PRESS RELEASE

H1 2014 results: improved profitability and strong cash generation

- **Revenues: €1,505 million, +1.7% at constant rate and scope[1] and excl. legacy**
- **Adjusted EBITDA: €213 million, +6.3% at constant rate and scope**
- **Group free cash flow: €129 million, up €105 million versus H1 2013**
- **Strong deleveraging: net nominal debt at €671 million, down €166 million versus H1 2013**

Paris (France), 25 July 2014 – Technicolor (Euronext Paris: TCH; OTCQX: TCLRY) today announces its results for the first half of 2014.

Frederic Rose, Chief Executive Officer of Technicolor, stated:

"We are well on track to achieve our 2014 objectives and to exceed our prior guidance on free cash flow generation. Our performance continues to be fueled by profitable growth in Connected Home, the signature of new license agreements and the very strong growth in visual effects."

Key points

- **Improved profitability:** Adjusted EBITDA margin at 14.2% (up 1.2 point) and Adjusted EBIT at 8.4% (up 1.4 point).
- **Strong cash generation** with Group free cash flow of €129 million, driven by improvement in profitability and financial charges and a particularly strong working capital performance.
- **Positive net income** of €27 million, despite €19 million negative impact related to accelerated debt repayments.
- **Progress in innovation**, in particular around immersive technologies across the Group.
- **Strengthening market positions** by sustained organic growth in Connected Home and Production Services. Connected Home expanded again much faster than the market and Visual Effects activities grew double-digit across facilities.
- **Seizing selected external growth opportunities** with the announced acquisition of Mr. X, expected to be completed in the third quarter, following the acquisition of Thales display IP portfolio in February 2014.

[1] Excluding the Cirpack softswitch operations, sold in 2013.

2014 guidance

- Technicolor confirms its objective to reach an Adjusted EBITDA between €550 million and €575 million;
- Expects to exceed the upper range of its free cash flow objective of €180 million to €200 million, despite the impact of higher cash restructuring charges compared with 2013;
- Expects a positive net income;
- Confirms its objective to reach a Net Debt to Adjusted EBITDA ratio below 1.2x at end December 2014.

Innovation

In the first half of 2014, Technicolor reinforced its IP portfolio both organically and through selected IP acquisitions. The Group continued to expand its offering of patents related to standards, specifically in Blu-ray^{TM} and HDMI standards. Technicolor participates in patent pools for both of these standards and in the first half 2014 added 52 essential patents to the Premier BD patent pool and 4 essential patents to the HDMI pool. To complement its organic development efforts, Technicolor also completed the acquisition of more than 120 patents and applications relevant to the LTE standard, which further reinforced the added value for the industry of its mobile devices licensing programs.

Technicolor continued to be active around immersive technologies including those designed to upscale images and to help create an immersive Hollywood grade experience at home, through the development and deployment of the latest advancements in HDR, 4K and Wide Color Gamut, across its businesses. With an eye on providing the best image quality to consumers, the Technology segment embedded its research algorithms in content producing the best viewing experience regardless of hardware limitations. Technicolor signed with HP a Color Certification program to offer by the third quarter of 2014 HP Envy and HP Pavilion monitors ensuring that consumers are getting color accuracy online. Operating businesses also reached important milestones in immersive technologies. The 4K streaming service offered by M-GO in partnership with Samsung will be available in the third quarter of 2014. Production Services started work on a number of Ultra HD TV shows to be delivered by the end of 2014 and the Connected Home segment has been selected to deliver 4K set-top boxes in volume to Tata Sky from early 2015.

The Connected Home segment had a particularly strong pace of innovation that resulted in several contract wins in Europe, Middle East & Africa with Telecom and Cable operators. It is also developing additional software features on top of Qeo and its own middleware, and is rolling out its roadmap to ensure the widespread use of Qeo on connected devices.

Summary of consolidated results for the first half of 2014 (unaudited)

Key financial indicators and analysis at constant scope[2]

	First Half		Change YoY	
In € million	**2013**	**2014**	Reported	At constant rate
Group revenues	1,589	**1,505**	(5.3)%	(0.9)%
Group revenues (excl. legacy activities)	1,537	**1,495**	(2.7)%	+1.7%
Adjusted EBITDA	207	**213**	+3.1%	+6.3%
As a % of revenues	13.0%	14.2%	+1.2pt	
Adjusted EBIT	111	**127**	+14.2%	+17.3%
As a % of revenues	7.0%	8.4%	+1.4pt	
EBIT from continuing operations	89	**122**	+35.8%	+38.5%
Financial result	(72)	**(74)**	(2)	
Share of profit/(loss) from associates	(5)	**1**	+6	
Income tax	(20)	**(22)**	(2)	
Profit/(loss) from continuing operations	(10)	**27**	+37	
Profit (loss) from discontinued operations	16	**0**	(16)	
Net income	6	**27**	+21	
Net income excl. costs due to debt prepayments	6	**46**	+40	
Group Free cash flow	24	**129**	+105	
Net financial debt at nominal value (non IFRS)	837	**671**	(166)	

Revenues from continuing operations amounted to €1,505 million in first half of 2014, including a negative forex impact of €69 million. Revenue growth was 1.7% at constant rate and scope (excl. legacy activities), reflecting solid performances in Production Services, particularly Visual Effects, and in the Connected Home segment, which reinforced its market leadership and benefited from a number of customer wins and new awards, as well as continued resiliency in DVD Services, despite a challenging year-on-year comparison. In the Technology segment, the revenue decrease reflected weaker contribution from MPEG LA, due to a one-off adjustment in the first quarter and ongoing softness in optical disc drive demand from PC makers, partly offset by double-digit growth in revenues generated by direct licensing programs, driven by a good level of new contracts and renewals, with notably the contribution of an LG smartphone licensing agreement and successful renewals with two major US digital TV providers during the period.

[2] H1 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 H1 2013 are presented as reported. Perimeter impacts for H1 2013 are 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 H1 2014 is not material.

Adjusted EBITDA from continuing operations amounted to €213 million in the first half of 2014, including a negative forex impact of €7 million compared to the first half of 2013. Adjusted EBITDA margin was 14.2%, up by 1.2 points year-on-year, reflecting significant margin improvement in Connected Home, driven by higher shipments and better mix, stable margin in Entertainment Services, due to strong performance in Production Services and continued operating efficiencies in DVD Services, and lower corporate costs, mostly related to transversal functions.

Technicolor remained focused during the first half on optimizing its cost base and generating efficiencies across its businesses and at corporate level. Total operating expenses decreased year-on-year, driven by a sharp reduction in the Entertainment Services segment, with operating expenses down 17% at constant rate, and material declines for the Connected Home segment and at corporate level.

Adjusted EBIT from continuing operations amounted to €127 million in the first half of 2014, up 17.3% at constant currency compared to the first half of 2013, with margin of 8.4%, up by 1.4 points year-on-year, resulting from the growth in Adjusted EBITDA and lower D&A expenses.

EBIT from continuing operations totaled €122 million in the first half of 2014, up 42% at constant currency compared to the first half of 2013, with margin of 8.1%, up by 2.6 points year-on-year, due to the increase in Adjusted EBIT, lower restructuring costs and a gain on disposal of available-for-sale financial assets.

The Group's financial result amounted to €(74) million, broadly stable year-on-year, reflecting the following:

- Net interest costs amounted to €39 million in the first half of 2014, a significant reduction compared to €63 million in the first half of 2013, reflecting reduced borrowing costs stemming from the refinancing and repricing transactions and from the material decrease in gross debt during the period.
- Other financial charges amounted to €35 million in the first half of 2014, including costs related to the refinancing and repricing transactions for €25 million, including an IFRS reversal recognized as a non-cash charge for €19 million due to the debt prepayments done in 2014 and repricing transaction costs.

Net income was a profit of €27 million in the first half of 2014, increasing from a profit of €6 million in the first half of 2013. Restated from refinancing and repricing charges, net income was a profit of €46 million.

Statement of financial position and cash position

	First Half		Change YoY
In € million	**2013**	**2014**	Reported
Operating cash flow from continuing operations	125	**141**	+16
Group free cash flow	24	**129**	+105
Nominal gross debt	1,207	**927**	(280)
Cash position	370	**256**	(114)
Net financial debt at nominal value (non IFRS)	837	**671**	(166)

Operating cash flow from continuing operations, which is defined as the Adjusted EBITDA less net capital expenditures and restructuring cash out, totaled €141 million in the first half of 2014, up 12.5% compared to the first half of 2013. Operating cash flow represented 9.3% of total revenues, up by 1.4 points year-on-year, due to the increase in Adjusted EBITDA and a reduction in capital expenditures and cash outflow for restructuring. Capital expenditures totaled €47 million, down €5 million compared to the first half of 2013, as the Group continued to carefully manage spending. Cash outflow for restructuring amounted to €26 million, down €5 million compared to the first half of 2013. While the Group pursued its cost optimization across its businesses and at corporate level in the first half, some measures were delayed to the second half.

Group free cash flow reached €129 million in the first half of 2014, up €105 million year-over-year. Cash financial charges were €41 million down from €51 million in the first half of 2013, a decrease of more than 20%, driven by the positive impact of the refinancing and repricing transactions on borrowing costs and the reduction of €280 million in gross debt compared to end of June 2013, through normal, mandatory and voluntary prepayments. Working capital variation was positive €72 million, mainly related to a favorable phasing of Licensing programs and further working capital reductions in the Connected Home segment, due to improved procurement efficiencies and tighter inventory management. Other cash charges, mainly related to tax and pensions, totaled €42 million.

Nominal gross debt amounted to €927 million at end June 2014, a reduction of €164 million compared to €1,091 million at end December 2013. In order to pursue further deleveraging, the Group reimbursed the remainder of its senior secured debt maturing in 2016 and 2014 for €81 million as part of the completion of the refinancing and made a voluntary prepayment of €50 million of senior secured term loans maturing in 2020 as part of the repricing transaction. Other impacts included mandatory senior debt repayments of €27 million and a positive currency impact, resulting from the depreciation of the US dollar versus euro.

The Group's cash position was €256 million at end June 2014, down from €307 million at end December 2013, resulting from the decision to use cash to reduce gross debt in connection with the refinancing and repricing transactions, partially offset by sustained free cash flow generation and positive forex impact.

Net debt at nominal value amounted to €671 million at end June 2014 compared to €784 million at end December 2013, a reduction of €113 million.

Segment review – H1 2014 result highlights

Technology

	H1 2013		H1 2014		Change YoY	
	In € million	As a % of revenues	In € million	As a % of revenues	Reported	At constant rate
Revenue	227		**216**		(4.8)%	(4.7)%
Adjusted EBITDA	163	71.7%	**149**	69.0%	(8.3)%	
Adjusted EBIT	158	69.6%	**141**	65.4%	(10.5)%	
EBIT	157	69.1%	**140**	65.0%	(10.4)%	

Revenues amounted to €216 million, down €11 million compared to the first half of 2013, entirely due to a weaker contribution of MPEG LA, after a one-off adjustment in the first quarter and overall weakness in optical disc drive demand from PC manufacturers during the period, partly offset by double-digit growth in revenues generated by direct licensing programs.

This strong performance in direct licensing programs was driven by several new contracts and renewals signed in the course of the first half. The Group signed a licensing agreement with LG for mobile devices in the first quarter, renewed digital TV programs with two major manufacturers in the second quarter and has signed since January several renewals in its other programs. Technicolor has also initiated two legal actions seeking to recover unpaid royalties pursuant to existing licensing agreements. The two lawsuits are Thomson Licensing LLC vs. TPV Technology Ltd., and Thomson Licensing LLC vs. Westinghouse Digital LLC, filed in the federal and state courts of New Jersey, respectively. The Group is committed to enforcing its license agreements.

M-GO entered into a new agreement with Samsung, which turned to M-GO for its video and media hub. M-GO is now the default movie and TV service on Samsung smart TVs. As part of this agreement, consumers have the option of viewing their content bought on Samsung's media Hub on M-GO's service. M-GO and Samsung are also already partnering on a video streaming service to deliver movies and TV shows in the new Ultra HD format, which is expected to debut in the third quarter.

Adjusted EBITDA totaled €149 million compared to €163 million in the first half of 2013. Adjusted EBITDA margin stood at 69%, reflecting lower Licensing revenues and startup costs for Virdata, Technicolor's cloud-based monitoring, management and analytics services for the IoT (Internet of Things).

Entertainment Services

	H1 2013		H1 2014		Change YoY	
	In € million	As a % of revenues	In € million	As a % of revenues	Reported	At constant rate
Revenue (excl. Legacy)	680		**624**		(8.3)%	(4.4)%
Legacy	52		**10**		(80.9)%	(79.9)%
Adjusted EBITDA	84	11.5%	**72**	11.3%	(14.6%)	
Adjusted EBIT	14	2.0%	**18**	2.8%	+21.2%	
EBIT	(1)	(0.1)%	**9**	1.4%	ns	

Revenues (excl. legacy activities) amounted to €624 million, down 4.4% at constant currency compared to the first half of 2013, as a result of lower revenues in DVD Services, partly offset by significant revenue growth in Production Services.

- **Production Services** revenues increased significantly year-on-year driven by a record level of activity in Visual Effects ("VFX"), in particular in VFX for feature films and a solid pipeline in US postproduction Services. This strong performance was partially offset by market weakness in Media Services and competitive pressure in Digital Cinema.

  Technicolor further confirmed in the first half of 2014 its key contribution to tent pole movies providing services on feature films including *The Amazing Spiderma*n (Sony), *Godzilla* (Warner), *Maleficent* (Disney) and X-*Men: Days of Future Past* (Fox), which all ranked number one at the US box office the week of their release. The Group further demonstrated its commitment to the growing VFX market with the agreement signed in June to acquire Mr. X, a leading North American provider of Visual Effects to premier television and international film clients. This transaction expands Technicolor's VFX services globally to high-end television and international film markets.

  Technicolor was honored with several awards in this first half. Postproduction teams received two Primetime Emmy® Award nominations for their work on the TV show *American Horror Story: Coven* (FX Networks). Animation and Games teams were nominated for a Daytime Emmy® Award for their work on the television series *Superbook* (CBN). The VFX for commercials teams won the only gold lion for VFX at Cannes Lions 2014 for *Assassin's Creed IV Black Flag, Defy*.

- **DVD Services** demonstrated again its significant resiliency in the first half of 2014, with total volumes declining by only 6% versus a challenging year-on-year comparison. In the prior year, the slate of new releases was particularly strong across the Group's studio customers and led to a very strong performance, with volume growth of almost 8% driven by stable volumes for Standard Definition DVD, and growth of over 80% in Blu-ray^{TM}, which benefited not only from a strong release slate, but also from share gains across selected key customers. Despite this challenging comparison, Blu-ray^{TM} volumes were up more than 8% in the first half, while Standard Definition DVD volumes limited their decline to below 9%.

Adjusted EBITDA amounted to €72 million, down 14.6% compared to the first half of 2013, while margin remained stable at 11.3%. The Adjusted EBITDA decline was entirely due to legacy activities while the improvement in Production Services performance helped to offset the lower contribution of DVD Services.

- In Production Services, adjusted EBITDA increased year-over-year, reflecting the high level of activity in VFX and US Postproduction Services, optimized utilization across facilities and cost and operating efficiency initiatives implemented in Digital Distribution Services.
- In DVD Services, while adjusted EBITDA was down year-over-year in terms of absolute value, due to lower volumes, the margin remained broadly stable, as a result of solid operational delivery and cost savings initiatives.

Connected Home

	H1 2013		H1 2014		Change YoY	
	In € million	As a % of revenues	In € million	As a % of revenues	Reported	At constant rate
Revenue	630		**655**		+4.1%	+10.8%
Adjusted EBITDA	3	0.5%	**30**	4.5%	ns	
Adjusted EBIT	(17)	(2.6)%	**9**	1.4%	ns	
EBIT	(19)	(3.0)%	**6**	1.0%	ns	

Revenues amounted to €655 million, up 10.8% at constant currency compared to the first half of 2013, as a result of a strong level of activity across most regions, with total product volumes of 16.5 million units in the period (+5%), and market share gains, especially in North America and Europe, Middle-East & Africa. Connected Home performance also benefited from a significant improvement in product mix across Latin America, despite a more difficult macro environment in some parts of the region.

Revenue growth was particularly strong across developed markets in the first half of 2014, benefiting from significantly increased product deliveries in the period, in particular to Cable and Satellite customers. The level of activity in emerging markets was however lower year-on-year, reflecting the timing of new product introduction in India that affected first quarter volumes and stricter inventory management at several large Latin American customers in the first half, partly offset by improved product mix.

Adjusted EBITDA amounted to €30 million, representing an increase of €27 million compared to the first half of 2013, driven by sustained revenue performance and improved gross margin. Gross margin increased 36.3% at constant currency and represented 14.3% of revenues, up by 2.6 points year-on-year, reflecting continued solid operating execution in the period and a better product mix in North America. Adjusted EBITDA margin significantly increased to 4.5%, up by 4.0 points year-on-year. Adjusted EBITDA margin further improved in the course of the first half and outreached the 5% level in the second quarter. Gross margin and Adjusted EBITDA progressed strongly in the period, as a result of continued solid operating execution, supply chain efficiency and further product cost improvement process.

The Connected Home segment generated a material free cash flow in the first half of 2014, resulting from a solid increase in operating cash flow and improved working capital resulting from procurement efficiencies and tighter inventory management.

Segment review – Q2 2014 revenue highlights

Group revenues by segment

	Second Quarter		Change YoY	
In € million	**2013**	**2014**	**Reported**	**At constant Rate**
Technology	101	**103**	+1.8%	(1.2)%
Entertainment Services (excl. legacy activities)	328	**289**	(11.8)%	(8.3)%
Connected Home	356	**364**	+2.3%	+7.4%
Group revenues (excl. legacy activities)	786	**757**	(3.7)%	(0.3)%
Legacy activities	28	**5**	(83.1)%	(82.2)%
Group revenues	814	**762**	(6.4)%	(3.1)%

Technology revenues reached €103 million, up 1.8% at current currency compared to the second quarter of 2013. Licensing revenues were broadly stable year-on-year due to the continued strong performance of direct licensing programs and a progressive recovery in MPEG LA revenues despite the persistent softness in optical disc drive demand from PC manufacturers. The strong performance of direct licensing programs reflected a good level of new contracts and renewals, including the contribution of the LG smartphone licensing agreement, successful renewals with two major digital TV manufacturers and further renewals in the mp3 program.

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Entertainment Services revenues (excl. legacy activities) reached €289 million, down 8.3% at constant currency compared to the second quarter of 2013, resulting from a weaker performance in DVD Services, partially offset by significant revenue growth in Production Services, in particular in Visual Effects ("VFX").

- **Production Services** revenues were up year-on-year, with another quarter of double-digit growth in VFX and a solid performance in US Postproduction Services, partially offset by lower performances in selected markets in Postproduction and tougher market conditions in digital distribution services. Activity in VFX for feature films reached an all-time high, with significant workload across all facilities, while VFX for commercials remained strong.

  In the second quarter of 2014, VFX teams completed work on *X-Men: Days of Future Past* (Fox), *Guardians of the Galaxy* (Disney/Marvel), while continuing work on *Cinderella* (Disney), *Exodus: Gods and Kings* and *Night at the Museum 3* (Fox). Postproduction activities were very strong in Theatrical in the US, where teams completed work on *Transformers: Age of Extinction* (Paramount) and *Godzilla* (Warner). Technicolor also confirmed its leadership in premium Broadcast series with Postproduction teams completing work on the Emmy-nominated *The Normal Heart* and *True Blood Season 7* (HBO).

- **DVD Services** revenues decreased year-on-year, mainly driven by the decline by 6.7% in combined Standard Definition DVD and Blu-ray volumes compared with the second quarter of 2013. Volumes in the quarter were impacted by an overall weaker slate of new release titles compared with the second quarter of 2013, further impacted by the delay of a key new release title into the third quarter of 2014. These trends had a significant impact on Blu-ray^{TM} volumes, which are primarily driven by new release activity. The growth trend in Games volumes continued in the period, expanding by 8.5% as compared to the second quarter of 2013.

  Selected titles produced in the second quarter of 2014 included *Muppets Most Wanted* (Disney), *The Lego Movie* (Warner), *Lone Survivor* (Universal) and *Noah* (Paramount).

Volume Data for DVD Services

		Second Quarter			**First Half**		
In million units		**2013**	**2014**	Change	**2013**	**2014**	Change
Total Combined Volumes		279.2	**260.5**	(6.7)%	601.2	**564.9**	(6.0)%
By Format	SD-DVD	234.3	**218.7**	(6.6)%	502.2	**457.9**	(8.8)%
	Blu-ray™	44.9	**41.8**	(6.9)%	99.0	**107.0**	+8.1%
By Segment	Studio / Video	266.3	**246.2**	(7.5)%	569.0	**526.7**	(7.4)%
	Games	8.0	**8.6**	+8.5%	20.0	**21.0**	+4.9%
	Software & Kiosk	4.9	**5.7**	+15.1%	12.2	**17.2**	+41.0%

- ***Legacy activities*** declined around 82% at constant currency in the second quarter of 2014 and continued to impact Entertainment Services segment top-line. By the end of the year, the contribution of legacy activities to the Group's revenues will be below €20 million and the Group will have finalized their phase out.

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Connected Home revenues reached €364 million, up 7.4% at constant currency compared to the second quarter of 2013, highlighting solid revenue growth across most regions, including North America, Europe, Middle-East & Africa and Asia-Pacific, while revenues in Latin America fell significantly from a record level last year. The Connected Home segment continued to expand strongly and faster than the market, which was globally up only in the low single-digit range year-over-year, supported by solid growth in product deliveries in the period, with the Group reinforcing its market leadership and benefiting from a number of customer wins and new awards.

Gross margin and Adjusted EBITDA progressed strongly in the second quarter, as a result of continued solid operating execution, supply chain efficiency and product cost improvement.

While the Connected Home segment remains focused on increasing its gross margin quarter after quarter, it pursued its strategic priorities to innovate and add value during the quarter by developing new products and applications, in particular around immersive technologies such as 4K and HDR and highly differentiating software applications that will support the overall product mix improvement.

- In **North America**, revenues increased strongly in the second quarter, as a doubling in unit shipments helped to largely offset a less favorable product mix. This strong growth in volumes principally resulted from increased shipments of set top boxes during the period, reflecting sustained deliveries in Satellite and ongoing product deployments in Cable, including high-end devices.
- In **Latin America**, revenues decreased significantly in the second quarter, as a strong improvement in product mix was not enough to fully offset a drop in unit volumes. Product shipments fell double-digits in the period, with declines across all product lines, affected by continued strict inventory management at several large customers associated with more difficult macro conditions across the region.
- In **Europe, Middle East and Africa**, revenues posted solid growth in the second quarter, as a double-digit expansion in unit shipments more than offset by a less favorable product mix. This strong growth in volumes reflected significantly larger deliveries of set top boxes in the period and, to a lesser extent, higher shipments of Telecom broadband gateways.
- In **Asia-Pacific**, revenues increased significantly in the second quarter, as a rebound in unit volumes helped to more than offset a less favorable product mix. This strong growth in volumes mainly reflected the phasing of new Satellite set top box product introductions at Satellite customers in India, as well as larger deliveries of Cable modems, supported by new customer wins across the region.

Volume Data for Connected Home

		Second Quarter			**First Half**		
In million units		**2013**	**2014**	Change	**2013**	**2014**	Change
Total Combined Volumes*		8.8	**9.5**	+7.9%	15.8	**16.5**	+4.8%
By Region	North America	1.3	**2.6**	+99.8%	1.9	**4.0**	+105.5%
	Latin America	4.5	**2.7**	(39.7)%	8.2	**5.5**	(32.5)%
	Europe, Middle-East and Africa	1.6	**2.1**	+29.7%	2.9	**4.1**	+39.2%
	Asia-Pacific	1.3	**2.0**	+51.8%	2.7	**3.0**	+7.7%

** Including tablets and other connected devices.*

An analyst conference call hosted by Frederic Rose, CEO, and Stéphane Rougeot, CFO, will be held on Friday, 25 July 2014 at 3:00pm CEST.

Financial Calendar

Q3 2014 revenues	22 October 2014
FY 2014 results	19 February 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

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

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UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(in € million)	Six months ended June 30,	
	2014 unaudited	2013 unaudited
Continuing operations		
Revenues	1,505	1,589
Cost of sales	(1,160)	(1,243)
Gross margin	**345**	**346**
Selling and administrative expenses	(150)	(164)
Research and development expenses	(68)	(71)
Restructuring costs	(11)	(19)
Other income (expense)	6	(5)
Profit (loss) from continuing operations before tax and net finance income (expense)	**122**	**87**
Interest income	4	2
Interest expense	(43)	(65)
Other financial income (expense)	(35)	(9)
Net finance income (expense)	**(74)**	**(72)**
Share of loss from associates	1	(5)
Income tax	(22)	(20)
Profit (loss) from continuing operations	**27**	**(10)**
Discontinued operations		
Net gain (loss) from discontinued operations	-	16
Net income (loss)	**27**	**6**
Attributable to:		
- Equity holders	*29*	*8*
- Non-controlling interests	*(2)*	*(2)*

(in euro, except number of shares)	Six months ended June 30,	
	2014 unaudited	2013 unaudited
Weighted average number of shares outstanding (basic net of treasury shares held)	335,309,125	334,962,901
Earnings (loss) per share from continuing operations		
- basic	0,09	(0.02)
- diluted	0,09	(0.02)
Earnings (loss) per share from discontinued operations		
- basic	-	0.04
- diluted	-	0.04
Total earnings (loss) per share		
- basic	0,09	0.02
- diluted	0,09	0.02

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in € million)	June 30, 2014 Unaudited	December 31, 2013 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	275	293
Goodwill	458	450
Other intangible assets	384	375
Investments in associates and joint ventures	5	13
Investments and available-for-sale financial assets	3	6
Contract advances and up-front prepaid discount	53	54
Deferred tax assets	367	364
Income tax receivable	11	19
Other non-current assets	33	35
Cash collateral and security deposits	15	15
Total non-current assets	**1,604**	**1,624**
Current assets		
Inventories	102	104
Trade accounts and notes receivable	486	545
Income tax receivable	27	16
Other current assets	260	341
Cash collateral and security deposits	22	25
Cash and cash equivalents	256	307
Assets classified as held for sale	9	-
Total current assets	**1,162**	**1,338**
Total assets	**2,766**	**2,962**

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in € million)	**June 30, 2014 Unaudited**	**December 31, 2013 Audited**
EQUITY AND LIABILITIES		
Shareholders' equity		
Common stock *(335,907,670 shares at June 30, 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	(8)	15
Retained earnings (accumulated deficit)	(1,199)	(1,228)
Cumulative translation adjustment	(266)	(287)
Shareholders' equity	**145**	**119**
Non-controlling interests	(2)	-
Total equity	**143**	**119**
Non-current liabilities		
Borrowings	807	936
Retirement benefits obligations	345	322
Other provisions	61	82
Deferred tax liabilities	130	130
Other non-current liabilities	141	136
Total non-current liabilities	**1,484**	**1,606**
Current liabilities		
Borrowings	57	86
Retirement benefits obligations	32	34
Restructuring provisions	39	59
Other provisions	53	51
Trade accounts and notes payable	442	450
Accrued employee expenses	115	135
Income tax payable	19	10
Other current liabilities	382	412
Liabilities classified as held for sale	-	-
Total current liabilities	**1,139**	**1,237**
Total liabilities	**2,623**	**2,843**
Total equity and liabilities	**2,766**	**2,962**

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,	
(in € million)	2014 unaudited	2013 unaudited
Net income (loss)	**27**	**6**
Income (loss) from discontinued operations	**-**	**16**
Profit (loss) from continuing operations	**27**	**(10)**
Summary adjustments to reconcile profit from continuing operations to cash generated from continuing operations		
Depreciation and amortization	83	94
Impairment of assets	1	2
Net changes in provisions	(22)	(11)
Gain (loss) on asset disposals	(7)	2
Interest (income) and expense	39	63
Other non-cash items (including tax)	40	17
Changes in working capital and other assets and liabilities	80	27
Cash generated from continuing activities	**241**	**184**
Interest paid	(39)	(50)
Interest received	4	2
Income tax paid	(21)	(22)
Net operating cash generated from continuing activities	**185**	**114**
Net investing cash used in discontinued activities	(9)	(38)
Net cash from operating activities (I)	**176**	**76**
Acquisition of subsidiaries, associates and investments, net of cash acquired	(3)	(5)
Proceeds from sale of investments, net of cash	8	(1)
Purchases of property, plant and equipment (PPE)	(21)	(26)
Proceeds from sale of PPE and intangible assets	3	1
Purchases of intangible assets including capitalization of development costs	(29)	(27)
Cash collateral and security deposits granted to third parties	(2)	(2)
Cash collateral and security deposits reimbursed by third parties	4	2
Loans (granted to) / reimbursed by third parties	-	-
Net investing cash used in continuing activities	**(40)**	**(58)**
Net financing cash used in discontinued activities	(2)	(1)
Net cash used in investing activities (II)	**(42)**	**(59)**
Proceeds from borrowings	1	4
Repayments of borrowings	(169)	(38)
Fees paid linked to the debt and capital restructuring	(25)	(2)
Net financing cash generated used in continuing activities	**(193)**	**(36)**
Net financing cash used in discontinued activities	-	-
Net cash used in financing activities (III)	**(193)**	**(36)**
Net increase in cash and cash equivalents (I+II+III)	**(59)**	**(19)**
Cash and cash equivalents at beginning of year	**307**	**397**
Exchange gains/(losses) and scope variation impacts on cash and cash equivalents	8	(8)
Cash and cash equivalents at end of year	**256**	**370**

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 the first half of 2014 compared to the first half of 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 €(5) million in the first half of 2014 compared to €(24) million in the first half of 2013.

	First Half		
In € million	**2013**	**2014**	Change
EBIT from continuing operations	87	**122**	+35
Restructuring costs, net	(19)	**(11)**	+8
Net impairment losses on non-current operating assets	(2)	**0**	+2
Other income/(expense)	(3)	**6**	+9
Adjusted EBIT from continuing operations	111	**127**	+16
As a % of revenues	7.0%	8.4%	+1.4pt
Depreciation and amortization (D&A)*	96	**86**	(10)
Adjusted EBITDA from continuing operations	207	**213**	+6
As a % of revenues	13.0%	14.2%	+1.2pt

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