



Software AG

Q4 & FY 2020 Results

SAFE HARBOUR

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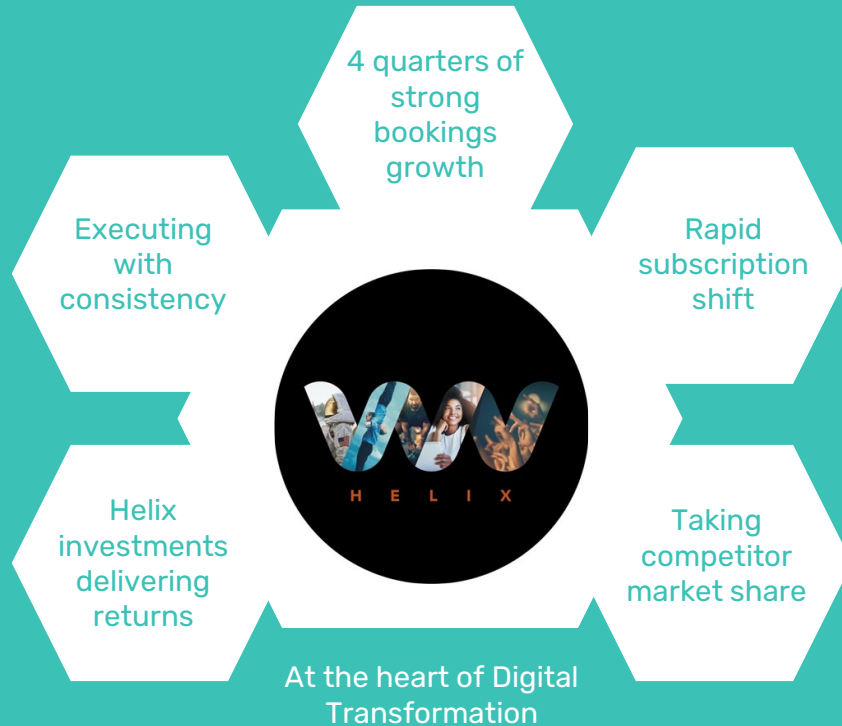
Sanjay Brahmawar

CEO

AGENDA



STRONG TEAM. STRONG Q4.



Well placed to **accelerate** our transformation journey

HEADLINE FINANCIALS

Transformation actions delivering results

Growing business momentum

Group Bookings growth

Q4 +31%
FY +24%

2023 Recurring Revenue target hit

Recurring Revenue as % Total Product Rev.

85%

Digital Business strength

Bookings growth

Q4 +19%
FY +21%

Competitive, high-quality wins

Q4 new logos secured

Q4 82
FY 239

Ahead of plan on subscription

Subs/SaaS % Q4 Digital Business Bookings

Q4 84%
FY 81%

Profitability commitment kept

FY non-IFRS EBITA Margin

21.2%

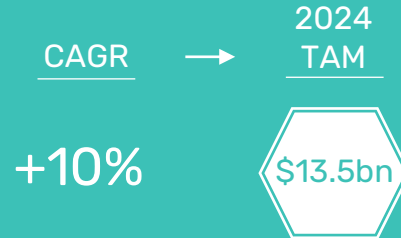
GROWTH OPPORTUNITY CONFIRMED

Powerful, fast-growing levers of digital transformation

2024 Combined TAM
Integration & API + IoT & Analytics



Global Integration & API
market



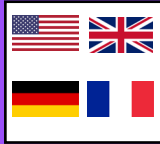
IoT & Analytics
market



Source: Evolved from Gartner Forecast Enterprise Infrastructure Software, Enterprise Application Software and Enterprise IoT Platforms, 2018-2024

TRANSFORMATION DRIVING GROWTH

Focus



Focus in key geographies paying off



Innovation in the Cloud



Enabling real business impact

Execution



Logistics
Innovative Integration win



Retail
Largest US lifestyle retailer



Industrial
Winning at the highest level in IoT

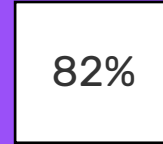
Team



16 deals closed with Microsoft in 2020



Record high engagement score



Record engagement survey participation rate



Dr. Matthias Heiden

CFO

BUILDING MOMENTUM

ACCELERATING OUR TRANSFORMATION SUCCESS IN 2020

**Total Group
bookings
growth**

+24%

**Product
revenue**

-2%

**Recurring
revenue
growth**

10.5%

**Non-IFRS
operating
margin**

21.2%

**Updated
reporting
structure**

**Free cash flow
development**

FX headwinds

BOOKINGS AND REVENUE (GROUP)

Q4 2020 / FY 2020

(in €m)

	Q4 2020	Q4 2019	Δ%	Δ% acc	FY 2020	FY 2019	Δ%	Δ% acc
Bookings	188.2	152.0	24%	31%	489.7	407.8	20%	24%
Licenses	87.2	88.2	-1%	5%	217.2	245.1	-11%	-8%
Maintenance	104.6	111.0	-6%	0%	422.6	435.0	-3%	0%
SaaS / Usage-based	9.1	6.6	38%	43%	31.3	22.7	38%	41%
Product revenue	201.0	205.9	-2%	3%	671.1	702.7	-5%	-2%
Services	36.8	49.0	-25%	-22%	163.6	187.2	-13%	-12%
Other	0.0	0.2			0.2	0.7		
Total revenue	237.8	255.0	-7%	-2%	834.8	890.6	-6%	-4%
Annual Recurring Revenue as of Dec 31, 2020	508.1	491.3	3%	10%				

TRANSFORMATION PATH – FROM BOOKINGS TO REVENUE

2020 Full Year Group Bookings Deployment Model Mix

	% of Bookings	As indicated at CMD 2020
Perpetual	30%	50%
Subscription	56%	40%
Thereof with annual termination right or 1-year contracts	46%	50%
SaaS	14%	10%



Digital Business Bookings to License Revenue (€m)

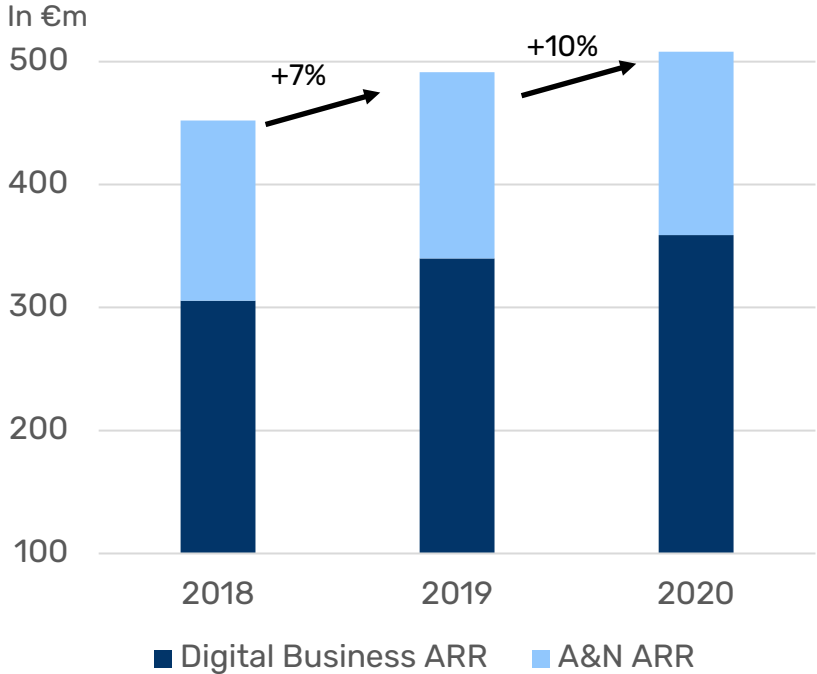
	Bookings	License Revenue	% of Bookings
Q1	58.1	25.1	43%
Q2	81.6	27.7	34%
Q3	82.6	26.4	32%
Q4	138.4	56.5	41%
FY 2020	360.7	135.8	38%

ARR: A LEAD INDICATOR OF RECURRING REVENUE GROWTH

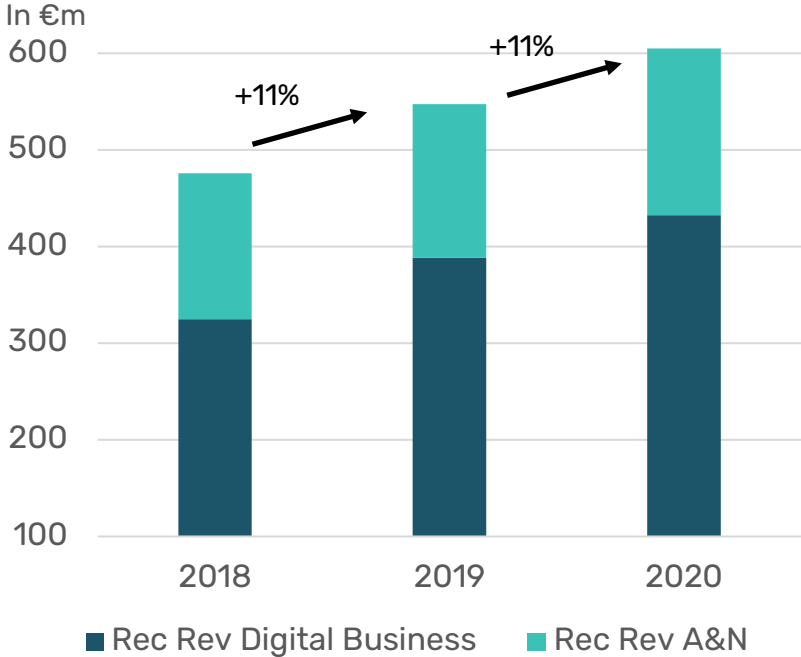
GROWTH DRIVEN BY DIGITAL BUSINESS



Total ARR as at Respective Fiscal Year End*



Total Group Recurring Revenue*



RESULTS

Q4 2020 / FY 2020

<i>(in €m)</i>	Q4 2020	Q4 2019	Δ%	Δ% acc	FY 2020	FY 2019	Δ%	Δ% acc
Total revenue	237.8	255.0	-7%	-2%	834.8	890.6	-6%	-4%
Cost of sales	-47.2	-55.0	-14%	-11%	-197.2	-203.1	-3%	-2%
Gross profit	190.6	200.0	-5%	1%	637.6	687.5	-7%	-4%
<i>Margin in %</i>	<i>80.1%</i>	<i>78.4%</i>			<i>76.4%</i>	<i>77.2%</i>		
Research & Development	-35.2	-34.8	1%	3%	-143.9	-131.3	10%	10%
Sales & Marketing	-78.3	-75.5	4%	9%	-272.6	-265.0	3%	5%
Administration	-20.1	-20.4	-1%	1%	-76.8	-74.8	3%	4%
Other income / expense	-6.2	-3.3			-7.9	-1.6		
EBIT	50.8	65.9	-23%	-14%	136.4	214.8	-37%	-31%
<i>Margin in %</i>	<i>21.4%</i>	<i>25.9%</i>			<i>16.3%</i>	<i>24.1%</i>		
EBITA (Non-IFRS)	62.5	84.2	-26%		177.0	260.3	-32%	
<i>in % of revenue (Non-IFRS)</i>	<i>26.3%</i>	<i>33.0%</i>			<i>21.2%</i>	<i>29.2%</i>		

CASH FLOW

Q4 2020 / FY 2020

<i>(in €m)</i>	Q4 2020	Q4 2019	Δ%	FY 2020	FY 2019	Δ%
Operating Cash Flow	13.5	48.0	-72%	112.5	172.0	-35%
./. CapEx* (long-term, non-current)	2.5	-0.5		-9.3	-10.0	
./. Repayment of lease liabilities**	-3.9	-4.6		-15.6	-16.2	
Free Cash Flow	12.1	42.9	-72%	87.6	145.8	-40%
<i>in % of revenue</i>	<i>5.1%</i>	<i>16.8%</i>		<i>10.5%</i>	<i>16.4%</i>	
Free Cash Flow per share***	€0.16	€0.58	-72%	€1.18	€1.97	-40%

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

** New reporting line due to IFRS 16

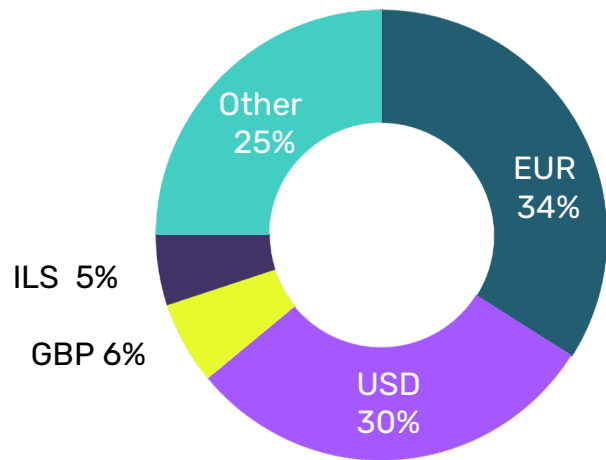
*** Based on weighted average shares outstanding (basic): 74.0m

CURRENCY IMPACT ON REVENUE

Q4 2020 / FY 2020

⇒ 34% revenue in Euro

⇒ 66% revenue in foreign currency



Currency split FY 2020

Currency impact on revenue

<i>(in €m; yoy)</i>	Q4 2020	Q4 in %	FY 2020	FY in %
Licenses	-5,1	-6%	-7,7	-3%
Maintenance	-6,1	-6%	-12,0	-3%
SaaS	-0,3	-4%	-0,6	-2%
Professional Services & other	-1,4	-4%	-2,0	-1%
Total	-13,0	-5%	-22,2	-3%

A CLEARER REPORTING STRUCTURE FOR 2021 ONWARDS

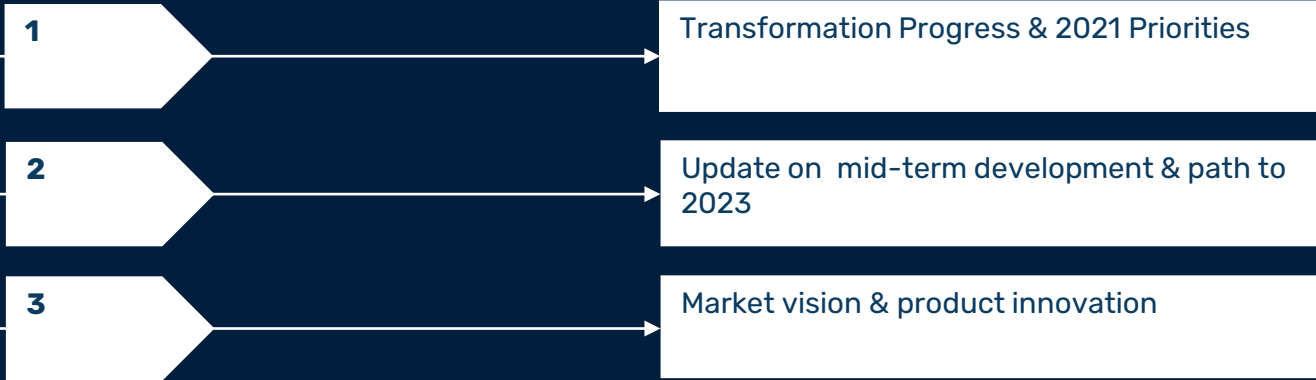
INCREASE OUR TRANSPARENCY AS WE TRANSFORM THE BUSINESS MODEL

(in €m)	Digital Business	A&N	Total Product
Bookings			
Subscription	✓	✓	✓
SaaS	✓	X	✓
Perpetual	✓	✓	✓
Total Bookings	✓	✓	✓
- <i>Thereof renewals</i>	✓	✓	✓

(in €m)	Digital Business	A&N	Total Product
ARR	✓		
Subscription	✓	✓	✓
SaaS	✓	X	✓
Perpetual maintenance	✓	✓	✓
Total ARR	✓	✓	✓

(in €m)	Digital Business	A&N	Total Product
Product Revenue			
Subscription	✓	✓	✓
SaaS	✓	X	✓
Perpetual maintenance	✓	✓	✓
Total Recurring Revenue	✓	✓	✓
Perpetual Licenses	✓	✓	✓
Total Product Revenue	✓	✓	✓

CAPITAL MARKETS DAY – FEBRUARY 23, 2021

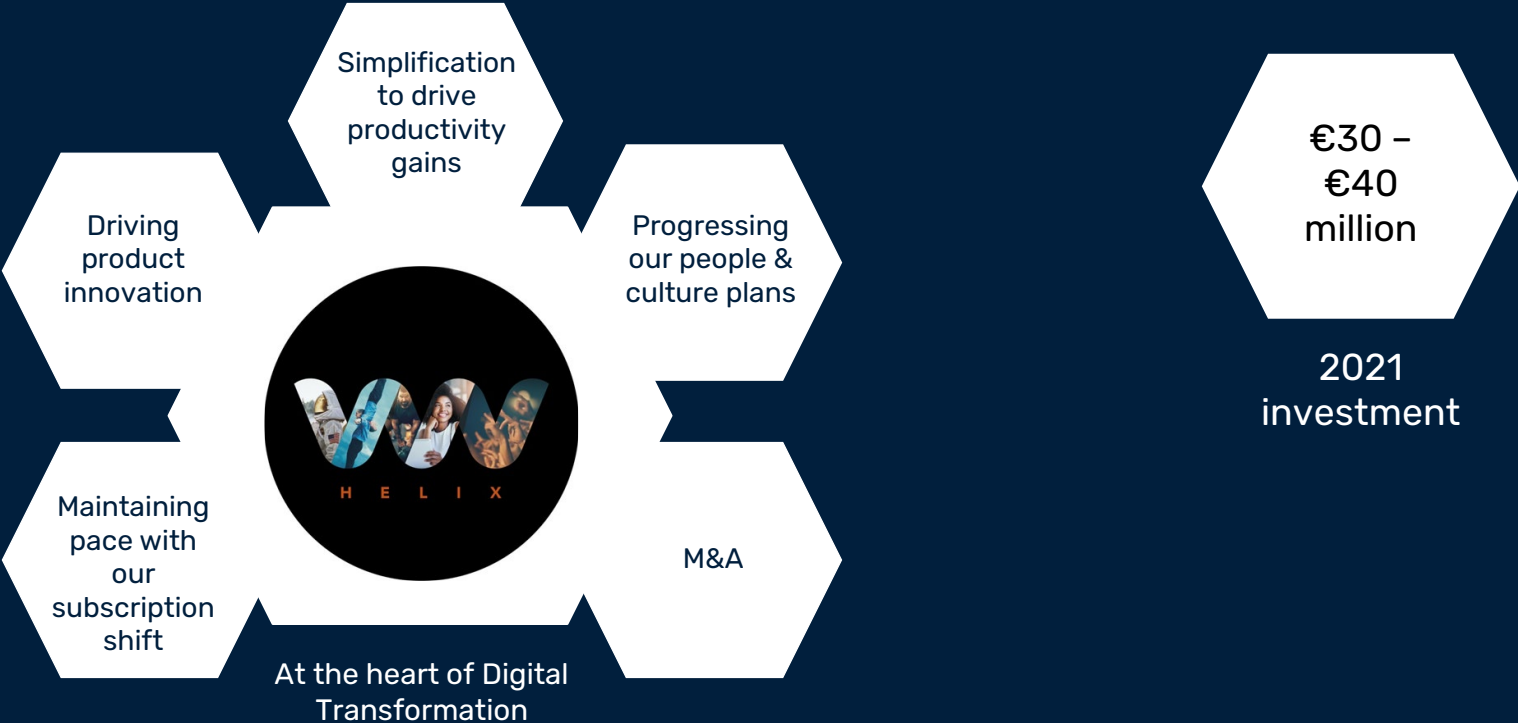




Sanjay Brahmawar

CEO

2021 HELIX ACCELERATION: CLEAR PRIORITIES



GUIDANCE 2021

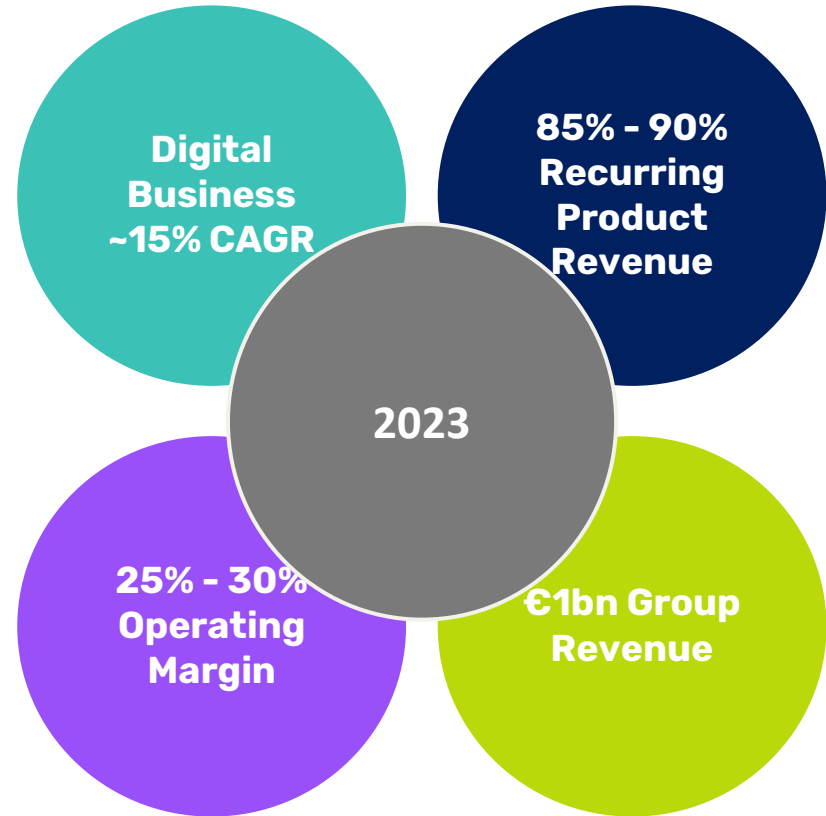
	FY 2020 <i>(in €m)</i>	FY2021 Outlook <i>(in %)</i>
Digital Business bookings	€360.7m	+15% to +25% ¹
A&N bookings	€129.0m	-30% to -20% ¹
Total Product Revenue	€671.1m	0% to +5% ¹
Operating Margin (EBITA, non-IFRS) ²	21.2%	16% to 18%

¹ at constant currency

² adjusted for non-operating factors (see non-IFRS earnings definition)

MID-TERM AMBITIONS MAINTAINED

**Accelerated growth,
higher quality and
higher visibility
of revenues,
good margin and
cash generation**





Q&A

Appendix

NON-IFRS EARNINGS

Q4 2020 / FY 2020

(in €m)

	Q4 2020	Q4 2019	Δ%	FY 2020	FY 2019	Δ%
EBIT (before all taxes)	50.8	65.9	-23%	136.4	214.8	-37%
Amortization on acquisition-related intangible assets	3.4	5.5	-38%	14.2	21.9	-35%
Share based payments	2.2	3.1	-28%	10.6	11.3	-6%
Restructuring / severances / legal case	1.0	6.8	-86%	7.6	9.0	-15%
Other impacts / impacts from M&A activities	5.1	2.9	78%	8.3	3.2	161%
EBITA (Non-IFRS)	62.5	84.2	-26%	177.0	260.3	-32%
<i>in % of revenue (Non-IFRS)</i>	<i>26.3%</i>	<i>33.0%</i>		<i>21.2%</i>	<i>29.2%</i>	
Net income (Non-IFRS)	50.0	61.6	-19%	125.4	188.1	-33%
EPS in € (Non-IFRS)*	€0.68	€0.83	-19%	€1.69	€2.54	-33%

* Weighted average shares outstanding (basic): 74.0m

DIGITAL BUSINESS PLATFORM (INCL. DBP CLOUD & IOT)

SEGMENT REPORT Q4 2020 / FY 2020

<i>(in €m)</i>	Q4 2020	Q4 2019	Δ%	Δ% acc	FY 2020	FY 2019	Δ%	Δ% acc
Bookings	138.4	122.8	13%	19%	360.7	307.0	17%	21%
Licenses	56.5	66.0	-14%	-10%	135.8	163.9	-17%	-14%
Maintenance	69.9	74.3	-6%	-2%	281.4	287.9	-2%	0%
SaaS	9.1	6.6	38%	43%	31.3	22.7	38%	41%
Total revenue	135.2	146.9	-8%	-3%	448.5	474.5	-5%	-3%
Cost of sales	-14.3	-11.7	22%	26%	-50.5	-40.6	24%	26%
Gross profit	120.9	135.2	-11%	-6%	398.0	433.9	-8%	-6%
Sales & Marketing	-63.2	-57.3	10%	16%	-216.0	-198.2	9%	12%
Research & Development	-28.0	-27.7	1%	4%	-113.1	-105.1	8%	8%
Segment result	29.8	50.2	-41%	-36%	68.9	130.6	-47%	-43%
<i>Margin in %</i>	<i>22.0%</i>	<i>34.2%</i>			<i>15.4%</i>	<i>27.5%</i>		
Annual Recurring Revenue as of Dec 31, 2020	358.8	340.0	6%	11%				

DIGITAL BUSINESS PLATFORM (EXCL. DBP CLOUD & IOT)

SEGMENT REPORT Q4 2020 / FY 2020

(in €m)

	Q4 2020	Q4 2019	Δ%	Δ% acc	FY 2020	FY 2019	Δ%	Δ% acc
Bookings	112.5	103.7	9%	15%	261.5	241.1	8%	13%
Licenses	54.7	63.3	-14%	-9%	124.9	151.3	-17%	-14%
Maintenance	67.2	72.2	-7%	-2%	272.6	280.9	-3%	-1%
Total revenue	121.9	135.6	-10%	-5%	397.5	432.2	-8%	-6%
Annual Recurring Revenue as of Dec 31, 2020	304.9	298.2	2%	8%				

DBP CLOUD & IOT

SEGMENT REPORT Q4 2020 / FY 2020

(in €m)

	Q4 2020	Q4 2019	Δ%	Δ% acc	FY 2020	FY 2019	Δ%	Δ% acc
Bookings	25.9	19.1	35%	41%	99.2	65.9	50%	53%
Licenses	1.8	2.6	-30%	-27%	10.9	12.6	-13%	-14%
Maintenance	2.4	2.0	18%	19%	8.8	7.0	26%	26%
SaaS / Usage based	9.1	6.6	38%	43%	31.3	22.7	38%	41%
Total revenue	13.4	11.3	18%	22%	51.0	42.3	21%	22%
Annual Recurring Revenue as of Dec 31, 2020	53.9	41.7	29%	34%				

ADABAS & NATURAL

SEGMENT REPORT Q4 2020 / FY 2020

<i>(in €m)</i>	Q4 2020	Q4 2019	Δ%	Δ% acc	FY 2020	FY 2019	Δ%	Δ% acc
Bookings	49.8	29.2	71%	81%	129.0	100.8	28%	33%
Licenses	30.7	22.2	38%	47%	81.4	81.2	0%	4%
Maintenance	35.0	36.8	-5%	2%	141.2	147.0	-4%	0%
Product revenue	65.8	59.0	12%	19%	222.6	228.2	-2%	2%
Other	0.0	0.2			0.2	0.7		
Total revenue	65.8	59.2	11%	19%	222.8	228.9	-3%	1%
Cost of sales	-1.6	-2.3	-29%	-25%	-8.3	-8.1	3%	6%
Gross profit	64.1	56.9	13%	21%	214.5	220.9	-3%	1%
Sales & Marketing	-10.0	-9.5	6%	12%	-35.0	-34.9	0%	4%
Research & Development	-7.2	-7.2	1%	2%	-30.9	-26.2	18%	18%
Segment result	46.9	40.2	17%	26%	148.7	159.8	-7%	-2%
<i>Margin in %</i>	<i>71.3%</i>	<i>68.0%</i>			<i>66.7%</i>	<i>69.8%</i>		
Annual Recurring Revenue as of Dec 31, 2020	149.3	151.3	-1%	6%				

PROFESSIONAL SERVICES

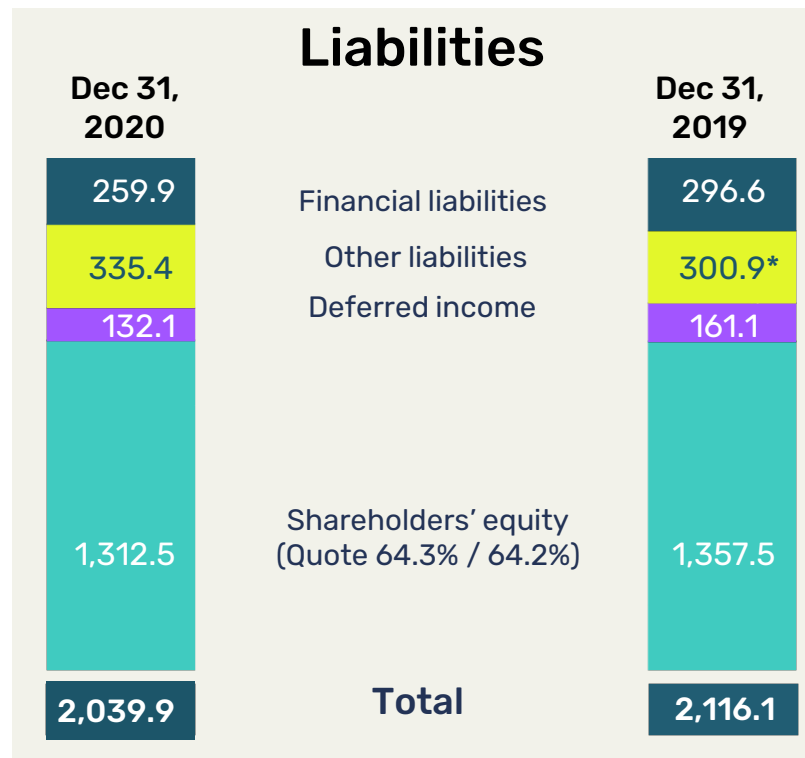
SEGMENT REPORT Q4 2020 / FY 2020

(in €m)

	Q4 2020	Q4 2019	Δ%	Δ% acc	FY 2020	FY 2019	Δ%	Δ% acc
Total revenue	36.8	49.0	-25%	-22%	163.6	187.2	-13%	-12%
Cost of sales	-29.3	-39.0	-25%	-22%	-130.5	-146.2	-11%	-10%
Gross profit	7.5	9.9	-25%	-21%	33.1	41.0	-19.0	-17%
Sales & Marketing	-3.6	-5.3	-33%	-30%	-15.4	-18.2	-16%	-14%
Segment result	3.9	4.6	-16%	-11%	17.7	22.7	-22%	-20%
<i>Margin in %</i>	<i>10.5%</i>	<i>9.4%</i>			<i>10.8%</i>	<i>12.1%</i>		

BALANCE SHEET

(in €m)



* Incl. assets/liabilities held for disposal



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