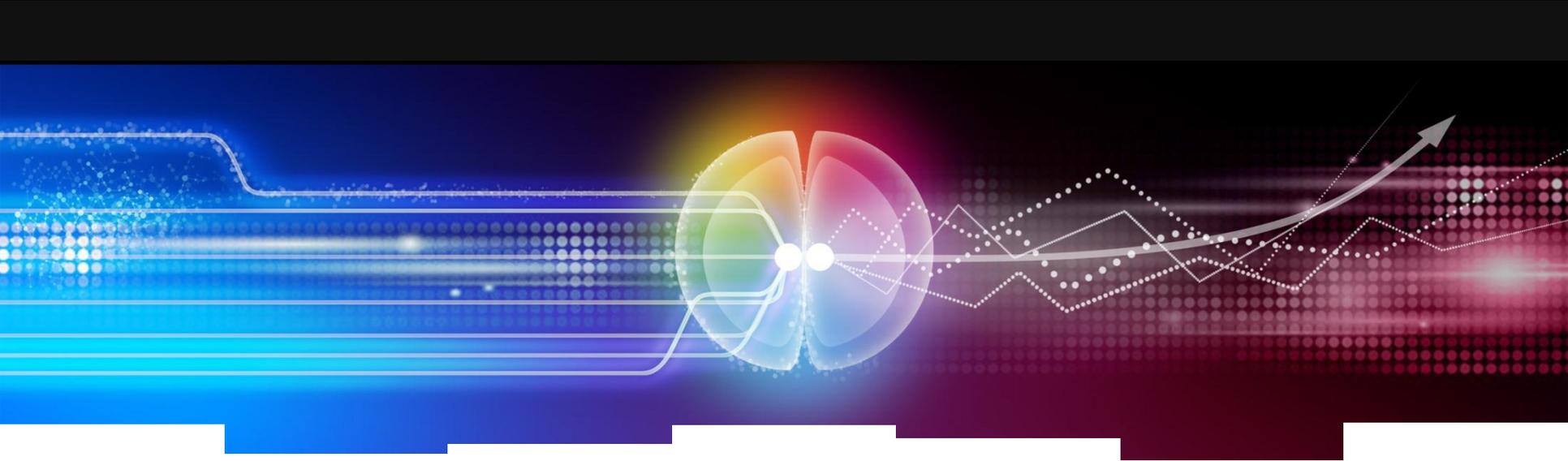


# Full Year 2013 Results

February 2014

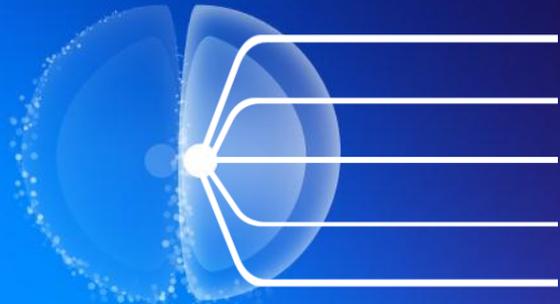


Frederic Rose, CEO  
Stéphane Rougeot, CFO



# Agenda

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1. FY2013 Key Highlights	2
2. FY2013 Financial Performance	3-11
3. Halfway through Amplify 2015 strategic roadmap	12-24
4. Inventing the future	25-30
5. Objectives and key take-aways	31-34

# FY 2013 Key Highlights

## Strong operating execution

**Revenue:** +5.2% core growth (excl. legacy) at constant rate

**Adj. EBITDA:** €537m, +10.4% at constant rate

**Net Income (excl. costs related to the refinancing transaction):** €69m

## Reinforced financial profile

**Group Free Cash flow:** €153m, +45%

**Cash conversion rate:** 28% of Adj. EBITDA, +7 points vs. 2012

**Gross nominal debt:** down €145m vs. 2012

**Leverage ratio:** 1.46x vs. 1.64x at end 2012

**Complete refinancing\*** of debt reinstated in 2010

## On track for Amplify 2015 delivery

**Strong pipeline** of strategic achievements

**Well on track to deliver 2015 financial goals**

**Foundations** to deliver further value beyond 2015

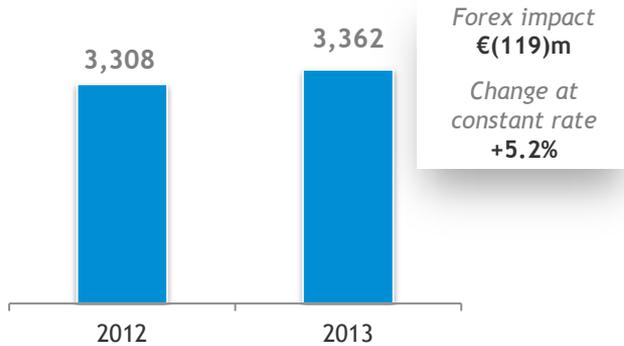
# FY 2013 Financial Performance

technicolor

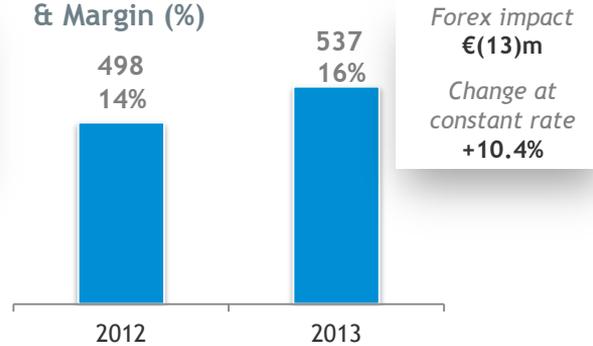


# FY 2013 - Financial Performance Highlights

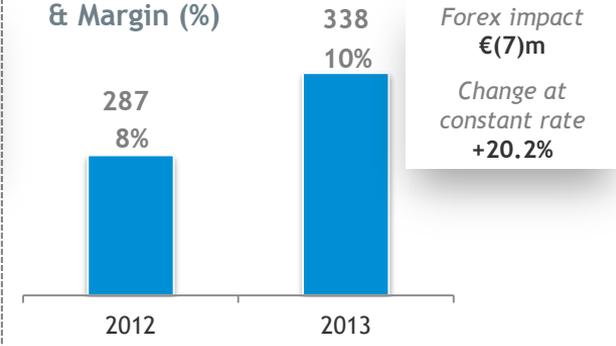
## Revenues\* (€m)



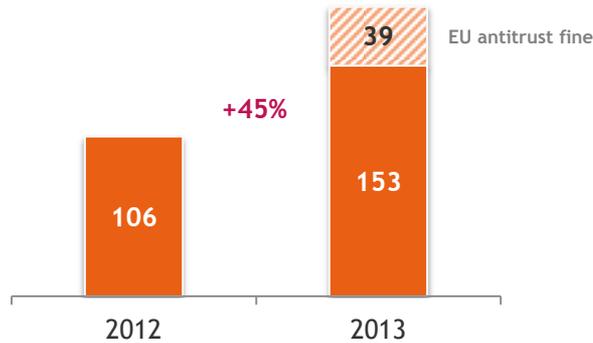
## Adj. EBITDA (€m) & Margin (%)



## Adj. EBIT (€m) & Margin (%)



## Group FCF (€m)

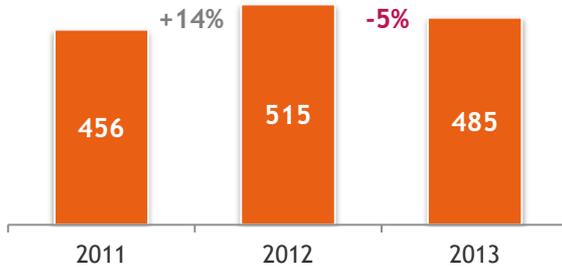


## Nominal Net Debt (€m)

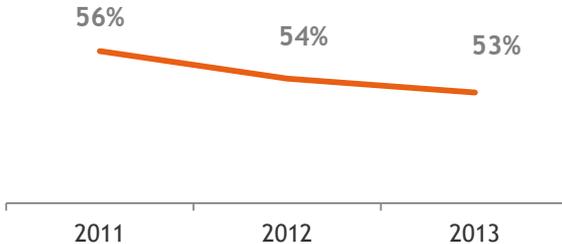


# Technology - FY 2013: steady contribution

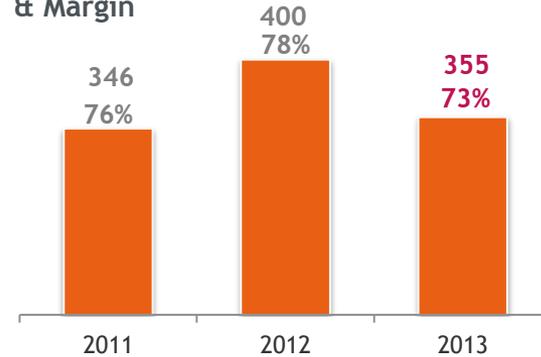
Revenues, €m  
Change at constant rates



MPEG-LA (MPEG2) in % of revenue



Adj. EBITDA, €m  
& Margin



Adj. EBITDA at €355m, a decrease vs. 2012 reflecting lower licensing revenues and incremental expenses for development and market launch:

- Increased OPEX related to M-GO and other new initiatives
- Licensing contribution remained high

## Key Business Achievements

Sustained renewals and new contracts in existing licensing programs, in particular Digital TV

Significant progress in smartphone Licensing program

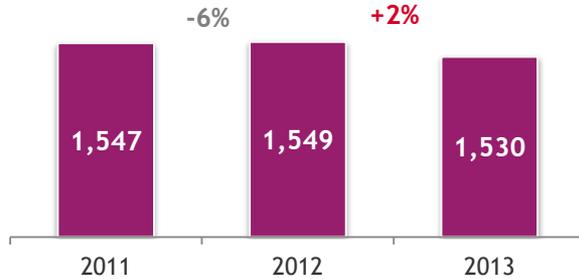
- Sony IP collaboration signed in July 2013
- LG licensing agreement signed in February 2014

Market deployment of Technology licensing and other new initiatives (color certification, 4K upscaling, HDR, Wide Color Gamut...)

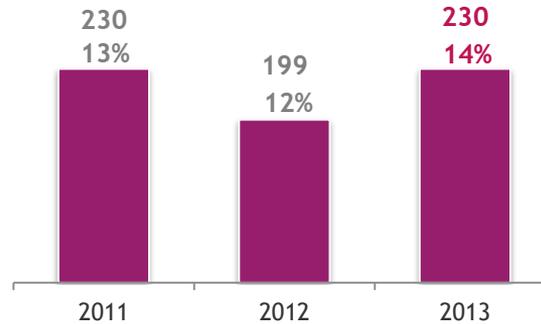
Commercial roll-out of M-GO, now also integrated on Roku boxes since October

# Entertainment Services - FY 2013: performance in line with market leadership

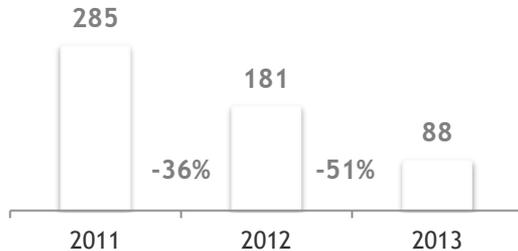
Revenues (excl. legacy), €m  
Change at constant rates



Adj. EBITDA, €m  
& Margin



Exit of legacy almost completed  
Revenues, €m



Adj. EBITDA up 19% at constant rate driven by improved operating performance across businesses:

- Improved product mix from higher Blu-ray™ volumes in DVD Services
- Revenue growth in Digital Creative Services
- Cost and operating efficiency initiatives across activities

## Key Business Achievements

### Resilient DVD Services

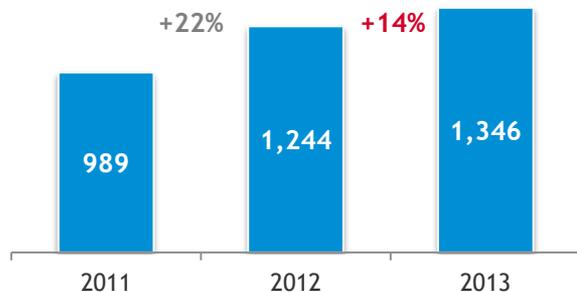
- Overall DVD Volumes reached 1.48bn units, 2<sup>nd</sup> best year ever
- Blu-ray™ discs: 17% of total volumes vs. 13% in 2012
- 3 contracts with top customers renewed

### Digital Creative Services

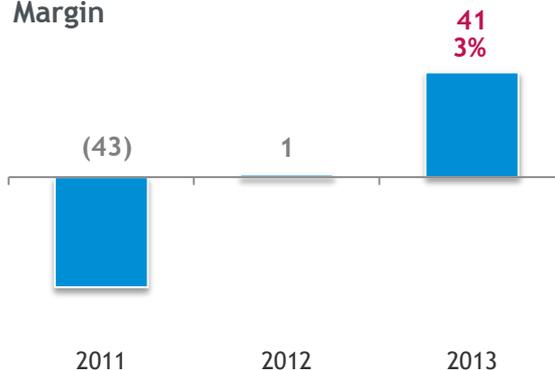
- Best quarter ever for VFX revenues in Q4 2013
- Market share gains in Theatrical for Postproduction services
- Creative talents and technological edge largely recognized by the industry

# Connected Home - FY 2013: growth and cash generation

Revenues, €m  
Change at constant rates



Adj. EBITDA, €m & Margin



## Key Business Achievements

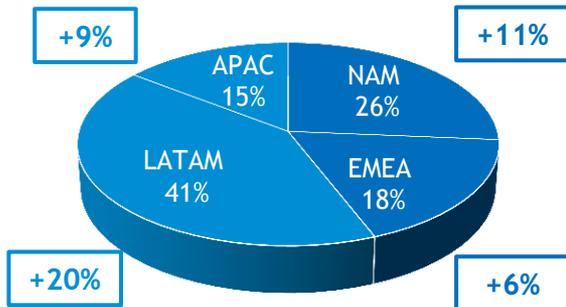
### Strong commercial pipeline

- Revenue growth in all regions in FY 2013
- Deployments in H2 of new higher end devices in particular in the US

### Profitable growth

- Positive impact of recent market share gains
- Introduction of new innovative solutions

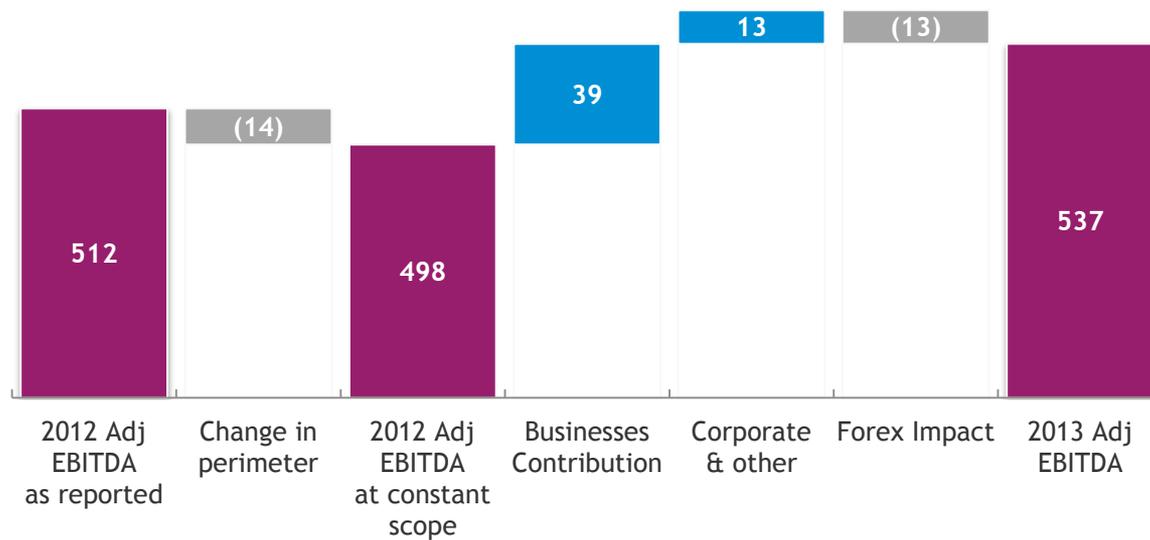
Geographical breakdown & growth at constant rate



Adj. EBITDA up €40m compared with FY 2012:

- Driven by volume growth, mix improvement and operating efficiency
- Higher gross margin at 13.6% (+1.2 pts) and Adj. EBITDA margin at 3%
- Material free cash flow generation

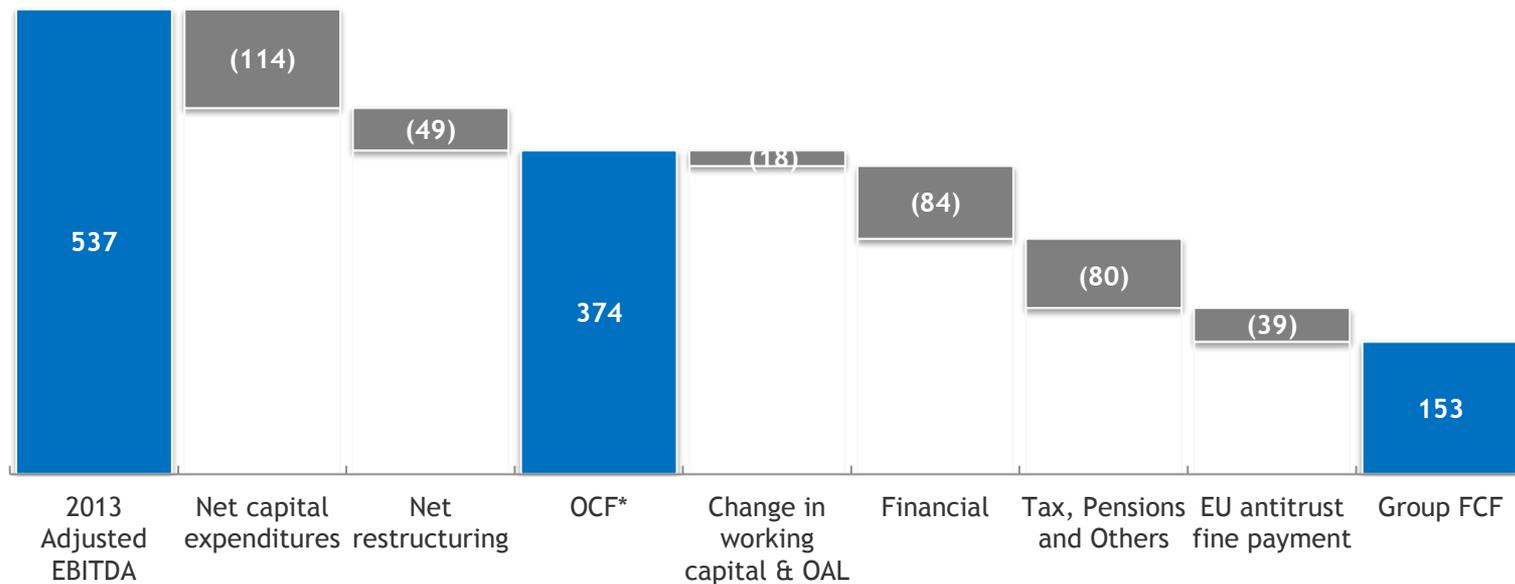
## FY 2013 - Adj. EBITDA increase driven by strong operating execution



## Net profit excl. costs related to the refinancing increased by €91m vs. 2012

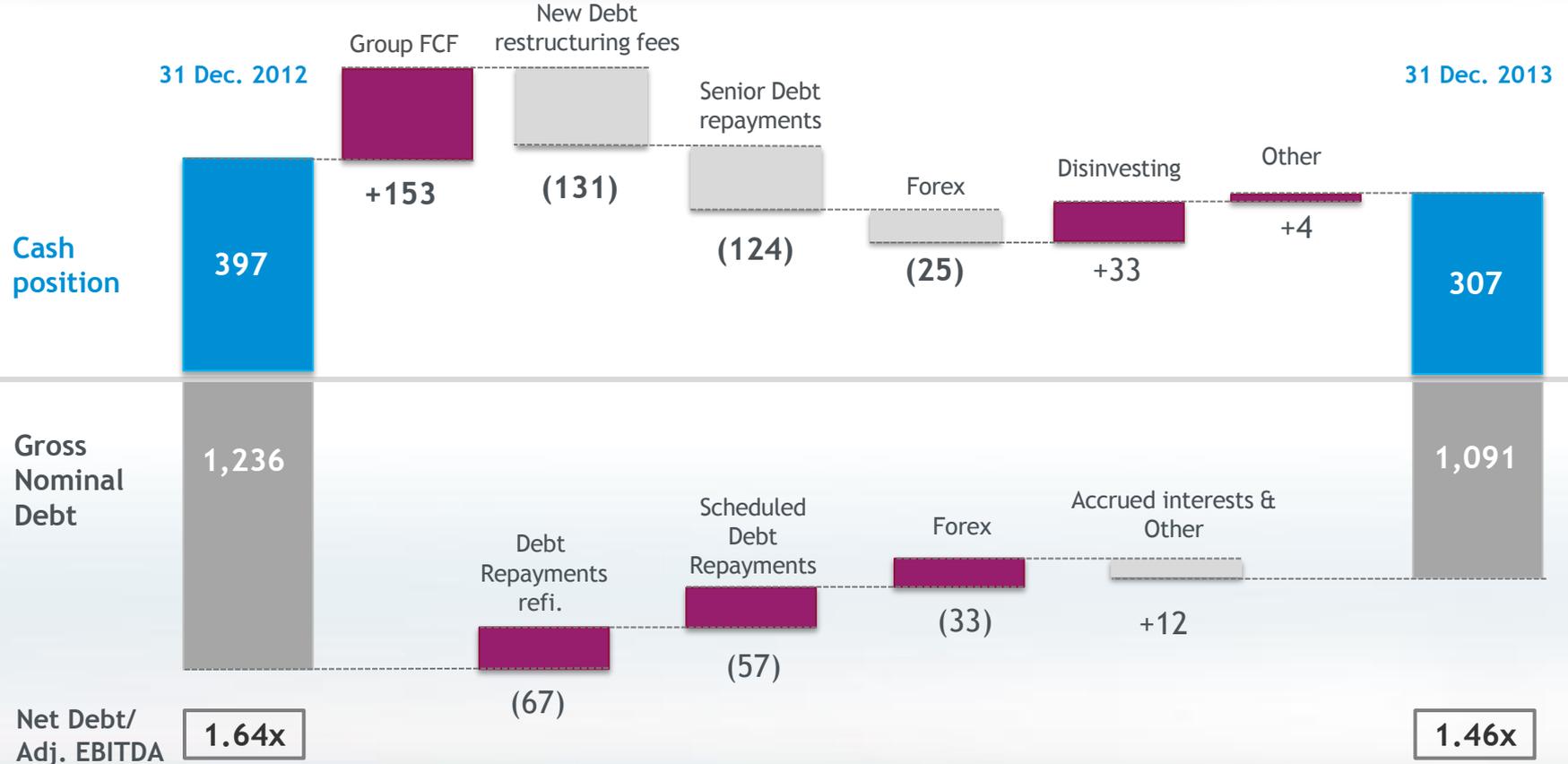
(in € million)	FY 2012	FY 2013	Variation
<b>Adjusted EBIT</b>	<b>287</b>	<b>338</b>	<b>+51</b>
Restructuring Costs	(29)	(68)	(39)
Net Impairment Losses	(10)	(31)	(21)
<b>EBIT</b>	<b>263</b>	<b>226</b>	<b>(37)</b>
Financial Costs	(197)	(127)	+70
Refinancing Costs	-	(161)	(161)
Share of profit/(loss) from associates	(5)	(6)	(1)
Income Tax	(49)	(41)	+8
<b>Profit/Loss from Continuing Operations</b>	<b>13</b>	<b>(111)</b>	<b>(124)</b>
Discontinued Operations	(35)	19	(54)
<b>Net Result</b>	<b>(22)</b>	<b>(92)</b>	<b>(70)</b>
<b>Adjusted Net Result, excl. costs related to the refinancing transaction</b>	<b>(22)</b>	<b>69</b>	<b>+91</b>

# 153M€ of free cash flow generation, up 45% YoY



- **Significant decrease in net capex:** down €33 million compared with 2012
- **Material reduction in cash interest charges:** down 28% compared with 2012

# Gross nominal debt decreasing by €145 million



# Halfway through Amplify 2015 roadmap



# Well on track to deliver Amplify 2015 objectives



	2011	2012	2013	2014	2015	Amplify 2015 objectives
€452m	<b>Adjusted EBITDA*</b>	€498m	<b>€537m</b>			<b>&gt; €600m</b>
€81m	Annual <b>Group FCF</b>	€106m	<b>€153m</b>			<b>over 2012-2015 &gt; €500m</b>
	Cumulative		<b>€259m</b>			
2.44x	<b>Nominal Net Debt / Adj. EBITDA</b>	1.64x	<b>1.46x</b>			<b>&lt; 0.9x</b>

# Halfway through Our Strategic Roadmap Implementation

2012-2013

## Boost innovation

- Priority applications<sup>1</sup> up 25% in 2 years
- Large number of innovative solutions and products launched in the market (M-GO, Qeo, Virdata, Ultravisual, new high-end Connected Home products, etc)

## Expanding Licensing

- Sustained renewals and new contracts pipeline
- Successful launch of smartphone program
- Development of a technology licensing offering (color certification, 4K upscaling, etc)

## Solid operational execution in Established Businesses

- Back to profitable growth and cash generation in Connected Home
- Near record performance in DVD Services in 2013
- Continued strong organic growth in Digital Creative Services

## Leaner cost structure

- Continuous cost optimization and operating efficiency initiatives

## Strengthened balance sheet

- €259m of free cash flow generation in 2 years
- €409 million of nominal gross debt reduction in 2 years
- Full refinancing of 2010 debt, all debt maturing 2020<sup>2</sup>

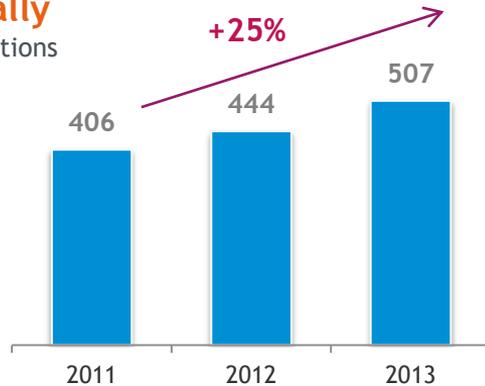
(1) a priority application is the 1st patent application that protects a new invention filed at a Patent Office, and is the origin of a patent family which may contain many patents in various countries.

(2) completed by end of April 2014

# Innovation & Licensing - Growing IP Generation and Portfolio

## Growing IP internally

Number of priority applications



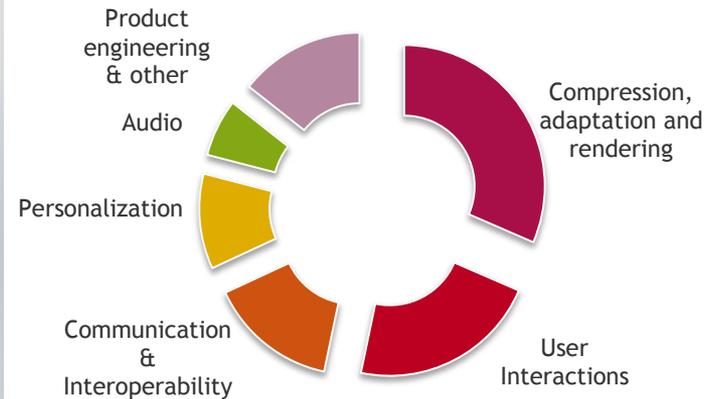
## Selected IP acquisition

- Sony patents related to technologies for smartphones & tablets (LTE, WCDMA, UMTS, WiFi, haptics, software, user interface, LCD & Amoled)
- Thales patents related to Display Technologies (driving methods & circuits, LCD backlight, panel structure, touchscreen)

## Generating IP across the Group

- Very strong IP generation in R&I
- Higher level of first filings coming from Connected Home and Digital Creative Services
- Material IP generation from new activities

## Technology areas of 2013 filings



## Patent Licensing

### Existing programs

- Strong renewal rate in Digital TV program
- Progression in other bilateral programs, incl. Digital set-top box, Blu-Ray™, trademark...
- New contracts in Mp3 program
- Stable contribution of MPEG-LA

### New programs

- Smartphone & Tablet program:
  - Sony contract, July 2013
  - LG contract, February 2014



## Preparing the future

### Active participation in standardization bodies to promote our technologies

- HEVC: 287 patents declared to ITU for the new compression standard
- MPEG-H 3D audio selected as the reference implementation for high order ambisonics
- ATSC 3.0: preparing the 4th generation DTV program

### New Leadership and establishment of an IP litigation and enforcement function

### Seeding technologies through technology licensing

- Deploying video compression & encoding expertise to develop next generation of technologies (4K upscaling, High Dynamic Range, Wide Color Gamut, HEVC)
- OTT applications and platforms development: M-GO, Ultravisual

# Innovative Solutions - Benefiting from high-growth Markets and early IP positions

## Value proposition

## Large and high growth markets

## Technology and IP: +200 patent Filings in 2013



Latest movies and just released TV shows on any device, subscription-free

8bn\$ video market in US in 2013 growing by 12 % p.a.

Everywhere and Ultra HD video delivery and up-scaling  
Personalized recommendation



Cloud-based monitoring, management and analytics services for connected appliances / IoT (Internet of Things) that drastically reduce cloud costs

Connected devices, excluding PCs, tablets and smartphones, growing to 26 billion units installed in 2020

Ultra-scalable data communication  
Publish & Subscribe data framework  
Not traditional client-server architecture



Communication framework that interconnects devices and applications of all brands and technologies

300bn\$ in IoT products and services, in 2020

Multi-platform APIs framework  
Ambient interface and intelligent configuration



Mobile application that promotes collaborative storytelling with advanced camera and video editor

>1 M UGC creators  
>150 video hours uploaded on UGC platforms every minute

Enhanced camera on mobile  
Video editing on mobile

# Innovative Solutions - Active Partnerships to Boost Market Penetration

## Digital Content Solutions

Deep integration and 1-click access to content



4K streaming



Seamless transactional VOD service

Guaranteeing the color quality on any devices



Color Certified



## Digital Life Solutions

Joining forces to offer best communication framework for the IoT



Ultra-scalable Monitoring/Management/Analytics platform



# Established businesses Entertainment Services - Strengthened Positions in all Market Segments

## A diversified customer base



## Leading positions in all market segments

- #1 ww in DVD Services
- #2 ww in theatrical post-production
- #3\* ww in visual effects for Theatrical & Advertising

## Strong mix of services

**DVD volumes:** 17% of Blu-Ray™ discs, 83% in Standard DVD

**VFX:** 63% of revenue in Theatrical, 37% of revenue in Advertising

**Postproduction:** increased importance of TV Broadcast

## Key 2013 achievements

### DVD Services - confirmed resiliency

- Near record volumes at 1.48bn
- Multi-year contractual renewals with 3 Major Studio customers
- Full support for the XBOX One launch

### Digital Creative Services - revenue growth

- Q4 2013, strongest quarter ever in VFX
- Double digit growth for VFX activity in 2013
- Strong utilization rate and market share gains in Postproduction services

# Leverage Existing Assets

## Entertainment Services - Award-winning Talents and Innovations Driving Growth

20 FEET FROM STARDOM  
AMERICAN HUSTLE  
AUGUST: OSAGE COUNTY  
Jackass presents BAD GRANDPA  
THE BOOK THIEF  
CAPITAINE PHILLIPS  
CUTIE AND THE BOXER  
DALLAS BUYERS CLUB  
Disney FROZEN  
T-800 GRANDMASTER  
GRAVITY THE GREAT BEAUTY  
GATSBY  
her  
HOBBIT  
INSIDE LLEWYN DAVIS  
IRON MAN 3  
Disney THE LONE RANGER  
MANDALA  
NEBRASKA  
PHILOMENA  
PRISONERS  
THE SQUARE  
STAR LINE INTO DARKNESS  
20 THE WOLF OF WALL STREET

### Increasing share of services on tent-pole movies

- On-location & Digital Dailies
- Theatrical Finishing & 3D Color
- Visual Effects
- Sound Editorial & Mixing
- Theatrical Marketing Services
- Localizing Services
- Digital Cinema
- Fulfillment
- Academy Screeners
- Home Entertainment Services

### Leading innovations

- Full offer of digitization and automation of workflows
- Introduction of new services: on set, 4K, restoration...
- Leading edge know-how and asset libraries

### Talent and technology for award-winning results

Technological edge

Recognized premium content creation

Key partner for premium content creation: work on 4 of the 5 nominated films in the Achievement in Cinematography category for the Oscars

*Gravity, Inside Llewyn Davis, The Grandmaster and Nebraska*

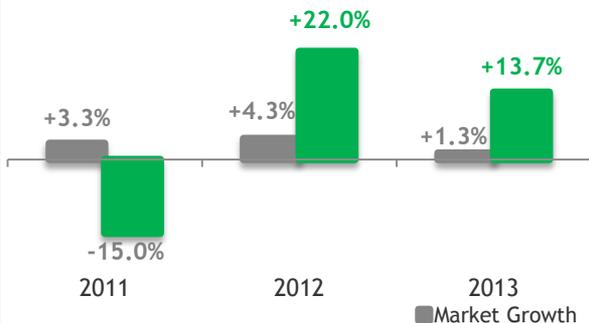


# Established businesses

## Connected Home - Regained Confidence from Clients and Excellence in Execution

### Restoring market share gains

Outperforming the market (value based)



### Excellence in execution

**Supply chain performance:** on-time delivery up to 98% in 2013

**Quality performance:** material reduction of non quality cost

**Development performance:** on-time project delivery improved by 50%

### Key 2013 achievements

**Market share gains in North America and EMEA:**

- respective revenue growth of 11% and 6%, largely exceeding market growth

**Strong pipeline of new business and increased share of high end products & solutions:**

- revenue +14% at constant rate and ASP c. +5% vs 2012

**Back to profitable growth and cash generation:**

- Adj. EBITDA margin of 3% and material cash generation

### Some customers



# Established businesses

## Connected Home - Innovation to Benefit from the Next Refresh Cycle

### Innovation focus

Wi-Fi leadership

HEVC / 4K expertise

Android-based devices, applications & user interfaces

Interoperability of devices and apps in the connected home space

LTE development



### Preparing for next generation Video and Internet of Things

Homeware platform for STB and GW

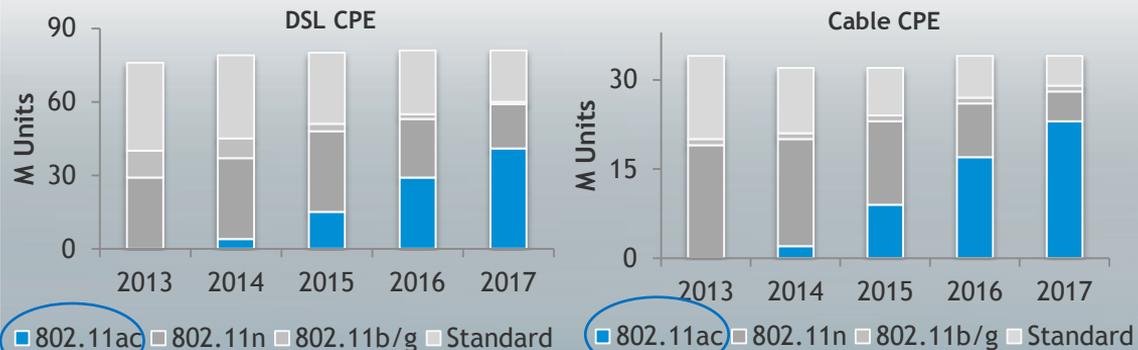
Agile software development methods

New generation UX/UI

Applications development environment with Qeo

Cloud-based capabilities to support OTT services

### Wi-Fi enabled vs. Standard ww CPE (units)



### HEVC/ Ultra HD set-top boxes

2015: first shipments

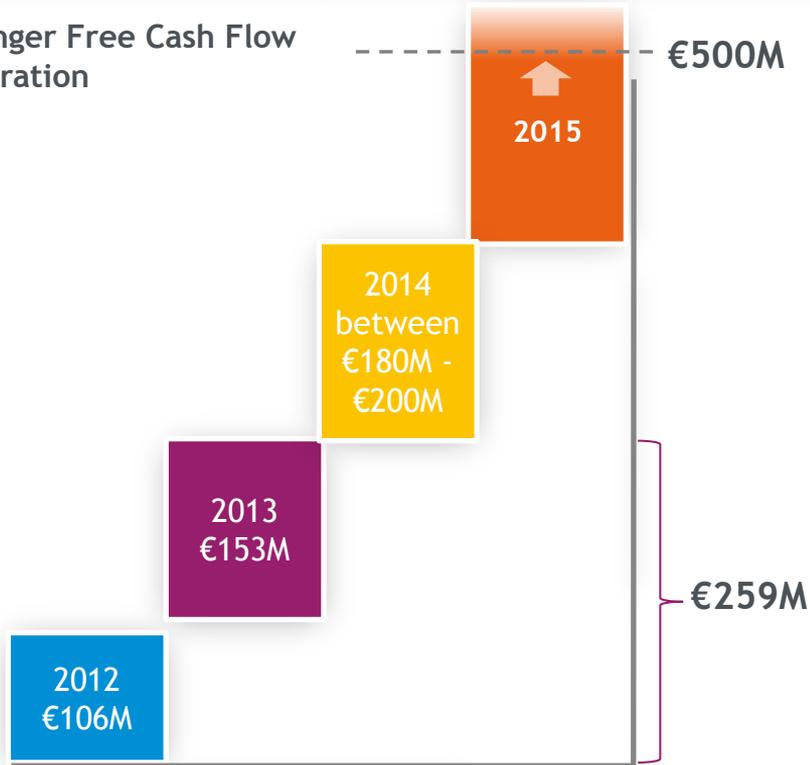
2018: 10 million UHD STBs, 5% of market

2019: 20 million UHD STBs, 10% of market

2020: 50 million UHD STBs, 20% in NAM and 5/10% elsewhere

# Strong Confidence in Capacity to Outperform 2015 FCF and Deleveraging Goals

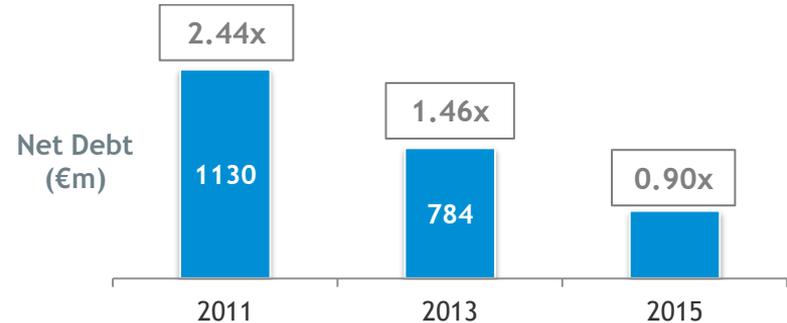
## Stronger Free Cash Flow generation



## Recovered financial flexibility

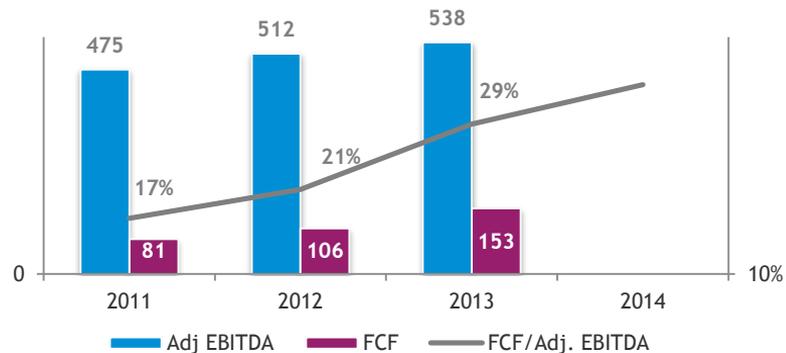
- Nominal gross debt reduced by €409m in 2 years
- 100% of Restructured Debt refinanced, incl. transaction announced in Feb 2014

## Deleveraging ahead of schedule



# Renewed Financial Flexibility to Support Growth and Innovation

## Higher Cash conversion rate



## Improved financial profile (€m)



## Recovered agility

- Development of new activities and capabilities with streamlined Opex & Capex
- Proven track record of managing business transitions
- “make, partner or buy” approach

## External growth capacity

- Seize potential M&A opportunities to accelerate development of assets
- Provide access to key technologies & capabilities, including IP
- Maintain leverage ratio max. at 0.9x on 12-month rolling

**Inventing the future**



# Strength of our Business Model

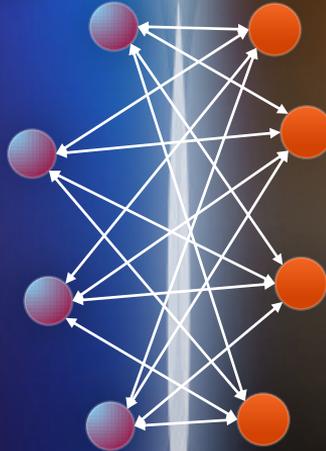
## Operating businesses

**Operational profit**  
from market positions

**Innovation relevance by**  
confrontation to concrete  
market pain points

**Impact on market  
adoption** through business  
incubation

**Ecosystem legitimacy**  
to disseminate and  
monetize innovations



**Point of differentiation**  
on our operating businesses

**Ecosystem influence and  
licensing profit** from  
expertise in selected domains  
(video, sound, interoperability,  
machine learning)

**Increasing licensing reach**  
from converging features in  
Consumer Electronics and Digital  
Platforms

**Back-end value**  
in case of stop/exit decision  
for operating businesses

## Technology development and licensing

# Framework to Deliver Value Beyond 2015

Generate incremental value from existing assets and businesses

## Key Performance Indicators

- Innovative solutions & services
- Market share gains
- Cost optimization
- Cash generation

Develop new activities in relevant end markets with strong IP and Licensing capabilities

## Key performance indicators

- Growth and high margin profile
- High return (Targeted IRR>25%)
- Targeted investments and external growth opportunities
- Back-end IP if exit

Leveraging core assets & capabilities

Targeting higher growth and margin prospects

Commercialize Innovations

Extract Technology & IP

## Inventing the future

- Immersive Media Technologies
- Context-aware Entertainment
- Digital Life

# Immersive Media Technologies

Deliver premium quality content everywhere with next generation technologies\* in video and audio compression, rendering & adaptation

## Technicolor Competitive Position

- #4 worldwide patent holders in video technologies
- +250 HEVC patents and significant patent pipeline in next generation technologies
- Engagement with standardization bodies and ecosystem

## Key Execution Levers

- Get support from major content owners
- Strengthen development & productization capabilities
- Partner with major D2C platforms (OTT or Pay-TV)
- Use M-Go as technology outlet / showcase to drive technology adoption

## Market dynamics:

Licensing market  
estimated to **€2.5 / 3bn**  
Growth rate: **+5% p.a.**



## Revenue opportunities

- Renew and expand patent licensing programs
- License technologies to CE manufacturers and OTT players
- Cooperate with complementary IP players

\* 4K, Wide Color Gamut, High Dynamic Range, Framing, Upscaling, Ambisonics etc

# Context-Aware Entertainment

Build a true personalized experience by offering new features and interaction with entertainment content

## Technicolor Competitive Position

- Existing capabilities at M-Go and Connected Home
- Technology expertise in video, audio, interoperability, UI/UX, machine learning
- Long standing relationships with Media & Entertainment and Consumer Electronics players

## Key Execution Levers

- Develop new generation of UI/UX, machine learning and sensors
- Boost investments in software & product development
- Use M-Go as technology outlet / showcase to drive technology adoption
- Develop licensing program towards OTT devices designers

## Market dynamics:

Total market: +€140bn  
o/w Licensing: €1 / 2.5bn  
Growth rate: +10% p.a.



vimeo



## Revenue opportunities

- Partnership with CE manufacturer and/or content aggregator
- Large potential for technology licensing towards OTT devices, game consoles, smart TV and wearable sensor makers

# Digital Life

Enrich consumer's life by integrating and exploiting connected devices, sensors, applications, data and analytics

## Technicolor Competitive Position

- **Technology expertise** in communication, interoperability, data fusion, machine learning
- **Recent innovations in local networks**
- Roll out in the market of **Qeo and Virdata**
- **Platform and middleware integration** capabilities
- **Alliances and partnerships** with vertical leaders

## Key Execution Levers

- Innovation in local networks, device and app interoperability, user interface, machine learning, sensors
- D2C Digital Life services in selected application fields
- Service Enabler offer in selected verticals
- Platform play on data fusion and analytics

## Market dynamics:

Total market > **€10 bn**

o/w Licensing: **€1 bn**

Growth rate: **+30% p.a.**

Connected devices:

**24 bn units by 2020,**

**+11% p.a.**



Virdata



## Revenue opportunities

- Direct to Consumer platform or Service enabler
- Partnership with CE manufacturer and/or vertical service provider
- Technology licensing

# Objectives and key take-aways



## 2014 guidance and Amplify 2015 objectives

**Adj. EBITDA between  
€550m-€575m in 2014**

Technicolor confirms it expects to achieve its 2015 objective of an Adj. EBITDA above €600m

**Free cash Flow between  
€180m-€200m in 2014**

Technicolor upgrades its free cash flow generation objective to at least €500m over the period 2012-2015 (versus €400m initially)

**Net debt / Adj. EBITDA  
below 1.2x at end 2014**

Technicolor revises its leverage objective to 0.9x at end 2015 (versus 1.1x initially) as a result of its free cash flow objective upgrade

## Key take-aways



**Strength of our business model: a technology leader that creates value through operating businesses and licensing technologies**



**Improved performance across all metrics: increased profitability, strong cash generation, material deleveraging**



**Leading market positions of our operating businesses, which continue to deliver incremental value creation in the next 3 years**



**Strong core assets and capabilities to target markets with higher growth and margins prospects and capture early IP position**



**Inventing the future to deliver continued value beyond 2015**



THANK YOU



# Appendix

technicolor

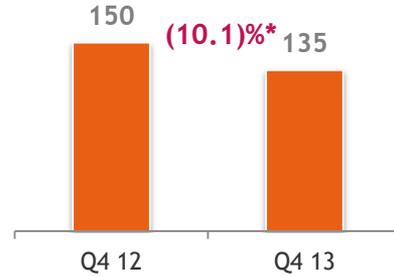


# Q4 2013 - Highlights

Q4 2013 Revenues, €m



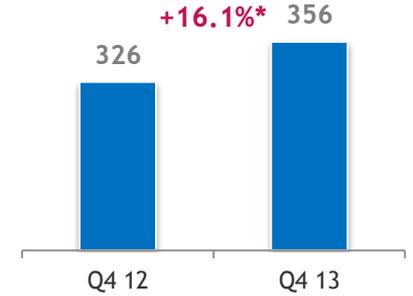
Technology Revenues, €m



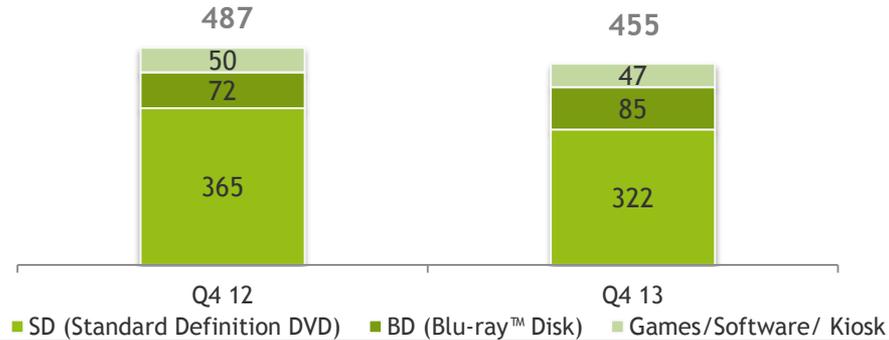
Entertainment Services Revenues, €m



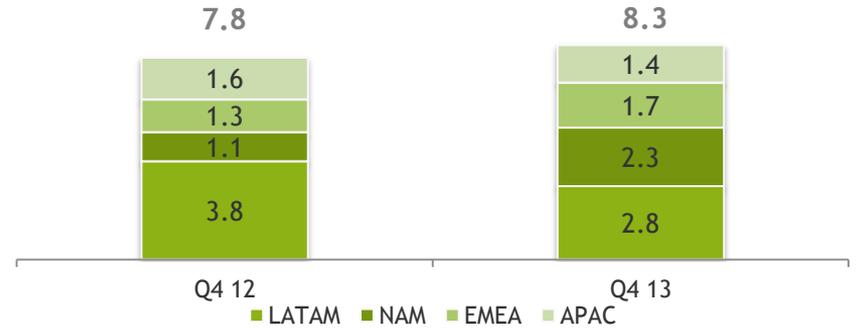
Connected Home Revenues, €m



Q4 2013 DVD Volumes (m units)



Q4 13 Connected Home Product Volumes (m units)



## Semester Revenues by Division - at constant scope and rate

(in € million) At constant scope	H1 2013	$\Delta$ % Constant Currency	H2 2013	$\Delta$ % Constant Currency
Technology	227	(3.3)%	258	(7.3)%
Entertainment Services <i>excluding legacy activities</i>	732 680	(2.5)% +4.2%	885 850	(4.3)% +0.3%
Connected Home	630	+13.1%	717	+14.3%
<b>Total from continuing operations*</b> <i>excluding legacy activities</i>	<b>1,589</b> 1,537	+3.1% +6.5%	<b>1,860</b> 1,825	+1.7% +4.2%

## Semester Adjusted EBITDA by Division - at constant scope and rate

(in € million) At constant scope	H1 2013	$\Delta$ % Constant Currency	H2 2013	$\Delta$ % Constant Currency
Technology	164	(8.2%)	191	(14.2)%
Entertainment Services	84	+27.5%	146	+15.3%
Connected Home	2	-	39	+257.1%
<b>Total from continuing operations*</b>	<b>207</b>	<b>+12.6%</b>	<b>330</b>	<b>+9.0%</b>

## Net profit excl. costs related to the refinancing increased by €91m vs. 2012

(in € million)	2H 2012	2H 2013	Change	FY 2012	FY 2013	Change
<b>Adjusted EBIT</b>	<b>206</b>	<b>227</b>	<b>(21)</b>	<b>287</b>	<b>338</b>	<b>+51</b>
Restructuring Costs	(21)	(49)	(27)	(29)	(68)	(39)
Net Impairment Losses	(5)	(29)	(25)	(10)	(31)	(21)
<b>EBIT</b>	<b>152</b>	<b>137</b>	<b>(15)</b>	<b>263</b>	<b>226</b>	<b>(37)</b>
Financial Costs	(81)	(54)	+27	(197)	(127)	+70
Refinancing Costs		(161)	(161)		(161)	(161)
Share of profit/(loss) from associates	(1)	(1)	-	(5)	(6)	(1)
Income Tax	(28)	(21)	+7	(49)	(41)	+8
<b>Profit/Loss from Continuing Operations</b>	<b>39</b>	<b>(101)</b>	<b>(140)</b>	<b>13</b>	<b>(111)</b>	<b>(124)</b>
Discontinued Operations	(35)	4	+38	(35)	19	+54
<b>Net Result</b>	<b>4</b>	<b>(98)</b>	<b>(102)</b>	<b>(22)</b>	<b>(92)</b>	<b>(70)</b>
<b>Adjusted Net Result, excl. costs related to the refinancing transaction</b>	<b>4</b>	<b>63</b>	<b>+59</b>	<b>(22)</b>	<b>69</b>	<b>+91</b>