



Software AG Financial Information Q2 / 2016

July 20, 2016
(unaudited)

Table of contents

- p. 3 Key figures as of June 30, 2016
- p. 4 Consolidated income statement for the six months ended June 30, 2016
- p. 5 Consolidated balance sheet as of June 30, 2016
- p. 6 Consolidated statement of cash flows for the six months ended June 30, 2016
- p. 7 Segment report for the six months ended June 30, 2016
- p. 8 Segment report for the second quarter 2016
- p. 9 Consolidated statement of changes in equity for the six months ended June 30, 2016
- p. 10 Statement of comprehensive income for the six months ended June 30, 2016

KEY FIGURES as of June 30, 2016 (IFRS, unaudited)

in EUR millions (unless otherwise stated)	6M 2016	6M 2015	Change in %	Q2 2016	Q2 2015	Change in %
<i>Revenue</i>	409,6	399,7	2%	203,4	205,6	-1%
Product revenue	310,6	303,4	2%	152,7	157,1	-3%
Services	98,3	96,0	2%	50,4	48,3	4%
Other	0,7	0,3		0,3	0,2	
<i>Business Line</i>						
Digital Business Platform	195,0	190,8	2%	100,5	99,8	1%
Adabas & Natural	116,0	112,9	3%	52,3	57,5	-9%
Consulting	98,6	96,0	3%	50,6	48,3	5%
EBIT*	88,7	62,5	42%	43,3	33,2	30%
as % of revenue	21,7%	15,6%		21,3%	16,1%	
Net income	57,7	38,6	49%	28,2	19,9	42%
as % of revenue	14,1%	9,7%		13,9%	9,7%	
EPS € basic [diluted]	0,75 [0,75]	0,49 [0,49]	53% [53%]	0,37 [0,37]	0,25 [0,25]	48% [48%]
Free Cash Flow	114,3	106,2	8%	53,8	45,9	17%
Employees (Full time equivalent)	4.318	4.349				
of which in Germany	1.136	1.177				
R&D	1044	957				
Balance sheet	Jun. 30, 2016	Dec. 31, 2015				
Total assets	1.893,0	1.814,8				
Cash and cash equivalents	445,0	300,6				
Net cash / (Net debt)	53,7	-25,7				
Shareholders' equity	1.082,3	1.089,7				
as % of total assets	57,2%	60%				

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

CONSOLIDATED INCOME STATEMENT for the six months ended June 30, 2016 and for the second quarter 2016 (IFRS, unaudited)

in EUR thousands	6M 2016	6M 2015	Change in %	Q2 2016	Q2 2015	Change in %
Licenses	108.644	100.054	9%	49.574	53.513	-7%
Maintenance	201.995	203.326	-1%	103.070	103.624	-1%
Services	98.249	95.969	2%	50.363	48.333	4%
Other	701	338	107%	353	160	121%
Total revenue	409.589	399.687	2%	203.360	205.630	-1%
Costs of sales	-110.515	-108.823	2%	-54.469	-54.055	1%
Gross profit	299.074	290.864	3%	148.891	151.575	-2%
Research and development expenses	-54.890	-54.227	1%	-27.379	-26.835	2%
Sales, marketing and distribution expenses	-119.977	-134.467	-11%	-60.414	-70.335	-14%
General and administrative expenses	-38.341	-38.944	-2%	-19.131	-18.856	1%
Other taxes	-2.869	-2.901	-1%	-1.534	-1.330	15%
Operating result	82.997	60.325	38%	40.433	34.219	18%
Other income / expense, net	2.793	-713		1.346	-2.364	
Financial expense, net	-547	-2.439	-78%	-71	-1.078	-93%
Profit before income taxes	85.243	57.173	49%	41.708	30.777	36%
Income taxes	-27.579	-18.532	49%	-13.510	-10.849	25%
Net income	57.664	38.641	49%	28.198	19.928	41%
Thereof attributable to shareholders of Software AG	57.547	38.549	49%	28.118	19.880	41%
Thereof attributable to non-controlling interest	117	92		80	48	
Earnings per share (EUR, basic)	0,75	0,49	53%	0,37	0,25	48%
Earnings per share (EUR, diluted)	0,75	0,49	53%	0,37	0,25	48%
Weighted average number of shares outstanding (basic)	76.231.631	78.918.844	-	76.231.631	78.918.844	-
Weighted average number of shares outstanding (diluted)	76.264.486	78.969.362	-	76.268.478	79.036.207	-

CONSOLIDATED BALANCE SHEET as of June 30, 2016 (IFRS, unaudited)

ASSETS (in EUR thousands)	Jun. 30, 2016	Dec. 31, 2015
Current assets		
Cash and cash equivalents	444.957	300.567
Other financial assets	12.028	11.840
Trade and other receivables	192.632	232.576
Other non-financial assets	18.794	14.794
Tax assets	18.482	24.406
	686.893	584.183
Non-current assets		
Intangible assets	139.657	157.438
Goodwill	890.720	899.954
Property, plant and equipment	56.268	56.221
Other financial assets	34.349	24.547
Trade and other receivables	65.764	75.090
Other non-financial assets	1.172	82
Tax assets	6.260	6.215
Deferred tax assets	11.959	11.039
	1.206.149	1.230.586
Total Assets:	1.893.042	1.814.769
EQUITY AND LIABILITIES (in EUR thousands)		
Current liabilities		
Financial liabilities	130.121	113.033
Trade and other payables	37.075	33.016
Non-financial liabilities	91.958	112.932
Other provisions	46.470	28.329
Tax liabilities	21.452	28.626
Deferred income / revenue	145.751	123.606
	472.827	439.542
Non-current liabilities		
Financial liabilities	261.099	213.247
Trade and other payables	0	90
Non-financial liabilities	1.674	1.719
Other provisions	15.223	17.897
Provisions for employee benefits	34.907	35.644
Deferred tax liabilities	14.682	16.723
Deferred income / revenue	10.340	178
	337.925	285.498
Equity		
Share capital	79.000	79.000
Capital reserve	24.266	40.504
Retained earnings	1.062.765	1.047.145
Other reserves	-12.789	-5.808
Treasury shares	-71.596	-71.596
Share attributable to shareholders of Software AG	1.081.646	1.089.245
Non-controlling interest	644	484
	1.082.290	1.089.729
Total Equity and Liabilities:	1.893.042	1.814.769

CONSOLIDATED STATEMENT OF CASH FLOWS for the six months ended June 30, 2016 and for the second quarter 2016 (IFRS, unaudited)

in EUR thousands	6M 2016	6M 2015	Q2 2016	Q2 2015
Net income	57.664	38.641	28.198	19.928
Income taxes	27.579	18.532	13.510	10.849
Net financial expense	547	2.439	71	1.078
Amortization/depreciation of non-current assets	19.937	26.457	9.900	12.814
Payments for the settlement of share based payment rights with a choice of settlement	-8.291	0	-8.291	0
Other non-cash expense and income	-4.553	6.542	241	-362
Operating cash flow before changes in working capital	92.883	92.611	43.629	44.307
Changes in receivables and other current assets	26.978	39.558	11.082	27.571
Changes in payables and other liabilities	31.480	10.791	19.947	-9.601
Income taxes paid	-31.837	-30.473	-17.188	-12.224
Interest paid	-3.704	-4.493	-1.574	-1.614
Interest received	4.475	3.783	2.506	1.838
Net cash provided by operating activities	120.275	111.777	58.402	50.277
Proceeds from the sale of property, plant and equipment/intangible assets	222	2.388	132	2.185
Purchase of property, plant and equipment/intangible assets	-4.802	-5.976	-3.217	-4.426
Proceeds from the sale of other financial assets	1.415	138	1.282	0
Purchase of other financial assets	-2.829	-2.130	-2.791	-2.109
Proceeds from the sale of current other financial assets	15.017	24.221	15.017	20.005
Purchase of current other financial assets	-16.903	-3	-1.903	0
Proceeds from the sale of disposal group	0	-1.000	0	0
Payment for acquisitions, net	-413	0	-413	0
Net cash used in investing activities	-8.293	17.638	8.107	15.655
Dividends paid	-41.927	-39.459	-41.927	-39.459
Additions to financial liabilities	78.344	4.847	35.009	2.710
Repayments of financial liabilities	-4.647	-2.956	-1.566	-2.137
Acquisition of non controlling interest	-460	0	-460	0
Net cash provided by/used in financing activities	31.310	-37.568	-8.944	-38.886
Change in cash and cash equivalents from cash relevant transactions	143.292	91.847	57.565	27.046
Currency translation adjustment	1.098	13.693	3.673	-6.223
Net change in cash and cash equivalents	144.390	105.540	61.238	20.823
Cash and cash equivalents at the beginning of the period	300.567	318.396	383.719	403.113
Cash and cash equivalents at the end of period	444.957	423.936	444.957	423.936
Free Cash Flow	114.281	106.197	53.808	45.927

SEGMENT REPORT for the six months ended June 30, 2016 (IFRS, unaudited)

in EUR thousands	Adabas & Natural		Digital Business Platform		Consulting		Reconciliation		TOTAL	
	6M 2016	6M 2015	6M 2016	6M 2015	6M 2016	6M 2015	6M 2016	6M 2015	6M 2016	6M 2015
Licenses	38.035	31.949	70.609	68.105	0	0			108.644	100.054
Maintenance	77.580	80.653	124.415	122.673	0	0			201.995	203.326
Product revenue	115.615	112.602	195.024	190.778	0	0			310.639	303.380
Services	0	0	0	2	98.249	95.967			98.249	95.969
Other	348	290	22	7	331	41			701	338
Total revenue	115.963	112.892	195.046	190.787	98.580	96.008			409.589	399.687
Cost of sales	-6.173	-6.664	-15.365	-13.561	-83.398	-78.585	-5.579	-10.013	-110.515	-108.823
Gross profit	109.790	106.228	179.681	177.226	15.182	17.423	-5.579	-10.013	299.074	290.864
Sales, Marketing & Distribution expenses	-18.983	-17.041	-83.514	-98.409	-8.603	-9.818	-8.877	-9.199	-119.977	-134.467
Segment contribution	90.807	89.187	96.167	78.817	6.579	7.605	-14.456	-19.212	179.097	156.397
Research and development expenses	-11.049	-10.771	-43.841	-43.456	0	0	0	0	-54.890	-54.227
Segment result	79.758	78.416	52.326	35.361	6.579	7.605	-14.456	-19.212	124.207	102.170
General and administrative expenses									-38.341	-38.944
Other taxes									-2.869	-2.901
Operating result									82.997	60.325
Other income, net									2.793	-713
Financial expense, net									-547	-2.439
Profit before income taxes									85.243	57.173
Income Taxes									-27.579	-18.532
Net income									57.664	38.641

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

in EUR thousands	Adabas & Natural		Digital Business Platform		Consulting		Reconciliation		TOTAL	
	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015
Licenses	11.617	16.473	37.957	37.040	0	0			49.574	53.513
Maintenance	40.551	40.885	62.519	62.739	0	0			103.070	103.624
Product revenue	52.168	57.358	100.476	99.779	0	0			152.644	157.137
Services	0	0	0	2	50.363	48.331			50.363	48.333
Other	160	131	11	7	182	22			353	160
Total revenue	52.328	57.489	100.487	99.788	50.545	48.353			203.360	205.630
Cost of sales	-2.988	-3.283	-7.089	-6.539	-41.631	-39.457	-2.761	-4.776	-54.469	-54.055
Gross profit	49.340	54.206	93.398	93.249	8.914	8.896	-2.761	-4.776	148.891	151.575
Sales, Marketing & Distribution expenses	-8.695	-8.309	-43.115	-52.331	-4.205	-5.055	-4.399	-4.640	-60.414	-70.335
Segment contribution	40.645	45.897	50.283	40.918	4.709	3.841	-7.160	-9.416	88.477	81.240
Research and development expenses	-5.653	-5.332	-21.726	-21.503	0	0	0	0	-27.379	-26.835
Segment result	34.992	40.565	28.557	19.415	4.709	3.841	-7.160	-9.416	61.098	54.405
General and administrative expenses									-19.131	-18.856
Other taxes									-1.534	-1.330
Operating result									40.433	34.219
Other income, net									1.346	-2.364
Financial expense, net									-71	-1.078
Profit before income taxes									41.708	30.777
Income Taxes									-13.510	-10.849
Net income									28.198	19.928

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the six months ended June 30, 2016 (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 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				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
Stock options			12.341							12.341		12.341
Issue and disposal of treasury stock	-7.944			-214.252					222.196	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
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				57.547	-7.539	1.564	-211	-795		50.566	117	50.683
Transactions with equity holders												0
Dividend payment				-41.927						-41.927		-41.927
Stock options			-15.735							-15.735		-15.735
Other										0		0
Transactions between shareholders			-503							-503	43	-460
Equity as of June 30, 2016	76.231.631	79.000	24.266	1.062.765	2.089	2.135	-26.895	9.882	-71.596	1.081.646	644	1.082.290

STATEMENT OF COMPREHENSIVE INCOME for the six months ended June 30, 2016 (IFRS, unaudited)

in EUR thousands	6M 2016	6M 2015	Q2 2016	Q2 2015
Net income	57.664	38.641	28.198	19.928
Currency translation differences from foreign operations	-7.539	49.700	14.731	-14.969
Net gain/loss on remeasuring financial assets	1.564	1.399	-688	504
Currency translation gain/loss from net investments in foreign operations	-795	3.132	1.001	-1.597
Items that may be reclassified subsequently to profit or loss	-6.770	54.231	15.044	-16.062
Net actuarial gain/loss on pension obligations	-211	0	-221	0
Items that will not be reclassified to profit or loss subsequently	-211	0	-221	0
Other comprehensive income	-6.981	54.231	14.823	-16.062
Total comprehensive income	50.683	92.872	43.021	3.866
Thereof attributable to shareholders of Software AG	50.566	92.780	42.941	3.817
Thereof attributable to non-controlling interests	117	92	80	49

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