

Software AG

Financial Information

Q2 / 2015

July 23, 2015
(unaudited)

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KEY FIGURES as of June 30, 2015 (IFRS, unaudited)

in EUR millions (unless otherwise stated)	1st half 2015	1st half 2014	Change in %	Q2 2015	Q2 2014	Change in %
<i>Revenue</i>	399,7	404,9	-1%	205,6	196,0	5%
Product revenue	303,4	288,7	5%	157,1	141,3	11%
Services	96,0	115,9	-17%	48,3	54,6	-12%
Other	0,3	0,3		0,2	0,1	
<i>Business Line</i>						
Digital Business Platform	190,8	179,9	6%	99,8	84,6	18%
Adabas & Natural	112,9	107,0	6%	57,5	55,9	3%
Consulting	96,0	118,0	-19%	48,3	55,5	-13%
EBIT*	62,5	55,5	13%	33,2	25,0	33%
as % of revenue	15,6%	13,7%		16,1%	12,8%	
Net income	38,6	32,7	18%	19,9	14,2	40%
as % of revenue	9,7%	8,1%		9,7%	7,2%	
EPS € basic [diluted]	0,49 [0,49]	0,41 [0,41]	20% [20%]	0,25 [0,25]	0,18 [0,18]	39% [39%]
Free Cash Flow	106,2	66,3	60%	45,9	18,5	148%
Employees (Full time equivalent)	4.349	4.606				
of which in Germany	1.177	1.251				
R&D	957	977				
Balance sheet	Jun. 30, 2015	Dec. 31, 2014				
Total assets	1.917,5	1.848,9				
Cash and cash equivalents	423,9	318,4				
Net debt	25,5	125,7				
Shareholders' equity	1.079,1	1.013,4				
as % of total assets	56,3%	55%				

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

CONSOLIDATED INCOME STATEMENT for the six months ended June 30, 2015 (IFRS, unaudited)

in EUR thousands	1st half 2015	1st half 2014	Change in %	Q2 2015	Q2 2014	Change in %
Licenses	100.054	107.311	-7%	53.513	50.207	7%
Maintenance	203.326	181.355	12%	103.624	91.052	14%
Services	95.969	115.864	-17%	48.333	54.571	-11%
Other	338	339	0%	160	154	4%
Total revenue	399.687	404.869	-1%	205.630	195.984	5%
Costs of sales	-108.823	-130.903	-17%	-54.055	-62.879	-14%
Gross profit	290.864	273.966	6%	151.575	133.105	14%
Research and development expenses	-54.227	-53.801	1%	-26.835	-26.649	1%
Sales, marketing and distribution expenses	-134.467	-133.642	1%	-70.335	-64.220	10%
General and administrative expenses	-38.944	-35.012	11%	-18.856	-15.924	18%
Other taxes	-2.901	-4.041	-28%	-1.330	-2.403	-45%
Operating result	60.325	47.470	27%	34.219	23.909	43%
Other income	16.577	16.212	2%	650	4.471	-85%
Other expenses	-17.290	-12.221	41%	-3.014	-5.760	-48%
Financial expense, net	-2.439	-5.476	-55%	-1.078	-2.629	-59%
Profit before income taxes	57.173	45.985	24%	30.777	19.991	54%
Income taxes	-18.532	-13.263	40%	-10.849	-5.836	86%
Net income	38.641	32.722	18%	19.928	14.155	41%
Thereof attributable to shareholders of Software AG	38.549	32.621	18%	19.880	14.064	41%
Thereof attributable to non-controlling interest	92	101		48	91	
Earnings per share (EUR, basic)	0,49	0,41	20%	0,25	0,18	39%
Earnings per share (EUR, diluted)	0,49	0,41	20%	0,25	0,18	39%
Weighted average number of shares outstanding (basic)	78.918.844	79.538.055	-	78.918.844	78.889.344	-
Weighted average number of shares outstanding (diluted)	78.969.362	79.725.204	-	79.036.207	79.080.201	-

CONSOLIDATED BALANCE SHEET as of June 30, 2015 (IFRS, unaudited)

ASSETS (in EUR thousands)	Jun. 30, 2015	Dec. 31, 2014
Current assets		
Cash and cash equivalents	423.936	318.396
Securities	31.183	55.311
Inventories	76	85
Trade receivables	193.842	211.178
Other receivables and other assets	22.602	20.689
Income tax assets	33.008	29.725
	704.647	635.384
Non-current assets		
Intangible assets	172.623	180.196
Goodwill	893.075	857.279
Property, plant and equipment	56.322	61.171
Financial assets	9.293	7.103
Trade receivables	56.140	87.447
Other receivables and other assets	6.848	4.996
Income tax assets	5.276	4.423
Deferred taxes	13.240	10.937
	1.212.817	1.213.552
Total Assets:	1.917.464	1.848.936
EQUITY AND LIABILITIES (in EUR thousands)	Jun. 30, 2015	Dec. 31, 2014
Current liabilities		
Financial liabilities	104.991	103.646
Trade payables	25.922	32.600
Other liabilities	47.925	56.049
Other provisions	57.942	78.849
Tax liabilities	22.882	32.605
Deferred income	152.821	111.348
	412.483	415.097
Non-current liabilities		
Financial liabilities	344.406	340.499
Trade payables	0	0
Other liabilities	2.267	6.320
Provisions for pensions	43.581	42.566
Other provisions	13.009	13.205
Deferred taxes	21.350	17.131
Deferred income	1.235	738
	425.848	420.459
Equity		
Share capital	79.000	86.944
Capital reserve	55.536	43.195
Retained earnings	946.249	1.161.411
Other reserves	-304	-54.535
Treasury shares	-2.270	-224.466
Share attributable to shareholders of Software AG	1.078.211	1.012.549
Non-controlling interest	922	831
	1.079.133	1.013.380
Total Equity and Liabilities:	1.917.464	1.848.936

CONSOLIDATED STATEMENT OF CASH FLOWS for the six months ended June 30, 2015 (IFRS, unaudited)

in EUR thousands	1st half 2015	1st half 2014	Q2 2015	Q2 2014
Net income	38.641	32.722	19.928	14.155
Income taxes	18.532	13.263	10.849	5.836
Net financial expense	2.439	5.476	1.078	2.629
Amortization/depreciation of non-current assets	26.457	27.440	12.814	13.431
Other non-cash expense and income	6.542	3.949	-362	3.150
Operating cash flow before changes in working capital	92.611	82.850	44.307	39.201
Changes in inventories, receivables and other current assets	39.558	55.549	27.571	31.169
Changes in payables and other liabilities	10.791	-11.876	-9.601	-9.748
Income taxes paid	-30.473	-48.140	-12.224	-33.718
Interest paid	-4.493	-10.224	-1.614	-6.679
Interest received	3.783	4.334	1.838	2.187
Net cash provided by operating activities	111.777	72.493	50.277	22.412
Proceeds from the sale of property, plant and equipment/intangible assets	2.388	1.335	2.185	369
Purchase of property, plant and equipment/intangible assets	-5.976	-6.002	-4.426	-2.688
Proceeds from the sale of financial assets	138	156	0	50
Purchase of financial assets	-2.130	-1.633	-2.109	-1.619
Proceeds from the sale of current financial assets	24.221	6.000	20.005	6.000
Purchase of current financial assets	-3	-4.754	0	-1.941
Proceeds from the sale of disposal group	-1.000	18.188	0	18.188
Payment for acquisitions, net	0	-3.667	0	-2.667
Net cash used in investing activities	17.638	9.623	15.655	15.692
Purchase of treasury stock (incl. hedge premiums paid)	0	-70.582	0	0
Sale of treasury stock	0	1.423	0	1.423
Dividends paid	-39.459	-36.430	-39.459	-36.430
Additions to financial liabilities	4.847	25.000	2.710	25.000
Repayments of financial liabilities	-2.956	-202.012	-2.137	-200.096
Net cash provided by/used in financing activities	-37.568	-282.601	-38.886	-210.103
Change in cash and cash equivalents from cash relevant transactions	91.847	-200.485	27.046	-171.999
Currency translation adjustment	13.693	4.445	-6.223	4.527
Net change in cash and cash equivalents	105.540	-196.040	20.823	-167.472
Cash and cash equivalents at the beginning of the period	318.396	449.984	403.113	421.416
Cash and cash equivalents at the end of period	423.936	253.944	423.936	253.944
Free Cash Flow	106.197	66.349	45.927	18.524

SEGMENT REPORT for the six months ended June 30, 2015 (IFRS, unaudited)

in EUR thousands	Adabas & Natural		Digital Business Platform		Consulting		Reconciliation		TOTAL	
	1st half		1st half		1st half		1st half		1st half	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Licenses	31.949	30.661	68.105	76.458	0	192			100.054	107.311
Maintenance	80.653	76.013	122.673	103.386	0	1.956			203.326	181.355
Product revenue	112.602	106.674	190.778	179.844	0	2.148			303.380	288.666
Services	0	0	2	0	95.967	115.864			95.969	115.864
Other	290	328	7	1	41	10			338	339
Total revenue	112.892	107.002	190.787	179.845	96.008	118.022			399.687	404.869
Cost of sales	-6.664	-6.216	-13.561	-11.176	-78.585	-100.014	-10.013	-13.497	-108.823	-130.903
Gross profit	106.228	100.786	177.226	168.669	17.423	18.008	-10.013	-13.497	290.864	273.966
Sales, Marketing & Distribution expenses	-17.041	-17.933	-98.409	-94.516	-9.818	-13.179	-9.199	-8.014	-134.467	-133.642
Segment contribution	89.187	82.853	78.817	74.153	7.605	4.829	-19.212	-21.511	156.397	140.324
Research and development expenses	-10.771	-12.484	-43.456	-41.317	0	0	0	0	-54.227	-53.801
Segment result	78.416	70.369	35.361	32.836	7.605	4.829	-19.212	-21.511	102.170	86.523
General and administrative expenses									-38.944	-35.012
Other taxes									-2.901	-4.041
Operating result									60.325	47.470
Other income, net									-713	3.991
Financial expense, net									-2.439	-5.476
Profit before income taxes									57.173	45.985
Income Taxes									-18.532	-13.263
Net income									38.641	32.722

SEGMENT REPORT for the second quarter 2015 (IFRS, unaudited)

in EUR thousands	Adabas & Natural		Digital Business Platform		Consulting		Reconciliation		TOTAL	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Licenses	16.473	17.362	37.040	32.739	0	106			53.513	50.207
Maintenance	40.885	38.365	62.739	51.825	0	862			103.624	91.052
Product revenue	57.358	55.727	99.779	84.564	0	968			157.137	141.259
Services	0	0	2	0	48.331	54.571			48.333	54.571
Other	131	146	7	1	22	7			160	154
Total revenue	57.489	55.873	99.788	84.565	48.353	55.546			205.630	195.984
Cost of sales	-3.283	-2.861	-6.539	-5.467	-39.457	-48.110	-4.776	-6.441	-54.055	-62.879
Gross profit	54.206	53.012	93.249	79.098	8.896	7.436	-4.776	-6.441	151.575	133.105
Sales, Marketing & Distribution expenses	-8.309	-8.845	-52.331	-45.448	-5.055	-5.925	-4.640	-4.002	-70.335	-64.220
Segment contribution	45.897	44.167	40.918	33.650	3.841	1.511	-9.416	-10.443	81.240	68.885
Research and development expenses	-5.332	-6.276	-21.503	-20.373	0	0	0	0	-26.835	-26.649
Segment result	40.565	37.891	19.415	13.277	3.841	1.511	-9.416	-10.443	54.405	42.236
General and administrative expenses									-18.856	-15.924
Other taxes									-1.330	-2.403
Operating result									34.219	23.909
Other income, net									-2.364	-1.289
Financial expense, net									-1.078	-2.629
Profit before income taxes									30.777	19.991
Income Taxes									-10.849	-5.836
Net income									19.928	14.155

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the six months ended June 30, 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				32.621	13.863	487	81	316		47.368	101	47.469
Transactions with equity holders												
Dividend payment				-36.275						-36.275	-155	-36.430
New shares issued												
Stock options			1.570							1.570		1.570
Issue and disposal of treasury stock	59.000		-165						1.650	1.485		1.485
Purchase of treasury stock	-2.653.845								-70.582	-70.582		-70.582
Other										0		0
Transactions between shareholders										0		0
Equity as of June 30, 2014	78.918.844	86.944	47.549	1.083.674	-63.248	-1.568	-22.864	2.347	-224.466	908.368	739	909.107
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				38.549	49.700	1.399	0	3.132		92.780	92	92.872
Transactions with equity holders												0
Dividend payment				-39.459						-39.459		-39.459
New shares issued										0		0
Stock options			12.341							12.341		12.341
Issue and disposal of treasury stock		-7.944		-214.252					222.196	0		0
Purchase of treasury stock										0		0
Other										0	-1	-1
Transactions between shareholders										0		0
Equity as of June 30, 2015	78.918.844	79.000	55.536	946.249	17.401	34	-27.308	9.569	-2.270	1.078.211	922	1.079.133

STATEMENT OF COMPREHENSIVE INCOME for the six months ended June 30, 2015 (IFRS, unaudited)

in EUR thousands	1st half 2015	1st half 2014	Q2 2015	Q2 2014
Net income	38.641	32.722	19.928	14.155
Currency translation differences	49.700	13.863	-14.969	11.357
Net gain/loss on remeasuring financial assets	1.399	487	504	353
Net loss/gain arising from translating net investments in foreign operations	3.132	316	-1.597	308
Items that may be reclassified subsequently to profit or loss	54.231	14.666	-16.062	12.018
Net actuarial gain/loss and asset caps on defined benefit plans	0	81	0	81
Items that will not be reclassified to profit or loss subsequently	0	81	0	81
Other comprehensive income	54.231	14.747	-16.062	12.099
Total comprehensive income	92.872	47.469	3.866	26.254
Thereof attributable to shareholders of Software AG	92.780	47.368	3.817	26.163
Thereof attributable to non-controlling interests	92	101	49	91

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