PRESS RELEASE

Third quarter 2012:
Strong revenue growth, continued deleveraging
Amplify 2015 on track

Paris (France), 26 October 2012 – The Board of Directors of Technicolor (Euronext Paris: TCH) met to review the Group's revenues for the third quarter of 2012.

Q3 2012 revenue highlights

Group revenues from continuing operations reached €928 million in the third quarter of 2012, up 10.9% at current currency and up 6.0% at constant currency compared to the third quarter of 2011. On a proforma basis (excluding Broadcast Services disposal, completed on 3 July 2012), revenues were up 15.4% at current currency and 10.3% at constant currency.

- ***Technology:*** Solid growth in Licensing revenues, driven by good performances across the different licensing programs.
- ***Entertainment Services:*** Revenues year-over-year impacted by Photochemical Film activities. Stable DVD Services revenues, some softness in Creation Services.
- ***Digital Delivery:*** The Connected Home division posted revenues up 42% at constant currency, driven by volume growth across all regions and product categories.

In € million	**Q3 2011**	**Q3 2012**	**9M 2011**	**9M 2012**
Total revenues from continuing operations	**837**	**928**	**2,396**	**2,575**
Change as reported (%)		*+10.9%*		*+7.5%*
Change at constant currency (%)		*+6.0%*		*+2.5%*
o/w Technology	107	128	326	364
Change as reported (%)		*+20.0%*		*+11.8%*
Change at constant currency (%)		*+27.3%*		*+10.9%*
Entertainment Services[1]	454	449	1,238	1,206
Change as reported (%)		*(1.1)%*		*(2.6)%*
Change at constant currency (%)		*(8.8)%*		*(9.1)%*
Digital Delivery[2]	275	351	829	1,004
Change as reported (%)		*+27.8%*		*+21.2%*
Change at constant currency (%)		*+22.5%*		*+16.9%*

[1] Media Services activity, formerly reported in Digital Delivery segment, is included in Creation Services business in Entertainment Services segment.
[2] Broadcast Services activity contributed €33 million of revenues in the third quarter of 2011. As the disposal of this activity was completed on 3 July 2012, it did not contribute to Digital Delivery revenues in the third quarter of 2012.

Q3 2012 Amplify 2015 highlights

- Significant progress on M-GO, the Group's new platform to help end-users discover, view and share all forms of media: signed agreements with major studios – NBC Universal, Paramount Pictures, Sony Pictures Home Entertainment, Twentieth Century Fox, Warner Brothers, DreamWorks Animation and Relativity Media. The deals will enable rentals or purchase the day of release of new home entertainment titles, catch up TV and back catalog for movies and TV shows with UltraViolet compatibility, across an open device ecosystem. Open beta in the fourth quarter of 2012.
- The Group accelerated its Technology Licensing initiative in Image Fidelity & Enhancement with the launch of its Color Certification Program aiming at leveraging Technicolor's science for the benefit of prosumers and consumers. Technicolor is partnering with Portrait Displays, a visual enhancement software provider, to offer a Color Certification Program to makers of PC, laptop and tablet displays. It is also leveraging the traction created around its CineStyle color profile, to develop a full suite of PC and mobile applications that bring the "Hollywood" color-style to the prosumers.
- Technicolor established Magic Ruby, a venture around "second screen" innovations, to create new inroads into the multi-screen e-commerce and targeted advertising space. Fox is now offering this service through a downloadable iPad, iPhone and Android application to its clients for the second season of *Sons of Anarchy* in the US.
- In collaboration with Warner Bros. and its other major studio customers, Technicolor announced the launch of its digital studio backbone to integrate studios, Technicolor and third-party service providers on an open platform with key functionality and tools to meet the demands of content creators and distributors. Technicolor's solution provides a unified set of features to manage, monitor and enable an integrated pipeline of individual services from clients, Technicolor and other approved, trusted third-party service providers on a platform of common tools for the creation and distribution of content.

Financial update: continued focus on improving financial structure

- Following the capital increases, estimated gross debt at the end of September 2012 amounted to €1,249 million, a decrease compared to end of June 2012 mainly resulting from €200 million of debt repayments, of which €162 million of prepayments resulting from the capital increases and Broadcast Services disposal. The level of cash was slightly up compared to the end of June 2012.
- Following the completion of the capital increases and the performance improvement posted in the first half of 2012, Standard & Poor's and Moody's reviewed Technicolor's rating. S&P upgraded its rating from B-/stable to B/stable and Moody's changed its outlook from negative to stable while maintaining its B3 rating. Nevertheless, both agencies clearly stated that the Group's financial structure needs to be further improved.
- The Group reiterates its focus on free cash flow generation and debt deleveraging.

2012 objectives

Technicolor reconfirms its 2012 objectives:

- Adjusted EBITDA in the range of €475-500 million;
- Continue to generate positive free cash flow[3] despite higher restructuring expenses and investments in growth businesses;
- Operate within the financial covenants of credit agreements.

Frederic Rose, Chief Executive Officer of Technicolor, stated:

"Our focus on operational performance over the last 12 months is bearing fruits as reflected in our strong revenue growth in the third quarter. We are particularly pleased by the growth in Licensing revenues, the continued strength of DVD Services and the confirmation of Connected Home's turnaround. Moreover, Technicolor continues to strengthen its financial structure and reduce its indebtedness, which has led to improved ratings. We are on track to attain our 2012 objectives and deliver on our Amplify 2015."

An analyst conference call hosted by Frederic Rose, CEO and Stéphane Rougeot, CFO and SEVP Strategy will be held on Friday, 26 October 2012 at 4:00pm CET.

[3] Free Cash Flow from both continuing operations and discontinued operations.

Financial Calendar

FY 2012 Results	23 February 2013
Q1 2013 Revenues	25 April 2013
2012 AGM	25 April 2013

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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. Euronext Paris: TCH • www.technicolor.com

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Third quarter 2012 segment review

Technology

In € million	Q3 2011	Q3 2012	9M 2011	9M 2012
Revenues	107	128	326	364
Change as reported (%)		*+20.0%*		*+11.8%*
Change at constant currency (%)		*+27.3%*		*+10.9%*
o/w Licensing revenues	106	128	322	362
Change as reported (%)		*+20.6%*		*+12.4%*
Change at constant currency (%)		*+28.1%*		*+11.5%*

In the third quarter of 2012, Technology revenues reached €128 million, up 20.0% at current currency and up 27.3% at constant currency compared to the third quarter of 2011. This strong performance reflected the quality of the Group's Licensing division, which posted another quarter of revenues over €100 million.

Licensing

Licensing revenues were up 21% at current currency and up 28% at constant currency in the third quarter of 2012, reflecting good performances across the different licensing programs. Revenues generated by the MPEG LA pool amounted to 57% of total Licensing revenues in the third quarter of 2012, versus 59% in the first half of 2012, and grew by 17% at current currency compared to the third quarter of 2011. Other Licensing programs delivered a strong performance in the third quarter of 2012, with revenues up 26% at current currency year-on-year. The Group's Digital TV program posted a strong performance, as it benefited from contract renewals completed in the second quarter of 2012 that generated revenues in the third quarter and from the outcome of audits, while program licensees achieved good volume performances in an overall stable addressable market.

Research & Innovation

In the third quarter of 2012, the Research & Innovation ("R&I") teams handed off key technologies to improve market differentiation. For example, R&I delivered an enhanced version of Secure Dubbing to Creation Services activities. This software allows higher performance dubbing of a movie by detecting the faces of the actors in a secure way, and thereby allowing the dubber to perform the needed tasks safely. To do so, this Final Cut Pro® plug-in is designed to track several objects simultaneously, which will remain at the same position and retain their size whatever their original displacement in the original sequence. This stabilization step ensures an optimal configuration to further perfect the synchronization of lips movement and voice. The remaining part of the image is then blurred or darkened to ensure the confidentiality of the content.

A second innovation of R&I has been installed to Los Angeles Creation Services facility, namely the Automatic Restoration Tool. R&I invented a new metadata driven three-step restoration workflow to improve and accelerate the digital repair of scanned film material. New algorithms enable metadata generating automatic detection of film defects, an optional review and quality control session with reporting and automatic removal/repair. Whereas standard restoration methods are time consuming, this new automatic restoration workflow with its professional quality algorithms minimizes human intervention, increases throughout, supports objective reporting and enables alternative business cases. This tool will be available soon in the Group’s Creation Services facility in France.

Entertainment Services

In € million	Q3 2011	Q3 2012	9M 2011	9M 2012
Revenues	454	449	1,238	1,206
Change as reported (%)		*(1.1)%*		*(2.6)%*
Change at constant currency (%)		*(8.8)%*		*(9.1)%*
Revenues excl. Photochemical Film activities	398	415	1,056	1,089
Change as reported (%)		*+4.3%*		*+3.1%*
Change at constant currency (%)		*(3.7)%*		*(3.7)%*

In the third quarter of 2012, Entertainment Services revenues totaled €449 million, down 1.1% at current currency and down 8.8% at constant currency versus the third quarter of 2011. Excluding Photochemical Film activities, which reported another drop in revenues in the quarter, Entertainment Services revenues were up 4.3% at current currency and down 3.7% at constant currency compared to the third quarter of 2011, resulting from stable DVD Services revenues and a weak performance in Creation Services and Theatrical Services, in a context of a lower number of releases and productions by the Group's customers.

Creation Services

In the third quarter of 2012, Creation Services activities recorded a year-on-year decline in revenues at constant currency, reflecting the absence of major title released by the Group's studio customers compared to third quarter of 2011, as well as tougher market conditions in some areas, in particular in Europe. The Group implemented in the third quarter of 2012 major cost reduction measures to mitigate the impact of lower sales on its profitability and further maximize the cost structure.

- **Digital Production** level of activity was lower overall in the third quarter of 2012, as a result of a weak performance in Visual Effects ("VFX") for feature films, due to the delay in two sizeable projects with the bulk of the workload being pushed back, leading to a particularly low level of VFX activity for feature films in the London facilities. This was partly offset by increased VFX for Commercials in Los Angeles and New York. VFX teams started work on *Maleficent* (Disney) and *The Seventh Son* (Warner), while continuing work on *The Lone Ranger* (Disney) and *Man of Steel* (Warner). They completed work on *Life of Pi* (Fox) and *Skyfall* (Sony). Animation had a sustained level of activity in the quarter, with Technicolor notably deepening its partnership with Rockstar Games, following the successful work on several major titles, including *Red Dead Redemption*, *L.A. Noire* and *Max Payne 3*.
- **Postproduction** activity increased in digital services, but did not compensate the tail of remaining legacy services in a context marked by a slowdown in the number of productions. Activity levels were mixed across the Group in the third quarter of 2012, with improved performance of US Postproduction and Sound activities and a positive contribution from France, while other European operations were weak. The Group provided a large range of services for movies such as *The Dark Knight Rises* (Warner), *Lawless* (Weinstein) and *The Expendables 2* (Lionsgate).

- **Media Services** revenues fell very slightly at constant currency in the third quarter of 2012, reflecting a marked decline in Compression & Authoring revenues almost completely offset by another quarter of double-digit growth in Digital Services for Studios, Over-the-Top and Video-on-Demand players.

Theatrical Services

Theatrical Services revenues were down in the third quarter of 2012, reflecting continuous decline in photochemical film footage, down 48% year-over-year. Photochemical film activities now represent only 3.6% of the Group's total revenues and around 8% of Entertainment Services revenues. Digital Cinema Distribution revenues were hurt by the absence of major releases by the Group's studio customers in the third quarter of 2012, whereas the third quarter of 2011 benefited from the release of *Harry Potter and the Deathly Hallows: Part 2* (Warner). The Digital Cinema Distribution market is expected to rebound in the fourth quarter of 2012, due to the planned strong slate of titles released by the Group's Studio customers.

DVD Services

In the third quarter of 2012, DVD Services revenues were flat at constant currency compared to the third quarter of 2011, reflecting a 2% decline in combined Standard DVD and Blu-ray™ volumes, fully offset by a positive mix increase. This limited volume decrease was consistent with overall volume performance experienced in the second quarter of 2012 (also down 2%) indicating ongoing general stability in packaged media.

Standard DVD volumes continued to show resiliency, while Blu-ray™ volume growth accelerated, up 26% in the third quarter of 2012 versus the prior year, a marked increase over the 17% year-on-year growth recorded in the second quarter of 2012. The title release slate from the Group's Studio customers in the period primarily included *The Avengers* (Disney), *Dark Shadows* (Warner), *Madagascar 3: Europe's Most Wanted* (DreamWorks) and *Snow White and the Huntsman* (Universal). Year-to-date through the third quarter of 2012, Blu-ray™ volumes were up 15% compared to the same period of 2011 (versus only 6% growth through the first half of 2012). Games volumes rebounded in the third quarter of 2012, up 13% year-on-year, following a particularly soft second quarter of 2012. Games quarterly variances were largely attributable to the timing of key title releases, while overall Games demand was stable, with year-to-date volumes up 1% through the third quarter of 2012.

DVD Volumes

In million units		Q3 2011	Q3 2012	9M 2011	9M 2012
Total DVD volumes		**418**	**409**	**1,012**	**967**
Change (%)			*(2)%*		*(4)%*
o/w	SD-DVD (Standard Definition DVD)	349	326	847	795
	Change (%)		*(6)%*		*(6)%*
	BD (Blu-ray™)	44	55	95	110
	Change (%)		*+26%*		*+15%*
	Games	19	22	47	47
	Change (%)		*+13%*		*+1%*
	Software and Kiosk	6	5	23	15
	Change (%)		*(11)%*		*(33)%*

IZ-ON (formerly PRN)

IZ-ON (formerly PRN) recorded a decrease in revenues compared to the third quarter of 2011, resulting from a weak US advertising market. The activity completed its rebranding campaign in the third quarter and entered into a new multi-year agreement under which it will be the exclusive advertising sales representative for 7-Eleven® TV.

Digital Delivery

In € million	Q3 2011	Q3 2012	9M 2011	9M 2012
Revenues	275	351	829	1,004
Change, as reported (%)		*+27.8%*		*+21.2%*
Change at constant currency (%)		*+22.5%*		*+16.9%*
o/w Connected Home	233	345	706	918
Change, as reported (%)		*+48.0%*		*+29.9%*
Change at constant currency (%)		*+41.7%*		*+25.1%*

In the third quarter of 2012, Digital Delivery revenues reached €351 million, up 27.8% at current currency and up 22.5% at constant currency compared to the third quarter of 2011. Excluding Broadcast Services activity, deconsolidated in the third quarter of 2012 due to the completion of the disposal on July 3, 2012, Digital Delivery revenues were up 45.0% at current currency and up 39.0% at constant currency compared with the third quarter of 2011. This performance reflected the confirmation of the recovery of Connected Home division.

Connected Home

In the third quarter of 2012, Connected Home revenues increased by 42% at constant currency compared with the third quarter of 2011, in line with the positive trend experienced in the second quarter of 2012 (up 35%), with volume growth across all regions and product categories. The division primarily benefited from strong demand from Latin America customers, continued expansion in the Asia-Pacific region, particularly in India, as well as improved overall product mix in North America, driven by Cable customers. The Group expects year-on-year growth in Connected Home revenues to remain strong in the fourth quarter of 2012. The turnaround plan of Connected Home launched in December 2011 is on track and Connected Home is well positioned to achieve Adjusted EBITDA breakeven in 2012 and generate positive Adjusted EBITDA in the second half of 2012.

- In **North America**, volumes of Connected Home products grew slightly in the third quarter of 2012, as strength in shipments to Cable operators more than offset softer Satellite customer deliveries. Overall product mix also improved year-over-year, driven by new product introductions and increased sales of higher-end devices in Cable, partly offset by lower HD PVR volumes in Satellite compared to last year.
- In **Latin America**, customer demand remained buoyant across the region in the third quarter of 2012, as reflected by more than a doubling in volumes of Connected Home products compared to the third quarter of 2011. This performance principally reflected stronger shipments of set top boxes to Satellite customers, as well as higher deliveries of broadband gateways to Telecom operators. Overall product mix was softer year-on-year, due primarily to a lower proportion of HD products compared to last year.
- In **Europe, Middle-East and Africa**, Connected Home product volumes were up in the third quarter of 2012, reflecting stronger shipments of Telecom broadband gateways and Cable modems, partly offset by weaker deliveries of set top boxes, due principally to the phase-out of some Satellite and Telecom devices, as well as some delays in product shipments to one customer. Overall product mix was lower year-over-year, principally as a result of a weaker contribution of HD products compared to last year.

- In **Asia-Pacific**, growth in shipments of Connected Home products was very strong in the third quarter of 2012, driven primarily by sustained customer demand for set top boxes across the region, notably in India and Malaysia. Overall product mix also improved compared to last year.

Connected Home Product Volumes

In million units	**Q3 2011**	**Q3 2012**	**9M 2011**	**9M 2012**
Total Connected Home Product Volumes*	**5.1**	**7.8**	**17.2**	**22.3**
Change (%)		*+52%*		*+29%*
o/w North America	1.6	1.7	5.8	5.7
Change (%)		*+4%*		*(3)%*
Latin America	1.8	3.8	5.6	9.8
Change (%)		*+115%*		*+74%*
Europe, Middle-East and Africa	1.1	1.2	4.0	4.2
Change (%)		*+8%*		*+5%*
Asia-Pacific	0.6	1.1	1.8	2.6
Change (%)		*+77%*		*+49%*

** Including tablets and other connected devices*