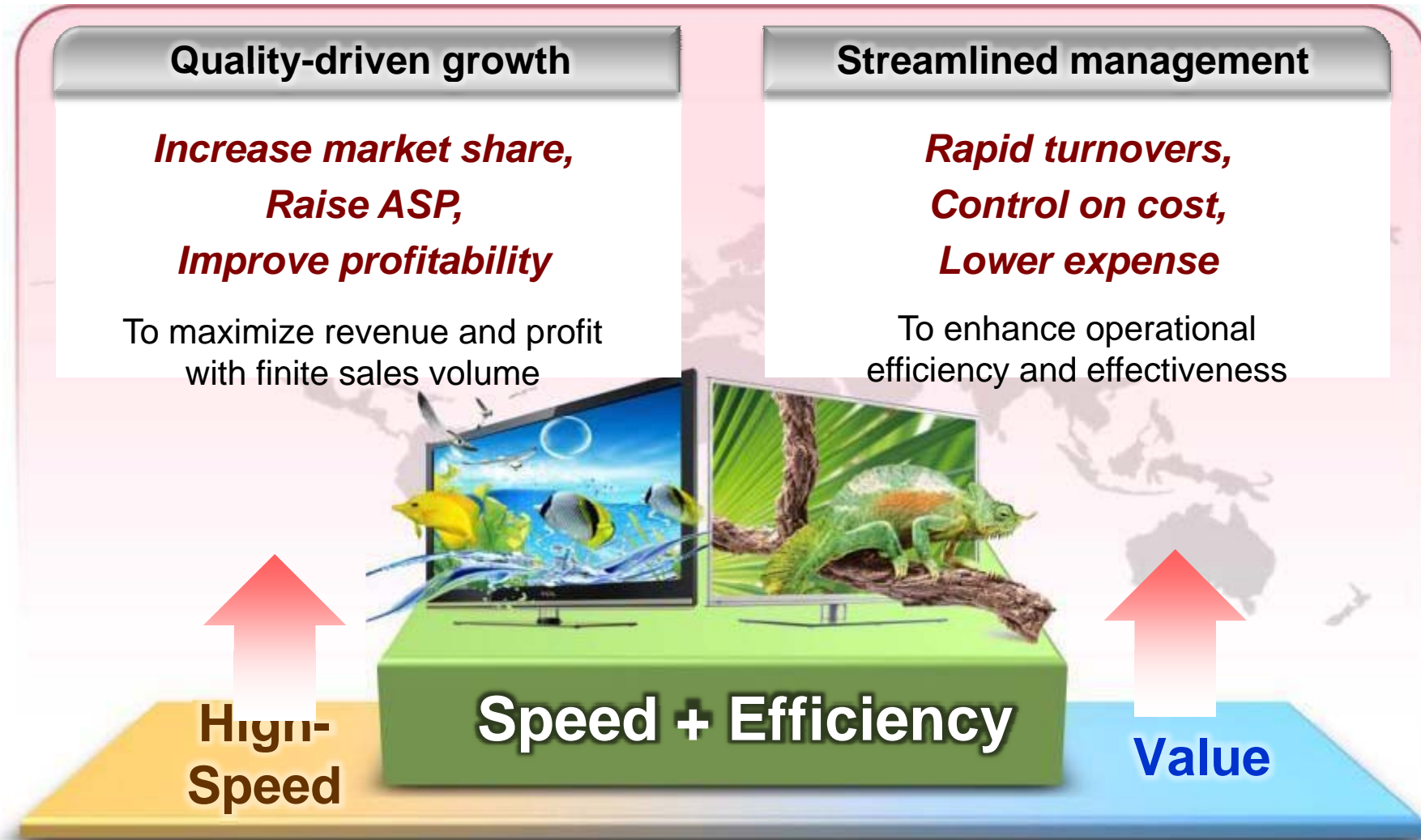
3 Global supply chain management and prioritize cost advantages

4 Excellent quality and customer service

5 Compliance with leading international standards and high-efficiency manufacturing capability

6 Stable management and technology team with rich international experiences, nurtured through long-term cooperation with renowned international brands

Keys to Success: “Speed and Efficiency”



Thank You

TCL Multimedia Technology Holdings Limited

