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Press Release
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Axway Software – 1st Quarter 2019: Revenue of €67.0 million, with organic growth¹ of +2.1%

- Acceleration in Subscription revenue (+11.2%), in line with the roadmap
- License growth (+6.7%) and Maintenance resilience (+0.8%)
- Launch of several new technological components of the AMPLIFY™ platform
- Acquisition of Streamdata.io, adding event-based API technology to the AMPLIFY™ platform

Axway (Euronext: AXW.PA) launched 2019 by bringing together its customers and employees at several events in Europe and the Americas to present the Group's mid-term vision and ambitions. These events were also an opportunity to launch several new components of the hybrid integration platform AMPLIFY™, which should support the ramp-up of Subscription activities over the full year.

Axway aims to become a leader in hybrid integration platforms by the end of 2020 and the Group's investment efforts in Research & Development in the second half of 2018 enabled a significant new step towards this objective. In early 2019, the AMPLIFY™ offer was listed among the best existing offers on this market by a well-known independent research firm.

In parallel, Axway announced the acquisition of the start-up Streamdata.io at the end of March 2019, to further enhance the technological capabilities of the AMPLIFY™ platform. This acquisition allows the Group to offer its customers an event-driven API management offer, capable of handling events and data in real time, as well as a complete digital transformation methodology built around the adoption and maturity of APIs throughout their lifecycle.

Strengthened by these developments, Axway will continue to accelerate the execution of its strategy throughout 2019. Technological investment will be maintained at a high level, while Sales and Marketing efforts will be intensified to maximize the adoption of its new offerings by large organizations.

Patrick Donovan, Chief Executive Officer of Axway, said:

"As we continue to move forward with our strategy, I'm pleased with the initial results of our recent Research & Development efforts. In the first quarter of 2019, our innovations enabled us to establish the foundations of our AMPLIFY™ offer. We are now able to explain to customers not only the capabilities of our platform, but also the roadmap we propose regarding improvements to their existing systems. In the first three months of the year, our signatures were more strongly supported by License activity growth than by the annual contract value of new Subscription deals signed. However, over the full year, the gradual acceleration of our Sales and Marketing efforts should enable us to continue with confidence on the path towards our 2020 ambitions."

¹ Alternative performance measures are defined in the glossary at the end of this document.

Comments on Q1 2019 activity

Axway Software: Consolidated revenue

1 st Quarter 2019 (€m)	Q1 2019	Q1 2018 Restated	Q1 2018 Reported	Total Growth	Organic Growth	Constant Currency Growth
Revenue	67.0	65.7	63.2	6.0%	2.1%	2.1%

In Q1 2019, Axway Software revenue amounted to €67.0 million, representing organic growth of 2.1%. Business growth at constant exchange rates was also 2.1%, while total growth was 6.0%. Currency fluctuations had a positive impact of €2.5 million on revenue for the quarter, while the scope of consolidation remained unchanged.

Axway Software: Revenue by business line

1 st Quarter 2019 (€m)	Q1 2019	Q1 2018 Restated	Q1 2018 Reported	Total Growth	Organic Growth
License	9.1	8.5	8.2	11.0%	6.7%
Subscription	10.9	9.8	9.1	19.1%	11.2%
Maintenance	36.2	35.9	34.7	4.2%	0.8%
Services	10.9	11.5	11.2	-2.7%	-5.1%
Axway Software	67.0	65.7	63.2	6.0%	2.1%

License activity generated revenue of €9.1 million in Q1 2019 (14% of Group revenue), representing organic growth of 6.7%. Total activity growth amounted to 11.0% in the quarter. License sales momentum, historically weak at the beginning of the year, was offset by the signature of one of the two deals initially scheduled for the end of 2018.

The first quarter traditionally offers little indication of annual License revenue trends. The Group recalls that this revenue is likely to vary significantly quarter-on-quarter, due to the progressive transition of Axway's business mix towards Subscription offers.

Subscription activity grew organically by 11.2% in Q1 2019, reaching €10.9 million (16% of Group revenue). Overall, activity growth totaled 19.1% for the period. This strong performance is due to significant growth in the annual contract value (ACV) of new Subscription contracts signed in the second half of 2018.

In Q1 2019, new Subscription contract ACV amounted to €1.4 million, down 18.5% compared to the high comparison base of Q1 2018 (€1.7 million). This was mainly due to the wait and see attitude generated at the beginning of the year by the launch of new technological components on the hybrid integration platform AMPLIFY™ planned at the end of March.

The signature metric, which takes into account the good momentum of License sales and the lower ACV of new Subscription contracts signed in Q1 2019, therefore fell 2.8% compared to Q1 2018. Over the full year, the planned intensification of commercial investment should lead to a more positive trend and the gradual construction of a more promising pipeline for the Group.

Maintenance revenue grew slightly to €36.2 million (54% of Group revenue) in Q1 2019, representing organic growth of 0.8% compared to Q1 2018.

For the first three months of the year, Axway recurring revenue, which includes multi-year Subscription and Maintenance contracts, represented 70% of Group revenue, or €47.1 million.

Finally, **Services** activity revenue decreased by 5.1% organically over the quarter to €10.9 million (16% of Group revenue). Activity was successfully refocused on higher value-added contracts in 2018, to enable improved profitability in 2019. However, commercial trends remained challenging in the first quarter and confirms the expectation of a full-year single digit decline in Services.

Axway Software: Revenue by geographic area

1 st Quarter 2019 (€m)	Q1 2019	Q1 2018 Restated	Q1 2018 Reported	Total Growth	Organic Growth
France	20.5	17.3	17.3	18.0%	18.0%
Rest of Europe	13.7	14.5	14.5	-5.7%	-6.0%
Americas	29.3	30.3	28.0	4.5%	-3.4%
Asia/Pacific	3.6	3.5	3.4	7.0%	4.0%
Axway Software	67.0	65.7	63.2	6.0%	2.1%

France generated revenue of €20.5 million in Q1 2019 (31% of Group revenue), representing organic growth of 18.0%. This strong growth in sales is mainly related to the high level of License sales and the significant growth in the Subscription activity during the quarter.

Rest of Europe fell 6.0% organically over the quarter, with revenue of €13.7 million. (20% of Group revenue). While Subscription activity grew strongly in all countries in the region, this was not enough to offset the decline in License and Services activities.

The **Americas** (USA & Latin America) generated revenue of €29.3 million (44% of Group revenue) in Q1 2019, representing an organic decline of 3.4%. This decrease in revenue in the region is mainly attributable to the significant decline in License activity, which was only partially offset by growth in other activities over the quarter.

Finally, in the **Asia-Pacific** region, revenue amounted to €3.6 million in the quarter, representing organic growth of 4.0%.

Financial position at March 31, 2019

At March 31, 2019, Axway's financial position remained solid with cash of €45.9 million and bank debt of €45.3 million.

Change in the workforce

At March 31, 2019, Axway had 1,878 employees (25% in France and 75% internationally) compared to 1,848 at December 31, 2018.

2019 Targets & 2020 Outlook

For 2019, the Group confirms that it anticipates:

- A return to organic business growth, that should continue into 2020 and enable Axway to achieve a revenue of around €300 million,
- An operating margin on business activity of between 8% and 10%, representing a low point during the transformation of the business model, before a rebound in profitability expected in 2020.

Financial Calendar

Friday, April 26, 2019: Publication of the 2018 Registration Document.

Wednesday, June 5, 2019, 2:30pm: Combined General Meeting – Étoile Business Center, Paris.

Wednesday, July 24, 2019, after closing: Publication of 2019 Half-Year Results.

Thursday, July 25, 2019, 9:00 am: Presentation of 2019 Half-Year Results – Cloud Business Center, Paris.

Glossary – 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 consolidated 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 – Annual contract value of the Subscription agreement.

TCV: Total Contract Value – Full value of the Subscription agreement including both recurring revenue over the contract term and one-time payments.

Signature metric: Amount of License sales plus three times the annual value (3xACV) of new Subscription contracts signed over a given period.

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.

Disclaimer

This presentation contains forward-looking statements that may be subject to various risks and uncertainties concerning the Group's growth and profitability, notably in the event of future acquisitions. The Group highlights that signatures of license 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 favorable impact on full-year performance. In addition, the Group notes that potential acquisition(s) could also impact this financial data. 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. The distribution of this document in certain countries may be subject to prevailing laws and regulations. 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.

About Axway

Axway (Euronext: AXW.PA), as a software company, unlocks digital experiences by connecting individuals, systems, businesses and customer ecosystems with digital infrastructure solutions. AMPLIFY™, Axway's hybrid integration platform, connects data from any device anywhere, expands collaboration, fuels millions of apps and supplies real-time analytics to build customer experience networks. From idea to execution, Axway's expertise in API management, secure file exchange and B2B/EDI integration have solved the toughest data challenges for more than 11,000 organizations in 100 countries. To learn more, visit <http://www.investors.axway.com/en> or Axway IR mobile App available on Apple Store & Android.

Annexes

Axway Software: Impact on revenue of changes in scope and exchange rates

1 st Quarter 2019 (€m)	Q1 2019	Q1 2018	Growth
Revenue	67.0	63.2	6.0%
Changes in exchange rates		+2.5	
Revenue at constant exchange rates	67.0	65.7	2.1%
Changes in scope		+0.0	
Revenue at constant scope and exchange rates	67.0	65.7	2.1%

Axway Software: Changes in exchange rates

1 st Quarter 2019	Average rate	Average rate	Change
For 1€	Q1 2019	Q1 2018	
US Dollar	1.136	1.229	+ 8.2%