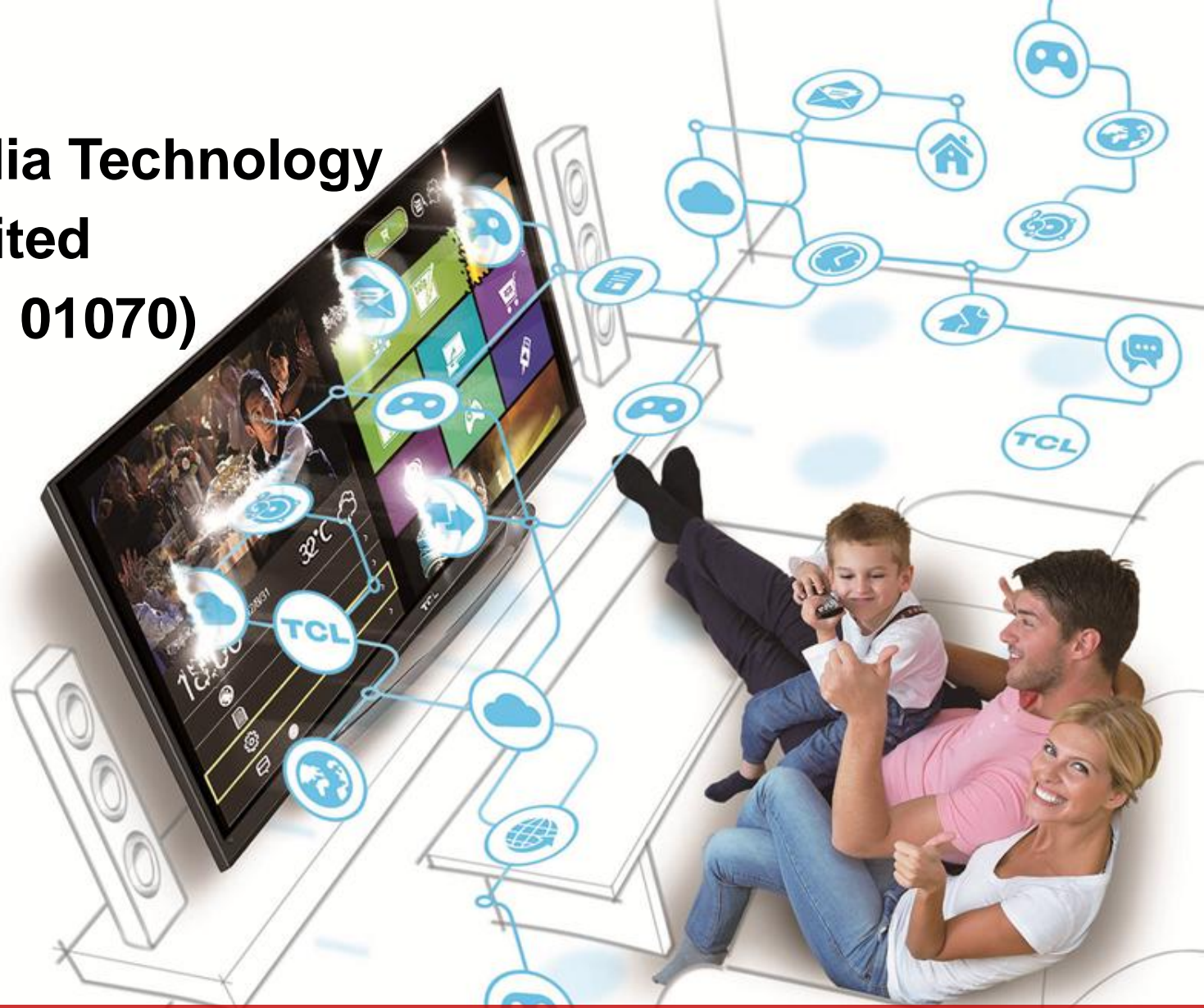


# TCL Multimedia Technology Holdings Limited (Stock Code: 01070)



## 2014 Interim Results Presentation

*Unaudited results for the six months ended 30 June*

## Disclaimer

The information contained herein should not be utilized for any legal purposes with 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 in 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 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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1. Financial Highlights

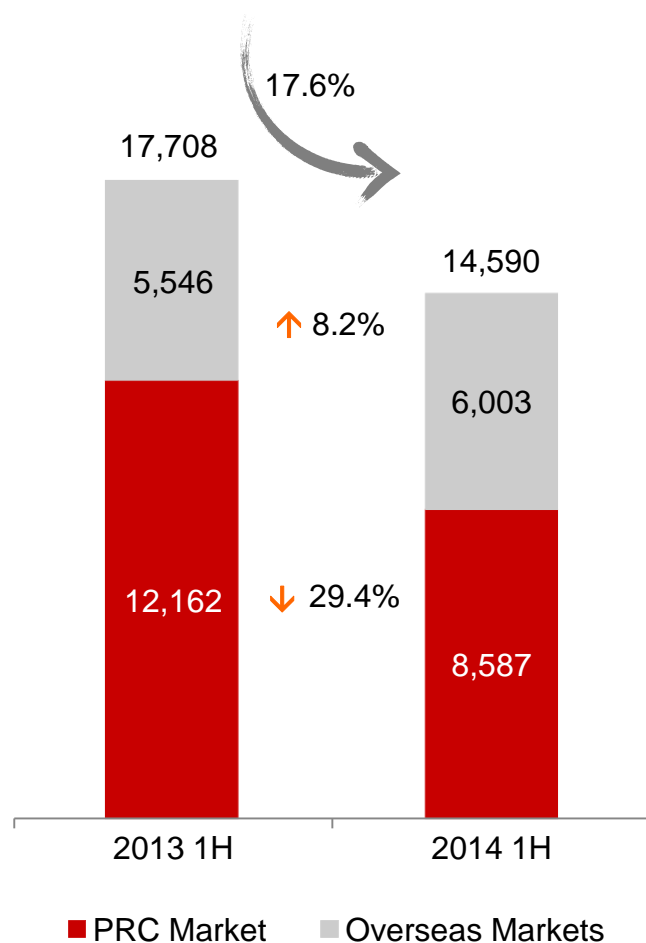
2. Business Review

3. Outlook

# Consolidated Results (For the six months ended 30 June 2014)

## TV Turnover

(HK\$ million)



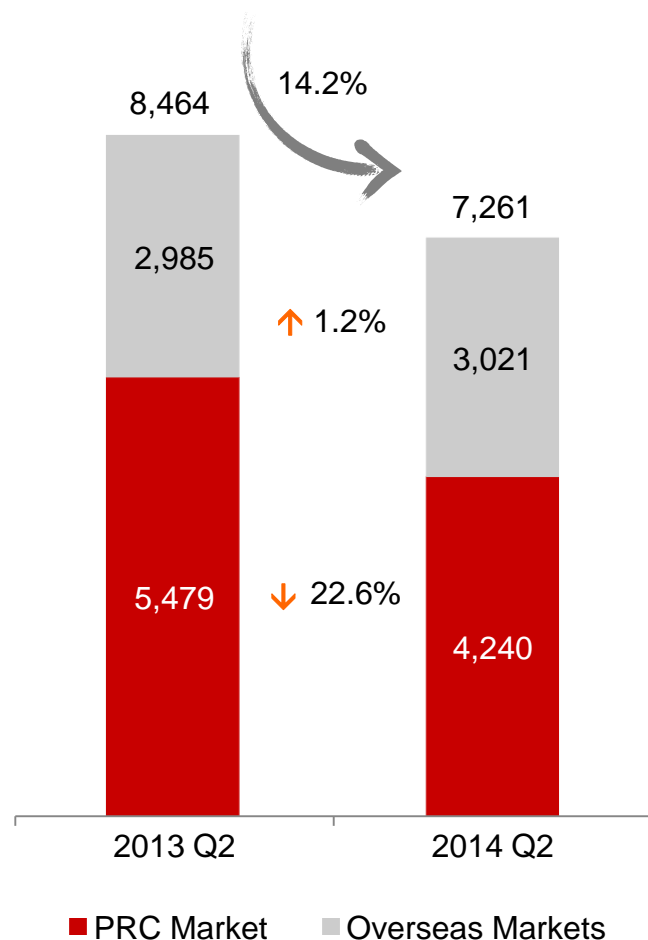
(HK\$ million)	2014 1H	2013 1H	Change
LCD TV sales volume('000 sets)	7,557	7,715	(2.0%)
LCD TV average selling price(HK\$)	1,921	2,253	(14.7%)
<b>Turnover</b>	<b>15,203</b>	<b>18,077</b>	<b>(15.9%)</b>
<b>Gross profit</b>	<b>2,382</b>	<b>2,840</b>	<b>(16.1%)</b>
<b>Gross profit margin (%)</b>	<b>15.7%</b>	<b>15.7%</b>	<b>Unchanged</b>
<b>Net profit after tax (From continuing operations)</b>	<b>168*</b>	<b>195</b>	<b>(13.8%)</b>
<b>Net profit after tax margin (%) (From continuing operations)</b>	<b>1.1%*</b>	<b>1.1%</b>	<b>Unchanged</b>
<b>Profit attributable to owners of the parent (From continuing operations)</b>	<b>169*</b>	<b>193</b>	<b>(12.4%)</b>
<b>Basic earnings per share (HK cents) (From continuing operations)</b>	<b>12.78*</b>	<b>14.51</b>	<b>(11.9%)</b>

\* Including the one-off gain of approximately HK\$159 million from closure of certain subsidiaries

# Consolidated Results (For the three months ended 30 June 2014)

## TV Turnover

(HK\$ million)



(HK\$ million)	2014 Q2	2013 Q2	Change
LCD TV sales volume('000 sets)	3,731	3,803	(1.9%)
LCD TV average selling price(HK\$)	1,935	2,183 <sup>^</sup>	(11.4%)
<b>Turnover</b>	<b>7,314</b>	<b>8,692</b>	<b>(15.9%)</b>
<b>Gross profit</b>	<b>1,356</b>	<b>1,293</b>	<b>+4.9%</b>
<b>Gross profit margin (%)</b>	<b>18.5%</b>	<b>14.9%</b>	<b>+3.6 p.p.</b>
<b>Net profit after tax (From continuing operations)</b>	<b>156*</b>	<b>22</b>	<b>+609.1%</b>
<b>Net profit after tax margin (%) (From continuing operations)</b>	<b>2.1%*</b>	<b>0.3%</b>	<b>+1.8 p.p.</b>
<b>Profit attributable to owners of the parent (From continuing operations)</b>	<b>154*</b>	<b>26</b>	<b>+609.1%</b>
<b>Basic earnings per share (HK cents) (From continuing operations)</b>	<b>11.62*</b>	<b>1.90</b>	<b>+511.6%</b>

\* Including the one-off gain of approximately HK\$151 million from closure of certain subsidiaries

<sup>^</sup> Restated

## Segment Results (For the six months ended 30 June 2014)

(HK\$ million)		2014 1H	2013 1H	Change
TV Business PRC Market	Turnover	8,587	12,162	(29.4%)
	Gross profit	1,747	2,361	(26.0%)
	Operating results	198	439	(54.9%)
TV Business Overseas Markets	Turnover	6,003	5,546	+8.2%
	Gross profit	645	442	+45.9%
	Operating results	41	(113)	N/A

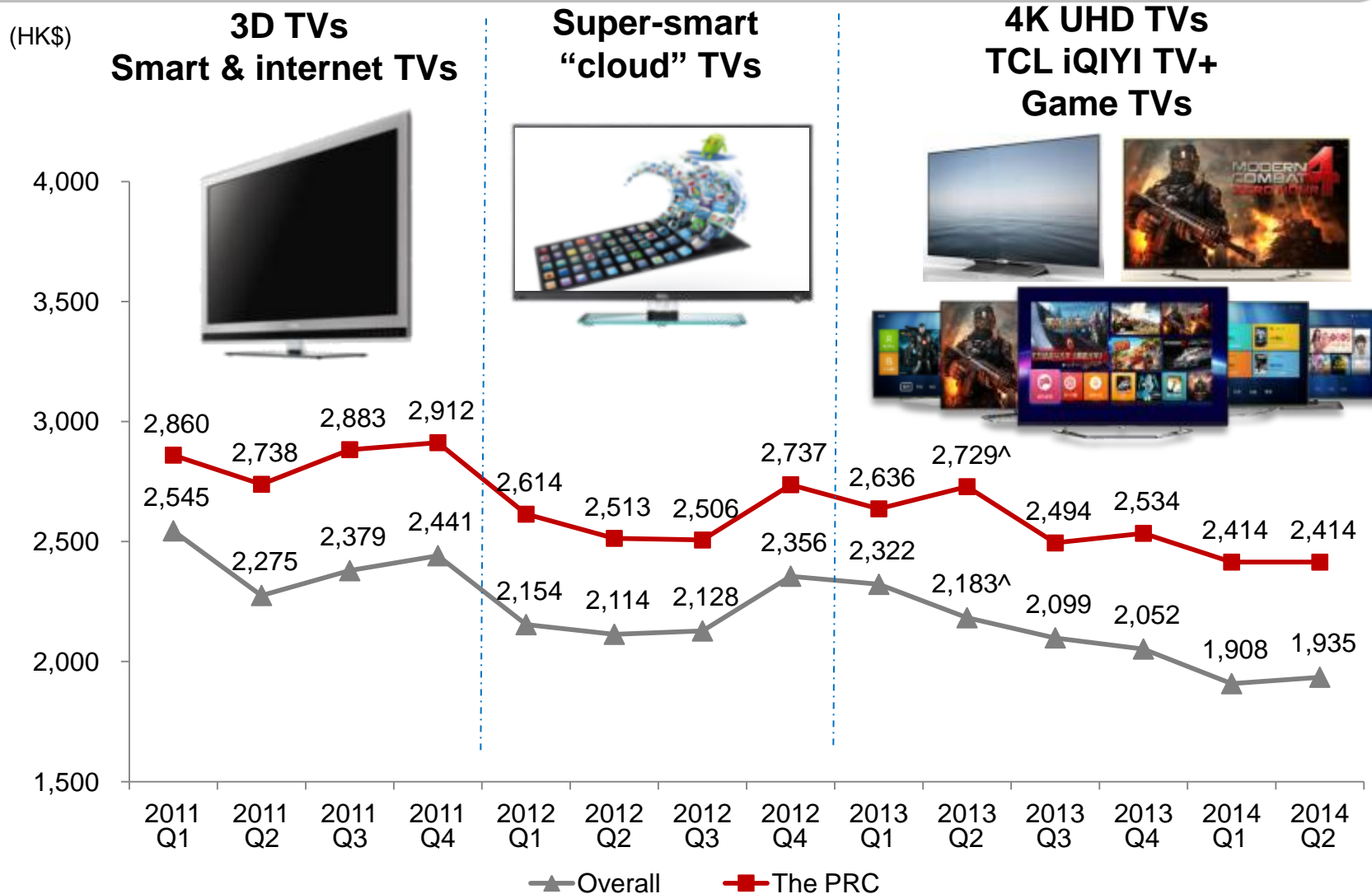
## Segment Results (For the three months ended 30 June 2014)

(HK\$ million)		2014 Q2	2013 Q2	Change
TV Business PRC Market	Turnover	4,240	5,479	(22.6%)
	Gross profit	1,019	1,035	(1.5%)
	Operating results	223	76	+193.4%
TV Business Overseas Markets	Turnover	3,021	2,985	+1.2%
	Gross profit	338	225	+50.2%
	Operating results	(12)	(60)	+80.0%



# Average Selling Prices (“ASPs”)

Overall ASPs of LCD TVs (By quarter)



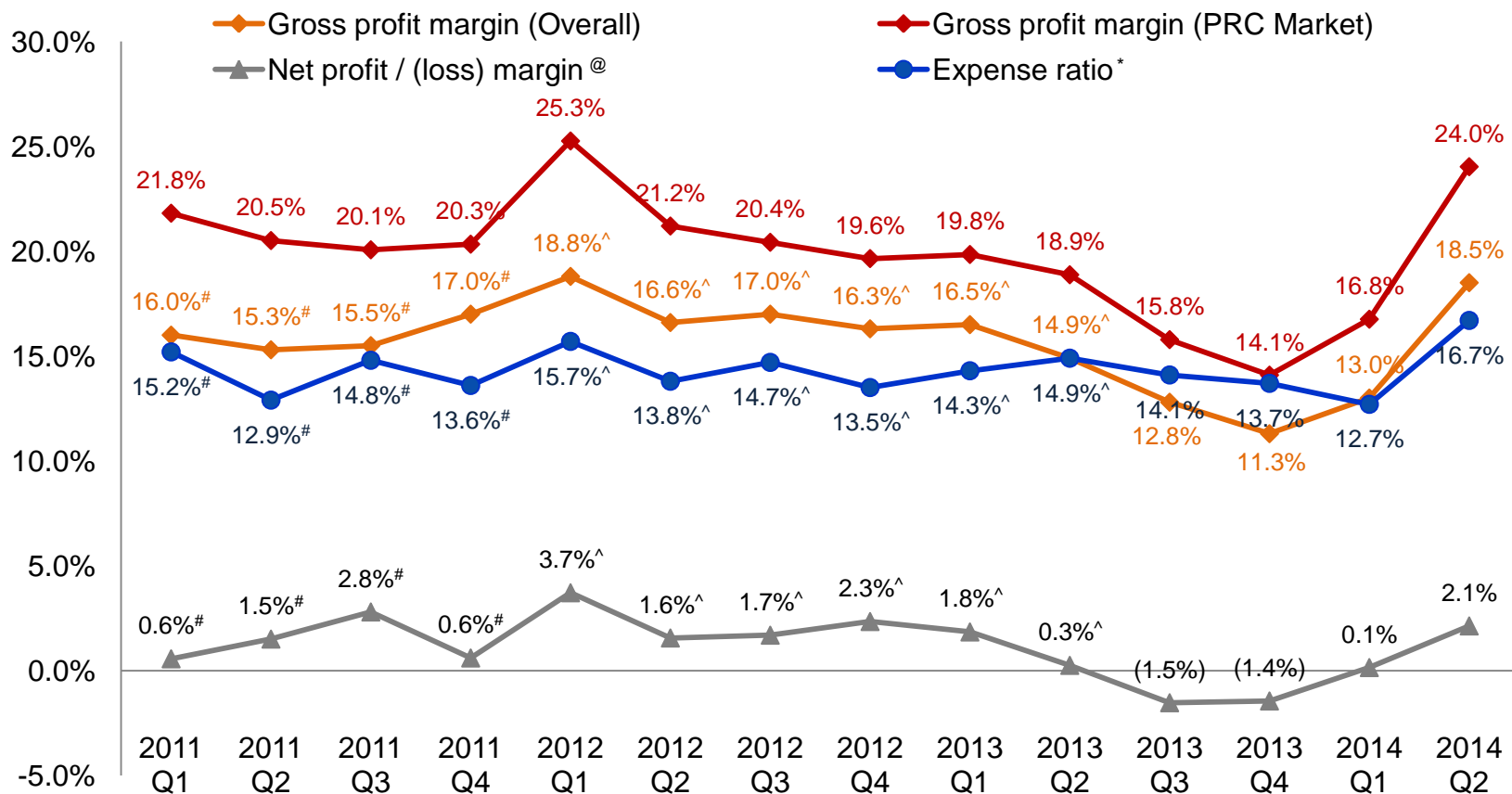
<sup>^</sup> Restated





# Profit Margins and Expense Ratio

## Profit Margins and Expense Ratio (By quarter)



# Including AV business

^ Restated

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

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

# Key Financial Indicators

	30 Jun 2014	31 Dec 2013	Change
Inventory turnover (days)*	55	64	(9 days)
A/R turnover (days)*	36	34	+2 days
A/P turnover (days)*	59	62	(3 days)
Cash conversion cycle (days)	32	36	(4 days)
Current ratio (times)	1.2	1.1	+0.1 times
Gearing ratio (total)(%)**	64.6	55.4	+9.2 p.p.
Gearing ratio (net)(%)***	0 <sup>##</sup>	0	Unchanged

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

\*\* Gearing ration (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

## As at 30 June 2014, as the Group's total pledged deposits and cash and bank balances of HK\$3,243 million was higher than the total interest bearing borrowings of HK\$2,850 million, the Group's gearing ratio (net) was zero

# Balance Sheet Highlights

(HK\$ million)	30 Jun 2014	31 Dec 2013	Change
<b>Non-current assets</b>	<b>3,358</b>	<b>3,230</b>	<b>+4.0%</b>
<b>Current assets</b>	<b>16,098</b>	<b>18,925</b>	<b>(14.9%)</b>
- Inventory	3,416	4,972	(31.3%)
- Cash and bank balance	3,243	3,048	+6.4%
<b>Current liabilities</b>	<b>13,759</b>	<b>16,510</b>	<b>(16.7%)</b>
<b>Net current assets</b>	<b>2,339</b>	<b>2,415</b>	<b>(3.1%)</b>
<b>Non-current liabilities</b>	<b>1,166</b>	<b>1,163</b>	<b>+0.3%</b>
<b>Net assets</b>	<b>4,531</b>	<b>4,482</b>	<b>+1.1%</b>



T2

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2. Business Review

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## LCD TV Global Market Share

Ranking	Brand	2014 Q1	FY 2013
1	Samsung	22.5%	20.8%
2	LGE	15.0%	14.0%
3	Sony	5.7%	6.3%
4	Hisense	5.6%	4.8%
<b>5</b>	<b>TCL</b>	<b>5.4%</b>	<b>6.5%</b>
6	Toshiba	4.3%	4.2%
7	Sharp	4.2%	3.8%
8	Skyworth	4.2%	4.5%
9	Panasonic	3.8%	4.0%
10	AOC/TP Vision	3.7%	4.1%

## LCD TV PRC Market Share

Ranking	Brand	2014 Q1	FY 2013
1	Hisense	18.7%	15.1%
2	Skyworth	16.2%	16.1%
<b>3</b>	<b>TCL</b>	<b>16.0%</b>	<b>18.1%</b>
4	Konka	12.6%	11.3%
5	Changhong	7.4%	11.9%
6	Haier	6.1%	5.7%
7	Samsung	5.3%	4.1%
8	Sharp	3.6%	3.5%
9	Sony	2.7%	3.4%
10	AOC/TP Vision	2.0%	1.6%

## TV Sales Volume (For the six months ended 30 June 2014)

<b>Total TV Sales Volume ('000 sets)</b>	<b>2014 1H</b>	<b>2013 1H</b>	<b>Change</b>
<b>Total</b>	<b>7,669</b>	8,384	(8.5%)
PRC	<b>3,557</b>	4,551	(21.8%)
Overseas	<b>4,112</b>	3,833	+7.3%
<b>LCD TV Sales Volume ('000 sets)</b>	<b>2014 1H</b>	<b>2013 1H</b>	<b>Change</b>
<b>Total</b>	<b>7,557</b>	7,715	(2.0%)
Of which: LED backlight LCD TVs	<b>7,558</b>	7,328	+3.1%
Smart TVs	<b>1,412</b>	1,138	+24.1%
3D TVs	<b>837</b>	1,335	(37.3%)
PRC	<b>3,557</b>	4,542	(21.7%)
Overseas	<b>4,000</b>	3,173	+26.1%

# TV Business in the PRC Market

## Business Performance

- Due to the continuing weak market demand, delays in launches of new products in the first quarter, as well as the withdrawal of energy saving home appliances subsidy policy in the end of May last year, 3.56 million sets of LCD TVs were sold in the PRC Market, down by 21.7% y-o-y
- Turnover and operating profit were HK\$8,587 million and HK\$198 million, respectively, down 29.4% and 54.9% y-o-y, respectively
- With the launch of a series of large-sized and high-end new products, gross profit margin for Q2 increased by 7.3 percentage points q-o-q

## Operational Performance

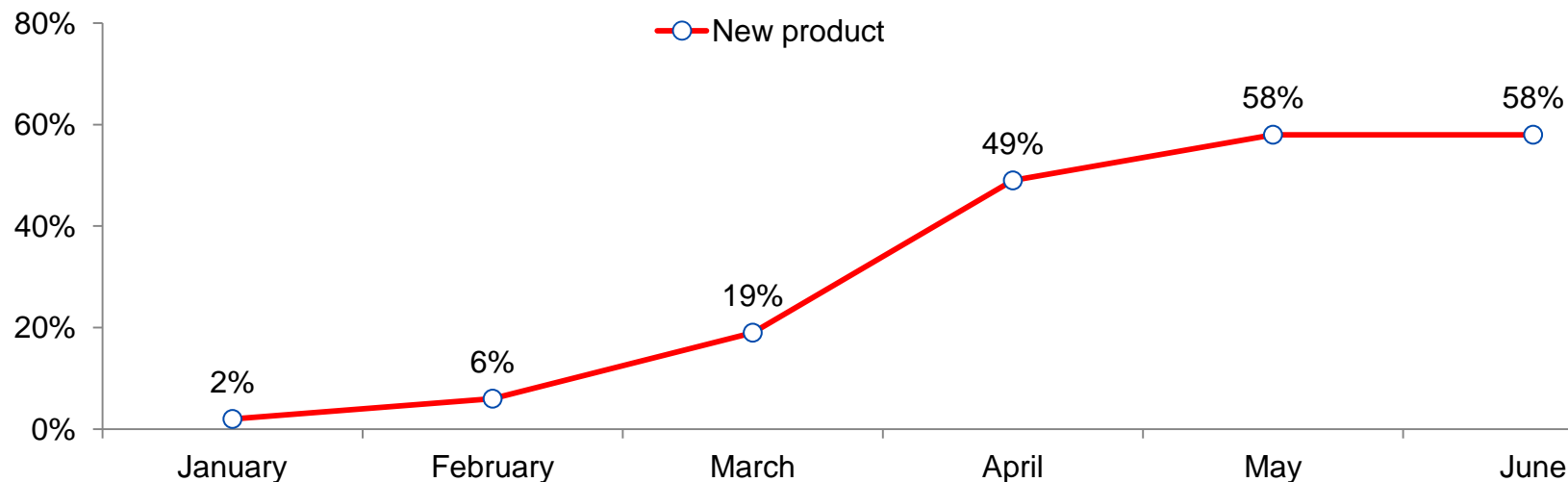
- Extended “TCL-iQIYI TV+” (“TV+”) product line and completed product enrichment of the large-sized 4K ultra high-definition TVs and smart TVs, among which new products including the “A71” series and game TVs became the top sellers within a short period of time after launch
- Officially completed capital injection into Kuyu, gaining an immediate access to the online-to-offline (O2O) platform through Kuyu’s electronic commerce platform
- Continued to carry out organizational transformation: launch organizational structure of sub-channel, and move some of the functions upwards; further streamline the workforce and shorten the value chain



# Gross Profit Margin Improved in Q2 After Launching New Products in the PRC Market

	2014	2013	Change (p. p.)
Q1 Gross profit margin	16.7%	19.8%	(3.1)
Q2 Gross profit margin	24.0%	18.9%	+5.1

## Proportion of sales volume of new products in the PRC Market



# TV Business in the Overseas Markets

## Business Performance

- Sales volume of LCD TVs reached 4.00 million sets, up 26.1% y-o-y
- Both turnover and operating profit achieved steady growth, amounting to HK\$6,003 million and HK\$41 million, respectively
- The overall sales volume and the contribution from middle- to large-sized products to the total sales volume fell short of expectations, resulting in an operating loss of approximately HK\$12 million for the second quarter, significantly lower than approximately HK\$60 million loss for the same period last year

## Operational Performance

- Ranked No.3 in 4K ultra high-definition TVs market in France (According to GfK figures) with a market share of 11.6%
- Global entertainment marketing activities with the movie “X-Men: Days of Future Past” and the full rollout of social media marketing initiatives, facilitated product marketing and enhanced the TCL brand





# Launched Global Entertainment Marketing Activities Through “X-Men: Days of Future Past” 2014 Interim Results

# Beijing



# New York





# Launched Global Entertainment Marketing Activities Through “X-Men: Days of Future Past” (Cont’d) 2014 Interim Results



## Australia



## Brazil



## Russia



## United Kingdom



## Singapore





# O2O promotion Through “X-Men: Days of Future Past”



Total Comments for the post = 10  
 Total Like for the post = 40  
 Total Shares for the post = 12

- The Second Post was for announcing the start of the competition
- Announced at 25 May 2014 (2:38 Am)



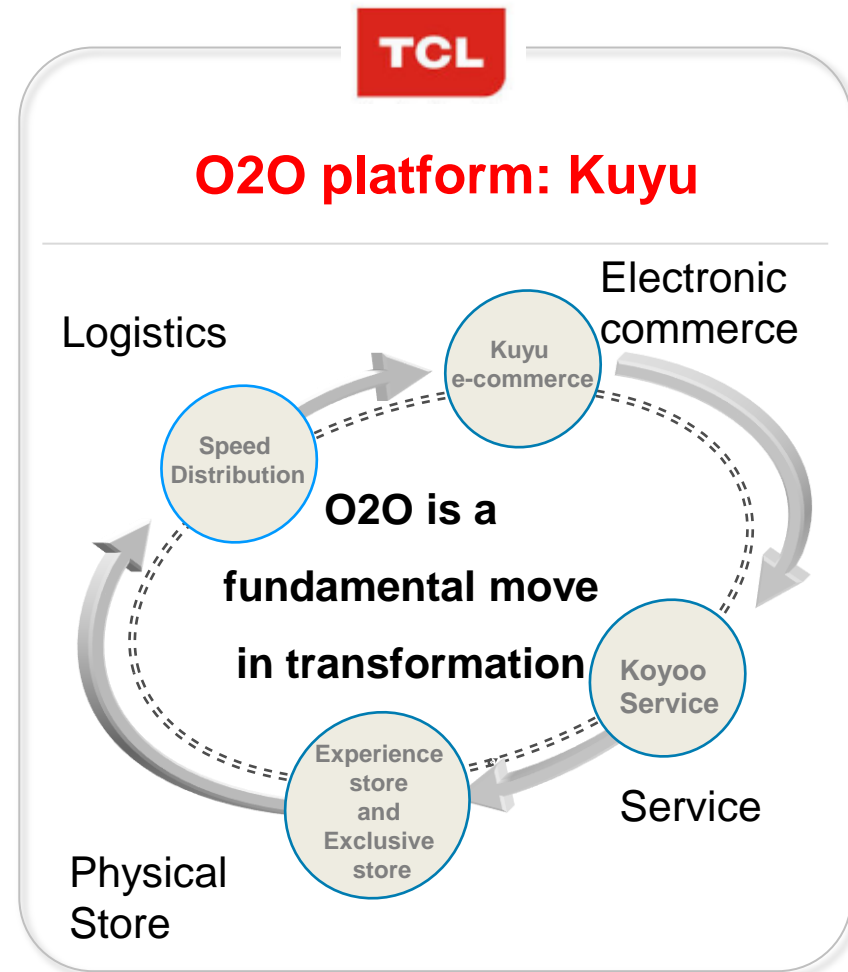
# 2014 World Cup Promotion





# Reforms in Marketing – Officially Completed Capital Injection to Kuyu, Gaining An Immediate Access to the O2O Platform Through Kuyu’s Electronic Commerce Platform

- Approved at the EGM held in June 2014, TCL Multimedia officially injected capital into Kuyu, accounting for 16% of its enlarged registered capital
- Created an O2O platform from the integration of resources in Kuyu electronic commerce, Speed Distribution, Koyoo Service and TCL experience stores and specialty stores owned by the TCL Corporation
- Responsible for online and offline sales, distribution logistics and services from different units of TCL Corporation





H9700

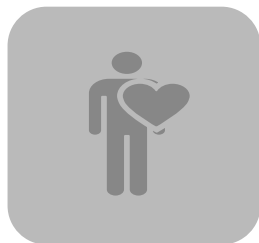
1. Financial Highlights

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# Strategic Goals

## To be a global entertainment technology enterprise



**Provide audio-visual products and services that exceed users' expectations**



**Leading brand in the PRC  
Top 3 in the world for TV business**

# Target for 2014

LCD TV sales volume

**18.50 million sets**

**Quality growth to optimize product mix and improve ASP**

## The PRC Market

**Continue to maintain a leading position in the PRC Market and speed up the internet-oriented layout**

- Promote home entertainment TVs: strengthen planning of innovative internet products, including TV+ and Mango TV etc.
- Expand integration in the industry chain, lower costs and expense ratio, and speed up turnover rate
- Facilitate development of electronic commerce channels and complete integration of O2O resources
- Continue to implement sales channel reforms
- Streamline staff and tighten cost control

## Overseas Markets

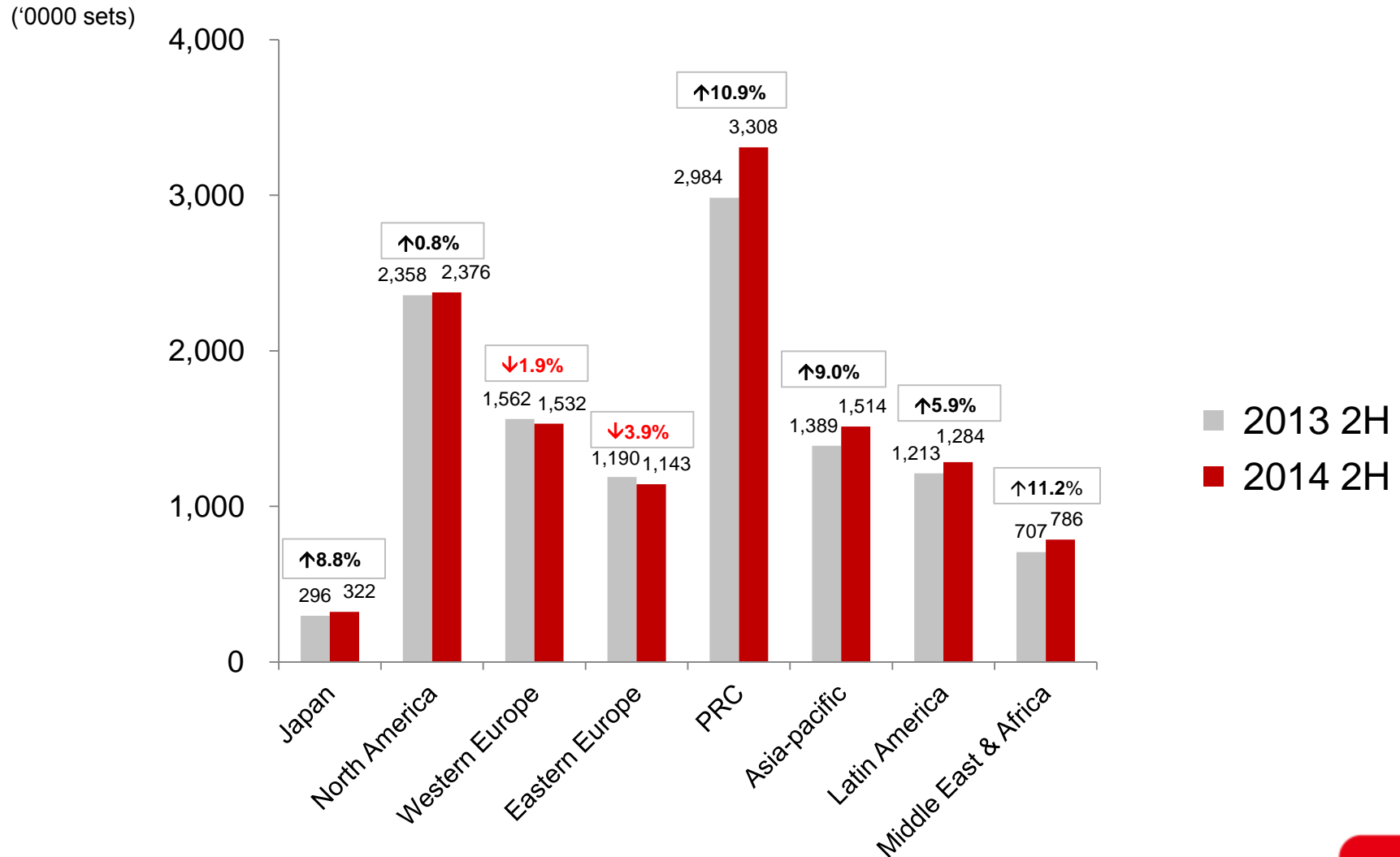
**Increase global market share and enhance brand influence, improve profitability**

- Continue to implement a strategy for steady business development focusing on speed, efficiency and cost control
- Increase the proportion of sales volume of high-end products in the Emerging Markets, expand sales channels and improve overall operating efficiency
- Increase investments in branding, expedite new product launches and drive sales volume
- Proactively exploit synergies with other businesses of TCL Corporation, such as introduction of TCL branded mobile phones and air-conditioners etc. in markets in Southeast Asia, etc., to raise the overall influence of the TCL brand
- Optimize strategic OEM customer portfolio and cost structure
- Streamline staff and tighten cost control

# Industry Trend

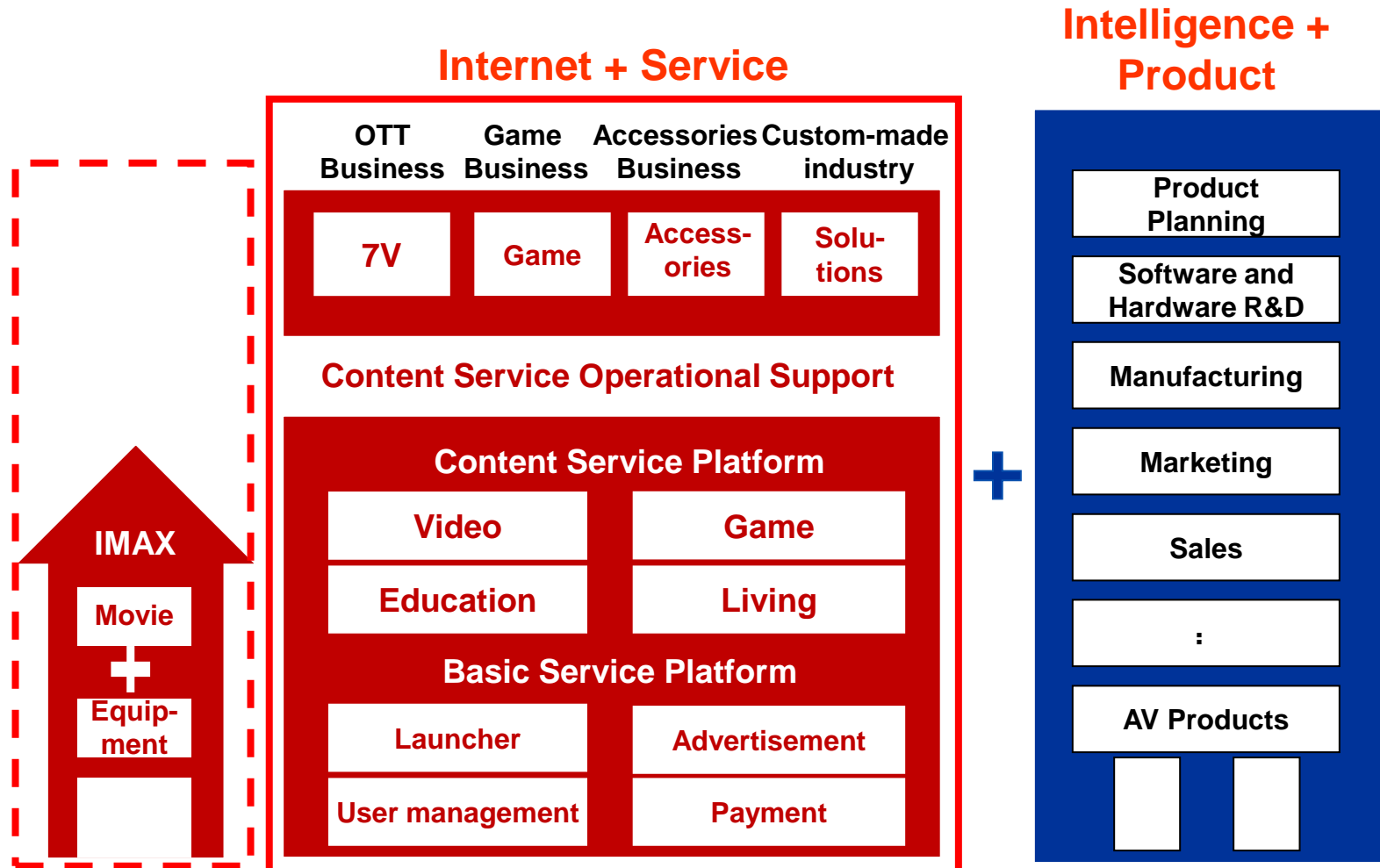
## Shipments in global regional markets :

Slight growth of 4.8% y-o-y in the global LCD TV market expected for 2014 2H whereas a y-o-y decline in the European Market

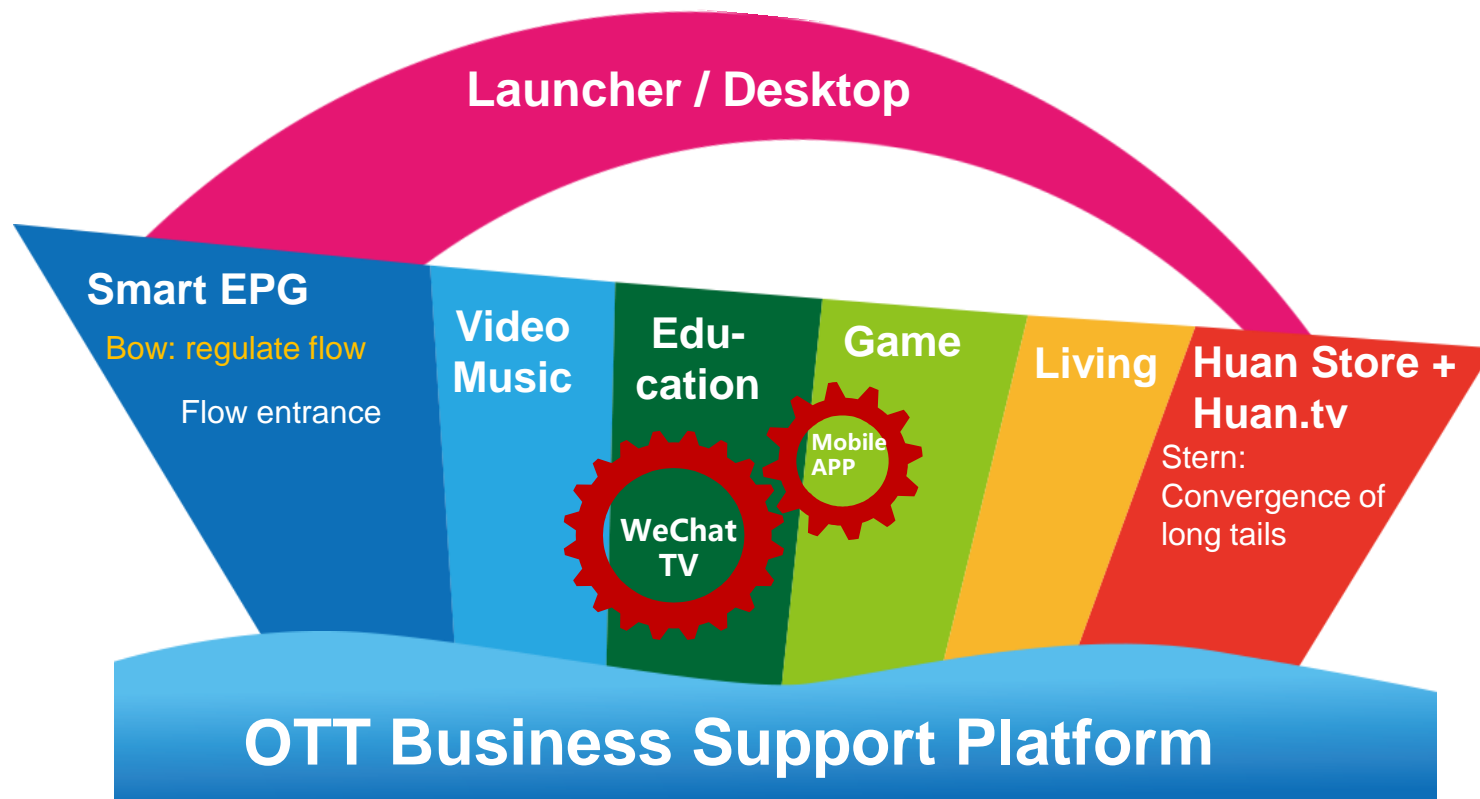


# Implement “Double +” Strategy – Establishment of An Initial Development Framework for New Business for Strategic Transformation

- Better-defined core duties, operational model and structure of the Internet Business Unit



# TV+ Service System (Smart TV Noah Ark)





# Annual ARPU Target at Terminals (Overall TV Value)

	2014	2015	2016
Number of active daily TV+ users* ('000)	2,000	3,200	4,800
Revenue from product and content# (RMB) (Advertisement/ Game/ Big data/ Living/ Education/ App store)	6.6	174.2	205.0
<b>TCL's share of revenue (single user)(RMB)</b>	<b>1.8</b>	<b>30.0</b>	<b>37.9</b>
<b>Revenue from TCL services (total)(RMB million)</b>	<b>3.6</b>	<b>78.1</b>	<b>151.6</b>

\* As at year end as basis

# Refers to the ARPU from a single TV set

# Implement “Double +” Strategy – Further Enrich the TV+ Platform



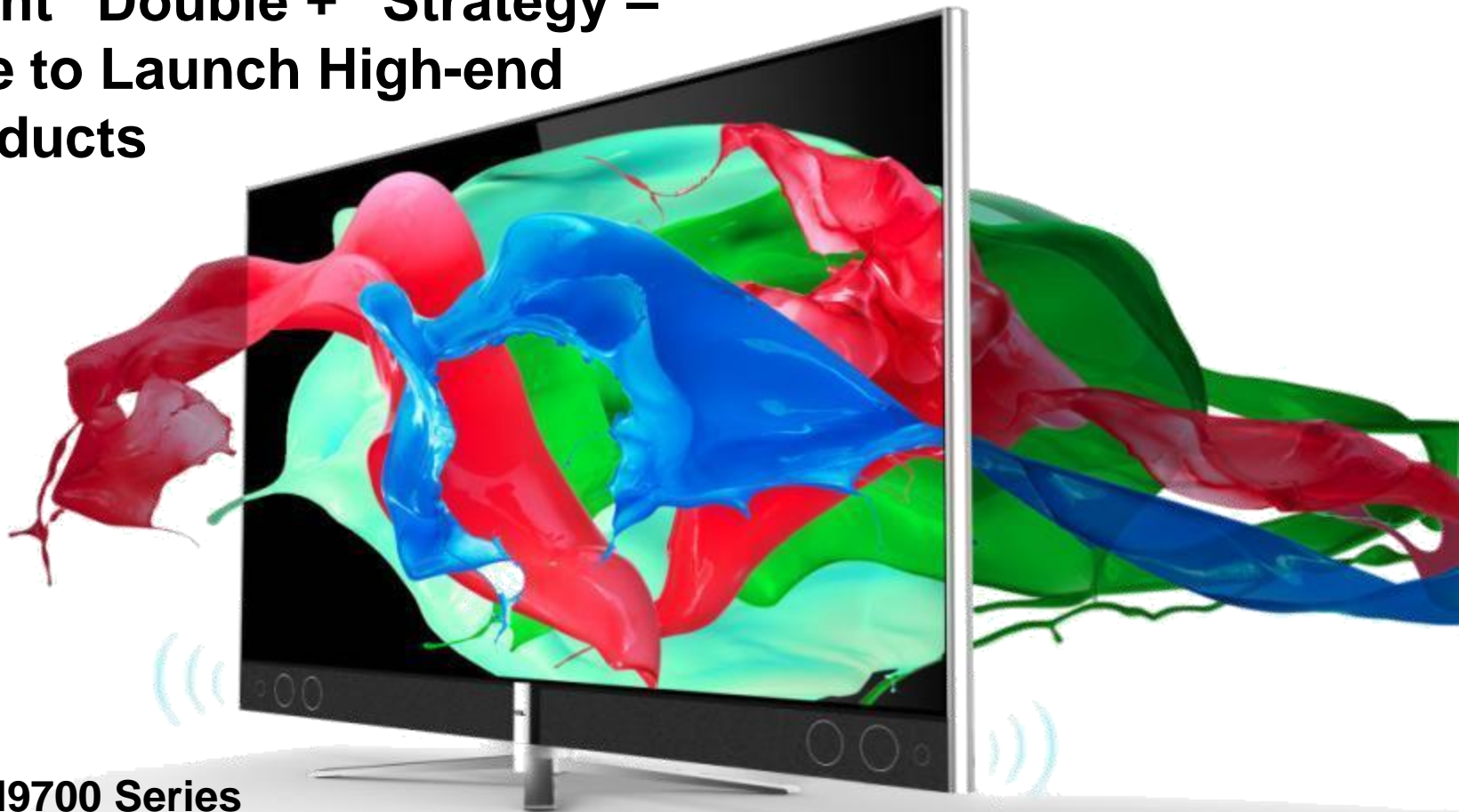
**A71S | 5700 | 6700 | A71S-UD | A71C**

# Became the “Exclusive Collaborative Partner from the TV industry for The Voice of China – Season 3”

2014 Interim Results



# Implement “Double +” Strategy – Continue to Launch High-end New Products



**QLED H9700 Series**





# Implement “Double +” Strategy – Continue to Launch High-end New Products (Cont’d)



大师之作 顶级设计

溢曲同工

颠覆视界

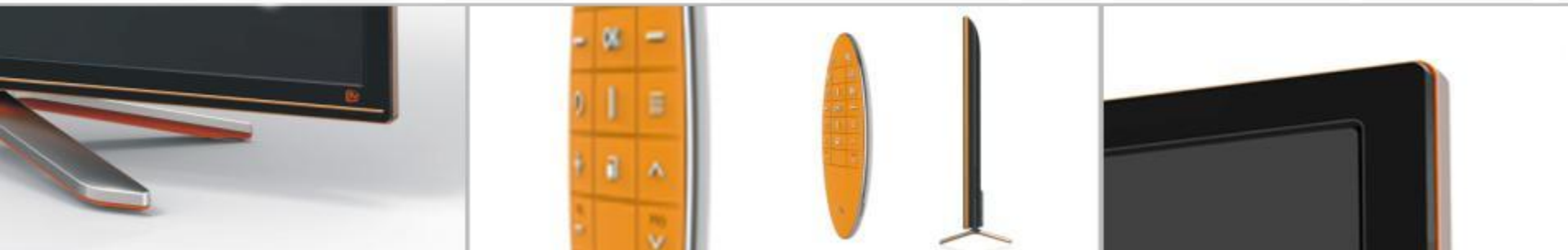
Curved H9600 Series



# Implement “Double +” Strategy – Continue to Launch High-end New Products (Cont’d)



MangoTV M90 Series



# Participated in China Digital Entertainment Expo & Conference (“China Joy”)





# 7V Box



**European Aesthetics**  
- The Masterpiece

**Plenty of Mango movie & TV content**  
- Official authorisation

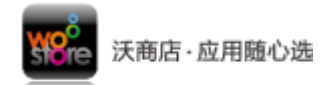
**Embed Apps as channels**  
- Most comprehensive TV applications

**Innovative voice over WeChat**  
- More convenient search

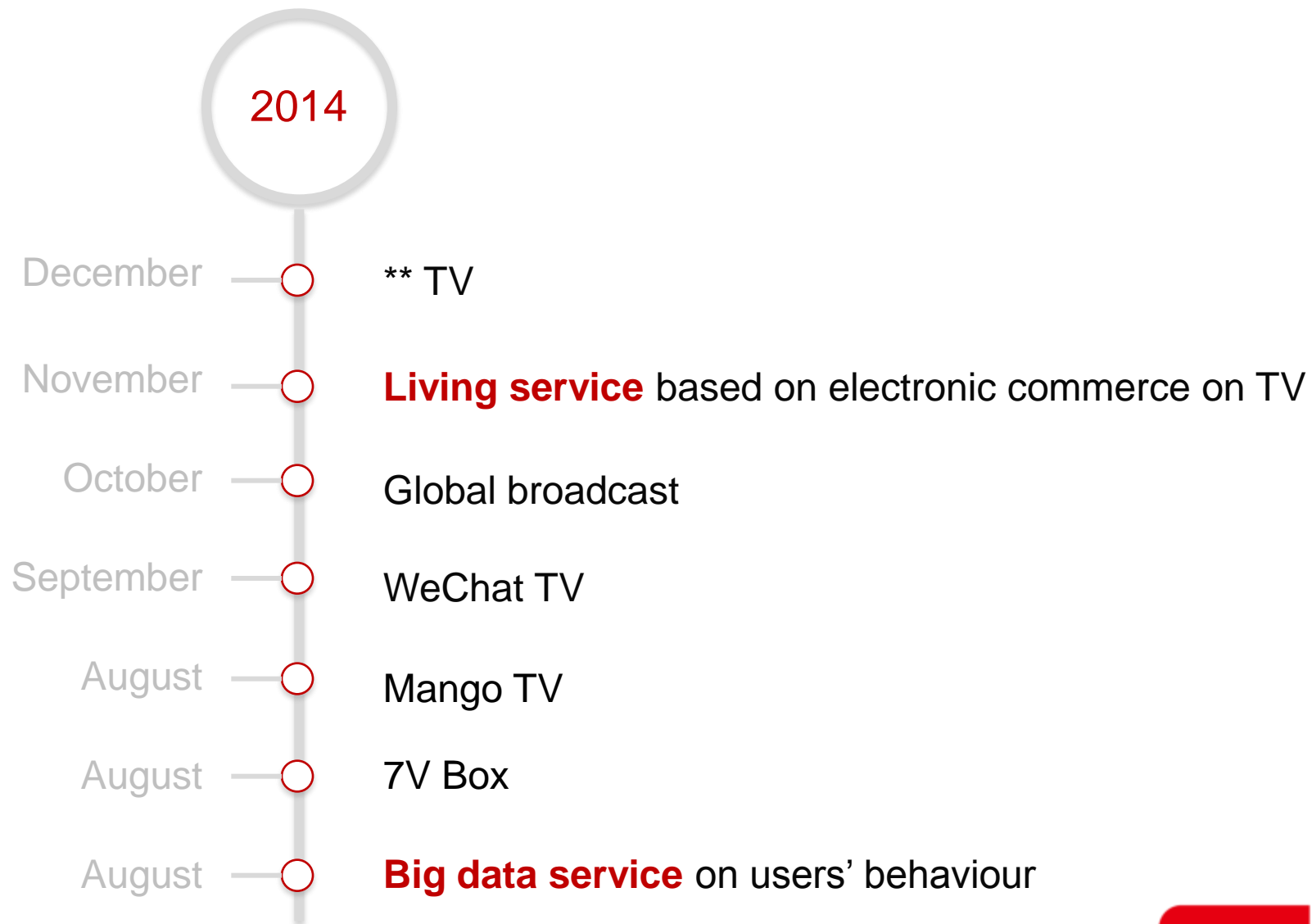


# Implement “Double +” Strategy – Game Business

## TCL Game TV Ecosystem Strategic Alliance



# Launching Schedule for Important Products and Services



**ENTERTAINMENT  
AS IT SHOULD BE**