

The TCL logo is a red square with the letters 'TCL' in white, bold, sans-serif font.

TCL 多媒體科技控股有限公司
TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

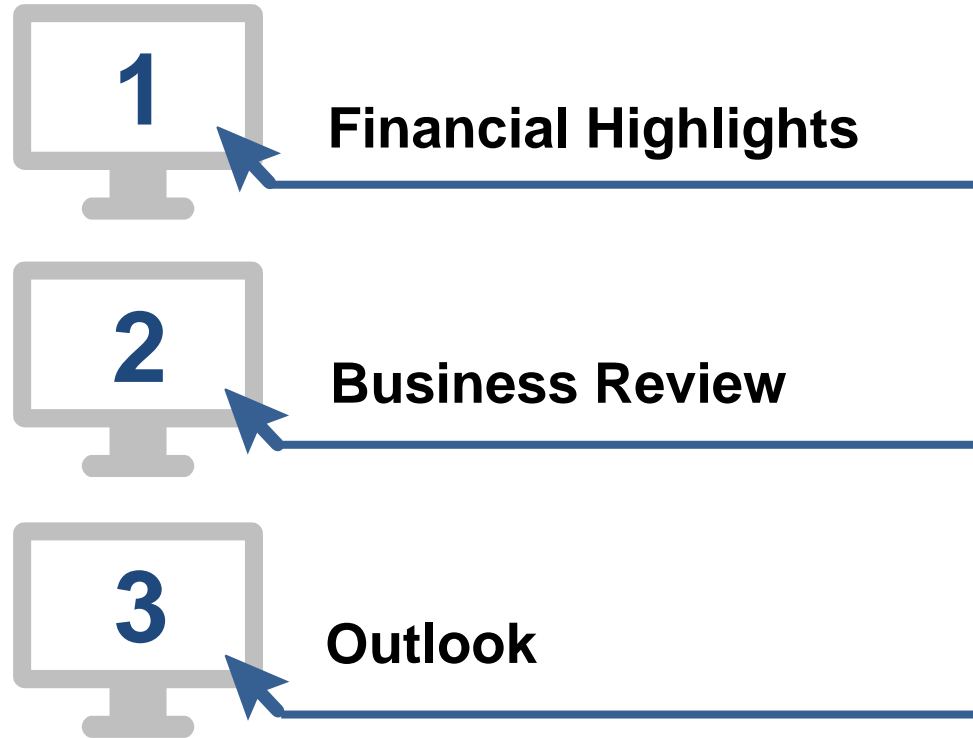
Stock Code: 01070

2015 Q3 Results Presentation

(Unaudited results for the nine months ended 30 September)



Agenda



1. Financial Highlights



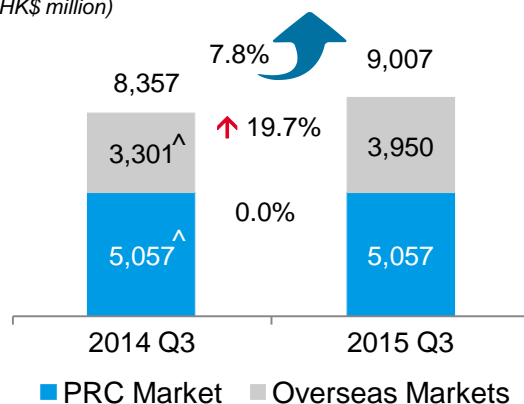
TCL L55C1-UD True 4K UHD Ultra-Thin Smart TV



Financial Highlights (For the nine months ended 30 September 2015 and three months ended 30 September 2015)

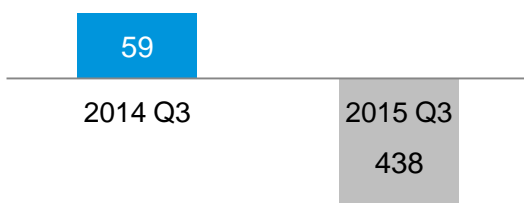
TV Turnover

(HK\$ million)



Profit / (loss) attributable to owners of the parent

(HK\$ million)



(HK\$ million)

	2015 Q1 - Q3	2014 Q1 - Q3	Change	2015 Q3	2014 Q3	Change
Turnover	24,444	23,601	3.6%	9,047	8,398	7.7%
Gross profit	3,730	3,831	(2.6%)	1,226	1,448	(15.3%)
Gross profit margin (%)	15.3	16.2	(0.9 p.p.)	13.6	17.2	(3.6 p.p.)
Expense ratio (%)	15.2	15.0	0.2 p.p.	16.8	15.8	1.0 p.p.
Net profit / (loss) after tax	(319)	239*	N/A	(441)	71	N/A
Net profit / (loss) after tax margin (%)	(1.3)	1.0*	(2.3 p.p.)	(4.9)	0.8	(5.7 p.p.)
Profit / (loss) attributable to owners of the parent	(302)	228*	N/A	(438)	59	N/A
Basic earnings / (loss) per share (HK cents)	(22.76)	17.21*	N/A	(32.91)	4.44	N/A

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

[^] Restated

2015 Q3 Loss Analysis and Improvement Measures

Loss Analysis

- ❑ In the first three quarters, overall capacity in the PRC TV market declined significantly. According to CMM's report, for the 39 weeks ended 27 September 2015, sales volume of TVs in the PRC's offline market fell by 14.0% year-on-year, with intensified price wars. To cope with market competition, the Group adopted a more aggressive competitive strategy, adjusted product mix to maintain its market share. However, as the Group's operational efficiencies had not yet been improved significantly, gross profit margin was nevertheless affected
- ❑ RMB depreciated rapidly against US dollar in August and led to a net loss on the overall foreign currency hedging instruments and exchange of HK\$220 million

Improvement Measures

- ❑ With enhancements to operational efficiencies and adjustments to product mix, management of the Group is confident of improving profitability in the fourth quarter of 2015
- ❑ The Group will minimise the influence of exchange rate fluctuation of RMB against US dollar to the operations through strategies such as financing structure adjustments and risk hedging instruments



Segments Results (For the nine months ended 30 September 2015 and three months ended 30 September 2015)

The PRC Market TV Business

<i>(HK\$ million)</i>			<i>(HK\$ million)</i>			
2015 Q1 - Q3	2014 [^] Q1 - Q3	Change		2015 Q3	2014 [^] Q3	Change
14,753	13,645	8.1%	Turnover	5,057	5,057	0.0%
2,843	2,859	(0.5%)	Gross profit	795	1,118	(28.9%)
19.3%	21.0%	(1.7 p.p.)	Gross profit margin	15.7%	22.1%	(6.4 p.p.)
357	433	(17.5%)	Operating results	(134)	248	N/A

Overseas Markets TV Business

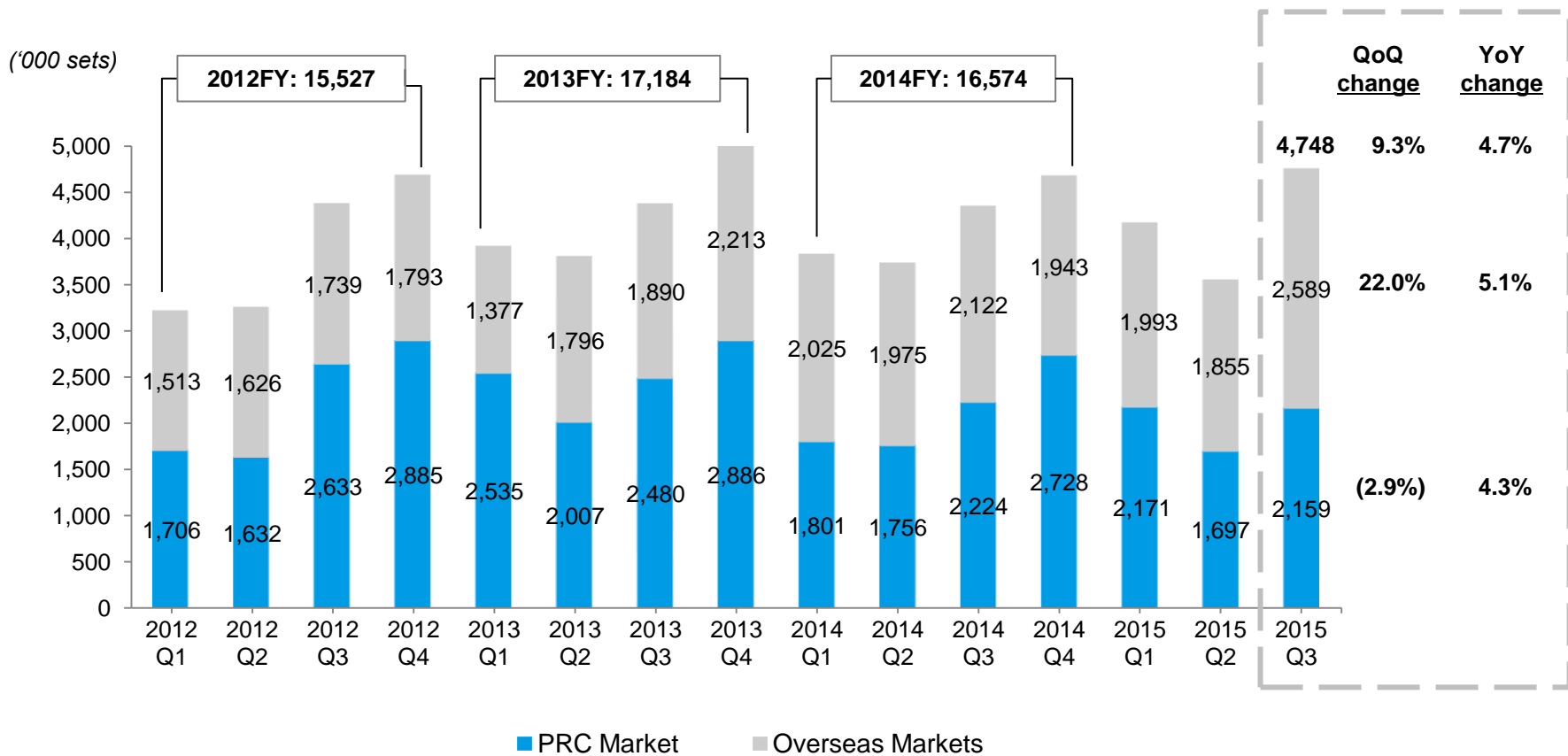
<i>(HK\$ million)</i>			<i>(HK\$ million)</i>			
2015 Q1 - Q3	2014 [^] Q1 - Q3	Change		2015 Q3	2014 [^] Q3	Change
9,582	9,303	3.0%	Turnover	3,950	3,301	19.7%
874	987	(11.4%)	Gross profit	423	336	25.9%
9.1%	10.6%	(1.5 p.p.)	Gross profit margin	10.7%	10.2%	0.5 p.p.
(87)	9	N/A	Operating results	106	(45)	N/A

[^] Restated



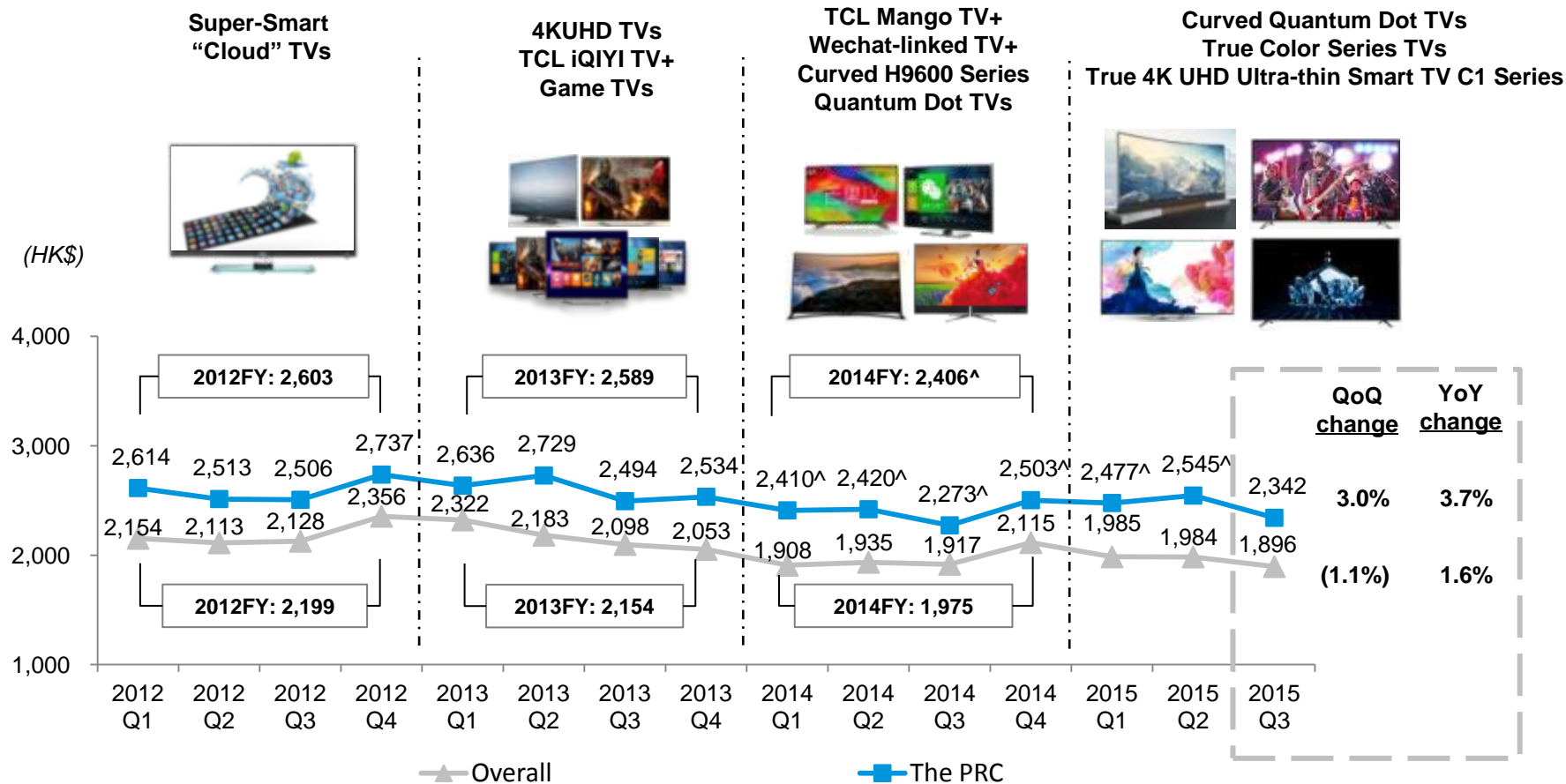
LCD TV Sales Volume

LCD TV Sales Volume (by quarter)



LCD TV Average Selling Prices

Average Selling Prices of LCD TVs (by quarter)

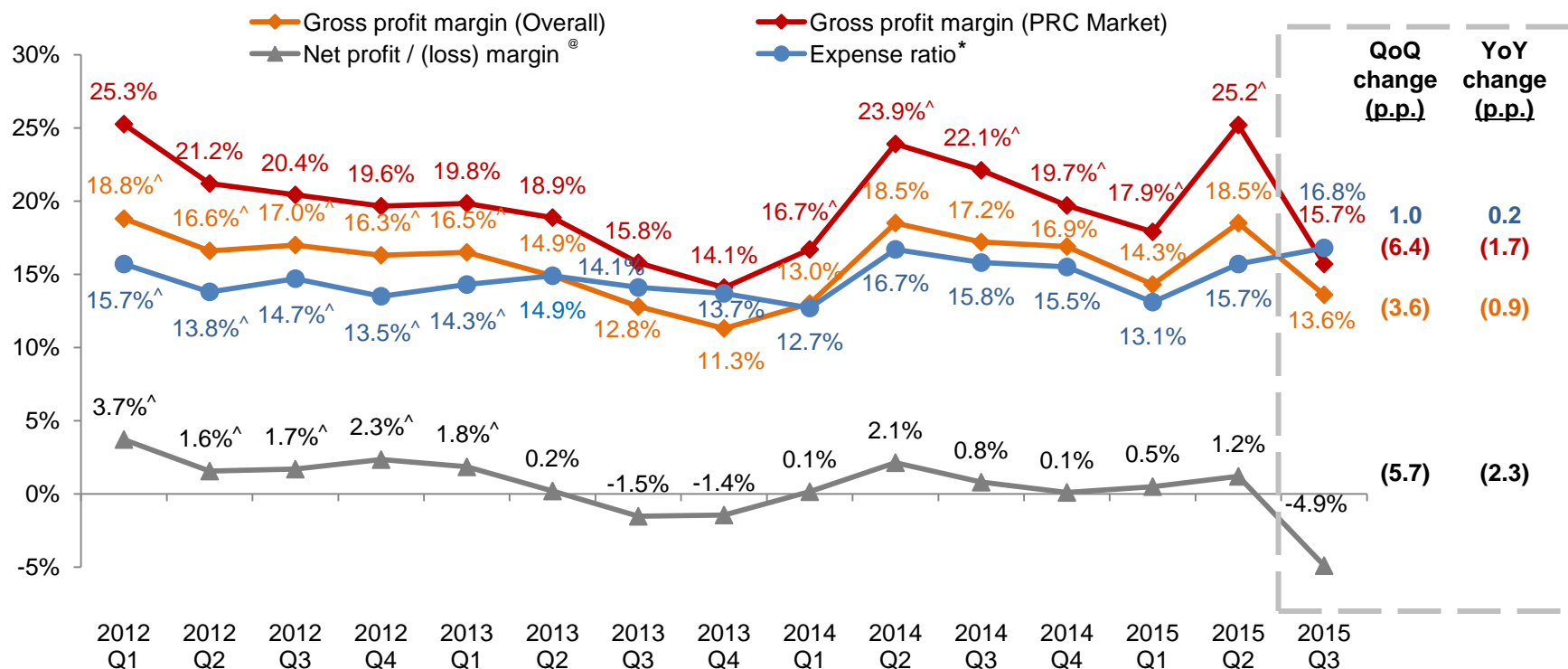


[^] Restated



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

	30 Sep 2015	30 Sep 2014	31 Dec 2014	Change (compared with the end of 2014)
Inventory turnover (days)*	53	50	49	+4 days
A/R turnover (days)*	51	38	42	+9 days
A/P turnover (days)*	64	62	65	(1 day)
Cash conversion cycle (days)	40	26	26	+14 days
Current ratio (times)	1.1	1.1	1.1	Unchanged
Gearing ratio (total)(%)**	157.6	92.7	90.2	+67.4 p.p.
Gearing ratio (net)(%)***	68.8	15.3	10.0	+58.8 p.p.

* 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 Sep 2015	31 Dec 2014	Change
Non-current assets	3,170	3,362	(5.7%)
Current assets	18,991	18,120	4.8%
- Inventory	3,545	4,055	(12.6%)
- Cash and bank balances	3,392	3,379	0.4%
Current liabilities	17,976	15,916	12.9%
Net current assets	1,015	2,204	(53.9%)
Non-current liabilities	29	960	(96.9%)
Net assets	4,155	4,606	(9.8%)



2. Business Review



TCL D55A980-CUD 4K High Colour Domain Curved TV



Global LCD TV Market Share

Ranking	Brand	2015 1H	2014 FY
1	Samsung	20.9%	22.6%
2	LGE	13.9%	14.6%
3	TCL	5.7%	5.2%
4	Sony	5.4%	6.2%
5	Hisense	5.4%	4.9%
6	Skyworth	4.6%	3.9%
7	Vizio	3.4%	3.0%
8	AOC/TP Vision	3.3%	3.2%
9	Sharp	3.2%	3.2%
10	Haier	3.2%	2.1%

The PRC LCD TV Market Share

Ranking	Brand	2015 1H	2014 FY
1	Skyworth	16.5%	16.1%
2	Hisense	15.4%	16.1%
3	TCL	14.9%	15.7%
4	Changhong	11.5%	11.3%
5	Konka	8.6%	10.2%
6	Haier	8.5%	5.3%
7	Samsung	4.7%	5.2%
8	AOC/TP Vision	3.3%	2.1%
9	Sharp	3.2%	3.5%
10	LeTV	2.8%	0.0%

Source: IHS Technology



TV Sales Volume

<i>Total TV Sales Volume ('000 sets)</i>	2015 Q1 – Q3	2014 Q1 – Q3	Change
Total	12,498	12,056	3.7%
- PRC	6,027	5,781	4.3%
- Overseas	6,471	6,275	3.1%

<i>LCD TV Sales Volume ('000 sets)</i>	2015 Q1 – Q3	2014 Q1 – Q3	Change
Total	12,464	11,903	4.7%
Of which: LED backlight LCD TVs	12,446	11,869	4.9%
Smart TVs	4,184	2,475	69.0%
- PRC	6,027	5,781	4.3%
- Overseas	6,437	6,122	5.1%



TV Business in the PRC Market

Drawbacks

- ❑ Overall capacity in the PRC TV market declined significantly, with intense market competition. The Group's operational efficiencies had not yet been improved significantly, gross profit margin was affected
- ❑ Product profitability still needs to be improved

Highlights

- ❑ For the first three quarters, TV turnover increased by 8.1% year-on-year to HK\$14.75 billion, LCD TV sales volume increased by 4.3% year-on-year to 6.03 million sets
- ❑ Enhanced product mix continuously with average selling price of LCD TVs increased by 3.7% year-on-year. Proportion of sales volume of curved, big-screen, ultra-high-definition, priced at above RMB7,000 and high color domain products increased from 35.1% in 2014 to 47.9% for the third quarter of 2015. Curved TV sales volume reached 100,000 sets, maintaining its market share as the No.1 domestic brand in the PRC curved TV market*

*Source: CMM



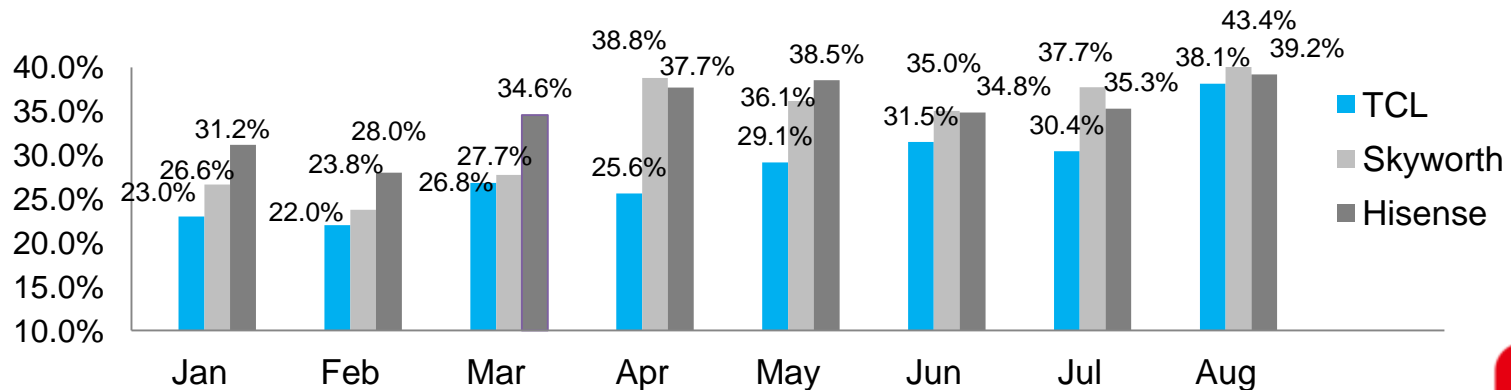
Market Penetration of 4K TV Sales in the PRC Market

Narrowing Disparity Among Major Competitors

Comparisons of 4K UHD TV market share and average selling price

	Market shares		Average selling price (RMB)	
	(Jan - Aug 2015)	(Jan - Jun 2015)	(Jan - Aug 2015)	(Jan - Jun 2015)
Hisense	19.5%	20.0%	5,629	5,664
Skyworth	16.2%	15.5%	5,059	5,142
TCL	12.9%	12.5%	4,950	5,074

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

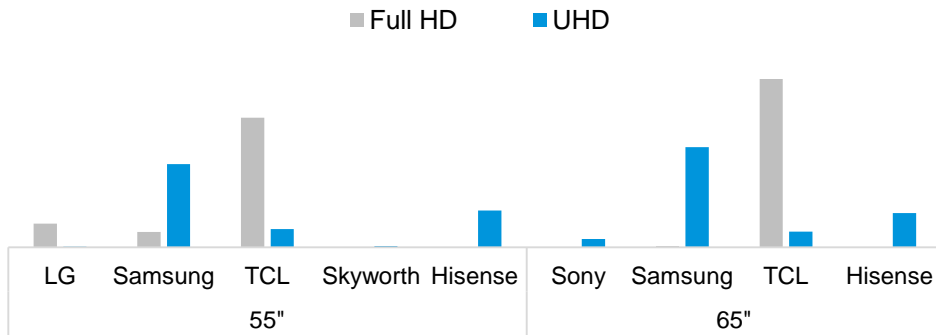


Source: CMM (Jun and Aug 2015)

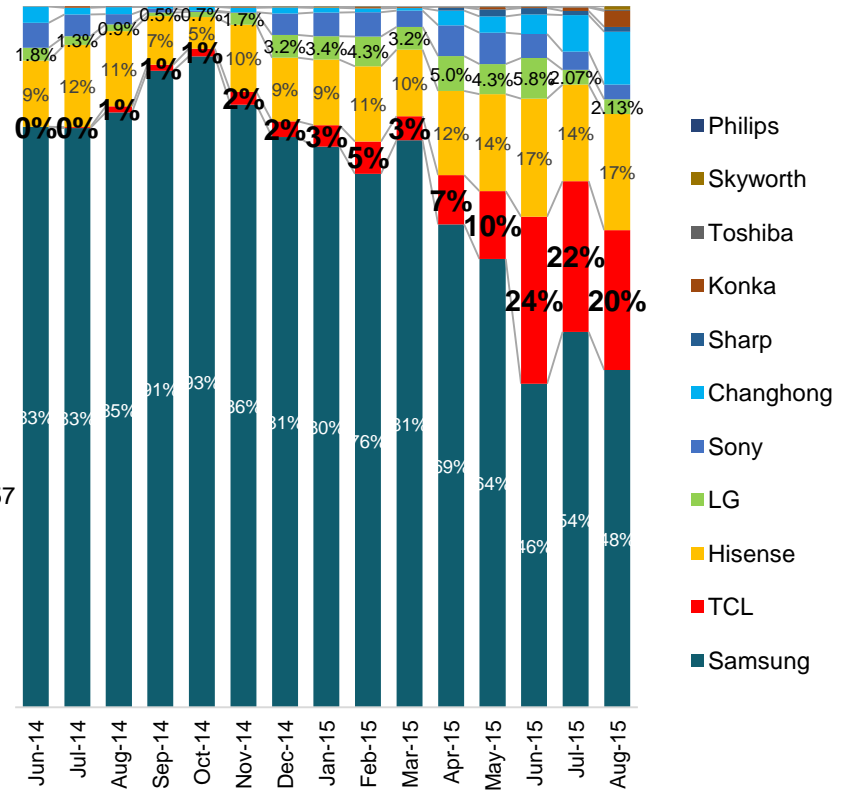


Ranked No. 1 among Domestic Brands in Curved TV Market Share in the PRC

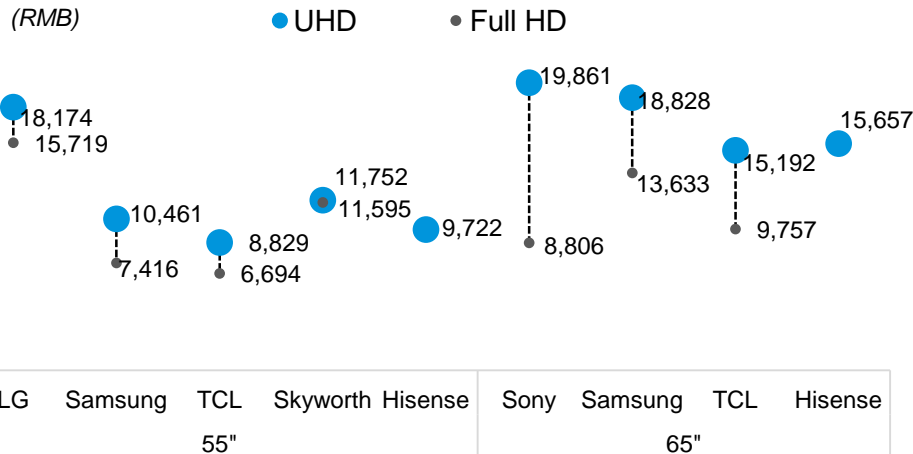
Proportion of Sales Volume of Curved TVs for Major Brands (by Size)



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



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



Source: CMM (Aug 2015)



TV Business in the Overseas Markets

Drawbacks

- ❑ LCD TV sales volume of the Strategic ODM business was down by 7.0% when compared with that in the same period of last year to 3.83 million sets
- ❑ Impacted by exchange rate fluctuation and market competition in the European Market in the first three quarters, LCD TV sales volume decreased by 10.8% when compared with that in the same period of last year to 580,000 sets

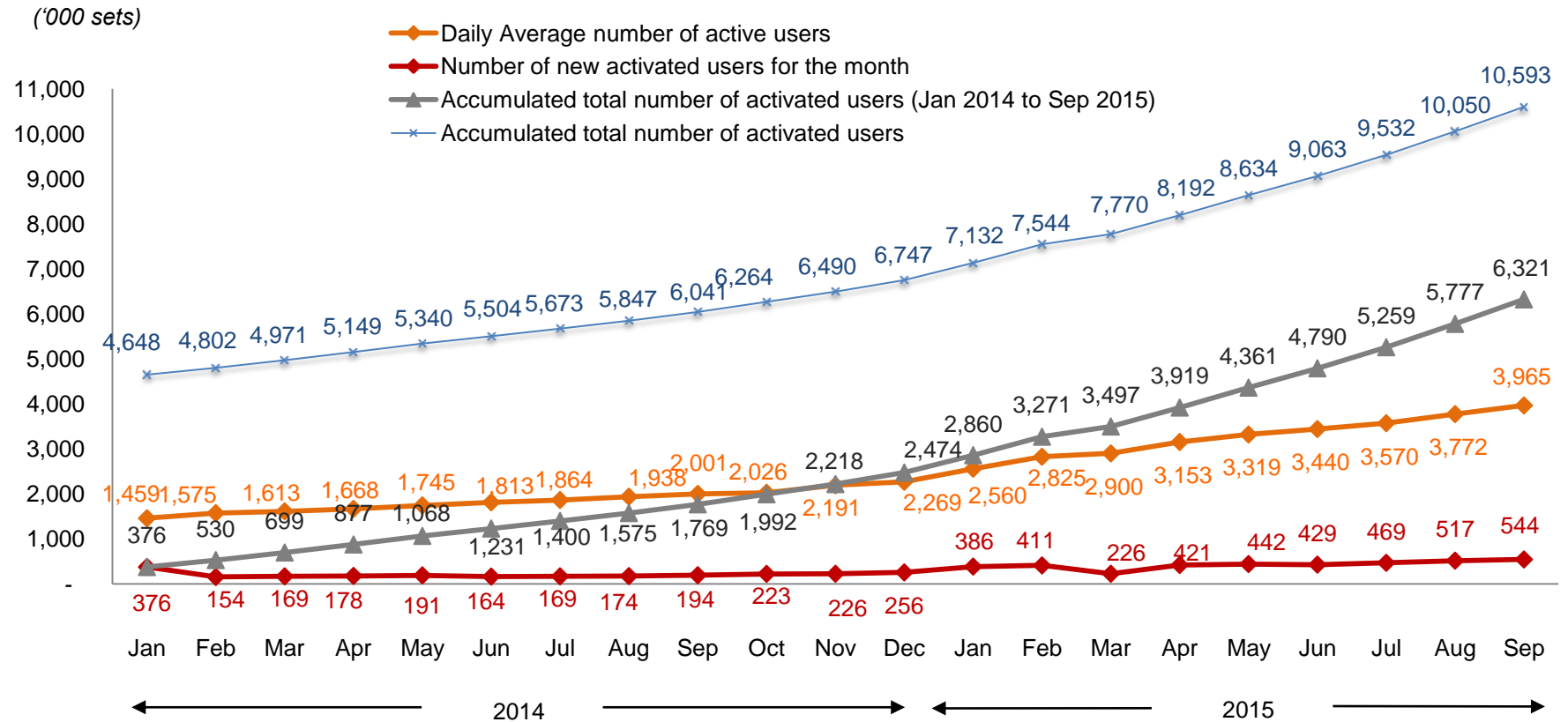
Highlights

- ❑ In the first three quarters, TV turnover increased by 3.0% year-on-year to HK\$9.58 billion. Sales volume of LCD TVs was 6.44 million sets, up by 5.1% year-on-year
- ❑ LCD TV sales volume in the Emerging Markets rose by 5.3% when compared with that in the same period of last year to 1.24 million sets
- ❑ In the North American Market, benefitting from the expansion of national chain sales channels, LCD TV sales volume increased by 337.5% year-on-year to 790,000 sets



Internet Business

TCL Smart TV Operation Statistics in 2014 and 2015 Q1-Q3



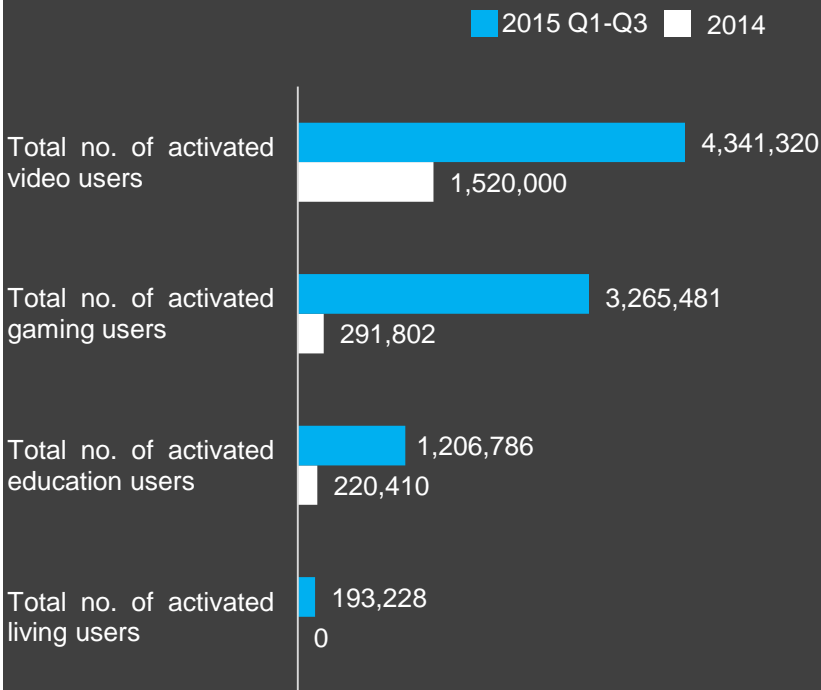
■ For the first three quarters, accumulated number of activated users was up by 57.0% from the end of 2014, with an accumulated growth of 3.85 million users. As at the end of September, accumulated total number of activated users was 10.59 million



Service Revenue from Internet Business was RMB11.52 million in 2015 Q1-Q3

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

Business Growth (Dec 2014 to Q1-Q3 2015)



Video

	2014	2015 Q1 – Q3
Average daily video-on-demand frequency	11 times	15 times
Average daily time spent	3.2 hrs	4.4 hrs

Education

Average daily viewing time	13.6 mins	45 mins
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Gaming

Average daily gaming time within a week	43 mins	75 mins
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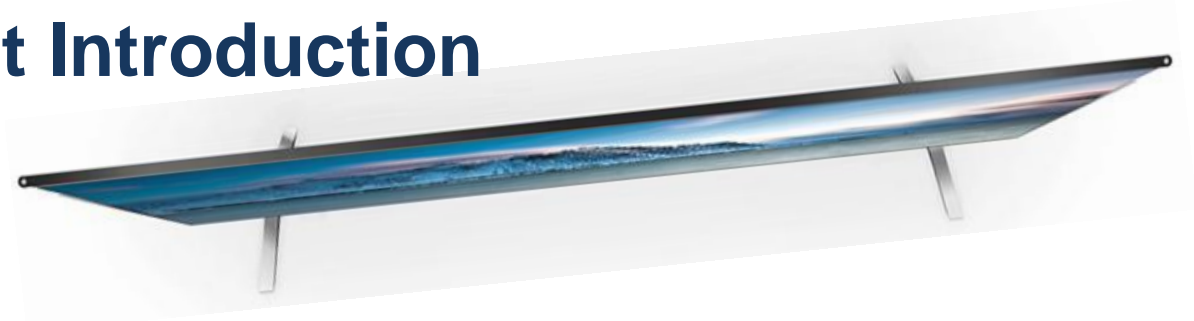
TCL “WE +” Autumn New Product Launch Presentation



TCL “WE +” Autumn New Product Launch Presentation



New Product Introduction



C1 Series Include Five Advantages of “Thin, Curved, True, Fast, Stylish”

Thin

5.9 mm lightweight body design (ultra-thin TV in the market averaged 10 mm), achieving technological breakthroughs by combining curved and ultra-thin

Curved

4000R gold curvature same as the curvature of human eye to bring the most authentic and natural live experience

True

True Color, high colour domain technology and High Dynamic Range (HDR) image decoding mode to raise the overall experience quality

Fast

64-bit high speed chips, 2G DDR high configuration memory, TV+OS system optimisation, with 2.4 / 5G dual-band dual-channel WIFI, to bring smooth and fast experience

Stylish

Built-in "C movement" fitness applications, can start on a healthy journey with the family through external motion intelligence mat



3. Outlook



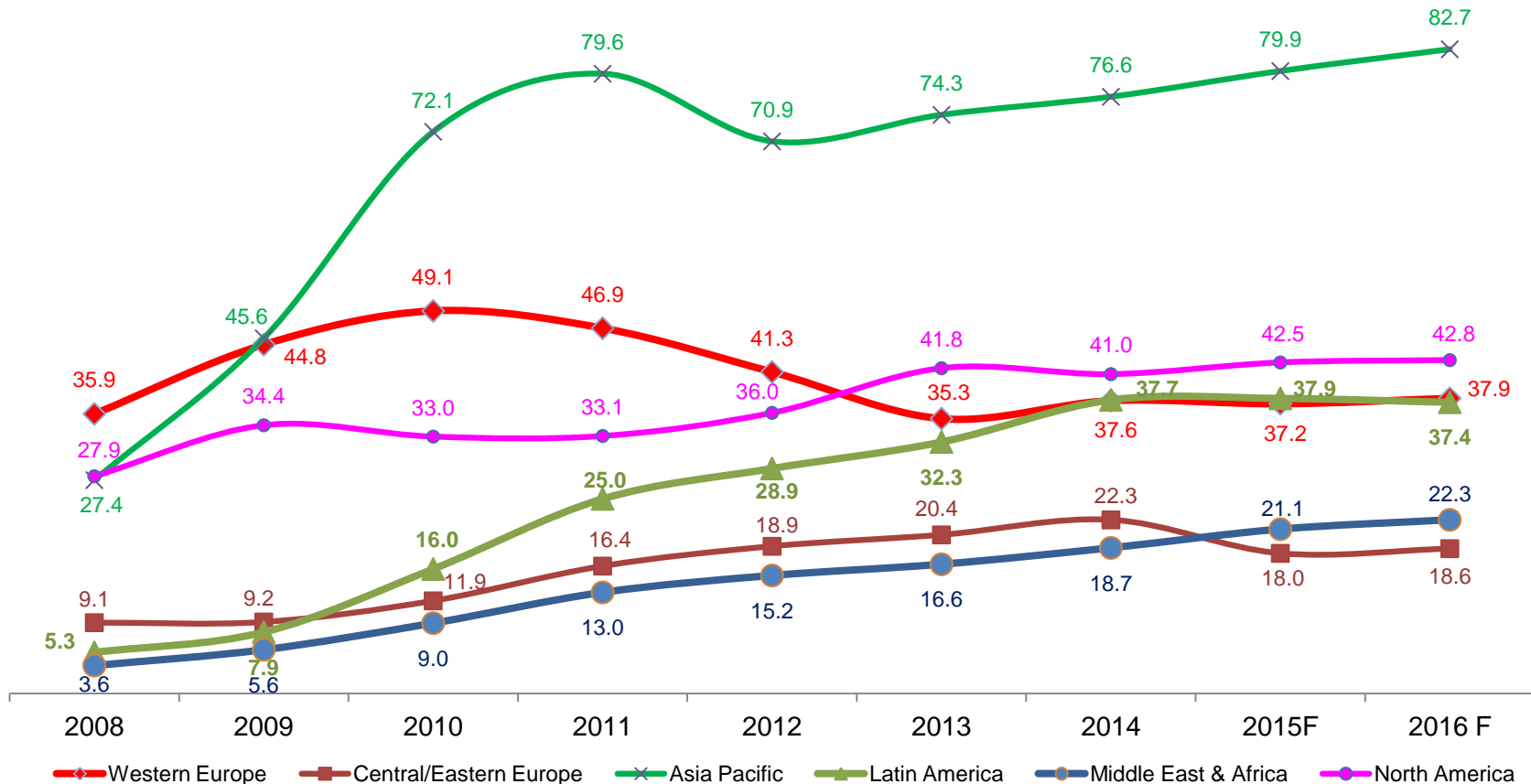
TCL QLED 2.0 Quantum Dot TV



Global LCD TV Sales Volume Forecasts

Global LCD TV Sales Forecasts Up to 2016

(million sets)



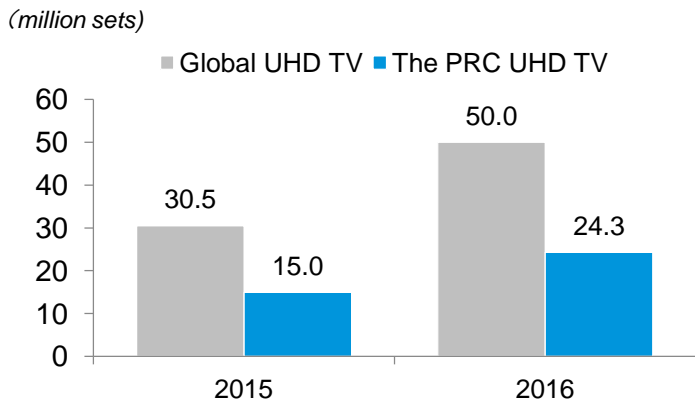
Source: GfK (July 2015)



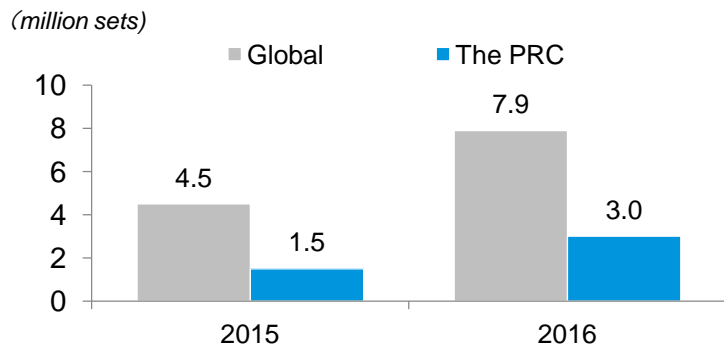
Growth Trends for Global and The PRC Curved TVs, UHD TVs and Screens

- 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

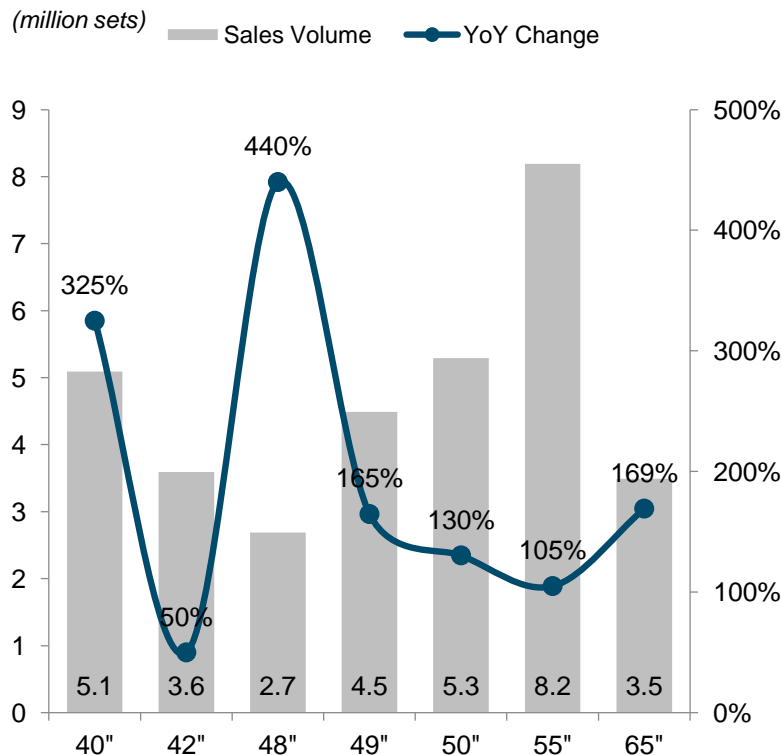
2015-2016 UHD TV Sales Volume Forecasts



2015-2016 Curved TV Sales Volume Forecasts



2015 UHD Screen Sales Volume by Size



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

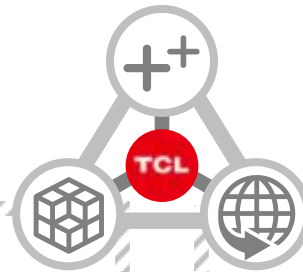
Enhance Efficiencies

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

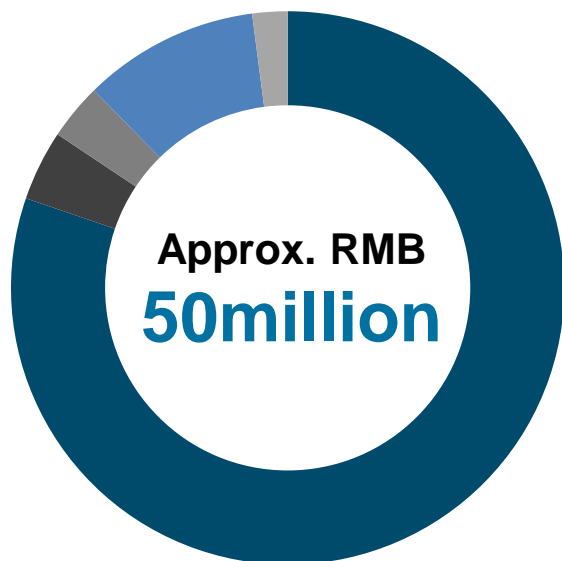


Sound Quality



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 Actual	The PRC Market		Overseas Markets	
		FY Actual	Q1-Q3 Actual	FY Actual	Q1-Q3 Actual		FY Target	Q1 – Q3 Actual	FY Target	Q1 – Q3 Actual
LCD TVs sales volume ('0000 sets)	1,657	851	578	806	612	1,750	870	603 (↑4.3%)	880	644 (↑5.1%)

The PRC Market

	FY 2014 Actual	FY 2015 Target	2015 Q1 Actual	2015 1H Actual	2015 Q1-Q3 Actual
Proportion of smart TV sales (%)	41.0%	60%	47.2%	50.7%	51.7%
Proportion of 4K TV sales(%)	9.7%	20%	12.5%	13.8%	19.2%
Proportion of online sales volume (%)	7.8%	15%	11.0%	14.1%	14.0%

	FY 2014 Actual	FY 2015 Target	2015 Q1 Actual	2015 1H Actual	2015 Q1-Q3 Actual
Number of TCL activated smart TV users (Accumulated number at period end) (year-end/quarter-end) ¹	6,746,610	11,000,000	7,769,780	9,062,871	10,593,458
Daily average number of active users (year-end/month-end) ²	2,268,959	4,400,000	2,899,924 ³	3,440,254 ⁴	3,964,692 ⁵
Internet Service Revenue (RMB)	N/A	Approx. 50,000,000	1,393,700	2,470,000	11,520,000

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

5. September 2015 data

^ Restated



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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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Q&A

