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Press release

Axway: Revenue of €59.4 million for the 3rd quarter, more or less stable compared with 2013. In the first nine months of the year, total revenue growth came to +4.8%, which includes growth of more than 10% for maintenance and services.

Paris, 30 October 2014. Axway announces total revenue of €59.4 million in the third quarter of 2014, very similar to the same period of 2013. This includes a decline in licences, which came to €13.3 million for the quarter. Over this period, the company booked a number of major orders (€2.8 million in yearly revenue) in the United States for cloud subscription of its solutions. The transformation of the middleware market is picking up pace and causing the company to adapt its business model by gradually integrating the Software as a Service mode.

Comments on activity

Revenue by activity

3rd Quarter (€m)	2014	2013 Published	2013 Pro Forma	Total Growth	Organic Growth¹
Licenses	13.3	20.2	21.1	-34.2%	-37.0%
Maintenance	30.9	26.6	28.7	16.1%	7.6%
Services	15.3	13.3	14.3	14.7%	6.4%
Axway	59.4	60.0	64.2	-0.9%	-7.4%

Nine-month cumulative (€m)	2014	2013 Published	2013 Pro Forma	Total Growth	Organic Growth¹
Licenses	41.1	47.1	48.5	-12.7%	-15.2%
Maintenance	88.3	79.0	82.3	11.8%	7.3%
Services	44.9	40.3	42.1	11.5%	6.8%
Axway	174.3	166.4	172.8	4.8%	0.9%

(1) at constant exchange rates and scope of consolidation

In the first nine months of the year, a number of licence agreements were deferred (-12.7%), in particular in the MFT segment. These deferred licence agreements are partly due to customers' longer decision-making processes.

Furthermore, action plans implemented to develop the maintenance offer yielded results and led to excellent growth (+11.8%) in the first nine months.

More generally, there has been an acceleration in the transformation of the middleware market, which now includes the Cloud delivery model. In this regard, Axway has booked major orders since the beginning of the year and intends to continue proactive development on this subject to enhance its historical "license" model.

Revenue by geographical zone

3 rd Quarter (€m)	2014	2013 Published	2013 Pro Forma	Total Growth	Organic Growth ¹
France	20.3	20.4	24.0	-0.2%	-15.2%
Rest of Europe	13.4	13.2	13.3	1.5%	0.7%
Americas	23.5	24.8	25.3	-5.4%	-7.1%
Asia/Pacific	2.2	1.6	1.6	39.2%	39.9%
Axway	59.4	60.0	64.2	-0.9%	-7.4%

Nine-month cumulative (€m)	2014	2013 Published	2013 Pro Forma	Total Growth	Organic Growth ¹
France	63.1	55.2	62.6	14.3%	0.8%
Rest of Europe	42.4	39.9	40.1	6.3%	5.8%
Americas	62.3	66.4	65.6	-6.2%	-5.0%
Asia/Pacific	6.5	4.8	4.6	34.3%	42.3%
Axway	174.3	166.4	172.8	4.8%	0.9%

(1) at constant exchange rates and scope of consolidation

Business by region in the first nine months of 2014 showed Axway's sustained growth in France (despite a disappointing 3rd quarter in terms of licenses) and more generally in Europe. Asia/Pacific saw a sharp increase in its business (+34.3%), in particular regarding API offers. As the market remains challenging in the United States, Axway made major commercial adjustments during the first part of the year. These adjustments should bear fruit over the next quarters. Furthermore, regulatory reforms in the health and finance sector (DOS/Track&Trace and FATCA) and the marketing of new governance modules, in particular for the MFT offer, are still driving growth. This enhances the relevance of a global offer (Axway 5) incorporating the technological innovations (API) necessary to meet the challenges raised by the Mobile and Cloud environments.

Axway's financial situation remains robust. The company's cash position is still estimated at between €33 million and €40 million at the end of 2014 with bank borrowing at approximately €45 million, excluding the impact of any mergers or acquisitions.

Prospects

The year-to-date shortfall for the licenses will probably not be made up, although the current commercial portfolio allows good prospects for the 4th quarter. However, taking into consideration the expected license amounts for the last quarter (which should account for nearly half of the yearly licenses), the company cannot exclude a risk regarding deferred agreements.

Under these conditions, the company:

- Maintains its target of positive organic growth throughout 2014;
- Cannot exclude a lower operating margin for the year compared with 2013, in the event of deferred license agreements in the 4th quarter.

Disclaimer

This document is a free translation into English of the original French press release. It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

About Axway

Axway (Euronext: AXW.PA), a market leader in governing the flow of data, is a global software company with more than 11,000 public- and private-sector customers in 100 countries. For more than a decade, Axway has empowered leading organizations around the world with proven solutions that help manage business-critical interactions through the exchange of data flowing across the enterprise, among B2B communities, cloud and mobile devices. Our award-winning solutions span business-to-business integration, managed file transfer, operational intelligence, API and identity management, and email security– offered on premise and in the Cloud with professional and managed services. Axway is registered in France with headquarters in the United States and offices in 19 countries. More information is available at www.axway.com.