

Financial Results

4th Quarter & Full Year 2013

(IFRS, unaudited)



Arnd Zinnhardt,
CFO Software AG
January 28, 2014

Safe harbor

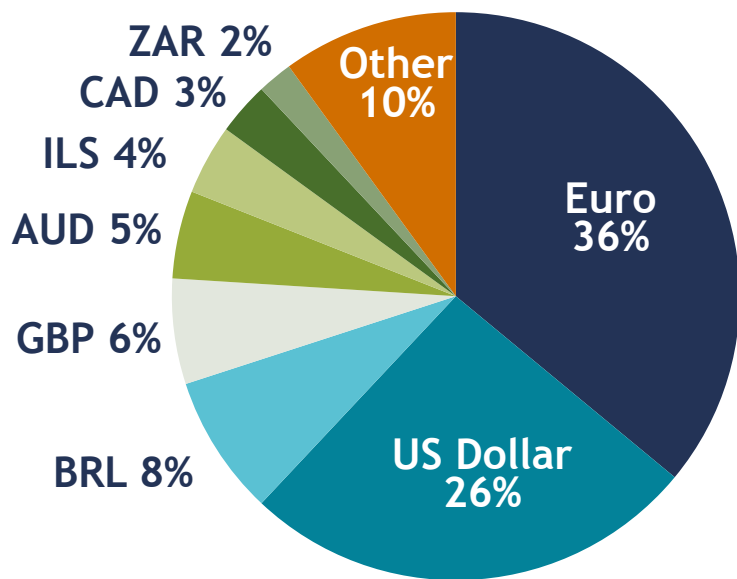
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Currency impact on revenue

Q4 2013 / FY 2013

→ 36% revenue in Euro

→ 64% revenue in foreign currency



Currency split FY 2013

Currency impact on revenue

<i>(in €m; yoy)</i>	Q4 2013	Q4 in %	FY 2013	FY in %
Licenses	-7.5	-6%	-16.9	-5%
Maintenance	-5.1	-5%	-16.4	-4%
Consulting & Other	-1.4	-2%	-4.5	-2%
Total	-14.0	-5%	-37.8	-4%

Segment report Q4 2013 / FY 2013

Business Process Excellence (BPE)

<i>(in €m)</i>	Q4 2013	Q4 2012	Δ%	Δ% acc	FY 2013	FY 2012	Δ%	Δ% acc
Licenses	73.6	63.5	16%	23%	220.1	194.7	13%	18%
Maintenance	53.1	50.2	6%	11%	202.8	190.0	7%	11%
Total revenue	126.7	113.7	11%	18%	422.9	384.7	10%	15%
Cost of sales	-6.0	-4.5	33%	41%	-22.4	-18.8	19%	23%
Gross profit	120.7	109.2	11%	17%	400.5	365.9	9%	14%
Sales & marketing	-56.9	-38.0	50%	57%	-201.5	-137.3	47%	53%
R & D	-22.9	-19.7	16%	18%	-82.5	-74.9	10%	12%
Segment result	40.9	51.5	-21%	-13%	116.5	153.7	-24%	-19%

Segment report Q4 2013 / FY 2013

Enterprise Transaction Systems (ETS)

<i>(in €m)</i>	Q4 2013	Q4 2012	Δ%	Δ% acc	FY 2013	FY 2012	Δ%	Δ% acc
Licenses	36.0	32.3	11%	21%	107.4	121.3	-11%	-6%
Maintenance	39.0	45.7	-15%	-9%	166.4	188.3	-12%	-7%
Product revenue	75.0	78.0	-4%	3%	273.8	309.6	-12%	-7%
Other	0.2	0.2	-	-	0.7	0.9	-	-
Total revenue	75.2	78.2	-4%	3%	274.5	310.5	-12%	-7%
Cost of sales	-3.6	-3.5	3%	7%	-14.1	-15.6	-10%	-6%
Gross profit	71.6	74.7	-4%	3%	260.4	294.9	-12%	-7%
Sales & marketing	-13.3	-16.8	-21%	-16%	-50.4	-61.7	-18%	-15%
R&D	-6.5	-6.6	-2%	-1%	-25.3	-26.1	-3%	-3%
Segment result	51.8	51.3	1%	9%	184.7	207.1	-11%	-5%

Segment report Q4 2013 / FY 2013

Consulting

(in €m)	Q4 2013	Q4 2012	Δ%	Δ% acc	FY 2013	FY 2012	Δ%	Δ% acc
Licenses	1.3	1.4	-7%	-10%	2.6	2.9	-10%	-9%
Maintenance	1.4	3.8	-63%	-63%	6.5	15.0	-57%	57%
Product revenue	2.7	5.2	-48%	-48%	9.1	17.9	-49%	-49%
Services & other	66.9	79.6	-16%	-14%	266.3	334.2	-20%	-19%
Total revenue	69.6	84.8	-18%	-16%	275.4	352.1	-22%	-20%
Cost of sales	-57.1	-74.8	-24%	-22%	-232.6	-320.0	-27%	-26%
Gross profit	12.5	10.0	25%	29%	42.8	32.1	33%	37%
Sales & marketing	-7.1	-7.2	-1%	4%	-33.5	-33.8	-1%	3%
Segment result	5.4	2.8	93%	93%	9.3	-1.7	>100%	>100%

Results Q4 2013 / FY 2013

<i>(in €m)</i>	Q4 2013	Q4 2012	Δ%	Δ% acc	FY 2013	FY 2012	Δ%	Δ% acc
Total revenue	271.5	276.7	-2%	3%	972.7	1,047.3	-7%	-4%
Cost of sales	-72.7	-88.9	-18%	-17%	-294.6	-378.4	-22%	-21%
Gross profit	198.8	187.8	6%	13%	678.1	668.9	1%	6%
<i>Margin in %</i>	<i>73.2%</i>	<i>67.9%</i>			<i>69.7%</i>	<i>63.9%</i>		
R & D	-29.4	-26.3	12%	13%	-107.9	-101.1	7%	8%
Sales & marketing	-80.8	-65.6	23%	30%	-300.1	-246.9	22%	26%
Administration	-20.7	-21.6	-4%	-2%	-73.2	-75.8	-3%	-2%
Other income/expense	2.5	1.1	-	-	8.6	3.2	-	-
EBIT	70.4	75.4	-7%	3%	205.5	248.3	-17%	-10%
<i>Margin in %</i>	<i>25.9%</i>	<i>27.2%</i>			<i>21.1%</i>	<i>23.7%</i>		

Non-IFRS Earnings (Operating Result) Q4 2013 / FY 2013

(in €m)

	Q4 2013	Q4 2012	FY 2013	FY 2012
EBIT (before all taxes)	70.4	75.4	205.5	248.3
Amortization on acquisition related intangible assets	9.4	9.7	40.4	38.1
Reduction acquisition related product revenue by purchase price allocation	0.3	-	1.2	1.0
Other acquisition impacts	0.1	-	1.7	0.6
Share based payment	0.2	3.7	-0.7	7.9
Restructuring/severances	3.4	0.5	12.6	3.0
EBIT (Non-IFRS)	83.8	89.3	260.7	298.9
<i>in % of revenue (Non-IFRS)</i>	<i>30.8%</i>	<i>32.3%</i>	<i>26.8%</i>	<i>28.5%</i>
Net income (Non-IFRS)	56.6	60.9	172.9	200.7
EPS (Non-IFRS)*	0.69	0.70	2.07	2.31
Net income (IFRS)	46.9	50.7	134.0	164.7

* Based on average outstanding shares: Q4 2013: 82.2m / Q4 2012: 86.8m // FY 2013: 83.7m / FY 2012: 86.8m

Cash flow Q4 2013 / FY 2013

(in €m)	Q4 2013	Q4 2012	Δ%	FY 2013	FY 2012	Δ%
Operating cash flow	56.4	50.9	11%	171.8	184.4	-7%
./. CapEx*	-2.9	-5.7		-12.7	-13.7	
Free cash flow	53.5	45.2	18%	159.1	170.7	-7%
<i>as % of revenue</i>	19.7%	16.3%		16.4%	16.3%	
Free cash flow per share**	0.65	0.52	25%	1.90	1.97	-4%

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

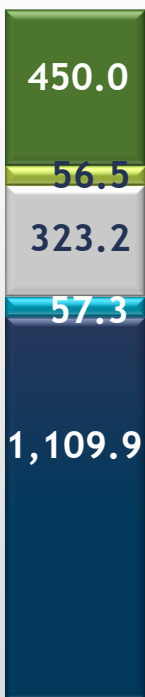
** Based on average outstanding shares: Q4 2013: 82.2m / Q4 2012: 86.8m / FY 2013: 83.7m / FY 2012: 86.8m

Balance sheet

(in €m)

Assets

Dec. 31,
2013



1,996.9

Cash and cash equivalents

Securities

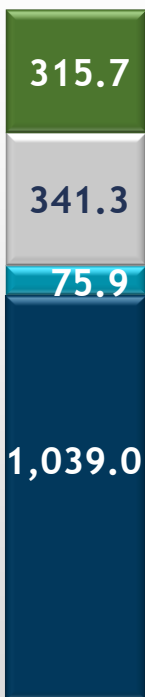
Trade receivables

Inventory, other assets

Fixed assets
(goodwill 829.2/756.4)

Total

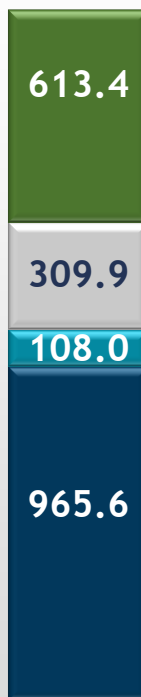
Dec. 31,
2012



1,771.9

Liabilities

Dec. 31,
2013



1,996.9

Financial liabilities

Other liabilities

Deferred income

Shareholders equity
(ratio 48.4%/59.8%)

Total

Dec. 31,
2012



1,771.9

Outlook FY 2014

	FY 2013 (in €m)	Outlook FY 2014 (as of Jan. 28, 2014)
Product Revenue BPE	422.9	+12% to +18%*
Product Revenue ETS	273.8	- 9% to -16%*
Operating Result (Non-IFRS)**	260.7	+4% to +10%

* Revenue growth or decline at constant currency

** Before adjustments for non-operating items (see non-IFRS earnings results)

Thank you!

Appendix

Earnings Q4 2013 / FY 2013

<i>(in €m)</i>	Q4 2013	Q4 2012	Δ%	FY 2013	FY 2012	Δ%
EBIT (before all taxes)	70.4	75.4	-7%	205.5	248.3	-17%
Financial result	-3.8	-3.5	9%	-8.4	-8.8	-5%
Profit before taxes	66.6	71.9	-7%	197.1	239.5	-18%
Other taxes	-2.3	-2.5	-8%	-7.1	-8.0	-11%
Income taxes	-17.4	-18.7	-7%	-56.0	-66.8	-16%
<i>Tax rate in %</i>	29.6%	29.5%		32.0%	31.2%	
Net Income	46.9	50.7	-7%	134.0	164.7	-19%
EPS in €*	0.57	0.58	-2%	1.60	1.90	-16%

* Weighted average shares outstanding (basic) Q4 2013: 82.2m / Q4 2012: 86.8m / FY 2013: 83.7m / FY 2012: 86.8m

Earnings Q4 2013 / FY 2013

<i>(in €m)</i>	Q4 2013	Q4 2012	Δ%	FY 2013	FY 2012	Δ%
Net Income	46.9	50.7	-7%	134.0	164.7	-19%
Income taxes	17.4	18.7	-7%	56.0	66.8	-16%
Other taxes	2.3	2.5	-8%	7.1	8.0	-11%
Financial result	3.8	3.5	9%	8.4	8.8	-5%
EBIT (before all taxes)	70.4	75.4	-7%	205.5	248.3	-17%
<i>Margin in %</i>	<i>25.9%</i>	<i>27.2%</i>		<i>21.1%</i>	<i>23.7%</i>	
Amortization	9.4	9.7	-3%	40.4	38.1	6%
EBITA	79.8	85.1	-6%	245.9	286.4	-14%
<i>Margin in %</i>	<i>29.4%</i>	<i>30.8%</i>		<i>25.3%</i>	<i>27.3%</i>	
Depreciation	3.0	3.4	-12%	12.9	12.9	-
EBITDA	82.8	88.5	-6%	258.8	299.3	-14%
<i>Margin in %</i>	<i>30.5%</i>	<i>32.0%</i>		<i>26.6%</i>	<i>28.6%</i>	

Amortization / depreciation impact 2013ff (preliminary)

(in €m)	Q4 2013	FY 2013	FY 2014ff*
Amortization IDS	2.7	10.6	10.6
Amortization other	6.7	29.8	28.6
Depreciation	3.0	12.9	12.6

* Estimated

Headcount by functional areas* and geography

<i>(in FTE)</i>	Dec. 31, 2013	Sept. 30, 2013	Δ% qoq	Dec. 31, 2012	Δ% yoy
Total	5,238	5,356	-2%	5,419	-3%
Consulting & services	2,347	2,375	-1%	2,658	-12%
R & D	998	1,005	-1%	887	13%
Sales & marketing	1,180	1,261	-6%	1,131	4%
Administration	713	715	-	743	-4%
USA	778	804	-3%	758	3%
Germany	1,711	1,735	-1%	1,768	-3%
Rest of world	2,749	2,817	-2%	2,893	-5%

* According to P+L structure

Revenue Q4 2013 / FY 2013


<i>(in €m)</i>	Q4 2013	Q4 2012	Δ%	Δ% acc	FY 2013	FY 2012	Δ%	Δ% acc
Product	204.4	196.8	4%	10%	705.7	712.2	-1%	4%
Licenses	110.9	97.1	14%	22%	330.1	318.9	4%	9%
Maintenance	93.5	99.7	-6%	-1%	375.6	393.3	-5%	-
Consulting & services	67.0	79.6	-16%	-14%	266.0	333.3	-20%	-19%
Other	0.1	0.3	-	-	1.0	1.8	-	-
Total	271.5	276.7	-2%	3%	972.7	1,047.3	-7%	-4%



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