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Press release

AXWAY - Q3 2017 revenue: €70.5 million

Paris, 24 October 2017 - Axway (Euronext: AXW.PA) announces Q3 2017 revenue of €70.5 million.

Over the first nine months of 2017, revenue totaled €213.3 million, down 5.5% in organic terms, with the main indicators in line with Axway's strategy: organic growth of +6% to €136.8 million in recurring revenue (Maintenance + Cloud), including €27 million for the Cloud, and organic growth of +13.7%.

Comments on activity
Revenue by business line

Q3 in €M	2017	2016 Published	2016 Restated	Total Growth	Organic Growth ¹
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%
Axway	70.5	71.9	73.9	-1.9%	-4.6%

Year to Date 9 Months	2017	2016 Published	2016 Restated	Total Growth	Organic Growth ¹
Licenses	37.0	54.3	54.1	-31.8%	-31.6%
Cloud	27.0	-	23.7	-	13.7%
Maintenance	109.8	105.8	105.7	3.7%	3.9%
Services	39.5	56.5	42.3	-30.1%	-6.6%
Axway	213.3	216.6	225.8	-1.5%	-5.5%

(1) At constant exchange rates and scope of consolidation.

Our revenues during the third quarter came from a significant growth in the company's recurring revenue (Maintenance + Cloud), which was, however, entirely offset by the decrease in revenues from Licenses and Services. This is in line with the company's anticipated transformation (strong growth in Cloud revenues taking over from Licenses), but the decline in license orders was stronger than expected. Historical data, however, suggest that the third quarter remains a period that is not very significant in assessing licenses performance over a full year.

Over the first nine months of 2017, strong organic growth in subscription revenues (Cloud) was in line with the company's expectations and came mainly from our digital offerings.

Revenue by geographical zone

Q3 in €M	2017	2016 Published	2016 Restated	Total Growth	Organic Growth 1
France	17.3	19.3	19.3	-10.4%	-10.4%
Rest of Europe	16.4	17.6	17.2	-6.7%	-4.9%
America's	32.8	31.7	34.2	3.4%	-4.1%
Asia/Pacific	4.0	3.3	3.2	22.1%	27.4%
Axway	70.5	71.9	73.9	-1.9%	-4.6%

Year to Date 9 Months	2017	2016 Published	2016 Restated	Total Growth	Organic Growth 1
France	55.9	63.2	63.2	-11.4%	-11.5%
Rest of Europe	50.1	49.4	48.2	1.4%	3.8%
America's	95.5	93.2	103.5	2.5%	-7.8%
Asia/Pacific	11.8	10.8	10.9	10.1%	8.7%
Axway	213.3	216.6	225.8	-1.5%	-5.5%

(1) At constant exchange rates and scope of consolidation.

By geographical area, a decline in licenses during the third quarter was observed across all regions (except Asia/Pacific).

Over the first cumulative nine months of 2017, the Americas region represented almost 45% of the Group's business and extended its position as Axway's largest market. The Rest of Europe (in particular Germany and the UK) and Asia/Pacific regions continued to grow during this period.

Financial position

At September 30, 2017, Axway's financial position remains solid, with €28.6 million in cash and cash equivalents.

Bank debt at the same date is €52.4 million.

These financial items include the substantial investments made in the first half with the acquisition of Syncplicity. On this subject, the company confirms the strategic interest of this acquisition and the commercial synergies it enables.

Strategy & Outlook

Axway's positioning since early 2016 around digital transformation has resulted notably in a transformation of the company's business model. The Medium-Term Plan drawn up by the company last year planned for a "hold, at best" performance in licensing revenue (driven by the historic Foundation offer), coupled with substantial growth in subscription revenue (galvanized by the Digital offer). The first nine months of 2017 saw an acceleration of this transformation with a swifter decline than anticipated in licensing revenues. The successful implementation of this transformation of the company's business model remains a fundamental priority for the coming months.

The year's performance in licenses is traditionally delivered in the fourth quarter and, although the downturn observed to date is indeed a signal, it cannot be extrapolated across the full fiscal year. Analysis of the pipeline suggests that a significant increase in licenses in the fourth quarter remains likely, but nevertheless makes the licensing revenues for the second half of the year uncertain. Moreover, growth in the Cloud in the second half of the year should continue at the same level compared to the first half. Under these conditions, the company continues to target stabilization of overall revenue (in organic growth) for the full year 2017.

The simultaneous establishment of a cost-savings plan during the second half should make it possible to target profit on operating activities in excess of 13% over the year.

At the same time as these short-term actions, the Group will naturally continue to conduct a more in-depth review until the end of the year, to determine the changes to be made to pursue the transformation of the business model and accelerate the increase in recurring revenue as a proportion of the company's total revenue.

Financial Calendar

Wednesday 14 February 2018: Press Release on 2017 Full-Year Results

Thursday 15 February 2018: Conference on Axway's 2017 Full-Year Results

Glossary

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

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

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

Organic growth in revenue: Growth of operations between revenue for the period and the reprocessed revenue data for the same period of the preceding fiscal year.

Profit on operating activities: 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.

About Axway

Axway (Euronext: AXW.PA) is a catalyst for transformation. Axway AMPLIFY™, our data integration and Digital Business Enablement platform, available in Cloud mode, allows digital leaders to anticipate, adapt to, and meet their clients' growing expectations. Our unified, API-First approach connects data from anywhere, develops collaboration, fuels millions of apps and delivers real-time analytics to build customer experience networks. From idea to execution, we help make the future possible for more than 11,000 organizations in 100 countries. Learn more about Axway by visiting <http://www.investors.axway.com> or via the Axway IR mobile application available at Apple Store & Android.