

ANNUAL GENERAL MEETING 2019 OF SOFTWARE AG

*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.*

ANNUAL GENERAL MEETING 2019 OF SOFTWARE AG

Sanjay Brahmawar
CEO, Software AG

Darmstadtium, Darmstadt
28th May 2019

INTRODUCTIONS



Sanjay Brahmawar
Chief Executive Officer

PROFESSIONAL EXPERIENCE

- Since Aug 2018: CEO, Software AG
- Jan 2016 – Feb 2018: GM - Global Revenue Watson IoT, IBM
- Jan 2004 – Dec 2015: Various Executive Roles, IBM
- Previous employment at Fedex & PwC consulting

EDUCATION

- 1996 –1997: MBA at University of Leeds
- 1988 –1992: Bachelors, Civil Engineering at Delhi College of Engineering

2018 PERFORMANCE

**€866 Million in
Group Revenue
+2%**

**A&N
+2%**

**IoT & Cloud
+106%**

**DBP (Integration)
+1%**

**Annual Recurring
Revenue
65%**

**Net Income
€ 165 Million**

**Free Cashflow
2018: € 184 Million**

**Dividend Increase
2017 to 2018
9%**

CONTINUED GROWTH IN PORTFOLIO



TECHNOLOGY LEADERSHIP

FORRESTER®
THE FORRESTER WAVE™

API Management Solutions

Enterprise Architecture Management Suites

iPaaS And Hybrid Integration Platforms

Operational Intelligence For B2B Integration

Strategic Portfolio Management Tools

Streaming Analytics

Gartner®
MAGIC QUADRANT

Full Life Cycle API Management

Enterprise Architecture Tools

Integrated IT Portfolio Analysis Applications

 machnation

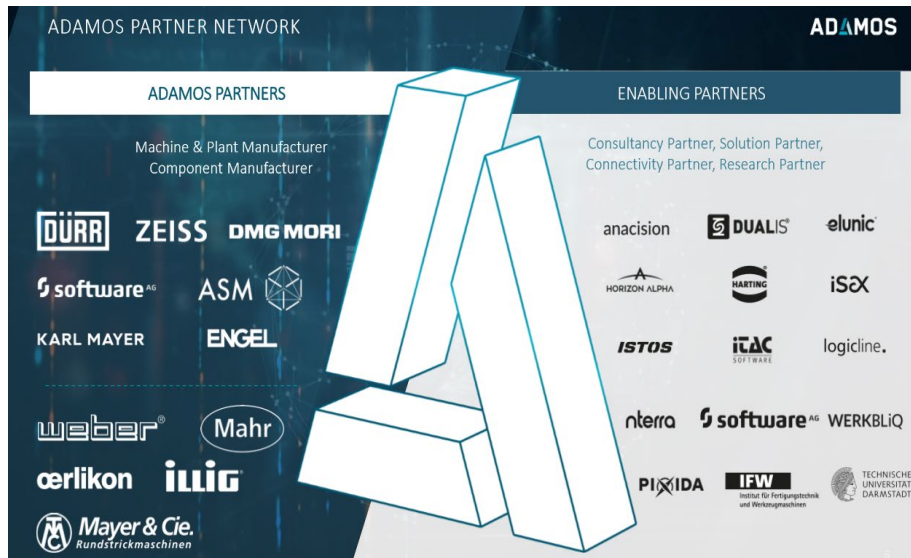
IoT Device Management

IoT Application Enablement

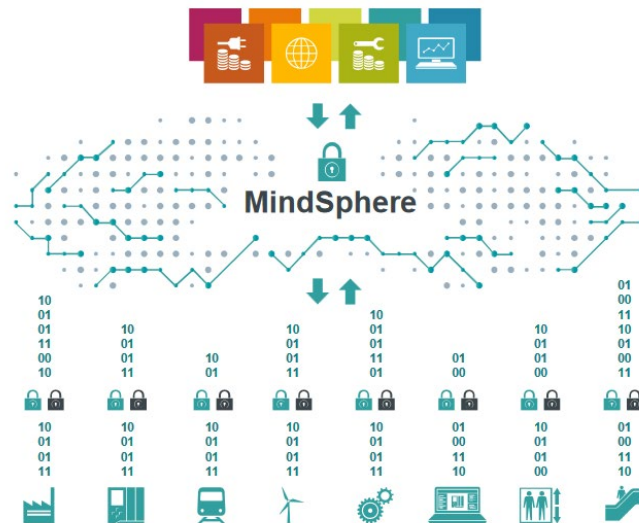
IoT Edge

GROWING OUR MULTIPLE PARTNERSHIPS

ADAMOS



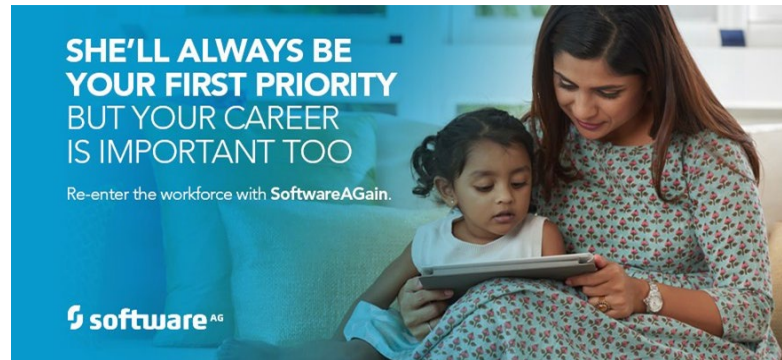
SIEMENS



COMMITMENT TO THE FOUNDATION

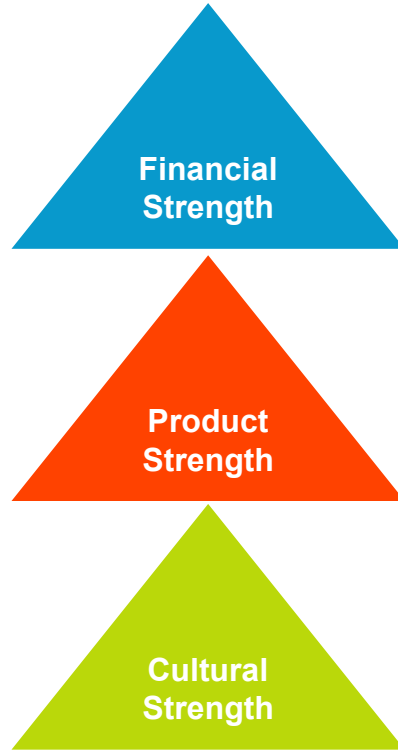


SOCIAL ENGAGEMENT

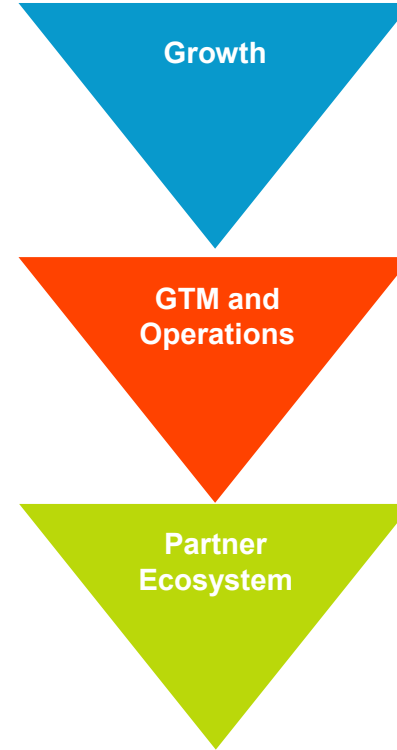


NEXT CHAPTER

WHAT WORKS



WHAT WE MUST WORK ON



BOLD NEW STRATEGY 2019:

Our pathway to sustainable, profitable growth



H E L I X



THREE LEVERS TO DELIVER



FOCUS

- High Growth Products
- Right Geographies
- Partners to Scale

+



EXECUTION

- Go-to-Market
- Shift to Subscription
- Sales Incentives

+



TEAM

- Operating Model
- Employer Brand
- Pioneering Spirit

HELIX: THE RIGHT PATHWAY

- Accelerated growth
- Higher quality and higher visibility of revenues
- Good margin and cash generation



BUILDING MOMENTUM



PRODUCT FOCUS & R&D SHIFT

Rupinder Singh



Integration & API

WEBMETHODS.io

Built.io

Jürgen Krämer



IoT & Analytics

TREND MINER

CUMULOCITY IoT

APAMA

Marc Vietor



Business Transformation

ARIS

ALFABET

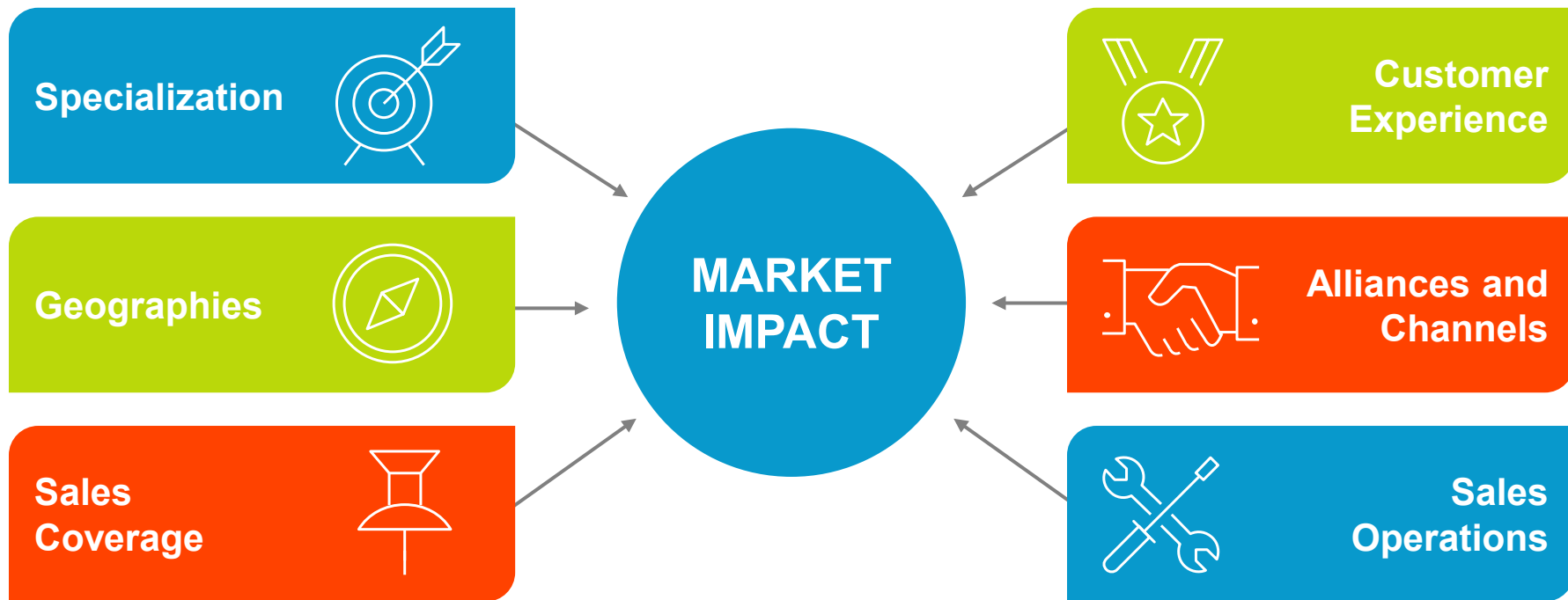
Arno Theiss



Adabas & Natural

ADABAS & NATURAL

EVOLVING SALES AND GO-TO-MARKET



WINNING GLOBALLY

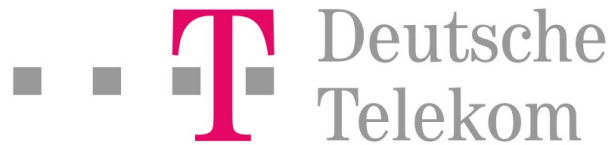
Coca-Cola




vodafone



WINNING AT HOME



STRATEGIC PARTNERSHIPS



RECOGNIZED BRAND

Handelsblatt



Interview: Sanjay Brahmar, CEO, Software AG

CIO Australia sat down with Software AG's new CEO, Sanjay Brahmar to plans for the 49-year-old German enterprise software giant following the departure of long-term boss, Karl-Henrich Streibach.



Bloomberg

SOFTWARE AG EXPECTS OPERATING MARGIN OF MORE THAN 30% IN 2023 OR EARLIER



SOFTWARE AG SET 2019 OPERATING MARGIN GUIDANCE OF 28%-30%

Bloomberg

SOFTWARE AG HAS 4,700+ EMPLOYEES; IS PRESENT IN 70+ COUNTRIES



Darmstädter Software AG erhält Auszeichnung „Gesundes Unternehmen“ in Platin

LEADERSHIP TEAM

EXPERIENCE & ENERGY



Sanjay Brahmawar
Chief Executive Officer



Arnd Zinnhardt
Chief Financial Officer



John Schweitzer
Chief Revenue Officer



Dr. Stefan Sigg
Chief Product Officer



Paz Macdonald
Chief Marketing Officer



Bernd Gross
Chief Technology Officer

MANAGEMENT BOARD



brand identity:

we are data pioneers



mission:

**to empower our customers
to turn data into value**



brand differentiators:

**independent, trusted,
progressive**



vision:

**to unlock the power of data
to shape a better future**



Freedom as a Service

TWO REASONS TO CELEBRATE



ON BEHALF OF SOFTWARE AG – THANK YOU!



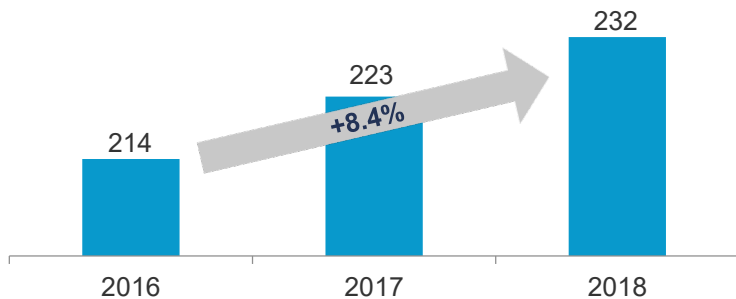
ANNUAL GENERAL MEETING SOFTWARE AG 2019

Arnd Zinnhardt
CFO, Software AG

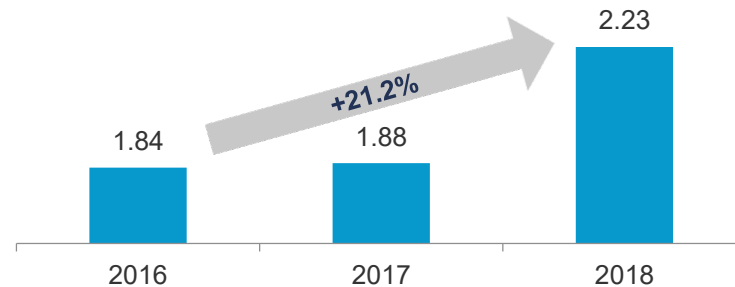
darmstadtium, Darmstadt
May 28, 2019

SOFTWARE AG: APPRECIATING INVESTMENT

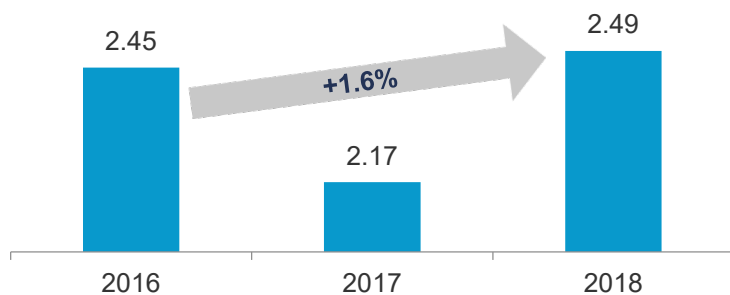
EBIT*



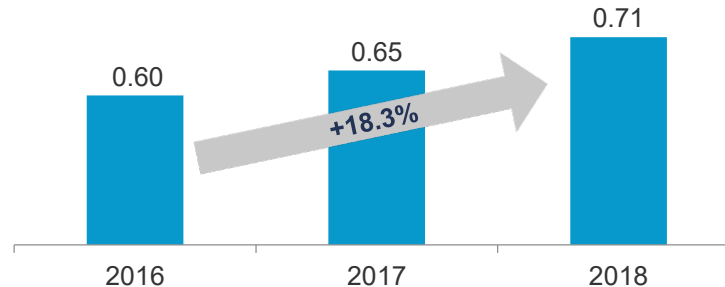
Earnings per share



Free Cashflow per share



Dividend development in €



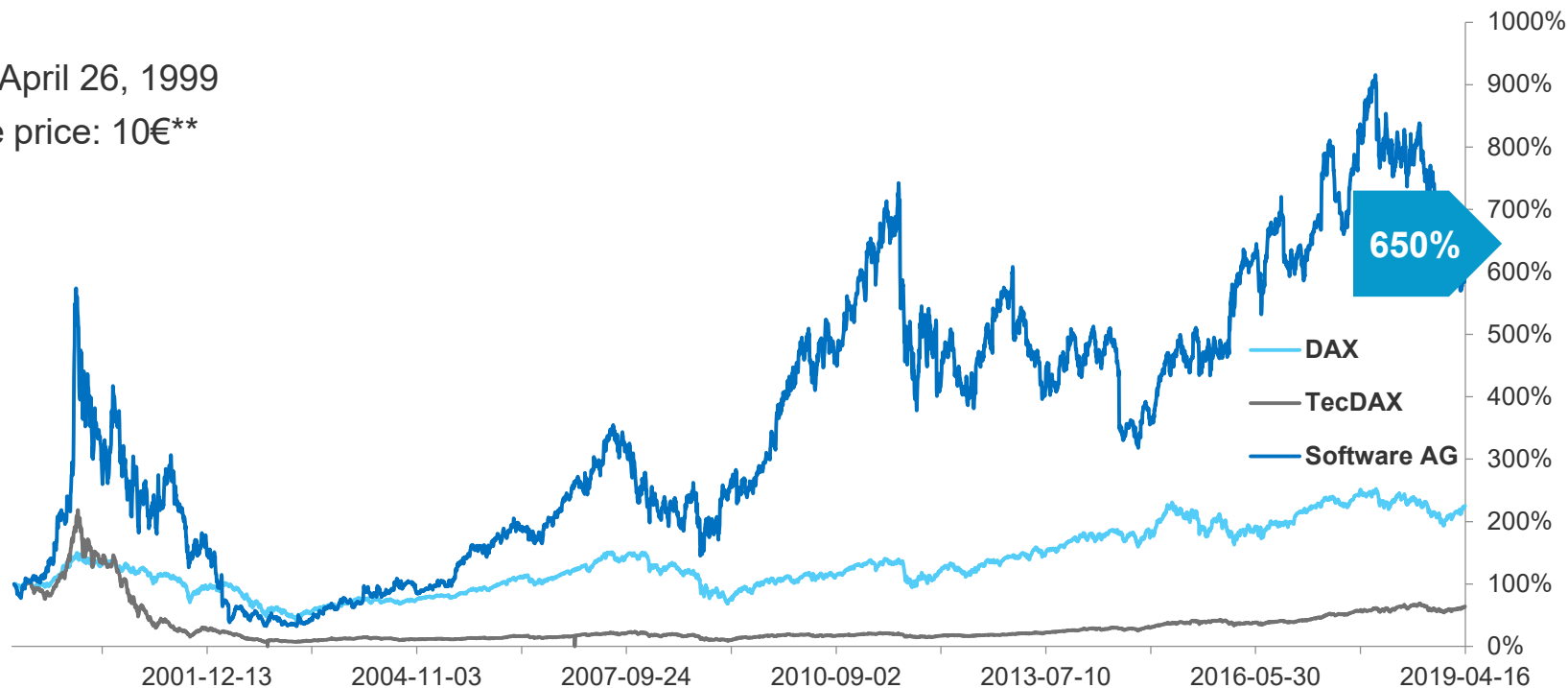
(*in €m)

SOFTWARE AG SHARE

20 years of value performance at the capital market*

IPO: April 26, 1999

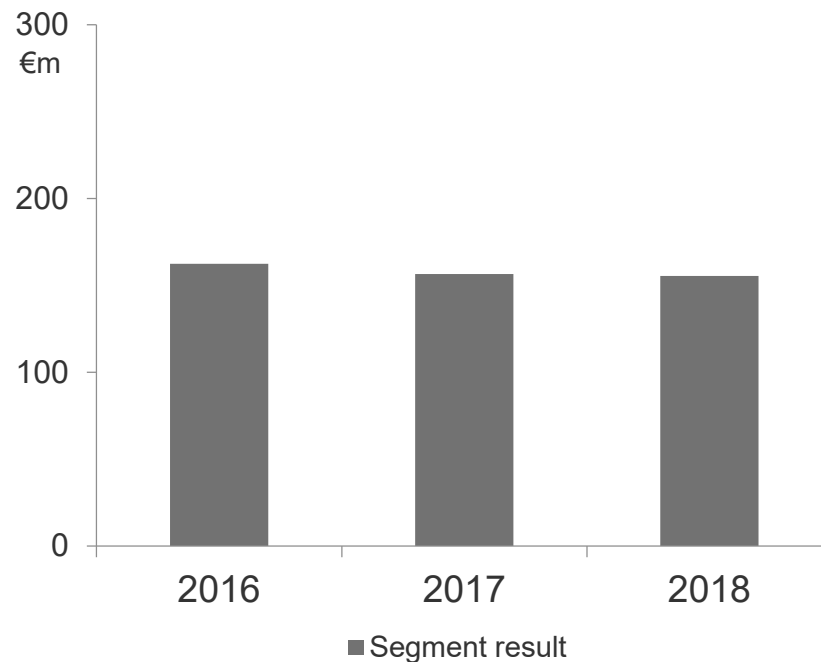
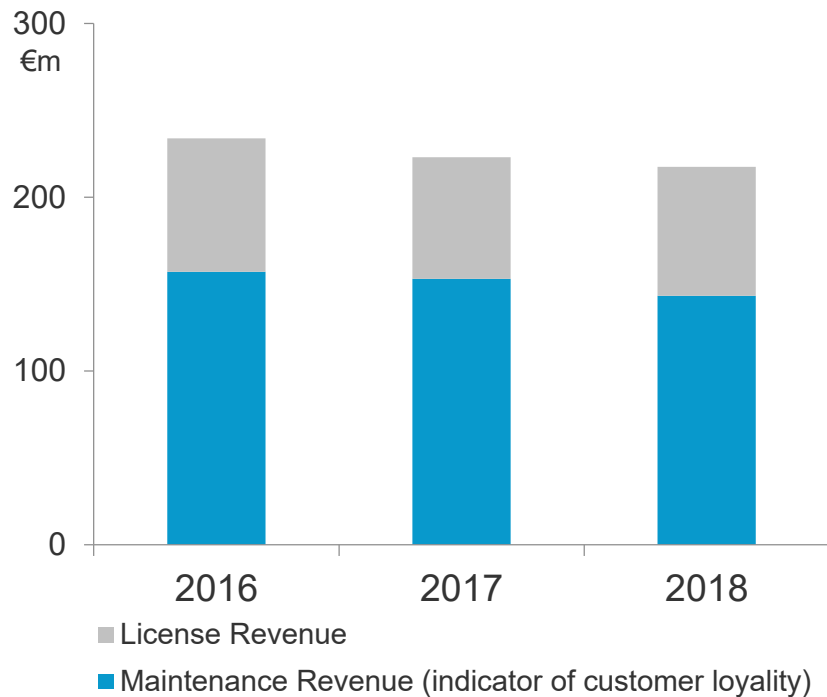
Issue price: 10€**



*Dividends retained | **According to the 1:3 stock split in May 2011

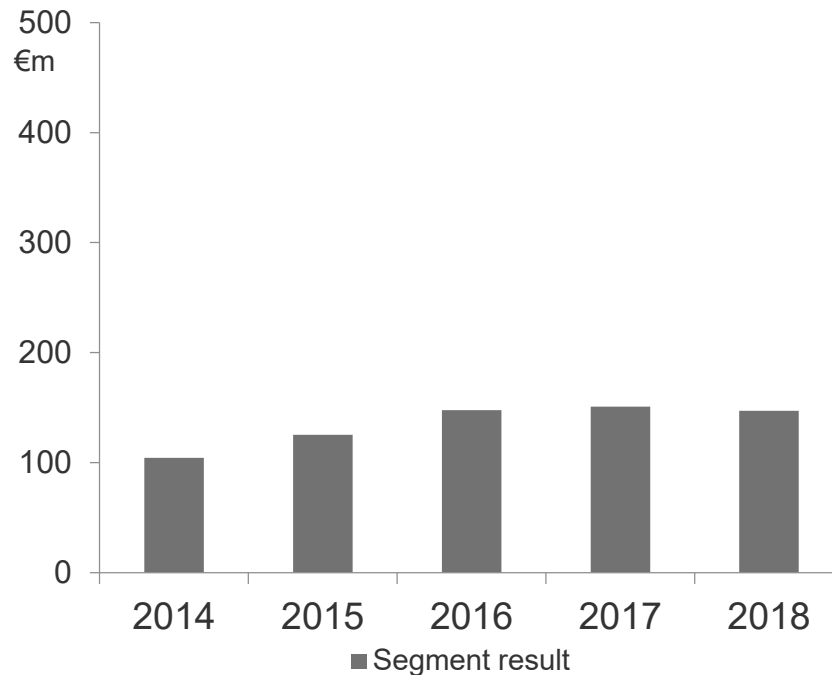
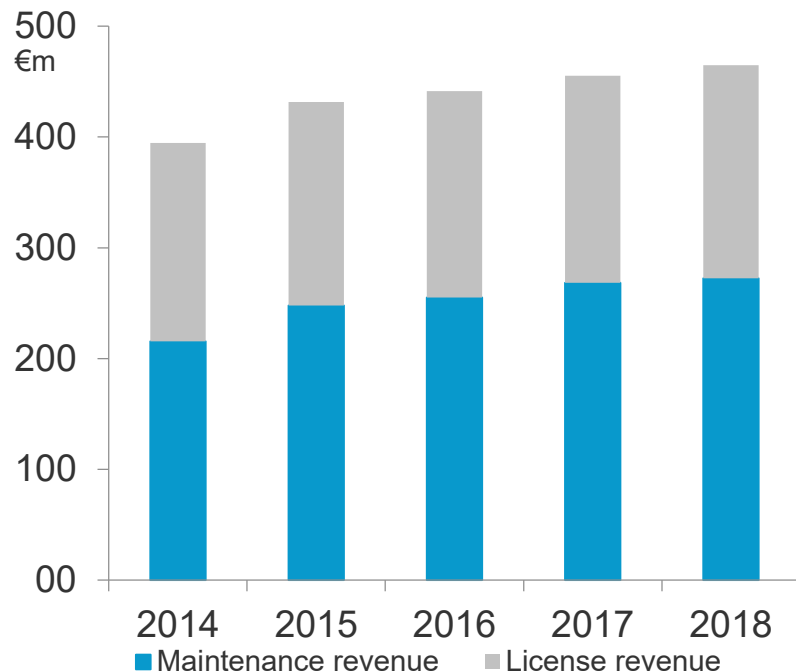
ADABAS & NATURAL – HIGHLY PROFITABLE

Client base stable



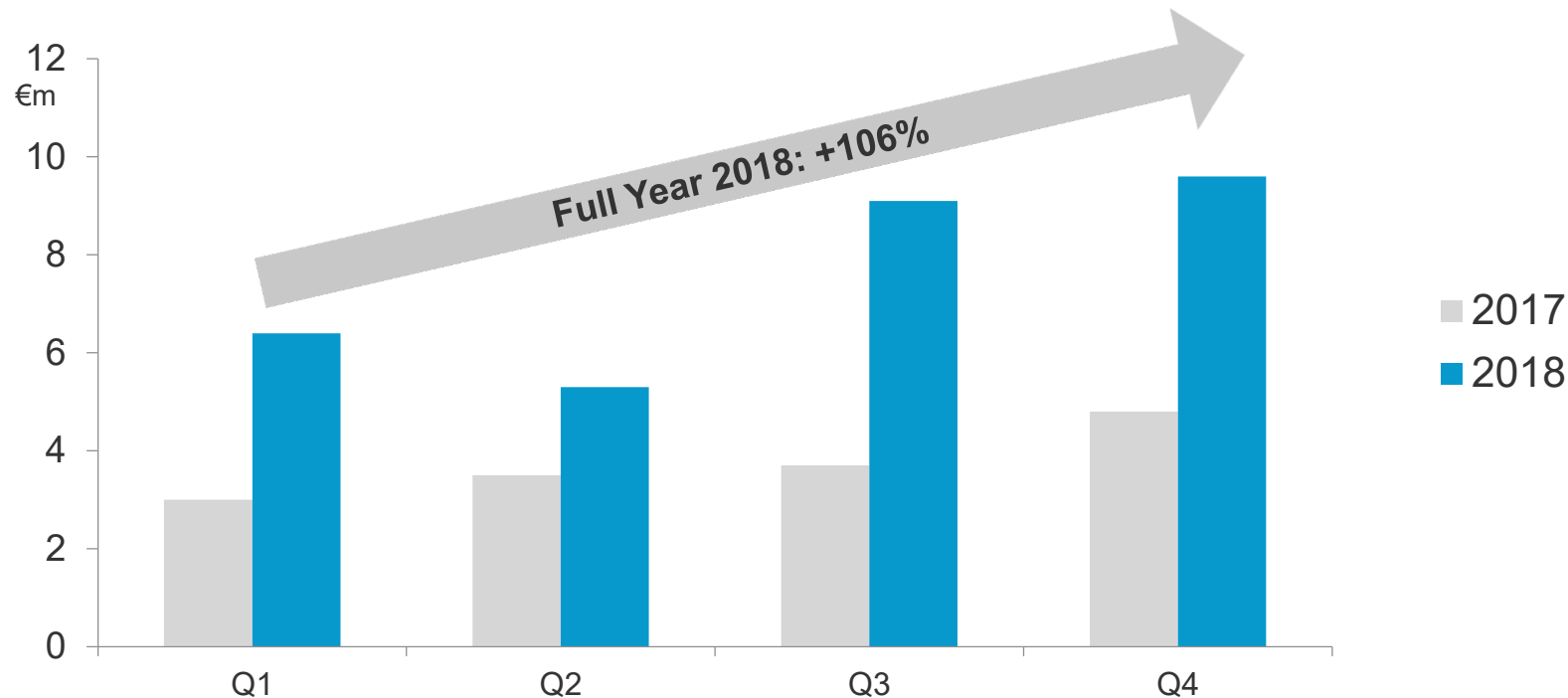
DIGITAL BUSINESS CONTINUES TO GROW

DBP: revenue and segment result development



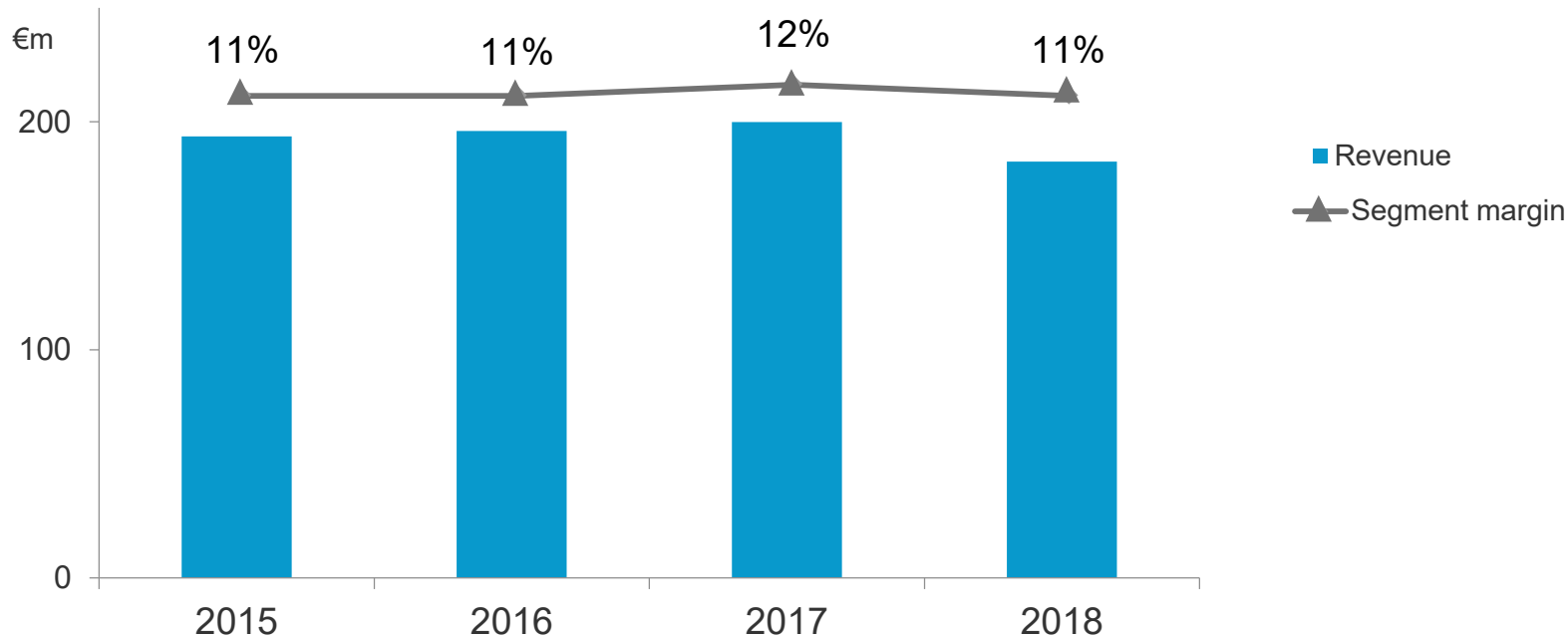
IOT / CLOUD: NEW GROWTH SEGMENT (IN DBP)

Dynamic revenue development



PROFESSIONAL SERVICES

Focus on propriety products

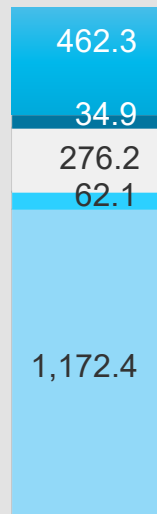


BALANCE SHEET

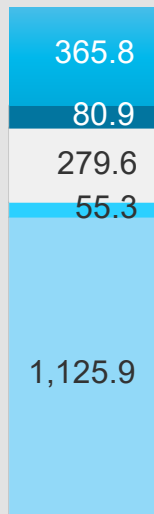
(in €m)

Assets

DEC 31,
2018



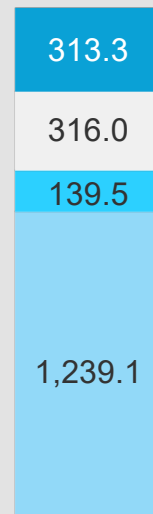
DEC 31,
2017



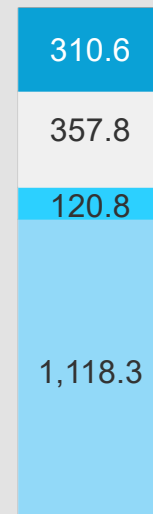
Total

Liabilities

DEC 31,
2018



DEC 31,
2017



Total

HIGHLIGHTS 1ST QUARTER 2019

Adabas & Natural Revenue



➤ **+22%** (vs. py)

➤ **54.7 €m**

Recurring Revenue (ARR) IoT / Cloud



➤ **+91%** (vs. py)

➤ **36.2 €m**

EBIT



➤ **+0%** (vs. py)

➤ **42.2 €m**

Recurring Revenue (ARR) DBP



➤ **+10%** (vs. py)

➤ **308.6 €m**

OUTLOOK

Full Year 2019

	FY 2018 <i>(in €m)</i>	FY 2019 Outlook¹⁾ <i>(as of April 11, 2019)</i>
DBP Product Revenue	464.7	N/A
- DBP (excl. Cloud & IoT)	434.4	+3% to +7%
- DBP Cloud & IoT	30.3	+75% to +125%
Adabas & Natural	218.3	-3% to +3%²⁾
Operating Margin Group (EBITA non-IFRS)³⁾	31.5%	28% to 30%

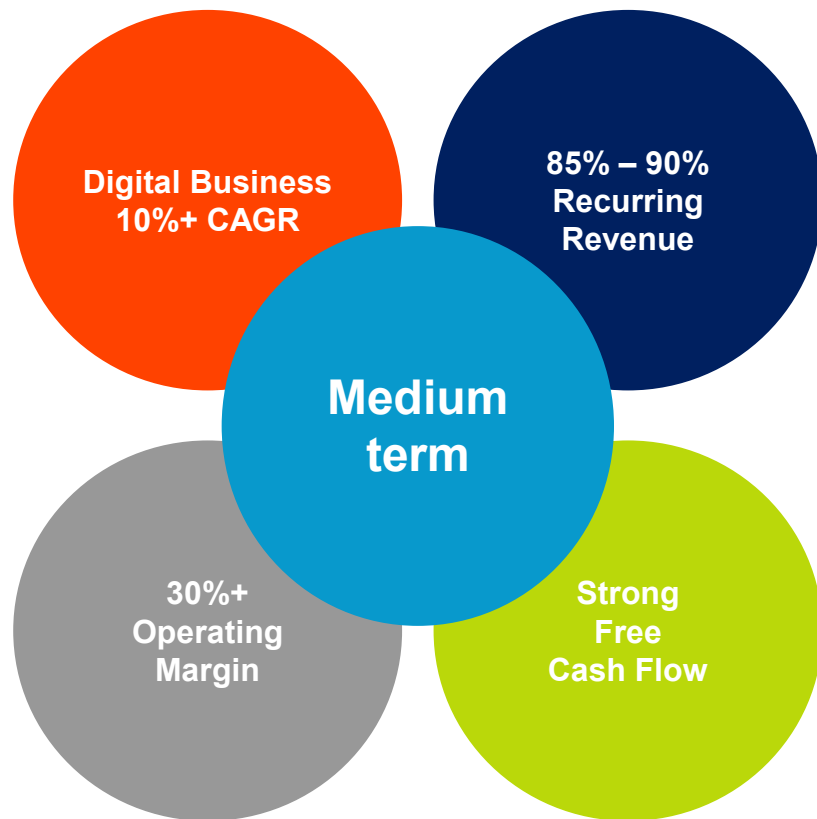
1) At constant currency rates

2) Increased on April 11, 2019 from originally -5% to 0%

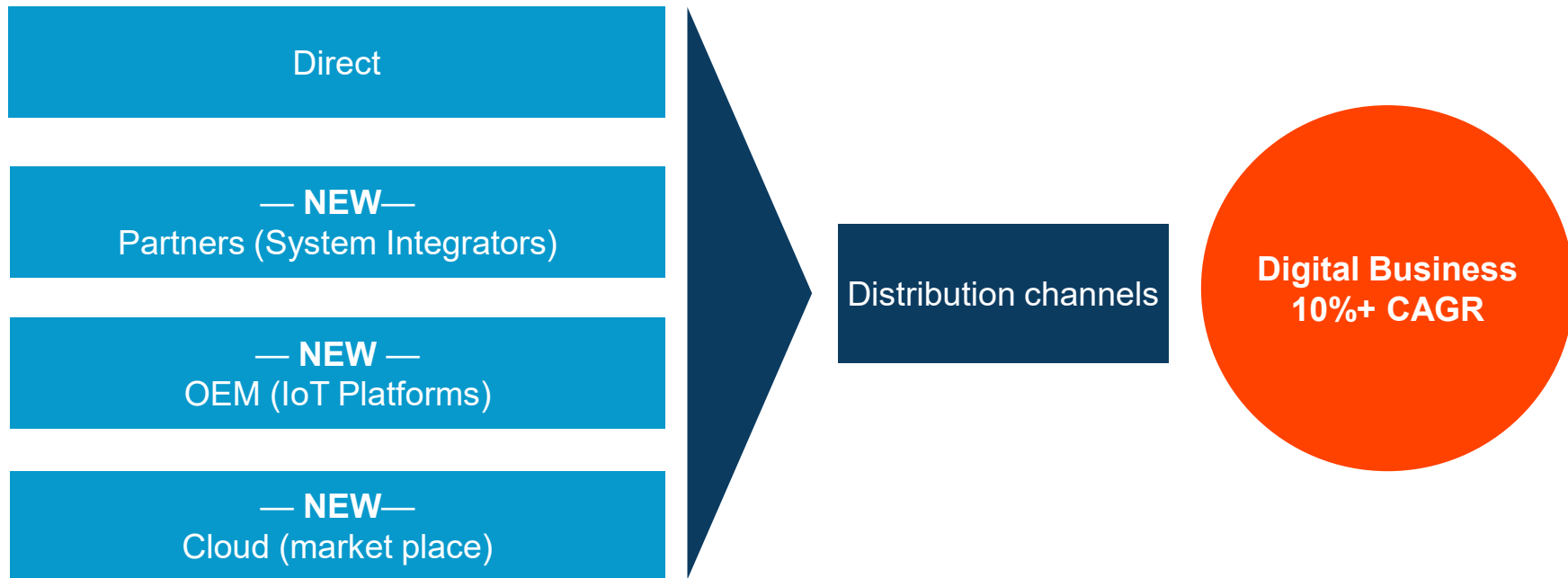
3) Adjusted for non-operating items (see non-IFRS earnings results)

Our financial targets

- ▶ Accelerated growth
- ▶ Quality revenue
- ▶ Reduced volatility
- ▶ Attractive margins
- ▶ Quality cash generation



DIGITAL BUSINESS DRIVING GROWTH



SWITCH TO SUBSCRIPTION

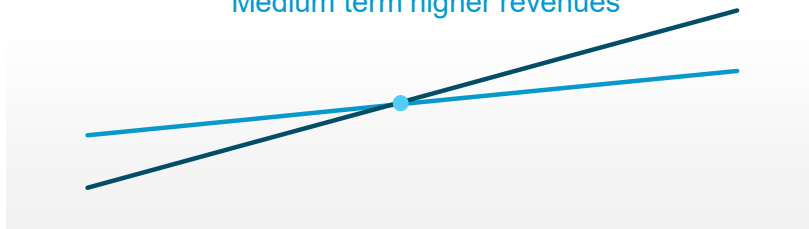
Recurring Revenue share increasing*

	Until Dec. 2019			As of Jan. 2020			
	Year 1	2	3	Year 1	2	3	4
Perpetual license	100	0	0	100	0	0	0
Subscription	100	0	0	33	+33	+33	+33...
Maintenance	200			200			
Professional Services	150			150			
Total Revenue	550	0	0	483	+33	+33	

Subscription Model

Ramp-up period: lower stated revenues

Medium term higher revenues



Subscription Model

Perpetual license Model (Single payment)

85% – 90%
Recurring
Revenue

*Example calculation

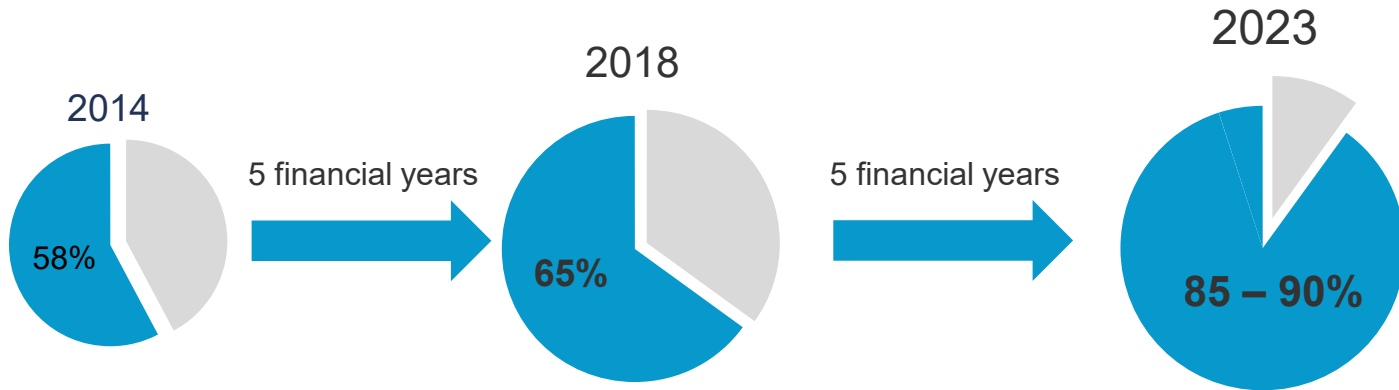
SHARE OF RECURRING PRODUCT REVENUE CONTINUES TO GROW

Via switch to subscription

Product Revenue

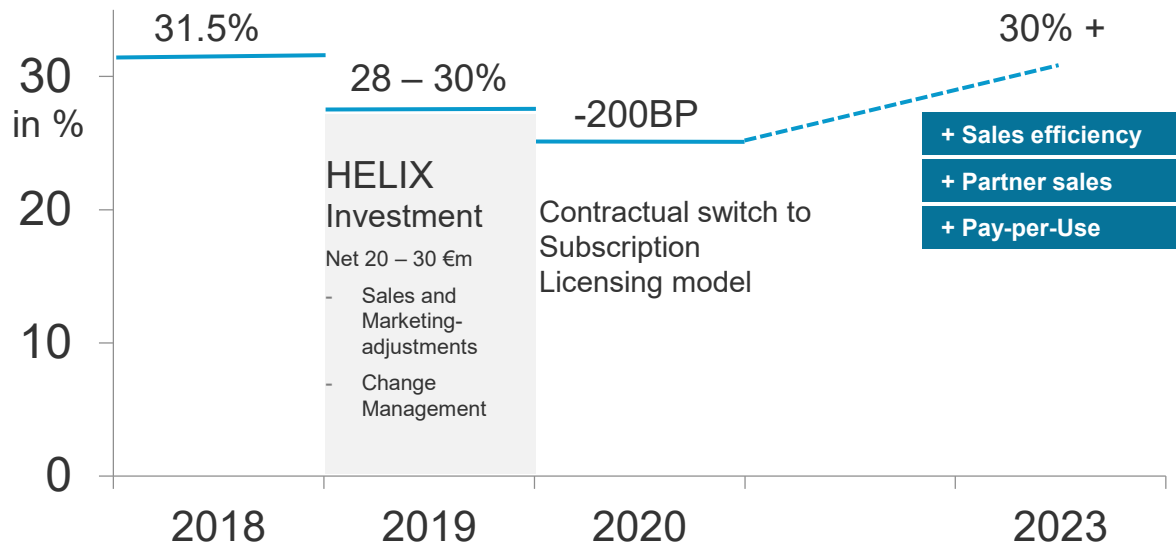


Share of
Recurring
Revenue



MARGIN DEVELOPMENT (OP. EBITA)

Mid term above 30 percent again



STRONG FREE CASH FLOW



COMMENTS ON RESOLUTIONS AGM 2019

(shortened)

TOP 1

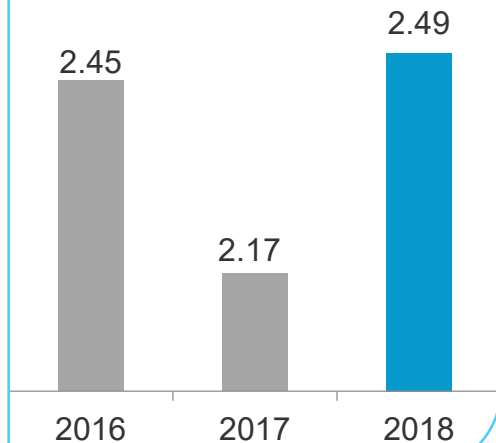
Submission of the approved annual financial statements

TOP 2

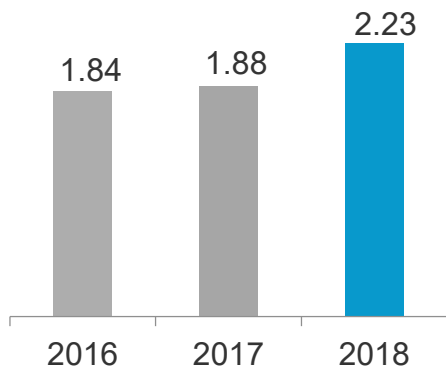
Resolution on the use of the non-appropriated balance sheet profits

BASIS FOR HIGHER DIVIDEND

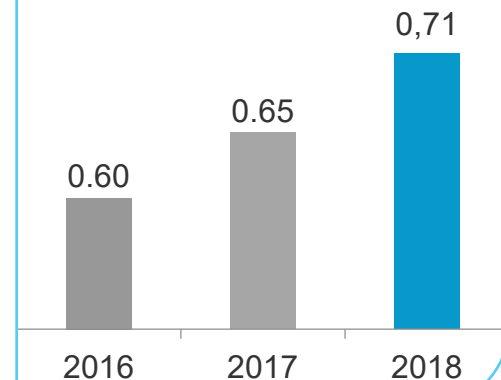
Free Cashflow
per share in €



Earnings
per share in €



Dividend
per share in €



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

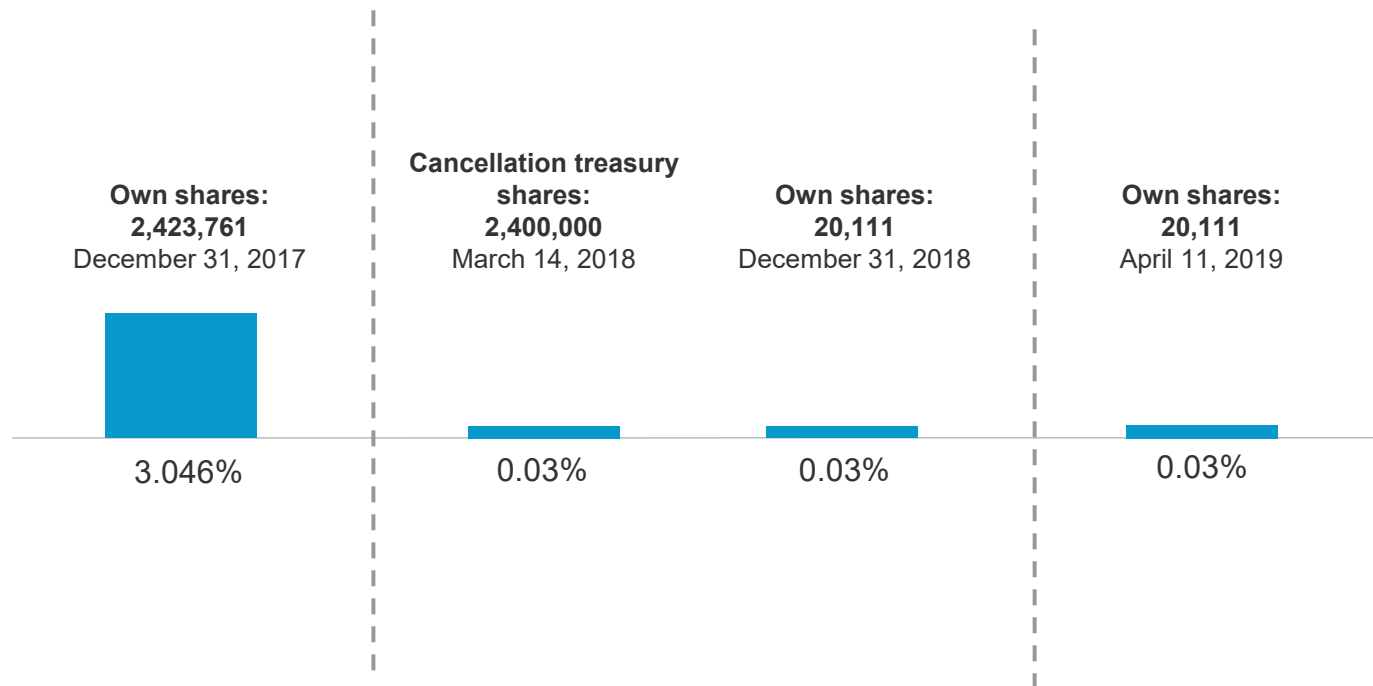
The Executive Board and the Supervisory Board recommend using the non-appropriated balance sheet profits (Bilanzgewinn) for fiscal year 2018 in the amount of EUR 85,520,232.58 as follows:

Payment of a dividend in the amount of 0.71 € per registered share on the registered share capital entitled to dividends for 73.979.889 dividend-entitled shares	€ 52,525,721.19
Profit carried forward	€ 32,994,511.39
Non-appropriated balance sheet profits (Financial statements according to HGB)*	€ 85,520,232.58

* For comparison: net income according to IFRS: €m 165.2

DEVELOPMENT OF TREASURY SHARES

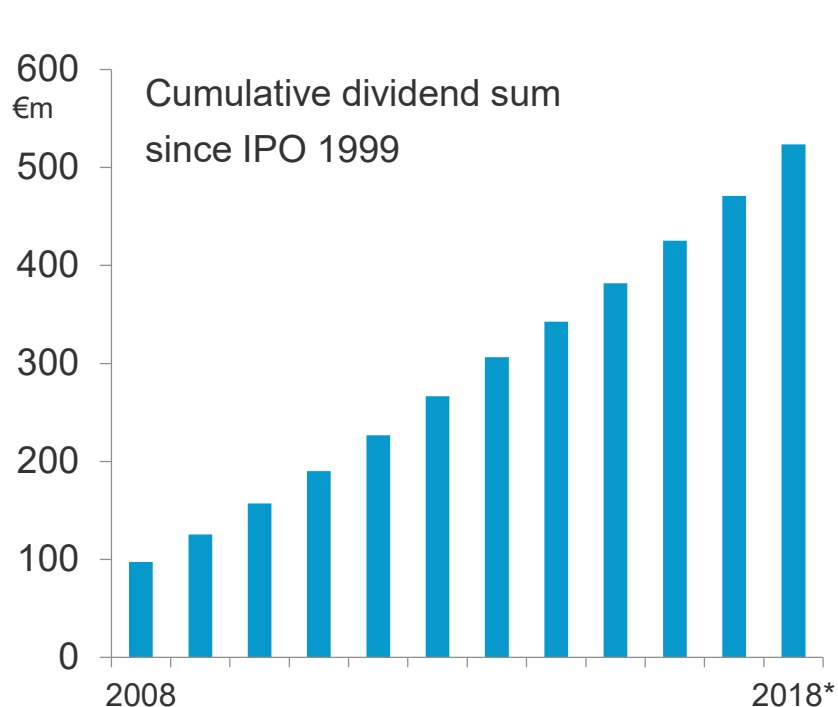
INFORMATION PURSUANT TO § 71 III AKTG



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

PAID OUT DIVIDENDS

MORE THAN ½ BILLION EURO*



* Dividend recommendation, of € 0.71 per share subject to the agreement at the Annual General Meeting | ** According to the 1:3 stock split in May 2011, rounded

COMMENTS ON RESOLUTIONS AGM 2019

(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 for fiscal year 2019

TOP 6

Resolution on including an age limit for Executive Board members and lowering the current age limit for Supervisory Board members in the Articles of Association

SAFE-HARBOR-STATEMENT

This presentation includes forward-looking statements based on the beliefs of Software AG management. Such statements reflect current views of Software AG with respect to future events and results and are subject to risks and uncertainties. Actual results may vary materially from those projected here, due to factors including changes in general economic and business conditions, changes in currency exchange, the introduction of competing products, lack of market acceptance of new products, services or technologies and changes in business strategy. Software AG does not intend or assume any obligation to update these forward-looking statements.

This presentation constitutes neither an offer nor recommendation to subscribe or buy in any other way securities of Software AG or any of the companies that are members of the Group at present or in the future, nor does it form part of such an offer and it should not be understood as such. This presentation does not constitute an offer of sale of securities in the United States of America. Securities may not be offered or sold in the United States of America without registration or exemption from registration in accordance with the U.S. Securities' Act of 1933 in its currently valid form.

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