



# Investors Overview

## AXWAY

March 2017



# 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 2015 submitted to the Autorité des Marchés Financiers (AMF) on 25 April 2016 n° D16-0393.
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# Welcome To Investor Presentation

## Agenda

TOP 50 Software Editors

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Software Editor Business Model

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Track Record of Profitable Growth

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Status on the Company Transformation

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Why Invest in Axway

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Annexes

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A low-angle photograph of a worker in a yellow safety vest and white hard hat standing on a metal staircase. The worker is looking towards the right. The background shows large, white, cylindrical industrial structures under a clear blue sky. A red triangle is visible in the bottom right corner of the image.

**TOP 50\* Software Editor,  
From Middleware Market  
To Digital Market**

*\*source: Axway*

# Axway, 50<sup>th</sup> Global software editor

Axway: Catalyst for digital transformation

Axway a Leader in Gartner MQ for App Services Governance for the Second Time (April 2015).  
TOP 10 Syntec Numerique  
API leader by Ovum July 2016

Rev. **€301.1 million**  
OPM **16.9%**  
FCF/Rev **9.3%%**

Euronext Paris listing 2011  
Market cap **€M 662**  
Float **29%**

Dual nationality  
FR/US  
19 locations worldwide

**1,930+** employees  
including 584 in R&D  
and 130 in the sales force

*2015 figures*

# Key figures 2016

Total  
growth  
+5.8%

	2016	2015 Published
Revenue	301.1	284.6
Profit from business activity <i>(%revenue)</i>	50.8 <i>16.9%</i>	44.5 <i>15.6%</i>
Net Profit <i>(%revenue)</i>	31.5 <i>10.5%</i>	27.9 <i>9.8%</i>

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

# Revenue by activity 2016

[€M]	2016	2015 Published	2015 Restated	Organic Growth <sup>1</sup>
Licenses	81.3	80.5	79.9	1.8%
Maintenance	143.0	137.7	136.6	4.7%
Services	76.8	66.4	72.0	6.7%
<b>Axway</b>	<b>301.1</b>	<b>284.6</b>	<b>288.5</b>	<b>4.4%</b>

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

# Revenue by region 2016

[€M]	2016	2015 Published	2015 Restated	Organic Growth <sup>1</sup>
France	94.2	95.2	94.8	-0.6%
Rest of Europe	68.8	65.7	64.0	7.4%
Americas	122.9	109.7	115.9	6.0%
Asia Pacific	15.3	13.9	13.8	10.7
<b>Axway</b>	<b>301.1</b>	<b>284.6</b>	<b>288.5</b>	<b>4.4%</b>

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

# Axway Market Origin: Infrastructure Software

- Software market estimated at \$300 billion\*

## Applications software *estimated at \$130 billion\**

- Accounting
- ERP
- Sales management
- Human resources

## Infrastructure software *estimated at \$169 billion\**

- Databases
- Operating systems
- Network management
- Storage management
- Application integration solutions (*Middleware*)

*estimated at \$21 billion\**

. Digital Engagement  
*Estimated at \$2.0 billion*

. Foundation  
*Estimated at \$3.9 billion*

# Digital Transformation



LARGE ENTERPRISES EXPECT  
**AT LEAST 28%**  
OF REVENUES  
WILL COME FROM  
DIGITAL BUSINESS  
THE NEXT THREE YEARS

# Digital disruption continues to test the ingenuity and agility of most enterprises

**900B**

HOURS SPENT  
INSIDE MOBILE  
APPS IN 2016

**80%**

MOBILE COVERAGE  
IN THE DEVELOPED  
WORLD

**200B**

CONNECTED  
DEVICES DRIVEN  
BY THE IOT

**\$1T**

IN IoT SPENDING  
BY 2020

**90%**

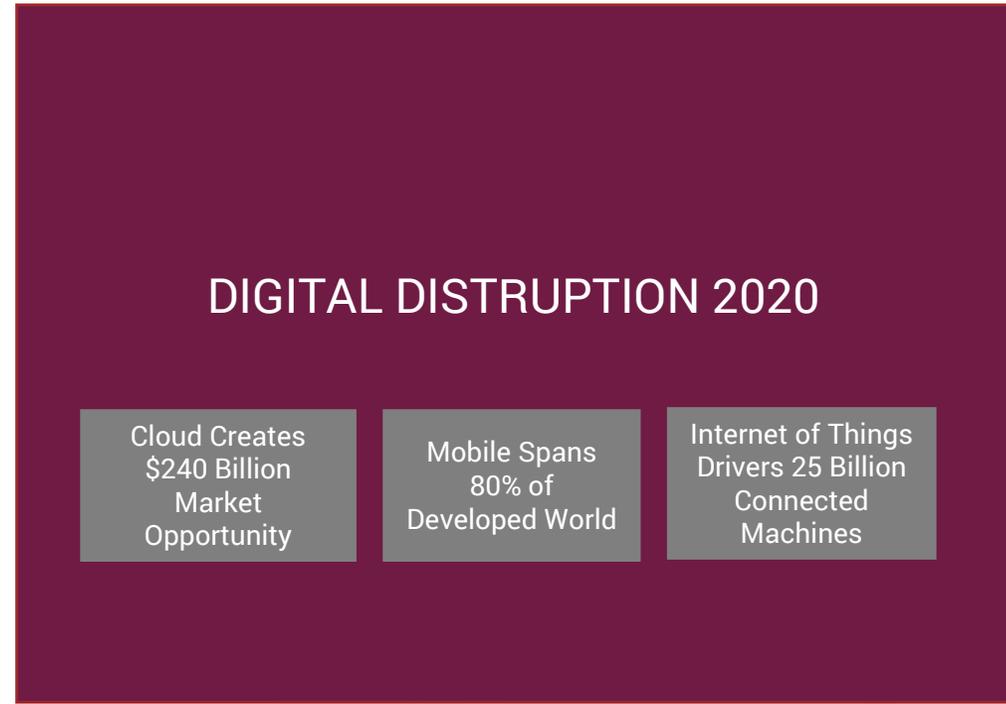
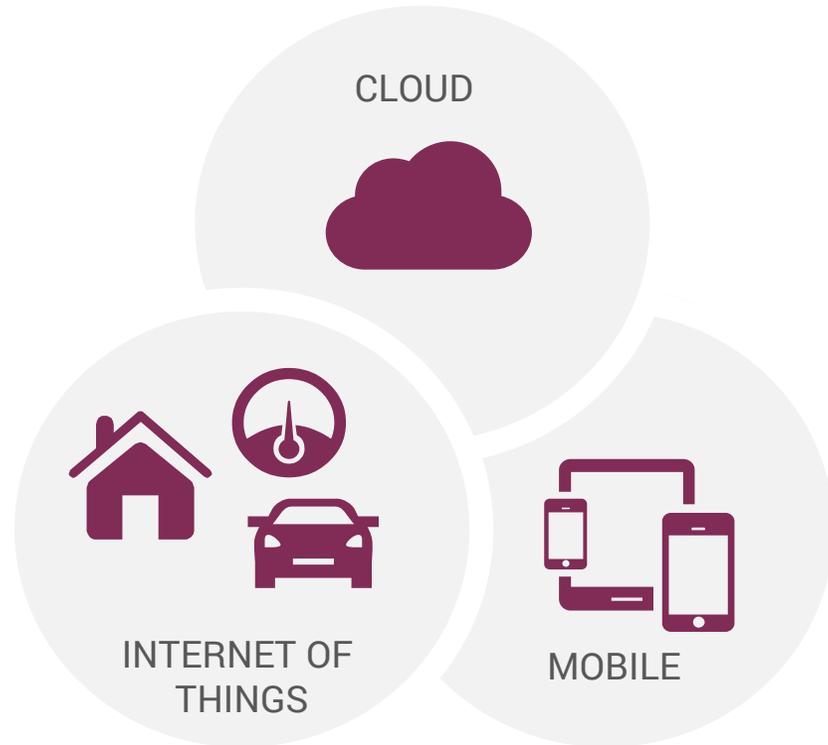
CARS CONNECTED  
BY 2020

**\$79B**

SMART HOME  
INDUSTRY



# Digital Business Drivers



74% of today's business executives say they have a digital strategy...  
"...only 19% of executives believe their firms have the right technology to properly execute on the digital strategy."<sup>1</sup>

<sup>1</sup>"The State of Digital Business 2014, Forrester Research, Inc., May 7, 2014"

# Portfolio Segmentation

## Digital Business Enablement

### INTEGRATION FOUNDATION

Managed File Transfer  
B2B/EDI Integration  
Cloud Service Integration  
XML & SOA Services

### ECOSYSTEM ENGAGEMENT

Analytics  
API Management  
Community Management  
Identity Federation & Validation  
Mobile App Development

# EFSS Opportunity



- Over the past 3 years market of EFSS has grown at over **20%+** year over year
- IDC forecasts EFSS enterprise market to grow to **\$1.8 billion +17% in 2017**

- Axway announces the acquisition of Syncplicity
- Leader in secure collaboration and file sharing (EFSS)



# Strengthening Axway leadership in secure file exchange

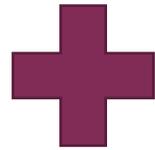


MFT



## System Centric

- Managed file transfer for applications and/or partners
- Data flow governance: repository, provisioning and monitoring
- REST based API integration



EFSS



## Human Centric

- Access anywhere, anytime from any device
- Secure and easy sharing of folders and files
- Content collaboration and integration with office productivity solutions
- Data governance



DIGITAL MFT



## Digital Shared Services

- Enhances AMPLIFY™ platform integration foundation
- File consumption and/or production exposed “as a service” to applications, partners, people
- Single trusted source for EFSS and MFT

# Forrester Wave: Enterprise File Sync And Share, Hybrid Solutions, Q2'16



The Forrester Wave™: Enterprise File Sync And Share Platforms, Hybrid Solutions, Q2 2016, Forrester Research, Inc., April 26, 2016

# Axway a Leader in Gartner Magic Quadrant for Full Life Cycle API Management

Positioned as a Leader for 3<sup>rd</sup> consecutive time

“Full life cycle API management is the functionality organizations need in order to provide the technology platform for digital business, run successful API programs and thrive in the API economy.”<sup>1</sup>

<sup>1</sup>Gartner Magic Quadrant for Full Life Cycle API Management, Paolo Malinverno and Mark O'Neill, 27 October 2016.  
This graphic was published by Gartner, Inc. as part of a larger research document and should be evaluated in the context of the entire document. The Gartner document is available upon request from Axway.  
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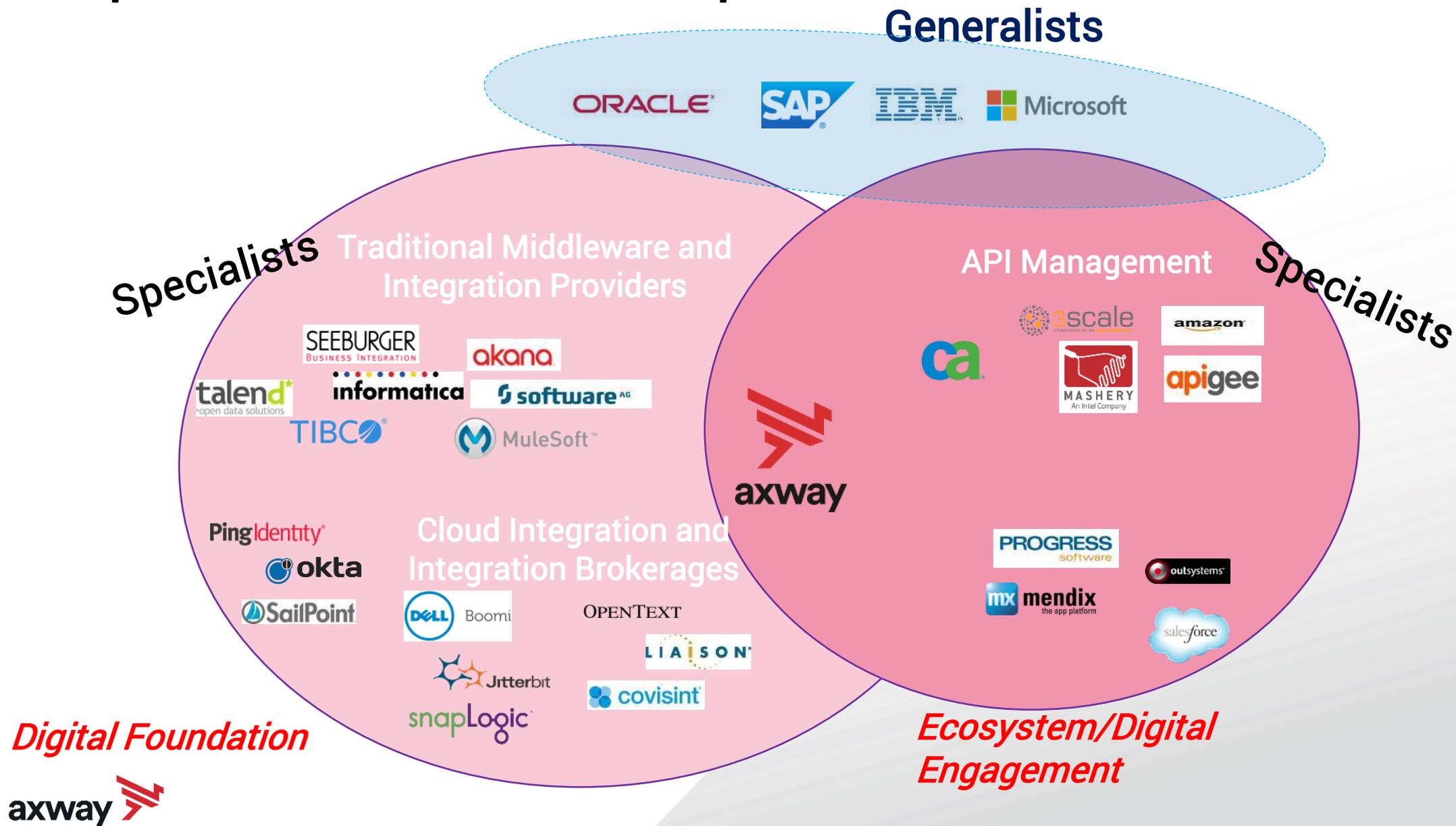


Figure 1. Magic Quadrant for Full Life Cycle API Management 



Source: Gartner (October 2016)

# Competitive & Market Landscape



# Introducing Axway AMPLIFY™

## DATA INTEGRATION & ENGAGEMENT PLATFORM

Achieve higher levels of efficiency and growth by transforming rigid and manual connections between people, businesses and machines into customer experience networks.

Turn Data into Real-time, DevOps-ready Services



Cross-Platform App Development



Unified Engagement with User Communities



Measure Business Value of Services

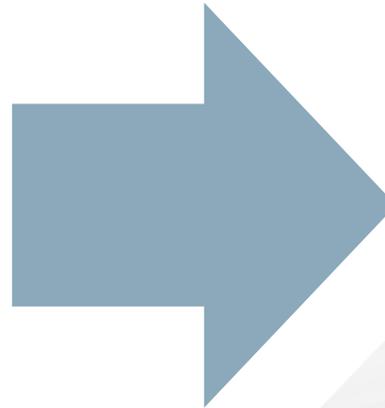
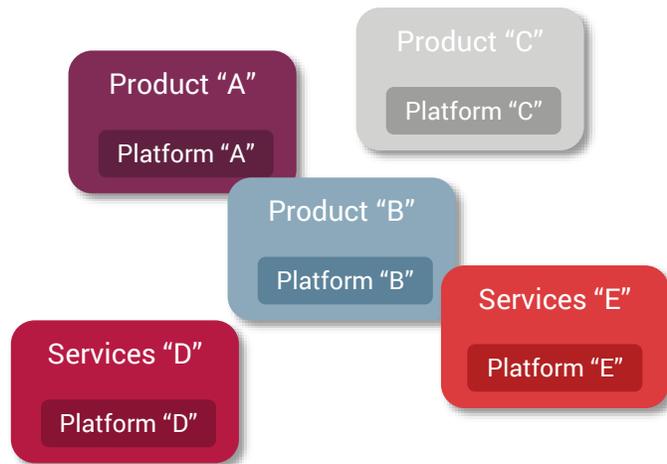


Leverage Existing Integration Foundation

# Platform Architecture Evolution

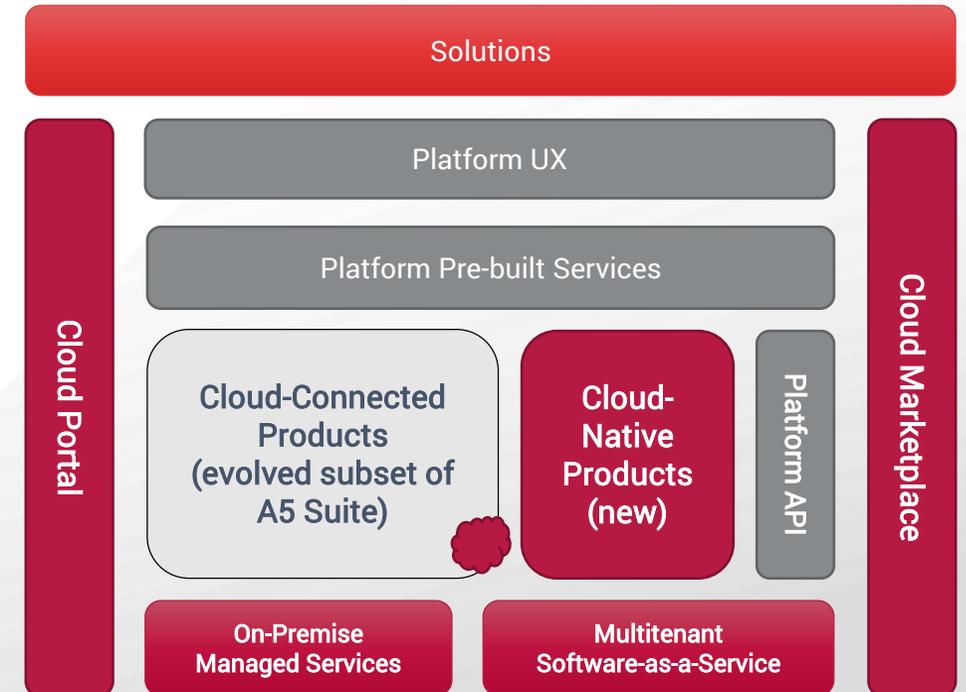
## Axway 5 Suite

Point products, disjointed user experience



## Axway AMPLIFY

Integrated solutions, coherent user experience



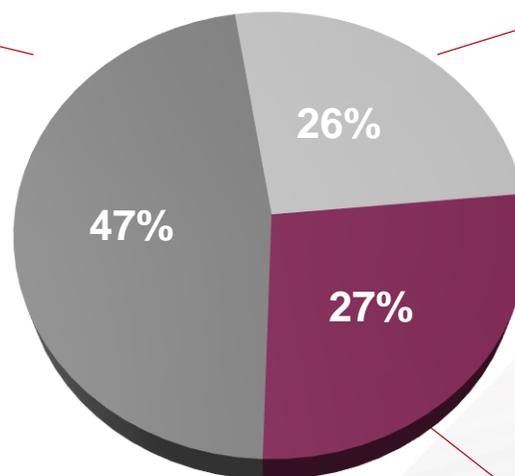


# Software Editor Business Model

# Three sources of revenue in 2016

## Maintenance

- Associated with licence sales
- Three levels of support
- For five years, but termination possible every year



## Services Classic Editor

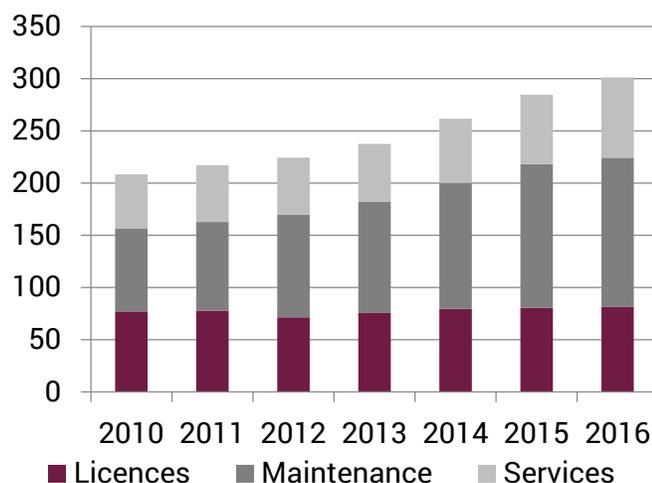
Associated with the initial installation  
Independent of licence  
Service agreement

## Software as a Service (Cloud)

Rental mode  
3-years contract

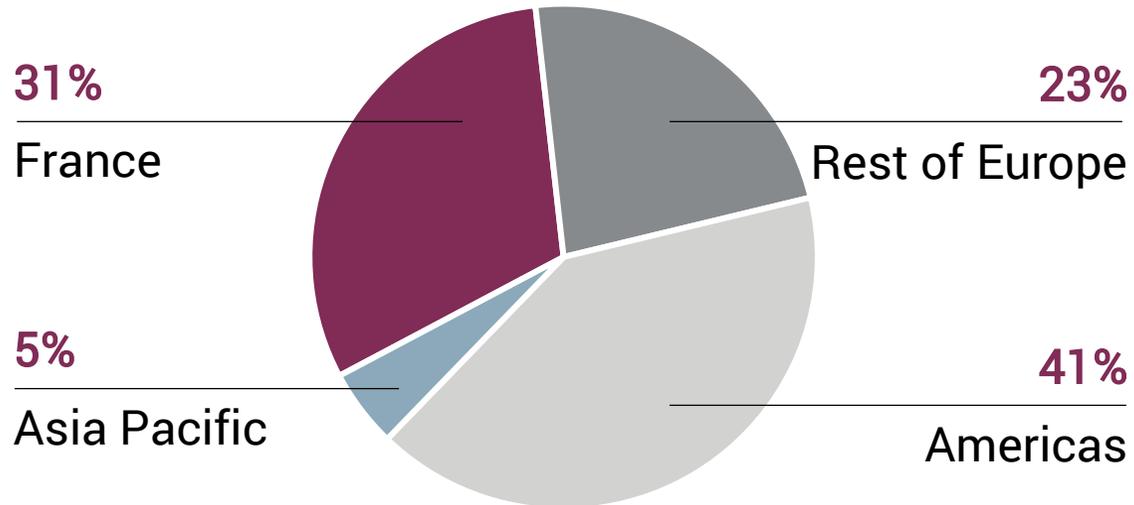
## Licences

- Perpetual usage rights
  - Tiered pricing
- Standard licensing agreement

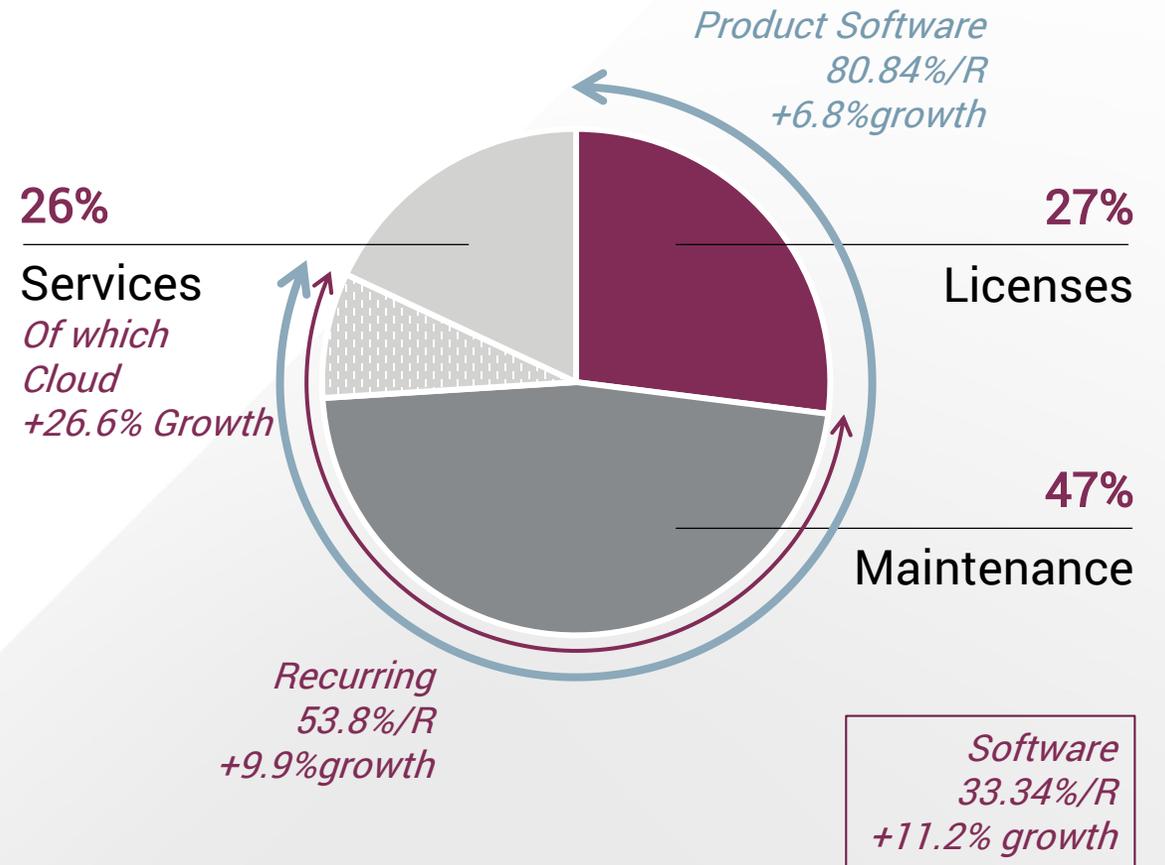


# Balanced and resilient business model

## By Region

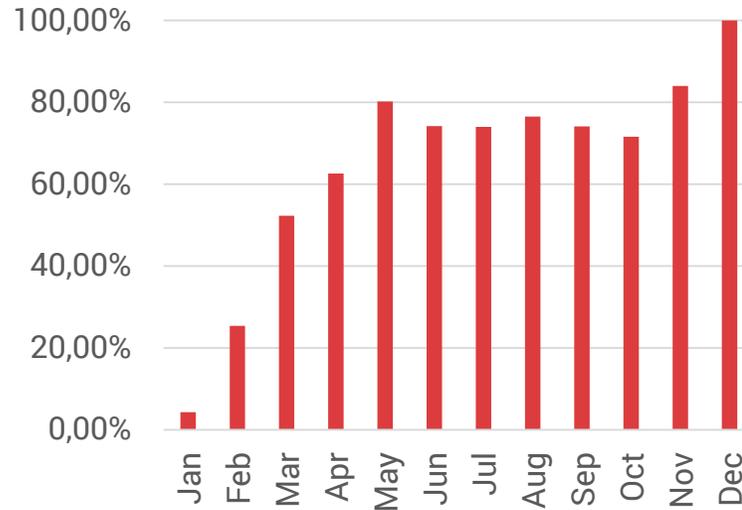


## By Activity



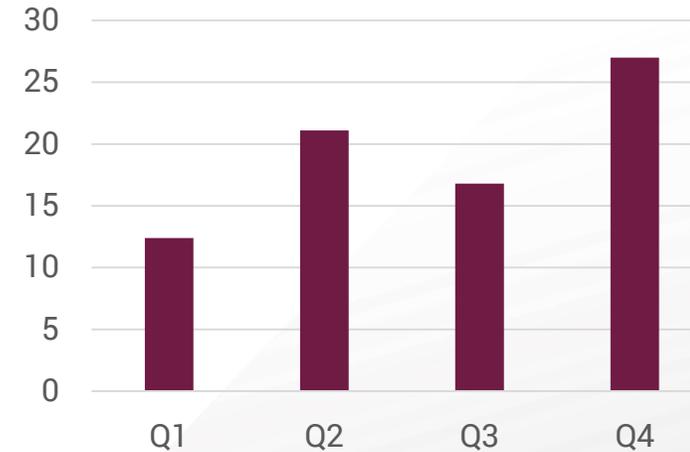
# Axway Cash generation profile

## Cash life cycle (cumulative)



## Software Business Cycle

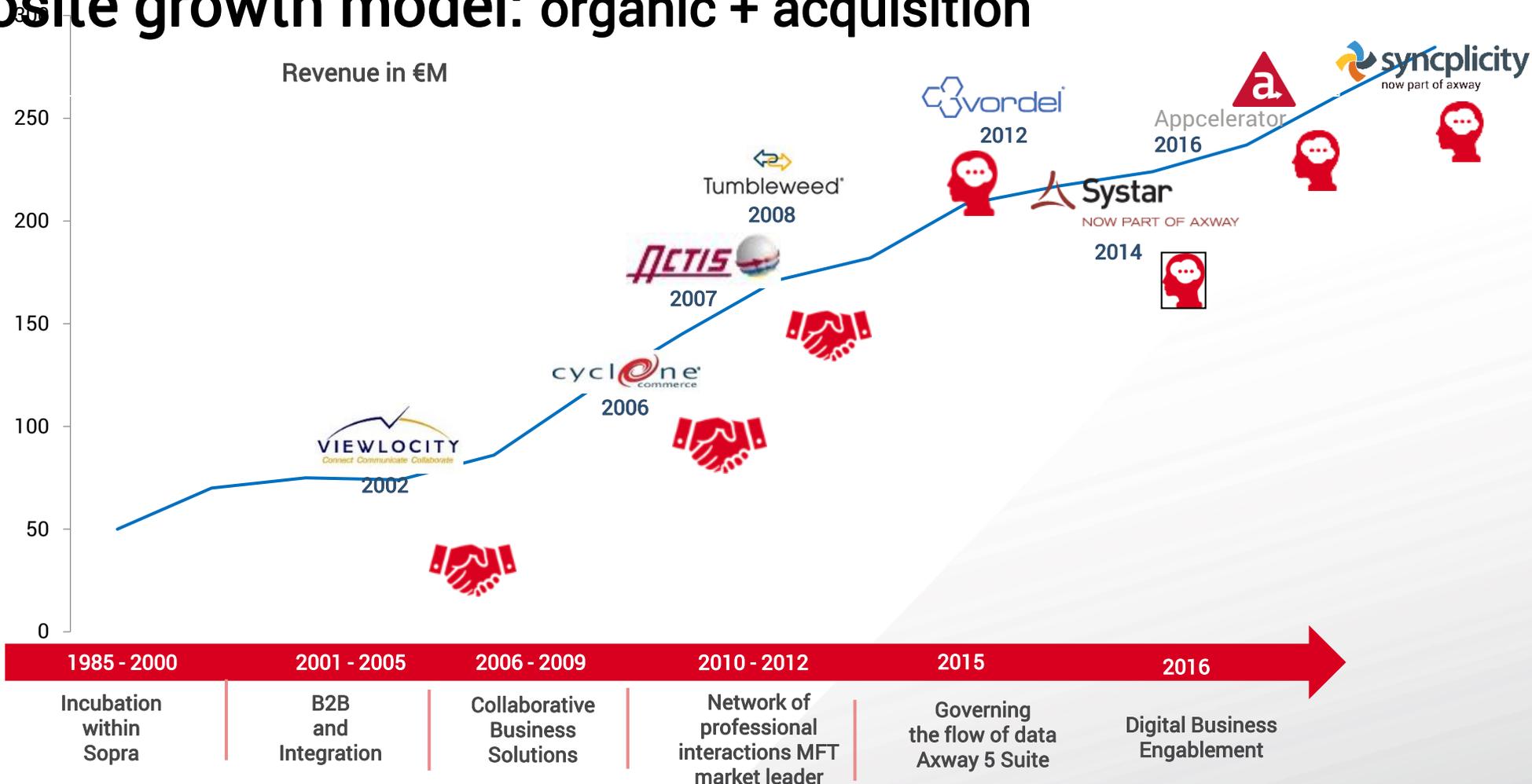
### 2016 Rev. (€M)



## Cash flow cycle

- Influenced by grouped maintenance at the beginning of the year (Feb. March)
- Increased at the start of the year by licences
- Regulated by services during the year

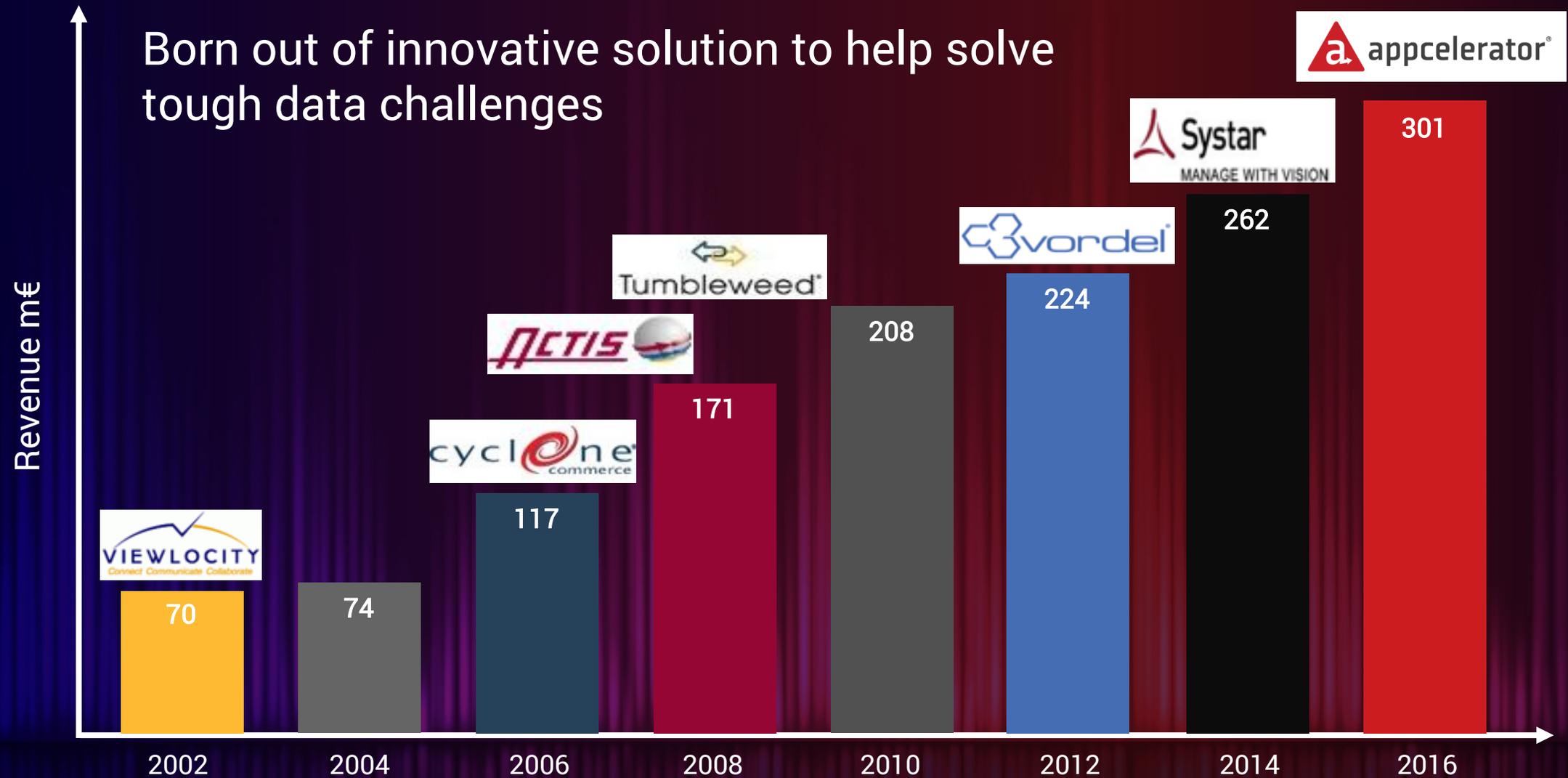
# A composite growth model: organic + acquisition



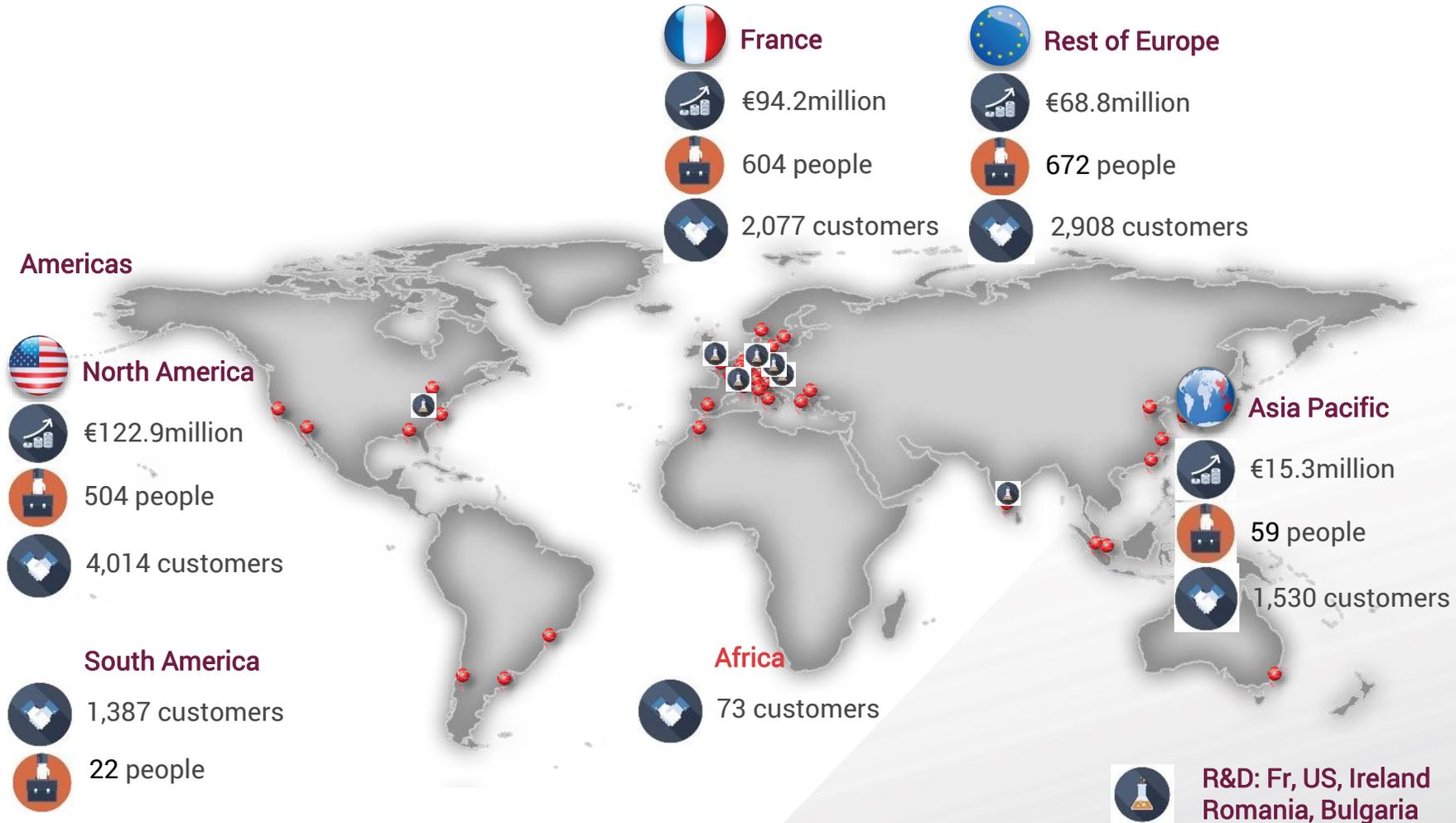
Acquisition target: Customer position

Acquisition target: Technology/competency

# Our Heritage



# A presence spanning the continents



**More than 11,000 customers served through 19 locations**  
General management in the United States and registered office in France

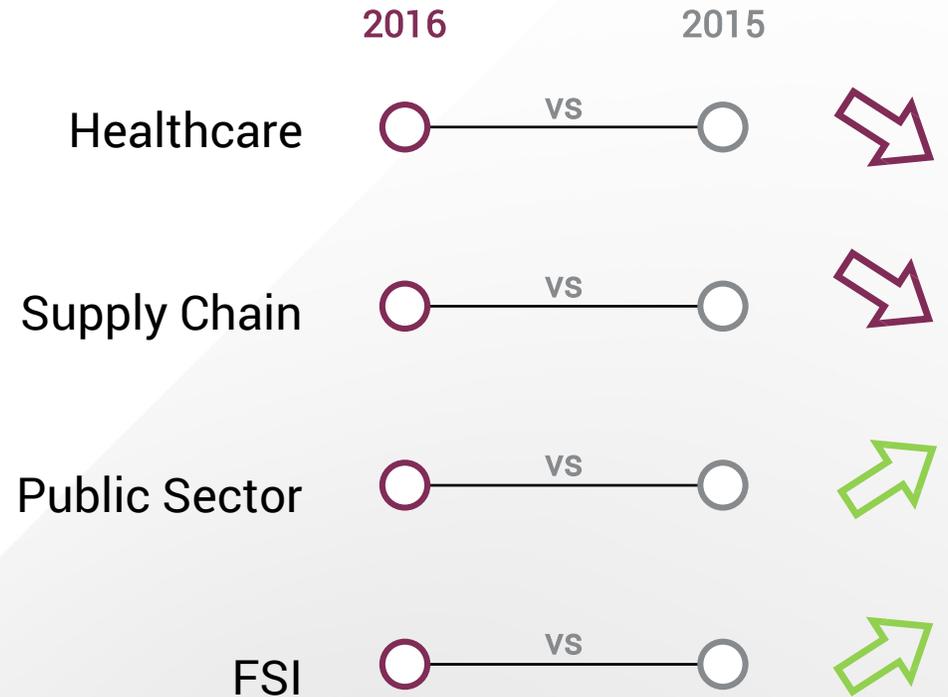
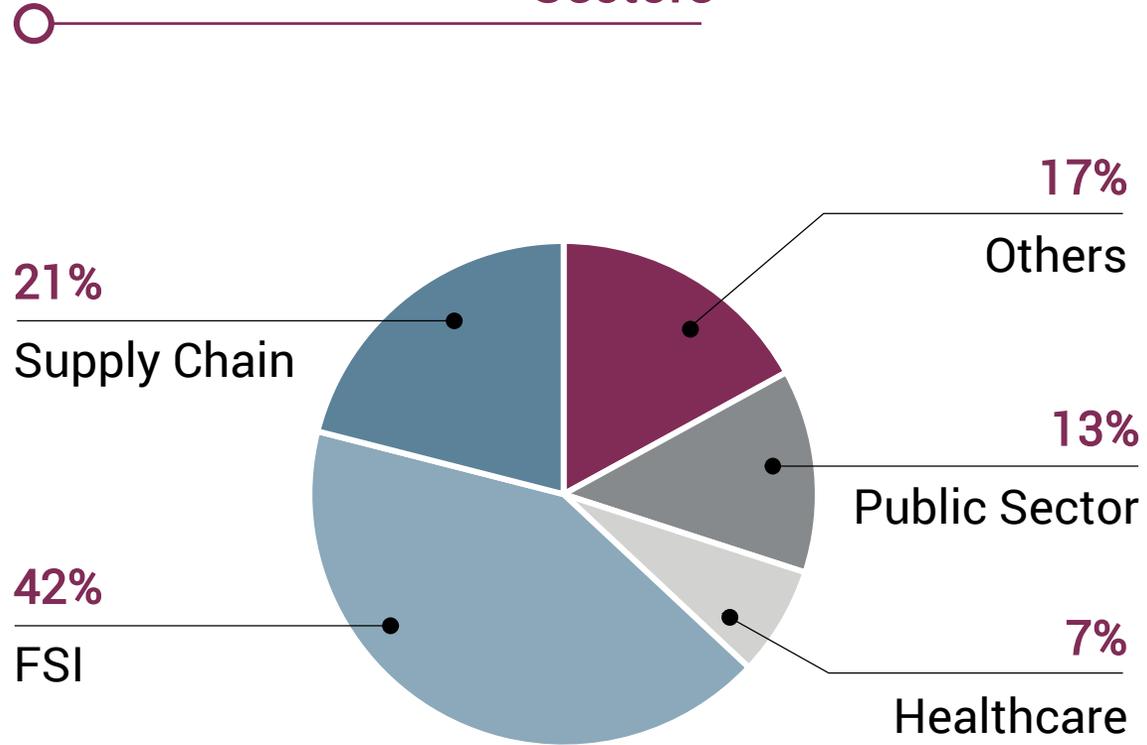
# License Metrics 2016 *(versus 2015)*

Digital Licenses	45%		
Nb Deals	~1967		
Share of Tiers 1 business			
Share of nb. of deals:	3.2%		
Share of total amount:	46.6%		
Share of indirect business partner:	24%		
Share of New business (€):	10.3%		
Average Sale Price			
ASP Tiers 1	~571K€		
ASP Tiers 2 (< 250 k€)	~104€		
ASP Tiers 3 (< 50 k€)	~10K€		

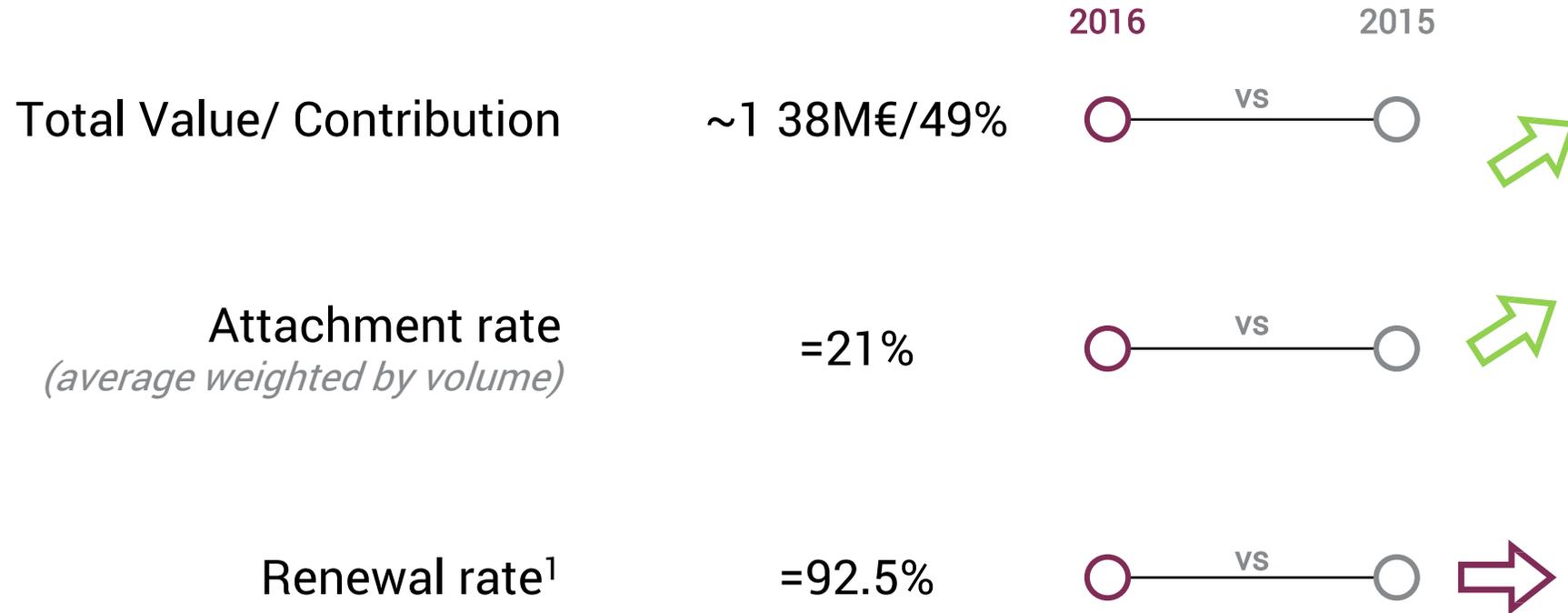
# License Metrics 2016

## Share of verticals in License revenues

### Sectors



# Maintenance Metrics 2016 *(versus 2015)*

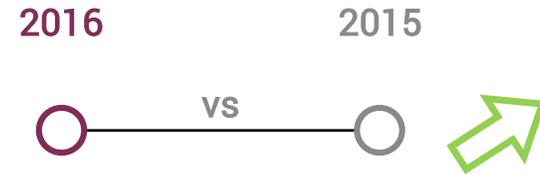


(1) This percentage represents full year revenue impact

# Cloud Metrics 2016 *(versus 2015)*

Subscription recognized

+26.6%



ASR on 12/31/16

18.9M€

*ASR= committed subscription  
revenue in next 12 months*



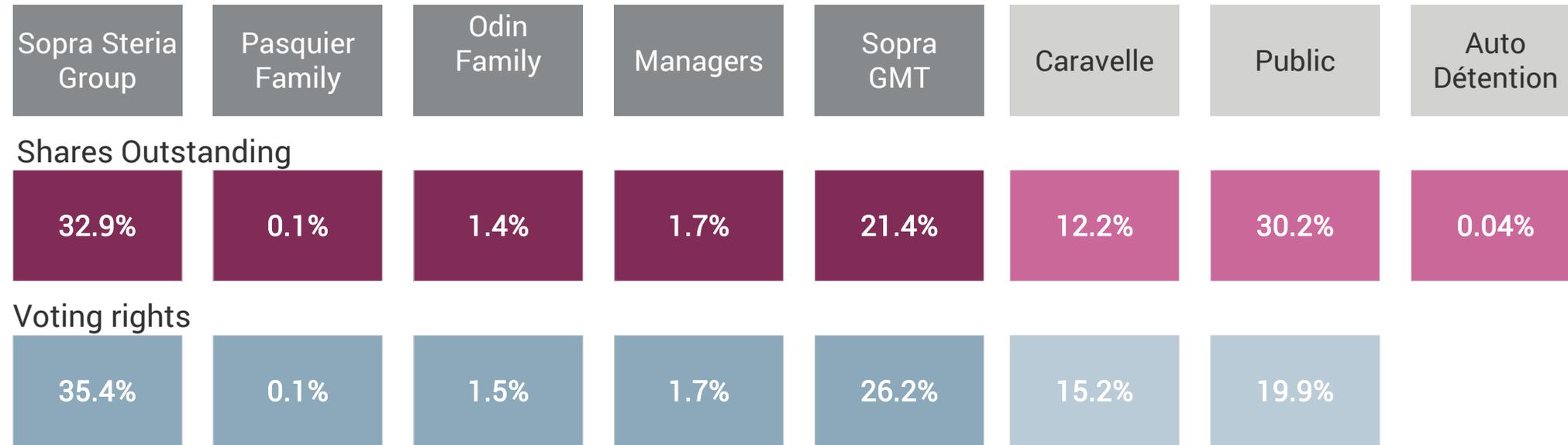
(1) This percentage represents full year revenue impact

# Axway shareholder structure

31/12/2016

21 021 354 SHARES OUTSTANDING

33 977 278 VOTING RIGHTS



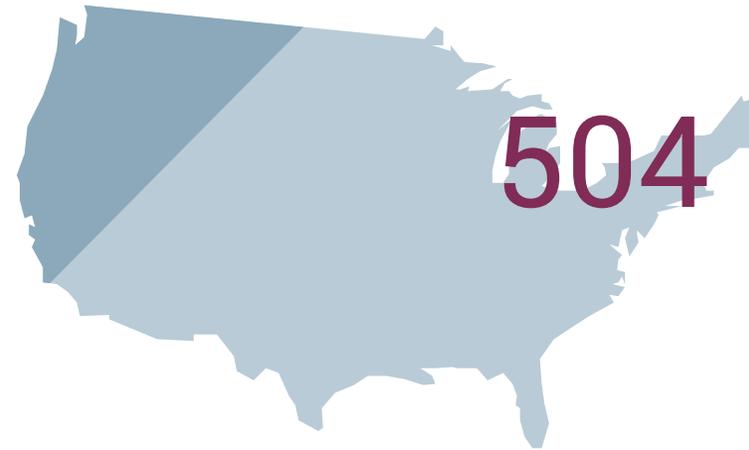
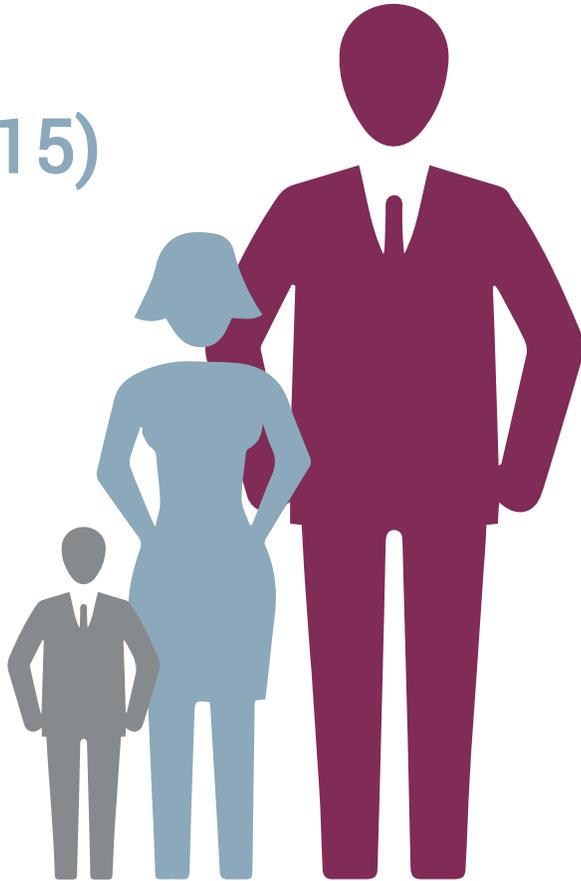
## Concerted action

- 57.54% of the shares
- 64.91% of the voting rights

# Headcount at end of december 2016

1930

(1884 Dec. 2015)



# Governance



**Jean-Marc Lazzari**

Chief Executive Officer

French-American management:

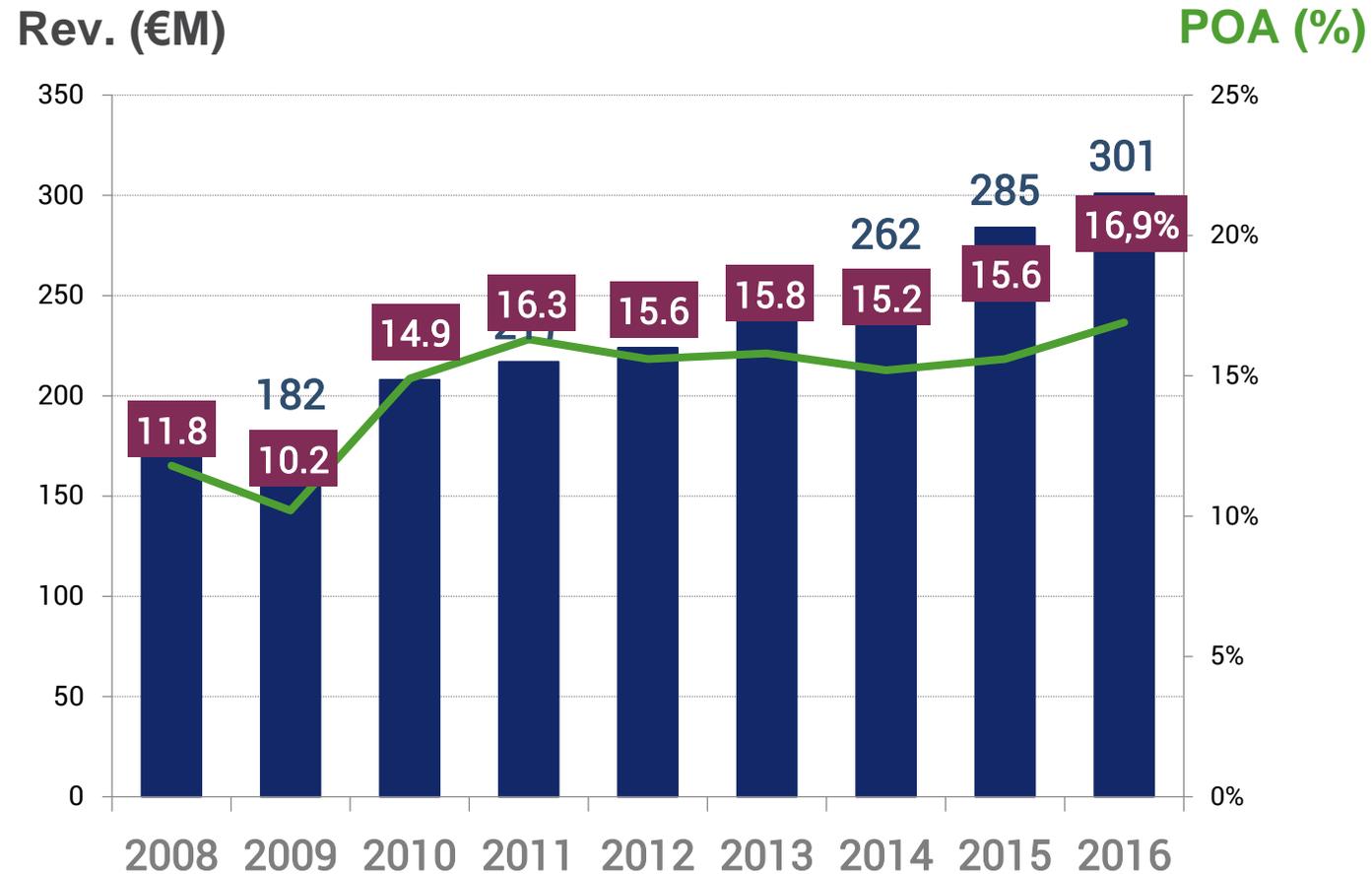
8 top managers coming from the software industry and historical corporate management

- **Strengthened Governance**
- **Board of Directors**  
comprising 12 members, of which 7 are independent members
- Pierre Pasquier Chairman
- Kathleen Clark-Bracco Vice Chairman
- **Compliance** with the Middledenext Code of Corporate Governance



# Track Record of Profitable Growth

# Growth and profitability over the last eight years



# Income statement (1/2)

- Total Revenue grew 5.8 % with total growth seen in all lines of business
- Gross Profit as a % of Revenue improved in all periods with improved Service and Cloud profitability
- R&D continued to grow in support of our growing portfolio and new Platform launch

*In millions of euros*

	FY 2016	FY 2015	FY 2014
<b>Revenue :</b>			
Licenses	81.3	80.5	79.6
Maintenance	143.0	137.7	120.5
Total Product Revenue	224.2	218.2	200.1
Services	76.8	66.4	61.5
<b>Total Revenue :</b>	<b>301.1</b>	<b>284.6</b>	<b>261.6</b>
<b>Costs of sales:</b>			
Product Revenue	23.7	23.2	21.9
Services	63.0	63.2	57.0
<b>Total Costs of sales :</b>	<b>86.6</b>	<b>86.4</b>	<b>78.9</b>
<b>Gross profit:</b>	<b>214.4</b>	<b>198.3</b>	<b>182.6</b>
<i>as a % of Revenue</i>	<i>71.2%</i>	<i>69.7%</i>	<i>69.8%</i>
<b>Operating expenses :</b>			
Sales and marketing	81.9	81.9	77.5
Research and development	53.3	46.0	41.0
General and administrative	28.4	25.9	24.5
<b>Total operating expenses :</b>	<b>163.7</b>	<b>153.8</b>	<b>143.0</b>
<b>Profit on operating activities</b>	<b>50.8</b>	<b>44.5</b>	<b>39.7</b>

# Income statement (2/2)

- Profit on Operating Activities finished at 16.9%, a strong 1.3 point improvement over FY2015
- Income tax benefit in 2015 due to the release of certain tax asset valuation reserves as well as favorable profit levels across our different tax jurisdictions.
- Basic EPS improved in all periods presented up to € 1.51 in 2016

*In millions of euros*

	FY 2016	FY 2015	FY 2014
<b>Profit on operating activities</b>	<b>50.8</b>	<b>44.5</b>	<b>39.7</b>
<i>as a % of Revenue</i>	<i>16.9%</i>	<i>15.6%</i>	<i>15.2%</i>
Stock option related expenses	(1.1)	(0.6)	(0.8)
Amortization of intangible assets	(7.9)	(6.0)	(5.3)
<b>Profit from recurring operations</b>	<b>41.8</b>	<b>37.9</b>	<b>33.6</b>
<i>as a % of Revenue</i>	<i>13.9%</i>	<i>13.3%</i>	<i>12.8%</i>
Other income and expenses	(6.7)	(10.5)	(2.3)
<b>Operating profit</b>	<b>35.1</b>	<b>27.4</b>	<b>31.3</b>
Cost of net financial debt	(0.4)	(0.4)	(1.4)
Other financial revenues and expenses	0.5	(1.3)	0.4
Income taxes	(3.7)	2.1	(3.6)
<b>Net Profit</b>	<b>31.5</b>	<b>27.9</b>	<b>26.7</b>
<i>as a % of Revenue</i>	<i>10.5%</i>	<i>9.8%</i>	<i>10.2%</i>
Basic net earnings per share (in Euro)	<b>1.51</b>	<b>1.35</b>	<b>1.29</b>

# Simplified balance sheet (1/2)

- Goodwill and intangibles increased from the acquisition of Appcelerator
- Strong cash balance to end 2016 at 51.7
- DSO finished at 85 days, equal to 2015 end of year DSO

*In millions of euros*

	31/12/16	31/12/15	31/12/14
<b>ASSETS</b>			
Goodwill	288.8	251.8	236.5
Intangible assets	49.8	40.9	45.6
Property, plant and equipment	14.5	7.8	6.9
Other non-current assets	49.6	47.0	42.1
<b>Non-current assets</b>	<b>402.7</b>	<b>347.5</b>	<b>331.1</b>
Trade receivables	78.2	73.9	84.9
Other current assets	25.3	22.5	18.2
Cash and cash equivalents	51.7	44.7	44.6
<b>Current assets</b>	<b>155.2</b>	<b>141.0</b>	<b>147.6</b>
<b>TOTAL ASSETS</b>	<b>557.8</b>	<b>488.6</b>	<b>478.7</b>

# Simplified balance sheet (2/2)

- 20 M€ of borrowings under 125 M€ RCF at 31 Dec 2016, additional debt outside RCF
- Current liabilities includes 74.5 M€ of deferred income in 2016 versus 66.6 M€ in 2015

*In millions of euros*

	31/12/16	31/12/15	31/12/14
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital	42.0	41.5	41.1
Capital reserves and results	332.8	299.1	257.4
<b>Total shareholders' equity</b>	<b>374.8</b>	<b>340.6</b>	<b>298.5</b>
Financial debt - long-term portion	35.5	7.5	46.3
Other non-current liabilities	10.3	15.7	18.9
<b>Non-current liabilities</b>	<b>45.7</b>	<b>23.2</b>	<b>65.2</b>
Financial debt - short-term portion	3.7	1.5	1.3
Other current liabilities	133.6	123.3	113.7
<b>Current liabilities</b>	<b>137.3</b>	<b>124.8</b>	<b>115.0</b>
<b>TOTAL LIABILITIES</b>	<b>183.0</b>	<b>148.0</b>	<b>180.2</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>557.8</b>	<b>488.6</b>	<b>478.7</b>

# Change in equity

- Due to the USD/Euro conversion rate movement a significant translation adjustment was recorded in 2014 and 2015 on the conversion of the foreign balance sheets to Euros

*In millions of euros*

	31/12/16	31/12/15	31/12/14
<b>Equity at Opening of Period</b>	<b>340.6</b>	<b>298.5</b>	<b>258.4</b>
Profit for the period	31.5	27.9	26.7
Other comp. income statement items	0.0	0.0	0.0
Share-based payments	1.0	0.5	0.8
Treasury Shares	0.2	0.4	-0.1
Dividends	-8.3	-8.2	-8.2
Capital increase	3.4	3.1	1.3
Actuarial gains and losses	0.5	0.0	-0.5
Other changes	-0.2	0.0	-0.2
Translation differential	6.1	18.5	20.3
<b>Equity at End of Period</b>	<b>374.8</b>	<b>340.6</b>	<b>298.5</b>

# Cash Flow statement

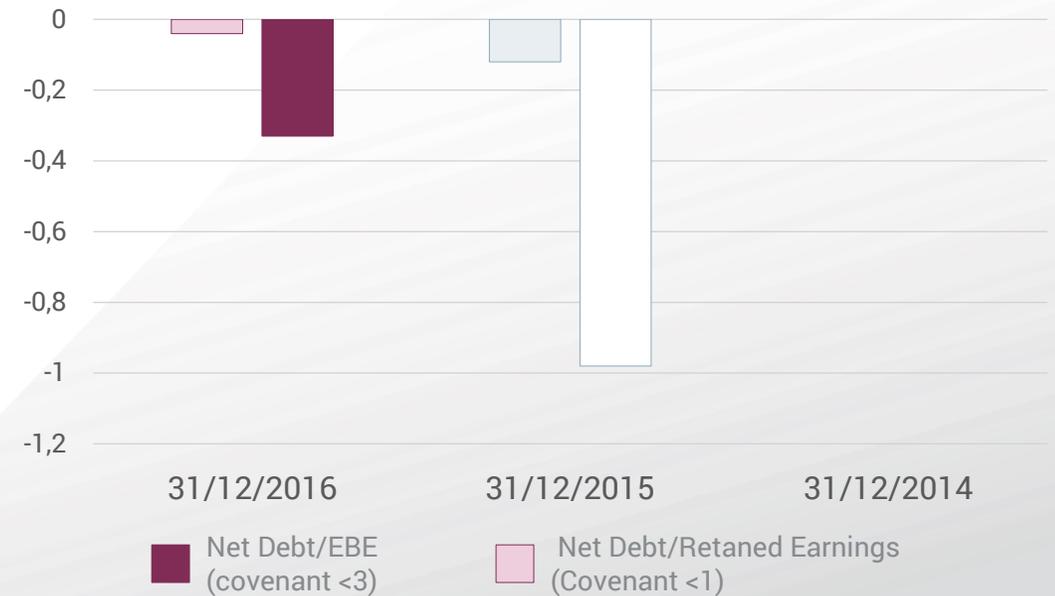
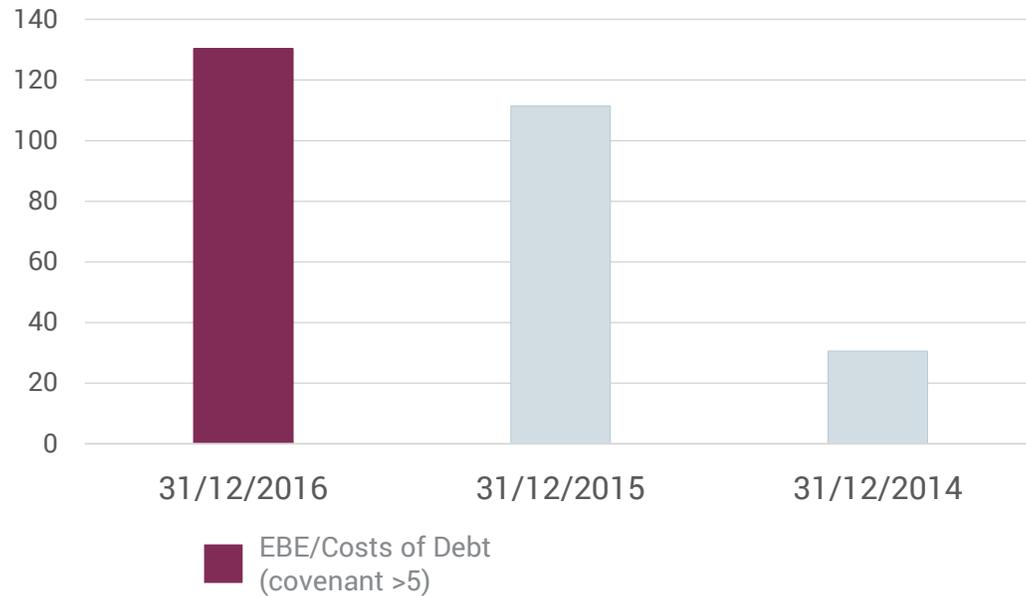
- Working Capital Requirements – positive improvement in 2014 and 2015 with monetization of certain assets and improvement in DSO. 2016 Change finished at -5,9 M€
- Free cash for 2016 is 27.9 M€ versus 44.5 M€ for 2015

*In millions of euros*

	FY 2016	FY 2015	FY 2014
<b>Net profit for the period</b>	<b>31.5</b>	<b>27.9</b>	<b>26.7</b>
Net charges to amortizations, depreciations and provisions	8.5	13.8	8.3
Other income and expense items	3.5	(1.1)	0.2
<b>Cash from operations after cost of net debt and tax</b>	<b>43.5</b>	<b>40.6</b>	<b>35.2</b>
Changes to operating working capital requirements	(5.9)	13.3	11.0
Costs of net financial debt	0.4	0.4	1.4
Income tax paid net of accrual	0.5	(4.6)	(0.2)
<b>Net cash from operating activities</b>	<b>38.4</b>	<b>49.6</b>	<b>47.3</b>
<b>Net cash used in investing activities</b>	<b>(57.3)</b>	<b>(5.2)</b>	<b>(54.4)</b>
Proceeds on shares issued	3.4	3.1	1.3
Dividends paid	(8.3)	(8.2)	(8.2)
Change in loan	31.3	(41.0)	7.7
Net interest paid	(0.4)	(0.4)	(1.4)
Other changes	(0.1)	0.3	(0.7)
<b>Net cash from (used in) financing activities</b>	<b>26.0</b>	<b>(46.1)</b>	<b>(1.2)</b>
Effect of foreign exchange rate changes	0.8	1.1	3.7
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>7.8</b>	<b>(0.7)</b>	<b>(4.6)</b>
Opening cash position	43.9	44.6	49.2
<b>CLOSING CASH POSITION</b>	<b>51.7</b>	<b>43.9</b>	<b>44.6</b>

# Financial structure – Covenants 2016

- Financial covenants met in all periods. Net treasury for 2016 is 16,3 M€
- Our main covenant is the leverage ratio: Net debt/EBE  $\leq 3$  (-0,33 at Dec 31, 2016)
- The 125 M€ credit line is extended to mid-2021 and is fully available



# Finance at a glance



Strong increase in Profit on Operating Activities 16.9% of Revenue



Solid ending cash 51,7 €M



Solid Annual Results for 2016 with organic growth up by 4.4%



# Status of the Company Transformation

# Axway business plan ambition & strategy

- Preserve **margins** before acquisition while **investing in innovation**



16,9%, 17.7% R&D,  
AMPLIFY, Golden Gate, API

# Axway business plan ambition & strategy



- Preserve **margins** before acquisition while **investing in innovation**
- Keep our historic leadership in **France**, while focusing on **Digital**

Stable Revenue, 80% growth  
in Digital, +16% in Q4

# Axway business plan ambition & strategy



- Preserve **margins** before acquisition while **investing in innovation**
- Keep our historic leadership in **France**, while focusing on **Digital**
- Target **20% growth** in software revenue in the USA

+23.4% software revenue  
growth in the USA

# Axway business plan ambition & strategy



- Preserve **margins** before acquisition while **investing in innovation**
- Keep our historic leadership in **France**, while focusing on **Digital**
- Target **20% growth** in software revenue in the USA
- **Achieve** average annual growth of **30% Digital revenue**

+53% Digital (API, Analytics,...)

# Axway business plan ambition & strategy



- Preserve **margins** before acquisition while **investing in innovation**
- Keep our historic leadership in **France**, while focusing on **Digital**
- Target **20% growth** in software revenue in the USA
- **Achieve** average annual growth of **30% Digital revenue**
- **Active M&A** plan both on engagement and foundation domains

Appcelerator & Syncplicity  
acquisitions since January 2016

# Axway, 50<sup>th</sup> Global software editor

Axway: Catalyst for digital transformation

Axway a Leader in Gartner MQ for App Services Governance for the Second Time (April 2015).  
TOP 10 Syntec Numerique  
API leader by Ovum July 2016

Rev. **€301.1 million**  
OPM **16.9%**  
FCF/Rev **9.3%%**

Euronext Paris listing 2011  
Market cap **€M 662**  
Float **29%**

Dual nationality  
FR/US  
19 locations worldwide

**1,930+** employees  
including 584 in R&D  
and 130 in the sales force

*2015 figures*

# Thank you

Presentation available on:

[www.investors.axway.com/en](http://www.investors.axway.com/en)

Mobile App: Axway IR available  
on Apple store & Android



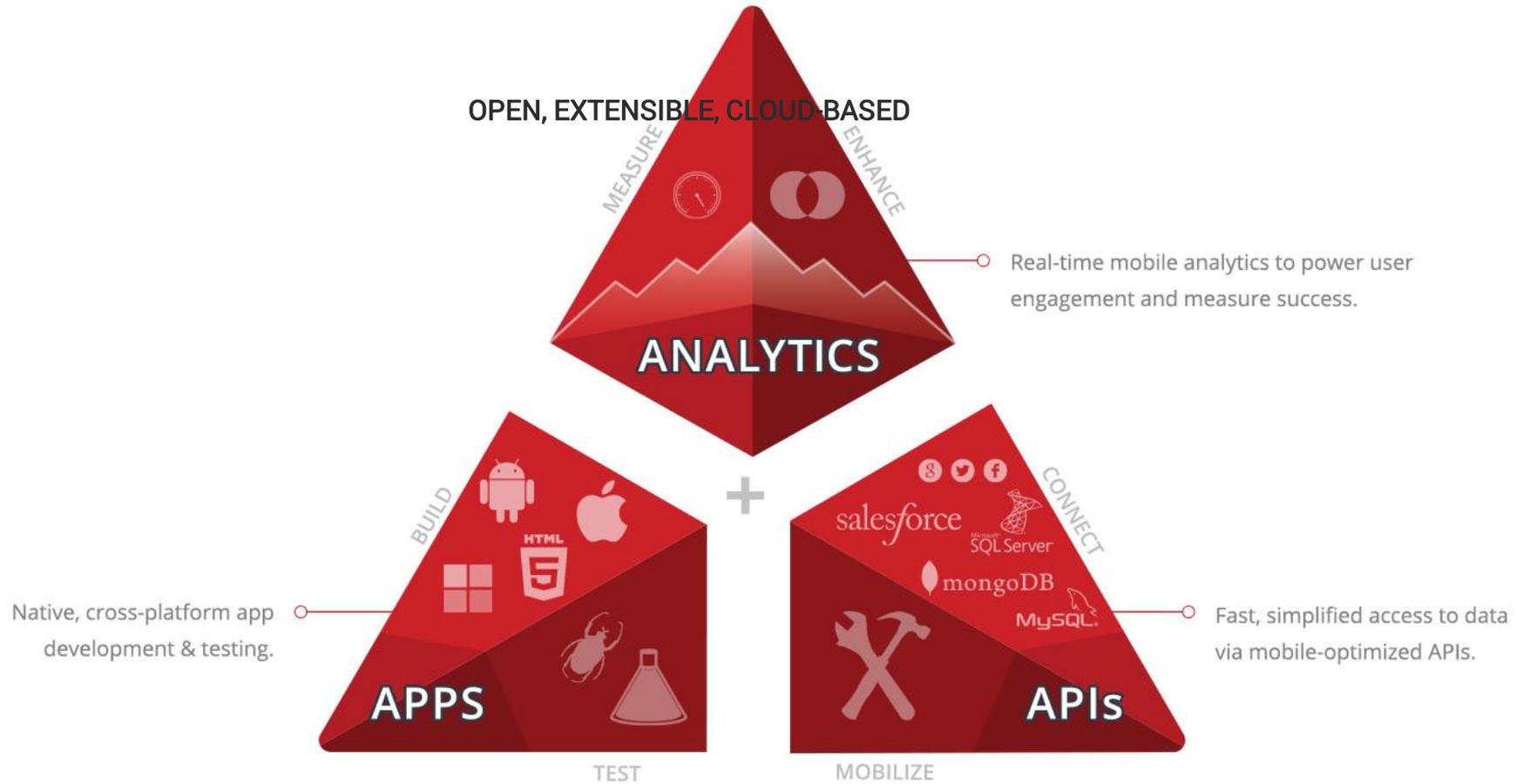
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# Annexes



# Appcelerator Platform





## THE FORRESTER WAVE™: MOBILE INFRASTRUCTURE SERVICES, Q3 2015



Appcelerator is one of six vendors who is “...strong across the major mobile infrastructure disciplines ... [and] ...well suited to act as the centerpiece of nearly all enterprise mobility solutions.”<sup>1</sup>

<sup>1</sup>The Forrester Wave™: Mobile Infrastructure Services, Q3 2015, Forrester Research, Inc., September 15, 2015

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# IAP Glossary

- 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.