Interim Report | Q1 2016

SNP | The Transformation Company

Key Figures at a glance

Unless otherwise specified in € million	Q1-2016	Q1-2015
Backlog (as of 31 March)	**28.7**	**18.9**
Revenue	**18.5**	**12.2**
- Software	3.0	2.7
- Professional Services	15.5	9.5
EBIT	**1.6**	**1.0**
- Margin (%)	8.8	8.3
Consolidated net income	**1.1**	**0.6**
Earnings per share (€)		
- Undiluted	0.28	0.17
- Diluted	0.28	0.17
Number of shares (million)	**3.738**	**3.738**
Equity (as of 31 March)	**18.6**	**14.6**
- Ratio (%)	37.9	34.2
Number of employees (as of 31 March)	**588**	**349**
Personnel costs	**10.6**	**7.3**

Interim Report Q1 2016
for the period from 1 January to 31 March 2016

The SNP Group

Business activities

SNP enables companies to successfully manage the digital revolution and thus seize opportunities on the market by means of changeable IT. SNP solutions and software allow for the consolidation of previously separated IT landscapes, provide support for M&A projects and carve outs and promote entry into new markets beyond the domestic market. In SNP Transformation Backbone®, SNP provides the world's first standard software for the automated analysis and implementation of changes in IT systems. For customers, this results in clear quality advantages and the amount of time and costs required in transformation projects can be significantly reduced at the same time.

Since the start of 2016, the SNP Group has employed around 600 people in Europe, Asia, South Africa and the United States, around 300 of whom in Germany. Following the majority takeover of Hartung Consult GmbH (hereinafter referred to as Hartung Consult) and Astrums Consulting (S) Pte. Ltd. (hereinafter referred to as Astrums Consulting) as at the start of 2016, around 180 employees relate to these acquisitions. The SNP Group, Heidelberg, generated revenue of € 56.2 million (not including Hartung Consult and Astrums Consulting) in 2015. Its customers are global corporations operating in industry and the finance and service sectors. SNP AG was founded in 1994 and has been listed since 2000. It was admitted to the Prime Standard of the Frankfurt Stock Exchange (ISIN DE0007203705) in August 2014.

Group structure

In addition to the parent company SNP Schneider-Neureither & Partner AG ("SNP AG" for short) based in Heidelberg, Germany, the consolidated group includes the following subsidiaries in which SNP Schneider-Neureither & Partner AG directly and indirectly holds the majority of voting rights as at 31 March 2016:

Subsidiary	Place of business	Shareholding in %
SNP Consulting GmbH	Thale, Germany	100
RSP Reinhard Salaske & Partner Unternehmensberatung GmbH	Wiehl, Germany	100
SNP Business Landscape Management GmbH	Heidelberg, Germany	100
SNP Applications GmbH	Heidelberg, Germany	100
SNP Austria GmbH	Pasching, Austria	100
SNP (Schweiz) AG	Steinhausen, Switzerland	100
Schneider Neureither & Partner Iberica, S.L.	Madrid, Spain	100
SNP America, Inc.	Jersey City, NJ, USA	100
SNP Labs, Inc.	Irving, TX, USA	100
SNP Schneider-Neureither & Partner ZA (Pty) Limited	Johannesburg, South Africa	100
Hartung Consult GmbH *	Berlin, Germany	51
Hartung Informational System Co., Ltd. *	Shanghai, China	51
Astrums Consulting (S) Pte. Ltd. **	Singapore	51
Astrums Consulting SDN. BHD.**	Kuala Lumpur, Malaysia	51

* In January 2016, SNP AG acquired 51% of the shares in Hartung Consult GmbH in a share deal. Hartung Informational System Co., Ltd is a wholly-owned subsidiary of Hartung Consult GmbH.

** In January 2016, SNP Group acquired 51% of the shares in Astrums Consulting (S) Pte. Ltd. in a share deal. Astrums Consulting (S) Pte. Ltd. holds 99.9992% of the shares in Astrums Consulting SDN. BHD.

Significant events in the first quarter of 2016

Successful company acquisitions

Effective 1 January 2016, SNP AG acquired 51% of shares in Hartung Consult GmbH, Berlin, including the majority-owned subsidiary Hartung Informational Systems Co. Ltd., Shanghai. SNP has the possibility to acquire the remaining 49% in Hartung Consult as at 1 January 2018 on the basis of a call option.

Also effective 1 January 2016, the SNP Group acquired 51% of the shares in Astrums Consulting (S) Pte. Ltd., Singapore, including the majority-owned subsidiary Astrums Consulting Sdn. Bhd., Malaysia. The SNP Group has the possibility to acquire another 19% in Astrums Consulting as at 1 January 2018 on the basis of a call option. The two purchase agreements were concluded on 22 December 2015 and announced by ad-hoc announcement on the capital market.

Proposal for the payment of a dividend of € 0.34 per share

SNP AG will be standing by its ongoing distribution policy in future as well. The Supervisory Board and the Executive Board intend to propose the payment of a dividend of € 0.34 per share for fiscal year 2015 at the Annual General Meeting on 12 May 2016. This would correspond to a dividend increase of around 162% as against the previous year and a distribution ratio of 49%.

Economic report

The global economy is going through a weak economic phase according to the latest report on the global economy by the Kiel Institute for the World Economy (IfW). Although the IfW anticipates economic momentum to pick up by the end of the year, it reduced its forecast on global economic growth in 2016, published in December, by 0.5 percentage points to 2.9%. The restraining effect of low oil prices are a major reason for the slow growth rate. While emerging economies are particularly affected by this weak economic phase, a moderate upswing can be observed in developed economies owing to a rise in income and expansive monetary policy.

Despite the negative effects on the level of exports and the economic slowdown in key purchasing countries the German economy has proven to be resilient. The IfW forecasts a good growth rate of 2.0% for 2016. Growth is driven by a jump in private consumption, which is expected to increase significantly to an extent that had not been seen in 15 years. This is the result of favourable income development. The ECB's ongoing policy of low interest rates will also lead to a rise in investments, particularly construction investments.

According to the ITC industry association BITKOM, the German ITC market saw strong growth as it was driven by a real boom in the smartphone business in 2015. Growth amounted to 2.8% instead of the anticipated 1.9%. Overall, the industry generated revenue of € 157.4 billion. A rise in revenue of 1.7% has been fore-

Overview Consolidated Income Statement

€ mn	Q1-2016	Q1-2015	Δ in %
Revenue	**18.474**	**12.178**	**51.7**
Professional Services	15.516	9.495	63.4
Licenses	2.216	1.820	21.8
Maintenance	0.742	0.863	-14.0
Other operating income	0.200	0.638	-68.7
Cost of material	-1.928	-1.428	35.0
Personnel costs	-10.604	-7.257	46.1
Other operating expenses	-4.174	-2.855	46.2
Other taxes	-0.022	-0.013	69.2
EBITDA	**1.946**	**1.263**	**54.1**
EBIT	**1.623**	**1.014**	**60.1**
Net financial income	**-0.191**	**-0.109**	**75.2**
EBT	**1.432**	**0.905**	**58.2**
Income taxes	-0.378	-0.257	47.1
Consolidated net income	**1.054**	**0.648**	**62.7**

cast for the current year, which would result in total sales of € 160.2 billion. This means that the € 160 billion mark would be crossed for the very first time. The area of information technology is set to increase by 3.0% to € 83.5 billion. The growth driver in this area is the software business, for which a rise of 6.2% is expected. For transactions related to IT services and IT hardware, growth rates of 2.7% and 0.8% respectively are anticipated. Telecommunications and consumer electronics are lagging far behind information technology, growing by 0.2% respectively according to this forecast. In the area of consumer electronics, a long-standing downwards trend would be stopped if the forecast turned out to be accurate.

Net assets, financial position and results of operations

Following a year of strong growth in fiscal year 2015, SNP Schneider-Neureither & Partner AG made a successful start to fiscal year 2016. Compared to the already good first quarter of the previous year, the company is reporting a tangible increase in revenue and earnings after the first three months of the current fiscal year. This was due mainly to a significantly improved order situation in virtually all regions and areas of the company. The first-time consolidation of Hartung Consult and Astrums Consulting in the quarterly financial statements also had a substantial influence on revenue growth. With the acquisition of Hartung Consult and Astrums Consulting, SNP has gained in-depth access to the South-East Asian market and is also supporting customers in international rollout projects.

Expressed in figures, the development in the reporting period was as follows - revenue climbed by 51.7% year-on-year to € 18.5 million in the first quarter. Overall, the acquisitions of Hartung Consult and Astrums Consulting contributed around 22% to the rise in revenue. The rise in organic growth was around 30% adjusted for this effect.

In terms of earnings, EBITDA amounted to € 1.9 million (previous year: € 1.3 million) and EBIT to € 1.6 million (previous year: € 1.0 million) in the period under review. Based on these figures, there was an EBITDA margin of 10.5% (previous year: 10.4%) and an EBIT margin of 8.8% (previous year: 8.3%).

The company's financial situation remains positive. Cash and cash equivalents amounted to € 9.2 million as at 31 March 2016 (31 December 2015: € 13.8 million). The decline of € 4.6 million is primarily shaped by negative cash flow from investment activities of -€ 2.4 million (previous year: -€ 3.3 million) in connection with payments for the acquisition of majority interests in Hartung Consult and Astrums Consulting. Cash flow from operating activities amounted to -€ 1.7 million (previous year: -€ 3.4 million). A key factor here is the rise in trade receivables following a strong first quarter and the settlement of other liabilities in particular. In the period under review, cash flow from financing activities was -€ 0.5 million due to the payment of bank loans (previous year: € 14.0 million).

Overall, the figures for the quarter show that SNP Schneider-Neureither & Partner AG is well on its way to achieving its goals for 2016 as a whole.

Revenue performance

In the reporting period, SNP AG's consolidated revenue rose to € 18.5 million with continuously excellent capacity utilisation and a significant rise in orders on hand. This represents an increase of 51.7% compared to the first three months of 2015 (previous year: € 12.2 million). Hartung Consult and Astrums Consulting, included in consolidation for the first time in the reporting period, contributed revenue of € 2.6 million in total. After adjustment for the acquisition, organic revenue growth as against the first quarter of the previous year therefore amounted to around 30%.

In terms of segment performance, the Professional Services segment, which includes consulting services in particular, generated revenue of € 15.5 million in the first three months of the current fiscal year (previous year: € 9.5 million). This represents an increase of 63.3% as against the same period of the previous year. Adjusted for the acquisition, growth amounted to € 3.4 million or around 36%.

The Software segment (including maintenance) accounted for revenue of € 3.0 million (previous year: € 2.7 million). This corresponds to an increase of 10.2% as against the first quarter of 2015. Within this segment, licence revenue saw a year-on-year increase by around 22% to € 2.2 million. The slight decrease in maintenance revenue by € 0.1 million to € 0.7 million (-14.0%) is essentially attributable to the termination of a reseller agreement between RSP and a software provider. Adjusted for this extraordinary factor, maintenance revenue rose by around € 0.1 million.

The biggest revenue driver in the Software segment was again SNP Transformation Backbone in the first three months of the fiscal year. Including maintenance, the product contributed € 1.8 million (previous year: € 1.6 million) to segment revenue. At around 61%, the share in total software revenue is thus at the level of the previous year. By contrast, both revenue and the percentage share of sales attributable to the standard software SNP Data Provisioning and Masking increased. The second strongest product in the Software segment in terms of sales contributed € 0.6 million in the period under review (previous year: € 0.4 million), corresponding to an increase in the share of sales attributable to the Software segment to around 22% (previous year: around 14%).

The order backlog of € 28.7 million as at 31 March 2016 was around 52% higher than the previous year's figure of € 18.9 million.

€ million	Q1 2016	Q1 2015
Order backlog	28.7	18.9
Incoming orders	26.2	16.6
Revenue	18.5	12.2
EBIT	1.6	1.0
EBITDA	1.9	1.3
Number of employees	588	349

Results of operations

The positive trend in the result of operations continued in the period under review. Despite considerable growth investments, EBITDA improved from € 1.3 million to € 1.9 million. EBIT amounted to € 1.6 million as against € 1.0 million in the same period of the previous year. This corresponds to profit margins of 10.5% (EBITDA) and 8.8% (EBIT). This performance was achieved despite ongoing investments in organic growth and growth through acquisitions. Staff costs increased by € 3.3 million to € 10.6 million in the reporting period. € 1.6 million of this amount is attributable to Hartung Consult and Astrums Consulting, which were included in consolidation for the first time. Other operating expenses increased by € 1.3 million to € 4.2 million, with Hartung Consult and Astrums Consulting accounting for € 0.5 million. On the other hand, other operating income fell from € 0.6 million to € 0.2 million, primarily as a result of currency effects.

As other financial expenses amounted to € 0.2 million in the period under review while other financial income was only immaterial, the financial result was negative at -€ 0.2 million (previous year: -€ 0.1 million), resulting in EBT of € 1.4 million (previous year: € 0.9 million). With income taxes of € 0.4 million (previous year: € 0.3 million) there was net profit of € 1.0 million for the first three months of the 2015 fiscal year after € 0.6 million in the same period of the previous year. This corresponds to a net margin of 5.2%. Diluted and basic earnings per share therefore amounted to € 0.28 (previous year: € 0.17).

Net assets

Total assets rose significantly by € 3.8 million to € 49.0 million as against 31 December 2015, mainly as a result of the acquisition of a majority interest in Hartung Consult and Astrums Consulting.

Current assets decreased by € 0.8 million to € 29.2 million. Cash and cash equivalents fell by € 4.6 million to € 9.2 million, which is particularly attributable to payments in connection with both acquisitions. By contrast, trade receivables went up by € 3.4 million to € 18.9 million. The higher trade receivables are predominantly the result of the first-time consolidation of Hartung Consult and Astrums Consulting (+€ 2.5 million) and the generally higher business volume.

Non-current assets climbed in the reporting period from € 15.2 million as at 31 December 2015 to € 19.8 million as at 31 March 2016. The increase was caused essentially by the rise in recognised goodwill from € 10.2 million to € 14.8 million as a result of the acquisition of a majority interest in Hartung Consult and Astrums Consulting.

Financial position

In the period under review, current liabilities increased from € 13.7 million as at 31 December 2015 to € 15.4 million as at 31 March 2016. This rise is predominantly the result of the rise in other current liabilities by € 2.4 million to € 10.7 million. € 0.8 million of this amount is attributable to the first-time consolidation of Hartung Consult and Astrums Consulting in addition to € 1.9 million, which is attributable to outstanding payments in connection with the acquisition of a majority interest in both companies. By contrast, the current share of bonds dropped by € 0.5 million to € 0.0 million as a result of the payment of interest while trade payables declined by € 0.4 million to € 1.9 million.

In the first three months of 2016, non-current liabilities decreased by € 0.4 million and amounted to € 15.1 million as at 31 March 2016 (31 December 2014: € 2.5 million). This drop is predominantly a decline in non-current liabilities to banks by € 0.6 million to € 2.0 million. Provisions for pensions rose by € 0.1 million, essentially as a result of provisions from the first time consolidation of Hartung Consult.

The company's equity increased from € 16.0 million to € 18.6 million in the first three months of 2016. Issued capital, capital reserves, the other components of equity and treasury shares were unchanged. Retained earnings increased by € 0.9 million as a result of the net income for the year generated. Non-controlling interests rose by € 1.7 million. The rise in equity along with the simultaneous increase in total assets to € 49.0 million as at 31 March 2016 (31 December 2015: € 45.2 million) resulted in a slight improvement in the equity ratio from 35.4% to 37.9%.

Negative operating cash flow of -€ 1.7 million (previous year: -€ 3.4 million) in the first three months of 2016 is essentially attributable to the rise in receivables owing to a strong first quarter and the simultaneous decline in liabilities resulting from the settlement of other liabilities in particular, which still existed as at 31 December 2015.

The negative cash flow used in investing activities in the amount of -€ 2.4 million (previous year: -€ 3.3 million) was largely due to the payment for the acquisition of a majority interest in Hartung Consult and Astrums Consulting. In addition, payments for investments in property, plant and equipment amounted to € 0.3 million in the first quarter of 2016.

The cash outflow from financing activities of € 0.5 million (cash inflow in the previous year: € 14.0 million) is attributable to the payment of bank loans.

In the period under review, total cash flow amounted to -€ 4.6 million (previous year: € 7.4 million). Taking into account the changes shown, cash and cash equivalents decreased to € 9.2 million as at 31 March 2016. Cash and cash equivalents amounted to € 13.8 million as at 31 December 2015. SNP AG's financial position remains very solid overall.

Employees

In the reporting period, the number of employees increased from 401 as at 31 December 2015 to 588 as at 31 March 2016. The significant increase in the number of employees is attributable to the majority takeover of Hartung Consult and Astrums Consulting at the start of 2016.
These figures include three members of the Executive Board (31 December 2015: three), 17 managing directors (31 December 2015: ten) and 46 students and trainees (31 March 2015: 45). The average number of employees in the reporting period was 587.

Report on risks and opportunities, forecast

Risks and opportunities

The operating and financial risks are explained in detail under "Risk management and risk report" in the 2015 annual report within the Group management report. Business potential is also reported on under "Opportunities and forecast". There were no material changes in the risk and opportunities profile of SNP AG in the reporting period.

Forecast

Based on the revenue and earnings performance in line with expectations and the consistently positive order situation, the Executive Board is confirming its forecast for fiscal year 2016 and is still projecting consolidated revenue between € 72 million and € 78 million with an EBIT margin between 8% and 10%.

Supplementary report

Effective 18 April 2016, SNP AG acquired 20% of the shares in Innoplexia GmbH, Heidelberg. The purpose of the business is to develop, sell and provide consulting services for IT solutions. Among other things, Innoplexia operates a data collection system, which uses intelligent analytics from internet platforms (Google, comparison sites, shops, etc.) to gather market-specific information. This allows information on the market and competition to be generated on a daily basis in the form of customer-specific reports.

There were no further significant events after 31 March 2016.

Heidelberg, 29. April 2016

Der Vorstand

Dr. Andreas Schneider-Neureither

Henry Göttler

Jörg Vierfuß

Consolidated Balance Sheet
as at 31 March 2016

ASSETS			
€ k	31.03.2016	31.12.2015	31.03.2015
Current assets			
Cash and cash equivalents	9,150	13,769	13,032
Trade receivables	18,935	15,498	12,479
Current tax assets	150	142	1,015
Other current assets	982	587	916
	29,217	**29,996**	**27,442**
Non-current assets			
Goodwill	14,769	10,162	10,187
Intangible assets	1,414	1,513	1,418
Property, plant and equipment	2,236	1,999	1,421
Participations accounted for in accordance with the equity method	36	22	25
Other non-current assets	275	204	148
Non-current tax assets	5	5	10
Deferred taxes	1,095	1,338	1,977
	19,830	**15,243**	**15,186**
	49,047	**45,239**	**42,628**

EQUITY AND LIABILITIES			
€ k	31.03.2016	31.12.2015	31.03.2015
Current liabilities			
Corporate bond	33	502	0
Liabilities due to banks	2,100	2,100	2,100
Trade payables	1,940	2,311	1,644
Provisions	120	120	379
Tax liabilities	467	417	134
Other current liabilities	10,699	8,254	5,389
	15,359	**13,703**	**9,646**
Non-current liabilities			
Corporate bond	9,816	9,811	9,810
Liabilities due to banks	1,981	2,533	4,120
Provisions for pensions	1,339	1,234	1,072
Deferred taxes	18	13	173
Other non-current liabilities	1,922	1,922	3,209
	15,076	**15,513**	**18,384**
Equity			
Subscribed capital	3,738	3,738	3,738
Capital reserves	7,189	7,189	7,189
Retained earnings	6,409	5,497	4,077
Other reserves	24	14	9
Treasury shares	-415	-415	-415
Equity attributable to shareholders	**16,945**	**16,024**	**14,598**
Non-controlling interests	1,667	0	0
	18,612	**16,024**	**14,598**
	49,047	**45,239**	**42,628**

The following notes are an integral part of the consolidated financial statements.

Consolidated Income Statement
for the period from 1 January to 31 March 2016

€ k	Q1-2016	Q1-2015
Revenue	**18,474**	**12,178**
Professional Services	15,516	9,495
Licenses	2,216	1,820
Maintenance	742	863
Other operating income	200	638
Cost of material	-1,928	-1,428
Personnel costs	-10,604	-7,257
Other operating expenses	-4,174	-2,855
Other taxes	-22	-13
EBITDA	**1,946**	**1,263**
Depreciation and impairments on intangible assets and property, plant and equipment	-323	-249
EBIT	**1,623**	**1,014**
Income from participations accounted for in accordance with the equity method	0	0
Other financial income	0	0
Other financial expenses	-191	-109
Net financial income	**-191**	**-109**
EBT	**1,432**	**905**
Income taxes	-378	-257
Consolidated net income	**1,054**	**648**
Of which:		
Profit attributable to non-controlling shareholders	143	0
Profit attributable to shareholders of SNP Schneider-Neureither & Partner AG	911	648
Earnings per share	**€**	**€**
- Undiluted	0,28	0,17
- Diluted	0,28	0,17
Weighted average number of shares	**in thousands**	**in thousands**
- Undiluted	3,716	3,716
- Diluted	3,716	3,716

The following notes are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income
for the period from 1 January to 31 March 2016

€ k	Q1-2016	Q1-2015
Net income for the period	**1,054**	**648**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	10	60
Deffered taxes on differences from currency conversion	0	0
	10	**60**
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans	0	0
Deferred taxes on remeasurements of defined benefit pension plans	0	0
	0	**0**
Income and expenses directly recognised in equity	**10**	**60**
Total comprehensive income	**1,064**	**708**
Profit attributable to non-controlling interests	143	0
Profit attributable to shareholders of SNP Schneider-Neureither & Partner AG in total comprehensive income	**921**	**708**

The following notes are an integral part of the consolidated financial statements.

Consolidated Cash Flow Statement

for the period from 1 January to 31 March 2016

€ k	Q1-2016	Q1-2015
Profit after tax	**1,054**	**648**
Depreciation	323	249
Change in provisions for pensions	7	15
Other non-cash income/expenses	-80	-760
Change in trade receivables, other current assets, other non-current assets	-1,976	-72
Changes in trade payables, other provisions, tax liabilities, other current liabilities	-1,000	-3,494
Cash flow from operating activities (1)	**-1,672**	**-3,414**
Payments for investments in property, plant and equipment	-330	-82
Payments for investments in intangible assets	-6	-1
Payments for investments in at-equity participations	0	-25
Payments for the acquisition of business operations	-2,096	-3,203
Proceeds from disposal of tangible fixed assets	30	7
Cash flow used in investing activities (2)	**-2,402**	**-3,304**
Dividend payments	0	0
Dividend payments to non-controlling shareholders	0	0
Payments for purchase of shares in non-controlling shareholders	0	0
Proceeds from the issue of corporate bonds	0	10,000
Proceeds from loans	0	4,500
Payments on loans received	-525	-525
Cash flow used in financing activities (3)	**-525**	**13,975**
Effects of exchange rate changes on cash and bank balances (4)	-20	94
Cash change in cash and cash equivalents (1) + (2) + (3) + (4)	**-4,619**	**7,351**
Cash and cash equivalents at the beginning of the fiscal year	13,769	5,681
Cash and cash equivalents at 31 March	**9,150**	**13,032**
Composition of cash and cash equivalents:		
Cash and cash equivalents	9,150	13,032
Cash and cash equivalents at 31 March	**9,150**	**13,032**

The following notes are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity
for the period from 1 January 2014 to 31 March 2016

€ k	Subsribed capital	Capital reserve	Retained earnings
As of 01.01.2014	**3,738**	**7.189**	**3.010**
Acquisition of minority interests			-275
Dividend payment	3,738		-297
Total comprehensive income			991
As of 31.12.2014		**7.189**	**3.429**
Total comprehensive income	3,738		648
As of 31.03.2015		**7.189**	**4.077**
Dividend payment			-483
Total comprehensive income	3,738		1.904
As of 31.12.2015	**3.738**	**7.189**	**5.498**
Change in companies consolidated			
Total comprehensive income			911
As of 31.03.2016	**3.738**	**7.189**	**6.409**

The following notes are an integral part of the consolidated financial statements.

Other components of equity						
Currency conversion	**Revaluation of performance-oriented obligations**	**Other components of quity Total**	**Treasury shares**	**Shareholders of SNP AG attributable capital**	**Non-controlling shares**	**Total equity**
91	**-75**	**17**	**-415**	**13,540**	**222**	**13,762**
				-275	-225	-500
				-297	-38	-335
28	-96	-68		923	40	963
120	**-171**	**-51**	**-415**	**13,890**	**0**	**13,890**
60	0	60		708	0	708
180	**-171**	**9**	**-415**	**14,598**	**0**	**14,598**
				-483		-483
90	-85	5		1,909		1,909
270	**-256**	**14**	**-415**	**16,024**	**0**	**16,024**
		0		0	1,524	1,524
10		10		921	143	1,064
280	**-256**	**24**	**-415**	**16,945**	**1,667**	**18,612**

Notes to the interim consolidated financial statements
for the period from 1 January to 31 March 2016

Company information

SNP Schneider-Neureither & Partner AG (SNP AG or the "company") is a listed corporation domiciled in Heidelberg, Germany. These interim consolidated financial statements for the period 1 January to 31 March 2016 were approved for publication by way of resolution of the Executive Board on 29 April 2016.

Basis of reporting

These condensed interim consolidated financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting". Accordingly, this interim report does not contain all the information and disclosures required in accordance with IFRS for consolidated financial statements at the end of a fiscal year. The accounting policies applied in these interim financial statements are essentially the same as those applied in the consolidated financial statements at the end of fiscal year 2015. A detailed description of the accounting principles is published in the notes to the consolidated financial statements in the 2015 Annual Report, which can be viewed at www.snp-ag.com under Investor Relations/Financial Publications.

The application of the standards that were required to be applied for the first time from 1 January 2016 did not have a material effect on the interim consolidated financial statements.

There were no seasonal influences.

Consolidated group

In addition to the parent company SNP Schneider-Neureither & Partner AG, Dossenheimer Landstrasse 100, 69121 Heidelberg, Germany, the consolidated group includes the following subsidiaries in which SNP Schneider-Neureither & Partner AG indirectly and directly holds the majority of voting rights.

Subsidiary	Place of business	Shareholding in %
SNP Consulting GmbH	Thale, Germany	100
RSP Reinhard Salaske & Partner Unternehmensberatung GmbH	Wiehl, Germany	100
SNP Business Landscape Management GmbH	Heidelberg, Germany	100
SNP Applications GmbH	Heidelberg, Germany	100
SNP Austria GmbH	Pasching, Austria	100
SNP (Schweiz) AG	Steinhausen, Switzerland	100
Schneider Neureither & Partner Iberica, S.L.	Madrid, Spain	100
SNP America, Inc.	Jersey City, NJ, USA	100
SNP Labs, Inc.	Irving, TX, USA	100
SNP Schneider-Neureither & Partner ZA (Pty) Limited	Johannesburg, South Africa	100
Hartung Consult GmbH *	Berlin, Germany	51
Hartung Informational System Co., Ltd. *	Shanghai, China	51
Astrums Consulting (S) Pte. Ltd. **	Singapore	51
Astrums Consulting SDN. BHD.**	Kuala Lumpur, Malaysia	51

* In January 2016, SNP AG acquired 51% of the shares in Hartung Consult GmbH in a share deal. Hartung Informational System Co., Ltd is a wholly-owned subsidiary of Hartung Consult GmbH.

** In January 2016, SNP Group acquired 51% of the shares in Astrums Consulting (S) Pte. Ltd. in a share deal. Astrums Consulting (S) Pte. Ltd. holds 99.9992% of the shares in Astrums Consulting SDN. BHD.

Associates

The Group's shares in associates are accounted for using the equity method. An associate is a company over which the Group has significant influence.

Under the equity method, shares in associates are recognised in the statement of financial position at cost plus the changes in the Group's share of the net assets of the associate that have occurred since the acquisition. The goodwill relating to associates is included in the carrying amount of the equity interest and is neither amortised nor subject to a separate impairment test.

The Group's share of the associates' profit or loss for the period is reported in the statement of profit or loss. Changes reported directly in the equity of the associates are recognised by the Group in the amount of its interest and, where necessary, shown in the statement of changes in equity. Unrealised profits and losses from transactions between the Group and the associates are eliminated in accordance with the equity interest in the associates.

The Group's share of an associate's profit is reported in the statement of profit or loss. This is the profit attributable to the shareholders of the associate, and hence the profit after taxes and non-controlling interests in the subsidiaries of the associate.

The financial statements of associates are prepared as at the same date as the consolidated financial statements. Adjustments in line with the Group's uniform accounting methods are made as necessary.

Under the equity method, the Group determines whether an additional impairment loss must be recognised for its shares in an associate. At the end of each reporting period, the Group determines whether there are objective indications that the equity interest in an associate could have become impaired. If this is the case, the difference between the recoverable amount of the interest in the associate and the carrying amount of the "Share in the profit/loss of associates" is recognised as an impairment loss in profit or loss.

Mergers and acquisitions

In January 2015, SNP AG acquired 74.9% of the shares in RSP Reinhard Salaske & Partner Unternehmensberatung GmbH (RSP GmbH) in a share deal. SNP AG will acquire the remaining 25.1% of the shares effective 1 January 2018. From an economic perspective, the shares are already allocable to SNP AG with effect from 1 January 2015. RSP GmbH advises and supports companies across all industries in SAP® launch projects and in the optimisation of their business processes using suitable IT systems and applications. The investment will allow SNP AG to expand its strategy- and process-oriented consulting range while significantly extending its value chain on the market for company transformations. The IT service and management consulting company, which has been active on the market for more than 20 years, had 65 salaried employees as at 31 December 2015, boasting an attractive customer list consisting of large and medium-sized companies from various industries.

The acquisition was closed effective 1 January 2015 and business operations were included in the 2015 consolidated financial statements from this date. In accordance with IFRS 3 "Business Combinations" the company was consolidated for the first time using the purchase method. The goodwill resulting from the acquisition of € 5,961 thousand comprises the value of the anticipated synergies. The goodwill resulting from the acquisition is assigned to the Professional Services segment.

Consideration transferred

The fair values of each major class of consideration as at the acquisition date are shown below:

	€ k
Initial purchase price payment	4,494
Agreed second purchase price instalment	1,382
Contingent consideration	1,817
Total consideration transferred	**7,693**

Costs in connection with the business combination

The Group incurred costs of € 72 thousand for legal and consulting fees in connection with the business combination. These costs are reported in other operating expenses.

Identifiable assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities as at the acquisition date break down as follows:

	€ k
Intangible assets	186
Property, plant and equipment	233
Cash and cash equivalents	1,291
Receivables	1,938
Other assets	280
Trade payables	-599
Other liabilities	-1,267
Pension provisions	-330
Total identifiable net assets acquired	**1,732**

The trade receivables include contractual receivables due for which there was no credit risk at the time the consolidated financial statements were prepared, and hence for which no impairment loss was recognised.

Goodwill

Goodwill was recognised as follows as a result of the acquisition:

	€ k
Consideration transferred	7,693
Fair value of identifiable net assets	-1,732
Goodwill as at acquisition date	**5,961**

The purchase price for the acquisition of RSP GmbH is divided into a fixed price and a variable component (contingent consideration) at the date of first-time consolidation. The fixed price is payable partially at the acquisition date and partially when the remaining 25.1% of the shares are acquired by SNP AG effective 1 January 2018. The amount of the contingent consideration originally depended on contractually agreed key performance indicators defined within 36 months of the acquisition date. At the acquisition date, the Group recognised a variable component of € 1,817 thousand, equivalent to the fair value at the acquisition date.

Considering the development of contractually agreed performance indicators and discussions between both parties, the contingent consideration was changed to a fixed amount equal to € 1,469 thousand at the beginning of the fourth quarter in 2015. € 500 thousand of this amount was paid in fiscal year 2015. In accordance with contractual regulations, the remaining amounts will be settled in the next two years. Income resulting from the change to a fixed amount was reported under other income in 2015. The remaining obligations are reported under other non-current or current liabilities.

The consideration of € 4,494 thousand represents the initial, fixed portion of the purchase price that was paid in full in the first quarter of 2015. It therefore represented the cash outflow. No equity instruments were issued to acquire the shares. The transaction resulted in an inflow of financial resources in the amount of € 1,291 thousand, resulting in a cash outflow of € 3,203 thousand on balance from the Group's perspective.

Provisional fair value remaining at the date of first-time consolidation

The cash and cash equivalents, receivables, deferred income, prepaid expenses and liabilities were measured provisionally on the basis of contractual agreements at the beginning of 2015. The carrying amounts were reviewed on an ongoing basis using information and facts that became known after the acquisition date and adjusted in line with the contractual arrangements. If new information on facts and circumstances that existed at the acquisition date and resulted in adjustments to the above amounts or additional provisions became apparent within a year of the acquisition date, the accounting for the acquisition would have been adjusted. There were no changes until the end of the measurement period.

The contractually agreed non-compete clause and the order backlog as at 31 December 2014 were classified as substantial and recognised as intangible assets. The non-compete clause was applied at a fair value of € 110 thousand. The non-compete clause is to be amortised over a three-year period as of the date on which the remaining shares were acquired. The order backlog has a carrying amount of € 60 thousand and was written down in fiscal year 2015 based on the degree of completion.

In January 2016, SNP AG acquired 51% of the shares in Hartung Consult GmbH, Berlin, in a share deal under civil law. This includes its wholly-owned subsidiary Hartung Informational System Co., Ltd. in Shanghai, China. In addition, SNP AG has a call option to acquire the remaining 49% of the shares in Hartung Consult as at 1 January 2018. Hartung Consult advises and supports global companies in the introduction and harmonisation of cross-country IT processes and procedures and the service environment of SAP. The company, which has been operating on the market for 27 years, employs more than 80 people worldwide.

Also in January 2016, the SNP Group acquired 51% of the shares in Astrums Consulting (S) Pte. Ltd, Singapore, in a share deal under civil law. This also includes its subsidiary Astrums Consulting SDN. BHD. in Kuala Lumpur, Malaysia, which is held at 99.9992%. In addition, SNP AG has a call option to acquire a further 19% of the shares in Astrums Consulting as at 1 January 2018. Astrums is a strongly growing consulting and services company, operating in the product and services environment of various ERP systems. Core competences include implementation projects based on SAP including process analyses, design and implementation in addition to maintenance and support. The company employs around 80 people in Singapore and Malaysia.

The acquisitions were closed effective 1 January 2016 and business operations were included in the 2016 consolidated financial statements from this date. In accordance with IFRS 3 "Business Combinations" the company was consolidated for the first time using the purchase method. The goodwill resulting from these acquisitions amounting to € 4,753 thousand comprises the value of the anticipated synergies. The goodwill resulting from these acquisitions is assigned to the Professional Services segment.

Consideration transferred

The fair values of each major class of consideration as at the acquisition date are shown below:

€ k	Hartung	Astrums	Total
Initial purchase price payment	1,440	3,000	4,440
Contingent consideration	600	1,300	1,900
Total consideration transferred	**2,040**	**4,300**	**6,340**

Costs in connection with the business combination

The Group incurred costs of € 99 thousand for legal and consulting fees in connection with the business combination. These costs are reported in other operating expenses.

Identifiable assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities as at the acquisition date break down as follows:

€ k	Hartung	Astrums	Total
Intangible assets	1	0	1
Property, plant and equipment	62	78	140
Cash and cash equivalents	1,151	1,193	2,344
Trade receivables	919	875	1,794
Other assets	116	37	153
Trade payables	-280	-4	-284
Other liabilities	-795	-144	-939
Pension provisions	-98	0	-98
Total identifiable net assets acquired	**1,076**	**2,035**	**3,111**
Of which attributable to SNP AG (51%)			**1,587**
Of which attributable to non-controlling interests			**1,524**

The trade receivables include contractual receivables due for which there was no credit risk at the time the consolidated financial statements were prepared, and hence for which no impairment loss was recognised.

Goodwill

Goodwill was recognised as follows as a result of the acquisition:

	€ k
Consideration transferred	6,340
Fair value of identifiable net assets (if attributable to SNP AG)	-1,587
Goodwill as at acquisition date	**4,753**

At the time of first-time consolidation, the purchase price for the acquisition of Hartung Consult GmbH consists of a fixed price and an amount whose payment depends on the achievement of contractually agreed performance indicators (contingent consideration). This is partially due at the acquisition date and partially due after the consolidated annual financial statements for Hartung Germany and Hartung China have been approved for 2016. This amount is reported in other liabilities.

At the time of first-time consolidation, the purchase price for the acquisition of Astrums Consulting (S) Pte. Ltd. consists of a fixed price and an amount whose payment depends on the achievement of contractually agreed performance indicators (contingent consideration). This is partially due at the acquisition date and partially due after the consolidated annual financial statements for Astrums Singapore and Astrums Malaysia have been approved for 2016. This amount is reported in other liabilities.

The consideration of € 4,440 thousand represents the initial, fixed portion of the purchase price that was paid in full in the first quarter of 2016. It therefore represented the cash outflow. No equity instruments were issued to acquire the shares. The transaction resulted in an inflow of financial resources in the amount of € 2,344 thousand, resulting in a cash outflow of € 2,096 thousand on balance from the Group's perspective.

The amount of the contingent consideration was determined by contractually agreed key performance indicators defined within one year of the acquisition date. At the acquisition date, the Group recognised the liability for the contingent consideration in full; this is equivalent to the fair value at the acquisition date/the end of the quarter on 31 March 2016.

Provisional fair value remaining at the date of first-time consolidation

The cash and cash equivalents, receivables, deferred income, prepaid expenses and liabilities were measured provisionally on the basis of contractual agreements. The carrying amounts are reviewed on an ongoing basis using information and facts that became known after the acquisition date and adjusted in line with the contractual arrangements. If new information on facts and circumstances that existed at the acquisition date and would have resulted in adjustments to the above amounts or additional provisions becomes apparent within a year of the acquisition date, the accounting for the acquisition is adjusted.

Non-compete clauses agreed with the seller were classified as substantial and capitalised separately. The non-compete clause was applied at a fair value of € 53 thousand.

Corporate bond issue

In March 2015, SNP AG successfully placed a corporate bond with a volume of € 10.00 million. The corporate bond is divided into 10,000 partial bonds each with a nominal value of € 1,000.00. The partial bonds have a term of five years and a coupon of 6.25% p.a.

The corporate bond, less brokerage commission and plus deferred interest, was recognised in the statement of financial position in the amount of € 9,810 thousand at the time the bond was issued.

The price quoted for the bond at the end of March 2016 was 106% (fair value).

Segment reporting
for the period from 1 January to 31 March 2016

Segment reporting was prepared in accordance with IFRS 8. Taking the Group's internal reporting and organisational structure as a basis, individual Group financial data is presented below according to business segment.

€ k	Professional Services	Software	Total
Segment result			
Q1-2016	1,635	584	2,219
Margin	10.5%	19.8%	12.0%
Q1-2015	992	902	1,894
Margin	10.4%	33.6%	15.6%
External revenue			
Q1-2016	15,516	2,958	18,474
Q1-2015	9,495	2,683	12,178
Depreciation included in the segment result			
Q1-2016	183	140	323
Q1-2015	119	130	249
Segment assets			
31 March 2016	43,792	4,010	47,802
31 March 2015	34,628	5,008	39,636
Segment investments			
31 March 2016	5,242	1	5,243
31 March 2015	6,491	0	6,491

Reconciliation

€ k	Q1-2016	Q1-2015
Net earnings		
Total reportable segments	2,219	1,894
Non-segment-related expenses	-703	-922
Non-segment-related amounts:		
- Other operating income	129	55
- Other taxes	-22	-13
EBIT	**1,623**	**1,014**
Assets		
Total reportable segments	47,802	39,636
Assets not allocated to the segments	1,245	2,992
Group assets	**49,047**	**42,628**
Assets not allocated to the segments		
- Deferred tax assets	1,095	1,977
- Income tax claims	150	1,015
Total	**1,245**	**2,992**

Additional information on segment reporting

The year-on-year increase in segment revenue in the first quarter of 2016 and the increase in segment assets are attributable to the significant improvement in the order situation and the acquisition of the equity interest in Hartung Consult GmbH and Astrums Consulting (S) Pte. Ltd.

Segment revenue contains the effects of realised and unrealised exchange rate differences due to the pronounced fluctuation in the US dollar and the Swiss franc in the first quarter of 2016.

Additional information on the consolidated statement of cash flows and the consolidated statement of changes in equity

The payment for the acquisition of business operations consists of the initial purchase price instalment for Hartung Consult GmbH and Astrums Consulting (S) Pte. Ltd. in the amount of € 4,440 thousand less the cash and cash equivalents of the newly acquired companies in the amount of € 2,344 thousand.

Significant actuarial gains/losses from the actuarial measurement of pensions and other post-employment benefits are not expected either at the end of the first quarter of 2016 or at the end of 2016. Currency translation effects reported in equity amounted to € 10 thousand in the first quarter of 2016.

SNP AG did not acquire any additional treasury shares in the period under review.

Related party disclosures

Since 1 December 2010, there has been a lease agreement between a member of the Executive Board and SNP AG for office premises and parking spaces. Effective 1 September 2015, two separate agreements (office premises and parking spaces) were concluded for these with unchanged terms. These services are invoiced at arm's-length conditions. Expenses of € 57 thousand (previous year: € 57 thousand) were incurred for this as at 31 March 2016. There were no outstanding liabilities as at 31 March 2016. Since 1 September 2015 and 1 November 2015, there have also been five rental agreements between a company controlled by a member of the Executive Board and SNP AG for office premises and parking spaces. These services are invoiced at arm's-length conditions. Expenses of € 39 thousand (previous year: € 39 thousand) were incurred for this as at 31 March 2016. There were no outstanding liabilities as at 31 March 2016. Since 1 February 2016, there have also been two new rental agreements between a company controlled by a member of the Executive Board and SNP AG for office premises and parking spaces. These services are invoiced at arm's-length conditions. Expenses of € 4 thousand (previous year: € 0 thousand) were incurred for this as at 31 March 2016. There were no outstanding liabilities as at 31 March 2016.

Furthermore, a member of the Executive Board was granted an advance on travel expenses of € 4 thousand in 2016 (previous year: € 25 thousand). No other loans, credits or advances were granted to members of the Executive Board.

Treasury shares

SNP AG did not acquire any additional treasury shares in the period under review.

Events after the end of the interim reporting period

Effective 18 April 2016, SNP AG acquired 20% of the shares in Innoplexia GmbH, Heidelberg. The purpose of the business is to develop, sell and provide consulting services for IT solutions. Among other things, Innoplexia operates a data collection system, which uses intelligent analytics from internet platforms (Google, comparison sites, shops, etc.) to gather market-specific information. This allows information on the market and competition to be generated on a daily basis in the form of customer-specific reports.

Other disclosures

The Executive Board and the Supervisory Board do not have any pre-emptive rights to shares in accordance with section 160 (1) nos. 2 and 5 of the German Stock Corporation Act (AktG). In 2016, there were only insignificant changes in the contingent liabilities and other financial obligations presented as at 31 December 2015.

Pending legal disputes and claims for compensation

The companies included in the consolidated financial statements are not involved in court proceedings, legal disputes or claims for compensation that could have a material influence on the economic situation of the Group.

Heidelberg, 29 April 2016

The Executive Board

Dr. Andreas Schneider-Neureither

Henry Göttler

Jörg Vierfuß

Financial Calendar

29 April 2016	Publication of the Interim Statement for Quarter I
12 May 2016	Annual General Meeting 2016
29 July 2016	Publication of Half Year Figures
28 October 2016	Publication of the Interim Statement for Quarter III
November 2016	German Equity Forum 2016

All dates are provisional only.
The current financial calendar can be consulted at: www.snp-ag.com/eng/Investor-Relations/Financial-calendar

Contact

Do you have questions or need more information? We are at your disposal:

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This Interim Report is also available in German. The legally binding document is the original German version, which shall prevail in any case of doubt. (Revised Version as of 13 June 2016.)

Legal notice

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