# FY 2020 RESULTS

11 March 2021

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# FORWARD LOOKING STATEMENTS

**THIS 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.

**SUCH 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.

**FOR A MORE COMPLETE LIST** and description of such risks and uncertainties, refer to Technicolor’s filings with the French Autorité des Marchés Financiers.

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# 1 FY 2020 GROUP UPDATE

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# 2020 AT A GLANCE

FY 2020 RESULTS

## BALANCE SHEET STRENGTHENED THROUGH FINANCIAL RESTRUCTURING AND MOMENTUM IN ONGOING BUSINESS TRANSFORMATION

## DESPITE THE PROLONGED PANDEMIC, TECHNICOLOR EXCEEDED ITS 2020 GUIDANCE ON EBITDA, EBITA AND FCF

- As of December 31, 2020:
  - ↳ Liquidity of €432 million
  - ↳ Nominal net debt reduced by €340 million following the completion of the financial restructuring

- Significant momentum in improving operations, profitability and cash generation
- Management team renewed

- Permanent cost savings in excess of €160 million
- Significant structural changes combined with further investment to improve efficiency

- Continuing FCF (before financial results and tax) of €(124) million, in line with guidance
- Significant steps taken to normalize working capital

**THE GROUP IS LOOKING TO THE FUTURE WITH CONFIDENCE, AND WILL CONTINUE TO EXECUTE ITS TRANSFORMATION PROGRAM TO IMPROVE OPERATIONAL AND FINANCIAL PERFORMANCE**

# KEY FIGURES FROM CONTINUING OPERATIONS



**REVENUES** of €3,006 million demonstrating the resilience of the Group's activities to the Covid-19 crisis:

- Strong consumer demand for better broadband and WiFi drove the positive Connected Home performance, particularly in North America
- Better than expected levels of activity in Advertising
- Continued strong back catalog demand in DVD Services

- Slower than anticipated return to live action shooting negatively impacted Film and Episodic Visual Effects and Post Production activities
- Lack of new film releases reduced revenues in DVD services

Second half **ADJUSTED EBITDA** more than doubling compared to first half leading to an annual Adjusted IFRS 16 EBITDA of €167 million, down (46)% at constant rate

**ADJUSTED EBITA** of €(56) million, lower by €(98)m at current rate as a result of EBITDA decrease mitigated by lower D&A and reserves

**FCF** (before interest and tax) of €(124) million was lower by €(116) million at current rate, despite a significant improvement in Connected Home operational performance, and the ongoing implementation of our cost transformation program

| *In € million* | 2019 | 2020 | *Change YoY at current rate* | *Change YoY at constant rate* |
|---|---|---|---|---|
| **Revenues** | 3,800 | 3,006 | *(20.9)%* | *(18.5)%* |
| **Adjusted EBITDA** | 324 | 167 | *(48.5)%* | *(46.0)%* |
| **Adjusted EBITA** | 42 | (56) | *ns* | *ns* |
| **FCF before Financial & Tax** | (8) | (124) | *ns* | *ns* |

**2020 RESULTS ARE A SIGNIFICANT ACHIEVEMENT IN THE CONTEXT OF THE SUCCESSIVE COVID-19 WAVES**

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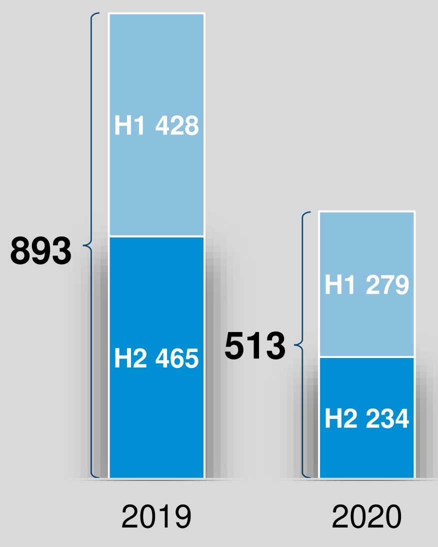
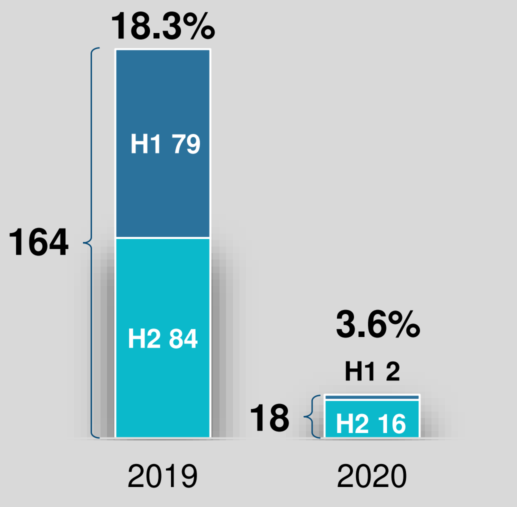
# PRODUCTION SERVICES

FY 2020 RESULTS

**Revenues (in € million)**
@ Current rate




**Adjusted EBITDA (in € million)**
@ Current rate




## REVENUE HIGHLIGHTS:

- REVENUE DOWN 41.4% YOY AT CONSTANT RATE
  - Driven mainly by pandemic-related impacts on production around the world
  - The revenue decline was partially mitigated by double-digit revenue growth at Mikros Animation and the launch of MPC Episodic in early 2020

## ADJ. EBITDA HIGHLIGHTS:

- Reduction mainly related to FEV VFX partially mitigated by increased demand for Animation and resilience in Advertising

**NEW APPOINTMENT** of Christian Roberton as President of Production Services, Josh Mandel has become CEO of The Mill, and Andrea Miloro recently joined the Group to lead Mikros Animation

- The strategic sale of Technicolor Post is part of our long-term vision for Production Services to focus on VFX, Animation and Advertising
- Increasing level of bidding activity for projects, particularly for streaming/OTT distribution in addition to large tentpole films

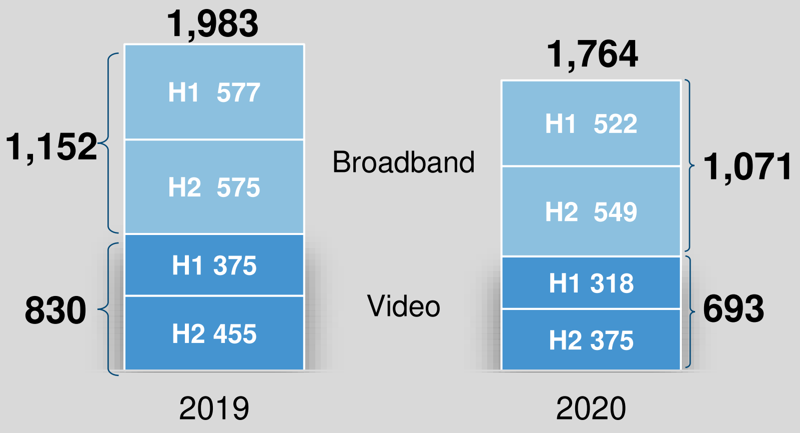
## 2020 FY KEY DATA

| Film & TV - VFX | Advertising | Post Production | Animation & Games |
|---|---|---|---|
| *Approximately 25 theatrical film projects for the major studios* | *3,400+ commercials* | *260+ TV/OTT series, mini-series and/or pilots (of which 80 are streaming only)* | *Approximately 3,100 minutes of animation delivered for TV and Film* |
| *Won the Oscar® for Visual Effects for 1917* | *MPC won VFX Company of the Year (Ad Age Creativity Awards 2020)* | *115 theatrical projects* | |
| *40+ TV and non-theatrical projects* | *Contributed to over 20 commercials for this year's Super Bowl LV* | | |

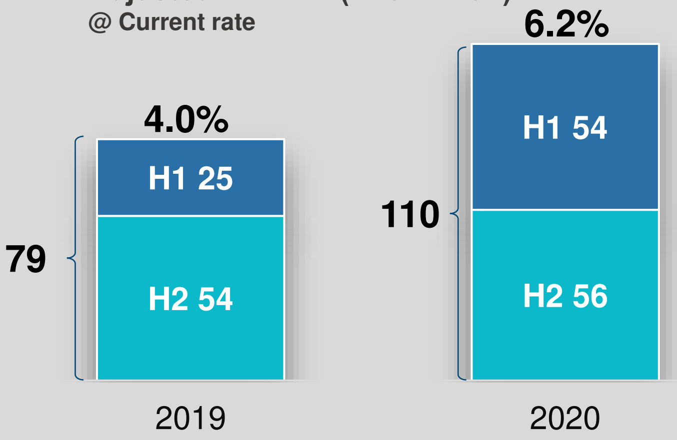
# CONNECTED HOME



**Revenues (in € million)**
**@ Current rate**




**Adjusted EBITDA (in € million)**
**@ Current rate**




## REVENUE HIGHLIGHTS:

- REVENUE DOWN 7.6% YOY AT CONSTANT RATE
  - ↳ Revenues remained strong in North America driven by increased demand from cable customers for upgrades to higher-power broadband
  - ↳ Demand slowdown and supply constraints in Eurasia and Latin America

## CONNECTED HOME IS MAINTAINING ITS MARKET LEADERSHIP

in broadband and Android TV-based solutions

## ADJ. EBITDA HIGHLIGHTS:

- YOY IMPROVEMENTS:
  - ↳ Adjusted EBITDA of €110 million improved by €31 million compared to prior year at current rate as a result of the significant cost efficiencies achieved

## RESTORING PROFITABILITY:

- Significant profitability improvement as the transformation plan launched 2 years ago is now contributing to earnings, having improved the division's operational performance

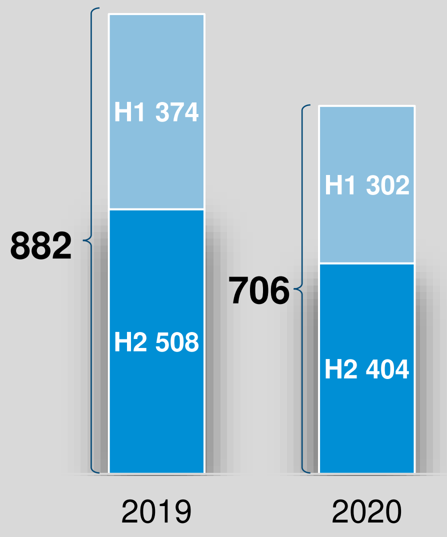
→ The division successfully completed the transformation plan launched in 2018

→ Connected Home has improved its margins and its market share in recent years, despite facing many challenges

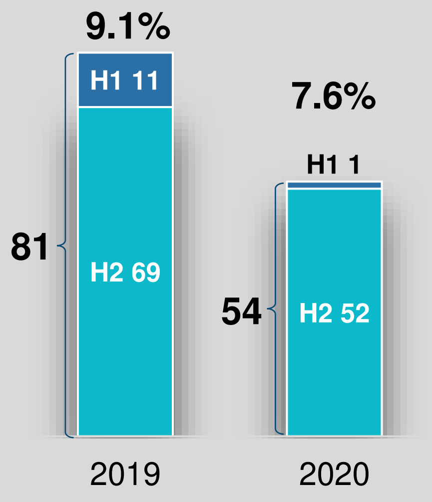
# DVD SERVICES



**Revenues (in € million)**
@ Current rate




**Adjusted EBITDA (in € million)**
@ Current rate




| *(in million units)* | FY 2019 | FY 2020 | *YoY Change* |
|---|---|---|---|
| DVD | 702 | 560 | *(20)%* |
| Blu-ray™ | 299 | 218 | *(27)%* |
| CD | 58 | 39 | *(33)%* |

## REVENUE HIGHLIGHTS:

- VOLUME DOWN 22.9% YOY
  - ↳ Limited number of new releases due to Covid-19 impacting volumes; existing catalog showed resilience
- REVENUE DOWN 18.6% YOY AT CONSTANT RATE

## ADJ. EBITDA HIGHLIGHTS:

- AMOUNTED TO €54 MILLION AT CURRENT RATE
  - ↳ Beat expectations given stronger than anticipated disc volumes and acceleration of cost saving actions

## DIVISION-WIDE INITIATIVES:

- ↳ Restructuring of distribution and replication operations, and renegotiation of related customer contract agreements in response to continued volume reductions
- ↳ Successfully renegotiated several contracts in 2020
- ↳ Paramount replication/manufacturing contract that will expire mid-2021 will not be renewed, while the associated distribution contract remains with Technicolor

**NEW APPOINTMENT** of David Holliday as President DVD Services

→ The profitability margin also includes the benefit of other ongoing cost savings and the positive contribution from contracts renegotiated in 2019 and 2020

# SHORT AND MEDIUM-TERM OUTLOOK



*In € million, post IFRS 16*
*Continuing Operations*

| | | Outlook | |
|---|---|---|---|
| | 2020a[1] | 2021e | 2022e[4] |
| **Adj. Continuing EBITDA** | 167 | 270 | 385 |
| **Adj. Continuing EBITA** | (56) | 60 | 180 |
| **Continuing FCF[2]** | (124) | c. 0 | 230 |

**Net debt to EBITDA covenant ratio should reduce to below 4X level by December 2021**

*(1) In the June 22nd press release. forecast costs related to Covid-19 were accounted as non-recurring (therefore not part of EBITDA & EBITA), these costs have been reintegrated in the EBITDA and EBITA of the Group in 2020 and in coming years.*

*(2) Before financial results and tax. Free cash flow defined as: Adj. EBITDA – (net capex + restructuring cash expenses + change in pension reserves + change in working capital and other assets & liabilities + cash impact of other non-current result)*

*(3) Outlook based on constant exchange rates*

*(4) In 2022, the cumulated impacts of foreign exchange fluctuations and change in Group perimeter as a result of the sale of Post Production are €(40) million on Adjusted EBITDA and €(23) million on Adjusted EBITA.*

**Technicolor will continue** to improve its EBITDA, EBITA and FCF throughout 2021 & 2022, given the change in perimeter (sale of Post Production) and the change in forex assumptions[3], our guidance is as follows:

- For 2021, revenues from continuing operations stable vs. 2020, adjusted EBITDA of around €270 million, adjusted EBITA of around €60 million, continuing FCF before financial results and tax[2] at around breakeven and net debt to EBITDA covenant ratio below 4X level at year end.
- For 2022, Adjusted EBITDA of €385 million, Adjusted EBITA of €180 million, and Continuing FCF before financial results and tax[2] at around €230 million.
- Run-rate cost savings target increased by €25m to €325m per annum by 2022

2

# STRATEGIC FOCUS IN THE COMING YEARS

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# PRODUCTION SERVICES: A WORLDWIDE LEADER IN THE CREATION OF EXTRAORDINARY ENTERTAINMENT EXPERIENCES



**VISION:** TECHNOLOGICAL CONVERGENCE IN THE MEDIA & ENTERTAINMENT INDUSTRY OFFERS MANY OPPORTUNITIES FOR OUR DIGITAL PRODUCTION EXPERTISE, FROM INCREASING DEMAND FOR ORIGINAL CONTENT TO IMMERSIVE EXPERIENCES TO REAL-TIME INTERACTIVE PRODUCTION

| | FILM & EPISODIC VFX | ADVERTISING | ANIMATION & GAMES |
|---|---|---|---|
| CUSTOMERS | tv+ · UNIVERSAL · Disney · Paramount · WB · SONY PICTURES · MGM · amazon studios · NETFLIX | adam&eve · Wieden+Kennedy · amazon · BBDO · Google · FACEBOOK · EA | Disney · nickelodeon · DreamWorks · Paramount Animation · SPIN MASTER · EA · UBISOFT |
| DESCRIPTION | • With best-in-class brands, Technicolor supports visionary storytellers with the world's best artists, cutting edge software, and a globally efficient pipeline to make the impossible possible | • From ideation to creative execution<br>• Campaigns from traditional TV ads to branded experiences across all digital and social media channels<br>• Immersive experiences<br>• VFX, animation, design, experiential and interactive, color and finishing | • High-quality, end-to-end computer-generated imagery (CGI), animation services from concept art to final deliverables for theatrical, streaming and TV clients<br>• A leading provider of art, animation and other services to video game developers and publishers |
| BRANDS | MPC FILM · MR. X · technicolor · MPC EPISODIC | The Mill · MPC · MIKROS MPC PARIS | technicolor Animation & Games · MIKROS Animation · technicolor Animation Productions |
| CONTENT |  |  |  |

# PRODUCTION SERVICES: 2021 TO 2023 ROADMAP



## PS STRATEGIC PLAN 2021 – 2023: ACCELERATE GROWTH & IMPROVE MARGINS

### 2021
**STRUCTURE FOR EFFICIENT GROWTH**

- Unify Production Services both culturally and structurally
- Implement a platform sharing strategy to improve price competitiveness
- Develop data-driven sales strategies & opportunities

**2021 will be a pandemic** "hangover" year for the industry, driving Production Services to take transformational steps to improve operational efficiency

### 2022
**ACCELERATE ORGANIC GROWTH**

- Anticipate strong level of pent-up demand for original content
- Streamline processes and modernize systems and tools to improve efficiencies
- Improve real-time tracking

**By 2022**, we expect unprecedented demand from clients for new content as their COVID-impacted inventory is finally released over 2021/22

### 2023
**SCALE FROM STRENGTH**

- Scale beyond pre-pandemic expectations
- Expand into scalable markets within Advertising and Games industries beyond traditional Post/VFX & Art/Animation services

**In 2023**, from a vastly improved position of strength, Production Services to selectively scale (organically and/or inorganically) in key growth markets

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# PRODUCTION SERVICES IMPERATIVES

FY 2020 RESULTS

| SCALE STREAMING/EPISODIC VFX BUSINESSES | EXTEND UPSTREAM IN ADVERTISING VALUE CHAIN | FURTHER DIVERSIFY REVENUE MIX |
|---|---|---|
| **FILM & EPISODIC VFX** | **ADVERTISING** | **ANIMATION & GAMES** |
| ▶ Scale Streaming/ Episodic VFX business to capture highest growth segment of the market<br>▶ Service high-end local content productions | ▶ Expand number of, and deepen, direct-to-brand relationships<br>▶ Grow business in experiential marketing using creative technology expertise (e.g., immersive experiences, virtual avatars) | ▶ Capture long-term growth in Feature & Episodic Animation segment by broadening customer base<br>▶ Expand offering in Games to enlarge addressable market and move into more scalable services |

**TECHNOLOGY**

CONTINUE R&D INVESTMENTS TO:

- ▶ Improve efficiencies and optimize workflows, driving top- and bottom-line growth
- ▶ Stay ahead of the curve on the convergence of video game technology and digital production services

## TRENDS IN 2021 AND 2022

- ➔ Production Services has been awarded several new major projects, already securing 75%+ of its expected 2021 sales pipeline for Film & Episodic Visual Effects and Animation & Games
- ➔ Convergence of gaming technology and digital production services is driving the future of content production - a transformation from traditional linear workflows to interactive ones that allow for a frictionless, collaborative process at considerably less cost and time
- ➔ Our extraordinary talent is increasingly in high demand from technology companies – focus on talent recruitment and retention remain critical factors to success

# CONNECTED HOME: A GLOBAL FOOTPRINT WITH LEADING PRESENCE IN ALL KEY MARKETS



**#1** In value for broadband modems and gateways, with industry-recognized leadership in wireless and broadband technologies for cable and telecom operators

**#2** in value for digital set top boxes, with leading positions in the cable and satellite segments

**WORLDWIDE MARKET SHARE**

**16%**

*As of September 2020, excl. China*

**1 IN DOCSIS 3.1** (Market and Technicolor revenues show double digit growth in )

**37%** (value)

**1 IN ANDROID TV** (double digit growth)

**50%** (value)

## KEY CUSTOMERS - AMERICAS

- Comcast
- Charter
- AT&T
- Cox
- Roger
- Telus
- Mediacom
- CenturyLink
- Televisa
- SKY (Sky Mexico, Sky Latam
- Amercia Movil: Telmex, Claro, NET, Embratel
- AT&T: DirecTV Panam, Sky Brazil
- Megacable
- Oi
- Millicom: Tigo, CEM
- Telecom Argentina

**24%[(1)]** Market Share

**€1.2 bn** Revenues

**1 IN LATAM**

## KEY CUSTOMERS - EURASIA

- Telecom Italia
- Vodafone (WW[(2)])
- Canal +(WW[(2)])
- Bouygues
- Bein Sport
- Etisalat
- Proximus
- Telia
- ComHem
- Euskaltel
- TataSky
- Bharti Airtel
- Telstra
- Foxtel
- LGU+
- JIO Reliance
- JCTA
- DTAG
- Talk-talk
- Masmovil
- Vectra
- BBN
- Fastweb

**10%[(1)]** Market Share

**€0.6 bn** Revenues

**1 IN APAC (w/o china)**

*Source: Omdia & Dell'Oro 3Q20*

*1. Regional Market Share Broadband & Video Products; 2. Worldwide*

# CONNECTED HOME: BUSINESS TRANSFORMATION TO DRIVE LEADERSHIP

FY 2020 RESULTS

## 1 CUSTOMERS

- Strong leadership with cable operators in US and Canada
- Leadership position in APAC and LATAM
- Developing our position in Europe with new selected Tier 1 customers

## 2 PORTFOLIO STRATEGY

- Strong leadership in broadband cable and DSL
- #1 player in Android TV with continuous innovation
- Developing position in broadband fiber 2.5G and 10G

## 3 DIVERSIFICATION *(Verticals)*

- An operator-class IOT open platform is needed to enable the automation of these Industries
- Our technology, competence and experience serving very demanding service providers will provide a foundation to deliver high performing solutions to these new customers

## 4 LEAN AND EFFICIENT

- Highly automated operations
- Agile and collaborative business processes with teams close to customers and partners
- Efficient and resilient supply ecosystem management
- Platform-driven development organization

✔

- Demand will remain strong throughout 2021
- Connected Home will continue to work with its partners and customers to minimize supply disruptions

✖

- The Covid global pandemic has created global distortions in industry impacting worldwide logistics
- The semiconductor crisis which started in the second half of 2020 will continue to impact 2021 supply

# DVD SERVICES: MAXIMISING THE LONG TAIL

## **KEY LEVERS** FOR FUTURE GROWTH AND MARGIN IMPROVEMENT

| KEY CUSTOMER RELATIONSHIPS | COST OPTIMIZATION | DIVERSIFICATION |
|---|---|---|
| ▶ Further implementation of activity based and volumetric pricing mechanisms<br>▶ Deepening relationships with multi-studio consolidation activities<br>– (e.g. Warner/Universal JV, Disney Fox acquisition)<br>▶ Volume mix shift to higher value formats (Blu-ray/UHD) | ▶ Continued optimization of opex and operating platform at a faster pace than volume/ revenue decline<br>– Incl major footprint rationalizations<br>▶ Reduce capex and contract related cash outflows<br>▶ Capitalise on ongoing consolidation of studio operations for efficiency gains | ▶ Robust YoY growth of non-packaged media in freight management & D2C/B2B distribution<br>▶ Emerging opportunity in production of precision 'lab-on-chip' devices for high-growth diagnostic and life science applications |

### 2021-22 TRENDS

Recovery fueled by:

- ➔ Continuing high catalog demand, and the gradual recovery of cinema e.g. New York movie theaters opening at 25% capacity in March *(NYC 'Arts and Entertainment' 03/21)*
- ➔ Continued footprint rationalization and cost/scale optimization
- ➔ Diversification & continued YoY growth in non-disc business, and Distribution

**COST-OPTIMIZATION, PRICING, AND DIVERSIFICATION MITIGATES VOLUME DECLINE AND UNDERPINS SUSTAINABLE PROFITABILITY**

3

# KEY PERFORMANCE FIGURES

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# KEY FIGURES (YTD) – GROUP

FY 2020 RESULTS

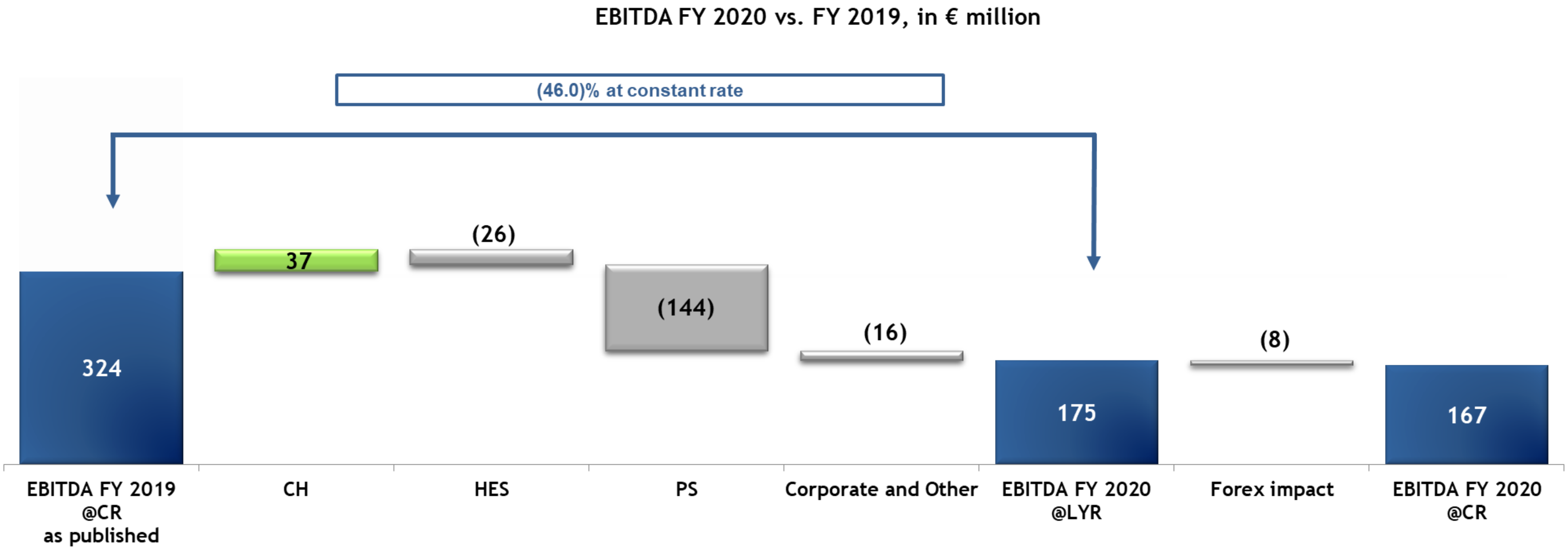
## FULL YEAR

| *(in € million)* | 2020 Current rate | 2020 LY rate | 2019 LY rate | vs. LY (a) Current rate | | Forex impact (b) | vs. LY at constant rate (c=a+b) LY rate | |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **3,006** | **3,096** | **3,800** | ***(794)*** | ***(20.9)%*** | ***+90*** | ***(704)*** | ***(18.5)%*** |
| Adjusted EBITDA | 167 | 175 | 324 | *(157)* | *(48.5)%* | *+8* | *(149)* | *(46.0)%* |
| in % of Revenues | 5.6% | 5.7% | 8.5% | | | | | |
| D&A[1] & Reserves[2] w/o PPA amortization | (223) | (229) | (282) | *+59* | *+21.0%* | *(6)* | *+53* | *+18.9%* |
| Adjusted EBITA | (56) | (53) | 42 | *(98)* | *na* | *+2* | *(96)* | *na* |
| PPA amortization | (40) | (41) | (54) | *+14* | *+25.4%* | *(1)* | *+13* | *+23.9%* |
| Non-recurring items | (168) | (171) | (109) | *(59)* | *(54.4)%* | *(4)* | *(63)* | *(57.6)%* |
| EBIT | (264) | (266) | (121) | *(144)* | *ns* | *(2)* | *(146)* | *ns* |
| Net Result Continuing | (193) | (195) | (208) | *+16* | *+7.5%* | *(3)* | *+13* | *+6.3%* |
| Net Result Discontinued | (15) | (15) | (22) | *+7* | *+31.4%* | *+0* | *+7* | *+32.4%* |
| Net Result Group (Group share) | (207) | (210) | (230) | *+23* | *+9.8%* | *(2)* | *+20* | *+8.7%* |
| Adjusted EBITDA | 167 | 175 | 324 | *(157)* | *(48.5)%* | *+8* | *(149)* | *(46.0)%* |
| Capex | (108) | (111) | (169) | *+61* | *+36.1%* | *(3)* | *+58* | *+34.4%* |
| Non-recurring items (cash impact) | (80) | (81) | (68) | *(12)* | *(17.8)%* | *(1)* | *(13)* | *(19.7)%* |
| WC-OAL variation | (103) | (107) | (96) | *(8)* | *(7.9)%* | *(4)* | *(11)* | *(11.6)%* |
| FCF before Financial & Tax | (124) | (124) | (8) | *(116)* | *ns* | *+0* | *(116)* | *ns* |
| FCF after Financial & Tax | (190) | (191) | (98) | *(92)* | *(94.1)%* | *(1)* | *(93)* | *(95.1)%* |
| Net Debt (IFRS) | (812) | (821) | (1,233) | *+420* | *+34.1%* | | | |

[1] Including IT capacity use for rendering in Production Services of (2)m€ in 2020 and (31)m€ in 2019

[2] Risk, litigation and warranty reserves

# ADJUSTED EBITDA BRIDGE VS. LY (YTD)



# PRODUCTION SERVICES FULL YEAR 2020 PROFITABILITY

FY 2020 RESULTS

## FULL YEAR

| Production Services in € million | 2020 Current rate | 2020 LY rate | 2019 LY rate | vs. LY (a) Current rate | | Forex impact (b) | vs. LY at constant rate (c=a+b) LY rate | |
|---|---|---|---|---|---|---|---|---|
| Revenues | 513 | 523 | 893 | *(380)* | *(42.5)%* | *+10* | *(370)* | *(41.4)%* |
| **Ajusted EBITDA** | 18 | 20 | 164 | *(145)* | *(88.8)%* | +1 | (144) | *(88.0)%* |
| ***in % of Revenues*** | ***3.6%*** | ***3.7%*** | ***18.3%*** | | | | | |
| D&A[1] & Reserves[2] w/o PPA amortization | (97) | (99) | (136) | *+39* | *+29.0%* | *(3)* | *+37* | *+27.1%* |
| **Adjusted EBITA** | (78) | (80) | 28 | *(106)* | *ns* | *(1)* | *(107)* | *ns* |
| PPA amortization | (8) | (8) | (8) | *+0* | *+1.6%* | *(0)* | *+0* | *+0.0%* |
| Non-recurring items | (16) | (17) | (16) | *+0* | *+1.0%* | *(1)* | *(1)* | *(3.8)%* |
| **EBIT** | (103) | (105) | 3 | *(106)* | *ns* | *(2)* | *(108)* | *ns* |

[1] Including IT capacity use for rendering in Production Services of (2)m€ in 2020 and (31)m€ in 2019

[2] Risk, litigation and warranty reserves

# CONNECTED HOME FULL YEAR 2020 PROFITABILITY

FY 2020 RESULTS

## FULL YEAR

| Connected Home in € million | 2020 Current rate | 2020 LY rate | 2019 LY rate | vs. LY (a) Current rate | | Forex impact (b) | vs. LY at constant rate (c=a+b) LY rate | |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **1,764** | **1,831** | **1,983** | *(219)* | *(11.0)%* | *+67* | *(151)* | *(7.6)%* |
| **Ajusted EBITDA** | **110** | **115** | **79** | *+31* | *+39.5%* | *+6* | *+37* | *+46.7%* |
| ***in % of Revenues*** | ***6.2%*** | ***6.3%*** | ***4.0%*** | | | | | |
| D&A & Reserves (*) w/o PPA amortization | (68) | (70) | (55) | *(13)* | *(24.1)%* | *(2)* | *(15)* | *(27.6)%* |
| **Adjusted EBITA** | **41** | **45** | **23** | ***+18*** | ***+75.8%*** | ***+4*** | ***+21*** | ***+91.8%*** |
| PPA amortization | (24) | (24) | (36) | *+12* | *+33.8%* | *(1)* | *+12* | *+32.4%* |
| Non-recurring items | (39) | (39) | (12) | *(27)* | *ns* | *(1)* | *(28)* | *ns* |
| **EBIT** | **(21)** | **(19)** | **(24)** | ***+3*** | ***+11.7%*** | ***+3*** | ***+6*** | ***+22.8%*** |

(*) Risk, litigation and warranty reserves

# DVD SERVICES FULL YEAR 2020 PROFITABILITY

FY 2020 RESULTS

## FULL YEAR

| DVD Services in € million | 2020 Current rate | 2020 LY rate | 2019 LY rate | vs. LY (a) Current rate | vs. LY (a) Current rate % | Forex impact (b) | vs. LY at constant rate (c=a+b) LY rate | vs. LY at constant rate (c=a+b) LY rate % |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **706** | **718** | **882** | *(176)* | *(20.0)%* | *+12* | *(164)* | *(18.6)%* |
| **Ajusted EBITDA** | **54** | **55** | **81** | *(27)* | *(33.6)%* | +1 | (26) | *(32.3)%* |
| ***in % of Revenues*** | ***7.6%*** | ***7.6%*** | ***9.1%*** | | | | | |
| D&A & Reserves (*) w/o PPA amortization | (54) | (55) | (87) | *+33* | *+38.1%* | *(1)* | *+32* | *+36.9%* |
| **Adjusted EBITA** | **(0)** | **(0)** | **(6)** | *+6* | *+95.0%* | *(0)* | *+6* | *+94.1%* |
| PPA amortization | (8) | (9) | (10) | *+2* | *+15.1%* | *(0)* | *+1* | *+13.3%* |
| Non-recurring items | (102) | (105) | (78) | *(25)* | *(32.0)%* | *(2)* | *(27)* | *(34.8)%* |
| **EBIT** | **(111)** | **(114)** | **(94)** | *(17)* | *(18.4)%* | *(2)* | *(20)* | *(20.9)%* |

(*) Risk, litigation and warranty reserves

# FROM ADJUSTED EBITDA TO EBIT IN SUMMARY



## FULL YEAR

| in € million | 2020 Current rate | 2020 LY rate | 2019 LY rate | vs. LY (a) Current rate | Forex impact (b) | vs. LY at constant rate (c=a+b) LY rate |
|---|---|---|---|---|---|---|
| **Adjusted EBITDA** | **167** | **175** | **324** | ***(157)*** | ***+8*** | ***(149)*** |
| D&A[1] & Reserves[2] w/o PPA amortization | (223) | (229) | (282) | *+59* | *(6)* | *+53* |
| **Adjusted EBITA** | **(56)** | **(53)** | **42** | ***(98)*** | ***+2*** | ***(96)*** |
| PPA amortization | (40) | (41) | (54) | *+14* | *(1)* | *+13* |
| Impairments & write-off | (75) | (77) | (63) | *(13)* | *(2)* | *(14)* |
| Restructuring | (100) | (102) | (31) | *(69)* | *(2)* | *(71)* |
| Other Non Current | 8 | 7 | (15) | *+23* | *(0)* | *+23* |
| **EBIT Continuing** | **(264)** | **(266)** | **(121)** | ***(144)*** | ***(2)*** | ***(146)*** |

(1) Including IT capacity use for rendering in Production Services of (2)m€ in 2020 and (31)m€ in 2019

(2) Risk, litigation and warranty reserves

# FROM EBIT TO NET RESULT GROUP (YTD)

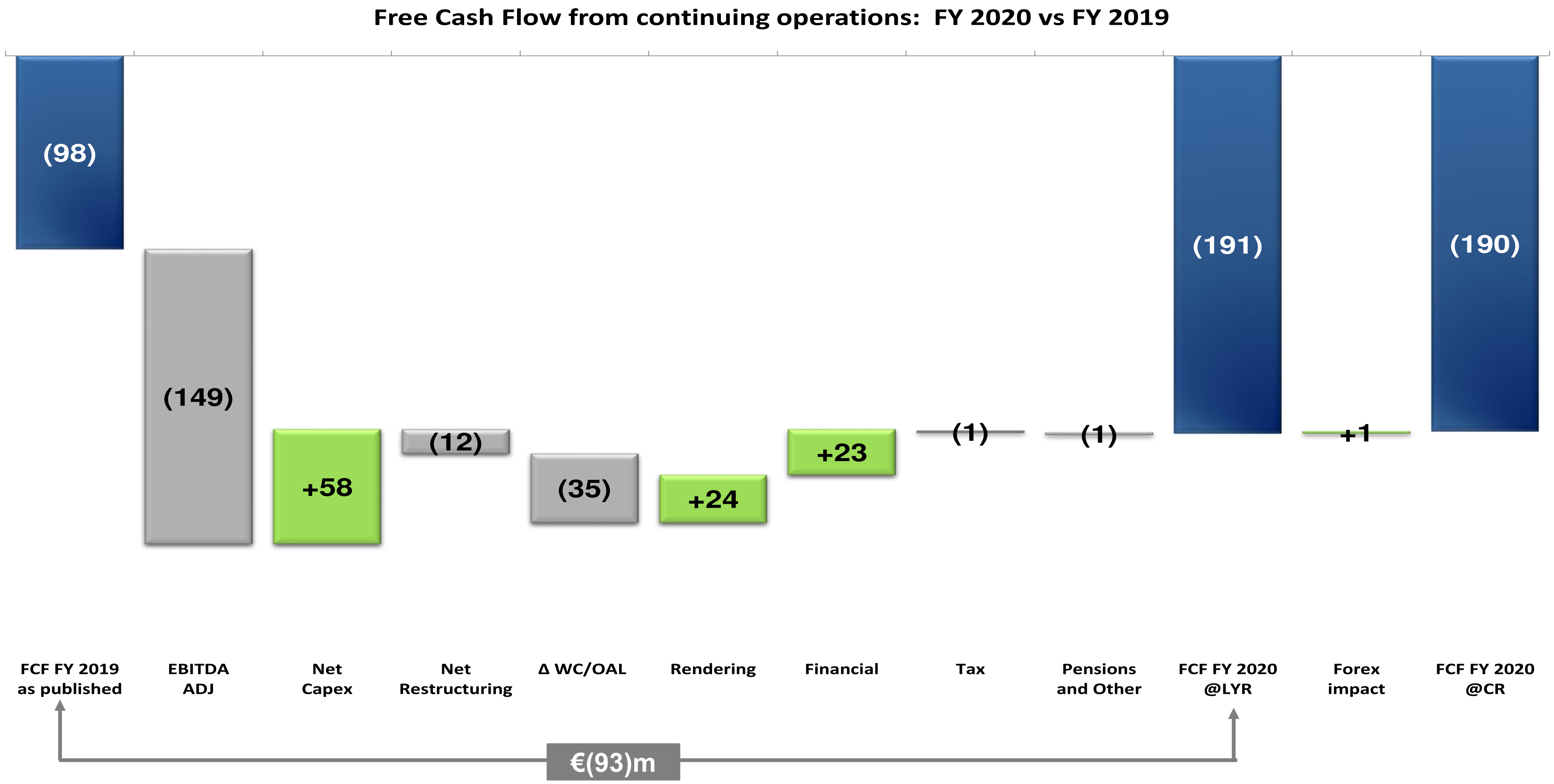
FY 2020 RESULTS

## FULL YEAR

| in € million | 2020 Current rate | 2020 LY rate | 2019 LY rate | vs. LY (a) Current rate | Forex impact (b) | vs. LY at constant rate (c=a+b) LY rate |
|---|---|---|---|---|---|---|
| **EBIT Continuing** | **(264)** | **(266)** | **(121)** | ***(144)*** | ***(2)*** | ***(146)*** |
| Net Interest Expense | (78) | (77) | (69) | *(9)* | *+1* | *(8)* |
| Others Financial | 155 | 153 | (15) | *+170* | *(1)* | *+169* |
| **Profit before Tax** | **(188)** | **(190)** | **(205)** | ***+17*** | ***(2)*** | ***+15*** |
| Tax | (5) | (6) | (3) | *(2)* | *(1)* | *(3)* |
| **Net Result Continuing** | **(193)** | **(195)** | **(208)** | ***+16*** | ***(3)*** | ***+13*** |
| Net Result Discontinued | (15) | (15) | (22) | *+7* | *+0* | *+7* |
| **Net Result Group (Group share)** | **(207)** | **(210)** | **(230)** | ***+23*** | ***(2)*** | ***+20*** |

# FREE CASH FLOW FROM CONTINUING OPERATIONS





# DEBT STRUCTURE

| In million currency | Currency | Nominal Amount | IFRS Amount | Type of rate | Nominal rate (1) | Repayment Type | Final maturity | Moodys / S&P rating |
|---|---|---|---|---|---|---|---|---|
| New Money notes | EUR | 350 | 363 | Floating | 12.00%(2) | Bullet | Jun. 30, 2024 | Caa1/B |
| New Money Term loans | USD | 98 | 101 | Floating | 12.34%(3) | Bullet | Jun. 30, 2024 | Caa1/B |
| Reinstated Term Loans | EUR | 453 | 372 | Floating | 6.00%(4) | Bullet | Dec. 31, 2024 | Ca/CCC |
| Reinstated Term Loans | USD | 115 | 95 | Floating | 6.03%(5) | Bullet | Dec. 31, 2024 | Ca/CCC |
| **Subtotal** | **EUR** | **1,016** | **931** | | **8.68%** | | | |
| Lease liabilities(6) | Various | 178 | 178 | Fixed | 7.94% | | | |
| Accrued PIK Interest | EUR+USD | 16 | 16 | NA | 0% | | | |
| Accrued Interest | Various | 16 | 16 | NA | 0% | | | |
| Other Debt | Various | 1 | 1 | NA | 0% | | | |
| **Total Gross Debt** | | **1,227** | **1,142** | | **8.34%** | | | |
| Cash & Cash equivalents | Various | 330 | 330 | | | | | |
| **Total Net Debt** | | **897** | **812** | | | | | |
| **Leverage ratio** (7) | | 5.37 | | | | | | |

(1) Rates as of December 31, 2020.

(2) Cash interest of 6-month EURIBOR with a floor of 0% +6.00% and PIK interest of 6.00%.

(3) Cash interest of 6-month LIBOR with a floor of 0% +6.00% and PIK interest of 6.00%.

(4) Cash interest of 6-month EURIBOR with a floor of 0% + 3.00% and PIK interest of 3.00%.

(5) Cash interest of 6-month LIBOR with a floor of 0% + 2.75% and PIK interest of 3.00

(6) Of which €14 million are capital leases and €164 million is operating lease debt under IFRS 16

(7) Net debt using nominal value of financial debts divided by adjusted EBITDA, not tested as at December 31, 2020

# DETAILS OF DEBT AT DECEMBER 31, 2020 (INCLUDING OP. LEASE DEBT)



| Borrower | Type | Curr. | Rate Formula | Maturity | Nominal Rate | IFRS Rate | Int. Rate Hedging? | Dec 31, 2020 Nominal | Dec 31, 2020 IFRS | Dec 31, 2019 Nominal | Dec 31, 2019 IFRS |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Technicolor SA | Term Loan | USD | Libor w/ floor of 0% + 2.75% | n.a.* | 4.66% | 4.76% | No | - | - | 259 | 258 |
| Technicolor SA | Term Loan | EUR | Euribor w/ floor of 0% + 3.00% | n.a.* | 3.00% | 3.11% | No | - | - | 275 | 274 |
| Technicolor SA | Term Loan | EUR | Euribor w/ floor of 0% + 3.50% | n.a.* | 3.50% | 3.62% | No | - | - | 450 | 448 |
| Technicolor SA | Term Loan | USD | Libor w/ floor of 0% + 2.75% + 3% PIK | Dec 2024 | 6.03% | 11.37% | No | 115 | 95 | - | - |
| Technicolor SA | Term Loan | EUR | Euribor w/ floor of 0% + 3.00% + 3% PIK | Dec 2024 | 6.00% | 11.34% | Yes | 453 | 372 | - | - |
| Tech 6 | Notes | EUR | Euribor w/ floor of 0% + 6.00% + 6% PIK | Jun 2024 | 12.00% | 10.95% | No | 350 | 363 | - | - |
| Technicolor USA Inc. | Term Loan | USD | Libor w/ floor of 0% + 6.00% + 6% PIK | Jun 2024 | 12.34% | 11.31% | No | 98 | 101 | - | - |
| Various entities | Accrued PIK | EUR+USD | | Jun & Dec 2024 | 0% | 0% | No | 16 | 16 | | |
| Various entities | IFRS 16 Operating lease liabilities | | | | 8.07% | 8.07% | No | 164 | 164 | 272 | 272 |
| Various entities | Capital lease liabilities | | | | 6.43% | 6.43% | No | 14 | 14 | 40 | 40 |
| Various entities | Accrued interest | | | | 0% | 0% | No | 16 | 16 | 3 | 3 |
| Various entities | Other debt | | | | 0% | 0% | No | 1 | 1 | 3 | 3 |
| | | | | | | | **Total Debt:** | **€1,227** | **€1,142** | **€1,302** | **€1,298** |
| | | | | | | | Cash: | 330 | 330 | 65 | 65 |
| | | | | | | | **Net Debt:** | **€897m** | **€812m** | **€1237m** | **€1233m** |
| | | | | | | | Average interest rate: | 8.34% | 10.36% | 4.34% | 4.42% |
| | | | | | | | Average rate (with hedging): | 8.38% | 10.40% | 4.38% | 4.46% |

* This debt is no longer outstanding

# LIQUIDITY

| Liquidity at December 31st, 2020 | Available Amount (€m) |
|---|---|
| Cash on hand | 330 |
| ***Committed credit facilities (fully undrawn)*** | |
| Wells Fargo credit line* ($125m) | 102 |
| **Liquidity** | **€432m** |

- Moreover, Technicolor has the possibility of drawing an additional €50 million, on an uncommitted basis, of New Money debt

* The availability of this credit line varies depending on the amount of receivables.

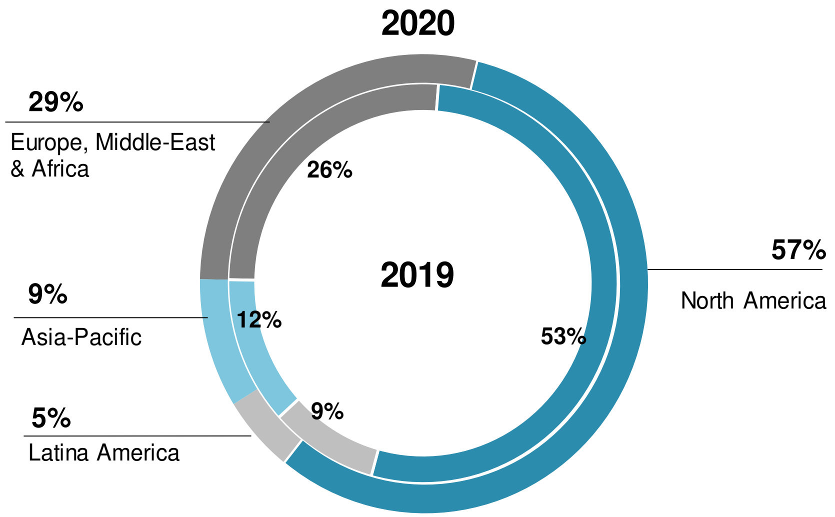
# APPENDIX

technicolor

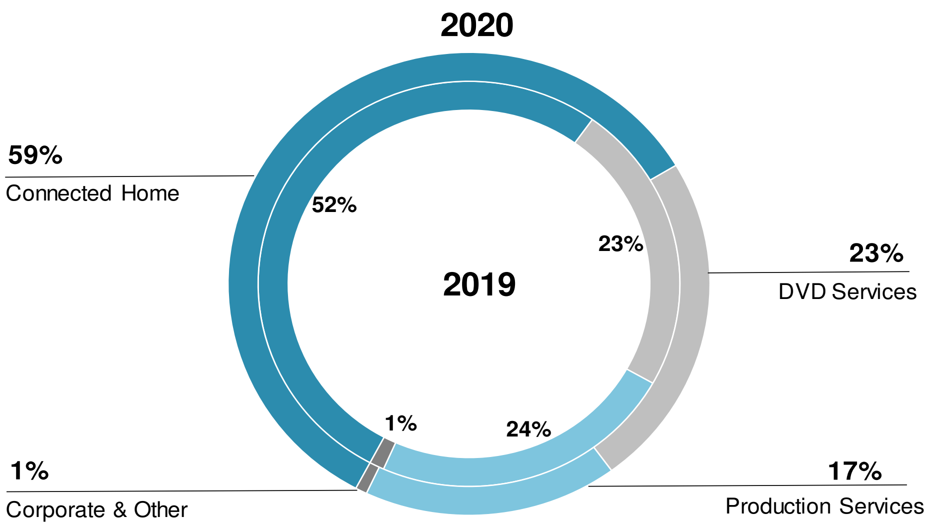
# GROUP PROFILE – REVENUE



## FY 20 REVENUES BY REGION




## FY 20 REVENUES BY SEGMENT



# DETAILS OF DEBT AT DECEMBER 31, 2020 (EXCLUDING OP. LEASE DEBT)



| Borrower | Type | Curr. | Rate Formula | Maturity | Nominal Rate | IFRS Rate | Int. Rate Hedging? | Dec 31, 2020 Nominal | Dec 31, 2020 IFRS | Dec 31, 2019 Nominal | Dec 31, 2019 IFRS |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Technicolor SA | Term Loan | USD | Libor w/ floor of 0% + 2.75% | n.a.* | 4.66% | 4.76% | No | - | - | 259 | 258 |
| Technicolor SA | Term Loan | EUR | Euribor w/ floor of 0% + 3.00% | n.a.* | 3.00% | 3.11% | No | - | - | 275 | 274 |
| Technicolor SA | Term Loan | EUR | Euribor w/ floor of 0% + 3.50% | n.a.* | 3.50% | 3.62% | No | - | - | 450 | 448 |
| Technicolor SA | Term Loan | USD | Libor w/ floor of 0% + 2.75% + 3% PIK | Dec 2024 | 6.03% | 11.37% | No | 115 | 95 | - | - |
| Technicolor SA | Term Loan | EUR | Euribor w/ floor of 0% + 3.00% + 3% PIK | Dec 2024 | 6.00% | 11.34% | Yes | 453 | 372 | - | - |
| Tech 6 | Notes | EUR | Euribor w/ floor of 0% + 6.00% + 6% PIK | Jun 2024 | 12.00% | 10.95% | No | 350 | 363 | - | - |
| Technicolor USA Inc. | Term Loan | USD | Libor w/ floor of 0% + 6.00% + 6% PIK | Jun 2024 | 12.34% | 11.31% | No | 98 | 101 | - | - |
| Various entities | Accrued PIK | EUR+USD | | Jun & Dec 2024 | 0% | 0% | No | 16 | 16 | | |
| Various entities | Capital lease liabilities | | | | 6.43% | 6.43% | No | 14 | 14 | 40 | 40 |
| Various entities | Accrued interest | | | | 0% | 0% | No | 16 | 16 | 3 | 3 |
| Various entities | Other debt | | | | 0% | 0% | No | 1 | 1 | 3 | 3 |
| | | | | | | | **Total Debt:** | **€1,063** | **€978** | **€1,030** | **€1,026** |
| | | | | | | | Cash: | 330 | 330 | 65 | 65 |
| | | | | | | | **Net Debt:** | **€733m** | **€648m** | **€965m** | **€961m** |
| | | | | | | | Average interest rate: | 8.38% | 10.74% | 3.74% | 3.84% |
| | | | | | | | Average rate (with hedging): | 8.43% | 10.80% | 3.79% | 3.89% |

* This debt is no longer outstanding

# THANK YOU