



# Avid Investor Day 2017

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Avid  
Investor Day  
2017

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## Opening Remarks & Agenda Review

# Dean Ridlon

VICE PRESIDENT, INVESTOR RELATIONS



# Non-GAAP & Operational Measures

The following Non-GAAP (Adjusted) Measures & Operational Measures will be used in the presentation:

## Non-GAAP Measures

- Adjusted EBITDA
- Adjusted Free Cash Flow
- Non-GAAP Revenue
- Non-GAAP Gross Margin
- Non-GAAP Operating Expenses

## Operational Measures

- Bookings, Recurring Revenue Bookings
- Revenue Backlog

These non-GAAP measures are defined in our Form 8-K filed on November 9, 2017, and the non-GAAP measures are reconciled with GAAP measures in the tables to the press release furnished as an Exhibit to such Form 8-K, as well as in the supplemental financial information available on [ir.avid.com](http://ir.avid.com), which also includes definitions of our operational measures. Avid believes the non-GAAP financial measures and operational metrics provided in this presentation provide helpful information to investors with respect to evaluating the Company's performance.

The presentation also includes forward-looking non-GAAP financial measures, including non-GAAP Revenue, Adjusted EBITDA, non-GAAP Operating Expenses and Adjusted Free Cash Flow. Reconciliations of these forward-looking non-GAAP financial measures are not included in this presentation or our press release issued on November 9, 2017, due to the high variability and difficulty in making accurate forecasts and projections of some of the excluded information, together with some of the excluded information not being ascertainable or accessible at this time. As a result, the Company is unable to quantify certain amounts that would be required to be included in the most directly comparable GAAP financial measure without unreasonable efforts.



# Safe Harbor Statement

Certain statements made within this presentation contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, including projections and statements about our anticipated plans, objectives, expectations and intentions. Among other things, this presentation includes estimated results of operations for 2017, which estimates are based on a variety of assumptions about key factors and metrics that will determine our future results of operations, including, for example, anticipated market uptake of new products, realization of identified efficiency programs and market based cost inflation. Other forward-looking statements include, without limitation, statements based upon or otherwise incorporating judgments or estimates relating to future performance such as future operating results and expenses; earnings; bookings; backlog; product mix and free cash flow; our long-term and recent cost savings initiatives and the anticipated benefits therefrom; our future strategy and business plans; our product plans, including products under development, such as cloud and subscription based offerings. The projected future results of operations, and the other forward-looking statements in this presentation are based on current expectations as of the date of this presentation and subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. The guidance presented in this presentation is inherently uncertain and subject to numerous risks and uncertainties. Our actual future results of operations and cash flows could differ materially from those discussed in this presentation.

For additional information, including a discussion of some of the key risks and uncertainties associated with these forward-looking statements, please see the “Forward Looking Statements” section of our press release issued today, as well as the Risk Factors and Forward-Looking Statements sections of the Company’s 2016 Annual Report on Form 10-K filed with the SEC. Copies of these filings are available from the SEC, the Avid Technology web site or the Company’s Investor Relations Department.

Any forward-looking information relayed in this presentation speaks only as of today, and Avid undertakes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.



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“We’re changing  
the game”

— MONEYBALL —

# Louis Hernandez, Jr.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER



# Avid At-a-Glance

Avid Technology, Inc. is the premier provider of technology solutions to media companies to create, manage, distribute and monetize media content

## **Total revenues**

More than \$420M in the last twelve months

## **Trusted partner**

For customers in 140 countries

## **Employees**

Approximately 1,800 FTEs in offices globally

## **Trades on NASDAQ under the ticker**

AVID

## **Headquartered in**

Burlington, MA

Category creator with  
30-year heritage of  
innovation and  
industry leadership

Comprehensive media technology  
suite and leading global brands,  
including Pro Tools, Media  
Composer, and Avid MediaCentral,  
our enterprise-wide platform



# Company Highlights

Well positioned in a large, growing market undergoing significant transition

The only enterprise platform specifically for Media, uniquely positioned for the cloud

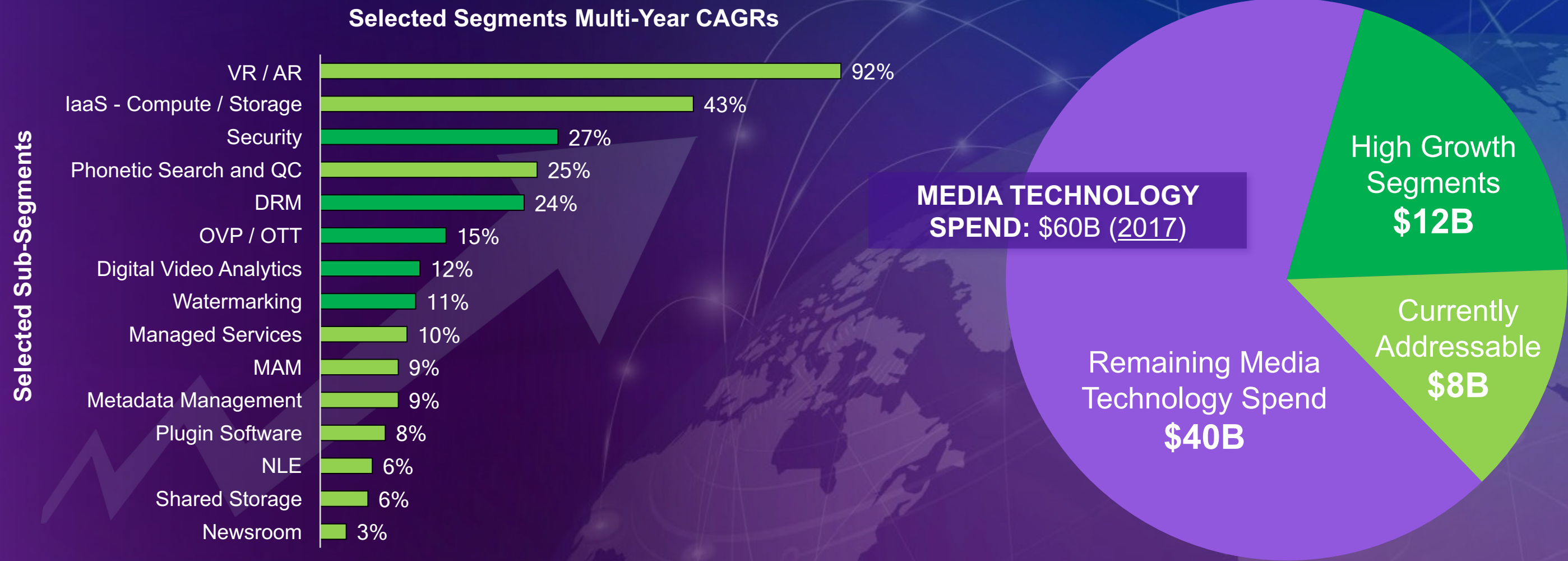
Realigned cost structure to drive growth and profitability

Shift to more recurring revenue and growing backlog is improving visibility

Transformation completed; company positioned for profitable growth



# Large and growing market opportunity



*Opportunity to both gain share in segments Avid currently operates and expand into higher growth areas*

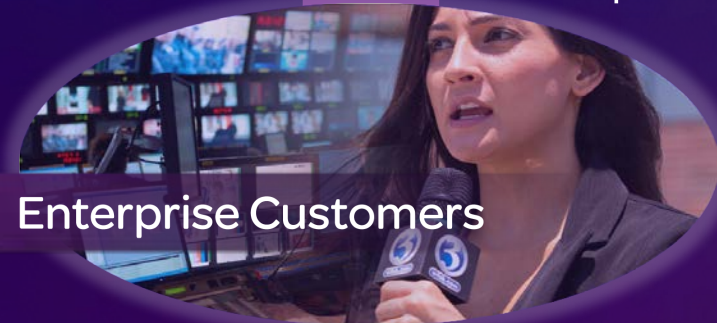


Sources: PwC, IABM, Devoncoft, NAMM, Infocomm, Avid.

# Large and growing market opportunity

## ENTERPRISE OPPORTUNITY

\$5B



Enterprise Customers

- Develop the platform and enable upsell/cross-sell opportunities
- ◐ Expand relationships
- ◑ Convert enterprises to multi-year enterprise-wide agreements
- ◒ Move to cloud, new cloud services (i.e. cognitive, storage, ...)

Continuum

**TOTAL**  
**\$8B**

## INDIVIDUAL OPPORTUNITY

\$3B



Individual Customers

- Digital (cloud-enabled subscriptions, digital GTM, First offerings)
- ◐ Upsell/cross-sell new applications and services
- ◑ Attract new creative customers
- ◒ Cloud-enabled innovations and new offerings

# 2017





Traditional  
TV  
viewing

Pay TV  
revenues

TV ad  
sales

Subscription  
VOD

Internet/  
OTT  
viewing

Mobile  
viewing and  
advertising



# Media challenges from digital disruption

2x–4x

Increasing Rate of  
**Content Creation**



>10x

Exponential Growth of  
**Distribution Platforms**



+50%

Continued Increase in  
**Content Consumption**



+3–4%

**Media Tech Budgets**  
Have Not Kept Pace



# Fundamental needs across the industry



**Create  
High-quality,  
Engaging  
Content**



**Distribute to  
More Devices &  
Channels**



**Maximize &  
Protect Value  
of Assets**



**Ensure  
Operational &  
Capital Efficiency**

**2x–4x**

**Increasing Rate of  
Content Creation**

**>10x**

**Exponential Growth of  
Distribution Platforms**

**+50%**

**Continued Increase in  
Content Consumption**

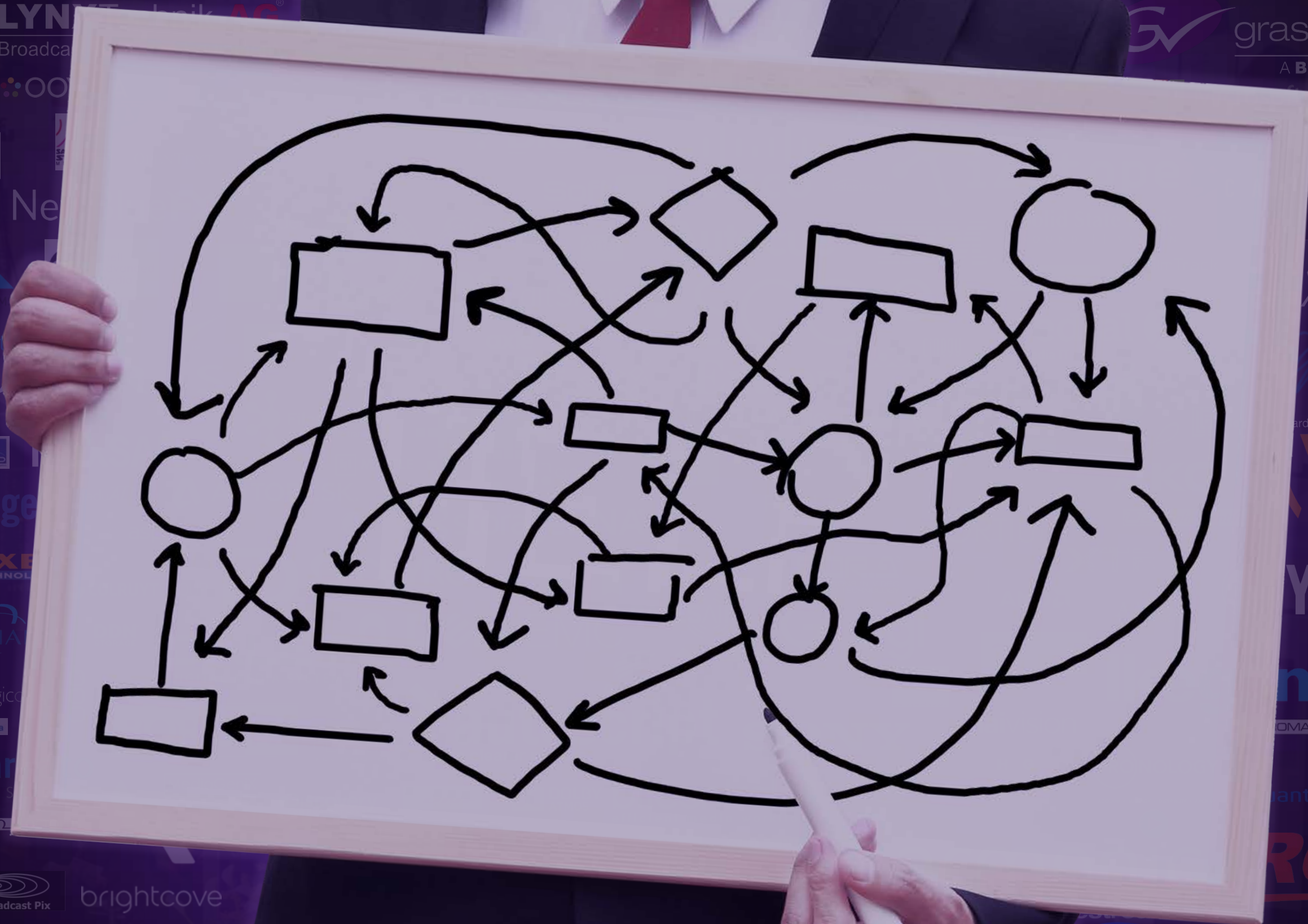
**+3–4%**

**Media Tech Budgets  
Have Not Kept Pace**











# Transformation complete; positioned for long-term value

## PRODUCT DEVELOPMENT AND INNOVATION

- Wrote ~5.8M lines of code (20% increase)
- 44 new products; 37 US patents granted (22% increase)
- Platform drove 25% decrease in development resources

## DIGITAL STRATEGY

- Introduced Pro Tools | First and Media Composer | First
- Created Avid Customer Association (ACA)
- Developed Avid Marketplace and Avid Artist Community

## WORKFORCE OPTIMIZATION

- 65% new employees to match strategy
- Relocated 70% of offices
- Redeployed 39% of workforce
- Reduced cost per employee by \$19k (18% reduction)

## COST EFFICIENCY (\$106M SAVINGS)

- \$76M in savings in 2016
- \$30M+ expected in 2017

## REVENUE STABILITY AND PREDICTABILITY

- Completed roll-off of non-marketed products
- End of amortization of pre-2011 / implied PCS revenue
- Shift to recurring revenue improves visibility

## BENEFITS TO CUSTOMERS

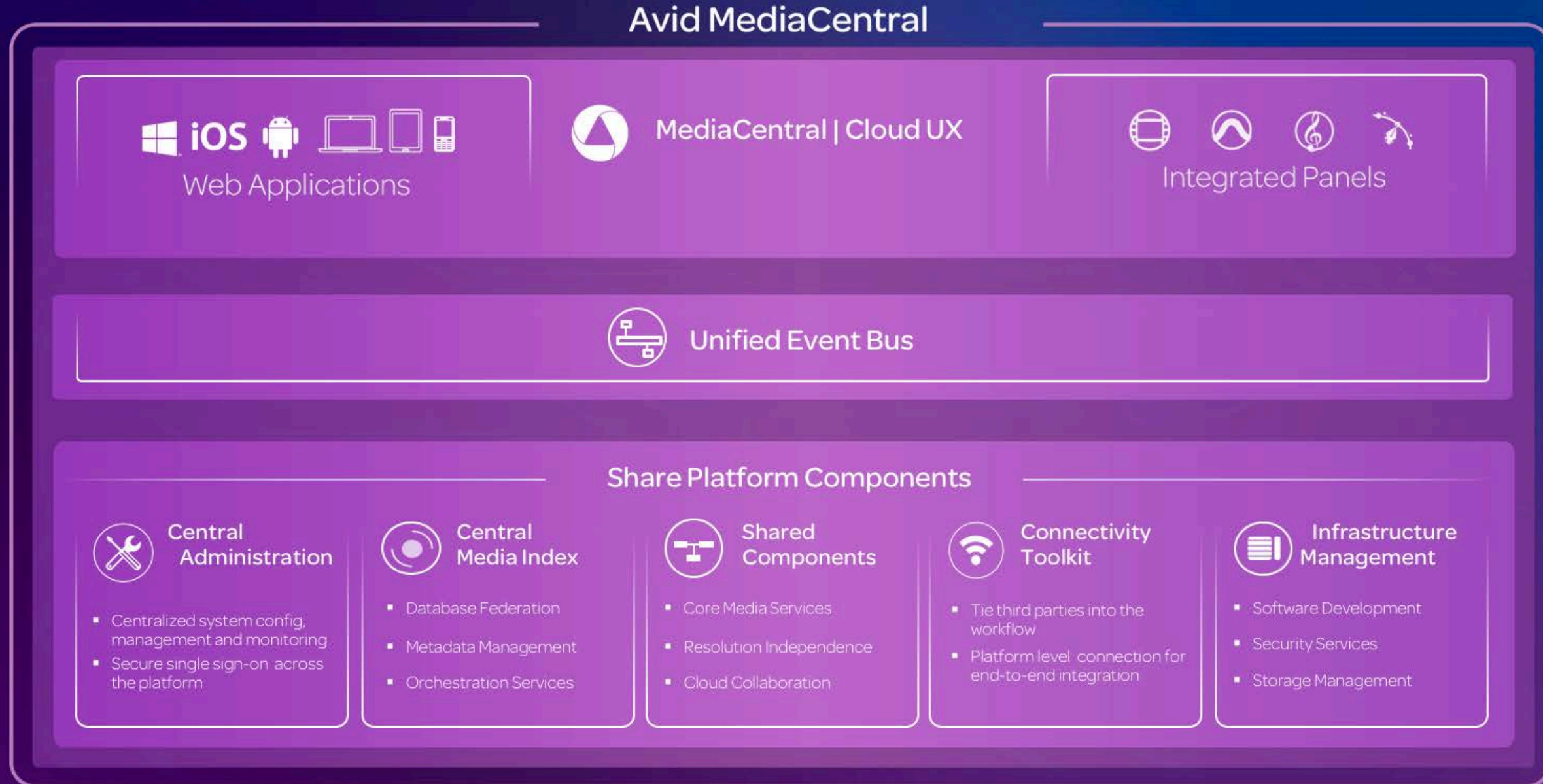
- MediaCentral platform created to address the most significant issues
- Technology & tools allow greater agility
- Better service & deployment model to meet customer needs
- End-to-end solution for the Media industry

## BENEFITS TO INVESTORS

- Clearer financials due to end of revenue adjustments
- Improved predictability and visibility due to increased recurring and revenue backlog
- Consistent Adjusted FCF growth
- Platform for growth



# Industry's business challenges and needs were the catalyst for the *Avid MediaCentral™ Platform*



# Industry's business challenges and needs were the catalyst for the *Avid MediaCentral™ Platform*



# Platform strategy uniquely positions Avid while unlocking growth and driving greater efficiencies





Breakthrough alliance with Microsoft  
to lead the media industry into the cloud

# Platform is uniquely enabling connections and collaboration across the global media ecosystem



# Delivering profitable growth and better visibility

## MediaCentral Platform Adoption

**50,000+** users

**27%** growth year-over-year

*Vehicle for future cross-sales and maximizing lifetime value of customer*

## Shift to Recurring Revenue Bookings\*

**41%** of Q3'17

*13% in Q1'12 (quarter low pre-transformation)*

**50%** of LTM

*17% in 2012 (pre-transformation)*

## Subscribers and Digital Sales Surging

Paying subscribers up **69%**  
*from Q3'16*

Digital sales up **35%**  
*over Q3'16*

## Backlog Continues to Increase Year-Over-Year

Total revenue backlog of **\$488 million** which includes contractually committed revenue backlog of **\$293 million**

\* On constant \$ basis.



# Stronger financials today and tomorrow

Revenue visibility and predictability greatly improving

Cost structure realigned to focus on growth areas

Profitability and Adjusted Free Cash Flow improving

# Better positioned in an evolving competitive landscape



More than 70% of media technology vendors report having less than 20% recurring revenue\*

**Average Organic Growth  
(Last Twelve Months)  
-13%**

*Heritage hardware players doubling down on next generation point solutions*  
(Belden - Broadcast, EVS, Harmonic, Vizrt)

**+11%**  
**Average Organic Growth  
(Last Twelve Months)**

*Software players pursuing subscription models seeing success*

Adobe - Creative, Brightcove,  
Autodesk – M&E

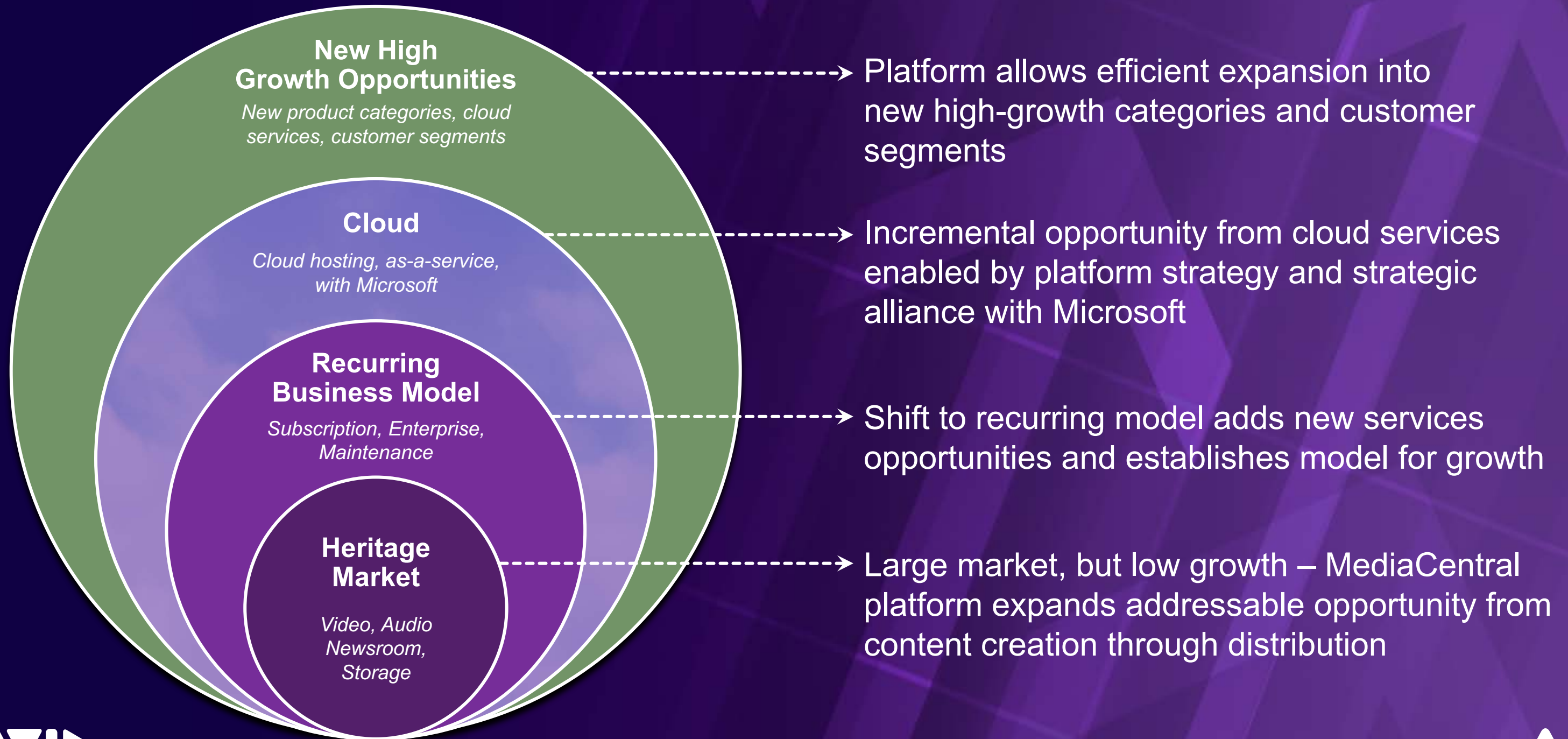


Avid has uniquely positioned itself with a platform approach to solve the bigger integration challenge, fully leveraging the cloud and enterprise commercial models



\*Source: Devoncroft Big Broadcast Survey (2016)

# Strategy is opening up an expanded market opportunity



# Land, expand and maximize lifetime value



**ADOPTION:** Increase number of enterprises and creative clients on the platform

**REFINEMENT:** Improve platform performance and customer experience

**CLOUDIFICATION:** Enable full cloud deployment of the platform, including SaaS

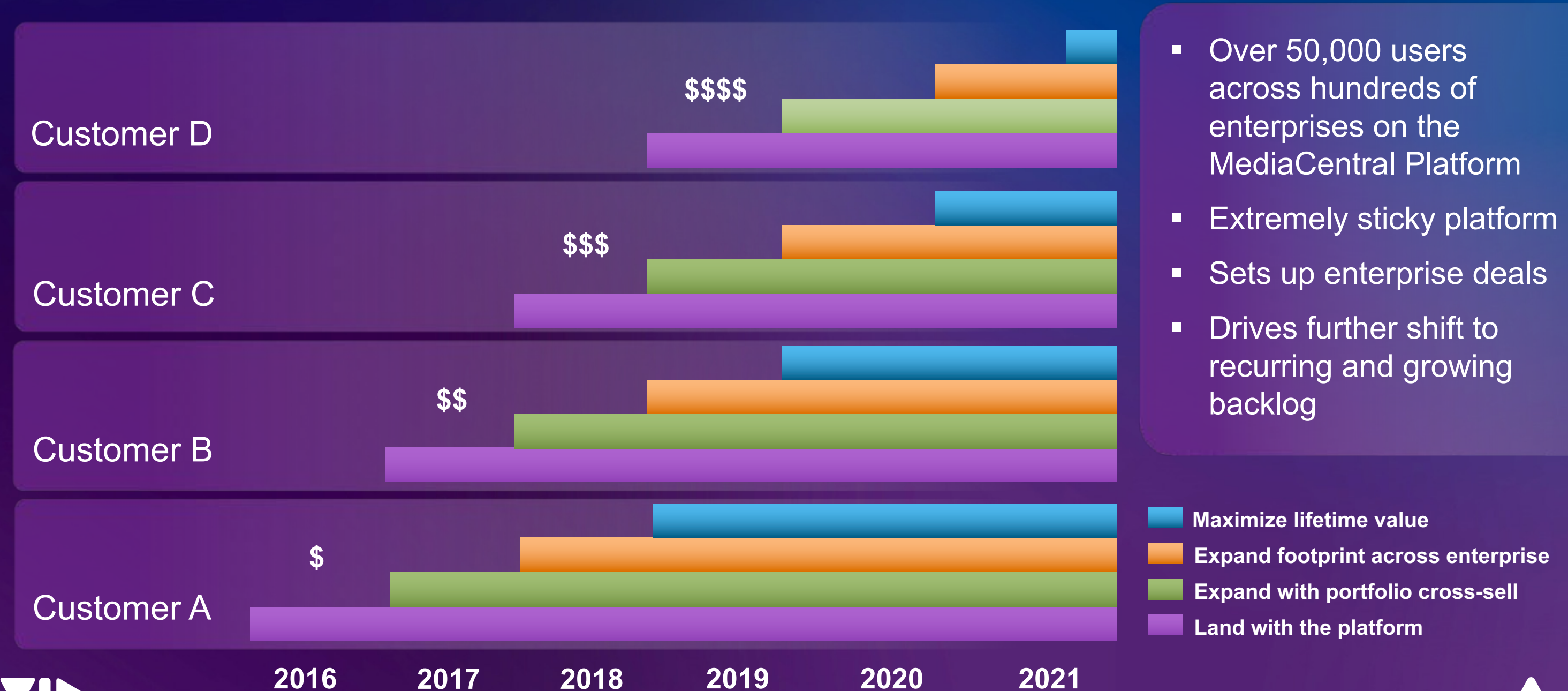
## Expand Product Offering

- New (Adjacent) Growth Categories
- Content & Infrastructure Security
- Content Monetization

## Expand Services Offering

- Cloud Media & Cognitive Services
- Microsoft Azure Cloud & Marketplace
- Consulting, Enhanced Professional Services and Expanded Training Offering
- Advanced Client Care

# Revenue opportunity builds as customers adopt the platform



# Avid is well positioned today, and for the future...

## Our Position

- Large and growing market
- Right products, at the right time
- Consistent management execution

## Financial Opportunity

- Accelerating revenue growth
- Scaling profitability
- Driving higher cash flow



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“If you build it,  
(they) will come”

— FIELD OF DREAMS —

# Dana Ruzicka

VICE PRESIDENT & CHIEF PRODUCT OFFICER



# Our vision for a global media ecosystem



# All starts with the platform...

## Avid MediaCentral

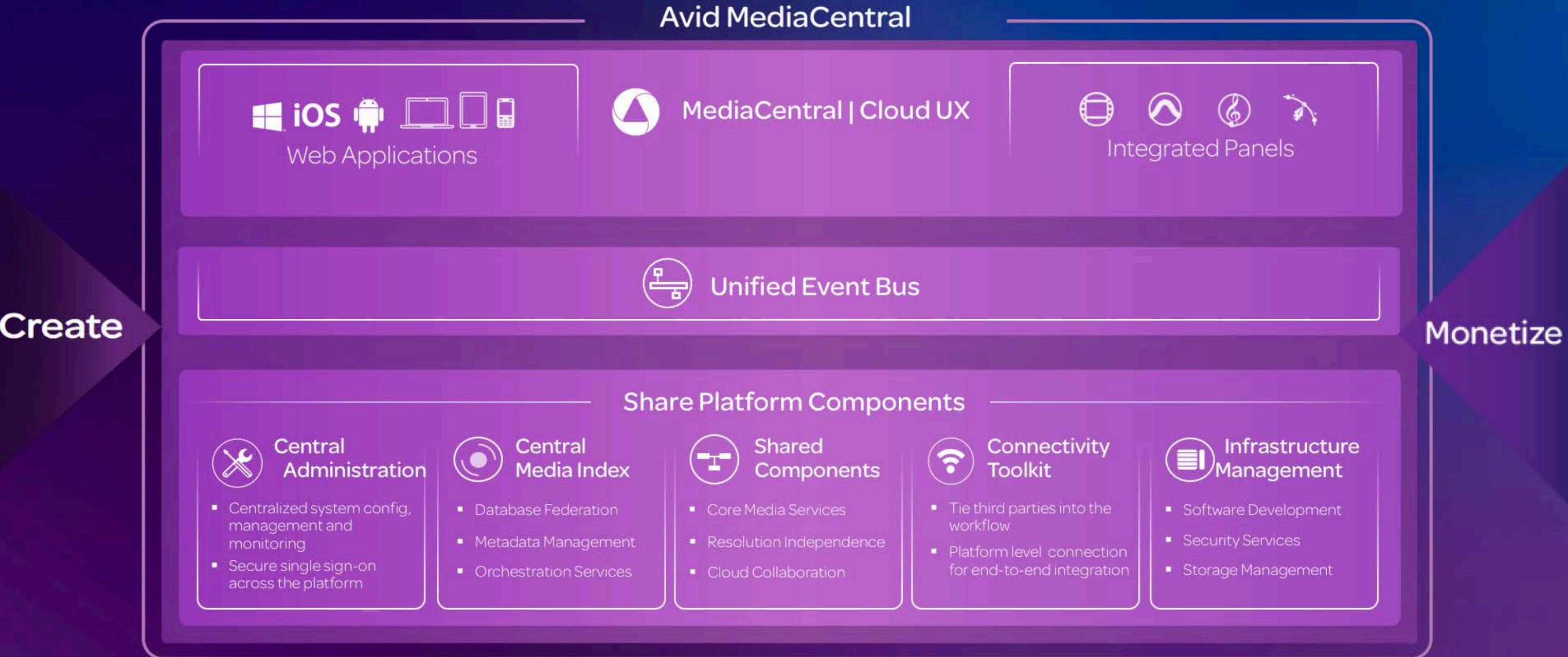
### ***For Customers***

- ✓ Integrates technology from content creation through monetization
- ✓ Connects everyone in the workflow no matter where they are
- ✓ Drives greater throughput and efficiency across the entire media value chain

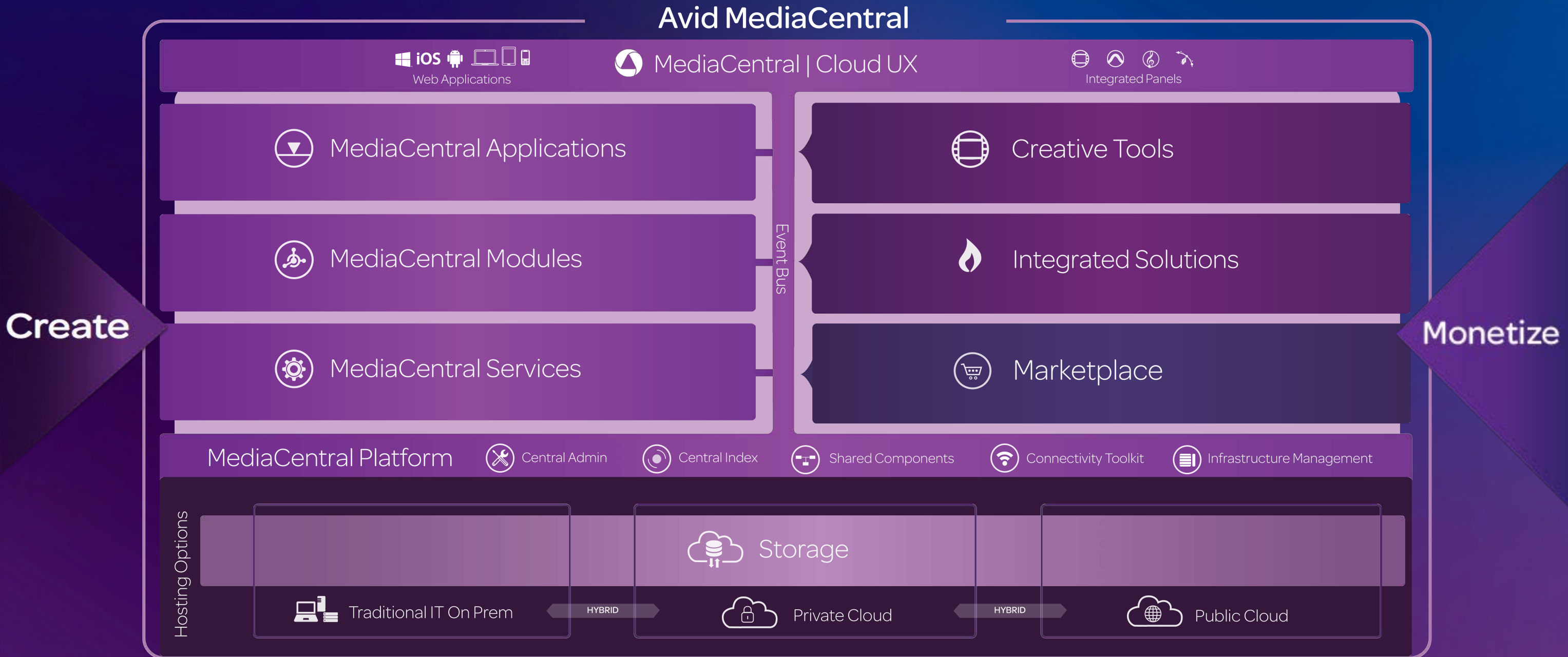
### ***For Avid***

- ✓ Grow share of wallet by addressing customer needs more holistically
- ✓ Expand into growth categories and segments through packaging, pricing and partnering
- ✓ Development agility to deliver more, faster at lower cost

# An operating system for media production



# Avid and certified partner apps sit on top...



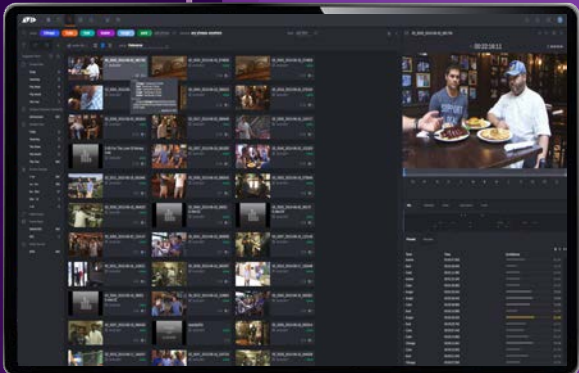
# Access media anywhere from any device



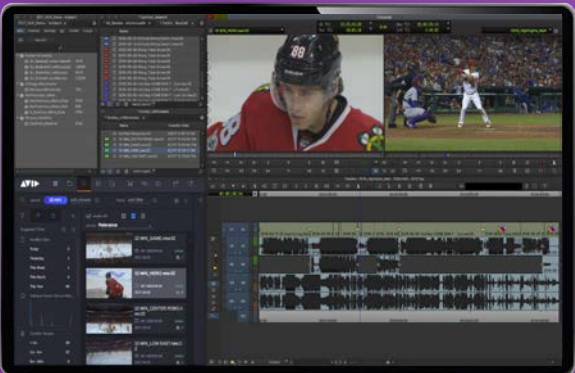
## Avid MediaCentral



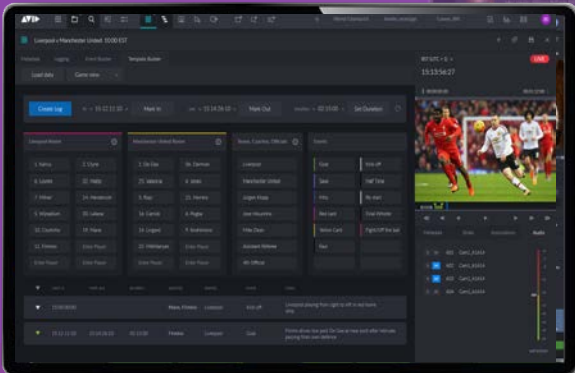
*Broad range of role based apps...*



**SEARCH**



**EDIT**



**LOG**



**PUBLISH**

*...delivering a unified view into media wherever it is stored*



# Configure workflow modules and media services

## Avid MediaCentral

ios android laptop tablet smartphone  
Web Applications

MediaCentral | Cloud UX

Integrated Panels

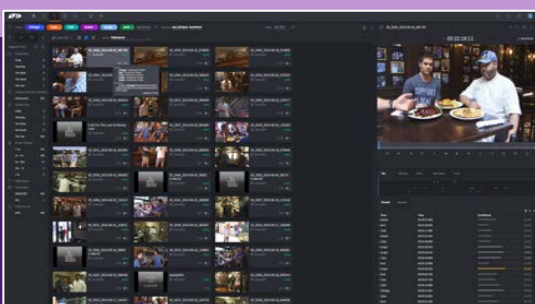
MediaCentral Applications

MediaCentral Modules

MediaCentral Services



News Module



Asset Mgt. Module



Graphics Module



# Then creative tools and integrated solutions layer on top



# Then creative tools and integrated solutions layer on top

## Avid MediaCentral

Web Applications

MediaCentral | Cloud UX

Integrated Panels

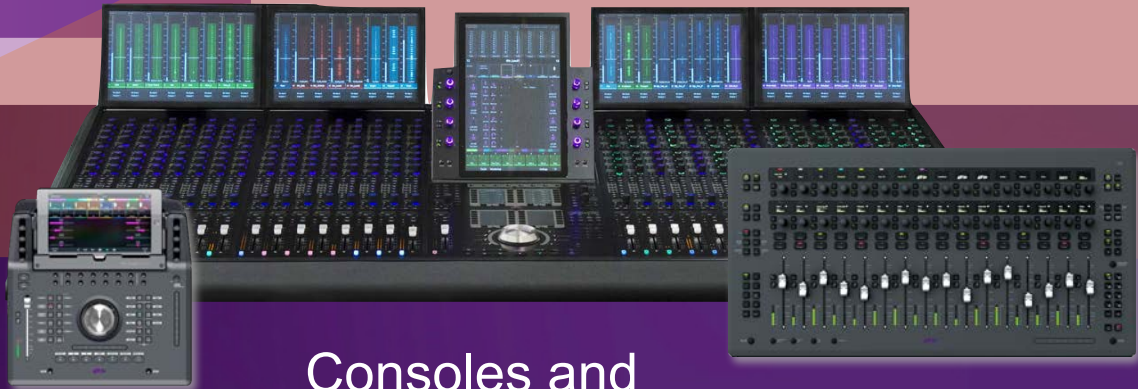
MediaCentral Applications

Creative Tools

Integrated Solutions



Graphics, virtual and augmented reality



Consoles and Control Surfaces



Video Servers



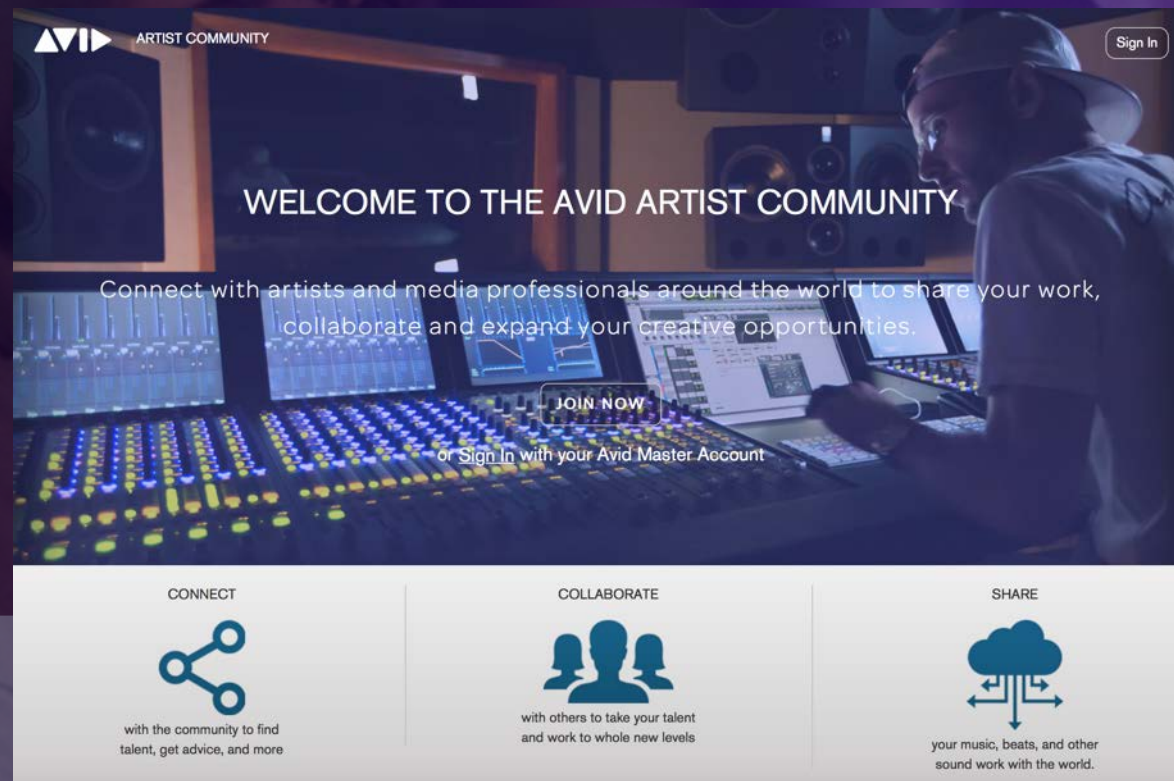
# Access the Marketplace for apps Alliance partner products



# Connect with talent in the Artist Community

Over **30,000** members and growing!

**Connect**  
**Collaborate**  
**Share**



WELCOME TO THE AVID ARTIST COMMUNITY

Connect with artists and media professionals around the world to share your work, collaborate and expand your creative opportunities.

[JOIN NOW](#)  
or Sign In with your Avid Master Account

**CONNECT**  
with the community to find talent, get advice, and more

**COLLABORATE**  
with others to take your talent and work to whole new levels

**SHARE**  
your music, beats, and other sound work with the world.

## Discover Top Music Production Pros

Mix & Mastering Engineers, Singers, Recording Studios & Session Musicians for Hire

**Producers**  
Find the perfect music producer to arrange, record, hire live musicians and mix your next hit song

**Female Singers**

**Male Singers**

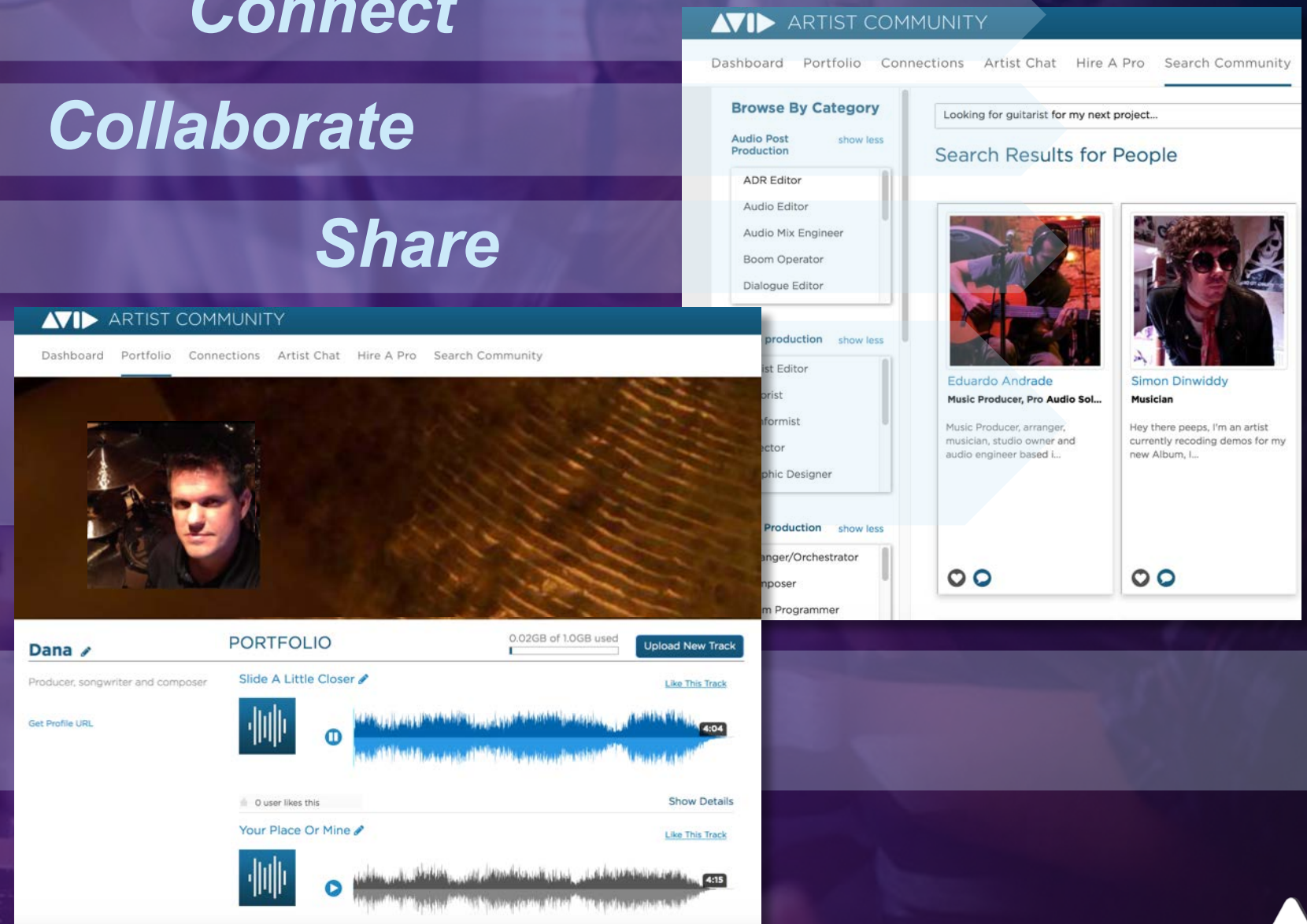
**Mixing Engineers**

**Songwriters**

**Beatmakers**

**Mastering Engineers**

**Session Musicians**



**ARTIST COMMUNITY**

Dashboard Portfolio Connections Artist Chat Hire A Pro Search Community

**Browse By Category**

- Audio Post Production
- ADR Editor
- Audio Editor
- Audio Mix Engineer
- Boom Operator
- Dialogue Editor

Looking for guitarist for my next project...

**Search Results for People**

**Eduardo Andrade**  
Music Producer, Pro Audio Sol...  
Music Producer, arranger, musician, studio owner and audio engineer based i...

**Simon Dinwiddy**  
Musician  
Hey there peeps, I'm an artist currently recoding demos for my new Album, I...

**Dana** **PORTFOLIO** 0.02GB of 1.0GB used [Upload New Track](#)

Producer, songwriter and composer

[Slide A Little Closer](#) [Like This Track](#)

[Get Profile URL](#)

0 user likes this [Show Details](#)

[Your Place Or Mine](#) [Like This Track](#)



# Purchase content and plug-ins right from within the app



Over 600 certified partners with more than 2000 partner products



# All connected by the MediaCentral event bus



# With complete deployment flexibility



# The power of the platform



# Key technology shifts driving media production



Mainstream adoption of high resolution imagery



Increasing demand for immersive experiences



Retooling of legacy infrastructure to native IP



Wholesale shift towards agile cloud deployment models

Create

*Platform approach uniquely positions Avid to help customers migrate to new technologies and end-to-end-workflow*

Monetize



# Shift to IP, UHD and 4K driving major retooling



Ingest



MAM



Storage



Editing



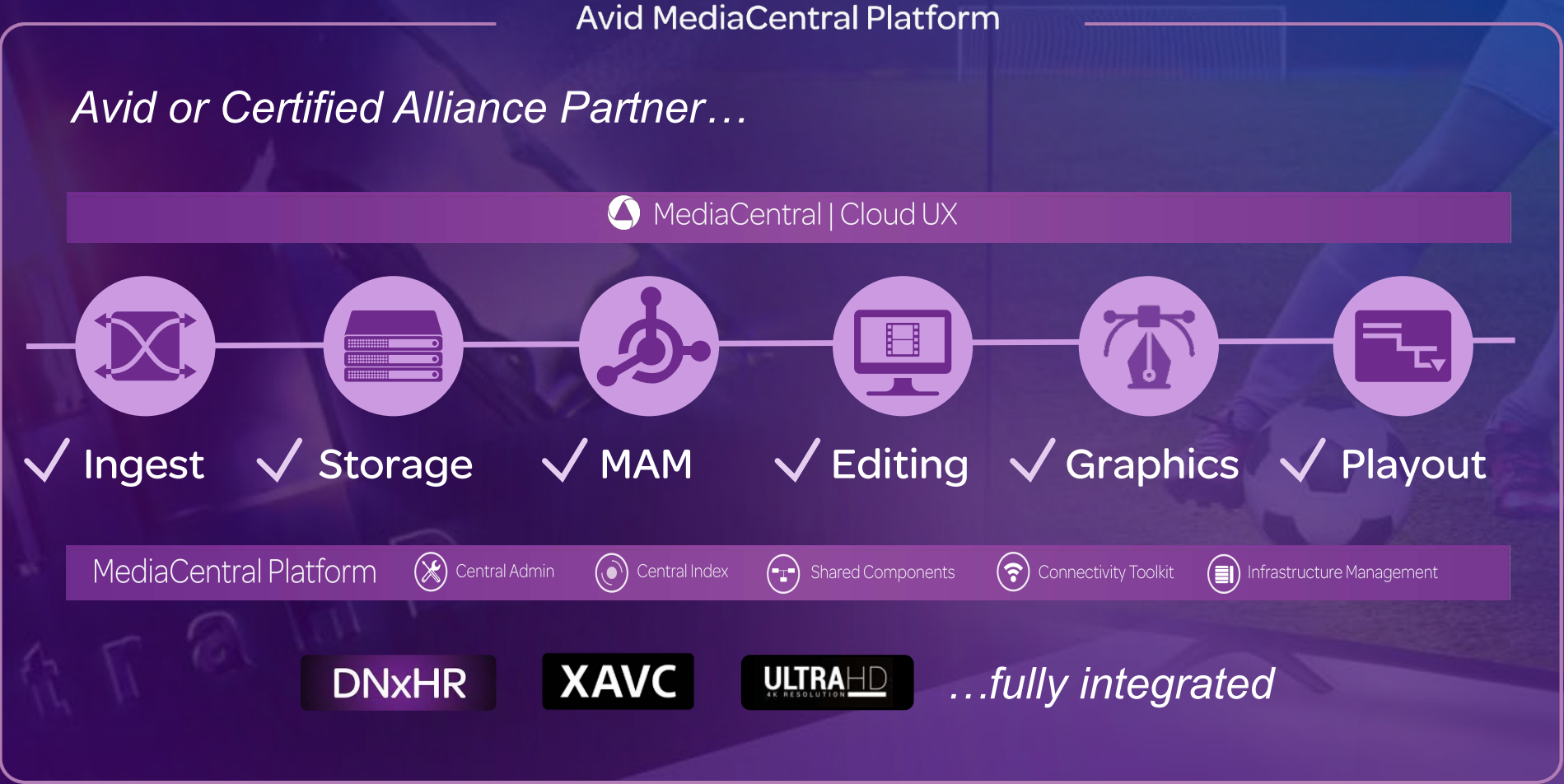
Graphics



Playout



# Avid platform delivers unique end-to-end solution



# Cloud represents a tectonic shift in media technology



Cognitive services can augment fundamental platform capabilities



Increase security to protect content and control access in a more secure and robust environment



Provide agility to rapidly spin up production teams and collaborate with the best talent, anywhere



Centralize, optimize and virtualize the technical infrastructure for maximum capital efficiency

# Avid uniquely positioned for cloud growth

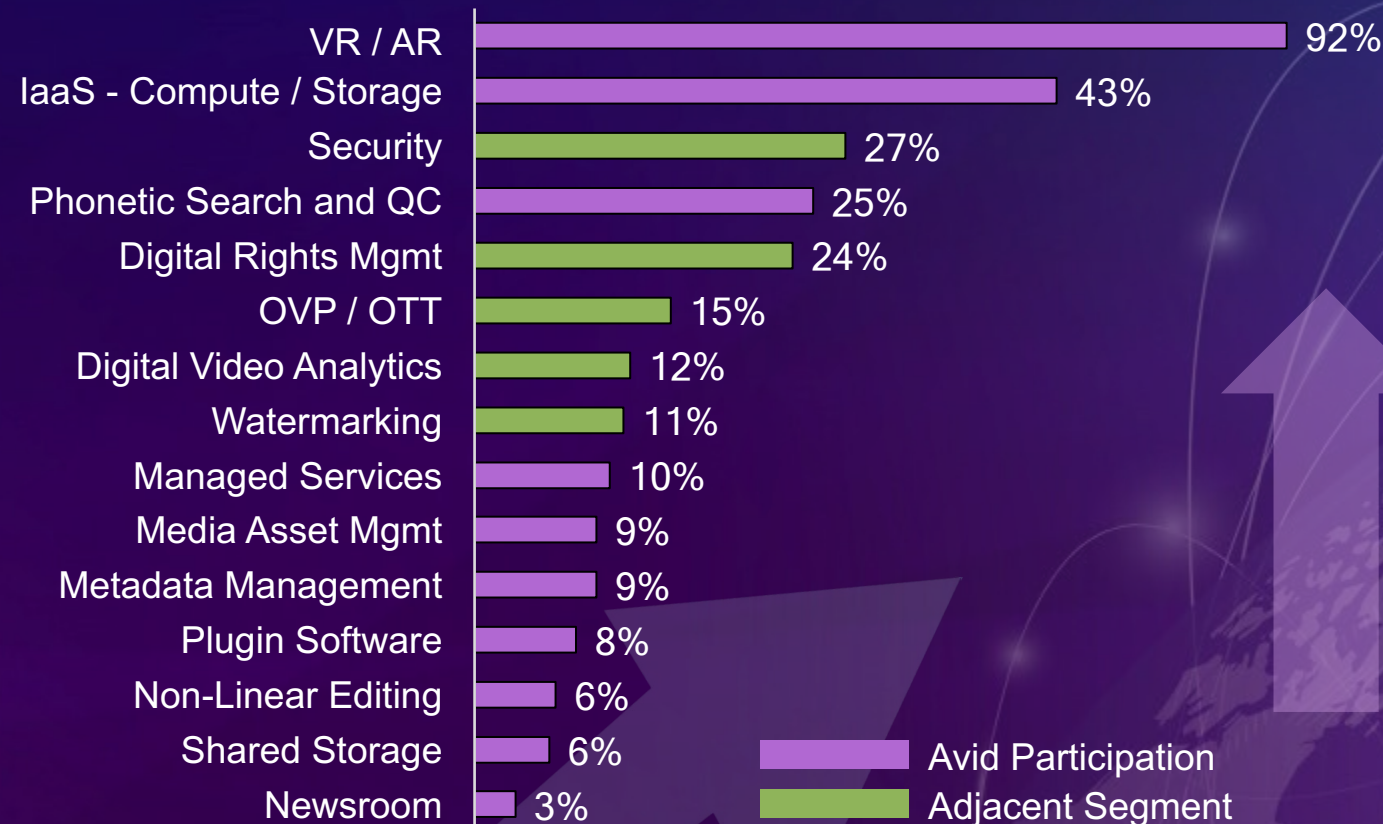
- Professional media is **>1000X more data intensive** than consumer media → ✓ *>90% of professional media content is created using Avid tools*
- The professional media industry spends **>\$2.5B on media storage** today\* → ✓ *Avid #1 in high performance media storage (>1/2 Exabyte installed) with expansion opportunity into cloud tiered storage*
- **Over 2/3 of Avid clients** plan to transition to hybrid cloud during the next two years\* → ✓ *Avid MediaCentral platform runs on prem, in the public cloud or hybrid*
- Microsoft Azure is the **#1 enterprise cloud**, larger than all others combined → ✓ *Avid #1 in asset management systems (>2200 installed), with expansion opportunity into cloud services*

\* 2016 IABM Global Market Valuation  
\*\* Avid Customer Association Survey 2017



# All contributing to large and growing market opportunity

## Selected Segments Multi-Year CAGRs



## Technology Adoption Driving Spend

Forecasted Increase in  
Technology Adoption among  
Customers by 2020

**Cloud: +58%**

**IP: +50%**

**4K: +96%**

*Platform positions Avid for both share gain in core segments and expansion into higher higher growth categories with Avid and certified partner solutions*



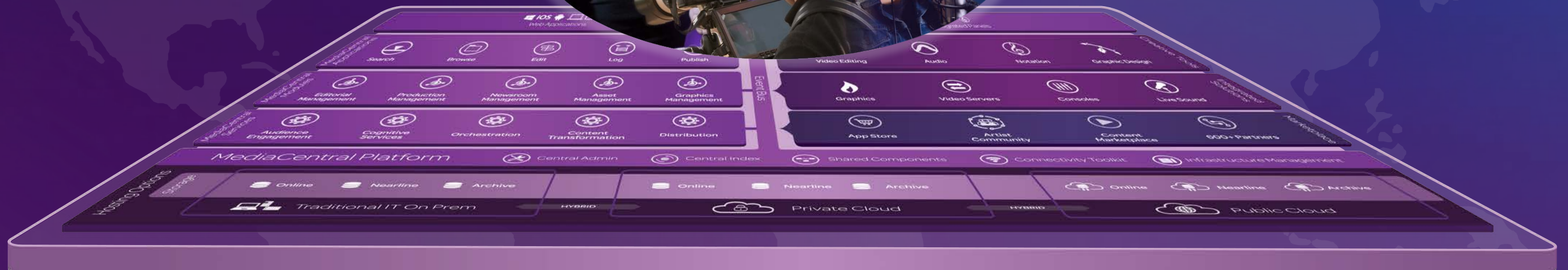
# Platform strategy for Individuals enabling strong growth and high margins, while attracting new customers

## Customer Benefits

- Simpler to use
- Integrated with community
- Faster innovation
- Lower cost

## Company Benefits

- High growth/margins
- Strong recurring revenue
- Attracting new clients/users
- Low cost acquisition



# Platform growth strategy for Individuals



- Digital (cloud-enabled subscriptions, digital GTM, First offerings)
- ◐ Upsell/cross-sell new applications and services
- ◑ Attract new creative customers
- ◑ Cloud-enabled innovations and new offerings

Market Size

\$3B

Market Growth

6-8%

*Avid digital far outpacing market growth with plenty of room to grow*

# Go-to-market for Individuals



## **Land** new customers

- Freemium and limited trial versions of anchor products
- Convert to subscription with pricing appealing to larger share of available market



## **Expand** wallet share

- Complimentary plug-ins, apps, content and hardware peripherals
- Follow-on with programmatic up sell / cross sell



## **Maximize** lifetime value

- Programmatic upgrade and renewals
- Sell additional products and cloud services as customer needs grow

*End-to-end digital marketing infrastructure that embraces channel partners*



# Momentum continues with Individuals



Pro Tools | First



Media Composer | First

- Over half a million downloads of Pro Tools | First
- Nearly 100,000 downloads of Media Composer | First in first 5 months
- Powerful, low cost acquisition tool with high conversion rates
- Total cloud-enabled subscribers reached over 84,000 in Q3, up 69% year-over-year



# Platform strategy for Enterprise creating substantial opportunities to expand and grow

## Customer Benefits

- Cost savings
- Operationally simpler
- Leverages enterprise
- Strategically aligned

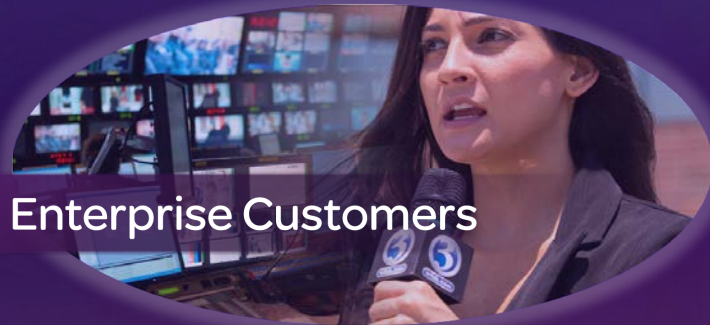


## Company Benefits

- Expand client relationships
- Grow wallet-share
- New monetization oppty's
- More recurring revenue



# Platform growth strategy for Media Enterprise



Enterprise Customers

- Develop the platform and enable upsell/cross-sell opportunities
- ◐ Expand relationships
- ◑ Convert enterprises to multi-year enterprise-wide agreements
- ◒ Move to cloud, new cloud services (i.e. cognitive, storage, ...)

Market Size

\$5B

Market Growth

4-6%

*Avid addressing higher growth categories with platform approach*

# Go-to-market for Enterprise



## **Land** *new customers*

- Platform and key platform-enabled anchor products and workflows
- Retain customers with enterprise pricing over multi-year term to deliver superior TCO and flexible Capex and Opex models



## **Expand** *wallet share*

- Complimentary Avid and Alliance products and services at initial deployment
- Follow-on with on-going account cultivation and targeted white space conversion

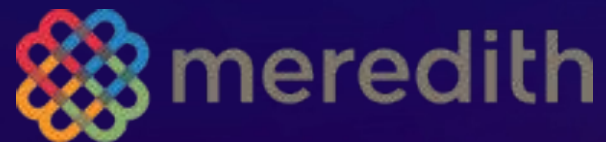


## **Maximize** *lifetime value*

- Additional services, support and consulting
- Complimentary cloud services, content marketplace and talent sourcing

*Enterprise commercial agreements uniquely position Avid as trusted partner for future projects*

# Momentum with Media Enterprise



**Rai**



**VIACOM**



**FOTO KEM**



**francetélévisions**

**SINCLAIR**  
BROADCAST GROUP

## MediaCentral Platform Adoption

**600+** *Enterprise Installations*

**50,000+** *users*

**27%** *growth year-over-year*

*Vehicle for future cross-sales and maximizing  
lifetime value of customer*



# Summary – *Platform strategy positions Avid for growth*

## Avid MediaCentral

### ***For Customers***

- ✓ Integrates technology from content creation through monetization
- ✓ Connects everyone in the workflow no matter where they are
- ✓ Drives greater throughput and efficiency across the entire media value chain

### ***For Avid***

- ✓ Grow share of wallet by addressing customer needs more holistically
- ✓ Expand into growth categories and segments through packaging, pricing and partnering
- ✓ Development agility to deliver more, faster at lower cost

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Jeff Rosica  
PRESIDENT

“Houston, we have  
a problem”

— APOLLO 13 —



## *Panel:* Thriving Amid Digital Disruption — Responding to Media Industry Pressures



**Paul Cheesbrough**  
Chief Technology Officer  
*21st Century Fox*



**Marcy Lefkovitz**  
VP Technology  
& Workflow Strategy  
*Disney/ABC TV*



**Paulo Rabello**  
Director of Entertainment  
Technology  
*Globo*

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“Anything can  
happen if you let it”

— MARY POPPINS —

Jeff Rosica

PRESIDENT



## *Panel:* Collaborative Content Creation in the Digital World



**Michael Amoia**

Co-founder  
*Switchblade*  
Entertainment Group  
& Mibe Music



**Mischke**

Songwriter/Producer/  
Vocal Producer  
*Michael Jackson,*  
*Britney Spears,*  
*Gwen Stefani, JLo*



**Tim Squyres**

Feature Film Editor  
*Life of Pi, Gosford Park,*  
*Crouching Tiger, Hidden*  
*Dragon, Sense*  
*and Sensibility*



**Jesse "Corparal" Wilson**

Musician/Composer/  
Producer/Songwriter  
*Celine Dion, Dionne Warwick,*  
*Justin Bieber, Ne-Yo*

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“Show me  
the money!”

— JERRY MAGUIRE —

# Brian E. Agle

CHIEF FINANCIAL OFFICER



# We have made progress with our financial results

Financials are simplified

Revenue is growing; Expenses are decreasing

Consistent trend of positive adjusted free cash flow

Positioned to increase profit and to generate additional cash

# Q3 2017 Results Compared to Guidance

(\$M)	Q3 '17	Guidance	
		Low	High
<b>Bookings – Constant \$</b>	<b>\$107.9</b>	\$95	\$109
<b>Bookings</b>	<b>102.8</b>	87	101
<b>Revenue</b>	<b>105.3</b>	94	104
<i>Revenue excl. Pre-2011 &amp; Elim PCS</i>	<i>105.1</i>		
<i>Pre-2011 &amp; Elim PCS</i>	<i>0.1</i>		
<b>Non-GAAP Operating Expenses</b>	<b>53.9</b>	52	56
<b>Adjusted EBITDA</b>	<b>11.5</b>	8	14
<i>Adj EBITDA excl. Pre-2011 &amp; Elim PCS</i>	<i>11.4</i>		
<b>Adjusted Free Cash Flow</b>	<b>0.5</b>	(\$7)	\$1

- Fourth consecutive quarter of meeting and/or beating guidance
- Favorable to Guidance Range
  - Bookings
  - Revenue
- Within Guidance Range
  - Bookings (Constant \$)
  - Operating Expenses
  - Adjusted EBITDA
  - Adjusted Free Cash Flow



# Q3 2017 – Growth Across Most Categories

(\$M)	Q3 '16	Q2 '17	Q3 '17	Change % Fav/(UnFav) Seq	YoY
<b>Bookings – Constant \$</b>	<b>\$94.7</b>	<b>\$104.3</b>	<b>\$107.9</b>	<b>3%</b>	<b>14%</b>
<i>Excl. Greater China</i>	90.4	104.3	107.9	3%	19%
<b>Bookings</b>	<b>89.5</b>	<b>98.0</b>	<b>102.8</b>	<b>5%</b>	<b>15%</b>
<i>Excl. Greater China</i>	85.2	98.0	102.8	5%	21%
<b>Non-GAAP Revenue</b>	<b>119.0</b>	<b>102.4</b>	<b>105.3</b>	<b>3%</b>	<b>(12%)</b>
<i>Revenue excl. Pre-2011 &amp; Elim PCS</i>	101.7	102.0	105.1	3%	3%
<i>Pre-2011 &amp; Elim PCS</i>	17.4	0.4	0.1		
<b>Non-GAAP Gross Margin</b>	<b>77.5</b>	<b>62.1</b>	<b>62.4</b>	<b>0%</b>	<b>(20%)</b>
<i>G.M. excl. Pre-2011 &amp; Elim PCS</i>	60.1	61.8	62.3	1%	4%
<i>% Revenue excl. Pre-2011 &amp; Elim PCS</i>	59.2%	60.5%	59.2%		
<b>Non-GAAP Operating Expenses</b>	<b>58.4</b>	<b>56.6</b>	<b>53.9</b>	<b>5%</b>	<b>8%</b>
<b>Adjusted EBITDA</b>	<b>22.9</b>	<b>8.9</b>	<b>11.5</b>	<b>30%</b>	<b>(50%)</b>
<i>Adj. EBITDA excl. Pre-2011 &amp; Elim PCS</i>	5.5	8.5	11.4	34%	107%
<b>Adjusted Free Cash Flow</b>	<b>(2.6)</b>	<b>6.2</b>	<b>0.5</b>	<b>(91%)</b>	<b>-</b>

- Bookings excluding Greater China up year-over-year and sequentially
- Revenue growing (excluding Pre-2011 & Elim PCS) while shifting to recurring revenue
- Minimal amount of Pre-2011 & Elim PCS revenue in Q3; reduced by over \$17M year-over-year
- Efficiency program drives year-over-year reduction in Non-GAAP Operating Expenses
- Adjusted Free Cash Flow improves \$3.2M year-over-year



# Strategy driving growth and improving visibility

## MediaCentral Platform Adoption

**50,000+** users

**27%** growth year-over-year

*Vehicle for future cross-sales and maximizing lifetime value of customer*

## Shift to Recurring Revenue Bookings\*

**41%** of Q3'17

*13% in Q1'12 (quarter low pre-transformation)*

**50%** of LTM

*17% in 2012 (pre-transformation)*

\* On constant \$ basis.

## Subscribers and Digital Sales Surging

Paying subscribers up **69%**  
*from Q3'16*

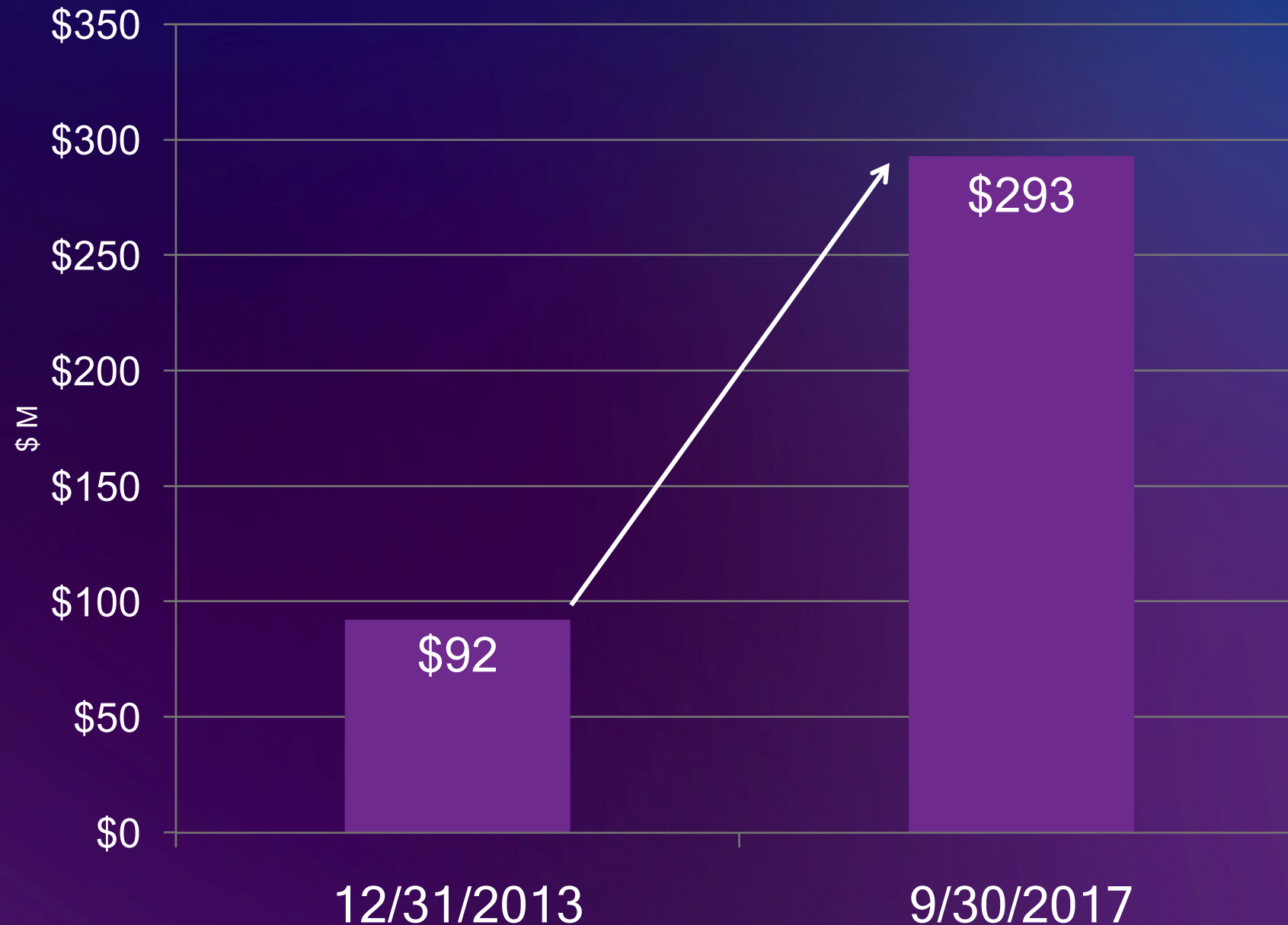
Digital sales up **35%**  
*over Q3'16*

## Backlog Continues to Increase Year-Over-Year

Total revenue backlog of **\$488 million** which includes contractually committed revenue backlog of **\$293 million**



# Contractually Committed Backlog – Significant Increase



- Total revenue backlog of \$488 million which includes contractually committed backlog of \$293 million
- Contractually committed backlog is bookings representing future:
  - Billings
  - Revenue
  - EBITDA
  - Cash

# Revenue visibility continues to increase



- Entering a quarter, approximately 70-80% of revenue is known
- Recurring revenue as a percentage of total is increasing year-over-year

# Strategy drives more recurring, more visibility

## Strategy for Enterprises

### Pre-Transformation

- Heavy Capex model



### Today

- Moving toward an Opex model

### Benefits to Customer

- Simpler deployment
- More comprehensive service
- Compelling ROI

### Benefits to Avid

- More recurring revenue
- Lower retention cost
- Higher lifetime value

## Strategy for Individuals

### Pre-Transformation

- Perpetual license model with low maintenance and long upgrade cycles



### Today

- Subscription
- Perpetual license with higher mix of recurring maintenance

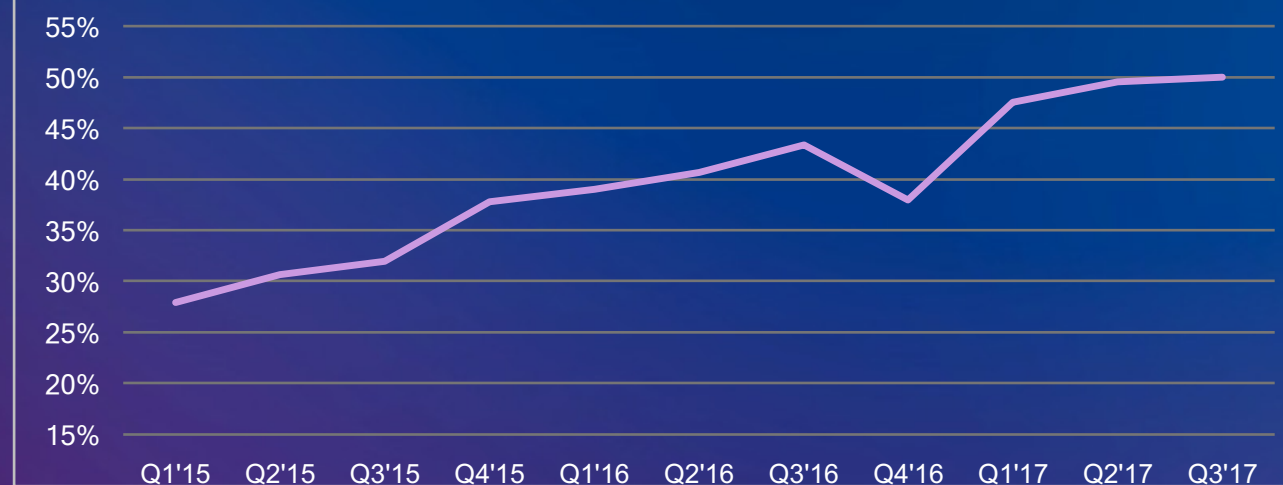
### Benefits to Customer

- Automatic updates
- Access to customer support
- More flexible pricing and payment options

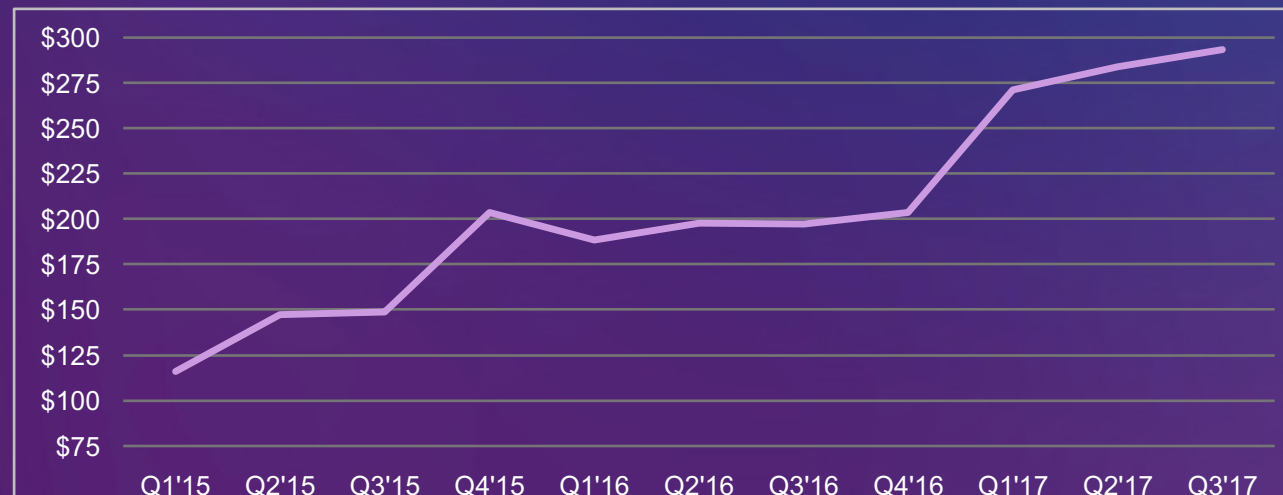
### Benefits to Avid

- More recurring revenue
- New customer opportunities
- Higher lifetime value

## LTM Recurring\* Revenue Bookings as % of Total



## Backlog of Unbilled Committed Revenue (\$M)



Higher Recurring Revenue from Long-term Annual Contracts, Maintenance and Subscription



\* Recurring includes maintenance, subscription and long-term committed contract revenue.

# Illustrative Enterprise customer example

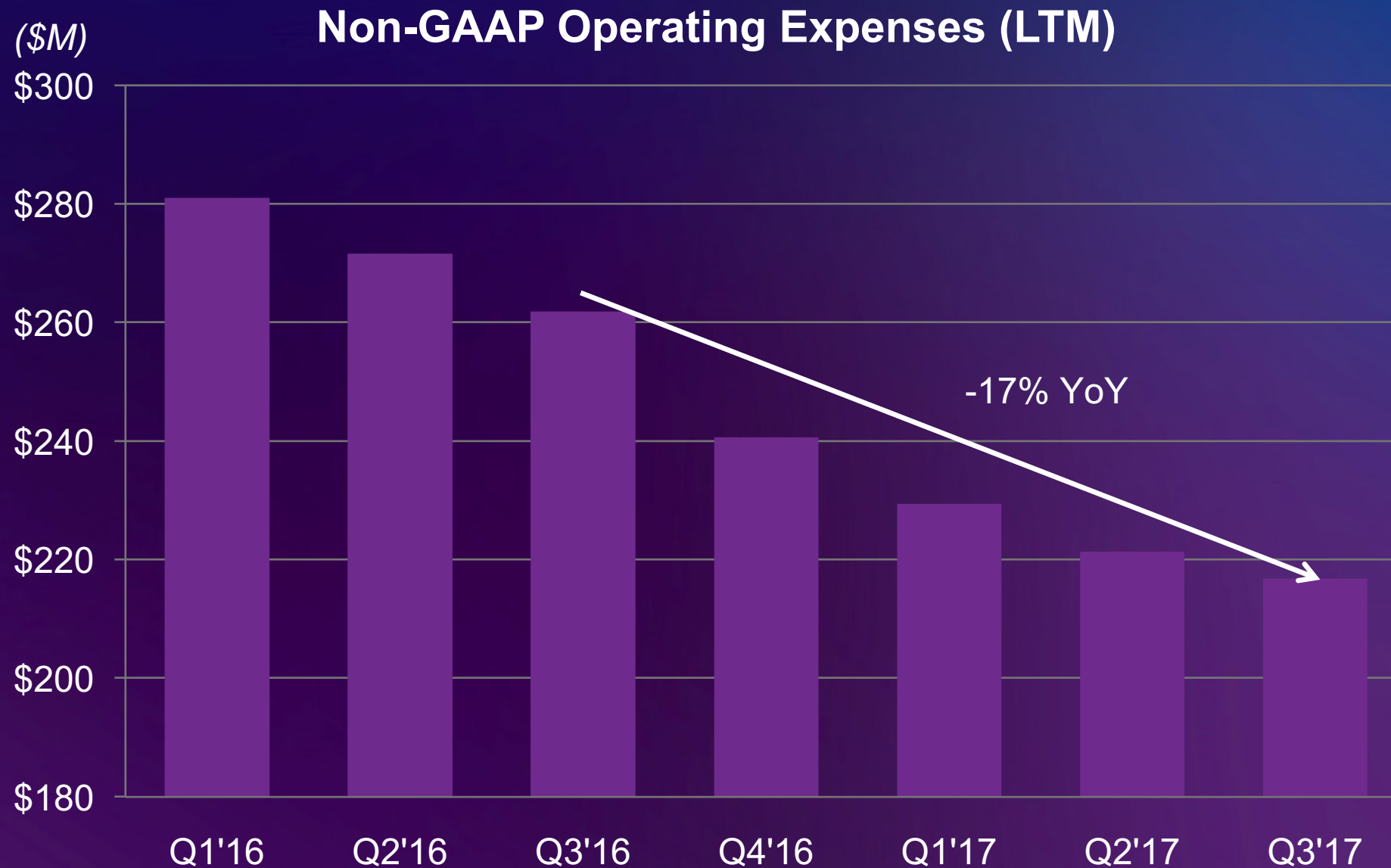
- Progressive pricing and bundling applications leads to longer-term, higher-dollar commitments
- Increasing mix of software and services
- Moving toward OPEX model



Enterprise Model	Type	7-year Period Revenues								Recurring %
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total 7 Year	
Old Model	Product	100	100	0	100	100	0	100	\$ 500	
	Professional Services	25	25	0	25	25	0	25	\$ 125	
	Software Maintenance & Support	22	42	42	64	86	86	108	\$ 450	
		147	167	42	189	211	86	233	\$ 1,075	42%
New Model	Product	75	75	75	75	75	75	75	\$ 525	
	Professional Services	29	29	29	29	29	29	29	\$ 200	
	Software Maintenance & Support	90	90	90	90	90	90	90	\$ 630	
		194	194	194	194	194	194	194	\$ 1,355	100%



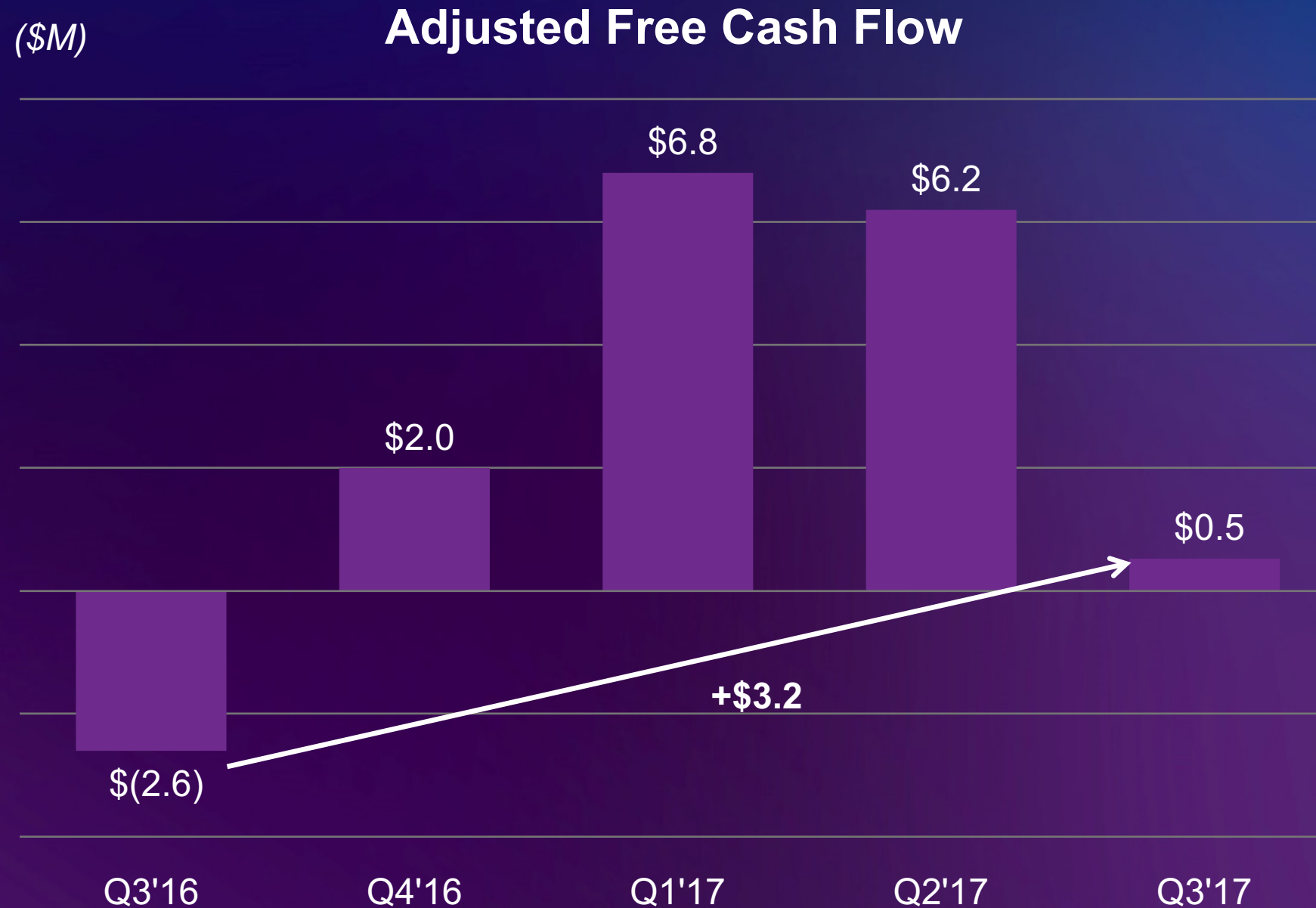
# Expense reductions complete; continued refinements ahead



- Completed \$106M+ savings
  - 2016 - \$76 million
  - 2017 - \$30 million
- How?
  - Leveraged development platform
  - Aligned talent
  - Rationalized facilities

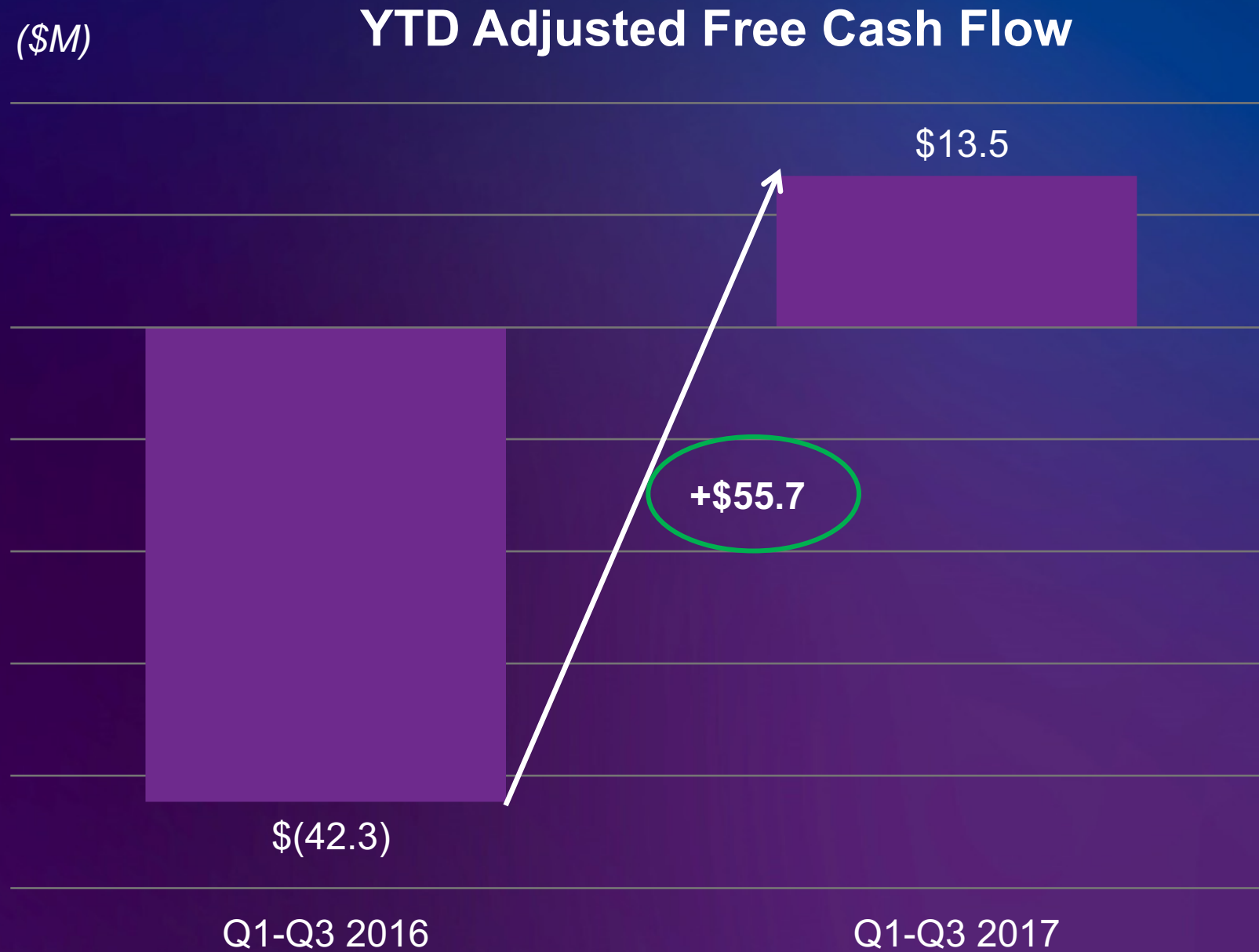


# Material Improvement in Adjusted Free Cash Flow



- \$3M year-over-year improvement
- Continue to see benefit of efficiency programs and working capital optimization

# Adjusted Free Cash Flow is much improved year-over-year



# Non-Recurring Cash Expenses Diminishing in 2017



- In 2017, expect approximately \$16 million of non-recurring cash expenses
- In 2018, trend of declining non-recurring expected to continue

# Cash & Liquidity Strengthening; Covenant Compliance Solid

## ■ Cash & Liquidity

- September 30, 2017 cash balance - \$44.1 million (plus \$5 million LOC)
- November 6, 2017 closed on expanded loan facility which provided:

• Term Loan Increase – Cash	\$15M
• Expanded Line of Credit	<u>\$5M</u>
• Incremental Liquidity	<u>\$20M</u>

## ■ Covenant Compliance Considerations

- Foreign currency (FX) adjustment
- 2017 bonus expense (reversal mechanism)
- ASC 606 add-back\* (2018 forward)

\* Included in the November 6, 2017 debt amendment.



# ASC 606 (New Revenue Recognition Standard)

- **In General**

- Effective January 1, 2018 (for public companies)
- GAAP and IFRS revenue recognition standards converging
- No impact to cash flows, bookings and billings

- **Specific to Avid**

- The 2016 10-K referenced an estimated \$65 million reduction (haircut) from year-end 2016 deferred revenue balances; expect additional impact from 2017 activity
- November 2017 term loan amendment changed the EBITDA definition to include the 606 deferred revenue reduction (haircut) as an add-back
- Revenue recognition for some products will be accelerated



# Trended Financials

(\$M)	Q4'16	Q1'17	Q2'17	Q3'17	Q4 2017 Guidance*		2017 Implied Guidance	
					Low	High	Low	High
<b>Bookings</b>	<b>\$125.4</b>	<b>\$172.3</b>	<b>\$98.0</b>	<b>\$102.8</b>	<b>\$112</b>	<b>\$126</b>	<b>\$485</b>	<b>\$499</b>
Excl. Greater China	122.2	96.5	98.0	102.8	112	126	409	423
<b>Revenue</b>	<b>115.3</b>	<b>104.1</b>	<b>102.4</b>	<b>105.3</b>	<b>103</b>	<b>113</b>	<b>415</b>	<b>425</b>
Revenue (Excl. Pre-2011 & Elim PCS)	104.9	102.0	102.0	105.1	103	113	412	422
Pre-2011 & Elim PCS	10.4	2.1	0.4	0.1	0.1	0.1	3	3
<b>Non-GAAP Operating Expenses</b>	<b>50.1</b>	<b>56.1</b>	<b>56.6</b>	<b>53.9</b>	<b>48</b>	<b>52</b>	<b>215</b>	<b>219</b>
<b>Adjusted EBITDA</b>	<b>25.2</b>	<b>13.0</b>	<b>8.9</b>	<b>11.5</b>	<b>14</b>	<b>20</b>	<b>47</b>	<b>53</b>
EBITDA (Excl. Pre-2011 & Elim PCS)	14.9	10.9	8.5	11.4	14	20	44	50
<b>Adjusted Free Cash Flow</b>	<b>\$2.0</b>	<b>\$6.8</b>	<b>\$6.2</b>	<b>\$0.5</b>	<b>(\$4)**</b>	<b>\$4**</b>	<b>\$9</b>	<b>\$17</b>

\* As provided on November 9, 2017.

\*\* Includes 2016 Bonus Payout



# P&L Improvement from 2016 to 2017

(\$M)	2016	2017 Implied Guidance		YoY %	
		Low	High	Low	High
<b>Bookings</b>	<b>\$412</b>	<b>\$485</b>	<b>\$499</b>	<b>18%</b>	<b>21%</b>
Excl. Greater China	395	409	423	4%	7%
<b>Revenue</b>	<b>513</b>	<b>415</b>	<b>425</b>	<b>(19%)</b>	<b>(17%)</b>
Revenue (Excl. Pre-2011 & Elim PCS)	435	412	422	(6%)	(3%)
Pre-2011 & Elim PCS	78	3	3		
<b>Non-GAAP Operating Expenses</b>	<b>241</b>	<b>215</b>	<b>219</b>	<b>11%</b>	<b>9%</b>
<b>Adjusted EBITDA</b>	<b>116</b>	<b>47</b>	<b>53</b>	<b>(41%)</b>	<b>(54%)</b>
EBITDA (Excl. Pre-2011 & Elim PCS)	38	44	50	16%	32%
<b>Adjusted Free Cash Flow</b>	<b>(\$40)</b>	<b>\$9</b>	<b>\$17</b>	<b>23%</b>	<b>42%</b>



# In Summary

Financials are simplified

Revenue is growing; Expenses are decreasing

Consistent trend of positive adjusted free cash flow

Positioned to increase profit and to generate additional cash

## Closing Remarks

# Louis Hernandez, Jr.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

# Company Highlights

Well positioned in a large, growing market undergoing significant transition

The only enterprise platform specifically for Media, uniquely positioned for the cloud

Realigned cost structure to drive growth and profitability

Shift to more recurring revenue and growing backlog is improving visibility

Transformation completed; company positioned for profitable growth



