

Software AG

Results 2nd Quarter 2015

(IFRS, unaudited)

July 23, 2015

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Software AG

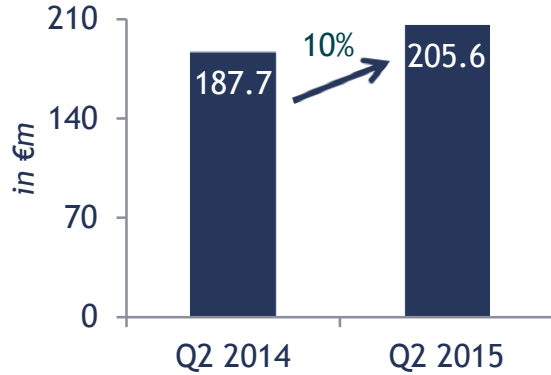
Results 2nd Quarter 2015

(IFRS, unaudited)

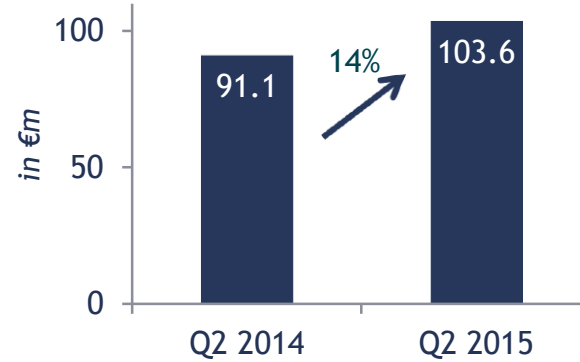
Karl-Heinz Streibich, CEO

July 23, 2015

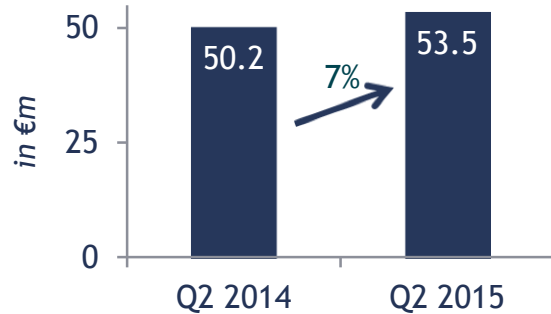
Total Revenue



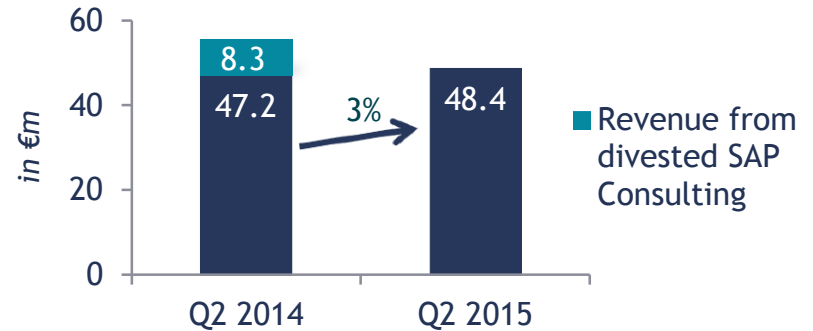
Maintenance



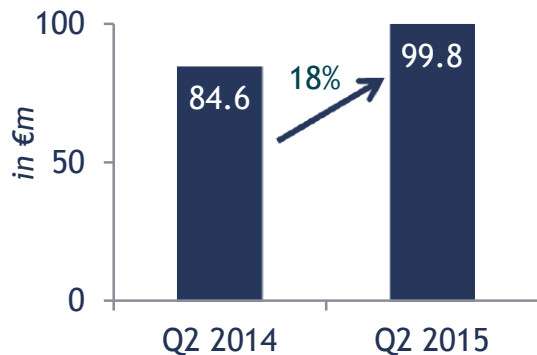
License



Service

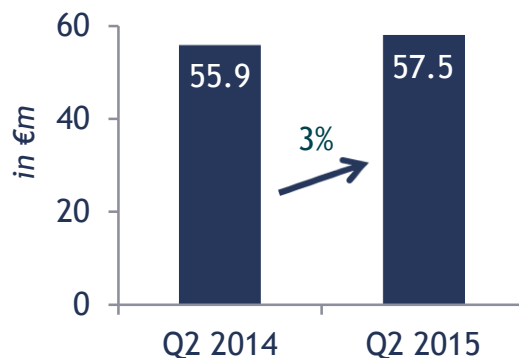


Digital Business Platform



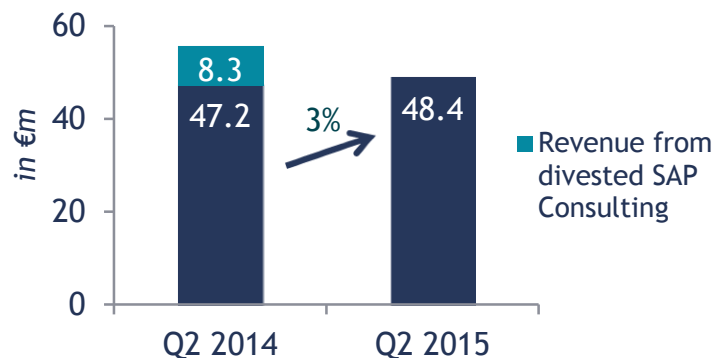
- Strong maintenance shows sustainability of successful prior license business
- License growth accelerates
- Product Revenue to grow further in H2

Adabas & Natural



- Strong maintenance underlines vital need of A&N products
- License growth due to successful deal closings early in the year

Consulting



- Strategic sale of SAP Consulting business reflected in increased segment earnings and higher profitability
- Services around own products positive

Software AG

Results 2nd Quarter 2015

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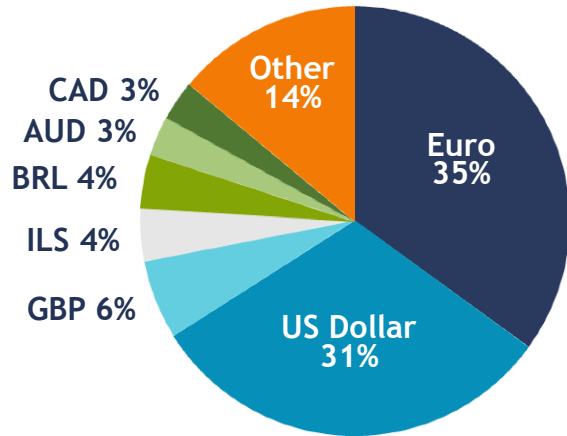
Arnd Zinnhardt, CFO

July 23, 2015

Currency Impact on Revenue Q2 2015 / YTD 2015 (6 months)

→ 35% revenue in Euro

→ 65% revenue in foreign currency



Currency split YTD 2015

Currency impact on revenue

<i>(in €m; yoy)</i>	Q2 2015	Q2 in %	YTD 2015	YTD in %
Licenses	5.0	10%	10.4	12%
Maintenance	8.9	9%	17.3	9%
Consulting & Other	2.4	5%	4.8	5%
Total	16.3	9%	32.5	9%

Digital Business Platform Segment Report Q2 2015 / YTD 2015 (6 months)

<i>(in €m)</i>	Q2 2015	Q2 2014	Δ%	Δ% acc	YTD 2015	YTD 2014	Δ%	Δ% acc
Licenses	37.0	32.7	13%	3%	68.1	76.5	-11%	-20%
Maintenance	62.8	51.9	21%	10%	122.7	103.3	19%	8%
Total revenue	99.8	84.6	18%	7%	190.8	179.8	6%	-4%
Cost of sales	-6.6	-5.5	20%	12%	-13.6	-11.1	23%	14%
Gross profit	93.2	79.1	18%	7%	177.2	168.7	5%	-5%
Sales & Marketing	-52.3	-45.4	15%	7%	-98.4	-94.5	4%	-4%
Research & Development	-21.5	-20.4	5%	-5%	-43.4	-41.4	5%	-5%
Segment result	19.4	13.3	46%		35.4	32.8	8%	
<i>Margin in %</i>	<i>19.4%</i>	<i>15.7%</i>			<i>18.6%</i>	<i>18.2%</i>		

Adabas & Natural

Segment Report Q2 2015 / YTD 2015 (6 months)

<i>(in €m)</i>	Q2 2015	Q2 2014	Δ%	Δ% acc	YTD 2015	YTD 2014	Δ%	Δ% acc
Licenses	16.5	17.4	-5%	-14%	31.9	30.7	4%	-7%
Maintenance	40.9	38.3	7%	-2%	80.7	76.0	6%	-2%
Product revenue	57.4	55.7	3%	-6%	112.6	106.7	6%	-4%
Other	0.1	0.2	-	-	0.3	0.3	-	-
Total revenue	57.5	55.9	3%	-6%	112.6	107.0	6%	-4%
Cost of sales	-3.3	-2.9	14%	10%	-6.7	-6.2	8%	3%
Gross profit	54.2	53.0	2%	-6%	106.2	100.8	5%	-4%
Sales & Marketing	-8.3	-8.8	-6%	-14%	-17.0	-17.9	-5%	-14%
Research & Development	-5.3	-6.3	-16%	-19%	-10.8	-12.5	-14%	-18%
Segment result	40.6	37.9	7%		78.4	70.4	11%	
<i>Margin in %</i>	<i>70.6%</i>	<i>67.8%</i>			<i>69.4%</i>	<i>65.8%</i>		

Consulting

Segment Report Q2 2015 / YTD 2015 (6 months)

(in €m)	Q2 2015	Q2 2014*	Δ%	Δ% acc	YTD 2015	YTD 2014*	Δ%	Δ% acc
Digital Business Platform/ Adabas & Natural services	48.4	47.2	3%	-3%	96.0	95.9	-	-5%
SAP product revenue*	-	1.0	-	-	-	2.1	-	-
SAP services*	-	7.3	-	-	-	20.0	-	-
Total revenue	48.4	55.5	-13%	-17%	96.0	118.0	-19%	-23%
Cost of sales	-39.5	-48.1	-18%	-22%	-78.6	-100.0	-21%	-25%
Gross profit	8.9	7.4	20%	10%	17.4	18.0	-3%	-11%
Sales & Marketing	-5.1	-5.9	-14%	-20%	-9.8	-13.2	-26%	-30%
Segment result	3.8	1.5	153%		7.6	4.8	58%	
<i>Margin in %</i>	<i>7.9%</i>	<i>2.7%</i>			<i>7.9%</i>	<i>4.1%</i>		

* Deconsolidation of SAP related business

Results Q2 2015 / YTD 2015 (6 months)

<i>(in €m)</i>	Q2 2015	Q2 2014	Δ%	Δ% acc	YTD 2015	YTD 2014	Δ%	Δ% acc
Total revenue	205.6	196.0	5%	-3%	399.7	404.9	-1%	-9%
Cost of sales	-54.0	-62.9	-14%	-18%	-108.8	-130.9	-17%	-20%
Gross profit	151.6	133.1	14%	3%	290.9	274.0	6%	-4%
<i>Margin in %</i>	<i>73.7%</i>	<i>67.9%</i>			<i>72.8%</i>	<i>67.7%</i>		
Research & Development	-26.8	-26.6	1%	-6%	-54.2	-53.8	1%	-6%
Sales & Marketing	-70.3	-64.2	10%	2%	-134.5	-133.6	1%	-7%
Administration	-18.9	-15.9	19%	14%	-38.9	-35.0	11%	8%
Other income/expense	-2.4	-1.4	-	-	-0.8	3.9	-	-
EBIT	33.2	25.0	33%		62.5	55.5	13%	
<i>Margin in %</i>	<i>16.1%</i>	<i>12.8%</i>			<i>15.6%</i>	<i>13.7%</i>		

Non-IFRS Earnings Q2 2015 / YTD 2015 (6 months)

<i>(in €m)</i>	Q2 2015	Q2 2014	YTD 2015	YTD 2014
EBIT (before all taxes)	33.2	25.0	62.5	55.5
Amortization on acquisition related intangible assets	9.4	10.4	19.2	21.5
Reduction acquisition related product revenue by purchase price allocation	0.0	0.2	0.0	0.5
Other impacts from M&A activities	0.0	1.6	2.5	-1.1
Share based payment	2.7	1.2	7.4	2.7
Restructuring/severances	3.3	4.0	5.1	6.3
Result from sold operations	-	2.7	-	2.7
EBITA (Non-IFRS)	48.6	45.1	96.7	88.1
<i>in % of revenue (Non-IFRS)</i>	<i>23.6%</i>	<i>23.0%</i>	<i>24.2%</i>	<i>21.8%</i>
Net income (Non-IFRS)	30.0	28.5	61.9	56.1
EPS (Non-IFRS)*	0.38	0.36	0.78	0.71

* Weighted average shares outstanding (basic) Q2 2015: 78.9m / Q2 2014: 78.9m / 6m 2015: 78.9m / 6m 2014: 79.5m

Cash flow Q2 2015 / YTD 2015 (6 months)

(in €m)	Q2 2015	Q2 2014	Δ%	YTD 2015	YTD 2014	Δ%
Operating cash flow	50.3	22.4	124%	111.8	72.5	54%
./. CapEx*	-4.4	-3.9		-5.6	-6.2	
Free cash flow	45.9	18.5	148%	106.2	66.3	60%
<i>in % of revenue</i>	22.3%	9.4%		26.6%	16.4%	
Free cash flow per share**	0.58€	0.23€	152%	1.35€	0.83€	63%

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

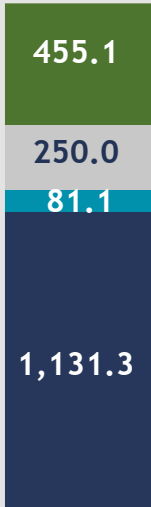
** Based on average outstanding shares: Q2 2015: 78.9m / Q2 2014: 78.9m / 6m 2015: 78.9m / 6m 2014: 79.5m

Balance Sheet

(in €m)

Assets

June 30,
2015



1,917.5

Cash and cash
equivalents/Securities

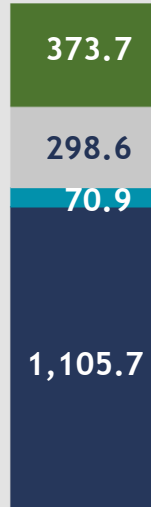
Trade receivables

Inventory and
other assets

Fixed assets
(Goodwill 893.1/857.3)

Total

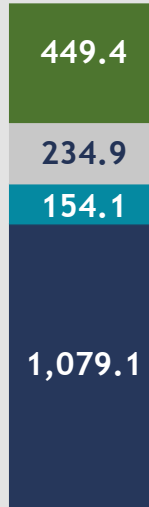
Dec. 31,
2014



1,848.9

Liabilities

June 30,
2015



1,917.5

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 (in €m)	Outlook FY 2015 (as of January 28, 2015)
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) Adjusted for non-operating items (see non-IFRS earnings results)

Thank you!



Appendix



Earnings Q2 2015 / YTD 2015 (6 months)

<i>(in €m)</i>	Q2 2015	Q2 2014	Δ%	YTD 2015	YTD 2014	Δ%
EBIT (before all taxes)	33.2	25.0	33%	62.5	55.5	13%
Financial result	-1.1	-2.6	-58%	-2.4	-5.5	-56%
Profit before taxes	32.1	22.4	43%	60.1	50.0	20%
Other taxes	-1.3	-2.4	-46%	-2.9	-4.0	-28%
Income taxes	-10.9	-5.8	88%	-18.6	-13.3	40%
<i>Tax rate in %</i>	<i>38.0%</i>	<i>36.6%</i>		<i>35.8%</i>	<i>34.6%</i>	
Net income	19.9	14.2	40%	38.6	32.7	18%
EPS in €* 	0,25€	0.18€	39%	0,49€	0.41€	20%

* Weighted average shares outstanding (basic): Q2 2015: 78.9m / Q2 2014: 78.9m / 6m 2015: 78.9m / 6m 2014: 79.5m

Overview Earnings Q2 2015 / YTD 2015 (6 months)

<i>(in €m)</i>	Q2 2015	Q2 2014	Δ%	YTD 2015	YTD 2014	Δ%
Net income	19.9	14.2	40%	38.6	32.7	18%
Income taxes	10.9	5.8	88%	18.6	13.3	40%
Other taxes	1.3	2.4	-46%	2.9	4.0	-28%
Financial result	1.1	2.6	-58%	2.4	5.5	-56%
EBIT (before all taxes)	33.2	25.0	33%	62.5	55.5	13%
<i>Margin in %</i>	<i>16.1%</i>	<i>12.8%</i>		<i>15.6%</i>	<i>13.7%</i>	
Amortization	9.4	10.5	-10%	19.2	21.5	-11%
EBITA	42.6	35.5	20%	81.7	77.0	6%
<i>Margin in %</i>	<i>20.7%</i>	<i>18.1%</i>		<i>20.4%</i>	<i>19.0%</i>	
Depreciation	3.6	3.0	20%	7.3	5.9	24%
EBITDA	46.2	38.5	20%	89.0	82.9	7%
<i>Margin in %</i>	<i>22.5%</i>	<i>19.6%</i>		<i>22.3%</i>	<i>20.5%</i>	

Amortization / Depreciation Impact 2015 ff. (preliminary)

(in €m)

Amortisation

Depreciation

Q2
2015

FY
2015*

FY
2016ff*

9.4

35.1

27.5

3.6

13.4

11.2

* Estimated

Headcount by Functional Areas* and Geography

<i>(in FTE)</i>	June 30, 2015	Dec. 31, 2014	Δ% qoq	June 30, 2014	Δ% yoy
Total	4,349	4,421	-2%	4,606	-6%
Consulting & services	1,826	1,821	-	1,906	-4%
Research & Development	957	968	-1%	977	-2%
Sales & Marketing	942	993	-5%	1,059	-11%
Administration	624	639	-2%	664	-6%
USA	616	654	-6%	718	-14%
Germany	1,177	1,216	-3%	1,251	-6%
Rest of world	2,556	2,551	-	2,637	-3%

* According to P+L structure

Revenue Q2 2015

<i>(in €m)</i>	Q2 2015	Q2 2014	$\Delta\%$	$\Delta\%$ acc
Product revenue	157.1	141.3	11%	1%
<i>Licenses</i>	53.5	50.2	7%	-3%
<i>Maintenance</i>	103.6	91.1	14%	4%
Consulting & services	48.3	54.6	-12%	-16%
Other	0.2	0.1	-	-
Total	205.6	196.0	5%	-3%

Revenue Q2 2015 (excl. IDS Consulting*)

<i>(in €m)</i>	Q2 2015	Q2 2014	Δ%	Δ% acc
Product revenue	157.1	140.3	12%	2%
<i>Licenses</i>	53.5	50.1	7%	-3%
<i>Maintenance</i>	103.6	90.2	15%	5%
Consulting & services	48.3	47.2	2%	-3%
Other	0.2	0.2	-	-
Total	205.6	187.7	10%	1%

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

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