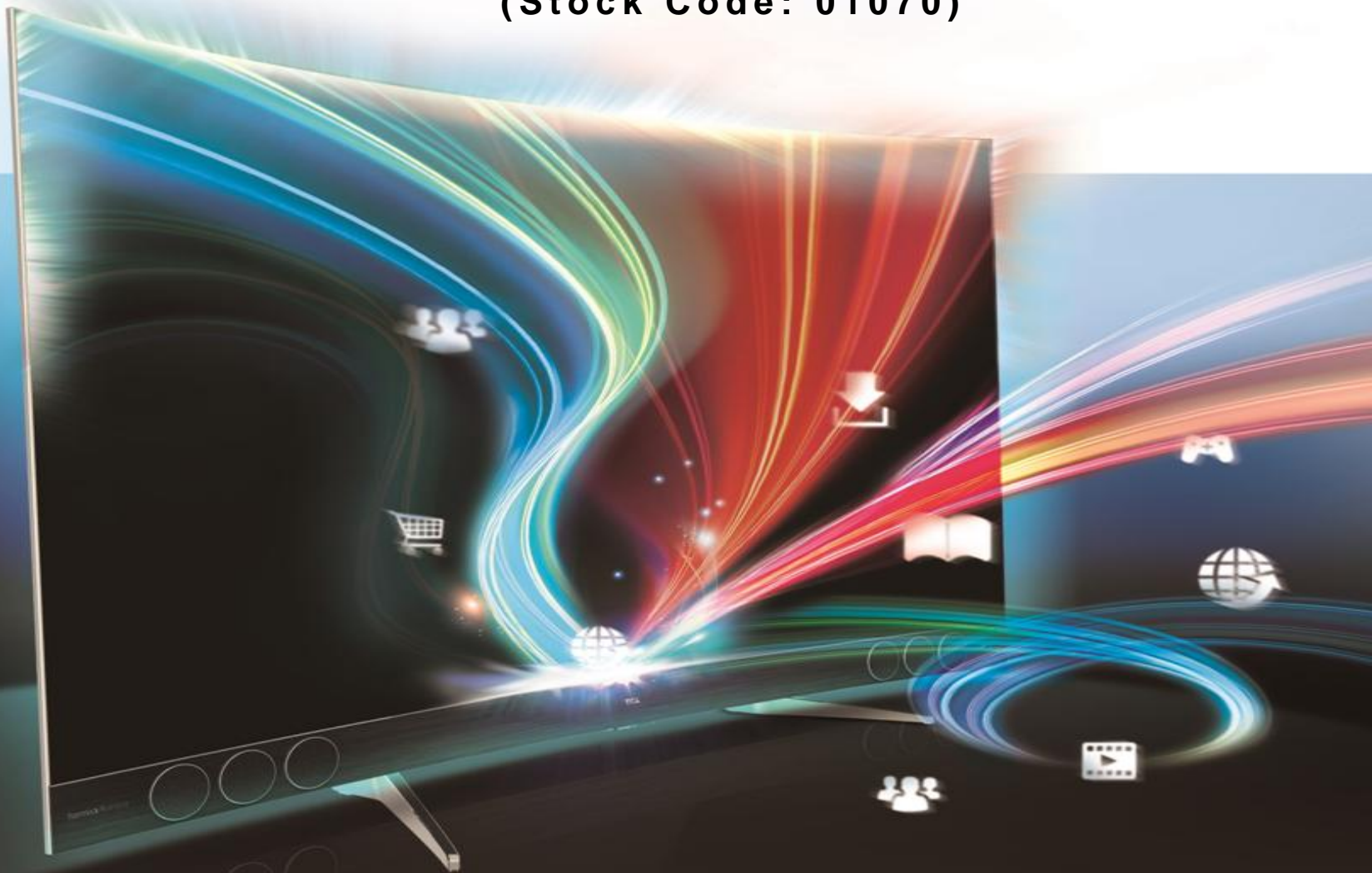




TCL

TCL多媒體科技控股有限公司

TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED
(Stock Code: 01070)



2016 Annual Results

(Audited results for the year ended 31 December)

Agenda



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Financial Highlights

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Business Review

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TCL

Financial Highlights

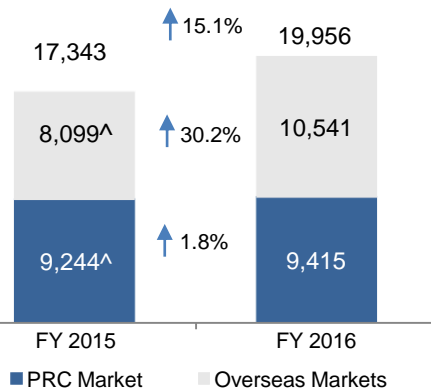
Financial Highlights



(For the year ended 31 December 2016 and three months ended 31 December 2016)

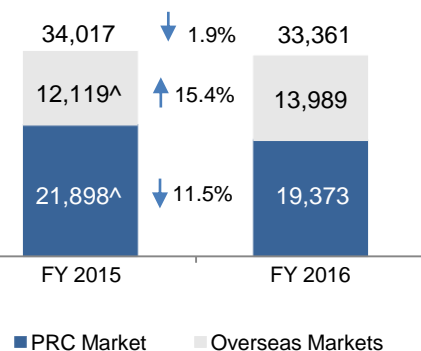
LCD TV Sales Volume

('000 sets)



Turnover

(HK\$ million)



^ Restated

(HK\$ million)	FY 2016	FY 2015	Change	2016 Q4	2015 Q4	Change
Turnover	33,361	34,017	(1.9%)	9,686	9,573	1.2%
Gross profit margin (%)	17.4	16.9	0.5 p.p.	18.2	21.1	(2.9 p.p.)
Expense ratio (%)	15.2	15.9	(0.7 p.p.)	14.6	17.4	(2.8 p.p.)
Net profit after tax	177*	10 [#]	1,643.4%	40*	329 [#]	(87.9%)
Net profit after tax margin (%)	0.5*	0.03 [#]	0.5 p.p.	0.4*	3.4 [#]	(3.0 p.p.)
Profit attributable to owners of the parent	183*	26 [#]	608.1%	36*	328 [#]	(89.1%)
EBITDA [@]	536*	540 [#]	(0.8%)	106*	512 [#]	(79.3%)
Basic earnings per share (HK cents)	11.78*	1.94 [#]	507.2%	2.17*	24.62 [#]	(91.2%)

[@] EBITDA is defined as profit before deduction of finance costs, income tax, depreciation and amortization and does not include the Group's share of the profits and losses of the joint venture and associates

* Based on the principle of prudence, a full provision of HK\$170 million for receivables of energy-saving subsidies was made during the period

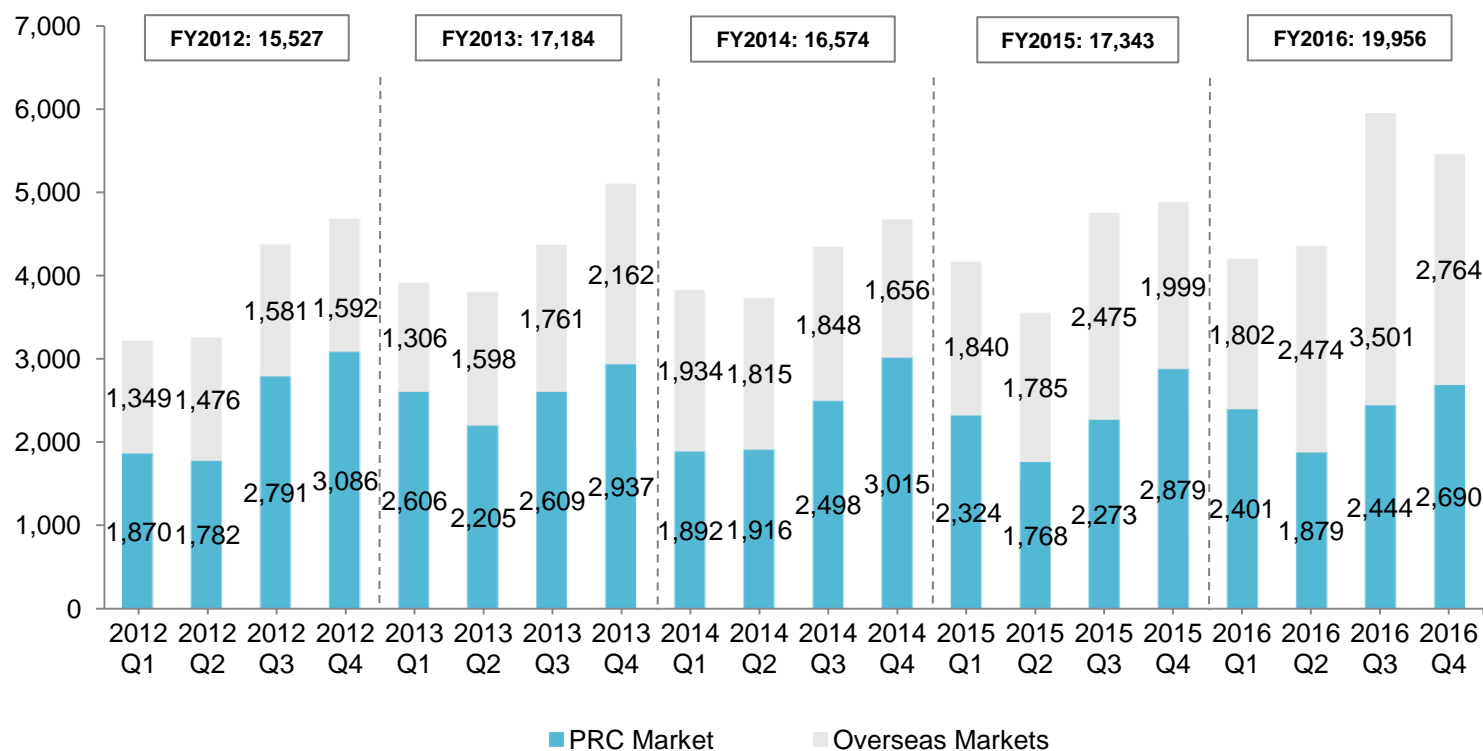
[#] Including an one-off gain of approximately HK\$124 million generated from disposal and closure of certain subsidiaries

LCD TV Sales Volume



LCD TV Sales Volume (by quarter)

('000 sets)



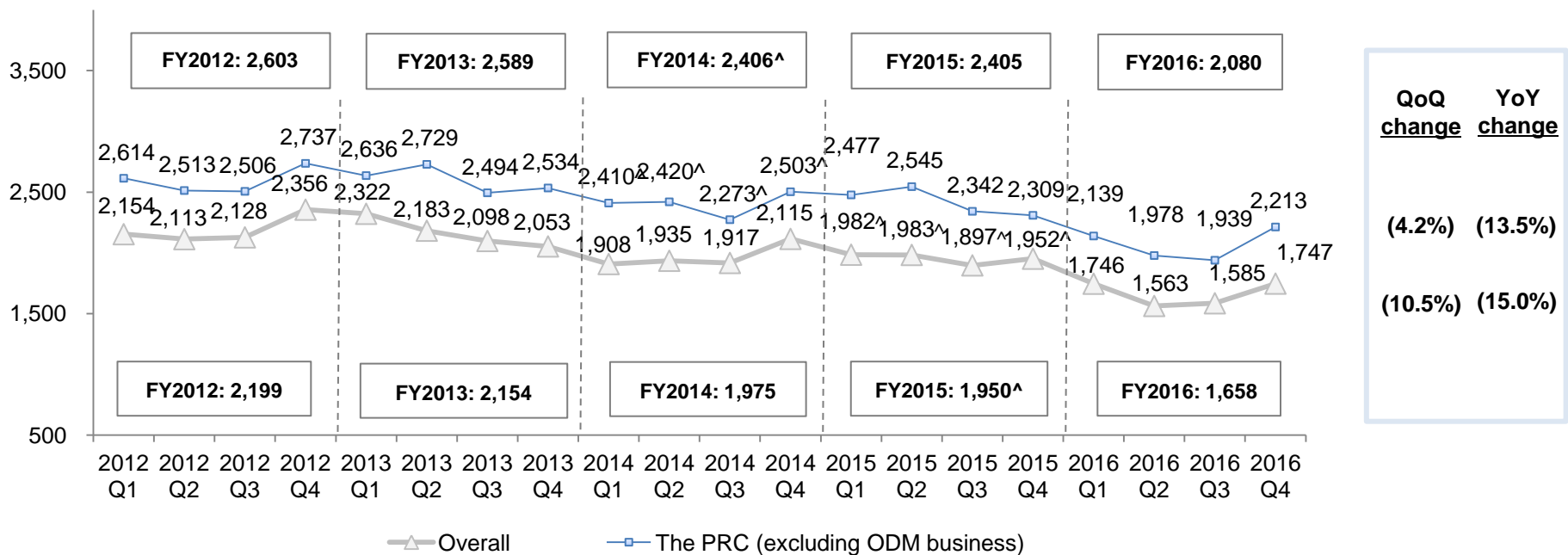
QoQ change	YoY change
11.8%	15.1%
38.2%	30.2%
(6.5%)	1.8%

- Sales volume in the PRC market and overseas markets for each quarter from 2012 Q1 to 2015 Q4 have been restated

LCD TV Average Selling Price

Average Selling Prices of LCD TVs (by quarter)

(HK\$)

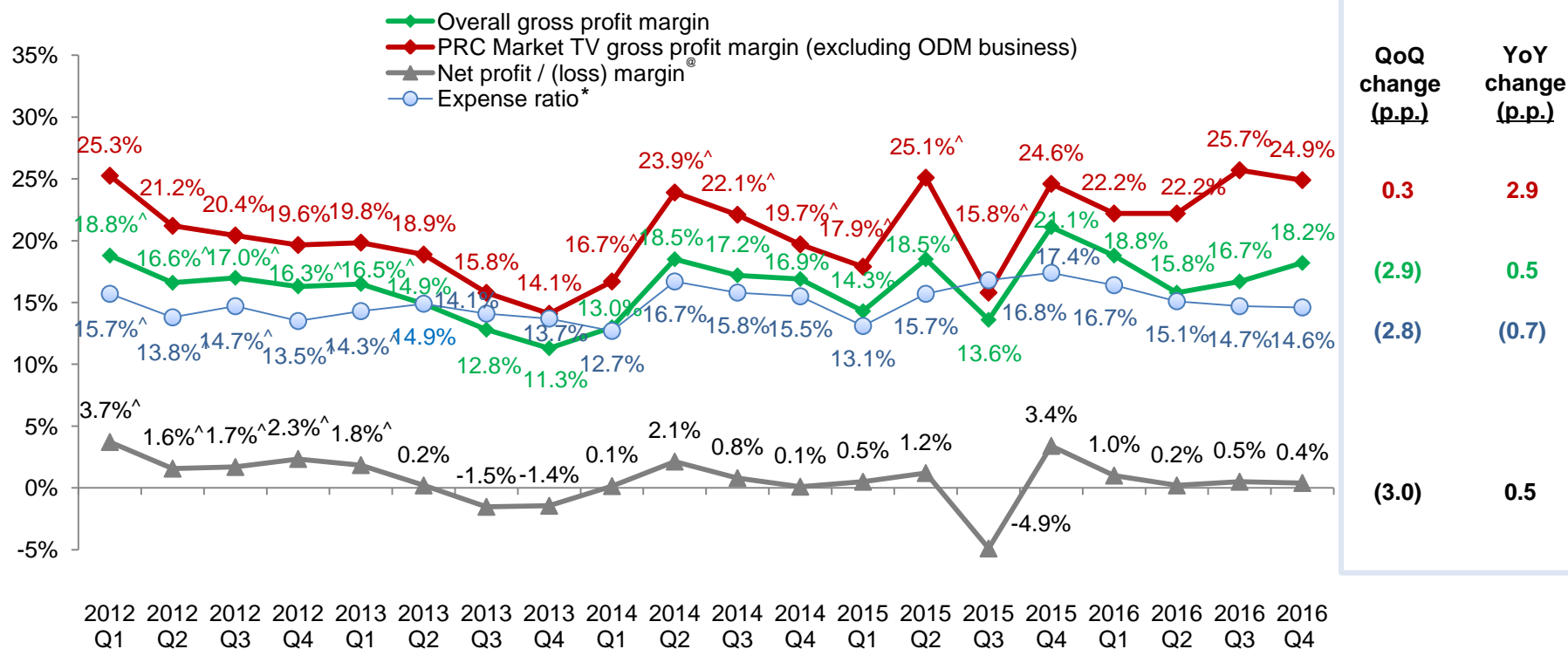


- Impacted by 6.1% depreciation in the average exchange rate of Renminbi against Hong Kong dollars compared to the same period last year, the average selling price of products in 2016 declined year-on-year
- Due to decrease in panel price in the first half of the year, the product price in the end-market was influenced. Average product price in the PRC market decreased to its lowest point in Q3. Along with panel price increase and improved product mix in the second half of the year, the average selling price began to rise from Q3 and increased by 14.1% in Q4 when compared with Q3, overall price in Q4 rose by 10.2% when compared with Q3

^ Restated

Profit Margins and Expense Ratios

Profit Margins and Expense Ratios (by quarter)



[^] Restated

^{*} Expense ratio = (Selling and distribution expenses + Administration expenses) / Turnover

[@] Net profit / (loss) margin = Net profit / (loss) from continuing operations / Turnover

Key Financial Indicators



	31 Dec 2016	31 Dec 2015	Change
Inventory turnover (days) ¹	45	52	(7 days)
A/R turnover (days) ¹	60	54	6 days
A/P turnover (days) ¹	79	65	14 days
Cash conversion cycle (days)	26	41	(15 days)
Current ratio (times)	1.3	1.2	0.1x
Gearing ratio (total)(%) ²	21.0	60.6	(39.6 p.p.)
Gearing ratio (net)(%) ³	0⁴	7.2	(7.2 p.p.)

¹ The above turnover days are calculated based on the average balances for a 12-month period

² Gearing ratio (gross) = Total interest-bearing borrowings / Equity attributable to owners of the parent

³ Gearing ratio (net) = Net Borrowing / Equity attributable to owners of the parent. Net Borrowing = Total interest-bearing borrowings - Cash and bank balances - Pledged deposits

⁴ As at 31 December 2016, as the Group's cash and bank balances of approximately HK\$3.88 billion were higher than the total interest - bearing borrowings of approximately HK\$1.36 billion, the Group's gearing ratio (net) was 0%

Balance Sheet Highlights

<i>(HK\$ million)</i>	31 Dec 2016	31 Dec 2015	Change
Non-current assets	2,846	2,981	(4.5%)
Current assets	17,464	15,198	14.9%
- Inventory	4,349	3,283	32.5%
- Cash and bank balances	3,882	2,215	75.3%
Current liabilities	13,733	12,605	8.9%
Net current assets	3,731	2,593	43.9%
Non current liabilities	20	1,165	(98.2%)
Net assets	6,556	4,409	48.7%
Net assets value per share (HK\$)	3.72	3.10	19.9%



Business Review

Global LCD TV Market Share



Ranking	Brand	FY2016	FY2015
1	Samsung	21.6%	21.0%
2	LGE	11.9%	12.4%
3	TCL	9.0%*	7.7%*
4	Hisense	6.1%	5.6%
5	Sony	5.6%	5.5%
6	Skyworth	4.5%	4.6%
7	AOC/TP Vision	3.8%	3.7%
8	Vizio	3.7%	3.4%
9	Haier	3.4%	2.9%
10	Changhong	3.2%	3.0%

Source: IHS Technology

*According to IHS Technology and the Company's shipment data

The PRC LCD TV Market Share

Ranking	Brand	FY2016	FY2015
1	Hisense	16.8%	16.8%
2	Skyworth	15.1%	14.7%
3	TCL	14.2%	14.0%
4	Changhong	11.3%	10.9%
5	Konka	10.9%	10.7%
6	Haier	7.3%	4.9%
7	Samsung	5.6%	6.7%
8	Sharp	4.1%	6.0%
9	Sony	2.8%	3.7%
10	Sanyo	2.6%	2.5%

Source: CMM

LCD TV Sales Volume

<i>LCD TV Sales Volume ('000 sets)</i>	FY2016	FY2015	Change	2016 Q4	2015 Q4	Change
Total	19,956	17,343	15.1%	5,454	4,878	11.8%
- PRC Market	9,415	9,244^	1.8%	2,690	2,879^	(6.5%)
- Overseas Markets	10,541	8,099^	30.2%	2,764	1,999^	38.2%
Of which: Smart TVs	10,593	6,265	69.1%	3,104	2,081	49.1%
4K TVs	3,977	1,858	114.1%	1,255	610	105.7%

^ Restated

Segment Results



(For the year ended 31 December 2016 and three months ended 31 December 2016)

PRC Market TV Business

(HK\$ million)				(HK\$ million)		
FY 2016	FY 2015^	Change		2016 Q4	2015 Q4^	Change
19,173	21,839	(12.2%)	Turnover	5,765	6,622	(12.9%)
4,014	4,502	(10.8%)	Gross profit	1,257	1,584	(20.7%)
20.9%	20.6%	0.3 p.p.	Gross profit margin	21.8%	23.9%	(2.1 p.p.)
219*	899#	(75.7%)	Operating results	8*	508#	(98.4%)

* Based on the principle of prudence, a full provision of HK\$170 million for receivables of energy-saving subsidies was made during the period

Including an one-off gain of approximately HK\$124 million generated from disposal and closure of certain subsidiaries

Overseas Markets TV Business

(HK\$ million)				(HK\$ million)		
FY 2016	FY 2015^	Change		2016 Q4	2015 Q4^	Change
13,921	12,015	15.9%	Turnover	3,765	2,897	29.9%
1,728	1,198	44.2%	Gross profit	479	398	20.4%
12.4%	10.0%	2.4 p.p.	Gross profit margin	12.7%	13.7%	(1.0 p.p.)
393	(80)	N/A	Operating results	142	41	247.3%

^ Restated

TV Business in PRC Market



- LCD TV sales volume increased by 1.8% year-on-year to 9.41 million sets
- Affected by the major raw material prices and average selling price of the market, the overall average selling price of LCD TVs (excluding ODM business) decreased by 8.2% year-on-year (excluding 6.1% depreciation of Renminbi against Hong Kong dollars compared with the same period of last year); the average selling price (excluding ODM business) in the fourth quarter increased by 14.1% when compared with that in the third quarter
- Has proactively optimised its product mix and improved the gross profit margin slightly to 20.9% for 2016; LCD TV brand price index increased from 87 in the same period of last year to 93
- Due to the decline in the overall average selling price of LCD TVs, business performance was unsatisfactory with turnover decreased by 12.2% year-on-year and earnings was under pressure

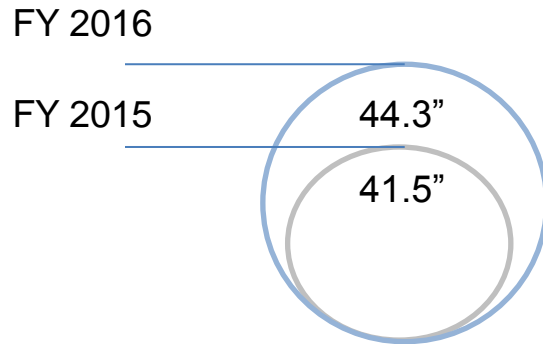


TV Business in PRC Market

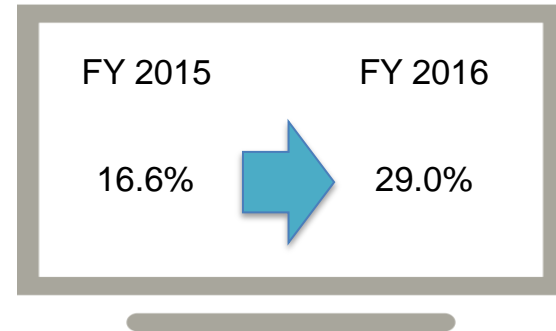
Continuous Enhancement in Product Mix and Increasing Proportion of High-end Products



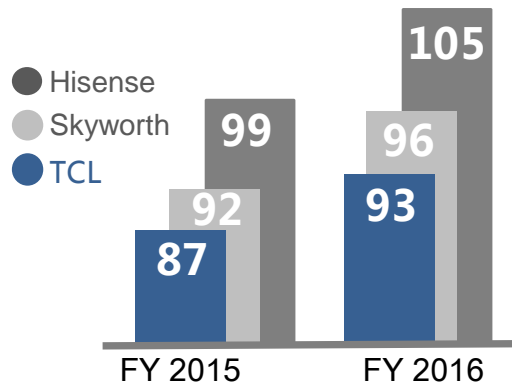
Change in average size^



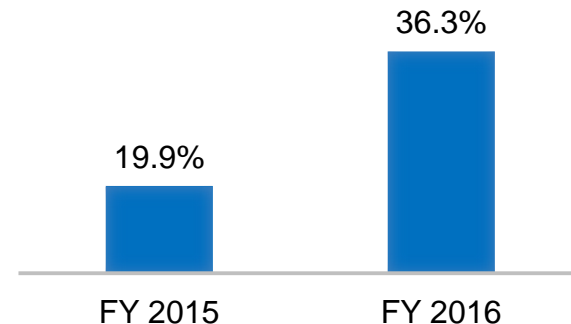
Change in proportion of ≥ 55 " products^



LCD TV brand price index
(Source: CMM)



Change in proportion of 4K products^



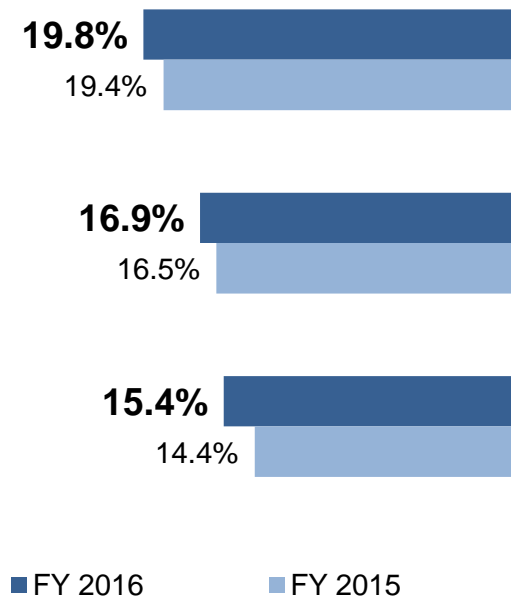
^ excluding ODM business

Market Share and Average Selling Price of 4K TVs in the PRC Market

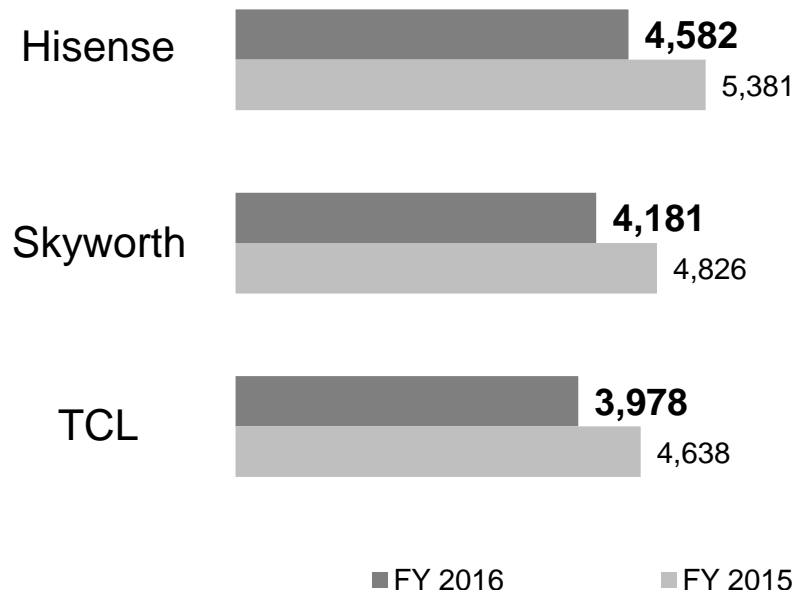
Narrowing Disparity Among Major Competitors



Market share



Average selling price (RMB)

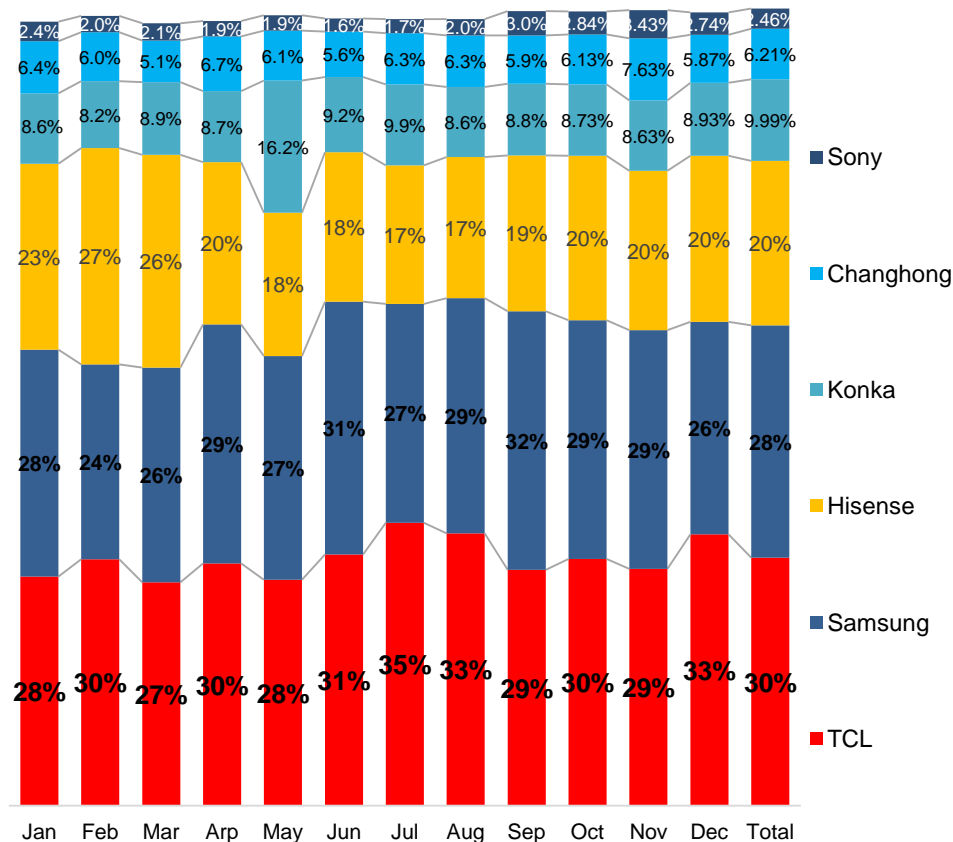


Source: CMM

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 Month



Source: CMM

Sales volume of the PRC's curved TV market (excluding ODM business) in 2016

Ranked No.1 among domestic brands with market share of 30.4%



Source: CMM

TV Business in Overseas Markets



- With continuous expansion of sales channels and further improvement in product mix, TCL brand image was enhanced, contributing to a significant improvement in operating results during the year
- LCD TV sales volume increased by 30.2% year-on-year to 10.54 million sets, of which the North American market and the emerging markets surged by 71.8% and 44.3% year-on year, respectively
- Product mix (excluding ODM business) was enhanced through the CBUS (curved, large screen, 4K, smart) strategy

	Proportion of 2016	Proportion of 2015	Year-on-year change in proportion (percentage point)
Curved	1.9%	0.2%	1.7
Large screen	14.8%	8.2%	6.6
4K	14.8%	2.6%	12.2
Smart	58.2%	33.8%	24.4

- LCD TV turnover was up by 16.2% year-on-year to HK\$13.92 billion
- LCD TV gross profit margin rose to 12.5% from 10.0% in the same period of last year

FY 2015 and FY 2016 market share rankings in terms of sales volume
(Source: GfK, except North America from NPD)



Internet Business

(TCL Smart TV Operation Statistics in 2015 and 2016)



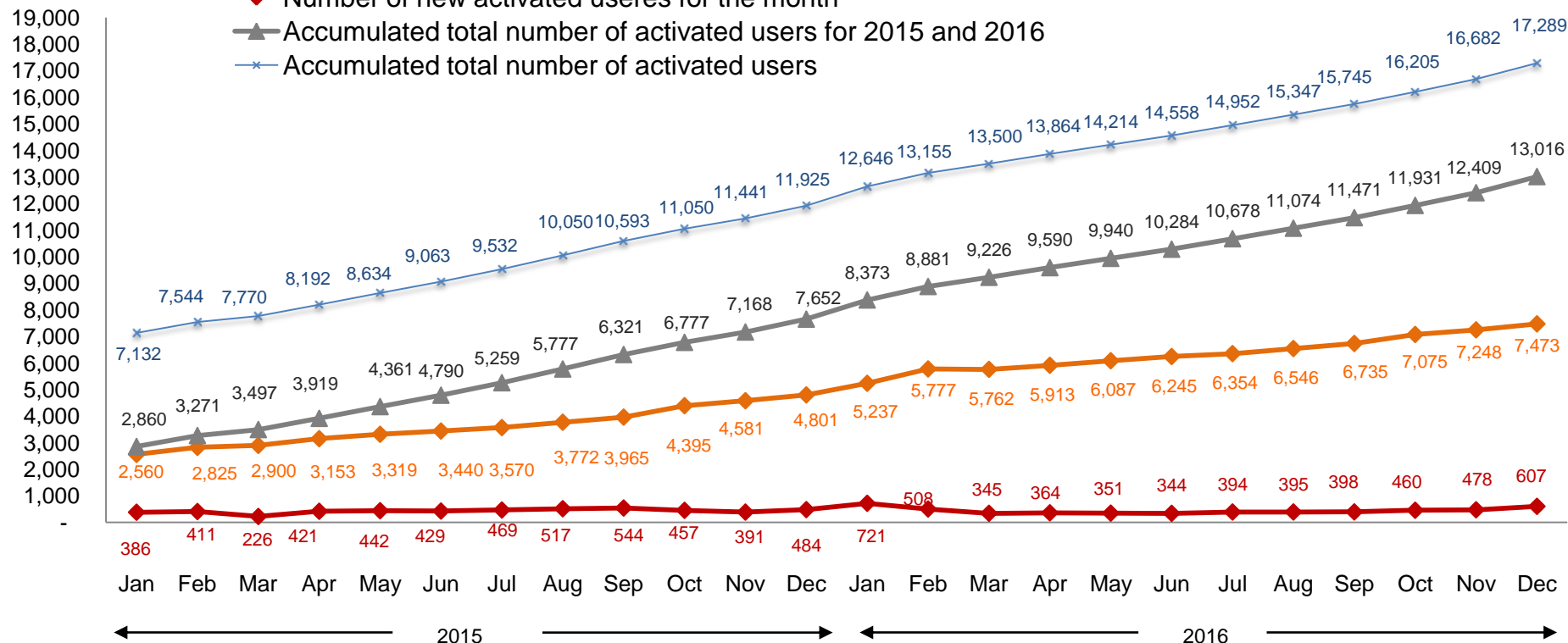
('000 users)

—◇— Daily Average number of active users

—◆— Number of new activated users for the month






—▲— Accumulated total number of activated users for 2015 and 2016

—×— Accumulated total number of activated users



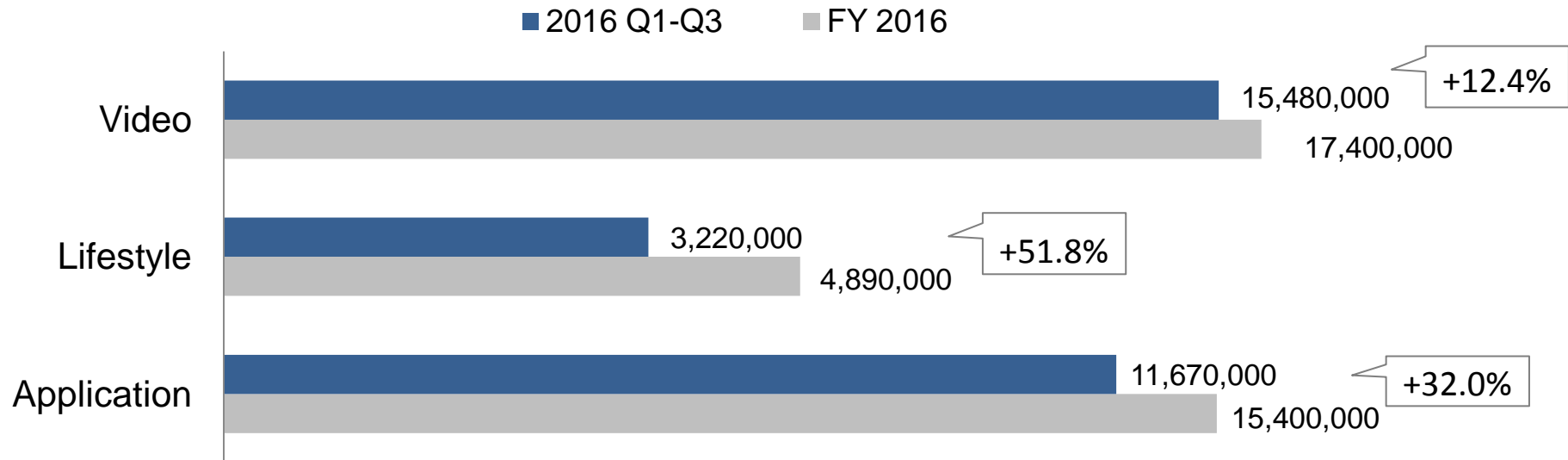
The accumulated total number of activated users in 2016 was up by 45.0% and 5.36 million users year-on-year. As at the end of December 2016, accumulated total number of activated users was 17.29 million

Internet Service Revenue Breakdown

	2016 Target (RMB)	2016 Actual (RMB)
 Video (including GoLive) Advertising	91.86 million	65.45 million
 Gaming	3 million	60,000
 Education	2.5 million	60,000
 Lifestyle and App Store	3.98 million	3.61 million
 Big Data	3 million	3.11 million
Total:	Approx. 100 million	Approx. 72.29 million

Remarks: Achieved revenue of approx. RMB42.69 million in 2015, and revenue increased by 69.3% year-on-year in 2016

Total Number of Users on Internet Business and Average Daily Watching Time



2016 Average Daily Watching Time



New Product - High-end Sub-brand XESS

Debut of new flagship products XESS series

X1

- Yue Cai quantum dot display material (110% of the industry highest colour gamut)
- Advanced local dimming backlight technology
- Dolby Vision High Dynamic Range picture quality certification
- Harman Kardon premium sound quality certification



Ms. Lang Ping as ambassador of TCL XESS series TVs

- XESS, as the latest high-end sub-brand, is positioned for “the pursuit of excellence by elites”
- Expressing the belief of core brand value of “enlighten lives with quality and style”



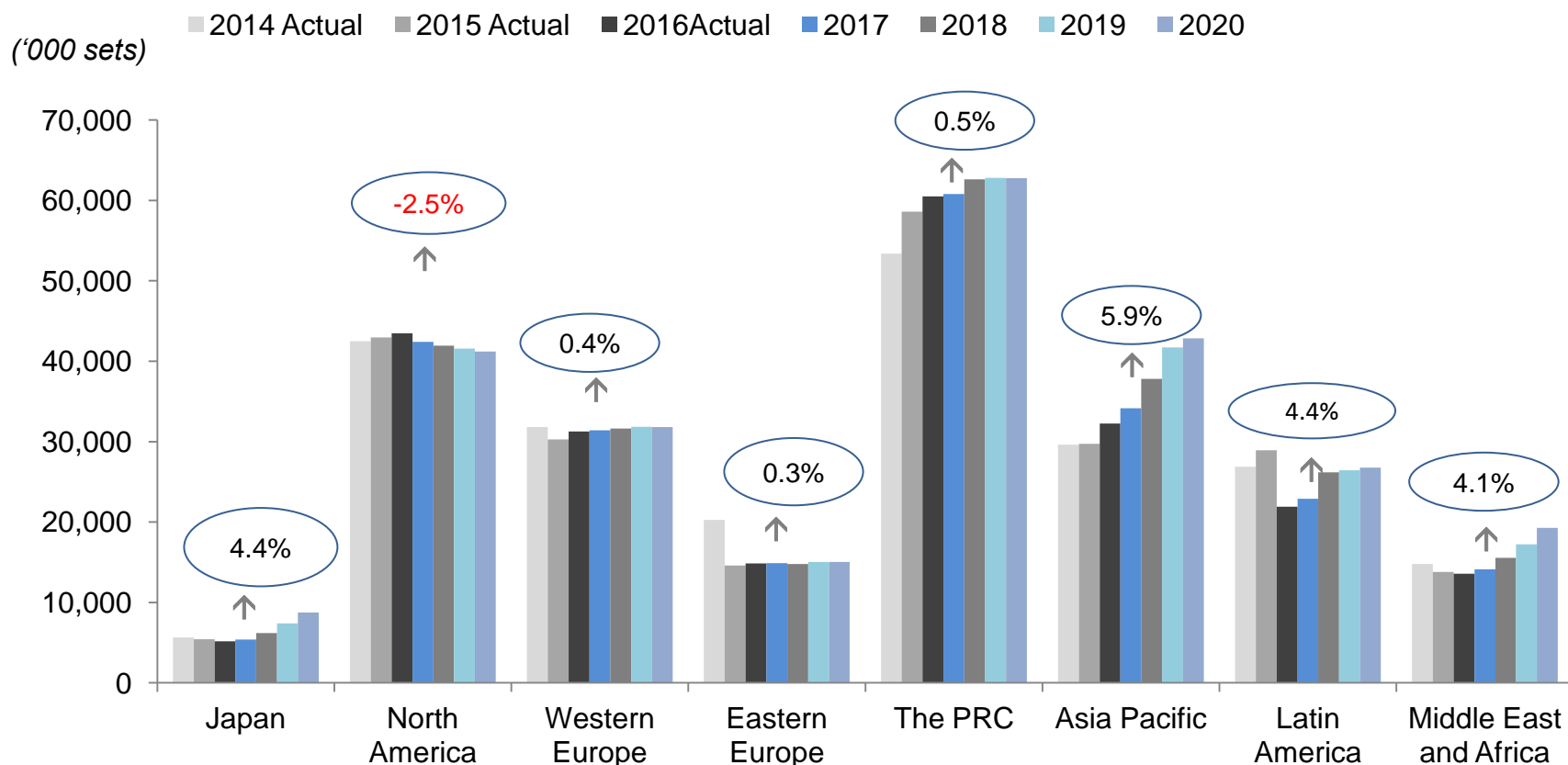


Global LCD TV Sales Volume Forecasts



Projection of 2017-2020 Global LCD TV Sales Volume

In 2017, overall LCD TV sales volume is expected to increase by 1.4% year-on-year



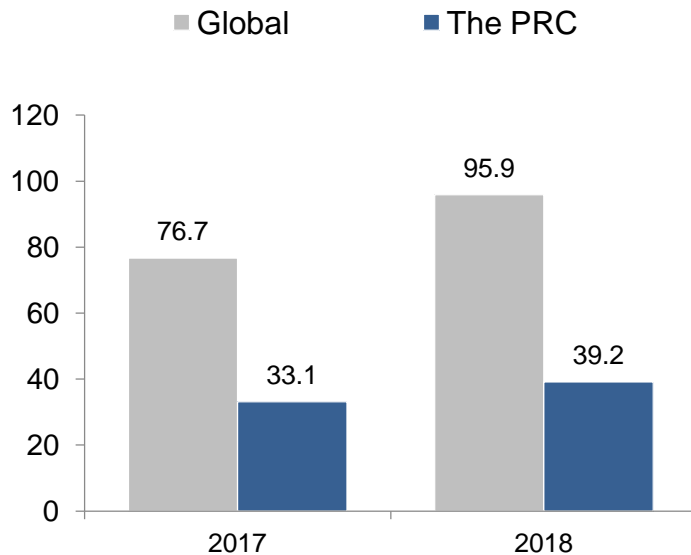
Source: IHS Technology (2016 Q4 data)

Growth Trends for Global and The PRC Curved TVs and UHD TVs



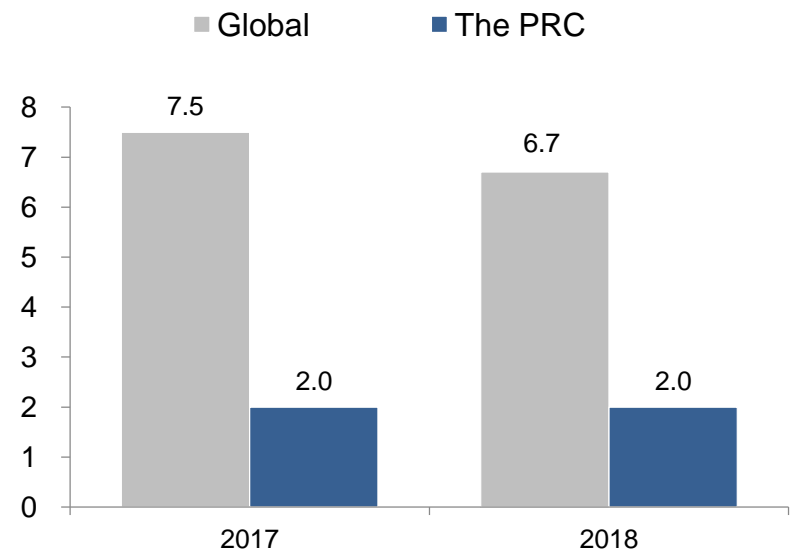
2017-2018 UHD TV Sales Volume Forecast

(million sets)



2017-2018 Curved TV Sales Volume Forecast

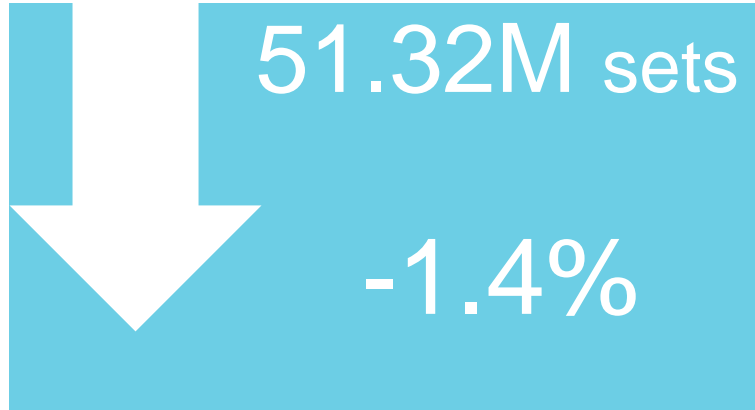
(million sets)



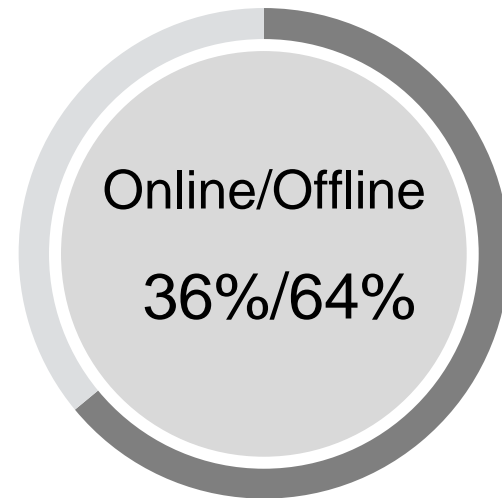
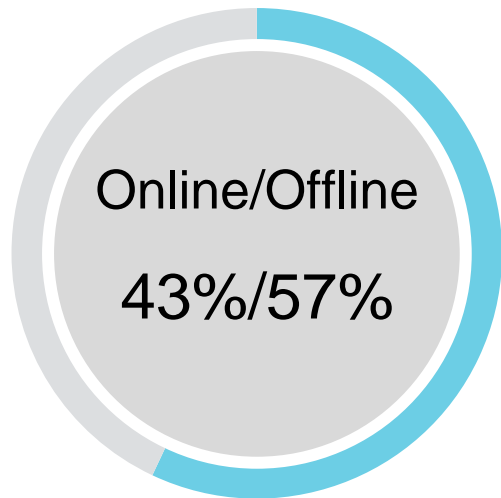
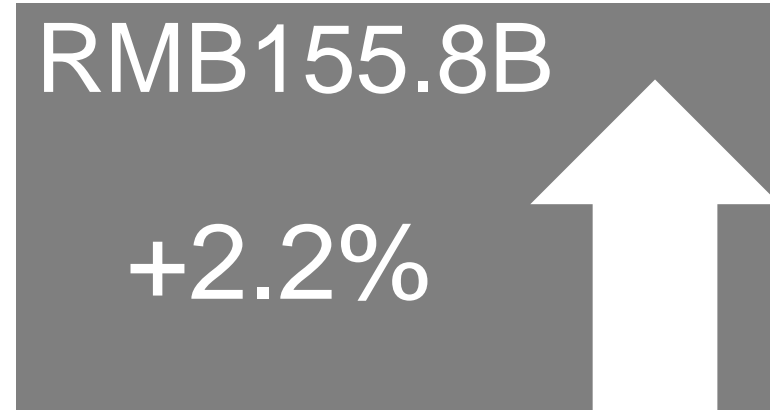
Source: IHS Technology

The PRC TV Market Forecasts

2017 Retail Sales Volume Forecast



2017 Retail Turnover Forecast



Source: CMM

Overall Strategy - Twin Drivers of “double +” Strategy and Internationalisation



Continue to Implement “double +” Strategic Transformation

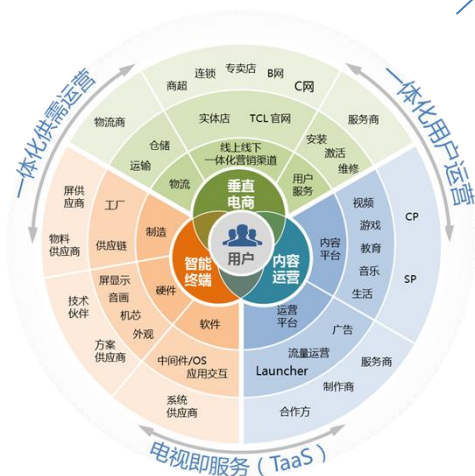
- ◆ Establish a customer-centric ecosystem based on platform operation to develop new business models
- ◆ Optimise software and hardware experiences, integrate product and operation platforms to optimise user experience, enhance platform capabilities and expand the scale of operations
- ◆ Actively implement the TV+ business strategy in the overseas markets

Continue to Pursue Internationalisation

- ◆ Focus on branding by strengthening brand investment and enhancing brand image
- ◆ Enhance efficiency and structural transformation to establish operating models with healthy and steady growth
- ◆ Strengthen and enhance existing businesses while focusing on breakthroughs in the key markets

Enhance Core Competitiveness and Operational Efficiency

- ◆ Continue to innovate and enhance R&D capability to maintain leading position of products
- ◆ Implement intelligent manufacturing and strengthen industrial manufacturing capability
- ◆ Continue to optimise business and workflow to enhance operational efficiency and decrease system costs



Build a comprehensive ecological enterprise based on smart TV business

Efficiency is basis
Structure is core
Profit is goal



Focus on “two-up and two-down” as operating strategy



- 1) Increase the proportion of products with high gross profit
- 2) Increase the proportion of low cost channels
- 3) Decrease system costs 4) Decrease asset turnover days

Structure-based competitive strategy



- 1) Flagship product strategy 2) New product category 3) New technology

Continue to foster the establishment of four core competitiveness







- 1) Technology capabilities 2) Industry capabilities 3) Brand and channel capabilities 4) internet application and service capabilities

Streamline organization and enhance workforce efficiency



- 1) Streamline organization and optimise workflow 2) Enhance workforce efficiency

Internet Service Revenue Breakdown

Advertising	
Membership Services	
Data Services	
Value-added Services	

Total:

2016 Actual (RMB)	2017 Target (RMB)
39.34 million	87 million
26.11 million	53 million
3.11 million	8 million
3.73 million	2 million
Approx. 72.29 million	Approx.150 million

Progress of Implementation in 2016 and Target for 2017



	2016 Actual			2017 Target		
	Overall Actual	The PRC Market FY Actual	Overseas Markets FY Actual	Overall Target	The PRC Market FY Target	Overseas Markets FY Target
LCD TVs sales volume ('0000 sets)	1,996	941	1,054	2,200	1,000	1,200
		↑1.8%	↑30.2%	↑10.2%	↑6.2%	↑13.8%

The PRC Market (excluding ODM business)	FY 2016 Target	FY 2016 Actual	FY 2017 Target
Proportion of smart TV sales volume (%)	62%	66.1%	75%
Proportion of 4K TV sales volume (%)	32%	36.3%	42%
Proportion of curved TV sales volume (%)	8%	10.9%	15%
Proportion of online sales volume (%)	18%	20.0%	20%

	FY 2015 Actual	FY 2016 Target	FY 2016 Actual	FY 2017 Target
Internet Service Revenue (RMB)	Approximately 42.69 million	Approximately 100 million	Approximately 72.29 million	Approximately 150 million
Number of TCL global activated smart TV users (Accumulated number at period end) (year-end/quarter-end) ¹	11,924,856	16,000,000	17,289,434	21,000,000
Daily average number of active users (year-end/month-end) ²	4,800,723	6,700,000	7,473,240 ³	9,350,000
Average Daily Watching Time (hour)	N/A	3.6	4.7	4.9

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. December 2016 data

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TCL

Q&A

