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

Q4 2018 & 2018 EARNINGS CALL

AVID TECHNOLOGY

Introduction

Whit Rappole
VP, Investor Relations

Non-GAAP & Operational Measures

The following non-GAAP measures & operational measures will be used in the presentation:

Non-GAAP Measures
Adjusted EBITDA
Free Cash Flow
Non-GAAP Gross Profit
Non-GAAP Gross Margin
Non-GAAP Operating Expenses

Operational Measures
Bookings
Revenue Backlog
Recurring Revenue
Annual Contract Value

These non-GAAP measures and operational measures are defined in our Form 8-K filed today, and the historical non-GAAP measures used in this presentation are reconciled to their comparable GAAP measures in the tables in our press release 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 measures provided in this presentation provide helpful information to investors with respect to evaluating the Company's performance. However, these non-GAAP measures and operational measures may vary from how other companies present such measures. Non-GAAP measures should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP.

The presentation also includes guidance for Adjusted EBITDA and Free Cash Flow, which are forward-looking non-GAAP financial measures. Reconciliations of these forward-looking non-GAAP 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. These forward looking statements involve risks and uncertainties, including projections and statements about our anticipated plans, objectives, expectations and intentions. Among other things, this presentation includes projected results of operations for the first quarter and full fiscal year 2019 which are based on a variety of assumptions about key factors and metrics that will determine our future results of operations, including, for example, anticipated market update of new products, realization of identified efficiency programs and market based cost inflation. Other forward-looking statements include, without limitation, statements based upon or otherwise incorporating judgments or estimates relating to future performance such as future operating results and expenses; earnings; bookings; backlog; product mix and free cash flow; Recurring Revenue and Annual Contract Value; our long-term and recent cost savings initiatives and the anticipated benefits therefrom; our future strategy and business plans; our product plans, including products under development, such as cloud and subscription based offerings, recurring revenue and annual contract value. The projected future results of operations, and the other forward-looking statements in this presentation are based on current expectations as of the date of this presentation and subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. The guidance presented in this presentation is inherently uncertain and subject to numerous risks and uncertainties. Our actual future results of operations and cash flows could differ materially from those discussed in this presentation.

For additional information, including a discussion of some of the key risks and uncertainties associated with these forward-looking statements, please see the "Forward Looking Statements" section of our press release issued today, as well as the Risk Factors and Forward-Looking Statements sections of the Company's 2018 Annual Report on Form 10-K filed with the SEC. Copies of these filings are available from the SEC, the Avid web site or the Company's Investor Relations Department.

Any forward-looking information relayed in this presentation speaks only as of today, and Avid undertakes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

Business Update

Jeff Rosica
Chief Executive Officer & President

Key Business Observations

- Key financial indicators in Q4 2018 are encouraging and showing progress, highlighted by
  - ✓ First GAAP y/y revenue growth since Q2 2016
  - ✓ Largest quarterly FCF generation in 7 years
- Confidence that the new leadership team and revised strategy and business plan are delivering better results
- Good progress on moving to more recurring revenue with continued growth in subscriptions and long-term agreements
- New product introductions driving growth – with more coming
- Continued focus on operational improvements and our smart savings initiatives to deliver $20M savings target
- There is more work to do, and the new team is just getting started, but the company is on a better trajectory

Q4 2018 Business Performance

- Revenue was $112.7M, up 5% year over year
- LTM Recurring Revenue was 56% of Revenue, up from 49% in Q4 2017, and ACV was $248M, up 15% year over year
- Non-GAAP Gross Margin was 60.8%, up 480bps year over year, primarily from better integrated solutions margins
- Non-GAAP OPEX was $50.2M, an improvement of $3.2M year over year, driven by savings and efficiency initiatives
- Adjusted EBITDA was $21.3M, up 42% year over year, primarily from improved gross margin
- FCF was $17.7M, up from $10.4M in Q4 2017 – positive impacted by working capital and timing of billings/collections

- E-commerce revenue up 50% year over year
- Paid software subscriptions over 125,000, up 40% y/y
- Subscription revenue grew 77% year over year
- Avid First free downloads reached 1.2M cumulative

FY 2018 Business Performance

- Revenue was $413.3M, down slightly (1%) year over year
  - Revenue excluding non-cash revenue stood at $407.1M, reflecting growth of 5% vs. the prior year
- E-commerce revenue was over $50M, up 52% year over year
- Software subscription revenue up 78% year over year
- Non-GAAP Gross Margin improved to 59.8%
- Non-GAAP OPEX was $211.7M, an improvement of $8.4M year over year – largely driven from savings initiatives
- Adjusted EBITDA was $47.5M, down (2%) year over year
  - Revenue excluding non-cash revenue stood at $407.1M, showing growth of 5% vs. the prior year
- Free Cash Flow was $5.9M, up from $1.1M in 2017

Looking Forward to 2019

- Continue to bring new, innovative products to market to delight our customers, further increase margins and help to build sustainable growth
- Further building up and expanding our e-commerce activities, which are a key growth engine
- Completing the supply chain transition, which will deliver better margins, lower costs and lower working capital
- Implement operational initiatives to reach previously announced $20 million annual savings target
- Delivering a more predictable financial model built on greater recurring revenues from growth in software subscriptions, SaaS offerings and long-term agreements

Q4 2018 and 2018 Financial Results and Q1 and Full Year 2019 Guidance

Ken Gayron
Executive Vice President
and Chief Financial Officer

Q4 2018 Financial Results

($M)	(ASC 605) Q4'17	(ASC 606) Q3'18	(ASC 606) Q4'18	Change Fav/(Unfav) Seq	YoY
Revenue	**107.3**	**104.0**	**112.7**	**8%**	**5%**
Non-Cash Revenue	*2.2*	*1.5*	*0.3*		
Total Excluding Non-Cash Revenue	*105.1*	*102.5*	*112.4*	*10%*	*7%*
Recurring Revenue Percentage	**47%**	**60%**	**56%**	**(480bp)**	**830bp**
Non-GAAP Gross Profit	**60.1**	**62.7**	**68.6**	**9%**	**14%**
Non-GAAP Gross Margin %	*56.0%*	*60.2%*	*60.8%*	*60bp*	*480bp*
Non-GAAP Operating Expenses	**48.2**	**50.8**	**50.2**	**1%**	**(4%)**
Adjusted EBITDA	**15.0**	**14.6**	**21.3**	**46%**	**42%**
Free Cash Flow	**$ 1.1**	**$ (6.4)**	**$ 17.7**	**376%**	**1535%**

- Revenue up 5% YoY – 1st quarter with YoY GAAP revenue growth since Q2'16
  - Up 7% YoY excluding non-cash revenue
  - Recurring revenue 56% in Q4, up 830bps YoY
- NG Gross Margin improved by 480bps YoY, primarily from better integrated solutions GM
- NG Operating Expenses were down ($3.2M) YoY (excluding the $5.2M legal settlement credit in Q4'17), largely driven by smart savings initiatives
- Adjusted EBITDA of $21.3 up $6.7M from Q3'18 and up $6.3M from Q4'17, due to higher revenue and improved gross margin
- Free Cash Flow was $17.7M up from $1.1M in Q4'17. Excluding the $9.3M bonus payout in Q4'17, FCF was up $7.3M over Q4'17.

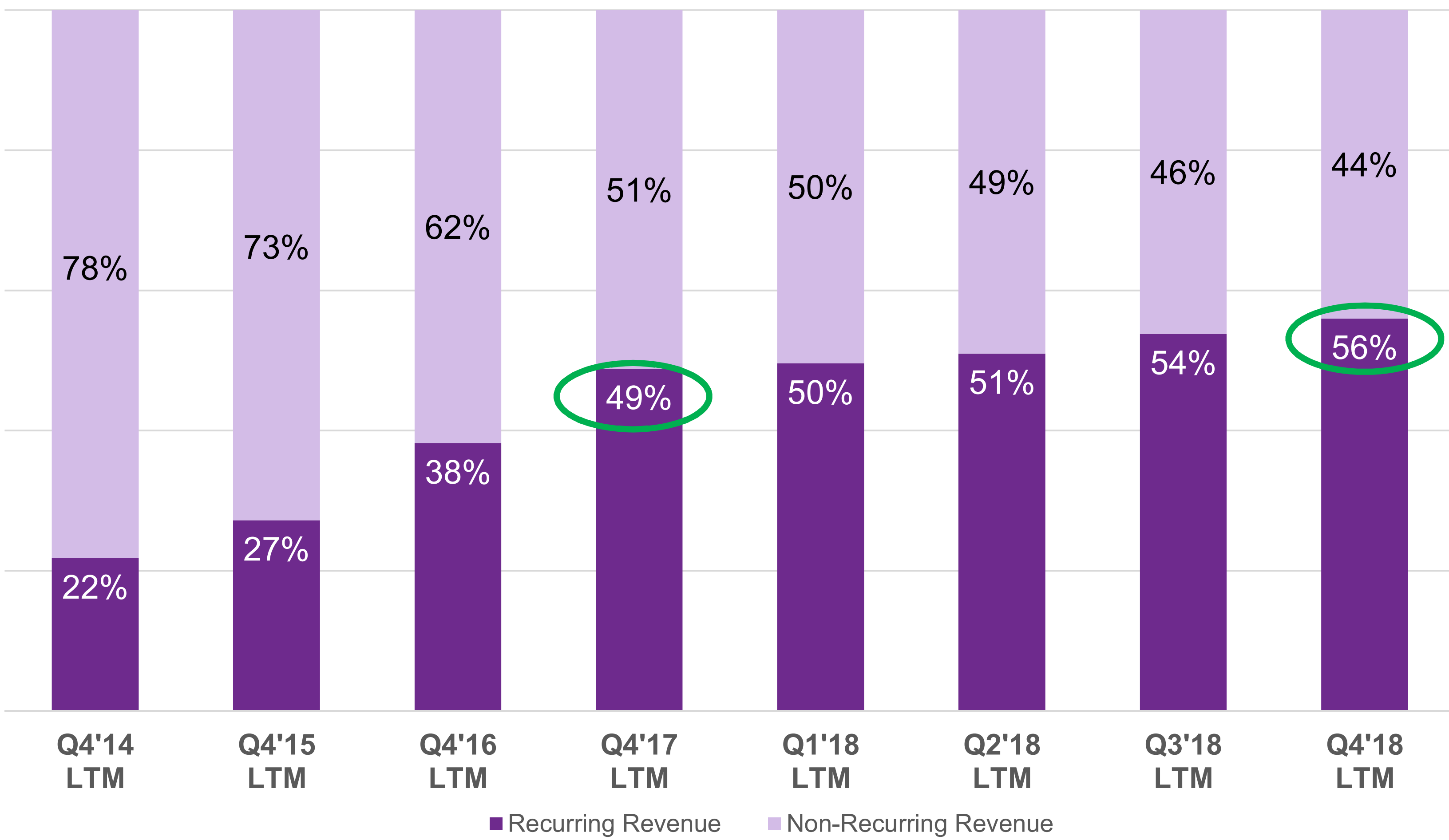
2018 Financial Results

($M)	(ASC 605) 2017	(ASC 606) 2018	Change Fav/(Unfav) YoY
Bookings	**$ 533.1**	**$ 440.3**	**(17%)**
Bookings excluding Greater China	*438.2*	*440.3*	*0%*
Revenue	**419.0**	**413.3**	**(1%)**
Non-Cash Revenue	*30.9*	*6.2*	
Total Excluding Non-Cash Revenue	*388.1*	*407.1*	*5%*
Recurring Revenue Percentage	**49%**	**56%**	**720bp**
Non-GAAP Gross Profit	**250.2**	**247.3**	**(1%)**
Non-GAAP Gross Margin %	*59.7%*	*59.8%*	*10bp*
Non-GAAP Operating Expenses	**214.9**	**211.7**	**1%**
Adjusted EBITDA	**48.4**	**47.5**	**(2%)**
Free Cash Flow	**$ 1.1**	**$ 5.9**	**456%**

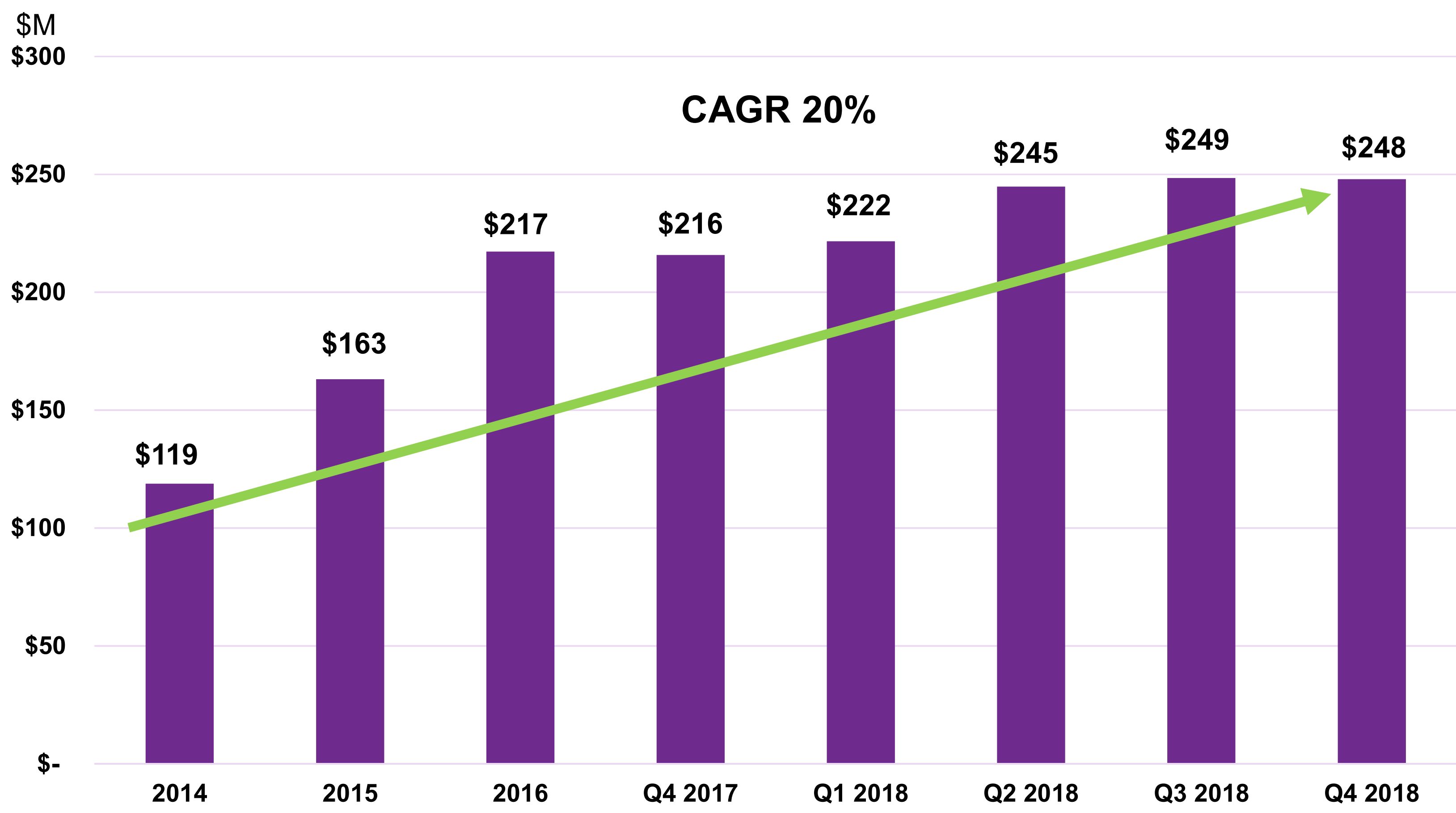
- Bookings down (17%) YoY, but flat year over year, excluding Greater China
  - Bookings were 107% of revenue for 2018
- Total revenue of $413.3M, down (1%) YoY
  - Revenue excluding non-cash revenue was up 5% over 2017
- Non-GAAP Gross Margin was 59.8%, up 10bps YoY
- Non-GAAP operating expenses of $211.7M, down ($8.4M), excluding the $5.2M legal settlement credit in Q4'17
- Adjusted EBITDA of $47.5M, down ($0.9M) YoY
- Free cash flow of $5.9M, up $4.8M YoY

Recurring Revenue

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



Annual Contract Value (ACV)



- ACV up 15% year over year, due to more subscriptions and long term agreements
- ACV flat in Q4 sequentially, due in part to timing of certain enterprise bookings that moved into Q1'19

New Presentation for Reporting Revenue

$M @AFX	2017	Q1'18	Q2'18	Q3'18	Q4'18	2018	YoY %
Software Licenses	$ 76.0	$ 17.2	$ 15.4	$ 18.6	$ 23.2	$ 74.3	*-2%*
Maintenance	159.5	33.7	36.0	35.0	34.3	139.1	*-13%*
SW Licenses and Maintenance	235.6	50.9	51.4	53.6	57.5	213.4	*-9%*
% of Total Revenue	*56.2%*	*52.0%*	*52.1%*	*51.5%*	*51.0%*	*51.6%*	
HW & Integrated Software	153.6	37.7	39.4	42.4	47.3	166.8	*9%*
Professional Services & Training	29.9	9.3	7.8	8.1	7.9	33.1	*11%*
Total Revenue	**$ 419.0**	**$ 97.9**	**$ 98.6**	**$ 104.0**	**$ 112.7**	**$ 413.3**	***-1%***
SW Lic & Main't Excl. Non-Cash Rev	*$ 204.7*	*$ 48.7*	*$ 49.2*	*$ 52.1*	*$ 57.2*	*$ 207.2*	*1%*
% of Total Revenue excl. Non-Cash	*52.7%*	*50.9%*	*51.0%*	*50.8%*	*50.9%*	*50.9%*	
Total excl. Non-Cash Revenue	*$ 388.1*	*$ 95.7*	*$ 96.4*	*$ 102.5*	*$ 112.4*	*$ 407.1*	*5%*

On Revenue excl. non-cash revenue basis, SW Licenses and Maintenance shows a modest growth of 1% year over year and remains approximately 51% of total Revenue

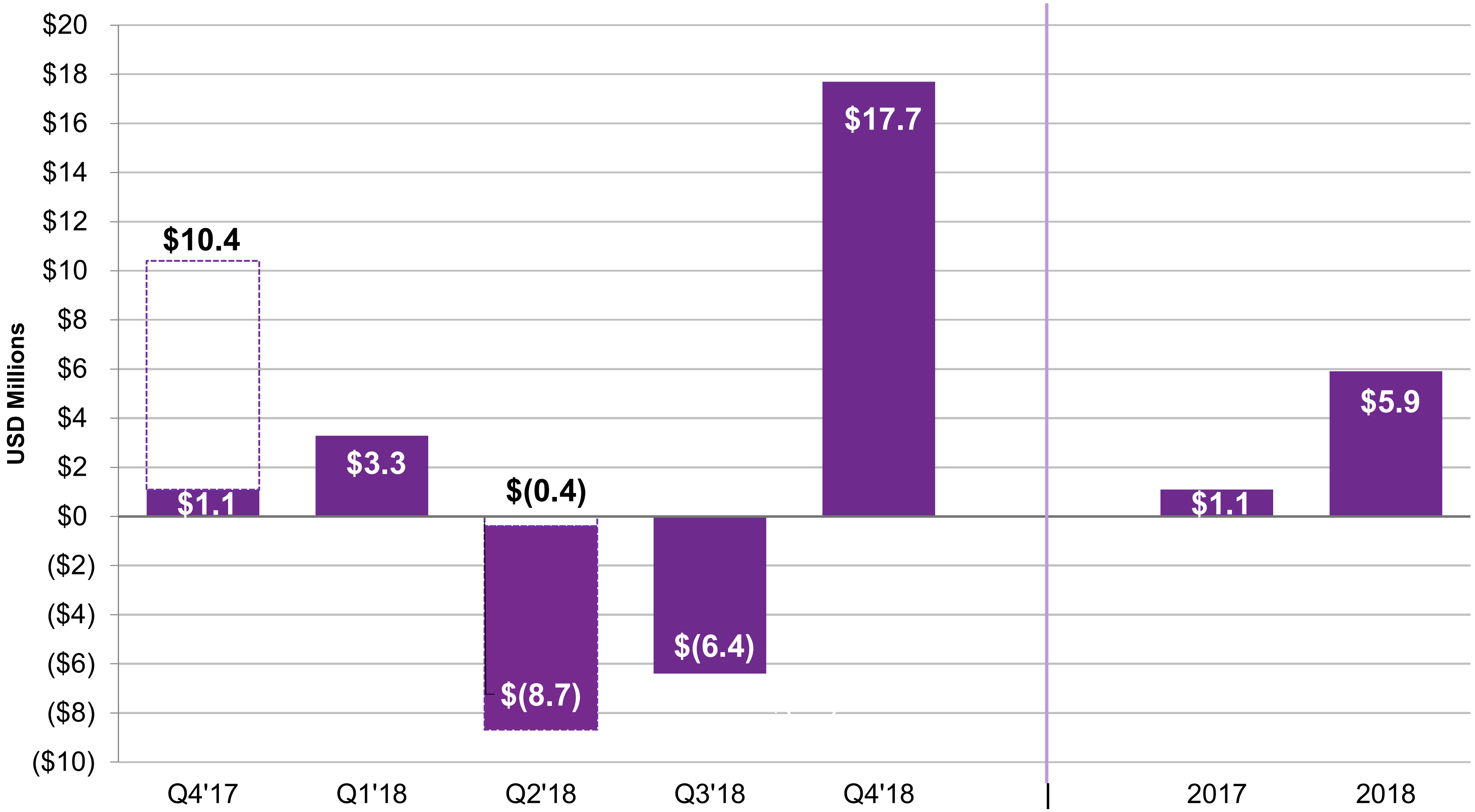
Balance Sheet & Backlog as of 12/31/2018

($M)		12/31/17	9/30/18	12/31/18
Cash*		**$57.2**	**$50.5**	**$56.1**
Accounts Receivable		**61.2**	**51.0**	**67.8**
Accounts Receivable (ASC 605)		*40.1*		
Contract Assets		**$6.6**	**$17.1**	**$16.5**
Contract Assets (ASC 605)		-		
Net Inventory		**32.7**	**32.1**	**33.0**
Net Inventory (ASC 605)		*38.4*		
Deferred Revenue	a	**98.0**	**88.2**	**99.6**
Deferred Revenue (ASC 605)		*194.6*		
Contractually Committed Backlog	b	**334.9**	**370.9**	**357.2**
Contractually Committed Backlog (ASC 605)		*341.5*		
Total Revenue Backlog	a+b	**432.9**	**459.1**	**456.8**
Annual Contract Value (ACV)		**215.8**	**248.5**	**248.0**
Long-Term Debt		**$204.5**	**$229.4**	**$220.6**

- Cash balance remains strong over year. When including the $8.5M of restricted cash, balance is up $7.4M YoY
- Adoption of ASC 606 had an impact on balances for Accounts Receivable, Inventory, Deferred Revenue and Total Revenue Backlog
- AR up $6.6M YoY (ASC 606 adj.) due to strong billings in Q4'18
- Contractually committed backlog of $357M at year end, up $22M YoY (ASC 606 adj.) on increased LTAs and subscriptions
- ACV of $248M at year end, up $32M YoY
- Long Term Debt of $220.6M, up $16.1M YoY due to additional term loan draw under bank amendment offset in part by repurchase of $16M convertible notes

*Cash balance excludes $8.5 million of restricted cash on both 9/30/18 and 12/31/18

Free Cash Flow Analysis



- Q4 Free Cash Flow of $17.7M, up from $10.4M in Q4’17 (normalized for $9.3M bonus payout)
  - Highest FCF quarter in 7 years
  - Driven by growth in EBITDA
- 2017 bonus of $8.3M was paid in Q2 2018
- 2016 bonus of $9.3M was paid in Q4 2017
- 2018 Free Cash Flow was $5.9M, up from $1.1M in 2017

Q1 and Full Year 2019 Guidance

($M)	Q1 2019 Guidance Low	Q1 2019 Guidance High	Full Year 2019 Guidance Low	Full Year 2019 Guidance High
Revenue	$96	$104	$420	$430
Adjusted EBITDA	$7	$12	$60	$65
Free Cash Flow			$12	$17

Deliver Better Performance and Shareholder Value

- Enabling further growth and expansion of our software, subscription and SaaS offerings
- Continued emphasis on driving overall business and financial performance improvements
- Intense focus on developing products and solutions that will further improve on our opportunities
- Leveraging Avid Connect and the NAB Show to unveil and launch key new products for 2019
- Smart R&D investments to uniquely differentiate, and keep Avid at the forefront of the industry

Q&A