



MEMORY PRICING VOLATILITY AND ITS IMPACT ON FY 2017 PERFORMANCE

Paris (France), 29 June 2017 – As previously indicated, **Technicolor** (Euronext Paris: TCH; OTCQX: TCLRY) expects the profitability of the Connected Home segment to be affected by memory costs increases. Following the most recent market price increases for DRAM and Flash memories, and with continued upward pressure expected for the near future while the Group had previously assumed an easing starting in the second half of 2017, Technicolor now anticipates that this will represent an additional negative impact at the Adjusted EBITDA level of around €40 million compared to its previous expectations.

- DRAM pricing, which increased by more than 45% at the end of the first quarter of 2017 compared to the fourth quarter of 2016, increased by an additional 15% at the end of the second quarter compared to the first quarter. Further increases are expected for the rest of 2017, albeit at a slower pace.
- Flash memories pricing, which were flat at the end of the first quarter of 2017 compared to the fourth quarter of 2016, increased by 5% at the end of the second quarter compared to the first quarter. Double digit increases are expected for the rest of 2017.

As a result, considering what was already anticipated in the previous guidance and the additional impact announced today, Technicolor now expects a net negative impact on the Adjusted EBITDA of Connected Home of c. €30 million in the first half of 2017 compared to last year, which would represent a margin impact above 200bps. For the second half of 2017, the impact, in the event there is no success in ongoing mitigation actions, is expected to be around €50 million compared to last year.

Excluding the aforementioned costs increases, the operational performance of the various divisions is in line with Group's expectations:

- Production Services has been ramping up capacity and hiring additional creative talent in the first half of 2017 to deliver new projects. As a result, double digit revenue growth is expected in the second half;
- In line with prior years, DVD Services will generate most of its earnings in the second half due to the seasonality of this activity;



- Connected Home revenues are expected to decline by around 10% in the first half of 2017 due to the unfavorable comparison to the first half of 2016 (e.g. Mexico, Canada, Europe...). The continued growth in shipments of North American flagship products and the solid pipeline of new product introduction in Europe are expected to result into revenue growth above 15% in the second half of 2017 and as such revenue growth for the full year;
- Licensing revenues are expected to be in line with management expectations, but significantly down compared to the first half of 2016 as these included one-off revenues and with the end of several Digital TV Licensing agreements linked to starting discussions related to the joint licensing program with Sony. The timeline of its ongoing licensing discussions is expected to result in new agreements being signed in the second half of 2017.

As a result of the memory pricing increases, Technicolor is revising its full year 2017 Adjusted EBITDA objective, which is now expected to be in the range of €420 million to €480 million and (versus €460 million - €520 million expected previously).

The Group maintains its free cash flow objective (in excess of €150 million before cash impacts of the Cathode Ray Tube cartel case settlements). These objectives are calculated at constant rate.

DRAM and Flash memory price increases are market data. All figures and data for the first half of 2017 are estimated and unaudited as the interim closing has not yet started.

The Group will hold a conference call today at 6:30 pm CEST. The conference call details are as follows:

Please dial the access number

France: 0170770942

UK: +44 2033679453

US (free): +1 8554027763

The replay will be available today at the latest by 9pm (CEST) on our website

<http://www.technicolor.com/en/who-we-are/investor-center>

Technicolor will publish 2017 first half results on July 26, 2017 after market close and will hold a conference call on July 27 at 9:00 am CEST.

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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.

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

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