



# Avid Business Update

Jefferies 2016 Global Technology, Media and Telecom Conference

May 11, 2016

# Non-GAAP & Operational Measures

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

- Adjusted EBITDA
  - Adjusted Free Cash Flow
  - Non-GAAP Revenue
  - Non-GAAP Operating Income (loss)
  - Non-GAAP Gross Margin
  - Non-GAAP Operating Expenses
- 
- Bookings, Marketed 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](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 release provide helpful information to investors with respect to evaluating the Company's performance.





# 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, among other things, estimated results of operations for 2016, 2017 and 2018, 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, overall market growth rates in the range of 3.0-3.3%, 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; revenue backlog conversion rate; 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; our liquidity and ability to raise capital; the anticipated benefits of the Orad acquisition, including estimated synergies, including effects on future financial and operating results; and our liquidity. 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 on May 4, 2016 as well as the Risk Factors and Forward-Looking Statements sections of the Company’s 2015 Annual Report on Form 10-K and the Quarterly Report on Form 10-Q filed with the SEC on May 4, 2016. 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 May 11, 2016, and Avid undertakes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.



# 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 \$505M in FY2015

## Trusted partner

For customers in 140 countries

## Employees

More than 2,000 FTEs in offices globally

**Trades on NASDAQ under the ticker**  
AVID

**Headquartered in**  
Burlington, MA

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

Comprehensive media technology  
suite and leading global brands,  
including Avid Everywhere, our  
enterprise-wide platform





# Investment Highlights

Leader in Large and Growing Media Tech Market with Attractive Higher Growth Areas

- \$65B heavily fragmented market with accessible high-growth segments
- Deep penetration in heritage and new media markets with category leading products
- Ideally positioned to capitalize on digitization of industry – huge distribution across 140 countries

Unique Platform Approach (“Avid Everywhere”) to Expand Wallet Share

- Platform Growth: 35,000+ MediaCentral Platform users (51% YoY increase)
- Expand Wallet Share:
  - Launch new product to address more of the workflow
  - Leverage open and extensible platform for alliance partner apps
  - Leverage massive reseller network to further wallet share penetration
- Expand Eco-System: Access partners’ customers with complementary products

Strategy is Driving Stronger Financial and Operational Performance

- Platform adoption up 51% in the last year
- Active paying subscribers increased 325% in the last year
- Sinclair Managed Services transaction validates strategy: pipeline building
- Efficiency program on track and yielding savings
- LTM Adjusted EBITDA increased by 28%; LTM Revenue increased by 3%

Attractive Financial Model Post Transformation (After Q2 2017)

- Clear path to complete transformation: Non-marketed product roll-off completed, efficiency gains on track, end of material amortization of pre-2011 deferred revenue in Q2 2017
- Adjusted EBITDA and Free Cash Flow expected to increase dramatically



# Avid's Three-Phase Transformational Approach

In 2013, Avid set out on a multi-year transformation designed to best leverage strengths towards succeeding in evolving digital media marketplace

## Phase 1

Perform better in the markets we serve today

## Phase 2

Address higher growth areas in current markets

## Phase 3

Address higher long-term growth areas and increase relevance

Growth

The anticipated transformation of the media landscape is accelerating  
validating the Avid Everywhere strategy

Culture



# Avid is a Trusted Market Leader with Global Reach

- ✓ **6 of 6** ... of the **major film studios** use Avid products
- ✓ **9 of 10** ... of the **leading international news networks** use Avid products
- ✓ **4 of 5** ... of the **largest station group owners** use Avid products
- ✓ **~70%** ... of **today's music commercially published** with Avid products
- ✓ **80-90%** ... of **original content from leading streaming providers produced** with Avid Solutions

## Product

Avid has wide product and global customer breadth participating in a majority of broadcast and media technology segments

## Geography

Broad and diverse distribution channels

- Sales into **140** countries
- Over **55%** of revenue originates outside of North and South America
- More than **550+** channel partners globally





CREATE  
High quality content



MAXIMIZE  
Asset value



TRIBUTE  
Channels & devices

2x–4x

Rate of content  
creation

>10x

Distribution  
platforms

+50%

Content  
consumption

ENSURE  
Efficiency

+3–4%

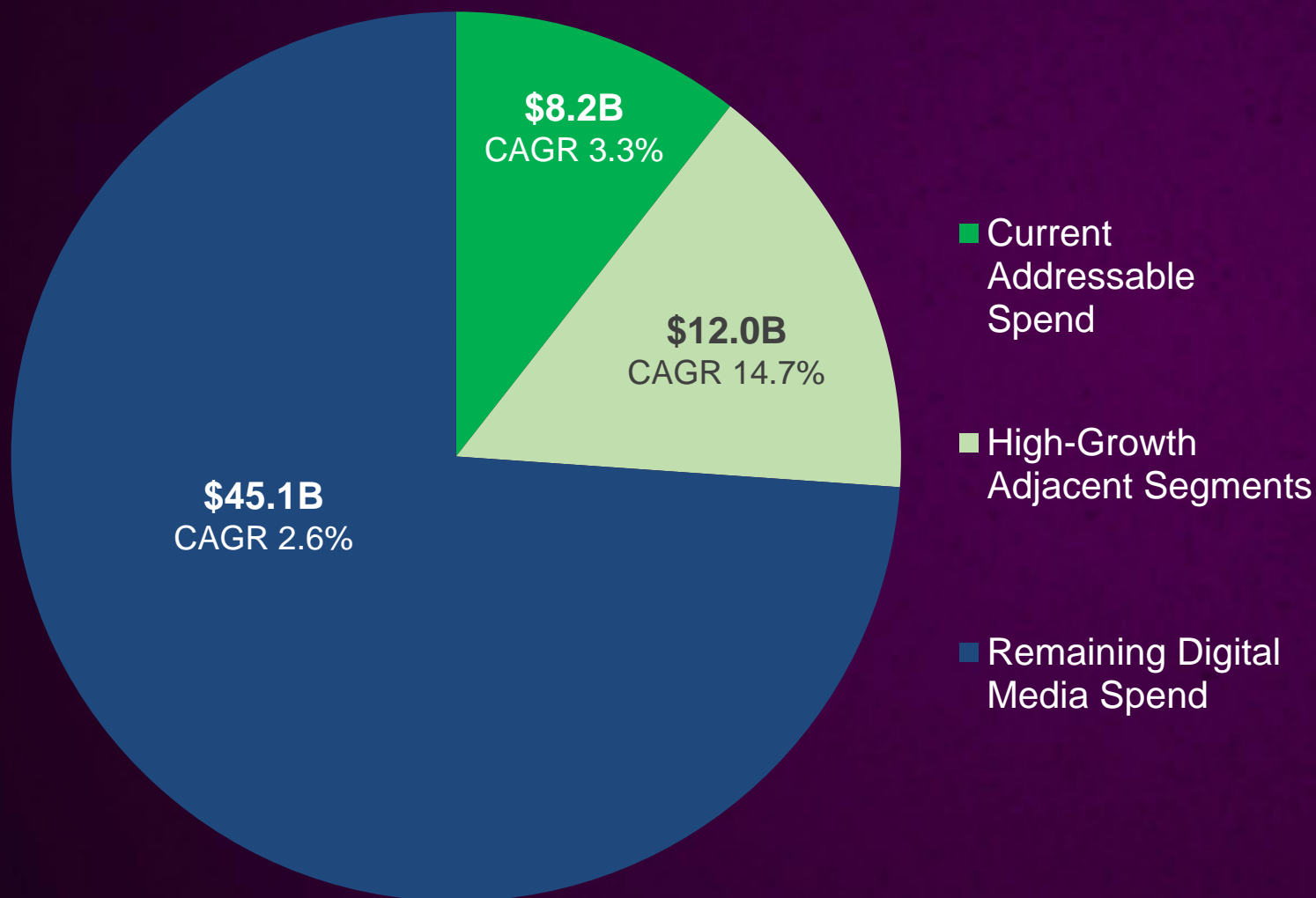
Media tech  
budgets



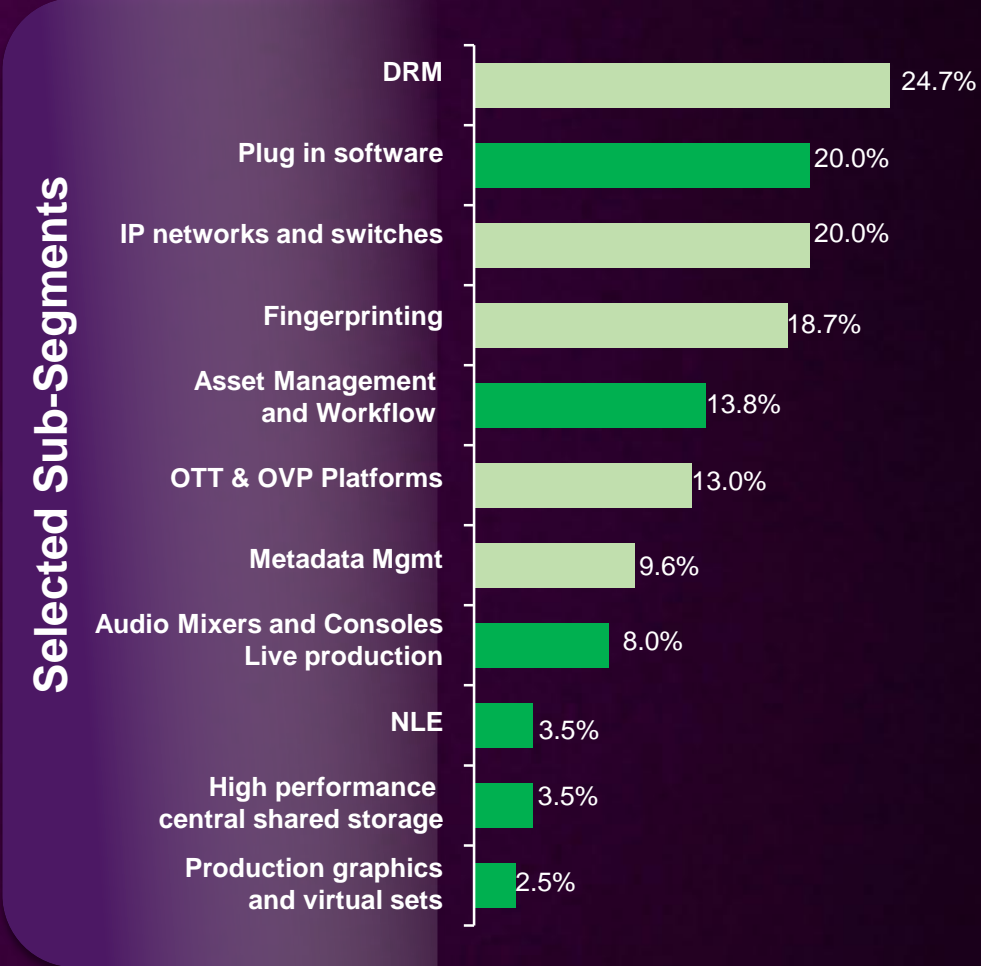
# Avid Operates in a Large Market with High-Growth Segments

Avid has expanded its offering to now address \$8.2B of the \$65B media technology market, with significant room to grow

Current and adjacent segments are projected to grow faster than the overall market



Breakdown of \$65B Media Technology Market in 2014



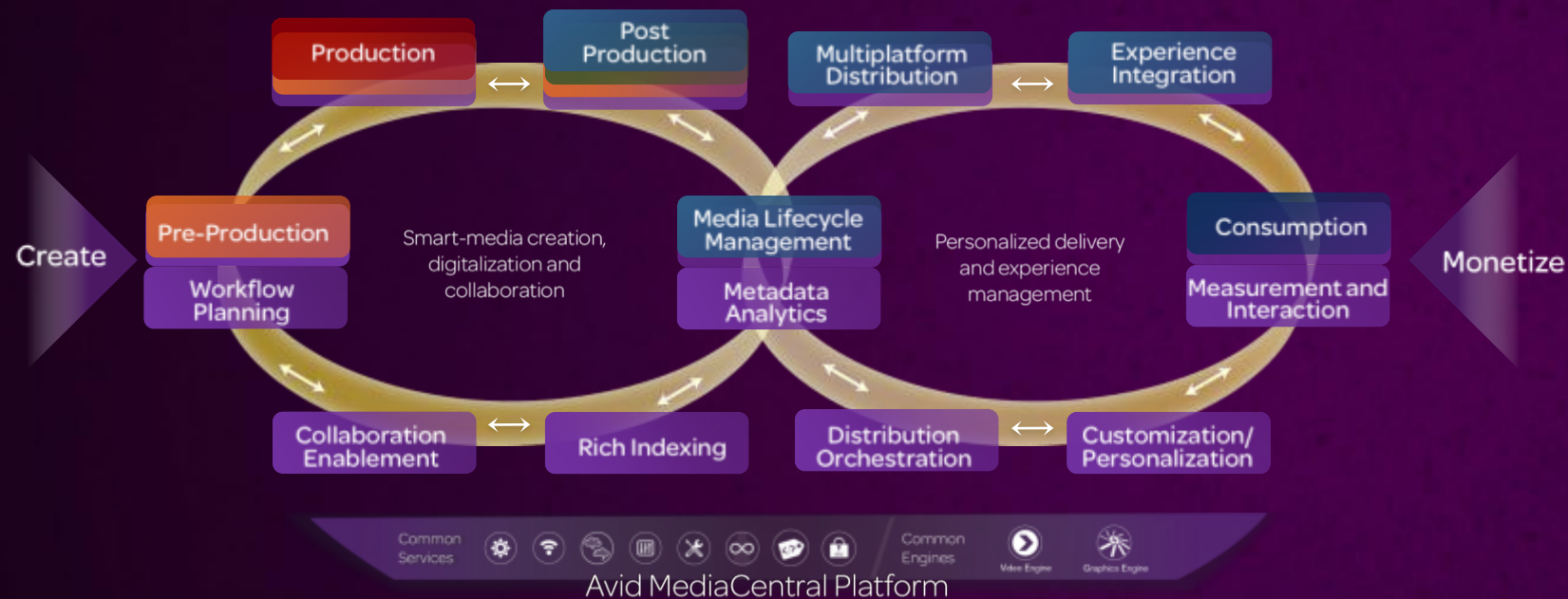
Selected Segments Multi-Year CAGR



# Avid Everywhere Addresses Changing Industry Needs

The Avid Everywhere ecosystem of products enables our customers to work more efficiently, collaboratively, flexibly and securely across the new media value chain, from media creation to distribution and monetization

## New Media Value Chain



## Avid Everywhere Solution



### Market Expansion

Scalable up and down market through flexible pricing and deployment

### New Revenue Streams

Opportunities for renewals, support and service add-ons

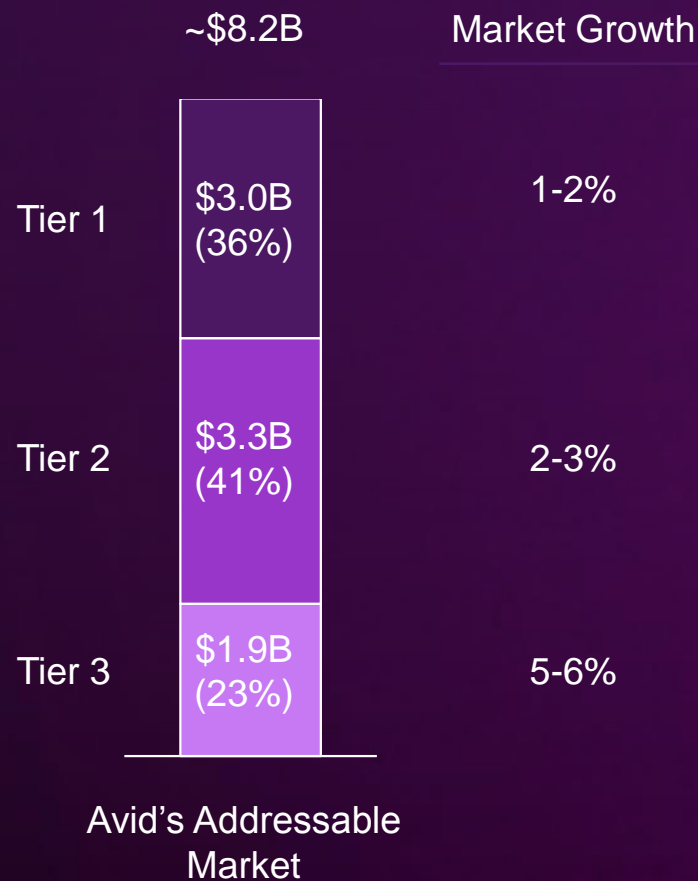
### Lower Costs

Common platform designed to lower development cost and increase speed to market

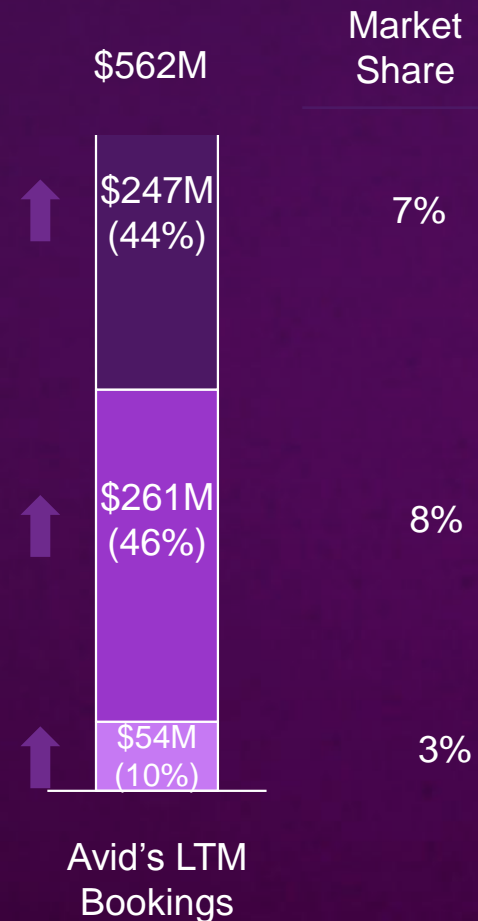


# Growth Opportunities in Each Customer Tier

## Market size of Avid's addressable tiers



## Avid's 2015 bookings



Source: Avid's bookings LTM ended Q4-15.

## Tier 1: Large Media Enterprises

- Broad customer penetration but shallow wallet share
- Opportunity to increase growth by adding new accounts and increasing cross sales in existing accounts

## Tier 2: Businesses & Institutions

- Largest segment with concentration in post production
- Opportunity to increase growth by targeting high growth sub-segments including live events, corporate, and education

## Tier 3: Individual Creatives

- Large segment, but with very low customer concentration
- Opportunity to capture and grow market share among independent professionals and aspiring pros
- Diversifies revenue and adds more recurring revenue

NOTE:

1. Tier 1 includes all Movie and Music Production segments, TV Production segments, large TV broadcasters, cable networks and post audio/video production services companies.
2. Tier 2 includes mid-size audio/video post production services companies and institutions such as corporations and religious, government and education entities.
3. Tier 3 includes audio/video indie pro and students.





# Comprehensive Global Distribution



Pro Tools

Media  
Composer

iNEWS  
Interplay

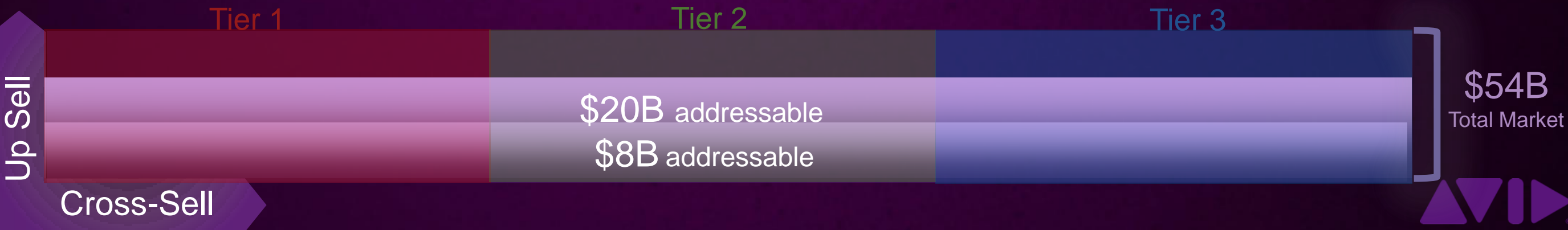
ISIS

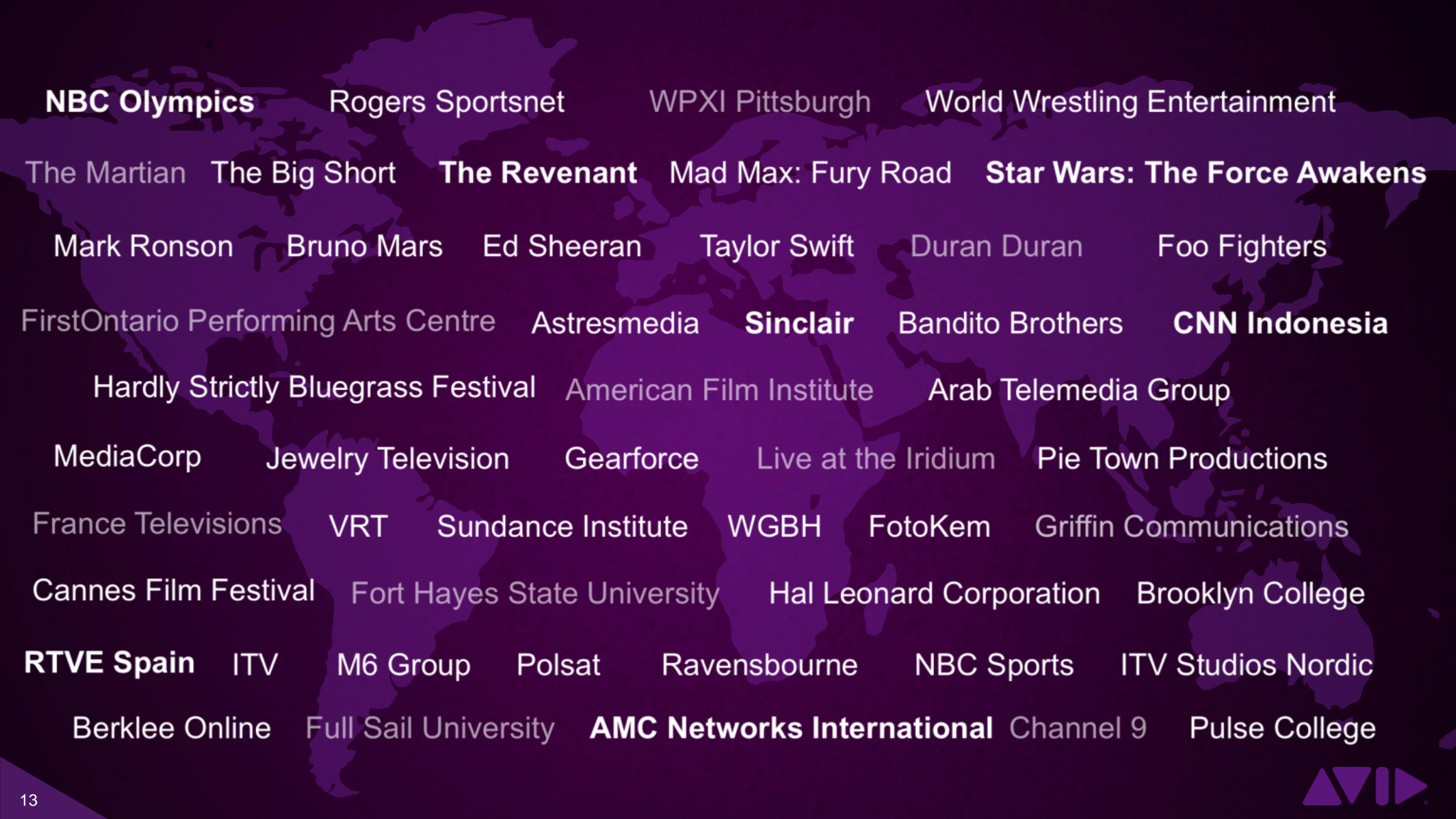
# Category-leading Brands

Shared Services  
Platform



Add Avid & partner apps  
Maximize lifetime value





**NBC Olympics** Rogers Sportsnet WPXI Pittsburgh World Wrestling Entertainment

The Martian The Big Short **The Revenant** Mad Max: Fury Road **Star Wars: The Force Awakens**

Mark Ronson Bruno Mars Ed Sheeran Taylor Swift Duran Duran Foo Fighters

FirstOntario Performing Arts Centre Astresmedia **Sinclair** Bandito Brothers **CNN Indonesia**

Hardly Strictly Bluegrass Festival American Film Institute Arab Telemedia Group

MediaCorp Jewelry Television Gearforce Live at the Iridium Pie Town Productions

France Televisions VRT Sundance Institute WGBH FotoKem Griffin Communications

Cannes Film Festival Fort Hayes State University Hal Leonard Corporation Brooklyn College

**RTVE Spain** ITV M6 Group Polsat Ravensbourne NBC Sports ITV Studios Nordic

Berklee Online Full Sail University **AMC Networks International** Channel 9 Pulse College





# Record Breaking Deal Proves Power of Avid Everywhere

## Record breaking 10 year Sinclair technology deployment and managed services contract underscores potential of Avid Everywhere and the MediaCentral Platform

- Avid will provide customized newsroom and media management solutions based on the Avid Everywhere model to all of Sinclair Broadcast Group's 64 local news producing stations
- Innovative commercial approach and unique technology deployment model – made possible by Avid Everywhere – helps Sinclair cost-effectively keep its news operations at the forefront of technology for the next decade
- Demonstrates how Avid can both address the entire workflow and expand its solutions to include higher growth managed services





# Avid Everywhere Platform Working - Progress in All Key Areas

## Platform Adoption

**35,000+** users

**51%** annual increase

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

## Subscribers and Digital Sales Surging

Paying subscribers up

**325%** over Q1 2015

Digital sales\* up **46%**  
over Q1 2015

## Marketed Product Growth\*

**17%** Marketed Bookings Decline In Q1

**8%** LTM growth

*NEXIS anticipation and Tier 1 sector  
softness impacting Q1 bookings but  
strong growth in LTM period*

## Recurring Revenue Bookings Accelerating

**34%** of Q1 2016

**39%** of LTM Q1 2016

*(29% in Q115 and 28% in LTM Q115)*

## Cost Efficiencies On Track

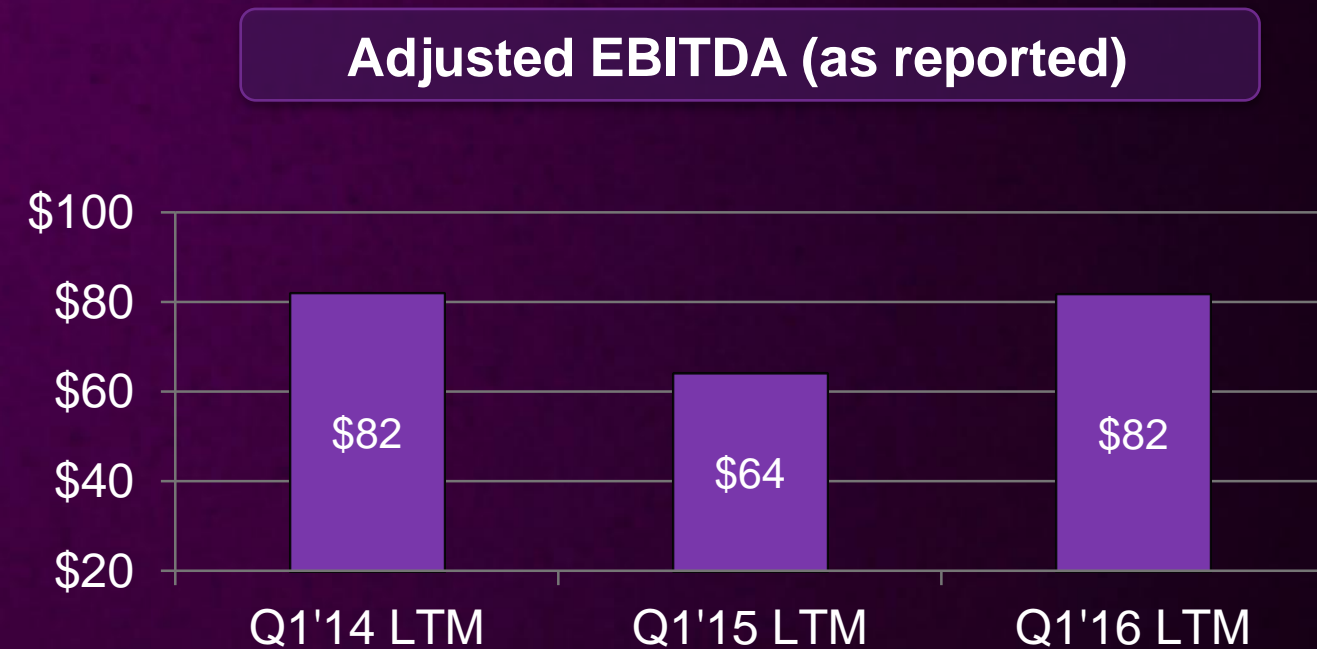
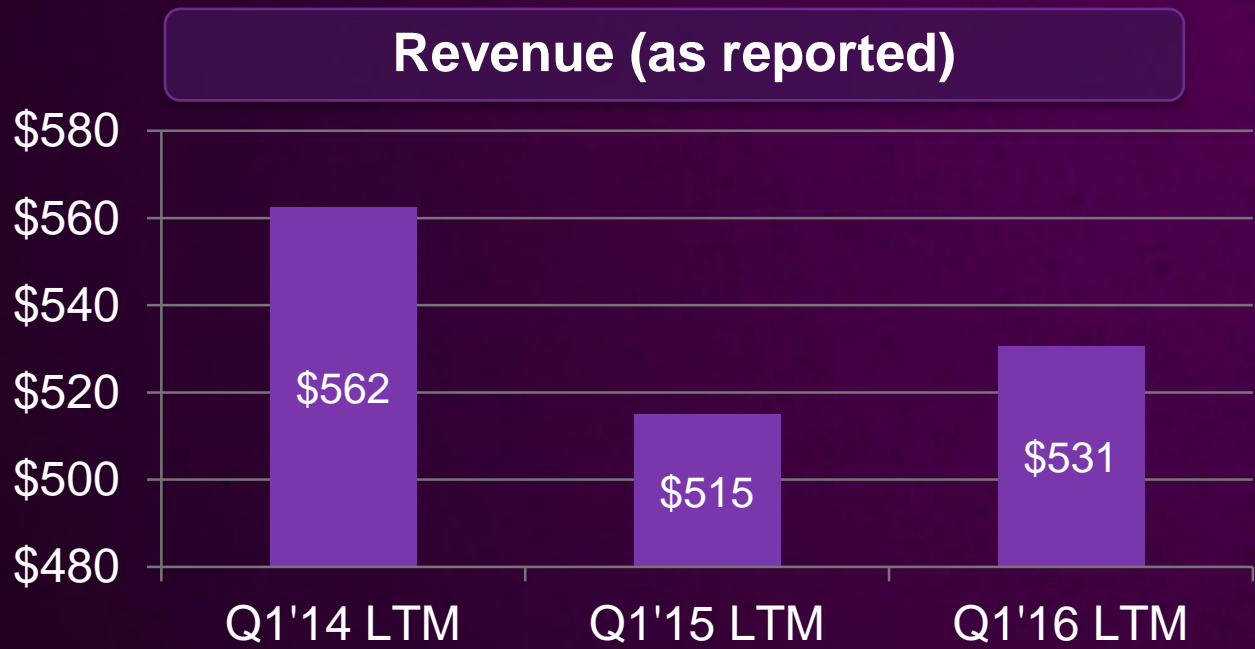
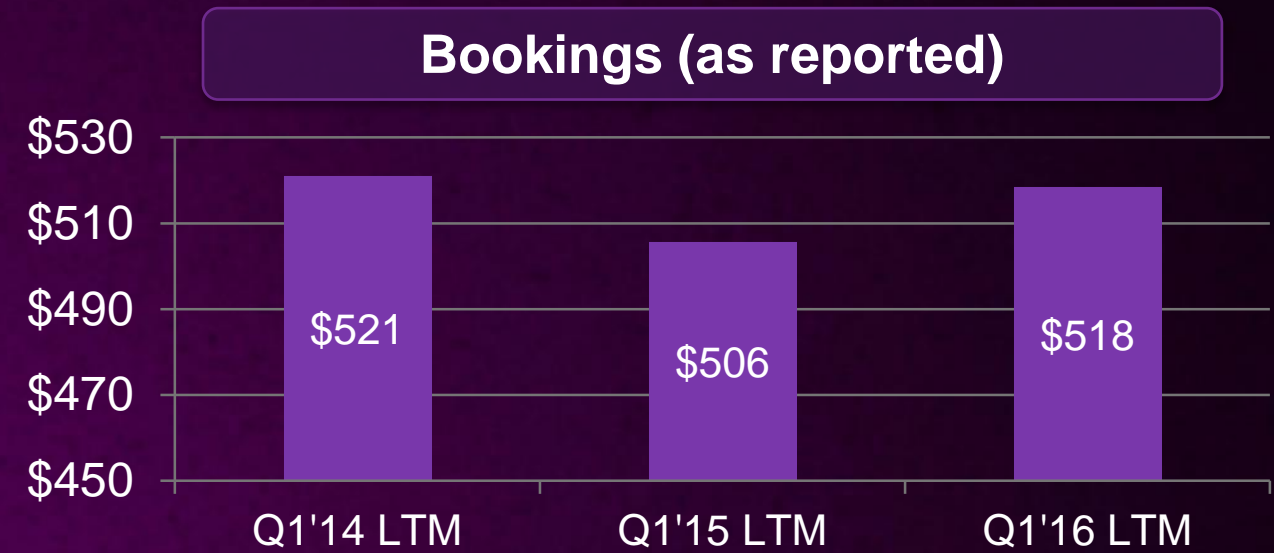
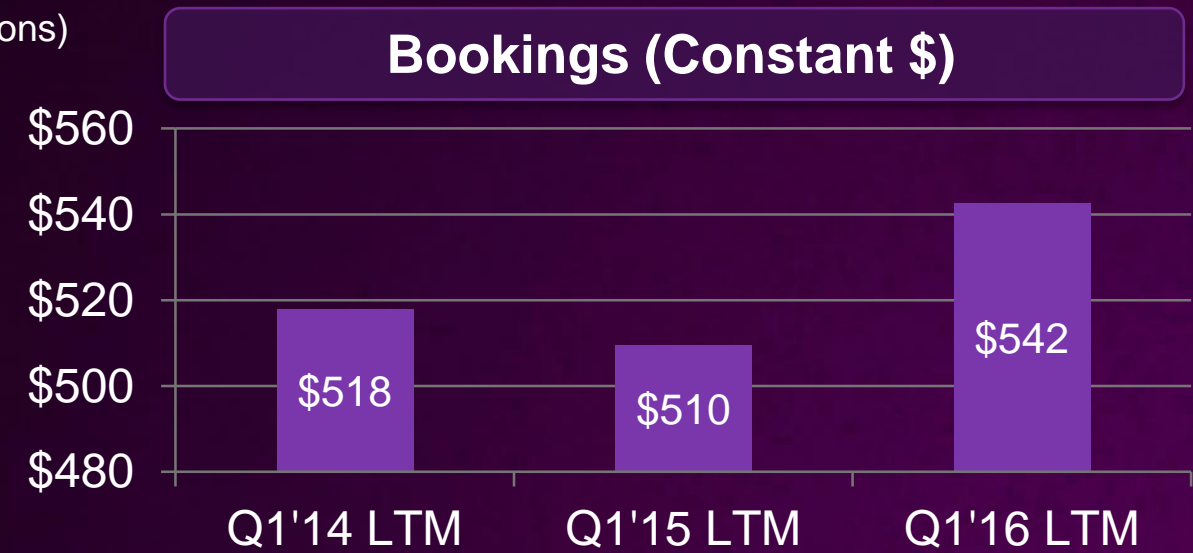
**8%** annual reduction in normalized  
quarterly adjusted operating expense

**\$33** million of annual savings  
executed by end of Q1 2016



# Financial Results Trending Positive

(in \$ millions)

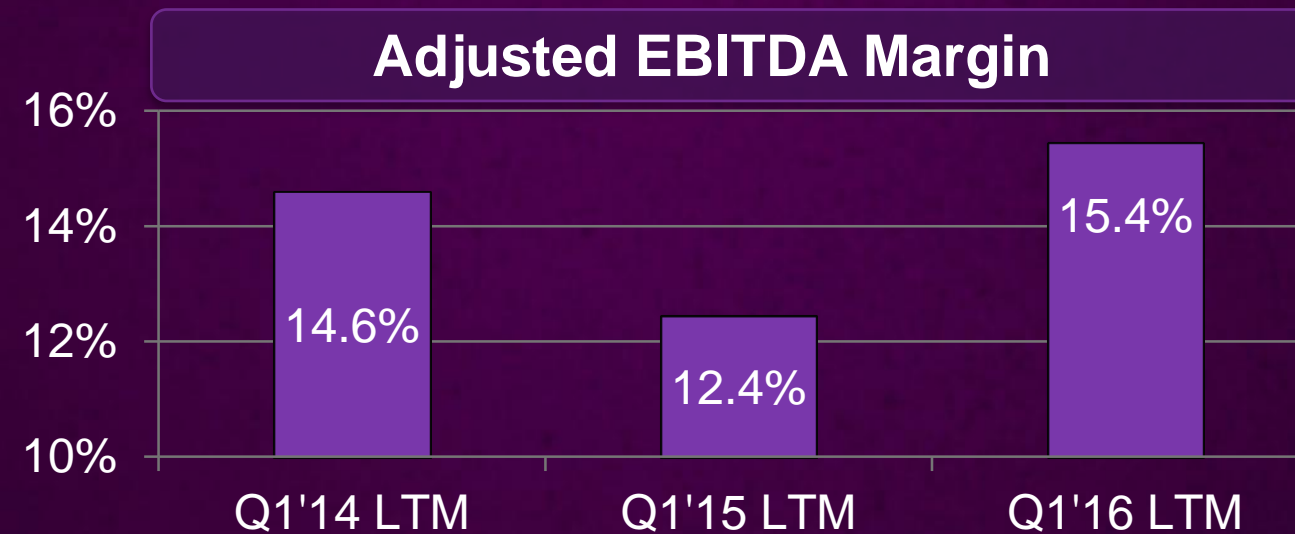
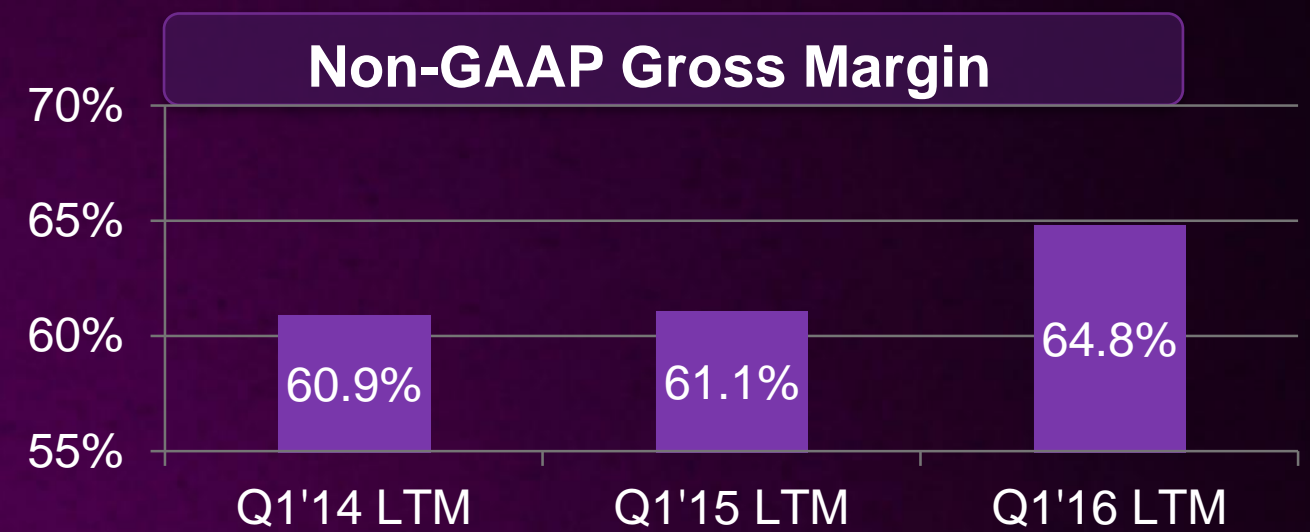
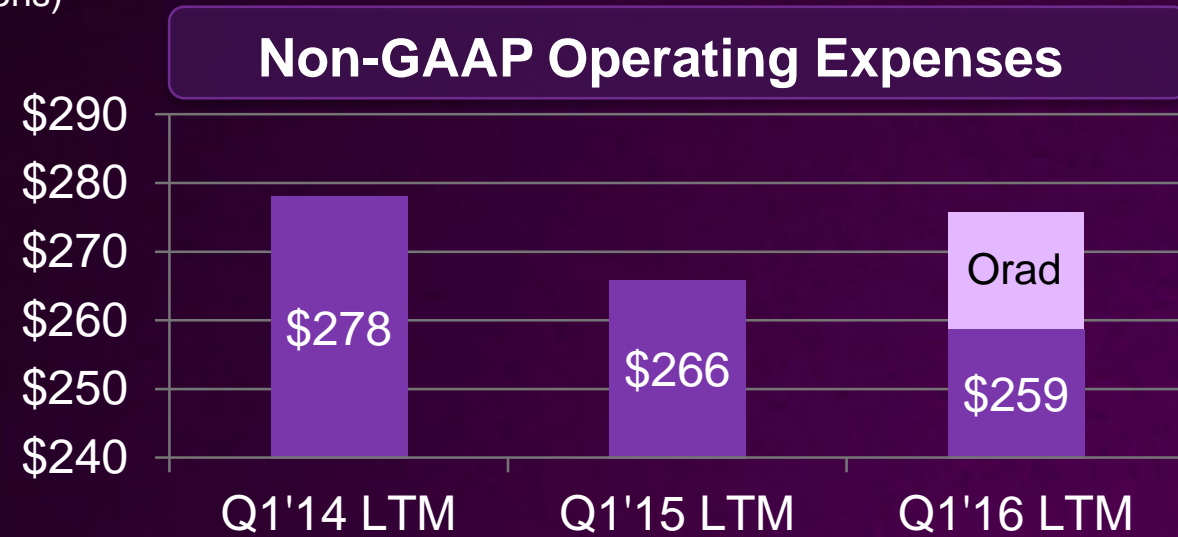


Strong revenue and adjusted EBITDA performance



# Financial Results Trending Positive

(in \$ millions)



Platform Drives Growth and Efficiency Gains Resulting in Improved Financial Performance





# Transformation on Track for Completion by Q2 2017

The end of the transformation will be tied to three events:

Completion of roll-off of  
non-marketed products

End of 2015

Completion of the defined cost  
optimization projects

2<sup>nd</sup> Half of 2016

End of amortization of pre-  
2011 deferred revenue  
in all material respects

2<sup>nd</sup> Quarter of 2017

## \$68M Efficiency Program on Track

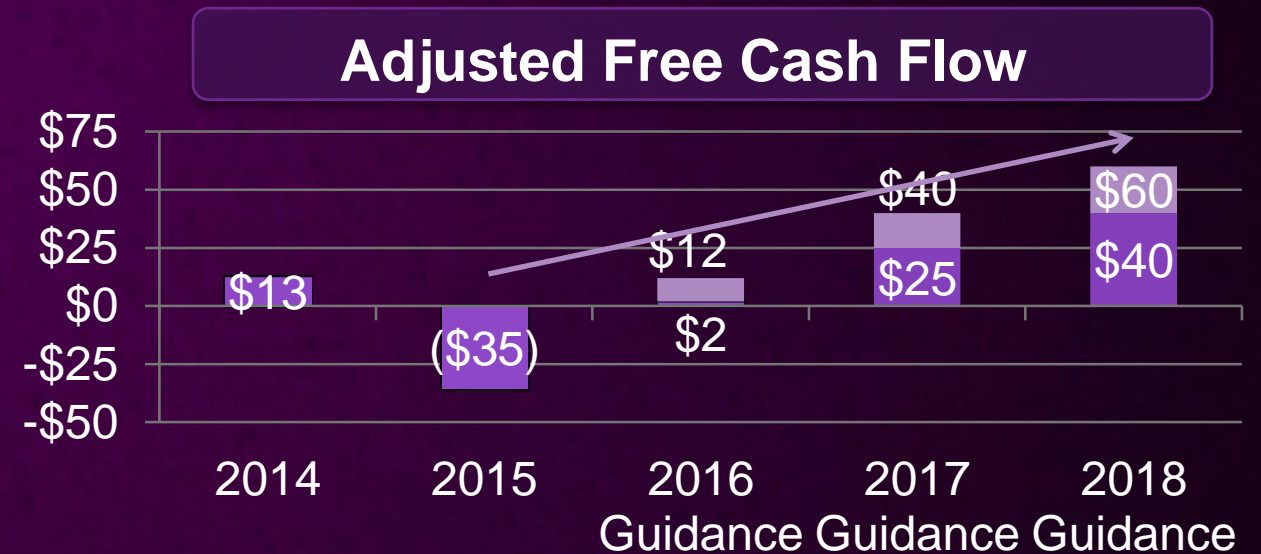
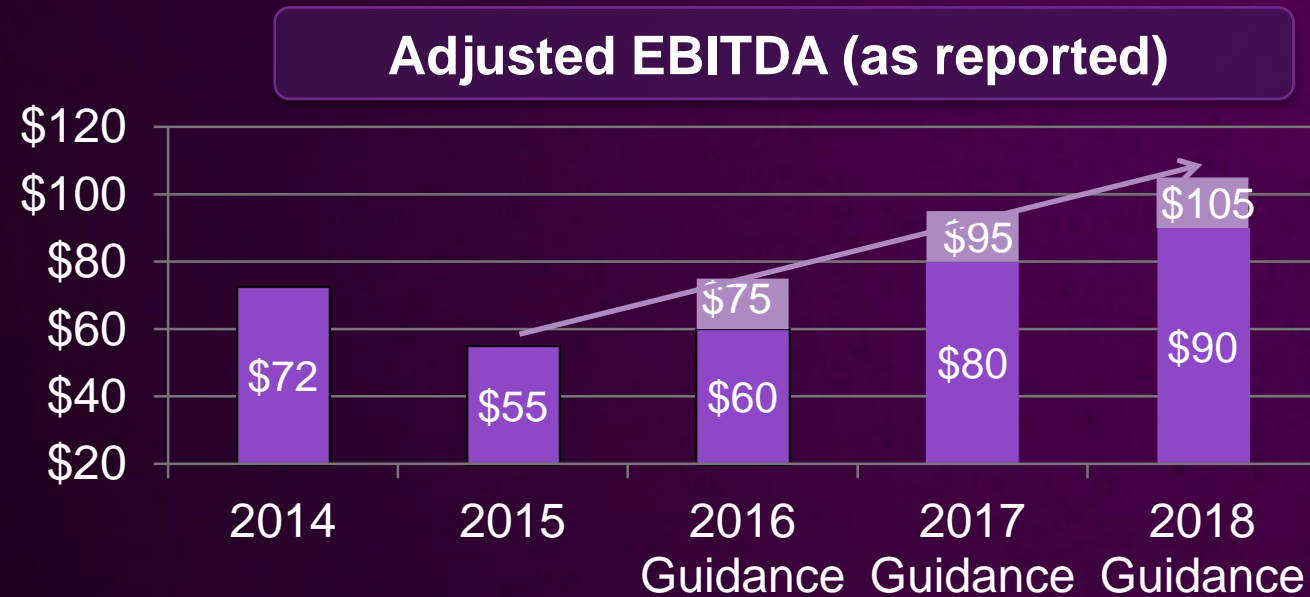
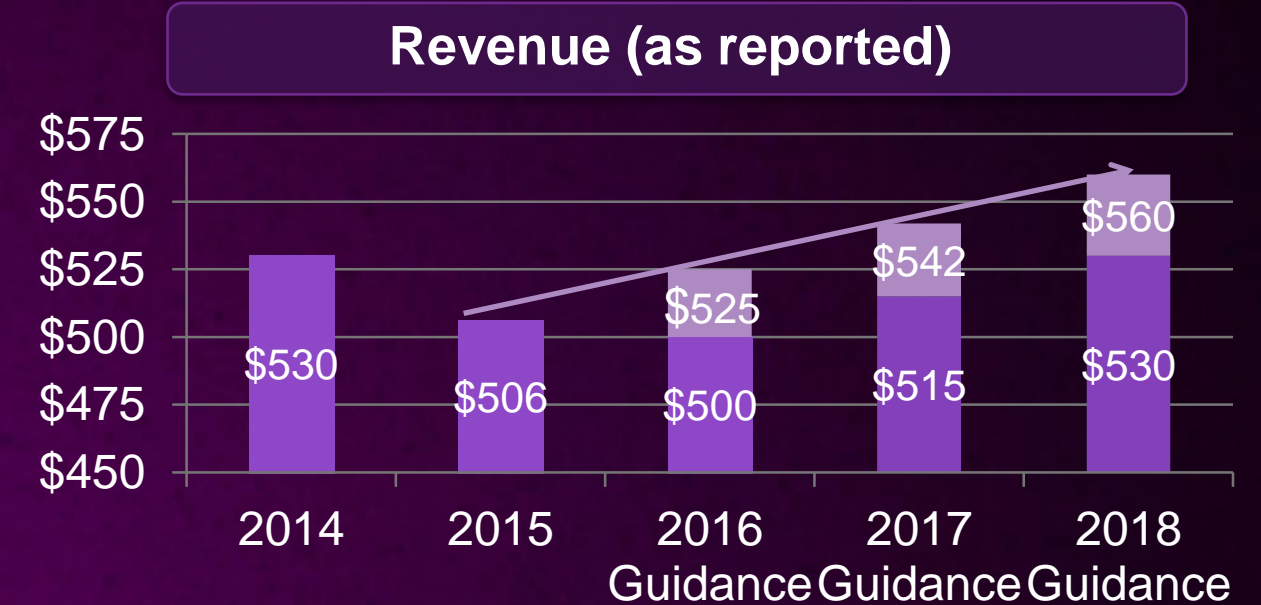
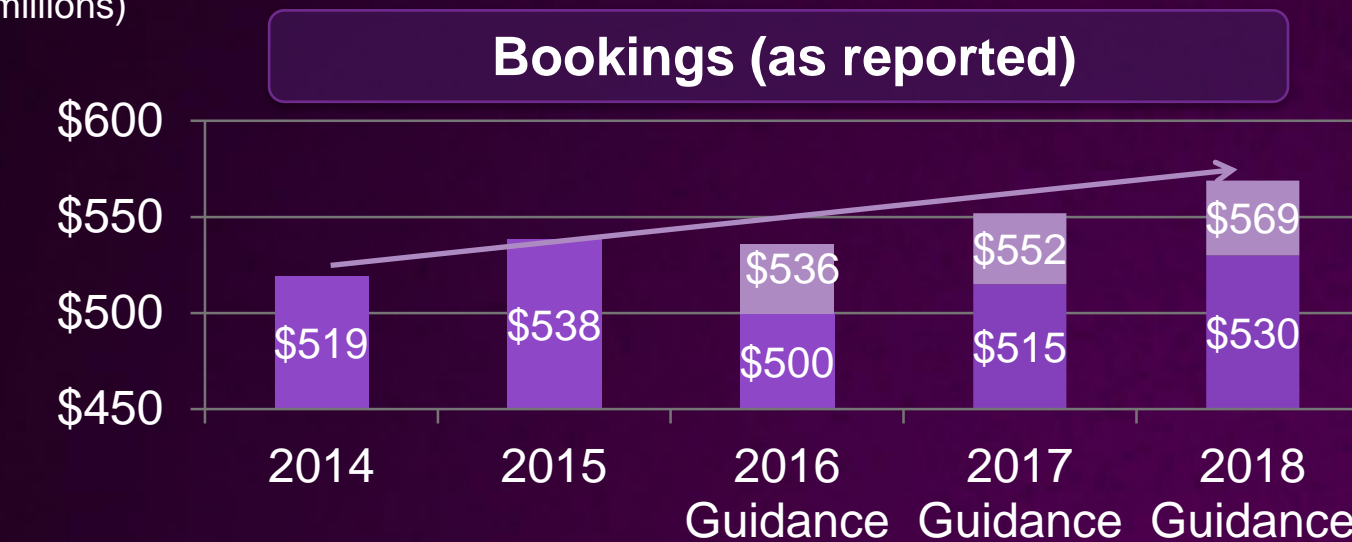
Efficiency gain program actions well underway and yielding savings

- \$33 million of annualized costs savings executed on by end of the Q1 2016
- \$5 million of these savings reflected in Q1 2016 results with full impact to be reflected beginning in Q2 2016
- All low cost facilities open and hiring resources
- Scheduled personnel related actions completed to date
- Auditor transition completed
- Vendor savings tracking to plan



# Attractive Long-Term Potential

(in \$ millions)



**Beyond 2016, Adjusted Free Cash Flow Expected to Begin Converting at Much Higher Rate**

This slide contains forward-looking statements regarding our anticipated future results of operations and cash flows, which are inherently uncertain and subject to numerous risks and uncertainties. Our actual future results of operations and cash flows could differ materially from those shown on this page. For a discussion of some of the key risks and uncertainties associated with these forward-looking statements, please see Appendix.



# Investment Highlights

Leader in Large and Growing Media Tech Market with Attractive Higher Growth Areas

- \$65B heavily fragmented market with accessible high-growth segments
- Deep penetration in heritage and new media markets with category leading products
- Ideally positioned to capitalize on digitization of industry – huge distribution across 140 countries

Unique Platform Approach (“Avid Everywhere”) to Expand Wallet Share

- Platform Growth: 35,000+ MediaCentral Platform users (51% YoY increase)
- Expand Wallet Share:
  - Launch new product to address more of the workflow
  - Leverage open and extensible platform for alliance partner apps
  - Leverage massive reseller network to further wallet share penetration
- Expand Eco-System: Access partners’ customers with complementary products

Strategy is Driving Stronger Financial and Operational Performance

- Platform adoption up 51% in the last year
- Active paying subscribers increased 325% in the last year
- Sinclair Managed Services transaction validates strategy: pipeline building
- Efficiency program on track and yielding savings
- LTM Adjusted EBITDA increased by 28%; LTM Revenue increased by 3%

Attractive Financial Model Post Transformation (After Q2 2017)

- Clear path to complete transformation: Non-marketed product roll-off completed, efficiency gains on track, end of material amortization of pre-2011 deferred revenue in Q2 2017
- Adjusted EBITDA and Free Cash Flow expected to increase dramatically







# Questions and Answers

