

SOFTWARE AG ACHIEVES DOUBLE-DIGIT GROWTH IN LARGEST BUSINESS LINE

- BPE license revenue up 19 percent
- Strategic growth initiatives show positive effects
- LongJump acquisition bolsters cloud offering
- Full-year forecast confirmed

Darmstadt, Germany, 4/25/2013 - Software AG (Frankfurt TecDAX: SOW) reported license revenue growth of 19 percent (at constant currency) in its largest business line, Business Process Excellence (BPE), in the first quarter of the current fiscal year. These results, clearly outperforming the market, illustrate that the company's expansion of sales, begun last year, continue to have a positive impact. In addition to its quarterly results, Software AG announced its acquisition of LongJump, a U.S. based firm headquartered in California. LongJump offers a cloud-based software platform that enables customers to independently develop enterprise applications. In order to further fuel dynamic growth, Software AG plans to drive its growth initiatives with targeted investments in the BPE business line during the course of the current fiscal year. The company's full-year forecast for 2013 has been confirmed.

Software AG CEO, Karl-Heinz Streibich stated, "Our first-quarter results confirm that we are exactly on track with our strategic growth initiatives. There is unprecedented demand for products around the four technological megatrends: Big Data, Cloud, Mobile and Social Collaboration. Our BPE offering addresses precisely what our customers need and helps them successfully implement their digitization strategies. Additionally, we are enhancing organic growth through selective acquisitions."

Business line development

The **BPE** business line made the largest contribution to total revenue with growth of about 14 percent (at constant currency) to total €90.3 million (2012: €80.6 million). The business line's license revenue went up 19 percent (at constant currency) to €41.9 million (2012: €35.7 million). With these results, the company clearly outperformed its competitors which should lead to an increase of its market share in the period under review. This dynamic development verifies the impact of strategic growth measures—including the expansion of the company's sales force in specific markets—introduced last year. Based on its project pipeline, Software AG is optimistic about upcoming quarters and expects BPE license revenue to continue to rise over the course of the year.

The traditional **Enterprise Transaction Systems (ETS)** database business generated €64.5 million (2012: €76.6 million) in the first quarter. The expected decline in the current year is due to a weaker cycle of contract renewals. Because the ETS products Adabas-Natural are a key technology to a large customer base, Software AG anticipates the division's performance to improve during the second half of 2013.

The **Consulting** business line, which comprised the services of BPE, ETS and IDS Scheer Consulting for the first time this quarter, posted revenue at €70.1 million (2012: €97.4 million). As part of the realignment of its SAP consulting business, Software AG continues to withdraw from unprofitable markets and to focus on process optimization for SAP applications in the German speaking region. The sale of its North American SAP-related service activities in January 2013 was a major step in this direction.

Software AG's **total revenue** for the first quarter of 2013 was €224.9 million (2012: €254.6 million) due to decreased consulting revenue. **Revenue from Software AG's own products** (BPE + ETS product revenue) at constant currency was slightly above the figure of €156.9 million from the same quarter last year. Product sales represented about 70 percent (2012: 63 percent) of total revenue. The revenue mix therefore further improved in favor of growth-driving, high-margin license and maintenance revenue.

Earnings

Due to the planned increase in sales and marketing expenses, at €72.8 million (2012: €59.3 million), for addressing new high-potential markets, **EBIT** was €41.6 million (2012: €54.8 million). **Net income after taxes** totaled €27.2 million (2012: €35.9 million).

Software AG's **equity ratio** declined from 60 percent (Dec. 31, 2012) to a still very high 56 percent as of March 31, 2013 due to the ongoing successful share buy-back program. Software AG again reported net liquidity as of March 31, 2013 with a cash surplus (cash less financial liabilities) of €60.8 million (Dec. 31, 2012: €49.6 million).

CFO Arnd Zinnhardt stated, "We invested in organic growth and also continued to accumulate liquidity, as planned, in the first quarter. In addition, we used free cash for our current share buy-back program. Even after acquiring LongJump, we will keep our options open for further acquisitions that will enhance our portfolio and accelerate Software AG's growth."

Acquisition of LongJump

Software AG today announced its acquisition of LongJump, a U.S. based company. It was founded in 2003 and has its headquarters in Santa Clara, California as well as a research & development center in Indore, India.

LongJump serves a customer base of more than 220 international companies, offering them a digital platform that enables users to create cloud-based applications independently, easily, quickly and, most importantly, without the need for help from their IT department. The demand for platforms such as this to efficiently develop applications internally is increasing steadily as enterprises become digital.

Software AG is expanding its cloud expertise and extending its own cloud-ready product offering with the acquisition of LongJump. At this year's CeBIT trade show in March Software AG announced that it would gradually begin offering its product portfolio as Software-as-a-Service from the cloud.

Employees

As of March 31, 2013 Software AG had 5,300 (Dec. 2012: 5,419) employees, of which 1,176 (Dec. 2012: 1,131) worked in Sales and Marketing and 901 (Dec. 2012: 887) in Research and Development. The total number of employees in Germany was 1,727 (Dec. 2012: 1,768).

Outlook 2013

Software AG expects the positive business development to continue and confirms the forecast which was released with the 2012 full-year results on January 29, 2013. Accordingly, the company expects an increase in BPE revenue between 16 and 22 percent (at constant currency) for fiscal year 2013. Revenue for the traditional ETS database business is likely to shrink between 4 and 9 percent (at constant currency), which will be more than offset by the targeted BPE growth. Taking into account the additional investments for the expansion of sales and marketing, earnings per share should be between €1.70 and €1.80.

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Key Figures for Q1 2013 IFRS, unaudited

in € thousands	Q1/2013	Q1/2012	Change in % (rounded)	Change in % (at constant currency)
BPE licenses	41,919	35,679	+18	+19
BPE maintenance	48,426	44,876	+8	+10
BPE product revenue	90,345	80,555	+12	+14
<i>as % of total revenue</i>	40.2	31.6		
ETS product revenue	64,276	76,333	-16	-14
<i>as % of total revenue</i>	28.6	30.0		
Product revenue (Software AG products)	154,621	156,889	-1	+1
Consulting	70,085	97,382	-28	-27
<i>as % of total revenue</i>	31.2	38.3		
Total revenue	224,910	254,554	-12	-10
Sales & marketing expenses	72,811	59,274	+23	
Research & development expenses	26,220	24,237	+8	
EBIT*	41,628	54,820	-24	
<i>as % of total revenue</i>	18.5	21.5		
Net income	27,213	35,863	-24	
Earnings per share in €	0.32	0.41	-22	
Free cash flow	62.7	59.1	+6	
	03/31/2013	12/31/2012		
Total assets	1,855.1	1,771.9		
Cash and cash equivalents	422.8	315.7		
Net liquidity	60.8	49.6		
<i>Equity ratio in %</i>	56	60		
Employees (FTE)	5,300	5,419		

*EBIT = Consolidated net income + income taxes + other taxes + financial result

About Software AG

Software AG (FRA: SOW) helps organizations achieve their business objectives faster. The company's big data, integration and business process technologies enable customers to drive operational efficiency, modernize their systems and optimize processes for smarter decisions and better service. Building on over 40 years of customer-centric innovation, the company is ranked as a leader in 15 market categories, fueled by core product families Adabas and Natural, ARIS, Terracotta and webMethods. Software AG has around 5,300 employees in 70 countries and had revenues of €1.05 billion in 2012. Learn more at www.softwareag.com.

Software AG - Get There Faster

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