

Full Year 2014 Results

February 19, 2015



Forward Looking Statements



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HIS PRESENTATION contains certain statements that constitute "forward-looking statements", including but not limited to statements that are predictions of or indicate future events, trends, plans or objectives, based on certain assumptions or which do not directly relate to historical or current facts.



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UCH forward-looking statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the future results expressed, forecasted or implied by such forward-looking statements.



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OR a more complete list and description of such risks and uncertainties, refer to Technicolor's filings with the French Autorité des marchés financiers.

Agenda




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**FY 2014
Financial
Performance**




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**Amplify 2015
Key
Takeaways**



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**Drive 2020
Vision &
Strategy**



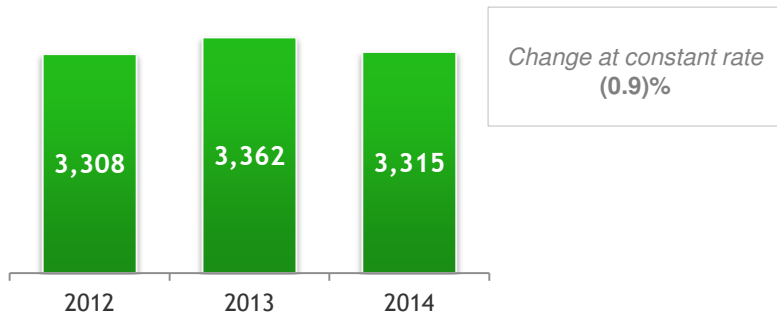
Slide 32 to 46

**Drive 2020
Financial
Implications &
Objectives**

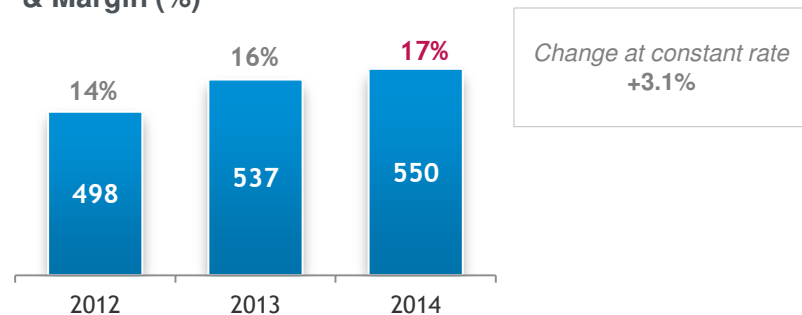
FY 2014 Financial Highlights

FY 2014 – Profitability improvement with broadly stable revenues

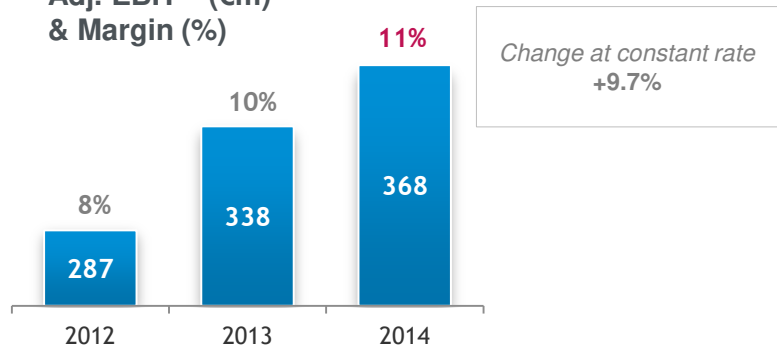
Revenues* (€m)



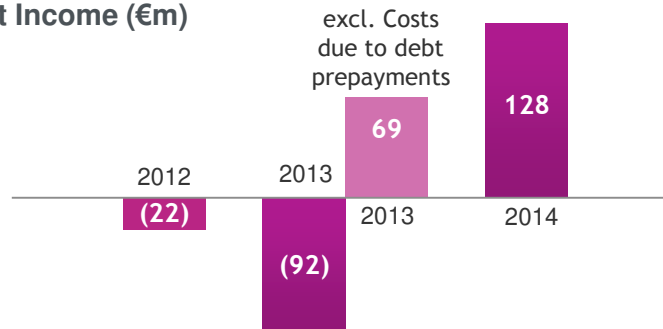
Adj. EBITDA** (€m)
& Margin (%)



Adj. EBIT** (€m)
& Margin (%)



Net Income (€m)

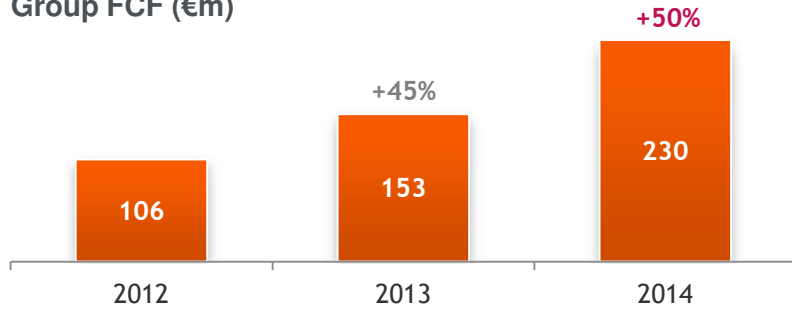


*At constant scope excluding legacy activities

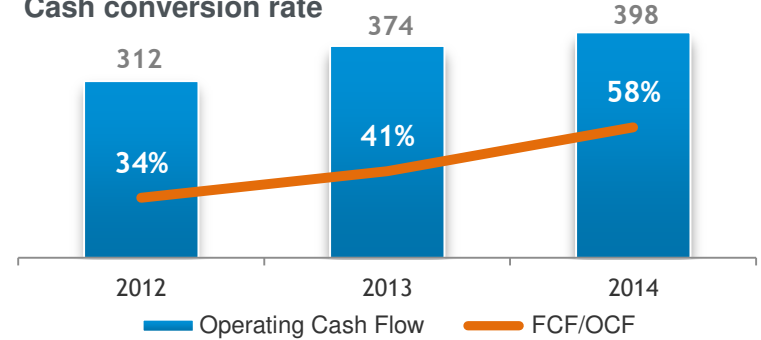
**At constant scope

Strong cash generation and rapid deleveraging

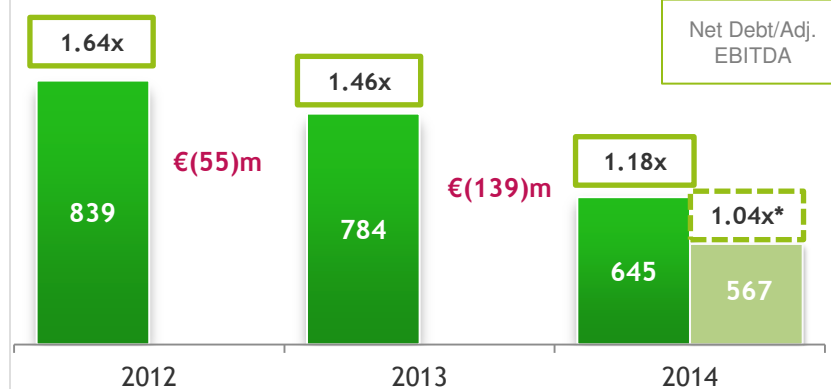
Group FCF (€m)



Cash conversion rate



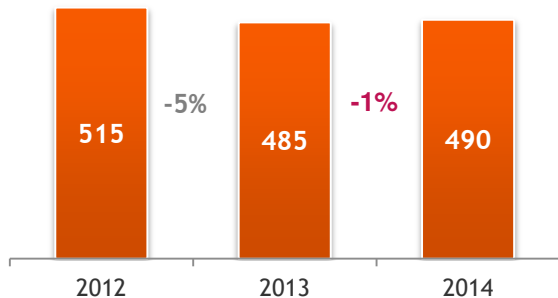
Nominal Net Debt (€m)



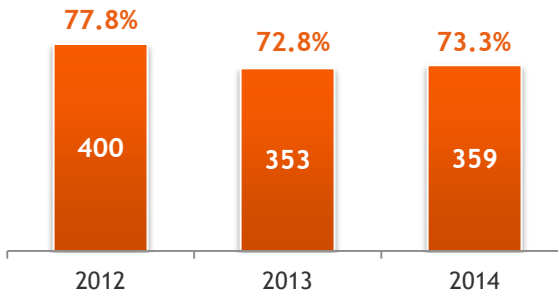
Technology – FY 2014

Revenues (€m)

Change at constant rate



Adj. EBITDA (€m) & Margin (%)



Weaker contribution of MPEG LA (MPEG-2) resulting from:

- 45% of revenues vs. 53% in 2013
- A one-off adjustment in Q1 2014
- Persistent softness in the PC market during the year

Adj. EBITDA improvement, mainly reflecting solid Licensing revenues

Adj. EBITDA margin increase as Licensing performance compensated for increased investments in new business initiatives (Technology Licensing, Virdata...)

Key Highlights

Double-digit growth in direct licensing programs, up 16.5%

Significant new contracts, particularly in smartphone and Digital TV:

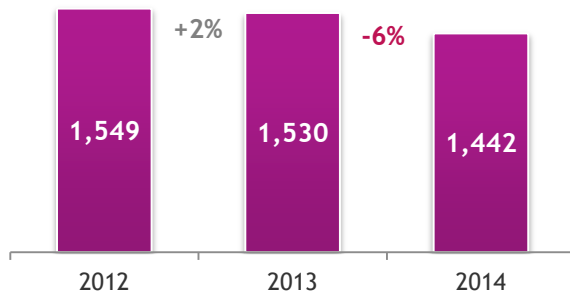
- A second smartphone licensing agreement with LG in Q1
- A Digital TV licensing agreement with a top tier Asian CE player in Q4

Solid performance across other programs and in Trademark Licensing with the renewal of most of its existing brand licensees

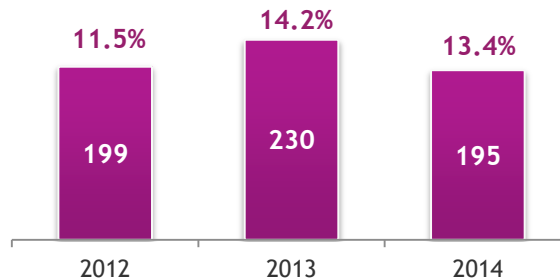
Entertainment Services – FY 2014

Revenues* (€m)

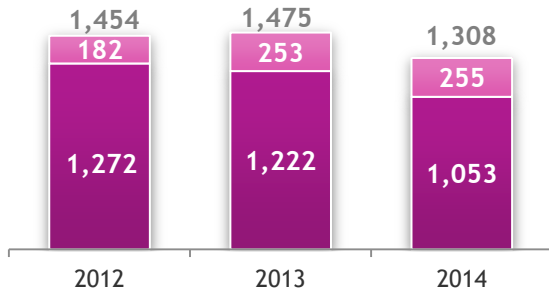
Change at constant rate



Adj. EBITDA (€m) & Margin



YoY volume change for SD and BD, million units



YoY Adj. EBITDA decrease due to the exit of legacy activities and lower contribution of DVD Services

Adj. EBITDA margin decrease mitigated by stronger weight of Production Services and cost reduction initiatives across businesses

Key Highlights

DVD Services

- Revenues impacted by weak 2014 box office
- Volume trends down particularly in North America

Production Services

- Significant revenue increase YoY, driven by a **record level of activity in VFX**
- **Solid pipeline** in US Postproduction Services
- **Expansion through external growth** in Animation with OuiDo Productions and in VFX with Mr. X

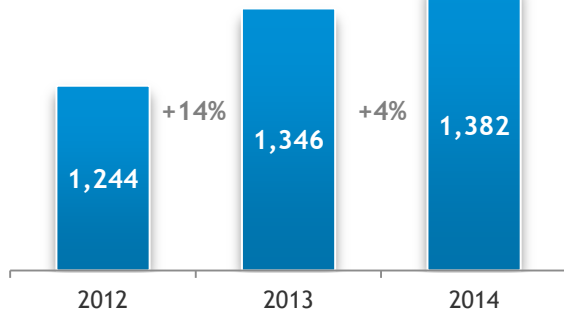
■ SD (Standard Definition DVD) ■ BD (Blu-ray™ Disk)

* Excl. legacy

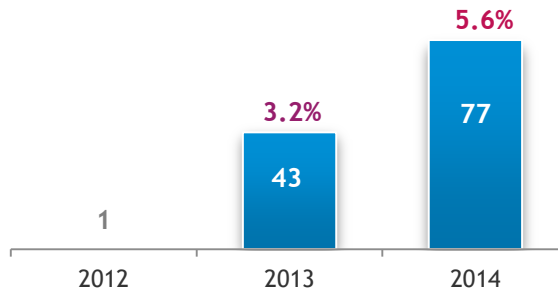
Connected Home – FY 2014

Revenues (€m)

Change at constant rate



Adj. EBITDA (€m) & Margin



Key Highlights

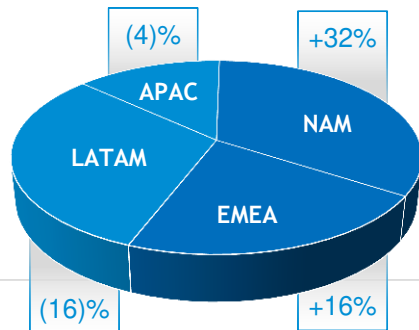
Top-line growth

- Revenue up 4.4% at constant rate
- Double-digit growth across developed markets
- Market share gains across all regions

Profitable growth

- Adj. EBITDA margin up 2.4 points
- Significant free cash flow generation resulting from material growth in operating cash flow and improved working capital

Geographic breakdown & growth at constant rate

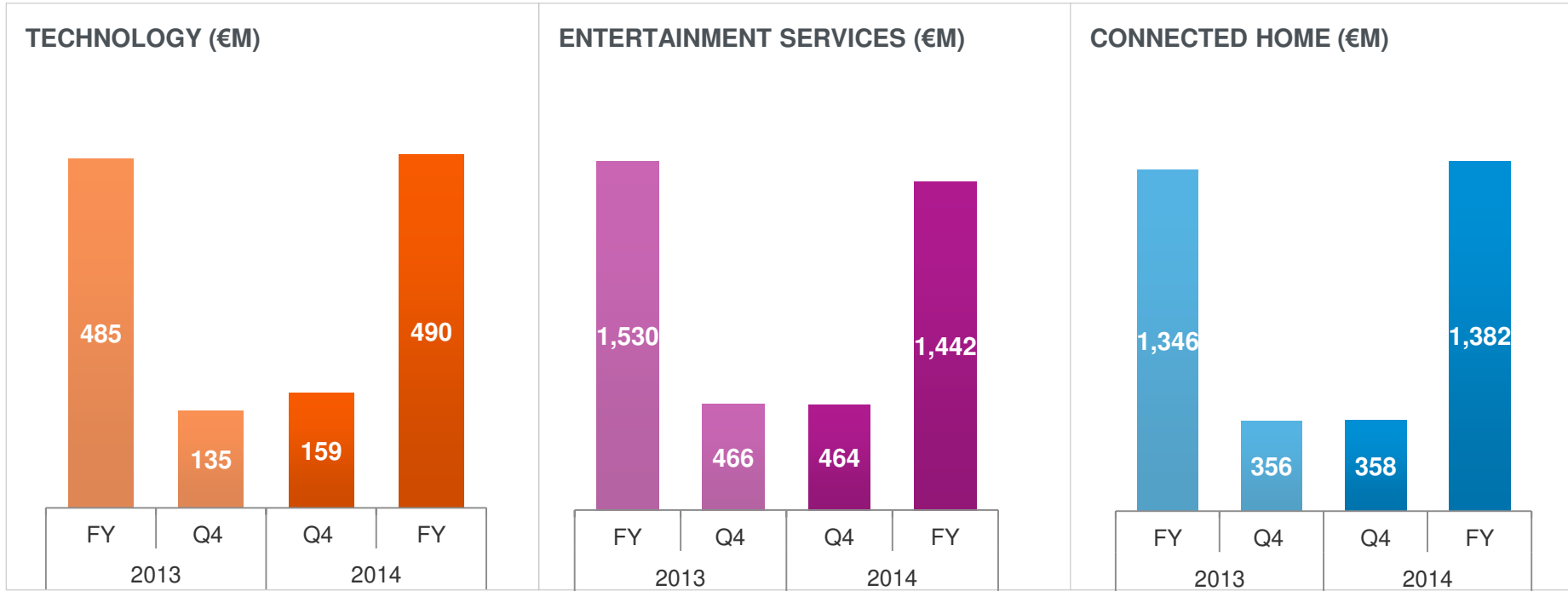


Adj. EBITDA up 79% driven by:

- Sustained revenue performance, product mix growth improvement and increased gross margin
- Solid operating execution, supply chain efficiency and product cost improvement

FY 2014 Financial Performance

Q4 2014 & FY 2014 – Revenues



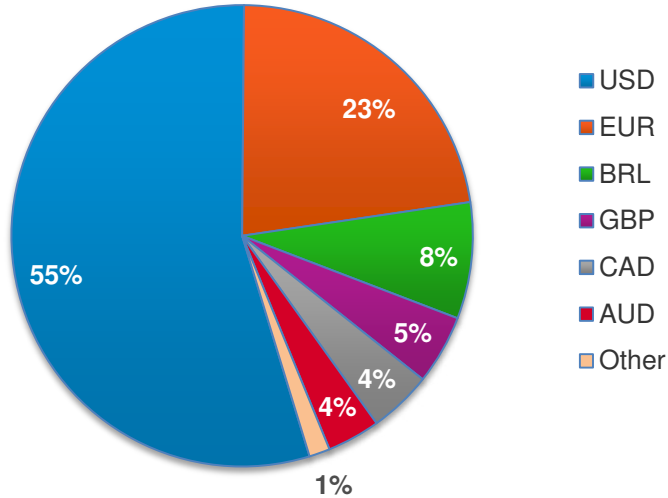
Q4 2014: Record quarter for direct licensing programs, up close to 50%

Q4 2014: Revenue growth in Production Services fully offset lower DVD Services revenues

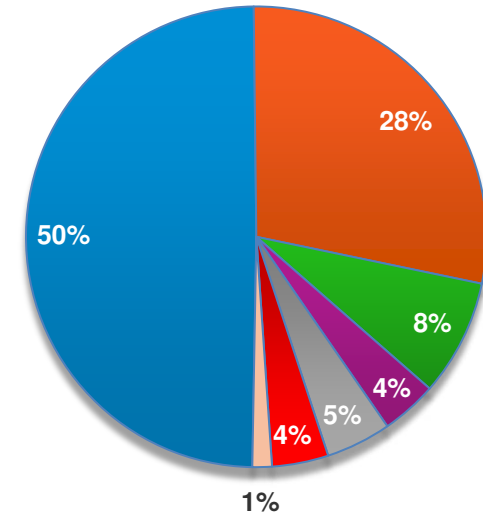
Q4 2014: Solid performance YoY, mostly driven by strong volume growth in NAM and APAC

Foreign exchange risk

REVENUE 2014 BY CURRENCY



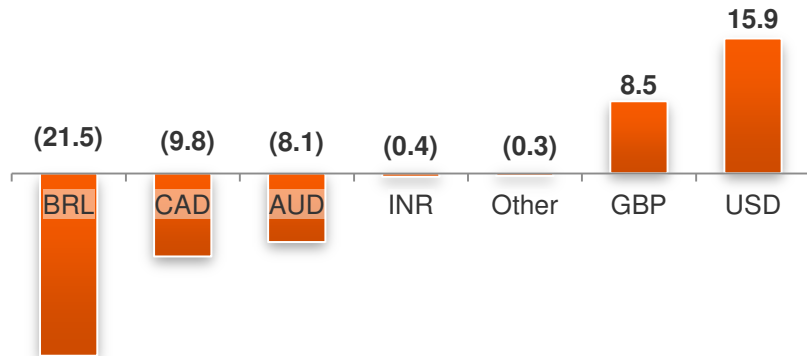
COST BASE 2014 BY CURRENCY



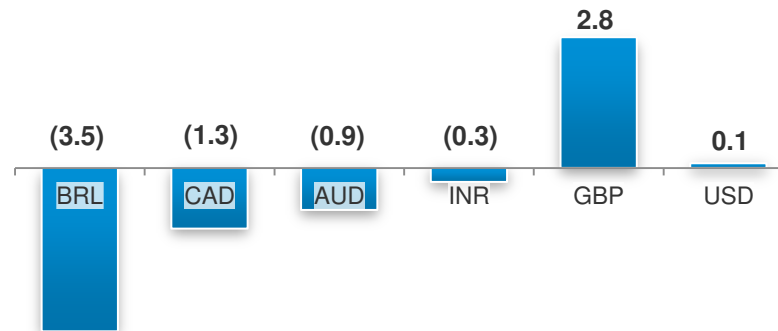
- Technicolor's highest exposures are to the USD and the BRL
- The cost base largely matched the revenue base, but there are some discrepancies with the USD and the BRL

Foreign exchange impact on revenues and Adj. EBITDA

2014 FOREIGN EXCHANGE REVENUE IMPACT (€M)



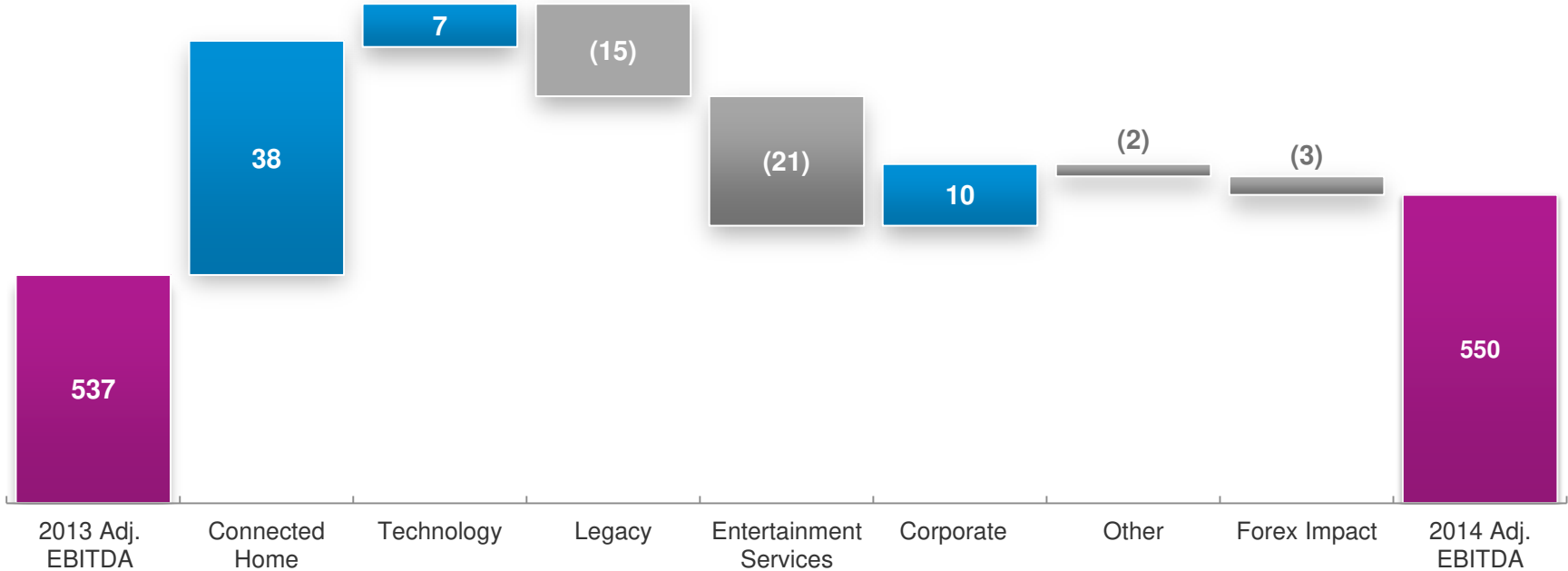
2014 FOREIGN EXCHANGE Adj. EBITDA IMPACT (€M)



- Average USD/EUR exchange rate was broadly stable in 2014 versus 2013, thus limiting the impact on FY 2014 results
- BRL fluctuations affected exclusively Connected Home revenues and profitability

FY 2014 – Adjusted EBITDA

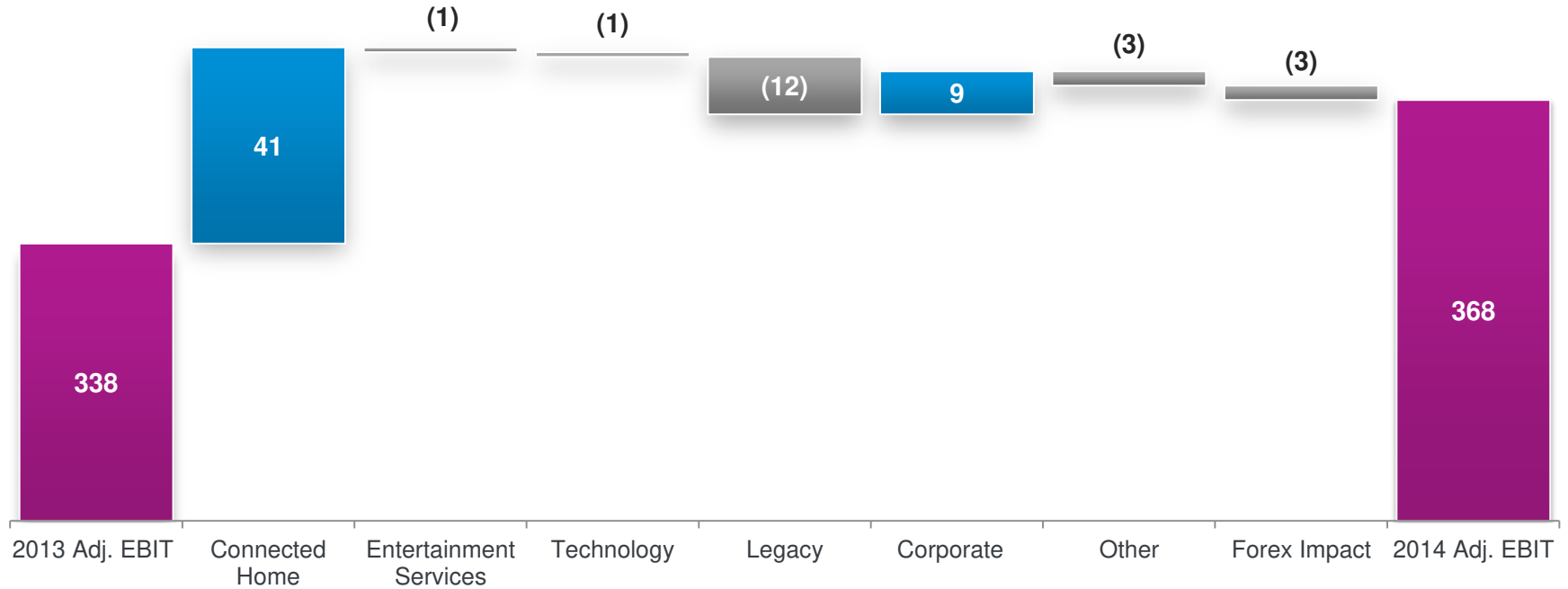
In €m



- Business contributions affected by the exit of legacy and lower DVD Services performance
- Significant reduction in Corporate costs

FY 2014 – Adjusted EBIT

In €m

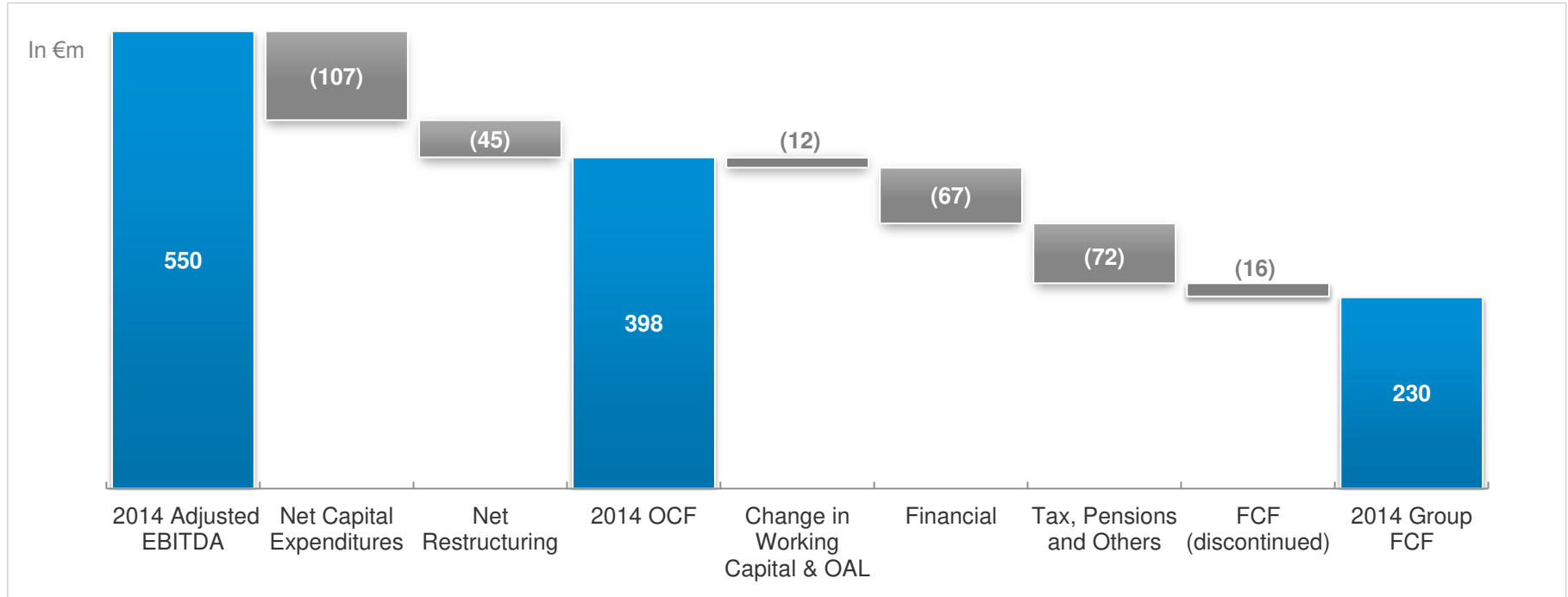


- Entertainment Services impacted positively with lower D&A expenses
- Increase in D&A in Technology related to development of new businesses, particularly Technology Licensing

Positive net income

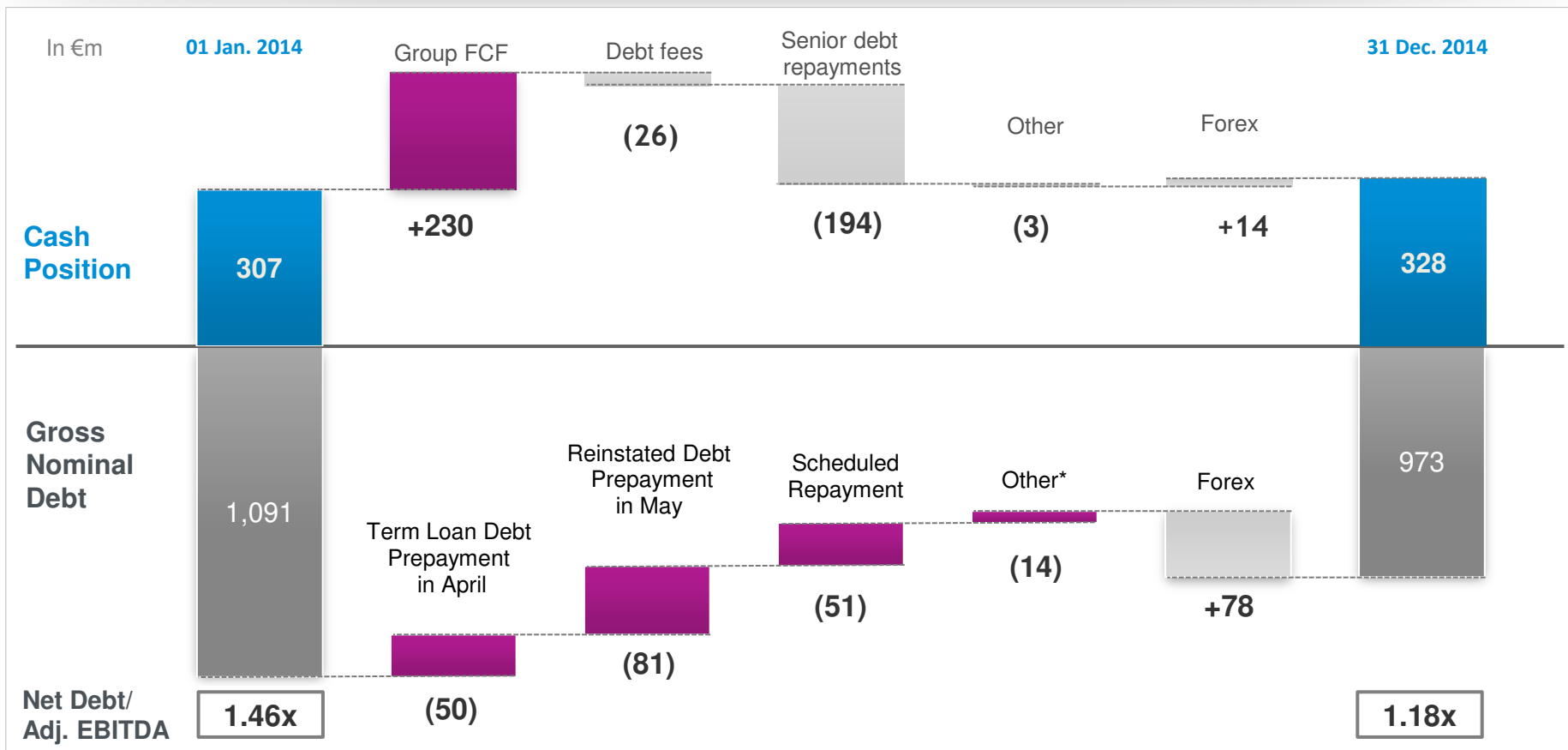
| (in € million) | FY 2013 | FY 2014 | Change |
|--|--------------|------------|-------------|
| Adjusted EBIT | 338 | 368 | +30 |
| Restructuring costs | (68) | (25) | +43 |
| Net impairment losses | (31) | (48) | (17) |
| EBIT at constant scope | 226 | 302 | +76 |
| Financial costs | (127) | (97) | +30 |
| Costs due to debt prepayments | (161) | (20) | +141 |
| Share of profit/(loss) from associates | (6) | 0 | +6 |
| Income tax | (41) | (48) | (7) |
| Profit/loss from continuing operations | (111) | 137 | +248 |
| Discontinued Operations | 19 | (9) | (28) |
| Net result | (92) | 128 | +220 |
| Net result excl. costs due to debt prepayments | 69 | 148 | +79 |

Strong free cash flow generation of €230m, up €77m YoY



- Operating Cash Flow, up 6.4%
- Tight working capital management and decline in cash financial charges

Net Debt evolution



*Of which €12m of other debt



Amplify 2015 Key Takeaways

Technicolor at a glance

#1

in Media &
Entertainment
technology
solutions

5th

largest Company
in terms of licensing
revenues



YEARS
of innovation in
Media and
Entertainment
technologies

250

world-class
researchers

3,700

digital
artists

700

R&D
engineers

40,000

patents

2,000

patents
granted/year

€136m

in
R&D/year

€3.3bn

revenues

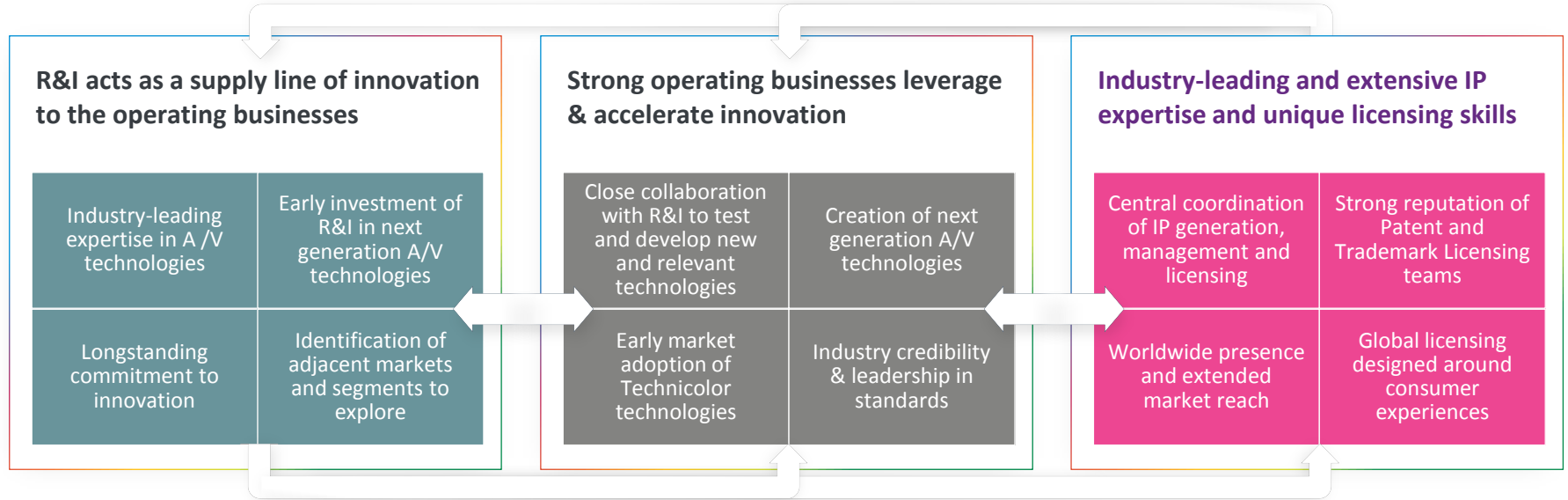
€398m

operating
cash flow

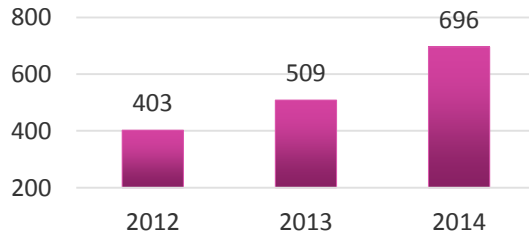
14,000

employees

Powerful assets for strong IP generation



Strong video technology pipeline (# priority filings)



Increased positions in key standard organizations and industry alliances



Amplify 2015 scorecard

Realigned and
technology-centric
activity portfolio

1

✓ DONE

Strong
management
team

2

✓ DONE

Leaner operational
structure and well-
managed exit of legacy
activities

3

✓ DONE

Better quality of earnings
with increased
profitability

4

✓ DONE

Early investments in
growth and innovation
opportunities

5

✓ DONE

Completed debt
restructuring and
refinancing; Deleveraging
objectives achieved
earlier than
planned

6

✓ DONE

Increased cash
conversion and delivered
significant free
cash flow

7

✓ DONE



Synergistic technology and business portfolio

Technicolor's integrated technology and business model provides speed to market, competitive advantage and additional revenue streams

- HDR technology and solutions across Production Services, Connected Home, Technology Licensing and M-GO
- Early go-to-market advantage for Connected Home products and M-GO's technology solutions

Close collaboration between Technicolor's Technology activities with operating businesses create a virtuous cycle of innovation

- Development of technologies and related IP, necessary to empower new media and entertainment experiences: interoperability*, communication networks*, UI/UX*
- Access to complementary market segments and adjacent markets



SYNERGISTIC
TECHNOLOGY

Strong management team



FREDERIC ROSE CEO

International and experienced management team

Strong mix of industry expertise

Focused on business execution and operational excellence

Cash and IP generation performance metrics

STEPHANE ROUGEOT
DEPUTY CEO

Finance ,
Technology



BORIS TEKSLER

Technology



ESTHER GAIDE

Deputy CFO



TIM SARNOFF
DEPUTY CEO

Production Services,
Entertainment
Customers



SANDRA CARVALHO
Chief Marketing Officer



VINCE PIZZICA
CTO & Corporate
Development



MICHEL RAHIER
DEPUTY CEO

Connected Home,
Operational
Transformation



QUENTIN LILLY
DVD Services



FABIENNE BRUNET
Human Resources
& CSR



Better quality of earnings and early investments in growth & innovation

A solid track record in operational excellence and managing transitions

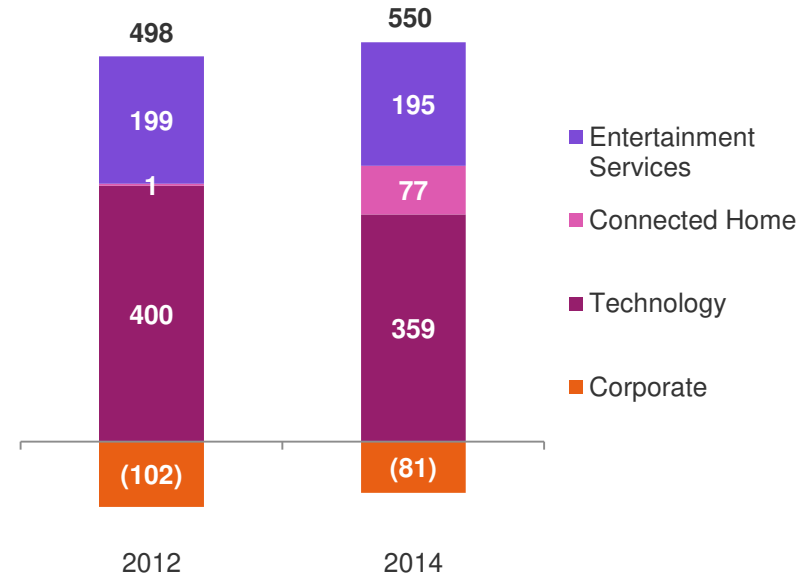
- Successful turnaround of Connected Home
- Best-in-class operational efficiency in DVD Services
- Profitable growth in VFX activity
- Legacy film business replaced by high growth VFX activity
- Lower cost structure and leaner organization

Improved financials have allowed Technicolor to focus on innovation and growth

- Reinforced technology dissemination through development of new solutions and businesses
- Deepened engagement in standardization activities
- Increased assets and enhanced credibility in new technologies and industry trends
- Addition of new skills in key growth areas by hiring highly recognized executives, researchers and engineers

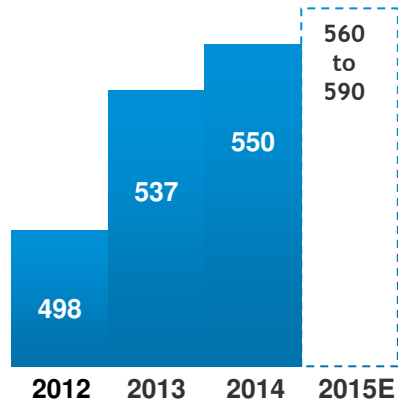
BETTER QUALITY OF EARNINGS

Adj. EBITDA 2014 vs. 2012 (in €m)*

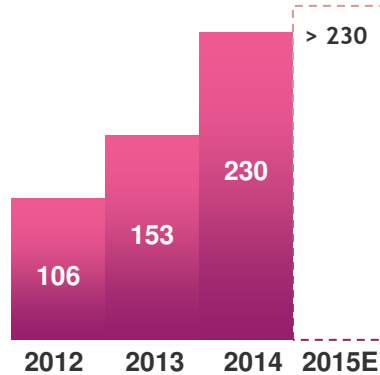


Successful deleveraging and strong cash generation

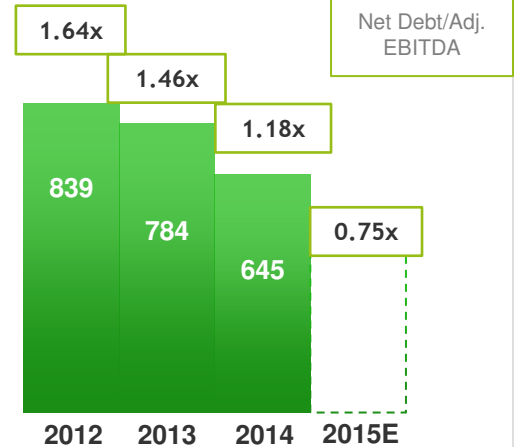
Adj. EBITDA (in €m)



CUMULATED FCF > €700M
2014 FCF/OCF: **58%**



COMPLETED DEBT RESTRUCTURING
AND REFINANCING



Solid Adj. EBITDA
performance...

Sustained cash
conversion rate...

Balance sheet
clean up...

Sound financial
structure



Drive
2020

Strategy

#TECHNOLOGY

Technicolor leads in Media and Entertainment services, deploying and monetizing next-generation video and audio technologies and experiences

#CREATIVITY



Consumer experiences driven by next-generation video and audio technologies

OTT content and services are driving need for next generation video and audio technologies and services

Prevailing market conditions



DYNAMIC CHANGES IN CONSUMER EXPERIENCES



NEW MARKET EXPANSION



Emergence of OTT

- OTT drive change in consumer experiences – more content on more screens – where and when you want it
- OTT impacts content delivery and creation
- Increased OTT competition drives more content, better quality, higher production values

Next-generation video and audio

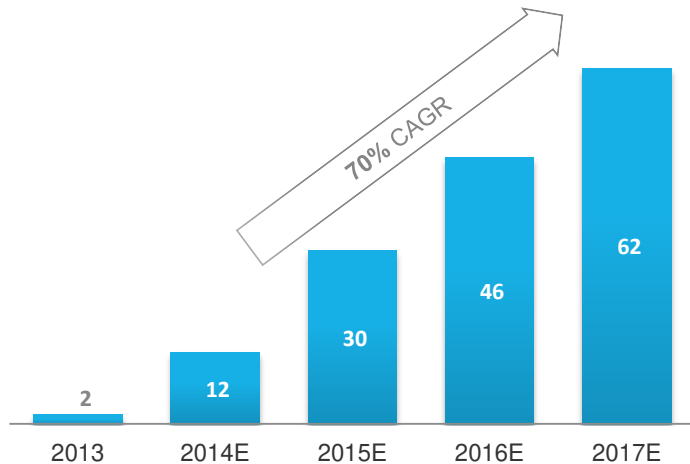
- Core driver of new consumer experiences enable future growth paths
- Opportunity for Technology Licensing, Production Services, Connected Home, M-GO

Larger addressable markets

- OTT combined with IoT and analytics open new markets
- Games, Animation and Advertising markets are growing fast
- Asia fostering promising new markets and services

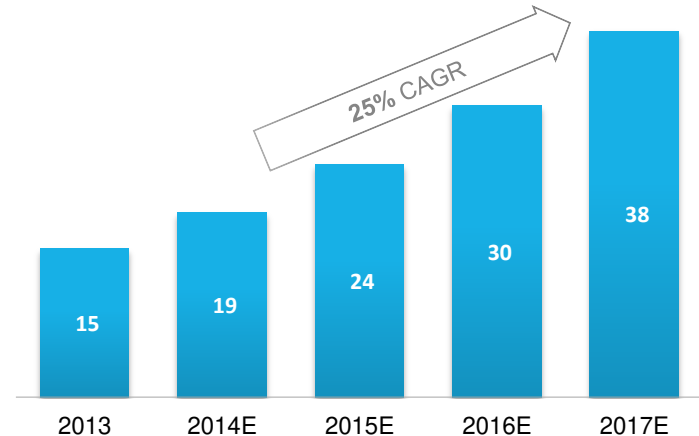
Next generation video technology and OTT driving growth

Next-generation video technology being quickly adopted - Total global UHD TV shipments to reach 60 million units by 2017



Source: DisplaySearch

OTT services driving growth in global video consumption - Total global OTT revenue to double to \$38bn by 2017 (in \$ billion)



Source: PricewaterhouseCoopers, Strategy Analytics
Includes transactional, subscription and advertising-supported over-the-top video revenue

Drive 2020 Strategic and Financial objectives

Strategic objectives

Capture growth through sustained innovation in next generation video and audio technologies and experiences

Create valuable IP assets in Media and Entertainment from our research and operating businesses

Deepen the competitive advantages of Technicolor's operating businesses, further fueling the Group's IP portfolio

Financial objective

Increase free cash flow generation and maintain operational excellence





Drive
2020

**Strategies by
business division**

Technology – An integrated licensing approach

EXPAND PATENT
LICENSING
PLATFORM'S
COVERAGE AND
PENETRATION

LAUNCH NEW
LICENSING
PROGRAMS AND
MODELS INCLUDING
THE DEVELOPMENT
OF A MATERIAL
TECHNOLOGY
LICENSING BUSINESS

DRIVE
DEPLOYMENT,
ADOPTION AND
MONETIZATION
OF TECHNOLOGY
AND RELATED IP

ADDRESSABLE MARKET

3.5 billion consumer
electronic devices* by 2020

CAGR 2015-2020: **+4.1%**

Growth driven largely by
tablets and smartphones

* Smartphones, tablets, TVs, PCs, STBS, OTT devices, Blu-ray players – Sources: Park Associates, Gartner, IDC, Informa

DRIVE2020



Technology – R&I, a major source of innovation in Media & Entertainment

4 PRIORITY INNOVATION DOMAINS TO FOSTER CROSS-BUSINESS DEVELOPMENT OF NEXT GEN A/V TECHNOLOGIES



Augmented & Immersive Media

Context-aware entertainment with wearables, augmented reality experiences and multi-modal sensing in mobile devices to enhance AR/VR experiences



Audio & Acoustics

Solutions for immersive 3D audio formats comprising acquisition, production workflows, compression and flexible rendering



Compression & Color

High Dynamic Range, Wide Color Gamut, Video Compression and related video format standardization activities



User Analytics

Breakthrough technologies in machine learning by synthesizing data from sensor and user behavior to personalize user experience

TECHNICOLOR'S STANDARDIZATION AND INDUSTRY ALLIANCES ARE A COMPANY'S WIDE PRIORITY

- Develop new partnerships and industry alliances
- Participate actively in key standardization bodies

Solid contribution to standardization in 2014

- 174 contributions to key standards
- Contribution to MPEG, SMPTE, BDA and ATSC standard bodies



Technology – Expanding patent Licensing

A MARKET LEADING PATENT LICENSING PLATFORM, MONETIZING PATENTS GENERATED BY R&I AND OPERATING BUSINESSES

EXPAND LICENSING PLATFORM
MARKET COVERAGE AND
PENETRATION

DEVELOP AND
ACQUIRE RELEVANT
IP ASSETS

MAINTAIN INTERNAL IP GENERATION
BEST PRACTICES VIA R&I AND
OPERATING BUSINESSES



Competitive advantages

- Best-in-class IP licensing platform
- Industry-leading R&I team, engaged with the operating businesses
- Scale and relevance of patent portfolio

First achievements

- Pool strategies
- IP agent model
- IP filings > 600

Technology – Developing new licensing models

A MARKET LEADER IN CREATING AND LICENSING NEXT GENERATION VIDEO AND AUDIO TECHNOLOGY SOLUTIONS FOR CONSUMER ELECTRONIC DEVICES, SERVICES AND APPLICATIONS

BUILD MATERIAL TECHNOLOGY LICENSING BUSINESS

- Use HDR initiative as an entry point for organic activity and growth in Technology Licensing
- Build out Video program beyond HDR/WCG
- Create significant industrial partnerships to further drive Technology Licensing



Competitive advantages

- Industry relationships via operating businesses
- Technology deployment opportunities into market via Connected Home, Production Services and M-GO

First achievements

- HDR Metadata/M-GO
- HDR/WCG initiative with Production Services



SAMSUNG

virdata

Production Services – Leading global services and technology solutions platform

THE GLOBAL MARKET LEADER IN ENABLING MEDIA AND ENTERTAINMENT COMPANIES AND CREATIVE TALENT TO ACHIEVE GROUND BREAKING VIDEO AND AUDIO EXPERIENCES



EXPAND CURRENT BUSINESS INTO OTT, ANIMATION & GAMES, AND SEEK OPPORTUNITIES IN BRANDS & ADVERTISING



PRIVE DEPLOYMENT OF VIDEO AND AUDIO TECHNOLOGIES, WORKING WITH R&I AND TECHNOLOGY LICENSING



ENHANCE PRODUCTION SERVICES TECHNOLOGIES, PROCESSES, SKILL SET, AND TALENT RELATIONSHIPS



Production Services – Business expansion to promote early adoption of Technicolor’s technologies

MARKET OPPORTUNITIES

OTT CONTENT

Grow with North American OTT providers

GAMES

Creative market for Games: **\$1.3bn**

Games engine market: **\$3bn**

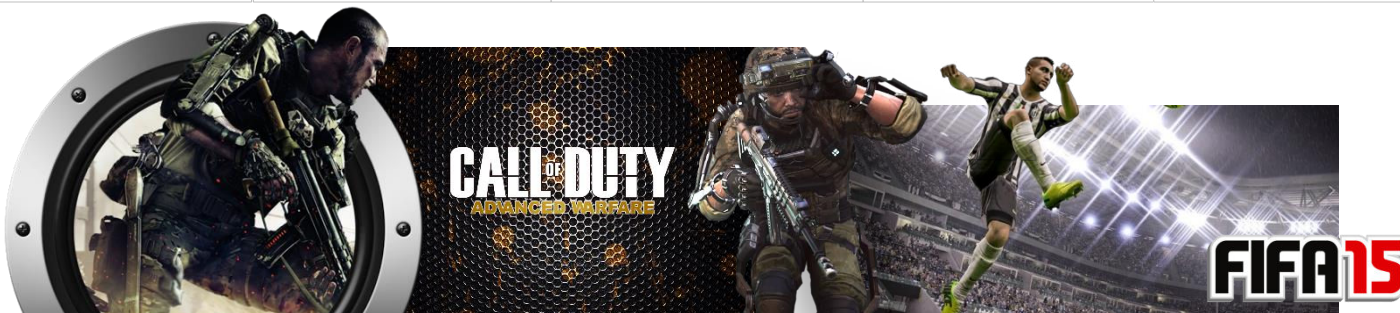
ANIMATION

Extend current services

BRANDS AND ADVERTISING

High growth internet/mobile creative market: **\$10bn**

1ST ACHIEVEMENTS



COMPETITIVE ADVANTAGES

Global scale and talent relationships

Global technology platform

Extended customer leverage with DVD Services



DVD Services – The global market leader



R **EINFORCE**
OPERATIONAL
EFFICIENCY

Maintain lowest cost structure

Selectively seize consolidation opportunities

Optimize logistics/
freight management
business

D **EEPEN**
COMPETITIVE
ADVANTAGE

Global scale, talent
relationships and leverage



Customer leverage with
Production Services

Experience in building/
managing logistics business

Connected Home – Worldwide leader position



DEPLOY NEW TECHNOLOGIES IN THE MARKET

- HEVC/4K/UHD/HDR set top boxes with 1st deployments in 2015
- Leading innovation in WiFi, Ultra Broadband, OTT solutions
- Strong innovation pipeline in local networks, interoperability, UX/UI, smart applications



DEVELOP NEW MARKET SEGMENTS AND GEOGRAPHIES

- Leverage early OTT move and extend use of next generation video and audio technologies



EXPAND PRODUCT DIVERSIFICATION AND GAIN SCALE

- Value-creative consolidation opportunities



OBJECTIVES

Further reinforce worldwide leadership while improving overall product mix

Capture fast growth segments and markets and broader technology dissemination



Drive
2020

Financial Implications and Objectives

Cash generation and operational excellence to fund Technicolor's growth strategy



REACH BEST-IN-CLASS
LEVEL IN ALL
BUSINESSES

Operational excellence across businesses by maintaining or reaching industry-leading operational efficiency

Further reinforce Connected Home to reach an Adj. EBITDA at 8-9% in the mid-term

OPTIMIZE INNOVATION
AND GROWTH SPENDING

Development of core competencies and critical mass in growth areas by higher mutualization and increased linkage between businesses

Cash allocation optimization in businesses in development through industrial partnerships and external fundings

COST STRUCTURE AND
STRUCTURAL
ENHANCEMENTS

Increase automation in
Production Services

Increase shared services for
common functions and trim Corporate
costs

**Small-side divestments or
deconsolidation**

Drive 2020 financial objectives



2017

ADJUSTED
EBITDA

c. €400m

FREE
CASH FLOW

€160m to €200m

2020

Over €500m

At least €250m

All objectives are calculated at constant rate and perimeter.

Technicolor's financial policy



MAINTAIN AMPLE LIQUIDITY

Continued focus on free cash flow generation

Retention of adequate cash on hand to operate businesses

Credit lines to secure temporary liquidity needs and cushion

VALUE-CREATION CASH ALLOCATION

Mandatory debt repayments and debt optimization opportunities

**Initiation of a yearly dividend policy in 2015
5 cents/share**

Selective M&A to accelerate execution of Drive 2020

SECURED FINANCIAL FLEXIBILITY

Support or improve S&P (B+) and Moodys (B2) rating

Dividend stability or growth based on balance sheet structure and economic outlook

M&A strict decision making, implementation and integration process

Alignment of employee compensation with objectives

ANNUAL VARIABLE COMPENSATION

LONG-TERM INCENTIVE PLAN

36%

of Executives, Managers
and Professionals



85%

on common Technicolor Objectives:
Adj. EBITDA and Free Cash Flow

The Board retained an external advisor to design a new long term incentive program

Program with multi-year performance metrics and presence vesting conditions and aligned with objectives of Drive 2020

Resolution to be submitted at 2016 AGM

Key takeaways

Amplify 2015: Strong business portfolio

- Market leading and profitable operating businesses
- Effective and recognized research, innovation and licensing platform
- Positioning in growing market segments

Drive 2020: Capture Growth

- Focus on next generation video and audio technologies
- Large growth opportunities across our businesses
- Create, disseminate and monetize innovations across the Media & Entertainment ecosystem

Amplify 2015: Sound financial structure

- Deleveraging ahead of plan, optimized capital structure
- Successful track record in operational execution and FCF generation
- Delivered value creation

Drive 2020: Value creation

- Dynamic management of Technicolor's business portfolio
- Operating within a secure financial policy
- Positioned to deliver ambitious financial objectives