

Software AG

Financial Information

Q1 / 2015

April 29, 2015
(unaudited)

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KEY FIGURES as of March 31, 2015
(IFRS, unaudited)

*EBIT: Net income + Income taxes + other taxes + financial expense, net

In EUR millions (unless otherwise stated)	Q1 2015	Q1 2014	Change in %
<i>Revenue</i>	194,1	208,9	-7%
Product revenue	146,2	147,4	-1%
Services	47,7	61,3	-22%
Other	0,2	0,2	
<i>Business Line</i>			
Digital Business Platform	91,0	95,3	-5%
Adabas & Natural	55,4	51,1	8%
Consulting	47,7	62,5	-24%
EBIT*	29,3	30,5	-4%
as % of revenue	15,1%	14,6%	
Net income	18,7	18,6	1%
as % of revenue	9,6%	8,9%	
Earnings per share (€, basic)	0,24	0,23	4%
Earnings per share (€, diluted)	0,24	0,23	4%
Free Cash Flow	60,3	47,8	26%
Employees (Full time equivalent)	4.367	5.108	
of which in Germany	1.188	1.663	
R&D	962	995	
Balance sheet	March 31, 2015	Dec. 31, 2014	
Total assets	1.964,3	1.848,9	
Cash and cash equivalents	403,1	318,4	
Net debt	46,4	125,7	
Shareholders' equity	1.105,9	1.013,4	
as % of total assets	56%	55%	

CONSOLIDATED INCOME STATEMENT for the three months ended March 31, 2015 (IFRS, unaudited)

in EUR thousands	Q1 2015	Q1 2014	Change in %
Licenses	46.541	57.104	-18%
Maintenance	99.702	90.304	10%
Services	47.636	61.293	-22%
Other	178	185	-4%
Total revenue	194.057	208.886	-7%
Costs of sales	-54.768	-68.025	-19%
Gross profit	139.289	140.861	-1%
Research and development expenses	-27.392	-27.152	1%
Sales, marketing and distribution expenses	-64.132	-69.422	-8%
General and administrative expenses	-20.088	-19.088	5%
Other taxes	-1.571	-1.638	-4%
Operating result	26.106	23.561	11%
Other income	15.927	11.741	36%
Other expenses	-14.276	-6.461	121%
Financial expense, net	-1.361	-2.847	-52%
Profit before income taxes	26.396	25.994	2%
Income taxes	-7.683	-7.427	3%
Net income	18.713	18.567	1%
Thereof attributable to shareholders of Software AG	18.670	18.558	1%
Thereof attributable to non-controlling interest	43	9	
Earnings per share (EUR, basic)	0,24	0,23	4%
Earnings per share (EUR, diluted)	0,24	0,23	4%
Weighted average number of shares outstanding (basic)	78.918.844	80.186.767	-
Weighted average number of shares outstanding (diluted)	78.918.844	80.377.053	-

CONSOLIDATED BALANCE SHEET as of March 31, 2015 (IFRS, unaudited)

ASSETS (in EUR thousands)	March 31, 2015	Dec. 31, 2014
Current assets		
Cash and cash equivalents	403.113	318.396
Securities	51.204	55.311
Inventories	79	85
Trade receivables	214.184	211.178
Other receivables and other assets	23.846	20.689
Income tax assets	31.605	29.725
	724.031	635.384
Non-current assets		
Intangible assets	183.875	180.196
Goodwill	904.074	857.279
Property, plant and equipment	60.183	61.171
Financial assets	7.351	7.103
Trade receivables	59.690	87.447
Other receivables and other assets	6.268	4.996
Income tax assets	5.410	4.423
Deferred taxes	13.436	10.937
	1.240.287	1.213.552
Total Assets:	1.964.318	1.848.936
EQUITY AND LIABILITIES (in EUR thousands)	March 31, 2015	Dec. 31, 2014
Current liabilities		
Financial liabilities	102.771	103.646
Trade payables	29.565	32.600
Other liabilities	61.404	56.049
Other provisions	52.890	78.849
Tax liabilities	22.530	32.605
Deferred income	162.453	111.348
	431.613	415.097
Non-current liabilities		
Financial liabilities	346.776	340.499
Other liabilities	2.366	6.320
Provisions for pensions	43.697	42.566
Other provisions	11.166	13.205
Deferred taxes	22.005	17.131
Deferred income	800	738
	426.810	420.459
Equity		
Share capital	86.944	86.944
Capital reserve	46.705	43.195
Retained earnings	1.180.080	1.161.411
Other reserves	15.758	-54.535
Treasury shares	-224.466	-224.466
Share attributable to shareholders of Software AG	1.105.021	1.012.549
Non-controlling interest	874	831
	1.105.895	1.013.380
Total Equity and Liabilities:	1.964.318	1.848.936

CONSOLIDATED STATEMENT OF CASH FLOWS for the three months ended March 31, 2015 (IFRS, unaudited)

in EUR thousands	Q1 2015	Q1 2014
Net income	18.713	18.567
Income taxes	7.683	7.427
Net financial expense	1.361	2.847
Amortization/depreciation of non-current assets	13.643	14.009
Other non-cash expense and income	6.904	799
Operating cash flow before changes in working capital	48.304	43.649
Changes in inventories, receivables and other current assets	11.987	24.380
Changes in payables and other liabilities	20.392	-2.128
Income taxes paid	-18.249	-14.422
Interest paid	-2.879	-3.545
Interest received	1.945	2.147
Net cash provided by operating activities	61.500	50.081
Proceeds from the sale of property, plant and equipment/intangible assets	203	966
Purchase of property, plant and equipment/intangible assets	-1.550	-3.314
Proceeds from the sale of financial assets	138	106
Purchase of financial assets	-21	-14
Proceeds from the sale of current financial assets	4.216	0
Purchase of current financial assets	-3	-2.813
Proceeds from the sale of disposal group	-1.000	0
Payment for acquisitions, net	0	-1.000
Net cash used in investing activities	1.983	-6.069
Purchase of treasury stock (incl. hedge premiums paid)	0	-70.582
Additions to financial liabilities	2.137	0
Repayments of financial liabilities	-819	-1.916
Net cash provided by/used in financing activities	1.318	-72.498
Change in cash and cash equivalents from cash relevant transactions	64.801	-28.486
Currency translation adjustment	19.916	-82
Net change in cash and cash equivalents	84.717	-28.568
Cash and cash equivalents at the beginning of the period	318.396	449.984
Cash and cash equivalents at the end of period	403.113	421.416
Free Cash Flow	60.270	47.825

SEGMENT REPORT for the three months ended March 31, 2015 (IFRS, unaudited)

in EUR thousands	Adabas & Natural		Digital Business Platform		Consulting		Reconciliation		TOTAL	
	Q1 2015	Q1 2014	Q1 2015	Q1 2014	Q1 2015	Q1 2014	Q1 2015	Q1 2014	Q1 2015	Q1 2014
Licenses	15.477	13.300	31.064	43.718	0	86			46.541	57.104
Maintenance	39.767	37.649	59.935	51.562	0	1.093			99.702	90.304
Product revenue	55.244	50.949	90.999	95.280	0	1.179			146.243	147.408
Services	0	0	0	0	47.636	61.293			47.636	61.293
Other	159	182	0	0	19	3			178	185
Total revenue	55.403	51.131	90.999	95.280	47.655	62.475			194.057	208.886
Cost of sales	-3.381	-3.355	-7.023	-5.709	-39.127	-51.905	-5.237	-7.056	-54.768	-68.025
Gross profit	52.022	47.776	83.976	89.571	8.528	10.570	-5.237	-7.056	139.289	140.861
Sales, Marketing & Distribution expenses	-8.732	-9.089	-46.078	-49.067	-4.763	-7.254	-4.559	-4.012	-64.132	-69.422
Segment contribution	43.290	38.687	37.898	40.504	3.765	3.316	-9.796	-11.068	75.157	71.439
Research and development expenses	-5.439	-6.208	-21.953	-20.944	0	0	0	0	-27.392	-27.152
Segment result	37.851	32.479	15.945	19.560	3.765	3.316	-9.796	-11.068	47.765	44.287
General and administrative expenses									-20.088	-19.088
Other taxes									-1.571	-1.638
Operating result									26.106	23.561
Other income, net									1.651	5.280
Financial expense, net									-1.361	-2.847
Profit before income taxes									26.396	25.994
Income Taxes									-7.683	-7.427
Net income									18.713	18.567

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the three months ended March 31, 2015 (IFRS, unaudited)

in EUR thousands												
	Share capital	Capital reserve	Retained earnings	Other reserves				Treasury shares	Attributable to shareholders of Software AG	Non-controlling interests	Total	
	Common shares outstanding (no.)			Currency translation differences	Fair value measurement of securities and derivatives	Actuarial gains/losses from defined benefit plans	Currency translation gains/losses from net investments in foreign operations					
Equity as of January 1, 2014	81.513.689	86.944	46.144	1.087.328	-77.111	-2.055	-22.945	2.031	-155.534	964.802	793	965.595
Comprehensive income			18.558	2.506	134	0	8			21.206	9	21.215
Transactions with equity holders												
Dividend payment										0		0
New shares issued										0		0
Stock options		415								415		415
Issue and disposal of treasury stock										0		0
Purchase of treasury stock	-2.653.845								-70.582	-70.582		-70.582
Other changes										0		0
Transactions between shareholders												
Equity as of March 31, 2014	78.859.844	86.944	46.559	1.105.886	-74.605	-1.921	-22.945	2.039	-226.116	915.841	802	916.643
Equity as of January 1, 2015	78.918.844	86.944	43.195	1.161.411	-32.299	-1.365	-27.308	6.437	-224.466	1.012.549	831	1.013.380
Comprehensive income			18.670	64.669	895	0	4.729			88.963	43	89.006
Transactions with equity holders												
Dividend payment										0		0
New shares issued										0		0
Stock options		3.510								3.510		3.510
Issue and disposal of treasury stock										0		0
Purchase of treasury stock										0		0
Other			-1							-1		-1
Transactions between shareholders												
Equity as of March 31, 2015	78.918.844	86.944	46.705	1.180.080	32.370	-470	-27.308	11.166	-224.466	1.105.021	874	1.105.895

STATEMENT OF COMPREHENSIVE INCOME for the three months ended March 31, 2015 (IFRS, unaudited)

in EUR thousands	Q1 2015	Q1 2014
Net income	18.713	18.567
Currency translation differences	64.669	2.506
Net gain/loss on remeasuring financial assets	895	134
Net loss/gain arising from translating net investments in foreign operations	4.729	8
Items that may be reclassified subsequently to profit or loss	70.293	2.648
Net actuarial gain/loss and asset caps on defined benefit plans	0	0
Items that will not be reclassified to profit or loss subsequently	0	0
Other comprehensive income	70.293	2.648
Total comprehensive income	89.006	21.215
Thereof attributable to shareholders of Software AG	88.963	21.206
Thereof attributable to non-controlling interests	43	9

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