PRESS RELEASE

Technicolor: Full year 2014 results and launch of Drive 2020

- **Solid Q4 2014 activity with revenues of €981 million, up €22 million YoY[1] (excl. legacy), driven by an all-time record quarter in direct licensing revenues**
- **Strong FY 2014 financial performance with Group free cash flow at €230 million, up more than 50% YoY. Leverage ratio[2] at 1.18x**
- **Net income of €128 million. Dividend to be proposed to the General Meeting of Shareholders**
- **Launch of new strategic plan, Drive 2020, following completion of Amplify 2015**

Paris (France), 19 February 2015 – Technicolor (Euronext Paris: TCH; OTCQX: TCLRY) announces today its results for the full year 2014.

Frederic Rose, Chief Executive Officer of Technicolor, stated:

"I am extremely proud of the work done by everyone in Technicolor to deliver a fantastic performance in 2014 resulting in a positive net income and the initiation of a dividend. As we now embark on our Drive 2020 strategic plan, we will remain fully focused on creating shareholder value as a leader in media and entertainment services, developing and monetizing video and audio technologies."

Key points

- **Strengthened market positions** driven by organic growth in Production Services and Connected Home. Solid performance in Licensing with a high level of bilateral direct agreements. DVD Services impacted by weak 2014 box office.
- **Continued innovation:** 696 priority applications filed in 2014 compared to 509 in 2013. World first commercial deployment of 4K set-top-boxes. Launch of the UHD Alliance.
- **Another year of improved profitability:** Adjusted EBITDA at €550 million, a 16.5% margin (up 1 point) and Adjusted EBIT at €368 million, a margin of 11% (up 1.2 points).
- **Sound financial structure:** deleveraging objective achieved one year early driven by record year of free cash flow resulting from the profitability improvement, tight working capital management and further reduction in financial charges.
- **The payment of a dividend** will be proposed by the Board of Directors to the 2015 Annual General Meeting given visibility of free cash flow objectives.
- **Launch of Drive 2020,** the Group's new plan that aims at extending Technicolor's leadership in Media & Entertainment technology solutions, with best-in class operating businesses.

1 Year-on-Year.

2 Nominal net debt / Adjusted EBITDA.

2015 objectives

Since last year, the Group has decided to accelerate its investments in targeted growth areas, as well as into new business initiatives highly relevant in terms of technology and IP generation (e.g. HDR, M-GO, Virdata…). In addition, as part of the Drive 2020 strategic plan, the Group has reviewed its activity portfolio and expects to proceed with some small-size divestments or deconsolidation of business lines that are not key contributors to its strategic objectives.

As a result, the Group has adjusted its 2015 objective and now expects an Adjusted EBITDA between €560 million and €590 million. The Group expects to generate at least €230 million of free cash flow, which will result in a cumulated free cash flow over the 2012-2015 period well above €700 million, by far exceeding its Amplify 2015 free cash flow objective. As a result, the Group expects to achieve a leverage ratio of around 0.75x at end December 2015.

Strategy

In 2012, Technicolor launched its Amplify 2015 strategic framework to increase its free cash flow generation, deleverage its balance sheet and accelerate its efforts in technology innovation. With the strong set of 2014 results published today, Technicolor has exceeded its financial objectives for both free cash flow and leverage ratio, notwithstanding strategic investments in next-generation video and audio technologies and services. With the completion of Amplify 2015, Technicolor has restored its financial foundation, and benefits from a reinvigorated innovation and IP engine, and strong operating businesses with leading market positions.

The emergence of next-generation video and audio technologies, coupled with the growth of digital content powered by Over-The-Top ("OTT") services, is fundamentally changing not only the way consumers experience content, but the way content itself is created. These trends will have a significant impact on the current media and entertainment ecosystem: proliferation of content available across a wide variety of devices, and growth in consumer media usage across all forms of content, with increased demand for higher quality, ubiquitous and personalized consumption experiences. Technicolor is competitively positioned to take advantage of these shifts through its leading global and trusted position as a service and technology provider to content creators, network service providers and consumer electronics manufacturers. Technicolor builds upon its strong presence in content creation services, its innovation in OTT markets in M-GO and Connected Home, and its role in developing and licensing next-generation video and audio technologies.

Technicolor today announces the launch of its new strategic plan, Drive 2020, to deliver its vision of the Group as a leader in Media & Entertainment Services, developing and monetizing next-generation video and audio technologies.

Drive 2020 is based on the following strategic objectives:

1. Capture growth opportunities in the Media & Entertainment services market through sustained innovation in next generation video and audio technologies and experiences;
2. Create relevant new and valuable IP assets in Media and Entertainment from direct research investments and the operating businesses of the Group;

3. Deepen the competitive advantages of Technicolor's operating businesses, further fueling the Group's IP portfolio.

Technicolor will continue to focus on improving its free cash flow generation and promoting operational excellence across its activities to support the execution of Drive 2020.

The implementation of Drive 2020 strategic objectives is designed to strengthen the competitive advantage of each business division:

- In its Technology segment, Technicolor will expand its market-leading patent licensing platform building upon its increasing IP assets portfolio. The Group intends to grow its direct licensing program and will also develop new licensing models and further enhance the deployment, value and monetization of its IP and technology portfolio, particularly in next-generation video and audio technologies. For M-GO, Technicolor will continue to drive platform innovation, technology and IP development in next-generation video technologies. Through its growing number of partners, M-GO will expand its offering, building greater scale, and increasing geographic reach, organically and via partnerships.
- In Production Services, Technicolor will extend its current industry-leading position and grow its global service and technology platform from its current industry-leading position in creative skills and technology to capture share in rapidly growing film, TV and advertising segments and expand in OTT, games and animation markets. Technicolor will offer best-in-class technology innovation to current and emerging market segments, and will help drive adoption of Technicolor technology across the Media and Entertainment ecosystem.
- For DVD Services, Technicolor will retain its market-leading position and best-in-class operational efficiencies and maintain a solid financial contribution.
- For Connected Home, in addition to driving organic growth and innovation, Technicolor will seek to strengthen its efforts in emerging markets, particularly in Asia. The Group will also aim to leverage its current key customer relationships and product development expertise to provide a broader range of products and services, including OTT devices. Technicolor will continue to seek value-creative consolidation opportunities.

As part of Drive 2020, Technicolor will dynamically adapt its portfolio of activities to focus on market leading, profitable and strategically competitive assets, with the objective to reinforce its operational and technology positions and expand its addressable markets and capabilities.

With its restored financial health and confidence in operational execution, Technicolor benefits from greater financial flexibility to accelerate the execution of Drive 2020. The Group will target, as appropriate, external opportunities to acquire or develop new technologies, expand into larger addressable markets, such as in Technology and in Production Services.

Technicolor will continue to focus on free cash flow generation and maintain credit lines to secure temporary liquidity needs and cushion, therefore securing ample liquidity. The Group will also seek to maintain or improve its S&P (B+) and Moody's (B2) credit ratings.

Drive 2020 objectives

The Group anticipates to reach an adjusted EBITDA of around €400 million and a free cash flow comprised between €160 million and €200 million in 2017, which will be the low point in terms of financial performance due to the end of the MPEG-LA licensing program.

Technicolor has set the objective to return by 2020 to an adjusted EBITDA above €500 million with a free cash flow in excess of €250 million.

All objectives are at constant rate and perimeter.

Proposed dividend

The Board of Directors of Technicolor has decided to propose to the 2015 Annual General Meeting of Shareholders the payment of a cash dividend of €0.05 per share in relation with the 2014 financial year. The initiation of a yearly dividend payment demonstrates the Group's confidence in its prospects. The Board will consider every year the balance sheet structure and economic development of Technicolor to maintain or grow its dividend payment. If approved, the time schedule related to the dividend payment will be as follows:

- Ex-dividend date: 20/05/2015;
- Dividend record date: 21/05/2015;
- Payment date of dividend: 22/05/2015.

Technicolor shares will trade ex-dividend as from the beginning of the trading session on 20 May 2015. Holders of Technicolor shares on 20 May 2015, who would not have previously sold their shares will be able to freely trade their shares on the stock exchange as from such date and will not need to block their shares until the payment date of the dividend to benefit from such dividend.

Annual General Meeting 2015

At its meeting yesterday, the Board of Directors of Technicolor convened the annual general shareholders' meeting on 9 April, 2015, in lieu of 21 May, so as to be able to move forward swiftly with the implementation of the new strategic plan.

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Summary of consolidated results for the full year of 2014 (unaudited)

Key financial indicators and analysis at constant scope[3]

In € million	Full Year 2013	Full Year 2014	Change YoY Reported	Change YoY At constant rate
Group revenues	3,449	**3,332**	(3.4)%	(3.0)%
Group revenues (excl. legacy activities)	3,362	**3,315**	(1.4)%	(0.9)%
Adjusted EBITDA	537	**550**	+2.6%	+3.1%
As a % of revenues	15.6%	16.5%	+1.0pt	
Adjusted EBIT	338	**368**	+8.7%	+9.7%
As a % of revenues	9.8%	11.0%	+1.2pt	
EBIT from continuing operations	226	**302**	+33.2%	+34.7%
As a % of revenues	6.6%	**9.1%**	+2.5pt	
Financial result	(288)	**(117)**	+171	
Share of profit/(loss) from associates	(6)	**(0)**	+6	
Income tax	(41)	**(48)**	(7)	
Profit/(loss) from continuing operations	(111)	**137**	+248	
Profit/(loss) from discontinued operations	19	**(9)**	(28)	
Net income	(92)	**128**	+220	
Net income excl. costs due to debt prepayments	69	**148**	+79	
Group Free cash flow	153	**230**	+77	
Net financial debt at nominal value (non IFRS)	784	**645**	(139)	

Revenues from continuing operations amounted to €3,332 million in 2014, including a negative forex impact of €15 million. Revenues declined 0.9% year-on-year at constant rate and scope (excluding legacy activities), as double-digit revenue growth across Production Services, driven by Visual Effects activities, and solid top-line performance for Connected Home, which continued to expand faster than the market on the back of further market share gains and improved product mix, helped to mitigate lower DVD Services performance, due to weaker release slate of major new titles across the Group's key Studio customers. In the Technology segment, Licensing revenues were almost unchanged year-on-year, as lower contribution from the MPEG LA pool was offset by solid performance in other patent license programs, due notably to a strong level of new contracts in the fourth quarter, driven by the Group's Digital TV program, as well as additional revenues associated with the LG smartphone patent license agreement signed in early 2014.

[3] FY 2013 figures have been restated to exclude the impact on key business indicators (from Revenues to EBIT) of the Cirpack softswitch operations, sold in 2013. Other key indicators for FY 2013 are presented as reported. The perimeter impact for FY 2013 was as follows: not material on revenues, Adjusted EBITDA and Adjusted EBIT, and €2 million on EBIT due to write-offs on the sold activities. The perimeter impact for FY 2014 is not material.

Adjusted EBITDA from continuing operations amounted to €550 million in 2014 compared to €537 million in 2013, recording year-over-year growth of 3.1% at constant currency. Adjusted EBITDA margin stood at 16.5%, up by 1.0 point year-on-year, reflecting strong Connected Home performance, driven by continued operating efficiency and better product mix, sustained revenue growth in Production Services, particularly in higher-margin VFX activities, and lower corporate costs, mostly related to transversal functions, which helped to offset the exit from legacy activities and weaker DVD Services contribution, as well as continuing investments in new Technology business initiatives.

In 2014, Technicolor continued to focus on optimizing its cost base and on generating operating efficiency across its different businesses and at corporate level. Total operating expenses recorded a strong decline in 2014 compared to 2013, reflecting a significant decrease in the Entertainment Services segment and at corporate level, with operating expenses down double-digits at constant currency year-on-year, as well as a material reduction in the Connected Home segment.

Adjusted EBIT from continuing operations totaled €368 million in 2014, up 9.7% at constant currency compared to 2013, with margin of 11.0%, up by 1.2 point year-on-year, driven by the increase in Adjusted EBITDA and lower D&A expenses.

EBIT from continuing operations reached €302 million in 2014, up 34.7% at constant currency compared to 2013, with margin of 9.1%, up by 2.5 points year-on-year, principally reflecting higher adjusted EBIT, lower restructuring costs and a gain on disposal of available-for-sale financial assets, partly offset by a goodwill impairment charge of €47 million related to the DVD Services division.

The Group's financial result was €(117) million in 2014 compared to €(288) million in 2013, reflecting the following:

- Net interest costs amounted to €65 million in 2014, a significant reduction compared to €112 million in 2013, due to lower borrowing costs stemming from the refinancing and repricing transactions and from the material decrease in gross debt achieved during the period.
- Other financial charges amounted to €52 million in 2014, of which costs related to the refinancing and repricing transactions for €26 million, including an IFRS reversal recognized as a non-cash charge for €20 million due to the debt prepayments done in 2014.

Net income was a profit of €128 million in 2014 compared to a loss of €92 million in 2013. Excluding the costs of debt prepayments, net income was a profit of €148 million, up by €79 million year-on-year.

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Statement of financial position and cash position

In € million	Full Year 2013	Full Year 2014	Change YoY Reported
Operating cash flow from continuing operations	374	**398**	+24
Group free cash flow	153	**230**	+77
Nominal gross debt	1,091	**973**	(118)
Cash position	307	**328**	+21
Net financial debt at nominal value (non IFRS)	784	**645**	(139)

Operating cash flow from continuing operations, which is defined as the Adjusted EBITDA less net capital expenditures and restructuring cash out, amounted to €398 million in 2014, up by €24 million compared to 2013. Operating cash flow represented 12.0% of total revenues, up by 1.1 point year-on-year, as a result of the improvement in Adjusted EBITDA and a reduction in both capital expenditures and cash outflow for restructuring. Capital expenditures amounted to €107 million in 2014, down by €7 million year-on-year, as the Group continued to carefully manage spending during the year. Cash outflow for restructuring totaled €45 million in 2014, down by €4 million year-on-year, reflecting continued cost optimization actions across the Group's businesses and at corporate level.

Group free cash flow amounted to €230 million in 2014, up by €77 million compared to 2013, representing a year-on-year increase of more than 50%. Cash financial charges totaled €67 million in 2014, down from €89 million in 2013, due to the positive impact of the refinancing and repricing transactions on borrowing costs and a reduction of €118 million in gross nominal debt compared to end of December 2013, through normal, mandatory and voluntary prepayments. Working capital variation was negative €12 million while other cash charges, primarily related to tax and pensions, amounted to €72 million.

Nominal gross debt amounted to €973 million at end December 2014, down by €118 million compared to €1,091 million at end December 2013. In order to further accelerate the deleveraging of its balance sheet, the Group reimbursed the remainder of its Reinstated Debt maturing in 2016 and 2017 for €81 million as part of the completion of the refinancing and also made a voluntary prepayment of €50 million of Term Loan Debt maturing in 2020 as part of the repricing transaction. Other impacts primarily included mandatory senior debt repayment for €51 million and a negative currency impact, due to the appreciation of the US dollar against the euro.

The Group's cash position amounted to €328 million at end December 2014, up from €307 million at end December 2013, due to strong free cash flow generation and positive currency impact, partly offset by the Group's decision to use cash to reduce gross debt as part of refinancing and repricing transactions.

Net debt at nominal value totaled €645 million at end December 2014, down by €139 million compared to €784 million at end December 2013, resulting into a nominal net debt to Adjusted EBITDA ratio of 1.18x at end December 2014 compared to 1.46x at end December 2013, better than the Group's objective to be below 1.2x.

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Segment review – FY 2014 result highlights

Technology

	FY 2013		FY 2014		Change YoY	
	In € million	As a % of revenues	In € million	As a % of revenues	Reported	At constant rate
Revenue	485		**490**		+1.2%	(1.1)%
Adjusted EBITDA	353	72.8%	**359**	73.3%	+1.9%	
Adjusted EBIT	343	70.9%	**342**	69.8%	(0.4)%	
EBIT	339	70.0%	**340**	69.3%	+0.2%	

Technology revenues amounted to €490 million in 2014, up 1.2% at current currency compared to 2013. Licensing revenues totaled €479 million in 2014, broadly unchanged from 2013, as a double-digit decline in revenues from the MPEG LA pool (which represented 45% of Licensing revenues in 2014 compared to 53% in 2013) was offset by robust double-digit revenue growth across other patent license programs. The Group benefited principally from a strong level of new contracts in the fourth quarter of 2014 in its Digital TV program, and from additional revenues related to the LG smartphone patent license agreement signed in February 2014. Technicolor also secured during the year long-term contract renewals with most of its existing brand licensees and extended its global market coverage to several new product categories such as tablets, household appliances and IT products.

M-GO, Technicolor's premium transactional video-on-demand service, further expanded its market reach, with the M-GO app being preloaded on over 50 million smart TVs and connected devices from a variety of leading Consumer Electronics partners at end 2014. M-GO entered during the year into a new agreement with Samsung, which turned to M-GO as the default movie and TV service for its video and media hub on Samsung's line-up of smart TVs. M-GO and Samsung have also partnered on the launch of the first video streaming service available in the U.S. offering consumers films and TV shows in the new 4K/Ultra High-Definition ("UHD") format on Samsung's range of UDH TVs. M-GO and Samsung are currently working on additional partnerships, such as, for instance, the M-GO Advanced app, unveiled at the IFA Tradeshow in Berlin, which is the first video browsing app for Samsung Gear VR, powered by Oculus.

Adjusted EBITDA amounted to €359 million in 2014 compared to €353 million in 2013. Adjusted EBITDA margin was 73.3% in 2014, up from 72.8% in 2013, reflecting solid Licensing performance and continuing investments in new business initiatives, including in particular incremental costs related to the Technology Licensing offering and start-up costs for Virdata, Technicolor's cloud-based monitoring, management and analytics services for the Internet of Things ("IoT").

Entertainment Services

	FY 2013		FY 2014		Change YoY	
	In € million	As a % of revenues	In € million	As a % of revenues	Reported	At constant rate
Revenue (excl. Legacy)	1,530		**1,442**		(5.7)%	(5.5)%
Legacy	88		**17**		(81.1)%	(81.1)%
Adjusted EBITDA	230	14.2%	**195**	13.4%	(15.1)%	
Adjusted EBIT	89	5.5%	**76**	5.2%	(13.9)%	
EBIT	24	1.5%	**7**	0.5%	(72.5)%	

Entertainment Services revenues (excluding legacy activities) amounted to €1,442 million in 2014, down 5.7% at current currency compared to 2013, as weaker performance for DVD Services was partially offset by strong revenue growth across Production Services, particularly in Visual Effects ("VFX") activities.

- **Production Services** revenues increased strongly in 2014 compared to 2013, driven by a record level of activity in Visual Effects, notably in VFX for feature films that benefited from the successful launch of the Montreal facility and higher utilization rates across other facilities. VFX for commercials, Animation and U.S. Postproduction Services activities also delivered double-digit year-on-year revenue growth, mostly due to market share gains. Furthermore, the Mr. X acquisition generated incremental revenues from the second half of 2014. This strong performance largely offset the impact on sales of the exit of some loss-making activities and tougher market environment in Digital Cinema and Digital Distribution.

  Production Services teams contributed to 16 of the top-20 grossing movies of 2014 worldwide, with the top-8 films featuring major VFX and/or Postproduction Services by Technicolor, including *Guardians of the Galaxy*, *Maleficent*, *Captain America: The Winter Soldier* (Disney), *Transformers: Age of Extinction* (Paramount), *X-Men: Days of Future Past*, *Dawn of the Planet of the Apes* (Fox), *The Amazing Spider-Man 2* (Sony) and *The Hunger Games: Mockingjay Part 1* (Lionsgate). Postproduction Services teams also collaborated on more than 190 TV series during the year, confirming the Group's leadership in the premium Broadcast market.

  Technicolor continued in 2014 to demonstrate its positioning as a key partner for the premium content industry, providing services to 29 of 2015 Oscar-nominated movies. The Group's creative talents have specifically received three Oscar nominations, including two nominations in the Best VFX category for their work on *Guardians of the Galaxy* (Marvel/Disney) and *X-Men: Days of Future Past* (Fox), as well as one nomination in the Best Sound-Mixing category for their work on *Whiplash* (Sony). Technicolor's technological edge has also been honored by the Academy of Motion Picture Arts, with the receipt of a Scientific and Technical Award for the development by the Group's VFX teams of a ground-breaking destruction software tool set, *Kali*, used in tent pole movies such as Godzilla (Warner) in 2014.

- **DVD Services** revenues were impacted in 2014 by a challenging year-on-year comparison. Combined Standard Definition DVD and Blu-ray™ volumes declined 11% compared to 2013, with ongoing Blu-ray™ disc unit growth of 1% offset by a 14% contraction in Standard Definition DVD volumes. These lower volumes resulted from a weaker release slate of major new titles across the Group's key Studio customers (which recorded a 10% year-on-year decrease in their 2014 box office revenues compared to a 5% decline for the total U.S. box office), as well as a large reduction in catalog and promotional activities by one customer compared to 2013. Volume trend was generally better in Europe than in North America during the year, due to comparatively better performance across games and independents in Europe, regionally specific promotional activity for selected studio customers, as well as the ongoing adoption of the Blu-ray™ format. In Games, volumes suffered from lower demand related to prior generation video game consoles, despite a three-fold increase in Xbox One Games volumes.

- **Legacy activities** generated revenues of €17 million in 2014, down by about 81% at current currency compared to 2013.

Adjusted EBITDA amounted to €195 million in 2014, down by €35 million compared to 2013, as a result of the complete exit from legacy activities and weaker DVD Services contribution. These impacts were partly offset by a significantly increased performance in Production Services. Adjusted EBITDA margin of 13.4% was down on a full-year basis, but posted solid year-on-year improvement in the fourth quarter, reflecting continued double-digit growth in Production Services and relatively stable margin for DVD Services.

- In Production Services, Adjusted EBITDA increased significantly year-on-year, reflecting a higher level of activity in VFX and U.S. Postproduction Services activities, optimized utilization rate across facilities and cost and operating efficiency initiatives implemented in Digital Distribution Services.
- In DVD Services, ongoing aggressive operational efficiency initiatives and related cost savings helped to mitigate the impact of lower unit volumes on Adjusted EBITDA margin.

Connected Home

	FY 2013		FY 2014		Change YoY	
	In € million	As a % of revenues	In € million	As a % of revenues	Reported	At constant rate
Revenue	1,346		**1,382**		+2.6%	+4.4%
Adjusted EBITDA	43	3.2%	**77**	5.6%	+78.8%	
Adjusted EBIT	0	0.0%	**38**	2.7%	ns	
EBIT	(11)	(0.8)%	**34**	2.5%	ns	

Connected Home revenues were €1,382 million in 2014, up 2.6% at current currency compared to 2013, highlighting a good level of activity across most regions, as reflected by record product shipments of more than 34 million units for the year (+5.6%). The Connected Home segment continued to expand faster than the market, achieving year-on-year revenue growth of 4.4% at constant currency, and also succeeded to post revenue increases in each of the quarters of the year. This performance resulted from further market share gains across all regions, in particular in North America and Europe, Middle-East & Africa, as well as ongoing improvement in overall product mix, especially in Latin America. In 2014, HD products accounted for 79% of total set top box shipments (2013: 55%), while Ultra Broadband devices (DOCSIS 3.0, VDSL, Fiber) represented 62% of total Broadband CPE volumes (2013: 52%), both product categories recording significant year-on-year mix improvement, in line with the segment's roadmap.

The Connected Home segment experienced particularly strong level of activity across developed markets in 2014, as reflected by double-digit year-on-year revenue growth in North America and Europe, Middle-East & Africa, due to significantly increased product deliveries in the period, including higher-end devices, driven by sustained Satellite and Cable customer demand. Emerging market performance during the year was however more mixed. Latin American revenues suffered from stricter inventory management at some large customers resulting from tougher macroeconomic conditions across most parts of the region. This trend had a negative impact on unit shipments and was partially offset by improved overall product mix. In Asia-Pacific, the growth in unit shipments was slowed by the phasing of new set top box product introductions at several Satellite customers in India. This slowdown was partially offset by the high level of deliveries of broadband gateways, primarily to Telecom customers and including next-generation devices.

Adjusted EBITDA amounted to €77 million in 2014, representing an improvement of €34 million compared to 2013, driven by solid top-line and increased gross margin, which expanded year-on-year in all regions, except Asia-Pacific. Gross margin reached 15.3% of revenues, up by 1.7 points year-on-year, as a result of higher volumes, continued operating efficiency and further product mix improvement. Adjusted EBITDA margin progressed significantly to 5.6%, up by 2.4 points year-on-year, due to solid operating execution, supply chain efficiency, as well as product cost improvement process across the segment. Free cash flow generation was significantly higher year-on-year, due to solid growth in operating cash flow and improved working capital, as a result of procurement efficiency and tighter inventory management during the period.

Segment review – Q4 2014 revenue highlights

Group revenues by segment

In € million	Fourth Quarter 2013	Fourth Quarter 2014	Change YoY Reported	Change YoY At constant Rate
Technology	135	**159**	+17.2%	+14.5%
Entertainment Services (excl. legacy activities)	466	**464**	(0.6)%	(4.8)%
Connected Home	356	**358**	+0.6%	(3.5)%
Group revenues (excl. legacy activities)	958	**981**	+2.3%	(1.6)%
Legacy activities	21	**3**	(87.6)%	(89.7)%
Group revenues	979	**983**	+0.4%	(3.5)%

Technology revenues amounted to €159 million in the fourth quarter of 2014, achieving growth of 17.2% at current currency compared to the fourth quarter of 2013. Licensing revenues totaled €156 million, up by nearly €22 million year-on-year. Technicolor signed an important digital TV licensing agreement with a top tier Asian manufacturer including a lump sum payment for the past recorded in the fourth quarter of 2014, resulting into an all-time record quarter for its direct programs, up around 50% year-on-year. This came on top of a solid performance from the bilateral direct licensing programs over the course of the year, offsetting the decline in MPEG LA revenues, which reported some softness in the fourth quarter of 2014 after an improved performance in the third quarter.

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Entertainment Services revenues (excluding legacy activities) reached €464 million in the fourth quarter of 2014, down 0.6% at current currency compared to the fourth quarter of 2013, as the lower performance of DVD Services was almost entirely offset by strong revenue growth across Production Services, with particular strength in Visual Effects ("VFX") activities.

- **Production Services** revenues recorded very strong performance in the fourth quarter of 2014, driven by tremendous revenue growth for VFX for feature films and double-digit sales increases across VFX for commercials, Animation and U.S. Postproduction Services activities compared to the fourth quarter of 2013. This sustained performance was partly offset by broadly stable revenues from Postproduction Services activities outside the U.S., as overseas markets were flat, and softness in Digital Cinema and Digital Distribution.

  Technicolor continued during the fourth quarter to develop its offering of creative services and tools for the premium content industry and to further expand its geographic footprint by opening two new VFX studios in Paris and Shanghai. The Group also pursued its growth strategy of VFX and Animation activities with the integration of Mr. X and the acquisition of OuiDo Productions, a Paris-based Animation company.

During the fourth quarter of 2014, VFX teams completed work on *Night at the Museum 3* (Fox), *Into the Woods* (Disney), and *American Sniper* (Warner), while pursuing work on *Monster Trucks* (Paramount), *Jungle Book* (Disney), *The Fantastic Four* (Fox), *Terminator Genisys* (Paramount), and *Goosebumps* (Sony). Postproduction teams also contributed to a number of Theatrical projects during the period, completing work on titles including *Fifty Shades of Grey* (Universal), *Night at the Museum 3* (Fox), *The Boy Next Door* (Universal), *Whiplash* (Sony), and *Poltergeist* (MGM). The Group further confirmed its leadership in the premium Broadcast market, with Postproduction teams completing work on TV series including *Scandal Season 4* and *How to Get Away With Murder* (ABC), and on original TV content for Over-the-Top services providers Netflix (*Grace and Frankie*, *Sense8*) and Amazon (*Bosh*, *Mozart in the Jungle*). Additionally, Animation teams completed work on animated TV series *All Hail King Julian* and *the Adventures of Puss in Boots* for DreamWorks Animation and distributed on Netflix and *Wallykazam* for Nickelodeon.

- **DVD Services** revenues decreased in the fourth quarter of 2014, mainly affected by a decline of 9% in combined Standard Definition DVD and Blu-ray™ volumes compared to the fourth quarter of 2013, as the release slate of major new titles from the Group's key Studio customers remained weak during the period. However, the rate of decrease improved significantly compared to the volume drop recorded in the third quarter of 2014, driven in part by improved demand of TV products. Blu-ray™ volumes fell 2% year-on-year, as continuing strong growth in Games products for the Xbox One platform was offset by softness in Studio Blu-ray™ volumes, due to the aforementioned new title release slate weakness.

  Selected titles produced in the fourth quarter of 2014 included *The Hundred Foot Journey* (Disney), *Tammy* (Warner), *Lucy* (Universal) and *Teenage Mutant Ninja Turtles* (Paramount).

Volume Data for DVD Services

		Fourth Quarter			Full Year		
In million units		**2013**	**2014**	Change	**2013**	**2014**	Change
Total Combined Volumes		454.7	**413.7**	(9.0)%	1,475.1	**1,308.5**	(11.3)%
By Format	SD-DVD	369.8	**330.3**	(10.7)%	1,221.9	**1,053.1**	(13.8)%
	Blu-ray™	84.9	**83.4**	(1.8)%	253.2	**255.3**	+0.8%
By Segment	Studio / Video	396.3	**370.6**	(6.5)%	1,347.2	**1,196.2**	(11.2)%
	Games	47.3	**33.0**	(30.3)%	96.6	**74.2**	(23.2)%
	Software & Kiosk	11.1	**10.1**	(9.4)%	31.3	**38.1**	+21.6%

- **Legacy activities** generated revenues of €3 million in the fourth quarter of 2014, down by around 88% at current currency compared to the fourth quarter of 2013.

Connected Home revenues amounted to €358 million in the fourth quarter of 2014, up 0.6% at current currency compared to the fourth quarter of 2013. This performance principally reflected another quarter of good volume growth, with particular strength in customer demand across North America and Asia-Pacific, where unit sales increased double-digits year-on-year, driven notably by sustained set top box shipments.

In the fourth quarter of 2014, the Connected Home segment continued to strengthen its market leadership by securing a number of new awards and customer wins, including high-end devices, notably in emerging countries, and has also noted increasing interest from customers for next generation solutions such as 4K set top boxes, particularly in the Europe, Middle East & Africa region. Gross margin and Adjusted EBITDA progressed significantly during the period, supported by solid operating execution, supply chain efficiency and product cost improvement process across the segment, while free cash flow generation was strong.

- In **North America**, revenues increased significantly in the fourth quarter of 2014, as a result of double-digit year-on-year growth in unit shipments, mainly reflecting higher deliveries of Satellite set top boxes and continuing deployments of Cable modems at some large customers, including higher-end devices. Overall product margin mix is further improving compared to the fourth quarter of 2013 with more security tablets and a slightly lower proportion of broadband gateways in the sales mix associated with the ramp-up of new Cable devices.
- In **Latin America**, revenues were materially lower in the fourth quarter of 2014, as ongoing recovery in unit shipments, which recorded year-on-year growth for the second straight quarter, only partly offset a less favorable product mix. This increase in volumes was achieved despite continued macroeconomic softness across most parts of the region, as reflected by stricter inventory management at some large clients, and was primarily the result of good customer demand for set top boxes, in particular in Brazil, as well as ongoing strong growth in deliveries of Telecom broadband gateways, especially in Mexico.
- In **Europe, Middle East and Africa**, revenues declined in the fourth quarter of 2014, primarily due to a decrease in unit deliveries compared to the fourth quarter of 2013, which benefited from higher level of demand, notably for modems & routers, as part of product deployments at some large customers. This decline also reflected the Group's decision to focus on margin rather than on unit growth.
- In **Asia-Pacific**, revenues were substantially higher in the fourth quarter of 2014, supported by double-digit year-on-year growth in unit shipments, driven mainly by strong demand for Satellite set top boxes in India and increased deliveries of Telecom broadband gateways, including next-generation devices.

Volume Data for Connected Home

		Fourth Quarter			Full Year		
In million units		**2013**	**2014**	Change	**2013**	**2014**	Change
Total Combined Volumes*		8.3	**8.8**	+6.5%	32.5	**34.3**	+5.6%
By Region	North America	2.3	**2.7**	+19.5%	6.5	**9.5**	+46.1%
	Latin America	2.8	**2.9**	+1.9%	13.9	**11.3**	(19.0)%
	Europe, Middle-East and Africa	1.7	**1.5**	(15.4)%	6.2	**7.3**	+17.3%
	Asia-Pacific	1.4	**1.8**	+21.5%	5.8	**6.2**	+6.8%

** Including tablets and other connected devices.*

An analyst conference call hosted by Frederic Rose, CEO, and Stéphane Rougeot, CFO, will be held on Thursday, 19 February 2015 at 9:30am CET.

Financial Calendar

AGM 2015	9 April 2015
Q1 2015 revenues	23 April 2015
H1 2015 results	23 July 2015

Technicolor will hold a Capital Market Day in 2015.

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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. We also benefit from an extensive intellectual property portfolio focused on imaging and sound technologies, based on a thriving licensing business. 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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UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

(in € million)	Year ended December 31, 2014	2013
Continuing operations		
Revenues	3,332	3,450
Cost of sales	(2,513)	(2,627)
Gross margin	**819**	**823**
Selling and administrative expenses	(315)	(341)
Research and development expenses	(136)	(143)
Restructuring costs	(25)	(68)
Net impairment losses on non-current operating assets	(48)	(31)
Other income (expense)	7	(16)
Profit (loss) from continuing operations before tax and net financial income (expense)	**302**	**224**
Interest income	10	5
Interest expense	(75)	(117)
Other financial income (expense)	(52)	(176)
Net financial income (expense)	**(117)**	**(288)**
Share of loss from associates	-	(6)
Income tax	(48)	(41)
Profit (loss) from continuing operations	**137**	**(111)**
Discontinued operations		
Net gain (loss) from discontinued operations	(9)	19
Net income (loss)	**128**	**(92)**
Attributable to:		
- Equity holders	*132*	*(87)*
- Non-controlling interest	*(4)*	*(5)*

(in euro, except number of shares)	Year ended December 31, 2014	2013
Weighted average number of shares outstanding (basic net of treasury shares held)	335,305,821	335,094,417
Earnings (losses) per share from continuing operations		
- basic	0.42	(0.32)
- diluted	0.42	(0.32)
Earnings (losses) per share from discontinued operations		
- basic	(0.03)	0.06
- diluted	(0.03)	0.06
Total earnings (losses) per share		
- basic	0.39	(0.26)
- diluted	0.39	(0.26)

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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in € million)	December 31, 2014	December 31, 2013
ASSETS		
Non-current assets		
Property, plant and equipment	284	293
Goodwill	448	450
Other intangible assets	476	375
Investments in associates and joint ventures	10	13
Investments and available-for-sale financial assets	8	6
Contract advances and up-front prepaid discount	53	54
Deferred tax assets	342	364
Income tax receivable	1	19
Other non-current assets	37	35
Cash collateral and security deposits	15	15
Total non-current assets	**1,674**	**1,624**
Current assets		
Inventories	99	104
Trade accounts and notes receivable	580	545
Derivative financial instruments	2	-
Income tax receivable	35	16
Other current assets	326	341
Cash collateral and security deposits	21	25
Cash and cash equivalents	328	307
Total current assets	**1,391**	**1,338**
Total assets	**3,065**	**2,962**

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in € million)	**December 31, 2014**	**December 31, 2013**
EQUITY AND LIABILITIES		
Shareholders' equity		
Common stock *(335,907,670 shares at December 31, 2014 with nominal value of €1 per share)*	336	335
Treasury shares	(157)	(156)
Additional paid-in capital	939	940
Subordinated perpetual notes	500	500
Other reserves	(45)	15
Retained earnings (accumulated deficit)	(1,095)	(1,228)
Cumulative translation adjustment	(255)	(287)
Shareholders' equity attributable to owners of the parent	**223**	**119**
Non-controlling interest	(4)	-
Total equity	**219**	**119**
Non-current liabilities		
Borrowings	852	936
Retirement benefits obligations	384	322
Restructuring provisions	2	-
Other provisions	56	82
Deferred tax liabilities	106	130
Other non-current liabilities	189	136
Total non-current liabilities	**1,589**	**1,606**
Current liabilities		
Borrowings	59	86
Retirement benefit obligations	30	34
Restructuring provisions	34	59
Other provisions	62	51
Trade accounts and notes payable	502	450
Derivative financial instruments	4	-
Accrued employee expenses	130	135
Income tax payable	29	10
Other current liabilities	407	412
Total current liabilities	**1,257**	**1,237**
Total liabilities	**2,846**	**2,843**
Total equity and liabilities	**3,065**	**2,962**

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

(in € million)	Year ended December 31, 2014	2013
Net income (loss)	**128**	**(92)**
Income (loss) from discontinued activities	**(9)**	**19**
Profit (loss) from continuing activities	**137**	**(111)**
Summary adjustments to reconcile profit from continuing activities to cash generated from continuing operations		
Depreciation and amortization	175	197
Impairment of assets (1)	49	34
Net changes in provisions	(39)	18
Gain on asset disposals	(8)	(1)
Interest (income) and expense	65	112
Other non-cash items (including tax)	67	195
Changes in working capital and other assets and liabilities	5	(5)
Cash generated from continuing activities	**451**	**439**
Interest paid	(66)	(84)
Interest received	10	4
Income tax paid	(43)	(53)
Net operating cash generated from continuing activities	**352**	**306**
Net operating cash used in discontinued activities	(15)	(39)
Net cash from operating activities (I)	**337**	**267**
Acquisition of subsidiaries, associates and investments, net of cash acquired	(14)	(8)
Proceeds from sale of investments, net of cash	10	6
Purchases of property, plant and equipment (PPE)	(60)	(64)
Proceeds from sale of PPE and intangible assets	3	1
Purchases of intangible assets including capitalization of development costs	(50)	(51)
Cash collateral and security deposits granted to third parties	(7)	(2)
Cash collateral and security deposits reimbursed by third parties	13	7
Loans (granted to) / reimbursed by third parties	(1)	-
Net investing cash used in continuing activities	**(106)**	**(111)**
Net investing cash used in discontinued activities	(3)	27
Net cash used in investing activities (II)	**(109)**	**(84)**
Changes in ownership interests with no gain / loss of control, net of transaction fees	-	2
Proceeds from borrowings	-	843
Repayments of borrowings	(194)	(965)
Fees paid linked to the debt and capital restructuring	(26)	(131)
Other	(1)	3
Net financing cash generated used in continuing activities	**(221)**	**(248)**
Net financing cash used in discontinued activities	-	-
Net cash used in financing activities (III)	**(221)**	**(248)**
Net increase in cash and cash equivalents (I+II+III)	**7**	**(65)**
Cash and cash equivalents at beginning of year	**307**	**397**
Exchange gains/(losses) on cash and cash equivalents	14	(25)
Cash and cash equivalents at end of year	**328**	**307**

(1) Including €1 million and €3 million of impairment of assets as part of restructuring plans in 2014 and 2013, respectively.

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Summary of consolidated results as reported (unaudited)

The figures below have not been restated for 2013 and include contributions of the Cirpack softswitch operations (voice-over-IP), sold in 2013. The perimeter impact for FY 2013 reported consolidated results was as follows: not material on revenues, Adjusted EBITDA and Adjusted EBIT, and €2 million on EBIT due to write-offs on the sold activities. The perimeter impact for FY 2014 is not material.

	Second Half			Full Year		
In € million	**2013**	**2014**	Change	**2013**	**2014**	Change
Group revenues from continuing operations	1,861	**1,827**	(1.8)%	3,450	**3,332**	(3.4)%
Change at constant currency (%)		(4.7)%			(3.0)%	
Technology	258	**275**	+6.4%	485	**490**	+1.2%
Entertainment Services	885	**825**	(6.8)%	1,618	**1,459**	(9.8)%
Connected Home	717	**727**	+1.4%	1,346	**1,382**	+2.6%
Adjusted EBITDA from continuing operations	330	**337**	+2.2%	537	**550**	+2.5%
As a % of revenues	17.7%	18.5%	+0.7pt	15.6%	16.5%	+1.0pt
Technology	190	**210**	+10.7%	353	**359**	+1.9%
Entertainment Services	146	**123**	(15.4)%	230	**195**	(15.1)%
Connected Home	40	**47**	+17.6%	43	**77**	+78.8%
Adjusted EBIT from continuing operations	227	**241**	+6.0%	338	**368**	+8.7%
As a % of revenues	12.2%	13.2%	+1.0pt	9.8%	11.0%	+1.2pt
Technology	186	**201**	+8.2%	343	**342**	(0.4)%
Entertainment Services	74	**59**	(20.8)%	89	**76**	(13.9)%
Connected Home	17	**29**	+70.8%	0	**38**	ns
EBIT from continuing operations	137	**180**	+32.0%	224	**302**	+34.9%
As a % of revenues	7.3%	9.9%	+2.5pt	6.5%	9.1%	+2.6pt
Financial result	(215)	**(43)**	**+172**	(288)	**(117)**	**+171**
Share of profit/(loss) from associates	(1)	**(1)**	**-**	(6)	**(0)**	**+6**
Income tax	(21)	**(25)**	**(4)**	(41)	**(48)**	**(7)**
Profit/(loss) from continuing operations	(101)	**110**	**+212**	(111)	**137**	**+248**
Profit/(loss) from discontinued operations	4	**(9)**	**(12)**	19	**(9)**	**(28)**
Net income	(98)	**102**	**+200**	(92)	**128**	**+220**
Group Free cash flow	129	**102**	(27)	153	**230**	+77
Net financial debt at nominal value (non-IFRS)				784	**645**	(139)
Net financial debt (IFRS)				715	**583**	(132)

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 2014 compared to 2013 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 €(66) million in 2014 compared to €(115) million in 2013.

	Second Half			Full Year		
In € million	**2013**	**2014**	*Change*	**2013**	**2014**	*Change*
EBIT from continuing operations	137	**180**	+44	224	**302**	+78
Restructuring charges, net	(49)	**(14)**	+35	(68)	**(25)**	+42
Net impairment losses on non-current operating assets	(29)	**(48)**	(18)	(31)	**(48)**	(17)
Other income/(expense)	(13)	**1**	+14	(16)	**7**	+23
Adjusted EBIT from continuing operations	227	**241**	+14	338	**368**	+29
As a % of revenues	12.2%	13.2%	+1.0pt	9.8%	11.0%	+1.2pt
Depreciation and amortization (D&A)*	103	**96**	(6)	199	**183**	(16)
Adjusted EBITDA from continuing operations	330	**337**	+7	537	**550**	+14
As a % of revenues	17.7%	18.5%	+0.7pt	15.6%	16.5%	+1.0pt

** Including impact of provisions for risks, litigations and warranties.*