



PRESS RELEASE

## TECHNICOLOR: Q3 2017 TRADING COMMENTARY

**Paris (France), 25 October 2017** – [Technicolor](#) (Euronext Paris: TCH; OTCQX: TCLRY) today reports its trading commentary for the third quarter of 2017.

Production Services recorded another quarter of revenue growth driven by the continued demand for premium content across the different market segments. Animation and Games activities grew at record levels, while Visual Effects (“VFX”) for film performed well on the back of a strong order book. Advertising activities started improving at the end of the third quarter, while Postproduction Services recorded a solid performance during the quarter.

In DVD Services, overall disc volumes replications were down 9% year-on-year in the third quarter in line with the disappointing performance of the summer theatrical box office and lower Games volumes, but with Blu-ray volumes returning to growth in the third quarter. Games volumes improved over the first half, but are impacted by the underperformance of selected key Games titles and the delay to the fourth quarter and 2018 of three AAA Games.

In the Connected Home segment, revenue trends improved as expected compared to the first half, while remaining slightly negative. The business environment in the last quarter was impacted by subscriber losses in the video space for several customers in the Americas, the natural disasters that affected North American and Mexican customers, as well as the continued pricing pressures for certain memories. Specifically compared to last year:

- Revenues in North America showed strong growth with Cable customers and in Canada, which included the first material Docsis 3.1 gateways being delivered, but were offset by weakness in the satellite segment;
- Revenues in Europe, Middle-East and Africa did not rebound due mainly to reduced demand from customers;
- Strong growth in Asia-Pacific driven by Japan and Korea;
- Latin America saw continued overall decline driven by Mexico, notwithstanding Brazil returning to growth for the first time in two years.

During the third quarter mitigation actions continued to specifically address the memory cost increase. These actions not only include negotiations with Connected Home customers, but also the review of the customer portfolio, cost-cutting initiatives and the rationalization of the geographical footprint. The objective is to adapt the segment to an environment that is expected to remain challenging.



The Technology segment signed during the third quarter a licensing agreement with a Japanese TV manufacturer, which represents a milestone for the joint-program with Sony for Digital TV. This is expected to support ongoing licensing discussions with other manufacturers.

Based on third quarter performance, Technicolor maintains its Adjusted EBITDA and free cash flow objectives.

#### **Reminder of 2017 objectives**

- Adjusted EBITDA in the range of €420 million to €480 million;
- Free cash flow in excess of €150 million before cash impacts of the Cathode Ray Tube (“CRT”) cartel case settlements (c. €(81) million).

These objectives are calculated based on constant exchange rates, and integrate the uncertainties in determining the timing to resolve the patent litigation against Samsung Electronics and the money at stake.



## Financial calendar

FY 2017 Results	22 February 2018
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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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