

# Results presentation Axway 2011

16 February 2012



# Forward-Looking Statements

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- 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 have a more or less favourable impact on full-year performance.
- The outcome of events or actual results may differ from those described in this document as a result of various risks and uncertainties set out in the Prospectus submitted to the *Autorité des Marchés Financiers* on 29 April 2011.
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# Contents

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- Achievements in 2011
- Key events
- Axway in the software publishing market
- Strategy and outlook

# 2011 financial data

Introductory comments on bases for comparison

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- Pro forma basis
  - Axway restated in 2010 on a stand-alone basis
  - 2010 restatement with 2011 currency conversion rates
- Foreign exchange effects
  - \$/€: unfavourable effect on revenue (€3.3m), no effect on margins
  - £/€: negligible effect on revenue and margins
- Impact of deconsolidation from Sopra Group
  - Q1 2011 restatement to recognise revenue previously eliminated on consolidation with Sopra Group (for €200k).

# Revenue breakdown

## *by business activity/period*

### 2ème semestre

M€	2011	2010 Publié	2010 Pro forma	Croissance totale	Croissance organique <sup>1</sup>
Licenses	45,8	46,4	45,8	-1,1%	0,1%
Maintenance	44,3	40,0	39,3	11,0%	12,9%
Services	27,1	26,8	26,5	1,0%	2,0%
<b>Axway</b>	<b>117,2</b>	<b>113,1</b>	<b>111,5</b>	<b>3,6%</b>	<b>5,1%</b>

### 3 trimestre

M€	2011	2010 Publié	2010 Pro forma	Croissance totale	Croissance organique <sup>1</sup>
Licenses	19,7	15,7	15,0	25,0%	31,3%
Maintenance	20,8	20,1	19,2	3,7%	8,1%
Services	13,1	12,4	12,1	5,5%	8,3%
<b>Axway</b>	<b>53,5</b>	<b>48,2</b>	<b>46,3</b>	<b>11,1%</b>	<b>15,7%</b>

### 4 trimestre

M€	2011	2010 Publié	2010 Pro forma	Croissance totale	Croissance organique <sup>1</sup>
Licenses	26,2	30,6	30,8	-14,6%	-15,0%
Maintenance	23,5	19,9	20,0	18,3%	17,6%
Services	14,0	14,4	14,5	-3,0%	-3,3%
<b>Axway</b>	<b>63,7</b>	<b>64,9</b>	<b>65,3</b>	<b>-1,9%</b>	<b>-2,4%</b>

# Revenue breakdown

## *by geographic region*

### 2ème semestre

M€	2011	2010 Publié	2010 Pro forma	Croissance totale	Croissance organique <sup>1</sup>
Europe	71,6	70,4	70,3	1,8%	1,8%
Amériques	42,7	40,4	38,7	5,8%	10,3%
Asie/Pacifique	2,9	2,4	2,5	22,3%	16,8%
<b>Axway</b>	<b>117,2</b>	<b>113,1</b>	<b>111,5</b>	<b>3,6%</b>	<b>5,1%</b>

### 3 trimestre

M€	2011	2010 Publié	2010 Pro forma	Croissance totale	Croissance organique <sup>1</sup>
Europe	29,8	27,1	26,9	10,2%	10,7%
Amériques	22,4	20,2	18,5	11,1%	20,9%
Asie/Pacifique	1,3	1,0	0,8	37,3%	64,5%
<b>Axway</b>	<b>53,5</b>	<b>48,2</b>	<b>46,3</b>	<b>11,1%</b>	<b>15,7%</b>

### 4 trimestre

M€	2011	2010 Publié	2010 Pro forma	Croissance totale	Croissance organique <sup>1</sup>
Europe	41,8	43,3	43,4	-3,5%	-3,7%
Amériques	20,3	20,2	20,2	0,5%	0,6%
Asie/Pacifique	1,6	1,4	1,7	12,1%	-5,9%
<b>Axway</b>	<b>63,7</b>	<b>64,9</b>	<b>65,3</b>	<b>-1,9%</b>	<b>-2,4%</b>

# Revenue breakdown

## 2011 – H1– H2 – by region

### 1st semester

M€	2011	2010 Published	2010 Pro forma	Total Growth	Organic Growth
Europe	63.4	61.5	62.7	3.1%	1.2%
América's	34.0	32.0	29.5	6.2%	15.7%
AsiaPac	2.6	1.7	1.8	46.8%	42.4%
<b>Axway</b>	<b>100.0</b>	<b>95.3</b>	<b>93.9</b>	<b>4.9%</b>	<b>6.5%</b>

### 2nd semester

M€	2011	2010 Published	2010 Proforma	Total Growth	Organic Growth
Europe	71.6	70.4	70.3	1.8%	1.8%
America's	42.7	40.4	38.7	5.8%	10.3%
AsiaPac	2.9	2.4	2.5	22.3%	16.8%
<b>Axway</b>	<b>117.2</b>	<b>113.1</b>	<b>111.5</b>	<b>3.6%</b>	<b>5.1%</b>

# Revenue breakdown

## *2011 – H1– H2 – business activity*

### 1st semester

M€	2011	2010 Published	2010 Pro forma	Total Growth	Organic Growth
Licenses	31.9	31.6	31.1	1.1%	2.7%
Maintenance	40.7	38.6	38.0	5.4%	7.2%
Services	27.4	25.1	24.9	9.1%	10.2%
<b>Axway</b>	<b>100.0</b>	<b>95.3</b>	<b>93.9</b>	<b>4.9%</b>	<b>6.5%</b>

### 2nd semester

M€	2011	2010 Published	2010 Pro forma	Total Growth	Organic Growth
Licenses	45.8	46.4	45.8	-1.1%	0.1%
Maintenance	44.3	40.0	39.3	11.0%	12.9%
Services	27.1	26.8	26.5	1.0%	2.0%
<b>Axway</b>	<b>117.2</b>	<b>113.1</b>	<b>111.5</b>	<b>3.6%</b>	<b>5.1%</b>

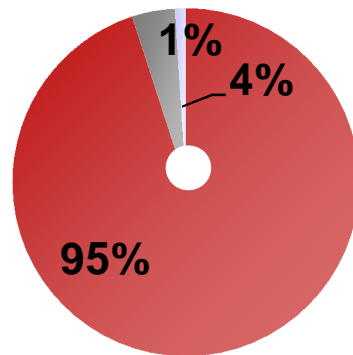


# Analysis of Axway's business activities

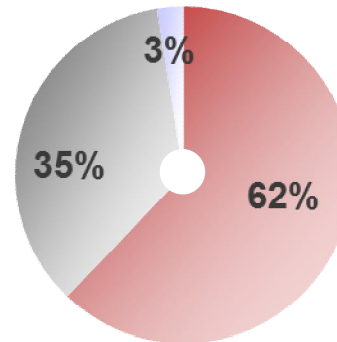
## Breakdown of 2011 revenue

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- By geographic region:



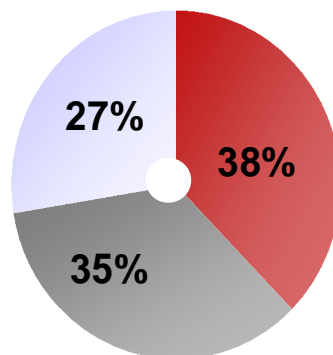
2005



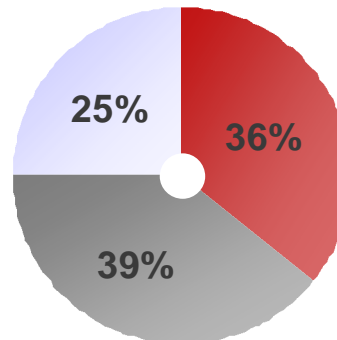
2011



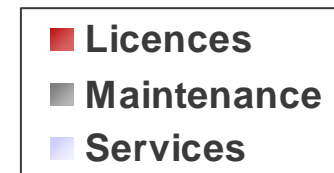
- By revenue type:



2005



2011



# Simplified income statement (1/2)

(in thousands of euros)	Exercice 2011	Exercice 2010	Exercice 2009
<b>Revenue :</b>			
License	77,762	77,948	61,186
Maintenance	85,037	78,578	71,486
Total Product Revenue	162,799	156,526	132,673
Services	54,445	51,895	49,545
<b>Total Revenue :</b>	<b>217,244</b>	<b>208,421</b>	<b>182,218</b>
<b>Costs of sales:</b>			
Product Revenue	19,929	22,076	19,458
Services	49,285	46,354	44,798
<b>Total Costs of sales :</b>	<b>69,214</b>	<b>68,430</b>	<b>64,256</b>
<b>Gross profit:</b>	<b>148,030</b>	<b>139,991</b>	<b>117,961</b>
<b>Operating expenses :</b>			
Sales and marketing	61,528	57,923	51,655
Research and development	32,079	32,662	31,175
General and administrative	19,120	18,321	16,642
<b>Total operating expenses :</b>	<b>112,727</b>	<b>108,906</b>	<b>99,472</b>
<b>Profit on operating activities</b>	<b>35,303</b>	<b>31,085</b>	<b>18,489</b>
<i>as a % of Revenue</i>	16.3%	14.9%	10.2%

# Simplified income statement (2/2)

	31/12/2011		31/12/2010	
	(in M€) (% of Rev.)		(in M€) (% of Rev.)	
<b>Key income statement items</b>				
Revenue	217.2		208.4	
<i>Organic growth</i>	5.7%		11.8%	
Profit on operating activities	35.3	16.3%	31.1	14.9%
Profit from recurring operations	33.3	15.3%	29.1	14.0%
Other income and expense	-4.0		-3.6	
Net financial costs and currency impact	-2.7		-2.0	
Income Taxes	-5.2		3.0	
Net profit	21.5	9.9%	26.6	12.8%
	(in €)		(in €)	
<b>Net earnings per share</b>				
Basic net earnings per share	1.20		1.49 (1)	

(1) Calculation based on the weighted average ordinary shares as of 31Dec 2011 for pro forma comparison between periods.

# Simplified balance sheet

	31/12/2011	31/12/2010	31/12/2009
ASSETS	(in M€)	(in M€)	(in M€)
Goodwill	169.6	165.7	154.3
Intangible Assets	19.4	20.8	21.3
Property and Equipment	4.9	3.5	1.5
Other non-current assets	15.3	18.6	9.2
<b>Non-current assets</b>	<b>209.2</b>	<b>208.6</b>	<b>186.3</b>
Trade accounts receivable	57.1	65.8	53.3
Other current assets	14.4	11.7	9.9
Cash and cash equivalents	23.8	22.4	11.3
<b>Current Assets</b>	<b>95.3</b>	<b>99.8</b>	<b>74.5</b>
<b>TOTAL ASSETS</b>	<b>304.5</b>	<b>308.4</b>	<b>260.8</b>
<b>LIABILITIES AND EQUITY</b>			
Capital	40.3	75.6	75.6
Capital reserves and results	173.1	72.5	34.7
<b>Total Equity</b>	<b>213.4</b>	<b>148.1</b>	<b>110.3</b>
Financial debt - long-term portion	2.0	1.8	1.6
Other non-current liabilities	14.6	17.4	13.1
<b>Non-current liabilities</b>	<b>16.6</b>	<b>19.2</b>	<b>14.7</b>
Financial debt - short-term portion	0.5	0.4	0.2
Current account - Sopra Group	0.0	68.4	76.6
Other current liabilities	74.0	72.3	59.0
<b>Current liabilities</b>	<b>74.5</b>	<b>141.1</b>	<b>135.8</b>
<b>TOTAL LIABILITIES</b>	<b>91.1</b>	<b>160.3</b>	<b>150.5</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>304.5</b>	<b>308.4</b>	<b>260.8</b>

# Change in equity

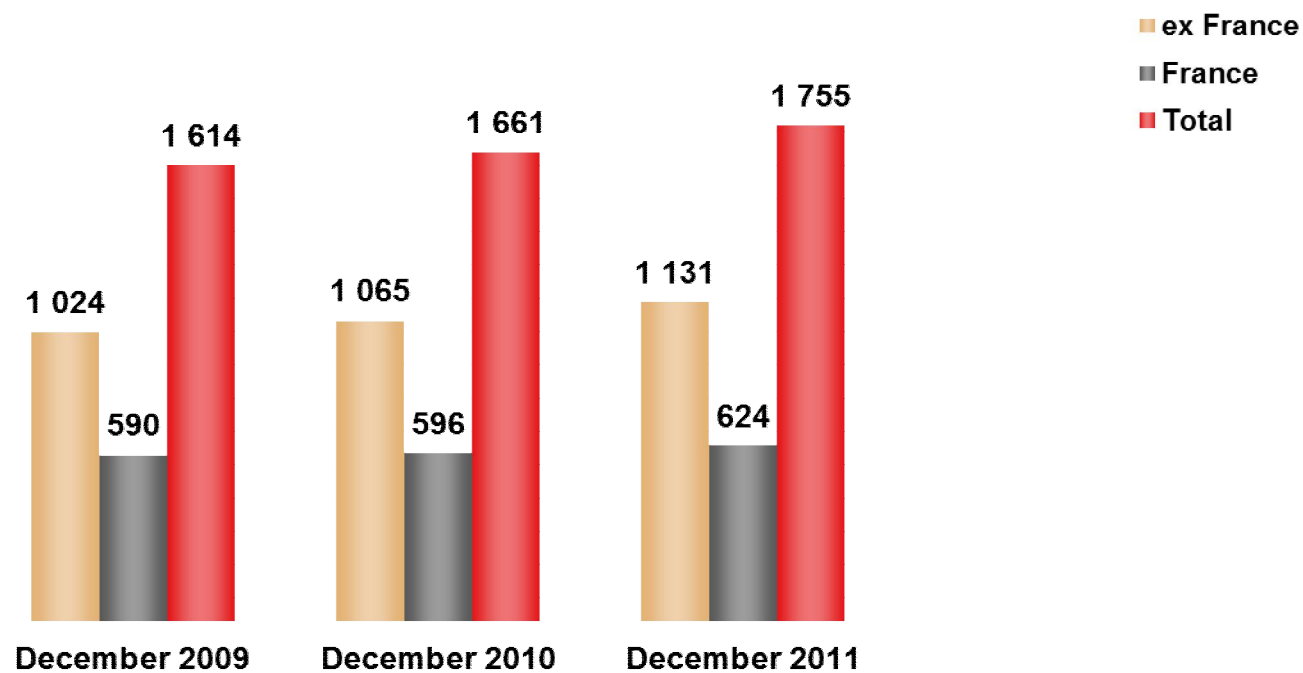
Changes in Equity Accounts	12/31/2011	12/31/2010
<b>Equity - Beginning of Period</b>	<b>148.1</b>	<b>110.3</b>
■ Dividends	-21.8	--
■ Net Income - Group	21.4	26.6
■ Capital Increase : Rights Offering	61.2	--
■ Acquisition or disposition of Treasury Shares	-0.6	--
■ Share based payments	0.1	--
■ Actuarial gains and losses		-0.4
■ Translation reserves	5.0	11.6
■ Other movements		--
<b>Equity - End of Period</b>	<b>213.4</b>	<b>148.1</b>

# Cash flow

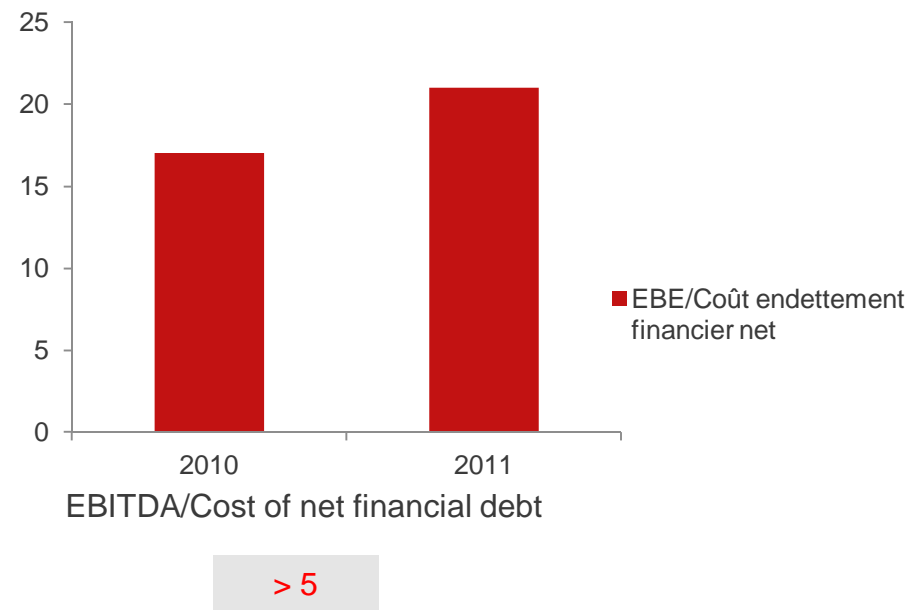
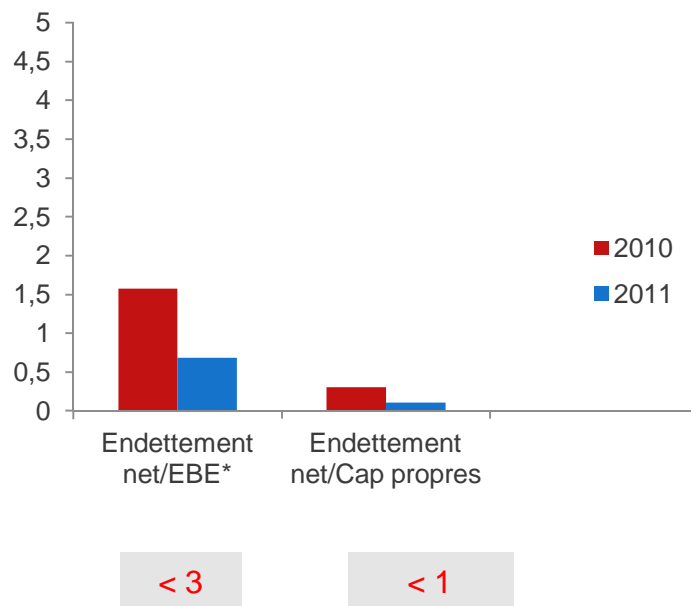
	31/12/2011	31/12/2010	31/12/2009
	(in M€)	(in M€)	(in M€)
<b>Cash Flows from operations after costs of debt and income taxes</b>	<b>26.2</b>	<b>29.2</b>	<b>13.3</b>
Changes in working capital requirements (including liabilities related to employee benefits)	8.1	2.5	-5.1
Income Taxes and Costs of Debt, net	1.0	-7.9	-3.1
<b>Cash Flows from Operations</b>	<b>35.3</b>	<b>23.8</b>	<b>5.1</b>
<b>Cash Flows used Investing Activities</b>	<b>-3.6</b>	<b>-2.8</b>	<b>-2.0</b>
Capital Raise through Rights Offering	61.2	-	-
Purchases and Sales of Treasury Shares	-0.5	-	-
Dividends Paid during the Period	-21.8	-	-
Repayment of Current Account - Sopra Group	-68.4	-8.2	-1.9
Debt costs, net (including finance leases)	-1.6	-1.7	-1.2
Other cash flow items relating to financing activities	0.4	0.2	0.3
<b>Net Cash used in Financing Activities</b>	<b>-30.8</b>	<b>-9.7</b>	<b>-2.9</b>
Effect of foreign exchange rate changes	0.5	-0.4	0.2
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1.4</b>	<b>11.0</b>	<b>0.3</b>
Opening Cash Position	22.3	11.3	11.0
<b>Closing Cash Position</b>	<b>23.7</b>	<b>22.3</b>	<b>11.3</b>
Opening Net Debt	-48.2	-67.1	-69.1
<b>Closing Net Cash Position/ Net Debt at end of Period</b>	<b>21.3</b>	<b>-48.2</b>	<b>-67.1</b>

# Change in workforce

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# A robust financial structure



\*EBITDA: Earnings before interest, tax, depreciation and amortisation

\*\*ROP: Profit from recurring operations



# Contents

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- Achievements in 2011
- **Key events**
- Axway in the software publishing market
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# 2011: key events

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- Finalisation of operations prior to stock market listing
  - Division of nominal value and capital increase
  - Distribution of an exceptional dividend of €21.8m to Sopra Group
- Completion of the spin-off/stock market listing project
  - Initial listing on NYSE Euronext on 14 June 2011
  - Sopra Group retains 26,27% stake in Axway
- Bank credit facility obtained
  - €100m medium-term credit line from a pool of 6 banks
  - €20m short-term cash line
- Launch of a capital increase in July 2011
  - Capital increase of €61.9m for reimbursement of Current Account
- General economic slowdown

# 2011: operational summary

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- Revenue growth: organic revenue growth of +5.7%
  - By region: USA drives growth particularly with licenses
  - By type of business: maintenance (strong performance) and services (tougher 4<sup>th</sup> quarter)
- Margin improves noticeably: from 14.9% to 16.3%
  - Higher operational efficiency thanks to optimised margins on products
  - Operating expenses controlled by maintaining investment
- Solid financial position
  - Positive net cash, satisfactory banking covenants
- Offerings / new signings
  - All segments (MFT, B2B, integration...) contributed to growth
  - Significant new signings in all geographic regions

# 2011: operational summary

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- **USA**
  - Licences: Steady demand in all verticals
  - Services: Strong growth following 2010/2011 signatures
- **Europe**
  - **France**
    - Licences: Q4 postponements to 2012
    - Services: Demand decrease , notably in FSI
  - **Germany**
    - Difficulties outside Automotive sector
  - **Other European countries**
    - Healthy end of year based on big deals
- **AsiaPac**
  - In line with expectations

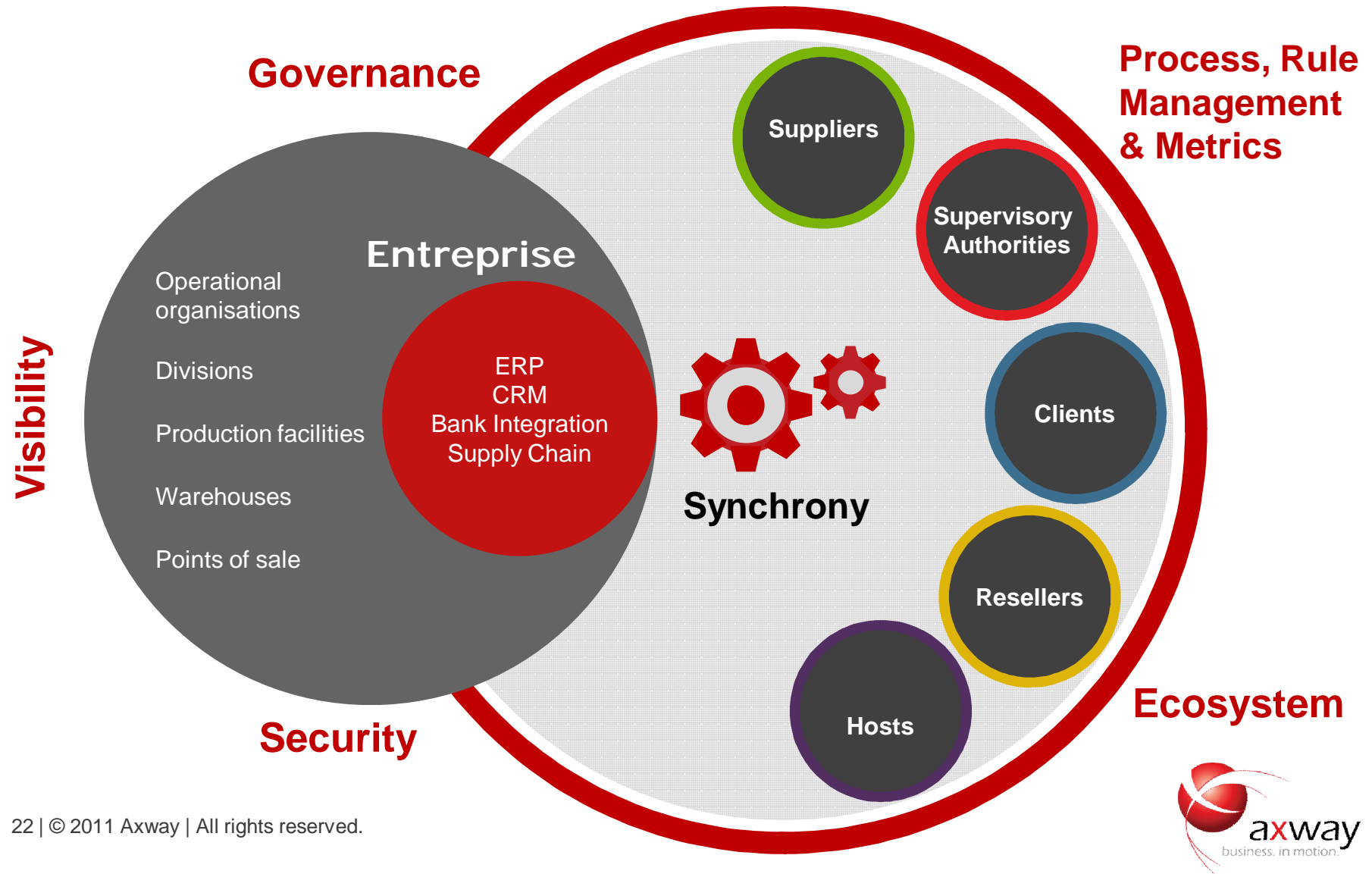
# Contents

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- Key events
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- Strategy and outlook

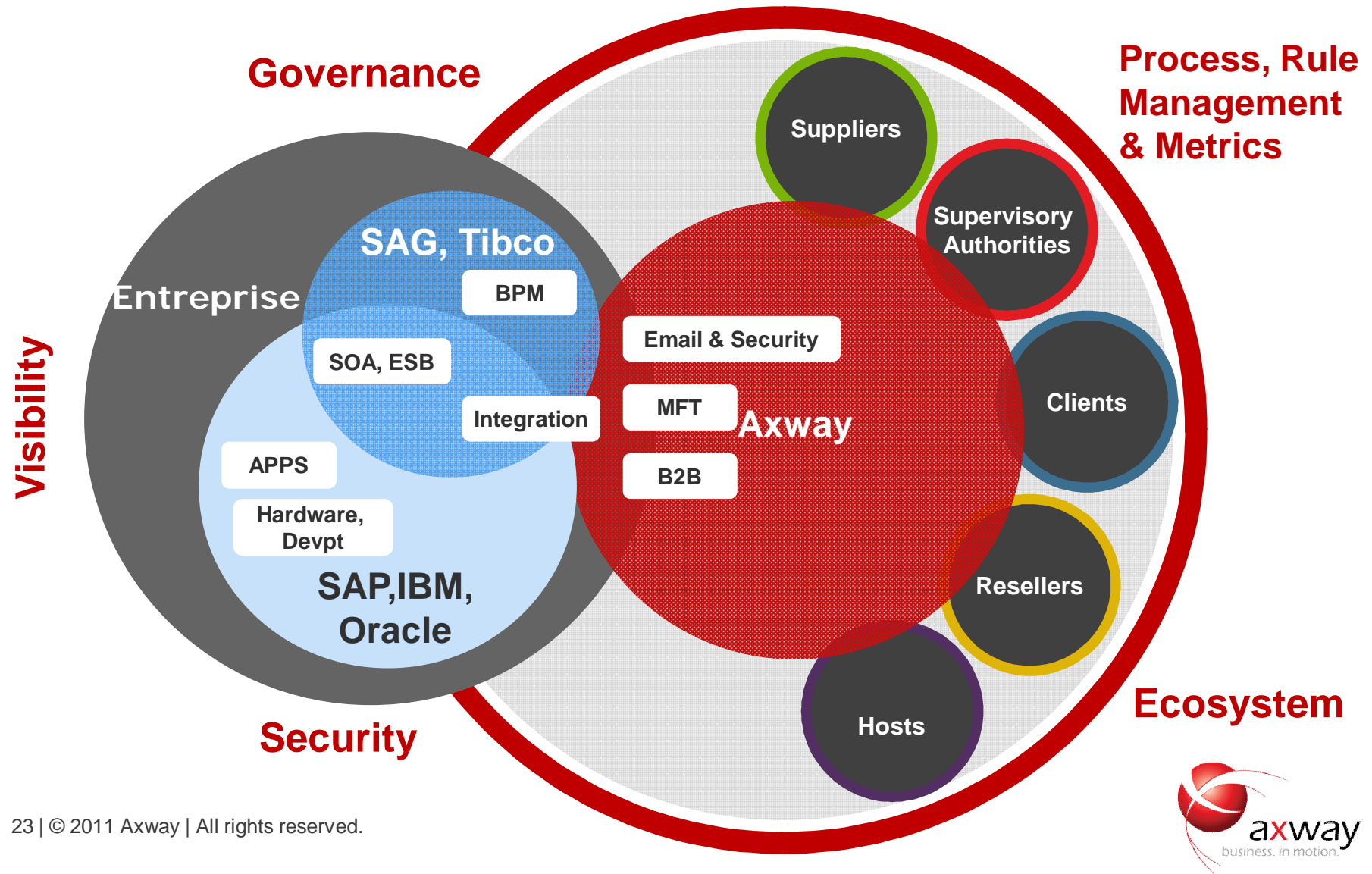
# Our market:

*Business Interaction Networks*



# Competitive analysis

Pertinence of differentiated positionings



# 2011 H2 Key Deals – North America

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JPMORGAN CHASE & CO.

- MFT
- Consolidation - Extension



**SONY**

- Infrastructure
- MFT



**HITE – CT Health  
Information Technology  
Exchange**

- B2Bi
- Healthcare Exchange Platform



 **AmerisourceBergen®**

- B2B
- Compliance



**DISA**

- Email Security
- Extension



# 2011 H2 Key Deals – EMEA

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**ING** 

- MFT
- Extension



**delta lloyd**  
BANK

- Accounting Integration
- The project is functionally a part of the SEPA project.



- B2Bi
- Extension/ Community Management



 **BNP PARIBAS**  
CORPORATE & INVESTMENT BANKING

- Portal for Capital Market and corporate investment banking.
- MFT



 **BARCLAYS**

- Delivery of EBICS for the French Cash Management business.
- FEX (Financial Exchange Platform)

# 2011 H2 Key Deals – APAC

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- A single window/service platform across many departments.
- B2B



- Mediatek Inc. (Taiwan)
- MFT
- Exchange integration



- Indonesia Department of Audit
- MFT
- Replacement of legacy FTP

# Contents

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# Growth outlook

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- The Market drivers remain applicable
  - Security
  - Standards – Legislation-based protocols
  - Consolidation
  - Innovation
- USA continues to be a source of growth
- Projects that were “frozen” in 2011 in Europe are still active and remain the commercial pipeline
- Costs will remain under control, with a “potentially different mix”

# Guidance for 2012

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Considerable uncertainty due to the general economic context, in particular in Europe. However, Axway's diversified Business Model enables it to position its guidance regarding:

- Positive organic growth
- Very slight improvement of margins

# A strategy to sustain the enterprise project

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- Optimise growth levers in the core business (MFT, B2Bi)
- Intensify the vertical approach to reinforce the major client account approach
- Reinforce “Specialist” positioning
  - Remain Best of Breed and round out the offer with cloud modules

# Actively target M&A deals

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To:

- Reinforce geographical coverage: USA, UK, etc.
- Gain access to new client bases and create opportunity for cross- and up-selling
- Acquire complementary technologies

# A long term project for Axway

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**Axway, the Business Interaction Networks specialist** helps companies and organisations manage, secure and supervise all their data flows: email, files, messages, services and processes



## Results presentation Axway 2011

