



# Q4/FY 2019 EARNINGS

## 29 JANUARY 2020

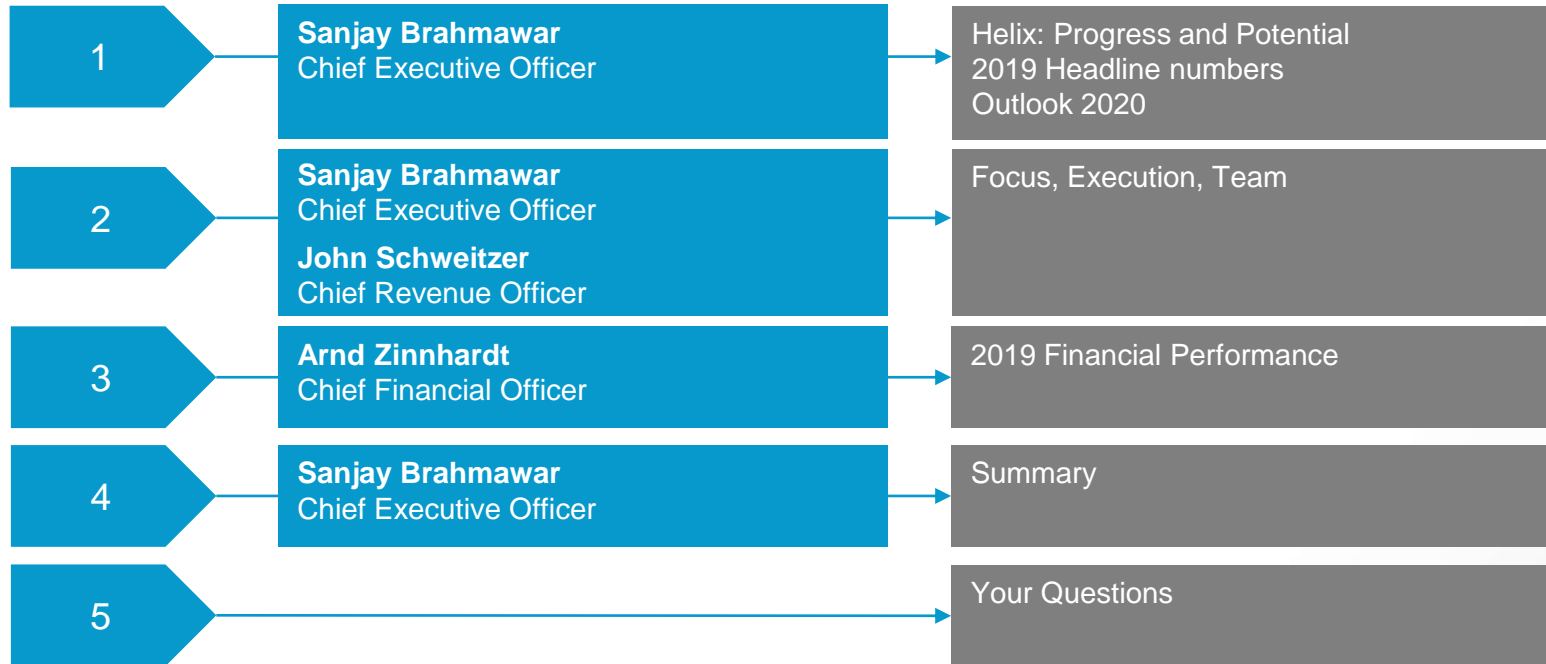
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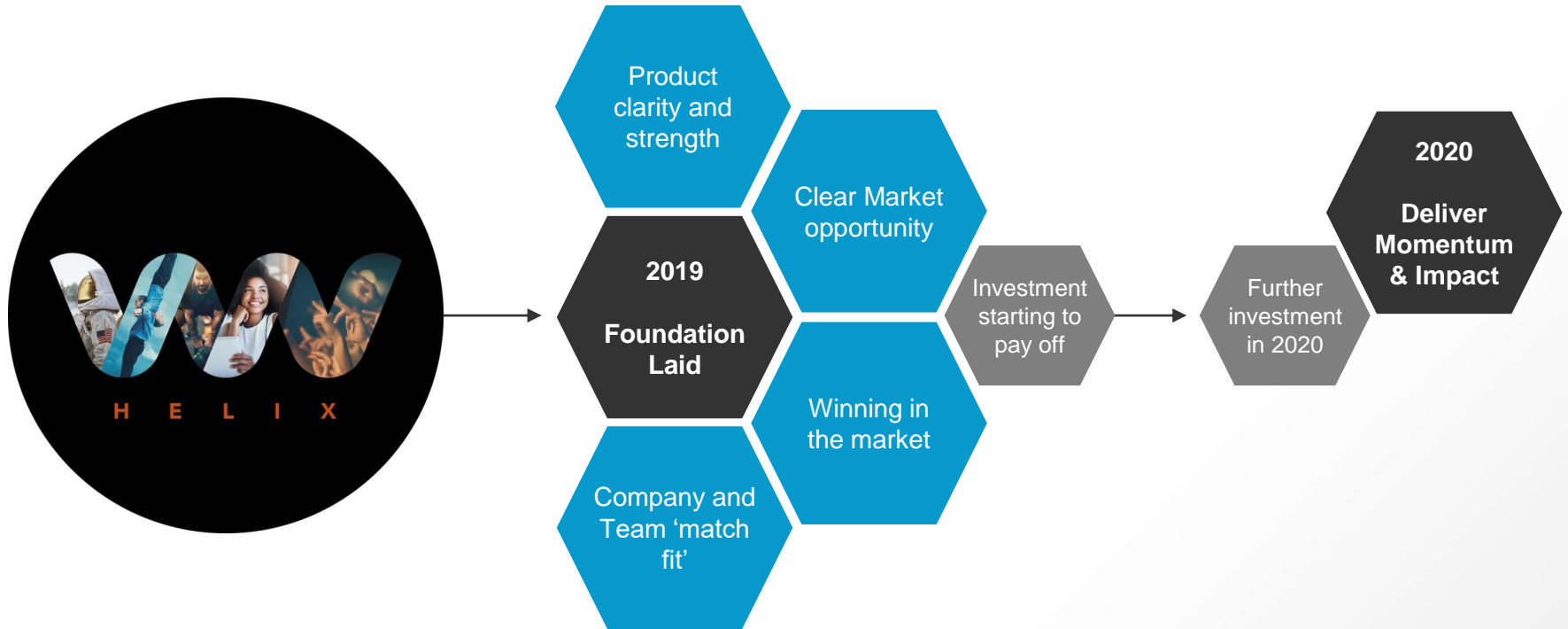
# WELCOME

## Q4/FY 2019 EARNINGS CALL AGENDA



# SOFTWARE AG IN 2020

## SEIZING THE OPPORTUNITY OF OUR REINVENTION



# HELIX – YEAR ONE

## OUR TRANSFORMATION IS WORKING



### Helix foundations laid

**4** Major focus areas

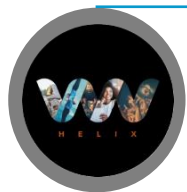
**95%** Year one workstreams completed



### Subscription transition advanced

**+10% YoY** Growth in ARR for DBP inc. IoT

**51.5%** DBP inc. IoT bookings as SaaS/Subscription



### Brought clarity to product set

**40** SKUs, streamlined from 900+

**NPS** Q4 and FY product NPS both at record highs



### Partner ecosystem evolving

Blue-chip partnerships secured

**First** Adobe OEM deals closed in Q4, contributing revenue



### Sales effectiveness improved

**342** New Logos in 2019

Beating competition & taking share



**2020**

Fitter  
Sharper  
Hungrier for growth

# HEADLINE NUMBERS

## GROUP GROWTH IN SPITE OF TRANSFORMATION

FY

+/- change as % acc

Group Revenue	€890.6m	1.0%
Group Product Revenue	€702.7m	1.0%
EBIT (IFRS)	€214.8m	-10%
Non-IFRS EBITA Margin	29.2%	
DBP excl. Cloud & IoT	€432.2m	-3%
Cloud and IoT	€42.3m	+38%
A&N	€228.9m	+3%

Q4

+/- change as % acc

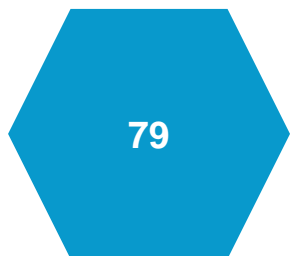
Group Revenue	€255.0m	-5%
Group Product Revenue	€205.9m	-7%
EBIT (IFRS)	€65.9m	-23%
Non-IFRS EBITA Margin	33%	
DBP excl. Cloud & IoT	€135.6m	-4%
Cloud and IoT	€11.3m	+16%
A&N	€59.2m	-16%

### Leading Indicators

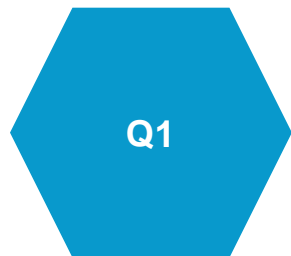
ARR (DBP incl. Cloud & IoT)	+10% YoY
SaaS/Subs as % Bookings (DBP incl Cloud & IoT)	51.5%

# IOT & ANALYTICS

## LAND AND EXPAND AS THE MARKET IGNITES



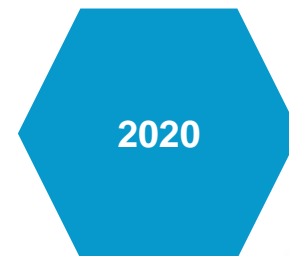
New IoT Logos  
won in 2019



Landmark 5 year  
subscription  
agreement signed



### Dynamics



IoT pipeline larger  
than ever, well  
over €100m

Larger deals making  
up meaningful portion  
of pipeline

# OUTLOOK

## FULL YEAR 2020

	<b>FY 2019</b> <i>(in €m)</i> PRELIMINARY	<b>FY 2020 Outlook</b> <i>(as of January 29, 2020)</i>
<b>DBP (excl. Cloud &amp; IoT) – Product Bookings</b>	<b>241.1</b>	<b>+10% to +15%<sup>1)</sup></b>
<b>DBP – Cloud &amp; IoT Product Bookings</b>	<b>65.9</b>	<b>+40% to +60%<sup>1)</sup></b>
<b>A&amp;N – Product Bookings</b>	<b>100.8</b>	<b>-3% to +3%<sup>1)</sup></b>
<b>Operating Margin Group (EBITA non-IFRS)<sup>2)</sup></b>	<b>29.2%</b>	<b>20% to 22%</b>

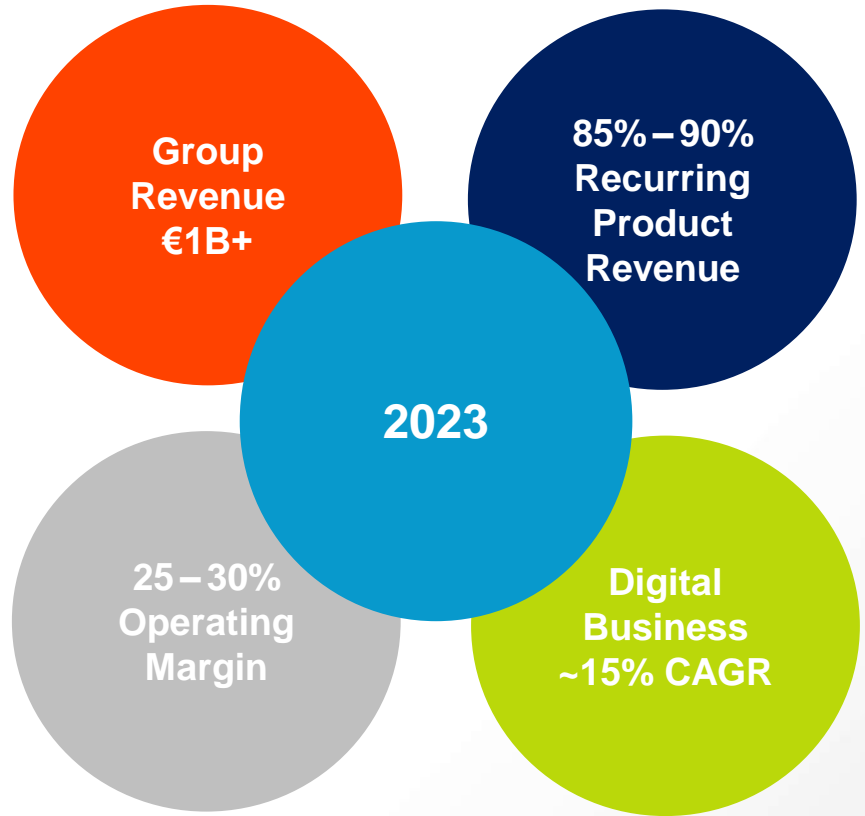
<sup>1)</sup> At constant currency rates

<sup>2)</sup> Adjusted for non-operating items (see non-IFRS earnings results)



# OUR AMBITION

**Accelerated growth,  
higher quality and  
higher visibility  
of revenues,  
good margin and  
cash generation**



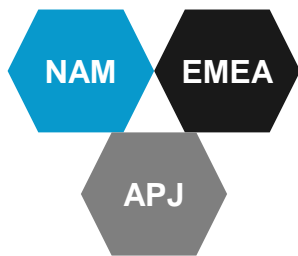
# BUILDING HELIX MOMENTUM

**FOCUS, EXECUTION AND TEAM, WORKING AS ONE**



# GTM

## EXECUTION IMPROVEMENTS DELIVERING RESULTS



Consistency of ethos and approach across key regions

Predictability and stability returned to NAM



SIEMENS

FUJITSU



AUSTRALIA  
POST

SUNCORP



2020

Invest

Subscription

Demand Gen

Partner Channel

# HYPERSCALERS

## INVESTING IN PARTNERSHIPS TO DELIVER IMPACT

Firing up



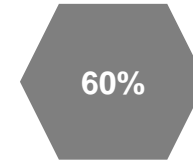
6 products available on marketplace



Contributing revenue



value of deals currently in Microsoft pipeline



of ADAMOS IoT applications running on Cumulocity

Meaningful proportion of total revenue from Partner base over medium term

# RESULTS 4<sup>th</sup> QUARTER 2019

(IFRS, unaudited)

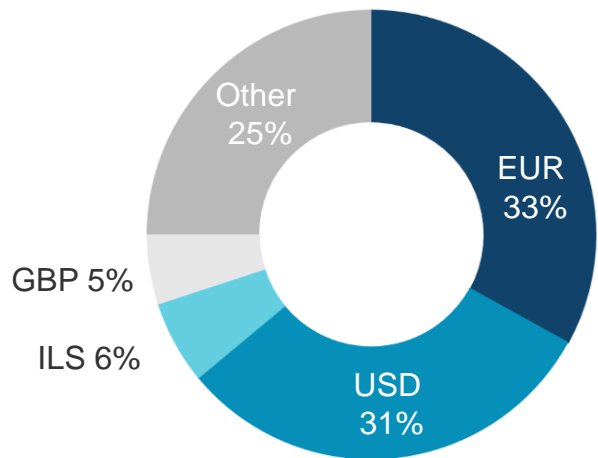
January 29<sup>th</sup>, 2020

# CURRENCY IMPACT ON REVENUE

## Q4 2019 / FY 2019

⇒ 33% revenue in Euro

⇒ 67% revenue in foreign currency



Currency split FY 2019

## Currency impact on revenue

<i>(in €m; yoy)</i>	<b>Q4 2019</b>	<b>Q4 in %</b>	<b>FY 2019</b>	<b>FY in %</b>
Licenses	1.9	2%	4.8	2%
Maintenance	1.5	1%	8.1	2%
SaaS	0.1	1%	0.4	2%
Professional Services & Other	0.9	2%	3.2	2%
<b>Total</b>	<b>4.4</b>	<b>2%</b>	<b>16.5</b>	<b>2%</b>

# DIGITAL BUSINESS PLATFORM (INCLUDING CLOUD & IoT)

## SEGMENT REPORT Q4 2019 / FY 2019

<i>(in €m)</i>	Q4 2019	Q4 2018	Δ%	Δ% acc	FY 2019	FY 2018	Δ%	Δ% acc
<b>DBP (excl. Cloud &amp; IoT)</b>	<b>135.6</b>	<b>138.4</b>	<b>-2%</b>	<b>-4%</b>	<b>432.2</b>	<b>434.4</b>	<b>-1%</b>	<b>-3%</b>
- thereof Licenses	63.3	70.0	-10%	-11%	151.3	166.2	-9%	-11%
- thereof Maintenance	72.2	68.4	6%	4%	280.9	268.2	5%	3%
<b>DBP Cloud &amp; IoT</b>	<b>11.3</b>	<b>9.6</b>	<b>18%</b>	<b>16%</b>	<b>42.3</b>	<b>30.3</b>	<b>39%</b>	<b>38%</b>
<b>Total revenue</b>	<b>146.9</b>	<b>148.1</b>	<b>-1%</b>	<b>-2%</b>	<b>474.5</b>	<b>464.7</b>	<b>2%</b>	<b>0%</b>
Cost of sales	-11.7	-9.8	20%	19%	-40.6	-35.9	13%	12%
<b>Gross profit</b>	<b>135.2</b>	<b>138.3</b>	<b>-2%</b>	<b>-4%</b>	<b>433.9</b>	<b>428.8</b>	<b>1%</b>	<b>-1%</b>
Sales & Marketing	-57.3	-57.5	0%	-2%	-198.2	-181.2	9%	7%
Research & Development	-27.7	-29.5	-6%	-11%	-105.1	-100.6	4%	4%
<b>Segment result</b>	<b>50.2</b>	<b>51.3</b>	<b>-2%</b>	<b>-2%</b>	<b>130.6</b>	<b>147.0</b>	<b>-11%</b>	<b>-14%</b>
<i>Margin in %</i>	<i>34.2%</i>	<i>34.6%</i>			<i>27.5%</i>	<i>31.6%</i>		
<b>Annual Recurring Revenue</b> as of December 31, 2019	<b>340.0</b>	<b>305.4</b>	<b>11%</b>	<b>10%</b>				

# DBP CLOUD & IoT

## SEGMENT REPORT Q4 2019 / FY 2019

<i>(in €m)</i>	Q4 2019	Q4 2018	Δ%	Δ% acc	FY 2019	FY 2018	Δ%	Δ% acc
Licenses	2.6	3.1	-16%	-16%	12.6	8.7	45%	44%
Maintenance	2.0	1.5	36%	35%	7.0	4.1	72%	71%
SaaS / Usage based	6.6	5.0	33%	31%	22.7	17.6	29%	27%
<b>Total revenue</b>	<b>11.3</b>	<b>9.6</b>	<b>18%</b>	<b>16%</b>	<b>42.3</b>	<b>30.3</b>	<b>39%</b>	<b>38%</b>
<b>Annual Recurring Revenue</b> as of December 31, 2019	<b>41.7</b>	<b>30.1</b>	<b>39%</b>	<b>37%</b>				



# ADABAS & NATURAL

## SEGMENT REPORT Q4 2019 / FY 2019

<i>(in €m)</i>	Q4 2019	Q4 2018	Δ%	Δ% acc	FY 2019	FY 2018	Δ%	Δ% acc
Licenses	22.2	31.8	-30%	-33%	81.2	74.4	9%	7%
Maintenance	36.8	36.7	0%	-1%	147.0	143.2	3%	1%
<b>Product revenue</b>	<b>59.0</b>	<b>68.5</b>	<b>-14%</b>	<b>-16%</b>	<b>228.2</b>	<b>217.6</b>	<b>5%</b>	<b>3%</b>
Other	0.2	0.2	—	—	0.7	0.7	—	—
<b>Total revenue</b>	<b>59.2</b>	<b>68.7</b>	<b>-14%</b>	<b>-16%</b>	<b>228.9</b>	<b>218.3</b>	<b>5%</b>	<b>3%</b>
Cost of sales	-2.3	-1.6	43%	42%	-8.1	-6.3	29%	27%
<b>Gross profit</b>	<b>56.9</b>	<b>67.1</b>	<b>-15%</b>	<b>-17%</b>	<b>220.9</b>	<b>212.1</b>	<b>4%</b>	<b>2%</b>
Sales & Marketing	-9.5	-9.7	-2%	-3%	-34.9	-32.8	6%	5%
Research & Development	-7.2	-6.4	12%	9%	-26.2	-23.8	10%	7%
<b>Segment result</b>	<b>40.2</b>	<b>51.0</b>	<b>-21%</b>	<b>-23%</b>	<b>159.8</b>	<b>155.4</b>	<b>3%</b>	<b>1%</b>
<i>Margin in %</i>	<i>68.0%</i>	<i>74.2%</i>			<i>69.8%</i>	<i>71.2%</i>		

# PROFESSIONAL SERVICES

## SEGMENT REPORT Q4 2019 / FY 2019

<i>(in €m)</i>	Q4 2019	Q4 2018	Δ%	Δ% acc	FY 2019	FY 2018	Δ%	Δ% acc
<b>Total revenue</b>	<b>49.0</b>	<b>47.8</b>	<b>2%</b>	<b>1%</b>	<b>187.2</b>	<b>182.6</b>	<b>2%</b>	<b>1%</b>
Cost of sales	-39.0	-38.0	3%	0%	-146.2	-144.9	1%	-1%
<b>Gross profit</b>	<b>9.9</b>	<b>9.8</b>	<b>2%</b>	<b>1%</b>	<b>41.0</b>	<b>37.8</b>	<b>9%</b>	<b>7%</b>
Sales & Marketing	-5.3	-4.8	12%	10%	-18.2	-17.4	5%	3%
<b>Segment result</b>	<b>4.6</b>	<b>5.0</b>	<b>-8%</b>	<b>-7%</b>	<b>22.7</b>	<b>20.3</b>	<b>12%</b>	<b>11%</b>
<i>Margin in %</i>	<i>9.4%</i>	<i>10.5%</i>			<i>12.1%</i>	<i>11.1%</i>		

# RESULTS

## Q4 2019 / FY 2019

(in €m)	Q4 2019	Q4 2018	Δ%	Δ% acc	FY 2019	FY 2018	Δ%	Δ% acc
<b>Total revenue</b>	<b>255.0</b>	<b>264.6</b>	<b>-4%</b>	<b>-5%</b>	<b>890.6</b>	<b>865.7</b>	<b>3%</b>	<b>1%</b>
Cost of sales	-55.0	-51.2	7%	6%	-203.1	-195.0	4%	3%
<b>Gross profit</b>	<b>200.0</b>	<b>213.3</b>	<b>-6%</b>	<b>-8%</b>	<b>687.5</b>	<b>670.7</b>	<b>2%</b>	<b>0%</b>
<i>Margin in %</i>	<i>78.4%</i>	<i>80.6%</i>	—	—	<i>77.2%</i>	<i>77.5%</i>	—	—
Research & Development	-34.8	-35.9	-3%	-4%	-131.3	-124.4	6%	4%
Sales & Marketing	-75.5	-75.4	0%	-1%	-265.0	-244.7	8%	6%
Administration	-20.4	-19.7	4%	3%	-74.8	-74.0	1%	0%
Other income / expense	-3.3	0.5	—	—	-1.6	3.9	—	—
<b>EBIT</b>	<b>65.9</b>	<b>82.8</b>	<b>-20%</b>	<b>-23%</b>	<b>214.8</b>	<b>231.6</b>	<b>-7%</b>	<b>-10%</b>
<i>Margin in %</i>	<i>25.9%</i>	<i>31.3%</i>			<i>24.1%</i>	<i>26.8%</i>		

# NON-IFRS EARNINGS

## Q4 2019 / FY 2019

<i>(in €m)</i>	Q4 2019	Q4 2018	Δ%	FY 2019	FY 2018	Δ%
<b>EBIT (before all taxes)</b>	<b>65.9</b>	<b>82.8</b>	<b>-20%</b>	<b>214.8</b>	<b>231.6</b>	<b>-7%</b>
Amortization on acquisition related intangible assets	5.5	5.2	5%	21.9	21.1	4%
Share based payments	3.1	2.1	49%	11.3	11.0	3%
Restructuring / severances / legal case	6.8	4.7	44%	9.0	6.9	31%
Other impacts / impacts from M&A activities	2.9	1.6	76%	3.2	2.3	35%
<b>EBITA (Non-IFRS)</b>	<b>84.2</b>	<b>96.4</b>	<b>-13%</b>	<b>260.3</b>	<b>272.9</b>	<b>-5%</b>
<i>in % of revenue (Non-IFRS)</i>	<i>33.0%</i>	<i>36.5%</i>		<i>29.2%</i>	<i>31.5%</i>	
<b>Net income (Non-IFRS)</b>	<b>61.6</b>	<b>71.5</b>	<b>-14%</b>	<b>188.1</b>	<b>195.0</b>	<b>-4%</b>
<b>EPS in € (Non-IFRS)*</b>	<b>0.83€</b>	<b>0.97€</b>	<b>-14%</b>	<b>2.54€</b>	<b>2.64€</b>	<b>-4%</b>

\* Weighted average shares outstanding (basic) Q4 2019: 74.0m / Q4 2018: 74.0m; FY 2019: 74.0m / FY 2018: 74.0m

# CASH FLOW

## Q4 2019 / FY 2019

<i>(in €m)</i>	Q4 2019	Q4 2018	Δ%	FY 2019	FY 2018	Δ%
<b>Operating cash flow</b>	<b>48.0</b>	<b>61.4</b>	<b>-22%</b>	<b>172.0</b>	<b>195.1</b>	<b>-12%</b>
./. CapEx* (long-term, non-current)	-0.5	-2.3		-10.0	-11.0	
./. Repayment of lease liabilities**	-4.6	—		-16.2	—	
<b>Free cash flow</b>	<b>42.9</b>	<b>59.1</b>	<b>-27%</b>	<b>145.8</b>	<b>184.1</b>	<b>-21%</b>
Payment adjustments for						
- Share based compensation	-0.3	3.4		7.5	22.3	
- Restructuring/ severances/ legal cases	0.2	4.7		8.4	8.6	
- Payments of other expenses associated with M&A activities	0.2	—		0.2	0.3	
<b>Adjusted operational Free Cash flow</b>	<b>43.0</b>	<b>67.2</b>	<b>-36%</b>	<b>161.9</b>	<b>215.3</b>	<b>-25%</b>
<i>in % of revenue</i>	<i>16.9%</i>	<i>25.4%</i>		<i>18.2%</i>	<i>24.9%</i>	
<b>Adjusted operational Free Cash flow per share***</b>	<b>€0.58</b>	<b>€0.91</b>	<b>-36%</b>	<b>€2.19</b>	<b>€2.91</b>	<b>-25%</b>

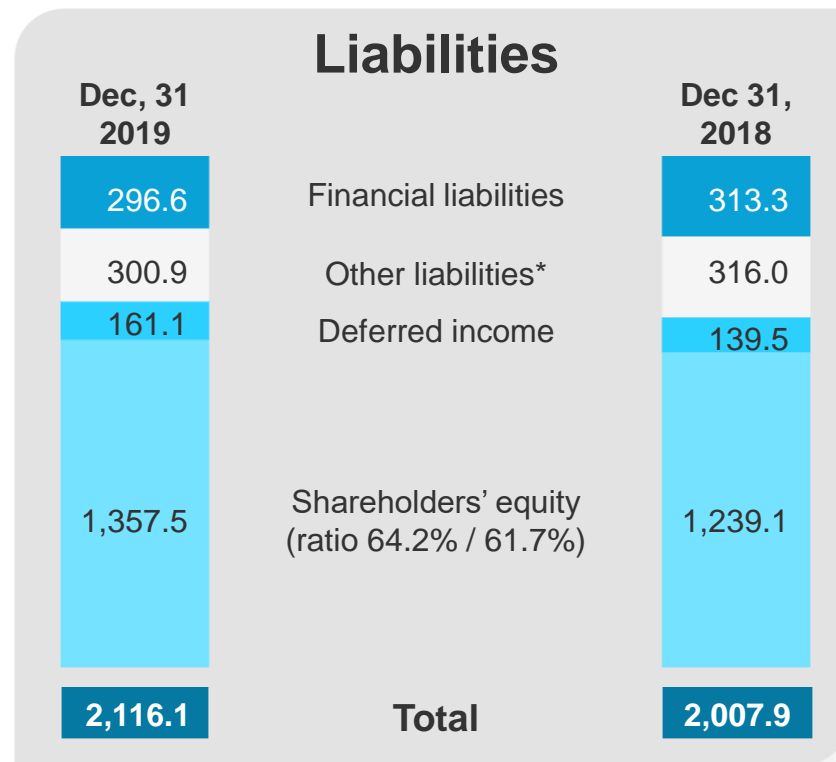
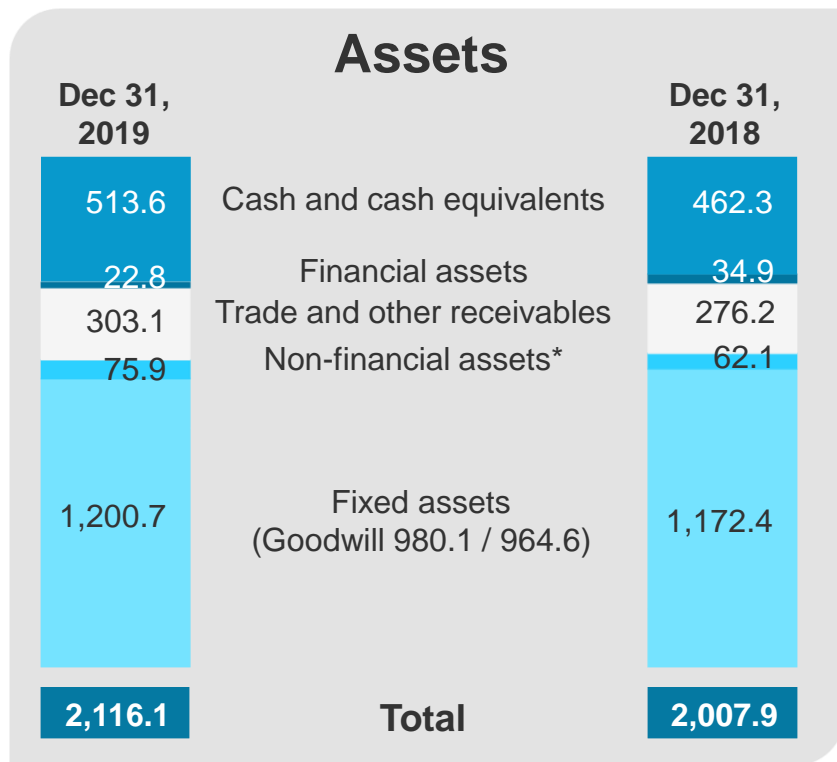
\* Cash flow from investing activities except acquisitions and except investments in debt instruments

\*\* New reporting line due to IFRS 16

\*\*\* Based on weighted average shares outstanding (basic) Q4 2019: 74.0m / Q4 2018: 74.0m; FY 2019: 74.0m / FY 2018: 74.0m

# BALANCE SHEET

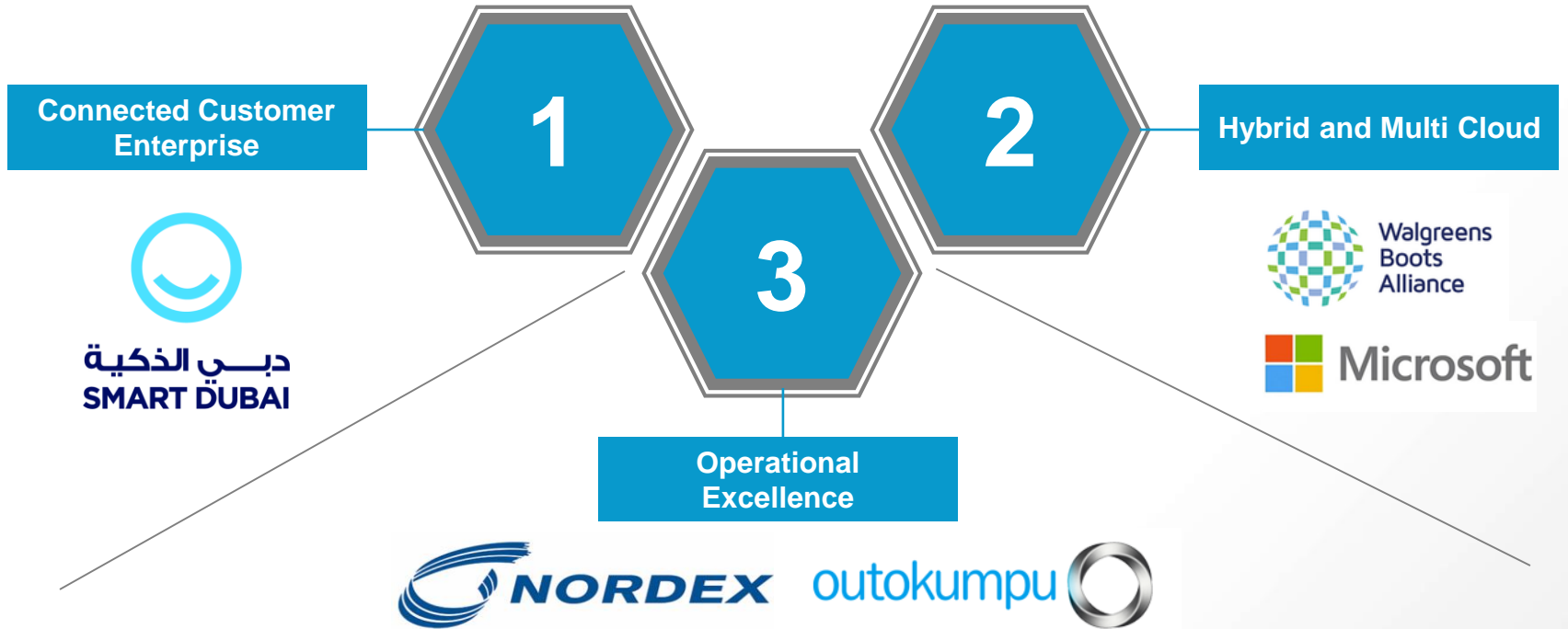
(in €m)



\* incl. assets/liabilities hold for disposal

# THREE KEY DRIVERS

## WELL POSITIONED TO GROW AND TAKE SHARE



# YOUR QUESTIONS





# Appendix

# HEADCOUNT

## BY FUNCTIONAL AREAS\* AND GEOGRAPHY

<i>(in FTE)</i>	Dec 31, 2019	Sep 30, 2019	Δ%	Dec 31, 2018	Δ% yoy
<b>Total</b>	<b>4,948</b>	<b>4,883</b>	<b>1%</b>	<b>4,763</b>	<b>4%</b>
Professional Services	1,915	1,890	1%	1,901	1%
Research & Development	1,419	1,391	2%	1,310	8%
Sales & Marketing	961	963	0%	926	4%
Administration	653	640	2%	626	4%
Germany	1,278	1,269	1%	1,243	3%
USA	584	579	1%	580	1%
India	1,004	953	5%	895	12%
Rest of world	2,082	2,083	0%	2,044	2%

\* According to P+L structure

# EARNINGS

## Q4 2019 / FY 2019

<i>(in €m)</i>	Q4 2019	Q4 2018	Δ%	FY 2019	FY 2018	Δ%
<b>EBIT (before all taxes)</b>	<b>65.9</b>	<b>82.8</b>	<b>-20%</b>	<b>214.8</b>	<b>231.6</b>	<b>-7%</b>
Financial result	2.2	0.9	—	7.1	4.3	—
Profit before taxes	68.1	83.7	-19%	221.9	235.9	-6%
Other taxes	-2.7	-2.2	21%	-6.8	-7.0	-3%
Income taxes	-17.2	-20.2	-15%	-59.8	-63.7	-6%
<i>Tax rate in %</i>	<i>29.2%</i>	<i>26.8%</i>		<i>30.0%</i>	<i>30.0%</i>	
<b>Net income</b>	<b>48.2</b>	<b>61.3</b>	<b>-21%</b>	<b>155.3</b>	<b>165.2</b>	<b>-6%</b>
<b>EPS in €*</b>	<b>0.65€</b>	<b>€0.83</b>	<b>-21%</b>	<b>2.10€</b>	<b>€2.23</b>	<b>-6%</b>

\* Weighted average shares outstanding (basic) Q4 2019: 74.0m / Q4 2018: 74.0m; FY 2019: 74.0m / FY 2018: 74.0m

# AMORTIZATION / DEPRECIATION IMPACT (PRELIMINARY)

(in €m)

	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>	<b>FY 2019</b>	<b>FY 2020*</b>	<b>FY 2021*</b>
Amortization	-5.6	-5.4	-5.4	-5.5	-21.9	-14.4	-14.0
Depreciation	-6.0	-5.5	-7.6	-6.5	-25.6	-26.0	-26.0

\* Estimated

# REVENUE

## Q4 2019 / FY 2019

<i>(in €m)</i>	Q4 2019	Q4 2018	Δ%	Δ% acc	FY 2019	FY 2018	Δ%	Δ% acc
<b>Product revenue</b>	<b>205.9</b>	<b>216.5</b>	<b>-5%</b>	<b>-7%</b>	<b>702.7</b>	<b>682.3</b>	<b>3%</b>	<b>1%</b>
Licenses	88.2	105.0	-16%	-18%	245.1	249.4	-2%	-4%
Maintenance	111.0	106.6	4%	3%	435.0	415.4	5%	3%
SaaS / Usage based	6.6	5.0	33%	31%	22.7	17.6	29%	27%
Services	49.0	47.7	3%	1%	187.2	182.5	3%	1%
Other	0.2	0.3	—	—	0.7	0.9	—	—
<b>Total</b>	<b>255.0</b>	<b>264.6</b>	<b>-4%</b>	<b>-5%</b>	<b>890.6</b>	<b>865.7</b>	<b>3%</b>	<b>1%</b>



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Freedom as a Service

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