

(For Immediate Release)

## TCL Multimedia Announces 2015 Interim Results

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**Operating Profit Excluding One-off Gain Rose 32.1% Year-on-year to HK\$200 Million  
Improved Product Competitiveness and Enhanced Product Mix Yielded Positive Results**

**LCD TV Turnover in the PRC Market Climbed 13.4% Year-on-year to HK\$9,730 Million  
Smart TV Sales Volume in the PRC Market Increased by 53.4% Year-on-year**

### BUSINESS HIGHLIGHTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2015

- The Group achieved a turnover of HK\$15.4 billion, up by 1.3% year-on-year. Gross profit margin increased from 15.7% of the same period of last year to 16.3%. Operating profit was HK\$200 million, representing a decrease of 35.8% year-on-year. If a one-off gain of approximately HK\$160 million in the first half of 2014 from the closure of certain subsidiaries was excluded, operating profit would have increased by 32.1% when compared with the same period of last year.
- Profit attributable to owners of the parent amounted to HK\$140 million. Basic earnings per share was HK10.25 cents.
- The Group sold 7.72 million sets of LCD TVs, an increase of 2.1% year-on-year. Sales volume of LCD TVs in the PRC Market increased by 8.8% year-on-year to 3.87 million sets, while sales volume of LCD TVs in the Overseas Markets decreased by 3.8% year-on-year to 3.85 million sets.
- The average selling price of LCD TVs in the PRC Market increased by 4.2% year-on-year. The sales volume of smart TVs in the PRC Market surged by 53.4% year-on-year, accounting for 50.7% of the Group's total LCD TV sales volume in the PRC Market. The sales volume of 4K TVs in the PRC Market amounted to 535,000 sets, accounting for 13.8% of the Group's total LCD TV sales volume in the PRC Market.
- The accumulated number of TCL activated smart TV users of the Group totalled 9,062,871. The daily average number of active users in June 2015 was 3,440,254 (Source: Huan Technology Co., Ltd.).

(12 August 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 six months ended 30 June 2015.

## **Business Review for the Six Months Ended 30 June 2015**

The Group sold total of 7.72 million sets of LCD TVs, up by 2.1% year-on-year. Turnover was HK\$15.4 billion, an increase of 1.3% year-on-year. Gross profit rose by 5.1% year-on-year to HK\$2,500 million, and gross profit margin increased from 15.7% of the same period last year to 16.3%. Expense ratio went down from 14.6% of the same period of last year to 14.3%. Operating profit amounted to HK\$200 million. Profit attributable to owners of the parent was HK\$140 million, down by 19.6% year-on-year. Basic earnings per share was HK10.25 cents.

During the period under review, the Group's product competitiveness has improved, with product mix enhancements yielding positive results. The average selling price of LCD TVs in the PRC Market increased by 4.2% year-on-year. The sales volume of smart TVs in the PRC Market surged by 53.4% year-on-year, accounting for 50.7% of the Group's total LCD TV sales volume in the PRC Market. The sales volume of 4K TVs in the PRC Market reached 535,000 sets, accounting for 13.8% of the Group's total LCD TV sales volume in the PRC Market. The Group's Curved TV market share in June reached 24.0% and ranked No.1 among the domestic brands in the PRC (Source: All View Cloud ("AVC")). Also, according to the latest DisplaySearch figures, the Group ranked No.3 in the global LCD TV market with a market share of 6.0% in the first quarter of 2015 and ranked No.3 in the PRC LCD TV market with a market share of 15.8%.

### **The PRC Market**

Through product mix adjustment and organisational efficiency enhancement, the Group's operating results in the PRC Market for the first half of this year showed improvements, compared with the same period of previous year. Turnover increased by 13.4% year-on-year to HK\$9,730 million, and LCD TV sales volume increased by 8.8% year-on-year to 3.87 million sets. Of which operating results increased substantially in the first quarter, with LCD TV sales volume rising by 20.5% year-on-year to 2.17 million sets during the first quarter of 2015. The second quarter, however, impacted by slowdown in market capacity and a rather conservative sales strategy of the Group, recorded a 3.3% decline in LCD TV sales volume to 1.70 million sets, thus diluting the improved results from the first quarter.

In the PRC Market, the Group continued to focus on high colour domain mid-to-high-end products with curved, big-screen, ultra-high-definition, priced at above RMB7,000, as well as quantum dot, etc. Improvement in the Group's product mix has started to yield positive results, with average selling price of LCD TVs increasing by 4.2% year-on-year to HK\$2,516, and gross profit margin increasing from 20.4% to 21.2% when compared with the same period of last year.

- Smart TV sales volume increased by 53.4% year-on-year to 1.96 million sets, accounting for 50.7% of the Group's total LCD TV sales volume in the PRC Market.
- 4K TV sales volume amounted to 535,000 sets, accounting for 13.8% of the Group's total LCD TV sales volume in the PRC Market.
- Since the launch of Curved TV H8800 Series in April, the market share of Curved TVs has increased steeply, taking up 24.0% market share in June (Source: AVC data).

## Overseas Markets

During the period under review, the Group's operating results in the Overseas Markets fell below expectations. Turnover decreased by 6.8% year-on-year to HK\$5,590 million. Sales volume of LCD TVs was 3.85 million sets, down by 3.8% year-on-year.

- LCD TV sales volume of the Strategic ODM business was down by 13.3% when compared with the same period of last year. Impacted by major customers, sales volume dropped significantly by 34.7% year-on-year in the first quarter. However, sales volume was back on track with an increase of 15.8% year-on-year in the second quarter.
- In the first half of the year, LCD TV sales volume in the European Market decreased by 12.8% year-on-year due to the influence of regional economics. However, through sales strategy adjustments, LCD TV sales volume has improved since launching of new products in June.
- LCD TV sales volume in the Emerging Markets fell by 1.3% year-on-year to 2.04 million sets.
- In the North American Market, benefitting from successful expansions in sales channels, LCD TV sales volume increased by 123.8% year-on year.

In the Overseas Markets, the Group continued to optimise its product mix towards mid-to-high-end products and initiated the implementation of TV+ strategy, gradually expanding the base of paid content users. However, affected by exchange fluctuations in regions such as Europe and South America, the Group's LCD TV average selling price in the Overseas Markets retreated by 2.3% year-on-year, and gross profit margin narrowed by 2.9 percentage points to 7.8% year-on-year.

## 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 has continued to develop four core internet businesses comprising video (including GoLive), gaming, education and lifestyles.

- Average daily video-on-demand frequency increased from 11 times in 2014 to 14 times in the first half year of 2015; average daily time spent stood at 3.8 hours (based on data of iQIYI content).
- Average daily viewing time of education contents increased from 13.6 minutes in 2014 to 43 minutes in the first half year of 2015.
- Average daily gaming time within a week increased from 43 minutes in 2014 to 72.5 minutes in the first half year of 2015.

As the realisation model of video streaming business develops into a mature stage, the Group's video service revenue is estimated to reach approximately RMB40.4 million in 2015 through large amount of service revenue generated from paid contents and advertising, etc. Total service revenue from its internet business will reach approximately RMB50.0 million.

In terms of future strategies of the internet business, the Group's ultimate holding company, TCL Corporation ("TCL Corporation"), officially announced that it had entered into a strategic cooperation agreement with Tencent Holdings Limited in May 2015, as well as cooperating on GoLive home theatre business, which will support the Group's internet business through the development of video and gaming TV applications.

## **Outlook**

Looking ahead to the second half of the year, the Group will continue to implement the "double +" strategic transformation and strengthen its capabilities in product technology innovation, various applications and content services, thereby establishing a competitive O2O business model to further promote the integration of its online and offline operations and strengthen its user management capability. In the meantime, the Group will continue to pursue the internationalisation strategy and gradually expand the share of paid content users through the TV+ strategy of integrating TV sales with content operations in the Overseas Markets. Besides, it is expected that its overall competitiveness and operational quality can also be improved in the key markets through enhancing marketing and industrial capacity and optimising supply chain management.

Mr. BO Lianming, Chief Executive Officer of TCL Multimedia said, "The future growth of the global TV industry is expected to slow down, while capacity in the PRC market is also expected to reverse from a growth pattern to a decline trend in the second half of this year. Industry competition is intensifying, along with the industrial transformations in the conventional TV industry, with new entrants bringing new business model challenges, and a shift from product-based competition to 'products + services' battle. All these have resulted in increasing competitive pressure in the future. In view of the above, the Group will strive to enhance its efficiency. 2015 is a year of 'Efficiency' + 'Structure'. In the first half of the year, improvement in the product mix has started to yield results. Going forward, the Group will continue to improve its product mix and sales channels, and adjust its organisational structure to help optimise its decision-making mechanism and further improve its operational efficiency and core competitiveness. The Group is committed to achieving its operational targets in 2015, and will continue to take full advantage of the resources and market position of TCL Corporation to establish TCL Multimedia as a 'global entertainment technology enterprise', delivering improved operating results to reward the support of shareholders."

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:

	1H 2015 (‘000 sets)	1H 2014 (‘000 sets)	Change
<b>LCD TVs</b>	<b>7,716</b>	7,557	2.1%
of which: LED backlight LCD TVs	<b>7,699</b>	7,558	1.9%
Smart TVs	<b>2,286</b>	1,412	61.9%
– PRC Market	<b>3,868</b>	3,557	8.8%
– Overseas Markets	<b>3,848</b>	4,000	(3.8%)
<b>Total TV Sales Volume</b>	<b>7,742</b>	7,669	0.9%

	Accumulated Total as of 30 June 2015	2015 June	2014 June	Change	1H 2015	1H 2014	Change
<b>Number of TCL activated smart TV users<sup>(1)</sup></b>	<b>9,062,871</b>	<b>429,035</b>	163,596	162.3%	<b>2,315,801</b>	1,231,394	88.1%
<b>Daily average number of active users<sup>(2)</sup></b>	<b>N/A</b>	<b>3,440,254</b>	1,813,127	89.7%	<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 DisplaySearch figures, the Group ranked No.3 in the global LCD TV market with a market share of 6.0% in the first quarter of 2015 and ranked No.3 in the PRC LCD TV market with a market share of 15.8%. 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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