

PRESS RELEASE

Software AG reports strongly rising profits in first quarter

- Group earnings increase by 37% (at constant currency rates)
- Licensing revenues also increases by 28% (at constant currency rates)
- USA grows stronger than Europe
- EBIT growth of 44%
- Earnings per share rises to €0.79
- Forecast for the year confirmed

DARMSTADT - 22-4-2008 - Software AG's (Frankfurt TecDAX: SOW) first-quarter business development showed no discernable influence of the weakening economy on IT-demand. In particular, the US, the most important market, remained robust. The data management business of the core ETS business division achieved its ambitious goals with growth of 9% globally, at constant currency rates. In the new webMethods business division, the full extent of revenue potential in Europe and Asia is yet to be reached, while in the United States, the revenue for integration software showed substantial growth. Due to rising process efficiencies based on the synergy effects from the webMethods acquisition, the operating results (EBIT) rose by 44% and the EBIT margin rose to 22.6% (20.0% in Q1, 2007). The earnings per share (EPS) at €0.79 is a new record for the first quarter and gives Software AG a very good start towards achieving the full year target.

Group revenues (IFRS) amounted to €159.4 million (2007: €124.7 million). Foreign currency based revenue reached a new record of 67%. Revenues increased by 37%, at constant currency rates, licensing revenues (currency adjusted) were up 28% to €55.4 million (2007: €46.9 million) and the EBIT improved by 44% to €36.0 million (2007: €25.0 million).

Karl-Heinz Streibich, CEO of Software AG, explains: "Our core business of data management is running successfully worldwide. In the field of integration software we are doing very well in the US market, contrary to the general trend. In addition, we have succeeded in concluding deals with large customers in other regions and we have further growth potential."

CFO Arnd Zinnhardt adds: "The strong EBIT growth supports our ambitious projected target operating margin. We are compensating for the current strength of the euro by shifting costs to countries with weaker currencies and further raising the efficiency of our organization."

Total licensing revenue for the webMethods business division was €22.2 million (€13.8 million in Q1, 2007) up 80% at constant currency rates. The webMethods earnings were significantly improved, contributing €21.7 million, before administration and R&D costs, to the company's operating result as against a zero contribution in 2007. The success in the important US IT market underscores the quality of the products, the efficiency of the US sales organization and the successful integration of the acquired US company. The development of the business division in other regions should follow the dynamic US performance in the course of 2008. Contributing factors include a series of larger projects currently in development and the resulting raised awareness amongst customers and partners of the capabilities of the leading edge webMethods product suite.

The ETS business division reported revenues up 9% (at constant currency rates) to €90.7 million in the first quarter, (€88.3 million in Q1, 2007), 57% of total revenue. License operating revenues were €33.5 million (€33.1), up 8% net of currency effects. Of particular significance was the growth of maintenance revenue, up 7% at constant currency rates.

On the basis of the first quarter business development, the Executive Board confirmed the forecast for 2008: growth of Group revenue of between 24-27% (at constant currency) and an EBIT margin expected to reach 24%.

€ million (except EBIT margin and EPS)	Q1-2008	Q1-2007	Changes		Guidance 2008
			Δ	Δ Currency adjusted	
Operating revenues					
Group revenues	161,5	124,7	+30%	+38%	22-25%
- Licensing revenues	55,7	46,9	+19%	+29%	
- Maintenance revenues	61,2	44,5	+38%	+48%	
- Business Line ETS	91,1	88,3	+3%	+9%	
- Business webMethods	70,4	36,4	+93%	+109%	
Financial statements (IFRS)					
Group revenues	159,4	124,7	+28%	+37%	24-27%
- Licensing revenues	55,4	46,9	+18%	+28%	24-28
- Maintenance revenues	59,4	44,5	+33%	+44%	26-28
EBIT	36,0	25,0	+44%	-	
EBIT margin (in percent)	22,6%	20,0%		-	24%
Net income	22,5	17,8	+26%	-	
Earnings per share (in €)	0,79	0,63	+25%	-	
Free Cashflow	34,0	22,2	+53%		

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Software AG's 4,000 global customers achieve measurable business results by modernizing and automating their IT systems and rapidly building new systems to meet growing business demands. The company's industry-leading product portfolio includes best-in-class solutions for managing data, enabling service oriented architecture, and improving business processes. By combining proven technology with industry expertise and best practices, our customers improve and differentiate their businesses - faster.

Software AG has more than 38 years of global IT experience and approx. 3,600 employees serving customers in 70 countries. The company is headquartered in Germany and listed on the Frankfurt Stock Exchange (TecDAX, ISIN DE 0003304002 / SOW). Software AG posted total revenues of €621 million in 2007.

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