

PRESS RELEASE

## Software AG confirms growth forecast for full year 2011 despite weaker revenue growth in Q2

- Negative impact of currency translation lowered stated revenue
- Product revenue in local currency roughly at previous year's level
- Revenue decline in SAP implementation in Europe
- Growth of EBIT margin to 22.5-23.0 percent
- Revenue and earnings forecast for fiscal 2011 confirmed

Darmstadt, Germany, July 13, 2011 - Software AG (Frankfurt TecDAX: SOW) achieved total revenues of approx. €256-258 (2010: 267.3) million in the second quarter of the current fiscal year, based on initial consolidation of the financial figures. Total revenue at constant currency held steady at the previous year's level. Less-favorable exchange rates had a significant impact on stated revenues in comparison to the corresponding period of 2010. The company affirms the published outlook for the full year 2011, forecasting growth in revenue and earnings.

The euro currency has strengthened, which translates foreign currency revenues into a smaller stated euro amounts. In total, currency translation effects have reduced the stated revenue by approx. €10 million compared to the second quarter results in 2010. Earnings are less affected because a large share of costs is paid in local currency.

Software license sales have experienced in Europe continuous weakness from the first quarter of 2011, and a number of licensing agreements in both product lines (ETS und BPE) that were expected to be concluded in June did not close. BPE project services (IT integration and process optimization) posted double-digit growth in the second quarter, whereas demand for implementation of SAP products remained below that of the previous year. For the second quarter of fiscal 2011, the company now expects to report services revenue of approx. €105-106 (previous year: 105.4) million and product revenue of approx. €151-152 (previous year: 161.9) million, of which license revenue will account for €57-58 (2010: 68.8) million.

Software AG nevertheless expects to increase its EBIT margin for the second quarter to a level of 22.5-23.0% (2010: 22.0%) because of improved cost ratios compared to the previous year. The stated EBIT (IFRS) for Q2 2011 will roughly match the previous year's result of €58.9 million.

The sales pipeline remains strong for the second half of fiscal 2011, based on expected licensing deals and consulting projects, thereby making up for licensing revenues lost in Q2 2011. In addition, management is poised to take action to eliminate operating weaknesses identified in Europe. Customers, mainly in the United States, reported very positive experiences with the process optimization software products. Software AG's product range, including IDS Scheer products, is unique. As Germany's second largest software company, Software AG aims to intensify marketing of this technological lead, particularly in Europe.

On this basis, the company affirms the forecast for the full year 2011 that was published in January, which predicted revenue growth of 5-7%, at constant currency, and a jump in net income of 10-15%.

Full and finalized figures will be published on July 28, 2011.

###

#### About Software AG

Software AG is the global leader in Business Process Excellence. Our 40 years of innovation include the invention of the first high-performance transactional database, Adabas; the first business process analysis platform, ARIS; and the first [B2B](#) server and [SOA](#)-based integration platform, webMethods.

We offer our customers end-to-end [business process management \(BPM\)](#) solutions delivering low Total-Cost-of-Ownership and high ease of use. Our industry-leading brands, ARIS, webMethods, Adabas, Natural, CentraSite and IDS Scheer Consulting, represent a unique portfolio encompassing: process strategy, design, integration and control; SOA-based integration and data management; process-driven SAP implementation; and strategic process consulting and services.

Software AG had revenues of €1.1 billion in 2010 and has more than 5,600 employees serving 10,000 enterprise and public institution customers across 70 countries. Our comprehensive software and services solutions allow companies to continuously achieve their business results faster. The company is headquartered in Germany and listed on the Frankfurt Stock Exchange (TecDAX, ISIN DE 0003304002 / SOW).

#### Software AG - Get There Faster

Software AG | Uhlandstraße 12 | 64297 Darmstadt | Germany

Detailed press information about Software AG including a picture and multimedia database are available under: [www.softwareag.com/press](http://www.softwareag.com/press)

Follow us on Twitter 

[Software AG Germany](#) | [Software AG USA](#)

Contact:

**Otmar F. Winzig** <otmar.winzig@softwareag.com>

Senior Vice President

Corporate Communications | Investor Relations & Compliance

Tel: +49 6151- 92-1669