

**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: strong revenue growth, up 7.1% and improvement of the operational margin in the first half of 2016.

Paris, 27 July 2016. The Board of Directors of Axway Software, convened under the chairmanship of Pierre Pasquier, closed the financial statements for the first half of 2016.

- The statements showed global revenue of €144.7 million for HY 2016, for an increase in total growth of 7.1% and in organic growth of 5.7%. There was 10.3% organic growth in license revenues during the first half, with acceleration during the course of the 2nd Quarter of 2016 (up 22.9% in organic growth).
- The profit from operations was €16.3 million, or 11.3% of revenue, as compared to €12.7 million and 9.4% over the same period in 2015.
- There was a net profit of €11 million, or 7.6%, as compared to €2.3 million, or 1.7% for the same period in 2015.

	HY 2016		HY 2015		2015	
	(in €m)	(% Rev)	(in €m)	(% Rev)	(in €m)	(%Rev)
<b>Key income statement items</b>						
Revenue	144.7		135.1		284.6	
<i>Organic growth</i>	5.7%		4.3%		0.0%	
Profit on operating activities	16.3	11.3%	12.7	9.4%	44.5	15.6%
Profit from counting operations	12.3	8.5%	9.4	7.0%	37.9	13.3%
Other income and expense	-1.5		-8.1		-10.5	
Net financial costs and currency impact	0.8		-0.3		-1.7	
Income taxes	-0.5		1.4		2.1	
Net Profit	11.0	7.6%	2.3	1.7%	27.9	9.8%
	(in €m)		(in €m)		(in €m)	
Basic earnings per share	0.53		0.11		1.35	

*Alternative performance indicators are defined in the glossary that appears at the end of the document.*

## Comments on activity

### Regarding global activity:

Axway's activity in the first half of 2016 is a strong improvement in comparison with 2015. This growth is the result of the very strong growth in license revenues, particularly in the Americas and Asia-Pacific, and growth of nearly 30% in Digital product offerings and in Cloud operations. Apart from this strong organic growth, the acquisition of Appcelerator in January 2016 should be noted; it significantly enhanced the Digital portfolio of Axway's product offerings. The integration of this business is progressing smoothly, and the commercial synergies are beginning to materialise and will naturally broaden in the years to come. As a result, the first half of 2016 posted respectable results, confirming that the strategic plan in the digital line of business is being carried out successfully.

### Revenue by region:

For the 3rd consecutive quarter, global operations in the United States have posted positive organic growth, at a level which was up by 23% in the 2<sup>nd</sup> Quarter 2016. This organic growth is supported by licenses, for which organic growth increased by more than 50% for the 1st half. Such performance comes from excellent sales and marketing operations (size of business portfolio, success rate). The "Rest of Europe" region is continuing the growth already achieved by the 1<sup>st</sup> Quarter, setting its growth at +2.1% for the whole first half. The target for the France area is still a stabilization of its annual operations, with a 2<sup>nd</sup> Quarter that topped the 1st Quarter. The Asia/Pacific region is continuing its strong growth, with more than 10 consecutive quarters of organic growth exceeding 10%.

Millions of €

		2015	2015	Total	Organic
1st Quarter	2016	Reported	Restated <sup>1</sup>	Growth	Growth <sup>1</sup>
France	20.1	22.1	22.1	-9.2%	-9.2%
Rest of Europe	14.6	14.3	14.2	1.6%	2.3%
Americas	27.5	23.2	24.6	18.5%	11.6%
Asia/Pacific	3.3	3.0	2.9	7.8%	11.0%
<b>Axway</b>	<b>65.3</b>	<b>62.6</b>	<b>63.9</b>	<b>4.3%</b>	<b>2.3%</b>
2nd Quarter	2016	Reported	Restated <sup>1</sup>	Total	Organic
France	23.8	25.4	25.4	-6.1%	-6.1%
Rest of Europe	17.3	17.2	17.0	0.3%	1.9%
Americas	34.1	26.4	27.5	28.9%	23.8%
Asia/Pacific	4.2	3.4	3.3	21.6%	28.2%
<b>Axway</b>	<b>79.4</b>	<b>72.5</b>	<b>73.1</b>	<b>9.5%</b>	<b>8.6%</b>

<b>1st Semester</b>	<b>2016</b>	<b>2015 reported</b>	<b>2015 Restated<sup>1</sup></b>	<b>Total Growth</b>	<b>Organic Growth<sup>1</sup></b>
France	43.9	47.5	47.5	-7.5%	-7.5%
Rest of Europe	31.8	31.6	31.2	0.9%	2.1%
Americas	61.5	49.6	52.1	24.0%	18.1%
Asia/Pacific	7.4	6.5	6.2	15.1%	20.1%
<b>Axway</b>	<b>144.7</b>	<b>135.1</b>	<b>136.9</b>	<b>7.1%</b>	<b>5.7%</b>

(1) at constant exchange rates and scope of consolidation

**Revenue by activity** the key event of the first six months was the performance of licenses, which have seen positive organic growth of 10.3%. This results from an excellent 2<sup>nd</sup> Quarter, during which the Digital product offerings experienced significant success. Axway is continuing to transform its Services operations with, in particular, the development of its Cloud revenue, which saw positive organic growth over the first half amounting to more than 30%. Maintenance represents 48.5% of revenue for the first half, and its organic growth rate has been increasing since the start of the year.

#### Millions of €

<b>1st Quarter</b>	<b>2016</b>	<b>2015 Reported</b>	<b>2015 Restated<sup>1</sup></b>	<b>Total Growth</b>	<b>Organic Growth<sup>1</sup></b>
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%
<b>Axway</b>	<b>65.3</b>	<b>62.6</b>	<b>63.9</b>	<b>4.3%</b>	<b>2.3%</b>
<b>2nd Quarter</b>	<b>2016</b>	<b>2015 Reported</b>	<b>2015 Restated<sup>1</sup></b>	<b>Total Growth</b>	<b>Organic Growth<sup>1</sup></b>
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%
<b>Axway</b>	<b>79.4</b>	<b>72.5</b>	<b>73.1</b>	<b>9.5%</b>	<b>8.6%</b>
<b>1st Semester</b>	<b>2016</b>	<b>2015 Reported</b>	<b>2015 Restated<sup>1</sup></b>	<b>Total Growth</b>	<b>Organic Growth<sup>1</sup></b>
Licenses	37.4	34.2	33.9	9.5%	10.3%
Maintenance	70.2	68.0	67.5	3.1%	4.0%
Services	37.1	32.8	35.5	12.9%	4.4%
<b>Axway</b>	<b>144.7</b>	<b>135.1</b>	<b>136.9</b>	<b>7.1%</b>	<b>5.7%</b>

(1) at constant exchange rates and scope of consolidation

Profit from operations was €16.3 million (11.3% of revenue), a significant increase compared to HY 2015. This shows, firstly, good progress in revenue over HY 2015 (+5.7% in organic growth), but also the benefits from the policy of streamlining operating expenses, which has been in place since last year.

## **Financial position**

At 30 June 2016, Axway's financial position remains robust with a cash balance in excess of €41.7 million and shareholders' equity totalling €338.4 million.

Banking debt at 30 June 2016 is €31.2 million, which includes the acquisition (in cash) of Appcelerator in January 2016. The company's banking covenants are thus comfortably respected.

Earnings per share amounted to €0.53 at 30 June 2016 compared with €0.11 in HY 2015.

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

## **Workforce**

At 30 June 2016, Axway's workforce numbered 1,957 employees (642 in France and 1,315 in other countries, including 508 in the United States), an increase of 73 people compared to end-2015. This growth was due to the incorporation of the Appcelerator teams at the start of 2016.

## **Strategy & Prospects**

The Company is continuing to enact its strategic plan that was presented at the start of the year, and the change programmes stemming from were enacted according to plan during the course of this first half of 2016. The good overall performance during the course of this period, and in particular that of licenses is an encouraging sign of the relevance of this new strategic positioning.

As with each year, performance in the first half does not provide any particular indication of overall performance in the full year. In the short term, and continuing the trend seen in H1 2016, the next half-year looks encouraging, with promising commercial portfolios.

## Financial Calendar

Wednesday, 27 July 2016:

- 11:00 a.m.: meeting for financial analysts (in French) at the Pavillon Kleber, 5-7 rue Cimarosa 75116 Paris  
[Attend the conference](#)
- 5:30 p.m.: Web audio conference (in English)  
[Register the web audio conference](#)

Thursday, 27 October 2016 (after market closing): Reporting of Q3 2016 results.

The Company will publish its half-yearly financial report on 29 August 2016 in a French version. It can be accessed on the website at [www.investors.axway.com/en](http://www.investors.axway.com/en), through the Axway IR mobile app and on the AMF website [www.amf-france.org](http://www.amf-france.org).

## Income Statement

(in thousands of euros)

	HY 2016	HY 2015	FY 2015
<b>Revenue:</b>			
Licenses	37,448	34,198	80,452
Maintenance	70,166	68,026	137,741
Sub-total licenses and maintenance	107,615	102,224	218,193
Services	37,076	32,848	66,419
<b>Total Revenue:</b>	<b>144,691</b>	<b>135,073</b>	<b>284,612</b>
<b>Costs of sales</b>			
Licenses and Maintenance	12,454	11,694	23,150
Services	31,949	32,409	63,210
<b>Total costs of sales</b>	<b>44,404</b>	<b>44,104</b>	<b>86,360</b>
<b>Gross profit</b>	<b>100,287</b>	<b>90,969</b>	<b>198,252</b>
<i>as a % of Revenue</i>	69.3%	67.3%	69.7%
<b>Operating expenses</b>			
Sales and marketing expenses	42,186	41,777	81,876
Research and development	27,000	23,160	46,025
General and administrative expenses	14,795	13,315	25,855
<b>Total operating expenses</b>	<b>83,981</b>	<b>78,252</b>	<b>153,756</b>
<b>Profit on operating activities</b>	<b>16,306</b>	<b>12,717</b>	<b>44,496</b>
<i>as a % of Revenue</i>	11.3%	9.4%	15.6%
Stock option related expenses	(208)	(308)	(550)
Amortisation of intangible assets	(3,833)	(3,009)	(6,044)
<b>Profit from counting operations</b>	<b>12,265</b>	<b>9,400</b>	<b>37,902</b>
<i>as a % of Revenue</i>	8.5%	7.0%	13.3%
Other income and expenses	(1,522)	(8,137)	(10,493)
<b>Operating profit</b>	<b>10,742</b>	<b>1,263</b>	<b>27,409</b>
Costs of net financial debt	(154)	(234)	(361)
Other financial income and expense	946	(96)	(1,292)
Income taxes	(494)	1,385	2,101
<b>Net Profit</b>	<b>11,040</b>	<b>2,318</b>	<b>27,856</b>
<i>as a % of Revenue</i>	7.6%	1.7%	9.8%
Basic net earnings per share (in Euros)	<b>0.53</b>	<b>0.11</b>	<b>1.35</b>

**Simplified Balance Sheet**

	<b>30/06/2016</b>	<b>31/12/2015</b>	<b>30/06/2015</b>
	<b>(in €m)</b>	<b>(in €m)</b>	<b>(in €m)</b>
<b>ASSETS</b>			
Goodwill	279.9	251.8	247.9
Intangible assets	52.3	40.9	44.0
Property, plant and equipment	8.5	7.8	6.5
Other non-current assets	53.3	47.0	46.5
<b>Non-current assets</b>	<b>394.1</b>	<b>347.5</b>	<b>344.9</b>
Trade receivables	69.9	73.9	69.3
Other current assets	23.6	22.5	24.0
Cash and cash equivalents	41.7	44.7	41.7
<b>Current assets</b>	<b>135.2</b>	<b>141.0</b>	<b>135.0</b>
<b>TOTAL ASSETS</b>	<b>529.4</b>	<b>488.6</b>	<b>479.9</b>
<b>LIABILITIES</b>			
Share capital	41.6	41.5	41.2
Capital reserves and results	296.8	299.1	266.4
<b>Equity</b>	<b>338.4</b>	<b>340.6</b>	<b>307.5</b>
Financial debt - long-term portion	31.9	7.5	7.8
Other non-current liabilities	14.8	15.7	17.6
<b>Non-current liabilities</b>	<b>46.7</b>	<b>23.2</b>	<b>25.4</b>
Financial debt - short-term portion	2.9	1.5	10.1
Other current liabilities	141.3	123.3	136.9
<b>Current liabilities</b>	<b>144.3</b>	<b>124.8</b>	<b>147.0</b>
<b>TOTAL LIABILITIES</b>	<b>191.0</b>	<b>148.0</b>	<b>172.4</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>529.4</b>	<b>488.6</b>	<b>479.9</b>

**Cash Flow Statement**

	HY 2016	HY 2015	2015
	(in €m)	(in €m)	(in €m)
<b>Profit for the year</b>	<b>11.0</b>	<b>2.3</b>	<b>27.9</b>
Net charges to amortisations, depreciation and provisions	2.8	11.1	13.8
Other calculated income and expenses	(0.0)	(1.7)	(1.1)
<b>Cash from operations after cost of net debt and tax</b>	<b>13.8</b>	<b>11.8</b>	<b>40.6</b>
Changes to operating working capital requirements	8.7	27.8	13.3
Costs of net financial debt	0.2	0.2	0.4
Income tax paid net of accrual	13.2	(3.7)	(4.6)
<b>Net cash from operating activities</b>	<b>22.0</b>	<b>36.1</b>	<b>49.6</b>
<b>Net cash used in investing activities</b>	<b>(50.4)</b>	<b>(1.5)</b>	<b>(5.2)</b>
Proceeds on shares issued	0.1	0.3	3.1
Dividends paid	-	-	(8.2)
Change in borrowings	24.8	(40.4)	(41.0)
Net interest paid	(0.2)	-	(0.4)
Other changes	(0.2)	0.0	0.3
<b>Net cash from (used in) financing activities</b>	<b>24.6</b>	<b>(40.1)</b>	<b>(46.1)</b>
Effect of foreign exchange rate changes	(0.6)	0.9	1.1
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(4.4)</b>	<b>(4.5)</b>	<b>(0.7)</b>
Opening cash position	43.9	44.6	44.6
<b>CLOSING CASH POSITION</b>	<b>39.5</b>	<b>40.0</b>	<b>43.9</b>

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### **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 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 (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 amortisation of the affected intangible assets.

Profit from counting 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

This press release contains forward-looking financial information, which is associated with risks and uncertainties concerning growth and profitability of the Group in the future - particularly in the case of future 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.

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 25 April 2016 under number D. 16-0393.

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## About Axway

Axway (Euronext: Axway.PA) empowers over 11,000 customers worldwide to collaborate more effectively, innovate faster and engage better with their partners, developers and customers. Axway supplies integrating solutions in order to connect securely with persons, processes and objects; and a digital engagement platform that offers API management, identity management, Mobile App Development and analysis tools, which support businesses on the way to achieving success in digital transformation. Axway's registered office is based in France, Executive Management in the United States. For more information, go to <http://www.investors.axway.com/en>

or the Axway IR mobile app, available through the Apple Store & Android.