technicolor

PRESS RELEASE

TECHNICOLOR: FIRST HALF 2019 RESULTS

Paris (France), 24 July 2019 – Technicolor (Euronext Paris: TCH; OTCQX: TCLRY) announces today its results for the first half of 2019.

In a transition period, first half revenues are broadly in line with prior year

The Group pursued its investments to support the strong organic growth in Production Services and the transformation program in Connected Home

Profitability and cash flow generation in the second half will improve significantly

First Half 2019 Key Highlights from continuing operations

In € million	First Half (IFRS) 2018***	2019	At current rate	At constant rate	First Half (excl. IFRS 16*) 2018***	2019	At current rate	At constant rate
Revenues from continuing operations	1,774	**1,764**	(0.5)%	(3.8)%	1,774	**1,764**	(0.5)%	(3.8)%
Adjusted EBITDA from continuing operations	73	**104**	+43.5%	+40.4%	73	**62**	(14.9)%	(18.1)%
As a % of revenues	4.1%	5.9%	-	-	4.1%	**3.5%**	-	-
Recurring EBITA**	(9)	(44)	*na*	*na*	(9)	**(48)**	*na*	*na*
EBIT from continuing operations	(91)	(88)	+3.3%	+5.9%	(91)	**(93)**	(2.2)%	+0.2%
Free Cash Flow from continuing operations	(137)	**(262)**	*na*	*na*	(137)	**(297)**	*na*	*na*

(*) Under IFRS 16, most operating leases are now treated as financial leases. As a consequence, operating lease expense is cancelled and replaced by an amortization expense and an interest expense. Under the modified retrospective method, 2018 Profit & Loss account is not adjusted. Figures are therefore presented excluding IFRS 16 in 2019 only for comparability.

(**) Recurring EBITA corresponds to the Adjusted EBITDA from continuing to which Depreciation charges and IT capacity use for rendering in Production Services are added back.

(***) Amounts for the six months ended June 30, 2018 are re-presented to reflect the impacts of Discontinued Operations.

First half Performance

- Revenues from continuing operations amounted to €1,764 million, down 3.8% year-on-year at constant rate and down 0.5% at current rate, with an Adjusted EBITDA of €62 million (excluding impact of IFRS 16) compared to €73 million in the first half 2018.
- Significant first half improvements confirming good progression in the Technicolor transformation:
  - Production Services revenues recorded a strong performance (c.+10% year-on-year at constant rate and c.+14% at current rate) driven by a record activity in Film & Episodic Visual Effects;
  - Strong performance in Broadband at Connected Home, driven by sales of the very successful XB6 (Gateway Access box). As a result, Connected Home has become the worldwide leader in the Broadband gateway access market;
  - The Connected Home three-year transformation plan has exceeded 70% of the cost savings target (on a run rate basis) at the end of June.
- Negative intra-year seasonality:
  - First half sales at Connected Home were achieved with inventories built up mainly through end of 2018, i.e. including key components prices not reflecting the current market prices reductions;
  - As every year, first half Free Cash Flow from continuing operations is negatively driven by the activity cycle at Connected Home and DVD Services. Additionally, Production Services benefited from fewer progress payments than prior year.
- 2019 First half one-off events:
  - Connected Home: strong performance in Broadband was offset by a soft half in Latin America, affected by poor economic conditions, and comparisons with exceptionally strong North American video sales during the first half 2018;
  - Broadband gateway access sales were temporarily delayed in the US market at the start of the year which resulted in the buildup of inventories. These inventories were significantly reduced by the end of the second quarter. The first half Free Cash Flow from continuing operations has been therefore affected by a €83 million temporary funding need, that will reverse throughout the second half.
- Operating results:
  - Adjusted EBITDA is down versus 2018, driven by Connected Home and one-off licensing revenues in the first half 2018 while Entertainment Services is flat;
  - Recurring EBITA decline reflects the lower Adjusted EBITDA, cloud rendering costs incurred in Production Services as a result of a record delivery schedule and increased operating reserves at Connected Home;
  - EBIT is stable year over year reflecting a material reduction in restructuring costs;
  - Free cash flow from continuing operations down by €160 million year-on-year at current rate, mainly due to a lower level versus prior year of milestone payments in Production Services (€26 million) and the previously mentioned €83 million timing impact on the

working capital resulting from a ramp up in inventories in Connected Home (both of which will be recovered in the second half);

    - Financial structure: Net debt at nominal value (excluding impact of IFRS 16) amounted to €1,065 million at June end 2019. The funding of excess inventories at Connected Home during the first half of the year has weighed significantly on the semester free cash flow. The Group has therefore drawn more than usual on its credit lines, including at the end of June.

- The sale to InterDigital of Research & Innovation activity was closed on May 31, 2019.

First half business highlights

- Production Services:
    - Technicolor's MPC joined the filmmakers of The Lion King to bring a Disney classic back to the screen in a whole new photorealistic way. MPC was responsible for producing all VFX and Animation for The Lion King (1,600 shots) and for delivering all 2-D and 3-D renders. Twelve hundred MPC artists, including 130 animators and representing more than 30 different nationalities, worked across studios in Los Angeles and London, pushing the boundaries of entertainment and raising the bar on visual wonderment for audiences everywhere.
- Broadband:
    - Technicolor has become the undisputed market leader in this segment reaching 21% worldwide market share, seven points ahead of its nearest competitor[1].

Outlook

- The Group's profitability and cash flow generation in the second half will improve significantly, supported by recurring positive second half seasonality and by a catch-up effect in both Production Services and Connected Home.
- The Group will continue to pursue investments, through opex and capex, to support organic growth in Production Services and to deliver its transformation program in Connected Home. The benefits of these initiatives are progressively expected over the next several years through improved profitability and cash generation.
- Specifically:
    - The strong sales trend is expected to continue in Production Services, with improved margins and cashflow generation compared to the first half. The Group also expects to start benefiting from a long-term production agreement with a global streaming platform;
    - DVD Services have successfully renegotiated a major customer contract extension with improved terms effective in the second half;

[1] Dell'Oro cable CPE vendor table 1Q19, published in June 2019.

   - Connected Home will benefit from lower memory prices. In addition, the reduction of excess inventories will be fully achieved in the third quarter leading thereafter to improved cashflow.

Board composition

- The Board of Directors has appointed Cecile Frot-Coutaz as Board Observer and intends to propose her election as a Director at the next shareholder meeting. She is currently Head of EMEA for YouTube based in London and previously held several executive roles and positions within Pearson Television Group and FremantleMedia Group, eventually becoming Chief Executive Officer in 2012.

Segment Review – H1 2019 Result Highlights

Entertainment Services		H1 2018 In € million	H1 2018 As a % of revenues	H1 2019 (excl. IFRS 16) In € million	H1 2019 (excl. IFRS 16) As a % of revenues	Change YoY At current rate	Change YoY At constant rate
Revenues		**756**		**802**		***+6.1%***	***+1.8%***
o/w	Production Services	376	50%	428	53%	*+13.8%*	*+9.9%*
	DVD Services	380	50%	374	47%	*(1.5)%*	*(6.1)%*
Adj. EBITDA		55	**7.2%**	56	**7.0%**	*+3.0%*	*(0.3)%*

- **Production Services** revenues were up 9.9% year-on-year at constant rate and up 13.8% at current rate. The Division achieved a significant year-on-year increase in profitability in Film & Episodic Visual Effects driven by a strong pipeline. Capacity expansion continued throughout the period in key client markets with location-based production incentives.

  Business Highlights:

  Film & Episodic Visual Effects: with a record-breaking revenue performance in the first half of 2019, the activity achieved strong double-digit revenue growth year-on-year driven by increased volume from MPC and Mr. X as well as the strong contribution from Mill Film (launched end of 2018); and has secured a significant pipeline of continuing and future projects for the second half. The teams worked on over 25 theatrical film projects during the first half, including *Disney's The Lion King and Dumbo*, *Fox's Dark Phoenix*, and *Warner Bros./Legendary's Pokémon: Detective Pikachu*; and over 10 non-theatrical (episodic, streaming) projects, including the latest seasons of franchises *like Fremantle's American Gods (Starz, Amazon)* and *A&E's Knightfall (History).*

  The team at MPC designed and created the VFX and animation to bring Disney's The Lion King to life. Entirely digitally created, the film was shot in a virtual reality environment, featuring Technicolor's latest immersive production technologies and workflows.

  Advertising VFX: revenues were down as individual projects had lower budgets compared to prior year. On the creative side, The Mill and MPC received numerous industry accolades including Cannes Lions and British Arrow awards.

  Animation & Games: lower revenues compared to prior year, primarily due to delays in starting work on new feature film projects. Mikros Animation continues in production on *Paramount's The SpongeBob Movie: It's a Wonderful Sponge* and is beginning pre-production on two newly awarded animated features. Technicolor Animation continues to deliver on several high-end episodic productions while Technicolor Games completed production on AAA titles during the second quarter including *NetherRealm Studios / Warner Bros* and *Interactive Entertainment's Mortal Kombat 11*. The second half is expected to grow materially over the first half due to the production starts of new feature awards, timing of episodic deliveries and stronger performance in games.

  Post Production: revenues were down compared to prior year, reflecting the exit from underperforming businesses in North America, but in line with prior year on a continuing perimeter basis.

Adjusted EBITDA grew significantly during the first half, driven by Film & Episodic VFX performance, and improvement in Post Production following last year's restructuring. Recurring EBITA was down versus last year due to increased cloud rendering costs resulting from an exceptionally heavy delivery schedule.

- **DVD Services** revenues totaled €374 million in the first half 2019, down 6.1% at constant currency and 1.5% at current rate compared to 2018.

  Total combined replication volumes reached 446m discs, down c.11% from the first half of 2018. Standard Definition DVD volumes showed greater than expected resiliency, declining only 11% year-on-year supported by strong catalog activity in the North American market, which helped offset the impact of a weak first quarter 2019 theatrical box office (down 16% in the US). Blu-ray™ volumes declined by 12% in the first half of 2019, impacted by the first quarter box office lower performance and a very difficult comparison to the first quarter 2018's *Solo: A Star Wars Story*, which had a large amount of Blu-ray™ volume due to a high number of multiple Blu-ray disc retail packaging configurations. Blu-ray™ declines were partially offset by continued strong growth of the Ultra HD Blu-ray™ format, which while still a small percentage of the total volume base, increased by approximately 50% in the first half 2019. Compact Disc (CD) volumes also performed better than expected, down only 10% benefiting from new volume / customer additions secured in the half.

  Adjusted EBITDA declined during the period due the reduction in volumes, the impact of which could not be fully offset by ongoing cost savings activities. Profitability was also negatively impacted in the first half of 2019 due to a weaker product mix (driven by a higher proportion of standard definition DVD), as well as utility cost increases in selected regions.

  DVD Services division-wide initiatives to adapt distribution operations and related customer contract agreements in response to continued volume reductions and increasing operational complexity are moving forward as planned. Customer contract renegotiations to move to volume and activity-based pricing have started in line with specific contract renewal dates over the next few years.

Volume data for DVD Services

		First Half		
In million units		**2018**	**2019**	Change
Total combined volumes		503.7	**446.0**	*(11)%*
By format	DVD	337.9	**299.2**	*(11)%*
	Blu-ray™	133.5	**117.7**	*(12)%*
	CD	32.3	**29.1**	*(10)%*
By segment	Theatrical / Video	454.6	**402.5**	*(11)%*
	Games & Software	16.8	**14.4**	*(15)%*
	Music & Audio	32.3	**29.1**	*(10)%*

###

Connected Home	H1 2018		H1 2019 (excl. IFRS 16)		Change YoY	
	In € million	As a % of revenues	In € million	As a % of revenues	At current rate	At constant rate
Revenues	**1,003**	**-**	**953**	**-**	*(4.9)%*	*(7.4)%*
Adj. EBITDA	**26**	**2.5%**	**20**	**2.1%**	*(21.4)%*	*(24.7)%*

- **Connected Home** revenues totaled €953 million in the first half of 2019, down 7.4% year-on-year at constant rate and 4.9% at current rate, but in line with Group expectations. The division has continued to increase market share in Broadband access and Android based video solutions.

  Broadband business continues the growing trend of 2018, representing €577 million revenues in the first half and a growth year-on-year of 21%. Technicolor has become the undisputed market leader in this segment obtaining a 21% market share, sept points ahead of its closest competitor.

  This sustained growth is mainly driven by a leadership position in DOCSIS3.1 in North America, which is now followed by significant wins in EMEA and LATAM. Technicolor is the leading supplier to large North American cable operators including Comcast, Charter, Cox, Rogers, Videotron and Shaw, and with partnerships with service providers like Vodafone Group, Telecom Argentina, Mediacom, WoW and several others. In the DOCSIS 3.1 segment Connected Home has achieved a global market share of 40%.

  Broadband is the growing segment in the consumer premise equipment market, and it is increasing in strategic relevance for Service Providers. The broadband gateways, in addition to delivering growing network bandwidth, are becoming service platforms as they provide cost-effective edge computing capabilities, close to the consumer and with an efficient and high-performance way to reach the connected devices in the home which will accelerate with Wi-Fi 6. The first Wi-Fi 6 platforms are expected to start being delivered in the fourth quarter this year.

  The number of new projects ramping up has generated a large increase in the level of running inventory, which will be fully consumed during the second half of the year.

  The Video segment expected year-on-year decline was mostly due to the significant market spend reduction in the North American market. While serving traditional customers with their chosen solutions, Connected Home is re-positioning the video portfolio towards the AndroidTV-based market maintaining a very strong win-rate and global leadership. To date, Technicolor has accumulated 32 wins in this technology. This segment is expected to develop further, replacing over time other technological solutions to enable the aggregation of applications and content towards the end user. Revenues year-on-year for AndroidTV grew by 33%.

  On the supply side, DRAM pricing continued to drop during the first half, and this trend is expected to continue in the second half contributing to a gradual improvement in profitability given the lag time between procurement and delivery. The MLCC supply shortages experienced last year have been resolved, but prices are still significantly higher than before the crisis and should start to normalize in 2020.

  For the second half of this year, margins are expected to improve driven by a more favorable business mix, the positive evolution of component costs and productivity improvements. The industrial footprint is also being adapted in anticipation of possible evolution of international trade relations between the US and China.

Revenue Breakdown for Connected Home

In € million		First Half 2018	2019	At constant rate
Total revenues		1,003	**953**	*(7)%*
By region	North America	472	**398**	*(21)%*
	Europe, Middle East and Africa	195	**260**	*33%*
	Latin America	159	**162**	*2%*
	Asia-Pacific	177	**133**	*(25)%*
By product	Video	543	**376**	*(31)%*
	Broadband	460	**577**	*21%*

First Half Adjusted EBITDA (excluding impact of IFRS 16) amounted to €20 million down €6 million at constant rate year-on-year. The margin decline was mainly driven by the volume reduction and margin mix in North American video market but partially compensated by reduction in opex.

###

Corporate & Other	H1 2018		H1 2019 (excl. IFRS 16)		Change YoY	
	In € million	As a % of revenues	In € million	As a % of revenues	At current rate	At constant rate
Revenues	**15**		**9**		*(40.9)%*	*(40.9)%*
Adj. EBITDA	**(8)**	**ns**	**(15)**	**ns**	*(92.6)%*	*(87.6)%*

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

Corporate & Other recorded revenues of €9 million in the first half of 2019, down year on year as almost no retained patent licensing revenue occurred. Adjusted EBITDA (excluding impact of IFRS 16) amounted to €(15) million.

###

Summary of consolidated results for the first half of 2019

In € million	First Half (IFRS) 2018[2]	2019	Change[3]	First Half (excl. IFRS 16) 2018[4]	2019	Change[5]
Revenues from continuing operations	**1,774**	**1,764**	**(0.5)%**	**1,774**	**1,764**	**(0.5)%**
Change at constant currency (%)			(3.8)%			(3.8)%
o/w Entertainment Services	756	802	+6.1%	756	802	+6.1%
Connected Home	1,003	953	(4.9)%	1,003	953	(4.9)%
Corporate & Other	15	9	(40.9)%	15	9	(40.9)%
Adjusted EBITDA from continuing operations	**73**	**104**	**+43.5%**	**73**	**62**	**(14.9)%**
Change at constant currency (%)			+40.4%			(18.1)%
As a % of revenues	4.1%	5.9%	180bps	4.1%	3.5%	(60)bps
o/w Entertainment Services	55	90	+65.4%	55	56	+3.0%
Connected Home	26	24	(6.7)%	26	20	(21.4)%
Corporate & Other	(8)	(10)	(32.2)%	(8)	(15)	(92.6)%
Depreciation and amortization ("D&A")[6]	**104**	**175**	**+68.5%**	**104**	**137**	**+31.9%**
Recurring EBITA	**(9)**	**(44)**	**ns**	**(9)**	**(48)**	**ns**
EBIT from continuing operations	**(91)**	**(88)**	**+3.3%**	**(91)**	**(93)**	**(2.2)%**
Change at constant currency (%)			+5.9%			+0.2%
As a % of revenues	(5.1)%	(5.0)%	10bps	(5.1)%	(5.3)%	(20)bps
Financial result	(20)	(48)	(28)	(20)	(37)	(18)
Income tax	(10)	(7)	3	(10)	(7)	4
Share of profit/(loss) from associates	-	(1)	(1)	-	(1)	(1)
Profit/(loss) from continuing operations	**(120)**	**(143)**	**(22)**	**(120)**	**(138)**	**(17)**
Profit/(loss) from discontinued operations	(32)	4	35	(32)	5	36
Net income	**(152)**	**(139)**	**(13)**	**(152)**	**(133)**	**19**

Restructuring provisions accounted for €(12) million at current rate and related mainly to Entertainment Services.

The EBIT from continuing operations (excluding impact of IFRS 16) amounts to a loss of €(93) million in the first half of 2019.

Financial result (excluding impact of IFRS 16) totaled €(37) million in the first half of 2019 compared to €(20) million in the first half of 2018, reflecting:

- Net interest costs at €(22) million are slightly up from last year (at €(18) million) aligned with the evolution of the net debt;

[2] Amounts for the six months ended June 30, 2018 are re-presented to reflect the impacts of Discontinued Operations.
[3] Year-on-year change at current currency.
[4] Amounts for the six months ended June 30, 2018 are re-presented to reflect the impacts of Discontinued Operations.
[5] Year-on-year change at current currency.
[6] Including impact of provisions for risks, litigations and warranties and IT capacity use for rendering in Production Services.

- Other financial charges amounted to €(16) million in the first half of 2019 compared to €(2) million in the first half of 2018. Negative forex results linked to BRL movements explain the difference.

Income tax amounted to €(7) million, lower by €4 million at current rate compared to the first half of 2018.

Profit/(loss) from discontinued operations improved by €36 million mainly related to the disposal of Patent Licensing and R&I.

Group net income (excluding impact of IFRS 16) therefore improved at €(133) million at current rate in the first half of 2019 compared to the €(152) million loss of the first half of 2018.

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 2019 compared to the first half of 2018 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 EBIT from continuing operations of €(93) million in the first half of 2019 compared to €(91) million in the first half of 2018.

	First Half (IFRS)			**First Half (excl. IFRS 16)**		
In € million	**2018**[7]	**2019**	Change	**2018**[8]	**2019**	Change
EBIT from continuing operations	(91)	**(88)**	3	(91)	**(93)**	(2)
Restructuring charges, net	(38)	**(12)**	26	(38)	**(12)**	26
Net impairment losses on non-current operating assets	(3)	**(1)**	2	(3)	**(1)**	2
Other income/(expense)	(19)	**(4)**	15	(19)	**(5)**	14
Adjusted EBIT from continuing operations	**(31)**	**(71)**	**(40)**	**(31)**	**(76)**	(44)
As a % of revenues	(1.8)%	**(4.0)%**	(220)bps	**(1.8)%**	**(4.3)%**	(250)bps
Depreciation and amortization ("D&A") [9]	104	**159**	55	104	**121**	17
IT capacity use for rendering in Production S.	0	**16**	16	0	**16**	16
Adjusted EBITDA from continuing operations	**73**	**104**	**32**	**73**	**62**	(11)
As a % of revenues	4.1%	**5.9%**	180bps	**4.1%**	**3.5%**	(60)bps

[7] Amounts for the six months ended June 30, 2018 are re-presented to reflect the impacts of Discontinued Operations.
[8] Amounts for the six months ended June 30, 2018 are re-presented to reflect the impacts of Discontinued Operations.
[9] Including impact of provisions for risks, litigations and warranties.

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, purchases of intangible assets including capitalization of development costs.

In € million	First Half (IFRS) June 30, 2018[10]	First Half (IFRS) June 30, 2019	First Half (excl. IFRS 16) June 30, 2018[11]	First Half (excl. IFRS 16) June 30, 2019
Adjusted EBITDA from continuing operations	**73**	**104**	**73**	**62**
Changes in working capital and other assets and liabilities	(56)	(175)	(56)	(175)
IT capacity use for rendering in Production Services	-	(16)	-	(16)
Pension cash usage of the period	(12)	(12)	(12)	(12)
Restructuring provisions – cash usage of the period	(26)	(15)	(26)	(17)
Interest paid	(20)	(33)	(20)	(22)
Interest received	2	1	2	1
Income tax paid	(13)	(10)	(13)	(10)
Other items	(8)	(16)	(8)	(16)
Net operating cash generated from continuing activities	**(61)**	**(172)**	**(61)**	**(207)**
Purchases of property, plant and equipment (PPE)	(30)	(43)	(30)	(43)
Proceeds from sale of PPE and intangible assets	-	1	-	1
Purchases of intangible assets including capitalization of development costs	(45)	(47)	(45)	(47)
Net operating cash used in discontinued activities	17	(6)	17	(6)
Free cash flow	**(120)**	**(269)**	**(120)**	**(302)**
Nominal gross debt	1,113	1,403	1,113	1,130
Cash position	197	65	197	65
Net financial debt at nominal value (non IFRS)	**916**	**1,338**	**916**	**1,065**
IFRS adjustment	**(6)**	**(5)**	**(6)**	**(5)**
Net financial debt (IFRS)	**910**	**1,333**	**910**	**1,060**

- Capital expenditures amounted to €90 million, up by €15 million year-on-year reflecting the increased investment in Film & Episodic Visual Effects.
- Cash outflow for restructuring (excluding impact of IFRS 16) totaled €17 million in the first half of 2019, down by €9 million year-on-year, mainly resulting from lower restructuring cash out in Connected Home and DVD Services.
- The change in working capital & other assets and liabilities was negative by €175 million in the first half of 2019 mostly driven by Connected Home excess inventories funding impact, €83 million, unfavorable

[10] Amounts for the six months ended June 30, 2018 are re-presented to reflect the impacts of Discontinued Operations.
[11] Amounts for the six months ended June 30, 2018 are re-presented to reflect the impacts of Discontinued Operations.

mix in payment terms (customers and suppliers) and reduced milestones payments at Film & Episodic Visual Effects.

- Cash position at €65 million at end June 2019, compared to €291 at December end 2018 as a result, mainly, of Free Cash Flow used from continuing activities for €297 million offset by cash from credit line drawings for €100 million.

The Board of Directors approved today these interim consolidated financial statements which have been reviewed by our statutory auditors who are in the process of issuing an unqualified opinion.

An analyst audio webcast hosted by Frederic Rose, CEO, and Laurent Carozzi, CFO, will be held Wednesday, 24 July 2019 at 6:30pm CEST.

Link to the Audio Webcast:
http://www.technicolor.com/webcastHY2019

The presentation slides will be made available on our website prior to the webcast
The replay will be available at the latest by 8:00pm (CEST) on July 24th, 2019

Financial calendar

Q3 2019 business update	5 November 2019
FY 2020 results	26 February 2020

###

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:

www.technicolor.com

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

Investor Relations

Christophe le Mignan: +33 1 88 24 32 83

Christophe.lemignan@technicolor.com

technicolor

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(€ in million)	For the 6-month ended June 2019	For the 6-month ended June 2018 (*)
CONTINUING OPERATIONS		
Revenues	1 764	1 774
Cost of sales	(1 613)	(1 572)
Gross margin	**151**	**202**
Selling and administrative expenses	(163)	(166)
Research and development expenses	(60)	(67)
Restructuring costs	(12)	(38)
Net impairment gains (losses) on non-current operating assets	(1)	(3)
Other income (expense)	(4)	(19)
Earning before Interest & Tax (EBIT) from continuing operations	**(88)**	**(91)**
Interest income	1	2
Interest expense	(33)	(20)
Other financial income (expense)	(16)	(2)
Net financial income (expense)	**(48)**	**(20)**
Share of gain (loss) from associates	(1)	0
Income tax	(7)	(10)
Profit (loss) from continuing operations	**(143)**	**(120)**
DISCONTINUING OPERATIONS		
Net gain (loss) from discontinuing operations	4	(32)
Net income (loss)	**(139)**	**(152)**
Attribuable to :		
- *Equity holders*	(139)	(152)
- *Non-controlling interest*	(0)	(1)

EARNINGS PER SHARE *(in euro, except number of shares)*	For the 6-month ended June 2019	For the 6-month ended June 2018 (*)
Weighted average number of shares outstanding (basic net of treasury shares held)	413 386 184	413 440 227
Earnings (losses) per share from continuing operations		
- basic	(0,35)	(0,29)
- diluted	(0,35)	(0,29)
Earnings (losses) per share from discontinuing operations		
- basic	0,01	(0,08)
- diluted	0,01	(0,08)
Total earnings (losses) per share		
- basic	(0,34)	(0,37)

- diluted	(0,34)	(0,37)

(*) Amounts for the six months ended June 30, 2018 are re-presented to reflect the impacts of Discontinued Operations.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in million of euros)	June 30, 2019	December 31, 2018
ASSETS		
Goodwill	891	886
Intangible assets	670	705
Property, plant and equipment	205	233
Right-of-use assets	292	-
Other operating non-current assets	36	41
TOTAL OPERATING NON-CURRENT ASSETS	**2 093**	**1 865**
Non-consolidated investments	14	14
Other non-current financial assets	18	10
TOTAL FINANCIAL NON-CURRENT ASSETS	**32**	**24**
Investments in associates and joint-ventures	-0	2
Deferred tax assets	210	210
TOTAL NON-CURRENT ASSETS	**2 335**	**2 101**
Inventories	293	268
Trade accounts and notes receivable	468	677
Contract assets	96	77
Other operating current assets	209	264
TOTAL OPERATING CURRENT ASSETS	**1 066**	**1 286**
Income tax receivable	36	40
Other financial current assets	15	14
Cash and cash equivalents	65	291
Assets classified as held for sale	-	28
TOTAL CURRENT ASSETS	**1 182**	**1 658**
TOTAL ASSETS	**3 517**	**3 759**

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in million of euros)	June 30, 2019	December 31, 2018
EQUITY AND LIABILITIES		
Common stock *(414,461,178 shares at June 30, 2019 with nominal value of 1 euro per share)*	414	414
Treasury shares	(158)	(158)
Subordinated Perpetual Notes	500	500
Additional paid-in capital & reserves	(282)	(113)
Cumulative translation adjustment	(361)	(372)
Shareholders- equity attributable to owners of the parent	**113**	**271**
Non-controlling interests	0	1
TOTAL EQUITY	**113**	**272**
Retirement benefits obligations	346	320
Provisions	17	19
Contract liabilities	4	4
Other non-current operating liabilities	37	38
TOTAL OPERATING NON-CURRENT LIABILITIES	**403**	**382**
Borrowings	977	1 004
Lease debt	239	-
Deferred tax liabilities	206	193
TOTAL NON-CURRENT LIABILITIES	**1 825**	**1 579**
Retirement benefits obligations	26	26
Provisions	76	113
Trade accounts and notes payable	798	1 135
Accrued employee expenses	117	116
Contract liabilities	60	100
Other current operating liabilities	288	310
TOTAL OPERATING CURRENT LIABILITIES	**1 365**	**1 799**
Borrowings	107	20
Lease debt	75	-
Income tax payable	29	34
Other current financial liabilities	3	4
Liabilities classified as held for sale	-	51
TOTAL CURRENT LIABILITIES	**1 579**	**1 908**
TOTAL LIABILITIES	**3 404**	**3 487**
TOTAL EQUITY & LIABILITIES	**3 517**	**3 759**

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in million of euros)	For the 6-month period ended June 30, 2019	 June 30, 2018 (*)
Net income (loss)	**(139)**	**(152)**
Income (loss) from discontinuing activities	4	(32)
Income (loss) from continuing activities	**(143)**	**(120)**
Summary adjustments to reconcile profit from continuing activities to cash generated from continuing operations		
Depreciation and amortization	158	108
Impairment of assets	(1)	10
Net change in provisions	(14)	(3)
Gain (loss) on asset disposals	8	(4)
Interest (income) and expense	32	19
Other non-cash items (including tax)	6	16
Changes in working capital and other assets and liabilities	(175)	(56)
Cash generated from continuing activities	**(131)**	**(30)**
Interest paid	(33)	(20)
Interest received	1	2
Income tax paid	(10)	(13)
NET OPERATING CASH GENERATED FROM CONTINUING ACTIVITIES (I)	**(173)**	**(61)**
Acquisition of subsidiaries, associates and investments, net of cash acquired	(1)	1
Proceeds from sale of investments, net of cash	(1)	4
Purchases of property, plant and equipment (PPE)	(43)	(30)
Proceeds from sale of PPE and intangible assets	1	0
Purchases of intangible assets including capitalization of development costs	(47)	(45)
Cash collateral and security deposits granted to third parties	(4)	(1)
Cash collateral and security deposits reimbursed by third parties	3	6
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)	**(92)**	**(65)**
Increase of capital	(0)	0
Proceeds from borrowings	101	0
Repayments of borrowings	(17)	(14)
Fees paid linked to the debt	(1)	(1)
Payments on Lease debts	(35)	-
Other	(0)	17
NET FINANCING CASH USED IN CONTINUING ACTIVITIES (III)	**49**	**2**
NET CASH FROM DISCONTINUED ACTIVITIES (IV)	**(10)**	**16**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**291**	**318**
Net decrease in cash and cash equivalents (I+II+III+IV)	**(225)**	**(108)**
Exchange gains/(losses) on cash and cash equivalents	(1)	(13)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**65**	**197**

(*) Amounts for the six months ended June 30, 2018 are re-presented to reflect the impacts of Discontinued Operations.