



2015 YEARLY RESULTS

- ≡ YEARLY REVENUES +15% TO €28.6 MILLION
- ≡ NET PROFIT AT BREAK-EVEN IN THE SECOND HALF

Paris, 1st April 2016 - ATEME (ISIN: FR0011992700), world specialist in video compression, has published its yearly results for 2015, as approved by its Board of Directors on 30 March 2016. The consolidated financial statements have been audited in full. The auditors' report will be published once the due diligence procedures required for the publication of the yearly financial report are complete.

Consolidated data (in €M)	2014	H1 2015	H2 2015	2015	%
IFRS					
Revenue	24.8	12.3	16.3	28.6	+15.1%
Gross margin	12.1	6.0	9.0	15.0	+23.4%
Operating profit	(2.3)	(3.0)	0.0	(3.0)	na
Financial profit	0.3	0.5	0.0	0.6	na
Group net profit	(2.0)	(2.5)	0.0	(2.5)	na

Backed by the recognized excellence of its video compression technology, ATEME forged ahead with its development roadmap in 2015 as it continued to assert itself amongst the leading benchmark players within its sector.

For ATEME President, Michel Artières: "2015 was a year of transition, R&D investment and commercial redeployment overseas in line with the roadmap we set ourselves.

The fact that we were able to break even in the second half means we are all the more confident that ATEME will meet its targets as new video consumption trends (video on demand, multi-screen, etc.) and growing pressure from web players (Netflix, Amazon, YouTube, etc.) drive operators to seek out increasingly scalable and agile solutions (virtualization architectures for software, cloud).

ATEME's investments mean we are now able to launch TITAN 4.0, a much more comprehensive solution than former versions, and one that is meticulously adapted to user expectations as the increasing interest amongst major operators, particularly in the United States, clearly shows. Today, our ambition is to see ATEME firmly established as an indispensable partner for these major operators, and to secure our rightful place on the market."



Yearly revenues of €28.6 million (+15.1%)

ATEME revenues amounted to €28.6 million for financial year 2015 (which closed on 31 December), up 15.1% on 2014 and 6.7% at constant exchange rates. 2015 was the fourth consecutive year of growth for the Group (average yearly growth of 23.4% from 2011 to 2015).

Strong performance in EMEA and North America

Growth in 2015 was particularly strong in the two key regions that account for 82% of ATEME revenues, namely:

- ≡ the EMEA region (+30.4%), where the Group benefited from repeat business amongst existing clients (Eurovision, British Telecom, Etisalat) and was able to win over a substantial number of new names,
- ≡ North America (+52.2%), where ATEME reaped the rewards of the reinforcement of its sales teams, the extension of its offices in Miami and Los Angeles, new deployments with longstanding customers (DirectTV, Level 3 Communications), and its entry into new markets such as UHD Blu-Ray authoring alongside Scenarist.

The Group's activities in Latin America fell 39.0% due to an unfavorable base effect linked to the Football World Cup in 2014 and a difficult macroeconomic backdrop, particularly in Brazil. Operations in the Asia-Pacific region also fared less well, although the 25.7% drop recorded is relatively insignificant given that the global level of activity is low.

3-point increase in gross margin

At €15.0 million versus €12.1 million in 2014, ATEME Group's gross margin climbed 23.4% in 2015, resulting in a 3-point increase to over 52%. This improvement reflects the Group's constant efforts to optimize procurement and the careful control of support costs integrated in the gross margin.

Break-even in the second half

After the recruitments made in the second half of 2014, ATEME's headcount remained virtually stable over the course of 2015, ending the year with 165 employees on 31 December 2015. The Group did however significantly restructure, regroup and reinforce its sales and marketing teams overseas and primarily in the United States, Latin America, Dubai and Singapore. Already apparent in the Middle East and United States in 2015, the positive effects of this reorganization should bear their fruits in other regions in 2016.

With an additional €4 million in revenues, the Group's operations broke even in the second half of 2015 thanks to the sound management of fixed overheads which remained virtually unchanged on the first six months of the year. This performance means that, at €-3.0 million, ATEME's yearly operating profit was stable in relation to the first half, albeit down slightly on 2014



(€-2.3 million). The year was primarily marked by an increase in R&D expenses (+36.2% to €5.5 million) and sales and marketing resources (+22.6% to €11.1 million) as part of the Group's dynamic investment policy to pursue its roadmap.

ATEME focused in particular on the release of the latest generation of its TITAN software. On the market since the start of 2016, its development accounted for the Group's largest investment ongoing in 2015. General and administrative expenses remained virtually unchanged at €1.5 million.

After accounting for a financial profit of €0.6 million, net losses for the year amounted to €2.5 million compared with €2.0 million for 2014.

A sound financial structure

ATEME reported €11.7 million in shareholders' equity on 31 December 2015.

Given the increase in costs over the year, cash flow fell by a modest €-0.7 million. The increases in the Group's working capital requirement (€2.2 million) linked to growth and investments (€2.2 million) were financed by cash assets, subsidies and bank loans.

On 31 December 2015, net debt amounted to €0.9 million and cash assets to €4.2 million, which is consistent with ATEME's development plan.

An industry in full transformation

ATEME's time-to-market positioning is backed by a buoyant market, with global internet traffic expected to triple from 2014 to 2019, and the volume of network video content set to rise exponentially. HD (High Definition) will account for 70% of IP VOD (Video On Demand) volumes in 2019 as against 56% in 2014, and video traffic in all of its forms (TV, VOD, internet, and Peer to Peer) for 80% of all traffic (as against 64% in 2014)¹.

As this migration towards HD takes its course, Ultra HD TV sets are rapidly becoming more widespread, growing at an average 47% per year from 2014-2019 in the United States². In order to meet this demand, the number of producers and broadcasters launching 4K channels has been on the rise for several months now.

¹ Source: Cisco Visual Networking Index

² Source: Technavio

Outlook for 2016: acceleration in growth

Following the investments deployed in 2015, ATEME is confident of its prospects in 2016 and intends to ramp up its growth on a buoyant market driven by the surge in video consumption around the world and the increasing popularity of Ultra High Definition (UHD) solutions. The Group should also continue to benefit from the ongoing shift in its competitive landscape following the recent wave of consolidation across its sector.

ATEME won several major contracts in the first quarter of 2016, including being selected to power 4k content for Globo Play OTT services, and continues to enjoy the backing of repeat business with existing clients as it negotiates new accounts. The latest enriched version of its software offer, TITAN 4.0, is currently being tested by 3 major US operators, and could hit the shelves from the second half of 2016.

The Group can also look forward to a boost in sales for its Kyrion range thanks to a busy calendar of international events this year: UHD broadcasting of the Olympic Games in Rio, UEFA European Championships in France and the presidential elections in the United States.

Next investor dates

4 April 2016: PEA-PME Portzamparc Forum
12 April 2016: Smallcap Event (Paris)
4 May 2016: H1 2016 revenues after the markets have closed

Next trade shows

18 to 21 April: NAB Show in Las Vegas
31 May to 3 June: Broadcast Asia in Singapore
7 to 9 June: AngaCom in Cologne

About ATEME

ATEME is a technological leader in video compression that provides TV channels and content broadcasters with encoding and decoding software solutions for video delivery. The company's technological edge means clients benefit from outstanding image quality whilst at the same time reducing their bandwidth consumption.

Drawing on over 10 years of proprietary R&D, ATEME was a key contributor in the launch of HEVC (High Efficiency Video Coding), the new standard in compression whose generalized application across the video industry offers excellent growth potential for the Group.

With a commercial presence in 14 countries, ATEME employs 165 members of staff, including 60 R&D employees in Vélizy, and serves 300 clients around the world. The Group posted revenues of €28.6 million in 2015, 88% of which was realized overseas.

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ATEME

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