

2011 Q1 Results Presentation



追梦
30年



创意感动生活
The Creative Life

TCL Multimedia Technology Holdings Limited

Stock Code: 01070

Disclaimer

- The information contained herein should not be utilized for any legal purposes in regards to any investor's investment decision or results. In particular, this document does not constitute any recommendation or invitation for subscribing for or sale and purchase of any securities of TCL Multimedia Technology Holdings Limited (the "Company"). The Company hereby expressly disclaims any liability for any loss or damage resulting from or in connection with any reliance by any investor on the information contained herein.
- A number of forward-looking statements may be made during this presentation. Forward-looking statements are any 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 used in the presentation are unaudited results for the three months ended 31 March



Results Overview



TCL Multimedia Technology Holdings Limited



Results Overview

- **Q1 Financial Performance**
 - **Turnover: HK\$6.581 billion, down 2.7% year-on-year**
 - **Gross Profit: HK\$1.054 billion, down 3.9% year-on-year**
 - **Operating Profit: HK\$145 million, up 17.9% year-on-year**
 - **Profit Attributable to Owners of the Parent: HK\$34 million, down 22.7% year-on-year**
- **LCD TV Sales Volume reached 1.928 million sets, up 0.1% year-on-year**
 - **LCD TV sales volume in the PRC Market: up 12.0% year-on-year**
 - **LCD TV sales volume in Emerging Markets: up 111.4% year-on-year**
- **Launched a series of new products and introduced the world's first Super Smart Internet TV that employs the advanced 3D User Interface technology**
- **LED backlight LCD TV sales volume to overall LCD TV sales volume rose further to 40.0% in March this year, from 27.6% in December last year**



Financial Highlights



TCL Multimedia Technology Holdings Limited



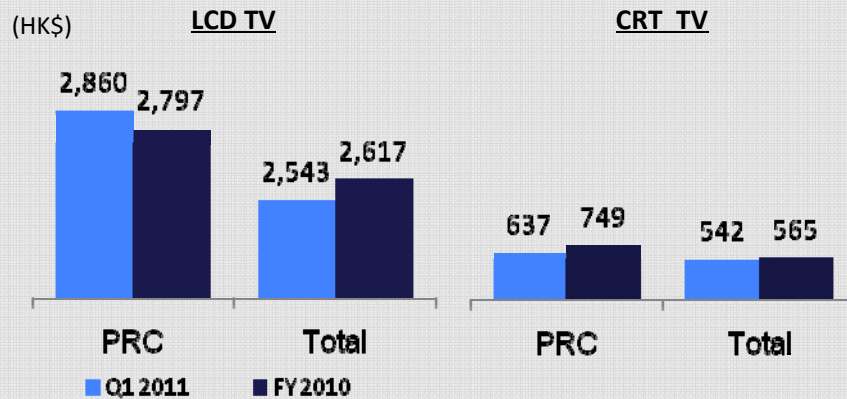
Consolidated Results

(HK\$ million)	Q1 2011	Q1 2010	Change (%)
Turnover	6,581	6,761	-2.7
Gross profit	1,054	1,097	-3.9
Operating profit	145*	123	+17.9
Profit attributable to owners of the parent	34*	44	-22.7
Basic earnings per share (HK cents)	3.13	4.32	-27.5

* Included a provision of HK\$18.35 million for the settlement for the First and the Second Writ of the TTE Europe Litigation during the period under review.

Average Selling Price & Margin

Average Selling Price



Margin

	Q1 2011	FY 2010	Change
Gross profit margin	16.0%	14.0%	+2.0%
Expense ratio*	15.2%	16.6%	-1.4%
Operating margin	2.2%	(2.2%)	+4.4%

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

Balance Sheet Highlights

(HK\$ million)	31 March 2011	31 March 2010	31 December 2010
Non-current assets	1,906	1,982	1,931
Current assets	14,230	13,354	16,569
- Inventories	3,210	4,922	4,925
- Cash and bank balances	1,990	2,541	2,133
Current liabilities	11,977	11,188	14,966
Net current assets	2,253	2,166	1,603
Non-current liabilities*	873	376	284
Net assets	3,286	3,772	3,250

*As of 31 March 2011, the Group complied with all the financial covenants according to the loan agreement (the Group breached of certain financial covenants on 31 December 2010), therefore, an aggregate carrying amount of HK\$616 million syndicated loan was reclassified as non-current liabilities.

Key Financial Indicators

	31 March 2011	31 March 2010	31 December 2010
Inventory turnover (days)*	59	79	68
A/R turnover (days)*	42	52	47
A/P turnover (days)*	72	86	72
Current ratio	1.2	1.2	1.1
Gearing ratio**	30.0%	26.7%	38.5%

*The above turnover days are calculated based on average balance 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

Segment Results

(HK\$ million)		Q1 2011	Q1 2010	Change (%)	Q4 2010	Change (%)
PRC TV Business	Turnover	4,046	3,715	+8.9	5,039	-19.7
	Gross Profit	883	697	+26.7	1,056	-16.4
	Operating Results	173	56	+208.9	201	-13.9
Overseas TV Business	Turnover	1,487	2,185	-31.9	1,768	-15.9
	Gross Profit	113	262	-56.9	183	-38.3
	Operating Results	(69)	28	N/A	(161)	+57.1
AV Products	Turnover	919	701	+31.1	936	-1.8
	Gross Profit	52	113	-54.0	98	-46.9
	Operating Results	15	75	-80.0	56	-73.2



Business Review



TCL Multimedia Technology Holdings Limited



TV and LCD TV Sales Volume

Total TV Sales Volume (‘000 sets)	Q1 2011	Q1 2010	Y-o-Y (%)	Q4 2010	Q-o-Q (%)
Total	3,091	3,539	-12.7	3,446	-10.3
PRC	1,708	1,757	-2.8	2,007	-14.9
Overseas	1,383	1,782	-22.4	1,439	-3.9

LCD TV Sales Volume (‘000 sets)	Q1 2011	Q1 2010	Y-o-Y (%)	Q4 2010	Q-o-Q(%)
Total	1,928	1,927	+0.1	2,273	-15.2
Of which: LED backlight LCD TVs	599	-	N/A	504	+18.8
PRC	1,331	1,188	+12.0	1,622	-17.9
Overseas	597	739	-19.2	651	-8.3

TV – PRC Market

Continued to increase the proportion of LED backlight LCD TVs to overall LCD TVs sales volume, reached 43.4% in March this year, the proportion of Internet TVs reached 21.6%

Enhanced its product lines, launched approximately 270 product models during the period under review (excluding inventory), of which 165 were major product models, down from 467 product models in the same period last year

Further strengthened distribution channels in third-tier and forth-tier cities and rural markets

- Focused on franchise network development in villages and towns, and improved the effective sales network coverage ratio and efficiency per shop in rural areas
- Effective sales network coverage ratio up 25% year-on-year

■ Sales volume of LCD TVs reached 1.331 million sets, up 12.0% year-on-year

■ Operating results reached HK\$173 million, up 208.9% year-on-year

TV – Overseas Markets

Emerging Markets: Introduced LED backlight LCD TVs to key markets such as Brazil, India, Russia, Middle East etc.

European Markets: Started up TCL-branded TV business in Spain, Poland, Belgium, Switzerland, Ukraine etc. Its dual-brand strategy has begun to show results

North American Markets: Attracted much attention during CES, introduced TCL-branded products and started business relationships with various regional distributors

Adjusted Strategic OEM customer base

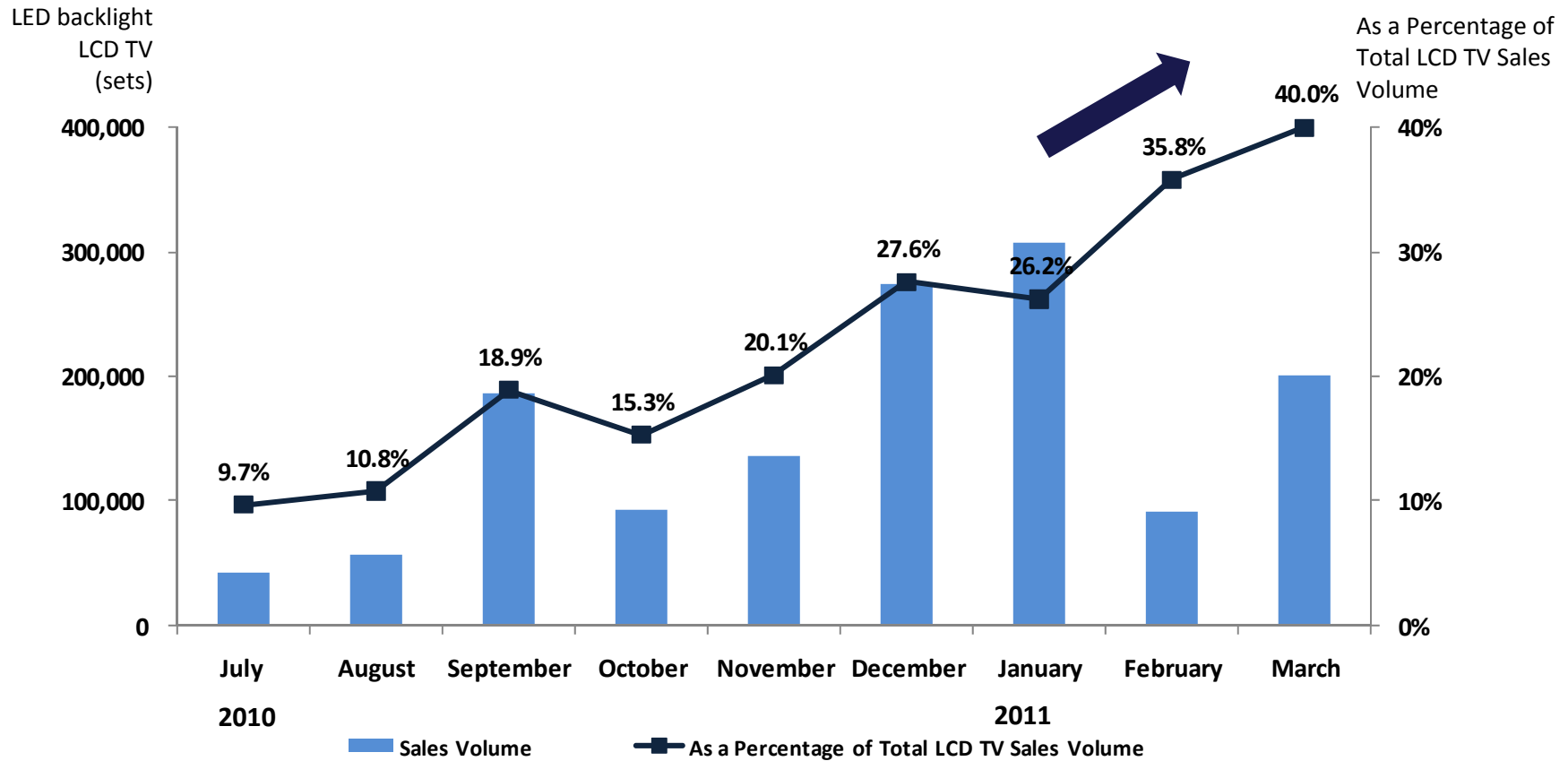
Improved overseas supply chain efficiency through local procurement and standardized components

■ LCD TV sales volume reached 597,000 sets. LCD TV sales volume in Emerging Markets surged by 111.4% year-on-year.

■ Operating loss reduced from Q4 last year to HK\$69 million

Sales Volume of LED Backlight LCD TVs as a Percentage of Total LCD TV Sales Volume Increased

The proportion of LED backlight LCD TV sales volume increased further to 40.0% in March



New Product Launch

Launched a total of 16 new product series under the 3D LCD TV series, LED backlight LCD TV series and CCFL LCD TV series which were well received by the markets



V 6200



V 8200



E 5200



F 3200

AV Business

Exploring cooperation opportunities with international brands, launched approximately 130 new product series to achieve product diversification

Shrinking gross margin as a result of rising cost and increasing demand from clients on products with lower-cost solutions

Alleviating rising cost pressure and enhancing product competitiveness through setting up overseas manufacturing bases with mass production in the regions with cost and logistics advantages

■ AV products sales volume reached 4.403 million sets, up 32.6% year-on-year

■ Sales up 31.1% year-on-year, yet operating results declined by 80.0% year-on-year

Improving Results and Key Financial Indicators

- Management is dedicated to enhancing its operating strategies with “speed and efficiency” for operation and sales strategies

Sales volume in the PRC Market continued to increase

- Total LCD TVs sales volume reached 1.331 million sets, up 12.0% year-on-year
- Average selling price of LCD TVs in the PRC Market, up 2.3% to HK\$2,860 (as compared to FY 2010)

Strengthened Product Structure

- The proportion of LED backlight LCD TV sales volume increased in March this year surged to:
- Total: 40.0%
- PRC Market: 43.4%

Enhanced Profitability

- Gross profit margin increased by 2.0% (as compared to FY 2010)
- Expense ratio decreased by 1.4% (as compared to FY 2010)
- Operating margin increased by 4.4% (as compared to FY 2010)
- Profit attributable to the owners of the parent reached HK\$34 million, a turnover from loss in FY 2010

Accelerated inventory and Receivables turnover

- Inventory and inventory turnover days were reduced by HK\$1.715 billion and down by 9 days respectively (as compared to the end of 2010)
- Account receivable and account receivable turnover days were reduced by HK\$779 million and down by 5 days respectively (as compared to the end of 2010)

Solid financial position

- Gearing ratio reduced by 8.5% to 30.0% (as compared to the end of 2010)
- Cash and bank balance: approximately HK\$1.99 billion
- Current ratio strengthened from 1.1 at the end of 2010 to 1.2 in Q1 2011



Outlook

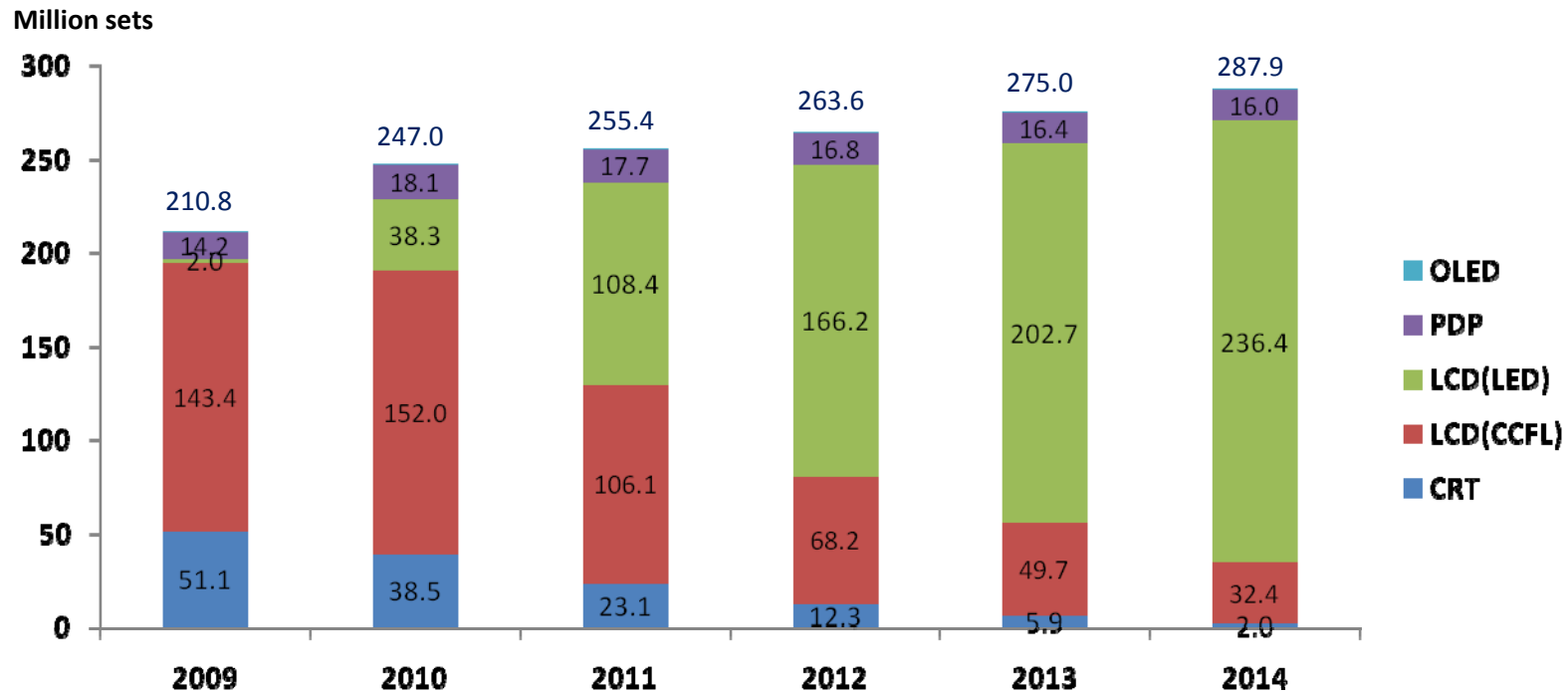


TCL Multimedia Technology Holdings Limited



Industry Analysis – Global TV Market Capacity

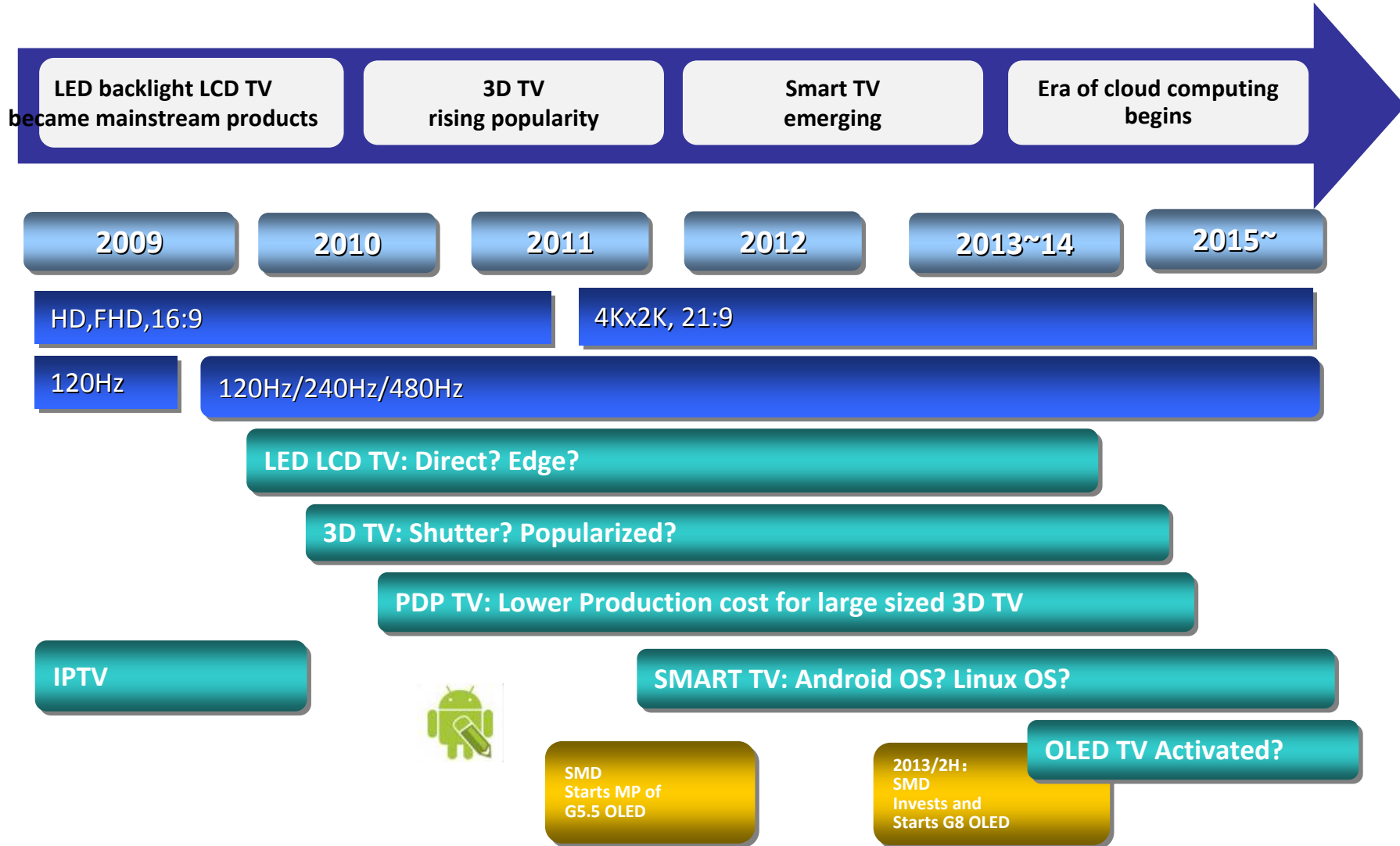
Global Shipment by Products



Sources: DisplaySearch, Q4'10

With more sophisticated 3D and Smart Internet TV production technology,
LED backlight LCD TVs become mainstream products

Industry Analysis – Product Development Trend



Outlook

Emphasis on Speed and Efficiency; Adopt CE and IT for Sales & Marketing and Operation

PRC Market The main growth driver

Put marketing focus on Super Smart Internet TV and 3D progressive scanning technology

Strengthen distribution channels to improve sales in third-tier and forth-tier cities and rural markets

Optimize product lines, develop flagship products

Overseas Markets

Step up efforts in promoting TCL-branded products and strengthen overseas distribution network

Focus on resources and markets to capture opportunities brought by product upgrade from CCFL LCD TVs to LED backlight LCD TVs and seek growth potential from major markets in Brazil, India, Russia, Middle East, etc

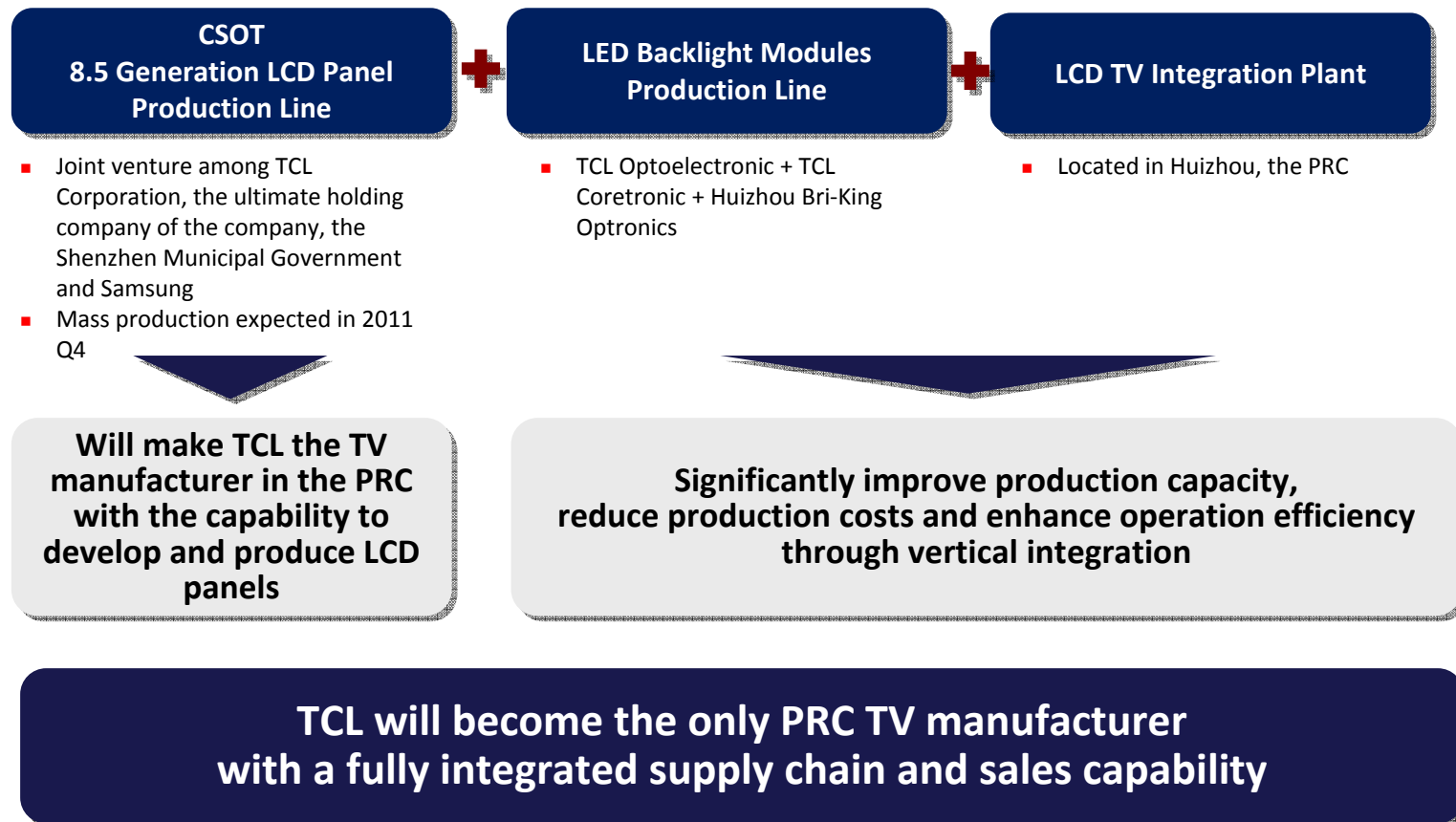
Increase sales volume and enhance profitability through own-branded business and OEM business model

AV Business

Develop new product lines and enhance product competitiveness through accumulated strengths in technologies and customer bases

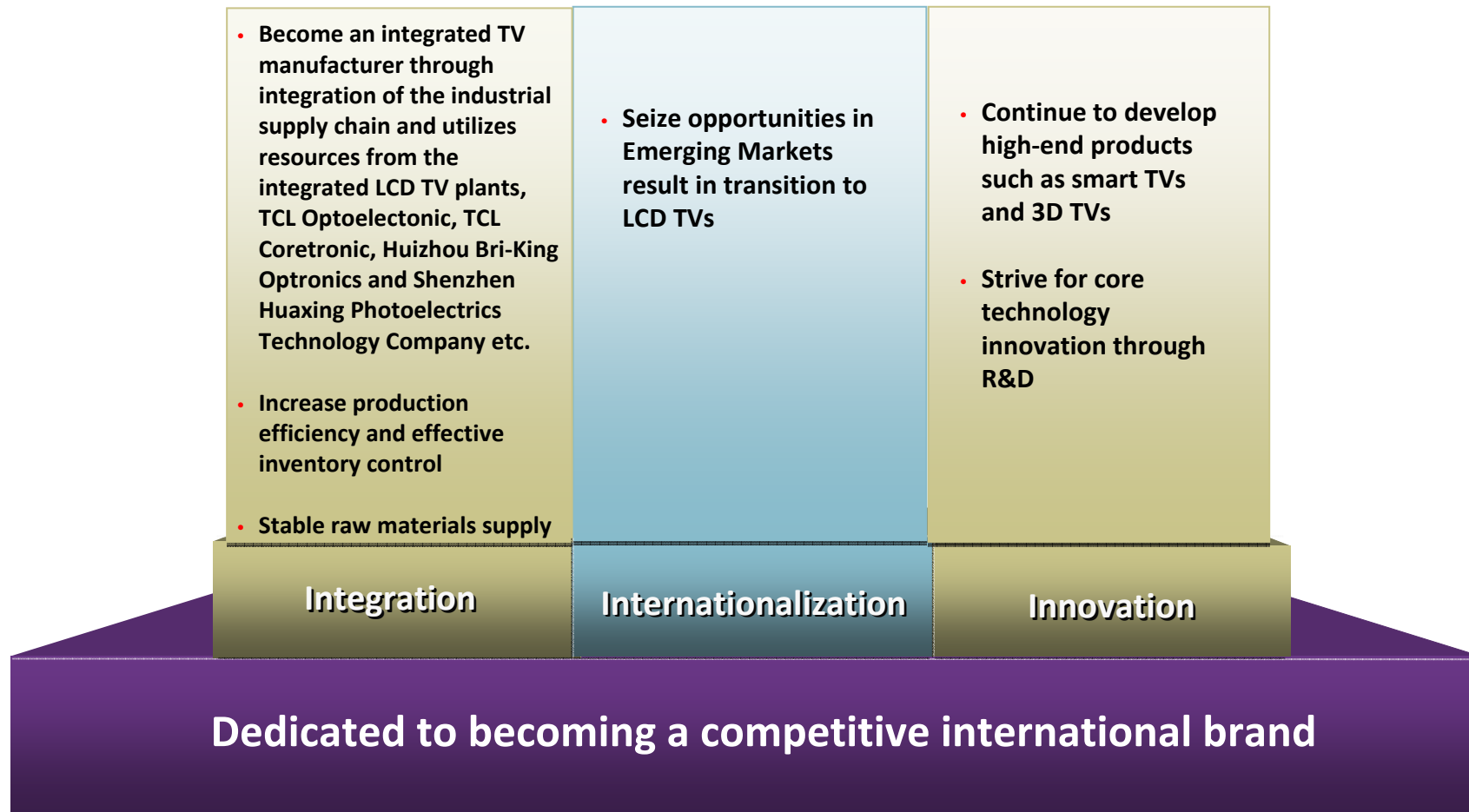
Reduce cost pressure through improving production technology, production efficiency as well as the globalized industry chain positioning

Integration of Upstream and Downstream Industry Chain to Capture LCD TVs Market Growth



Overall Development Strategy

- **Dedicated to becoming a respectable and highly innovative corporate that leads the global industry** through innovation, vertical integration and strategic expansion in overseas markets





Thank You



TCL Multimedia Technology Holdings Limited

