

Software AG

Results 1st Quarter 2015

(IFRS, unaudited)

April 29, 2015

Safe Harbor

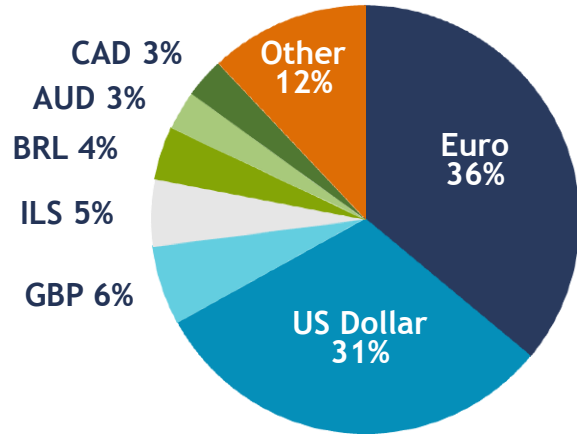
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Currency Impact on Revenue - Q1 2015

→ 36% revenue in Euro

→ 64% revenue in foreign currency



Currency impact on revenue

<i>(in €m; yoy)</i>	Q1 2015	Q1 in %
Licenses	5.4	13%
Maintenance	8.4	9%
Consulting & Other	2.4	5%
Total	16.2	9%

Renaming of BPE and ETS Business Lines

- Software AG has decided to rename the two product-related business lines:
 - ❖ The BPE-Portfolio is now called: “Digital Business Platform” (DBP)
 - ❖ The ETS-Portfolio is now called: “Adabas & Natural” (A&N)
- “Digital Business Platform” reflects the strategic positioning of our (former BPE) portfolio and better aligns with industry-wide terminology
- “Adabas & Natural” enjoy a broad brand awareness in the industry

The renaming does not imply any changes to the composition of the two portfolios or allocation of product revenues to the business lines.

Digital Business Platform (formerly: BPE) Segment Report Q1 2015

<i>(in €m)</i>	Q1 2015	Q1 2014	Δ%	Δ% acc
Licenses	31.1	43.7	-29%	-37%
Maintenance	59.9	51.6	16%	6%
Total revenue	91.0	95.3	-5%	-14%
Cost of sales	-7.0	-5.7	23%	16%
Gross profit	84.0	89.6	-6%	-16%
Sales & Marketing	-46.1	-49.1	-6%	-14%
Research & Development	-22.0	-20.9	5%	-3%
Segment result	15.9	19.6	-19%	-34%
<i>Margin in %</i>	<i>17.5%</i>	<i>20.6%</i>		

Adabas & Natural (formerly: ETS) Segment Report Q1 2015

<i>(in €m)</i>	Q1 2015	Q1 2014	Δ%	Δ% acc
Licenses	15.5	13.3	17%	3%
Maintenance	39.7	37.6	6%	-3%
Product revenue	55.2	50.9	8%	-1%
Other	0.2	0.2	-	-
Total revenue	55.4	51.1	8%	-1%
Cost of sales	-3.4	-3.3	3%	-4%
Gross profit	52.0	47.8	9%	-1%
Sales & Marketing	-8.7	-9.1	-4%	-15%
Research & Development	-5.4	-6.2	-13%	-15%
Segment result	37.9	32.5	17%	5%
<i>Margin in %</i>	<i>68.4%</i>	<i>63.6%</i>		

Consulting Segment Report Q1 2015

<i>(in €m)</i>	Q1 2015	Q1 2014	Δ%	Δ% acc
Digital Business Platform/ Adabas & Natural services	47.7	48.7	-2%	-7%
SAP product revenue*	-	1.2	-	-
SAP services*	-	12.6	-	-
Total revenue	47.7	62.5	-24%	-28%
Cost of sales	-39.2	-51.9	-24%	-28%
Gross profit	8.5	10.6	-20%	-25%
Sales & Marketing	-4.7	-7.3	-35%	-38%
Segment result	3.8	3.3	15%	3%
<i>Margin in %</i>	<i>8.0%</i>	<i>5.3%</i>		

* Deconsolidation of SAP related business

Results Q1 2015

<i>(in €m)</i>	Q1 2015	Q1 2014	Δ%	Δ% acc
Total revenue	194.1	208.9	-7%	-15%
Cost of sales	-54.8	-68.0	-19%	-23%
Gross profit	139.3	140.9	-1%	-11%
<i>Margin in %</i>	<i>71.8%</i>	<i>67.4%</i>		
Research & Development	-27.4	-27.2	1%	-6%
Sales & Marketing	-64.1	-69.4	-8%	-15%
Administration	-20.1	-19.1	5%	3%
Other income/expense	1.6	5.3	-	-
EBIT	29.3	30.5	-4%	-17%
<i>Margin in %</i>	<i>15.1%</i>	<i>14.6%</i>		

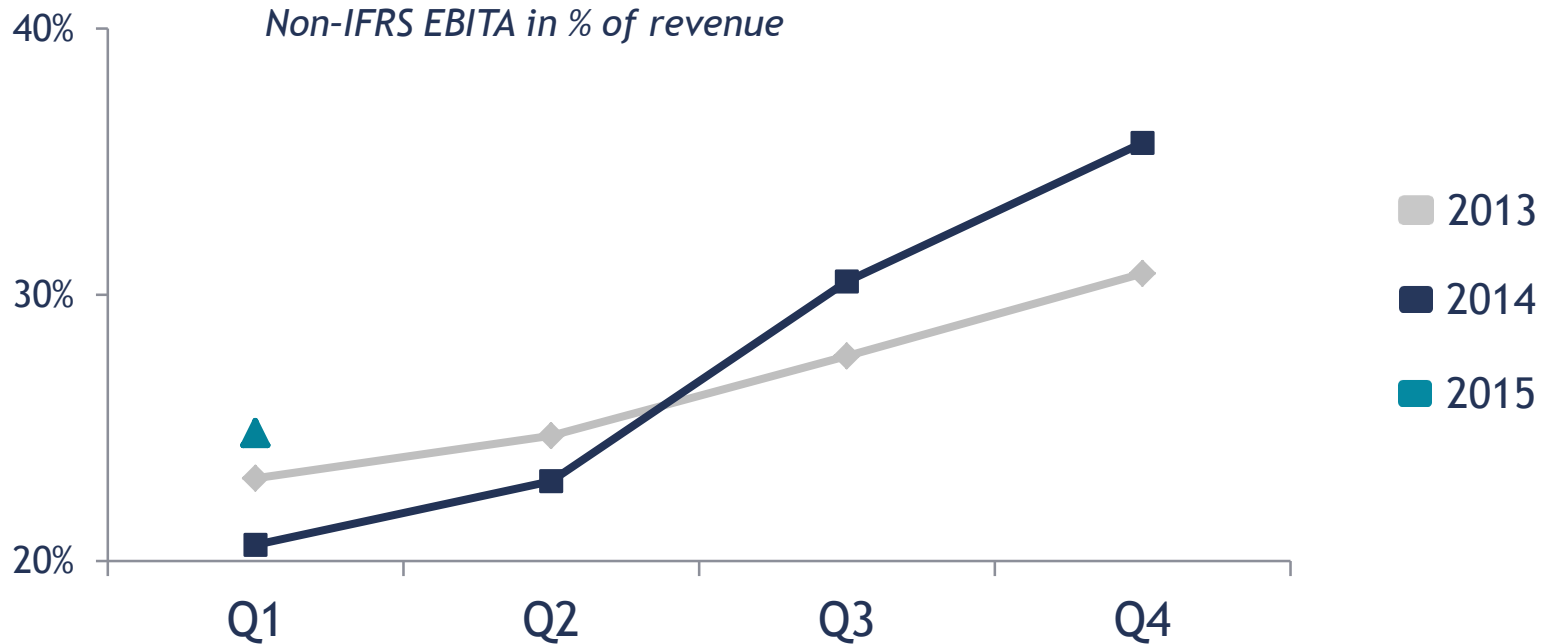
Non-IFRS Earnings Q1 2015

(in €m)

	Q1 2015	Q1 2014
EBIT (before all taxes)	29.3	30.5
Amortization on acquisition related intangible assets	9.8	11.1
Reduction of acquisition related product revenue by purchase price allocation	0.0	0.3
Other impacts from M&A activities	2.5	-2.7
Share based payment	4.7	1.5
Restructuring/severances	1.8	2.3
EBITA (Non-IFRS)	48.1	43.0
<i>in % of revenue (Non-IFRS)</i>	<i>24.8%</i>	<i>20.6%</i>
Net income (Non-IFRS)	31.9	27.7
EPS (Non-IFRS)*	0.40	0.34

* Weighted average shares outstanding (basic) Q1 2015: 78.9m / Q1 2014: 80.2m

Continuous Margin Improvement of Operating Result



Cash flow Q1 2015

<i>(in €m)</i>	Q1 2015	Q1 2014	Δ%
Operating cash flow	61.5	50.1	23%
./. CapEx*	-1.2	-2.3	
Free Cash flow	60.3	47.8	26%
<i>in % of revenue</i>	31.1%	22.9%	
Free cash flow per share**	0.76	0.60	27%

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

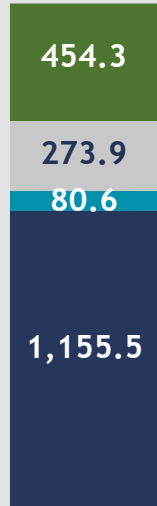
** Based on average outstanding shares: Q1 2015: 78.9m / Q1 2014: 80.2m

Balance Sheet

(in €m)

Assets

March 31,
2015



1,964.3

Cash and cash
equivalents/Securities

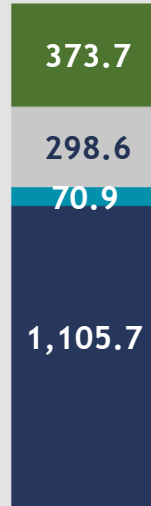
Trade receivables

Inventory and
other assets

Fixed assets
(goodwill 904.1/857.3)

Total

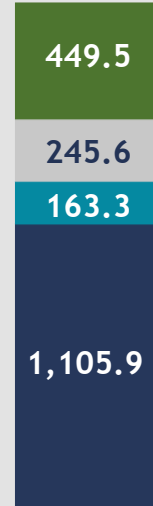
Dec. 31,
2014



1,848.9

Liabilities

March 31,
2015



1,964.3

Financial liabilities

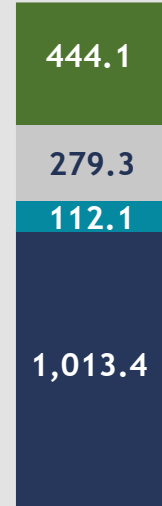
Other liabilities

Deferred income

Shareholders' equity
(ratio 56.3%/54.8%)

Total

Dec. 31,
2014



1,848.9

Outlook FY 2015

	FY 2014 <i>(in €m)</i>	Outlook FY 2015 <i>(as of January 28, 2015)</i>
Product Revenue Digital Business Platform	394.5	+6% to +12%¹⁾
Product Revenue Adabas & Natural	244.7	-8% to -14%¹⁾
Operating Margin (Non-IFRS)²⁾	27.9%	27.5% to 28.5%

1) At constant currency rates

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

Thank you!



Appendix



Earnings Q1 2015

<i>(in €m)</i>	Q1 2015	Q1 2014	Δ%
EBIT (before all taxes)	29.3	30.5	-4%
Financial result	-1.3	-2.9	-55%
Profit before taxes	28.0	27.6	1%
Other taxes	1.6	1.6	-
Income taxes	7.7	7.4	4%
<i>Tax rate in %</i>	<i>33.2%</i>	<i>32.6%</i>	
Net Income	18.7	18.6	1%
EPS in €* 	0.24	0.23	4%

* Weighted average shares outstanding (basic): Q1 2015: 78.9m / Q1 2014: 80.2m

Overview Earnings Q1 2015

<i>(in €m)</i>	Q1 2015	Q1 2014	Δ%
Net Income	18.7	18.6	1%
Income taxes	7.7	7.4	4%
Other taxes	1.6	1.6	-
Financial result	-1.3	-2.9	-55%
EBIT (before all taxes)	29.3	30.5	-4%
<i>Margin in %</i>	<i>15.1%</i>	<i>14.6%</i>	
Amortization	9.8	11.0	-11%
EBITA	39.1	41.5	-6%
<i>Margin in %</i>	<i>20.1%</i>	<i>19.9%</i>	
Depreciation	3.7	3.0	23%
EBITDA	42.8	44.5	-4%
<i>Margin in %</i>	<i>22.1%</i>	<i>21.3%</i>	

Amortization / Depreciation Impact 2015 ff. (preliminary)

(in €m)	Q1 2015	FY 2015*	FY 2016ff*
Amortization	9.8	33.7	27.5
Depreciation	3.7	12.1	11.2

* Estimated

Headcount by Functional Areas* and Geography

<i>(in FTE)</i>	Mar. 31, 2015	Dec. 31, 2014	Δ% qoq	Mar. 31, 2014	Δ% yoy
Total	4,367	4,421	-1%	5,108	-15%
Consulting & services	1,816	1,821	-	2,283	-20%
Research & Development	962	968	-1%	995	-3%
Sales & Marketing	967	993	-3%	1,131	-15%
Administration	622	639	-3%	699	-11%
USA	632	654	-3%	752	-16%
Germany	1,188	1,216	-2%	1,663	-29%
Rest of world	2,547	2,551	-	2,693	-5%

* According to P+L structure

Revenue Q1 2015

<i>(in €m)</i>	Q1 2015	Q1 2014	Δ%	Δ% acc
Product Revenue	146.2	147.4	-1%	-10%
<i>License</i>	46.5	57.0	-18%	-28%
<i>Maintenance</i>	99.7	89.2	12%	2%
<i>Product IDS (SAP)</i>	-	1.2	-	-
Consulting Digital Business Platform/Adabas & Natural	47.7	48.7	-2%	-7%
Consulting IDS (SAP)	-	12.6	-	-
Other	0.2	0.2	-	-
Total	194.1	208.9	-7%	-15%

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