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Press Release

## 1<sup>st</sup> half 2012: Axway holds up well in a difficult climate

- Strong growth in the US and Northern Europe;
- Fall in demand in key sectors in France;
- Investment levels maintained to further the development project;
- Stable margins expected thanks to anticipated global return to growth in the second half of the year.

Paris, 1 August 2012. At its meeting on 31 July 2012 chaired by Pierre Pasquier, the Board of Directors of Axway Software approved the 1<sup>st</sup> half 2012 accounts. Thanks to a balanced spread of its business (by region and type), Axway held up well despite a significant fall in the licences sold, particularly in France.

- Revenue was €98.4 M
- Operating profit on business activity was €5.5 M, representing a margin of 5.6%
- Net profit was €2.6 M, representing a 2.6% margin.

	S1 2012		S1 2011		FY 2011	
	(in M€)	(% Rev)	(in M€)	(% Rev)	(in M€)	(% Rev)
<b>Key income statement items</b>						
Revenue	98,4		100,0		217,2	
<i>Organic growth</i>	-4,5%		6,5%		5,7%	
Profit on operating activities	5,5	5,6%	10,3	10,3%	35,3	16,3%
Profit from recurring operations	3,9	4,0%	9,4	9,4%	33,3	15,5%
Other income and expense	-0,9		-3,4		-4,0	
Net financial costs and currency impact	-0,2		-1,9		-2,7	
Income Taxes	0,0		-1,1		-5,2	
Net profit	2,6	2,6%	2,9	2,9%	21,5	9,9%
	<b>(in €)</b>		<b>(in €)</b>		<b>(in €)</b>	
Basic net earnings per share	0,13		0,18		1,20	

## Comments on revenue

By region  
(in M€)

	2012	2011 Published	2011 Pro Forma	Total Growth	Organic Growth <sup>1</sup>
<b>1st Quarter</b>					
Europe	28.4	29.1	29.4	-2.4%	-3.2%
America's	16.3	17.0	17.4	-4.2%	-6.2%
Asia/Pacific	1.2	1.2	1.3	5.7%	-4.4%
<b>Axway</b>	<b>46.0</b>	<b>47.3</b>	<b>48.0</b>	<b>-2.9%</b>	<b>-4.3%</b>
<b>2nd Quarter</b>					
Europe	29.2	34.3	34.8	-14.7%	-16.0%
America's	21.7	17.0	18.6	27.6%	17.0%
Asia/Pacific	1.4	1.4	1.6	2.9%	-10.1%
<b>Axway</b>	<b>52.4</b>	<b>52.7</b>	<b>55.0</b>	<b>-0.6%</b>	<b>-4.7%</b>
<b>1st Semester</b>					
Europe	57.7	63.4	64.1	-9.1%	-10.1%
America's	38.0	34.0	36.0	11.8%	5.8%
Asia/Pacific	2.7	2.6	2.9	4.2%	-7.5%
<b>Axway</b>	<b>98.4</b>	<b>100.0</b>	<b>103.0</b>	<b>-1.6%</b>	<b>-4.5%</b>

(1) At constant exchange rates and scope of consolidation

Axway's 1<sup>st</sup> half 2012 revenue reflects very different situations across the geographical areas. Revenue was up in the US, Germany and the UK, notably increasing by more than 17% in the 2<sup>nd</sup> Quarter in the US, thanks to excellent performance from its commercial portfolios, in terms of both quality and volumes. There was a further deterioration of the economic climate in Southern Europe (France, Spain and Italy) in the 2<sup>nd</sup> Quarter which resulted in licence orders being suspended or postponed, particularly in the group's key sectors (finance, the public sector).

By activity  
 (in M€)

	2012	2011 Published	2011 Pro Forma	Total Growth	Organic Growth <sup>1</sup>
<b>1st Quarter</b>					
Licenses	9.4	13.6	13.9	-31.0%	-32.5%
Maintenance	23.2	20.4	20.8	13.8%	11.8%
Services	13.4	13.3	13.4	0.2%	-0.1%
	<b>46.0</b>	<b>47.3</b>	<b>48.0</b>	<b>-2.9%</b>	<b>-4.3%</b>
<b>2nd Quarter</b>					
Licenses	15.2	18.3	19.1	-17.1%	-20.5%
Maintenance	23.9	20.3	21.4	17.8%	11.6%
Services	13.3	14.1	14.4	-5.8%	-7.8%
<b>Axway</b>	<b>52.4</b>	<b>52.7</b>	<b>55.0</b>	<b>-0.6%</b>	<b>-4.7%</b>
<b>1st Semester</b>					
Licenses	24.6	31.9	33.0	-23.0%	-25.5%
Maintenance	47.1	40.7	42.2	15.8%	11.7%
Services	26.7	27.4	27.8	-2.6%	-4.1%
<b>Axway</b>	<b>98.4</b>	<b>100.0</b>	<b>103.0</b>	<b>-1.6%</b>	<b>-4.5%</b>

(1) At constant exchange rates and scope of consolidation

We have been facing a persistent downturn in Southern Europe for three quarters now and this has hit licence revenue hard. It is also affecting the services business, which is heavily reliant on the implementation of new licences. The upturn in the recurrent portion of our services business (Managed Services, Cloud) is expected to cushion the blow or offset this trend. Maintenance continues to perform extremely well and reflects Axway's long-term efforts to foster client loyalty and its regular initiatives to improve customer support.

The global fall in revenue had a direct impact on margins (the operating margin in particular) which fell from 10.3% (first half 2011) to 5.6%. This reflects Axway's determination to pursue its investments with the aim of holding onto its competitive advantage, which remains intact and is a

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key factor in its growth. With no non-recurrent costs (such as the costs posted during the 2011 spin-off), net profit remained close to the level posted for 1<sup>st</sup> half 2011.

## Financial position

As at 30 June 2012, Axway had a very robust financial position with a cash position of €40.9 M. Shareholders' equity stood at €217.9 M compared to the 30 June 2011 figure of €118.4 M. Axway had no outstanding bank or other debt at end June 2012 (debt of €60.0 M with the Sopra Group at end June 2011). No use was made of the bank credit facility (€100 M) put in place in June 2011.

## Workforce

As at 30 June 2012, Axway's workforce numbered 1,765 employees (637 in France and 1,128 outside France), an increase of 10 on the 31 December 2011 figure (and up 45 on 30 June 2011).

## Strategy

The implementation of infrastructure platforms remains key to driving the performance and flexibility of our IT systems. Investment has been frozen in this area but the situation cannot continue indefinitely without companies endangering their operational efficiency. Axway remains confident that its project to offer companies a benchmark platform is the way forward and, with this in mind, is continuing to invest in its product offering and sales strategy, whilst keeping a lookout for acquisition opportunities.

## Outlook

Despite the fall in demand in its strategic sectors in France, a situation the company has been facing for several quarters now, business remains brisk in the US and Northern Europe and looks promising for the end of the year. Moreover, because of the seasonality of its revenue cycle, 2<sup>nd</sup> half performance, particularly in licences, is a decisive factor in overall annual performance. The company expects business to pick up in France in the second six months of the year and, on this basis, confirms its objective of achieving positive organic growth and very slightly increasing its operating margin for 2012 as a whole.

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## Financial Calendar

Thursday, 2 August 2012 at 14.30: Hotel Meurice – Paris: SFAF Analysts meeting.

Tuesday 6 November 2012: Publication of 3<sup>rd</sup> Quarter 2012 results

The company will publish its half-year financial report in French and English languages on 31 August 2012. The report will be available at <http://www.finance.axway.com> under the “Financial Documents” tab and also on the AMF website: [www.amf-france.org](http://www.amf-france.org).

## About Axway

Axway (NYSE Euronext: AXW.PA), the Business Interaction Networks company, is a software company with more than 11,000 customers in 100 countries. For more than a decade, Axway has provided leading organizations around the world with proven technology solutions that exchange, integrate, manage, secure and govern the business-critical interactions that accelerate enterprise performance. Our award-winning solutions span business-to-business integration, managed file transfer, business operations monitoring, and email and identity security – offered on premise or in the Cloud together with professional and managed services.

Axway is registered in France with headquarters in the United States and offices around the globe. More information is available at <http://www.finance.axway.com>

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## Income Statement

(in thousands of euros)

	S1 2012	S1 2011	FY 2011
<b>Revenue :</b>			
License	24,578	31,926	77,762
Maintenance	47,116	40,699	85,037
Total Product Revenue	71,694	72,625	162,799
Services	26,677	27,394	54,445
<b>Total Revenue :</b>	<b>98,371</b>	<b>100,018</b>	<b>217,244</b>
<b>Costs of sales:</b>			
Product Revenue	9,886	9,255	19,929
Services	25,423	23,897	49,285
<b>Total Costs of sales :</b>	<b>35,309</b>	<b>33,153</b>	<b>69,214</b>
<b>Gross profit:</b>	<b>63,062</b>	<b>66,865</b>	<b>148,030</b>
<i>as a % of Revenue</i>	64.1%	66.9%	68.1%
<b>Operating expenses :</b>			
Sales and marketing	31,377	30,416	61,528
Research and development	16,243	16,409	32,079
General and administrative	9,979	9,763	19,120
<b>Total operating expenses :</b>	<b>57,599</b>	<b>56,587</b>	<b>112,727</b>
<b>Profit on operating activities</b>	<b>5,463</b>	<b>10,278</b>	<b>35,303</b>
<i>as a % of Revenue</i>	5.6%	10.3%	16.3%
Stock related expenses	(564)	-	(146)
Amortization of intangible assets	(992)	(922)	(1,858)
<b>Profit from recurring operations</b>	<b>3,907</b>	<b>9,356</b>	<b>33,299</b>
<i>as a % of Revenue</i>	4.0%	9.4%	15.5%
Other income and expenses	(877)	(3,425)	(3,967)
<b>Operating profit</b>	<b>3,030</b>	<b>5,931</b>	<b>29,332</b>
Cost of net financial debt	(240)	(781)	(2,667)
Other financial revenues and expense	(229)	(1,137)	-
Income taxes	41	(1,082)	(5,208)
<b>Net Profit</b>	<b>2,602</b>	<b>2,931</b>	<b>21,457</b>
<i>as a % of Revenue</i>	2.6%	2.9%	9.9%

### Simplified Balance Sheet

	30/06/2012 (in €m)	30/06/2011 (in €m)	31/12/2011 (in €m)
<b>ASSETS</b>			
Goodwill	173.2	156.4	169.6
Intangible assets	19.2	18.5	19.4
Property, plant and equipment	4.6	4.5	4.9
Other non-current assets	16.6	20.0	15.3
<b>Non-current assets</b>	<b>213.6</b>	<b>199.4</b>	<b>209.2</b>
Trade receivables	54.1	57.6	57.1
Other current assets	16.8	12.3	14.4
Cash and cash equivalents	40.9	13.7	23.8
<b>Current assets</b>	<b>111.8</b>	<b>83.7</b>	<b>95.3</b>
<b>TOTAL ASSETS</b>	<b>325.5</b>	<b>283.1</b>	<b>304.5</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital	40.6	32.2	40.3
Capital reserves and results	177.2	86.2	173.1
<b>Total shareholders' equity</b>	<b>217.8</b>	<b>118.4</b>	<b>213.4</b>
Financial debt - long-term portion	2.1	2.0	2.0
Other non-current liabilities	14.4	17.0	14.6
<b>Non-current liabilities</b>	<b>16.5</b>	<b>18.9</b>	<b>16.6</b>
Financial debt - short-term portion	0.5	0.8	0.5
Current account - Sopra Group	0.0	60.0	0.0
Other current liabilities	90.6	84.9	74.0
<b>Current liabilities</b>	<b>91.2</b>	<b>145.7</b>	<b>74.5</b>
<b>TOTAL LIABILITIES</b>	<b>107.6</b>	<b>164.7</b>	<b>91.1</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>325.5</b>	<b>283.1</b>	<b>304.5</b>