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Press release

## Axway reports its 2015 annual results

- Revenue up 8.8% to €284.6 million
- Profit on operating activities of €44.5 million, or 15.6% of revenue
- Net profit of €27.9 million, or 9.8% of revenue

Paris, 24 February 2016. Axway Software's Board of Directors, meeting on 23 February under the chairmanship of Pierre Pasquier, reviewed the consolidated financial statements for the fiscal year ended 31 December 2015. The year was one of transition for Axway with significant changes in organisation and governance and a shift in market positioning. In this context, the economic performance was satisfactory with, specifically, improved profitability and a sound financial position.

	FY 2015		FY 2014		FY 2013	
	(in €m)	(% Rev)	(in €m)	(% Rev)	(in €m)	(% Rev)
<b>Key income statement items</b>						
Revenue	284.6		261.6		237.5	
<i>Organic growth</i>	0.0%		3.6%		3.7%	
Profit on operating activities	44.5	15.6%	39.7	15.2%	37.5	15.8%
Profit from recurring operations	37.9	13.3%	33.6	12.8%	32.4	13.7%
Other income and expense	-10.5		-2.3		-5.3	
Net financial costs and currency impact	-1.7		-0.9		-1.3	
Income Taxes	2.1		-3.6		9.8	
Net profit	27.9	9.8%	26.7	10.2%	35.6	15.0%
	<b>(in €)</b>		<b>(in €)</b>		<b>(in €)</b>	
Basic net earnings per share	1.35		1.29		1.75	

- o Earnings per share are calculated on the basis of 20,773,976 shares in 2015, 20,568,138 shares in 2014 and 20,465,177 shares in 2013.

## Comments on 2015 activity

2015 was marked by:

- the arrival in June 2015 of Jean-Marc Lazzari, Axway's new Chief Executive Officer, and the reinforcement of the senior executive team with, in particular, a new product portfolio management team;
- a major shift in Axway's positioning agenda that expanded its traditional Middleware offer in order to support customers in their digital transformation;
- the implementation of a company transition plan in order to support the new strategic positioning. This change affects many areas and can be seen in:
  - the fine-tuning of the company's operational, sales and marketing organisation, as well as the product offering organisation, to speed up positioning towards the digital ecosystem and establish a bimodal approach;
  - the launch of an operation to rationalise the Research and Development centres leading to a reduction in the number of laboratories;
  - a focus on the development of the North America region and growth for API technologies and Operational Intelligence.

In addition, in January 2016, Axway acquired the American company Appcelerator; this is a significant asset due to Appcelerator's specialisation in the integration of mobile applications, and it aligns with the company's aim to help organisations navigate the road to digital business.

So, Axway reports a strong result in a year of transformation.

## Revenue by region (in €m)

Exercise 2015	2015	2014 Published	2014 Pro forma	Total Growth	Organic Growth <sup>1</sup>
France	95.2	103.4	102.4	-7.9%	-7.0%
Rest of Europe	65.8	59.5	65.0	10.5%	1.2%
America's	109.7	89.1	106.5	23.2%	3.0%
Asia/Pacific	13.9	9.6	10.8	45.3%	29.1%
<b>Axway</b>	<b>284.6</b>	<b>261.6</b>	<b>284.7</b>	<b>8.8%</b>	<b>0.0%</b>

(1) at constant exchange rates and scope of consolidation

Growth in the Americas, particularly over the second half of 2015, rewarded action plans implemented in Axway's commercial and marketing organisation to increase the business pipeline. North America now accounts for 39% of Axway's total revenue and has thus become the company's leading business region. France, the second region in terms of

revenues, reported a fall in licence sales, particularly in the fourth quarter. The rest of Europe delivered total growth, up 10.5%, thanks specifically to the GEMEA area (Germany, UK, Scandinavia, Italy, Spain) buoyed by restructuring of the sales team, a large licence deal and the API OEM partner contract.

### Revenue by activity (in €m)

Exercise 2015	2015	2014 Published	2014 Pro forma	Total Growth	Organic Growth <sup>1</sup>
Licenses	80.5	79.6	86.2	1.1%	-6.7%
Maintenance	137.7	120.5	132.1	14.3%	4.3%
Services	66.4	61.5	66.3	8.0%	0.1%
<b>Axway</b>	<b>284.6</b>	<b>261.6</b>	<b>284.7</b>	<b>8.8%</b>	<b>0.0%</b>

(1) at constant exchange rates and scope of consolidation

Licence revenue was down 6.7% to €80.5 million. However, Products (Licence + Maintenance) revenue remained stable compared to 2014. Certain segments like API and Operational Intelligence have continued to show growth.

Services business remained relatively steady in comparison with 2014, but with greater momentum seen in the Americas and the Asia Pacific areas.

Cloud business, currently included in "Services" revenue, reported significant growth, most notably in the United States.

Maintenance activity continues its trend on positive growth for many years, the result of a proactive sales policy and targeted product offering that has been operational for several years.

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## Financial position

As at 31 December 2015, Axway's financial position was extremely solid with cash and cash equivalents amounting to €44.7 million, bank debt of €5.1 million and shareholders' equity of €340.6 million.

As at 31 December 2015, net cash and cash equivalents was €35.7 million, enabling the Group to achieve financial ratios that comfortably meet the values required by banking covenants.

The level of profit on operating activities (15.6% in 2015) was up in comparison with 2014, the consequence of a fine balance between commercial investments, R&D and G&A in relation to revenue. This reflects Axway's strong business model and provides the means to engage the investments needed for the company's development project.

Net profit as at 31 December 2015 came to €27.9 million (9.8% of net margin).

The audit process on the annual consolidated financial statements is currently being finalised.

## Workforce

As at 31 December 2015, Axway employed 1,884 people (680 in France and 1,204 in other countries), down by 77 employees compared with 31 December 2014.

The acquisition of Appcelerator (an additional 85 people) will join Axway in January 2016 activities.

## Cash dividend

Axway's Board of Directors intend, at the next General Shareholders' Meeting, to propose the distribution of a dividend of €0.40 per share in respect of the 2015 fiscal year.

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## Strategy & Prospects

In 2015 the company experienced major changes that contributed to the shift in its strategic positioning. The acquisition of Appcelerator, which specialises in mobile application platforms and integration, significantly bolsters Axway's commitment to companies' digital transformation plans.

This new offer and the standard infrastructure installed base will immediately begin working together to help leverage sales.

Axway, which boasts solid traditional strengths, is a full part of the digital business development model that helps connect processes, things and people, wherever they may be.

The Company has organized its products portfolio on two pillars: **Integration Foundation** and **Ecosystem Engagement**.

In this context, over the next three years, the company targets a strong revenue growth, steady operating margins (on a constant perimeter), while continuing to invest in the evolution of its offering. Priority is being given to developing operations in the United States, which offer potential for stronger growth. This medium-term plan also includes a proactive component of external acquisition.

**Revenue by region and by quarter (in €m)**

<b>1<sup>st</sup> Quarter</b>	<b>2015</b>	<b>2014 Published</b>	<b>2014 Pro forma</b>	<b>Total Growth</b>	<b>Organic Growth<sup>1</sup></b>
France	22.1	18.2	20.5	21.6%	7.9%
Rest of Europe	14.3	14.1	15.5	1.9%	-7.6%
America's	23.2	17.9	22.9	29.4%	1.1%
Asia/Pacific	3.0	1.9	2.2	57.4%	38.7%
<b>Axway</b>	<b>62.6</b>	<b>52,0</b>	<b>61.1</b>	<b>20.3%</b>	<b>2.5%</b>

  

<b>2<sup>nd</sup> Quarter</b>	<b>2015</b>	<b>2014 Published</b>	<b>2014 Pro forma</b>	<b>Total Growth</b>	<b>Organic Growth<sup>1</sup></b>
France	25.4	24.6	22.8	3.0%	11.4%
Rest of Europe	17.2	15.0	16.9	15.2%	2.2%
America's	26.4	20.9	25.7	26.2%	2.7%
Asia/Pacific	3.4	2.3	3.0	46.4%	13.4%
<b>Axway</b>	<b>72.5</b>	<b>62.9</b>	<b>68.4</b>	<b>15.3%</b>	<b>6.0%</b>

  

<b>3rd Quarter</b>	<b>2015</b>	<b>2014 Published</b>	<b>2014 Pro forma</b>	<b>Total Growth</b>	<b>Organic Growth<sup>1</sup></b>
France	20.5	20.3	19.5	0.9%	5.4%
Rest of Europe	16.1	13.4	14.2	20.1%	13.5%
America's	26.1	23.5	27.7	11.3%	-5.8%
Asia/Pacific	3.1	2.2	2.3	40.4%	34.7%
<b>Axway</b>	<b>65.9</b>	<b>59.4</b>	<b>63.7</b>	<b>10.8%</b>	<b>3.4%</b>

  

<b>4th Quarter</b>	<b>2015</b>	<b>2014 Published</b>	<b>2014 Pro forma</b>	<b>Total Growth</b>	<b>Organic Growth<sup>1</sup></b>
France	27.2	40.3	39.7	-32.5%	-31.4%
Rest of Europe	18.1	17.1	18.5	6.0%	-1.8%
America's	34.0	26.7	30.1	27.1%	12.9%
Asia/Pacific	4.3	3.1	3.3	40.4%	33.4%
<b>Axway</b>	<b>83.7</b>	<b>87.2</b>	<b>91.5</b>	<b>-4.1%</b>	<b>-8.6%</b>

(1) at constant exchange rates and scope of consolidation

**Revenue by activity and by quarter (in €m)**

<b>1st Quarter</b>	<b>2015</b>	<b>2014 Published</b>	<b>2014 Pro forma</b>	<b>Total Growth</b>	<b>Organic Growth<sup>1</sup></b>
Licenses	13.6	10.8	13.1	25.8%	3.3%
Maintenance	33.5	26.7	31.5	25.3%	6.3%
Services	15.5	14.5	16.4	7.0%	-5.4%
	<b>62.6</b>	<b>49.9</b>	<b>61.1</b>	<b>25.5%</b>	<b>2.5%</b>

  

<b>2nd Quarter</b>	<b>2015</b>	<b>2014 Published</b>	<b>2014 Pro forma</b>	<b>Total Growth</b>	<b>Organic Growth<sup>1</sup></b>
Licenses	20.6	17.0	18.7	21.1%	10.3%
Maintenance	34.5	30.7	33.5	12.5%	3.1%
Services	17.3	15.1	16.2	14.4%	6.7%
<b>Axway</b>	<b>72.5</b>	<b>56.5</b>	<b>68.4</b>	<b>28.3%</b>	<b>6.0%</b>

  

<b>3rd Quarter</b>	<b>2015</b>	<b>2014 Published</b>	<b>2014 Pro forma</b>	<b>Total Growth</b>	<b>Organic Growth<sup>1</sup></b>
Licenses	14.8	13.3	14.7	11.5%	0.6%
Maintenance	34.4	30.9	32.7	11.3%	5.2%
Services	16.7	15.3	16.3	9.2%	2.5%
	<b>65.9</b>	<b>59.4</b>	<b>63.7</b>	<b>10.8%</b>	<b>3.4%</b>

  

<b>4th Quarter</b>	<b>2015</b>	<b>2014 Published</b>	<b>2014 Pro forma</b>	<b>Total Growth</b>	<b>Organic Growth<sup>1</sup></b>
Licenses	31.4	38.5	39.7	-18.3%	-20.7%
Maintenance	35.3	32.2	34.4	9.6%	2.6%
Services	16.9	16.6	17.4	2.1%	-3.0%
<b>Axway</b>	<b>83.7</b>	<b>87.2</b>	<b>91.5</b>	<b>-4.1%</b>	<b>-8.6%</b>

(1) at constant exchange rates and scope of consolidation

## Income Statement

(in thousands of euros)

	<b>FY 2015</b>	<b>FY 2014</b>	<b>FY 2013</b>
<b>Revenue :</b>			
Licenses	80 452	79 574	75 583
Maintenance	137 741	120 538	106 348
Total Product Revenue	218 193	200 112	181 931
Services	66 419	61 478	55 613
<b>Total Revenue :</b>	<b>284 612</b>	<b>261 590</b>	<b>237 545</b>
<b>Costs of sales:</b>			
Product Revenue	23 150	21 900	20 721
Services	63 210	57 017	51 407
<b>Total Costs of sales :</b>	<b>86 360</b>	<b>78 917</b>	<b>72 128</b>
<b>Gross profit:</b>	<b>198 252</b>	<b>182 645</b>	<b>165 416</b>
<i>as a % of Revenue</i>	69.7%	69.8%	69.6%
<b>Operating expenses :</b>			
Sales and marketing	81 876	77 519	70 763
Research and development	46 025	40 966	33 636
General and administrative	25 855	24 503	23 549
<b>Total operating expenses :</b>	<b>153 756</b>	<b>142 988</b>	<b>127 948</b>
<b>Profit on operating activities</b>	<b>44 496</b>	<b>39 685</b>	<b>37 468</b>
<i>as a % of Revenue</i>	15.6%	15.2%	15.8%
Stock option related expenses	(550)	(811)	(1 352)
Amortization of intangible assets	(6 044)	(5 318)	(3 679)
<b>Profit from recurring operations</b>	<b>37 902</b>	<b>33 556</b>	<b>32 437</b>
<i>as a % of Revenue</i>	13.3%	12.8%	13.7%
Other income and expenses	(10 493)	(2 298)	(5 271)
<b>Operating profit</b>	<b>27 409</b>	<b>31 258</b>	<b>27 166</b>
Cost of net financial debt	(361)	(1 355)	(348)
Other financial revenues and expenses	(1 292)	434	(982)
Income taxes	2 101	(3 647)	9 759
<b>Net Profit</b>	<b>27 856</b>	<b>26 690</b>	<b>35 595</b>
	9.8%	10.2%	15.0%

## Simplified Balance Sheet

	31/12/2015	31/12/2014	31/12/2013
	(in €m)	(in €m)	(in €m)
<b>ASSETS</b>			
Goodwill	251.8	236.5	189.3
Intangible assets	40.9	45.6	28.8
Property, plant and equipment	7.8	6.9	6.3
Other non-current assets	47.0	42.1	45.7
<b>Non-current assets</b>	<b>347.5</b>	<b>331.1</b>	<b>270.1</b>
Trade receivables	73.9	84.9	64.4
Other current assets	22.5	18.2	8.3
Cash and cash equivalents	44.7	44.6	49.2
<b>Current assets</b>	<b>141.0</b>	<b>147.6</b>	<b>121.9</b>
<b>TOTAL ASSETS</b>	<b>488.6</b>	<b>478.7</b>	<b>392.0</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital	41.5	41.1	40.9
Capital reserves and results	299.1	257.4	217.4
<b>Total shareholders' equity</b>	<b>340.6</b>	<b>298.5</b>	<b>258.4</b>
Financial debt - long-term portion	7.5	46.3	28.5
Other non-current liabilities	15.7	18.9	15.5
<b>Non-current liabilities</b>	<b>23.2</b>	<b>65.2</b>	<b>44.0</b>
Financial debt - short-term portion	1.5	1.3	9.5
Other current liabilities	123.3	113.7	80.1
<b>Current liabilities</b>	<b>124.8</b>	<b>115.0</b>	<b>89.6</b>
<b>TOTAL LIABILITIES</b>	<b>148.0</b>	<b>180.2</b>	<b>133.6</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>488.6</b>	<b>478.7</b>	<b>392.0</b>

## Cash Flow Statement

	FY 2015	FY 2014	FY 2013
	(in €m)	(in €m)	(in €m)
<b>Net profit for the period</b>	27.9	26.7	35.6
Net charges to amortizations, depreciations and provisions	13.8	8.3	8.0
Other income and expense items	(1.1)	0.2	1.7
<b>Cash from operations after cost of net debt and tax</b>	40.6	35.2	45.3
Changes to operating working capital requirements	13.3	11.0	(3.6)
Costs of net financial debt	0.4	1.4	0.7
Income tax paid net of accrual	(4.6)	(0.2)	(14.1)
<b>Net cash from operating activities</b>	49.6	47.3	28.3
<b>Net cash used in investing activities</b>	(5.2)	(54.4)	(3.6)
Proceeds on shares issued	3.1	1.3	2.2
Dividends paid	(8.2)	(8.2)	(7.1)
Change in loan	(41.0)	7.7	-
Net interest paid	(0.4)	(1.4)	(4.4)
Other changes	0.3	(0.7)	(0.7)
<b>Net cash from (used in) financing activities</b>	(46.1)	(1.2)	0.3
Effect of foreign exchange rate changes	1.1	3.7	(9.7)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(0.7)	(4.6)	(1.2)
Opening cash position	44.6	49.2	35.4
<b>CLOSING CASH POSITION</b>	43.9	44.6	49.2

## Financial Calendar 2016

- 25 February: Live webcast video for analysts, 3.30 pm (Paris time). Registration via this [link](#)
- 25 April: Filing of Registration Document 2015
- 27 April: Release for the first Quarter 2016 (after stock market closure)
- 21 June: General Shareholders' Meeting, 2.30 pm (Paris time)
- 27 July: Release of results for the first half-year 2016 (after stock market closure)
- 28 July: live webcast presentation for analysts.

## Disclaimer

The forecasts in this document are contingent upon risks and uncertainties as to the Group's future growth and profitability, in particular in cases of acquisitions. Readers are reminded that license agreements, which often represent investments for our clients, are more significant in the second half of the year and may therefore have a more or less favourable impact on full-year performance. Readers are also reminded that potential acquisitions could have an impact on the financial data provided above.

The outcome of events or actual results may differ from those described in this document as a result of various risks and uncertainties set out in the 2014 Registration Document submitted to the *Autorité des Marchés Financiers* on 23 April 2015 under number D. 15-0391.

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This document is a free translation into English of the original French press release.

### About Axway

Axway (Euronext: Axway.PA) empowers over 11,000 customers worldwide to collaborate smarter, innovate faster and engage better with their partners, developers and customers. Through integration technologies securely connecting people, processes and things, up to the digital engagement platform proposing API management, identity management, the development of mobile applications and analysis tools, Axway solutions guide companies successfully along the road to digital business. Axway's registered office is based in France, Executive Management in the United States. More information: <http://www.investors.axway.com/en>