PRESS RELEASE

TECHNICOLOR: FULL YEAR 2019 RESULTS

Paris (France), 18 February 2020 – Technicolor (Euronext Paris: TCH; OTCQX: TCLRY) announces today its results for the full year 2019.

2019 results:

Continued double digit growth in Production Services, driven by Film & Episodic Visual Effects.

Adjusted EBITDA (€246 million pre-IFRS 16) and Adjusted EBITA (€36 million pre-IFRS 16) improved during the second half helped by margin recovery at Connected Home and seasonality pattern from DVD Services. Free cash-flow was impacted by €95 million payment term reductions due to following rating downgrades, with a significant effect at year end.

All credit lines not drawn as of December 31st, 2019.

Balance sheet to be structurally reinforced in 2020: launch of c. €300 million capital increase combined with an extension of both RCF and Wells Fargo facilities to 2023 as well as a new $110 million short-term facility providing additional liquidity headroom.

2020 outlook: adjusted EBITDA expected to be in line with 2019 level and Adjusted EBITA at c. €70 million post IFRS 16 (c.€65 million pre-IFRS 16), a significant improvement versus 2019.

2020-2022 Strategic Plan (post IFRS 16): c.€150 million cost savings on a run rate basis by 2022, cumulative Adjusted EBITDA of over €1.0 billion and cumulative Adjusted EBITA of over €340 million for the period. Net Debt / Adjusted EBITDA target below 2.75x (pro forma of the Rights Issue) by the end of 2022.

Full Year 2019 Key indicators from continuing operations

	Full Year (IFRS)				Full Year (excl. IFRS 16*)			
In € million	**2018**	**2019**	At current rate	At constant rate	**2018**	**2019**	At current rate	At constant rate
Revenues from continuing operations	3,988	**3,800**	(4.7)%	(7.3)%	3,988	**3,800**	(4.7)%	(7.3)%
Adjusted EBITDA from continuing operations	266	**324**	+21.8%	+18.6%	266	**246**	(7.5)%	(9.7)%
As a % of revenues	6.7%	**8.5%**			6.7%	**6.5%**		
Adjusted EBITA from continuing operations (**)	98	**42**	(56.7)%	(56.9)%	98	**36**	(63.6)%	(63.5)%
EBIT from continuing operations	(119)	**(121)**	(1.5)%	(1.3)%	(119)	**(127)**	(6.9)%	(3.9)%
Free Cash Flow from continuing operations before net interest expenses	(3)	**(34)**	na	na	(3)	**(117)**	na	na
Net interest expenses	*(40)*	***(64)***	*na*	*na*	*(40)*	***(44)***	*na*	*na*
Free Cash Flow from continuing operations after net interest expenses	(43)	**(98)**	na	na	(43)	**(161)**	na	na

(*) Under IFRS 16, most operating leases are now treated as financial leases. As a consequence, operating lease expense is replaced by an amortization expense and an interest expense. Under the modified retrospective method, 2018 Profit & Loss account is not adjusted. Figures are therefore presented excluding IFRS 16 in 2019 only for comparability.

(**) Adjusted EBITA corresponds to the Adjusted EBITDA from continuing operations to which depreciation charges, amortization and reserves (excluding PPA amortization) and IT capacity use for rendering in Production Services are deducted.

Full year 2019 Group performance (excluding IFRS 16)

- Sales of €3.8bn reflecting double digit growth in Production Services, more than offset by a decline in the North American Video segment in Connected Home and volume decline in DVD Services.
- Adjusted EBITDA of €246 million reflecting solid improvement in Connected Home vs. the first half 2019 as anticipated, driven mainly by margin recovery as a result of improvements in memory costs and benefits from our transformation plan.
- Adjusted EBITA of €36 million due to high rendering costs consumed in Production Services in an intense period of deliveries, and higher D&A linked to investments in Film & Episodic Visual Effects ("FEV").
- A €59 million impairment charge has been booked at the DVD Services division level due to lower volume, partially compensated by volume-based pricing assumptions.
- Restructuring amounted to €(31) million at current rate, including €(10) million for Connected Home, pursuant to the three-year transformation plan, €(8) million for DVD Services, mainly resulting from distribution sites optimization, and €(11) million for Production Services on cost streamlining actions.
- Free cash flow[1] of €(161) million: as expected, and communicated in the 2019 third quarter press release. Working capital at the end of the year was negatively affected by downgrades by the rating agencies in 2019. The impact is estimated to be €(95) million, mainly explained by one-off reductions in payment terms.
- Net Debt of €961 million (3.9x Net Debt / Adjusted EBITDA).
- Credit lines fully undrawn as of December 31st, 2019.

Technicolor 2020-2022 Strategic Plan

As communicated in the press release published on February 13th, Technicolor's new CEO Richard Moat, along with a renewed Board of Directors and the top management team, have designed a 2020-2022 Strategic Plan focused on prioritising profitable growth opportunities and adopting a more disciplined approach to business selection, whilst continuing to provide market leading products and services. All of this will cement the group's long-held position as the best partner across its three activities. Additionally, Technicolor will endeavour to streamline all operations. A number of these initiatives are already in progress and the Strategic Plan will benefit all of our stakeholders: shareholders, employees, clients, suppliers and lenders.

Actionable initiatives and priorities for each of Technicolor's divisions have been identified. In Production Services, Technicolor is well placed to benefit from the burgeoning growth of streaming platforms and the unprecedented demand for original content, and is well positioned to capture outsized market share in Film & Episodic, Advertising, and Animation. DVD Services has already started creating a more resilient business model through its ongoing cost optimization efforts and the renewal of key major customer contracts under volume-based pricing schemes. Finally, in Connected Home, Technicolor will focus on Broadband gateway activities, which are experiencing an improved trading environment.

Strengthening of Technicolor's Capital Structure

In order to regain strategic flexibility and operate in a sustainable environment, Technicolor is announcing a comprehensive reinforcement of its capital structure comprising of c. €300 million of new

[1] 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 + net financial interests + exchange result + other financial results and income tax)*

equity through a Rights Issue and the concurrent extension of its RCF (which will be progressively reduced from €250 million to €225 million starting January 1st, 2021 and to €202.5 million starting December 22nd, 2021) and its Wells Fargo facility to March 2023, conditional on the successful execution of the Rights Issue. The company has also secured a new $110 million short-term facility providing additional liquidity headroom.

C. €300 million Rights Issue

An Extraordinary General Meeting of Shareholders will be held on March 23rd, 2020 which will vote on resolutions related to the Rights Issue. It is anticipated that the equity issuance will be launched in the second quarter 2020, subject to approval from Technicolor's shareholders, regulatory authorities, and market conditions.

RCF and Wells Fargo Facility Extensions

Concurrently, Technicolor announces that it has reached an agreement for an 18-month extension of its existing RCF from December 2021 to June 2023, conditional on the successful execution of the Rights Issue. Similarly, the Wells Fargo facility will be extended by 18 months from September 2021 to March 2023.

The following committed facilities will therefore remain available to Technicolor:

- Revolving Credit Facility:
  - €250 million until December 31st, 2020;
  - €225 million from January 1st, 2021 until December 21st, 2021;
  - €202.5 million from December 22nd, 2021 until June 30th, 2023;
- $125 million bilateral facility with Wells Fargo until March 31st, 2023.

$110 million Short-Term Facility

Technicolor has secured an additional $110 million short-term facility which has been arranged by J.P. Morgan. The facility will provide additional liquidity headroom and will be repayable following the receipt of proceeds of the Rights Issue.

2020-2022 Guidance[2] (including IFRS 16)

The Strategic Plan, including its operational and financial dimensions, will enable Technicolor to generate for the 2020-2022 period a cumulative Adjusted EBITDA of over €1.0 billion and a cumulative Adjusted EBITA of over €340 million, and to reduce its Net Debt / Adjusted EBITDA leverage ratio below 2.75x[3] by 2022.

With respect to 2020, Technicolor expects to achieve an Adjusted EBITDA in line with 2019 and an Adjusted EBITA of c. €70 million.

Key assumptions:

- **Production Services**: Film & Episodic Visual Effects in 2020 is expected to have relatively low first half activity driven by delays in awards coming from one key client. The second half activity is expected to be at full capacity, as well as the following years of the plan. Episodic related activities are expected to grow over the period at a double-digit rate. Advertising growth will be driven by access to new clients (increased demand in the direct to brand segment), and

[2] At constant perimeter and rate
[3] Pro forma of the Rights Issue

improved efficiencies. Animation growth will be fuelled by new contracts, including some already concluded with streamers.

- **DVD Services**: volume declines will still affect activity, but the gradual positive impact of contract renewal together with cost savings measures will help restore profitability.
- **Connected Home**: moderate growth expected over the period, with prolonged decline of video being more than offset by strong progress in the broadband gateway segment. Increased efficiencies, and transformational measures, together with deepened client selectivity, will further improve profitability.
- **Free cash-flow**: conservative assumptions in working capital dynamics forecasted for 2020 and 2021.

Timeline of the Offering Process Proposed to the Extraordinary General Meeting

The proposed c. € 300 million Rights Issue will be subject to Technicolor Extraordinary General Meeting (EGM) approval. The EGM is convened for March 23rd, 2020. Resolutions to be voted at the EGM will include:

- A reverse split: 27 existing shares (the "Old Shares") will be exchanged into new one new share (the "New Nominal Value Shares");
- A share capital reduction for reasons other than for losses, by reducing the par value of the shares to €0.01;
- A capital increase with a preferential subscription right to be detached from the New Nominal Value Shares (the "Rights Issue"); the new shares issued in the Rights Issue are referred to as the "New Shares".

Segment Review – FY 2019 Result Highlights

Production Services In € million	Second Half 2018	Second Half 2019	Change HoH Reported	Change HoH At constant rate	Full Year 2018	Full Year 2019	Full Year 2019 IFRS*	Change YoY (excl. IFRS 16) Reported	Change YoY (excl. IFRS 16) At constant rate
Revenues	**409**	**465**	*+13.8%*	*+10.9%*	**785**	**893**	**893**	*+13.8%*	*+10.4%*
Adj. EBITDA	**63**	**69**	*+10.2%*	*+6.6%*	**110**	**132**	**164**	*+20.3%*	*+16.7%*
As a % of revenues	+15.4%	+14.9%			+14.0%	+14.8%	+18.3%		
Adj. EBITA	**32**	**8**	*(75.7)%*	*(77.9)%*	**51**	**24**	**28**	*(53.1)%*	*(56.2)%*
As a % of revenues	+7.9%	+1.7%			+6.5%	+2.7%	+3.1%		

(*) Including IFRS 16

- **Production Services revenues** were up 10.4% year-on-year at constant rate and up 13.8% at current rate. The entertainment industry is currently experiencing one of its biggest transformations, driven by the significant growth in streaming platforms and an unprecedented demand for high-end content. Capacity expansion and related investments continued in 2019 to benefit from this dynamic, including Technicolor's announcement at the end of January 2020 of the official launch of its new episodic visual effects business, MPC Episodic.

  Business Highlights:

  - Film & Episodic Visual Effects: record year with exceptionally strong double-digit revenue growth year-on-year led by higher volume and utilization at MPC Film and a solid full-year contribution from Mill Film (launched in late 2018). VFX teams worked on over 30 films from the major studios, including 2019 releases like *The Lion King* (Disney), *1917* (Universal/Amblin), *Maleficent: Mistress of Evil* (Disney), *Shazam!* (Warner Bros.), *Pokémon Detective Pikachu* (Warner Bros./Legendary), *X-Men: Dark Phoenix* (Fox), *Ad Astra* (Fox), *Dora and the Lost City of Gold* (Paramount) and *Hellboy* (Lionsgate), and completed production on 2020 releases like *Artemis Fowl* (Disney), *Dr Dolitte* (Universal), and *Sonic the Hedgehog* (Paramount); and over 30 Episodic and/or Non-Theatrical (i.e., Streaming/OTT) projects, including *The Mandalorian* (Disney+), *Lady and the Tramp* (Disney+), *Noelle* (Disney+), *See* (Apple TV+), *Old Story* (Netflix), *Polar* (Netflix/Constantin), *Carnival Row* (Amazon/Legendary), *The Boys* (Amazon/Sony), *American Gods* season 2 (Starz/Fremantle) and *Vikings* season 6 (History/MGM);

    Technicolor's MPC Film led the 2019 / 2020 VFX awards season with its work on *1917*, winner of the Academy Award for Best Visual Effects and the BAFTA Award for Best Special Visual Effects. MPC Film's work on *The Lion King* was also nominated for the same two prestigious awards in addition to winning two VES (Visual Effects Society) Awards, including Outstanding Visual Effects in a Photoreal Feature;

  - Advertising: revenues were slightly up for the year with an improved second half performance vs. the first half. On the creative side, The Mill and MPC received numerous industry accolades. At the prestigious Cannes Lions International Festival of Creativity, the Group received two of the three Lions awarded in the VFX category; MPC was awarded VFX Company of the Year at the Ciclope Awards for the third year in a row, while The Mill was recognized by Televisual as the UK's #1 Post Production Company for the 11th year running. MPC also won two VES Awards for its work on Hennessy 'The Seven Worlds', including Outstanding Visual Effects in a Commercial;

    The Mill launched a new studio in Berlin, Germany. Having a new base in Europe will enable The Mill to leverage its world-class production, technology and craft to deliver cutting-edge content and experiences to a broader range of clients and creative collaborators.

- Animation & Games: high-single digit revenue growth compared to prior year, primarily driven by higher volume in episodic work-for-hire animation services and a greater number of episodes delivered by Technicolor Animation Productions ("TAP," Animation & Games' content IP business). Mikros Animation continues in production on Paramount's *The SpongeBob Movie: Sponge on the Run* and Spin Master's theatrical feature based upon their highly successful *PAW Patrol* property. A services agreement signed in the fourth quarter for an animated feature will ramp-up production in 2020. Technicolor Animation continues to deliver on several high-end episodic productions, including shows like *ALVINNN!!! and The Chipmunks* seasons 4 and 5 (Nickelodeon/M6), *Elena of Avalor season 3* (Disney), *Fast & Furious: Spy Racers* seasons 1 – 3 (DreamWorks Animation/Netflix), and *Mickey Mouse Mixed-Up Adventures* season 3 (Disney). Technicolor Games completed production on AAA titles including *Anthem* (EA/BioWare), *FIFA 20* (EA), *Mortal Kombat 11* (NetherRealm), *NBA 20* (2K), *Need for Speed Heat* (EA/Ghost), *NHL 20* (EA), and *Resident Evil 2 Remake* (Capcom);

- Post Production: revenues were down compared to prior year, reflecting the exit from underperforming businesses in North America in 2018, but grew moderately year-on-year on a continuing perimeter basis thanks to a solid level of activity in Canada and the UK.

Adjusted EBITDA amounted to €132 million, or 14.8% of revenue, up 20.3% at current rate year-on-year. The Adjusted EBITDA improvement was driven by Film & Episodic VFX and Animation & Games performance. Adjusted EBITA was down versus last year primarily due to increased cloud rendering costs resulting from an exceptionally heavy delivery schedule, Mill Film facility buildouts in Montreal and Adelaide, and a higher number of episodic deliveries by TAP.

DVD Services In € million	Second Half 2018	Second Half 2019	Change HoH Reported	Change HoH At constant rate	Full Year 2018	Full Year 2019	Full Year 2019 IFRS*	Change YoY (excl. IFRS 16) Reported	Change YoY (excl. IFRS 16) At constant rate
Revenues	**562**	**508**	*(9.6)%*	*(12.1)%*	**942**	**882**	**882**	*(6.3)%*	*(9.7)%*
Adj. EBITDA	**60**	**53**	*(12.0)%*	*(14.6)%*	**68**	**46**	**81**	*(31.6)%*	*(34.0)%*
As a % of revenues	+10.7%	+10.4%			+7.2%	+5.3%	+9.1%		
Adj. EBITA	**32**	**22**	*(29.8)%*	*(31.0)%*	**14**	**(9)**	**(6)**	*na*	*na*
As a % of revenues	+5.7%	+4.4%			+1.5%	(1.0)%	(0.7)%		

(*) Including IFRS 16

- **DVD Services** revenues totaled €882 million in 2019, down 9.7% at constant rate and 6.3% at current rate compared to 2018. Revenues decreased in the second half compared to the 2018 second half by 12.1% at constant rate. Total combined replication volumes reached 1,059 million discs, down 11.4% over 2018:

  - Standard Definition DVD volumes showed greater than expected resiliency, declining only 11% year-on-year (vs. a decline of 17.5% from 2017 to 2018), supported by strong catalog activity in the North American market,
  - Blu-ray™ volumes declined by 13% in 2019, impacted in part by very difficult comparisons to 2018, which included *Star Wars: The Force Awakens*, and in Blu-ray Games *Red Dead Redemption 2*, both of which were major hits that had an unusually large amount of Blu-ray™ volume due to multiple disc retail packaging configurations. Blu-ray™ declines were partially offset by continued growth of the Ultra HD Blu-ray™ format,
  - The level of decline in 2019 for both DVD and Blu-ray™ was exacerbated by a significant reduction in overall commercial activity of a major studio customer. Excluding this customer, year-on-year declines in both formats were substantially lower.

- CD volumes also performed better than expected, down only 10% benefiting from new volume / customer additions secured in the North American market.

As a result of continued industry-wide pressures, DVD Services launched structural division-wide initiatives to adapt distribution and replication operations, and related customer contract agreements in response to continued volume reductions. The new contracts are expected to reflect the changing nature and scale of this business, including volume and activity-based pricing.

In 2019, Technicolor successfully renegotiated contract renewals and/or extensions with two of its major customers, both of which included materially improved terms for Technicolor. Additional customer contract renegotiations will occur over the next several years in line with specific contract renewal dates.

Adjusted EBITDA amounted to €46 million, or 5.3% of revenue, down 32% at current rate year-on-year. The margin decline was significantly driven by the reduction in volumes and a weaker product mix, not fully offset by ongoing cost savings and a positive half year impact of renewed contracts. This negative evolution has fully impacted Adjusted EBITA.

Volume data for DVD Services

		Second half			Full Year		
In million units		**2018**	**2019**	*% Change*	**2018**	**2019**	*% Change*
Total Combined Volumes		691.3	**613.3**	*(11.3)%*	1,194.9	**1,059.1**	*(11.4)%*
By Format	SD-DVD	449.5	**402.6**	*(10.4)%*	787.4	**701.9**	*(10.9)%*
	Blu-ray™	208.9	**181.3**	*(13.2)%*	342.5	**298.8**	*(12.7)%*
	CD	32.9	**29.3**	*(10.8)%*	65.1	**58.4**	*(10.3)%*
By Segment	Studio/Video	616.3	**557.0**	*(9.6)%*	1,071.0	**959.4**	*(10.4)%*
	Games	34.0	**20.5**	*(39.6)%*	45.9	**29.7**	*(35.3)%*
	Music & Software	41.0	**35.7**	*(12.8)%*	78.1	**70.0**	*(10.4)%*

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	Second Half		**Change HoH**		**Full Year**			**Change YoY (excl. IFRS 16)**	
Connected Home In € million	2018	2019	Reported	At constant rate	2018	2019	2019 IFRS*	Reported	At constant rate
Revenues	**1,215**	**1,029**	*(15.3)%*	*(16.9)%*	**2,218**	**1,983**	**1,983**	*(10.6)%*	*(12.6)%*
Adj. EBITDA	**61**	**49**	*(20.1)%*	*(19.7)%*	**87**	**69**	**79**	*(20.5)%*	*(21.2)%*
As a % of revenues	+5.0%	+4.8%			+3.9%	+3.5%	+4.0%		
Adj. EBITA	**34**	**40**	*+16.2%*	*+17.9%*	**33**	**23**	**23**	*(30.2)%*	*(28.8)%*
As a % of revenues	+2.8%	+3.9%			+1.5%	+1.2%	+1.2%		

(*) Including IFRS 16

- **Connected Home** revenues totaled €1,983 million in 2019, down 12.6% year-on-year at constant rate and 10.6% at current rate, but in line with Group expectations. The Group benefited last year from an exceptionally strong performance in Video at Charter and in Broadband at Comcast. The division's revenues have also been experiencing a demand slowdown in Latin America and in Eurasia, and the consequences of the customer portfolio review. The division has continued to increase market share in Broadband access and Android based video solutions.

  Business highlights:

  North America: revenues were down compared to 2018, due to the impact in the Video market of "cord cutting", offset in part by the strong progress in Broadband market share, growing by 12.3% versus 2018:

    - The North American cable division showed continued strong Broadband demand from Comcast, Videotron and Shaw not completely offsetting a significant year-on-year video segment decline;
    - The sale of excess inventories identified at the end of first half was successfully executed during the second half.

  Europe, Middle East & Africa, Asia-Pacific and Latin America: lower revenue compared to prior year primarily explained by headwinds in the Latin America video market, mainly in Brazil and Mexico, and by the slowdown of investments of broadband in Australia. Video satellite shows recession across all regions except in India that had a positive impact on 2019 revenues.

  The division continues to focus on investments and overall market share gains and to leverage open and innovative technologies for network service providers (NSPs) around the world, with the ultimate goal to help NSPs deliver seamless connectivity and premium entertainment experiences to consumers. This is achieved by creating best-in-class CPE and enriching the portfolio with innovative solutions from partnerships with companies with the domains of Wifi management, video distribution, security and advertising. Wifi 6 remains the main technology driver with relevant wins in North America and Europe during the 2019 fourth quarter.

    - In Broadband, the investments are focused on Fiber and DOCSIS 3.1 products to position Technicolor as an innovative leader and trusted player in the Connected Home ecosystem. In the second half, DOCSIS3.1 has expanded beyond Eurasia and NAM, with relevant wins in Mexico and Brazil with the main cable operators in the region. The launch of new Wi-Fi 6 platforms has been successful with the first wins in the North America and European markets. Massive deployments are expected in 2020;

    - For Video, AndroidTV-based solutions are gaining faster traction, with relevant wins in the satellite and IP STB segments, in line with the objective of a higher win-rate and global leadership; during the year Connected Home had 9 new relevant awards in this growing segment.

Connected Home is benefiting from the significant progress of the existing three-year transformation plan and more than 82% of the operational cost savings target has already been achieved (on a run rate basis) at the end of 2019. Moreover, memory prices continued the downward trend initiated at the beginning of the year.

Technicolor has recently experienced supply disruptions in China due to the Coronavirus situation. The Connected Home teams are currently having regular meetings with suppliers and customers. Revenue impacts may take place on the first half 2020, but the situation is expected so far to be fully recovered during the second half. Technicolor will continue monitoring the situation evolution and will inform stakeholders of progress.

Revenue Breakdown for Connected Home

In € million		Second half 2018	Second half 2019	Second half *% Change*[4]	Full Year 2018	Full Year 2019	Full Year *% Change*[4]
Total revenues		1,215	**1,029**	*(16.9)%*	2,218	**1,983**	*(12.6)%*
By region	North America	561	**467**	*(19.7)%*	1,033	**865**	*(20.2)%*
	Europe, Middle East and Africa	265	**193**	*(27.2)%*	460	**453**	*(1.6)%*
	Latin America	168	**145**	*(15.5)%*	327	**307**	*(7.2)%*
	Asia-Pacific	221	**224**	*1.7%*	398	**357**	*(10.3)%*
By product	Video	535	**455**	*(16.3)%*	1,078	**830**	*(23.9)%*
	Broadband	680	**575**	*(17.4)%*	1,140	**1,152**	*(2.0)%*

Adjusted EBITDA amounted to €69 million, or 3.5% of revenue, down 20.5% at current rate year-on-year. The margin decline was driven by the volume reduction and margin mix in the North American video market but partially compensated by the positive evolution of component costs and productivity improvements. Lower D&A and reversal of a provision have helped to deliver an Adj. EBITA of €23 million, only off €(10) million vs. last year.

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Corporate & Other	FY 2018 In € million	FY 2018 As a % of revenues	FY 2019 In € million	FY 2019 As a % of revenues	FY 2019 In € million (IFRS*)	Change YoY (excl. IFRS 16) Reported	Change YoY (excl. IFRS 16) At constant rate
Revenues	**44**		**43**		**43**	*(3.6)%*	*(3.6)%*
Adj. EBITDA	**1**	ns	**(1)**	**ns**	**1**	ns	ns
Adj. EBITA	**0**	ns	**(2)**	**ns**	**(2)**	ns	ns

(*) Including IFRS 16

- **Corporate & Other** includes the Trademark Licensing business.

Corporate & Other recorded revenues of €43 million in 2019, roughly stable compared to last year as some retained patent licensing revenues were recorded for similar amounts. Adjusted EBITDA amounted to €(1) million and Adjusted EBITA at €(2) million, slightly lower than in 2018.

[4] Change at constant rate

Summary of consolidated results for the full year of 2019

In € million	Second Half (excl. IFRS 16) 2018	Second Half (excl. IFRS 16) 2019	Second Half (excl. IFRS 16) Change	Full Year (excl. IFRS 16) 2018	Full Year (excl. IFRS 16) 2019	Full Year (excl. IFRS 16) Change	Full Year (IFRS) 2019
Revenues from continuing operations	**2,215**	**2,036**	**(8.1)%**	**3,988**	**3,800**	**(4.7)%**	**3,800**
Change at constant currency (%)			(10.1)%			(7.3)%	
o/w *Production Services*	409	465	+13.8%	785	893	+13.8%	893
DVD Services	562	508	(9.6)%	942	882	(6.3)%	882
Connected Home	1,215	1,029	(15.3)%	2,218	1,983	(10.6)%	1,983
Corporate & Other	29	34	+15.6%	44	43	(3.6)%	43
Adjusted EBITDA from continuing operations	**194**	**184**	**(4.8)%**	**266**	**246**	**(7.5)%**	**324**
Change at constant currency (%)			(6.6)%			(9.7)%	
As a % of revenues	+8.7%	+9.1%	+40bps	+6.7%	+6.5%	(20)bps	+8.5%
o/w *Production Services*	63	69	+10.2%	110	132	+20.3%	164
DVD Services	60	53	(12.0)%	68	46	(31.6)%	81
Connected Home	61	49	(20.1)%	87	69	(20.5)%	79
Corporate & Other	9	13	+42.6%	1	(1)	na	1
Adjusted EBITA from continuing operations	**107**	**84**	**(21.9)%**	**98**	**36**	**(63.6)%**	**42**
Change at constant currency (%)			(22.4)%			(63.5)%	
As a % of revenues	+4.8%	+4.1%	(70)bps	+2.5%	+0.9%	(160)bps	+1.1%
Adjusted EBIT from continuing operations	**80**	**57**	**(28.8)%**	**48**	**(19)**	**na**	**(12)**
Change at constant currency (%)			(28.6)%			na	
As a % of revenues	+3.6%	+2.8%	(80)bps	+1.2%	(0.5)%	(170)bps	(0.3)%
EBIT from continuing operations	**(28)**	**(34)**	**(22.7)%**	**(119)**	**(127)**	**(6.9)%**	**(121)**
Change at constant currency (%)			(18.1)%			(3.9)%	
As a % of revenues	(1.3)%	(1.7)%	(40)bps	(3.0)%	(3.3)%	(30)bps	(3.2)%
Financial result	(31)	(27)	-	(51)	(64)	-	(84)
Income tax	(44)	3	-	(54)	(4)	-	(3)
Share of profit/(loss) from associates	-	0	-	-	(1)	-	(1)
Profit/(loss) from continuing operations	**(104)**	**(57)**	**-**	**(224)**	**(195)**	**-**	**(208)**
Profit/(loss) from discontinued operations	188	(26)	-	157	(21)	-	(22)
Net income	**84**	**(84)**	**-**	**(67)**	**(217)**	**-**	**(230)**

Restructuring provisions accounted for €(31) million at current rate and related primarily to the Production Services and Connected Home transformation program.

A €59 million impairment charge has been booked at the DVD Services division level due to lower volume, partially compensated by volume-based pricing assumptions.

The EBIT from continuing operations (excluding impact of IFRS 16) amounts to a loss of €(127) million in 2019.

The Financial result (excluding the impact of IFRS 16) totaled €(64) million in 2019 compared to €(51) million in the 2018, reflecting:

- Net interest costs at €(49) million slightly up from last year (at €(40) million) aligned with the evolution of the net debt;
- Other financial charges amounted to €(15) million in 2019 compared to €(11) million in 2018 which benefited from positive forex results.

Income tax amounted to €(4) million, compared to €(54) million in 2018 related to US tax losses depreciation.

Profit/(loss) from discontinued operations decreased by €178 million mainly related to the disposal of Patent Licensing in 2018.

Group net income (excluding impact of IFRS 16) therefore amounted to €(217) million at current rate in 2019 compared to the €(67) million loss in 2018.

Reconciliation of adjusted indicators (unaudited)

Technicolor is presenting, in addition to published results and with the aim to provide a more comparable view of the evolution of its operating performance in 2019 compared to 2018, a set of adjusted indicators which exclude the following items as per the statement of operations of the Group's consolidated financial statements:

- Restructuring costs, net;
- Net impairment charges;
- Other income and expenses (other non-current items).

These adjustments, the reconciliation of which is detailed in the following table, amounted to an impact on EBIT from continuing operations of €(109) million in 2019 compared to €(167) million in 2018 (including IFRS 16).

	Full Year (IFRS)			**Full Year (excl. IFRS 16)**		
In € million	**2018**	**2019**	Change	**2018**	**2019**	Change
EBIT from continuing operations	**(119)**	**(121)**	**(2)**	**(119)**	**(127)**	**(8)**
Restructuring charges, net	(62)	(31)	31	(62)	(31)	31
Net impairment losses on non-current operating assets	(81)	(63)	18	(81)	(61)	20
Other income/(expense)	(24)	(15)	9	(24)	(17)	7
Adjusted EBIT from continuing operations	**48**	**(12)**	**(60)**	**48**	**(19)**	**(67)**
As a % of revenues	1.2%	(0.3)%	(150)bps	1.2%	(0.5)%	(170)bps
Depreciation and amortization ("D&A")	218	305	87	218	234	16
IT capacity use for rendering in Production S.	0	31	31	0	31	31
Adjusted EBITDA from continuing operations	**266**	**324**	**58**	**266**	**246**	**(20)**
As a % of revenues	6.7%	8.5%	180bps	6.7%	6.5%	(20)bps

Free Cash Flow Reconciliation and Summarized financial structure (unaudited)

Technicolor defines "Free Cash Flow" as net cash from operating activities (continuing and discontinued) plus proceeds from sales of property, plant and equipment ("PPE") and intangible assets, minus purchases of PPE and purchases of intangible assets including capitalization of development costs.

	Full Year (IFRS)		Full Year (excl IFRS 16)
In € million	December 31, 2018	December 31, 2019	December 31, 2019
Adjusted EBITDA from continuing operations	**266**	**324**	**246**
Changes in working capital and other assets and liabilities	2	(96)	(96)
Pension cash usage of the period	(26)	(26)	(26)
Restructuring provisions – cash usage of the period	(43)	(35)	(38)
Interest paid	(42)	(65)	(45)
Interest received	3	1	1
Income tax paid	(14)	(12)	(12)
Other items	(28)	(21)	(22)
Net operating cash generated from continuing activities	**118**	**70**	**8**
Purchases of property, plant and equipment (PPE)	(68)	(71)	(71)
Proceeds from sale of PPE and intangible assets	-	1	1
Purchases of intangible assets including capitalization of development costs	(94)	(99)	(99)
Net operating cash used in discontinued activities	(4)	(12)	(13)
Free cash-flow	**(48)**	**(111)**	**(175)**
Nominal gross debt	**1,029**	**1,030**	
Cash position	**291**	**65**	
Net financial debt at nominal value (non IFRS)	**738**	**965**	
IFRS adjustment	**(5)**	**(4)**	
Net financial debt (IFRS)	**733**	**961**	
Lease debt		**272**	

- The change in working capital & other assets and liabilities was negative by €96 million in 2019 mostly driven by unfavorable changes in supplier payment terms at Connected Home and reduced milestone payments at Film & Episodic Visual Effects.
- Cash outflow for restructuring (excluding impact of IFRS 16) totaled €38 million in 2019, down by €4 million year-on-year, mainly resulting from lower restructuring cash out in Connected Home and DVD Services.
- Capital expenditures amounted to €169 million, up by €7 million year-on-year, reflecting the increased investment in Film & Episodic Visual Effects.

- Cash position at €65 million in 2019, compared to €291 million at December 2018, mainly as a result of negative Free Cash Flow from continuing activities of €161 million.

The Board of Directors approved today these consolidated financial statements, which have been reviewed by our statutory auditors, who are in the process of issuing an unqualified opinion.

Financial calendar

Capital Markets Day	19 February 2020
Extraordinary General Meeting	23 March 2020
Q1 trading update	29 April 2020
Annual Shareholders Meeting	30 April 2020

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Warning: Forward Looking Statements

This press release 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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About Technicolor:

www.technicolor.com

Technicolor shares are on the Euronext Paris exchange (TCH) and traded in the USA on the OTCQX marketplace (OTCQX: TCLRY).

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CONSOLIDATED STATEMENT OF OPERATIONS

(€ in million)	December 31, 2019	December 31, 2018
CONTINUING OPERATIONS		
Revenues	3,800	3,988
Cost of sales	(3,375)	(3,521)
Gross Margin	**425**	**467**
Selling and administrative expenses	(323)	(292)
Research and development expenses	(114)	(127)
Restructuring costs	(31)	(62)
Net impairment gains (losses) on non-current operating assets	(63)	(81)
Other income (expense)	(15)	(24)
Earning before Interest & Tax from continuing operations	**(121)**	**(119)**
Interest income	1	3
Interest expense	(70)	(43)
Other financial income (expense)	(15)	(11)
Net financial income (expense)	**(84)**	**(51)**
Share of gain (loss) from associates	(1)	-
Income tax	(3)	(54)
Profit (loss) from continuing operations	**(208)**	**(224)**
DISCONTINUING OPERATIONS		
Net profit (loss) from discontinuing operations	(22)	157
Net income (loss)	**(230)**	**(67)**
Attributable to:		
- Equity holders of the parent	(230)	(68)
- Non-controlling interest	0	1

EARNINGS PER SHARE *(in euro, except number of shares)*	December 31, 2019	December 31, 2018
Weighted average number of shares outstanding (basic net of treasury shares held)	413 660 087	413 440 227
Earnings (losses) per share from continuing operations		
- basic	(0,50)	(0,54)
- diluted	(0,50)	(0,54)
Earnings (losses) per share from discontinuing operations		
- basic	(0,05)	0,38
- diluted	(0,05)	0,38
Total earnings (losses) per share		
- basic	(0,56)	(0,16)
- diluted	(0,56)	(0,16)

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	December 31, 2019	December 31, 2018
ASSETS		
Goodwill	851	886
Intangible assets	632	705
Property, plant & equipment	191	233
Right-of-use assets	285	-
Other operating non-current assets	32	41
TOTAL OPERATING NON-CURRENT ASSETS	**1,991**	**1,865**
Investments and available-for-sale financial assets	17	14
Other non-current financial assets	22	10
TOTAL FINANCIAL NON-CURRENT ASSETS	**39**	**24**
Investments in associates and joint-ventures	1	2
Deferred tax assets	52	210
TOTAL NON-CURRENT ASSETS	**2,082**	**2,101**
Inventories	243	268
Trade accounts and notes receivable	507	677
Contract Assets	79	77
Other operating current assets	184	264
TOTAL OPERATING CURRENT ASSETS	**1,013**	**1,286**
Income tax receivable	36	40
Other financial current assets	13	14
Cash and cash equivalents	65	291
Assets classified as held for sale	-	28
TOTAL CURRENT ASSETS	**1,127**	**1,658**
TOTAL ASSETS	**3,210**	**3,759**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	December 31, 2019	December 31, 2018
EQUITY & LIABILITIES		
Common stock *(414,461,178 shares at December 31, 2018 with nominal value of 1 euro per share)*	414	414
Treasury shares	-	(158)
Subordinated Perpetual Notes	500	500
Additional paid-in capital & reserves	(539)	(113)
Cumulative translation adjustment	(339)	(372)
Shareholders' equity attributable to owners of the parent	**36**	**271**
Non-controlling interest	0	1
TOTAL EQUITY	**36**	**272**
Retirement benefits obligations	342	320
Provisions	30	19
Contract Liabilities	3	4
Other operating non-current liabilities	25	38
TOTAL OPERATING NON-CURRENT LIABILITIES	**400**	**382**
Borrowings	979	1,004
Lease liabilities	224	-
Other non-current liabilities	1	-
Deferred tax liabilities	27	193
TOTAL NON-CURRENT LIABILITIES	**1,631**	**1,579**
Retirement benefits obligations	33	26
Provisions	70	113
Trade accounts and notes payable	825	1,135
Accrued employee expenses	134	116
Contract Liabilities	40	100
Other current operating liabilities	302	310
TOTAL OPERATING CURRENT LIABILITIES	**1,404**	**1,799**
Borrowings	8	20
Lease liabilities	87	-
Income tax payable	41	34
Other current financial liabilities	2	4
Liabilities classified as held for sale	-	51
TOTAL CURRENT LIABILITIES	**1,542**	**1,908**
TOTAL LIABILITIES	**3,173**	**3,487**
TOTAL EQUITY & LIABILITIES	**3,210**	**3,759**

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CONSOLIDATED STATEMENT OF CASH FLOWS

(€ in million)	December 31, 2019	2018
Net income (loss)	**(230)**	**(67)**
Income (loss) from discontinuing activities	(22)	157
Profit (loss) from continuing activities	**(208)**	**(224)**
Summary adjustments to reconcile profit from continuing activities to cash generated from continuing operations		
Depreciation and amortization	329	234
Impairment of assets	56	91
Net changes in provisions	(48)	(14)
Gain (loss) on asset disposals	17	(8)
Interest (income) and expense	69	40
Other non-cash items (including tax)	-	50
Changes in working capital and other assets and liabilities	(69)	2
Cash generated from continuing activities	**146**	**171**
Interest paid on lease debt	(21)	(2)
Interest paid	(44)	(40)
Interest received	1	3
Income tax paid	(12)	(14)
NET OPERATING CASH GENERATED FROM CONTINUING ACTIVITIES (I)	**70**	**118**
Acquisition of subsidiaries associates and investments, net of cash acquired	(3)	1
Proceeds from sale of investments, net of cash	1	5
Purchases of property, plant and equipment (PPE)	(70)	(68)
Proceeds from sale of PPE and intangible assets	-	-
Purchases of intangible assets including capitalization of development costs	(99)	(94)
Cash collateral and security deposits granted to third parties	(6)	(3)
Cash collateral and security deposits reimbursed by third parties	5	3
Loans (granted to)/reimbursed by third parties	-	-
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)	**(171)**	**(156)**
Disposal of treasury shares	1	-
Proceeds from borrowings	1	-
Repayments of lease debt	(91)	(23)
Repayments of borrowings	(5)	(93)
Fees paid linked to the debt	(1)	(3)
Other	4	23
NET FINANCING CASH USED IN CONTINUING ACTIVITIES (III)	**(91)**	**(96)**
NET CASH FROM DISCONTINUED ACTIVITIES (IV)	**(33)**	**105**
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE YEAR	**291**	**319**
Net decrease in cash and cash equivalents (I+II+III+IV)	**(226)**	**(29)**
Exchange gains/(losses) on cash and cash equivalents	-	1
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**65**	**291**