



# ANNUAL GENERAL MEETING 2018 SOFTWARE AG

darmstadtium, Darmstadt  
May 30, 2018

*This document is a convenience translation of the German original.  
In the event of any conflict or inconsistency between the English  
and the German versions and for purposes of interpretation, the  
German original shall prevail.*



# 2018 ANNUAL GENERAL MEETING OF SOFTWARE AG

Karl-Heinz Streibich  
CEO, Software AG

darmstadtium, Darmstadt, Germany  
May 30, 2018



# 2017 WAS ONE OF THE MOST SUCCESSFUL YEARS IN SOFTWARE AG'S HISTORY

**31.8%**  
Operating  
margin

**Cloud  
growth  
+66%\***

**New cloud  
order entry  
+110%\***

**€879 million  
in revenues**

**+80% recurring  
revenues for IoT  
(Q1 2018 to Q1 2017)**

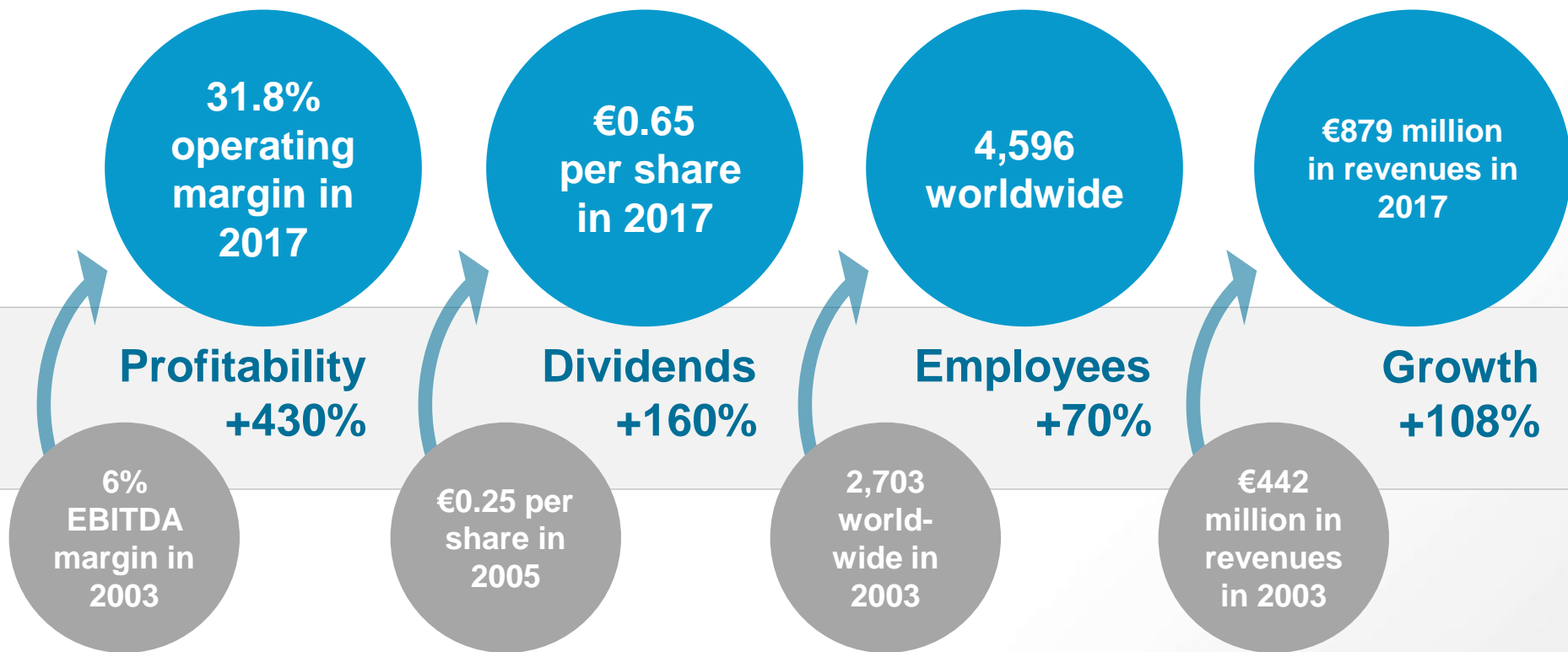
**Partner  
ecosystem  
>400  
partners**

**52%**  
Digital product  
revenues  
(Percentage of total  
revenues)

\*Q4 2017

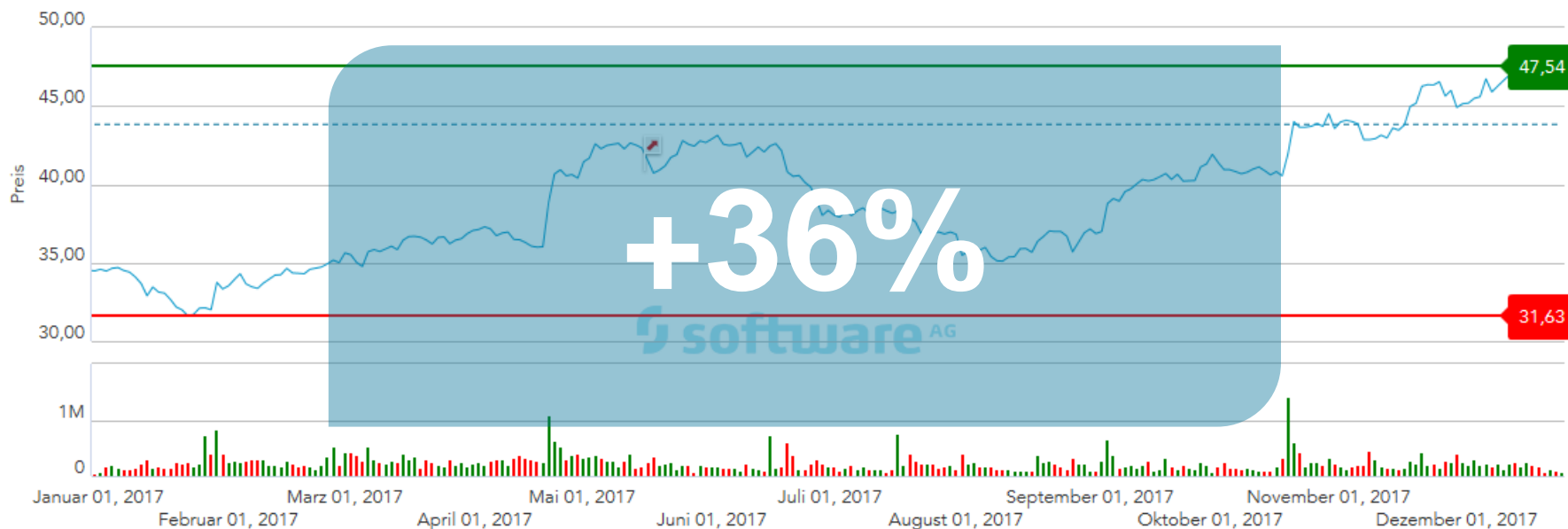
# DYNAMIC GROWTH

## SINCE THE REPOSITIONING IN 2003



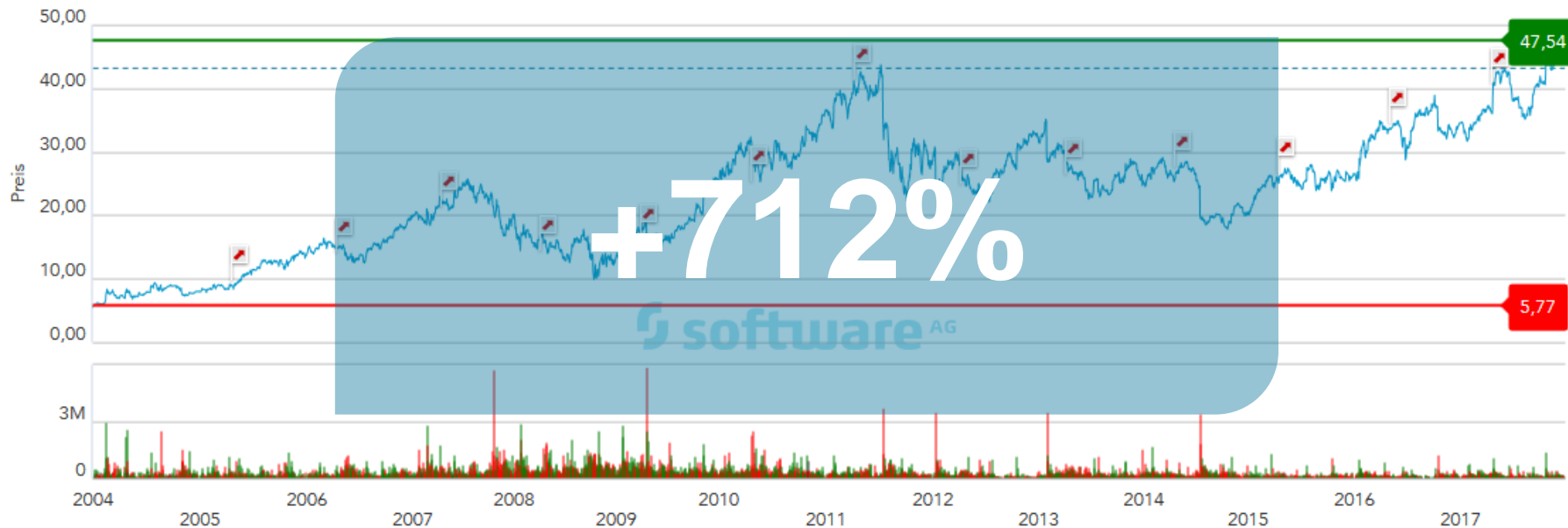
# STRATEGIC REALIGNMENT BEARS FRUIT FOR INVESTORS IN 2017

30. DEZEMBER 2016 - 29. DEZEMBER 2017



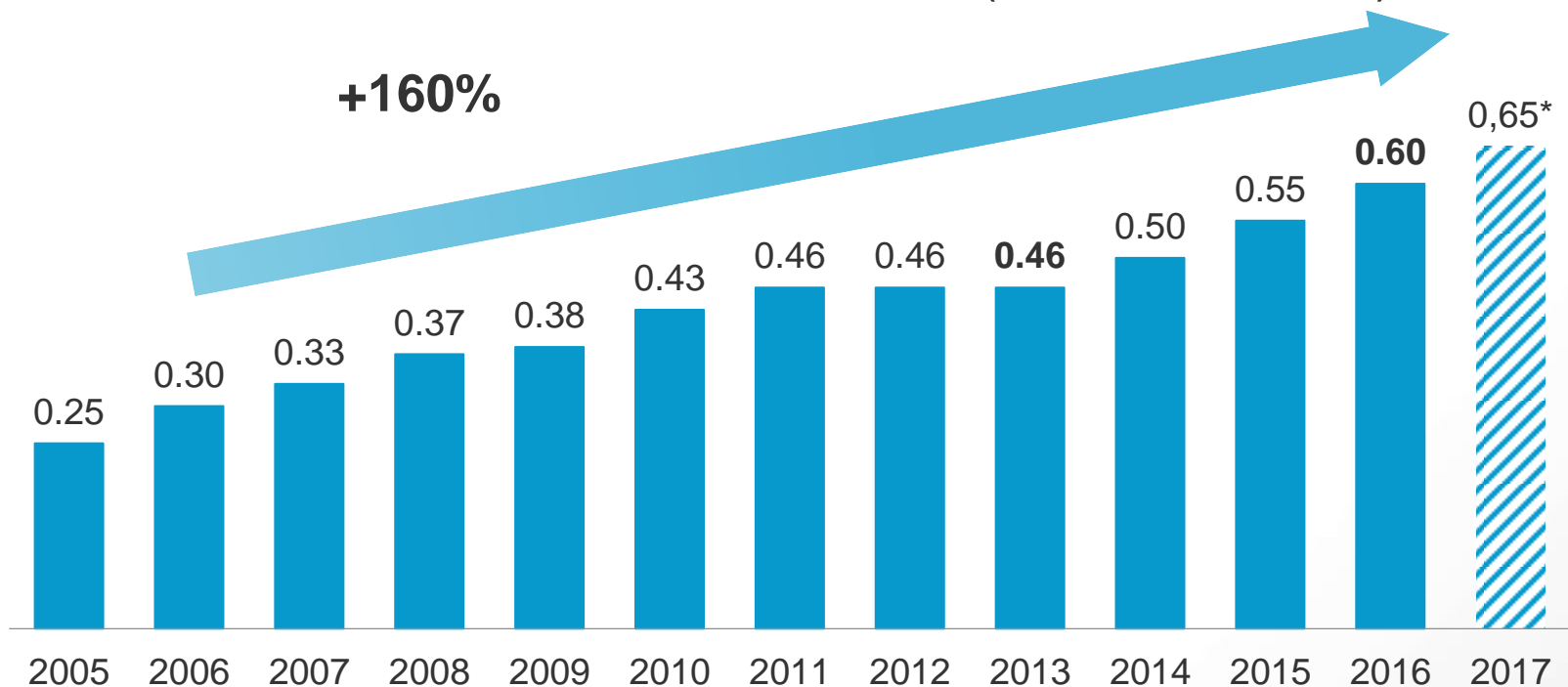
# STRATEGIC REALIGNMENT BEARS FRUIT FOR INVESTORS SINCE REPOSITIONING IN 2003

31. DEZEMBER 2003 - 29. DEZEMBER 2017



# DIVIDENDS

## FOCUS ON CONTINUOUS GROWTH (EURO/SHARE)



\* pending acceptance of the dividend proposal by the 2018 Annual General Meeting

**MEDIA IN Q1 2018**



# **Aushängeschild Industrie 4.0**

*[Flagship Industry 4.0]*

**Siemens**

**digitale Fabriken**

*[Digital factories]*

**Kuka**

**smarte Roboter**

*[Smart robots]*

**Software AG**

**smarte Plattform**

*[Smart platform]*





# STRATEGIC REALIGNMENT FOR TECHNOLOGY LEADERSHIP



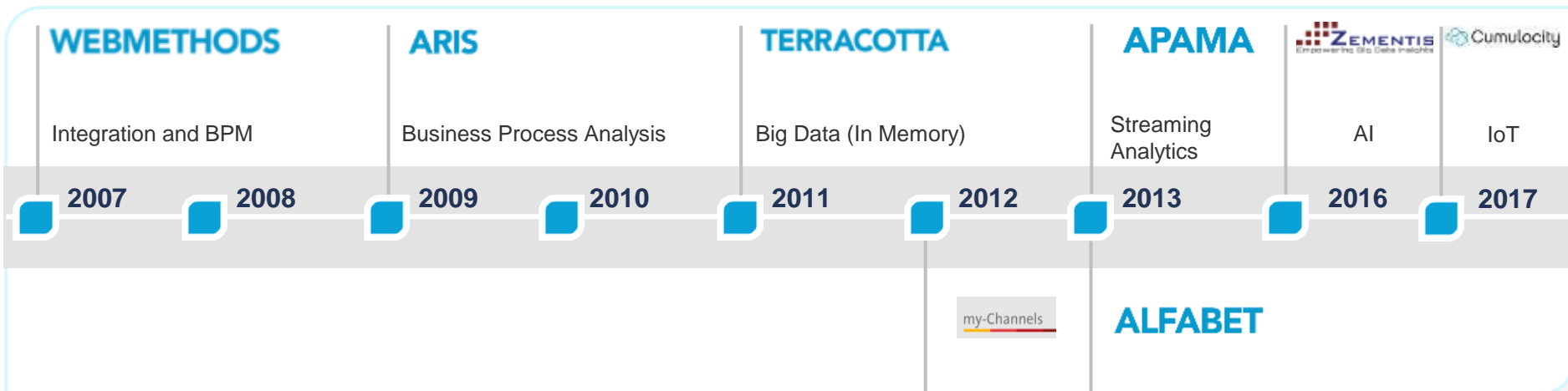
2017

## Internet of Things (IoT) Platform



# STRATEGIC REALIGNMENT

## INTEGRATION / PROCESSES / INTERNET OF THINGS



**Software AG has invested more than 1 billion euros over the last 10 years in future technologies**

# TECHNOLOGY PIONEER POSITIONED AS A LEADER IN 2017



**Enterprise Architecture Management Suites**

**Operational Intelligence For B2B Integration**

**Digital Process Automation Software**

**Strategic Portfolio Management Tools**

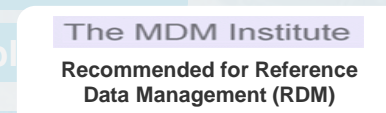
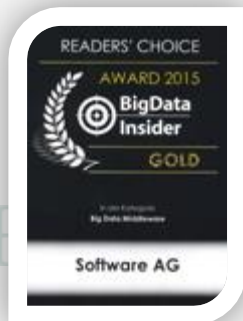
**Streaming Analytics**



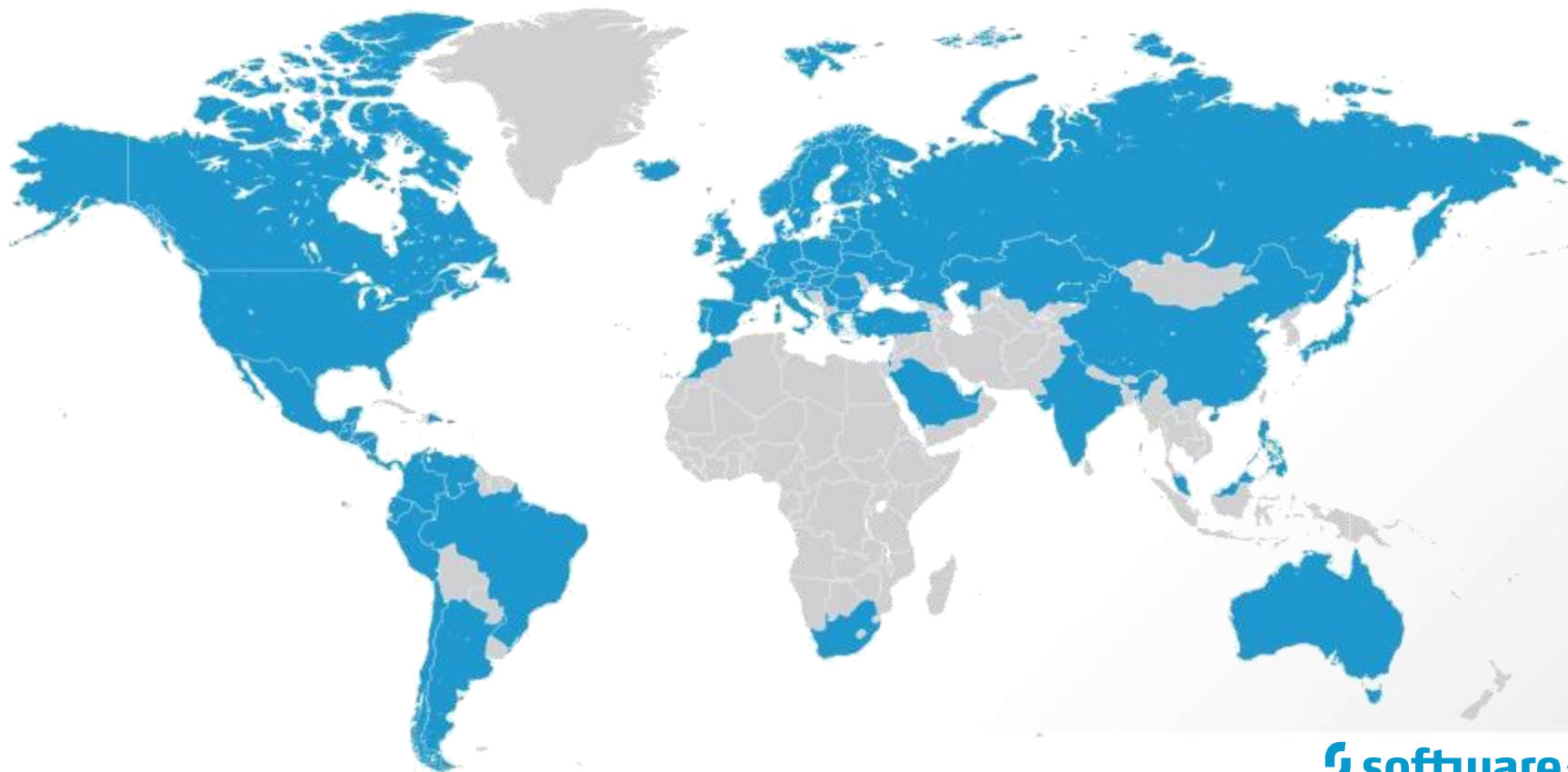
**Enterprise Architecture Tools**

**Integrated IT Portfolio Analysis Applications**

# ROLE OF TECHNOLOGY PIONEER HAS A HISTORY AT SOFTWARE AG



# EXPANDING THE GLOBAL PRESENCE OF SOFTWARE AG IN MORE THAN 70 COUNTRIES



# STRONG STARTING POSITION

## FROM ENTERPRISE IT TO OPERATIONAL IT (INDUSTRY)



**Platform  
economy**



**Internet  
of Things**

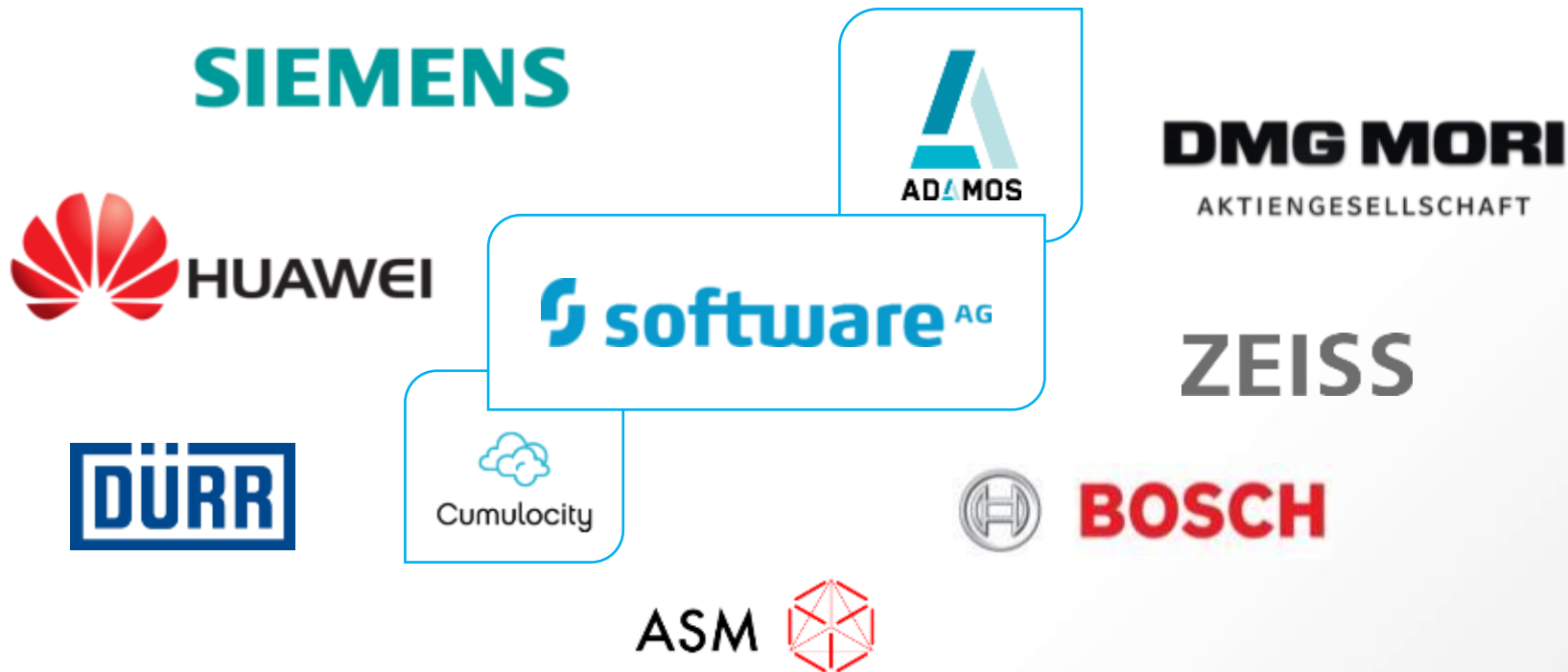


**Industry 4.0**



**Process  
automation and  
transparency**

# STRATEGIC PARTNERSHIPS WITH GLOBAL MARKET LEADERS



# ADAMOS

## INDUSTRY ALLIANCE

<b>DMG MORI</b>	<b>DÜRR</b>	<b>ZEISS</b>	<b>ASM</b> 
 <b>software</b> <sup>AG</sup>	<b>ENGEL</b>	 <b>KARL MAYER</b>	...

Founding companies and partners



# SOFTWARE AG

## SUCCESS IN THE INDUSTRIAL SECTOR IN 2017



Verstärkung für MindSphere  
**Siemens und Software AG vereinbaren Kooperation**

12.12.17 | Autor / Redaktion: Martin Hensel / Nico Litzel



**"Eine Initiative vom Maschinenbau für den Maschinenbau"**



Computerwoche  
magazine,  
2017



**Software AG: Cloud-Lösungen aus Darmstadt stark  
gefragt**

# SOFTWARE AG

## SUCCESS STORY WITH CONTINUITY OVER MANY YEARS

Handelsblatt



Handelsblatt newspaper,  
2006



Computerwoche magazine,  
2007

FINANCIAL TIMES



Financial Times, 2008

Frankfurter Allgemeine



FAZ newspaper, 2011

Handelsblatt

**Software AG  
focuses on niche  
strategy**

Handelsblatt newspaper,  
2003

IT DIRECTOR

**Software AG plant Übernahme  
von webMethods**

IT Director magazine, 2007

**Frankfurter Allgemeine  
Streibich banking on research  
and expects 20 percent higher  
profits in 2004**

FAZ newspaper,  
2004



# SOFTWARE AG

## AS AN EXCELLENT EMPLOYER



# SOFTWARE AG

## AS AN EXCELLENT EMPLOYER FOR MANY YEARS





# TAKING RESPONSIBILITY IN COLLABORATION WITH GOVERNMENT, BUSINESS AND SOCIETY



# ADDING SUSTAINABLE LONG-TERM VALUE



is one of the 10 largest foundations in Germany

## Annual

payment to the  
Software AG  
Foundation of more  
than 16 million euros



## Protects

Software AG from  
hostile takeovers as  
an anchor investor

# SUCCESS STORY

 **software**<sup>AG</sup>



# NEW PLANS

**SANJAY  
BRAHMAWAR**



**NEW CEO  
STARTING  
AUGUST 1, 2018**









# ANNUAL GENERAL MEETING 2018

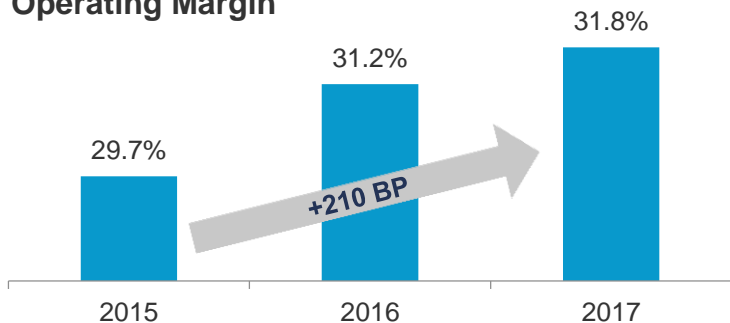
## SOFTWARE AG

Arnd Zinnhardt  
CFO, Software AG

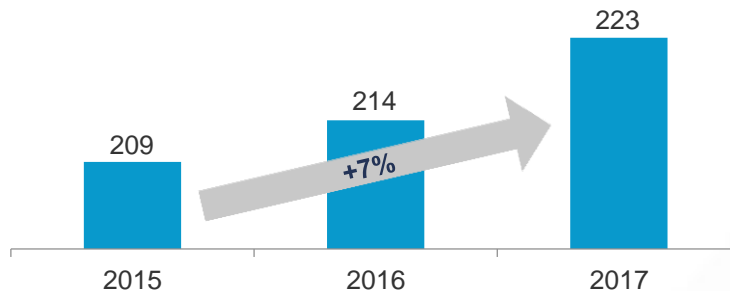
darmstadtium, Darmstadt  
May 30, 2018

# SOFTWARE AG: APPRECIATING INVESTMENT

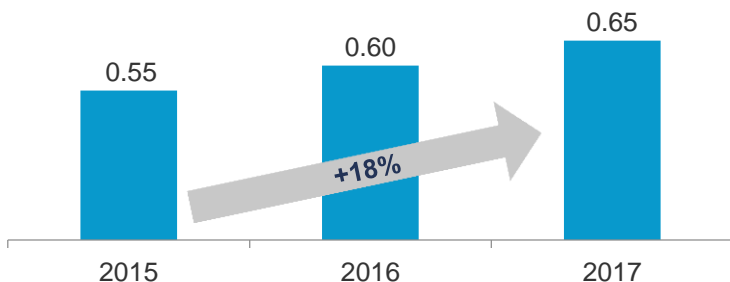
**Operating Margin**



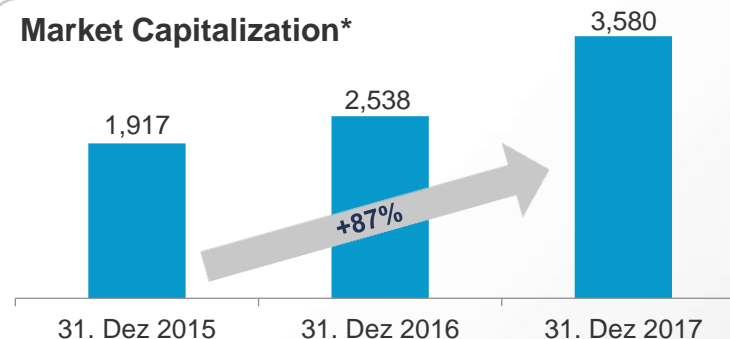
**EBIT\***



**Dividend development in €**



**Market Capitalization\***



\* in €m

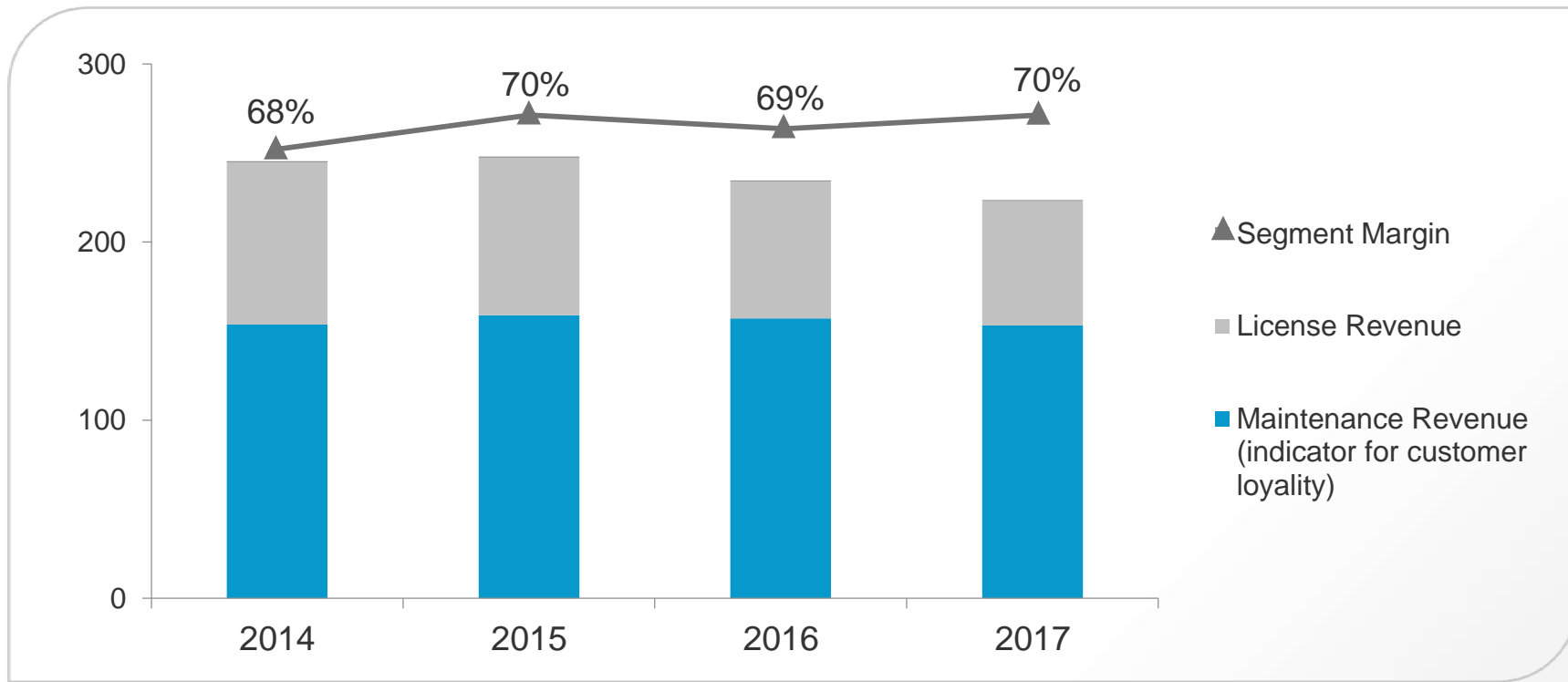
# SOFTWARE AG OUTPERFORMS MAJOR INDICES IN 2017



Indexed (January 2, 2017= 100%)

# ADABAS & NATURAL HIGHLY PROFITABLE

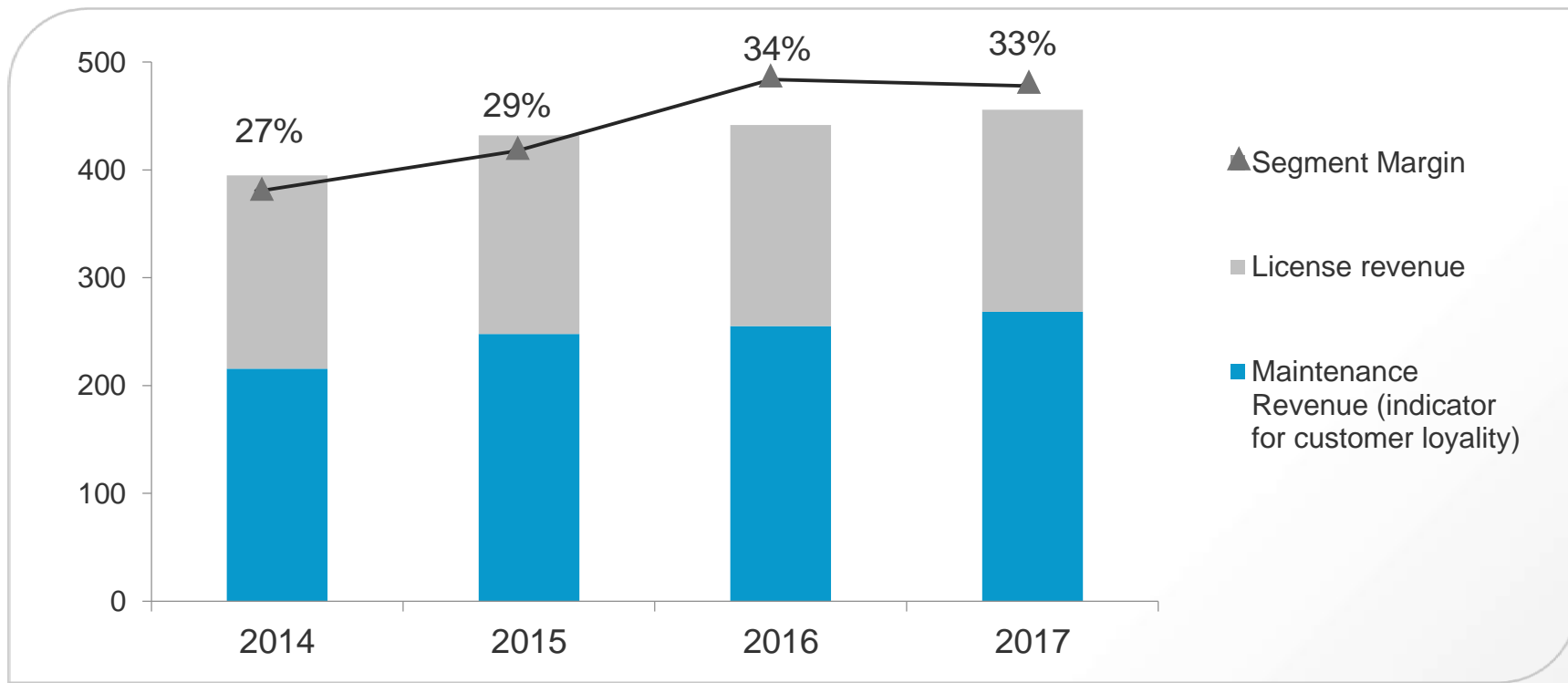
## CLIENT BASE STABLE



(Revenue in €m)

# DIGITAL BUSINESS CONTINUES TO GROW

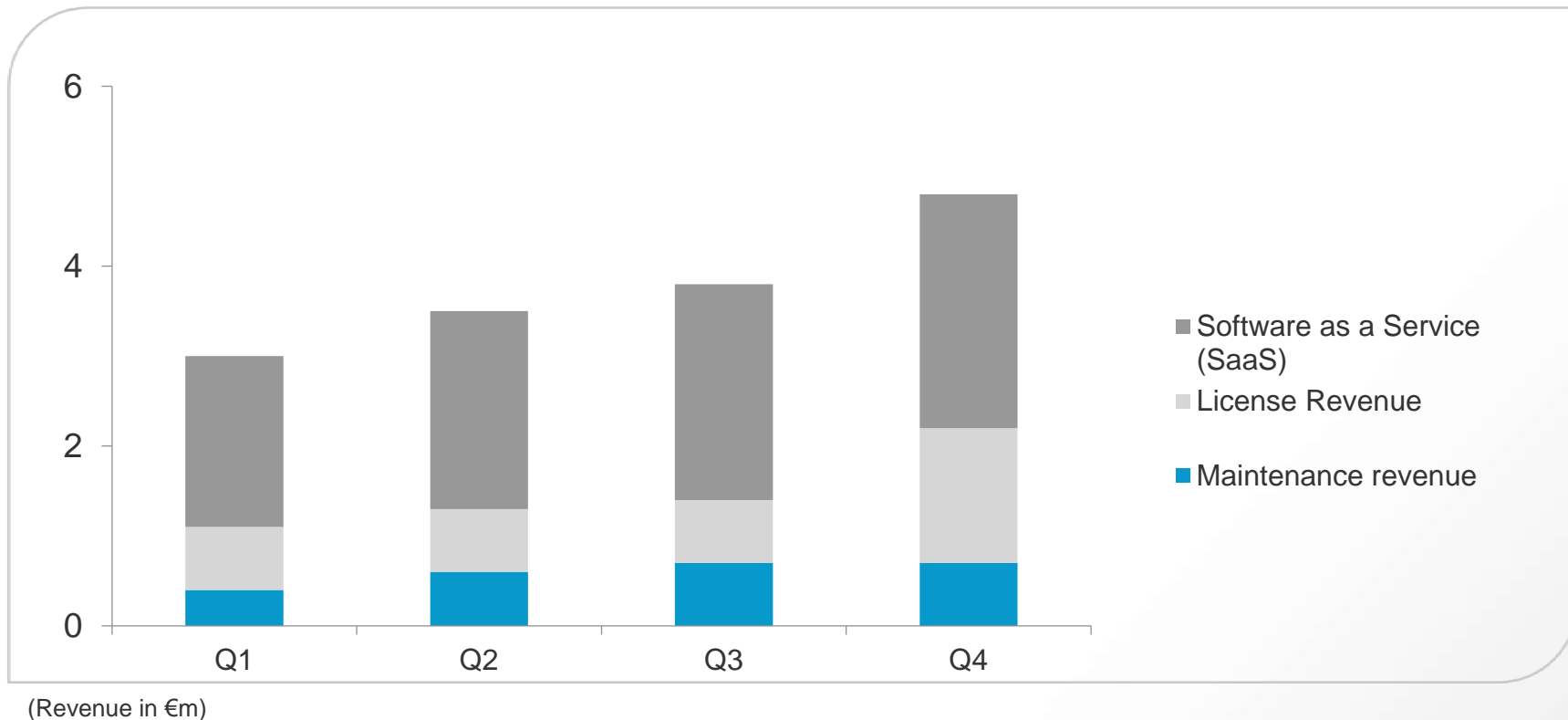
## DBP REVENUE DEVELOPMENT



(Revenue in €m)

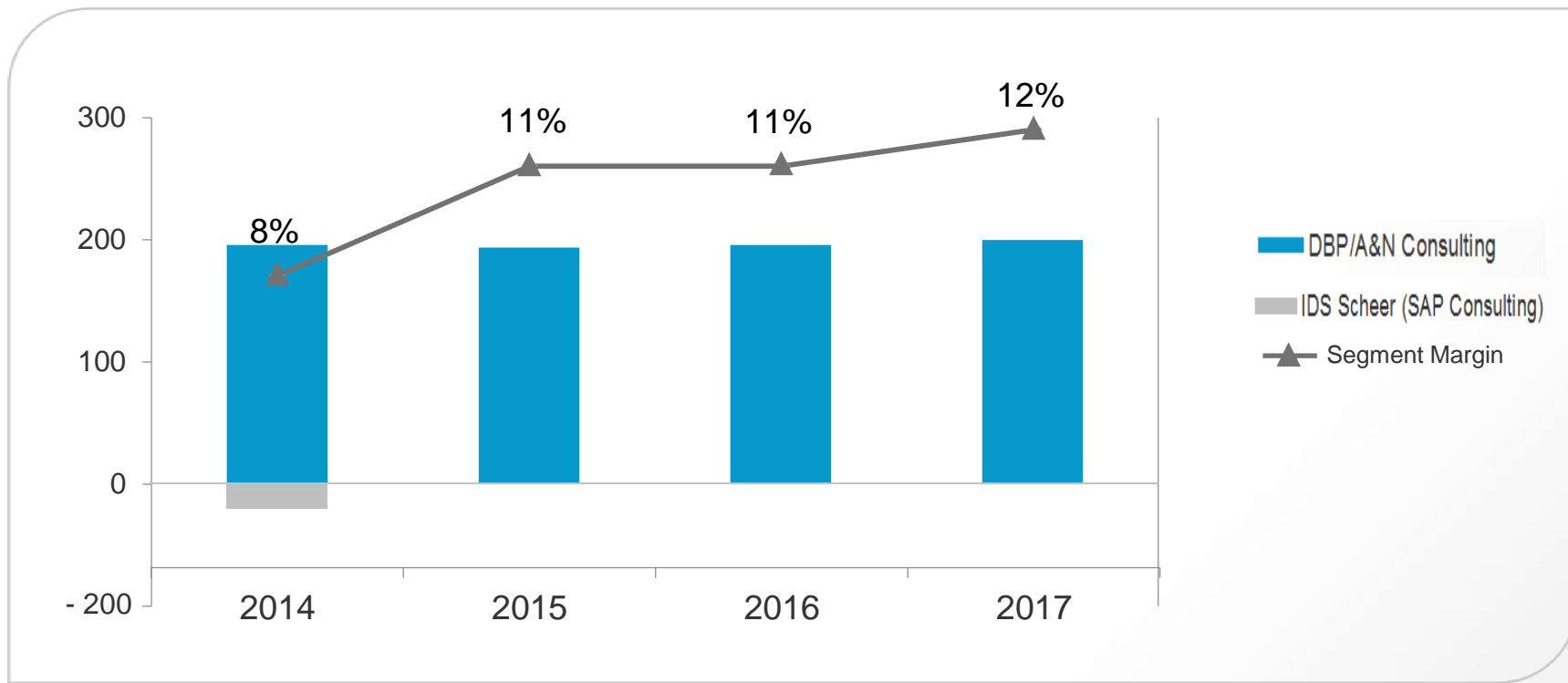
# IN THE SPOTLIGHT: IOT / CLOUD BUSINESS

## REVENUE IN 2017 (PART OF DBP-SEGMENT)



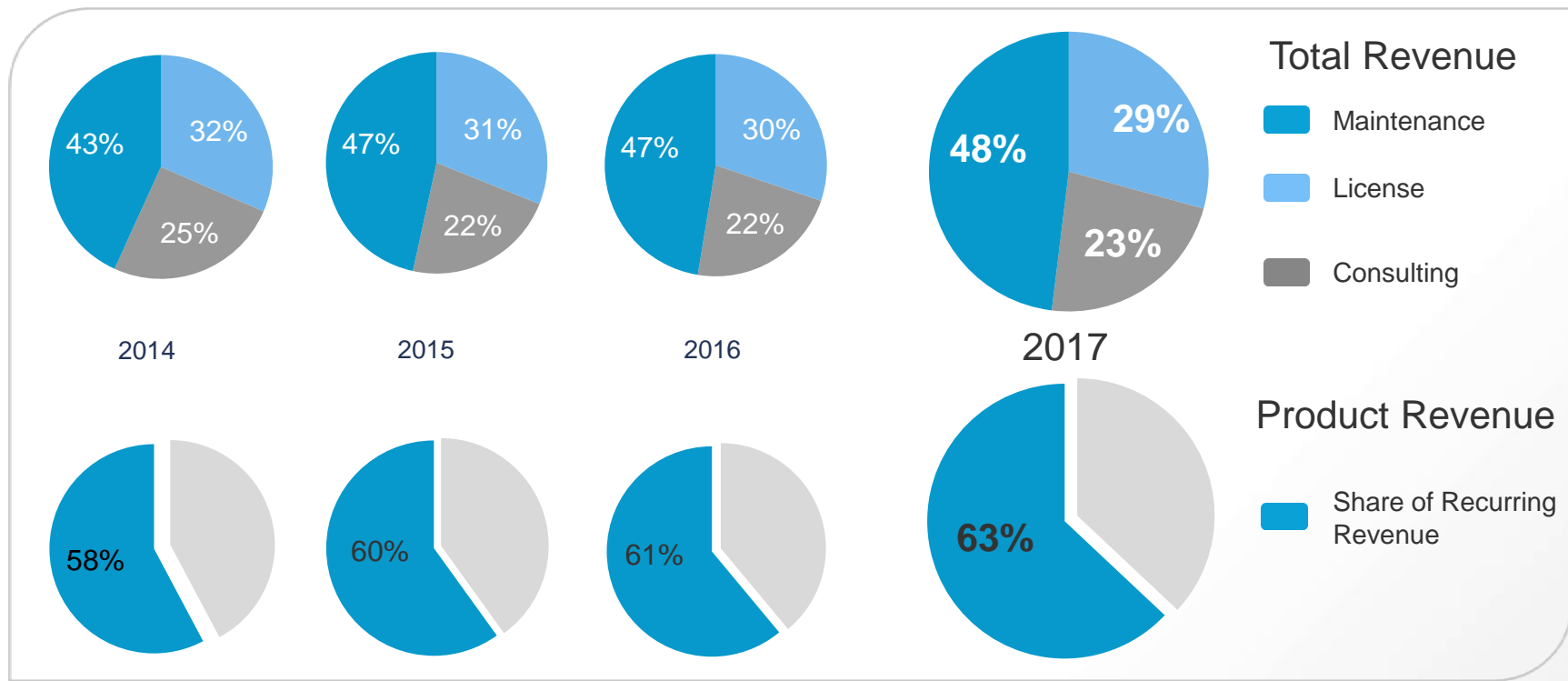


# CONSULTING PUTS FOCUS ON PROFITABLE PROJECTS



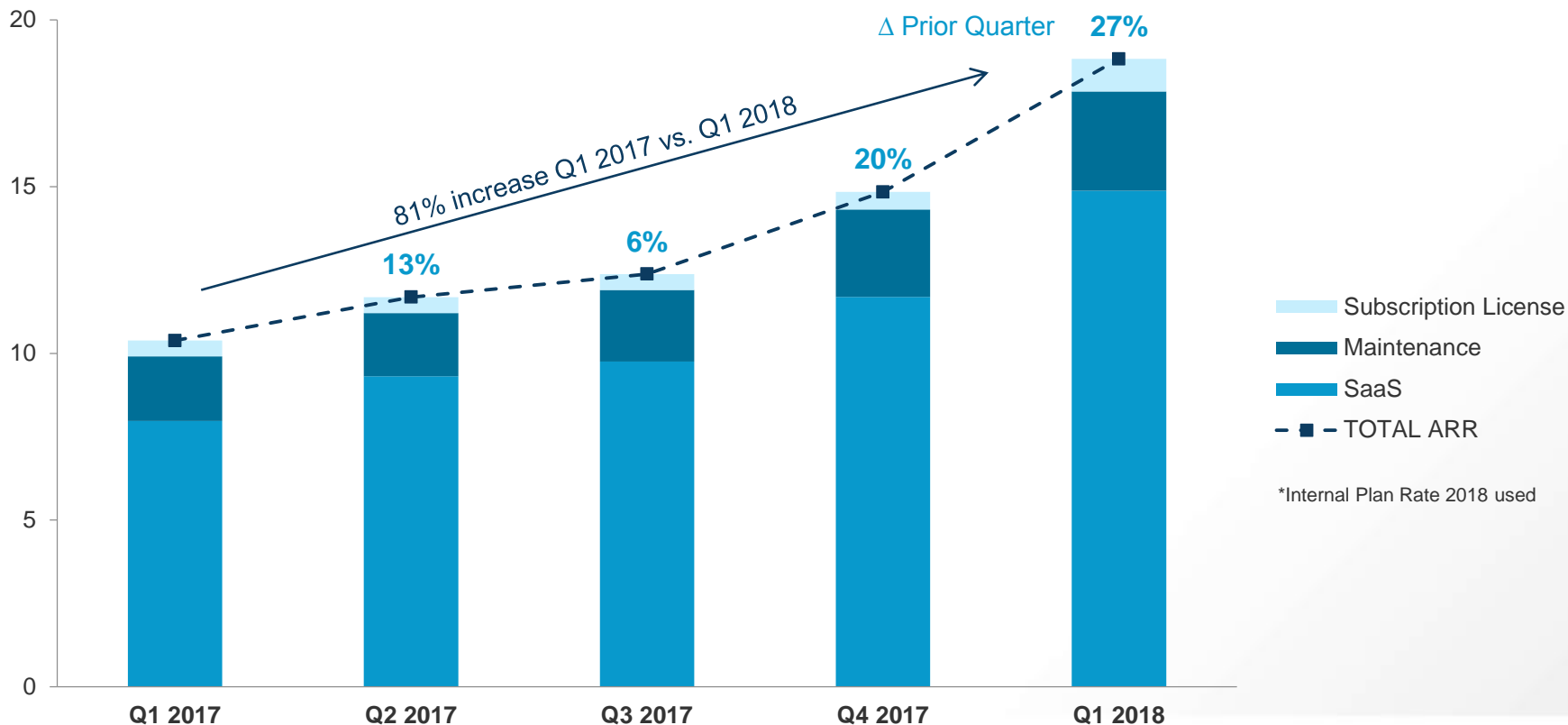
(Revenue in €m)

# RECURRING REVENUE SHARE CONTINUES TO GROW

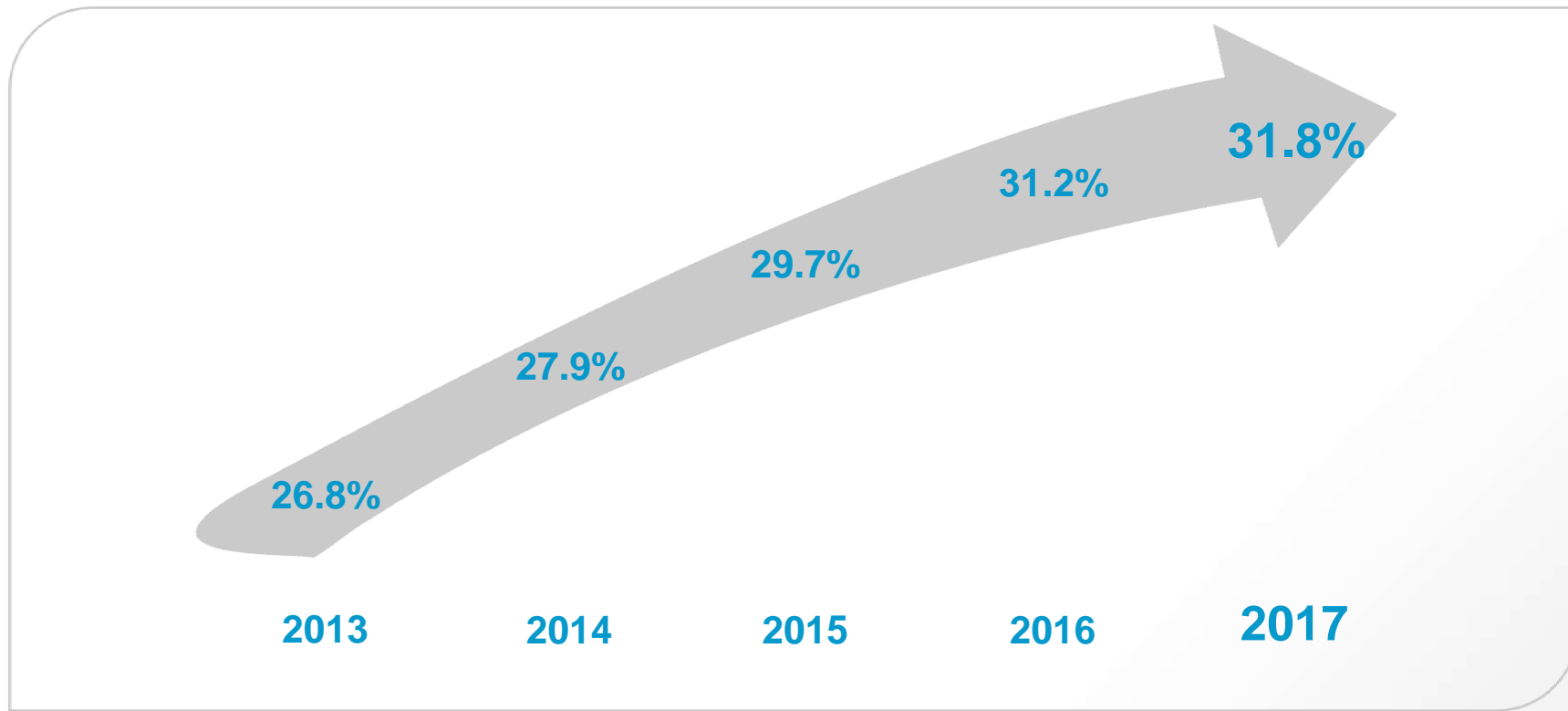


# ANNUAL RECURRING REVENUE (ARR) (NET OF CURRENCY\*)

## IOT / CLOUD DEVELOPMENT – STATUS Q1 2018



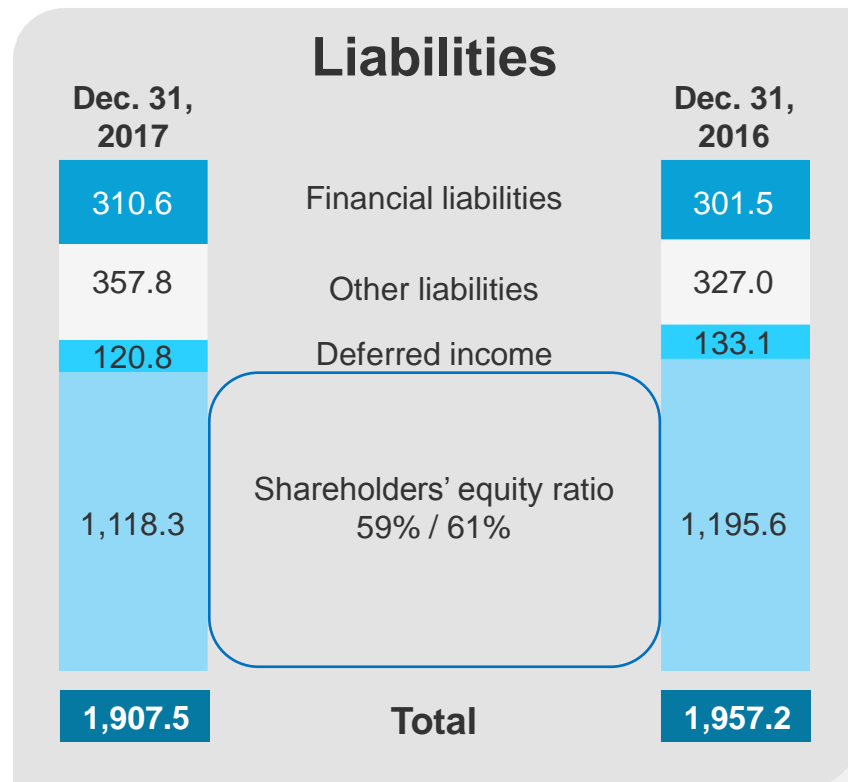
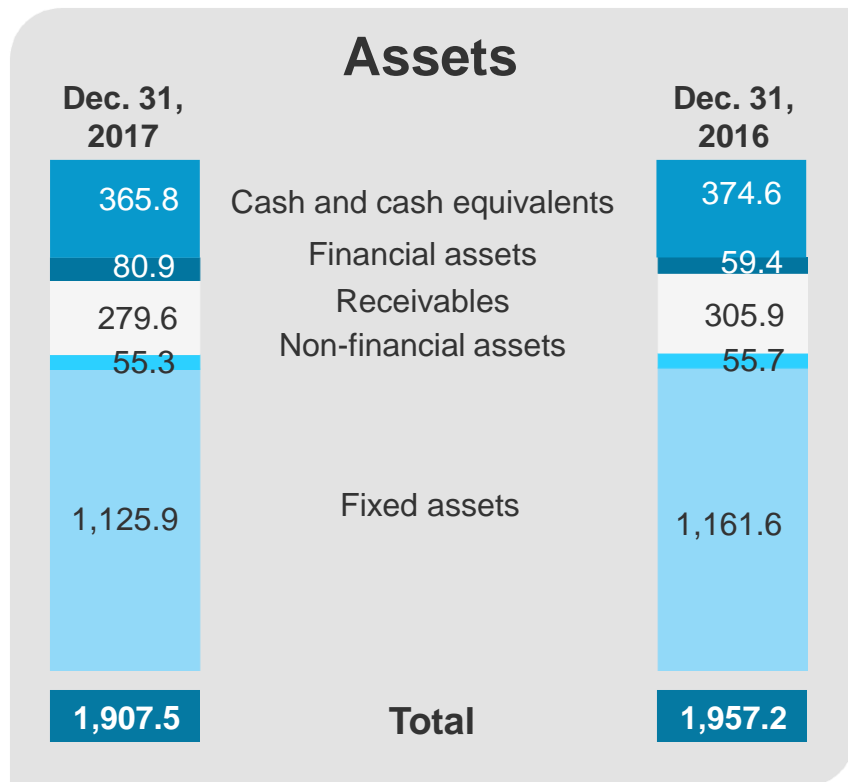
# OPERATING MARGIN\* REACHES RECORD LEVEL



\* EBITA non-IFRS as % of Revenue

# BALANCE SHEET

(in €m)



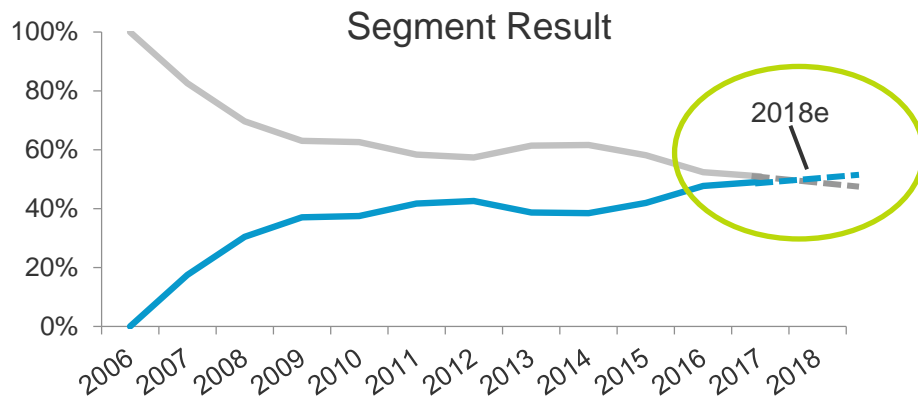
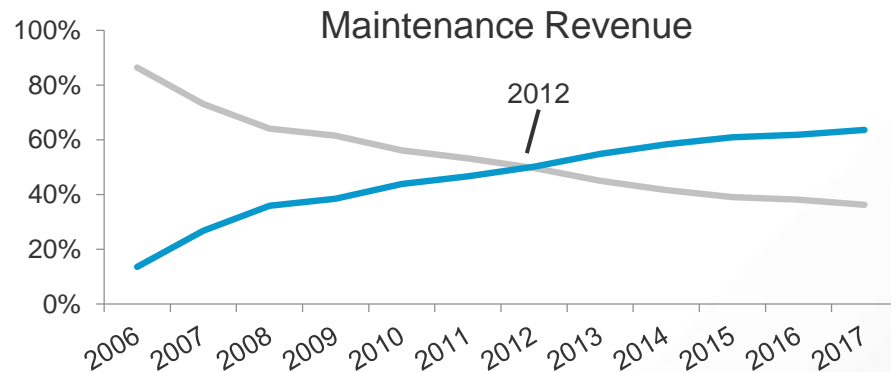
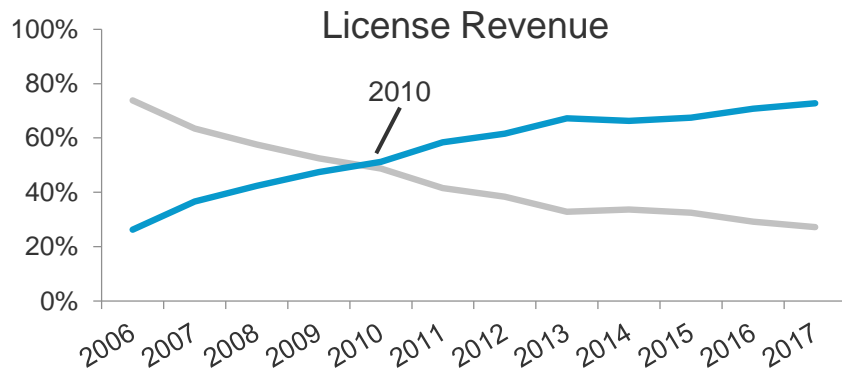
# HALLMARK FOR CREDITWORTHINESS OF SOFTWARE AG



**Bonitätsbeurteilung:** „Unsere Auswertung hat ergeben, dass Ihr Unternehmen unter Berücksichtigung der Konzernverhältnisse nach den uns derzeit vorliegenden Unterlagen und Informationen als „notenbankfähig“ eingestuft wird.“

Source: Deutsche Bundesbank, April 2018

# INFLECTION POINTS



— Adabas & Natural  
— Digital Business Platform

# HIGHLIGHTS OF Q1 2018

## IoT / Cloud Revenue



➤ **+125%** (vs. py.)

➤ **6.4 €m**

## Recurring Revenue (ARR) IoT / Cloud



➤ **+81%** (vs. py.)

➤ **19 €m**

## Recurring Revenue (ARR) DBP



➤ **+14%** (vs. py.)

➤ **277 €m**

## Net income



➤ **+10%** (vs. py.)

➤ **30 €m**



# OUTLOOK

## FULL YEAR 2018

### FY 2018 Outlook

(as of April 13, 2018)<sup>1)</sup>

#### DBP Total Revenue

- DBP excl. IoT / Cloud

- IoT / Cloud

**+3% to +7%**

**+100% to +135%<sup>2)</sup>**

#### Adabas & Natural

**-6% to -2%**

#### Operating Margin Group (EBITA non-IFRS)<sup>3)</sup>

**30% to 32%**

#### EPS non-IFRS<sup>4)</sup>

**+5% to +15%**

<sup>1)</sup> At constant currency rates

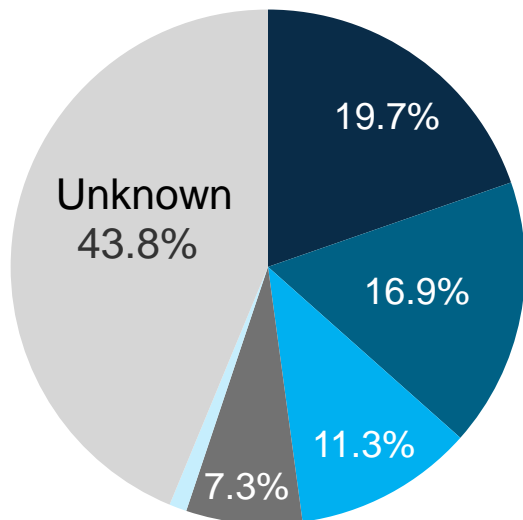
<sup>2)</sup> Increased on April 13, 2018 from original +70% to +100%

<sup>3)</sup> Adjusted for non-operating items (see non-IFRS earnings results)

<sup>4)</sup> Weighted average shares outstanding (basic/IAS 33.19) FY 2017: 74.6m / FY 2018: 74.0m; based on new US-Federal-Tax and Euro/US-Dollar exchange rate of 1/1.18

# INCREASED TRANSPARENCY OF SHAREHOLDER STRUCTURE AFTER CONVERSION TO REGISTERED SHARES IN OCT. 2017

Transparency Bearer Shares\*



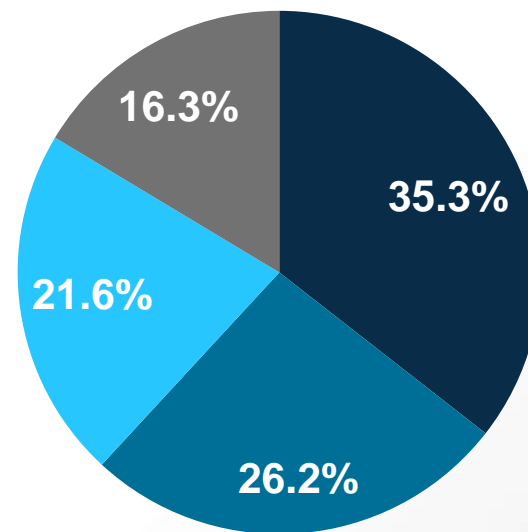
■ Germany

■ UK and Ireland

■ North America

■ Other countries (~1%)

Transparency Registered Shares\*

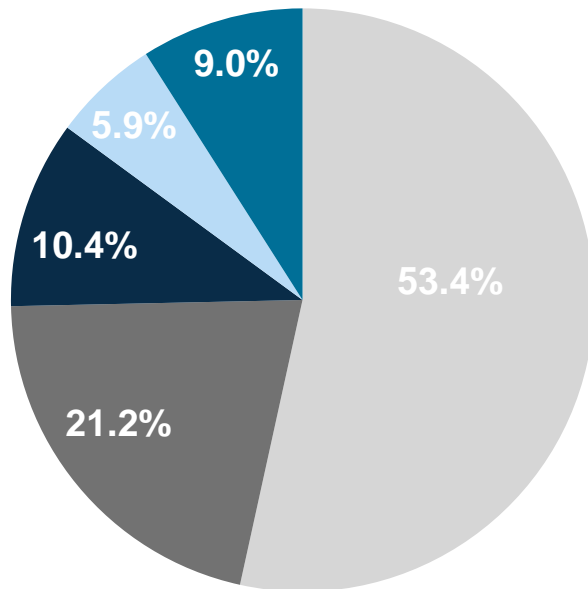


■ Continental Europe

■ Unknown

\*Free Float

# INVESTMENT ORIENTATION OF INSTITUTIONAL INVESTORS



■ Value ■ Index (passive) ■ Yield ■ Others ■ Growth

# COMMENTS ON RESOLUTIONS AGM 2018 (SHORTENED)

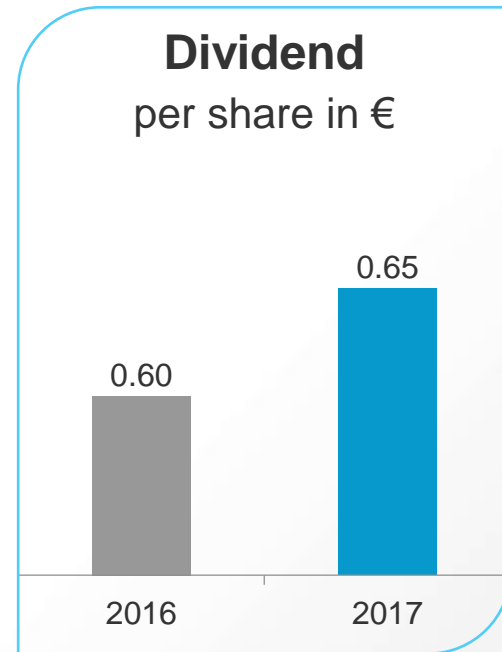
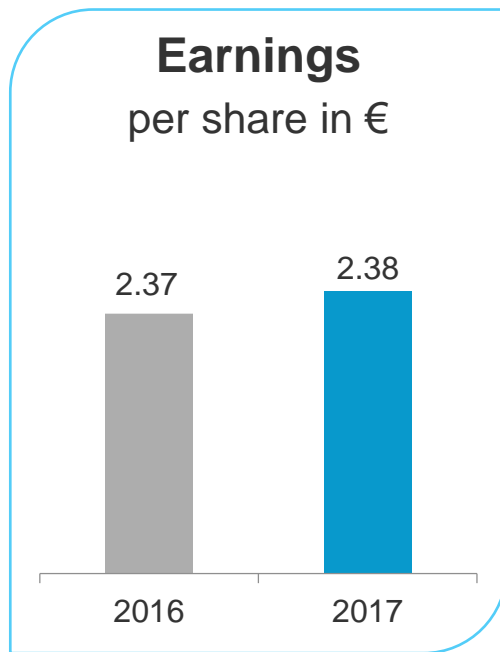
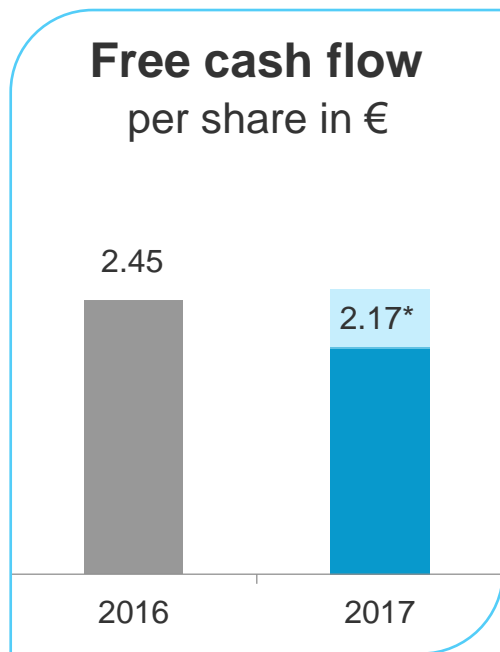
## TOP 1

Submission of the approved annual financial statements

## TOP 2

Resolution on the use of the non-appropriated balance sheet profits

# BASIS FOR HIGHER DIVIDEND



\* Reduced by one time effect due to property purchase in Darmstadt.

# TOP 2: RESOLUTION ON THE USE OF THE NON-APPROPRIATED BALANCE SHEET PROFITS

## Resolution on the use of the non-appropriated balance sheet profits

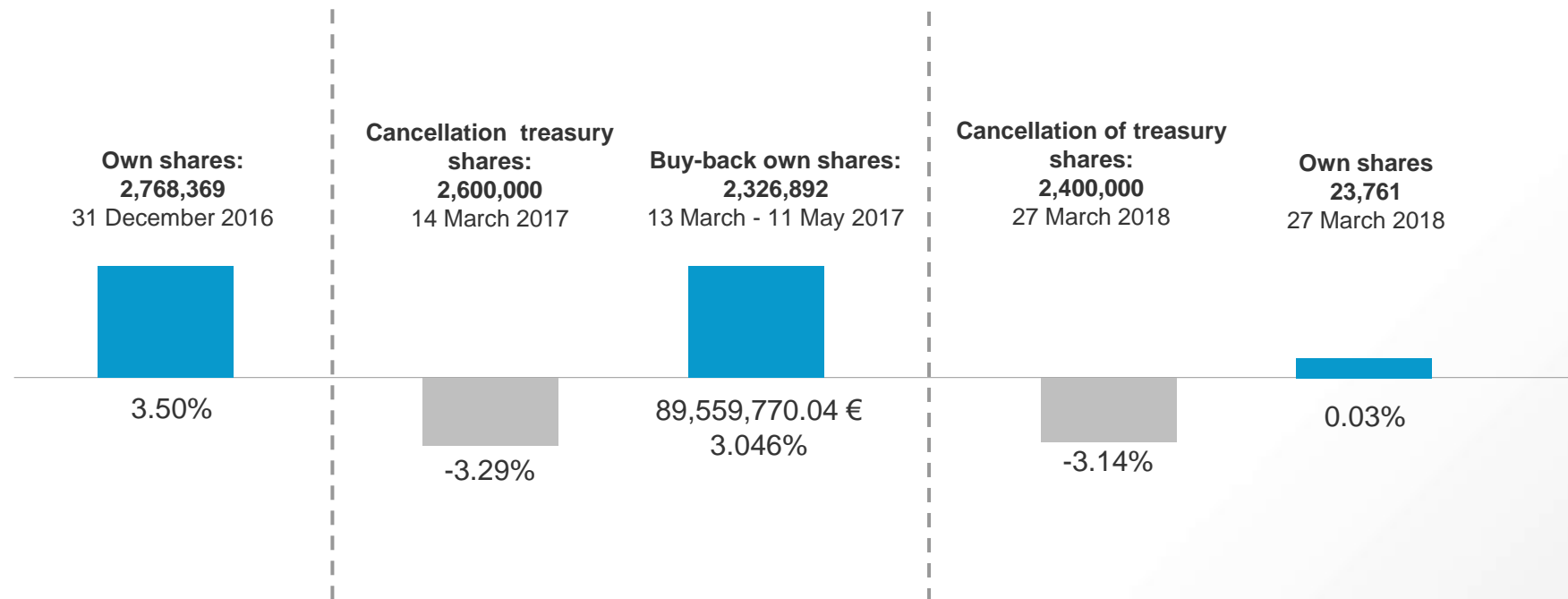
The Executive Board and the Supervisory Board recommend using the non-appropriated balance sheet profits (Bilanzgewinn) for fiscal year 2017 in the amount of EUR 83,913,681.73 as follows:

<b>Payment of a dividend in the amount of 0.65 € per registered share on the registered share capital entitled to dividends</b>  <b>for 73,976,239 dividend-entitled shares</b>	<b>48,084,555.35 €</b>
<b>Profit carried forward</b>	<b>35,829,126.38 €</b>
<b>Non-appropriated balance sheet profits (Financial statements according to HGB)*</b>	<b>83,913,681.73 €</b>

\* As a comparison: Net income according to IFRS: 140.6 €m

# DEVELOPMENT OF TREASURY SHARES

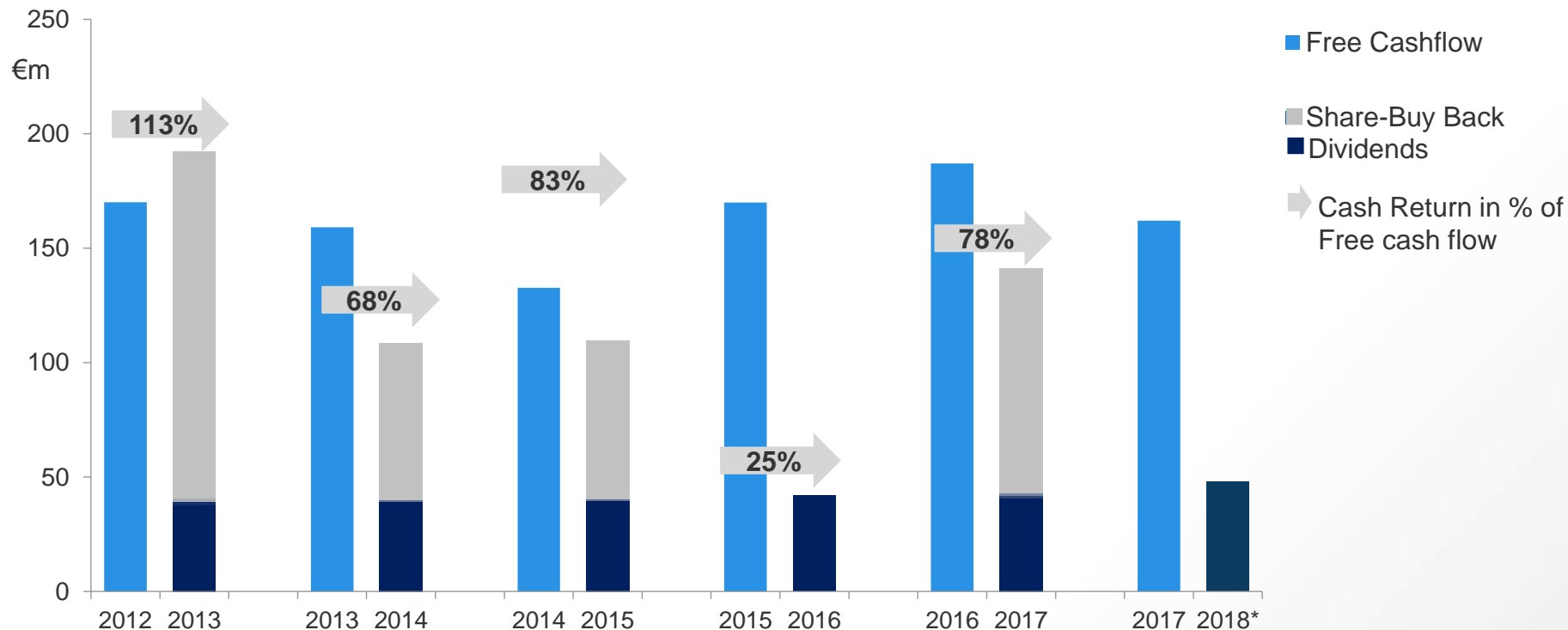
## INFORMATION PURSUANT TO § 71 III AKTG



After cancellation / capital reduction:  
Share capital: 74,000,000.00 €, grouped into 74,000,000 shares

# CASH RETURN TO SHAREHOLDERS

$\frac{3}{4}$  FREE CASH FLOW TURNS INTO DIVIDENDS AND SBB

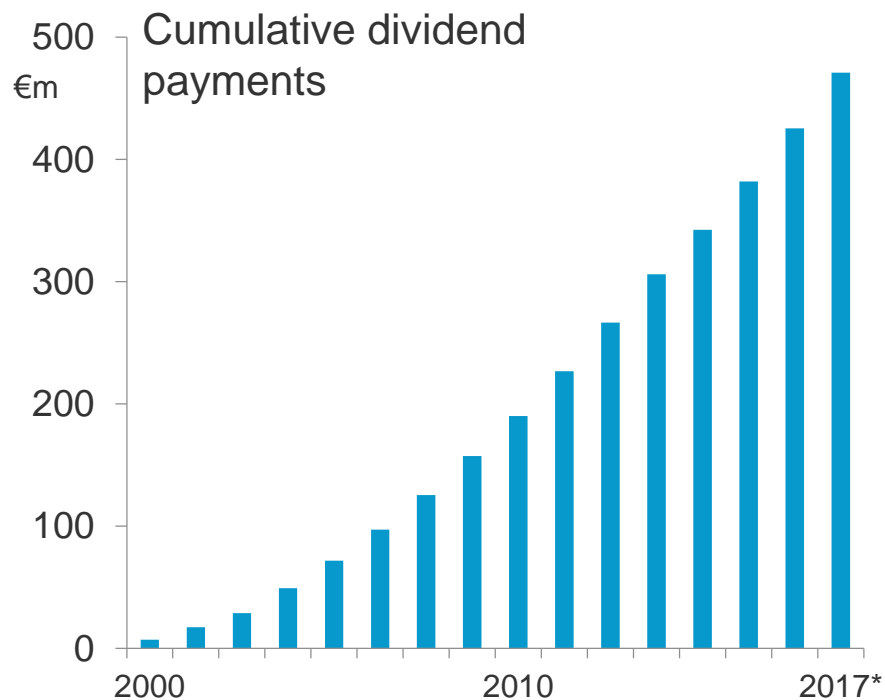


\* Dividend recommendation of 0.65 € subject to the agreement at the Annual General Meeting in May 2018



# PAID OUT DIVIDENDS

## MORE THAN ½ BILLION EURO\*



\* Dividend recommendation, subject to the agreement at the Annual General Meeting in May 2018

\*\* According to the 1:3 stock split, rounded

# COMMENTS ON RESOLUTIONS AGM 2018 (SHORTENED)

## TOP 3

Resolution on ratifying the actions of the Executive Board members

## TOP 4

Resolution on ratifying the actions of the Supervisory Board members

## TOP 5

Appointment of the annual financial statements auditor



THANK YOU VERY MUCH!

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