

Contacts

Investor Relations: Patrick Gouffran ++33 (0)1 40 67 29 26 – pgouffran@axway.com

Press Relations: Sylvie Podetti ++33 (0)1 47 17 22 40 – spodetti@axway.com

Press release

AXWAY ANNOUNCES SOLID ANNUAL RESULTS FOR 2016: Revenue of €301.1 million, organic growth up by 4.4% and strong increase in profit on operating activities to €50.8m representing 16.9% of revenue.

Paris, 22 February 2017 - Axway (Euronext: AXW.PA.) - Axway Software's Board of Directors, convened on 22 February, under the chairmanship of Pierre Pasquier, reviewed the consolidated financial statements for the year ended 31 December 2016. The 2016 performance confirmed the successful transition of Axway to its new position in supporting digital transformation. Revenue which crossed the 300M€ milestone in revenue, is accompanied by increased profitability and a highly satisfactory financial position.

The company publishes today, 22 February 2017 concerning the acquisition of Syncplicity, an American company based in Silicon Valley and recognized for its EFSS (Enterprise File Sharing and Synchronization) technologies. This acquisition will further enhance the Amplify platform.

	FY 2016		FY 2015		FY 2014	
	(in €m)	(% Rev)	(in €m)	(% Rev)	(in €m)	(% Rev)
Key income statement items						
Revenue	301.1		284.6		261.6	
<i>Organic growth</i>	4.4%		0.0%		3.6%	
Profit on operating activities	50.8	16.9%	44.5	15.6%	39.7	15.2%
Profit from recurring operations	41.8	13.9%	37.9	13.3%	33.6	12.8%
Other income and expense	-6.7		-10.5		-2.3	
Net financial costs and currency impact	0.1		-1.7		-0.9	
Income Taxes	-3.7		2.1		-3.6	
Net profit	31.5	10.5%	27.9	9.8%	26.7	10.2%
	(in €)		(in €)		(in €)	
Basic net earnings per share	1.51		1.35		1.29	

2016 Overview

Within the context of its medium-term transformation plan, 2016 was a year of transition marked by the successful implementation of company strategy:

- Integration of the Appcelerator teams and technologies completing the Axway mobile engagement offering,
- Significant improvement in the operating margin while continuing to invest (launch of the AMPLIFY platform, development of digital offerings),
- Business Lines adapted to enable the deployment of the mobile engagement, subscription and cloud offerings,
- Sustained growth in the USA, based in particular, on digital technologies (API and Analytics),
- Continued protection of French operations,
- Transformation of the Axway brand to factor in the new positioning: Launch of the AMPLIFY digital engagement platform,
- Regrouping teams in new business premises in France (Tour W in La Défense), and in Australia (Sydney).

"2016 was the first full year of implementing our new strategy to support our customers with their digital transformation, through projects supported by API technologies, new services and cloud options. With Syncplicity's EFSS technologies we are confirming and renewing the historic data exchange offering now focused on Human-to-Human end-users". Jean-Marc Lazzari, Chief Executive Officer of Axway.

2016 was a solid year for Axway in terms of growth in revenue and improved margin: €301.1 million of revenue representing total growth of 5.8% and 16.9% profit on operating activities. The last quarter of the year was less dynamic than the first nine months, reflecting a shift in market demand toward value proposals based on subscription contracts (cloud).

Revenue by region (in €m)

Exercice 2016	2016	2015 Published	2015 Restated	Total Growth	Organic Growth ¹
France	94.2	95.2	94.8	-1.1%	-0.6%
Rest of Europe	68.8	65.7	64.0	4.6%	7.4%
Americas	122.9	109.7	115.9	12.0%	6.0%
Asia/Pacific	15.3	13.9	13.8	9.8%	10.7%
Axway	301.1	284.6	288.5	5.8%	4.4%

(1) at constant exchange rates and scope of consolidation

The United States represented €122.9 million (+6.0% in organic growth) and was Axway's largest market for the second year in a row. France, with €94.2m, made good the downturn observed over the first 9 months with revenue virtually unchanged throughout the financial year. The Rest of Europe continued its sound development with organic growth of 7.4%, while the Asia/Pacific zone continued to report sustained growth of 10.7%.

Revenue by activity (in €m)

Year Total	2016	2015 Published	2015 Restated ¹	Total Growth	Organic Growth ¹
Licences	81.3	80.5	79.9	1.0%	1.8%
Maintenance	143.0	137.7	136.6	3.8%	4.7%
Services	76.8	66.4	72.0	15.7%	6.7%
Axway	301.1	284.6	288.5	5.8%	4.4%

(1) at constant exchange rates and scope of consolidation

Licences, with revenue of €81.3m representing organic growth of 1.8%, continued to return positive performance while for the first year Axway saw increased market demand for cloud proposals concerning new contracts. **Maintenance operations** have been growing steadily for several years now. **Service operations** showed genuine momentum (+6.7% organic growth, 15.7% total growth), driven, in particular, by the development of cloud offerings. **Cloud Activity**, built into the Services line, speed up with a growth of +26.6% in recognized revenue.

Financial position

As at 31 December 2016, Axway's financial position was extremely solid with cash and cash equivalents amounting to €51.7 million, bank debt of €35.5 million and shareholders' equity of €374.8 million.

As at 31 December 2016, net cash and cash equivalents was €16.3 million, enabling the Group to achieve financial ratios that comfortably meet the values required by banking covenants.

The level of profit on operating activities (16.9% in 2016) was up in comparison with 2015, the consequence of a fine balance between commercial investments, R&D and G&A in relation to revenue. This reflects Axway's strong business model and provides the means to engage the investments needed for the company's development project.

Net profit as at 31 December 2016 came to €31.5 million (10.5% of net margin).

The audit process on the annual consolidated financial statements is currently being finalized.

Workforce

As at 31 December 2016, Axway employed 1,930 people (607 in France and 1,323 in other countries), up by 46 employees compared with 31 December 2015.

Cash dividend

Axway's Board of Directors intend, at the next General Shareholders' Meeting, to propose the distribution of a dividend of €0.40 per share in respect of the 2016 fiscal year.

Strategy & Outlook

2016 allowed Axway to confirm its strategic options and its positioning in supporting digital transformation. The Axway teams have continued to develop digital offerings (API, Analytics and Mobile) by integrating new customer experience models renewed by the digital economy. The launch of the AMPLIFY digital platform represents a major investment for Axway, one that will enable it to stand out in the coming years.

The acquisition of Syncplicity will help build loyalty and retention of all customers using MFT solutions, providing them with renewed solutions focusing on end-users and complementing the technologies of the AMPLIFY Digital engagement platform.

After 2016, a year of transition boosted by a renewed offering and a stronger system, Axway is confirming its transformation and innovation strategy. This was achieved by maintaining operating margins and by prioritizing development in the USA, in addition to maintaining the level of operations in France.

Revenue by region and by quarter (in €m)

		2015	2015	Total	Organic
	2016	Reported	Restated ¹	Growth	Growth ¹
1st Quarter					
France	20.1	22.1	22.1	-9.2%	-9.2%
Rest of Europe	14.6	14.3	14.2	1.6%	2.3%
America's	27.5	23.2	24.6	18.5%	11.6%
Asia/Pacific	3.3	3.0	2.9	7.8%	11.0%
Axway	65.3	62.6	63.9	4.3%	2.3%
2nd Quarter					
France	23.8	25.4	25.4	-6.1%	-6.1%
Rest of Europe	17.3	17.2	17.0	0.3%	1.9%
America's	34.1	26.4	27.5	28.9%	23.8%
Asia/Pacific	4.2	3.4	3.3	21.6%	28.2%
Axway	79.4	72.5	73.1	9.5%	8.6%
3rd Quarter					
France	19.3	20.5	20.5	-6.1%	-6.1%
Rest of Europe	17.6	16.1	15.4	9.3%	13.8%
America's	31.7	26.1	27.7	21.4%	14.5%
Asia/Pacific	3.3	3.1	3.2	6.5%	5.0%
Axway	71.9	65.9	66.8	9.2%	7.6%
4th Quarter					
France	31.0	27.2	26.8	13.9%	15.8%
Rest of Europe	19.3	18.1	17.4	6.9%	11.3%
America's	29.6	34.0	36.1	-12.8%	-17.9%
Asia/Pacific	4.5	4.3	4.4	4.2%	1.8%
Axway	84.5	83.6	84.7	1.0%	-0.2%

Revenue by activity and by quarter (in €m)

		2015	2015	Total	Organic
	2016	Reported	Restated ¹	Growth	Growth ¹
1st Quarter					
Licenses	12.4	13.6	13.6	-8.6%	-8.6%
Maintenance	34.7	33.5	33.6	3.7%	3.5%
Services	18.2	15.5	16.7	17.0%	8.8%
Axway	65.3	62.6	63.9	4.3%	2.3%
2nd Quarter					
Licenses	25.1	20.6	20.4	21.4%	22.9%
Maintenance	35.4	34.5	33.9	2.6%	4.5%
Services	18.9	17.3	18.8	9.1%	0.5%
Axway	79.4	72.5	73.1	9.5%	8.6%
3rd Quarter					
Licenses	16.8	14.8	14.6	13.5%	15.2%
Maintenance	35.7	34.4	34.0	3.7%	4.8%
Services	19.4	16.7	18.2	16.6%	6.8%
	71.9	65.9	66.8	9.2%	7.6%
4th Quarter					
Licenses	27.0	31.4	31.3	-14.1%	-13.8%
Maintenance	37.1	35.3	35.0	5.3%	6.0%
Services	20.3	16.9	18.3	20.2%	11.2%
Axway	84.5	83.6	84.7	1.0%	-0.2%

Income Statement
(in millions of euros)

	FY 2016	FY 2015	FY 2014
Revenue :			
Licenses	81.3	80.5	79.6
Maintenance	143.0	137.7	120.5
Total Product Revenue	224.2	218.2	200.1
Services	76.8	66.4	61.5
Total Revenue :	301.1	284.6	261.6
Costs of sales:			
Product Revenue	23.7	23.2	21.9
Services	63.0	63.2	57.0
Total Costs of sales :	86.6	86.4	78.9
Gross profit:	214.4	198.3	182.6
<i>as a % of Revenue</i>	71.2%	69.7%	69.8%
Operating expenses :			
Sales and marketing	81.9	81.9	77.5
Research and development	53.3	46.0	41.0
General and administrative	28.4	25.9	24.5
Total operating expenses :	163.7	153.8	143.0
Profit on operating activities	50.8	44.5	39.7
<i>as a % of Revenue</i>	16.9%	15.6%	15.2%
Stock option related expenses	(1.1)	(0.6)	(0.8)
Amortization of intangible assets	(7.9)	(6.0)	(5.3)
Profit from recurring operations	41.8	37.9	33.6
<i>as a % of Revenue</i>	13.9%	13.3%	12.8%
Other income and expenses	(6.7)	(10.5)	(2.3)
Operating profit	35.1	27.4	31.3
Cost of net financial debt	(0.4)	(0.4)	(1.4)
Other financial revenues and expenses	0.5	(1.3)	0.4
Income taxes	(3.7)	2.1	(3.6)
Net Profit	31.5	27.9	26.7
<i>as a % of Revenue</i>	10.5%	9.8%	10.2%

Simplified Balance Sheet

	31/12/2016	31/12/2015	31/12/2014
	(in €m)	(in €m)	(in €m)
ASSETS			
Goodwill	288.8	251.8	236.5
Intangible assets	49.8	40.9	45.6
Property, plant and equipment	14.5	7.8	6.9
Other non-current assets	49.6	47.0	42.1
Non-current assets	402.7	347.5	331.1
Trade receivables	78.2	73.9	84.9
Other current assets	25.3	22.5	18.2
Cash and cash equivalents	51.7	44.7	44.6
Current assets	155.2	141.0	147.6
TOTAL ASSETS	557.8	488.6	478.7
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	42.0	41.5	41.1
Capital reserves and results	332.8	299.1	257.4
Total shareholders' equity	374.8	340.6	298.5
Financial debt - long-term portion	35.5	7.5	46.3
Other non-current liabilities	10.3	15.7	18.9
Non-current liabilities	45.7	23.2	65.2
Financial debt - short-term portion	3.7	1.5	1.3
Other current liabilities	133.6	123.3	113.7
Current liabilities	137.3	124.8	115.0
TOTAL LIABILITIES	183.0	148.0	180.2
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	557.8	488.6	478.7

Cash Flow Statement

	FY 2016	FY 2015	FY 2014
	(in €m)	(in €m)	(in €m)
Net profit for the period	31.5	27.9	26.7
Net charges to amortizations, depreciations and provisions	10.0	13.8	8.3
Other income and expense items	1.9	(1.1)	0.2
Cash from operations after cost of net debt and tax	43.5	40.6	35.2
Changes to operating working capital requirements	(5.9)	13.3	11.0
Costs of net financial debt	0.4	0.4	1.4
Income tax paid net of accrual	0.5	(4.6)	(0.2)
Net cash from operating activities	38.4	49.6	47.3
Net cash used in investing activities	(57.3)	(5.2)	(54.4)
Proceeds on shares issued	3.4	3.1	1.3
Dividends paid	(8.3)	(8.2)	(8.2)
Change in loan	31.3	(41.0)	7.7
Net interest paid	(0.4)	(0.4)	(1.4)
Other changes	(0.1)	0.3	(0.7)
Net cash from (used in) financing activities	26.0	(46.1)	(1.2)
Effect of foreign exchange rate changes	0.8	1.1	3.7
NET CHANGE IN CASH AND CASH EQUIVALENTS	7.8	(0.7)	(4.6)
Opening cash position	43.9	44.6	49.2
CLOSING CASH POSITION	51.7	43.9	44.6

Financial Calendar 2017

- 23 February: Live Analyst Conference and Webcast from Paris at the Cloud Business Center, Paris
- 24 April: Filing of Registration Document 2016
- 26 April: Release for the first Quarter 2017 (after stock market closure)
- 6 June: General Shareholders' Meeting, 2.30 pm (Paris time)
- 26 July: Release of results for the first half-year 2017 (after stock market closure)
- 27 July: Live conference and webcast.

Notes on the financial tables

The main accounting methods used by the Group are described in the notes to the annual financial statements of the Registration Document.

Glossary

Revenue: 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 on operating activities: 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 recurring 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.

Disclaimer

The forecasts in this document are contingent upon risks and uncertainties as to the Group's future growth and profitability, in particular in cases of acquisitions. Readers are reminded that license agreements, which often represent investments for our 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. Readers are also reminded that potential acquisitions could have an impact on the financial data provided above.

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 2015 Registration Document submitted to the Autorité des Marchés Financiers on 24 April 2016 under number D. 16-0393.

The distribution of this press release in certain countries may be subject to laws and regulations in force. Natural persons present in such countries and those in which this press release is disseminated, published, or distributed should obtain information about such restrictions and comply with them.

About Axway

Axway (Euronext: AXW.PA) is a catalyst for transformation. With Axway AMPLIFY™, our cloud-enabled data integration and engagement platform, leading brands better anticipate, adapt and scale to meet ever changing customer expectations. Our unified, API-first approach connects data from anywhere, fuels millions of apps and delivers real-time analytics to build customer experience networks. From idea to execution, we help make the future possible for more than 11,000 organizations in 100 countries. Learn more about Axway by visiting www.investors.axway.com or via the Axway IR mobile application available at Apple Store & Android.