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FIRST HALF 2018 RESULTS

- ≡ REVENUES UP 11% AND BY 18% AT CONSTANT CURRENCY
- ≡ PRODUCT MIX WEIGHING ON GROSS MARGIN
- ≡ STRONG CASH FLOW PERFORMANCE
- ≡ IMPROVED PERFORMANCE EXPECTED IN SECOND HALF

Consolidated data (in € million)	H1 2016	H1 2017	H1 2018	%
Revenues	15.0	20.9	23.2 ¹	+11%
Gross margin	7.6	12.5	10.5	-16%
Operating result	(1.6)	1.1	(3.3)	na
Financial result	-	(0.9)	0.2	na
Net result	(1.6)	0.3	(3.2)	na

¹ 23 236 k€ vs 23 424 k€ published figures after 188 k€ revenue deferred over 12 months following auditors review

ATEME's financial statements for the first half of 2018 were approved by the Board of Directors at its meeting on 25 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, 27 September 2018 - ATEME (ISIN: FR0011992700), world specialist in video compression, has published its results for the Half Year to 30th June 2018.

Robust revenues performance

Revenues amounted to €23.2 million, up 11% year-on-year and by 18% at constant exchange rates. Second quarter revenues stood at €13.7 million, up 33% following a 10% decrease in the first quarter.

EMEA confirmed the more dynamic trend since 2017 with 12% revenue growth, while North America maintained its strong momentum with a rise of 40% (52% at constant currency). Latin America and Asia Pacific revenues declined by 15% and 16% respectively, reflecting predominantly the challenging base effect in the previous year (+147% and +175% respectively in H1 2017).

Product mix weighing on margins

As previously flagged, the H1 2018 product mix included substantial sales of hardware including a high number of servers sold alongside the TITAN software. Combined with investments during the past



year in our customer support teams (responsible for deploying and supporting projects on customer sites) this weighed on the gross margin which stood at 45% of revenues compared with 60% for FY 2017. Moreover, opex exceeded topline growth, at +21%, mainly on the back of higher R&D (+35%) and Sales & Marketing (+17%) spend. G&A expenses were contained at +13%. The pressure on the operating margin was exacerbated by the currency effect.

As a result, the current operating result recorded a significant deterioration, standing at a deficit of €3.3 million versus a profit of €1.1 million a year ago.

Strong cash flow performance

Cash flow from operating activities stood at €5.8 million, up from €4.7 million a year earlier. Cash amounted to €6.8 million at 30 June 2018, compared with €5.3 million at 30 June 2017 and €2.4 million at 31 December 2017.

In H2 2018 ATEME should benefit from a research tax credit of €1.8 million in respect of 2017, reinforcing its resources to fund growth.

Improved performance expected in H2

While below expectations, H1 2018 results are not reflective of a change in the operating environment, nor of ATEME'S competitive position.

Our strategy remains focused on enhancing our go-to-market activities in order to support our position as a key partner to the world largest media companies and video delivery platforms. While not visible in our H1 2018 numbers, ATEME has made significant progress in this respect and has reinforced its ability to cement key strategic partnerships that will underpin our ability to achieve our three-year plan objectives.

ATEME Chairman and Chief Executive Officer, Michel Artières, said: *"The financial performance of the first half of 2018 was below our expectations but should not be extrapolated in terms of our future performance. Indeed we are confident that our strategy to focus on the world's largest accounts will start to bear fruits and will position us to benefit even more from market consolidation. This strategy is leading to greater lumpiness in terms of revenue growth in the immediate term, but we expect recurring revenues with global clients will linearize the topline trajectory of the company over time. We remain confident in our ability to deliver on our three-year objective of topline growth exceeding 20% per annum with an improvement in profitability".*



Next publication:

November 8, 2018: Q3 2018 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 the AV1 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 260 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.

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

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All statements other than historical facts included in this presentation, including without limitations, those regarding ATEME's position, business strategy, plans and objectives are forward-looking statements.

The forward-looking statements included herein are for illustrative purposes only and are based on management's current views and assumptions. Such forward-looking statements involve known and unknown risks. For illustrative purposes only, such risks include but are not limited to impact of external events on customers and suppliers; the effects of competing technologies competition generally in main markets; profitability of the expansion strategy; litigation; ability to establish and maintain strategic relationships in major businesses; and the effect of future acquisitions and investments.

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