

2018 Half-Year Results Analyst conference

Paris - July 26, 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.
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Presentation of 2018 Half-Year Results

Agenda



Patrick Donovan,
Chief Executive
Officer

- 1 - 2018 Half-Year Financial results and Operating position
- 2 - AMPLIFY™ - Accelerating execution of the strategy
- 3 - 2018 Targets & 2020 Ambitions
- 4 - Q&A session



**2018 Half-Year
Financial results
and Operating position**

2018 Half-Year - Income statement

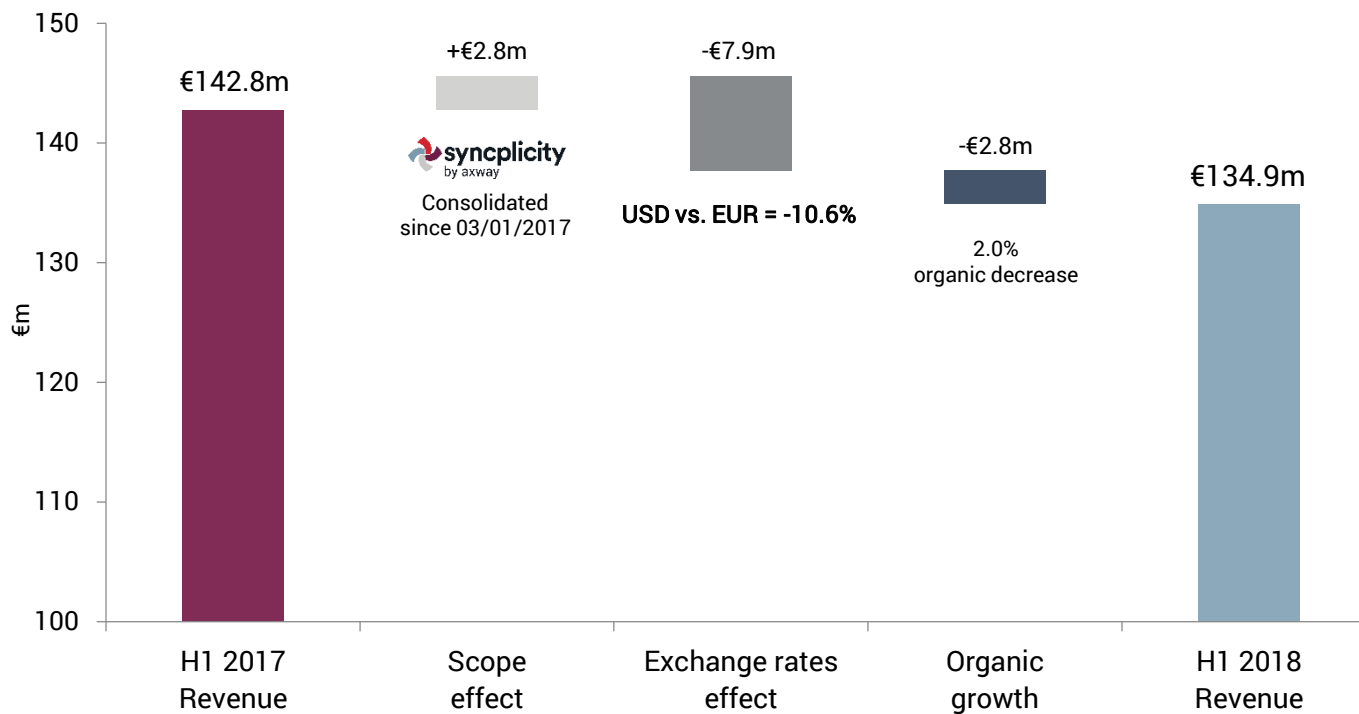
In millions of euros

	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

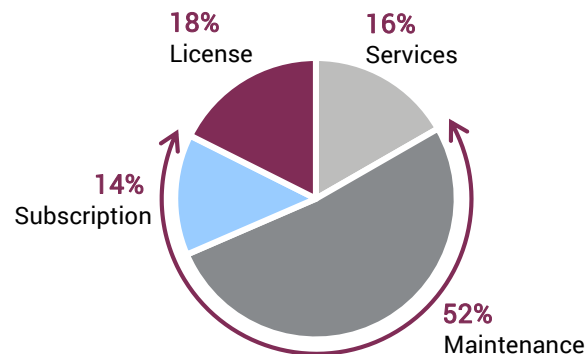


2018 Half-Year - Revenue by Activity

[€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%

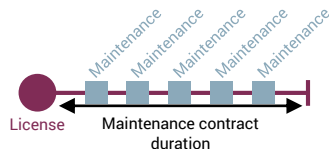
Main products:

- 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*

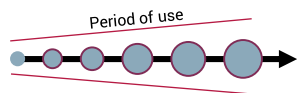
Main products:

- 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

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



AMPLIFY™
Accelerating execution
of the strategy



Strategy execution since April 2018



STRATEGY

- **Become a Market Leader in Hybrid Integration Platforms (HIP)**
 - Update of the **AMPLIFY™ 2020** - HIP roadmap (in progress)
- **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

Axway's DNA: Move, integrate and open company data

Since the beginning, we have moved and integrated our Customers' data in a secure manner

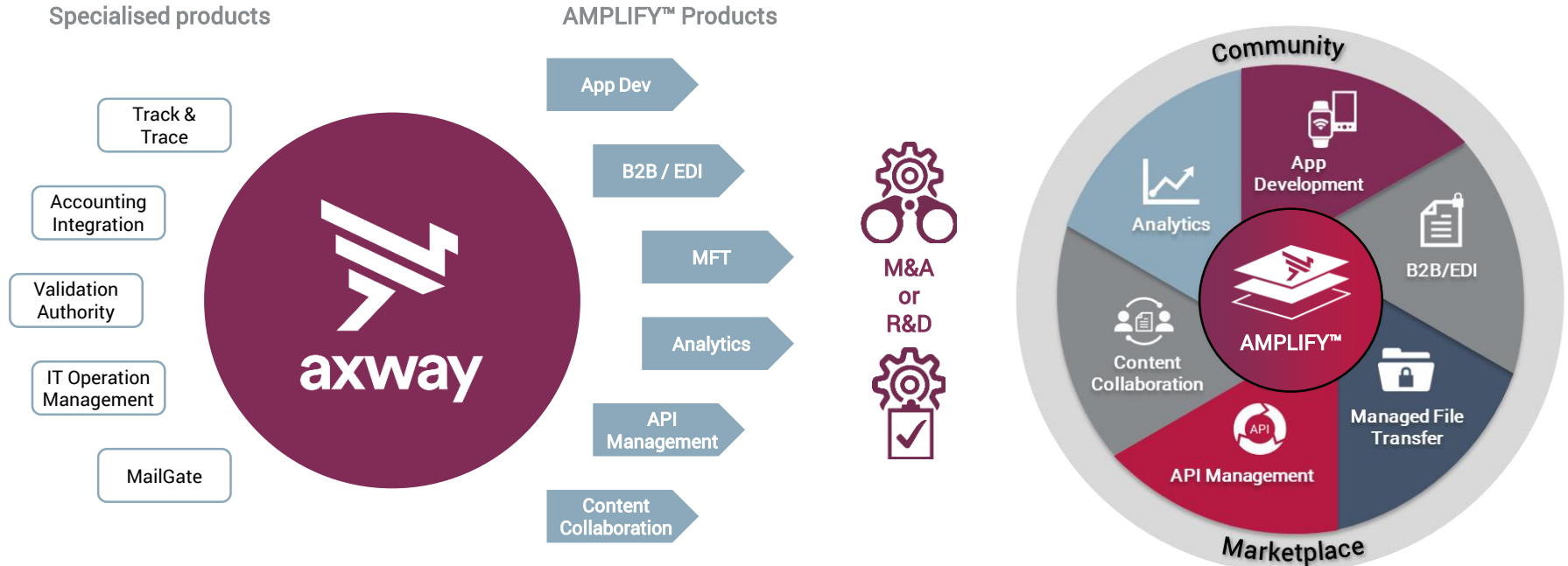
And we will continue to securely move, integrate or expose corporate data



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

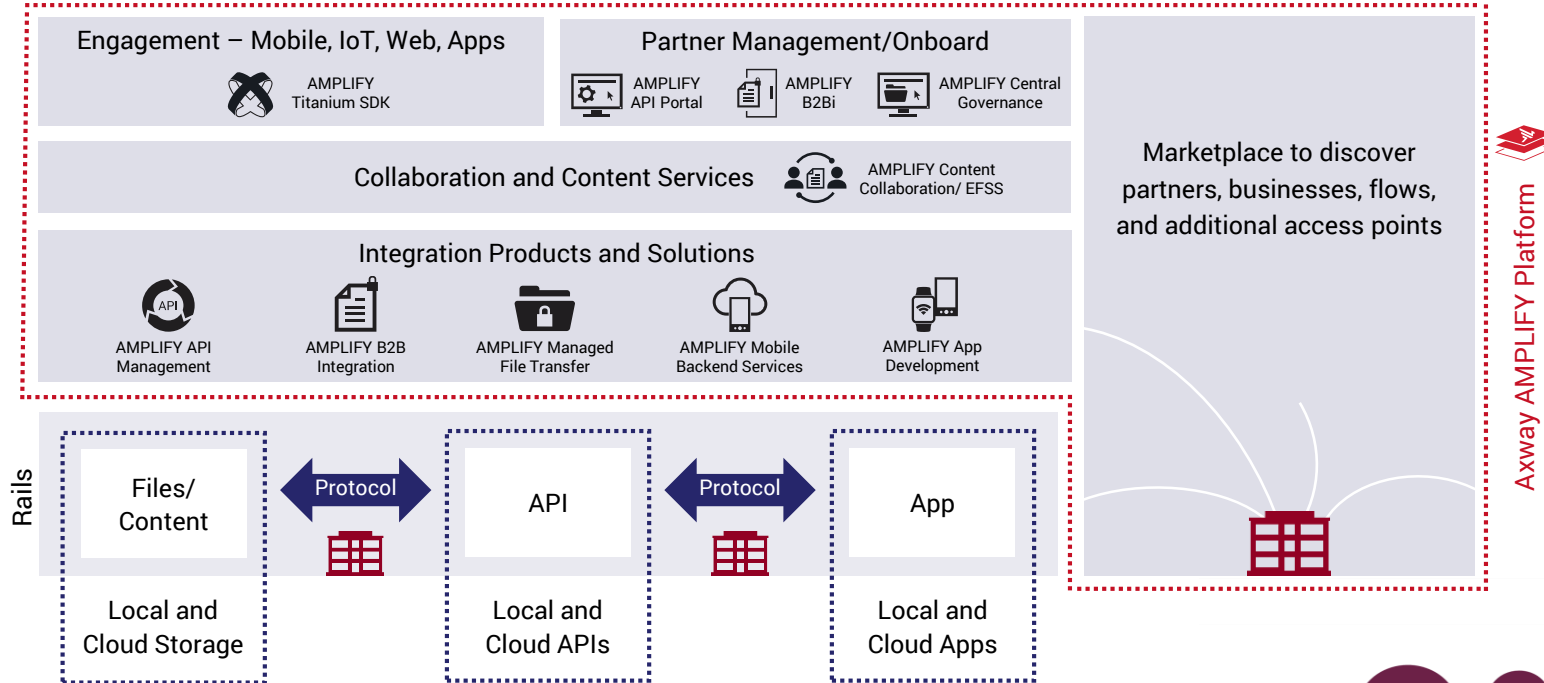
Become a leader in Hybrid Integration Platforms

Update on Axway's products



75% of our signatures in the first half of 2018

Axway AMPLIFY™: our Hybrid Integration Platform

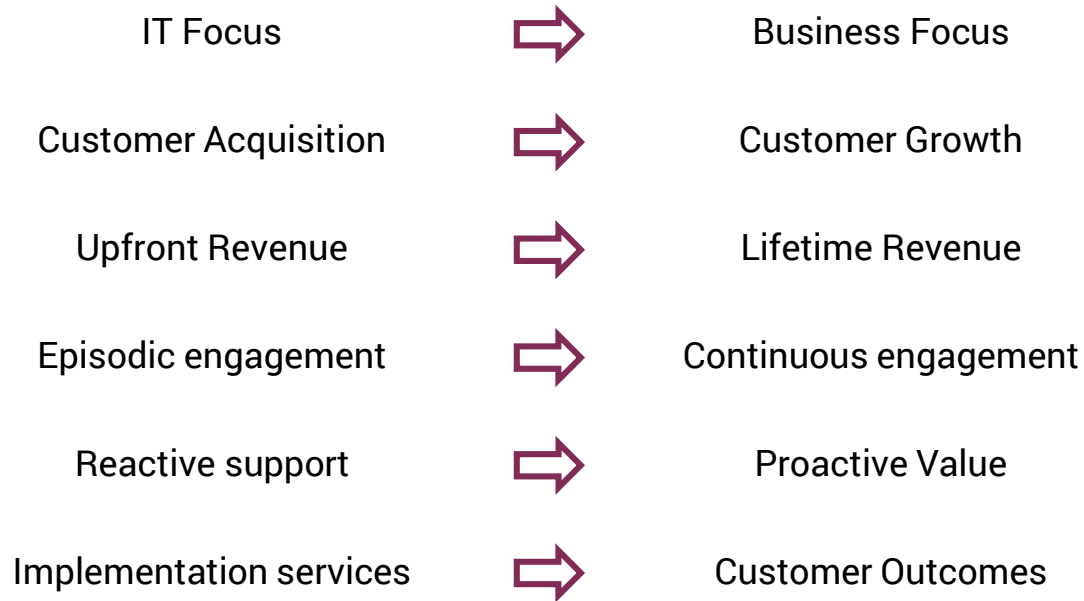


Customer Success Organisation



Roland Royer,
Chief Customer
Officer

Evolution of practices in a Subscription world



Customer engagement models

Sequences of a perpetual License offering



Cycle of a Subscription offering



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

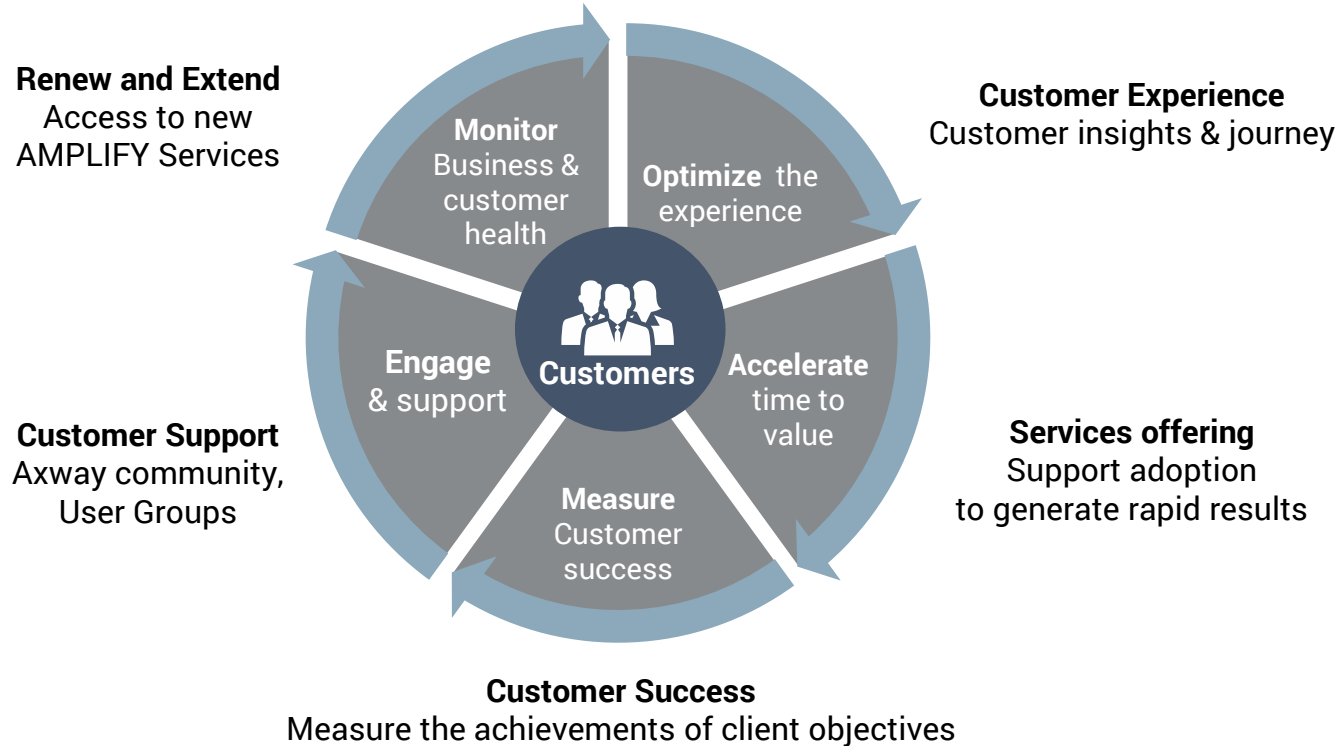
- Bring together and align all players interacting with customers
- Optimize the **Acquisition, Adoption, Expansion, Renewal cycle**
- Making the **customer experience** a differentiator



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



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



Q&A Session

Microphones are available with the hostesses

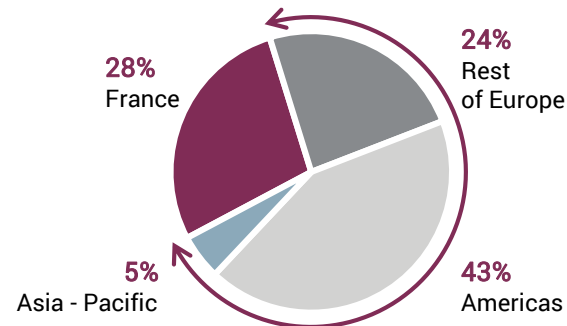
Appendices



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

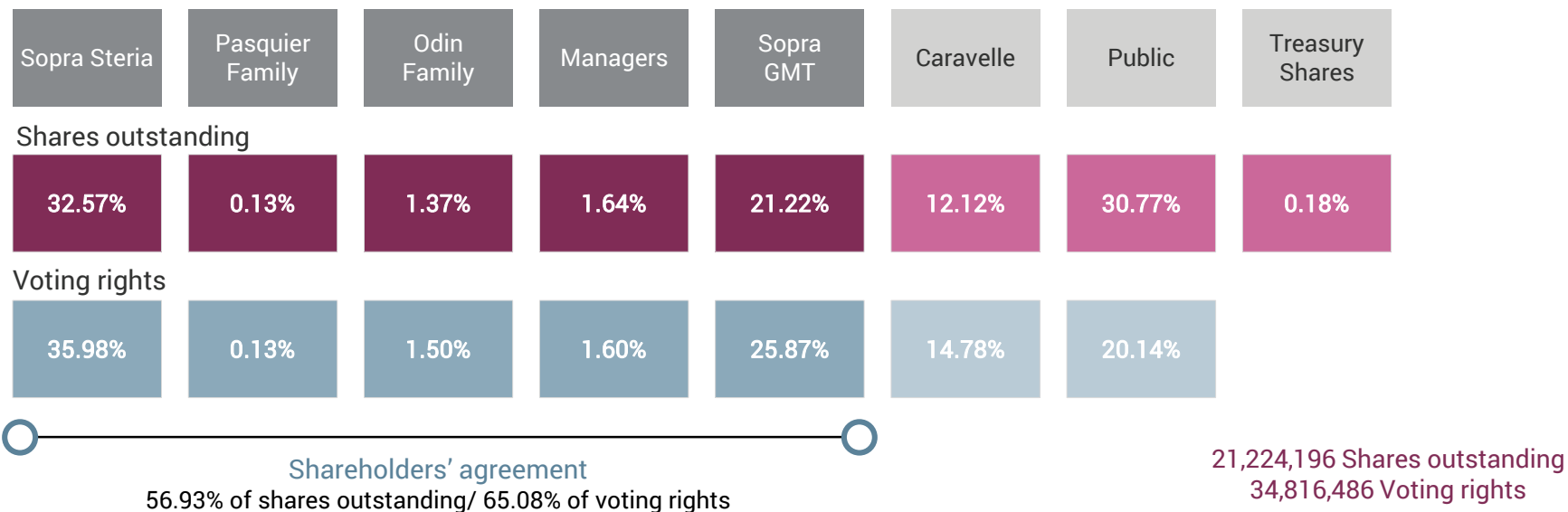
In €

	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

Shareholding structure at 06/30/2018



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 consolidation scope and exchange rate impacts.
- Growth at constant exchange 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.
- 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.