

PRESS RELEASE

Software AG Returns Significant Growth in First Quarter 2010

- Total revenue up through M&A and organically by 51 percent to €250 million
- Operating results (EBIT) up 22 percent to €46.6 million
- Earnings per share (EPS) up 10 percent to €0.98
- Significant 39 percent increase in free cash flow to €59.8 million
- Software AG confirms forecast for fiscal year

Darmstadt, Germany, April 27, 2010 - Software AG (Frankfurt TecDAX: SOW) is off to a strong start in 2010, continuing on the growth path it began in 2003. First-quarter total revenue was posted at €250.3 million, a 51 percent increase year-on-year. In the same period, product revenue grew 20 percent to €146.7 million. Free cash flow, which had been climbing progressively over the past few quarters, dynamically rose by 39 percent in the first quarter. This higher Free Cash Flow expanded the Company's capability to further drive growth. The slight upswing in IT demand that became apparent early in the year had a positive impact on the first quarter. The Company expects an increased volume of large-scale projects in the Process Innovation division and confirms its outlook for the fiscal year.

"Our continuous growth is proof that Software AG is well positioned globally," states Software AG CEO, Karl-Heinz Streibich. "By focusing on excellent processes we have delivered exactly what customers need. Integration with IDS Scheer is progressing according to plan, and, together, we are breaking new ground in process innovation."

Revenue by segment

The webMethods integration software division, including service-oriented architecture (SOA) and business process management (BPM), achieved 9 percent growth in first-quarter revenue to €81.4 million. Licensing revenue for this division increased 10 percent over the same period in the previous year. The ETS (Adabas, Natural) data management business division posted revenue almost equaling that of last year's at €89.1 million (€90.7 million) million. The Enterprise Process Innovation division, which represents the IDS Scheer business, contributed €79.8 million in total to Software AG's revenue growth. Of that, products (ARIS and third-party products) contributed €21.0 million and services and consulting (IDS Scheer Consulting and product implementation) €58.8 million.

Earnings and cash flow

Successful sales with the new products combined with effective cost management resulted in increased earnings in the first quarter. Cost ratios were reduced as were absolute costs, which fell below those of the fourth quarter of 2009 - the first quarter of complete consolidation with IDS Scheer AG. Software AG's operating earnings in the first quarter of 2010 were up 22 percent to €46.6 million (2009: €38.1 million). Net income grew almost 9 percent to €28.0 million although the tax rate (33 percent) remained about the same and interest payments (€4.6 million) were higher due to acquisitions. Earnings per share were up at €0.98 (2009: €0.90).

The repeated increase in free cash flow in the first quarter was particularly encouraging, up 39 percent year-on-year to €59.8 million. This positive development was a result of effective receivables management facilitated by excellent internal business processes.

“High, sustainable cash flow guarantees that we have adequate liquidity, which is necessary to sustainably ensure innovation and growth,” said Software AG CFO, Arnd Zinnhardt. “We are making headway in realizing the financial goals associated with the integration of IDS Scheer AG.”

Integration of IDS Scheer and Software AG progressing as planned

Operational integration of IDS Scheer began in February 2010 in the central administrative departments and will continue at the foreign subsidiaries. To further accelerate the process, the merger of the companies is being prepared. To that end, IDS Scheer AG shares will be exchanged for Software AG shares. The exchange rate will be based on a value assessment of the five-year plans of both companies. A preliminary value per share was calculated at €138.96 for a Software AG share and €16.74 per an IDS Scheer share.

Outlook

The operational results showed the normal seasonal effects. In light of the persistently difficult economic climate, this can be considered a very positive indication of upcoming business development. Customers at CeBIT expressed strong interest in innovative IT solutions to optimize business processes. The merger of IDS Scheer and Software AG in both the product and consulting businesses will generate cost benefits and competitive advantages. The Company therefore confirms the outlook for fiscal year 2010 which was published in February, with total revenue growth between 25 and 30 percent and product revenue growth between 12 and 15 percent, at constant currency rates. Accordingly, an increase in net income and earnings per share is expected between 8 and 12 percent.

Key Figures

in € million	Q1 2010	Q1 2009	Change
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Group revenue	250.3	165.3	+51%
- Product revenue	146.7	122.5	+20%
- Licensing revenues	61.2	49.3	+24%
- Maintenance revenues	85.4	73.2	+17%
EBIT	46.6	38.1	+22%
Net income	28.0	25.6	+9%
Earnings per share (in €)	0.98	0.90	+10%
Free cash flow	59.8	43.0	+39%
Total employees	5,936	3,640	
- Employees in Germany	2,185	851	

About Software AG

Software AG is the global leader in Business Process Excellence. Our 40 years of innovation include the invention of the first high-performance transactional database, Adabas; the first business process analysis platform, ARIS; and the first [B2B](#) server and [SOA](#)-based integration platform, webMethods.

We are unique in offering the world's only end-to-end - and easiest to use - [business process management \(BPM\)](#) solutions, with the lowest Total-Cost-of-Ownership. Our industry-leading brands, ARIS, webMethods, Adabas, Natural and IDS Scheer Consulting, represent a unique portfolio for: process strategy, design, integration and control; SOA-based integration and data management; process-driven SAP implementation; and strategic process consulting and services.

Software AG had revenues of € 847 million in 2009 and has more than 6,000 employees serving 10,000 enterprise and public institution customers across 70 countries. Our comprehensive software and services solutions allow companies to continuously achieve their business results faster. The company is headquartered in Germany and listed on the Frankfurt Stock Exchange (TecDAX, ISIN DE 0003304002 / SOW).

About IDS Scheer

IDS Scheer is part of the Software AG Group and a leading provider of Business Process Management (BPM) software, solutions and services for corporations and public organizations worldwide. With the ARIS Platform for Process Excellence, the company offers an integrated, comprehensive solution portfolio for the strategy, design, implementation and controlling of business processes; allowing companies to continuously improve their overall business performance. Utilizing the ARIS Value Engineering (AVE) approach, IDS Scheer consultants bridge the gap between corporate strategy, business processes, IT solutions and process controlling

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