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PRESS RELEASE

Full Year 2020 results

Technicolor exceeds its 2020 guidance and remains on track to meet its 2022 guidance

Paris (France), 11 March 2021 – Technicolor (Euronext Paris: TCH; OTCQX: TCLRY) is today announcing its results for the full year 2020.

Richard Moat, Chief Executive Officer of Technicolor, stated:

"Technicolor has re-engineered its operations, balance sheet and global footprint and has exceeded its guidance for 2020. Connected Home beat the targets originally set before the crisis began, but Production Services and DVD Services were hit by the halting of activity in the film industry, and associated cinema closures. However, overall the Group showed good resiliency in the face of the pandemic. During 2020, significant structural changes were implemented across all divisions, which saw a more than €165 million reduction in our cost base, combined with further investment to improve our efficiency. In particular, Production Services strengthened its capacity to serve its clients through state of the art technologies and artistic expertise. Despite persistent uncertainty relating to the pandemic, we are looking to the future with confidence, and will continue to execute our transformation program to deliver improved operational and financial performance. In consequence, the Group issuing guidance towards strong figures for 2021, and is maintaining previously issued 2022 guidance."

Full year 2020 results and forward outlook – key highlights:

	Second Half				Full Year			
In € million	**2019**	**2020**	At current rate	At constant rate	**2019**	**2020**	At current rate	At constant rate
Revenues from continuing operations	2,036	**1,573**	(22.7)%	(17.9)%	3,800	**3,006**	(20.9)%	(18.5)%
Adjusted EBITDA from continuing operations	222	**115**	(48.3)%	(44.9)%	324	**167**	(48.5)%	(46.0)%
As a % of revenues	10.9%	**7.3%**			8.5%	**5.6%**		
Adjusted EBITA from continuing operations	87	**11**	(86.9)%	(85.8)%	42	**(56)**	ns	ns
Free Cash Flow from continuing operations before Tax & Financial	202	**118**	(41.5)%	(44.6)%	(8)	**(124)**	ns	ns

In 2020 Technicolor successfully achieved a major balance sheet financial restructuring, and the implementation of a significant business transformation:

- **Liquidity as at December 31, 2020 of €432 million, consisting of €330 million cash on balance sheet and €102 million of fully undrawn committed credit lines;**
- **Nominal net debt as at December 31, 2020 reduced by €340 million following the completion of the financial restructuring, with a net debt to adjusted EBITDA (including op. leases) ratio of 5.37;**
- **Significant momentum established in improving operations, profitability and cash generation, ultimately creating value for all stakeholders;**

- **Management team renewed, and their incentives realigned to value creation for the company in the short and medium term.**

As a result, and despite the successive waves of the pandemic crisis which were not anticipated at the time of the financial restructuring, Full Year 2020 results are ahead of previously communicated guidance:

- **EBITDA of €167 million (including IFRS 16), is better than expected and has more than doubled from €53 million in the first half to €115 million in the second half;**
- **Permanent cost savings of €171 million;**
- **2020 EBITA of €(56) million, better than the €(64) million expected;**
- **Continuing free cash flow (before financial results and tax) of €(124) million in line with guidance, showing a strong improvement in the second half with an inflow of €118 million despite absorbing around €(90) million of supplier payment term reductions.**

The Group's businesses demonstrated operating resilience to the Covid-19 crisis. Nonetheless, revenue generation in some of our activities has been significantly impaired as a result of sanitary restrictions around the world:

- **Production Services activities were significantly impacted by the pandemic, with revenues down 41% at constant rate year-on-year due to the halting of live action shooting at the end of the first quarter.** The decline in Film and Episodic Visual Effects and Post Production was, however, partially mitigated by increased demand in Animation, and resilience in Advertising which achieved the same EBITDA as in 2019 despite lower revenues.

- **Connected Home delivered a strong year with a standout performance in North America, exceeding the original targets set before the pandemic and maintaining its market leadership. Adjusted EBITDA grew 46.7% at constant rate, as a result, EBITDA margin expanded from 4.0% to 6.2%, highlighting the positive impact of the cost restructuring measures. 2020 EBITA of €41 million was almost twice 2019 EBITA of €23 million**.

- **DVD Services performed well in a difficult environment. 2020 EBITA reached break-even compared to a loss of €(6) million in 2019, illustrating the positive impact of successful contract renewals and aggressive transformation actions.** This was achieved despite a decrease in revenue of (19)% at constant rate year-on-year, impacted by the lack of new film releases following theaters closures, but partly compensated by resilient back catalog demand.

While uncertainty linked to the pandemic remains, the Group is focused on continuing the execution of its transformation program, which has gained significant momentum in 2020. 2021 and 2022 will be years of substantial financial improvement. Taking into account the impact of foreign exchange fluctuations and the change in Group perimeter as a result of the sale of Post Production[1], the Group is today adapting its 2022 guidance, and providing 2021 guidance of:

- **Revenues from continuing operations stable vs. 2020;**
- **Adjusted EBITDA[2] of around €270 million (incl. IFRS 16), a very significant improvement from €167 million achieved in 2020;**
- **Adjusted EBITA of around €60 million;**
- **Continuing free cash flow (before financial results and tax) at around breakeven;**
- **Net debt to EBITDA covenant ratio should reduce to below 4X level at 2021 year end.**

[1] *In 2022, the cumulated impacts 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.*
[2] *"Adjusted EBITDA" corresponds to the profit (loss) from continuing operations before tax and net financial income (expense), net of other income (expense), depreciation and amortization (including impact of provision for risks, litigation and warranties).*

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Full Year 2020 key indicators from continuing operations

- Revenues of €3,006 million were down (18.5)% at constant rate, including a decrease in Production Services of (41)%, primarily driven by lower revenue in Film & Episodic Visual Effects, and lower volumes in DVD Services (19)%. Connected Home showed resiliency with a reduction of only (8)% thanks to the buoyant activity in North America (+16%), mitigating a lower performance from Eurasia.
- In 2020, the Group realized €171 million of cost savings, in line with its target.
- Adjusted EBITDA of €167 million was down 46% at constant rate. This reflects operational and financial improvements across all activities, particularly in Connected Home, a decline in Film & Episodic Visual Effects mainly driven by cessation of live action shooting, and lower business volumes in DVD Services. EBITDA during the second half more than doubled versus the first half reflecting a strong profitability increase in DVD Services and Production Services (primarily due to cost restructuring actions).
- Adjusted EBITA of €(56) million was lower by €(98) million at current rate, as a result of the EBITDA decrease mitigated by lower depreciation & amortisation and reserves.
- Non-current assets impairment charge of €75 million mainly related to DVD services goodwill impairment due to revised Covid-related assumptions.
- Restructuring costs accounted for €(100) million at current rate, including €(33) million in DVD Services, mainly resulting from optimization of distribution sites, €(27) million in Production Services on cost streamlining actions, €(31) million in Connected Home pursuant to the three-year transformation plan, and €(9) million for Corporate and Other.
- Free cash flow[3] (before financial results and tax) from continuing operations of €(124) million was lower by €(116) million, despite a significant improvement in Connected Home operational performance, and the ongoing implementation of our cost transformation program. Following entry into the Accelerated Financial Safeguard procedure, a faster than expected reduction of payment terms was requested by suppliers, which led to €(35) million of payments being advanced from 2021 to 2020.
- Net debt at nominal value amounts to €897 million, and IFRS net debt amounts to €812 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

- Film & Episodic VFX activities are seeing a significant improvement in the forward pipeline, and demand for Connected Home broadband products remain high, despite the extended lockdowns affecting the Group's trading environment.
- DVD Services and Advertising revenues are expected to take longer to recover.
- Component supply constraints are also expected to affect Connected Home activities. To address this, Technicolor has already engaged in commercial discussions in order to pass surcharges through to customers.

[3] 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).*

- In Production Services, the work secured for 2021 is in line with the strong level of activity in 2019. Production Services has been awarded several new major projects, already securing 75%+ of its expected 2021 sales pipeline for Film & Episodic Visual Effects and Animation & Games. Confirmed projects for 2021 include Disney's live-action adaptations of *The Little Mermaid* and *Pinocchio*, and its recently announced *The Lion King* prequel.

- The Group will continue to improve efficiency and productivity throughout the period, and is now targeting a total of €325 million in run-rate cost savings by 2022, an increase of €25 million compared to the previous announcement, despite a challenging context.

- The Group's ambition to normalize working capital dynamics by 2022 will be achieved as early as the end of the first quarter of 2021, without significant impact on the Group's liquidity needs.

- Technicolor will continue to significantly improve its EBITDA, 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 areas follows:

    - In 2021:
        - Revenues from continuing operations stable vs. 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 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.

Continuing Operations – post IFRS 16

€ million, FYE Dec post IFRS-16	2020e	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 impacts 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.

Perimeter Change

- Technicolor announced on January 14, 2021 the disposal of its Post Production business (part of Production Services) for €30 million. Closing is expected during the first half of 2021. The sale of

Post Production simplifies Production Services' portfolio of activities, and allows management to increasingly focus on Production Services' remaining core CGI activities.

Management update in 2020

- As communicated during Technicolor's third quarter results, Christian Roberton was promoted to become President of the Production Services business division.
- As also previously communicated, David Holliday was appointed President of the DVD Services division.

Board composition

- As previously announced, the Board of Directors has appointed as Board Observers:
  - Bain Capital Credit, represented by Gauthier Reymondier, Managing Director, European Portfolio Manager at Bain Capital Credit based in London; and
  - Angelo, Gordon & Co represented by Julien Farre, Managing Director at Angelo Gordon in London.

Segment Review – Full Year 2020 Results Highlights

Production Services In € million	Second Half 2019	Second Half 2020	Change HtH Reported	Change HtH At constant rate	Full Year 2019	Full Year 2020	Change YoY Reported	Change YoY At constant rate
Revenues	**465**	**234**	*(49.6)%*	*(47.0)%*	**893**	**513**	*(42.5)%*	*(41.4)%*
Adj. EBITDA	**84**	**16**	*(80.9)%*	*(79.5)%*	**164**	**18**	*(88.8)%*	*(88.0)%*
As a % of revenues	+18.1%	+6.9%			+18.3%	+3.6%		
Adj. EBITA	**9**	**(27)**	*ns*	*ns*	**28**	**(78)**	*ns*	*ns*
As a % of revenues	+2.0%	(11.5)%			+3.1%	(15.3)%		

- **Production Services revenues** amounted to €513 million in 2020, down (41.4)% at constant rate and (42.5)% at current rate year-on-year, driven mainly by pandemic-related impacts on production in Hollywood and around the world. The revenue decline was partially mitigated by double-digit revenue growth at Mikros Animation and the launch of MPC Episodic in early 2020.

- **Adjusted EBITDA** amounted to €18 million, down €(144) million year-on-year at constant rate. Costs were aggressively reduced to offset the €(370) million at constant rate revenue decline in a high margin segment. This negative evolution also impacted Adjusted EBITA compared to the prior year, partially mitigated by lower cloud render costs. Advertising EBITA, despite a sharp drop in its revenues linked to the pandemic, reached the same level as in 2019, showing the positive impact of its transformation activities on its margin.

  2021 so far seems to be witnessing a restart of activity in the VFX market. The work already secured for 2021 is in line with our more successful years, pre-pandemic, as the expanding demand for streaming content matches or exceeds the continuing robust tentpole market. Production Services has been awarded numerous new projects, securing more than 75% of its expected 2021 sales pipeline for Film & Episodic Visual Effects, and is in negotiations for several more. Confirmed projects for 2021 include Disney's live-action adaptations of *'The Little Mermaid'* and *'Pinocchio'*, and their recently announced *'The Lion King'* prequel. Focus has been placed on achieving framework agreements with the major Hollywood studios and significant streaming players, bringing more predictability of revenues in the coming years, and establishing a presence in locations such as Berlin so that we can service the need for development of local content.

- **Management and strategic changes**
  - Technicolor recently announced the appointment of Christian Roberton as President of the Production Services Business Division. His focus on technology, quality and creativity, combined with cost efficiency, rigorous management and client orientation, will drive Production Services to operate as a customer-focused, technology-driven and highly profitable global studio.

  - Christian has immediately implemented management changes, with the aim of bringing forward creativity, business acumen, and efficiency skills within his executive committee. Josh Mandel has become CEO of The Mill, and Andrea Miloro recently joined the Group to lead the Mikros Animation brand. Our portfolio is being refocused on value-added VFX services, and Post Production activities are no longer aligned with our strategic repositioning. As a consequence, Technicolor announced on January 14, that Streamland Media had agreed to purchase the Technicolor Post business for €30 million. The sale, which is subject to customary closing conditions, is expected to close during the first half of 2021.

- This move strengthens Technicolor's ability to focus on and expand its flagship creative studios (The Mill, MPC, Mr. X and Mikros Animation) specializing in CGI (including VFX and Animation), which is in increasing demand across film, TV, advertising, gaming and live events.

- **Successful transformation**

To drive the transformation of Production Services into an efficient creative production platform through a relentless focus on improving profitability and streamlining operations, the following actions have been launched:

- Harmonization of technology infrastructure to eliminate inefficiencies from previously siloed operations (e.g. optimizing storage and render farms across our data centers and brands);

- Centralization of R&D efforts to ensure more efficient use of resources (e.g. real time production technology that will impact and benefit all Production Services businesses);

- Integration of our substantial talent pool in India under a "One India" model to service all brands, optimize utilization, and generate efficiencies of scale. This transformation program will continue throughout 2021.

- **Business Highlights**
  - Film & Episodic Visual Effects: revenues were significantly lower year-on-year, mainly due to the impact of the pandemic on live action film shoots and shifting release dates.
    - VFX teams worked on approximately 25 theatrical films from the major studios, including 2020 releases like *The Call of the Wild* (Fox), *The New Mutants* (Fox), and *Monster Hunter* (Constantin Film/Sony); and highly anticipated 2021 releases like *Cruella* (Disney), *Ghostbusters: Afterlife* (Sony), *Godzilla vs. Kong* (Legendary/Warner Bros.), *Snake Eyes* (Paramount), *Top Gun: Maverick* (Paramount), and *West Side Story* (Amblin/Fox).
    - And over 40 Episodic and/or Non-Theatrical (i.e. Streaming/OTT) projects, including *The Alienist: Angel of Darkness* (Paramount/TNT), *Da 5 Bloods* (Netflix), *The Old Guard* (Netflix), *Raised by Wolves* (Scott Free Productions/HBO Max), and *WandaVision* (Marvel/Disney+).
    - During the year, MPC Film won the Oscar® and BAFTA awards for visual effects for its work on Sam Mendes' *1917* (Universal); and Mr. X won an Emmy Award for Outstanding Special Visual Effects in a Supporting Role for its work on *Vikings* (MGM/History).

  - Advertising: revenues were lower compared to the prior year due to the impact of Covid-19 on client spend and live action production shoots, particularly during the second quarter.
    - Technicolor's Advertising businesses continued to receive numerous industry accolades in 2020 - MPC won VFX Company of the Year at the Ad Age Creativity Awards and two VES (Visual Effects Society) Awards for Hennessy *'The Seven Worlds'*, while The Mill was awarded Creative Production Agency of the Year by More About Advertising.
    - Other notable projects during the year include the Dua Lipa *'Hallucinate'* music video, Jeep *'Groundhog Day'*, Walmart *'Famous Visitors'*, Burberry *'Festive'*, Chanel *'N°5. Être Ce Qui Va Arriver'*, PlayStation *'The Last of Us Part II'*, Lexus

International *'Electrified'*, EA Sports *'FIFA 21'* reveal trailer, Epic Games *'Unreal For All Creators'*, and HBO *'Lovecraft Country: Sanctum'* - a three-part social VR experience for the highly acclaimed series.
- At this year's Super Bowl LV, The Mill and MPC worked on over 20 commercials, including those for Bud Light, Doritos, Michelob, Paramount, Robinhood, Squarespace, Tide, and Uber Eats.

- Animation & Games: revenues were slightly higher versus prior year.
  - Mikros delivered Paramount's *The SpongeBob Movie: Sponge on the Run* in 2020, and is currently in production on three features, including Spin Master's *PAW Patrol: The Movie* and Paramount's *The Tiger's Apprentice*.
  - In episodic animation, Technicolor continues to work on multiple projects for clients including Disney, DreamWorks Animation, France Télévisions, M6, Nickelodeon, TF1, and Wild Canary.
  - Technicolor Games during the year completed its work on several AAA titles like *FIFA 21* (EA), *NHL 21* (EA), *Assassin's Creed Valhalla* (Ubisoft), *Destiny 2* (Bungie), *NBA 2K21* (2K), *Call of Duty: Black Ops Cold War* (Activision), and *Immortals Fenyx Rising* (Ubisoft).

- Post Production: lower revenues compared to the prior year, driven primarily by the pandemic's impact on productions.
  - Selected highlight feature film projects during 2020 include *Minions: The Rise of Gru* (Illumination/Universal), *The SpongeBob Movie: Sponge on the Run* (Paramount), *West Side Story* (Amblin/Fox), *Borat Subsequent Moviefilm* (Amazon), and *The Witches* (HBO Max).
  - Selected highlight episodic projects include *Bridgerton* (Netflix), *His Dark Materials* (HBO/BBC), *Gentleman Jack* (HBO/BBC), *Perry Mason* (HBO), *American Gods* (Starz), *This Is Us* (Fox/NBC), and *The Good Lord Bird* (Showtime).

- **Covid-19 situation update**
  - Following the major U.S. studios reaching an agreement in September with all the key Hollywood unions, production activity began to accelerate during the fourth quarter of 2020. Furthermore, a number of countries like Canada, France and the U.K. have launched and/or extended pandemic-related support programs including wage subsidies and production insurance/indemnity schemes that provide pandemic-related coverage.

  - 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 is optimistic about a steady return to normalcy during the back half of 2021.

  - Overall, Production Services continues to observe an increasing level of bidding activity for projects, particularly for streaming/OTT distribution in addition to large tentpole films targeting to ramp-up production once Covid-19 vaccine distribution has reached a critical mass later in the current year.

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Connected Home In € million	Second Half 2019	2020	Change HtH Reported	At constant rate	Full Year 2019	2020	Change YoY Reported	At constant rate
Revenues	**1,029**	**924**	*(10.2)%*	*(3.3)%*	**1,983**	**1,764**	*(11.0)%*	*(7.6)%*
Adj. EBITDA	**54**	**56**	*+3.7%*	*+13.8%*	**79**	**110**	*+39.5%*	*+46.7%*
As a % of revenues	+5.2%	+6.0%			+4.0%	+6.2%		
Adj. EBITA	**40**	**21**	*(48.7)%*	*(41.2)%*	**23**	**41**	*+75.8%*	*+91.8%*
As a % of revenues	+3.9%	+2.2%			+1.2%	+2.3%		

- **Connected Home** revenues totaled €1,764 million in 2020, down (7.6)% year-on-year at constant rate and (11.0)% at current rate. The division experienced demand slowdown and supply constraints in Eurasia and Latin America, which were partially offset by increased demand from the North American cable division. The division is maintaining its market leadership in the Broadband segment and in the video Android based segment.

  The division successfully completed the bulk of the transformation plan launched in 2018. Selective investments in key customers, and a platform-based products approach focused on broadband and Android TV segments, combined with strategic partnerships with key suppliers and aggressive investment in process re-engineering, have generated a significant increase in the productivity and competitiveness of Connected Home in the market place. Connected Home has improved its margins and its market share over the last years, despite facing many market, industry and global challenges.

  We anticipate that, overall, demand will remain strong throughout 2021. However, the Covid global pandemic has created distortions in our industry. World logistics were severely disrupted in recent months, and they will remain difficult for some time to come. The semiconductor crisis which started in the second half of 2020 will continue to impact 2021 supply. Connected Home will continue to work with its partners and customers to minimize supply disruptions. Connected Home has been awarded the next generation DOCSIS gateway for the leading cable operator in the US which will reinforce our leading position with the top 6 cable operators in the US, and our global leadership in the broadband segment in the coming years.

- **Adjusted EBITDA** amounted to €110 million in 2020, or 6.2% of revenue, up €37 million at constant rate primarily linked to cost reduction initiatives implemented in 2020. Adjusted EBITA of €41 million increased by €21 million compared to the prior year at constant rate. This positive evolution in profitability is the result of the significant transformation plan launched 2 years ago**.**

- **Business highlights**
  - *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. We expect this trend to continue into 2021 as customers plan for continued CPE upgrades, as well as seeking to ensure supply continuity and manage anticipated supply concerns due to Covid-related demand surges from other industries competing for semiconductor supply.

  - *Latin America:* The difficult macroeconomic situation in the region continued to drive demand down, particularly in Brazil, due to Covid as well as buying power impacts resulting from currency devaluation stemming from the drop in oil prices.

  - *Europe, Middle East & Africa:* Sales were flat in the second half year-on-year, with strong growth in the broadband segment (+20%) compensating for the decline in the market for video set top boxes. Android TV remained stable year over year, with additional service providers adopting this technology in the region and associated new wins. Logistics between Asia and Europe and the first stages of the Brexit implementation have generated backlogs additional to the one generated by the semiconductor market situation.

- *Asia Pacific:* Sales were highly impacted by lockdowns in the main countries served, with slow recovery, mainly India and Australia, combined with semiconductor supply constraints. Video demand remained weak over the period, while broadband started to recover with strong projections for 2021. Android TV demonstrated strong growth (+25%) with a solid trend in the Indian market.

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.

Limited supply coupled with high demand for semiconductors is creating potential cost increases and production constraints which could delay sales during the first half 2021. To address this, Technicolor has engaged in commercial discussions in order to pass surcharges through to customers.

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

		Second Half			Full Year		
In € million		**2019**	**2020**	*% Change(*)*	**2019**	**2020**	*% Change (*)*
Total revenues		1,029	**924**	*(3.3)%*	1,983	**1,764**	*(7.6)%*
By region	North America	467	**515**	*+16.9%*	865	**980**	*+15.9%*
	Europe, Middle East and Africa	193	**182**	*(0.3)%*	453	**336**	*(24.3)%*
	Latin America	145	**95**	*(19.0)%*	307	**206**	*(22.7)%*
	Asia-Pacific	224	**132**	*(38.0)%*	357	**242**	*(30.5)%*
By product	Video	455	**375**	*(10.9)%*	830	**693**	*(12.5)%*
	Broadband	575	**549**	*+2.5%*	1,152	**1,071**	*(4.1)%*

(*) Change at constant rate

- **Covid-19 situation update**

Connected Home has remained fully operational throughout the Covid crisis due to the early adoption of a remote work model that successfully moved half of all employees off site to ensure key engineering facilities remained safe and open.

The Covid-19 impact is now limited for its Asian-based manufacturing, but is still affecting capacity in Latin America for manufacturing and back-end operations.

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DVD Services In € million	**Second Half** 2019	2020	**Change HtH** Reported	At constant rate	**Full Year** 2019	2020	**Change YoY** Reported	At constant rate
Revenues	**508**	**404**	*(20.5)%*	*(17.3)%*	**882**	**706**	*(20.0)%*	*(18.6)%*
Adj. EBITDA	**69**	**52**	*(24.8)%*	*(23.1)%*	**81**	**54**	*(33.6)%*	*(32.3)%*
As a % of revenues	+13.6%	+12.9%			+9.1%	+7.6%		
Adj. EBITA	**24**	**29**	*+20.9%*	*+19.0%*	**(6)**	**(0)**	*+95.0%*	*+94.1%*
As a % of revenues	+4.7%	+7.2%			(0.7)%	(0.0)%		

- **DVD Services** revenues totaled €706 million in 2020, down (18.6)% at constant rate and (20.0)% at current rate compared to 2019, due predominately to lower replication & packaging disc volumes across all formats, and lower distribution activity as a result of the negative impact of Covid-19, which exacerbated the structural decline trend. Total combined replication volumes reached 817.1 million discs in 2020, down (22.9)% year-on-year. However, this reduction was much lower than originally anticipated as demand for back catalog grew to compensate somewhat for loss of revenue from new film releases.

David Holliday, the newly appointed President of the DVD Services Business Division, has been tasked with further in-depth transformation of the business, driving efficiencies across the worldwide footprint, streamlining internal processes and centralizing cost management, while accelerating revenue and profitability from non-disc activities.

- **Adjusted EBITDA** amounted to €54 million at current rate, or 7.6% of revenue, better than expectations given stronger than anticipated disc volumes and the acceleration of cost saving actions. The margin also includes the benefit of the positive impact from contracts renegotiated in 2019 and 2020. Lower depreciation & amortisation and renewal of contracts helped to deliver an Adjusted EBITA at break even compared to a loss in 2019.

- **Business Highlights**
  - Standard Definition DVD volumes were down (20)% in 2020 reflecting the lack of new release content due to theater closures, but overall results were better than expected given the continued aggressive studios and major retailers catalog promotional activity.
  - Blu-ray™ volumes were down (27)% in 2020, heavily impacted by the lack of new release content, and without as much mitigating benefit from catalog promotions.
  - CD volumes were down (33)% year-on-year on a combination of expected structural declines and Covid-19 retail impacts.

All formats showed an easing in the rate of decline in the fourth quarter with strong retail demand activity during the holiday season, particularly in the games segment.

The Disney/Fox contract successfully closed, as did the Lionsgate contract. Paramount (PHE) replication will expire in mid-2021 and will not be renewed; the effect of this will be mitigated by an acceleration of DVD Services' business transformation plans. Technicolor will continue to service PHE for distribution services.

		Second Half			Full Year		
In million units		**2019**	**2020**	*% Change*	**2019**	**2020**	*% Change*
Total Combined Volumes		**613.3**	**490.5**	*(20.0)%*	**1,059.1**	**817.1**	*(22.9)%*
By Format	SD-DVD	**402.6**	**340.1**	*(15.5)%*	**701.9**	**560.2**	*(20.2)%*
	Blu-ray™	**181.3**	**129.2**	*(28.7)%*	**298.8**	**218.0**	*(27.1)%*
	CD	**29.3**	**21.2**	*(27.6)%*	**58.4**	**38.9**	*(33.5)%*
By Segment	Studio/Video	**557.0**	**442.9**	*(20.5)%*	**959.4**	**740.6**	*(22.8)%*
	Games	**20.5**	**21.2**	*+3.1%*	**29.7**	**27.5**	*(7.5)%*
	Music & Software	**35.7**	**26.5**	*(25.9)%*	**70.0**	**49.0**	*(30.0)%*

- **Covid-19 situation update**
  - Theatrical new release activity was very limited in 2020 from March onwards due to the Covid-19 outbreak, with many key title release dates pushed out into 2021, which in most cases resulted in the home entertainment release being delayed as well, directly impacting DVD Services revenue/volume activity.
  - Most major retailers remained open during the pandemic, but the level of sales activity was below normal, with some signs of improvement in the fourth quarter. Without new release content, some retailers are continuing to allocate shelf space to catalog/library content promotions, which should continue to support DVD replication volumes in 2021.
  - Some production facilities experienced temporary staffing shortages, but the overall impact to operations was low.
  - The ongoing Covid-19 impact will be dependent on the extent and duration of ongoing restrictions (driven by the rate of new Covid case growth). The specific timing and extent of the reopening of movie theaters will impact the level of new disc release activity. DVD Services has accelerated certain aspects of its future restructuring plans in an effort to adapt to these impacts.

###

Corporate & Other In € million	**Second Half**		**Change HtH**		**Full Year**		**Change YoY**	
	2019	2020	Reported	At constant rate	2019	2020	Reported	At constant rate
Revenues	**34**	**11**	*(68.1)%*	*(68.1)%*	**43**	**23**	*(45.6)%*	*(45.6)%*
Adj. EBITDA	**15**	**(9)**	*(162.4)%*	*(163.3)%*	**1**	**(14)**	*ns*	*ns*
As a % of revenues	+43.2%	(84.7)%			+3.5%	(61.1)%		
Adj. EBITA	**14**	**(11)**	*(180.5)%*	*(181.9)%*	**(2)**	**(18)**	*ns*	*ns*
As a % of revenues	+40.7%	(102.9)%			(5.0)%	(77.7)%		

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

Corporate & Other recorded revenues of €23 million in 2020, decreasing compared to last year. In 2019, the Group benefited from €20 million of retained patent licensing revenues versus only €5 million in 2020. Adjusted EBITDA amounted to €(14) million and Adjusted EBITA was €(18) million.

###

- **Debt and leverage details**

As part of the financial restructuring transaction completed in 2020, debt maturities have been 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	363	Floating	12.00%(2)	Bullet	Jun. 30, 2024	Caa1/B
New Money Term loans	USD	98	101	Floating	12.34%(3)	Bullet	Jun. 30, 2024	Caa1/B
Reinstated Term Loans	EUR	453	372	Floating	6.00%(4)	Bullet	Dec. 31, 2024	Ca/CCC
Reinstated Term Loans	USD	115	95	Floating	6.03%(5)	Bullet	Dec. 31, 2024	Ca/CCC
Subtotal	**EUR**	**1,016**	**931**		**8.68%**			
Lease liabilities(6)	Various	178	178	Fixed	7.94%			
Accrued PIK Interest	EUR+USD	16	16	NA	0%			
Accrued Interest	Various	16	16	NA	0%			
Other Debt	Various	1	1	NA	0%			
Total Gross Debt		**1,227**	**1,142**		**8.34%**			
Cash & Cash equivalents	Various	330	330					
Total Net Debt		**897**	**812**					
Covenant leverage ratio (7)		5.37						

(1) Rates as of December 31, 2020.

(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 €14 million are capital leases and €164 million is operating lease debt under IFRS 16

(7) Net debt using nominal value of financial debts divided by adjusted EBITDA, not tested as at December 31, 2020

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Summary of consolidated results for 2020

In € million	Second Half 2019	Second Half 2020	Second Half Change	Full Year 2019	Full Year 2020	Full Year Change
Revenues from continuing operations	**2,036**	**1,573**	**(22.7)%**	**3,800**	**3,006**	**(20.9)%**
Change at constant currency (%)			(17.9)%			(18.5)%
o/w *Production Services*	465	234	(49.6)%	893	513	(42.5)%
DVD Services	508	404	(20.5)%	882	706	(20.0)%
Connected Home	1,029	924	(10.2)%	1,983	1,764	(11.0)%
Corporate & Other	34	11	(68.1)%	43	23	(45.6)%
Adjusted EBITDA from continuing operations	**222**	**115**	**(48.3)%**	**324**	**167**	**(48.5)%**
Change at constant currency (%)			(44.9)%			(46.0)%
As a % of revenues	+10.9%	+7.3%	(361)bps	+8.5%	+5.6%	(298)bps
o/w *Production Services*	84	16	(80.9)%	164	18	(88.8)%
DVD Services	69	52	(24.8)%	81	54	(33.6)%
Connected Home	54	56	+3.7%	79	110	+39.5%
Corporate & Other	15	(9)	ns	1	(14)	ns
Adjusted EBITA from continuing operations	**87**	**11**	**(86.9)%**	**42**	**(56)**	**ns**
Change at constant currency (%)			(85.8)%			ns
As a % of revenues	+4.3%	+0.7%	(356)bps	+1.1%	(1.9)%	(297)bps
Adjusted EBIT from continuing operations	**60**	**(7)**	**ns**	**(12)**	**(96)**	**ns**
Change at constant currency (%)			ns			ns
As a % of revenues	+3.0%	(0.5)%	(345)bps	(0.3)%	(3.2)%	(289)bps
EBIT from continuing operations	**(31)**	**(70)**	**ns**	**(121)**	**(264)**	**ns**
Change at constant currency (%)			ns			ns
As a % of revenues	(1.5)%	(4.4)%	(292)bps	(3.2)%	(8.8)%	(561)bps
Financial result	(36)	144	-	(84)	77	-
Income tax	3	(2)	-	(3)	(5)	-
Share of profit/(loss) from associates	0	0	-	(1)	0	-
Profit/(loss) from continuing operations	**(64)**	**72**	**-**	**(208)**	**(193)**	**-**
Profit/(loss) from discontinued operations	(26)	(14)	-	(22)	(15)	-
Net income	**(90)**	**58**	**-**	**(230)**	**(207)**	**-**

(*) Change at current rate

- Restructuring costs accounted for €(100) million at current rate, including €(27) million in Production Services on cost streamlining actions, €(33) million in DVD Services, mainly resulting from optimization of replication and distribution sites, €(31) million in Connected Home, pursuant to the three-year transformation plan, and €(9) million for Corporate and Other.
- EBIT from continuing operations amounted to a loss of €(264) million in 2020.

- The financial result totaled €77 million in 2020 compared to €(84) million in 2019, reflecting:
    - Net interest costs of €(78) million, slightly up from last year's €(69) million, primarily due to the interest rates on the bridge loan in place from March to July;
    - Other financial income amounting to €155 million in 2020 compared to €(15) million in 2019, mostly explained by a non-cash gain on the equity and debt initial valuations, in the application of IFRS Standards following the financial restructuring process.

- Income tax amounted to €(5) million, compared to €(3) million in 2019.

- Group net income therefore amounted to a loss of €(207) million at current rate in 2020, compared to the €(230) million loss in 2019.

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 2020 compared to 2019, 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 €(168) million in 2020 compared to €(109) million in 2019 (including IFRS 16).

	Full Year		
In € million	**2019**	**2020**	Change(*)
EBIT from continuing operations	**(121)**	**(264)**	(144)
Restructuring charges, net	(31)	(100)	(69)
Net impairment losses on non-current operating assets	(63)	(75)	(12)
Other income/(expense)	(15)	8	23
Adjusted EBIT from continuing operations	**(12)**	**(96)**	**(84)**
As a % of revenues	(0.3)%	(3.2)%	(289)bps
Depreciation and amortization ("D&A") **	305	261	(44)
IT capacity use for rendering in Production S.	31	2	(29)
Adjusted EBITDA from continuing operations	**324**	**167**	**(157)**
As a % of revenues	8.5%	5.6%	(298)bps

(*) 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.

	Full Year (IFRS)	
In € million	**Dec 31, 2020**	**Dec 31, 2019**
Adjusted EBITDA from continuing operations	**167**	**324**
Changes in working capital and other assets and liabilities	(101)	(65)
IT capacity use for rendering in Production Services	(2)	(31)
Pension cash usage of the period	(30)	(26)
Restructuring provisions – cash usage of the period	(46)	(35)
Interest paid	(51)	(65)
Interest received	3	1
Income tax paid	(12)	(12)
Other items	(9)	(21)
Net operating cash generated from continuing activities	**(81)**	**70**
Purchases of property, plant and equipment (PPE)	(33)	(70)
Proceeds from sale of PPE and intangible assets	-	1
Purchases of intangible assets including capitalization of development costs	(75)	(99)
Net operating cash used in discontinued activities	(18)	(11)
Free cash-flow	**(207)**	**(111)**
Nominal gross debt (including Lease debt)	**1,227**	**1,302**
Cash position	**330**	**65**
Net financial debt at nominal value (non IFRS)	**897**	**1,237**
IFRS adjustment	(85)	(4)
Net financial debt (IFRS)	**812**	**1,233**

- The change in working capital & other assets and liabilities was negative by €(101) million in 2020, mostly driven by unfavorable changes in supplier payment terms at Connected Home and DVD Services, and reduced milestone payments at Film & Episodic Visual Effects due to Covid-19.
- Cash outflow for restructuring totaled €46 million in 2020, up by €11 million year-on-year at current rate, mainly resulting from accelerated implementation of cost savings.
- Capital expenditures amounted to €108 million, down by €61 million year-on-year at current rate, reflecting a strict control of investment expense.

Cash position at end of 2020 was €330 million, compared to €65 million at the end of December 2019.

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

Financial calendar

Q1 2021	May 11 2021
Annual General Meeting	May 12 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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Audited financial information

The auditors have performed their procedures on the consolidated financial statements. The audit report will be issued after verification of the management report and the presentation of the format required by the ESEF regulation on the financial statements intended to be included in the annual financial report.

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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).

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CONSOLIDATED STATEMENT OF OPERATIONS

(€ in million)	12 months ended December 31, 2020	2019
CONTINUING OPERATIONS		
Revenues	3,006	3,800
Cost of sales	(2,725)	(3,375)
Gross margin	**281**	**425**
Selling and administrative expenses	(284)	(323)
Research and development expenses	(94)	(114)
Restructuring costs	(100)	(31)
Net impairment gains (losses) on non-current operating assets	(75)	(63)
Other income (expense)	8	(15)
Earnings before Interest & Tax (EBIT) from continuing operations	**(264)**	**(121)**
Interest income	4	1
Interest expense	(82)	(70)
Net gain on financial restructuring	158	-
Other financial income (expense)	(3)	(15)
Net financial income (expense)	**77**	**(84)**
Share of gain (loss) from associates	0	(1)
Income tax	(5)	(3)
Profit (loss) from continuing operations	**(193)**	**(208)**
DISCONTINUED OPERATIONS		
Net gain (loss) from discontinued operations	(15)	(22)
Net income (loss)	**(207)**	**(230)**
Attribuable to:		
- Equity holders	*(207)*	*(230)*
- Non-controlling interest	*0*	*0*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	December 31, 2020	December 31, 2019
ASSETS		
Goodwill	716	851
Intangible assets	535	632
Property, plant and equipment	140	191
Right-of-use assets	148	285
Other operating non-current assets	27	32
TOTAL OPERATING NON-CURRENT ASSETS	**1,566**	**1,991**
Non-consolidated investments	14	17
Other non-current financial assets	47	22
TOTAL FINANCIAL NON-CURRENT ASSETS	**61**	**39**
Investments in associates and joint-ventures	1	1
Deferred tax assets	45	52
TOTAL NON-CURRENT ASSETS	**1,674**	**2,082**
Inventories	195	243
Trade accounts and notes receivable	425	507
Contract assets	63	79
Other operating current assets	224	184
TOTAL OPERATING CURRENT ASSETS	**907**	**1,013**
Income tax receivable	14	36
Other financial current assets	17	13
Cash and cash equivalents	330	65
Assets classified as held for sale	76	-
TOTAL CURRENT ASSETS	**1,344**	**1,127**
TOTAL ASSETS	**3,018**	**3,210**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ in million)	December 31, 2020	December 31, 2019
EQUITY AND LIABILITIES		
Common stock *(235,795,486 shares at December 31, 2020 with nominal value of 0.01 euro per share)*	2	414
Subordinated Perpetual Notes	500	500
Additional paid-in capital & reserves	126	(540)
Cumulative translation adjustment	(456)	(339)
Shareholders equity attributable to owners of the parent	**173**	**36**
Non-controlling interests	0	0
TOTAL EQUITY	**173**	**36**
Retirement benefits obligations	325	342
Provisions	33	30
Contract liabilities	2	3
Other operating non-current liabilities	21	25
TOTAL OPERATING NON-CURRENT LIABILITIES	**381**	**400**
Borrowings	948	979
Lease liabilities	122	224
Other non-current liabilities	-	1
Deferred tax liabilities	15	27
TOTAL NON-CURRENT LIABILITIES	**1,466**	**1,631**
Retirement benefits obligations	30	33
Provisions	90	70
Trade accounts and notes payable	710	825
Accrued employee expenses	142	134
Contract liabilities	41	40
Other current operating liabilities	215	302
TOTAL OPERATING CURRENT LIABILITIES	**1,228**	**1,404**
Borrowings	16	8
Lease liabilities	56	87
Income tax payable	21	41
Other current financial liabilities	2	2
Liabilities classified as held for sale	56	-
TOTAL CURRENT LIABILITIES	**1,379**	**1,542**
TOTAL LIABILITIES	**2,845**	**3,173**
TOTAL EQUITY & LIABILITIES	**3,018**	**3,210**

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CONSOLIDATED STATEMENT OF CASH FLOWS

(€ in million)	12 months ended December 31, 2020	2019
Net income (loss)	**(207)**	**(230)**
Income (loss) from discontinuing activities	(15)	(22)
Profit (loss) from continuing activities	**(193)**	**(208)**
Summary adjustments to reconcile profit from continuing activities to cash generated from continuing operations		
Depreciation and amortization	263	322
Impairment of assets	88	63
Net changes in provisions	16	(48)
Gain (loss) on asset disposals	(14)	17
Interest (income) and expense	78	69
Net gain on financial restructuring	(158)	-
Other items (including tax)	(2)	-
Changes in working capital and other assets and liabilities	(101)	(69)
Cash generated from continuing activities	**(22)**	**146**
Interest paid on lease debt	(19)	(21)
Interest paid	(32)	(44)
Interest received	3	1
Income tax paid	(12)	(12)
NET OPERATING CASH GENERATED FROM CONTINUING ACTIVITIES (I)	**(81)**	**70**
Acquisition of subsidiaries, associates and investments, net of cash acquired	(3)	(3)
Proceeds from sale of investments, net of cash	7	1
Purchases of property, plant and equipment (PPE)	(33)	(70)
Proceeds from sale of PPE and intangible assets	-	-
Purchases of intangible assets including capitalization of development costs	(75)	(99)
Cash collateral and security deposits granted to third parties	(35)	(6)
Cash collateral and security deposits reimbursed by third parties	1	5
NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)	**(138)**	**(171)**
Disposal of treasury shares	-	1
Increase of Capital	60	-
Proceeds from borrowings	760	1
Repayments of lease debt	(85)	(91)
Repayments of borrowings	(158)	(5)
Fees paid linked to the debt and capital operations	(60)	(1)
Other	5	4
NET FINANCING CASH USED IN CONTINUING ACTIVITIES (III)	**522**	**(91)**
NET CASH FROM DISCONTINUED ACTIVITIES (IV)	**(23)**	**(33)**
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	**65**	**291**
Net increase (decrease) in cash and cash equivalents (I+II+III+IV)	**280**	**(226)**
Exchange gains / (losses) on cash and cash equivalents	(16)	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**330**	**65**