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FULL YEAR 2019 RESULTS

- ☰ GROSS MARGIN OF €36.1 MILLION, UP 30 %
- ☰ GROSS PROFITABILITY UP 5 PTS TO 54% WITH IMPROVED PRODUCT MIX
- ☰ OPERATING PROFIT OF €4.7 MILLION
- ☰ FINANCIAL OBJECTIVES TEMPORARILY SUSPENDED DUE TO CORONAVIRUS CRISIS

ATEME (ISIN: FR0011992700) has published its Full Year 2019 Results, as approved by its Board of Directors on 25 March 2020. 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 2018	H1 2019	H2 2019	FY 2019	Change FY2019/2018
Revenue	56.5	30.1	36.2	66.3 ¹	17%
Gross margin	27.9	14.1	22.0	36.1	30%
Gross margin (%)	49.3%	46.7%	60.8%	54.4%	
Operating profit	1.3	-1.3	6.0	4.7	258%
Operating margin (%)	2.3%	-4.2%	16.5%	7.1%	
Financial profit / loss	0.4	0.1	-0.3	-0.2	
Tax income	-0.1	0	0.1	0.1	
Group net profit	1.7	-1.2	5.8	4.6	170%
Net margin	3.0%	-3.9%	16.0%	6.9%	

Eighth consecutive year of revenue growth

Total revenues amounted to 66.3 million euros for the fiscal year ending 31 December 2019, up 17% reported, and by 14% at constant exchange rates. 2019 was the eighth consecutive year of revenue growth for the Group, with a CAGR of 23% between 2011 and 2019.

Revenues in EMEA rose 19% while North America saw revenues up 32%; both now represent 37% of total revenues. In contrast to 2018, Latin America revenues grew by 37%, while Asia-Pacific was down 23% following an increase of 70% in 2017; on a two-year basis, both regions were up.

¹ 66 324 k€ vs 66 391 k€ published figures after correction of an unrecorded credit note (68 k€ on Q3 USA/Canada)



Gross Margin improvement

As stated previously, the acceleration of software sales in the Second Half was significant. A more favorable product mix resulted in a gross margin of 60.8% in the Second Half, translating into a margin of 54.4% for FY 2019 as a whole, five points above that of 2018.

Investments contained

ATEME continued to invest in its development. On a full year basis, OPEX amounted to 31.4 million euros, versus 26.5 million in 2018, up 18%, but well below the increase in software sales, reflected by the gross margin increase of 30%. Some 50% of the additional OPEX represented investment in R&D, notably the new TITAN Playout software capabilities expected to generate significant incremental revenues in 2020.

The financial result amounted to -0.2 million euros.

Net profit stood at 4.6 million euros versus 1.7 million a year earlier; in the Second Half net profit amounted to 5.8 million euros. As a result, the net profit margin more than doubled to 6.9% versus 3.0% a year earlier.

Sound financial structure

Shareholders' equity stood at 27.1 million euros on 31 December 2019 versus 21.5 million euros a year earlier.

As a result of the robust activity, cash flow increased by 4.1 million euros. Liquidity stood at 10.3 million euros, up from 6.2 million euros a year earlier.

On 31 December 2019, net debt amounted to -3.7 million euros (excess cash).

Unchanged positive fundamentals

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

Building on the foundations laid in 2019, ATEME stands to make further market share gains with both content providers investing in direct-to-consumer distribution, and service providers repositioning themselves as video applications aggregators. This will be boosted by the launch of the first generation of the new TITAN playout solution, supporting personalized TV solutions.

ATEME is also adapting its offering, both in terms of technology and business model, in order to attract emerging new media players, the likes of Netflix, Amazon and Quibi.

Early impact of Covid-19

ATEME's activity in APAC was impacted by the outbreak of Covid-19 at the beginning of the year; for the past couple of weeks it has started impacting activity in Europe and the Americas only, as our APAC teams begin re-engaging with clients in physical meetings. Our entire organization is fully operational in all sites, including 100% of the R&D facilities in Paris and Rennes, and we are confident in our ability to maintain our roadmap of innovation and support our customers 24/7.



At present, we are not encountering significant logistical problems, either in our own or our customers' ability to source the necessary server equipment to expand capacity and run more TITAN software.

We have identified two potential impacts of the crisis on our business:

1. Major sports events, such as the UEFA Europa league 2020 Football Championship, and the Tokyo Summer 2020 Olympics, being postponed with a delay in all directly-related business;
2. The cancellation of trade shows and face-to-face meetings with customers, or unspecified organizational challenges encountered by customers could also delay some business opportunities.

In anticipation, we have rapidly adapted the way we engage with customers, making extensive use of video conferencing and webinars tools. We are also adapting our offer and business model to ease their decisions in this uncertain climate. Hence we do not expect in the short term a dramatic slowdown in our activity, which will be underpinned by the recurring revenues (and cash) streams we have built since early 2019.

Although our cash position is extremely solid, we are taking the additional precaution of limiting our hiring plan in the coming months to selected key positions.

The start of the year has been positive, but this will inevitably evolve as the impact of the Covid-19 outbreak takes hold. Given the level of uncertainty arising from the pandemic and its effect on the markets that we serve, we are temporarily suspending our financial objectives of 20% revenue growth and improved profitability for the current year. However, our fundamentals remain strong and we are confident in the resilience of our business and our ability to rebound. We will provide further market updates as soon as possible.

Commenting on the results, **ATEME Chairman and Chief Executive Officer, Michel Artières, said:** *"2019 was a record year for ATEME representing our eighth consecutive year of topline growth, with a 30% rise in gross margin and a 55% increase of our monthly recurring revenues (from January 2019 to January 2020). On the innovation front, we laid the foundations for 2020 with an expansion of the Titan software family to support revenue growth.*

The impact of the Covid-19 pandemic is likely to lead to some of our customers postponing investment decisions. However, ATEME remains highly resilient in this context since the massive surge in networks usage is likely to increase the need for efficient compression solutions. Moreover, our software can run on any private, public, or hybrid cloud infrastructure and we are fully operational to deploy our solutions and support our clients.

Our strategy in 2019 to build monthly recurring revenues has enhanced our visibility; our fundamentals remain strong and we are confident in the resilience of our business."

Next publication:

Wednesday 6 May 2020: 2020 first-quarter revenues



About ATEME: ATEME is the emerging leader of video delivery infrastructure, servicing the world's largest content and service providers. Listed on Euronext Paris since 2014, ATEME has a history of transforming video delivery, being the first to market with a 10-bit 4:2:2 solution, the first production-ready HEVC & HDR, and recently, the first genuine video delivery NFV software solution designed to lead service providers' transition to video datacenter. To complement its cutting-edge technology, ATEME has partnered with leaders such as Intel, Apple and Microsoft to create best-in-class video delivery solutions. ATEME is a leading member of industry forums and organizations, such as the DVB and SMPTE, actively participated in the ITU in the standardization of HEVC in 2013 and joined the Alliance for Open Media to help develop the AV1 open and royalty-free video codec in June 2014. ATEME is headquartered in Vélizy near Paris, with worldwide support and R&D offices in Rennes, Denver, Sao-Paulo, Singapore and Sydney. With a commercial presence in 24 countries, ATEME counts 300 employees, including some 100 of the world's leading R&D video experts. In 2019 ATEME served close to 400 customers worldwide with revenues of €66.3 million, of which 93% outside its home market.

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