

# Software AG 2<sup>nd</sup> Quarter 2011 Results (IFRS, unaudited)

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A gear-shaped graphic with a dark blue center containing the text 'Business Process'.

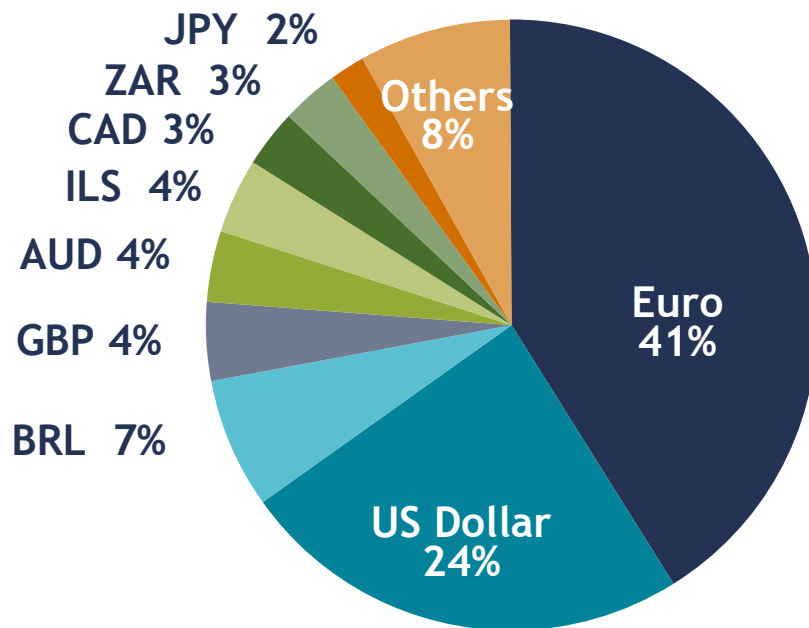
Business  
Process

## Process Excellence for the Digital Enterprise

This presentation contains forward-looking statements based on 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.

## Currency impact on revenue 2011 YTD (6 months)

- 41% revenue in Euro
- 59% revenue in foreign currency



(in mn. euros)

Currency impact on revenue	Q1 2011	Q2 2011	H1 2011
Licenses	+2.1	-4.2	-2.1
Maintenance	+3.1	-4.3	-1.2
Consulting & other	+1.8	-2.1	-0.3
<b>Total</b>	<b>+7.0</b>	<b>-10.6</b>	<b>-3.6</b>
<b>Δ% (yoy)</b>	<b>+2.6%</b>	<b>-4.0%</b>	<b>-0.7%</b>

Massive headwind due to currency translation in Q2

## Segment report Q2 2011 / YTD (6 months) Business Process Excellence

<i>(in mn. euros)</i>	Q2 2011	Q2 2010	Δ%	Δ% acc	YTD 2011	YTD 2010	Δ%	Δ% acc
Licenses	31.3	39.1	-20%	-15%	70.4	73.1	-4%	-3%
Maintenance	41.6	38.6	+8%	+13%	81.9	74.1	+11%	+12%
<b>Product revenue</b>	<b>72.9</b>	<b>77.7</b>	<b>-6%</b>	<b>-1%</b>	<b>152.3</b>	<b>147.2</b>	<b>+3%</b>	<b>+5%</b>
Services & other	48.7	43.8	+11%	+13%	93.3	84.0	+11%	+11%
<b>Total revenue</b>	<b>121.6</b>	<b>121.5</b>	<b>0%</b>	<b>+4%</b>	<b>245.6</b>	<b>231.2</b>	<b>+6%</b>	<b>+7%</b>
Cost of sales	-42.3	-41.2	+3%		-87.6	-79.5	+10%	
<b>Gross profit</b>	<b>79.3</b>	<b>80.3</b>	<b>-1%</b>		<b>158.0</b>	<b>151.7</b>	<b>+4%</b>	
Sales & marketing	-29.6	-30.3	-2%		-60.0	-59.6	+1%	
R & D	-15.0	-15.2	-1%		-29.6	-29.3	+1%	
<b>Segment result</b>	<b>34.7</b>	<b>34.8</b>	<b>0%</b>		<b>68.4</b>	<b>62.8</b>	<b>+9%</b>	

## Segment report Q2 2011 / YTD (6 months) Enterprise Transaction Systems

<i>(in mn. euros)</i>	Q2 2011	Q2 2010	Δ%	Δ% acc	YTD 2011	YTD 2010	Δ%	Δ% acc
Licenses	25.1	28.0	-10%	-2%	55.6	53.6	+4%	+6%
Maintenance	48.1	50.4	-5%	-1%	96.7	96.9	-	-
<b>Product revenue</b>	<b>73.2</b>	<b>78.4</b>	<b>-7%</b>	<b>-1%</b>	<b>152.3</b>	<b>150.5</b>	<b>+1%</b>	<b>+2%</b>
Services & other	16.5	17.9	-8%	-7%	34.2	34.9	-2%	-2%
<b>Total revenue</b>	<b>89.7</b>	<b>96.3</b>	<b>-7%</b>	<b>-2%</b>	<b>186.5</b>	<b>185.4</b>	<b>+1%</b>	<b>+1%</b>
Cost of sales	-19.5	-21.0	-7%		-39.5	-39.5	-	
<b>Gross profit</b>	<b>70.2</b>	<b>75.3</b>	<b>-7%</b>		<b>147.0</b>	<b>145.9</b>	<b>+1%</b>	
Sales & marketing	-14.5	-16.9	-14%		-31.2	-33.6	-7%	
R & D	-6.8	-7.8	-13%		-13.6	-15.5	-12%	
<b>Segment result</b>	<b>48.9</b>	<b>50.6</b>	<b>-3%</b>		<b>102.2</b>	<b>96.8</b>	<b>+6%</b>	

## Segment report Q2 2011 / YTD (6 months)

### IDS Scheer Consulting

<i>(in mn. euros)</i>	Q2 2011	Q2 2010	Δ%	Δ% acc	YTD 2011	YTD 2010	Δ%	Δ% acc
External product revenue	5.4	5.9	-8%	-5%	11.2	11.0	+2%	+3%
Services & other	40.4	43.6	-7%	-5%	86.5	90.0	-4%	-4%
<b>Total revenue</b>	<b>45.8</b>	<b>49.5</b>	<b>-7%</b>	<b>-5%</b>	<b>97.7</b>	<b>101.0</b>	<b>-3%</b>	<b>-3%</b>
Cost of sales	-44.1	-43.8	+1%		-89.5	-88.5	+1%	
<b>Gross profit</b>	<b>1.7</b>	<b>5.7</b>	<b>-70%</b>		<b>8.2</b>	<b>12.5</b>	<b>-34%</b>	
Sales & marketing	-6.7	-7.9	-15%		-13.2	-15.8	-16%	
R & D	-0.1	-0.1	-		-0.2	-0.4	-50%	
<b>Segment result</b>	<b>-5.1</b>	<b>-2.3</b>	<b>n.a.</b>		<b>-5.2</b>	<b>-3.7</b>	<b>n.a.</b>	

## Result Q2 2011 / YTD (6 months)

<i>(in mn. euros)</i>	Q2 2011	Q2 2010	Δ%	YTD 2011	YTD 2010	Δ%
<b>Total revenue</b>	<b>257.1</b>	<b>267.3</b>	<b>-4%</b>	<b>529.7</b>	<b>517.6</b>	<b>+2%</b>
Cost of sales	-111.0	-111.3	-	-226.1	-217.6	+4%
<b>Gross profit</b>	<b>146.1</b>	<b>156.0</b>	<b>-6%</b>	<b>303.6</b>	<b>300.0</b>	<b>+1%</b>
<i>Margin in %</i>	<i>56.8%</i>	<i>58.4%</i>		<i>57.3%</i>	<i>58.0%</i>	
R & D	-21.9	-23.0	-5%	-43.4	-45.0	-4%
Sales & marketing	-53.6	-58.5	-8%	-110.1	-115.2	-4%
Administration	-15.7	-20.1	-22%	-33.7	-39.9	-16%
Other income/expense	+4.0	+4.5		+2.7	+5.6	
<b>EBIT</b>	<b>58.9</b>	<b>58.9</b>	<b>-</b>	<b>119.1</b>	<b>105.5</b>	<b>+13%</b>
<i>Margin in %</i>	<i>22.9%</i>	<i>22.0%</i>		<i>22.5%</i>	<i>20.4%</i>	
<i>EBITDA (pro-forma*)</i>	<i>70.0</i>	<i>70.6</i>	<i>-1%</i>	<i>141.2</i>	<i>128.3</i>	<i>+10%</i>
<i>Margin in %</i>	<i>27.2%</i>	<i>26.4%</i>		<i>26.7%</i>	<i>24.8%</i>	

\* Depreciation & amortization is included in functional areas according to IFRS

## Net result Q2 2011 / YTD (6 months)

<i>(in mn. euros)</i>	Q2 2011	Q2 2010	Δ%	YTD 2011	YTD 2010	Δ%
EBIT	58.9	58.9	-	119.1	105.5	+13%
<i>Margin in %</i>	22.9%	22.0%		22.5%	20.4%	
Financial income	-2.0	-2.9		-3.4	-7.5	
<b>Profit before tax</b>	<b>56.9</b>	<b>56.0</b>	<b>+2%</b>	<b>115.7</b>	<b>98.0</b>	<b>+18%</b>
Taxes	-18.2	-18.6	-2%	-37.0	-32.6	+13%
<i>Tax rate in %</i>	32.0%	33.2%		32.0%	33.3%	
<b>Net income</b>	<b>38.7</b>	<b>37.4</b>	<b>+3%</b>	<b>78.7</b>	<b>65.4</b>	<b>+20%</b>
<b>EPS*</b>	<b>€0.45</b>	<b>€0.44</b>	<b>+2%</b>	<b>€0.92</b>	<b>€0.76</b>	<b>+21%</b>

\* Weighted average shares outstanding (basic) Q2 2011: 86.0 mn./ Q2 2010: 84.9 mn. (pro forma incl. share split)

## Cash flow Q2 2011 / YTD (6 months)

<i>(in mn. euros)</i>	Q2 2011	Q2 2010	Δ%	YTD 2011	YTD 2010	Δ%
Operating cash flow	46.6	37.9	+23%	97.6	100.4	-3%
./.. CapEx*	-0.7	-1.6		-2.6	-4.3	
<b>Free cash flow</b>	<b>45.9</b>	<b>36.3</b>	<b>+26%</b>	<b>95.0</b>	<b>96.1</b>	<b>-1%</b>
as % of revenue	17.9%	13.6%		17.9%	18.6%	
<b>Free cash flow per share (in €)</b>	<b>0.53</b>	<b>0.43</b>	<b>+23%</b>	<b>1.11</b>	<b>1.13</b>	<b>-2%</b>
Weighted average number of shares (in mn.)	86.0	84.9		85.7	85.2	

\* Cash flow from investing activities except acquisitions



## Balance sheet

(in mn. euros)

### Assets

June 30, 2011		June 30, 2010	Dec 31, 2010
194.6	Cash and cash equivalents	155.8	102.5
341.9	Trade receivables	321.8	350.8
88.3	Invent.& other assets	122.6	124.8
1,041.2	Fixed assets (goodwill 722.2/ 727.4/717.3)	1,051.3	1,021.5
<b>1,666.0</b>	<b>Total</b>	<b>1,651.5</b>	<b>1,599.6</b>

### Liabilities

June 30, 2011		June 30, 2010	Dec 31, 2010
353.2	Financial liabilities	447.8	269.7
349.6	Other liabilities	366.9	430.7
153.7	Deferred income	164.8	129.9
809.5	Shareholders' equity (ratio 48.6%/ 40.7%/48.1%)	672.0	769.3
<b>1,666.0</b>	<b>Total</b>	<b>1,651.5</b>	<b>1,599.6</b>

## Outlook 2011 - confirmed

<i>(IFRS, in mn. euros)</i>	2010	Forecast 2011 (as of January 27, 2011)	H1 2011 (yoy, acc)
<b>Product revenue</b>			
- BPE	319.4	Growth: +10% to +15%*	+5%*
- ETS	354.6	Flat: -2% to +2%*	+2%*
<b>Total revenue</b>	1,119.5	Growth: +5% to +7%*	+3%*
<b>Net income</b>	175.6	Growth: +10% to +15%	+20%

\* Net of currency

Thank you!



**Process Excellence**  
for the Digital Enterprise

## Amortization / depreciation impact 2011ff (preliminary)

*(in mn. euros)*

	Q2 2011	FY 2011	FY 2012*ff
Amortization IDS	2.7	11.0	11.0
Amortization other	5.2	22.9	25.9
Depreciation	3.2	12.8	12.8

\* Estimated

## Headcount by functional areas\* and geography

<i>in FTE</i>	June 30, 2011	March 31, 2011	Δ% qoq	June 30, 2010	Δ% yoy
<b>Total</b>	<b>5,478</b>	<b>5,534</b>	<b>-1%</b>	<b>5,792</b>	<b>-5%</b>
Consulting / Services / Support	2,865	2,957	-3%	3,102	-8%
R & D	845	822	+3%	839	+1%
Sales & marketing	1,036	1,025	+1%	1,071	-3%
Administration	732	730	-	780	-6%
USA	733	693	+6%	696	+5%
Germany	1,946	1,990	-2%	2,110	-8%
Rest of world	2,799	2,851	-2%	2,986	-6%

\* According to P+L structure

## Revenue Q2 2011 / YTD (6 months)

<i>(in mn. euros)</i>	Q2 2011	Q2 2010	Δ%	Δ% acc	YTD 2011	YTD 2010	Δ%	Δ% acc
<b>Product</b>	<b>151.5</b>	<b>161.9</b>	<b>-6%</b>	<b>-1%</b>	<b>315.8</b>	<b>308.6</b>	<b>+2%</b>	<b>+3%</b>
Licenses	57.7	68.8	-16%	-10%	129.0	130.1	-1%	+1%
Maintenance	93.8	93.1	+1%	+5%	186.8	178.5	+5%	+5%
<b>Consulting &amp; Services</b>	<b>104.8</b>	<b>104.4</b>	<b>-</b>	<b>+2%</b>	<b>211.1</b>	<b>206.7</b>	<b>+2%</b>	<b>+2%</b>
<b>Other</b>	<b>0.8</b>	<b>1.0</b>			<b>2.8</b>	<b>2.3</b>		
<b>Total</b>	<b>257.1</b>	<b>267.3</b>	<b>-4%</b>	<b>-</b>	<b>529.7</b>	<b>517.6</b>	<b>+2%</b>	<b>+3%</b>