PRESS RELEASE

Full year 2013 results: strong operating execution and material deleveraging

- **Revenue: +2.4% at constant rate and scope[1]**
- **Adjusted EBITDA[2]: €537 million, +10.4% at constant rate**
- **Group free cash flow: €153 million, +45% versus 2012**
- **Significant deleveraging with gross debt reduced by €145 million**
- **Well on track to deliver on Amplify 2015 objectives**

19 February 2014 –Technicolor (Euronext Paris: TCH) today announces its results for the full year 2013.

Frederic Rose, Chief Executive Officer of Technicolor, stated:

"2013 was a banner year for Technicolor where we delivered strong operational performance, which made it possible for us to invest in growth areas for the company and continue to generate lucrative intellectual properties. All of this puts well on target to deliver on our Amplify 2015 objectives."

Key points

- **Strong operating execution** reflected by a 10.4% increase in Adjusted EBITDA at constant rate and scope. Adjusted EBITDA margin amounted to 15.6%, an increase of 1.3 points yoy.
- **Successful cash generation** from continuing operations at €192 million (+73% yoy). Group free cash flow (after payment of the EU antitrust fine) of €153 million (+45% yoy).
- **Restored financial strength and flexibility** following the debt refinancing of July 2013. Gross nominal debt reduced by €409 million in 2 years.
- **Strong pace of innovation across the Group and growing Intellectual Property portfolio** with priority applications increasing by 15% yoy.
- **Implementation of Technicolor's incubation framework with several initiatives launched in the market (**M-GO, Qeo, Virdata, certification programs, etc) with strong IP generation.
- **Focus on three strategic priority innovation domains** offering high potential for technology and IP, where Technicolor can leverage its assets and capabilities to generate further profitable growth and additional value after completion of Amplify 2015.

---

[1] Excluding the Broadcast Services and the SmartVision (television-over-IP) businesses, sold in 2012, and the Cirpack softswitch operations (voice-over-IP) sold in 2013,

[2] Adjusted EBITDA from continuing operations at constant scope (excluding activities sold in 2012 and 2013).

2014 guidance and Amplify 2015 objectives

- Adjusted EBITDA between €550 million and €575 million;
- Group Free Cash Flow between €180 million and €200 million, notwithstanding higher cash restructuring charges compared with 2013;
- Positive net income;
- Net debt to Adjusted EBITDA ratio below 1.2x at end December 2014.

Halfway through its Amplify 2015 roadmap, Technicolor confirms that it expects to achieve its Adjusted EBITDA objective of at least €600 million in 2015.

The Group has already generated €259 million of free cash flow between 2012 and 2013 towards its initial objective of generating at least €400 million over the period 2012-2015. Based on its free cash flow performance and prospects, Technicolor expects to outperform its initial objective and generate at least €500 million of free cash flow over the period 2012-2015.

As a result of the upgrade of its free cash flow objective, the Group is also revising its initial objective of a leverage ratio below 1.1x and now expects a net debt to Adjusted EBITDA ratio below 0.9x at end December 2015.

Innovation

Continuous innovation is crucial to Technicolor's operation. We apply innovation to gain market share, strengthen client confidence, generate productivity gains and also reinforce the relevance of our IP portfolio thereby supporting our licensing programs.

In 2013, all businesses increased their number of invention disclosures, especially around video, audio, communication/interoperability, local networks and machine learning technologies. Ultimately the derived patent applications further strengthen the growing IP portfolio with the filing of 507 priority applications[3], representing an increase of 15% compared with 2012 and 25% compared with 2011. The Group also continued to collaborate with the industry standard bodies, in areas such as HEVC, 3D Audio and ATSC 3.0, and with key technology partners, for example by partnering with Samsung to offer 4K streaming on M-GO platform or by joining forces with Qualcomm and several other companies in the AllSeen alliance. This lucrative collaboration in terms of innovation resulted in substantial IP generation and licensing initiatives. In 2013, Technicolor also identified three priority domains of innovation which will further reinforce our key businesses, as well as the IP and licensing capabilities of the Group:

- Immersive Media: deliver premium content everywhere with next generation technologies in video and audio compression, rendering and adaptation.
- Context-aware Entertainment: a personalized and contextualized viewer experience by offering new features and interaction with entertainment content.
- Digital Life: enrich consumer's life by integrating and exploiting connected devices, sensors, applications and data.

[3] A priority application is the 1st patent application that protects a new invention filed at a Patent Office, and is the origin of a patent family which may contain many patents in various countries in the world.

technicolor

Summary of consolidated results for the full year of 2013 (unaudited)

Key financial indicators and analysis at constant scope[4]

In € million	Full Year 2012	Full Year 2013	Change YoY Reported	Change YoY At constant rate
Group revenues	3,489	**3,449**	*(1.1)%*	*+2.4%*
Adjusted EBITDA	498	**537**	*+7.8%*	*+10.4%*
As a % of revenues	*14.3%*	*15.6%*		
Adjusted EBIT	287	**338**	*+17.9%*	*+20.2%*
As a % of revenues	*8.2%*	*9.8%*		
EBIT from continuing operations	263	**226**	*(13.9)%*	
Financial result	(197)	**(288)**		
Share of profit/(loss) from associates	(5)	**(6)**		
Income tax	(49)	**(41)**		
Profit/(loss) from continuing operations	13	**(111)**		
Profit (loss) from discontinued operations	(35)	**19**		
Net income	(22)	**(92)**		
Net income excl. costs related to refinancing		**69**		
Group Free cash flow	106	**153**	*+44.7%*	
Net financial debt at nominal value (non IFRS)	839	**784**	*(55)*	

Revenues from continuing operations totaled €3,449 million in full year 2013, including a negative forex impact of €122 million. Revenue growth at constant rate and scope reached 2.4%, and 5.2% excluding legacy activities, driven by a sustained performance across its businesses. Connected Home and Digital Creative Services were the main growth drivers while DVD Services again demonstrated its resiliency. In the Technology segment, revenues decreased compared to an all-time high in 2012 and the Group continued to renew contracts and sign new multi-year license contracts at a sustained pace.

Adjusted EBITDA from continuing operations reached €537 million in full year 2013 including a negative forex impact of €13 million. Margin reached 15.6%, up 1.3 points compared with last year driven by significant margin improvement in Connected Home and Entertainment Services and lower corporate costs. Operating expenses related to new initiatives continued to increase, contributing to the margin decrease recorded in the Technology segment.

[4] 2012 figures have been restated to exclude impact on key business indicators (from Revenues to EBIT) of the Broadcast Services and the SmartVision (television-over-IP) businesses, sold in 2012, and the Cirpack softswitch operations (voice-over-IP), sold in 2013. Other key indicators for 2012 are presented as reported. Perimeter impacts for 2012 are as follows: €91 million on revenues, €14 million on Adjusted EBITDA and Adjusted EBIT, and €1 million on EBIT due to write-offs related to the sold activities. The perimeter impact for 2013 is not material.

The Group remained focused on cost optimization in 2013 and gained in efficiency across its businesses and at Corporate level. Operating expenses recorded significant decrease in the Entertainment Services segment and at Corporate level, down respectively 15% and 10% at constant rate, while remaining broadly stable in the Connected Home segment. Overall operating expenses for the Technology segment increased, due to incremental costs related to the development and commercial roll-out of several new initiatives including M-GO and technology licensing initiatives.

Adjusted EBIT from continuing operations amounted to €338 million, up 20.2% at constant rate compared with 2012, with a margin of 9.8%, up 1.6 points resulting from the Adjusted EBITDA increase.

EBIT from continuing operations totaled €226 million compared with €263 million in 2012, mainly resulting from a €39 million increase in restructuring costs as the Group launched at the end of 2013 additional cost savings measures including headcount reduction plan in support functions in order to bring the Group's support costs below 5% of sales.

The Group's financial result reflected the different impacts of the July refinancing of 76% of its senior secured debt maturing in 2016 and 2017 by the issue of a new term loan maturing in 2020:

- Net interest costs amounted to €112 million, a significant decline compared to €145 million in 2012, reflecting lower borrowing costs stemming from the refinancing transaction and the significant gross debt decrease, including the voluntary debt prepayment for €67 million implemented in the refinancing context;
- Other financial expenses amounted to €176 million including costs related to the refinancing for an amount of €161 million. Transaction costs, including tender premium and other fees, amounted to €81 million, while the purchase of part of the senior secured debt maturing in 2016 and 2017 resulted into an IFRS reversal recognized as a non-cash charge for €76 million.

Interest costs are expected to further decline in 2014 with the full year impact of the July 2013 refinancing. The Group will also benefit from the refinancing of part of its remaining debt maturing in 2016/2017 via a cashless exchange for €181 million and the subsequent reimbursement of the remainder of this debt by end of April 2014.

Net income was a loss of €92 million, including charges related to the refinancing for €161 million. Restated from these charges, the net result was a profit of €69 million.

The full year 2013 performance reflected the Group's commitment to strong operating execution and deleveraging.

Statement of financial position and cash position

In € million	Full Year 2012	Full Year 2013	Change YoY Reported
Operating cash flow from continuing operations	312	**374**	*+20.1%*
Free cash flow from continuing operations	112	**192**	*+72.6%*
Group free cash flow	106	**153**	*+44.7%*
Nominal Gross Debt	1,236	**1,091**	*(145)*
Cash position	397	**307**	*(90)*
Net financial debt at nominal value (non IFRS)	839	**784**	*(55)*

Operating cash flow from continuing operations, which is the Adjusted EBITDA less net capital expenditures and restructuring cash out, totaled €374 million in 2013, up 20% compared with 2012. Operating cash flow amounted to 10.8% of total revenues, up 2.1 points compared with 2012. This performance was mainly driven by strong operating execution generating higher Adjusted EBITDA and reduction in capital expenditures. Capital expenditures amounted to €114 million, down €33 million compared with last year as the Group completed several sizeable growth investments in 2012 and is spending in a disciplined and streamlined manner. Cash outflow for restructuring remained broadly stable as Technicolor pursued its cost optimization process across its businesses.

Free cash flow from continuing operations amounted to €192 million, up 73% compared with 2012. Cash financial charges significantly dropped to €84 million due to the combined effect of the capital increases completed in 2012 and the refinancing transaction completed in July 2013. In total, Technicolor has reduced its nominal gross debt by €409 million in two years through normal, mandatory and voluntary prepayments, resulting into this massive interest expense reduction (down 28% yoy). Working capital variation was negative at €18 million and other cash charges mainly related to tax and pensions totaled €80 million.

Group free cash flow amounted to €153 million including the negative impact of the EU antitrust fine payment of €39 million in March 2013.

Nominal gross debt amounted to €1,091 million at end December 2013 a reduction of €145 million compared to €1,236 million at end December 2012. In line with its commitment to deleverage, Technicolor reimbursed €67 million of senior secured debt maturing in 2016-2017 during the refinancing transaction. Other impacts included scheduled senior debt repayments of €57 million and a positive currency impact, resulting from the depreciation of the US dollar versus euro.

The Group's cash position totaled €307 million at end of December 2013. Following the group's decision to use its cash as part of the July 2013 refinancing, Technicolor rebuilt its cash position in the second half of 2013.

Net debt at nominal value amounted to €784 million at end December 2013 compared to €839 million at end December 2012, a decrease of €55 million which resulted into a nominal net debt to Adjusted EBITDA ratio of 1.46x at end December 2013, better than its objective to be below 1.6x.

technicolor

Segment review - Full Year 2013

Technology

	Full year 2012		Full year 2013		Change YoY	
	In € million	As a % of revenues	In € million	As a % of revenues	Reported	At constant rate
Revenue	515		**485**		*(5.9)%*	*(5.5)%*
Adjusted EBITDA	400	77.8%	**355**	73.2%	*(11.4)%*	
Adjusted EBIT	400	77.8%	**346**	71.3%	*(13.7)%*	
EBIT	403	78.3%	**341**	70.5%	*(15.3)%*	

Revenues were down 5.5% at constant currency compared to an all-time high in 2012 with broadly stable Licensing revenues from direct programs and single-digit decrease of MPEG LA revenues (53% of revenues in 2013).

Technicolor recorded a good performance in contract renewals over the course of the year, notably for its Digital TV program. The Group also made significant progress in its smartphone program, with the signing in July 2013 of an IP collaboration agreement with Sony, which includes a licensing agreement from Technicolor for Sony Smartphones, and the signing in February 2014 of a multi-year licensing agreement with LG for the use of Technicolor's patents and technologies across LG's mobile devices worldwide.

M-GO continues to gain traction in the market. The service is now pre-installed on an estimated 40 million Smart TVs and Blu-ray™ players and is the default movie and TV service on the popular Roku streaming box. M-GO recently launched its next generation software platform for connected devices and the web and announced at CES a partnership with Samsung for streaming Ultra HD content to their Ultra HD TVs.

Adjusted EBITDA amounted to €355 million compared to €400 million recorded in 2012. The Adjusted EBITDA margin was below 2012 level, reflecting lower Licensing revenues and an increase in operating expenses related to M-GO and other new initiatives.

Entertainment Services

	Full year 2012		Full year 2013		Change YoY	
	In € million	As a % of revenues	In € million	As a % of revenues	Reported	At constant rate
Revenue (excl. Legacy)	1,549		**1,530**		*(1.2)%*	*+2.0%*
Legacy	181		**88**		*(51.6)%*	*(50.3)%*
Adjusted EBITDA	199	11.5%	**230**	14.2%	*+15.4%*	
Adjusted EBIT	26	1.5%	**89**	5.5%	*+238.2%*	
EBIT	12	0.7%	**24**	1.5%	*+108.9%*	

Revenues excluding legacy activities grew by 2% at constant rate compared to 2012 reflecting sustained growth in Digital Creative Services and a good performance in DVD Services. As expected legacy activities recorded another 50% decline and represented less than 2.5% of total sales.

Digital Creative Services

- Strong level of activity in VFX for both feature films and commercials across all facilities;
- Revenue growth in Video and Sound postproduction in the US, in particular in Theatrical, and increased workload in Video postproduction in the UK and in France;
- Market share gains in Postproduction in Theatrical while maintaining its leading market position in Broadcast throughout the year;
- Technicolor worked on 25 Oscar nominated projects, reflecting its positioning of key partner for premium content. Postproduction teams did final grading on four of the five nominated films in the prestigious Achievement in Cinematography category for the Oscars: *Gravity, Inside Llewyn Davis*, *The Grandmaster* and *Nebraska*. Sound teams won an Emmy Award for Outstanding Sound Editing while VFX teams are nominated for an Academy Award on *The Lone Ranger*. VFX teams have also been awarded Best Overall VFX Company across the US and Europe at the 2013 Ciclope awards, the international festival of craft for advertising in Berlin. Technicolor's technological edge, in particular its color expertise, has also been recognized with the receipt of a technical achievement award by the Academy of Motion Picture Arts.

DVD Services

- Slight revenue increase in DVD Services driven by combined volumes growth of 1.5%, reflecting the ongoing resiliency of Standard Definition DVD (down only 4% year-on-year), and continued strong Blu-ray™ volume growth of almost 40%. Combined volumes reached 1.475 billion units, the second best year ever for Technicolor, resulting from overall strength of studio customers' release slates (Technicolor customers were the 3 top grossing studios in the U.S. box office in 2013), ongoing Blu-ray™ volume growth across both existing studio customers and gaming clients in support of the new Xbox One console, selected share gains across the existing customer base, and ongoing use of multi-disc DVD/Blu-ray™ "combo-pack" configurations;
- Technicolor secured multi-year contractual renewals with three of its top customers.

Adjusted EBITDA totaled €230 million compared to €199 million recorded last year driven by improved operating performance in Digital Creative Services and DVD Services.

- Digital Creative Services Adjusted EBITDA increased due to a higher level of activity combined with cost and operating efficiency initiatives, such as the focus on the most profitable businesses and geographies in postproduction, as well as the optimization of the utilization of the Indian facility in VFX to offset ramp-up costs related to new capacities and increase overall competitiveness;
- In DVD Services, Adjusted EBITDA benefited from the total disc volume growth, product mix improvement from increased Blu-ray™ volumes, and the impact of ongoing cost savings initiatives and efficiency improvement programs; all of which helped to manage ongoing market pricing pressure.

Connected Home

	Full year 2012		Full year 2013		Change YoY	
	In € million	As a % of revenues	In € million	As a % of revenues	Reported	At constant rate
Revenue	1,244		**1,346**		*+8.3%*	*+13.7%*
Adjusted EBITDA	1	0.1%	**41**	3.0 %		
Adjusted EBIT	(34)	(2.7)%	**(2)**	(0.1)%		
EBIT	(56)	(4.5)%	**(13)**	(1.0)%		

Revenues were up 13.7% at constant currency compared to the full-year 2012, driven by strong product shipments of more than 32.5 million units in the period (+8%), a new all-time record, and continued product mix improvement, driven particularly by new, higher-end product deployments in the second half of the year at some US and Latin American customers.

- Revenue growth across all geographies in the period, as planned, reflecting strong demand in a number of emerging markets, in particular Brazil and India, as well as the deployment of new, higher-end devices at several large customers, notably in the US Cable market.
- Significant innovation and introduction of next generation products and solutions with for example the first 4K set-top box to support the industry to address challenges in the next five years, such as development of Ultra HD, OTT in the pay-tv space, the development of the Internet of Things along with Wi-Fi becoming ubiquitous.

Adjusted EBITDA reached €41 million in the full year 2013, representing an increase of €40 million compared to the full-year 2012, driven by sustained top-line growth and further improved gross margin, which increased by 25.6% at constant rate and represented 13.6% of revenues, up by 1.2 points year-on-year. Connected Home segment generated positive, sizeable free cash flow in the full-year 2013, supported by its continued focus on profitable growth.

Segment Review - Q4 Revenue Highlights

Group revenues by segment at constant scope

In € million	Fourth Quarter 2012	Fourth Quarter 2013	Change YoY Reported	Change YoY At constant rate
Group revenues	1,005	**979**	*(2.5)%*	*+1.9%*
Technology	150	**135**	*(9.9)%*	*(10.1)%*
Entertainment Services (excl. Legacy)	482	**466**	*(3.2)%*	*+1.3%*
Legacy	42	**21**	*(51.0)%*	*(48.5)%*
Connected Home	326	**356**	*+9.3%*	*+16.1%*

Technology revenues totaled €135 million, down 10.1% at constant currency compared to the fourth quarter of 2012, which was at record level. Licensing revenues amounted to €134 million in the quarter, driven by continuing robustness across the different licensing programs. The Group made also significant progress in its smartphone program during the quarter, which led to the signing of a smartphone licensing agreement with LG in February 2014.

Entertainment Services revenues excluding legacy activities were up 1.3% at constant rate driven by material growth in Digital Creative Services and reflecting broadly stable DVD Services revenues.

- ***Digital Creative Services*** revenues were up year-on-year, driven by strong double-digit growth in Visual Effects and a slight revenue increase in Postproduction activities.

  VFX had a very strong quarter driven by strength in VFX for both feature films and commercials and the positive contribution from its new facilities (Montreal for films, Mexico and Amsterdam for commercials).

  Postproduction activities recorded a slight year-on-year revenue increase, supported by a strong activity level in Theatrical in the US, while the Broadcast segment remained stable overall, despite weaker activity in selected markets.

  The strong performance in VFX and Postproduction was mitigated by a revenue decrease in Digital Cinema revenues, reflecting increased competitive pressure in the US with the arrival of DCDC.

  During the fourth quarter of 2013, Digital Production continued work on *Maleficent* (Disney), *Guardians of the Galaxy* (Marvel/Disney) and *Godzilla* (Warner). Digital Postproduction teams completed work on *The Nut Job*, *La Belle et la Bête* (Pathé) and *The Lego Movie* (Warner Bros.) in Theatrical.

- ***DVD Services*** revenue recorded a low single digit decrease, despite the 6.6% decline in combined Standard Definition DVD and Blu-ray™ volumes compared to the fourth quarter of 2012. The decline was primarily attributable to a weaker title release slate for selected customers in comparison to the prior year. This decline was partially offset by ongoing growth in Blu-ray™, which increased 17% in the quarter supported in part by production for the new Blu-ray™ based Xbox One gaming console launched in November. Overall volumes recorded a decrease in North America following several quarters of growth while they were broadly stable in Europe. Major titles produced in the fourth quarter of 2013 included *Despicable Me 2* (Universal), *We are the Millers* (Warner Bros.), *Bad Grandpa* (Universal) and *Jungle Book* (Disney).

Volume Data for DVD Services

		Fourth Quarter			Full Year		
In million units		**2012**	**2013**	*Change*	**2012**	**2013**	*Change*
Total Combined Volumes		486.8	**454.7**	*(6.6)%*	1,454.0	**1,475.1**	*+1.5%*
By Format	SD-DVD	414.5	**369.8**	*(10.8)%*	1,272.2	**1,221.9**	*(4.0)%*
	Blu-ray™	72.3	**84.9**	*+17.4%*	181.8	**253.2**	*+39.3%*
By Segment	Studio / Video	437.2	**396.3**	*(9.4)%*	1,341.5	**1,349.0**	*+0.6%*
	Games	40.1	**47.3**	*+18.1%*	87.5	**94.7**	*+8.2%*
	Software & Kiosk	9.5	**11.1**	*+17.6%*	25.0	**31.4**	*+25.6%*

Connected Home revenues were €356 million, up 16.1% at constant currency compared to the fourth quarter of 2012, marking the seventh consecutive quarter of double-digit year-on-year expansion. This performance resulted from sustained customer demand across developed markets, particularly in the US and in certain European countries, while emerging territories experienced softening product deliveries after several quarters of very strong growth, especially in Brazil and India.

- In **North America**, revenues increased by more than 70%, mainly driven by volume growth across all product categories. Demand for Cable broadband gateways was particularly strong, benefiting from the ramp-up of products introduced at the end of 2012 and new product launches during the second half of 2013. Overall product mix was lower year-on-year, reflecting weaker shipments of High-Definition PVRs in Satellite, partly offset by stronger contribution of higher-end Cable devices in the sales mix.
- In **Latin America**, revenues increased driven by a significant product mix improvement. Connected Home product volumes recorded a material double-digit decline in the quarter, reflecting stricter inventory management at certain large customers across the region in connection with softer macro conditions, which led to weaker deliveries of product categories such as Satellite and Cable set top boxes, notably in Brazil. Overall product mix improved however strongly year-over-year, driven by the ramp-up of recently-introduced new HD products.

- In **Europe, Middle East and Africa**, revenues grew double-digits, due to healthy volume growth in all product categories and despite a less favorable mix. Volume growth was driven in particular by greater shipments of Cable modems & routers as part of a customer deployment. Overall product mix was lower year-on-year, mainly reflecting a less favorable customer mix in Satellite.
- In **Asia-Pacific**, revenues fell significantly as Connected Home product volume declined due to lower deliveries of SD set-top boxes in India, reflecting a progressive implementation of HD products in the market. The overall product mix was also lower year-over-year.

Connected Home Product Volumes

		Fourth Quarter			Full Year		
In million units		**2012**	**2013**	*Change*	**2012**	**2013**	*Change*
Total Combined Volumes*		7.8	**8.3**	*+6.0%*	30.1	**32.5**	*+8.2%*
By Region	North America	1.1	**2.3**	*+100.4%*	6.8	**6.5**	*(4.4)%*
	Latin America	3.8	**2.8**	*(25.3)%*	13.7	**13.9**	*+1.4%*
	Europe, Middle-East and Africa	1.3	**1.7**	*+37.8%*	5.4	**6.3**	*+17.4%*
	Asia-Pacific	1.6	**1.4**	*(11.2)%*	4.2	**5.9**	*+38.2%*

** Including tablets and other connected devices.*

An analyst conference call hosted by Frederic Rose, CEO, and Stéphane Rougeot, CFO and SEVP Strategy, will be held on Thursday, February 20, 2014 at 3:00 pm CET.

Financial Calendar

Q1 2014 Revenues	25 April 2014
AGM 2014	22 May 2014
H1 2014 Results	25 July 2014
Q3 2014	22 October 2014

***

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, 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

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

Contacts

Press: +33 1 41 86 53 93

technicolorpressoffice@technicolor.com

Investor relations: +33 1 41 86 55 95

investor.relations@technicolor.com

technicolor

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(in € million)	Year ended December 31,	
	2013	2012
Continuing operations		
Revenues	3,450	3,580
Cost of sales [(*)]	(2,627)	(2,750)
Gross margin	**823**	**830**
Selling and administrative expenses	(341)	(397)
Research and development expenses	(143)	(132)
Restructuring costs	(68)	(29)
Net impairment losses on non-current operating assets	(31)	(10)
Other income (expense)	(16)	2
Profit (loss) from continuing operations before tax and net finance income (expense)	**224**	**264**
Interest income	5	4
Interest expense	(117)	(149)
Other financial income (expense)	(176)	(52)
Net finance income (expense)	**(288)**	**(197)**
Share of loss from associates	(6)	(5)
Income tax	(41)	(49)
Profit (loss) from continuing operations	**(111)**	**13**
Discontinued operations		
Net gain (loss) from discontinued operations	19	(35)
Net income (loss)	**(92)**	**(22)**
Attributable to:		
- Equity holders	(87)	(20)
- Non-controlling interests	(5)	(2)

(in euro, except number of shares)	Year ended December 31,	
	2013	2012
Weighted average number of shares outstanding (basic net of treasury shares held)	335,094,417	275,885,374
Earnings (loss) per share from continuing operations		
- basic	(0.32)	0.05
- diluted	(0.32)	0.05
Earnings (loss) per share from discontinued operations		
- basic	0.06	(0.12)
- diluted	0.06	(0.12)
Total earnings (loss) per share		
- basic	(0.26)	(0.07)
- diluted	(0.26)	(0.07)

(*) In 2013, €9 million of selling and marketing expenses have been classified into cost of sales as it better reflects the direct cost nature of these expenses. Had such comparable 2012 expenses been classified the same way, selling and administrative expenses would have amounted to €389 million instead of €397 million and cost of sales to €2,758 million instead of €2,750 million.

technicolor

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in € million)	December 31, 2013	December 31, 2012
Non-current assets		
Property, plant and equipment	293	350
Goodwill	450	478
Other intangible assets	375	433
Investments in associates and joint ventures	13	18
Investments and available-for-sale financial assets	6	7
Contract advances and up-front prepaid discount	54	42
Deferred tax assets	364	388
Income tax receivable	19	20
Other non-current assets	35	66
Cash collateral and security deposits	15	15
Total non-current assets	**1,624**	**1,817**
Current assets		
Inventories	104	112
Trade accounts and notes receivable	545	526
Income tax receivable	16	12
Other current assets	341	340
Cash collateral and security deposits	25	29
Cash and cash equivalents	307	397
Assets classified as held for sale	-	4
Total current assets	**1,338**	**1,420**
Total assets	**2,962**	**3,237**

technicolor

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in € million)	**December 31, 2013**	**December 31, 2012**
EQUITY AND LIABILITIES		
Shareholders' equity		
Common stock *(335,709,392 shares at December 31, 2013 with nominal value of €1 per share)*	335	335
Treasury shares	(156)	(156)
Additional paid-in capital	940	940
Subordinated perpetual notes	500	500
Other reserves	15	-
Retained earnings (accumulated deficit)	(1,228)	(1,142)
Cumulative translation adjustment	(287)	(240)
Shareholders' equity	**119**	**237**
Non-controlling interests	-	4
Total equity	**119**	**241**
Non-current liabilities		
Borrowings	936	1,019
Retirement benefits obligations	322	353
Restructuring provisions	-	1
Other provisions	82	76
Deferred tax liabilities	130	158
Other non-current liabilities	136	96
Total non-current liabilities	**1,606**	**1,703**
Current liabilities		
Borrowings	86	96
Retirement benefits obligations	34	35
Restructuring provisions	59	45
Other provisions	51	78
Trade accounts and notes payable	450	445
Accrued employee expenses	135	164
Income tax payable	10	13
Other current liabilities	412	414
Liabilities classified as held for sale	-	3
Total current liabilities	**1,237**	**1,293**
Total liabilities	**2,843**	**2,996**
Total equity and liabilities	**2,962**	**3,237**

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in € million)	Year ended December 31	
	2013	2012
Net income (loss)	**(92)**	**(22)**
Income (loss) from discontinued operations	**19**	**(35)**
Profit (loss) from continuing operations	**(111)**	**13**
Summary adjustments to reconcile profit from continuing operations to cash generated from continuing operations		
Depreciation and amortization	197	219
Impairment of assets [(1)]	34	16
Net changes in provisions	18	(75)
Gain on asset disposals	(1)	-
Interest (income) and expense	112	145
Other non-cash items (including tax)	195	77
Changes in working capital and other assets and liabilities	(5)	26
Cash generated from continuing operations	**439**	**421**
Interest paid	(84)	(117)
Interest received	4	4
Income tax paid	(53)	(49)
Net operating cash generated from continuing activities	**306**	**259**
Net operating cash used in discontinued operations	(39)	(6)
Net cash from operating activities (I)	**267**	**253**
Acquisition of subsidiaries, associates and investments, net of cash acquired	(8)	(10)
Proceeds from sale of investments, net of cash	6	17
Purchases of property, plant and equipment (PPE)	(64)	(80)
Proceeds from sale of PPE and intangible assets	1	2
Purchases of intangible assets including capitalization of development costs	(51)	(69)
Cash collateral and security deposits granted to third parties	(2)	(4)
Cash collateral and security deposits reimbursed by third parties	7	8
Loans (granted to) / reimbursed by third parties	-	(1)
Net investing cash used in continuing activities	**(111)**	**(137)**
Net investing cash used in discontinued operations	27	(5)
Net cash used in investing activities (II)	**(84)**	**(142)**
Increase in capital (net of fees paid)	-	179
Changes in ownership interests with no gain / loss of control, net of transaction fees	2	-
Proceeds from borrowings	843	2
Repayments of borrowings	(965)	(255)
Fees paid linked to the debt and capital restructuring	(131)	(1)
Other	3	2
Net financing cash generated used in continuing activities	**(248)**	**(73)**
Net financing cash used in discontinued operations	-	-
Net cash used in financing activities (III)	**(248)**	**(73)**
Net increase in cash and cash equivalents (I+II+III)	**(65)**	**38**
Cash and cash equivalents at beginning of year	**397**	**370**
Exchange gains/(losses) on cash and cash equivalents	(25)	(11)
Cash and cash equivalents at end of year	**307**	**397**

(1) Including €3 million and €6 million of impairment of assets as part of restructuring plans in 2013 and 2012, respectively.

technicolor

Summary of consolidated results as reported (unaudited)

The figures below have not been restated for 2012 and include contributions of the Broadcast Services and the SmartVision (television-over-IP) businesses, sold in 2012, and the Cirpack softswicth operations (voice-over-IP), sold in 2013. The contributions of these activities to full year 2012 reported consolidated results are as follows: €91 million on revenues, €14 million on Adjusted EBITDA and Adjusted EBIT, and €1 million on EBIT due to write-offs related to the sold activities. The perimeter impact is not material on full year 2013.

	Second Half			Full Year		
In € million	**2012**	**2013**	*Change*	**2012**	**2013**	*Change*
Group revenues from continuing operations	1,933	**1,861**	*(3.8)%*	3,580	**3,450**	*(3.6)%*
Change at constant currency (%)		*+1.2%*			*(0.2)%*	
Technology	279	**258**	*(7.4)%*	515	**485**	*(5.9)%*
Entertainment Services	973	**885**	*(9.0)%*	1,730	**1,618**	*(6.5)%*
Connected Home	671	**717**	*+6.8%*	1,244	**1,346**	*+8.3%*
Adjusted EBITDA from continuing operations	314	**330**	*+5.1%*	512	**537**	*+4.9%*
As a % of revenues	*16.2%*	*17.7%*	*+1.5pt*	*14.3%*	*15.6%*	*+1.3pt*
Technology	222	**191**	*(14.0)%*	400	**355**	*(11.4)%*
Entertainment Services	132	**146**	*+10.0%*	199	**230**	*+15.4%*
Connected Home	12	**39**	*+219.4%*	1	**41**	-
Adjusted EBIT from continuing operations	207	**227**	*+9.7%*	301	**338**	*+12.6%*
As a % of revenues	*10.7%*	*12.2%*	*+1.5pt*	*8.4%*	*9.8%*	*+1.4pt*
Technology	225	**187**	*(16.8)%*	400	**346**	*(13.7)%*
Entertainment Services	39	**74**	*+92.9%*	26	**89**	*+238.2%*
Connected Home	(2)	**16**	-	(34)	**(2)**	*(94.3)%*
EBIT from continuing operations	149	**137**	*(8.5)%*	264	**224**	*(15.2)%*
As a % of revenues	*7.7%*	***7.3%***	*(0.4)pt*	*7.4%*	*6.5%*	*(0.9)pt*
Financial result	*(81)*	***(215)***		(197)	**(288)**	
Share of profit/(loss) from associates	*(1)*	***(1)***		(5)	**(6)**	
Income tax	*(28)*	***(21)***		(49)	**(41)**	
Profit/(loss) from continuing operations	*39*	***(101)***		13	**(111)**	
Profit (loss) from discontinued operations	*(35)*	***4***		(35)	**19**	
Net income	*4*	***(98)***		(22)	**(92)**	
Group Free cash flow	*104*	***129***	*+24.1%*	106	**153**	*+44.7%*
Net financial debt at nominal value (non-IFRS)				839	**784**	*(55)*
Net financial debt IFRS				*718*	*715*	*(3)*

technicolor

Reconciliation of adjusted indicators as reported

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 compared with 2012, a set of adjusted indicators which exclude the following items as per the statement of operations of our consolidated financial statements:

- Restructuring charges;
- 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 the Group EBIT from continuing operations of €(115) million for the full year of 2013 (€(36) million for the full year of 2012).

	Second Half			Full Year		
In € million	**2012**	**2013**	*Change*	**2012**	**2013**	*Change*
EBIT from continuing operations	149	**137**	*(13)*	264	**224**	*(40)*
Restructuring charges, net	(21)	**(49)**	*(27)*	(29)	**(68)**	*(39)*
Net impairment losses on non-current operating assets	(5)	**(29)**	*(25)*	(10)	**(31)**	*(21)*
Other income / (expense)	(32)	**(13)**	*+20*	2	**(16)**	*(18)*
Adjusted EBIT from continuing operations	207	**227**	*+20*	301	**338**	*+38*
As a % of revenues	*10.7%*	*12.2%*	*+1.5pt*	*8.4%*	*9.8%*	*+1.4pt*
Depreciation and amortization (D&A)*	107	**103**	*(4)*	211	**199**	*(13)*
Adjusted EBITDA from continuing operations	314	**330**	*+16*	512	**537**	*+25*
As a % of revenues	*16.2%*	*17.7%*	*+1.5pt*	*14.3%*	*15.6%*	*+1.3pt*

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