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FULL YEAR 2016 RESULTS SUCCESS OF THE STRATEGY IN PLACE SINCE LISTING

-  REVENUES UP 31% TO €37.5 MILLION
-  +6.4 POINT INCREASE IN GROSS MARGIN TO 58.8%
-  FIRST POSITIVE OPERATING INCOME SINCE LISTING: €2.2 MILLION

ATEME (ISIN: FR0011992700), world specialist in video compression, has published its Full Year 2016, as approved by its Board of Directors on 28 March 2017. 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 annual financial report have been completed.

Consolidated data (in € million)	FY 2015	H1 2016	H2 2016	FY 2016	Change
IFRS					
Revenue	28.6	15.0	22.5	37.5	+31.0%
Gross margin	15.0	7.6	14.5	22.0	+52.8%
<i>Gross margin (%)</i>	52.4%	50.6%	64.3%	58.8%	+6.4 pts
Operating profit	(3.0)	(1.6)	3.8	2.2	NS
Financial profit	0.6	0.0	0.1	0.1	NS
Group net profit	(2.5)	(1.6)	3.8	2.2	NS
<i>Net margin</i>	-8.6%	-10.9%	17.1%	5.9%	NS

Commenting on the results, **ATEME Chairman and Chief Executive Officer, Michel Artières, said:** *"The positive results posted for 2016 as a whole, with an acceleration in the second half, reflect the success of the strategy deployed since our IPO in July 2014. They confirm the virtuous effect of our economic model, with a strong leverage effect on profitability linked to the growth in revenue once breakeven is reached.*

We are now reaping the benefits of the R&D investments in TITAN 4.0 and the reinforcement of our global footprint. We have substantially increased our market share around the world, and we are well positioned to pursue our profitable development in the coming years."

31 % revenue growth, driven by international operations

Total revenues amounted to €37.5 million for fiscal year ending 31 December 2016, up 31.0% reported, and by 29.1% at constant exchange rates. 2016 was the fifth consecutive year of revenue growth for the Group, with a CAGR of 25% between 2011 and 2015.

This growth was driven by a particularly robust performance by the international operations, notably North America (+68.2%) where the company broadened its base among tier-one operators, Latin America (+74.8%) where ATEME made its first inroads into high-potential markets such as Mexico and Argentina, and Asia-Pacific (+82.7%) where the Group benefited from the development of partnerships with major integrators.

Increase in gross margin to 58.8%

The increasing contribution to revenues of the TITAN software-based solution, particularly in the second half, had a positive effect on gross margin which stood at €22.0 million (vs €15.0 million in 2015), up 6.4 points year-on-year to 58.8%.

Net profit of € 2.2 million: first profitable year since market listing

This strong revenue and gross margin performance in the Second Half led to a higher absorption of operating expenses, which increase three times less than revenues. As a result of this virtuous effect, the group was able to record its first profitable year since its market listing in 2014. Indeed, net profit for FY 2016 stood at €2.2 million (vs a net loss of €2.5 million a year earlier), with a net profit in H2 of €3.8 million (vs a net loss of €1.6 million in H1).

Positive free cash flow and financial solidity

FY 2016 cash flow stood at €4.1 million. This reflected an increase in working capital requirement which was limited to €1.7 million despite the growth in activity, whilst investment flows decreased slightly to €1.6 million. As a result, the Group reported a positive free cash flow of €0.7 million, which was mostly allocated to the reimbursement of bank loans.

Equity amounted to €14.1 million at 31 December 2016 (vs. €11.7 million a year earlier), with net debt of €0.6 million and cash assets of €4.1 million, stable on 31 December 2015.

ATEME's solid balance sheet means it can comfortably tackle the next phase in its development.



Positive outlook: targeting double-digit operating margin on 2018

In 2017 ATEME will pursue its strategy of capturing further market share in broadcast contribution and distribution video head-end, while preparing the launch of new network video processing solutions which will lead to a significant expansion in its addressable market, thereby creating a substantial source growth from 2018 and beyond. The Group will draw on the excellence of its technology which is renowned amongst the world's largest market operators and underpinned by strategic partnerships with major names such as Dell or Intel.

On this basis, ATEME is targeting annual revenues growth of around 30% in the next two year, with a strong increase in software sales that should continue to have a positive impact on gross margin. To underpin this growth, ATEME will strengthen its sales & marketing and research & development resources. Nevertheless, operating expenses are expected to rise at a lesser rate than revenues, leading to a further improvement in margins, with an objective of a double-digit operating margin in 2018.

Next publication:

Thursday 4 May 2017: 2017 first-quarter revenues

About ATEME

ATEME is a technological leader in video compression that provides TV channels and content broadcasters with encoding and decoding 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 video compression whose generalized application offers excellent growth potential for the Group.

With a commercial presence in 14 countries, ATEME employs 170 members of staff, including more than 70 R&D employees in France, and served close to 350 clients around the world in 2016. The Group posted revenues of €37.5 million in 2016, 91% of which was realized overseas.

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