

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

TCL Multimedia Technology Holdings Limited

Stock code: 01070



2015 Q1 Results Presentation

Unaudited results for the three months ended 31 March

Agenda



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Financial
Highlights



2

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Review



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Outlook

1. Financial Highlights

A Cinematic Experience
Like Never Before

TCL TV+ Curved H8800 Series



Quantum Dot

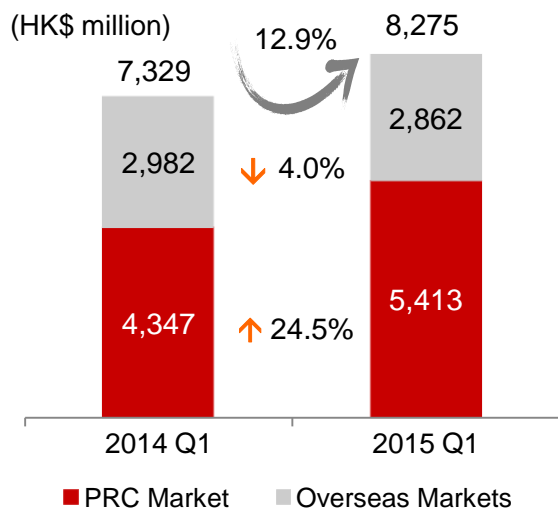
CURVED

harman kardon
by HARMAN

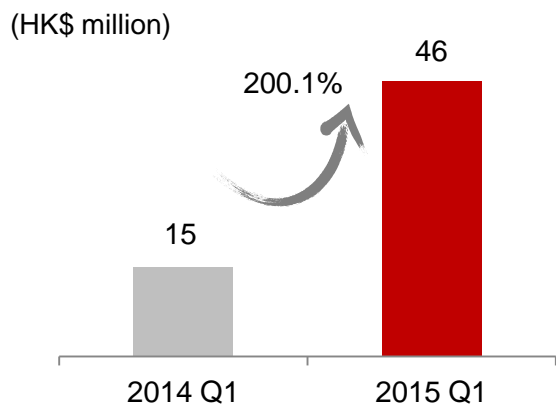
TCL

Financial Highlights

TV Turnover



Profit Attributable to Owners of the Parent



(HK\$ million)

LCD TV sales volume

('000 sets)

LCD TV average selling price
(HK\$)

Turnover

Gross profit

Gross profit margin (%)

Expense ratio (%)

Net profit after tax

Net profit after tax margin (%)

Profit attributable to owners
of the parent

Basic earnings per share
(HK cents)

2015
Q1

2014
Q1

Change

4,164

3,826

+8.8%

1,985

1,908

+4.0%

8,285

7,889

+5.0%

1,189

1,026

+15.9%

14.3%

13.0%

+1.3 p.p.

13.1%

12.7%

+0.4 p.p.

40

12

+242.2%

0.5%

0.1%

+0.4 p.p.

46

15

+200.1%

3.45

1.14

+202.6%

TCL

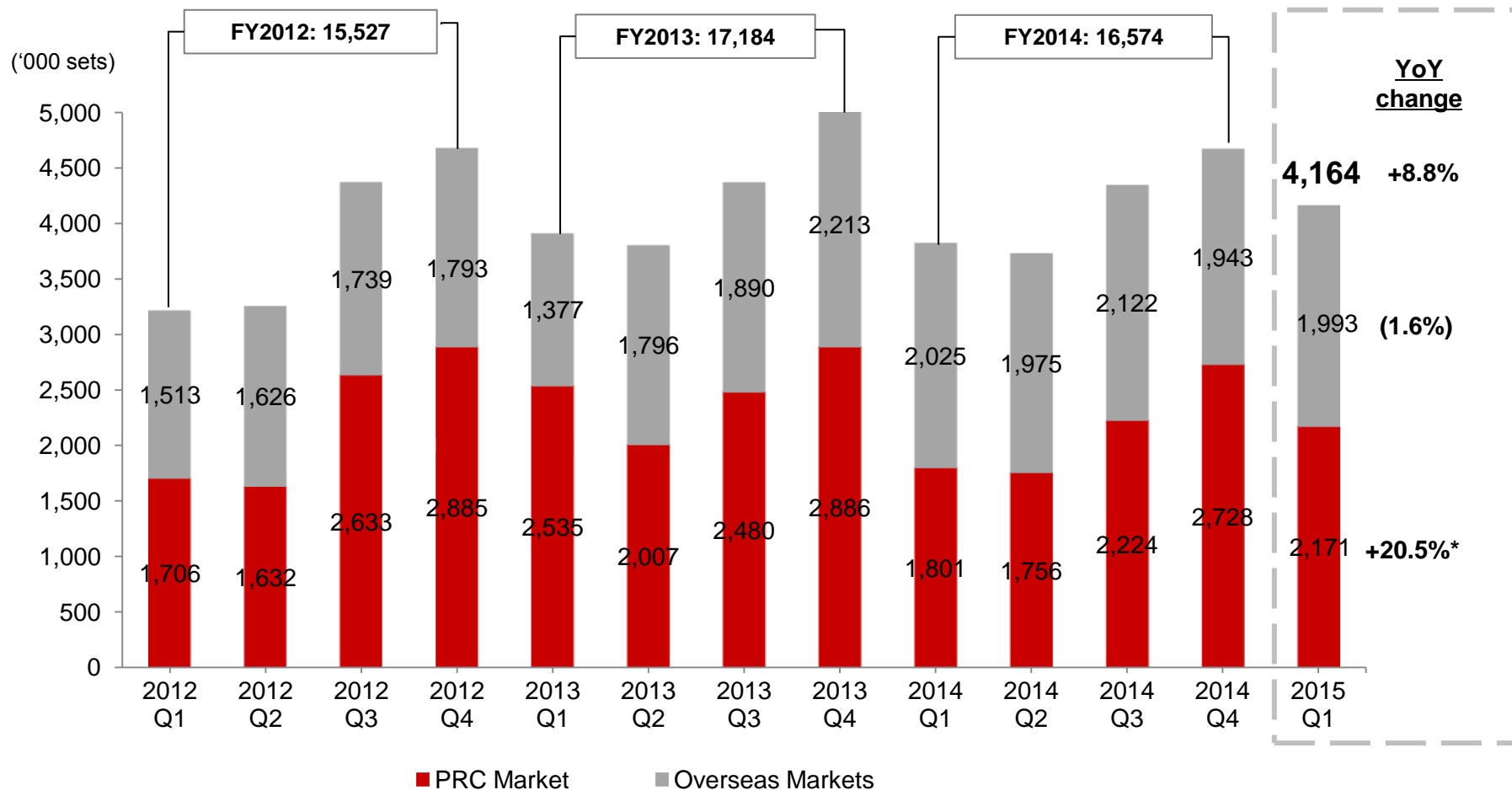
Segment Results

(HK\$ million)		2015 Q1	2014 Q1	Change
PRC Market				
TV Business	Turnover	5,413	4,347	+24.5%
	Gross profit	971	728	+33.2%
	Gross profit margin	17.9%	16.8%	+1.1 p.p.
	Operating results	287	(25)	N/A
Overseas Markets				
TV Business	Turnover	2,862	2,982	(4.0%)
	Gross profit	209	307	(32.0%)
	Gross profit margin	7.3%	10.3%	(3.0 p.p.)
	Operating results	(118)	53	N/A



LCD TV Sales Volume

LCD TV Sales Volume (By quarter)

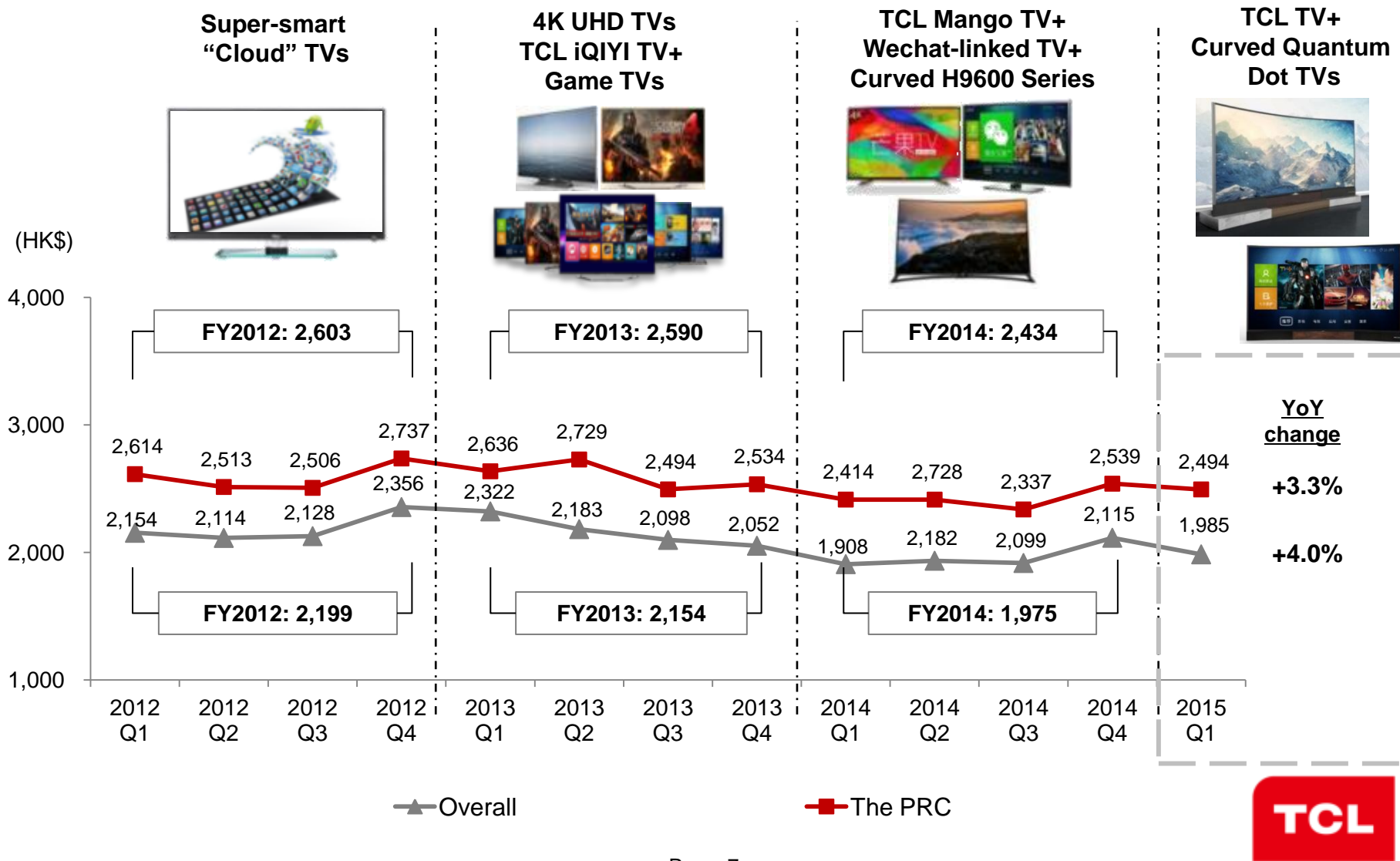


* Since 9 May 2014, Toshiba Visual Products (China) Co., Ltd ("Toshiba Visual") has become a subsidiary of the Group with equity interest of 70%. Therefore, in the first quarter of 2015, the Group's total LCD TV sales volume in the PRC Market has included the sales volume of Toshiba Visual. If sales volume of Toshiba Visual was excluded, the total LCD TV sales volume in the PRC Market for the first quarter of 2015 would have increased by 17.2% year-on-year to 2.11 million sets



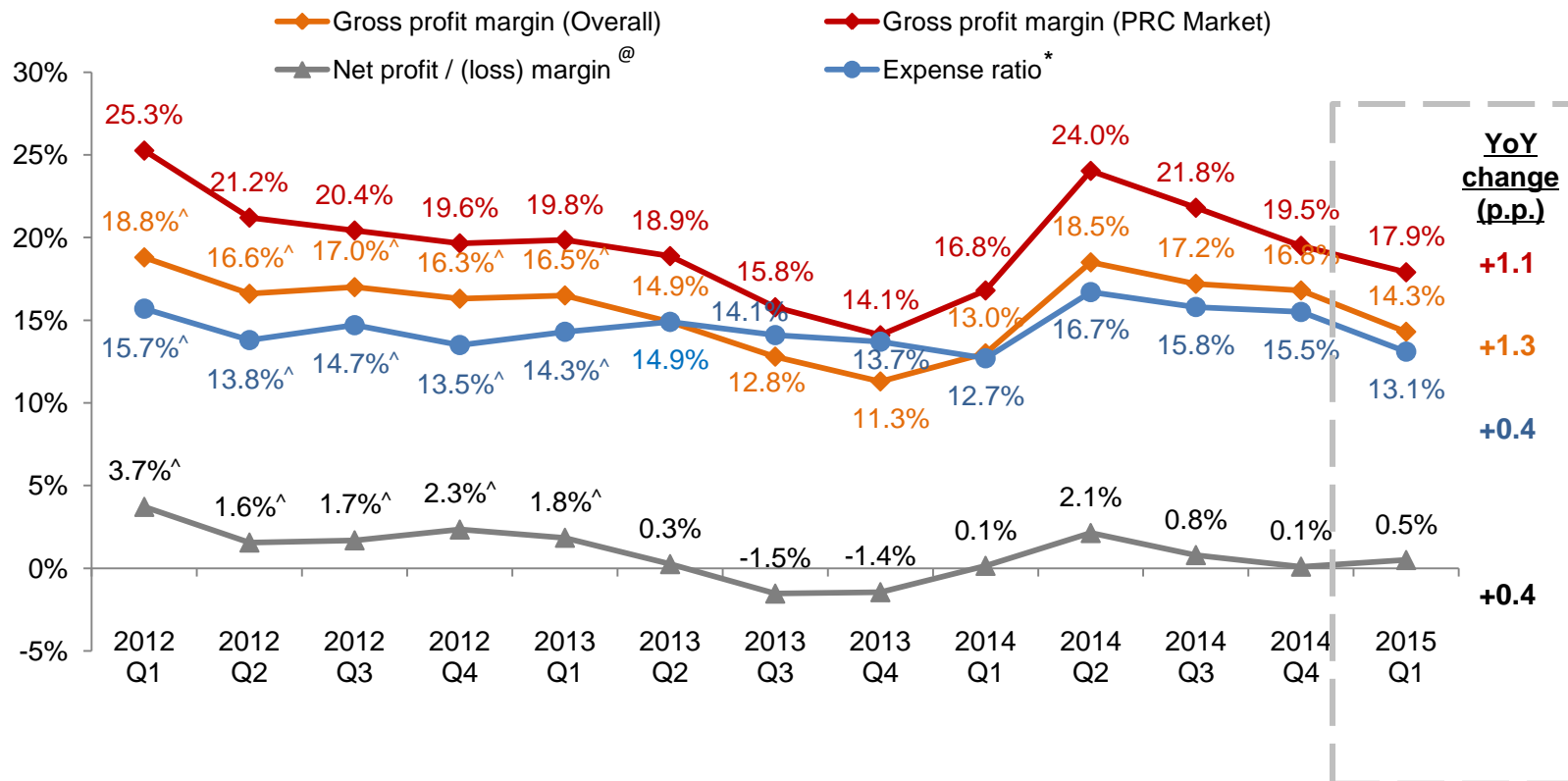
LCD TV Average Selling Prices

Average Selling Prices of LCD TVs (By quarter)



Profit Margins and Expense Ratios

Profit Margins and Expense Ratios (By quarter)



[^] Restated

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

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



Key Financial Indicators

	31 Mar 2015	31 Dec 2014	Change
Inventory turnover (days)*	50	49	+1 day
A/R turnover (days)*	44	42	+2 days
A/P turnover (days)*	67	65	+2 days
Cash conversion cycle (days)	27	26	+1 day
Current ratio (times)	1.1	1.1	Unchanged
Gearing ratio (total) (%)**	90.3	90.2	+0.1 p.p.
Gearing ratio (net) (%)***	32.5	10.0	+22.5 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

(HK\$ million)	31 Mar 2015	31 Dec 2014	Change
Non-current assets	3,352	3,362	(0.3%)
Current assets	18,138	18,120	+0.1%
- Inventory	3,984	4,055	(1.7%)
- Cash and bank balance	2,437	3,379	(27.9%)
Current liabilities	15,936	15,916	+0.1%
Net current assets	2,202	2,204	(0.1%)
Non-current liabilities	844	960	(12.1%)
Net assets	4,710	4,606	+2.3%



2. Business Review



量子点电视 H9700
Quantum Dot TV

Quantum Dot
量子点显示技术

HARMAN
哈曼代嵌A级音画

NORDIC
北欧印奥工之设计



Global LCD TV Market Share

Ranking	Brand	FY 2014	FY 2013
1	Samsung	21.8%	20.5%
2	LGE	14.2%	13.8%
3	Sony	6.5%	6.2%
4	TCL	5.4%	6.5%
5	Hisense	5.2%	4.7%
6	Skyworth	4.1%	4.4%
7	Panasonic	3.7%	3.9%
8	Toshiba	3.4%	4.2%
9	AOC/TP Vision	3.4%	4.1%
10	Vizio	3.1%	3.1%

PRC LCD TV Market Share

Ranking	Brand	FY 2014	FY 2013
1	Skyworth	16.4%	16.1%
2	Hisense	16.3%	15.1%
3	TCL	16.0%	18.1%
4	Changhong	10.8%	11.9%
5	Konka	10.2%	11.3%
6	Haier	5.4%	5.7%
7	Samsung	5.0%	4.1%
8	Sharp	3.5%	3.5%
9	Sony	3.2%	3.4%
10	LGE	1.8%	1.9%



TV Sales Volume

Total TV Sales Volume ('000 sets)	2015 Q1	2014 Q1	Change
Total	4,182	3,870	+8.1%
- PRC	2,171	1,801	+20.5%*
- Overseas	2,011	2,069	(2.8%)
LCD TV Sales Volume ('000 sets)	2015 Q1	2014 Q1	Change
Total	4,164	3,826	+8.8%
Of which: LED backlight LCD TVs	4,159	3,825	+8.7%
Smart TVs	1,173	720	+63.0%
- PRC	2,171	1,801	+20.5%*
- Overseas	1,993	2,025	(1.6%)

* Since 9 May 2014, Toshiba Visual has become a subsidiary of the Group with equity interest of 70%. Therefore, in the first quarter of 2015, the Group's total LCD TV sales volume in the PRC Market has included the sales volume of Toshiba Visual. If sales volume of Toshiba Visual was excluded, the total LCD TV sales volume in the PRC Market for the first quarter of 2015 would have increased by 17.2% year-on-year to 2.11 million sets



TV Business in the PRC Market

Highlights

- Turnover increased by 24.5% year-on-year, gross profit margin rose by 1.1 p.p. year-on-year; sales volume of LCD TVs was up by 20.5%* year-on-year, the average selling price increased by 3.3% year-on-year
- Proportion of sales volume of smart TVs rose from 41.0% in 2014 to 47.2% while that of 4K TVs increased from 9.7% to 12.9%
- Proportion of online sales volume increased from 7.8% in 2014 to 11.0%
- The accumulated number of TCL activated smart TV users totalled 7,769,780, the daily average number of active users in March 2015 increased by 79.8% year-on-year to 2,899,924

Drawbacks

- The sales volume of mid-to-high-end products and product mix still require further improvements
- Market competitive pressures and the Group's channel expansions have resulted in an increase in the number of its account receivable turnover days

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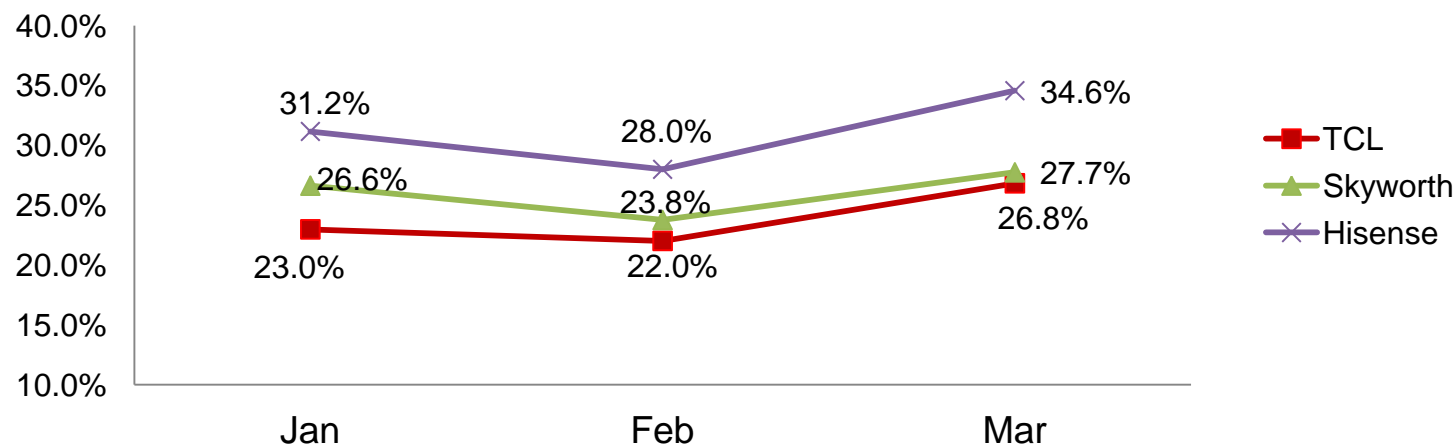
TV Business in the PRC Market

There is still a disparity in sales of high-end products among its key competitors

□ Comparison for market share and average selling price for UHD products (2015 Q1)

Brand	Market share for sales volume	Average selling price (RMB)
Hisense	20.1%	5,740
Samsung	14.3%	8,792
Skyworth	14.4%	5,367
TCL	13.1%	4,999
Changhong	11.8%	4,765

2015 Q1 4K UHD TV Market Penetration Rate of TCL, Skyworth and Hisense



TV Business in the Overseas Markets

Highlights

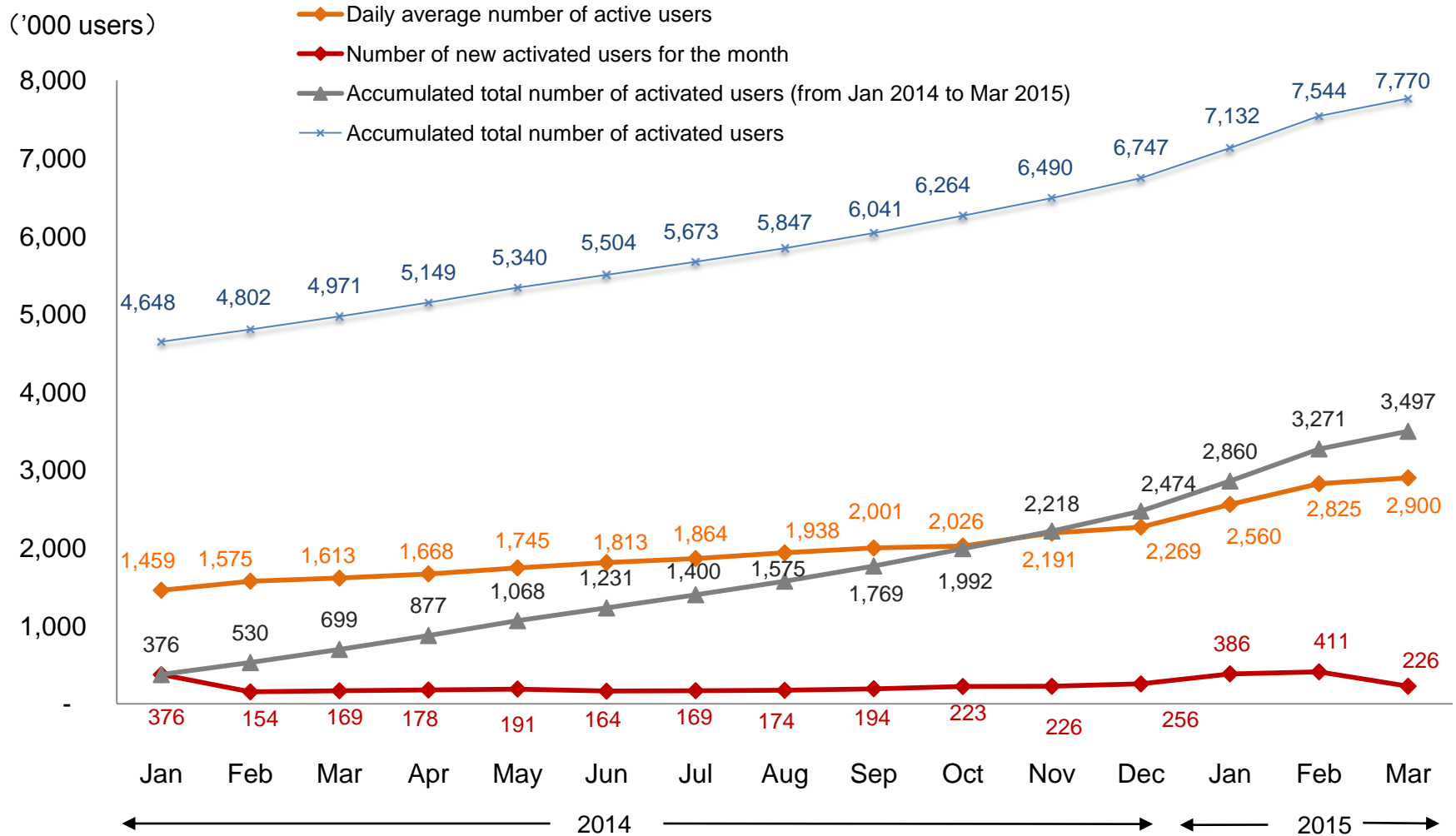
- Sales volume of LCD TVs in the Emerging Markets increased by 22.8% year-on-year to 1.17 million sets, average selling price increased by 6.7% year-on-year
- As the cooperation with TCL Roku TVs in the North American Market has gradually achieved improvements, sales volume of LCD TVs in the North American Market grew by 85.1% year-on-year

Drawbacks

- Overall performance did not meet expectations, turnover decreased by 4.0% year-on-year while gross profit margin dropped by 3.0 p.p.; sales volume of LCD TVs down by 1.6% year-on-year; average selling price down by 1.9% year-on-year
- The European Market was impacted by the fluctuations of foreign exchange rates, leading to declines in revenue and gross profit margin
- Strategic ODM business was affected by major customers which led to a drop of 34.7% year-on-year in sales volume of LCD TVs



TCL Smart TV Operation Statistics in 2014 and 2015 Q1



3. Outlook



TCL TV+ True Colour E6800 Series

Moon Circle
圆月流光旋转底座

Nature View
真彩高色域显示技术

歌友汇
电视定制版社交K歌

GO LIVE movie
TCL首发影院

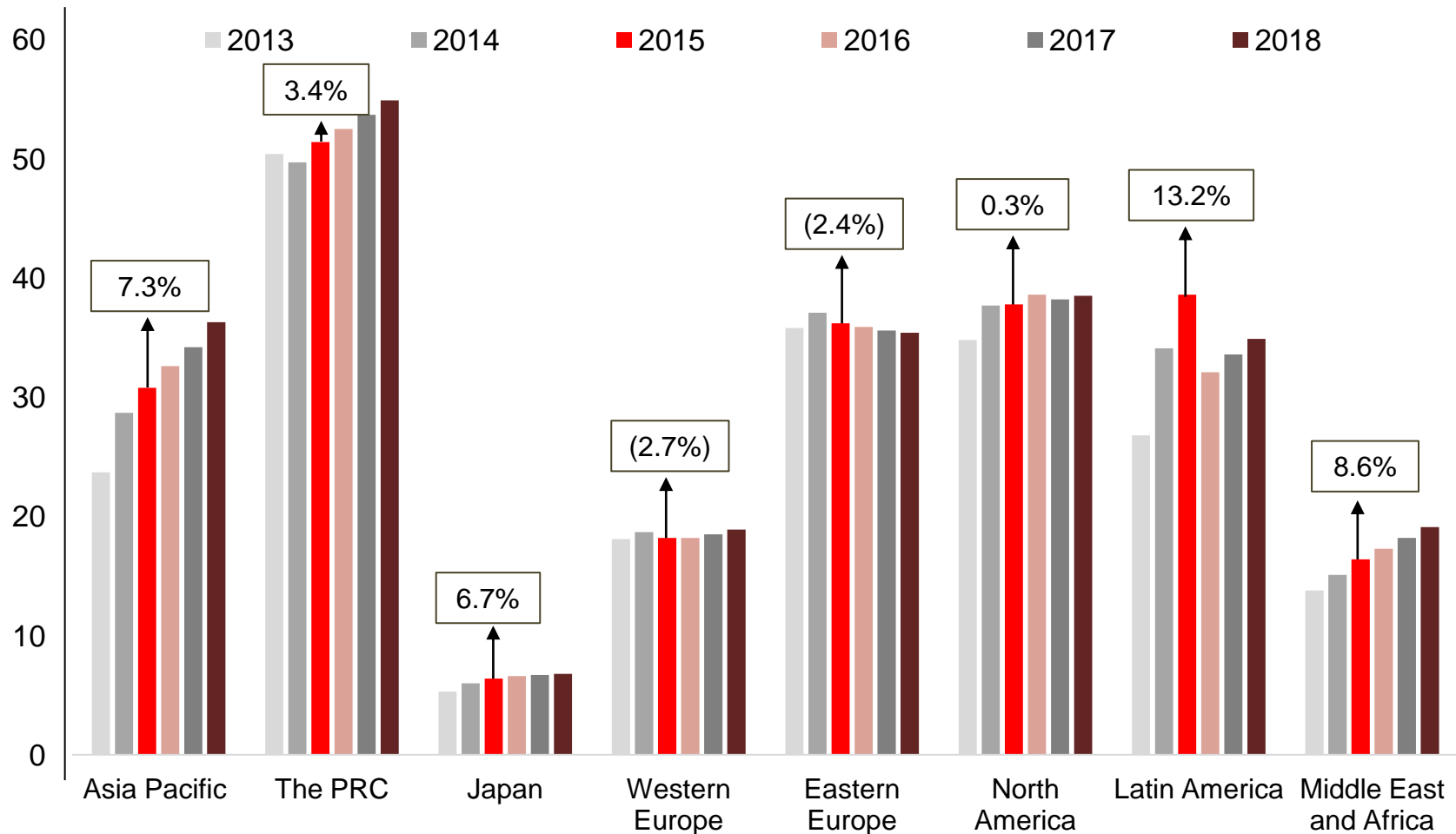


Global LCD TV Market Forecasts

– Growth Rate of Market Size

The size of global LCD TV market is expected to grow by 3.9% in 2015

(unit: million sets)

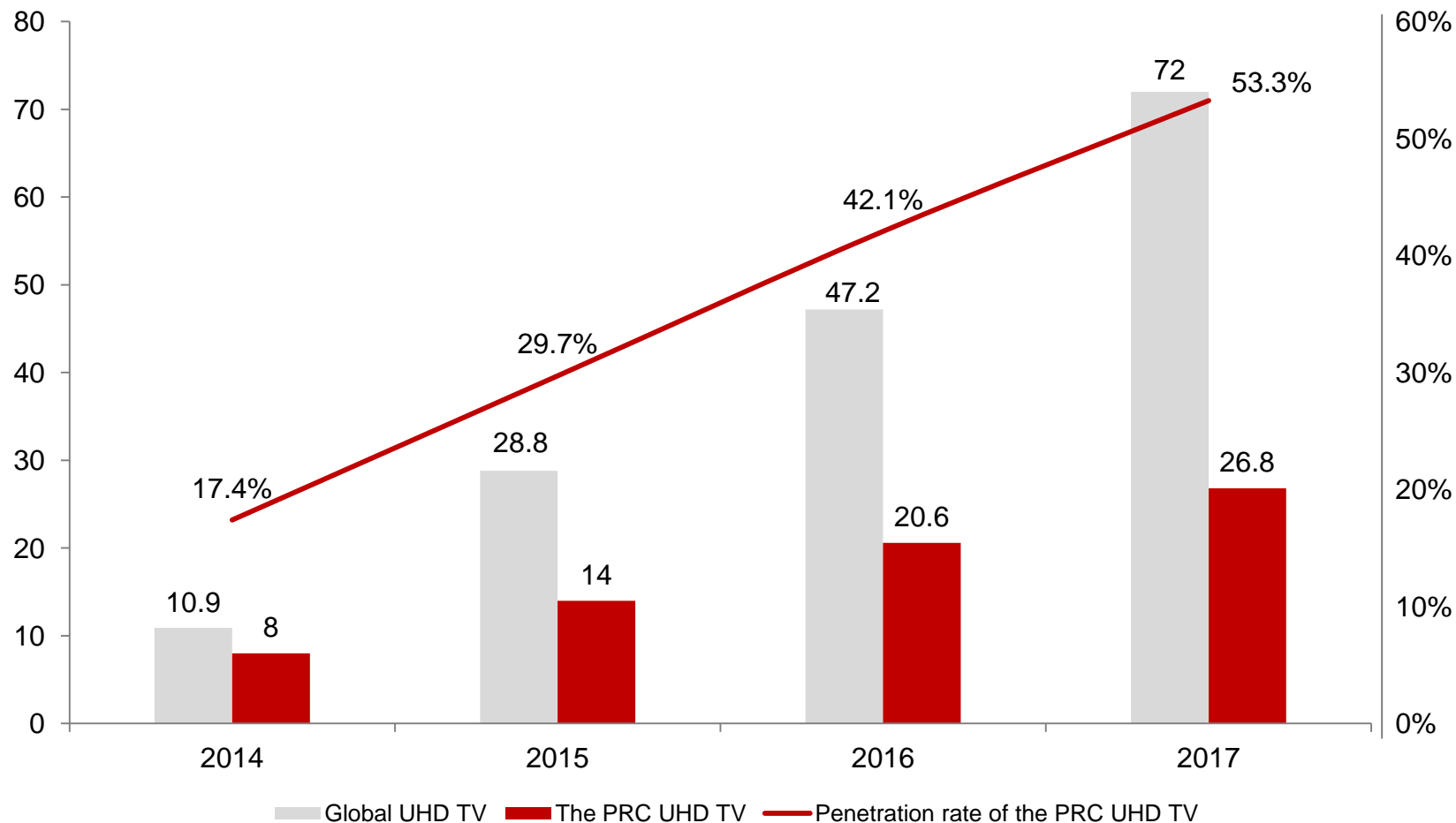


Source: DisplaySearch



Forecasts for UHD TVs in Global and the PRC Market - Total Volume and Penetration Rate

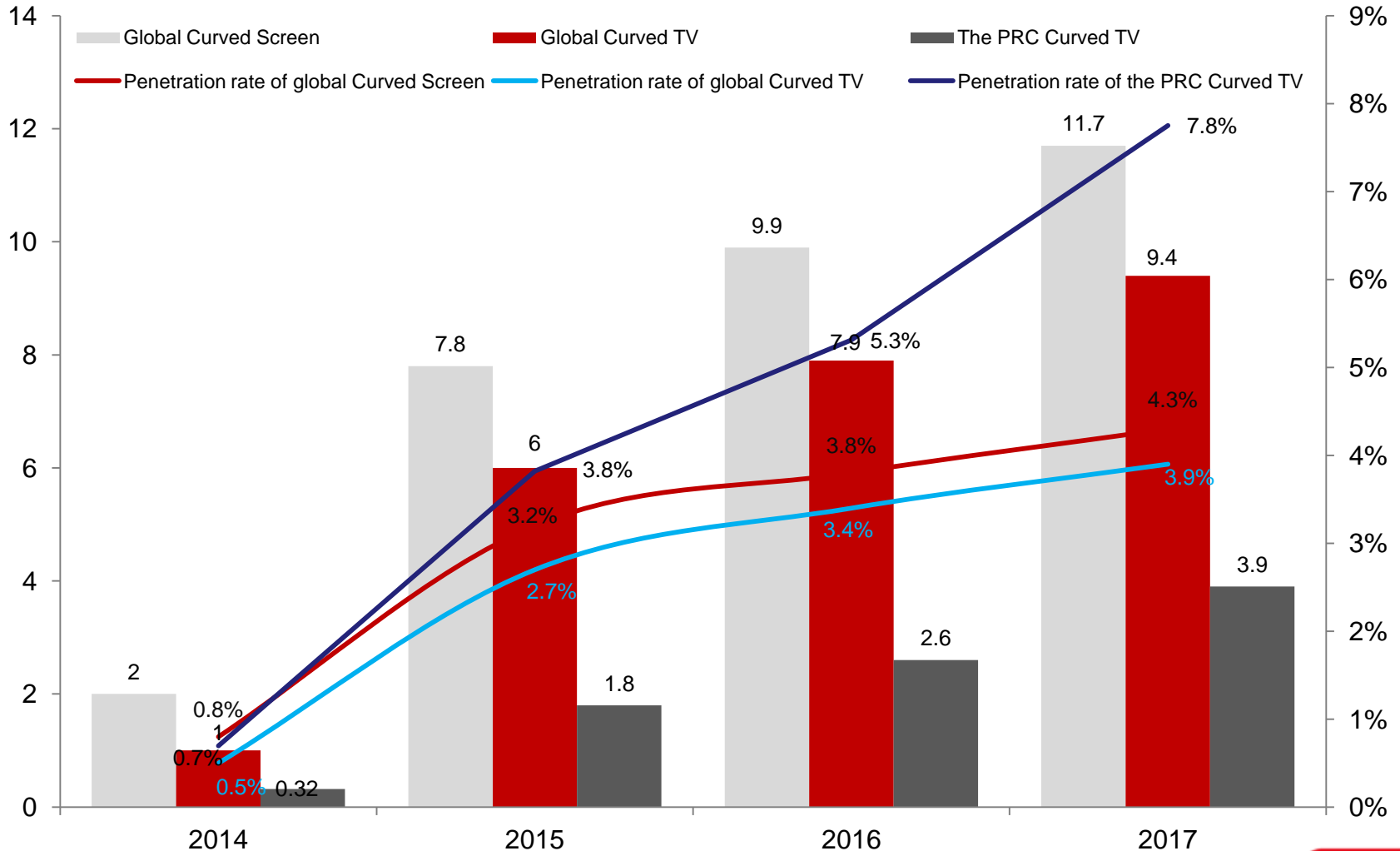
(unit: million sets)



Source: DisplaySearch and CMM

Forecasts for Curved Screens and TVs in Global and the PRC Market - Total Volume and Penetration Rate

(unit: million sets)



Source: AVC



Overall Strategies - Twin Drivers of Internationalisation and the “Double +” Strategy

Internet business:

- ✓ Achieve “double +” strategic transformation supported by smart TVs
- ✓ Establish a business model based on Internet operation service

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 colour domain

Electronic commerce business:

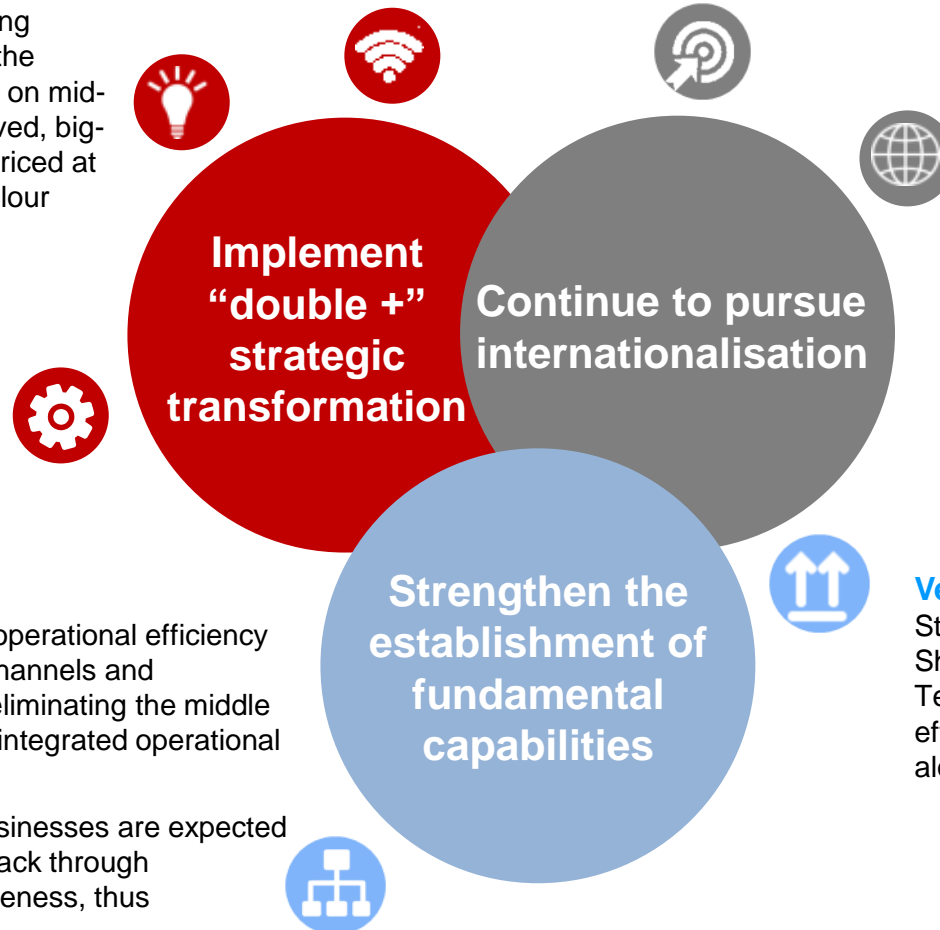
Establish a competitive O2O business model

Improved operation:

- ✓ Lower costs and enhance operational efficiency through deepening sales channels and organisational reforms by eliminating the middle layers and establishing an integrated operational system
- ✓ The PRC and overseas businesses are expected to be back on the growth track through improvement on competitiveness, thus enhancing profitability

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

Vertical integration:

Strengthen industrial cooperation with Shenzhen China Star Optoelectronics Technology Co., Ltd., maximize effectiveness from vertical integration along the industrial chain



Operational Strategies

Launch products
as scheduled

1

**Substantial
improvements in
core business
performances**

Ensure lowered costs
and enhanced
efficiency of the supply
chain from the
operation center

2

**Significant
enhancements
in operational
efficiency**

Simplify organisational
hierarchy structure to
improve gross margin
level

3

**Effective
enactment of
integrated
business
model**

Internet Business Strategies

Implement “double +” strategic transformation and establish a business model based on Internet operation service through smart TVs

1

Expand operable **user base**

2

Establish operable **business model**

3

Establish scaled operational **service revenue**

4

Innovate and incubate new **Internet business**

Targets for 2015 and Progress of Implementation

	2014					2015				
	Overall actual	The PRC Market		Overseas Markets		Overall target	The PRC Market		Overseas Markets	
		FY actual	Q1 actual	FY actual	Q1 actual		FY target	Q1 actual	FY target	Q1 actual
LCD TVs sales volume ('0000 sets)	1,657	851	180	806	203	1,750	870	217 (↑ 20.5%) ⁴	880	199 (↓ 1.6%)
Turnover (HK\$ million)	33,526		4,347		2,982	40,500		5,413 (↑ 24.5%)		2,862 (↓ 4.0%)

The PRC Market

	FY 2014 actual	FY 2015 target	2015 Q1 actual
Proportion of smart TVs sales volume (%)	41.0%	60%	47.2%
Proportion of 4K TVs sales volume (%)	9.7%	20%	12.9%
Proportion of online sales volume (%)	7.8%	15%	11.0%

	FY 2014 actual	FY 2015 target	2015 Q1 actual
Number of TCL activated smart TV users (Accumulated number at period end) (year-end / quarter-end) ¹	6,746,610	10,000,000	7,769,780
Daily average number of active users (year-end / month-end) ²	2,268,959	4,200,000	2,899,924 ³
Service revenue (RMB)	N/A	50,000,000	1,393,700

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. Since 9 May 2014, Toshiba Visual has become a subsidiary of the Group with equity interest of 70%. Therefore, in the first quarter of 2015, the Group's total LCD TV sales volume in the PRC Market has included the sales volume of Toshiba Visual. If sales volume of Toshiba Visual was excluded, the total LCD TV sales volume in the PRC Market for the first quarter of 2015 would have increased by 17.2% year-on-year to 2.11 million sets



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Q&A

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