



(For Immediate Release)

## TCL Multimedia Announces 2015 Annual Results

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**Turnover Increased by 1.5% Year-on-year to HK\$34.02 billion**

**Sales Volumes of LCD TVs and Smart TVs Were Up by 2.4% and 33.9% Respectively  
Realising Complementary Advantages in User, Industry and Enterprise Value  
Through Cooperation with Leshi**

### BUSINESS HIGHLIGHTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2015

- The Group sold 17.34 million sets of LCD TVs, an increase of 4.6% year-on-year. Sales volume of LCD TVs in the PRC Market increased by 2.4% year-on-year to 8.71 million sets, while sales volume of LCD TVs in the Overseas Markets increased by 7.0% year-on-year to 8.63 million sets.
- The Group achieved a turnover of HK\$34.02 billion, up by 1.5% year-on-year. Gross profit increased by 4.5% year-on-year to HK\$5.75 billion, gross profit margin increased from 16.4% of the same period of last year to 16.9%. Operating profit was HK\$285 million, net profit after tax was HK\$10.14 million. Profit attributable to owners of the parent amounted to HK\$25.81 million. Basic earnings per share was HK1.94 cents.
- With continued product mix enhancements, the proportion of high-end products has been steadily increasing. Sales volume of smart TVs in the PRC Market increased by 33.9% year-on-year, which accounted for 53.7% of the Group's LCD TV sales volume in the PRC Market. Sales volume of 4K TVs in the PRC Market amounted to 1.73 million sets, which accounted for 19.9% of the Group's LCD TV sales volume in the PRC Market. Market share of curved TVs in the PRC Market was 17.5%, maintaining its No.1 position among the domestic brands in the market (Source: China Market Monitor Co., Ltd. ("CMM")).
- The accumulated number of TCL activated smart TV users of the Group totalled 11,924,856. The daily average number of active users in December 2015 was 4,800,723 (Source: Huan Technology Co., Ltd.).
- The Group ranked No.3 in the global LCD TV market with a market share of 5.56% in 2015 according to the latest IHS Technology figures and Company data, and ranked No.3 in the PRC LCD TV market with a market share of 14.04% according to CMM's report.





(23 March 2016, Hong Kong) – **TCL Multimedia Technology Holdings Limited** (“TCL Multimedia” or “the Group”, HKSE stock code: 01070) today announced its audited consolidated annual results for the year ended 31 December 2015.

## **Business Review**

During the year, weakened recovery in the global economy and economic growth slowdown in the PRC led to overall decline in market demand. In view of the tough market environment, the Group actively enhanced its product mix and operational efficiency to achieve significantly better results and improved gross profit in the fourth quarter. In 2015, the Group’s turnover was HK\$34.02 billion, up by 1.5% year-on-year. Gross profit increased by 4.5% year-on-year to HK\$5.75 billion, gross profit margin increased from 16.4% of the same period of last year to 16.9%. Operating profit was HK\$285 million, net profit after tax was HK\$10.14 million. Profit attributable to owners of the parent amounted to HK\$25.81 million. Basic earnings per share was HK1.94 cents.

For the fourth quarter, the Group achieved a turnover of HK\$9.57 billion, representing a decrease of 3.5% year-on-year. Gross profit margin increased by 4.2 percentage points to 21.1% when compared with that in the same period of last year. Operating profit amounted to HK\$452 million, net profit after tax was HK\$329 million. Profit attributable to owners of the parent was HK\$328 million. Basic earnings per share was HK24.62 cents.

The Group ranked No.3 in the global LCD TV market with a market share of 5.56% in 2015 according to the latest IHS Technology figures and Company data, and ranked No.3 in the PRC LCD TV market with a market share of 14.04% according to CMM’s report.

During the year, the Group announced the introduction of Leshi Zhixin Electronic Technology (Tianjin) Co., Ltd. (樂視致新電子科技(天津)有限公司) (“Leshi”) as a strategic investor. Leshi agreed to subscribe for 348,850,000 shares of the Company at HK\$6.50 per share, representing approximately 20.1% of the total issued shares as enlarged by the allotment and issue of the subscription shares. Both parties will tap into the market of large screen internet users in the living room, jointly develop innovative products, high quality content and vertically integrated services to leverage their combined user base operation and establish mechanism for monetisation of user value in the future.

## **The PRC Market**

In 2015, the Group’s LCD TV sales volume in the PRC Market 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, gross profit margin was up from 20.6% of the same period of last year to 20.9%. Of which, in the fourth quarter, gross profit margin increased substantially from 19.8% of the same period of last year to 24.6% due to enhancements in product mix and improved operational efficiency.



- Smart TV sales volume increased by 33.9% year-on-year to 4.68 million sets, which accounted for 53.7% of the Group's LCD TV sales volume in the PRC Market. Of which, sales volume of TCL branded smart TVs accounted for 61.5% of the sales volume of TCL branded TVs.
- 4K TV sales volume was 1.73 million sets, which accounted for 19.9% of the Group's LCD TV sales volume in the PRC Market.
- Market share of curved TVs was 17.5%, maintaining its No.1 position among domestic brands in the PRC market (Source: CMM).
- Proportion of sales volume of products with screen size of 55 inches or above increased from 9.2% of the LCD TV sales volume in the PRC market in 2014 to 16.6% in 2015.

### **Overseas Markets**

During the year, the Group's sales volume of LCD TVs increased by 7.0% year-on-year to 8.63 million sets in the Overseas Markets, turnover was up by 5.0% year-on-year to HK\$12.87 billion, gross profit margin was down from 10.6% of the same period of last year to 10.3%.

- LCD TV sales volume in the Emerging Markets rose by 8.1% when compared with that in the same period of last year to 1.71 million sets.
- In the North American Market, benefitting from the further expansion of national mainstream sales channels, LCD TV sales volume surged by 180.2% year-on-year.
- LCD TV sales volume in the European Market decreased by 7.1% when compared with that in the same period of last year to 850,000 sets.
- LCD TV sales volume of the Strategic ODM business was down by 2.9% when compared with that in the same period of last year to 5.06 million sets.

In the fourth quarter, LCD TV sales volume in the Overseas Markets increased by 12.8% year-on-year to 2.19 million sets, turnover increased by 8.6% year-on-year to HK\$3.31 billion, gross profit margin 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 LCD TV sales volume increased by 16.4% year-on-year.

### **Internet Business**

Adhering to the promotion of "double +" strategic transformation, the Group actively built TCL TV+ service ecosystem, and established strengthened cooperation with internet service providers in 2015.

- Video-on-demand business totalled 7.66 million users; average daily video-on-demand frequency increased from 11 times in 2014 to 20.2 times in 2015; average daily viewing time increased from 3.2 hours to 4.4 hours.
- Gaming business totalled 4.38 million users; average daily usage time increased from 43 minutes in 2014 to 70 minutes in 2015.
- Education business totalled 1.52 million users; average daily viewing time increased from 13.6 minutes in 2014 to 50 minutes in 2015.



- Lifestyle business went online at the end of July 2015; accumulated users reached 1.10 million.

In 2015, the Group's revenue from internet business was approximately RMB43.00 million, mostly generated from video-on-demand business. In 2016, the Group's total service revenue from internet business is targeted at approximately RMB100.00 million.

## Outlook

Looking ahead to 2016, the PRC and the global economy are expected to face numerous challenges, with intensifying market competition.

Mr. BO Lianming, Chief Executive Officer of TCL Multimedia said, "We will enhance our four core competitiveness, including product technology capabilities, industry capabilities, brand and globalisation capabilities and Internet application service capabilities, and improve operational efficiency, to further consolidate and increase our TV market shares. In the meantime, we will also continue to seek transformation and upgrade, and promote our core strategic transformations of 'double +' and internationalisation. Through strategic cooperation with Leshi, we expect to realise complementary advantages in user, industry and enterprise value which benefit both parties. In conclusion, we will continue to take full advantage of the resources and market position of TCL Corporation to enhance corporate competitiveness and establish TCL Multimedia as a 'global entertainment technology enterprise', to deliver long-term value and returns to reward shareholders."

The Group's sales volume of TVs by regions and the number of TCL smart TV users during the year were as follows:

	2015 ( <i>'000 sets</i> )	2014 ( <i>'000 sets</i> )	Change
<b>LCD TVs</b>	<b>17,343</b>	16,574	4.6%
of which: LED backlight LCD TVs	<b>17,320</b>	16,517	4.9%
Smart TVs	<b>6,265</b>	3,755	66.8%
– PRC Market	<b>8,715</b>	8,509	2.4%
– Overseas Markets	<b>8,628</b>	8,065	7.0%
<b>Total TV Sales Volume</b>	<b>17,378</b>	16,739	3.8%





	Accumulated total as of			Change	2015	2014	Change
	31 December 2015	December 2015	December 2014				
<b>Number of TCL activated smart TV users<sup>(1)</sup></b>	<b>11,924,856</b>	<b>483,653</b>	256,259	88.7%	<b>4,558,404</b>	2,474,271	84.2%
<b>Daily average number of active users<sup>(2)</sup></b>	<b>N/A</b>	<b>4,800,723</b>	2,268,959	111.6%	<b>N/A</b>	N/A	N/A

Notes:

- (1) Number of TCL activated smart TV users refers to the number of users who use the internet TV web service for more than once.
- (2) Daily average number of active users refers to the number of unrepeated individual users who visit within 7 days.

### **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 become a “global entertainment technology enterprise” that provides integrated entertainment solution to customers. The Group ranked No.3 in the global LCD TV market with a market share of 5.56% in 2015 according to the latest IHS Technology figures and Company data, and ranked No.3 in the PRC LCD TV market with a market share of 14.04% according to CMM’s report. 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. For further information, please contact:

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