



Software AG Financial Information Q1 / 2016

April 26, 2016
(unaudited)

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KEY FIGURES as of **March 31, 2016** (IFRS, unaudited)

| in EUR millions (unless otherwise stated) | Q1 2016 | Q1 2015 | Change in % |
|--|----------------------|----------------------|------------------------|
| <i>Revenue</i> | 206,2 | 194,1 | 6% |
| Product revenue | 158,0 | 146,2 | 8% |
| Services | 47,9 | 47,7 | 0% |
| Other | 0,3 | 0,2 | |
| <i>Business Line</i> | | | |
| Digital Business Platform | 94,6 | 91,0 | 4% |
| Adabas & Natural | 63,6 | 55,4 | 15% |
| Consulting | 48,0 | 47,7 | 1% |
| EBIT* | 45,3 | 29,3 | 55% |
| as % of revenue | 22,0% | 15,1% | |
| Net income | 29,5 | 18,7 | 58% |
| as % of revenue | 14,3% | 9,6% | |
| EPS € basic [diluted] | 0,39 [0,38] | 0,24 [0,24] | 63% [58%] |
| Free Cash Flow | 60,5 | 60,3 | 0% |
| Employees (Full time equivalent) | 4.299 | 4.367 | |
| of which in Germany | 1.144 | 1.188 | |
| R&D | 1011 | 962 | |
| Balance sheet | Mar. 31, 2016 | Dec. 31, 2015 | |
| Total assets | 1.866,8 | 1.814,8 | |
| Cash and cash equivalents | 383,7 | 300,6 | |
| Net cash / (Net debt) | 27,1 | -25,7 | |
| Shareholders' equity | 1.097,4 | 1.089,7 | |
| as % of total assets | 58,8% | 60% | |

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

CONSOLIDATED INCOME STATEMENT for the three months ended March 31, 2016 (IFRS, unaudited)

| in EUR thousands | Q1 2016 | Q1 2015 | Change in % |
|--|----------------|----------------|----------------|
| Licenses | 59.070 | 46.541 | 27% |
| Maintenance | 98.925 | 99.702 | -1% |
| Services | 47.886 | 47.636 | 1% |
| Other | 348 | 178 | 96% |
| Total revenue | 206.229 | 194.057 | 6% |
| Costs of sales | -56.046 | -54.768 | 2% |
| Gross profit | 150.183 | 139.289 | 8% |
| Research and development expenses | -27.511 | -27.392 | 0% |
| Sales, marketing and distribution expenses | -59.564 | -64.132 | -7% |
| General and administrative expenses | -19.210 | -20.088 | -4% |
| Other taxes | -1.335 | -1.571 | -15% |
| Operating result | 42.563 | 26.106 | 63% |
| Other income / expense, net | 1.448 | 1.651 | -12% |
| Financial expense, net | -476 | -1.361 | -65% |
| Profit before income taxes | 43.535 | 26.396 | 65% |
| Income taxes | -14.069 | -7.683 | 83% |
| Net income | 29.466 | 18.713 | 57% |
| | | | |
| Thereof attributable to shareholders of Software AG | 29.429 | 18.670 | 58% |
| Thereof attributable to non-controlling interest | 37 | 43 | |
| | | | |
| Earnings per share (EUR, basic) | 0,39 | 0,24 | 63% |
| Earnings per share (EUR, diluted) | 0,38 | 0,24 | 58% |
| Weighted average number of shares outstanding (basic) | 76.231.631 | 78.918.844 | - |
| Weighted average number of shares outstanding (diluted) | 76.589.691 | 78.918.844 | - |

CONSOLIDATED BALANCE SHEET as of March 31, 2016 (IFRS, unaudited)

| ASSETS (in EUR thousands) | Mar. 31, 2016 | Dec. 31, 2015 |
|--|----------------------|----------------------|
| Current assets | | |
| Cash and cash equivalents | 383.719 | 300.567 |
| Other financial assets | 21.929 | 11.840 |
| Trade and other receivables | 212.126 | 232.576 |
| Other non-financial assets | 17.432 | 14.794 |
| Tax assets | 24.781 | 24.406 |
| | 659.987 | 584.183 |
| Non-current assets | | |
| Intangible assets | 145.487 | 157.438 |
| Goodwill | 883.212 | 899.954 |
| Property, plant and equipment | 55.301 | 56.221 |
| Other financial assets | 31.272 | 24.547 |
| Trade and other receivables | 73.727 | 75.090 |
| Other non-financial assets | 64 | 82 |
| Tax assets | 6.525 | 6.215 |
| Deferred tax assets | 11.225 | 11.039 |
| | 1.206.813 | 1.230.586 |
| Total Assets: | 1.866.800 | 1.814.769 |
| EQUITY AND LIABILITIES (in EUR thousands) | Mar. 31, 2016 | Dec. 31, 2015 |
| Current liabilities | | |
| Financial liabilities | 105.127 | 113.033 |
| Trade and other payables | 33.465 | 33.016 |
| Non-financial liabilities | 80.708 | 112.932 |
| Other provisions | 47.636 | 28.329 |
| Tax liabilities | 23.690 | 28.626 |
| Deferred income / revenue | 149.282 | 123.606 |
| | 439.908 | 439.542 |
| Non-current liabilities | | |
| Financial liabilities | 251.456 | 213.247 |
| Trade and other payables | 0 | 90 |
| Non-financial liabilities | 1.625 | 1.719 |
| Other provisions | 10.981 | 17.897 |
| Provisions for employee benefits | 33.914 | 35.644 |
| Deferred tax liabilities | 21.951 | 16.723 |
| Deferred income / revenue | 9.574 | 178 |
| | 329.501 | 285.498 |
| Equity | | |
| Share capital | 79.000 | 79.000 |
| Capital reserve | 40.504 | 40.504 |
| Retained earnings | 1.076.574 | 1.047.145 |
| Other reserves | -27.612 | -5.808 |
| Treasury shares | -71.596 | -71.596 |
| Share attributable to shareholders of Software AG | 1.096.870 | 1.089.245 |
| Non-controlling interest | 521 | 484 |
| | 1.097.391 | 1.089.729 |
| Total Equity and Liabilities: | 1.866.800 | 1.814.769 |

CONSOLIDATED STATEMENT OF CASH FLOWS for the three months ended March 31, 2016 (IFRS, unaudited)

| in EUR thousands | Q1 2016 | Q1 2015 |
|---|----------------|----------------|
| Net income | 29.466 | 18.713 |
| Income taxes | 14.069 | 7.683 |
| Net financial expense | 476 | 1.361 |
| Amortization/depreciation of non-current assets | 10.037 | 13.643 |
| Other non-cash expense and income | -4.794 | 6.904 |
| Operating cash flow before changes in working capital | 49.254 | 48.304 |
| Changes in receivables and other current assets | 15.896 | 11.987 |
| Changes in payables and other liabilities | 11.533 | 20.392 |
| Income taxes paid | -14.649 | -18.249 |
| Interest paid | -2.130 | -2.879 |
| Interest received | 1.969 | 1.945 |
| Net cash provided by operating activities | 61.873 | 61.500 |
| Proceeds from the sale of property, plant and equipment/intangible assets | 90 | 203 |
| Purchase of property, plant and equipment/intangible assets | -1.585 | -1.550 |
| Proceeds from the sale of other financial assets | 133 | 138 |
| Purchase of other financial assets | -38 | -21 |
| Proceeds from the sale of current other financial assets | 0 | 4.216 |
| Purchase of current other financial assets | -15.000 | -3 |
| Proceeds from the sale of disposal group | 0 | -1.000 |
| Net cash used in investing activities | -16.400 | 1.983 |
| Additions to financial liabilities | 43.335 | 2.137 |
| Repayments of financial liabilities | -3.081 | -819 |
| Net cash provided by/used in financing activities | 40.254 | 1.318 |
| Change in cash and cash equivalents from cash relevant transactions | 85.727 | 64.801 |
| Currency translation adjustment | -2.575 | 19.916 |
| Net change in cash and cash equivalents | 83.152 | 84.717 |
| Cash and cash equivalents at the beginning of the period | 300.567 | 318.396 |
| Cash and cash equivalents at the end of period | 383.719 | 403.113 |
| Free Cash Flow | 60.473 | 60.270 |

SEGMENT REPORT for the first quarter 2016 (IFRS, unaudited)

| in EUR thousands | Adabas & Natural | | Digital Business Platform | | Consulting | | Reconciliation | | TOTAL | |
|--|------------------|---------------|---------------------------|---------------|---------------|---------------|----------------|---------------|----------------|----------------|
| | Q1 2016 | Q1 2015 | Q1 2016 | Q1 2015 | Q1 2016 | Q1 2015 | Q1 2016 | Q1 2015 | Q1 2016 | Q1 2015 |
| Licenses | 26.418 | 15.477 | 32.652 | 31.064 | 0 | 0 | | | 59.070 | 46.541 |
| Maintenance | 37.029 | 39.767 | 61.896 | 59.935 | 0 | 0 | | | 98.925 | 99.702 |
| Product revenue | 63.447 | 55.244 | 94.548 | 90.999 | 0 | 0 | | | 157.995 | 146.243 |
| Services | 0 | 0 | 0 | 0 | 47.886 | 47.636 | | | 47.886 | 47.636 |
| Other | 187 | 159 | 10 | 0 | 151 | 19 | | | 348 | 178 |
| Total revenue | 63.634 | 55.403 | 94.558 | 90.999 | 48.037 | 47.655 | | | 206.229 | 194.057 |
| Cost of sales | -3.185 | -3.381 | -8.276 | -7.023 | -41.767 | -39.127 | -2.818 | -5.237 | -56.046 | -54.768 |
| Gross profit | 60.449 | 52.022 | 86.282 | 83.976 | 6.270 | 8.528 | -2.818 | -5.237 | 150.183 | 139.289 |
| Sales, Marketing & Distribution expenses | -10.289 | -8.732 | -40.398 | -46.078 | -4.399 | -4.763 | -4.478 | -4.559 | -59.564 | -64.132 |
| Segment contribution | 50.160 | 43.290 | 45.884 | 37.898 | 1.871 | 3.765 | -7.296 | -9.796 | 90.619 | 75.157 |
| Research and development expenses | -5.397 | -5.439 | -22.114 | -21.953 | 0 | 0 | 0 | 0 | -27.511 | -27.392 |
| Segment result | 44.763 | 37.851 | 23.770 | 15.945 | 1.871 | 3.765 | -7.296 | -9.796 | 63.108 | 47.765 |
| General and administrative expenses | | | | | | | | | -19.210 | -20.088 |
| Other taxes | | | | | | | | | -1.335 | -1.571 |
| Operating result | | | | | | | | | 42.563 | 26.106 |
| Other income, net | | | | | | | | | 1.448 | 1.651 |
| Financial expense, net | | | | | | | | | -476 | -1.361 |
| Profit before income taxes | | | | | | | | | 43.535 | 26.396 |
| Income Taxes | | | | | | | | | -14.069 | -7.683 |
| Net income | | | | | | | | | 29.466 | 18.713 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the three months ended March 31, 2016 (IFRS, unaudited)

| in EUR thousands | | | | | | | | | | | | |
|--|---------------------------------|--------|------------------|-------------------|--|---|--|---|-----------------|---|---------------------------|------------------|
| | Share capital | | Capital reserves | Retained earnings | Other reserves | | | | Treasury shares | Attributable to shareholders of Software AG | Non-controlling interests | Total |
| | Common shares outstanding (no.) | | | | Currency translation differences from foreign operations | Net gain/loss on remeasuring financial assets | Net actuarial gain/loss on pension obligations | Currency translation gain/loss from net investments in foreign operations | | | | |
| 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 |
| Stock options | | | 3.510 | | | | | | | 3.510 | | 3.510 |
| Other | | | | -1 | | | | | | -1 | | -1 |
| Transactions between shareholders | | | | | | | | | | 0 | | 0 |
| 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 |
| Equity as of January 1, 2016 | 76.231.631 | 79.000 | 40.504 | 1.047.145 | 9.628 | 571 | -26.684 | 10.677 | -71.596 | 1.089.245 | 484 | 1.089.729 |
| Comprehensive income | | | | 29.429 | -22.270 | 2.252 | 10 | -1.796 | | 7.625 | 37 | 7.662 |
| Transactions with equity holders | | | | | | | | | | | | |
| Dividend payment | | | | | | | | | | 0 | | 0 |
| Stock options | | | | | | | | | | 0 | | 0 |
| Other | | | | | | | | | | 0 | | 0 |
| Transactions between shareholders | | | | | | | | | | 0 | | 0 |
| Equity as of March 31, 2016 | 76.231.631 | 79.000 | 40.504 | 1.076.574 | -12.642 | 2.823 | -26.674 | 8.881 | -71.596 | 1.096.870 | 521 | 1.097.391 |

STATEMENT OF COMPREHENSIVE INCOME for the three months ended March 31, 2016 (IFRS, unaudited)

| in EUR thousands | Q1 2016 | Q1 2015 |
|---|----------------|---------------|
| | | |
| Net income | 29.429 | 18.713 |
| | | |
| Currency translation differences from foreign operations | -22.270 | 64.669 |
| Net gain/loss on remeasuring financial assets | 2.252 | 895 |
| Currency translation gain/loss from net investments in foreign operations | -1.796 | 4.729 |
| Items to be reclassified to the income statement if certain conditions are met | -21.814 | 70.293 |
| Net actuarial gain/loss on pension obligations | 10 | 0 |
| Items not to be reclassified to the income statement | 10 | 0 |
| Other comprehensive income | -21.804 | 70.293 |
| | | |
| Total comprehensive income | 7.625 | 89.006 |
| | | |
| Thereof attributable to shareholders of Software AG | 7.588 | 88.963 |
| Thereof attributable to non-controlling interests | 37 | 43 |

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