



Investor Presentation

May 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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- Business Model
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- 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

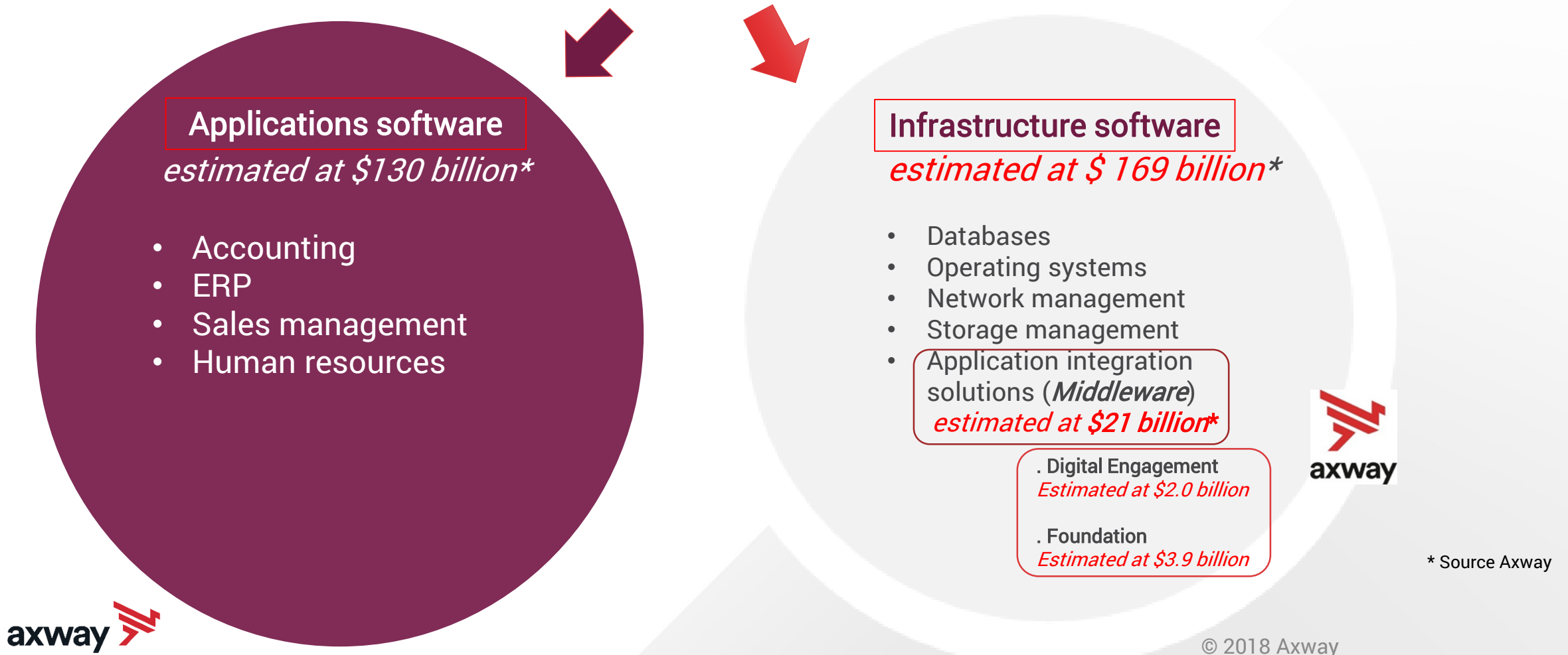
1,839 employees

Software Digital Transformation

MARKET DRIVERS

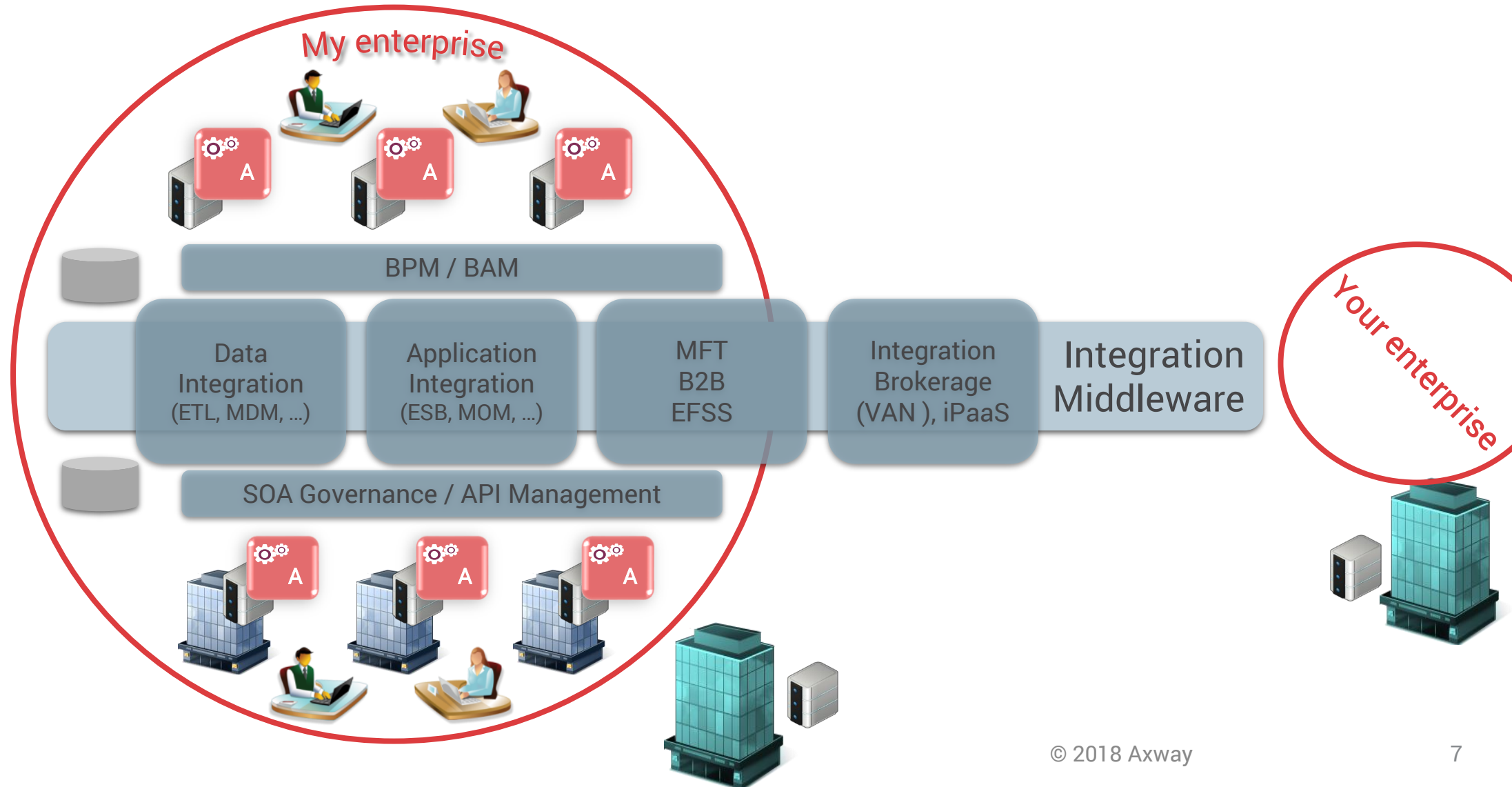
Axway Market Origin: Infrastructure Software

- Software market estimated at \$300 billion*



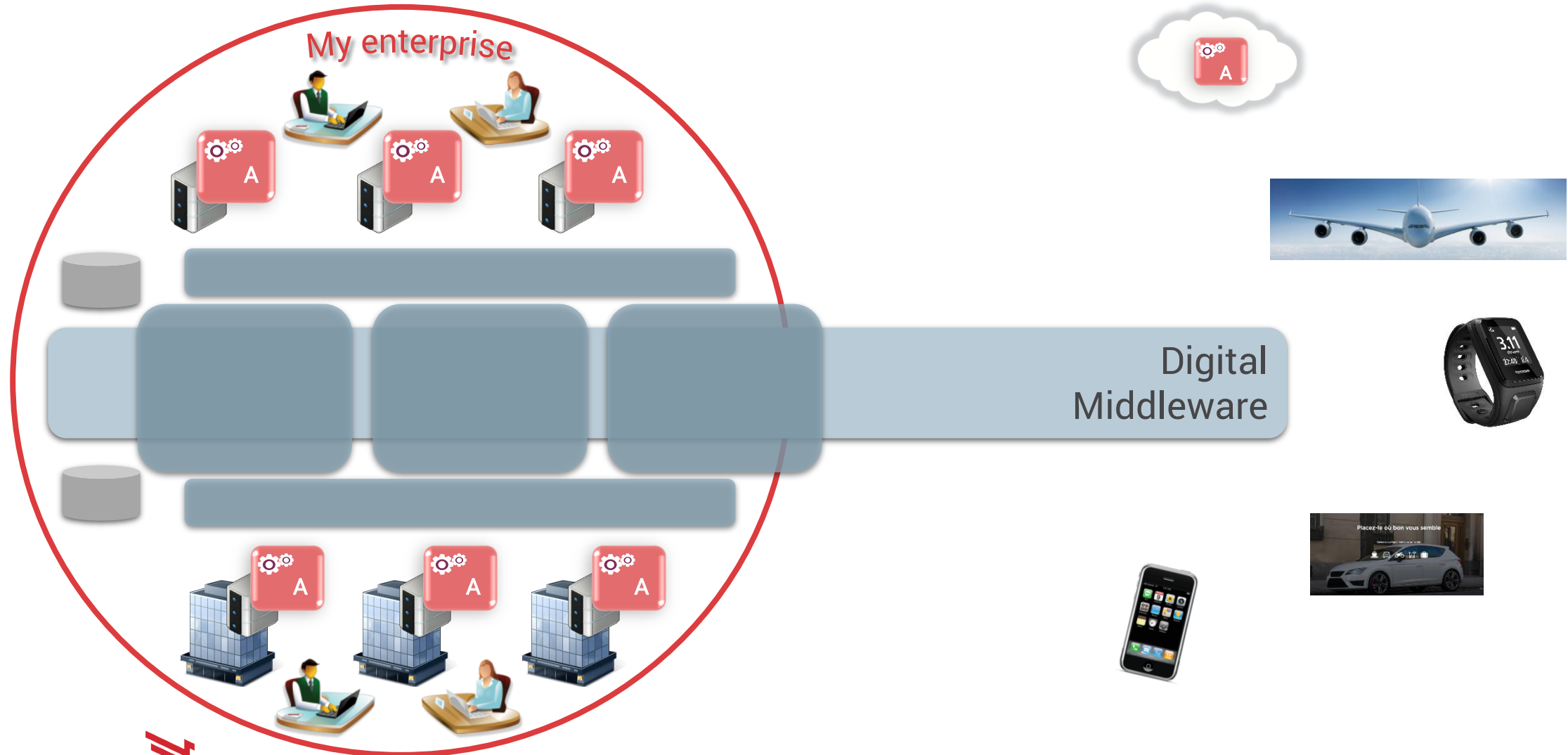
Market origin: technology viewpoint

Axway addressable Market (\$4 billion →)

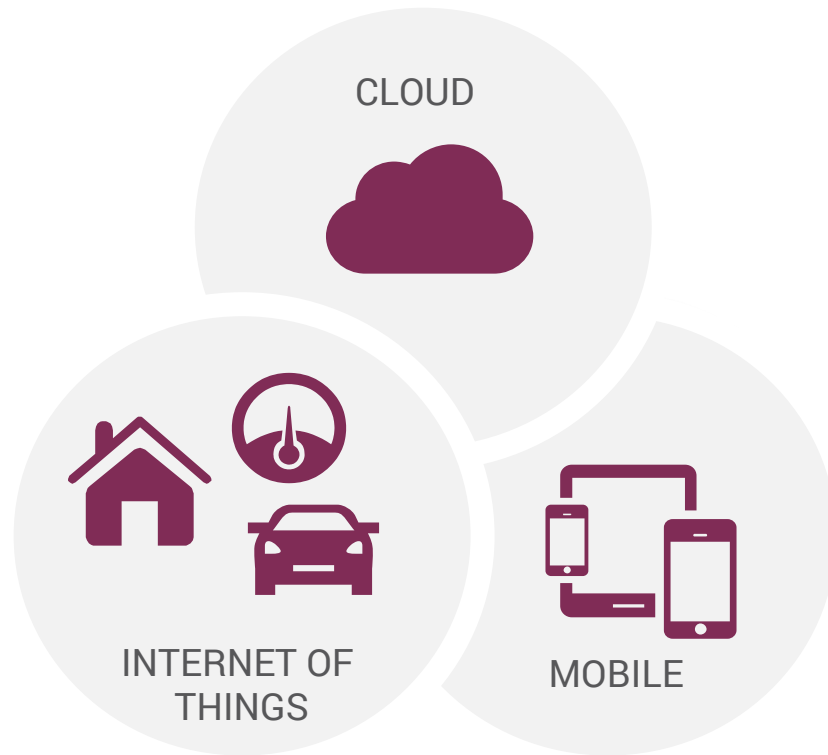


Market evolution: technology viewpoint

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

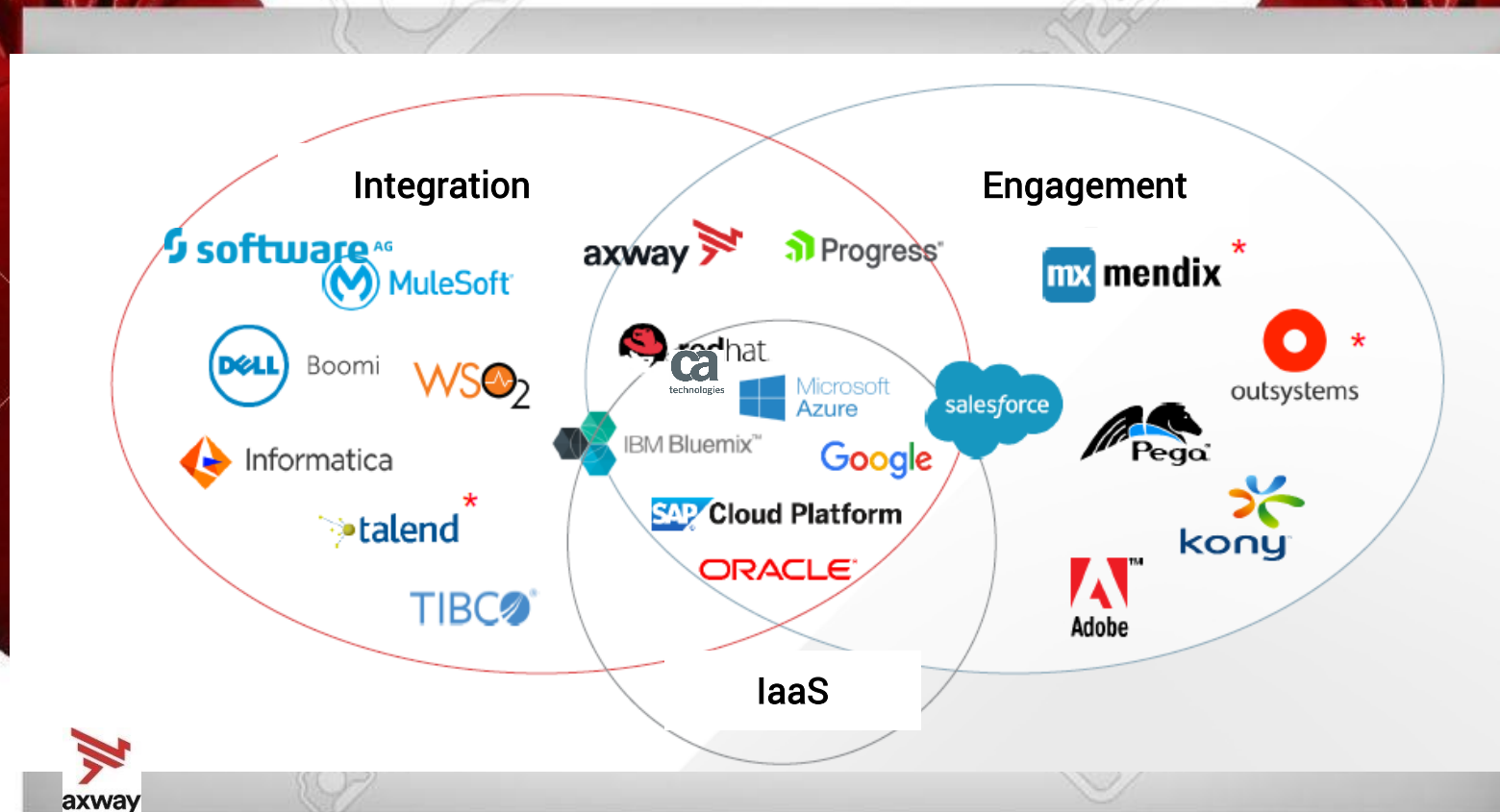
Internet of Things
Drives 25 Billion
Connected
Machines

Digital technology impact : B2B and B2C are converging



Competitive & Market Landscape

From traditional middleware scope to Platform providers

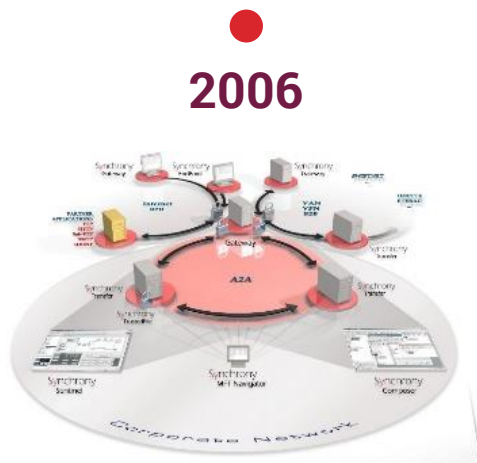
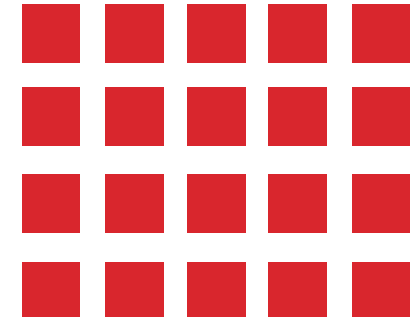
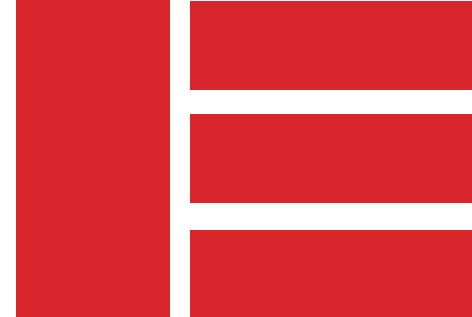


A low-angle photograph of a worker in a yellow safety vest and white hard hat standing on a white metal spiral staircase. The worker is looking upwards. The background shows large white cylindrical structures, likely part of an industrial facility, against a clear blue sky. A large white diagonal line cuts across the right side of the image, separating the photo from the text area.

Software Digital Transformation

AXWAY OFFER

What's changed?



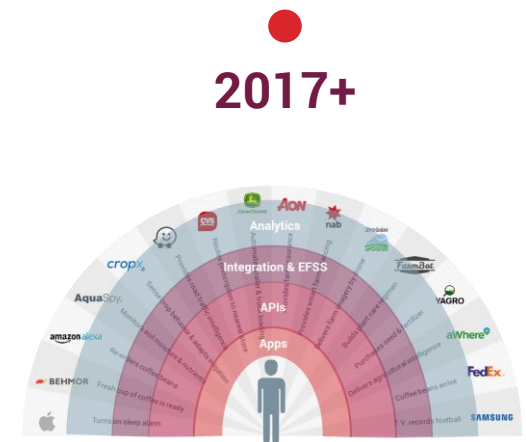
Mainframe monolith



Client and Server



SOA and Webservices



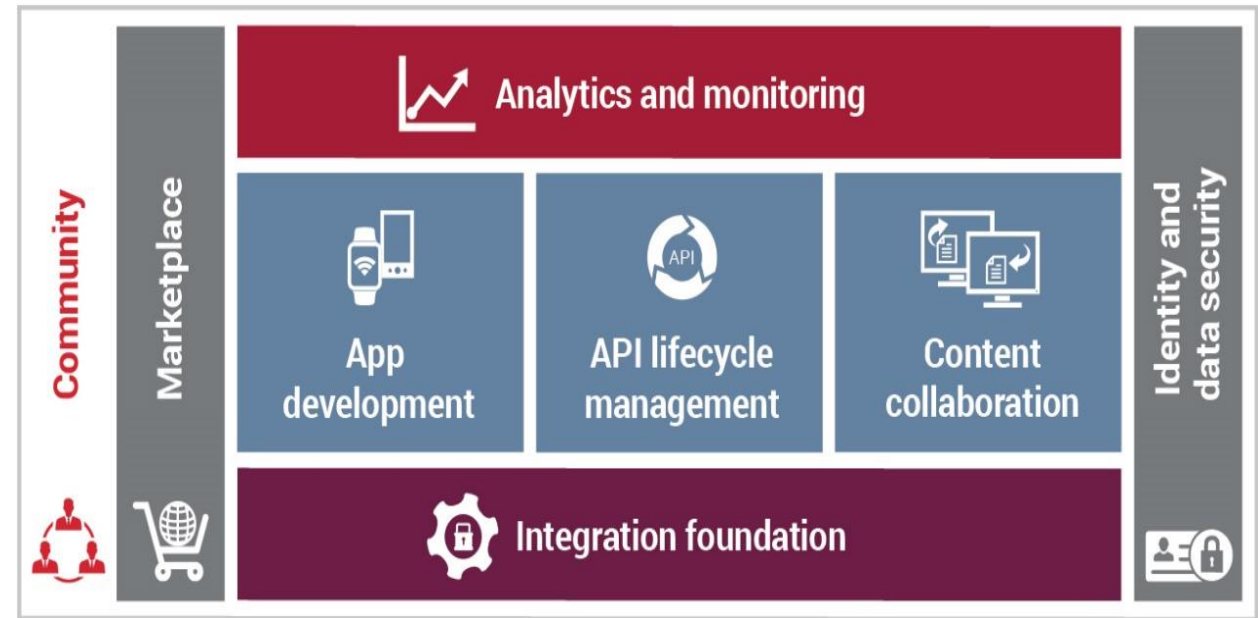
Cloud and microservices Containment

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

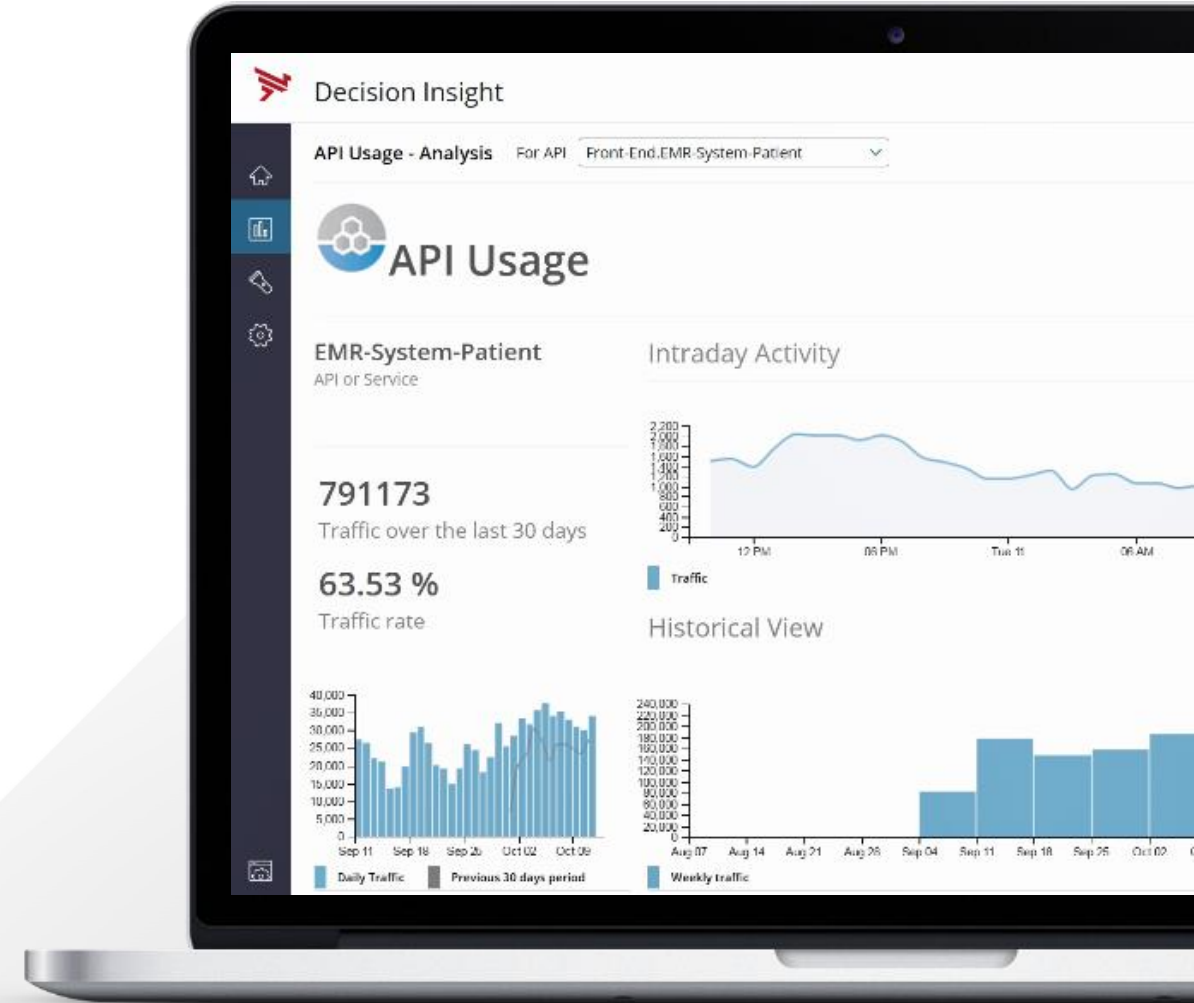
Build beautiful apps that delight users with a seamless digital journey

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

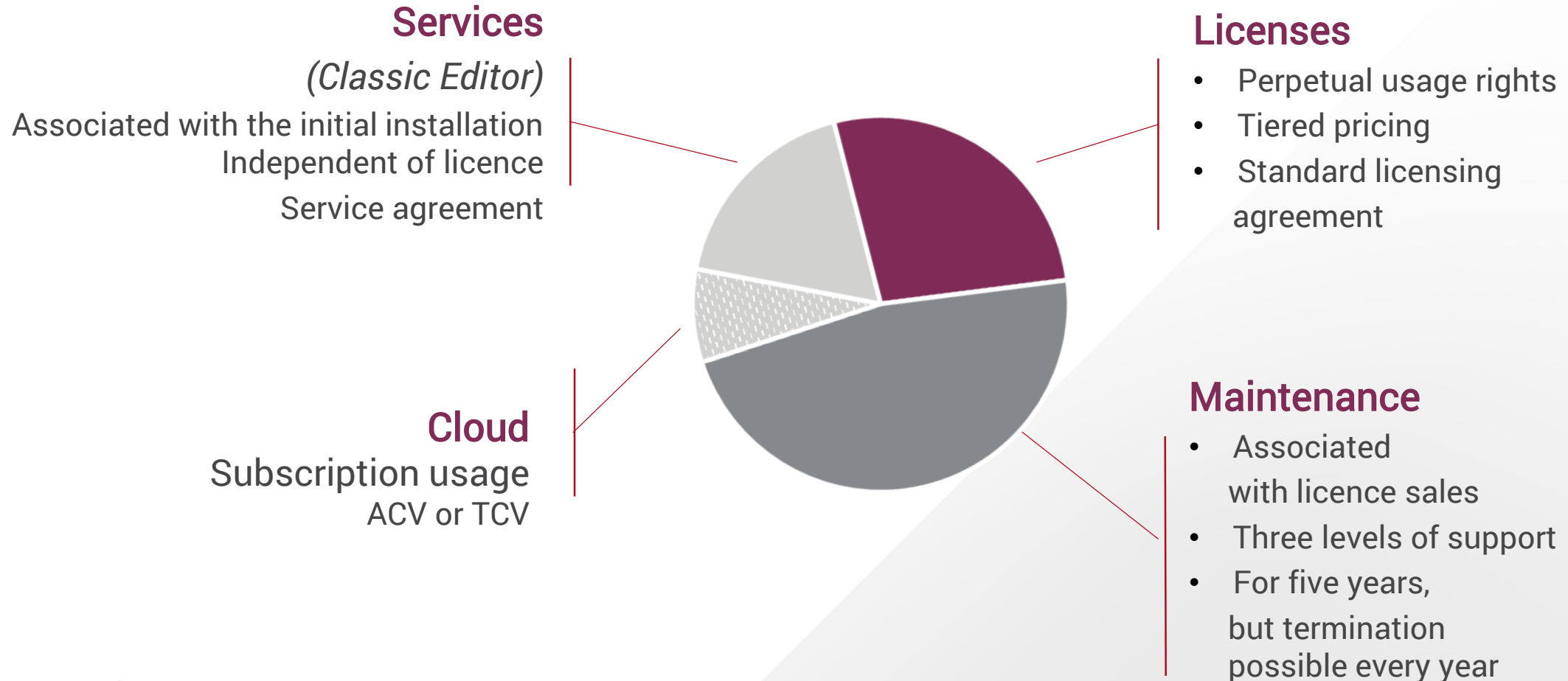
ECOSYSTEM ENGAGEMENT

Analytics
API Management
Identity Federation & Validation
EFSS
Mobile App Development

A low-angle photograph of a worker in a yellow safety vest and white hard hat standing on a metal staircase of a large white wind turbine. The sky is clear blue. A large red triangle is in the bottom right corner.

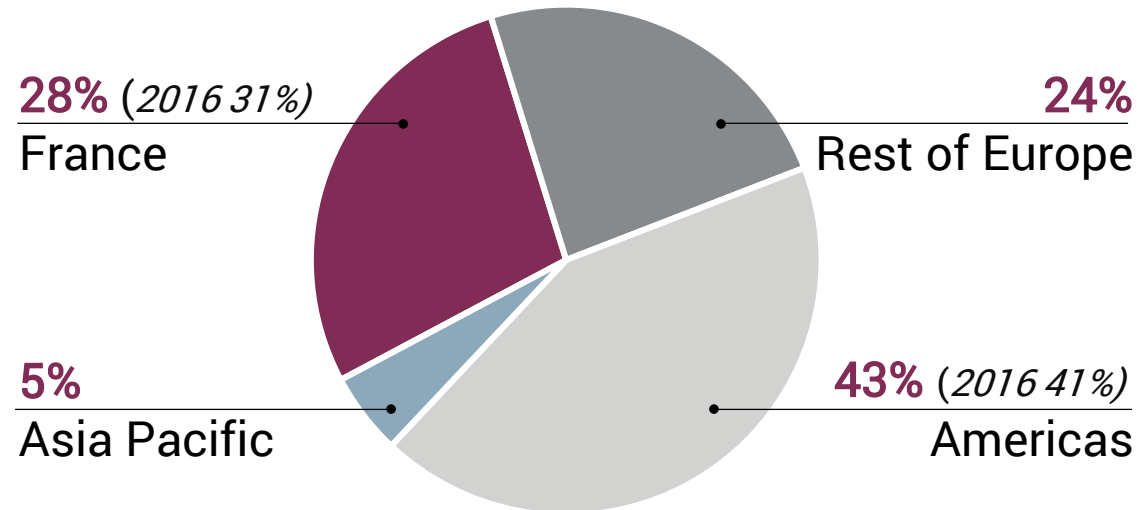
Axway Business Model

Axway Business Model: 4 sources of revenue in 2017

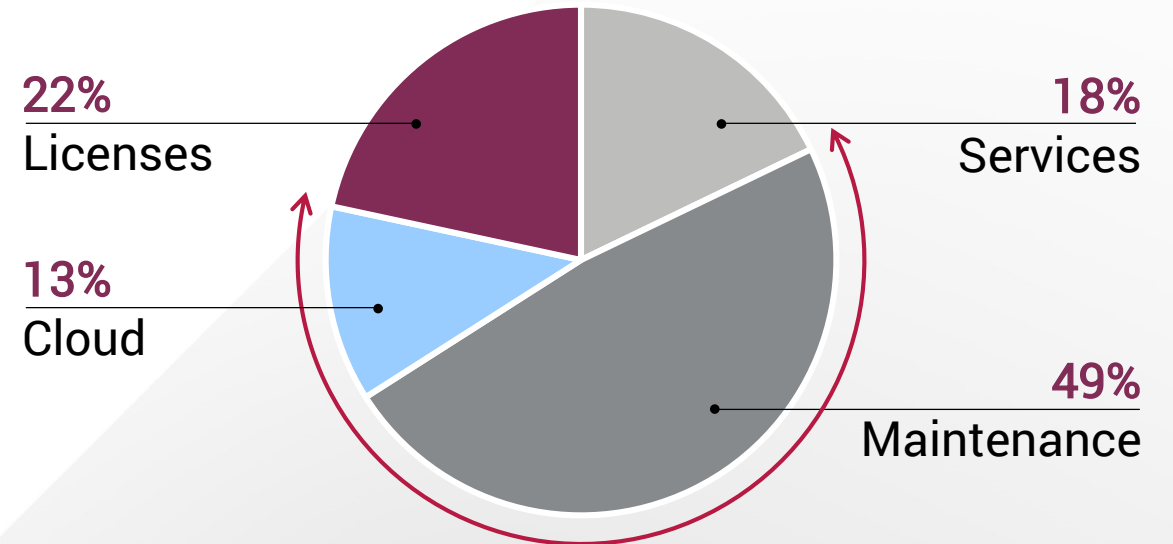


2017 Balanced and resilient business model

By Region



By Activity



61%
Vs 54%
Recurring/R

Revenue by activity FY 2017

[€M]	2017	2016 Published	2016 Restated ¹	Total Growth	Organic Growth ¹
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%
Axway	299.8	301.1	311.6	-0.4%	-3.8%

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

Revenue by region FY 2017

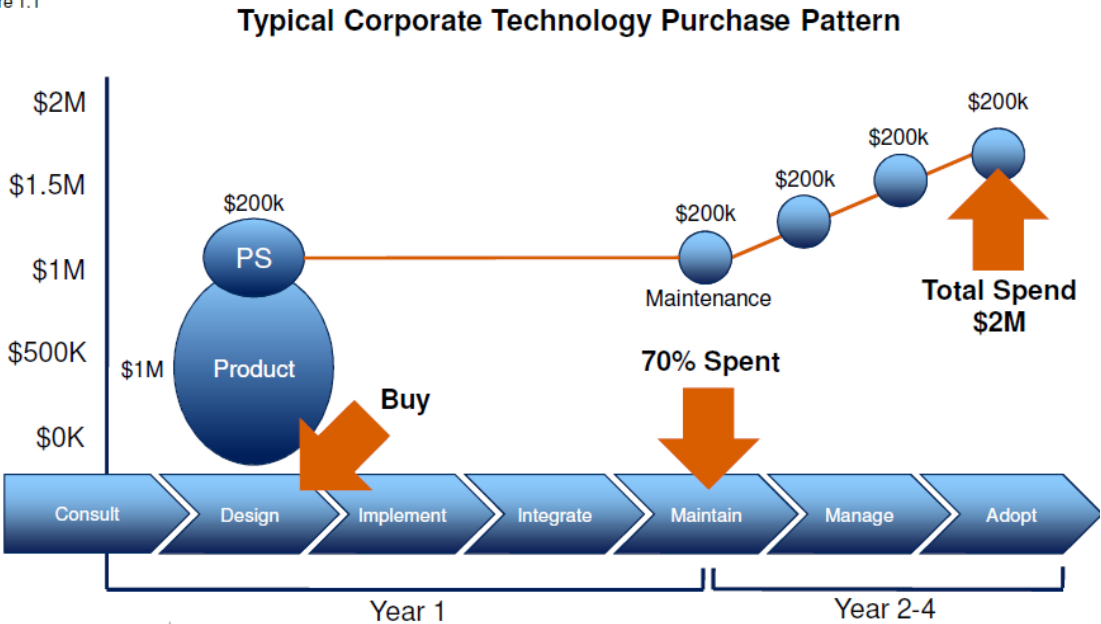
[€M]	2017	2016 Published	2016 Restated ¹	Total Growth	Organic Growth ¹
France	83.8	94.2	94.2	-11.0%	-11.0%
Rest of Europe	71.7	68.8	67.4	4.3%	6.5%
Americas	128.8	122.9	134.9	4.8%	-4.5%
Asia Pacific	15.6	15.3	15.2	1.8%	2.7%
Axway	299.8	301.1	311.6	-0.4%	-3.8%

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

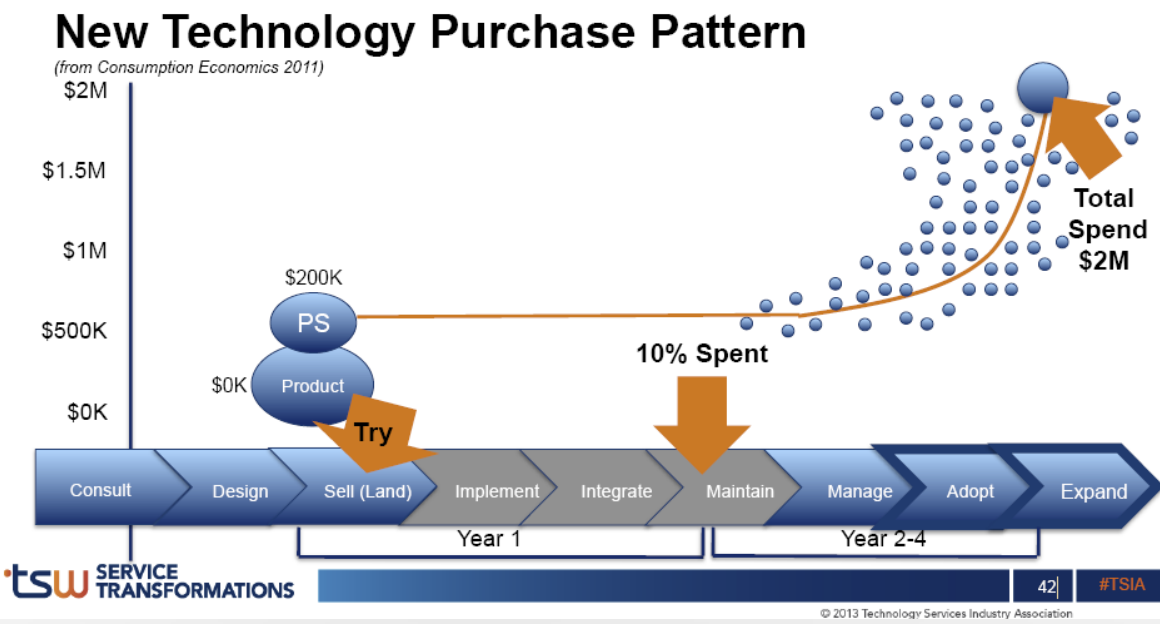
Business Model transformation

Traditional Model – Upfront Sales

Figure 1.1

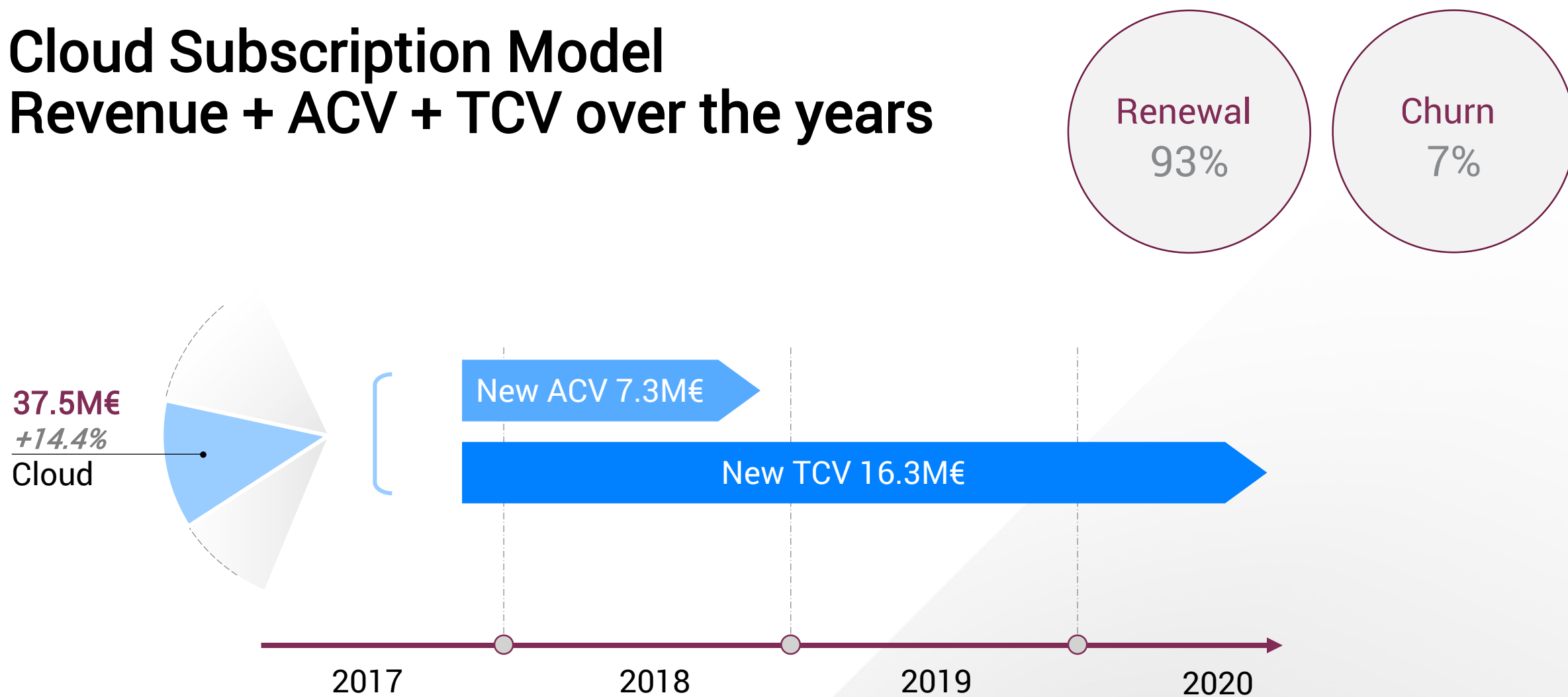


New Model – Long Tail Sales

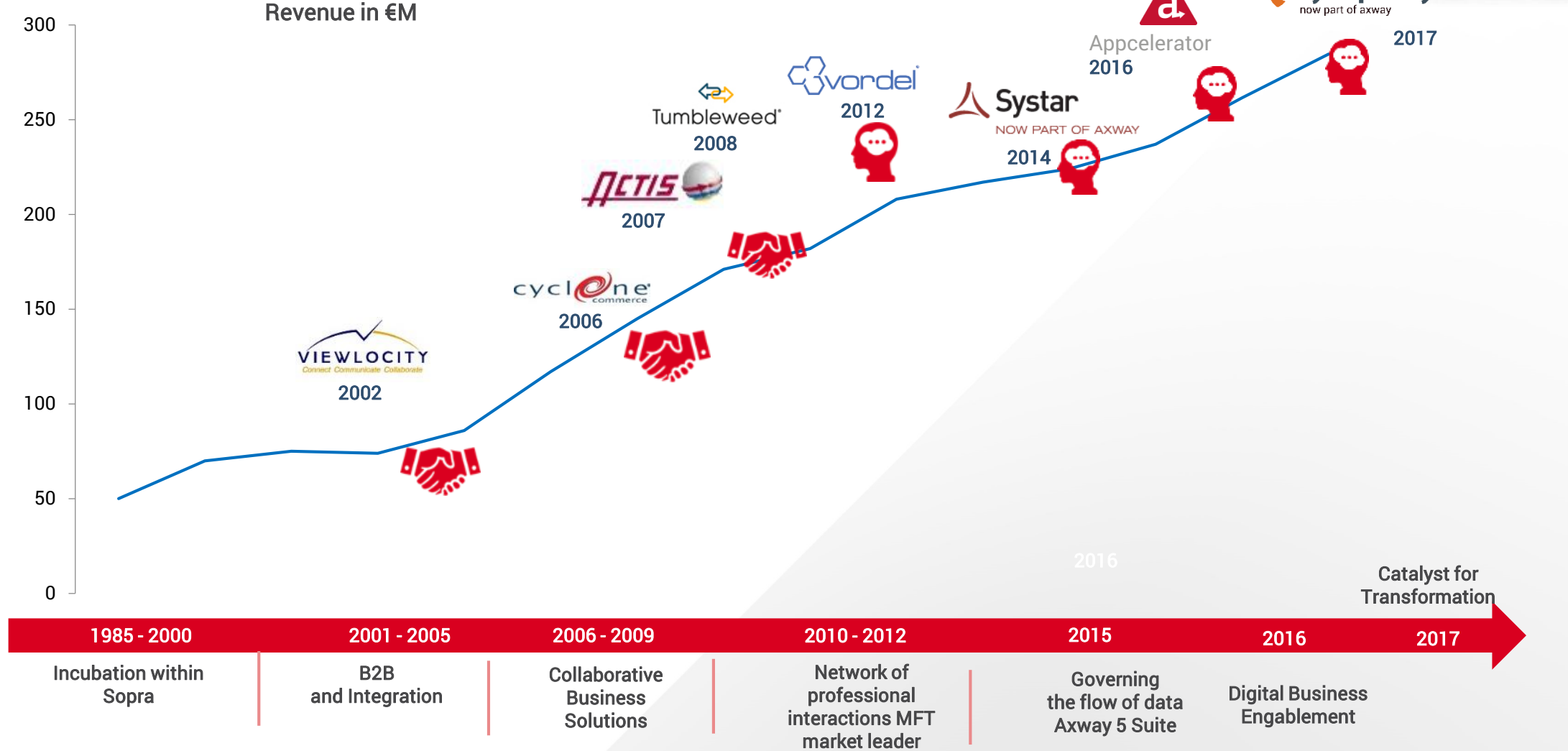


Cloud Subscription Model

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
Revenue :			
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
Total Revenue :	299.8	301.1	284.6
Costs of sales:			
Product Revenue	23.8	23.7	23.2
Cloud	21.1	12.7	12.6
Services	43.3	50.3	50.7
Total Costs of sales :	88.2	86.6	86.4
Gross profit:	211.6	214.4	198.3
<i>as a % of Revenue</i>	<i>70.6%</i>	<i>71.2%</i>	<i>69.7%</i>
Operating expenses :			
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
Total operating expenses :	171.1	163.7	153.8
Profit on operating activities	40.5	50.8	44.5

Simplified income statement 2/2

<i>In millions of euros</i>	FY 2017	FY 2016	FY 2015
Profit on operating activities	40.5	50.8	44.5
<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)
Profit from recurring operations	30.7	41.8	37.9
<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)
Operating profit	27.7	35.1	27.4
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
Net Profit	4.4	31.5	27.9
<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)	0.21	1.51	1.35

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

- 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/ Costs of Debt (covenant >5)	40.19	130	111
Net Debt/ EBE (covenant <3)	0.47	-0.33	-0.98
Net Debt/ Retained Earnings (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 ≤ 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



Patrick Donovan has been appointed by the Board of Directors the 6th of April 2018.

Patrick Donovan
Chief Executive Officer

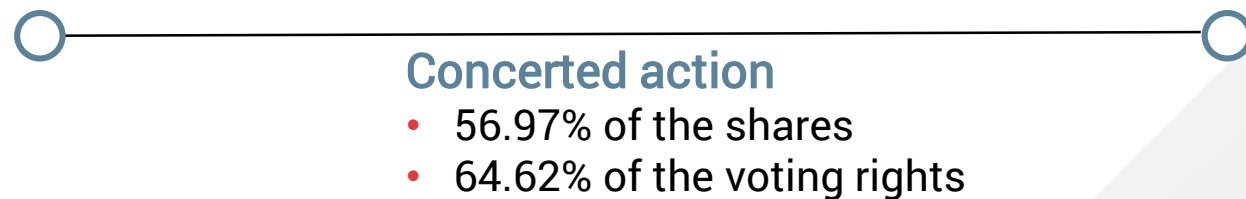
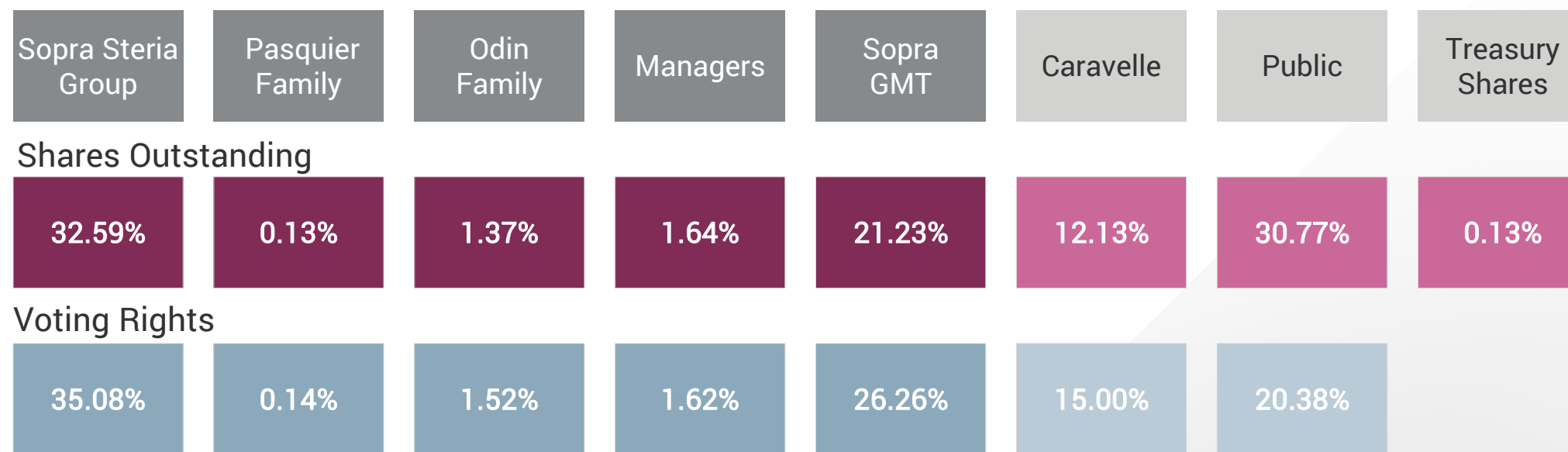
- **Strengthened Governance**
- **Board of Directors**
comprising 13 members, of which 7 are independent members
- Pierre Pasquier Chairman
- Kathleen Clark-Bracco Vice Chairman
- **Compliance** with the Middlednext Code of Corporate Governance

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

Environmental Responsibility

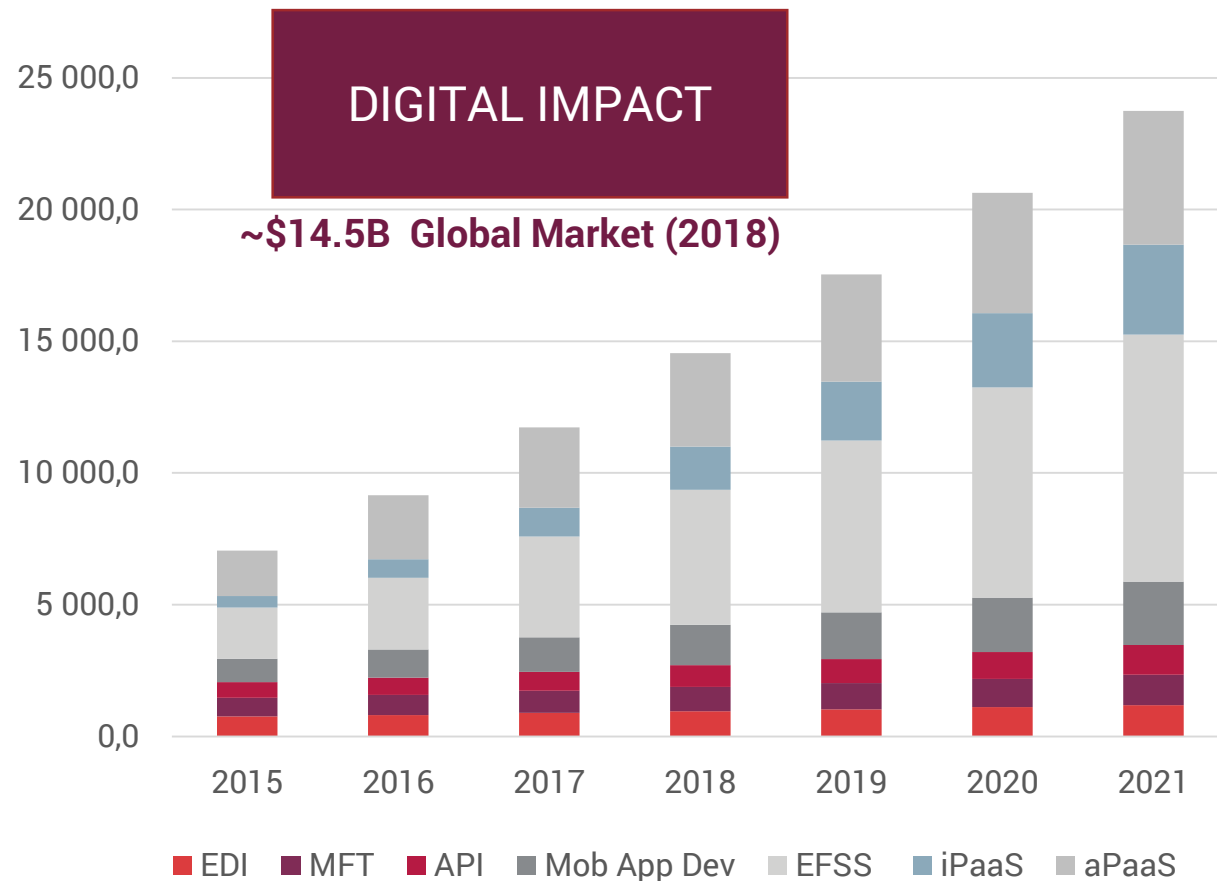
- Customer Satisfaction
- Full digital internal exchanges/paperless
- 90% virtual servers

Perspective

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

THANK YOU

www.investors.axway.com/en

Mobile App: Axway IR available
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.