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Press release

Axway reports strong 2013 results with:

- Organic growth of 3.7%;
- Total growth of 5.9%;
- Operating margin of 15.8% (15.6% in 2012);
- Net margin of 15.0% up 44% compared with 2012.

Paris, February 18, 2014. Axway Software's Board of Directors examined the consolidated financial statements for fiscal year 2013 at its meeting of February 14, chaired by Pierre Pasquier. This year's results are in line with the guidance published by the Group, despite poorer performance in the fourth quarter.

	FY 2013		FY 2012		FY 2011	
	(in M€)	(% Rev)	(in M€)	(% Rev)	(in M€)	(% Rev)
Key income statement items						
Revenue	237.5		224.3		217.2	
<i>Organic growth</i>	3.7%		-1.6%		5.7%	
Profit on operating activities	37.5	15.8%	35.0	15.6%	35.3	16.3%
Profit from recurring operations	32.4	13.7%	31.7	14.1%	33.3	15.3%
Other income and expense	-5.3		-2.9		-4.0	
Net financial costs and currency impact	-1.3		-0.1		-2.7	
Income Taxes	9.8		-4.0		-5.2	
Net profit	35.6	15.0%	24.7	11.0%	21.5	9.9%
	(in €)		(in €)		(in €)	
Basic net earnings per share	1.75		1.22		1.20	

- Earnings per share are calculated on the basis of 20,379,481 shares for 2013, compared with 20,255,401 for 2012.

Comments on 2013 activity

2013 was characterized by:

- The well-received launch of the Axway 5 Suite, significant license agreements signed in the USA and France, and confirmation of intense demand in the Application Programming Interface (API) area whose offering (resulting from the acquisition of Vordel) was integrated into the Axway 5 Suite. Its successful integration has led to growth in this activity in line with our expectations. The API area has confirmed its growth potential for the years ahead;
- The launch in the fourth quarter of new versions of components for the company's strategic technologies (MFT, B2B) reinforcing Axway's leadership in these areas;
- Recognition of Axway by Gartner as being among the leaders in the Application Integration Suite and Application Services Governance segments (MQ Gartner, August 2013);
- Axway's executive management, strengthened by the arrival of new members from leading global software publishers.

After the first three quarters posted significant growth, 2013 ended with a declining fourth quarter compared with earlier years, the result of license agreements being deferred mainly in the United States. These deferrals reflect difficulties in executing commercial agreements, which have led to operational changes. Accordingly, it was impossible to fully maintain the 'progress' recorded in 2013 through the end of the year.

Revenue by region (in M€)

Exercise 2013	2013	2012 Published	2012 Pro forma	Total Growth	Organic Growth ¹
France	82.5	75.4	76.2	9.4%	8.4%
Rest of Europe	57.6	55.6	58.4	3.6%	-1.4%
Americas	90.7	86.5	87.8	4.8%	3.3%
Asia/Pacific	6.7	6.8	6.6	-0.6%	2.0%
Axway	237.5	224.3	229.0	5.9%	3.7%

(1) at constant exchange rates and scope of consolidation

The solid performance in France with 8.4% growth confirmed the recovery witnessed since the fourth quarter of 2012 and enabled this area to enter 2014 with a strong commercial portfolio. The Americas failed to continue its progress recorded during the first three quarters of the year on account of license agreements being deferred in the fourth quarter. The other countries of Europe saw mixed fortunes with growth declining by 1.4% and Asia remained positive with growth of 2.0%. Business as a whole saw organic growth of 3.7% (total growth of 5.9%).

Revenue by activity (in M€)

Exercise 2013	2013	2012 Published	2012 Pro forma	Total Growth	Organic Growth ¹
Licenses	75.6	71.4	75.4	5.8%	0.3%
Maintenance	106.3	98.2	98.2	8.3%	8.2%
Services	55.6	54.7	55.4	1.7%	0.4%
Axway	237.5	224.3	229.0	5.9%	3.7%

(1) at constant exchange rates and scope of consolidation

License business stabilized in 2013 after a mixed previous year; the positive reception of the new Axway 5 Suite and the dynamism of the API (Application Programming Interface) area made a partial contribution in 2013 and should play a major role in 2014.

The 8.2% growth in maintenance was excellent, raising this highly recurring activity to more than 45% of Group revenue. Services remained globally stable in 2013 but with varying dynamism (Cloud, Managed Services).

Financial position

Axway has a very solid financial situation at December 31, 2013 with a cash balance of €49.2 million, a net debt of €35.1 million and shareholder's equity of €258.4 million.

No acquisitions were made in 2013 (excluding the takeover of a distribution partner in Brazil in September 2013). For this reason, and given the partial use of the credit line, the company's debt at December 31, 2013 allows to comfortably respect its banking covenants.

The level of operating margin (15.8%) was up 20 basis points compared with 2012, despite a lower than expected fourth quarter. This solid result reflects the robustness of the Axway business model, making it possible to maintain all the investments required to sustain its competitive edge, which remains intact and is a key growth driver. Net profit at December 31, 2013 was €35.6 million (15.0% of net margin), sharply up from €24.7 million in 2012 (11.0% of net margin). The 2013 net result integrates the half year exceptional items of the settlement of the GSA matter with the American Department of Justice and the activation of the tax losses in the United States, made possible from the growth in profitability (historic and forecasted) of the US subsidiary of the group. Without the impact of these two exceptional items, our net result would have been €27.1 million or €1.33 per share.

Consolidated financial statement audit procedures are under way.

Workforce

Axway employed 1,783 people at December 31, 2013 (610 in France and 1,173 in other countries), an increase of 9 employees compared with December 31, 2012.

Cash dividend

Axway's Board of Directors will propose, at the next Shareholders' Meeting, the distribution of a dividend of €0.40 per share for 2013.

Strategy

Axway is continuing its growth plan by rolling out infrastructure to govern the flow of data aimed at large organizations and their ecosystems. This positioning is based on a market whose dynamism is driven by the major technological drivers (mobility, Cloud, Big Data, Internet of Things) which are leading to the sizable development of data flows both inside and outside the company. Axway has robust historical assets (MFT, B2B technology) enabling it to take advantage of these trends and has made key choices (API) to maintain a significant competitive edge. Within this context, Axway is maintaining its investments to retain this positioning and develop its commercial presence; these investments are reflected in internal growth projects and external acquisitions.

Outlook

Confident of the quality of its positioning and its competitive advantages and strengthened by the positive reception of its new offerings by its customers, Axway expects significant growth in 2014, both organically and through external acquisitions and targets to maintain its operating margin at the current level.

With this in mind, the start of the year appears to be in line with these objectives.

Revenue by region and by quarter (in M€)

1st Quarter	2013	2012 Published	2012 Pro forma	Total Growth	Organic Growth¹
France	16.9	15.7	15.8	7.8%	6.8%
Rest of Europe	12.3	12.7	13.6	-3.5%	-9.2%
Americas	19.1	16.3	16.5	17.3%	15.7%
Asia/Pacific	1.6	1.2	1.2	27.1%	27.1%
Axway	49.9	46.0	47.2	8.6%	5.9%

2nd Quarter	2013	2012 Published	2012 Pro forma	Total Growth	Organic Growth¹
France	17.9	16.9	16.9	5.8%	5.7%
Rest of Europe	14.4	12.4	12.9	16.3%	12.2%
Americas	22.5	21.7	23.1	3.6%	-2.5%
Asia/Pacific	1.7	1.4	1.5	18.6%	10.0%
Axway	56.5	52.4	54.4	7.7%	3.9%

3rd Quarter	2013	2012 Published	2012 Pro forma	Total Growth	Organic Growth¹
France	20.4	16.6	16.9	22.9%	21.0%
Rest of Europe	13.2	11.6	13.2	13.2%	-0.5%
America's	24.8	20.8	21.1	19.1%	17.5%
Asia/Pacific	1.6	1.6	1.5	-4.0%	7.1%
Axway	60.0	50.7	52.7	18.4%	13.8%

4th Quarter	2013	2012 Published	2012 Pro forma	Total Growth	Organic Growth¹
France	27.3	26.2	26.5	4.2%	2.9%
Rest of Europe	17.7	18.8	18.8	-6.0%	-5.8%
America's	24.2	27.7	27.0	-12.4%	-10.3%
Asia/Pacific	1.9	2.5	2.4	-22.9%	-19.2%
Axway	71.2	75.2	74.7	-5.4%	-4.8%

(1) at constant exchange rates and scope of consolidation

Revenue by activity and by quarter (in M€)

	2013	2012 Published	2012 Pro forma	Total Growth	Organic Growth ¹
1st Quarter					
Licenses	10.6	9.4	10.0	13.1%	5.5%
Maintenance	25.7	23.2	23.7	10.7%	8.8%
Services	13.6	13.4	13.5	1.8%	0.9%
	49.9	46.0	47.2	8.6%	5.9%
2nd Quarter					
Licenses	16.4	15.2	16.5	7.7%	-0.9%
Maintenance	26.7	23.9	24.2	11.8%	10.2%
Services	13.4	13.3	13.6	0.5%	-1.8%
Axway	56.5	52.4	54.4	7.7%	3.9%
3rd Quarter					
Licenses	20.2	12.6	14.7	60.0%	37.6%
Maintenance	26.6	24.9	24.8	6.7%	7.1%
Services	13.3	13.2	13.3	0.6%	0.1%
	60.0	50.7	52.7	18.4%	13.8%
4th Quarter					
Licenses	28.5	34.3	34.1	-17.0%	-16.7%
Maintenance	27.4	26.2	25.5	4.5%	7.3%
Services	15.4	14.8	15.0	3.7%	2.3%
Axway	71.2	75.2	74.7	-5.4%	-4.8%

(1) at constant exchange rates and scope of consolidation

Income Statement

(in thousands of euros)

	FY 2013	FY 2012	FY 2011
Revenue :			
License	75 583	71 435	77 762
Maintenance	106 348	98 205	85 037
Total Product Revenue	181 931	169 640	162 799
Services	55 613	54 680	54 445
Total Revenue :	237 544	224 320	217 244
Costs of sales:			
Product Revenue	20 721	20 653	19 929
Services	51 407	51 070	49 285
Total Costs of sales :	72 128	71 723	69 214
Gross profit:	165 416	152 597	148 030
<i>as a % of Revenue</i>	<i>69.6%</i>	<i>68.0%</i>	<i>68.1%</i>
Operating expenses :			
Sales and marketing	70 763	64 077	61 528
Research and development	33 636	32 508	32 079
General and administrative	23 549	21 046	19 120
Total operating expenses :	127 948	117 631	112 727
Profit on operating activities	37 468	34 966	35 303
<i>as a % of Revenue</i>	<i>15.8%</i>	<i>15.6%</i>	<i>16.3%</i>
Stock option related expenses	(1 352)	(1 147)	(146)
Amortization of intangible assets	(3 679)	(2 130)	(1 858)
Profit from recurring operations	32 437	31 689	33 299
<i>as a % of Revenue</i>	<i>13.7%</i>	<i>14.1%</i>	<i>15.3%</i>
Other income and expenses	(5 271)	(2 940)	(3 967)
Operating profit	27 166	28 750	29 332
Cost of net financial debt	(674)	(51)	(1 633)
Other financial revenues and expenses	(656)	(63)	(1 034)
Income taxes	9 759	(3 976)	(5 208)
Net Profit	35 595	24 660	21 457
	<i>15.0%</i>	<i>11.0%</i>	<i>9.9%</i>

Simplified Balance Sheet

	31/12/2013	31/12/2012	31/12/2011
	(in M€)	(in M€)	(in M€)
ASSETS			
Goodwill	189.3	196.6	169.6
Intangible assets	28.8	31.0	19.4
Property, plant and equipment	6.3	6.2	4.9
Other non-current assets	31.5	18.5	15.3
Non-current assets	255.9	252.3	209.2
Trade receivables	64.4	72.2	57.1
Other current assets	22.5	17.1	13.8
Cash and cash equivalents	49.2	35.4	23.8
Current assets	136.1	124.7	95.3
TOTAL ASSETS	392.0	377.0	304.5
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	40.9	40.6	40.3
Capital reserves and results	217.4	193.3	173.1
Total shareholders' equity	258.4	233.9	213.4
Financial debt - long-term portion	28.5	36.9	2.0
Other non-current liabilities	15.5	16.2	14.6
Non-current liabilities	44.0	53.1	16.6
Financial debt - short-term portion	9.5	5.3	0.5
Other current liabilities	80.1	84.7	74.0
Current liabilities	89.6	90.0	74.5
TOTAL LIABILITIES	133.6	143.1	91.1
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	392.0	377.0	304.5

Cash Flow Statement

	FY 2013	FY 2012	FY 2011
	(in M€)	(in M€)	(in M€)
Net profit for the period	35.6	24.7	21.5
Net charges to amortizations, depreciations and provisions	8.0	5.8	4.4
Other income and expense items	1.7	0.6	0.3
Cash from operations after cost of net debt and tax	45.3	31.1	26.2
Changes to operating working capital requirements	(3.6)	(10.8)	8.1
Costs of net financial debt	0.7	0.1	1.6
Income tax paid net of accrual	(14.1)	(0.2)	(0.6)
Net cash from operating activities	28.3	20.2	35.3
Net cash used in investing activities	(3.6)	(45.6)	(3.6)
Proceeds on shares issued	2.2	2.1	61.2
Dividends paid	(7.1)	(5.0)	(21.8)
Change in current account - Sopra Group	-	-	(68.4)
Change in loan	(4.4)	40.0	-
Net interest paid	(0.7)	-	(1.6)
Other changes	0.3	0.1	(0.2)
Net cash from (used in) financing activities	(9.7)	37.2	(30.8)
Effect of foreign exchange rate changes	(1.2)	(0.1)	0.5
NET CHANGE IN CASH AND CASH EQUIVALENTS	13.8	11.7	1.4
Opening cash position	35.4	23.7	22.3
CLOSING CASH POSITION	49.2	35.4	23.7

Financial Calendar

- Wednesday, February 19, 2014 at 2.30pm: meeting of financial analysts at the Hôtel Le Meurice, Paris
- Monday, April 28, 2014 (after close of trading): Publication of Q1 2014 revenue.
- Wednesday, June 4, 2014 at 2.30pm: General Meeting at the Hôtel Le Meurice, Paris.

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 (NYSE 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, 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.