



(For Immediate Release)

## **TCL Multimedia Announces Business Update for the First Three Quarters of 2017**

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### **Increase in sales volume, average selling price and turnover of LCD TVs Profitability greatly enhanced**

#### **Certain Unaudited Financial and Operational Information for the Nine Months and Three Months Ended 30 September 2017**

- With continuous increase in sales volume, turnover and average selling price, the Group's business operation and profitability for the third quarter of 2017 improved significantly.
- The sales volume, average selling price and turnover of liquid-crystal-display ("LCD") TVs in the first three quarters and the third quarter increased year-on-year.
- The Group sold approximately 16.12 million sets of LCD TVs, up by approximately 11.1% year-on-year. Sales volume of the LCD TVs in the PRC market dropped by approximately 10.1% year-on-year to approximately 6.05 million sets; while sales volume of LCD TVs in the overseas markets grew by approximately 29.5% year-on-year to approximately 10.07 million sets.
- Turnover of the Group recorded a year-on-year growth of approximately 19.3% to approximately HK\$28.25 billion. Gross profit increased by approximately 4.2% year-on-year to approximately HK\$4.22 billion.
- Benefiting from the strategy of "Optimising Product Mix, Downsizing, Cost Reduction, Efficiency Enhancement" as well as effective cost control, the Group's gross profit has increased year-on-year, achieving a significant improvement in its profitability.
- The accumulated number of TCL activated smart TV users totaled 21,764,819, and the daily average number of active users in September 2017 was 9,875,658 (Source: Huan Technology Co., Ltd.).
- The Group ranked No.3 in the global LCD TV market with a market share of approximately 7.1% in the first half of 2017 according to the latest IHS Technology figures, and ranked No.3 in the PRC LCD TV market with a market share of approximately 13.6% in the first three quarters of 2017 according to CMM's report.

(24 October 2017, Hong Kong) – **TCL Multimedia Technology Holdings Limited** ("TCL Multimedia" or "the Group", HKSE stock code: 01070) today announced a business update on certain unaudited financial and operational information for the nine months and three months ended 30 September 2017.

#### **Business Review**

With continuous increase in sales volume, turnover and average selling price, the Group's business operation for the third quarter of 2017 improved significantly; profitability also greatly enhanced. The sales volume, average selling price and turnover of LCD TVs in the first three quarters and the third quarter increased year-on-year. With the continuous enhancement of the Group's product mix in the

PRC market, the Group's sales performance was well above the industry average level. The growth momentum in the overseas markets remained strong with definite competitive advantages.

The overall gross profit margin dropped due to the following factors: 1) the proportion of the overseas business and the PRC's online business with lower gross profit margin ratio and expense ratio of have increased; 2) the panel price only began to fall significantly from the third quarter, the influence on the cost will be subsequently reflected on the gross profit margin in one to three months. Despite the year-on-year decrease of the gross profit margin, the Group's profitability improved significantly through the continuous implementation of the strategy of "Downsizing, Cost Reduction, Efficiency Enhancement" which led to effective cost control and maintained the downward trend of expense ratio.

The Group sold approximately 16.12 million sets of LCD TVs, up by approximately 11.1% year-on-year. Sales volume of the LCD TVs in the PRC market dropped by approximately 10.1% year-on-year to approximately 6.05 million sets; while sales volume of LCD TVs in the overseas markets grew by approximately 29.5% year-on-year to approximately 10.07 million sets. Turnover of the Group recorded a year-on-year growth of approximately 19.3% to approximately HK\$28.25 billion. Gross profit increased by approximately 4.2% year-on-year to approximately HK\$4.22 billion.

The Group ranked No.3 in the global LCD TV market with a market share of approximately 7.1% in the first half of 2017 according to the latest IHS Technology figures, and ranked No.3 in the PRC LCD TV market with a market share of approximately 13.6% in the first three quarters of 2017 according to CMM's report.

### **The PRC Market**

According to CMM's report, the sales volume of LCD TVs offline market in the first three quarters of 2017 decreased by approximately 19.7% year-on-year. The Group's LCD TV sales volume dropped approximately 10.1% year-on-year to approximately 6.05 million sets, yet its sales performance was better than the average level in the industry. Due to the optimisation of product mix and the rise of average selling price of LCD TVs, turnover of the LCD TVs rose by approximately 2.3% year-on-year in Renminbi. As a result of the approximately 2.7% depreciation in the average exchange rate of Renminbi against Hong Kong dollars compared to the corresponding period last year, turnover when converted into Hong Kong dollars remained flat.

According to CMM's report, the average selling price of LCD TVs in the offline market increased approximately 14.0% year-on-year. The average selling price of LCD TVs of the Group (excluding ODM business) rose approximately 19.3% year-on-year in Renminbi. Gross profit margin decreased due to the following factors: 1) the proportion of online business with lower gross profit margin and expense ratio has increased; 2) the panel price only began to fall significantly from the third quarter, the influence on the cost will be reflected in the fourth quarter.

### **Overseas Markets**

Sales volume and turnover in the overseas markets increased significantly, becoming the key driver for business growth. LCD TV sales volume increased by approximately 29.5% year-on-year to approximately 10.07 million sets, which was mainly attributable to the increase in sales performance in the North American market and the emerging markets such as Brazil, etc. Sales volume in the North American market and the emerging markets rose by approximately 97.4% and approximately 22.8%, respectively. LCD TV turnover was up by approximately 45.7% year-on-year to approximately HK\$14.80 billion.

The product mix was optimised as the Group propelled its CBUS (curved, big screen, 4K and smart) strategy (excluding ODM business), the average selling price rose by approximately 12.5% year-on-year.

According to NPD's latest market research report, the Group's market share in North America rose to approximately 16.3% in August this year from approximately 10.4% in June this year and ranked No.3.

### **Internet Business**

The Group has actively improved and strengthened its ecosystem, enhancing its competitiveness in the establishment of the platform and users' operation.

- Video-on-demand business totalled approximately 20.68 million users, increased by approximately 33.6% when compared to the first three quarters of 2016.
- Paid business totalled approximately 218,000 users, increased significantly by approximately 289.0% when compared to the first three quarters of 2016.
- Average spending time of users on TV reached approximately 4.9 hours, similar to that in the first third quarters of 2016.

TCL Multimedia moved to a new building at the Hong Kong Science and Technology Park ("HKSTP") earlier this year, and established R&D centre for development of advanced technologies of artificial intelligence (AI), big data and display technologies. TCL brand sign has been installed on the building with an aim to enhance its corporate image and brand identity.

It will further enhance the investment in research and development and make good use of the resources in science and development of HKSTP; and utilise the cluster effects in an effort to pursue innovation and scientific development. Thus it strives to provide users with an exquisite experience with its smart products and services.



TCL Multimedia's new building in HKSTP





Overlooking the Tolo Harbour



An eye-catching TCL brand sign on the building

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### **About TCL Multimedia**

Headquartered in China, TCL Multimedia Technology Holdings Limited (HKSE stock code: 01070) is one of the leading players in the global TV industry, engaged in the research and development, manufacturing and distribution of consumer electronic products. Through a new product-and-user-oriented business model that focuses primarily on a “double +” strategy which includes “intelligence + internet” and “products + services” as the main direction, it strives to build a comprehensive ecosystem for smart TVs that provides users with an exquisite experience with its smart products and services. The Group ranked No.3 in the global LCD TV market with a market share of 7.1% in the first half of 2017 according to the latest IHS Technology figures, and ranked No.3 in the PRC LCD TV market with a market share of 13.6% in the first three quarters of 2017 according to CMM’s report. The Group is included in the eligible shares list of the Shenzhen-Hong Kong Stock Connect. For more information, please visit its website: <http://multimedia.tcl.com>.



*This press release is issued by Cornerstones Communications Ltd. on behalf of **TCL Multimedia Technology Holdings Limited**. For further information, please contact:*

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