



1st Half-Year 2017

Analyst Conference
27 July 2017



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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Agenda

Speakers



Jean-Marc Lazzari,
CEO



Patrick Donovan,
CFO



Patrick Gouffran,
Corporate Secretary

Highlights 1st Semester 2017 #axway

- Key figures HY 2017
- Accounting Results HY 2017
- Mid term Status and Perspective
- FY 2017 Outlook



Key figures HY 2017

[€M]	2017	2016 Published
Revenue	142.8	144.7
Profit from business activity <i>(%revenue)</i>	6.0 <i>4.2%</i>	16.3 <i>11.3%</i>
Net Profit <i>(%revenue)</i>	2.6 <i>1.8%</i>	11.0 <i>7.6%</i>

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

Revenue by activity HY 2017

[€M]	2017	2016 Published	2016 Restated	Organic Growth ¹
Licenses	25.0	37.4	37.9	-34.0%
Cloud	17.2	-	15.0	14.8%
Maintenance	73.5	70.2	70.8	3.7%
Services	27.1	37.1	28.2	-3.9%
Axway	142.8	144.7	151.9	-6.0%

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

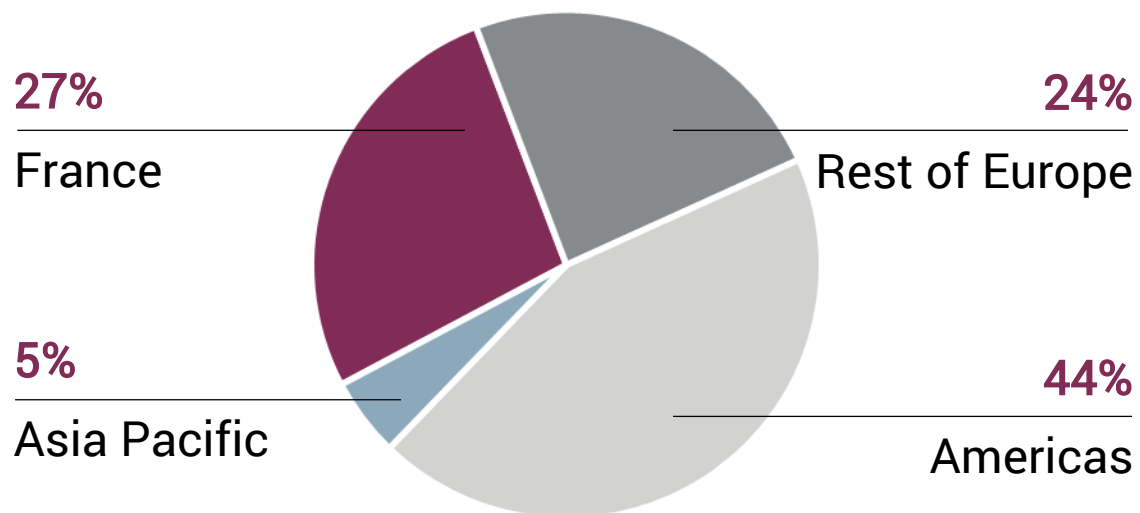
Revenue by region HY 2017

[€M]	2017	2016 Published	2016 Restated	Organic Growth ¹
France	38.7	43.9	43.9	-11.9%
Rest of Europe	33.7	31.8	31.0	8.7%
Americas	62.7	61.5	69.4	-9.6%
Asia Pacific	7.8	7.4	7.7	0.9%
Axway	142.8	144.7	151.9	-6.0%

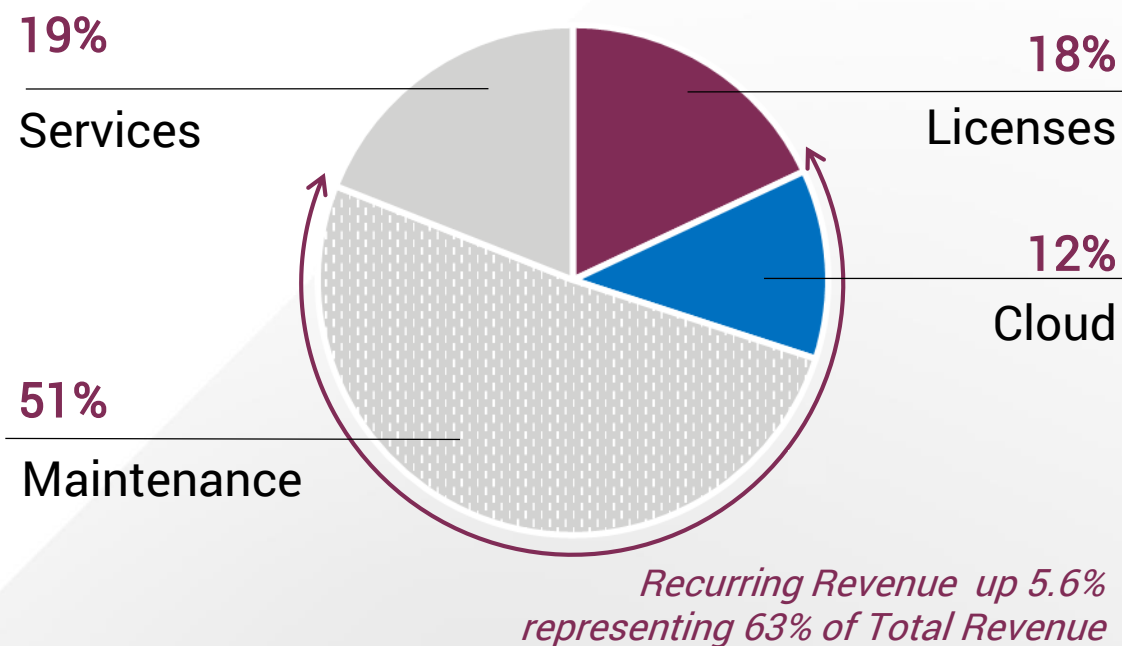
(1) At constant exchange rates and on a like-for-like basis

HY 2017 Balanced and resilient business model

By Region



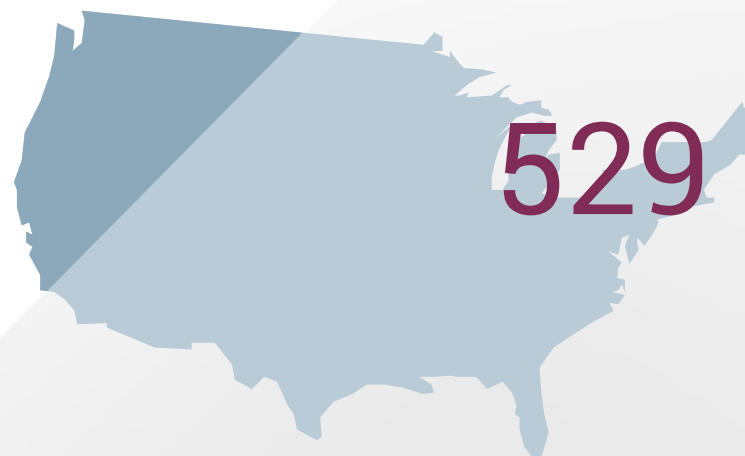
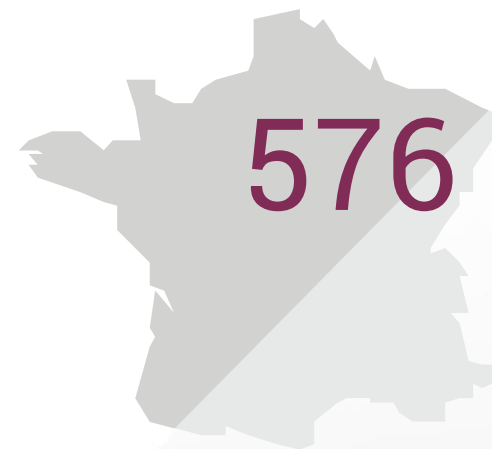
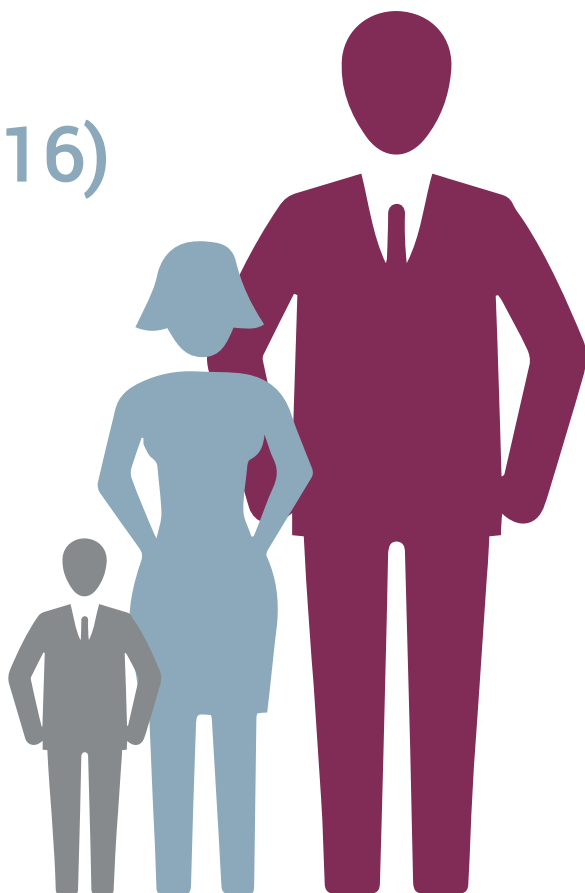
By Activity



Headcount at end of June 2017

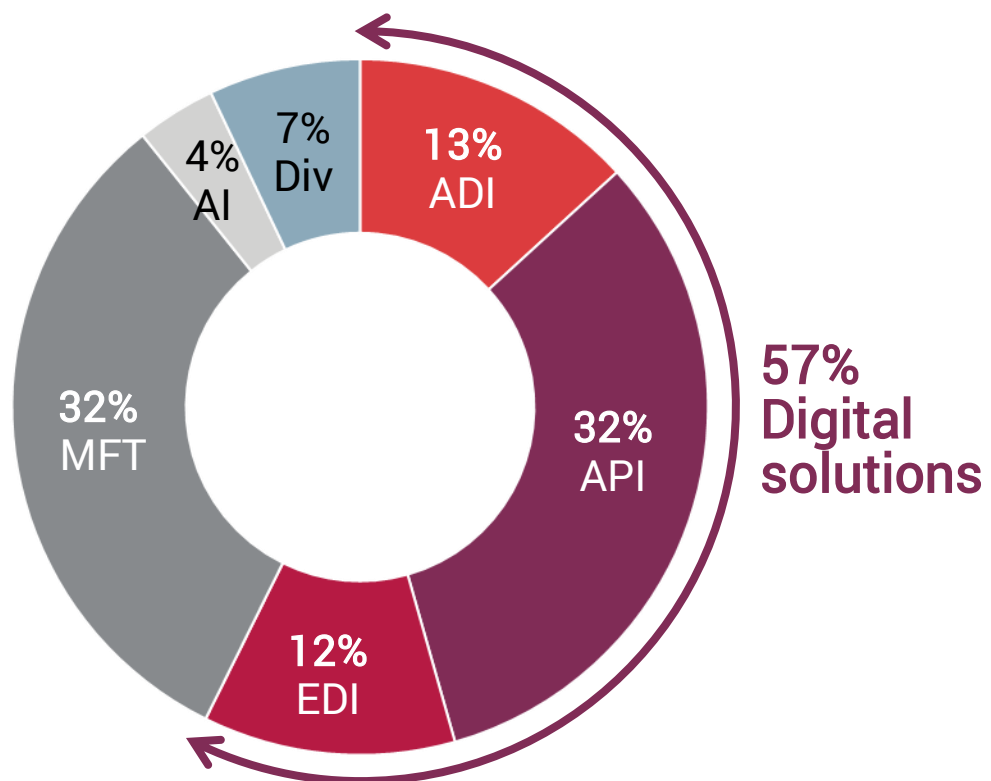
1,941

(1,930 Dec. 2016)

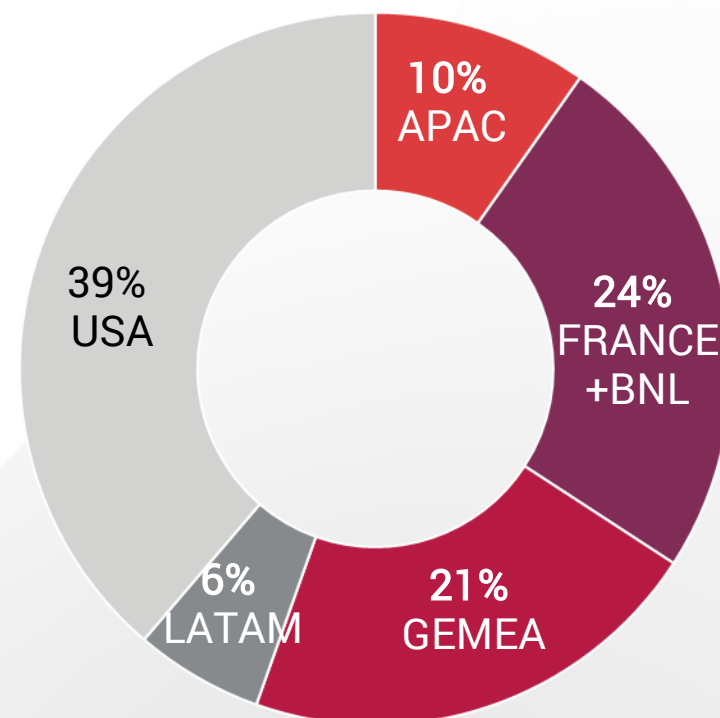


2017 Axway Licenses Pipe

By Technology



By Region





Accounting & Financial Results

Patrick Donovan
CFO



Income statement (1/2)

- Continue to see impact of shifting business model with license revenue decrease and cloud increase
- Gross Profit as a 66.9% of revenue dropped with falling license revenue, Cloud margin up to 38% and service margin increased to 13% as well
- R&D continued to grow in support of our growing portfolio and new Platform launch and Syncplicity products

In millions of euros

	HY 2017	HY 2016	FY 2016
Revenue :			
Licenses	25.0	37.4	81.3
Cloud	17.2	9.0	19.1
Maintenance	73.5	70.2	143.0
Total Product Revenue	115.7	116.6	243.4
Services	27.1	28.0	57.7
Total Revenue :	142.8	144.7	301.1
Costs of sales:			
License and Maintenance	13.2	12.5	23.7
Cloud	10.6	6.5	12.7
Services	23.5	25.5	50.3
Total Costs of sales :	47.3	44.4	86.6
Gross profit:	95.5	100.3	214.4
<i>as a % of Revenue</i>	66.9%	69.3%	71.2%
Operating expenses :			
Sales and marketing	42.7	42.2	81.9
Research and development	31.5	27.0	53.3
General and administrative	15.2	14.8	28.4
Total operating expenses :	89.5	84.0	163.7
Profit on operating activities	6.0	16.3	50.8

Income statement (2/2)

- Profit on Operating Activities finished at 4.2%, a drop from 11.3% in HY 2016
- Increase in intangible amortization relates to assets from Syncplicity
- Net Profit finish at 2.6 M€ or 0,12€ per share, similar to S1 2015 and 2014

In millions of euros

	HY 2017	HY 2016	FY 2016
Profit on operating activities	6.0	16.3	50.8
<i>as a % of Revenue</i>	4.2%	11.3%	16.9%
Stock option related expenses	(0.5)	(0.2)	(1.1)
Amortization of intangible assets	(4.5)	(3.8)	(7.9)
Profit from recurring operations	1.0	12.3	41.8
<i>as a % of Revenue</i>	0.7%	8.5%	13.9%
Other income and expenses	(1.3)	(1.5)	(6.7)
Operating profit	(0.4)	10.7	35.1
Cost of net financial debt	(0.0)	(0.2)	(0.4)
Other financial revenues and expenses	0.5	0.9	0.5
Income taxes	2.5	(0.5)	(3.7)
Net Profit	2.6	11.0	31.5
<i>as a % of Revenue</i>	1.8%	7.6%	10.5%
Basic net earnings per share (in Euro)	0.12	0.53	1.51

Simplified balance sheet (1/2)

- Goodwill and intangibles increased from the acquisition of Syncplicity
- Cash balance ended at 27,1 M€ for 30 June 2017
- With our drop in Trade Receivables, our DSO finished at 51 days, down from 78 days at 30 June 2016

In millions of euros

	30/06/17	30/06/2016	31/12/16
ASSETS			
Goodwill	339.8	279.9	288.8
Intangible assets	61.1	52.3	49.8
Property, plant and equipment	14.9	8.5	14.5
Other non-current assets	52.1	53.3	49.6
Non-current assets	467.8	394.1	402.7
Trade receivables	48.7	69.9	78.2
Other current assets	28.5	23.6	25.3
Cash and cash equivalents	27.1	41.7	51.7
Current assets	104.2	135.2	155.2
TOTAL ASSETS	572.1	529.4	557.8

Simplified balance sheet (2/2)

- 45 M\$ of borrowings under 125 M€ RCF at 30 June 2017, additional debt outside RCF
- Current liabilities includes 84.5 M€ of deferred income in June 2017 versus 86.9 M€ in June 2016

In millions of euros

	30/06/2017	30/06/2016	31/12/16
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	42.4	41.6	42.0
Capital reserves and results	310.1	296.8	332.8
Total shareholders' equity	352.5	338.4	374.8
Financial debt - long-term portion	53.5	31.9	35.5
Other non-current liabilities	20.7	14.8	10.3
Non-current liabilities	74.2	46.7	45.7
Financial debt - short-term portion	5.9	2.9	3.7
Deferred Revenues	84.5	86.9	74.5
Other current liabilities	55.0	54.5	59.1
Current liabilities	145.4	144.3	137.3
TOTAL LIABILITIES	219.6	191.0	183.0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	572.1	529.4	557.8

Change in Equity

- Due to the USD/Euro conversion rate movement at balance sheet ending date a significant translation adjustment was recorded in June 2017 on the conversion of the foreign balance sheets to Euros

<i>In millions of euros</i>	30/06/2017	30/06/2016	31/12/2016
Equity at Opening of Period	374.8	340.6	340.6
Profit for the period	2.6	11.0	31.5
Other comp. income statement items	-0.2	-0.2	0.2
Share-based payments	0.5	0.2	1.0
Dividends	-8.5	-8.3	-8.3
Capital increase	2.8	0.2	3.4
Actuarial gains and losses	0.1	-0.1	0.5
Other changes	3.7	-2.6	-0.2
Translation differential	-23.3	-2.5	6.1
Equity at End of Period	352.5	338.4	374.8

Cash Flow statement

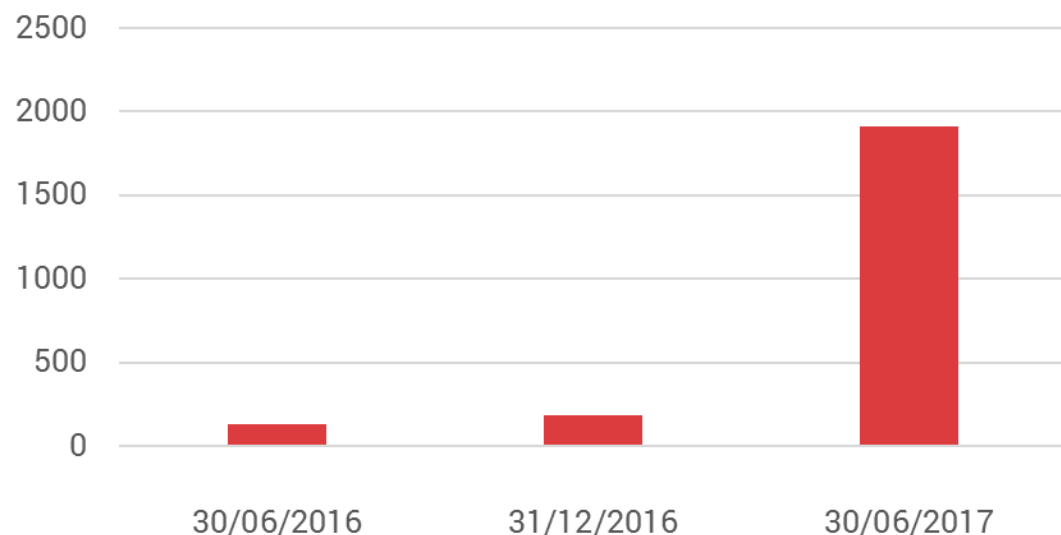
- Working Capital Requirements (BFR) – positive improvement in HY 2017 of 16.5 M€ which was used to pay off our Appcelerator draw under our RCF
- Free cash for HY 2017 is 19.0 M€ versus 17.4 M€ for HY 2016

In millions of euros

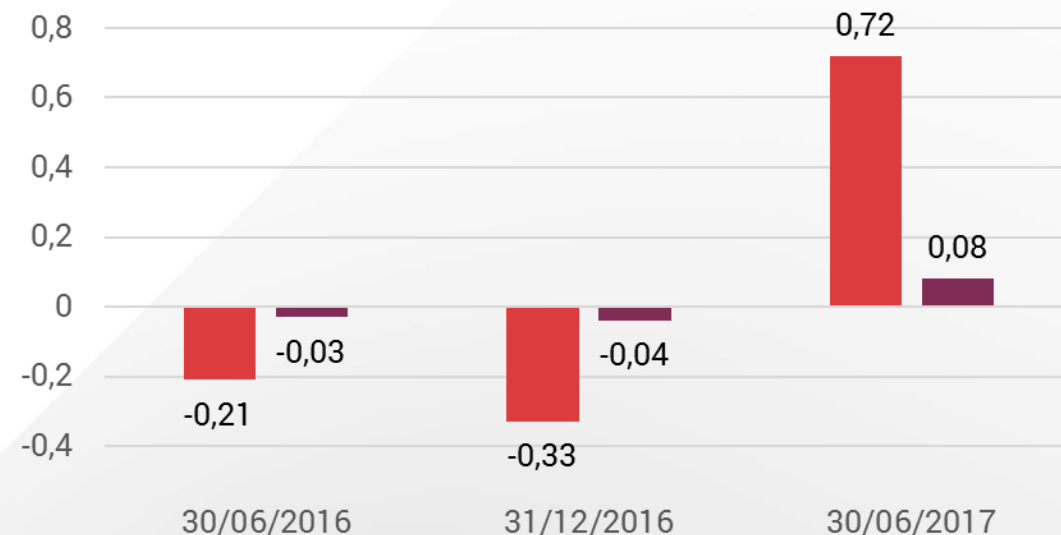
	HY 2017	HY 2016	FY 2016
Net profit for the period	2.6	11.0	31.5
Net charges to amortizations, depreciations and provisions	6.3	2.8	10.0
Other income and expense items	0.6	-	1.9
Cash from operations after cost of net debt and tax	9.6	13.8	43.5
Changes to operating working capital requirements	16.5	8.7	(5.9)
Costs of net financial debt	0.0	0.2	0.4
Income tax paid net of accrual	(4.1)	(0.6)	0.5
Net cash from operating activities	22.0	22.0	38.4
Net cash used in investing activities	(60.4)	(50.4)	(57.3)
Proceeds on shares issued	2.8	0.1	3.4
Dividends paid	(8.5)	-	(8.3)
Change in loan	19.0	24.8	31.3
Net interest paid	(0.0)	(0.2)	(0.4)
Other changes	(0.2)	(0.2)	(0.1)
Net cash from (used in) financing activities	13.1	24.6	26.0
Effect of foreign exchange rate changes	(1.1)	(0.6)	0.8
NET CHANGE IN CASH AND CASH EQUIVALENTS	(26.4)	(4.4)	7.8
Opening cash position	51.7	43.9	43.9
CLOSING CASH POSITION	25.3	39.5	51.7

Financial structure – Covenants HY 2017

- Financial covenants met in all periods. Net bank debt for 2017 is 28,8 M€
- Our main covenant is the leverage ratio: Net debt/EBE ≤ 3 (0,72 at June 30, 2017)
- The 125 M€ credit line is extended to mid-2021 and approximately 85 M€ is available



EBE/Costs of Debt
(covenant >5)



Net Debt/EBE
(covenant <3)

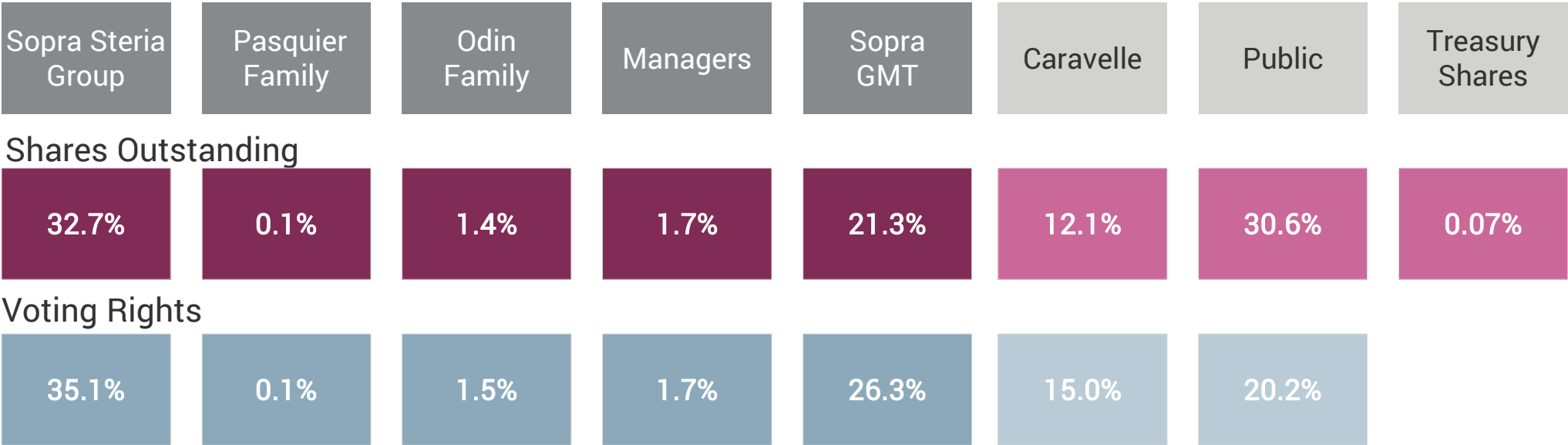
Net Debt/Retained Earnings
(Covenant <1)

Axway shareholder structure

30/06/2017

21,168,021 SHARES OUTSTANDING

34,274,819 VOTING RIGHTS



Concerted action

- 57.14% of the shares
- 64.73% of the voting rights

Finance at a glance

- Revenue 142.8 M€, which is reflecting our shifting business model
- Profit on Operating Activities 4.2% of Revenues
- Continued solid financial position



**Mid term Status and
Perspective**
Jean-Marc Lazzari
CEO

Axway business plan ambition & strategy



- Preserve **margins** before acquisition while **investing in innovation**
- Keep our historic leadership in **France**, while focusing on **Digital**
- Target **20% growth** in software revenue in the USA
- **Achieve** average annual growth of **30% Digital revenue**
- **Active M&A** plan both on engagement and foundation domains

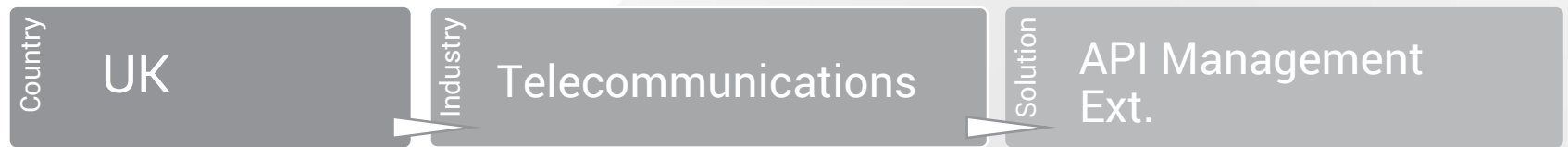
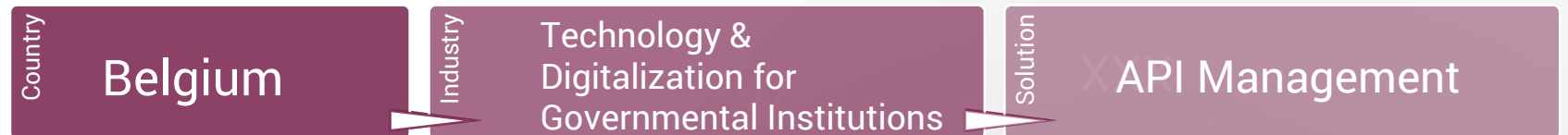
Digital Transformation: Customer Experience network



+30%
API deals

+17%
API
Extensions

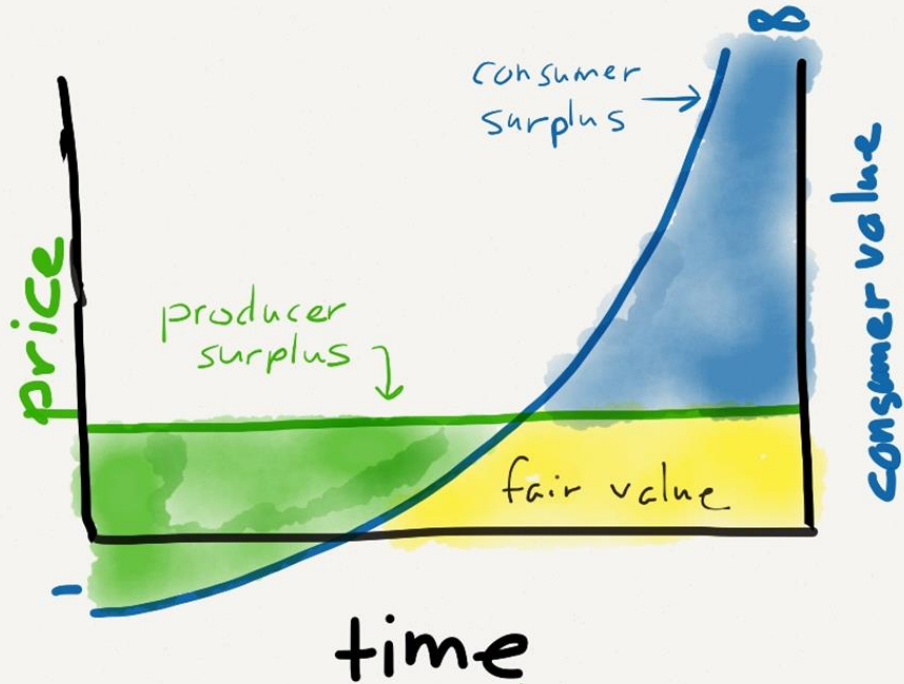
84%
upsell



Acceleration of market demand for Cloud/Subscription

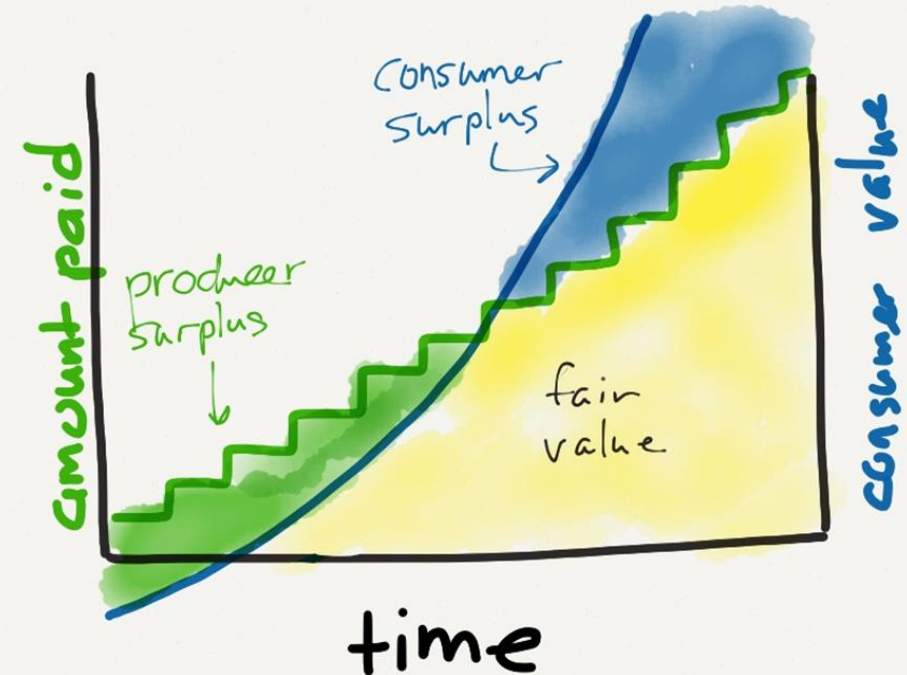
Need to shift from this ...

Productivity Apps · Packaged SW



To this ...

Productivity Apps · Subscriptions



New Business Model: Positive Cloud performance in revenue & new booking



14.8%
Organic
growth

4.3M€
New ACV

7.3M€
New TCV



Country	USA	Industry	Government	Solution	Syncplicity
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Country	USA	Industry	Manufacturing, Retail, Electronics	Solution	Axway Cloud B2B Service
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Country	USA	Industry	US Federal Government	Solution	Axway Cloud MFT Service Rnw.
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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

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H2 2017 Action Plan

Deep dive
& revenue
reforecasting
for Full Year

We will be
prudent on
managing costs
on H2

Strategic check
point

Accelerate sales
transformation
& enablement



FY 2017 Outlook

Keep focusing
on our strategic
ambition

Continue Axway
Transformation

Stable
FY Revenue

FY ROA
over
13%



Q&A





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.