
**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): November 9, 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))
-

Item 2.02 Results of Operations and Financial Condition.

On November 9, 2016, Avid Technology, Inc. (the “Company”) issued a press release announcing its financial results for the fiscal quarter ended September 30, 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 November 9, 2016, the Company made a presentation used on its call with investors, discussing its financial results for the fiscal quarter ended September 30, 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, non-GAAP operating expenses, non-GAAP revenue, non-GAAP gross margin, adjusted EBITDA, and adjusted free cash flow. Each of non-GAAP operating income, non-GAAP operating expenses, and non-GAAP gross margin 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 excluding depreciation and amortization expense. Avid defines 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. The attached press release 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 were not included in the attached press release 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.

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.*

**Exhibit
Number**

Description

99.1*

Press Release dated November 9, 2016

99.2*

Earnings Release Presentation dated November 9, 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: November 9, 2016

By: /s/ Ilan Sidi

Name: Ilan Sidi

Title: Interim Chief Financial Officer and Vice President of Human Resources

Avid Announces Third Quarter 2016 Results

Continued Strong Growth in Cloud-Enabled Subscriptions

Efficiency Program and Completion of Transformation in Q2 2017 On-Track

Full-Year Guidance Updated to Reflect Transition of Storage Product and Continued Enterprise Market Volatility

BURLINGTON, MA, November 9, 2016 Avid® (Nasdaq:AVID) announced its third quarter 2016 financial results today and updated its guidance for full year 2016.

Third Quarter 2016 Financial Highlights

- GAAP and non-GAAP Revenue was \$119.0 million, slightly below the guidance range due to the transition of the storage product and higher proportion of recurring revenue bookings, and down \$18.4 million year-over-year
- GAAP Gross Margin of 63.3% was down 0.6 percentage points year-over-year; non-GAAP Gross Margin of 65.1% was down 0.3 percentage points year-over-year
- GAAP Operating Expenses were \$66.9 million, down \$6.5 million year-over-year; non-GAAP Operating Expenses were \$58.4 million, in-line with guidance and down \$9.8 million year-over-year.
- GAAP Net Income was \$9.1 million, down \$2.0 million year-over-year; Adjusted EBITDA was \$22.9 million, in-line with guidance and down \$2.1 million year-over-year
- GAAP Net Cash used in Operating Activities was \$3.9 million, an improvement of \$6.0 million year-over-year and an improvement of \$29.9 million quarter-over-quarter; Adjusted Free Cash Flow use was \$2.6 million, in-line with guidance, an improvement of \$7.9 million year-over-year and an improvement of \$27.6 million quarter-over-quarter
- Bookings and Constant Currency Bookings were \$89.5 million and \$94.8 million, respectively, below guidance due to the transition of storage product and enterprise market volatility, and down \$25.6 million and \$26.2 million year-over-year, respectively

Avid Everywhere Momentum Continues

- More than 40,000 enterprise users on the MediaCentral platform at the end of Q3 2016, an increase of 43% year-over-year
- More than 50,000 paying individual, cloud-enabled subscribers, a substantial majority of whom are new users, at the end of Q3 2016, a 2.9x increase year-over-year

- Bookings attributable to recurring revenue represented approximately 39% of total Q3 2016 bookings, up from 28% in Q3 2015

“We are pleased that our non-GAAP Operating Expenses, Adjusted EBITDA and Adjusted Free Cash Flow were in-line with guidance and that growth of our cloud-enabled subscribers and enterprise users on the MediaCentral platform continues to be very robust,” said Louis Hernandez, Jr, Chairman, President, and CEO of Avid. “Our Bookings and non-GAAP Revenue fell short of guidance due primarily to the transition of the storage product line, as some existing enterprise clients deferred normal upgrade and renewal decisions and new customers postponed investments until the release of functionality targeted to the enterprise market. We believe the enterprise-class functionality recently rolled out for NEXIS will set the course for improved growth, but not enough to make up the third quarter shortfall. In light of these factors and continued volatility in the enterprise market, we are more heavily risk-adjusting the timing of certain enterprise deals and reducing our financial guidance for full-year 2016.

“Continued momentum of key growth metrics and our improvement in Adjusted Free Cash Flow demonstrate that the transformation is on-track. We have executed \$67 million of the \$76 million savings we had planned for 2016 and delivered a \$28 million sequential improvement in Adjusted Free Cash Flow in the quarter. We will continue to invest in growth areas and are working towards launching full cloud-enabled versions of the MediaCentral platform and the entire Avid Everywhere suite of products. As the platform matures and we position the company for growth, we expect we'll continue to realize efficiencies, including additional opportunities of more than \$30 million in annualized cost savings,” Mr. Hernandez concluded.

Financial Guidance

The Company updated its full-year 2016 guidance, as originally provided on March 15, 2016 and updated on August 3, 2016. The Company is reducing its full-year guidance for Bookings, non-GAAP Revenue, Adjusted EBITDA and Adjusted Free Cash Flow, as a result of the storage product transition and continued volatility in the enterprise market. The Company is improving its guidance for non-GAAP Operating Expenses, as a result of accelerated implementation of executed cost savings.

Updated Full-Year 2016 Financial Guidance (in millions)

Bookings (Constant Currency)	\$415-\$445
Bookings	\$391-\$421
Non-GAAP Revenue	\$502-\$517
Non-GAAP Operating Expenses	\$247-\$253
Adjusted EBITDA	\$100-\$107
Adjusted Free Cash Flow	(\$47)-(\$37)

Q4 2016 Financial Guidance (in millions)

Bookings (Constant Currency)	\$115-\$145
Bookings	\$107-\$137
Non-GAAP Revenue	\$105-\$120
Non-GAAP Operating Expenses	\$56-\$62
Adjusted EBITDA	\$9-\$16
Adjusted Free Cash Flow	(\$5)-\$5

All guidance presented by the Company is inherently uncertain and subject to numerous risks and uncertainties. Avid's actual future results of operations and cash flows could differ materially from those shown in

the tables 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 Q3 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, non-GAAP 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.

The earnings release 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 were not included in the Earnings Release 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.

Conference Call

A conference call to discuss Avid's financial results for the third quarter of 2016 will be held on Wednesday, November 9, 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, 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 uptake 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; 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, except as required by law.

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.

© 2016 Avid Technology, Inc. All rights reserved. Avid, the Avid logo, Avid Everywhere, Avid NEXIS, iNEWS, Interplay, ISIS, AirSpeed, MediaCentral, Media Composer, Pro Tools, and Sibelius are trademarks or registered trademarks of Avid Technology, Inc. or its subsidiaries in the United States and/or other countries. The Interplay name is used with the permission of the Interplay Entertainment Corp. which bears no responsibility for Avid products. All other trademarks are the property of their respective owners. Product features, specifications, system requirements and availability are subject to change without notice.

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

(unaudited - in thousands except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Net revenues:				
Products	\$ 63,740	\$ 88,945	\$ 223,841	\$ 245,124
Services	55,279	48,491	172,794	121,665
Total net revenues	119,019	137,436	396,635	366,789
Cost of revenues:				
Products	26,793	32,256	82,405	92,416
Services	14,885	15,416	45,126	46,054
Amortization of intangible assets	1,950	1,950	5,850	2,113
Total cost of revenues	43,628	49,622	133,381	140,583
Gross profit	75,391	87,814	263,254	226,206
Operating expenses:				
Research and development	19,953	25,225	62,791	71,708
Marketing and selling	27,231	31,564	89,027	92,420
General and administrative	13,822	15,834	48,359	52,646
Amortization of intangible assets	567	786	2,135	1,568
Restructuring costs, net	5,314	—	7,878	539
Total operating expenses	66,887	73,409	210,190	218,881
Operating income	8,504	14,405	53,064	7,325
Interest and other expense, net	(4,707)	(2,519)	(14,049)	(4,681)
Income before income taxes	3,797	11,886	39,015	2,644
(Benefit from) provision for income taxes	(5,321)	768	(3,983)	(4,221)
Net income	\$ 9,118	\$ 11,118	\$ 42,998	\$ 6,865
Net income per common share – basic and diluted	\$ 0.23	\$ 0.28	\$ 1.08	\$ 0.17
Weighted-average common shares outstanding – basic	40,194	39,231	39,814	39,417
Weighted-average common shares outstanding – diluted	40,476	39,750	39,950	40,727

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

(unaudited - in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
<u>Non-GAAP revenue</u>				
GAAP revenue	\$ 119,019	\$ 137,436	\$ 396,635	\$ 366,789
Amortization of acquired deferred revenue	—	—	594	—
Non-GAAP revenue	119,019	137,436	397,229	366,789
<u>Non-GAAP gross profit</u>				
GAAP gross profit	75,391	87,814	263,254	226,206
Amortization of acquired deferred revenue	—	—	594	—
Amortization of intangible assets	1,950	1,950	5,850	2,113
Stock-based compensation	157	183	488	652
Non-GAAP gross profit	77,498	89,947	270,186	228,971
<u>Non-GAAP operating expenses</u>				
GAAP operating expenses	66,887	73,409	210,190	218,881
Less Amortization of intangible assets	(567)	(786)	(2,135)	(1,568)
Less Stock-based compensation	(1,571)	(2,206)	(5,628)	(7,080)
Less Restructuring costs, net	(5,314)	—	(7,878)	(539)
Less Restatement costs	(38)	(287)	(186)	(988)
Less Acquisition, integration and other recoveries (costs)	336	(1,965)	(458)	(7,640)
Less Efficiency program costs	(1,338)	—	(3,338)	—
Non-GAAP operating expenses	58,395	68,165	190,567	201,066
<u>Non-GAAP operating income</u>				
GAAP operating income	8,504	14,405	53,064	7,325
Amortization of acquired deferred revenue	—	—	594	—
Amortization of intangible assets	2,517	2,736	7,985	3,681
Stock-based compensation	1,728	2,389	6,116	7,732
Restructuring costs, net	5,314	—	7,878	539
Restatement costs	38	287	186	988
Acquisition, integration and other (recoveries) costs	(336)	1,965	458	7,640
Efficiency program costs	1,338	—	3,338	—
Non-GAAP operating income	19,103	21,782	79,619	27,905
<u>Adjusted EBITDA</u>				
Non-GAAP Operating Income (from above)	19,103	21,782	79,619	27,905
Depreciation	3,762	3,168	11,184	10,257
Adjusted EBITDA	22,865	24,950	90,803	38,162

Adjusted free cash flow

GAAP net cash used in operating activities	(3,909)	(9,873)	(48,925)	(36,087)
Capital expenditures	(2,360)	(4,368)	(9,681)	(11,110)
Restructuring payments	1,496	316	8,981	1,052
Restatement payments	—	—	—	3,624
Acquisition, integration and other payments	196	3,368	1,817	4,958
Efficiency program payments	1,947	—	5,530	—
Adjusted free cash flow	\$ (2,630)	\$ (10,557)	\$ (42,278)	\$ (37,563)

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)

	September 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 47,717	\$ 17,902
Accounts receivable, net of allowances of \$8,491 and \$9,226 at September 30, 2016 and December 31, 2015, respectively	40,850	58,807
Inventories	55,634	48,073
Prepaid expenses	6,901	6,548
Other current assets	7,104	6,119
Total current assets	158,206	137,449
Property and equipment, net	32,969	35,481
Intangible assets, net	25,245	33,219
Goodwill	32,643	32,643
Long-term deferred tax assets, net	2,028	2,011
Other long-term assets	11,827	7,123
Total assets	<u>\$ 262,918</u>	<u>\$ 247,926</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 25,852	\$ 45,511
Accrued compensation and benefits	27,439	28,124
Accrued expenses and other current liabilities	33,434	35,354
Income taxes payable	658	1,023
Short-term debt	5,000	5,000
Deferred revenues	157,468	189,887
Total current liabilities	249,851	304,899
Long-term debt	188,301	95,950
Long-term deferred tax liabilities, net	1,367	3,443
Long-term deferred revenues	82,540	158,495
Other long-term liabilities	13,592	14,711
Total liabilities	535,651	577,498
Stockholders' deficit:		
Common stock	423	423
Additional paid-in capital	1,043,563	1,055,838
Accumulated deficit	(1,276,369)	(1,319,318)
Treasury stock at cost	(34,784)	(58,336)
Accumulated other comprehensive loss	(5,566)	(8,179)
Total stockholders' deficit	(272,733)	(329,572)
Total liabilities and stockholders' deficit	<u>\$ 262,918</u>	<u>\$ 247,926</u>

AVID TECHNOLOGY, INC.**Condensed Consolidated Statements of Cash Flows**

(unaudited - in thousands)

	Nine Months Ended	
	September 30,	
	2016	2015
Cash flows from operating activities:		
Net income	\$ 42,998	\$ 6,865
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	19,169	13,936
Provision (recovery) for doubtful accounts	890	(175)
Stock-based compensation expense	6,116	7,731
Non-cash provision for restructuring	1,137	—
Non-cash interest expense	7,935	1,544
Unrealized foreign currency transaction losses (gains)	2,021	(5,098)
Benefit for deferred taxes	(5,187)	(6,504)
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable	17,057	6,844
Inventories	(7,561)	4,028
Prepaid expenses and other current assets	(1,493)	1,772
Accounts payable	(19,627)	4,932
Accrued expenses, compensation and benefits and other liabilities	(4,384)	(17,764)
Income taxes payable	347	1,268
Deferred revenues	(108,343)	(55,466)
Net cash used in operating activities	(48,925)	(36,087)
Cash flows from investing activities:		
Purchases of property and equipment	(9,681)	(11,110)
Payments for business and technology acquisitions, net of cash acquired	—	(65,967)
Increase in other long-term assets	(17)	(575)
Increase in restricted cash	(4,544)	(1,047)
Net cash used in investing activities	(14,242)	(78,699)
Cash flows from financing activities:		
Proceeds from long-term debt	100,000	120,401
Repayment of debt	(2,500)	—
Payments for repurchase of common stock	—	(7,999)
Cash paid for capped call transaction	—	(10,125)
Proceeds from the issuance of common stock under employee stock plans	5,914	3,113
Common stock repurchases for tax withholdings for net settlement of equity awards	(803)	(1,442)
Proceeds from revolving credit facilities	25,000	49,500
Payments on revolving credit facilities	(30,000)	(39,500)
Payments for credit facility issuance costs	(5,020)	(1,193)
Net cash provided by financing activities	92,591	112,755
Effect of exchange rate changes on cash and cash equivalents	391	(1,045)
Net increase (decrease) in cash and cash equivalents	29,815	(3,076)
Cash and cash equivalents at beginning of period	17,902	25,056
Cash and cash equivalents at end of period	<u>\$ 47,717</u>	<u>\$ 21,980</u>

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

	September 30, 2016	June 30, 2016	September 30, 2015
<u>Revenue Backlog*</u>			
Pre-2011	\$ 3,364	\$ 8,732	\$ 37,885
Post-2010	\$ 236,644	\$ 258,420	\$ 326,622
Deferred Revenue	\$ 240,008	\$ 267,152	\$ 364,507
Other Backlog	\$ 197,153	\$ 197,591	\$ 148,776
Total Revenue Backlog	\$ 437,161	\$ 464,743	\$ 513,283
Post 2010	\$ 433,797	\$ 456,011	\$ 475,398

The expected timing of recognition of revenue backlog as of September 30, 2016 is as follows:

	2016	2017	2018	Thereafter	Total
Orders executed prior to January 1, 2011	\$ 2,268	\$ 952	\$ 144	\$ —	\$ 3,364
Orders executed or materially modified on or after January 1, 2011	\$ 46,235	\$ 101,735	\$ 43,433	\$ 45,242	\$ 236,645
Other Backlog	\$ 31,632	\$ 78,312	\$ 27,995	\$ 59,213	\$ 197,152
Total Revenue Backlog	\$ 80,135	\$ 180,999	\$ 71,572	\$ 104,455	\$ 437,161

*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.

Media Contact

Sara Griggs
Avid
310.821.0801
sara.griggs@avid.com

Investor Contact

Robert Roose
Avid
978.640.3375
robert.roose@avid.com



Avid Technology Q3 2016 Business Update

November 9, 2016



Introduction

Robert Roose

Director, 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 Operating Income (loss)
- Non-GAAP Gross Margin
- Non-GAAP Operating Expenses

Operational Measures

- 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.



3

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 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, anticipated market uptake 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 2015 Annual Report on Form 10-K and the Quarterly Report on Form 10-Q filed with the SEC today. 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 November 9, 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, except as required by law.



4



Business Update

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

Q3 2016 Highlights

Q3 results mixed

- Non-GAAP Operating Expenses, Adjusted EBITDA and Adjusted Free Cash Flow in-line with guidance
- Storage product transition and enterprise market volatility impacted Revenue and Bookings
- \$28 million sequential improvement in Adjusted Free Cash Flow

Strong trends in key growth initiatives

- Enterprise users of the MediaCentral platform up 43% year-over-year
- Paying individual, cloud-enabled subscribers up 2.9x year-over-year

Updating full year guidance

- Adjusting to reflect storage product transition and continued volatility in enterprise market

On track for completion of transformation in Q2 2017

- Transformation provides clearer, more predictable financial model

Platform investment accelerating shift to growth

- Launching full cloud-enabled versions of the MediaCentral platform and the entire Avid Everywhere suite of products
- Identified greater than \$30 million of additional cost efficiencies





Avid Everywhere Platform Making Progress in All Areas

Platform Adoption

40,000+ users
43% growth year over year
Vehicle for future cross-sales and maximizing lifetime value of customer

Recurring Revenue* Bookings Accelerating

39% of Q3 2016
43% of LTM Q3 2016
(28% in Q3'15 and 32% in LTM Q3'15)

Subscribers and Digital Sales Surging

Paying subscribers 2.9X from Q3' 15
Digital sales up 50% over Q3'15

Cost Efficiencies on Track

9% and 14% year-over-year reduction in Q3 GAAP and non-GAAP operating expense respectively
\$67 million of annualized savings executed by end of Q3'16

* On constant \$ basis

Storage Is a Key Performance Driver

While the transition of our storage product impacted timing of purchase decisions in Q3, storage is a strong driver of growth for Q4 and beyond

Transition of Storage

- April 2016: NEXIS for non-enterprise clients announced at NAB conference
- Existing enterprise customers deferred upgrades and renewals on existing product and new customers postponed investments until release of enterprise-class functionality
- September 2016: NEXIS enterprise offering released

Going Forward

- Strong customer interest and many active discussions with both new and existing customers
- Customers are not changing storage vendors
- Expect NEXIS sales to enterprise customers to drive strong quarter for storage
- Remain a couple of quarters behind initial plan
- No change to target market size expectations

9

Large Opportunities Available in Enterprise Market

Large enterprise deals represent attractive opportunities, but the enterprise market is subject to continued volatility

Transition of Enterprise

- Multiple enterprise deals signed in Q3
- MediaCentral Platform adoption continues to be very strong
- Seeing increasing interest from major media companies for long-term, enterprise-wide agreements
- Timing on large deals proving difficult to predict
- Identified adjustments required to optimize performance

Going Forward

- Remain well-positioned to win large enterprise deals
- Significantly risk-adjusting pipeline of large enterprise deals in Q4 guidance
- Focused on improving sales and operational processes to convert on large deal opportunities

10

Olympics Demonstrate the Power of Avid Everywhere

"The Avid MediaCentral Platform allows our team members in multiple locations to collaborate in real time, providing us with the capacity to create high-quality content quickly and efficiently."

Darryl Jefferson

VP of Post and Digital Workflow
NBC Sports and Olympics

- 2,000 hours of broadcast television across 11 networks
- 4,500 hours content produced for digital distribution, representing every single second of competition covered
- 1,800 TB of storage, which equals 8.5 years of video
- Hundreds of users across 11 locations on 2 continents using Avid MAM as the backbone

11

Enterprise Deals Validate Strategy

RTL Nederland

rtlnederland

Continued expansion of the MediaCentral platform with full Avid news suite upgrade and extended support agreement

USAA

 **USAA**

Expansion of content storage environment in support of their Avid production workflow; corporate video application of NEXIS storage platform

RTVE

rtve

Significant HD upgrade/expansion for news channel of RTVE, Spain's state-owned public broadcaster

dock10

doc<10

Long-term enterprise software licensing and support agreement, and Avid's first Cloud Managed Services partner

12



First Avid Cloud Managed Services Partner

- An innovator in their field and one of Europe's top media services providers
- Uses the Avid platform today to provide cutting-edge studio and post-production services at its MediaCityUK facility
- Deploying cloud-enabled Avid platform as the foundation to expand its offering through a hosted datacenter 'hub and spoke' model
- Underscores that Avid Everywhere is enabling exciting new possibilities for global media production and collaboration



*Cloud ushers in the next phase of the Avid Everywhere™ strategy
Helping our clients address the media industry's most critical challenges*

13



Financial Results and Guidance



Ilan Sidi

Interim Chief Financial Officer and Vice President of Human Resources

14

Q3 Key Financial Metrics

(\$ in millions)	Q3'15	Q2'16	Q3'16	Q3 2016 Guidance	
				Low	High
Bookings – Constant \$	\$121.0	\$106.7	\$94.8	\$105	\$125
Bookings – Actual \$	115.1	102.2	89.5	100	120
Non-GAAP Revenue	137.4	134.4	119.0	120	135
Non-GAAP Gross Margin % of Revenue	89.9	90.2	77.5		
	65.4%	67.1%	65.1%		
Non-GAAP Operating Expenses	68.2	64.6	58.4	57	62
Adjusted EBITDA	25.0	29.4	22.9	21	29
Adjusted Free Cash Flow	\$(10.6)	\$(30.2)	\$(2.6)	\$(8)	\$5

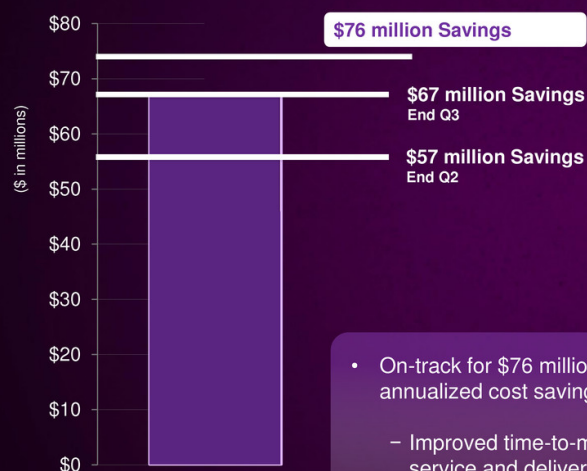
- Bookings impacted by storage product transition and enterprise deal volatility
- Revenue impacted by lower storage bookings and mix shift to bookings for recurring revenue
- Normalized for pre-2011 revenue amortization, gross margin would have improved by 180 bps year-on-year
- Operating Expenses down nearly \$10 million YoY with continued effect of cost efficiency program
- Adjusted EBITDA reflects revenue close to range, relatively strong gross margin as % revenue and low operating expense
- Adjusted Free Cash Flow had strong sequential improvement

Strong sequential improvement in adjusted FCF and operating expenses down \$10 million YoY

15

2016 Efficiency Gains on Track; More Opportunity Identified

Annualized Savings



Note: Savings measured from mid-2015 spending run-rate.

- On-track for \$76 million of annualized cost savings
 - Improved time-to-market, service and delivery

Non-GAAP Operating Expense (Actual \$M)



- Additional >\$30 million of cost savings opportunity as we move into 2017
 - Increased benefits of the shared services platform approach

16

Key Balance Sheet Metrics

(\$ in millions)	Q3'15	Q2'16	Q3'16
Reported Cash	22.0	50.4	47.7
Accounts Receivable	57.0	44.8	40.9
DSO	37	30	31
Net Inventory	48.8	53.9	55.6
Turns	4.3	3.6	3.2
Deferred Revenue	364.5	267.2	240.0
Backlog*	148.8	197.6	197.2
Total Revenue Backlog	513.3	464.7	437.2
Long Term Debt	94.6	187.8	188.3

- Liquidity of \$53 million as of September 30, 2016 and in compliance with bank covenants
- Accounts receivable down reflecting sequential improvement in collections
- Inventory positioned for Q4 Storage and Consoles sales
- Backlog reflects large enterprise deals and increased bookings related to recurring revenue

17

Q4 2016 Guidance

(\$ in millions)	Q4'15	Q3'16	Q4 2016 Guidance	
			Low	High
Bookings – Constant \$	\$201	\$95	\$115	\$145
Bookings – Actual \$	193	90	107	137
Non-GAAP Revenue	140	119	105	120
Non-GAAP Operating Expenses	71	58	56	62
Adjusted EBITDA	17	23	9	16
Adjusted Free Cash Flow	\$2	(\$3)	(\$5)	\$5

- Expect sequential improvement in bookings with recovery in storage bookings; guidance assumes limited number of large enterprise deals
- Revenue will continue to be impacted by lower amortization of pre-2011 revenue and Pro Tools revenue adjustment
- Continued cost efficiency execution allows operating expense to be relatively flat sequentially in the fourth quarter

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 the Safe Harbor Statement on slide 4 of this presentation.

18

2016 Full Year Guidance Updated

(\$ in millions)	2015	2016 Full Year Guidance	
		Low	High
Bookings – Constant \$	\$562	\$415	\$445
Bookings – Actual \$	538	391	421
Non-GAAP Revenue	506	502	517
Non-GAAP Operating Expenses	272	247	253
Adjusted EBITDA	55	100	107
Adjusted Free Cash Flow	\$(35)	\$(47)	\$(37)

- Full year guidance updated to reflect storage product transition and continued volatility in enterprise market
- More heavily risk-adjusting the timing of enterprise deals
- Cost efficiency program remains on track and is reflected in guidance
- Cash reflects lower storage bookings and risk adjustment for enterprise deals

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 the Safe Harbor Statement on slide 4 of this presentation.



19

Closing Remarks



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

20

Areas of Focus for Balance of Year

- ✓ Continue momentum in growth areas
 - MediaCentral Platform
 - Cloud-Enabled Subscriptions
 - Digital Channel
- ✓ Continue efficiency program execution



- ✓ Aggressive execution in key markets
 - Capitalize on recently launched enterprise functionality for the new NEXIS storage product line to drive growth
 - Evolve go-to-market approach and enhance offering to more effectively pursue larger opportunities with Enterprise clients

21



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

\$67M of the \$76M efficiency program executed through Q3 2016

\$30M+ of additional efficiency opportunities as we move into 2017

Growing adoption of our platform approach enables us to
implement a more efficient operating model

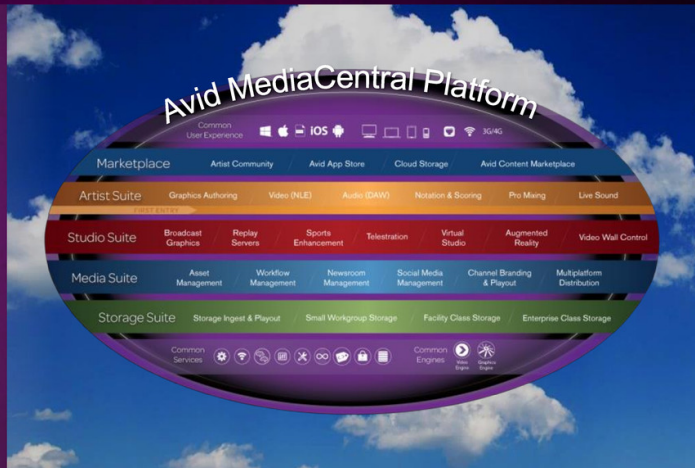
22



Avid Everywhere in the Cloud – Shift to Growth

Industry is shifting to Avid Everywhere Vision – Global Collaborative Network

- ✓ Launched cloud-enabled subscription versions of Artist Suite applications
Massive growth of subscribers – 2.9x YoY increase, with mostly new users
- ✓ First Cloud Managed Services Partner Announced in September
Holding many other discussions with customers and partners
- ✓ Demonstrated hosted MediaCentral Platform at IBC conference
Overwhelming response from customers and partners



23

Confidential and Proprietary Information. Please do not copy, forward, redistribute, or publish. Avid ©2016.



Q3 2016 Highlights

Q3 results mixed

- Non-GAAP Operating Expenses, Adjusted EBITDA and Adjusted Free Cash Flow in-line with guidance
- Storage product transition and enterprise market volatility impacted Revenue and Bookings
- \$28 million sequential improvement in Adjusted Free Cash Flow

Strong trends in key growth initiatives

- Enterprise users of the MediaCentral platform up 43% year-over-year
- Paying individual, cloud-enabled subscribers up 2.9x year-over-year

Updating full year guidance

- Adjusting to reflect storage product transition and continued volatility in enterprise market

On track for completion of transformation in Q2 2017

- Transformation provides clearer, more predictable financial model

Platform investment accelerating shift to growth

- Launching full cloud-enabled versions of the MediaCentral platform and the entire Avid Everywhere suite of products
- Identified greater than \$30 million of additional cost efficiencies

24





Questions and Answers

Reconciliations of GAAP to Non-GAAP Financial Measures

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Non-GAAP revenue				
GAAP revenue	\$ 119,019	\$ 137,436	\$ 396,635	\$ 366,789
Amortization of acquired deferred revenue	-	-	594	-
Non-GAAP revenue	119,019	137,436	397,229	366,789
Non-GAAP gross profit				
GAAP gross profit	75,391	87,814	263,254	226,206
Amortization of acquired deferred revenue	-	-	594	-
Amortization of intangible assets	1,950	1,950	5,850	2,113
Stock-based compensation	157	183	488	652
Non-GAAP gross profit	77,498	89,947	275,186	228,971
Non-GAAP operating expenses				
GAAP operating expenses	66,887	73,409	210,190	218,881
Less Amortization of intangible assets	(567)	(766)	(2,128)	(1,568)
Less Stock-based compensation	(1,571)	(2,206)	(5,628)	(7,080)
Less Restructuring costs, net	(5,314)	-	(7,878)	(539)
Less Restatement costs	(38)	(287)	(186)	(895)
Less Acquisition, integration and other recoveries (costs)	338	(1,955)	(458)	(7,640)
Less Efficiency program costs	(1,338)	-	(3,338)	-
Non-GAAP operating expenses	58,395	66,165	190,567	201,066
Non-GAAP operating income				
GAAP operating income	8,504	14,405	53,064	7,325
Amortization of acquired deferred revenue	-	-	594	-
Amortization of intangible assets	2,517	2,736	7,955	3,681
Stock-based compensation	1,728	2,389	6,116	7,732
Restructuring costs, net	5,314	-	7,878	539
Restatement costs	38	287	186	895
Acquisition, integration and other (recoveries) costs	(238)	1,955	458	7,640
Efficiency program costs	1,338	-	3,338	-
Non-GAAP operating income	19,103	21,782	79,619	27,905
Adjusted EBITDA	19,103	21,782	79,619	27,905
Non-GAAP operating income (from above)	19,103	21,782	79,619	27,905
Depreciation	3,762	3,168	11,184	10,257
Adjusted EBITDA	22,865	24,950	90,803	38,162
Adjusted free cash flow				
GAAP net cash used in operating activities	(3,909)	(9,873)	(48,925)	(36,067)
Capital expenditures	(2,360)	(4,368)	(9,681)	(11,110)
Restructuring payments	1,496	316	8,981	1,252
Restatement payments	-	-	-	3,624
Acquisition, integration and other payments	195	3,368	1,817	4,958
Efficiency program payments	1,947	-	5,530	-
Adjusted free cash flow	\$ (2,630)	\$ (10,557)	\$ (42,278)	\$ (37,963)

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.



