



# Avid

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# Safe harbor statement



This document contains “non-GAAP financial measures” under the rules of the U.S. Securities and Exchange Commission. 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.

We consider both GAAP and non-GAAP financial results in managing our business. Non-GAAP financial measures are used internally, for example, in establishing annual operating budgets, in assessing operating performance and for measuring performance under incentive compensation plans. Non-GAAP financial measures are also used in operating and financial decision-making because we believe these measures reflect our ongoing business and allow meaningful period-to-period comparisons. We believe it is useful for investors and others to also review both GAAP and non-GAAP measures in order to understand and evaluate our current operating performance and future prospects in the same manner as management and to compare in a consistent manner the company’s current financial results with past financial performance. The primary limitations associated with our use of non-GAAP financial measures are that they may not include all items of income and expense that affect our operations and that the non-GAAP financial measures we use may not be directly comparable to those reported by other companies. For example, the terms used in this document, non-GAAP operating profit, do not have standardized meanings. Other companies may use the same or similarly named measures, but exclude different items, which may not provide investors with a comparable view of our performance in relation to other companies. We seek to compensate for this limitation by providing a detailed reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures. The reconciliation of the GAAP to non-GAAP financial measures are available in our quarterly press releases which can be found on our web page at [www.ir.avid.com](http://www.ir.avid.com).



**Inspire passion, unleash creativity, and  
realize dreams in a digital world**

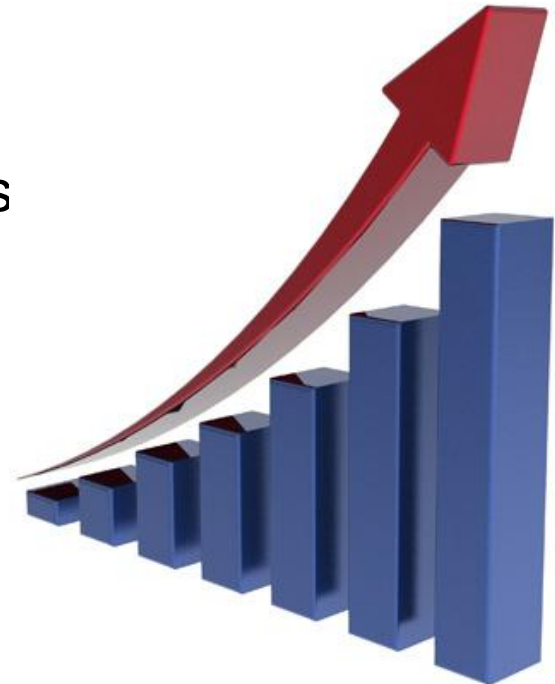


***Helping people create the most listened to, most watched, and  
most loved media in the world***

# Focus On Revenue Growth & Profitability



- Move beyond “get healthy” to “building momentum” and “unlocking new sources of growth”
- 2010 showed a return to top line growth and profit
  - Strongest YoY revenue growth since 2006
  - First non-GAAP operating profit since 2007
  - Highest gross margins since 2005
- Macro environment improved, with signs of optimism
- Customers are engaged
- Delivering on our strategy
- Off to a solid start in Q1 2011



# Moving Beyond “Get Healthy” Phase



- ✓ Realigned cost structure
- ✓ Reinstigated customer focus
- ✓ Delivered one face to customers
- ✓ Become more open
- ✓ Invested in innovation
- ✓ Strengthened our workflows
- ✓ Improved reliability
- ✓ Targeted select M&A
- ✓ Returned to profit

# Avid Audio & Video Offerings



## Audio

Music Editing & Mixing  
Live Performance  
Consoles  
Home Music Studios  
Notation Software



## Video

Pro & Home Editing  
Intelligent Storage  
Asset Management  
On-Air Graphics  
Broadcast News





# Our Customer Segments: \$6B Opportunity



**Creative Enthusiasts**



**Who They Are**  
Consumers who create and share audio and video media



**Professional**



Individuals & businesses focused on creating and distributing entertainment media



**Media Enterprise**



Enterprises which acquire, create, process, and/or distribute content to large audiences

**Market Growth (2010-2012)**

3-5%

5-6%

6-8%

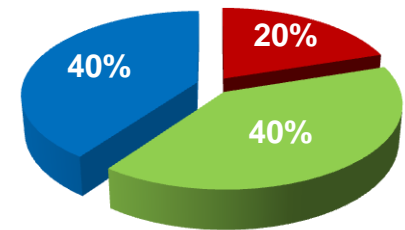
**Market Size**

\$ .7B

\$3.1B

\$2.4B

**% Avid Business**



Source: IABM 2009 update document; Frost & Sullivan 2010, MI Sales Trak 2009-2010, NPD, GFK, Music trade magazines 2010, Industry Sources

# Market Dynamics



- Fragmented competition
- No single competitor has Avid's breadth of media creation tools and best-of-breed open workflows



Solid State Logic  
SOUND || VISION



Autodesk



Roland



grass  
valley

Quantel

harmonic  
REDEFINING VIDEO DELIVERY

YAMAHA

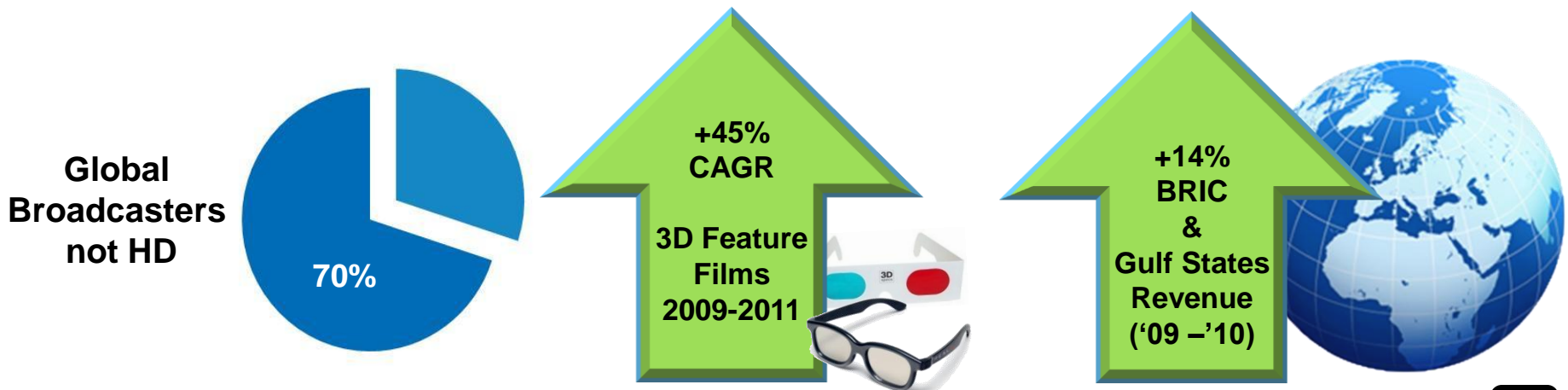


# The Media Industry in 2011



- Rapid increase in creation of enterprise media
- IT and Broadcast solutions are converging
- HD and file-based are rising
- 3D Opportunity is exploding
- Emerging markets growing at rate up to 2X other countries
- Evolution of monetizing media assets → e.g., “Micro-transactions”
- Customers are moving to the cloud → #1 CIO priority in 2010

*Integrated Media  
Enterprise*



# Momentum & Leadership



2010

2011

Pro Tools  
HD I/O

Integrated Media  
Enterprise

Audio  
Production

Audio  
Creation

Media  
Composer  
5.5

Awards



Consoles & EUCON

Creative Music  
Tools

Video  
Creation





**Drive customer success**

**From enthusiast to enterprise**

**Fluid, dependable workflows**

**Collaborative support**

**Avid optimized in an open ecosystem**





# Financial Review



# Revenue Growth

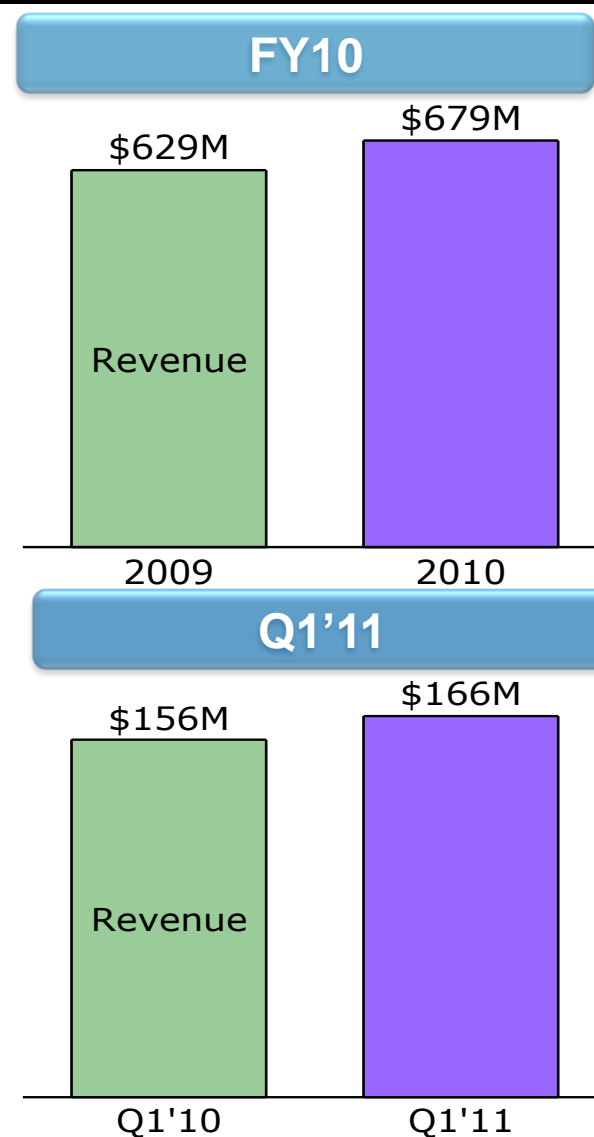


## Fiscal Year 2010

- Revenue up 8% YoY for FY10
- Audio up 11% → Live Sound & Pro Tools V9
- Video up 6% → Video products up 10%
- Growth in America & Asia, EMEA down slightly
- Several new products → ISIS 5000, Pro Tools V9, Media Composer V5.5
- Macro factors stabilized, signs of improvement

## Q1 2011

- Revenue up 7% YoY
- Q1 revenue in line with seasonal expectations
- Video up 12% → video products up 16%
- Audio Q1 flat YoY
- Growth in all geographies
- Growth in products & services





# Gross Margin & Operating Profit



## Non-GAAP Gross Margin

- Steady improvement → highest levels since 2005
- Up again in Q1 of 2011
- Product mix and leveraging scale
- Reduction of 'fixed' overhead
- Product & service margins are up

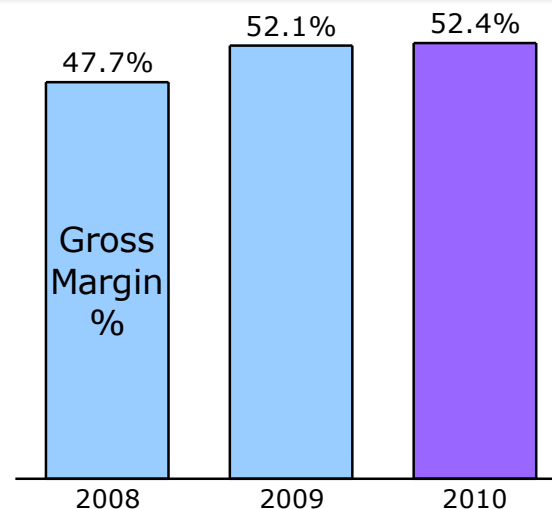
## Non-GAAP Operating expense

- Reduced by over \$80 million since 2008
- Continue to improve productivity
- Get healthy behinds us
- Operating leverage moving forward

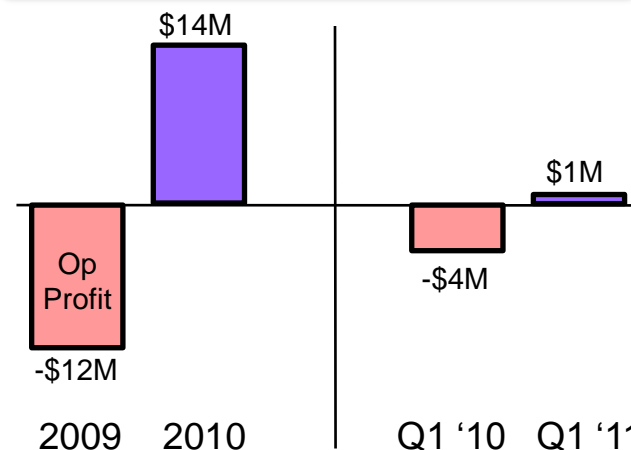
## Non-GAAP Operating Profit

- Return to profitability in 2010 → 1<sup>st</sup> time since 2007
- Q1'11 3<sup>rd</sup> sequential quarter of "non-GAAP profit"
- First quarter 2011 represents best start since 2007
- Q1 contribution is low due to seasonality of revenue

### Non-GAAP Gross Margin



### Non-GAAP Op Profit

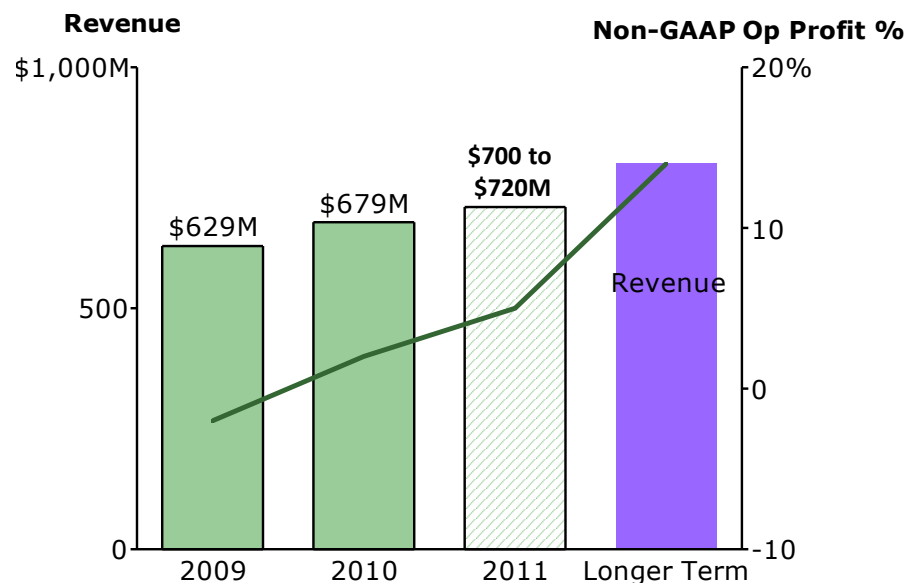


# Targeting Top & Bottom Line Growth



## 2011 Guidance as of April 21, 2011

- Revenue Range: \$700 to \$720 million
- Non-GAAP operating margin of 5% of revenue
- Taxes and interest of \$6 to \$8 million
- Non-GAAP excludes GAAP charges of \$23 to \$28 million
- GAAP net income at mid-point of the range



## Longer-term model

- Longer-term goal is mid-teen non-GAAP operating margins
- Operating leverage → 50%+ operating profit on incremental revenue
- Continued focus on improving gross margin & optimizing business model
- Assumes revenue growth
- NOL carry-forwards will minimize cash tax impact

# In Summary



- Moving beyond 'get healthy' phase
- Positive signs our markets are stabilizing
- Market leading products and solutions position us for revenue growth
- Expanding gross margins
- Infrastructure in place → continue to improve operating margin leverage
- Meaningful step forward in 2011 towards our long-term model

