Avid Technology Q2 2017 Business Update

August 3, 2017

Introduction

Emily Walt

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 today, and the non-GAAP measures are reconciled with GAAP measures in our press release tables 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 metrics provided in this release 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 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 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 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; 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.

Business Update

Louis Hernandez, Jr.

Chairman and Chief Executive Officer

Q2 2017 Highlights

Met or exceeded guidance for all metrics; performance driving liquidity improvement	▪ Exceeded guidance for Adjusted Free Cash Flow which improved $36M year-over-year; third consecutive positive quarter ▪ In-line with guidance for Bookings, Revenue, Non-GAAP Operating Expenses and Adjusted EBITDA ▪ Second consecutive quarter of positive Free Cash Flow
Emerging from transformation phase with improved cost structure and clearer financial results	▪ Delivered the first cloud-enabled platform to address the industry's most significant challenges ▪ On track for $106M efficiency program to be completed by the end of 2017 ▪ Completed roll-off of non-marketed products and an end to the revenue accounting adjustments
Higher recurring and increasing backlog driving more predictable, scalable and profitable performance	▪ Revenue has stabilized during shift to higher recurring revenue from bookings ▪ Bookings attributable to recurring revenue were 42% of bookings in Q2 2017, up 19% year-over-year ▪ Adjusted EBITDA conversion to cash strong over the last two consecutive quarters
Uniquely positioned to offer the only cloud-enabled enterprise platform specifically for Media	▪ MediaCentral platform adoption continues and the strategy will drive expanded market opportunity ▪ Continued growth of large enterprise deals in the quarter; individual cloud-enabled subscribers increased 91% year-over-year ▪ Strategic alliance with Microsoft off to strong start

Transformation Strategy

Comprehensive Global Distribution

Category-leading Brands

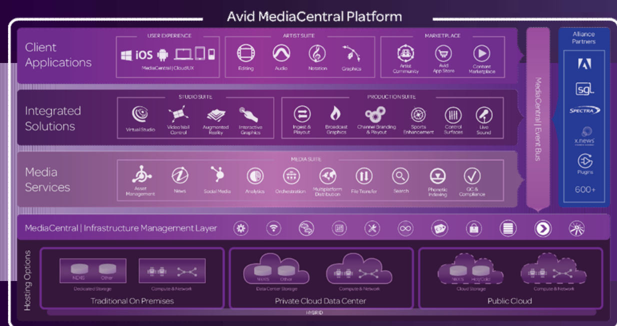
Pro Tools

Media Composer

iNEWS

Interplay

NEXIS



Leverage shared services MediaCentral™ platform

Add Avid and Alliance Partner apps to maximize lifetime value

Market Expansion
Scalable up and down market through flexible pricing and deployment

New Revenue Streams
Opportunities for renewals, support and service add-ons

Lower Costs
Common platform designed to lower R&D costs and increase speed to market

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

WORKFORCE OPTIMIZATION

- 65% new employees to match strategy
- Relocated 70% of offices
- Redeployed 39% of workforce

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

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

Avid Everywhere Platform Making Progress in All Areas

Platform Adoption

48,000+ users

27% growth year-over-year

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

Subscribers and Digital Sales Surging

Paying subscribers up 34% *from Q2'16*

Digital sales up 25% *over Q2'16*

Shift to Recurring Revenue Bookings*

42% of Q2'17

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

43% of LTM

17% in 2012 (pre-transformation)

Backlog Increasing and Driving Visibility

Total revenue backlog of $488 million which includes off balance sheet contractually committed revenue backlog of $284 million

* On constant $ basis.
A GAAP to Non-GAAP reconciliation is available in the back of this presentation

Continued Momentum with Enterprises and Individuals

Enterprises

Typical Characteristics

- Multi year agreements
- Enterprise pricing models
- Media Central Platform with bundled applications
- Professional services and deployment bundles

Individuals

Pro Tools | First

MediaComposer | First

- Freemium and limited trial versions of industry leading cloud-enabled products attracting new customers
    - Pro Tools | First
    - Media Composer | First - *Recently released*
- Powerful, low cost acquisition tool with high conversion rates
- Total cloud-enabled subscribers reached 78,000 in Q2
- 91% year-over-year increase in subscribers; majority are net new customers
- Avid digital ecosystem enables upsell of cloud services, software plug-ins and hardware peripherals

Land, Expand & Maximize Lifetime Value

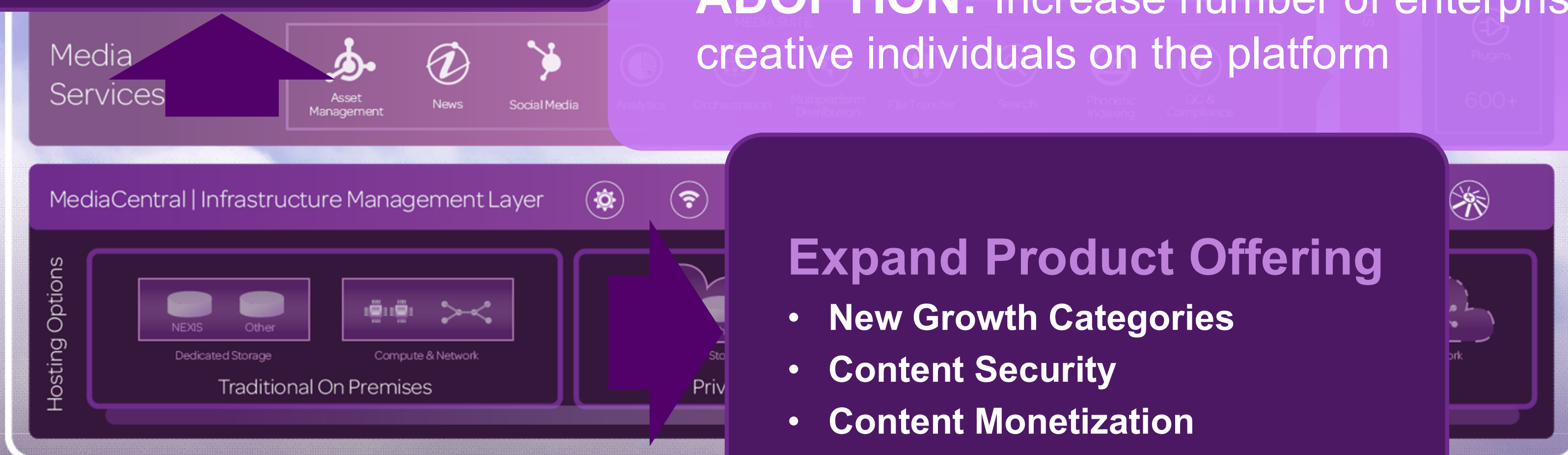
Expand Services Offering

- **Cloud Media Services**
- **Leverage Microsoft Cloud**
- **Enhanced Professional Services and Training**
- **Advanced Client Care**

CLOUDIFICATION: Cloud-first approach for full platform

REFINEMENT: Improve platform performance and overall customer experience

ADOPTION: Increase number of enterprises and creative individuals on the platform



Expand Product Offering

- **New Growth Categories**
- **Content Security**
- **Content Monetization**

Avid Everywhere Strategy Drives Expanded Market Opportunity

Platform allows efficient expansion into new high-growth categories and customer segments

Incremental opportunity from cloud services enabled by platform strategy and strategic alliance with Microsoft

Shift to recurring model adds new services opportunities and establishes model for growth

Large market, but low growth – MediaCentral platform expands addressable opportunity from content creation through distribution

Financial Results and Guidance

Brian E. Agle

Senior Vice President and Chief Financial Officer

Q2 2017 Results Compared to Guidance

($M)	Q2 '17	Guidance Low	Guidance High
Bookings – Constant $	$104.3	$95	$109
Bookings	98.0	87	101
Revenue	102.4	93	103
Revenue excl. Pre-2011 & Elim PCS	*102.0*		
Pre-2011 & Elim PCS	*0.4*		
Non-GAAP Operating Expenses	56.6	53	57
Adjusted EBITDA	8.9	6	12
Adj EBITDA excl. Pre-2011 & Elim PCS	*8.5*		
Adjusted Free Cash Flow	6.2	($4)	$4

- Favorable to Guidance Range
  - Adjusted FCF
- Within Guidance Range
  - Bookings
  - Revenue
  - Operating Expense
  - Adjusted EBITDA

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Q2 2017 – Adjusted Free Cash Flow Growth

($M)	Q2 '16	Q1 '17	Q2 '17	Change % Fav/(UnFav) Seq	Change % Fav/(UnFav) YoY
Bookings – Constant $	**$106.7**	**$179.7**	**$104.3**	**(42%)**	**(2%)**
Excl. Greater China	*101.2*	*103.9*	*104.3*	*0%*	*3%*
Bookings	**102.2**	**172.3**	**98.0**	**(43%)**	**(4%)**
Excl. Greater China	*96.7*	*96.5*	*98.0*	*2%*	*1%*
Non-GAAP Revenue	**134.4**	**104.1**	**102.4**	**(2%)**	**(24%)**
Revenue excl. Pre-2011 & Elim PCS	*111.4*	*102.0*	*102.0*	*(0%)*	*(8%)*
Pre-2011 & Elim PCS	*23.0*	*2.1*	*0.4*		
Non-GAAP Gross Margin	**90.2**	**65.6**	**62.1**	**(5%)**	**(31%)**
G.M. excl. Pre-2011 & Elim PCS	*67.2*	*63.5*	*61.7*	*(3%)*	*(8%)*
% Revenue excl. Pre-2011 & Elim PCS	*60.3%*	*62.2%*	*60.5%*		
Non-GAAP Operating Expenses	**64.6**	**56.1**	**56.6**	**(1%)**	**12%**
Adjusted EBITDA	**29.4**	**13.0**	**8.9**	**(32%)**	**(70%)**
Adj. EBITDA excl. Pre-2011 & Elim PCS	*6.4*	*10.9*	*8.5*	*(22%)*	*33%*
Adjusted Free Cash Flow	**(30.2)**	**6.8**	**6.2**	**(9%)**	**-**

- Bookings excluding Greater China up year-over-year and sequentially
- Revenue stabilizes (excluding Pre-2011 & Elim PCS) while shifting to recurring revenue
- Minimum amount of Pre-2011 & Elim PCS revenue in Q2, reduced by $22.6M year-over-year
- Efficiency program drives year-over-year reduction in Non-GAAP Operating Expenses
- Strong Adjusted EBITDA conversion rate to Adjusted Free Cash Flow
- Adjusted Free Cash Flow improves $36M year-over-year

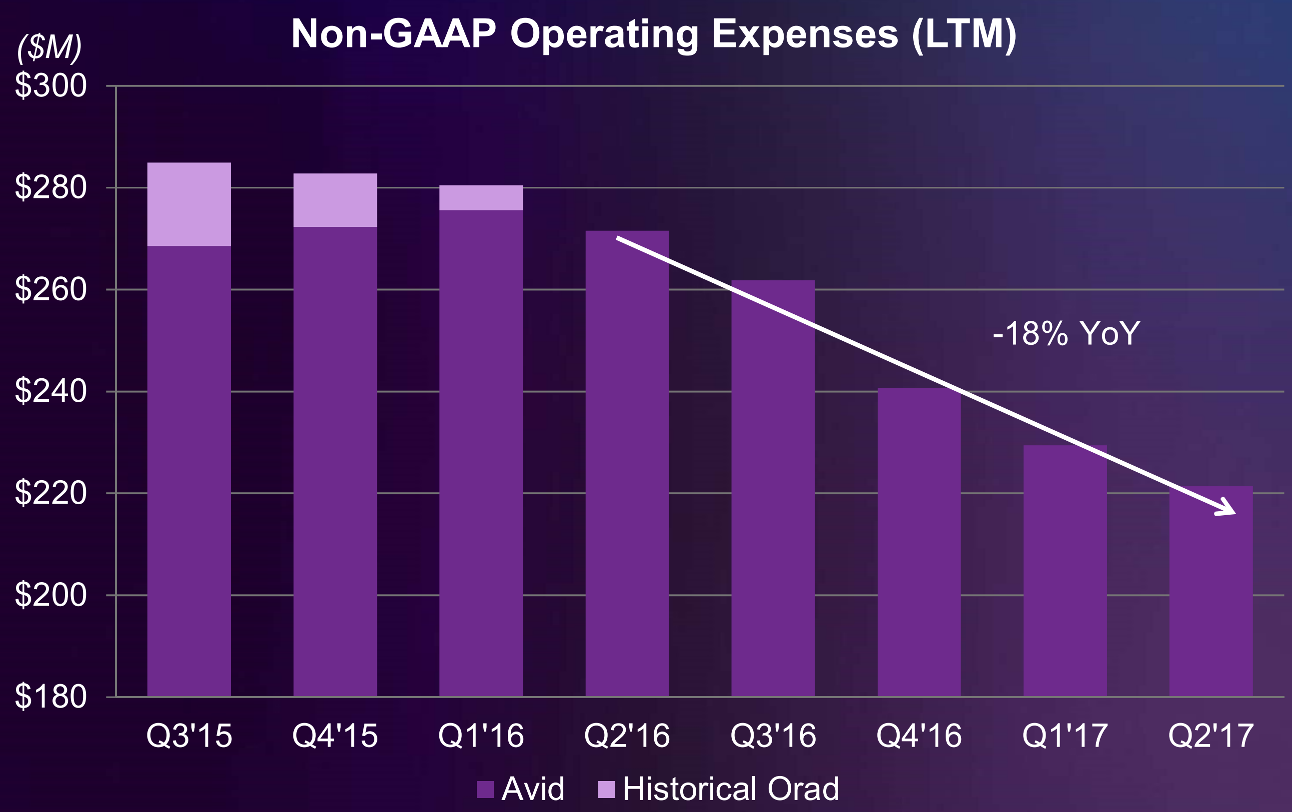
A GAAP to Non-GAAP reconciliation is available in the back of this presentation

Bookings – Greater China and Rest of World

($M)	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q2'17 YoY
Greater China	$3.9	$5.4	$4.3	$3.2	$75.8	-	-
Rest of World	88.6	96.7	85.2	122.2	96.5	98.0	1%
Total	$92.5	$102.2	$89.5	$125.4	$172.3	$98.0	(4%)

- Excluding Greater China, bookings improved 1% year-over-year (3% improvement Constant $)
- Q1 Greater China Bookings of $76M is the three-year minimum commitment by Jetsen
- Jetsen achieved Q2 commitments

Efficiency Program Steadily Driving Down Expenses



- Executing on the additional $30M efficiency program savings in 2017
  - Leverages the development platform
  - Opportunities for talent alignment
  - Facilities rationalization
- Completed the $76M cost efficiency plan in 2016

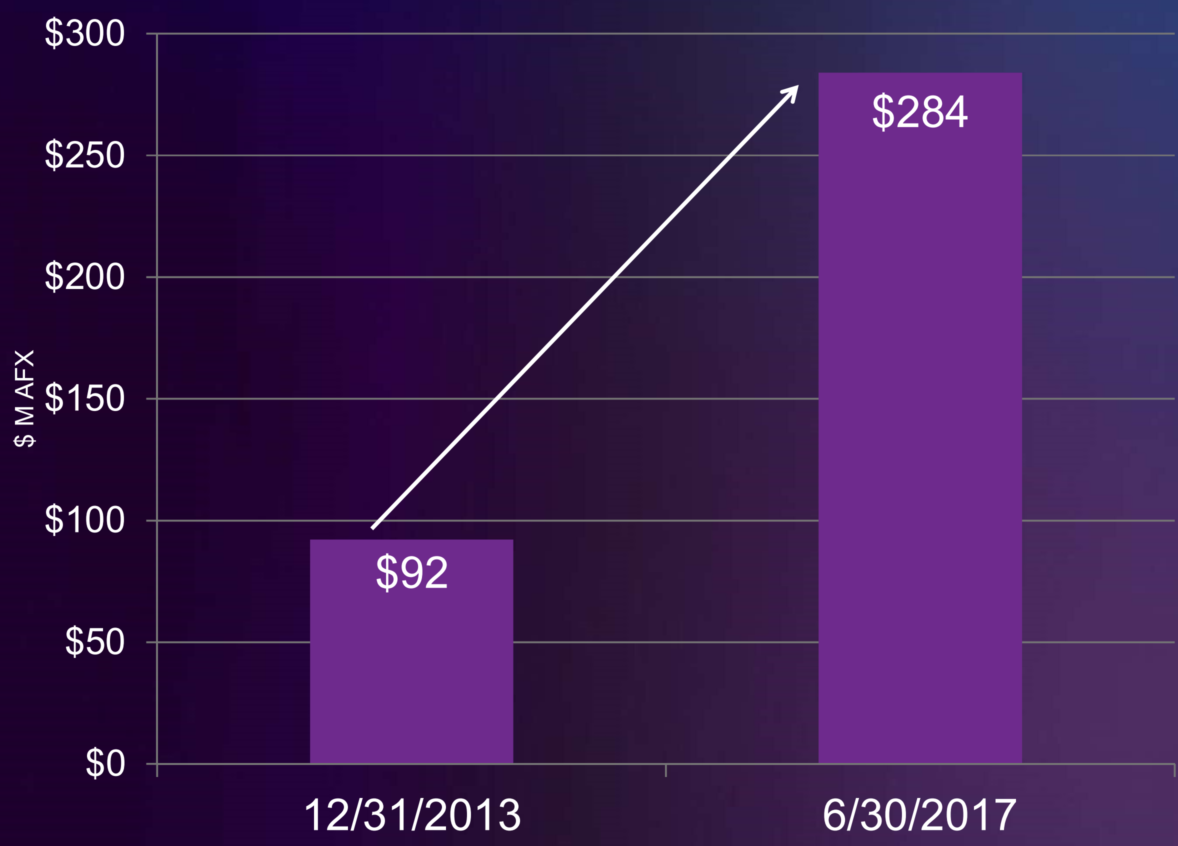
A GAAP to Non-GAAP reconciliation is available in the back of this presentation

Key Balance Sheet Metrics

($M)		Q2'16	Q1'17	Q2'17
Cash		**$50.4**	**$47.0**	**$47.4**
Accounts Receivable		**44.8**	**43.6**	**34.4**
DSO		*30*	*38*	*31*
Net Inventory		**53.9**	**49.1**	**41.2**
Turns		*3.6*	*3.4*	*3.9*
Long Term Debt		**187.8**	**189.3**	**189.9**
Deferred Revenue	a	**267.2**	**223.0**	**204.0**
Def. Rev excl. Pre-2011 & Elim PCS		*236.6*	*222.4*	*203.7*
Backlog (Off - Balance Sheet)	b	**197.6**	**271.2**	**283.8**
Total Revenue Backlog	a+b	**$464.8**	**$494.2**	**$487.8**
Total Rev Backlog excl. Pre-2011 & Elim PCS		*434.2*	*493.6*	*487.5*

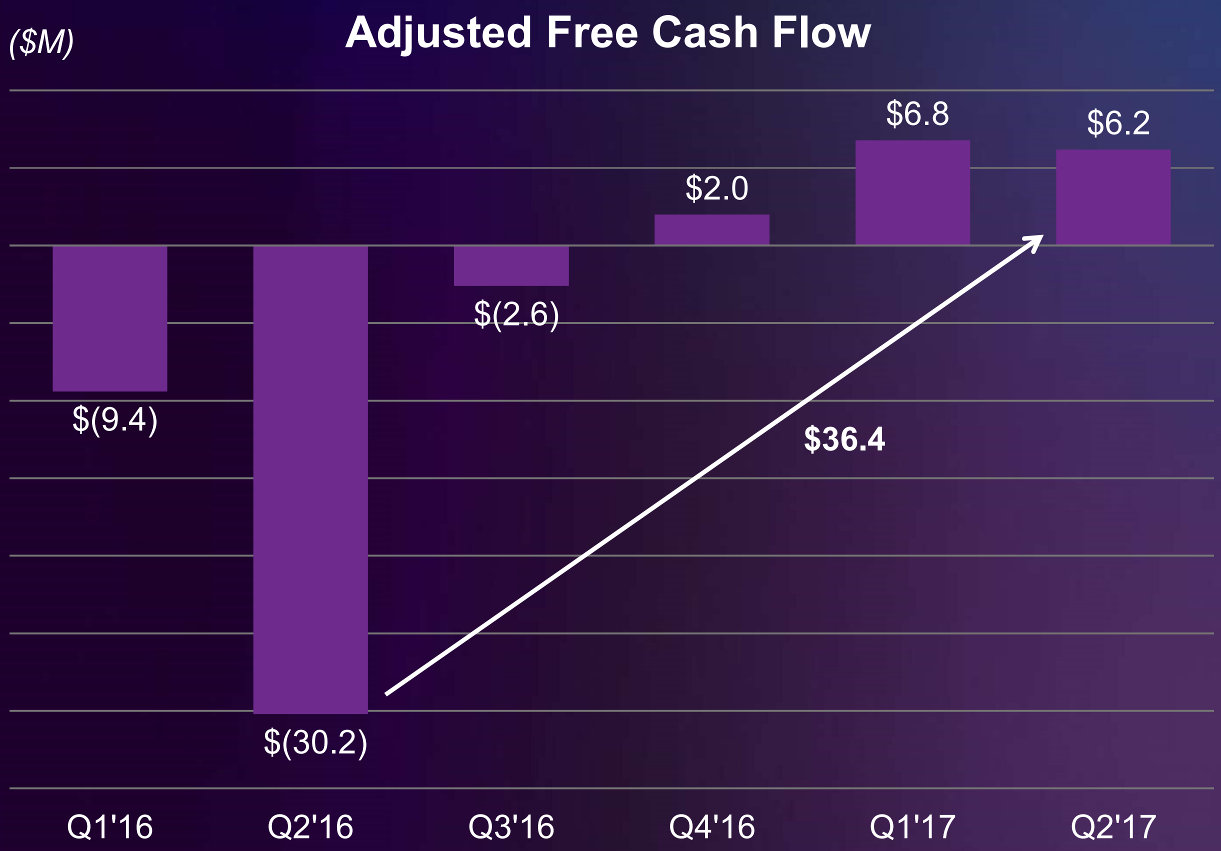
- Cash Balance of $47M
  - Modest Sequential Improvement
  - Adjusted FCF of $6.2M
- Total revenue backlog of $488 million which includes off balance sheet contractually committed revenue backlog of $284 million
- Off balance sheet contractually committed revenue backlog up $86 million year-over-year

Off Balance Sheet Contractually Committed Backlog – Significant Increase



- Off balance sheet backlog is contractually committed bookings representing future:
  - Billings
  - Revenue
  - EBITDA
  - Cash
- Increase of $192 million in off balance sheet contractually committed backlog since 2013, the beginning of the Transformation

Adjusted Free Cash Flow Continues to be Positive



- $36M year-over-year improvement
- Q2 ‘16 includes $9.1M employee bonus payout
- Continue to see benefit of efficiency programs and working capital optimization

A GAAP to Non-GAAP reconciliation is available in the back of this presentation

Free Cash Flow - Reporting

$000's	Three Months Ended June 30, 2017	2016	Fav / (Unfav)
GAAP net cash provided by (used in) operating activities	$ 2,538	$ (33,806)	$ 36,344
Capital expenditures	(1,379)	(2,803)	1,424
Free Cash Flow	**1,159**	**(36,609)**	**37,768**
Non-Recurring Items			
Restructuring payments	3,700	3,952	252
Restatement payments	151	-	(151)
Acquisition, integration and other payments	4	848	844
Efficiency program payments	1,144	1,602	458
Total Non-Recurring Items	**4,999**	**6,402**	1,403
Adjusted free cash flow	**$ 6,158**	**$ (30,207)**	(36,365)

- **Free Cash Flow**, defined as GAAP Net Cash Provided by Operating Activities less Capital Expenditures, improved $37.8M year-over-year
- **Adjusted Free Cash Flow**, which has been adjusted for non-recurring items, improved $36.4M year-over-year
- Positive Free Cash Flow for two consecutive quarters

Q3 2017 Guidance

($M)	Q3'16	Q2'17	Q3 2017 Guidance Low	Q3 2017 Guidance High
Bookings – Constant $	**$94.7**	**$104.3**	**$95**	**$109**
Bookings	**89.5**	**98.0**	**87**	**101**
Revenue	**119.0**	**102.4**	**94**	**104**
Revenue excl. Pre-2011 & Elim PCS	101.6	102.0		
Pre-2011 & Elim PCS	17.4	0.4		
Non-GAAP Operating Expenses	**58.4**	**56.6**	**52**	**56**
Adjusted EBITDA	**22.9**	**8.9**	**8**	**14**
EBITDA (Excl Pre-2011 & Elim PCS)	5.5	8.5		
Pre-2011 & Elim PCS	17.4	0.4		
Adjusted Free Cash Flow	**($2.6)**	**6.2**	**($7)**	**$1**

- Q3'17 Guidance Pre-2011 & Elim PCS revenue adjustment has decreased to immaterial levels
- Reaffirming 2017 guidance provided on March 23, 2017

A GAAP to Non-GAAP reconciliation of historical performance is available in the back of this presentation

In Summary

We met or exceeded guidance

Cash and liquidity is steady and strengthening

Backlog continues its trend of growth

We are reaffirming 2017 Guidance

Closing Remarks

Louis Hernandez, Jr.

Chairman and Chief Executive Officer

Q2 2017 Highlights

Met or exceeded guidance for all metrics; performance drives liquidity improvement

Emerging from transformation phase with improved cost structure and clearer financial results

Higher recurring and increasing backlog will drive more predictable, scalable and profitable performance

Uniquely positioned to offer the only cloud-enabled enterprise platform specifically for Media

Questions and Answers

AVID TECHNOLOGY, INC.
Reconciliations of GAAP financial measures to Non-GAAP financial measures
(unaudited - in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
Non-GAAP revenue	**2017**	**2016**	**2017**	**2016**
GAAP revenue	**$ 102,373**	**$ 134,069**	**$ 206,480**	**$ 277,616**
Amortization of acquired deferred revenue	-	325	-	594
Non-GAAP revenue	**102,373**	**134,394**	**206,480**	**278,210**
Pre-2011 Revenue	360	7,798	765	17,136
Elim PCS	-	15,200	1,700	32,800
Non-GAAP Revenue w/o Pre-2011 and Elim	**102,013**	**111,396**	**204,015**	**228,274**
Non-GAAP gross profit				
GAAP gross profit	**59,753**	**87,799**	**123,312**	**187,863**
Amortization of acquired deferred revenue	-	325	-	594
Amortization of intangible assets	1,950	1,950	3,900	3,900
Stock-based compensation	420	152	484	332
Non-GAAP gross profit	**62,123**	**90,226**	**127,696**	**192,689**
Pre-2011 Revenue	360	7,798	765	17,136
Elim PCS	-	15,200	1,700	32,800
Non-GAAP gross profit w/o Pre-2011 and Elim	**61,763**	**67,228**	**125,231**	**142,753**
Non-GAAP operating expenses				
GAAP operating expenses	**66,079**	**68,997**	**126,555**	**143,303**
Less Amortization of intangible assets	(363)	(782)	(726)	(1,568)
Less Stock-based compensation	(1,563)	(2,149)	(2,909)	(4,056)
Less Restructuring costs, net	(6,063)	213	(7,046)	(2,564)
Less Restatement costs	(320)	(68)	(442)	(148)
Less Acquisition, integration and other costs	(138)	(279)	(140)	(794)
Less Efficiency program costs	(1,049)	(1,286)	(2,571)	(2,001)
Non-GAAP operating expenses	**56,583**	**64,646**	**112,721**	**132,172**
Non-GAAP operating income				
GAAP operating (loss) income	**(6,326)**	**18,802**	**(3,243)**	**44,560**
Amortization of acquired deferred revenue	-	325	-	594
Amortization of intangible assets	2,313	2,732	4,626	5,468
Stock-based compensation	1,983	2,301	3,393	4,388
Restructuring costs, net	6,063	(213)	7,046	2,564
Restatement costs	320	68	442	148
Acquisition, integration and other costs	138	279	140	794
Efficiency program costs	1,049	1,286	2,571	2,001
Non-GAAP operating income	**5,540**	**25,580**	**14,975**	**60,517**

AVID TECHNOLOGY, INC.
Reconciliations of GAAP financial measures to Non-GAAP financial measures
(unaudited - in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Adjusted EBITDA				
Non-GAAP operating income (from above)	**5,540**	**25,580**	**14,975**	**60,517**
Depreciation	3,335	3,811	6,906	7,422
Adjusted EBITDA	**8,875**	**29,391**	**21,881**	**67,939**
Adjusted EBITDA margin	**9%**	**22%**	**11%**	**24%**
Pre-2011 Revenue	360	7,798	765	17,136
Elim PCS	-	15,200	1,700	32,800
Adjusted EBITDA w/o Pre-2011 and Elim	**8,515**	**6,393**	**19,416**	**18,003**
Adjusted free cash flow				
GAAP net cash provided by (used in) operating activities	**2,538**	**(33,806)**	**6,072**	**(45,016)**
Capital expenditures	(1,379)	(2,803)	(3,108)	(7,321)
Free Cash Flow	**1,159**	**(36,609)**	**2,964**	**(52,337)**
Non-Operational / One-time Items				
Restructuring payments	3,700	3,952	6,994	7,485
Restatement payments	151	-	210	-
Acquisition, integration and other payments	4	848	19	1,621
Efficiency program payments	1,144	1,602	2,729	3,583
Sub-Total Non-Operational / One-Time Items	4,999	6,402	9,952	12,689
Adjusted free cash flow	**$ 6,158**	**$ (30,207)**	**$ 12,916**	**$ (39,648)**
Adjusted free cash flow conversion of adjusted EBITDA	**69%**	**-103%**	**59%**	**-58%**

These non-GAAP measures reflect how Avid manages its businesses internally. Avid's non-GAAP measures may vary from how other companies present non-GAAP measures. Non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles. This non-GAAP information supplements, and is not intended to represent a measure of performance in accordance with, disclosures required by generally accepted accounting principles, or GAAP. Non-GAAP financial measures should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP.