



RESULTS 4th QUARTER 2017 (IFRS, UNAUDITED)

January 25, 2018

SAFE HARBOR

This presentation includes forward-looking statements based on the beliefs of Software AG management. Such statements reflect current views of Software AG with respect to future events and results and are subject to risks and uncertainties. Actual results may vary materially from those projected here, due to factors including changes in general economic and business conditions, changes in currency exchange, the introduction of competing products, lack of market acceptance of new products, services or technologies and changes in business strategy. Software AG does not intend or assume any obligation to update these forward-looking statements.

This presentation constitutes neither an offer nor recommendation to subscribe or buy in any other way securities of Software AG or any of the companies that are members of the Group at present or in the future, nor does it form part of such an offer and it should not be understood as such. This presentation does not constitute an offer of sale of securities in the United States of America. Securities may not be offered or sold in the United States of America without registration or exemption from registration in accordance with the U.S. Securities' Act of 1933 in its currently valid form.



RESULTS 4th QUARTER 2017 (IFRS, UNAUDITED)

January 25, 2018

Karl-Heinz Streibich, CEO



RESULTS 4th QUARTER 2017 (IFRS, UNAUDITED)

January 25, 2018

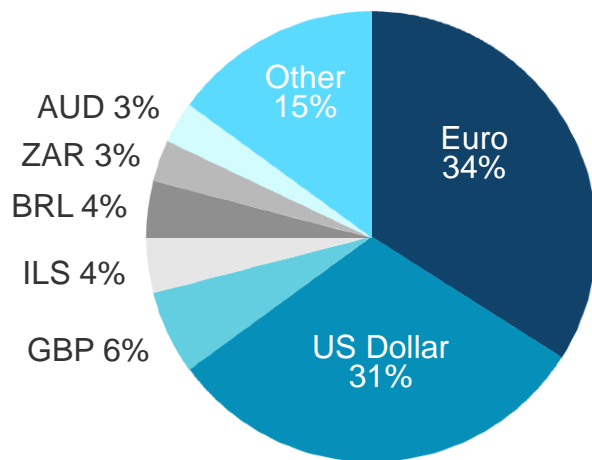
Arnd Zinnhardt, CFO

CURRENCY IMPACT ON REVENUE

Q4 2017 / FY 2017

⇒ 34% revenue in Euro

⇒ 66% revenue in foreign currency



Currency split FY 2017

Currency impact on revenue

<i>(in €m; yoy)</i>	Q4 2017	Q4 in %	FY 2017	FY in %
Licenses	-7.3	-6%	-7.2	-3%
Maintenance	-5.2	-5%	-2.2	-1%
Consulting & Other	-1.2	-2%	-0.6	0%
Total	-13.7	-5%	-10.0	-1%

DIGITAL BUSINESS PLATFORM

SEGMENT REPORT Q4 2017 / FY 2017

<i>(in €m)</i>	Q4 2017	Q4 2016	Δ%	Δ% acc	FY 2017	FY 2016	Δ%	Δ% acc
Licenses	77.8	78.1	0%	6%	186.9	186.3	0%	3%
Maintenance	66.9	66.3	1%	6%	268.5	255.1	5%	6%
Total revenue	144.7	144.4	0%	6%	455.4	441.4	3%	5%
Cost of sales	-12.0	-9.2	30%	34%	-33.3	-31.3	6%	8%
Gross profit	132.7	135.2	-2%	4%	422.1	410.1	3%	5%
Sales & Marketing	-49.6	-52.1	-5%	0%	-174.3	-172.4	1%	2%
Research & Development	-25.7	-23.7	8%	9%	-96.9	-89.9	8%	6%
Segment result	57.4	59.4	-3%	5%	150.9	147.8	2%	7%
<i>Margin in %</i>	<i>39.7%</i>	<i>41.1%</i>			<i>33.1%</i>	<i>33.5%</i>		

ADABAS & NATURAL

SEGMENT REPORT Q4 2017 / FY 2017

<i>(in €m)</i>	Q4 2017	Q4 2016	$\Delta\%$	$\Delta\%$ acc	FY 2017	FY 2016	$\Delta\%$	$\Delta\%$ acc
Licenses	37.6	29.4	28%	37%	69.9	76.8	-9%	-6%
Maintenance	36.8	39.9	-8%	-3%	153.1	157.1	-3%	-3%
Product revenue	74.4	69.3	7%	14%	223.0	233.9	-5%	-4%
Other	0.2	0.2	0%	5%	0.7	0.7	0%	-1%
Total revenue	74.6	69.5	7%	14%	223.7	234.6	-5%	-4%
Cost of sales	-2.8	-3.1	-10%	-7%	-10.1	-11.7	-14%	-12%
Gross profit	71.8	66.4	8%	15%	213.6	222.9	-4%	-3%
Sales & Marketing	-10.0	-13.8	-28%	-24%	-33.3	-38.0	-12%	-11%
Research & Development	-6.1	-6.1	0%	1%	-23.8	-22.5	6%	5%
Segment result	55.7	46.5	20%	28%	156.5	162.4	-4%	-3%
<i>Margin in %</i>	<i>74.6%</i>	<i>66.9%</i>			<i>70.0%</i>	<i>69.2%</i>		

CONSULTING

SEGMENT REPORT Q4 2017 / FY 2017

<i>(in €m)</i>	Q4 2017	Q4 2016	Δ%	Δ% acc	FY 2017	FY 2016	Δ%	Δ% acc
Total revenue	49.2	50.0	-2%	1%	199.9	195.9	2%	2%
Cost of sales	-40.2	-39.0	3%	5%	-156.9	-157.5	0%	0%
Gross profit	9.0	11.0	-18%	-15%	43.0	38.4	12%	14%
Sales & Marketing	-4.9	-4.8	2%	6%	-19.1	-17.6	9%	10%
Segment result	4.1	6.2	-34%	-31%	23.9	20.8	15%	17%
<i>Margin in %</i>	<i>8.3%</i>	<i>12.4%</i>			<i>11.9%</i>	<i>10.6%</i>		

RESULTS

Q4 2017 / FY 2017

(in €m)	Q4 2017	Q4 2016	Δ%	Δ% acc	FY 2017	FY 2016	Δ%	Δ% acc
Total revenue	268.4	263.9	2%	7%	879.0	871.8	1%	2%
Cost of sales	-58.0	-54.3	7%	9%	-213.4	-211.8	1%	1%
Gross profit	210.4	209.6	0%	6%	665.6	660.0	1%	2%
<i>Margin in %</i>	<i>78.4%</i>	<i>79.4%</i>			<i>75.7%</i>	<i>75.7%</i>		
Research & Development	-31.8	-29.9	6%	10%	-120.6	-112.5	7%	8%
Sales & Marketing	-68.1	-75.0	-9%	-5%	-243.5	-245.7	-1%	0%
Administration	-20.9	-22.9	-9%	-6%	-75.9	-79.3	-4%	-4%
Other income / expense	-6.9	-6.7	-	-	-2.8	-8.6	-	-
EBIT	82.7	75.1	10%	-	222.8	213.9	4%	-
<i>Margin in %</i>	<i>30.8%</i>	<i>28.5%</i>			<i>25.3%</i>	<i>24.5%</i>		

NON-IFRS EARNINGS

Q4 2017 / FY 2017

<i>(in €m)</i>	Q4 2017	Q4 2016	Δ%	FY 2017	FY 2016	Δ%
EBIT (before all taxes)	82.7	75.1	10%	222.8	213.9	4%
Amortization on acquisition related intangible assets	6.6	7.3	-8%	29.6	29.1	2%
Share based payments	6.1	3.2	91%	20.7	14.2	46%
Restructuring / severances / legal case	2.0	2.9	-7%	4.7	11.8	-54%
Other impacts / impacts from M&A activities	1.0	1.7	-41%	1.7	3.0	-67%
EBITA (non-IFRS)	98.4	90.2	9%	279.5	272.0	3%
<i>in % of revenue (Non-IFRS)</i>	<i>36.7%</i>	<i>34.2%</i>		<i>31.8%</i>	<i>31.2%</i>	
Net income (non-IFRS)	56.7	61.1	-7%	177.3	180.4	-2%
EPS in € (non-IFRS)*	€0.77	€0.80	-4%	€2.38	€2.37	0%

* Weighted average shares outstanding (basic) Q4 2017: 74.0m / Q4 2016: 76.2m / FY 2017: 74.6m / FY 2016: 76.2m

CASH FLOW

Q4 2017 / FY 2017

<i>(in €m)</i>	Q4 2017	Q4 2016	Δ%	FY 2017	FY 2016	Δ%
Operating cash flow	43.4	46.5	-7%	189.4	203.7	-7%
<i>./. CapEx*</i>	-2.8	-4.9		-27.5**	-16.7	
Free cash flow	40.6	41.6	-2%	161.9	187.0	-13%
<i>in % of revenue</i>	<i>15.1%</i>	<i>15.8%</i>		<i>18.4%</i>	<i>21.4%</i>	
Free cash flow per share***	€0.55	€0.55	0%	€2.17	€2.45	-11%

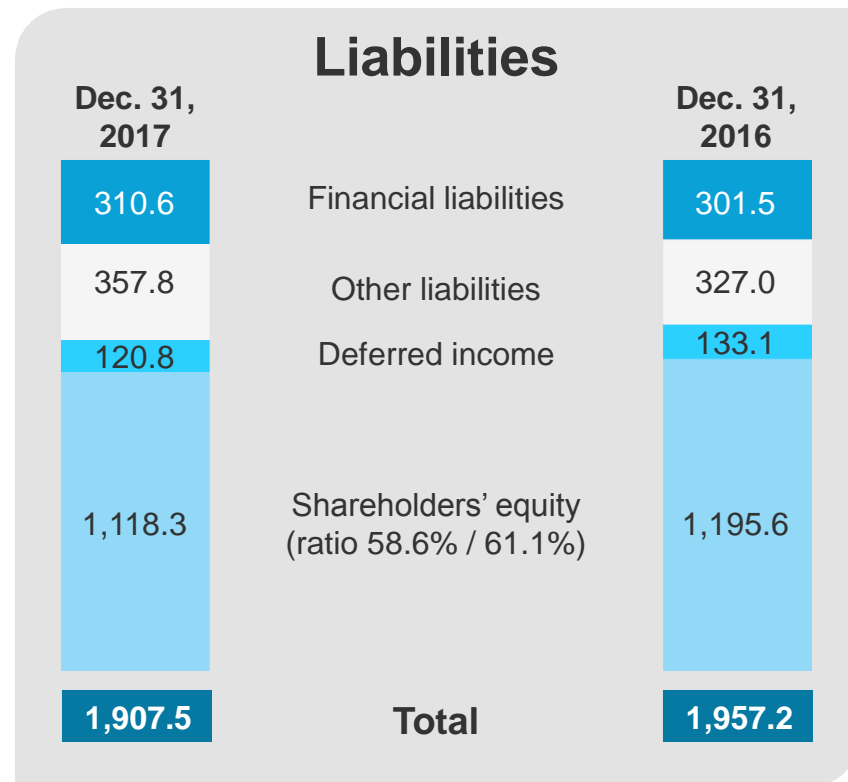
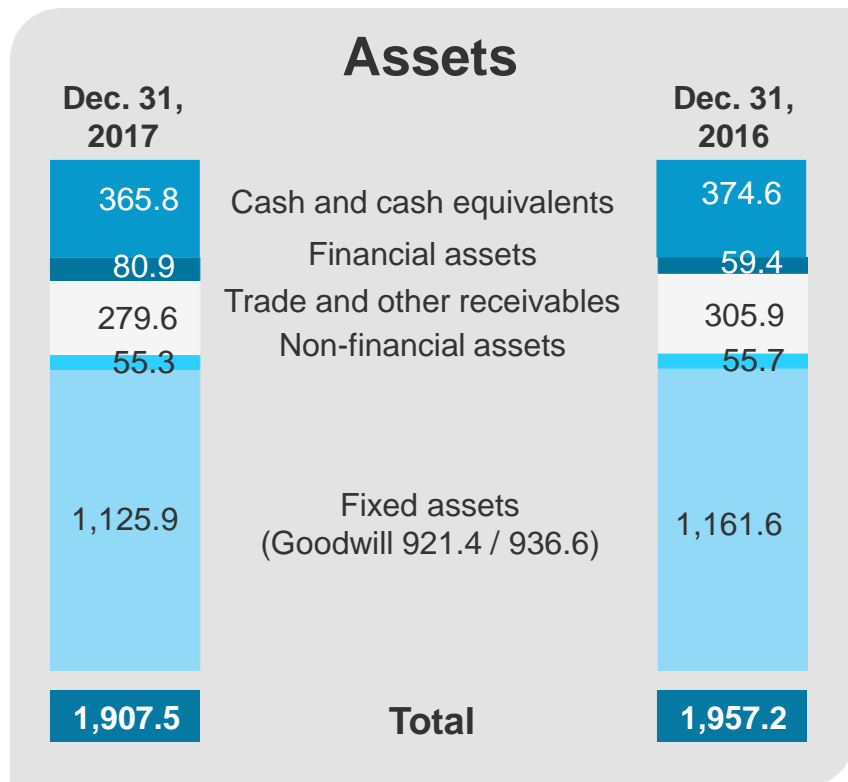
* Cash flow from investing activities except acquisitions and except investments in debt instruments

** yoy change because of one time property investment at Darmstadt

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

BALANCE SHEET

(in €m)



OUTLOOK

FULL YEAR 2018

Current Reporting

New Reporting

FY 2017

(in €m)

FY 2017

(in €m)

FY 2018 Outlook

(as of January 25, 2018)

DBP Total Revenue

455.4

455.4

N/A

- DBP excl. IoT / Cloud

N/A

440.5

+3% to +7%¹⁾

- IoT / Cloud

N/A

14.9

+70% to +100%¹⁾

Adabas & Natural

223.7

223.7

-6% to -2%¹⁾

Operating Margin Group (EBITA non-IFRS)²⁾

31.8%

31.8%

30% to 32%

EPS non-IFRS³⁾

€2.38

€2.38

+5% to +15%

1) At constant currency rates

2) Adjusted for non-operating items (see non-IFRS earnings results)

3) Weighted average shares outstanding (basic/IAS 33.19) FY 2017: 74.6m / FY 2018: 74.0m; based on new US-Federal-Tax and Euro/US-Dollar exchange rate of 1/1.18



RESULTS 4th QUARTER 2017 (IFRS, UNAUDITED)

January 25, 2018

Eric Duffaut, COO

APPENDIX



HEADCOUNT

BY FUNCTIONAL AREAS* AND GEOGRAPHY

<i>(in FTE)</i>	Dec. 31, 2017	Sept. 30, 2017	Δ%	Dec. 31, 2016	Δ% yoy
Total	4,596	4,600	0%	4,471	3%
Consulting & Services	1,935	1,945	-1%	1,914	1%
Research & Development	1,176	1,179	0%	1,110	6%
Sales & Marketing	862	865	0%	842	2%
Administration	623	611	2%	605	3%
Germany	1,201	1,200	0%	1,148	5%
USA	575	591	-3%	601	-4%
India	823	816	1%	766	7%
Rest of world	1,997	1,993	0%	1,956	2%

* According to P+L structure

EARNINGS

Q4 2017 / FY 2017

(in €m)	Q4 2017	Q4 2016	Δ%	FY 2017	FY 2016	Δ%
EBIT (before all taxes)	82.7	75.1	10%	222.8	213.9	4%
Financial result	1.9	-1.8	-	1.4	-4.4	-
Profit before taxes	84.6	73.3	15%	224.2	209.5	7%
Other taxes	-1.9	-1.6	19%	-7.2	-5.5	31%
Income taxes	-34.5	-21.5	60%	-76.4	-63.6	20%
<i>Tax rate in %</i>	<i>43.0%</i>	<i>31.5%</i>		<i>37.3%</i>	<i>33.0%</i>	
Net income	48.2	50.2	-4%	140.6	140.4	0%
EPS in €*	€0.65	€0.66	-2%	€1.88	€1.84	2%

* Weighted average shares outstanding (basic) Q4 2017: 74.0m / Q4 2016: 76.2m / FY 2017: 74.6m / FY 2016: 76.2m

AMORTIZATION / DEPRECIATION IMPACT (PRELIMINARY)

<i>(in €m)</i>	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	FY 2018*	FY 2019*
Amortization	7.8	8.5	6.7	6.6	29.6	19.7	17.7
Depreciation	2.9	2.9	2.8	3.0	11.6	12.0	12.0

* Estimated

REVENUE

Q4 2017 / FY 2017

(in €m)	Q4 2017	Q4 2016	Δ%	Δ% acc	FY 2017	FY 2016	Δ%	Δ% acc
Product revenue	219.0	213.7	3%	8%	678.3	675.2	0%	2%
Licenses	115.3	107.5	7%	14%	256.7	263.0	-2%	0%
Maintenance	103.7	106.2	-2%	2%	421.6	412.2	2%	3%
Consulting	48.8	49.8	-2%	0%	198.8	195.2	2%	2%
Other	0.6	0.4	-	-	1.9	1.4	-	-
Total	268.4	263.9	2%	7%	879.0	871.8	1%	2%

Investor Relations

Uhlandstrasse 12
64297 Darmstadt
Germany

T: +49 (0) 6151 / 92 1900

F: +49 (0) 6151 / 9234 1900

W: [softwareag.com](https://www.softwareag.com)

E: investor.relations@softwareag.com



