



**Interim Report
Q1 2013**





SNP | The Transformation Company

About SNP

With the help and support of SNP AG, companies can increase the speed with which they implement changes and adapt their IT landscapes to ever-changing business conditions in a faster and more economical way. To achieve this, the software company has developed SNP Transformation Backbone, the world's first standard software for the automated analysis and standardised implementation of changes in IT systems. The transformation platform is based on the experience gathered in over 1,500 projects around the world. The Company, which was formed in 1994, has bundled this with its software-related services for Business Landscape Transformation.

In 2012, more than 200 employees in Europe, South Africa and the USA generated revenue of € 27.2 million. SNP AG, whose headquarters are in Heidelberg, went public in 2000 and has been listed in the General Standard of the Frankfurt Stock Exchange since 2003.

For further information: www.snp-ag.com

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Interim Report Q1 2013

for the period from 1 January to 31 March 2013

Positive outlook for year despite weak start

- Revenue of €5.4 million after the first three months (previous year: €7.3 million)
- Negative EBIT of €-0.8 million (previous year: €1.2 million)
- Actions in place
- Guidance for the full year confirmed

SNP Schneider-Neureither & Partner AG, which is listed in the General Standard of the Frankfurt Stock Exchange (ISIN DE0007203705), has reported a disappointing first quarter of the 2013 financial year. In particular, the specialist for standardised IT transformations recorded significantly lower revenue and a net loss for the first two months of the year. Although business development picked up again in March, this was not sufficient to offset the downturn in revenue in the previous two months. Revenue for the first three months totalled €5.4 million (previous year: €7.3 million). The weak order situation and the higher cost base following the expansion of the Company's in-house development, sales and marketing activities meant that earnings were also negative. At €-0.8 million, earnings before interest and taxes (EBIT) were down significantly on the prior-year figure of €1.2 million.

Andy Watson, member of the Executive Board and CFO/COO of SNP AG, commented on the Company's performance in the first quarter: "Both segments have seen a disappointing start to the new financial year. We knew it would not be easy to repeat the level of revenue we recorded in the same period of the previous year, when we concluded a number of major orders, but we did not expect to see quite such a sharp downturn in January and February in light of the many customer meetings we are holding and the positive progress we have made in discussions with our partners. Despite this, revenue

from software licences and consultancy services have failed to meet our expectations by some distance. As we have made significant investments in development, marketing and sales in recent quarters in line with our strategy – we have of course a higher cost base – the lower level of revenue has had a direct impact on earnings. These investments are however important in order to enable the further growth of the SNP Group.

Nevertheless, software revenue from partner sales and via our national subsidiaries has picked up again recently, amounting to around €0.7 million in March. Consultancy activities are also seeing a positive trend, as the licences sold are accompanied by consultancy agreements that will be realised over the coming months."

Lower revenue in both segments

In the first quarter of 2013, consolidated revenue decreased by around 26% year-on-year to €5.4 million (previous year: €7.3 million). The Software-related Services segment is now reported as Professional Services for the purposes of the Company's financial reporting. Revenue in this segment, which primarily comprises consultancy services, fell by around 21% to €4.2 million due to the lower level of utilisation as against the unusually strong first quarter of the previous year (€5.4 million). In the Software segment, revenue declined by around 42% year-on-year to €1.1 million (previous year: €2.0 million). This was due in particular to longer than expected sales cycles in the Company's partner sales and the general reluctance among some customers, too. Contrary to management expectations, the Company has yet to report any major successes in the wake of the postponed customer decisions on the placement of major orders in the previous year. However, the Executive Board still believes it is highly likely that success will be realised over the coming quarters.

Earnings additionally impacted by higher fixed costs

The expansion of the workforce in the areas of development, sales and marketing resulted in a significant increase in personnel expenses, which amounted to €4.44 million in the period under review (previous year: €4.03 million). The ratio of personnel expenses to revenue increased from 55% in the same period of the previous year to 82%. The number of employees amounted to 223 as of 31 March 2013, thereby remaining constant as against 31 December 2012 (31 March 2012: 195 employees). Other operating expenses were largely unchanged year-on-year at €1.45 million (previous year: €1.47 million).

The higher cost base in conjunction with lower revenue resulted in negative earnings before interest and taxes (EBIT) of €-0.84 million in the period under review (previous year: €1.18 million).

This meant that a consolidated net loss after minority interests of €-0.59 million was recorded in the first quarter of 2013 (previous year: consolidated net profit of €0.75 million). Accordingly, basic and diluted earnings per share amounted to €-0.47 (previous year: €0.66).

Rising order backlog and continued internationalisation

SNP Transformation Backbone is SNP's core product. Increased licence revenue means that, in future, this product will be the growth driver in terms of revenue and profitability in both direct and partner sales. The end of the reporting period saw a return to growth in demand. The SNP Group's order backlog for both segments amounted to €10.23 million as at 31 March 2013, up slightly on the prior-year figure of €9.74 million.

SNP is pressing ahead with its internationalisation in the new financial year. Revenue with customers in Switzerland increased in the first quarter of 2013, while the sales company in South Africa that was formed in the 2011 financial year secured its first major project in cooperation with a partner.

Financial position remains stable

The capital increase implemented in December 2012 meant that cash and cash equivalents increased significantly year-on-year to €9.2 million as at 31 March 2013 (previous year: €6.3 million). The equity ratio improved to 76.5% (31 March 2012: 70.4%). Furthermore, the Company again had no liabilities to banks in the period

under review. This means that SNP AG's financial position remains extremely solid and the Company is ideally positioned to leverage the growth opportunities that present themselves.

Outlook

The Executive Board expects to see an upturn in business development via partner and direct sales. Despite the muted performance in the first quarter, it is still forecasting double-digit revenue growth and an EBIT margin of 14-18% for the 2013 financial year as a whole.

"We have analysed the sales situation over the past months, which failed to meet our expectations. Ultimately, we have had to come to the conclusion that, although we have seen extremely encouraging development in the expansion of our partner business, this has not led to significant orders and revenue as quickly as initially anticipated. Similarly, the expansion of our in-house sales team has encountered some difficulties. The actions we have now initiated are aimed at strengthening our internal operational and organisational structure as a whole, and our sales activities in particular. This is another reason why we expect the revenue and earnings situation to stabilise over the coming months and why we consider the guidance previously published to be realistic. Together with our partners, we have a well-filled pipeline and remain very confident that we will be able to win new major projects and grow licence revenues over the course of the year. The new orders in the USA and South Africa towards the end of the first quarter serve to reinforce this view. Growth in partner business will remain our primary focus over the coming months and will shape the further development of SNP AG," commented Dr. Andreas Schneider-Neureither, Chairman of the Executive Board and CEO of SNP AG.

Heidelberg, 29 April 2013

The Executive Board

SNP Schneider-Neureither & Partner AG, Heidelberg
Consolidated Balance Sheet
 as at 31 March 2013

Assets	31.03.13 € k	31.12.12 € k	31.03.12 € k
Current assets			
Cash and cash equivalents	9,156	10,152	6,279
Trade receivables	6,071	6,900	6,947
Current tax assets	1,466	854	563
Other current assets	762	409	394
	17,455	18,315	14,183
Non-current assets			
Goodwill	2,068	2,068	2,068
Intangible assets	229	260	249
Property, plant and equipment	1,340	1,486	1,758
Participations accounted for in accordance with the equity method	0	0	100
Other non-current assets	34	33	25
Non-current tax assets	12	12	15
Deferred taxes	387	345	161
	4,070	4,204	4,376
	21,525	22,519	18,559
Equity and liabilities	31.03.13 € k	31.12.12 € k	31.03.12 € k
Current liabilities			
Trade payables	667	821	471
Provisions	64	68	65
Tax liabilities	607	665	735
Other current liabilities	3,071	3,226	3,319
	4,409	4,780	4,590
Non-current liabilities			
Provisions for pensions	487	476	455
Deferred taxes	164	180	457
	651	656	912
Equity			
Subscribed capital	1,246	1,246	1,133
Capital reserves	7,189	7,189	2,295
Retained earnings	8,212	8,798	9,727
Other reserves	22	41	25
Treasury shares	-415	-379	-309
Equity attributable to shareholders	16,254	16,895	12,871
Non-controlling interests	211	188	186
	16,465	17,083	13,057
	21,525	22,519	18,559

SNP Schneider-Neureither & Partner AG, Heidelberg

Consolidated Income Statement

for the Period from 1 January to 31 March 2013

	Jan-Mar 2013 € k	Jan-Mar 2012 € k
Revenue	5,390	7,305
Professional Services	4,247	5,353
Licence	907	1,341
Maintenance	236	611
Other operating income	93	36
Cost of materials	-250	-474
Personnel costs	-4,437	-4,025
Other operating expenses	-1,451	-1,471
Other taxes	-5	-4
EBITDA	-660	1,367
Depreciation and impairments on intangible assets and property, plant and equipment	-181	-183
EBIT	-841	1,184
Other financial income	0	13
Other financial expenses	-6	-4
Net financial income	-6	9
EBT	-847	1,193
Income taxes	284	-398
Consolidated net income	-563	795
Of which:		
Profit attributable to non-controlling shareholders	23	50
Profit attributable to shareholders of Schneider-Neureither & Partner AG	-586	745
Earnings per share	€	€
-undiluted	-0.47	0.66
-diluted	-0.47	0.66
Weighted average number of shares	in thousands	in thousands
-undiluted*	1,239	1,129
-diluted*	1,239	1,129

* In the weighted average number of shares the weighted average effect of the acquisition of treasury shares in the first quarter is included (as at 31.03.2013 the company holds 7,294 own shares).

SNP Schneider-Neureither & Partner AG, Heidelberg
Consolidated Cash Flow Statement
 for the Period from 1 January to 31 March 2013

	Jan – Mar 2013 € k	Jan – Mar 2012 € k
Profit after tax	-563	795
Depreciation	181	183
Change in provisions for pensions	11	8
Other non-cash income/expenses	-66	57
Change in trade receivables, Other current assets, Other non-current assets	-136	-979
Changes in trade payables, other provisions, tax liabilities, other current liabilities	-371	-124
Cash flow from operating activities (1)	-944	-60
Payments for investments in property, plant and equipment	-68	-102
Payments for investments in intangible assets	-4	-63
Payments for investments in at-equity participations	0	-100
Proceeds from disposal of tangible fixed assets	56	8
Cash flow used in investing activities (2)	-16	-257
Payments for the acquisition of treasury shares	-36	-99
Cash flow used in financing activities (3)	-36	-99
Cash change in cash and cash equivalents (1) + (2) + (3)	-996	-416
Cash and cash equivalents at the beginning of the fiscal year	10,152	6,695
Cash and cash equivalents at the end of the quarter	9,156	6,279
Composition of cash and cash equivalents:	31 Mar 13 € k	31 Mar 12 € k
Cash and cash equivalents	9,156	6,279
Cash and cash equivalents at the end of the quarter	9,156	6,279

SNP Schneider-Neureither & Partner AG, Heidelberg
Consolidated Statement of Changes in Equity
 for the Period from 1 January 2011 to 31 March 2013

	Subscribed capital € k	Capital reserve € k	Retained earnings € k	Other reserves (Currency conversion) € k	Treasury shares € k	Shareholders of SNP AG attributable capital € k	Non-controlling shares € k	Total equity € k
As of 01.01.2011	1,133	2,295	7,919	31	0	11,378	30	11,408
Acquisition of treasury shares					-210	-210		-210
Dividend payment			-1,926			-1,926		-1,926
Total comprehensive income			2,989	-22		2,967	106	3,073
As of 31.12.2011	1,133	2,295	8,982	9	-210	12,209	136	12,345
Acquisition of treasury shares					-99	-99		-99
Total comprehensive income			745	16		761	50	811
As of 31.03.2012	1,133	2,295	9,727	25	-309	12,871	186	13,057
Capital increase	113	4,894				5,007		5,007
Acquisition of treasury shares					-70	-70		-70
Dividend payment			-1,973			-1,973	-75	-2,048
Total comprehensive income			1,044	16		1,060	77	1,137
As of 31.12.2012	1,246	7,189	8,798	41	-379	16,895	188	17,083
Acquisition of treasury shares					-36	-36		-36
Total comprehensive income			-586	-19		-605	23	-582
As of 31.03.2013	1,246	7,189	8,212	22	-415	16,254	211	16,465

SNP Schneider-Neureither & Partner AG, Heidelberg
Consolidated Statement of Comprehensive Income
 for the Period from 1 January to 31 March 2013

	Jan – Mar 2013 € k	Jan – Mar 2013 € k
Net income for the period	-563	795
Currency translation differences	-19	16
Income and expenses directly recognised in equity	-19	16
Total comprehensive income	-582	811
Profit attributable to non-controlling interests	23	50
Profit attributable to shareholders of Schneider-Neureither & Partner AG in total comprehensive income	-605	761

SNP Schneider-Neureither & Partner AG, Heidelberg

Segment Reporting

for the Period from 1 January to 31 March 2013

	Professional Services € k	Software € k	Total € k
Segment result			
Q1-2013	-493	86	-407
Margin	-11.6%	7.5%	-7.6%
Q1-2012	487	1,193	1,680
Margin	9.1%	61.1%	23.0%
Including External revenue			
Q1-2013	4,247	1,143	5,390
Q1-2012	5,353	1,952	7,305
Depreciation included in the segment result			
Q1-2013	145	36	181
Q1-2012	142	41	183
Segment assets			
31.03.13	17,860	1,797	19,657
31.03.12	16,104	1,631	17,735
Segment investments			
Q1-2013	59	11	70
Q1-2012	104	61	165
Reconciliation		Q1-2013 € k	Q1-2012 € k
Net earnings			
Total reportable segments		-407	1,680
Non-segment-related expenses		-522	-528
Non-segment-related amounts			
- Other operating income		93	36
- Other taxes		-5	-4
EBIT		-841	1,184
Assets			
Total reportable segments		19,657	17,735
Assets not allocated to the segments		1,868	824
Group assets		21,525	18,559
Assets not allocated to the segments			
- Deferred tax assets		387	161
- Income tax claims		1,481	563
- Participations accounted for in accordance with the equity method		0	100
Total		1,868	824

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