

December 2018

December 2018



Forward-looking statements

- This presentation contains forecasts that may be subject to various risks and uncertainties concerning the company's future growth and profitability. The Group highlights that signatures of license contracts, which often represent investments for clients, are historically more significant in the second half of the year and may therefore have a more or less favorable impact on full-year performance.
- Furthermore, activity during the year and/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 2017 Registration Document filed with the French Financial Markets Authority (*Autorité des Marchés Financiers*, AMF) on April 26, 2018 under number D.18-0393.
- The distribution of this document in certain countries may be subject to prevailing laws and regulations. Natural persons present in these countries and in which this document is disseminated, published or distributed, should obtain information about such restrictions and comply with them.

Investor Presentation – December 2018

Content

1 - Company Overview

2 - Market & Strategy

3 - 2018 Half-Year + Q3 Highlights & Performance

4 - 2018 Targets & 2020 Ambitions

5 - Appendices



Company Overview

Axway at a glance

Axway is a software company, founded in 2001, unlocking digital experiences and opportunities by **linking individuals, systems, businesses and ecosystems** to help enterprises realize their digital transformation

French-American dual nationality
→ Headquartered in Phoenix, AZ – USA
→ Listed on Euronext Paris (France)
19 Locations worldwide
1,850 employees – 650 in R&D



2017 Revenue : €299.8m
Profit on Operating Activities : 13.5%
Free Cash Flow / Revenue : 8.3%
Balance sheet and debt capacity to seize strategic acquisition opportunities



Figures as of 31/12/2017

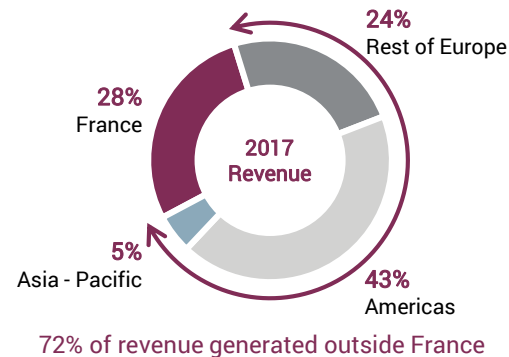
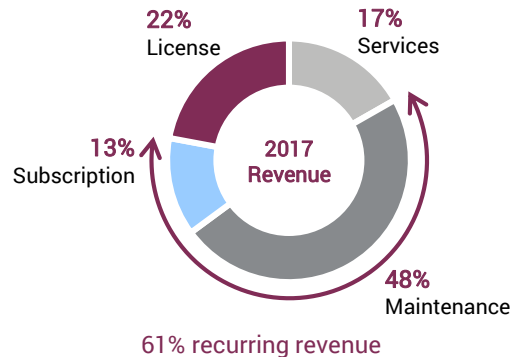


AXW
LISTED
EURONEXT

Euronext Paris – Compartment B
Bloomberg : AXW:FR
Reuters : AXW.PA
Market Cap (31/12/17) : €484m

Main Indexes
→ CAC All Shares
→ CAC Mid Small
→ Euronext TECH 40

Axway solutions are deployed by over 11,000 customers spanning 100 countries

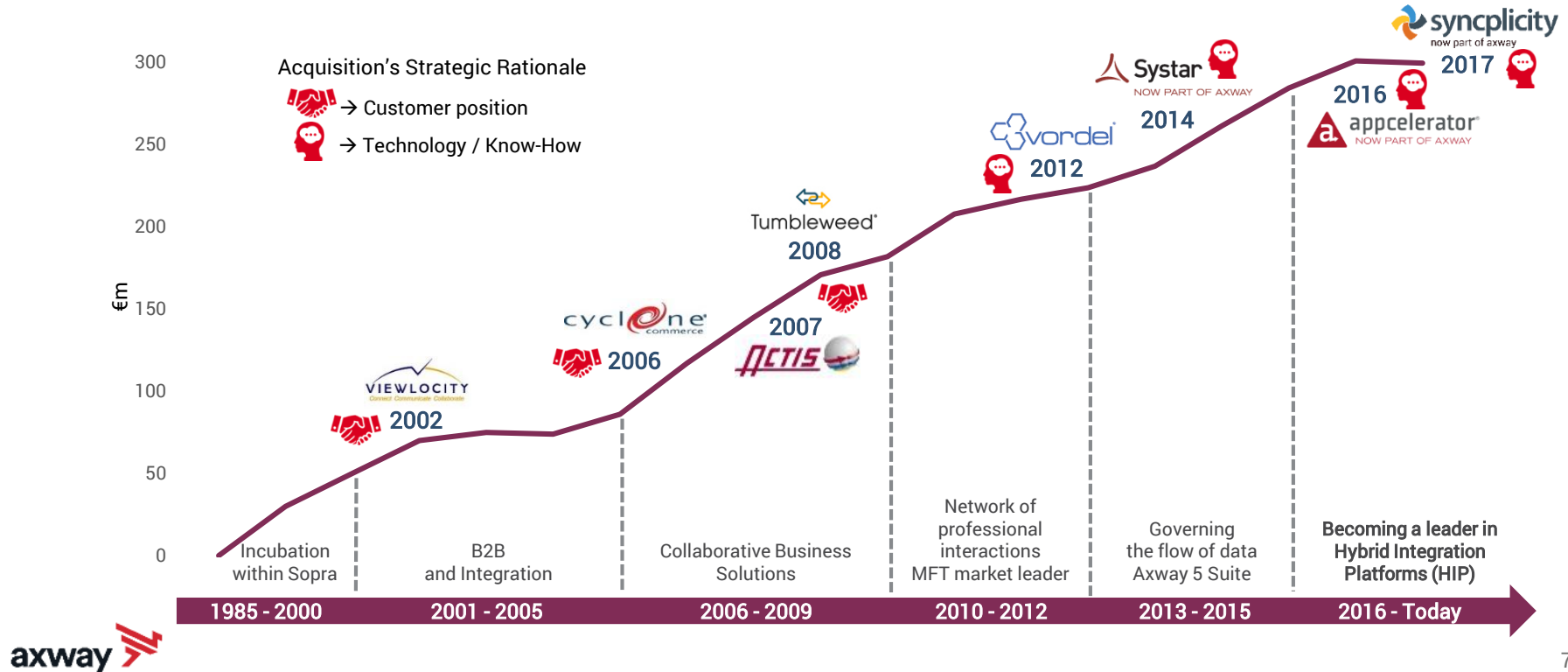


Main vertical markets: Financial Services / Manufacturing - Retail - Transport / Public Sector

A recognized leader



A balanced history of organic and external growth



Axway enables business to leverage change

Data Integration

Engagement



Fannie Mae™

SIEMENS

Enterprise
transitions

Integration
broker

Automating
supply chains

Securing file
transfer

Protecting SOA and
services through APIs

Increasing
business visibility

Unifying app
development

Securing
collaboration

2001 2002 2006 2007 2008 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020



458M
internet users
(7.6% world)



Goes
live



Apple iPhone changes
smartphone market



1.86B
smartphone users



15B connected IoT
devices



4.17B
internet users
(54.6% world)



2.8B
smartphone users



28B connected
IoT devices



Axway Partners

Cloud Providers



Global System Integrators



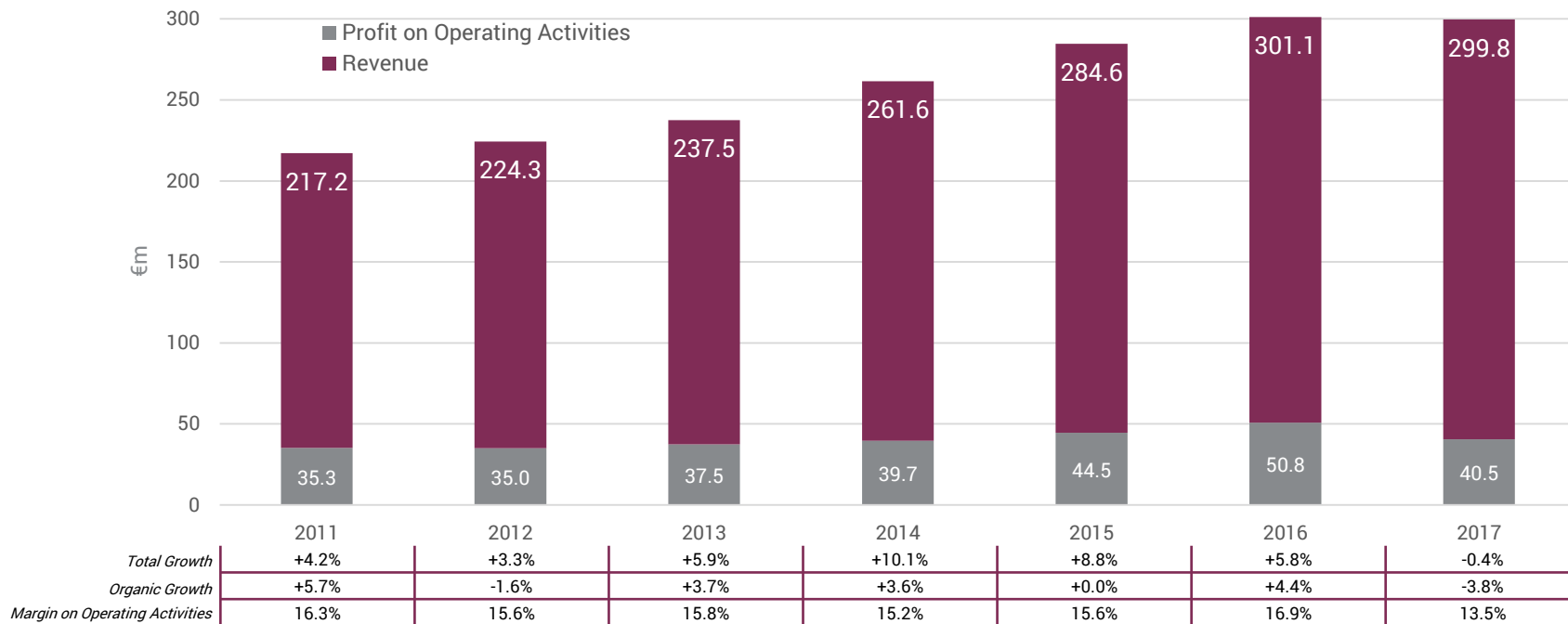
Digital Solution Providers



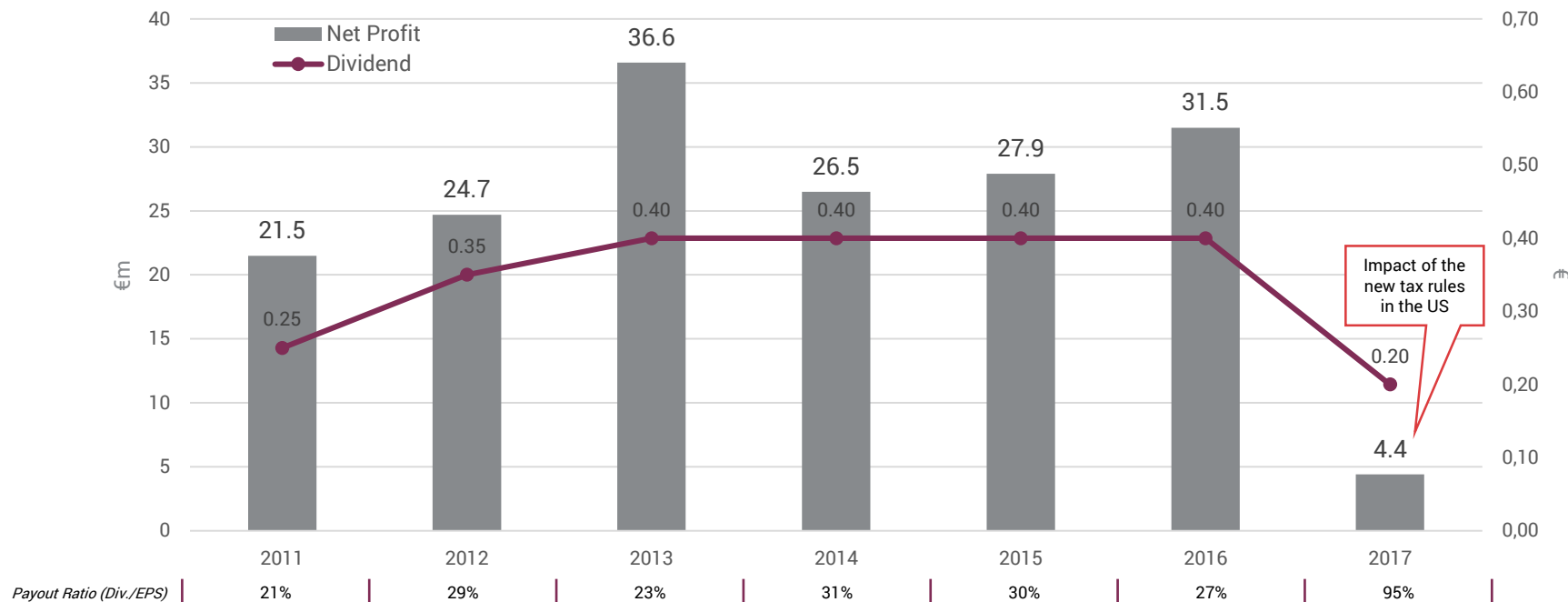
Resellers



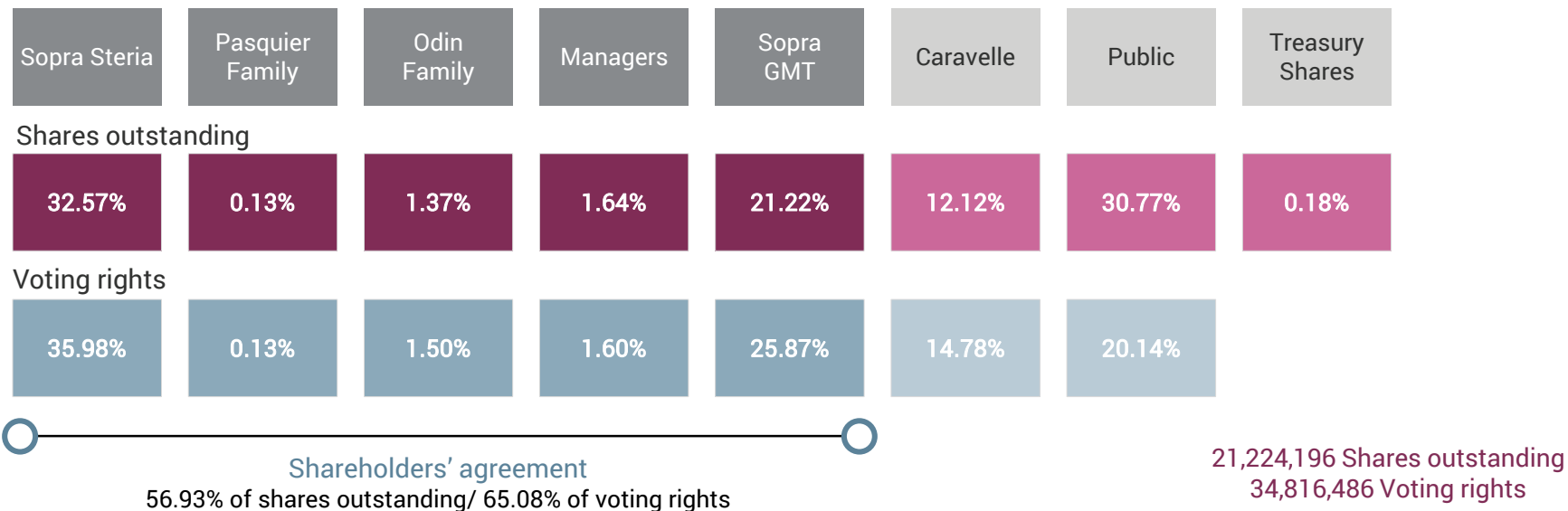
Axway's historical performance



Axway's historical net profit & dividend



A shareholding structure backing the corporate project



Axway's Corporate Social Responsibility

2017 Initiatives & Labels

→ Member of the
UN Global Compact



→ Awarded Silver
Ecovadis CSR Label



→ Selected for the Gaïa Index



→ Reinforced Ethics Charter
& Alert System



Governance

Board of Directors:

- 63% independent
- 42% of women
- 95% attendance rate

Environment

- Promoting eco-responsible practices
- Measures to take account of environmental issues and carry out evaluations or certification procedures

Human Resources

Axway University:

- 34K+ Hours of training for more than 1,250 Axwagians



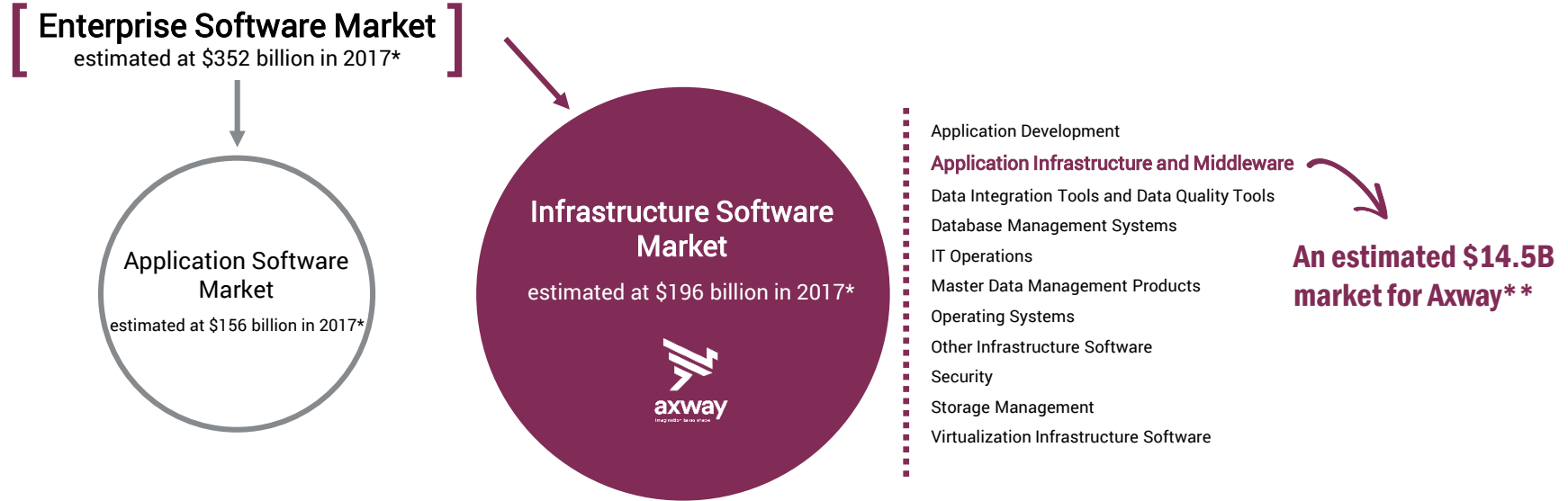
Axway's CSR Report available at [Investors.axway.com](https://investors.axway.com)



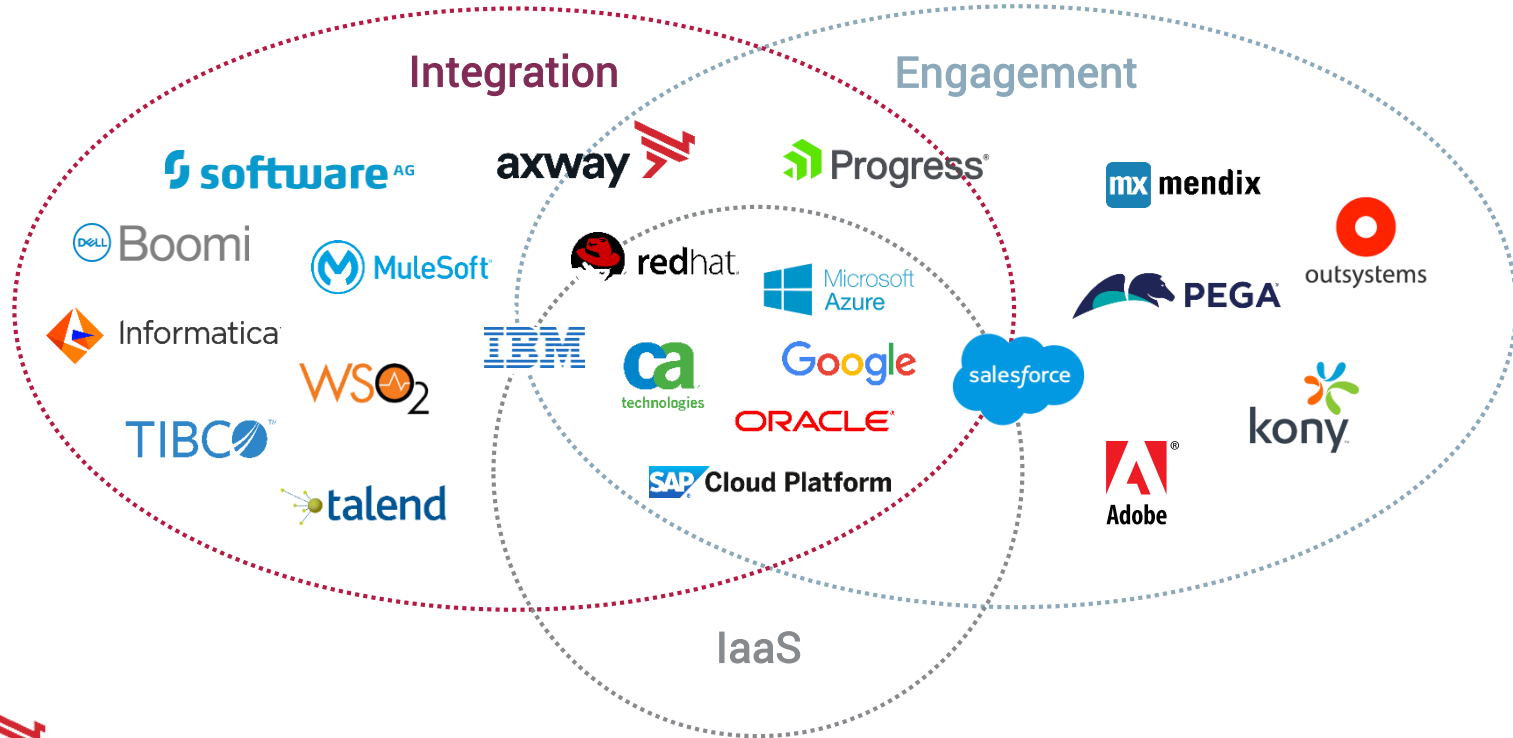
Market & Strategy



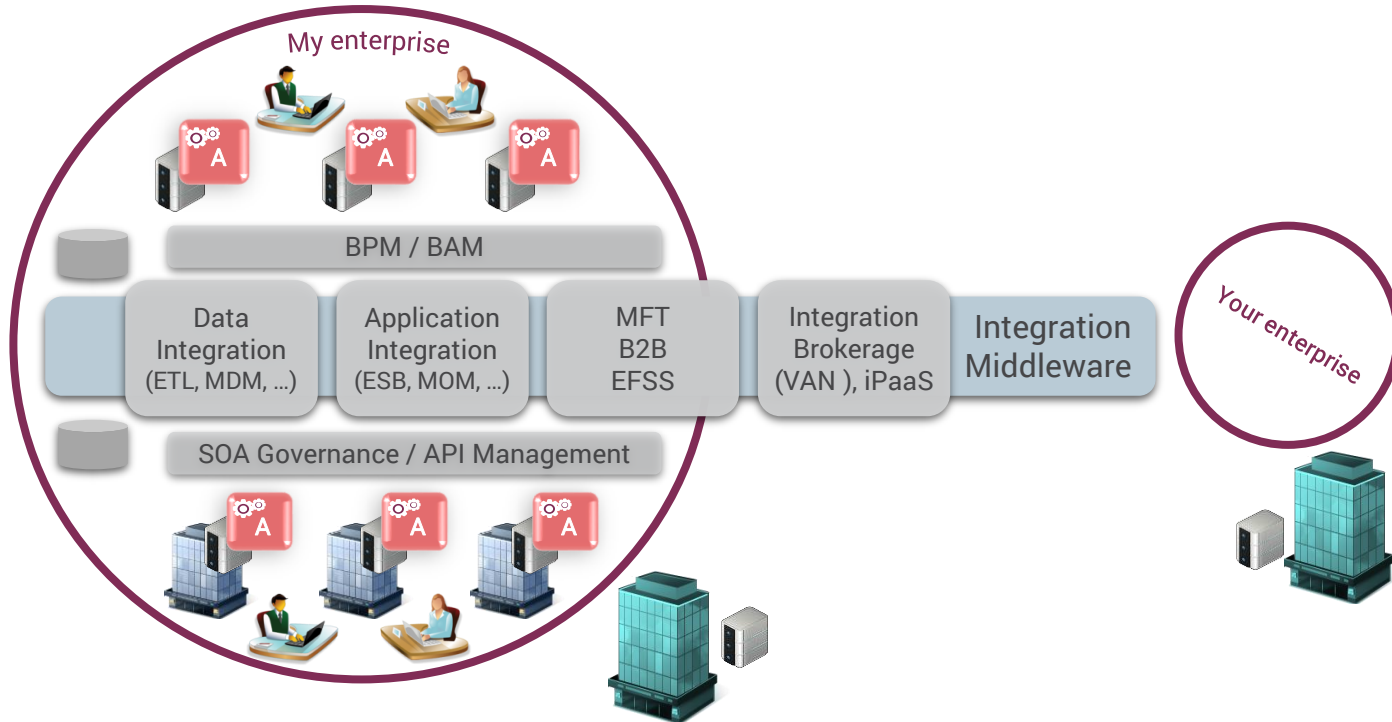
Axway's market in the Software industry



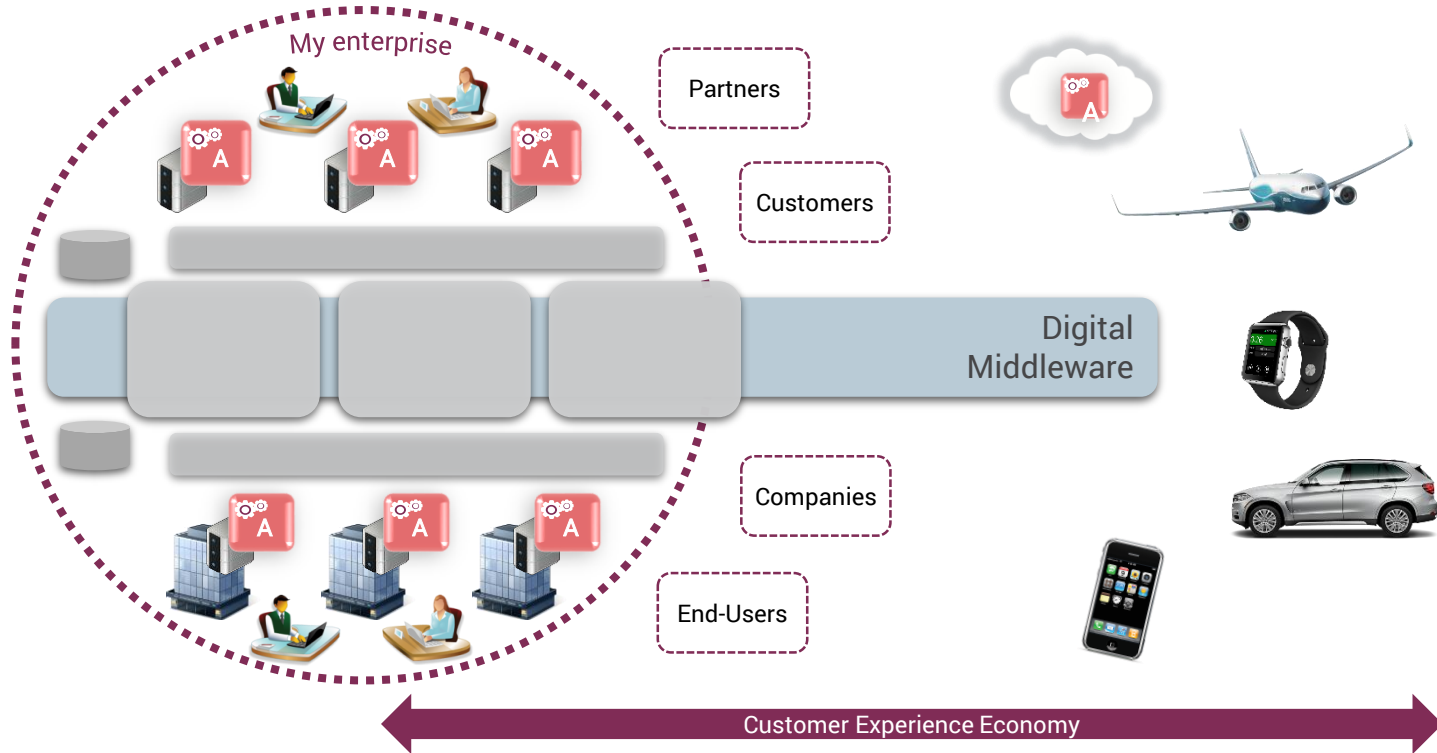
Competitive landscape



Our historical Middleware market...



... and its digital evolution !



Axway's purpose remains the same

We moved and integrated data securely for businesses...
It is the foundation of what we do

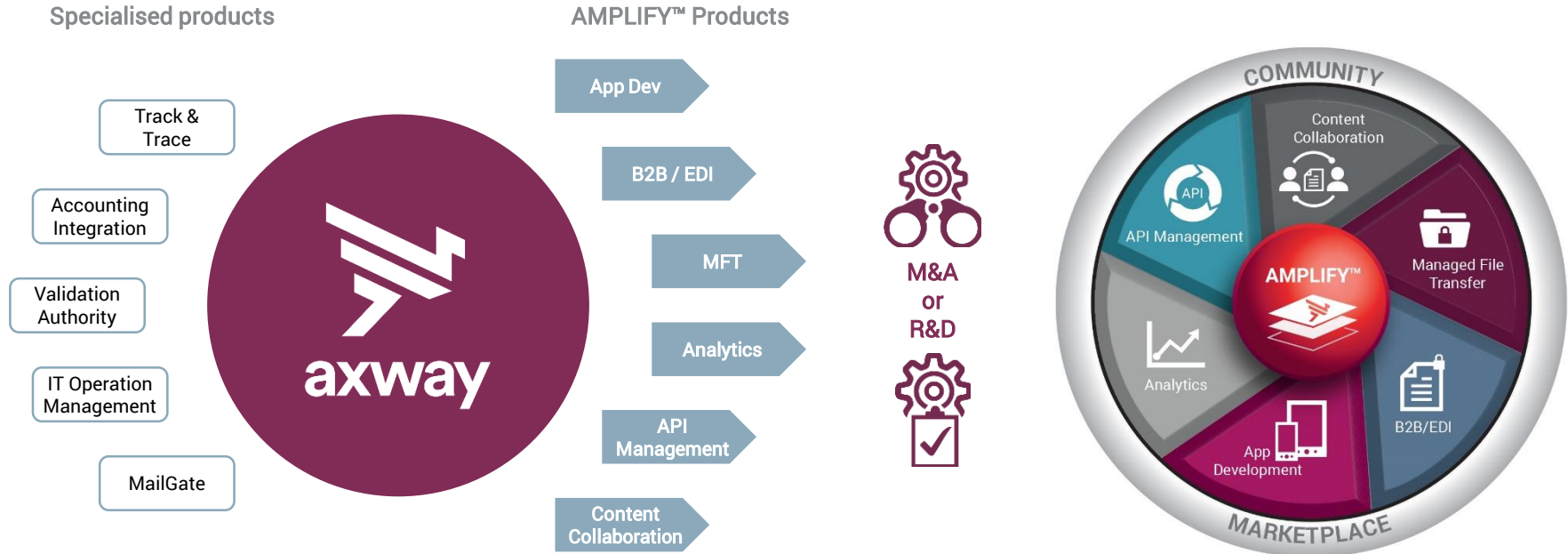
We will still move, integrate and expose data securely
for businesses



Axway's mission remains the same, we are merely implementing our market strategy:

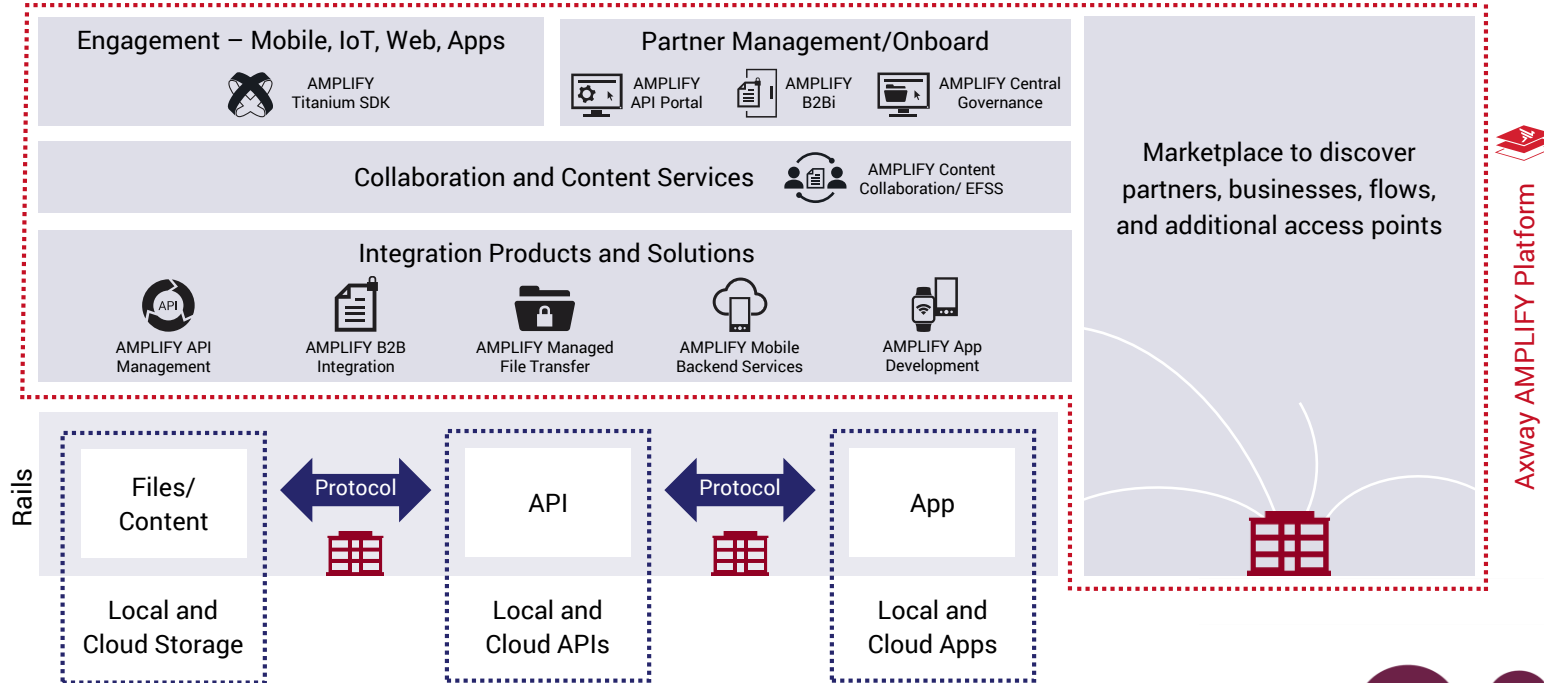
Become a leader in Hybrid Integration Platforms

Axway's solutions evolution



75% of our signatures in the first half of 2018

Axway AMPLIFY™: our Hybrid Integration Platform



Evolution of practices in a Subscription world

Sequences of a perpetual License offering



Cycle of a Subscription offering



IT Focus



Business Focus

Customer Acquisition



Customer Growth

Upfront Revenue



Lifetime Revenue

Episodic engagement



Continuous engagement

Reactive support



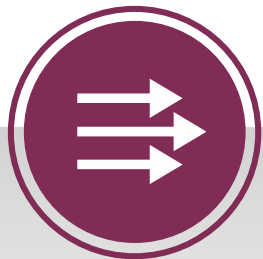
Proactive Value

Implementation services



Customer Outcomes

Axway's Customer Success Organisation



Objectives

- Help customers accelerate their transformation through **rapid results**
- Allow **incremental** AMPLIFY service **consumption**
- Facilitate and accelerate the transition to the **Subscription** model



Customer Centric

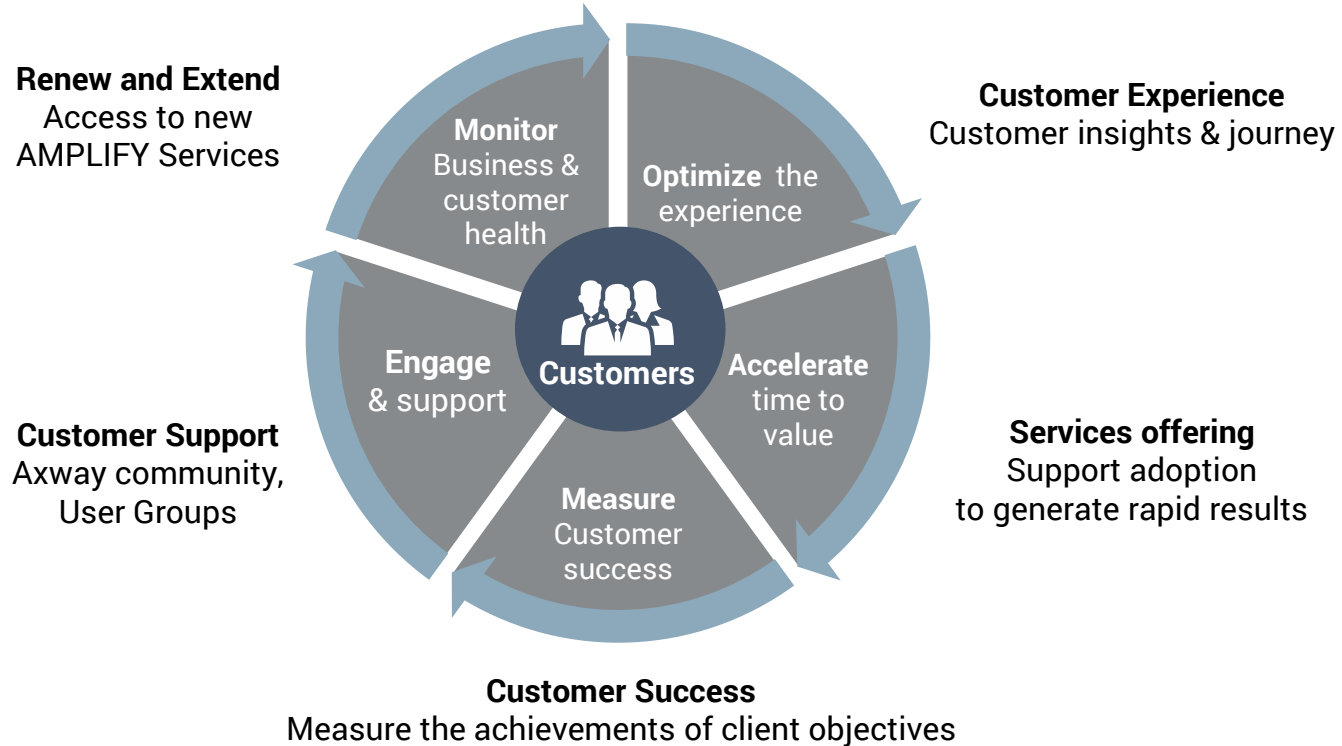
- Bring together and align all players interacting with customers
- Optimize the **Acquisition, Adoption, Expansion, Renewal** cycle
- Making the **customer experience** a differentiator



Organisation

- Creation of the **Customer Success Manager** function to support customers throughout their life cycle
- Proximity to customers with regional General Management

Accelerating execution of the strategy





2018 Half-Year + Q3 Highlights & Performance



A strengthened governance



Patrick Donovan has been appointed Chief Executive Officer by the Board of Directors on April 6th, 2018

- Axway's Board of Directors is composed of 14 members, 7 of whom are independent
- Pierre Pasquier, founder of Axway, officiates as Chairman of the Board

Strategy execution since April 2018



STRATEGY

- **Become a Market Leader in Hybrid Integration Platforms (HIP)**
 - Update of the **AMPLIFY™ 2020** - HIP roadmap
- **Defend** historical **License and Maintenance positions**
- **Grow** the **Subscription** business



GOVERNANCE

- Appointment of **new leaders**:
 - Deputy CFO
 - Chief Customer Officer
 - Head of Marketing
- **Strengthening** interaction between **Top / Middle Management**



EXECUTION

- **Product portfolio audit**
- **Launch of planned additional investments**, mainly in recruitment
- **Multiple** important **adjustments** including:
 - **Customer Success Organisation** encompassing Sales
 - **Digital marketing** strategy

2018 Half-Year - Income statement

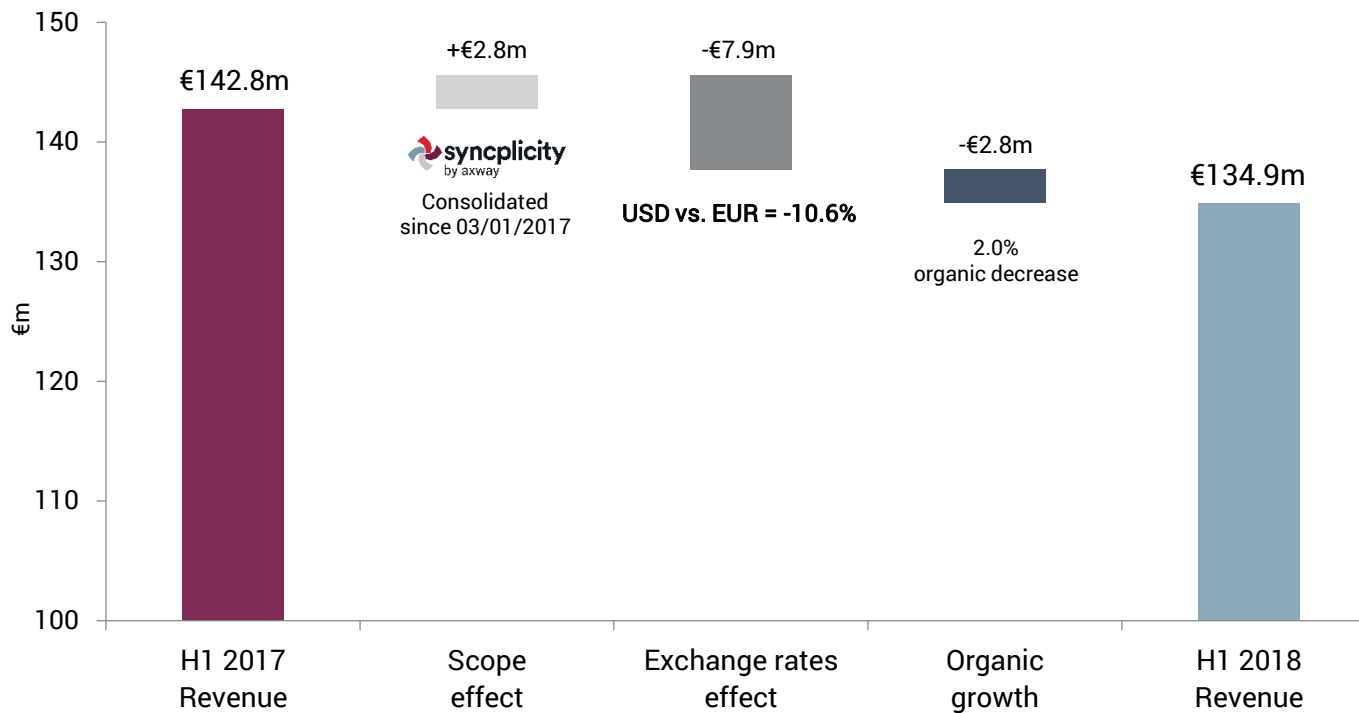
In millions of euros

	H1 2018	H1 2017
Revenue	134.9	142.8
<i>of which License</i>	<i>23.8</i>	<i>25.0</i>
<i>of which Subscription</i>	<i>18.8</i>	<i>17.2</i>
<i>of which Maintenance</i>	<i>69.9</i>	<i>73.5</i>
Subtotal License, Subscription & Maintenance	112.5	115.7
Services	22.5	27.1
Cost of sales	42.8	47.3
Gross Profit (% of Revenue)	92.1 <i>68.3%</i>	95.5 <i>66.9%</i>
Operating expenses	79.8	89.5
<i>of which Sales and marketing</i>	<i>39.0</i>	<i>42.7</i>
<i>of which Research and development</i>	<i>26.8</i>	<i>31.5</i>
<i>of which General and administrative</i>	<i>14.0</i>	<i>15.2</i>
Profit on operating activities	12.3 <i>9.1%</i>	6.0 <i>4.2%</i>
Profit from recurring operations	7.8 <i>5.7%</i>	1.0 <i>0.7%</i>
Operating profit	5.0 <i>3.7%</i>	-0.4 <i>-0.3%</i>
Income taxes	-0.2	2.5
Net profit (% of Revenue)	3.9 <i>2.9%</i>	2.6 <i>1.8%</i>
Basic earnings per share (in €)	0.18	0.12

- Stable revenue at constant exchange rates*
- Significant increase in Profit on Operating Activities due to positive exchange rates effect of €5.0m and savings
- Net profit of €3.9m (2.9% of Rev.) or €0.18 per share

* Alternative performance measures are defined in the glossary at the end of this document.

2018 Half-Year - Change in revenue

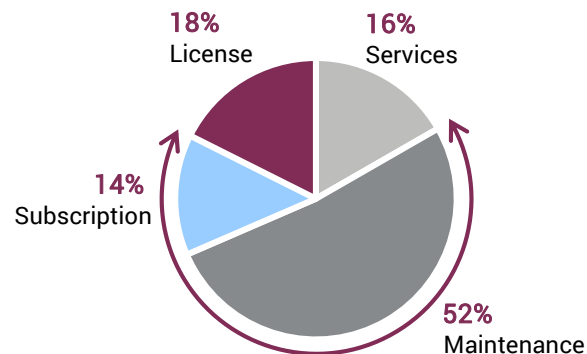


2018 Half-Year - Revenue by Activity

[€m]	H1 2018	H1 2017 Restated*	H1 2017 Reported	Total Growth	Organic Growth*
License	23.8	23.8	25.0	-4.8%	0.0%
Subscription	18.8	18.2	17.2	9.3%	3.3%
Maintenance	69.9	69.7	73.5	-4.9%	0.3%
Services	22.5	26.0	27.1	-17.0%	-13.5%
Axway	134.9	137.7	142.8	-5.5%	-2.0%

* Alternative performance measures are defined in the glossary at the end of this document

→ The cloud activity has been renamed to take into account, in the future, sales of subscriptions delivered in a hybrid mode (either in the cloud, on-premise or both)



66% recurring revenue
vs. 64% in H1 2017

Focus on License activities in the first half of 2018

Organic growth
in H1 2018

0.0%

% of Revenue
in H1 2018

18%

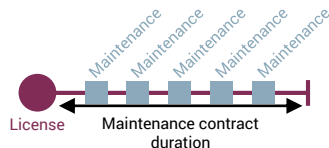
Main products:

- MFT
- API
- B2Bi/EDI

Method of consumption:

Perpetual License + Maintenance

Business model :



[€m]	H1 2018	H1 2017 Restated*	H1 2017 Reported	Total Growth	Organic Growth*
License	23.8	23.8	25.0	-4.8%	0.0%
<i>of which Q1 18</i>	<i>8.2</i>	<i>9.0</i>	<i>9.6</i>	<i>-14.3%</i>	<i>-8.7%</i>
<i>of which Q2 18</i>	<i>15.5</i>	<i>14.8</i>	<i>15.4</i>	<i>0.6%</i>	<i>4.7%</i>

* Alternative performance measures are defined in the glossary at the end of this document

2018 - 19 Challenges

- Defend License and Maintenance historical positions with major customers while accompanying them in their digital transformation
- Maintain best-in-class products while making the investment required to ramp-up the Subscription offering
- Exceptionally high comparison basis in Q4 2017

2018 Trend

- Moderate full-year revenue decrease (3.0 to 5.0% organically)

Focus on Subscription activities in the first half of 2018

Organic growth
in H1 2018

+ 3.3%

% of Revenue
in H1 2018

14%

[€m]	H1 2018	H1 2017 Restated*	H1 2017 Reported	Total Growth	Organic Growth*
Subscription	18.8	18.2	17.2	9.3%	3.3%

** Alternative performance measures are defined in the glossary at the end of this document*

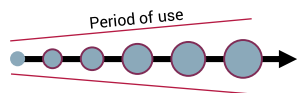
Main products:

- EFSS
- B2Bi/EDI
- API
- MFT

Method of consumption:

Usage based

Business model:



2018-19 Challenges

- Increase ACV (signatures + upsell + cross sell) and maximize usage
- Adapt commercial processes and optimize customer satisfaction
- Adapt the product portfolio (R&D + M&A) to become a leader in the Hybrid Integration market

2018 Trends

- Adverse effects on recently acquired products (Churn + Open Source)
- Moderate full-year revenue increase

2018 Half-Year - Sales transformation in progress

[€m]	New Signatures Value	Weighting Factor	Weighted New Signatures	Organic Growth*
License	23.8	1x	23.8	
New Subscription (ACV*)	4.7	3x	14.0	
First Half 2018			37.8	+4.6%

** Alternative performance measures are defined in the glossary at the end of this document*

→ Signatures (License + Subscription) up 4.6% organically vs. H1 2017

New ACV in H1 18

€4.7m

vs. €4.1m in H1 2017

Signatures monitoring
vs. H1 17

+4.6 %

Main Balance Sheet items at 06/30/2018

Cash and equivalents

€47.6m

vs. €28.1m at 12/31/2017

DSO

63 days

vs. 51 days at 06/30/2017

Total Assets

€557.5m

vs. €551.1m at 12/31/2017

Net debt

€0.9m

vs. €24.1m at 12/31/2017

Deferred revenues

€94.4m

vs. €84.5m at 06/30/2017

Total Equity

€353.9m

vs. €344.1m at 12/31/2017

Cash flows & covenants at 06/30/2018

In millions of euros

	06/30/2018	06/30/2017
Net profit for the period	3.9	2.6
<i>Change in operating working capital requirements</i>	<i>16.0</i>	<i>16.5</i>
Net cash from operating activities	25.5	22.0
<i>Free cash flow</i>	<i>21.8</i>	<i>19.0</i>
Net cash used in investing activities	-3.2	-60.4
Net cash from (used in) financing activities	-2.5	13.1
Net change in cash and cash equivalents	19.4	-26.4
Opening cash position	28.1	51.7
Closing cash position	47.5	25.3

- Change in Working Capital Requirements stabilized
- Increase in Free Cash Flow in the first-half to €21.8m

	06/30/2018	12/31/2017	06/30/2017
EBITDA Cost of debt (covenant > 5)	101.4	40.2	1908
Net debt EBITDA (covenant < 3)	0.02	0.47	0.72
Net debt Equity (covenant < 1)	0.00	0.06	0.08

- All bank debt covenants fully met
- Balance sheet and debt capacity to seize strategic acquisition opportunities

Q3 2018 – Dynamism of License and Subscription activities

[€m]	Q3 2018	Q3 2017 Restated*	Q3 2017 Reported	Total Growth	Organic Growth*
License	13.9	11.8	12.0	15.7%	17.5%
Subscription	10.8	9.9	9.8	9.9%	9.3%
Maintenance	36.3	36.3	36.3	-0.1%	-0.1%
Services	10.7	12.4	12.4	-14.1%	-14.4%
Axway	71.6	70.4	70.5	1.5%	1.6%

* Alternative performance measures are defined in the glossary at the end of this document

Highlights of the 3rd quarter 2018

- Strong organic growth in License sales
- Acceleration in Subscription activity
- **Annual Contract Value (ACV)** of new Subscription contracts up substantially **(+81.8%)**
- Significant improvement in the **Signature metric (+40.5%)**

→ First sales of AMPLIFY™ MFT via Subscription / Several contracts involving AMPLIFY™ API Management

A person in a white shirt and tie is seen from the chest up, looking out a window. The background is a city skyline at sunset, with a prominent bridge and various skyscrapers. The scene is overlaid with a grid pattern and a blue-tinted glass effect.

2018 Targets & 2020 Ambitions

Outlook for the second half of 2018

1

Acceleration in H2 of planned additional investment → 3 to €5m of investment in 2018

Confirmation of the additional envelope of approximately 15 M€ per year dedicated to AMPLIFY™

2

Implementation of tools facilitating Subscription growth:

- New offerings
- Evolution of commission plans
- Intensification of trainings

3

Unfavorable US dollar/Euro exchange rate effect



2018 Targets

- Organic revenue growth of between -3 and 0%
- Profit on Operating Activities of between 8 and 11% of revenue

FY 2020 Ambitions

- Become a market leader in Hybrid Integration Platforms
- Maintain revenue at approximately €300m "organically stable compared to 2017" while transforming the revenue mix from License to Subscription
- Seize strategic acquisition opportunities

Appendices



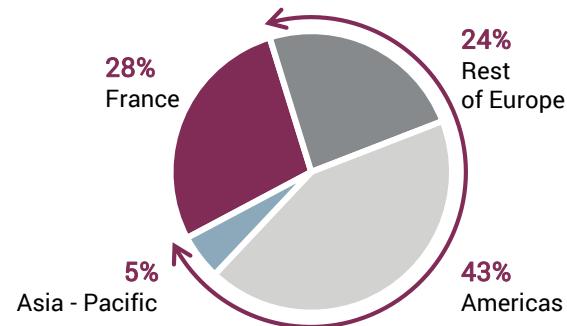


H1 2018

2018 Half-Year - Revenue by Geographic Area

[€m]	H1 2018	H1 2017 Restated*	H1 2017 Reported	Total Growth	Organic Growth*
France	37.3	38.7	38.7	-3.6%	-3.6%
Rest of Europe	32.4	33.4	33.7	-3.9%	-3.0%
Americas	58.4	58.4	62.7	-6.9%	0.0%
Asia / Pacific	6.8	7.2	7.8	-12.8%	-5.6%
Axway	134.9	137.7	142.8	-5.5%	-2.0%

* Alternative performance measures are defined in the glossary at the end of this document



72% of revenue generated outside France, stable compared to H1 2017

Simplified Balance Sheet at 06/30/2018

In millions of euros

	06/30/2018	06/30/2017	12/31/2017
Assets			
Goodwill	339.5	339.8	333.6
Non-current assets	424.0	467.8	420.7
Trade receivables	55.6	48.7	71.1
Other current assets	30.3	28.3	31.2
Cash and cash equivalents	47.6	27.1	28.1
Current assets	133.5	104.2	130.4
Total Assets	557.5	572.1	551.1
Equity and Liabilities			
Equity	353.9	352.5	344.1
Financial debt - long-term portion	45.4	53.5	47.8
Other non-current liabilities	8.9	20.7	22.5
Non-current liabilities	54.2	74.2	70.3
Financial debt - short-term portion	5.6	5.9	4.5
Deferred Revenues	94.4	84.5	67.3
Other current liabilities	49.4	55.0	64.9
Current liabilities	149.3	145.4	136.7
Total Liabilities	203.6	219.6	207.0
Total Equity and Liabilities	557.5	572.1	551.5

- High cash position at €47.6m
- DSO at 63 days, up due to significant License signatures in Q2
- Bank debt equivalent to cash
- Deferred revenues up to €94.4m

Changes in equity and earnings per share at 06/30/2018

In millions of euros

	06/30/2018	06/30/2017	12/31/2017
Equity at Beginning of Period	344.1	374.8	374.8
Profit for the period	3.9	2.6	4.4
Dividends	-	-8.5	-8.5
Capital increase	0.2	2.8	3.2
Other	0.4	3.7	1.5
Foreign exchange translation adjustments	5.3	-23.3	-31.3
Equity at End of Period	353.9	352.5	344.1

- Dividend payment of €0.20 per share on July 4, 2018
- Significant foreign exchange translation differences

In €

	06/30/2018	06/30/2017
Net profit for the period	3.9	2.6
Weighted average number of shares excluding treasury shares	21.22M	21.12M
Basic earnings per share	0.18	0.12
Theoretical potential weighted average number of shares	21.84M	21.29M
Diluted earnings per share (in €)	0.18	0.12

2018 Half-Year – Headcount

	06/30/2018	12/31/2017
France	467	518
Rest of Europe	727	733
Americas	514	515
Asia - Pacific	72	74
Axway	1,780	1,839



FY 2017

2017 Full-Year - Revenue by Activity

[€m]	2017	2016 Restated*	2016	Total Growth	Organic Growth*
License	65.3	80.3	81.3	-19.6%	-18.7%
Subscription	37.5	32.8	19.1	96.3%	14.4%
Maintenance	145.4	141.4	143.0	1.7%	2.8%
Services	51.6	57.1	57.7	-10.6%	-9.6%
Axway	299.8	311.6	301.1	-0.4%	-3.8%

* Alternative performance measures are defined in the glossary at the end of this document

2017 Full-Year - Income statement

<i>In millions of euros</i>	2017		2016	
Revenue	299.8		301.1	
<i>of which License</i>	<i>65.3</i>		<i>81.3</i>	
<i>of which Subscription</i>	<i>37.5</i>		<i>19.1</i>	
<i>of which Maintenance</i>	<i>145.4</i>		<i>143.0</i>	
Subtotal License, Subscription & Maintenance	248.3		243.4	
Services	51.6		57.7	
Cost of sales	88.2		86.6	
Gross Profit (% of Revenue)	211.6	<i>70.6%</i>	214.4	<i>71.2%</i>
Operating expenses	171.1		163.7	
<i>of which Sales and marketing</i>	<i>83.8</i>		<i>81.9</i>	
<i>of which Research and development</i>	<i>59.4</i>		<i>53.3</i>	
<i>of which General and administrative</i>	<i>27.9</i>		<i>28.4</i>	
Profit on operating activities	40.5	<i>13.5%</i>	50.8	<i>16.9%</i>
Profit from recurring operations	30.7	<i>10.2%</i>	41.8	<i>13.9%</i>
Operating profit	27.7	<i>9.2%</i>	35.1	<i>11.7%</i>
Income taxes	-24.0		-3.7	
Net profit (% of Revenue)	4.4	<i>1.5%</i>	31.5	<i>10.5%</i>
Basic earnings per share (in €)	0.21		1.51	

Simplified Balance Sheet at 31/12/2017

In millions of euros

	31/12/2017	31/12/2016
Assets		
Goodwill	333.6	288.8
Non-current assets	420.7	402.7
Trade receivables	71.1	78.2
Other current assets	31.2	25.3
Cash and cash equivalents	28.1	51.7
Current assets	130.4	155.2
Total Assets	551.1	557.8
Equity and Liabilities		
Equity	344.1	374.8
Financial debt - long-term portion	47.8	35.5
Other non-current liabilities	22.5	10.3
Non-current liabilities	70.3	45.7
Financial debt - short-term portion	4.5	3.7
Deferred Revenues	67.3	74.5
Other current liabilities	64.9	59.1
Current liabilities	136.7	137.3
Total Liabilities	207.0	183.0
Total Equity and Liabilities	551.1	557.8

Earnings per share at 31/12/2017

<i>In €</i>	31/12/2017	31/12/2016
Net profit for the period	4.4	31.5
Weighted average number of shares excluding treasury shares	21.16M	20.82M
Basic earnings per share	0.21	1.51
Theoretical potential weighted average number of shares	21.84M	21.29M
Diluted earnings per share (in €)	0.20	1.48

Alternative Performance Measures

- Restated revenue: Revenue for the prior year, adjusted for the consolidation scope and exchange rates of the current year.
- Organic growth: Growth in revenue between the period under review and the prior period, restated for consolidated scope and exchange rate impacts.
- Growth at constant currency rates: Growth in revenue between the period under review and the prior period restated for exchange rate impacts.
- ACV: *Annual Contract Value* – Average annual contract value of the subscription agreement.
- TCV: *Total Contract Value* – Full value of the subscription agreement including both recurring revenues over the contract term and one-time payments.
- Signature metric: Amount of License sales plus three times the average annual value (3xACV) of new Subscription contracts signed over a given period.
- Profit on operating activities: Profit from recurring operations adjusted for the share-based payment expense for stock options and free shares, as well as the amortization of allocated intangible assets.