

INSPIRE GREATNESS

2024 Interim Results

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)

TCL

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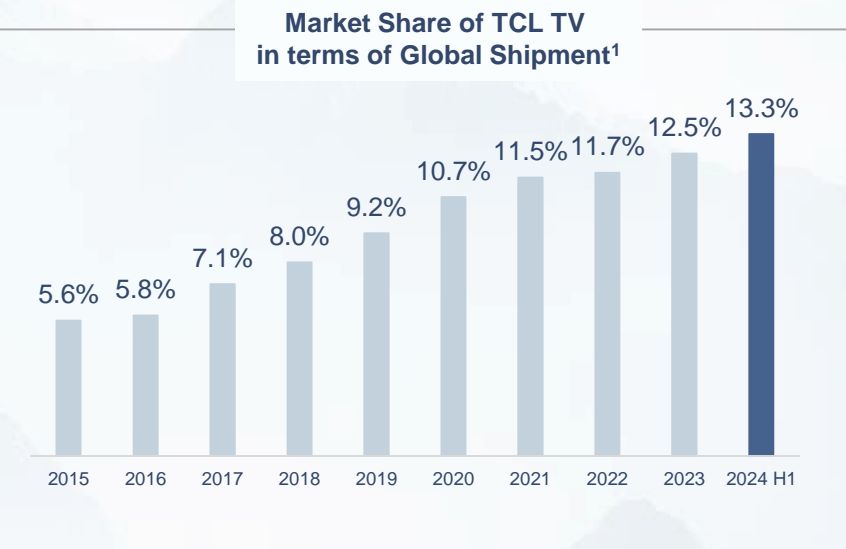
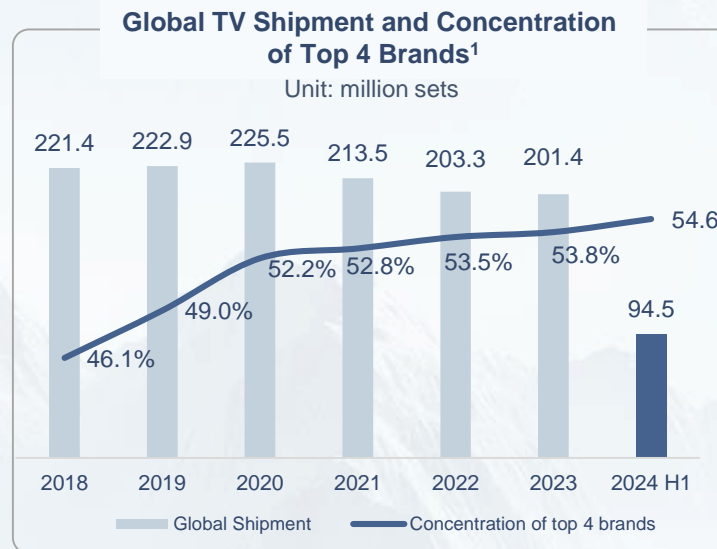
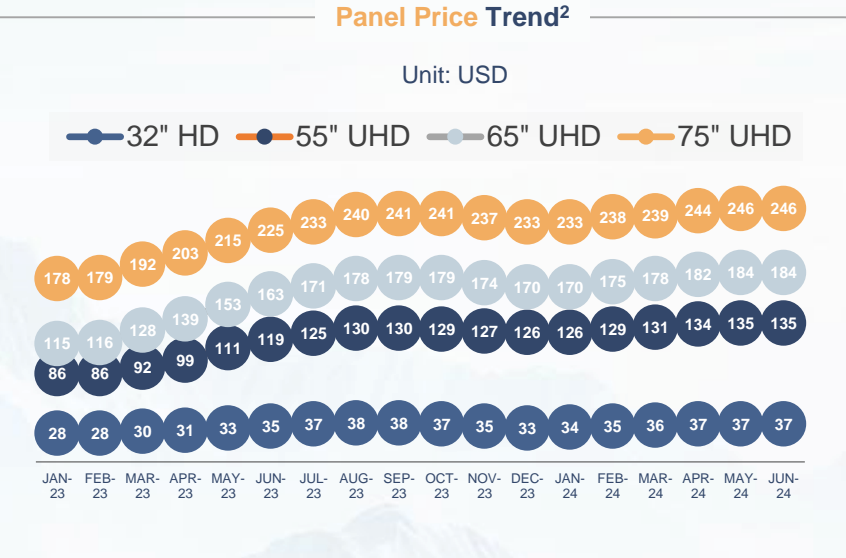
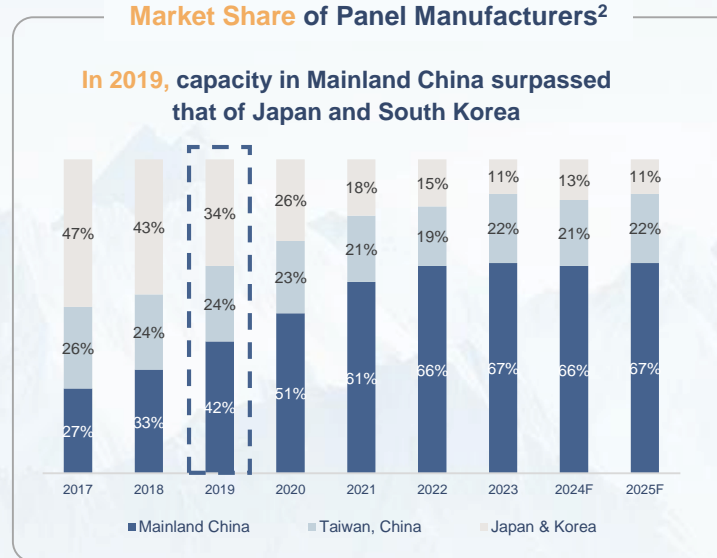
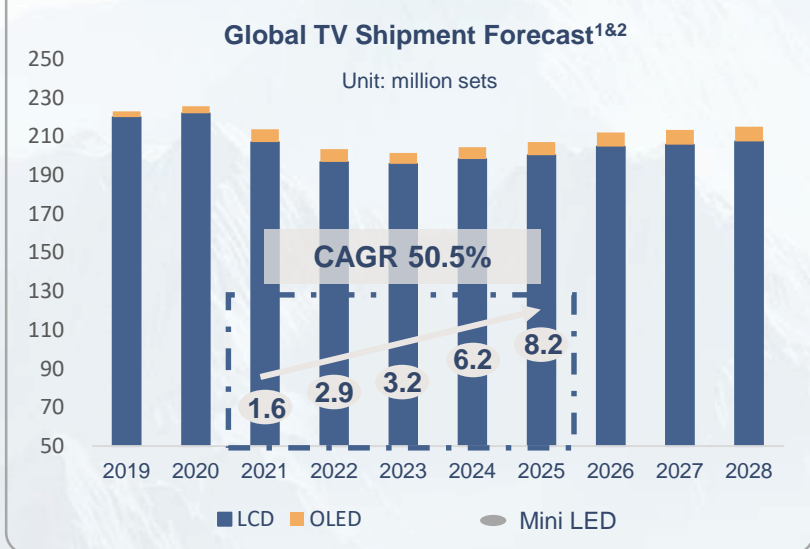
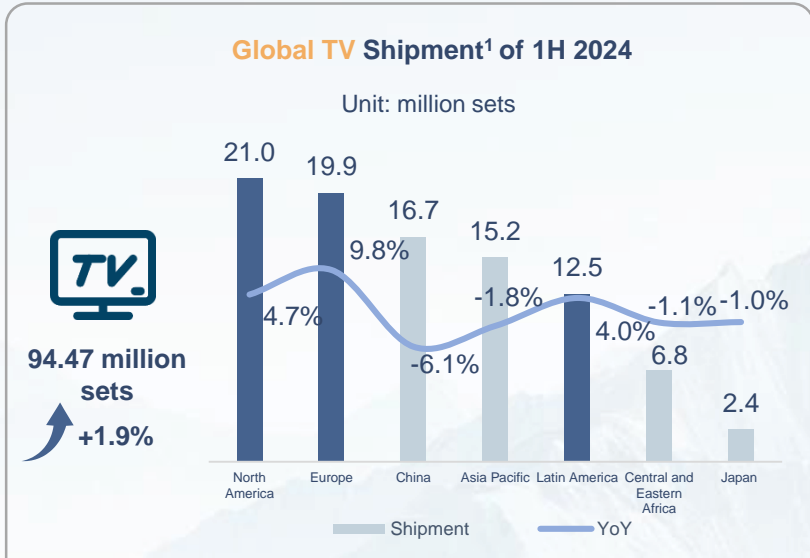


01

Market Environment



Market Environment | Global TV Demand Remains Stable. Growth of Mini LED Market Accelerates. Market Concentration of Top Brands Continues to Rise. Panel Production Capacity is Shifting to Chinese Players as Competition Landscape Stabilises. Chinese TV Brands Have Advantages to Continue to Increase Global Market Share

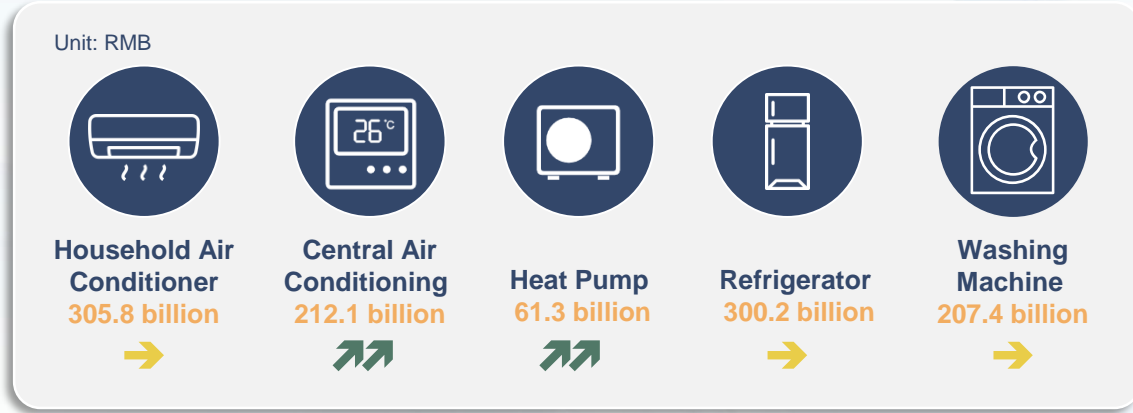


Source: 1. Omdia 2. Sigmaintell, the market share is calculated based on the global TV panel shipment

Market Environment | Scale of Air Conditioners, Refrigerators and Washing Machines Remains Stable. Global Brand Distribution Business Shows Strong Synergistic Growth; Enormous Growth Potential for New Business Sectors **TCL**

Market size of air conditioners, refrigerators and washing machines remains stable¹, significant market to explore for distribution business

Annual growth forecast for 2023-2028 >5% 2-5% 0-2%



Smartphone and Tablet Markets² Stabilised and Recovered in 1H 2024



Global smartphone shipment of 691 million in 1H 2024

+8.4% yoy



Global tablet shipment of 64 million in 1H 2024

+10.0% yoy

The growth of niche new business sectors presents both opportunities and uncertainties



New Energy PV Market and Forecast

Newly installed PV capacity in China in 1H 2024³
of which: distributed PV newly installed³

102GW
+31% yoy
53GW
+29% yoy

Forecast for newly installed PV capacity in China in 2024³

200GW
+10% yoy

Forecast for global newly installed PV capacity in 2024⁴

474GW
+16% yoy



New Trend

Forecast for Global Shipment of AR/VR Head-Mounted Display in 2024²

9.7 million

+44% yoy

Distribution business of air conditioners, refrigerators and washing machines

Huge space, relatively stable

Increase market share and stabilise profitability

New business sectors

Strong growth potential

Scaling up Second growth curve

Source: 1. The Company's forecast data 2. IDC 3. National Energy Administration 4. Trend Force



02 Overall Results

Continued improvement in revenue and profitability, innovative business becomes new growth driver



Revenue
HK\$45.49 billion
+30.3% yoy



Adjusted profit attributable to owners of the parent¹
HK\$654 million
+147.3% yoy



Gross profit
HK\$7.75 billion
+19.2% yoy



Revenue of innovative business
HK\$13.95 billion
+60.6% yoy

Gross profit margin of innovative business
14.4%
+0.3 p.p. yoy

Optimisation of product structure leading to increase in both sales volume and revenue for TCL TV business in overseas



Global shipment
12.52 million sets
+9.2% yoy
Q2 6.68 million sets
+12.9% yoy **+14.3%** QoQ



Overseas markets shipment
+10.4% yoy
Overseas markets revenue
HK\$17.56 billion
+24.2% yoy



≥75" Global shipment
+34.5% yoy
QLED TV shipment
+64.4% yoy
Mini LED TV shipment
+122.4% yoy

Improved operational efficiency, robust financial position

Overall expense ratio²
13.7%
yoy **↓ 2.0 p.p.**

Gearing ratio³
Remained at 0%

Inventory turnover days
69 days
yoy **↓ 1 day**

Cash conversion cycle
36 days
yoy **↓ 2 days**

Maintained high dividend policy since 2017 to reward shareholders



Dividend payout ratio in 2023
50%

Note: Dividend payout ratio was calculated by adjusted profit attributable to owners of the parent as the denominator

Note: 1. Adjusted profit attributable to owners of the parent is defined as profit attributable to owners of the parent after adding back the following adjustments: (i) (gain)/loss from investment companies, net; (ii) (gain)/loss on disposal and liquidation of subsidiaries, net; (iii) (gain)/loss related to call options and put options, net; (iv) (gain)/loss on disposal of non-current assets, net; and (v) income tax effect
2. The overall expenses includes selling and distribution expenses as well as administrative expenses
3. Gearing ratio was calculated by net borrowings (i.e. total interest-bearing bank and other borrowings and lease liabilities, less cash and cash equivalents, and restricted cash and pledged deposits), divided by equity attributable to owners of the parent

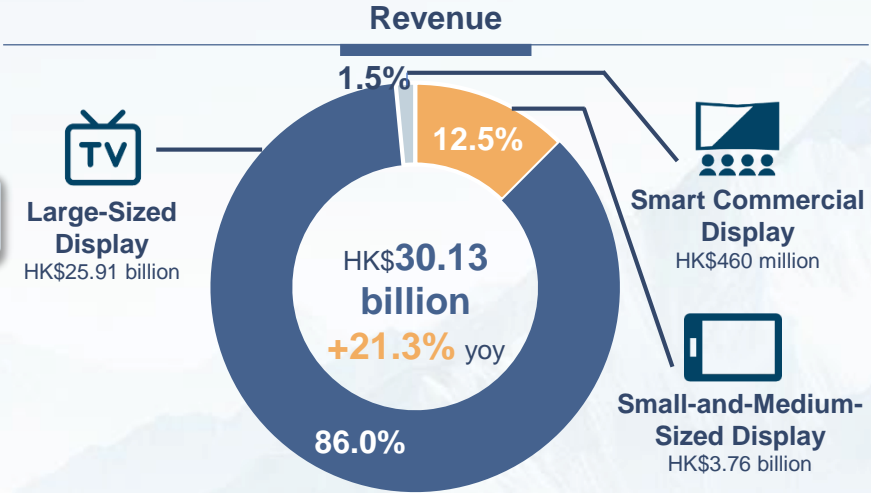
2024 Interim Results Highlights | Global Display Business Grows Despite Headwinds, with Structural Adjustment and Quality and Efficiency Improvement; Innovative Business Continues High Growth



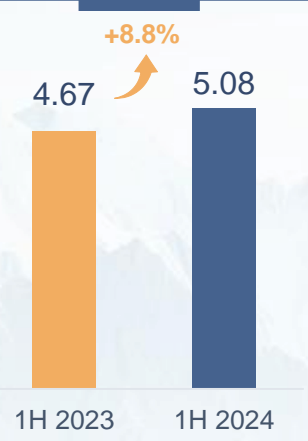
Leveraging global leading advantage in large-sized displays, display business experienced in quality improvement, **gross profit scale continued to increase**

Unit HK\$ billion

Display Business



Gross Profit



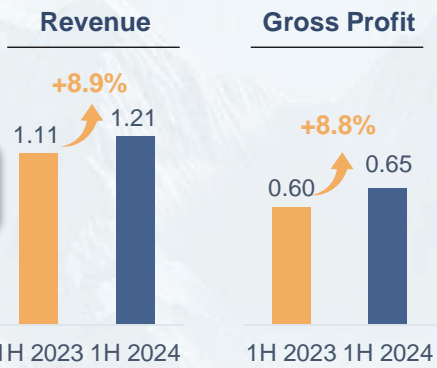
TCL QD-Mini LED TV 115" X11G Max

Internet Business

Maintained high profit margin

Unit: HK\$ billion

Internet Business



Stable gross profit margin, recorded **54.0%** in 1H 2024

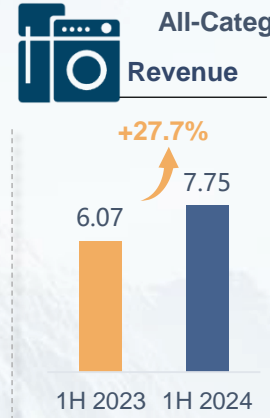
Innovative business continued strong growth, revenue up by 60.6% to reach HK\$13.95 billion, significant improvement in operating quality

Unit: HK\$ billion

Innovative Business



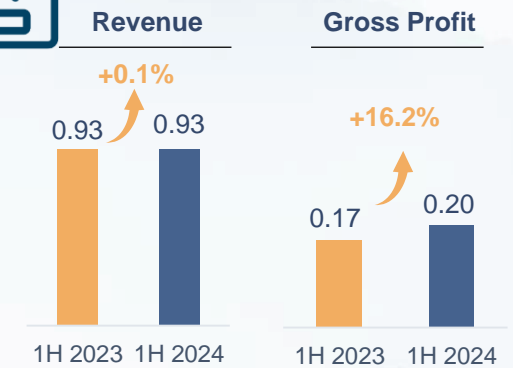
Business scale continued strong growth
Gross profit margin up by **2.7 p.p.** to 10.3%



Scale of distribution revenue increased
Gross profit margin up by **1.1 p.p.** to 16.3%



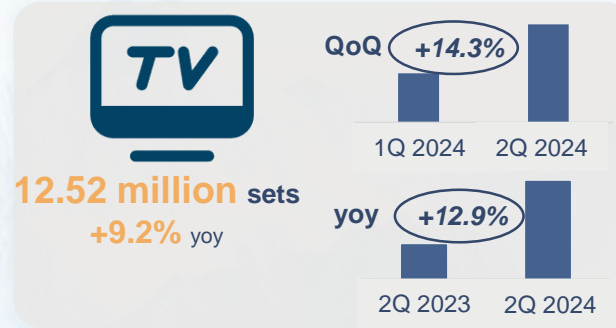
Smart Connection and Smart Home



Continued increase in profitability
Gross profit margin up by **3.1 p.p.** yoy to 21.7%



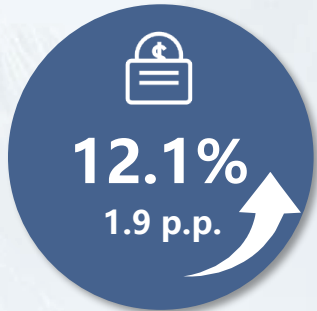
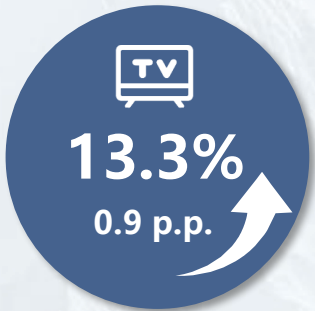
Global shipment of TCL TV **outperformed industry average**^{note}, significant improvement in global brand index



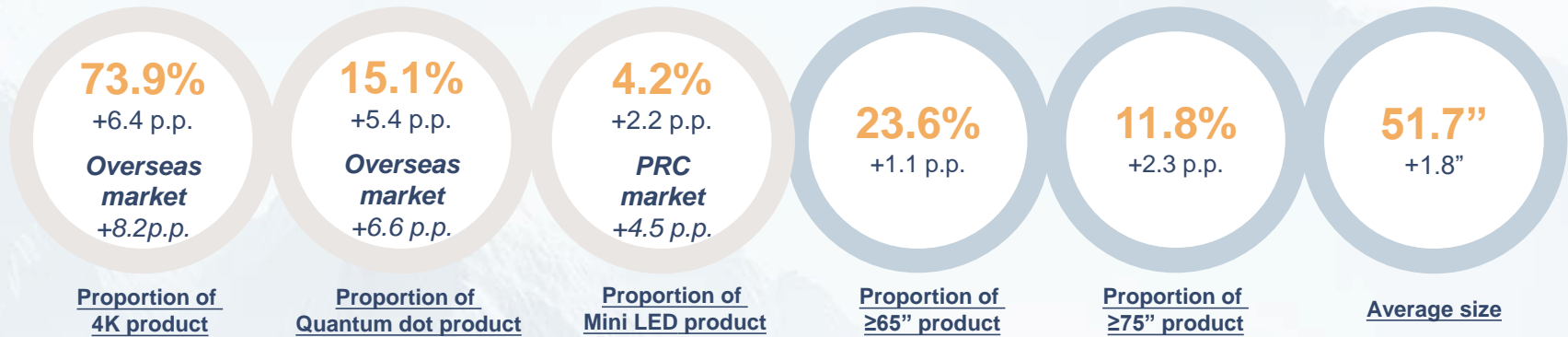
Note: According to Omdia, shipment of TV industry increased slightly by 1.9% yoy in 1H 2024

TCL TV's global market share ¹

Shipment ranking **No.2** Revenue ranking **No.3**



Demonstrated global product mix advantages as proportion of high-end products continued to increase



Data source: 1. Omdia, market share of global brand TV in terms of shipment and sales revenue data 1H 2024 2. The brand index is calculated by dividing the market share of sales revenue by the market share of shipment

Brand Marketing | Promote Localisation of Global Branding Strategy and Continued Increase in Brand Power with Marketing Efforts in Various Fields such as Sports, Esports, Film and TV Series, and Exhibitions **TCL**

Sport IP Sponsorship: Sponsored the Copa América, and collaborated with the Spanish national team, the Australian Football League, the Copa Libertadores, the Chinese women's basketball team, etc., to enhance market visibility



Exhibition Marketing: Participated the International Consumer Electronics Show (CES), the Appliance & Electronics World Expo (AWE), the Canton Fair, and other globally renowned exhibitions



Film & TV IP and Esports Sponsorship: Conducted Collaborative marketing campaigns with popular film and TV series such as “Successor” and “Joy of Life 2”, Sponsorship of the League of Legends Professional League (LPL)



TCL
 连续八年入选
 Google x KANTAR BRANDZ
 中国全球化品牌50强
 排名第11位，品牌力同比增长17%



* Note: The next-generation communication standard refers to the communication standard in Wi-Fi 8, H.267, 5.5G, 6G, and Star Flash



Overall ESG Rating¹

2018-2023

A for **six** consecutive years



Index Inclusion

2019-2023

Inclusion in the **Hang Seng Sustainable Enterprises Benchmark Index** for **five** consecutive years¹

Overall ESG Performance¹



E

- Strictly implemented carbon verification internally and insisted on green operation, in order to effectively reduce greenhouse gases
- Corporately built green eco-system externally by propelling the signature of the first "Proposal of Building Green Supply Chain" of household appliance industry

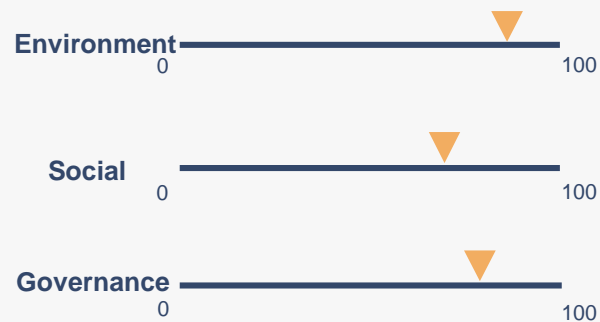
S

- Launched the industry's first TV care solution, **TCL Care**, which was honoured with the silver award at the IDEA Award in the U.S.
- Propelled the culture of equality, diversity and communion, encourage gender equality, the proportion of female employees within the Company has surpassed 40% as of December 31, 2023
- Launched the long-term project "TCL For Her" in multiple locations globally, to advocate brand values of "Seeing, Inspiring and Supporting Women"

G

- Adheres to business ethics and improved the integrity system and mechanism
- Actively carried out network security and privacy protection management

Compared to **91 peer companies: Top 20%**
 Compared to **517 index components: Top 20%**



Data Source: The result are obtained from the website of Hang Seng Index Limited on 31 Aug 2023, and the selected industry is Consumer Discretionary

The background of the slide features a light blue, misty mountain range. In the foreground, a stylized eagle is shown in flight, its wings spread wide, flying from the right side of the frame towards the left. The eagle's body and wings are rendered in a semi-transparent blue color, allowing the mountain range behind it to be visible. The overall aesthetic is clean and professional, with a focus on nature and achievement.

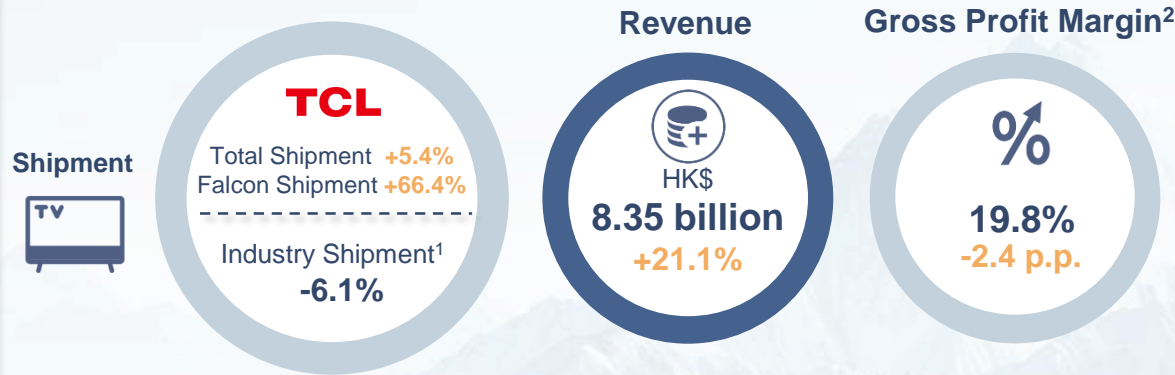
03 Segment
Performance

Display Business – Large-Sized Display | Brand Power Continues to Improve. Mid-to-High-End Strategy Drives Sales Volume and Revenue of Large-Sized Display to Significantly Outperform Industry Average

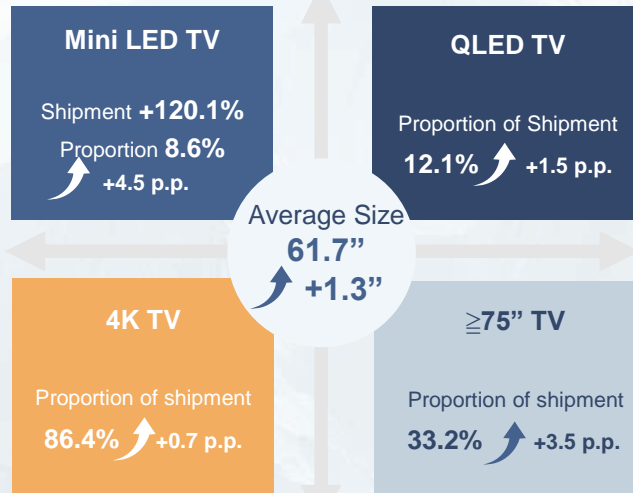


PRC Market

Dual-brand strategy bolstered sales growth, far outperforming the industry^{1&2}
Continuous High-end strategy further increased its market penetration rate



Results of high-end and large-screen strategy



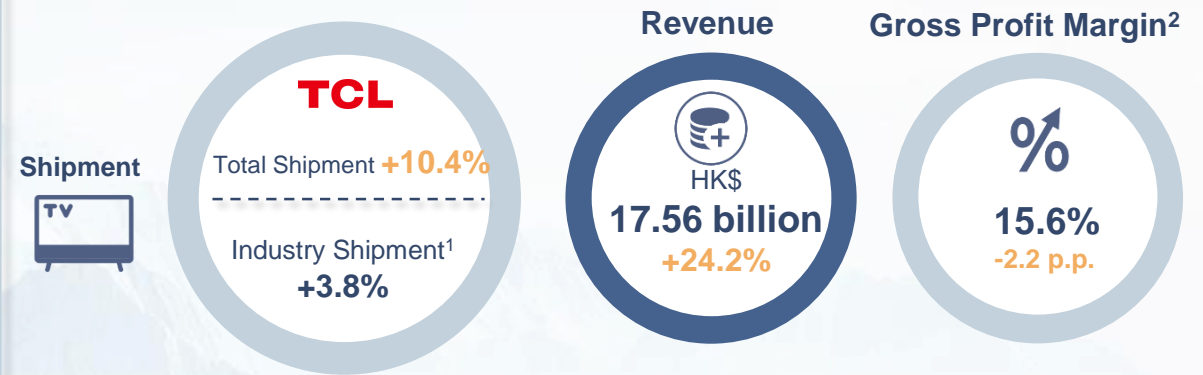
PRC Market Ranking



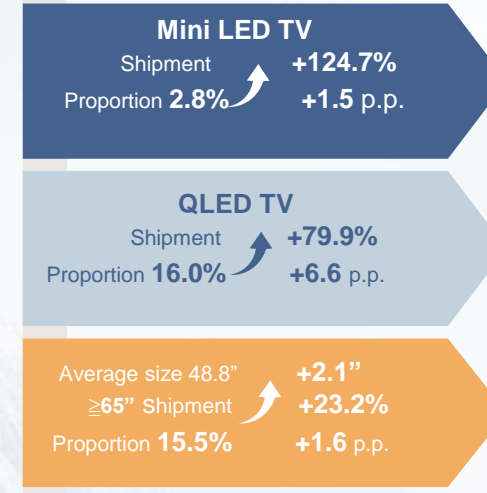
Data Source: Omni-channel retail sales data from CMM in 1H 2024

International Market

Accelerated growth in scale, product mix breakthrough, TCL TV ranked top 5³ in nearly 30 countries



Results of high-end and large-screen strategy



Overseas Market Ranking³

Shipment of branded TV in Emerging Market +4.0% yoy	
No.1	Australia, The Philippines, Myanmar
No.2	Pakistan, Saudi Arabia
No.3	Vietnam, Thailand, South Korea, Brazil, Argentina
No.5	India, Indonesia, the United Arab Emirates

Shipment of branded TV in European Market +40.1% yoy	
No.2	France, Poland, Sweden
No.3	Spain, Czech Republic
No.4	Italy, the Netherlands, Greece, Hungary
No.5	U.K.

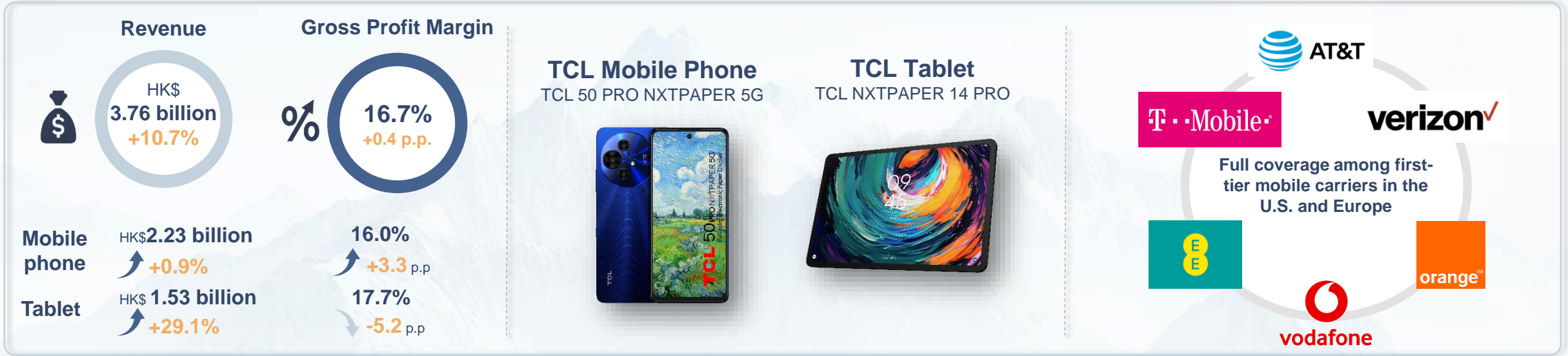
Shipment of branded TV in North American Market -2.7% yoy	
No.2	U.S.
No.3	Canada
No.5	Mexico

Note:

- According to Omdia, shipment of TV industry in the PRC market and overseas market declined by 6.1% and increased by 3.8% year-on-year to 16.69 million sets and 77.77 million sets in 1H 2024, respectively
- YoY decline in gross profit margin was mainly due to changes in domestic brand structure and overseas geographical mix, as well as increase in panel costs
- According to data from GfK and Circana on market share in terms of retail sales volume in the first half of 2024

Display Business – Small-and-Medium-Sized Display and Smart Commercial Display | **Small-and-Medium-Sized Display** Improves Quality and Efficiency, with **Smart Commercial Display** Developing Multi-Scenario Market **TCL**

Small-and-Medium-Sized Display – Adhering to a product-driven approach, focusing on breakthroughs, and enhancing quality for development, gross profit further improved



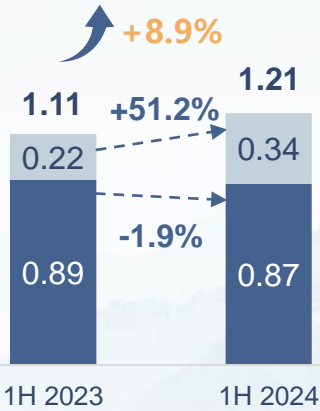
Smart Commercial Display | Focusing on the IFPD market and providing multi-scenario product solutions to empower long-term scale growth



Global Internet Business

Revenue

Unit: HK\$ billion

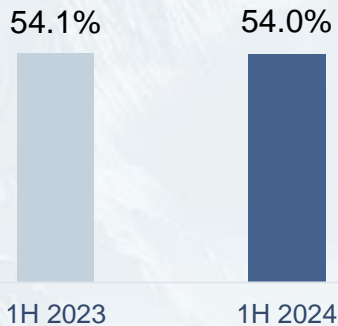


1H 2023 1H 2024

■ PRC Market
■ International Market

Gross Profit Margin

Consistently higher than 50%



1H 2023 1H 2024

PRC Market

Guided by intelligence, convenience, and innovation to continuously enhance user experience

TCL LING KONG UI 2.0 Offering the ultimate product experience



- ✓ Further enhancing visual and customisation capabilities
- ✓ Interaction of big and small screens, editing TV home screen with mobile phones
- ✓ Creating multiple home theatre solutions

Continuous exploring industry-leading AI interactive scenarios



- ✓ Creating proprietary IP of "Lei Dong Dong" based on AI large language model
- ✓ Collaborating with leading children's IP to develop AI animation growth education

Further improvements to foundational experience



- ✓ Cultivating capabilities of convenient use
- ✓ New vertical content container
- ✓ Optimisation of high-frequency user scenarios

International Market

Upgraded TCL Channel content integration application platform
Continuous enhancing its ability of traffic monetisation



Google
Roku
NETFLIX

Continuously deepen global cooperation with internet giants



TCL Channel

- ✓ Cooperated with giants like Google, Roku and Netflix to continuously improve user experience
- ✓ Falcon has achieved breakthroughs in its overseas business model with enhancing its ability of traffic monetisation and doubling average consumption time of its own content products; as at 30 June 2024, TCL Channel had accumulated nearly 25 million users, covering 60 countries in North America, Europe, Central and South America, and the Asia-Pacific region



- ✓ Adhered to the “**Relatively Light Asset**” model, improving operational efficiency
- ✓ Prioritised quality development, **balancing scale expansion, profit growth and risk control**
- ✓ Committed to capability building with **products, digitalisation, engineering technology, finance and channels** as focuses

150+ cumulative industrial and commercial contracted projects

1,200+ cumulative distribution channels

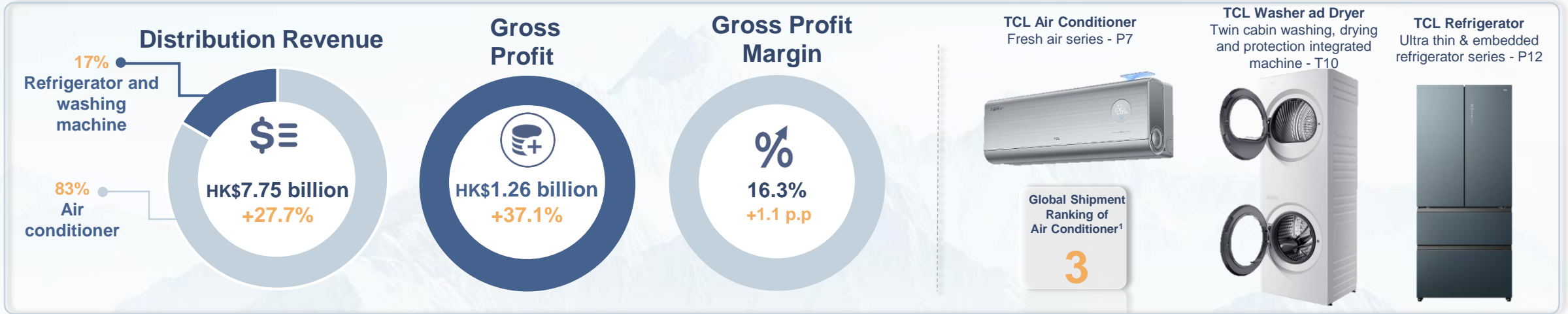
70,000+ cumulative contracted rural households

Newly installed capacity in 1H 2024 reached **1.6GW**

- ✓ Explored business in **23** provinces and cities in 1H 2024



All-Category Marketing – Brand and channel synergies facilitated double-digit growth in distribution scale



Smart Connection and Smart Home



AR/XR Glasses



Data Source: 1. China IOL, global shipment figures of 1H 2024

2. RayNeo XR Wechat Public Account

04 Outlook





Company Strategy

Lead with Brand Value,
Excel in Global Efficiency,
Drive with Technology,
Thrive on Global Vitality



Operational Goal

Net profit growth > Gross profit growth > Revenue growth

Capability Building
Create core competitiveness



Scale Expansion

Business lines: Stabilise mid-to-low-end + mid-to-high-end breakthrough

Regional lines: deepen overseas retail, channel, and marketing capabilities, strengthen global branding marketing

Strong Operation

Extreme operational efficiency, create efficiency advantages

Stringent cost control, improve inventory and receivables turnover, decrease material costs

Dynamic Organisation

Strengthen global organisational capabilities, increase talent depth and organisational vitality

Strengthen data-driven operation to comprehensively assist in lowering costs, increase efficiency, and enhance user experience

Local products, Global supply

Global production capacity

- ✓ TV production capacity: >30million sets
- ✓ Factories in China, Vietnam, Mexico, Brazil and Poland, production capacity radiates local and surrounding markets



体育营销助力品牌提升

- ✓ 赞助欧洲杯西班牙国家队、NFL橄榄球赛事、美洲杯等重要体育赛事，提升市场知名度
- ✓ 持续整合多方资源打造区域局部优势，进行体育赛事热点传播、双决赛观赛派对

Local talents, Global layout

Globalised talent layout

- ✓ Headquarter-regional-national 3-tiered talent mechanism
- ✓ Key regional operation positions expatriate from China as well as local talents recruited
 - ✓ Trans-nation/trans function talent cycle

Deepen the influence of global retail channels

- ✓ The penetration rate of the global top retail stores of TCLE has surpassed 90%
- ✓ Increase channel operation efficiency with precise customer management
- ✓ Establish top customer management /customer expense system



Retail Channel Capability



Local brands, Global influence



Regional Sports Hotspot

Globalised talent cultivation

- ✓ Create “One TCL, One Dream” culture
 - ✓ Skills cultivation and results delivery as goals
- ✓ Tiered and categorised talent cultivation (war hawk/kindling/TTT, etc.)

Increase brand awareness with sport marketing

- ✓ Sponsored important sport events such as the Spanish national team of the EURO CUP, NFL Football Games, and the Copa América to enhance public recognition
- ✓ Continuously integrate multiple resources to create regional and partial advantages, and conduct pupolar sports event communication and the finals viewing parties

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THANKS!

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