PRESS RELEASE

TECHNICOLOR: FULL YEAR 2017 RESULTS

Paris (France), 21 February 2018 – Technicolor (Euronext Paris: TCH; OTCQX: TCLRY) announces today its results for the full year 2017.

Frederic Rose, Chief Executive Officer of Technicolor, stated:

"2017 was particularly challenging for Technicolor which, nonetheless, showcased the underlying resilience of its operating businesses. The second half of the year showed significant improvement, versus the first half. The pending sale of our Patent Licensing business will be a watershed moment, simplifying our operational model and clearly increasing visibility on our performance, removing conflicts and complexity for all stakeholders. Post-sale, we can focus our capital resources on our key operating businesses – Entertainment Services and Connected Home – alongside our measures to reduce our corporate cost structure, to ensure Technicolor achieves profitable growth and higher levels of free cash flow."

Full Year 2017 Key Indicators from continuing operations

In € million	Second Half 2016	Second Half 2017	Second Half At constant rate	Full Year 2016	Full Year 2017	Full Year At constant rate
Revenues from continuing operations	**2,374**	**2,133**	**(5.4)%**	**4,628**	**4,231**	**(6.8)%**
Adjusted EBITDA from continuing operations	**233**	**209**	**(6.4)%**	**359**	**291**	**(17.2)%**
As a % of revenues	9.8%	9.8%	-	7.8%	6.9%	(90)bps
Free Cash Flow from continuing operations	**111**	**172**	**+55.5%**	**88**	**63**	**(26.6)%**

Technicolor announced, on December 18, 2017, its decision to sell its Patent Licensing business and that it was in advanced negotiations with a third party. As a result, the Group reported the financial information of its Patent Licensing business, previously included in the Technology segment, under discontinued operations. 2016 results were represented for comparative purposes. R&I and Trademark Licensing activities are now reported under Corporate & Other segment for both years.

Full Year 2017 Key Highlights

- Revenues from continuing activities amounted to €4,231 million, down 6.8% year-on-year at constant rate, with an Adjusted EBITDA of €291 million compared to €359 million in 2016. This is wholly attributable to the Connected Home segment as memory price increases negatively impacted its Adjusted EBITDA by €80 million (of which €50 million in the second half);
- Excluding the memory cost impact, Connected Home would have generated an Adjusted EBITDA equivalent to 2016, as the segment recorded significant margin improvement in the second half;

- Entertainment Services recorded an Adjusted EBITDA broadly flat year-on-year at €230 million, with a material improvement in the second half, in particular in Production Services through an efficient resource allocation;
- Group net income amounted to a loss of €173 million, resulting from low operating profits and a non-cash depreciation of €113 million of the net deferred tax assets as a result of the announcement of the planned Patent Licensing disposal;
- Free cash flow for reconciliation[1] generation before cash impacts of the Cathode Ray Tube cartel case settlement was €102 million, out of which €63 million was generated by the continuing activities;
- Financial structure at end December 2017 is solid, with a net debt of €784 million, down €132 million compared to June 2017. The Group also had a strong level of liquidity (above €700 million, including €390 million of committed undrawn credit lines);
- 2017 financial performance was also affected by advanced negotiations for the sale of the Patent Licensing business, which is now reported under discontinued operations;
- Simplification of the Group's structure is on track thanks to the anticipated strategic transaction related to the Patent Licensing business with corporate costs reduction initiatives launched in the second half of 2017.

Strategy Update

As a result of the strategic transaction for its Patent Licensing activities, Technicolor will focus on developing its two operating business segments as follows:

- Entertainment Services:
  - Technicolor will continue to develop Production Services as it pursues growth opportunities driven by the continued increase in original content and the emergence of immersive content. Available Group capital will continue to be allocated in priority to opportunities in this business, organically or by acquisition, including the development of market leading tools;
  - DVD Services will maximize cash generation while continuing to develop further opportunities for its world class operating platform.
- Connected Home: going forward, Connected Home will focus on new opportunities in home networking and streaming solutions, including through alliances and partnerships. It will also concentrate its efforts to durably improve its profitability. In this context, the Group has decided to exit from a number of customers and countries which are a drag on the division's profitability.

The Group will continue to rely on its world class Research and Innovation Group to develop new tools, such as mixed reality production and new in-home services.

Technicolor's operational and financial profile will also be strengthened by corporate cost reductions and by applying all cash proceeds related to the Patent Licensing business to pay down debt. This will also include the cash settlement received from Samsung in the first quarter of 2018.

[1] FCF for reconciliation includes the free cash flow from the discontinued operations.

2018 Assumptions by Segment

Entertainment Services:

- Production Services revenues – mid-single digit revenue growth driven by:
  - Very strong order backlog in Film and TV VFX;
  - Advertising VFX expected to improve in 2018 compared to 2017;
  - Post-production anticipated to continue to benefit from the significant increase in streaming original content;
  - Revenue growth mildly impacted by slightly fewer projects in Animation & Games.
- DVD Services – revenues and volumes expected to be around 2017 levels notwithstanding continued overall market decline, reflecting:
  - Improvement of the US Box Office at end 2017 which is expected to positively impact new release activity in the first half of 2018;
  - Outsourcing agreement from Sony DADC to Technicolor in North America and Australia to start in the second quarter of 2018.
- Overall, Entertainment Services Adjusted EBITDA expected to remain flat year-on-year due the DVD Services business, of which short-term profitability will be impacted by raw material (polycarbonate) increases which cannot be passed on fully to all customers in 2018 under existing contracts.

Connected Home:

- Revenues:
  - Customer portfolio review conducted in the last quarter of 2017 expected to lead to a revenue decrease of around €250 million, corresponding to a decline of around 10% year-on-year.
- Adjusted EBITDA:
  - Assumptions for NAND Flash and DRAM memory price is that they remain at a high level throughout 2018, with NAND Flash prices decline starting in the second half of 2018, while a decreasing trend for DRAM is expected beginning in early 2019;
  - Current mitigation actions including cost savings expected to show results at the end of 2018;
  - Adjusted EBITDA therefore expected to be flat year-on-year and to show similar trends to 2017 with a weak first half and solid margin increase in the second half.

Based on these assumptions, Technicolor expects an Adjusted EBITDA from the continuing operations broadly stable at constant rate compared to 2017.

Mid-term Outlook

In 2017, the Group initiated a strategic refocus on its core operating businesses with the advanced negotiations regarding the sale of the Patent Licensing activity. This strategy led to a major change in the Group's business model and a significant evolution in its cash generation profile in a more challenging environment. The objectives of the Drive 2020 strategic plan have therefore evolved.

After reaching a low point in 2018, below 2017 levels, Technicolor expects free cash flow from continuing operations to reach a run rate of at least €130 million by 2020, resulting from an Adjusted EBITDA which is expected to be above €350 million, relying on the following drivers:

- Continued 5% to 10% organic revenue growth in Production Services based on market leading capabilities and overall industry growth;
- Resiliency of DVD Services activity with volume decrease being partially offset by cost efficiencies and continued solid cash generation. Raw material (polycarbonate) costs increase will be contractually fully passed on to all customers;

- Single digit revenue growth for Connected Home once the customer portfolio review has been completed (expected to be completed in 2019) with profitability improvement that will progress the division towards its 10% Adjusted EBITDA margin objective;
- Corporate savings amounting to a run-rate of around €10 million by 2020 compared to 2017.

These mid-term objectives are at constant exchange rates compared to 2017.

Dividend

The Board of Directors of Technicolor will not propose a dividend to the 2018 Annual General Meeting of Shareholders in light of 2017 financial performance.

Management update

Technicolor announces the departure of Esther Gaide, the Group's Chief Financial Officer, who will leave the Group on 20 March 2018 to pursue a new professional opportunity. Her successor will be announced shortly.

Segment Review – FY 2017 Result Highlights

Entertainment Services	FY 2016 In € million	FY 2016 As a % of ES revenues	FY 2017 In € million	FY 2017 As a % of ES revenues	Change YoY Reported	Change YoY At constant rate
Revenues	**1,966**		**1,790**		*(9.0)%*	*(6.7)%*
o/w Production Services	765	39%	766	43%	*0.0%*	*+3.0%*
DVD Services	1,201	61%	1,024	57%	*(14.7)%*	*(12.9)%*
Adj. EBITDA	**238**	**12.1%**	**230**	**12.9%**	*(3.1)%*	*(1.2)%*

- **Production Services** revenues were broadly stable year-on-year at current rate and up 3% at constant rate. The division recorded a lower revenue growth than anticipated in the second half of 2017 due to an unexpected delay into 2018 in VFX for film. The division achieved, however, significant profitability improvement in the second half of 2017, resulting in an Adjusted EBITDA stable compared to the prior year. Production Services' scale and the pipeline of projects allowed the Group to proactively reallocate resources to mitigate production gaps and maintain the utilization rate at a high level.

  Business Highlights:

  The level of activity in Film and TV VFX was sustained, but below the prior year, as the production schedules of some film projects was delayed. These projects will therefore contribute to 2018 performance. The teams worked on more than 25 projects during the year. In the last quarter, they completed work on *Jumanji: Welcome to the Jungle* (Sony), *Justice League* (Warner Bros), *The Shape of Water* (Fox Searchlight), *50 Shades Freed* (Universal), *The Greatest Showman on Earth* (Fox) while continuing work on a large number of projects.

  VFX for Advertising returned to revenue growth at the end of September after a weak performance in the first half of 2017. The teams completed several premium and highly popular Christmas ads and started working on several Super Bowl advertising campaigns in the fourth quarter. Overall, this resulted in single digit revenue growth in the second half of 2017 with an improved project mix.

  The level of activity in Animation & Games continued its strong growth trajectory in the second half of 2017 and recorded a strong growth rate during the year, primarily driven by the number of theatrical Animation projects.

  Post-production revenues grew, particularly in the US market, driven by an increasing amount of work generated by streaming customers, such as Netflix and Amazon.

- **DVD Services** revenues totaled €1,024 million in 2017, down c.13% at constant currency compared to 2016. Standard-Definition DVD and Blu-ray™ volumes amounted to 1.26 billion units, a year-on-year reduction of 11% driven primarily by weaker 2017 new release activity in both major studio feature film and Xbox game content as compared to 2016. Adjusted EBITDA was slightly down, but margins were broadly stable in 2017 versus 2016, as reductions in volumes and revenues were offset by fixed costs reductions and efficiency gains, leading to a solid improvement in margin as a % of sales in the second half.

The division successfully maintained its market leadership position and further leveraged its best-in-class operational platform. In January 2018, Sony DADC announced that it will outsource to Technicolor a substantial majority of its CD, DVD and Blu-ray™ manufacturing and packaging requirements in both the North American and Australian markets. Sony DADC will continue to maintain direct relationships with distributors and will also continue to directly support its PlayStation customers. This outsourcing initiative will start in the second quarter.

Business Highlights

With the worst summer US theatrical box Office performance in over a decade (15% reduction from the summer of 2016), weakness in disc demand was primarily concentrated in the fourth quarter of 2017. Blu-ray™ was negatively affected by US summer Box Office results, as demand for this format is predominantly driven by new release activity. The Box Office performance started improving at the end of the year, but related disc releases will occur only in the first half of 2018. The ongoing resilience of back catalog on Standard Definition DVD (particularly in North America) helped to partially mitigate the impact of new release weakness.

In games, Xbox One (Blu-ray™ based) similarly suffered from a weaker second half 2017 release slate, driven in part by unanticipated delays in the release of several key games titles from 2017 to 2018. Total games volume in 2017 was further impacted by an ongoing sharp year-on-year reduction in demand for the prior generation (DVD based) Xbox console.

CD volumes declined as a result of ongoing market-based reductions, in addition to a difficult comparison to the second half 2016 which benefited from selected, non-recurring major releases**.**

Volume Data for DVD Services

		Full Year		
In million units		**2016**	**2017**	Change
Total combined volumes		**1,551.9**	**1,344.8**	***(13)%***
<u>By format</u>	DVD	1,076.9	953.5	*(11)%*
	Blu-ray™	341.2	303.7	*(11)%*
	CD	133.8	87.6	*(35)%*
<u>By segment</u>	Theatrical/Broadcast	1,327.3	1,192.0	*(10)%*
	Games	65.8	48.8	*(26)%*
	Software & Kiosk	25.0	16.4	*(34)%*
	Music & Audio	133.8	87.6	*(35)%*

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Connected Home	FY 2016 In € million	FY 2016 As a % of revenues	FY 2017 In € million	FY 2017 As a % of revenues	Change YoY Reported	Change YoY At constant rate
Revenues	**2,637**		**2,419**		*(8.3)%*	*(6.8)%*
Adj. EBITDA	**218**	**8.3%**	**137**	**5.7%**	*(37.1)%*	*(36.0)%*

Connected Home revenues totaled €2,419 million in 2017, down 6.8% year-on-year at constant rate. During the second half of the year, revenue trends improved as expected compared to the first half, while remaining slightly negative. The business environment was mainly impacted by continued pricing pressures on memories resulting in an Adjusted EBITDA of €137 million or 5.7% of the revenue, down 260 basis points compared to last year. Overall this performance reflected a solid improvement in the second half of 2017, with margin at 6.8% versus 4.6% in the first half. Without the impact of memory cost increases which amounted to €80 million in 2017, the Adjusted EBITDA margin would have reached 9% of sales in 2017, equivalent to the prior year, and 11.1% of sales in the second half excluding the memory price increases.

Gross margin reached 14.2%, down 260 basis points compared to 2016, mainly due to the negative impact of memory price increases. Excluding the impact of these cost increase, the margin reduction linked to volume decrease was compensated by an improved product mix and cost optimization measures implemented to adapt the business to a continued challenging environment. These actions included negotiations with Connected Home customers, the review of the customer portfolio, cost-cutting initiatives and the streamlining of the geographical footprint.

Business Highlights

North America:

- Revenues in North America were up 2% year-on-year at constant rate while the market was down 3%, representing 57% of total revenues;
- This solid performance was driven by a very strong growth in the second half at major Cable customers in the US and in Canada which included the first material DOCSIS 3.1 gateways deliveries;
- This was in contrast with the weakness of the satellite and telecom segment with soft demand and several programs being delayed by the customers;
- Commercial activity remained strong with a win rate above 70% on different tender offers. Several new high-runner products have also been awarded to Technicolor during the year with expected impact in 2018.

Europe, Middle-East and Africa:

- Revenues in Europe, Middle-East and Africa were down 27% year-on-year due to the end-of-life of some high-runner products, delay at a large operator due to a component quality issue and weak demand from customers;

- The situation started to improve in the fourth quarter with the introduction of new products, which are expected to lead to volume deliveries in 2018, supported by a positive trend for high end products both in video and broadband.

Latin America:

- Latin America saw an overall decline of 21% year-on-year, mainly due to Mexico, reflecting the adverse economic conditions in that part of the region. The video segment continues to experience headwinds while broadband demand has started to rebound as competition for higher bandwidth speed grows;
- On the other hand, Brazil had a strong rebound with a 29% growth year-on-year.

Asia Pacific:

- Revenues in Asia-Pacific showed a strong year-on-year growth of 17% following the successful integration of acquisitions in Japan and Korea;
- Excluding the acquisitions, the Asia-Pacific region is broadly flat year-on-year as growth in India offset Technicolor's decision to exit the Chinese market and softer demand from one Australian customer.

Revenue Breakdown for Connected Home

		Full Year		
In € million		**2016**	**2017**	Change[2]
Total revenues		2,637	**2,419**	(6.8)%
By region	North America	1,380	**1,364**	+1.6%
	Europe, Middle-East and Africa	592	**434**	(26.7)%
	Latin America	409	**324**	(21.4)%
	Asia-Pacific	256	**297**	+16.8%
By product	Video	1,470	**1,495**	+5.9%
	Broadband	1,167	**924**	(21.2)%

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	FY 2016		FY 2017		Change YoY	
Corporate & Other (Represented)	In € million	As a % of revenues	In € million	As a % of revenues	Reported	At constant rate
Revenues	**25**		**22**		*(10.3)%*	*(9.8)%*
Adj. EBITDA	**(97)**	**-**	**(76)**	**-**	*+21.4%*	*+20.7%*

[2] Year-on-year change at constant currency.

Corporate & Other now includes Research & Innovation activities and Trademark Licensing business in addition to unallocated corporate functions.

Following this transfer, Corporate & Other recorded revenues of €22 million in 2017, primarily driven by the Trademark Licensing business. Adjusted EBITDA amounted to €(76) million, a significant improvement compared to prior year, reflecting mostly cost cutting initiatives. Research & Innovation expenses remained stable year-on-year and its cost was partially covered by the Trademark Licensing contribution.

As a result of the planned Patent Licensing disposal, Technicolor has reviewed its corporate costs and decided to reallocate those which are incurred to support a division's business activity. This reallocation will be effective as of 2018 and would have impacted the P&L as follows:

Impact of Reallocation by Segment

In € million	Entertainment services		Connected Home		Corporate & Other	
	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017
Adj. EBITDA as reported	238	230	218	137	(97)	(76)
Cost reallocation[3]	(15)	(15)	(9)	(9)	24	24
Adj. EBITDA post reallocation	**223**	**216**	**209**	**128**	**(73)**	**(53)**

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Discontinued operations revenues amounted to €131 million in 2017, with an Adjusted EBITDA of €80 million. The Patent Licensing business generated all the revenues and contributed €79 million to the Adjusted EBITDA. The decline over prior year resulted from the negotiations related to the sale of this business, which led Technicolor to suspend its commercial Patent Licensing discussions in the fourth quarter of 2017.

[3] At budget rate 2018

Summary of consolidated results for the full year of 2017

		Second Half			Full Year		
In € million		2016	2017	Change[4]	2016	2017	Change[4]
Revenues from continuing operations		**2,374**	**2,133**	**(10.2)%**	**4,628**	**4,231**	**(8.6)%**
Change at constant currency (%)				(5.4)%			(6.8)%
o/w	Entertainment Services	1,103	952	(13.7)%	1,966	1,790	(9.0)%
	Connected Home	1,259	1,168	(7.2)%	2,637	2,419	(8.3)%
	Corporate & Other	12	14	+11.1%	25	22	(10.3)%
Adjusted EBITDA from continuing operations		**233**	**209**	**(10.3)%**	**359**	**291**	**(19.0)%**
Change at constant currency (%)				(6.4)%			(17.2)%
As a % of revenues		9.8%	9.8%	+0.0bps	7.8%	6.9%	(90)bps
o/w	Entertainment Services	167	159	(4.7)%	238	230	(3.1)%
	Connected Home	111	80	(28.5)%	218	137	(37.1)%
	Corporate & Other	(45)	(30)	+34.5%	(97)	(76)	+21.4%
Adjusted EBIT from continuing operations		**113**	**78**	**(30.9)%**	**132**	**53**	**(60.2)%**
Change at constant currency (%)				(28.2)%			(59.0)%
As a % of revenues		4.8%	3.7%	(110)bps	2.9%	1.2%	(170)bps
EBIT from continuing operations		**109**	**47**	**(56.7)%**	**76**	**(10)**	**ns**
Change at constant currency (%)				(55.3)%			ns
As a % of revenues		4.6%	2.2%	(240)bps	1.6%	(0.2)%	(180)bps
Financial result		(80)	(33)	+47	(154)	(97)	+58
Income tax		3	(98)	(95)	(30)	(112)	(82)
Share of profit/(loss) from associates		2	0	ns	2	0	ns
Profit/(loss) from continuing operations		**34**	**(84)**	**(118)**	**(106)**	**(219)**	**(112)**
Profit/(loss) from discontinued operations		(8)	16	+25	80	46	(34)
Net income		**26**	**(67)**	**(93)**	**(26)**	**(173)**	**(147)**

Revenues from continuing operations totaled €4,231 million in 2017, down by 6.8% at constant currency compared to 2016, resulting mainly from lower revenues in the Connected Home segment and in DVD Services division.

Adjusted EBITDA from continuing operations amounted to €291 million in 2017, down 17.2% at constant currency compared to 2016. The Adjusted EBITDA margin amounted to 6.9%, down by 90 points year-on-year, due to the Connected Home segment. This margin squeeze was attributable to the memory cost impact. Including the contribution from the discontinued operations, the Adjusted EBITDA of Technicolor amounted to €371 million, a significant decline compared to 2016 as the Patent Licensing business

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

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generated €79 million of profit compared to €206 million in 2016. Technicolor implemented several cost-cutting measures in the second half of 2017 to reflect the more challenging environment. As a result of these initiatives, Technicolor already reported lower selling and administrative expenses, down 7.5% year-on-year at current currency.

Depreciation and Amortization ("D&A")[5] amounted to €238 million compared to €227 million in 2016, reflecting higher capitalized Research & Development expenses in the Connected Home segment following the high success rate in terms of commercial wins recorded by the segment in 2016 and 2017. D&A also included €48 million of amortization related to purchase price allocation, mostly related to the 2015 acquisitions. As result, the Adjusted EBIT from the continuing operations amounted to €53 million, down by 59% year-on-year at constant rate.

Restructuring provisions were flat year-on-year and mainly taken in the Connected Home segment (site closures in the US and in the Asia-Pacific region) and DVD Services division. Technicolor also recorded around €20 million of R&D write-off and other non-current items. As a result, the EBIT from continuing operations was a loss of €(10) million in 2017. Excluding the purchase price allocation amortization, EBIT from continuing operations was a profit of €38 million in 2017.

Financial result totaled €(97) million in 2017 compared to €(154) million in 2016, reflecting:

- Net interest costs amounted to €43 million in 2017 compared to €81 million in 2016, reflecting lower interest expense both related to the lower level of debt (€317 million of net repayments in 2016 and €50 million in 2017) and lower average interest rates due to the 2016 and 2017 refinancing;
- Other financial charges amounted to €(54) million in 2017 compared to €(73) million in 2016. This decline reflected a lower IFRS adjustment than last year and an improvement of the foreign exchange result, due to Brazil and UK positive exchange results.

Income tax charges included current income tax for €(12) million, lower by €3 million compared to last year, mostly driven by the lower tax charge in France, reflecting the much lower contribution of the Patent Licensing business. The tax charge also included a non-cash depreciation of €113 million of Technicolor's net deferred tax assets. This was primarily due to the change in Technicolor's projections from a fourteen year to a five-year tax planning basis in France as a result of the announcement of Patent Licensing business disposal.

Group net income was a loss of €173 million in 2017 compared to a loss of €26 million in 2016. This deterioration was mostly attributable to the charge related to the Group's net deferred tax assets.

[5] Including impact of provisions for risks, litigations and warranties.

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, 2016 Published	December 31, 2016 Represented	December 31, 2017
Adjusted EBITDA from continuing operations	**565**	**359**	**291**
Changes in working capital and other assets and liabilities	106	56	72
Pension cash usage of the period	(28)	(28)	(27)
Restructuring provisions – cash usage of the period	(56)	(47)	(40)
Interest paid	(74)	(74)	(46)
Interest received	3	3	2
Income tax paid	(44)	(5)	(9)
Other items	(26)	(24)	(34)
Net operating cash generated from continuing activities	**446**	**240**	**209**
Purchases of property, plant and equipment (PPE)	(68)	(68)	(52)
Proceeds from sale of PPE and intangible assets	1	1	1
Purchases of intangible assets including capitalization of development costs	(85)	(85)	(95)
Net operating cash used in discontinued activities	(46)	160	(39)
Free cash flow	**248**	**248**	**24**
Nominal gross debt	1,083	1,083	1,103
Cash position	371	371	319
Net financial debt at nominal value (non IFRS)	**712**	**712**	**784**
IFRS adjustment	**(33)**	**(33)**	**(6)**
Net financial debt (IFRS)	**679**	**679**	**778**

- The intangible capex included €47 million of capitalized R&D for Connected Home and cash outflow for restructuring were mostly related by Connected Home and DVD Services;
- The change in working capital & other assets and liabilities was positive, driven by a tight and efficient management of the Group's working capital requirements, including better management of suppliers' payment terms, in particular in the Connected Home segment;
- The addition of the EIB loan drawn in January 2017 offset the positive impact of the Term Loan repayments, resulting in a nominal gross debt of €1,103 million, up €20 million compared to end December 2016;

- Cash position at €319 million at end December 2017, down €52 million compared to end December 2016, as free cash flow contribution was offset by debt repayments (€50 million of repayments in 2017), the negative forex impacts and the acquisitions of LG and Pioneer.

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 Esther Gaide, CFO, will be held Wednesday, 21 February 2018 at 6:30pm CET.

Link to the Audio Webcast

http://www.technicolor.com/webcastFY2017

(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 21st, 2018*

Financial calendar

Q1 2018 business update	25 April 2018
H1 2018 results	25 July 2018

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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.

www.technicolor.com – Follow us: @Technicolor – linkedin.com/company/technicolor

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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technicolor

UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

(€ in million)	December 31, 2017	December 31, 2016
CONTINUING OPERATIONS		
Revenues	4,231	4,628
Cost of sales	(3,651)	(3,935)
Gross Margin	**580**	**693**
Selling and administrative expenses	(355)	(384)
Research and development expenses	(172)	(177)
Restructuring costs	(43)	(44)
Net impairment gains (losses) on non-current operating assets	(9)	(13)
Other income (expense)	(11)	1
Earning before Interest & Tax from continuing operations	**(10)**	**76**
Interest income	3	4
Interest expense	(46)	(85)
Other financial income (expense)	(54)	(73)
Net financial income (expense)	**(97)**	**(154)**
Share of gain (loss) from associates	-	2
Income tax	(112)	(30)
Profit (loss) from continuing operations	**(219)**	**(106)**
DISCONTINUING OPERATIONS		
Net profit (loss) from discontinuing operations	46	80
Net income (loss)	**(173)**	**(26)**
Attributable to:		
- Equity holders of the parent	(172)	(26)
- Non-controlling interest	(1)	-

EARNINGS PER SHARE *(in euro, except number of shares)*	December 31, 2017	December 31, 2016
Weighted average number of shares outstanding (basic net of treasury shares held)	412,716,772	411,932,346
Earnings (losses) per share from continuing operations		
- basic	(0.53)	(0.26)
- diluted	(0.53)	(0.26)
Earnings (losses) per share from discontinuing operations		
- basic	0.11	0.20
- diluted	0.11	0.20
Total earnings (losses) per share		
- basic	(0.42)	(0.06)
- diluted	(0.42)	(0.06)

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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	December 31, 2017	December 31, 2016
ASSETS		
Goodwill	942	1,019
Intangible assets	625	771
Property, plant & equipment	243	286
Other operating non-current assets	38	56
TOTAL OPERATING NON-CURRENT ASSETS	**1,848**	**2,132**
Investments and available-for-sale financial assets	17	19
Other non-current financial assets	19	39
TOTAL FINANCIAL NON-CURRENT ASSETS	**36**	**58**
Investments in associates and joint-ventures	2	3
Deferred tax assets	275	423
TOTAL NON-CURRENT ASSETS	**2,161**	**2,616**
Inventories	238	234
Trade accounts and notes receivable	684	806
Other operating current assets	256	284
TOTAL OPERATING CURRENT ASSETS	**1,178**	**1,324**
Income tax receivable	37	53
Other financial current assets	10	17
Cash and cash equivalents	319	371
Assets classified as held for sale	7	-
TOTAL CURRENT ASSETS	**1,551**	**1,765**
TOTAL ASSETS	**3,712**	**4,381**

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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	December 31, 2017	December 31, 2016
EQUITY & LIABILITIES		
Common stock *(414,461,178 shares at December 31, 2017 with nominal value of 1 euro per share)*	414	413
Treasury shares	(158)	(157)
Subordinated Perpetual Notes	500	500
Additional paid-in capital & reserves	(38)	174
Cumulative translation adjustment	(385)	(229)
Shareholders' equity attributable to owners of the parent	**333**	**701**
Non-controlling interest	3	3
TOTAL EQUITY	**336**	**704**
Retirement benefits obligations	355	376
Provisions	23	35
Other operating non-current liabilities	59	153
TOTAL OPERATING NON-CURRENT LIABILITIES	**437**	**564**
Borrowings	1,077	998
Deferred tax liabilities	193	217
TOTAL NON-CURRENT LIABILITIES	**1,707**	**1,779**
Retirement benefits obligations	27	28
Provisions	110	133
Trade accounts and notes payable	947	992
Accrued employee expenses	129	152
Other current operating liabilities	334	504
TOTAL OPERATING CURRENT LIABILITIES	**1,547**	**1,809**
Borrowings	20	52
Income tax payable	33	35
Other current financial liabilities	1	2
Liabilities classified as held for sale	68	-
TOTAL CURRENT LIABILITIES	**1,669**	**1,898**
TOTAL LIABILITIES	**3,376**	**3,677**
TOTAL EQUITY & LIABILITIES	**3,712**	**4,381**

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	December 31,	
(€ in million)	**2017**	**2016**
Net income (loss)	**(173)**	**(26)**
Income (loss) from discontinuing activities	46	80
Profit (loss) from continuing activities	**(219)**	**(106)**
Summary adjustments to reconcile profit from continuing activities to cash generated from continuing operations		
Depreciation and amortization	240	223
Impairment of assets	9	14
Net changes in provisions	(37)	(25)
Gain (loss) on asset disposals	(1)	(18)
Interest (income) and expense	43	81
Other non-cash items (including tax)	155	91
Changes in working capital and other assets and liabilities	72	56
Cash generated from continuing activities	**262**	**316**
Interest paid	(46)	(74)
Interest received	2	3
Income tax paid	(9)	(5)
NET OPERATING CASH GENERATED FROM CONTINUING ACTIVITIES (I)	**209**	**240**
Acquisition of subsidiaries, associates and investments, net of cash acquired	(25)	(21)
Proceeds from sale of investments, net of cash	11	52
Purchases of property, plant and equipment (PPE)	(52)	(68)
Proceeds from sale of PPE and intangible assets	1	1
Purchases of intangible assets including capitalization of development costs	(95)	(85)
Cash collateral and security deposits granted to third parties	(1)	(4)
Cash collateral and security deposits reimbursed by third parties	9	8
Loans (granted to) / reimbursed by third parties	1	-
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)	**(151)**	**(117)**
Increase of Capital	1	15
Proceeds from borrowings	646	450
Repayments of borrowings	(612)	(775)
Fees paid linked to the debt	(7)	(10)
Dividends and distributions paid to Group's shareholders	(25)	(25)
Other	(31)	14
NET FINANCING CASH GENERATED IN CONTINUING ACTIVITIES (III)	**(28)**	**(331)**
NET CASH FROM DISCONTINUED ACTIVITIES (IV)	**(43)**	**168**
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE YEAR	**371**	**385**
Net decrease in cash and cash equivalents (I+II+III+IV)	**(13)**	**(40)**
Exchange gains / (losses) on cash and cash equivalents	(39)	26
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**319**	**371**

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 2017 compared to 2016 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 €(63) million in the 2017 compared to €(56) million in 2016.

In € million	Full Year		
	2016 Represented	**2017**	Change[6]
EBIT from continuing operations	**76**	**(10)**	**(86)**
Restructuring charges, net	(44)	(43)	+1
Net impairment losses on non-current operating assets	(13)	(9)	+4
Other income/(expense)	1	(11)	(12)
Adjusted EBIT from continuing operations	**132**	**53**	**(79)**
As a % of revenues	2.9%	1.2%	(170)bps
Depreciation and amortization ("D&A") [7]	227	238	+11
Adjusted EBITDA from continuing operations	**359**	**291**	**(68)**
As a % of revenues	7.8%	6.9%	(90)bps

[6] Change at current currency.

[7] Including impact of provisions for risks, litigations and warranties.