

Software AG

Financial Information

Q4 / 2017

January 25, 2018
(unaudited)



Table of Contents

p. 3	Key figures as of December 31, 2017
p. 4	Consolidated income statement for the twelve months ended December 31, 2017
p. 5	Consolidated balance sheet as of December 31, 2017
p. 6	Consolidated statement of cash flows for the twelve months ended December 31, 2017
p. 7	Segment report for the twelve months ended December 31, 2017
p. 8	Segment report for the forth quarter 2017
p. 9	Statement of comprehensive income for the twelve months ended December 31, 2017

Key Figures as of December 31, 2017

(IFRS, unaudited)

in € millions (unless otherwise stated)	12M 2017 (as stated)	12M 2017 (acc*)	12M 2016 (as stated)	Δ in %	Δ in % acc*	Q4 2017 (as stated)	Q4 2017 (acc*)	12M 2016 (as stated)	Δ in %	Δ in % acc*
Revenue	879.0	888.9	871.8	1%	2%	268.4	282.1	263.9	2%	7%
DBP business line	455.4	463.0	441.4	3%	5%	144.7	152.7	144.4	0%	6%
A&N business line	223.7	225.5	234.6	-5%	-4%	74.6	79.1	69.5	7%	14%
Licenses	256.7	263.9	263.0	-2%	0%	115.3	122.7	107.5	7%	14%
Maintenance	421.6	423.8	412.2	2%	3%	103.7	108.8	106.2	-2%	2%

	12M 2017 (as stated)	12M 2016 (as stated)	Δ in %	Q4 2017	Q4 2016	Δ in %
Operating EBITA (non-IFRS)	279.5	272.0	3%	98.4	90.2	9%
as % of revenue	31.8%	31.2%		36.7%	34.2%	
DBP segment earnings	150.9	147.8	2%	57.4	59.4	-3%
Segment margin	33.1%	33.5%		39.7%	41.1%	
A&N segment earnings	156.5	162.4	-4%	55.7	46.5	20%
Segment margin	70.0%	69.2%		74.6%	66.9%	
Net income (non-IFRS)	177.3	180.4	-2%	56.7	61.1	-7%
Earnings per share (non-IFRS)**	2.38	2.37	0%	0.77	0.80	-4%
Operating Cash Flow	189.4	203.7	-7%	43.4	46.5	-7%
CapEx***	27.5	16.7		2.8	4.9	
Free Cash Flow	161.9	187.0	-13%	40.6	41.6	-2%

Balance sheet	Dec. 31, 2017	Dec. 31, 2016	
Total assets	1,907.5	1,957.2	-3%
Cash and cash equivalents	365.8	374.6	-2%
Net cash	55.2	73.1	-24%
Employees (FTE)	4,596	4,471	3%

* acc = at constant currency

** Based on weighted average shares outstanding (basic) Q4 2017: 74.0m / Q4 2016: 76.2m / 12M 2017: 74.6m / 12M 2016: 76.2m

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

Consolidated income statement for the twelve months ended December 31, 2017

(IFRS, unaudited)

in € thousands	12M 2017	12M 2016	Δ as %	Q4 2017	Q4 2016	Δ as %
Licenses	256,729	263,027	-2%	115,342	107,512	7%
Maintenance	421,616	412,205	2%	103,678	106,224	-2%
Services	198,778	195,179	2%	48,833	49,847	-2%
Other	1,860	1,422	31%	526	361	46%
Total revenue	878,983	871,833	1%	268,379	263,944	2%
Costs of sales	-213,349	-211,856	1%	-58,009	-54,334	7%
Gross profit	665,634	659,977	1%	210,370	209,610	0%
Research and development expenses	-120,644	-112,452	7%	-31,795	-29,887	6%
Sales, marketing and distribution expenses	-243,461	-245,666	-1%	-68,120	-75,025	-9%
General and administrative expenses	-75,941	-79,322	-4%	-20,934	-22,880	-9%
Other taxes	-7,183	-5,523	30%	-1,857	-1,598	16%
Operating earnings	218,405	217,014	1%	87,664	80,220	9%
Other income / expenses, net	-2,817	-8,658		-6,775	-6,703	
Financing expenses, net	1,467	-4,388		1,824	-1,865	
Earnings before income taxes	217,055	203,968	6%	82,713	71,652	15%
Income taxes	-76,459	-63,615	20%	-34,482	-21,440	61%
Net income	140,596	140,353	0%	48,231	50,212	-4%
Thereof attributable to shareholders of Software AG	140,333	140,156	0%	48,161	50,164	-4%
Thereof attributable to non-controlling interests	263	197		70	48	
Earnings per share (€, basic)	1.88	1.84	2%	0.65	0.66	-1%
Earnings per share (€, diluted)	1.88	1.84	2%	0.65	0.66	-1%
Weighted average number of shares outstanding (basic)	74,645,119	76,231,631	-	73,968,064	76,231,631	-
Weighted average number of shares outstanding (diluted)	74,649,890	76,254,712	-	73,973,683	76,255,699	-

Consolidated Balance Sheet as of December 31, 2017

(IFRS, unaudited)

Assets (in € thousands)	Dec. 31, 2017	Dec. 31, 2016
Current assets	650,292	641,989
Cash and cash equivalents	365,815	374,611
Other financial assets	26,165	13,488
Trade receivables and other receivables	226,314	220,966
Other non-financial assets	17,366	20,286
Income tax receivables	14,632	12,638
Non-current assets	1,257,178	1,315,228
Intangible assets	131,664	149,420
Goodwill	921,415	936,606
Property, plant and equipment	72,815	75,559
Other financial assets	54,730	45,957
Trade receivables and other receivables	53,273	84,905
Other non-financial assets	199	291
Income tax receivables	8,575	6,988
Deferred tax receivables	14,507	15,502
Total Assets	1,907,470	1,957,217
Equity and Liabilities (in € thousands)	Dec. 31, 2017	Dec. 31, 2016
Current liabilities	582,557	467,626
Financial liabilities	210,347	101,467
Trade payables and other liabilities	37,617	39,695
Other non-financial liabilities	150,416	121,817
Other provisions	43,708	50,959
Income tax liabilities	27,505	28,224
Deferred income	112,964	125,464
Non-current liabilities	206,631	292,796
Financial liabilities	100,250	200,049
Trade payables and other liabilities	3,677	4,195
Other non-financial liabilities	640	381
Other provisions	34,297	24,793
Provisions for pensions and similar obligations	43,869	42,215
Income tax liabilities	4,509	0
Deferred tax liabilities	11,599	13,498
Deferred income	7,790	7,665
Equity	1,118,282	1,196,795
Share capital	76,400	79,000
Capital reserves	22,715	23,682
Retained earnings	1,176,722	1,145,374
Other reserves	-66,905	19,789
Treasury shares	-91,249	-71,596
Attributable to shareholders of Software AG	1,117,683	1,196,249
Non-controlling interests	599	546
Total Equity and Liabilities	1,907,470	1,957,217

Consolidated statement of cash flows for the twelve months ended December 31, 2017

(IFRS, unaudited)

in € thousands	12M 2017	12M 2016	Q4 2017	Q4 2016
Net income	140,596	140,353	48,231	50,212
Income taxes	76,459	63,615	34,482	21,440
Net financial income/expense	-1,467	4,388	-1,824	1,865
Amortization/depreciation of non-current assets	41,202	40,162	9,627	10,148
Payments for the settlement of share based payment rights with a choice of settlement	0	-16,319	0	1
Other non-cash income/expense	3,715	-8,198	2,362	4,656
Changes in receivables and other assets	2,159	-7,144	-65,840	-49,056
Changes in payables and other liabilities	8,993	56,019	41,951	21,891
Income taxes paid/received	-83,040	-64,111	-27,824	-13,416
Interest paid	-9,277	-15,019	-1,177	-4,153
Interest received	10,045	9,950	3,366	2,864
Net cash provided by operating activities	189,385	203,696	43,354	46,452
Proceeds from the sale of property, plant and equipment/intangible assets	591	385	301	49
Purchase of property, plant and equipment/intangible assets	-25,444	-12,687	-2,771	-4,105
Proceeds from the sale of non-current financial assets	1,932	1,457	1,831	32
Purchase of non-current financial assets	-4,579	-5,874	-2,093	-832
Proceeds from the sale of current financial assets	4,270	16,818	91	0
Purchase of current financial assets	-681	-16,970	-59	-19
Payment for acquisitions, net	-49,420	-43,117	0	-31,571
Net cash used in investing activities	-73,331	-59,988	-2,700	-36,446
Repurchase of treasury shares	-89,587	0	0	0
Sale of treasury stock	1,725	0	395	0
Dividends paid	-44,553	-42,105	0	0
Proceeds and payments from current financial liabilities	96,257	9,475	205	5,851
Proceeds from non-current financial liabilities	80	75,000	80	0
Repayment of non-current financial liabilities	-70,926	-122,432	-32	0
Acquisition of non controlling interest	0	-460	0	0
Net cash provided by/used in financing activities	-107,004	-80,522	648	5,851
Change in cash and cash equivalents from cash relevant transactions	9,050	63,186	41,302	15,857
Currency translation adjustment	-17,846	10,858	-2,168	9,803
Net change in cash and cash equivalents	-8,796	74,044	39,134	25,660
Cash and cash equivalents at the beginning of the period	374,611	300,567	326,681	348,951
Cash and cash equivalents at the end of the period	365,815	374,611	365,815	374,611
Free Cash Flow	161,885	186,977	40,622	41,596

Segment Report for the twelve months ended December 31, 2017

(IFRS, unaudited)

in € thousands	A&N			DBP			Consulting			Reconciliation		TOTAL		
	12M 2017	12M 2017	12M 2016	12M 2017	12M 2017	12M 2016	12M 2017	12M 2017	12M 2016	12M 2017	12M 2016	12M 2017	12M 2017	12M 2016
	as stated	at constant currency	as stated	as stated	at constant currency	as stated	as stated	at constant currency	as stated	as stated	as stated	as stated	at constant currency	as stated
Licenses	69,951	72,319	76,765	186,778	191,573	186,262	0	0	0			256,729	263,892	263,027
Maintenance	153,098	152,498	157,119	268,518	271,310	255,086	0	0	0			421,616	423,808	412,205
Product revenue	223,049	224,817	233,884	455,296	462,883	441,348	0	0	0			678,345	687,700	675,232
Services	0	0	0	0	0	0	198,778	199,360	195,179			198,778	199,360	195,179
Other	680	679	686	87	84	48	1,093	1,116	688			1,860	1,879	1,422
Total revenue	223,729	225,496	234,570	455,383	462,967	441,396	199,871	200,476	195,867			878,983	888,939	871,833
Cost of sales	-10,119		-11,674	-33,347		-31,288	-156,898		-157,495	-12,985	-11,399	-213,349		-211,856
Gross profit	213,610		222,896	422,036		410,108	42,973		38,372	-12,985	-11,399	665,634		659,977
Sales, Marketing & Distribution expenses	-33,359		-37,994	-174,308		-172,384	-19,166		-17,588	-16,628	-17,700	-243,461		-245,666
Segment contribution	180,251		184,902	247,728		237,724	23,807		20,784	-29,613	-29,099	422,173		414,311
Research and development expenses	-23,793		-22,522	-96,851		-89,930	0		0	0	0	-120,644		-112,452
Segment earnings	156,458		162,380	150,877		147,794	23,807		20,784	-29,613	-29,099	301,529		301,859
General and administrative expenses												-75,941		-79,322
Other taxes												-7,183		-5,523
Operating earnings												218,405		217,014
Other income / expenses, net												-2,817		-8,658
Net financial income / expenses												1,467		-4,388
Earnings before income taxes												217,055		203,968
Income Taxes												-76,459		-63,615
Net income												140,596		140,353

Segment Report for the Forth Quarter 2017

(IFRS, unaudited)

in € thousands	A&N			DBP			Consulting			Reconciliation		TOTAL		
	Q4 2017	Q4 2017	Q4 2016	Q4 2017	Q4 2017	Q4 2016	Q4 2017	Q4 2017	Q4 2016	Q4 2017	Q4 2016	Q4 2017	Q4 2017	Q4 2016
	as stated	at constant currency	as stated	as stated	at constant currency	as stated	as stated	at constant currency	as stated	as stated	as stated	as stated	at constant currency	as stated
Licenses	37,623	40,216	29,405	77,719	82,462	78,107	0	0	0			115,342	122,678	107,512
Maintenance	36,766	38,684	39,924	66,912	70,156	66,300	0	0	0			103,678	108,840	106,224
Product revenue	74,389	78,900	69,329	144,631	152,618	144,407	0	0	0			219,020	231,518	213,736
Services	0	0	0	0	0	0	48,833	50,035	49,847			48,833	50,035	49,847
Other	174	173	165	34	36	13	318	334	183			526	543	361
Total revenue	74,563	79,073	69,494	144,665	152,654	144,420	49,151	50,369	50,030			268,379	282,096	263,944
Cost of sales	-2,782		-3,103	-11,989		-9,221	-40,206		-39,019	-3,032	-2,991	-58,009		-54,334
Gross profit	71,781		66,391	132,676		135,199	8,945		11,011	-3,032	-2,991	210,370		209,610
Sales, Marketing & Distribution expenses	-10,001		-13,817	-49,630		-52,077	-4,894		-4,777	-3,595	-4,354	-68,120		-75,025
Segment contribution	61,780		52,574	83,046		83,122	4,051		6,234	-6,627	-7,345	142,250		134,585
Research and development expenses	-6,135		-6,130	-25,660		-23,757	0		0	0	0	-31,795		-29,887
Segment earnings	55,645		46,444	57,386		59,365	4,051		6,234	-6,627	-7,345	110,455		104,698
General and administrative expenses												-20,934		-22,880
Other taxes												-1,857		-1,598
Operating earnings												87,664		80,220
Other income / expenses, net												-6,775		-6,703
Net financial income / expenses												1,824		-1,865
Earnings before income taxes												82,713		71,652
Income Taxes												-34,482		-21,440
Net income												48,231		50,212

Statement of comprehensive income for the twelve months ended December 31, 2017

(IFRS, unaudited)

in € thousands	12M 2017	12M 2016	Q4 2017	Q4 2016
Net income	140,596	140,353	48,231	50,212
Currency translation differences from foreign operations	-77,523	28,562	-10,006	37,983
Net gain/loss on remeasuring financial assets	228	2,355	347	-1,068
Currency translation gain/loss from net investments in foreign operations	-5,134	1,348	-590	2,356
Items to be reclassified to the income statement if certain conditions are met	-82,429	32,265	-10,249	39,271
Net actuarial gain/loss on pension obligations	-4,265	-6,668	-4,880	-7,303
Items not to be reclassified to the income statement	-4,265	-6,668	-4,880	-7,303
Other comprehensive income	-86,694	25,597	-15,129	31,968
Total comprehensive income	53,902	165,950	33,102	82,180
Thereof attributable to shareholders of Software AG	53,639	165,753	33,032	82,132
Thereof attributable to non-controlling interests	263	197	70	48

Investor Relations

Uhlandstraße 12
64297 Darmstadt
Germany

Telephone: +49 (0) 6151 / 92 1900

Fax: +49 (0) 6151 / 9234 1900

E-Mail: investor.relations@softwareag.com

www.softwareag.com

