

Avid Technology Announces Q2 2017 Results and Issues Q3 2017 Guidance

Exceeded Guidance for Adjusted Free Cash Flow; In Line on All Other Metrics

Strong Revenue Backlog and Continued Expense Management Creates Better Visibility

Continued Execution Drives Positive Free Cash Flow and Improvement in Liquidity

BURLINGTON, Mass., August 3, 2017 – Avid[®] (NASDAQ:AVID) today announced its second quarter 2017 financial results, provided third quarter 2017 financial guidance and reaffirmed its guidance for the full year 2017.

Highlights of Second Quarter 2017 Results

- GAAP Revenue was \$102.4 million, in line with guidance.
- GAAP Gross Margin was 58.4%, Non-GAAP Gross Margin was 60.7%.
- GAAP Operating Expenses were \$66.1 million, Non-GAAP Operating Expenses were \$56.6 million, in line with guidance.
- GAAP Net Loss was \$10.8 million, Adjusted EBITDA was \$8.9 million, in line with guidance.
- GAAP Net Cash provided by Operating Activities was \$2.5 million, Adjusted Free Cash Flow was \$6.2 million, above the guidance range.
- Bookings and Constant Currency Bookings were \$98.1 million and \$104.3 million, respectively, in line with the guidance range.

Avid Everywhere Momentum Continues

- Increasing adoption of Avid's cloud-enabled enterprise platform by large enterprise customers, with more than 48,000 enterprise users on the MediaCentral platform at the end of Q2 2017, representing a 27% increase year-over-year.
- More than 78,000 paying individual, cloud-enabled subscribers, a substantial majority of whom are new customers to Avid in the quarter, were in place at the end of Q2 2017, representing a 91% increase year-over-year.
- Reflecting the increase in both enterprise customers and subscriptions, bookings attributable to recurring revenue of \$43 million represented 42% of total bookings in Q2 2017, up from 34% in Q2 2016, an increase of 19%.
- Increasing recurring revenue is positively impacting Avid's revenue backlog of \$488 million, which grew \$23 million year-over-year and is increasing visibility.
- Further adoption of the shared services platform is helping to drive costs down and improve free cash flow.

"I am proud we have achieved a substantial milestone in Avid's history, completing the transformation we began four years ago. We could not have done it without the support of our customers, partners and investors, but most of all our employees, who believed in Avid throughout this incredible journey," said Louis Hernandez, Jr., Chairman and CEO of Avid. "The

company has emerged from this transformation phase positioned for growth with a superior product suite, leaner cost structure and a more profitable business model driving positive adjusted free cash flow over the last three quarters.”

Mr. Hernandez continued, “Avid offers the only cloud-enabled enterprise platform specifically designed to address the challenges facing the media industry and this uniquely positions the company to capitalize on the opportunities ahead. I am excited by what Avid can achieve in the future as we work to accelerate growth.”

Financial Guidance

Avid’s third quarter 2017 financial guidance is provided in the table below.

“We’re pleased that our performance to date gives us the confidence to reaffirm our full-year 2017 guidance,” said Brian E. Agle, Senior Vice President and Chief Financial Officer of Avid. “The first half of 2017 reflects strong EBITDA to cash conversion, significant year-over-year reduction in non-GAAP operating expenses, expanding EBITDA margin, and increasing free cash flow. As the company moves into its growth phase, we will remain focused on creating a more predictable, scalable and profitable financial model to further increase free cash flow and liquidity.”

Third Quarter 2017 Guidance

(in \$ millions)

Bookings (Constant Currency)	\$95 - \$109
Bookings	\$87 - \$101
Revenue	\$94 - \$104
Non-GAAP Operating Expenses	\$52 - \$56
Adjusted EBITDA	\$8 - \$14
Adjusted Free Cash Flow	(\$7) – \$1

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 Second Quarter and Full Year 2017 Business Update presentation posted on Avid’s investor relations website.

Avid includes non-GAAP financial measures in this press release, including Adjusted EBITDA, Adjusted Free Cash Flow, non-GAAP Operating Income (loss), non-GAAP Operating Expenses, non-GAAP Gross Margin, Adjusted EBITDA margin and Adjusted Free Cash Flow conversion of Adjusted EBITDA. The Company also includes the operational metrics 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 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 second quarter 2017 will be held on Thursday, August 3, 2017 at 5:00 p.m. ET. The call will be open to the public and can be accessed by dialing 719-325-2278 and referencing confirmation code 2768857. 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 the quarter ending September 30, 2017 for 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 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 most open and efficient media platform, connecting content creation with collaboration, asset protection, distribution and consumption. Avid's preeminent customer community uses Avid's comprehensive tools and workflow solutions to create, distribute and monetize the most watched, loved and listened to media in the world—from prestigious and award-winning feature films, to popular television shows, news programs and televised sporting events, and celebrated music recordings and live concerts. With the most flexible deployment and pricing options, Avid's industry-leading solutions include Pro Tools®, Media Composer®, 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](#).

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