

Paris, 28 March 2019 – 6 pm

FULL YEAR 2018 RESULTS

- ≡ REVENUES UP 16 % TO €56.5 MILLION
- ≡ OPERATING PROFIT OF €1.3 MILLION
- ≡ RECOVERY IN H2 PROFITABILITY
- ≡ FINANCIAL OBJECTIVES CONFIRMED

ATEME (ISIN: FR0011992700) has published its Full Year 2018 Results, as approved by its Board of Directors on 27 March 2019. 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 2017	H1 2018	H2 2018	FY 2018	Change FY2018/2017
Revenue	48.6	23.2	33.3	56.5	16.2%
Gross margin	29.1	10.5	17.4	27.9	-4.3%
Gross margin (%)	59.9%	45.0%	52.3%	49.3%	
Operating profit	4.9	-3.3	4.6	1.3	-73.0%
Operating margin (%)	10.1%	-14.1%	13.8%	2.3%	
Financial profit / loss	-1.5	0.2	0.3	0.4	
Tax income	0.5	-0.1	0.0	-0.1	
Group net profit	3.8	-3.2	4.9	1.7	-55.3%
Net margin	7.9%	-13.7%	14.7%	3.0%	

Commenting on the results, **ATEME Chairman and Chief Executive Officer, Michel Artières, said:** "2018 was ATEME's seventh consecutive year of revenue growth. Following a lackluster First Half we delivered a strong rebound in the gross margin in the Second Half while limiting headcount investments, demonstrating our control over our financial metrics and enabling the group to end the year in profit for the third time in a row.

Looking ahead, our continued focus on rolling out a multi-year engagement model with key accounts should lead to its broader adoption, resulting in a more predictable revenue profile for ATEME, without impacting on our near term growth expectations.

We are well positioned to pursue our profitable growth strategy in our traditional contribution and distribution markets, and the imminent launch of new video solutions is set to expand our addressable market. We therefore continue to target compound annual revenue growth above 20% for the 2018-2020 period, with the shift towards more software sales driving an improvement in both gross margin and profitability."



Seventh consecutive year of revenue growth

Total revenues amounted to 56.5 million euros for the fiscal year ending 31 December 2018, up 16.2% reported, and by 18.1% at constant exchange rates. 2018 was the seventh consecutive year of revenue growth for the Group, with a CAGR of 24.3 % between 2011 and 2018.

EMEA, representing 37% of total revenues delivered 10.9% growth. North America at 33% saw revenues up by 18% growth. Asia-Pacific revenues were up by 70.2% while Latin America declined by 17.4% after a rise of 90% in 2017.

Gross Margin recovery in the Second Half

In the First Half of 2018, ATEME's gross margin was penalized by an exceptional product mix (less software, more servers), coming on top of investments during the past year in customer support teams to deploy and support projects on customer sites. In consequence the gross margin came out at 45%. In the Second Half, a more favorable product mix enabled us to generate a gross margin of 52.3% giving a margin of 49.3% for FY 2018 as a whole. It remained nevertheless below the levels of 2017, reflecting the appetite of our customers for purchasing servers through their preferred video solution vendor.

Investment containment limits impact on profitability

ATEME continued to invest in R&D and Sales & Marketing with a rise in headcount from 220 to 260 during the First Half. A pause implemented in the Second Half stabilized headcount at around 250. On a full year basis, opex stood at 26.5 million euros, versus 24.2 million in 2017, reflecting mainly a rise of circa 1 million euros in both R&D and Sales & Marketing. G&A spend was stable.

The financial result, mainly related to exchange rate gains (US dollar/euro), amounted to 0.4 million euros.

Net profit stood at 1.7 million euros versus 3.8 million a year earlier, reflecting a net profit in the Second Half of 4.9 million euros.

Sound financial structure

Shareholders' equity stood at 21.5 million euros on 31 December 2018 vs 18.8 million euros a year earlier.

As a result of the robust activity and the decrease of the working capital requirement, cash flow increased by 3.8 million euros. Liquidity stood at 6.3 million euros (vs 2.5 million euros a year earlier).

On 31 December 2018, net debt amounted to 0.2 million euros.



Positive outlook: 20% revenue growth objective confirmed, while cementing multi-year partnerships with strategic customers and developing new solutions to expand addressable market

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

Capturing further market share in our core video head-end distribution market, most often as an on-premise private cloud datacenter for hybrid (eg Cable and OTT) distribution, is expected to secure over 20% topline growth in 2019 and 2020.

While our primary business model remains the sale of paid-up perpetual licenses, we have started to engage with selected customers with the aim of creating more visibility in our topline growth. We are now offering strategic customers a partnership approach based on priority access to our roadmap and R&D in exchange for commitments to pluri-annual paid-up contracts. We aim to attract around 10 Tier 1 customers to adopt this model each year, which will, over time, reduce the lumpiness in revenues and margin performance from quarter to quarter. This approach is factored in to our near-term growth expectations.

Elsewhere, we are working on new solutions that will expand our addressable market. In particular, dedicated solutions for the direct OTT delivery of content providers have been fast-tracked and will start shipping beginning of 2020.

We will maintain our investments in the R&D and Sales & Marketing resources necessary to accompany the growth in our business. However, we will continue to contain operating expenses rises below the rate of revenue growth in order to generate an improvement in margins.

Next publication:

Tuesday 7 May 2019: 2019 first-quarter 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 250 employees strong, including 100 of the world finest R&D video experts. In 2018 ATEME served close to 400 clients worldwide with revenues of €56.5 million, 93% of which was from overseas.

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