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Press Release

AXWAY 2017 ANNUAL RESULTS: €299.8m revenue, OPA was 13.5% of revenue, net profit 1.5% of revenue and Cloud operations generated +14.4% organic growth.

Paris, February 14, 2018 - Axway (Euronext: AXW.PA) - Axway Software's Board of Directors, convened on February 14, 2018 under the chairmanship of Pierre Pasquier, reviewed the consolidated financial statements for the year ended December 31, 2017. The year 2017 confirmed the new positioning of Axway, software developer in the transformation of its business model. The Cloud business line showed +14.4% growth.

Readers are reminded that a press release was sent out on January 29, 2018 concerning "preliminary 2017 revenue and annual results".

	FY 2017		FY 2016		FY 2015	
	(in €m)	(% Rev)	(in €m)	(% Rev)	(in €m)	(% Rev)
Key income statement items						
Revenue	299.8		301.1		284.6	
<i>Organic growth</i>	-3.8%		4.4%		0.0%	
Profit on operating activities	40.5	13.5%	50.8	16.9%	44.5	15.6%
Profit from recurring operations	30.7	10.2%	41.8	13.9%	37.9	13.3%
Other income and expense	-2.9		-6.7		-10.5	
Net financial costs and currency impact	0.7		0.1		-1.7	
Income Taxes	-24.0		-3.7		2.1	
Net profit	4.4	1.5%	31.5	10.5%	27.9	9.8%
	(in €)		(in €)		(in €)	
Basic net earnings per share	0.21		1.51		1.35	

2017 overview

Pursuing the implementation of its medium-term transformation plan, Axway passed several milestones in 2017:

- the acquisition in February 2017 of Syncplicity, Enterprise File Synchronization and Sharing (EFSS) specialist and the integration of teams with expertise in Cloud projects enhanced the Axway offering in the field of Cloud technologies;
- adapting the company's business model through the development of the software business in Cloud marketed by subscription and having achieved 14.4% growth during the year in addition to ACV of new signatures in the year of €7.3m;
- investment in the transformation of the Axway portfolio of strategic offerings for transferring MFT data to Digital MFT and API management solutions, both major initiatives of digital transformation;
- continuation of the process of integrating the product portfolio into the AMPLIFY digital platform;
- managing costs and investment options;
- confirmation of the profit on operating activities in line with objectives;
- integration of the new American tax rules into deferred tax - introduced at the end of year and not initially anticipated.

"2017 saw the operational execution of the digital transformation of both Axway and its clients."

Jean-Marc Lazzari, Chief Executive Officer of Axway

Revenue by region (in €m)

Year Total	2017	2016 Published	2016 Restated ¹	Total Growth	Organic Growth ¹
France	83.8	94.2	94.2	-11.0%	-11.0%
Rest of Europe	71.7	68.8	67.4	4.3%	6.5%
Americas	128.8	122.9	134.9	4.8%	-4.5%
Asia/Pacific	15.6	15.3	15.2	1.8%	2.7%
Axway	299.8	301.1	311.6	-0.4%	-3.8%

(1) at constant exchange rates and scope of consolidation

The Americas represented €128.8m (+4.8% growth) and remains Axway's prime market. France, with €83.8m in revenue, recorded negative growth of -11%, due to a fall in licenses across the zone despite growth in Cloud operations in excess of 40%. Rest of Europe recorded 4.3% growth, in particular the Germany and Benelux Zone with characteristic digital transformation projects. Asia-Pacific posted total growth of 1.8% thanks to demand from clients in particular for API offerings and projects to speed up Digital Business Enablement.

Revenue by activity (in €m)

Year Total	2017	2016 Published	2016 Restated ¹	Total Growth	Organic Growth¹
Licenses	65.3	81.3	80.3	-19.6%	-18.7%
Cloud	37.5	-	32.8	-	14.4%
Maintenance	145.4	143.0	141.4	1.7%	2.8%
Services	51.6	76.8	57.1	-32.9%	-9.6%
Axway	299.8	301.1	311.6	-0.4%	-3.8%

(1) at constant exchange rates and scope of consolidation

Licenses, with revenue of €65.3m representing organic growth of -18.7%, recovered in the 4th quarter with +8% growth. **Cloud operations** recorded 14.4% organic growth for the first full year, underlining the continued successful implementation of the new Axway product strategy providing a License and private or public Cloud hybrid offering. This 2017 figure should be associated with the amount of the contracts signed during the year -ACV- which stood at €7.3m in a full year of subscription, recognizable in 2018 in particular. **Maintenance** revenue continued to increase significantly, generating organic growth of 2.8% in spite of the lower demand for licenses. Lastly, **Services** revenue fell by -9.6% across all zones, except for Asia and Germany where growth in services exceeded 10%.

Financial position

As at December 31, 2017, Axway's financial position was extremely solid with cash and cash equivalents amounting to €28.1 million, a bank debt of €47.8 million and shareholders' equity of €344.1 million.

As at December 31, 2017, net cash and cash equivalents amounted to €20.6 million, enabling the Group to achieve financial ratios that comfortably meet the values required by banking covenants.

The operating margin (13.5% for the fiscal year) exceeded the objective (13%) announced mid-year, confirming the solidity of the Axway business model and enabling the company to go ahead with the investments required for its development project.

Net profit, as at December 31, 2017, stood at €4.4 million (1.5% of revenue) and was impacted in particular by the implementation of the new tax rules in the United States, which led Axway to proceed with an adjustment of €10 million in respect of the reversal of provisioned tax deferrals.

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

Workforce

As at December 31, 2017, Axway employed 1,839 persons (518 in France and 1,321 in other countries), down by 91 employees compared with December 31, 2016 (1,930).

Cash dividend

Axway's Board of Directors intend, at the next General Shareholders' Meeting, to propose the distribution of a dividend of € 0.20 per share in respect of the 2017 fiscal year.

Strategy & Outlook

2017 saw Axway undertake several major initiatives of its new Digital Business Enablement Strategy including: integration of the Syncplicity human to human teams and solutions, putting in place the new Cloud operations and its method of contractual agreements by subscription, transformation of offerings, and new proximity to client business objectives. In this framework, the Company decided to implement an additional investment of €15m for the year ahead. Enriching the AMPLIFY digital integration platform also represents a major and discriminating investment for Axway in the years ahead.

While the technologies and services market as a whole experienced a major transformation impacting profitability and strategies, Axway started 2018 with the same conviction as to its positioning as a developer of digital transformation software. Axway has solid "assets": 11,000 clients located throughout the world, its widely-recognized Syncplicity MFT and B2B, API and EFSS human to human offerings, an innovative strategy toward the AMPLIFY digital integration platform which provides the flexibility and services companies have come to expect.

Buoyed by its transformation plan, cost and investment management, a fully-committed management team, good financial health and low financial debt, the company in 2018 is looking forward to growth in Cloud business of over 20% thereby securing the stability of global income.

Revenue by region and by quarter (in €m)

		2016	2016	Total	Organic
	2017	Reported	Restated ¹	Growth	Growth ¹
1st Quarter					
France	19.5	20.1	20.1	-2.6%	-2.6%
Rest of Europe	15.8	14.6	14.1	8.5%	11.8%
America's	29.5	27.5	30.3	7.6%	-2.4%
Asia/Pacific	3.6	3.3	3.4	11.6%	6.6%
Axway	68.5	65.3	67.9	4.9%	0.9%
2nd Quarter					
France	19.1	23.8	23.8	-19.7%	-19.8%
Rest of Europe	17.9	17.3	16.9	3.3%	6.1%
America's	33.2	34.1	39.1	-2.7%	-15.2%
Asia/Pacific	4.1	4.2	4.3	-2.1%	-3.7%
Axway	74.3	79.4	84.1	-6.5%	-11.7%
3rd Quarter					
France	17.3	19.3	19.3	-10.4%	-10.4%
Rest of Europe	16.4	17.6	17.3	-6.7%	-4.9%
America's	32.8	31.7	34.2	3.4%	-4.1%
Asia/Pacific	4.1	3.3	3.2	22.1%	27.4%
Axway	70.5	71.9	73.9	-1.9%	-4.6%
4th Quarter					
France	27.8	31.0	31.0	-10.2%	-10.2%
Rest of Europe	21.7	19.3	19.1	12.1%	13.1%
America's	33.3	29.6	31.3	12.3%	6.2%
Asia/Pacific	3.8	4.5	4.3	-16.9%	-12.5%
Axway	86.5	84.5	85.8	2.4%	0.9%

(1) at constant exchange rates and scope of consolidation

Revenue by activity and by quarter (in €m)

		2016 Reported	2016 Restated ¹	Total Growth	Organic Growth ¹
1st Quarter	2017				
Licenses	9.6	12.4	12.6	-22.8%	-24.2%
Cloud	7.3	-	5.9	-	23.7%
Maintenance	37.3	34.7	35.3	7.0%	5.7%
Services	14.4	18.2	14.1	-20.7%	2.0%
Axway	68.5	65.3	67.9	4.9%	0.9%
2nd Quarter	2017				
Licenses	15.4	25.1	25.3	-38.5%	-38.9%
Cloud	9.8	-	9.0	-	9.0%
Maintenance	36.2	35.4	35.6	2.3%	1.7%
Services	12.8	18.9	14.2	-32.4%	-9.8%
Axway	74.3	79.4	84.1	-6.5%	-11.7%
3rd Quarter	2017				
Licenses	12.0	16.8	16.2	-28.8%	-26.1%
Cloud	9.8	-	8.8	-	11.8%
Maintenance	36.3	35.7	34.8	1.8%	4.3%
Services	12.4	19.4	14.1	-36.1%	-11.9%
	70.5	71.9	73.9	-1.9%	-4.6%
4th Quarter	2017				
Licenses	28.3	27.0	26.2	4.9%	8.0%
Cloud	10.5	-	9.1	-	16.3%
Maintenance	35.6	37.1	35.7	-4.1%	-0.3%
Services	12.0	20.3	14.8	-40.8%	-18.4%
Axway	86.5	84.5	85.8	2.4%	0.9%

(1) at constant exchange rates and scope of consolidation

Income Statement

<i>(in millions of euros)</i>	FY 2017	FY 2016	FY 2015
Revenue :			
License	65.3	81.3	80.5
Cloud	37.5	19.1	10.3
Maintenance	145.4	143.0	137.7
Total Product Revenue	248.3	243.4	228.4
Services	51.6	57.7	56.2
Total Revenue :	299.8	301.1	284.6
Costs of sales:			
Product Revenue	23.8	23.7	23.2
Cloud	21.1	12.7	12.6
Services	43.3	50.3	50.7
Total Costs of sales :	88.2	86.6	86.4
Gross profit:	211.6	214.4	198.3
<i>as a % of Revenue</i>	<i>70.6%</i>	<i>71.2%</i>	<i>69.7%</i>
Operating expenses :			
Sales and marketing	83.8	81.9	81.9
Research and development	59.4	53.3	46.0
General and administrative	27.9	28.4	25.9
Total operating expenses :	171.1	163.7	153.8
Profit on operating activities	40.5	50.8	44.5
<i>as a % of Revenue</i>	<i>13.5%</i>	<i>16.9%</i>	<i>15.6%</i>
Stock option related expenses	(1.3)	(1.1)	(0.6)
Amortization of intangible assets	(8.5)	(7.9)	(6.0)
Profit from recurring operations	30.7	41.8	37.9
<i>as a % of Revenue</i>	<i>10.2%</i>	<i>13.9%</i>	<i>13.3%</i>
Other income and expenses	(2.9)	(6.7)	(10.5)
Operating profit	27.7	35.1	27.4
Cost of net financial debt	(1.1)	(0.4)	(0.4)
Other financial revenues and expenses	1.8	0.5	(1.3)
Income taxes	(24.0)	(3.7)	2.1
Net Profit	4.4	31.5	27.9
<i>as a % of Revenue</i>	<i>1.5%</i>	<i>10.5%</i>	<i>9.8%</i>
Basic net earnings per share (in Euro)	0.21	1.51	1.35

Simplified Balance Sheet

	31/12/2017	31/12/2016	31/12/2015
	(in €m)	(in €m)	(in €m)
ASSETS			
Goodwill	333.6	288.8	251.8
Intangible assets	48.9	49.8	40.9
Property, plant and equipment	14.4	14.5	7.8
Other non-current assets	23.7	49.6	47.0
Non-current assets	420.7	402.7	347.5
Trade receivables	71.1	78.2	73.9
Other current assets	31.2	25.3	22.5
Cash and cash equivalents	28.1	51.7	44.7
Current assets	130.4	155.2	141.0
TOTAL ASSETS	551.1	557.8	488.6
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	42.4	42.0	41.5
Capital reserves and results	301.7	332.8	299.1
Total shareholders' equity	344.1	374.8	340.6
Financial debt - long-term portion	47.8	35.5	7.5
Other non-current liabilities	22.5	10.3	15.7
Non-current liabilities	70.3	45.7	23.2
Financial debt - short-term portion	4.5	3.7	1.5
Deferred Revenues	67.3	74.5	66.6
Other current liabilities	64.9	59.1	56.7
Current liabilities	136.7	137.3	124.8
TOTAL LIABILITIES	207.0	183.0	148.0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	551.1	557.8	488.6

Cash Flow Statement

	FY 2017	FY 2016	FY 2015
	(in €m)	(in €m)	(in €m)
Net profit for the period	4.4	31.5	27.9
Net charges to amortizations, depreciations and provisions	12.2	10.0	13.8
Other income and expense items	1.6	1.9	(1.1)
Cash from operations after cost of net debt and tax	18.2	43.5	40.6
Changes to operating working capital requirements	(11.7)	(5.9)	13.3
Costs of net financial debt	1.1	0.4	0.4
Income tax paid net of accrual	22.0	0.5	(4.6)
Net cash from operating activities	29.6	38.4	49.6
Net cash used in investing activities	(57.5)	(57.3)	(5.2)
Proceeds on shares issued	3.2	3.4	3.1
Dividends paid	(8.5)	(8.3)	(8.2)
Change in loan	13.3	31.3	(41.0)
Net interest paid	(1.1)	(0.4)	(0.4)
Other changes	-	(0.1)	0.3
Net cash from (used in) financing activities	6.8	26.0	(46.1)
Effect of foreign exchange rate changes	(2.4)	0.8	1.1
NET CHANGE IN CASH AND CASH EQUIVALENTS	23.6	7.8	(0.7)
Opening cash position	51.7	43.9	44.6
CLOSING CASH POSITION	28.1	51.7	43.9

Financial Calendar 2018

- February 15: Live Analyst Conference and Webcast from Paris at the Cloud Business Center, Paris (5pm)
- April 19: Release for the 1st quarter 2018 (after stock market closure)
- April 26: Filing of 2017 Registration Document
- June 6: General Shareholders' Meeting, Hôtel Le Meurice, (2.30pm)
- July 25: Release of results for the first half-year 2018 (after stock market closure)
- July 26: 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

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

ACV: Annual Contract Value is the signed revenue still to come during the year.

TCV: Total Contract Value is the signed revenue still to come until the end of the contract.

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 (loss) from operations: 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 amortization of the affected intangible assets.

Forward Looking Statements

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 favorable 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 2016 Registration Document submitted to the *Autorité des Marchés Financiers* on April 24, 2017 under number D. 17-0420.

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About Axway

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