



# Software AG Financial Information Q4 / 2015

*January 27, 2015*  
(unaudited)

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

in EUR millions (unless otherwise stated)	12 months 2015	12 months 2014	Change in %	Q4 2015	Q4 2014	Change in %
<i>Revenue</i>	873,1	857,8	2%	257,5	247,3	4%
Product revenue	678,8	641,4	6%	205,6	195,0	5%
Services	193,4	215,8	-10%	51,7	52,2	-1%
Other	0,9	0,6		0,2	0,1	
<i>Business Line</i>						
Digital Business Platform	431,5	394,5	9%	137,6	118,1	17%
Adabas & Natural	248,0	245,3	1%	68,1	77,0	-12%
Consulting	193,6	218,0	-11%	51,8	52,2	-1%
<b>EBIT*</b>	<b>209,4</b>	<b>176,0</b>	<b>19%</b>	<b>80,1</b>	<b>71,4</b>	<b>12%</b>
as % of revenue	24,0%	20,5%		31,1%	28,9%	
<b>Net income</b>	<b>139,6</b>	<b>110,6</b>	<b>26%</b>	<b>56,2</b>	<b>47,4</b>	<b>19%</b>
as % of revenue	16,0%	12,9%		21,8%	19,2%	
EPS € basic [diluted]	1,78 [1,78]	1,39 [1,39]	28% [28%]	0,73 [0,73]	0,60 [0,60]	22% [22%]
Free Cash Flow	170,0	132,7	28%	41,2	47,0	-12%
Employees (Full time equivalent)	4.337	4.421				
of which in Germany	1.178	1.216				
R&D	992	968				
<b>Balance sheet</b>	<b>Dec. 31, 2015</b>	<b>Dec. 31, 2014</b>				
Total assets	1.814,8	1.848,9				
Cash and cash equivalents	300,6	318,4				
Net debt	25,7	132,9				
Shareholders' equity	1.089,7	1.013,4				
as % of total assets	60,0%	55%				

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

**CONSOLIDATED INCOME STATEMENT** for the twelve months ended December 31, 2015 (IFRS, unaudited)

in EUR thousands	12 months 2015	12 months 2014	Change in %	Q4 2015	Q4 2014	Change in %
Licenses	271.901	270.099	1%	102.950	98.605	4%
Maintenance	406.942	371.341	10%	102.614	96.355	6%
Services	193.368	215.752	-10%	51.663	52.203	-1%
Other	846	642	32%	272	160	70%
<b>Total revenue</b>	<b>873.057</b>	<b>857.834</b>	<b>2%</b>	<b>257.499</b>	<b>247.323</b>	<b>4%</b>
Costs of sales	-212.158	-236.316	-10%	-54.302	-54.000	1%
<b>Gross profit</b>	<b>660.899</b>	<b>621.518</b>	<b>6%</b>	<b>203.197</b>	<b>193.323</b>	<b>5%</b>
Research and development expenses	-106.413	-109.064	-2%	-27.062	-28.054	-4%
Sales, marketing and distribution expenses	-268.836	-263.049	2%	-71.307	-71.943	-1%
General and administrative expenses	-69.405	-74.062	-6%	-19.326	-19.649	-2%
Other taxes	-5.984	-8.433	-29%	-1.535	-2.283	-33%
<b>Operating result</b>	<b>210.261</b>	<b>166.910</b>	<b>26%</b>	<b>83.967</b>	<b>71.394</b>	<b>18%</b>
Other income / expense, net	-6.816	665		-5.408	-2.293	136%
Financial expense, net	-2.927	-9.191	-68%	-134	-1.589	-92%
<b>Profit before income taxes</b>	<b>200.518</b>	<b>158.384</b>	<b>27%</b>	<b>78.425</b>	<b>67.512</b>	<b>16%</b>
Income taxes	-60.913	-47.833	27%	-22.256	-20.085	11%
<b>Net income</b>	<b>139.605</b>	<b>110.551</b>	<b>26%</b>	<b>56.169</b>	<b>47.427</b>	<b>18%</b>
<b>Thereof attributable to shareholders of Software AG</b>	<b>139.445</b>	<b>110.358</b>	<b>26%</b>	<b>56.176</b>	<b>47.368</b>	<b>19%</b>
<b>Thereof attributable to non-controlling interest</b>	<b>160</b>	<b>193</b>		<b>-7</b>	<b>59</b>	
Earnings per share (EUR, basic)	1,78	1,39	28%	0,73	0,60	22%
Earnings per share (EUR, diluted)	1,78	1,39	28%	0,73	0,60	22%
Weighted average number of shares outstanding (basic)	78.429.032	79.228.450	-	77.267.416	78.918.844	-
Weighted average number of shares outstanding (diluted)	78.510.932	79.228.450	-	77.386.381	78.918.844	-

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

ASSETS (in EUR thousands)	Dec. 31, 2015	Dec. 31, 2014
<b>Current assets</b>		
Cash and cash equivalents	300.567	318.396
Other financial assets	11.840	57.965
Trade and other receivables	232.576	214.357
Other non-financial assets	14.794	14.940
Tax assets	24.406	29.726
	<b>584.183</b>	<b>635.384</b>
<b>Non-current assets</b>		
Intangible assets	157.438	180.196
Goodwill	899.954	857.279
Property, plant and equipment	56.221	61.171
Other financial assets	24.547	10.106
Trade and other receivables	75.090	89.203
Other non-financial assets	82	237
Tax assets	6.215	4.423
Deferred tax assets	11.039	10.937
	<b>1.230.586</b>	<b>1.213.552</b>
<b>Total Assets:</b>	<b>1.814.769</b>	<b>1.848.936</b>
<b>EQUITY AND LIABILITIES (in EUR thousands)</b>	<b>Dec. 31, 2015</b>	<b>Dec. 31, 2014</b>
<b>Current liabilities</b>		
Financial liabilities	113.033	110.767
Trade and other payables	33.016	36.884
Non-financial liabilities	112.932	104.884
Other provisions	28.329	18.609
Tax liabilities	28.626	32.605
Deferred income / revenue	123.606	111.348
	<b>439.542</b>	<b>415.097</b>
<b>Non-current liabilities</b>		
Financial liabilities	213.247	340.499
Trade and other payables	90	0
Non-financial liabilities	1.719	6.369
Other provisions	17.897	13.156
Provisions for employee benefits	35.644	42.566
Deferred tax liabilities	16.723	17.131
Deferred income / revenue	178	738
	<b>285.498</b>	<b>420.459</b>
<b>Equity</b>		
Share capital	79.000	86.944
Capital reserve	40.504	43.195
Retained earnings	1.047.145	1.161.411
Other reserves	-5.808	-54.535
Treasury shares	-71.596	-224.466
<b>Share attributable to shareholders of Software AG</b>	<b>1.089.245</b>	<b>1.012.549</b>
<b>Non-controlling interest</b>	<b>484</b>	<b>831</b>
	<b>1.089.729</b>	<b>1.013.380</b>
<b>Total Equity and Liabilities:</b>	<b>1.814.769</b>	<b>1.848.936</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS** for the twelve months ended December 31, 2015 (IFRS, unaudited)

in EUR thousands	12 months 2015	12 months 2014	Q4 2015	Q4 2014
Net income	139.605	110.551	56.169	47.427
Income taxes	60.913	47.833	22.256	20.085
Net financial expense	2.927	9.191	134	1.589
Amortization/depreciation of non-current assets	49.432	50.840	11.475	11.215
Other non-cash expense and income	-7.385	12.784	1.505	1.564
<b>Operating cash flow before changes in working capital</b>	<b>245.492</b>	<b>231.199</b>	<b>91.539</b>	<b>81.880</b>
Changes in receivables and other current assets	-16.473	15.926	-50.604	-22.209
Changes in payables and other liabilities	21.812	-19.441	19.800	-3.128
Income taxes paid	-61.872	-73.474	-15.971	-7.676
Interest paid	-12.209	-19.222	-2.014	-2.246
Interest received	8.687	8.212	2.743	2.041
<b>Net cash provided by operating activities</b>	<b>185.437</b>	<b>143.200</b>	<b>45.493</b>	<b>48.662</b>
Proceeds from the sale of property, plant and equipment/intangible assets	2.388	2.866	0	448
Purchase of property, plant and equipment/intangible assets	-12.149	-10.868	-2.975	-2.259
Proceeds from the sale of other financial assets	283	1.107	139	930
Purchase of other financial assets	-5.977	-3.567	-1.474	-798
Proceeds from the sale of current other financial assets	49.232	31.000	0	5.000
Purchase of current other financial assets	-5	-29.797	-2	-264
Proceeds from the sale of disposal group	-1.000	18.057	0	0
Payment for acquisitions, net	0	-3.667	0	0
<b>Net cash used in investing activities</b>	<b>32.772</b>	<b>5.131</b>	<b>-4.312</b>	<b>3.057</b>
Purchase of treasury stock (incl. hedge premiums paid)	-70.021	-70.582	-53.730	0
Sale of treasury stock	645	1.423	179	0
Dividends paid	-39.633	-36.430	0	0
Additions to financial liabilities	8.705	35.278	2.535	278
Repayments of financial liabilities	-138.687	-212.588	-32.486	-22
Acquisition of non controlling interest	-500	0	0	0
<b>Net cash provided by/used in financing activities</b>	<b>-239.491</b>	<b>-282.899</b>	<b>-83.502</b>	<b>256</b>
Change in cash and cash equivalents from cash relevant transactions	-21.282	-134.568	-42.321	51.975
Currency translation adjustment	3.453	2.980	5.933	-8.612
<b>Net change in cash and cash equivalents</b>	<b>-17.829</b>	<b>-131.588</b>	<b>-36.388</b>	<b>43.363</b>
Cash and cash equivalents at the beginning of the period	318.396	449.984	336.955	275.033
<b>Cash and cash equivalents at the end of period</b>	<b>300.567</b>	<b>318.396</b>	<b>300.567</b>	<b>318.396</b>
<b>Free Cash Flow</b>	<b>169.982</b>	<b>132.738</b>	<b>41.183</b>	<b>46.983</b>

SEGMENT REPORT for the twelve months ended December 31, 2015 (IFRS, unaudited)

in EUR thousands	Adabas & Natural		Digital Business Platform		Consulting		Reconciliation		TOTAL	
	twelve months		twelve months		twelve months		twelve months		twelve months	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Licenses	88.393	91.040	183.508	178.867	0	192			271.901	270.099
Maintenance	158.939	153.681	248.003	215.654	0	2.006			406.942	371.341
<b>Product revenue</b>	<b>247.332</b>	<b>244.721</b>	<b>431.511</b>	<b>394.521</b>	<b>0</b>	<b>2.198</b>			<b>678.843</b>	<b>641.440</b>
Services	0	0	-1	0	193.369	215.752			193.368	215.752
Other	621	623	7	-3	218	22			846	642
<b>Total revenue</b>	<b>247.953</b>	<b>245.344</b>	<b>431.517</b>	<b>394.518</b>	<b>193.587</b>	<b>217.972</b>			<b>873.057</b>	<b>857.834</b>
Cost of sales	-14.126	-12.645	-27.933	-22.856	-153.325	-177.945	-16.774	-22.870	-212.158	-236.316
<b>Gross profit</b>	<b>233.827</b>	<b>232.699</b>	<b>403.584</b>	<b>371.662</b>	<b>40.262</b>	<b>40.027</b>	<b>-16.774</b>	<b>-22.870</b>	<b>660.899</b>	<b>621.518</b>
Sales, Marketing & Distribution expenses	-39.473	-41.072	-192.713	-182.511	-18.436	-23.161	-18.214	-16.305	-268.836	-263.049
<b>Segment contribution</b>	<b>194.354</b>	<b>191.627</b>	<b>210.871</b>	<b>189.151</b>	<b>21.826</b>	<b>16.866</b>	<b>-34.988</b>	<b>-39.175</b>	<b>392.063</b>	<b>358.469</b>
Research and development expenses	-20.720	-24.346	-85.693	-84.718	0	0	0	0	-106.413	-109.064
<b>Segment result</b>	<b>173.634</b>	<b>167.281</b>	<b>125.178</b>	<b>104.433</b>	<b>21.826</b>	<b>16.866</b>	<b>-34.988</b>	<b>-39.175</b>	<b>285.650</b>	<b>249.405</b>
General and administrative expenses									-69.405	-74.062
Other taxes									-5.984	-8.433
<b>Operating result</b>									<b>210.261</b>	<b>166.910</b>
Other income, net									-6.816	665
Financial expense, net									-2.927	-9.191
<b>Profit before income taxes</b>									<b>200.518</b>	<b>158.384</b>
Income Taxes									-60.913	-47.833
<b>Net income</b>									<b>139.605</b>	<b>110.551</b>

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

in EUR thousands	Adabas & Natural		Digital Business Platform		Consulting		Reconciliation		TOTAL	
	Q4 2015	Q4 2014	Q4 2015	Q4 2014	Q4 2015	Q4 2014	Q4 2015	Q4 2014	Q4 2015	Q4 2014
Licenses	28.937	38.431	74.013	60.174	0	0			102.950	98.605
Maintenance	39.046	38.409	63.568	57.922	0	24			102.614	96.355
<b>Product revenue</b>	<b>67.983</b>	<b>76.840</b>	<b>137.581</b>	<b>118.096</b>	<b>0</b>	<b>24</b>			<b>205.564</b>	<b>194.960</b>
Services	0	0	-3	0	51.666	52.203			51.663	52.203
Other	176	157	0	-4	96	7			272	160
<b>Total revenue</b>	<b>68.159</b>	<b>76.997</b>	<b>137.578</b>	<b>118.092</b>	<b>51.762</b>	<b>52.234</b>			<b>257.499</b>	<b>247.323</b>
Cost of sales	-4.089	-3.328	-6.937	-6.300	-40.414	-40.289	-2.862	-4.083	-54.302	-54.000
<b>Gross profit</b>	<b>64.070</b>	<b>73.669</b>	<b>130.641</b>	<b>111.792</b>	<b>11.348</b>	<b>11.945</b>	<b>-2.862</b>	<b>-4.083</b>	<b>203.197</b>	<b>193.323</b>
Sales, Marketing & Distribution expenses	-14.492	-15.320	-48.083	-47.190	-4.220	-5.214	-4.512	-4.219	-71.307	-71.943
<b>Segment contribution</b>	<b>49.578</b>	<b>58.349</b>	<b>82.558</b>	<b>64.602</b>	<b>7.128</b>	<b>6.731</b>	<b>-7.374</b>	<b>-8.302</b>	<b>131.890</b>	<b>121.380</b>
Research and development expenses	-5.342	-5.939	-21.720	-22.115	0	0	0	0	-27.062	-28.054
<b>Segment result</b>	<b>44.236</b>	<b>52.410</b>	<b>60.838</b>	<b>42.487</b>	<b>7.128</b>	<b>6.731</b>	<b>-7.374</b>	<b>-8.302</b>	<b>104.828</b>	<b>93.326</b>
General and administrative expenses									-19.326	-19.649
Other taxes									-1.535	-2.283
<b>Operating result</b>									<b>83.967</b>	<b>71.394</b>
Other income, net									-5.408	-2.293
Financial expense, net									-134	-1.589
<b>Profit before income taxes</b>									<b>78.425</b>	<b>67.512</b>
Income Taxes									-22.256	-20.085
<b>Net income</b>									<b>56.169</b>	<b>47.427</b>



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the twelve months ended December 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				
<b>Equity as of January 1, 2014</b>	81.513.689	86.944	46.144	1.087.328	-77.111	-2.055	-22.945	2.031	-155.534	964.802	793	<b>965.595</b>
<b>Comprehensive income</b>				110.358	44.812	690	-4.363	4.406		155.903	193	<b>156.096</b>
<b>Transactions with equity holders</b>												
Dividend payment				-36.275						-36.275	-155	<b>-36.430</b>
New shares issued												<b>0</b>
Stock options			-2.722							-2.722		<b>-2.722</b>
Issue and disposal of treasury stock	59.000		-227						1.650	1.423		<b>1.423</b>
Purchase of treasury stock	-2.653.845								-70.582	-70.582		<b>-70.582</b>
Other										0		<b>0</b>
<b>Transactions between shareholders</b>										0		<b>0</b>
<b>Equity as of December 31, 2014</b>	78.918.844	86.944	43.195	1.161.411	-32.299	-1.365	-27.308	6.437	-224.466	1.012.549	831	<b>1.013.380</b>
<b>Equity as of January 1, 2015</b>	78.918.844	86.944	43.195	1.161.411	-32.299	-1.365	-27.308	6.437	-224.466	1.012.549	831	<b>1.013.380</b>
<b>Comprehensive income</b>				139.445	41.927	1.936	624	4.240		188.172	160	<b>188.332</b>
<b>Transactions with equity holders</b>												
Dividend payment				-39.459						-39.459	-174	<b>-39.633</b>
New shares issued										0		<b>0</b>
Stock options			-2.473							-2.473		<b>-2.473</b>
Issue and disposal of treasury stock	25.300	-7.944	-50	-214.252					222.891	645		<b>645</b>
Purchase of treasury stock	-2.712.513								-70.021	-70.021		<b>-70.021</b>
Other				-1						-1		<b>-1</b>
<b>Transactions between shareholders</b>				-167						-167	-333	<b>-500</b>
<b>Equity as of December 31, 2015</b>	76.231.631	79.000	40.504	1.047.145	9.628	571	-26.684	10.677	-71.596	1.089.245	484	<b>1.089.729</b>

**STATEMENT OF COMPREHENSIVE INCOME for the twelve months ended December 31, 2015** (IFRS, unaudited)

in EUR thousands	12 months 2015	12 months 2014	Q4 2015	Q4 2014
<b>Net income</b>	<b>139.605</b>	<b>110.551</b>	<b>56.169</b>	<b>47.427</b>
Currency translation differences	41.927	44.812	19.687	1.888
Net gain/loss on remeasuring financial assets	1.936	690	227	167
Net loss/gain arising from translating net investments in foreign operations	4.240	4.406	1.158	1.294
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>48.103</b>	<b>49.908</b>	<b>21.072</b>	<b>3.349</b>
Net actuarial gain/loss and asset caps on defined benefit plans	624	-4.363	624	-4.284
<b>Items that will not be reclassified to profit or loss subsequently</b>	<b>624</b>	<b>-4.363</b>	<b>624</b>	<b>-4.284</b>
<b>Other comprehensive income</b>	<b>48.727</b>	<b>45.545</b>	<b>21.696</b>	<b>-935</b>
<b>Total comprehensive income</b>	<b>188.332</b>	<b>156.096</b>	<b>77.865</b>	<b>46.492</b>
Thereof attributable to shareholders of Software AG	188.172	155.903	77.872	46.433
Thereof attributable to non-controlling interests	160	193	-7	59

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