



**TCL Multimedia Technology Holdings Limited**  
**Stock Code: 01070**



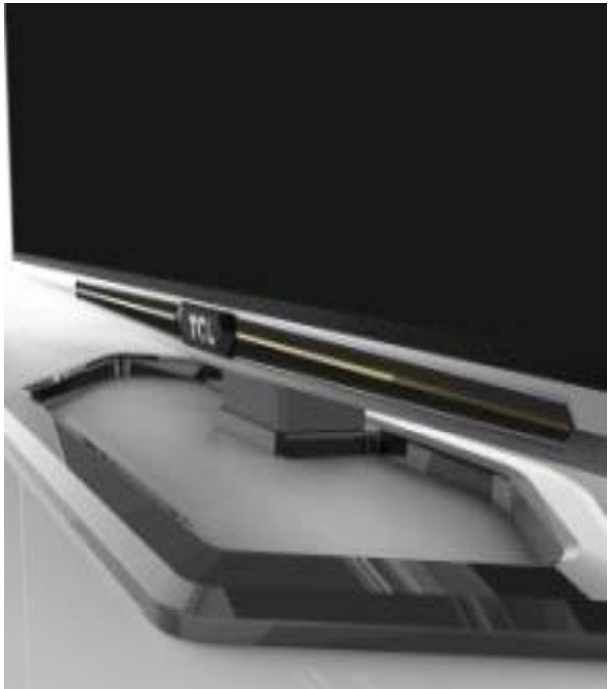
**2013 Q3 Results Presentation**

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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.

# Agenda



Results  
Overview

Financial  
Highlights

Business  
Review

Outlook



*The financial results for the nine months ended 30 September are unaudited*

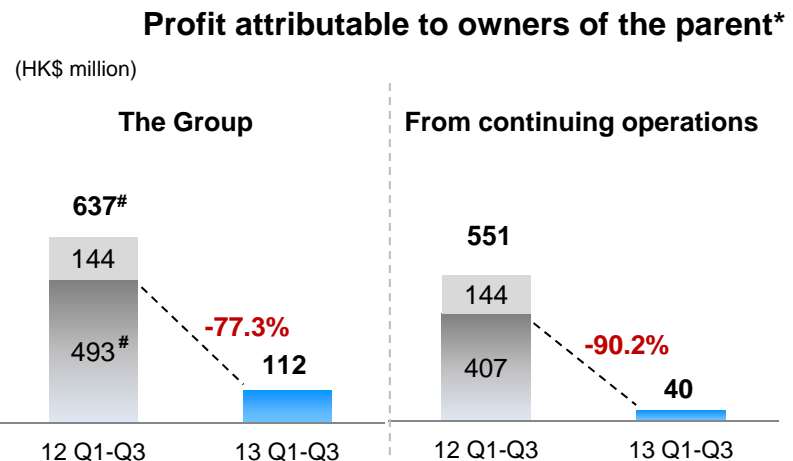
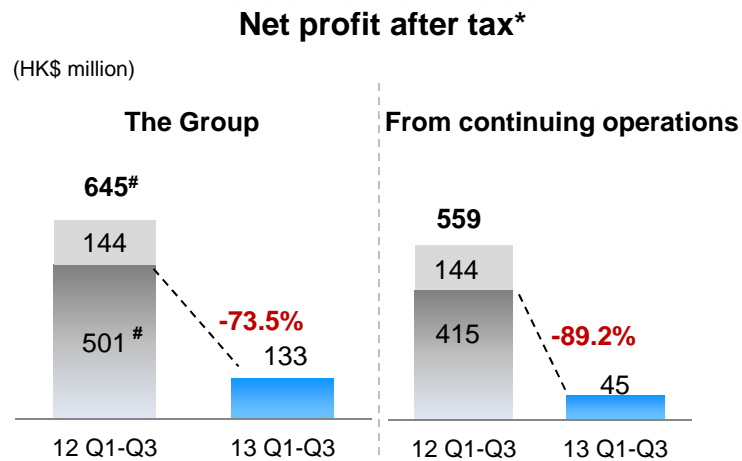
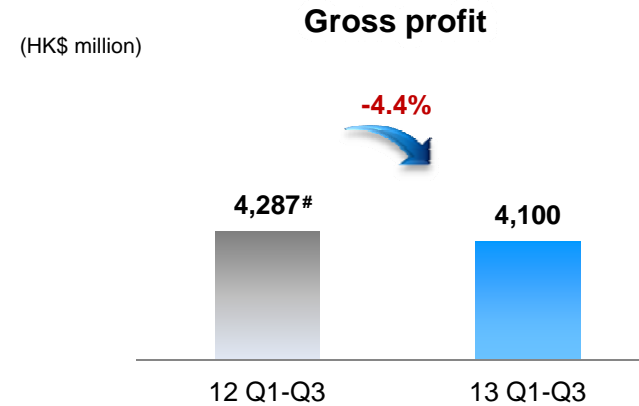
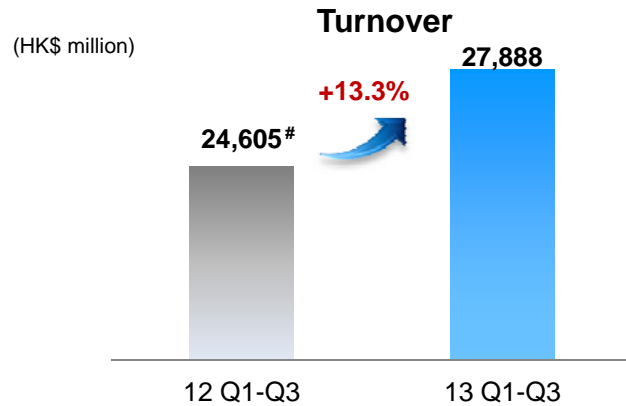


**L85H9500A-UD 85-INCH  
ULTRA HIGH-DEFINITION TV**

# Results Overview



# Results Overview (For the 9 months ended 30 September 2013)

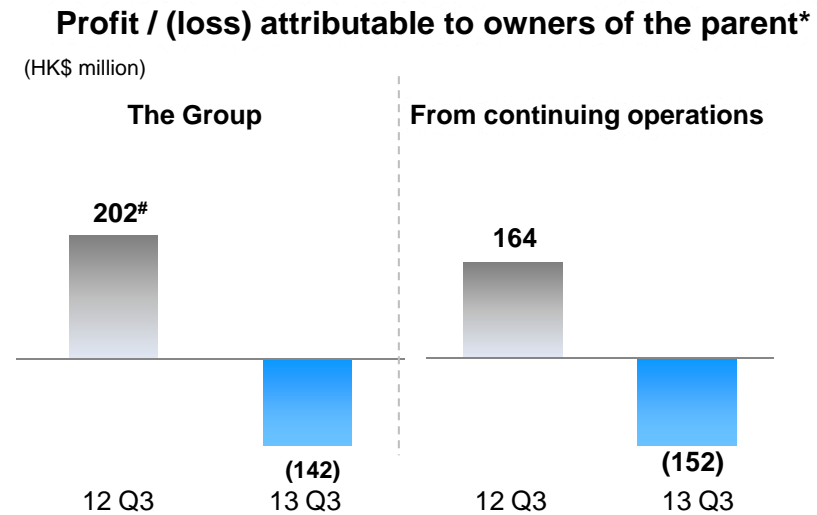
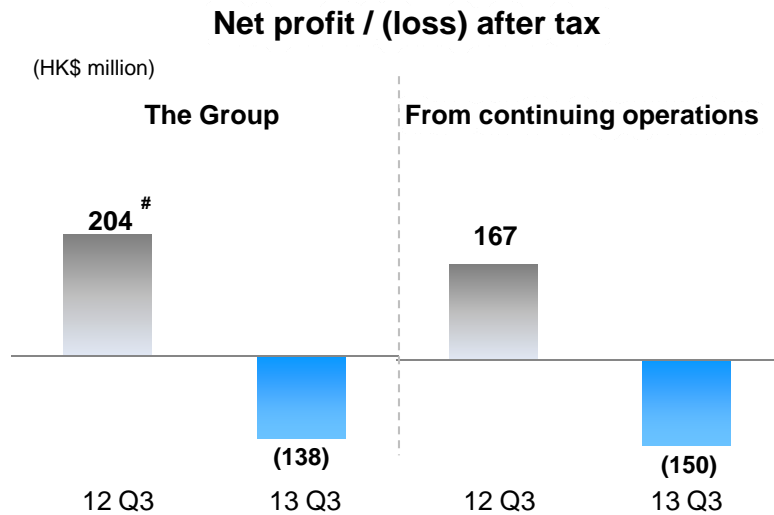
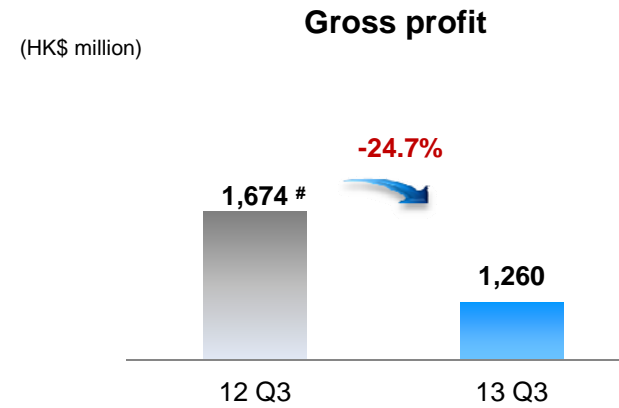
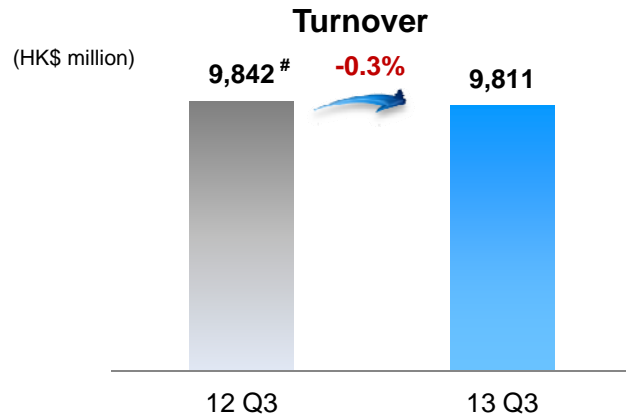


# Restated (Turnover and gross profit excluded contributions from Tonly Holdings. Tonly Holdings' results had been classified as "profit from a discontinued operation" and would be included in the overall results of the Group)

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



# Results Overview (For the 3 months ended 30 September 2013)



# Restated (Turnover and gross profit excluded contributions from Tonly Holdings. Tonly Holdings' results had been classified as "profit from a discontinued operation" and would be included in the overall results of the Group)

## Main Reasons for the Loss in the Third Quarter

### Main reasons

- The optimistic expectation of the Group on the market demand at the beginning of the year led to increase in inventory of raw materials and products; as a result of the decreased raw material and product price, there was a significant devaluation of corresponding inventory
- Quality issues of outside suppliers for components of individual products resulted in an additional cost in after-sales service
- The Group did not meet the sales volume target for the third quarter in the PRC Market because the demand for LCD TVs dropped due to the withdrawal of the energy-saving home appliances subsidy policy by the PRC government in June 2013





**E5690A-3D 4K ULTRA HIGH-DEFINITION 3D TV**

Financial  
Highlights







# Consolidated Results (For the 9 months ended 30 September 2013 )

(HK\$ million)	2013 Q1-Q3	2012 Q1-Q3	Change
Turnover	27,888	24,605 <sup>#</sup>	+13.3%
Gross profit	4,100	4,287 <sup>#</sup>	(4.4%)
Operating profit	220	686 <sup>#*</sup>	(67.9%)
Profit attributable to owners of the parent			
- Profit for the period <sup>^</sup>	112	493 <sup>#*</sup>	(77.3%)
- Profit from continuing operations	40	407 <sup>*</sup>	(90.2%)
Basic earnings per share (HK cents)			
- Profit for the period <sup>^</sup>	8.39	48.85 <sup>#</sup>	(82.8%)
- Profit from continuing operations	3.04	42.25	(92.8%)

<sup>#</sup> Restated

<sup>\*</sup> Excluding 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 subsidiary, Huizhou TCL Coretronic Co., Ltd.. The acquisition was completed on 18 January 2012

<sup>^</sup> Including Tonly Holdings. The Group has successfully spun off Tonly Holdings for a separate listing on the Main Board of The Stock Exchange on 15 August 2013



## Consolidated Results (For the 3 months ended 30 September 2013)

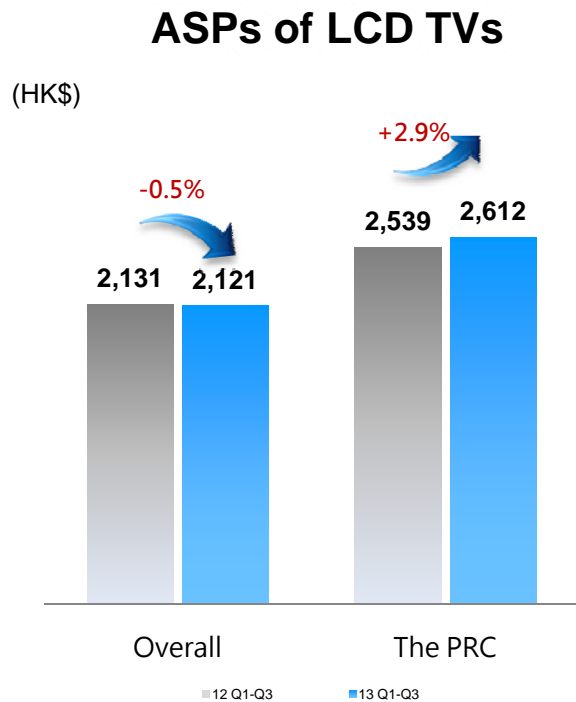
(HK\$ million)	2013 Q3	2012 Q3	Change
Turnover	9,811	9,842 <sup>#</sup>	–
Gross profit	1,260	1,674 <sup>#</sup>	(24.7%)
Operating profit /(loss)	(111)	203 <sup>#</sup>	N/A
Profit /(loss) attributable to owners of the parent			
- Profit/(loss) for the period <sup>^</sup>	(142)	202 <sup>#</sup>	N/A
- Profit/(loss) from continuing operations	(152)	164	N/A
Basic earnings/(loss) per share (HK cents)			
- Profit /(loss) for the period <sup>^</sup>	(10.66)	15.49 <sup>#</sup>	N/A
- Profit/(loss) from continuing operations	(11.42)	12.60	N/A

<sup>#</sup> Restated

<sup>^</sup> Including Tonly Holdings. The Group has successfully spun off Tonly Holdings for a separate listing on the Main Board of The Stock Exchange on 15 August 2013



# Average Selling Prices (“ASPs”) | Profit Margins and Expense Ratio



### Profit margins and expense ratio

	2013 Q1-Q3	2012 Q1-Q3	Change (p.p.)
Gross profit margin	14.7%	17.4% <sup>#</sup>	(2.7)
Expense ratio <sup>*</sup>	14.4%	14.7% <sup>#</sup>	(0.3)
Operating profit margin	0.8%	2.8% <sup>***</sup>	(2.0)

<sup>\*</sup> Expense ratio = (Selling and distribution expenses + Administrative expenses) / Turnover

<sup>#</sup> Restated

<sup>\*\*</sup> Excluding 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 subsidiary, Huizhou TCL Coretronic Co., Ltd.. The acquisition was completed on 18 January 2012

## Balance Sheet Highlights

(HK\$ million)	30 Sep 2013	31 Dec 2012 (Restated)*	Change	31 Dec 2012
<b>Non-current assets</b>	<b>3,071</b>	2,847	<b>+7.9%</b>	3,078
<b>Inventories</b>	<b>5,882</b>	6,387	<b>(7.9%)</b>	6,732
<b>Cash and bank balances</b>	<b>3,925</b>	2,434	<b>+61.3%</b>	3,431
<b>Current assets</b>	<b>21,336</b>	25,173	<b>(15.2%)</b>	24,942
- Continuing operations	<b>21,336</b>	21,735	<b>(1.8%)</b>	N/A
- Discontinued operation (Tonly Holdings)	<b>0</b>	3,438	N/A	N/A
<b>Current liabilities</b>	<b>18,641</b>	22,583	<b>(17.5%)</b>	22,580
- Continuing operations	<b>18,641</b>	19,987	<b>(6.7%)</b>	N/A
- Discontinued operation (Tonly Holdings)	<b>0</b>	2,596	N/A	N/A
<b>Net current assets</b>	<b>2,695</b>	2,590	<b>+4.1%</b>	2,362
<b>Non-current liabilities</b>	<b>1,167</b>	445	<b>+162.2%</b>	448
<b>Net assets</b>	<b>4,599</b>	4,992	<b>(7.9%)</b>	4,992

\* For illustration purpose only. The amounts as at 31 December 2012 have been reclassified to conform with the current period's presentation



## Key Financial Indicators

	30 Sep 2013	31 Dec 2012	Change
Inventory turnover (days)*	65	51 <sup>#</sup>	▲14 days
A/R turnover (days)*	33	31 <sup>#</sup>	▲2 days
A/P turnover (days)*	66	67 <sup>#</sup>	▼1 day
Cash conversion cycle (days)	32	15 <sup>#</sup>	▲17 days
Current ratio (times)	1.1	1.1	Unchanged
Gearing ratio (%)**	0 <sup>##</sup>	0	Unchanged

<sup>#</sup> Restated

\*The above turnover days are calculated based on 12-month average balances

\*\*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 30 September 2013, as the Group's (excluding Tonly Holdings' business) total pledged deposits and cash and bank balances of HK\$3,925 million was higher than the total interest bearing borrowings of HK\$2,978 million, the Group's gearing ratio was zero.



## Segment Results (For the 9 months ended 30 September 2013)

(HK\$ million)		2013 Q1-Q3	2012 Q1-Q3	Change
<b>TV Business PRC Market</b>	<b>Turnover</b>	<b>18,352</b>	15,242	<b>+20.4%</b>
	<b>Gross Profit</b>	<b>3,337</b>	3,363	<b>(0.8%)</b>
	<b>Operating Results</b>	<b>397</b>	613	<b>(35.2%)</b>
<b>TV Business Overseas Markets</b>	<b>Turnover</b>	<b>8,645</b>	8,657	<b>(0.1%)</b>
	<b>Gross Profit</b>	<b>737</b>	889 <sup>#</sup>	<b>(17.1%)</b>
	<b>Operating Results</b>	<b>(129)</b>	152 <sup>#</sup>	<b>N/A</b>
<b>Tonly Holdings Business</b> <small>(Formerly known as AV Business)</small>	<b>Turnover</b>	<b>2,221<sup>*</sup></b>	2,708 <sup>#</sup>	<b>(18.0%)</b>
	<b>Gross Profit</b>	<b>278<sup>*</sup></b>	295 <sup>#</sup>	<b>(5.8%)</b>
	<b>Operating Results</b>	<b>92<sup>*</sup></b>	88 <sup>#</sup>	<b>4.5%</b>

<sup>#</sup> Restated

<sup>\*</sup> Up to Tonly Holdings had been spun-off for a separate listing





## Segment Results (For the 3 months ended 30 September 2013)

(HK\$ million)		2013 Q3	2012 Q3	Change
<b>TV Business PRC Market</b>	<b>Turnover</b>	<b>6,190</b>	6,601	<b>(6.2%)</b>
	<b>Gross Profit</b>	<b>976</b>	1,348	<b>(27.6%)</b>
	<b>Operating Results</b>	<b>(42)</b>	140	<b>N/A</b>
<b>TV Business Overseas Markets</b>	<b>Turnover</b>	<b>3,099</b>	2,873	<b>+7.9%</b>
	<b>Gross Profit</b>	<b>295</b>	275 <sup>#</sup>	<b>+7.3%</b>
	<b>Operating Results</b>	<b>(16)</b>	46 <sup>#</sup>	<b>N/A</b>
<b>Tonly Holdings Business</b> <small>(Formerly known as AV Business)</small>	<b>Turnover</b>	<b>357<sup>*</sup></b>	1,061 <sup>#</sup>	<b>(66.4%)</b>
	<b>Gross Profit</b>	<b>39<sup>*</sup></b>	133 <sup>#</sup>	<b>(70.7%)</b>
	<b>Operating Results</b>	<b>17<sup>*</sup></b>	40 <sup>#</sup>	<b>(57.5%)</b>

<sup>#</sup> Restated

<sup>\*</sup> Up to Tonly Holdings had been spun off for a separate listing



**V8500A-3D 4K ULTRA HIGH-DEFINITION 3D TV**

# Business Review



## 2013 1H LCD TV Global Market Share

Ranking	Brand	2013 1H	2012 FY
1	Samsung	20.3%	20.0%
2	LGE	14.7%	13.1%
<b>3</b>	<b>TCL</b>	<b>6.7%</b>	<b>5.8%</b>
4	Sony	5.9%	7.4%
5	Hisense	5.0%	4.7%
6	Skyworth	4.6%	4.1%
7	Toshiba	4.5%	5.5%
8	Panasonic	4.3%	5.0%
9	AOC/TP Vision	4.1%	4.0%
10	Changhong	3.0%	2.8%

## 2013 1H LCD TV PRC Market Share

Ranking	Brand	2013 1H	2012 FY
<b>1</b>	<b>TCL</b>	<b>18.2%</b>	<b>18.0%</b>
2	Skyworth	15.9%	16.6%
3	Hisense	15.7%	16.3%
4	Konka	12.1%	11.7%
5	Changhong	10.3%	10.7%
6	Haier	6.2%	6.5%
7	Samsung	3.8%	3.1%
8	Sony	3.1%	3.8%
9	Sharp	2.9%	3.2%
10	Panasonic	2.1%	2.1%

Source: DisplaySearch



## TV Sales Volume (For the 9 months ended 30 September 2013)

Total TV Sales Volume ('000 sets)	2013 Q1-Q3	2012 Q1-Q3	Change
Total	13,415	12,507	+7.3%
PRC	7,040	6,121	+15.0%
Overseas	6,375	6,386	(0.2%)

LCD TV Sales Volume ('000 sets)	2013 Q1-Q3	2012 Q1-Q3	Change
Total	12,520	10,849	+15.4%
Of which: LED backlight LCD TVs	12,003	7,731	+55.3%
Smart TVs	1,782	726	+145.5%
3D TVs	1,911	1,295	+47.6%
PRC	7,022	5,971	+17.6%
Overseas	5,498	4,878	+12.7%

CRT TV Sales Volume ('000 sets)	2013 Q1-Q3	2012 Q1-Q3	Change
Total	895	1,658	(46.0%)
PRC	18	150	(88.0%)
Overseas	877	1,508	(41.8%)



## TV Sales Volume (For the 3 months ended 30 September 2013)

Total TV Sales Volume ('000 sets)	2013 Q3	2012 Q3	Change
Total	4,928	4,759	+3.6%
PRC	2,489	2,639	(5.7%)
Overseas	2,439	2,120	+15.0%

LCD TV Sales Volume ('000 sets)	2013 Q3	2012 Q3	Change
Total	4,702	4,372	+7.5%
Of which: LED backlight LCD TVs	4,675	3,424	+36.5%
Smart TVs	644	402	+60.2%
3D TVs	576	703	(18.1%)
PRC	2,480	2,633	(5.8%)
Overseas	2,222	1,739	+27.8%

CRT TV Sales Volume ('000 sets)	2013 Q3	2012 Q3	Change
Total	226	387	(41.6%)
PRC	9	6	+50.0%
Overseas	217	381	(43.0%)

# TV Business in the PRC Market

## Strengths

- Launched 12 new products in 5 series in Q3
- Sales volume of smart TVs in September accounted for 29.8% of the LCD TV sales volume
- Leading position in the industry for 4K\*2K products
- TCL-iQIYI TV+ became the smart TV with highest single month shipment volume in the PRC

## Weaknesses

- The overall sales volume in the PRC Market in Q3 declined by 14.0%\* y-o-y following the withdrawal of the energy-saving home appliances subsidy policy. As a result, LCD TV sales volume in Q3 did not meet the target
- The optimistic expectations led to increase in inventory of raw materials; as a result of the decreased raw material price, gross profit margin was affected

\* Source: DisplaySearch



# TV Business in Overseas Markets

## Strengths

- The sales volume of smart TVs accounted for 18.2% of the LCD TV sales volume for the first three quarters in European Markets
- The Group's market share in France further increased to 6.7%\* for January to August 2013
- Sales volume of Strategic OEM business showed strong growth momentum in Q3

## Weaknesses

- The proportion of high-end products needs to be improved
- Substantial volatilities in exchange rates in some of the emerging market countries seriously affected sales volume and profitability

\* Source: GfK

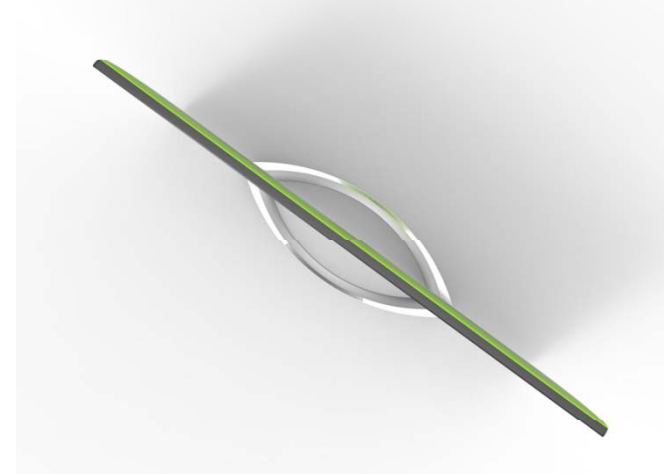
# Co-launch with Baidu iQiYi the Cross-industry New Product “TCL-iQIYI TV+” with Best Customer Experience



# TCL-iQIYI TV+ Became the Smart TV with Highest Single Month Shipment Volume in the PRC



As at October 8, the shipment volume of TCL-iQIYI TV+ surpassed 22,000 sets, being the highest shipment volume of the smart TV product in the first month after launch





# Strengthened Marketing Efforts to Enhance Brand Influence



2013 International Consumer Electronics Fair in Berlin, Germany (“IFA 2013”)



The world's Largest IMAX theatre opened at TCL Chinese Theatre



Hollywood TCL Micro Film Festival



TCL Square Experience Store in North America



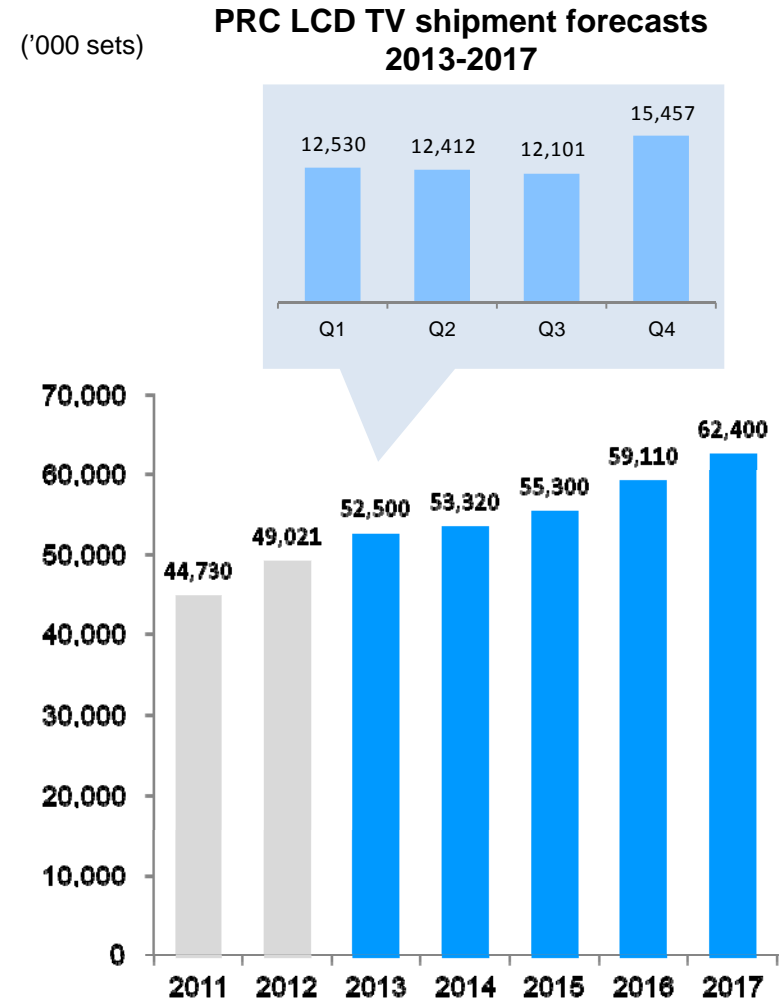
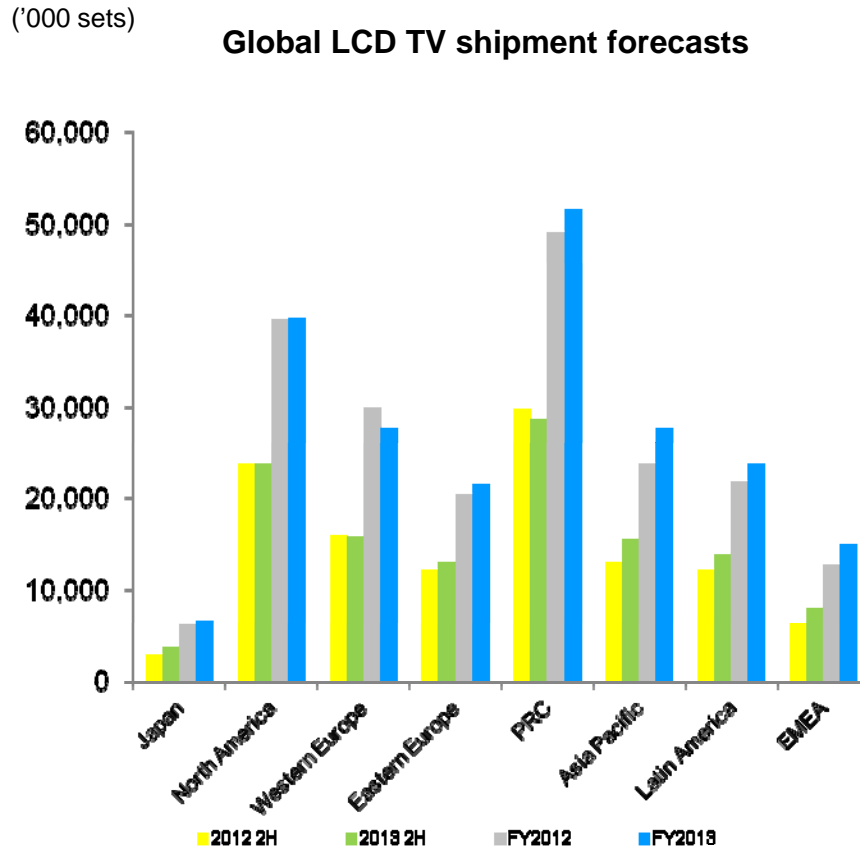
TCL - IQIYI TV+



Outlook



# LCD TV Shipment Forecasts for the Global and the PRC Markets



Source: DisplaySearch 2Q2013

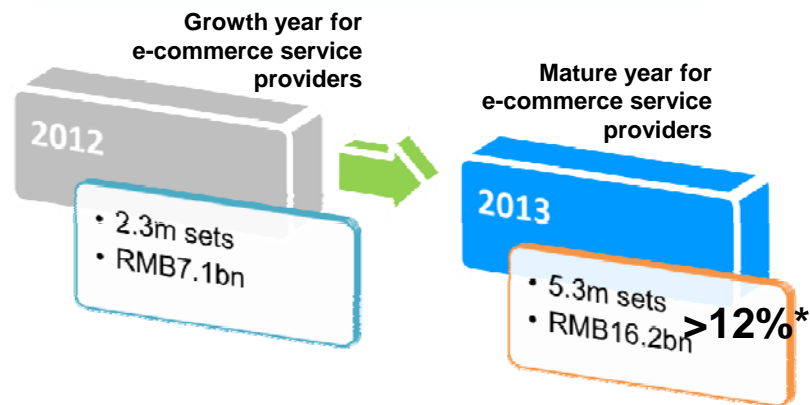


# The PRC Market Forecasts

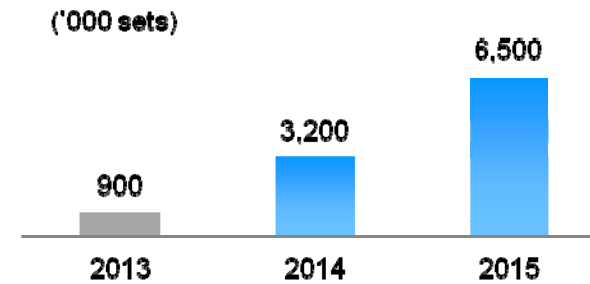
Large-size TVs will be the trend of TV industry in the next few years	
Average size of LCD TV panels during 1 May 2012 #	Average size of LCD TV panels during 1 May 2013 ##
39.9"	41.4"

# Week 18 to 20 in 2012  
## Week 18 to 20 in 2013

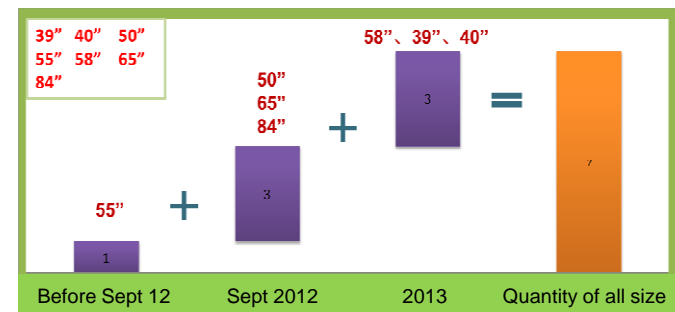
## Sales networks shift in the 1st & 2nd tier markets: e-commerce



## Price, content, product and panel supply, etc. will determine the development of ultra high-definition (“UHD”) TVs in 2013 Market size of UHD TV – Retail sales volume



## Breakdown of UHD TVs by size



Source: China Market Monitor

\* As a percentage of the total TV sales volume in the PRC Market

# Future Plans

## PRC Market

Reinforce leadership in the TV market

- Continue to improve product structure for 4K ultra high-definition TVs
- Intensify “full cloud strategies” and establish an ecosystem for smart TVs. Strengthen the planning of innovative internet product such as TCL-iQIYI TV+ to boost sales performance
- Strengthen the establishment of specialty stores, promote the development of electronic commerce channels and integrate O2O online and offline resources
- Expand industry chain integration to reduce cost and expense ratio, and speed up the turnover rates

## Overseas Markets

Increase investment in brand building and marketing to project a “young, fashionable and internationalized” image

- Continue to adopt prudent business strategy with an emphasis on speed, efficiency and cost control
- Increase proportion of sales volume of high-end products in the Emerging Markets , expand sales channels and enhance overall operating efficiency
- Optimize strategic OEM customer mix and the cost structure
- Continue to improve operating efficiencies, increase investment in branding, speed up the introduction of new products and increase sales volume

## Future Plans (Cont'd)

### Strengthen quality control

- Review the quality control system

### Strengthen inventory management

- Inventory of raw materials to be digested completely in Q4
- Initiate supply chain enhancement program internally, covering R&D, procurement, manufacturing and sales

### Enhance product competitiveness

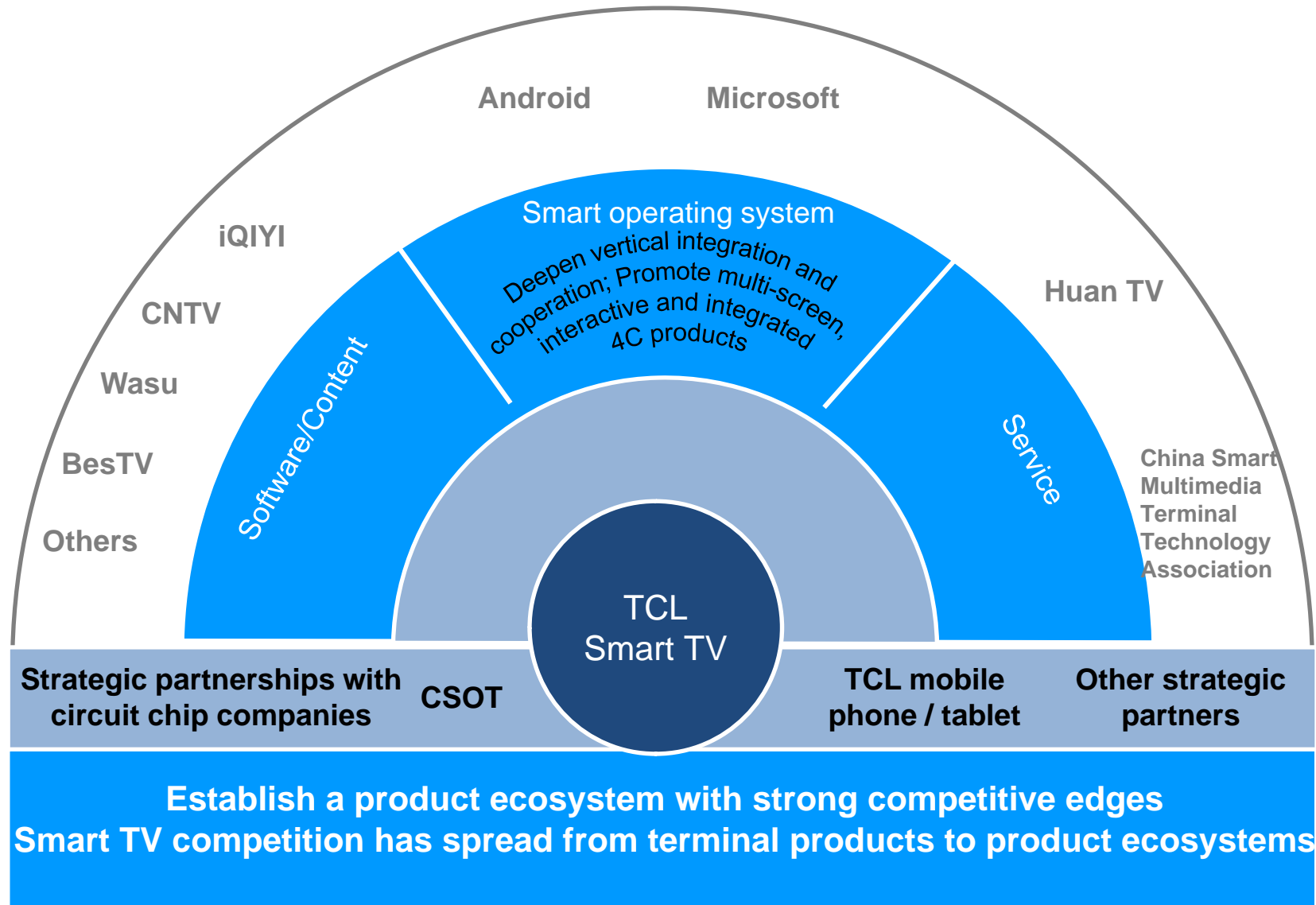
- Initiate product life cycle management system
- Review new product initiation management procedure, simplify product series and model numbers

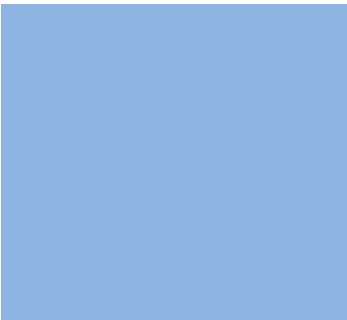
### Speed up internet-oriented development

- Speed up internet-oriented development and ecosystem establishment through TCL iQIYI TV+ and more innovative products



# Outlook – Smart Product Strategy | Establishment of the Smart TV Ecosystem





TCL Multimedia Technology Holdings Limited

