



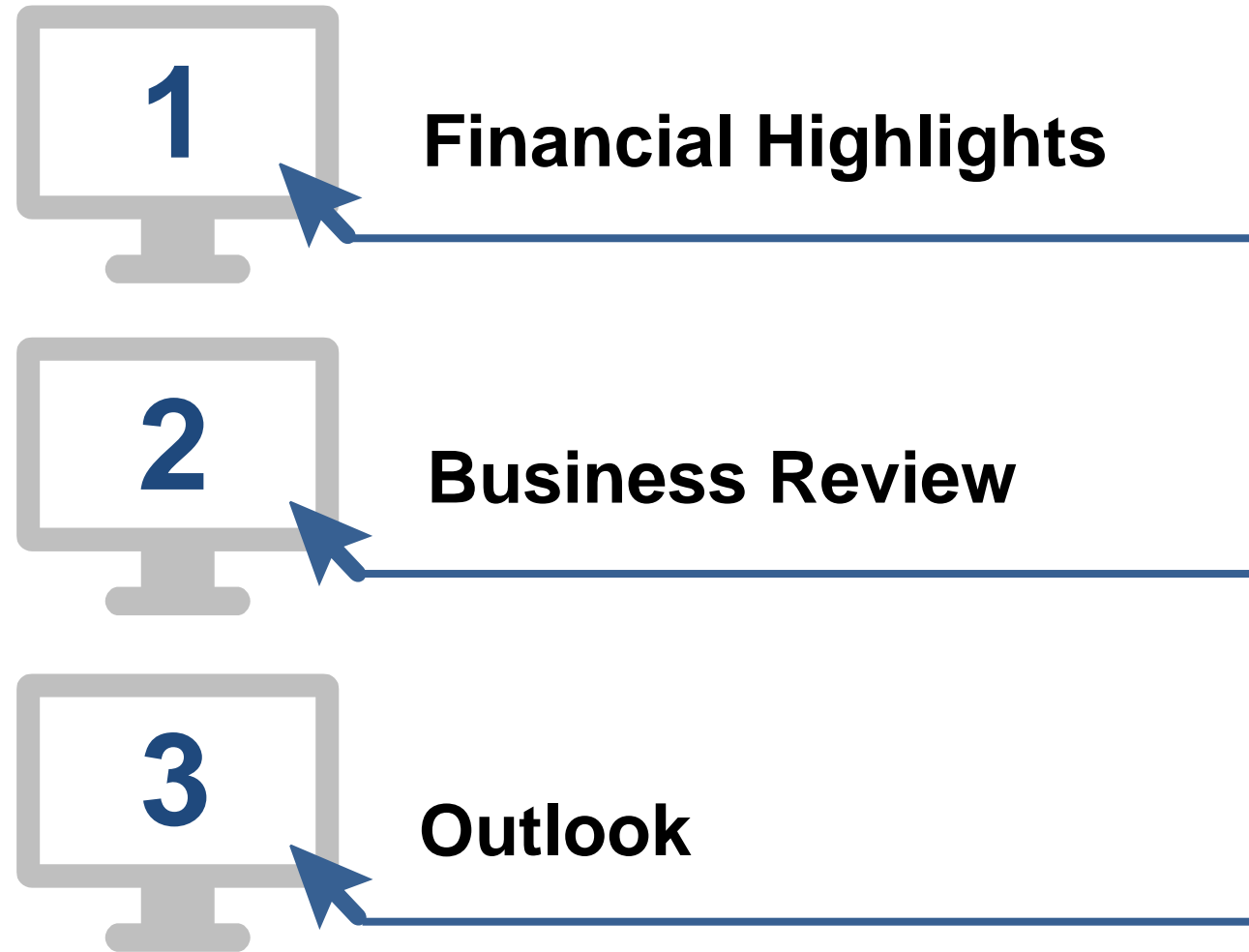
TCL 多媒體科技控股有限公司  
TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED  
Stock Code: 01070

# 2015 Interim Results Presentation

*(Unaudited results for the six months ended 30 June)*



# Agenda



# 1. Financial Highlights



**TCL H8800S-CUD 4K Curved TV**



# 2015 1H Business Overview



**HK\$15.4 billion**

+1.3%

**Turnover**



**HK\$120 million**

(27.1%)<sup>1</sup>

**Net profit after tax**

**HK\$140 million**

(19.6%)<sup>2</sup>

**Profit attributable to owners of the parent**



**HK10.25 cents**

(19.8%)

**Basic earnings per share**



**HK\$7.03 billion**

+94.5%

**Market Capitalisation<sup>3</sup>**



**4.5%**

(0.8 p.p.)

**Return on Equity**

<sup>1</sup> If excluding the one-off gain in 2014 1H, it would have increased by 1,271.0% year-on-year

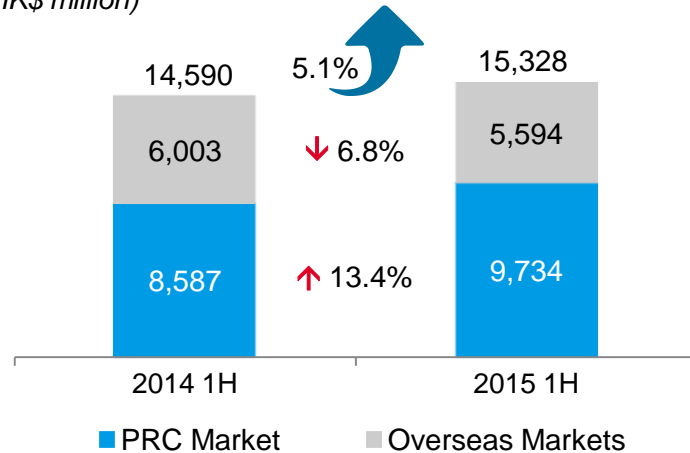
<sup>2</sup> If excluding the one-off gain in 2014 1H, it would have increased by 1,265.9% year-on-year

<sup>3</sup> Calculated by market closing price on 30 June 2015; compared to 30 June 2014

# Financial Highlights (For the six months ended 30 June 2015)

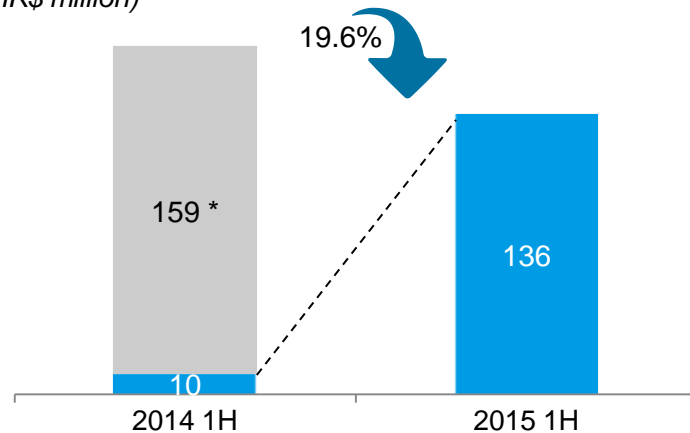
## TV Turnover

(HK\$ million)



## Profit Attributable to Owners of the Parent

(HK\$ million)



(HK\$ million)

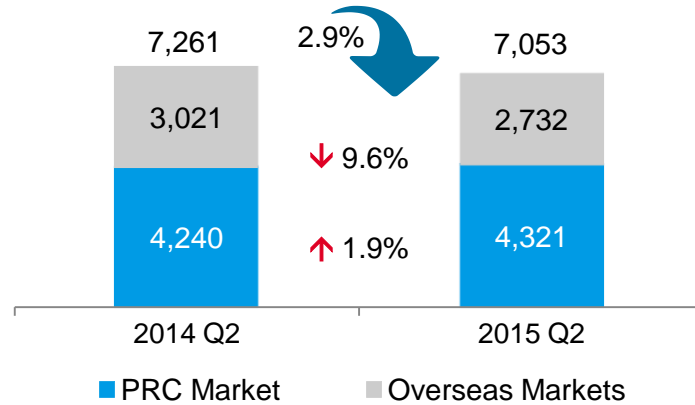
	2015 1H	2014 1H	Change
<b>Turnover</b>	<b>15,397</b>	15,203	<b>1.3%</b>
<b>Gross profit</b>	<b>2,503</b>	2,382	<b>5.1%</b>
<b>Gross profit margin (%)</b>	<b>16.3</b>	15.7	<b>0.6 p.p.</b>
<b>Expense ratio (%)</b>	<b>14.3</b>	14.6	<b>(0.3 p.p.)</b>
<b>Net profit after tax</b>	<b>122</b>	168*	<b>(27.1%)</b>
<b>Net profit after tax margin (%)</b>	<b>0.8</b>	1.1*	<b>(0.3 p.p.)</b>
<b>Profit attributable to owners of the parent</b>	<b>136</b>	169*	<b>(19.6%)</b>
<b>Basic earnings per share (HK cents)</b>	<b>10.25</b>	12.78*	<b>(19.8%)</b>

- Including an one-off gain of approximately HK\$160 million generated from closure of certain subsidiaries

# Financial Highlights (For the three months ended 30 June 2015)

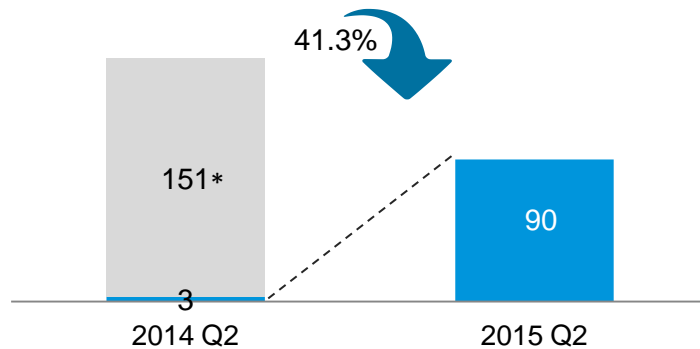
## TV Turnover

(HK\$ million)



## Profit Attributable to Owners of the Parent

(HK\$ million)



(HK\$ million)	2015 Q2	2014 Q2	Change
<b>Turnover</b>	<b>7,112</b>	7,314	<b>(2.8%)</b>
<b>Gross profit</b>	<b>1,315</b>	1,356	<b>(3.1%)</b>
<b>Gross profit margin (%)</b>	<b>18.5</b>	18.5	<b>Unchanged</b>
<b>Expense ratio (%)</b>	<b>15.7</b>	16.7	<b>(1.0 p.p.)</b>
<b>Net profit after tax</b>	<b>82</b>	156*	<b>(47.3%)</b>
<b>Net profit after tax margin (%)</b>	<b>1.2</b>	2.1*	<b>(0.9 p.p.)</b>
<b>Profit attributable to owners of the parent</b>	<b>90</b>	154*	<b>(41.3%)</b>
<b>Basic earnings per share</b> (HK cents)	<b>6.79</b>	11.62*	<b>(41.6%)</b>

- Including an one-off gain of approximately HK\$150 million generated from closure of certain subsidiaries

# Segment Results (For the six months ended 30 June 2015)

The PRC Market TV Business			Overseas Markets TV Business			
<i>(HK\$ million)</i>			<i>(HK\$ million)</i>			
2015 1H	2014 1H	Change		2015 1H	2014 1H	Change
9,734	8,587	13.4%	Turnover	5,594	6,003	(6.8%)
2,065	1,747	18.2%	Gross profit	435	645	(32.5%)
21.2%	20.3%	0.9 p.p.	Gross profit margin	7.8%	10.7%	(2.9 p.p.)
497	198	150.5%	Operating results	(195)	41	N/A



# Segment Results (For the three months ended 30 June 2015)

## The PRC Market TV Business

(HK\$ million)

2015 Q2	2014 Q2	Change
4,321	4,240	1.9%
1,095	1,019	7.4%
25.3%	24.0%	1.3 p.p.
210	223	(5.9%)

## Overseas Markets TV Business

(HK\$ million)

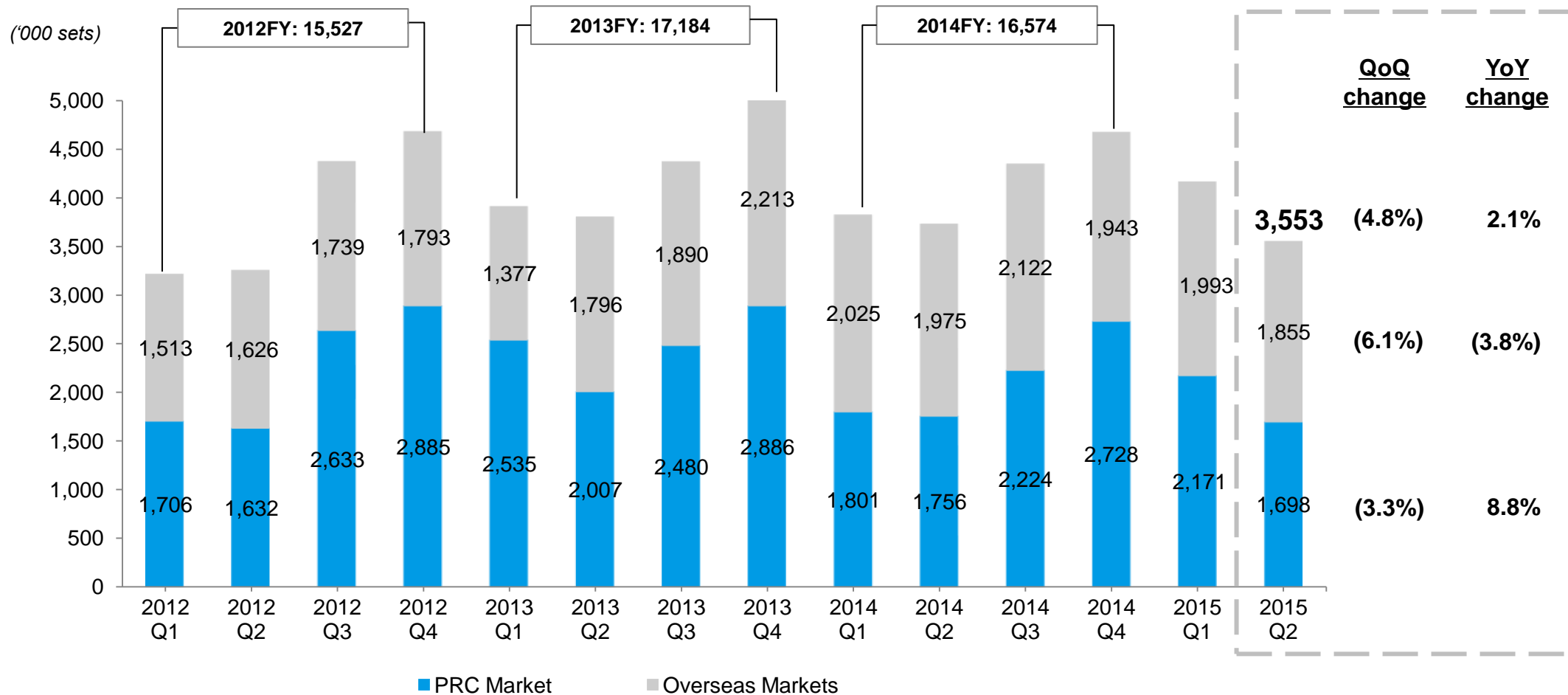
2015 Q2	2014 Q2	Change
2,732	3,021	(9.6%)
227	338	(33.0%)
8.3%	11.2%	(2.9 p.p.)
(77)	(12)	566.7%





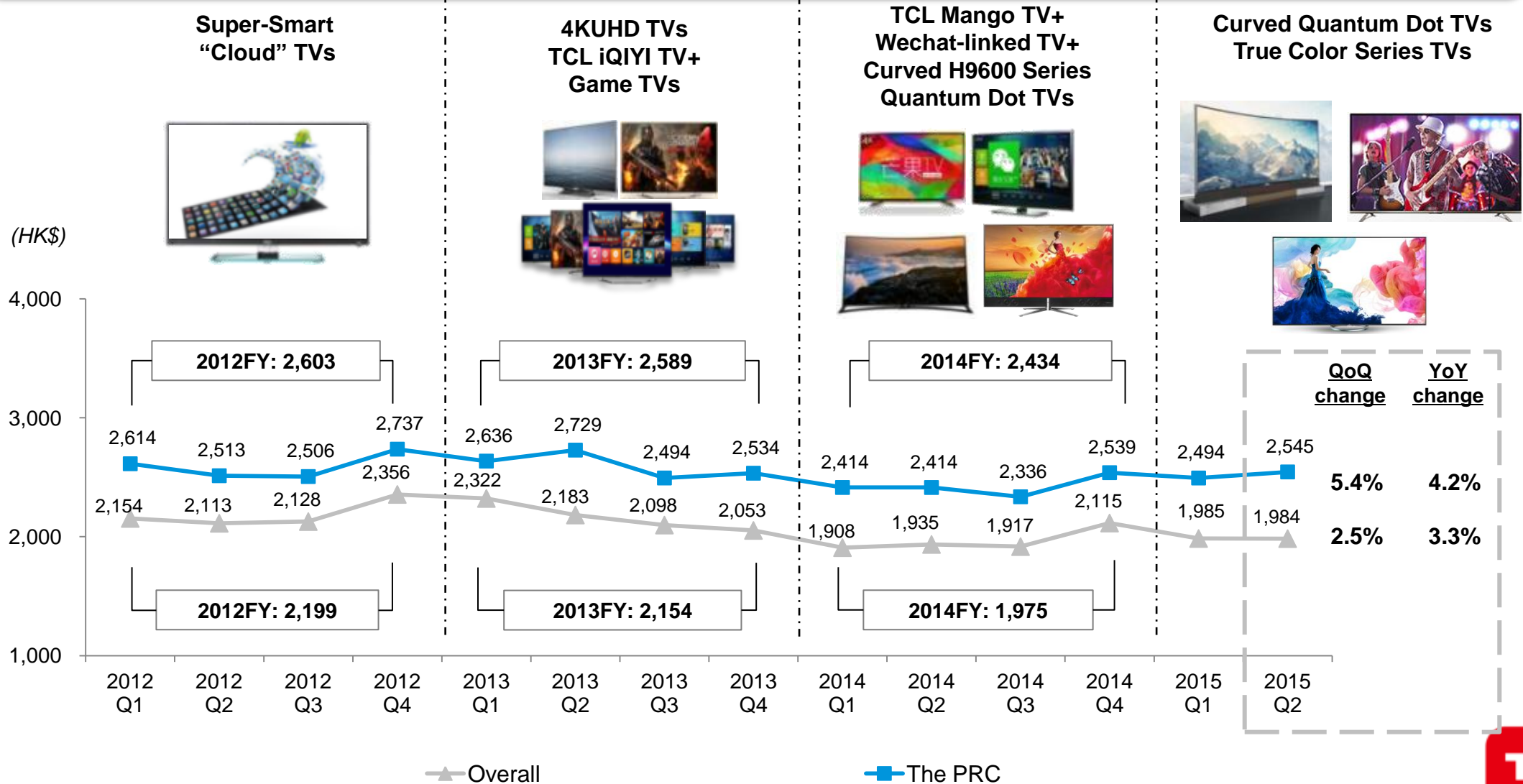
# LCD TV Sales Volume

## LCD TV Sales Volume (by quarter)



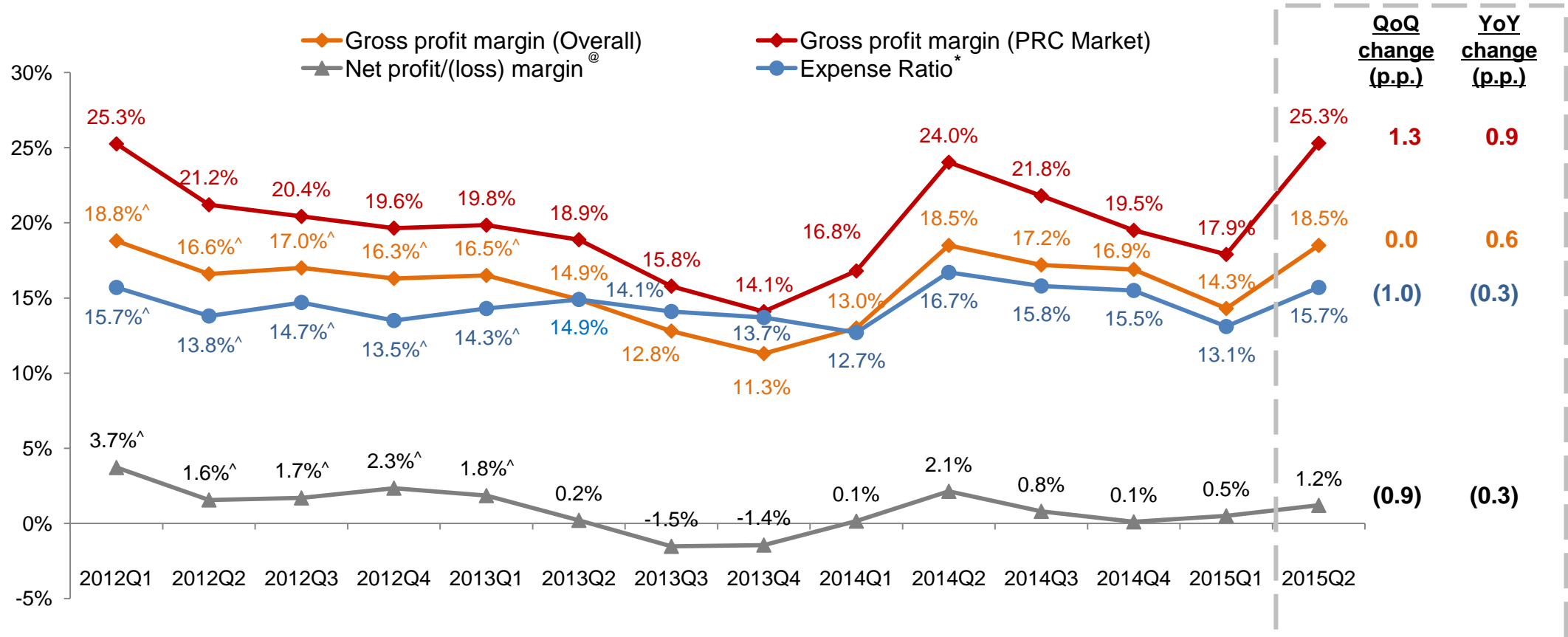
# LCD TV Average Selling Prices

## Average Selling Prices of LCD TVs (by quarter)



# Profit Margins and Expense Ratios

Profit Margins and Expense Ratios (by quarter)



<sup>^</sup> Restated

\* Expense ratio = (Selling and distribution expenses + Administration expenses) / Turnover

<sup>@</sup> net profit / (loss) margin = Net profit / (loss) from continuing operations / Turnover



# Key Financial Indicators

	30 Jun 2015	31 Dec 2014	Change
<b>Inventory turnover</b> (days)*	<b>53</b>	49	<b>+4 days</b>
<b>A/R turnover</b> (days)*	<b>48</b>	42	<b>+6 days</b>
<b>A/P turnover</b> (days)*	<b>68</b>	65	<b>+3 days</b>
<b>Cash conversion cycle</b> (days)	<b>33</b>	26	<b>+7 days</b>
<b>Current ratio</b> (times)	<b>1.1</b>	1.1	<b>Unchanged</b>
<b>Gearing ratio</b> (total)(%)**	<b>101.6</b>	90.2	<b>+11.4 p.p.</b>
<b>Gearing ratio</b> (net)(%)***	<b>26.2</b>	10.0	<b>+16.2 p.p.</b>

\* The above turnover days are calculated based on the average balances for a 12-month period

\*\* Gearing ratio (total) = Total interest-bearing borrowings / Equity attributable to owners of the parent

\*\*\* Gearing ratio (net) = Net Borrowing / Equity attributable to owners of the parent

Net borrowing = Total interest-bearing borrowings - Cash and bank balances - Pledged deposits

# Balance Sheet Highlights

<i>(HK\$ million)</i>	30 Jun 2015	31 Dec 2014	Change
<b>Non-current assets</b>	<b>3,288</b>	3,362	<b>(2.2%)</b>
<b>Current assets</b>	<b>18,072</b>	18,120	<b>(0.3%)</b>
- Inventory	<b>4,500</b>	4,055	<b>11.0%</b>
- Cash and bank balances	<b>3,307</b>	3,379	<b>(2.1%)</b>
<b>Current liabilities</b>	<b>15,900</b>	15,916	<b>(0.1%)</b>
<b>Net current assets</b>	<b>2,172</b>	2,204	<b>(1.5%)</b>
<b>Non-current liabilities</b>	<b>727</b>	960	<b>(24.3%)</b>
<b>Net assets</b>	<b>4,733</b>	4,606	<b>2.8%</b>

## 2. Business Review



**TCL H8800A-CF Curved True Color TV**



## Global LCD TV Market Share

Ranking	Brand	2015 Q1	2014 FY
1	Samsung	20.4%	21.8%
2	LGE	14.8%	14.2%
<b>3</b>	<b>TCL</b>	<b>6.0%</b>	<b>5.4%</b>
4	Hisense	5.8%	5.2%
5	Sony	5.5%	6.5%
6	Skyworth	5.2%	4.1%
7	Haier	3.6%	2.1%
8	Sharp	3.5%	3.2%
9	AOC/TP Vision	3.3%	3.4%
10	Changhong	2.9%	2.8%

## The PRC LCD TV Market Share

Ranking	Brand	2015 Q1	2014 FY
1	Skyworth	17.5%	16.3%
2	Hisense	16.7%	16.2%
<b>3</b>	<b>TCL</b>	<b>15.8%</b>	<b>16.0%</b>
4	Changhong	10.1%	10.7%
5	Konka	9.5%	10.2%
6	Haier	9.4%	5.3%
7	Samsung	4.3%	4.9%
8	Sharp	3.4%	3.5%
9	AOC/TP Vision	2.8%	2.1%
10	LGE	1.9%	1.8%

# TV Sales Volume

	2015 1H	2014 1H	Change
<i>Total TV Sales Volume ('000 sets)</i>			
<b>Total</b>	<b>7,742</b>	7,669	<b>0.9%</b>
<b>- PRC</b>	<b>3,868</b>	3,557	<b>8.8%</b>
<b>- Overseas</b>	<b>3,874</b>	4,112	<b>(5.8%)</b>

	2015 1H	2014 1H	Change
<i>LCD TV Sales Volume ('000 sets)</i>			
<b>Total</b>	<b>7,716</b>	7,557	<b>2.1%</b>
<b>Of which: LED backlight LCD TVs</b>	<b>7,699</b>	7,558	<b>1.9%</b>
<b>Smart TVs</b>	<b>2,286</b>	1,412	<b>61.9%</b>
<b>- PRC</b>	<b>3,868</b>	3,557	<b>8.8%</b>
<b>- Overseas</b>	<b>3,848</b>	4,000	<b>(3.8%)</b>



# TV Business in the PRC Market

## Highlights

- ❑ Turnover increased by 13.4% year-on-year; LCD TV sales volume up by 8.8% year-on-year
- ❑ Benefited from product mix improvement, average selling price of LCD TVs was up by 4.2% year-on-year to HK\$2,516, gross profit margin grew from 20.4% to 21.2% year-on-year
- ❑ Sales volume of Smart TVs grew by 53.4% year-on-year to 1.96 million sets, representing 50.7% of Group's total LCD TV sales volume in the PRC Market
- ❑ Curved TVs grew steeply with market share of 24.0% in June\*, and ranked No. 1 among the domestic brands in the PRC

## Drawbacks

- ❑ Disparity in 4K TVs sales volume compared with major competitors
- ❑ Impacted by expansion of sales channels, accounts receivable turnover days has increased compared with the end of last year

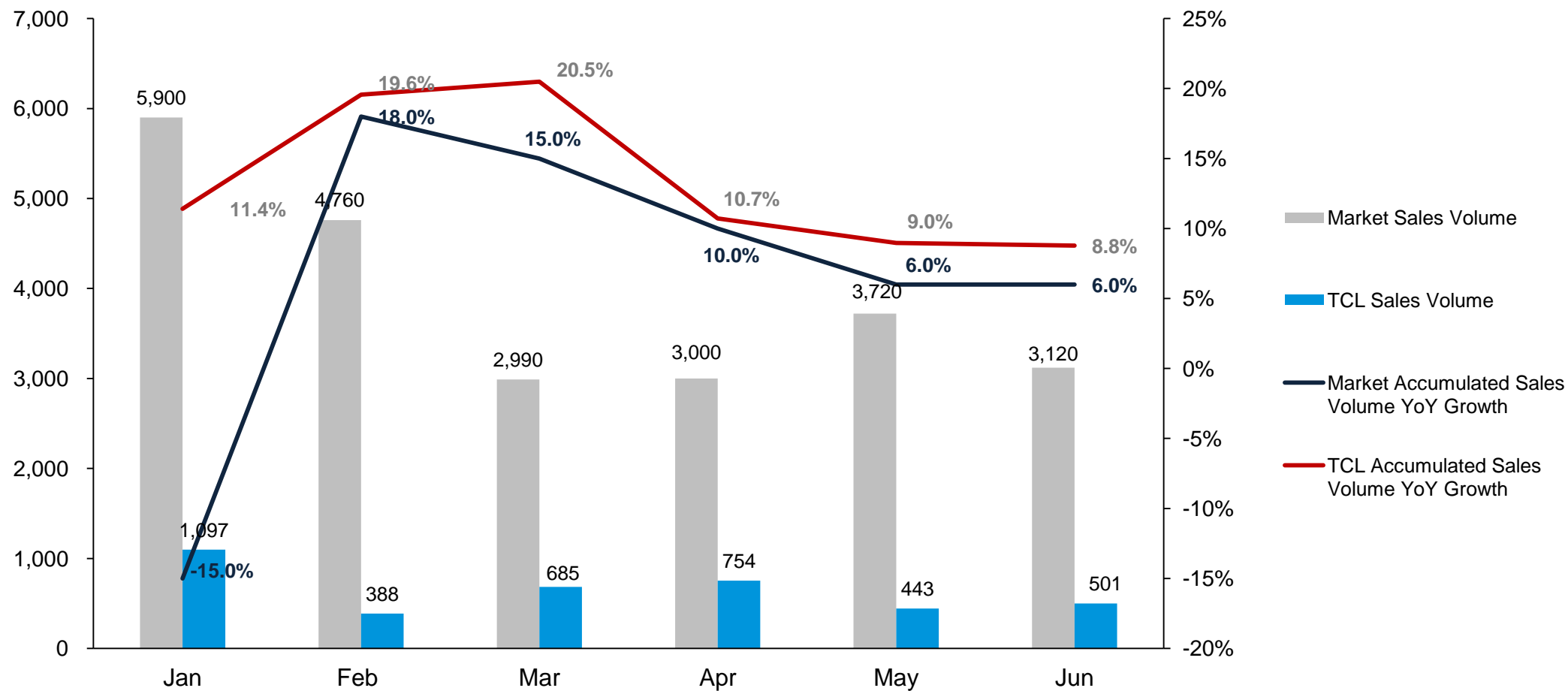
\*Source: AVC



# Sales Performance of LCD TVs in the PRC Market Above The Overall Market Level in 2015 1H

## LCD TV Monthly Market Sales Volume vs TCL Sales Volume

(‘000 sets)



Source: AVC



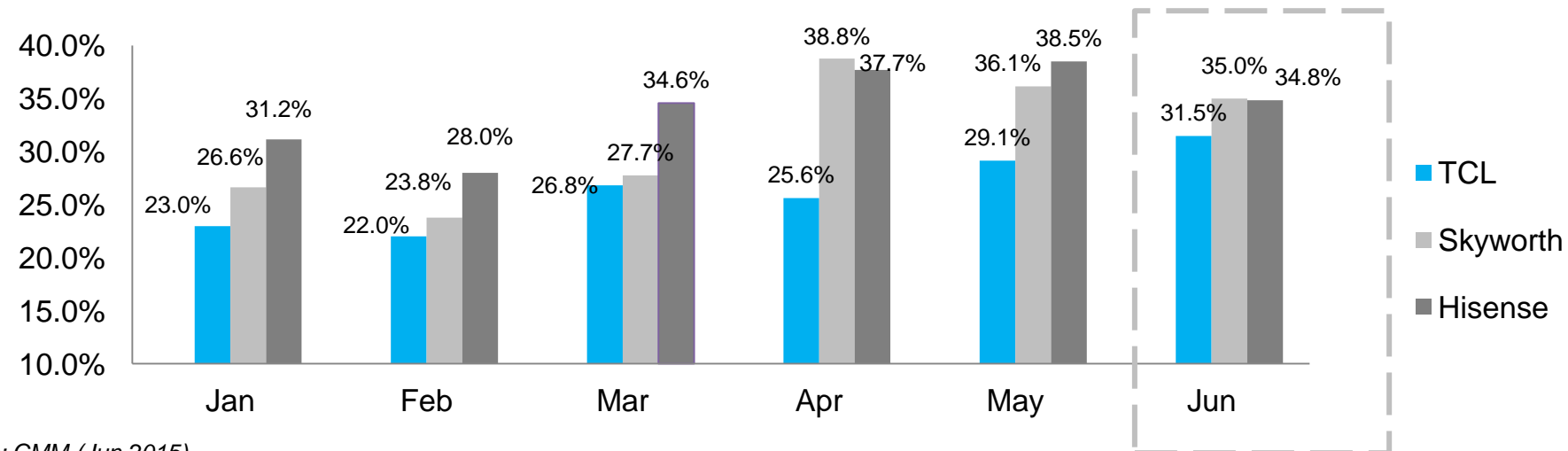
# Market Penetration of 4K TV Sales in the PRC Market

## Narrowing Disparity Among Major Competitors

Comparison of 4K UHD TV market share and average selling price (Jan - Jun 2015)

	Market Shares	Average Selling Price (RMB)
Hisense	20.0%	5,664
Skyworth	15.5%	5,142
<b>TCL</b>	<b>12.5%</b>	<b>5,074</b>

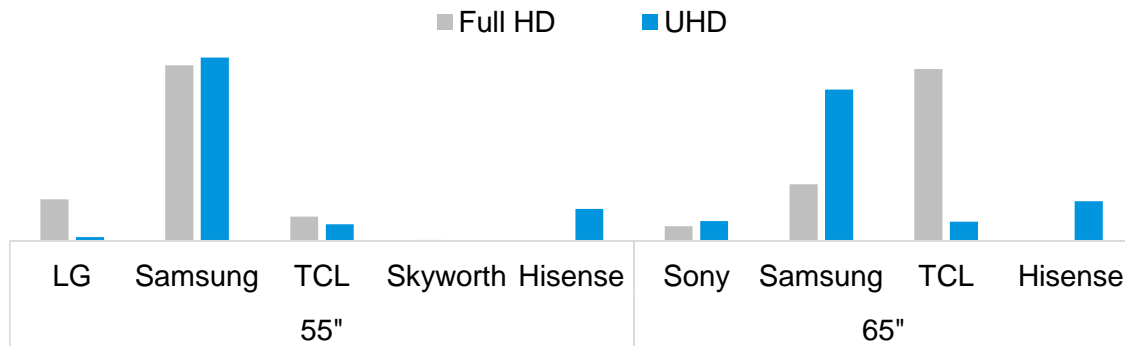
Comparison of 4K UHD TV market penetration (Jan - Jun 2015)



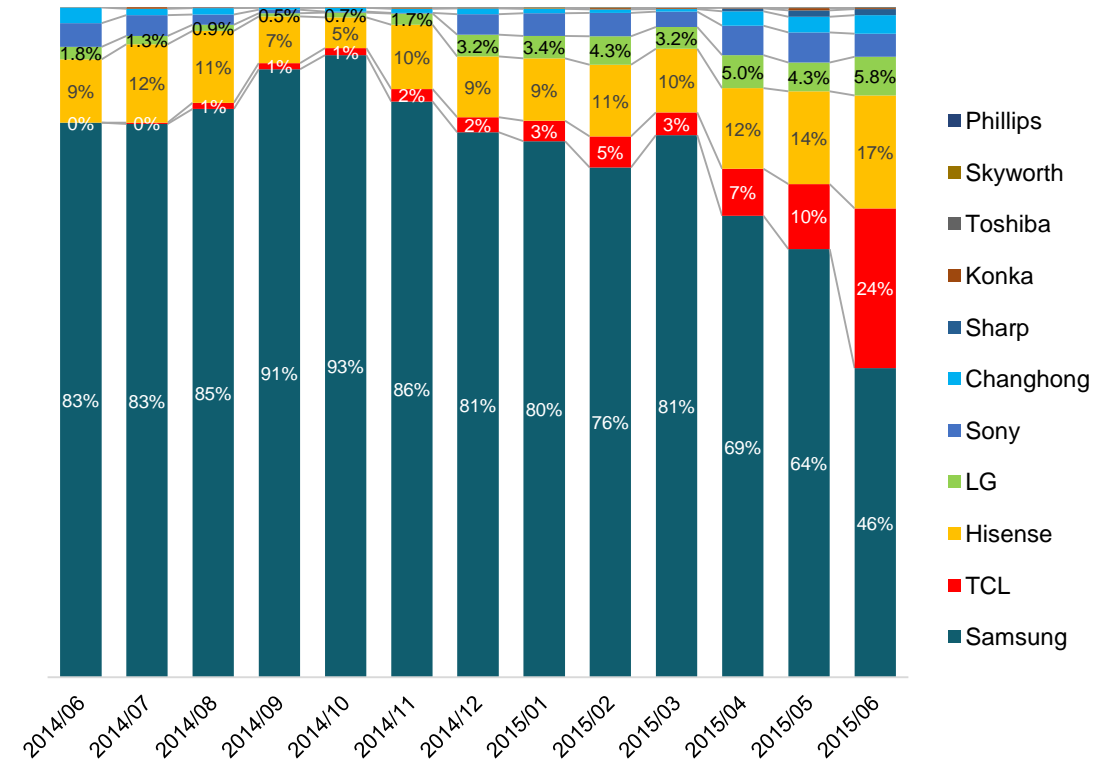
Source: CMM (Jun 2015)

# Ranked No. 1 among Domestic Brands in Curved TV Market Share in the PRC

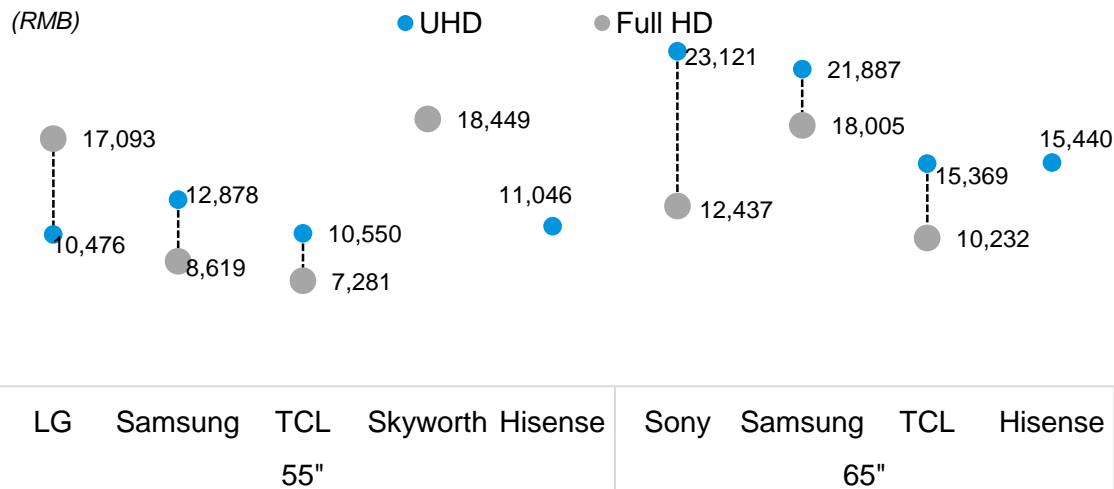
Proportion of Sales Volume of Curved TVs for Major Brands (by Size)



Market Shares of Curved TVs for Major Brands (by Month)



Selling Prices of Curved TVs for Major Brands (by Size)



# TV Business in the Overseas Markets

## Highlights

- ❑ Launched TV+ strategy, gradually expanding the paid content user base
- ❑ Sales in North American Market continued to grow with LCD TV sales volume increased by 123.8% year-on-year

## Drawbacks

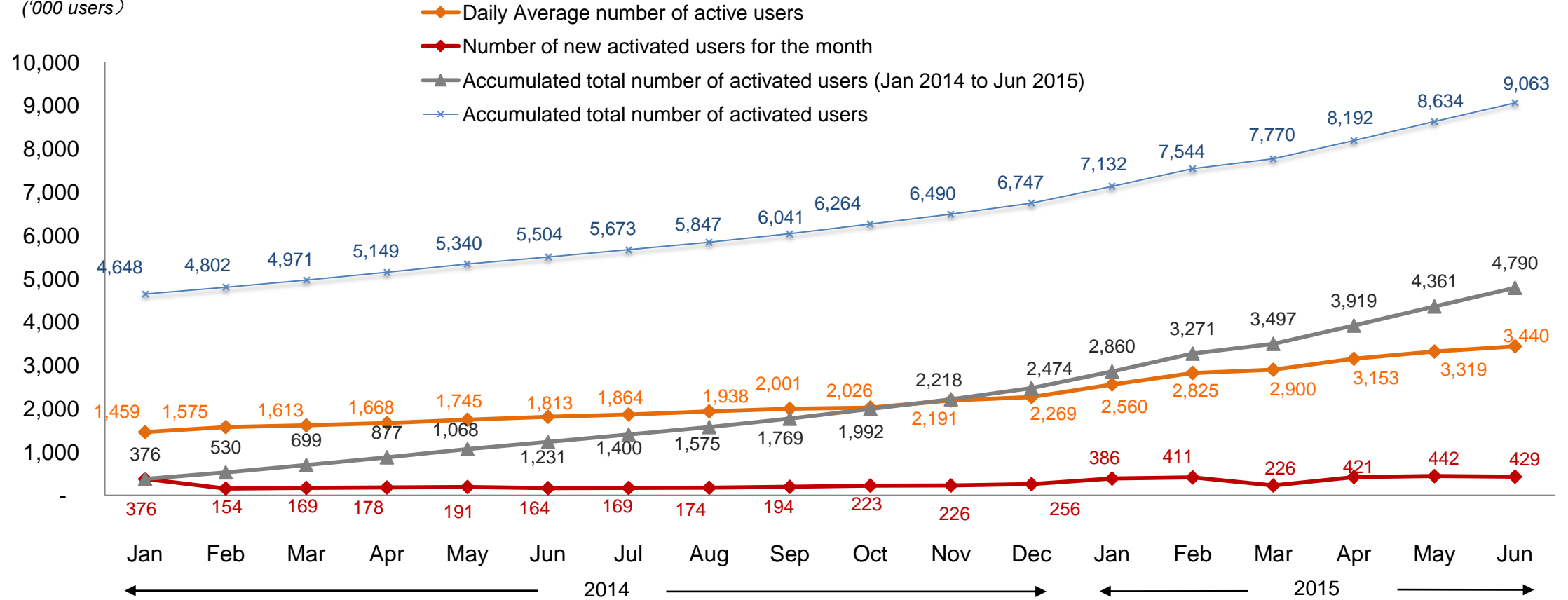
- ❑ LCD TV sales volumes in the Strategic ODM business and Emerging Markets fell by 13.3% and 1.3% year-on-year, respectively
- ❑ Due to impact of the regional economics, LCD TV sales volume in the European Market was down by 12.8% year-on-year
- ❑ Affected by the exchange fluctuations in Europe and South America, average selling price of LCD TVs fell by 2.3% year-on-year



# Internet Business

## TCL Smart TV Operation Statistics in 2014 and 2015 1H

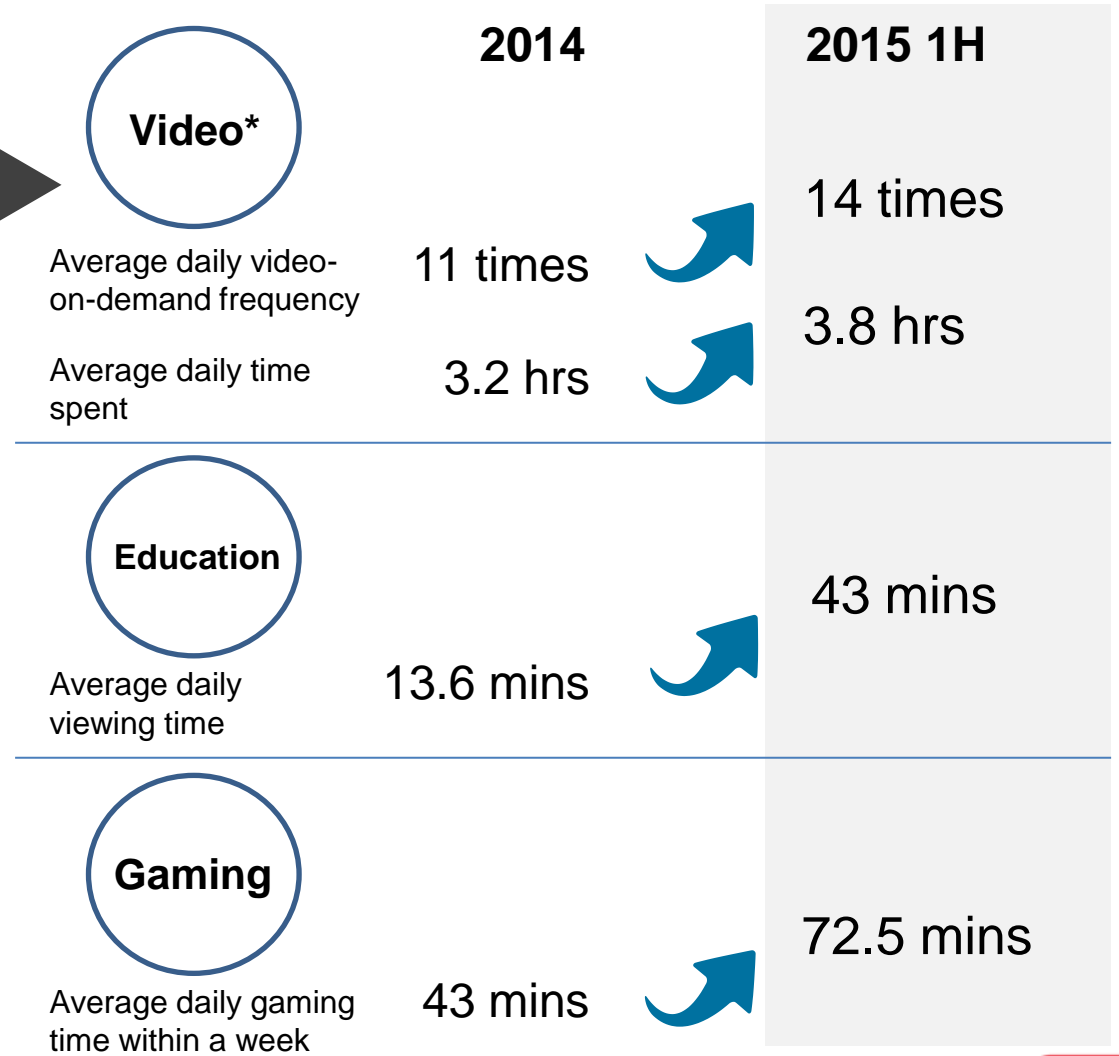
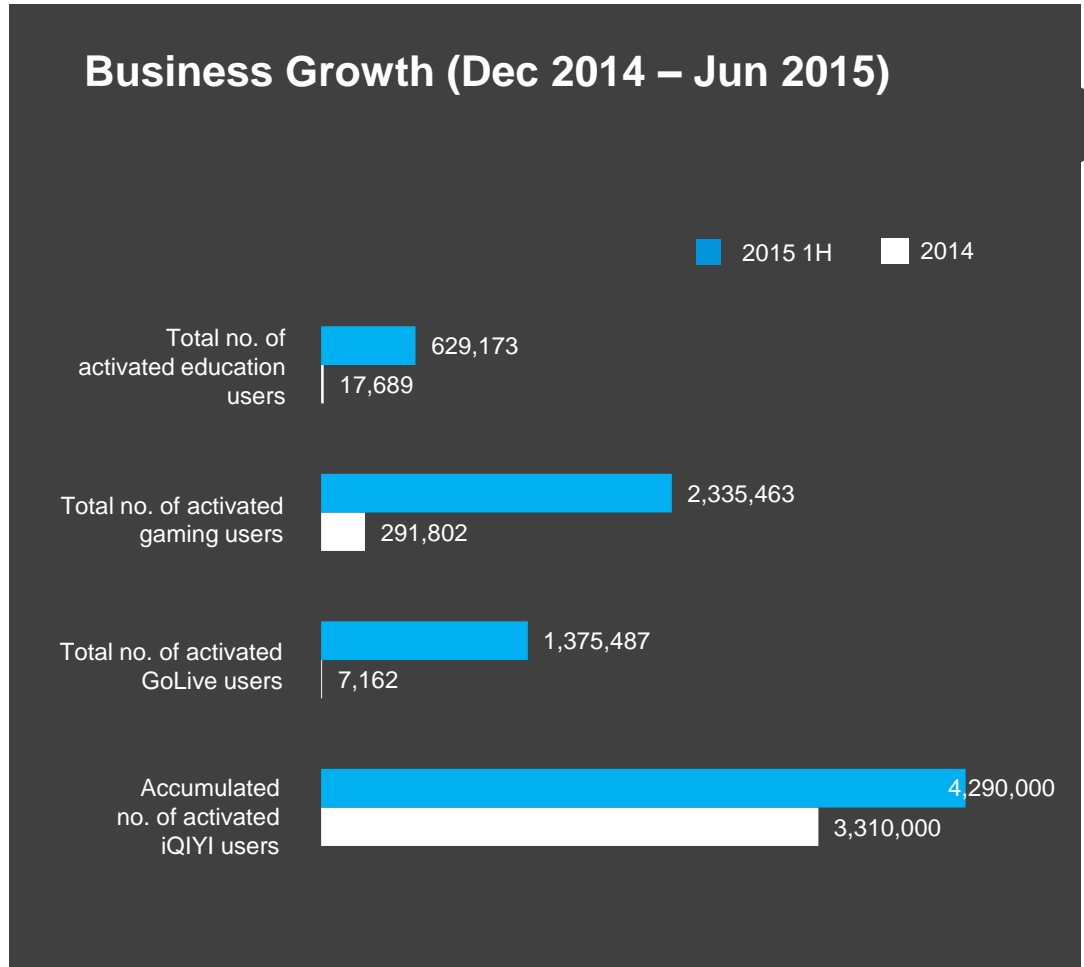
('000 users)



□ In the first half of the year, accumulated number of activated users was up by 34.3% from the end of 2014, an accumulated growth of 2.32 million users, in which an increase of 16.6% from Q1. As at the end of June, accumulated total number of activated users was 9.06 million



# Rapid Growth in Internet Business In terms of Activated Users and Time Spent Online



\* As per iQIYI content



# 2015 Spring Product Launch – Let's ++





## 3. Outlook

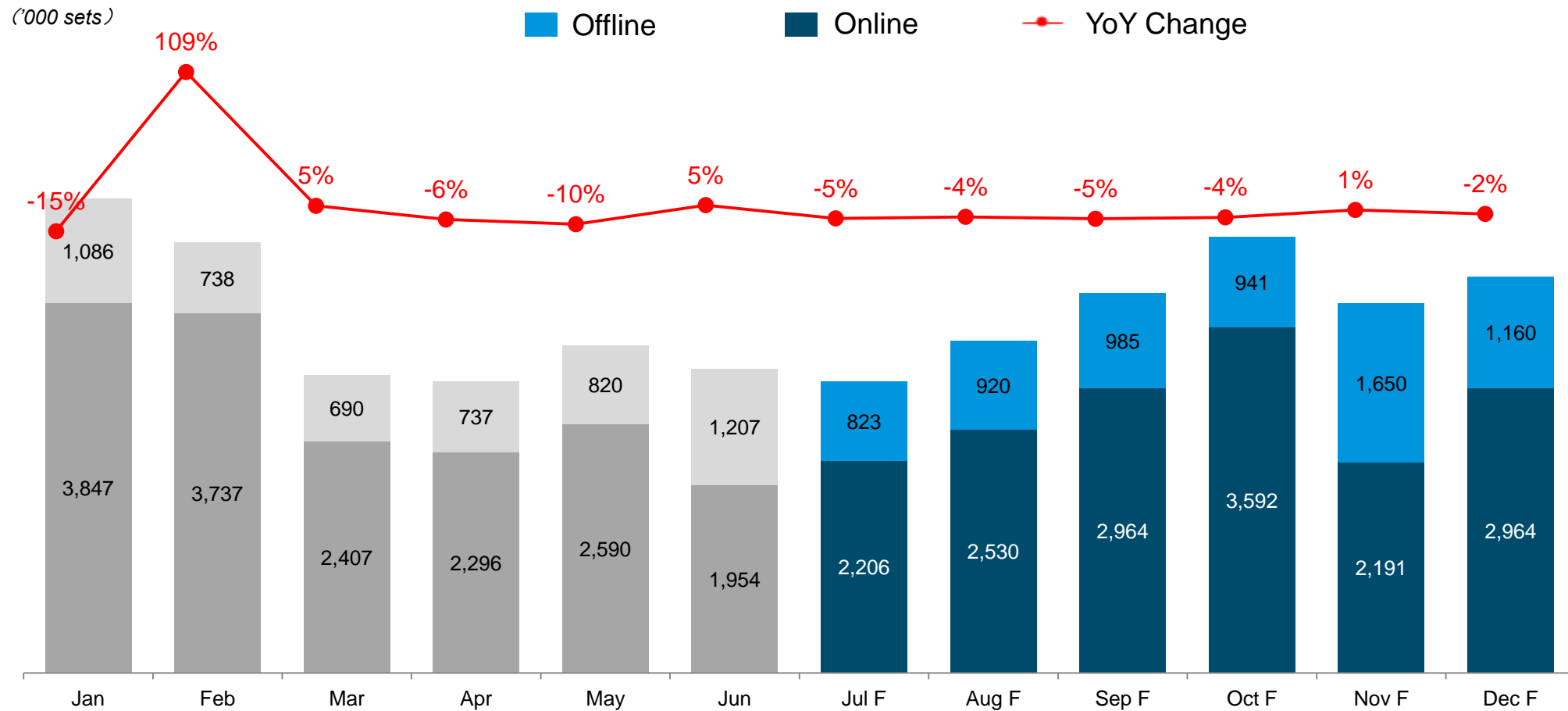


TCL F3800 TV



# 2015 2H Market Forecasts

## 2015 Monthly Sales Volume and Forecasts



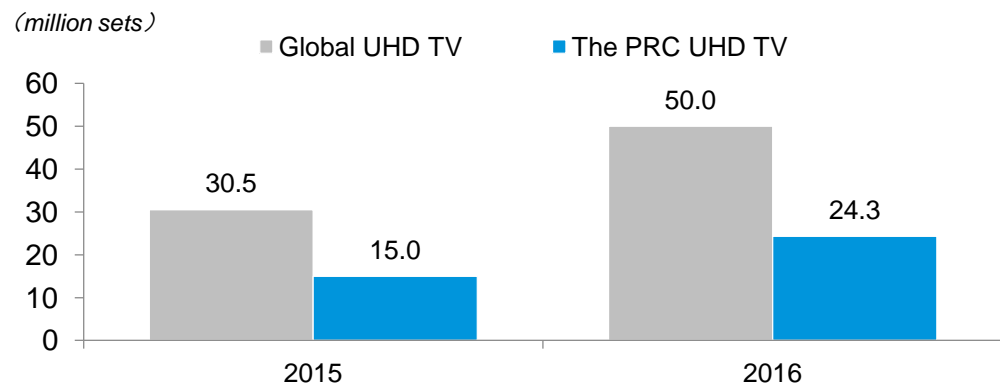
Source: AVC



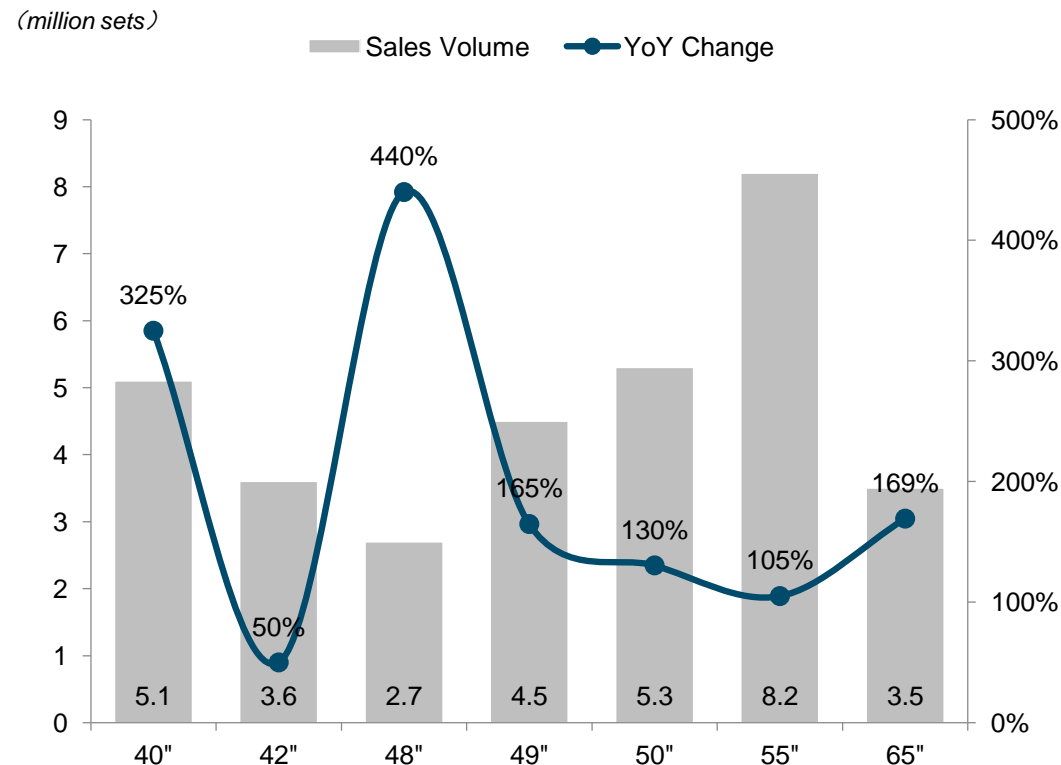
# Growth Trends for Global and The PRC Curved TVs, UHD TVs and Screens

- Global UHD screen sales volume was 35.9 million sets, global UHD TV sales volume was 30.5 million sets, the PRC UHD TV sales volume was 15.0 million sets
- 55" screen is the major promotional size for most of the manufacturers, with the highest proportion of sales volume

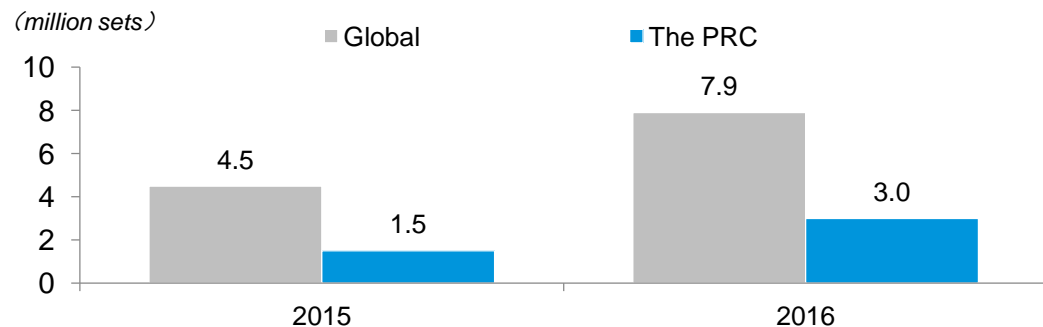
## 2015-2016 UHD TV Sales Volume Forecasts



## 2015 UHD Screen Sales Volume by Size



## 2015-2016 Curved TV Sales Volume Forecasts



Source:AVC



# Overall Strategy- Twin Drivers of 「Double+」 Strategy and Internationalisation

## Product Strategy:

- ✓ Continuously implement leading product strategy with TV+ as the featured product series; focus on mid-to-high-end products with curved, big-screen, ultra-high-definition, priced at above RMB7,000 and high color domain

## Internet Business:

- ✓ Achieve “double +” strategic transformation supported by smart TVs
- ✓ Establish a business model based on Internet operation service
- ✓ Establish competitive O2O sales model

## Implement “Double +” Strategic Transformation

## Enhance Efficiencies

### Improved Operations:

- ✓ Continue to improve product mix and sales channels, adjust organisational structure which helps optimize decision-making mechanism and further improves operational efficiencies and core competences
- ✓ The PRC and overseas businesses are expected to be back on the growth track through improvement in competitiveness, thus enhancing profitability

### Vertical Integration:

- ✓ Strengthen industrial cooperation with Shenzhen China Star Optoelectronics Technology Co., Ltd., maximize effectiveness from vertical integration along the industrial chain



## Continue to Pursue Internationalisation

### BUS Strategy:

- ✓ Continue to adjust product mix and implement “Big-screen, Ultra-high-definition and Smart” – (BUS) strategy to enhance operational efficiency
- ✓ Increase investments in brand building and marketing efforts to raise the sales proportion of TCL brand

### Breakthroughs in Key Markets:

- ✓ Concentrate resources into key markets to seek breakthroughs in France, United States, Brazil and India, etc.
- ✓ Proactively exploit synergies with other businesses of TCL Corporation to raise the influence of TCL brand

# Product Strategy – Continue to Enhance Technological Capabilities

Curved, Thin, Big



High Colour Domain, High Dynamics

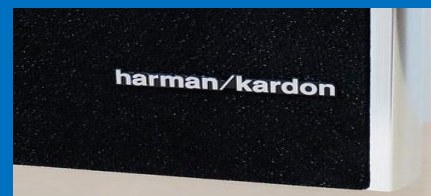


BACK TO TV  
BASICS

Appearance, Texture

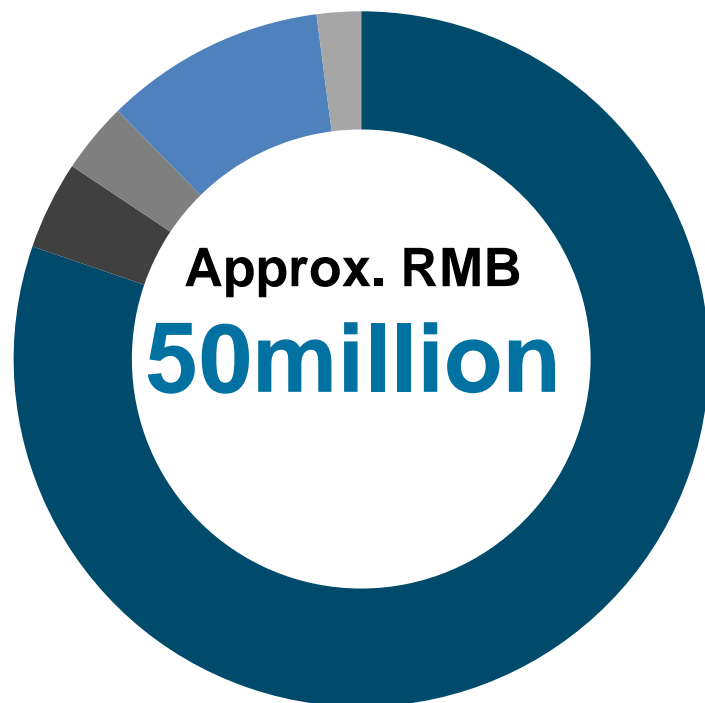



Sound Quality



# 2015 Internet Business Service Revenue Target Breakdown

(RMB)



 Video (incl. GoLive) and Advertising 40.4 million

 Gaming 2.0 million

 Education 1.6 million

 Lifestyle and App Store 1.0 million

 Big Data 5.0 million

# Targets for 2015 and Progress of Implementation

	2014					2015				
	Overall Actual	The PRC Market		Overseas Markets		Overall Target	The PRC Market		Overseas Markets	
		FY Actual	1H Actual	FY Actual	1H Actual		FY Target	1H Actual	FY Target	1H Actual
LCD TVs sales volume ('0000 sets)	1,657	851	356	806	400	1,750	870	387 (↑8.8%)	880	385 (↓3.8%)
Turnover (HK\$ million)	33,526		8,587		6,003	40,500		9,734 (↑13.4%)		5,594 (↓6.8%)

The PRC Market	FY 2014 Actual	FY 2015 Target	2015 Q1 Actual	2015 1H Actual
Proportion of smart TV sales (%)	41.0%	60%	47.2%	50.7%
Proportion of 4K TV sales(%)	9.7%	20%	12.5%	13.8%
Proportion of online sales volume(%)	7.8%	15%	11.0%	14.1%

	FY 2014 Actual	FY 2015 Target	2015 Q1 Actual	2015 1H Actual
Number of TCL activated smart TV users (Accumulated number at period end) (year-end/quarter-end) <sup>1</sup>	6,746,610	10,000,000	7,769,780	9,062,871
Daily average number of active users (year-end/month-end) <sup>2</sup>	2,268,959	4,200,000	2,899,924 <sup>3</sup>	3,440,254 <sup>4</sup>
Internet Service Revenue (RMB)	N/A	Approx. 50,000,000	1,393,700	2,470,000

1. Number of TCL activated smart TV users (Accumulated number at period end) = Accumulated number of activated TV terminals

2. Daily average number of active users = Number of unrepeated individual users who visit within 7 days

3. March 2015 data

4. June 2015 data

# Disclaimer

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**TCL**

**TCL 多媒體科技控股有限公司**  
**TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED**  
Stock Code: 01070

**Q&A**

