

# Software AG

## Financial Information

### Q1 / 2019

*April 18, 2019*  
(unaudited)

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## Key Figures for the First Quarter of 2019

(IFRS, unaudited)

in € millions (unless otherwise stated)	Q1 2019 (as stated)	Q1 2019 (acc <sup>1</sup> )	Q1 2018 (as stated)	+/- as %	+/- as % acc <sup>1</sup>
<b>Revenue</b>	<b>201,4</b>	<b>198,3</b>	<b>186,6</b>	<b>8%</b>	<b>6%</b>
DBP (incl. Cloud & IoT)	100,0	97,6	95,8	4%	2%
Thereof DBP (excl. Cloud & IoT)	90,5	88,3	89,4	1%	-1%
Thereof DBP (Cloud & IoT)	9,5	9,3	6,4	49%	47%
A&N	54,7	54,6	44,8	22%	22%
Licenses	42,6	42,6	34,2	25%	25%
Maintenance	107,1	104,7	102,5	5%	2%
SaaS	4,9	4,7	3,8	30%	26%
ARR DBP (incl. Cloud & IoT) <sup>4</sup>	308,6		276,5		
Thereof ARR DBP (Cloud & IoT) <sup>4</sup>	36,2		18,7		
Recurring revenue portion DBP (incl. Cloud & IoT)	85,0%				
Bookings DBP (incl. Cloud & IoT)	43,2				
	<b>Q1 2019</b>	<b>Q1 2018</b>	<b>+/- as %</b>		
<b>Operating EBITA (non-IFRS)</b>	<b>51,6</b>	<b>51,2</b>	<b>1%</b>		
as % of revenue	25,6%	27,4%			
DBP segment earnings	17,5	26,7	-35%		
Segment margin	17,5%	27,8%			
A&N segment earnings	39,3	31,2	26%		
Segment margin	71,7%	69,7%			
<b>Net income (non-IFRS)</b>	<b>36,3</b>	<b>36,5</b>	<b>-1%</b>		
<b>Earnings per share (non-IFRS)<sup>2</sup></b>	<b>0,49</b>	<b>0,49</b>	<b>-1%</b>		
<b>Operating cash flow</b>	<b>60,0</b>	<b>61,6</b>	<b>-3%</b>		
CapEx <sup>3</sup>	2,2	1,5			
Repayments of lease liabilities	3,3	0,0			
<b>Free cash flow</b>	<b>54,5</b>	<b>60,1</b>	<b>-9%</b>		
<b>Adjusted operational free cash flow</b>	<b>65,6</b>				
as % of revenue	32,6%				
Adjusted operational free cash flow per share	0,89				
	<b>Mar. 31, 2019</b>	<b>Dec. 31, 2018</b>	<b>+/- as %</b>		
<b>Balance sheet</b>					
<b>Total assets</b>	<b>2.036,5</b>	<b>2.007,9</b>	<b>1%</b>		
Cash and cash equivalents	483,5	462,3	5%		
Net cash	176,9	149,0	19%		
<b>Employees (FTE)</b>	<b>4.737</b>	<b>4.763</b>	<b>-1%</b>		

<sup>1</sup> acc = At constant currency

<sup>2</sup> Based on weighted average shares outstanding (basic) Q1 2019: 74.0 mn / Q1 2018: 74.0 mn

<sup>3</sup> Cash flow from investing activities adjusted for acquisitions and investments in debt instruments

<sup>4</sup> Annual recurring revenue

Because the figures in this report are stated in accordance with commercial rounding principles, totals and percentages may not always be exact.

## Consolidated Income Statement for the First Quarter of 2019

(IFRS, unaudited)

in € thousands	Q1 2019	Q1 2018	+/- as %
Licenses	42.579	34.165	25%
Maintenance	107.092	102.458	5%
SaaS	4.866	3.750	30%
Professional Services	46.707	46.061	1%
Other	173	200	-14%
<b>Total revenue</b>	<b>201.417</b>	<b>186.634</b>	<b>8%</b>
Costs of sales	-49.459	-49.507	0%
<b>Gross profit</b>	<b>151.958</b>	<b>137.127</b>	<b>11%</b>
Research and development expenses	-33.301	-28.344	17%
Sales, marketing and distribution expenses	-60.811	-52.037	17%
General and administrative expenses	-17.620	-17.048	3%
Other taxes	-1.461	-1.795	-19%
<b>Operating earnings</b>	<b>38.765</b>	<b>37.903</b>	<b>2%</b>
Other income/expenses, net	1.983	2.361	-16%
Financing expenses, net	1.393	1.365	2%
<b>Earnings before income taxes</b>	<b>42.141</b>	<b>41.629</b>	<b>1%</b>
Income taxes	-12.471	-11.680	7%
<b>Net income</b>	<b>29.670</b>	<b>29.949</b>	<b>-1%</b>
<b>    Thereof attributable to shareholders of Software AG</b>	<b>29.567</b>	<b>29.912</b>	<b>-1%</b>
<b>    Thereof attributable to non-controlling interests</b>	<b>103</b>	<b>37</b>	
Earnings per share (€, basic)	0,40	0,40	0%
Earnings per share (€, diluted)	0,40	0,40	0%
Weighted average number of shares outstanding (basic)	73.979.889	73.976.239	-
Weighted average number of shares outstanding (diluted)	73.981.320	73.981.881	-

## Consolidated Balance Sheet as of March 31, 2019

(IFRS, unaudited)

Assets (in € thousands)	Mar. 31, 2019	Dec. 31, 2018
<b>Current assets</b>		
Cash and cash equivalents	483.531	462.362
Other financial assets	5.969	15.302
Trade and other receivables	180.678	207.494
Other non-financial assets	25.856	20.109
Income tax receivables	17.315	19.680
	<b>713.349</b>	<b>724.947</b>
<b>Non-current assets</b>		
Intangible assets	132.605	136.972
Goodwill	975.919	964.377
Property, plant and equipment	107.779	71.023
Other financial assets	17.959	19.563
Trade and other receivables	65.317	68.675
Other non-financial assets	2.917	2.924
Income tax receivables	10.083	9.416
Deferred tax receivables	10.570	10.007
	<b>1.323.149</b>	<b>1.282.957</b>
<b>Total Assets</b>	<b>2.036.498</b>	<b>2.007.904</b>
<b>Equity and Liabilities (in € thousands)</b>	<b>Mar. 31, 2019</b>	<b>Dec. 31, 2018</b>
<b>Current liabilities</b>		
Financial liabilities	80.133	111.888
Trade and other payables	32.787	38.831
Other non-financial liabilities	95.395	145.839
Other provisions	28.178	30.630
Income tax liabilities	35.303	37.953
Deferred income	168.350	123.276
	<b>440.146</b>	<b>488.417</b>
<b>Non-current liabilities</b>		
Financial liabilities	226.517	201.432
Trade and other payables	3.221	3.245
Other non-financial liabilities	292	266
Other provisions	6.378	10.320
Provisions for pensions and similar obligations	34.703	34.621
Income tax liabilities	2.954	2.898
Deferred tax liabilities	11.847	11.398
Deferred income	16.934	16.245
	<b>302.846</b>	<b>280.425</b>
<b>Equity</b>		
Share capital	74.000	74.000
Capital reserves	22.612	22.612
Retained earnings	1.230.684	1.201.689
Other reserves	-33.472	-59.138
Treasury shares	-757	-757
<b>Attributable to shareholders of Software AG</b>	<b>1.293.067</b>	<b>1.238.406</b>
<b>Non-controlling interests</b>	<b>439</b>	<b>656</b>
	<b>1.293.506</b>	<b>1.239.062</b>
<b>Total Equity and Liabilities</b>	<b>2.036.498</b>	<b>2.007.904</b>

## Consolidated Statement of Cash Flows for the First Quarter of 2019

(IFRS, unaudited)

in € thousands	Q1 2019	Q1 2018
Net income	29.670	29.949
Income taxes	12.471	11.680
Net financial income/expense	-1.394	-1.365
Amortization/depreciation of non-current assets	11.588	7.990
Other non-cash income/expense	41	-1.907
Changes in receivables and other assets	37.126	51.943
Changes in payables and other liabilities	-17.533	-26.546
Income taxes paid/received	-13.482	-10.965
Interest paid	-1.382	-1.811
Interest received	2.857	2.640
<b>Net cash flow from operating activities</b>	<b>59.962</b>	<b>61.608</b>
Proceeds from the sale of property, plant and equipment/intangible assets	162	111
Purchase of property, plant and equipment/intangible assets	-2.444	-1.852
Proceeds from the sale of non-current financial assets	171	250
Purchase of non-current financial assets	-116	-6
Proceeds from the sale of current financial assets	70	3
Purchase of current financial assets	-569	-368
Payments for acquisitions, net	-5.000	0
<b>Net cash flow from investing activities</b>	<b>-7.726</b>	<b>-1.862</b>
Dividends paid	-320	-263
Payments from changes in other current financial liabilities	-38.241	-44.558
Repayments of lease liabilities	-3.240	0
Proceeds from non-current financial liabilities	0	100.013
Repayment of non-current financial liabilities	0	-100.000
<b>Net cash flow from financing activities</b>	<b>-41.801</b>	<b>-44.808</b>
Change in cash and cash equivalents due to business activities	10.435	14.938
Change in cash and cash equivalents from currency translation	10.734	-8.605
<b>Net change in cash and cash equivalents</b>	<b>21.169</b>	<b>6.333</b>
Cash and cash equivalents at beginning of period	462.362	365.815
<b>Cash and cash equivalents at end of period</b>	<b>483.531</b>	<b>372.148</b>
<b>Free cash flow</b>	<b>54.495</b>	<b>60.111</b>

## Segment Report for the First Quarter of 2019

(IFRS, unaudited)

in € thousands	DBP (incl. Cloud & IoT)			A&N			Professional Services <sup>1</sup>			Reconciliation		TOTAL		
	Q1 2019	Q1 2019	Q1 2018	Q1 2019	Q1 2019	Q1 2018	Q1 2019	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2019	Q1 2018
	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	24.802	24.495	25.198	17.777	18.081	8.967	0	0	0	0	0	42.579	42.576	34.165
Maintenance	70.300	68.395	66.803	36.792	36.305	35.655	0	0	0	0	0	107.092	104.700	102.458
SaaS	4.866	4.742	3.750	0	0	0	0	0	0	0	0	4.866	4.742	3.750
<b>Product revenue</b>	<b>99.968</b>	<b>97.632</b>	<b>95.751</b>	<b>54.569</b>	<b>54.386</b>	<b>44.622</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>154.537</b>	<b>152.018</b>	<b>140.373</b>
Professional Services	2	2	0	0	0	0	46.705	46.075	46.061	0	0	46.707	46.077	46.061
Other	0	0	40	173	173	156	0	0	4	0	0	173	173	200
<b>Total revenue</b>	<b>99.970</b>	<b>97.634</b>	<b>95.791</b>	<b>54.742</b>	<b>54.559</b>	<b>44.778</b>	<b>46.705</b>	<b>46.075</b>	<b>46.065</b>	<b>0</b>	<b>0</b>	<b>201.417</b>	<b>198.268</b>	<b>186.634</b>
Cost of sales	-9.336	-9.228	-8.560	-2.203	-2.187	-1.428	-35.710	-35.164	-37.523	-2.210	-1.996	-49.459		-49.507
<b>Gross profit</b>	<b>90.634</b>	<b>88.406</b>	<b>87.231</b>	<b>52.539</b>	<b>52.372</b>	<b>43.350</b>	<b>10.995</b>	<b>10.911</b>	<b>8.542</b>	<b>-2.210</b>	<b>-1.996</b>	<b>151.958</b>		<b>137.127</b>
Sales, marketing and distribution expenses	-45.790	-44.739	-37.770	-7.365	-7.367	-6.614	-4.270	-4.211	-4.382	-3.386	-3.271	-60.811		-52.037
<b>Segment contribution</b>	<b>44.844</b>	<b>43.667</b>	<b>49.461</b>	<b>45.174</b>	<b>45.005</b>	<b>36.736</b>	<b>6.725</b>	<b>6.700</b>	<b>4.160</b>	<b>-5.596</b>	<b>-5.267</b>	<b>91.147</b>		<b>85.090</b>
Research and development expenses	-27.385	-27.214	-22.807	-5.916	-5.962	-5.537	0	0	0	0	0	-33.301		-28.344
<b>Segment earnings</b>	<b>17.459</b>	<b>16.453</b>	<b>26.654</b>	<b>39.258</b>	<b>39.043</b>	<b>31.199</b>	<b>6.725</b>	<b>6.700</b>	<b>4.160</b>	<b>-5.596</b>	<b>-5.267</b>	<b>57.846</b>		<b>56.746</b>
General and administrative expenses												-17.620		-17.048
Other taxes												-1.461		-1.795
<b>Operating earnings</b>												<b>38.765</b>		<b>37.903</b>
Other income/expense, net												1.983		2.361
Net financial income/expense												1.393		1.365
<b>Earnings before income taxes</b>												<b>42.141</b>		<b>41.629</b>
Income taxes												-12.471		-11.680
<b>Net income</b>												<b>29.670</b>		<b>29.949</b>

<sup>1</sup> Consulting until 2018; realigned for solution implementation in cooperation with customers and partners as of 2019

## DBP Segment with Revenue Split for the First Quarter of 2019

(IFRS, unaudited)

in € thousands	DBP (Cloud & IoT)			DBP (excl. Cloud & IoT)			DBP (incl. Cloud & IoT)		
	Q1 2019	Q1 2019	Q1 2018	Q1 2019	Q1 2019	Q1 2018	Q1 2019	Q1 2019	Q1 2018
	as stated	at constant currency	as stated	as stated	at constant currency	as stated	as stated	at constant currency	as stated
Licenses	3.059	3.041	1.787	21.743	21.454	23.411	24.802	24.495	25.198
Maintenance	1.576	1.553	824	68.724	66.842	65.979	70.300	68.395	66.803
SaaS	4.866	4.742	3.750	0	0	0	4.866	4.742	3.750
<b>Product revenue</b>	<b>9.501</b>	<b>9.336</b>	<b>6.361</b>	<b>90.467</b>	<b>88.296</b>	<b>89.390</b>	<b>99.968</b>	<b>97.632</b>	<b>95.751</b>
Professional Services	2	2	0	0	0	0	2	2	0
Other	0	0	0	0	0	40	0	0	40
<b>Total revenue</b>	<b>9.503</b>	<b>9.338</b>	<b>6.361</b>	<b>90.467</b>	<b>88.296</b>	<b>89.430</b>	<b>99.970</b>	<b>97.634</b>	<b>95.791</b>
Cost of sales							-9.336	-9.228	-8.560
<b>Gross profit</b>							<b>90.634</b>	<b>88.406</b>	<b>87.231</b>
Sales, marketing and distribution expenses							-45.790	-44.739	-37.770
<b>Segment contribution</b>							<b>44.844</b>	<b>43.667</b>	<b>49.461</b>
Research and development expenses							-27.385	-27.214	-22.807
<b>Segment earnings</b>							<b>17.459</b>	<b>16.453</b>	<b>26.654</b>



## Statement of Comprehensive Income for the First Quarter of 2019

(IFRS, unaudited)

in € thousands	Q1 2019	Q1 2018
<b>Net income</b>	<b>29.670</b>	<b>29.949</b>
Currency translation differences from foreign operations	25.807	-22.682
Net gain/loss on remeasuring financial assets	-8	-7.900
Currency translation gain/loss from net investments in foreign operations	747	-992
<b>Items to be reclassified to the income statement if certain conditions are met</b>	<b>26.546</b>	<b>-31.574</b>
Net actuarial gain/loss on pension obligations	-880	-439
<b>Items not to be reclassified to the income statement</b>	<b>-880</b>	<b>-439</b>
<b>Other comprehensive income</b>	<b>25.666</b>	<b>-32.013</b>
<b>Total comprehensive income</b>	<b>55.336</b>	<b>-2.064</b>
Thereof attributable to shareholders of Software AG	55.233	-2.101
Thereof attributable to non-controlling interests	103	37

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