PRESS RELEASE

TECHNICOLOR: FULL YEAR 2016 RESULTS

Successful integration of acquisitions

Rebalanced operating and financial profile

Strong free cash flow generation and significant deleveraging

Paris (France), 22 February 2017 – Technicolor (Euronext Paris: TCH; OTCQX: TCLRY) announces today its results for the full year 2016.

Frederic Rose, Chief Executive Officer of Technicolor, stated:

"Following the successful integration of our 2015 acquisitions, our operating businesses are now well positioned to seize growth opportunities while continuing to invest in innovation. Our focus moving forward will be to capture opportunities arising out of the emergence of new immersive premium content experiences and new delivery technologies."

Key points

- Successful integration leading to material profitability improvement in Connected Home and record year of commercial wins;
- Continued double digit organic growth in Production Services, strengthened global leadership positions, reinforced scale and client diversification enabling improved utilization of facilities and creative talent;
- Solid performance in DVD Services and Licensing activities which both contributed materially to the Group's cash generation;
- Adjusted EBITDA stable year-on-year at €565 million, notwithstanding a €256 million loss of MPEG LA contribution, demonstrating the successful operating rebalancing of the Group;
- Strong free cash flow generation of €248 million. Excluding the impact of the Cathode Ray Tube settlements of €48 million, Free Cash Flow generation reached €296 million;
- Significant gross debt reduction resulting in a net leverage ratio at 1.26x at end 2016 versus 1.74x at end 2015.

2017 objectives:

- Adjusted EBITDA in the range of €460 million to €520 million;
- Free cash flow in excess of €150 million before cash impacts of the Cathode Ray Tube ("CRT") cartel case settlements (c. €(81) million).

The Group will pursue its deleveraging with the aim to reach a net Debt to Adjusted EBITDA ratio of 0.8x following which it will increase the return paid to shareholders.

These objectives are calculated based on constant exchange rates, and integrate the uncertainties in determining the timing to resolve the patent litigation against Samsung Electronics and the money at stake.

Update on Drive 2020

Reflecting what has been learned from 2016 experience, Technicolor has now the ambition to achieve an Adjusted EBITDA of around €680 million and a free cash flow in excess of €280 million in 2020. These ambitions assume a regular progression of the Adjusted EBITDA from 2017 to 2020 and are at constant rate and perimeter.

Proposed dividend

The Board of Directors of Technicolor has decided to propose to the 2017 Annual General Meeting of Shareholders the payment of a cash dividend of €0.06.

- Ex-dividend date: 21 June 2017;
- Dividend record date: 22 June 2017;
- Payment date of dividend: 23 June 2017.

Technicolor shares will trade ex-dividend as from the beginning of the trading session on 22 June 2017. Holders of Technicolor shares on 21 June 2017 selling their shares as from such date will keep their right to the dividend.

Summary of consolidated results for the full year of 2016 (unaudited)

Key financial indicators

In € million	Full Year 2015*	Full Year 2016	Change YoY Reported	Change YoY At constant rate
Group revenues	**3,652**	**4,890**	**+33.9%**	**+34.8%**
Group revenues excluding exited activities[1]	3,580	4,888	+36.5%	+37.5%
Adjusted EBITDA	**565**	**565**	**+0.1%**	**+0.8%**
As a % of revenues	15.5%	11.6%	(3.9)pts	
Adjusted EBIT before PPA[2] amortization	**374**	**371**	**(0.9)%**	**(0.6)%**
As a % of revenues	10.2%	7.6%	(2.7)pts	
Adjusted EBIT	**374**	**329**	**(12.0)%**	**(11.7)%**
As a % of revenues	10.2%	6.7%	(3.5)pts	
EBIT from continuing operations	**264**	**262**	**(0.6)%**	**(0.3)%**
As a % of revenues	7.2%	5.4%	(1.8)pts	
Financial result	(87)	(156)	(69)	
Income tax	(55)	(44)	+11	
Share of profit/(loss) from associates	(1)	2	+3	
Profit/(loss) from continuing operations	**121**	**64**	**(57)**	
Profit/(loss) from discontinued operations	(43)	(90)	(47)	
Net income	**78**	**(26)**	**(104)**	
Group free cash flow	**256**	**248**	**(8)**	
Net financial debt at nominal value (non IFRS)	**985**	**712**	**(273)**	
Net financial debt (IFRS)	908	679	(229)	

Group revenues increased by 34.8% at constant currency, reflecting the change in scale of Connected Home and Entertainment Services. The two segments combined recorded revenue growth of 48.2% year-on-year at constant rate resulting from the contribution of the acquisitions completed in 2015 and double digit organic growth in Production Services activities.

Adjusted EBITDA from continuing operations reached €565 million in 2016, stable compared to 2015, as the increased scale of Connected Home and Entertainment Services fully offset the expected decline of the Technology segment resulting from the sharp decline of MPEG LA contribution. The Adjusted EBITDA margin amounted to 11.6%, down by 3.9 points year-on-year due

[1] Digital Cinema and Distribution Services in the Entertainment Services segment, IZ-ON, M-GO and Virdata activities in the Other segment.
[2] Purchase Price Allocation.
* As Published in 2015 and before IFRS3 restatement of 2015 acquisitions.

to the reduced weight of licensing activities. The Adjusted EBITDA was up 28% compared to the 2015 *Pro Forma*[3] Adjusted EBITDA excluding MPEG LA contribution.

Adjusted EBIT from continuing operations amounted to €329 million in 2016, down 11.7% at constant currency compared to 2015. This decrease of €45 million compared to 2015 was mostly driven by the amortization of the purchase price allocation that Technicolor performed in 2016 following the different acquisitions completed in 2015. The lower contribution of the Technology segment, down by €196 million compared to 2015, was fully offset by the Adjusted EBITDA growth of Connected Home and Entertainment Services and lower Corporate costs.

EBIT from continuing operations totaled €262 million in 2016, globally flat compared to last year, notwithstanding a significant increase of restructuring costs year-on-year. Restructuring costs amounted to €55 million, up 42.1% at constant currency year-on-year, resulting principally from cost cutting initiatives in the Technology segment, including the shutdown of a laboratory in Germany, and in the DVD Services segment to bring the North American assets of Cinram up to Group's operational efficiency levels. Other non-current assets write-offs were lower by €14 million compared to 2015 and included R&D write-offs in the Connected Home segment for €9 million.

The Group's financial result totaled €(156) million in 2016 compared to €(87) million in 2015, reflecting:

- Net interest costs amounted to €81 million in 2016 compared to €63 million in 2015, reflecting the issuance of €374 million of additional Term Loan debt maturing 2020 in the second half of 2015 to finance the acquisitions of Cisco Connected Devices and The Mill. The Group prepaid some of its 2020 Term Loan debt in 2016 and undertook a partial refinancing in the last quarter of 2016 at a lower interest rate;
- Other financial charges amounted to €75 million in 2016 compared to €24 million in 2015. These charges included the partial reversal of the IFRS adjustment of €31 million triggered by €700 million of 2020 Term Loan debt prepayments (o/w €450 million was from proceeds of the new 2023 Term Loan debt), that occurred in the second half of 2016 and a foreign exchange loss of €16 million.

In 2016, Technicolor settled with all major plaintiffs in the various CathodeRay Tube ("CRT") cartel litigation cases in the US. Such settlements resulted in the recognition of a €95 million non-current expense for the full year 2016.

Excluding the impact of the CRT settlements, net income would have amounted to €69 million. Subsequently to these non-current expenses, the reported net income was a loss of €26 million in 2016.

[3] The 2015 *Pro Forma* financial information relates to the income statement for the 12-month period ended December 31, 2015 and reflects the acquisition of Cisco Connected Devices and The Mill as if acquisitions occurred on January 1, 2015.

Statement of financial position and cash position

In € million	Full Year 2015*	Full Year 2016	Change YoY Reported
Operating cash flow from continuing operations	468	463	(1.1)%
Group free cash flow	**256**	**248**	**(3.2)%**
Nominal gross debt	1,370	1,083	(287)
Cash position	385	371	(14)
Net financial debt at nominal value (non IFRS)	**985**	**712**	**(273)**
IFRS adjustment	(77)	(33)	+44
Net financial debt (IFRS)	**908**	**679**	**(229)**

In order to facilitate reconciliation with the IFRS statement of cash flow, operating cash flow from continuing operations, which is defined as Adjusted EBITDA less net capital expenditures, restructuring cash out and the variation in working capital & other assets and liabilities, amounted to €463 million in 2016, roughly stable compared to 2015, and included:

- Capital expenditures amounting to €152 million in 2016, up €46 million, reflecting a higher level of capitalized R&D in Connected Home (€49 million vs. €31 million in 2015) following the Cisco Connected Devices acquisition and capacity expansion in Production Services;
- Cash outflow for restructuring totaling €56 million in 2016, up €8 million year-on-year, reflecting the impact of cost cutting initiatives in the Technology segment, cost streamlining actions in the DVD Services business, as well as cost cutting initiatives in the Connected Home segment;
- A positive variation of the working capital and other assets & liabilities for €106 million, resulting from the transfer of the supply chain from Cisco to Technicolor in the context of the Cisco Connected Devices transaction.

Group free cash flow amounted to €248 million in 2016, including:

- Net Financial charges of €81 million in 2016, compared to €74 million in 2015, as the issuance of €374 million of additional 2020 Term Loan in the second half of 2015 to finance the acquisitions of Cisco Connected Devices and The Mill generated a material increase in interest charges. This impact was reduced by €317 million of repayments of Term Loan debt maturing 2020, of which €283 million in the second half of 2016. In addition, the Group partially refinanced its 2020 Term Loan debt by the €450 million issuance of a Term Loan maturing 2023;
- Tax cash charges of €44 million;
- Other cash charges, amounting to €44 million in 2016, and principally reflecting charges related to pensions for €28 million;
- Cash impacts of the CRT settlements of €48 million in 2016.

* As Published in 2015 and before IFRS3 restatement of 2015 acquisitions.

Nominal gross debt was €1,083 million at end December 2016. The Group's cash position was at €371 million at end December 2016.

Net debt at nominal value was €712 million at end December 2016, compared to €985 million at end December 2015, resulting in a nominal net debt to Adjusted EBITDA ratio of 1.26x at end December 2016 compared to 1.74x at end December 2015.

Segment review – FY 2016 result highlights[4]

Connected Home

	FY 2015*		FY 2016		Change YoY	
	In € million	As a % of revenues	In € million	As a % of revenues	Reported	At constant rate
Revenues	**1,451**		**2,637**		**+81.7%**	**+81.8%**
Adj. EBITDA	**76**	**5.2%**	**218**	**8.3%**	**+187.9%**	**+188.4%**

Connected Home revenues totaled €2,637 million in 2016, up 81.8% at constant currency compared to 2015 as a result of the Cisco Connected Devices acquisition. Revenues were down 12% compared to 2015 *Pro Forma*[5].This decrease is mainly due to the material decline of revenues in Latin America and Canada.

Revenue breakdown for Connected Home (as published)

		Full Year		
In € million		**2015**	**2016**	Change YoY At constant rate
Total revenues		1,451	**2,637**	+81.8%
By region	North America	463	**1,380**	+197.1%
	Europe, Middle-East and Africa	329	**592**	+80.0%
	Latin America	431	**409**	(4.7)%
	Asia-Pacific	228	**256**	+13.5%
By product	Video	765	**1,470**	+88.8%
	Broadband	686	**1,167**	+74.0%

Excluding Latin America, revenues significantly increased year-on-year on a reported basis (up 118%), notwithstanding a relatively slower growth in Asia Pacific as the digitization of the Indian market did not resume in 2016.

4 Excluding exited activities.
5 The 2015 Pro Forma financial information relates to the income statement for the 12-month period ended December 31, 2015 and reflects the acquisition of Cisco Connected Devices and The Mill as if acquisitions occurred on January 1, 2015.
* As Published in 2015 and before IFRS3 restatement of 2015 acquisitions.

In 2016, Technicolor secured new major awards and customer wins across all Regions. In North America, Connected Home secured a large number of new awards that will result into substantial market share gains once the products are deployed. Technicolor is now in all categories (Video and Broadband) in the three largest US operators. Connected Home also recorded strong commercial activity in the Europe-Middle East-Africa region, strengthening its leadership in telecom gateways and reinforcing its position in cable gateways. The Group secured several awards in Latin America, thereby maintaining strong customer relationships in an economically challenged region, notwithstanding stronger competition from low cost Asian suppliers. Connected Home also secured numerous customer wins in the Asia Pacific Region in Australia, India and South East Asia. In addition, Technicolor gained its first 4K set-top box contract in Japan through its strategic partnership with Pioneer.

The integration of Cisco Connected Devices was implemented successfully in 2016 and resulted in substantial synergies. As a result, the gross margin increased by 1.2 points year-on-year to reach 16.8% in 2016. Adjusted EBITDA amounted to €218 million in 2016, up €142 million compared to 2015, resulting in a significant improvement of the Adjusted EBITDA margin, which reached 8.3% in 2016, up 3.0 points year-on-year at current rate. The Connected Home segment generated material free cash flow driven by the increased profitability of the business and the positive impact of the supply chain transfer on the working capital.

###

Entertainment Services

	FY 2015*		**FY 2016**		**Change YoY**	
	In € million	As a % of revenues	In € million	As a % of revenues	Reported	At constant rate
Revenues	**1,639**		**1,966**		**+20.0%**	**+21.9%**
Production Services	568		765		+34.8%	+40.0%
DVD Services	1,071		1,201		+12.2%	+12.3%
Adj. EBITDA	**190**	**11.6%**	**238**	**12.1%**	**+25.2%**	**+27.0%**

Entertainment Services revenues were €1,966 million, up 21.9% year-on-year at constant currency, reflecting:

- **Production Services** revenues amounted to €765 million, up by 40.0% at constant currency in 2016 compared to 2015. This strong performance resulted from double-digit organic growth close to 20% and the addition of The Mill on a full year basis. The strong organic growth reflected a high level of activity across the different market segments with Visual Effects ("VFX") for feature films, episodic series and Advertising continuing to grow at record levels while Animation and Games activities significantly increased their contribution. As an illustration, the VFX team for feature film worked on more than 25 projects during the year. VFX teams for Advertising also

* As Published in 2015 and before IFRS3 restatement of 2015 acquisitions.

delivered a large number of projects, including several iconic advertising campaigns, such as "*Superhumans*" for Channel 4, "*Jump*" for John Lewis and "*Come together*" for H&M. Mr X worked on numerous episodic series and significantly expanded its Toronto capacity. Technicolor also worked on four long feature Animation projects under the Mikros brand in 2016. While Visual Effects and Animation activities largely drove the 2016 performance, Postproduction services continued improving year-on-year. In addition, the Group demonstrated its leadership in developing new visual experiences by completing 26 VR ("Virtual Reality") projects during the year;

- **DVD Services** revenues totaled €1,201 million in 2016, up 12.3% at constant currency compared to 2015. This increase reflected a record volume performance (up c. 19% year-on-year). Standard Definition DVD volumes increased by c. 7% and Blu-ray™ volumes by c. 23%, benefiting from new customer additions secured in the fourth quarter of 2015, as well as continued strong 2016 theatrical box office results across key studio customers. Combined games volume were flat in 2016 compared to 2015 as the ongoing growth of the Blu-ray based Xbox One format was offset by decline in the prior generation DVD based Xbox 360 format. In addition, three major AAA games titles that were originally expected in the fourth quarter of 2016 have been pushed into 2017, resulting in a lower number of AAA games title releases in 2016 compared to 2015 as well as a decline in games related distribution activities year-on-year. CD volumes were strongly up year-on-year mostly due to customer additions, but this also demonstrated the resiliency of the physical format which still represented 39%[6] of global music revenues in 2016.

Volume data for DVD Services

		Full Year		
In million units		**2015**	**2016**	Change
Total combined volumes		**1,308.3**	**1,551.9**	*+18.6%*
By format	SD-DVD	1,002.3	1,076.9	*+7.4%*
	Blu-ray™	276.4	341.2	*+23.4%*
	CD	29.6	133.8	*+352.1%*
By segment	Studio / Video	1,179.3	1,327.3	*+12.6%*
	Games	65.7	65.8	*+0.1%*
	Software & Kiosk	33.7	25.0	*(26.0)%*
	Music & Audio	29.6	133.8	*+352.1%*

Entertainment Services recorded an adjusted EBITDA of €238 million, up 27.0% at constant rate. This solid performance resulted from the increased weight of Visual Effects and Animation activities and from the rebound of DVD Services adjusted EBITDA in the second half of 2016:

- The contribution of **Production Services** to the Adjusted EBITDA significantly increased in 2016 as a result of its greater scale, while continuing to generate double-digit organic revenue growth

[6] Source: IFPI ("International Federation of the Phonographic Industry").

year-on-year. This translated into a higher utilization rate of the different facilities and increased operating efficiencies across the division;

- In **DVD Services**, Adjusted EBITDA was affected negatively in the first half of 2016 by the integration of North American Cinram assets that were well below the Group's standards. Cost cutting actions were implemented in the first half of 2016 to restore the overall profitability of the division. These cost cutting measures were executed before the peak season, and the adjusted EBITDA significantly grew year-on-year and sequentially in the second half of 2016 with margin back to its 2015 level.

###

Technology

	FY 2015*		FY 2016		Change YoY	
	In € million	As a % of revenues	In € million	As a % of revenues	Reported	At constant rate
Revenues	**490**		**285**		**(42.0)%**	**(41.5)%**
Revenues excl. MPEG LA	202		252		+24.9%	+25.5%
Adj. EBITDA	**396**	**80.9%**	**192**	**67.3%**	**(51.7)%**	**(51.7)%**
Adj. EBITDA excl. MPEG LA	108	53.5%	159	63.1%	+47.3%	+46.3%

Technology revenues amounted to €285 million, down 41.5% year-on-year at constant currency. This decrease was mainly driven by a sharp decline of MPEG LA, down by €256 million year-on-year. The revenue performance was also affected in the second half by the bankruptcy of a RCA trademark licensee. Excluding MPEG LA, Technology revenues grew by 25.5% at constant rate year-on-year, reflecting a strong level of patent licensing activity with the signing of several non-exclusive agreements in Technicolor's programs for Video Coding, Digital TV and Connected Home.

The Technology segment recorded an adjusted EBITDA of €192 million, or a margin of 67.3%. Technicolor implemented in 2016 a revised policy in terms of priority applications and a reduction in the size of its very large portfolio (over 30,000 patents at the end of 2016 compared to around 40,000 patents at end 2015).

* As Published in 2015 and before IFRS3 restatement of 2015 acquisitions.

technicolor

Segment review – Q4 2016 revenue highlights

Group revenues by segment

In € million	Fourth Quarter 2015	Fourth Quarter 2016	Change YoY Reported	Change YoY At constant rate
Group revenues	**1,154**	**1,335**	**+15.7%**	**+15.1%**
Connected Home	467	652	+39.5%	+37.0%
Entertainment Services	564	618	+9.5%	+10.3%
o/w Production Services	*177*	*212*	*+19.4%*	*+23.8%*
DVD Services	*387*	*406*	*+5.0%*	*+4.2%*
Technology	115	66	(43.1)%	(43.1)%

Connected Home revenues amounted to €652 million in the fourth quarter of 2016, up 37.0% at constant currency compared to the fourth quarter of 2015.

In **North America** (52% of sales), Technicolor's revenues more than doubled in the fourth quarter of 2016 compared to the fourth quarter of 2015. In **Europe-Middle East and Africa**, Technicolor recorded a strong level of activity with key accounts in the region, particularly in next generation broadband product deployments to Vodafone, LGI and Telecom Italia. In **Latin America**, revenues materially decreased in the fourth quarter of 2016 compared to the fourth quarter of 2015. The depreciation of the Mexican peso against the US dollar accelerated in November, along with the continued economic downturn in Brazil, resulting in substantial capex reductions in the region. In **Asia-Pacific**, revenues decreased significantly in the fourth quarter of 2016 due to lower shipments of set top boxes in India compared to the fourth quarter of 2015.

Revenue breakdown for Connected Home

In € million		Fourth Quarter 2015	Fourth Quarter 2016	Change YoY At constant rate
Total revenues		467	**652**	+37.0%
By region	North America	157	**339**	+111.3%
	Europe, Middle-East and Africa	97	**148**	+51.8%
	Latin America	103	**87**	(20.2)%
	Asia-Pacific	111	**79**	(28.5)%
By product	Video	289	**364**	+23.2%
	Broadband	178	**289**	+59.3%

7###

Entertainment Services revenues (excluding exited activities) totaled €618 million in the fourth quarter of 2016, up 10.3% at constant currency compared to the fourth quarter of 2015:

- **Production Services** recorded an increase in revenues of c.24%, driven by a strong level of activity in visual effects for feature film and Advertising and a surge in Animation and Games revenues. In VFX for feature film, MPC worked on a large number of tentpole projects, while in VFX for Advertising the two brands, MPC and The Mill, completed work on several premium and highly popular Christmas ads, including some VR experiences. In Animation, Technicolor recorded a significant jump as the Group ramped up its work under the Technicolor brand on several TV animation projects and Mikros Images continued ramping up its work on long feature animation projects. Revenues in Games were also up significantly, increasing its collaboration with several key Game companies;

- **DVD Services** revenues totaled €406 million in the fourth quarter of 2016, an increase of c.4% at constant currency compared to the fourth quarter of 2015. Revenue growth was driven by an increase in total disc volume of c.16%, partially offset by a reduced mix in complex packaging and lower games related distribution and procurement activities. Standard Definition DVD volume increased by c.8%, while Blu-ray™ volumes increased by c.20%, both driven by the impact of new customer additions, continued strong new release and catalog performance across key studio customers. Games volumes were affected by the shift of three major AAA games titles from the fourth quarter of 2016 to 2017.

  Key Theatrical titles produced in the fourth quarter included *The Secret Life of Pets* (Universal), *Star Trek Beyond* (Paramount), *Suicide Squad* (Warner Bros), *Independence Day: Resurgence* (Fox), and *Deepwater Horizon* (Lionsgate), while key Games titles included *Call of Duty: Infinite Warfare* (Activision) and *Gears of War 4* (Microsoft).

Volume data for DVD Services

		Fourth Quarter		
In million units		**2015**	**2016**	Change
Total combined volumes		**467.5**	**540.1**	*+15.5%*
By format	SD-DVD	341.4	367.1	*+7.5%*
	Blu-ray™	104.2	125.1	*+20.1%*
	CD	21.9	47.9	*+119.0%*
By segment	Studio / Video	403.2	455.8	*+13.0%*
	Games	30.0	26.5	*(11.4)%*
	Software & Kiosk	12.4	9.8	*(21.3)%*
	Music & Audio	21.9	47.9	*+119.0%*

###

Technology revenues excluding MPEG LA contribution were up by 13% compared to the fourth quarter of 2015. Including MPEG LA, revenue amounted to €66 million in the fourth quarter of 2016, down c.43% at constant currency compared to the fourth quarter of 2015, mainly driven by the sharp decline in MPEG LA revenues which were particularly strong in the last quarter of 2015 and lower Trademark licensing revenues. The Group signed several patent licensing agreements during the quarter.

An analyst conference call hosted by Frederic Rose, CEO, and Esther Gaide, CFO, will be held on Thursday, 23 February 2017 at 9:30am CET.

Following the changes made to EU and French rules in 2013 and 2015 with regard to publication of periodic financial information, the Company will no longer publish its quarterly revenues effective immediately. Technicolor will provide a business update instead.

Financial calendar

Q1 2017 business update	27 April 2017
H1 2017 results	27 July 2017

###

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.

###

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. We also benefit from an extensive intellectual property portfolio focused on imaging and sound technologies. 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).

Investor Relations

Emilie Megel: +33 1 41 86 61 48

emilie.megel@technicolor.com

Christophe Le Mignan: +33 1 41 86 58 83

Christophe.lemignan@technicolor.com

Summary of consolidated results as reported (unaudited)

In € million	Second Half 2015*	Second Half 2016	Second Half Change[7]	Full Year 2015*	Full Year 2016	Full Year Change[7]
Group revenues	**2,031**	**2,470**	**+21.6%**	**3,652**	**4,890**	**+33.9%**
Change at constant currency (%)		+21.5%			+34.8%	
o/w Connected Home	799	1,259	+57.5%	1,451	2,637	+81.7%
Entertainment Services	988	1,103	+11.6%	1,676	1,966	+17.3%
Technology	232	108	(53.5)%	490	285	(42.0)%
Other	11	0	ns	35	2	ns
Adjusted EBITDA from continuing operations	**314**	**300**	**(4.6)%**	**565**	**565**	**+0.1%**
Change at constant currency (%)		(5.3)%			+0.8%	
As a % of revenues	15.5%	12.1%	(3.4)pts	15.5%	11.6%	(3.9)pts
o/w Connected Home	48	111	+133.5%	76	218	+187.9%
Entertainment Services	128	167	+30.0%	192	238	+23.9%
Technology	187	61	(67.3)%	396	192	(51.7)%
Other	(48)	(39)	+19.1%	(100)	(83)	+17.1%
Adjusted EBIT from continuing operations	**215**	**176**	**(18.3)%**	**374**	**329**	**(12.0)%**
Change at constant currency (%)		(19.7)%			(11.7)%	
As a % of revenues	10.6%	7.1%	(3.5)%	10.2%	6.7%	(3.5)%
o/w Connected Home	33	76	+128.4%	47	148	+214.5%
Entertainment Services	57	86	+51.9%	58	88	+52.5%
Technology	177	56	(68.6)%	377	181	(52.0)%
Other	(52)	(42)	+19.3%	(108)	(88)	+18.7%
EBIT from continuing operations	**132**	**167**	**+26.4%**	**264**	**262**	**(0.6)%**
Change at constant currency (%)		+24.4%			(0.3)%	
As a % of revenues	6.5%	6.8%	+0.3pt	7.2%	5.4%	(1.8)pts
Financial result	(43)	(83)	(40)	(87)	(156)	(69)
Income tax	(26)	(15)	+11	(55)	(44)	+11
Share of profit/(loss) from associates	(3)	2	ns	(1)	2	ns
Profit/(loss) from continuing operations	**60**	**72**	**+12**	**121**	**64**	**(57)**
Profit/(loss) from discontinued operations	(31)	(46)	(15)	(43)	(90)	(47)
Net income	**30**	**26**	**(4)**	**78**	**(26)**	**(104)**
Group free cash flow	**139**	**150**	**+11**	**256**	**248**	**(8)**
Net financial debt at nominal value (non-IFRS)				**985**	**712**	**(273)**
Net financial debt (IFRS)				908	679	(229)

[7] Year-on-year change at current currency.
* As published in 2015 and before IFRS3 restatement of 2015 acquisitions.

technicolor

Summary of the impact of exited activities (unaudited)

In € million		2015* (Second Half)	2016 (Second Half)	Change[8] (Second Half)	2015* (Full Year)	2016 (Full Year)	Change[8] (Full Year)
Group revenues		**2,031**	**2,470**	**+21.6%**	**3,652**	**4,890**	**+33.9%**
o/w	Connected Home	799	1,259	+57.5%	1,451	2,637	+81.7%
	Entertainment Services	988	1,103	+11.6%	1,676	1,966	+17.3%
	Technology	232	108	(53.5)%	490	285	(42.0)%
	Other	11	0	ns	35	2	ns
Impact of exited activities		**12**	**0**	**ns**	**72**	**2**	**(97.4)%**
o/w	Entertainment Services	1	0	ns	37	0	ns
	Other	11	0	ns	34	2	(94.5)%
Group revenues excl. exited act.		**2,019**	**2,470**	**+22.3%**	**3,580**	**4,888**	**+36.5%**
o/w	Connected Home	799	1,259	+57.5%	1,451	2,637	+81.7%
	Entertainment Services	987	1,103	+11.7%	1,639	1,966	+20.0%
	Technology	232	108	(53.5)%	490	285	(42.0)%
	Other	0	0	ns	0	0	ns
Adjusted EBITDA		**314**	**300**	**(4.6)%**	**565**	**565**	**+0.1%**
As a % of revenues		15.5%	12.1%	(3.4)pts	15.5%	11.6%	(3.9)pts
o/w	Connected Home	48	111	+133.5%	76	218	+187.9%
	Entertainment Services	128	167	+30.0%	192	238	+23.9%
	Technology	187	61	(67.3)%	396	192	(51.7)%
	Other	(48)	(39)	+19.1%	(100)	(83)	+17.1%
Impact of exited activities		**(10)**	(1)	**ns**	**(13)**	**(5)**	**ns**
o/w	Entertainment Services	(2)	0	ns	2	0	ns
	Other	(8)	(1)	ns	(15)	(5)	ns
Adjusted EBITDA excl. exited activities		**323**	**301**	**(7.1)%**	**577**	**570**	**(1.2)%**
As a % of revenues		16.0%	12.2%	(3.8)pts	16.1%	11.7%	(4.4)pts
o/w	Connected Home	48	111	+133.5%	76	218	+187.9%
	Entertainment Services	130	167	+28.5%	190	238	+25.2%
	Technology	187	61	(67.3)%	396	192	(51.7)%
	Other	(41)	(39)	+5.4%	(85)	(78)	+8.5%

[8] Year-on-year change at current currency.
* As published in 2015 and before IFRS3 restatement of 2015 acquisitions.

CONSOLIDATED STATEMENT OF OPERATIONS

(€ in million)	December 31, 2016	2015 published	2015 restated*
Continuing operations			
Revenues	4,890	3,652	3,652
Cost of sales[9]	(3,983)	(2,818)	(2,823)
Gross Margin	**907**	**834**	**829**
Selling and administrative expenses	(400)	(331)	(331)
Research and development expenses	(178)	(128)	(129)
Restructuring costs	(55)	(39)	(39)
Net impairment gains (losses) on non-current operating assets	(13)	(27)	(27)
Other income (expense)	1	(45)	(45)
Earning before Interest & Tax from continuing operations**	**262**	**264**	**258**
Interest income	4	9	9
Interest expense	(85)	(72)	(72)
Other financial income (expense)	(75)	(24)	(24)
Net financial income (expense)	**(156)**	**(87)**	**(87)**
Share of gain (loss) from associates	2	(1)	(1)
Income tax	(44)	(55)	19
Profit (loss) from continuing operations	**64**	**121**	**189**
Discontinuing operations			
Net gain (loss) from discontinuing operations	(90)	(43)	(43)
Net income (loss)	**(26)**	**78**	**146**
Attributable to:			
- Equity holders	(26)	82	150
- Non-controlling interest	-	(4)	(4)

Earnings per share *(in euro, except number of shares)*	December 31, 2016	2015	2015*
Weighted average number of shares outstanding (basic net of treasury shares held)	411,932,346	357,355,262	357,355,262
Earnings (losses) per share from continuing operations			
- basic	0.15	0.35	0.54
- diluted	0.15	0.34	0.53
Earnings (losses) per share from discontinuing operations			
- basic	(0.22)	(0.12)	(0.12)
- diluted	(0.22)	(0.12)	(0.12)
Total earnings (losses) per share			
- basic	(0.07)	0.23	0.42
- diluted	(0.07)	0.22	0.41

* The opening amounts are restated for December 31, 2015 and do not correspond to the figures published in 2015 financial statements, since, pursuant to IFRS 3, adjustments to the valuation of 2015 acquisitions through the purchase price allocation were made during 2016 as detailed in the Group's consolidated financial statements.

**Formerly denominated "Profit (loss) from continuing operations before tax and net financial income (expense)".

[9] In 2016, amortization of customer relationships has been reclassified from cost of sales to selling and administrative expenses as it better reflects the nature of these expenses. Had such comparable 2015 expenses been classified the same way, cost of sales would have amounted to €2,806 million instead of €2,823 million and selling and administrative expenses would have amounted to €348 million instead of €331 million.

technicolor

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	December 31, 2016	December 31, 2015 published	December 31, 2015 restated*
ASSETS			
Goodwill	1,019	1,221	1,003
Intangible assets	771	454	803
Property, plant & equipment	286	302	304
Other operating non-current assets	56	77	77
TOTAL OPERATING NON-CURRENT ASSETS	**2,132**	**2,054**	**2,187**
Investments and available-for-sale financial assets	19	22	22
Other non-current financial assets	39	40	40
TOTAL FINANCIAL NON-CURRENT ASSETS	**58**	**62**	**62**
Investments in associates and joint-ventures	3	16	16
Deferred tax assets	423	365	472
TOTAL NON-CURRENT ASSETS	**2,616**	**2,497**	**2,737**
Inventories	234	311	297
Trade accounts and notes receivable	806	704	709
Other operating current assets	284	295	298
TOTAL OPERATING CURRENT ASSETS	**1,324**	**1,310**	**1,304**
Income tax receivable	53	62	62
Other financial current assets	17	23	23
Cash and cash equivalents	371	385	385
Assets classified as held for sale	-	24	24
TOTAL CURRENT ASSETS	**1,765**	**1,804**	**1,798**
TOTAL ASSETS	**4,381**	**4,301**	**4,535**

* The opening amounts are restated for December 31, 2015 and do not correspond to the figures published in 2015 financial statements, since, pursuant to IFRS 3, adjustments to the valuation of 2015 acquisitions through the purchase price allocation were made during 2016 as detailed in the Group's consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	December 31, 2016	December 31, 2015 published	December 31, 2015 restated*
EQUITY & LIABILITIES			
Common stock *(413,245,967 shares at December 31, 2016 with nominal value of €1 per share)*	413	411	411
Treasury shares	(157)	(155)	(155)
Subordinated Perpetual Notes	500	500	500
Additional paid-in capital & reserves	174	192	260
Cumulative translation adjustment	(229)	(286)	(283)
Shareholders' equity attributable to owners of the parent	**701**	**662**	**733**
Non-controlling interest	3	4	4
TOTAL EQUITY	**704**	**666**	**737**
Retirement benefits obligations	376	353	353
Provisions	35	40	40
Other operating non-current liabilities	153	159	157
TOTAL OPERATING NON-CURRENT LIABILITIES	**564**	**552**	**550**
Borrowings	998	1,207	1,207
Deferred tax liabilities	217	126	247
TOTAL NON-CURRENT LIABILITIES	**1,779**	**1,885**	**2,004**
Retirement benefits obligations	28	29	29
Provisions	133	110	139
Trade accounts and notes payable	992	746	745
Accrued employee expenses	152	166	166
Other current operating liabilities	504	541	557
TOTAL OPERATING CURRENT LIABILITIES	**1,809**	**1,592**	**1,636**
Borrowings	52	86	86
Income tax payable	35	59	59
Other current financial liabilities	2	1	1
Liabilities classified as held for sale	-	12	12
TOTAL CURRENT LIABILITIES	**1,898**	**1,750**	**1,794**
TOTAL LIABILITIES	**3,677**	**3,635**	**3,798**
TOTAL EQUITY & LIABILITIES	**4,381**	**4,301**	**4,535**

* The opening amounts are restated for December 31, 2015 and do not correspond to the figures published in 2015 financial statements, since, pursuant to IFRS 3, adjustments to the valuation of 2015 acquisitions through the purchase price allocation were made during 2016 as detailed in the Group's consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ in million)	2016	December 31, 2015 Published	2015 Restated*
Net income (loss)	**(26)**	**78**	**146**
Income (loss) from discontinuing activities	(90)	(43)	(43)
Profit (loss) from continuing activities	**64**	**121**	**189**
Summary adjustments to reconcile profit from continuing activities to cash generated from continuing operations			
Depreciation and amortization	231	185	191
Impairment of assets[10]	14	32	32
Net changes in provisions	(24)	(48)	(48)
Gain (loss) on asset disposals	(17)	(7)	(7)
Interest (income) and expense	81	63	63
Other non-cash items (including tax)	106	81	7
Changes in working capital and other assets and liabilities	106	58	58
Cash generated from continuing activities	**561**	**485**	**485**
Interest paid	(74)	(58)	(58)
Interest received	3	10	10
Income tax paid	(44)	(52)	(52)
Net operating cash generated from continuing activities	**446**	**385**	**385**
Net operating cash used in discontinued activities	(46)	(23)	(23)
NET CASH FROM OPERATING ACTIVITIES (I)	**400**	**362**	**362**
Acquisition of subsidiaries, associates and investments, net of cash acquired	(22)	(688)	(688)
Proceeds from sale of investments, net of cash	52	2	2
Purchases of property, plant and equipment (PPE)	(68)	(51)	(51)
Proceeds from sale of PPE and intangible assets	1	1	1
Purchases of intangible assets including capitalization of development costs	(85)	(56)	(56)
Cash collateral and security deposits granted to third parties	(4)	(8)	(8)
Cash collateral and security deposits reimbursed by third parties	8	9	9
Net investing cash used in continuing activities	**(118)**	**(791)**	**(791)**
Net investing cash used in discontinuing activities	2	-	-
NET CASH FROM INVESTING ACTIVITIES (II)	**(116)**	**(791)**	**(791)**
Increase of Capital	15	227	227
Proceeds from borrowings	457	377	377
Repayments of borrowings	(775)	(62)	(62)
Fees paid linked to the debt	(10)	(25)	(25)
Dividends and distributions paid to Group's shareholders	(25)	(17)	(17)
Other	14	(8)	(8)
Net financing cash generated in continuing activities	**(324)**	**492**	**492**
Net financing cash used in discontinuing activities	-	-	-
NET CASH FROM FINANCING ACTIVITIES (III)	**(324)**	**492**	**492**
CASH AND CASH EQUIVALENTS AT BEGINING OF THE YEAR	**385**	**328**	**328**
Net increase in cash and cash equivalents (I+II+III)	**(40)**	**63**	**63**
Exchange gains / (losses) on cash and cash equivalents	26	(6)	(6)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**371**	**385**	**385**

* The opening amounts are restated for December 31, 2015 and do not correspond to the figures published in 2015 financial statements, since, pursuant to IFRS 3, adjustments to the valuation of 2015 acquisitions through the purchase price allocation were made during 2016 as detailed in the Group’s consolidated financial statements.

[10] Including €1 million and €5 million of impairment of assets as part of restructuring plans respectively in 2016 and in 2015..

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 2016 compared to 2015 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 Group EBIT from continuing operations of €(67) million in 2016 compared to €(111) million in 2015.

	Second Half			**Full Year**		
In € million	**2015***	**2016**	Change[11]	**2015***	**2016**	Change[11]
EBIT from continuing operations	**132**	**167**	**+35**	**264**	**262**	**(2)**
Restructuring charges, net	(8)	(17)	(9)	(39)	(55)	(16)
Net impairment losses on non-current operating assets	(18)	(4)	+14	(27)	(13)	+14
Other income/(expense)	(56)	13	+69	(45)	1	+46
Adjusted EBIT from continuing operations	**215**	**176**	**(39)**	**374**	**329**	**(45)**
As a % of revenues	10.6%	7.1%	(3.5)pts	10.2%	6.7%	(3.5)pts
Purchase price allocation ("PPA") amortization	0	24	+24	0	42	+42
Adjusted EBIT before PPA amortization	**215**	**200**	**(15)**	**374**	**371**	**(3)**
As a % of revenues	10.6%	8.1%	(2.5)pts	10.2%	7.6%	(2.6)pts
Depreciation and amortization (D&A)[12]	100	100	-	190	194	+4
Adjusted EBITDA from continuing operations	**314**	**300**	**(14)**	**565**	**565**	**-**
As a % of revenues	15.5%	12.1%	(3.4)pts	15.5%	11.6%	(3.9)pts

[11] Year-on-year change at current currency.
[12] Including impact of provisions for risks, litigations and warranties excluding PPA amortization.
* As published in 2015 and before IFRS3 restatement of 2015 acquisitions.

Reconciliation of Group free cash flow (unaudited)

In € million	Second Half 2015*	Second Half 2016	Second Half Change[13]	Full Year 2015*	Full Year 2016	Full Year Change[13]
Adjusted EBITDA from continuing operations	**314**	**300**	**(14)**	**565**	**565**	**-**
Restructuring provisions - cash usage of the period	(20)	(23)	(3)	(49)	(56)	(7)
Purchases of property, plant and equipment ("PPE")	(31)	(33)	(2)	(51)	(68)	(17)
Proceeds from sale of PPE and intangible assets	1	0	(1)	1	1	0
Purchases of intangible assets including capitalization of development costs	(33)	(45)	(12)	(56)	(85)	(29)
Changes in working capital and other assets and liabilities	29	40	+11	58	106	+48
Operating cash flow from continuing operations	**260**	**239**	**(21)**	**468**	**463**	**(3)**
Net changes in pension reserves	(9)	(11)	(2)	(18)	(19)	(1)
Provisions for risks & litigations - cash usage of continuing operations	(2)	(8)	(6)	(6)	(13)	(7)
Other non-current items (cash impact)	(40)	1	+41	(31)	(3)	(28)
Interest paid	(29)	(37)	(8)	(58)	(74)	(16)
Interest received	4	1	(3)	10	3	(7)
Net interest expense on defined benefit liability	(4)	(5)	(1)	(8)	(9)	(1)
Other Financial items	(9)	2	+11	(26)	(10)	+16
Income tax paid	(19)	(4)	+15	(52)	(44)	+8
Net operating cash used in discontinued activities	**(13)**	**(28)**	**(15)**	**(23)**	**(46)**	**(23)**
Group free cash flow	**139**	**150**	**+11**	**256**	**248**	**(8)**

* As published in 2015 and before IFRS3 restatement of 2015 acquisitions.

[13] Year-on-year change at current currency