
**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): January 14, 2021

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.)

Burlington **75 Network Drive** **01803**
Massachusetts
Address of Principal Executive Offices, Including 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))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|-------------------------------|-------------------|---|
| Common Stock, \$.01 par value | AVID | Nasdaq Global Select Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 7.01 Regulation FD Disclosure.

On January 14, 2021 and January 15, 2021, Avid Technology, Inc. (the "Company") will make a series of investor presentations at the 23rd Annual Needham Virtual Growth Conference. A copy of the presentation (the "Investor Presentation") is attached hereto as Exhibit 99.1 and is incorporated by reference herein. A copy of the presentation will also be available on the Company's website at www.ir.avid.com.

The Investor Presentation includes financial information not prepared in accordance with generally accepted accounting principles ("Non-GAAP Financial Measures"). The Company believes the Non-GAAP Financial Measures provided in the Investor Presentation provide helpful information to investors with respect to evaluating the Company's performance. However, these Non-GAAP Financial Measures may vary from how other companies present such measures. These 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 information contained in the Investor Presentation is summary information that is intended to be considered in the context of the Company's filings with the Securities and Exchange Commission (the "SEC") and other public announcements that the Company may make by press release or otherwise from time to time. The Company undertakes no duty or obligation to publicly update or revise the information contained in this Investor Presentation or this current report on Form 8-K, although it may do so from time to time as its management believes is warranted. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases or through other public disclosure.

The information contained in this current report on Form 8-K (including Exhibit 99.1) is being furnished and 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 under that Section, and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly provided by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.*

| <u>Exhibit Number</u> | <u>Description</u> |
|---------------------------|---|
| 99.1 | <u>Avid Technology, Inc. January 14, 2021 and January 15, 2021 Investor Presentation.</u> |

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: January 14, 2021

By: /s/ Kenneth Gayron
Name: Kenneth Gayron
Title: Executive Vice President and CFO

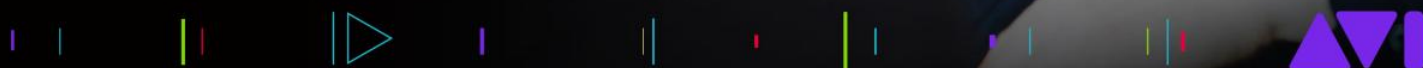


COMPANY OVERVIEW

Avid Technology (Nasdaq:AVID)

January 2021

We're on a mission to **empower media creators**
with innovative technology solutions **to entertain, create, and**
inform, educate and enlighten the world.





NON-GAAP MEASURES & OPERATIONAL METRICS

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

Non-GAAP Measures

- Adjusted EBITDA
- Adjusted EBITDA Margin
- 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 Metrics

- Cloud Enabled Software Subscriptions
- Recurring Revenue
- LTM Recurring Revenue %
- Annual Contract Value ("ACV")

The non-GAAP measures used in this presentation are reconciled to their comparable GAAP measures in our press release announcing our Q3 2020 results published and filed as an exhibit to our 8-K with the SEC on October 28, 2020, and the operational metrics included in this presentation are defined in the supplemental financial information datasheet available on ir.avid.com. Avid believes that non-GAAP measures and the operational metrics provided in this presentation provide helpful information to investors with respect to evaluating the Company's performance. However, these non-GAAP measures and operational metrics 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 expectations for Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow, which are forward-looking non-GAAP financial measures. Reconciliations of the 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 information excluded from the estimation of the non-GAAP results, together with some of the excluded information not being ascertainable 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 with unreasonable efforts.





SAFE HARBOR STATEMENT



Certain information provided in this presentation includes forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include statements regarding our future financial performance or position, results of operations, business strategy, plans and objectives of management for future operations, and other statements that are not historical fact. You can identify forward-looking statements by their use of forward-looking words such as “may”, “will”, “anticipate”, “expect”, “believe”, “estimate”, “intend”, “plan”, “should”, or other comparable terms.

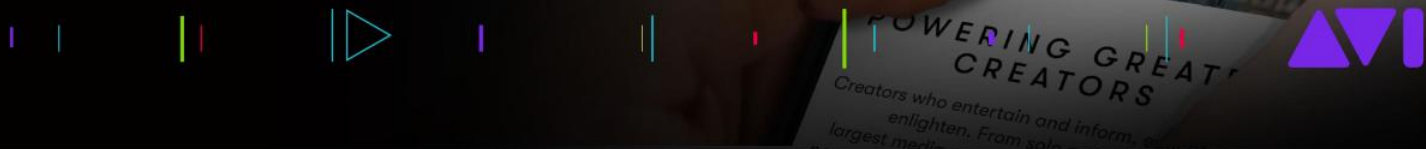
Readers of this presentation should understand that these forward-looking statements are not guarantees of performance. Forward-looking statements provide our current expectations and beliefs concerning future events and are subject to risks, uncertainties, and factors relating to our business and operations, all of which are difficult to predict and could cause actual results to differ materially from the expectations expressed in or implied by such forward-looking statements.

These risks, uncertainties, and factors include, but are not limited to: risks related to the impact of the coronavirus (COVID-19) outbreak on our business, suppliers, consumers, customers and employees; our liquidity; our ability to execute our strategic plan including our cost saving strategies, and to 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; fluctuations in subscription and maintenance rates; 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; risks related to the availability and prices of raw materials, including any negative effects caused by inflation, weather conditions, or health pandemics; disruptions or inefficiencies in our supply chain and/or operations, including from the COVID-19 outbreak; the costs, disruption, and diversion of management's attention due to the COVID-19 outbreak; the possibility of legal proceedings adverse to our Company; and other risks described in our reports filed from time to time with the U.S. Securities and Exchange Commission. Moreover, our business may be adversely affected by future legislative, regulatory or other changes, including tax law changes, as well as other economic, business and/or competitive factors. The risks included above are not exhaustive. We caution readers not to place undue reliance on any forward-looking statements included in this press release which speak only as to the date of this press release. We undertake no responsibility to update or revise any forward-looking statements, except as required by law.

BUSINESS UPDATE

Jeff Rosica

Chief Executive Officer & President





If you **enjoy** the movies,
watch television or
listen to music—you're
experiencing **AVID** tools
and solutions at work





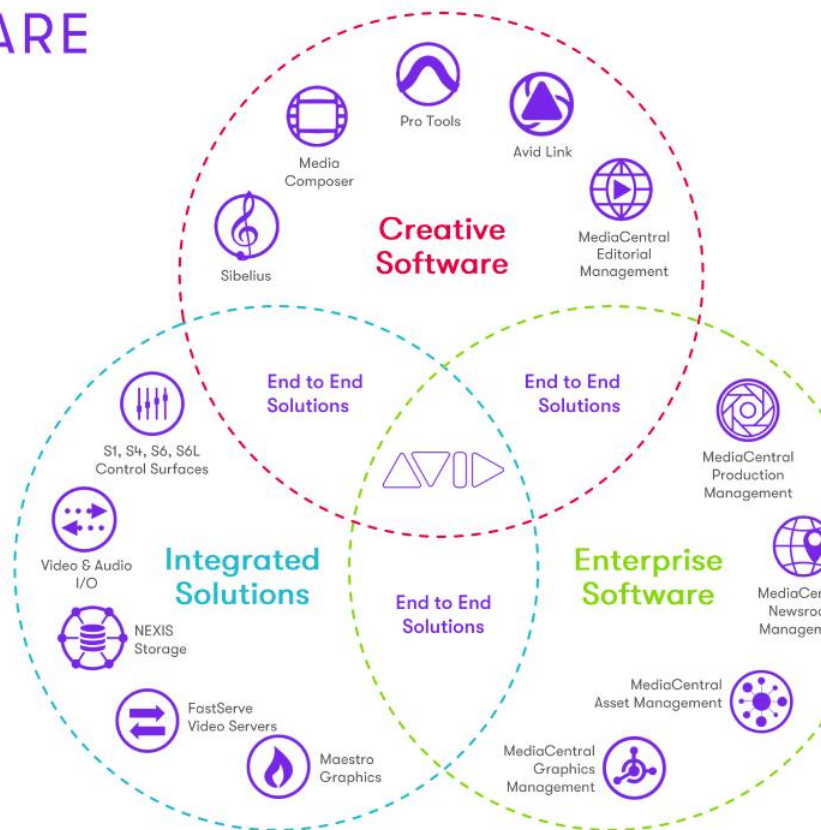
Most award-winning artists and the leading studios, broadcasters and media creators rely on **AVID** to create their media content

AVID IS POWERING GREATER CREATORS



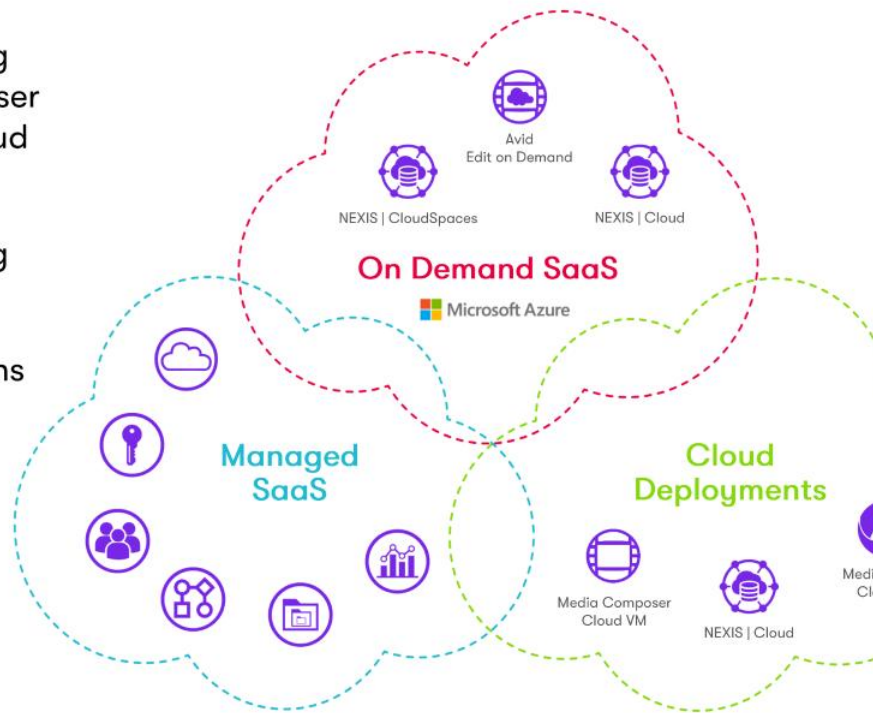
TRUSTED SOFTWARE AND SOLUTIONS

- The industry's preferred suite of **powerful creative software tools** for creating high-quality media content
- Integrated hardware/software solutions that offer **advanced capabilities** and **uniquely position** the company's offering
- Media's leading **cloud-enabled, secure and open platform** for enterprise media production that is the preeminent choice to create better content, more efficiently
- Ensuring **customer success** with services, customer support, training and education



LEADING MEDIA INTO THE CLOUD

- **On Demand SaaS** offerings bring the power of Avid Media Composer and Avid NEXIS to the public cloud
- **Managed SaaS** helps lower total cost for clients by re-engineering their global media value chain
- **Flexible cloud deployment** options available—public cloud, private cloud, or on-prem hybrid
- **Strategic Microsoft partnership** enables companies to combine their efforts in leading media industry to the cloud



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

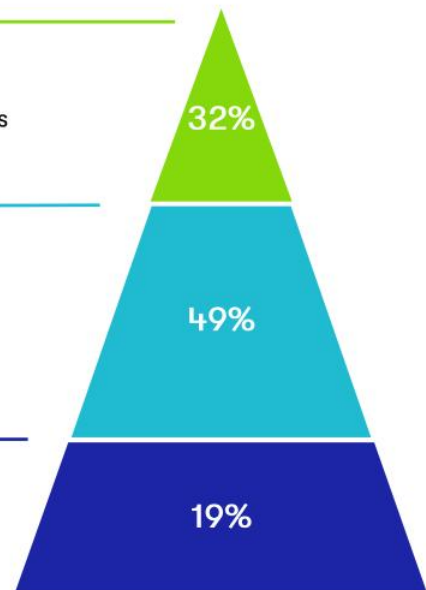
Channel

- 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

% of Revenue
(LTM 9/30)



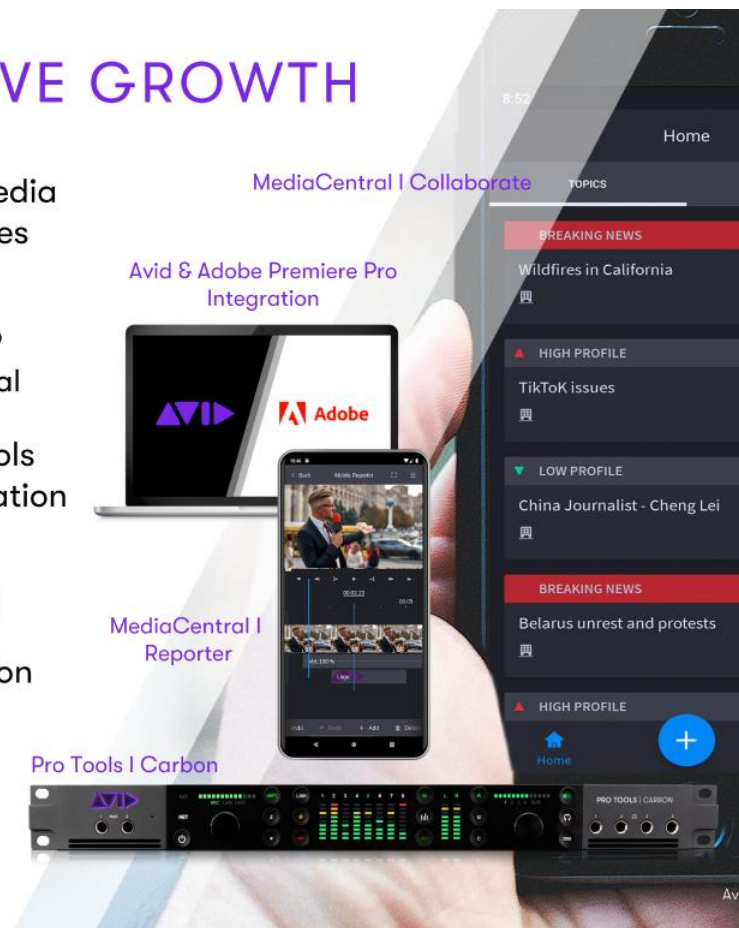
Enterprises

Creative
Individuals



INNOVATION TO DRIVE GROWTH

- New innovations for broadcasters and media enterprises with major Q3 product releases
 - MediaCentral | Collaborate application
 - Avid Connector for Adobe® Premiere® Pro
 - Enterprise Subscriptions for MediaCentral
- Continued innovation around creative tools for remote workflows and cloud collaboration
 - MediaCentral | Reporter mobile app
 - Avid Edit on Demand cloud/SaaS editing
- Pro Tools | Carbon hybrid audio production system specifically for music creators launched during Q4
 - Powerful HDX DSP technology for individual artists, bands and producers



ADDED TOP CLOUD AND SAAS TALENT

To accelerate next phase of strategic growth, including the rapidly expanding subscription software business



Lior Netzer

SVP & GM of Media Platform
& Cloud Solutions
Experience: Akamai



Kevin Riley

Chief Technology Officer and
SVP of Technology & Innovation
Experience: Ribbon Communications



STRATEGIC PRIORITIES



Grow Recurring Revenue from Subscriptions, Maintenance and Long-Term Agreements



Deliver more consistent growth, and enhanced profitability and Free Cash Flow



Improve business operations and expense control, while making focused R&D investments



Create innovative software and solutions to power content creators and media enterprises



Enable enterprise cloud/SaaS solutions for secure, powerful media creation workflows



FINANCIAL UPDATE

Ken Gayron

Executive Vice President & Chief Financial Officer



Q3 2020 EXECUTIVE SUMMARY

1

Growth in non-recurring integrated solutions and perpetual license product revenue as end markets started to strengthen



2

Continued strong growth in subscriptions and improvement in Annual Contract Value



3

Significantly improved profitability and Free Cash Flow from higher gross margin & lower operating expenses



Delivered **sequential growth, strong profitability and significantly improved Free Cash Flow** as markets started to recover from COVID-19 impacts



Q3 2020 PERFORMANCE HIGHLIGHTS

SUBSCRIPTION
REVENUE

+73.9%
YoY

SUBSCRIPTION
+ MAINTENANCE
REVENUE

+11.6%
YoY

eCOMMERCE
REVENUE

+41.2%
YoY

ADJUSTED
EBITDA

+51.2%
YoY

FREE C
FLO

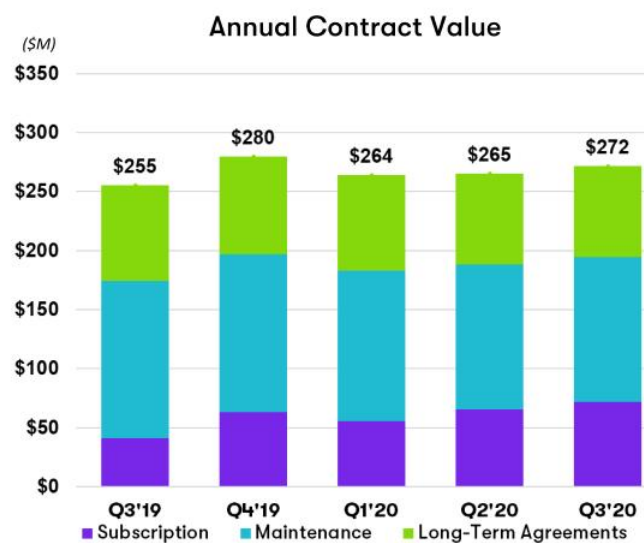
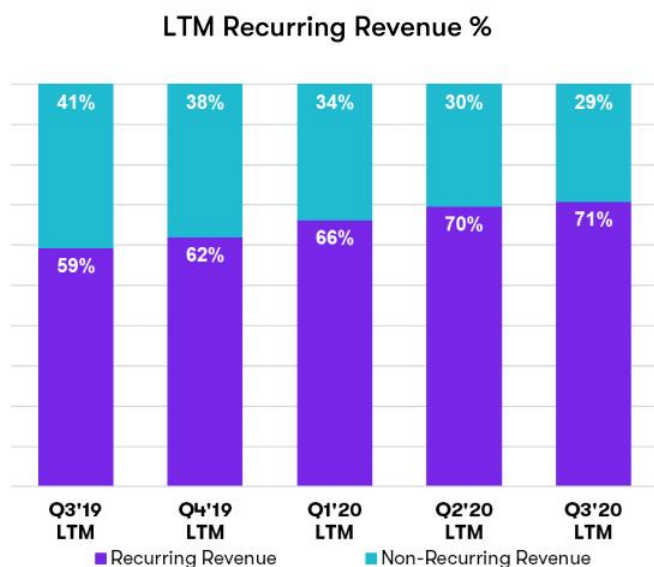
\$15.
Q3

Accelerating **growth in high-quality revenue streams** and strategic elements of the business contributed to improved profitability and Free Cash Flow



LTM RECURRING REVENUE % AND ACV METRICS

LTM Recurring Revenue % increased 1,200 bps YoY to 71% and Annual Contract Value increased \$17 million, or +6.5%, YoY



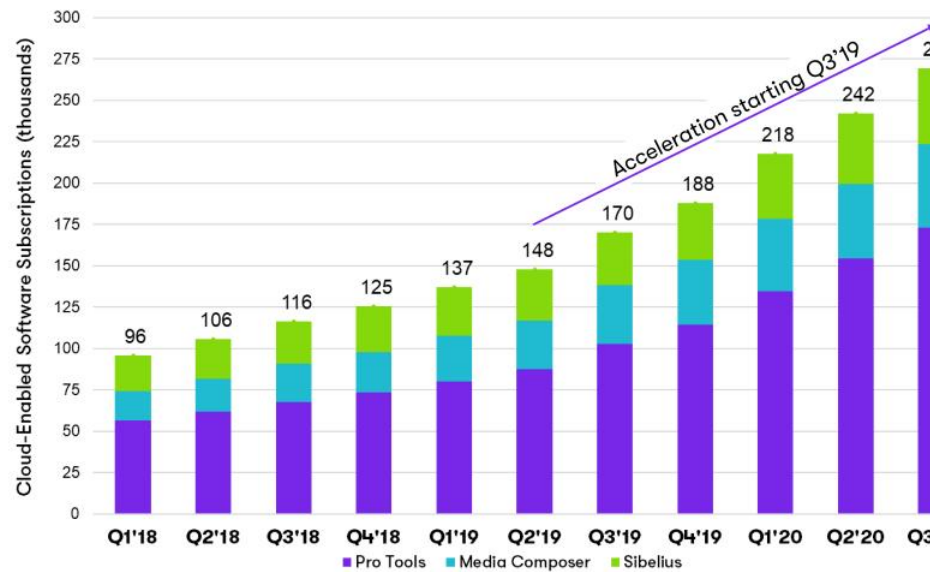
Note: Long-Term Agreement contribution to ACV excludes maintenance and subscription

PAID SUBSCRIPTIONS REACH NEW HIGHS

Continued robust growth of cloud-enabled software subscriptions, up 58% YoY, with net increase of approx. 27,000 paid subscriptions in the third quarter

New product innovations, improved pricing strategy, and enhanced digital marketing efforts have contributed to accelerating growth since Q3 2019

Software Subscriptions at End of Quarter



STRONG FREE CASH FLOW

Strong Free Cash Flow in Q3 from recovering revenue, operating expense reductions and working capital management, ahead of expected seasonally-strong Q4

Improved working capital position at the end of Q3, with sequentially higher accounts receivable and significantly reduced accounts payable (YoY and sequential)



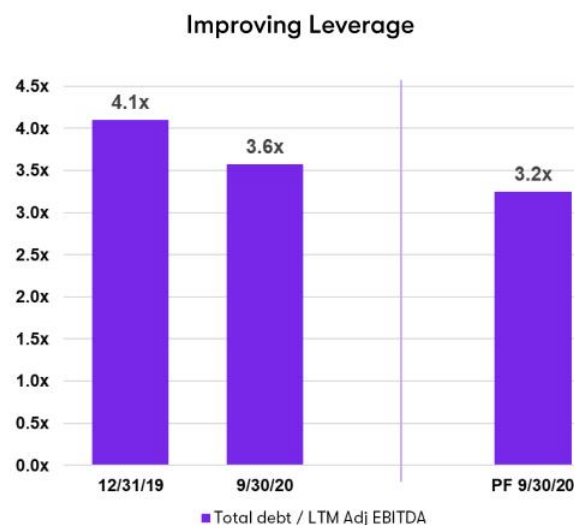
Free Cash Flow YoY Comparison



NEW CREDIT FACILITY EXPECTED TO DELIVER \$10 MILLION ANNUAL INTEREST SAVINGS

Entered into new \$250M credit facility on January 5, 2021

- New credit facility expected to improve Free Cash Flow by approximately \$10 million in 2021 and Non-GAAP Net Income per Share by approximately \$0.22 in 2021
- New credit facility consists of \$180 million term loan and \$70 million unfunded revolving credit facility
- Proceeds and available cash used to repay \$201 million outstanding under prior credit facility which was then terminated
- Refinancing reduces funded debt by approximately \$21 million and the effective cash interest rate by 450bps from 7.75% to 3.25%
- Terms of the new credit facility provide significant incremental flexibility to support strategy and growth plans



OUTLOOK & EXPECTATIONS FOR Q4 & FY2020

As presented during Q3 2020 earnings call on October 28, 2020

- Expect external markets to continue their gradual improvement in Q4 and into 2021
- Anticipate typical seasonality to benefit Q4 revenue
- Expect continued growth in subscription revenue and sequential improvement in non-recurring business in Q4
- Temporary furloughs ended as planned at the end of Q3 and cost savings on target for Q4 and 2021
- Q4 Adjusted EBITDA margin expected to be higher YoY
- Seasonally strong Free Cash Flow expected in Q4
- Approximately 60% of the cost reductions in FY 2020 to continue into FY 2021



A blurred background image showing a crowd of people with their hands raised, suggesting a Q&A session or a presentation.

Q&A





POWERING
GREATER
CREATORS



