



FY 2015 RESULTS

19 FEBRUARY 2016

Technicolor – A Successful Transformation in 2015

“ Successful transformation of the Company around three leading Operating businesses and a core Licensing business thereby significantly increasing the Drive 2020 financial objectives. ”

 **> 5000**
CREATIVES

 **> 1700**
RESEARCHERS
& ENGINEERS

 **> 7000**
OPERATIONALS

 **> €5Bn**
REVENUES*



Three Leading Operating businesses and a core Licensing business

#1 WORLDWIDE
IN VFX AND POST

Production Services
FY 2015 Revenues
€568m

#1 WORLDWIDE
IN DVD SERVICES

DVD Services
FY 2015 Revenues
€1,071m

#2 WORLDWIDE
IN CPE

Connected Home
FY 2015 Revenues
€1,451m

**INDUSTRY-LEADING IP
AND LICENSING CAPABILITIES**

Licensing
FY 2015 revenues
€490m
incl. €288m from MPEG LA pool



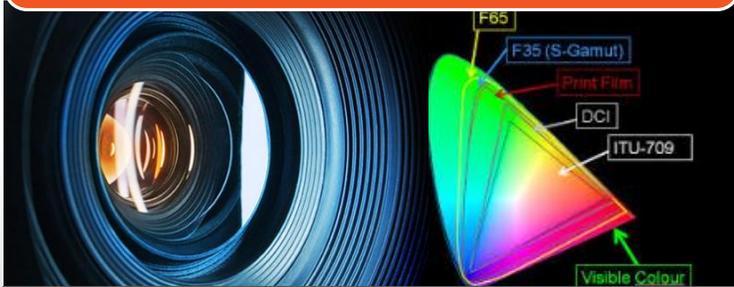
RESEARCH & INNOVATION

Connecting Innovation & all R&D teams across the Group

Strategic Innovation Focus

MEDIA FORMATS

Compression & Color



Video coding standards
HDR & WCG technologies

Delivering market solutions to Production Services, Technology Licensing & creating valuable inventions to sustain Patent Licensing

IMMERSIVE MEDIA

Augmented & Immersive

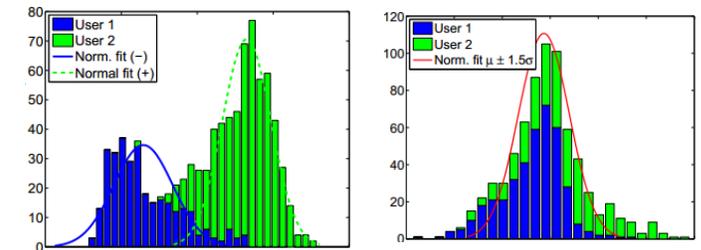


Immersive content creation
and rendering, AR, VFX

Explore, provide and develop emerging business opportunities for Production Services and Connected Home

DIGITAL LIFE EXPERIENCES

IoT & Virtualization

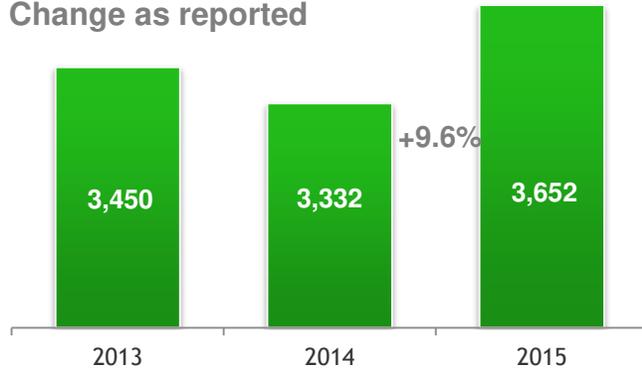


Learn from sensor &/or network data
to infer user behavior

FY 2015 – Solid Financial Results

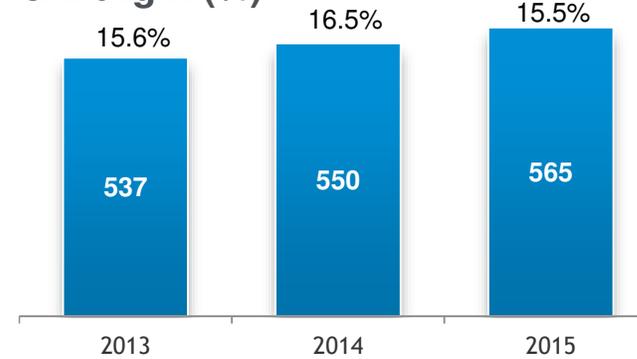
Revenues (€m)

Change as reported



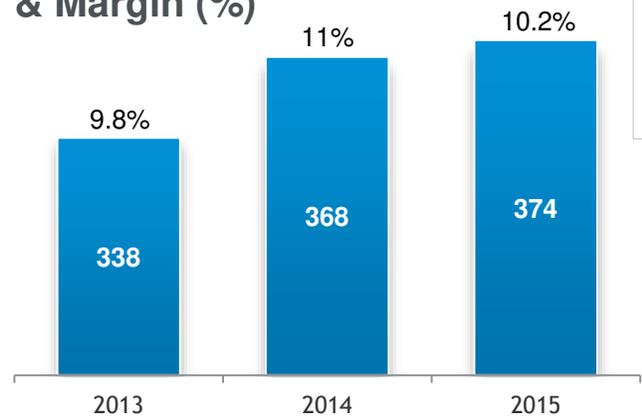
Change 2015 vs. 2014
at constant rate
+2.4%

Adj. EBITDA (€m) & Margin (%)



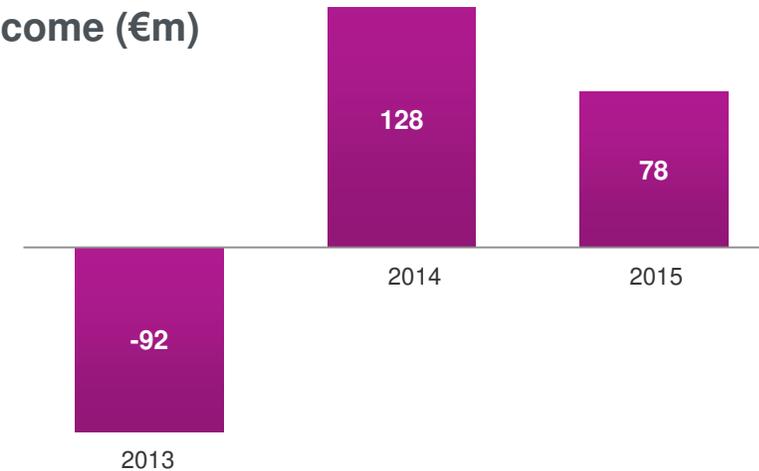
Change 2015 vs. 2014
at constant rate
+3.1%

Adj. EBIT (€m) & Margin (%)

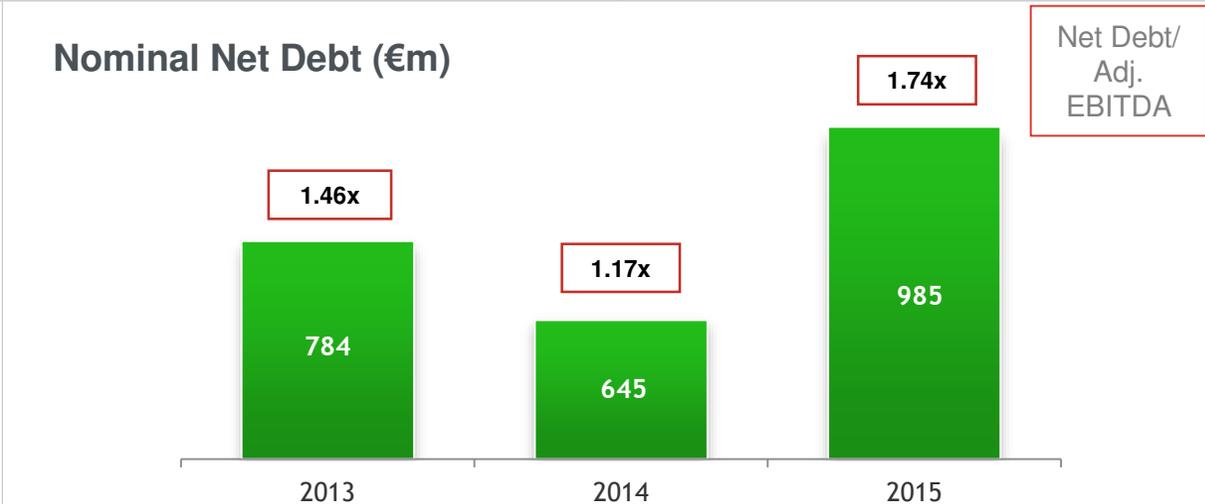
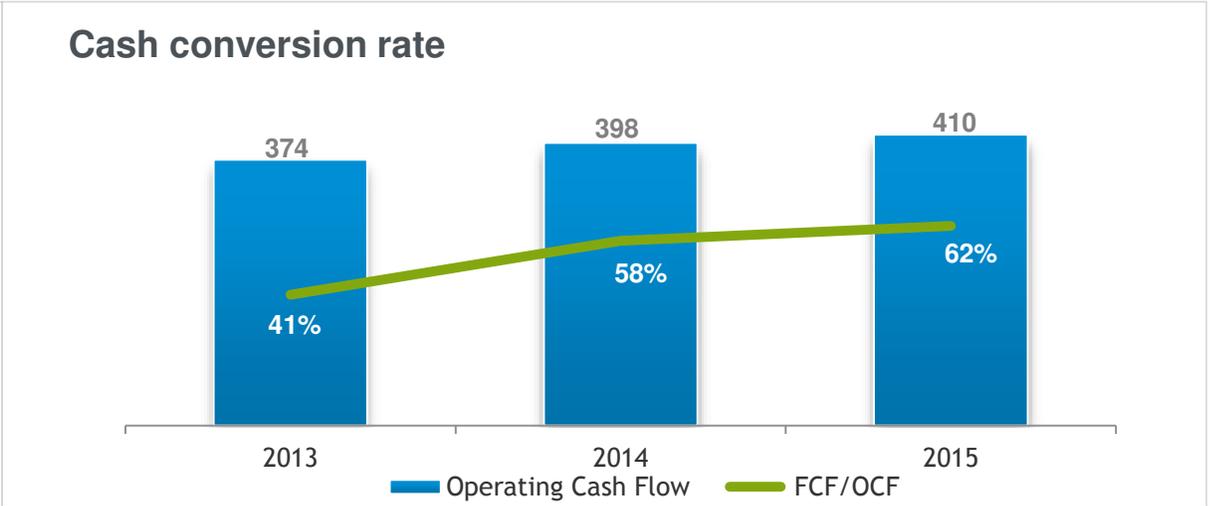
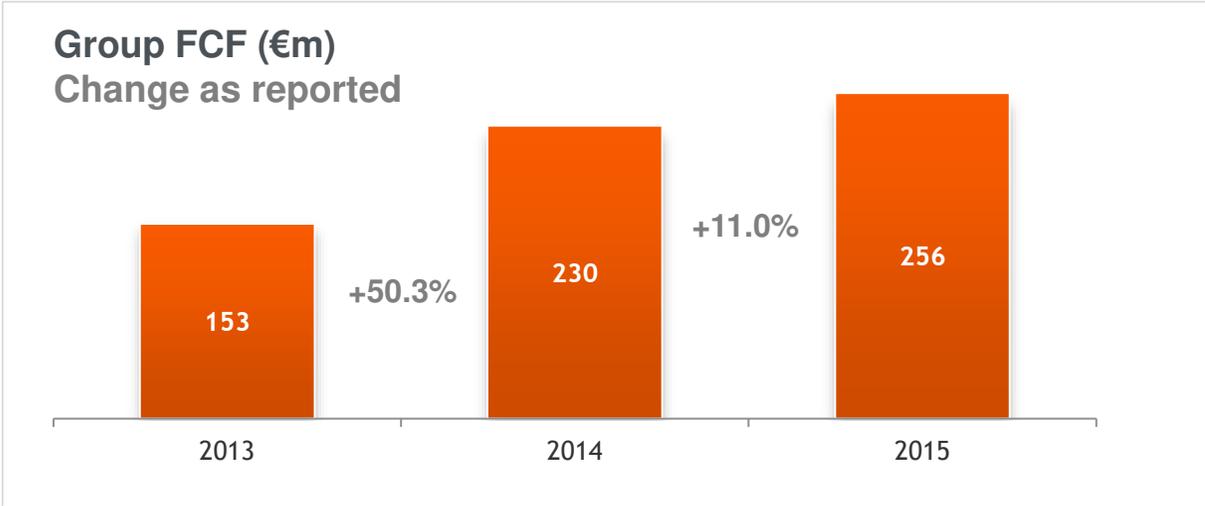


Change 2015 vs. 2014
at constant rate
+8.0%

Net Income (€m)



FY 2015 - Strong Cash Generation

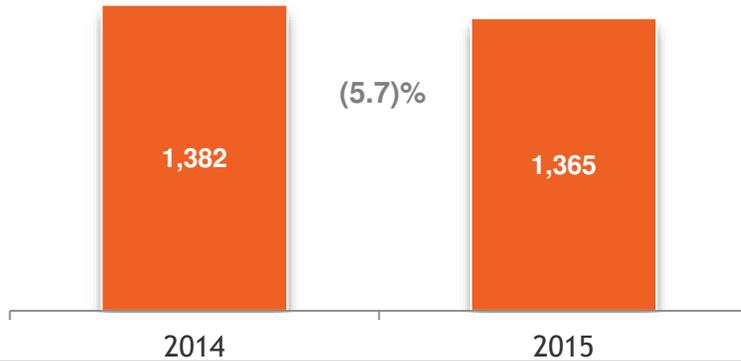


OPERATING BUSINESSES

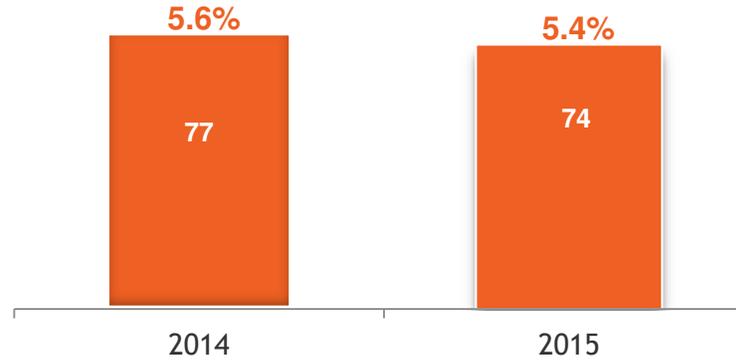
FY 2015 – Connected Home excl. Cisco Connected Devices

Revenues (€m)

Change at constant rate



Adj. EBITDA (€m) & Margin



Key Highlights

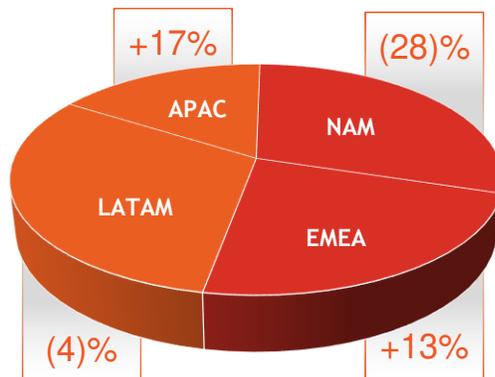
Top-line growth

- ▶ Back to organic growth in Q4
- ▶ FY 2015 revenues down 1.2% at current rate YoY reflecting lower product shipments, in particular in North America
- ▶ Overall product mix improvement across most regions

Profitable growth

- ▶ Improvement of Gross margin notwithstanding a lower revenue base
- ▶ Working cap impacted by the on boarding of Cisco Connected Devices at the end of the year

Geographic breakdown & growth at constant rate



Adj. EBITDA:

- ▶ Negative forex impact of €6m mostly generated in EMEA
- ▶ Adj. EBITDA margin of 6.1% at constant rate reflecting solid operating execution
- ▶ Continued improvement in product cost and mix

A Transforming Acquisition for Connected Home

Connected Home pre acquisition

€1.5Bn

Geographically balanced, strong in Broadband and satellite STB

Cisco Connected Devices

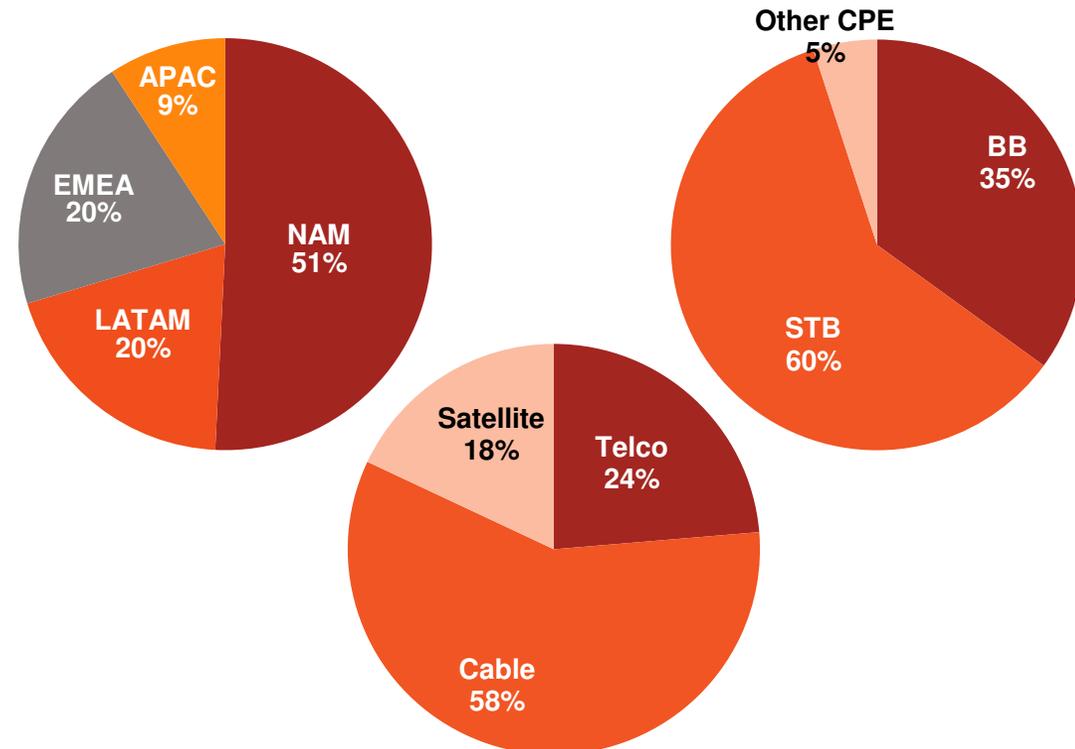
€1.5Bn

Focus on North America, strong in cable

Connected Home

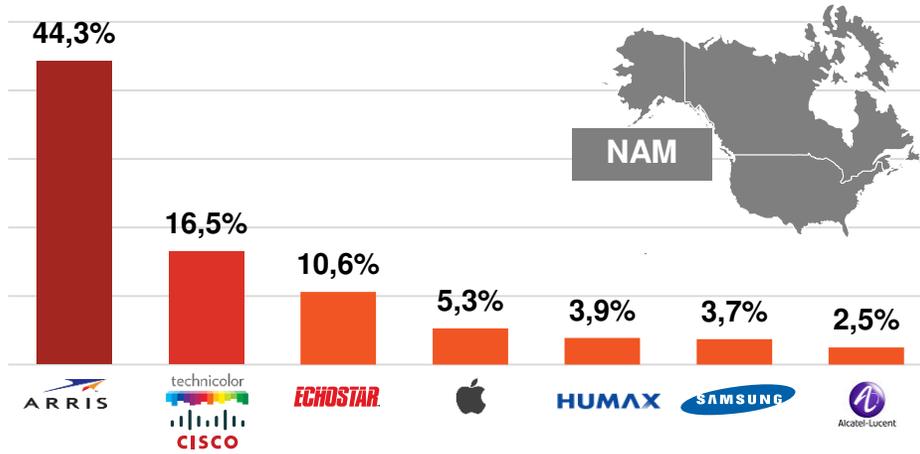
€3Bn of revenues in 2015

A complete and balanced portfolio

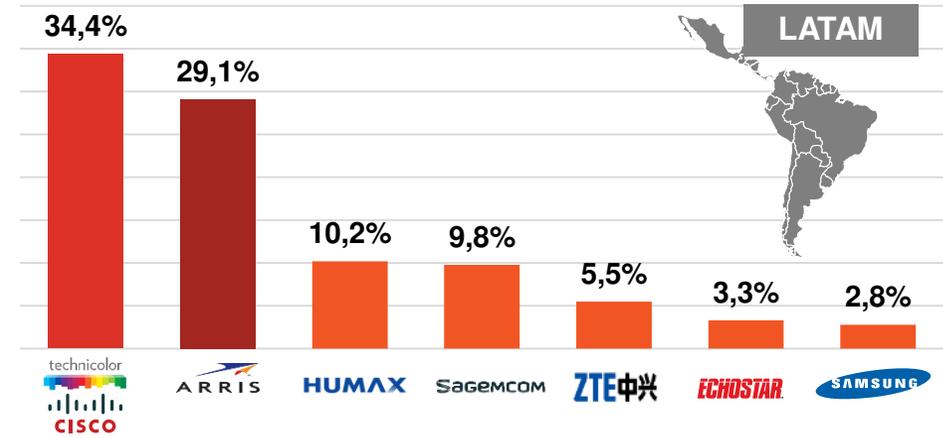


Reinforced Worldwide Leadership

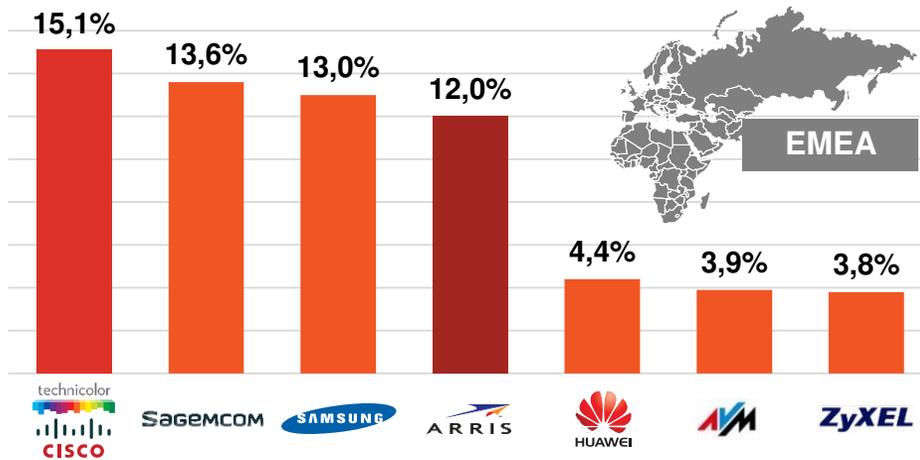
TCH moves from #6 to #2



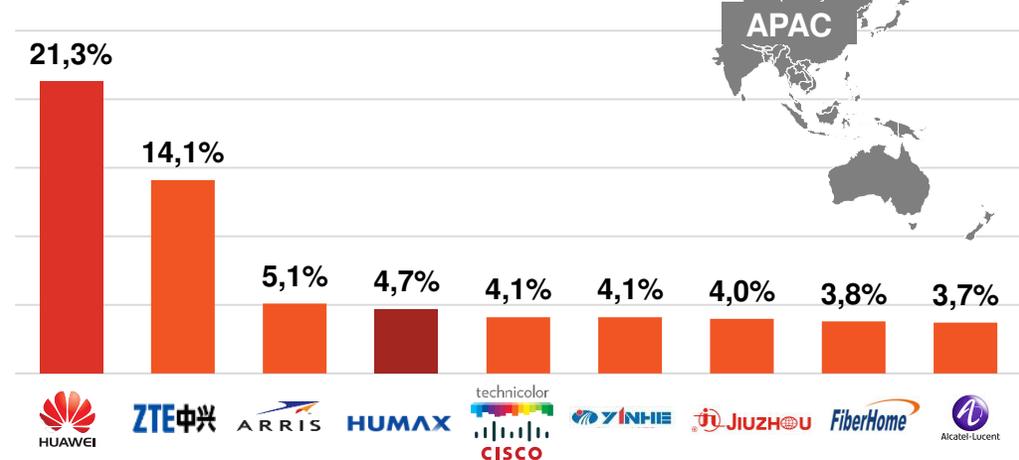
TCH consolidates #1 position



TCH moves from #5 to #1



TCH moves from #8 to #5



Integration of Cisco Connected Devices

Closed 4 months
after announcement

1

COGS
REDUCTION

▶ On schedule

Synergies > €130m
+30% vs. initial objective

2

G&A
REDUCTION

▶ Immediate
impact in 2016

3

R&D
EFFICIENCY

▶ On schedule

Post Acquisition Status

- ▶ > 1,837* employees, o/w 714 joining Technicolor through the acquisition
- ▶ Strengthened Management team
- ▶ Targeting to end the Transition Service Agreements with Cisco before year end
- ▶ Ongoing implementation of the partnership with Cisco with focus on video, broadband, IoT (Internet of Things) and CPE virtualization (vCPE)

Technology Focus on Growing Markets

Connected Home Innovation

- ▶ In-home connectivity and data aggregation tools
- ▶ OTT devices
- ▶ Virtual CPE (vCPE)
- ▶ Virtual Reality in the home



Focus on bandwidth

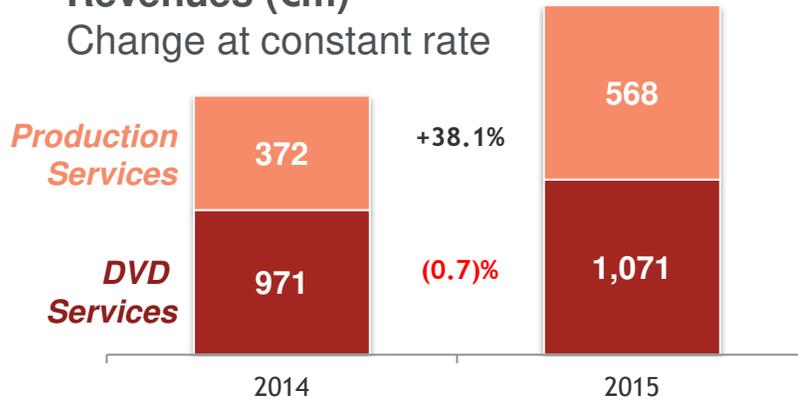
- ▶ Fixed BB boosted by new technology
 - DOCSIS 3.1
 - Fiber
 - G.fast
 - Fixed LTE



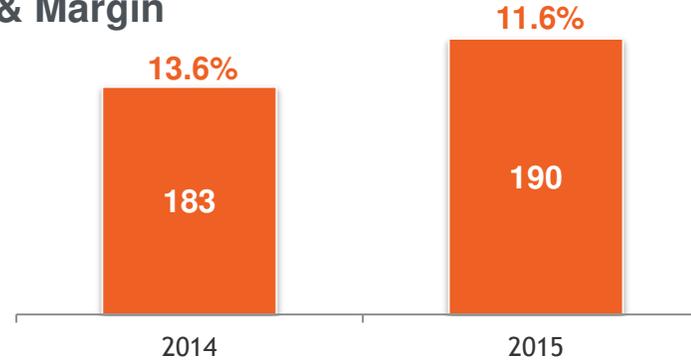
FY 2015 – Entertainment Services excl. exited activities*

Revenues (€m)

Change at constant rate



Adj. EBITDA (€m) & Margin



Key Highlights

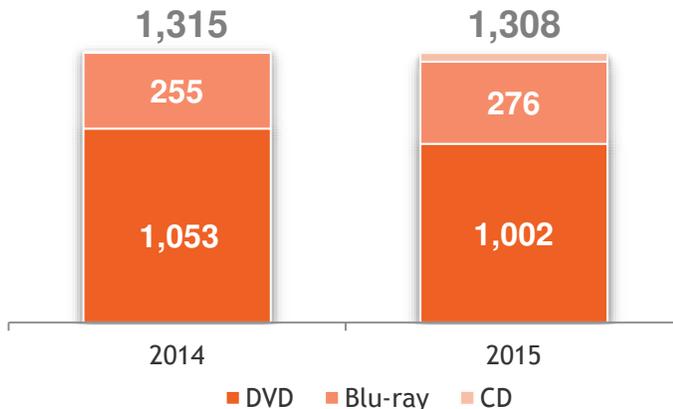
Production Services

- ▶ Revenues up 52.5% at current rate driven by double-digit organic growth and addition of the new brands
- ▶ Strong organic growth driven by record level of VFX for feature films
- ▶ Solid level of activities across the business
- ▶ Contribution of The Mill to the revenues of €51m

DVD Services

- ▶ Revenues above €1bn reflecting strong slate of releases and new customer acquisitions
- ▶ Volume trends significantly better in H2 vs H1 2015

YoY volume change million units



Adj. EBITDA

- ▶ Production Services adj. EBITDA strongly up YoY
- ▶ DVD Services adj. EBITDA down YoY, due to the decision not to adjust operating platform in H1 and onboarding of new customers in H2
- ▶ Notwithstanding this adj. EBITDA margin decline, FCF generation of DVD Services was stable YoY

Production Services Poised to Thrive over the coming years

Growing customer base



Post-integration focus

- ▶ Best practice & technology sharing/optimization
- ▶ Global talent retention acquisition
- ▶ Rendering and storage in the cloud
- ▶ Enterprise agreements for software and hardware

Unquestionable leadership

- ▶ Over **150,000 visual effects shots** annually across feature film, TV & Advertising
- ▶ Around **5,000 digital artists** across our brands globally
- ▶ Contributing services to over **70% of the world's top box office** films in 2015



Recognized Visual Effects Expertise in all market segments



British Academy of Film Awards

Worked on **23** nominated films

1 nomination



Academy Awards

Worked on **29** Oscar films

1 nomination



Golden Globes

Worked on **26** nominated projects



Canadian Screen Awards

Worked on **24** nominated projects

2 nominations

Cinema Audio Society Award



2 nominations

Visual Effects Society



18 nominations

5 wins

The American Society of Cinematographers

Worked on **5** nominated films



Motion Picture Sound Editors



4 nominations



British Arrow Craft award

4 wins

Clio Awards



4 wins

Cannes Lion



8 wins

D&AD Wood Pencil



12 wins

London International Awards



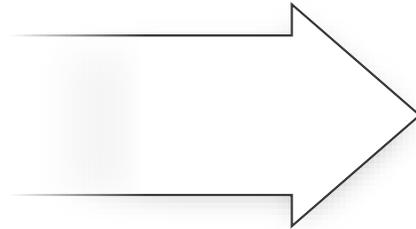
9 wins

DVD Services focused on Cash Generation

SERVED MARKET SIZE: 3.3Bn discs

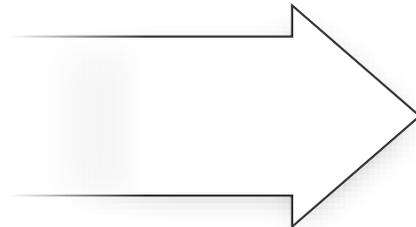
TECHNICOLOR REPLICATION VOLUMES: 1.3Bn discs

Market leading support to enhance customer base



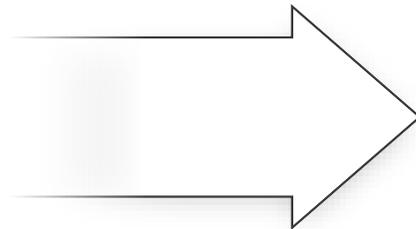
- ▶ 5 of 6 Major Hollywood Studios
- ▶ Microsoft & All Major Games Publishers
- ▶ 2 of 3 Major Music Labels

Highly competitive operating platform



- ▶ North America, Europe & Australia
- ▶ Strategically Located Low-Cost Operations
- ▶ Large-Scale/Highly Optimized Supply Chain

2016 business focus



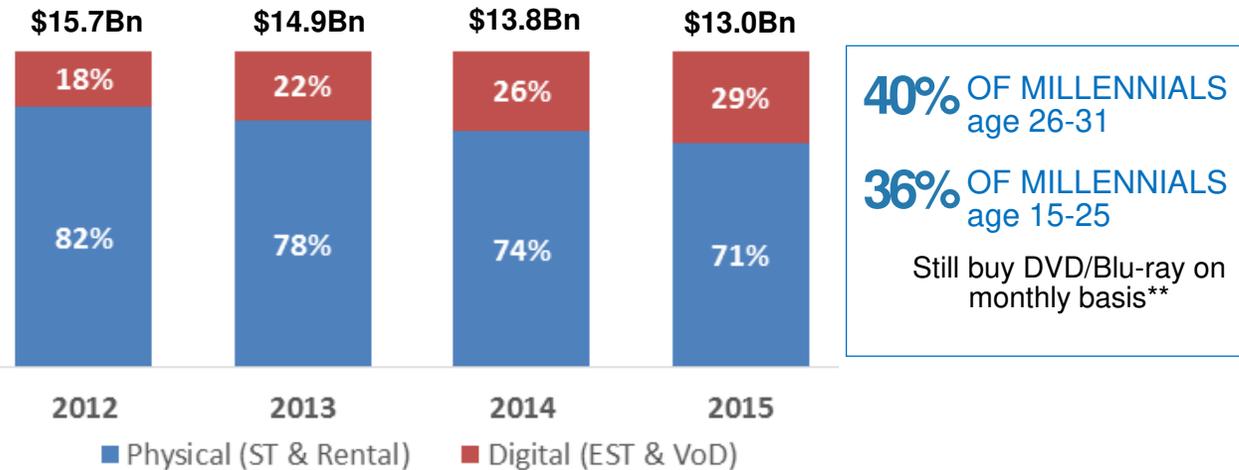
- ▶ Additional customers wins
- ▶ Operating efficiency optimization, including ongoing integration of Cinram North American operations/assets
- ▶ Diversification/Expansion of Supply Chain Services

A Leader in a Mature and Resilient Market

Physical to Digital Shift

- ▶ Physical media demand remains stronger than expectations
- ▶ DVD & Blu-ray remains majority of consumer spending
- ▶ “Long-Tail”- Physical share will shrink, but on gradual basis

% of Total U.S. Consumer Home Entertainment Spending*



* Source: DEG Group – Excludes subscription streaming services
** Source: Deloitte Digital Democracy Survey, 2015

Ultra HD Blu-ray

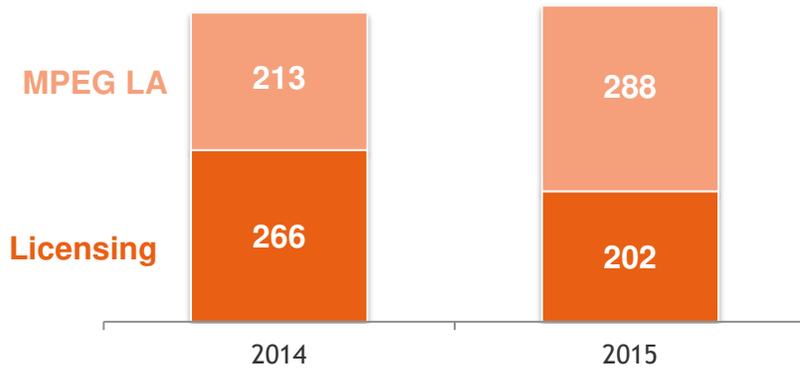
- ▶ Production started in Q1 2016
- ▶ Growing support across studio customer base
- ▶ 1st DVD Services production title: Fox’s The Martian



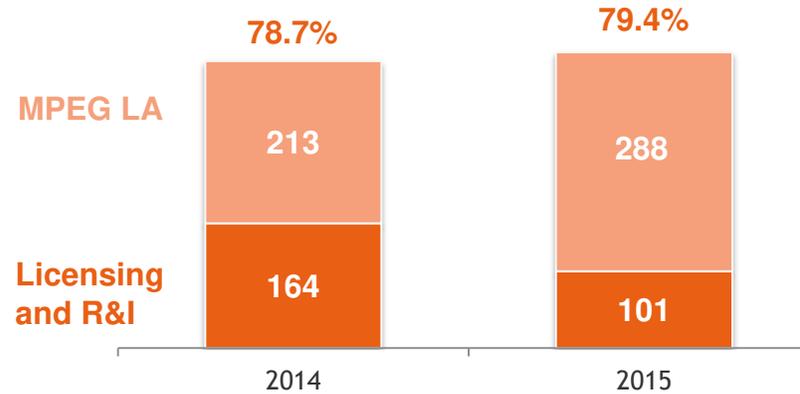
LICENSING BUSINESSES

FY 2015 – Technology excl. M-GO

Revenues (€m)



Adj. EBITDA (€m) & Margin (%)



Key Highlights

- ▶ Licensing revenues up 3.3% at constant rate
- ▶ Higher revenues from the MPEG LA pool which represented 59% of total sales
- ▶ Low level of contract renewal and new contracts in H2 for the other licensing programs
- ▶ Revenue decline of other licensing programs not offset by the solid H1 performance

Key events:

- ▶ Joint-licensing program with Sony for DTV and CDM expected to ramp up in 2018
- ▶ First licensing agreement for HEVC
- ▶ Implementation of a revised filing policy

Adj. EBITDA

- ▶ Adj. EBITDA increase driven by FY 2015 revenue growth
- ▶ MPEG LA contribution expected to decline to €60m in 2016
- ▶ Allocation of all costs related to R&I and Licensing to non MPEG LA revenues

IP and Licensing Expertise



Patent
portfolio
management



Patent
Licensing



Trademark
Licensing



Technology
Licensing

Patent Portfolio Management and Licensing

Focus on high quality IP assets
in four key pillars



Digital Television

*All leading TV
brands licensed*



Mobile

*2 of the Top 10
players licensed*

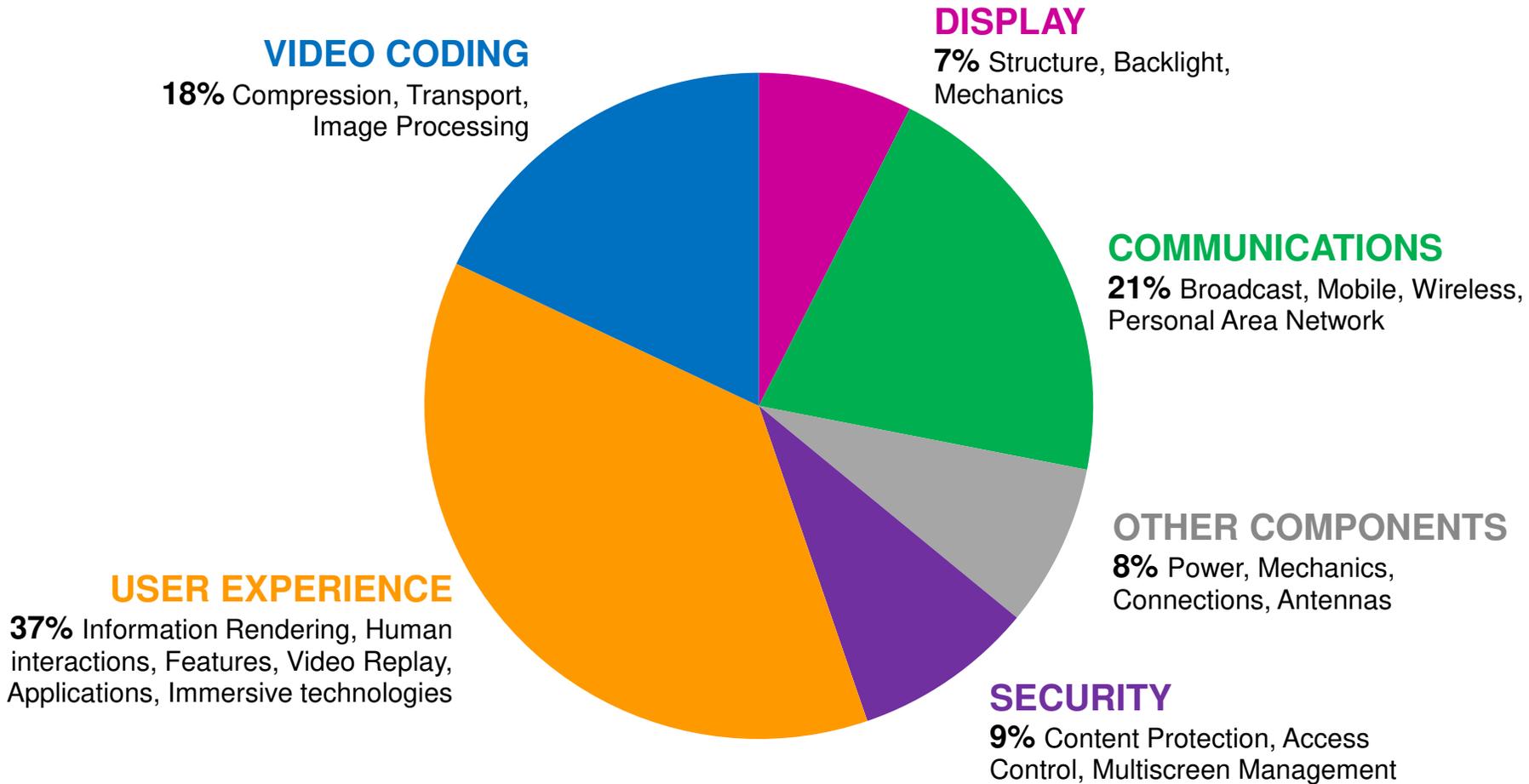


Connected Home

*N°2 WW CPE
provider*

VIDEO CODING

Patent Portfolio Management and Licensing

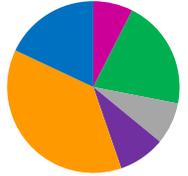


PORTFOLIO COVERAGE

60%
APPLIES
TO MOBILE

65%
APPLIES
TO DTV

Technicolor Patent Portfolio coverage for Smartphones



MARKET SIZE:
1.5Bn units/year globally

Display LCD & AMOLED
Structure, Backlight,
Mechanics

LTE, 3G, 2G

WiFi

Personal Area Network

HDMI over USB Type C



Video Codecs

MPEG-2 Systems, MPEG-4
Visual, H.264, HEVC

Copy protection

User interface

Search recommendations,
Audio player interface...

OS and key applications

Software update, E-mail program,
Video signal strength, SIM card
application toolkit
SIM card application toolkit

Application and music store

Technicolor Patent Portfolio coverage for TV



MARKET SIZE:
230m units/year globally

Display LCD & AMOLED
Structure, Backlight, Mechanics

DVB standards
DVB-T/T2, DVB-S/S2,
DVB-CI/CI+, DVB-SI

ARIB standard
ISDB-T

ATSC 1.0, future ATSC 3.0

WiFi

HDMI
Power
Mechanics

Video codecs
H.264, HEVC
Image processing, incl. HDR

User interface
Voice recognition, Remote control

Electronic Program Guide

Advanced features
On-screen display, Parental control,
Multiscreen management, Video replay

Connected TV

Copy protection
Access Control
Multiscreen Management



Trademark and Technology Licensing

A solid portfolio of brands that leverage Technicolor's heritage

RCA

THOMSON

SABA

PROSCAN

NORDMENDE



FERGUSON

Solid foundations to leverage Technicolor's expertise

- ▶ Product offering for immersive video and experiences: image enhancement, color processing
- ▶ HDR progress: strong SOC vendors penetration, CE vendors engagement and tests under way with Pay TV operators
- ▶ Partnerships: Philips and LG announced at CES, support from SOCs



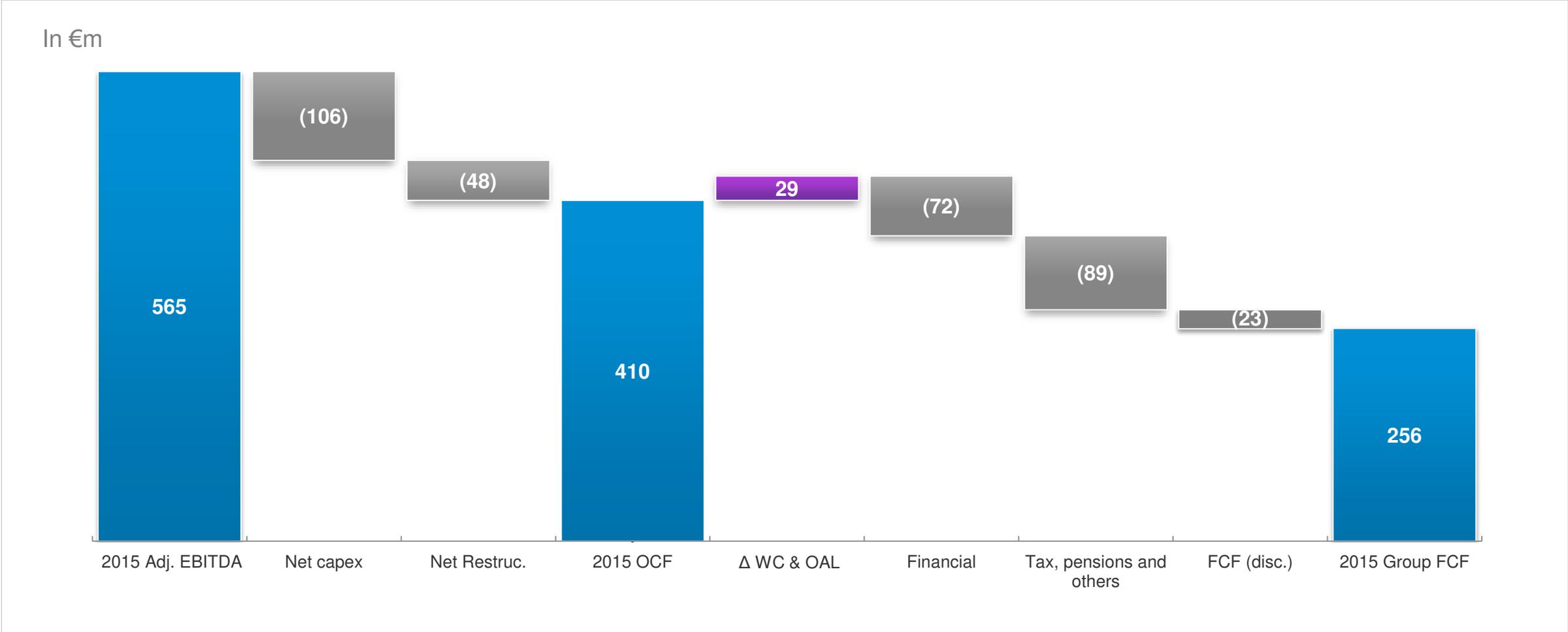
FY 2015 FINANCIAL RESULTS

technicolor



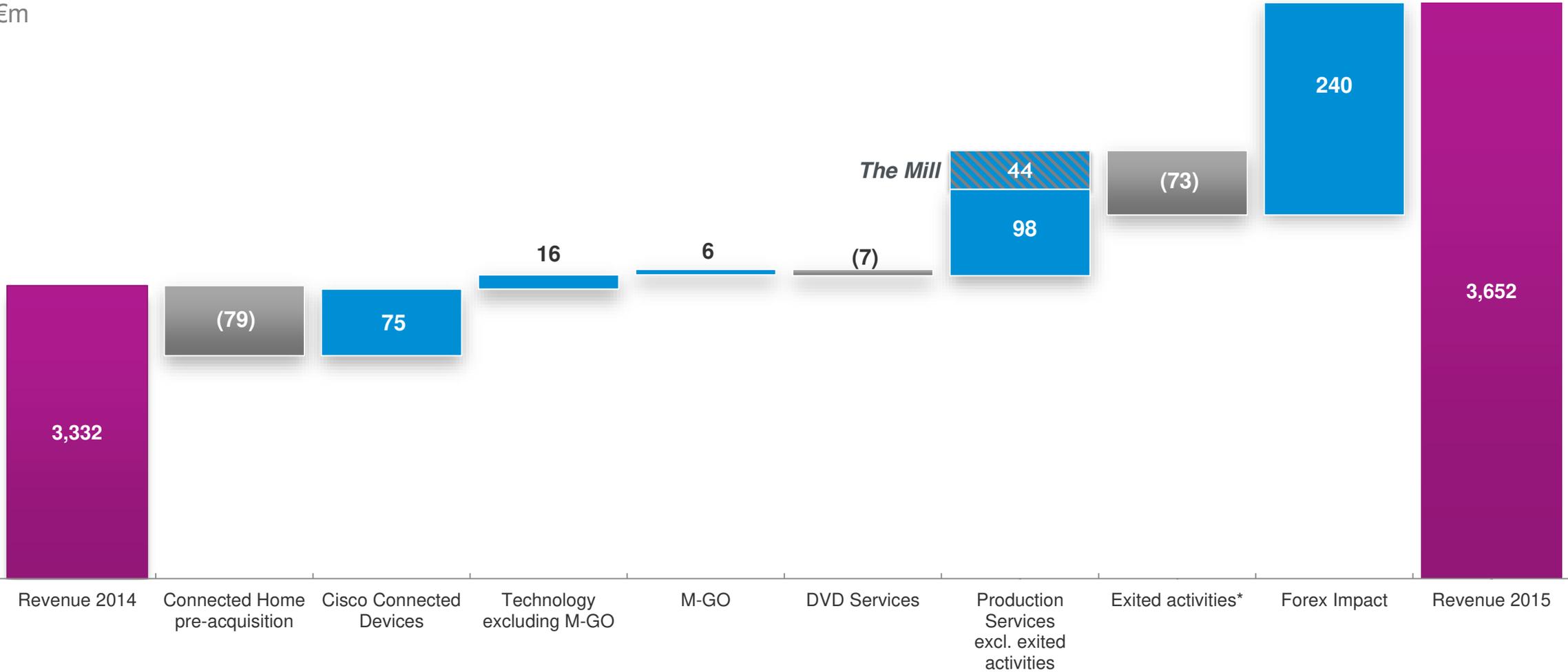
FEEL THE WONDER

FY 2015 – Strong free cash flow generation of €256m



FY 2015 – Revenues

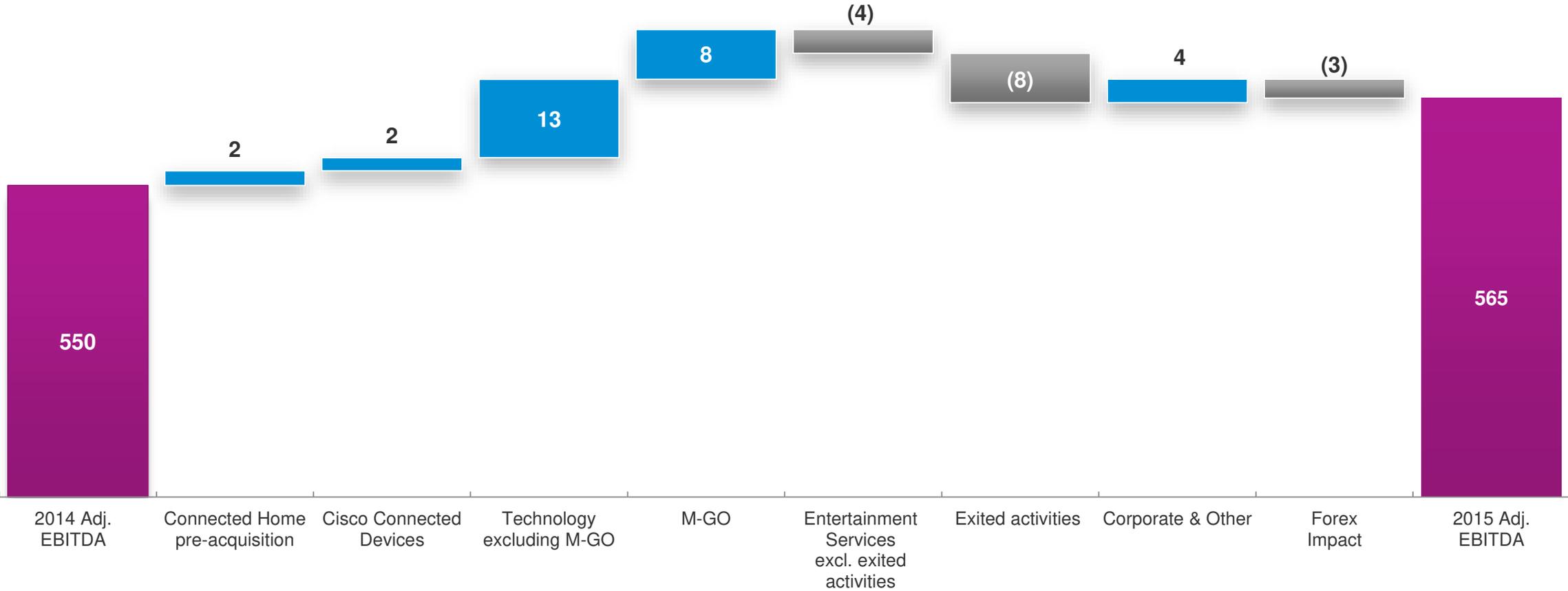
In €m



* Exited activities include Digital Cinema, Digital Distribution Services and IZ-ON Media

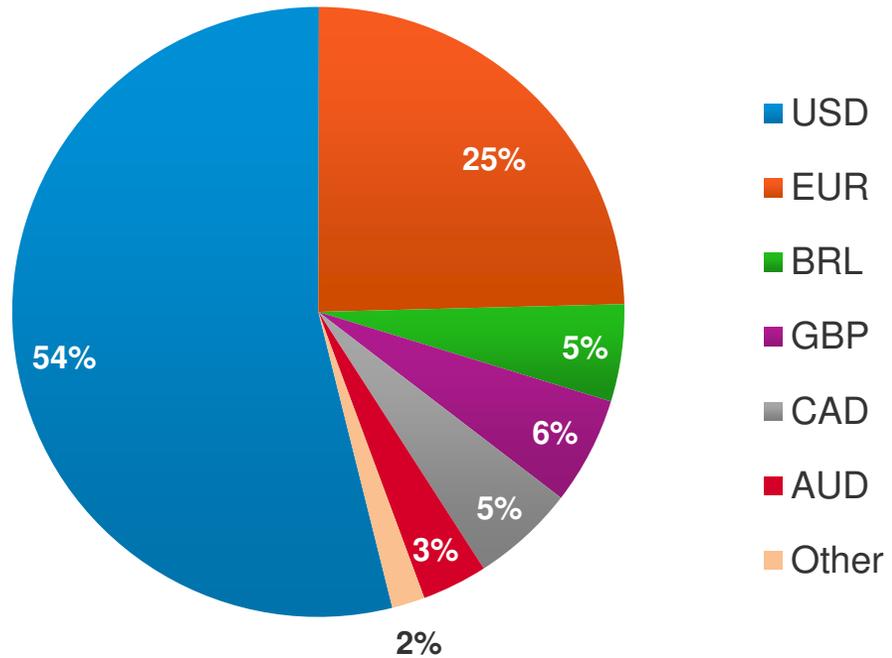
FY 2015 – Adjusted EBITDA

In €m

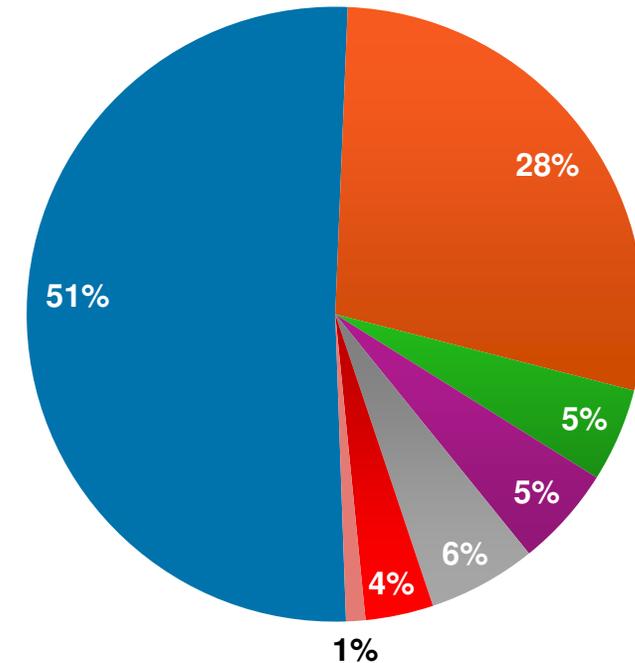


FY 2015 – Foreign exchange exposure

GROUP REVENUE 2015 BY CURRENCY



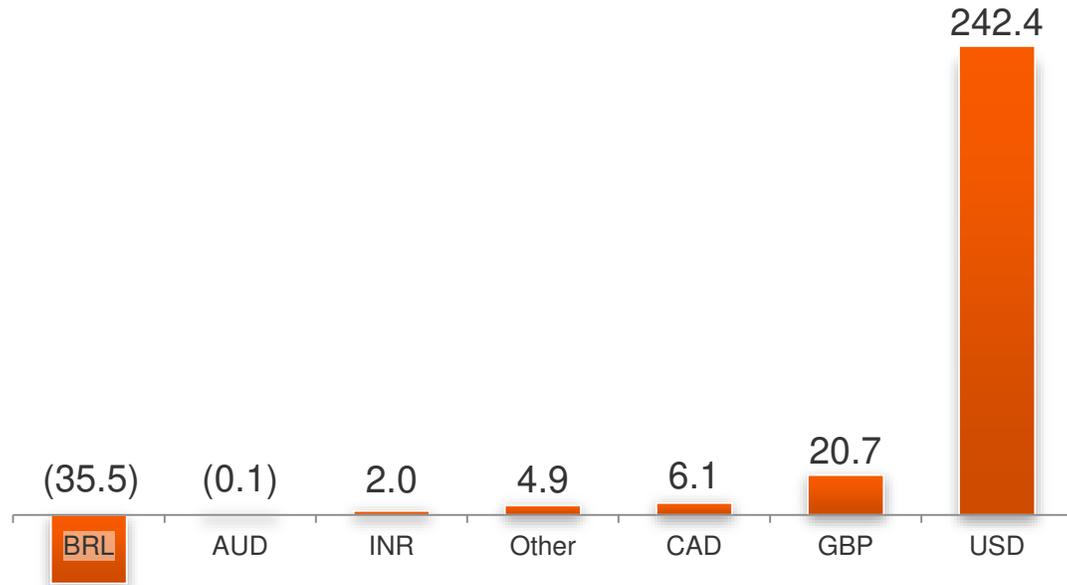
GROUP COST BASE 2015 BY CURRENCY



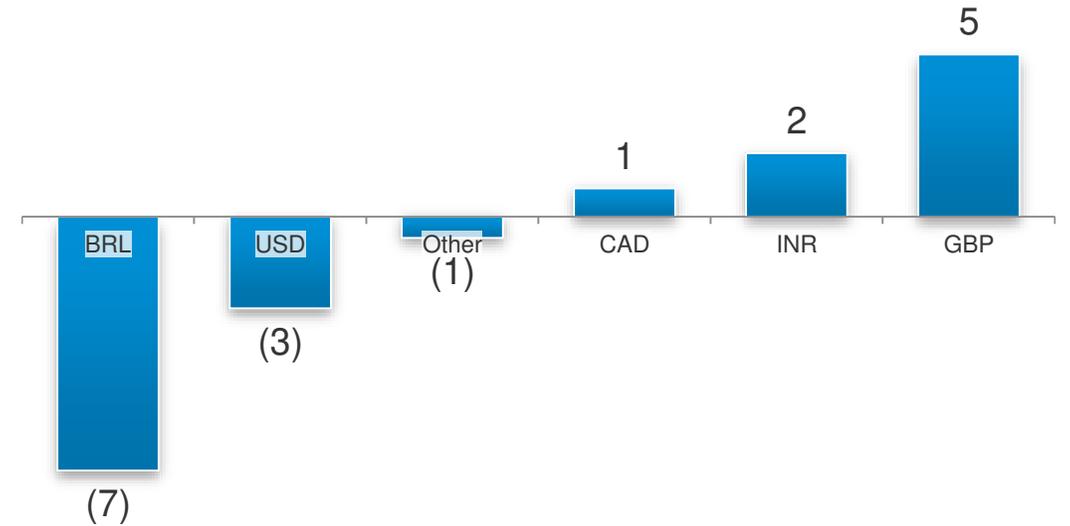
- ▶ Technicolor's highest exposures are to the USD, GBP, CAD and the BRL
- ▶ The cost base largely matched the revenue base, but there are some discrepancies in particular with the USD and the BRL

FY 2015 – Forex impact on revenues and Adj. EBITDA

2015 FOREIGN EXCHANGE GROUP REVENUE IMPACT (€m)



2015 FOREIGN EXCHANGE GROUP Adj. EBITDA IMPACT (€m)



- ▶ Average USD/EUR exchange rate increased 20% in 2015 versus 2014
- ▶ Positive impact at top line was mostly generated in businesses where there is a good match between the revenue base and the cost base
- ▶ Connected Home was affected by the dollar appreciation at the EBITDA level in EMEA as costs are mostly in USD

FY 2015 – From Adj. EBITDA to EBIT

(in € million)	FY 2014	FY 2015	Change
Adjusted EBITDA	550	565	+15
D&A	(183)	(190)	(7)
Adjusted EBIT	368	374	+6
Non-current	7	(45)	(52)
Restructuring costs	(25)	(39)	(14)
Net impairment losses	(48)	(27)	+21
EBIT	302	264	(38)

- ▶ EBIT down €38 million YoY, reflecting a high level of non-current items. The items below the adj. EBIT are mostly in USD and include a negative forex impact of €12 million,
- ▶ Connected Home recorded €(53) million of non-current items, including integration and acquisition costs as well as a settlement and R&D write-off
- ▶ Other items including restructuring costs are mainly related to the exited activities (Digital Cinema and Distribution Services) and the disposal of M-GO in January 2016

FY 2015 – Positive net income

(in € million)	FY 2014	FY 2015	Change
EBIT	302	264	(38)
Financial result	(117)	(87)	30
Share of profit/(loss) from associates	0	(1)	(1)
Income tax	(48)	(55)	(7)
Profit/loss from continuing operations	137	121	(16)
Discontinued Operations	(9)	(43)	(34)
Net result	128	78	(50)

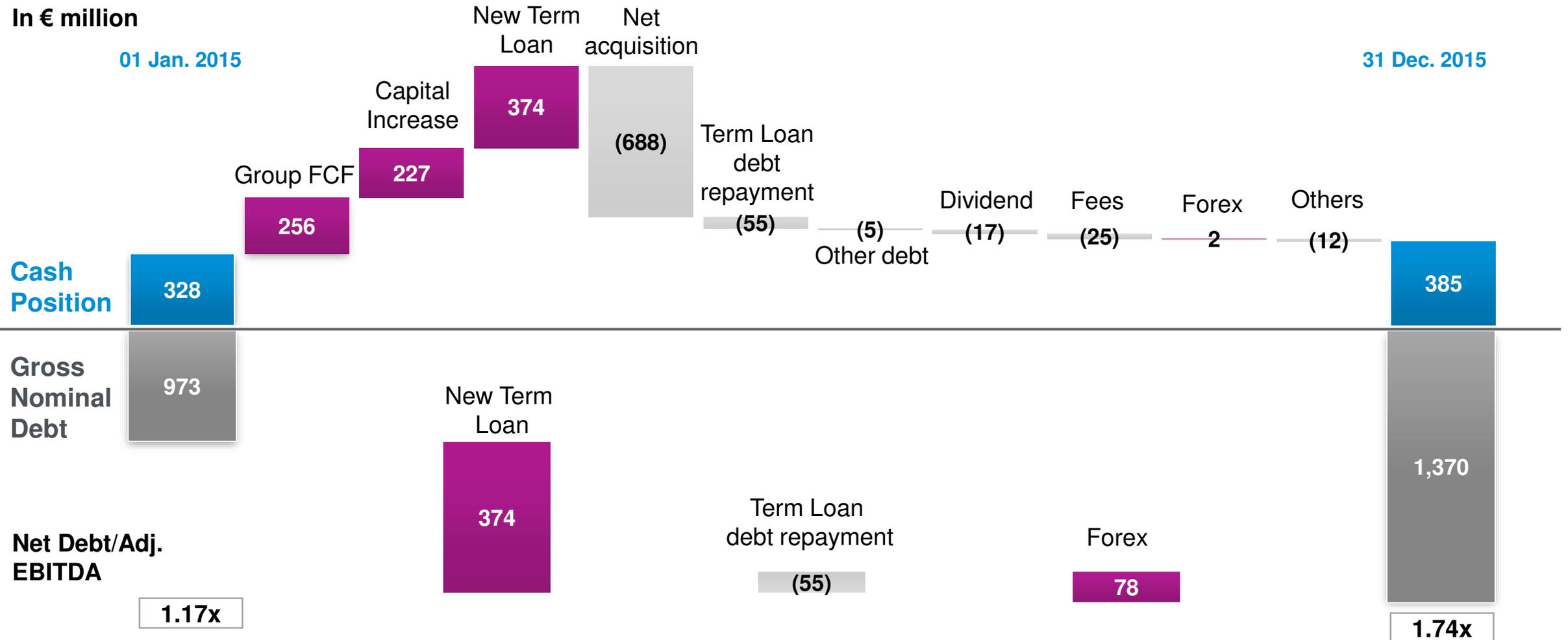
- ▶ Financial result: net interest costs of €63m, broadly stable YoY and an absence of material IFRS impact
- ▶ €(49)m of exceptional charges in Discontinued Operations due to the settlements of CRT litigation cases in the US, o/w €36m will be paid in 2016

FY 2015 – Net Debt evolution

In € million

01 Jan. 2015

31 Dec. 2015



Debt structure

(in millions)	Issuer	Nominal Debt	IFRS Debt
Term Loan B - \$	Tech Finance	\$942	\$894
Term Loan B - €	Tech Finance	€490	€456
Total Senior Debt		€1,351	€1,274
Other Debt		€19	€19
Gross Debt		€1,370	€1,293
Cash		€385	€385
Net Debt		€985	€908

- ▶ Interest rate post April 2015 repricing
 - 1% Floor Libor/Euribor + 400 basis point
- ▶ Average interest rate in 2015
 - Nominal: 5.12%

COVENANTS

Leverage Covenant	Gross Debt to EBITDA: 4.0 x vs. 3.5x before 2015 repricing
Other restrictions	Increased dividend payment basket €150m from June 2015 to July 2020 vs. €125m from July 2013 to July 2020 before 2015 repricing
Excess Cash Flow	50% of Excess cash flow sweep vs. 75% before 2015 repricing subject to step down if certain leverage ratios are reached

- ▶ Current Ratings
 - Standard & Poor's: B+, stable outlook
 - Moody's: B1, positive outlook

Tax losses carryforward and deferred tax assets

2015 - in €m	NOL's	DTA on NOL's	Comment
France	1,714	204	Can be carried forward without time limit
U.S.	1,287	0	Can be carried forward 20 years

2016 GUIDANCE AND MID-TERM OBJECTIVES

technicolor



FEEL THE WONDER

2016 objectives

Free Cash Flow: > €240m

**Adj. EBITDA
€600m to €630m**

**Net Debt to Adj. EBITDA
< 1.4x**

Adj. EBITDA breakdown

Operating Businesses: > €475m

Technology: > €200m

Based on contribution of licensing agreements already signed and incl. €60m generated by MPEG LA

Corporate: c. €(80)m

2018 mid-term objectives



- ▶ **Free Cash Flow** > €300m
- ▶ **Adj. EBITDA** > €660m
 - Strong improvement of operating businesses:
 - > €130m of synergies in Connected Home
 - > €800m of revenues in Production Services
 - c. €1bn of revenues in DVD Services
 - > 50% of adj. EBITDA contributed by Production Services in the Entertainment Services segment
 - €150m of adj. EBITDA from the Technology segment
- ▶ **Net debt to Adj. EBITDA** < 0.8x
- ▶ **Increase return to shareholders** through a mix of share buyback and dividend

2020 Ambition



Free Cash Flow
> €350m

Adj. EBITDA
> €750m

THANK YOU

technicolor



FEEL THE WONDER