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Press Release

## Axway: 2013 first-half revenue growth in line with expectations with total growth of 8.1%. Improved margins, with profit from operating activities of 6.7% compared with 5.6% in the first half of 2012.

Paris, 31 July 2013. The Board of Directors of Axway Software, under the chairmanship of Pierre Pasquier, closed the financial statements for the first six months of 2013:

- First-half revenue amounted to €106.4 million, with organic growth of 4.8%;
- Profit from recurring operations was €4.6 million, representing a margin of 4.3% (compared with 4.0% in the first half of 2012);
- Net profit totalled €9.8 million, representing a margin of 9.2% (compared with 2.6% in the first half of 2012). This net profit includes exceptional operations recorded in the first half of 2013.

	S1 2013		S1 2012		FY 2012	
	(in M€)	(% Rev)	(in M€)	(% Rev)	(in M€)	(% Rev)
<b>Key income statement items</b>						
Revenue	106.4		98.4		224.3	
<i>Organic growth</i>	4.8%		-4.5%		-1.6%	
Profit on operating activities	7.1	6.7%	5.5	5.6%	35.0	15.6%
Profit from recurring operations	4.6	4.3%	3.9	4.0%	31.7	14.1%
Other income and expense	-5.2		-0.9		-2.9	
Net financial costs and currency impact	-0.5		-0.5		-0.1	
Income Taxes	10.9		0.0		-4.0	
Net profit	9.8	9.2%	2.6	2.6%	24.7	11.0%
Basic net earnings per share (in €)	0.48		0.13		1.22	

## Comments on activity

### Revenue by region m€

First Quarter	2013	2012 Published	2012 Pro Forma	Total Growth	Organic Growth <sup>1</sup>
France	16.9	15.7	15.8	7.8%	6.8%
Rest of Europe	12.3	12.7	13.6	-3.5%	-9.2%
Americas	19.1	16.3	16.5	17.3%	15.7%
Asia/Pacific	1.6	1.2	1.2	27.1%	27.1%
<b>Axway</b>	<b>49.9</b>	<b>46.0</b>	<b>47.2</b>	<b>8.6%</b>	<b>5.9%</b>

Second Quarter	2013	2012 Published	2012 Pro Forma	Total Growth	Organic Growth <sup>1</sup>
France	17.9	16.9	16.9	5.8%	5.7%
Rest of Europe	14.4	12.4	12.9	16.3%	12.2%
Americas	22.5	21.7	23.1	3.6%	-2.5%
Asia/Pacific	1.7	1.4	1.5	18.6%	10.0%
<b>Axway</b>	<b>56.5</b>	<b>52.4</b>	<b>54.4</b>	<b>7.7%</b>	<b>3.9%</b>

First Semester	2013	2012 Published	2012 Pro Forma	Total Growth	Organic Growth <sup>1</sup>
France	34.8	32.6	32.8	6.8%	6.2%
Rest of Europe	26.7	25.1	26.4	6.3%	1.2%
America's	41.6	38.0	39.6	9.5%	5.1%
Asia/Pacific	3.2	2.6	2.8	22.6%	17.7%
<b>Axway</b>	<b>106.4</b>	<b>98.4</b>	<b>101.6</b>	<b>8.1%</b>	<b>4.8%</b>

(1) At constant exchange rates and scope of consolidation

Axway's 2013 first-half revenue growth reflects:

- confirmation of the recovery in activity in France initiated in the fourth quarter of 2012;
- the momentum of the North American market, which remained buoyant despite a disappointing second quarter in which a number of large contracts were deferred;
- a global context that remained difficult in Europe (excluding France) and particularly in the United Kingdom and southern Europe.

## Revenue by activity

m€

	2013	2012 Published	2012 Pro Forma	Total Growth	Organic Growth <sup>1</sup>
<b>First Quarter</b>					
Licenses	10.6	9.4	10.0	13.1%	5.5%
Maintenance	25.7	23.2	23.7	10.7%	8.8%
Services	13.6	13.4	13.5	1.8%	0.9%
	<b>49.9</b>	<b>46.0</b>	<b>47.2</b>	<b>8.6%</b>	<b>5.9%</b>

	2013	2012 Published	2012 Pro Forma	Total Growth	Organic Growth <sup>1</sup>
<b>Second Quarter</b>					
Licenses	16.4	15.2	16.5	7.7%	-0.9%
Maintenance	26.7	23.9	24.2	11.8%	10.2%
Services	13.4	13.3	13.6	0.5%	-1.8%
<b>Axway</b>	<b>56.5</b>	<b>52.4</b>	<b>54.4</b>	<b>7.7%</b>	<b>3.9%</b>

	2013	2012 Published	2012 Pro Forma	Total Growth	Organic Growth <sup>1</sup>
<b>First Semester</b>					
Licenses	27.0	24.6	26.6	9.8%	1.6%
Maintenance	52.4	47.1	47.9	11.2%	9.5%
Services	27.0	26.7	27.1	1.1%	-0.4%
<b>Axway</b>	<b>106.4</b>	<b>98.4</b>	<b>101.6</b>	<b>8.1%</b>	<b>4.8%</b>

(1) At constant exchange rates and scope of consolidation

The strong momentum in maintenance helped offset the weaker performance in licences in the second quarter in which a number of contracts were deferred in the United States and Germany.

The commercial portfolio was strong, boosted by middleware market drivers (Convergence, Cloud, Mobile) which altered demand, favouring solutions based on API technology in particular. This situation permits reasonable optimism about licences' activity in the second half of the year.

Services remained stable compared with the first half of 2012. Production projects connected with contracts signed in the fourth quarter of 2012 are not yet active.

Significant 2013 first-half revenue growth (particularly maintenance revenue) and a controlled cost structure led to a rise in operating margins from the first half of 2012 (profit from operating activities of 6.7% compared with 5.6%; profit from recurring operations of 4.3% compared with 4.0%).

The operating profit includes a provision of 6.2 million US dollars (4.7 M€) taking into account an agreement in principle obtained recently from the US Department of Justice related to the GSA dispute negotiations. The finalization of a settlement agreement is expected to occur in the second semester of 2013. As a reminder, the activity of Tumbleweed (acquired in 2008 by the group) with the US government has been challenged since 2011 by a client, the General Services Administration (GSA). See also our Reference Document 2012 (Section 5.5.1 page 99).

The tax benefit for the first half of the year integrates the release of a portion of the valuation allowance on the U.S. deferred tax assets made possible by the increase of the profitability (realized and forecast) of this American subsidiary.

## **Financial position**

At 30 June 2013, Axway's financial position was strong with cash position of €54 million and shareholders' equity of €238.7 million. Net cash position at 30 June 2013 was €11.5 million as a result of acquiring Vordel, in 2012, by partial use of the credit line.

The consolidated interim financial statements were subject to a limited audit. The limited audit report is in the process of being published.

## **Workforce**

At 30 June 2013, Axway's workforce numbered 1,798 employees (628 in France and 1,170 outside France), an increase of 24 people from 31 December 2012 (and of 33 people from 30 June 2012).

## **Strategy**

The restructuring of the infrastructure markets brought by the emergence of Cloud and mobile technologies, is beginning to produce solid opportunities. This is reflected in real demand for integration technologies, an area where Axway has made sizeable investments (acquisition of Vordel, launch of the Axway 5 Suite).

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## Outlook

The Group's good first-half performance has enabled it to confirm its full year objectives for 2013: positive organic growth and stability of its operating margin 2013.

## Financial calendar

Thursday 1 August 2013 at 14.30: Hotel Meurice, Paris: SFAF analysts meeting.

Monday 28 October 2013: Publication of 2013 third quarter revenue.

The company will publish its half-year financial report in French on 29 August 2013. This report will be available at [www.finance.axway.com](http://www.finance.axway.com) under the Financial Documents tab and also on the AMF website: [www.amf-france.org](http://www.amf-france.org).

## About Axway

Axway (NYSE Euronext: AXW.PA), a market leader in governing the flow of data, is a global software and services company with more than 11,000 private and public sector customers in 100 countries. For more than a decade, Axway has empowered the world's top organisations with proven solutions that help manage business-critical interactions through the exchange of data flowing across the enterprise, B2B communities, the cloud and mobile devices. Our solutions are offered on premise and in the cloud, with a comprehensive range of services. They span business-to-business integration, MFT (Managed File Transfer), API and identity management, and email security.

Axway is registered in France with headquarters in the United States and has 22 subsidiaries in 17 countries around the world.

More information is available at: [www.axway.com](http://www.axway.com).

Income Statement (in thousands of euros)	S1 2013	S1 2012	FY 2012
<b>Revenue :</b>			
License	26,970	24,578	71,435
Maintenance	52,417	47,116	98,205
Total Product Revenue	79,387	71,694	169,640
Services	26,979	26,677	54,680
<b>Total Revenue :</b>	<b>106,366</b>	<b>98,371</b>	<b>224,320</b>
<b>Costs of sales:</b>			
Product Revenue	10,547	9,886	20,653
Services	25,734	25,423	51,070
<b>Total Costs of sales :</b>	<b>36,281</b>	<b>35,309</b>	<b>71,723</b>
<b>Gross profit:</b>	<b>70,085</b>	<b>63,062</b>	<b>152,597</b>
<i>as a % of Revenue</i>	<i>65.9%</i>	<i>64.1%</i>	<i>68.0%</i>
<b>Operating expenses :</b>			
Sales and marketing	33,870	31,377	64,077
Research and development	17,642	16,243	32,508
General and administrative	11,443	9,979	21,046
<b>Total operating expenses :</b>	<b>62,955</b>	<b>57,599</b>	<b>117,631</b>
<b>Profit on operating activities</b>	<b>7,130</b>	<b>5,463</b>	<b>34,966</b>
<i>as a % of Revenue</i>	<i>6.7%</i>	<i>5.6%</i>	<i>15.6%</i>
Stock option related expenses	(645)	(564)	(1,147)
Amortization of intangible assets	(1,898)	(992)	(2,130)
<b>Profit from recurring operations</b>	<b>4,587</b>	<b>3,907</b>	<b>31,689</b>
<i>as a % of Revenue</i>	<i>4.3%</i>	<i>4.0%</i>	<i>14.1%</i>
Other income and expenses	(5,177)	(877)	(2,940)
<b>Operating profit</b>	<b>(590)</b>	<b>3,030</b>	<b>28,750</b>
Cost of net financial debt	(395)	(240)	(51)
Other financial revenues and expenses	(83)	(229)	(63)
Income taxes	10,881	41	(3,976)
<b>Net Profit</b>	<b>9,813</b>	<b>2,602</b>	<b>24,660</b>
	<i>9.2%</i>	<i>2.6%</i>	<i>11.0%</i>
Basic net earnings per share (in Euro)	<b>0.48</b>	<b>0.13</b>	<b>1.22</b>

## Balance sheet

	30/06/2013	30/06/2012	31/12/2012
	(in €m)	(in €m)	(in €m)
<b>ASSETS</b>			
Goodwill	195.6	173.2	196.6
Intangible assets	31.3	19.2	31.0
Property, plant and equipment	5.9	4.6	6.3
Other non-current assets	30.4	16.6	18.5
<b>Non-current assets</b>	<b>263.2</b>	<b>213.6</b>	<b>252.3</b>
Trade receivables	57.7	54.1	72.2
Other current assets	22.7	16.3	16.8
Cash and cash equivalents	54.1	41.5	35.7
<b>Current assets</b>	<b>134.5</b>	<b>111.8</b>	<b>124.7</b>
<b>TOTAL ASSETS</b>	<b>397.7</b>	<b>325.5</b>	<b>377.1</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital	40.7	40.6	40.6
Capital reserves and results	198.0	177.2	193.3
<b>Total shareholders' equity</b>	<b>238.7</b>	<b>217.9</b>	<b>234.0</b>
Financial debt - long-term portion	37.9	2.1	36.9
Other non-current liabilities	19.6	14.4	16.3
<b>Non-current liabilities</b>	<b>57.5</b>	<b>16.5</b>	<b>53.1</b>
Financial debt - short-term portion	4.7	0.5	5.3
Other current liabilities	96.8	90.6	84.7
<b>Current liabilities</b>	<b>101.5</b>	<b>91.2</b>	<b>90.0</b>
<b>TOTAL LIABILITIES</b>	<b>159.0</b>	<b>107.6</b>	<b>143.1</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>397.7</b>	<b>325.5</b>	<b>377.1</b>