

Axway Half Year 2013 Results

Christophe FABRE, Chief Executive Officer

1st August 2013

Forward looking statements

- This document contains forecasts in respect of which there are risks and uncertainties concerning the company's future growth and profitability. The company 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 lead to a more or less favourable full-year performance.
- The outcome of 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 submitted to the *Autorité des Marchés Financiers* (AMF) on 24 April 2013, number R13-016.
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- Half Year 2013 results & Analysis
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Revenue breakdown – by region

M€	HY 2013	HY 2012 Published	HY 2012 Pro forma	HY 2013 Total Growth	Organic Growth ¹
Americas	41.6	38.0	39.6	+9.5%	+5.1%
France	34.8	32.6	32.8	+6.8%	+6.2%
Rest of Europe	26.7	25.1	26.4	+6.3%	+1.2%
Asia Pacific	3.2	2.6	2.8	+22.6%	+17.7%
	106.4	98.4	101.6	+8.1%	+4.8%

	Q1 organic growth ¹	Q2 organic growth ¹
Americas	+15.7%	-2.5%
France	+6.8%	+5.7%
Rest of Europe	-9.2%	+12.2%
Asia Pacific	+27.1%	+10.0%

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

Revenue breakdown – by business line

M€	HY 2013	HY 2012 Published	HY 2012 Pro forma	HY 2013 Total Growth	Organic Growth ¹
Licenses	27.0	24.6	26.6	+9.8%	+1.6%
Maintenance	52.4	47.1	47.9	+11.2%	+9.5%
Services	27.0	26.7	27.1	+1.1%	-0.4%
	106.4	98.4	101.6	+8.1%	+4.8%

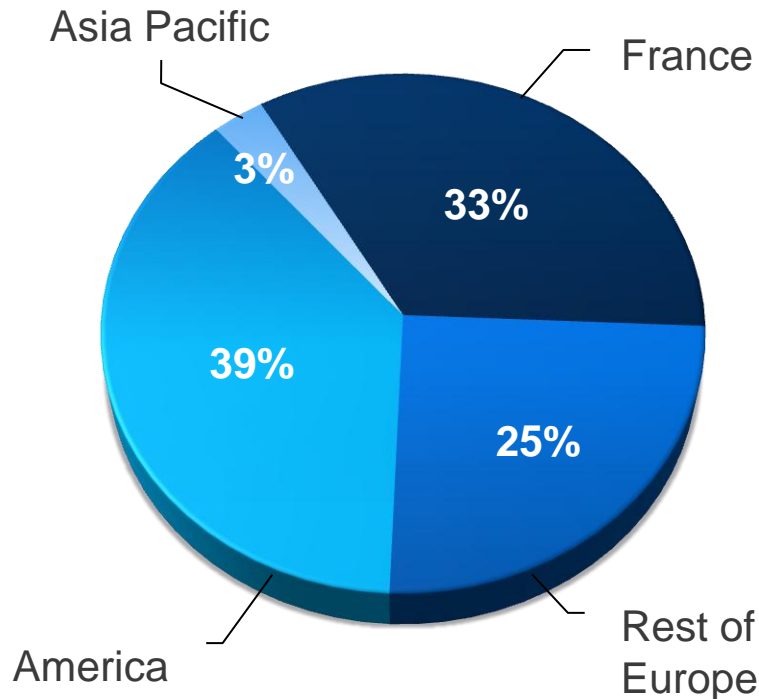
	Q1 organic growth ¹	Q2 organic growth ¹
Licenses	+5.5%	-0.9%
Maintenance	+8.8%	+10.2%
Services	+0.9%	-1.8%

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

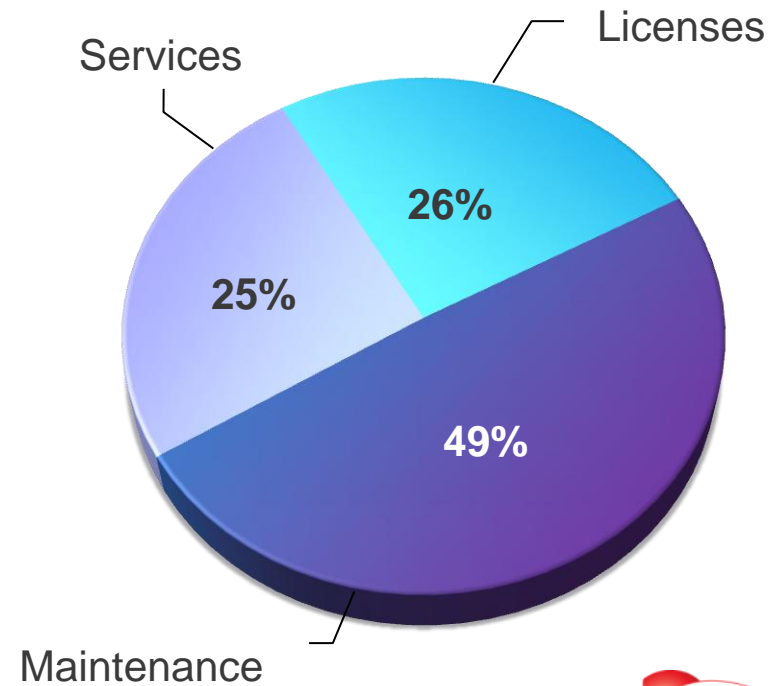
Axway: a balanced business model

HY2013

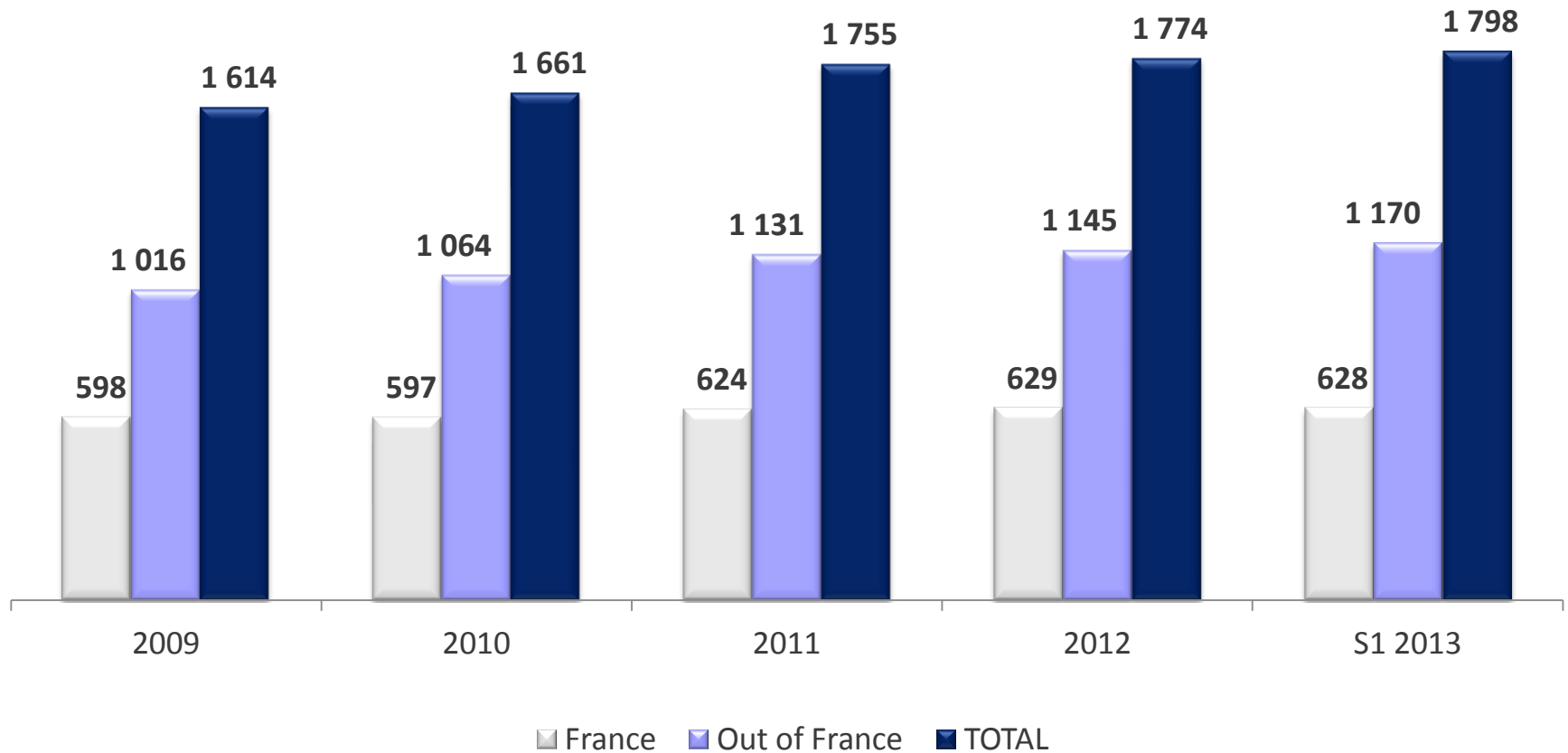
BY REGION



BY BUSINESS LINE



Headcount at 30 June 2013: 1,798



HY2013: cost analysis

	HY 2013		HY 2012		FY 2012	
	(in M€)	(% Rev)	(in M€)	(% Rev)	(in M€)	(% Rev)
Revenue :						
License	27.0	25.4%	24.6	25.0%	71.4	31.8%
Maintenance	52.4	49.3%	47.1	47.9%	98.2	43.8%
Total Product Revenue	79.4	74.6%	71.7	72.9%	169.6	75.6%
Services	27.0	25.4%	26.7	27.1%	54.7	24.4%
Total Revenue :	106.4	100.0%	98.4	100.0%	224.3	100.0%
Costs of sales:						
Product Revenue	10.5	9.9%	9.9	10.0%	20.7	9.2%
Services	25.7	24.2%	25.4	25.8%	51.1	22.8%
Total Costs of sales :	36.3	34.1%	35.3	35.9%	71.7	32.0%
Gross profit:	70.1	65.9%	63.1	64.1%	152.6	68.0%
Operating expenses :						
Sales and marketing	33.9	31.8%	31.4	31.9%	64.1	28.6%
Research and development	17.6	16.6%	16.2	16.5%	32.5	14.5%
General and administrative	11.4	10.8%	10.0	10.1%	21.0	9.4%
Total operating expenses :	63.0	59.2%	57.6	58.6%	117.6	52.4%
Profit on operating activities	7.1	6.7%	5.5	5.6%	35.0	15.6%

H1 2013: Operational summary

- **France:** *Rebond is confirmed*
- **Rest of Europe:** *Disparate landscape*
- **USA:** *Despite a slow Q2, momentum is real*
- **Asia-Pac:** *Opportunities to be leveraged*

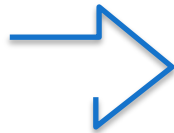
- **Licenses:** *Transformation of activities is on going*
- **Maintenance:** *Strong performance*
- **Services:** *Business is still linked to licence performance*

New deals H1 2013

North America

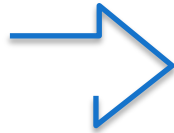


Global company enabling global commerce, processing more than 7.6 mil payments daily.



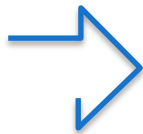
Axway 5 Suite to govern the flow of financial data and meet stringent SLAs.

OneHealthPort
State of Washington's Health Information Exchange (HIE) provider.



Added Axway API Server to their Axway 5 Suite for governing the flow of electronic health records.

World leader in 3G, 4G and next-generation wireless technologies.



Axway API Server to become the enterprise standard to enable mobile access to internal resources and sensitive data.



France



by Axway



Consortium for collecting environmental taxes on heavy goods vehicles.

Axway 5 Suite to govern the flow of ecotaxe financial data.



300 DIY stores, 12800 employees.

Axway 5 Suite to govern the flow of Store-to-corporate data (Castorama and Brico Dépôt brands).

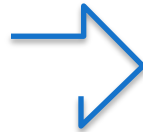


Budget of 40.7B€ in 2013, workforce of 285,000.

Axway 5 Suite to govern the flow of data for all expenditures in a secure, controlled manner from the Ministry of Defense to the Ministry of the Economy and Finance.

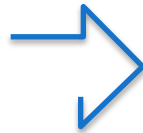


Rest of World



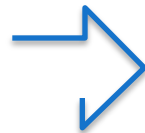
68.82B€ revenues and 105,876 employees (end of 2012).

Axway API Server to enable Connected Car mobility services with secured authentication and access (Oauth capability).



143,096 vehicles sold and 17,502 employees in 2012. Now part of Volkswagen AG.

Axway powers MFT at Porsche Informatik.



State-owned and operated high-voltage electricity transmission network in Australia.

Axway API Server for Cloud and Mobile Integration



Accounting & Financials Results

Patrick Donovan – Chief Financial Officer



Income Statement (1/2)

In thousands of euros

	HY2013	HY2012	FY2012
Revenue :			
License	26 970	24 578	71 435
Maintenance	52 417	47 116	98 205
Total Product Revenue	79 387	71 694	169 640
Services	26 979	26 677	54 680
Total Revenue :	106 366	98 371	224 320
Costs of sales:			
Product Revenue	10 547	9 886	20 653
Services	25 734	25 423	51 070
Total Costs of sales :	36 281	35 309	71 723
Gross profit:	70 085	63 062	152 597
<i>as a % of Revenue</i>	<i>65.9%</i>	<i>64.1%</i>	<i>68.0%</i>
Operating expenses :			
Sales and marketing	33 870	31 377	64 077
Research and development	17 642	16 243	32 508
General and administrative	11 443	9 979	21 046
Total operating expenses :	62 955	57 599	117 631
Profit on operating activities	7 130	5 463	34 966
<i>as a % of Revenue</i>	<i>6.7%</i>	<i>5.6%</i>	<i>15.6%</i>



- Improvement in HY 2013 Gross Profit Margin
- Improvement in HR 2013 Profit on Operating Activities

Income Statements (2/2)

In thousands of euros

	HY2013	HY2012	FY 2012
Profit on operating activities	7 130	5 463	34 966
<i>as a % of Revenue</i>	<i>6.7%</i>	<i>5.6%</i>	<i>15.6%</i>
Stock option related expenses	(645)	(564)	(1 147)
Amortization of intangible assets	(1 898)	(992)	(2 130)
Profit from recurring operations	4 587	3 907	31 689
<i>as a % of Revenue</i>	<i>4.3%</i>	<i>4.0%</i>	<i>14.1%</i>
Other income and expenses	(5 177)	(877)	(2 940)
Operating profit	(590)	3 030	28 750
Cost of net financial debt	(395)	(240)	(51)
Other financial revenues and expenses	(83)	(229)	(63)
Income taxes	10 881	41	(3 976)
Net Profit	9 813	2 602	24 660
	<i>9.2%</i>	<i>2.6%</i>	<i>11.0%</i>
Basic net earnings per share (in Euro)	0.48	0.13	1.22

- Other income and expenses includes Provision for settlement on GSA File
- Income Tax benefit includes impact of release of valuation reserve on US Tax NOL's

Simplified Balance Sheet (1/2)

<i>In millions of euros</i>	June 2013	June 2012	Dec. 2012
ASSETS			
Goodwill	195.6	173.2	196.6
Intangible assets	31.3	19.2	31.0
Property, plant and equipment	5.9	4.6	6.3
Other non-current assets	30.4	16.6	18.5
Non-current assets	263.2	213.6	252.3
Trade receivables	57.7	54.1	72.2
Other current assets	22.7	16.3	16.8
Cash and cash equivalents	54.1	41.5	35.7
Current assets	134.5	111.8	124.7
TOTAL ASSETS	397.7	325.5	377.1

- Goodwill and Intangible Assets include Vordel impact at end of 2012
- Cash Balance of €54,1 million
- DSO's at 80 days



Simplified Balance Sheet (2/2)

<i>In millions of euros</i>	June 2013	June 2012	Dec. 2012
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	40.7	40.6	40.6
Capital reserves and results	198.0	177.2	193.3
Total shareholders' equity	238.7	217.9	234.0
Financial debt - long-term portion	37.9	2.1	36.9
Other non-current liabilities	19.6	14.4	16.3
Non-current liabilities	57.5	16.5	53.1
Financial debt - short-term portion	4.7	0.5	5.3
Other current liabilities	96.8	90.6	84.7
Current liabilities	101.5	91.2	90.0
TOTAL LIABILITIES	159.0	107.6	143.1
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	397.7	325.5	377.1



- Financial Debt includes €40 million from Vordel acquisition
- Other current liabilities includes € 58 million of Deferred Revenue



Change in Equity

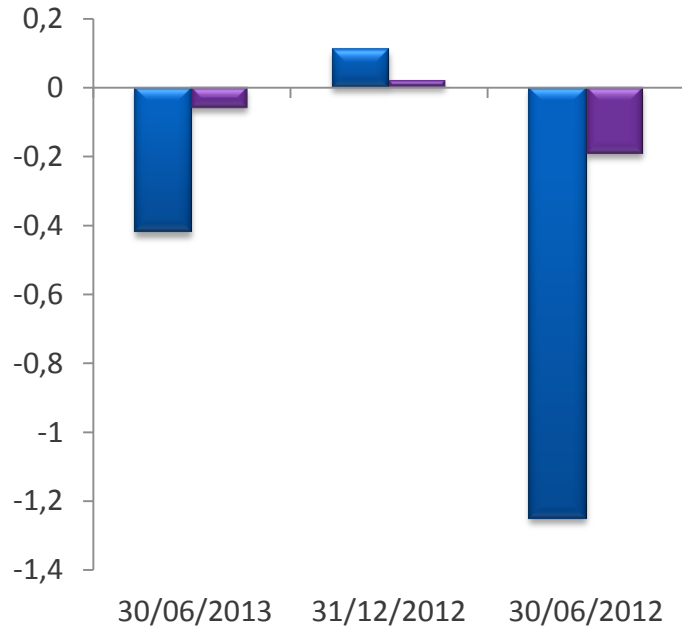
<i>In millions of euros</i>	June 2013	June 2012	Dec. 2012
Equity at Opening of Period	233.9	213.4	213.4
Profit for the period	9.8	2.6	24.7
Share-based payments	0.6	0.6	1.1
Treasury Shares	-0.1	0.0	-0.1
Dividends	-7.1	-5.0	-5.0
Capital increase	0.5	2.1	2.1
Actuarial gains and losses	0.0	0.0	-0.1
Other changes	0.0	0.0	0.0
Translation differential	1.1	4.2	-2.2
Equity at End of Period	238.7	217.9	233.9

Cash Flow Statement

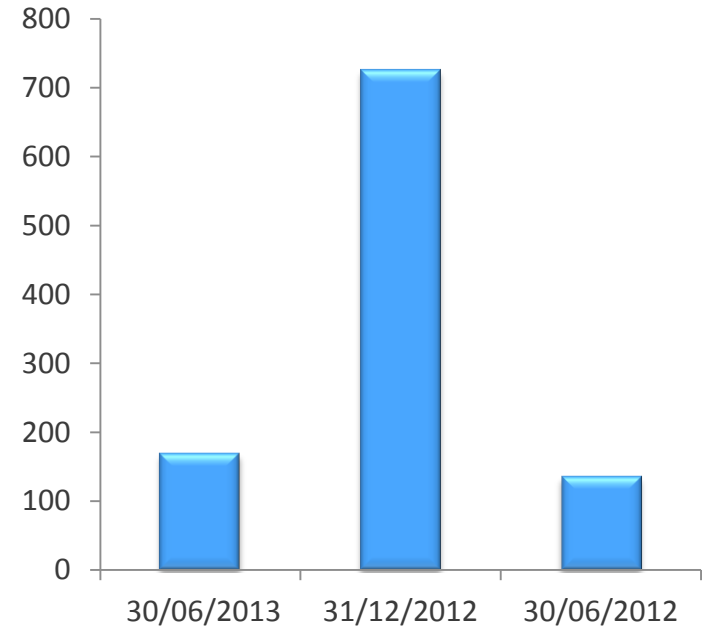
<i>In millions of euros</i>	June 2013	June 2012	FY 2012
Net profit for the period	9.8	2.6	24.7
Net charges to amortizations, depreciations and provisions	8.1	2.5	5.8
Other income and expense items	1.0	(0.3)	0.5
Cash from operations after cost of net debt and tax	18.9	4.8	31.0
Changes to operating working capital requirements	19.8	18.0	(10.8)
Costs of net financial debt	0.4	0.2	0.1
Income tax paid net of accrual	(12.1)	(2.2)	(0.2)
Net cash from operating activities	27.0	20.9	20.1
Net cash used in investing activities	(1.5)	(1.1)	(45.6)
Proceeds on shares issued	0.5	2.1	2.1
Dividends paid	(7.1)	(5.0)	(5.0)
Change in current account - Sopra Group	-	-	-
Change in loan	-	-	40.0
Net interest paid	(0.4)	(0.2)	(0.1)
Other changes	0.3	0.1	0.2
Net cash from (used in) financing activities	(6.7)	(3.0)	37.3
Effect of foreign exchange rate changes	(0.0)	0.2	(0.1)
NET CHANGE IN CASH AND CASH EQUIVALENTS	18.7	17.1	11.7
Opening cash position	35.4	23.7	23.7
CLOSING CASH POSITION	54.1	40.8	35.4

- Changes to Working Capital reflects seasonal cash collections on Maintenance accounts
- Income tax paid net, includes impact of release of tax valuation reserve in US

Financial Structure – Covenants



■ Net Debt/EBE R1 < 3 ■ Net Debt/Equity R3 < 1



■ EBE/Cost of Net financial debt R2 > 5



• All bank covenants in line

Positioning & strategy

Christophe Fabre, Chief Executive Officer

Middleware Spending Worldwide

According to Gartner¹, Application Infrastructure and Middleware total software revenue worldwide was at \$20.4bn in 2012, and this segment should target \$29.1bn in 2017 (1Q13 Forecast).

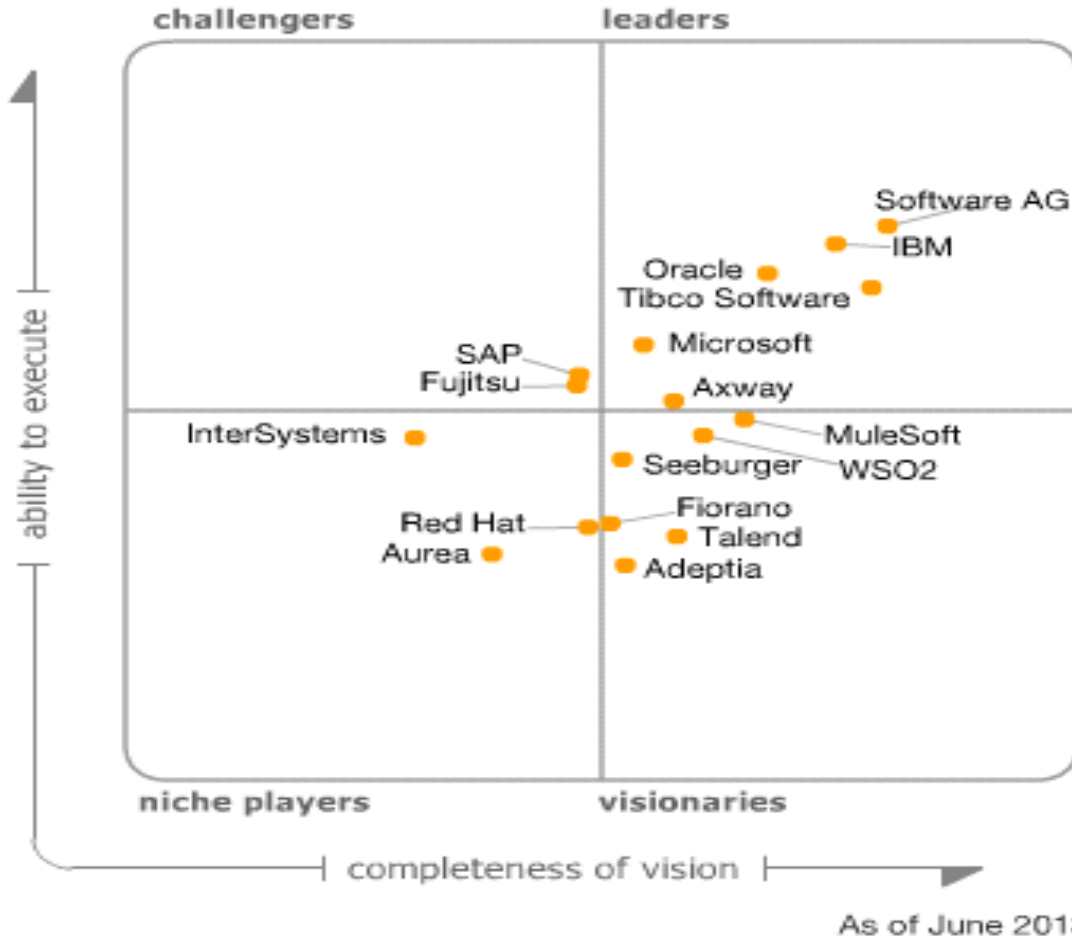
Cloud impact?

Mobile impact?

¹Source: Gartner, Forecast Analysis: Enterprise Infrastructure Software, Worldwide, 2012-2017, 2Q13 Update, Laurie F. Wurster, Federico de Silva, Ruggero Contu, Colleen Graham, Fabrizio Biscotti, Matthew Cheung, Asheesh Raina, Jie Zhang, Michael Warrilow, 9 July 2013.

The Gartner Report described herein, the “Gartner, Forecast Analysis: Enterprise Infrastructure Software, Worldwide, 2012-2017, 2Q13 Update, 9 July 2013” represents data, research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. (“Gartner”), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this presentation) and the opinions expressed in the Gartner Report are subject to change without notice.

Axway Positioned as a Leader in Gartner Magic Quadrant for On-Premises Application Integration Suites



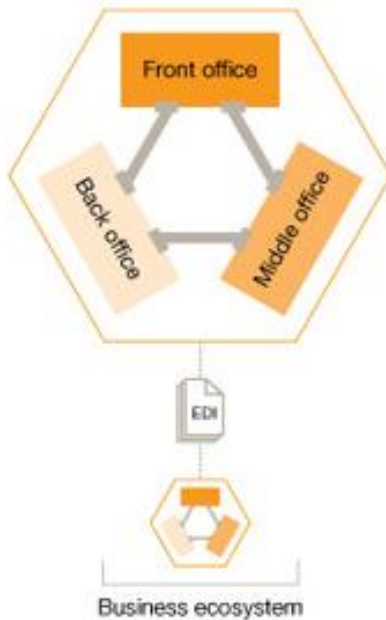
“Enterprises need systematic application integration functionality supporting robust messaging, multiple B2B protocols and cloud APIs.”

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. 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. 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.

What really matters will happen at the Edge

A1

Historically, the front, middle, and back offices of an enterprise were integrated point to point by tight coupling, suitable only for a small number of integrations.



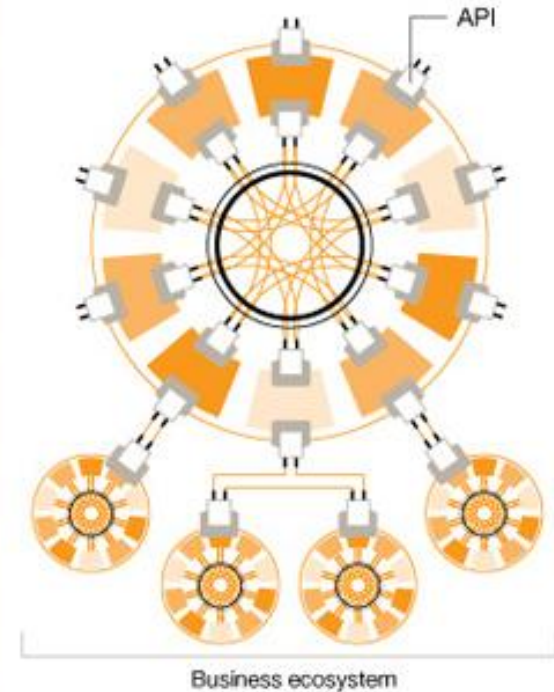
A2

With SOA, enterprises adopted an architecture using a service bus for integration, creating loose coupling and the potential for reuse and flexibility. The complexity of integration meant use remained largely internal to the enterprise.



A3

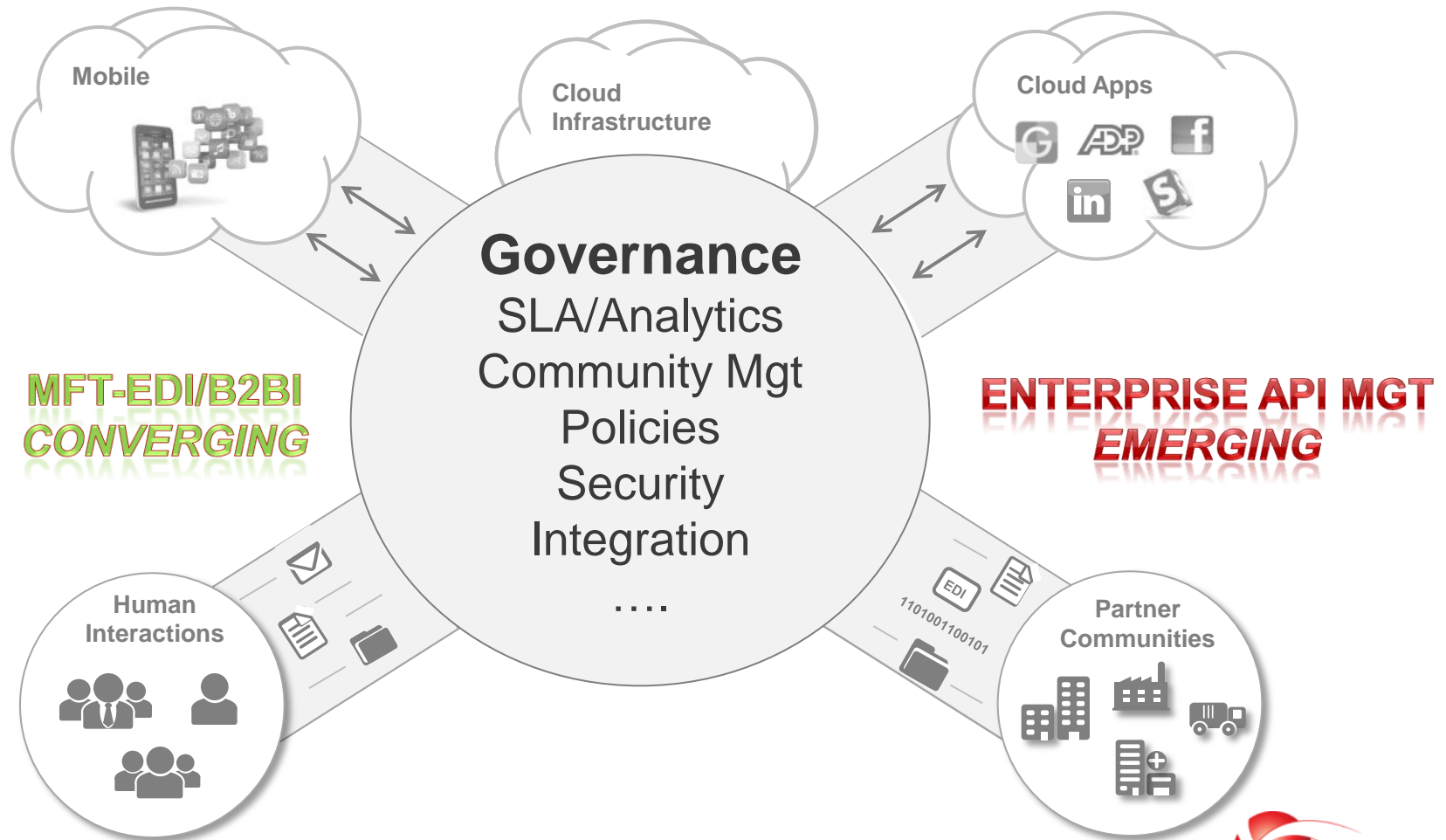
The new architectural principle and programming model based on RESTful APIs reduces integration cost and complexity, so integrations can scale for many internal as well as external uses.



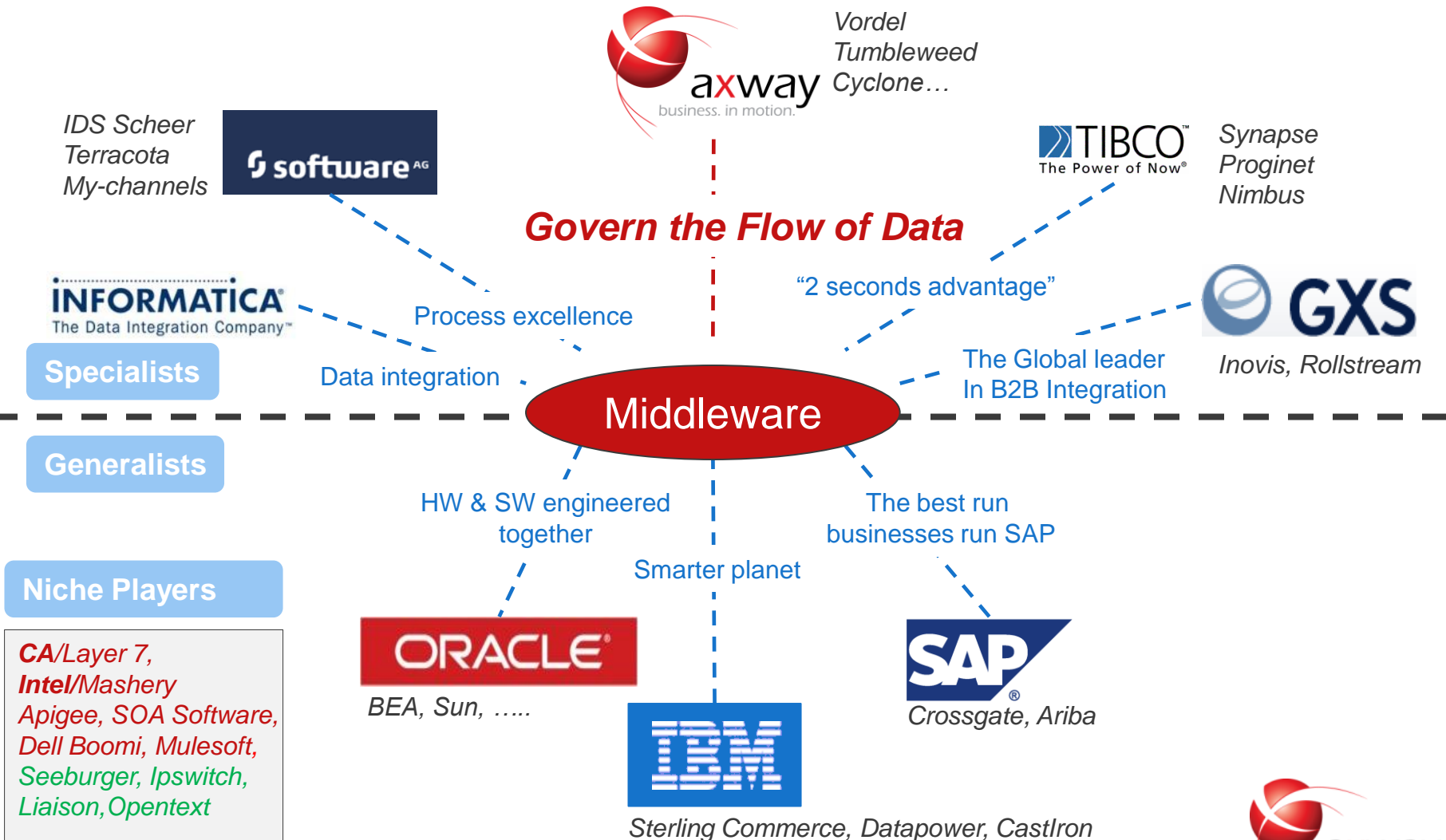
“Technology forecast: the business value of APIs”, PWC, 2012

Governance the Flow of Data

Axway 5 Suite (Launched in February 2013)



Axway in the Competitive Landscape



We confirm our project

- Axway's vision is in line with market evolutions
 - «Governing the Flow of Data» enables the \$500M project
 - Acquisitions would accelerate the momentum

- Axway is executing towards its transformation
 - Operating structure is strengthening
 - Vordel integration is completed
 - Axway 5 Suite pipe is strengthening
 - +1.8% growth on licenses hides an deep evolution of the demand
 - Services are penalized by Cloud investments but must evolve as well
 - Maintenance growth demonstrates that Axway is critical to its clients' business and they invest in the best support possible

We confirm our Outlook for FY2013

- Technology shifts and economical situation impact software vendors
- Axway continues its transformation
- Encouraging commercial pipeline for Q3
- Still some work to secure Q4
- ✓ **No change on guidance**
 - Positive organic growth
 - Operating margin maintained



It's time for Q & A

11,000+
customers

1,774+
employees

224M€
15.6% margin

Governing
Flow of data



22 locations in the World

Headquarters in US, listed (AXW. PA) and registered in France

Thank you!

