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PRESS RELEASE

Technicolor: First Quarter 2021 Results

Positive start to the year in a challenging environment

Technicolor on track to deliver 2021 and 2022 guidance

First quarter 2021 marks net profitability improvement vs. first quarter 2020

Paris (France), May 11, 2021 – Technicolor (Euronext Paris: TCH; OTCQX: TCLRY) is today announcing its results for the first quarter 2021.

Richard Moat, Chief Executive Officer of Technicolor, stated:

"Technicolor's first quarter 2021 results demonstrate continued progress with the Group's turnaround strategy, and our business divisions are benefiting from strong and growing demand. Live action production is ramping up, and more than 90% of our 2021 visual effects and animation pipeline is already secured, in collaboration with Hollywood's most prestigious studios. The demand for state-of-the-art broadband gateways is four times what it was 12 months ago, driving the continuing improvement in performance of our Connected Home division. Our transformation has delivered improved financial results, whilst making the Group more resilient and innovative in the face of the pandemic. The Group is maintaining its guidance towards strong figures for the rest of the 2021 financial year, and is confirming its previously issued 2022 guidance."

Technicolor delivered a positive first quarter 2021 despite the continuing impact of the pandemic, with results in line with expectations:

- **Revenues totalled €711 million, a 3.7% decrease year-on-year at current exchange rate but a 3.6% increase at constant exchange rate;**
- **Adjusted EBITDA of €43 million up 71.7% at constant rate reflects operational and financial improvements across all activities;**
- **Adjusted EBITA of €(1) million represents a €33 million year-on-year improvement at constant rate;**
- **Free cash flow (before financial results and tax) from continuing operations of €(196) million represents a €118 million year-on-year improvement at current rate.**

Technicolor activities are benefiting from a strong and growing demand driven by the urge to equip homes with strong broadband access, the need for original content from studios and streamers, and appetite for catalog DVDs. The main challenges in 2021 are the capacity to deliver given component and recruitment constraints.

- **Production Services were awarded several new projects, securing approximately 90% of their expected 2021 revenue pipeline for Film & Episodic Visual Effects and Animation & Games. Moreover, operating efficiencies have continued to be harvested, leading to a strong performance in Adjusted EBITDA and Adjusted EBITA.**
- **Connected Home revenues were up 18% at constant rate year-on-year with increased demand from the North American cable division and stronger than anticipated demand in Eurasia. The current key components scarcity is, however, slowing revenue growth, and reducing profitability in the first quarter. The impact is expected to grow in the**

second and third quarters before plateauing in the fourth quarter. Nevertheless, as a result of efficiency measures being implemented, full year targets are confirmed.

- **DVD Services revenues were down less than expected at (8)% at constant rate, sustained by strong catalog demand and growth in non-disc related supply chain activity.**

The Group is well on track to achieve the c. €115 million cost savings planned for calendar year 2021, with €20 million cost savings realized in the first quarter, en route to delivering a cumulative €325 million by the end of 2022.

Based on business activity for the first 3 months, the Group is confident of achieving the outlook presented in its FY 2020 press release issued on March 11, 2021.

First quarter 2021 results and forward outlook – key highlights:

	First Quarter			
In € million	**2020**	**2021**	At current rate	At constant rate
Revenues from continuing operations	739	**711**	(3.7)%	+3.6%
Adjusted EBITDA from continuing operations	27	**43**	+58.4%	+71.7%
As a % of revenues	3.6%	**6.0%**		
Adjusted EBITA from continuing operations	(34)	**(1)**	+96.4%	+97.8%
Free Cash Flow from continuing operations before Tax & Financial	(314)	**(196)**	+37.6%	+32.1%

First quarter 2021 key indicators for continuing operations

- Revenues of €711 million were up 3.6% at constant rate reflecting, as expected, a decrease in Production Services of (15)%, primarily driven by lower revenue in Film & Episodic Visual Effects, and in DVD Services of (8)%, mainly due to lower volumes. However, there was an extremely strong performance in Connected Home, particularly in North America and Eurasia, where revenue growth (+34% and +29% respectively) was driven by increased underlying demand, mitigating a lower performance from Latin America.
- In the first quarter 2021, the Group realized €20 million of cost savings.
- Adjusted EBITDA of €43 million was up 72% at constant rate. This reflects operational and financial improvements across all activities, particularly in Connected Home, and lower business volumes in Film & Episodic Visual Effects compared to first quarter 2020, a quarter not yet affected by Covid-19.
- Adjusted EBITA of €(1) million represents a €33 million year-on-year improvement at current rate, as a result of the EBITDA increase and the positive impact of efficiency measures, in particular lower D&A, following lower render spend for Production Services and lower IP depreciation for DVD Services.
- Restructuring costs amounted to €(14) million at current rate, including €(11) million in DVD Services for the costs of optimization of sites.

- The change in working capital of €(191) million reflects mainly the end of the payment terms normalization and also the seasonality trend at Connected Home. With a cash-out impact of €(120) million in the first quarter 2021, Connected Home has finished its cycle of payment terms reductions, and will, starting in the second quarter 2021, benefit from a normalized and de-risked working capital contribution. It should also be noted that Production Services has started to benefit again from down payments, the mark of the return of studios to large orders.
- Free cash flow[1] (before financial results and tax) from continuing operations of €(196) million represents a €118 million year-on-year improvement at current rate, driven by a significant improvement in Connected Home operational performance, working capital improvement in Production Services and DVD Services, and the ongoing implementation of our cost transformation program.
- Net debt at nominal value amounts to €1,156 million, and IFRS net debt amounts to €1,074 million. The difference mainly relates to the mark-to-market debt valuation on issuance, and will be reversed through non-cash interest charges over the life of the debt.

Outlook

- Demand for Technicolor, in particular Connected Home broadband boxes and Production Services' VFX technology, is expected to continue to grow significantly throughout the remainder of the year and into 2022.

- Connected Home will be impacted by key component delivery and pricing issues, particularly in the second and third quarters. Labor constraints will also affect Production Services and DVD Services. Nonetheless, efficiency measures and improvements in delivery should combine to boost performance throughout the year.

- After achieving €171 million of cost savings in 2020, the Group will continue to improve efficiency and productivity throughout the period, and continues to target a total of €325 million in run-rate cost savings by end 2022, with €115 million coming in 2021.

- Technicolor will continue to significantly improve its Adjusted EBITDA, Adjusted EBITA and FCF in 2021 and 2022 and, following the recent change in perimeter (sale of Post Production) and the change in forex assumptions, 2021 guidance and updated 2022 guidance are as follows:

    - In 2021:
        - Revenues from continuing operations broadly stable versus 2020;
        - Adjusted EBITDA of around €270 million;
        - Adjusted EBITA of around €60 million;
        - Continuing FCF before financial results and tax at around breakeven;
        - Net debt to Adjusted EBITDA covenant ratio below 4x level at year end.

    - In 2022:
        - Adjusted EBITDA of €385 million;
        - Adjusted EBITA of €180 million;
        - Continuing FCF before financial results and tax at around €230 million.

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[1] *Free cash flow defined as: Adj. EBITDA – (net capex + restructuring cash expenses + change in pension reserves + change in working capital and other assets & liabilities + cash impact of other non-current result).*

Continuing Operations – post IFRS 16

€ million, FYE Dec post IFRS-16	2020	2021e	2022e
Adjusted EBITDA from continuing operations	**167**	**270**	**385**
Adjusted EBITA from continuing operations	**(56)**	**60**	**180**
Continuing FCF before financial results and tax	**(124)**	**c.0**	**230**

- The 2021 and 2022 objectives are calculated assuming constant exchange rates.

- In 2022, the cumulated impact of foreign exchange fluctuations and change in Group perimeter as a result of the sale of Post Production are €(40) million on Adjusted EBITDA and €(23) million on Adjusted EBITA.

- As of end of the first quarter 2021, IFRS16 impacts Technicolor's KPIs as follows:
    - Adjusted EBITDA improved by €14 million and decreased by €4 million vs. the impact in first quarter 2020;
    - Adjusted EBITA improved by €4 million and increased by €1 million vs. the impact in first quarter 2020;
    - FCF before financial results and tax improved by €18 million and decreased by €(1) million vs. the impact in first quarter 2020;
    - Capital leases (principal repayment and interest) cash out totalled c. €4 million and decreased by €3 million vs. the impact in first quarter 2020.

Perimeter Change

- Technicolor announced on April 30, 2021 the closing of the disposal of its Post Production business (part of Production Services) for €30 million. The sale of Post Production simplifies Production Services' portfolio of activities, and allows management to increasingly focus on Production Services' remaining core CGI activities.

Combined general meeting to be held on May 12, 2021

- Technicolor SA' shareholders general meeting will be held behind closed door on May 12, 2021 at 3 pm CET.

- The Meeting will be broadcasted live and the webcast will also be available afterwards on the Company's website.

- On May 10, 2021, the Company was informed by Mr. Luigi Rizzo that, due to his acceptance of a new position, he is no longer able to accept the functions of member of the Board of Directors of the Company and consequently withdraws his application to the position of Director as it appears on the agenda of the General Meeting.
  As the draft resolution n° 8 ("Appointment of Mr. Luigi Rizzo as Director") has become devoid of purpose, votes on this draft resolution, cast prior to the General Meeting in accordance with the provisions of Ordinance n° 2020-321 of March 25, 2020 as amended, will not be taken into account.

Segment Review – First Quarter 2021 Results Highlights

Production Services In € million	First Quarter 2020	First Quarter 2021	Change YoY Reported	Change YoY At constant rate
Revenues	**176**	**140**	*(20.8)%*	*(16.6)%*
Adj. EBITDA	**11**	**14**	*+23.0%*	*+29.5%*
As a % of revenues	+6.2%	+9.7%		
Adj. EBITA	**(15)**	**(2)**	*+85.8%*	*+85.1%*
As a % of revenues	(8.4)%	(1.5)%		

- **Production Services revenues** amounted to €140 million in the first quarter of 2021, down (16.6)% at constant rate and (20.8)% at current rate year-on-year, due to slower than anticipated ramp-up of projects following pandemic-related impacts on production around the world. The revenue decline was partially mitigated by significant revenue growth at MPC Episodic, where sales more than doubled in absolute value.

- **Adjusted EBITDA** amounted to €14 million, up €3 million year-on-year at constant rate, and Adjusted EBITA was €(2) million, up €13 million year-on-year as a result of lower cloud rendering costs. Advertising Adjusted EBITDA and Adjusted EBITA, despite a sharp drop in its revenues linked to the pandemic, increased compared to 2020, showing the positive impact of its transformation activities on margin.

  Production Services has been awarded numerous new projects, securing approximately 90% of its expected 2021 sales pipeline for Film & Episodic Visual Effects and Animation & Games.

- **Key appointments in the first quarter**
  - Josh Mandel appointed CEO of The Mill.
  - Andrea Miloro hired as President of Mikros Animation. Her appointment reinforces Technicolor's commitment to expand the company's global feature and episodic animation services under the Mikros Animation brand.

- **Other business updates**
  - The sale of Post Production closed at the end of April.

- **Successful transformation**

Christian Roberton, as President of the Production Services Business Division, has continued to implement management changes to drive the transformation of Production Services into an efficient creative production platform. He is maintaining a relentless focus on improving profitability and streamlining operations, and the following actions have been launched in the first quarter:

  - Continued harmonization of technology infrastructure and R&D efforts to eliminate inefficiencies from previously siloed operations;
  - Substantial progress made on the "One India" strategic alignment that will continue throughout 2021;
  - Further development of data-driven sales strategies and resource optimization tools.

- **Business Highlights**
    - <u>Film & Episodic Visual Effects</u>: revenues were significantly lower year-on-year, mainly due to slower ramp-up of projects following the continued impact of the pandemic on live-action film shoots.
        - VFX teams worked on over 12 theatrical films from the major studios, including *Cruella* (Disney), *The Lion King* prequel (Disney), *The Little Mermaid* (Disney), *Mortal Kombat* (Warner Bros./New Line), and *Nightmare Alley* (Searchlight Pictures).
        - And over 25 Episodic and/or Streaming projects, including *Chip 'n Dale: Rescue Rangers* (Disney+), *The Nevers* (HBO), *Pennyworth* (Warner Bros. Television/Epix), *Pinocchio* (Disney+), *WandaVision* (Marvel/Disney+), and *The Wheel of Time* (Amazon).
        - During the quarter, MPC Film received Oscar® and BAFTA nominations for their work on Disney's *The One and Only Ivan*; and Mr. X received its first Oscar® nomination for Paramount's *Love and Monsters*.

    - <u>Advertising</u>: revenues were lower compared to the prior year due to the impact of Covid-19 on client spend and live-action production shoots.
        - During the quarter, Technicolor's Advertising businesses delivered over 1,000 commercials including approximately 20 Super Bowl spots, while winning three VES Awards and six British Arrows.
        - Notable projects included Audi *'Future Is an Attitude'*, Dell *'Youniverse'*, Electronic Arts Apex Legends *'Stories from the Outlands – Fight Night'*, Mercedes S-Class Alicia Keys *'Pieces'*, and Samsung *'Awesome Is for Everyone 2'*.

    - <u>Animation & Games</u>: revenues were stable versus prior year.
        - During the quarter, Mikros Animation was in production on multiple films, including Spin Master's *PAW Patrol: The Movie* and Paramount's *The Tiger's Apprentice*, and was verbally awarded two additional feature projects.
        - On the episodic side, Technicolor continues to work on several series, including *ALVINNN!!! and the Chipmunks* (M6), *Chicken Squad* (Wild Canary/Disney), *Fast & Furious: Spy Racers* (DreamWorks Animation/Netflix), *Kamp Koral: SpongeBob's Under Years* (Nickelodeon/Paramount+), and *Mira, Royal Detective* (Wild Canary/Disney).

    - <u>Post Production</u>: lower revenues compared to the prior year, driven primarily by the pandemic's impact on productions.

- **Covid-19 situation update**
    - There continue to be production stoppages/delays as the latest waves of the pandemic temporarily restrict production activity or limit international travel for talent and crew. Nevertheless, as vaccinations continue to roll out globally, the industry remains optimistic about a steady return to normalcy during the back half of 2021.

    - Recent Covid-19 surges in India, Toronto and Montreal have required Production Services to shift back to work-from-home for almost all staff during the second quarter to maintain operating capacity. The Group continues to take steps to provide assistance to staff in India affected by the pandemic.

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Connected Home In € million	First Quarter 2020	First Quarter 2021	Change YoY Reported	Change YoY At constant rate
Revenues	**393**	**428**	*+8.7%*	*+18.3%*
Adj. EBITDA	**16**	**28**	*+72.7%*	*+90.5%*
As a % of revenues	+4.1%	+6.4%		
Adj. EBITA	**(1)**	**10**	*ns*	*ns*
As a % of revenues	(0.2)%	+2.4%		

- **Connected Home revenues** totaled €428 million in the first quarter 2021, up 18.3% year-on-year at constant rate and +8.7% at current rate. The division continued to experience supply challenges due to Covid. Demand was strong in North America and in Eurasia, but Latin America showed some slowdown. The division is maintaining its market leadership in the Broadband segment and in the Android-based video segment.

  Although demand will remain strong throughout 2021, the Covid pandemic has created distortions in the industry with disruption to global logistics. Shortages in semiconductors, which started in the second half of 2020 and are affecting many industries, will continue to impact the remainder of 2021:

    - Difficulties with component supply, due to high overall demand, is increasing the price of some component costs;
    - Component shortages could delay sales during the coming months.

  In consequence, Connected Home will continue to work with its partners and customers to minimize supply disruptions. Technicolor has engaged in commercial discussions in order to pass surcharges through to customers.

  Adoption of DOCSIS 3.1 and Fiber gateways is expected to continue through 2021. Technicolor Connected Home is already working with multiple major Tier 1 operators in North America, Europe and Latin America to meet current deployment demands. We anticipate the next wave of the expanding market for DOCSIS 3.1 and Fiber as operators make the transition to next generation Wi-Fi technologies and higher speeds like 10G. In the video STB segment, as stated in March this year, Technicolor Connected Home announced its latest milestone achievement in the deployment of over 10 million Android TV set-top boxes (STBs) since the beginning of the initiative in 2016.

- **Adjusted EBITDA** amounted to €28 million in the first quarter 2021, or 6.4% of revenue, up €14 million at constant rate driven by the increased demand from the North American cable division, and OPEX improvement initiatives implemented in 2020. Adjusted EBITA of €10 million increased by €12 million compared to the prior year at constant rate. This positive evolution in profitability is the result of the significant transformation plan launched 3 years ago**.**

- **Business highlights**
    - **Americas**
        - *North America:* revenues remained strong, driven by increased demand from cable customers for upgrades to higher power broadband to support pandemic related remote work and education activities.
        - *Latin America:* the difficult macroeconomic situation in the region continued to drive demand down, particularly in Brazil and Mexico.
    - **Eurasia**
        - *Europe, Middle East & Africa*: significant increase of revenues due to strong demand in Europe both for Broadband and Video products, and expansion of new gateway and set top box technologies to a larger customer base.

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- *Asia Pacific:* exceeded prior year revenues due to a rebound in India in preparation for the transfer of manufacturing that will be effective in second quarter 2021. Demand remains strong in the Australian and Korean markets.

The division continues to focus on selective investments in key customers, platform-based products and partnerships that will lead to improved margins over the year.

- **Revenue Breakdown for Connected Home (at current rate)**

			First Quarter		
In € million			**2020**	**2021**	*% Change(*)*
Total revenues			393	**428**	*+18.3%*
By region	**Americas:**		276	**288**	*+13.7%*
		- *North America*	*212*	***264***	*+34.0%*
		- *Latin America*	*64*	***24***	*(53.4)%*
	Eurasia:		117	***139***	*+29.3%*
		- *Europe, Middle East and Africa*	*74*	***84***	*+24.5%*
		- *Asia-Pacific*	*43*	***55***	*+37.7%*
By product	**Video**		154	**141**	*(0.9)%*
	Broadband		239	**287**	*+30.8%*

(*) Change at constant rate

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DVD Services In € million	**First Quarter** 2020	2021	**Change YoY** Reported	At constant rate
Revenues	**160**	**139**	*(13.4)%*	*(7.7)%*
Adj. EBITDA	**1**	**4**	*ns*	*ns*
As a % of revenues	+0.6%	+3.1%		
Adj. EBITA	**(16)**	**(6)**	*+63.9%*	*+60.5%*
As a % of revenues	(10.0)%	(4.2)%		

- **DVD Services revenues** totalled €139 million in the first quarter 2021, down (7.7)% at constant rate and (13.4)% at current rate compared to 2020, driven predominately by a (10.7) % reduction in total replicated disc activity. This was partially mitigated by pricing improvements following the studio contracts renegotiations, and by growth in non-disc related supply chain activity. Covid-19 continued to have a negative impact in the first quarter, predominantly related to a significantly reduced level of new release activity as compared to the first quarter of 2020 (which was largely unimpacted by Covid).

- **Adjusted EBITDA** amounted to €4 million, or 3.1% of revenue, better than expectations given stronger than anticipated disc volumes, improved replication pricing, and the acceleration of cost saving actions, partially offset by labor cost pressures and various impacts from severe weather events experienced in the US in the first quarter. Lower depreciation & amortization and the positive impact of past contracts renewals helped to deliver an Adjusted EBITA of €(6) million compared to €(16) million in the first quarter 2020.

- **Business Highlights**
    - Standard Definition DVD volumes were up 1.4% in the first quarter 2021 driven by the ongoing aggressive push of back catalog product by the major studios and their retailer partners.
    - Blu-ray™ volumes were down (30.7)% in the first quarter year-on-year, due to the aforementioned lack of new release content, and without as much mitigating benefit from catalog promotions.
    - CD volumes were down (34.5)% year-on-year on a combination of expected structural declines and Covid-19 retail impacts.

DVD Services continued to progress on previously announced structural division-wide initiatives to adapt distribution and replication operations, and related customer contract agreements in response to continued volume reductions. Two significant North American facility closures were effected in the first quarter of 2021 as part of the ongoing transformation plan.

		First Quarter		
In million units		**2020**	**2021**	*% Change*
Total Combined Volumes		**174.1**	**155.5**	*(10.7)%*
By Format	SD-DVD	**109.8**	**111.3**	*+1.4%*
	Blu-ray™	**53.1**	**36.8**	*(30.7)%*
	CD	**11.3**	**7.4**	*(34.5)%*
By Segment	Studio/Video	**157.3**	**144.3**	*(8.3)%*
	Games	**3.0**	**2.1**	*(29.6)%*
	Music & Software	**13.8**	**9.1**	*(34.2)%*

- **Covid-19 situation update**
    - Theatrical new release activity remains suppressed, but showed an increasing trend over the course of Q1 2021 as theaters begin to reopen, and major new titles like *Godzilla vs. Kong* were well received by audiences in the U.S. and internationally.
    - While studios continue to experiment with various Premium Video-On Demand and Day-and-Date strategies, in almost all cases studios are still electing to have a DVD/BD release in the normal windowing sequence.
    - Most major retailers continue to remain open and are operating normally. With limited new release content, some retailers are continuing to allocate shelf space to catalog/library content promotions, which helped to support DVD replication volumes in Q1 2021.
    - Some U.S. production facilities continue to experience temporary staffing challenges / shortages, driven in-part by the ongoing availability of unemployment subsidies.
    - The ongoing Covid-19 impact will be dependent on the extent and duration of continuing restrictions (driven by the rate of vaccinations and prevalence of Covid within each

country / region). DVD Services has already accelerated certain aspects of its future restructuring plans in an effort to adapt to these impacts.

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Corporate & Other In € million	First Quarter 2020	First Quarter 2021	Change YoY Reported	Change YoY At constant rate
Revenues	**9**	**5**	*(40.3)%*	*(40.3)%*
Adj. EBITDA	**(1)**	**(3)**	*ns*	*ns*
As a % of revenues	(11.0)%	(48.7)%		
Adj. EBITA	**(2)**	**(4)**	*(72.0)%*	*(81.3)%*
As a % of revenues	(22.8)%	(65.6)%		

- **Corporate & Other** includes the Trademark Licensing business.

Corporate & Other recorded revenues of €5 million in the first quarter 2021, decreasing compared to last year. Adjusted EBITDA amounted to €(3) million and Adjusted EBITA was €(4) million.

##

- **Debt details**

As part of the financial restructuring transaction completed in 2020, debt maturities were extended and new financings executed, reinforcing the Group's liquidity.

In million currency	**Currency**	**Nominal Amount**	**IFRS Amount**	**Type of rate**	**Nominal rate [(1)]**	**Repayment Type**	**Final maturity**	**Moodys / S&P rating**
New Money Notes	EUR	350	362	Floating	12.00%[(2)]	Bullet	Jun. 30, 2024	Caa1/B
New Money Term Loans	USD	105	109	Floating	12.23%[(3)]	Bullet	Jun. 30, 2024	Caa1/B
Reinstated Term Loans	EUR	453	376	Floating	6.00%[(4)]	Bullet	Dec. 31, 2024	Ca/CCC
Reinstated Term Loans	USD	121	100	Floating	5.95%[(5)]	Bullet	Dec. 31, 2024	Ca/CCC
Subtotal	**EUR**	**1,029**	**947**		**8.67%**			
Lease Liabilities[(6)]	Various	166	166	Fixed	9.15%			
Accrued PIK Interest	EUR+USD	24	24	NA	0%			
Accrued Interest	Various	4	4	NA	0%			
Wells Fargo Line	USD	34	34	Floating	5.25%[(7)]	Revolving	Dec.31, 2023	
Other Debt	Various	1	1	NA	0%			
Total Gross Debt		**1,258**	**1,176**		**7.41%**			
Cash & Cash equivalents	Various	102	102					
Total Net Debt		**1,156**	**1,074**					

(1) Rates as of March 31, 2021.

(2) Cash interest of 6-month EURIBOR with a floor of 0% +6.00% and PIK interest of 6.00%.

(3) Cash interest of 6-month LIBOR with a floor of 0% +6.00% and PIK interest of 6.00%.

(4) Cash interest of 6-month EURIBOR with a floor of 0% + 3.00% and PIK interest of 3.00%.

(5) Cash interest of 6-month LIBOR with a floor of 0% + 2.75% and PIK interest of 3.00%

(6) Of which €12 million are capital leases and €154 million is operating lease debt under IFRS 16

(7) Wells Fargo base rate +2%

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Summary of consolidated results for the first quarter

	First Quarter		
In € million	**2020**	**2021**	**Change***
Revenues from continuing operations	**739**	**711**	**(3.7)%**
Change at constant currency (%)			+3.6%
<u>o/w</u> *Production Services*	176	140	(20.8)%
DVD Services	160	139	(13.4)%
Connected Home	393	428	+8.7%
Corporate & Other	9	5	(40.3)%
Adjusted EBITDA from continuing operations	**27**	**43**	**+58.4%**
Change at constant currency (%)			+71.7%
As a % of revenues	+3.6%	+6.0%	235bps
<u>o/w</u> *Production Services*	11	14	+23.0%
DVD Services	1	4	ns
Connected Home	16	28	+72.7%
Corporate & Other	(1)	(3)	ns
Adjusted EBITA from continuing operations	**(34)**	**(1)**	**+96.4%**
Change at constant currency (%)			+97.8%
As a % of revenues	(4.6)%	(0.2)%	441bps
Adjusted EBIT from continuing operations	**(45)**	**(10)**	**+76.6%**
Change at constant currency (%)			+75.9%
As a % of revenues	(6.1)%	(1.5)%	458bps
EBIT from continuing operations	**(61)**	**(26)**	**+57.7%**
Change at constant currency (%)			+55.3%
As a % of revenues	(8.3)%	(3.6)%	465bps
Financial result	(25)	(32)	-
Income tax	0	(1)	-
Share of profit/(loss) from associates	0	0	-
Profit/(loss) from continuing operations	**(86)**	**(59)**	**-**
Profit/(loss) from discontinued operations	(1)	(2)	-
Net income	**(87)**	**(61)**	**-**

(*) Change at current rate

- Restructuring costs accounted for €(14) million at current rate, including mainly €(11) million in DVD Services, largely resulting from optimization of sites.

- EBIT from continuing operations amounted to a loss of €(26) million in the first quarter 2021.

- The financial result totaled €(32) million in the first quarter 2021 compared to €(25) million in the first quarter 2020, reflecting:
  - Net interest costs of €(31) million, up from last year's €(17) million, primarily due to the higher interest rates on the new debt structure;
  - Other financial income improved to €(1) million in the first quarter 2021 compared to €(9) million in the prior year, which was mainly due to the financial fees on the bridge loan put in place in March 2020.

- Income tax amounted to €(1) million, compared to €0 million in the first quarter 2020.

- Group net income therefore amounted to a loss of €(61) million in the first quarter 2021, compared to the €(87) million loss in the first quarter 2020.

Reconciliation of adjusted indicators (unaudited)

In addition to published results, and with the aim of providing a more comparable view of the evolution of its operating performance in 2021 compared to 2020, Technicolor is presenting a set of adjusted indicators which exclude the following items as per the statement of operations of the Group's consolidated financial statements:

- Net restructuring costs;
- Net impairment charges;
- Other income and expenses (other non-current items).

These adjustments, the reconciliation of which is detailed in the following table, amounted to an impact on EBIT from continuing operations of €(16) million in 2021 compared to €(16) million in 2020 (including IFRS 16).

	First Quarter		
In € million	**2020**	**2021**	Change (*)
EBIT from continuing operations	**(61)**	**(26)**	**35**
Restructuring charges, net	(14)	(14)	(0)
Net impairment losses on non-current operating assets	(0)	(1)	(1)
Other income/(expense)	(3)	(0)	2
Adjusted EBIT from continuing operations	**(45)**	**(10)**	**34**
As a % of revenues	(6.1)%	(1.5)%	458bps
Depreciation and amortization ("D&A") (**)	70	53	(17)
IT capacity use for rendering in Production S.	2	0	(2)
Adjusted EBITDA from continuing operations	**27**	**43**	**16**
As a % of revenues	3.6%	6.0%	235bps

(*) Variation at current rates

(**) including reserves (Risk, litigation and warranty reserves)

Free Cash Flow Reconciliation and Summarized Financial Structure (unaudited)

Technicolor defines "Free Cash Flow" as net cash from operating activities (continuing and discontinued) plus proceeds from sales of property, plant and equipment ("PPE") and intangible assets, minus purchases of PPE and purchases of intangible assets including capitalization of development costs.

	3-month period (IFRS)	
In € million	March 31, 2021	March 31, 2020
Adjusted EBITDA from continuing operations	**43**	**27**
Changes in working capital and other assets and liabilities	(191)	(288)
IT capacity use for rendering in Production Services	-	(2)
Pension cash usage of the period	(7)	(7)
Restructuring provisions – cash usage of the period	(21)	(10)
Interest paid	(27)	(16)
Interest received	-	-
Income tax paid	(5)	(4)
Other items	3	(9)
Net operating cash generated from continuing activities	**(205)**	**(309)**
Purchases of property, plant and equipment (PPE)	(11)	(10)
Proceeds from sale of PPE and intangible assets	-	-
Purchases of intangible assets including capitalization of development costs	(12)	(18)
Net operating cash used in discontinued activities	(13)	(7)
Free cash-flow	**(240)**	**(345)**
Nominal gross debt (including Lease debt)	**1,258**	**1,676**
Cash position	**102**	**58**
Net financial debt at nominal value (non IFRS)	**1,156**	**1,618**
IFRS adjustment	(82)	(6)
Net financial debt (IFRS)	**1,074**	**1,612**

- The change in working capital & other assets and liabilities was negative by €(191) million in the first quarter 2021, mostly driven by unfavorable changes in supplier payment terms and seasonality trend at Connected Home.
- Cash outflow for restructuring totaled €21 million in the first quarter 2021, up by €11 million year-on-year at current rate, mainly resulting from accelerated implementation of cost savings.
- Capital expenditures amounted to €23 million, down by €6 million year-on-year at current rate, maintaining a strict control of investment expense.
- Cash position end of March 2021 was €102 million, compared to €58 million at the end of March 2020.

An analyst audio webcast hosted by Richard Moat, CEO and Laurent Carozzi, CFO will be held today, May 11, 2021 at 7:30pm CET.

Financial calendar

Annual General Meeting	May 12, 2021
First Half results	July 29, 2021

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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:

www.technicolor.com

Technicolor shares are admitted to trading on the regulated market of Euronext Paris (TCH) and are tradable in the form of American Depositary Receipts (ADR) in the United States on the OTCQX market (TCLRY).

Investor Relations

Christophe le Mignan: +33 1 88 24 32 83

Christophe.lemignan@technicolor.com

Media

Stephanie Varlotta

Stephanie.varlotta@technicolor.com

Nathalie Feld : +33 1 53 70 94 23

nfeld@image7.fr

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CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

(€ in million)	3 months ended March 31, 2021	3 months ended March 31, 2020
CONTINUING OPERATIONS		
Revenues	711	739
Cost of sales	(637)	(678)
Gross margin	**74**	**61**
Selling and administrative expenses	(62)	(80)
Research and development expenses	(23)	(26)
Restructuring costs	(14)	(14)
Net impairment gains (losses) on non-current operating assets	(1)	(1)
Other income (expense)	-	(1)
Earnings before Interest & Tax (EBIT) from continuing operations	**(26)**	**(61)**
Interest income	-	-
Interest expense	(31)	(17)
Other financial income (expense)	(1)	(8)
Net financial income (expense)	**(32)**	**(25)**
Share of gain (loss) from associates	0	-
Income tax	(1)	-
Profit (loss) from continuing operations	**(59)**	**(86)**
DISCONTINUED OPERATIONS		
Net gain (loss) from discontinued operations	(2)	(1)
Net income (loss)	**(61)**	**(87)**
Attribuable to:		
- Equity holders	*(61)*	*(87)*
- Non-controlling interest	*0*	*0*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

(€ in million)	March 31, 2021	December 31, 2020
ASSETS		
Goodwill	750	716
Intangible assets	543	535
Property, plant and equipment	143	140
Right-of-use assets	136	148
Other operating non-current assets	31	27
TOTAL OPERATING NON-CURRENT ASSETS	**1,603**	**1,566**
Non-consolidated investments	14	14
Other non-current financial assets	44	47
TOTAL FINANCIAL NON-CURRENT ASSETS	**58**	**61**
Investments in associates and joint-ventures	1	1
Deferred tax assets	49	45
TOTAL NON-CURRENT ASSETS	**1,711**	**1,674**
Inventories	200	195
Trade accounts and notes receivable	480	425
Contract assets	74	63
Other operating current assets	216	224
TOTAL OPERATING CURRENT ASSETS	**970**	**907**
Income tax receivable	12	14
Other financial current assets	20	17
Cash and cash equivalents	102	330
Assets classified as held for sale	80	76
TOTAL CURRENT ASSETS	**1,184**	**1,344**
TOTAL ASSETS	**2,895**	**3,018**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

(€ in million)	March 31, 2021	December 31, 2020
EQUITY AND LIABILITIES		
Common stock *(235,800,463 shares at March 31, 2021 with nominal value of 0.01 euro per share)*	2	2
Subordinated Perpetual Notes	500	500
Additional paid-in capital & reserves	80	126
Cumulative translation adjustment	(412)	(456)
Shareholders equity attributable to owners of the parent	**171**	**173**
Non-controlling interests	0	0
TOTAL EQUITY	**171**	**173**
Retirement benefits obligations	311	325
Provisions	32	33
Contract liabilities	2	2
Other operating non-current liabilities	23	21
TOTAL OPERATING NON-CURRENT LIABILITIES	**367**	**381**
Borrowings	971	948
Lease liabilities	111	122
Other non-current liabilities	1	-
Deferred tax liabilities	18	15
TOTAL NON-CURRENT LIABILITIES	**1,467**	**1,466**
Retirement benefits obligations	31	30
Provisions	82	90
Trade accounts and notes payable	572	710
Accrued employee expenses	127	142
Contract liabilities	56	41
Other current operating liabilities	221	215
TOTAL OPERATING CURRENT LIABILITIES	**1,088**	**1,228**
Borrowings	39	16
Lease liabilities	55	56
Income tax payable	16	21
Other current financial liabilities	1	2
Liabilities classified as held for sale	57	56
TOTAL CURRENT LIABILITIES	**1,257**	**1,379**
TOTAL LIABILITIES	**2,724**	**2,845**
TOTAL EQUITY & LIABILITIES	**2,895**	**3,018**

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CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(€ in million)	3 months ended March 31, 2021	3 months ended March 31, 2020
Net income (loss)	**(61)**	**(87)**
Income (loss) from discontinuing activities	(2)	(1)
Profit (loss) from continuing activities	**(59)**	**(86)**
Summary adjustments to reconcile profit from continuing activities to cash generated from continuing operations		
Depreciation and amortization	53	71
Impairment of assets	1	-
Net changes in provisions	(13)	(4)
Gain (loss) on asset disposals	-	(1)
Interest (income) and expense	31	17
Other items (including tax)	6	4
Changes in working capital and other assets and liabilities	(191)	(290)
Cash generated from continuing activities	**(172)**	**(289)**
Interest paid on lease debt	(4)	(6)
Interest paid	(23)	(10)
Interest received	-	-
Income tax paid	(5)	(4)
NET OPERATING CASH GENERATED FROM CONTINUING ACTIVITIES (I)	**(205)**	**(309)**
Acquisition of subsidiaries, associates and investments, net of cash acquired	-	(2)
Proceeds from sale of investments, net of cash	-	-
Purchases of property, plant and equipment (PPE)	(11)	(10)
Proceeds from sale of PPE and intangible assets	-	-
Purchases of intangible assets including capitalization of development costs	(12)	(18)
Cash collateral and security deposits granted to third parties	(2)	(14)
Cash collateral and security deposits reimbursed by third parties	1	2
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)	**(24)**	**(42)**
Increase of Capital	-	-
Proceeds from borrowings	32	375
Repayments of lease debt	(18)	(22)
Repayments of borrowings	-	(1)
Fees paid linked to the debt and capital operations	(1)	(1)
Other	(3)	6
NET FINANCING CASH USED IN CONTINUING ACTIVITIES (III)	**11**	**357**
NET CASH FROM DISCONTINUED ACTIVITIES (IV)	**(14)**	**(8)**
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	**330**	**65**
Net increase (decrease) in cash and cash equivalents (I+II+III+IV)	**(231)**	**(2)**
Exchange gains / (losses) on cash and cash equivalents	3	(5)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**102**	**58**