

PRESS RELEASE

Software AG reports stable revenue and earnings for fiscal year 2011

- Total revenue of €1.1 billion in 2011 remains at the previous year's record level
- Business Process Excellence total revenue up by 7 percent (at constant currency)
- Enterprise Transaction Systems (ETS) total revenue minus 8 percent (at constant currency)
- EBIT margin up 50 basis points to 24.5 percent
- Profit after tax at €177 million slightly over the previous year's figure

Darmstadt, Germany, January 24, 2012 - Software AG (Frankfurt TecDAX: SOW) reported revenue of €1.1 billion in fiscal year 2011, stable at the previous year's record level. The company's Business Process Excellence (BPE) business line returned revenue of €528 million, up 7 percent (at constant currency) from €499 million in 2010. The Group EBIT margin was up by 50 basis points to 24.5 percent delivering an EBIT of €269 million (€269 million in 2010). Profit after tax was €177 million (€176 million in 2010) slightly over the previous year. Software AG had a total of 5,535 employees as of December 31, 2011 (previous year 5,644). The number of employees in Germany was 1,881 (previous year 2,051).

Business Line Development

The fiscal year 2011 confirmed Software AG's strategy, with the Business Process Excellence growth segment reporting an increase in license, maintenance and services revenue to a record level of €528 million. The BPE business line was again the main revenue generator of the Group and its net business result increased to a new record high of €154 million.

"The success of our BPE business in 2011 fully confirms the potential of Business Process technology," said Karl-Heinz Streibich, CEO at Software AG. "To faster develop this new market we will strengthen our sales activities in key markets and increase the efficiency of our go-to-market approach. We are confident that we will replicate the outstanding growth performance in Europe on a global basis."

The Enterprise Transaction Systems (ETS) reported an 8 percent decline in revenue (at constant currency) to €381 million (€420 million in 2010) almost fully offsetting the growth in BPE. The business line felt the effect of fourth quarter conservative investments by customers due to economic uncertainty, after a stable first nine months. As a result, the company could not offset the expected normalization of revenue development in Brazil following the rapid expansion since 2008.

With revenue of €189.2 million (previous year €200.3 million) in 2011, the IDS Scheer Consulting business contributed about 17 percent of total Software AG revenue. Software AG has focused on profitability in the consulting business which has led to a margin increase of 367 basis points.

Fourth quarter

The fourth quarter of 2011 was marked by macroeconomic uncertainty leading to very cautious customer spending at the year end. Notwithstanding, both EMEA and DACH saw strong BPE license growth of approx. 40 percent that could not totally make up for the decline in the Americas. As planned, ETS revenue was reduced through a normalization of growth in Brazil. ETS revenue growth

in other regions could not cover this expected shortfall despite particularly strong growth of 21 percent in EMEA. Overall revenue for the quarter was down 9 percent (at constant currency rates).

Group earnings

The company reported EBIT of €269 million (€268 million in 2010). Through prudent cost management, the EBIT margin was increased by 50 basis points to 24.5 percent. A continuous reduction in net debt (minus 64 percent), an increase in liquidity and significantly reduced financing costs led to an improved financial result.

These individual components enabled Software AG to raise both pre-tax profit (€259 million, previous year: €254 million.) and net profit (€177 million; previous year: €176 million) to new record levels.

Shareholder's equity was increased by 23.7 percent to €951.5 million (in comparison to 31.12.2011). The equity ratio was raised to 56.6 percent (48.1 percent on the 31.12.2010).

"In the past fiscal year we further strengthened the operational basis of our business," said CFO Arnd Zinnhardt. "Once again we were able to raise process efficiencies and establish a new Group record profit level."

Outlook

Software AG expects growth of 5 to 15 percent in the Business Process Excellence business line in 2012. The company expects a revenue fall of 7 to 12 percent in the Enterprise Transaction Systems business in line with the 2011 performance. The company plans to invest in the expansion of the BPE business increasing sales and marketing activities in 2012. Software AG expects an EBIT margin of 23 to 24.5 percent for the current fiscal year.

Figures according to IFRS, unaudited

in € Millions	FY 2011	FY 2010	Change in %	Q4 2011	Q4 2010	Change in %
Revenue	1,098.3	1,119.5	-1%*	294.0	326.7	-9%*
Product revenue	673.9	696.8	-2%*	189.2	222.0	-14%*
Consulting und Services	419.8	418.7	1%*	103.4	103.7	0%*
Business Lines						
Business Process Excellence	527.8	499.2	7%*	151.2	148.2	3%*
Enterprise Transaction Systems	381.3	420.0	-8%*	99.7	133.2	-24%*
IDS Scheer Consulting	189.2	200.3	-5%*	43.1	45.3	-5%*
EBIT	269.2	268.6	0%	78.0	94.1	-17%
as % of revenue	24.5%	24.0%		26.5%	28.8%	
Net income	177.2	175.6	1%	51.9	64.7	-20%
as % of revenue	16.1%	15.7%		17.7%	19.8%	
Earnings per share (€, basic)	2.05	2.06	0%	0.60	0.76	-21%

Earnings per share (€, diluted)	2.03	2.05	-1%	0.59	0.76	-22%
Free Cash Flow	187.7	217.8	-14%	79.5	79.1	1%
Total assets	1,680.7	1,599.6	5%			
Cash and cash equivalents	216.5	102.5	111%			
Net debt	60.9	167.2	-64%			
Shareholders' equity	951.5	769.3	24%			
as % of total assets	57%	48%				
Employees (Full time equivalent)	5,535	5,644	-2%			
of which in Germany	1,881	2,051	-8%			
R&D	887	850	4%			

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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 € 847 million in 2009 and has more than 5,700 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

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