



(For Immediate Release)

## TCL Multimedia Announces 2015 First Three Quarters Results

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**Turnover Rose By 3.6% Year-on-year to HK\$24.44 Billion**

**LCD TV Sales Volume in the PRC Market and the Overseas Market Up by 4.3% and 5.1% Year-on-Year to 6.03 Million Sets and 6.44 Million Sets, Respectively**

### **BUSINESS HIGHLIGHTS OF THE GROUP FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

- The Group sold 12.46 million sets of LCD TVs, an increase of 4.7% year-on-year. Sales volume of LCD TVs in the PRC Market increased by 4.3% year-on-year to 6.03 million sets, while sales volume of LCD TVs in the Overseas Markets increased by 5.1% year-on-year to 6.44 million sets.
- The Group achieved a turnover of HK\$24.44 billion, up by 3.6% year-on-year. Gross profit margin decreased by 0.9 percentage points year-on-year to 15.3%. The Group recorded an operating loss of HK\$168 million. Loss attributable to owners of the parent amounted to HK\$302 million. Basic loss per share was HK22.76 cents.
- The average selling price of LCD TVs in the PRC Market increased by 3.7% year-on-year. The sales volume of smart TVs in the PRC Market surged by 36.2% year-on-year, accounting for 51.7% of the Group's total LCD TV sales volume in the PRC Market. The sales volume of 4K TVs in the PRC Market was up by 155.4% year-on-year to 1.16 million sets, accounting for 19.2% of the Group's LCD TV sales volume in the PRC Market. Curved TV sales volume in the PRC Market reached 100,000 sets, maintaining its market share as the No.1 domestic brand in the PRC curved TV market (Source: China Market Monitor Co. Ltd. ("CMM")).
- The accumulated number of TCL activated smart TV users of the Group totalled 10,593,458. The daily average number of active users in September 2015 was 3,964,692 (Source: Huan Technology Co., Ltd. ("Huan")).
- According to the latest IHS Technology figures, the Group ranked No.3 in the global LCD TV market with a market share of 5.7% and ranked No.3 in the PRC LCD TV market with a market share of 14.9% in the first half of 2015.





(20 October 2015, Hong Kong) – **TCL Multimedia Technology Holdings Limited** (“TCL Multimedia” or “the Group”, HKSE stock code: 01070) today announced its unaudited consolidated results for the nine months ended 30 September 2015.

## **Business Review**

During the first three quarters under the reporting period, overall capacity in the PRC TV market declined significantly. According to CMM’s report, for the 39 weeks ended 27 September 2015, sales volume of TVs in the PRC’s offline market fell by 14.0% year-on-year, with intensified price wars. To cope with market competition, the Group adopted a more aggressive competitive strategy and adjusted product mix to maintain its market share. However, as the Group’s operational efficiencies had not yet been improved significantly, gross profit margin was nevertheless affected. In addition, RMB depreciated rapidly against US dollar in August and led to a net loss on the overall foreign currency hedging instruments and exchange of HK\$220 million, resulting in unsatisfactory results during the period.

With improvement to operational efficiency and enhancement to product mix, management of the Group is confident of improving profitability in the fourth quarter of 2015. At the same time, the Group will minimise the influence of exchange rate fluctuation of RMB against US dollar to the operations through strategies such as financial structure adjustments and risk hedging instruments.

For the nine months ended 30 September 2015, turnover of the Group was HK\$24.44 billion, an increase of 3.6% year-on-year; the Group sold 12.46 million sets of LCD TVs, up by 4.7% year-on-year. Gross profit decreased by 2.6% year-on-year to HK\$3.73 billion, and gross profit margin decreased by 0.9 percentage points when compared with that in the same period of last year to 15.3%. Expense ratio went up by 0.2 percentage points when compared with that in the same period of last year to 15.2%. During the period under review, the Group recorded an operating loss of HK\$168 million. Loss attributable to owners of the parent amounted to HK\$302 million. Basic loss per share was HK22.76 cents.

For the three months ended 30 September 2015, the Group sold a total of 4.75 million sets of LCD TVs, up by 9.3% year-on-year. Turnover was HK\$9.05 billion, an increase of 7.7% year-on-year. Gross profit decreased by 15.3% year-on-year to HK\$1.23 billion, and gross profit margin decreased by 3.6 percentage points when compared with that in the same period of last year to 13.6%. Operating loss amounted to HK\$366 million, while loss attributable to owners of the parent was HK\$438 million. Basic loss per share for the third quarter was HK32.91 cents.

According to the latest IHS Technology figures, the Group ranked No.3 in the global LCD TV market with a market share of 5.7% and ranked No.3 in the PRC LCD TV market with a market share of 14.9% in the first half of 2015.

## **The PRC Market**

For the first three quarters, the Group's TV turnover in the PRC Market increased by 8.1% year-on-year to HK\$14.75 billion. LCD TV sales volume increased by 4.3% year-on-year to 6.03 million sets; gross profit margin decreased by 1.7 percentage points year-on-year to 19.3%.

In the third quarter, TV turnover in the PRC Market remained stable at HK\$5.06 billion. LCD TV sales volume decreased by 2.9% year-on-year to 2.16 million sets; gross profit margin decreased by 6.4 percentage points year-on-year to 15.7%. Benefitting from the continued product mix adjustment, the average selling price of LCD TVs in the PRC Market in the first three quarters increased by 3.7% year-on-year.

- Smart TV sales volume increased by 36.2% year-on-year to 3.12 million sets, accounting for 51.7% of the Group's LCD TV sales volume in the PRC Market.
- 4K TV sales volume rose by 155.4% year-on-year to 1.16 million sets, accounting for 19.2% of the Group's LCD TV sales volume in the PRC Market.
- Curved TV sales volume reached 100,000 sets, maintaining its market share as the No.1 domestic brand in the PRC curved TV market (Source: CMM).
- Proportion of sales volume of curved, big-screen, ultra-high-definition, priced at above RMB7,000 products increased from 35.1% in 2014 to 47.9% for the third quarter of 2015. Among these, the new product C1 series of the Group were launched in September and sales volume was more than 20,000 sets in that month.

## **Overseas Markets**

In the first three quarters of 2015, the Group's TV turnover in the Overseas Markets increased by 3.0% year-on-year to HK\$9.58 billion. Sales volume of LCD TVs was 6.44 million sets, up by 5.1% year-on-year; gross profit margin was down by 1.5 percentage points year-on-year to 9.1%. In the third quarter, TV turnover in the Overseas Markets increased by 19.7% year-on-year to HK\$3.95 billion. LCD TV sales volume increased by 22.0% year-on-year to 2.59 million sets; while gross profit margin increased by 0.6 percentage points year-on-year to 10.7%.

Results of the first three quarters in the Overseas Markets:

- LCD TV sales volume in the Emerging Markets rose by 5.3% when compared with that in the same period of last year to 1.24 million sets, average selling price increased by 4.5% year-on-year, product mix enhanced significantly.
- In the North American Market, benefitting from the expansion of national chain sales channels, LCD TV sales volume increased by 337.5% year-on-year to 790,000 sets.
- LCD TV sales volume of the Strategic ODM business was down by 7.0% when compared with that in the same period of last year to 3.83 million sets.
- Impacted by exchange rate fluctuation and market competition, LCD TV sales volume in the European Market decreased by 10.8% when compared with that in the same period of last year to 580,000 sets.



## **Internet Business**

Adhering to the proactive promotion of its “double +” strategic transformation, the Group continued to propel the establishment of an internet ecosystem for its existing and new businesses. It will continue to promote video (including GoLive) and gaming as its basic services, and education and lifestyles as differentiated services.

- Average daily video-on-demand frequency increased from 11 times in 2014 to 15 times in the first three quarters of 2015; average daily time spent stood at 4.4 hours.
- Average daily viewing time of education contents increased from 13.6 minutes in 2014 to 45 minutes in the first three quarters of 2015.
- Average daily gaming time within a week increased from 43 minutes in 2014 to 75 minutes in the first three quarters of 2015.

As of September 2015, the accumulated number of TCL activated smart TV users totalled 10,593,458 and the daily average number of active users in September 2015 was 3,964,692 (Source: Huan). In the first three quarters of 2015, service revenue from its internet business was RMB11.52 million.

As the realisation model of video streaming business develops into a mature stage, the Group’s total service revenue from its internet business will target at approximately RMB50.00 million in 2015 through large amount of service revenue generated from paid contents and advertising.

## **Outlook**

In the next few years, the demand for TV replacement will basically remain stable, but the conventional TV industry is facing industrial transformations, with demand concentrated on replacement products with smart, large screens and new features. New entrants are causing industry competition to intensify, bringing along a shift from product-based competition to “products + services” battle.

Mr. BO Lianming, Chief Executive Officer of TCL Multimedia said, “Under the ‘Internet +’ environment, and through the ‘double +’ strategic layout, the Group will actively promote business transformation and will strengthen its capabilities in product technology innovation, various applications and content services, so as to consolidate and improve its TV market share, and enhance operational efficiency. In the PRC Market, management of the Group is confident of improving profitability in the fourth quarter of 2015 with enhancement to product mix and improvement in operational efficiency, as well as cost reduction in key components which will benefit market pricing of products. The Group will continue to pursue the internationalisation and gradually expand the proportion of paid content users through implementation of the TV+ strategy by integrating TV sales with content operations in the Overseas Markets.”



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

	First three quarters of 2015 ('000 sets)	First three quarters of 2014 ('000 sets)	Change
<b>LCD TVs</b>	<b>12,464</b>	11,903	4.7%
of which: LED backlight LCD TVs	<b>12,446</b>	11,869	4.9%
Smart TVs	<b>4,184</b>	2,475	69.0%
-PRC Market	<b>6,027</b>	5,781	4.3%
-Overseas Markets	<b>6,437</b>	6,122	5.1%
<b>Total TV Sales Volume</b>	<b>12,498</b>	12,056	3.7%

	Accumulated total as of 30 September 2015	September 2015	September 2014	Change	First three quarters of 2015	First three quarters of 2014	Change
<b>Number of TCL activated smart TV users<sup>(1)</sup></b>	<b>10,593,458</b>	<b>543,921</b>	194,157	180.1%	<b>3,846,388</b>	1,768,842	117.5%
<b>Daily average number of active users<sup>(2)</sup></b>	<b>N/A</b>	<b>3,964,692</b>	2,000,923	98.1%	<b>N/A</b>	N/A	N/A

Notes:

<sup>(1)</sup> Number of TCL activated smart TV users refers to the number of users who used the internet TV web service for more than once

<sup>(2)</sup> 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, striving to become a “global entertainment technology enterprise” that provides integrated entertainment solution to customers. According to the latest IHS Technology figures, the Group ranked No.3 in the global LCD TV market with a market share of 5.7% and ranked No.3 in the PRC LCD TV market with a market share of 14.9% in the first half of 2015. 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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