



## Technicolor strengthens its balance sheet and stabilizes its shareholder base through a capital increase of up to €158 million

### JPMorgan to increase stake in support of Technicolor's strategic plan

**Paris (France), May 3, 2012** – Technicolor (Euronext Paris: TCH) announces that it plans to launch a capital increase of up to €158 million to strengthen its balance sheet and enhance its capabilities to implement its “Amplify 2015” strategic roadmap<sup>1</sup>.

The planned capital increase, which is subject to shareholder approval, will also contribute to stabilizing Technicolor's shareholder base. The stake will be acquired by an investment vehicle jointly owned by One Equity Partners, the private investment arm of JPMorgan Chase, and JPMorgan Chase & Co., which already holds 1% of Technicolor's equity and plans to increase its stake as part of the transaction to support Technicolor's publicly disclosed strategy.

Frederic Rose, CEO of Technicolor, said: *"I am delighted that JPMorgan plans to make a substantial investment in Technicolor to become a long-term shareholder in the Company. The capital increase we are planning will provide the Company with a stronger financial structure and a stable shareholder base to implement its growth strategy. The planned investment is a strong evidence of confidence in Technicolor and an endorsement of our strategy and growth potential."*

David Walsh, Managing Director at One Equity Partners said: *"We believe that the company has defined a strategy that will deliver long-term value to Technicolor's shareholders. We look forward to working closely with management to help it execute this strategy by investing for growth, enhancing market-leading positions and delivering upon its financial objectives."*

#### 1. A two-step capital increase

At the close of the transaction, the investment vehicle, Jesper Cooperatief (“Jesper”) will, including the existing stake of 1% held by JPMorgan Chase & Co., come to hold a stake of between 25% and 29.96% of the issued share capital of Technicolor through a planned capital increase, which will take place in two steps:

- Technicolor will issue 72,280,964 shares through a reserved capital increase to Jesper at a price of €1.60 per share (the "**Reserved Capital Increase**");

<sup>1</sup> Strategic plan unveiled at Technicolor's FY 2011 results on February 24, 2012.



- Technicolor will offer 26,912,732 shares to existing shareholders at a price of €1.56 per share and Jesper irrevocably commits to acquire up to 75% of the offering to ensure its success (the "**Rights Issue**").

This price of the Reserved Capital Increase represents a 10.3% premium over the volume-weighted average price of Technicolor shares over the last 10 trading days.

The level of participation of existing shareholders in the Rights Issue will determine the final stake of Jesper in Technicolor, which shall, following the Rights Issue, be at least 25%, but shall in no event exceed 29.96% of the issued share capital of Technicolor.

## **2. Key objectives of the agreement**

The proceeds of the planned capital increase will represent a minimum of €147 million and a maximum of €158 million. It will allow Technicolor to reduce its financial debt, increase headroom on financial covenants, and enhance the Group's capabilities to implement its "Amplify 2015" strategic roadmap.

In accordance with the credit agreements, 80% of the net proceeds of the capital increase will be used to pay down debt, for an amount comprised between €118 million and €126 million. Pro forma for the transaction, the Group's 2011 IFRS Net Debt would stand at between €813 million and €823 million and Technicolor's 2011 Net Debt/EBITDA ratio would stand at 1.7x, compared to 2.0x as published end of 2011.

This increased financial flexibility will support the implementation of "Amplify 2015" strategic plan, which aims to make Technicolor a leader in innovation in media monetization solutions by:

- Expanding its innovation pipeline and Licensing business;
- Developing innovative solutions to address expanding digital media markets;
- Consolidating its activities and expanding geographically to gain scale or access broader ecosystems.

## **3. Governance**

Jesper has entered into a governance agreement that will last for a period of 30 months from the settlement of the Reserved Capital Increase.

Following the implementation of the transaction, Technicolor's Board will be composed of nine members: two representatives from Jesper, six independent directors and the Chief Executive Officer of Technicolor.

Subject to customary exceptions, Jesper has agreed to retain its shares for at least 1 year commencing on the settlement of the Reserved Capital Increase.



**4. Shareholder approval and other conditions precedent**

Resolutions relating to the Reserved Capital Increase, the Rights Issue, as well as the appointment of representatives of Jesper to the Board of Technicolor, will be submitted to Technicolor shareholder approval at the Annual Shareholders' Meeting to be convened on June 20, 2012. Prior to the Annual Shareholders' Meeting of Technicolor, a prospectus will be published once the visa of the AMF has been obtained, describing the characteristics of the Reserved Capital Increase and the Rights Issue, as well as the main terms and conditions of the governance agreement.

The transaction is also subject to other customary conditions including regulatory clearance.

**5. Envisaged timeline**

Subject to the conditions precedent being met, it is expected that settlement of the Reserved Capital Increase will occur on the date of the Annual Shareholders' Meeting of Technicolor. The Rights Issue offer is expected to be open between June 27, 2012 and July 3, 2012.

**6. Appointment of an independent expert**

An independent expert has been appointed by Technicolor to provide a fairness opinion on the terms of the Reserved Capital Increase. The conclusions of this opinion will be shared with the shareholders of Technicolor in the Prospectus.



## **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. Euronext Paris: TCH • [www.technicolor.com](http://www.technicolor.com)

## **About JPMorgan Chase & Co.**

JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services firm with assets of \$2.3 trillion and operations in more than 60 countries. The firm is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands.

## **About One Equity Partners**

One Equity Partners is the private investment arm of JPMorgan Chase & Co. and manages over \$10.5 billion in commitments and investments solely for the bank. OEP enters into long-term partnerships with companies to create sustainable value through long-term growth driven both organically and through acquisition. Founded in 2001, OEP has 39 investment professionals in New York, Chicago, Frankfurt, Vienna, Hong Kong and elsewhere around the globe.

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