



(For Immediate Release)

## TCL Multimedia Announces Business Update for 2018 Q1

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**LCD TV Sales Volume and Turnover Achieve Highest Growth Rates in the Past Five Years  
PRC Market Stabilise and Rebound, and Overseas Markets Deliver Strong Growth  
Gross Profit Margin Grows Steadily Led to Remarkable Increase in Profitability**

**Certain Unaudited Financial and Operational Information for the Three Months Ended 31 March 2018**

		2018Q1	2017Q1	Change
LCD TV Sales Volume (‘000 sets)	Overall	<b>6,374</b>	4,702	+35.6%
	PRC	<b>2,430</b>	2,216	+9.6%
	Overseas	<b>3,944</b>	2,486	+58.7%
Turnover (HK\$ million)	Overall	<b>10,853</b>	8,480	+28.0%
	PRC	<b>4,929</b>	4,848	+1.7%
	Overseas	<b>5,924</b>	3,632	+63.1%
Gross Profit Margin (%)	Overall	<b>15.8</b>	15.7	+0.1 p.p.
	PRC	<b>21.1</b>	19.5	+1.6 p.p.
	Overseas	<b>11.4</b>	10.7	+0.7 p.p.

(25 April 2018, Hong Kong) – **TCL Multimedia Technology Holdings Limited** (“TCL Multimedia” or “the Group”, HKSE stock code: 01070) today announced a business update on certain unaudited financial and operational information for the three months ended 31 March 2018.

### **Business Review**

In the first quarter of 2018, the Group’s sales volume and turnover achieved the highest growth rates in the past five years. The PRC market stabilised and rebounded, while the overseas markets maintained strong growth. With the continuous enhancement in product mix, the average selling price (“ASP”) of self-branded products posted constant increases. The gross profit margin rose steadily, and costs were under sustained control, which altogether led to a remarkable increase in profitability.

- Liquid-crystal-display (“LCD”) TV sales volume continued to display strong growth momentum in the first quarter. Sales volume and turnover achieved the highest growth rates in the past five years
- The PRC market stabilised and rebounded. As product competitiveness strengthened and product mix optimised, TCL jumped to No. 1 in the brand price index ranking
- Overseas markets maintained strong growth, marked by notable improvements in operating performance across different regions
- Gross profit margins in the PRC market and overseas markets rose steadily year-on-year. Costs were under sustained control, which altogether led to a remarkable increase in profitability

In the first quarter of 2018 the Group sold approximately 6.37 million sets of LCD TVs, surged by 35.6% year-on-year and marking the highest growth in five years. Sales volume of LCD TVs in the PRC market stabilised and rebounded, representing a 9.6% year-on-year growth to approximately 2.43 million sets, while in the overseas markets, it surged by 58.7% year-on-year to approximately 3.94 million sets.

The Group’s turnover reached approximately HK\$10.85 billion, representing a significant year-on-year increase of 28.0%, which achieved the highest growth in the past five years. Gross profit grew by 28.8% year-on-year to approximately HK\$1.72 billion.

With the benefit of the continuous increase in product competitiveness and sustainable enhancement in product mix, the ASP of the Group’s self-branded products rose continuously, among which the ASP (excluding ODM business) in the PRC market and the overseas markets increased by 9.8% and 6.5%



year-on-year, respectively.

Its gross profit margin also increased steadily, rising by 0.1 percentage point to 15.8%, among which, the gross profit margin of the PRC market and the overseas markets rose by 1.6 and 0.7 percentage points year-on-year, respectively. Costs were under constant control, which altogether led to a remarkable increase in profitability.

The Group ranked No.3 in the global LCD TV market with a 10.9% market share in 2017, according to the latest IHS Technology report and the Company's shipment data. It ranked No.3 in the PRC LCD TV market with a rising market share of 12.1% in the first quarter of 2018, according to CMM omni-channel data.

### **The PRC Market**

In the first quarter of 2018, the Group continued to increase its product competitiveness and optimise its product mix, resulting in continuous rise in gross profit margin.

**Sales volume:** LCD TV sales volume surged by 9.6% year-on-year to approximately 2.43 million sets. Its sales performance in the PRC market continued to outperform the industry average.

**Turnover:** Benefited from the increase in sales volume and enhancement in product mix, LCD TV turnover was up by 2.2% year-on-year to approximately HK\$4.92 billion.

**ASP:** ASP of LCD TVs (excluding ODM business) rose by 9.8% year-on-year to HK\$2,570.

**Gross profit margin:** The decline in panel price, coupled with the increase in product competitiveness, and product mix enhancement contributed to an increase in gross profit margin (excluding ODM business) to 23.3%, which is the highest among all quarters of last year. The gross profit margin increased for the second quarter in a row since the fourth quarter of last year.

According to CMM's report, TCL's LCD TV brand price index increased from 95 in the corresponding period last year, to 109 in the first quarter of 2018, ranking No.1.

### **Overseas Markets**

After years of dedicated efforts in the overseas markets and a continuous focus on key overseas markets, the Group's overseas business continued to record a rapid growth. Performance in different regions strengthened significantly year-on-year.

**Sales volume:** LCD TV sales volume significantly increased by 58.7% year-on-year to approximately 3.94 million units.

- North American market maintained steady growth, with sales volume rising by 43.6% year-on-year

In the Group's global layout, the recent Sino-US trade disputes will not bring any material impact on its business in the US in the first half of the year. The Group has taken proactive actions to ensure the steady growth of the US operations in the future.

- Emerging markets sustained rapid growth, among which the Central American regions, and South American regions including Brazil continued to achieve significant growth, with sales volume increasing by 54.7% year-on-year
- European market such as France, Italy, Poland and Spain showed considerable improvements

**Turnover:** LCD TV turnover rose by 62.8% year-on-year to approximately HK\$5.89 billion.

**ASP:** Attributable to continued product mix optimization in the overseas markets, ASP (excluding ODM business) increased by 6.5% year-on-year.

**Gross profit margin:** Gross profit margin (excluding ODM business) rose by 1.5 percentage points

year-on-year to 13.6%.

According to the latest NPD market research report, the Group's market share ranking in North American market jumped to No.3 in January to February this year from No.8 in the corresponding period last year.

### **Internet Business**

The Group's internet platform continued to gain operating strengths. Turnover for the first quarter of 2018 rose to approximately RMB68.87 million, representing a substantial surge of approximately 338% from approximately RMB15.74 million in the corresponding period last year, of which the paid business income was approximately RMB29.21 million, representing a significant year-on-year increase of approximately 216%, which represents approximately 53% of the full-year turnover from the paid business income last year, reflecting a considerable rise in the monetisation capability of the Internet business.

The user base of the Internet business continued to expand, and customer loyalty also continued to rise:

- Video-on-demand business totalled approximately 23.46 million users, representing an increase by approximately 28.8% from the first quarter of 2017;
- Paid business totalled approximately 1.32 million users, representing an increase of approximately 207.0% from the first quarter of 2017;
- Average spending time of users on TV reached approximately 5.05 hours, increased by approximately 3.1% from the first quarter of 2017.

The name of the Company will be changed to "TCL Electronics Holdings Limited" as a better reflection of the direction of its diverse business development in the future. As the Group reinforces and upgrades its existing TV business, it will actively pursue diversification through investment, mergers & acquisitions ("M&A"), and restructuring, etc., in order to continue to expand its smart AV and smart home businesses to explore new business growth opportunities.

The Group published a press release on 10 April 2018 and announced that it has obtained brand authorisation from Onkyo Corporation ("Onkyo"), to explore the smart AV market. Pursuant to the agreement, TCL Multimedia will be given the exclusive global usage rights (except Japan) of the "ONKYO" trademark (subject to certain exceptions), to develop, manufacture, and sell a variety of AV products such as headphones, small speakers, and TV speakers including standalone soundbars for TVs. In addition, TCL Multimedia will apply its proprietary artificial intelligence ("A.I.") technology to develop innovative high-end smart AV products that offer added-value and create exceptional home entertainment experience for users, which marks the first step for its entry to the smart AV business segment.

In addition, the Group will integrate the internal and external high-quality home appliance assets of TCL Corporation ("TCL Corporation"), further strengthen the linkage between product technology, industry chain, brand promotion and international business, maximising the Group's strengths. Through the establishment of strategic investment funds respectively in the PRC and the overseas, the Group will collaborate with TCL Corporation to seek appropriate investment targets and M&A opportunities in the related fields of the industry chain in order to form an industrial ecosystem.

In the meantime, the Group will further expand in the overseas markets and deepen its globalisation strategy. It will continue to strengthen investments in research & development, so as to accelerate the development of A.I. and Internet applications and become an international brand in electronic industry.

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### **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 build a comprehensive ecosystem for smart TVs that provides users with an exquisite experience with its smart products and services. The Group ranked No.3 in the global LCD TV market with a market share of 10.9% in 2017 according to the latest IHS Technology report and the Company’s shipment data, and ranked No.3 in the PRC LCD TV market with a market share of 12.1% for the first quarter 2018 according to CMM’s omni-channel data. The Group is included in the eligible shares list of the Shenzhen-Hong Kong Stock Connect. 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 Technology Holdings Limited**. For further information, please contact:*

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