

Software AG Announces IDS Scheer AG Takeover Offer

The merger will establish a new global player in infrastructure software and Business Process Management (BPM)

Software AG (TecDAX, ISIN DE 0003304002 / SOW) today closed a contract with Prof. Dr. Dr. h.c. mult. August-Wilhelm Scheer and Prof. Dr. Alexander Pocsay for the transfer of ca. 48% of the outstanding shares of IDS Scheer (TecDAX, ISIN DE 0006257009 /IDS). The sale of these shares will be part of a public tender offer by SAG Beteiligungs GmbH, a wholly-owned subsidiary of Software AG, starting in the current quarter. Software AG will offer €15 in cash per outstanding share of IDS Scheer capital. This represents a purchase price for the entire share capital of around €487 million. After obtaining regulatory approval, the formal offer period will start in August and finish before the end of September. As ca. 48% of the shares have been contractually secured it is not necessary to set a minimum quota. The term and conditions of the offer for outstanding shares will be detailed in the offer document. The offer is subject to the approval of the relevant antitrust authorities. Prof. Scheer, the founder and Chairman of the Supervisory Board of IDS Scheer AG, and Prof. Pocsay, co-founder and Vice Chairman of the Supervisory Board of IDS Scheer AG, have committed themselves to accepting the offer for all of their IDS Scheer shares. The transaction will create a global producer of infrastructure software and Business Process Management software with more than 6,000 employees and more than €1 billion in revenue. Software AG's strengths: technology leadership in middleware software, financial strength and a global presence will complement IDS Scheer's strengths: the modelling, implementation and controlling of business processes, a strong partner network and a large service presence in their approx. 7,500 customer base. IDS Scheer also offers extensive industry expertise and direct access to vertical markets and a strong presence in the SAP consulting business. The combination of both leading technologically and complementary product portfolios for the digitisation and implementation of business processes of both companies will be unique and give the combined company a sustainable and strengthened competitive position in a rapidly consolidating software market. In particular, by reaching a critical size in more key European markets, the company market access will be significantly improved. In addition, the consulting expertise of IDS Scheer will allow Software AG to increase market penetration of its own products in industry-specific and large projects. Software AG will benefit from increased visibility and influence in the growing market for Business Process Management (BPM) technology. The merger will also create a new powerful service provider for the integration of SAP solutions in heterogeneous application landscapes. This will provide efficient, web-based IT systems providing customers a real competitive advantage. The integration and re-use of existing software on the basis of service-oriented Architectures (SOA) allows customers to digitalise their business processes and provides a quantum leap in productivity. The joint company strategy will be clearly focused on growth. The growth drivers will be increased revenue of the combined product offering, an enhanced market access and the specialist expertise of IDS Scheer's consultancy business. This consulting expertise will benefit customers-specific implementation of service-oriented Architectures (SOA) and BPM solutions, particularly in an SAP environment. The combination of the two successful business models is expected to be accretive to Software AG's operating earnings per share already in the first full fiscal year of consolidation (2010). For IDS Scheer business, the merger provides opportunities for enhanced growth, for the long-term future and globalisation of the ARIS brand as well as a secure, long-term future in a consolidating software market. Both companies have strong brands, an excellent global reputation and a high degree of cultural affinity. Both IDS Scheer and Software AG employees will have the opportunity to work for a large, rewarding company; the technology leader in infrastructure and process management software with long-term and international career opportunities. Software AG is confident that IDS Scheer management and the entire workforce will support this initiative. Saarbrücken is today an important location for the IT industry in Germany and will remain so. Results 2nd Quarter 2009 According to preliminary figures, Software AG will report a total of approximately €175-€177 million for the 2nd Quarter of 2009. This represents an increase of 4-5 percent compared to the same quarter in 2008. Growth driver was again largely due to the profitable product business (licenses and maintenance), which increased by more than 8 percent to about €133 to €134 million meeting expectations. Lower service revenue (approximately €42 to €43 million) than in the previous year (€45.6 million) weakened growth, without affecting earning power to any appreciable extent. Therefore, Software AG expects the 2nd Quarter of 2009 will have an increase in the EBIT margin, compared to the previous year, to about 25 percent (previous year: 24.3%) and a significantly improved free cash flow (approximately €29 million, up more than 25 percent over the previous year). Outlook 2009 The proposed acquisition will change Software AG's revenue expectations for the full year 2009, to date forecast at four to eight percent growth (currency adjusted). Depending on the date of first consolidation of IDS Scheer AG the growth rate can be significantly exceeded. A concrete prognosis can only be given after the closing of the acquisition, at the earliest with the results of the 3rd quarter. This also applies to the forecast of synergies and the expected EBITDA margin of the consolidated results. About Software AG Software AG is the world's largest independent provider of Business Infrastructure Software. Our 4,000 global enterprise customers achieve business results faster by modernising, integrating and automating their IT systems and processes. As a result, they rapidly build measurable business value and meet changing business demands. Based on our solutions, organisations are able to liberate and govern their data, systems, applications, processes and services – achieving new levels of business flexibility. Our leading product portfolio includes solutions for high performance data management, developing and modernizing applications, enabling service-oriented architecture, and improving business processes.

By combining our technology with industry expertise and best practices experience, our customers improve and differentiate their businesses – faster. Software AG has 40 years of global IT experience and over 3,500 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 €721 million in 2008. Software AG – Get There Faster