

07.02.2013 – 20:29 Uhr

EANS-Adhoc: Software AG / Software AG decides on share buyback

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Buybacks
07.02.2013

Software AG's executive board (TecDAX, ISIN DE 0003304002 / SOW) today decided,
on the basis of the authority granted by the general meeting of 21 May 2010 and
with the approval of the supervisory board, to conduct a buyback of own shares
in a value of up to EUR 180 million (excluding ancillary cost) during the period
until 31 December 2013 at the latest. The limit for a share buyback is 10 per
cent of the share capital as of 21 May 2010 (equals 8.613.744 shares). It is
intended that the share buyback will be conducted through a bank and exclusively
on the stock exchange. The shares bought back may be used for all purposes
permissible under the above mentioned authority and applicable stock corporation
law.

Darmstadt, 7 February 2013
Software AG, Uhlandstr. 12, 64297 Darmstadt

end of ad-hoc-announcement

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Software AG has repeatedly obtained the authorization for share repurchases at
the Annual General Meeting, but this has only been used to a small extent: 0.4
million in 2010. The cash allocation priority has been based on dividend
continuity and financing acquisitions (or the repayment of related debt).
Following is further information to the regulatory disclosure:

1) Why a share buyback now?

- a. Software AG's cash on the balance sheet, posted at the end of 2012, was
EUR316 million. The current interest rate level is not attractive and is in fact
below Software AG's dividend yield (1.6% based on the last dividend payment of
EUR 0.46 cents and current share price).
- b. The current share price is, from the point of view of the Executive Board,
unexpectedly low and attractive for a repurchase (therefore the decision has
just been taken and was not planned before January 29, 2013).
- c. Currently there is no other use for the free cash than an investment in the
capital market.

2) Why this amount (EUR180 million)?

- a. The volume corresponds to the excess cash which would otherwise be invested
in the capital market.
- b. This amount takes into account the free cash that will be available in the
course of fiscal year 2013.

3) How will the repurchased shares be used?

- a. The repurchased shares may be used for any purpose permissible under the
relevant shareholders resolution of the Annual General Meeting of 21 May 2010
and applicable corporation stock law. The resolution states the following
purposes:
 - i. Delivery of shares to the holders of warrants or convertible bonds.
 - ii. 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.
 - iii. 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 published EPS outlook 2013
(in the range of EUR1.70 to EUR1.80)?

- a. The 2013 outlook and the earnings per share forecast were established and

published before the decision on the repurchase was taken. Therefore the program could not be taken into account

- b. Through the share buyback the reported earnings per share will tend to increase - to the extent that the treasury shares will reduce the current number of shares outstanding (86.917 million shares).
- c. With the full exercise of the announced share repurchase program by the end of 2013, the published earnings per share forecast may increase by up to EUR0.13.

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 cash-out ratio in recent years was in the corridor of 20-25% of net income.

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

- a. No effect, Software AG will continue to buy software companies that:
 - i. Bring technological additions to the product portfolio (technology tuck-ins) or
 - ii. Provide innovative growth kernels - such as Terracotta - 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.

Further inquiry note:

Otmar F. Winzig

Senior Vice President

Investor Relations & Compliance

Otmar.Winzig@softwareag.com

Tel.: +49 (0)6151 92 1669

Fax: +49 (0) 6151 92 341669

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issuer: Software AG

Uhlandstr. 12

D-64297 Darmstadt

phone: +49 (0)6151 92 1899

FAX: +49 (0) 6151 92 1933

mail: investor.relations@softwareag.com

WWW: <http://www.softwareag.com>

sector: Software

ISIN: DE0003304002

indexes: TecDAX, CDAX, HDAX, Prime All Share, Technology All Share

stockmarkets: free trade: Hannover, Berlin, Hamburg, Düsseldorf, Stuttgart,
regulated dealing/prime standard: Frankfurt

language: English

Original-Content von: Software AG, übermittelt durch news aktuell

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