



# Software AG

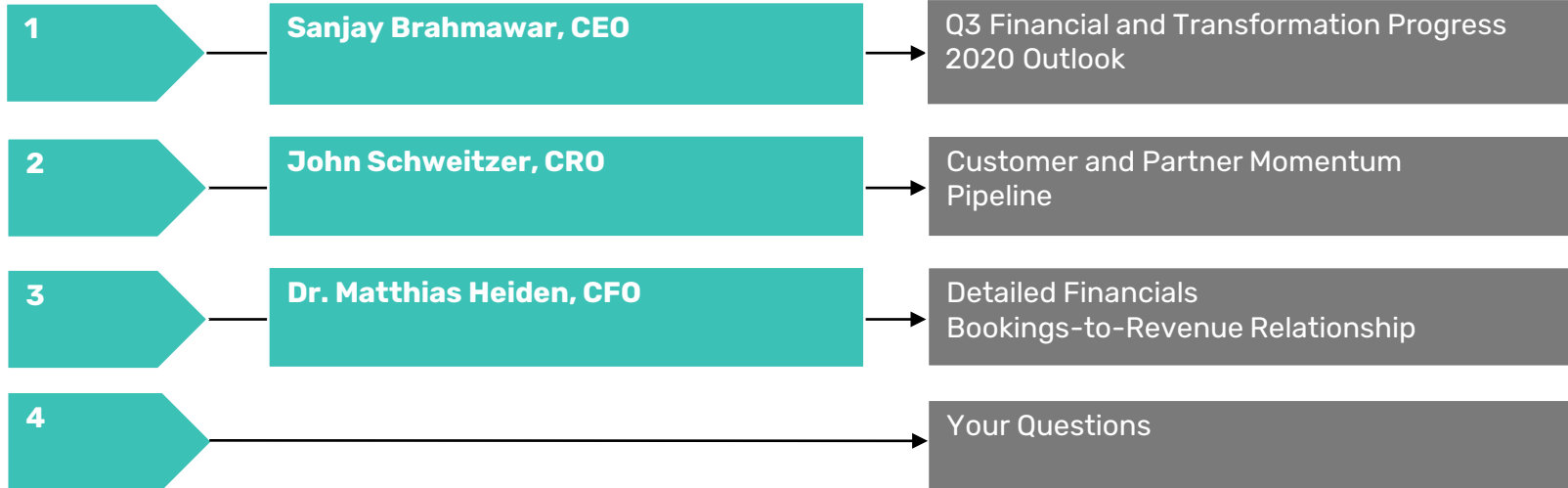
## Q3 2020 Results

# SAFE HARBOR

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# AGENDA



# CONFIRMING OUR MOMENTUM

## 9 MONTHS OF TRANSFORMATION SUCCESS

**Continued  
digital  
business  
bookings  
growth**

*+23%*

**Subscription  
shift pushing  
forward**

*Subscription and  
SaaS 78% of Q3  
Digital bookings*

**Recurring  
revenue focus**

*10% YoY ARR  
growth*

**Innovation  
driving record  
high NPS**

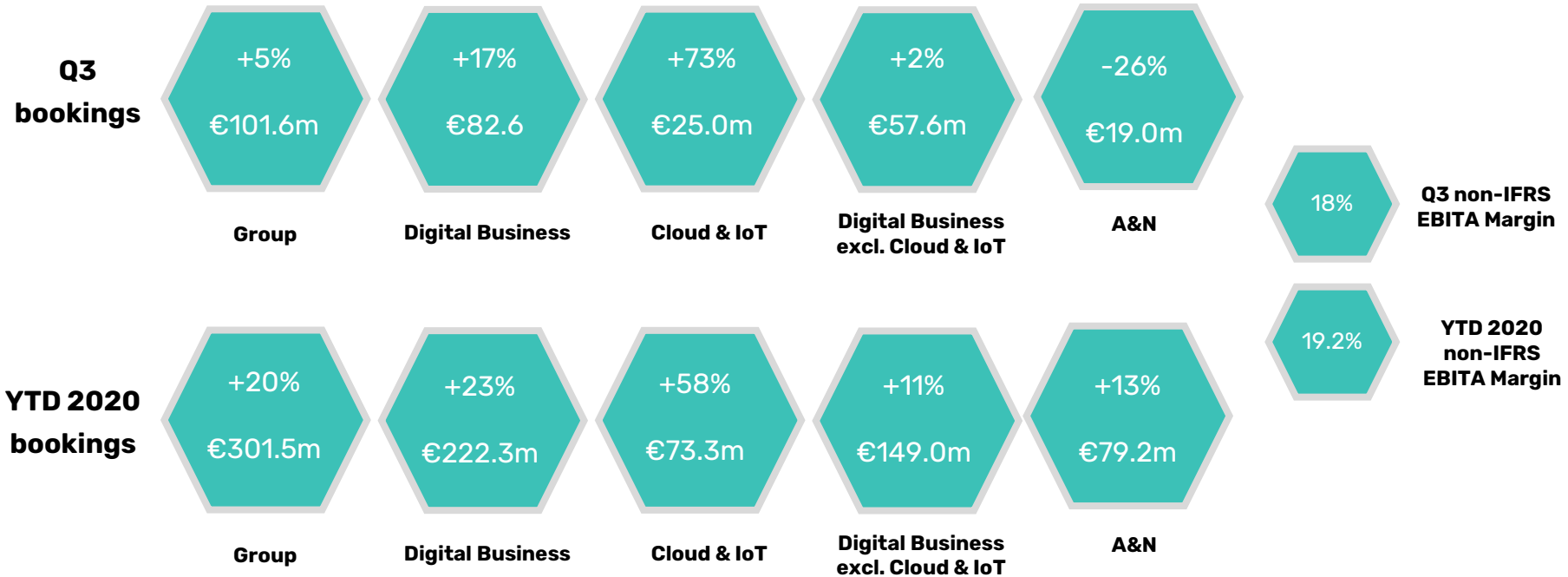
*+57 NPS*

**Strong and  
predictable  
NAM business**

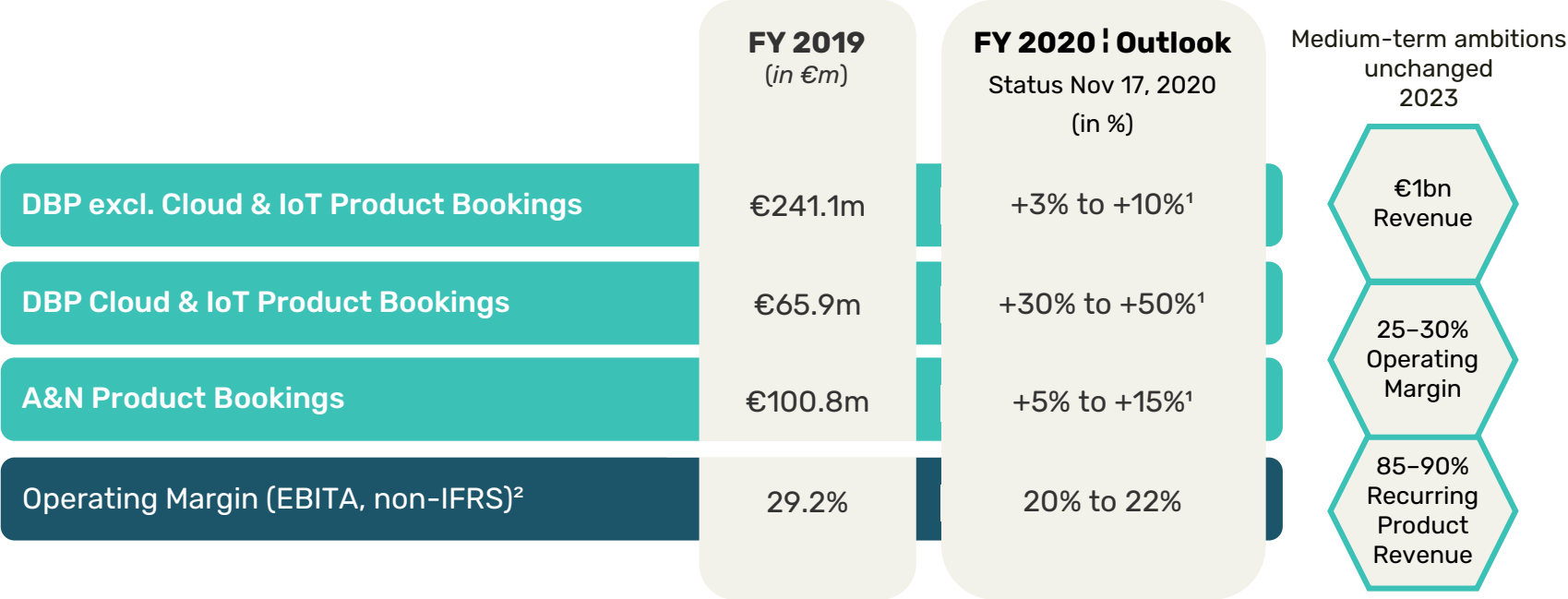
*3 consecutive  
quarters of strong  
performance*

# FINANCIAL HIGHLIGHTS

## Q3 RESULTS



# OUTLOOK FULL YEAR 2020



<sup>1</sup> At constant currency

<sup>2</sup> Adjusted for non-operating factors (see non-IFRS earnings definition AR 2019 p.50f)

# CONTINUING OUR TRANSFORMATION

## FURTHER EVIDENCE THAT CHANGE IS TAKING HOLD

### Focus



Product innovation continues

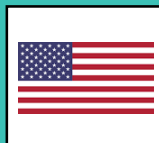


Further product recognition ahead of peers

### Execution

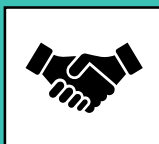


Winning in the market



Regional success: NAM transformation delivering results

### Team



Partner ecosystem flourishing



Focused on employee wellness and support





# John Schweitzer

## CRO



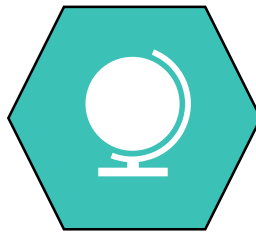
# CRO PERSPECTIVE

## CONFIDENT IN OUR ABILITY TO DELIVER



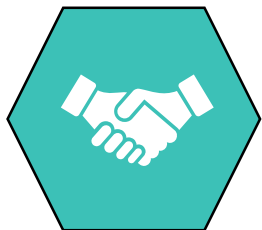
### SOLID EXECUTION

- **5% overall bookings growth in Q3**
- **Digital Business Bookings +23% ytd**
- **Customers demanding subscription**



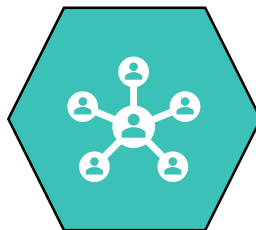
### PERFORMING ACROSS GEOGRAPHIES

- **NAM momentum continues**
- **DACH growth is key contributor**



### NEW CUSTOMER WINS

- **47 new logos**
- **Significant competitive wins**



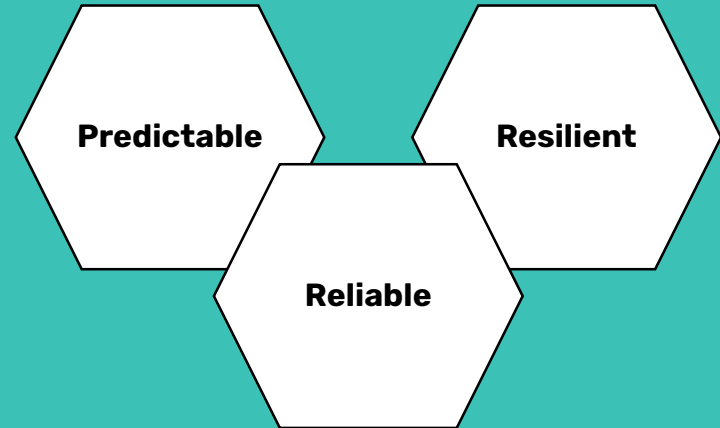
### PARTNER CHANNEL IMPACT

- **28% of total bookings**
- **Tech Alliances are key contributor**

# CRO PERSPECTIVES

## STRONG START TO Q4

- First nine-months trends to continue
- Early deal closures improve linearity
- Pipeline coverage is solid
- Largest customer event ever - conXion





# Dr. Matthias Heiden

## CFO

# BOOKINGS AND REVENUE (GROUP)

## Q3 2020 / 9 MONTHS

(in €m)

	Q3 2020	Q3 2019	Δ%	Δ% acc	9M 2020	9M 2019	Δ%	Δ% acc
<b>Bookings</b>	<b>101.6</b>	<b>101.9</b>	<b>0%</b>	<b>5%</b>	<b>301.5</b>	<b>255.8</b>	<b>18%</b>	<b>20%</b>
Licenses	38.9	64.1	-39%	-36%	130.0	156.9	-17%	-16%
Maintenance	103.4	109.3	-5%	-1%	317.9	323.9	-2%	0%
SaaS / Usage based	7.9	5.8	38%	42%	22.2	16.0	38%	40%
<b>Product revenue</b>	<b>150.2</b>	<b>179.2</b>	<b>-16%</b>	<b>-12%</b>	<b>470.1</b>	<b>496.9</b>	<b>-5%</b>	<b>-4%</b>
Services	35.2	44.8	-22%	-19%	126.7	138.2	-8%	-8%
Other	0.0	0.2			0.2	0.5		
<b>Total revenue</b>	<b>185.4</b>	<b>224.2</b>	<b>-17%</b>	<b>-14%</b>	<b>597.0</b>	<b>635.6</b>	<b>-6%</b>	<b>-5%</b>
<b>Annual Recurring Revenue as of Sep 30, 2020</b>	<b>504.3</b>	<b>485.0</b>	<b>4%</b>	<b>10%</b>				

# NON-IFRS EARNINGS

## Q3 2020 / 9 MONTHS

(in €m)

	Q3 2020	Q3 2019	Δ%	9M 2020	9M 2019	Δ%
<b>EBIT (before all taxes)</b>	<b>24.9</b>	<b>59.0</b>	<b>-58%</b>	<b>85.6</b>	<b>148.9</b>	<b>-43%</b>
Amortization on acquisition-related intangible assets	3.5	5.4	-35%	10.8	16.4	-34%
Share based payments	3.1	3.5	-11%	8.4	8.3	1%
Restructuring / severances / legal case	1.7	0.4	335%	6.7	2.2	205%
Other impacts / impacts from M&A activities	0.2	0.1	119%	3.2	0.3	954%
<b>EBITA (Non-IFRS)</b>	<b>33.4</b>	<b>68.4</b>	<b>-51%</b>	<b>114.6</b>	<b>176.1</b>	<b>-35%</b>
<i>in % of revenue (Non-IFRS)</i>	<i>18.0%</i>	<i>30.5%</i>		<i>19.2%</i>	<i>27.7%</i>	
<b>Net income (Non-IFRS)</b>	<b>18.7</b>	<b>51.0</b>	<b>-63%</b>	<b>74.8</b>	<b>126.6</b>	<b>-41%</b>
<b>EPS in € (Non-IFRS)*</b>	<b>€0.25</b>	<b>€0.69</b>	<b>-63%</b>	<b>€1.01</b>	<b>€1.71</b>	<b>-41%</b>

\* Weighted average shares outstanding (basic): 74.0m

# RESULTS

## Q3 2020 / 9 MONTHS

(in €m)

	Q3 2020	Q3 2019	Δ%	Δ% acc	9M 2020	9M 2019	Δ%	Δ% acc
<b>Total revenue</b>	<b>185.4</b>	<b>224.2</b>	<b>-17%</b>	<b>-14%</b>	<b>597.0</b>	<b>635.6</b>	<b>-6%</b>	<b>-5%</b>
Cost of sales	-43.2	-49.5	-13%	-11%	-150.0	-148.1	1%	2%
<b>Gross profit</b>	<b>142.2</b>	<b>174.7</b>	<b>-19%</b>	<b>-14%</b>	<b>447.0</b>	<b>487.5</b>	<b>-8%</b>	<b>-6%</b>
<i>Margin in %</i>	<i>76.7%</i>	<i>77.9%</i>			<i>74.9%</i>	<i>76.7%</i>		
Research & Development	-34.9	-32.4	8%	9%	-108.7	-96.4	13%	13%
Sales & Marketing	-63.9	-63.9	0%	4%	-194.3	-189.5	3%	4%
Administration	-17.9	-19.1	-6%	-4%	-56.7	-54.3	4%	5%
Other income / expense	-0.6	-0.2			-1.7	1.6		
<b>EBIT</b>	<b>24.9</b>	<b>59.0</b>	<b>-58%</b>	<b>-50%</b>	<b>85.6</b>	<b>148.9</b>	<b>-43%</b>	<b>-38%</b>
<i>Margin in %</i>	<i>13.4%</i>	<i>26.3%</i>			<i>14.3%</i>	<i>23.4%</i>		

# CASH FLOW

## Q3 2020 / 9 MONTHS

(in €m)

	Q3 2020	Q3 2019	Δ%	9M 2020	9M 2019	Δ%
<b>Operating Cash Flow</b>	<b>11.2</b>	<b>33.3</b>	<b>-66%</b>	<b>98.9</b>	<b>123.9</b>	<b>-20%</b>
./. CapEx* (long-term, non-current)	-3.3	-3.4		-11.7	-9.4	
./. Repayment of lease liabilities**	-3.8	-3.9		-11.7	-11.6	
<b>Free Cash Flow</b>	<b>4.1</b>	<b>26.0</b>	<b>-84%</b>	<b>75.5</b>	<b>102.9</b>	<b>-27%</b>
<i>in % of revenue</i>	<i>2.2%</i>	<i>11.6%</i>		<i>12.6%</i>	<i>16.2%</i>	
<b>Free Cash Flow per share***</b>	<b>€0.06</b>	<b>€0.35</b>	<b>-84%</b>	<b>€1.02</b>	<b>€1.39</b>	<b>-27%</b>

\* Cash flow from investing activities except acquisitions and except investments in debt instruments

\*\* New reporting line due to IFRS 16

\*\*\* Based on weighted average shares outstanding (basic): 74.0m



# TRANSFORMATION PATH – FROM BOOKINGS TO REVENUE

## DIGITAL BUSINESS (DBP INCL. COULD & IOT)

Bookings to license revenue (€m)

	Bookings	License Revenue	% of Bookings
Q1	58.1	25.1	43%
Q2	81.6	27.7	34%
Q3	82.6	26.4	32%
YTD	222.3	79.3	36%
Q4e	~120-135	~55-65	~45-50%
FY 2020e	~340-360	~135-145	~40%

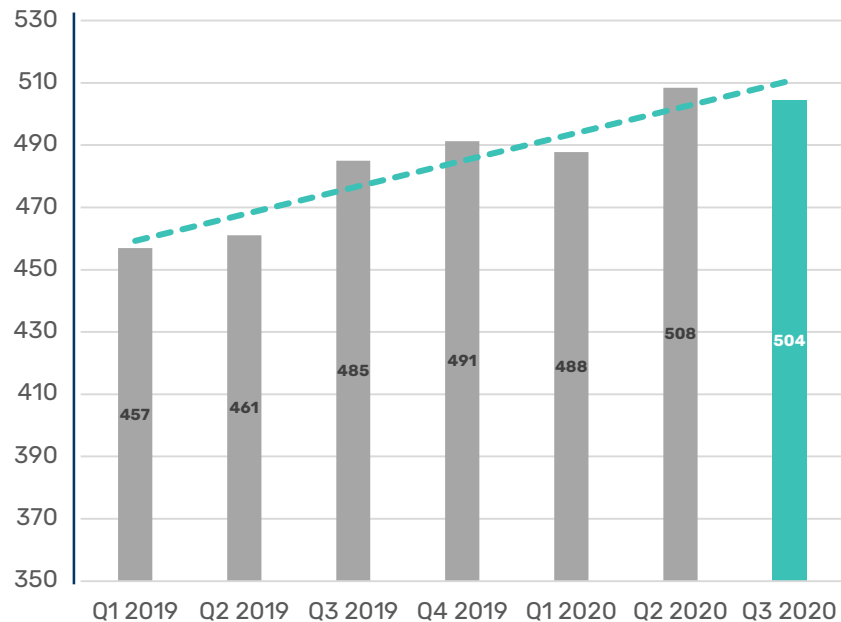
Timing of revenue recognition\*



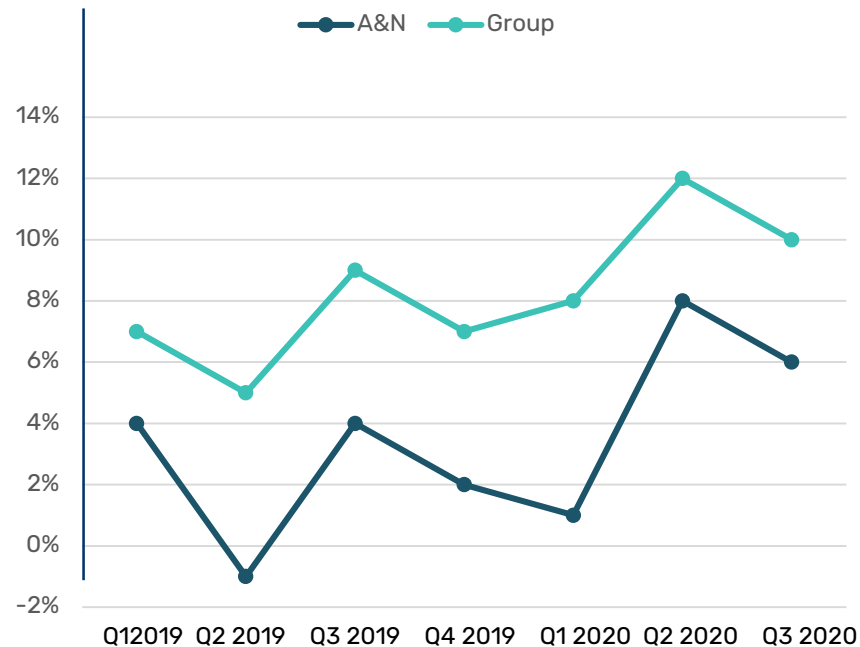
\*YTD transformation ratios as the basis

# ARR – STEADY GROWTH WITH MINOR QUARTERLY DEVIATIONS GROUP

## Group Quarterly ARR – Stated (€m)



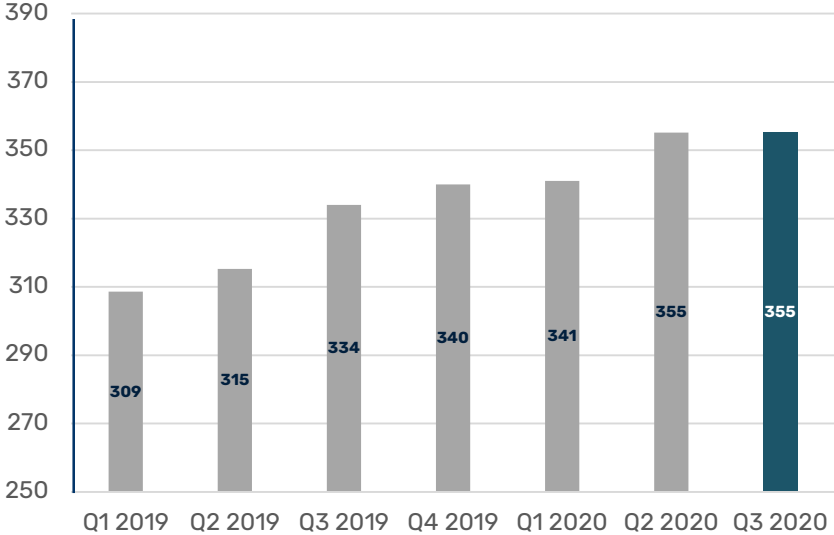
## Quarterly ARR growth rates (yoy acc.)



# ARR – CONSTANT DOUBLE DIGIT GROWTH WITH FX VARIANCE

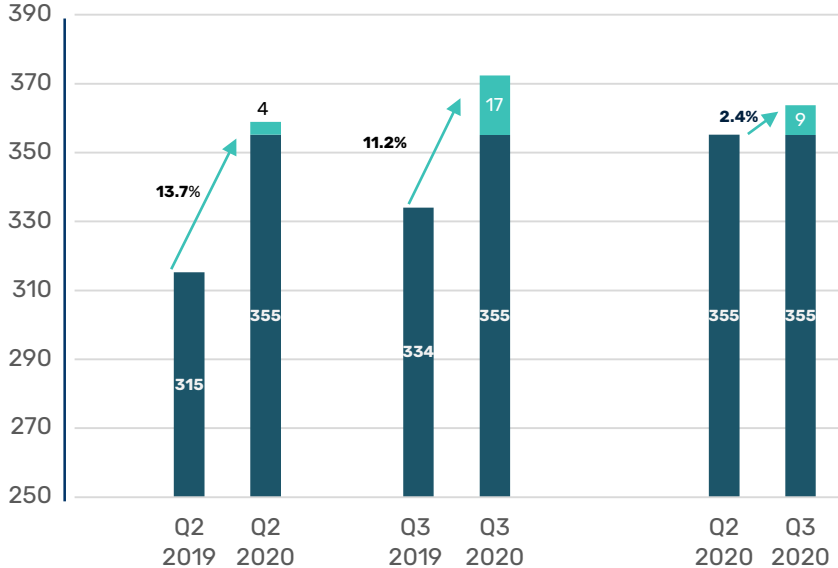
## DIGITAL BUSINESS (DBP INCL. COULD & IOT)

Quartely ARR – Stated (€m)



Stated ARR

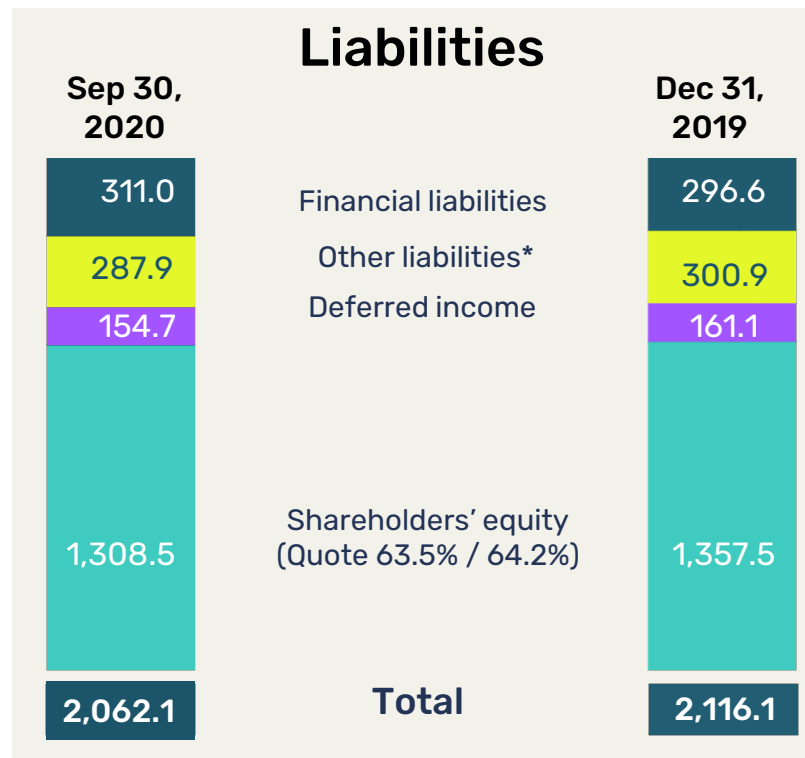
ARR Growth at Constant Currency (€m)



■ Stated ARR ■ FX Effect

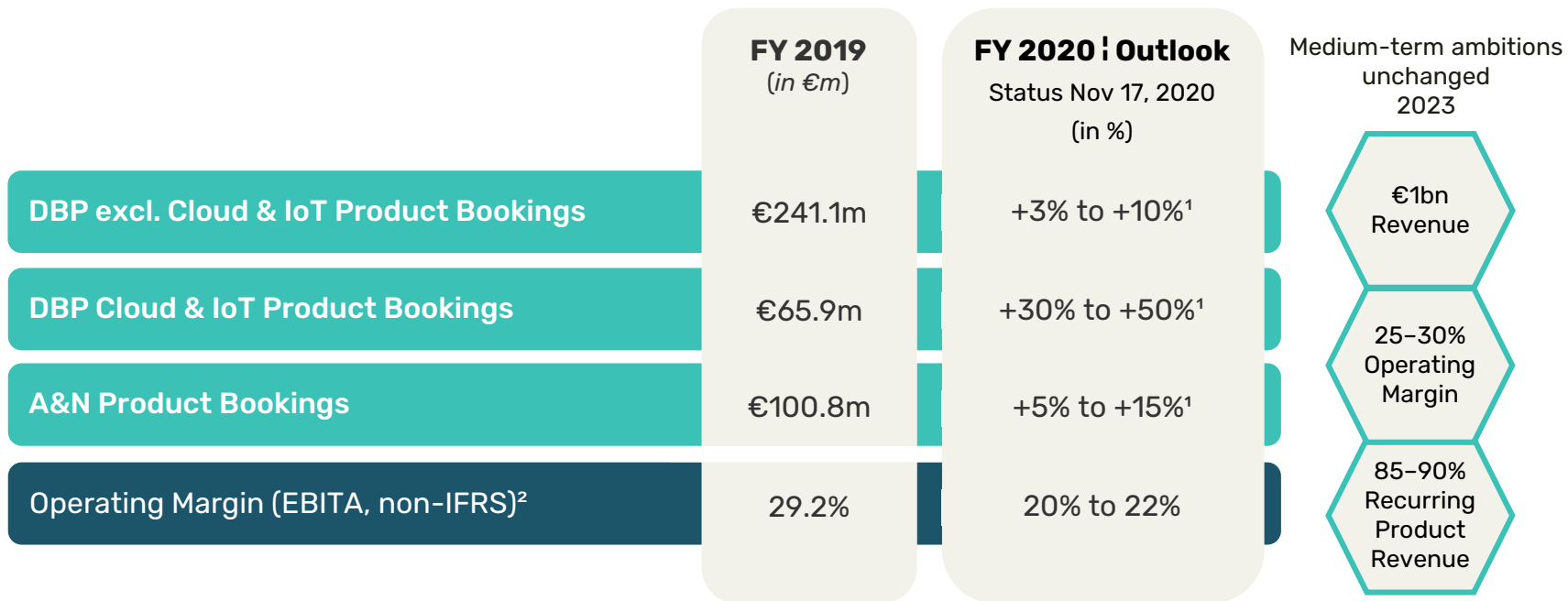
# BALANCE SHEET

(in €m)



\* Incl. assets/liabilities held for disposal

# OUTLOOK FULL YEAR 2020



<sup>1</sup> At constant currency

<sup>2</sup> Adjusted for non-operating factors (see non-IFRS earnings definition AR 2019 p.50f)



# Q&A

# APPENDIX



# DIGITAL BUSINESS PLATFORM (INCL. DBP CLOUD & IOT)

## SEGMENT REPORT Q3 2020 / 9 MONTHS

<i>(in €m)</i>	Q3 2020	Q3 2019	Δ%	Δ% acc	9M 2020	9M 2019	Δ%	Δ% acc
<b>Bookings</b>	<b>82.6</b>	<b>73.6</b>	<b>12%</b>	<b>17%</b>	<b>222.3</b>	<b>184.2</b>	<b>21%</b>	<b>23%</b>
Licenses	26.5	39.2	-32%	-29%	79.3	97.9	-19%	-18%
Maintenance	68.7	72.4	-5%	-1%	211.8	213.7	-1%	0%
SaaS	7.9	5.8	38%	42%	22.2	16.0	38%	40%
<b>Total revenue</b>	<b>103.1</b>	<b>117.4</b>	<b>-12%</b>	<b>-9%</b>	<b>313.3</b>	<b>327.6</b>	<b>-4%</b>	<b>-3%</b>
Cost of sales	-12.5	-10.0	25%	26%	-36.2	-28.9	25%	26%
<b>Gross profit</b>	<b>90.6</b>	<b>107.4</b>	<b>-16%</b>	<b>-12%</b>	<b>277.1</b>	<b>298.7</b>	<b>-7%</b>	<b>-6%</b>
Sales & Marketing	-52.2	-46.4	12%	17%	-152.8	-141.0	8%	10%
Research & Development	-27.6	-25.6	8%	8%	-85.1	-77.4	10%	9%
<b>Segment result</b>	<b>10.8</b>	<b>35.3</b>	<b>-69%</b>	<b>-64%</b>	<b>39.2</b>	<b>80.3</b>	<b>-51%</b>	<b>-48%</b>
<i>Margin in %</i>	<i>10.5%</i>	<i>30.1%</i>			<i>12.5%</i>	<i>24.5%</i>		
<b>Annual Recurring Revenue as of Sep 30, 2020</b>	<b>355.1</b>	<b>334.0</b>	<b>6%</b>	<b>11%</b>				

# DIGITAL BUSINESS PLATFORM (EXCL. DBP CLOUD & IOT)

## SEGMENT REPORT Q3 2020 / 9 MONTHS

(in €m)

	Q3 2020	Q3 2019	Δ%	Δ% acc	9M 2020	9M 2019	Δ%	Δ% acc
<b>Bookings</b>	<b>57.6</b>	<b>58.8</b>	<b>-2%</b>	<b>2%</b>	<b>149.0</b>	<b>137.4</b>	<b>8%</b>	<b>11%</b>
Licenses	25.0	37.9	-34%	-31%	70.2	87.9	-20%	-18%
Maintenance	66.3	70.8	-6%	-3%	205.4	208.7	-2%	0%
<b>Total revenue</b>	<b>91.3</b>	<b>108.7</b>	<b>-16%</b>	<b>-13%</b>	<b>275.6</b>	<b>296.6</b>	<b>-7%</b>	<b>-6%</b>
<b>Annual Recurring Revenue as of Sep 30, 2020</b>	<b>302.1</b>	<b>291.1</b>	<b>4%</b>	<b>9%</b>				

# DBP CLOUD & IOT

## SEGMENT REPORT Q3 2020 / 9 MONTHS

(in €m)

	Q3 2020	Q3 2019	Δ%	Δ% acc	9M 2020	9M 2019	Δ%	Δ% acc
<b>Bookings</b>	<b>25.0</b>	<b>14.8</b>	<b>69%</b>	<b>73%</b>	<b>73.3</b>	<b>46.8</b>	<b>57%</b>	<b>58%</b>
Licenses	1.5	1.2	21%	22%	9.1	10.0	-9%	-11%
Maintenance	2.4	1.6	49%	50%	6.4	5.0	29%	28%
SaaS / Usage based	7.9	5.8	38%	42%	22.2	16.0	38%	40%
<b>Total revenue</b>	<b>11.9</b>	<b>8.6</b>	<b>37%</b>	<b>40%</b>	<b>37.7</b>	<b>31.0</b>	<b>22%</b>	<b>22%</b>
<b>Annual Recurring Revenue as of Sep 30, 2020</b>	<b>53.0</b>	<b>42.9</b>	<b>24%</b>	<b>27%</b>				

# ADABAS & NATURAL

## SEGMENT REPORT Q3 2020 / 9 MONTHS

<i>(in €m)</i>	Q3 2020	Q3 2019	Δ%	Δ% acc	9M 2020	9M 2019	Δ%	Δ% acc
<b>Bookings</b>	<b>19.0</b>	<b>28.3</b>	<b>-33%</b>	<b>-26%</b>	<b>79.2</b>	<b>71.6</b>	<b>11%</b>	<b>13%</b>
Licenses	12.4	25.0	-50%	-46%	50.7	59.0	-14%	-12%
Maintenance	34.7	36.8	-6%	0%	106.1	110.3	-4%	-1%
<b>Product revenue</b>	<b>47.1</b>	<b>61.8</b>	<b>-24%</b>	<b>-19%</b>	<b>156.8</b>	<b>169.2</b>	<b>-7%</b>	<b>-5%</b>
Other	0.0	0.2			0.2	0.5		
<b>Total revenue</b>	<b>47.1</b>	<b>62.0</b>	<b>-24%</b>	<b>-19%</b>	<b>157.0</b>	<b>169.7</b>	<b>-7%</b>	<b>-5%</b>
Cost of sales	-1.9	-1.7	11%	17%	-6.6	-5.7	16%	18%
<b>Gross profit</b>	<b>45.2</b>	<b>60.3</b>	<b>-25%</b>	<b>-20%</b>	<b>150.4</b>	<b>164.0</b>	<b>-8%</b>	<b>-6%</b>
Sales & Marketing	-6.8	-9.8	-30%	-27%	-25.0	-25.4	-2%	0%
Research & Development	-7.4	-6.8	8%	9%	-23.6	-19.0	24%	24%
<b>Segment result</b>	<b>31.0</b>	<b>43.7</b>	<b>-29%</b>	<b>-23%</b>	<b>101.8</b>	<b>119.6</b>	<b>-15%</b>	<b>-12%</b>
<i>Margin in %</i>	<i>65.8%</i>	<i>70.5%</i>			<i>64.8%</i>	<i>70.5%</i>		
<b>Annual Recurring Revenue as of Sep 30, 2020</b>	<b>149.2</b>	<b>151.0</b>	<b>-1%</b>	<b>6%</b>				

# PROFESSIONAL SERVICES

## SEGMENT REPORT Q3 2020 / 9 MONTHS

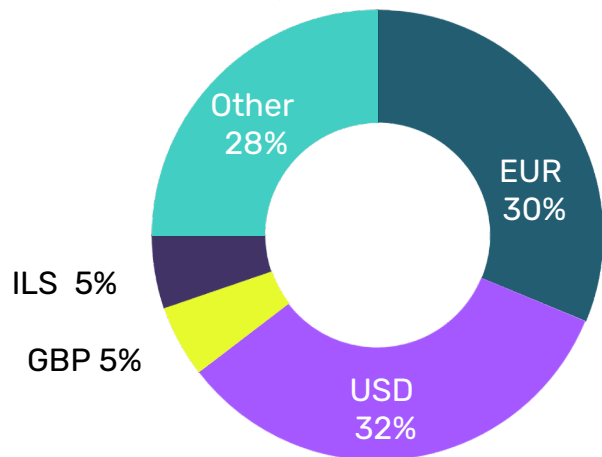
<i>(in €m)</i>	Q3 2020	Q3 2019	Δ%	Δ% acc	9M 2020	9M 2019	Δ%	Δ% acc
<b>Total revenue</b>	<b>35.2</b>	<b>44.8</b>	<b>-21%</b>	<b>-19%</b>	<b>126.7</b>	<b>138.2</b>	<b>-8%</b>	<b>-8%</b>
Cost of sales	-26.8	-35.8	-25%	-23%	-101.2	-107.2	-6%	-6%
<b>Gross profit</b>	<b>8.4</b>	<b>9.0</b>	<b>-7%</b>	<b>-2%</b>	<b>25.6</b>	<b>31.0</b>	<b>-18%</b>	<b>-16%</b>
Sales & Marketing	-3.3	-4.3	-23%	-20%	-11.8	-12.9	-9%	-8%
<b>Segment result</b>	<b>5.1</b>	<b>4.7</b>	<b>8%</b>	<b>14%</b>	<b>13.8</b>	<b>18.1</b>	<b>-24%</b>	<b>-22%</b>
<i>Margin in %</i>	<i>14.5%</i>	<i>10.6%</i>			<i>10.9%</i>	<i>13.1%</i>		

# CURRENCY IMPACT ON REVENUE

## Q3 2020 / 9 MONTHS

⇒ 30% revenue in Euro

⇒ 70% revenue in foreign currency



Currency split 9M 2020

### Currency impact on revenue

<i>(in €m; yoy)</i>	Q3 2020	Q3 in %	9M 2020	9M in %
Licenses	-2.2	-5%	-2.6	-2%
Maintenance	-4.9	-5%	-5.9	-2%
SaaS	-0.2	-3%	-0.2	-1%
Professional Services & other	-1.2	-3%	-0.5	0%
<b>Total</b>	<b>-8.5</b>	<b>-4%</b>	<b>-9.2</b>	<b>-2%</b>

# HEADCOUNT

## BY FUNCTIONAL AREAS\* AND GEOGRAPHY

<i>(in FTE)</i>	Sep 30, 2020	Dec 31, 2019	Δ%	Sep 30, 2019	Δ% yoy
<b>Total</b>	<b>4,642</b>	<b>4,948</b>	<b>-6%</b>	<b>4,883</b>	<b>-5%</b>
Professional Services	1,471**	1,915	-23%	1,890	-22%
Research & Development	1,479	1,419	4%	1,391	6%
Sales & Marketing	1,025	961	7%	963	6%
Administration	667	653	2%	640	4%
Germany	1,287	1,278	1%	1,269	1%
USA	626	584	7%	579	8%
India	1,022	1,004	2%	953	7%
Rest of World	1,706 **	2,082	-18%	2,083	-18%

\* According to P&L structure

\*\*excl. 438 FTE of sold Professional Service unit in Spain



# EARNINGS

## Q3 2020 / 9 MONTHS

(in €m)

	Q3 2020	Q3 2019	Δ%	9M 2020	9M 2019	Δ%
<b>EBIT (before all taxes)</b>	<b>24.9</b>	<b>59.0</b>	<b>-58%</b>	<b>85.6</b>	<b>148.9</b>	<b>-43%</b>
Financial result	0.7	2.0		2.8	4.9	
Profit before taxes	25.6	61.0	-58%	88.4	153.8	-43%
Other taxes	-1.1	-1.2	-3%	-3.7	-4.1	-11%
Income taxes	-10.6	-15.8	-33%	-29.0	-42.6	-32%
<i>Tax rate in %</i>	<i>-45.8%</i>	<i>-27.8%</i>		<i>-36.9%</i>	<i>-30.4%</i>	
<b>Net income</b>	<b>13.9</b>	<b>44.0</b>	<b>-68%</b>	<b>55.8</b>	<b>107.1</b>	<b>-48%</b>
<b>EPS in €*</b>	<b>€0.19</b>	<b>€0.59</b>	<b>-68%</b>	<b>€0.75</b>	<b>€1.45</b>	<b>-48%</b>

\*Weighted average shares outstanding (basic): 74.0m

# AMORTISATION / DEPRECIATION IMPACT (PRELIMINARY)

(in €m)

	Q1 2020	Q2 2020	Q3 2020	FY 2019	FY 2020*	FY 2021*	FY 2022*
Amortisation	-3.6	-3.6	-3.5	-21.9	-14.3	-14.0	-13.4
Depreciation	-6.7	-6.4	-6.3	-25.6	-25.7	-25.2	-25.2

\* Estimated



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