

# Software AG

## 3<sup>rd</sup> Quarter 2013 Results (IFRS, unaudited)

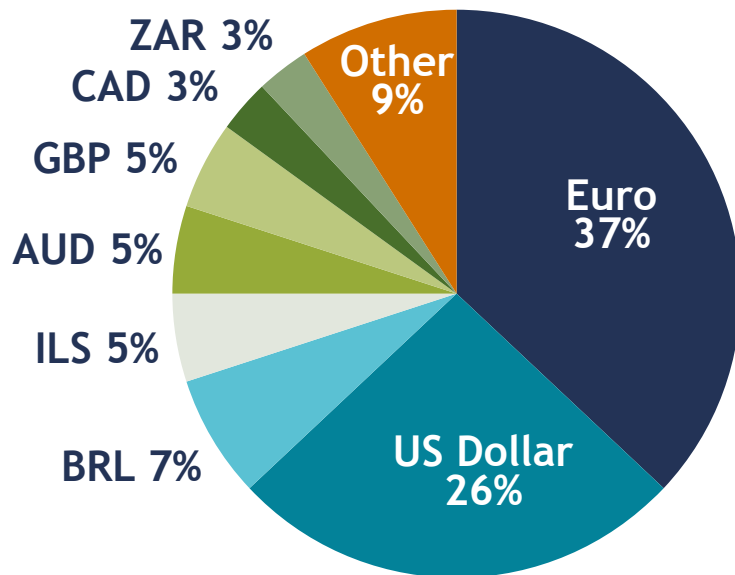
*October 24, 2013*

## 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 Q3 2013 / YTD 2013 (9 months)

- 37% revenue in Euro
- 63% revenue in foreign currency



Currency split YTD 2013

## Currency impact on revenue

<i>(in €m; yoy)</i>	Q3 2013	Q3 in %	YTD 2013	YTD in %
Licenses	-4.5	-5%	-9.3	-4%
Maintenance	-6.3	-6%	-11.3	-4%
Consulting & Other	-1.7	-3%	-3.2	-2%
<b>Total</b>	<b>-12.5</b>	<b>-5%</b>	<b>-23.8</b>	<b>-3%</b>

## Segment report Q3 2013 / YTD 2013 (9 months) Business Process Excellence (BPE)

<i>(in €m)</i>	Q3 2013	Q3 2012	Δ%	Δ% acc	YTD 2013	YTD 2012	Δ%	Δ% acc
Licenses	61.8	50.0	24%	31%	146.5	131.3	12%	16%
Maintenance	52.5	46.7	12%	20%	149.6	139.7	7%	11%
Product revenue	114.3	96.7	18%	25%	296.1	271.0	9%	13%
<b>Total revenue</b>	<b>114.3</b>	<b>96.7</b>	<b>18%</b>	<b>25%</b>	<b>296.1</b>	<b>271.0</b>	<b>9%</b>	<b>13%</b>
Cost of sales	-5.5	-4.7	17%	11%	-16.3	-14.3	14%	11%
<b>Gross profit</b>	<b>108.8</b>	<b>92.0</b>	<b>18%</b>	<b>26%</b>	<b>279.8</b>	<b>256.7</b>	<b>9%</b>	<b>13%</b>
Sales & marketing	-50.4	-33.1	52%	62%	-144.5	-99.3	46%	51%
R & D	-20.2	-18.8	7%	9%	-59.7	-55.2	8%	9%
<b>Segment result</b>	<b>38.2</b>	<b>40.1</b>	<b>-5%</b>	<b>4%</b>	<b>75.6</b>	<b>102.2</b>	<b>-26%</b>	<b>-20%</b>

## Segment report Q3 2013 / YTD 2013 (9 months) Enterprise Transaction Systems (ETS)

<i>(in €m)</i>	Q3 2013	Q3 2012	Δ%	Δ% acc	YTD 2013	YTD 2012	Δ%	Δ% acc
Licenses	17.8	30.2	-41%	-38%	71.4	89.1	-20%	-16%
Maintenance	41.1	47.4	-14%	-7%	127.4	142.5	-11%	-7%
<b>Product revenue</b>	<b>58.9</b>	<b>77.6</b>	<b>-24%</b>	<b>-19%</b>	<b>198.8</b>	<b>231.6</b>	<b>-14%</b>	<b>-10%</b>
Other	0.1	0.2	-	-	0.5	0.7	-	-
<b>Total revenue</b>	<b>59.0</b>	<b>77.8</b>	<b>-24%</b>	<b>-19%</b>	<b>199.3</b>	<b>232.3</b>	<b>-14%</b>	<b>-10%</b>
Cost of sales	-3.5	-4.5	-22%	-18%	-10.4	-12.1	-14%	-11%
<b>Gross profit</b>	<b>55.5</b>	<b>73.3</b>	<b>-24%</b>	<b>-19%</b>	<b>188.9</b>	<b>220.2</b>	<b>-14%</b>	<b>-10%</b>
Sales & marketing	-9.9	-15.2	-35%	-31%	-37.2	-44.9	-17%	-14%
R&D	-6.0	-6.4	-6%	-6%	-18.9	-19.5	-3%	-4%
<b>Segment result</b>	<b>39.6</b>	<b>51.7</b>	<b>-23%</b>	<b>-17%</b>	<b>132.8</b>	<b>155.8</b>	<b>-15%</b>	<b>-10%</b>

## Segment report Q3 2013 / YTD 2013 (9 months) Consulting

<i>(in Mio. €)</i>	Q3 2013	Q3 2012	Δ%	Δ% acc	YTD 2013	YTD 2012	Δ%	Δ% acc
Licenses	0.3	0.3	-	-	1.3	1.5	-13%	-7%
Maintenance	1.6	3.7	-57%	-57%	5.1	11.2	-54%	-55%
<b>Product revenue</b>	<b>1.9</b>	<b>4.0</b>	<b>-53%</b>	<b>-52%</b>	<b>6.4</b>	<b>12.7</b>	<b>-50%</b>	<b>-49%</b>
Services & other	63.3	79.0	-20%	-18%	199.3	254.6	-22%	-20%
<b>Total revenue</b>	<b>65.2</b>	<b>83.0</b>	<b>-21%</b>	<b>-19%</b>	<b>205.7</b>	<b>267.3</b>	<b>-23%</b>	<b>-22%</b>
Cost of sales	-56.1	-74.9	-25%	-24%	-175.4	-245.2	-28%	-27%
<b>Gross profit</b>	<b>9.1</b>	<b>8.1</b>	<b>12%</b>	<b>19%</b>	<b>30.3</b>	<b>22.1</b>	<b>37%</b>	<b>41%</b>
Sales & marketing	-8.1	-8.6	-6%	1%	-26.3	-26.7	-1%	3%
<b>Segment result</b>	<b>1.0</b>	<b>-0.5</b>	<b>-</b>	<b>-</b>	<b>4.0</b>	<b>-4.6</b>	<b>-</b>	<b>-</b>

## Results Q3 2013 / YTD 2013 (9 months)

<i>(in €m)</i>	Q3 2013	Q3 2012	Δ%	Δ% acc	YTD 2013	YTD 2012	Δ%	Δ% acc
<b>Total revenue</b>	<b>238.5</b>	<b>257.4</b>	<b>-7%</b>	<b>-2%</b>	<b>701.2</b>	<b>770.6</b>	<b>-9%</b>	<b>-6%</b>
Cost of sales	-72.6	-90.2	-20%	-18%	-221.9	-289.5	-23%	-23%
<b>Gross profit</b>	<b>165.9</b>	<b>167.2</b>	<b>-1%</b>	<b>6%</b>	<b>479.3</b>	<b>481.1</b>	<b>-</b>	<b>4%</b>
<i>Margin in %</i>	<i>69.6%</i>	<i>65.0%</i>			<i>68.4%</i>	<i>62.4%</i>		
R & D	-26.1	-25.2	4%	6%	-78.5	-74.8	5%	6%
Sales & marketing	-72.5	-60.4	20%	27%	-219.3	-181.3	21%	25%
Administration	-17.3	-20.0	-14%	-11%	-52.5	-54.2	-3%	-1%
Other income/expense	-0.9	-0.5	-	-	6.1	2.1	-	-
<b>EBIT</b>	<b>49.1</b>	<b>61.1</b>	<b>-20%</b>	<b>-10%</b>	<b>135.1</b>	<b>172.9</b>	<b>-22%</b>	<b>-15%</b>
<i>Margin in %</i>	<i>20.6%</i>	<i>23.7%</i>		<i>22.0%</i>	<i>19.3%</i>	<i>22.4%</i>		<i>20.3%</i>

## Non-IFRS Earnings Q3 2013 / YTD 2013 (9 months)

<i>(in €m)</i>	Q3 2013	Q3 2012	YTD 2013	YTD 2012
<b>EBIT (before all taxes)</b>	<b>49.1</b>	<b>61.1</b>	<b>135.1</b>	<b>172.9</b>
Share based payment	0.5	2.2	-0.8	4.2
Amortization on acquisition related intangible assets	11.5	9.7	31.0	28.4
Reduction product revenue by purchase price allocation	0.9	-	0.9	1.0
Other acquisition impacts	0.3	0.1	1.6	0.6
Restructuring/severances	4.0	0.7	9.2	2.5
<b>EBIT (Non-IFRS)</b>	<b>66.3</b>	<b>73.8</b>	<b>177.0</b>	<b>209.6</b>
<i>in % of revenue (Non-IFRS)</i>	<i>27.7%</i>	<i>28.7%</i>	<i>25.2%</i>	<i>27.2%</i>
<b>Net income (Non-IFRS)</b>	<b>43.0</b>	<b>49.6</b>	<b>114.4</b>	<b>139.7</b>
<b>EPS (Non-IFRS)*</b>	<b>0.52</b>	<b>0.57</b>	<b>1.36</b>	<b>1.61</b>
<b>Net income (IFRS)</b>	<b>31.1</b>	<b>40.7</b>	<b>87.1</b>	<b>114.0</b>

\* Based on average outstanding shares: Q3 2013: 83.0m / Q3 2012: 86.8m // 9m 2013: 84.2m / 9m 2012: 86.8m



## Cash flow Q3 2013 / YTD 2013 (9 months)

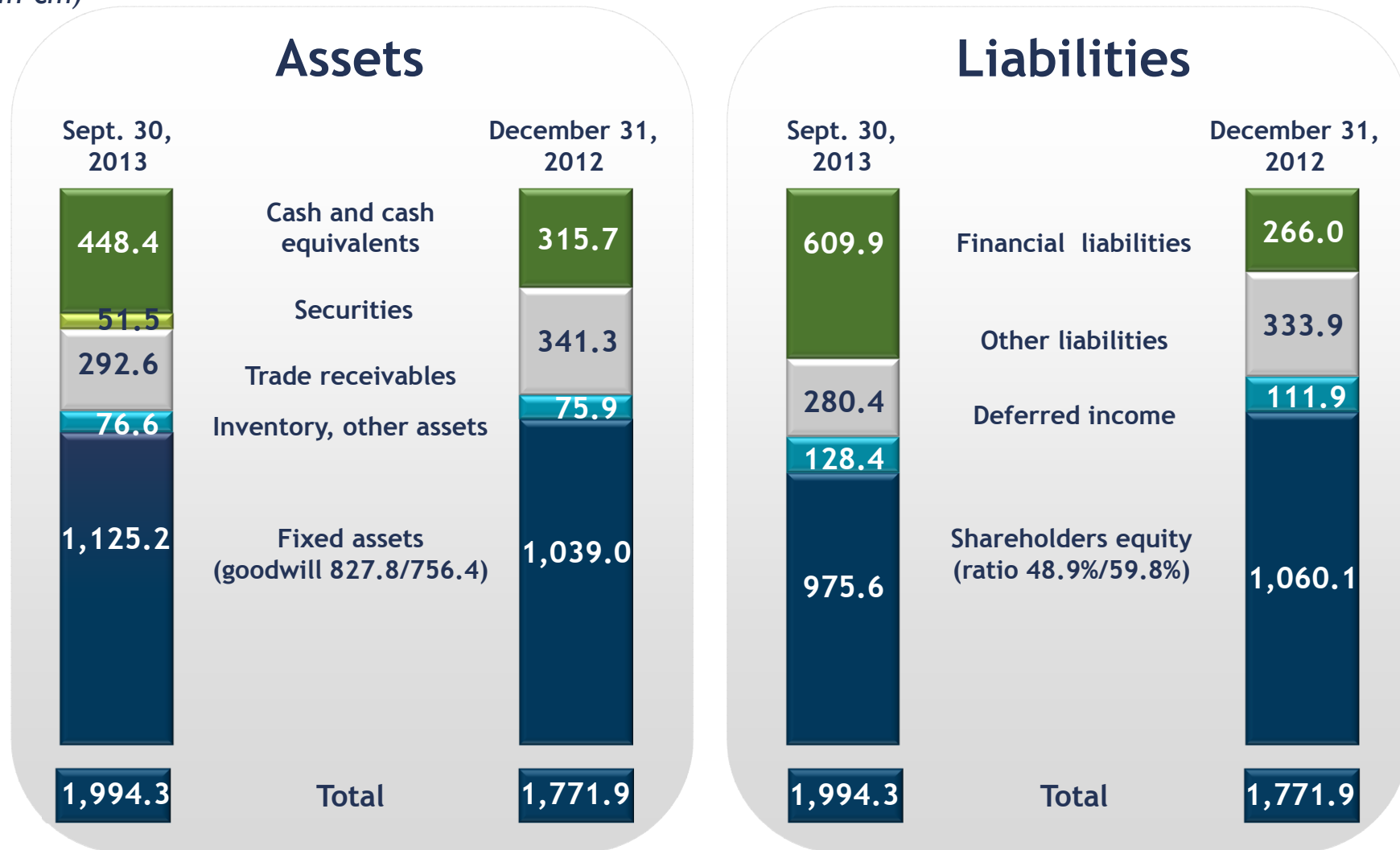
(in €m)	Q3 2013	Q3 2012	Δ%	YTD 2013	YTD 2012	Δ%
Operating cash flow	36.6	28.7	28%	115.4	133.5	-14%
./. CapEx*	-3.3	-4.1		-9.8	-8.0	
<b>Free cash flow</b>	<b>33.3</b>	<b>24.6</b>	<b>35%</b>	<b>105.6</b>	<b>125.5</b>	<b>-16%</b>
<i>as % of revenue</i>	14%	9.6%		15.1%	16.3%	
<b>Free cash flow per share**</b>	<b>0.40</b>	<b>0.28</b>	<b>43%</b>	<b>1.25</b>	<b>1.45</b>	<b>-14%</b>

\* Cash flow from investing activities except acquisitions and except investments in debt instruments

\*\* Based on average outstanding shares: Q3 2013: 83.0m / Q3 2012: 86.8m // 9m 2013: 84.2m / 9m 2012: 86.8m

# Balance sheet

(in €m)



# Outlook FY 2013

(Oct. 24, 2013)

	FY 2012 (in €m)	Outlook FY 2013 (as of Jan. 29, 2013)	9m 2013
Product Revenue BPE	384	+16% to +22%*	+13%*
Product Revenue ETS	310	- 9% to - 4%*	-10%*
EPS	€ 1.90	€ 1.70 to € 1.80**	€ 1.12**

*Confirming the update given with Q2 results on July 27<sup>th</sup> 2013:*

*Based on the business development ytd, the guided corridors for product revenue and EPS are expected to be reached, but more likely at the low end.*

\* Revenue growth or decline at constant currency (currency impact on stated results 9 m 2013: -4 pp)

\*\* stated EPS before effects from share buyback, restructuring and acquisition related charges 2013.

Thank you!



# Appendix



## Earnings Q3 2013 / YTD 2013 (9 months)

<i>(in €m)</i>	Q3 2013	Q3 2012	Δ%	YTD 2013	YTD 2012	Δ%
<b>EBIT (before all taxes)</b>	<b>49.1</b>	<b>61.1</b>	<b>-20%</b>	<b>135.1</b>	<b>172.9</b>	<b>-22%</b>
Financial result	-1.8	-1.4	29%	-4.6	-5.2	-12%
Profit before taxes	47.3	59.7	-21%	130.5	167.7	-22%
Other taxes	-1.6	-1.9	-16%	-4.8	-5.6	-14%
Income taxes	-14.6	-17.1	-15%	-38.6	-48.1	-20%
<i>Tax rate in %</i>	<i>34.2%</i>	<i>31.8%</i>		<i>33.3%</i>	<i>32.0%</i>	
<b>Net Income</b>	<b>31.1</b>	<b>40.7</b>	<b>-24%</b>	<b>87.1</b>	<b>114.0</b>	<b>-24%</b>
<b>EPS in €*</b>	<b>0.37</b>	<b>0.47</b>	<b>-21%</b>	<b>1.03</b>	<b>1.31</b>	<b>-21%</b>

\* Weighted average shares outstanding (basic) Q3 2013: 83.0m/ Q3 2012: 86.8m

## Earnings Q3 2013 / YTD 2013 (9 months)

<i>(in €m)</i>	Q3 2013	Q3 2012	Δ%	YTD 2013	YTD 2012	Δ%
<b>Net Income</b>	<b>31.1</b>	<b>40.7</b>	<b>-24%</b>	<b>87.1</b>	<b>114.0</b>	<b>-24%</b>
Income taxes	14.6	17.1	-15%	38.6	48.1	-20%
Other taxes	1.6	1.9	-16%	4.8	5.6	-14%
Financial result	1.8	1.4	29%	4.6	5.2	-12%
<b>EBIT (before all taxes)</b>	<b>49.1</b>	<b>61.1</b>	<b>-20%</b>	<b>135.1</b>	<b>172.9</b>	<b>-22%</b>
<i>Margin in %</i>	<i>20.6%</i>	<i>23.7%</i>		<i>19.3%</i>	<i>22.4%</i>	
Amortization	11.5	9.7	19%	30.9	28.5	8%
<b>EBITA</b>	<b>60.6</b>	<b>70.8</b>	<b>-14%</b>	<b>166.0</b>	<b>201.4</b>	<b>-18%</b>
<i>Margin in %</i>	<i>25.4%</i>	<i>27.5%</i>		<i>23.7%</i>	<i>26.1%</i>	
Depreciation	3.2	2.9	10%	10.0	9.4	6%
<b>EBITDA</b>	<b>63.8</b>	<b>73.7</b>	<b>-13%</b>	<b>176.0</b>	<b>210.8</b>	<b>-17%</b>
<i>Margin in %</i>	<i>26.8%</i>	<i>28.6%</i>		<i>25.1%</i>	<i>27.4%</i>	

## Amortization / depreciation impact 2013ff (preliminary)

(in €m)	Q3 2013	GJ 2013	GJ 2014ff*
Amortization IDS	2.7	10.6	10.6
Amortization other	8.8	32.2	32.4
Depreciation	3.2	13.1	12.8

\* Estimated



## Headcount by functional areas\* and geography

(in FTE)	Sept. 30, 2013	June 30, 2013	Δ% qoq	Sept. 30, 2012	Δ% yoy
<b>Total</b>	<b>5,356</b>	<b>5,375</b>	<b>-</b>	<b>5,436</b>	<b>-1%</b>
Consulting & services	2,375	2,484	-4%	2,715	-13%
R & D	1,005	941	7%	892	13%
Sales & marketing	1,261	1,229	3%	1,084	16%
Administration	715	721	-1%	745	-4%
USA	804	769	5%	739	9%
Germany	1,735	1,777	-2%	1,783	-3%
Rest of world	2,817	2,829	-	2,914	-3%

\* According to P+L structure

## Revenue Q3 2013

<i>(in €m)</i>	Q3 2013	Q3 2012	Δ%	Δ% acc
<b>Product</b>	<b>175.1</b>	<b>178.3</b>	<b>-2%</b>	<b>4%</b>
Licenses	79.9	80.5	-1%	5%
Maintenance	95.2	97.8	-3%	4%
<b>Consulting &amp; services</b>	<b>63.2</b>	<b>78.2</b>	<b>-19%</b>	<b>-17%</b>
Other	0.2	0.9	-	-
<b>Total</b>	<b>238.5</b>	<b>257.4</b>	<b>-7%</b>	<b>-2%</b>

## Revenue YTD 2013 (9 months)


<i>(in €m)</i>	YTD 2013	YTD 2012	Δ%	Δ% acc
<b>Product</b>	<b>501.3</b>	<b>515.3</b>	<b>-3%</b>	<b>1%</b>
Licenses	219.3	221.8	-1%	3%
Maintenance	282.0	293.5	-4%	-
Consulting & services	199.0	253.7	-22%	-20%
Other	0.9	1.6	-	-
<b>Total</b>	<b>701.2</b>	<b>770.6</b>	<b>-9%</b>	<b>-6%</b>



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