The technology provider that **powers** the media & entertainment industry

Q3 2018 EARNINGS CALL

AVID TECHNOLOGY

Introduction

Dean Ridlon
VP, 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
Free Cash Flow
Non-GAAP Gross Profit
Non-GAAP Gross Margin
Non-GAAP Operating Expenses

Operational Measures
Bookings
Revenue Backlog
Recurring Revenue
Annual Contract Value

These non-GAAP Measures and Operational Measures are defined in our Form 8-K filed today, and the historical non-GAAP measures used in this presentation are reconciled to their comparable GAAP measures in the tables in our press release as well as in the supplemental financial information available on ir.avid.com, which also includes definitions of our operational measures. Avid believes the non-GAAP financial measures and operational measures provided in this presentation provide helpful information to investors with respect to evaluating the Company's performance. However, these non-GAAP measures and operational measures may vary from how other companies present such measures. Non-GAAP measures should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP.

The presentation also includes guidance for Adjusted EBITDA and Free Cash Flow, which are forward-looking non-GAAP financial measures. Reconciliations of these forward-looking non-GAAP financial measures are not included in this presentation or our press release issued today, 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. These forward looking statements involve risks and uncertainties, including projections and statements about our anticipated plans, objectives, expectations and intentions. Among other things, this presentation includes projected results of operations for fiscal year 2018 which 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 update 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; Recurring Revenue and Annual Contract Value; 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, recurring revenue and annual contract value. 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 2017 Annual Report on Form 10-K filed with the SEC. Copies of these filings are available from the SEC, the Avid 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.

Business Update

Jeff Rosica
Chief Executive Officer & President

Q3 2018 Business Performance

- Bookings up 16% year over year, and 8% sequentially
- Revenue in line with expectations, down 1% year over year and up 6% sequentially
- Recurring Revenue increased to 60% and Annual Contract Value grew to $249 million
- Gross Margins improved for the third consecutive quarter to 60.2%, primarily from better hardware margins
- OPEX reduced by $3 million year over year, largely driven by savings from operational efficiency initiatives
- Adjusted EBITDA margin expanded to 14%, up year over year and sequentially
- Free Cash Flow negatively impacted by working capital and timing of billings and collections

Operational Metrics

- E-commerce revenue up 43% year over year
- Software subscriptions hit 116,000, up 44% year over year
- Contractually committed backlog was $371M, an increase of $78M or 26% year over year

Looking Forward

- Return to revenue growth and improve free cash flow
- Drive new subscriptions and new long-term agreements that grow Recurring Revenue and ACV
- Prioritize R&D investments that generate consistent growth, higher margins and better profitability
- Implement operational initiatives to reach $20 million annual savings target and reduce overall operating expenses
- Establish prudent long-term capital structure to support business plan

Q3 2018
Financial Results and Updated 2018 Guidance

Ken Gayron

Executive Vice President
and Chief Financial Officer

Q3 2018 Financial Results

($M)	(ASC 605) Q3'17	(ASC 606) Q2'18	(ASC 606) Q3'18	Change Fav/(Unfav) Seq	YoY
Bookings	**$ 102.8**	**$ 110.3**	**$ 119.4**	**8%**	**16%**
Revenue	**105.3**	**98.6**	**104.0**	**6%**	**(1%)**
Non-Cash Revenue	*2.2*	*2.2*	*1.5*		
Total Excluding Non-Cash Revenue	*103.1*	*96.4*	*102.5*	*6%*	*(1%)*
Recurring Revenue Percentage	**50%**	**57%**	**60%**	**340bp**	**1090bp**
Non-GAAP Gross Profit	**62.4**	**58.4**	**62.7**	**7%**	**0%**
Non-GAAP Gross Margin %	*59%*	*59%*	*60%*		
Non-GAAP Operating Expenses	**53.9**	**56.0**	**50.8**	**9%**	**6%**
Adjusted EBITDA	**11.5**	**5.3**	**14.6**	**175%**	**26%**
Free Cash Flow	**$ (3.0)**	**$ (8.7)**	**$ (6.4)**	**26%**	**(114%)**

- Bookings growth of 16% year over year and 8% sequentially driven by strategic purchase agreements
- Total Revenue grew 6% sequentially, but was down 1% year over year
- Non-GAAP Gross Margin improved 100bp both sequentially and year over year
- Non-GAAP operating expenses were down 9% sequentially and 6% year over year. Decrease largely the result of implemented efficiency program
- Adjusted EBITDA was up both sequentially and year over year due to higher gross margin and reduced operating expenses
- Free cash flow was a deficit due to working capital and timing of billings

Balance Sheet & Backlog as of 9/30/2018

($M)		9/30/17	6/30/18	9/30/18
Cash*		$44.1	$60.2	$50.5
Accounts Receivable		40.9	47.7	51.0
Net Inventory		41.2	31.8	32.1
Deferred Revenue	a	194.6	97.7	88.2
Contractually Committed Backlog	b	293.4	350.5	370.9
Total Revenue Backlog	a+b	488.0	448.2	459.1
Annual Contract Value (ACV)		221.8	244.8	248.5
Long-Term Debt		$191.3	$230.7	$229.4

*Cash balance excludes $8.5 million of restricted cash on both 6/30/18 and 9/30/18

- Cash balance remains strong, up $6 million year over year. When including the $8.5 million of restricted cash, balance is up $15 million year over year
- Adoption of ASC 606 had an impact on balances for Accounts Receivable, Inventory, Deferred Revenue and Total Revenue Backlog
- Contractually committed backlog up $78 million year over year
- Annual Contract Value (ACV) was $249 million at end of Q3'18, an increase of $27 million year over year
- Long Term Debt increased year over year due to additional term loan draw under the Cerberus amendment

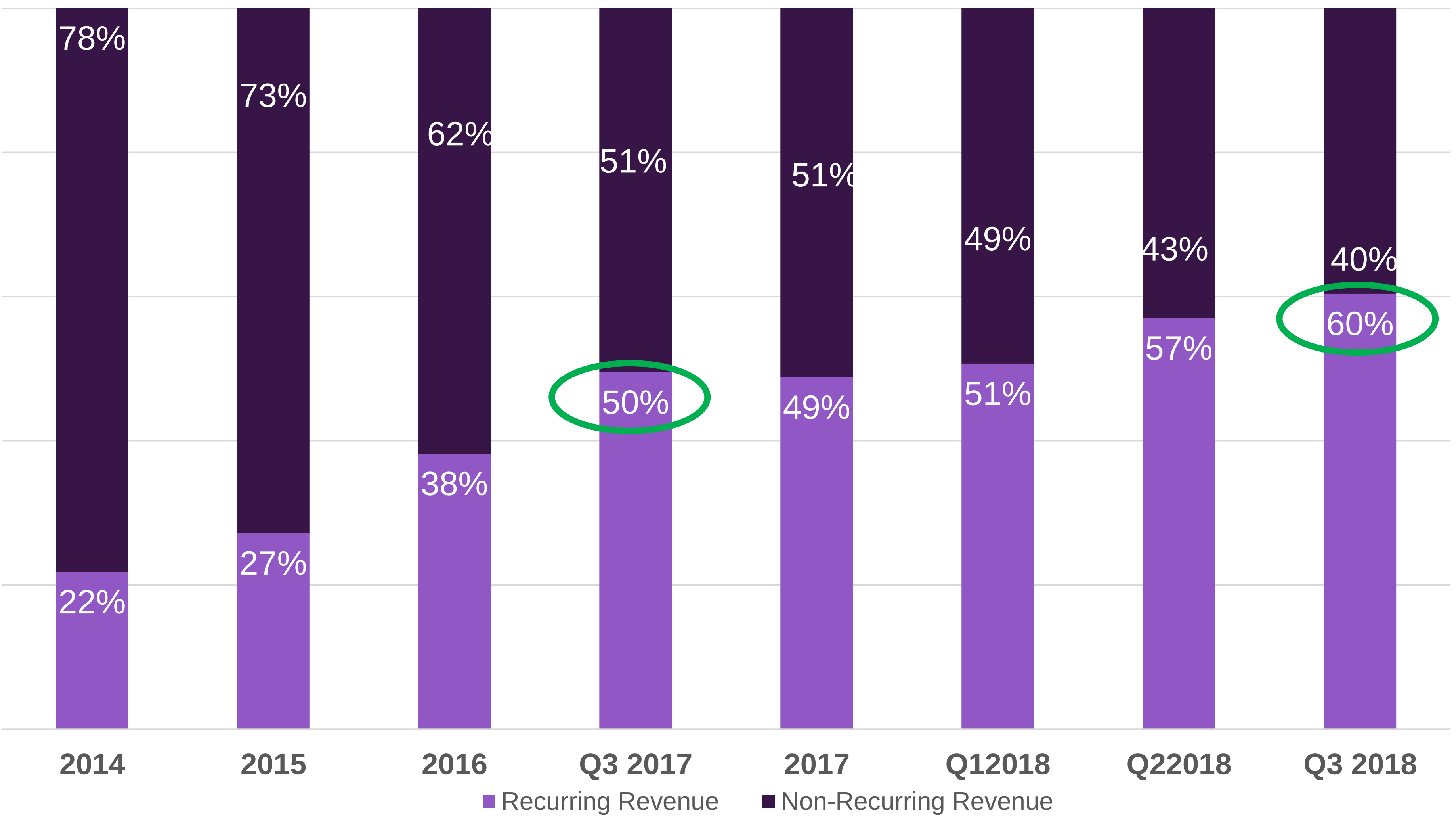
New Revenue Reporting

($M)	Q1 2018	Q2 2018	Q3 2018	YTD 2018	%
Revenue:					
Software: SW Licenses and Maintenance	$51.0	$ 51.3	$ 53.6	$ 155.9	52%
Integrated Solutions: HW & Integrated Software	37.6	39.5	$ 42.4	$ 119.5	40%
Services: Professional Services & Training	9.3	7.8	$ 8.1	$ 25.2	8%
	$97.9	$ 98.6	$ 104.0	$ 300.6	

- **Software:** Includes subscriptions and perpetual licenses and all maintenance
- **Integrated Solutions:** Includes hardware products with integrated value-added software
- **Services:** Includes professional services, training and education

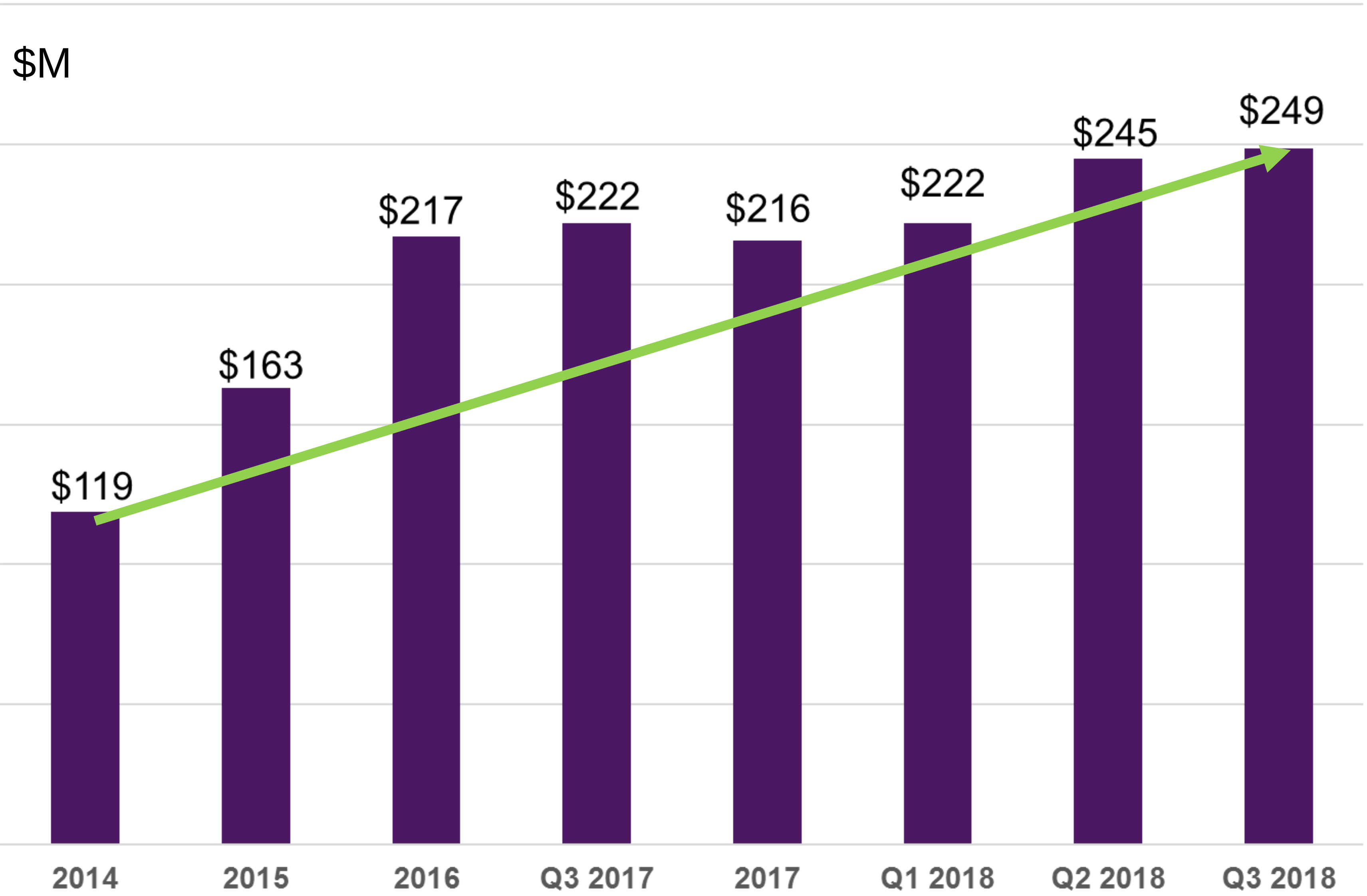
Growing Recurring Revenue

Significant growth in subscriptions and long-term agreements is driving growth in recurring revenue…



Improving Annual Contract Value (ACV)

… and continuing ACV growth



Updated 2018 Full Year Guidance

($M)	Full Year 2018 Guidance Low	Full Year 2018 Guidance High
Revenue	$410	$420
Adjusted EBITDA	$40	$46
Free Cash Flow	$2	$6

Avid Technology
2018 Investor Day

NOVEMBER 14, 2018
NEW YORK CITY

- Westin Grand Central
- 10:00 am – 3:00 pm
- RSVP to Dean Ridlon

Q&A