

PRESS RELEASE

SOFTWARE AG DECIDES ON A NEW SHARE BUYBACK PROGRAM

Darmstadt, Germany, September 03, 2015 – Software AG (Frankfurt TecDAX: SOW) today announced ([please refer to ad hoc release as of September 3, 2015](#)) a share buyback program in a total volume of up to EUR 70 million until December 31, 2015. Based on Software AG's Xetra closing price of September 2, 2015 (EUR 24.02) this equals a volume of up to approx. 2.9 million shares. With this press release we intend to offer further information on the share buyback program and answer some upcoming questions:

Software AG has repeatedly obtained the authorization for share repurchases at the Annual General Meeting and used the last Share Buyback Program (November 2014 - February 2015) to the following extent. As of March 01, 2015, Software AG owned an aggregate number of 8,084,101 treasury shares, corresponding to 9.3% of the share capital of Software AG. At the end of April 2015 7,943,945 of these treasury shares, corresponding to 9.14% of the share capital of Software AG, have been cancelled with a simultaneous reduction of the share capital in the same amount. As of August 31, 2015, Software AG still owns an aggregate number of 61,856 treasury shares, corresponding to 0.08% of the share capital of Software AG.

The cash allocation priority has been based also on dividend continuity and financing acquisitions. Following is further information to the regulatory disclosure:

1) Why a share buyback now?

- a. Software AG's cash on the balance sheet, posted after 6 months in 2015, was roughly EUR 424 million (EUR 455 million including stocks). The current interest rate level is still on a low level and is in fact below Software AG's historical average dividend yield.
- b. Management considers the current share price attractive for a share buy-back.

2) Why this amount (EUR 70 million)?

The management board has been authorized by the Annual General Meeting to buy back shares up to 10 percent of the share capital of Software AG. With the current program about 1/3 of this authorization will be exploited. This volume is more than covered by the expected free cash flow of the next couple of quarters. Therefore the high liquidity for Software AG is ensured.

3) How will the treasury shares be used?

The repurchased shares may be used for any purpose permissible under the relevant shareholders resolution of the Annual General Meeting of May 13, 2015 and applicable corporation stock law.

The resolution states besides others the following purposes:

- a. Delivery of shares to the holders of warrants or convertible bonds.
- b. The sale to third parties for the purpose of acquiring companies, parts of companies and / or equity interests in companies or in the context of corporate mergers.
- c. Servicing of share option programs.
- d. The recall of all or part of the treasury shares with or without reduction of capital.

4) What is the impact of the share repurchase on the earnings per Share (EPS) for 2015?

The reported EPS for fiscal 2015 will tend to increase - to the extent that the treasury shares will reduce the current number of shares outstanding.

5) What is the effect of the repurchase program on the dividend?

- a. No effect, Software AG's dividend policy remains unchanged.
- b. The dividend policy is geared towards long-term and consistent dividend payment.
- c. The current cash-out ratio is in the corridor of 25-33 percent of the average of net income and free cash flow.
- d. Dividend for fiscal 2015 will be defined on the base of full year 2015 results in spring 2016.

6) What is the effect of the repurchase program on the acquisition strategy of Software AG?

No effect, Software AG will continue to buy software companies that:

- a. Bring technological additions to the product portfolio (technology tuck-ins) or
- b. Provide innovative kernels for further organic growth.

7) When will the share buyback program start?

- a. First, Software AG will have to mandate a bank to implement the program.
- b. Then, before the program begins, an additional communication will be issued to the capital market.

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About Software AG

Software AG (Frankfurt TecDAX: SOW) helps organizations achieve their business objectives faster. The company's big data, integration and business process technologies enable customers to drive operational efficiency, modernize their systems and optimize processes for smarter decisions and better service. Building on over 40 years of customer-centric innovation, the company is ranked as a leader in 14 market categories, fueled by core product families Adabas-Natural, ARIS, Alfabet, Apama, Terracotta and webMethods. Software AG has 4,400 employees in 70 countries and had revenues of €858 million in 2014. Learn more at www.softwareag.com.

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