



# 2013 Annual Results

**Christophe Fabre**  
**Chief Executive Officer**

# Forward looking statements

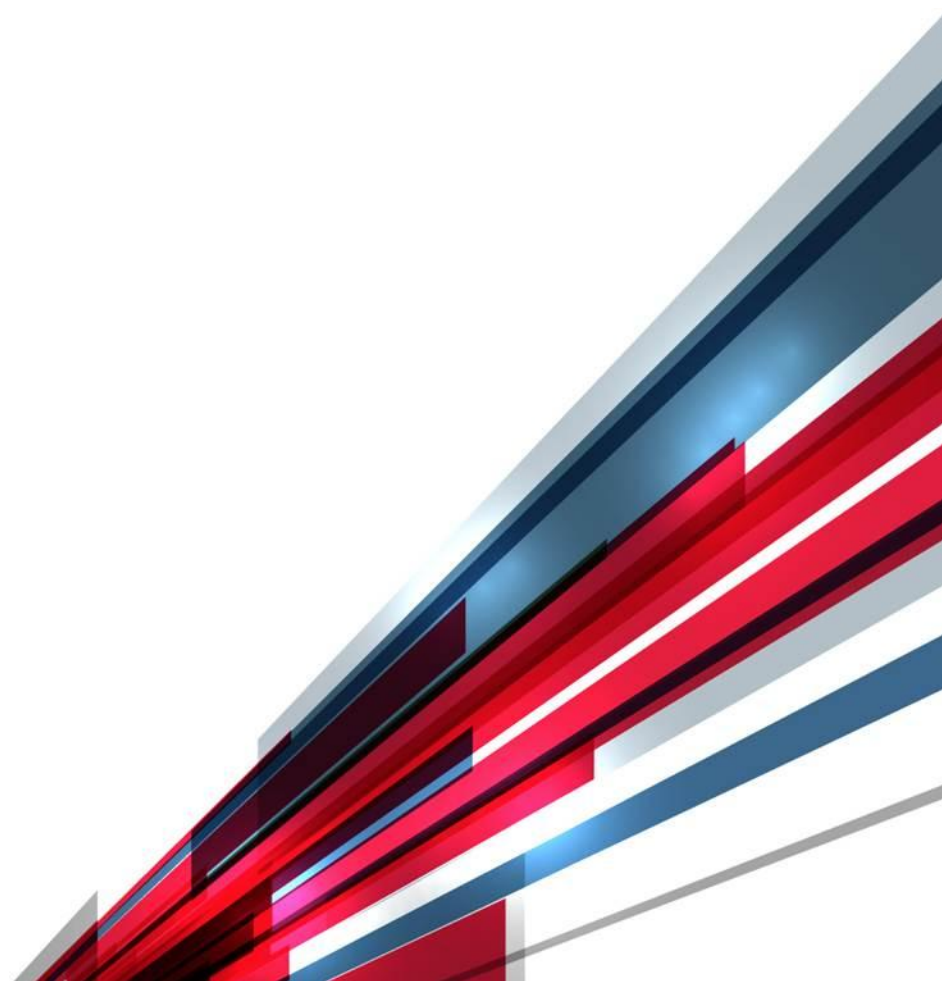
- This presentation contains forecasts in respect of which there are risks and uncertainties concerning the company's future growth and profitability. The group highlights the fact that the signature of licence contracts, which often represent investments for clients, are more significant in the second half of the year and may therefore induce to a more or less favourable 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 2012 submitted to the *Autorité des Marchés Financiers* (AMF) on 24 April 2013, number R13-016.
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- 2013 Analysis
- Accounting & Financial Results
- Positioning & Strategy
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# 2013 Analysis



# 2013 in a nutshell

- Numbers in line with our initial guidance despite low Q4
- Axway 5 Suite deployment well received by the market
- API technology integrated following Vordel acquisition confirms the traction from the market
- 4th Quarter: new strategic components launched on MFT and B2B
- Market positioning recognition in MQ Gartner Integration and Governance
- Brazil new location to support 300 customers in Latin America
- Australia development
- Strengthens Executive Management

# FY2013: revenue by region

	Exercise 2013 [M€]	2013	2012 Published	2012 Pro forma	Total Growth	Organic Growth <sup>1</sup>
 France		82.5	75.4	76.2	9.4%	8.4%
 Rest of Europe		57.6	55.6	58.4	3.6%	-1.4%
 America's		90.7	86.5	87.8	4.8%	3.3%
 Asia/Pacific		6.7	6.8	6.6	-0.6%	2.0%
 <b>Axway</b>		<b>237.5</b>	<b>224.3</b>	<b>229.0</b>	<b>5.9%</b>	<b>3.7%</b>






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

# FY2013: revenue by business line

Exercise 2013 [M€]	2013	2012 Published	2012 Pro forma	Total Growth	Organic Growth <sup>1</sup>
Licenses	75.6	71.4	75.4	5.8%	0.3%
Maintenance	106.3	98.2	98.2	8.3%	8.2%
Services	55.6	54.7	55.4	1.7%	0.4%
 <b>Axway</b>	<b>237.5</b>	<b>224.3</b>	<b>229.0</b>	<b>5.9%</b>	<b>3.7%</b>

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

# Q4 2013: revenue by region

4th Quarter [M€]	2013	2012 Published	2012 Pro forma	Total Growth	Organic Growth <sup>1</sup>
 France	27.3	26.2	26.5	4.2%	2.9%
 Rest of Europe	17.7	18.8	18.8	-6.0%	-5.8%
 America's	24.2	27.7	27.0	-12.4%	-10.3%
 Asia/Pacific	1.9	2.5	2.4	-22.9%	-19.2%
 <b>Axway</b>	71.2	75.2	74.7	-5.4%	-4.8%

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



# Q4 2013: revenue by business line

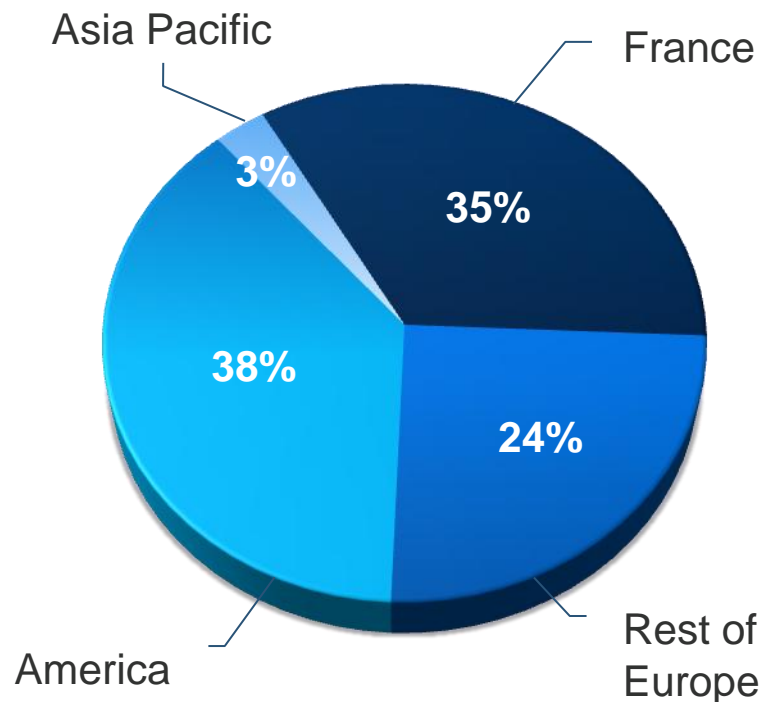
4th Quarter [M€]	2013	2012 Published	2012 Pro forma	Total Growth	Organic Growth <sup>1</sup>
Licenses	28.5	34.3	34.1	-17,0%	-16.7%
Maintenance	27.4	26.2	25.5	4.5%	7.3%
Services	15.4	14.8	15.0	3.7%	2.3%
 <b>Axway</b>	71.2	75.2	74.7	-5.4%	-4.8%

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

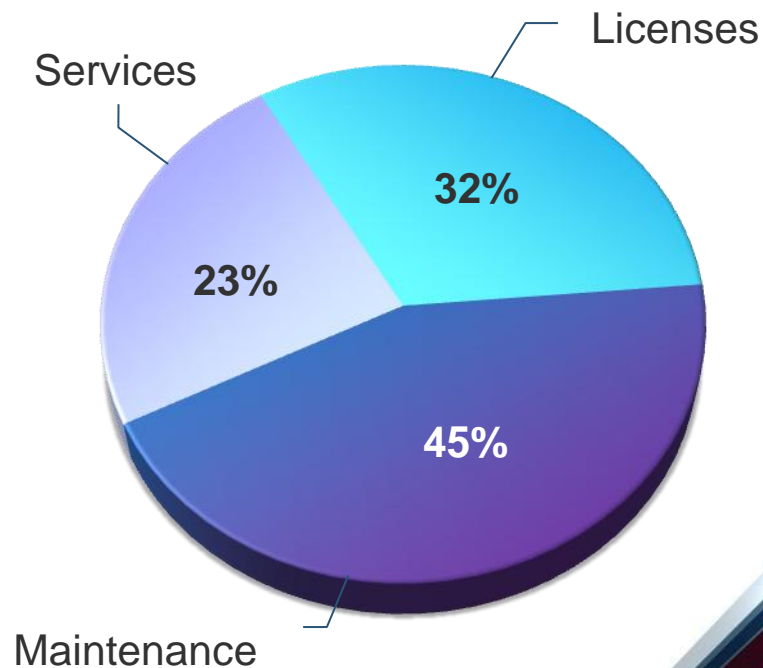
# Axway: a balanced business model

**FY2013**

## BY REGION



## BY ACTIVITY



## B2B Modernization: Automotive leader



- The second largest automotive manufacturer in North America continues to deliver profitable growth, through automotive sales and financial services products.
- They reign as America's best-selling vehicle brand in 2013 for a fourth consecutive year, with annual sales records set.
- The Axway A5 Suite will serve as the backbone to govern the exchange of data between internal applications and external suppliers, dealers, government agencies, etc. Providing self-service partner on-boarding, data translation, application integration and end-to-end control and visibility throughout the global supply chain.

## Visibility into Partner Community Financial Information Provider



- This global financial information institution is the world's leading source of commercial information and insight on businesses, enabling companies to Decide with Confidence for more than 172 years. Today, their global commercial database contains more than 225 million business records.
- Axway solutions are acting as the backbone of their secure file movement infrastructure connecting their external trading partner community while providing the business with visibility into that community that was previously unavailable.

## Secure Partner On-Boarding and Internal MFT Governance



- This global life insurance company has 5000 employees and network of over 3,000 financial representatives in more than 80 agencies nationwide.
- Axway solution provides a single, secure entrance into their company for their external trading partner community. They will also be using Axway solutions in order to provide internal file transfer as well as governance over their entire Axway file transfer portfolio.

## B2B Modernization to meet demands from Growth and Partner On-boarding



- Since 1986, This prescription benefits company has been managing benefits for tens of millions of Americans on behalf of thousands of clients including health plans and plan sponsors. They have a team of more than 30,000 employees.
- The Axway Solution provided them with a consolidated MFT platform for partner/customer integration with security and end-to-end visibility into all information coming and going into the enterprise.

## Mobile Strategy in Insurance company



- A major player in the Insurance domain in France
- Challenge: 30% increase of the turnover over 3 years & Business Development with Partners in new insurance sectors:
  - Secure the web services exposed to partners
  - Improve the industrialization/governance of the SOA
  - Create the architecture to address future needs (e.g. Mobile )
- Benefit: Enable new services on mobile devices in order to attract new clients



## Easy Integration of Partners, New Services & Customers



- Australian telecommunications and media company
- Challenge:
  - Complex Infrastructure with big issues to integrate New Services
  - Facilitate integration, performance, governance and security in order to provide to partners and customers Network, Hosting and Collaboration services
  - Reduce time to market, cost of development and maintenance.



## Mobile Enablement



- One of the largest pharmaceutical companies in the world.
- Challenge: to open various applications and data (HR, Commercial, Research and Enterprise domains) to their employees everywhere in the world, including sales teams for whom the only tool is their smartphone and mobile devices. 65.000 connected iOS devices, 49 apps; 500k Transactions per day.
- Benefit: to cover the 4 main regions EMEA, APAC, NA and LATAM 24/7 with up to 500M transactions per day with more that 65.000 iOS devices.

## B2B modernization



- Wines & Spirits subsidiary of a World leader in luxury (60 prestigious brands, 2400 stores & 84 000 employees worldwide).
- Challenge: to find a state of the art EDI solution covering all the usual functionalities + The platform needs to run in 24/7 mode + covering the 3 continental plates + be able to handle strong seasonality peaks.
- Benefit: a flexible solution that precisely meets the needs of Customers: SLA, 24/7, 99.99%, international dimension

## Govern the Data Flow Consistency



- World's largest bank in terms of assets and sixth-largest public company ( Forbes )
- Challenge:
  - Supervise 7 Finance applications so as to ensure timely reportings for various needs (e.g. Closing and Risk consistency). 2 of the applications are AIS and CFT.
- Benefit:
  - The cost to add our DFA solution on top of the various applications to monitor is 4 time less.

# License Metrics 2013

## ASP – Share of Indirect – New/Repeat

- Nb Deals ~ 2401
- Share of Tiers 1 business(>250k€)
  - Share of nb. of deals: 2%
  - Share of total amount = 35%
- Share of indirect business (€) = 10%
- Share of New business (€) = 8%
- Average Sale Price
  - ASP Tiers 1 ~568k€
  - ASP Tiers 2 (< 250 k€) ~105 k€
  - ASP Tiers 3 (< 50 k€) ~10 k€

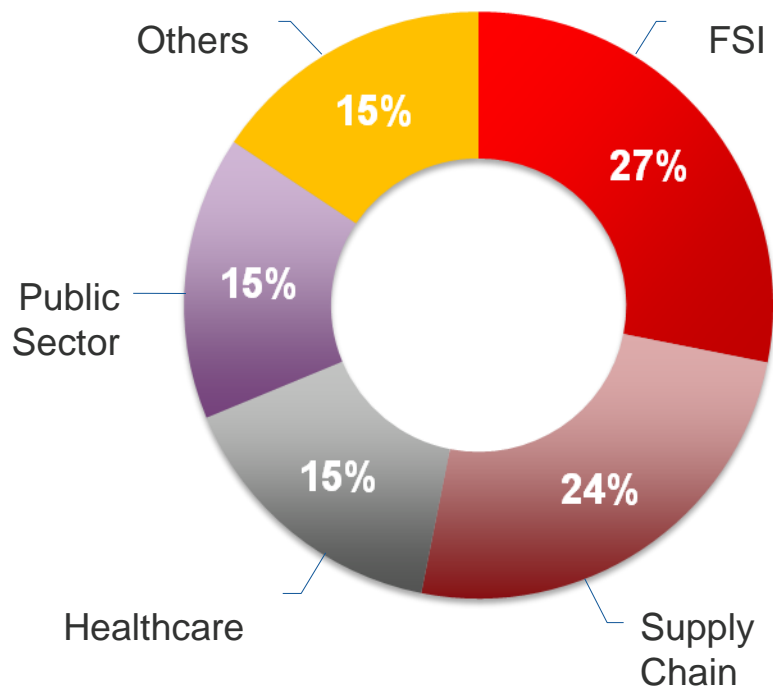


2013  
versus  
2012

# License Metrics 2013

## Share of verticals in License revenues

### SECTORS



### HEALTHCARE

vs 2012



### SUPPLY CHAIN

vs 2012



### PUBLIC SECTOR

vs 2012



### FSI

vs 2012



# Maintenance Metrics 2013

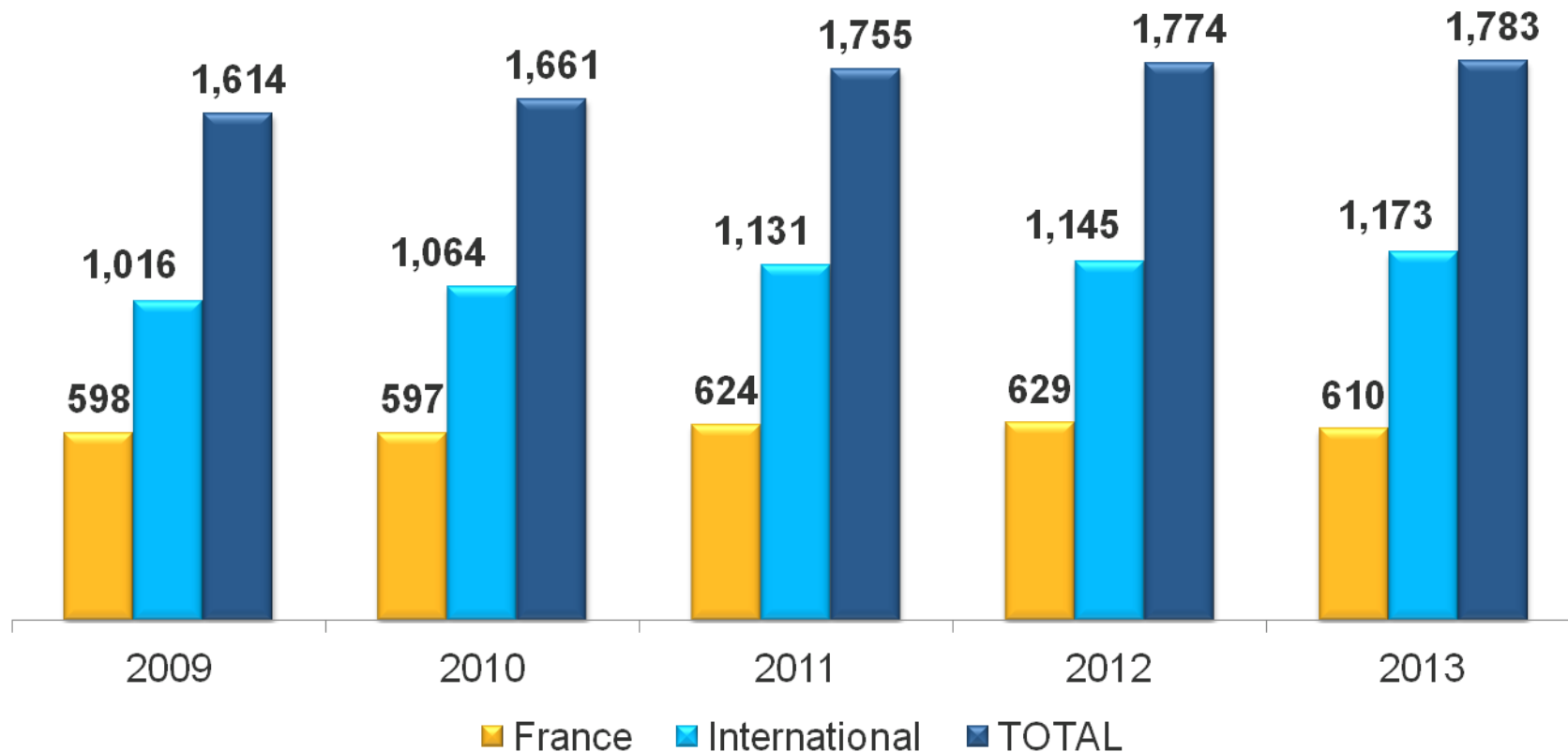
- Total Value/ Contribution ~ 106M€/45%
- Attachement rate = 19.4%  
(average weighted by volume)
- Renewal rate (\*) = 93%  
(average weighted by volume)



2013  
versus  
2012

*\* This percentage represents full year revenue impact*

# Headcount at 31 December 2013: 1783



# 2013: cost analysis

*In thousands of euros*

**FY 2013**

**FY 2012**

**FY 2011**

## Revenue :

License	75,583	71,435	77,762
Maintenance	106,348	98,205	85,037
Total Product Revenue	181,931	169,640	162,799
Services	55,613	54,680	54,445
<b>Total Revenue :</b>	<b>237,544</b>	<b>224,320</b>	<b>217,244</b>

## Costs of sales:

Product Revenue	20,721	20,653	19,929
Services	51,407	51,070	49,285
<b>Total Costs of sales :</b>	<b>72,128</b>	<b>71,723</b>	<b>69,214</b>

## Gross profit:

*as a % of Revenue*

<b>165,416</b>	<b>152,597</b>	<b>148,030</b>
69.6%	68.0%	68.1%

## Operating expenses :

Sales and marketing	70,763	64,077	61,528
Research and development	33,636	32,508	32,079
General and administrative	23,549	21,046	19,120
<b>Total operating expenses :</b>	<b>127,948</b>	<b>117,631</b>	<b>112,727</b>

## Profit on operating activities

*as a % of Revenue*

<b>37,468</b>	<b>34,966</b>	<b>35,303</b>
15.8%	15.6%	16.3%





# Accounting & Financials Results

Patrick Donovan, Chief Financial Officer

# Income Statement (1/2)

<i>In thousands of euros</i>	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>
<b>Revenue :</b>			
License	75,583	71,435	77,762
Maintenance	106,348	98,205	85,037
Total Product Revenue	181,931	169,640	162,799
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<b>Total Revenue :</b>	<b>237,544</b>	<b>224,320</b>	<b>217,244</b>
<b>Costs of sales:</b>			
Product Revenue	20,721	20,653	19,929
Services	51,407	51,070	49,285
<b>Total Costs of sales :</b>	<b>72,128</b>	<b>71,723</b>	<b>69,214</b>
<b>Gross profit:</b>	<b>165,416</b>	<b>152,597</b>	<b>148,030</b>
<i>as a % of Revenue</i>	69.6%	68.0%	68.1%
<b>Operating expenses :</b>			
Sales and marketing	70,763	64,077	61,528
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<b>Total operating expenses :</b>	<b>127,948</b>	<b>117,631</b>	<b>112,727</b>
<b>Profit on operating activities</b>	<b>37,468</b>	<b>34,966</b>	<b>35,303</b>
<i>as a % of Revenue</i>	15.8%	15.6%	16.3%

- Gross margin improved by cost containment of cost
- Investment in sales and marketing efforts in 2013 to continue our product revenue growth in 2013 and beyond

# Income Statement (2/2)

<i>In thousands of euros</i>	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>
<b>Profit on operating activities</b>	<b>37,468</b>	<b>34,966</b>	<b>35,303</b>
<i>as a % of Revenue</i>	<i>15.8%</i>	<i>15.6%</i>	<i>16.3%</i>
Stock option related expenses	(1,352)	(1,147)	(146)
Amortization of intangible assets	(3,679)	(2,130)	(1,858)
<b>Profit from recurring operations</b>	<b>32,437</b>	<b>31,689</b>	<b>33,299</b>
<i>as a % of Revenue</i>	<i>13.7%</i>	<i>14.1%</i>	<i>15.3%</i>
Other income and expenses	(5,271)	(2,940)	(3,967)
<b>Operating profit</b>	<b>27,166</b>	<b>28,750</b>	<b>29,332</b>
Cost of net financial debt	(674)	(51)	(1,633)
Other financial revenues and expenses	(656)	(63)	(1,034)
Income taxes	9,759	(3,976)	(5,208)
<b>Net Profit</b>	<b>35,595</b>	<b>24,660</b>	<b>21,457</b>
	<i>15.0%</i>	<i>11.0%</i>	<i>9.9%</i>
<b>Basic net earnings per share (in Euro)</b>	<b>1.75</b>	<b>1.22</b>	<b>1.20</b>

- Other Income and expenses primarily from Acquisition related charges on the GSA matter and Vordel acquisition (2012)
- 2013 Income Tax benefit from NOL valuation release in the U.S.

# Simplified Balance Sheet (1/2)

<i>In millions of euros</i>	31/12/2013	31/12/2012	31/12/2011
<b>ASSETS</b>			
Goodwill	189.3	196.6	169.6
Intangible assets	28.8	31.0	19.4
Property, plant and equipment	6.3	6.2	4.9
Other non-current assets	31.5	18.5	15.3
<b>Non-current assets</b>	<b>255.9</b>	<b>252.3</b>	<b>209.2</b>
Trade receivables	64.4	72.2	57.1
Other current assets	22.5	17.1	13.8
Cash and cash equivalents	49.2	35.4	23.8
<b>Current assets</b>	<b>136.1</b>	<b>124.7</b>	<b>95.3</b>
<b>TOTAL ASSETS</b>	<b>392.0</b>	<b>377.0</b>	<b>304.5</b>

- DSO improved to 90 days outstanding from 102 at the end of 2012
- Cash balance at end of 2013 increased to 49.2 M€

# Simplified Balance Sheet (2/2)

<i>In millions of euros</i>	31/12/2013	31/12/2012	31/12/2011
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital	40.9	40.6	40.3
Capital reserves and results	217.4	193.3	173.1
<b>Total shareholders' equity</b>	<b>258.4</b>	<b>233.9</b>	<b>213.4</b>
Financial debt - long-term portion	28.5	36.9	2.0
Other non-current liabilities	15.5	16.2	14.6
<b>Non-current liabilities</b>	<b>44.0</b>	<b>53.1</b>	<b>16.6</b>
Financial debt - short-term portion	9.5	5.3	0.5
Other current liabilities	80.1	84.7	74.0
<b>Current liabilities</b>	<b>89.6</b>	<b>90.0</b>	<b>74.5</b>
<b>TOTAL LIABILITIES</b>	<b>133.6</b>	<b>143.1</b>	<b>91.1</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>392.0</b>	<b>377.0</b>	<b>304.5</b>

- Bank Debt at 35.1 M€, which is primarily our bank draw outstanding

# Change in Equity

<i>In millions of euros</i>	31/12/2013	31/12/2012	31/12/2011
Equity at Opening of Period	233.9	213.4	148.1
Profit for the period	35.6	24.7	21.5
Share-based payments	1.3	1.1	0.1
Treasury Shares	0.0	-0.1	-0.6
Dividends	-7.1	-5.0	-21.8
Capital increase	2.2	2.1	61.2
Actuarial gains and losses	0.3	-0.1	0.0
Other changes	0.1	0.0	-0.1
Translation differential	-7.9	-2.2	5.0
<b>Equity at End of Period</b>	<b>258.4</b>	<b>233.9</b>	<b>213.4</b>

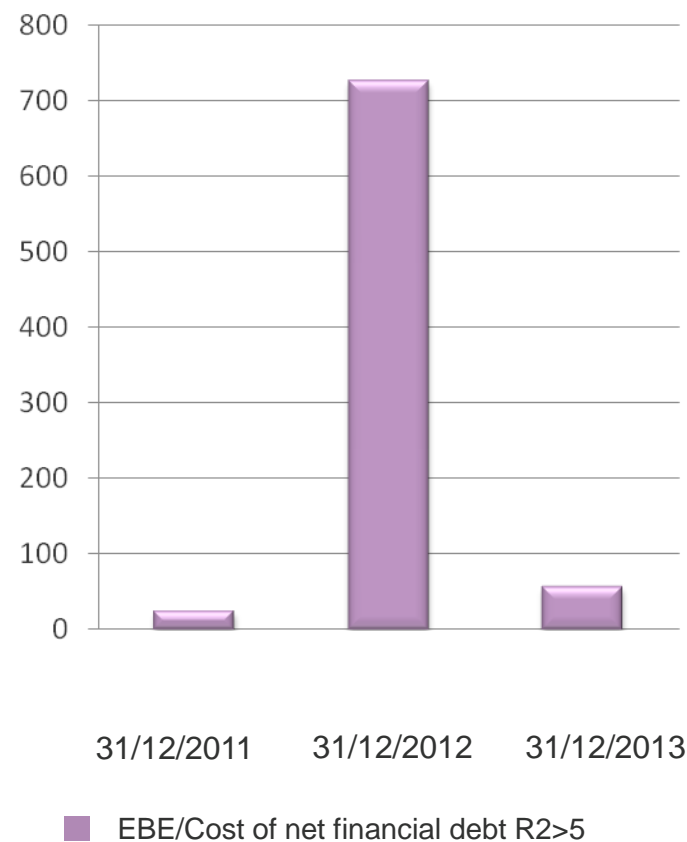
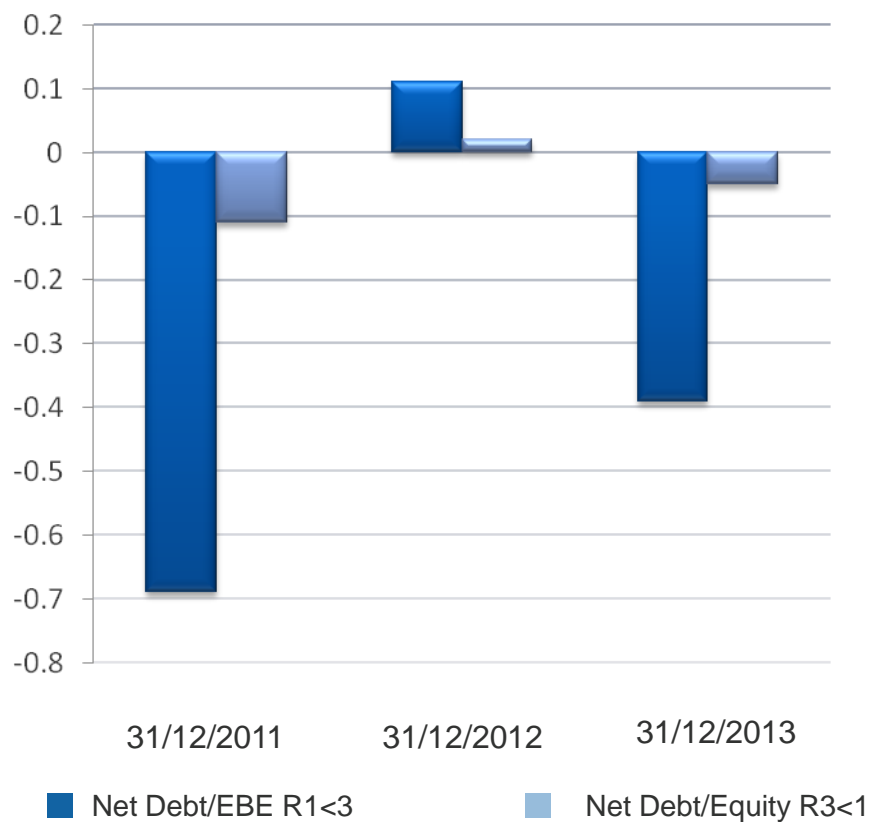
- Equity balance improved in 2013 with the Profit for the period

# Cash Flow Statement

<i>In millions of euros</i>	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>
<b>Net profit for the period</b>	<b>35.6</b>	<b>24.7</b>	<b>21.5</b>
Net charges to amortizations, depreciations and provisions	8.0	5.8	4.4
Other income and expense items	1.7	0.6	0.3
<b>Cash from operations after cost of net debt and tax</b>	<b>45.3</b>	<b>31.1</b>	<b>26.2</b>
Changes to operating working capital requirements	(3.6)	(10.8)	8.1
Costs of net financial debt	0.7	0.1	1.6
Income tax paid net of accrual	(14.1)	(0.2)	(0.6)
<b>Net cash from operating activities</b>	<b>28.3</b>	<b>20.2</b>	<b>35.3</b>
<b>Net cash used in investing activities</b>	<b>(3.6)</b>	<b>(45.6)</b>	<b>(3.6)</b>
Proceeds on shares issued	2.2	2.1	61.2
Dividends paid	(7.1)	(5.0)	(21.8)
Change in current account - Sopra Group	-	-	(68.4)
Change in loan	(4.4)	40.0	-
Net interest paid	(0.7)	-	(1.6)
Other changes	0.3	0.1	(0.2)
<b>Net cash from (used in) financing activities</b>	<b>(9.7)</b>	<b>37.2</b>	<b>(30.8)</b>
Effect of foreign exchange rate changes	(1.2)	(0.1)	0.5
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>13.8</b>	<b>11.7</b>	<b>1.4</b>
Opening cash position	35.4	23.7	22.3
<b>CLOSING CASH POSITION</b>	<b>49.2</b>	<b>35.4</b>	<b>23.7</b>

- Our Cash from Operations improved by 28.3 M€ in 2013
- Our Free Cash Flow was 24.7 M€

# Financial Structure – Covenants 2013



- All bank covenants clearly met



# No change on Axway shareholder structure

31/12/2013

20,465,177 SHARES OUTSTANDING

Sopra Group	Pasquier Family	Odin Family	Managers	Sopra GMT	Geninfo (SG Group)	Caravelle	Public	Treasury Shares
25.7%	0.1%	1.2%	2.5%	21.4%	8.8%	12.6%	27.6%	0.1%

Pact of Shareholders (59.7%)

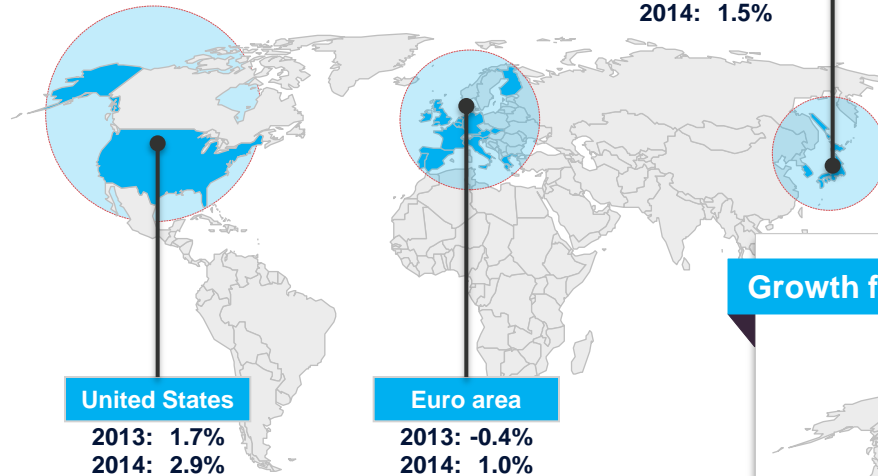


# Positioning and strategy

**Christophe Fabre, Chief Executive Officer**

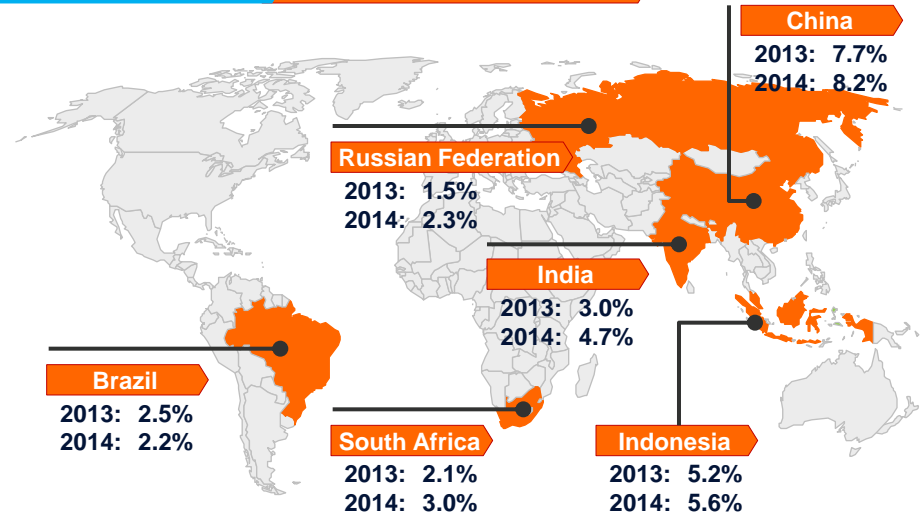
# Global growth

## Growth forecast



## Growth forecast

## Emerging economies



	2011	2012	2013	2014	2015
France	2.0	0.0	0.2	1.0	1.6
Germany	3.4	0.9	0.5	1.7	2.0
United Kingdom	1.1	0.1	1.4	2.4	2.5
United States	1.8	2.8	1.7	2.9	3.4
Euro area (15 countries)	1.6	-0.6	-0.4	1.0	1.6
Brazil	2.7	0.9	2.5	2.2	2.5
China	9.3	7.7	7.7	8.2	7.5
Russian Federation	4.3	3.4	1.5	2.3	2.9

Source OECD

# Middleware spending Worldwide

- The Gartner «Forecast: Enterprise Software Markets, Worldwide, 2010-2017 4Q13 Update», estimated enterprise application infrastructure and middleware software revenues at **21.3Md\$** in 2013. This segment should target **28.6Md\$** in 2017

Cloud impact

CAGR = 7.5%

Mobile impact

Source: Gartner, Forecast : Enterprise Software Markets, Worldwide, 2010-2017, 4Q13 Update, by Laurie Wurster, Joanne Correia, Fabrizio Biscotti, Matthew Cheung, Ruggero Contu, David Coyle, Federico de Silva Leon, Yanna Dharmasthira, Tom Eid, Chad Eschinger, Colleen Graham, Bianca Granetto, Neil McMurchy, Vassil Mladjov, Chris Pang, Asheesh Raina, Dan Sommer, Bhavish Sood, Hai Hong Swinehart, Michael Warrilow, Jin-Sik Yim and Jie Zhang, 13 December 2013

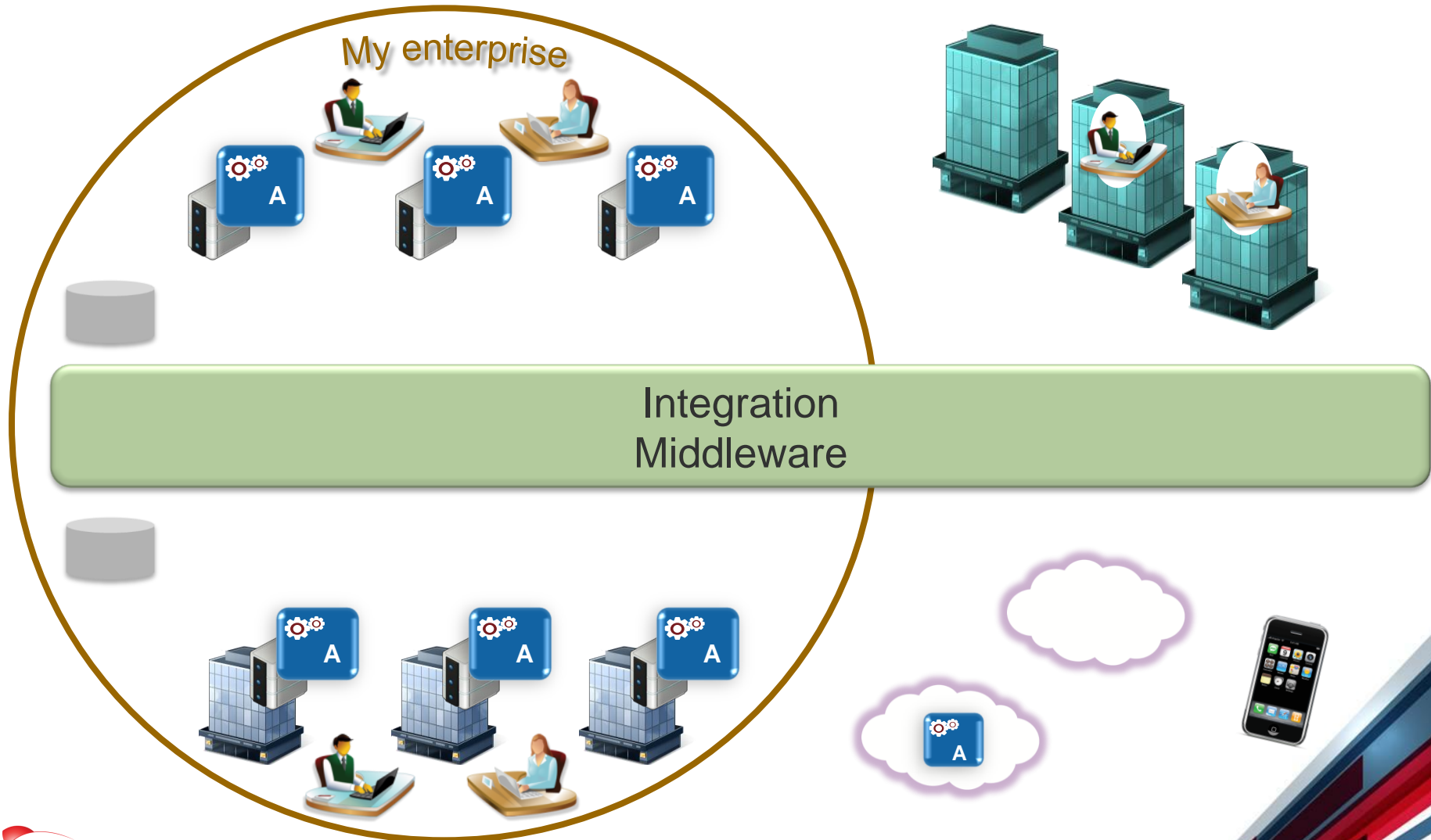
# Evolution of the adaptable enterprise

*“Nimble and secure.*

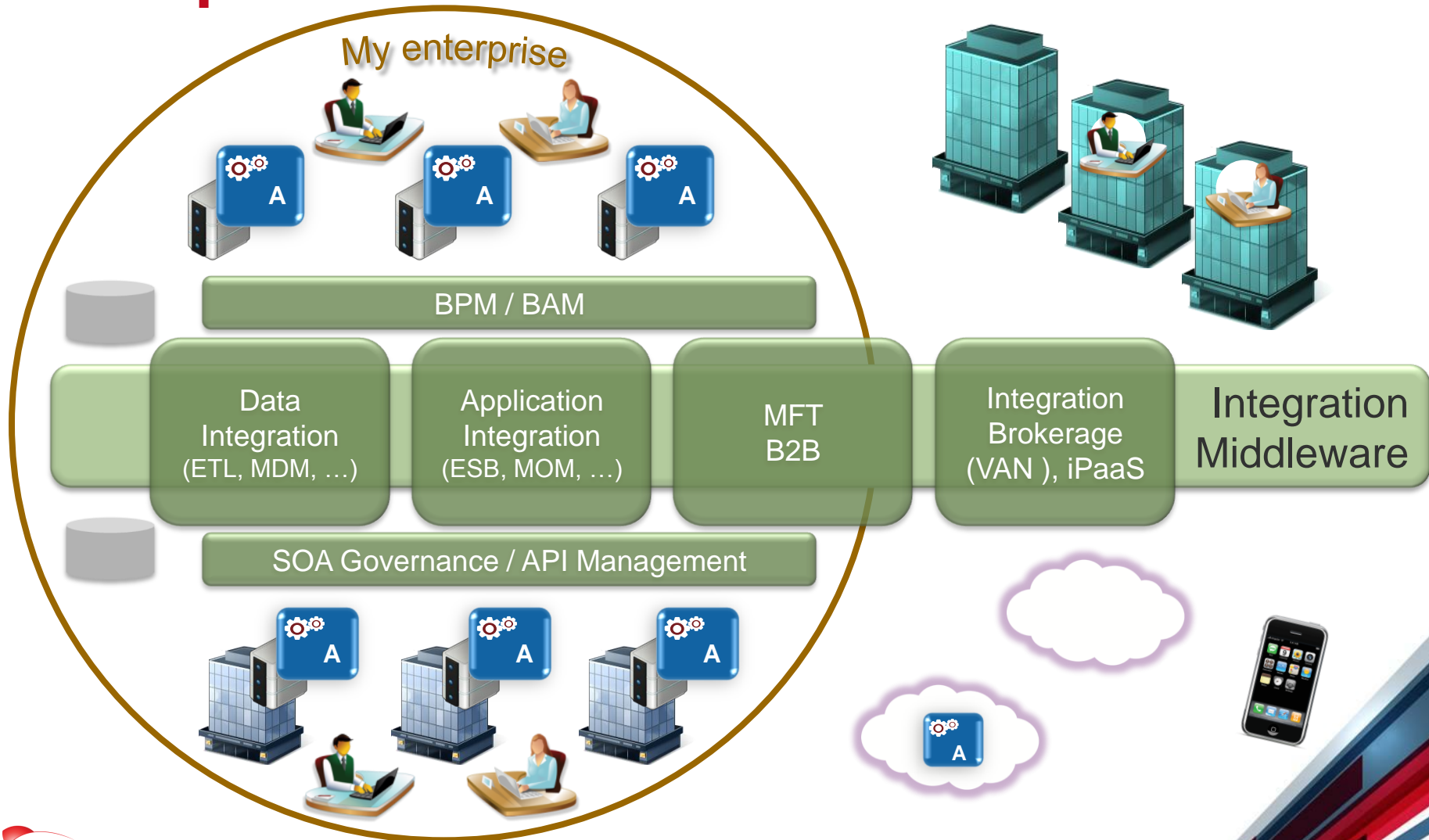
*The pace of digital disruption makes the future less predictable, and this unpredictability requires a different type of application and infrastructure architecture — one that can rapidly adapt to changing needs, variable scale, and different workloads. Firms must also deal with the fact that information has never been more available and IT has never been more open, which demands better security capability as well”*

Source: “Top Technology Trends To Watch: 2014 To 2016,” Forrester Research, Inc., 4 November 2013

# Market segment: *Integration Middleware*

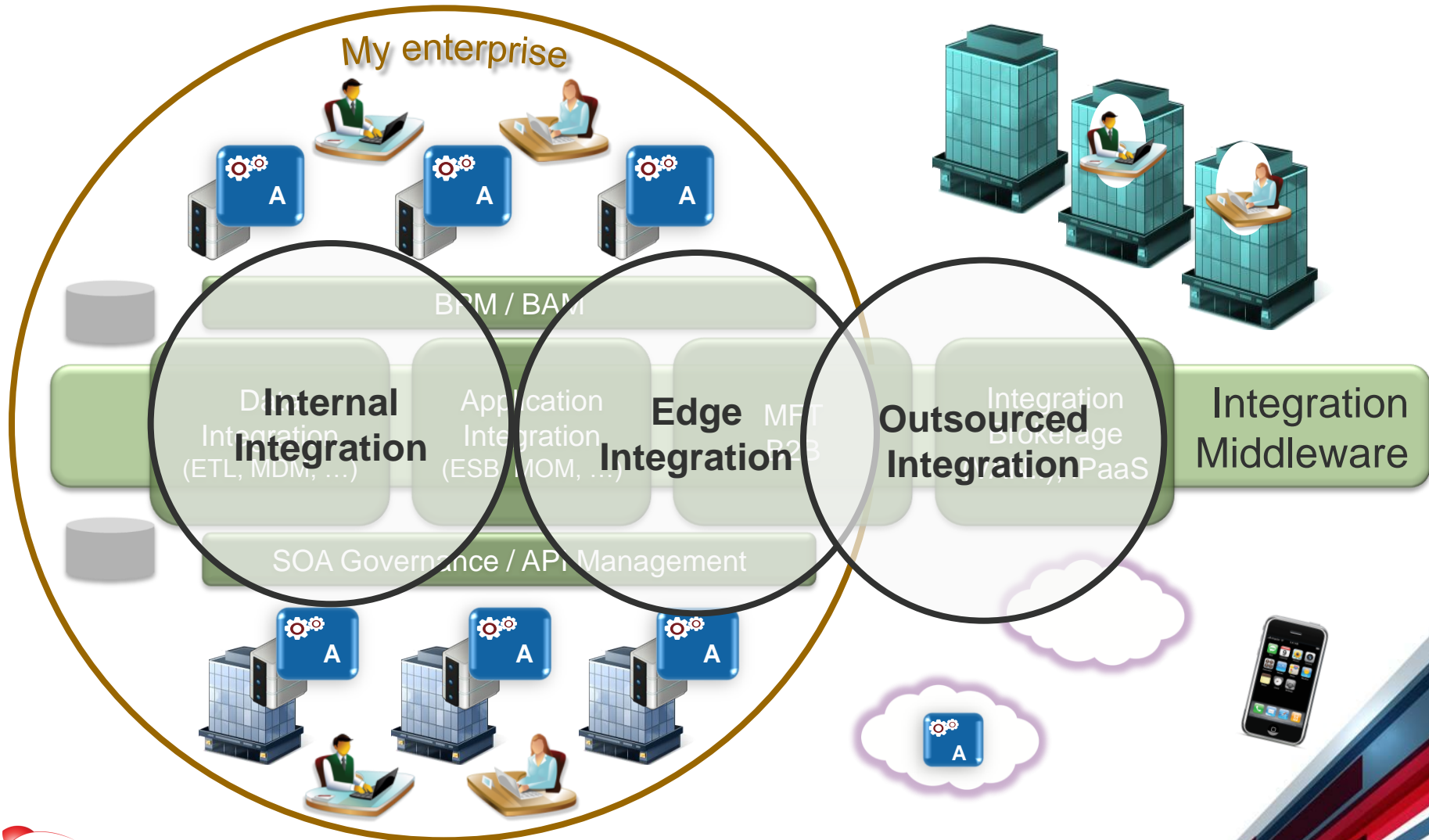


# Market: segmentation from a technology viewpoint



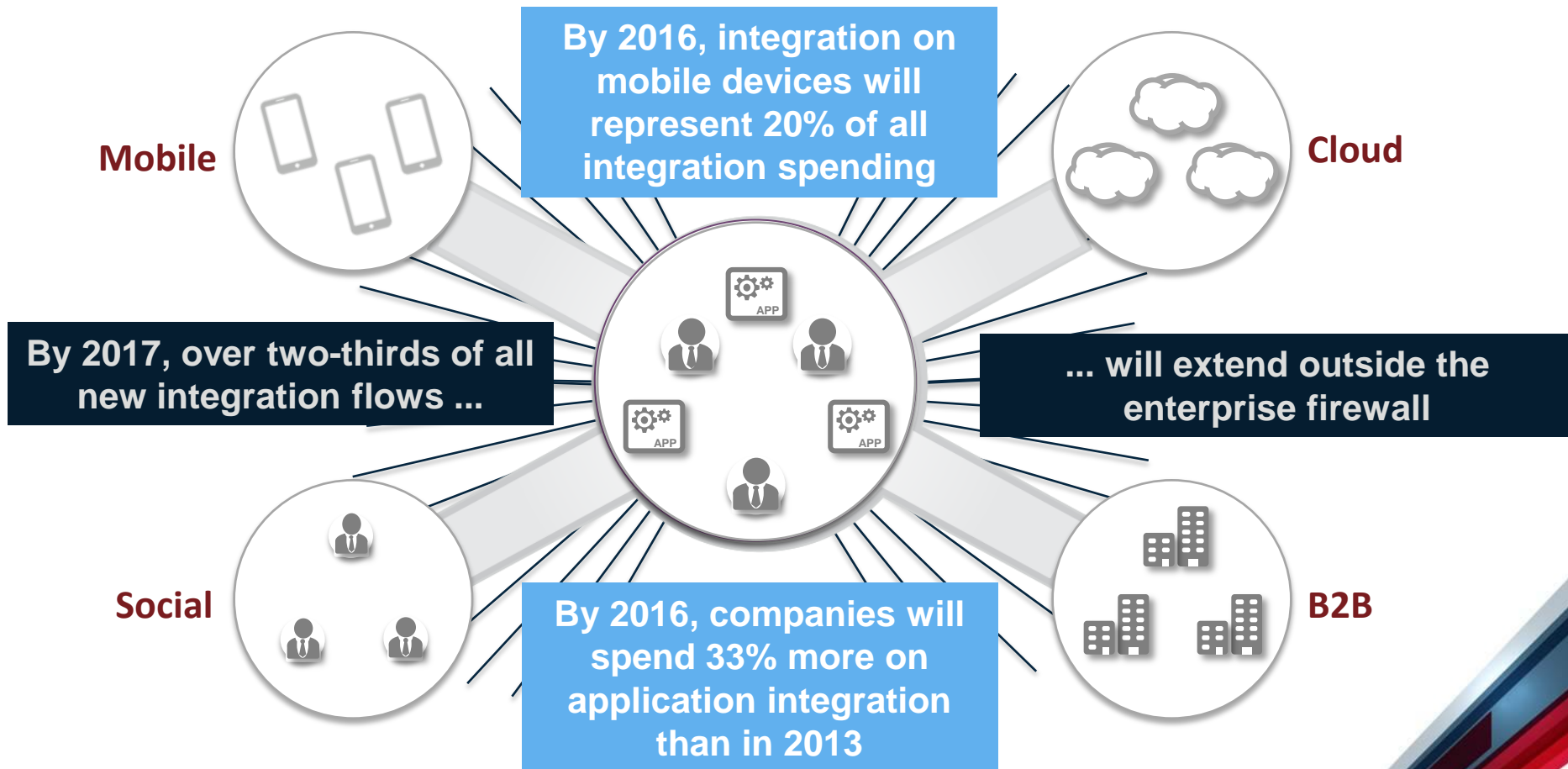


# Axway differentiated market positioning





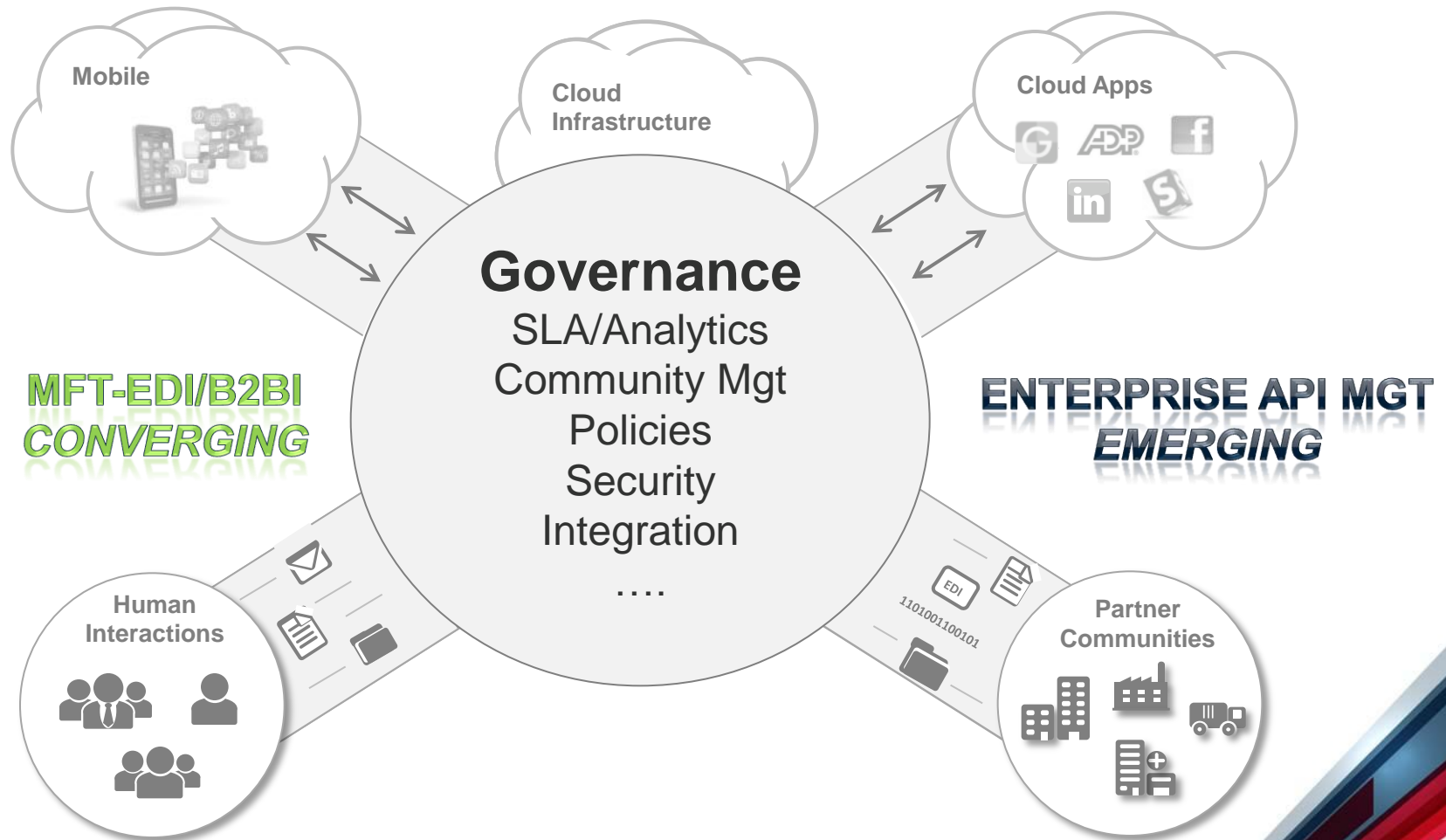
# B2B, Cloud, Mobile, Social: business interactions are exploding



Source: "Predicts 2013: Application Integration" - Gartner, 14<sup>th</sup> November 2012

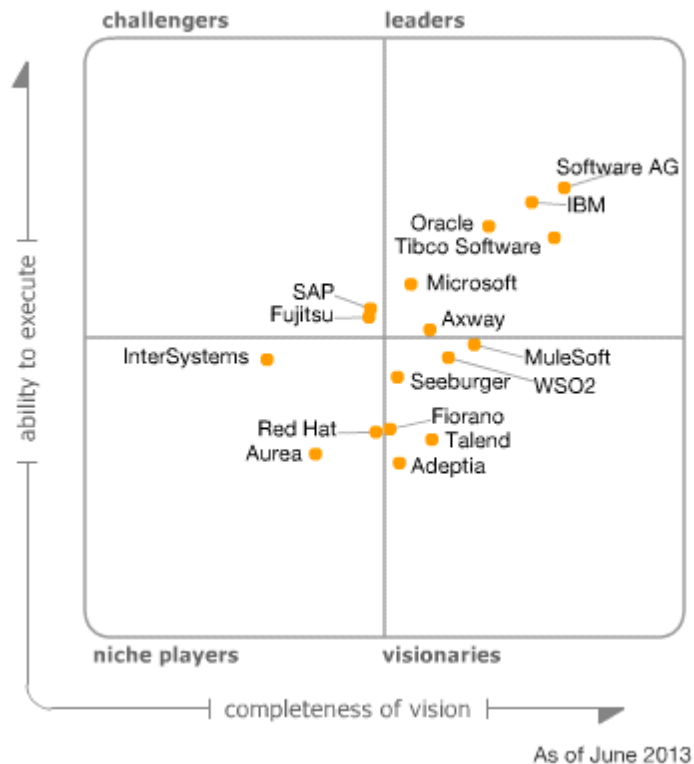
# Govern the Flow of Data

## Axway 5 Suite (Launched in February 2013)



# Axway Positioned as a Leader in Two Gartner Magic Quadrants

On-Premises Application Integration Suites Magic Quadrant

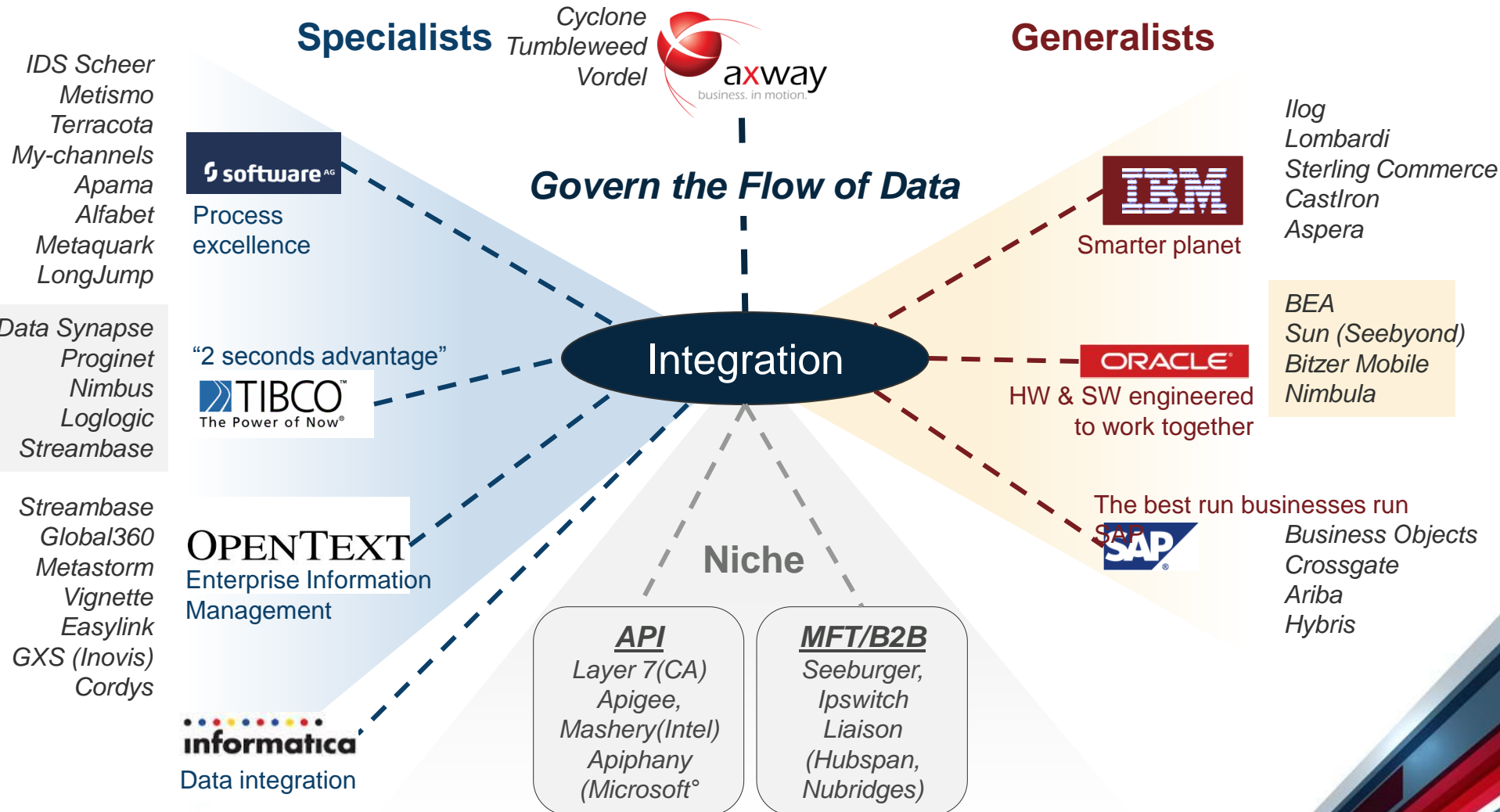


Application Services Governance Magic Quadrant



Gartner "Magic Quadrant for On-Premise Application Integration Suites" by Jess Thompson, Yefim V. Natis, Massimo Pezzini, Daniel Sholler, Ross Altman, Kimihiko Iijima, 27 June 2013. Gartner "Magic Quadrant for Application Services Governance" by Paolo Malinverno, Daryl C. Plummer, Gordon Van Huizen, 8 August 2013. These graphics were published by Gartner, Inc. as part of a larger research document and should be evaluated in the context of the entire document. The Gartner documents are available upon request from Axway. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

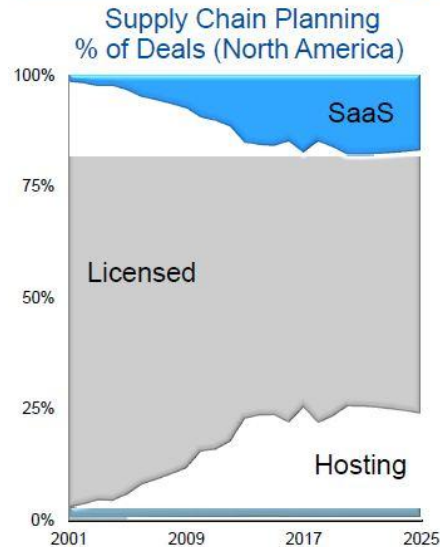
# Axway's competitive landscape



# Axway confirms his project

- Digital economy opportunity
- Governing the flow of data
- Axway5 business opportunities
- Vision adapted, in line with the \$500M project
- New acquisitions to reinforce the project

## Software: Cloud is Not as Big as You Think



- Traditional on-premises vendors feel increasing competitive pressure
- Hosting solutions rebranded as cloud in an effort to gain awareness
- Educated buyers recognize difference between SaaS and Hosting
- Similar levels of integration regardless if on-premise or Cloud
- SaaS offerings complement and coexist with traditional deployments (Hybrid)

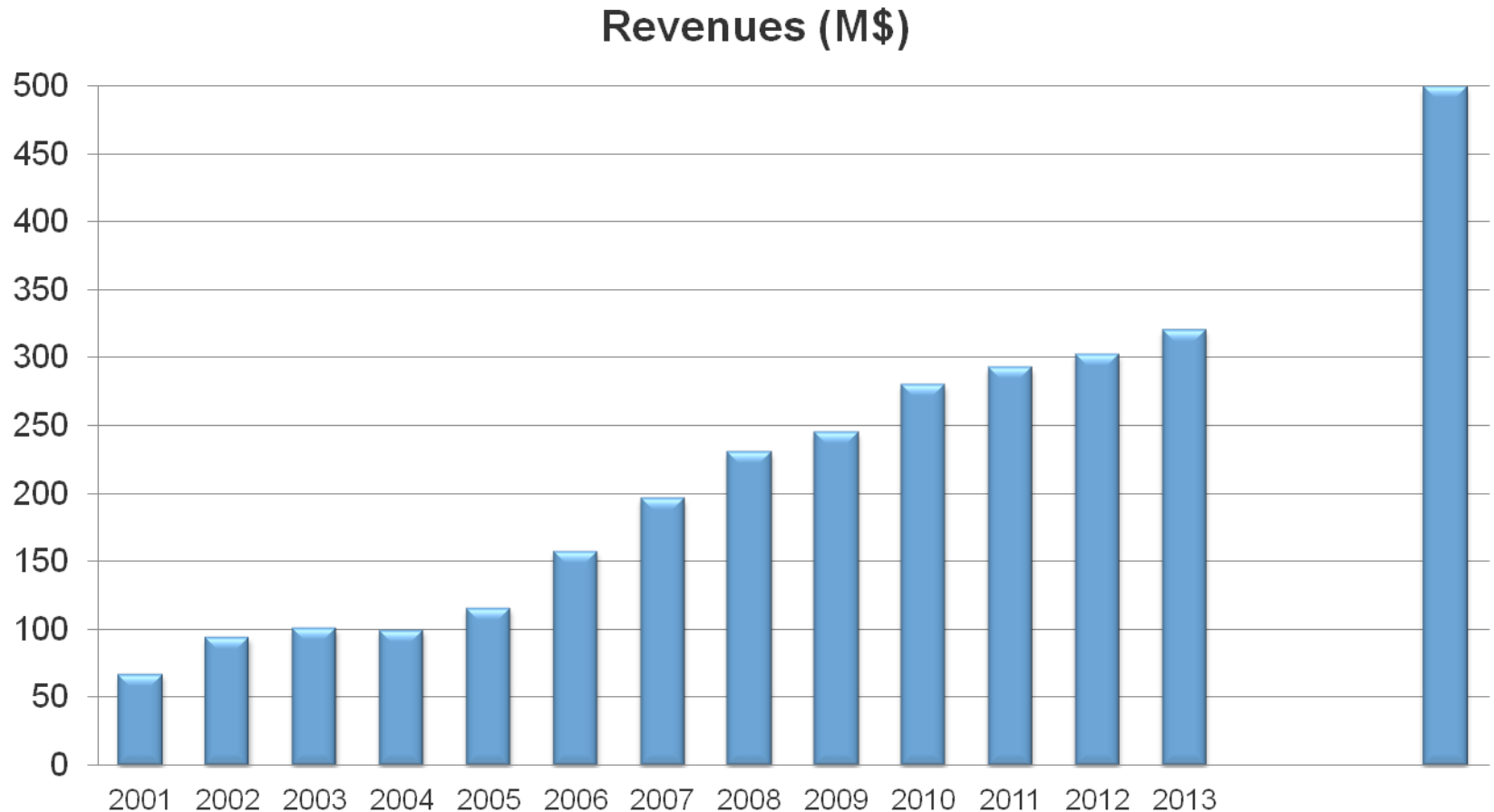
Source: Gartner, "IT Spending Forecast, 4Q13 Update: What Will Grab Headlines in 2014?" webinar, John-David Lovelock, Ranjit Atwal, Chad Eschinger, Kathey Hale, William Hahn and Jon Hardcastle, 14 January 2014

# We confirm the project

- Economic resilience in an unfavourable environment
- Vision adapted, in line with the \$500M project
  - Governing the Flow of Data
- New offering for a broader market reach
  - Offering: Axway 5 Suite
  - Acquisition of Vordel
- Strengthened operating structure



# Adapt to achieve the \$500 million project



Conversion rate at 1.35



# Outlook for 2014

- Slow economic environment
- IT context is evolving
- Axway continues its transformation
  - Leveraging Digitalization and improving operational efficiency
    - API, Governance and Cloud as new foundation
  - Possible new acquisitions
    - Develop Axway Suite
    - Develop the network and the client base
- Guidance
  - Significant total growth
  - Operating margin maintained



# It's time for Q & A

11,000+  
customers

1,783+  
employees

237.5M€  
15.8% margin

Governing Flow  
of data





# Thank you, Q&A

<http://www.finance.axway.com/>