



TCL電子控股有限公司

TCL ELECTRONICS HOLDINGS LIMITED



2019 Annual Results

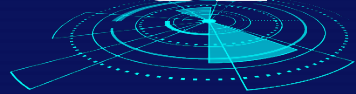


Incorporated in the Cayman Islands with Limited Liability

(Stock Code: 01070.HK)

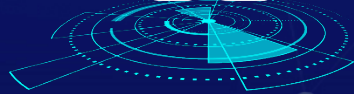
Contents

01



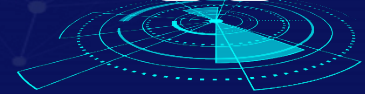
Financial Highlights

02



Business Review

03



Outlook

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PART 01

Financial Highlights

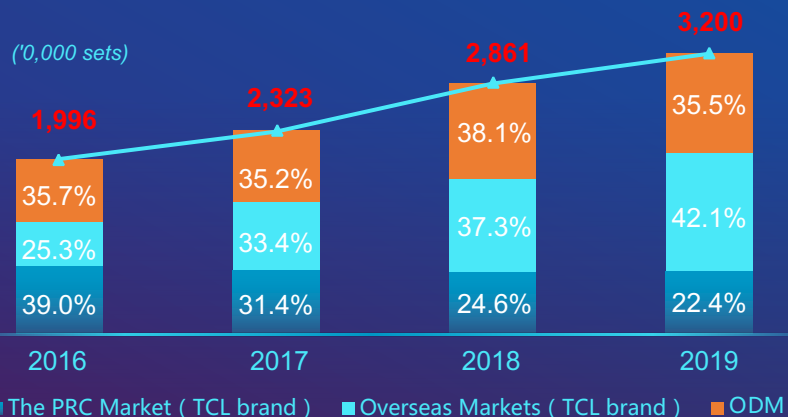


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Historical Results Highlights

Total Sales Volume and the Proportion of Overseas Sales Volume Rising Year by Year



Overall Shipments Ranked Global **Top 2** in 2019*

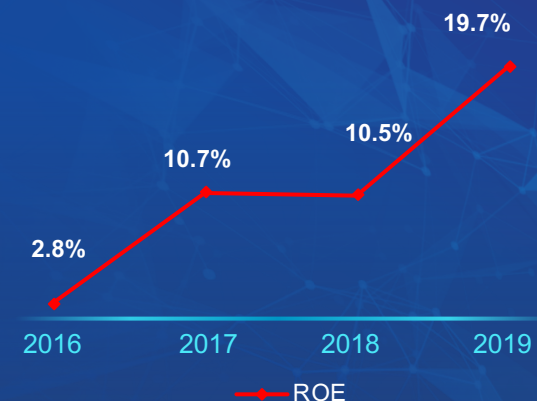
Net Profit Margin (By Year)



[®] Net profit margin = Net profit / Turnover

[#] The margin of profit attributable to owners of the parent after deducting one-time non-operating gain was 2.3% in 2019

Return on Equity



[°] Affected by dilution of rights issue in 2018

Turnover HK\$**40.82B**

Profit attributable to Owners of the Parent HK\$**815M**¹

Profit attributable to Owners of the Parent after extraordinary items HK\$**595M**⁴

Dividend Payout Ratio **40%**

FY **2017**



Turnover HK\$**45.58B**

Profit attributable to Owners of the Parent HK\$**1.04B**^{2^}

Profit attributable to Owners of the Parent after extraordinary items HK\$**789M**^{4^}

Dividend Payout Ratio **45%**

FY **2018**



Turnover HK\$**46.99B**

Profit attributable to Owners of the Parent HK\$**2.28B**³

Profit attributable to Owners of the Parent after extraordinary items HK\$**1.07B**⁴

Dividend Payout Ratio **45%**⁵

FY **2019**



1. Including one-off gain of HK\$220 million from the completion of capital increase of Falcon Network Technology.

2. Including one-off gain of HK\$155 million recorded as a result of the asset transfer in 2018.

3. Including a one-off non-operating gain of HK\$787 million due to the remeasurement of the fair value of 44.44% pre-existing equity interest in Falcon Network Technology held by the Group as of the acquisition date in 2019.

4. Profit attributable to Owners of the Parent after extraordinary items means one-off gain excluded.

5. Dividend payout ratio after deducting one-time non-operating gain.

[^] Restated

^{*} Source: Sigmaintell



2019 Annual Results Highlights

Sales Volume

32.00M sets +11.9%

New Record High

- Overall sales volume of TCL brand TV reached 20.64M sets +16.5% YoY
 - Sales volume of TCL brand TV in overseas markets +26.1% YoY
 - Sales volume of TCL brand TV in the PRC market outperformed the market, +2.1% YoY
- Sales volume of ODM Business reached 11.36M sets, ranked **global Top 3**

Gross Profit Margin

17.4% +2.1 p.p.

Gross profit margins of TCL brand TV in overseas markets and the PRC market both increased steadily YoY

Turnover[@]

HK\$46.99B +3.1%

New Record High

Profit Attributable to Owners of the Parent

HK\$2.28B +118.9%

New Record High

Profitability has been rapidly enhanced

Profit Attributable to Owners of the Parent after Deducting One-time Non-operating Gain*

HK\$1.07B +35.0%

Rapid growth of overseas markets and Internet business

Internet Business

HK\$756M +108.7%

Generated new revenue stream of HK\$210M from Internet business in overseas markets for the first time
Income generated by Falcon Network Technology increased 50.7% YoY

[@] In 2019, the price of screen dropped which led to ASP lower than expected, the average exchange rate of RMB against HK\$ dropped by 3.9% YoY. The Group's financial statements are presented in HK\$. The exchange rate has certain impact on the turnover.

* A one-off non-operating gain of HK\$787 million was recorded due to the remeasurement of the fair value of 44.44% pre-existing equity interest in Falcon Network Technology held by the Group as of the acquisition date in 2019;

One-off gain of HK\$155 million was recorded as a result of the asset transfer in 2018.



Financial Highlights

(HK\$ million)	FY2019	FY2018	Change
Turnover	46,991*	45,582	+3.1%
Gross profit margin(%)	17.4	15.3	+2.1 p.p.
Expense ratio (%)	13.8	12.7	+1.1 p.p.
R&D	987	722	+36.7%
EBITDA[@]	2,931	1,504**	+94.9%
Net profit after tax	2,325	1,031**	+125.5%
Profit attributable to the owners of the parent	2,279	1,041**	+118.9%
Profit attributable to the owners of the parent	2,279	944 ^o	+141.4%
Profit attributable to owners of the parent after deducting one-time non-operating gain[^]	1,065	789**	+35.0%
Basic earnings per share (HK cents)	100.06	46.99**	+112.9%
Proposed full year dividend per share (HK cents)	21.16 [#]	19.18	+10.3%

* In 2019, the price of screen dropped which led to ASP lower than expected, the average exchange rate of RMB against HK\$ dropped by 3.9% YoY. The Group's financial statements are presented in HK\$. The exchange rate has certain impact on the turnover.

[@] EBITDA is defined as profit before deduction of finance costs, income tax, depreciation and amortization, excluding the Group's share of the profits and losses of the joint venture and associates.

[^] A one-off non-operating gain of HK\$787 million was recorded due to the remeasurement of the fair value of 44.44% pre-existing equity interest in Falcon Network Technology held by the Group as of the acquisition date in 2019; One-off gain of HK\$155 million was recorded as a result of the asset transfer in 2018.

[#] High dividend payout ratio after deducting one-time non-operating gain: 45%

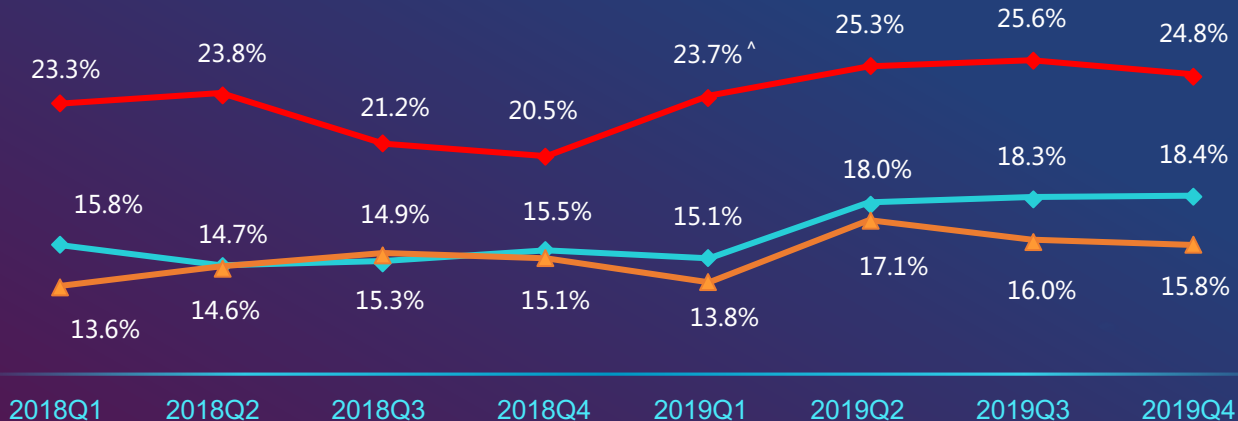
** Restated, the finalization of the fair value assessment on the transactions of acquisition of equity interest in associates in 2018

^o Un-restated



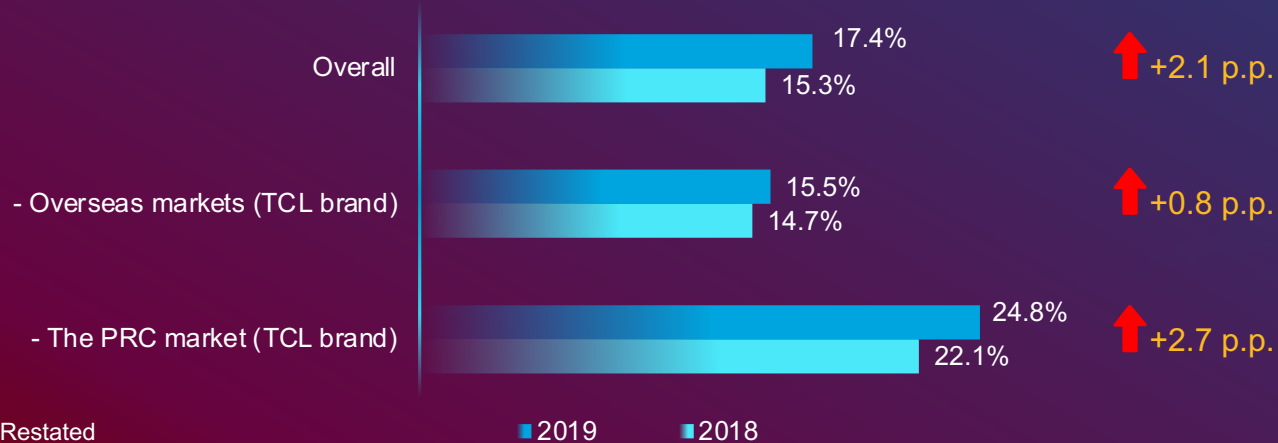
Gross Profit Margins

The product mix continued to optimize, and the overall gross profit margin increased significantly



- Overall gross profit margin (including ODM business)
- The PRC market TV gross profit margin (TCL brand)
- Overseas markets TV gross profit margin (TCL brand)

2019 Q4 QoQ Change (p.p.)	2019 Q4 YoY Change (p.p.)	FY2019 YoY Change (p.p.)
↓ -0.8	↑ +4.3	↑ +2.7
↑ +0.1	↑ +2.9	↑ +2.1
↓ -0.2	↑ +0.7	↑ +0.8



[^] Restated



Key Financial Indicators

Benefitting from efficiency improvement, account receivables turnover and cash conversion cycle continued to improve

	31 December 2019	31 December 2018	Change
Inventory turnover (days)¹	46	44	+2
A/R turnover (days)¹	42	46	(4)
A/P turnover (days)¹	77	79	(2)
Cash conversion cycle (days)	11	11	-
Current ratio (times)	1.3	1.3	-
Gearing ratio (gross)(%)²	16.2	11.3 [^]	+4.9 p.p.
Gearing ratio (net)(%)³	0 ⁴	0 ⁴	-

¹ The above turnover days are calculated based on the average balance for a 12-month period.

² Gearing ratio (gross) = Total interest-bearing borrowings / Equity attributable to owners of the parent.

³ Gearing ratio (net) = Net borrowing / Equity attributable to owners of the parent.

Net borrowing = Total interest-bearing borrowings - Cash and bank balances - Pledged deposits (or restricted cash) .

⁴ As at 31 December 2018 and 31 December 2019, gearing ratio (net) was 0% as the Group's cash and bank balance was higher than the total interest-bearing borrowings.

[^] Restated



Consolidated Statement of Financial Position Highlights

Sound financial position and sufficient cash

<i>(HK\$ million)</i>	31 December 2019	31 December 2018	Change
Non-current assets	5,676	4,237 [^]	+34.0%
Current assets	27,646	24,066 [^]	+14.9%
- Trade receivables	5,994	4,882	+22.8%
- Cash and bank balances	8,195	6,742	+21.6%
Current liabilities	21,156	18,329	+15.4%
Net current assets	6,490	5,737 [^]	+13.1%
Non-current liabilities	229	98 [^]	+133.7%
Net assets	11,937	9,876 [^]	+20.9%
Net assets value per share (HK\$)	4.90	4.23 [^]	+15.8%

[^] Restated

PART 02

Business Review



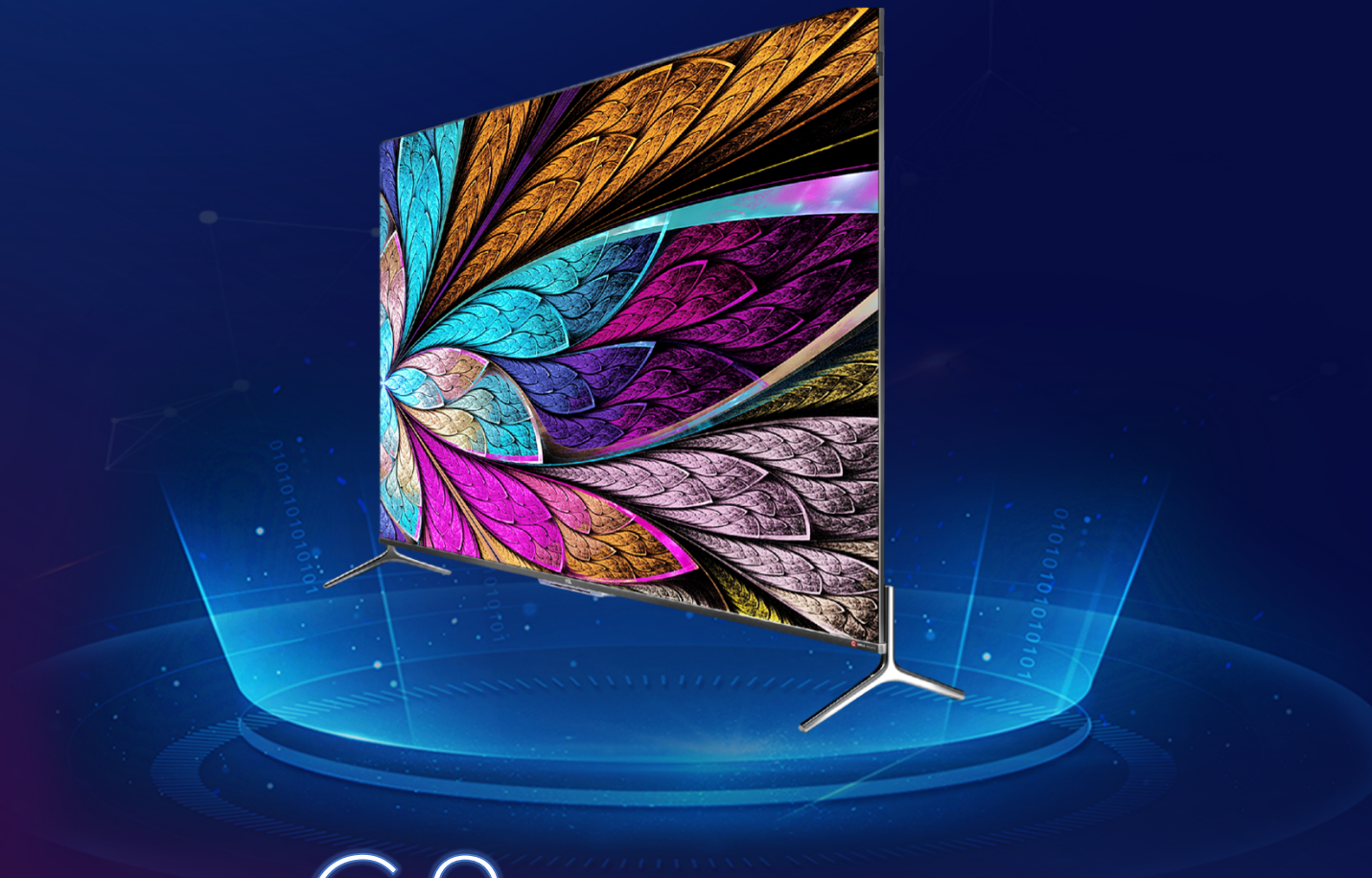
Products

Business



Application

Services



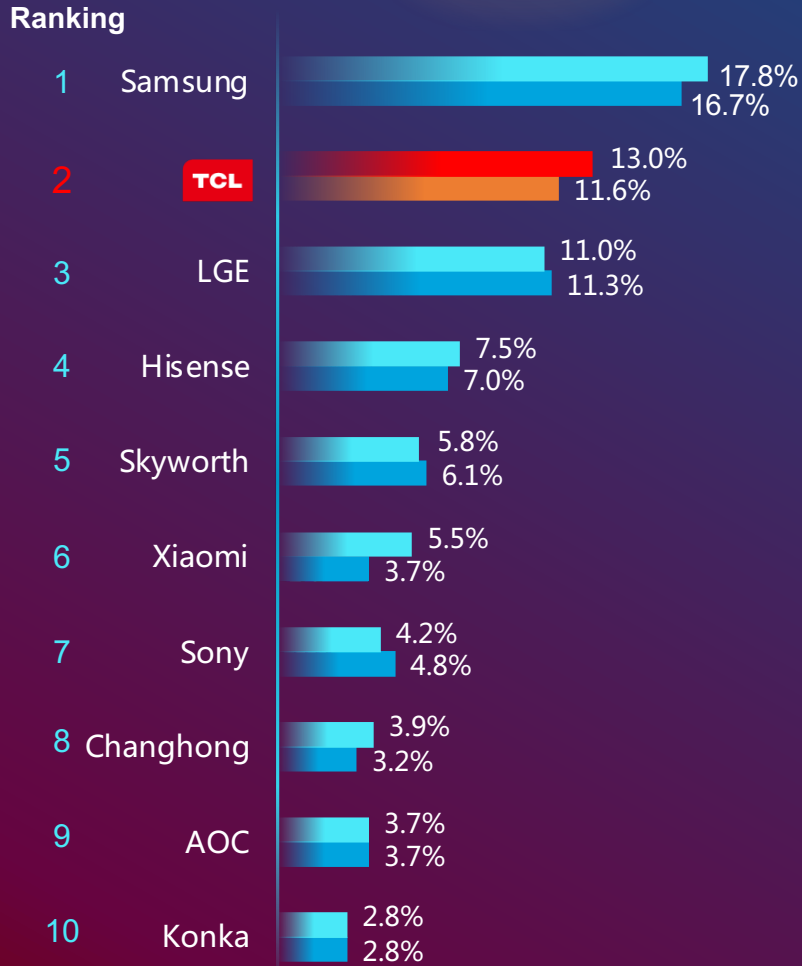
C8 Zhizhen QLED TV



Global and the PRC Market Shares and Rankings



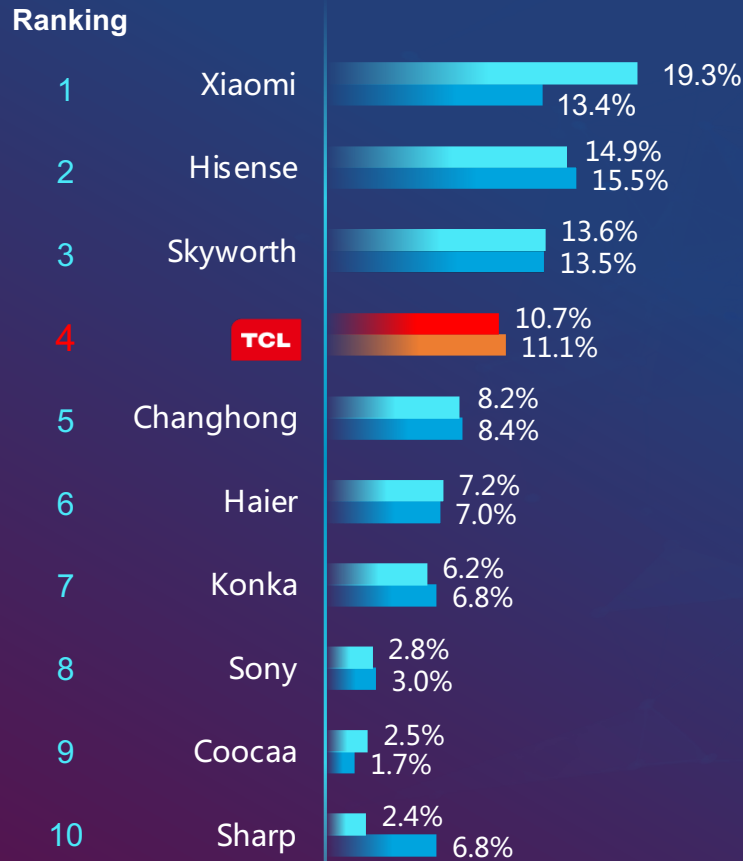
Global TV Market Share of Shipment



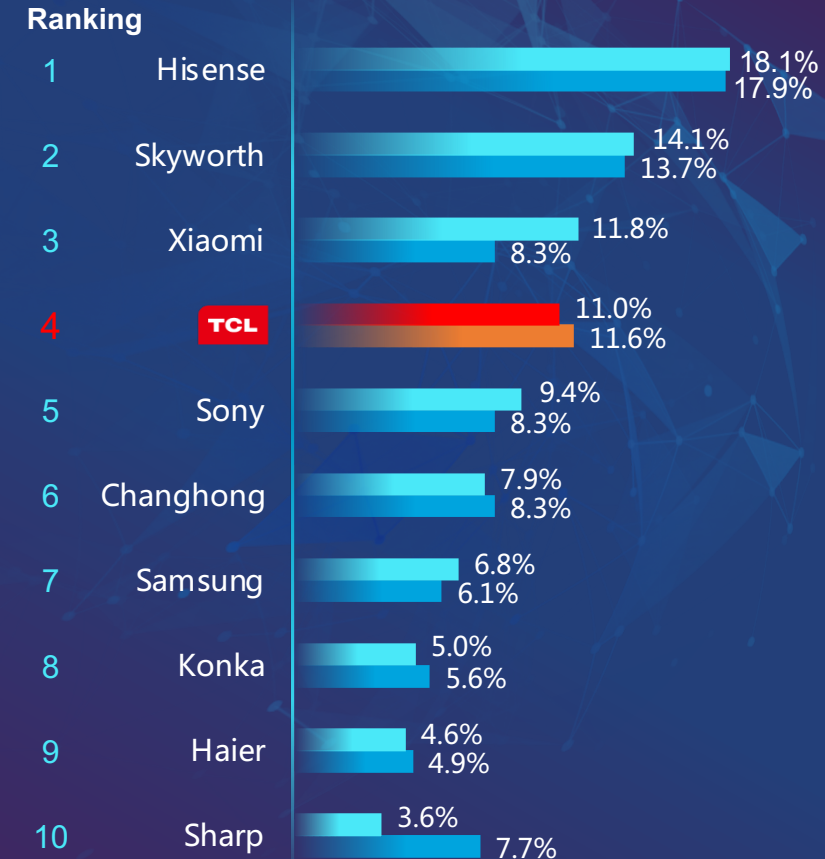
The PRC TV Market Share*



Market share of sales volume



Market share of turnover



1.Source : Sigmaintell
2.Including ODM shipment data

■ FY2019 ■ FY2018

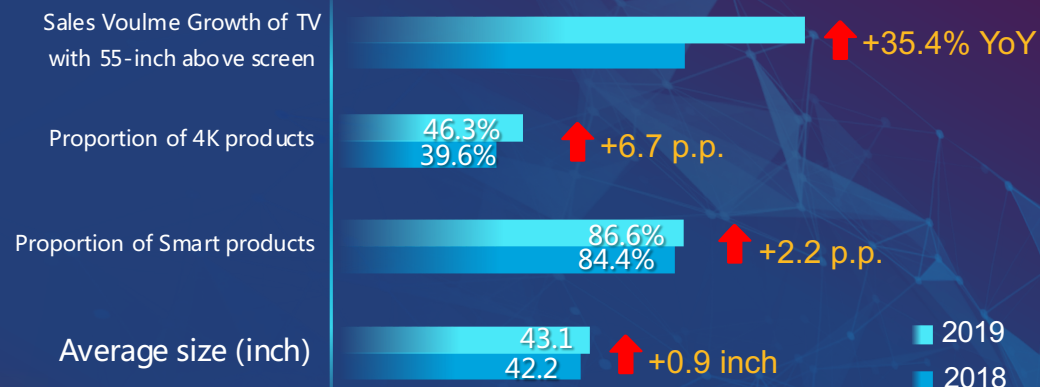
*Source : CMM omni-channel data



TCL Brand TV Business in Overseas Markets

The leading advantage of well-established global layout became more apparent, achieved high-quality growth of both sales volume and turnover, operating results **significantly increased 42.3% YoY**

(HK\$ million)	FY2019	FY2018	Change
Turnover	20,997	18,404	+14.1%
Gross profit	3,255	2,709	+20.2%
Gross profit margin	15.5%	14.7%	+0.8 p.p.
Operating results	878	617	+42.3%



Growth, proportion and average size of high-end products



In 2019, the sales volume of TCL brand TV sets increased by **26.1%** YoY to about **13.46** million sets

North American markets

Despite China-US trade dispute, the sales volume was **up by 14.3%** YoY; TCL brand TVs ranked top 2 for 2019 and No.1 in July in the U.S. in terms of sales volume.

Emerging markets

Maintained a rapid growth trend with sales volume **up by 40.8%** YoY, mainly attributable to India (up by 151% YoY), Argentina (up by 121%), Australia (up by 79%) and Russia (up by 46%).

European markets

Sales volume grew by **35.0%** YoY, mainly attributable to significant growth in Spain (up by 264% YoY), the U.K. (up by 262% YoY), Italy (up by 203% YoY), France (up by 126% YoY) and Germany (up by 82% YoY).



Turnover rose by **14.1%** YoY to **HK\$21.0** billion.



Benefited from the optimization of product mix and scale effect, **grew by 0.8 p.p.** YoY to **15.5%**.

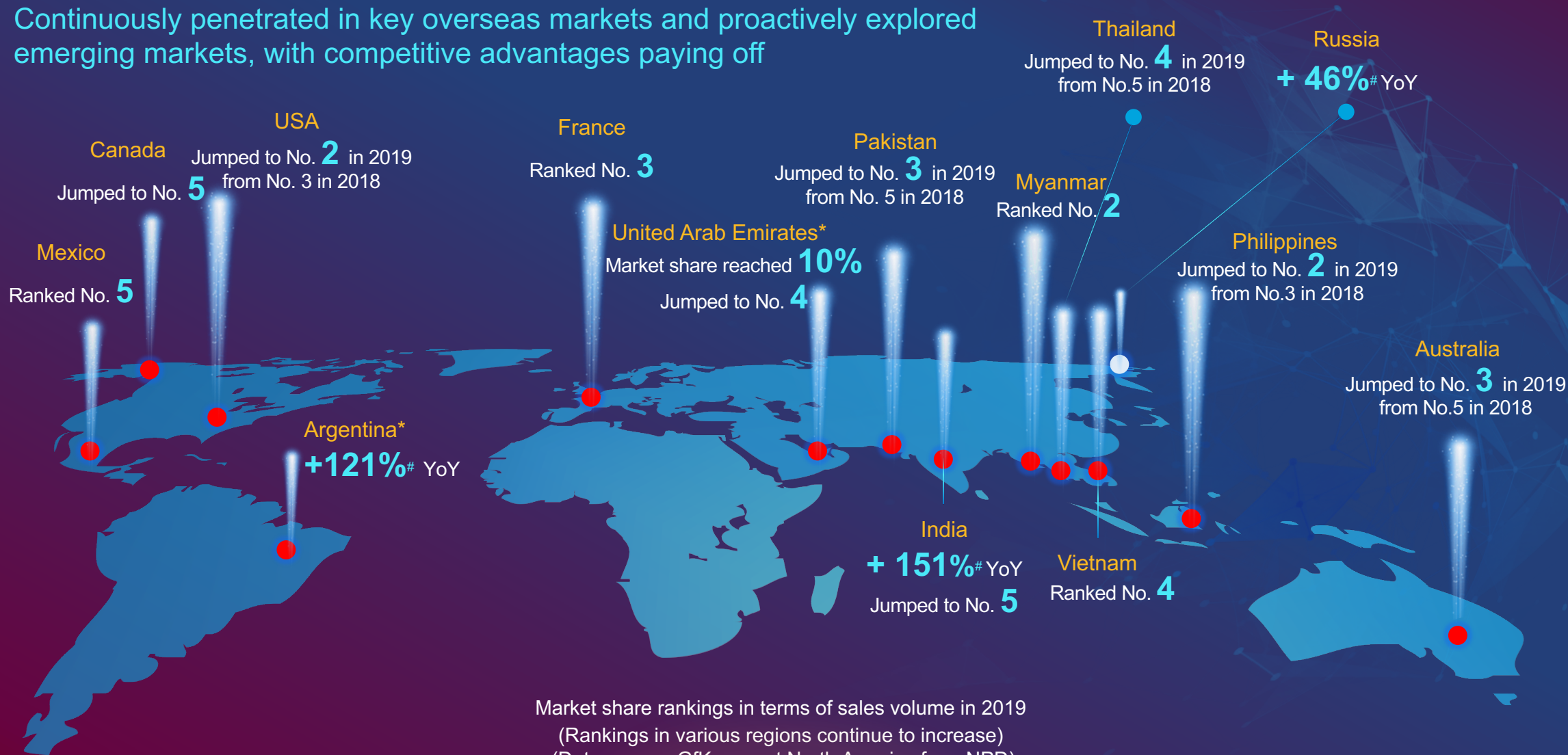


Surged by **42.3%** YoY with profitability further enhanced.



TCL Brand TV Business in Overseas Markets

Continuously penetrated in key overseas markets and proactively explored emerging markets, with competitive advantages paying off



Market share rankings in terms of sales volume in 2019
(Rankings in various regions continue to increase)
(Data source: GfK, except North America from NPD)

* Ranking cannot be displayed because some countries do not have complete data reports.

Increase in sales volume YoY represents 2019 vs 2018.



TCL Brand TV Business in North America

Sales volume continued to increase in North America, with full coverage of six major distribution channels and wider brand awareness



Sales volume remained strong growth: ranked No. 1 in July 2019 and top 2 in 2019 in the U.S. *



Profitability in the North American markets improved significantly in 2019.



Accomplished full coverage of 6 major distribution channels in the U.S. by extending to all branches of Best Buy across the country in 2017; the proportion of sales volume through mid and high end distribution channels kept increasing.



In preparation for the potential risks: well-established global manufacturing layout with factories in Mexico, Vietnam, India, etc.



2017



2016



2015



2014



2011-2013

Milestones of Penetration in Distribution Channels in the U.S.

* Source: The NPD Group, Inc., US Retail Tracking Service, LCD TV, based on unit sales, Jan.- Dec. 2019 combined and July 2019.



TCL Brand TV Business in North America

Sales volume continued to increase in North America, with full coverage of six major distribution channels and wider brand awareness



Continuous brand exposure in popular movies, sports events and television programs (Ellen Show).



Sponsored Rose Bowl Stadium, naming the home court of San Jose Earthquakes, a team of National Football League, and 4K Bar.



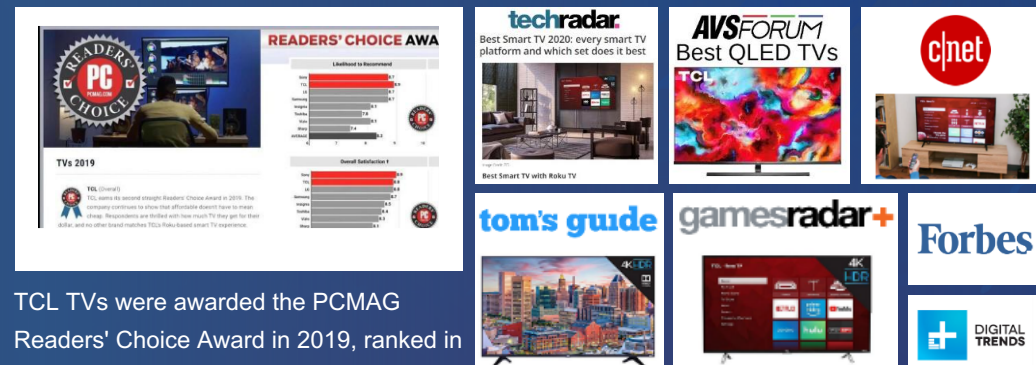
Naming TCL Chinese Theater in San Diego, United States, and continued to promote the TCL Chinese Theater in Hollywood with IPs and hot topics.



Persist in localized marketing strategy and catering to local consumer market

In 1H 2019, TCL R-series TVs were awarded by nearly 30 third-party professional institutions :

(PCMAG, Forbes, CNET, Digital Trends, tom's guide, gamesradar+, etc.), including Readers' Choice Awards in 2019, the Best TV, Best 4K Ultra-HD TV, Best TV Deals.



TCL TVs were awarded the PCMag Readers' Choice Award in 2019, ranked in the top in multiple scorings.

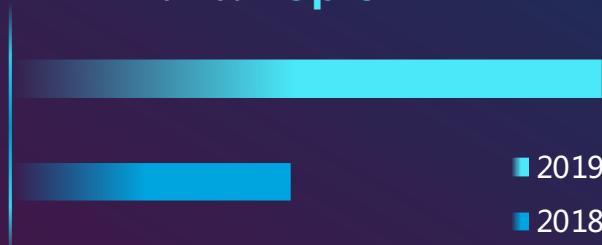


TCL Brand TV Business in India

TV sales volume in 2019 in the Indian market increased by 151% YoY

Jointly built TCL's first integrated Smart manufacturing industrial park with CSOT in overseas

TV sales volume in the Indian market significantly increased by **151%** YoY 
Ranked **Top 5**



According to GfK data, the current annual market size of Indian TV market is 12.50 million sets, which is only 1/4 of China's TV market. Indian TV market has great potential in the future and entering the market is a significant strategic move for the Group's sustainable growth in overseas markets.

TCL TV entered the Indian market in 2016 and currently covers about 3,000 offline outlets and multiple online channels, including:




Indian Market-Andhra Pradesh

TCL India
Integrated Smart
Manufacturing Industrial Park



By entering the Indian market with CSOT, all-rounded coverage from production to sales enhances its integrated competitiveness in the Indian market.



Annual production capacity of **8 million** large-sized TV screens, 30 million small-sized mobile screens and **6 million** 32-inch to 65-inch TV sets



Serves the TCL brand and provides ODM services to other brands rooted in the Indian market.



TV Business in Overseas Markets

Total production capacity in overseas markets exceeds **15 million** sets per year



With well-established global manufacturing layout and the flexibility of relocating the production capacities, the Group actively seized the opportunities of the development of overseas markets and continued to expand the emerging markets with huge potential, such as India, Russia, etc.



The Group's total production capacity in overseas markets exceeds 15 million sets per year, which is sufficient to meet its shipment demand in North American markets and can effectively mitigate potential risks.



Integrated panel and module factory reduces production costs and improves operating efficiency, which significantly accelerates inventory turnover.

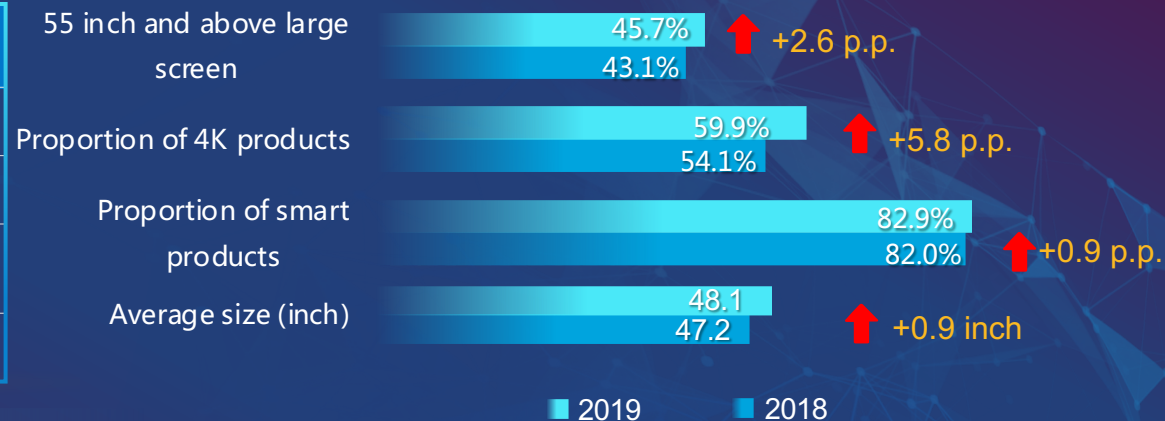




TCL Brand TV Business in the PRC Market

Sales volume growth outperformed the market, gross profit margin improved, the proportion of online sales continued to increase

(HK\$ million)	FY2019	FY2018	Change
Sales volume ('000 sets)	7,179	7,034	+2.1%
-Proportion of online sales	43.0%	37.2%	+5.8 p.p.
Turnover*	12,993	15,467	(16.0%)
Gross profit margin	24.8%	22.1%	+2.7 p.p.



Sales volume : According to the CMM's report, the industry retail sales volume of the PRC TV market in 2019 decreased by 2.6% YoY, while the the Group's sales volume of TCL Brand TV outperformed the market, and increased by 2.1% YoY.

- Sales volume of super-large TV over 65-inch increased rapidly, up by 263.5% YoY.
- The proportion of online sales volume increased from 37.2% in 2018 to 43.0% in 2019.



Turnover : Due to the decreasing price of screen and the impact of exchange rate fluctuations, turnover dropped to HK\$12.99 billion in 2019.



Gross profit margin : Favored by continuous optimization of product mix and distribution channel, the gross profit margin reached 24.8% in 2019, up by 2.7 p.p. YoY.



The average selling price of the TCL brand TV ranked top 2# among the Chinese first-tier brands in 2019.



The market share of TCL's curved TV reached 35.9%, remained No. 1# in the PRC Market.

Price Index of TV Brand in the PRC Market in 2019#



* In 2019, the average exchange rate of RMB against HK\$ dropped by 3.9% YoY. The Group's financial statements are presented in HK\$. The exchange rate has certain impact on the turnover.

Source : CMM omni-channel data



ODM TV Business

Integration of research-production-sales , remarkable R&D and industrial capacity , serving global renowned clients



Shipment : 11.36 million sets



Turnover : HK\$10.50 billion



Profitability outperformed industries

FY2019 Global ODM TV Shipment*



*Source : DISCIEN



Benefiting from integration of research-production-sales, the Group's ODM business has remarkable R&D and industrial capacity as well as well-established quality control system, which ensures high delivery satisfaction.



Highly recognized by first-tier customers in both domestic and overseas markets, serving global renowned clients.



Further improved the Group's ODM business system capability via digitalized, network-based and intelligent development, thereby realizing a production and operation system with higher efficiency, lower cost and stronger stability.



The Group's ODM business steadily developed and increased the overall capacity utilization rate at the same time.

PART 02

Business Review



Products
Business



Application
Services



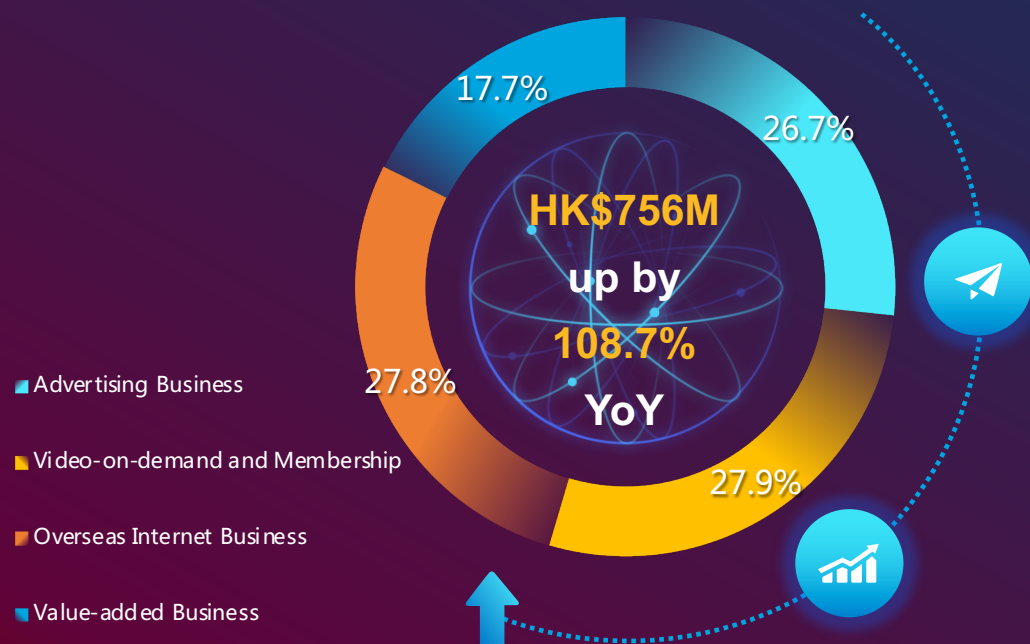
P9 Hollywood Theater TV



Internet Business

Revenue from Internet business increased **108.7%** YoY, new revenue stream was generated from overseas Internet business for the first time in order to expand the Company's profitability

Revenue of FY2019 rose rapidly to **HK\$756 million*** from HK\$362 million in FY2018, representing a significant increase of **108.7%**.



Generated new sustainable revenue stream of HK\$210M from Internet business in overseas markets for the first time, accounting for 27.8% of the total revenue of Internet business in FY2019.

- Deepened the cooperation with Roku in the U.S. market and with Google in the European and South American markets, and extended global cooperation with Netflix.
- Continued to enhance the commercial monetization ability of the overseas Internet business, as a result, the Company has become the first Chinese enterprise in the industry to have large-scale and sustainable overseas Internet TV business revenue.

The main business of Falcon Network Technology has significantly improved, and value-added business doubled YoY:

Revenues in FY2019 reached **HK\$546 million**, up by **50.7% YoY**.

Monetization capability continued to enhance, and profitability increased significantly.

- Revenue from video-on-demand and membership surged by **43.0% YoY**
 - Advertising revenue increased by **34.1% YoY**
 - Value-added services revenue increased by **107.4% YoY**

* The consolidated revenue of the Internet business in FY2019 recorded HK\$626 million, among which the Falcon Network Technology has been consolidated since April 2019.

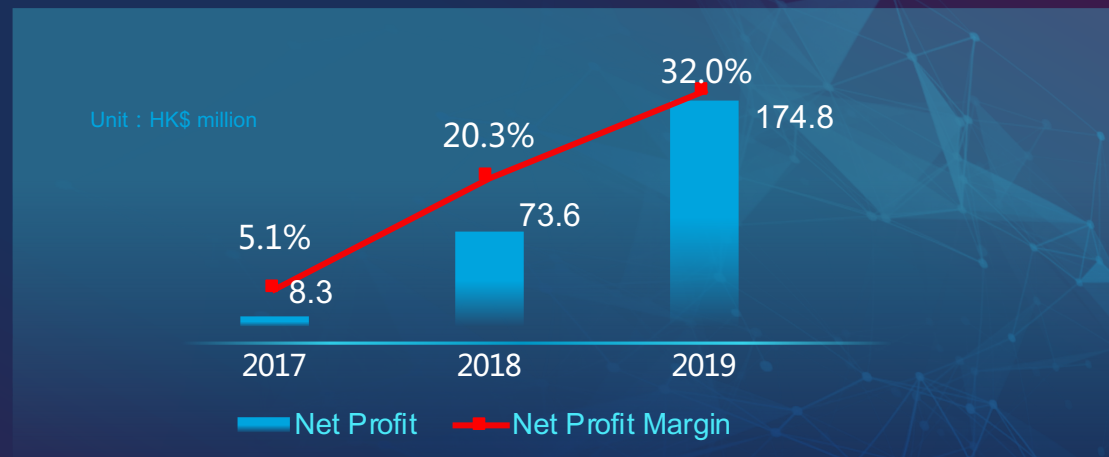


Internet Business—Falcon Network Technology

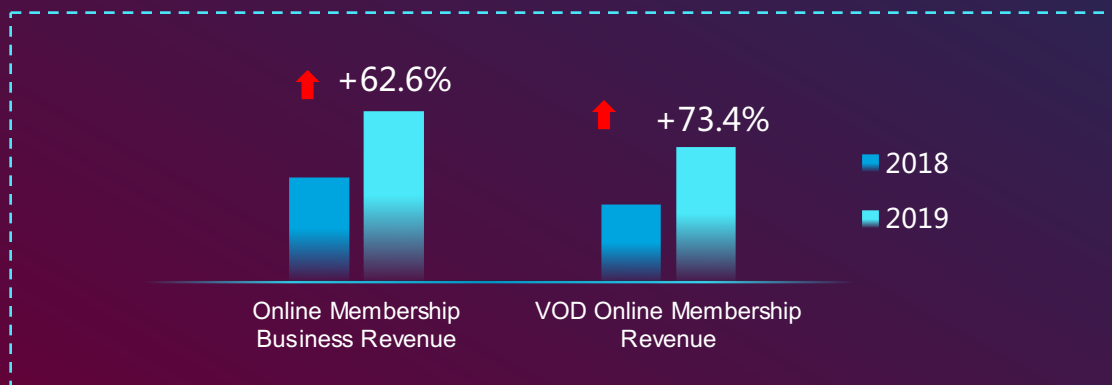
Business revenue rapidly increased, net profit after tax up by **137.8%** YoY, total profitability significantly improved

(HK\$ million)	FY2019	FY2018	Change
Revenue	546	362	+50.7%
Gross profit	347	209	+66.2%
Gross profit margin	63.5%	57.6%	+5.9 p.p.
Net profit after tax	175	74	+137.8%
Net profit after tax margin (%)	32.0%	20.3%	+11.7 p.p.
Average revenue per user (ARPU)	HK\$34.9	HK\$29.2	+19.5%

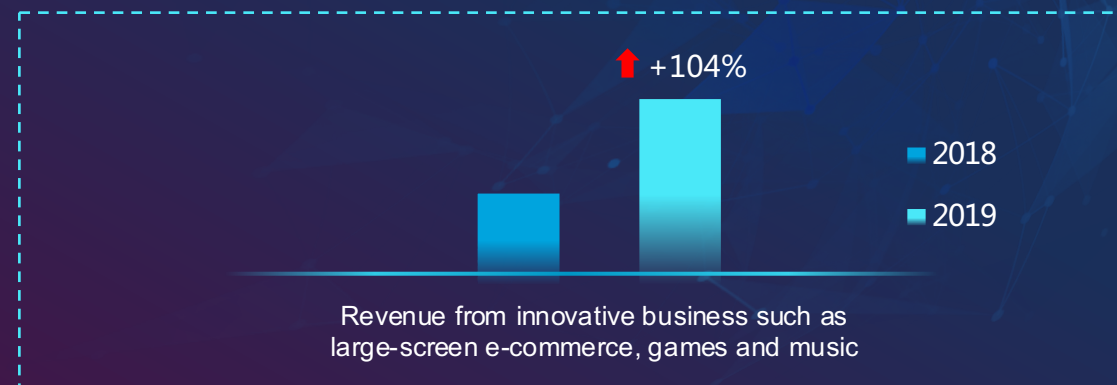
Revenue increased 50.7% YoY , reached HK\$546 million



Net profit after tax margin reached 32%



Online membership revenue increased by 62.6% YoY, among which the VOD online membership revenue increased by 73.4% YoY.



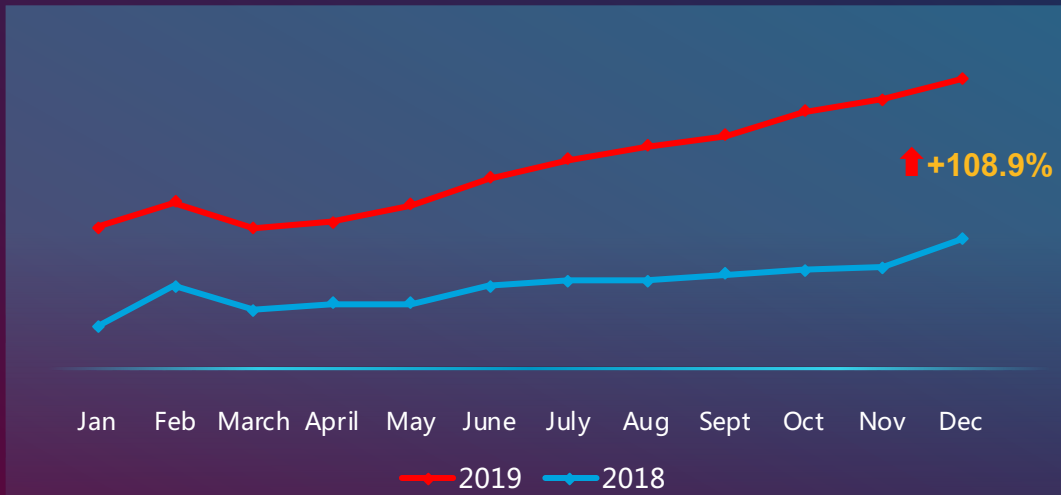
Revenue from innovative business such as large-screen e-commerce, games and music increased 104% YoY



Internet Business—Falcon Network Technology

The number of existing subscribers increased by **108.9%** YoY, average daily number of global active users exceed 20 million, operation capability has significantly improved

Existing Subscribers



The number of existing subscribers increased by **108.9%** YoY in the end of 2019.

No. of Users and Time Spent on TV

	FY2019	FY2018	Change
Total No. of Global Activated Users	42.34M	31.91M	+32.7%
Average Daily No. of Global Active Users	20.79M	15.28M	+36.1%
Average Daily No. of Operative Active Users	15.63M	12.40M	+26.0%
Average Daily Time Spent on TV	5.7 hours	5.5 hours	+3.6%

Average daily number of global active users reached **20.79 million**



Internet Business—— Falcon Network Technology

Rapidly iterating products and technologies, expanding business cooperation mode, to provide users with excellent Internet services on large screens through lean innovation

Products and Interactive innovation :

Launching Next Generation TV

- United product center and TCL industrial research institute to release next generation TV, the TCL·XESS smart screen, using VUI voice interaction, which provides users with efficient, focusing and immersed new experience.
- Developed the initiative scenario in the industry such as rotational screen, vertical screen desktop and AOD mode, leading the revolution of the industrial experience.

- Initiated Falcon Alliance Project, currently has cooperated with 11 enterprises which manufactured TV, OTT box and smart projector, expanded non TCL activated terminals with the numbers exceeded 100 thousand sets in one month.
- Building content platform with nearly hundred partners including Tencent, iQIYI, Youku, Learn and Think, by increasing the active users rate of partners, to achieve innovation of business mode and expanding the scale of the platform and increasing revenue.

Expanding hardware terminal, jointly built context platform

Innovation of business mode :

Innovation of Users Experience :

Expedited System Iteration, AI Empowered, Experience significantly improved

- Fully launched the UI 4.0 system, the updated speed for appliances of all models increased by 55% YoY, the updated speed of mainstream models increased by 47% YoY.
- Optimized the smart AI recommendation algorithm, as a result, the click rate of users has tripled, and the click permeability has doubled.

- Actively promoted TCL Channel overseas, completed the comprehensive development of the major content across several major countries in 2019.
- Established partnerships with more than 120 local major VoDs in 2019.
- Launched the TCL Channel in Vietnam, India, Japan, Brazil and Russia, providing sufficient resources of local content for overseas users.

Creating a new traffic platform with Chinese characteristics for content exported

Innovation of Overseas Business :



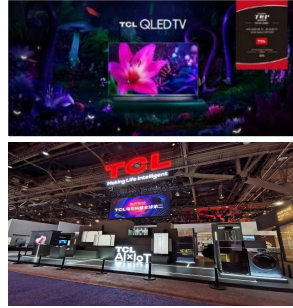


Comprehensive Strength Gained High Recognitions Implementing Global Sports Marketing Strategy



TCL Electronics Wins Top Honors at Consumer Electronics Show (CES) 2020

- TCL QLED TV 8K X9 was awarded "8K QLED TV Gold Award 2019-2020" by the IDG
- 2019-2020 Global TV Brands Top 10
- 2019-2020 CE Brands Top 10
- 2019-2020 Global CE Brands Top 50



TCL Electronics Awarded "Listed Company Awards of Excellence 2019" from the Hong Kong Economic Journal (HKEJ)

- The HKEJ is one of the most authoritative and credible financial media in Hong Kong, TCL Electronics has won "Listed Company Awards of Excellence" both in 2018 and 2019, which represents continuous recognition from the capital market and industry experts for its comprehensive strength.



Won Prestigious Honor at IFA 2019

- The Mini LED X10 TV received the "Home Theater Gold Award" by International Data Group (IDG) in 2019, which represents high recognition of the Company's commitment to technological innovation.



TCL Electronics Selected as Constituent of the Hang Seng Corporate Sustainability Benchmark Index

- This selection fully demonstrates that the Company's efforts in sustainable development have been well recognized by the capital market.



Heng Seng
Corporate Sustainability
Index Series Member

Sports Marketing



Partnership with CONMEBOL
Copa América Brazil 2019



Officially Became the Global Partner of
the 2019 FIBA Basketball World Cup



Sponsorship for Brazil National Football Team

PART 03

Outlook



TCL•XESS Smart Screen



Future Development Strategies



Vision

Become a Global Leading Smart Technology Company



Mission

Technology Creates Brilliant Smart Lives



In 2023, the proportion of profit from application services will reach **50%**

Intelligentization

- Based on the unique family interaction scenario to develop convenient and multi-purpose Smart applications, in order to increase the usage frequency and loyalty of users .
- Further enhanced the interconnection of hardware. TV will become a large screen Smart terminal.

Globalization

- With 20-year penetration in overseas market and serving population of 7.5 billion in the world, the Group has leading market shares in 15 countries.
- Will continue to expand markets with huge potential, such as the North American markets, European markets and the emerging markets.
- Will improve the layout of global supply chains in order to set up a more flexible and reasonable distribution of global production and R&D system.

Continue to Promote Products+Services

- Focused on developing the value-added Internet services such as the home-online education, video communication, medicare for seniors and AI fitness.
- Deepened the strategic partnership with giant Internet companies, to obtain sustainable revenue other than hardware.





Leading Layouts of AI x IoT Strategies



Eagle Lab

Display technology is used for whole-house Smart products and solutions with core competitiveness

4 Global Technology Centers

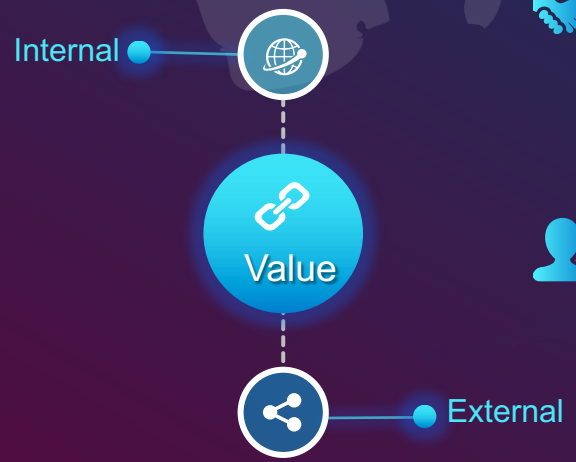
400+ AI Algorithms teams

200+ Big data cloud platform Teams



- Focus on the core products and scenarios, the core needs of users, and the businesses and services the Company experts.
- Launch products, services and completed scenario Smart solutions via platform innovation and application of technologies such as interconnection, display, interaction and intelligence.
- To provide users with real practical and appreciable value: convenience, efficiency, security, health and etc., to achieve partial liberation of people.
- Actively adapt to the mainstream of industrial ecology, allowing users to experience products and services more convenience .

- Accelerate the speed of interconnection between products. Meanwhile, reduce the difficulty of interconnection, cost and cycle to improve the intelligence level of products.
- In order to reduce the cost and to improve the efficiency of R&D, build a platform to share the job competency among employees.
- Increase added-value of products to improve the users' preception and experience on products, the brand recognition and product sales.
- Promote product and business innovation, eliminate the cost and cycle of trial and error on business. Thanks to the accumulation of data, the intellectualization of business thus being enhanced.



Partners in industry:

- Provide more open and inclusive, low-cost, and win-win solutions with across device interconnection between companies.
- More efficient and cost-effective product adaptation and ecological pairing.
- Better reach, interaction and product experience for device users.



Consumers:

- To provide consumers with more natural and convenient, complete, smart, healthy and safe intelligent experience of whole scenario.
- Allow Smart interconnection of products across brands and across categories, in order to make users' experience more convenient, and services become smarter and more diversified.



Deepen Globalization Strategies

Overseas business has become a key driver and maintained strong growth momentum

Further enhance the competitive advantages of globalized business and supply chain system, and actively strengthen the cooperation between content and services to obtain new competitive advantages.

Market Expansion

Reinforce advantages of existing markets
actively explore new markets
(India, Japan, Russia, etc.)

Strengthening Supply Chain

Further increase the production capacity of Mexican and Vietnamese factories, and set up new factories in India

Contents and Services Expansion

Further deepen cooperation with global content providers and provide family Internet value-added services



Sales volume of brand TV in 2023
rank top in global



Overseas supply exceeds
15 million sets



The proportion of profit from services reach **50%**

**Scale Up
Raise Profitability**



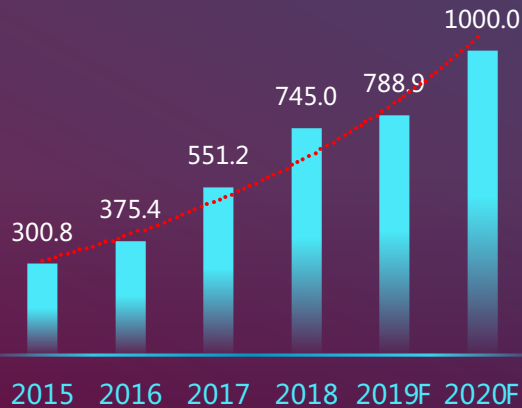
Strategy of Promoting Innovative and Growing Business——Commercial Display

Accelerate the development of the commercial display business for mainstream scenarios such as remote working, in order to build a commercial display platform with market size of ten billions

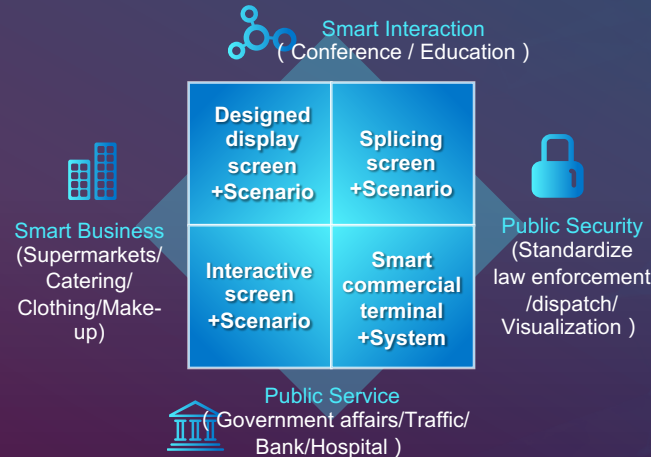
The commercial display market continued to expand, with product structure rapidly adjusted and application scenario rapidly expanded. In 2019, the domestic market scale of eight categories of commercial display products reached RMB78.9 billion. It is expected to exceed RMB100 billion in 2020, and will reach RMB150 billion in 2023, with CAGR reaching 25%.

TCL commercial display focuses on mainstream scenarios such as Smart conference, education, commercial, dispatch, medical care and traffic. It sets up a professional management platform for business by consolidating the industrial advantages of TCL and external ecological resources. It will create a "user-oriented" system with quick development and quick delivery.

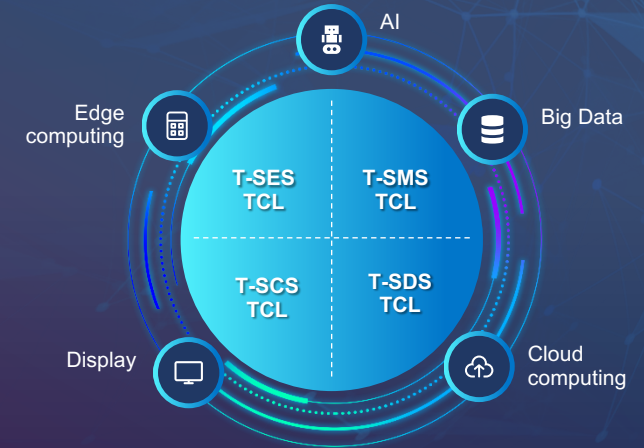
Focus on building a commercial display integrated solution platform with outstanding "four capabilities" (hardware capability, software capability, integration capability and delivery capability) and successful "1+1+N" strategy" (hardware platform, software platform and segmented scenarios application), and become an enterprise having commercial display platform with market size of ten billions.



Market Scale of Commercial Display



TCL Commercial Display Scenarios and Products Layout



Software Technology System of TCL Commercial Display platform

* 1. The eight categories of commercial display products include: commercial TV, single-screen display, tablet splicing, LED fine pitch, DLP splicing, advisement player, electronic whiteboard and laser projector;
 2. Management platform for business end, means LTC operation management system which aims at the realization of business value, including the research and development of IPD process, products IPMS process and market-oriented GTM system.



Strategy of Promoting Innovative and Growing Business——Smart Home

Committed to becoming China's leading Smart solution provider for apartments, hotels, real estates and home decorations



1 SaaS Platform



4 Scenario Solutions



X Ecologies

Solution



Security



Green



Smart



Health

Product Mix

Management of Permission for Entrance



Smart door lock



AI door plate



Access control

Efficient Operation, Safe and Convenient

Energy Management



Smart water meter



Smart ammeter



Edge calculation gate

Save Energy, Improve Efficiency

Video Entertainment Plan



Smart TV



AI Audio

Customized and Value-added Services

Smart Home Appliances Plan



Air conditioning Machine



Washing Machine



Fridge



stove



Laundry Rack / Smart Hanger

Full set of home appliances, Smart interconnection

Values to Customers

SaaS Platform



The Housekeeper System



Equipment Operation and Maintenance System



Engineering Management System



Online After-sales System



Users' APP



Opened API

Strategic Accounts



Ecological Partners

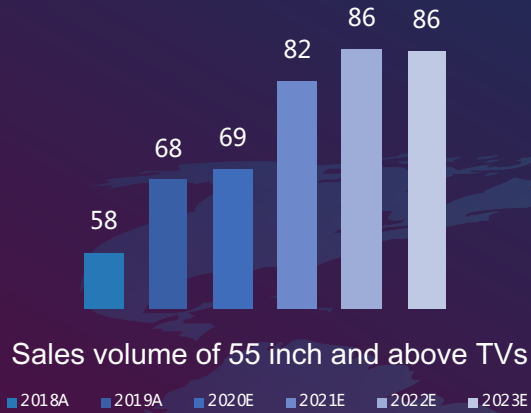




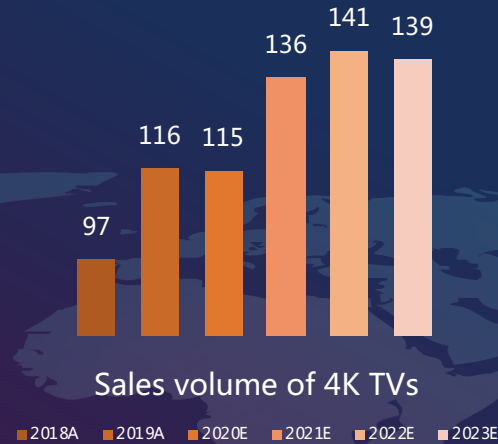
Industry – Global LCD TV Trend

Multiple Policies Favors the TV Industry in 2020

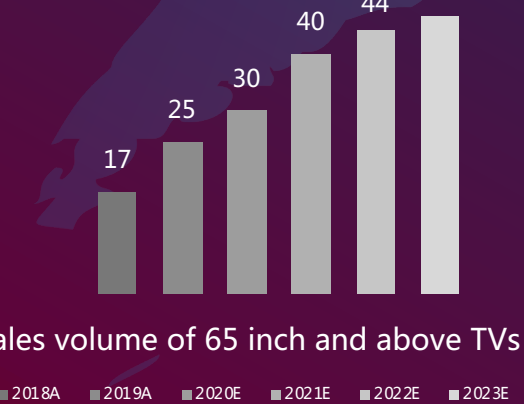
(million sets)



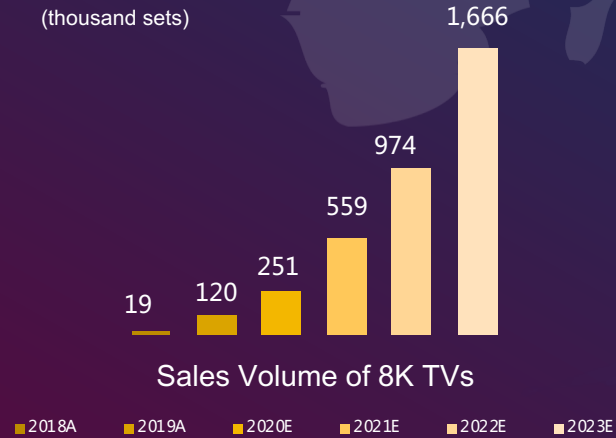
(million sets)



(million sets)



(thousand sets)



Ultra HD + Large Size

The Ministry of Industry and Information Technology, National Radio and Television Administration(NRTA), and China Media Group jointly launched the technical roadmap of " Putting 4K first while developing 8K" . The total scale of ultra-high-definition industry is expected to exceed RMB 4 trillion in 2022.

5G AI x IoT

"5G+Ultra HD" and "5G+Intelligent Manufacturing" both promote the upgrade of smart home appliances and create more application scenarios for users

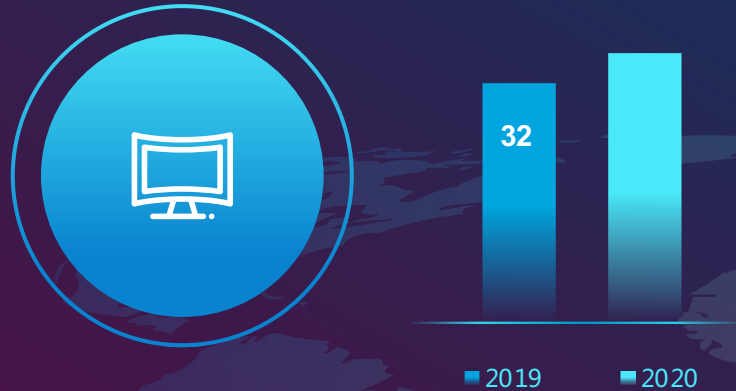
Energy Conservation and Emission Reduction

The Energy Conservation and Emissions Reduction Policy has been launched with other subsidy policies, which will promote the update of cosumer electronics.




Targets in 2020

TV Sales Volume (million sets)



The Company focuses on the Smart display business and serves users around the world. Its market share kept growing in the past three years and ranked No.2 global in 2019. Its business results outperformed the industry.

Due to the impact of the outbreak of coronavirus, there are many uncertainties in overseas. The Company will focus on developing its competitive advantages, continuously increase its investment in R&D and product innovation, revenue from internet business and annual TV sales volume. The Company will insist on becoming a global leading company and creating greater and long term value to shareholders.



Above 1.1B
Income from Internet Services (HK\$)



54.42M
No. of TCL Global Activated Smart TV Users (Accumulated No. at Period End)(Year-end/Quarter-end)*



5.9
Average Daily Time Spent on TV (hours)

* No. of TCL Activated Smart TV Users (Accumulated No. at Period End) = Accumulated No. of Activated TV Terminals



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Q&A