



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



**WALLIX**  
TRACE, AUDIT & TRUST

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## FIRST HALF 2019 EARNINGS SHARP INCREASE IN TURNOVER AND INVESTMENT IN LINE WITH STRATEGIC PLAN

- 35% REVENUE ORGANIC GROWTH, 211 NEW CLIENTS
- INTERNAL INVESTMENT IN LINE WITH AMBITION21 PLAN
- IMPACT OF TWO NEW STRATEGIC ACQUISITIONS EXPECTED AS OF SECOND HALF
- NET CASH OF €31.6 MILLION
- CONFIRMATION OF SECOND HALF GROWTH FORECAST

**WALLIX GROUP, a software company providing cyber-security and governance solutions for information system access, has released its first half 2019<sup>1</sup> results.**

Consolidated data (€000)	H1 2018	H1 2019
Turnover	5,425	7,329
Other operating income (capitalized production, subsidies, etc.)	2,027	1,995
Total operating expenses	(9,288)	(13,027)
o/w Payroll	(5,275)	(7,801)
o/w Other operating expenses	(2,543)	(3,374)
o/w Depreciation, amortization and provisions	(1,050)	(1,539)
Operating profit/(loss)	(1,836)	(3,702)
Net profit/(loss)	(1,828)	(3,705)

<sup>1</sup> The first half consolidated financial statements were approved by the Management Board and reviewed by the Supervisory Board on October 15, 2019. The statutory auditors performed a limited review on the first half consolidated financial statements and the financial report will be published by October 31, 2019.



## RETURN TO STRONG ORGANIC GROWTH IN THE FIRST HALF

First half 2019 saw a return to growth in line with the 2021 plan. Sales amounted to €7,329,000, up 35% driven by dynamic business development resulting in the acquisition of 211 new clients over the period, compared to 96 in H1 2018. This performance proves WALLIX's ability to maintain a strong foothold with mid-tier operators while gaining market share among key accounts in sensitive sectors. New long-term contracts coupled with an increase in the recurring business share from 38% to 40% have enhanced visibility regarding the Group's operations.

France returned to strong growth (33%) after a 2018 financial year marked by a "wait and see" attitude among major contractors due to the implementation of the NIS directive and GDPR, confirming WALLIX's role as a leading provider of cyber-security solutions for Operators of Vital Importance (OIV).

This sustained organic growth was achieved during a period of extensive investment, with 51 new employees hired over the past 12 months, and expansion of international coverage with new offices in Munich to cover the DACH region<sup>2</sup> and Boston to reach the US market. The Group has strengthened its operating capacity in target regions, resulting in 39% growth in international sales which now account for 34% of Group sales.

Lastly, WALLIX has opened a development center for Cloud-Based Security Services in Rennes, which will develop innovative secure access solutions and sensitive cloud application processes. A recruitment drive for 20 engineers is currently underway.

At June 30, 2019, the Group was on target with the Ambition21 plan schedule, with:

- A 145-strong workforce (currently over 160) to be increased to 250 by the plan's completion;
- An international presence strengthened on priority markets such as DACH and North America;
- A broadly implemented drive to expand the offering including a PAM<sup>3</sup> solution which now integrates Privileged Elevation Delegation Management (PEDM) and Cloud-Based Security Services.

## CONTROLLED INCREASE IN OPERATING EXPENSES, TIGHT MANAGEMENT OF CASH OUTFLOW

Ongoing investment led to a controlled increase in operating expenses, up 40% to €13,027,000, bringing the operating loss to €3,702,000. Investment has been heavily weighted towards payroll expenses, up €2.5 million. Given the absence of borrowings and tax expenses, net loss also came to €3,705,000.

In the first half, despite a significant €1,635,000 outflow from investing activities, overall cash outflow remained under control at €3,119,000. As of June 30, net cash and cash equivalents stood at €31.6 million compared to shareholders' equity of €35.6 million. After the closing date, WALLIX further strengthened its financial position by setting up a five-year €3 million bank credit facility in July, thereby optimizing the balance sheet and increasing financial flexibility while taking advantage of favorable financing terms.

## TWO STRATEGIC ACQUISITIONS

Besides driving organic growth in line with its Ambition21 plan, WALLIX acquired two promising tech firms which will allow it to expand its offering.

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<sup>2</sup> Germany, Austria and German-speaking Switzerland

<sup>3</sup> Privileged Access Management



- ✓ Trustelem, a technology leader in the Identity as a Service (IdaaS) segment, is the first step for WALLIX towards IAM (Identity Access Management), a market adjacent to PAM. This company will form the cornerstone of the Group's Cloud-Based Security Services offering;
- ✓ Simarks, a Spanish company offering cutting-edge solutions for securing terminals through Privileged Elevation Delegation Management (PEDM), which controls user privileges in order to protect the organization from ransomware and malware. This acquisition will enable WALLIX to extend its historical PAM offering to the entire IT network, including the physical workstation.

Both companies have been consolidated since July and their integration is progressing according to plan. Their solutions are a key selling point in a number of tenders currently underway.

## 2019 OUTLOOK

WALLIX expects to generate strong organic growth over the second half of the year, continuing the pace gathered in the first half while maintaining an investment level similar to H1 2019. The expense-turnover ratio is expected to peak in 2019 before gradually falling under the combined effect of increasing sales and a slowdown in capital expenditure growth. Revenue growth should allow gradual absorption of operating expenses in order to approach breakeven by the end of 2020 and reach the double-digit margin target upon plan completion.

WALLIX expects to finish integrating recent acquisitions during the second half before kicking off 2020 with a more proactive acquisition policy.

**WALLIX GROUP Chairman Jean-Noël de Galzain** said: *"The first half of 2019 was marked by a return to growth more in line with WALLIX's standards and ambitions. Meanwhile, we have continued to lay the building blocks for achieving our Ambition21 plan by extending international coverage, expanding the distributor network, enriching and upgrading the offering, optimizing our organizational structure and, lastly, completing our first two acquisitions. We must now take advantage of these growth drivers to step up our development and fulfill the ambitious targets we have set ourselves."* »

**Next publication:** Full-year 2019 turnover, February 13, 2020

## ABOUT WALLIX

A software company providing cyber security solutions, WALLIX Group is a European specialist in privileged account governance.

In response to recent regulatory change (NIS/GDPR in Europe and OVIs in France) and the cyber security threats affecting all companies today, Bastion helps users protect their critical IT assets: data, 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

WALLIX accompanies more than 770 companies and organizations on a day-to-day basis. Its solutions are marketed through a network of more than 160 resellers and trained and accredited 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. Alain Afflelou, Dassault Aviation, Gulf Air, Maroc Telecom, McDonald's, Michelin, and PSA Peugeot-Citroën trust WALLIX to secure their information systems.

WALLIX 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 cyber security companies. In 2017, WALLIX Group was included in Forbes France's Futur40 ranking of fastest-growing listed companies.

For more information, visit the WALLIX website at: [www.wallix.com](http://www.wallix.com)



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