



Axway Full-Year 2017

Conference & Webcast live

15 February 2018



Forward Looking Statements

- This presentation contains forecasts in respect of which there are risks and uncertainties concerning the company's future growth and profitability. The group highlights the fact that the signature of license contracts, which often represent investments for clients, are more significant in the second half of the year and may therefore induce to a more or less favorable full-year performance.
- Furthermore the current outcome of the events or actual results may differ from those described in this document as a result of a number of risks and uncertainties set out in the Registration Document 2016 submitted to the Autorité des Marchés Financiers (AMF) on 24 April 2017 n° D.17-0420.
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Agenda

Speakers



Jean-Marc Lazzari,
CEO



Patrick Donovan,
CFO



Patrick Gouffran,
Corporate Secretary

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- Highlights 2017
- Key figures
- Accounting & Finance
- Business Model
- Perspectives



Highlights 2017

Transformation #axway

- Acquisition of Syncplicity
- Digital Transformation as market animator
- Cloud & SaaS (subscription) revolution
- AMPLIFY Hybrid Integration Platform
- Strong Q4
- Cost management
- Corporate Fiscal Taxes



Key figures FY 2017

[€M]	Initial Guidance	2017	2016 Published
Revenue	301.1 stable	299.8	301.1
Profit from business activity <i>(%revenue)</i>	<i>13%</i>	40.5 <i>13.5%</i>	50.8 <i>16.9%</i>
Net Profit <i>(%revenue)</i>		4.4 <i>1.5%</i>	31.5 <i>10.5%</i>

(1) At constant exchange rates and on a like-for-like basis

Revenue by activity FY 2017

[€M]	2017	2016 Published	2016 Restated	Total Growth ¹	Organic Growth ¹
Licenses	65.3	81.3	80.3	-19.6%	-18.7%
Cloud	37.5	-	32.8	-	14.4%
Maintenance	145.4	143.0	141.4	1.7%	2.8%
Services	51.6	76.8	57.1	-32.9%	-9.6%
Axway	299.8	301.1	311.6	-0.4%	-3.8%

(1) At constant exchange rates and on a like-for-like basis

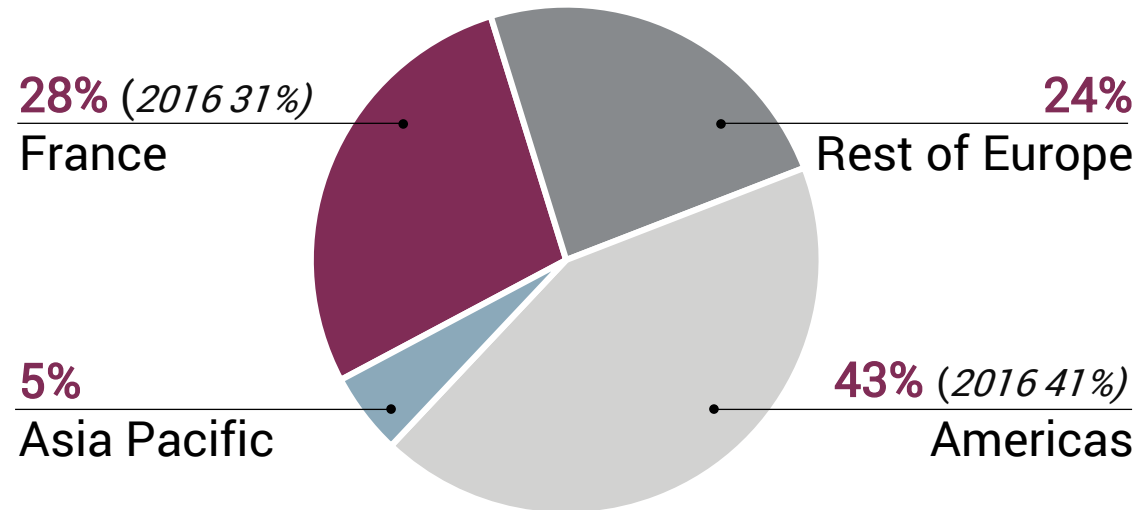
Revenue by region FY 2017

[€M]	2017	2016 Published	2016 Restated	Total Growth ¹	Organic Growth ¹
France	83.8	94.2	94.2	-11.0%	-11.0%
Rest of Europe	71.7	68.8	67.4	4.3%	6.5%
Americas	128.8	122.9	134.9	4.8%	-4.5%
Asia Pacific	15.6	15.3	15.2	1.8%	2.7%
Axway	299.8	301.1	311.6	-0.4%	-3.8%

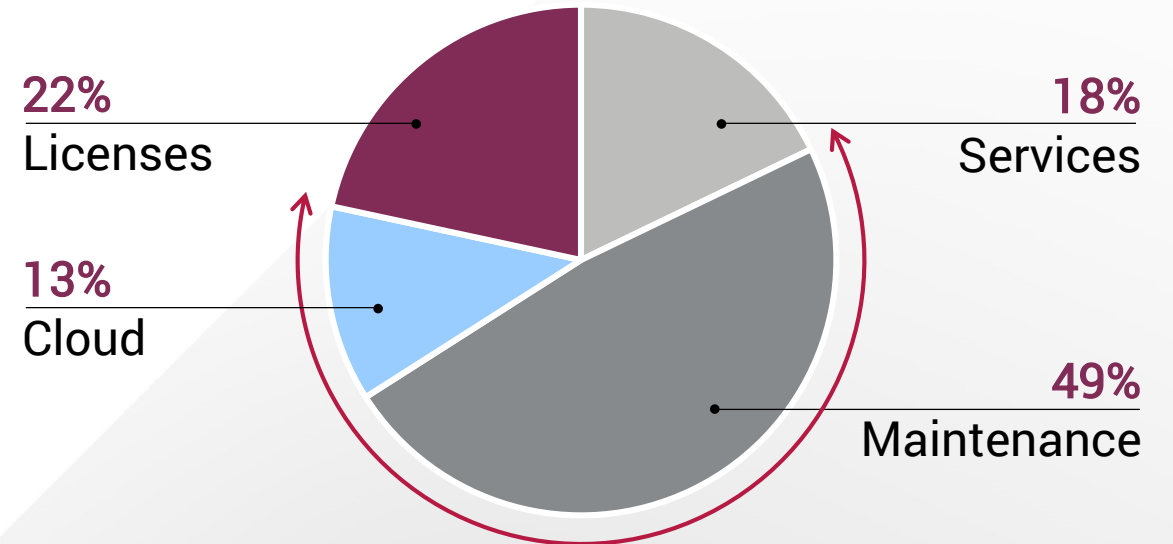
(1) At constant exchange rates and on a like-for-like basis

2017 Balanced and resilient business model

By Region



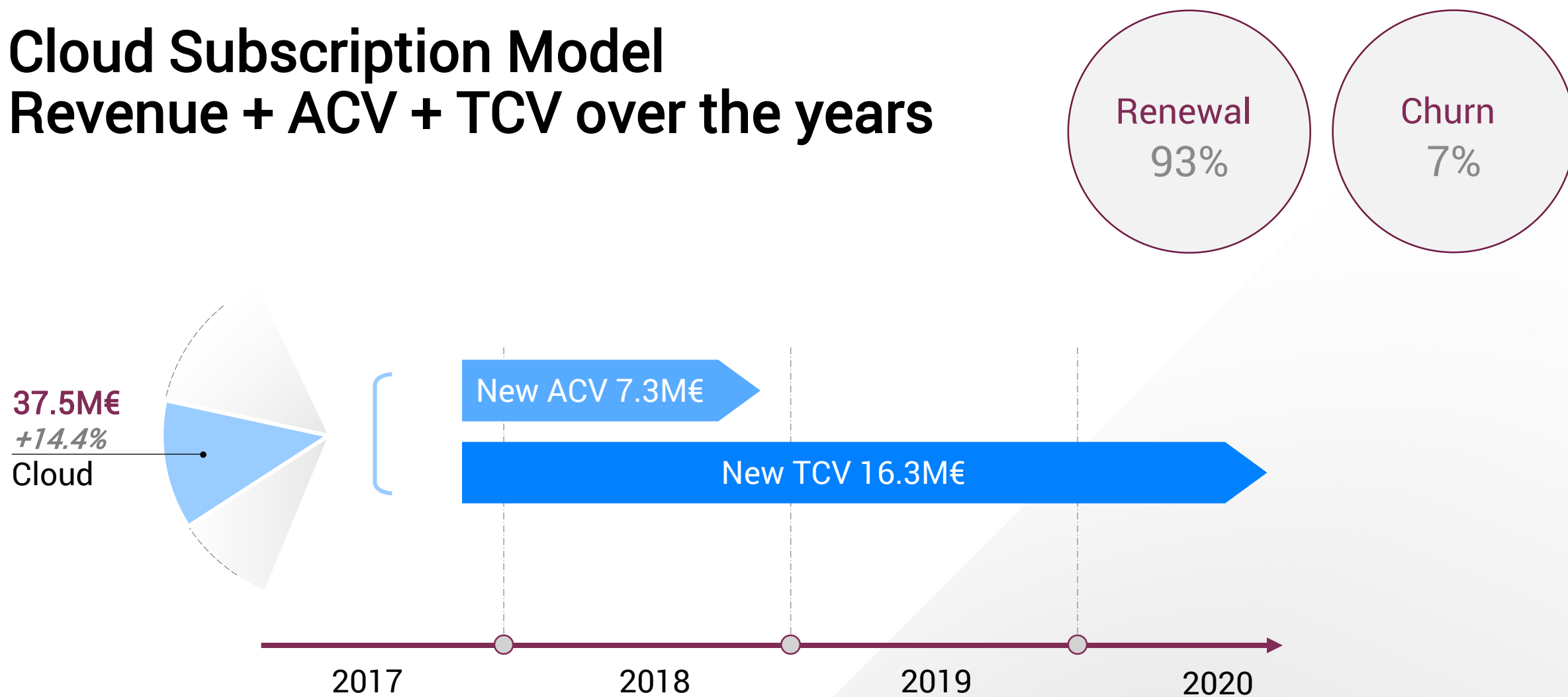
By Activity



61%
Vs 54%
Recurring/R

Cloud Subscription Model

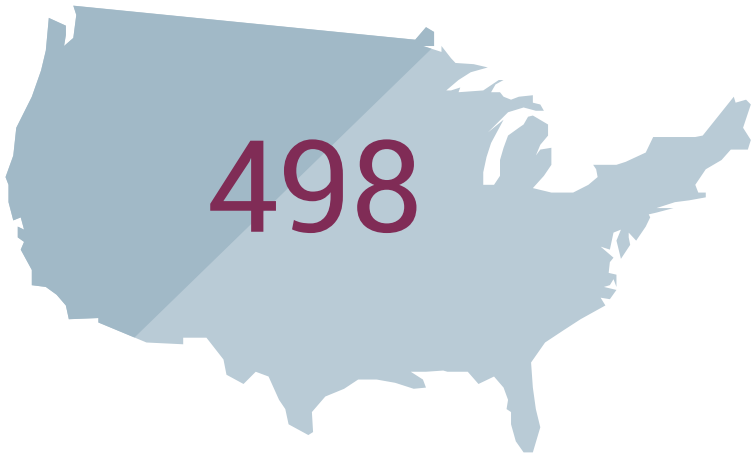
Revenue + ACV + TCV over the years



2017 Headcount at 31 December

1,839
(1,930 Dec. 2016)

72%
International





Accounting & Financial Results

Patrick Donovan

CFO

Financial News/Context 2017

**NEW US
CORPORATE
TAX LAWS**

**SYNCPLOCITY
ACQUISITION**

IFRS 15



Simplified income statement

In millions of euros

	FY 2017		FY 2016		FY 2015	
Revenue :						
License	65.3		81.3		80.5	
Cloud	37.5		19.1		10.3	
Maintenance	145.4		143.0		137.7	
Total Product Revenue	248.3		243.4		228.4	
Services	51.6		57.7		56.2	
Total Revenue :	299.8		301.1		284.6	
Total Costs of sales :	88.2		86.6		86.4	
Gross profit: (as a % of Revenue)	211.6	70.6%	214.4	71.2%	198.3	69.7%
Operating expenses :						
Sales and marketing	83.8	28.0%	81.9	27.2%	81.9	28.8%
Research and development	59.4	19.8%	53.3	17.7%	46.0	16.2%
General and administrative	27.9	9.3%	28.4	9.4%	25.9	9.1%
Total operating expenses :	171.1		163.7		153.8	
Profit on operating activities	40.5	13.5%	50.8	16.9%	44.5	15.6%
Profit from recurring operations	30.7	10.2%	41.8	13.9%	37.9	13.3%
Operating profit	27.7	9.2%	35.1	11.7%	27.4	9.6%
Income taxes	(24.0)		(3.7)		2.1	
Net Profit (as a % of Revenue)	4.4	1.5%	31.5	10.5%	27.9	9.8%
Basic net earnings per share (in Euro)	0.21		1.51		1.35	

- We continue to see impact of shifting business model with license revenue decreasing and cloud increasing
- Gross Profit of 70.6% of revenue dropped with falling license revenue, Cloud margin up to 44% and service margin increased to 16% as well
- R&D continued to grow in support of our growing portfolio and new Platform launch and Syncplicity products

Simplified balance sheet

In millions of euros

	31/12/17	31/12/16	31/12/15
ASSETS			
Goodwill	333.6	288.8	251.8
Non-current assets	420.7	402.7	347.5
Trade receivables	71.1	78.2	73.9
Other current assets	31.2	25.3	22.5
Cash and cash equivalents	28.1	51.7	44.7
TOTAL ASSETS	551.1	557.8	488.6
SHAREHOLDERS' EQUITY AND LIABILITIES			
Total shareholders' equity	344.1	374.8	340.6
Financial debt - long-term portion	47.8	35.5	7.5
Other non-current liabilities	22.5	10.3	15.7
Non-current liabilities	70.3	45.7	23.2
Financial debt - short-term portion	4.5	3.7	1.5
Deferred Revenue	67.3	74.5	66.7
Other current liabilities	64.9	59.1	56.6
Current liabilities	136.7	137.3	124.8
TOTAL LIABILITIES	207.0	183.0	148.0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	551.1	557.8	488.6

- Goodwill and intangibles increased from the acquisition of Syncplicity
- Cash balance of 28.1M€ and Bank Debt of 48.8 M€ as of 31 Dec 2017
- With our drop in Trade Receivables and stable revenues, our DSO finished at 77 days, down from 85 days at 31 Dec 2017

Change in Equity

In millions of euros

	31/12/17	31/12/16	31/12/15
Equity at Opening of Period	374.8	340.6	298.5
Profit for the period	4.4	31.5	27.9
Dividends	-8.5	-8.3	-8.2
Capital increase	3.2	3.4	3.1
Other	0.7	0.9	0.8
Translation Differential	-30.5	6.7	18.5
Equity at End of Period	344.1	374.8	340.6

- Due to the USD/Euro conversion rate movement at balance sheet ending date a significant translation adjustment was recorded in Dec. 2017 on the conversion of the foreign balance sheets to Euros

Cash Flow statement

In millions of euros

	31/12/17	31/12/16	31/12/15
Net profit for the period	4.4	31.5	27.9
Net cash from operating activities	29.6	38.4	49.6
Net cash used in investing activities	(57.5)	(57.3)	(5.2)
Net cash from (used in) financing activities	6.8	26.0	(46.1)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(23.6)	7.8	(0.7)
CLOSING CASH POSITION	28.1	51.7	43.9

- Change in Working Capital Requirements (BFR) for 2017 of -11.7 M€ versus -5.9 M€ in 2016
- Free cash for 2017 is 24.8 M€ versus 27.9 M€ for 2016

Financial structure – Covenants FY 2017

	31/12/17	31/12/16	31/12/15
EBE/ Costs of Debt (covenant >5)	40.19	130	111
Net Debt/ EBE (covenant <3)	0.47	-0.33	-0.98
Net Debt/ Retained Earnings (covenant <1)	0.06	-0.04	-0.12

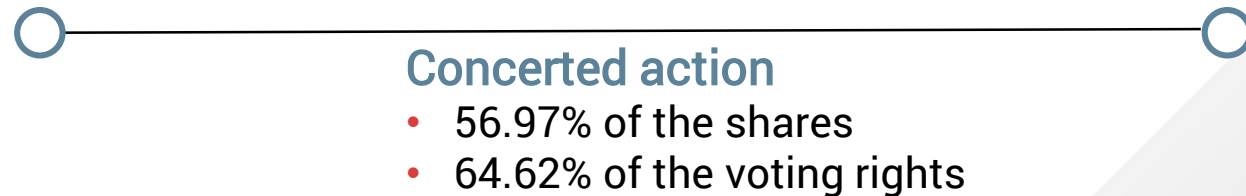
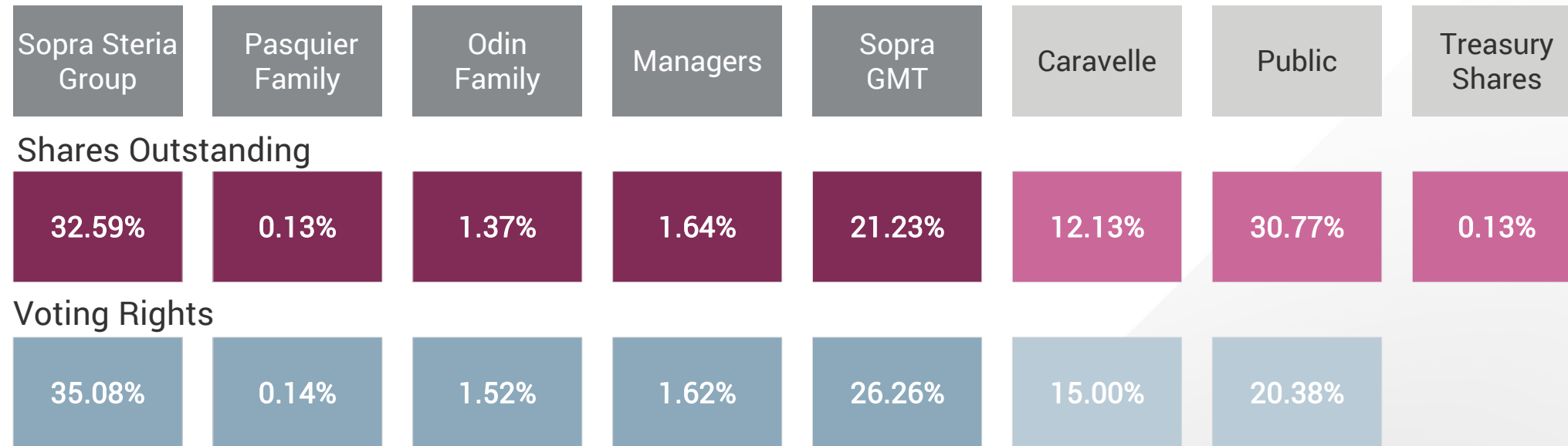
- Financial covenants met in all periods. Net debt for 2017 is 20.6 M€
- Our main covenant is the leverage ratio: Net debt/EBE ≤ 3 (0,47 at Dec 31, 2017)
- The 125 M€ credit line is extended to mid-2021 and approximately 89 M€ is available

Axway shareholder structure

31/12/2017

21,210,546 SHARES OUTSTANDING

34,301,758 VOTING RIGHTS



Finance at a glance 2017

FINANCE

- Impact of the new US corporate tax laws
- Changing business model with 14.4% growth in our Cloud business
- Continued solid financial position

Cost & Investments

- Cost management throughout year to maintain margin
- R&D spend of 59 M€ as we continue to invest in our product strategy



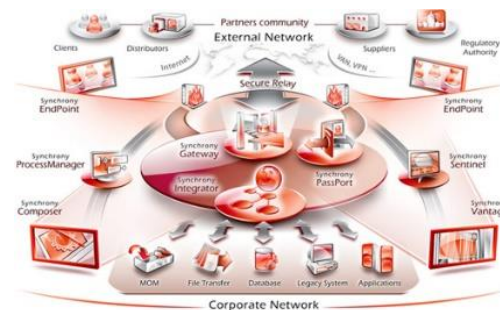
Market

Technology
& Services Industries

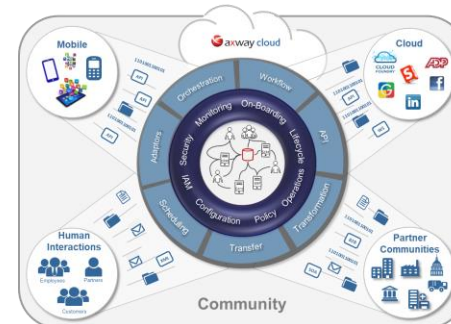


The diagram illustrates a Cloud Managed Network (CMN) architecture. At the center is a red circle labeled 'AZA'. Surrounding it are eight peripheral nodes, each connected to the central AZA by a thick black line. The nodes are labeled as follows: 'Secondary Server', 'Secondary Switch', 'Secondary Router', 'Secondary Hub', 'Secondary Firewall', 'Secondary Gateway', 'Secondary Server', and 'Secondary Switch'. Each node is represented by a small icon (e.g., a server, a switch, a router, a hub, a firewall, a gateway, a server, and a switch). The entire network is labeled 'Enterprise Network' at the bottom.

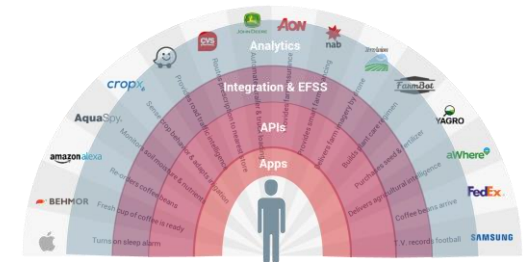
2008



2013



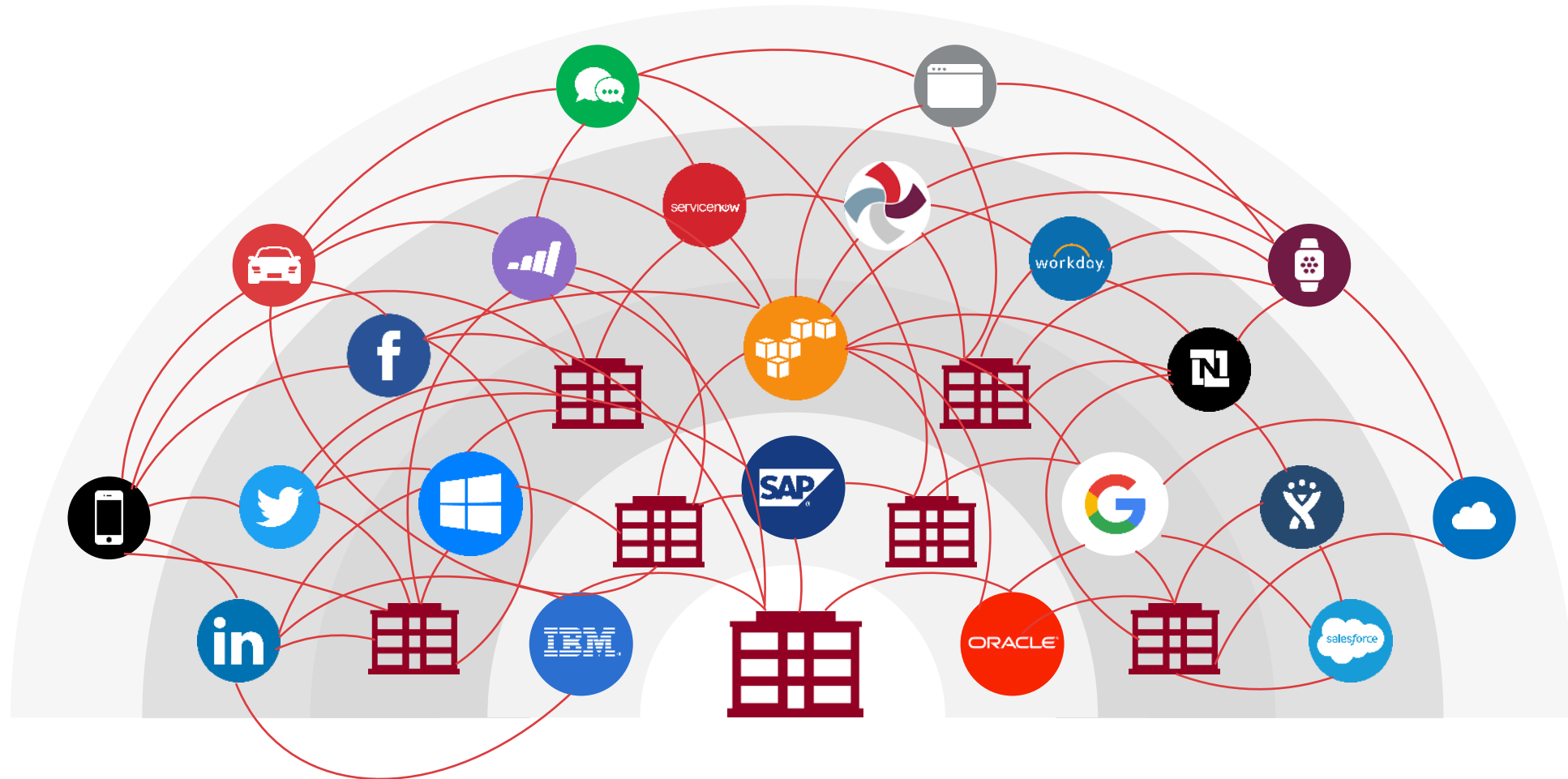
2017+



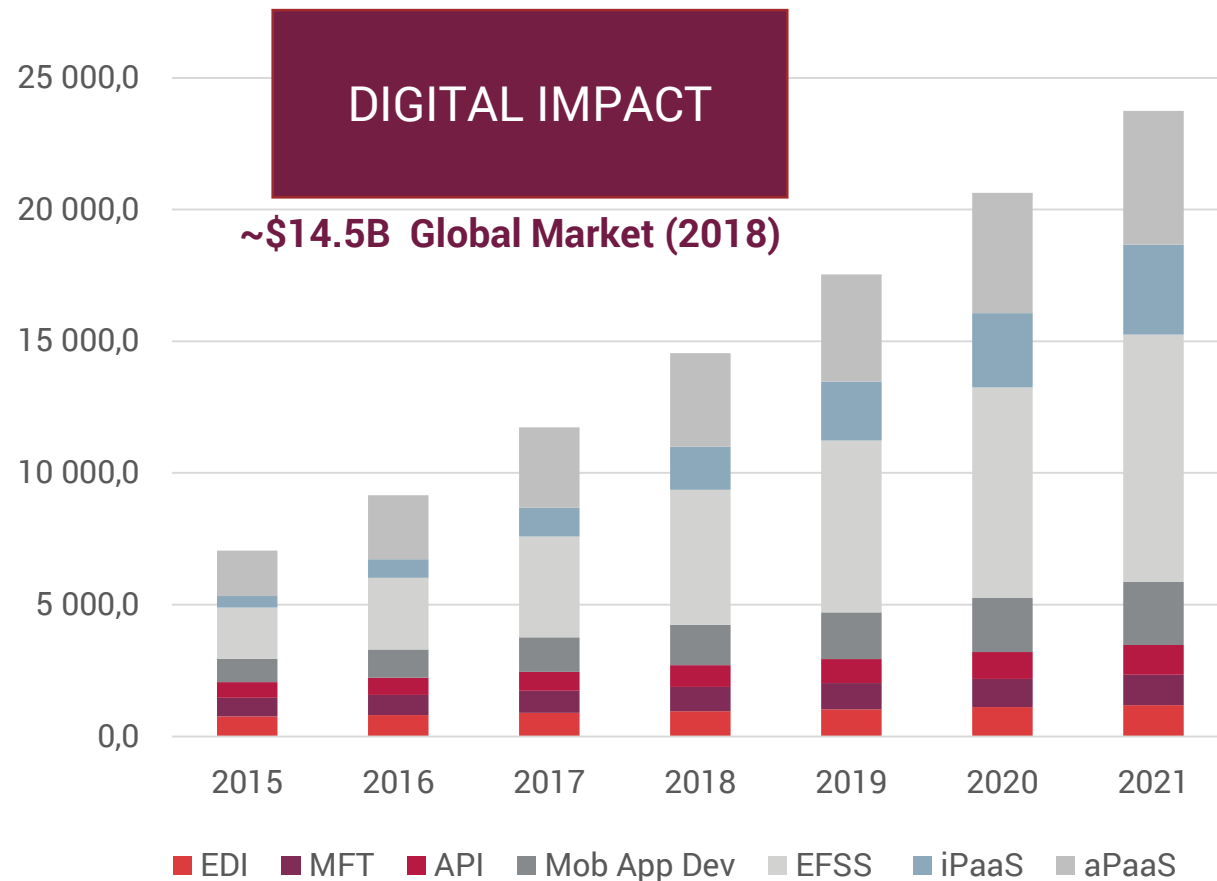
Today's reality: Enterprise Sprawl



Today's reality: Enterprise Sprawl



Hybrid Integration Platform As A Service



Source: Gartner, Forecast: Enterprise Software Markets, Worldwide, 2014-2021, 3Q17 Update, 25 September 2017

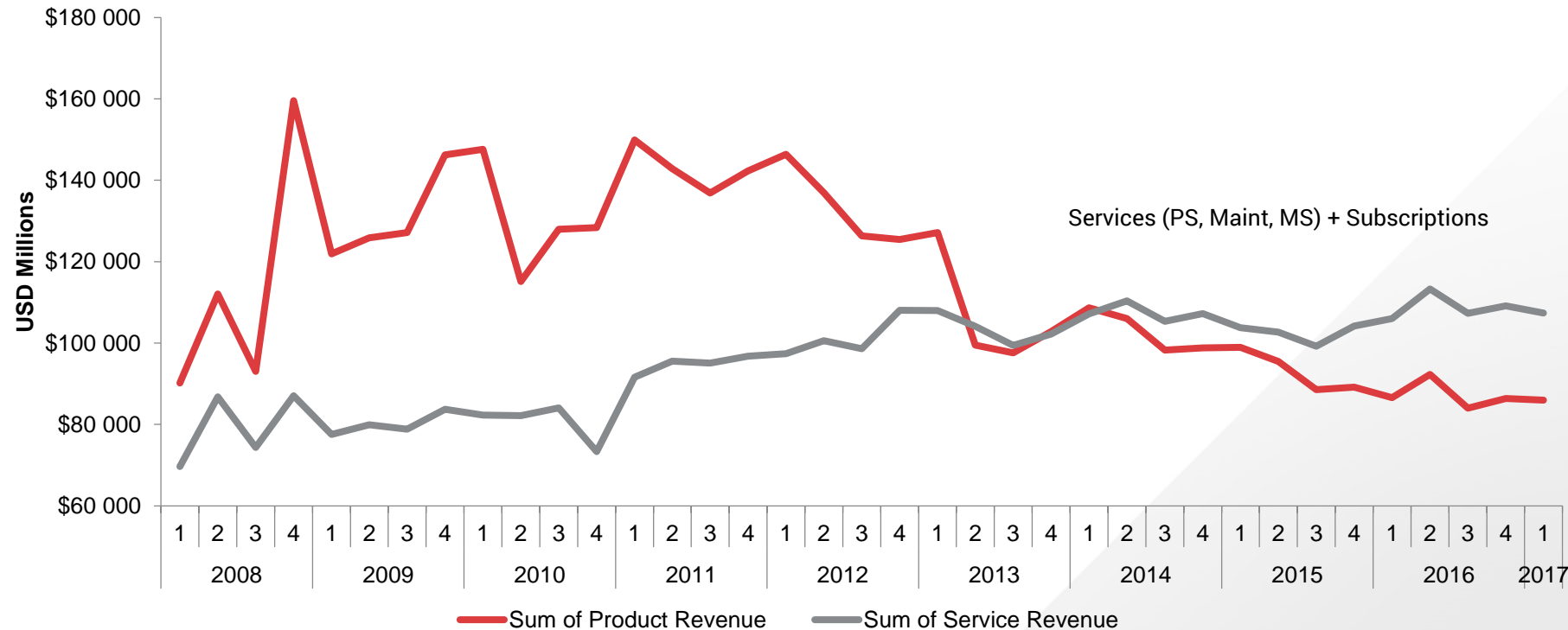
By 2020, more than 75% of large organizations will establish a hybrid integration platform using an integration infrastructure that they assemble from multiple vendors.

Source: Gartner, Market Guide for HIP-enabling Technologies, Keith Guttridge, Elizabeth Golluscio, 29 June 2017

Technology Business Model Disruption

If left “as is,” most technology suppliers will shrink.

Total Service & Product Revenues*



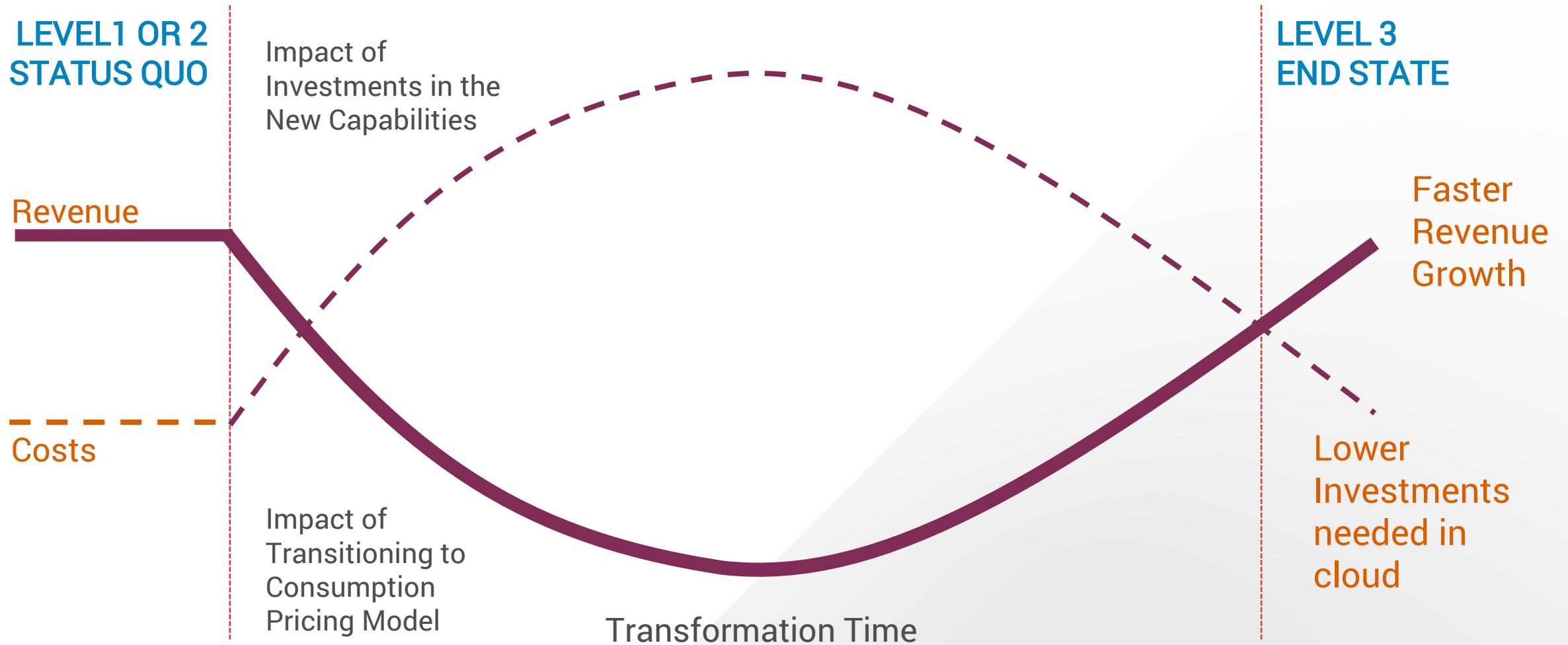
-\$4.3 B

Loss of product revenues for T&S 50 companies from Q1 2016 to Q1 2017.*

Only 15%

Of the T&S50 companies are reporting product growth AND stable/improved product margins.*

The Fish Model



Become a leader in Hybrid Integration Platform



Become a leader in Hybrid Integration Platform

2020 TRENDS

- Stable Top Line Organic Revenue
- Grow Subscription Revenue to 65-75 M€
- 65% of Recurring Revenue
- Strategic M&A

2018 INVESTMENTS

Additional 15 M€

- R&D to deliver Cloud Offers
- Sales & Digital Marketing
- Customer Satisfaction

Q&A





THANK YOU

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on Apple store & Android



APM Definition

- Restated: Revenue for the prior year, expressed on the basis of the scope and exchange rates for the current year.
- Organic growth of revenue: Growth of operations between revenue for the period and the reprocessed revenue data for the same period of the preceding fiscal year.
- Profit (loss) from operations This indicator, such as defined in the Registration Document, corresponds to profit from the reprocessed counting operations data of the charge pertaining to the cost of services rendered by the beneficiaries of stock options and of restricted shares and of the provisions to amortisation of the affected intangible assets.
- Profit from counting operations: This indicator corresponds to the operating profit prior to taking into account other operating income and expenses which correspond to unusual, abnormal, infrequent, non-predictive operating income and expenses, and of a particularly significant amount, presented in a distinct manner in order to facilitate understanding of the performance connected to current operations.
- ACV: Annual Contract Value is the signed revenue still to come during the year.
- TCV: Total contract value, represents the full value of a customer contract. It includes both recurring for the duration of the contracted period and one-time payments.