



SOLUTION
DE CYBER-SÉCURITÉ
ET DE GOUVERNANCE
DES ACCÈS AU SYSTÈME
D'INFORMATION



WALLIX
TRACE, AUDIT & TRUST

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2018 EARNINGS HOLD UP WELL IN FACE OF HEAVY INVESTMENT, ROBUST 2019 GROWTH TARGET

- AROUND 200 NEW CLIENTS ACQUIRED DURING THE YEAR
- INTERNATIONAL EXPANSION GATHERS PACE
- TIGHT CASH MANAGEMENT
- SUSTAINED ORGANIC GROWTH TARGET FOR 2019
- POTENTIAL ACQUISITIONS UNDER REVIEW

WALLIX GROUP, a software company providing cyber-security and governance solutions for information systems access, has released its 2018 results.

€000, French GAAP*	2017	2018
Turnover	11,545	12,640
Other operating income (capitalized production, subsidies, etc.)	3,549	4,047
Total operating income	15,094	16,687
Total operating expenses	-15,939	-19,969
o/w Other operating expenses	-4,125	-5,425
o/w Payroll	-9,087	(11,678)
o/w Depreciation, amortization and provisions	-2,081	(2,148)
Operating profit/(loss)	(845)	(3,281)
Net financial income/(expense)	-19	-5
Non-recurring income/(expense)	-182	-
Tax	-5	-3
Net profit/(loss)	-1,050	-3,288

ONGOING BUSINESS DEVELOPMENT

WALLIX posted 2018 turnover of €12.6 million, up 9% year-on-year. New business was sustained in all regions, with a record of around 200 new clients acquired during the year, including 118 overseas clients. The year saw a sharper contrast in revenue generation, on the other hand, with a further step-up in the Group's rapid international growth (up 53%) and changes in the structure of key accounts sales in France.



This change, which stems from the new strategic importance attached to PAM (Privileged Access Management) among buyers due to the impact of new European regulations¹, led to a decrease in short-term invoicing offset by increased signing of master agreements. These agreements together with the major long-term contracts recently acquired by the Group have an order potential of around €15 million over the next three years with 14 clients, including four CAC 40 companies and three major public sector operators. While these developments have temporarily dampened sales in France, they will be extremely profitable for WALLIX in the longer term, as the company will gain visibility over the coming years and strengthen ties with its key accounts. They highlight the capital importance of PAM, particularly for large organizations.

The WALLIX international growth curve steepened further after a challenging performance last year (up 42% in 2017). As a result, sales generated outside France accounted for 36% of 2018 turnover, or €4,524,000, more than the Group's total consolidated turnover at the time of its IPO. WALLIX's newly acquired critical mass in the international arena makes it an attractive partner for building alliances with other global cyber-security giants such as Gemalto and IBM, besides facilitating the ramp-up of its distribution network outside France.

SWIFT ROLL-OUT OF AMBITION 2021 PLAN

Meanwhile, WALLIX continued to roll out the Ambition 2021 growth investment program backed by the financing obtained as a result of its successful share issue, which generated net proceeds of €34.1 million. In particular, the Group launched operations in North America by setting up a sales force in Boston, currently comprising 5 employees, and a 17-strong Customer Success team in Paris and Canada to support new contracts in the region and provide a 24/7 (Follow the Sun) service to all Group clients. In its second key region, Dach/Eastern², WALLIX opened an office in Munich and now has a team of 12 covering this region including 3 people operating from Warsaw.

The upsizing of the Group's business operations needs to be supported by a strong partnership drive and a strategy of alliances that will allow WALLIX to establish a position on all leading global cyber-security offerings. In accordance with this ambition, the Group has created a Strategy Department which is represented on the Management Committee. Apart from the Alliances program, this department's remit includes designing an ambitious product roadmap in order to consolidate the Group's leadership in the PAM market and expand the offering towards Cloud Based Security Services, incorporating the latest innovations in encryption and Artificial Intelligence (AI). The department will also closely scrutinize the market for potential acquisitions in order to identify the best opportunities in terms of technological or commercial synergies.

WALLIX continued its strong recruitment drive, increasing the average headcount from 73 to 97 over the year (127 employees as of December 31, 2018). This drive will continue in 2019 with a focus on marketing and sales personnel. To support this ambition and identify the best talent in a highly competitive cyber-security market, the Group hired a high-profile Human Resources Director to shore up its management team.

¹ Deadline for implementing the NIS Directive on May 9, 2018, entry into force of GDPR on May 25, 2018

² Germany, Austria, German-speaking Switzerland and Eastern Europe



EFFICIENT MANAGEMENT OF MAIN FINANCIAL BALANCES

Through tight management of structural costs, the Group managed to limit the impact of its capital expenditure program on profit margins, turning in an operating loss of €3,281,000 versus €845,000 in 2017, mainly impacted by the increase in headcount (payroll up €2,591,000) and related charges. After zero non-recurring items, net loss Group share amounted to €3,288,000 versus a €1,050,000 loss in 2017.

Group gross cash was significantly boosted by the €34.1 million net proceeds of the share issue carried out in May 2018. The Group kept tight control over cash outflows and posted gross cash flow of (€1,536,000) and operating cash flow of (€1,789,000). Despite the €3,090,000 cash outflow related to R&D expenditure, as of December 31, 2018 WALLIX was in a strong financial position with net cash of €34.8 million and shareholders' equity of €39.3 million.

2019 OUTLOOK

WALLIX GROUP Chairman Jean-Noël de Galzain said: *"In 2018, we laid the foundations for growth in order to achieve our Ambition 21 plan and become the European leader in cyber-security. WALLIX now has the means to step up its growth thanks to well defined growth drivers and a precise roadmap. We are therefore aiming at very sustained growth in 2019, in line with our historical growth rates and our target of €50 million turnover by 2021. We will continue the work done this year to build a comprehensive, cutting-edge offering in PAM and Cloud Based Security Services. We will also create key alliances with other cyber-security operators and strengthen our distribution network in the short term in order to expand our market coverage in the whole of Europe, the Middle East, Africa and North America. Lastly, we are keeping a sharp lookout for acquisition opportunities in order to strengthen our technology leadership, with the aim of closing at least one deal per year. At a time when organizations of all sizes are working on their digital transformation, WALLIX is building a market-leading European offering characterized by a capacity for global deployment for large companies and ease of use for small and medium-sized organizations. Accordingly, we plan to leverage the full potential of the opportunities created by growing awareness of the importance of cyber-security, of which we have only witnessed the beginnings."*

Next publication: H1 2019 turnover, July 25, 2019

About WALLIX

A software company providing cyber security solutions, WALLIX Group is the European specialist in privileged account governance. In response to recent regulatory changes (NIS and GDPR in Europe and OVI in France) and the cyber security threats affecting all companies today, WALLIX's products and solutions help users to protect their critical IT assets. WALLIX Bastion secures access to servers, terminals and connected objects. It is the first market solution to have been awarded first-level security certification (CSPN) by France's National Cybersecurity Agency (ANSSI) and thus meet all of the criteria for regulatory compliance. The DataPeps solution protects companies' data by providing an end-to-end Encryption platform in SaaS mode, which enables them to meet the restrictions imposed by the GDPR.

WALLIX assists over 670 companies and organizations with their access management on a day-to-day basis. Its solutions are marketed via a network of more than 160 resellers and integrators. Listed on Euronext under the code ALLIX, WALLIX Group is a leader on the PAM market with a strong presence throughout Europe and EMEA. One of its main shareholders is TDH, a company controlled by Thierry Dassault.

The Bastion was a winner at the 2016 Computing Security Awards and has been rated Best Buy by SC Magazine, as well as being named among the PAM leaders in the Product and Innovation categories of the KuppingerCole 2017 Leadership Compass report. The company is a member of Bpifrance Excellence, a champion of the Pôle Systematic Paris Region Cluster and a founding member of the Hexatrust grouping of cybersecurity companies. In 2017, WALLIX Group was included in Forbes France's Futur40 ranking of fastest-growing listed companies.

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