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

Q1 2019 EARNINGS CALL
AVID TECHNOLOGY
May 6, 2019

Introduction

Whit Rappole
VP, Investor Relations

Non-GAAP & Operational Measures

The following non-GAAP 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
Non-GAAP Operating Income
Non-GAAP Earnings (Loss) Per Share

Operational Measures
Revenue Backlog
Recurring Revenue
Annual Contract Value

The non-GAAP measures used in this presentation are reconciled to their comparable GAAP measures in our 8-K filed with the SEC today, and the operational measures used in this presentation are defined in the supplemental financial information datasheet available on ir.avid.com. Avid believes the non-GAAP 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 measures are not included in this presentation, 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 the second quarter and full fiscal year 2019 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; 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 2018 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

Key Business Observations

- Key financial indicators in Q1 2019 demonstrate the momentum we had exiting 2018 is continuing
  - ✓ Continued GAAP YoY revenue growth
  - ✓ Strong Adjusted EBITDA and Free Cash Flow
- Good progress on moving to more recurring revenue with continued growth in subscriptions and long-term agreements
- Continued focus on operational improvements and our smart savings initiatives to deliver $20M savings target
- Positive response to our new product introductions at the recent Avid Connect 2019 and the NAB show
- New enterprise agreements with some of the largest media companies to upgrade and reimagine their workflows

Q1 2019 Business Performance

($M, except per share)	Q1 2019	YoY Change
Revenue	$103.3	+5%
Non-GAAP Gross Margin	61.3%	+240bps
Adjusted EBITDA	$12.6	+99%
Free Cash Flow	$4.6	+41%
Non-GAAP Earnings per Share	$0.11	+$0.17

- E-commerce revenue up 33% YoY
- Paid software subscriptions over 137,000, up 43% YoY
- Subscription revenue grew 10% YoY
- Avid First free downloads reached 1.4M cumulative

Connect 2019 & NAB Show

Positive Market Reaction to New Product Innovation

Media Composer 2019
Completely redesigned flagship video editing system for a new generation of users

Editorial Management 2019
Seamless video post collaboration for any team role anywhere

Avid NEXIS | Cloudspaces
Bringing the power of the cloud to all NEXIS storage users

Pro Tools 2019
Significantly enhanced audio production productivity-boosting capabilities

MediaCentral 2019
Including end-to-end Avid | Maestro graphics to optimize video productions

"Avid has fired back and shows that they still have some re-imaginative tricks up their sleeve with the new Media Composer 2019.

– NO FILM SCHOOL | APRIL 7, 2019

Looking Forward

- Cautious about Q2, given seasonality and transition to new supply chain partner, and optimistic about full year 2019
- Enthusiastic about the new product deliveries we have introduced – driving revenue growth in 2H’19 and beyond
- Continued implementation of the smart savings initiatives to further improve our profitability and margins
- Focused on delivering a more predictable and profitable financial model built on greater recurring revenues

Q1 2019
Financial Results and Q2 and Full Year 2019 Guidance

Ken Gayron
Executive Vice President
and Chief Financial Officer

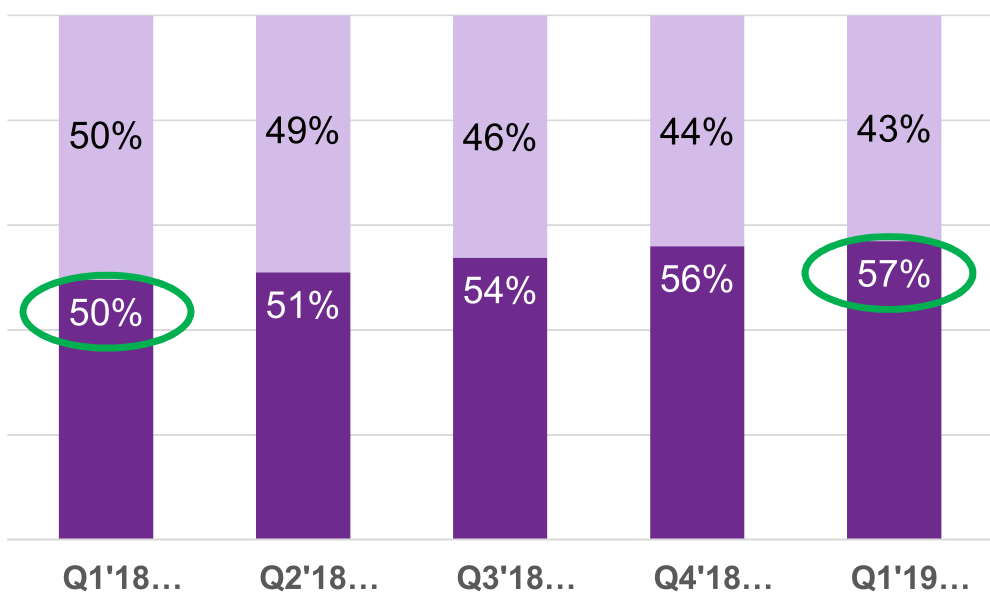
Q1 2019 Financial Results

($M, except per share)	Q1'18	Q4'18	Q1'19	Change Fav/(Unfav) Seq	YoY
Revenue	**$ 97.9**	**$ 112.7**	**$ 103.3**	**(8%)**	**5%**
LTM Recurring Revenue %	**50%**	**56%**	**57%**	**100bp**	**740bp**
Non-GAAP Gross Profit	**57.7**	**68.6**	**63.3**	**(8%)**	**10%**
Non-GAAP Gross Margin %	*58.9%*	*60.8%*	*61.3%*	*50bp*	*240bp*
Non-GAAP Operating Expenses	**54.7**	**50.2**	**53.1**	**(6%)**	**3%**
Non-GAAP Earnings (Loss) per Share	**($0.06)**	**$0.28**	**$0.11**	**(61%)**	**+$0.17**
Adjusted EBITDA	**6.3**	**21.3**	**12.6**	**(41%)**	**99%**
Free Cash Flow	**$ 3.3**	**$ 17.7**	**$ 4.6**	**(74%)**	**41%**

- Revenue up 5% YoY – 2nd consecutive quarter with YoY GAAP revenue growth since Q2'16
- Non-GAAP Gross Margin improved by 240bps YoY, primarily from better integrated solutions GM
- Non-GAAP Operating Expenses were down ($1.6M) YoY, largely driven by smart savings initiatives
- Adjusted EBITDA of $12.6 up $6.3M from Q1'18, due to higher revenue and improved gross margin

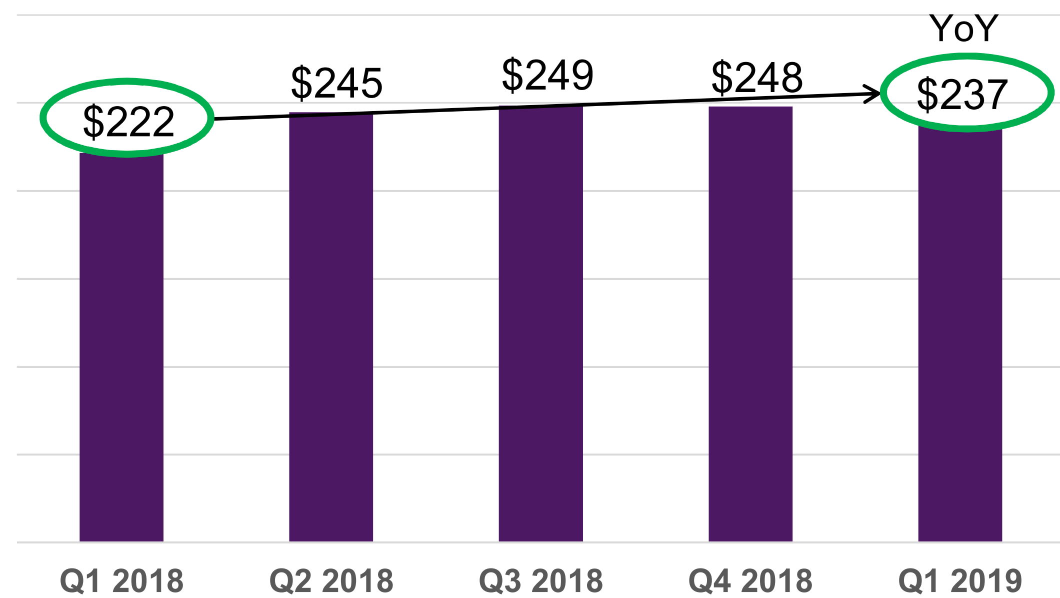
LTM Recurring Revenue % and Annual Contract Value

LTM Recurring Revenue %



- Growth in subscriptions and long-term agreements is driving an increase in Recurring Revenue

Annual Contract Value (ACV) ($M)



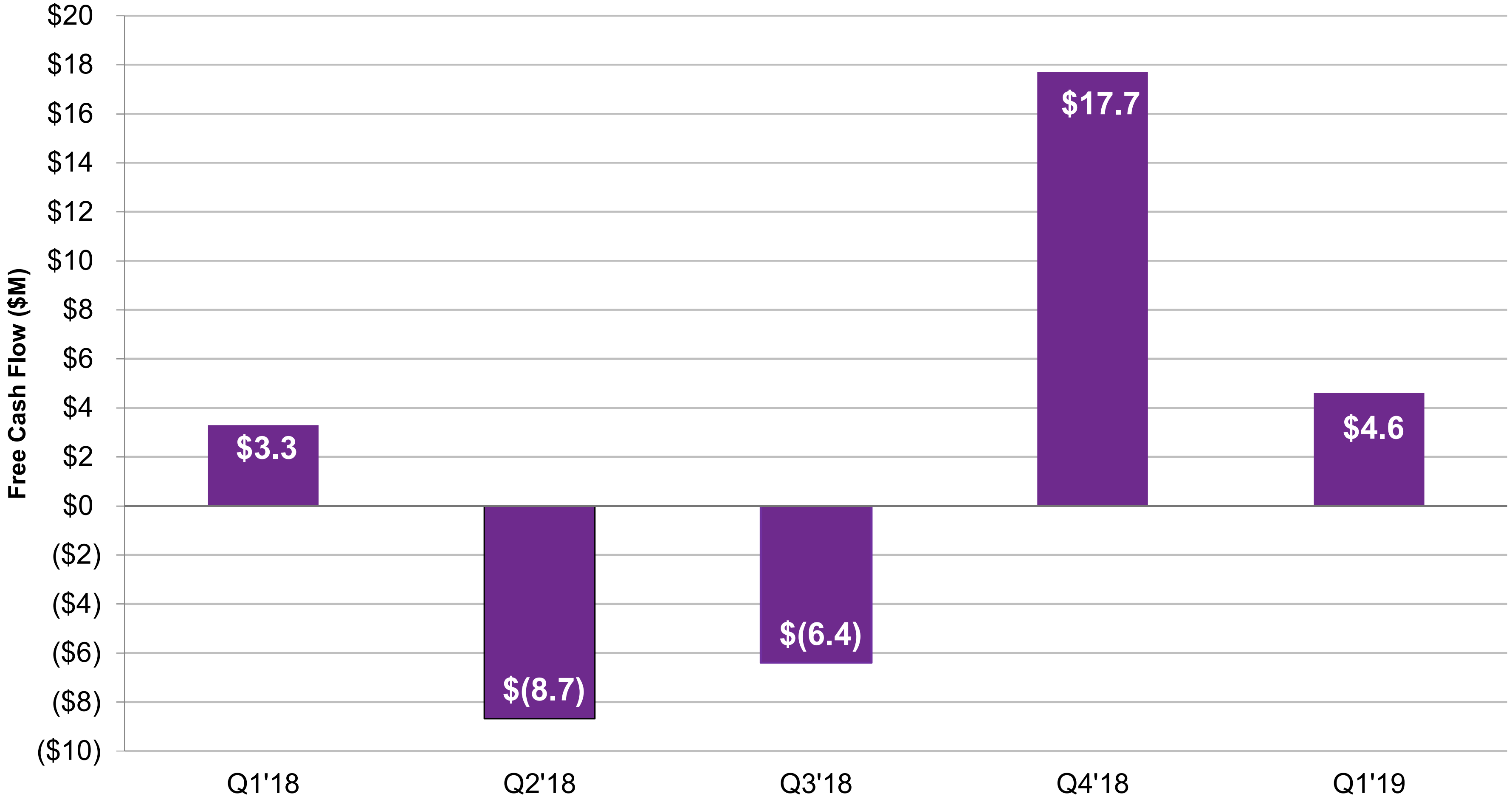
- ACV up 7% year over year, due to more subscriptions and long term agreements
- ACV down $11 million in Q1’19 sequentially, due to annualized impact of lower Maintenance Revenue

Revenue by Type

$M @AFX	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	YoY %
Software Licenses	$ 17.1	$ 15.3	$ 18.5	$ 23.2	$ 17.4	*1.5%*
Maintenance	33.8	36.1	35.1	34.3	32.0	*-5.2%*
SW Licenses and Maintenance	50.9	51.4	53.6	57.5	49.4	*-2.9%*
% of Total Revenue	*52.0%*	*52.1%*	*51.5%*	*51.1%*	*47.8%*	
HW & Integrated Software	37.7	39.4	42.4	47.3	46.3	*22.7%*
Professional Services & Training	9.3	7.8	8.1	7.9	7.6	*-18.0%*
Total Revenue	**$ 97.9**	**$ 98.6**	**$ 104.0**	**$ 112.7**	**$ 103.3**	*5.5%*
SW Lic & Main't Excl. Non-Cash Rev	*$ 48.7*	*$ 49.2*	*$ 52.1*	*$ 57.2*	*$ 47.9*	*-1.6%*
% of Total Revenue excl. Non-Cash	*50.9%*	*51.0%*	*50.8%*	*50.9%*	*47.1%*	
Total excl. Non-Cash Revenue	*$ 95.7*	*$ 96.4*	*$ 102.5*	*$ 112.4*	*$ 101.8*	*6.4%*

On Revenue excl. non-cash revenue basis, SW Licenses and Maintenance shows a decline of (1.6%) YoY and is approximately 47% of total revenue

Free Cash Flow Analysis



- Free Cash Flow was $4.6M up from $3.3M in Q1’18
  - Driven by growth in EBITDA, offset by $5.6M larger investment in working capital in Q1’19 vs Q1’18
- 2018 bonus payment
  - $0.2M of 2018 bonus paid in Q1’19
  - Remaining $6.4M of 2018 bonus paid in Q2’19
  - Q2’18 Free Cash Flow includes $8.3M bonus payment

Balance Sheet & Backlog as of 3/31/2019

($M)		3/31/18	12/31/18	3/31/19
Cash and Cash Equivalents*		**$48.0**	**$56.1**	**$55.3**
Accounts Receivable		**52.5**	**67.8**	**61.3**
DSO		*48*	*55*	*53*
Contract Assets		**$11.8**	**$16.5**	**$18.7**
Net Inventory		**32.9**	**33.0**	**34.3**
Accounts Payable		**28.1**	**39.2**	**38.4**
Deferred Revenue	**a**	**106.4**	**99.6**	**101.3**
Contractually Committed Backlog	**b**	**328.6**	**357.2**	**358.4**
Total Revenue Backlog	**a+b**	**435.0**	**456.8**	**459.7**
Long-Term Debt		**203.3**	**220.6**	**218.2**

- Growth in A/R and Inventory funded by A/P
- A/P to come down in 2H'19 with planned reduction in Inventory

- Cash balance remains strong, up $7.3M YoY
- Accounts receivable up $9M YoY on strong billings in back half of Q1'19
- Contract assets up $7M YoY on growth in subscription business
- Inventory up $1M YoY on supply chain transition – expected to decline in 2H'19 as transition completes
- Contractually committed backlog was $358M at end of Q1'19, up $30M YoY on increased long term agreements and subscriptions
- Long Term Debt of $218M, increased $15M YoY due to additional borrowings in May 2018, offset by repurchase of $18M convertible notes

*Cash balance excludes $8.5 million of restricted cash at 3/31/18 and 12/31/18 and $9.0 million at 3/31/19

Capital Structure Improvements

- Amendment to financing agreement announced April 8
  - Adds $100M new term loan
  - Proceeds to be used to repurchase Convertible Notes
  - Lowers interest rate on entire facility to LIBOR +6.25%
  - Entire facility matures in May 2023
- Tender offer for Convertible Notes in process, expected to close May 9
- Immaterial change in total long term debt following transactions
- Cash interest expense will increase by $1.6M per quarter, assuming 100% of notes are repurchased
  - 2019 Free Cash Flow guidance accounts for this increase and includes $19 million cash interest expense

Q2 and Full Year 2019 Guidance

($M)	Q2 2019 Guidance Low	Q2 2019 Guidance High	Full Year 2019 Guidance Low	Full Year 2019 Guidance High
Revenue	$97.0	$105.0	$420	$430
Adjusted EBITDA	$8.5	$13.5	$60	$65
Free Cash Flow			$12	$17

Q&A