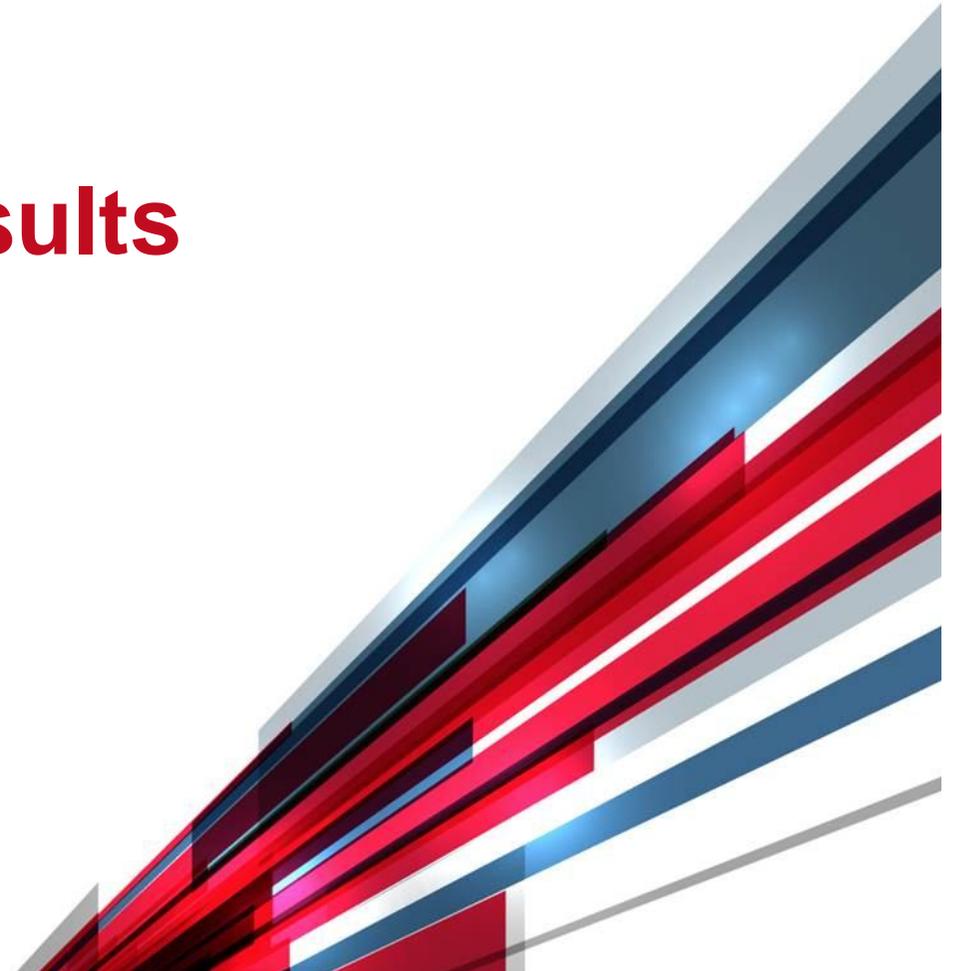




# Half Year 2014 Results

**Christophe Fabre**  
**Chief Executive Officer**

*25 July 2014*



# 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 licence 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 favourable 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 2013 submitted to the *Autorité des Marchés Financiers* (AMF) on 24 April 2014, number R14-019.
- The distribution of this document in certain countries may be subject to the laws and regulations in force. Natural persons present in these countries and in which this document is disseminated, published or distributed, should obtain information about such restrictions and comply with them.

# Content

- **Half Year 2014 Analysis**
- **Accounting & Financial Results**
- **Positioning & Strategy**
- **Q&A**



# Half Year 2014 Analysis



# HY2014: Revenue by Region

[M€]	2014	2013 Published	2013 Pro forma	Total Growth	Organic Growth <sup>1</sup>
 France	42.7	34.8	38.6	22.8%	10.7%
 Rest of Europe	29.0	26.7	26.8	8.6%	8.2%
 America's	38.9	41.6	40.3	-6.6%	-3.6%
 Asia/Pacific	4.3	3.2	3.0	31.9%	43.5%
 <b>Axway</b>	<b>114.9</b>	<b>106.4</b>	<b>108.7</b>	<b>8.0%</b>	<b>5.7%</b>

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

# HY2014: Revenue by Business Line

[M€]	2014	2013 Published	2013 Pro forma	Total Growth	Organic Growth <sup>1</sup>
Licenses	27.8	27.0	27.4	3.2%	1.7%
Maintenance	57.4	52.4	53.6	9.5%	7.2%
Services	29.6	27.0	27.7	9.9%	6.9%
 <b>Axway</b>	114.9	106.4	108.7	8.0%	5.7%

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

# Q2 2014: Revenue by Region

	Q2 2014 [M€]	2014	2013 Published	2013 Pro forma	Total Growth	Organic Growth <sup>1</sup>
 France		24.6	17.9	21.7	37.4%	13.3%
 Rest of Europe		15.0	14.4	14.5	3.7%	3.2%
 America's		21.0	22.5	21.9	-6.8%	-4.2%
 Asia/Pacific		2.3	1.7	1.6	41.5%	50.3%
 <b>Axway</b>		<b>62.8</b>	<b>56.5</b>	<b>59.6</b>	<b>11.3%</b>	<b>5.4%</b>

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

# Q2 2014: Revenue by Business Line

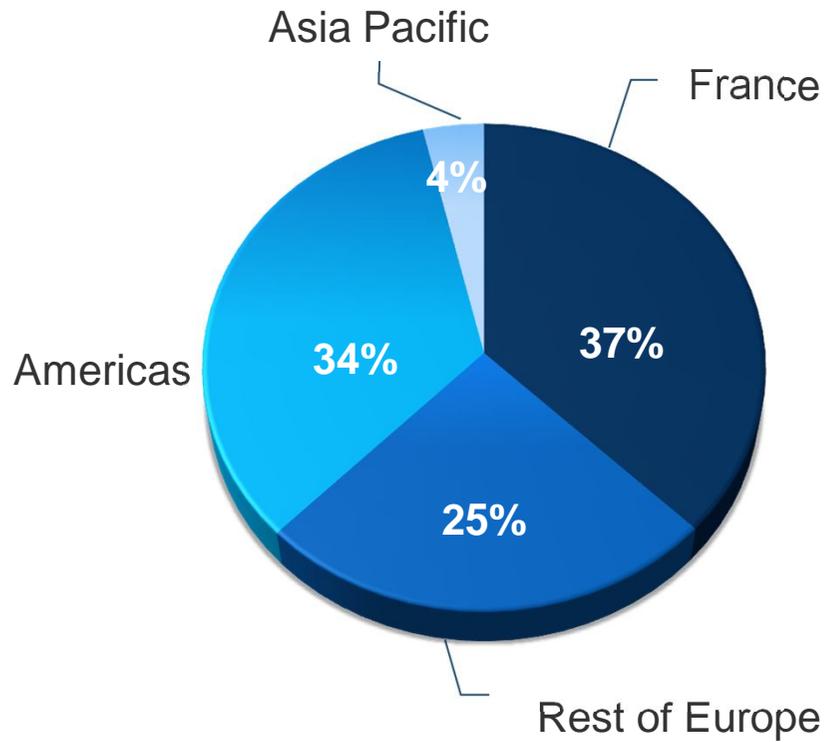
Q2 2014 [M€]	2014	2013 Published	2013 Pro forma	Total Growth	Organic Growth <sup>1</sup>
Licenses	17.1	16.4	17.1	4.1%	0.0%
Maintenance	30.7	26.7	28.3	14.7%	8.4%
Services	15.1	13.4	14.3	13.1%	6.0%
 <b>Axway</b>	<b>62.8</b>	<b>56.5</b>	<b>59.6</b>	<b>11.3%</b>	<b>5.4%</b>

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

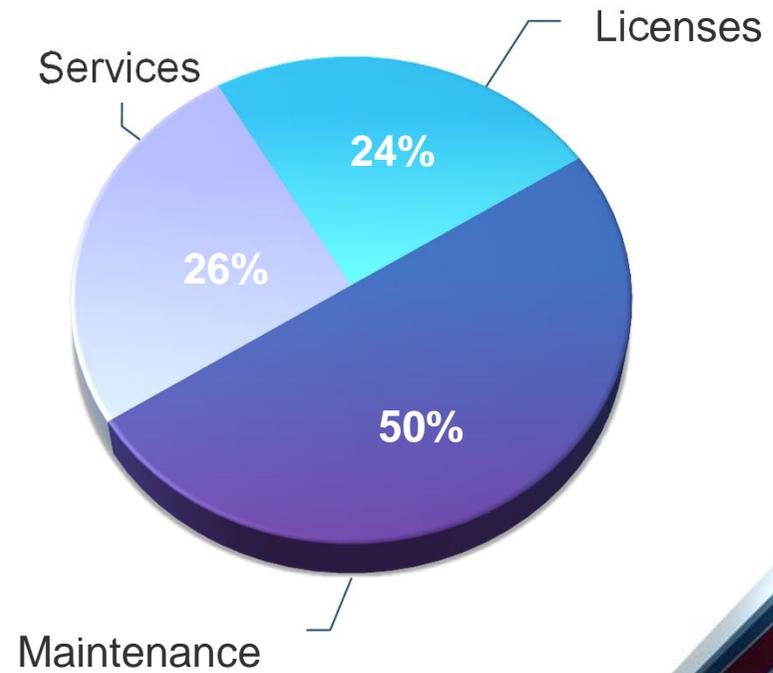
# Axway: a Balanced Business Model

**HY2014**

**BY REGION**



**BY ACTIVITY**



# Americas



California's economy is the largest of any state in the U.S. and is the 8<sup>th</sup> largest in the world

Growth of CA's **Secure File Transfer** Infrastructure supporting 41 departments for 150 business unit projects that serve thousands statewide



Tax preparation company, processing more than 24.5 million tax returns worldwide

API Gateway

# Americas



CPG Manufacturer of iconic product brands marketed in more than 180 countries

Enterprise **B2B Modernization** initiative for partner connectivity, internal integration and operational visibility



Fortune 500 healthcare services company specializes in distribution of pharmaceuticals and medical products.

**Controlled substance ordering system (CSOS)**

# EMEA - France



French company specializing in 3D design software, 3D digital mock-up and product life cycle management (PLM)

**Exchange Platform** (PLM Files) in the Aviation Ecosystem (400 Partners).



75% owned by GDF Suez . Main operator in France for the transportation of natural gaz.

**API Management**

# EMEA – Rest of Europe



Norwegian Information Technology Company  
10 000 Employees – 135 offices in 16 countries

**B2B Modernisation with B2Bi**

Posteitaliane

Biggest postal service of Italy. Now offer integrated products: postal savings, communication, logistics & financial services; one of the largest financial institutions in Italy.

**MFT** – 40,000 files per day exchanged with 14,000 branches throughout Italy



One of the “German Big 3” best-selling luxury automakers in the world.

**API Gateway** for BMW Connected Drive Services and Apps - Control your Car from your Phone

# EMEA - Rest of Europe



One of the six "Supermajor" oil companies in the world.

**EDI SaaS Cloud for MFT and B2B processes-**  
Interface between Total Germany and Partners in Europe



Biggest fashion group in the world with over 6,200 stores worldwide; 120,000 employees

**MFT** for financial data consolidation

# Asia Pacific



Ecumenical Christian World non-governmental organization, serving 97 countries

**API Management** solution will support external partner connections into their Microsoft SharePoint, CRM and Tibco internal applications.



National bank based in Melbourne; owned by 30 industry super funds.

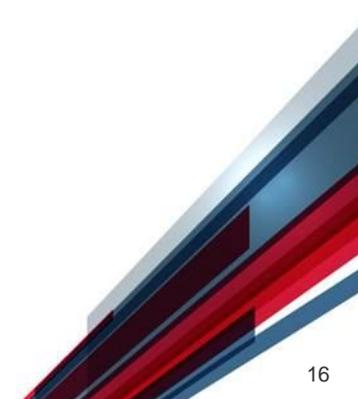
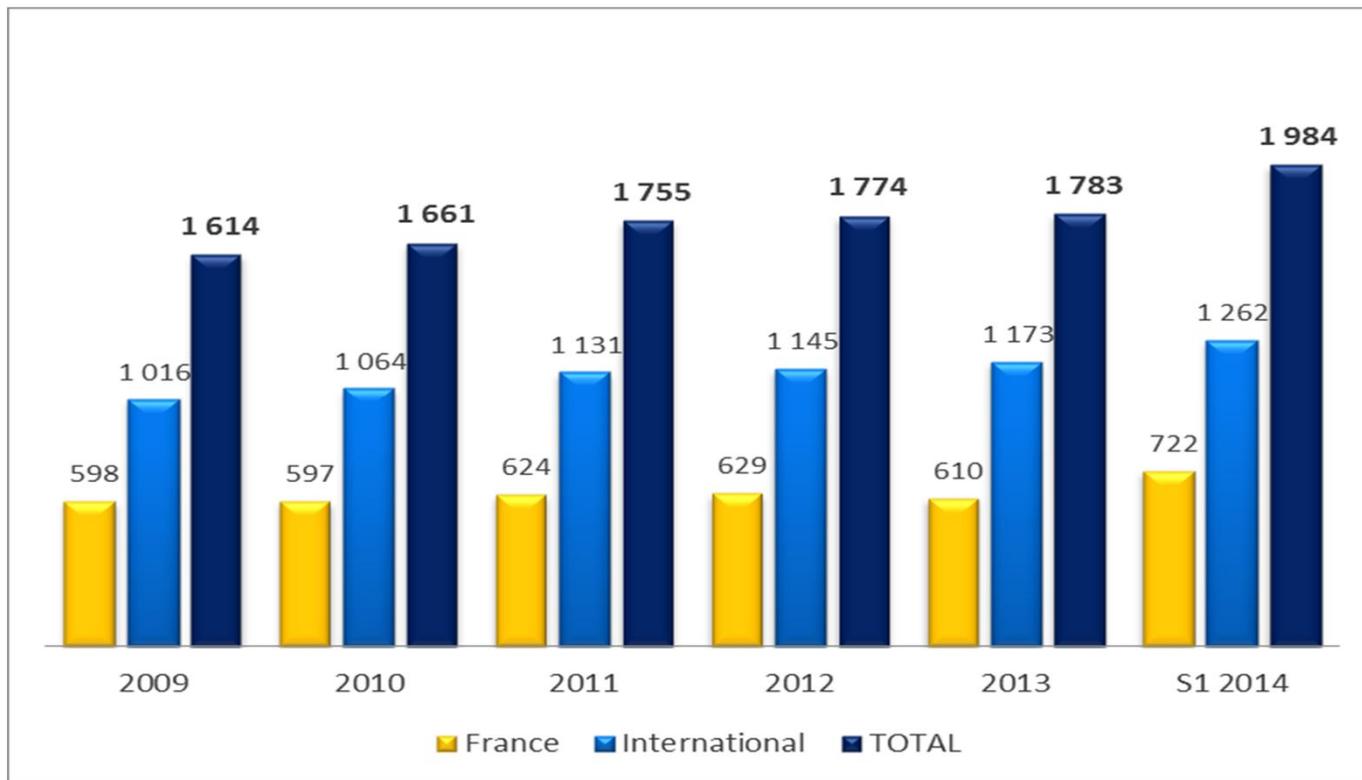
**API Management** solution will support the Bank's innovative Digital roadmap strategy ("Channel API" approach for developer portal & mobility applications for both B2B & consumer environments)



Australia's largest water utility, state owned

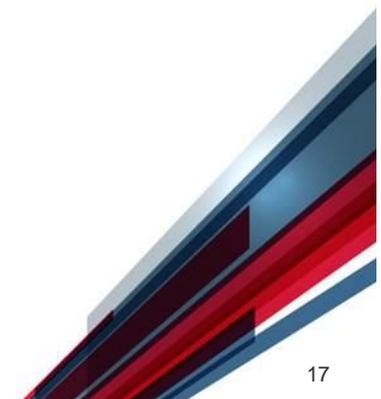
**API Gateway** will support IT strategy for leveraging Mobility and Cloud.

# Headcount at 30 juin 2014: 1984



# **HY2014 in a Nutshell**

- **Systar acquisition is done**
- **Significant growth (+8% total, +5.7% organic)**
- **Flat licenses in Q2**
  - Good momentum in France
  - Lack of large signatures in US
  - Transformation of MFT/B2B
  - A5, API and OI are dynamic
- **Excellent Maintenance performance**
- **Good trend for services**



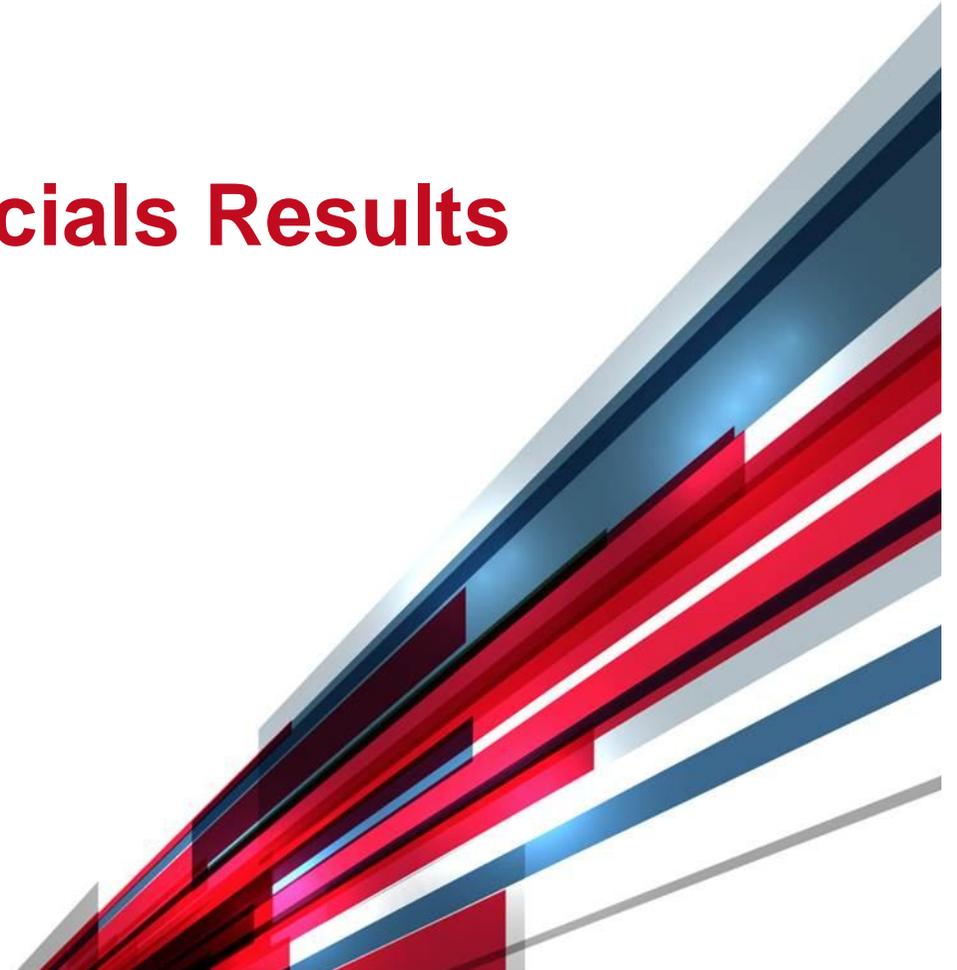
# HY2014: Cost Analysis

	HY 2014		HY 2013		FY 2013	
	(in M€)	( % Rev)	(in M€)	( % Rev)	(in M€)	( % Rev)
<b>Revenue :</b>						
License	27.8	24.2%	27.0	25.4%	75.6	31.8%
Maintenance	57.4	50.0%	52.4	49.3%	106.3	44.8%
<b>Total Product Revenue</b>	<b>85.2</b>	<b>74.2%</b>	<b>79.4</b>	<b>74.6%</b>	<b>181.9</b>	<b>76.6%</b>
Services	29.6	25.8%	27.0	25.4%	55.6	23.4%
<b>Total Revenue :</b>	<b>114.9</b>	<b>100.0%</b>	<b>106.4</b>	<b>100.0%</b>	<b>237.5</b>	<b>100.0%</b>
<b>Costs of sales:</b>						
Product Revenue	11.5	10.0%	10.5	9.9%	20.7	8.7%
Services	28.1	24.5%	25.7	24.2%	51.4	21.6%
<b>Total Costs of sales :</b>	<b>39.6</b>	<b>34.5%</b>	<b>36.3</b>	<b>34.1%</b>	<b>72.1</b>	<b>30.4%</b>
<b>Gross profit:</b>	<b>75.3</b>	<b>65.5%</b>	<b>70.1</b>	<b>65.9%</b>	<b>165.4</b>	<b>69.6%</b>
<b>Operating expenses :</b>						
Sales and marketing	37.2	32.4%	33.9	31.8%	70.8	29.8%
Research and development	20.2	17.6%	17.6	16.6%	33.6	14.2%
General and administrative	12.5	10.9%	11.4	10.8%	23.5	9.9%
<b>Total operating expenses :</b>	<b>69.9</b>	<b>60.8%</b>	<b>63.0</b>	<b>59.2%</b>	<b>127.9</b>	<b>53.9%</b>
<b>Profit on operating activities</b>	<b>5.4</b>	<b>4.7%</b>	<b>7.1</b>	<b>6.7%</b>	<b>37.5</b>	<b>15.8%</b>



# Accounting & Financials Results

**Patrick Donovan,**  
**Chief Financial Officer**



# Income Statement (1/2)

<i>In thousands of euros</i>	HY 2014	HY 2013	FY 2013
<b>Revenue :</b>			
License	27 837	26 970	75 583
Maintenance	57 395	52 417	106 348
Total Product Revenue	85 232	79 387	181 931
Services	29 638	26 979	55 613
<b>Total Revenue :</b>	<b>114 870</b>	<b>106 366</b>	<b>237 544</b>
	-	-	-
<b>Costs of sales:</b>			
Product Revenue	11 498	10 547	20 721
Services	28 106	25 734	51 407
<b>Total Costs of sales :</b>	<b>39 604</b>	<b>36 281</b>	<b>72 128</b>
<b>Gross profit:</b>	<b>75 266</b>	<b>70 085</b>	<b>165 416</b>
<i>as a % of Revenue</i>	65.5%	65.9%	69.6%
<b>Operating expenses :</b>			
Sales and marketing	37 180	33 870	70 763
Research and development	20 186	17 642	33 636
General and administrative	12 491	11 443	23 549
<b>Total operating expenses :</b>	<b>69 858</b>	<b>62 955</b>	<b>127 948</b>
<b>Profit on operating activities</b>	<b>5 408</b>	<b>7 130</b>	<b>37 468</b>
<i>as a % of Revenue</i>	4.7%	6.7%	15.8%



- Profit drop from 2013 HY result of lower than expected license revenue in 2<sup>nd</sup> Quarter and 2014 HY investments in Distribution Network and R&D

# Income Statement (2/2)

<i>In thousands of euros</i>	<b>HY 2014</b>	<b>HY 2013</b>	<b>FY 2013</b>
<b>Profit on operating activities</b>	<b>5 408</b>	<b>7 130</b>	<b>37 468</b>
<i>as a % of Revenue</i>	4.7%	6.7%	15.8%
Stock option related expenses	(437)	(645)	(1 352)
Amortization of intangible assets	(1 991)	(1 898)	(3 679)
<b>Profit from recurring operations</b>	<b>2 980</b>	<b>4 587</b>	<b>32 437</b>
<i>as a % of Revenue</i>	2.6%	4.3%	13.7%
Other income and expenses	(969)	(5 177)	(5 271)
<b>Operating profit</b>	<b>2 012</b>	<b>(590)</b>	<b>27 166</b>
Cost of net financial debt	(407)	(204)	(674)
Other financial revenues and expenses	(276)	(275)	(656)
Income taxes	1 633	10 881	9 759
<b>Net Profit of the consolidated group</b>	<b>2 962</b>	<b>9 813</b>	<b>35 595</b>
<i>as a % of Revenue</i>	2.6%	9.2%	15.0%
Minority Interest	203	-	-
<b>Net Profit - Groupe share</b>	<b>2 759</b>	<b>9 813</b>	<b>35 595</b>
<i>as a % of Revenue</i>	2.4%	9.2%	15.0%
Basic net earnings per share (in Euro)	<b>0.13</b>	<b>0.48</b>	<b>1.75</b>



- Other Income/Expenses for HY 2013 GSA matter
- Income tax line in HY 2013 positively impacted by US valuation release
- Without above items, HY 2013 EPS €0.27

# Simplified Balance Sheet (1/2)

<i>In millions of euros</i>	30/06/2014	31/12/2013	30/06/2013
<b>ASSETS</b>			
Goodwill	226.4	189.3	195.6
Intangible assets	41.8	28.8	31.3
Property, plant and equipment	6.9	6.3	5.9
Other non-current assets	57.0	45.7	30.4
<b>Non-current assets</b>	<b>332.2</b>	<b>270.1</b>	<b>263.2</b>
Trade receivables	65.7	64.4	57.7
Other current assets	13.4	8.3	22.7
Cash and cash equivalents	41.3	49.2	54.1
<b>Current assets</b>	<b>120.4</b>	<b>121.9</b>	<b>134.5</b>
<b>TOTAL ASSETS</b>	<b>452.6</b>	<b>392.0</b>	<b>397.7</b>

- Goodwill and intangible increase from Systar acquisition
- Treasury finished at 41.3 M€ with approx. 22M€ use for Systar acquisition
- DSO'S at 83 vs/80 in HY 2013



# Simplified Balance Sheet (2/2)

*In millions of euros*

30/06/2014

31/12/2013

30/06/2013

SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	41.1	40.9	40.7
Capital reserves and results	214.2	217.4	198.0
<b>Total shareholders' equity</b>	<b>255.3</b>	<b>258.4</b>	<b>238.7</b>
Financial debt - long-term portion	51.1	28.5	37.9
Other non-current liabilities	22.0	15.5	19.6
<b>Non-current liabilities</b>	<b>73.1</b>	<b>44.0</b>	<b>57.5</b>
Financial debt - short-term portion	13.0	9.5	4.7
Other current liabilities	111.1	80.1	96.8
<b>Current liabilities</b>	<b>124.1</b>	<b>89.6</b>	<b>101.5</b>
<b>TOTAL LIABILITIES</b>	<b>197.3</b>	<b>133.6</b>	<b>159.0</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>452.6</b>	<b>392.0</b>	<b>397.7</b>



- 60.9M€ of bank debt with 30M€ drawn for Systar acquisition

# Change in Equity

<i>In millions of euros</i>	30/06/2014	31/12/2013	30/06/2013
<b>Equity at Opening of Period</b>	<b>258.4</b>	<b>233.9</b>	<b>233.9</b>
Profit for the period	2.8	35.6	9.8
Other comp. income statement items	0.0	0.0	0.0
Share-based payments	0.4	1.3	0.6
Treasury Shares	0.0	0.0	0.0
Dividends	-8.2	-7.1	-7.1
Capital increase	1.0	2.2	0.5
Actuarial gains and losses	0.0	0.3	-0.0
Other changes	0.3	0.0	0.1
Translation differential	0.7	-7.9	0.8
<b>Equity at End of Period</b>	<b>255.3</b>	<b>258.3</b>	<b>238.7</b>



- Dividends of 8.2M€ or €0.40 paid in June 2014

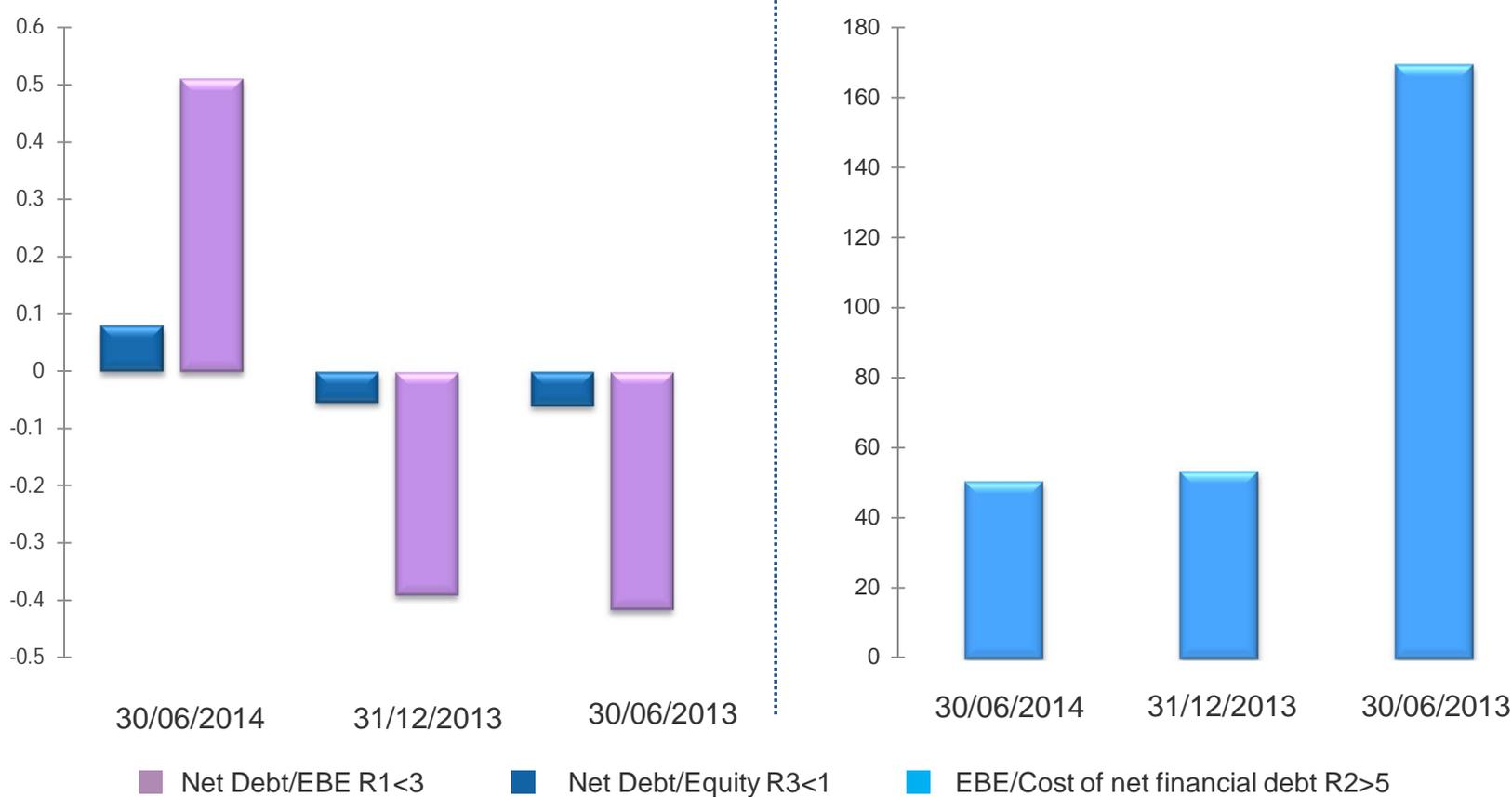
# Cash Flow Statement

<i>In millions of euros</i>	<b>HY 2014</b>	<b>HY 2013</b>	<b>FY 2013</b>
<b>Net profit for the period</b>	<b>3.0</b>	<b>9.8</b>	<b>35.6</b>
Net charges to amortizations, depreciations and provisions	4.6	8.1	8.0
Other income and expense items	0.6	1.0	1.7
<b>Cash from operations after cost of net debt and tax</b>	<b>8.2</b>	<b>18.9</b>	<b>45.3</b>
Changes to operating working capital requirements	21.3	19.8	(3.6)
Costs of net financial debt	0.4	0.4	0.7
Income tax paid net of accrual	(2.2)	(12.1)	(14.1)
<b>Net cash from operating activities</b>	<b>27.7</b>	<b>27.0</b>	<b>28.3</b>
<b>Net cash used in investing activities</b>	<b>(52.5)</b>	<b>(1.5)</b>	<b>(3.6)</b>
Proceeds on shares issued	1.0	0.5	2.2
Dividends paid	(8.2)	(7.1)	(7.1)
Change in loan	23.9	-	(4.4)
Net interest paid	(0.4)	(0.4)	(0.7)
Other changes	0.2	0.2	0.3
<b>Net cash from (used in) financing activities</b>	<b>16.6</b>	<b>(6.8)</b>	<b>(9.7)</b>
Effect of foreign exchange rate changes	0.4	-	(1.2)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(7.9)</b>	<b>18.7</b>	<b>13.8</b>
Opening cash position	49.2	35.4	35.4
<b>CLOSING CASH POSITION</b>	<b>41.3</b>	<b>54.1</b>	<b>49.2</b>



- As usual, Axway generates most of its cash in the 1st Semester
- 52M€ used to purchase Systar shares with 30M€ utilized on our credit line

# Financial Structure – Covenants 2014



▶ • Financial covenants met in all periods



# Update on Axway Shareholder Structure

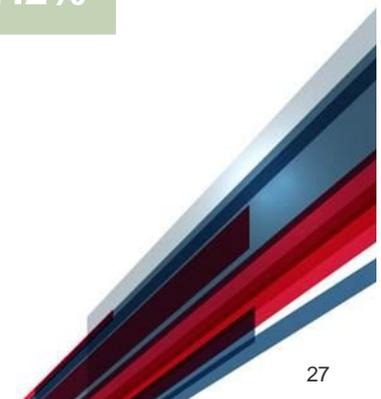
30/06/2014

20,555,816 SHARES OUTSTANDING  
35,667,648 VOTING RIGHTS



## Concerted action

- 59% of the shares
- 68.4% of the voting rights





# Positioning and Strategy

**Christophe Fabre,  
Chief Executive Officer**



# Market Drivers:

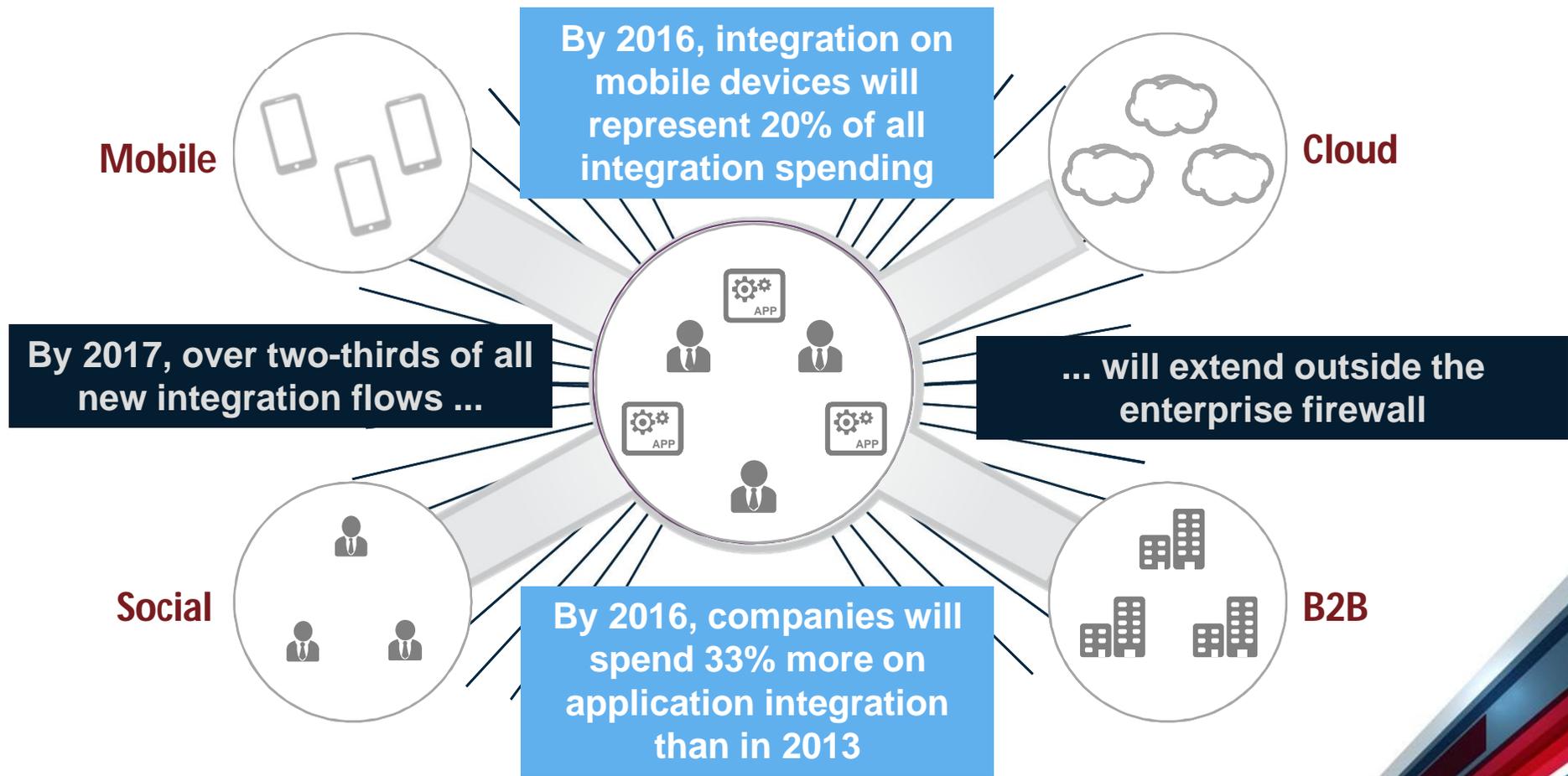
## *Your business will be hyperconnected*

- **The Digital economy is now effective**
  - Cloud, Mobility, Real time, Connected things
  - Social Networks, Market Data, Customers, Citizens Business, Business Partners, Sensors
  - Local innovations, Ethic innovations



- **New landscape for business**
- **New lanscape for IT Integration**
- **New needs to govern the flow of data**

# B2B, Cloud, Mobile, Social: business interactions are exploding

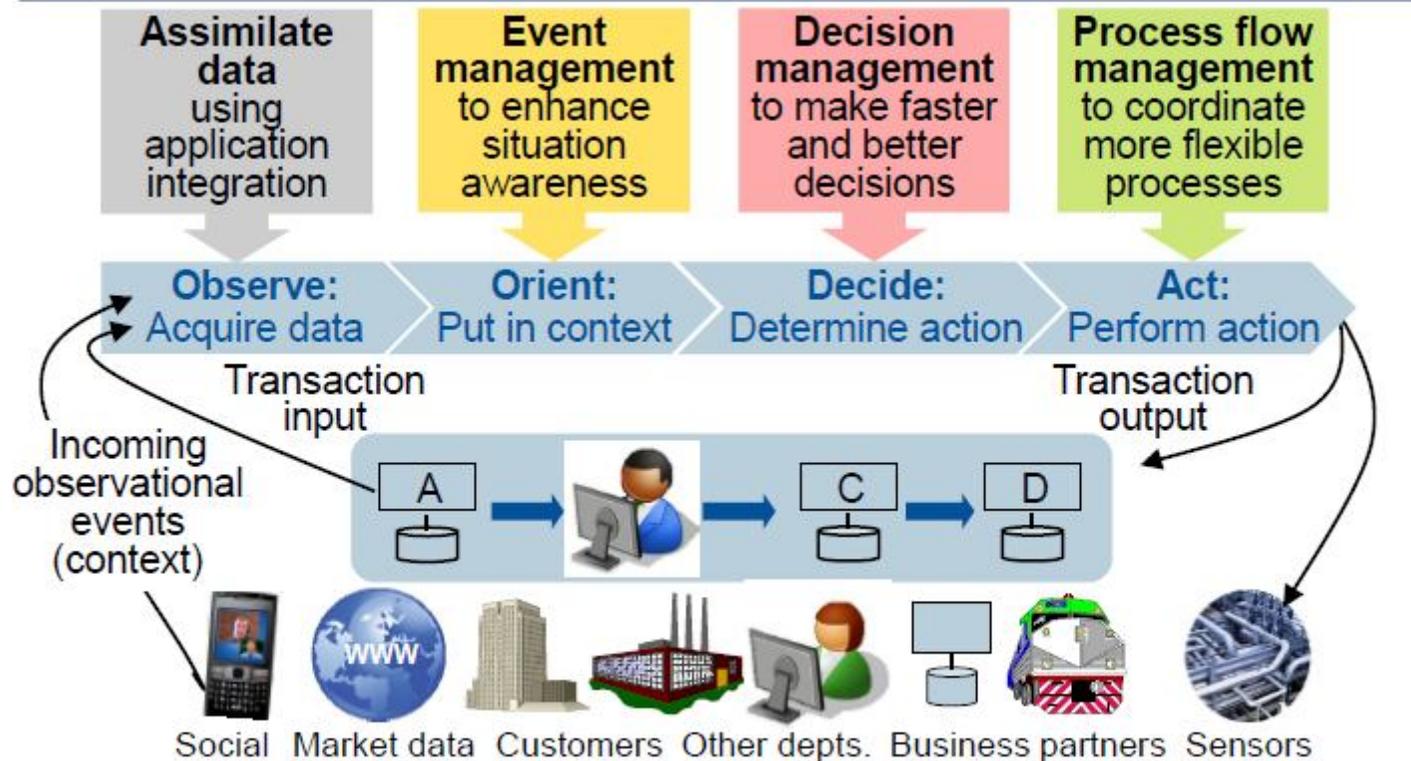


Source: "Predicts 2013: Application Integration" - Gartner, 14<sup>th</sup> November 2012



# About Operational Intelligence

## No. 7: Operational Business Intelligence Delivers More ROI From Integration Projects

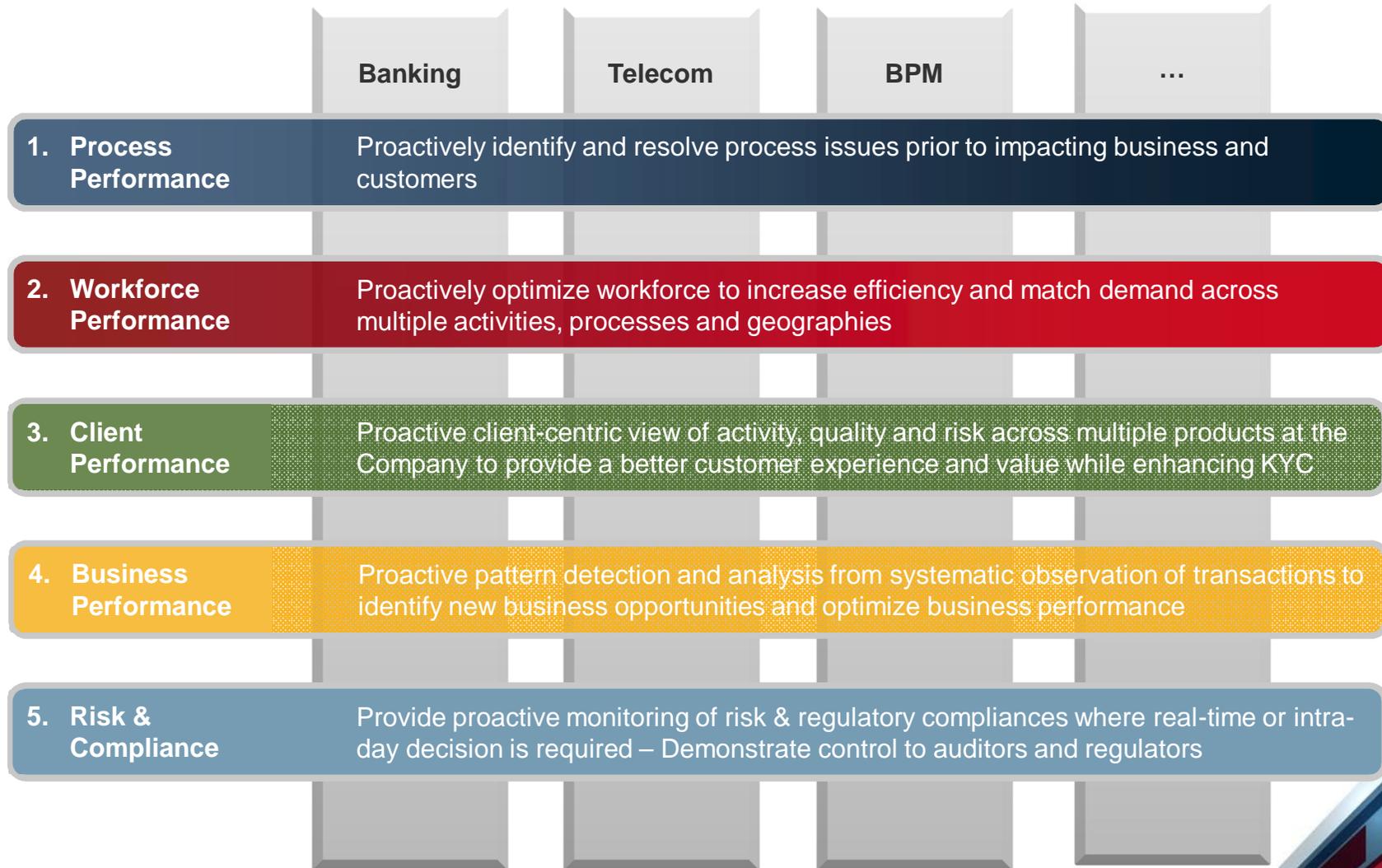


**Strategic planning assumption:** By 2017, 60% of integration projects will leverage embedded analytics.

**Implications:** OBI will be increasingly leveraged to help justify the cost of integration.

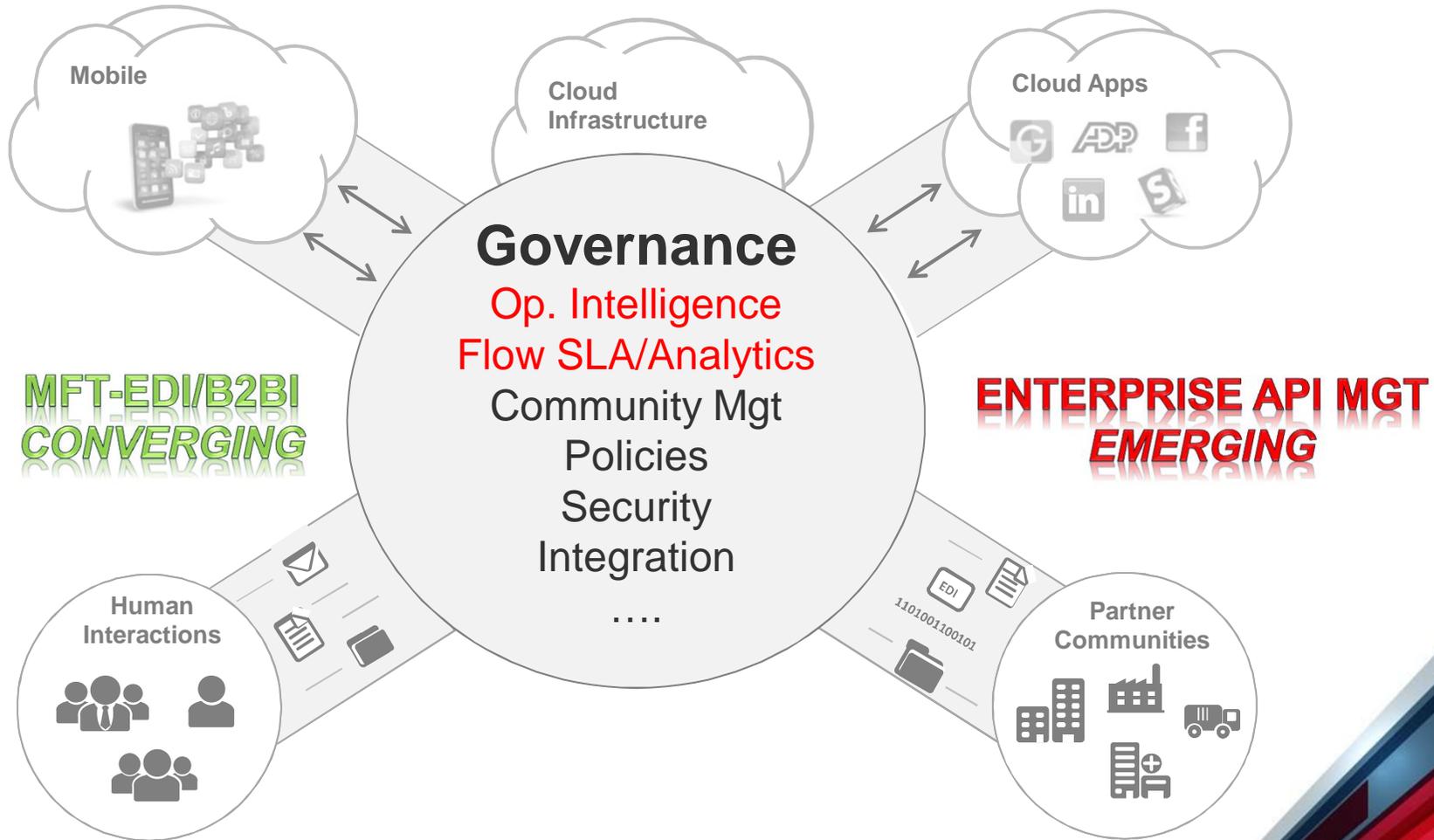
Source: Gartner, High Tech Tuesday Webinar: The AIM Market—Preparing for the Digital Industrial Revolution, 1 July 2014

# Systar Offerings for Business Operations

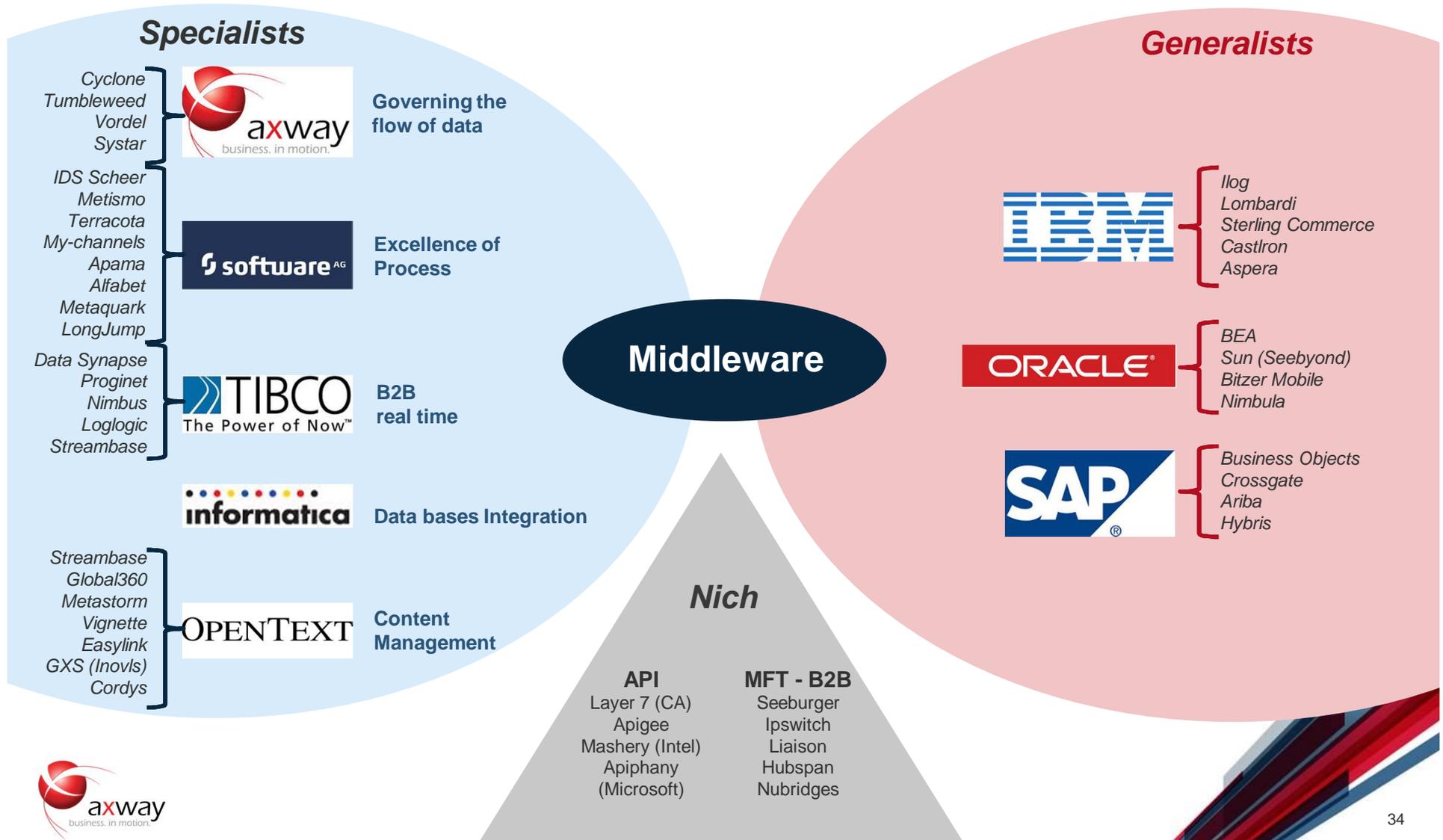


# Governance the Flow of Data

## Axway 5 Suite (Launched in February 2013)



# The competitive landscape



# Outlook for 2014

- **Middleware market is under transformation**
  - New requirements for MFT/B2B/Integration
  - API and OI are emerging and dynamic
- **Maintenance and Services are “on tracks”**
- **Q4 will be the challenge for license performance**



- **Perspective of full year organic growth is confirmed**
- **ROA will be around 2013 level (depending of Q4 license outcome)**



**Thank you, Q&A**

**<http://www.finance.axway.com/>**

