



## Avid Reports Strong Revenue and Profit Growth in Third Quarter

TEWKSBURY, Mass.--(BUSINESS WIRE)--Oct. 16, 2003--Avid Technology, Inc. (Nasdaq: AVID) today reported strong revenue growth and increased profitability for the third quarter ended September 30, 2003. Revenues for the quarter increased by more than 10 percent to \$119.1 million compared to the \$107.8 million reported in the corresponding quarter in 2002. For the nine months ended September 30, 2003, revenues were \$344.6 million, an increase of almost 13 percent compared to \$305.9 million for the first three quarters of 2002.

Net income for the third quarter was \$11.8 million or \$.35 per diluted share compared to net income of \$2.3 million or \$.09 per diluted share for the corresponding quarter in 2002. Net income for the nine-month period ended September 30, 2003 was \$25.1 million or \$.78 per diluted share compared to a net loss of \$1.3 million or \$.05 per share for the same period in 2002.

Avid's cash and marketable securities increased during the third quarter by \$36.6 million to \$171.6 million on September 30, 2003. Approximately \$17 million of the increase was generated through operations and the balance from employee stock program activity. Since the beginning of 2003, the company's cash and marketable securities balance has nearly doubled.

"Our third quarter results are another indicator that our long-term strategy is paying off," said David Krall, Avid's president and chief executive officer. "Year-over-year, the combination of our increasing revenue, expanding gross margins, and cost containment efforts enabled us to generate more than five times the quarterly net income posted just one year ago. We believe we've put the essential building blocks in place in all areas of our business to enable further increases in Avid's revenue and profitability."

### Conference Call

A conference call to discuss Avid's third quarter 2003 financial results and the company's outlook for the fourth quarter of 2003 and full year 2004 will be held today, October 16 at 5:00 p.m. ET. The call will be open to the public. The conference call can be accessed by dialing (913) 981-5542 and referencing confirmation code 770128. The call and subsequent replay will also be available on Avid's Web site. To listen via this alternative, go to the investor relations page at [www.avid.com](http://www.avid.com) for complete details 10-15 minutes prior to the start of the conference call.

The above release includes forward-looking statements, as defined by the Private Securities Litigation Reform Act of 1996, including statements about Avid's financial outlook, products and functionality, and size and growth of existing markets. There are a number of factors that could cause actual events or results of operations to differ materially from those indicated by such forward-looking statements, such as market acceptance of Avid's products, further weakening of worldwide economic conditions and the other factors set forth under the caption "Certain Factors That May Affect Future Results" in Avid's Form 10-Q for the quarter ended June 30, 2003 and other filings with the Securities and Exchange Commission. In addition, any forward-looking statements contained herein represent Avid's estimates only as of today and should not be relied upon as representing the company's estimates as of any subsequent date. While Avid may elect to update forward-looking statements at some point in the future, Avid specifically disclaims any obligation to do so, even if the estimates change.

### About Avid Technology, Inc.

Avid Technology, Inc. is the world leader in digital nonlinear media creation, management and distribution solutions, enabling film, video, audio, animation, games, and broadcast news professionals to work more efficiently, productively and creatively. For more information about the company's Oscar<sup>®</sup>, Grammy<sup>®</sup>, and Emmy<sup>®</sup> award-winning products and services, please visit: [www.avid.com](http://www.avid.com).

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Condensed Consolidated Statements of Operations  
(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2003	2002	2003	2002
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net revenues	\$119,090	\$107,832	\$344,584	\$305,935
Cost of revenues	52,784	53,222	155,619	153,528
Gross profit	66,306	54,610	188,965	152,407
Operating expenses:				
Research and development	20,706	20,916	63,833	61,145
Marketing and selling	27,959	25,677	80,971	75,418
General and administrative	5,670	5,454	16,632	14,985
Restructuring and other costs, net	76		1,859	(327)
Amortization of acquisition-related intangible assets	341	257	975	861
Total operating expenses	54,752	52,304	164,270	152,082
Operating income	11,554	2,306	24,695	325
Interest and other income (expense), net	592	259	1,330	(192)
Income before income taxes	12,146	2,565	26,025	133
Provision for income taxes	300	300	900	1,400
Net income (loss)	\$11,846	\$2,265	\$25,125	(\$1,267)
Net income (loss) per common share - basic	\$0.40	\$0.09	\$0.88	(\$0.05)
Net income (loss) per common share - diluted	\$0.35	\$0.09	\$0.78	(\$0.05)
Weighted average common shares outstanding - basic	29,865	26,287	28,663	26,064
Weighted average common shares outstanding - diluted	33,380	26,550	32,059	26,064

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

	September 30,	December 31,
	2003	2002
	(unaudited)	
ASSETS:		
Current assets:		
Cash and marketable securities	\$171,649	\$89,034
Accounts receivable, net of allowances of \$9,646 and \$10,614 at September 30, 2003 and December 31, 2002, respectively	60,843	65,942

Inventories	38,558	38,047
Prepaid and other current assets	12,166	11,919
Total current assets	283,216	204,942
Property and equipment, net	22,309	25,731
Acquisition-related intangible assets, net	2,205	2,600
Other assets	2,869	2,530
Total assets	\$310,599	\$235,803

LIABILITIES AND STOCKHOLDERS' EQUITY:

Current liabilities:

Accounts payable	\$16,477	\$24,297
Accrued expenses and other current liabilities	53,789	51,032
Deferred revenues	42,115	35,483
Total current liabilities	112,381	110,812

Long term liabilities, less current portion	759	1,427
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Total stockholders' equity	197,459	123,564
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Total liabilities and stockholders' equity	\$310,599	\$235,803
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