

# First Quarter 2013 Revenues



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# Agenda

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# Forward Looking Statements

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This presentation 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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# BUSINESS HIGHLIGHTS

# Q1 2013 Revenue Highlights

## Robust Revenue Performance in Q1 2013

**Technology:** Another strong quarter in our different licensing programs with sustained Licensing revenues

**Entertainment Services:** Slightly higher revenues excl. legacy activities with sustained growth in DVD Services revenues and robust level of activities in Digital Creative Services

**Connected Home:** Strong performance in line with the momentum recorded in H2 2012

\* Constant scope: excluding Broadcast Services, IPTV and VoIP activities

\*\* YoY: Year-on-Year

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# SEGMENT REVIEW

# Q1 2013 Revenues by Division - constant scope

(in € million) At constant scope	Q1 2012	Q1 2013	Δ % Current Currency	Δ % Constant Currency
Technology	121	125	+3.3%	(1.5)%
Entertainment Services <i>excluding legacy activities</i>	395 345	376 352	(4.9)% +2.2%	(5.4)% +1.8%
Connected Home	242	274	+13.0%	+16.3%
Other	0	0	-	-
<b>Total from continuing operations</b>	<b>759</b>	<b>775</b>	<b>+2.1%</b>	<b>+2.2%</b>

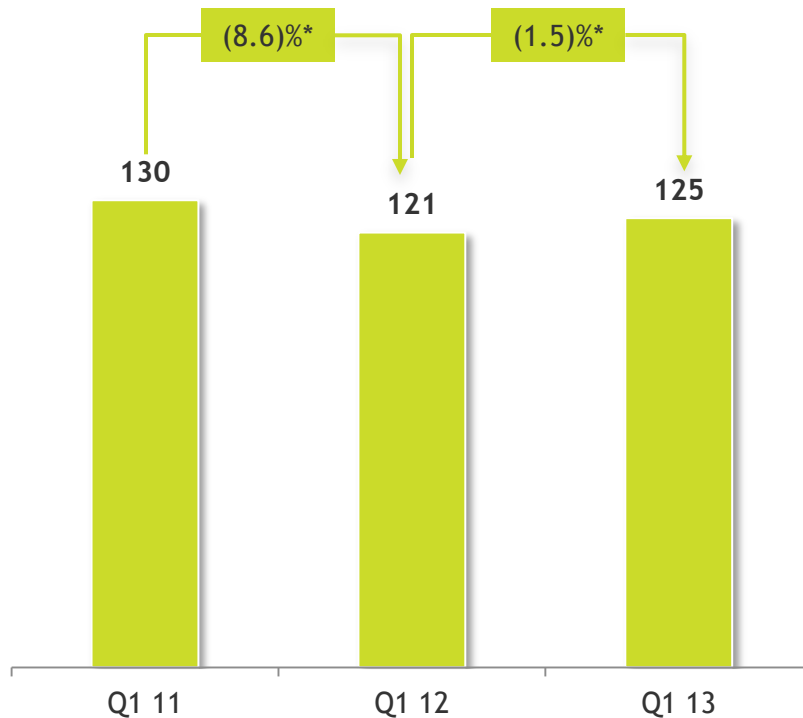
## Solid quarterly performance:

- Sustained Licensing performance
- Revenue growth in Entertainment Services excl. legacy activities
- Strong growth in Connected Home revenues, driven by volume growth in emerging markets and overall product mix improvement

# Technology - Q1 2013 Highlights

## Technology Revenues, €m

\* Change at constant rates



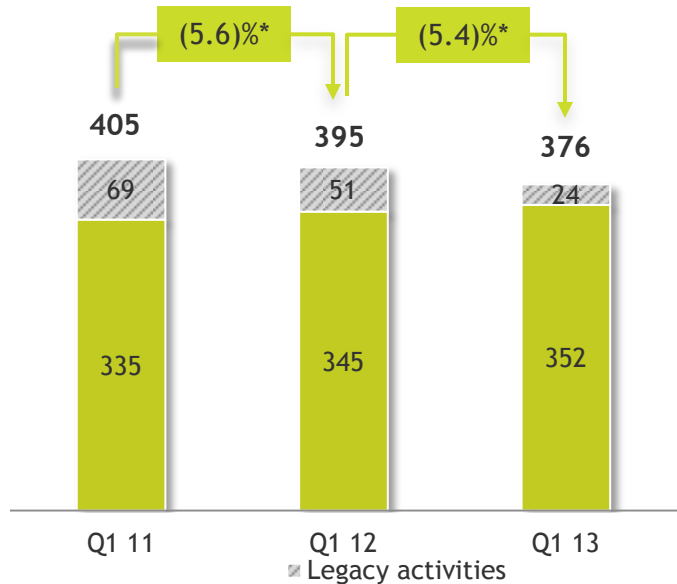
- Another quarter of Licensing revenues above €120 million
- Growth of 3.3% at current rate, slightly down at constant rate
- Sustained performance of licensing programs offset softer MPEG LA revenues
- Another quarter of strong growth in the Digital TV program



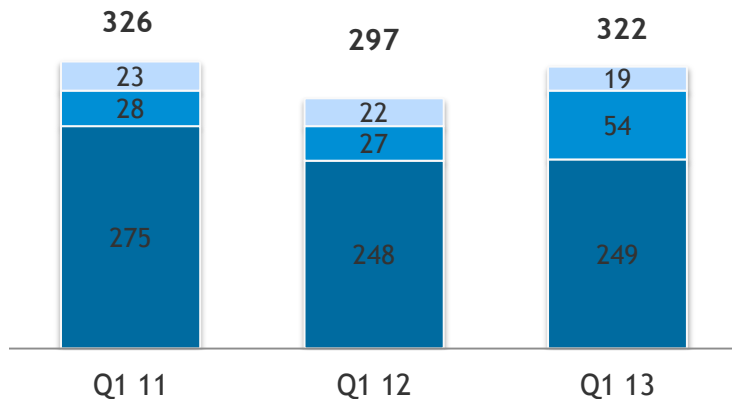
# Entertainment Services - Q1 2013 Highlights

## Entertainment Services Revenues, €m

\* Change at constant rates



## DVD volumes, in millions of units



■ SD (Standard Definition DVD) ■ BD (Blu-ray™ Disk) ■ Games/Software/ Kiosk

- Growth of around 2% excl. legacy activities
- Strong performance in DVD Services driven by a 9% volume increase due to a strong slate of new releases
- Digital Creative Services revenue slightly down in Q1 13 and expected to rebound in the next quarter
- Creative Services legacy activities revenues down 54% YoY



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# Entertainment Services, providing key services on major titles and shows

## Digital Production

Good pipeline of VFX for feature films



Excellence in servicing studio customers recognized by the Industry



## Digital Postproduction

Success of our state-of-the-art Sound facility on the Paramount lot



## A strong level of activity in North America

### Top 5 Shows / Titles - Video Post

BROADCAST TOP 5 TITLES	THEATRICAL TOP 5 TITLES
Mad Men	Caged
The Good Wife	Die Hard 5
Scandal	Oblivion
True Blood	The Internship
Army Wives	The Heat

### Top 5 Shows / Titles - Sound Post

BROADCAST TOP 5 TITLES	THEATRICAL TOP 5 TITLES
The Following	Pain and Gain
Vampire Diaries	GI Joe 2
Hawaii Five-O	World War Z
Dallas	Dark Skies
Glee	EPIC

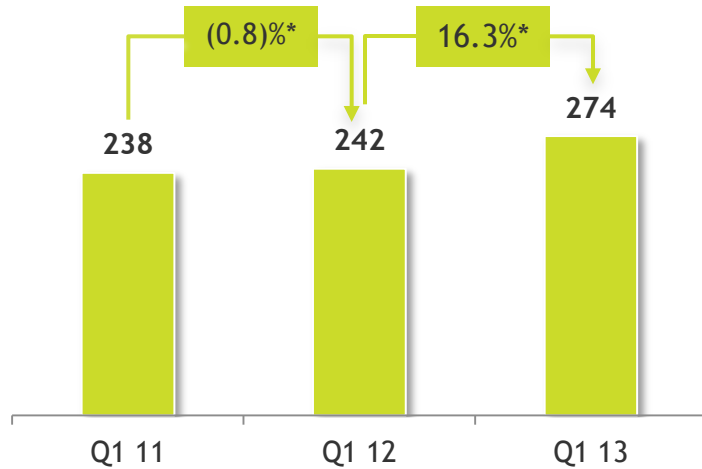
Work on "Hemlock Grove"- the next Netflix original program produced by Gaumont International Television



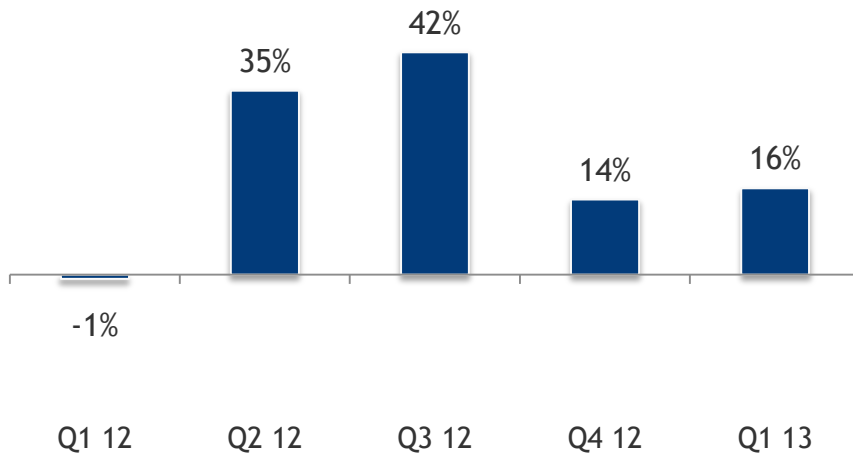
# Connected Home - Q1 2013 Highlights

## Connected Home Revenues, €m

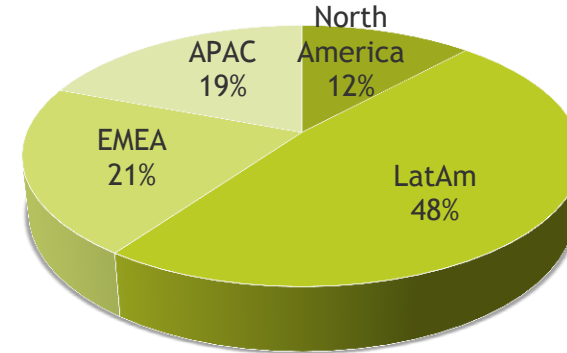
\* Change at constant rates



## YoY change in Revenues, at constant rate



## Revenues by region in Q1 13



- Fourth straight quarter of double digit YoY growth
- Sustained demand and market share gains in the fast-growing emerging markets
- Another quarter of double digit volume growth in **Latin America** and almost three-fold growth in **APAC** vs. Q1 12
- Overall product mix improvement

# Connected Home - Key Segment Highlights

## Significant market share gains confirmed

- **Gateways:** back to No. 1 position worldwide in value and in volume\*
- **Set-Top-Boxes:** seizing No. 2 position in volumes and No. 4 in value worldwide\*
- Significant award wins with 3 Cable and Telecom operators in North America to be rolled out in Q3

## Turnaround plan in 2013

- Current order backlog indicates rebound in North America in Q3; top line growth in all regions confirmed for FY 2013
- In line to achieve €45 million of annualized cost savings compared to FY 2011 cost base
- On track to generate positive free cash flow in 2013 as announced in February 2013

## Technology Leadership is supporting top line growth in 2013

- Market recognition of its advance in wireless **Media Gateways**, offering the best WiFi performance in the market
- **Frontrunner in VDSL Vectoring**, offering significant increase in bandwidth and reach

## Q1 2013 Connected Home Product Volumes

	(in million units)	Q1 2012	Q1 2013
	Total Volumes* Change (%)	6.3	7.1 +12%
o/w	North America Change (%)	2.0	0.6 (69)%
	Latin America Change (%)	2.5	3.7 +46%
	EMEA Change (%)	1.3	1.3 +4%
	Asia-Pacific Change (%)	0.5	1.4 +182%

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# FINANCIAL STRUCTURE UPDATE

# Financial Structure as of end of March 2013

**Gross debt** at the end of March 2013 fell to €1,222 million at nominal value and €1,107 million on IFRS basis; €36 million of debt repayments partly offset by the impact of the appreciation of the US dollar

**Lower level of cash** vs. end December 2012, as a result of debt repayments and the payment of the €38.6 million EU antitrust fine that took place in March 2013

## **Further improvement of financial structure**

Implementation of a new €50 million receivables backed committed credit facility with Natixis, at improved terms versus the previous one, maturing in April 2016

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# OUTLOOK

# FY 2013 Objectives confirmed

## **Growth in Adj. EBITDA between 5% to 10% compared to FY 2012 Adj. EBITDA at constant scope (€498 million):**

- Licensing Adj. EBITDA broadly stable compared to FY 2012 assuming another year of strong contracts
- Continued improvement of Connected Home Adj. EBITDA and return to positive free cash flow generation in this segment
- Improved profitability in Entertainment Services reflecting cost actions implemented in H2 2012
- Continued increase in operating expenses for M-GO and new growth initiatives

**Strong growth in Free Cash Flow**, above 30%, before expected one-off payments for legacy litigation (mainly the EU antitrust fine for €38.6 million)

**Net debt to Adj. EBITDA ratio (as per Group's covenants) below 1.25x at end December 2013**



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# APPENDIX