

PRESS RELEASE

Software AG confirms strong Increase in Revenue, Earnings and Profitability in the first quarter 2016

[Please note: All revenue-related percentage figures in the text are net of currency]

Darmstadt, Germany, April 26, 2016 - Software AG (Frankfurt TecDAX: SOW) today confirmed its preliminary key financial figures (IFRS, preliminary) for the first quarter 2016 released on April 12. The company continued its successful transformation with further improvements in all key performance parameters. Total revenue improved by +9 percent, driven by strong total license sales of growth of +31 percent. Product revenue (Licenses + Maintenance) increased by +11 percent, while Services improved by +2 percent. The company's database business, *Adabas & Natural (A&N)*, grew by +20 percent. The *Digital Business Platform (DBP)* improved by +6 percent. Along with positive revenue development, the Group also materially increased its profitability again, due to organic growth and operational efficiency improvements: the earnings before interest and taxes (EBIT) increased by +55 percent and operating earnings (EBITA, non-IFRS) by +23 percent. Accordingly, the operating earnings margin (EBITA, non-IFRS) was at 29 percent. Based on this positive business development in the first quarter, Software AG confirmed its outlook for the full year 2016.

Development of the business divisions

The **Digital Business Platform (DBP)** achieved license revenue of EUR 32.7 million (Q1 2015: EUR 31.1 million) in the first quarter – a plus of 7 percent over the previous year. Maintenance revenues amounted to EUR 61.9 million (Q1 2015: EUR 59.9 million), approximately 5 percent over the same period. Accordingly, total DBP product revenue (Licenses + Maintenance) amounted to EUR 94.6 million in the first quarter (Q1 2015: EUR 91.0 million), up 6 percent.

The **Adabas & Natural (A&N)** business line recorded revenue of EUR 63.6 million (Q1 2015: EUR 55.4 million) – a plus of 20 percent. License sales increased to EUR 26.4 million (Q1 2015: EUR 15.5 million) which equals a significant improvement of 79 percent, reflecting early closing of deals and the strong commitment of the A&N customer base to continue to run their critical business applications on Software AG's proven technology. A&N maintenance reached EUR 37.0 million (Q1 2015: EUR 39.8 million).

Revenues in the **Consulting** line of business were EUR 48.0 million (Q1 2015: EUR 47.7 million) which equals an improvement of 2 percent.

Total revenue and earnings development

Software AG's **total revenue** in the quarter under review was EUR 206.2 million (Q1 2015: EUR 194.1 million), an increase of 9 percent. The company's **product revenue** (Licenses + Maintenance) was up 11 percent for the quarter at EUR 158.0 million (Q1 2015: EUR 146.2 million). The **license revenue** for the reporting quarter was EUR 59.1 (Q1 2015: EUR 46.5 million), representing a 31 percent rise. The Group's **maintenance revenue** reached EUR 98.9 million (Q1 2015: EUR 99.7 million) – a growth of 2 percent at constant currency.

The company's earnings before interest and taxes **EBIT** in the first quarter was EUR 45.3 million (Q1 2015: EUR 29.3 million), a plus of 55 percent. This corresponds an **EBIT margin** of 22 percent (Q1 2015: 15 percent). The **operating earnings** (EBITA, non-IFRS) increased strongly due to higher product revenue, an improved sales mix as well as higher efficiencies, reaching EUR 59.1 million (Q1 2015: EUR 48.1 million) in the quarter reported – an improvement by 23 percent. Accordingly, the **operating earnings margin** (non-IFRS) reached 29 percent (Q1 2015: 25 percent).

In the first quarter 2016 the **net income** increased by +57 percent to EUR 29.5 (Q1 2015: EUR 18.7) million, meanwhile **earnings per share** rose to EUR 0.39 (Q1 2015: EUR 0.24).

Software AG's **equity ratio** was 59 percent (Q1 2015: 60 percent).

Free Cash Flow reached with EUR 60.5 million (Q1 2015: EUR 60.3 million) previous year's level.

Employees

As of March 31, 2016 Software AG had 4,299 (Q1 2015: 4,367) employees worldwide. Of that total, 1,853 (Q1 2015: 1,861) worked in Consulting and Service, 833 (Q1 2015: 967) in Sales and Marketing, 1,011 (Q1 2015: 962) in Research and Development and 602 (Q1 2015: 622) in Administration.

Outlook 2016

Based on the positive Q1 business development, Software AG confirmed its full year outlook 2016. The company expects a currency-adjusted increase of DBP product revenue between 5 and 10 percent for 2016. For A&N, the Group expects currency-adjusted sales to decline between -4 to -8 percent over the previous year. Moreover, the company expects further improvement of its operating profit margin (EBITA, non-IFRS) reaching 30 to 31 percent.

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Key Figures for Q1 2016 (IFRS, unaudited)

in € millions	Q1/2016	Q1/2015	Δ in % as stated	Δ in % net of currency
Total revenue	206.2	194.1	+6	+9
Product revenue	158.0	146.2	+8	+11
Maintenance revenue	98.9	99.7	-1	+2
License revenue	59.1	46.5	+27	+31
Digital Business Platform	94.6	91.0	+4	+6
<i>as % of total revenue</i>	46%	47%		
DBP maintenance	61.9	59.9	+3	+5
DBP licenses	32.7	31.1	+5	+7
Adabas & Natural	63.6	55.4	+15	+20
<i>as % of total revenue</i>	31%	29%		
A&N maintenance	37.0	39.8	-7	-4
A&N licenses	26.4	15.5	+70	+79
Consulting	48.0	47.7	+1	+2
<i>as % of total revenue</i>	23%	25%		

EBIT*	45.3	29.3	+55	
<i>as % of total revenue</i>	22%	15%		
Operating Earnings (EBITA, non-IFRS) **	59.1	48.1	+23	
<i>as % of total revenue</i>	29%	25%		
Net income (IFRS)	29.5	18.7	+57	
Earnings per share (in EUR)	0.39	0.24	+63	
Free Cash Flow	60.5	60.3	+0	
	March 31, 2016		March 31, 2015	
Net liquidity/debt	27.1		-25.7	
Equity ratio (in %)	59		60	
Employees (FTE)	4,299		4,337	

* = consolidated net income + income tax + other tax + financial result

** = EBITA adjusted for reduction of acquisition-related product revenue by purchase price allocation, other acquisition effects, share-based payment, restructuring/severance payments and operating income of divested units


About [Software AG](#)

Software AG empowers customers to innovate, differentiate and win in the digital world. Its products help companies combine existing systems on-premise and in the cloud into a single platform to optimize and digitize their businesses. The combination of process management, data integration and real-time analytics in one *Digital Business Platform* enables customers to drive operational efficiency, modernize their systems and optimize processes for smarter decision-making. Building on over 45 years of customer-centric innovation, Software AG is ranked a leader in many innovative IT categories. Software AG has more than 4,300 employees in 70 countries and had total revenues of €873 million in 2015.

Learn more at www.softwareag.com.

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