



**TCL 多媒體科技控股有限公司**  
**TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED**  
股份代號：01070

# 2015 Annual Results Presentation

*(Audited results for the year ended 31 December)*



# Agenda

- 1** Financial Highlights
- 2** Business Review
- 3** Outlook

# X1



TCL X1 Series TV

# 1. Financial Highlights



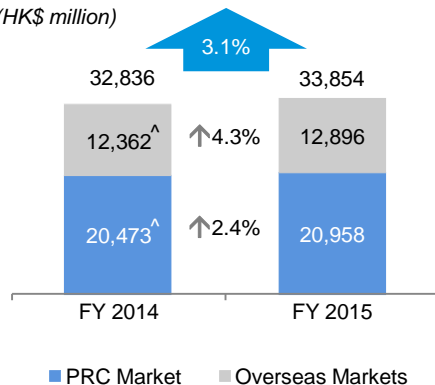
# Financial Highlights

(For the year ended 31 December 2015 and three months ended 31 December 2015)



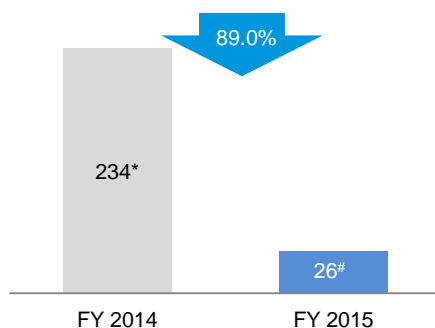
## TV Turnover

(HK\$ million)



## Profit Attributable to Owners of the Parent

(HK\$ million)



(HK\$ million)	FY 2015	FY 2014	Change	2015 Q4	2014 Q4	Change
Turnover	<b>34,017</b>	33,526	1.5%	<b>9,573</b>	9,925	(3.5%)
Gross profit	<b>5,753</b>	5,503	4.5%	<b>2,023</b>	1,672	21.0%
Gross profit margin (%)	<b>16.9</b>	16.4	0.5 p.p.	<b>21.1</b>	16.9	4.2 p.p.
Expense ratio (%)	<b>15.9</b>	15.2	0.7 p.p.	<b>17.4</b>	15.5	1.9 p.p.
Net profit after tax	<b>10#</b>	246*	(95.9%)	<b>329#</b>	7	4,327.6%
Net profit after tax margin (%)	<b>0.03#</b>	0.7*	(0.7 p.p.)	<b>3.4#</b>	0.1	3.3 p.p.
Profit attributable to owners of the parent	<b>26#</b>	234*	(89.0%)	<b>328#</b>	7	4,621.9%
Basic earnings per share (HK cents)	<b>1.94#</b>	17.76*	(89.1%)	<b>24.62#</b>	0.53	4,545.3%
Final dividend per share (HK cents)						
Proposed final dividend per share (HK cents)	-	5.28	N/A	<b>N/A</b>	N/A	N/A

- \* Including an one-off gain of approximately HK\$159 million generated from closure of certain subsidiaries
- # Including an one-off gain of approximately HK\$124 million (for FY 2015) and approximately HK\$123 million (for 2015 Q4) generated from disposal and closure of certain subsidiaries
- ^ Restated

# Segments Results

(For the year ended 31 December 2015 and three months ended 31 December 2015)



## The PRC Market TV Business

<i>(HK\$ million)</i>				<i>(HK\$ million)</i>		
<b>FY 2015</b>	<b>FY 2014<sup>^</sup></b>	<b>Change</b>		<b>2015 Q4</b>	<b>2014 Q4<sup>^</sup></b>	<b>Change</b>
<b>20,958</b>	20,473	2.4%	<b>Turnover</b>	<b>6,205</b>	6,828	(9.1%)
<b>4,372</b>	4,203	4.0%	<b>Gross profit</b>	<b>1,529</b>	1,344	13.7%
<b>20.9%</b>	20.5%	0.4 p.p.	<b>Gross profit margin</b>	<b>24.6%</b>	19.7%	4.9 p.p.
<b>757</b>	562	34.6%	<b>Operating results</b>	<b>400</b>	129	209.8%

## Overseas Markets TV Business

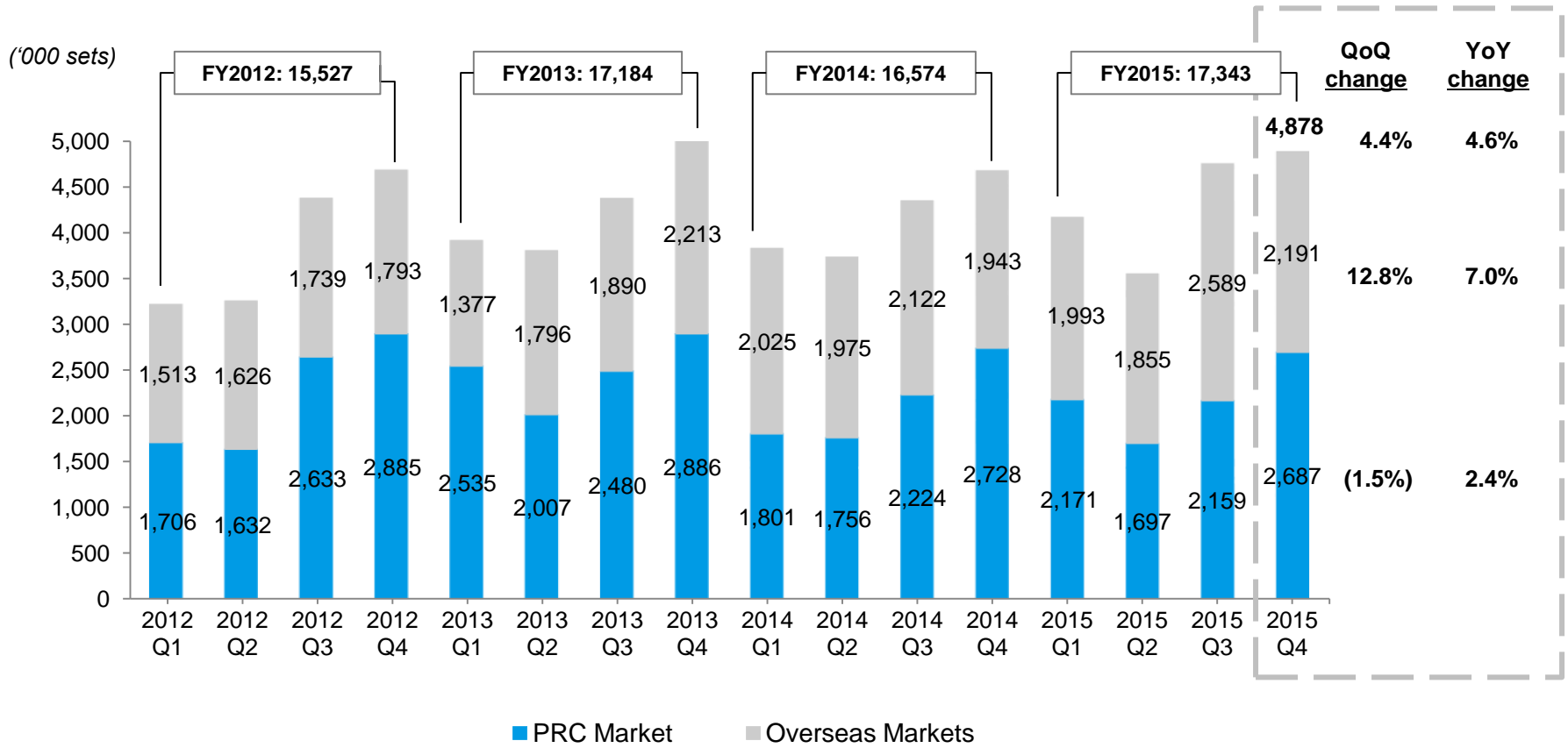
<i>(HK\$ million)</i>				<i>(HK\$ million)</i>		
<b>FY 2015</b>	<b>FY 2014<sup>^</sup></b>	<b>Change</b>		<b>2015 Q4</b>	<b>2014 Q4<sup>^</sup></b>	<b>Change</b>
<b>12,896</b>	12,362	4.3%	<b>Turnover</b>	<b>3,314</b>	3,060	8.3%
<b>1,329</b>	1,310	1.4%	<b>Gross profit</b>	<b>454</b>	322	40.9%
<b>10.3%</b>	10.6%	(0.3 p.p.)	<b>Gross profit margin</b>	<b>13.7%</b>	10.5%	3.2 p.p.
<b>62</b>	8	649.9%	<b>Operating results</b>	<b>149</b>	(1)	N/A

<sup>^</sup> Restated

# LCD TV Sales Volume



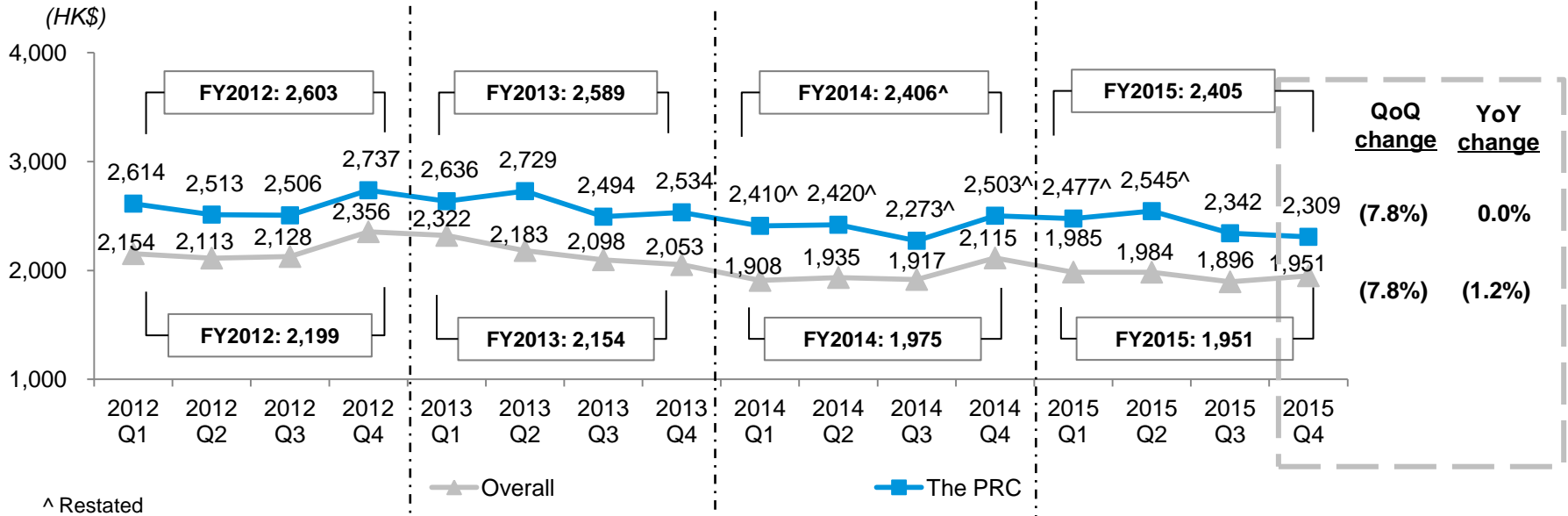
## LCD TV Sales Volume (by Quarter)



# LCD TV Average Selling Prices



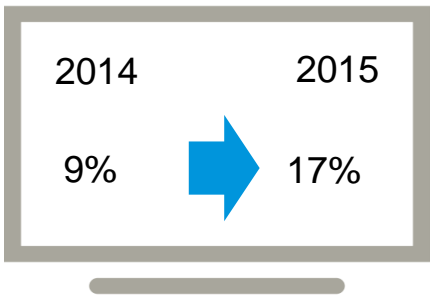
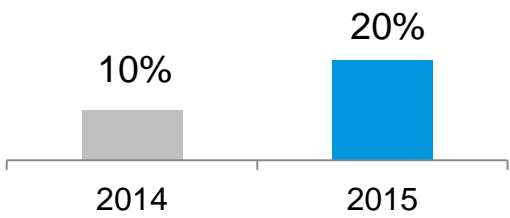
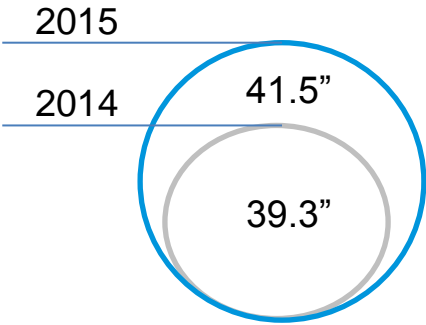
## Average Selling Prices of LCD TVs (by Quarter)



Change in average size in the PRC Market

Change in proportion of 4K products in the PRC Market

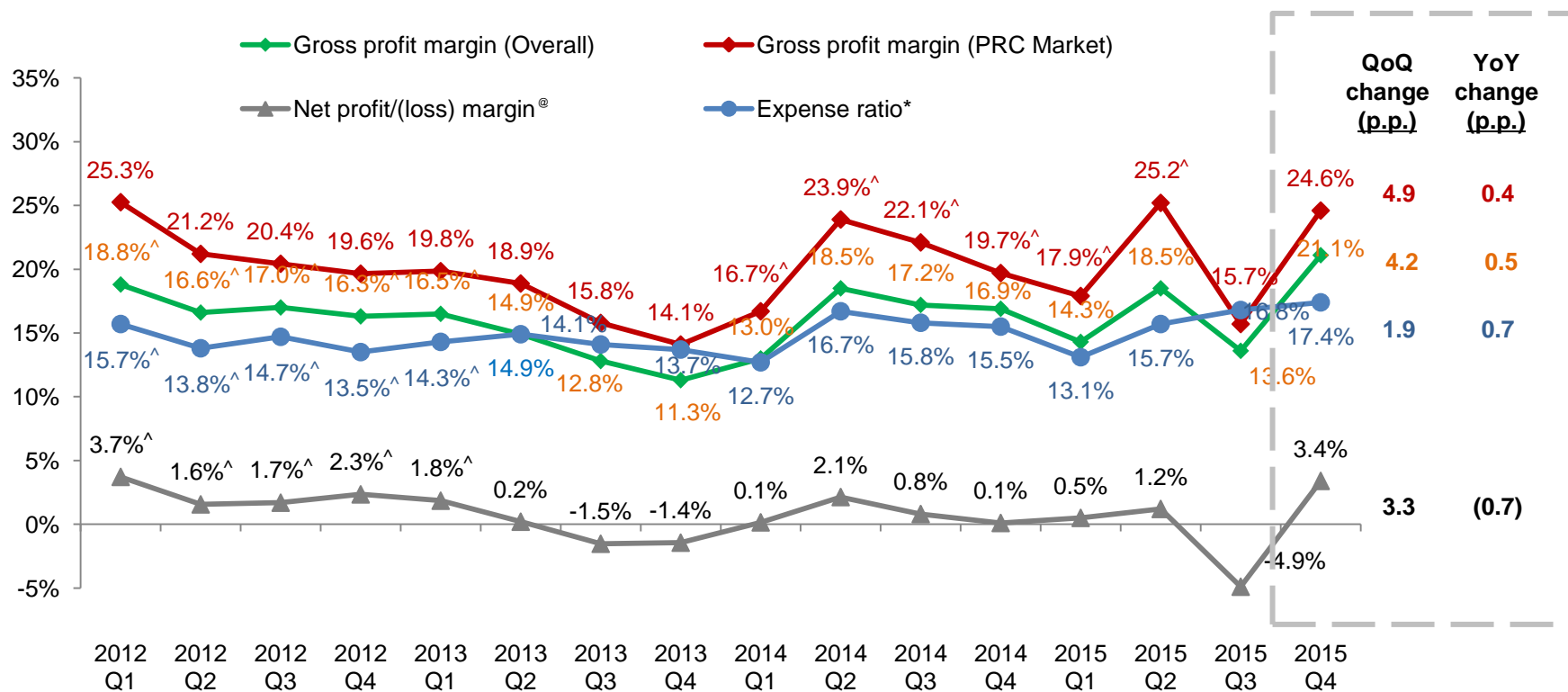
Change in proportion of ≥ 55" products in the PRC Market



# Profit Margins and Expense Ratios



## Profit Margins and Expense Ratios (by Quarter)



<sup>^</sup> Restated

<sup>\*</sup> Expense ratio = (Selling and distribution expenses + Administration expenses

<sup>®</sup> Net profit / (loss) margin = Net profit / (loss) from continuing operations / Turnover



# Key Financial Indicators



	31 Dec 2015	31 Dec 2014	Change
<b>Inventory turnover</b> (days)*	<b>52</b>	49	+3 days
<b>A/R turnover</b> (days)*	<b>54</b>	42	+12 days
<b>A/P turnover</b> (days)*	<b>65</b>	65	Unchanged
<b>Cash conversion cycle</b> (days)	<b>41</b>	26	+15 days
<b>Current ratio</b> (times)	<b>1.2</b>	1.1	+0.1 times
<b>Gearing ratio (total)(%)**</b>	<b>60.6</b>	90.2	(29.6 p.p.)
<b>Gearing ratio (net)(%)***</b>	<b>7.2</b>	10.0	(2.8 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>	31 Dec 2015	31 Dec 2014	Change
<b>Non-current assets</b>	2,981	3,362	(11.3%)
<b>Current assets</b>	15,198	18,120	(16.1%)
- Inventory	3,283	4,055	(19.0%)
- Cash and bank balances	2,215	3,379	(34.5%)
<b>Current liabilities</b>	12,605	15,916	(20.8%)
<b>Net current assets</b>	2,953	2,204	17.7%
<b>Non-current liabilities</b>	1,165	960	21.4%
<b>Net assets</b>	4,409	4,606	(4.3%)

# C1



TCL C1 Series TV



## 2. Business Review



## Global LCD TV Market Share

Rank	Brand	FY 2015	FY 2014
1	Samsung	20.98%	20.82%
2	LGE	12.40%	13.58%
<b>3</b>	<b>TCL</b>	<b>5.56%</b>	<b>5.19%</b>
	Hisense	5.56%	4.93%
5	Sony	5.54%	6.22%
6	Skyworth	4.59%	3.95%
7	AOC/TP Vision	3.75%	3.24%
8	Vizio	3.43%	3.00%
9	Changhong	3.00%	2.68%
10	Panasonic	2.89%	3.59%

Source: IHS Technology and Company data

## The PRC LCD TV Market Share

Rank	Brand	FY 2015	FY 2014
1	Hisense	16.76%	16.66%
2	Skyworth	14.69%	13.73%
<b>3</b>	<b>TCL</b>	<b>14.04%</b>	<b>12.33%</b>
4	Changhong	10.92%	10.76%
5	Konka	10.66%	11.79%
6	Samsung	6.72%	6.97%
7	Sharp	6.04%	5.80%
8	Haier	4.89%	4.77%
9	Sony	3.65%	4.47%
10	Pioneer	3.41%	2.97%

Source: CMM

# TV Sales Volume



<i>Total TV Sales Volume ('000 sets)</i>	<b>FY 2015</b>	<b>FY 2014</b>	<b>Change</b>	<b>2015 Q4</b>	<b>2014 Q4</b>	<b>Change</b>
<b>Total</b>	<b>17,378</b>	16,739	3.8%	<b>4,880</b>	4,684	4.2%
<b>- PRC</b>	<b>8,715</b>	8,509	2.4%	<b>2,687</b>	2,728	(1.5%)
<b>- Overseas</b>	<b>8,663</b>	8,230	5.3%	<b>2,193</b>	1,956	12.1%

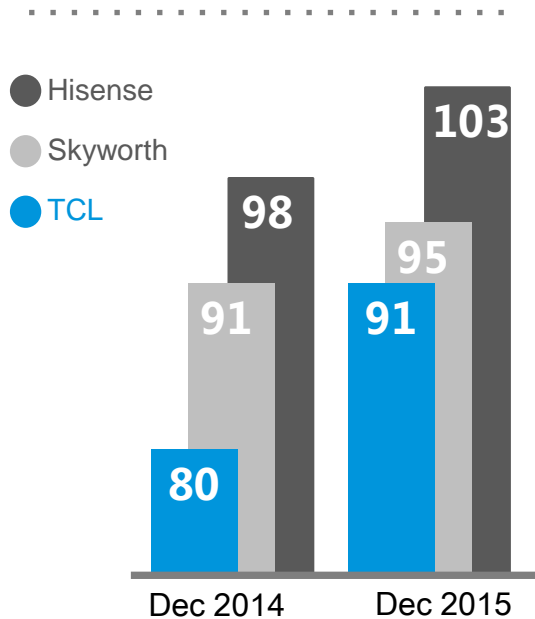
<i>LCD TV Sales Volume ('000 sets)</i>	<b>FY 2015</b>	<b>FY 2014</b>	<b>Change</b>	<b>2015 Q4</b>	<b>2014 Q4</b>	<b>Change</b>
<b>Total</b>	<b>17,343</b>	16,574	4.6%	<b>4,878</b>	4,671	4.4%
<b>Of which: Smart TVs</b>	<b>6,265</b>	3,755	66.8%	<b>2,081</b>	1,280	62.6%
<b>- PRC</b>	<b>8,715</b>	8,509	2.4%	<b>2,687</b>	2,728	(1.5%)
<b>- Overseas</b>	<b>8,628</b>	8,065	7.0%	<b>2,191</b>	1,943	12.8%

# TV Business in the PRC Market



- In 2015, LCD TV sales volume increased by 2.4% year-on-year to 8.71 million sets, turnover grew by 2.4% year-on-year to HK\$20.96 billion
- In the fourth quarter, gross profit margin of LCD TVs increased from 19.8% of the same period last year to 24.6%, due to enhancement in product mix and improved operational efficiency

## Brand Price Index



Source: CMM

## Sales Volume of the PRC's Curved TV Market

Ranked No.1 among domestic brands with market share of 17.5%



Source: CMM

# Market Penetration of 4K UHD TV Sales in the PRC Market

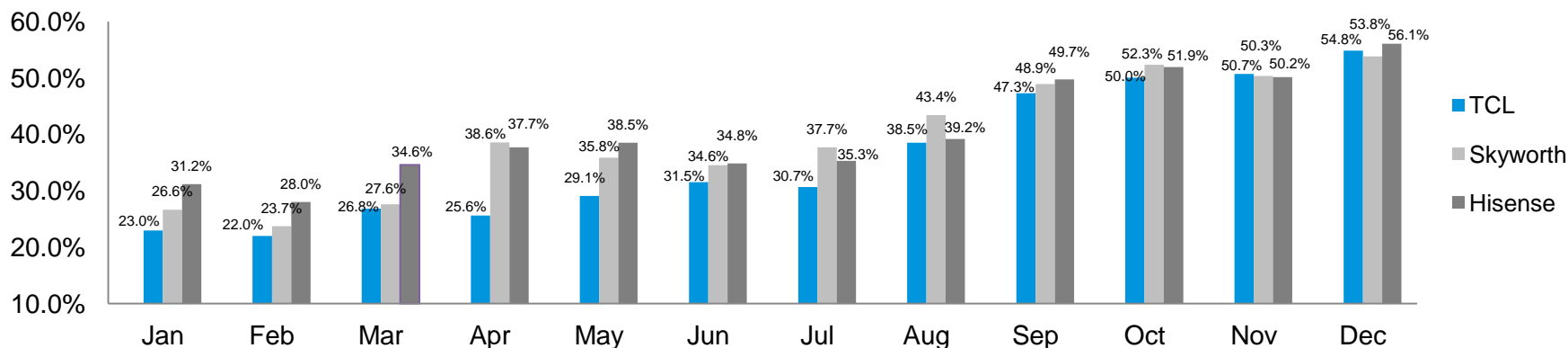


## Narrowing Disparity Among Major Competitors

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

	Market shares		Average selling price (RMB)	
	(2015)	(2014)	(2015)	(2014)
Hisense	19.4%	19.5%	5,381	6,401
Skyworth	16.5%	17.6%	4,826	5,761
<b>TCL</b>	<b>14.4%</b>	<b>11.7%</b>	<b>4,638</b>	<b>5,540</b>

## Comparison of 4K UHD TV market penetration (2015)

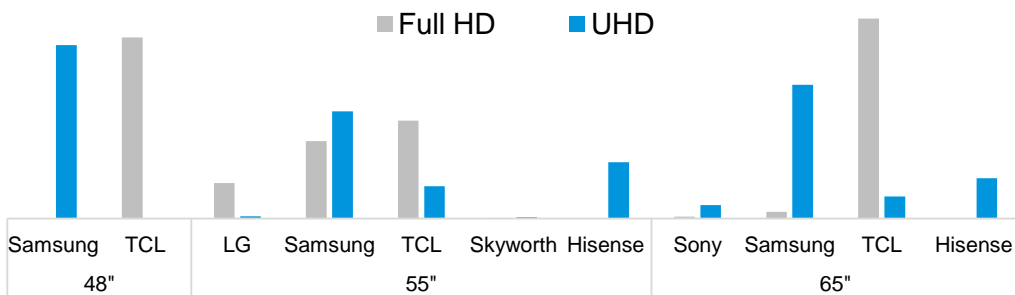


Source: CMM

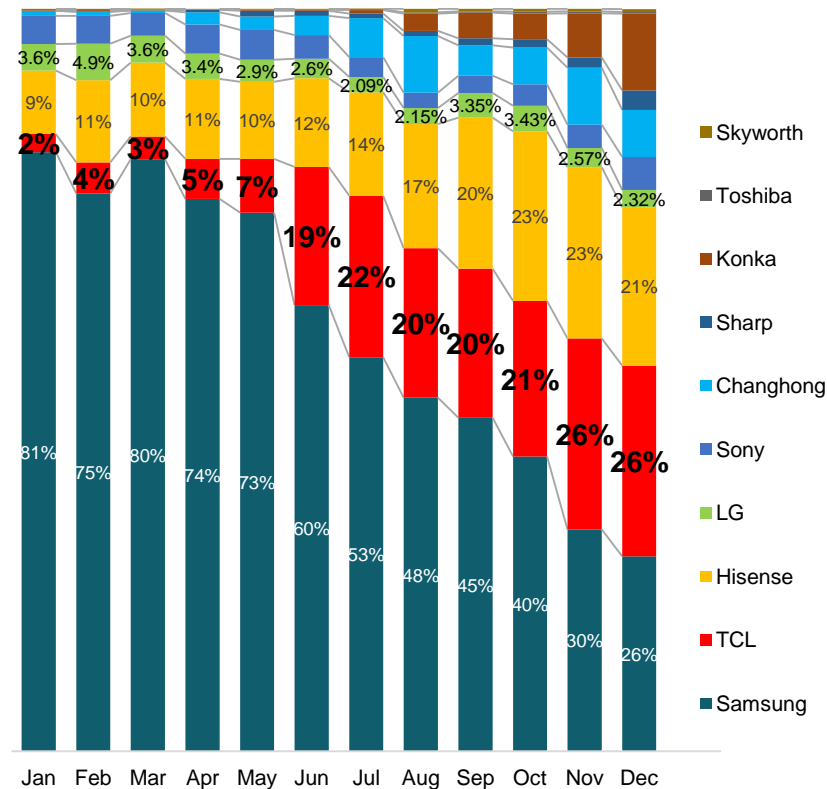
# Ranked No.1 Among Domestic Brands in Curved TV Market Share in the PRC



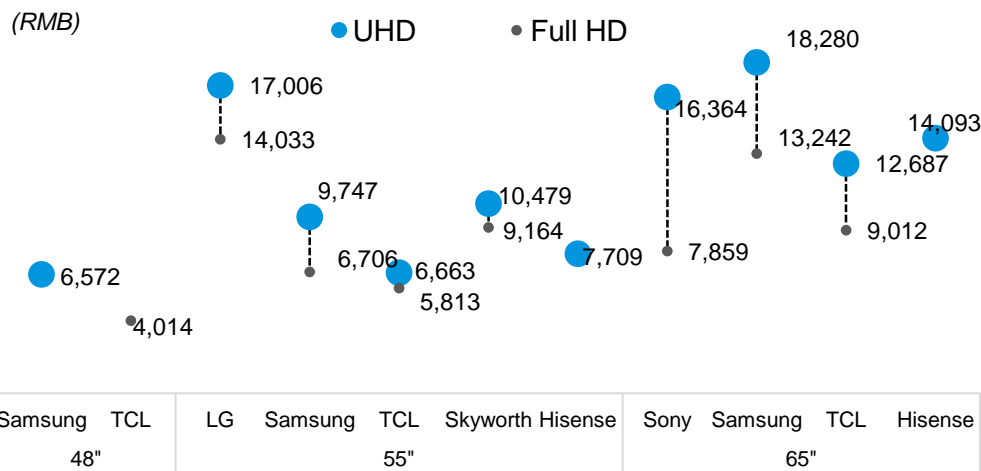
Proportion of Sales Volume of Curved TVs for Major Brands in 2015 (by Size)



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



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



Source: CMM



# TV Business in Overseas Markets

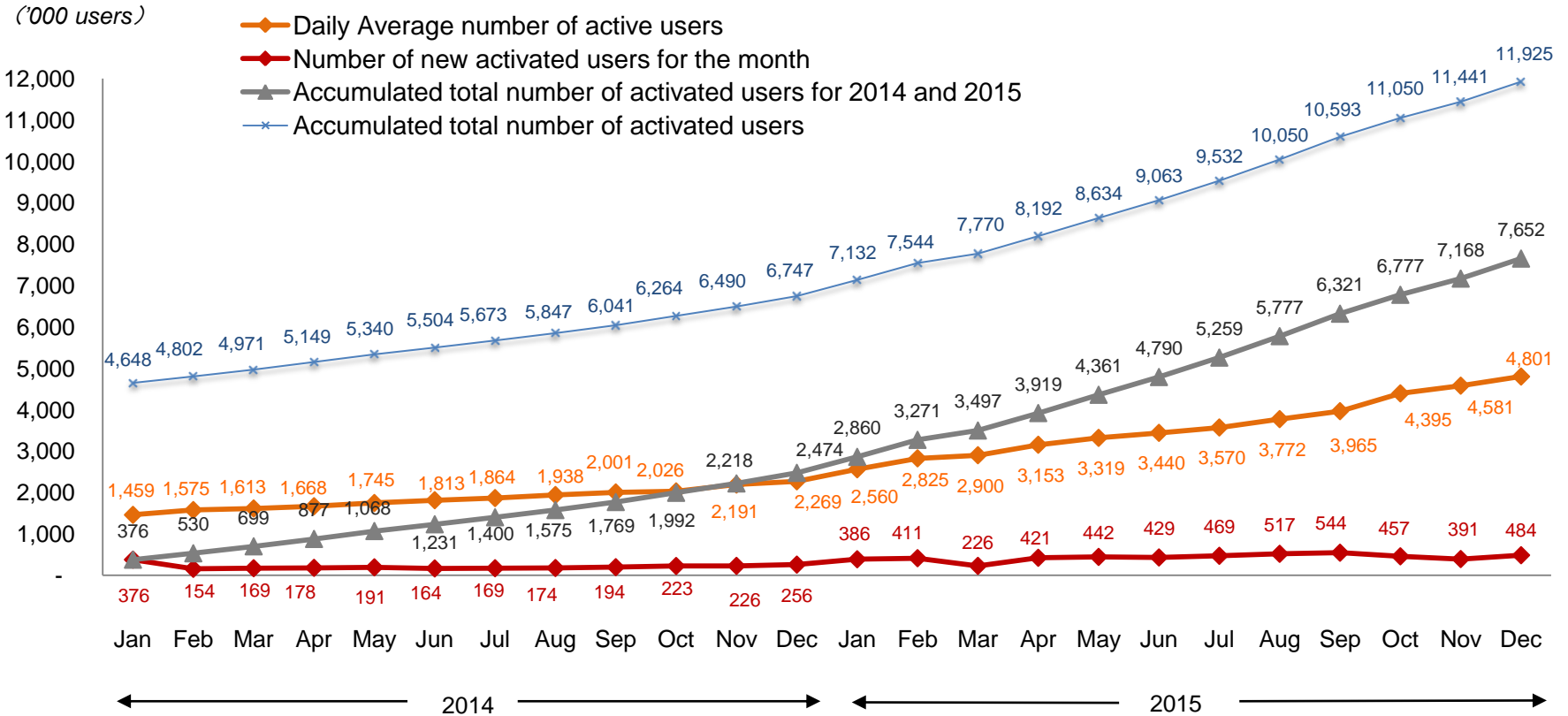


- In 2015, sales volume of LCD TVs increased by 7.0% year-on-year to 8.63 million sets, turnover was up by 5.0% year-on-year to HK\$12.87 billion, of which LCD TV sales volume in the North American Market surged by 180.2% year-on year, benefitting from the further expansion of national mainstream sales channels
- In the fourth quarter, gross profit margin of LCD TVs grew from 10.5% of the same period of last year to 13.7%, of which product mix in the Emerging Markets was significantly enhanced with both gross profit margin and average selling price increased significantly year-on-year
- Actively promoted TV+ strategy overseas and gradually expanded the proportion of paid content users. Launched Zing TV in the Emerging Markets and Roku TV in North American Market, which received positive market response



# Internet Business

(TCL Smart TV Operation Statistics in 2014 and 2015)



■ The accumulated total number of activated users in 2015 was up by 76.8% year-on-year, with an accumulated growth of 5.18 million users. As at the end of December 2015, accumulated total number of activated users was 11.92 million

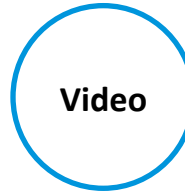
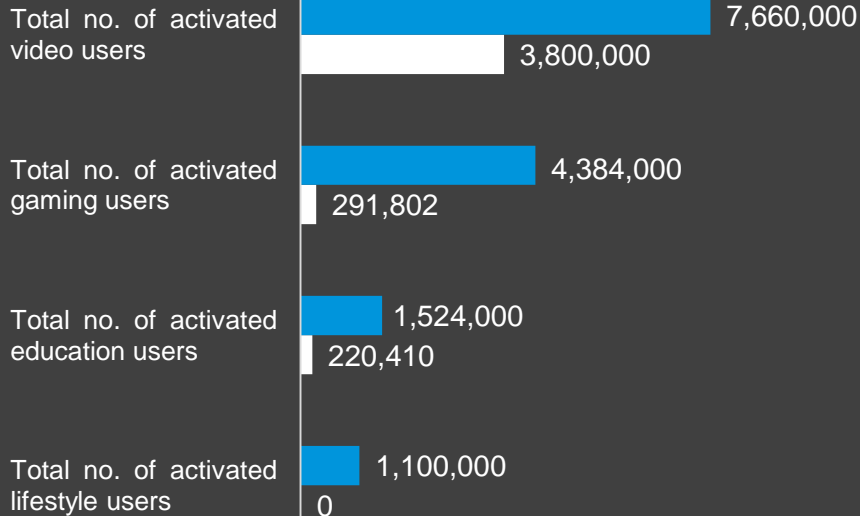
# Rapid Growth in Internet Business

(Service Revenue in 2015 was approximately RMB43 million)

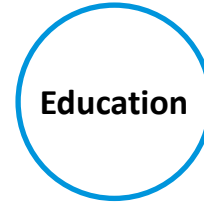


## 2015 Business Growth

■ 2015 ■ 2014



	2014	2015
Average daily video-on-demand frequency	11 times	20.2 times
Average daily time spent	3.2 hrs	4.4 hrs



Average daily viewing time	13.6 mins	50 mins
----------------------------	-----------	---------



Average daily gaming time within a week	43 mins	70 mins
---	---------	---------

# TCL Strategic Cooperation with Leshi



Joint user base operations



Joint product development



Supply chain synergies



Overseas channels expansion

P1



TCL P1 Series TV

### 3. Outlook

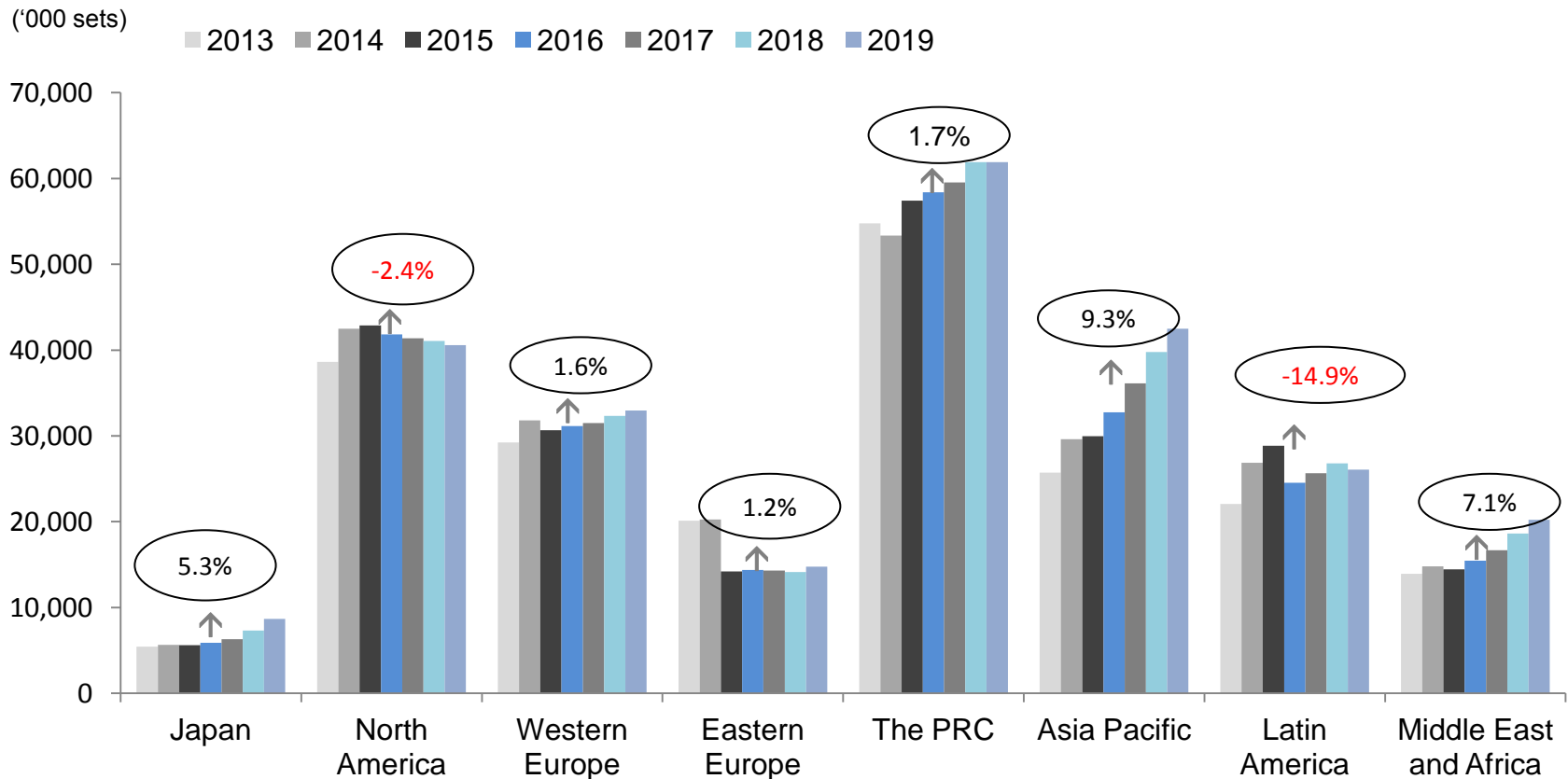


# Global LCD TV Sales Volume Forecasts



## Projection of 2016-2019 Global LCD TV Sales Volume

In 2016, overall LCD TV sales volume is expected to grow by 0.2% year-on-year

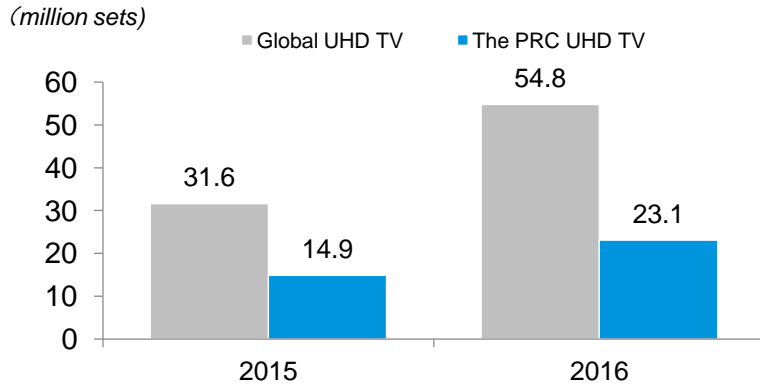


Source: IHS Technology

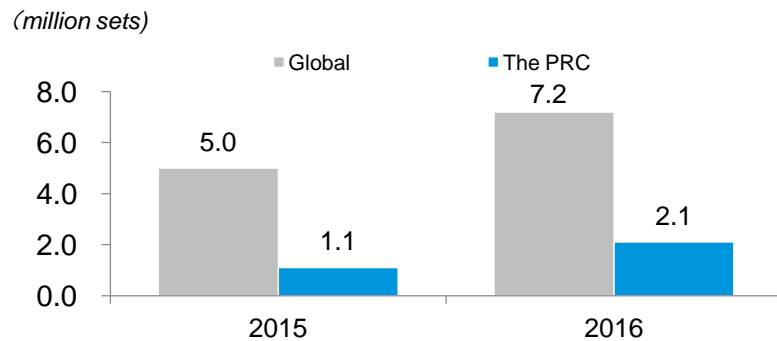
# Growth Trends for Global and The PRC Curved TVs, UHD TVs and Screens



## 2015-2016 UHD TV Sales Volume Forecasts

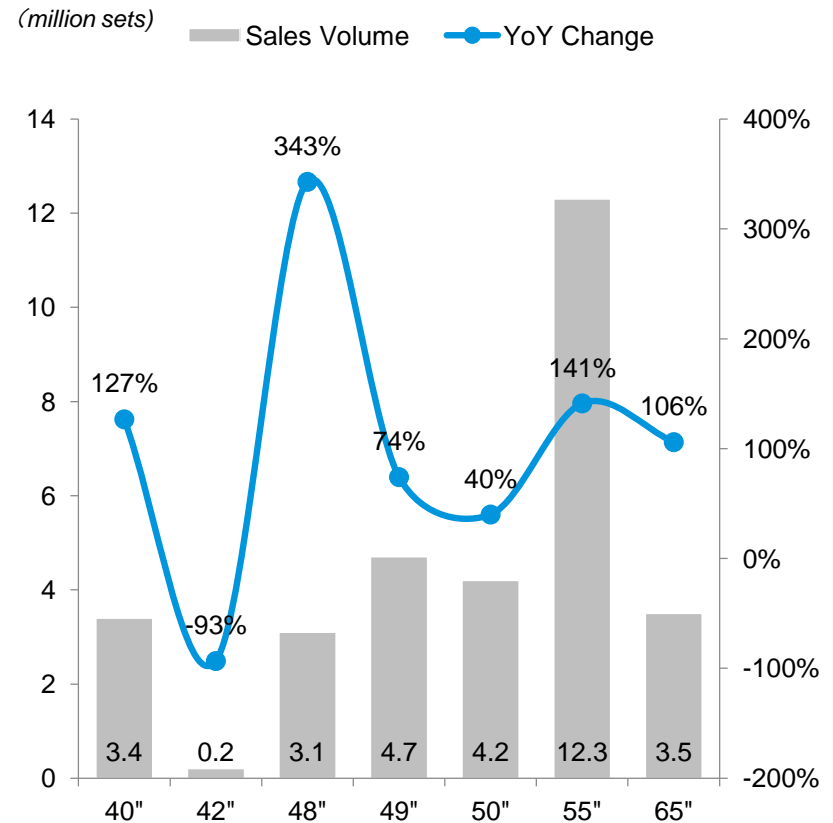


## 2015-2016 Curved TV Sales Volume Forecasts



Source: IHS Technology

## 2015 UHD Screen Sales Volume by Size



Source: AVC

# The PRC's TV Market Forecasts



## 2016 Retail Sales Volume Forecast



**47.39M** sets

(+1.4%)

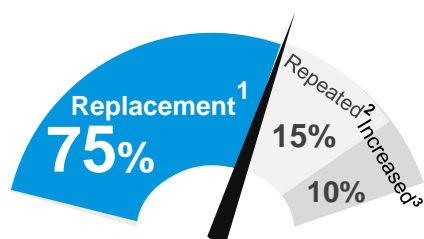
## 2016 Retail Turnover Forecast



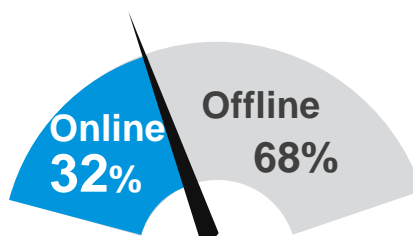
**161.1B** RMB

(+2.5%)

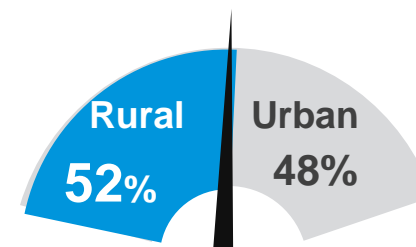
### Retail Demand Structure



### Retail Channels Structure



### Retail Volume Area Structure



Notes: <sup>1</sup> Replacement: High-end over low-end, replacement of 40"-50" over 32"  
<sup>2</sup> Previous owners' second purchase  
<sup>3</sup> New buyers' purchase

Source: AVC



## P1 Series

- 10 core processor
- Dual WIFI
- Waterfall suspension speakers
- 4000R curvature
- TV+OS and Bama dual system



## C1 Series

- 5.9mm thickness
- 4000R curvature
- Curved screen with high colour domain technology
- High dynamic range imaging technology
- 64-bit high speed chips
- “C Movement”, etc. advanced technology and application



## X1 Series

- Latest quantum dot display technology
- High dynamic range imaging technology
- Local dimming partition control technology
- Black crystal display screen

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



## Continue to Implement “Double +” Strategic Transformation

- Establish a TV+ smart platform around the TV+ living room economic ecology
- Establish competitive O2O business model
- Strengthen user management capability



## Enhance Core Competitiveness and Operational Efficiency

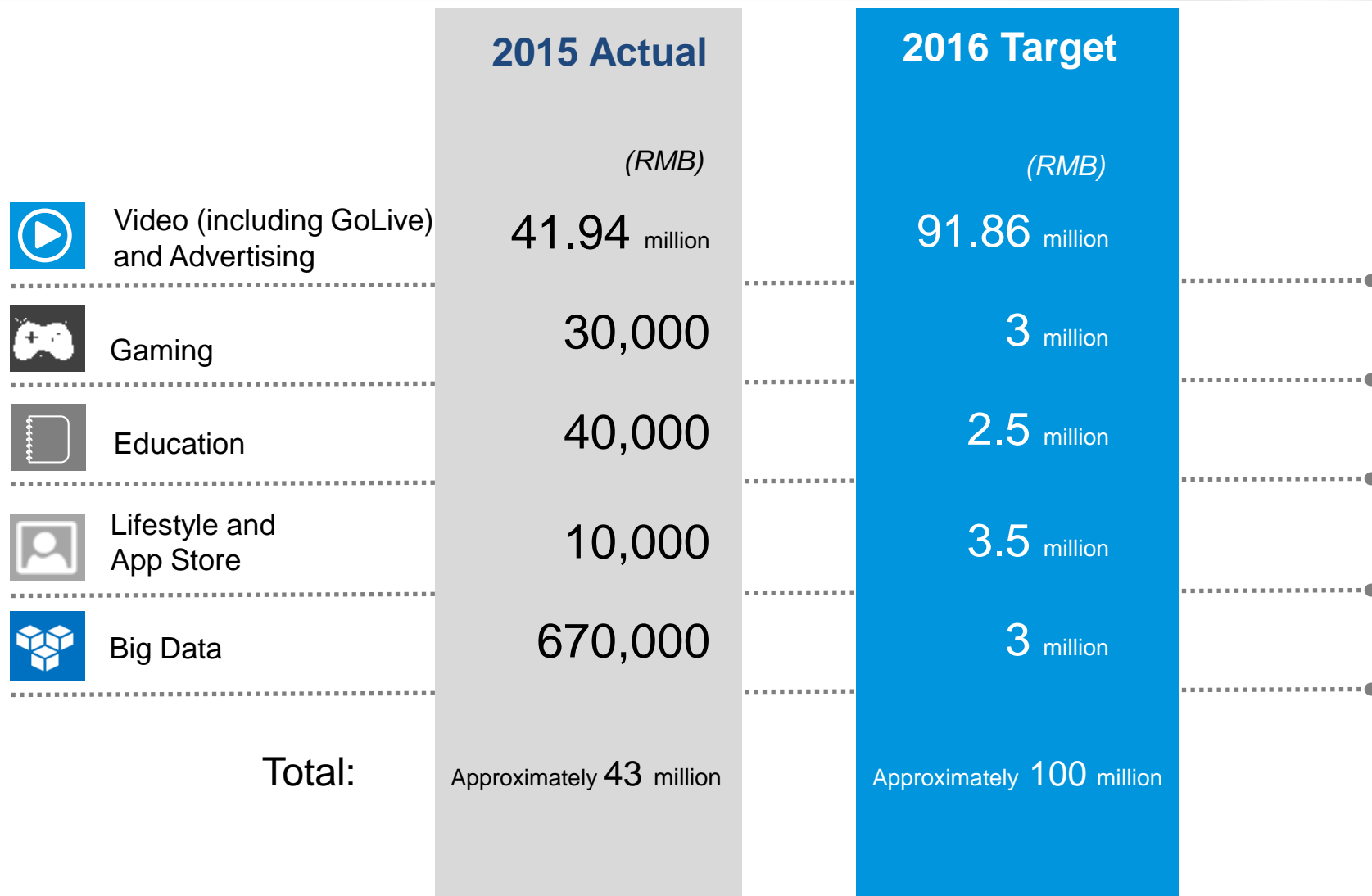
- Product technology capabilities
- Industry capabilities
- Brand and globalisation capabilities
- Internet application service capabilities

## Continue to Pursue Internationalisation

- Actively implement the TV+ strategy in the Overseas Markets to expand the proportion of paid content users
- Consolidate marketing and industrial capacities in the key markets and optimise supply chain management

# 2015 Internet Business

## Service Revenue Target Breakdown and Targets for 2016



# Progress of Implementation in 2015 and Target for 2016



	2015 Actual			2016 Target		
	Overall Actual	The PRC Market	Overseas Markets	Overall Target	The PRC Market	Overseas Markets
		FY Actual	FY Actual		FY Target	FY Target
LCD TVs sales volume ('0000 sets)	1,734	871 (↑2.4%)	863 (↑7.0%)	2,000 (↑15.3%)	1,054 (↑21.0%)	946 (↑9.6%)

The PRC Market	FY 2015 Target	FY 2015 Actual	FY 2016 Target
Proportion of smart TVs sales volume (%)	60%	54%	60%
Proportion of 4K TVs sales volume (%)	20%	20%	28%
Proportion of curved TVs sales volume (%)	N/A	2.5%	8%
Proportion of online sales volume (%)	15%	16%	18%

	FY 2015 Target	FY 2015 Actual	FY 2016 Target
Number of TCL activated smart TV users (Accumulated number at period end) (year-end) <sup>1</sup>	11,000,000	11,924,856	14,750,000
Daily average number of active users (year-end) <sup>2</sup>	4,400,000	4,800,723 <sup>3</sup>	6,400,000
Internet service revenue (RMB)	Approximately 50 million	Approximately 43 million	Approximately 100 million

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.December 2015 data

# Disclaimer



- The information contained herein should not be utilised 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.

**TCL**

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

股份代號：01070

**Q&A**

