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Press Release

Axway Software – Q1 2018 Revenue: €63.2 million

- Growth in Cloud revenue and ACV¹
- Revenue decrease in License and associated Services
- Confirmation of medium-term transformation ambitions

Paris, April 19, 2018 - Axway Software (Euronext: AXW.PA) reported revenue of €63.2 million for the first three months of 2018, down 4.9% organically.

Consolidated revenue

1 st Quarter 2018 (€m)	Q1 2018	Q1 2017 Reported	Q1 2017 Restated*	Total Growth	Organic Growth*	Constant Currency Growth*
Revenue	63.2	68.5	66.5	-7.7%	-4.9%	-0.7%

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

Axway's revenue was €63.2 million in Q1 2018, down 4.9% organically and 7.7% in total compared to Q1 2017. Excluding the negative impact of exchange rates (€4.8 million), and notably the significant decline in the US Dollar against the Euro, the decrease in Group sales would have been contained at -0.7%.

The scope effect, for its part, was €2.8 million following the consolidation of Syncplicity from March 1, 2017.

Axway recently reaffirmed its ambition to transform its offerings and business model to continue to adapt to the new economic models in its market. To accelerate the implementation of this transformation plan, Axway's Board of Directors appointed a new Chief Executive Officer on April 6, 2018 in the person of Patrick Donovan, formerly Chief Financial Officer of the Group (see press release dated April 9, 2018).

Patrick Donovan, CEO, said:

« In Q1 2018, Axway's Cloud business growth was not sufficient to offset the decline in Services and License activities. Our business model, and more globally our market, is undergoing a deep transformation and in this context, we must continue our efforts to reinvent ourselves around our customers' new challenges. Our targets remain unchanged, by 2020 we aim to become a market leader in Hybrid Integration Platforms (HIP). This will be achieved by maintaining our revenues through a differentiating strategy for our products, significant growth in our subscription revenues and therefore in our recurring revenues, and potentially, through external growth. The management team for which I am now responsible is fully focused on these objectives. »

¹ Glossary available at the end of this document

Comments on the 1st quarter 2018 activity
Revenue by business line

1 st Quarter 2018 (€m)	Q1 2018	Q1 2017 Reported	Q1 2017 Restated	Total Growth	Organic Growth
License	8.2	9.6	9.0	-14.3%	-8.7%
Cloud	9.1	7.3	9.0	24.6%	1.5%
Maintenance	34.7	37.3	34.9	-6.8%	-0.5%
Services	11.2	14.4	13.6	-22.0%	-17.8%
Axway	63.2	68.5	66.5	-7.7%	-4.9%

Over the first three months of the year, **License** activity was down 8.7% organically, corresponding to revenue of €8.2 million (13% of Group revenue). The first quarter, which represents on average over the last three years approximately 16% of annual License sales, does not provide much indication of the full year performance. Nevertheless, the Group noted a further lengthening of decision cycles among its customers, confirming a generally deteriorated trend for "on premise" contracts.

The **Cloud** business generated revenue of €9.1 million over the quarter (14% of Group revenue), up 24.6% overall. Organically, growth amounted to 1.5%. The Annual Contract Value of new subscription contracts (ACV) signed during Q1 increased by nearly 70% compared to the same period in 2017. These signatures, which reflect the good performance of the sales teams, gradually increase the recurring portion of sales by adding to existing multi-year revenues. The favorable pipeline now suggests that organic growth in the Cloud activities will accelerate as of the second quarter of 2018, in line with Axway's medium-term transformation plan.

Maintenance activity was almost stable over the quarter (-0.5% organic growth) with revenues of €34.7 million. Thus, in the first quarter of 2018, the share of recurring revenues (Cloud + Maintenance) increased compared to the previous financial year to reach 69% of the Group's revenues.

Finally, **Services**, directly linked to License sales, decreased over the period with revenues of €11.2 million, down 17.8% organically, representing around three-quarters of the Group's organic decline over the quarter. Axway continues to explore strategic partnership opportunities in this area where business volume is the main driver.

Revenue by geographic zone

1 st Quarter 2018 (€m)	Q1 2018	Q1 2017 Reported	Q1 2017 Restated	Total Growth	Organic Growth
France	17.3	19.5	19.5	-11.2%	-11.2%
Rest of Europe	14.5	15.8	15.7	-8.3%	-7.5%
Americas	28.0	29.5	28.0	-5.1%	0.2%
Asia/Pacific	3.4	3.6	3.3	-7.5%	1.6%
Axway	63.2	68.5	66.5	-7.7%	-4.9%

Geographically, the **Americas** (USA & Latam) accounted for 44% of Axway's revenue in Q1 2018 with revenue of €28.0 million, stable compared to Q1 2017. For the second consecutive quarter, License sales were up (over 14% organic growth), bringing in their wake Maintenance operations that also increased.

In the **Rest of Europe** zone, growth came from Cloud operations (over 15% organic growth), in a volume insufficient to offset the impact of the decrease in the License - Maintenance – Services revenue.

France, for its part, recorded an organic decline of 11.2%, mainly due to License and Services.

Lastly, in **Asia-Pacific**, organic growth amounted to 1.6%, notably due to the growth of previously undeveloped Cloud activities. Despite heterogeneous situations in different countries, the increased interest of the Asian market in subscription models should be a medium-term driver.

Financial Position

As of March 31, 2018, Axway's financial position remained solid with cash of €54.9 million and bank debt limited to €49.0 million.

Outlook

In the context of its medium-term transformation plan, the Group, in line with its 2018 roadmap, confirms that it has begun the necessary additional investments to evolve its offers (an additional €15 million in investments in 2018).

At the same time, following the recent change in the management team, the Group has launched a complete requalification of its business portfolio and will reissue annual guidance for 2018 at the half-year results announcement on July 25, 2018.

Axway also confirms its ambitions for 2020:

- Become a market leader in Hybrid Integration Platforms (HIP)
- Maintain stable organic revenue
- Seize strategic acquisition opportunities

Financial Calendar

Thursday, April 26, 2018: Publication of the 2017 Registration document.

Wednesday, June 6, 2018, 2.30 p.m.: Combined General Meeting of Shareholders - Hôtel Le Meurice, Paris.

Wednesday, July 25, 2018, after close of trading: Publication of 2018 Half Year Results.

Thursday, July 26, 2018, 5:00 p.m.: Presentation of 2018 Half Year Results - Cloud Business Center, Paris.

Annexes

Impact on revenue of changes in scope and exchange rates

1 st Quarter 2018 (€m)	Q1 2018	Q1 2017	Growth
Revenue	63.2	68.5	-7.7%
Changes in exchange rates		-4.8	
Revenue at constant exchange rates	63.2	63.7	-0.7%
Changes in scope		2.8	
Revenue at constant scope and exchange rates	63.2	66.5	-4.9%

Changes in exchange rates

1 st Quarter 2018 For 1€	Average rate Q1 2018	Average rate Q1 2017	Change
US Dollar	1.229	1.065	- 13.4%

Glossary

Restated revenue: Revenue for the prior year, expressed on the basis of the scope and exchange rates for the current year.

Organic growth: Growth in revenue between the period under review and the revenue for the same period in the prior financial year restated for scope and exchange rates effects.

Constant currency growth: Growth in revenue between the period under review and the revenue for the same period in the prior financial year restated for exchange rates effects.

ACV: Annual Contract Value – Average annual contract value of the subscription agreement.

TCV: Total Contract Value – Full value of the subscription agreement including both recurring revenues for the duration of the contract and one-time payments.

Profit (loss) from operations: This indicator corresponds to recurring operating income adjusted for the cost of services rendered by beneficiaries of stock options and free shares as well as the amortization of allocated intangible assets.

About Axway

Axway (Euronext: AXW.PA) 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 www.axway.com/en.