

Financial Results 1st Quarter 2014 (IFRS, unaudited)

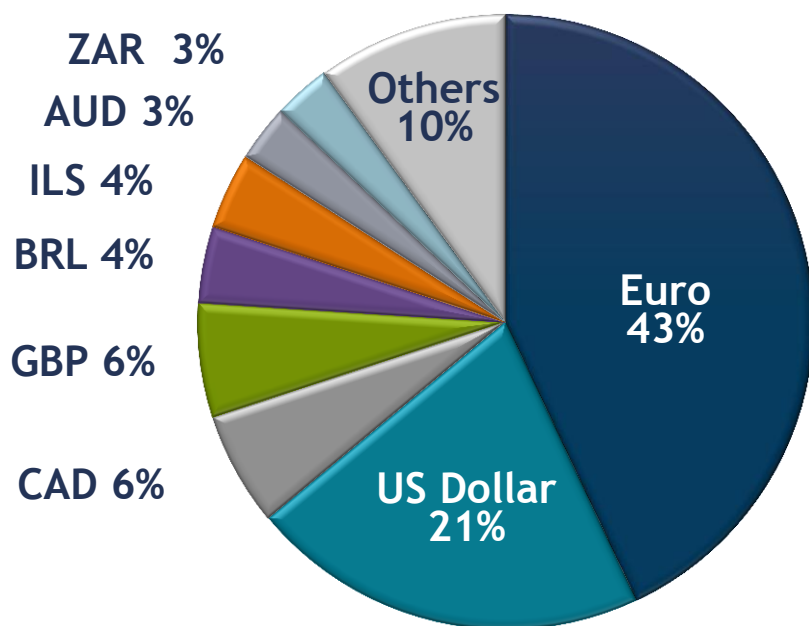
May 2, 2014

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 Q1 2014

- 43% revenue in Euro
- 57% revenue in foreign currency



Currency impact on revenue

<i>(in €m; yoy)</i>	Q1 2014	Q1 in %
Licenses	-3.7	-6.0%
Maintenance	-4.9	-5.2%
Consulting & other	-1.1	-1.8%
Total	-9.7	-4.5%

Segment report Q1 2014

Business Process Excellence

<i>(in €m)</i>	Q1 2014	Q1 2013	Δ%	Δ% acc
Licenses	43.7	41.9	4%	10%
Maintenance	51.6	48.4	7%	11%
Total revenue	95.3	90.3	6%	11%
Cost of sales	-5.7	-5.8	-2%	2%
Gross profit	89.6	84.5	6%	11%
Sales & marketing	-49.1	-46.0	7%	11%
R & D	-20.9	-19.7	6%	7%
Segment result	19.6	18.8	4%	16%

Segment report Q1 2014

Enterprise Transaction Systems

<i>(in €m)</i>	Q1 2014	Q1 2013	Δ%	Δ% acc
Licenses	13.3	21.1	-37%	-30%
Maintenance	37.6	43.2	-13%	-7%
Product Revenue	50.9	64.3	-21%	-15%
Other	0.2	0.2	-	-
Total revenue	51.1	64.5	-21%	-15%
Cost of sales	-3.3	-3.8	-13%	-6%
Gross profit	47.8	60.7	-21%	-15%
Sales & marketing	-9.1	-13.8	-34%	-31%
R & D	-6.2	-6.5	-5%	-4%
Segment result	32.5	40.4	-20%	-11%

Segment report Q1 2014

Consulting

<i>(in €m)</i>	Q1 2014	Q1 2013	Δ%	Δ% acc
Licenses	0.1	0.6	-83%	-86%
Maintenance	1.1	1.9	-42%	-41%
Product Revenue	1.2	2.5	-52%	-52%
Services & other	61.3	67.6	-9%	-8%
<i>thereof BPE/ETS related services</i>	<i>48.7</i>	<i>49.0</i>	<i>-1%</i>	<i>2%</i>
Total revenue	62.5	70.1	-11%	-9%
Cost of sales	-51.9	-60.2	-14%	-12%
Gross profit	10.6	9.9	7%	9%
Sales & marketing	-7.3	-9.6	-24%	-22%
Segment result	3.3	0.3	-	-

Result Q1 2014

<i>(in €m)</i>	Q1 2014	Q1 2013	Δ%
Total revenue	208.9	224.9	-7%
Cost of sales	-68.0	-75.8	-10%
Gross profit	140.9	149.1	-5%
<i>Margin in %</i>	<i>67.4%</i>	<i>66.3%</i>	
R & D	-27.2	-26.2	4%
Sales & marketing	-69.4	-72.8	-5%
Administration	-19.1	-17.8	7%
Other income/expense	5.3	9.3	-
EBIT	30.5	41.6	-27%
<i>Margin in %</i>	<i>14.6%</i>	<i>18.5%</i>	

Non-IFRS Earnings (Operating Result) Q1 2014

<i>(in €m)</i>	Q1 2014	Q1 2013
EBIT (before all taxes)	30.5	41.6
Amortization on acquisition related intangible assets	11.1	9.4
Reduction acquisition related product revenue by purchase price allocation	0.3	-
Other impacts from M&A activities	-2.7	-3.0
Share based payment	1.5	-0.6
Restructuring/severances	2.3	1.5
EBIT (Non-IFRS)	43.0	48.9
<i>in % of revenue (Non-IFRS)</i>	20.6%	21.7%
Net income (Non-IFRS)	27.7	32.4
EPS (Non-IFRS)*	0.34	0.38
Net income (IFRS)	18.6	27.2

* Based on average outstanding shares: Q1 2014: 80.2m / Q1 2013: 85.8m

Cash flow Q1 2014

<i>(in €m)</i>	Q1 2014	Q1 2013	Δ%
Operating cash flow	50.1	65.4	-23%
./. CapEx*	-2.3	-2.7	
Free cash flow	47.8	62.7	-24%
<i>as % of revenue</i>	22.9%	27.9%	
Free cash flow per share	€0.60	€0.73	-18%

* Cash flow from investing activities except acquisitions

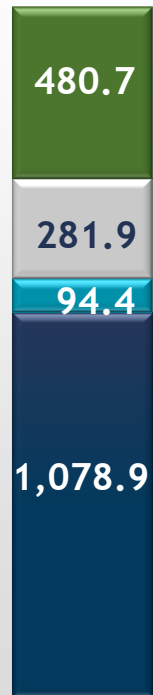
* Based on average outstanding shares: Q1 2014: 80.2m / Q1 2013: 85.8m

Balance sheet

(in €m)

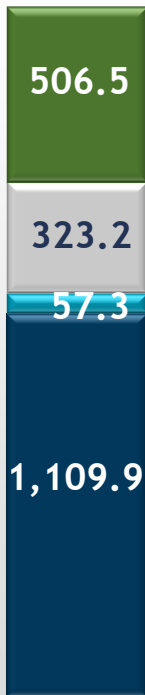
Assets

March 31,
2014



1,935.9

Dec. 31,
2013



1,996.9

Cash and cash equivalents/
Securities

Trade receivables

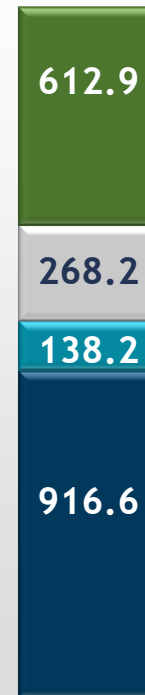
Inventory, other assets

Fixed assets
(goodwill 820.7/829.2)

Total

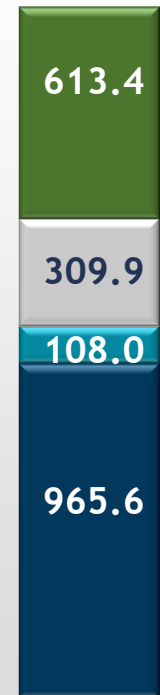
Liabilities

March 31,
2014



1,935.9

Dec. 31,
2013



1,996.9

Financial liabilities

Other liabilities

Deferred income

Shareholders equity
(ratio 47.4%/48.4%)

Total

Outlook FY 2014

	FY 2013 (in €m)	Outlook FY 2014 (as of March 31, 2014)
Product Revenue BPE	422.9	+12% to +18%*
Product Revenue ETS	273.8	- 9% to -16%*
Operating Result (Non-IFRS)**	260.7	+2% to +7%

* Revenue growth or decline at constant currency

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

Thank you!

Appendix

Earnings Q1 2014

<i>(in €m)</i>	Q1 2014	Q1 2013	Δ%
EBIT (before all taxes)	30.5	41.6	-27%
Financial result	-2.9	-1.3	123%
Profit before taxes	27.6	40.3	-32%
Other taxes	-1.6	-1.8	-11%
Income taxes	-7.4	-11.3	-35%
<i>Tax rate in %</i>	32.6%	32.5%	
Net Income	18.6	27.2	-32%
EPS in €*	€0.23	€0.32	-28%

* Based on average outstanding shares: Q1 2014: 80.2m / Q1 2013: 85.8m

Earnings / Net Income Q1 2014

<i>(in €m)</i>	Q1 2014	Q1 2013	Δ%
Net Income	18.6	27.2	-32%
Income taxes	7.4	11.3	-35%
Other taxes	1.6	1.8	-11%
Financial result	2.9	1.3	-
EBIT (before all taxes)	30.5	41.6	-27%
<i>Margin in %</i>	<i>14.6%</i>	<i>18.5%</i>	
Amortization	11.0	9.4	17%
EBITA	41.5	51.0	-19%
<i>Margin in %</i>	<i>19.9%</i>	<i>22.7%</i>	
Depreciation	3.0	3.3	-9%
EBITDA	44.5	54.3	-18%
<i>Margin in %</i>	<i>21.3%</i>	<i>24.1%</i>	

Amortization / depreciation impact 2014ff (preliminary)

(in €m)	Q1 2014	FY 2014	FY 2015ff*
Amortization IDS	2.7	10.6	7.8
Amortization other	8.3	29.0	24.0
Depreciation	3.0	11.6	11.6

* Estimated

Headcount by functional areas* and geography

(in FTE)	Mar 31, 2014	Dec 31, 2013	Δ% qoq	Mar 31, 2013	Δ% yoy
Total	5,108	5,238	-2%	5,300	-4%
Consulting & services	2,283	2,347	-3%	2,456	-7%
R & D	995	998	-	901	10%
Sales & marketing	1,131	1,180	-4%	1,213	-7%
Administration	699	713	-2%	730	-4%
USA	752	778	-3%	729	3%
Germany	1,663	1,711	-3%	1,727	-4%
Rest of world	2,693	2,749	-2%	2,844	-5%

* According to P+L structure

Revenue Q1 2014

<i>(in €m)</i>	Q1 2014	Q1 2013	Δ%	Δ% acc
Product	147.4	157.1	-6%	-1%
Licenses	57.1	63.6	-10%	-4%
Maintenance	90.3	93.5	-3%	-2%
<hr/>				
Consulting & services	61.3	67.5	-9%	-8%
Other	0.2	0.3	-33%	-33%
Total	208.9	224.9	-7%	-3%

Revenue Q1 2014 excl. IDS Consulting (pro forma)

(in €m)	Q1 2014	Q1 2013	Δ%	Δ% acc
Product	146.2	154.6	-5%	-
Licenses	57.0	63.0	-10%	-4%
Maintenance	89.2	91.6	-3%	3%
<hr/>				
Consulting & services	48.7	49.0	-1%	2%
Other	0.2	0.3	-33%	-33%
Total	195.1	203.9	-4%	-

Revenue 2013 excl. IDS Consulting* (pro forma)

<i>(in Mio. €)</i>	Q1	Q2	Q3	Q4	FY
Product	154.6	167.1	173.2	201.7	696.6
Licenses	63.0	75.4	79.5	109.6	327.5
Maintenance	91.6	91.7	93.7	92.1	369.1
Consulting & services	49.0	50.3	47.4	53.0	199.7
Other	0.3	0.3	0.2	0.2	1.0
Total	203.9	217.7	220.8	254.9	897.3

* IDS Consulting (SAP-products and services); business unit was sold in April 2014

Segment report Q1 2014

Consulting


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Licenses	0.1	0.6	-83%	-86%
Maintenance	1.1	1.9	-42%	-41%
Product Revenue	1.2	2.5	-52%	-52%
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Segment result	3.3	0.3	-	-



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