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TECHNICOLOR ANNOUNCES 2020-2022 STRATEGIC PLAN SUPPORTED BY A COMPREHENSIVE STRENGTHENING OF THE CAPITAL STRUCTURE INCLUDING A C. €300M CAPITAL INCREASE

- **2020-2022 Strategic Plan will pave the way for a sound and sustainable future for Technicolor, allowing it to better serve clients, take advantage of market opportunities, deliver profitable growth and create value for shareholders**
- **Following an in-depth review of the business, Technicolor has identified several initiatives to drive the financial and operational transformation of the company, including cost savings of c. €150m on a run-rate basis by 2022 (€100m to be achieved in 2020)**
- **Comprehensive strengthening of the capital structure enhancing strategic flexibility:**
 - **Proposed c. €300m capital increase with shareholders' preferential subscription rights (the "Rights Issue"):**
 - **Commitment to subscribe to the capital increase by core shareholders, RWC Partners and Bpifrance Participations, participating pro-rata to their current stake**
 - **J.P. Morgan and Natixis have signed a standby volume underwriting agreement in relation to the full amount of the forthcoming Rights Issue (excluding the portion that RWC Partners and Bpifrance Participations have already committed to subscribe) subject to customary conditions. At the time of launch, the Rights Issue is expected to be underwritten by a syndicate of banks**
 - **Extension of the Revolving Credit Facility ("RCF") maturity from December 2021 to June 2023 and of the Wells Fargo facility maturity from September 2021 to March 2023**
- **An extensive overview of the Strategic Plan and new initiatives for Technicolor will be presented during a Capital Markets Day scheduled for February 19th, 2020**
- **Update on full year 2019 Group Performance**

Paris (France), February 13th, 2020 – [Technicolor](#) (Euronext Paris: TCH, OTCQX: TCLRY) (“**Technicolor**” or the “**Company**”) announces today its 2020-2022 Strategic Plan concurrently with three transactions aimed at strengthening its capital structure and restoring strategic flexibility:

- Capital increase with preferential subscription rights for shareholders for a total gross amount of c. €300 million, issue premium included;
- Extension of credit lines (RCF and bi-lateral ABL with Wells Fargo), originally maturing in 2021, to 2023 subject to the successful completion of the Rights Issue; the RCF will be reduced from €250m to €225m starting from January 1st, 2021 and to €202.5m starting from December 22nd, 2021;
- New \$110m short-term facility providing additional liquidity headroom.

Anne Bouverot, Chairperson of Technicolor’s Board of Directors, commented: *“The announcement of Technicolor’s 2020-2022 Strategic Plan today, combined with the proposed Rights Issue and Revolving Credit Facility extension, marks a strong milestone in Technicolor’s recent history, and demonstrates the Board’s determination to focus on financial sustainability and value creation for customers, employees and shareholders. We very much welcome the support of our key shareholders Bpifrance Participations and RWC Partners in the execution of the Rights Issue.”*

Richard Moat, CEO of Technicolor added: *“I am very excited about the prospects for Technicolor. The Company has solid business foundations and differentiated capabilities on which it can build, including scale, proprietary assets, and people. My goal is to bring both stability and growth to Technicolor, and I have identified a tangible and actionable plan that will create a sustainable future for the Company. Reshaping the capital structure notably with the Rights Issue will provide Technicolor with a solid balance sheet and the financial flexibility to unlock its full potential. We have the opportunity to take advantage of the strong increase in digital media consumption, increased demand for original content and significant growth of residential broadband access. My goal is to ensure that Technicolor is fully equipped to be a leader in the segments in which it operates.”*

Technicolor 2020-2022 Strategic Plan

Technicolor’s new CEO Richard Moat, along with a renewed Board of Directors and the top management team, have designed a 2020-2022 Strategic Plan focused on prioritising profitable growth opportunities, adopting a more disciplined approach to business selection whilst continuing to provide market leading products and services, all of which will cement the group’s long-held position as the best partner across its three activities. Additionally, Technicolor will endeavour to streamline all operations. A number of these initiatives are already in progress and the Strategic Plan will benefit all of our stakeholders: shareholders, employees, clients, suppliers and lenders.

Actionable initiatives and priorities for each of Technicolor’s divisions have been identified. In Production Services, Technicolor is well placed to benefit from the burgeoning growth of streaming platforms and the unprecedented demand for original content and is well positioned to capture outsized market share in Film & Episodic, Advertising, and Animation. DVD Services has already started creating a more resilient business model through its ongoing cost optimization efforts and the renewal of key major customer contracts under volume-based pricing schemes. Finally, in Connected Home, Technicolor will focus on Broadband gateway activities, which are experiencing an improved trading environment.

Technicolor is also implementing significant cost saving measures, which will reduce the addressable cost base by c. €150m on a run-rate basis over the next three years, of which €40m will come from the completion of the existing transformation plan in Connected Home and €110m from the implementation of a new plan. The majority of these savings are already underway and c. €100m will be achieved in 2020.

Strengthening of Technicolor's Capital Structure

In order to regain strategic flexibility and operate in a sustainable environment, Technicolor is announcing a comprehensive reinforcement of its capital structure comprising of c. €300m of new equity through a Rights Issue and the concurrent extension of its RCF (which will be progressively reduced from €250m to €225m starting January 1st, 2021 and to €202.5m starting December 22nd, 2021) and Wells Fargo facility to 2023, conditional on the successful execution of the Rights Issue. The company has also secured a new \$110m short-term facility providing additional liquidity headroom.

In addition to immediate deleveraging effects, such actions will enhance the confidence of our partners, key clients and suppliers and will notably unlock the following benefits:

- Strengthen the liquidity buffer Technicolor needs to run the business at full speed and manage working capital seasonality, whilst limiting reliance on credit lines;
- Capture growth investment opportunities in Production Services, optimise resource allocation among key production-incentivised or cost-advantageous geographies, and meet the stronger level of market demand in the outer years of the plan;
- Fund the planned transformation projects.

C. €300m Rights Issue

An Extraordinary General Meeting of Shareholders will be held on March 23rd, 2020 which will vote on resolutions related to the Rights Issue. It is anticipated that the equity issuance will be launched in Q2 2020, subject to approval from Technicolor's shareholders, regulatory authorities, and market conditions.

RWC Partners and Bpifrance Participations, which hold at the date of this press release respectively 10.13% and 5.27% of Technicolor's share capital, support the new management and the 2020-2022 Strategic Plan, and have committed to subscribe to the Rights Issue for an amount pro-rata to their respective current shareholding in the company. Commitments from RWC Partners and Bpifrance Participations are subject to certain market conditions, in line with those set forth in the banks' standby volume underwriting agreement¹. Both Shareholders will receive a remuneration for their commitment. Both will exercise on a non-reducible basis (*à titre irréductible*) all the preferential subscription rights to be allocated to them on the launching date of the Rights Issue and therefore subscribe for the total number of new Company shares to which they would be entitled following exercise of all their preferential subscription rights.

Richard Moat intends to personally participate in the transaction. The details of his participation will be disclosed at the time of the Rights Issue.

J.P. Morgan and Natixis have signed a standby volume underwriting agreement in relation to the full amount of the forthcoming Rights Issue (excluding the portion RWC Partners and Bpifrance Participations have already committed to subscribe) subject to customary conditions. At the time of launch, the Rights Issue is expected to be underwritten by a syndicate of banks.

¹ The commitments of RWC Partners and Bpifrance Participations are set out in related-party agreements subject to article L. 225-38 of the French Code de Commerce. Highlights of these agreements can be found on the Company's website, Corporate Governance section

RCF and Wells Fargo Facility Extensions

Concurrently, Technicolor announces that it has reached an agreement for a 18-month extension of its existing RCF from December 2021 to June 2023, conditional on the successful execution of the Rights Issue. Similarly, the Wells Fargo facility will be extended by 18 months from September 2021 to March 2023.

The following committed facilities will therefore remain available to Technicolor:

- Revolving Credit Facility:
 - €250m until December 31st, 2020;
 - €225m from January 1st, 2021 until December 21st, 2021;
 - €202.5m from December 22nd, 2021 until June 30th, 2023;
- \$125m bilateral facility with Wells Fargo until March 31st, 2023.

\$110m Short-Term Facility

Technicolor has secured an additional \$110m short-term facility which has been arranged by J.P. Morgan. The facility will provide additional liquidity headroom and will be repayable following the receipt of proceeds of the Rights Issue.

Update on Full Year 2019 Group Performance

All figures and data for 2019 disclosed in this Press Release are estimated, the 2019 Financial Statements being currently audited. The Board of Directors will approve the 2019 Financial Statements on February 18, 2020

<i>unaudited</i>	Post IFRS 16	Pre IFRS 16	Impacts
Revenues	€3,8bn	€3,8bn	€0m
Adjusted EBITDA	€324m	€246m	+€78m
Adjusted EBITA	€42m	€36m	+€7m
Free Cash Flow	-€98m	-€161m	+€63m
Free Cash Flow Excl. Net Interest	-€34m	-€117m	+€83m
Net Debt	€1 233m	€961m	+€272m

- Sales of c. €3.8bn reflecting double digit growth in Production Services, more than offset by a decline in the North American video segment in Connected Home and replication volume decline in DVD Services (as anticipated);
- Adjusted EBITDA of c. €246m reflecting solid improvement in Connected Home vs the first half 2019 as anticipated, driven mainly by margin recovery as a result of improvements in memory costs and benefits from our transformation plan;

- Adjusted EBITA of c. €36m due to high rendering costs consumed in Production Services Film and Episodic Visual Effects in an intense period of deliveries and higher D&A linked to the investments in Film & Episodic Visual Effects;
- Free cash flow¹ of c. -€161m: as expected, and communicated in the 2019 third quarter press release, working capital at the end of the year was negatively affected by downgrades by the rating agencies in 2019. The impact is estimated to be -€95m, mainly explained by a one-off reduction in payment terms;
- Net Debt of c. €961m (3.9x Net Debt / Adjusted EBITDA);
- Credit lines fully undrawn as of 31 December 2019.

2020-2022 Guidance² (Including IFRS 16)

The Strategic Plan, including its operational and financial dimensions, will enable Technicolor to generate for the 2020-2022 period a cumulative Adjusted EBITDA of over €1.0bn and a cumulative Adjusted EBITA of over €340m and to reduce its Net Debt / Adjusted EBITDA leverage ratio below 2.75x³ by 2022.

With respect to 2020, Technicolor expects to achieve an Adjusted EBITDA in line with 2019 and an Adjusted EBITA c. €70m.

Timeline of the Offering Process Proposed to the Extraordinary General Meeting

The proposed c. € 300m Rights Issue will be subject to Technicolor Extraordinary General Meeting (EGM) approval. The EGM is convened for March 23rd, 2020. Resolutions to be voted at the EGM will include:

- A reverse split: the existing shares (the "Old Shares") will be exchanged into new ones (the "New Nominal Value Shares");
- A share capital reduction for reasons other than for losses, by reducing the par value of the shares
- A capital increase with a preferential subscription right to be detached from the New Nominal Value Shares (the "Rights Issue"); the new shares issued in the Rights Issue are referred to as the "New Shares".

Conference Call and Investors Presentation

Technicolor will host a conference call for analysts and investors at 7:45 pm CET on February 13th, 2020 (www.technicolor.com/webcastFebruary2020). A presentation will be made available on the Technicolor website shortly ahead the start of the call.

Technicolor will host its Capital Markets Day on February 19th in London. Details to be shared via the Technicolor website.

¹ Free cash flow defined as: *Adj. EBITDA – (net capex + restructuring cash expenses + change in pension reserves + change in working capital and other assets & liabilities + cash impact of other non-current result + net financial interests + exchange result + other financial results and income tax)*

² At constant perimeter and rate

³ Pro forma of the Rights Issue

Retail Investors

Dedicated numbers will be made available to retail investors seeking clarifications on the proposed Rights Issue and its mechanics on +33 800 007 167 (Toll-Free from France) and +33 5 36 28 89 72 (International calls). Lines will be open from 9am to 6pm CET every business day.

A dedicated website will also be available at <https://technicolor.shareholder-services.com>, detailing the mechanics of the proposed Rights Issue.

Financial Advisors

d'Angelin & Co, J.P. Morgan, Natixis and Rothschild & Co are acting as financial advisors to Technicolor.

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About Technicolor: www.technicolor.com

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

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Financial Calendar

FY 2019 Results	18 February 2020
Capital Markets Day	19 February 2020
Extraordinary General Meeting	23 March 2020
Q1 Trading Update	29 April 2020
Annual Shareholders Meeting	30 April 2020

DISCLAIMER

This press release includes certain projections and forward-looking statements with respect to the anticipated future performance of Technicolor.

Such information is sometimes identified by the use of the future tense, the conditional mood and forward-looking terms such as “think,” “aim,” “expect,” “intend,” “should,” “has the ambition of,” “consider,” “believe,” “wish,” “could” and so forth. This information is based on data, assumptions and estimates that Technicolor considers reasonable. Actual results could differ materially from those projected or forecast in the forward-looking statements, in particular due to uncertainties inherent to any business activity and to the economic, financial, competitive and regulatory environment. All forward-looking statements contained in this press release are expressly qualified in their entirety by the cautionary statements contained or referred to in this disclaimer. Each forward-looking statement speaks only as at the date of this press release. Technicolor makes no undertaking to update or revise any information or the objectives, outlook and forward-looking statements contained in this press release or that Technicolor otherwise may make, except pursuant to any statutory or regulatory obligations applicable to Technicolor.

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Moreover, readers should consult the registration document of Technicolor, filed with the French Autorité des marchés financiers (the “AMF”) under no. D. 19-0223 on 29 March 2019 (the “Registration Document”), which is available free of charge from the AMF’s website at www.amf-france.org and from Technicolor’s website at www.technicolor.com/investor-center/regulated-information. The Registration Document includes a detailed description of Technicolor, its business, strategy, financial condition, results of operations and risk factors. Readers’ attention is drawn to Chapter 3 “Risk factors” of the Registration Document. The materialization of all or any of these risks may have an adverse effect on Technicolor’s operations, financial conditions, results or objectives, or the market price of Technicolor shares.

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