

Software AG

Financial Information

Q1 / 2017

April 21, 2017
(unaudited)



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Key Figures as of March 31, 2017

in € millions (unless otherwise stated)	Q1 2017	Q1 2016	Δ as %	Δ as % acc*
Revenue	205.9	206.2	0%	-3%
DBP business line	105.6	94.5	12%	9%
A&N business line	48.0	63.5	-24%	-29%
Licenses	46.3	59.1	-22%	-24%
Maintenance	107.2	98.9	8%	4%
Operating EBITA (non-IFRS)	56.3	59.1	-5%	
<i>as % of revenue</i>	<i>27.3%</i>	<i>28.7%</i>		
DBP segment earnings	30.0	23.8	26%	23%
<i>Segment margin</i>	<i>28.4%</i>	<i>25.2%</i>		
A&N segment earnings	31.0	44.8	-31%	-36%
<i>Segment margin</i>	<i>64.6%</i>	<i>70.6%</i>		
Net income (non-IFRS)	37.3	38.7	-4%	
Earnings per share (non-IFRS)**	0.49	0.51	-4%	
Operating Cash Flow	61.7	61.9	0%	
CapEx***	18.4	1.4		
Free Cash Flow	43.3	60.5	-28%	
Balance sheet	Mar. 31, 2017	Dec. 31, 2016		
Total assets	1,961.9	1,957.2		
Cash and cash equivalents	362.3	374.6		
Net cash / (net debt)	75.0	73.1		
Employees (FTE)	4,486	4,471		

* acc = at constant currency

** Based on weighted average shares outstanding (basic) Q1 2017: 75.9m / Q1 2016: 76.2m

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

Consolidated Income Statement for the first quarter 2017

(IFRS, unaudited)

in € thousands	Q1 2017	Q1 2016	Δ as %
Licenses	46,253	59,070	-22%
Maintenance	107,238	98,925	8%
Services	52,059	47,886	9%
Other	389	348	12%
Total revenue	205,939	206,229	0%
Costs of sales	-55,035	-56,046	-2%
Gross profit	150,904	150,183	0%
Research and development expenses	-29,816	-27,511	8%
Sales, marketing and distribution expenses	-62,418	-59,564	5%
General and administrative expenses	-18,464	-19,210	-4%
Other taxes	-1,957	-1,335	47%
Operating earnings	38,249	42,563	-10%
Other income / expenses, net	1,323	1,448	-9%
Financing expenses, net	-193	-476	-59%
Earnings before income taxes	39,379	43,535	-10%
Income taxes	-12,061	-14,069	-14%
Net income	27,318	29,466	-7%
Thereof attributable to shareholders of Software AG	27,255	29,429	-7%
Thereof attributable to non-controlling interests	63	37	
Earnings per share (€, basic)	0.36	0.39	-8%
Earnings per share (€, diluted)	0.36	0.38	-6%
Weighted average number of shares outstanding (basic)	75,894,196	76,231,631	-
Weighted average number of shares outstanding (diluted)	75,919,581	76,589,691	-

Consolidated Balance Sheet as of March 31, 2017

(IFRS, unaudited)

Assets (in € thousands)	Mar. 31, 2017	Dec. 31, 2016
Current assets	618,913	641,989
Cash and cash equivalents	362,288	374,611
Other financial assets	19,244	13,488
Trade receivables and other receivables	202,380	220,966
Other non-financial assets	22,503	20,286
Income tax receivables	12,498	12,638
Non-current assets	1,342,987	1,315,228
Intangible assets	165,483	149,420
Goodwill	966,174	936,606
Property, plant and equipment	75,420	75,559
Other financial assets	37,051	45,957
Trade receivables and other receivables	71,106	84,905
Other non-financial assets	262	291
Income tax receivables	7,660	6,988
Deferred tax receivables	19,831	15,502
Total Assets	1,961,900	1,957,217
Equity and Liabilities (in € thousands)	Mar. 31, 2017	Dec. 31, 2016
Current liabilities	562,907	467,626
Financial liabilities	187,079	101,467
Trade payables and other liabilities	36,571	39,695
Other non-financial liabilities	92,569	121,817
Other provisions	54,950	50,959
Income tax liabilities	22,473	28,224
Deferred income	169,265	125,464
Non-current liabilities	195,621	292,796
Financial liabilities	100,198	200,049
Trade payables and other liabilities	4,136	4,195
Other non-financial liabilities	416	381
Other provisions	12,863	24,793
Provisions for pensions and similar obligations	41,734	42,215
Deferred tax liabilities	26,962	13,498
Deferred income	9,312	7,665
Equity	1,203,372	1,196,795
Share capital	76,400	79,000
Capital reserves	23,682	23,682
Retained earnings	1,107,987	1,145,374
Other reserves	23,573	19,789
Treasury shares	-28,879	-71,596
Attributable to shareholders of Software AG	1,202,763	1,196,249
Non-controlling interests	609	546
Total Equity and Liabilities	1,961,900	1,957,217

Consolidated Statement of Cash Flows for the first quarter 2017

(IFRS, unaudited)

in € thousands	Q1 2017	Q1 2016
Net income	27,318	29,466
Income taxes	12,061	14,069
Net financial income/expense	193	476
Amortization/depreciation of non-current assets	10,661	10,037
Other non-cash income/expense	591	-4,794
Changes in receivables and other assets	24,279	15,896
Changes in payables and other liabilities	3,137	11,533
Income taxes paid/received	-16,455	-14,649
Interest paid	-2,323	-2,130
Interest received	2,280	1,969
Net cash provided by operating activities	61,742	61,873
Proceeds from the sale of property, plant and equipment/intangible assets	146	90
Purchase of property, plant and equipment/intangible assets	-18,671	-1,585
Proceeds from the sale of non-current financial assets	98	133
Purchase of non-current financial assets	-14	-38
Proceeds from the sale of current financial assets	4,000	0
Purchase of current financial assets	-464	-15,000
Payment for acquisitions, net	-49,420	0
Net cash used in investing activities	-64,325	-16,400
Repurchase of treasury shares	-24,525	0
Proceeds and payments from current financial liabilities	10,838	3,335
Proceeds from non-current financial liabilities	0	40,000
Repayment of non-current financial liabilities	-561	-3,081
Net cash provided by/used in financing activities	-14,248	40,254
Change in cash and cash equivalents from cash relevant transactions	-16,831	85,727
Currency translation adjustment	4,508	-2,575
Net change in cash and cash equivalents	-12,323	83,152
Cash and cash equivalents at the beginning of the period	374,611	300,567
Cash and cash equivalents at the end of the period	362,288	383,719
Free Cash Flow	43,301	60,473

Segment Report for the First Quarter 2017

(IFRS, unaudited)

in EUR thousands	A&N		DBP		Consulting		Reconciliation		TOTAL	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016
Licenses	7,824	26,418	38,429	32,652	0	0	0		46,253	59,070
Maintenance	40,033	37,029	67,205	61,896	0	0	0		107,238	98,925
Product revenue	47,857	63,447	105,634	94,548	0	0	0		153,491	157,995
Services	0	0	0	0	52,059	47,886	0		52,059	47,886
Other	155	187	14	10	220	151	0		389	348
Total revenue	48,012	63,634	105,648	94,558	52,279	48,037	0		205,939	206,229
Cost of sales	-2,844	-3,185	-7,139	-8,276	-41,836	-41,767	-3,216	-2,818	-55,035	-56,046
Gross profit	45,168	60,449	98,509	86,282	10,443	6,270	-3,216	-2,818	150,904	150,183
Sales, Marketing & Distribution expenses	-8,050	-10,289	-44,824	-40,398	-4,980	-4,399	-4,564	-4,478	-62,418	-59,564
Segment contribution	37,118	50,160	53,685	45,884	5,463	1,871	-7,780	-7,296	88,486	90,619
Research and development expenses	-6,090	-5,397	-23,726	-22,114	0	0	0	0	-29,816	-27,511
Segment earnings	31,028	44,763	29,959	23,770	5,463	1,871	-7,780	-7,296	58,670	63,108
General and administrative expenses									-18,464	-19,210
Other taxes									-1,957	-1,335
Operating earnings									38,249	42,563
Other income / expenses, net									1,323	1,448
Net financial income / expenses									-193	-476
Earnings before income taxes									39,379	43,535
Income Taxes									-12,061	-14,069
Net income									27,318	29,466

Statement of Comprehensive Income for the first quarter 2017

(IFRS, unaudited)

in EUR thousands	Q1 2017	Q1 2016
Net income	27,318	29,466
Currency translation differences from foreign operations	4,519	-22,270
Net gain/loss on remeasuring financial assets	-148	2,252
Currency translation gain/loss from net investments in foreign operations	-595	-1,796
Items to be reclassified to the income statement if certain conditions are met	3,776	-21,814
Net actuarial gain/loss on pension obligations	8	10
Items not to be reclassified to the income statement	8	10
Other comprehensive income	3,784	-21,804
Total comprehensive income	31,102	7,662
Thereof attributable to shareholders of Software AG	31,039	7,625
Thereof attributable to non-controlling interests	63	37

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