
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 8-K

**CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): May 4, 2016

AVID TECHNOLOGY, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

1-36254
(Commission File Number)

04-2977748
(I.R.S. Employer
Identification No.)

75 Network Drive, Burlington, Massachusetts 01803
(Address of Principal Executive Offices) (Zip Code)

(978) 640-6789
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On May 4, 2016, Avid Technology, Inc. (the “Company”) issued a press release announcing its financial results for the fiscal quarter ended March 31, 2016. The full text of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Item 7.01 Regulation FD Disclosure.

On May 4, 2016, the Company made a presentation used on its call with investors, discussing its financial results for the fiscal quarter ended March 31, 2016 available on its website (the “Earnings Release Presentation”), furnished herewith as Exhibit 99.2.

Non-GAAP and Operational Measures. The attached press release and Earnings Release Presentation include non-GAAP operating income (loss), non-GAAP operating expenses, non-GAAP revenue, non-GAAP gross margin, non-GAAP net income per share, non-GAAP adjusted EBITDA, and non-GAAP adjusted free cash flow. Non-GAAP operating income (loss), non-GAAP operating expenses, non-GAAP gross margin and non-GAAP net income per share exclude restructuring costs, stock based compensation, amortization and impairment of intangibles as well as other unusual items such as costs related to the restatement, M&A related activity, efficiency program and impact of significant legal settlements. Avid defines non-GAAP revenue as GAAP revenue plus revenue eliminated through the application of purchase accounting which requires acquired deferred revenue to be recorded at fair value rather than the amount paid by customers. Avid defines adjusted EBITDA as non-GAAP operating income (loss) excluding depreciation and all amortization expense. Avid defines non-GAAP adjusted free cash flow as GAAP operating cash flow less capital expenditures and excludes from free cash flow payments or receipts related to M&A, significant legal settlements, restructuring, restatement or other non-operational or non-recurring events.

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.

The attached press release and Earnings Release Presentation, also include operational measures, such as bookings, marketed booking, recurring revenue bookings and revenue backlog. Definitions of these measures are included in the supplemental financial and operational data sheet available on our investor relations webpage at ir.avid.com.

Limitation on Incorporation by Reference. The information furnished in Item 2.02 and 7.01, including the press release and Earnings Release Presentation attached hereto as Exhibit 99.1 and Exhibit 99.2, respectively, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Cautionary Note Regarding Forward-Looking Statements. Except for historical information contained in this Form 8-K, the press release attached as Exhibit 99.1 hereto and the Earnings Release Presentation attached as Exhibit 99.2 hereto, the Form 8-K, press release and Earnings Release Presentation contain forward-looking statements that involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. Please refer to the cautionary notes in the press release and the Earnings Release Presentation regarding these forward-looking statements.

Item 9.01. Financial Statements and Exhibits.

The following exhibits shall be deemed to be furnished, and not filed:

(d) Exhibits.

| <u>Exhibit Number</u> | <u>Description</u> |
|---------------------------|--|
| 99.1* | Press Release dated May 4, 2016 |
| 99.2* | Earnings Release Presentation Slides dated May 4, 2016 |

[*Document furnished herewith]

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AVID TECHNOLOGY, INC.

(Registrant)

Date: May 4, 2016

By: /s/ John W. Frederick

Name: John W. Frederick

Title: Executive Vice President, Chief Financial Officer and
Chief Administrative Officer

Avid Announces Strong First Quarter 2016 Financial Results Driven by New Product Innovation and Efficiency Gains

Solid Quarterly Revenue and Adjusted EBITDA Growth

Adjusted Free Cash Flow In Line with Guidance

Companywide Cost Efficiencies Program on Track & Yielding Results

Avid Everywhere Momentum Builds with Continued Shift towards Recurring Revenue and Increased Media Central Platform Adoption

BURLINGTON, Mass, May 4, 2016 Avid® (Nasdaq:AVID) announced its first quarter 2016 financial results today, provided second quarter 2016 financial guidance and reaffirmed its guidance for the full year 2016.

Q1 2016 Non-GAAP Highlights

- Revenue grew by 20.3% over Q1 2015 to \$143.8 million
- Gross margin of 71.2% represents an expansion of 10.7 percentage points over Q1 2015
- Adjusted EBITDA of \$38.5 million increased by 227% over Q1 2015, reflecting improved revenue conversion and impact of efficiency program
- Adjusted free cash flow use of \$9.4 million, in line with original guidance for Q1
- Reported bookings of \$92.5 million below original expectations driven by:
 - Delayed buying decisions for shared storage solutions in anticipation of Avid's next generation NEXIS shared storage release
 - Volatility from the ongoing transition of the broader enterprise media market

Avid Everywhere Momentum Continues

- Over 35,800 users on the MediaCentral platform at the end of March 31st, 2016, an increase of 51% year on year
- Nearly 35,000 paying subscribers as of the end of Q1 2016, an increase of over 38% since the beginning of the year and over 3X Q1 2015
- Bookings attributable to recurring revenue ("recurring revenue bookings") represented approximately 34% of total Q1 2016 bookings, up from 29% in 2015

"Our work so far in 2016 demonstrates the continued momentum of the Avid Everywhere strategy, the increased adoption of the Avid MediaCentral Platform by our global base of customers and strong progress as we move steadily towards completing the transformation," said Louis Hernandez, Jr, Chairman, President, and CEO of Avid. "I'm excited to see the impact of our groundbreaking product innovations that we launched earlier this month at the National Association of Broadcasters conference, including the first of its kind NEXIS shared storage, which

won Best of Show and ProTools cloud collaboration, which brings the power of the MediaCentral platform to the entire audio creative market. At AvidConnect, we were also excited to showcase the first certified applications from our partners and a deep platform integration with Adobe's Premiere Pro editing solution, validating our strategy and welcoming an outstanding partner to the platform. We also continue to execute our efficiency program as expected, which leverages our platform-based approach to achieve a leaner and more directed cost structure. As more customers fully embrace the power of the platform in 2016, we expect that we will be well positioned to increase long-term sustainable shareholder value."

Avid's 2016 second quarter financial guidance is set forth in the table below. The Company also re-affirmed its full year 2016 guidance, as originally provided on March 15, 2016. The second quarter 2016 guidance reflects partial year realization of the cost efficiency program, as well as the cash spend required to implement the program during the first half of 2016. The previously announced growth initiatives are expected to have a more pronounced positive financial impact in the second half of 2016 leading to improved cash flow generation.

Q2 2016 Financial Guidance (in millions)

| | |
|------------------------------|-------------------|
| Bookings (Constant Currency) | \$105-\$120 |
| Bookings | \$99-\$115 |
| Non-GAAP Revenue | \$105-\$120 |
| Adjusted EBITDA | \$3-\$9 |
| Adjusted Operating Expenses | \$62-\$65 |
| Adjusted Free Cash Flow | (\$32.5)-(\$27.5) |

Guidance and Financial and Operational Metrics

All guidance presented by the Company is inherently uncertain and subject to numerous risks and uncertainties. Our actual future results of operations and cash flows could differ materially from those shown in the table above. For a discussion of some of the key assumptions underlying the guidance, as well as the key risks and uncertainties associated with these forward-looking statements, please see "Forward Looking Statements" below as well as the Avid Technology Q1 2016 Business Update presentation posted on Avid's investor relations website.

Avid includes non-GAAP financial measures in this press release, including non-GAAP revenue, adjusted EBITDA, adjusted free cash flow, non-GAAP operating income (loss), non-GAAP operating income (loss) per share, adjusted operating expenses and non-GAAP gross margin. The Company also includes the operational metric of bookings, revenue backlog and recurring revenue bookings in this release. 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. Unless noted, all financial information is reported based on actual exchange rates. Definitions of the non-GAAP financial measures are included in our Form 8-K filed today. Reconciliations of the non-GAAP financial measures in this release to the Company's comparable GAAP financial measures for the periods presented are set forth below and are also included in the supplemental financial and operational data sheet available on our investor relations webpage at ir.avid.com, which also includes definitions of the operational metrics.

Conference Call

A conference call to discuss Avid's financial results for the first quarter of 2016 will be held on Wednesday, May 4, 2016 at 5:00 p.m. ET. The call will be open to the public and can be accessed by dialing 719-325-2463 and referencing confirmation code 4563906. You may also listen to the call on the Avid Investor Relations website. To listen via the website, go to the events tab at ir.avid.com for complete details prior to the start of the conference call. A replay of the call will also be available on the Avid Investor Relations website shortly after the completion of the call.

Forward-Looking Statements

Certain information provided in this press release, including the tables attached hereto, include forward-looking statements that involve risks and uncertainties, including projections and statements about our anticipated plans, objectives, expectations and intentions. Among other things, this press release includes 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 projected future results of operations, and the other forward-looking statements in this release are based on current expectations as of the date of this release 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, including but not limited to the effect on our sales, operations and financial performance resulting from: our liquidity; our ability to execute our strategic plan, including cost savings initiatives, and meet customer needs; our ability to retain and hire key personnel; our ability to produce innovative products in response to changing market demand, particularly in the media industry; our ability to successfully accomplish our product development plans; competitive factors; history of losses; fluctuations in our revenue, based on, among other things, our performance and risks in particular geographies or markets; our higher indebtedness and ability to service it and meet the obligations thereunder; restrictions in our credit facilities; our move to a subscription model and related effect on our revenues and ability to predict future revenues; elongated sales cycles; fluctuations in foreign currency exchange rates; seasonal factors; adverse changes in economic conditions; variances in our revenue backlog and the realization thereof; the identified material weaknesses in our internal control over financial reporting; and the possibility of legal proceedings adverse to our company. Moreover, the business may be adversely affected by future legislative, regulatory or changes, including tax law changes, as well as other economic, business and/or competitive factors. The risks included above are not exhaustive. Other factors that could adversely affect our business and prospects are set forth in our public filings with the SEC. Forward-looking statements contained herein are made only as to the date of this press release and we undertake no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

About Avid

Through Avid Everywhere™, Avid delivers the industry's most open, innovative and comprehensive media platform connecting content creation with collaboration, asset protection, distribution and consumption. Media organizations and creative professionals use Avid solutions to create the most listened to, most watched and most loved media in the world-from the most prestigious and award-winning feature films, to the most popular television shows, news programs and televised sporting events, as well as a majority of today's most celebrated music recordings and live concerts. Industry leading solutions include Pro Tools®, Media Composer®, ISIS®, Avid NEXIS™, Interplay®, ProSet and RealSet, Maestro, PlayMaker, and Sibelius®. For more information about Avid solutions and services, visit www.avid.com, connect with Avid on Facebook, Instagram, Twitter, YouTube, LinkedIn, or subscribe to Avid Blogs.

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AVID TECHNOLOGY, INC.**Condensed Consolidated Statements of Operations**

(unaudited - in thousands except per share data)

| | Three Months Ended March 31, | |
|--|---|-------------|
| | 2016 | 2015 |
| Net revenues: | | |
| Products | \$ 84,509 | \$ 80,029 |
| Services | 59,038 | 39,557 |
| Total net revenues | 143,547 | 119,586 |
| Cost of revenues: | | |
| Products | 27,124 | 31,797 |
| Services | 14,410 | 15,695 |
| Amortization of intangible assets | 1,950 | — |
| Total cost of revenues | 43,484 | 47,492 |
| Gross profit | 100,063 | 72,094 |
| Operating expenses: | | |
| Research and development | 21,404 | 23,173 |
| Marketing and selling | 31,619 | 28,045 |
| General and administrative | 17,730 | 19,387 |
| Amortization of intangible assets | 786 | 374 |
| Restructuring costs, net | 2,777 | — |
| Total operating expenses | 74,316 | 70,979 |
| Operating income | 25,747 | 1,115 |
| Interest and other expense, net | (4,183) | (723) |
| Income before income taxes | 21,564 | 392 |
| Provision for income taxes | 635 | 561 |
| Net income (loss) | \$ 20,929 | \$ (169) |
| Net income (loss) per common share – basic and diluted | \$ 0.53 | \$ 0.00 |
| Weighted-average common shares outstanding – basic | 39,566 | 39,387 |
| Weighted-average common shares outstanding – diluted | 39,640 | 39,387 |

AVID TECHNOLOGY, INC.**Reconciliations of GAAP financial measures to Non-GAAP financial measures**

(unaudited - in thousands)

| | Three Months Ended | |
|---|---------------------------|-------------------|
| | March 31, | |
| | 2016 | 2015 |
| <u>Non-GAAP revenue</u> | | |
| GAAP revenue | \$ 143,547 | \$ 119,586 |
| Amortization of acquired deferred revenue | 269 | — |
| Non-GAAP revenue | 143,816 | 119,586 |
| <u>Non-GAAP gross profit</u> | | |
| GAAP gross profit | 100,063 | 72,094 |
| Amortization of acquired deferred revenue | 269 | — |
| Amortization of intangible assets | 1,950 | — |
| Stock-based compensation | 179 | 254 |
| Non-GAAP gross profit | 102,461 | 72,348 |
| <u>Non-GAAP operating expenses</u> | | |
| GAAP operating expenses | 74,316 | 70,979 |
| Less Amortization of intangible assets | (786) | (374) |
| Less Stock-based compensation | (1,919) | (2,208) |
| Less Restructuring costs, net | (2,777) | — |
| Less Restatement costs | (80) | (1,807) |
| Less Acquisition, integration and other costs | (515) | (2,342) |
| Less Efficiency program costs | (716) | — |
| Non-GAAP operating expenses | 67,523 | 64,248 |
| <u>Non-GAAP operating income</u> | | |
| GAAP operating income | 25,747 | 1,115 |
| Amortization of acquired deferred revenue | 269 | — |
| Amortization of intangible assets | 2,736 | 374 |
| Stock-based compensation | 2,098 | 2,462 |
| Restructuring costs, net | 2,777 | — |
| Restatement costs | 80 | 1,807 |
| Acquisition, integration and other costs | 515 | 2,342 |
| Efficiency program costs | 716 | — |
| Non-GAAP operating income | 34,938 | 8,100 |
| <u>Adjusted EBITDA</u> | | |
| Non-GAAP Operating Income (from above) | 34,938 | 8,100 |
| Depreciation and amortization | 3,611 | 3,677 |
| Adjusted EBITDA | 38,549 | 11,777 |
| <u>Adjusted free cash flow</u> | | |
| GAAP net cash (used in) provided by operating activities | (11,209) | 4,630 |
| Capital expenditures | (4,518) | (2,940) |

| | | |
|---|-------------------|-----------------|
| Restructuring payments | 3,533 | 428 |
| Restatement payments | — | 2,117 |
| Acquisition, integration and other payments | 773 | — |
| Efficiency program payments | 1,981 | — |
| Adjusted free cash flow | \$ (9,440) | \$ 4,235 |

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.

AVID TECHNOLOGY, INC.
Condensed Consolidated Balance Sheets
(unaudited - in thousands)

| | March 31, 2016 | December 31, 2015 |
|---|---------------------------|------------------------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 87,830 | \$ 17,902 |
| Accounts receivable, net of allowances of \$8,816 and \$9,226 at March 31, 2016 and December 31, 2015, respectively | 43,732 | 58,807 |
| Inventories | 51,652 | 48,073 |
| Prepaid expenses | 10,475 | 6,548 |
| Other current assets | 6,029 | 6,119 |
| Total current assets | 199,718 | 137,449 |
| Property and equipment, net | 36,664 | 35,481 |
| Intangible assets, net | 30,494 | 33,219 |
| Goodwill | 32,643 | 32,643 |
| Long-term deferred tax assets, net | 2,070 | 2,011 |
| Other long-term assets | 10,174 | 7,123 |
| Total assets | \$ 311,763 | \$ 247,926 |
| <u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ 31,325 | \$ 45,511 |
| Accrued compensation and benefits | 27,974 | 28,124 |
| Accrued expenses and other current liabilities | 36,078 | 35,354 |
| Income taxes payable | 588 | 1,023 |
| Short-term debt | — | 5,000 |
| Deferred revenues | 178,959 | 189,887 |
| Total current liabilities | 274,924 | 304,899 |
| Long-term debt | 192,130 | 95,950 |
| Long-term deferred tax liabilities, net | 2,672 | 3,443 |
| Long-term deferred revenues | 129,463 | 158,495 |
| Other long-term liabilities | 16,179 | 14,711 |
| Total liabilities | 615,368 | 577,498 |
| Stockholders' deficit: | | |
| Common stock | 423 | 423 |
| Additional paid-in capital | 1,055,358 | 1,055,838 |
| Accumulated deficit | (1,298,389) | (1,319,318) |
| Treasury stock at cost | (56,063) | (58,336) |
| Accumulated other comprehensive loss | (4,934) | (8,179) |
| Total stockholders' deficit | (303,605) | (329,572) |
| Total liabilities and stockholders' deficit | \$ 311,763 | \$ 247,926 |

AVID TECHNOLOGY, INC.
Condensed Consolidated Statements of Cash Flows
(unaudited - in thousands)

| | Three Months Ended | |
|--|---------------------------|----------------|
| | March 31, | |
| | 2016 | 2015 |
| Cash flows from operating activities: | | |
| Net income (loss) | \$ 20,929 | \$ (169) |
| Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities: | | |
| Depreciation and amortization | 6,347 | 4,051 |
| Provision (recovery) for doubtful accounts | 319 | (206) |
| Stock-based compensation expense | 2,098 | 2,461 |
| Non-cash interest expense | 3,878 | — |
| Unrealized foreign currency transaction losses (gains) | 2,936 | (6,690) |
| (Benefit) provision for deferred taxes | (784) | 5 |
| Changes in operating assets and liabilities, net of effects from acquisitions: | | |
| Accounts receivable | 14,800 | 3,097 |
| Inventories | (3,579) | 8,276 |
| Prepaid expenses and other current assets | (4,061) | (2,510) |
| Accounts payable | (14,216) | (3,440) |
| Accrued expenses, compensation and benefits and other liabilities | (960) | 1,627 |
| Income taxes payable | 1,093 | 267 |
| Deferred revenues | (40,009) | (2,139) |
| Net cash (used in) provided by operating activities | (11,209) | 4,630 |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (4,518) | (2,940) |
| Increase in other long-term assets | (8) | (13) |
| Increase in restricted cash | (4,544) | — |
| Net cash used in investing activities | (9,070) | (2,953) |
| Cash flows from financing activities: | | |
| Proceeds from long-term debt | 100,000 | — |
| Proceeds from the issuance of common stock under employee stock plans | — | 719 |
| Common stock repurchases for tax withholdings on net settlement of equity awards | (307) | (793) |
| Proceeds from revolving credit facilities | 25,000 | 8,000 |
| Payments on revolving credit facilities | (30,000) | (8,000) |
| Payments for credit facility issuance costs | (4,919) | (582) |
| Net cash provided by (used in) financing activities | 89,774 | (656) |
| Effect of exchange rate changes on cash and cash equivalents | 433 | (586) |
| Net increase in cash and cash equivalents | 69,928 | 435 |
| Cash and cash equivalents at beginning of period | 17,902 | 25,056 |
| Cash and cash equivalents at end of period | \$ 87,830 | \$ 25,491 |

AVID TECHNOLOGY, INC.
Supplemental Revenue Information
(unaudited - in thousands)

| | March 31, 2016 | December 31, 2015 | March 31, 2015 |
|--------------------------------|---------------------------|------------------------------|---------------------------|
| <u>Revenue Backlog*</u> | | | |
| Pre-2011 | \$ 16,529 | \$ 25,868 | \$ 66,928 |
| Post-2010 | \$ 291,893 | \$ 322,514 | \$ 345,748 |
| Deferred Revenue | \$ 308,422 | \$ 348,382 | \$ 412,676 |
| Other Backlog | \$ 188,550 | \$ 203,704 | \$ 115,965 |
| Total Revenue Backlog | \$ 496,972 | \$ 552,086 | \$ 528,641 |
| Post 2010 | \$ 480,443 | \$ 526,218 | \$ 461,713 |

The expected timing of recognition of revenue backlog as of March 31, 2016 is as follows:

| | 2016 | 2017 | 2018 | Thereafter | Total |
|--|-------------------|-------------------|------------------|-------------------|-------------------|
| Orders executed prior to January 1, 2011 | \$ 15,434 | \$ 952 | \$ 144 | \$ — | \$ 16,530 |
| Orders executed or materially modified on or after January 1, 2011 | \$ 124,222 | \$ 71,502 | \$ 40,592 | \$ 55,577 | \$ 291,893 |
| Other Backlog | \$ 94,986 | \$ 35,140 | \$ 15,678 | \$ 42,745 | \$ 188,549 |
| Total Revenue Backlog | \$ 234,642 | \$ 107,594 | \$ 56,414 | \$ 98,322 | \$ 496,972 |

*A definition of Revenue Backlog is included in the supplemental financial and operational data sheet available on our investor relations webpage at ir.avid.com.

Note: current estimates could change based on a number of factors, including (i) the timing of delivery of products and services, (ii) customer cancellations or change order, (iii) changes in the estimated period of time Implied Maintenance Release PCS is provided to customers, including as a result of changes in business practices.

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Avid Technology Q1 2016 Business Update

May 4, 2016



Introduction

Jonathan Huang
VP Investor Relations

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, 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.

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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, 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 approximately 3.0, 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 today 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 today 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 4, 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.

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Update on Strategic Priorities

Louis Hernandez, Jr.

Chairman, President and Chief Executive Officer

Investment Highlights

Large and Growing Media Tech Market with Attractive Higher Growth Areas

- \$54B 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 Avid Everywhere Platform Approach Drives Wallet Share Expansion

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

Strategy is Driving Momentum

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

Attractive Financial Model Post-Transformation

- Clear path to completion by Q2 2017; Non-marketed product roll-off completed, efficiency gains on track
- Adjusted EBITDA and Free Cash Flow expected to increase dramatically post-transformation



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

3X+ 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

7% annual reduction in normalized
quarterly non-GAAP operating expense

\$33 million of annualized
savings executed by end of Q1 2015

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* On constant \$ basis



Avid Connect 2016

Sold out event | **Record** attendance | **+600** Organizations | **50** Countries

NAB 2016

Best in Show for Avid NEXIS | **Best Booth** at show

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
 Rio Olympics NBC Rogers SportsNet World Wrestling Entertainment Sinclair Broadcast 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

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Q2 Product Introductions

Avid NEXIS

Next Generation Shared Storage



- ✓ Expand wallet share
- ✓ Open new market opportunities
- ✓ Addresses all Tiers

Cloud Collaboration



- ✓ Expand wallet share
- ✓ Additional recurring revenue stream
- ✓ Addresses Tiers 2 & 3

Certified Partners



- ✓ Expand wallet share
- ✓ Open new product categories
- ✓ Addresses all Tiers

Sports Enhancements



- ✓ Open new segments
- ✓ Land in sports & studio production
- ✓ Addresses Tiers 1 & 2

News Graphics



- ✓ Expand wallet share
- ✓ Cross-sell graphics into news
- ✓ Addresses Tiers 1 & 2

MediaCentral Platform & UX



- ✓ Expand wallet share
- ✓ Open new product categories
- ✓ Addresses Tiers 1 & 2

Avid MediaCentral Platform

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Transformation on Track for Completion by Q2 2017

The end of the transformation is expected to be tied to three events:

Completion of roll-off of
non-marketed products

End of 2015

Completion of the defined cost
optimization projects

2nd Half of 2016

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

2nd 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

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Q1 2016 Financial Results



John Frederick

Executive Vice President, Chief Financial and Administrative Officer

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Q1 2016 At-a-Glance

Bookings (CFX)

\$98.0 million

(Original Guidance \$108-\$118 million)

Adjusted EBITDA

\$38.5 million

(Original Guidance \$11-\$14 million)

Non-GAAP Revenue

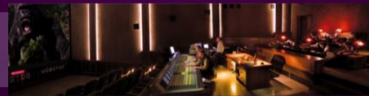
\$143.8 million

(Original Guidance \$120-\$125 million)

Adjusted Free Cash Flow

\$9.4 million usage

(Original Guidance \$9-\$15 million usage)



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Q1 2016 Non-GAAP Operating Results

(in \$ millions)

| | As Reported | | | | |
|-------------------------|-------------|---------|---------|----------|----------|
| | Q1 '16 | Q1 '15 | Q4 '15 | YoY | Seq |
| Bookings (CFX) | \$98.0 | \$117.8 | \$201.0 | (16.7%) | (51.2%) |
| Bookings (AFX) | 92.5 | 112.3 | 193.1 | (17.7%) | (52.1%) |
| Revenue | 143.8 | 119.6 | 139.7 | 20.3% | 3.0% |
| Gross Margin | 102.5 | 72.3 | 84.9 | 41.6% | 20.6% |
| | 71.2% | 60.5% | 60.8% | | |
| Operating Expense | 67.5 | 64.3 | 71.3 | 5.1% | (5.4%) |
| Adjusted EBITDA | 38.5 | 11.8 | 17.0 | 3X+ | 2X+ |
| % Revenue | 26.8% | 9.8% | 12.2% | | |
| Adjusted Free Cash Flow | \$(9.4) | \$4.2 | \$2.3 | (\$13.6) | (\$11.7) |

Q1'16 Revenue: 20% annual increase

- 23% increase on a constant currency basis
- Improved backlog conversion from delivery of Pro Tool Collaboration (\$18M)

Gross Margin improvement with high conversion of revenue backlog to revenue and lower cost of sales from efficiency program

Operating expense improvement after Orad and F/X Normalization

- Q1'16 includes Orad expenses of approximately \$5M and adverse year-on-year impact of balance sheet revaluation of \$3M
- Normalized expenses down approximately 7%

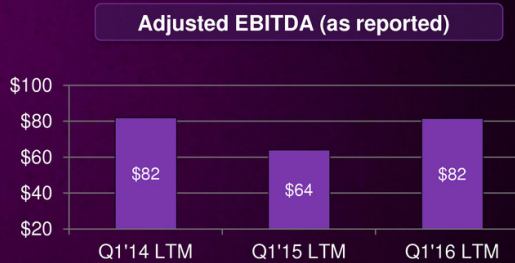
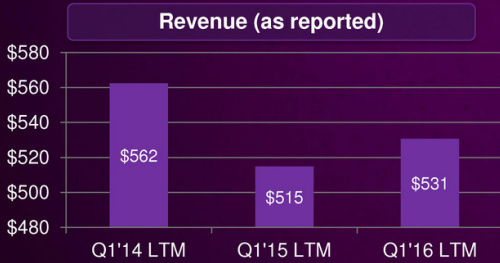
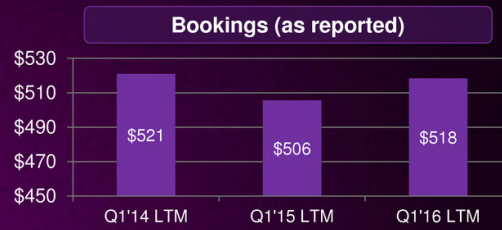
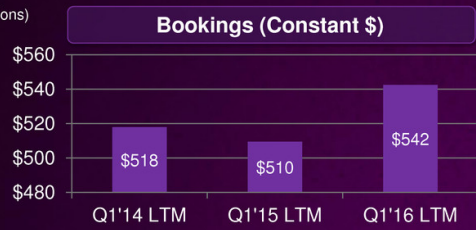
Q1'16 Free Cash Flow usage of \$9.4M in Q1 2016

- Cash flow inflection expected in 2nd half of 2016

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Financial Trending

(in \$ millions)

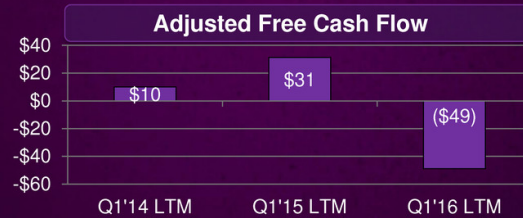
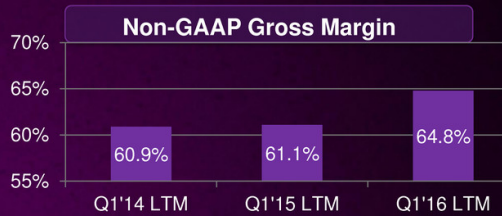
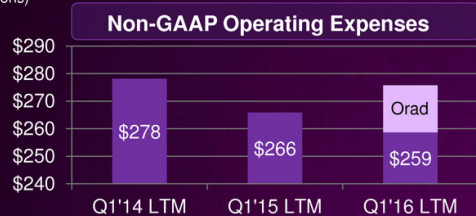


Strong revenue and adjusted EBITDA performance

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Financial Trending

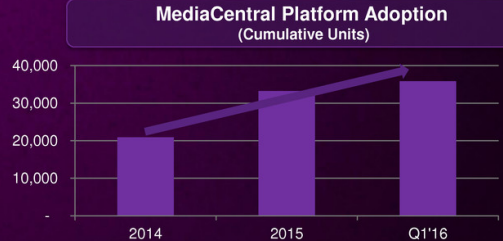
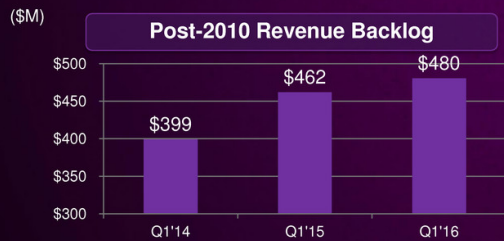
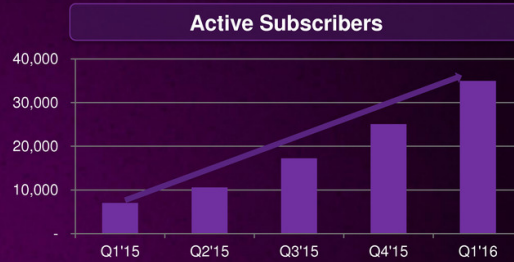
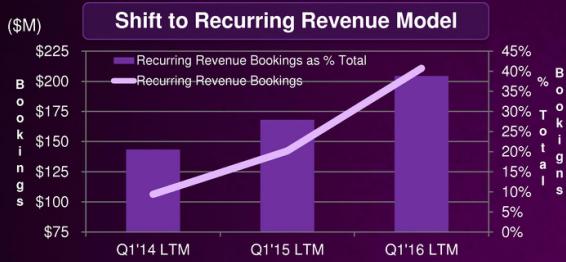
(in \$ millions)



Platform Drives Growth and Efficiency Gains Resulting in Improved Financial Performance

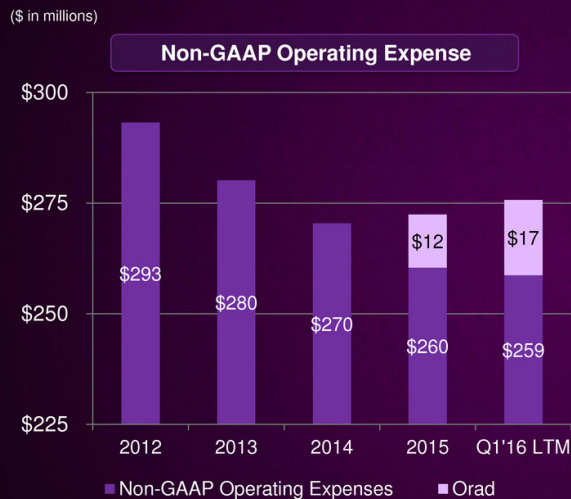
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Key Growth Initiative Metrics



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Improved Cost Structure



\$68M of incremental efficiency gains expected to be fully in run rate by end of 2016

- Platform benefits allowing greater innovation at a lower cost
- Final phase of facility rationalization, talent realignment and platform organizational alignment

Execution of efficiency gains and strong control environment expected to be central contributor to positive free cash flow in 2016

Savings reflected in both Operating Expenses and Cost of Sales

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2016 Efficiency Gains on Track and Impacting Q1

(\$ in millions)



- \$68 million of annualized savings expected in run rate by beginning of 2017, of which \$33 million were executed on by the end of Q1 2016
 - Includes more than half of the personnel related actions
- \$5 million of this annualized amount was reflected in the first quarter

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Liquidity and Balance Sheet (\$ million)

| | Q1'16 | Q4'15 | Change |
|---------------------------|-------|-------|--------|
| Cash | \$88 | \$18 | \$70 |
| Total Revenue Backlog | \$497 | \$552 | -10% |
| Post-2010 Revenue Backlog | \$480 | \$526 | -9% |
| Inventory | \$52 | \$48 | \$4 |
| Inventory Turns | 3.6 | 4.0 | |
| Accounts Receivable | \$44 | \$59 | (\$15) |
| DSO | 28 | 38 | |

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Financial Guidance Update

Ilan Sidi

Interim Chief Financial Officer

Second Quarter 2016 Guidance (\$ millions)

| | Q2 2015 Actual | Q2 2016 Guidance | |
|--------------------------------|-------------------|------------------|-----------------|
| | | Low | High |
| Bookings - AFX | \$117.6 | \$99 | \$115 |
| Bookings - CFX | 122.6 | 105 | 120 |
| Non-GAAP Revenue | \$109.8 | 105 | 120 |
| Non-GAAP Operating Expenses | 68.6 | 62 | 65 |
| Adjusted EBITDA | \$1.4 | 3 | 9 |
| Adjusted Free Cash Flow | \$(31.2) | \$(32.5) | \$(27.5) |

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 Safe Harbor Statement.



Full Year 2016 Re-Affirmed

| | 2015 | Q1 Actual | Q2 2016 Guidance | | 2016 Full Year Guidance | |
|--------------------------------|---------------|----------------|------------------|-----------------|-------------------------|--------------|
| | | | Low | High | Low | High |
| Bookings - AFX | 538 | \$92.5 | \$99 | \$115 | \$500 | \$536 |
| Bookings - CFX | 562 | 98.0 | 105 | 120 | 530 | 566 |
| Non-GAAP Revenue | \$506 | \$143.8 | 105 | 120 | \$500 | \$525 |
| Non-GAAP Operating Expenses | 272 | 67.5 | 62 | 65 | 250 | 262 |
| Adjusted EBITDA | 55 | 38.5 | 3 | 9 | \$60 | \$75 |
| Adjusted Free Cash Flow | \$(35) | \$(9.4) | \$(32.5) | \$(27.5) | \$2 | \$12 |

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Conclusion

Louis Hernandez, Jr.
Chairman, President and Chief Executive Officer



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Investment Highlights

Large and Growing Media Tech Market with Attractive Higher Growth Areas

- \$54B 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 Avid Everywhere Platform Approach Drives Wallet Share Expansion

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

Strategy is Driving Momentum

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

Attractive Financial Model Post-Transformation

- Clear path to completion by Q2 2017; Non-marketed product roll-off completed, efficiency gains on track
- Adjusted EBITDA and Free Cash Flow expected to increase dramatically post-transformation

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Questions and Answers

