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## FULL YEAR 2017 RESULTS

- REVENUES UP 30 % TO €48.6 MILLION**
- 155% INCREASE IN OPERATING PROFIT TO €4.9 MILLION**
- 10 % OPERATING MARGIN REACHED A YEAR AHEAD OF PLAN**

**ATEME (ISIN: FR0011992700)**, the emerging leader of video delivery, has published its Full Year 2017 results, as approved by its Board of Directors on 27 March 2018. 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) IFRS	FY 2016	FY 2017	Change
<b>Revenue</b>	<b>37.5</b>	<b>48.6<sup>1</sup></b>	<b>29.7%</b>
<b>Gross margin</b>	<b>22.1<sup>2</sup></b>	<b>29.1</b>	<b>31.8%</b>
Gross margin (%)	58.9%	59.9%	+1.1 pt
<b>Operating profit</b>	<b>1.9<sup>3</sup></b>	<b>4.9</b>	<b>155%</b>
Operating margin (%)	5.1%	10.1%	+5.0 pts
Financial profit / loss	0.1	-1.5	n.a
Tax income	0	0.5	n.a
<b>Group net profit</b>	<b>2.0</b>	<b>3.8</b>	<b>94.1%</b>
Net margin	5.3%	7.9%	+2.6 pts

Commenting on the results, **ATEME Chairman and Chief Executive Officer, Michel Artières, said:** *"The positive results for 2017 reflect the success of the strategy deployed since our IPO in July 2014. Revenues rose by 30% with an acceleration in the second half, and I am proud to report that we achieved our target to deliver 10% operating margin a year ahead of schedule.*

*We are well positioned to pursue our profitable growth strategy in broadcast contribution and video head-end distribution, and to launch new network video processing solutions which will lead over time to a significant expansion in the addressable market. We are therefore targeting compound annual revenue growth above 20% in the next three years; the rise in software sales will positively impact the gross margin. We will maintain investments in sales & marketing and R&D resources while remaining vigilant in containing the rise in operating expenses at a lesser rate than revenues, leading to a further improvement in margins."*

<sup>1</sup> 48 599 k€ vs 48 423 k€ published figures after consolidation of ATEME Singapore revenue (APAC) recognized on December 2017

<sup>2</sup> Reclassification of « legal fees » from « cost of sales » to « G&A expenses »: positive impact of 52 k€ on gross margin 2016 versus published figures, no impact on operating profit and net profit.

<sup>3</sup> At 31 December 2016 the level of amortization of capitalized development costs in conformity with the IAS 38 norm stood at 2 980 k€ against 2 736 k€ in the company's accounts accounted under the R&D charge. The correction of this error impacted the 2016 operating profit and net profit for an amount of 244 k€.



### **30 % revenue growth**

Total revenues amounted to 48.6 million euros for the fiscal year ending 31 December 2017, up 29.7% reported, and by 32.5% at constant exchange rates. 2017 was the sixth consecutive year of revenue growth for the Group, with a CAGR of 25.7 % between 2011 and 2017.

All regions contributed to this growth. EMEA remained the main contributor at 38% of total revenue revenues with +14.1% growth. The international operations delivered a particularly robust performance in North America (+31.4%), Latin America (+90.4%) and Asia-Pacific (+25.8%) where the company broadened its base among tier-one operators.

### **Gross margin of 60 %**

The increasing contribution of the TITAN software-based solution to revenues had a positive effect on the gross margin. As a result, the reported gross margin stood at 60%, up by 1 point, even after a significant investment in the customer services team aimed at supporting the deployment of large projects and servicing our installed base.

### **Significant rise in operating profit and net profit**

Investments in R&D and Sales & Marketing, and a rise in total headcount from 170 to 220 during 2017, were closely monitored and contained well below the level of topline growth. In consequence, operating profit rose strongly from 1.9 million euros to 4.9 million euros.

The weakness of the US dollar against the euro led to a 1.3 million euros financial loss. Net profit nevertheless amounted to 3.8 million euros, up 94%.

### **A sound financial structure**

Shareholders' equity stood at 18.9 million euros on 31 December 2017 (vs 13.8 million euros a year earlier).

The rise in costs led to a 1.7 million euros decline in cash flow. The increases in the working capital requirement (6.6 million euros) linked to the robust activity in Q4 (+38% in revenue) and investments (1.8 million euros) were financed by cash assets, subsidies and bank loans.

On 31 December 2017, net debt amounted to 3.4 million euros.

Liquidity stood at 2.5 million euros, consistent with ATEME's development plan.



## Positive outlook: targeting further improvement in margins

ATEME is well positioned to pursue its profitable development in the coming years.

In 2018 we will pursue our strategy of capturing further market share in broadcast contribution and video head-end distribution, while launching new network video processing solutions which will lead to a significant expansion in our addressable market, thereby creating a substantial source growth, in particular from 2019 onwards.

Indeed we expect to start deploying TITAN with the new AV1 video compression standard in 2018; and HEVC essential patent holders are likely to respond with lower royalties that could finally unlock a broader adoption, unfreezing some significant business opportunities.

The transformation of our business is leading to larger individual orders which may create lumpiness in revenues from quarter to quarter.

ATEME is targeting compound annual revenue growth above 20% (at constant currency and perimeter) in the next three years, the strong increase in software sales should continue to have a positive impact on the gross margin. In keeping with the strategy successfully executed in recent years, ATEME will maintain its investments in sales & marketing and R&D resources. Nevertheless it aims to contain the rise in operating expenses at a lesser rate than revenues, leading to a further improvement in margins.

### Next publication:

**Friday 4 May 2018:** 2018 first-quarter revenues

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**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 220 employees strong, including 100 of the world finest R&D video experts. In 2017 ATEME served close to 350 clients worldwide, generated 30% of year on year growth with revenues of €48.6 million, 91% of which was from overseas, and 8% net profit.

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