

- > Empowering media creators **with innovative technology, powerful solutions and collaborative tools** to entertain, inform, educate and enlighten the world

COMPANY OVERVIEW

Avid Technology

Needham 22nd Annual Growth Conference

January 14, 2020





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
- Non-GAAP Operating Income
- Non-GAAP Net Income (Loss) Per Share

Operational Measures

- Revenue Backlog
- LTM Recurring Revenue %
- Annual Contract Value

The non-GAAP measures used in this presentation are reconciled to their comparable GAAP measures in our 8-K filed with the SEC on November 7, 2019, and the operational measures used in this presentation are defined in the supplemental financial information datasheet available on ir.avid.com. Avid believes the non-GAAP 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, Free Cash Flow, and Non-GAAP Net Income Per Share, which are forward-looking non-GAAP financial measures. Reconciliations of these forward-looking non-GAAP measures are not included in this presentation, 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 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, the completion of our transition to a new hardware supply chain, 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; 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 on November 7, 2019, 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.



CORPORATE OVERVIEW

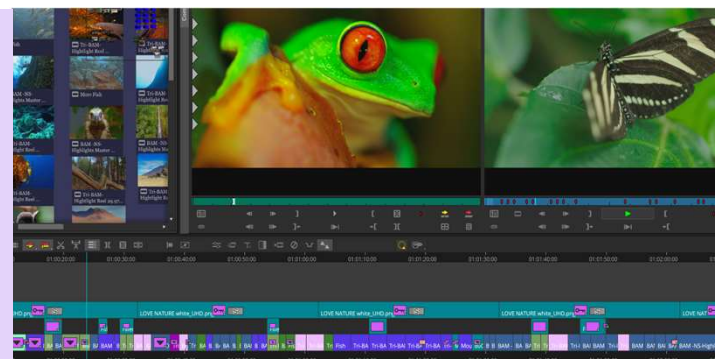
Jeff Rosica
CEO and President



LEADING TECHNOLOGY PROVIDER AND INNOVATIVE CATEGORY CREATOR

Powering greater creators.

With over one million creative users and thousands of enterprise clients relying on Avid's technology platforms and solutions around the world, Avid enables the industry to thrive in today's connected media and entertainment world.



DIGITAL
Non-Linear Editing



DIGITAL
Audio Workstation



PRODUCTION
Asset Management

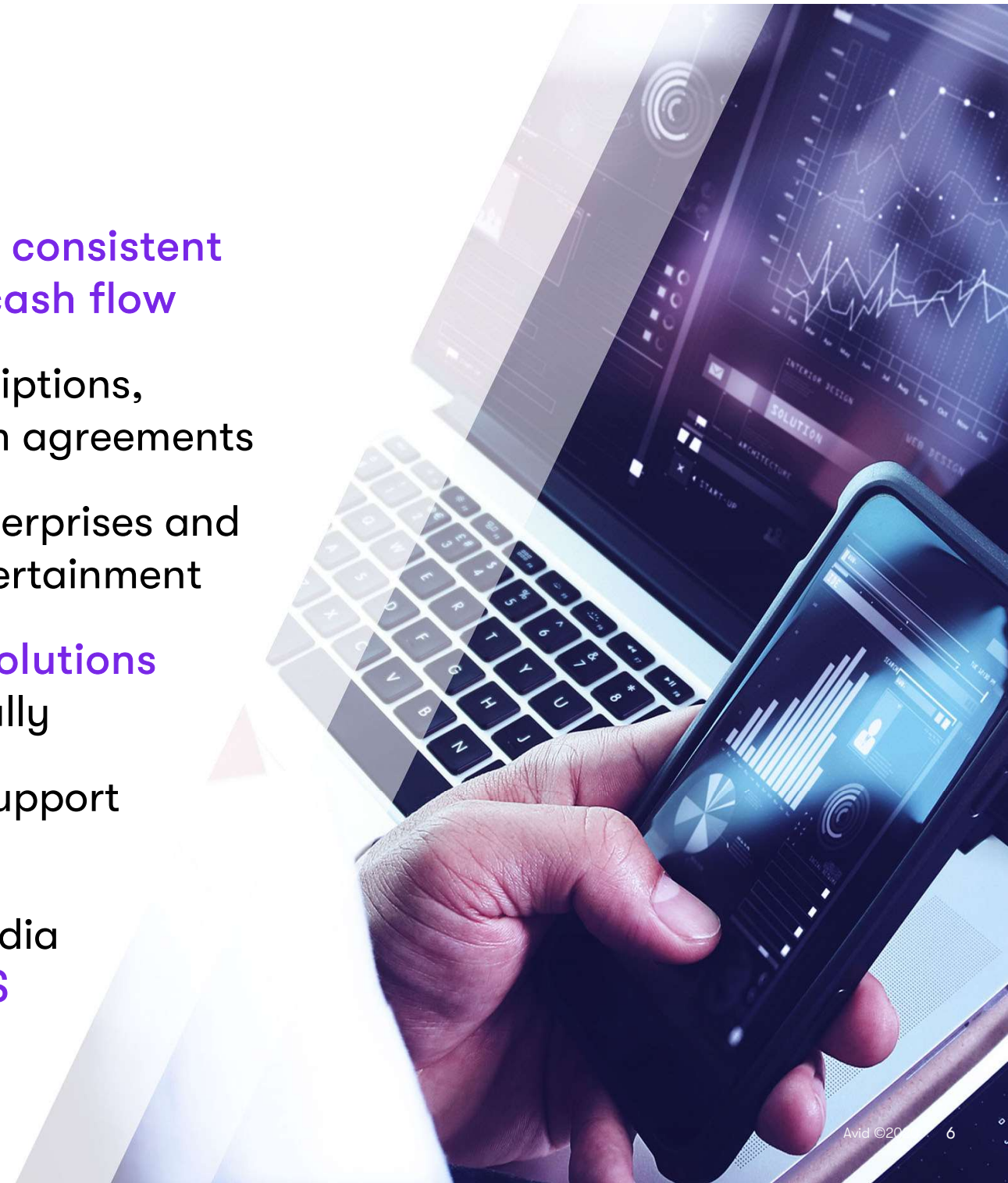


ONLINE
Shared Storage



INVESTMENT THESIS

- Positive performance trajectory delivering more **consistent growth** and **improving profitability and free cash flow**
- **Growing recurring revenue** driven from subscriptions, software/hardware maintenance and long-term agreements
- **Sticky, long-term relationships** with major enterprises and leading creative individuals across media & entertainment
- Leading provider of **innovative software and solutions** that empower the work of media creators globally
- Providing the **preeminent media platform** to support efficient content creation for media enterprises
- At the forefront of enabling the transition of media production from on-premise **to cloud and SaaS**



AVID AT-A-GLANCE

By The Numbers (LTM 9/30/19)

\$408M

LTM Revenue

\$56M

LTM Adjusted
EBITDA

\$13M

LTM Free
Cash Flow

\$171M

LTM Subscription +
Maintenance Rev.

+36%

LTM Adjusted
EBITDA Growth

61%

LTM Non-GAAP
Gross Margin

+46%

Subscription
Growth YoY

59%

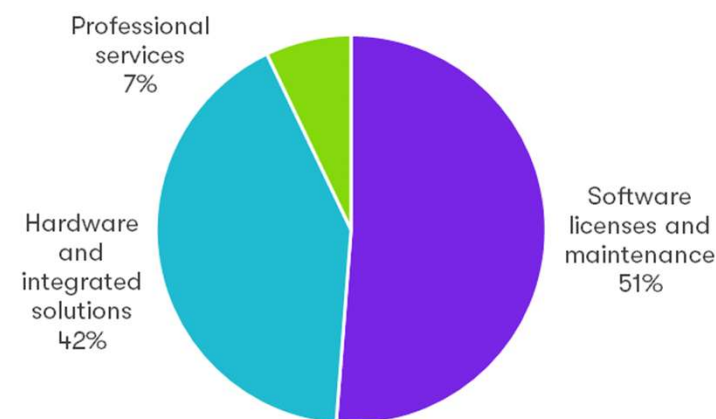
LTM Recurring
Revenue

170K+

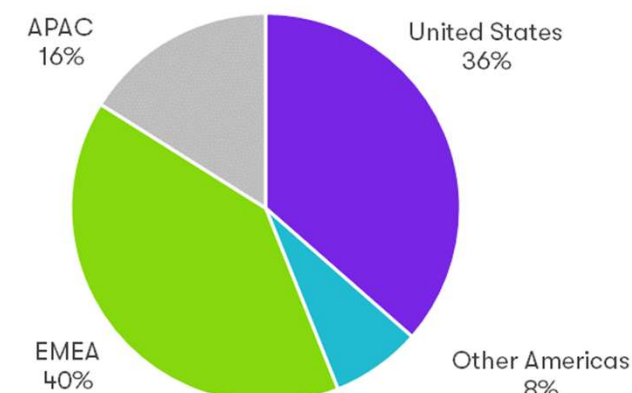
Paid
Subscriptions

Revenue Breakdown (LTM 9/30/19)

Type Split



Geographic Split

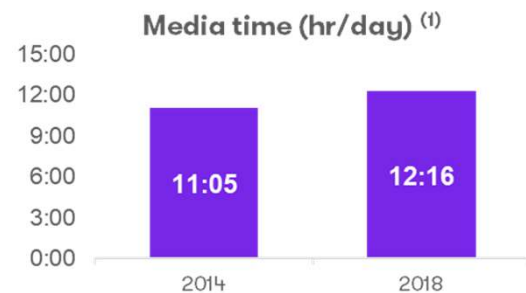


AVID ADDRESSES MAJOR MARKET TRENDS

Several macro trends create significant opportunity for Avid to drive growth

Substantial growth in content creation

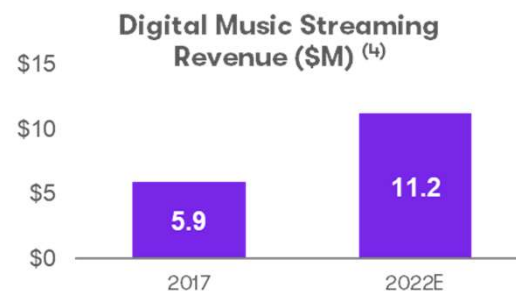
Driving investments in creative tools and overall growth in content creators



- Scripted TV series growing at 6% CAGR since 2014 ⁽²⁾
- 10M+ hrs. of video uploaded to YouTube monthly ⁽³⁾
- New OTT/SVOD players setting higher quality standards (4K/HDR)

Immersive audio is the next big wave

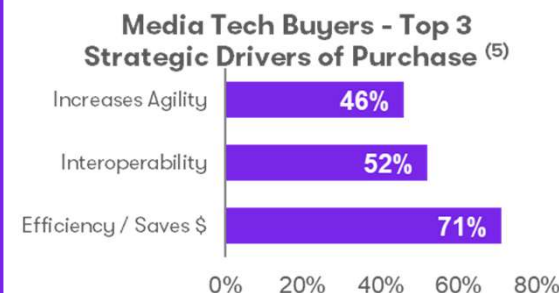
Creating significant upgrade cycle across music studios and audio post production



- Amazon Music HD and Echo Studio support Dolby Atmos
- UMG remastering 1000s of songs in Dolby Atmos for new streaming services
- Premium SVOD services require Dolby Atmos audio

Media enterprises in digital transition

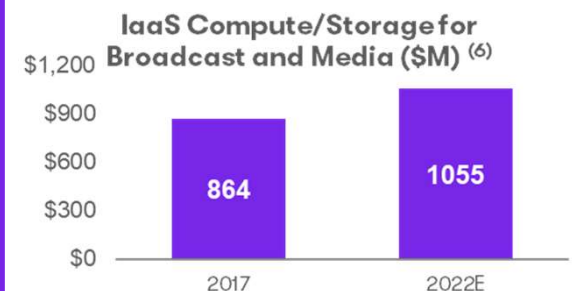
Move to unify operations creates opportunities for platform approach



- Enterprises' top priorities are efficiency, agility and speed
- Traditional media impacted by changing viewer habits
- Consolidation also driving efficiencies: Disney/Fox, Sinclair/Fox, Viacom/CBS

Media industry heading to the cloud

Early stages of industry's transition of many media workflows to cloud & SaaS



- Today media distribution is predominately done in the cloud; media enterprises now want production in the cloud
- Cloud and AI will help media enterprises achieve greater synergies and efficiencies

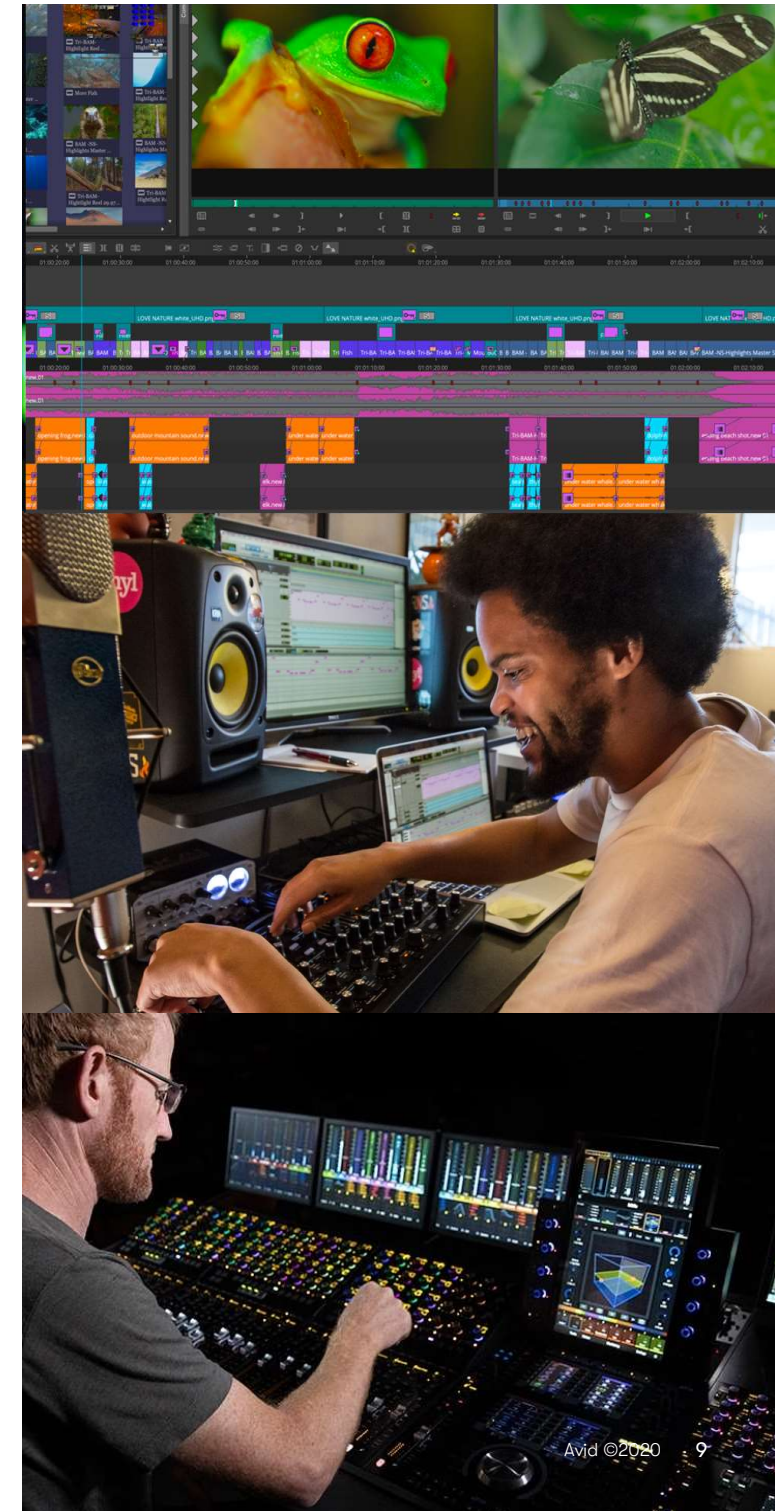


Source: (1) Activate Tech and Media Outlook 2016 & 2019, (2) FX Networks Research, "Estimated Number of Scripted Original Series, Broadcast, Cable and Online Services" (as of Dec. 5, 2018); (3) YouTube-statistics; (4) IFPI, "Global Music Report 2019" all statements in this presentation attributable to IFPI represent Avid's interpretation of the data and have not been reviewed by IFPI, (5) IABM 2019 Buying Trends Report (May 2019), (6) IABM-DC 2019 Global Market Valuation Report

CREATIVE INDIVIDUALS & TEAMS

Avid empowers professional media creators with innovative software and integrated solutions

- Supporting growth in content creation
 - Industry-leading creative tools that enable audio and video production teams to deliver better content, more efficiently
 - Empowering individuals while supporting the workflow and technology needs of enterprises
- Meeting the highest production standards
 - Support for 4K / HDR / immersive audio
 - OTT providers Netflix / Disney+ driving production standards
- End users include video editors, sound editors, recording engineers, producers, musicians, filmmakers & students

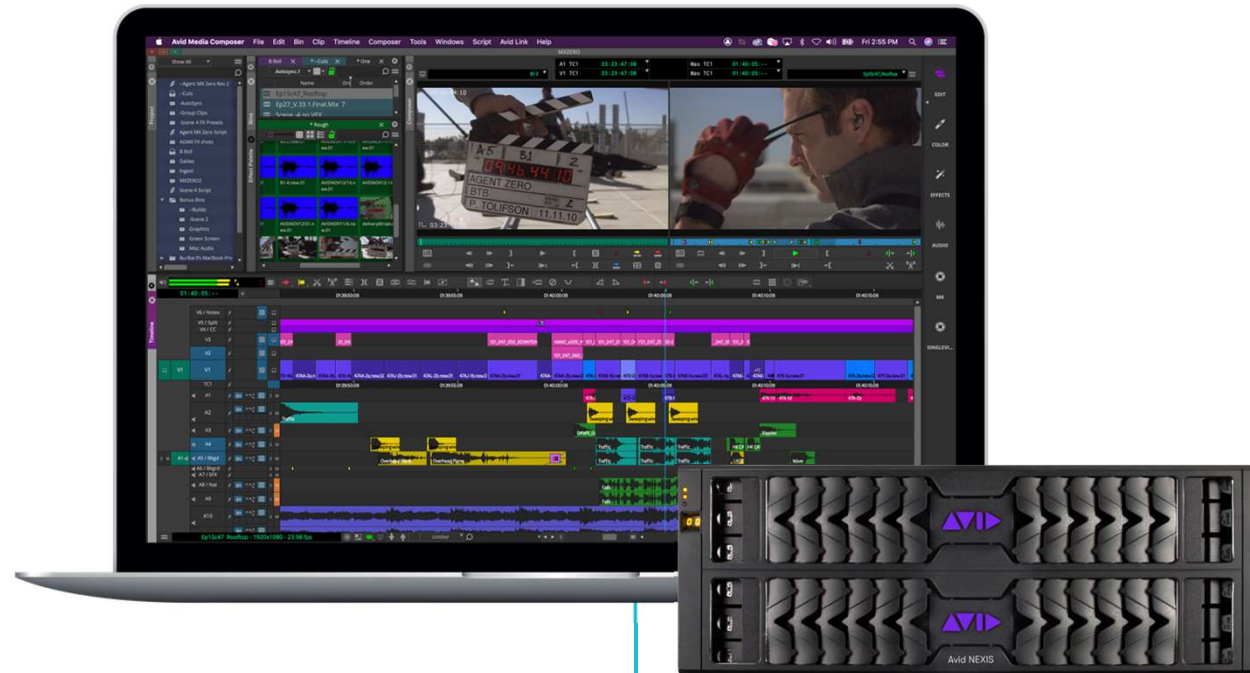


VIDEO CONTENT CREATION – MEDIA COMPOSER

Supporting the substantial growth in content creation



- More people creating content than ever before
- New and growing number of distribution channels (web, mobile, FAANG)
- Demand for more original and higher-quality produced content



ADD-ON
SOLUTIONS:



I/O



Control
Surfaces



Storage



Plugins



Delivered next generation user experience **attracting** new and existing users



Now have **entire workflow in the box** – first cut to final finish



Customizable by role, and **connects users from anywhere** – on premise or on demand



Integrated editing, storage, IO and processing workflow from HDR, to 8K and beyond

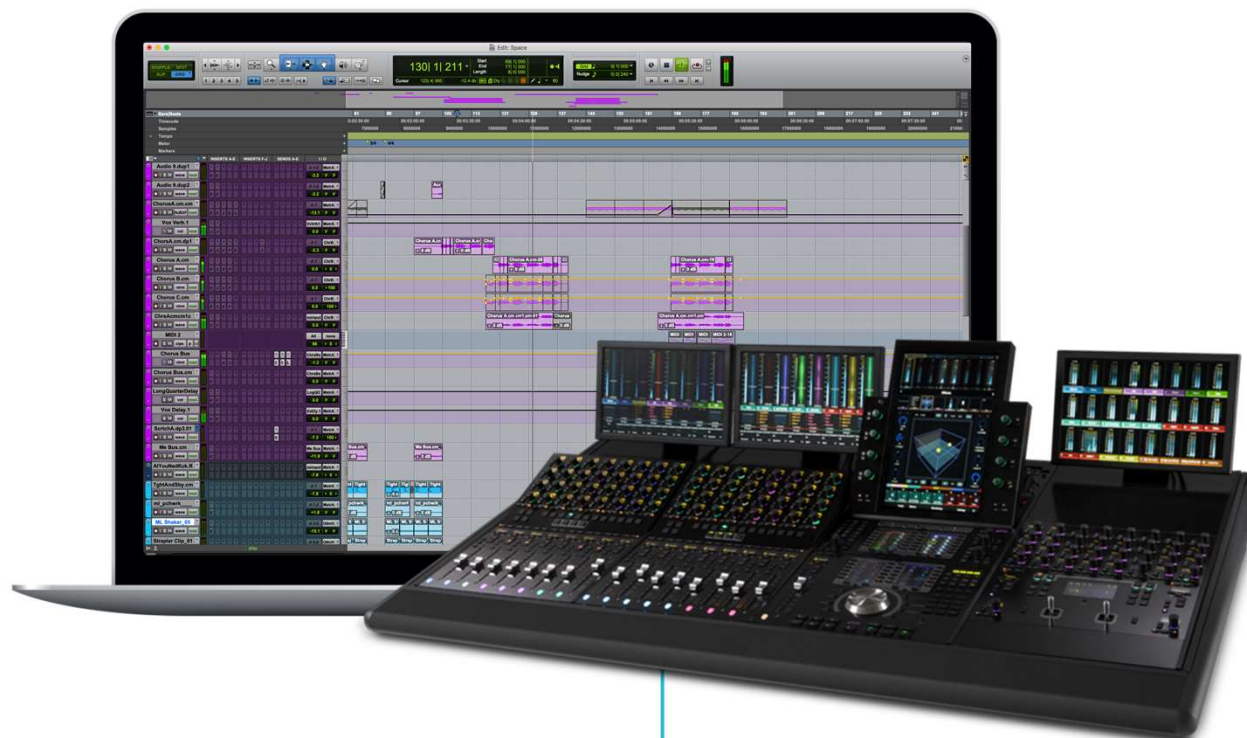


AUDIO CONTENT CREATION – PRO TOOLS

Enabling immersive audio – the next big wave



- Immersive audio becoming pervasive in TV, film, games and now music
- Consumers have come to expect compelling audio/visual experience
- Requires major retooling to meet production needs



ADD-ON
SOLUTIONS:



I/O



Storage



Plugins



Pro Tools integrated recording, editing, and mixing workflow: the industry gold standard



Delivered the most comprehensive Dolby Atmos® production solution



Extended control surface line to expand addressable market opportunity



Avid uniquely positioned for immersive music customer retooling



MEDIA ENTERPRISES, STUDIOS AND BROADCASTERS

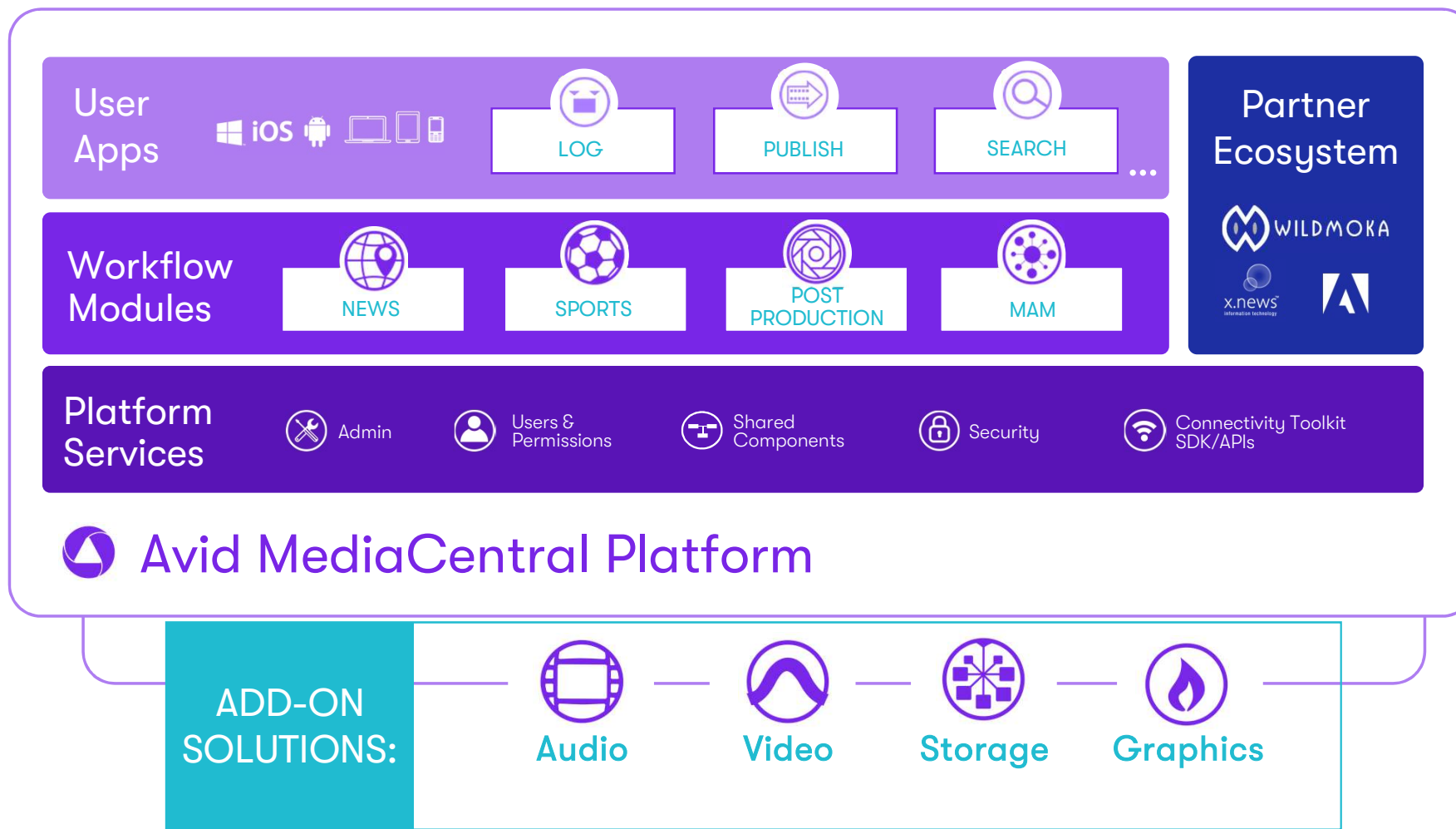
Avid delivers the leading media platform to support enterprise content creation – on premise & in the cloud

- Enterprise platform forms the backbone for media workflows
 - MediaCentral is an open, flexible & powerful platform built specifically for demanding media workflows
 - Core news production & asset management applications
 - Open connectivity for add-on functionality
- Enabling media enterprises to move post-production to the cloud
 - Cloud-deployed versions of MediaCentral, Avid NEXIS & Media Composer
 - Secure environment for media enterprises & demanding workflows in the cloud



ENTERPRISE SOFTWARE & INTEGRATED SOLUTIONS

Fully launched MediaCentral 2019, many global deployments and strong pipeline



- ✓ IT-centric platform approach to media production
- ✓ Comprehensive sets of apps, modules and services delivering end-to-end workflow solutions
- ✓ Open and extensible with rich partner ecosystem
- ✓ Deployment flexibility offering customers easy transition to the cloud



MEDIA IS HEADING INTO THE CLOUD

Extending reach with new workflows in the cloud



- Cloud clearly seen as efficiency play for large media companies over time
- Customers must leverage existing investments while exploiting new SaaS functionality
- Transition will happen over time

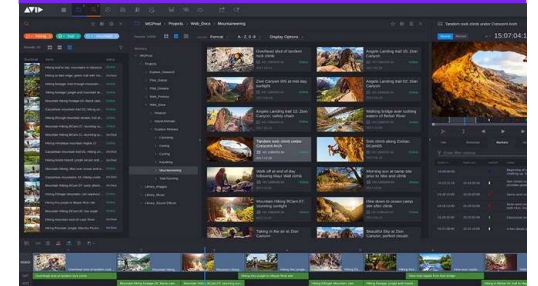
BACKUP, ARCHIVE & DISASTER RECOVERY



EDIT ON DEMAND



CONTENT MANAGEMENT & WORKFLOW AUTOMATION



NEXT GEN NEWS



EDITORIAL WORKGROUP & GLOBAL COLLABORATION



- Add-ons to current installations
- Subscription-based
- Monetization of infrastructure



GO-TO-MARKET FOR ENTERPRISES AND CREATIVE INDIVIDUALS

Enterprise Direct

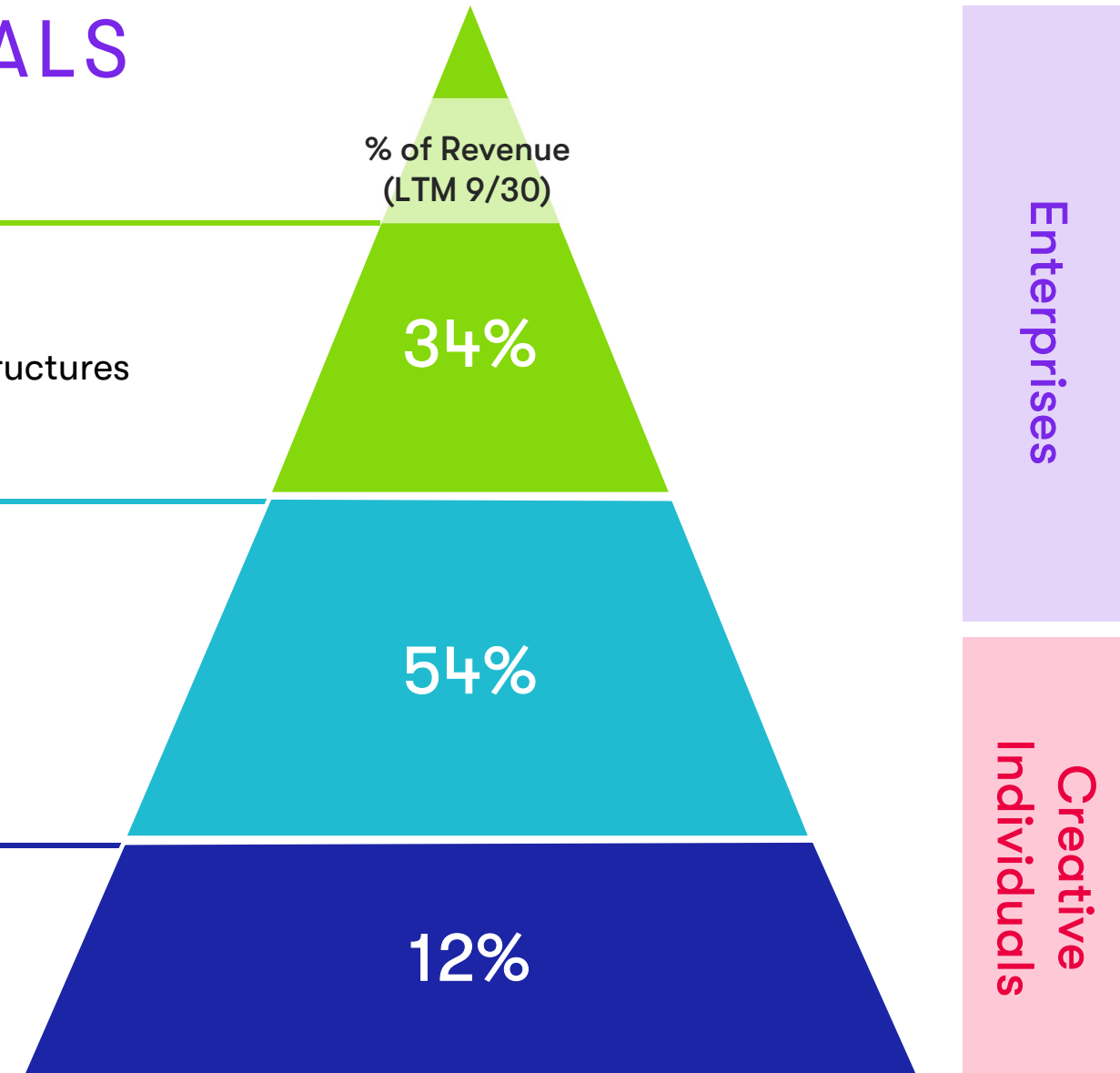
- Largest 200+ accounts
- Multi-year Enterprise Agreements with key customers
- Flexible deployment models, licensing options & commercial structures

Channel

- Strategic Purchasing Agreements with market leading distributors, retailers, system integrators and VARs
- Scalable service and localized approach to help end-users access products, training and support quickly

eCommerce

- Best-in-class eCommerce engine serving creative individuals and small teams
- Proactive support model with recurring subscriptions
- Subscription growth engine



FINANCIAL OVERVIEW

Ken Gayron
EVP and CFO



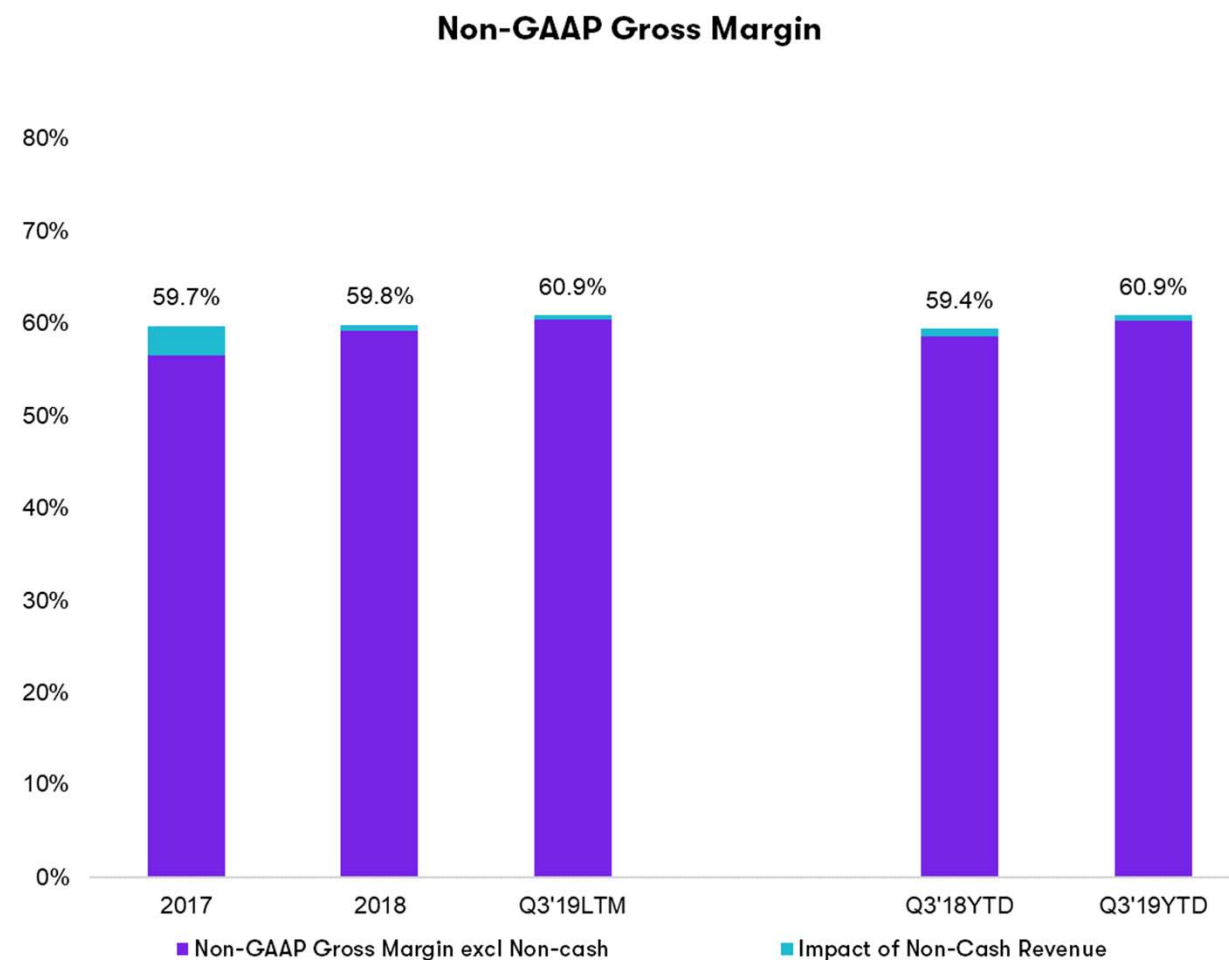
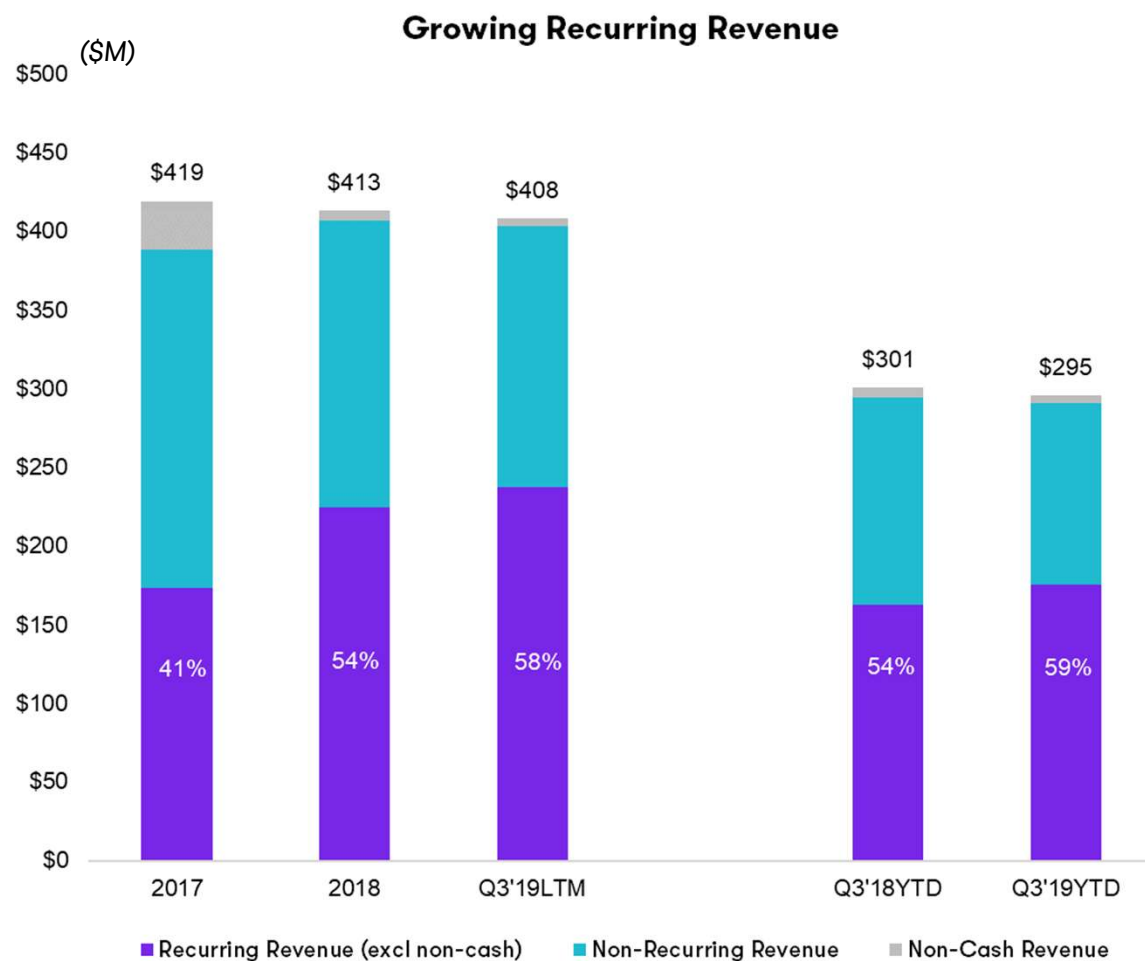


FINANCIAL STRATEGY

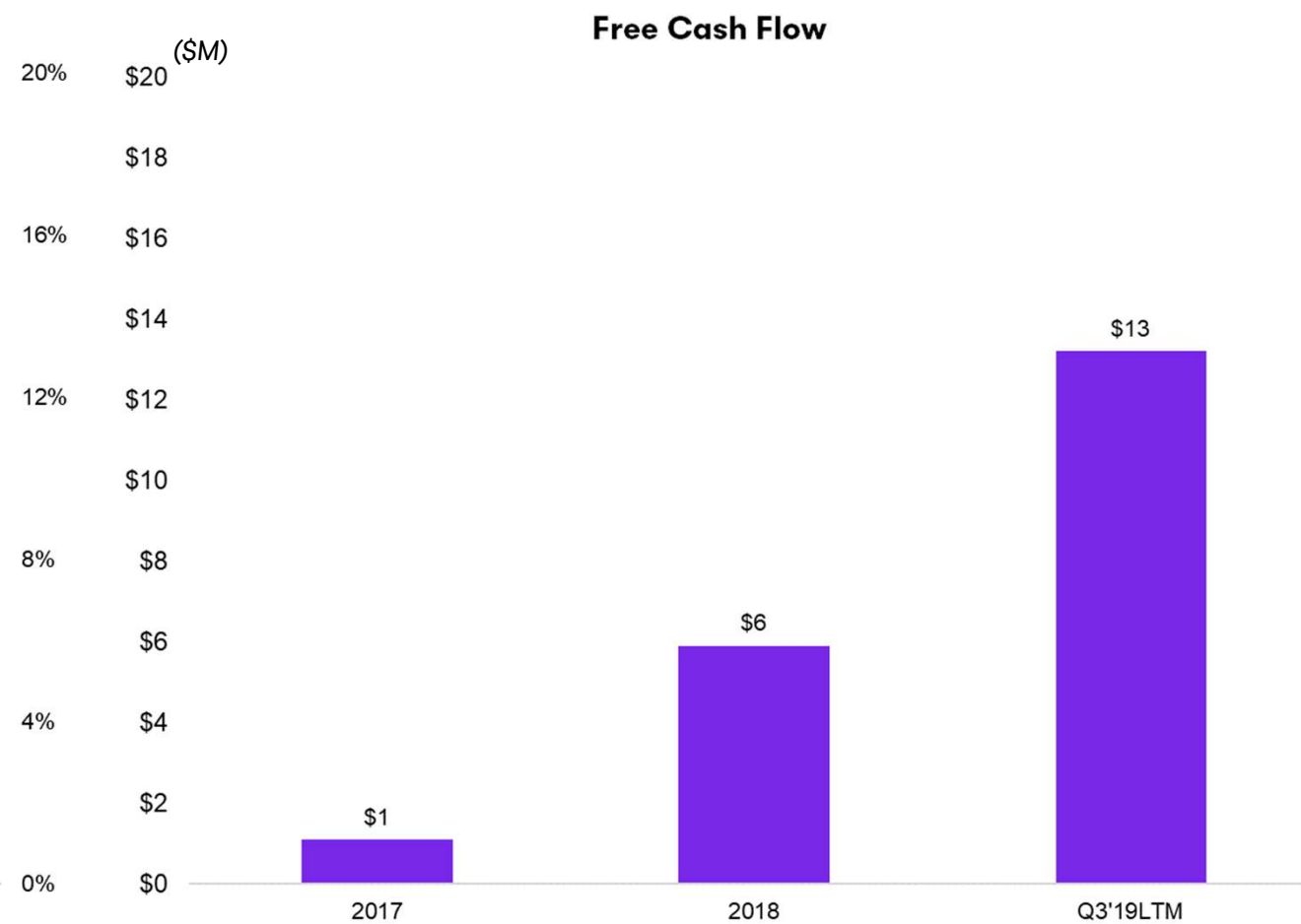
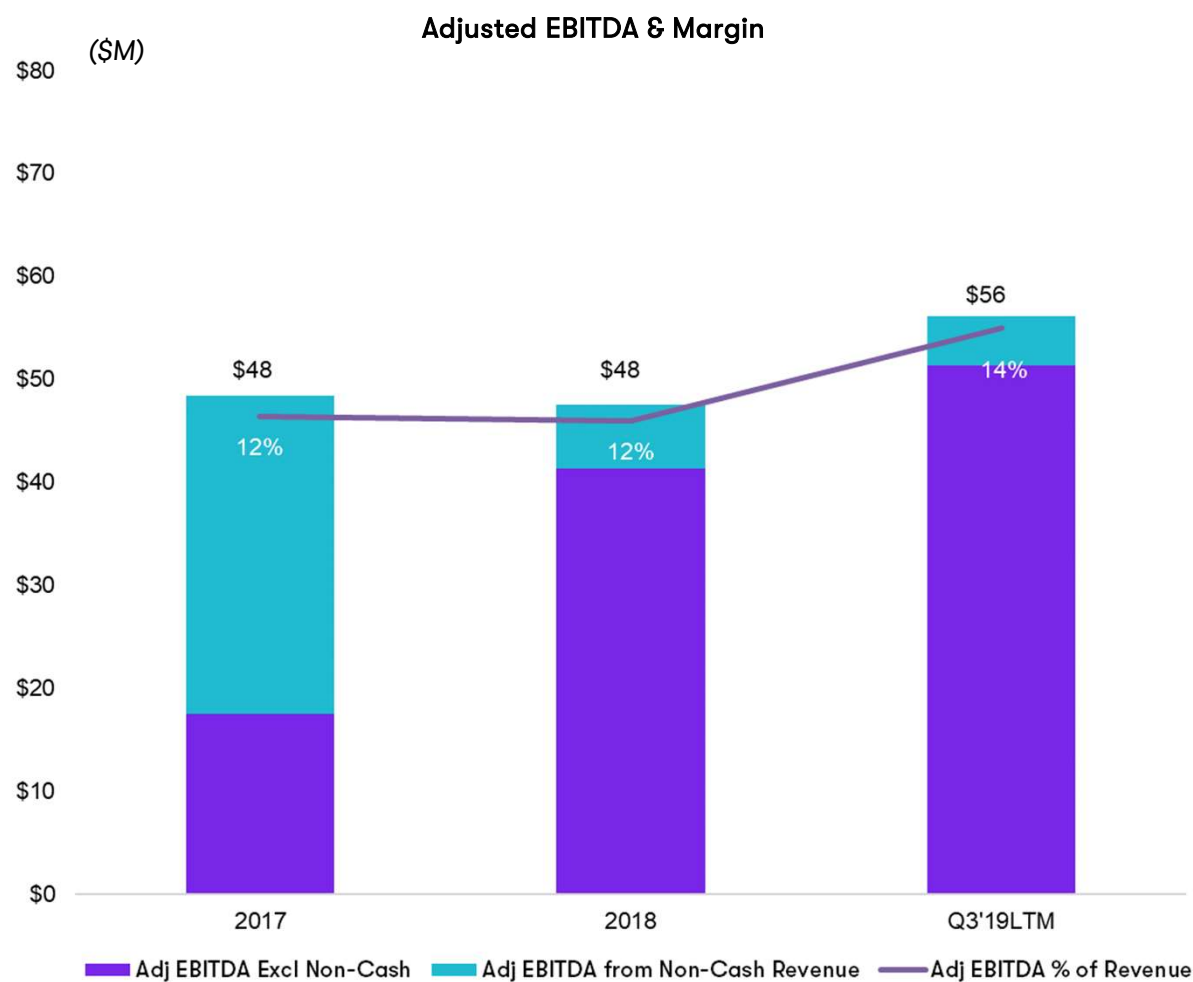
- Continue momentum in recurring revenue
 - Aggressively expand subscription
 - Stabilize and grow maintenance
 - Increase number and value of long-term agreements
- Drive continued improvements in gross margin through operational efficiency and new products
- Further internal efficiencies to drive operating expense discipline
- Grow Free Cash Flow conversion with more efficient working capital and interest expense



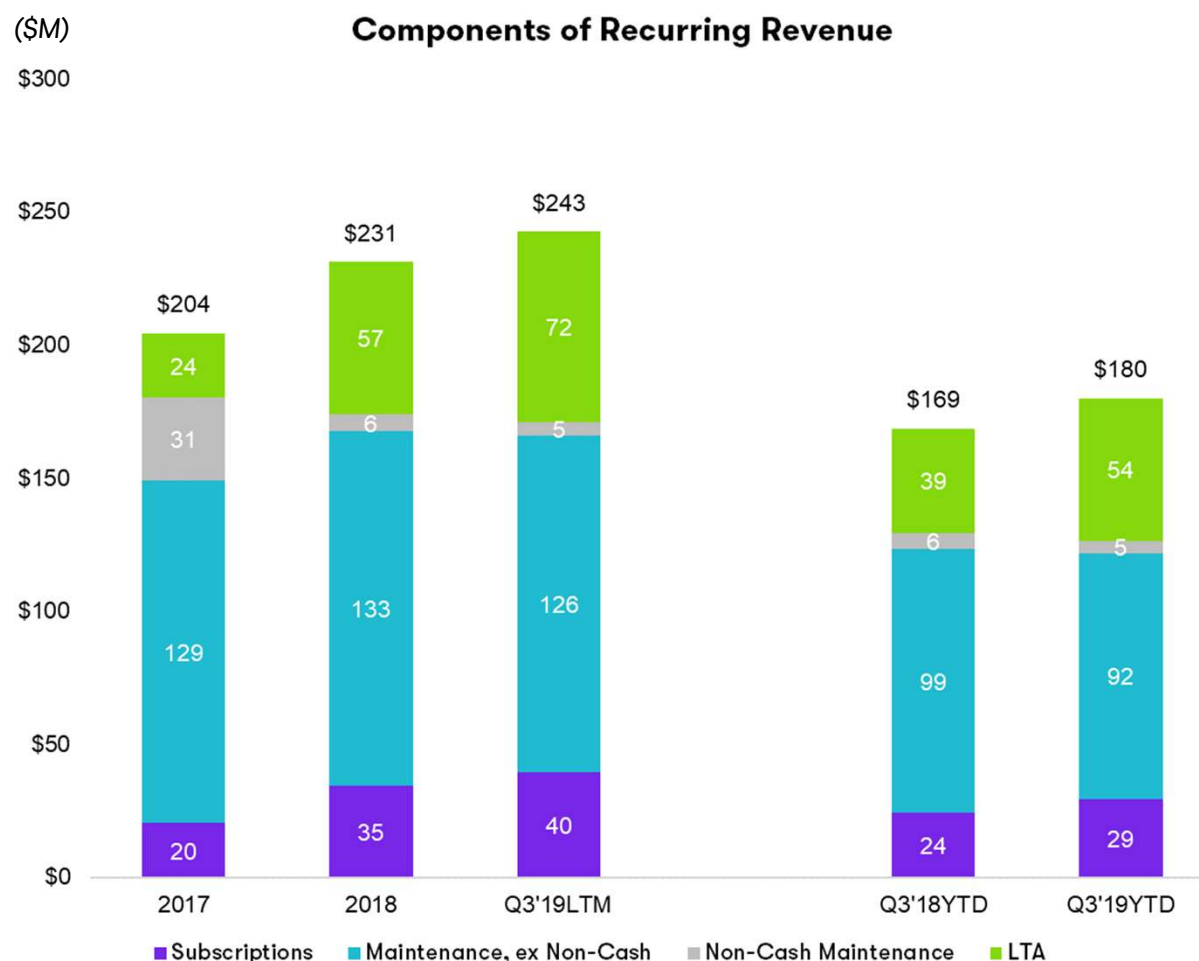
IMPROVING RECURRING REVENUE AND NON-GAAP GROSS MARGIN



ADJUSTED EBITDA AND FREE CASH FLOW



COMPONENTS OF RECURRING REVENUE

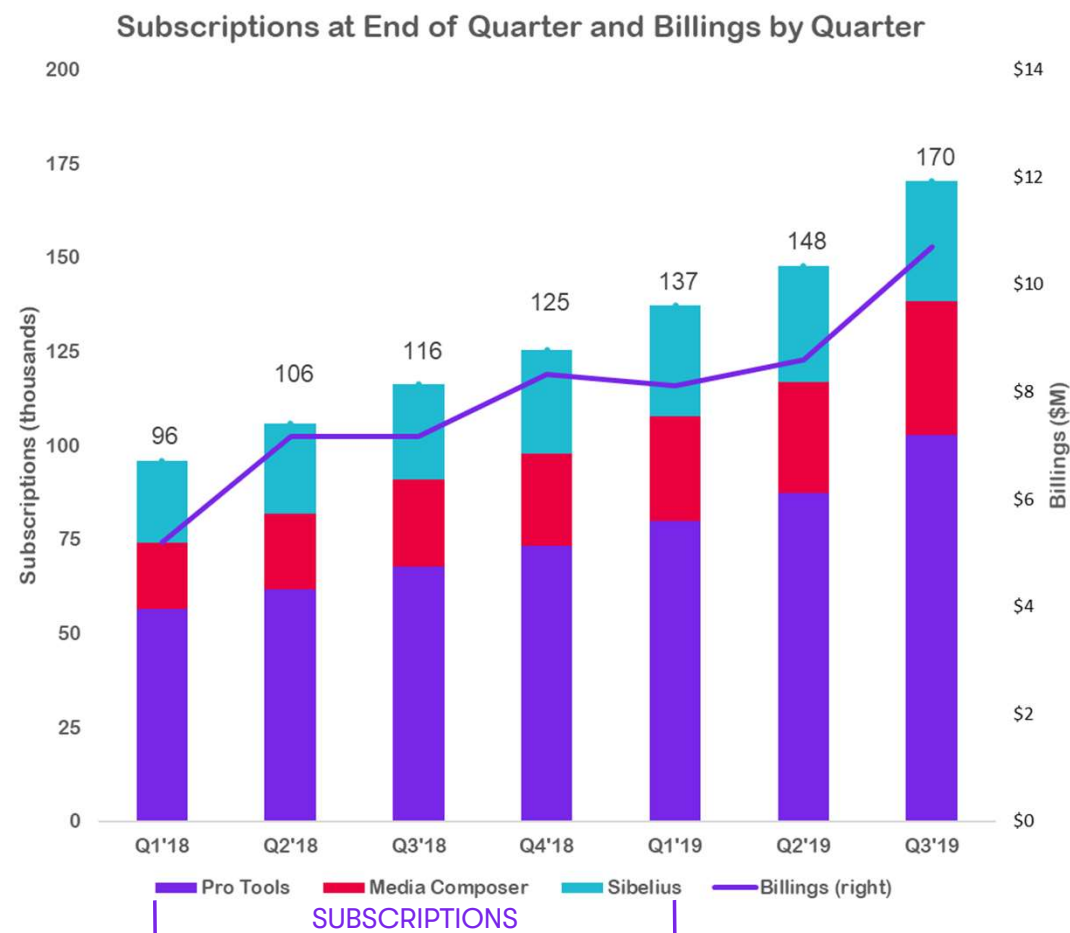


- Subscriptions
 - Driven by robust growth in subscriptions, +44% CAGR since the end of 2017
- Maintenance
 - Excluding non-cash, maintenance is fairly stable despite strong growth in subscriptions
 - Headwinds from legacy storage in 2019 are dissipating, providing more stability moving forward
- Long-Term Agreements (LTA)
 - Providing more visibility and confidence looking forward, locking in a growing share of wallet

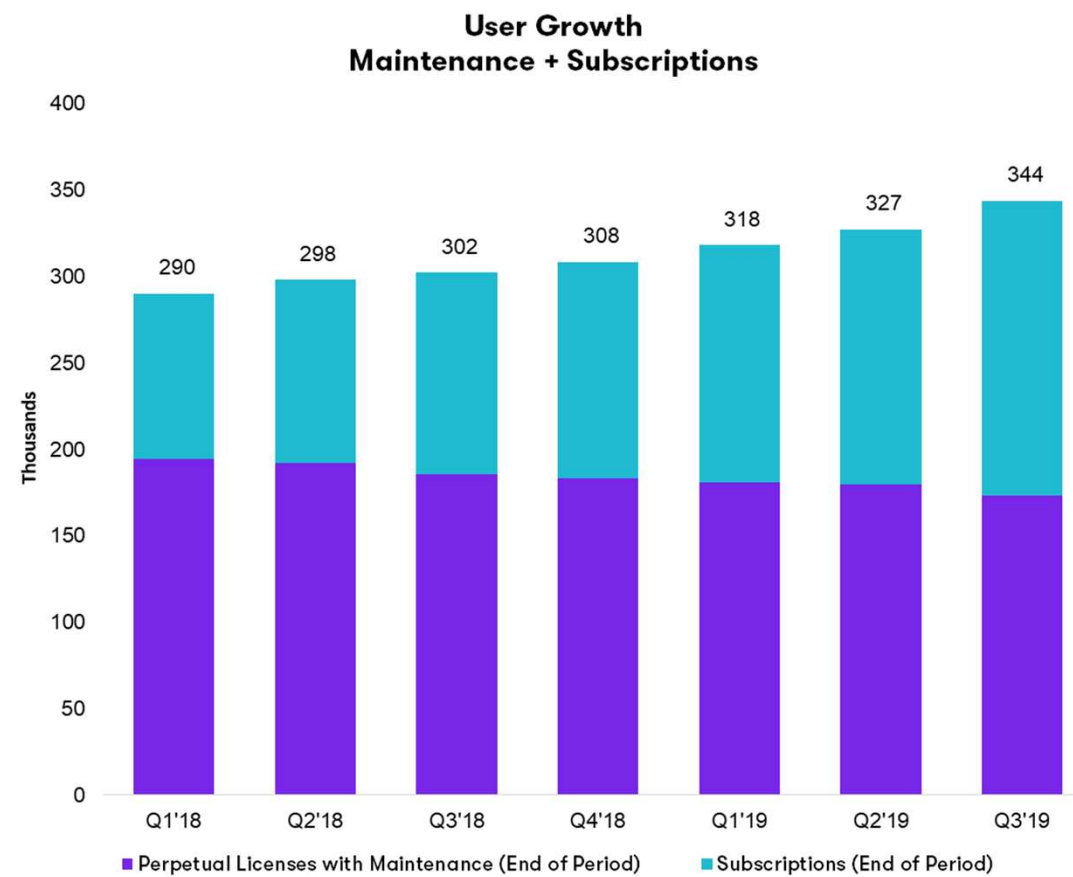


GROWING SUBSCRIPTIONS

Building recurring revenue through subscriptions for creative software tools



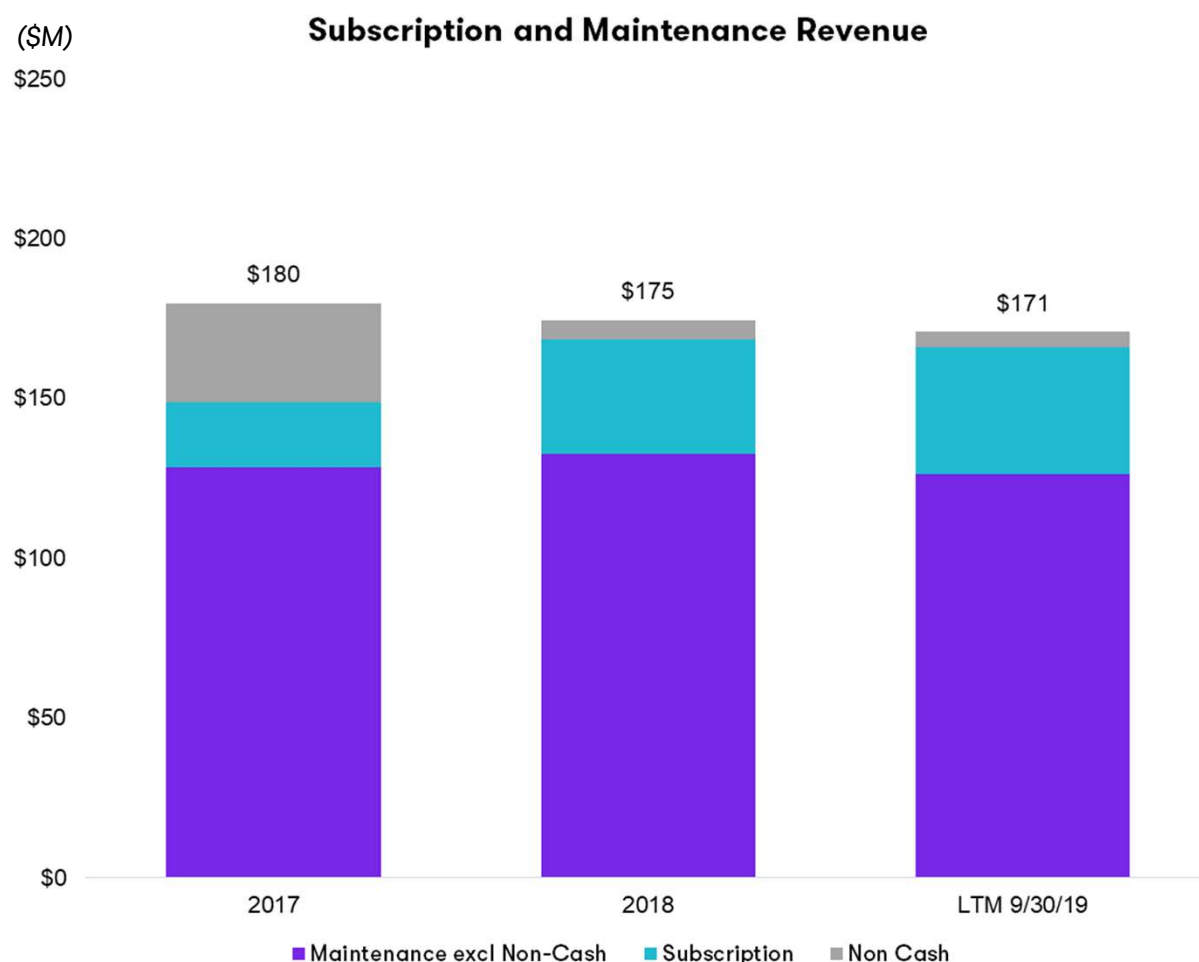
- Subscriptions up 46% YoY in Q3'19
- Subscription billings up 49% YoY in Q3'19
- Subscription price increases in July 2019



- Total users (perpetual with maintenance + subscription) up 14% YoY in Q3'19
- Subscription revenue up 17% YoY in Q3'19, trailing subscriptions growth due to change in revenue reserve



SUBSCRIPTION AND MAINTENANCE REVENUE



- Subscription and Maintenance revenue grew 13% in 2018, excluding non-cash revenue
- In 2019, change to subscription reserves and legacy storage end of service suppressed growth
- As these factors normalize and we take an aggressive approach in pricing for subscriptions and maintenance, we anticipate a favorable return to growth



IMPROVING BUSINESS OPERATIONS

- Focus R&D on priority areas
 - Reimagining creative software tools
 - Cloud hosted versions of software products
 - Targeted audio hardware
- Transition to lean supply chain
 - Improved cost structure, lower working capital, greater operating flexibility
- Control operating expenses
 - \$20M Smart Savings, continued focus on costs
- Selective investment in IT to support business strategy and process automation





2019 & 2020 FULL-YEAR GUIDANCE

As presented at investor day on November 19, 2019

(\$M)	Full Year 2019 Guidance		Full Year 2020 Guidance	
	Low	High	Low	High
Revenue	\$405	\$415	\$417	\$437
Subscription & Maintenance Revenue			\$180	\$190
Adjusted EBITDA	\$55	\$60	\$66	\$74
Free Cash Flow	\$12	\$17	\$27	\$35
Non-GAAP Net Income Per Share	\$0.50	\$0.60	\$0.84	\$0.93





POWERING
GREATER
CREATORS