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PRESS RELEASE

TECHNICOLOR: FULL YEAR 2018 RESULTS

Paris (France), 27 February 2019 – Technicolor (Euronext Paris: TCH; OTCQX: TCLRY) announces today its results for the full year 2018.

Full Year 2018 Key Indicators from continuing operations

In € million	**Reported**			**At constant rate**	
	2017 As published in Feb. 2018	***2017*** *(* and **)*	***2018*** *As published (* and **)*	***2018*** *As published (* and **)*	**2018** Guidance perimeter (** and ***)
Revenues from continuing operations	**4,231**	**4,253**	**3,988**	**4,132**	**4,138**
Adjusted EBITDA from continuing operations	**291**	**341**	**266**	**284**	**267**
Free Cash Flow from continuing operations	**63**	**109**	**(43)**	**(34)**	**(51)**

(*) Technicolor announced on 11 February 2019, its decision to dispose of its Research & Innovation ("R&I") activity. As a result, the Group reports the financial information of its R&I activity in Discontinued operations. It was previously presented in the Corporate and Other segment. Pursuant to IFRS 5, 2017 accounts have been restated to reclassify R&I activity as discontinued operations.

(**) Following the close of the Patent Licensing disposal, Technicolor kept a portion of its Patent Licensing revenues which was not part of the disposal (previously booked in discontinued). As a result, this contribution was retained in 2018 in its continuing results and will be reported in the future in continuing operations.

(***) Including contribution of Patent Licensing and "R&I" businesses.

Before taking into account the positive impact of the announced disposal of the Research & Innovation ("R&I") activity, 2018 Adjusted EBITDA amounted to €267 million at constant rate within the revised guidance communicated by Technicolor in December 2018 (see reconciliation of 2017 and guidance perimeter on page 9).

Full Year 2018 Key Highlights

- Revenues from continuing activities were €3,988 million, down 3% year-on-year at constant rate, with an Adjusted EBITDA of €266 million compared to €341 million in 2017. Sales in the second half of the year grew by 3% at constant rate, driven in particular by a solid 5% during the last quarter.
- Production Services recorded a solid performance, up 6% year-on-year at constant rate, including 7% growth during the second half at constant rate. This growth was driven in particular by the Film & TV Visuals Effects activity resulting from significant capacity expansion throughout the year.
- In DVD Services, revenues declined by 5% at constant rate year-on-year, down 2% in the second half. The stronger than expected volume decline in 2018, affecting particularly the distribution activity, has led to a depreciation of the division goodwill. As a result, a non-cash impairment charge of €(77) million is booked in the 2018 accounts.
- Connected Home revenues totaled €2,218 million in 2018, down 5% year-on-year at constant rate (mainly due to the year on year decline in the North American video market) but up 5% at constant rate in the second half.
- Restructuring amounted to €(62) million at current rate, including €(34) million for Connected Home (pursuant to the three-year transformation plan), and €(26) million, mainly resulting from sites closures in the US for Post Production and DVD Services.
- Full Year free cash flow from continuing operations (excluding "R&I") was €(43) million, down by €143 million year-on-year at constant rate, with a second half free cash flow of €94 million.
- Further simplification of the Group's structure has been achieved, beyond the Patent Licensing activity disposal, with the announced disposal of its Research & Innovation activity to Interdigital.
- Solid financial structure, with a nominal gross debt of €1,029 million, down €74 million compared to 31 December 2017. The Group also had a strong level of liquidity at the end of December, including cash on hand of €291 million and committed undrawn credit lines of €394 million.
- Nominal net debt at the end of 2018 amounted to €738 million, €(46) million lower than 2017. This decrease reflects mainly the positive impact of the €117 million net proceeds from the sale of Patent Licensing, offset by €(43) million from continuing operations free cash flow , €(17) million of R&I accounted for in discontinued free cash flow, and others of €(11) million.

Strategy update

- In 2018 Technicolor increased its investments in organic growth in Production Services and in the transformation program in Connected Home. These initiatives are expected to continue over the next few years in well-defined areas.
- Specifically:
    - The Group will continue to build upon its strong position as worldwide leader in Production Services by increasing capacity (in particular in India, France, Australia and Canada), while continuing to improve profitability;

- In Connected Home, the benefits from the implementation of the ongoing transformation plan and the expected improvement in components availability and pricing, will enable the Group to invest in market share gains in broadband access and Android based video solutions which will lead to improving margins over the next several years.
- In DVD Services the Group expects to start renewing contracts with its major customers on improved trading terms over the next several years to reflect structural reductions in volumes.

Guidance

- The Group will no longer provide specific numerical guidance for the current or future financial years. It will continue to pursue leverage reduction through improved profitability and cash generation.

Governance

- The Board of directors of Technicolor appointed today Mindy Mount as Vice Chairman of the Board. This is further to Bruce Hack's announcement to the Board that he will not apply for the renewal of his term as Director at the next shareholders' meeting.

Dividend

- The Board of Directors of Technicolor will not propose a dividend to the 2019 Annual General Meeting of Shareholders.

Segment Review – FY 2018 Result Highlights

Entertainment Services In € million (reported)	**Second Half** 2017	2018	**Change HoH** Reported	At constant rate	**Full Year** 2017	2018	**Change YoY** Reported	At constant rate
Revenues	**952**	**970**	**1.9%**	**1.7%**	**1,790**	**1,726**	*(3.6)%*	*(0.5)%*
o/w Production Services	382	409	6.9%	**6.6%**	766	785	*2.5%*	*5.6%*
As a % of ES revenues	*40%*	*42%*			*43%*	*45%*		
DVD Services	570	562	(1.4)%	**(1.6)%**	1,024	942	*(8.1)%*	*(5.1)%*
As a % of ES revenues	*60%*	*58%*			*57%*	*55%*		
Adj. EBITDA	**152**	**123**	(18.8)%	**(17.7)%**	**216**	**178**	*(17.6)%*	*(14.8)%*

- **Production Services** revenues were up 5.6% year-on-year at constant rate and increased in the second half compared to the 2017 second half by 6.6% at constant rate. The division achieved significant profitability improvement in Film & TV Visual Effects. Capacity increases and related investments were accelerated in 2018 and are expected to continue in 2019.

  Business Highlights:

  Film & TV Visual Effects ("VFX"): record year with exceptionally strong double-digit revenue growth year-on-year, and a robust pipeline of future projects continuing into 2019 (e.g., Disney's *The Lion King and Dumbo, Fox's Dark Phoenix,* Universal's *The Voyage of Doctor Dolittle,* Warner Bros*./Legendary's Godzilla: King of The Monsters)*. VFX teams worked on over 40 films in 2018, including completing major studio features like *Warner Bros.' Aquaman and Disney's a Wrinkle in Time*; and 14 episodic projects during the year, including the latest seasons of franchises like History's *Vikings* and Netflix's *Narcos*;

  Advertising VFX: mid-single digit revenue growth year-on-year as The Mill and MPC received numerous industry accolades including seven Cannes Lions and nine British Arrow Awards. MPC was awarded VFX Company of the Year at both the Ciclope and Shots awards, while The Mill was recognized by Televisual as the UK's #1 Post Production Company for the 10th year in a row. The Advertising segment saw continued expansion in direct-to-brand capabilities alongside strong growth in emerging technology/experiential projects;

  Animation & Games: lower revenues compared to prior year due primarily to delays in signing new feature projects. Mikros in 2018 delivered three animated theatrical features (Paramount's *Sherlock Holmes, Fun Academy's Sgt. Stubby: An American Hero* and M6's Asterix: *The Secret of the Magic Potion*) and is ramping up production on Paramount's *SpongeBob Squarepants* animated feature. Technicolor Animation continues to deliver on high-quality episodic productions for major clients while Technicolor Games worked on several of the best-selling AAA games of 2018;

  Post Production: revenues were down compared to 2017, mainly driven by lower volume, in particular in localization services and the exit from certain underperforming businesses.

- **DVD Services** revenues totaled €942 million in 2018, down 5.1% at constant currency compared to 2017. Revenues decreased in the second half compared to the 2017 second half by 1.6% at constant rate.

Total combined replication volumes reached 1,195m discs, down 11.3% over 2017. The business benefited from ongoing growth in Blu-ray™, as well as the impact of the previously announced Sony DADC outsourcing agreement that commenced in the second quarter of 2018.

Adjusted EBITDA declined due the unexpected severe reduction in the second half in DVD volumes, impact of which could not be fully offset by ongoing cost savings activities. In addition, profitability was also negatively impacted by higher than expected non-recurring operational costs resulting from an unforecasted extreme concentration of key customer volume during the peak season.

As a result of continued industry-wide pressures, DVD Services has launched structural division-wide initiatives to adapt distribution operations and related customer contract agreements. In particular, customer contract renegotiations will occur over the next several years upon specific contract renewal dates. The new contracts are expected to reflect the changing nature and scale of this business, including volume and activity-based pricing.

The division is also pursuing its efforts to grow and diversify supply chain services business outside of packaged media into other growing market verticals, including direct-to-consumer fulfillment.

Volume Data for DVD Services

		Second half			Full Year		
In million units		**2017**	**2018**	*% Change*	**2017**	**2018**	*% Change*
Total Combined Volumes		770.5	**691.3**	*(10.3)%*	1,346.6	**1,194.9**	*(11.3)%*
By Format	SD-DVD	544.1	**449.5**	*(17.4)%*	953.8	**787.4**	*(17.5)%*
	Blu-ray™	185.7	**208.9**	*12.5%*	304.5	**342.5**	*12.5%*
	CD	40.7	**32.9**	*(19.2)%*	88.2	**65.1**	*(26.2)%*
By Segment	Studio/Video	686.1	**616.3**	*(10.2)%*	1,192.9	**1,071.0**	*(10.2)%*
	Games	35.2	**34.0**	*(3.4)%*	48.8	**45.9**	*(5.9)%*
	Music & Software	49.3	**41.0**	*(16.8)%*	104.8	**78.1**	*(25.5)%*

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	Second Half		**Change HoH**		**Full Year**		**Change YoY**	
Connected Home In € million	2017	2018	Reported	At constant rate	2017	2018	Reported	At constant rate
Revenues	**1,168**	**1,215**	*4.1%*	*4.9%*	**2,419**	**2,218**	*(8.3)%*	*(4.7)%*
Adj. EBITDA	**75**	**61**	*(18.4)%*	*(9.7)%*	**128**	**87**	*(32.2)%*	*(23.1)%*

- **Connected Home** revenues totaled €2,218 million in 2018, down 4.7% year-on-year at constant rate but increased in the second half compared to 2017 by 4.9% at constant rate. Despite continued market challenges, the business increased market share throughout the year driven by extremely strong growth in broadband and Android TV video. At the same time, Connected Home was able to significantly mitigate another year of heavy components costs increases (net €(45) million year-on-year impact and €(47) million at constant rate) and the exceptional drop in North American video sales, while continuing to reduce its fixed cost basis.

  Business Highlights

  North America: revenues with North American customers were down compared to 2018 driven by lower video demand from Charter and AT&T and the impact of severe component shortages on deliveries.

  During 2018, Technicolor was the sole supplier of DOCSIS 3.1 gateways to Comcast and Syndication customers and started shipping DOCSIS 3.1 in volume to Charter, vaulting Technicolor to become the undisputed leader of DOCSIS 3.1 worldwide.

  Europe, Middle-East & Africa, Asia-Pacific and Latin America: High single digit revenue growth due to large orders from the 50+ customers that the Group is focusing on.

  The component environment and regulatory framework was challenging in 2018. As previously communicated, the Group reinvoiced the vast majority of identifiable cost increases to its clients in the second half of 2018.

Revenue Breakdown for Connected Home

		Second half			Full Year		
In € million		**2017**	**2018**	*% Change*[1]	**2017**	**2018**	*% Change*[2]
Total revenues		1,167	**1,215**	*4.9%*	2,419	**2,218**	*(4.7)%*
By region	North America	574	**561**	*(3.5)%*	1,364	**1,033**	*(21.3)%*
	Europe, Middle-East and Africa	242	**265**	*9.8%*	434	**460**	*6.0%*
	Latin America	155	**168**	*16.4%*	324	**327**	*11.6%*
	Asia-Pacific	197	**221**	*14.3%*	297	**398**	*38.7%*
By product	Video	834	**535**	*(27.9)%*	1,582	**1,078**	*(25.1)%*
	Broadband	333	**680**	*87.6%*	837	**1,140**	*34.1%*

Adjusted EBITDA amounted to €87 million, or 3.9% of revenue, down €41 million at current rate year-on-year. The margin decline was driven by the gross margin squeeze resulting mainly from net component

[1] Change at constant currency.
[2] Change at constant currency.

price cost increases (€45 million) in 2018 and the weakness of North American video. Excluding the impact of the component cost increases, Adjusted EBITDA margin would have reached €132 million.

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Corporate & Other	FY 2017		FY 2018		Change YoY	
	In € million	As a % of revenues	In € million	As a % of revenues	Reported	At constant rate
Revenues	**45**	-	**44**	-	*(0.9)%*	*0.3%*
Adj. EBITDA	**(3)**	-	**1**	-	-	-

Corporate & Other includes Trademark Licensing activities.

Corporate & Other recorded revenues of €44 million in 2018, related to the Trademark Licensing business and to Patent Licensing retained revenues from prior years.

Adjusted EBITDA amounted to €1 million, a significant improvement compared to 2017, mainly resulting from retained Patent Licensing revenues from prior years of €22 million.

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Net result from **Discontinued operations** at €157 million increased by €161 million mostly related to the Patent Licensing gain on disposal for €210 million and partially offset by lower Patent Licensing activity before disposal.

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Summary of consolidated results for the full year of 2018

In € million	Second Half 2017	Second Half 2018	Second Half Change[3]	Full Year 2017	Full Year 2018	Full Year Change[4]
Revenues from continuing operations	**2,150**	**2,215**	**3.0%**	**4,253**	**3,988**	**(6.2)%**
Change at constant currency (%)			3.4%			(2.9)%
o/w *Production Services*	382	409	6.9%	766	785	2.5%
DVD Services	570	562	(1.4)%	1,024	942	(8.1)%
Connected Home	1,168	1,215	4.1%	2,419	2,218	(8.3)%
Corporate & Other	30	29	-	45	44	-
Adjusted EBITDA from continuing operations	**239**	**194**	**(19.0)%**	**341**	**266**	**(21.8)%**
Change at constant currency (%)			(15.4)%			(16.6)%
As a % of revenues	11.1%	8.7%	-	8.0%	6.7%	-
o/w *Entertainment Services*	152	123	(18.8)%	216	178	(17.6)%
Connected Home	75	61	(18.4)%	128	87	(32.2)%
Corporate & Other	12	9	-	(3)	1	-
Adjusted EBIT from continuing operations	**109**	**80**	**(26.5)%**	**103**	**48**	**(52.9)%**
Change at constant currency (%)			(17.8)%			(42.6)%
As a % of revenues	5.1%	3.6%	-	2.4%	1.2%	-
EBIT from continuing operations	**78**	**(28)**	**-**	**40**	**(119)**	**-**
Change at constant currency (%)			-			-
As a % of revenues	3.6%	(1.3)%	-	0.9%	(3.0)%	-
Financial result	(34)	(31)	9.7%	(96)	(51)	47.3%
Income tax	(107)	(44)	58.5%	(112)	(54)	52.6%
Share of profit/(loss) from associates				1	(1)	-
Profit/(loss) from continuing operations	**(63)**	**(104)**	**(64.8)%**	**(168)**	**(224)**	**(33.9)%**
Profit/(loss) from discontinued operations	(4)	188	-	(5)	157	-
Net income	**(67)**	**84**	**-**	**(173)**	**(67)**	**-**

Depreciation and Amortization ("D&A") amounted to €(218) million compared to €(238) million in 2017. D&A included €(50) million of amortization related to purchase price allocation, mostly due to the 2015 acquisitions (Cisco Connected Devices, The Mill and Cinram North America). As a result, the Adjusted EBIT from continuing operations amounted to €48 million, down by 53% year-on-year at current rate.

Restructuring provisions amounted to €(62) million at current rate and related to Entertainment Services (Post Production and DVD Services site closures, both in the US), and Connected Home.

The EBIT from continuing operations amounted to a loss of €(119) million in 2018.

[3] Year-on-year change at current currency.
[4] Year-on-year change at current currency.

Financial result totaled €(51) million in 2018 compared to €(96) million in 2017, reflecting:

- Net interest costs amounted to €(40) million in 2018, a €3 million improvement over 2017 reflecting mainly the positive impact of lower average interest rates;
- Other financial charges amounted to €(11) million in 2018 compared to €(53) million in 2017. First half 2017 included an IFRS adjustment write off for €(27) million.

Income tax amounted to €(54) million, lower by €58 million at current rate compared to 2017.

As a result, net income amounted to €(67) million at current rate in 2018 compared to a loss of €(173) million in 2017.

Reconciliation of 2017 and guidance perimeter

In € million	Adj. EBITDA	Free cash flow
2017 as published in Feb. 2018 at constant rate	**291**	**63**
"R&I"	*28*	*16*
Retained Patent Licensing revenues	*22*	*29*
2017 excluding "R&I" costs and including retained Patent Licensing revenues	**341**	**109**

In € million	Adj. EBITDA	Free cash flow
2018 as published	**266**	**(43)**
"R&I" transferred in Discontinued activity	*(17)*	*(17)*
2018 as published at current rate with "R&I"	**249**	**(60)**
Forex effect constant rate vs. current rate	*18*	*9*
2018 Guidance perimeter at constant rate	**267**	**(51)**

In € million	Adj. EBITDA	Free cash flow
Forex effect constant rate vs. current rate	**18**	**9**
Of which AUD	*6,9*	*6,3*
Of which USD	*5,5*	*1,6*
Of which BRL	*2,5*	*0,9*
Of which INR	*1,6*	*0,7*

Reconciliation of adjusted indicators (unaudited)

Technicolor is presenting, in addition to published results and with the aim of providing a more comparable view of the evolution of its operating performance in 2018 compared to 2017 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 €(119) million in the 2018 compared to €40 million in 2017.

	Full Year		
In € million	**2017**[5]	**2018**	Change[6]
EBIT from continuing operations	**40**	**(119)**	**(159)**
Restructuring charges, net	(43)	(62)	(19)
Net impairment losses on non-current operating assets	(9)	(81)	(73)
Other income/(expense)	(11)	(24)	(13)
Adjusted EBIT from continuing operations	**103**	**48**	**(54)**
As a % of revenues	2.4%	1.2%	(120)bps
Depreciation and amortization ("D&A") [7]	238	218	(20)
Adjusted EBITDA from continuing operations	**341**	**266**	**(74)**
As a % of revenues	8.0%	6.7%	(130)bps

[5] Excluding "R&I" costs and including retained Patent Licensing revenues
[6] Change at current currency.
[7] Including impact of provisions for risks, litigations, warranties and reserves

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, purchases of intangible assets including capitalization of development costs.

In € million	December 31, 2017 Published	December 31, 2017[8]	December 31, 2018
Adjusted EBITDA from continuing operations	**291**	**341**	**266**
Changes in working capital and other assets and liabilities	72	71	2
Pension cash usage of the period	(27)	(27)	(26)
Restructuring provisions – cash usage of the period	(40)	(40)	(43)
Interest paid	(46)	(46)	(42)
Interest received	2	2	3
Income tax paid	(9)	(13)	(14)
Other items	(34)	(33)	(28)
Net operating cash generated from continuing activities	**209**	**255**	**118**
Purchases of property, plant and equipment (PPE)	(52)	(51)	(68)
Proceeds from sale of PPE and intangible assets	1	(1)	-
Purchases of intangible assets including capitalization of development costs	(95)	(95)	(94)
Net operating cash used in discontinued activities	(39)	(84)	(4)
Free cash flow	**24**	**24**	**(48)**
Nominal gross debt	1,103	**1,103**	**1,029**
Cash position	319	**319**	**291**
Net financial debt at nominal value (non IFRS)	**784**	**784**	**738**
IFRS adjustment	**(6)**	**(6)**	**(5)**
Net financial debt (IFRS)	**778**	**778**	**733**

- Intangible capex amounted to €94 million, in line with last year spending. It includes as last year mainly capitalized R&D for Connected Home.
- The change in working capital & other assets and liabilities was mainly driven by lower revenues and some early payments from customers in 2017 which were not repeated in 2018.
- The EIB loan prepaid in December 2018 resulted in a nominal gross debt of €1,029 million, down €74 million compared to end December 2017.
- Full year free cash flow from continuing operations (excluding "R&I") was €(43) million, down by €143 million year-on-year at constant rate reflecting mainly a lower adjusted EBITDA €(57) million, higher

[8] Excluding "R&I" costs and including retained Patent Licensing revenues

capex cash outflow €(21) million at constant rate, lower financial interest paid of €18 million and a lower negative variation of working capital of €70 million.

- Cash position at €291 million at end December 2018, up €94 million compared to end June 2018, at €197 million.

The board of directors approved today these consolidated financial statements which have been audited by our statutory auditors who are in the process of issuing an unqualified opinion.

An analyst audio webcast hosted by Frederic Rose, CEO, and Laurent Carozzi, CFO, will be held Wednesday, 27 February 2019 at 6:30pm CET.

Link to the Audio Webcast
http://www.technicolor.com/webcastFY2018

(The presentation slides will be made available on our website prior to the webcast)
The replay will be available at the latest by 9:30pm (CET) on February 27, 2019

Financial calendar

Q1 2019 business update	24 April 2019
H1 2019 results	24 July 2019

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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

Technicolor, a worldwide technology leader in the media and entertainment sector, is at the forefront of digital innovation. Our world class research and innovation laboratories enable us to lead the market in delivering advanced video services to content creators and distributors. Our commitment: supporting the delivery of exciting new experiences for consumers in theaters, homes and on-the-go.

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Technicolor shares are on the NYSE 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, 2018	December 31, 2017[9]
CONTINUING OPERATIONS		
Revenues	3,988	4,253
Cost of sales	(3,521)	(3,651)
Gross Margin	**467**	**602**
Selling and administrative expenses	(292)	(350)
Research and development expenses	(127)	(149)
Restructuring costs	(62)	(43)
Net impairment gains (losses) on non-current operating assets	(81)	(9)
Other income (expense)	(24)	(11)
Earning before Interest & Tax from continuing operations	**(119)**	**40**
Interest income	3	3
Interest expense	(43)	(46)
Other financial income (expense)	(11)	(53)
Net financial income (expense)	**(51)**	**(96)**
Share of gain (loss) from associates	-	-
Income tax	(54)	(112)
Profit (loss) from continuing operations	**(224)**	**(168)**
DISCONTINUING OPERATIONS		
Net profit (loss) from discontinuing operations	157	(5)
Net income (loss)	**(67)**	**(173)**
Attributable to:		
- Equity holders of the parent	(68)	(172)
- Non-controlling interest	1	(1)

EARNINGS PER SHARE *(in euro, except number of shares)*	December 31, 2018	December 31, 2017
Weighted average number of shares outstanding (basic net of treasury shares held)	413 440 227	412 716 772
Earnings (losses) per share from continuing operations		
- basic	(0,54)	(0,41)
- diluted	(0,54)	(0,41)
Earnings (losses) per share from discontinuing operations		
- basic	0,38	(0,01)
- diluted	0,38	(0,01)
Total earnings (losses) per share		
- basic	(0,16)	(0,42)
- diluted	(0,16)	(0,42)

[9] Excluding “R&I” costs and including retained Patent Licensing revenues

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	December 31, 2018	December 31, 2017[10]
ASSETS		
Goodwill	886	942
Intangible assets	705	625
Property, plant & equipment	233	243
Other operating non-current assets	41	38
TOTAL OPERATING NON-CURRENT ASSETS	**1,865**	**1,848**
Investments and available-for-sale financial assets	14	17
Other non-current financial assets	10	19
TOTAL FINANCIAL NON-CURRENT ASSETS	**24**	**36**
Investments in associates and joint-ventures	2	2
Deferred tax assets	210	275
TOTAL NON-CURRENT ASSETS	**2,101**	**2,161**
Inventories	268	238
Trade accounts and notes receivable	677	684
Contract Assets	77	23
Other operating current assets	264	233
TOTAL OPERATING CURRENT ASSETS	**1,286**	**1,178**
Income tax receivable	40	37
Other financial current assets	14	10
Cash and cash equivalents	291	319
Assets classified as held for sale	28	7
TOTAL CURRENT ASSETS	**1,658**	**1,551**
TOTAL ASSETS	**3,759**	**3,712**

[10] Excluding "R&I" costs and including retained Patent Licensing revenues

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	December 31, 2018	December 31, 2017[11]
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)	(158)
Subordinated Perpetual Notes	500	500
Additional paid-in capital & reserves	(113)	(38)
Cumulative translation adjustment	(372)	(385)
Shareholders' equity attributable to owners of the parent	**271**	**333**
Non-controlling interest	1	3
TOTAL EQUITY	**272**	**336**
Retirement benefits obligations	320	355
Provisions	19	23
Contract Liabilities	4	2
Other operating non-current liabilities	38	57
TOTAL OPERATING NON-CURRENT LIABILITIES	**382**	**437**
Borrowings	1,004	1,077
Deferred tax liabilities	193	193
TOTAL NON-CURRENT LIABILITIES	**1,579**	**1,707**
Retirement benefits obligations	26	27
Provisions	113	110
Trade accounts and notes payable	1,135	947
Accrued employee expenses	116	129
Contract Liabilities	100	63
Other current operating liabilities	310	271
TOTAL OPERATING CURRENT LIABILITIES	**1,799**	**1,547**
Borrowings	20	20
Income tax payable	34	33
Other current financial liabilities	4	1
Liabilities classified as held for sale	51	68
TOTAL CURRENT LIABILITIES	**1,908**	**1,669**
TOTAL LIABILITIES	**3,487**	**3,376**
TOTAL EQUITY & LIABILITIES	**3,759**	**3,712**

[11] Excluding "R&I" costs and including retained Patent Licensing revenues

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ in million)	December 31, 2018	December 31, 2017[12]
Net income (loss)	**(67)**	**(173)**
Income (loss) from discontinuing activities	157	(5)
Profit (loss) from continuing activities	**(224)**	**(168)**
Summary adjustments to reconcile profit from continuing activities to cash generated from continuing operations		
Depreciation and amortization	234	240
Impairment of assets	91	9
Net changes in provisions	(14)	(37)
Gain (loss) on asset disposals	(8)	(1)
Interest (income) and expense	40	43
Other non-cash items (including tax)	50	155
Changes in working capital and other assets and liabilities	2	71
Cash generated from continuing activities	**171**	**312**
Interest paid	(42)	(46)
Interest received	3	2
Income tax paid	(14)	(13)
NET OPERATING CASH GENERATED FROM CONTINUING ACTIVITIES (I)	**118**	**255**
Acquisition of subsidiaries associates and investments, net of cash acquired	1	(25)
Proceeds from sale of investments, net of cash	5	10
Purchases of property, plant and equipment (PPE)	(68)	(51)
Proceeds from sale of PPE and intangible assets	-	1
Purchases of intangible assets including capitalization of development costs	(94)	(95)
Cash collateral and security deposits granted to third parties	(3)	(1)
Cash collateral and security deposits reimbursed by third parties	3	9
Loans (granted to)/reimbursed by third parties	-	1
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)	**(156)**	**(151)**
Increase of Capital	-	1
Proceeds from borrowings	-	646
Repayments of borrowings	(116)	(616)
Fees paid linked to the debt	(3)	(3)
Dividends and distributions paid to Group's shareholders	-	(25)
Other	23	(32)
NET FINANCING CASH USED IN CONTINUING ACTIVITIES (III)	**(96)**	**(29)**
NET CASH FROM DISCONTINUED ACTIVITIES (IV)	**105**	**(88)**
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE YEAR	**319**	**371**
Net decrease in cash and cash equivalents (I+II+III+IV)	**(29)**	**(13)**
Exchange gains/(losses) on cash and cash equivalents	1	(39)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**291**	**319**

[12] Excluding "R&I" costs and including retained Patent Licensing revenues