
2009 results

18 February 2010

Frédéric Rose, CEO

Stéphane Rougeot, CFO

Safe Harbor Statement

Technicolor is a company listed on NYSE Euronext Paris and NYSE stock exchanges, and this presentation contains certain statements that constitute "forward-looking statements" within the meaning of the "safe harbor" of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on management's current expectations and beliefs and are subject to a number of risks, uncertainties, assumptions and other factors beyond Technicolor's control that could cause actual results to differ materially from the future results expressed, forecasted or implied by such forward-looking statements due to changes in global economic and business conditions, risks related to its debt restructuring, and risks related to its operations in general. For a more complete list and description of such risks and uncertainties, refer to Technicolor's Form 20-F (formerly Thomson) and other filings with the U.S. Securities and Exchange Commission and Technicolor's Rapport Annuel and other filings with the French Autorité des marchés financiers.

Content

- 1 Group highlights
- 2 FY 2009 financial review
- 3 2009 divisional review

Appendix

Group highlights

Our priorities announced early 2009

Cash generation	<ul style="list-style-type: none"> ■ Improve operating cash flow ■ Achieve sustainable cash generation 	<ul style="list-style-type: none"> ■ Operating cash flow improved by €56m in 2009 ■ Group free cash flow reduced from €(591)m to €(63)m in 2009 	✓
Operating profitability	<ul style="list-style-type: none"> ■ Further cost optimization ■ Return to operating profitability 	<ul style="list-style-type: none"> ■ Adjusted EBITDA margin up 1.8 points in FY 2009 ■ EBIT of €136m for FY 2009 	✓
Debt restructuring	<ul style="list-style-type: none"> ■ Restore sound balance sheet and stabilized capital structure 	<ul style="list-style-type: none"> ■ Sauvegarde plan approved by the Commercial Court ■ Debt reduction of €1.3bn (45%) 	✓
Disposals & closures	<ul style="list-style-type: none"> ■ Divestments of Grass Valley, PRN and Screenvision US ■ Exit of Retail Telephony and other smaller activities 	<ul style="list-style-type: none"> ■ Grass Valley, PRN and Screenvision US disposals in progress ■ €47m of cash proceeds as of 12 February 2010 	✓

Key 2009 business achievements

Improved business mix, profitability and cash generation in a challenging environment

Entertainment Services

- Strong uptake of the Digital Production business
- Solid performance in Film
- Major contract renewals and expansion in DVD
- Innovation in 3D

Connect

- Strong revenues in H1 2009 but weak in H2 2009
- Reduced ability to win major new contracts due to Group financial situation
- Stable market positions with existing clients except with one European operator
- Launch of operational excellence program in 3Q 2009

Technology

- Stable revenue stream from MPEG-LA and from other core programs
- Refocus of Corporate Research

Operating efficiencies

- Continued implementation of cost improvement and efficiency programs
- Effective management of working capital in the context of decreasing sales

Balance sheet restructuring approved

- Sauvegarde procedure completed in less than 3 months
- Expected launch of capital increase / ORA in April/May 2010

30 Nov 2009 ■ Opening of Sauvegarde by the Nanterre Commercial Court

21/22 Dec 2009 ■ Approval of the Sauvegarde Plan by the Creditors

27 Jan 2010 ■ Approval of the resolutions supporting the Sauvegarde Plan at the EGM

17 Feb 2010 ■ Court approval of the Sauvegarde Plan

April/May 2010 ■ Launch of Capital Increase on the basis of a prospectus approved by the AMF
■ Issuance and allocation of the ORA Warrants

At Settlement ■ In accordance with the terms of the Plan:
- Issuance of new shares
- Issuance of ORA
- Issuance of the DPN
- Reinstated debt in place

Future dates could be modified, if necessary, for the proper implementation of the Sauvegarde Plan

Priorities 2010

Top line

- Focus on winning new clients to deliver top line growth in H2 2010
- H1 2010 revenue trend to be similar to H2 2009 trend

Cost base & cash flow

- Continuing strong focus on operational efficiencies and cash generation to finance the capex and working capital requirements necessary for expected increased activity in H2 2010

Divestments & closures

- Progress on-going divestment & closure program
- Stem the cash losses related to some discontinued activities

FY 2009 financial review

FY 2009 results highlights

	FY 2008	FY 2009	
Revenues from continuing activities	€4,099m	€3,529m	<ul style="list-style-type: none"> Group revenues for FY 2009 YoY (13.9)% at current rates and (14.5)% at constant rates, mainly due to pressure on DVD volumes and lack of new customers for Connect
Adjusted* EBITDA from continuing activities	€491m 12.0% sales	€486m 13.8% sales	<ul style="list-style-type: none"> Adjusted EBITDA margin up 1.8pt YoY Operating efficiency plan and improved business mix allowed to offset the drop in revenues
EBIT from continuing activities	€(741)m	€136m	<ul style="list-style-type: none"> Beyond favourable impact from 2008 write-off, EBIT positively driven by mix improvement across Entertainment Services and Connect, and by efficiency gains
Net income from continuing activities	€(1,225)m	€33m	<ul style="list-style-type: none"> Positive net income on the continuing perimeter
Consolidated net result	€(1,930)m	€(342)m	<ul style="list-style-type: none"> Impairment charges of €(276)m in H1 2009 and €(39)m EBIT loss at Grass Valley in H2 2009
Operating Cash Flow** from continuing activities	€215m	€271m	<ul style="list-style-type: none"> Increased cash flow generation from continuing activities driven by tight control over capex spending and lower investments requirements on DVD
Net debt	€2,116m	€2,176m	<ul style="list-style-type: none"> €177m free cash flow at group level in H2 2009. €(63)m in FY 2009 due to Q1 2009 one-off impact on working capital Cash position at 31 December 2009: €569m

* Excluding impairment charges, restructuring and other income/(loss) ** Adjusted EBITDA minus restructuring and capex cash out

FY 09 Revenues by division

	Q4 2008	Q4 2009	Δ % Constant currency	H2 2008	H2 2009	Δ % Constant currency	FY 2008	FY 2009	Δ % Constant currency
Entertainment Services	556	486	(8.3)%	1,030	907	(9.8)%	1,845	1,705	(8.2)%
Connect	529	328	(36.6)%	890	595	(31.9)%	1,579	1,328	(16.7)%
Technology	107	97	(7.7)%	211	195	(4.4)%	392	390	0.2%
Other	67	15	(75.4)%	133	31	(74.7)%	283	106	(63.3)%
Total from continuing activities	1,259	926	(23.7)%	2,264	1,728	(21.8)%	4,099	3,529	(14.5)%
<i>o/w new perimeter</i>	<i>1,195</i>	<i>911</i>	<i>(21.1)%</i>	<i>2,137</i>	<i>1,700</i>	<i>(18.6)%</i>	<i>3,827</i>	<i>3,430</i>	<i>(10.9)%</i>

Key points - Q4 2009

- Entertainment Services: market share gains and solid growth in Creation and Theatrical Services partly offset continuing pressure on DVD volumes
- Connect: unfavorable comparison base against very high Q4 08 in cable. Stable customer base vs. Q3 2009
- Technology: revenues impacted by the disposal of STS in July 2009 and the absence of material new contracts in Q4 2009

Key points - FY 2009

- Entertainment Services: revenue decline driven by pressure on DVD volumes, partly offset by improved mix in Film and DVD and by increased activity in Digital Production
- Connect: strong decline in volumes partly offset by improved mix
- Technology: stable contribution from MPEG LA and other core programs

Operating efficiencies

2009 cost savings and efficiency improvement

Entertainment services

- Process improvement
- Labor cost optimization (e.g move of C&A to India)
- Rationalisation of sites and operations

Connect

- Reduction in non-quality costs (reduction in warranty, rework and liquidated damages)
- R&D site rationalization
- Headcount reduction
- Improvement in supply chain (lower air freight costs) and inventory management

Technology

- Corporate research site rationalization (closure of Villingen research center)
- Management headcount reduction

Corporate

- Management headcount reduction
- Finance, HR and Sourcing shared services & rationalization
- Data center, server and network consolidation

- Leaner organization and operations
- Improved profitability and cash flow generation compared to 2008
- More efficient management of working capital requirements

Adjusted operating profitability

<i>In € million</i>	H1		H2		FY	
	2008	2009	2008	2009	2008	2009
EBIT from continuing activities	21	51	(762)	85	(741)	136
Impairments and write-offs included in COGS and OpEx	-	-	(79)	-	(79)	-
Restructuring charges, net	(36)	(3)	(130)	(37)	(166)	(41)
Impairment losses on non-current operating assets	0	(30)	(666)	(50)	(666)	(80)
Other income/(expense)	1	(6)	(26)	15	(25)	10
Total adjustments **on EBIT	(35)	(39)	(900)	(72)	(936)	(111)
Adjusted EBIT from continuing activities	56	90	138	157	195	247
<i>As a % of revenues</i>	<i>3.1%</i>	<i>5.0%</i>	<i>6.1%</i>	<i>9.1%</i>	<i>4.7%</i>	<i>7.0%</i>
Depreciation and amortization (D&A) *	130	116	166	124	296	239
Adjusted EBITDA fom continuing activities	186	205	305	281	491	486
<i>As a % of revenues</i>	<i>10.1%</i>	<i>11.4%</i>	<i>13.5%</i>	<i>16.3%</i>	<i>12.0%</i>	<i>13.8%</i>

* Including impact of provision for risks, litigations and warranties

** 2009 adjustments are directly traceable in our financial statements. Previously reported 2008 adjustments have been restated from the Grass Valley and Media networks business now treated as discounted activities (IFRS5). The 2008 exceptional adjustment in cost of sales and operating expenses have not been renewed in 2009.

Impairment loss of €80m on non-current assets in 2009:

- Entertainment Services: €50m, mostly due to depreciation of a contract advance made to a US customer in 2005
- Technology: €12m, related to the trademark portfolio



Divisional split for adjusted EBITDA

H2 - Divisional Split of adjusted EBITDA (€m)

H2 2008			H2 2009		
305		13.5%	16.3%		281
145	Entertainment Services	14.1%	16.4%	Entertainment Services	149
72	Connect	8.1%	9.1%	Connect	54
163	Technology	77.2%	73.5%	Technology	143
(75)	Other			Other	(65)

FY - Divisional Split of adjusted EBITDA (€m)

FY 2008			FY 2009		
491		12.0%	13.8%		486
214	Entertainment Services	11.6%	13.1%	Entertainment Services	223
111	Connect	7.0%	7.6%	Connect	101
287	Technology	73.3%	72.5%	Technology	283
(121)	Other			Other	(121)

- Adjusted EBITDA decrease limited to €(24)m in H2 2009 and to €(5)m for FY 2009 despite material revenue decline
- Adjusted EBITDA margin improved by 2.8 points YoY in H2 and by 1.8 point YoY for the full year
- Key trends and drivers by business:
 - Entertainment Services:** adjusted EBITDA margin up 2.3 points in H2 and 1.5 point for the full year, driven by operating efficiencies and improved mix overall
 - Connect:** adjusted EBITDA margin up by 1.0 point in H2 and by 0.6 point to 7.6% for the full year, mostly due to an improvement in product mix and to a material decrease of non-quality costs
 - Technology:** adjusted EBITDA margin decreased by (3.7) points in H2 and by (0.8) point for the full year, mostly driven by increased expenses in Corporate Research, and a slight increase in patent filing costs

FY 2009 net result

<i>In € million</i>	H2			FY		
	2008	2009	Change	2008	2009	Change
EBIT from continuing activities	(762)	85	+847	(741)	136	+877
Financial costs, net	(303)	(58)	+245	(376)	(68)	+308
Share of profit/(loss) from associates	(4)	(0)	+4	(4)	(0)	+4
Income tax	(85)	2	+87	(104)	(35)	+69
Profit/(loss) from continuing operations	(1,153)	29	+1,182	(1,225)	33	+1,258
Loss from discontinued operations	(597)	(46)	+551	(708)	(375)	+333
Net result, Group share	(1,748)	(17)	+1,731	(1,930)	(342)	+1,588

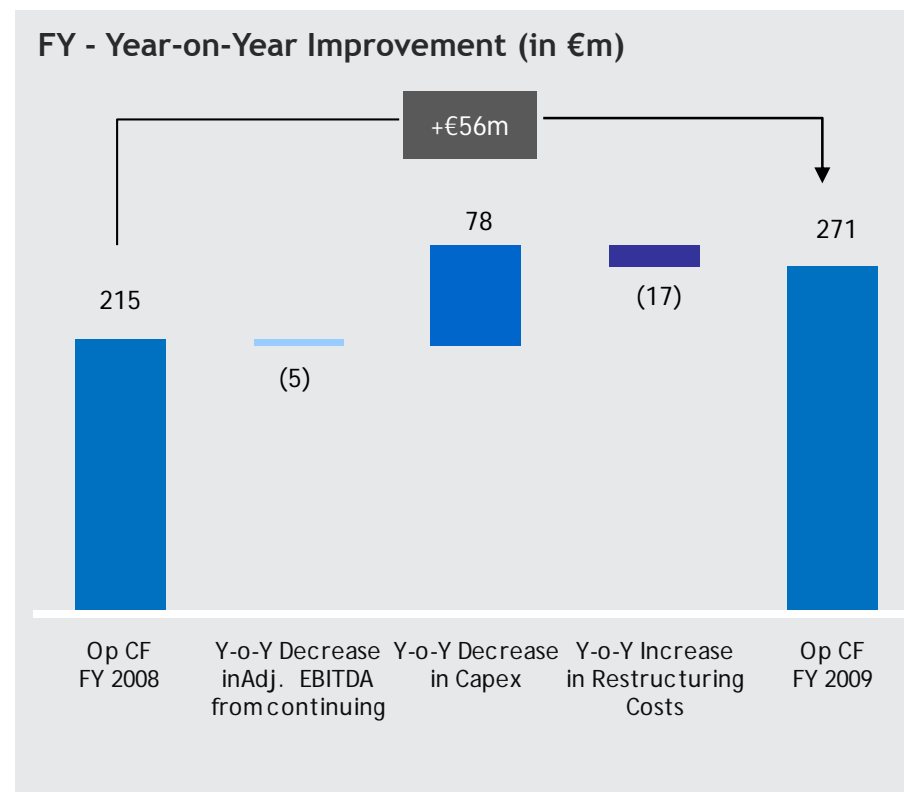
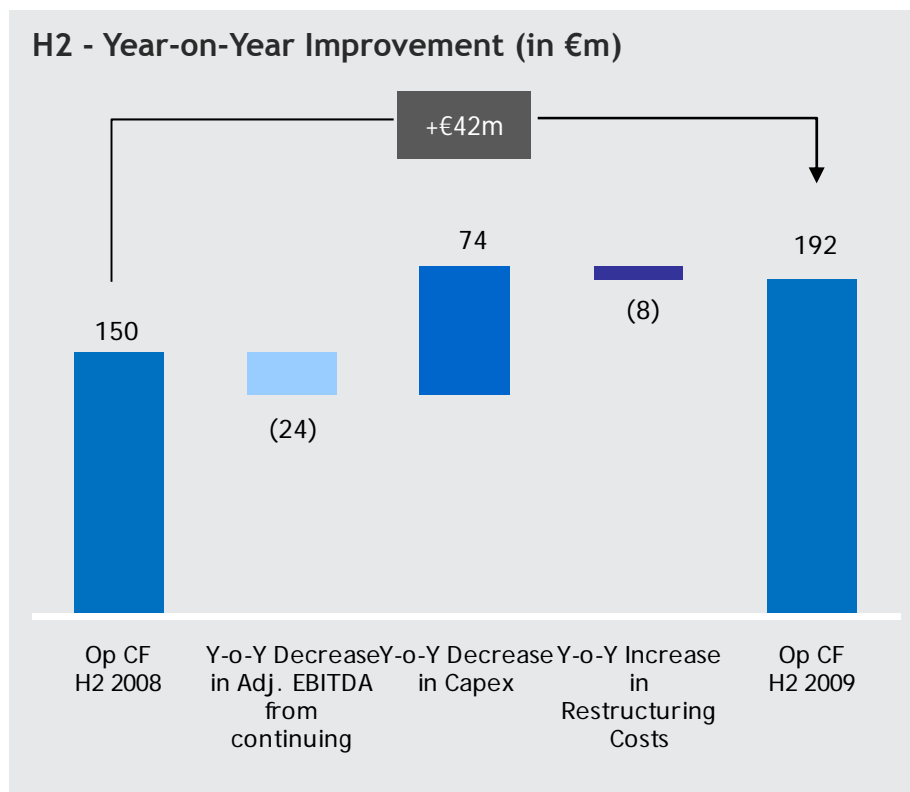
2008 financial result included an impairment on the financial stake in Videocon of €151m

Positive net result from continuing activities in H2 and full year 2009

2009 net result includes:

- €(276) million in impairment charges recorded in H1 on discontinued operations
- €(46)m of losses from discontinued operations primarily in H2 due to Grass Valley

Operating Cash Flow



Operating cash flow from continuing activities improved year over year, resulting from:

- The decrease in adjusted EBITDA by €(24)m in H2 and by €(5)m for FY 2009
- Tight control over capex spending and lower investment requirements in the Entertainment Services, mainly due to the volume decrease in DVD replication
- Continued spending for restructuring actions: €67m for FY 2009 including €38m in H2

FY 2009 Free Cash Flow

<i>In € million</i>	H2		FY	
	2008	2009	2008	2009
OCF from continuing operations	150	192	215	271
Change in working capital and other assets and liabilities	(413)	98	(386)	(85)
Tax, financial, non-current and other items	(161)	(84)	(213)	(155)
FCF from continuing operations	(424)	207	(384)	31
FCF from discontinued operations	(58)	(30)	(207)	(94)
Group FCF	(482)	177	(591)	(63)

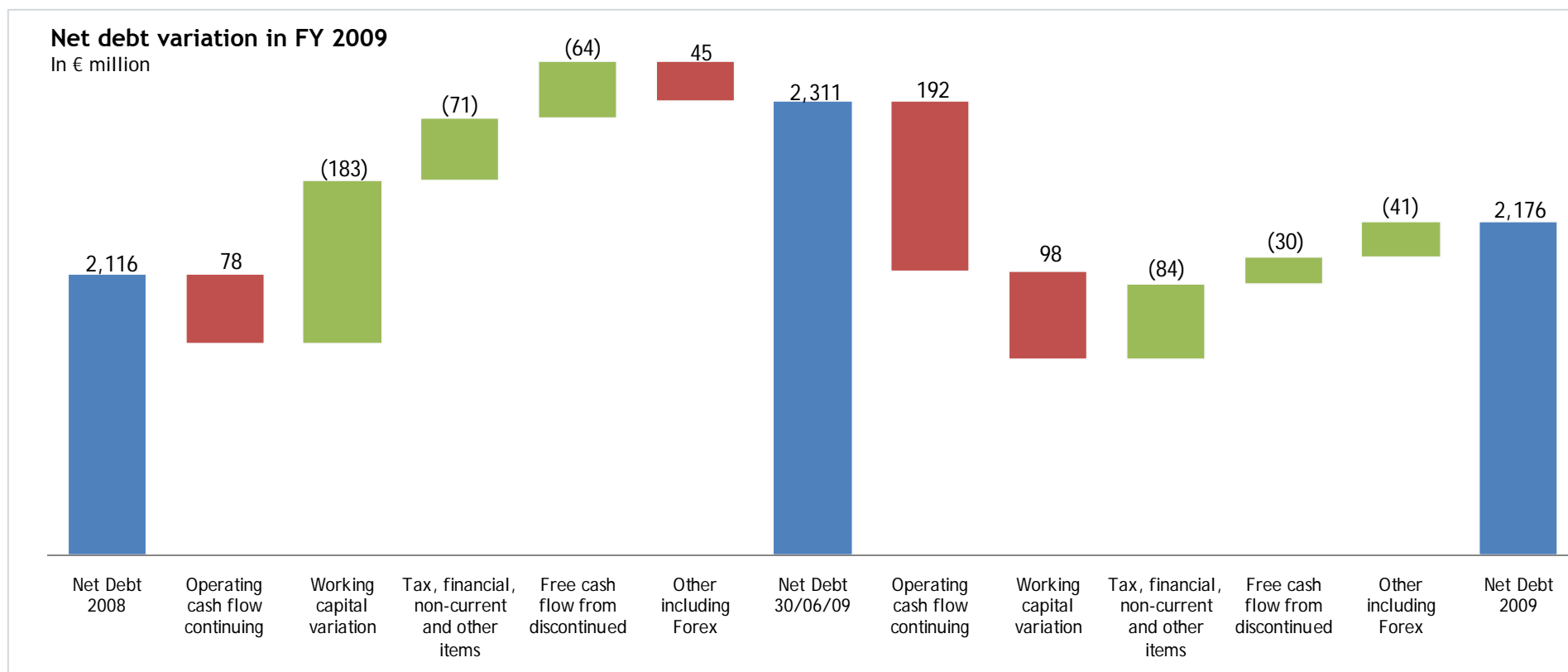
H2 2009 decrease in working capital/OAL mainly driven by:

- a decrease in inventories reflecting supply chain improvements in Connect
- a decrease in receivables resulting from lower activity

Free cash flow from continuing activities of €31 million in FY 2009, including the negative impact of the one-off working capital increase incurred in first quarter 2009, associated with the alignment of the supplier payment cycle to contractual terms

Free cash flow used by discontinued activities reduced by €113 million, mainly due to the exit of the AVA and Silicon Components businesses which weighed on 2008

Net debt and liquidity



- Net financial debt of €2,176 million at 31 December 2009 compared to €2,311m at 30 June 2009, and to 2,116 at 31 December 2008
- Cash position of €569 million at 31 December 2009

Balance sheet at 31 December 2009

<i>In € million</i>	31 Dec. 2008	31 Dec. 2009
Total non-current assets	2,907	2,238
<i>incl. Goodwill</i>	926	746
<i>incl. Other Intangible Assets</i>	673	456
<i>incl. Property, Plant & Equipment</i>	541	431
Total current assets	2,684	2,082
<i>incl. Cash and equivalents</i>	769	569
<i>incl. Assets held for sale</i>	33	436
Total Assets	5,591	4,320

<i>In € million</i>	31 Dec. 2008	31 Dec. 2009
Total equity	(134)	(453)
Non-current liabilities	803	692
<i>incl. Long term debt</i>	22	16
Total current liabilities	4,922	4,081
<i>incl. Short-term debt</i>	2,862	2,727
<i>incl. liabilities held for sale</i>	22	257
Total Liabilities	5,591	4,320

- Decrease in non-current assets in FY 2009 mainly driven by:
 - H1 2009 impairment losses of €(306)m, out of which €(138)m on goodwill and €(168)m on fixed assets
 - H2 2009 impairment losses on non-current operating assets of €(52)m
- Decrease in current assets mainly driven by a working capital reduction

- Equity impacted by Group net loss of €(342)m, out of which €(375) million net losses on discontinued activities
- All debt classified as short-term since FY 2008 results

Disposals and Closures

€47m of cash proceeds as of 12 February 2010

Grass Valley

- Disposal negotiations ongoing
- Complexity due to difficult business environment in 2009
- Option to sell separately three activities: Broadcast, Transmission, Head-end

Screenvision US PRN

- Disposal process underway
- Assets generating positive cash flow

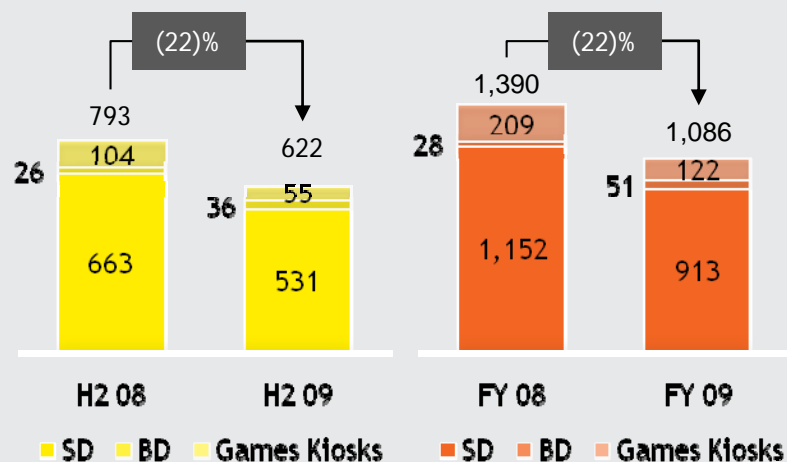
Others

- Retail telephony US and Rest of World: exited
- Convergent: sold
- STS: sold
- Screenvision Belgium, Spain, Denmark: sold or closed
- Videocon shares: partly sold

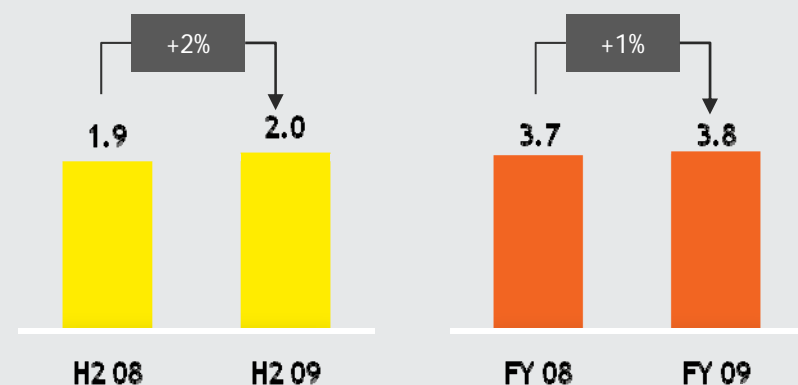
2009 divisional review

Entertainment Services | Business review

DVD replication volumes
In million units



Film Footage
Billion of feet



Key Points

Creation services

- Stronger activity in VFX for film due to major project wins in Q4 09
- In a weak advertising market, increased market share in VFX for commercials over H2 09

Cinema services

- Strong film release slate in Q4 09, which compensated for a weak Q3 09 performance
- Film print volumes slightly up in H2 09 vs. H2 08
- Continued expansion in Digital Cinema business

Digital content delivery services

- Strong volume pressure in Media Management Services on lower orders for DVD/TV content management in Q4 09
- In a weak advertising market, positive impact of contract wins in Broadcast Services in Q4 09

DVD services

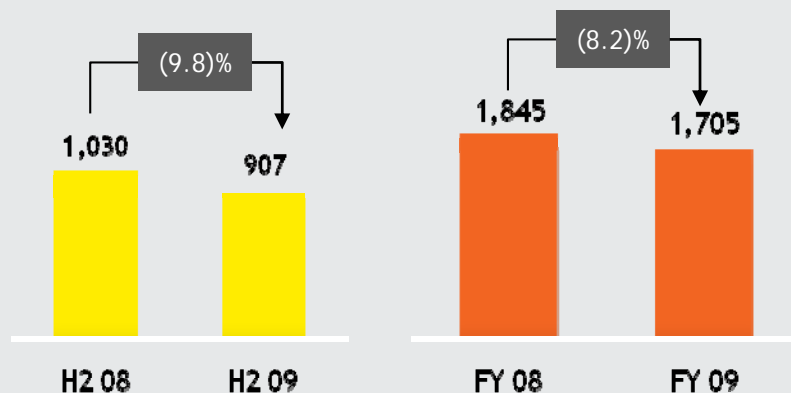
- Ongoing impact of overall weakness in studio new release and catalog volumes in Q4 09
- Reduction in DVD volumes in-line with market trends in Q4 09; strong growth in Blu-ray



Entertainment Services | Financial indicators

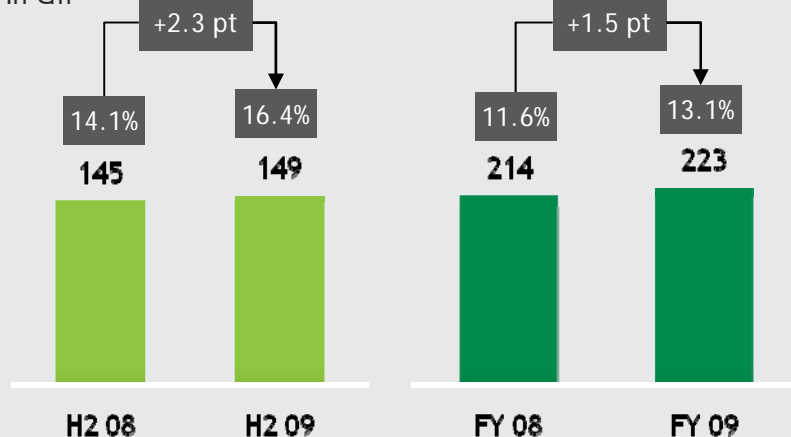
H2 and FY revenues

In €m as reported. Change at constant currency



H2 and FY adjusted EBITDA

In €m



Key Points

Creation services

- Strong improvement in operating profitability in H2 09 vs. H2 08 due to higher VFX activity, ramp-up of Indian animation/LA commercials operations, and operational improvements

Cinema services

- Increase film print volumes in H2 09 vs. H2 08, with an improved mix, positively impacting operating profitability and cash generation

Digital content delivery services

- Decrease in operating profitability due to weaker activity in H2 09 vs. H2 08, but improved cash generation on lower CapEx in Broadcast Services

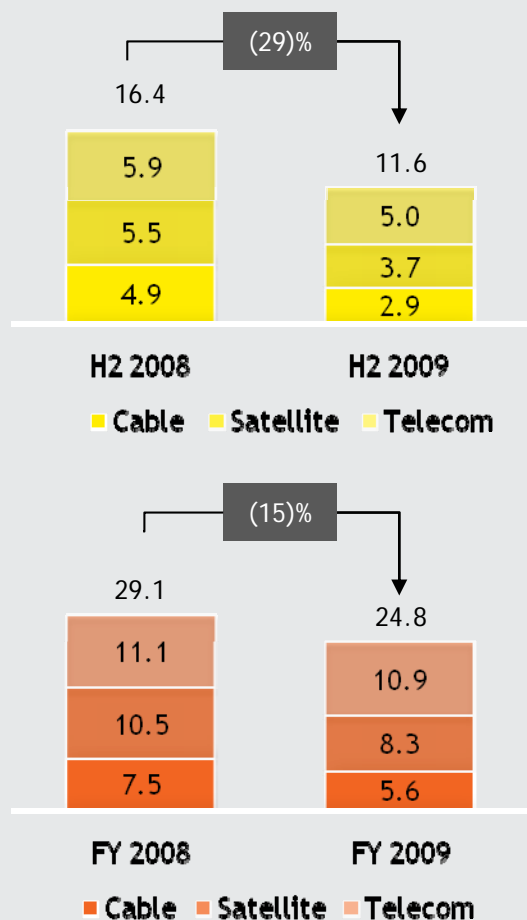
DVD services

- Despite lower volumes, improved operating profitability and cash generation as a result of ongoing cost reduction initiatives, efficiency gains and improved product mix, as well as lower CapEx

Connect | Business review

Access Products volumes

In million units



Key Points

Digital Home Products

- Lower orders for satellite STBs in North America, due to higher level of refurbished boxes
- Market share loss with one European telecom operator
- Strong decline in cable volume, due to tough comparison basis in Q4 09 vs. Q4 08 (DTAs)
- Stronger price pressure offset by stable market share and improved mix in cable/satellite

Software Service Platform

- Rebound in Q4 09 after three weak quarters, due to positive performance of VoIP platform, and signs of improvement in IPTV business

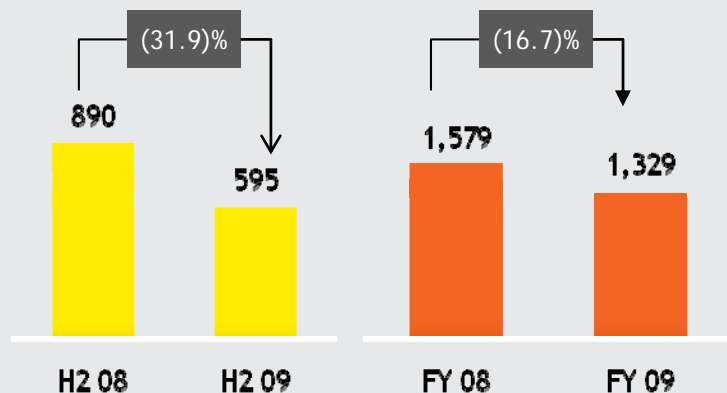
Financials

- Connect profitable in H2 09, due to improved mix, notably in satellite, and material decline in non-quality costs after the Q3 09 launch of business improvement initiatives
- Improved cash generation in H2 09 as a result of lower CapEx and restructuring charges, and improved working capital on reduced inventory levels

Connect | Financial indicators

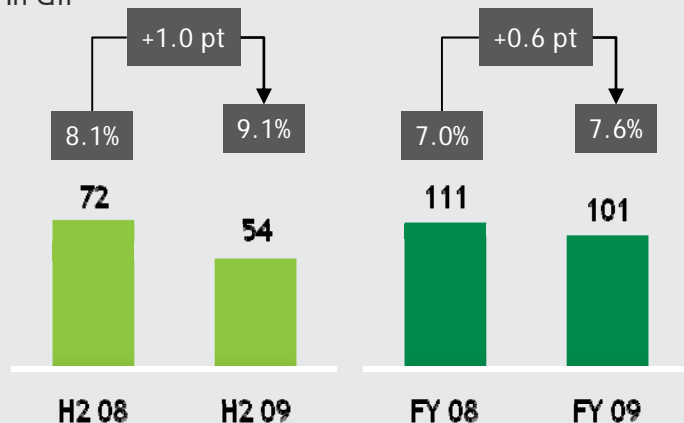
H2 and FY revenues

In €m as reported. Change at constant currency



H2 and FY Adjusted EBITDA

In €m



Key Points

Digital Home Products

- Lower orders for satellite STBs in NA, due to higher level of refurbished boxes
- Market share loss with one EU telecom operator
- Strong decline in cable volume, due to tough comparison basis in Q4 09 vs. Q4 08 (DTAs)
- Stronger price pressure offset by stable market share and improved mix in cable/satellite

SSP

- Rebound in Q4 09 after three weak quarters, due to positive performance of VoIP platform, and signs of improvement in IPTV business

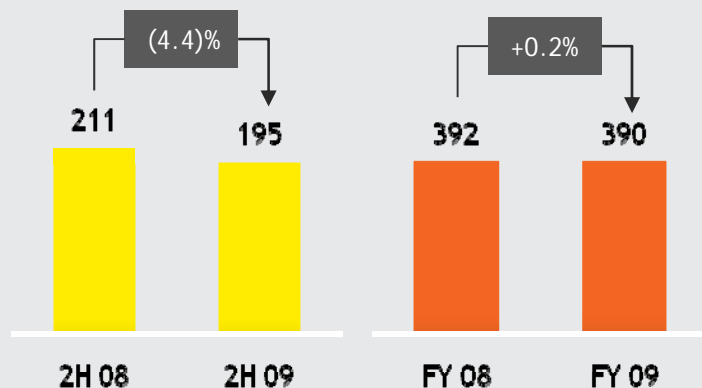
Financials

- Connect profitable in H2 09, due to improved mix, notably in satellite, and material decline in non-quality costs after the Q3 09 launch of business improvement initiatives
- Improved cash generation in H2 09 as a result of lower CapEx and restructuring charges, and improved working capital on reduced inventory levels

Technology

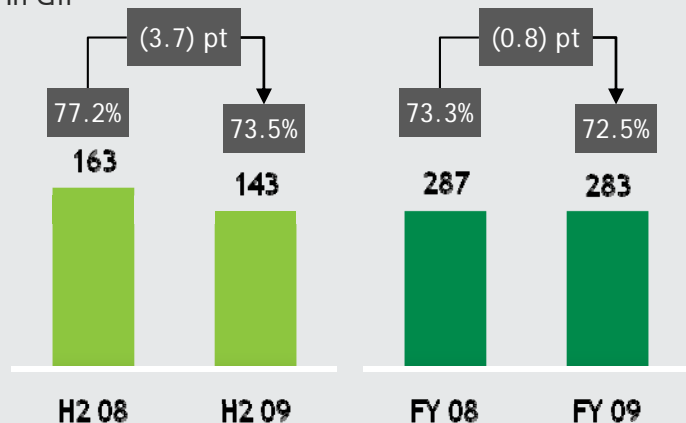
2H and FY revenues

In €m as reported. Change at constant currency



H2 and FY Adjusted EBITDA

In €m



Key Points

Corporate Research

- Launch of the Advanced Design Center in H2 09

Licensing

- Stable Licensing revenues in Q4 09 vs. Q3 09, but lower year-over-year due to the disposal of the Software and Technology Solutions business in July 2009 and to the absence of material new contracts in the fourth quarter 2009
- Stable revenue stream from the MPEG LA pool in H2 09 and sustained performance from the other Licensing programs

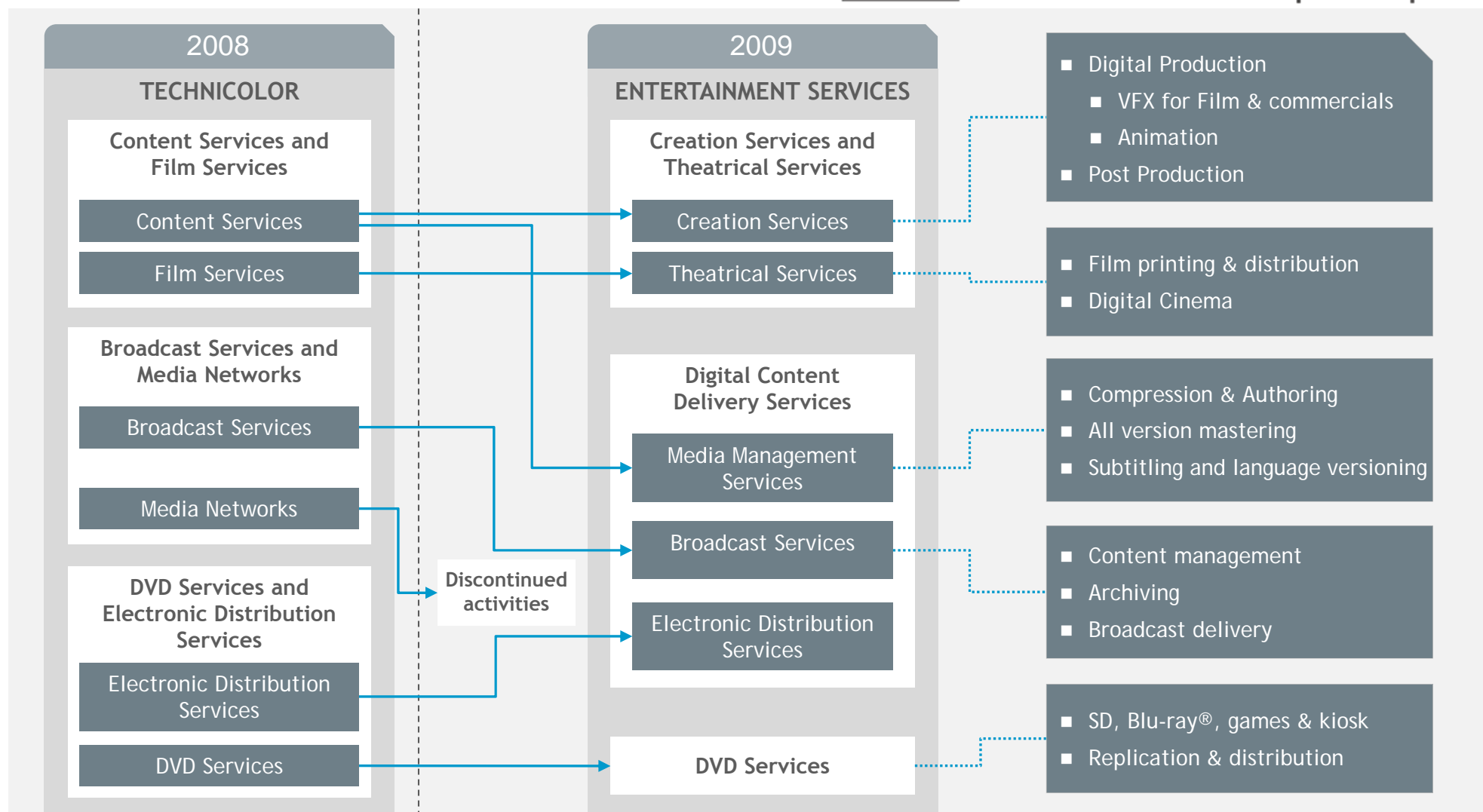
Financials

- H2 09 adjusted EBITDA negatively impacted by:
 - ✓ Increased patent filing costs related to older patents
 - ✓ Launch of the Advanced Design Center within Corporate Research, partly offset by research site rationalization

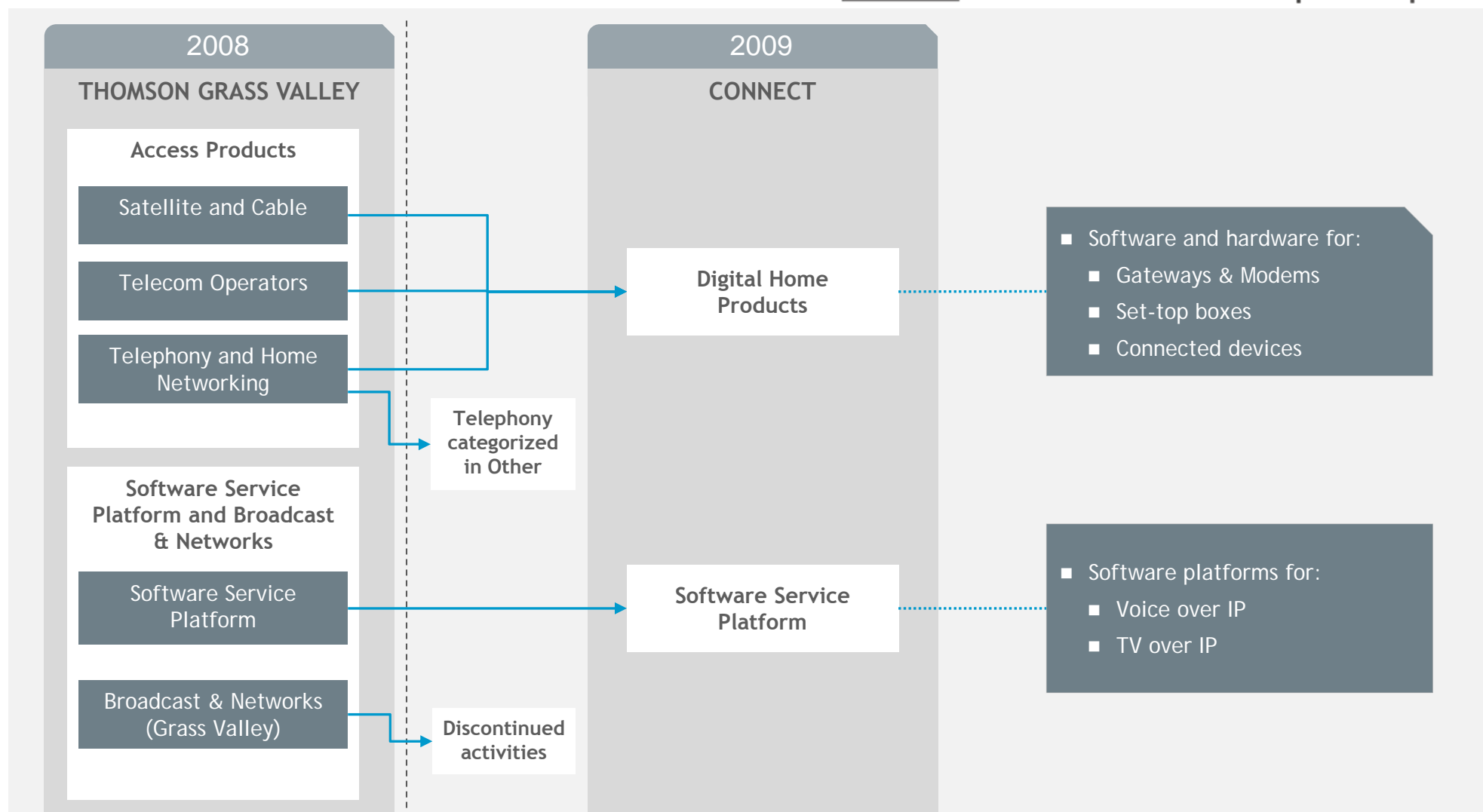
Appendix

- Nomenclature reconciliation
- Key points of sauvegarde plan

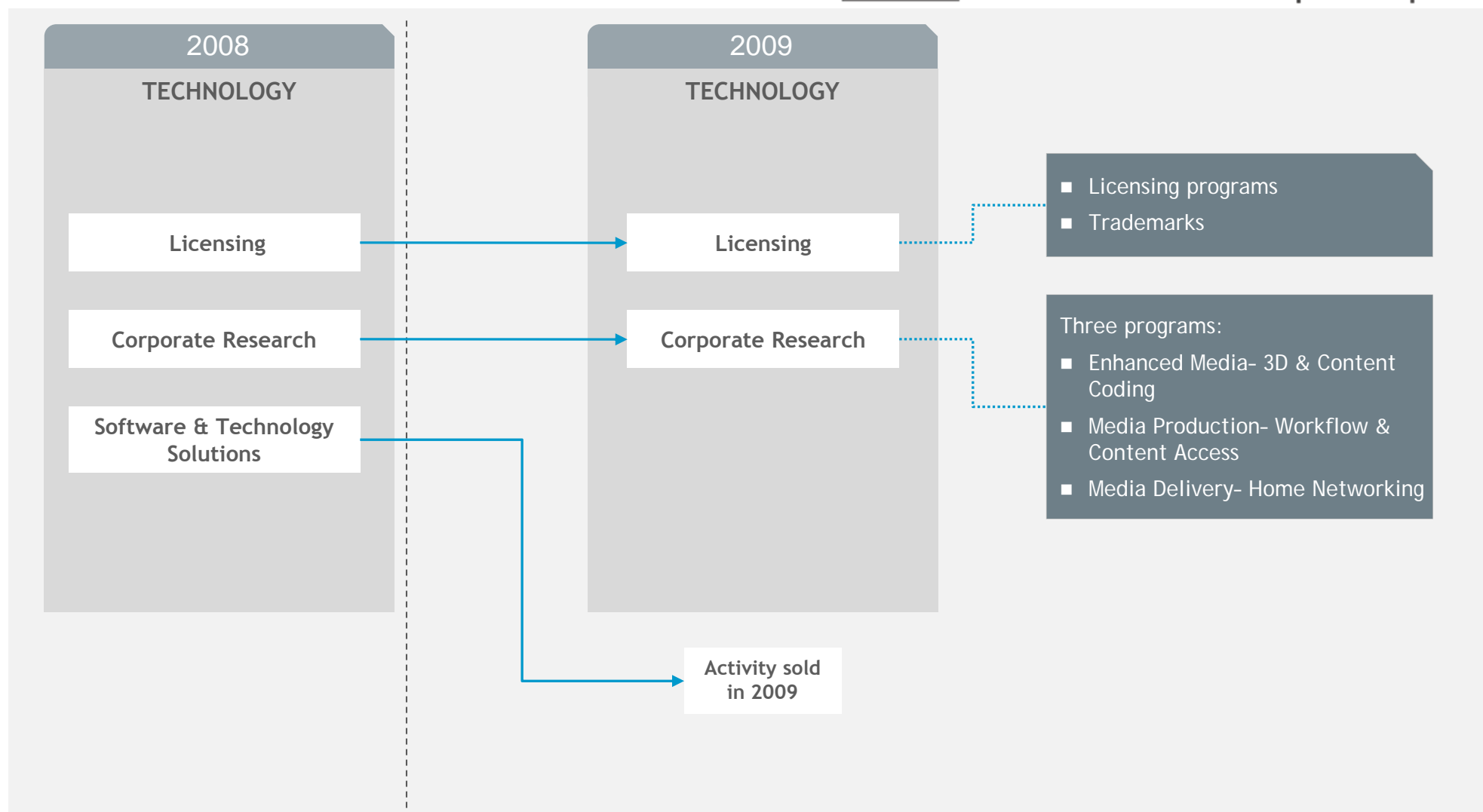
Nomenclature | Entertainment Services



Nomenclature | Connect



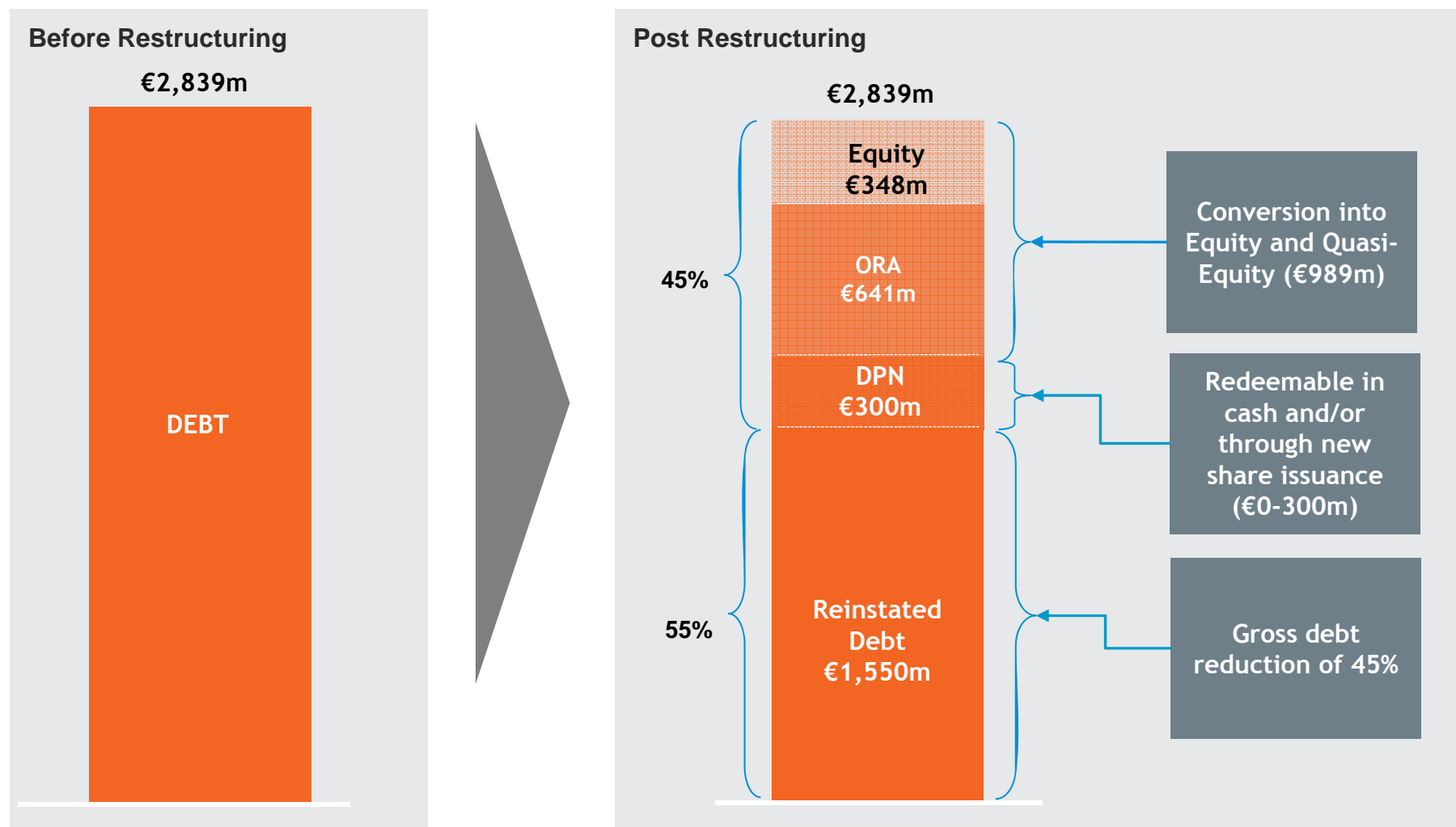
Nomenclature | Technology



Key Objectives of the Sauvegarde Plan

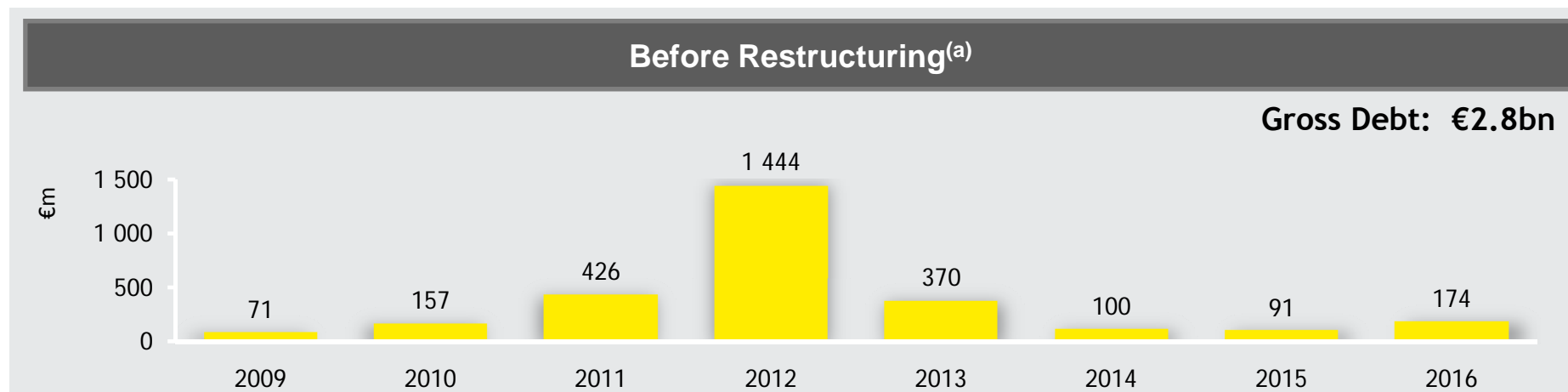
Indebtedness	<ul style="list-style-type: none"> ■ Stabilized and sustainable capital structure ■ Permits the Company to implement its strategy 	✓	Re-create optimal conditions for long-term value creation
Liquidity	<ul style="list-style-type: none"> ■ Appropriate liquidity to run the Company's operations 	✓	
Rating	<ul style="list-style-type: none"> ■ Medium to long term "Investment grade" rating trajectory 	✓	
Cash Generation	<ul style="list-style-type: none"> ■ Appropriate cash generation for the Group's new perimeter 	✓	
Timing	<ul style="list-style-type: none"> ■ Expedited implementation of the restructuring ■ Focus on customers and operations 	✓	

Significant Debt Reduction

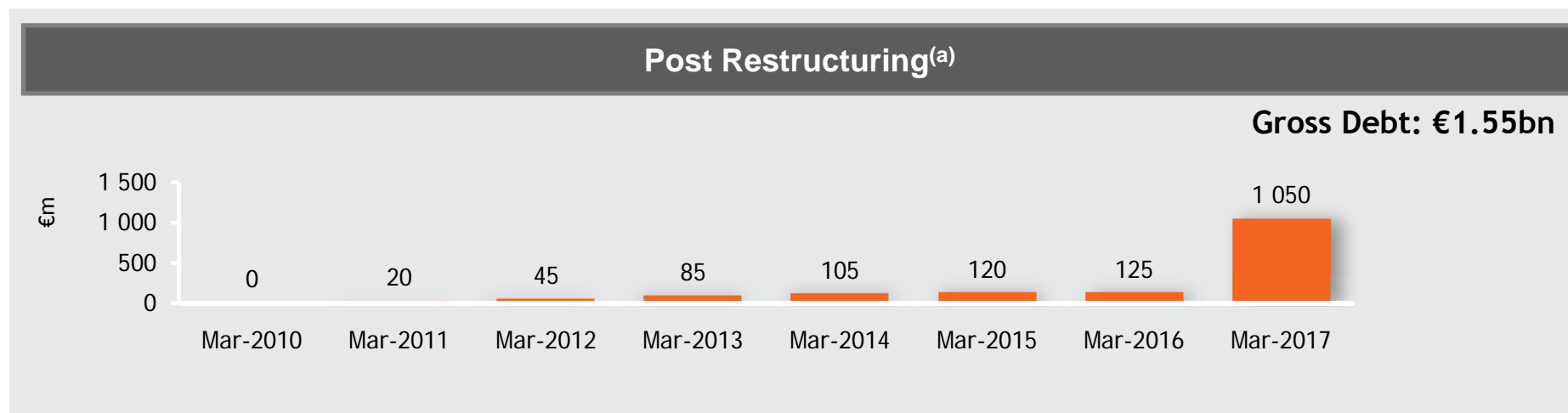


Note: All amounts based on exchange rates of €1 : \$1.30 and £1.1 : €1, being the exchange rates applicable at the time at which the overall economics of the Restructuring were discussed.

Significant Pushed-Out Maturities

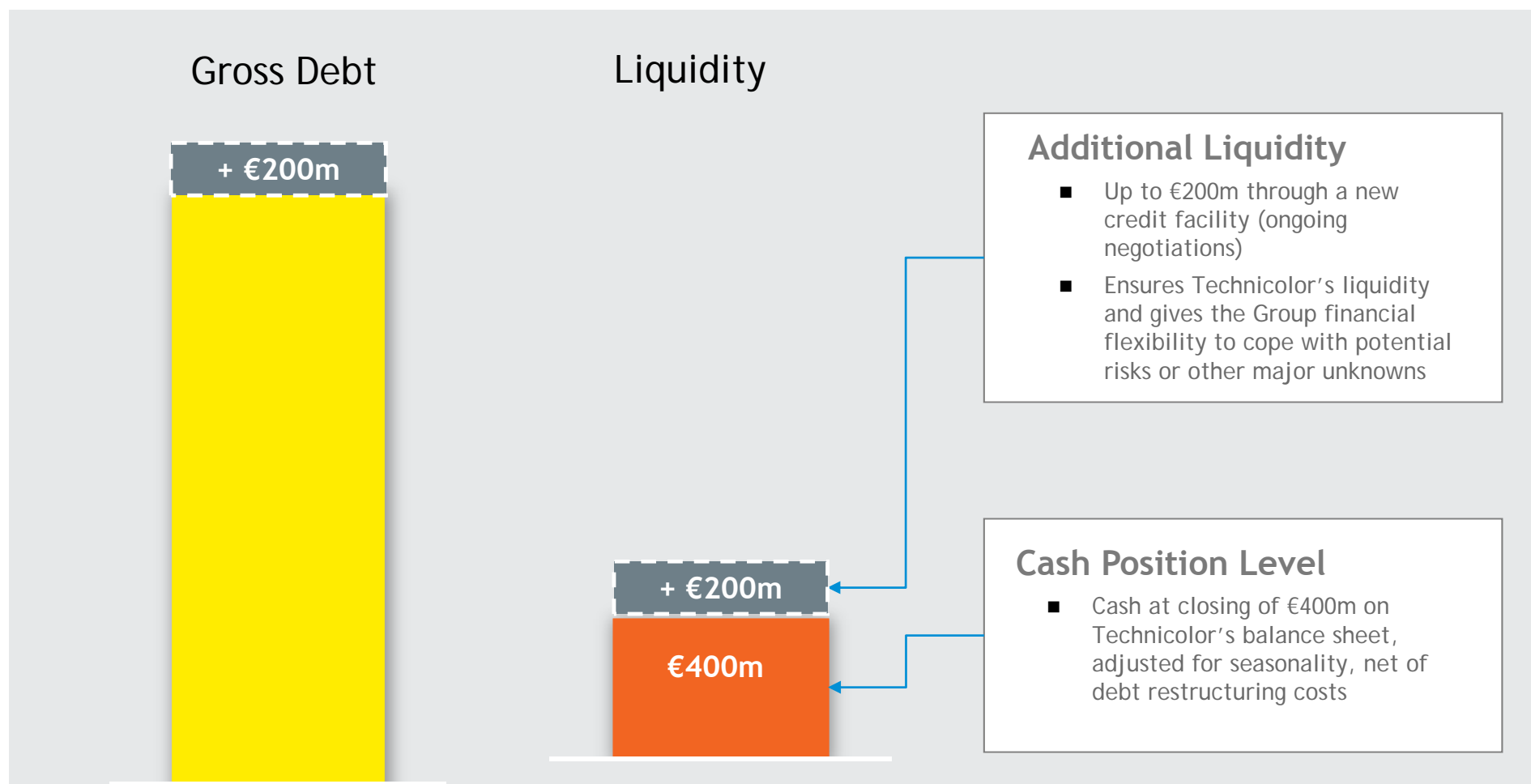


- 45% of gross debt reduction
- Maturities schedule consistent with anticipated cash flow generation



(a) Assuming 1.10 £/€ and 1.30 €/€ FX rates, being the exchange rates applicable at the time at which the overall economics of the Restructuring were discussed.

Adequate Liquidity



FY 2008 Reconciliation

In € million	FY				
	2008 as published in 2008	Discontinued activities in 2009 (GV & MN) & Other*	2008 as published in 2009	2009	Change, reported
Group revenues from continuing activities	4,840	741	4,099	3,529	(13.9)%
EBITDA* from continuing activities as a % of revenues	(925)	(505)	(420) (10.2)%	375 10.6%	
Adjusted EBITDA* from continuing activities as a % of revenues	526	(35)	491 12.0%	486 13.8%	(1.0)% +1.8 pt
EBIT from continuing activities as a % of revenues	(1,303)	(562)	(741) (18.1)%	136 3.8%	
Adjusted EBIT from continuing activities as a % of revenues	156	(39)	195 4.7%	247 7.0%	27.0% +2.3 pt
Profit/(loss) from continuing activities	(1,809)	(584)	(1,225)	33	+1258
Loss from discontinued operations	(124)	(584)	(708)	(375)	
Net income, Group share	(1,930)	-	(1,930)	(342)	
Operating cash flow from continuing activities	194	(21)	215	271	
Free cash flow	(591)	-	(591)	(63)	
Net financial debt	2,116	-	2,116	2,176	+60.0

*Other including impact of provision for risks, litigations and warranties