

# 2012 Annual Results

20th of February 2013, Pavillon Kleber  
Christophe FABRE, Chief Executive Officer



# Forward looking statements

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- This document contains forecasts in respect of which there are risks and uncertainties concerning the company's future growth and profitability. The company 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 lead to a more or less favourable full-year performance.
- The outcome of 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 submitted to the *Autorité des Marchés Financiers* (AMF) on 27 April 2012, number R12-017.
- 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.

# Contents

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- 2012 Analysis
- Accounting & Financial Results
- Positionning & Strategy
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# 2012 revenue: contrasted report by region


<b>FY2012</b>					
M€	2012	2011 Published	2011 Pro forma	Total Growth	Organic Growth <sup>1</sup>
 <b>America's</b>	86.5	76.7	83.1	12.8%	4.1%
 <b>France</b>	75.4	82.0	82.0	-8.0%	-8.0%
 <b>Rest of Europe</b>	55.6	53.0	56.5	4.9%	-1.6%
 <b>Asia/Pacific</b>	6.8	5.5	6.1	24.2%	10.3%
	<b>224.3</b>	217.2	227.9	3.3%	-1.6%



- Revenue includes 2 months of Vordel
- Vordel growth = 40% vs 2011

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

# 2012 revenue: contrasted report by business line






<b>FY2012</b>					
<b>M€</b>	<b>2012</b>	<b>2011 Published</b>	<b>2011 Pro forma</b>	<b>Total Growth</b>	<b>Organic Growth<sup>1</sup></b>
<b>Licenses</b>	71.4	77.8	84.0	-8.1%	-15.0%
<b>Maintenance</b>	98.2	85.0	88.2	15.5%	11.4%
<b>Services</b>	54.7	54.4	55.7	0.4%	-1.8%
	<b>224.3</b>	217.2	227.9	3.3%	<b>-1.6%</b>



- Consistent growth in average effective maintenance rate
- Maintenance cancellation rate < 10%

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

# Q4 2012: revenue by region


Q4						
	M€	2012	2011 Published	2011 Pro forma	Total Growth	Organic Growth <sup>1</sup>
	America's	27.6	20.3	22.1	35.8%	25.0%
	France	26.2	23.9	23.9	9.8%	9.8%
	Rest of Europe	18.9	17.9	20.6	5.6%	-8.3%
	Asia/Pacific	2.5	1.6	1.7	57.8%	45.5%
		75.2	63.7	68.3	18.1%	10.1%



- Dynamic growth in the Americas
- Rebound in France

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

# Q4 2012: revenue by business line

<b>Q4</b>					
<b>M€</b>	<b>2012</b>	<b>2011 Published</b>	<b>2011 Pro forma</b>	<b>Total Growth</b>	<b>Organic Growth<sup>1</sup></b>
<b>Licenses</b>	34.2	26.2	30.0	30.8%	14.1%
<b>Maintenance</b>	26.1	23.5	23.8	11.0%	9.7%
<b>Services</b>	14.9	14.0	14.5	6.2%	2.6%
	<b>75.2</b>	<b>63.7</b>	<b>68.3</b>	<b>18.1%</b>	<b>10.1%</b>



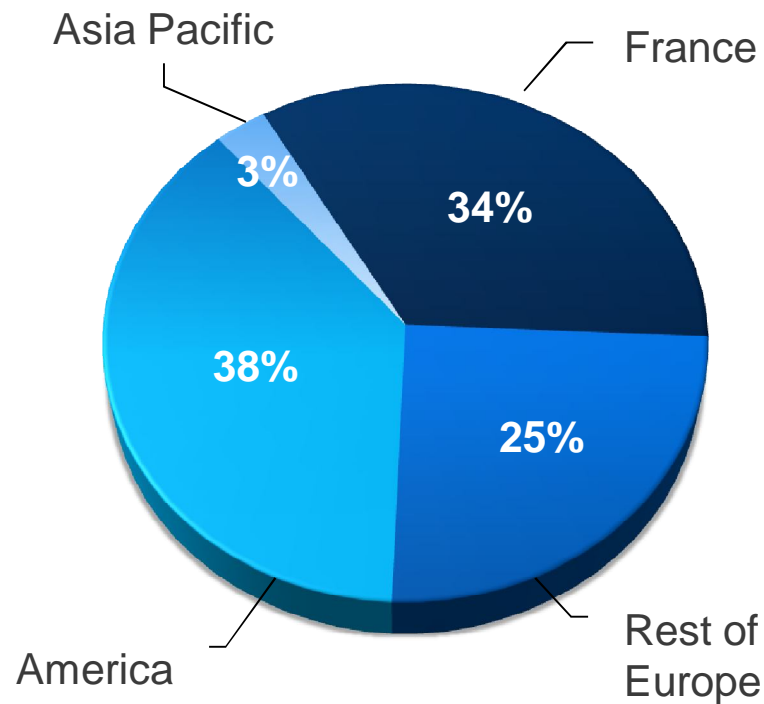
- Finalisation of licence contracts frozen since the start of the year
- Robust growth in maintenance stemming from a long-term strategy

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

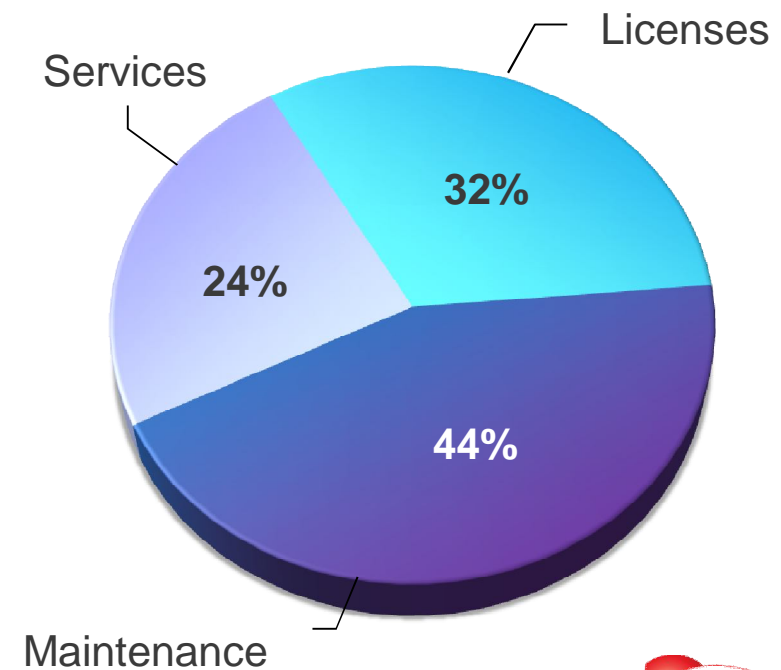
# Axway: a balanced business model

**FY2012**

## BY REGION



## BY ACTIVITY

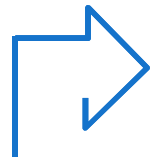






- 5th largest hospital system in the U.S.
  - 56,000 employees; 11,000 physicians
  - 38 hospitals; more than 300 ancillary care sites
  - \$10.5 billion annual revenue
- 

## Challenge

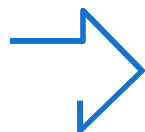


Needed standard connectivity methods and ability to offload administrative burden of provisioning new connections

## Benefit



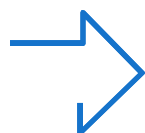
Secure platform for thousands of servers across facility network, plus visibility and self-provisioning capabilities



Complex global supply chain with multiple disparate systems requiring high availability and end-to-end visibility  
Governing MFT data flows as a worldwide standard with Axway.



Axway consolidates and manages internal and external data flows with complete security and governance, enabling visibility and reporting of all exchanges.



Leading provider of integrated travel and expense management solutions. Axway solutions provide the security and reliability to manage travel and expense data flows internally and externally, across the globe.



# Tullverket

- Swedish Customs
- 2,000 people

**Challenge**



Reduce the processing time of Import-Export procedures with 700 partners (Institutions, Banks, Transport Companies, etc.)

**Benefit**



Dematerialization of these transactions by creating a secure and governed platform

# La Banque Postale

- France
- 29,000 employees
- €5.6 billion in revenue
- 45 million open accounts
- 29.3 million customers

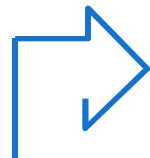


**Challenge**



Streamline and facilitate exchanges between technical Middleware teams and functional business teams

**Benefit**



Provide autonomy to functional business teams in the definition of its service level agreements and flexibility for their implementation

# License Metrics 2012

## ASP – Share of Indirect – New/Repeat

- Nb Deals ~ 2500
- Share of Tiers 1 business(>250k€)
  - Share of nb. of deals: 2%
  - Share of total amount = 35%
- Share of indirect business (€) = 15%
- Share of New business (€) = 12%
- Average Sale Price
  - ASP Tiers 1 ~550k€
  - ASP Tiers 2 (< 250 k€) ~100 k€
  - ASP Tiers 3 (< 50 k€) ~10 k€

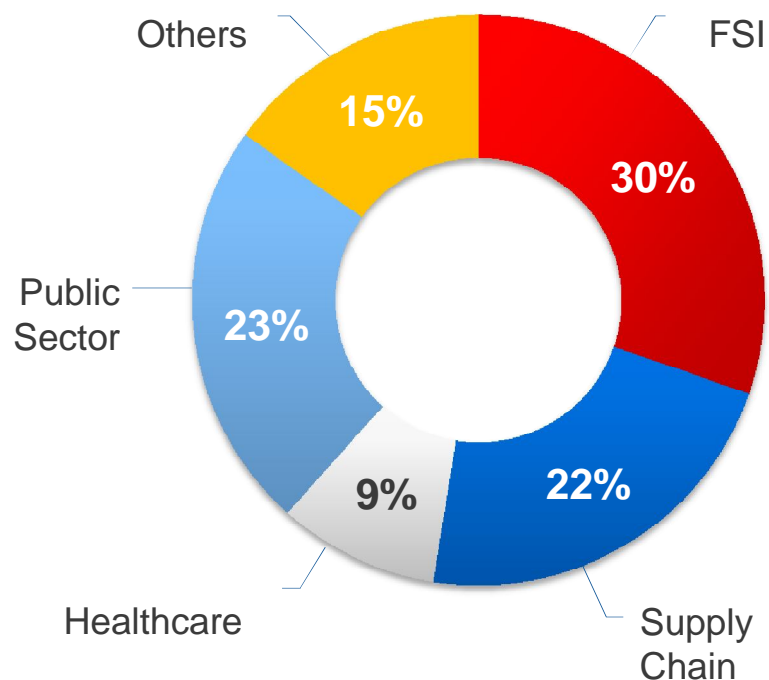
2012 versus 2011



# License Metrics 2012

## Share of verticals in License revenues

### SECTORS



### HEALTHCARE

+26 % vs 2011



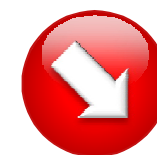
### PUBLIC SECTOR

+15 % vs 2011



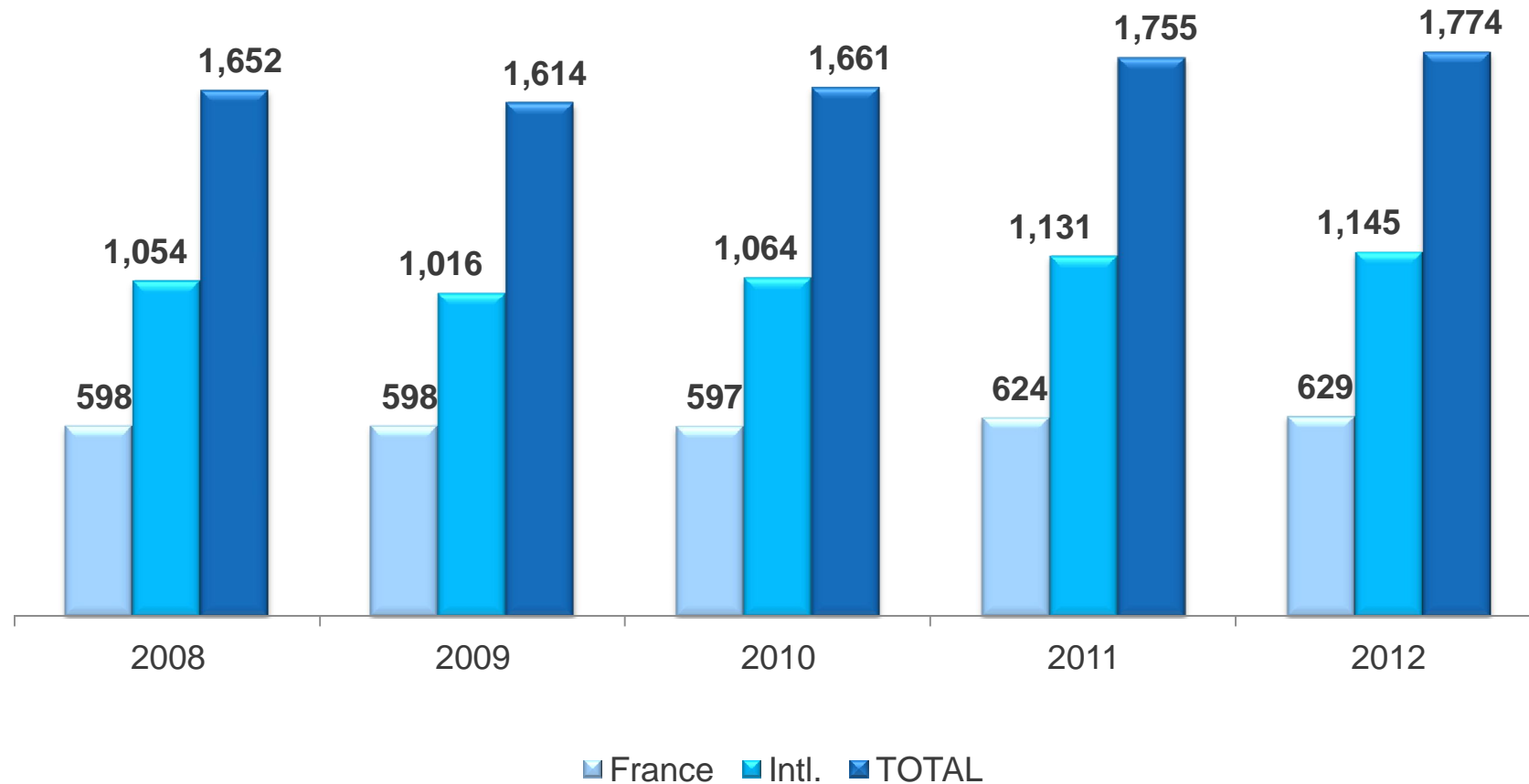
### FSI

-30 % vs 2011



# Headcount at 31 December 2012: 1,774

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# 2012: cost analysis

	FY 2012 (in M€   (% Rev))		FY 2011 (in M€   (% Rev))		FY 2010 (in M€   (% Rev))	
<b>Revenue :</b>						
License	71.4	31.8%	77.8	35.8%	77.9	37.4%
Maintenance	98.2	43.8%	85.0	39.1%	78.6	37.7%
Total Product Revenue	169.6	75.6%	162.8	74.9%	156.5	75.1%
Services	54.7	24.4%	54.4	25.1%	51.9	24.9%
<b>Total Revenue :</b>	<b>224.3</b>	<b>100.0%</b>	<b>217.2</b>	<b>100.0%</b>	<b>208.4</b>	<b>100.0%</b>
<b>Costs of sales:</b>						
Product Revenue	20.7	9.2%	19.9	9.2%	22.1	10.6%
Services	51.1	22.8%	49.3	22.7%	46.4	22.2%
<b>Total Costs of sales :</b>	<b>71.7</b>	<b>32.0%</b>	<b>69.2</b>	<b>31.9%</b>	<b>68.4</b>	<b>32.8%</b>
<b>Gross profit:</b>	<b>152.6</b>	<b>68.0%</b>	<b>148.0</b>	<b>68.1%</b>	<b>140.0</b>	<b>67.2%</b>
<b>Operating expenses :</b>						
Sales and marketing	64.1	28.6%	61.5	28.3%	57.9	27.8%
Research and development	32.5	14.5%	32.1	14.8%	32.7	15.7%
General and administrative	21.0	9.4%	19.1	8.8%	18.3	8.8%
<b>Total operating expenses :</b>	<b>117.6</b>	<b>52.4%</b>	<b>112.7</b>	<b>51.9%</b>	<b>108.9</b>	<b>52.3%</b>
<b>Profit on operating activities</b>	<b>35.0</b>	<b>15.6%</b>	<b>35.3</b>	<b>16.3%</b>	<b>31.1</b>	<b>14.9%</b>



- Resilient in a challenging environment



# Accounting & Financials Results

Patrick Donovan – Chief Financial Officer



# Income Statement (1/2)

<i>In thousands of euros</i>	2012	2011	2010
<b>Revenue :</b>			
License	71,435	77,762	77,948
Maintenance	98,205	85,037	78,578
Total Product Revenue	169,640	162,799	156,526
Services	54,680	54,445	51,895
<b>Total Revenue :</b>	<b>224,320</b>	<b>217,244</b>	<b>208,421</b>
<b>Costs of sales:</b>			
Product Revenue	20,653	19,929	22,076
Services	51,070	49,285	46,354
<b>Total Costs of sales :</b>	<b>71,723</b>	<b>69,214</b>	<b>68,430</b>
<b>Gross profit:</b>	<b>152,597</b>	<b>148,030</b>	<b>139,991</b>
<i>as a % of Revenue</i>	<i>68.0%</i>	<i>68.1%</i>	<i>67.2%</i>
<b>Operating expenses :</b>			
Sales and marketing	64,077	61,528	57,923
Research and development	32,508	32,079	32,662
General and administrative	21,046	19,120	18,321
<b>Total operating expenses :</b>	<b>117,631</b>	<b>112,727</b>	<b>108,906</b>
<b>Profit on operating activities</b>	<b>34,966</b>	<b>35,303</b>	<b>31,085</b>
<i>as a % of Revenue</i>	<i>15.6%</i>	<i>16.3%</i>	<i>14.9%</i>



- If 2011 utilized 2012 currency rates, Profit on operating activity would be 15.7%

# Income Statements (2/2)

<i>In thousands of euros</i>	2012	2011	2010
<b>Profit on operating activities</b>	<b>34,966</b>	<b>35,303</b>	<b>31,085</b>
<i>as a % of Revenue</i>	<i>15.6%</i>	<i>16.3%</i>	<i>14.9%</i>
Stock option related expenses	(1,147)	(146)	-
Amortization of intangible assets	(2,130)	(1,858)	(1,944)
<b>Profit from recurring operations</b>	<b>31,689</b>	<b>33,299</b>	<b>29,141</b>
<i>as a % of Revenue</i>	<i>14.1%</i>	<i>15.3%</i>	<i>14.0%</i>
Other income and expenses	(2,940)	(3,967)	(3,583)
<b>Operating profit</b>	<b>28,750</b>	<b>29,332</b>	<b>25,558</b>
Cost of net financial debt	(51)	(1,633)	(1,715)
Other financial revenues and expenses	(63)	(1,034)	(296)
Income taxes	(3,976)	(5,208)	3,046
<b>Net Profit</b>	<b>24,660</b>	<b>21,457</b>	<b>26,596</b>
	<i>11.0%</i>		
<b>Basic net earnings per share (in Euro)</b>	<b>1.22</b>	<b>1.20</b>	<b>1.67</b>

- Full year impact of free share and stock option plan
- Amortization increase with Vordel acquisition
- Other Income relates to spin-off costs in prior years, and acquisition related costs in 2012

# Simplified Balance Sheet (1/2)

<i>In millions of euros</i>	2012	2011	2010
<b>ASSETS</b>			
Goodwill	196.6	169.6	165.7
Intangible assets	31.0	19.4	20.8
Property, plant and equipment	6.3	4.9	3.5
Other non-current assets	18.4	15.3	18.6
<b>Non-current assets</b>	<b>252.3</b>	<b>209.2</b>	<b>208.6</b>
Trade receivables	72.2	57.1	65.8
Other current assets	17.0	14.4	11.6
Cash and cash equivalents	35.4	23.8	22.4
<b>Current assets</b>	<b>124.6</b>	<b>95.3</b>	<b>99.8</b>
<b>TOTAL ASSETS</b>	<b>376.9</b>	<b>304.5</b>	<b>308.4</b>



- Increase of goodwill and intangible assets due to Vordel acquisition
- Trade receivables increased due to the strong revenues in the fourth quarter
- Cash at end of year at 35.4 M€

# Simplified Balance Sheet (2/2)

<i>In millions of euros</i>	2012	2011	2010
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital	40.6	40.3	75.6
Capital reserves and results	193.3	173.1	72.5
<b>Total shareholders' equity</b>	<b>233.9</b>	<b>213.4</b>	<b>148.1</b>
Financial debt - long-term portion	36.9	2.0	70.2
Other non-current liabilities	16.2	14.6	17.5
<b>Non-current liabilities</b>	<b>53.1</b>	<b>16.6</b>	<b>87.7</b>
Financial debt - short-term portion	5.3	0.5	0.4
Other current liabilities	84.6	74.0	72.3
<b>Current liabilities</b>	<b>89.9</b>	<b>74.5</b>	<b>72.7</b>
<b>TOTAL LIABILITIES</b>	<b>143.0</b>	<b>91.1</b>	<b>160.3</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>376.9</b>	<b>304.5</b>	<b>308.4</b>



- Bank credit line utilized to finance Vordel acquisition

# Change in Equity

<i>In millions of euros</i>	2012	2011	2010
Equity at Opening of Period	213.4	148.1	110.3
Profit for the period	24.7	21.5	26.6
Other comp. income statement items	0.0	0.0	0.0
Share-based payments	1.1	0.1	0.0
Treasury Shares	-0.1	-0.6	0.0
Dividends	-5.0	-21.8	0.0
Capital increase	2.1	61.2	0.0
Actuarial gains and losses	-0.1	0.0	-0.4
Other changes	0.0	-0.1	0.0
Translation differential	-2.2	5.0	11.6
<b>Equity at End of Period</b>	<b>233.9</b>	<b>213.4</b>	<b>148.1</b>



- Ending Equity Balance of 233.9 M€ with no significant activity in 2012
- 2011 Activity in Equity due to spin-off operation

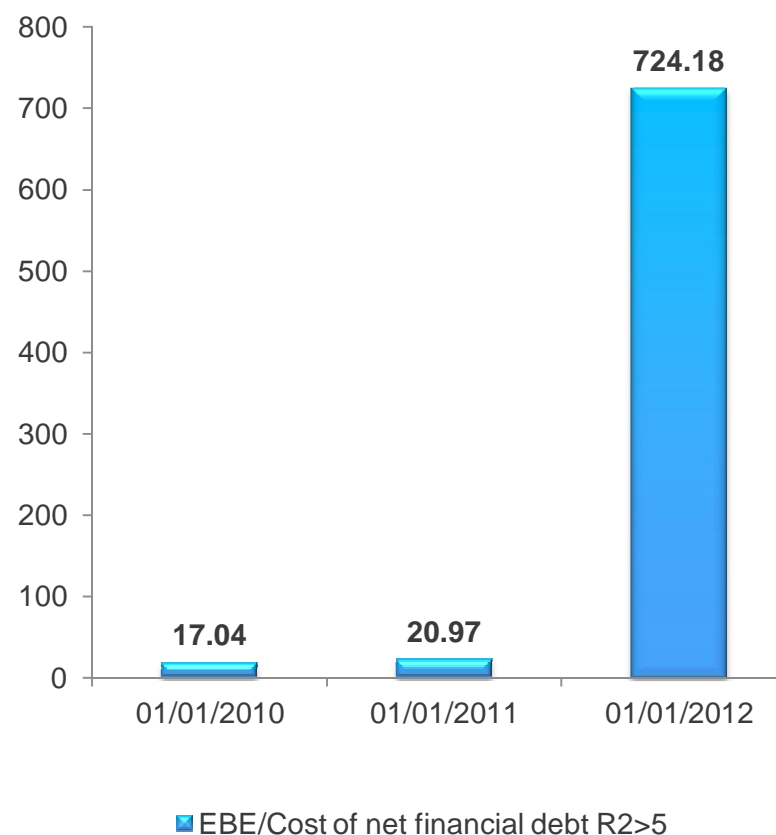
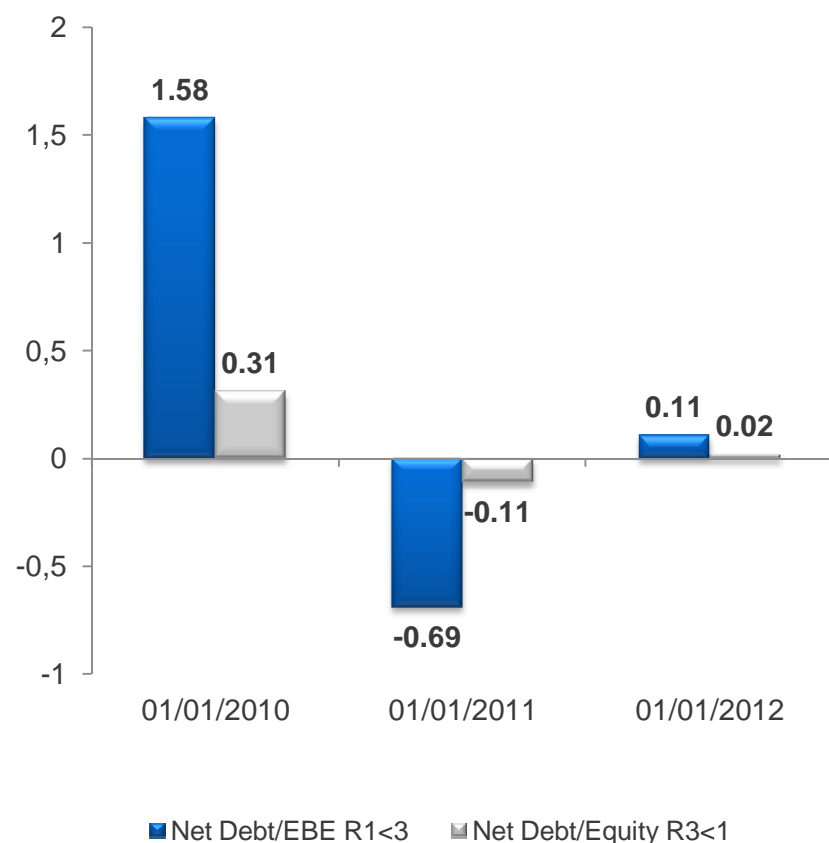
# Cash Flow Statement

<i>In millions of euros</i>	2012	2011	2010
<b>Net profit for the period</b>	<b>24.7</b>	<b>21.5</b>	<b>26.6</b>
Net charges to amortizations, depreciations and provisions	5.8	4.4	3.9
Other income and expense items	0.5	0.3	(1.3)
<b>Cash from operations before cost of net debt and tax</b>	<b>31.0</b>	<b>26.2</b>	<b>29.2</b>
Changes to operating working capital requirements	(10.8)	8.1	2.5
Costs of net financial debt	0.1	1.6	1.7
Income tax paid net of accrual	(0.2)	(0.6)	(9.6)
<b>Net cash from operating activities</b>	<b>20.1</b>	<b>35.3</b>	<b>23.8</b>
<b>Net cash used in investing activities</b>	<b>(45.6)</b>	<b>(3.6)</b>	<b>(2.8)</b>
Proceeds on shares issued	2.1	61.2	-
Dividends paid	(5.0)	21.8)	-
Change in current account - Sopra Group	-	(68.4)	(8.2)
Change in loan	40.0	-	-
Net interest paid	-	(1.6)	(1.7)
Other changes	0.2	(0.2)	0.2
<b>Net cash from (used in) financing activities</b>	<b>37.3</b>	<b>(30.8)</b>	<b>(9.7)</b>
Effect of foreign exchange rate changes	(0.1)	0.5	(0.4)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>11.7</b>	<b>1.4</b>	<b>11.0</b>
Opening cash position	23.7	22.3	11.3
<b>CLOSING CASH POSITION</b>	<b>35.4</b>	<b>23.7</b>	<b>22.3</b>



- Working Capital changes negative with increasing trade receivables balance at end of year

# Financial Structure – Covenants



- All ratios well below covenant. Ability to borrow remaining line amount with covenants



# No change on Axway shareholder structure

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**31/12/2012**

**20, 321, 038 SHARES OUTSTANDING**

Sopra Group	Pasquier Family	Odin Family	Managers	Sopra GMT	Geninfo (SG Group)	Caravelle	Public	Treasury Shares
26.0%	0.1%	1.2%	2.5%	21.6%	8.8%	12.7%	26.9%	0.2%

**Pact of Shareholders (60.2%)**

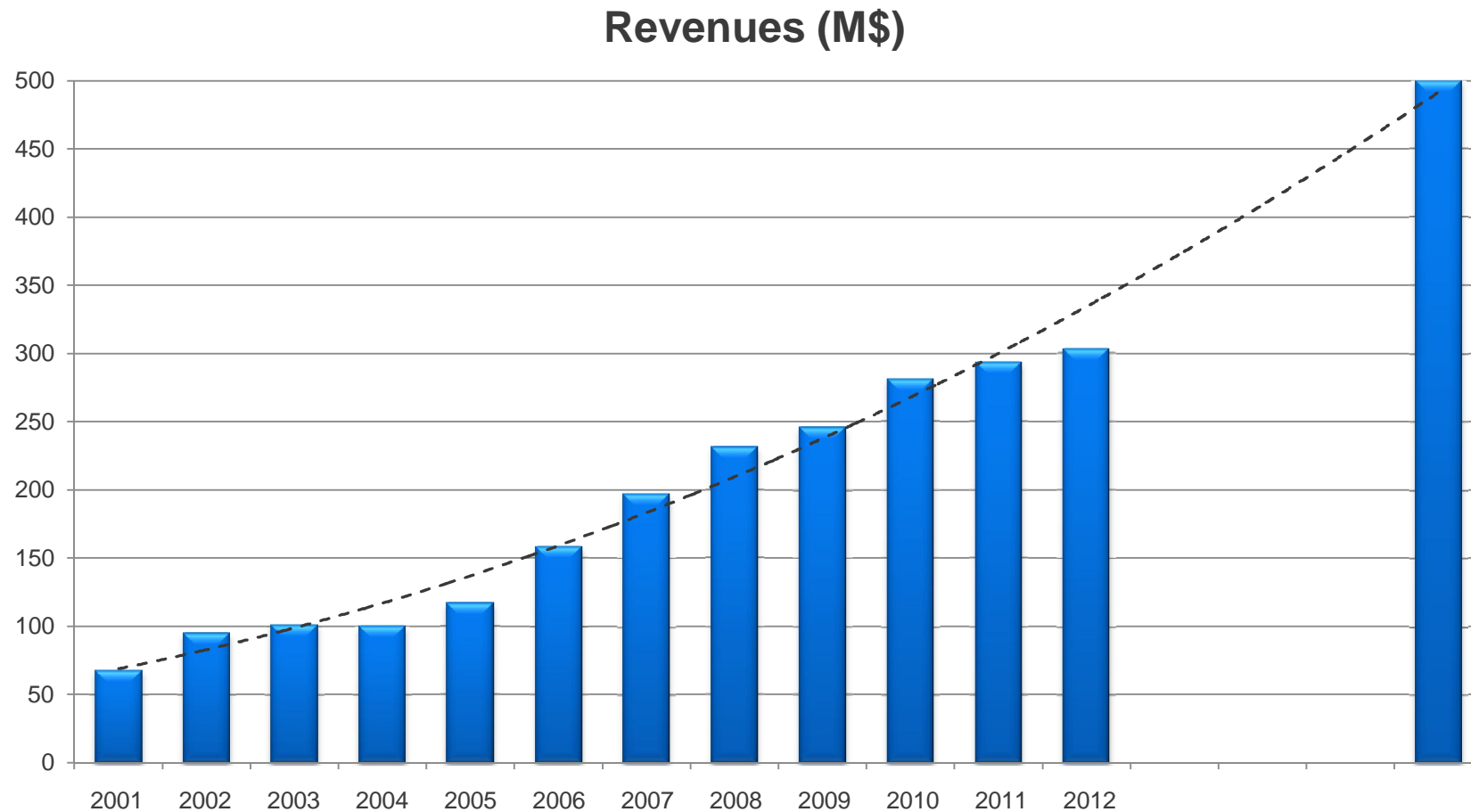
# Positioning and strategy

Christophe Fabre – Chief Executive Officer

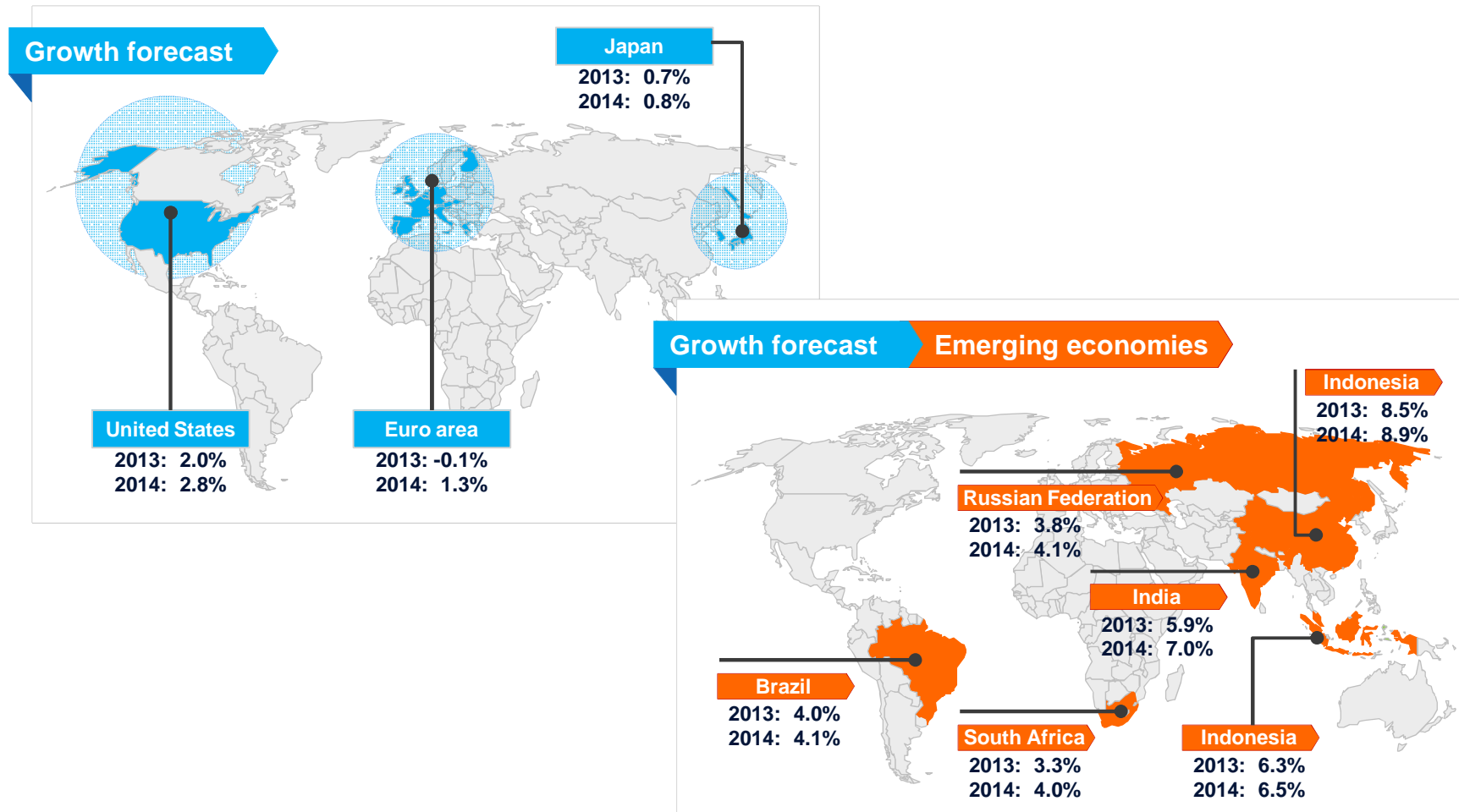


# Adapt to achieve the \$500 million project

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# Global growth



Source OECD

# Worldwide IT spending

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- **Gartner Says Worldwide IT Spending Forecast to Reach \$3.7 Trillion in 2013**
  - *“Worldwide IT spending is projected to total \$3.7 trillion in 2013, a **4.2 percent** increase from 2012 spending of \$3.6 trillion, according to the latest forecast by Gartner, Inc. The 2013 outlook for IT spending growth in U.S. dollars has been revised upward from 3.8 percent in the 3Q12 forecast”*

Source: Gartner Press Release, “Gartner Says Worldwide IT Spending Forecast to Reach \$3.7 Trillion in 2013,” January 3, 2013  
<http://www.gartner.com/newsroom/id/2292815>

# Middleware spending Worldwide

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- The Gartner «Forecast: Enterprise Software Markets, Worldwide, 2009-2016 4Q12 update», estimated enterprise application infrastructure and middleware software revenues at **20Md\$** in 2012. This segment should target **26,8Md\$** in 2016.

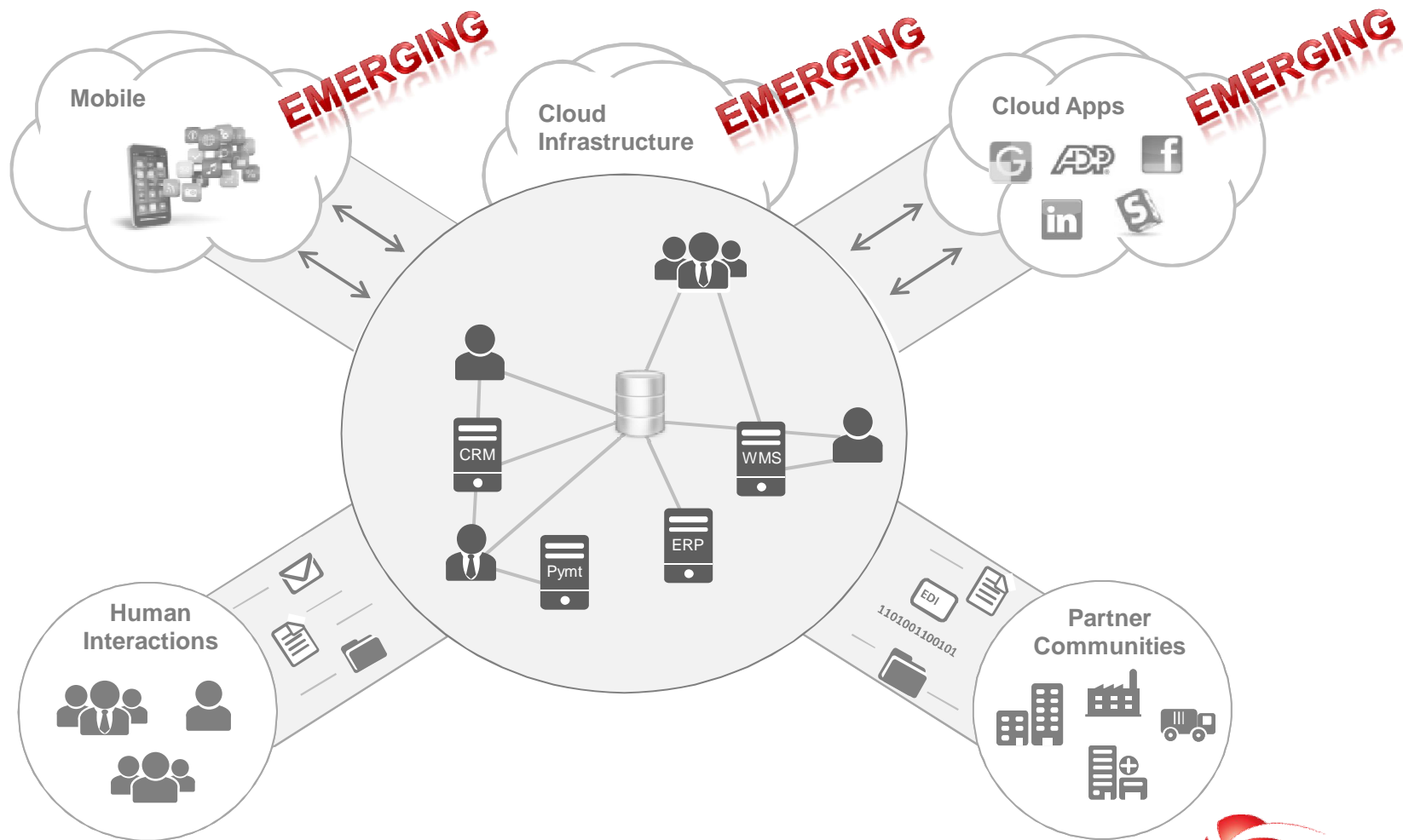
**CAGR = 7.5%**

Source: Gartner, Forecast : Enterprise Software Markets, Worldwide, 2009-2016 4Q12 Update , By Laurie Wurster, Joanne Correia, Fabrizio Biscotti, Matthew Cheung, Ruggero Contu, David Coyle, Federico de Silva Leon, Yanna Dharmasthira, Tom Eid, Chad Eschinger, Colleen Graham, Bianca Granetto, Hai Hong Swinehart, Chris Pang, Asheesh Raina, Dan Sommer, Bhavish Sood and Jie Zhang, 12 December 2012

# Market opportunities for Axway

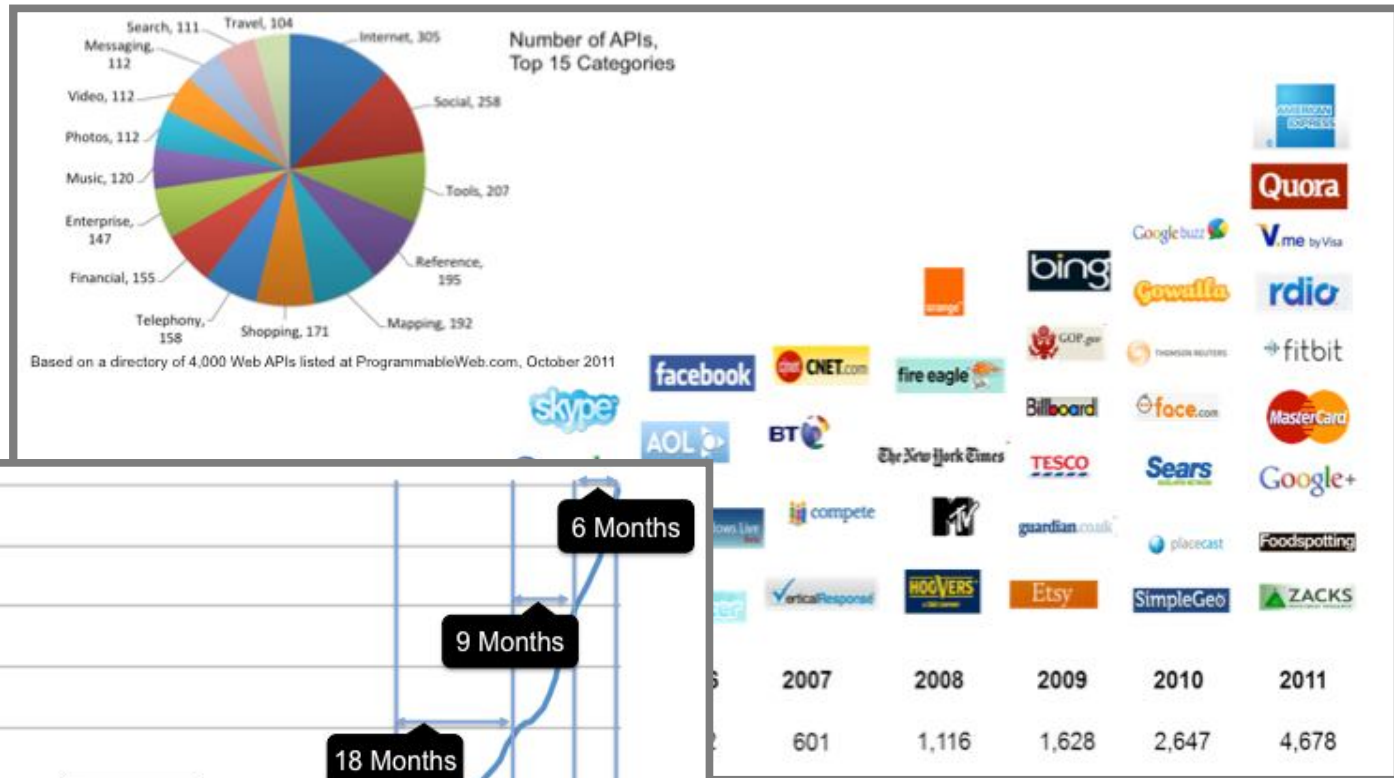
## Business Interactions are evolving

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# API Adoption Is Exploding

## The way to connect Mobile and Cloud



Sources: ProgrammableWeb.com and Gartner

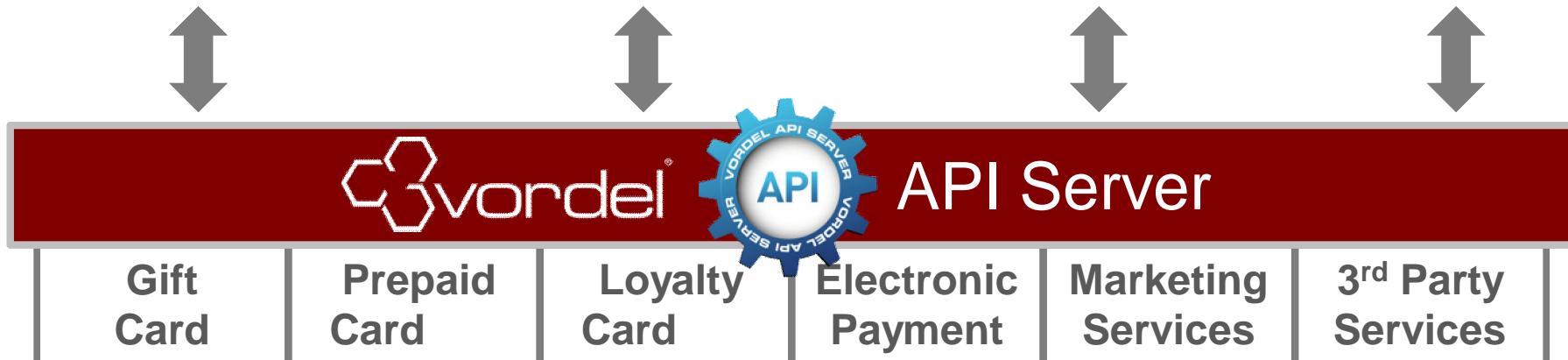
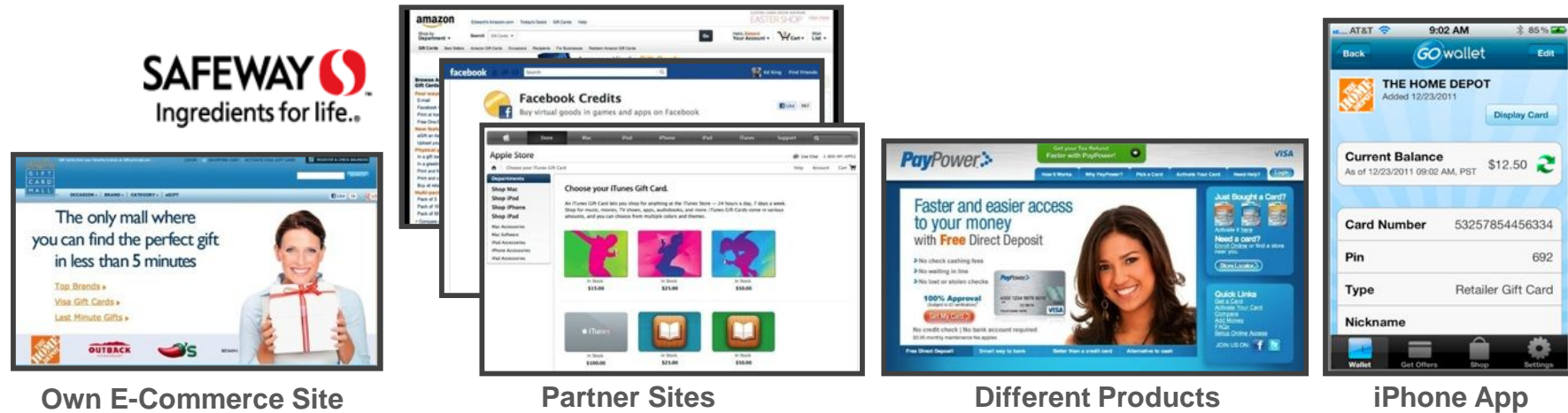




# Example



**350 brands    1 billion cards issued    millions cards per week    \$5B annual revenue**



**Business Services**



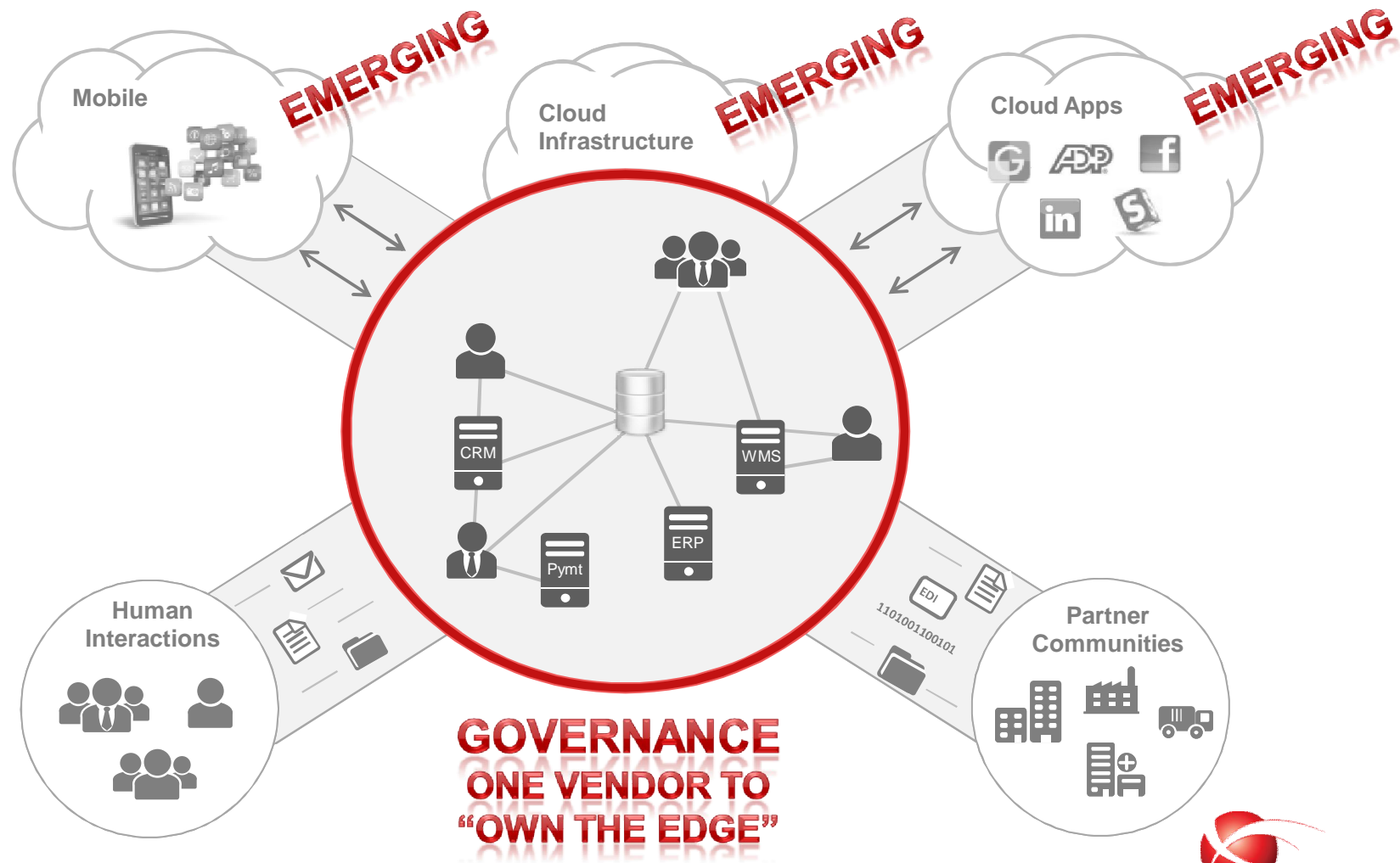
# APIs for vehicle telematics

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# Reshaping Business Interactions ... ... Governing the Flow of Data

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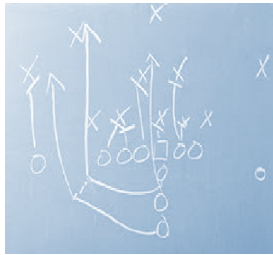


# What could you do if you had the ability to govern the Flow of Data?

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**Any Data, Any volume, Any recipient, Just in Time**  
Cloud, Mobile, Machine, Human, Application, Partner, Community, ...

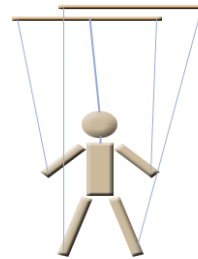
**Design**



**Connect**



**Control**

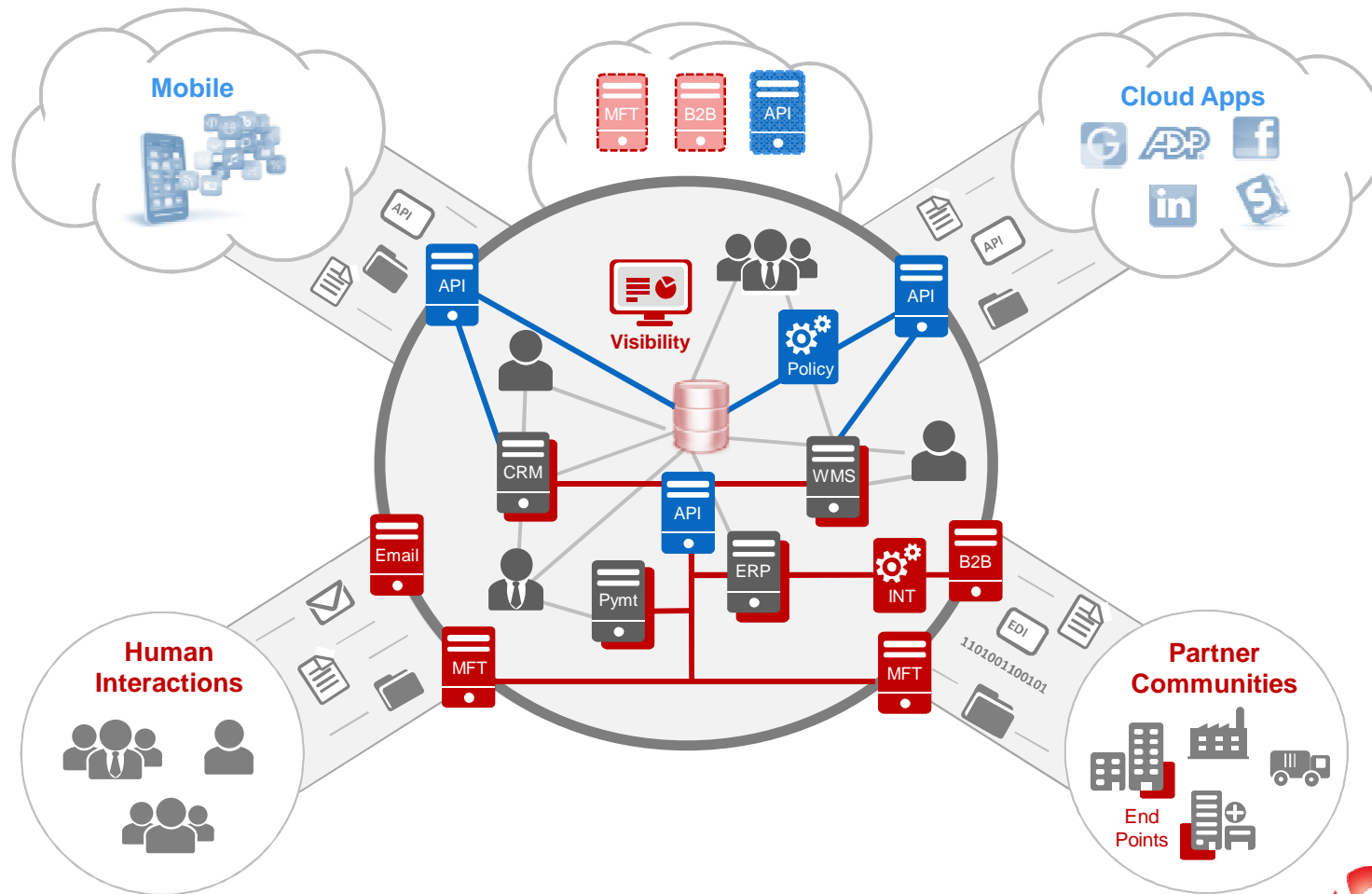


**Analyze**



## AXWAY 5 SUITE

# Axway 5 Suite leverages Vordel

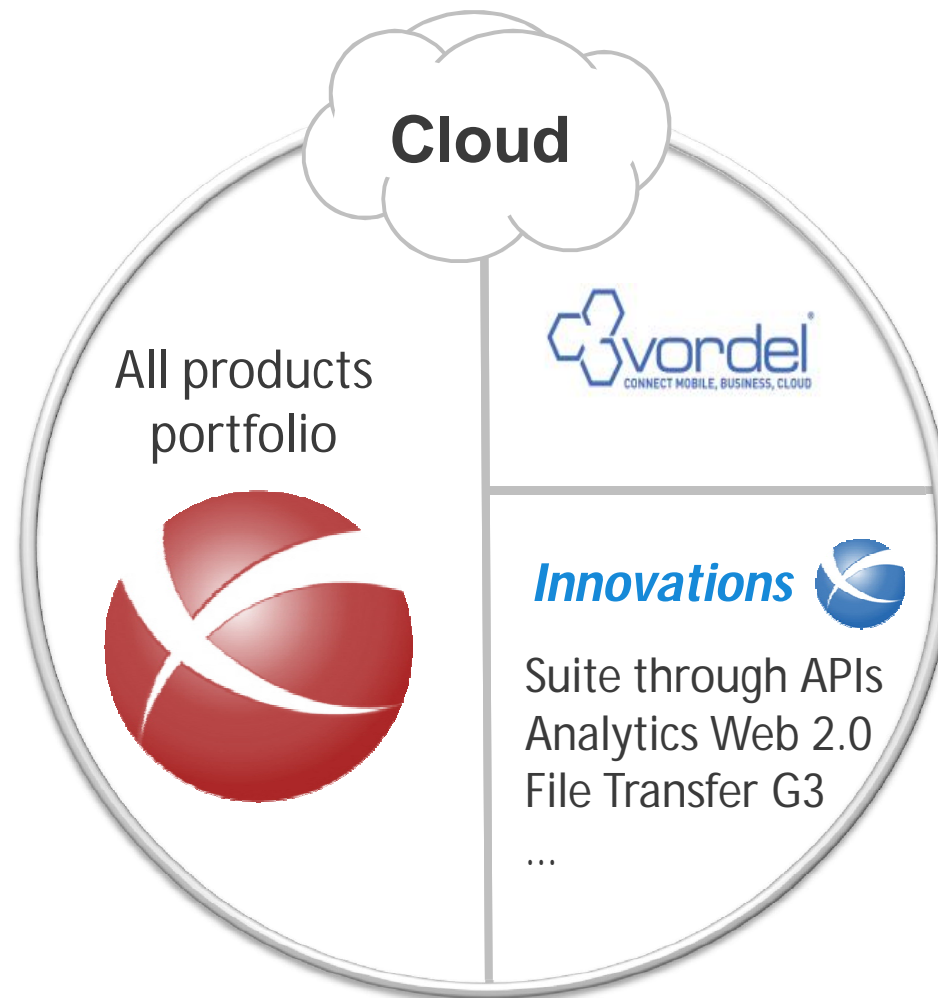




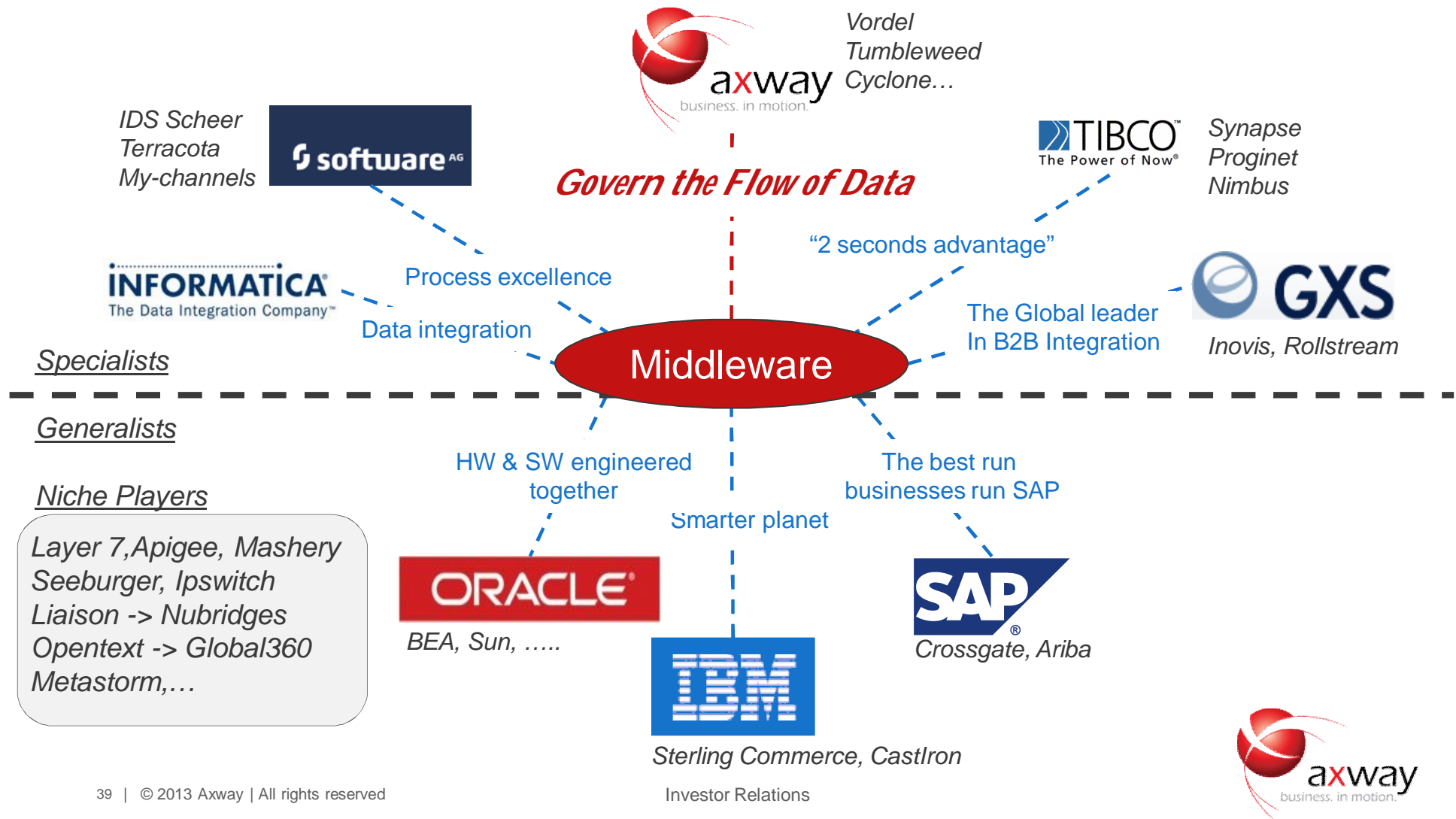
# Axway 5 Suite

## Better & More for Governing the Flow of Data

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# Axway in the Competitive Landscape



# We confirm the project

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- Economic resilience in an unfavourable environment
- Vision adapted, in line with the \$500M project
  - Governing the Flow of Data
- New offering for a broader market reach
  - Offering: Axway 5 Suite
  - Acquisition of Vordel
- Strengthened operating structure

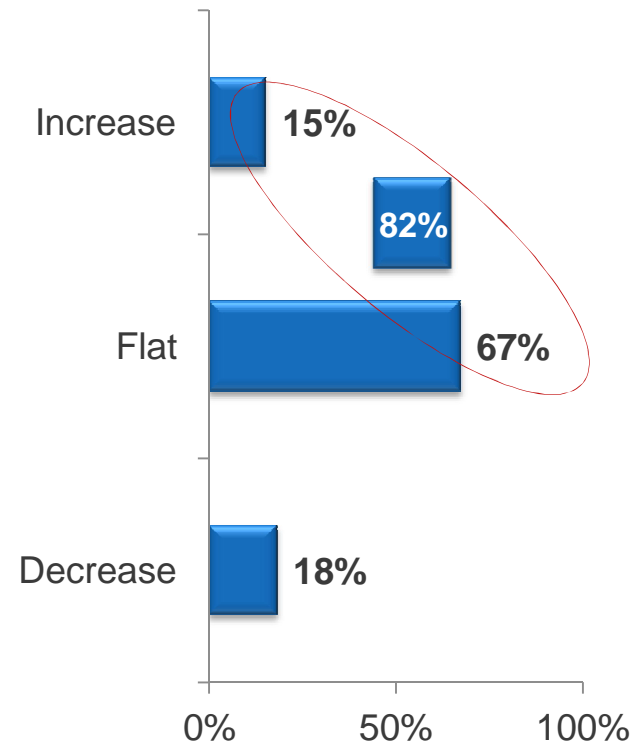




# Outlook for 2013

- Uncertain IT context
  - Europe & FSI
  - IT expenses
- Axway continues its transformation
  - Integration of Vordel
  - Business Model (Cloud, indirect business)
  - Possible new acquisitions
    - Develop Axway Suite
    - Develop the network and the client base
- Guidance
  - Positive organic growth
  - Operating margin maintained
- Encouraging commercial pipeline in Q1 2013

## FORECAST 2013 VS 2012 Survey on IT Expenses



Source: IDC France, jan. 2013



# It's time for Q & A

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11,000+  
customers

1,774+  
employees

224M€  
15.6% margin

Governing  
Flow of data



22 locations in the World

Headquarters in US, listed (AXW. PA) and registered in France

Thank you

