

PRESS RELEASE

Software AG's first quarter financial results confirm expectations

- Business Process Excellence (BPE) total revenue of €124.3 million sets new record high for a first quarter
- BPE growth was driven by a continued strong performance in Europe
- Enterprise Transaction Systems (ETS) with total revenue of €94.4 million performed better than anticipated
- Maintenance revenue at all-time quarterly high of €96.3 million
- Free cash flow up by 20 percent
- Full-year guidance for 2012 unchanged

Darmstadt, Germany, April 27, 2012 - Software AG (Frankfurt TecDAX: SOW) reported record first quarter Business Process Excellence (BPE) revenue of €124.3 million (€123.9 million in 2011). This growth was primarily driven by very strong performances in Europe and the introduction of new products. Enterprise Transaction Systems (ETS), performed better than expected, with total revenue of €94.4 million. The company's software product business (license and maintenance) reported total revenue of €161.5 million close to the outstanding performance of Q1, 2011. Total maintenance revenue reached an all time high for a quarter of €96.3 million. Despite higher spending on R&D, Sales and Marketing, the EBIT margin reached 21.5% and free cash flow was increased by 20%. The company confirmed its guidance for the full year 2012, published in January of this year.

"The sustained success of the Business Process Excellence division in Europe once again demonstrates the strength of both our product portfolio and our new go-to-market strategy, a strategy that we are now rolling-out globally", said Software AG CEO, Karl-Heinz Streibich.

The first quarter has laid the basis for the full fiscal year

The **Business Process Excellence** division showed the same development as in the second half of 2011 with strong growth in DACH and EMEA. It is expected that this positive development will also be seen in the USA in the second half of the year. The first quarter 2012 showed a 1.5 percent increase in BPE product revenue to €80.6 million exceeding the extraordinary first quarter of 2011 by €1.2 million. Total business division revenue of €124.3 million is a record high for a first quarter.

During the quarter under review, the **Enterprise Transaction Systems** performed better than anticipated. Product revenue of €76.3 million, services of €17.8 million and total revenue of €94.4 million have laid the basis for a full-year performance within the guided corridor.

The **IDS Scheer Consulting** division reported sales of €35.8 million. The withdrawal from unprofitable markets such as China and Russia and the general focus on profitable projects resulted in a reduction of revenue. As previously announced, Software AG has conducted a review of strategic options for the further development of the global IDS Scheer Consulting business. The company has decided to develop the IDS Scheer Consulting business as an independent operating company with an innovative partner management structure. Software AG is therefore focusing on continuity and the stability of customer relationships to generate growth.

Operating results

Software AG significantly increased BPE business line investment (+€7 million) in R&D, Marketing and Sales in the first quarter of 2012 laying the basis for accelerated global growth with new products. The company also further optimized administrative costs and therefore achieved an EBIT margin of 21.5 percent and an EBIT of €54.8 million (€60.2 in Q1, 2011).

Net income in the quarter under review was €35.9 million (2011: 40.0 million) and earnings per share €0.41 (2011: €0.47).

Free cash flow increased by 20 percent to €59.1 million and net debt was significantly reduced by over €100 million over the past twelve months to almost zero.

“We have invested substantially in R&D, Sales and Marketing laying the basis for accelerated growth of our BPE business in the second half of this year; but we have also maintained a high EBIT margin and increased the free cash flow significantly”, said Software AG CFO, Arnd Zinnhardt.

Annual Shareholders' Meeting, May 4, 2011

A total dividend payout of €39.9 million or €0.46 per share (2011: €0.43) for fiscal year 2011 will be proposed by Software AG's Executive and Supervisory Boards at the shareholders' meeting on May 4, 2011.

Outlook

The financial results of Q1, 2012 have laid the basis for the successful development of the core business and for achieving the full year targets for fiscal 2012. Therefore the company affirms the forecast for the full year 2012, published in January, with growth of 5 to 15 percent in the BPE division and corresponding group revenue in the range of +/- 3 percent, both in comparison to 2011 (at constant currency). Software AG expects an EBIT margin of 23.0 to 24.5 percent for the current fiscal year.

Key Figures

KEY FIGURES as of March 31, 2012			
IFRS, unaudited			
In € millions (unless otherwise stated)	Q1 2012	Q1 2011	Change in %
<i>Revenue</i>	254.6	272.6	-7%
Product revenue	161.5	164.2	-2%
Consulting and Services	92.7	106.4	-13%
Other	0.4	2.0	
<i>Business Line</i>			
Business Process Excellence	124.3	123.9	0%
Enterprise Transaction Systems	94.4	96.8	-2%
IDS Scheer Consulting	35.8	51.9	-31%
EBIT	54.8	60.2	-9%
as % of revenue	21.5%	22.1%	
Net income	35.9	40.0	-10%
as % of revenue	14.1%	14.7%	
Earnings per share (€, basic)	0.41	0.47	-13%
Earnings per share (€, diluted)	0.41	0.46	-11%
Free Cash flow	59.1	49.1	20%
Employees (Full time equivalent)	5,498	5,534	
of which in Germany	1,835	1,990	
R&D	884	822	
	31.03.2012	31.12.2011	
Total assets	1,701.2	1,680.7	
Cash and cash equivalents	272.3	216.5	
Net debt	6.3	60.9	
Shareholders' equity	974.6	951.5	
as % of total assets	57%	57%	

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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 €1.1 billion in 2011 (IFRS, unaudited) and has more than 5,500 employees serving about 10,000 enterprise and public institution customers across 70 countries. Our comprehensive software and services solutions allow

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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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