PRESS RELEASE

TECHNICOLOR: FIRST HALF 2016 RESULTS

Strong operational performance and integration of acquisitions ahead

2016 objectives confirmed and accelerated deleveraging

Paris (France), 27 July 2016 – Technicolor (Euronext Paris: TCH; OTCQX: TCLRY) announces today its results for the first half of 2016.

Frederic Rose, Chief Executive Officer of Technicolor, stated:

"The integration of our 2015 acquisitions is progressing very well and our second half will see material operating margin improvement in Entertainment Services and further improvement of the operating margin in Connected Home."

Key points

- Revenue growth driven by the larger scale of the Group's Operating businesses (Connected Home and Entertainment Services) and strong organic growth in Connected Home and Production Services;
- Adjusted EBITDA of the Operating businesses at €177 million, up by €95 million year-over-year at constant currency;
- Strong free cash flow generation resulting from the good performance achieved by the Operating businesses;
- Adjusted EBITDA margin of Connected Home at 7.7%, up by 3.4 points year-on-year as the integration process is ahead of plan;
- The strong increase in Production Services Adjusted EBITDA more than offset a negative contribution in DVD Services of the North American assets of Cinram, which are expected to perform at Group's standards in the second half of 2016;
- The strong performance of Licensing activities partially offset the sharp decline in MPEG LA revenues;
- The Company will prepay €100 million of senior debt this week as a result of its good free cash flow generation in the first half of 2016.

2016 objectives confirmed

Technicolor confirms its 2016 objectives of a free cash flow in excess of €240 million, and an Adjusted EBITDA in the range of €600 million to €630 million.

The Adjusted EBITDA objective consisting of:

- An Adjusted EBITDA in excess of €475 million for the Operating businesses versus €266 million in 2015, reflecting:
  - For Connected Home: revenues in the second half of 2016 at a similar level to that of the first half of 2016, with continued focus on operating improvement;
  - For Entertainment Services: an Adjusted EBITDA margin expected to grow materially in the second half of 2016, driven by continued revenue growth and synergies in Production Services, and favorable seasonality and payback from cost initiatives executed in the first half of 2016 for DVD Services;
- An Adjusted EBITDA for the Technology segment in excess of €200 million versus €396 million in 2015[1], based on the contribution of new licensing agreements. This notwithstanding a much lower contribution than expected from MPEG LA;
- Corporate and Other Adjusted EBITDA for an amount of around €(80) million.

Leverage ratio inferior to 1.4x at end December 2016 compared to a ratio of 1.74x at end December 2015.

[1] Following the disposal of M-GO, completed in January 2016, and the discontinuation of Virdata, the Group transferred the M-GO and Virdata activities from the Technology segment to the Other segment in the second quarter of 2016. Accordingly, financial information has been restated for 2015.

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Summary of consolidated results for the first half of 2016 (unaudited)

Key financial indicators

In € million	First Half 2015	First Half 2016	Change YoY Reported	Change YoY At constant rate
Group revenues from continuing operations	**1,621**	**2,420**	**+49.3%**	**+51.6%**
Group revenues excluding exited activities[2]	1,561	2,418	+54.9%	+57.3%
Adjusted EBITDA from continuing operations	**250**	**265**	**+6.1%**	**+8.4%**
As a % of revenues	15.4%	11.0%	(4.4)pts	
Adjusted EBIT before PPA[3] amortization	**159**	**171**	**+7.5%**	**+10.4%**
As a % of revenues	9.8%	7.1%	(2.7)pts	
Adjusted EBIT from continuing operations	**159**	**154**	**(3.5)%**	**(0.8)%**
As a % of revenues	9.8%	6.4%	(3.4)pts	
EBIT from continuing operations	**132**	**95**	**(27.8)%**	**(25.2)%**
As a % of revenues	8.1%	3.9%	(4.2)pts	
Financial result	(44)	(73)	(29)	
Income tax	(29)	(30)	(1)	
Share of profit/(loss) from associates	1	0	(1)	
Profit/(loss) from continuing operations	**60**	**(8)**	**(68)**	
Profit/(loss) from discontinued operations	(12)	(44)	(32)	
Net income	**48**	**(52)**	**(100)**	
Group free cash flow	**117**	**98**	**(19)**	
Net financial debt at nominal value (non-IFRS)	**628**	**896**	**+268**	
Net financial debt (IFRS)	563	829	+266	

Group revenues from continuing operations totaled €2,420 million in the first half of 2016, up by more than 50% at constant currency compared to the first half of 2015, resulting from the strong performance of the Operating businesses, namely Connected Home and Entertainment Services. This performance reflected the contribution of the acquisitions and customer wins in DVD Services completed in 2015, as well as solid organic growth in Connected Home and double-digit organic growth in Production Services. In Licensing, the sharp decline of the MPEG LA contribution, which was higher than anticipated, was partially offset by a 58% revenue growth across other Licensing activities.

[2] Exited activities include legacy activities, Digital Cinema and Distribution Services in the Entertainment Services segment, and IZ-ON, M-GO and Virdata activities in the Other segment.

[3] Purchase Price Allocation.

Adjusted EBITDA from continuing operations amounted to €265 million in the first half of 2016, up 8.4% at constant currency compared to the first half of 2015. The Operating businesses generated €177 million of Adjusted EBITDA, up by €95 million year-on-year at constant currency, and represented 67% of the Group's Adjusted EBITDA. The strong increase in Adjusted EBITDA for the Connected Home segment, driven by its change of scale and associated synergies, fully offset the €79 million decline recorded by the Technology segment. In the Entertainment Services segment, the significant growth in Adjusted EBITDA of Production Services was in part offset by an adverse performance in DVD Services as the North American assets of Cinram, acquired end 2015, were not breakeven in the first half. Technicolor launched significant cost cutting measures to bring these assets to its profitability standards in the second half of 2016 and recorded some improvement at the end of the first half. In Production Services, Adjusted EBITDA grew as fast as revenues, with margin starting to benefit from synergies in the second quarter of 2016.

Adjusted EBIT from continuing operations reached €154 million in the first half of 2016, relatively stable at constant currency compared to the first half of 2015. During the first half of 2016, Technicolor performed the purchase price allocations ("PPA") of the acquisitions made in the second half of 2015 and recorded a €18 million of amortization in the first half of 2016. Excluding this impact, Adjusted EBIT was up 7.5% year-on-year. Technicolor estimates the amortization of the purchase price allocations at around €40 million in 2016.

EBIT from continuing operations totaled €95 million in the first half of 2016, down 27.8% compared to the first half of 2015. This decrease was mostly due to €20 million of non-current items, out of which €8 million of research and development write-offs and €8 million of integration costs related to the acquisition of Cisco Connected Devices, that both impacted the Connected Home segment. In addition, restructuring costs were €8 million higher year-on-year, resulting principally from cost initiatives executed in the first half in the Technology segment, including the shutdown of the Hannover facility.

The Group's financial result amounted to €(73) million in the first half of 2016 compared to €(44) million in the first half of 2015, reflecting:

- Interest costs were €45 million in the first half of 2016, reflecting an increase in borrowing costs of €12 million, mainly due to the issuance of new Term Loan Debt to finance the acquisitions of The Mill and Cisco Connected Devices in September and November 2015;
- Other financial charges amounted to €29 million in the first half of 2016 compared to €17 million in the first half of 2015. This increase resulted primarily from the 22% appreciation of the Brazilian real that led to a non-cash revaluation of Technicolor's US dollar assets in Brazil.

Income tax increased slightly as a result of the Group's Operating businesses getting stronger, in particular outside France.

As of the end of June 2016, Technicolor has settled with all plaintiffs in the Cathode-Ray Tube ("CRT") litigation case in the US, except Sharp and a second group of plaintiffs with smaller claims. Technicolor recognized a non-current expense amounting to €50 million in the first half of 2016 corresponding to the amount of these settlements and to an accrual for the remaining claims. The cash impact will be €46 million in 2016, up by €10 million compared to the amount of €36 million previously announced in February 2016.

Net income was a loss of €52 million in the first half of 2016 compared to a profit of €48 million in the first half of 2015.

Statement of financial position and cash position

In € million	First Half 2015	First Half 2016	Change YoY Reported
Operating cash flow from continuing operations	208	224	+7.3%
Group free cash flow	**117**	**98**	**(16.2)%**
Nominal gross debt	1,370[4]	1,330	(40)
Cash position	385[4]	434	+49
Net financial debt at nominal value (non IFRS)	**985**[4]	**896**	**(89)**
IFRS adjustment	(77)[4]	(67)	+10
Net financial debt (IFRS)	**908**[4]	**829**	**(79)**

Operating cash flow from continuing operations, which is defined as Adjusted EBITDA less net capital expenditures, restructuring cash out and working capital & other assets and liabilities variation to facilitate reconciliation with the IFRS statement of cash flow, amounted to €224 million in the first half of 2016, up by €16 million compared to first half of 2015, including:

- Capital expenditures amounted to €74 million, up by €31 million year-on-year, due to higher capitalized R&D in the Connected Home segment following the acquisition of Cisco Connected Devices and capacity expansion in the Production Services division, as Technicolor added new capacity in India, Canada, London (UK) and Paris (France) to support the execution of its strong order backlog;
- Cash outflow for restructuring totaled €33 million in the first half of 2016, up by €5 million year-on-year, resulting from higher restructuring costs in the Technology segment and in the DVD Services division;
- The variation of working capital & other assets and liabilities was positive €66 million in the first half of 2016, as the Connected Home segment succeeded in absorbing the Cisco Connected Devices acquisition through rigorous inventory management.

Group free cash flow amounted to €98 million in the first half of 2016, including:

- Financial charges were €47 million, up by €6 million year-on-year, due to the issuance of a new Term loan in the second half of 2015 to finance the acquisitions of Cisco Connected Devices and The Mill;
- Tax cash outflow was €40 million, up by €7 million year-on-year, due to stronger Operating businesses;
- Other cash charges reached €21 million, mainly reflecting pensions for €12 million and Connected Home integration cash outflow for €6 million.

Nominal gross debt totaled €1,330 million at end June 2016, down €40 million versus end December 2015, after a Term Loan debt repayment of €34 million and other debt reimbursement for €6 million.

The Group's cash position amounted to €434 million at end June 2016, up by €49 million compared to end December 2015, due primarily to the solid free cash flow generation.

Net debt at nominal value amounted to €896 million at end June 2016, down by €89 million compared to end December 2015.

[4] At end December 2015.

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Segment review – H1 2016 result highlights[5]

Connected Home

	H1 2015		H1 2016		Change YoY	
	In € million	As a % of revenues	In € million	As a % of revenues	Reported	At constant rate
Revenues	**652**		**1,378**		**+111.4%**	**+114.0%**
Revenues excl. CCD[6]	652		670		+2.7%	+4.8%
Adj. EBITDA	**28**	**4.3%**	**106**	**7.7%**	**ns**	**ns**

Connected Home revenues totaled €1,378 million in the first half of 2016. Excluding Cisco Connected Devices, Connected Home recorded above-market revenue growth of almost 5% at constant currency compared to the first half of 2015, mainly due to a sustained level of activity in Europe, Middle-East and Africa ("EMEA") and Asia-Pacific ("APAC"), resulting from new customer wins and awards secured in the course of 2015, which helped to offset a lower revenue level in North America in the second quarter of 2016, primarily due to the seasonality of one product category for a large US customer. Excluding Latin America, affected by the severe economic downturn in Brazil in the first half of 2016, Connected Home revenues in North America, EMEA and APAC were up almost 22% year-over-year at constant currency.

In the first half of 2016, Technicolor secured a number of new major awards and customer wins across all regions, particularly for next generation devices. In North America, the Group recorded several new contracts for the supply of both broadband gateways and video set top boxes to major Network Service Providers, particularly to the three largest US operators. Technicolor also added in the second quarter of 2016 a large US operator as a new customer for the delivery of Over-the-Top ("OTT") devices. In EMEA, Technicolor's commercial activity was very strong, as reflected by several new awards and customer wins secured in the first half, especially for next generation broadband and OTT devices. In APAC, the Group continued to expand its business with several leading operators in the region, securing a number of new awards for broadband products in the period, particularly in China and Australia.

Gross margin stood at 16.4% in the first half of 2016, up by 0.6 point compared to the first half of 2015. Adjusted EBITDA amounted to €106 million in the first half of 2016, up from €28 million in the first half of 2015, reflecting an increased Adjusted EBITDA margin of 7.7%, up by 3.4 points year-over-year. This strong performance resulted from continued solid operating execution and efficiency across the business, as well as from the positive impact of the integration of Cisco Connected Devices and associated cost synergies, which progressed very well in the period. In the first half, Connected Home focused in particular on the migration of the Cisco supply chain to the Technicolor supply chain, successfully completed in July.

[5] Excluding exited activities.
[6] Cisco Connected Devices ("CCD").

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Entertainment Services

	H1 2015		H1 2016		Change YoY	
	In € million	As a % of revenues	In € million	As a % of revenues	Reported	At constant rate
Revenues	**651**		**863**		**+32.6%**	**+35.4%**
o/w Production Services	249		369		+48.0%	+53.8%
DVD Services	402		494		+23.0%	+24.0%
Adj. EBITDA	**60**	**9.2%**	**71**	**8.2%**	**+18.3%**	**+23.5%**

Entertainment Services revenues amounted to €863 million in the first half of 2016, up 35.4% at constant currency compared to the first half of 2015, as a result of strong organic growth and the addition of Mikros Image and The Mill in Production Services, combined with new customer additions and the performance of selected key titles in DVD Services.

- **Production Services** revenues amounted to €369 million in the first half of 2016, up 53.8% at constant currency compared to the first half of 2015, driven by double-digit organic growth and the additions of Mikros Image and The Mill. Technicolor reported strong organic growth, with a record level of activity in Visual Effects ("VFX") for TV series and sustained growth across VFX for Advertising, Animation and Games activities. After a broadly stable first quarter, revenues in VFX for feature films rebounded in the second quarter of 2016, as the workload on large-scale projects increased. In addition, the Group won several awards during the first half of 2016 across its different activities, building a very solid pipeline.

  In the first half of 2016, Technicolor confirmed its leadership in Production Services and fully benefited from its multi-segment strategy. In this context, the Group further expanded its operational platform by adding new capacity, notably in the UK, Canada and India, and is poised to capture additional growth across its different market segments. In addition, Technicolor demonstrated its expertise in managing highly-complex projects, developing new visual experiences, including promising Virtual Reality ("VR") experiences, while deepening its relationships with all major content creators.

- **DVD Services** revenues reached €494 million in the first half of 2016, up 24.0% at constant currency compared to the first half of 2015. Revenue growth was primarily driven by a year-on-year increase in total combined disc volumes of c.22%, which were supported by new customer additions secured in 2015, as well as selected key new release Theatrical titles produced in the first half of 2016. During the period, DVD volumes increased by c.7%, while Blu-ray™ disc volumes were up c.30% compared to the first half of 2015. Overall Games volumes grew by c.19% year-over-year, driven by ongoing growth of Xbox One demand. CD volumes also increased substantially year-on-year, due primarily to last year's new customer additions.

Adjusted EBITDA reached €71 million in the first half of 2016, up 23.5% at constant currency compared to the first half of 2015, as a much stronger contribution of Production Services fully offset an adverse DVD Services performance resulting from the integration of the North American assets of Cinram.

- In **Production Services**, Adjusted EBITDA was sharply higher in the first half of 2016 compared to the first half of 2015, due to the incremental contribution from acquisitions and increased levels of activity in VFX activities.

- Before integration of the North American assets of Cinram, **DVD Services** recorded an improved performance year-on-year. These assets are expected to perform at the Group's standards in the second half of 2016 following the cost reduction program executed during the first half.

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Technology

		H1 2015		H1 2016		Change YoY	
		In € million	As a % of revenues	In € million	As a % of revenues	Reported	At constant rate
Revenues		**258**		**177**		**(31.5)%**	**(30.6)%**
o/w	Licensing	100		158		+58.3%	
	MPEG LA	158		18		(88.5)%	
Adj. EBITDA		**209**	**81.2%**	**130**	**73.9%**	**(37.7)%**	**(37.8)%**
o/w	Licensing & R&I[7]	51		112		+117.9%	
	MPEG LA	158		18		(88.5)%	

Technology revenues amounted to €177 million in the first half of 2016, down 30.6% at constant currency compared to the first half of 2015, driven by a sharp decline of MPEG LA. Excluding MPEG LA, revenues were up 58.3%, reflecting a strong level of activity in Patent Licensing and sustained Trademark Licensing performance. MPEG LA revenues were only €18 million in the first half of 2016, much less than had been anticipated. However, Technicolor still expects to generate at least €200 million of Adjusted EBITDA for its Technology segment in 2016.

In the first half of 2016, Technicolor has been particularly active in Patent Licensing, signing non-exclusive agreements in both Video Coding and Digital TV in the first quarter, and in Set Top Box during the second quarter, while continuing discussions in the Mobile space. The Group has started implementing a reduction in the size of its very large portfolio, which includes patents that no longer fit its strategy and are costly to maintain. In the first half of 2016, Technicolor also increased its Trademark Licensing revenues.

Adjusted EBITDA reached €130 million in the first half of 2016, or a margin of 73.9%, including €18 million generated by MPEG LA. This good performance, in the context of a minor MPEG LA contribution, was driven by a strong level of activity in Patent Licensing and growing Trademark Licensing revenues. During the first half, Technicolor also launched cost improvement initiatives, including a revised filing policy and the shutdown of the Group's research lab in Hannover. These actions are expected to generate cost savings in 2017 with a limited impact in the second half of 2016.

[7] Research and Innovation.

Segment review – Q2 2016 revenue highlights[8]

Group revenues by segment

In € million	Second Quarter 2015	Second Quarter 2016	Change YoY Reported	Change YoY At Constant rate
Connected Home	335	**680**	+102.9%	+106.7%
o/w Connected Home excl. CCD	335	**367**	+9.6%	+11.8%
Entertainment Services	313	**413**	+31.9%	+36.3%
o/w Production Services	128	**190**	+48.6%	+56.0%
DVD Services	185	**223**	+20.3%	+22.7%
Technology	140	**65**	(53.9)%	(54.1)%
Group revenues	789	**1,158**	+46.8%	+50.2%

Connected Home revenues were €680 million in the second quarter of 2016. Excluding Cisco Connected Devices, Connected Home revenues reached €367 million and were up almost 12% at constant currency compared to the second quarter of 2015, continuing to outperform the global CPE ("Consumer Premises Equipment") market. This performance reflected a strong level of activity across Europe, Middle-East and Africa and Asia-Pacific, improved overall revenue trend in Latin America compared to the first quarter of 2016, driven by Mexico, and ongoing solid momentum with the three largest operators in North America, which helped to offset some pockets of weakness in the period, particularly in Brazil and Canada.

- In **North America** (50% of sales), Connected Home revenues grew c.216% at constant currency in the second quarter of 2016 compared to the second quarter of 2015, mainly reflecting the addition of Cisco Connected Devices. Technicolor continued to gain traction with the region's three largest operators, as reflected by several new awards secured during the period, particularly for video products, while it also added a large operator as a new customer for the delivery of OTT set top boxes. The level of activity in the region was however affected by the consumption pattern of some customers in the US, notably for Connected Life devices and services, as well as by lower overall customer demand in Canada.
- In **Europe, Middle East and Africa** (20% of sales), Connected Home posted revenue growth of c.71% at constant currency in the second quarter of 2016 compared to the second quarter of 2015, driven by the addition of Cisco Connected Devices and the benefit of new customer wins and awards secured by both Technicolor and Cisco Connected Devices in 2015. During the period, Connected Home benefited from a strong customer demand for cable and telecom broadband devices and ongoing deployments of new products launched in the second half of 2015, particularly OTT set top boxes.
- In **Latin America** (20% of sales), Connected Home revenues grew c.27% at constant currency in the second quarter of 2016 compared to the second quarter of 2015. While overall market conditions remained difficult in Brazil, due to the severe economic downturn, the level of activity was particularly strong in Mexico, reflecting a sustained customer demand for all product categories.

[8] Excluding exited activities.

- In **Asia-Pacific** (10% of sales), Connected Home revenues more than doubled in the second quarter of 2016 compared to the second quarter of 2015, reflecting a strong increase in set top box shipments to Indian customers, driven by the ongoing digitization program in the country, as well as higher deliveries of broadband telecom devices during the period, particularly in Australia.

Revenue breakdown for Connected Home

		Second Quarter			First Half		
In € million		**2015**	**2016**	Change[9]	**2015**	**2016**	Change[9]
Total revenues		335	**680**	+106.7%	652	**1,378**	+114.0%
By region	North America	109	**338**	+216.1%	202	**724**	+260.4%
	Europe, Middle-East and Africa	80	**136**	+70.8%	148	**316**	+113.1%
	Latin America	111	**135**	+26.6%	242	**228**	(1.6)%
	Asia-Pacific	36	**71**	+102.7%	60	**110**	+87.7%
By product	Video	142	**361**	+158.1%	295	**790**	+161.9%
	Broadband[10]	193	**319**	+68.8%	357	**588**	+74.4%

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Entertainment Services revenues amounted to €413 million in the second quarter of 2016, up 36.3% at constant currency compared to the second quarter of 2015, due to strong organic growth and the addition of Mikros Image and The Mill in Production Services, as well as new customer additions in DVD Services.

- **Production Services** revenues totaled €190 million in the second quarter of 2016, up 56.0% at constant currency compared to the second quarter of 2015. This strong performance reflected another quarter of double-digit organic growth, as well as the additions of Mikros Image and The Mill.

  The level of activity in VFX for feature films rebounded year-over-year, with several large-scale projects progressing in the quarter. Technicolor successfully secured additional awards in the period and further strengthened its strong project pipeline. In the second quarter, VFX teams continued work on several Theatrical titles, including *Ghost in the Shell* (Paramount), *Pirates of the Caribbean: Dead Men Tell No Tales* (Disney) and *Passengers* (Sony), while starting to ramp up work on *Alien: The Covenant* (Fox) and *The Mummy* (Universal). VFX teams also completed work on projects such as *X-Men: Apocalypse* (Fox), *Suicide Squad* (Warner), *Ghostbusters* (Sony) and *Independence Day: Resurgence* (Fox).

  In VFX for TV series, Technicolor recorded another quarter of strong double-digit revenue growth, with Mr. X having progressed at a very rapid pace since it was added to the Group's brand portfolio. During the quarter, VFX teams started work on Netflix's *Godless*, while continuing work on the new seasons of History's *Vikings,* Amazon's *Goliath* and FX's *The Strain*, among others. In addition, Mr. X's work on *Penny Dreadful* season 3 (Showtime) and *Vikings* season 4 has been nominated for 2 Emmys Awards in the Outstanding Special Visual Effects Category.

[9] Year-on-year change at constant currency.
[10] Including Connected Life devices and services.

In VFX for Advertising, revenues continued to be particularly strong during the period, with high double-digit organic growth and the addition of The Mill. During the quarter, Technicolor further demonstrated its expertise in managing highly complex projects, completing new epic visual spots such as the *Yes, I can* campaign to support UK Channel 4's coverage of the 2016 Paralympic Games, the artistic campaign realized for the launch of Google's *Tilt Brush* app, the spot introducing *Kenny*, the new Koala mascot for Cushelle. In addition, VFX teams also completed a fully-immersive 360-degree virtual reality project for Jack Daniels and brought back to life *The Flinstones* in a campaign for Halifax.

In Animation, revenues also grew double-digit in the second quarter, reflecting a high level of activity in TV animation. During the quarter, Mikros Image continued work on *Captain Underpants* (DreamWorks Animation), while just starting work at the end of the second quarter on *Sherlock Gnomes* (Rocket/ Paramount) and *Asterix* (M6). In addition, two animated series from Technicolor's Creative group, *The Deep* and *Atomic Puppet*, premiered in the US, the UK and other territories during the quarter.

In Games, revenues continued to grow rapidly, driven by the extension of the team dedicated to Rockstar Games. During the quarter, Games teams also completed work on a high profile mobile game another major Games publisher.

In Postproduction, revenues were stable in the second quarter of 2016, with a strong level of activity with OTT service providers and TV broadcasters. During the quarter, Postproduction teams also received three Emmy Awards nominations in the Outstanding Sound Mixing and Editing Categories.

- **DVD Services** revenues amounted to €223 million in the second quarter of 2016, up 22.7% at constant currency compared to the second quarter of 2015, primarily driven by a year-over-year increase in total combined disc volumes of c.19%. During the period, DVD volumes were up c.1%, while Blu-ray™ disc volumes increased by c.36% compared to the second quarter of 2015. Games volumes were up c.39% year-on-year, while CD volumes were also substantially higher, due to last year's customer additions.

  Key theatrical titles produced in the second quarter included *Zootopia* (Disney), *Batman vs. Superman: Dawn of Justice* (Warner), *Deadpool* (Fox) and *The Divergent Series: Allegiant* (Lionsgate), while key games titles included *Doom* (Bethesda Softworks) and *Overwatch* (Activision).

Volume data for DVD Services

		Second Quarter			First Half		
In million units		**2015**	**2016**	Change	**2015**	**2016**	Change
Total combined volumes		**228.8**	**272.3**	**+19.0%**	**499.8**	**609.9**	**+22.0%**
By format	DVD	185.1	187.5	+1.3%	396.1	424.7	+7.2%
	Blu-ray™	41.4	56.3	+36.0%	100.0	130.2	+30.2%
	CD	2.3	28.5	ns	3.7	55.0	ns
By segment	Theatrical/Broadcast	213.8	230.8	+7.9%	466.3	527.1	+13.0%
	Games	5.9	8.2	+39.1%	15.5	18.4	+18.8%
	Software & Kiosk	6.7	4.8	(29.4)%	14.3	9.4	(34.5)%
	Music & Audio	2.3	28.5	ns	3.7	55.0	ns

Technology revenues amounted to €65 million in the second quarter of 2016, down 54.1% at constant currency compared to the second quarter of 2015, driven by a €78 million decline in MPEG LA revenues. MPEG LA revenues were particularly high and represented around 64% of total Licensing revenues in the second quarter of 2015. Excluding MPEG LA, Licensing revenues increased almost 5% compared to the second quarter of 2015. This solid performance was largely driven by Patent Licensing, with the signature of an agreement in Set Top Box with a South Asian manufacturer and the disposal of non-strategic audio patents. As part of its new strategy to focus around 4 key pillars, Technicolor decided to monetize patents through non-exclusive licensing agreements as it has always done, and also through the sale of patents that no longer fit its strategy.

In the second quarter of 2016, Trademark Licensing revenues were broadly stable year-on-year, while the Group reached new milestones in the dissemination and deployment of its High Dynamic Range ("HDR") technology.

An analyst conference call hosted by Frederic Rose, CEO, and Esther Gaide, CFO, will be held on Wednesday, 27 July 2016 at 6:30pm CEST.

Financial calendar

Q3 2016 revenues	21 October 2016

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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. Our commitment: supporting the delivery of exciting new experiences for consumers in theaters, homes and on-the-go. For more information visit: www.technicolor.com.

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

Media Contact

Lane Cooper: +1 415 646 6592

lane.cooper@technicolor.com

Investor Relations

Emilie Megel: +33 1 41 86 61 48

emilie.megel@technicolor.com

Laurent Sfaxi: +33 1 41 86 58 83

laurent.sfaxi@technicolor.com

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UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

(in € million)	Six months ended June 30, 2016 Unaudited	Six months ended June 30, 2015 Unaudited
Continuing operations		
Revenues	2,420	1,621
Cost of sales[11]	(1,969)	(1,227)
Gross margin	**451**	**394**
Selling and administrative expenses	(204)	(166)
Research and development expenses	(93)	(68)
Restructuring costs	(39)	(31)
Net impairment losses on non-current operating assets	(8)	(9)
Other income (expense)	(12)	12
Earnings before interest and tax (EBIT) from continuing operations	**95**	**132**
Interest income	1	6
Interest expense	(45)	(33)
Other financial income (expense)	(29)	(17)
Net financial income (expense)	**(73)**	**(44)**
Share of loss from associates	-	1
Income tax	(30)	(29)
Profit (loss) from continuing operations	**(8)**	**60**
Discontinued operations		
Net gain (loss) from discontinued operations	(44)	(12)
Net income (loss)	**(52)**	**48**
Attributable to:		
- Equity holders	(52)	50
- Non-controlling interest	-	(2)

(in euro, except number of shares)	Six months ended June 30, 2016 Unaudited	Six months ended June 30, 2015 Unaudited
Weighted average number of shares outstanding (basic net of treasury shares held)	411,485,478	348,259,537
Earnings (losses) per share from continuing operations		
- basic	(0.02)	0.17
- diluted	(0.02)	0.17
Earnings (losses) per share from discontinued operations		
- basic	(0.11)	(0.04)
- diluted	(0.11)	(0.04)
Total earnings (losses) per share		
- basic	(0.13)	0.13
- diluted	(0.13)	0.13

[11] In 2016, amortization of customer relationships has been reclassified from cost of sales to selling and administrative expenses as it better reflects the nature of these expenses. Had such comparable 2015 expenses been classified the same way, selling and administrative expenses would have amounted to €172 million instead of €166 million and cost of sales to €1,221 million instead of €1,227 million.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in € million)	**June 30, 2016 Unaudited**	**December 31, 2015[12] Audited**
ASSETS		
Goodwill	991	1,007
Intangible assets	737	763
Property, plant and equipment	290	304
Other operating non-current assets	72	77
Total operating non-current assets	**2,090**	**2,151**
Investments and available-for-sale financial assets	18	22
Other non-current financial assets	40	40
Total financial non-current assets	**58**	**62**
Investments in associates and joint ventures	14	16
Deferred tax assets	444	455
Total non-current assets	**2,606**	**2,684**
Inventories	219	301
Trade accounts and notes receivable	732	709
Other operating current assets	423	294
Total operating current assets	**1,374**	**1,304**
Income tax receivable	63	62
Other financial current assets	23	23
Cash and cash equivalents	434	385
Assets classified as held for sale	7	24
Total current assets	**1,901**	**1,798**
Total assets	**4,507**	**4,482**

[12] The opening amounts are restated for December 31, 2015 and do not correspond to the figures published in 2015 financial statements since adjustments to the valuation of 2015 acquisitions were made during the first semester of 2016.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in € million)	**June 30, 2016 Unaudited**	**December 31, 2015[13] Audited**
EQUITY AND LIABILITIES		
Common stock	412	411
Treasury shares	(156)	(155)
Subordinated perpetual notes	500	500
Additional paid-in capital & reserves	130	250
Cumulative translation adjustment	(271)	(284)
Shareholders' equity attributable to owners of the parent	**615**	**722**
Non-controlling interest	2	4
Total equity	**617**	**726**
Retirement benefits obligations	395	353
Provisions	42	40
Other non-current operating liabilities	182	157
Total operating non-current liabilities	**619**	**550**
Borrowings	1,177	1,207
Deferred tax liabilities	220	230
Total non-current liabilities	**2,016**	**1,987**
Retirement benefit obligations	29	29
Provisions	132	125
Trade accounts and notes payable	765	745
Accrued employee expenses	134	166
Other current operating liabilities	684	546
Total operating current liabilities	**1,744**	**1,611**
Borrowings	86	86
Income tax payable	41	59
Other current financial liabilities	3	1
Liabilities classified as held for sale	-	12
Total current liabilities	**1,874**	**1,769**
Total liabilities	**3,890**	**3,756**
Total equity and liabilities	**4,507**	**4,482**

[13] The opening amounts are restated for December 31, 2015 and do not correspond to the figures published in 2015 financial statements since adjustments to the valuation of 2015 acquisitions were made during the first semester of 2016.

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended June 30,	
(in € million)	2016 Unaudited	2015 Unaudited
Net income (loss)	**(52)**	**48**
Income (loss) from discontinued activities	(44)	(12)
Profit (loss) from continuing activities	**(8)**	**60**
Summary adjustments to reconcile profit from continuing activities to cash generated from continuing operations		
Depreciation and amortization	104	88
Impairment of assets[14]	8	10
Net changes in provisions	4	(19)
Gain (loss) on asset disposals	-	(6)
Interest (income) and expense	44	27
Other non-cash items (including tax)	46	36
Changes in working capital and other assets and liabilities	67	30
Cash generated from continuing activities	**265**	**226**
Interest paid	(37)	(29)
Interest received	2	6
Income tax paid	(40)	(33)
Net operating cash generated from continuing activities	**190**	**170**
Net operating cash used in discontinued activities	(18)	(10)
Net cash from operating activities (I)	**172**	**160**
Acquisition of subsidiaries, associates and investments, net of cash acquired	(24)	(28)
Proceeds from sale of investments, net of cash	18	2
Purchases of property, plant and equipment ("PPE")	(35)	(20)
Proceeds from sale of PPE and intangible assets	1	-
Purchases of intangible assets including capitalization of development costs	(40)	(23)
Cash collateral and security deposits granted to third parties	(2)	(3)
Cash collateral and security deposits reimbursed by third parties	7	6
Loans (granted to) / reimbursed by third parties	-	-
Net investing cash used in continuing activities	**(75)**	**(66)**
Net investing cash used in discontinued activities	-	-
Net cash used in investing activities (II)	**(75)**	**(66)**
Increase of Capital	13	4
Proceeds from borrowings	-	1
Repayments of borrowings	(40)	(27)
Fees paid linked to the debt	(2)	(6)
Dividends and distributions paid to Group's shareholders	(25)	(17)
Other	2	(5)
Net financing cash generated used in continuing activities	**(52)**	**(50)**
Net financing cash used in discontinued activities	-	-
Net cash used in financing activities (III)	**(52)**	**(50)**
Cash and cash equivalents at beginning of year	385	328
Net increase in cash and cash equivalents (I+II+III)	**45**	**44**
Exchange gains/(losses) on cash and cash equivalents	4	9
Cash and cash equivalents at end of year	**434**	**381**

[14] Including €5 million of impairment of assets as part of restructuring plans in 2015.

Summary of consolidated results as reported (unaudited)

In € million		First Half	
	2015	**2016**	Change[15]
Group revenues from continuing operations	**1,621**	**2,420**	**+49.3%**
Change at constant currency (%)		+51.6%	
o/w Connected Home	652	1,378	+111.4%
Entertainment Services	687	863	+25.5%
Technology	258	177	(31.5)%
Other	24	2	(91.7)%
Adjusted EBITDA from continuing operations	**250**	**265**	**+6.1%**
Change at constant currency (%)		+8.4%	
As a % of revenues	15.4%	11.0%	(4.4)pts
o/w Connected Home	28	106	ns
Entertainment Services	64	71	+11.7%
Technology	209	130	(37.7)%
Other	(51)	(42)	+16.6%
Adjusted EBIT from continuing operations	**159**	**154**	**(3.5)%**
Change at constant currency (%)		(0.8)%	
As a % of revenues	9.8%	6.4%	(3.4)pts
o/w Connected Home	14	72	ns
Entertainment Services	1	2	+83.3%
Technology	200	125	(37.4)%
Other	(56)	(46)	+18.1%
EBIT from continuing operations	**132**	**95**	**(27.8)%**
Change at constant currency (%)		(25.2)%	
As a % of revenues	8.1%	3.9%	(4.2)pts
Financial result	(44)	(73)	(29)
Income tax	(29)	(30)	(1)
Share of profit/(loss) from associates	1	0	(1)
Profit/(loss) from continuing operations	**60**	**(8)**	**(68)**
Profit/(loss) from discontinued operations	(12)	(44)	(32)
Net income	**48**	**(52)**	**(100)**
Group free cash flow	**117**	**98**	**(19)**
Net financial debt at nominal value (non IFRS)	**628**	**896**	**+268**
Net financial debt (IFRS)	563	829	+266

[15] Year-on-year change at current currency.

Summary of the impact of exited activities (unaudited)

In € million		Second Quarter			First Half		
		2015	2016	Change[16]	2015	2016	Change[16]
Group revenues		**816**	**1,158**	**+41.9%**	**1,621**	**2,420**	**+49.3%**
o/w	Connected Home	335	680	+102.9%	652	1,378	+111.4%
	Entertainment Services	329	413	+25.6%	687	863	+25.5%
	Technology	140	65	(53.9)%	258	177	(31.5)%
	Other	12	0	ns	24	2	(92.0)%
Impact of exited activities		**27**	**0**	**ns**	**60**	**2**	**(96.9)%**
o/w	Entertainment Services	16	0	ns	37	0	ns
	Other	12	0	ns	24	2	(91.7)%
Group revenues excl. exited act.		**789**	**1,158**	**+46.8%**	**1,561**	**2,418**	**+54,9%**
o/w	Connected Home	335	680	+102.9%	652	1,378	+111.4%
	Entertainment Services	313	413	+31.9%	651	863	+32.6%
	Technology	140	65	(53.9)%	258	177	(31.5)%
	Other	0	0	ns	0	0	ns
Adjusted EBITDA					**250**	**265**	**+6.1%**
As a % of revenues					15.4%	11.0%	(4.4)pts
o/w	Connected Home				28	106	ns
	Entertainment Services				64	71	+11.7%
	Technology				209	130	(37.7)%
	Other				(51)	(42)	+16.6%
Impact of exited activities					**(4)**	**(4)**	**+22.3%**
o/w	Entertainment Services				4	0	ns
	Other				(7)	(4)	+38.6%
Adjusted EBITDA excl. exited act.					**254**	**270**	**+6.3%**
As a % of revenues					16.3%	11.2%	(5.1)pts
o/w	Connected Home				28	106	+ns
	Entertainment Services				60	71	+18.3%
	Technology				209	130	(37.7)%
	Other				(44)	(38)	+13.0%

[16] Year-on-year change at current currency.

Reconciliation of adjusted indicators (unaudited)

Technicolor is presenting, in addition to published results and with the aim to provide a more comparable view of the evolution of its operating performance in the first half of 2016 compared to the first half of 2015 a set of adjusted indicators, which exclude the following items as per the statement of operations of the Group's consolidated financial statements:

- Restructuring costs, net;
- Net impairment charges;
- Other income and expenses (other non-current items).

These adjustments, the reconciliation of which is detailed in the following table, amounted to an impact on Group EBIT from continuing operations of €(59) million in the first half of 2016 compared to €(27) million in the first half of 2015.

	First Half		
In € million	**2015**	**2016**	Change[17]
EBIT from continuing operations	**132**	**95**	**(37)**
Restructuring charges, net	(31)	(39)	(8)
Net impairment losses on non-current operating assets	(9)	(8)	+1
Other income/(expense)	12	(12)	(24)
Adjusted EBIT from continuing operations	**159**	**154**	**(5)**
As a % of revenues	9.8%	6.4%	(3.4)pts
Purchase price allocation ("PPA") amortization	0	18	+18
Adjusted EBIT before PPA amortization	**159**	**171**	**+12**
As a % of revenues	9.8%	7.1%	(2.7)pts
Depreciation and amortization ("D&A")[18]	91	94	+3
Adjusted EBITDA from continuing operations	**250**	**265**	**+15**
As a % of revenues	15.4%	11.0%	(4.4)pts

[17] Year-on-year change at current currency.
[18] Including impact of provisions for risks, litigations and warranties, and excluding PPA amortization.

Reconciliation of Group free cash flow (unaudited)

In € million	First Half 2015	First Half 2016	Change YoY Reported
Adjusted EBITDA from continuing operations	**250**	**265**	**+15**
Restructuring provisions - cash usage of the period	(28)	(33)	(5)
Purchases of property, plant and equipment ("PPE")	(20)	(35)	(15)
Proceeds from sale of PPE and intangible assets	0	1	+1
Purchases of intangible assets including capitalization of development costs	(23)	(40)	(17)
Changes in working capital and other assets and liabilities	29	66	+37
Operating cash flow from continuing operations	**208**	**224**	**+16**
Net changes in pension reserves	(9)	(8)	+1
Provisions for risks & litigations - cash usage of continuing operations	(4)	(5)	(1)
Other non-current items (cash impact)	9	(4)	(13)
Interest paid	(29)	(37)	(8)
Interest received	6	2	(4)
Net interest expense on defined benefit liability	(4)	(4)	-
Other Financial items	(17)	(12)	+5
Income tax paid	(33)	(40)	(7)
Net operating cash used in discontinued activities	**(10)**	**(18)**	**(8)**
Group free cash flow	**117**	**98**	**(19)**