

Q1 / 2016 QUARTERLY STATEMENT

Software AG with Strong Start into Financial Year 2016

Revenue

- Total license growth by +31 percent
- Product revenue +11 percent
- Total revenue up +9 percent

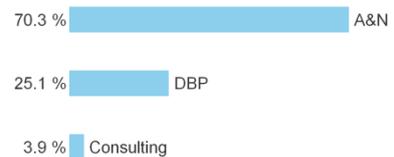
206.2
MILLION EURO
REVENUE



Segments

- Adabas & Natural business +20 percent
- Digital Business Platform grows +6 percent
- Consulting revenue +1 percent

SEGMENT MARGIN



Earnings

- Profitability increased substantially: EBIT +55 percent
- Operating earnings (EBITA, non-IFRS) +23 percent
- Operating earnings margin at 29 percent



EBIT
+54.6%

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

Management's assessment of first-quarter results

The Q1 financial results underline the success of our leading digital portfolio, our total customer focus, high operational efficiency and Software AG's value strategy. The company continued its successful transformation reporting further improvements in all key performance parameters. The positive quarterly result is also based on the improved revenue mix, organic growth due to a leading market position with our digital product portfolio, and the gradual extension of a strong project pipeline. Furthermore, Software AG's intention to support its A&N client base with specific measures beyond 2050 was very well perceived by customers. In the first quarter several customers closed contracts early, leading to a strong increase in sales and segment earnings in the Adabas & Natural business line, thus stabilizing our sales forecast for the full year 2016. Focusing on organic growth, process optimization and financial discipline enables us to continue the good earnings performance of the previous year and to drive profitable growth in the long-term interest of our shareholders, customers and employees.

Key Group Figures as of March 31, 2016

(IFRS, unaudited)

In €millions (unless otherwise stated)	3 Months 2016	3 Months 2015	Change as %	At constant currency as %
Revenue	206.2	194.1	6%	9%
By Type				
Products	158.0	146.2	8%	11%
Services	47.9	47.7	0%	2%
Other	0.3	0.2		101%
By Business Line				
Digital Business Platform	94.6	91.0	4%	6%
Adabas & Natural	63.6	55.4	15%	20%
Consulting	48.0	47.7	1%	2%
EBIT*	45.3	29.3	55%	67%
as % of revenue	22.0%	15.1%		
Net income	29.5	18.7	58%	
as % of revenue	14.3%	9.6%		
Earnings per share in € (basic)	0.39	0.24	63%	
Earnings per share in € (diluted)	0.38	0.24	58%	
Free cash flow	60.5	60.3	0%	
Employees (full-time equivalents)	4,299	4,367		
of which in Germany	1,144	1,188		
of which in R&D	1,011	962		
Balance Sheet	31.03.2016	31.12.2015		
Total assets	1,866.8	1,814.8		
Cash and cash equivalents	383.7	300.6		
Net debt	27.1	-25.7		
Shareholders' equity	1,097.4	1,089.7		
as % of total assets	58.8%	60.0%		

*EBIT: Consolidated net income + income taxes + other taxes + net financial income/expense

Outlook 2016

Based on the positive Q1 business development, Software AG confirmed its full year outlook 2016 which was first published in January 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 develop 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.

Consolidated Income Statement for the First Quarter 2016

(IFRS, unaudited)

in € thousands	Q1 2016	Q1 2015	Change as %	At constant currency as %
Licenses	59,070	46,541	27%	31%
Maintenance	98,925	99,702	-1%	2%
Services	47,886	47,636	1%	2%
Other	348	178	96%	101%
Total Revenue	206,229	194,057	6%	9%
Cost of Sales	-56,046	-54,768	2%	3%
Gross Profit	150,183	139,289	8%	11%
Research and development expenses	-27,511	-27,392	0%	0%
Sales, marketing and distribution expenses	-59,564	-64,132	-7%	-6%
General and administrative expenses	-19,210	-20,088	-4%	-3%
Other taxes	-1,335	-1,571	-15%	-3%
Operating earnings	42,563	26,106	63%	75%
Other income / expense, net	1,448	1,651	-12%	
Financial expense, net	-476	-1,361	-65%	
Profit before income taxes	43,535	26,396	65%	
Income Taxes	-14,069	-7,683	83%	
Net income	29,466	18,713	57%	
Thereof attributable to shareholders of Software AG	29,429	18,670	58%	
Thereof attributable to non-controlling interests	37	43		
Earnings per share in € (basic)	0.39	0.24	63%	
Earnings per share in € (diluted)	0.38	0.24	58%	
Weighted average number of shares outstanding (basic)	76,231,631	78,918,844		
Weighted average number of shares outstanding (diluted)	76,589,691	78,918,844		

Consolidated Balance Sheet as of March 31, 2016

(IFRS, unaudited)

Assets (in € thousands)	Mar. 31, 2016	Dez. 31, 2015
Current Assets	659,987	584,183
Cash and cash equivalents	383,719	300,567
Other financial assets	21,929	11,840
Trade receivables and other receivables	212,126	232,576
Other non-financial assets	17,432	14,794
Income tax receivables	24,781	24,406
Non-current assets	1,206,813	1,230,586
Intangible assets	145,487	157,438
Goodwill	883,212	899,954
Property, plant and equipment	55,301	56,221
Other financial assets	31,272	24,547
Trade receivables and other receivables	73,727	75,090
Other non-financial assets	64	82
Income tax receivables	6,525	6,215
Deferred tax receivables	11,225	11,039
Total Assets	1,866,800	1,814,769
Equity and Liabilities (in € thousands)	Mar. 31, 2016	Dez. 31, 2015
Current liabilities	439,908	439,542
Financial liabilities	105,127	113,033
Trade payables and other liabilities	33,465	33,016
Other non-financial liabilities	80,708	112,932
Other provisions	47,636	28,329
Income tax liabilities	23,690	28,626
Deferred income / revenue	149,282	123,606
Non-current liabilities	329,501	285,498
Financial liabilities	251,456	213,247
Trade payables and other liabilities	0	90
Other non-financial liabilities	1,625	1,719
Other provisions	10,981	17,897
Provisions for pensions and similar obligations	33,914	35,644
Deferred tax liabilities	21,951	16,723
Deferred income/revenue	9,574	178
Equity	1,097,391	1,089,729
Share capital	79,000	79,000
Capital reserves	40,504	40,504
Retained earnings	1,076,574	1,047,145
Other reserves	-27,612	-5,808
Treasury shares	-71,596	-71,596
Attributable to shareholders of Software AG	1,096,870	1,089,245
Non-controlling interests	521	484
Total Equity and Liabilities	1,866,800	1,814,769

Consolidated Statement of Cash Flows for the First Quarter 2016

(IFRS, unaudited)

in € thousands	Q1 2016	Q1 2015
Net income	29,466	18,713
Income taxes	14,069	7,683
Net financial income/expense	476	1,361
Amortization/depreciation of non-current assets	10,037	13,643
Other non-cash income/expense	-4,794	6,904
Operating cash flow before changes in working capital	49,254	48,304
Changes in receivables and other current assets	15,896	11,987
Changes in payables and other liabilities	11,533	20,392
Income taxes paid	-14,649	-18,249
Interest paid	-2,130	-2,879
Interest received	1,969	1,945
Net cash provided by operating activities	61,873	61,500
Proceeds from the sale of property, plant and equipment/intangible assets	90	203
Purchase of property, plant and equipment/intangible assets	-1,585	-1,550
Proceeds from the sale of other financial assets	133	138
Purchase of other financial assets	-38	-21
Proceeds from the sale of current other financial assets	0	4,216
Purchase of current other financial assets	-15,000	-3
Proceeds from the sale of disposal group	0	-1,000
Net cash used in investing activities	-16,400	1,983
Additions to financial liabilities	43,335	2,137
Repayments of financial liabilities	-3,081	-819
Net cash provided by/used in financing activities	40,254	1,318
Change in cash and cash equivalents from cash relevant transactions	85,727	64,801
Currency translation adjustment	-2,575	19,916
Net change in cash and cash equivalents	83,152	84,717
Cash and cash equivalents at the beginning of the period	300,567	318,396
Cash and cash equivalents at the end of period	383,719	403,113
Free Cash Flow	60,473	60,270

Segment Report for the First Quarter 2016

(IFRS, unaudited)

in €thousands	A&N		DBP		Consulting		Reconciliation		TOTAL	
	Q1 16	Q1 15	Q1 16	Q1 15	Q1 16	Q1 15	Q1 16	Q1 15	Q1 16	Q1 15
Licenses	26,418	15,477	32,652	31,064	0	0			59,070	46,541
Maintenance	37,029	39,767	61,896	59,935	0	0			98,925	99,702
Product revenue	63,447	55,244	94,548	90,999	0	0			157,995	146,243
Services	0	0	0	0	47,886	47,636			47,886	47,636
Other	187	159	10	0	151	19			348	178
Total revenue	63,634	55,403	94,558	90,999	48,037	47,655			206,229	194,057
Cost of sales	-3,185	-3,381	-8,276	-7,023	-41,767	-39,127	-2,818	-5,237	-56,046	-54,768
Gross profit	60,449	52,022	86,282	83,976	6,270	8,528	-2,818	-5,237	150,183	139,289
Sales, Marketing & Distribution expenses	-10,289	-8,732	-40,398	-46,078	-4,399	-4,763	-4,478	-4,559	-59,564	-64,132
Segment contribution	50,160	43,290	45,884	37,898	1,871	3,765	-7,296	-9,796	90,619	75,157
R&D expenses	-5,397	-5,439	-22,114	-21,953	0	0	0	0	-27,511	-27,392
Segment result	44,763	37,851	23,770	15,945	1,871	3,765	-7,296	-9,796	63,108	47,765
General and administrative expenses									-19,210	-20,088
Other taxes									-1,335	-1,571
Operating result									42,563	26,106
Other income, net									1,448	1,651
Financial expense, net									-476	-1,361
Profit before income taxes									43,535	26,396
Income Taxes									-14,069	-7,683
Net income									29,466	18,713

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