



TCL Multimedia Technology Holdings Limited

Stock Code: 01070

2013 Q1 Results Presentation





创意感动生活
The Creative Life



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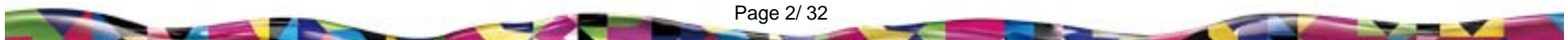
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Agenda

1. Results Overview
2. Financial Highlights
3. Business Review
4. Outlook

The financial results used in the presentation are unaudited results for the three months ended 31 March

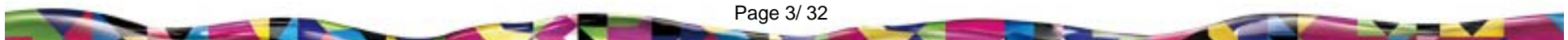




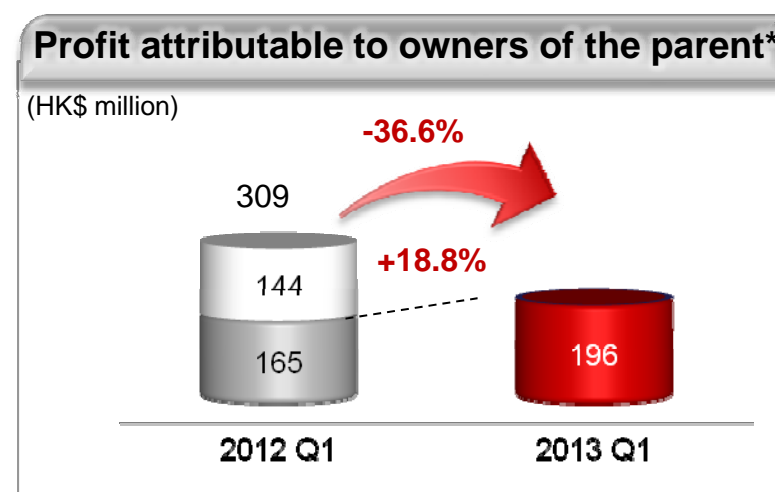
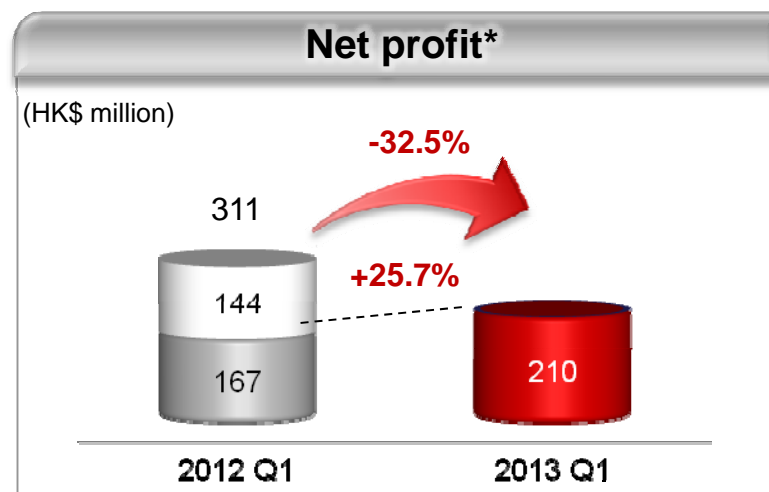
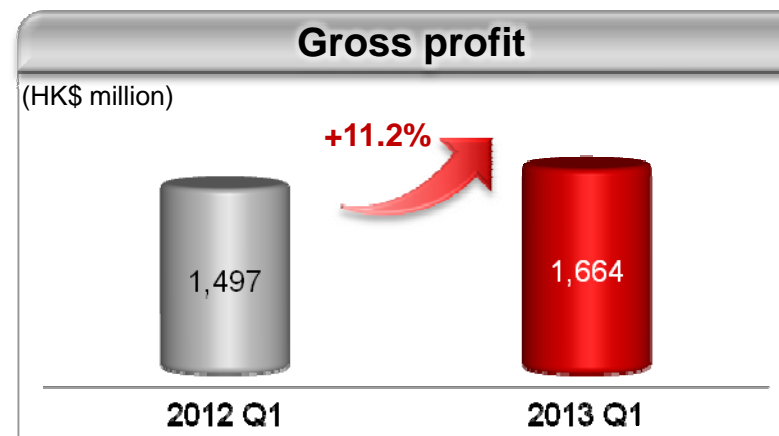
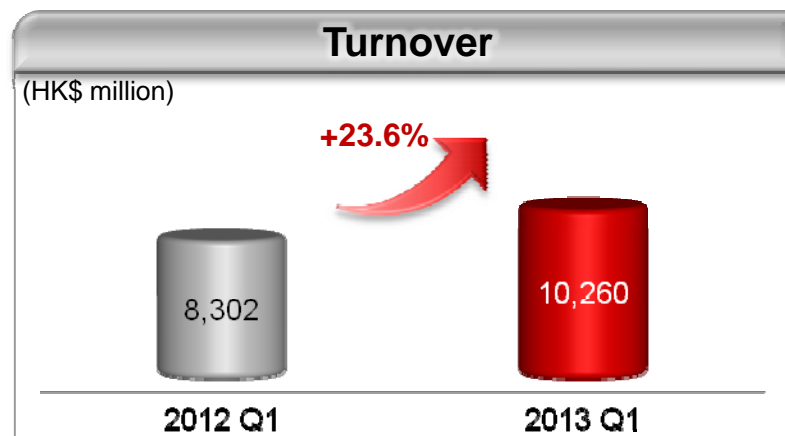
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Results Overview

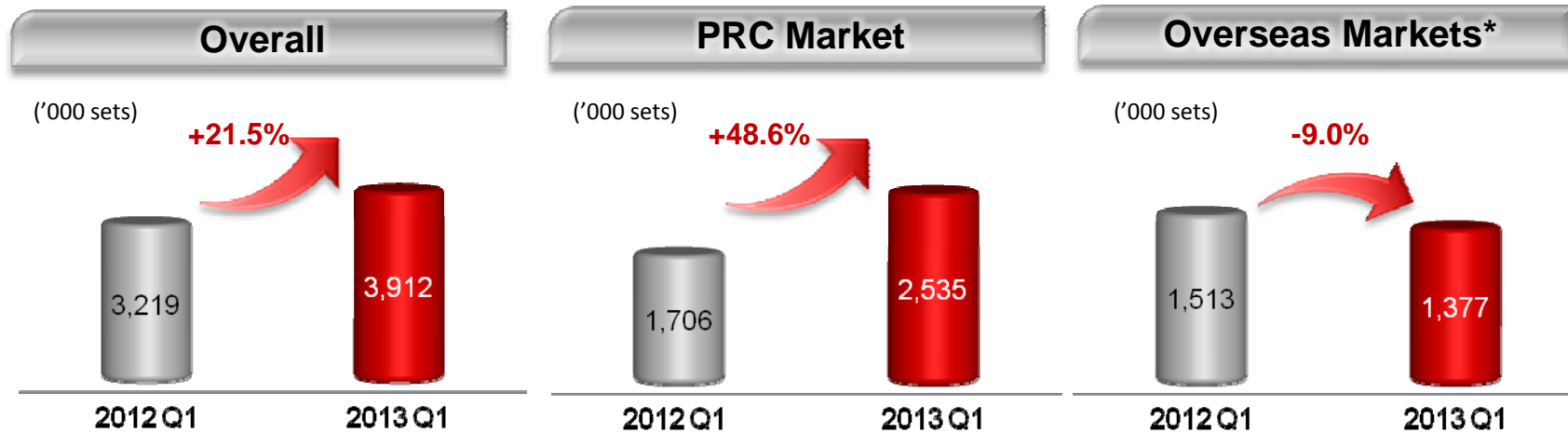


Results Overview (For 3 months ended 31 March 2013)



*Including 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-subsiary, Huizhou TCL Coretronic Co., Ltd. .The acquisition was completed on 18 January 2012

2013 Q1 LCD TV Sales Volume



*Of which: Emerging Markets ▲ 2.4% y-o-y

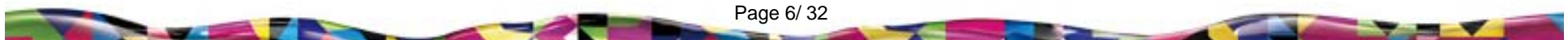
- Product mix has continuously been optimized. Sales volume proportion of high-end products to LCD TVs continued to increase
 - PRC Market: Sales volume proportion of smart TVs to LCD TVs: 21.5%
Sales volume proportion of 3D TVs to LCD TVs: 30.1%
- Sales volume of LCD TVs in the Overseas Markets decreased by 9.0% year-on-year and sales volume proportion of high-end products grew steadily
 - Due to a temporary decline in the sales volume of its Strategic OEM business
 - The sales volume proportion of high-end products grew steadily in the Overseas Markets especially for European Markets where the sales volume proportion of smart TVs reached 22.5% in the first quarter
- According to the latest DisplaySearch report, the Group's global LCD TV market share increased from 4.8% in 2011 to 5.8% in 2012, thereby lifted its ranking to No. 4. The Group has maintained its No. 1 position in the PRC LCD TV market with a market share of 18.0%



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Financial Highlights



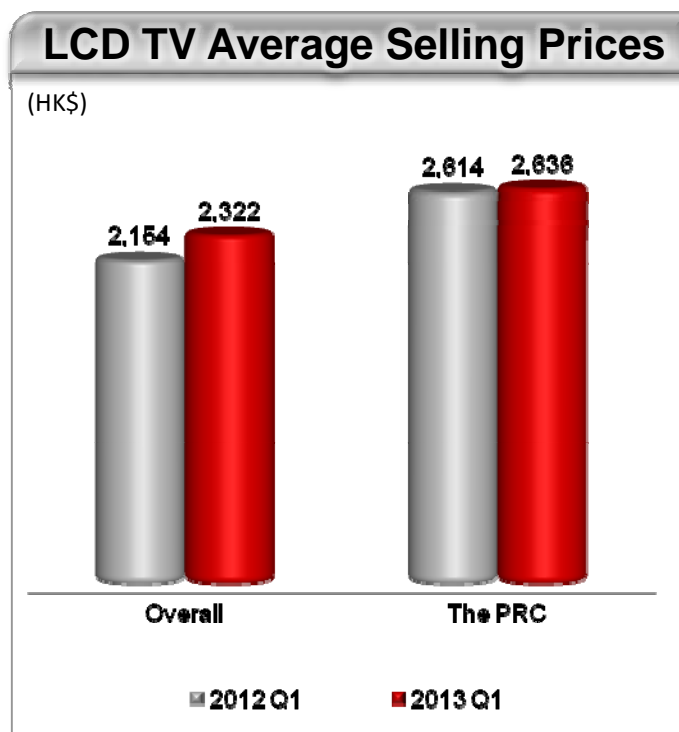
Consolidated Results (For 3 months ended 31 March 2013)

2013 Q1 Results

(HK\$ million)	2013 Q1	2012 Q1	Change	2012 Q4	Change
Turnover	10,260	8,302	+23.6%	12,440	(17.5%)
Gross profit	1,664	1,497	+11.2%	1,997	(16.7%)
Operating profit	341	336 *	+1.5%	356	(4.2%)
Profit attributable to owners of the parent	196	165 *	+18.8%	276	(29.0%)
Basic earnings per share (HK cents)	14.83	24.32	(39.0%)	21.09	(29.7%)

*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

Average Selling Prices & Profit Margins



Profit Margins

	2013 Q1	2012 Q1	Change (p.p.)	2012 Q4	Change (p.p.)
Gross profit margin	16.2%	18.0%	(1.8)	16.1%	+0.1
Expense ratio*	13.7%	14.9%	(1.2)	13.2%	+0.5
Operating profit margin	3.3%	4.0%**	(0.7)	2.9%	+0.4

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

** 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-subsiidiary, Huizhou TCL Coretronic Co., Ltd. .The acquisition was completed on 18 January 2012

Balance Sheet Highlights

(HK\$ million)	31 March 2013	31 December 2012	Change
Non-current assets	3,106	3,078	+0.9%
Current assets	24,074	24,942	(3.5%)
- Inventories	5,977	6,732	(11.2%)
- Cash and bank balances	4,068	3,431	+18.6%
Current liabilities	21,523	22,580	(4.7%)
Net current assets	2,551	2,362	+8.0%
Non-current liabilities	354	448	(21.0%)
Net assets	5,303	4,992	+6.2%

Key Financial Indicators

	31 March 2013	31 December 2012	Change
Inventory turnover (days)*	51	48	↑ 3 days
A/R turnover (days)*	35	36	↓ 1 day
A/P turnover (days)*	68	69	↓ 1 day
Cash conversion cycle (days)	18	15	↑ 3 days
Current ratio (times)	1.1	1.1	Unchanged
Gearing ratio**	0 [#]	0	Unchanged

* The above turnover days are calculated based on average balances 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

[#] As at 31 March 2013, as the Group's total pledged deposits and cash and bank balances of HK\$4,896 million was higher than the total interest bearing borrowings of HK\$3,034 million, the Group's gearing ratio was zero

Segment Results (For 3 months ended 31 March 2013)

(HK\$ million)		2013 Q1	2012 Q1	Change
TV Business PRC Market	Turnover	6,683	4,509	+48.2%
	Gross Profit	1,326	1,139	+16.4%
	Operating Results	363	216	+68.1%
TV Business Overseas Markets	Turnover	2,561	2,789	(8.2%)
	Gross Profit	217	292*	(25.7%)
	Operating Results	(53)	45	N/A
Tonly Electronics Business <small>(Formerly known as AV Business)</small>	Turnover	876	786*	+11.5%
	Gross Profit	117	84*	+39.3%
	Operating Results	46	37*	+24.3%

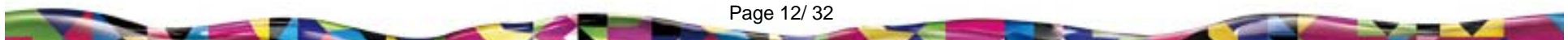
*restated



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Business Review



Continuously Optimizing Results & Key Financial Indicators

Remained committed to “speed and efficiency” as a focus and implemented its core development strategy of achieving “sales volume growth, transformation & sustainable profit growth” with remarkable results

Strong sales volume growth of LCD TVs[#]

- The PRC Market 2013 Q1 : 2.54 million sets ▲48.6%
- Overseas Markets 2013 Q1 : 1.38 million sets ▼9.0%;
of which: Emerging Markets: 0.91 million sets ▲2.4%

Optimized product mix

- Sales volume proportion of high-end products to LCD TVs continued to increase
2013 Q1: Smart TVs: 21.5% (PRC Market)
3D TVs: 30.1% (PRC Market)

Steadily improved profitability[#]

- Gross profit margin: ▼ 1.8 p.p.
- Expense ratio: ▼ 1.2 p.p.
- Operating profit margin^{**}: ▼ 0.7 p.p.
- Profit attributable to owners of the parent : HK\$196 million ▲18.8%^{**}

Maintained operational efficiency^{*}

- Inventory: HK\$ 5,977 million ▼ HK\$755 million
- Inventory turnover days: 51 days
- Cash conversion cycle: 18 days

Solid financial position^{*}

- Cash and pledged deposits : HK\$4,896 million ▲ HK\$638 million
- Bank loans: HK\$3,034 million ▲ HK\$24 million
- Current ratio: 1.1 times (2012 year end: 1.1 times)
- Gearing ratio: 0 (2012 year end: 0)
- Return on equity: 15.5% (2012 full year: 19.1%)



against 2012 Q1
* against 2012 year end

^{**} 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-subsiary, Huizhou TCL Coretronic Co., Ltd. .The acquisition was completed on 18 January 2012

TV Market Shares & Rankings

2012 LCD TV global market share (TCL ranked No. 4)

Ranking	Brand	2012 LCD TV Market Share	2011 LCD TV Market Share
1	Samsung	20.0%	18.7%
2	LGE	13.1%	12.0%
3	Sony	7.4%	9.9%
4	TCL	5.8%	4.8%
5	Toshiba	5.5%	7.2%
6	Panasonic	5.0%	6.2%
7	Hisense	4.7%	4.5%
8	Sharp	4.1%	6.6%
9	Skyworth	4.1%	3.5%
10	AOC	4.0%	0.9%

2012 LCD TV PRC market share (TCL ranked No. 1)

Ranking	Brand	2012 LCD TV Market Share	2011 LCD TV Market Share
1	TCL	18.0%	14.8%
2	Skyworth	16.6%	15.7%
3	Hisense	16.3%	18.2%
4	Konka	11.7%	10.7%
5	Changhong	10.7%	11.3%
6	Haier	6.5%	5.9%
7	Sony	3.8%	4.7%
8	Sharp	3.2%	4.8%
9	Samsung	3.1%	3.3%
10	Panasonic	2.1%	2.1%

Source: DisplaySearch

TV Sales Volume (For the 3 months ended 31 March 2013)

Total TV Sales Volume ('000 sets)	2013 Q1	2012 Q1	Change
Total	4,255	3,984	+6.8%
PRC	2,535	1,792	+41.5%
Overseas	1,720	2,192	(21.5%)
LCD TV Sales Volume ('000 sets)	2013 Q1	2012 Q1	Change
Total	3,912	3,219	+21.5%
Of which: LED backlight LCD TVs	3,541	2,022	+75.1%
Smart TVs	591	112	+427.7%
3D TVs	772	250	+208.8%
PRC	2,535	1,706	+48.6%
Overseas	1,377	1,513	(9.0%)
CRT TV Sales Volume ('000 sets)	2013 Q1	2012 Q1	Change
Total	343	765	(55.2%)
PRC	-	86	(100.0%)
Overseas	343	679	(49.5%)

TV Business – PRC Market

Q1 operating profit:
HK\$363 million
▲ 68.1% y-o-y

Q1 LCD TV sales volume:
2.54 million sets
▲ 48.6% y-o-y

Continuous optimization of product mix

- 3 product series featuring total 14 new products, including high-end product series
- Sales volume proportion of smart TVs and 3D TVs to LCD TV sales volume rose to 21.5% and 30.1%, respectively

Enhanced “speed & efficiency”

- Operating profit margin increased to 5.4% from 4.8% of the same period of last year

Improved sales channels & points of sales (“POS”) establishment

- Established a comprehensive strategic cooperation with large-scale home appliance retail chains and online sales channels

TV Business – Overseas Markets

**Q1 operating loss:
HK\$52.58 million**

**Q1 LCD TV sales
volume:
1.38 million sets**

Continuous optimization of product mix

- Proportion of LED backlight LCD TV sales volume to LCD TV sales volume increase to 86.3%
- Expected to focus on launching new products in April 2013

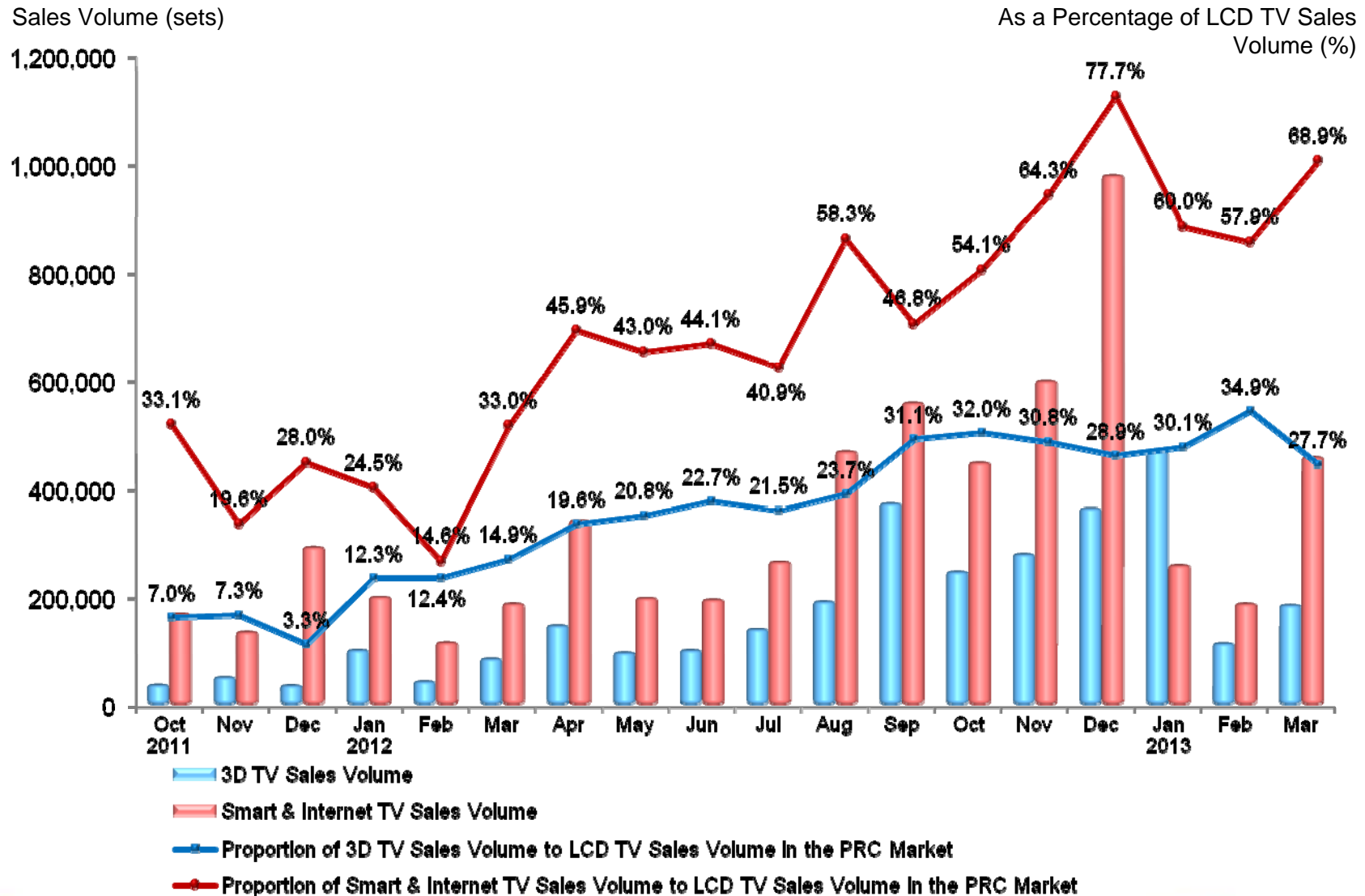
Emerging Markets

- Fully capitalized on the opportunities in the transformation of high-end products, LCD TV sales volume increased 2.4% y-o-y in first quarter
- Continued to enhance the supply chain management, and promoted smart TV products according to the demand in the market

European & North American Markets

- Optimized the product mix in the European Markets, sales volume of smart TVs contributing to 22.5% of LCD TV sales volume in first quarter. Stepped up its effort in building sales channels and established new sales channels in Italy, Spain, etc.
- Continued to strengthen its strategic cooperation with Amazon while actively developing other sales channels in the North American Markets

Proportion of 3D TV, Smart & Internet TV Sales Volume Increased Steadily in the PRC Market



Continuous Enhancement of Product Competitiveness



Google super-smart TV MoVo
New sub-brand "Viveza" for high-end TVs



iCE SCREEN



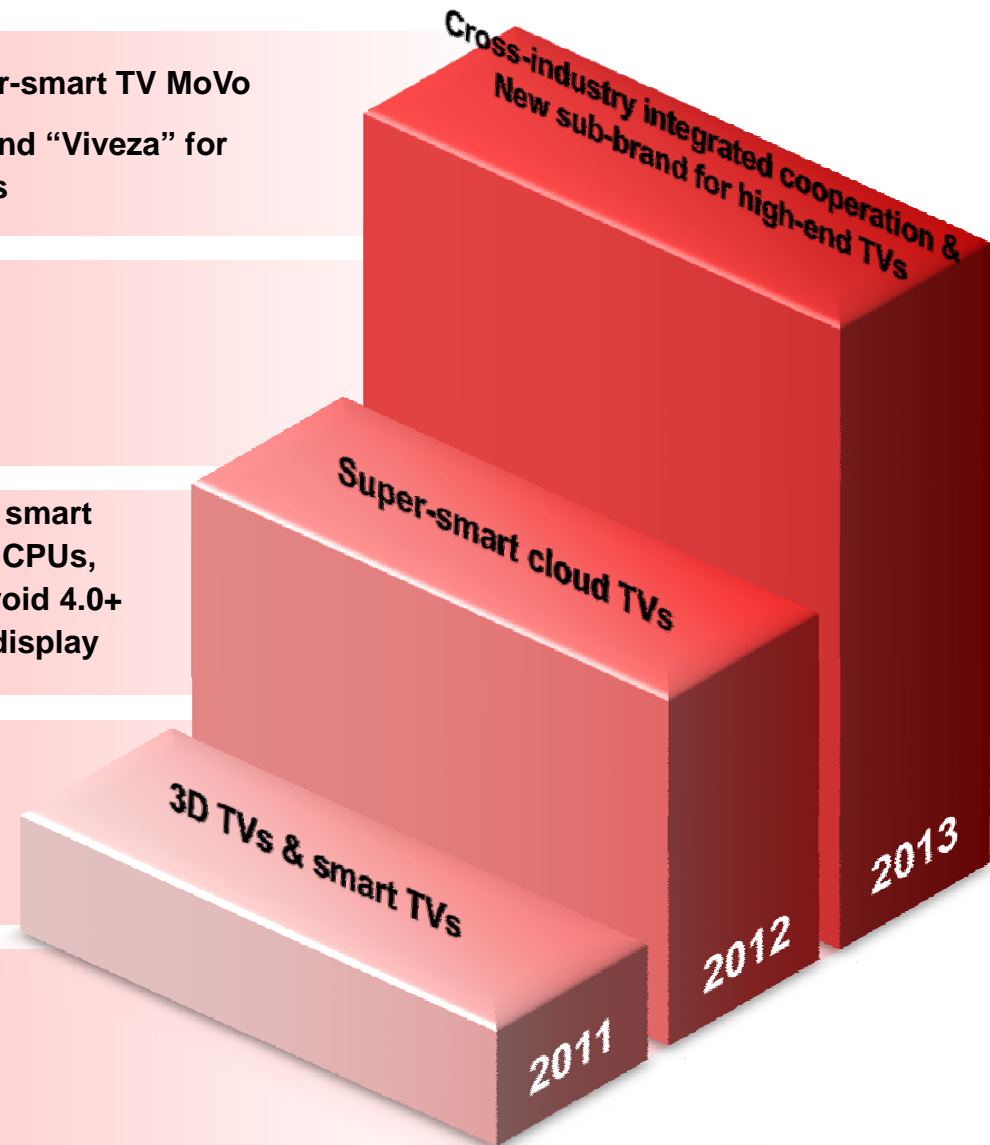
Full series upgrade of 3D smart cloud TVs with dual-core CPUs, dual-core GPUs and Android 4.0+ operating systems, dual display technology



Adopt cloud computing and cloud storage technology



Integration of smart and 3D technologies



Enhanced Innovation Capability

**Jointly launch Google Super-Smart TV MoVo with Marvell,
the world's leading semiconductor chip manufacturer.
Become the first Chinese television enterprise to launch the integrated Google TVs**



- Based on Google's powerful search engine and combining TCL's proprietary developed PBO (Personal Box Office, commonly known as the "Lazy TV") innovative technology
- Combined PBO and Google search technology , users can enjoy real "Lazy TV" super smart experience without operating a remote control or initiating voice recognition

Enhanced Innovation Capability (Cont'd)

Hosted a press conference “It’s Real Different! TCL Press Conference in Spring 2013” in Beijing on 26 March 2013 to announce brand enhancement strategies that target at projecting a “young, fashionable and internationalized” image



- Announced brand enhancement strategies that target at projecting a “young, fashionable and internationalized ” image and released a new brand Visual Identity system
- Announced “Fireball Plan” . Simultaneously plan, design, produce, announce and introduce into the markets a collection of smart cloud TV new products in 8 major series. This will enable simultaneous replacement of an array of outmoded products with new ones for the first time in the industry
- Launched a new sub-brand Viveza for high-end TVs and debuted its first high-end TV product, Viveza V101, which is the first state-of-the-art high-end TV. Viveza V101 features an ultra-thin fashionable design, with an overall thickness of only 12.5 mm, a record-breaking achievement for first ultra-slim LED backlight LCD TV in the world

Strengthened Marketing Efforts to Enhance Brand Influence

Participated in 2013 International Consumer Electronics Fair in Las Vegas, USA



COLOR YOUR WORLD

TCL obtained the naming rights – “TCL Chinese Theatre”



Collaborated with “Iron Man 3” through brand placement, joint promotions and authorized usage of creative elements



Became the first Chinese television enterprise with its TV products featured at Hong Kong International Airport



Integration of Upstream & Downstream Industry Chain Synergy Advantages from Vertical Integration Will Become More Apparent

Stable supply of raw materials & cost control

Synergy advantages from vertical integration will become more apparent



- Continue to create synergy gain in planning, manufacturing, cost control, quality control and transportation
- Ensure supply of raw materials and effective cost control



- Own the PRC's most advanced LCD module production lines
- Create new revenue streams by improving production capabilities through strategic cooperation with China Star Optoelectronics Technology



- TCL Optoelectronic Technology + TCL Coretronic + Huizhou Bri-King Optronics
- Quality control on whole process



Has become the only TV manufacturer & distributor with a fully integrated industry chain in the PRC



Tonly Electronics Business

An ODM supplier offering AV products to international brands and customers

Q1 operating profit:
HK\$45.75 million

Q1 sales volume:
3.25 million sets
down 3.4% y-o-y
Q1 turnover: HK\$876 million
up 11.5% y-o-y



**Tonly
Electronics**

Actively drove product transformation

- Actively promoted the market transformation by launching a total of 24 new models of basic series during the period

Proactively improved supply chain efficiency

- Proactively improved the efficiency of supply chain and speeded up inventory turnover
- Extended the scope of supply chain and expanded production capacity

R&D and production

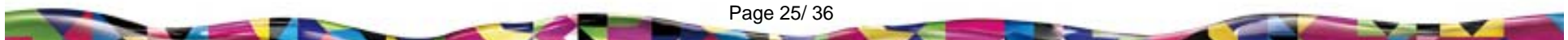
- Enhanced its fundamental capabilities of research and development, and stepped up efforts in developing new products



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Outlook



Outlook - TV Business

2013 global sales volume target of LCD TVs: 18.00 million sets, expected up 15.9% year-on-year*



- Remain committed to “speed and efficiency” as its core development strategy

- Develop value-for-money products and actively expand sales channels and improve operational efficiency



** Compared with actual sales volume of 15.53 million sets in 2012*

Outlook - TV Business in the PRC Market

Reinforce market leadership in the PRC Market

Enlarge market share of high-end segment

+

Accomplish steady growth

+

Maintain strong profitability

Product strategy

- Implement “full cloud strategies” and focus on improving customer experience
- Enhance competitiveness of its high-end products and increase the sales volume proportion of high-end products

Brand & promotion strategy

- Develop a more innovative sales and promotion model to sustain brand development
- Strengthen brand image and awareness

Channel strategy

- Continue to increase the numbers of POS and specialty stores
- Improve store efficiency and management

Operational strategy

- Improve operation management and overall competitiveness
- Better leverage integration of industry chain to reduce costs and expense ratio, to achieve faster turnover speed

Outlook – TV Business in Overseas Markets

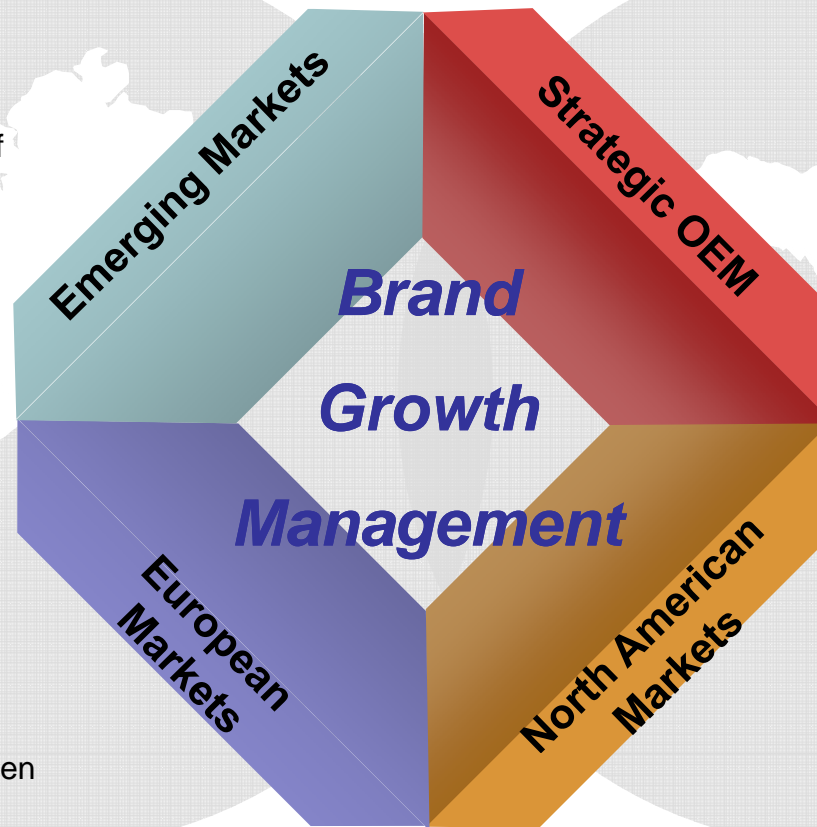
- Increase investments in branding and marketing in order to create “young, fashionable and internationalized” brand image
- Launch high-end products and boost sales volume growth, including smart TVs, ultra-narrow edge products series, etc
- Continue to adopt prudent management approach to sustain profitability

Increase proportion of sales volume of high-end products

- Increase the proportion of sales volume of LED backlight LCD TVs and smart TVs
- Explore sales channels and improve overall operational efficiency

Improve operational efficiency

- Continue to improve operational efficiency proactively adjust the product mix and strengthen inventory management



Optimize strategic OEM customer base

- Leverage supply chain and industry chain resources and optimize costs

Increase investment in branding

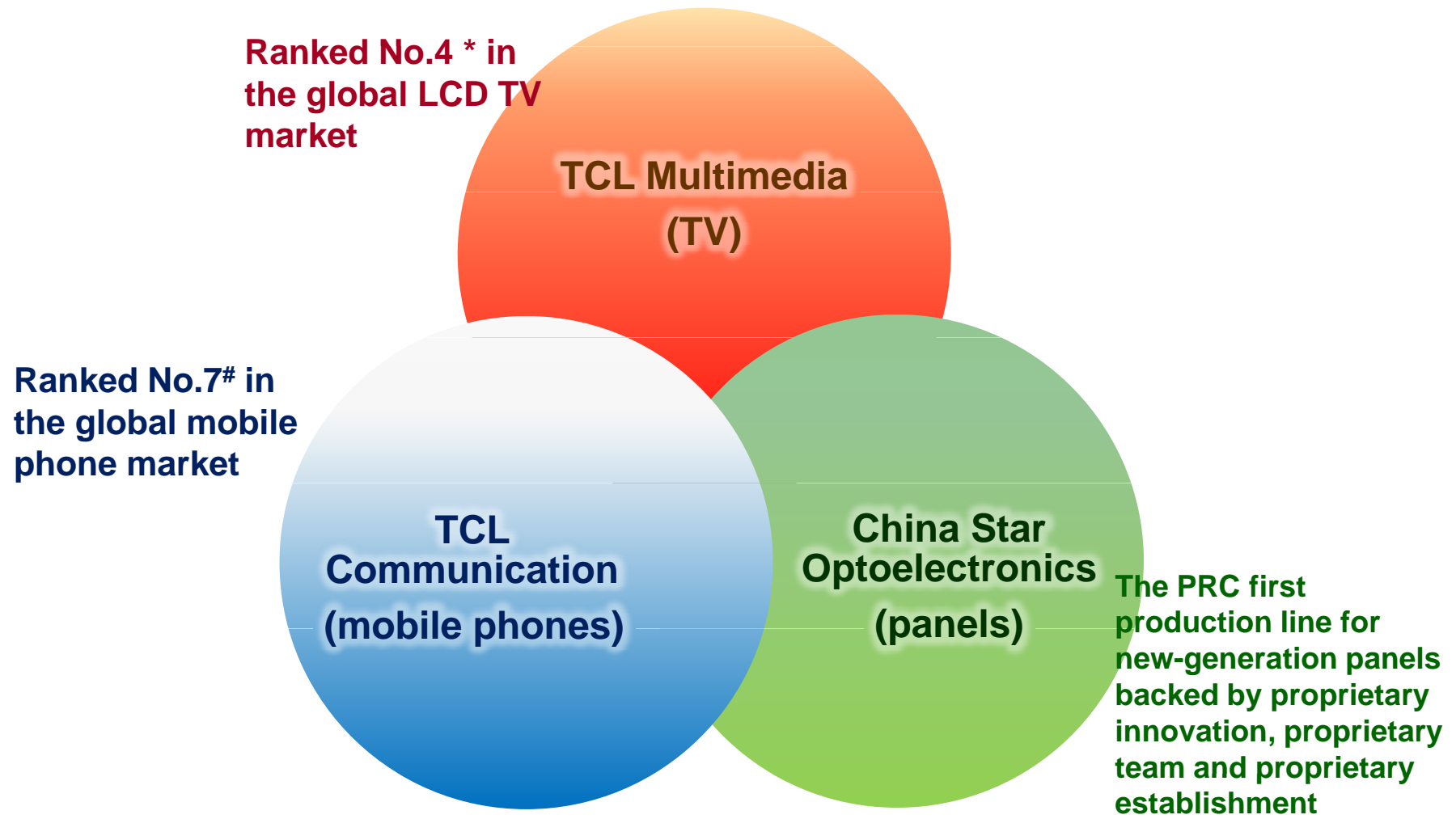
- Participate in large-scale overseas trade fairs to strengthen relationships with customers

Outlook - Tonly Electronics Business

Business competitive advantages

- 1** Provide services to the world's first-tier brands and customers with long-term and stable domestic and international clientele
- 2** Focus on R&D capability and investment, work closely with customers to jointly design and develop new products to achieve fast and value-for-money scalable manufacturing within the industry
- 3** Global supply chain management and prioritize cost advantages
- 4** Excellent quality and customer service
- 5** Compliance with leading international standards and high-efficiency manufacturing capability
- 6** Stable management and technology team with rich international experiences, nurtured through long-term cooperation with renowned international brands

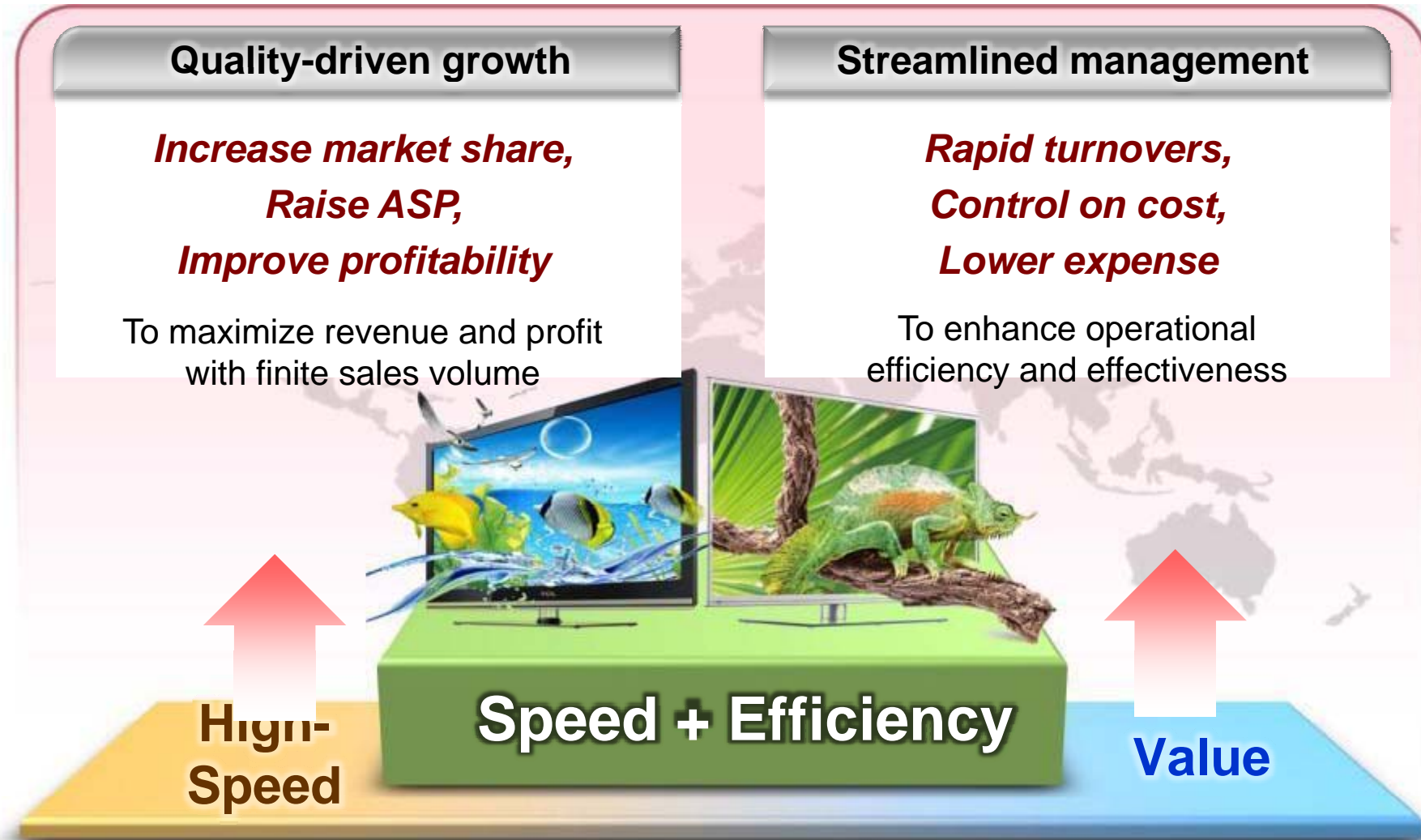
Outlook - Leveraging TCL Group's Resources to Create Synergies and Aims to become the Leading Global Consumer Electronics Brand



Source: * DisplaySearch 2012

Gartner Report (November 2012), including handsets only, excluding TCL-Alcatel ODM products

Keys to Success: “Speed and Efficiency”



Thank You

TCL Multimedia Technology Holdings Limited

