The platform that **powers** media and entertainment

Q2 2018 EARNINGS CALL

AVID TECHNOLOGY

Introduction

Dean Ridlon

Non-GAAP & Operational Measures

The following Non-GAAP (Adjusted) Measures & Operational Measures will be used in the presentation:

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

Operational Measures
Bookings
Revenue Backlog
Recurring Revenue
Annual Contract Value

These non-GAAP measures are defined in our Form 8-K filed today, and the historical non-GAAP measures are reconciled with their comparable 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 presentation provide helpful information to investors with respect to evaluating the Company's performance.

The presentation also includes the forward-looking non-GAAP financial measures of Adjusted EBITDA and Free Cash Flow. Reconciliations of these forward-looking non-GAAP financial measures are not included in this presentation or our press release issued today, due to the high variability and difficulty in making accurate forecasts and projections of some of the excluded information, together with some of the excluded information not being ascertainable or accessible at this time. As a result, the Company is unable to quantify certain amounts that would be required to be included in the most directly comparable GAAP financial measure without unreasonable efforts.

Safe Harbor Statement

Certain statements made within this presentation contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 that 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 fiscal year 2018 which are based on a variety of assumptions about key factors and metrics that will determine our future results of operations, including, for example, anticipated market update of new products, realization of identified efficiency programs and market based cost inflation. Other forward-looking statements include, without limitation, statements based upon or otherwise incorporating judgments or estimates relating to future performance such as future operating results and expenses; earnings; bookings; backlog; product mix and free cash flow; Recurring Revenue and Annual Contract Value; our long-term and recent cost savings initiatives and the anticipated benefits therefrom; our future strategy and business plans; our product plans, including products under development, such as cloud and subscription based offerings, recurring revenue and annual contract value. The projected future results of operations, and the other forward-looking statements in this presentation are based on current expectations as of the date of this presentation and subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. The guidance presented in this presentation is inherently uncertain and subject to numerous risks and uncertainties. Our actual future results of operations and cash flows could differ materially from those discussed in this presentation.

For additional information, including a discussion of some of the key risks and uncertainties associated with these forward-looking statements, please see the “Forward Looking Statements” section of our press release issued today, as well as the Risk Factors and Forward-Looking Statements sections of the Company’s 2017 Annual Report on Form 10-K filed with the SEC. Copies of these filings are available from the SEC, the Avid web site or the Company’s Investor Relations Department.

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

Business Update

Jeff Rosica
Chief Executive Officer and President

Our Opportunity

- ***Recurring revenue is over 50%*** today and growing through subscriptions and long-term agreements
- Substantial ***high margin software business*** with attractive growth prospects
- Unique platform strategy and entrenched market position driving further ***growth in wallet share***
- Capturing ***the next wave of growth*** in the cloud leveraging our Microsoft strategic partnership
- Poised to deliver ***improved revenue growth, EBITDA and cash flow***

Our Differentiated, High-Value Portfolio

- Large high-margin software and maintenance business
- Transitioning from license to subscription-based models
- Sets stage for more growth fueled by move to cloud/SaaS

- Differentiated, high value-add integrated solutions
- Best-in-class HW platforms with integrated SW
- Good growth and margin profile moving forward

Software

CREATIVE SOFTWARE SOLUTIONS

Media Composer
Pro Tools
Sibelius
Avid Link

Avid Marketplace
Artist Community

ENTERPRISE SOFTWARE SOLUTIONS

MediaCentral Applications
MediaCentral Modules
MediaCentral Services
SaaS Solutions

MediaCentral Platform
Avid On Demand

Integrated Solutions

HARDWARE / SOFTWARE SOLUTIONS

Avid NEXIS
S6
Maestro
FastServe

Integrated Software

PROFESSIONAL SERVICES

TRAINING & EDUCATION

Services

- Strategically important, but lower margin services business
- Moving towards higher value-add services in the future
- Meaningful opportunities to improve margins moving forward

Q2 2018 Business Highlights

- Bookings were up 12% year over year, and 9% sequentially
- Robust products bookings driven from rebounding of Tier 1 Enterprise business, and quite strong performances in Storage and Live Sound
- Continued strong year over year growth in Software heavily driven from subscriptions and e-commerce activities
- Revenue and Adjusted EBITDA in line with guidance
- Gross Margins and OPEX in line with plan
- Identified additional cost savings opportunities that will reduce annual expense run rate by ~$20 million in 2019

Q2 Strategic Metrics

- E-commerce bookings up 48% year over year
- Software subscriptions hit nearly 109K, up 39% year over year
- Contractually committed backlog was $350.5M, an increase of $67M or 24% year over year

Our Management Team

Vital new talent and deep bench leading for growth

More effective functional alignment and collaboration

PETER ENNIS
SVP Global Services & Support

TOM CORDINER
SVP Global Sales

DIANA BRUNELLE
CHRO

JASON DUVA
CAO

JEFF ROSICA
CEO

KEN GAYRON
CFO

DANA RUZICKA
CPO

MELISSA PULS
CMO

DAVE PERILLO
SVP Global Supply Chain

Q2 2018
Financial Results and 2018 Guidance

Ken Gayron

Executive Vice President
and Chief Financial Officer

Q2 2018 Financial Results

($M)	(ASC 605) Q2'17	(ASC 606) Q1'18	(ASC 606) Q2'18	Change Fav/(Unfav) Seq	Change Fav/(Unfav) YoY
Bookings	**$ 98.1**	**$ 101.6**	**$ 110.3**	**9%**	**12%**
Revenue	**102.4**	**97.9**	**98.6**	**1%**	**(4%)**
Non-Cash Revenue	*10.1*	*2.2*	*2.2*		
Total Excluding Non-Cash Revenue	*92.3*	*95.7*	*96.4*	*1%*	*4%*
Recurring Revenue Percentage*	**51%**	**51%**	**57%**	**570bp**	**550bp**
Non-GAAP Gross Profit	**62.1**	**57.7**	**58.4**	**1%**	**(6%)**
Gross Margin %	*61%*	*59%*	*59%*		
Non-GAAP Operating Expenses	**56.6**	**54.7**	**56.0**	**(2%)**	**1%**
Adjusted EBITDA	**8.9**	**6.3**	**5.3**	**(16%)**	**(40%)**
Free Cash Flow	**$ 1.2**	**$ 3.3**	**$ (8.7)**	**(364%)**	**(849%)**

- Both Revenue and Adjusted EBITDA within Guidance

($M)	**Q2'18**	**Guidance Low**	**Guidance High**
Revenue	$98.6	$97	$107
Adjusted EBITDA	$5.3	$4	$10

- Bookings growth of 12% year over year driven by strategic purchase agreements
- Total Revenue grew 1% sequentially but is down 4% year over year. Excluding Non-Cash Revenue, revenue is up 4% year over year
- Recurring Revenue, a new operational metric we are introducing, is up over 500bp and represents 57% of revenue in Q2'18
- Non-GAAP Gross Margin was flat sequentially and lower year over year impacted by a disproportionate amount of Non-Cash Revenue in Q2'17
- Adjusted EBITDA is down sequentially due to marketing investment and down year over year due to the larger impact of Non-Cash Revenue in Q2'17
- 2017 bonus payment of $8.3 million was paid in Q2'18

*New operational metric introduced by Avid. See slide 15 for definition.

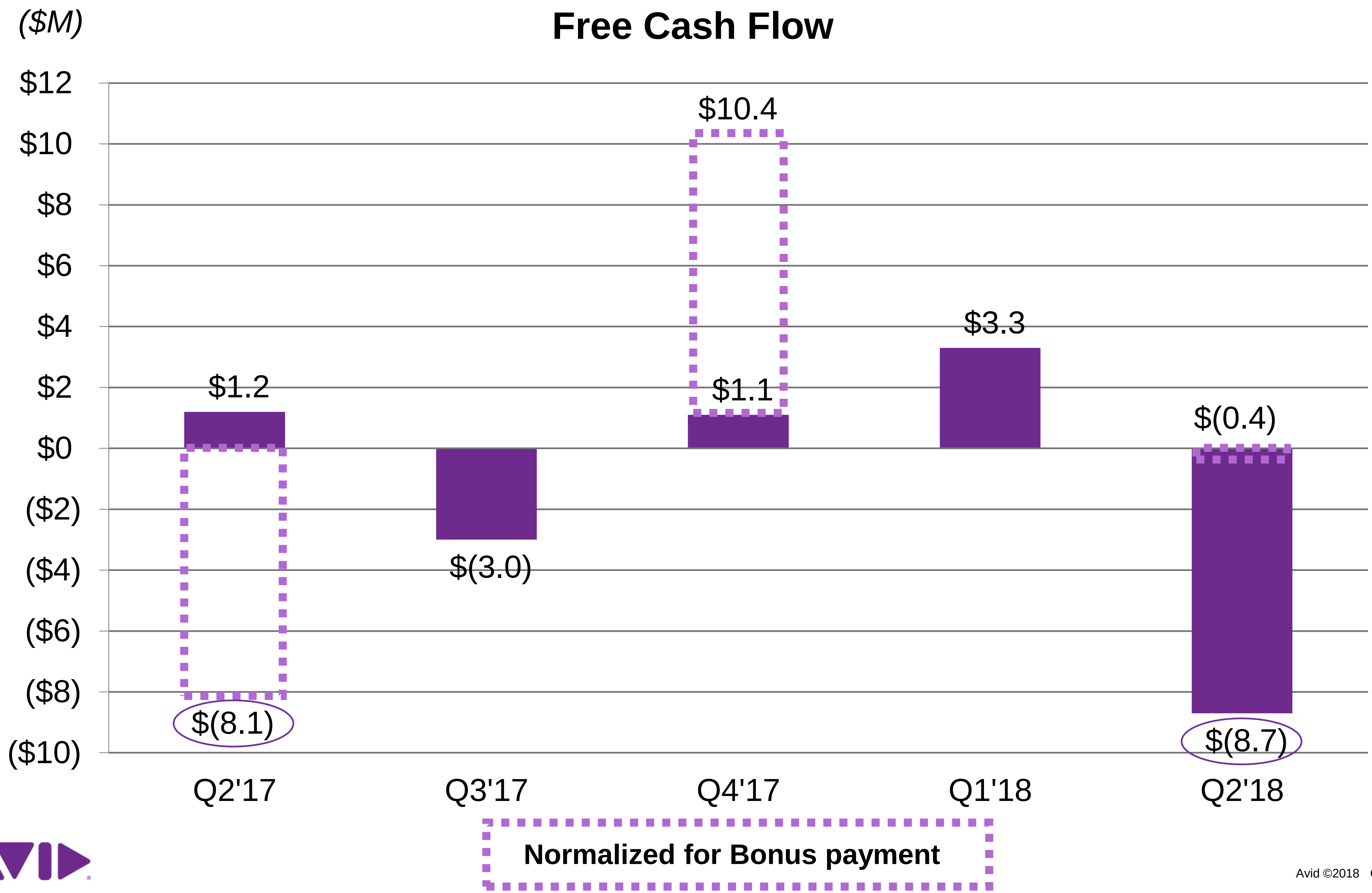
Balance Sheet & Backlog as of 6/30/2018

($M)		6/30/17	3/31/18	6/30/18
Cash*		$47.4	$48.0	$60.2
Accounts Receivable		34.4	52.5	47.7
Net Inventory		41.2	32.9	31.8
Deferred Revenue	a	204.0	106.4	97.7
Contractually Committed Backlog	b	283.8	328.6	350.5
Total Revenue Backlog	a+b	487.8	435.0	448.2
Annual Contract Value (ACV)**		226.8	221.7	244.8
Long Term Debt		$189.9	$203.3	$230.7

*Cash balance excludes $8.5 million of restricted cash
**New operational metric introduced by Avid. See slide 15 for definition

- Cash balance remains strong, up $12 million from March 31
- Adoption of ASC 606 had an impact on balances for Accounts Receivable, Inventory, Deferred Revenue and Total Revenue Backlog
- Contractually committed backlog up $67 million year over year
- Annual Contract Value (ACV), a new operational metric, was $245 million at end of Q2'18, an increase of $18 million year over year
- Long Term Debt increased due to additional term loan draw under the Cerberus amendment

Free Cash Flow



- Free Cash Flow flat year over year after normalized for bonus payment
- 2017 Bonus of $8.3 million was paid in Q2 2018 to employees
- 2016 bonus of $9.3 million was paid in Q4 2017

New Non-GAAP Revenue Reporting

($M)	Q1 2018	Q2 2018	1H 2018	%
Revenue:				
Software: SW Licenses & Maintenance	$51.0	$ 51.7	$ 102.7	52%
Integrated Solutions: HW & Integrated Software	37.6	39.1	76.7	39%
Services: Professional Services & Training	9.3	7.8	17.1	9%
	$97.9	$ 98.6	$ 196.5	

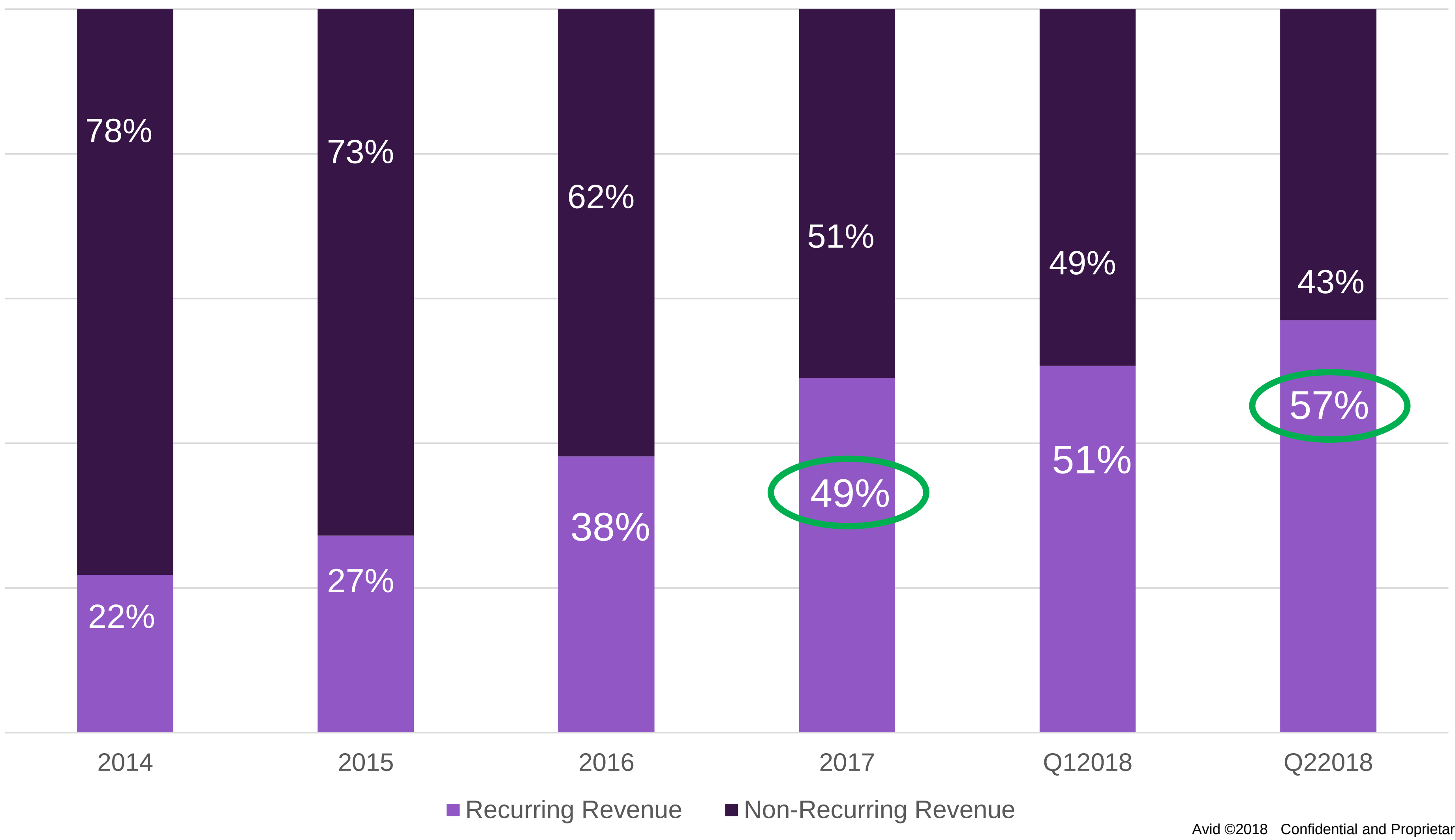
- Software: Includes subscriptions and perpetual licenses and all maintenance
- Integrated Solutions: Includes hardware products with integrated value-added software
- Services: Includes professional services, training and education

Definitions for New Key Metrics

- **Recurring Revenue:** Includes Subscription, Maintenance and Revenue Under Long-Term Contractual Agreements (“LTA”)
- **Non-Recurring Revenue:** Includes Perpetual License, Hardware and Professional Services (not under an LTA)
- **Annual Contract Value (ACV)**, as of a given date, is the sum of the following three components:
  - The annual value of all long-term contractual agreements in effect on such date, calculated by dividing the total value of each contract (excluding expected maintenance revenue included in the second bullet below and expected subscription revenue included in the third bullet below) divided by the total number of years of such contract
  - Maintenance revenue reported for the quarter ended on such date, multiplied by four
  - Subscription revenue reported for the quarter ended on such date, multiplied by four

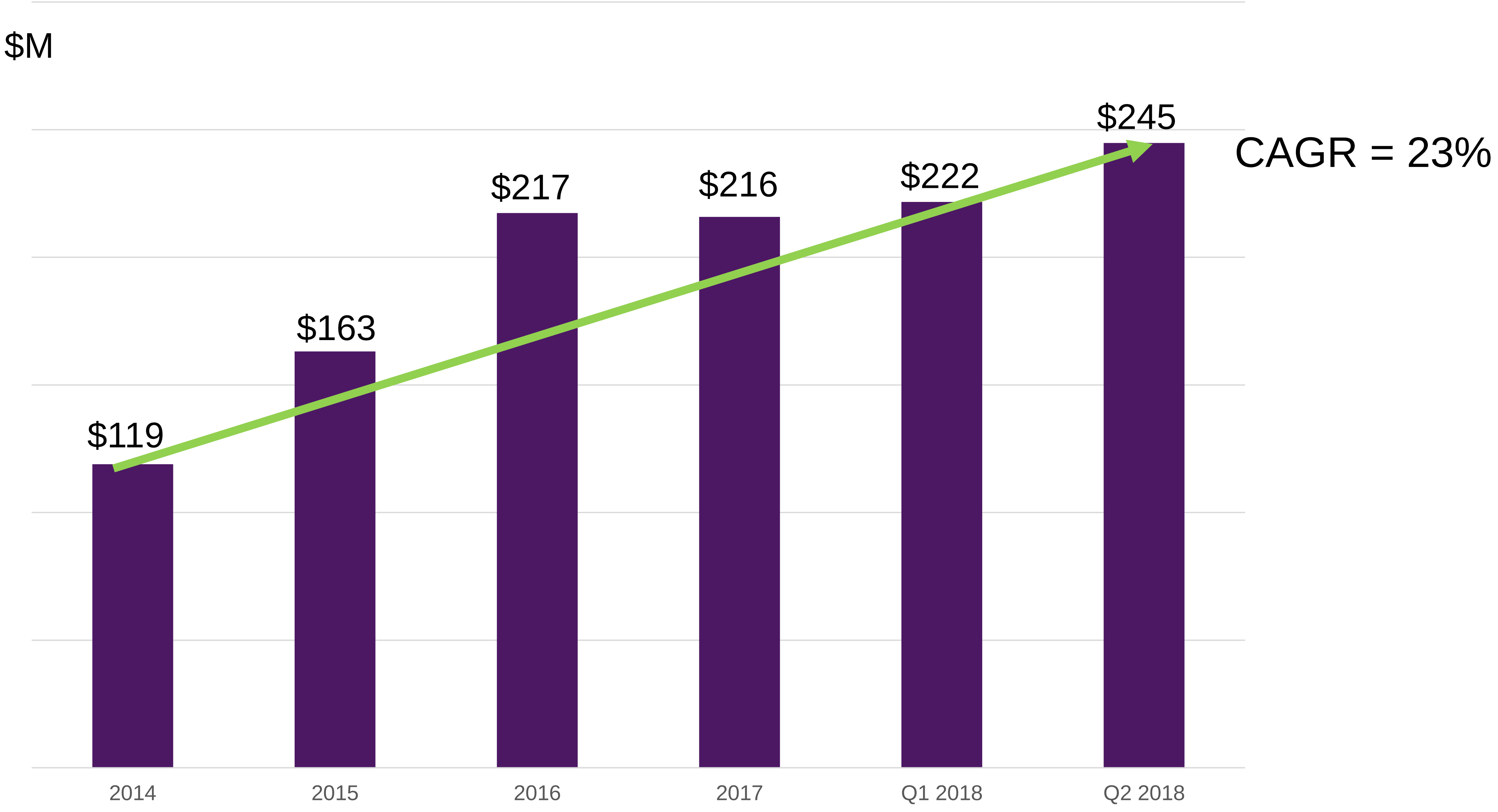
New Financial Reporting – Move to Recurring Revenue

Growth in subscriptions and long-term agreements is driving significant growth in recurring revenue…



New Financial Reporting – Annual Contract Value (ACV)

… and continuing ACV growth



New Cost Savings Initiatives

- Targeting an additional $20 million in annual cost savings for 2019
- Reductions focused on expenses that will require minimal cash
- Focus on non-personnel related areas including:
  - Supply chain
  - Facilities consolidation as leases expire
  - Travel & entertainment
  - Consulting and outside contractors
  - Service providers

2018 Full Year Guidance

($M)	Full Year 2018 Guidance Low	Full Year 2018 Guidance High
Revenue	$410	$420
Adjusted EBITDA	$40	$46
Free Cash Flow	$4	$12

Driving Better Performance

- Continue Recurring Revenue growth
- Expanding high-margin software business
- Delivering next generation MediaCentral Platform
- Capitalize on cloud and SaaS opportunity
- Improve EBITDA and cash flow

Q&A