

Paris, September 28, 2017 – 18.00 CET

## FIRST HALF 2017 RESULTS

- ≡ 65% INCREASE IN GROSS MARGIN
- ≡ FIRST H1 PROFIT SINCE IPO
- ≡ POSITIVE OUTLOOK REITERATED

Consolidated data (in € million)	H1 2016	H1 2017	%
<b>Revenues</b>	15.0	20.9	+40%
<b>Gross margin</b>	7.6	12.5	+65%
<b>Operating result</b>	(1.6)	1.1	na
Financial result	-	(0.9)	na
<b>Net result</b>	(1.6)	0.3	na

ATEME's financial statements for the first half of 2017 were approved by the Board of Directors at its meeting on 26 September. The limited review of the company's financial information by its statutory auditors is complete. The half-yearly report which is now available to the public and has been filed with the French markets authority, the Autorité des Marchés Financiers, can be downloaded from the "Financial Documents" section of the ATEME website <https://www.investor.ateme.com/en/>.

**Paris, 28 September 2017** - ATEME (ISIN: FR0011992700), world specialist in video compression, has published its results for the Half Year to 30<sup>th</sup> June 2017.

Revenues amounted to €20.9 million, up 40% year-on-year (+37% at constant exchange rates). In the second quarter revenues stood at €10.3 million, a rise of 36.4%, following the 43.2% rise in the first quarter.

EMEA performed well in the second quarter and almost compensated for the slow start in Q1 to give a H1 down by just 3% below the H1 2016. North America maintained its strong momentum with 46% growth, while activity was also robust in ATEME's two emerging markets, Latin America and Asia Pacific, up 147% and 175% respectively.

### Profitable growth confirmed

At the beginning of 2017 ATEME embarked on a new phase of investment aimed at supporting growth and preparing for further expansion in 2018. The attendant rise in operating expenses primarily concerned Sales & Marketing (+28%) and G&A expenses (+29%), while R&D investments rose by 12%.

ATEME's gross margin rose by 65% to €12.5 million, representing 60% of revenues (up from 51% in



H1 2016), underpinned notably by an increase in the proportion of software sales.

As a result, the current operating result recorded a significant improvement, standing at €1.1 million compared with a €1.6 million loss a year earlier.

The decline in the USD impacted the financial result which stood at -€0.9 million. The net result was nevertheless in the black, at €0.3 million compared with -€1.6 million at June 30 2016.

### Cash of €5.3 million

Cash flow from operating activities stood at €1.1 million, up from €0.7 million a year earlier. Cash amounted to €5.3 million at 30 June 2017, compared with €3.1 million at 30 June 2016 and €4.1 million at 31 December 2016.

In H2 2017 ATEME should benefit from a research tax credit of €1.2 million in respect of 2016 and other subsidies of up to €0.7 million, reinforcing its resources to fund growth.

**ATEME Chairman and Chief Executive Officer, Michel Artières, said:** *"The performance of the first half of 2017 was in line with our expectations. We have boosted investments to prepare our ongoing growth. The rise in our gross margin nevertheless significantly outpaced the topline. The favorable competitive environment, coupled with recent market share gains, give us confidence in the future and our targets for 2017 and 2018 are confirmed at 30% average annual revenues growth and double-digit operating profit in % from 2018".*

### Transforming Video Delivery – reducing distribution costs

The business opportunities generated by ever-growing demand for video require service providers to upgrade their distribution infrastructure. New video compression standards such as HEVC and breakthrough research into legacy video compression standards such as MPEG2 enables service providers to contain network expansion CAPEX and reduce link/distribution OPEX. ATEME, a world leader in premium video quality delivery solutions, is spearheading this delivery innovation:

- **MPEG2:** our High-Efficiency MPEG2®, enabling 30% density increase without network or decoder/STB upgrade, is being deployed by leading service providers, enabling network reclamation for new services, without costly network investments;
- **H.264:** with the current, most deployed video compression standard, ATEME is working closely with technology leaders such as Intel to improve compression efficiency, leveraging CPU technology to further reduce the required bandwidth for main-screen and OTT HD services, while reducing the solution TCO;
- **HEVC:** the mass-market deployment of HEVC has been delayed by patent holders' royalty issues. Apple's recent announcement of HEVC adoption by the new iOS and Apple devices means such issues could be resolved in the near future. ATEME, the first to market with a production-ready HEVC solution, is deploying multiple large scale



HEVC projects with tier one satellite, cable and IPTV service providers.

- **AV1:** looking ahead ATEME, a leading member of the Alliance for Open Media, is targeting the first production-ready AV1 system, which will enable similar savings to HEVC without any royalties.
- **H.266:** Elsewhere, ATEME's research team is working to help define the next MPEG video compression standard, H.266.

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**Next publication:**

**November 9, 2017: Q3 2017 revenues**

**About ATEME:** the emerging leader of video delivery infrastructure, servicing the world greatest content and service providers.

ATEME was founded in 1991 as a design house with a focus on video processing. In the 2000s, ATEME specialized in video compression and shortly afterwards introduced a complete video delivery solution. In 2014 ATEME announced its initial public offering at Euronext Paris.

ATEME has and will continue to transform video delivery. ATEME was the first to market with a 10-bit 4:2:2 solution, the first production ready HEVC & HDR, and recently, the first true video delivery NFV software solution, designed to lead and win the service providers transition to video datacenter. To complement our cutting-edge technology, ATEME has partnered with leaders such as Intel, Apple and Microsoft to create the best in class video delivery solutions.

ATEME is a leading member of forums, and organizations, such as the DVB and SMPTE. ATEME actively participated at the ITU in the standardization of HEVC in 2013. In June 2014 ATEME joined the Alliance for Open Media to help develop an open and royalty-free video codec.

ATEME headquarters are Vélizy-Paris, with worldwide support and R&D offices in Rennes, Denver, Sao-Paulo and Singapore. With a commercial presence in 14 countries, ATEME is 200 employees strong, including 100 of the world finest R&D video experts. In 2016 ATEME served close to 350 clients worldwide, generated 31% of year on year growth with revenues of €37.5 million, 91% of which was from overseas, and 6% net profit.

Name: ATEME - ISIN Code: FR0011992700 - Ticker: ATEME - Compartment: C

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