



# Investor Presentation

March 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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# INDEX

- Software Digital Transformation
- Offer
- Business Model
- Accounting and Financial Results
- Corporate Profile
- Perspectives



# Axway, at a glance

Rev. **€299.8million**  
OPM **13.5%**  
FCF/Rev **8.3%**

Named a leader in the Gartner MQ for Content Collaboration Platforms. Formerly referred to as Enterprise File Synchronization and Sharing. (July 2017)

Equity **€344.1 million**  
Cash **€28.1 million**  
Net Debt **€20.6 million**

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

Dual nationality FR/US  
19 locations worldwide

**1,839 employees**

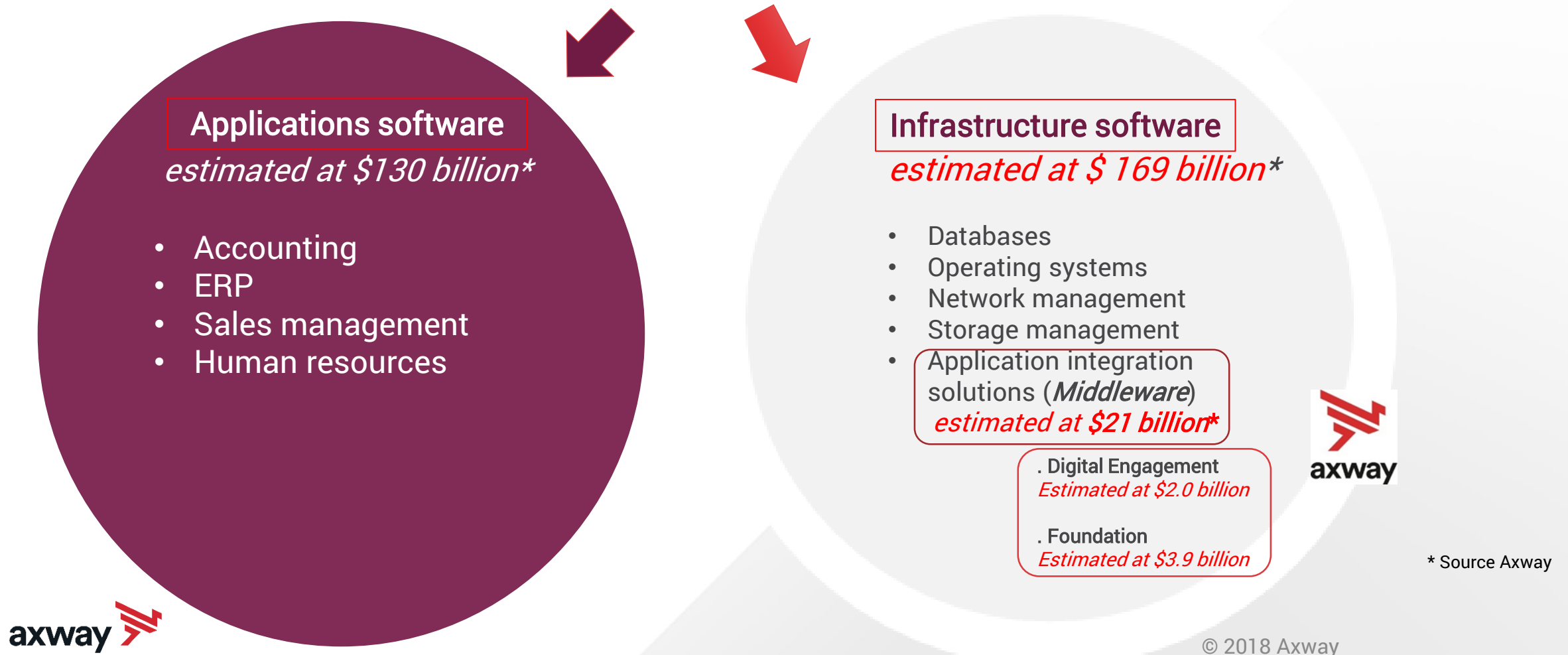


# Software Digital Transformation

MARKET DRIVERS

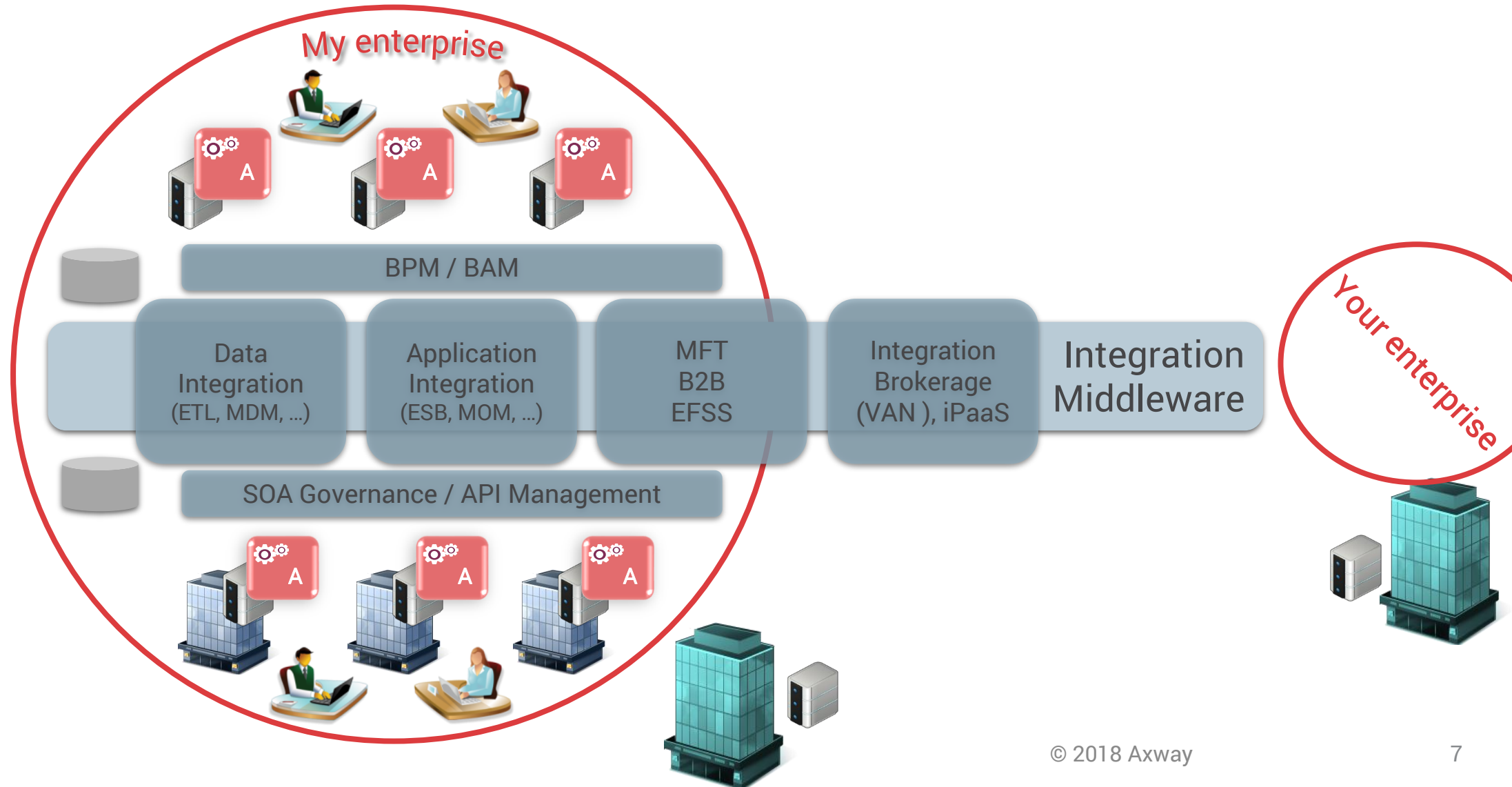
# Axway Market Origin: Infrastructure Software

- Software market estimated at \$300 billion\*



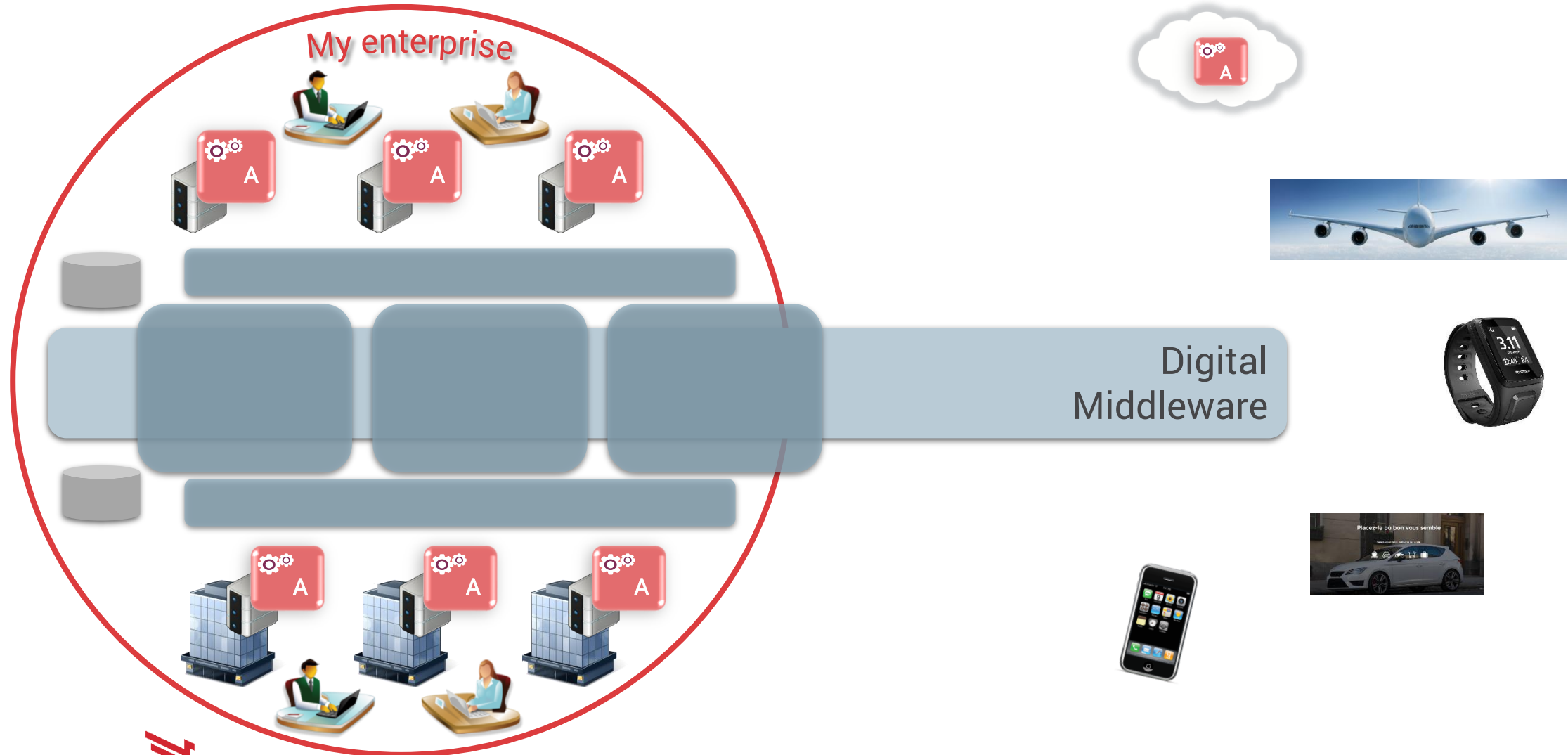
# Market origin: technology viewpoint

Axway addressable Market (\$4 billion →)



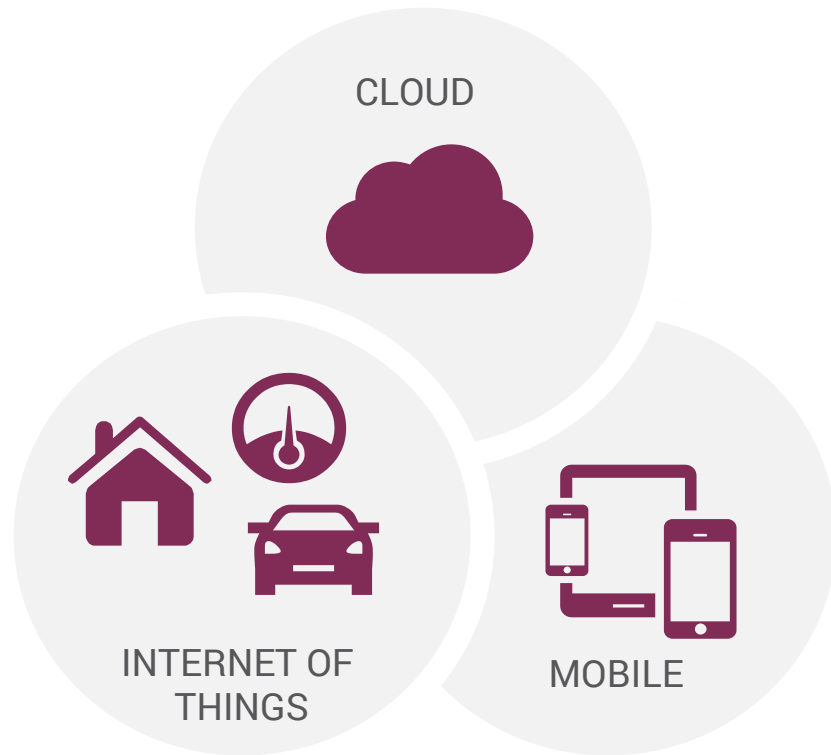
# Market evolution: technology viewpoint

Axway addressable Market (\$2 billion ↗)





# Digital technology impact: new domains



## DIGITAL DISRUPTION 2020

Cloud Creates  
\$240 Billion  
Market  
Opportunity

Mobile Spans  
80% of  
Developed World

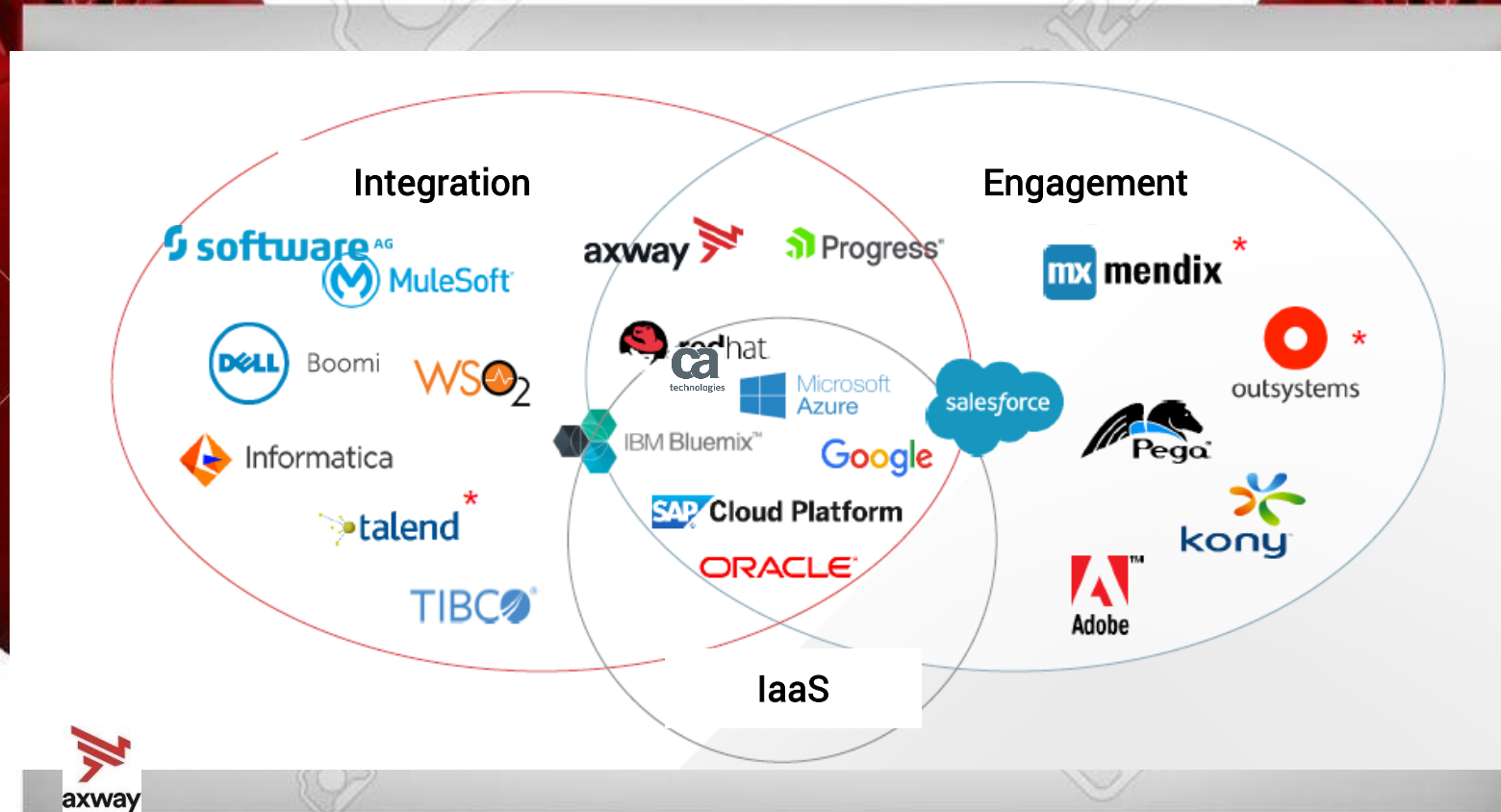
Internet of Things  
Drives 25 Billion  
Connected  
Machines

# Digital technology impact : B2B and B2C are converging



# Competitive & Market Landscape

*From traditional middleware scope to Platform providers*

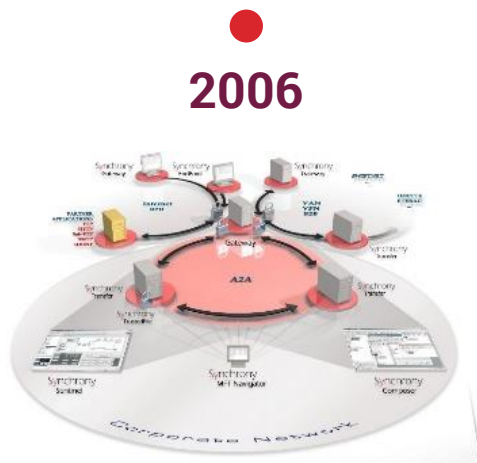
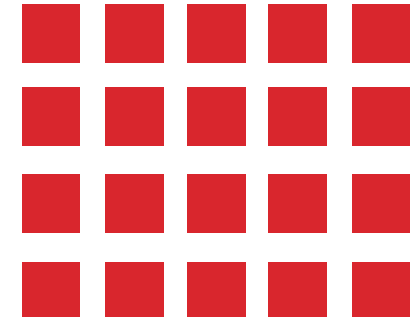


# Software Digital Transformation

AXWAY OFFER



# What's changed?



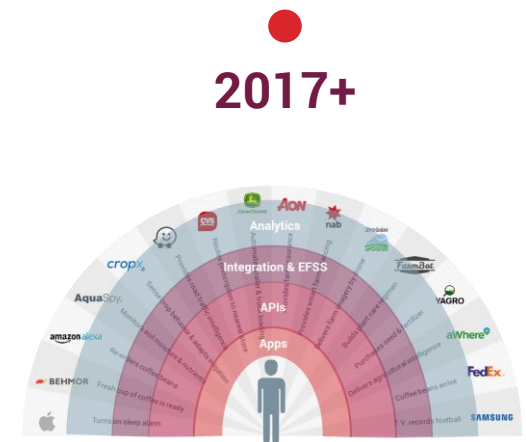
## Mainframe monolith



## Client and Server



# SOA and Webservices



# Cloud and microservices

## Contenairization

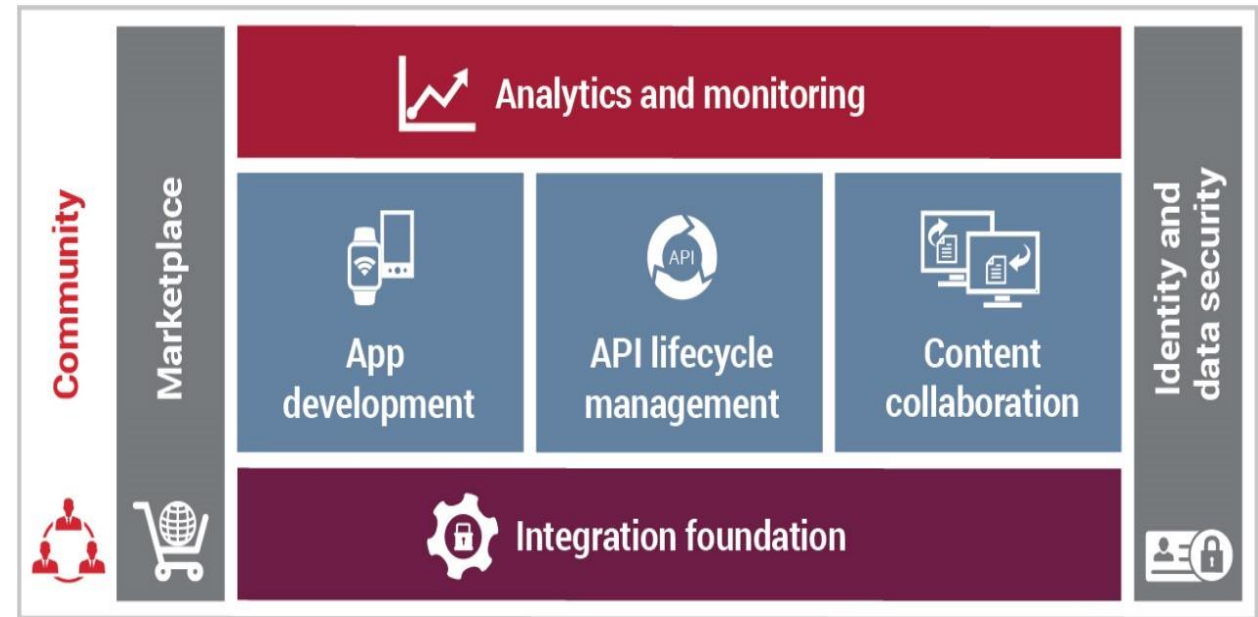


# Axway AMPLIFY™

## 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.

### Axway AMPLIFY™ Platform



# Leveraging industry-leading products

## API Management Plus

Open up data and engage developers to innovate new experiences

## Decision Insight

Analyze service levels and adoption with real-time, predictive insights

## Axway Appcelerator

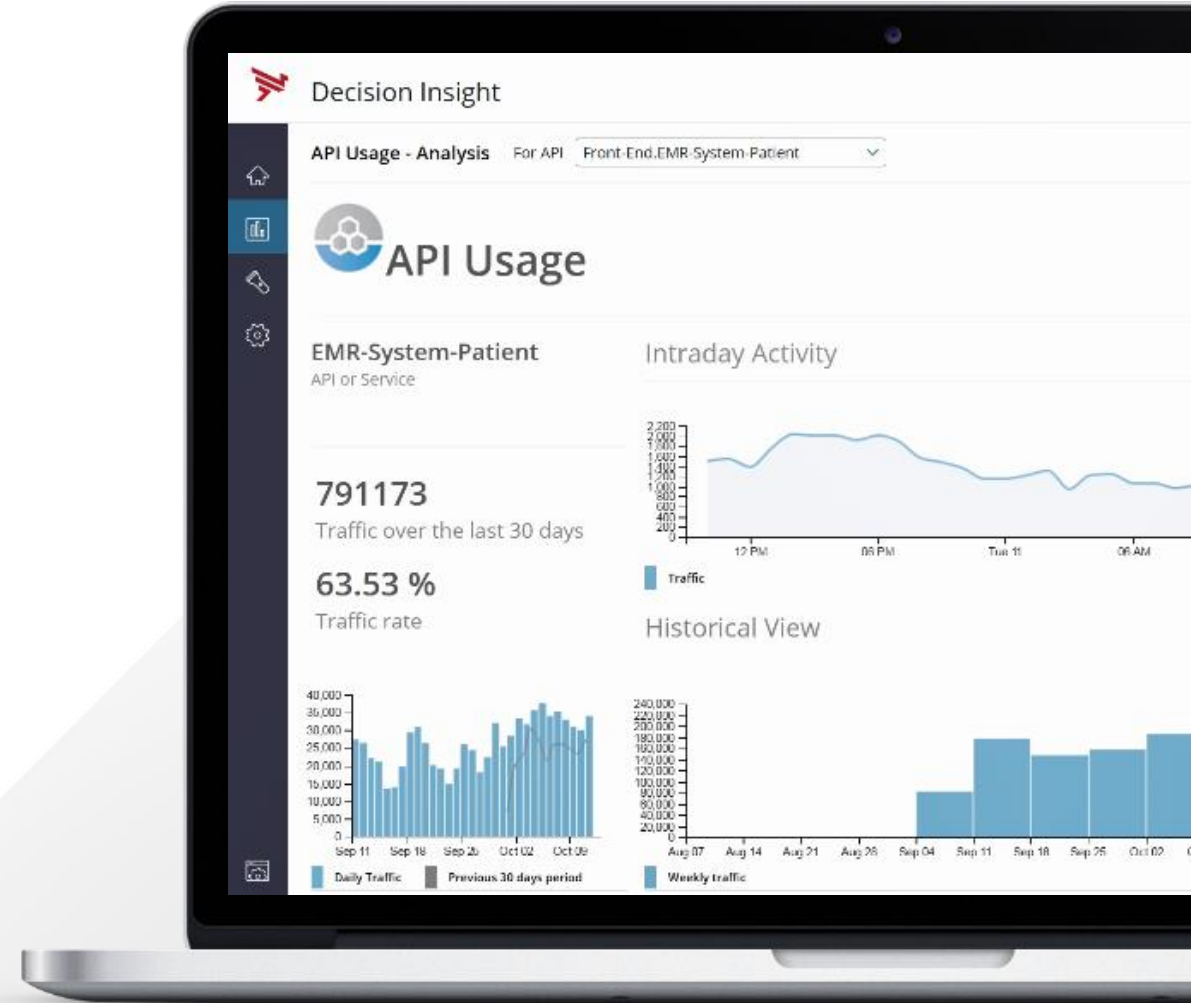
Build beautiful apps that delight users with a seamless digital journey

## SecureTransport / B2Bi, CG/CFT

Secure and consolidate file transfers and streamline B2B processes

## Axway Syncplicity

Secure Enterprise File Sync and Share



# Industry analyst recognition

**Leader**

Full Life Cycle API  
Management

**Leader**

Applications Services  
Governance

**Leader**

On-Premises Application  
Integration Suites

**Gartner**

**Leader**

API Management  
Solutions



**Strong Performer**  
API Management  
Solutions, Q4 2016

**Strong Performer**  
Mobile Development  
Platforms, Q4 2016



**Leader**

Pharmaceutical Track  
and Trace Software

**Leader**

B2B Integration Gateway  
Software



**Leader**

API Security  
Management Solutions



# Axway portfolio segmentation

## INTEGRATION FOUNDATION

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

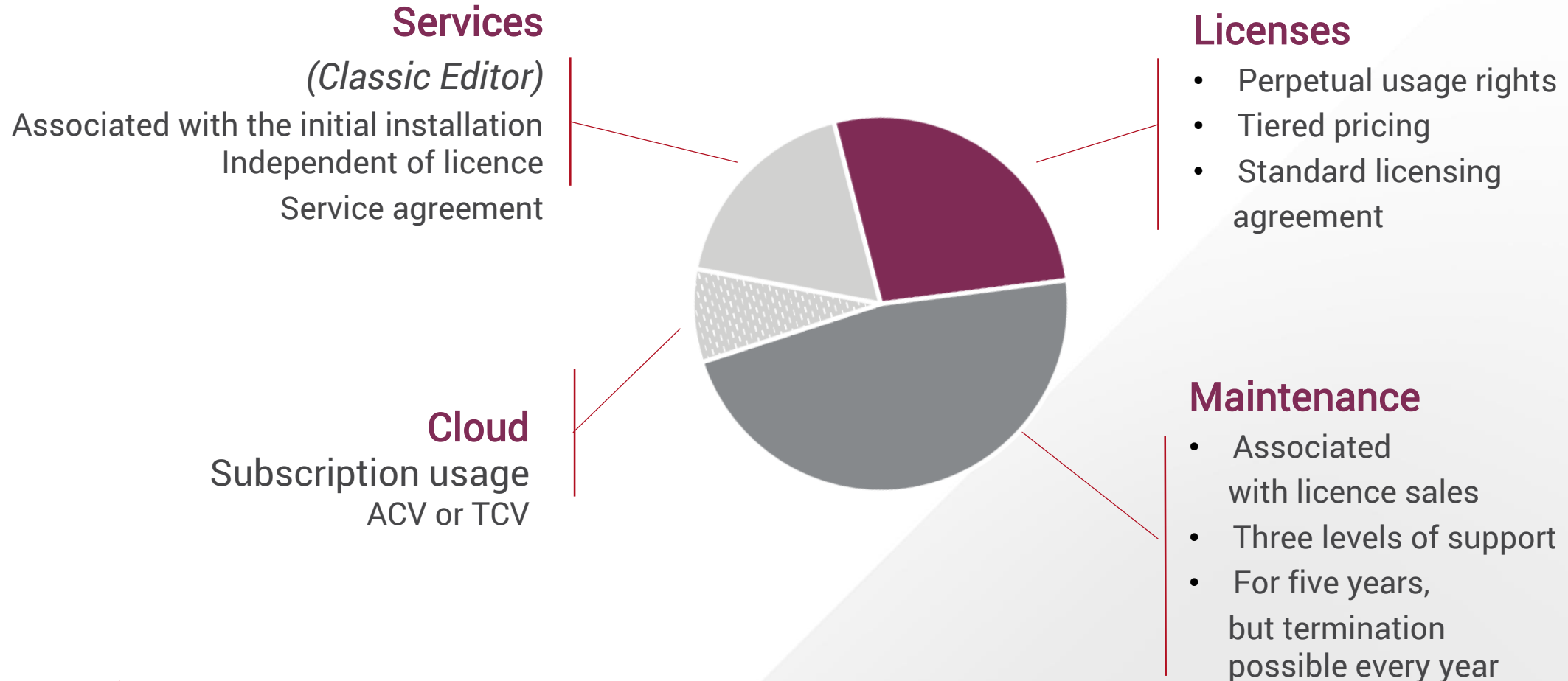
## ECOSYSTEM ENGAGEMENT

Analytics  
API Management  
Identity Federation & Validation  
EFSS  
Mobile App Development

# Axway Business Model

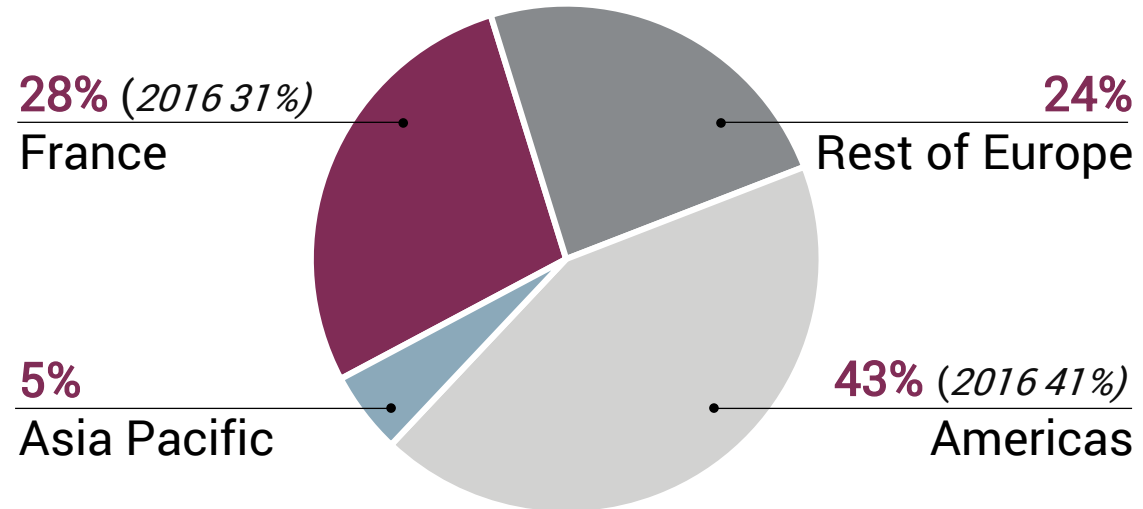


# Axway Business Model: 4 sources of revenue in 2017

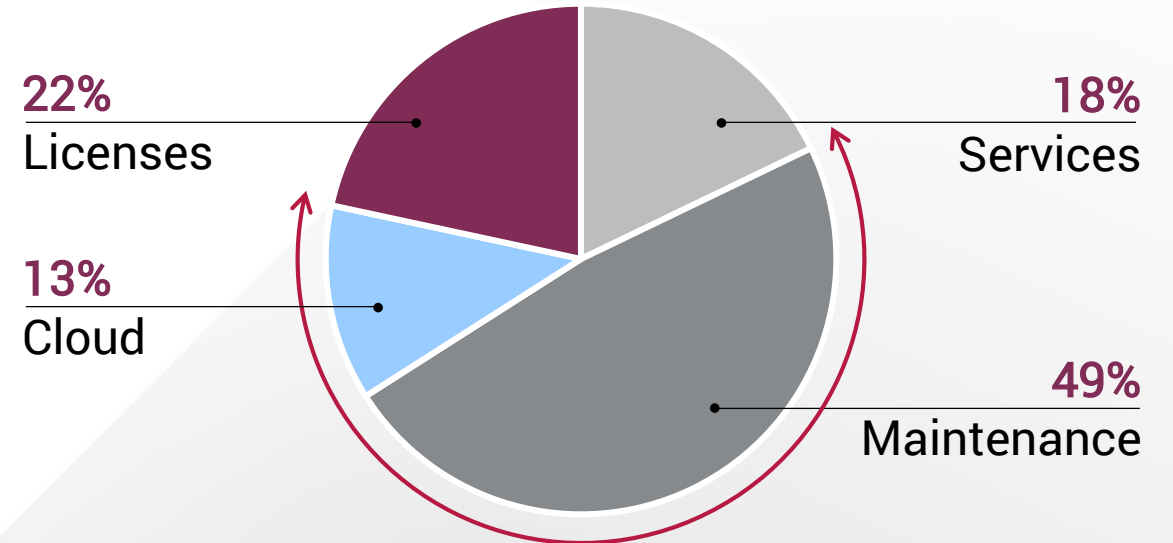


# 2017 Balanced and resilient business model

## By Region



## By Activity



**61%**  
Vs 54%  
Recurring/R

# Revenue by activity FY 2017

| [€M]         | 2017         | 2016<br>Published | 2016<br>Restated <sup>1</sup> | Total<br>Growth | Organic<br>Growth <sup>1</sup> |
|--------------|--------------|-------------------|-------------------------------|-----------------|--------------------------------|
| 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%                          |
| <b>Axway</b> | <b>299.8</b> | <b>301.1</b>      | <b>311.6</b>                  | <b>-0.4%</b>    | <b>-3.8%</b>                   |

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

# Revenue by region FY 2017

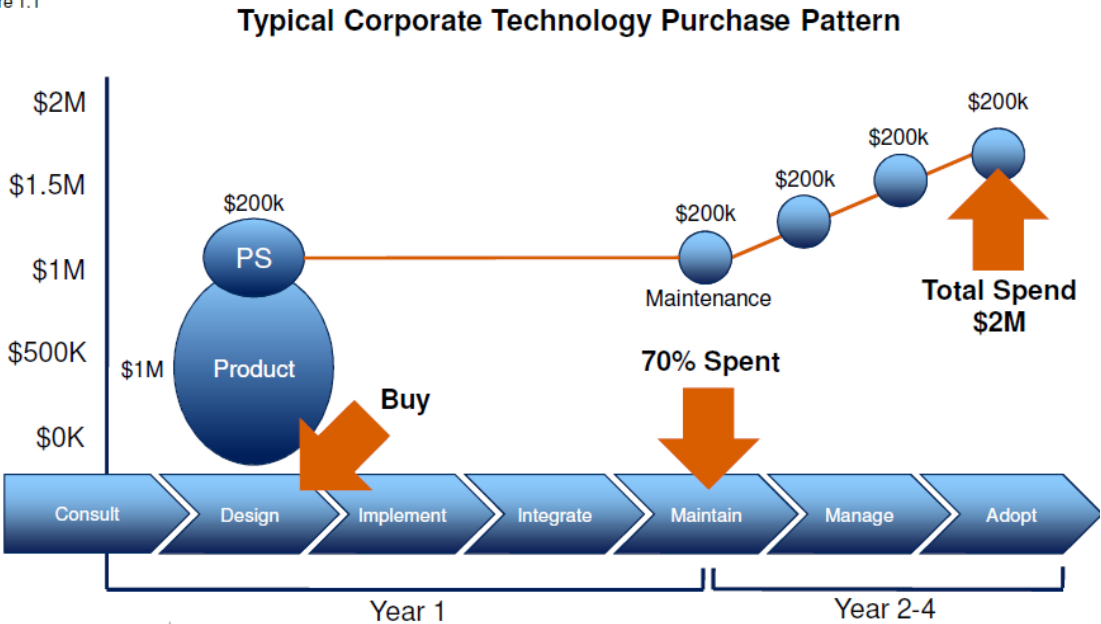
| [€M]           | 2017         | 2016<br>Published | 2016<br>Restated <sup>1</sup> | Total<br>Growth | Organic<br>Growth <sup>1</sup> |
|----------------|--------------|-------------------|-------------------------------|-----------------|--------------------------------|
| France         | 83.8         | 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%                           |
| <b>Axway</b>   | <b>299.8</b> | <b>301.1</b>      | <b>311.6</b>                  | <b>-0.4%</b>    | <b>-3.8%</b>                   |

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

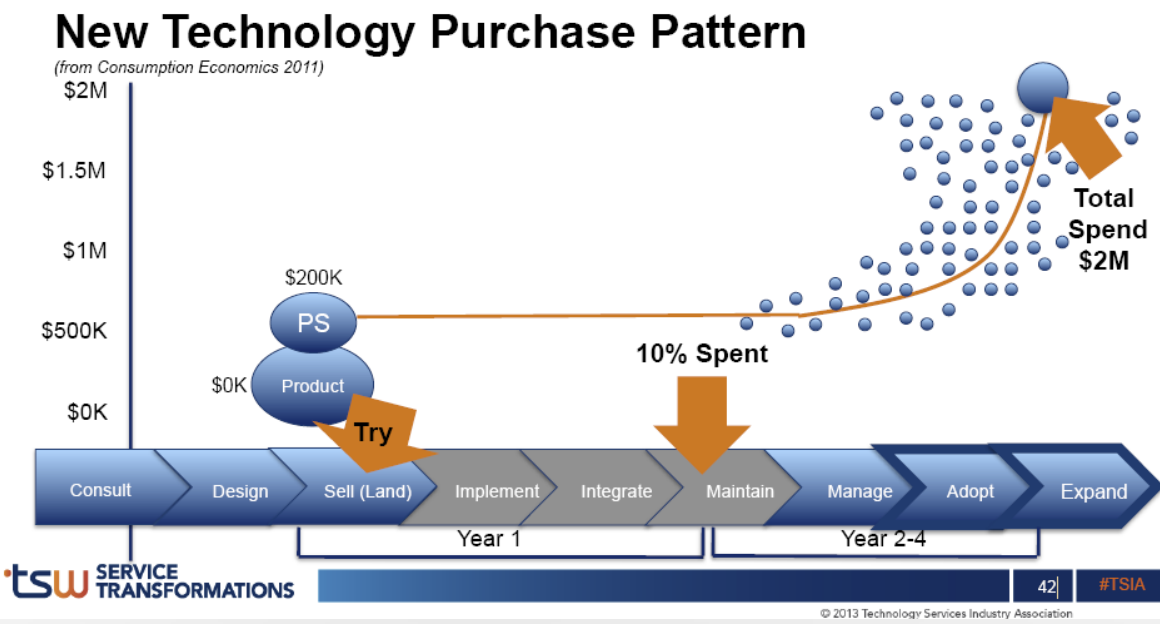
# Business Model transformation

## Traditional Model – Upfront Sales

Figure 1.1



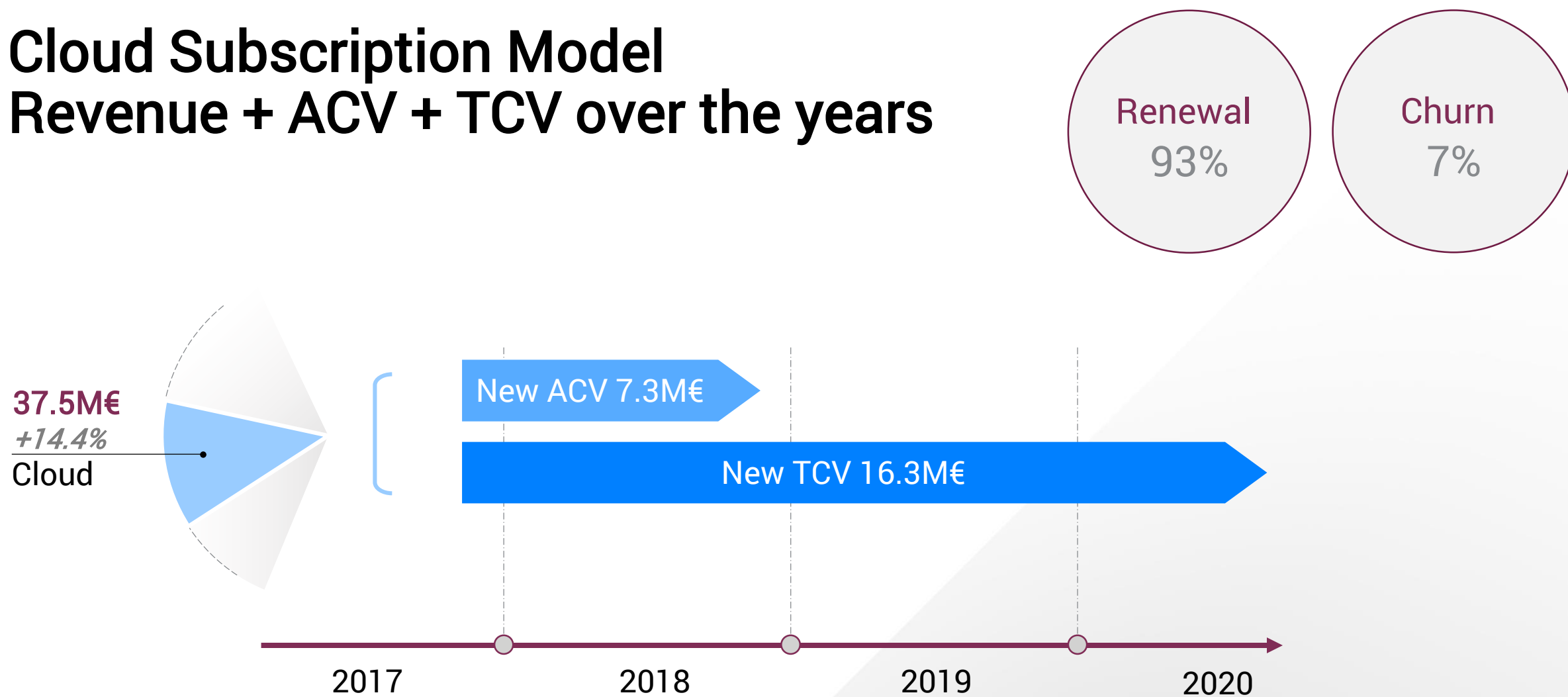
## New Model – Long Tail Sales



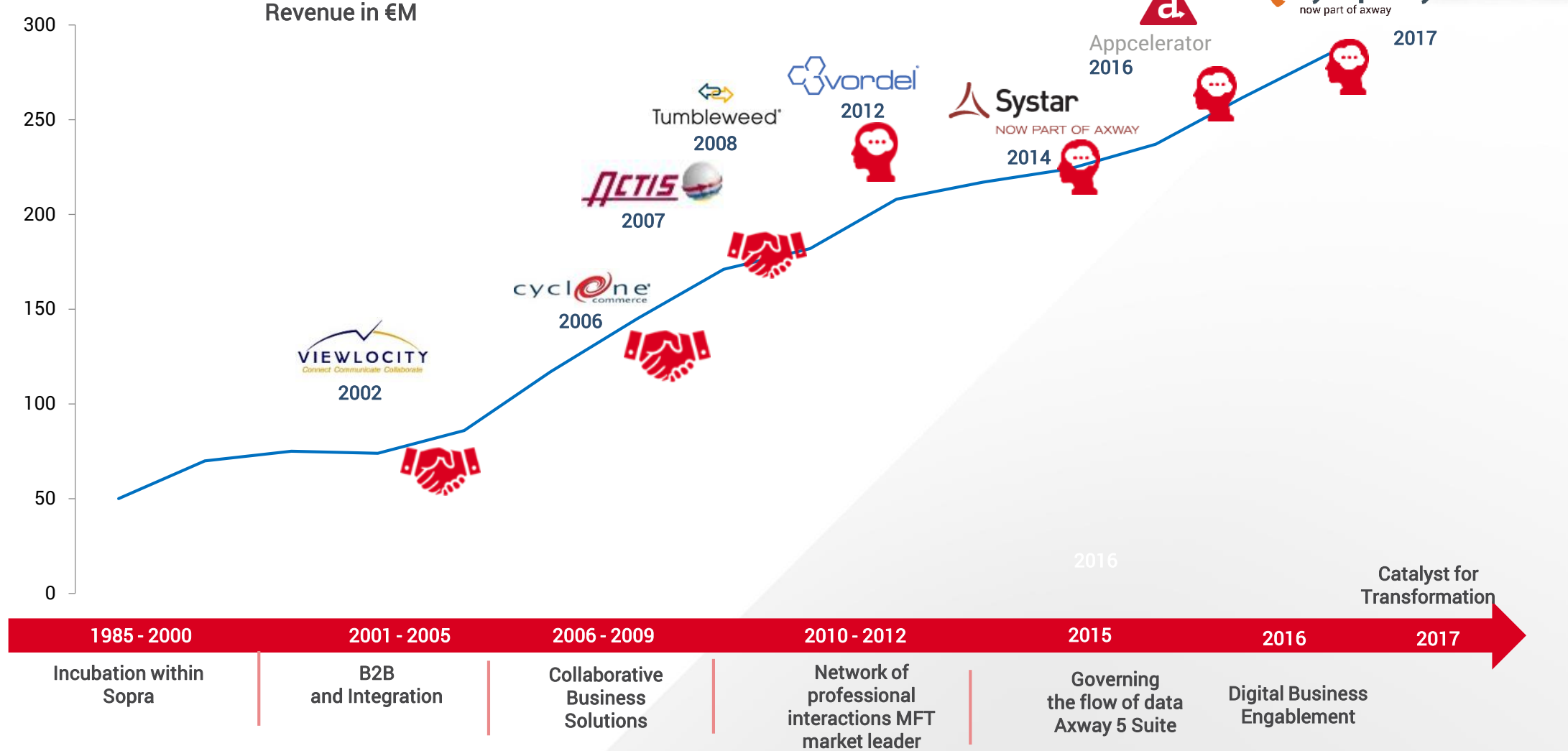


# Cloud Subscription Model

## Revenue + ACV + TCV over the years



# A composite growth model: organic + acquisition





# Accounting & Financial Results

# Simplified income statement 1/2

*In millions of euros*

|                                       | FY 2017      | FY 2016      | FY 2015      |
|---------------------------------------|--------------|--------------|--------------|
| <b>Revenue :</b>                      |              |              |              |
| 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         |
| <b>Total Revenue :</b>                | <b>299.8</b> | <b>301.1</b> | <b>284.6</b> |
| <b>Costs of sales:</b>                |              |              |              |
| Product Revenue                       | 23.8         | 23.7         | 23.2         |
| Cloud                                 | 21.1         | 12.7         | 12.6         |
| Services                              | 43.3         | 50.3         | 50.7         |
| <b>Total Costs of sales :</b>         | <b>88.2</b>  | <b>86.6</b>  | <b>86.4</b>  |
| <b>Gross profit:</b>                  | <b>211.6</b> | <b>214.4</b> | <b>198.3</b> |
| <i>as a % of Revenue</i>              | <i>70.6%</i> | <i>71.2%</i> | <i>69.7%</i> |
| <b>Operating expenses :</b>           |              |              |              |
| Sales and marketing                   | 83.8         | 81.9         | 81.9         |
| Research and development              | 59.4         | 53.3         | 46.0         |
| General and administrative            | 27.9         | 28.4         | 25.9         |
| <b>Total operating expenses :</b>     | <b>171.1</b> | <b>163.7</b> | <b>153.8</b> |
| <b>Profit on operating activities</b> | <b>40.5</b>  | <b>50.8</b>  | <b>44.5</b>  |

# Simplified income statement 2/2

| <i>In millions of euros</i>             | FY 2017      | FY 2016      | FY 2015      |
|---|--------------|--------------|--------------|
| <b>Profit on operating activities</b>   | <b>40.5</b>  | <b>50.8</b>  | <b>44.5</b>  |
| <i>as a % of Revenue</i>                | <i>13.5%</i> | <i>16.9%</i> | <i>15.6%</i> |
| Stock option related expenses           | (1.3)        | (1.1)        | (0.6)        |
| Amortization of intangible assets       | (8.5)        | (7.9)        | (6.0)        |
| <b>Profit from recurring operations</b> | <b>30.7</b>  | <b>41.8</b>  | <b>37.9</b>  |
| <i>as a % of Revenue</i>                | <i>10.2%</i> | <i>13.9%</i> | <i>13.3%</i> |
| Other income and expenses               | (2.9)        | (6.7)        | (10.5)       |
| <b>Operating profit</b>                 | <b>27.7</b>  | <b>35.1</b>  | <b>27.4</b>  |
| Cost of net financial debt              | (1.1)        | (0.4)        | (0.4)        |
| Other financial revenues and expenses   | 1.8          | 0.5          | (1.3)        |
| Income taxes                            | (24.0)       | (3.7)        | 2.1          |
| <b>Net Profit</b>                       | <b>4.4</b>   | <b>31.5</b>  | <b>27.9</b>  |
| <i>as a % of Revenue</i>                | <i>1.5%</i>  | <i>10.5%</i> | <i>9.8%</i>  |
| Basic net earnings per share (in Euro)  | <b>0.21</b>  | <b>1.51</b>  | <b>1.35</b>  |

- 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     |
|---|--------------|--------------|--------------|
| <b>ASSETS</b>                                     |              |              |              |
| Goodwill  | 333.6        | 288.8        | 251.8        |
| <b>Non-current assets</b>                         | <b>420.7</b> | <b>402.7</b> | <b>347.5</b> |
| 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         |
| <b>TOTAL ASSETS</b>                               | <b>551.1</b> | <b>557.8</b> | <b>488.6</b> |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>       |              |              |              |
| <b>Total shareholders' equity</b>                 | <b>344.1</b> | <b>374.8</b> | <b>340.6</b> |
| Financial debt - long-term portion                | 47.8         | 35.5         | 7.5          |
| Other non-current liabilities                     | 22.5         | 10.3         | 15.7         |
| <b>Non-current liabilities</b>                    | <b>70.3</b>  | <b>45.7</b>  | <b>23.2</b>  |
| 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         |
| <b>Current liabilities</b>                        | <b>136.7</b> | <b>137.3</b> | <b>124.8</b> |
| <b>TOTAL LIABILITIES</b>                          | <b>207.0</b> | <b>183.0</b> | <b>148.0</b> |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> | <b>551.1</b> | <b>557.8</b> | <b>488.6</b> |

- 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 2016

# 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

# Free 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/<br>Costs of Debt<br>(covenant >5)          | 40.19    | 130      | 111      |
| Net Debt/<br>EBE<br>(covenant <3)               | 0.47     | -0.33    | -0.98    |
| Net Debt/<br>Retained Earnings<br>(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  $\leq 3$  (0,47 at Dec 31, 2017)
- The 125 M€ credit line is extended to mid-2021 and approximately 89 M€ is available

# Corporate Profile



# Governance



**Jean-Marc Lazzari**  
Chief Executive Officer

French-American management:  
8 top managers coming from the  
software industry and historical  
corporate management

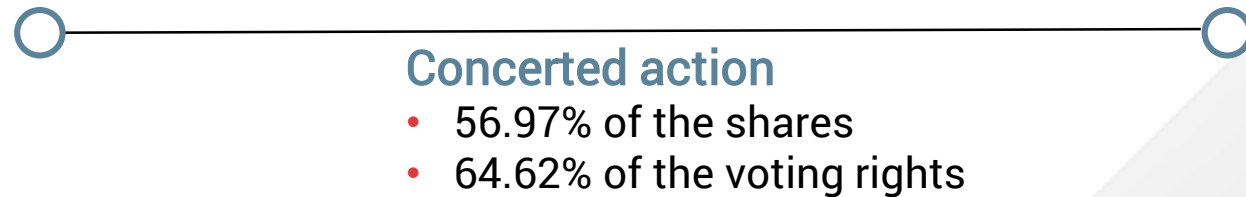
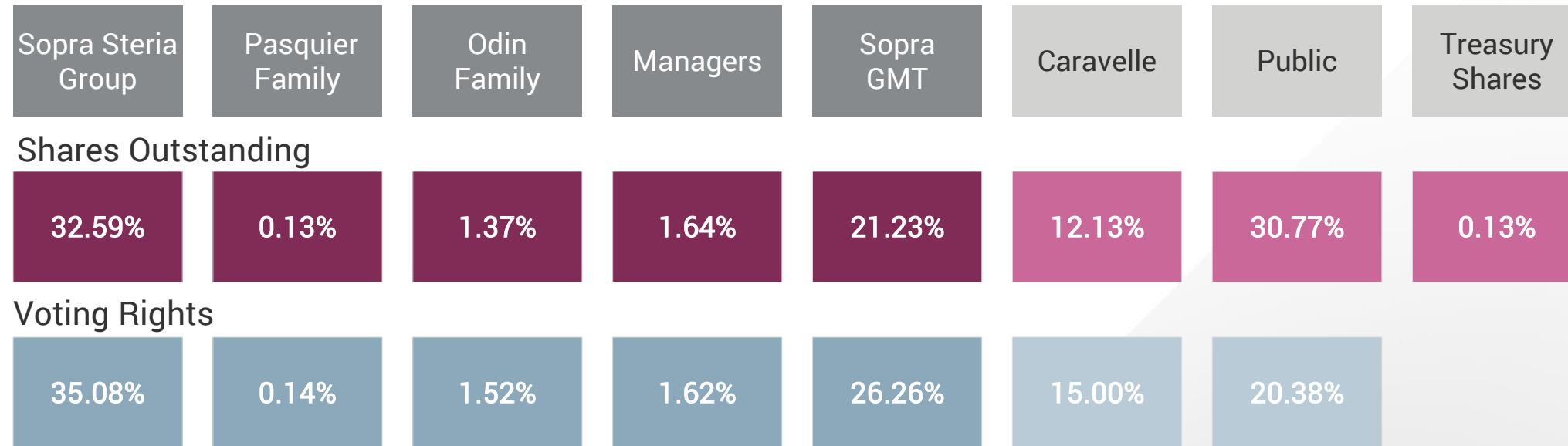
- **Strengthened Governance**
- **Board of Directors**  
comprising 13 members, of which 7 are independent members
- Pierre Pasquier Chairman
- Kathleen Clark-Bracco Vice Chairman
- **Compliance** with the Middledenext Code of Corporate Governance

# Axway shareholder structure

31/12/2017

21,210,546 SHARES OUTSTANDING

34,301,758 VOTING RIGHTS



# 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

# Corporate Social Responsibility

## Organizations & Labels

- Global Compact



- EcoVadis label for the customers



- Gaïa Investment Index



- Ethic Chart



## Governance

- Board members:
  - 63% independant
  - 36% women → 42%
  - 95% attendance rate meeting

## HR Responsibility

- 1,286 Axwagians trained
- 23,714 hours
- 7,367 training sessions



## CSR Report

Download

[http://www.investors.axway.com/sites/default/files/csr\\_report\\_extract\\_registration\\_document\\_axway\\_2016\\_0.pdf](http://www.investors.axway.com/sites/default/files/csr_report_extract_registration_document_axway_2016_0.pdf)

## Environmental Responsibility

- Customer Satisfaction
- Full digital internal exchanges/paperless
- 90% virtual servers

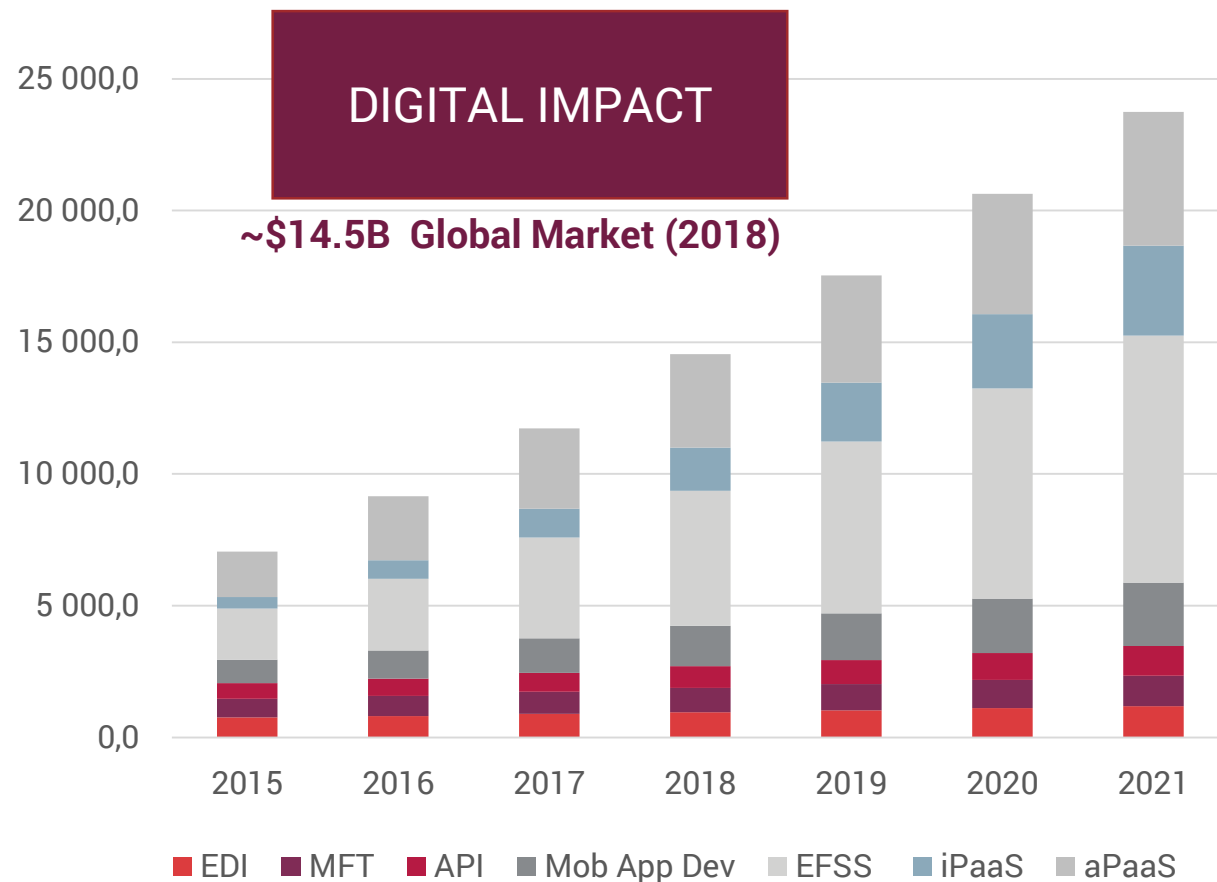
# Perspective



A decorative graphic consisting of a white circle at the top, with a vertical white line extending downwards from its center, positioned centrally below the main text box.

# Become a leader in Hybrid Integration Platform

# 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

# 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

A close-up photograph of several hands of different skin tones stacked on top of each other in a supportive gesture. The hands are positioned in the center-left of the frame, with some fingers pointing towards the center. The background is blurred, showing parts of people's clothing like jeans and a sweater. A large white diagonal shape cuts across the right side of the image, containing text and logos. A red triangle is visible in the bottom right corner.

**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.