

Software AG

2nd Quarter 2013 Results (IFRS, unaudited)

July 25, 2013

Safe harbor

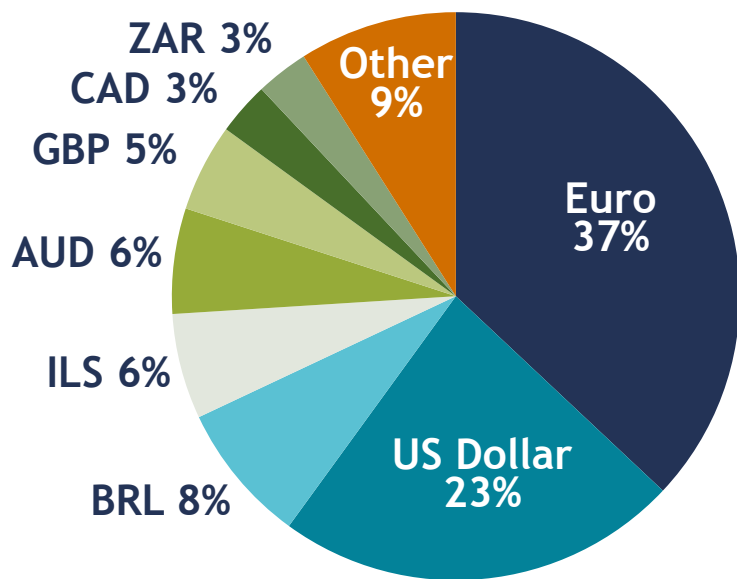
This presentation contains forward-looking statements based on beliefs of Software AG management. Such statements reflect current views of Software AG with respect to future events and results and are subject to risks and uncertainties. Actual results may vary materially from those projected here, due 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

Q2 2013 / YTD 2013 (6 months)

→ 37% revenue in Euro

→ 63% revenue in foreign currency



Currency split YTD 2013

Currency impact on revenue

<i>(in €m; yoy)</i>	Q2 2013	Q2 in %	YTD 2013	YTD in %
Licenses	-4.1	-5%	-4.8	-3%
Maintenance	-2.6	-3%	-4.9	-3%
Consulting & Other	-0.8	-1%	-1.5	-1%
Total	-7.5	-3%	-11.2	-2%

Segment report Q2 2013 / YTD 2013 (6 months)

Business Process Excellence (BPE)

<i>(in €m)</i>	Q2 2013	Q2 2012	Δ%	Δ% acc	YTD 2013	YTD 2012	Δ%	Δ% acc
Licenses	42.8	45.6	-6%	-3%	84.7	81.3	4%	7%
Maintenance	48.6	48.1	1%	4%	97.1	93.0	4%	7%
Product revenue	91.4	93.7	-2%	1%	181.8	174.3	4%	7%
Other	-	0.1	-	-	-	-	-	-
Total revenue	91.4	93.8	-3%	1%	181.8	174.3	4%	7%
Cost of sales	-4.9	-4.8	2%		-10.8	-9.6	13%	
Gross profit	86.5	89.0	-3%		171.0	164.7	4%	
Sales & marketing	-48.1	-35.3	36%		-94.1	-66.2	42%	
R & D	-19.8	-18.8	5%		-39.5	-36.3	9%	
Segment result	18.6	34.9	-47%		37.4	62.2	-40%	

Segment report Q2 2013 / YTD 2013 (6 months)

Enterprise Transaction Systems (ETS)

<i>(in €m)</i>	Q2 2013	Q2 2012	Δ%	Δ% acc	YTD 2013	YTD 2012	Δ%	Δ% acc
Licenses	32.6	30.1	8%	16%	53.6	58.8	-9%	-4%
Maintenance	43.1	47.6	-9%	-7%	86.3	95.2	-9%	-6%
Product revenue	75.7	77.7	-3%	2%	139.9	154.0	-9%	-6%
Other	0.1	0.2	-	-	0.4	0.5	-	-
Total revenue	75.8	77.9	-3%	2%	140.3	154.5	-9%	-6%
Cost of sales	-3.1	-3.9	-21%		-6.9	-7.5	-8%	
Gross profit	72.7	74.0	-2%		133.4	147.0	-9%	
Sales & marketing	-13.5	-14.5	-7%		-27.3	-29.7	-8%	
R & D	-6.4	-6.5	-2%		-12.9	-13.2	-2%	
Segment result	52.8	53.0	0%		93.2	104.1	-10%	

Segment report Q2 2013 / YTD 2013 (6 months)

Consulting

<i>(in €m)</i>	Q2 2013	Q2 2012	Δ%	Δ% acc	YTD 2013	YTD 2012	Δ%	Δ% acc
Licenses	0.4	0.3	33%	35%	1.0	1.2	-17%	-12%
Maintenance	1.7	3.8	-55%	-57%	3.5	7.5	-53%	-53%
Product revenue	2.1	4.1	-49%	-50%	4.5	8.7	-48%	-48%
Services & other	68.4	82.8	-17%	-16%	136.1	175.6	-22%	-22%
Total revenue	70.5	86.9	-19%	-18%	140.6	184.3	-24%	-23%
Cost of sales	-59.2	-82.8	-29%		-119.4	-170.3	-30%	
Gross profit	11.3	4.1	176%		21.2	14.0	51%	
Sales & marketing	-8.6	-8.4	2%		-18.2	-18.1	1%	
Segment result	2.7	-4.3	-		3.0	-4.1	-	

Result Q2 2013 / YTD 2013 (6 months)

<i>(in €m)</i>	Q2 2013	Q2 2012	Δ%	YTD 2013	YTD 2012	Δ%
Total revenue	237.7	258.6	-8%	462.7	513.2	-10%
Cost of sales	-73.5	-97.6	-25%	-149.4	-199.3	-25%
Gross profit	164.2	161.0	2%	313.3	313.9	0%
<i>Margin in %</i>	69.1%	62.3%		67.7%	61.2%	
R & D	-26.2	-25.3	4%	-52.4	-49.6	6%
Sales & marketing	-73.9	-61.6	20%	-146.8	-120.9	21%
Administration	-17.4	-18.7	-7%	-35.2	-34.2	3%
Other income/expense	-2.3	1.7	-	7.1	2.7	+163%
EBIT	44.4	57.1	-22%	86.0	111.9	-23%
<i>Margin in %</i>	18.7%	22.1%		18.6%	21.8%	

Net income Q2 2013 / YTD 2013 (6 months)

<i>(in €m)</i>	Q2 2013	Q2 2012	Δ%	YTD 2013	YTD 2012	Δ%
EBIT	44.4	57.1	-22%	86.0	111.9	-23%
Financial income	-1.5	-1.9	-21%	-2.8	-4.0	-30%
Profit before taxes	42.9	55.2	-22%	83.2	107.9	-23%
Other taxes	-1.4	-2.4	-42%	-3.2	-3.6	-11%
Income taxes	-12.7	-15.3	-17%	-24.0	-31.0	-23%
<i>Tax rate in %</i>	32.9%	32.1%		32.7%	32.1%	
Net Income	28.8	37.5	-23%	56.0	73.3	-24%
EPS in €*	0.34€	0.43€	-21%	0.66€	0.84€	-21%

* Weighted average shares outstanding (basic) Q2 2013: 83.8m/ Q2 2012: 86.8m

Cash flow Q2 2013 / YTD 2013 (6 months)

(in €m)	Q2 2013	Q2 2012	Δ%	YTD 2013	YTD 2012	Δ%
Operating cash flow	13.3	43.8	-70%	78.7	104.8	-25%
./. CapEx*	-3.7	-2.0		-6.4	-3.9	
Free cash flow	9.6	41.8	-77%	72.3	100.9	-28%
<i>as % of revenue</i>	4.0%	16.2%		15.6%	19.7%	
Free cash flow per share	0.11€	0.48€	-77%	0.85€	1.16€	-27%

* Cash flow from investing activities except acquisitions

Weighted average shares outstanding (basic) Q2 2013: 83.8m / Q2 2012: 86.8m

Balance sheet

(in €m)

Assets

June 30,
2013



1,756.7

December 31,
2012

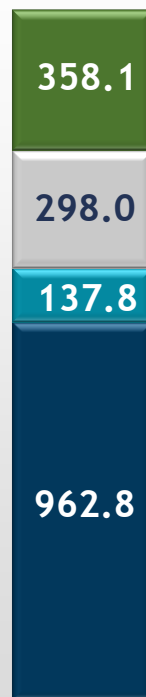


1,771.9

Total

Liabilities

June 30,
2013



1,756.7

December 31,
2012



1,771.9

Total

Outlook FY 2013 - confirmed

	FY 2012 (in €m)	Outlook FY 2013 (as of Jan. 29, 2013)
Product Revenue BPE	384	+16% to +22%*
Product Revenue ETS	310	-9% to -4%*
EPS**	€ 1.90	€ 1.70 to € 1.80

* Net of currency, delta

** before share -buyback

Appendix



Net income / EBIT Q2 2013 / YTD 2013 (6 months)

<i>(in €m)</i>	Q2 2013	Q2 2012	Δ%	YTD 2013	YTD 2012	Δ%
Net Income	28.8	37.5	-23%	56.0	73.3	-24%
Income taxes	12.7	15.3	-17%	24.0	31.0	-23%
Other taxes	1.4	2.4	-42%	3.2	3.6	-11%
Financial income	1.5	1.9	-21%	2.8	4.0	-30%
EBIT	44.4	57.1	-22%	86.0	111.9	-23%
<i>Margin in %</i>	<i>18.7%</i>	<i>22.1%</i>		<i>18.6%</i>	<i>21.8%</i>	
Amortization	10.0	9.5	5%	19.4	18.7	3%
EBITA	54.4	66.6	-18%	105.4	130.6	-19%
<i>Margin in %</i>	<i>22.9%</i>	<i>25.8%</i>		<i>22.8%</i>	<i>25.4%</i>	
Depreciation	3.5	3.3	6%	6.8	6.6	3%
EBITDA	57.9	69.9	-17%	112.2	137.2	-18%
<i>Margin in %</i>	<i>24.4%</i>	<i>27.0%</i>		<i>24.2%</i>	<i>26.7%</i>	

Non GAAP Figures Q2 2013 / YTD 2013 (6 months)

<i>(in €m)</i>	Q2 2013	Q2 2012	YTD 2013	YTD 2012
EBIT as stated	44.4	57.1	86.0	111.9
<i>in % of revenue</i>	<i>18.7%</i>	<i>22.1%</i>	<i>18.6%</i>	<i>21.8%</i>
PPA* impact on acquired revenue	-	0.4	-	1.0
Share based payment	-0.7	1.3	-1.3	2.0
Amortization on acquisition related intangible assets	10.1	9.5	19.5	18.7
EBIT non GAAP	53.8	68.3	104.2	133.6
<i>in % of revenue (non GAAP)</i>	<i>22.6%</i>	<i>26.4%</i>	<i>22.5%</i>	<i>26.0%</i>

* PPA = Purchase Price Allocation

Amortization / depreciation impact 2013ff (preliminary)

(in €m)	Q2 2013	GJ 2013	GJ 2014ff*
Amortization IDS	2.7	10.6	10.6
Amortization other	7.4	33.8	34.8
Depreciation	3.4	13.5	13.6

* Estimated

Headcount by functional areas* and geography

<i>(in FTE)</i>	June 30, 2013	Mar 31, 2013	Δ% qoq	June 30, 2012	Δ% yoy
Total	5,375	5,300	1%	5,461	-2%
Consulting & services	2,484	2,456	1%	2,794	-11%
R & D	941	901	4%	896	5%
Sales & marketing	1,229	1,213	1%	1,042	18%
Administration	721	730	-1%	729	-1%
USA	769	729	5%	725	6%
Germany	1,777	1,727	3%	1,803	-1%
Rest of world	2,829	2,844	-1%	2,933	-4%

* According to P+L structure

Revenue Q2 2013

<i>(in €m)</i>	Q2 2013	Q2 2012	Δ%	Δ% acc
Product	169.2	175.5	-4%	0%
Licenses	75.8	76.0	0%	5%
Maintenance	93.4	99.5	-6%	-4%
Consulting & services	68.3	82.7	-17%	
Other	0.2	0.4	-	
Total	237.7	258.6	-8%	

Revenue YTD 2013 (6 months)

<i>(in €m)</i>	YTD 2013	YTD 2012	Δ%	Δ% acc
Product	326.2	337.1	-3%	0%
Licenses	139.4	141.3	-1%	2%
Maintenance	186.8	195.8	-5%	-2%
Consulting & services	135.8	175.4	-23%	
Other	0.7	0.7	-	
Total	462.7	513.2	-10%	



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