



# 2020 Third Quarter Financial Results Presentation

TCL电子控股有限公司

TCL ELECTRONICS HOLDINGS LIMITED

Incorporated in the Cayman Islands with Limited Liability  
(Stock Code: 01070.HK)



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人工智能  
AI



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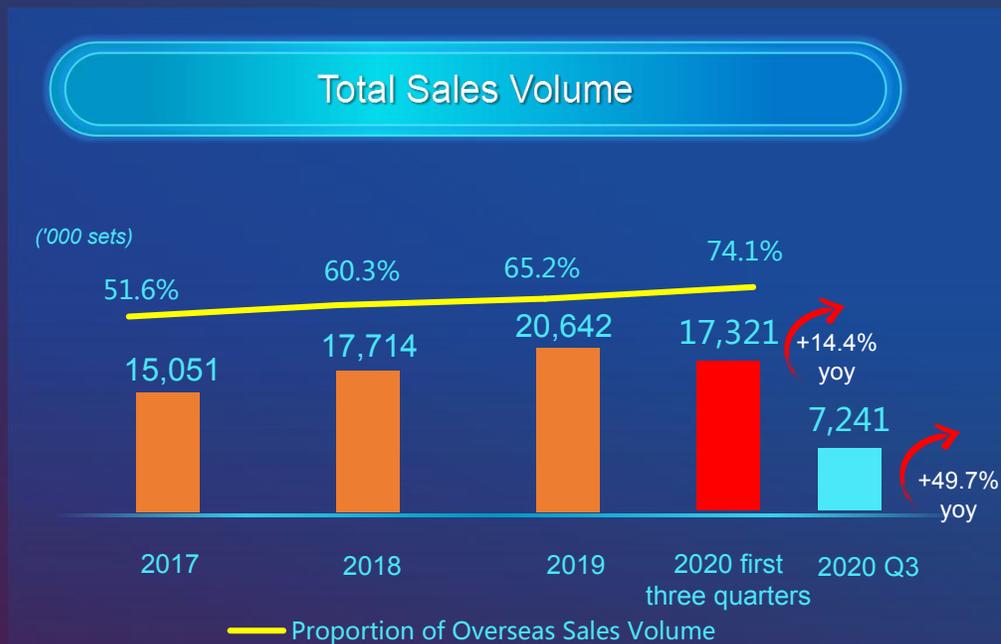
01

Financial Highlights

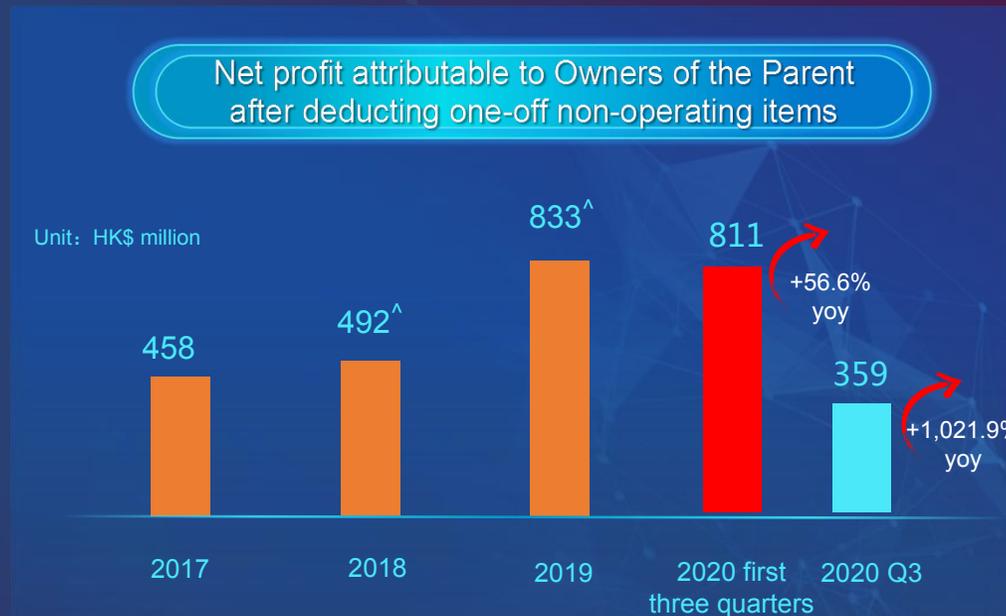
*TCL•XESS Smart Screen*



# Results Highlights (Continuing Operations)



The Q3 sales volume of TCL brand TV sustained high growth and ranked **Top 3\*** globally



Revenue HK\$ **35.57B<sup>^</sup>** **FY 2018**  
 Profit attributable to Owners of the Parent  
 HK\$ **744M<sup>1,5^</sup>**  
 Profit attributable to Owners of the Parent after  
 deducting one-off non-operating items  
 HK\$ **492M<sup>3,5^</sup>**  
 Dividend Payout Ratio **45%**

Revenue HK\$ **36.34B<sup>^</sup>** **FY 2019**  
 Profit attributable to Owners of the Parent  
 HK\$ **1.82B<sup>2,5^</sup>**  
 Profit attributable to Owners of the Parent after  
 deducting one-off non-operating items  
 HK\$ **833M<sup>3,5^</sup>**  
 Dividend Payout Ratio **45%<sup>4</sup>**

The first three Qs Revenue HK\$ **31.83B** **FY 2020**  
 ➤ Q3 Revenue HK\$ **14.68B**, **↑76.6%** yoy;  
**↑43.9%** qoq  
 Q3 Profit attributable to Owners of the Parent after  
 deducting one-off non-operating items HK\$ **359M<sup>3,5</sup>**,  
**↑1,021.9%** yoy; which reached HK\$811M in the first three  
 quarters, **↑56.6%** yoy

1. Including one-off gain of HK\$155 million from the completion of asset transaction and one-off gain of HK\$110 million from the acquisition of an associate  
 2. 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

3. Profit attributable to Owners of the Parent after extraordinary items means one-off items excluded  
 4. Dividend payout ratio after deducting one-time non-operating items  
 5. Profit attributable to Owners of the Parent from continuing operations excludes the disposed ODM and continuing operations in 2020 includes September results of TCL Communication

<sup>^</sup> Restated  
 \* Source: Sigmaintell



# Key Business Development

The sales volume of TCL brand TV in Q3 ranked Global Top 3@

**7.24M** sets **+49.7%** yoy, **+24.7%** qoq

Overseas : 5.52M sets +81.3% yoy , +31.4% qoq

PRC : 1.72M sets -3.9% yoy slightly , +7.2% qoq

## Steady Growth in Mobile Phones and Other Smart Consumer Electronic Products Business\*\*

### Mobile Phones and Services

- Revenue from mobile phone business reached HK\$897.9M in September 2020, up by 8.0% yoy, among which the sales volume of TCL brand smartphone increased by 22.3% yoy and the revenue increased by 215.5% yoy

### Other Smart Consumer Electronic Products

- Smart Tablets: Revenue reached HK\$149.5M, up by 25.4% yoy; sales volume increased by 20.7% yoy
- Smart Connection Products: Revenue reached HK\$118.6M, up by 115.5% yoy; sales volume increased by 144.7% yoy



TCL brand TV ranked No.2# in China's retail market in Q3 by revenue

**13.4%** **+2.3 p.p. yoy**

The market share in terms of revenue rose to the 2nd place in 1H and sustained in Q3 with market share of 13.4%#, up 2.3 p.p. yoy



Sales volume in 19 countries among top ranking for the first three quarters

## Market Share in overseas markets

**+1.0 p.p.^** yoy

- The USA: ranked No.2&
- Australia and Philippines: ranked No.2^
- France and Canada: ranked No. 3^



## Chinese Internet Business (mainly Falcon Network)

- The number of monthly active users of Falcon reached 17.4M, **+21.3%** yoy
- Revenue in Q3: HK\$176M, **+80.9%\*** yoy

## Overseas Internet Business

### Expanded cooperation with Google and Roku

- Revenue in Q3 : HK\$81.44M, **+32.3%** yoy
- By 2020 Q3, TCL Channel had been launched in **12 countries globally**, with Italy, Spain, Ukraine and Australia newly added

@@ source : Sigmaintell

# source : CMM

^ source : GfK

^^source: GfK and NPD for the period of Jan. to Sep. 2020

& source : NPD

\* Mainly due to the consolidation of Falcon Network's business from April 2019. Revenue and net profit in the first three quarters of 2020 increased by 65.4% and 119.6%, respectively on its own operation

\*\*The consolidation of TCL Communication started from September 2020 and the data were in accordance with the entity level of TCL Communication



# First Three Quarters Financial Highlights

<i>(HK\$ million)</i>	First Three Quarters of 2020	First Three Quarters of 2019	Change
<b>Revenue</b>	<b>31,833</b>	26,102 <sup>#</sup>	+22.0%
<b>Gross profit margin(%)</b>	<b>20.0%</b>	20.0% <sup>#</sup>	-
<b>Expense ratio (%)</b>	<b>15.8%</b>	16.2% <sup>#</sup>	(0.4 p.p.)
<b>R&amp;D</b>	<b>898</b>	594 <sup>#</sup>	+51.2%
<b>EBITDA</b>	<b>1,527</b>	1,786 <sup>#^</sup>	(14.5%)
<b>Net profit (Excluding discontinued operations) @</b>	<b>867</b>	1,337 <sup>#</sup>	(35.2%)
<b>Net profit attributable to owners of the parent</b>			
<b>- Current period (Including discontinued operations) @</b>	<b>2,632</b>	1,506	+74.8%
<b>- From continuing operations</b>	<b>803</b>	1,326 <sup>#</sup>	(39.4%)
<b>Net profit attributable to owners of the parent after deducting one-off non-operating items</b>			
<b>- Current period (Including discontinued operations) @</b>	<b>920</b>	697 <sup>^</sup>	+32.0%
<b>- From continuing operations</b>	<b>811</b>	518 <sup>#^</sup>	+56.6%

# restated

<sup>^</sup> 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 in the first three quarters of 2019

<sup>@</sup> Discontinued operations mainly refer to the disposal of TV ODM business, which had been completed by the end of August 2020



# Q3 Financial Highlights

(HK\$ million)	2020 Q3	2019 Q3	Change	2020 Q3	2020 Q2	Change
Revenue	14,683	8,314 <sup>#</sup>	+76.6%	14,683	10,203 <sup>#</sup>	+43.9%
Gross profit margin(%)	19.2%	21.8% <sup>#</sup>	(2.6 p.p.)	19.2%	20.9%	(1.7 p.p.)
Expense ratio (%)	16.2%	18.4% <sup>#</sup>	(2.2 p.p.)	16.2%	13.5%	+2.7 p.p.
R&D	390	242 <sup>#</sup>	+61.2%	390	256 <sup>#</sup>	+52.3%
EBITDA	555	220 <sup>#</sup>	+152.3%	555	745 <sup>#</sup>	(25.5%)
Net profit (Excluding discontinued operations) <sup>@</sup>	347	36 <sup>#</sup>	+863.9%	347	482 <sup>#</sup>	(28.0%)
Net profit attributable to owners of the parent						
- Current period (Including discontinued operations) <sup>@</sup>	2,096	144	+1,355.6%	2,096	431	+386.3%
- From continuing operations	336	32 <sup>#</sup>	+950.0%	336	436 <sup>#</sup>	(22.9%)
Net profit attributable to owners of the parent after deducting one-off non-operating items						
- Current period (Including discontinued operations) <sup>@</sup>	398	144	+176.4%	398	417	(4.6%)
- From continuing operations	359	32 <sup>#</sup>	+1,021.9%	359	421 <sup>#</sup>	(14.7%)

# Restated

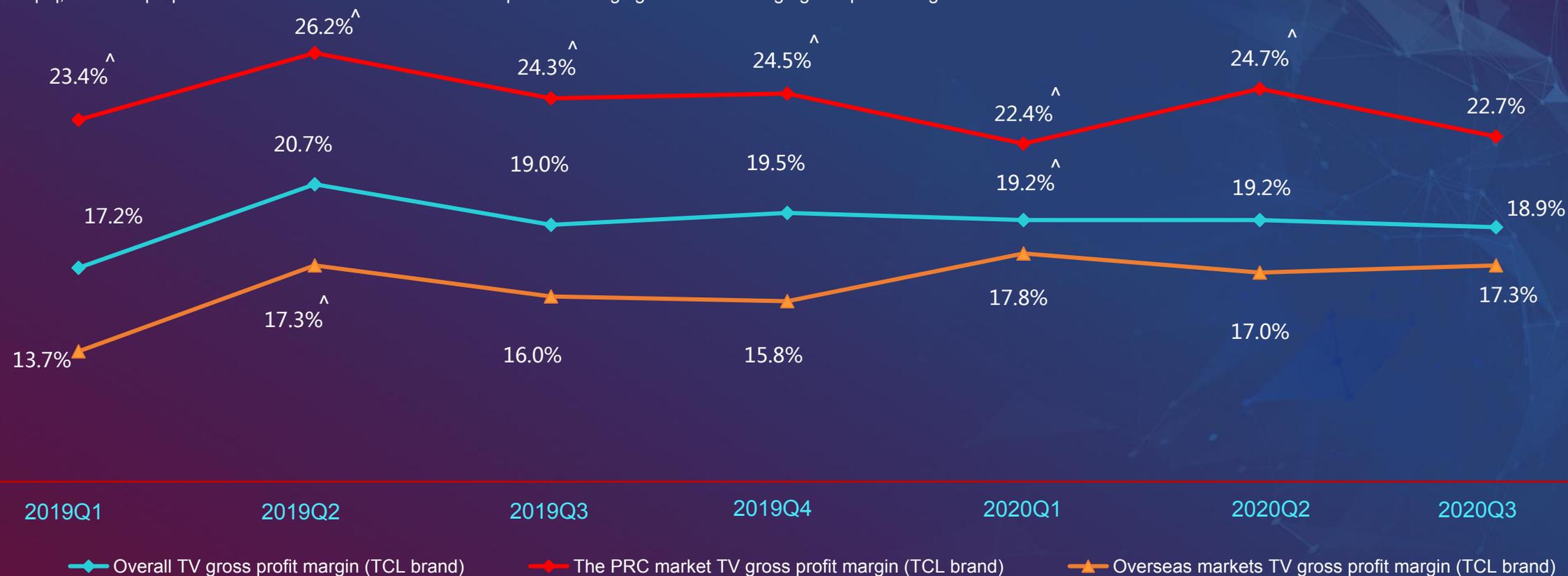
@ Discontinued operations mainly refer to the TV ODM business, disposal has been completed by the end of August 2020



# TV Gross Profit Margin

Despite the pandemic impact on the global economy this year, the Group's gross profit margin of the TCL brand TV was still able to remain relatively stable throughout the first three quarters.

- The Group's gross profit margin of TCL brand TV in the PRC market decreased 2.0 p.p. qoq, mainly due to the Group's domestic marketing strategy adjustment and rising prices of TV panels.
- The Group's gross profit margin of the TCL brand TV in the overseas markets in Q3 increased by 1.3 p.p. yoy, which was attributable to the optimisation of product mix in Europe and emerging markets, leading to a higher gross profit margin year on year, and grew wider by 0.3 p.p. qoq, because proportion in overseas sales volume of Europe and emerging markets with high gross profit margin increased.



<sup>^</sup> Restated



# Consolidated Statement of Financial Position Highlights

Sound financial position and sufficient cash

(HK\$ million)	30 September 2020	31 December 2019	Change
<b>Non-current assets</b>	10,168	5,676	+79.1%
<b>Current assets</b>	40,192	27,646	+45.4%
- Trade receivables	8,985	5,994	+49.9%
- Cash and bank balances	8,677	8,195	+5.9%
<b>Current liabilities</b>	34,199	21,156	+61.7%
<b>Net current assets</b>	5,993	6,490	(7.7%)
<b>Non-current liabilities</b>	1,416	229	+518.3%
<b>Net assets</b>	14,745	11,937	+23.5%
<b>Net assets value per share (HK\$)</b>	5.83	4.90	+19.0%



# Key Financial Indicators

Increased proportion of overseas supply chain and inventory turnover increased accordingly

Customers were affected by the epidemic and credit period extended to support customers' development

	30 September 2020	31 December 2019	Change
<b>Inventory turnover (days)<sup>1</sup></b>	55	51 <sup>^</sup>	4
<b>A/R turnover (days)<sup>1</sup></b>	36	29 <sup>^</sup>	7
<b>A/P turnover (days)<sup>1</sup></b>	65	55 <sup>^</sup>	10
<b>Cash conversion cycle (days)</b>	26	25 <sup>^</sup>	1
<b>Current ratio (times)</b>	1.2	1.3	(0.1)
<b>Gearing ratio (gross)(%)<sup>2 5</sup></b>	44.6	16.2	28.4 p. p.
<b>Gearing ratio (net)(%)<sup>3</sup></b>	0 <sup>4</sup>	0 <sup>4</sup>	–

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 and lease liabilities/ 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 and lease liabilities - Cash and bank balances - restricted cash

4 As at 30 September 2020 and 31 December 2019, gearing ratio (net) was 0% as the Group's cash and bank balance, restricted cash and pledged deposits were higher than the total interest-bearing borrowings and lease liabilities

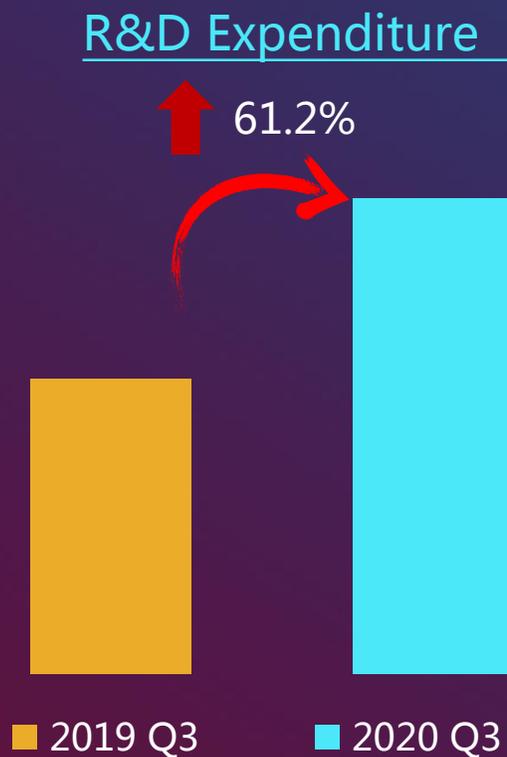
5 New bank loans borrowed mainly due to investment on increasing production capacities in factories

<sup>^</sup> Restated



## R&D Expenditure

- The R&D expenditure in 2020 Q3 was up by 61.2% yoy. Besides increased expenditure on software development for upgrading products and service, the consolidation of new businesses occurring in Q3 also contributed to increased R&D expenditure during the above period. ( Consolidation time: TCL Communication from September 2020 and Danbay from July 2020, which is an intelligent service provider of Internet of Things )
- By September 2020, headcount in R&D center increased by 66% versus the same period of last year, mainly due to new hiring of software talents for AI, smart home and open software platform, etc.. The headcount of software staffs increased by 106% yoy



### Eagle Lab



4

Global  
Technology  
Centers



400+

AI  
Algorithms  
teams



200+

Big data  
cloud  
platform

PART 02

Business Review



Products  
Business



Application  
Services



C8 Zhizhen QLED TV



## TCL Electronics' Development Strategies

**With “smart display” as the core and  
5G+AI x IoT as the driver for technology,  
Create all-scenarios smart healthy life for customers,  
Aim to be the leading global intelligent technology company**

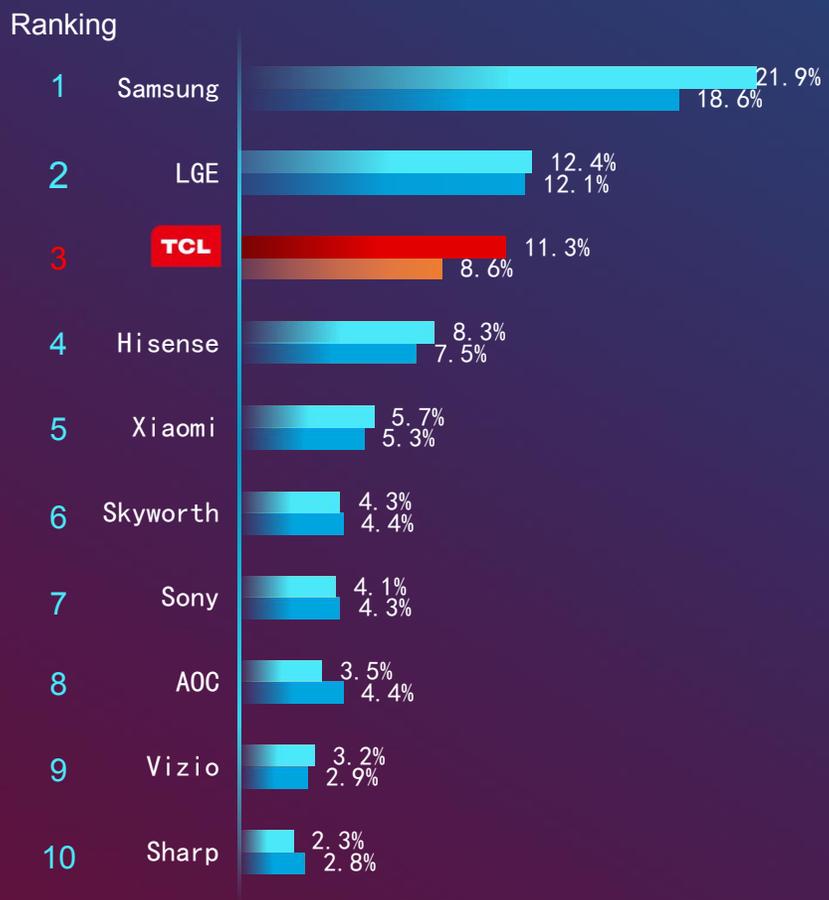
# Global and the PRC Market Shares & Rankings in Q3



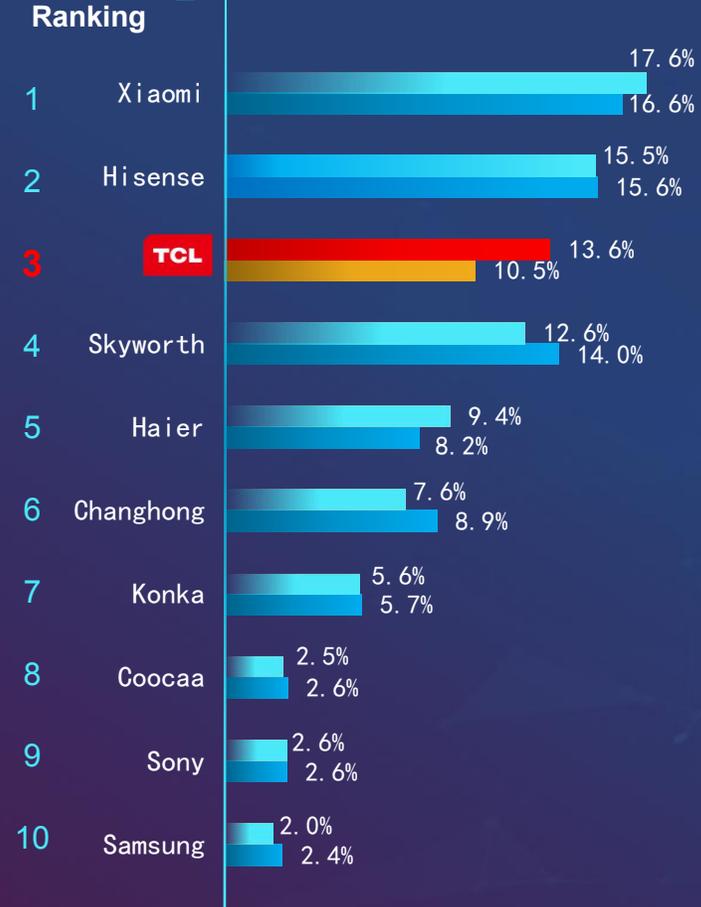
**TCL brand TV market share in terms of sales volume remained Top 3# globally**

**TCL brand TV market share in terms of revenue and sales volume ranked No. 2\* and No.3\*, respectively in China**

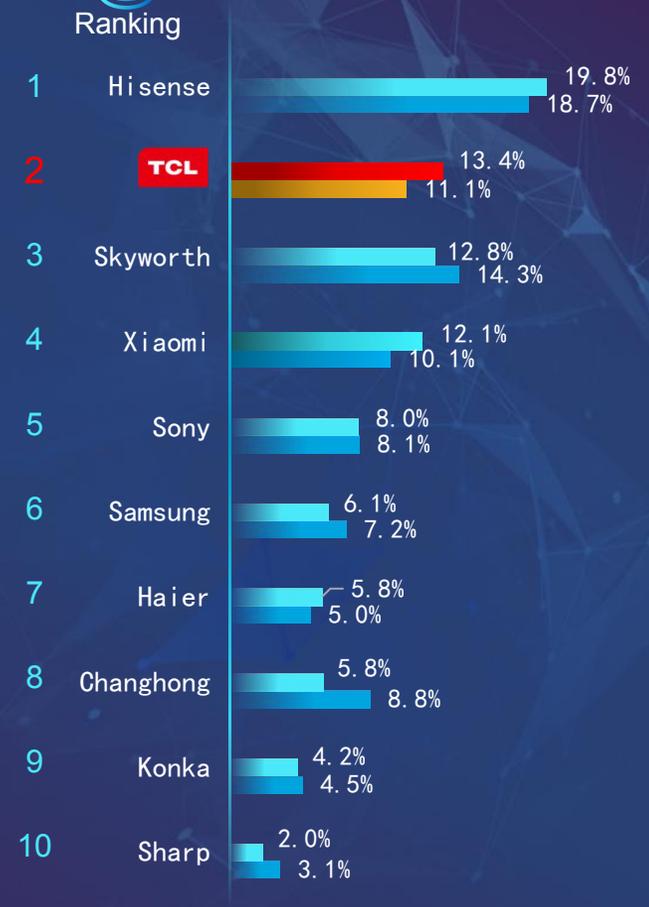
**Market share of sales volume**



**Market share of sales volume**



**Market share of revenue**



# Source : Sigmaintell

\*Source : CMM omni-channel data

■ 2020 Q3 ■ 2019 Q3



# TCL Brand TV Business in Overseas Markets

Sales volume, revenue and gross profit grew up despite the slide in overall market and operating profit margin increased by 1.6 p.p. yoy in Q3

### Q3 Revenue yoy



### Q3 Revenue qoq (HK\$ million)



### Q3 Gross Profit yoy



### Q3 Gross Profit qoq



## Sales Volume

In 2020 Q3, sales volume of TCL Brand TV increased by **81.3%** and increase against the market downtrend qoq by **31.4%** to near **5.52M** sets; sales volume of TCL brand TV in the first three quarters reached **12.83M** sets, which was up by **26.8%** yoy; sales volume of quantum dot TV has significantly increased.

### North American markets

Sales Volume in 2020 Q3

**133.6% yoy** ↑  
**12.7% qoq** ↑

Ranking from Jan to Sep., 2020

The US market: 2<sup>nd</sup>#  
Canada market: up to 3<sup>rd</sup>#  
Mexico market: up to 4<sup>th</sup>#

### Emerging markets

Sales Volume in 2020 Q3

**24.5% yoy** ↑  
**52.8% qoq** ↑

Ranking from Jan to Sep., 2020

Pakistan market: up to 1<sup>st</sup>\*  
Australia/Philippines market: up to 2<sup>nd</sup>\*  
Morocco market: up to 3<sup>rd</sup>\*  
Brazil/Thailand/HK/Argentina: up to 4<sup>th</sup>\*  
Vietnam market: 4<sup>th</sup>\*

### European markets

Sales Volume in 2020 Q3

**204.3% yoy** ↑  
**68.0% qoq** ↑

Ranking from Jan to Sep., 2020

France market: 3<sup>rd</sup>\*  
Gain market share by sales volume in Germany/Poland/Italy/UK yoy\*

Sales Volume of TV with 65-inch and above screen

**+106.7% yoy** ↑

Proportion of 4K products

**53.0%** ↑  
**47.6%** ↑ **+5.4 p.p.**

Proportion of Smart products

**92.5%** ↑  
**83.6%** ↑ **+8.9 p.p.**

Average size (inch)

**44.4** ↑  
**43.8** ↑ **+0.6 inch**

■ 2020 Q3  
■ 2019 Q3

Growth and proportion of high-end products & average size of products

# Source : NPD

\* Source : GfK



# TCL Brand TV Business in Overseas Markets

Continuously penetrated in key overseas markets, rankings of market share increased yoy in over 15 major countries and regions around the world



Ranking of Market Share by Sales Volume Continuously Rising in Different Markets for the period of Jan. to Sep., 2020.

Data from: GfK, (North America: NPD)

Notes : market share ranking for the first three quarters in 2020 versus the same period in 2019



# TCL Brand TV Business in North America

Sales volume continued to increase in the N.A., channel structure was further optimized and Google TV was officially launched in the U.S.



Sale volume in the U.S. remained strong growth for the first three quarters and remained No.2 in the market.

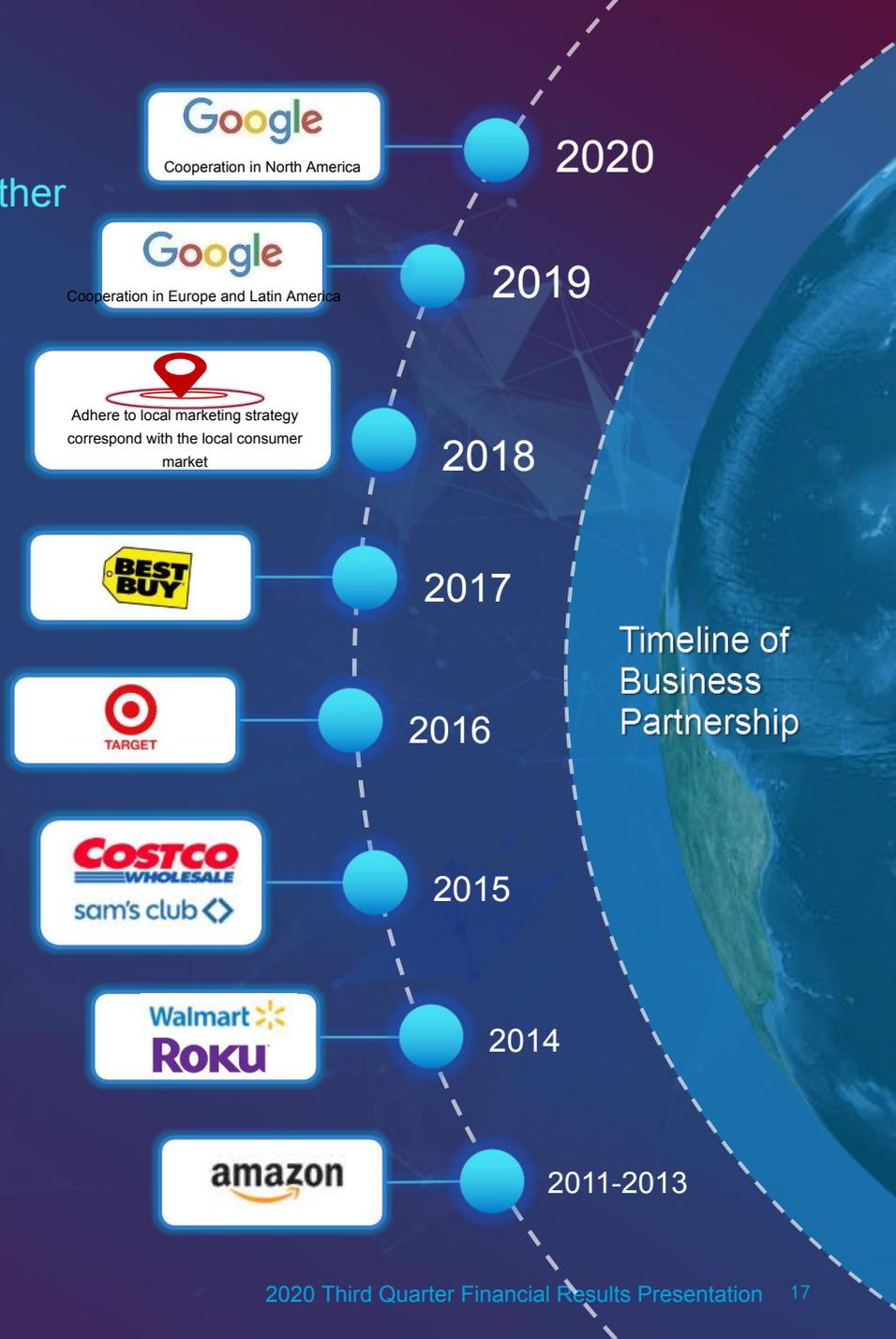


Further optimization of channel structure in the US market. By sales volume, the proportion of mid-to-high end channels such as BestBuy and Target increased by 9.5 p.p. ; As the product structure optimized, 4K products penetration rate increased 4.3 by p.p. for the first three quarters.



Prominent International Market Position, Established Strategic Cooperation with International Internet Giants

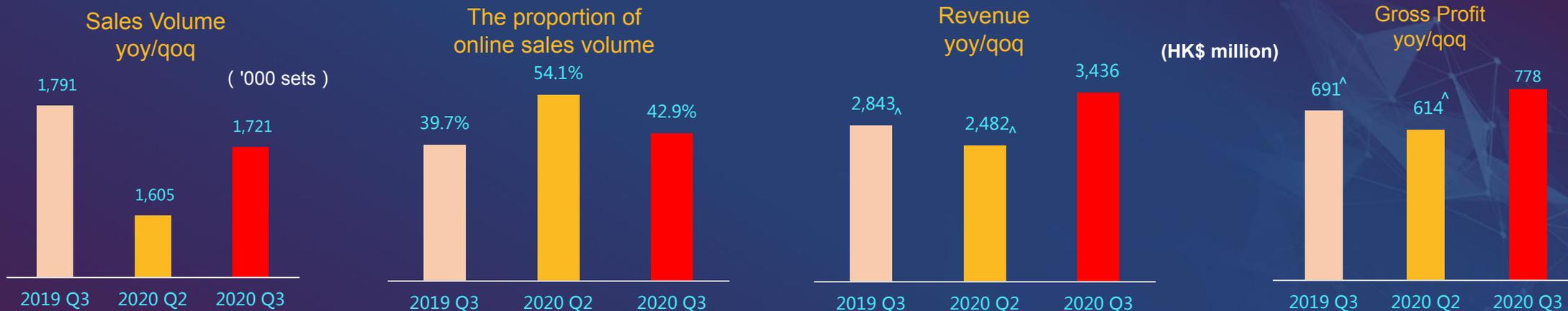
- The Largest streaming media platform in North America, Roku: The Company started partnership with Roku back in 2014 and has become Roku's largest TV business partner on global wide. Now the partnership is about to extend to other international markets.
- The Internet Giant, Google: Cooperation with Google in Europe, Latin America and other regions was started in 2019; And in June 2020, the TCL Android TV was first launched in American market, which indicates the cooperation with Google has spread to major markets around the world. The Company is aiming to become Google's largest TV business partner.





# TCL Brand TV Business in the PRC Market

Market share by both revenue and sales volume in the PRC grew against the market downward trend in Q3, ranking No.2 # and No.3 #, respectively



**Sales volume:** The Company proactively seized the opportunities of market recovering after the pandemic , by continuing to enhance online channels, adjusting offline channels and product strategy, the sales volume of TCL brand TV in Q3 was decreased year on year, still outperforming the industry average in PRC market\*, but sequentially increased by 7.2% to 1.72M sets.

- By sales volume, proportion of TV with 65-inch and above size screen increased quickly to 17.2% in Q3
- The proportion of online sales volume rose to 42.9% in Q3, an increase of 3.2 p.p. yoy



**Revenue:** By continuing adjusting sales channels actively in Q3 and strengthening on click-and-mortar, the Company made overwhelming achievement in both online and offline sales and the revenue of TCL Brand TV reached HK\$ 3.44 billion in Q3, which increased by 20.9% yoy and by 38.5% qoq.



**Gross Profit Margin:** In the face of the epidemic, the Company actively coped with the dynamic situation and adjusted the domestic marketing strategy and additionally, TV panel price went up in Q3. As a result, the gross profit margin of TV in the PRC market decreased 2.0 p.p. qoq to 22.7% in 2020 Q3.



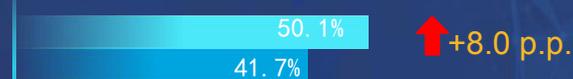
TCL Brand TV's price index ranked No.2 among China's First-tier Brands in the first three quarters of 2020#

# Source : CMM omni-channel data

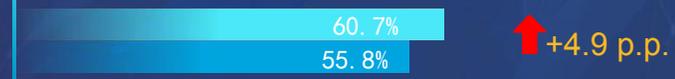
<sup>^</sup> Restated

\* According to CMM omni-channel data, the sales volume of TV industry in PRC market in 2020 Q3 decreased by 8.9% yoy.

55 inch and above large screen



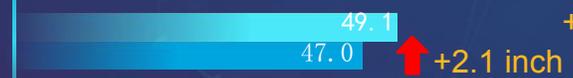
Proportion of 4K products



Proportion of smart products



Average size (inch)



■ 2020 Q3 ■ 2019 Q3



# Mobile Phones and Services



**Revenue:** In September 2020, revenue from the mobile phone and services by business reached **HK\$897.9** million, a yoy increase of **8.0%**, of which revenue from TCL brand smartphone increased by **215.5%** yoy.



**Sales Volume:** The Group continued to leverage on its advantages in carrier distribution channels. In September 2020, sales of TCL brand smartphones increased by **22.3%** yoy.



**Global Rankings of the Sales Volume of Mobile Phone:**  
America**No.5** Australia**No.6** Europe**No.6** Latin America**No.7**



In October 2020, together with Verizon, the largest telecom operator in America, the Company launched the **first TCL brand 5G mobile phone** in the U.S., which supports Verizon's 5G mmWave and sub-6GHz 5G Nationwide.



TCL Exclusive NXTVISION Technology  
( The Right Picture )



TCL 10 5G UW  
Mobile Phone

Note: The above rankings are from the IDC ranking data in 2020 Q3.

TCL 10<sub>5G</sub>

DISPLA Y GREATNESS



The First TCL brand  
5G Mobile Phone  
TCL 10 5G

TCL 10<sub>Pro</sub>



Be Perfect in Both Internal  
and External  
TCL 10 Pro

TCL 10<sub>L</sub>



Ultra High  
Performance Ratio  
Light Flagship TCL 10



# Other Smart Electronic Consumer Products ◆Routers



## Revenue:

- In September 2020, revenue from smart tablet reached HK\$**149.5** million, with a yoy increase of **25.4%**
- In September 2020, revenue from routers and other smart connection products reached HK\$**118.6** million, a yoy increase of **115.5%**



## Sales Volume:

- In September 2020, sales volume of smart tablet increased by **20.7%** yoy
- In September 2020, sales volume of routers and other smart connected products increased by **144.7%** yoy



Global Rankings of the Sales Volume of Smart Tablet:  
 America**No.4** Europe**No.5** Latin America**No.7**



LINKHUB 5G Home Station



LINKHUB Mesh WiFi AC1200



LINKHUB WiFi Router AC1200

## ◆Smart Tablet



A 4G tablet that fits in your pocket  
Alcatel 1T 7



Tablet with Blu-ray Fitter for Childrens  
Alcatel TKEE Mini



light-weighted Large Screen  
Alcatel 3T 8

## ◆Smart wearable devices



MoveTime Smart Watch



MoveTrack Pet Tracker



For Sport True wireless earphone

Note: The above rankings are from the IDC ranking data in 2020 Q3.

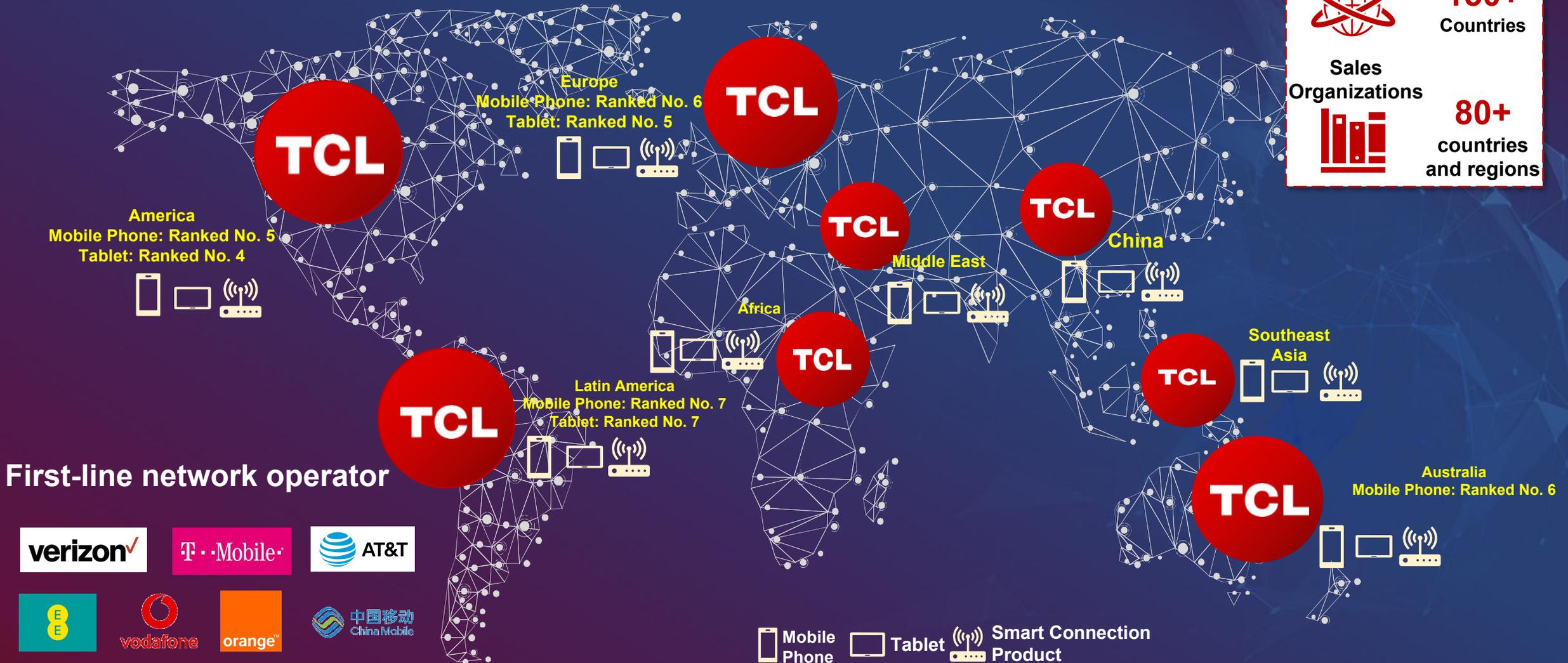


# Global Layout for Mobile Phone and Other Smart Consumer Electronics Business

Deep penetration in overseas markets with focus on North America, Europe and Latin American markets where strong partnership with local major carriers have been established

**Business Coverage**  
 **150+**  
 Countries

**Sales Organizations**  
 **80+**  
 countries and regions



Note: The above rankings are from the IDC ranking data in 2020 Q3.

PART

02

Business Review



Products  
Business



Application  
Services

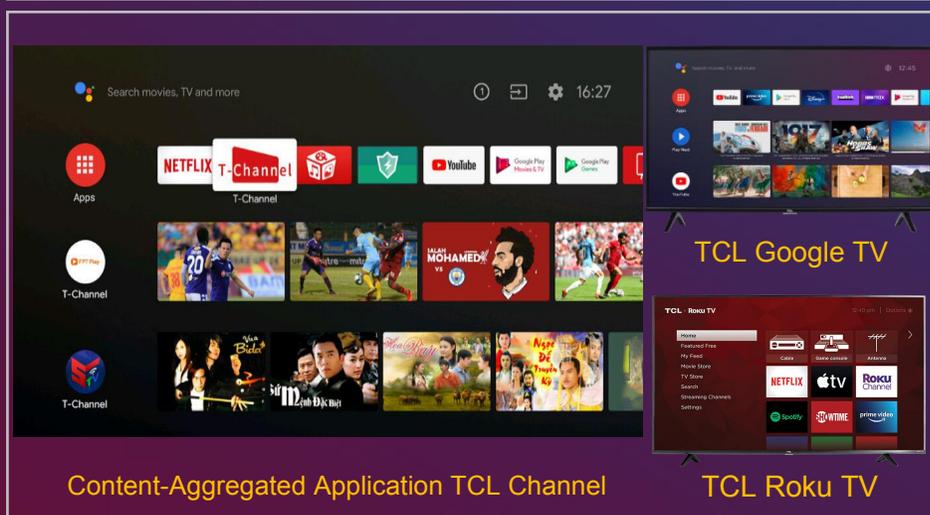
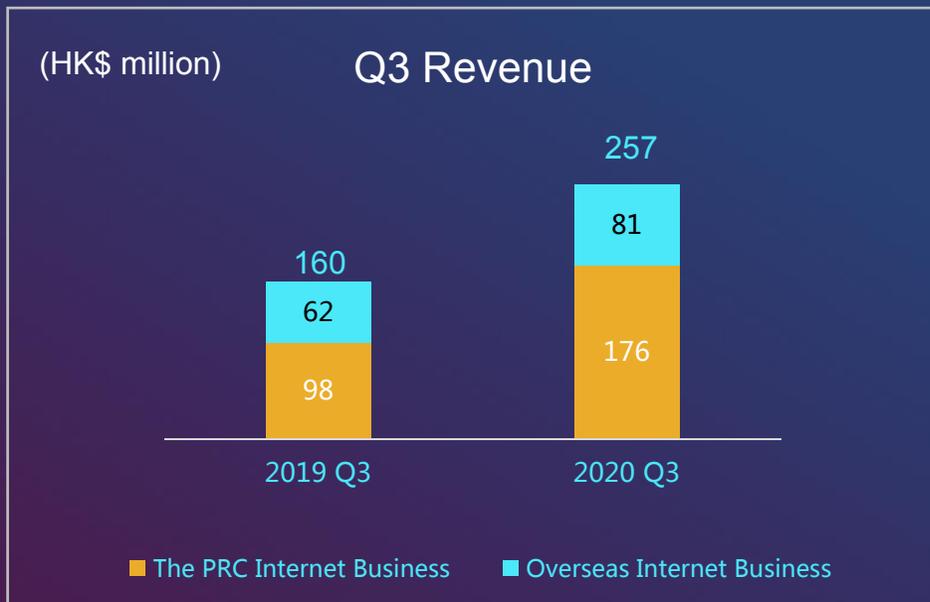


P9 Hollywood Theater TV



# Internet Business

In 2020 Q3, the global Internet business revenue increased rapidly by 62.1%\* yoy and profitability was significantly enhanced



## The PRC Market

Mainly about Falcon Network Technology, which is responsible for development and operation of TCL's smart TV OS.

In 2020 Q3, the revenue was HK\$176 million, up by 80.9%\* yoy. The monetization capability continued to enhance:

- Revenue of Membership increased by 82.3% yoy
- Revenue of Advertising Business increased by 9.2% yoy
- Revenue of Value-added Business increased by 300.0% yoy

## Overseas Markets

Cooperate with global Internet giants such as Roku, Google and Netflix to provide users with perfect service experience

In 2020 Q3, the revenue was HK\$81.44 million, up by 32.3% yoy, with a great potential for future growth

In 2020, the group will continue to deepen its global cooperation with Internet giants

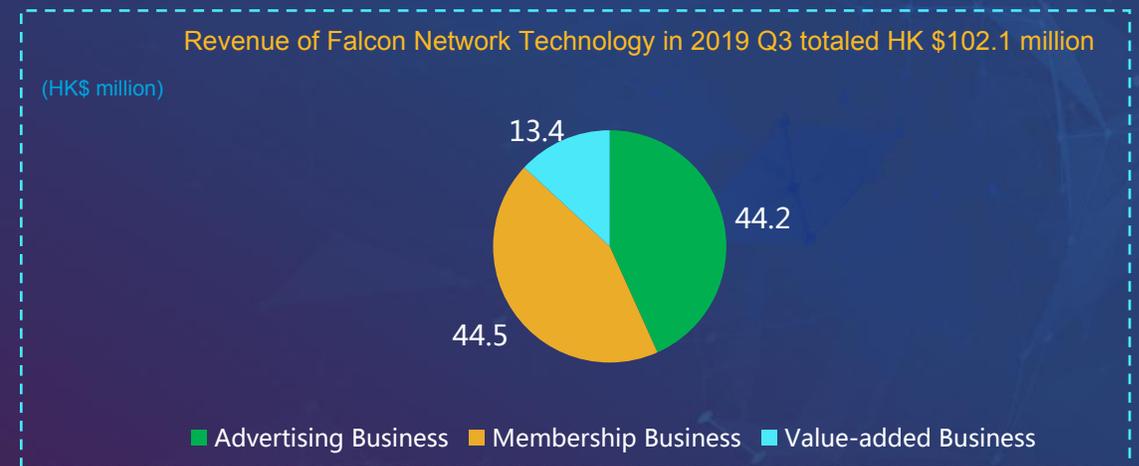
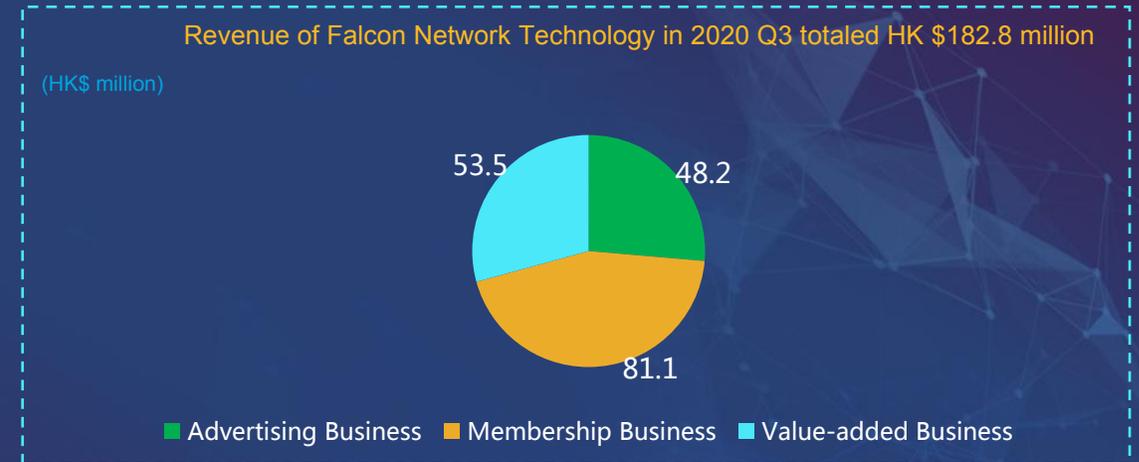
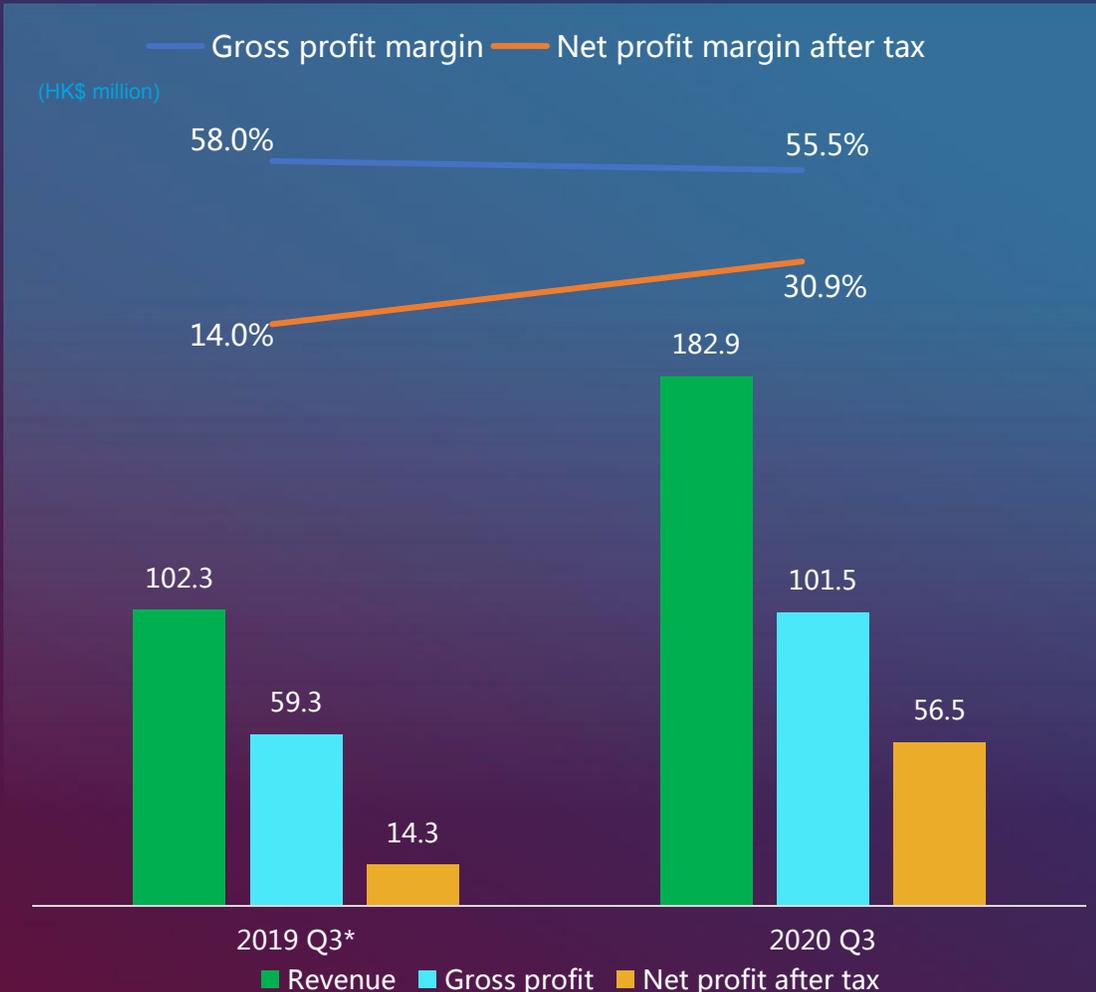
- Google: Android TV began to sell in the US market in June, extending the cooperation across the world.
- Roku: Cooperation is extended to outside North America since July.
- Netflix: Cooperation in global overseas market went effective in 2020
- The content integration application TCL Channel is planned to be launched on TCL Roku TV and Android TV in the U.S. in 2020. By the end of Q3 2020, TCL Channel had entered 12 countries around the world, with Italy, Spain, Ukraine and Australia newly added and has gradually begun to generate income

\* Falcon Network Technology has been consolidated since April 2019.



# Internet Business—Falcon Network Technology

Revenue in Q3 increased by **78.7%** yoy and net profit after tax soared by **293.8%** yoy, demonstrating a stronger profitability



\*Revenue of Falcon in 2019 Q3 which is HK\$102.3M included a small amount of revenue from selling smart products, and the revenue of Falcon in 2020 does not include such business.

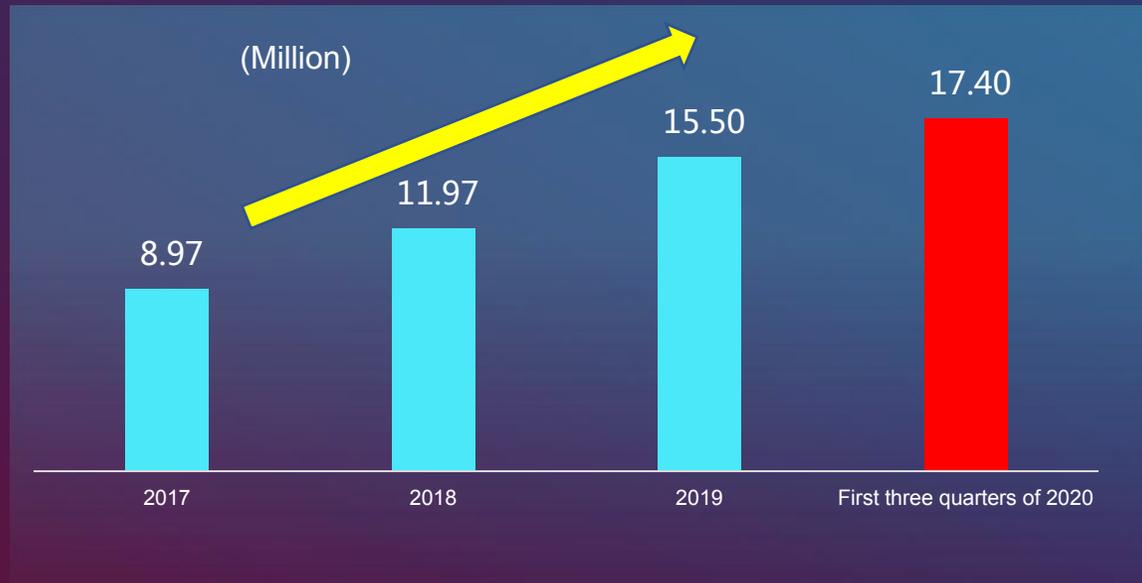
Note: The slight decrease of the gross profit margin of Falcon was mainly, due to continuously enhanced capability to operate its proprietary platform, the proportion of revenue from membership business has significantly increased, while the gross profit margin of membership business is slightly lower than advertising and value-added business.



# Internet Business—Falcon Network Technology

- In the first three quarters of 2020, the monthly average number of active users was at 17.4 million roughly.
- ARPU increased by 36.5% yoy in the first three quarters of 2020

Average Monthly No. of Operative Active Users



ARPU



<sup>^</sup> Restated



# Internet Business——Falcon Network Technology

Explore innovation of product and technology and accelerate expansion of AI×IoT service scenario

## Development within Family Scenario

Broaden entertainments from long video to more than long video, enrich the family's living and service scene

- In addition to in-depth cooperation with major traditional video platforms, Falcon Network Technology has also begun to thoroughly tap into vertical application contents with influential partners, such as short-video giants ByteDance and Kuaishou Technology, and cloud gaming like Huya and Tianyi Cloud, in order to enrich the family scene.
- Short-video viewing time on TCL TV is getting increasingly longer
- Basically completed the content integration for the Great Membership, with access to 6 vertical content partners including TVB, K songs, etc.

- Extended to AI×IoT terminal devices and developed TCL's across-smart-screen operation in order to improve smart home solutions.
- Organized the summer living room film and television Festival and other activities to enhance the fun and playability of the platform. Millions of TV users participated with user active rate increased.
- Set styles for channels, improved interface design and content attraction, in order to offer operational services which conform to user habits and is pioneering in the industry.

Innovate AI×IoT terminal devices to create industry-leading large-screen services

## Operational service improvement

## Innovation of Users Experience

Jointly released the world 's first 5G 8K smart screen, AI enabling to improve experience in scenes

- TCL, together with Falcon, launched the world's first 5G 8K Smart Screen, which innovatively expands home service scenarios including 5G TV, video call, AI fitness, cloud games and big Health.
- Recommendation Algorithms powered by AI are fully applied to applications, and have covered 97.6% of mainstream models and 80% of daily active users.
- With recommendation Algorithms powered by AI, the click-through rate of TCL's selected channels increased by 160% and that of VIP channels increased by 170%.

- TCL Channel is now available in 12 countries with Italy, Spain, Ukraine and Australia newly added
- TCL Channel was named in ROKU's Top Free recommendation list
- The new application, TCL Live, broadcasting live programs was launched in Europe this September

Acceleration in globe-wide promotion of self-developed products and make breakthroughs in overseas business

## Breakthrough in overseas business





# Release the 1<sup>st</sup> 5G 8K Smart Screen in the World

At the 2020 TCL 5G 8K Smart Screen New Product Release Conference held on 18 August, the world's first 5G 8K QLED smart screen, the 85X9 was released, which plans to launched in Q4 2020.

- Full 8K: full set of 8K solutions with 8K screen, 8K algorithm, 8K chips and 8K connections
- 5G contents: watch 8K video online, quick to play without waiting for loading
- 5G video call: Pioneered one-step direct connection of 5G dial-up video call with extremely high speed and fluent experience
- 5G cloud gaming: 5G network enables low-delay cloud games. TCL's cloud gaming ecosystem is allied with five TOP cloud gaming platforms to make hardware, software and content meet the standard of professional gaming devices
- 5G hotspot: 5G 8K smart screens can emit 5G hotspots and there is no worry about multiple devices competing for Internet speed any more
- 5G fitness: Workout can be done at home and demonstrated by real people online. Any movement can be accurately identified and corrected in real time



TCL 85X9 series



# TCL Mini-LED: first to achieve massive production, well recognized by the industry



## 01 TCL 8 Series

- TCL 8-Series Mini-LED TV was awarded The Best Roku TVs for 2020 by the famous American Technology media, Digital Trends.
- “With a 4K HDR QLED display powered by a first-of-its-kind mini-LED backlight, it set a new benchmark not just for Roku TVs, but for all QLED TVs.”
- “The TCL 8-Series can deliver excellent black level.... the 75-inch model has 25,000 mini-LEDs, which gives you a completely new degree of control over contrast. It’s so good that the 8-Series almost achieves OLED-level of pure black.”



## 02 TCL 6 Series

- TCL 6-Series Mini-LED TV was awarded The Best TVs For 2020, Whatever Your Budget, by the American magazine, Forbes.
- “TCL proves time and again that you can make a quality TV for a fraction of the cost of its competitors, and the 6-Series is arguably its best example of that yet.”
- “The TCL 6-Series has surprisingly deep black for a QLED TV, with quantum dots aiding its bright and broad array of colors. Excellent contrast ratio is great for movies, TV, and games, and local dimming is robust and capable, making HDR-supporting content really pop where it counts.”



# Comprehensive Strength Gained High Recognitions

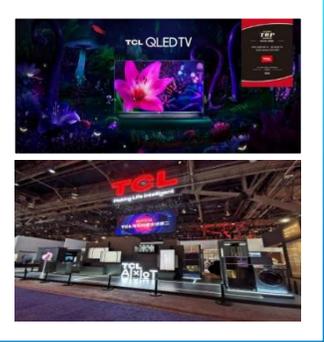
**Expert Imaging and Sound Association (EISA) fully affirmed the audio and visual quality of TCL products**

- QLED TV C815 series and RAY•DANZ soundbar were awarded "Best Buy TV – 2020-2021" and "Best Buy Soundbar – 2020-2021", respectively by EISA. The audio and image quality of the product is absolutely endorsed.
- TCL 9 Series RAY•DANZ soundbar won the "iF Design Award 2020", showing the company is well recognized not just for its leading image technology, but also for its audio equipment.



**Awarded 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



**Various kinds of awards and recognition on multiple high-end smart TVs**

- TCL•XESS Smart Screen won the "AWE2020 Best Product Award " at AWE 2020
- At the Universal Smart Display Leaders Summit and CRC 56th Annual Research Conference on Color TV Industry in 2020, TCL C8 Zhizhen QLED TV and TCL X10 8K QLED TV were both selected as "Innovative Product Guide for Electronic Video Industry 2020"



**Ranked No. 8 in Top 100 Chinese Brand Value and No. 1 in China's TV manufacturing industry by R&F**

- According to the 2020 (The 26st) Chinese Brands Evaluation Of Top 100, TCL brand was evaluated at RMB102.583 billion, ranked No. 8 in the Top 100 Brand Value and ranked No. 1 in China's TV manufacturing industry, which further confirms the brand strength of TCL.



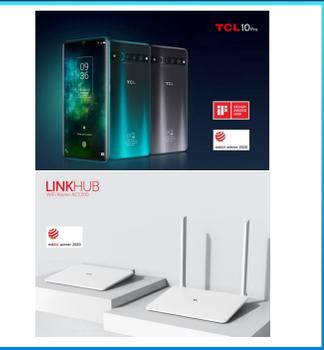
**Falcon Network named "Top 100 Startup Companies Mostly Attended to by Chinese Investors in 2020"**

- Falcon Network is listed in "Top 100 Startup Companies Mostly Attended to by Chinese Investors in 2020", which is released by 36Kr.
- 36Kr believes that all the companies on the list lead the innovations in various business fields in China, not only gaining extensive attention from investors, but also leading the direction of new economic wave



**Smart Mobile Products Awarded the 2020 Design Award by "iF" and "Red Dot"**

- TCL10 Pro Smartphone was awarded the "iF Design Award 2020" and "Red Dot Design Award 2020"
- TCL AC1200WiFi Router was awarded the "Red Dot Design Award 2020"



PART 03

Outlook

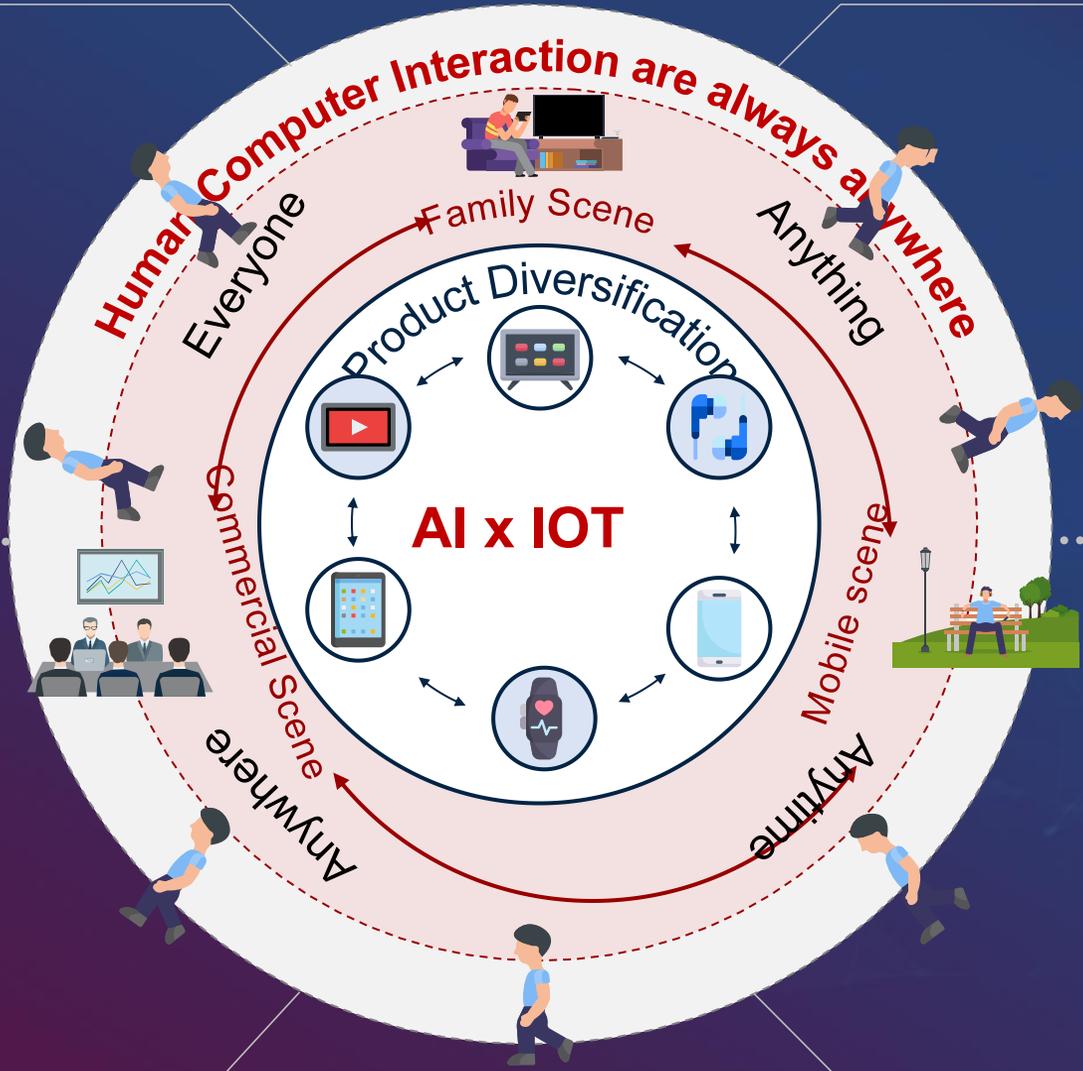


**75X10**

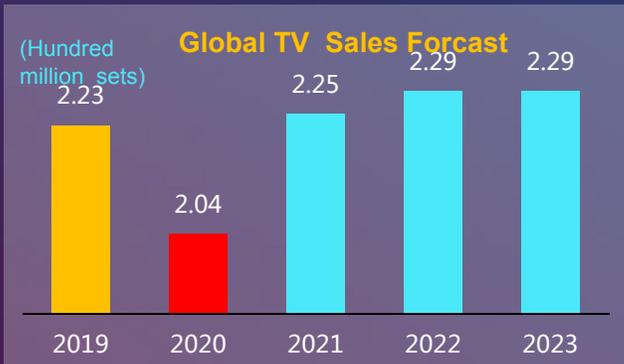


# After Business Transformation, TCL Electronics Will Become a Smart Technology Company with Multiple Products Applied in All Scenarios

## Access to an over trillion-RMB market



### TV



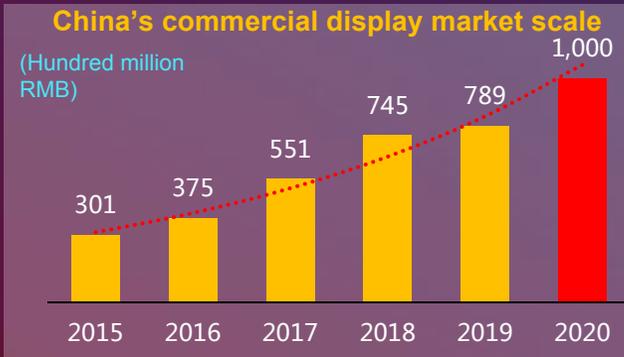
Source : IHS

### Mobile phone



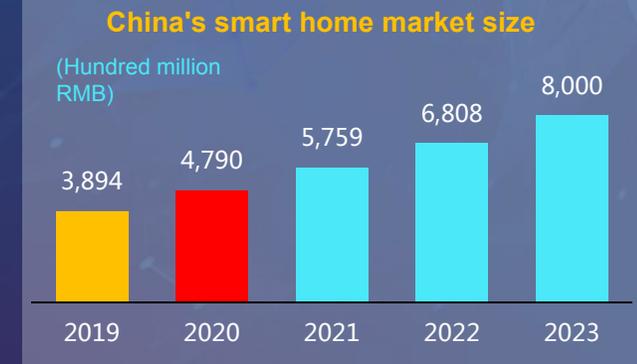
Source : IDC

### Commercial Display



Source: AVC Revo

### Smart home



Source: All View Cloud



# Development Strategy in the Future

To create all-scenario smart life for users with "AI x IoT" strategies  
Devote to becoming the world's leading smart technology company

## Develop the global market with TCL brand



Deepen the synergic advantage in the industrial chain integration  
Continue to gain market shares in both domestic and overseas markets

## "Product + Service, Smart + Internet"



Accelerate the development of global Internet business  
Expand user base and continue to increase ARPU



Application service will contribute **50%** profits by 2023

Family scenario



## 1、 Smart TV

Become a global leader in terms of sales volume, 5G+8K, smart screen in 2023

## 2、 Household Internet

Domestic: Develop new business, increase ARPU  
Overseas: Become the largest TV partner of both Google and Roku

Mobile scenario



## Mobile phone / tablet / smart connection / smart wearable

A leading Chinese company in the overseas operator market  
Seize the opportunities of 5G development  
Synergize with TV business in technology, brand and channel  
Remain rapid growth of tablets and smart connections products

Commercial scenario



## Commercial display

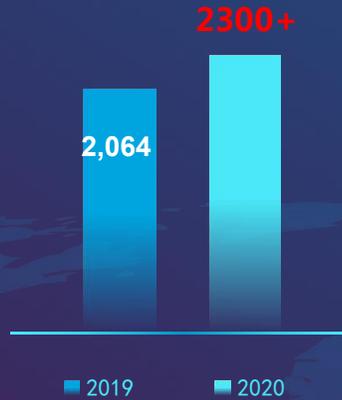
- A blue ocean market with hundreds of billion RMB scale
- 1+1+N business model
- Focus on smart conference and smart business scenarios



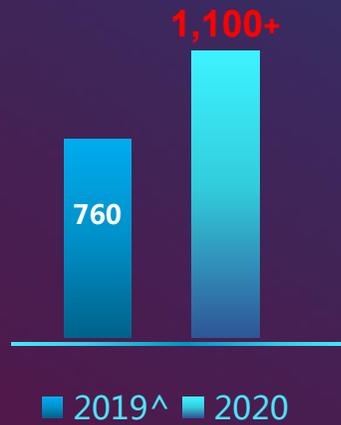
# Outlook for 2020



TCL brand TV sales volume ('0000 sets)



Revenue from Internet Business (HK\$ Million)



The speedy development of 5G technology will push forward the comprehensive intelligent upgrade of the display industry. With smart display business as the core, we will stick to the goal of “Display on things !”, to build up all-scenario intelligent and healthy life, from family scene, mobile scene to commercial scene. By continuously increase R&D investment and enhance product innovation, we plans to achieve a global leading position in TV business and make breakthrough in smart mobile business scale and in the meantime, we will proactively propel digitalized transformation, and expand Internet value-added service revenue.

We are confident and determined to be a leading company in the world, to provide users with multi-screen real-time interaction, products and services with all-scenario intelligent perception, and to bring long-term growth and returns to our shareholders. In 2020, we estimate we could maintain double-digit yoy growth in revenue and profit.

\* Includes the full-year revenue of Falcon Network Technology for the period of Jan. to Dec. 2019; Falcon Network Technology has been consolidated since April 2019.

# Q&A



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