PRESS RELEASE

Solid Q1 2014 Achievements

- **Revenue growth of 3.8% year-over-year at constant currency[1]**
- **Solid performance across the Group's businesses**
- **Continued optimization of the financial structure**

25 April 2014 – Technicolor (Euronext Paris: TCH; OTCQX: TCLRY) today announces its revenues for the first quarter of 2014.

"Technicolor delivered another strong quarter of performance," **said Frederic Rose, Technicolor Chief Executive Officer**. *"We made good progress in the first quarter in laying the foundation for delivering continued strong performance beyond 2015 with the signature of a major smartphone licensing agreement, record orders in Connected Home and Production Services and continued focus on internal IP generation across all activities. This performance has been recognized by the rating agencies and enables us to continue improving our balance sheet structure."*

Key points

- Continuing solid execution, with year-over-year revenue growth at constant rate of 1.4% and of 3.8% excluding legacy activities.
  - ***Technology:*** another quarter of revenues above €100 million, supported by double-digit year-on-year growth in direct licensing programs, with a sustained level of new contract and renewals, offset by softness in MPEG LA revenues.
  - ***Entertainment Services:*** good performance in Production Services, with double-digit year-over-year revenue growth in VFX, offset by unfavorable comparison to last year's record slate in DVD Services.
  - ***Connected Home:*** eighth straight quarter of double-digit year-over-year revenue growth, driven by strong volume increase in developed markets and significantly improved overall product mix.
- Rating upgrades by S&P and Moody's reflecting their view that the Group's performance has improved over the last two years and should continue to strengthen in the coming years.
- Launch of a repricing that will lead to a significant reduction in the Group's annual interest expenses.
- Sustained pace of innovation across the Group, building on its leadership in advanced video and audio technologies to participate in defining new models for content creation, management and distribution.

[1] Excluding legacy activities.

2014 guidance confirmed

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

Innovation

- Continued active participation in standardization bodies to promote Technicolor's technologies in the market. The Group has notably developed an integrated test bed (video, audio, transport, physical layer transmission) enabling the true evaluation of a viable end-to-end ATSC 3.0 solution aiming to provide enhanced video, immersive audio on both fixed and mobile devices through improved network efficiency and robustness.
- Significant focus around next generation immersive technologies to improve end-user visual quality experience, including the development of a High Dynamic Range ("HDR") broadcast distribution solution with backward compatibility, as well as a technology for creation and rendering of high quality content for HDR displays derived from existing content that will enable consumers to enjoy exceptional image realism in the very near future.
- Launch of *Creative District*, an online professional network for filmmakers and other creative professionals to connect, collaborate, display and develop their projects. The platform will offer a new networking experience to establish and maintain valuable professional relationships online.
- Creation of a new function in the Technology segment to drive the use of advanced technologies from R&I into Content Solutions and bring Technicolor's solutions to the market garnering the support of the motion picture and broadcast industries to drive adoption of select technologies into consumer's lives.
- Key milestone achieved by M-GO, with 1 million subscribers reached during the first quarter.
- Strong pipeline of Connected Home invention disclosures in communication/interoperability and local networks and successful commercial roll-out in that field, with strong demand in the first quarter of key customers for its Wi-Fi Doctor application developed on top of Qeo and materiel shipments of Wi-Fi 802 11ac gateways starting in the second quarter.
- All businesses continued to increase their number of invention disclosures, leading to another double digit increase in priority applications in the first quarter further strengthening the Group's IP portfolio.
- This strong pace of innovation allowed Technicolor to gain market share in the Connected Home segment, further raise the Group's innovative profile in the motion pictures and broadcast industries, demonstrate its commitment to the creative space and further reinforce its IP portfolio thereby supporting existing and future licensing programs. In the meantime, Technicolor remains focused on generating productivity gains and operating efficiencies.

Update on financial structure

- In the first quarter of 2014, Technicolor continued to further simplify its financial structure and increase its financial flexibility. The Group successfully refinanced €181 million of senior secured debt maturing in 2016 and 2017 through an exchange into new debt maturing in 2020 on terms identical to the term loans borrowed in July 2013. In addition to this exchange, the Group will reimburse in cash the rest of its senior secured debt maturing in 2016 and 2017 (€85 million) by the end of May.
- Moody's and S&P have recently upgraded their ratings on Technicolor's senior secured debt reflecting their view that the Company's performance has improved over the last two years and should continue to strengthen in the coming years. Moody's has raised Technicolor's long-term credit rating to B2 from B3 and S&P to B+ from B previously, with a stable outlook.
- Technicolor has launched a repricing to reduce the interest margin on its $884 million and €321 million of senior secured Term Loan B originally incurred in 2013. The expected pricing is Libor / Euribor + 450bps, subject to a 1% Libor / Euribor floor, which would result in significant annual interest savings for the Company. The transaction should close by the end of April.
- Nominal gross debt at the end of March 2014 amounted to €1,070 million, a decrease of €21 million compared to the end of December 2013, mainly resulting from €24 million of debt repayments. The level of cash was significantly higher compared to the end of December 2013, driven by sustained free cash flow generation.

Segment Review – Q1 2014 Revenue Highlights

Group revenues by segment

In € million	First Quarter 2013	First Quarter 2014	Change YoY Reported	Change YoY At constant rate
Technology	125	**113**	(10.0)%	(7.5)%
Entertainment Services (excl. legacy activities)	352	**335**	(5.0)%	(0.9)%
Connected Home	274	**291**	+6.3%	+15.2%
Group revenues (excl. legacy activities)	751	**738**	(1.7)%	+3.8%
Legacy activities	24	**5**	(78.2)%	(77.1)%
Group revenues	775	**744**	(4.1)%	+1.4%

Technology revenues reached €113 million in the first quarter of 2014, down 7.5% at constant currency compared to the first quarter of 2013. Licensing revenues totaled €110 million in the period, resulting from double-digit revenue growth across direct licensing programs that partly offset MPEG LA revenue decline. This latter decrease was principally related to a one-off volume adjustment with a co-licensor and overall softness in optical disc drive demand from PC manufacturers. Adjusted for this one-off impact, MPEG LA revenue performance would have been relatively in line with the trend achieved in the past quarters. The strong performance in direct licensing programs reflected sustained level of new contracts, including the LG smartphone licensing agreement signed in February 2014, and renewals.

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Entertainment Services revenues (excl. legacy activities) totaled €335 million in the first quarter of 2014, down 0.9% at constant currency compared to the first quarter of 2013, as a result of a single-digit revenue decline in DVD Services, partially offset by significant revenue growth in Production Services.

- ***Production Services*** integrate the digital creative services activities by combining them into a single unit that will allow the division to increase its operating efficiency while bringing together a broader range of services to its content creator customers.

  Production Services revenues increased significantly in the first quarter of 2014, driven by double-digit revenue growth in Visual Effects ("VFX"), in particular in VFX for feature films, and a strong level of activity in Postproduction Services across the Group's facilities. This strong performance offset weaker performance in Digital Distribution Services that include both Media Services and Digital Cinema.

  In the first quarter of 2014, VFX teams completed work on *The Amazing Spiderman 2* (Sony), *Godzilla* (Warner) and *Maleficent* (Disney), while continuing to work on *Cinderella* (Disney), *Guardians of the Galaxy* (Marvel/Disney) and *X-Men: Days of Future Past* (Fox). Postproduction teams completed work on *Noah* (Paramount) and *Captain America: The Winter Soldier* (Marvel/Disney) in Theatrical, as well as on *Game of Thrones Season 4, Silicon Valley* (HBO) and *Scandal Season 3* (ABC) in Broadcast.

- ***DVD Services*** revenues recorded a slight decrease in the first quarter of 2014, reflecting a decline in combined Standard Definition DVD and Blu-ray™ volumes of 5.5% compared with a very strong first quarter of 2013 (which had year-over-year total volume growth of 8,6% versus the first quarter of 2012). Blu-ray™ format demonstrated continued solid growth, with a 20.5% increase in total volumes, despite the difficult comparison to the prior-year quarter. Standard Definition DVD volumes declined by 10.7% in the quarter, due to lower-than-expected catalog promotional activity in the North American market, driven primarily by non-recurring retailer specific actions. Outside of North America, Standard Definition DVD volumes were down only 2.8% in the quarter. Ongoing use of multi-disc DVD/Blu-ray™ "combo-pack" configurations continued in the period at levels similar to 2013. Game volumes also continued to deliver year-over-year growth, despite a lighter than normal release schedule, following a heavy release activity in the fourth quarter of 2013 in support of the new gaming console launches.

  Major titles produced in the first quarter of 2014 included *Frozen* (Disney), *The Hobbit: The Desolation of Smaug* (Warner), *Ride Along* (Universal) and *The Wolf of Wall Street* (Paramount).

Volume Data for DVD Services

		First Quarter		
In million units		**2013**	**2014**	***Change***
Total Combined Volumes		322.0	**304.4**	*(5.5)%*
By Format	Standard Definition DVD	267.9	**239.2**	*(10.7)%*
	Blu-ray™	54.1	**65.2**	*+20.5%*
By Segment	Studio / Video	302.7	**280.5**	*(7.3)%*
	Games	12.0	**12.3**	*+2.6%*
	Software & Kiosk	7.3	**11.5**	*+58.6%*

- ***Legacy activities*** declined around 77% at constant currency in the first quarter of 2014 and continued to impact Entertainment Services segment top line. By the end of the year, legacy activities will have a non-material impact on the top line.

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Connected Home revenues were €291 million in the first quarter of 2014, up 15.2% at constant currency compared to the first quarter of 2013, marking the eighth consecutive quarter of double-digit year-on-year growth. This performance resulted from sustained growth in product deliveries across developed markets, including particularly strong demand from Cable customers, especially in North America, combined with a significant improvement in product mix across emerging markets, despite more difficult macro conditions, notably in parts of Latin America. Connected Home operating performance was strong during the quarter, as reflected by robust top-line growth, as well as positive adjusted EBITDA and free cash flow generation. The Connected Home segment has been again very active in term of innovation rollout and recorded over the quarter strong demand from key customers for the Wi-Fi Doctor application developed on top of Qeo, while it also started material shipments of Wi-Fi 802 11ac gateways for delivery in the second quarter.

- In **North America**, revenues expanded significantly in the first quarter of 2014, as unit shipments more than doubled in the period, while product mix also continued to improve. The strong growth in volumes reflected continued ramp-up of higher-end products introduced in the second half of 2013, in particular Cable broadband gateways, as well as increasing deliveries of new types of CPE devices integrated into end-to-end home security solutions for Cable MSOs. Volume growth also benefited from much higher shipments of Satellite set top boxes compared to a year ago. Overall product mix continued to improve year-on-year, driven by increasing contribution of higher-end Cable devices in the sales mix.
- In **Latin America**, revenues decreased in the first quarter of 2014, as a material improvement in the product mix was not significant enough to fully offset a sharp decrease in unit volumes. Shipments of Connected Home products fell double-digits in the period, with declines in all product lines, mostly as a result of strict inventory management at certain large customers across the region in connection with more difficult macro conditions. The performance in Brazil remained however strong, with Connected Home segment's operations continuing to expand at healthy rates, with particular strength in deliveries of set top boxes to Cable customers. Overall product mix improved significantly year-on-year, driven by a change in customer mix and the ramp-up of HD products introduced in the second half of 2013.
- In **Europe, Middle East and Africa**, revenues grew significantly in the first quarter of 2014, as a result of sustained volume increase, combined with relatively stable mix. The growth in volumes was driven by higher shipments across all product lines, notably Cable modems, as part of an ongoing customer deployment, and set top boxes. Overall product mix was broadly unchanged year-on-year.
- In **Asia-Pacific**, revenues declined materially in the first quarter of 2014, due to lower volumes, partly offset by improved mix. The decrease in volumes was driven by a reduction in shipments of SD set top boxes in India related to the progressive transition to HD products in this market, partly offset by higher deliveries of broadband gateways, notably to Cable customers in China. Overall product mix improved materially year-on-year, due to larger contribution of higher-end broadband devices in the sales mix.

Volume Data for Connected Home

		First Quarter		
In million units		**2013**	**2014**	***Change***
Total Combined Volumes*		7.0	**7.1**	*+0.9%*
By Region	North America	0.6	**1.3**	*+117.9%*
	Latin America	3.7	**2.8**	*(23.5)%*
	Europe, Middle-East and Africa	1.3	**2.0**	*+50.4%*
	Asia-Pacific	1.4	**0.9**	*(34.0)%*

** Including tablets and other connected devices.*

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

Financial Calendar

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

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Warning: Forward Looking Statements

This press release contains certain statements that constitute "forward-looking statements", including but not limited to statements that are predictions of or indicate future events, trends, plans or objectives, based on certain assumptions or which do not directly relate to historical or current facts. Such forward-looking statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the future results expressed, forecasted or implied by such forward-looking statements. For a more complete list and description of such risks and uncertainties, refer to Technicolor's filings with the French Autorité des marchés financiers.

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About Technicolor

Technicolor, a worldwide technology leader in the media and entertainment sector, is at the forefront of digital innovation. Our world class research and innovation laboratories enable us to lead the market in delivering advanced video services to content creators and distributors. We also benefit from an extensive intellectual property portfolio focused on imaging and sound technologies, based on a thriving licensing business. Our commitment: supporting the delivery of exciting new experiences for consumers in theaters, homes and on-the-go. www.technicolor.com

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

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