

SimCorp A/S

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Company Announcement no. 34/2014
29 August 2014

Company Announcement

SimCorp A/S – Interim report January to June 2014

Summary

SimCorp signed five new contracts in the second quarter of the year – four related to SimCorp Dimension and one related to the recently acquired SimCorp Coric.

Revenue for H1 2014 increased 7% measured in local currencies and 5% in EUR and amounted to EUR 108.4m, EUR 5.3m higher than for the same period last year.

EBIT for the six-month period was EUR 16.8m, compared with EUR 18.3m the year-earlier period. Currency exchange rate fluctuations have impacted EBIT positively by EUR 0.1m in the six-month period.

Net profit for H1 2014 was EUR 12.7m compared with EUR 12.9m in H1 2013.

SimCorp now expects revenue growth measured in local currencies to be 8-10% (previously 10%) including the impact of the Equipos acquisition. The expectation for EBIT margin is increased by around half a percentage point in both local and reported currencies and is now around 24.5% (previously 24%) and around 24.3% (previously 23.8%), respectively.

At 30 June 2014, contracts equaling EUR 193m of the projected 2014 revenue had been secured, EUR 10m more than at the same point in time last year.

Klaus Hølse, SimCorp CEO comments: “The sale of new licenses picked up in Europe during Q2 after a slow start to the year. The challenges in the North American market are expected to continue into 2015, but with our new head of North America on board from September we have taken an important step to address the situation in this key market”.

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SimCorp A/S – Interim report January to June 2014

SimCorp's Board of Directors today considered and approved the Group's interim report for the six months ended 30 June 2014. Highlights of the report are:

- Revenue for H1 was up 7% y/y in local currencies and 5% y/y in reported currency to EUR 108.4m, including revenue of EUR 2.0m SimCorp Coric. Q2 revenue increased by 9% compared with the same period last year and amounted to EUR 58.8m, including revenue of EUR 1.5m SimCorp Coric. *Page 6*
- H1 order inflow was EUR 9.1m compared with EUR 15.2m in H1 2013. Q2 order inflow increased by 22% compared with Q2 2013 to EUR 7.1m. The order book decreased by EUR 2.3m during the quarter, and amounted to EUR 9.6m at 30 June 2014, compared with EUR 14.7m at the same time in 2013. *Page 5*
- Income recognized from licenses and add-on licenses amounted to EUR 14.2m in the six-month period, a decrease of 1% y/y, and amounted to EUR 10.4m in Q2, an increase of 22% compared with the year-earlier period. *Page 6*
- Revenue from professional services remained at a satisfactory level. Professional service fees for the first six months of the year were EUR 38.4m, up 8% relative to the same period last year. In Q2 professional fees were EUR 20.2m, an increase of 6% compared with the same period last year. *Page 6*
- Maintenance income for the six months was EUR 54.2m, an increase of 5% relative to the same period last year. Maintenance income in Q2 2014 was EUR 27.5m, an increase of 6% compared with the year-earlier period. *Page 6*
- Total cost for the six months amounted to EUR 91.6m, an increase of 8% compared with the same period in 2013. Excluding the impact of SimCorp Coric the growth was 4.5%. In Q2 total cost was EUR 46.9m, an increase of 9.6% on the same period last year. Excluding the impact from SimCorp Coric the growth was 5.1%. *Page 7*
- H1 EBIT showed a profit of EUR 16.8m, which is 8% or EUR 1.5m lower than the same period last year, including a negative impact of EUR 1.0m from SimCorp Coric. Q2 EBIT was EUR 11.9m, against EUR 11.3m in Q2 last year, including a negative impact of EUR 0.5m from SimCorp Coric. *Page 8*
- The H1 cash flow from operating activities was EUR 15.8m compared with EUR 22.4m in the same period of 2013 as a result of temporary delays in receivables. *Page 10*
- The impact on the full year expectations from the Equipos Ltd. acquisition is maintained at a 2% points impact on revenue measured in both local and reported currencies and a 0.5% point negative impact on EBIT margin in both local and reported currencies. *Page 10*
- SimCorp now expects full year revenue growth measured in local currencies of between 8% and 10% (previously 10%) and expects EBIT margin measured in local currencies to be around 24.5% (previously 24%). Based on currency rates at 31 July 2014 SimCorp now expects full-year revenue growth in reported currency of 7% to 9% (previously 8.5%) and EBIT margin in reported currency of around 24.3% (previously 23.8%). *Page 12*
- At 30 June 2014, contracts equaling EUR 193m of the projected 2014 revenue had been secured, EUR 10m more than at the same time last year. The Group's pipeline of potential license contracts supports the expected growth in revenue. *Page 12*

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Investor meeting

SimCorp's Executive Management Board will present this interim report at an investor meeting Monday 1 September 2014 at 9:00 a.m. at the company's headquarters, Weidekampsgade 16, 2300 Copenhagen S. The meeting will be open to the public, and a live webcast of the presentation can be followed via this link, where it will be possible to ask questions online:

<http://www.media-server.com/m/p/7rqrb2d>.

The presentation will be available afterwards via SimCorp's website www.simcorp.com.

Enquiries regarding this announcement should be addressed to:

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Company Announcement no. 34/2014

Company AnnouncementSimCorp A/S – Interim report January to June 2014

Financial highlights and key ratios for the SimCorp Group

	2014	2013	2014	2013	2013
	Q2	Q2	H1	H1	FY
DKK/EUR rate of exchange end of period	7.4557	7.4588	7.4557	7.4588	7.4603
Income statement, EUR'000					
Revenue	58,751	54,104	108,365	103,073	225,129
Earnings bef. interest, tax, depreciation and amortization (EBITDA)	12,708	12,055	18,204	19,823	57,085
Profit from operations (EBIT)	11,889	11,321	16,775	18,285	54,236
Financial items	-29	-78	37	-74	-230
Profit before tax	11,860	11,243	16,812	18,211	54,006
Profit for the period	9,120	7,892	12,744	12,912	39,336
Balance sheet, EUR'000					
Share capital	5,576	5,844	5,576	5,844	5,844
Equity	51,376	65,722	51,376	65,722	71,556
Property, plant and equipment	5,411	4,429	5,411	4,429	4,839
Cash and cash equivalents	19,518	46,277	19,518	46,277	47,106
Total assets	100,736	109,245	100,736	109,245	117,469
Cash flows, EUR'000					
Cash flow from operating activities	-2,435	6,042	15,782	22,439	47,447
Cash flow from investing activities	-757	-489	-8,371	-677	-2,843
Cash flow from financing activities	-29,087	-17,550	-36,908	-34,039	-55,850
Net change in cash and cash equivalents	-32,279	-11,997	-29,497	-12,277	-11,246
Average number of employees	1,195	1,081	1,179	1,083	1,093
Key ratios					
EBIT margin (%)	20.2	20.9	15.5	17.7	24.1
ROIC (return on invested capital) (%)	147.7	201.0	104.2	133.4	158.8
Debtor turnover rate	8.8	10.6	8.1	10.1	8.6
Equity ratio (%)	51.0	60.2	51.0	60.2	60.9
Return on equity (%)	72.9	46.1	41.1	32.0	46.8
Per share data					
Basic earnings per share - EPS (EUR)	0.22	0.19	0.31	0.30	0.93
Diluted earnings per share - EPS-D (EUR)	0.22	0.18	0.31	0.30	0.92
Cash flow per share - CFPS (EUR)	-0.06	0.14	0.38	0.53	1.13
Average number of shares (m)	41.0	42.5	41.1	42.5	42.1
Average number of diluted shares (m)	41.7	43.1	41.7	43.0	43.6

The key ratios have been calculated in accordance with IAS 33 and "Recommendations and Ratios 2010" issued by the Danish Association of Financial Analysts. Please refer to the definition of ratios on page 59 of the Annual Report 2013. The interim report is unaudited and has not been reviewed by external auditors.

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Management's report – six months ended 30 June 2014

Development in sales and orders

Overall, SimCorp's business performed in line with expectations in the first six months of 2014, however, the lack of signing of new license deals in North America is not satisfactory. As a consequence of the lack of performance in North America the senior management team has been changed and a new Managing Director for the North American unit will start on 3 September 2014.

With no new license contracts signed in North America in neither Q1 or Q2 SimCorp takes comfort in the sales activities in Europe which developed satisfactorily in Q2, resulting in four new SimCorp Dimension license contracts signed; the new contracts were signed with clients in France, Netherlands, Luxembourg and Switzerland, making sales to new clients in H1 2014 14% above H1 2013. Sales to existing clients in H1 decreased by 15% compared with the same period last year.

One new customer for SimCorp Coric was signed in the UK in Q2. SimCorp Coric contracts are based on a subscription model, typically with a length of 3 to 5 years.

H1 order inflow was EUR 9.1m compared with EUR 15.2m in the same period last year, a decrease of 40%. The orders signed in 2014 had a lower value than orders signed in 2013. Q2 order inflow was EUR 7.1m, compared with EUR 5.8m in Q2 2013.

The order book decreased by EUR 4.3m in the first six months, representing the difference between actual order inflow and income recognized from software licenses adjusted for the effect of exchange rate changes. The order book stood at EUR 9.6m at 30 June 2014, EUR 5.1m lower than at the year-earlier date.

*SimCorp Dimension licenses, quarterly order inflow and order book
(aggregate new licenses and add-on licenses)*, 2013-2014*



*) Order inflow and order book include licenses to new customers as well as add-on licenses to existing customers. The order book is the total license value of signed license agreements that has not yet been recognized in income.

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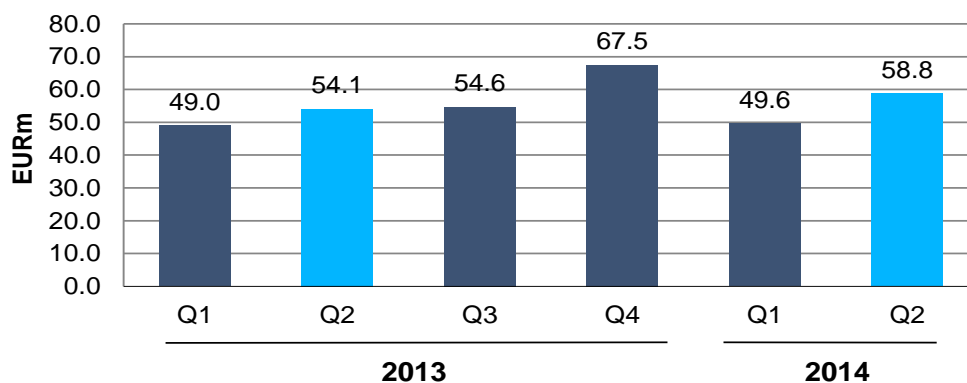
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Revenue

Group H1 revenue was up 5.1% y/y to EUR 108.4m, including EUR 2.0m related to SimCorp Coric. Measured in local currencies revenue was 7.4% higher than in the same period of 2013. Exchange rate changes have had a net negative impact on revenue of 2.3% points.

Q2 revenue was 8.6% higher than Q2 2013 and amounted to EUR 58.8m including EUR 1.5m from SimCorp Coric. Measured in local currencies the increase amounted to 10.7% compared with the same period of 2013. Exchange rate changes have had a net negative impact on revenue of 2.1% points for the quarter.

Revenue



In H1 2014, income recognized from license sales amounted to EUR 14.2m, a decrease of 1% y/y. Income recognized from license sales in Q2 2014 was EUR 10.4m, up by 22% compared with the year-earlier period. While the signing of four new SimCorp Dimension contracts in Q2 has had a positive impact on the license revenue for the quarter, SimCorp also met a major acceptance milestone on a large implementation project allowing SimCorp to income recognize a large part of the original software license contract from the order book in the quarter.

Fees from professional services amounted to EUR 38.4m in H1 2014, which was 8% higher than in the same period of 2013 including the impact of SimCorp Coric which accounted for 2.5% points of the increase. Professional service fees in Q2 2014 amounted to EUR 20.2m, an increase of 6% compared with Q2 last year of which 0.5% point can be related to SimCorp Coric. Revenue from professional services is negatively impacted from a number of larger SimCorp Dimension fixed fee implementation projects. This has impacted the growth of professional services revenue over 2013 negatively by 5% point. These projects are gradually being concluded during Q3 and Q4 and some have been concluded in Q2 2014.

Regular maintenance income, which increases as the completion and implementation of new customer installations take place, was EUR 54.2m in H1 2014, up 5% on the same period last year. Maintenance income in Q2 2014 was up 6% on the same period last year to EUR 27.5m. Other income including course fees amounted to EUR 1.6m in H1 and to EUR 0.7m in Q2.

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The distribution of H1 2014 revenue is shown in the table below:

EURm	Revenue H1 2014	Share of revenue H1 2014	Revenue H1 2013	Share of revenue H1 2013	Growth relative to H1 2013
Licenses - new sales	7.9	7 %	7.0	7%	14 %
Licenses - additional sales	6.3	6 %	7.4	7%	-15 %
Professional services	38.4	35 %	35.7	35%	8 %
Maintenance	54.2	50 %	51.5	50%	5 %
Training activities etc.	1.6	2 %	1.5	1%	8 %
Total	108.4	100.0 %	103.1	100%	5 %

The distribution of Q2 revenue is shown in the table below:

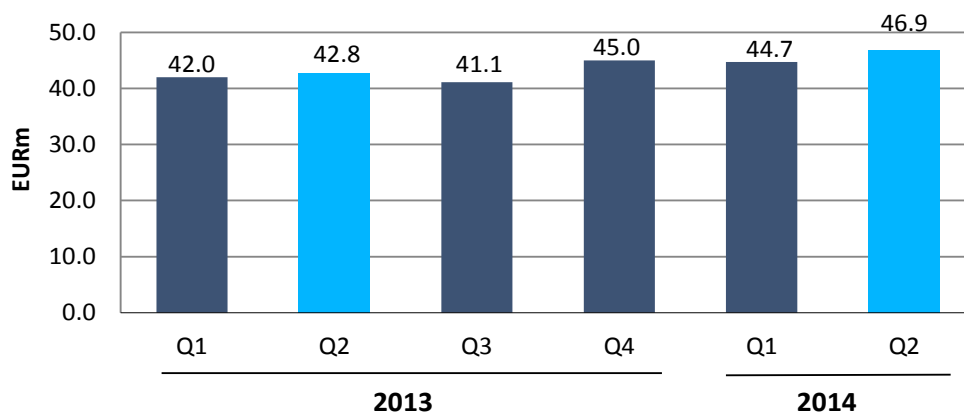
EURm	Revenue Q2 2014	Share of revenue Q2 2014	Revenue Q2 2013	Share of revenue Q2 2013	Growth relative to Q2 2013
Licenses - new sales	6.0	10 %	4.0	8%	50 %
Licenses - additional sales	4.4	8 %	4.5	8%	-2 %
Professional services	20.2	34 %	19.0	35%	6 %
Maintenance	27.5	47 %	25.9	48%	6 %
Training activities etc.	0.7	1 %	0.7	1%	0 %
Total	58.8	100 %	54.1	100%	9 %

Costs

SimCorp's total operating costs (including depreciation and amortization) in the first six months of 2014 were EUR 91.6m, an increase of 8.0% relative to the same period last year, including operating costs of EUR 3.4m related to SimCorp Coric of which EUR 0.4m were of non-recurring character. Excluding the costs related to SimCorp Coric the increase in costs was 4.5% relative to H1 2013.

The total costs (including depreciation and amortization) in Q2 were EUR 46.9m, including costs related to SimCorp Coric of EUR 2.5m, an increase of EUR 4.1m compared to Q2 2013.

Costs



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Salaries and staff-related costs, which accounted for about 75% of total costs, have increased by EUR 5.1m, or 8%, compared with H1 2013. Around EUR 1.8m relates to SimCorp Coric and another EUR 1.0 can be attributed to redundancy costs related to changes in management setup. Excluding the impact of SimCorp Coric and redundancy costs salaries and staff related costs grew by 4% in H1 primarily attributed to general salary increases. In the same period FTE´s – excluding the impact from SimCorp Coric grew 6% in H1 2014 compared to last year.

Cost of sales, including implementation consultants, increased 8.0% in H1, primarily relating to increased capacity within consultancy activities from last year to this year. Compared with H1 2013 utilization ratio has decreased but remains at a high level.

As reported in Q1 the mix in implementation projects between “fixed fee” projects and “time and material” projects has changed compared to 2013 which has led to cost of sales increasing at a higher percentage than revenue from professional services. Overall the underlying profitability from professional services remains at a satisfactory level.

Research and development costs increased 6.7% compared with H1 last year driven by general salary increases and an increase in headcount in research and development.

Sales and marketing costs were up 4.7%, the increase was fully attributable to SimCorp Coric. Administrative expenses increased by EUR 1.4m, mainly as a result of redundancy costs related to changes in the management setup of around EUR 1.0m and non-recurring costs of EUR 0.4m related to the acquisition of Equipos Ltd. (SimCorp Coric).

Employees

At 30 June 2014 the Group had 1,252 employees, 128 more than 30 June 2013 including 52 employees who were added with the acquisition of SimCorp Coric. The remaining growth in employees is mainly within the market units where North America added 13 employees and Central Europe has added 14 employees compared to 30 June 2013. The additional employees were mainly added in the professional services part of the respective organizations. In the central functions research and development has net increased with 15 employees, 21 employees have been added in Kiev, Ukraine.

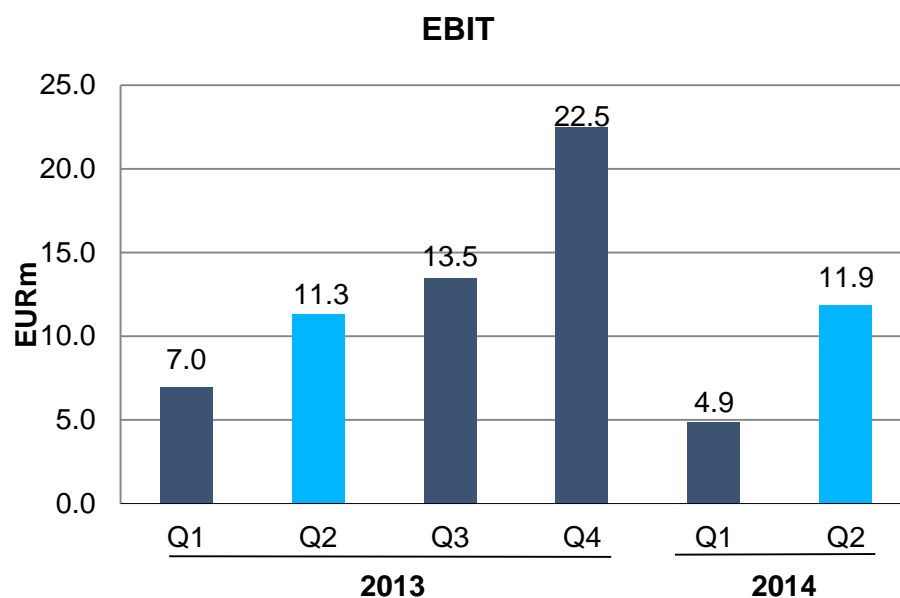
SimCorp's office in Kiev, Ukraine, is located around 15km outside the city centre. Despite the current turmoil in Ukraine SimCorp's ability to operate in Kiev has only been minimally impacted. Back up contingency plans are in place to ensure continued operations.

The Group had on average 1,179 full time equivalent employees in the first six months of 2014 compared with 1,083 in the same period last year. SimCorp Coric is included and accounts for an average of 33 full time equivalent employees in H1 2014.

Group performance

For H1 2014, the Group posted EBIT of EUR 16.8m, EUR 1.5m lower than in the same period of 2013, including a negative impact from SimCorp Coric of EUR 1.0m. Q2 EBIT was EUR 11.9m, against EUR 11.3m in Q2 last year, SimCorp Coric impacted negatively with EUR 0.5m. Exchange rate fluctuations increased EBIT by EUR 0.1m for the first six months of the year and decreased EBIT by EUR 0.2m in the second quarter.

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Associated companies contributed an accounting gain of EUR 0.6m, related to the acquisition of the remaining shares in Equipos Ltd. Cash holdings and foreign exchange adjustments generated financial income of EUR 0.5m and financial expenses related to foreign exchange adjustments amounted to EUR 1.1m, primarily related to exchange rate fluctuations on the Group's overseas assets.

Profit before tax

For the first six months the Group posted a pre-tax profit of EUR 16.8m, against EUR 18.2m in H1 2013. The estimated tax charge totals EUR 4.1m equivalent to a tax rate of 24.2% against 29.1% in the same period last year as a result of a change in the revenue mix, where a lower proportion of the taxable income in H1 2014 came from North America compared with the same period last year. The Group's net profit for the first six months amounted to EUR 12.7m, against a net profit of EUR 12.9m in the same period last year.

Comprehensive income

Other comprehensive income related to re-measurement of defined benefit pension plans and exchange rate adjustments on translation of the Group's foreign investments amounted to a net income of EUR 0.6m in H1 compared with a net expense of EUR 0.9m in the same period last year. The exchange rate fluctuations are primarily due to the change in the GBP/EUR exchange rate and in the USD/EUR exchange rate.

Total comprehensive income for H1 was thus a net profit EUR 13.4m against net profit EUR 12.0m in the same period last year.

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Balance sheet items and cash flow

SimCorp's total assets stood at EUR 100.7m at 30 June 2014, including cash deposits amounting to EUR 19.5m, EUR 26.8m lower than a year earlier. Total receivables amounted to EUR 46.6m at 30 June 2014, representing an increase of EUR 6.6m of which SimCorp Coric amounted to EUR 1.0m compared with 30 June 2013.

Operating activities generated a cash inflow of EUR 15.8m in H1 against EUR 22.4m in the same period last year due to a temporary delay in the payment of certain account receivables. Payment of corporation tax amounted to EUR 6.8m against EUR 8.9m in the same period last year.

EUR 8.4m was spent on investing activities in H1, of which EUR 6.9m was related to the acquisition of Equipos Ltd., compared with investing activities of EUR 0.7m in H1 2013.

The financial activities generated a net cash outflow of EUR 36.9m against EUR 34.0m in the same period last year. Payment of dividend reduced liquidity by EUR 22.1m (2013: EUR 20.1m) and purchase of treasury shares reduced liquidity by EUR 14.9m (2013: EUR 20.3m), including EUR 7.0m purchased in Q2 (2013: EUR 14.6m), and the exercise of share options and sale of employee shares increased liquidity by EUR 0.1m compared with EUR 6.4m in the same period last year.

Investments

On 25 February 2014 SimCorp A/S acquired the remaining shares not owned in Equipos Ltd. for GBP 8.3m (EUR 10.0m).

Prior to the acquisition, SimCorp owned 20% of the company, which was recognized as an associated company in the Group financial statements using the equity method.

The acquisition of Equipos Ltd. is expected to have a positive impact on total revenue in 2014 of 2% points, and the EBIT margin is expected to be adversely affected by 0.5% point in 2014 due to non-recurring costs relating to the acquisition. The impact is expected to be the same in both local and reported currencies.

The preliminary assessment of the fair value of the net assets acquired, consideration paid and goodwill arising on the transaction were reported in Q1. We are within the measurement period of 12 months after the acquisition date and accordingly could be subject to adjustments.

The fair value of the equity interest previously held in Equipos Ltd. was GBP 1,285,000 (EUR 1.5m).

The deferred purchase price that is conditional on the continued employment of the founders is in accordance with IFRS 3 treated as compensation for post acquisition services rather than part of the consideration for an acquisition and will be expensed over three years.

In June Equipos Ltd. and Equipos Inc. were renamed to SimCorp Coric Ltd. and SimCorp Coric Inc. respectively.

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The net aggregate value of identifiable assets and liabilities measured in accordance with IFRS 3 is preliminary determined to GBP 4.5m (EUR 5.5m) and resulting in a goodwill of GBP 3.2m (EUR 3.8m). The goodwill is attributable to a well positioned business for reporting software capabilities, a highly skilled workforce, buyer synergies and the potential for significantly more clients to adopt the reporting functionality from SimCorp Coric under SimCorp's full ownership.

The acquisition has resulted in an accounting gain of EUR 0.6m in Q1 2014, which is the difference between the fair value and the carrying amount of the previously held equity. Transaction costs associated with the acquisition of EUR 0.4m are included in administration costs.

Changes in equity

The Group's equity amounted to EUR 51.4m at 30 June 2014. This was a reduction of EUR 20.2m from 31 December 2013. Payment of dividends to shareholders amounting to EUR 22.1m and purchase of treasury shares amounting to EUR 14,9m reduced equity. Comprehensive income for the period of EUR 13.4m as well as share sales to employees, payments related to share option programs and share based remuneration of EUR 3,4m increased equity.

Equity decreased by EUR 14.3m compared with 30 June 2013.

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Outlook for the financial year 2014^{*)}

SimCorp generated financial results in line with expectations in the first six months of 2014. Four new SimCorp Dimension software license contracts were signed in Europe in Q2 and one new software contract for SimCorp Coric was also signed in Europe in Q2. Furthermore, at the beginning of Q3 one new SimCorp Dimension contract was signed in Switzerland along with one new SimCorp Coric contract in the US. Outside North America, SimCorp's pipeline of potential license contracts develops satisfactorily, and SimCorp continues to experience a satisfactory diversified demand for its products and services.

During Q2 an additional amount of EUR 18m of total revenue for 2014 was contractually secured, against an amount of EUR 11m recorded in the same period last year, and SimCorp enters Q3 with secured contracts for EUR 193m of the revenue projected for 2014, EUR 10m more than at the same time last year.

Given the current situation in the North American market SimCorp sees increased uncertainty regarding the full year revenue for the Group and consequently changes its guidance for 2014 revenue growth in local currencies to be between 8% and 10% (previously 10%).

The gradual recovery of the North American market unit is expected to continue into 2015.

SimCorp has initiated a series of cost reduction initiatives to be executed during the remaining four months of the year that will improve the EBIT margin in local currencies by around half a percentage point to around 24.5% (previously 24%).

Based on the currency exchange rates at 31 July 2014 SimCorp now expects revenue growth in reported currency to be between 7% and 9% (previously 8.5%). The reported EBIT margin is now expected to be around 24.3% (previously 23.8%).

The guidance above includes the effects of the acquisition of Equipos Ltd. from 1 March 2014.

^{*)} This announcement contains certain forward-looking statements and expectations in respect of the 2014 financial year. Such forward-looking statements are not guarantees of future performance, and involve risk and uncertainty, and actual performance may deviate materially from that expressed in such forward-looking statements due to a variety of factors. Readers are warned not to rely unduly on such forward-looking statements which apply only as at the date of this announcement. The Group's revenue will continue to be impacted by relatively few but large system orders, and such orders are expected to be won at relatively irregular intervals. The terms agreed in the individual license agreements will determine the impact on the order book and on license income for any specific financial reporting period. Accordingly, license revenue is likely to vary considerably from one quarter to the next. Unless required by law or corresponding obligations SimCorp A/S is under no duty and undertakes no obligation to update or revise any forward-looking statement after the distribution of this document, whether as a result of new information, future events or otherwise.

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Other information

Significant risk and uncertainty factors

SimCorp operates in a dynamic and complex business environment, where performance relies heavily on the ongoing achievement of a number of success criteria. Pages 18-21 of SimCorp's Annual Report 2013 describe the most important general risk factors and the risk management measures used in everyday operations. Management believes the description of these potential risks still applies.

Shareholder information

Capital reduction

In accordance with the approval at the extraordinary general meeting on 14 May 2014 the Board of Directors has executed the capital reduction of DKK 2,000,000 by cancellation of treasury shares, after which the nominal share capital amounts to DKK 41,500,000. The reduction of shares took place on 14 June 2014.

Exercise of options

7,500 stock options were exercised in Q1, and all stock options programs have now been fully completed and no further stock options are outstanding.

Since 2010 all stock based incentive programs have been based on restricted stock units.

Transferred shares in relation to restricted stock units allotted in 2011

In Q1 100,590 shares were transferred to the Executive Management Board and key employees, who participated in the long term incentive program in 2011 and have fulfilled the program's criteria. The actual number of shares allocated was determined based on the achieved average annual revenue growth and annual average net operating profit after tax for the financial years 2011 to 2013. The total number of shares was reduced by 21.3% compared to the potential maximum allotment under the program.

Issue of restricted stock units

In accordance with the remuneration policy approved by the shareholders at the annual general meeting, the Board of Directors on 1 April 2014 undertook to grant restricted stock units. A total of 83,325 restricted stock units were granted, including 24,456 restricted stock units to the Executive Management Board. The fair value of these restricted stock units amounted to EUR 2.4m at the time of allotment. The value adjusted for dividends will be included in the income statement over the vesting period of three years. The restricted stock units will vest after three years, subject to continuing employment. Furthermore, the restricted stock units are subject to conditions with respect to average annual minimum revenue growth and annual average net operating profit after tax for the financial years 2014 to 2016. If the two last conditions are only partially satisfied, the number of shares transferred after three years will be reduced, and may possibly lapse completely.

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In addition in Q1 144,718 restricted stock units relating to the corporate bonus program for 2013 were granted and distributed among Group employees, including 6,179 restricted stock units to the Executive Management Board and 1,084 restricted stock units to employees elected members of the Board of Directors. In Q2 1,144 restricted stock units were cancelled in relation to employees resigning from the Company. The restricted stock units will vest one third after one year, further one third after two years and the last third after three years subject to vesting conditions.

In connection with the appointment of a senior management employee in the UK 9,170 restricted stock units have been granted. The restricted stock units will vest after three years, subject to continuing employment. Furthermore, the restricted stock units are subject to conditions with respect to average annual revenue growth for the financial years 2014 to 2016. If the conditions are only partially satisfied, the number of shares transferred after three years will be reduced, and may possibly lapse completely.

In connection with the acquisition of Equipos Ltd. 8,341 restricted stock units have been granted to management and key employees of Equipos Ltd. These restricted stock units will vest after three years subject to continuing employment.

A total of 658,170 restricted stock units are in issue. These will be transferred in whole or in part between 2015 and 2017 to program participants subject to the vesting conditions and to the performance criteria.

Number of restricted stock units	Granted	Vesting	Executive Management		Total	
			Board of Directors *	Board Employees		
Corporate bonus 2011	March 2012	March 2015	0	2,810	28,010	30,820
Executive Management and key employees	April 2012	April 2015	0	34,600	94,880	129,480
Senior employee in North America	April 2012	April 2016/2017	0	0	15,000	15,000
CEO - Klaus Holse	September 2012	September 2015/2016/2017	0	107,220	0	107,220
Corporate bonus 2012	March 2013	March 2016	0	0	14,350	14,350
Executive Management and key employees	April 2013	February 2016	0	33,300	83,590	116,890
Senior employee in UK	February 2014	March 2017	0	0	9,170	9,170
Key employees in Equipos	March 2014	March 2017	0	0	8,341	8,341
Corporate bonus 2013	March 2014	March 2017	1,084	6,179	136,311	143,574
Executive Management and key employees	April 2014	February 2017	0	24,456	58,869	83,325
Total number of restricted stock units 30 June 2014			1,084	208,565	448,521	658,170

*) Restricted stock units acquired by employee elected members of the Board of Directors of SimCorp A/S.

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Holding of treasury shares

In Q1 the Company sold 7,500 treasury shares and transferred 100,590 treasury shares in relation to the restricted stock unit program for 2011, and in accordance with the approved remuneration and incentive policy for the Board of Directors 1,461 treasury shares in Q2 and a total of 2,891 treasury shares in H1 were transferred to the Board of Directors.

In Q2 the Company acquired 261,527 treasury shares at an average price of DKK 198.74 per share, in total EUR 6.9m. In total in H1 the Company acquired 540,885 treasury shares, at a total price of EUR 14.9m.

In Q2 the Company executed the capital reduction of DKK 2,000,000 equivalent to 2,000,000 shares of DKK 1 by cancellation of treasury shares.

At the end of Q2 the Company held 577,145 treasury shares equaling 1.33% of the Company's share capital.

Treasury shares	Share capital	Number of Treasury shares	Acquisition value EUR'000	Percent of share capital
2013				
At 1 January 2013	45,000,000	2,444,020	33,448	5.4
Foreign exchange adjustment			1	-
Cancellation	-1,500,000	-1,500,000	-20,693	-3.4
Purchases		959,307	20,338	2.1
Delivery of shares, share-based payment		-556,960	-6,422	-1.2
Sold to employees		-63,350	-837	-0.1
At 30 June 2013	43,500,000	1,283,017	25,835	2.9
Purchases		922,344	22,512	2.1
Delivery of shares, share-based payment		-58,120	-991	-0.1
At 31 December 2013	43,500,000	2,147,241	47,356	4.9
2014				
At 1 January 2014	43,500,000	2,147,241	47,356	4.9
Cancellation	-2,000,000	-2,000,000	-43,677	-3.4
Purchases		540,885	14,875	1.2
Delivery of shares, share-based payment		-110,981	-2,742	-0.3
At 30 June 2014	41,500,000	577,145	15,812	1.3

Based on the current business outlook and the cash position, the Company will initiate a new "Safe Harbour" program and acquire treasury shares at an amount of EUR 10m until the release of the Annual Report 2014.

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Signatures

The Board of Directors and the Executive Management Board have today considered and adopted the interim report for the period 1 January - 30 June 2014.

The interim financial report, which is unaudited and has not been reviewed by the company's auditors, is presented in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the interim financial report gives a true and fair view of the Group's assets, liabilities and financial position as of 30 June 2014 and of the profit of the Group's operations and cash flow for the period 1 January - 30 June 2014.

Besides what has been disclosed in the interim report, no other significant changes in the Group's risks and uncertainties have occurred relative to what was disclosed in the consolidated annual report 2013.

Furthermore, the management's commentary gives a fair representation of the Group's activities and financial position as well as a description of the material risks and uncertainties which the Group is facing.

29 August 2014

Executive Management Board:

Klaus Holse
Chief Executive Officer

Georg Hetrodt
Chief Technology Officer

Thomas Johansen
Chief Financial Officer

Board of Directors:

Jesper Brandgaard
Chairman

Peter Schütze
Vice Chairman

Hervé Couturier

Simon Jeffreys

Patrice McDonald

Jacob Goltermann

Raymond John

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Consolidated income statement

EUR'000	2014 Q2	2013 Q2	2014 H1	2013 H1	2013 FY
Revenue	58,751	54,104	108,365	103,073	225,129
Cost of sales	21,949	20,795	43,264	40,074	80,883
Gross profit	36,802	33,309	65,101	62,999	144,246
Other operating income	36	3	41	6	52
Research and development costs	13,265	12,296	26,169	24,515	49,548
Sales and distribution costs	7,232	6,218	13,637	13,022	26,980
Administrative expenses	4,452	3,477	8,561	7,183	13,534
Profit from operations (EBIT)	11,889	11,321	16,775	18,285	54,236
Share of profit after tax in associates	-4	-48	643	-186	-111
Financial income	266	568	520	1,535	2,375
Financial expenses	291	598	1,126	1,423	2,494
Profit before tax	11,860	11,243	16,812	18,211	54,006
Tax on profit	2,740	3,351	4,068	5,299	14,670
Net profit for the period	9,120	7,892	12,744	12,912	39,336
Earnings per share					
Basic earnings per share - EPS (EUR)	0.22	0.19	0.31	0.30	0.93
Diluted earnings per share - EPS-D (EUR)	0.22	0.18	0.31	0.30	0.92

Statement of comprehensive income

EUR'000	2014 Q2	2013 Q2	2014 H1	2013 H1	2013 FY
Net profit for the period	9,120	7,892	12,744	12,912	39,336
Other comprehensive income					
Items that will not be reclassified subsequently to the income statement:					
Remeasurements of defined benefit pension plans	17	16	33	-246	-487
Tax	13	8	9	-64	127
Items that will be reclassified subsequently to the income statement, when specific conditions are met:					
Foreign currency translation differences for foreign operations	538	-830	606	-671	-1,212
Tax	0	8	0	29	0
Other comprehensive income after tax for the period	542	-830	630	-882	-1,572
Total comprehensive income for the period	9,662	7,062	13,374	12,030	37,764

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Consolidated balance sheet

EUR'000	2014 30 June	2013 30 June	2013 31 December
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	4,740	793	792
Software	4,093	490	386
Customer contracts	3,431	0	0
Total intangible assets	12,264	1,283	1,178
Property, plant and equipment			
Leasehold improvements	2,094	2,463	2,224
Technical equipment	3,140	1,498	2,431
Other equipment, fixtures and fittings	177	468	184
Total property, plant and equipment	5,411	4,429	4,839
Other non-current assets			
Investments in associates	312	1,124	1,221
Deposits	2,193	2,117	2,111
Deferred tax	6,922	6,086	6,219
Total other non-current assets	9,427	9,327	9,551
Total non-current assets	27,102	15,039	15,568
Current assets			
Receivables	46,568	39,948	49,336
Receivables from associates	0	0	422
Income tax receivables	2,856	3,719	1,223
Prepayments	4,692	4,262	3,814
Cash and cash equivalents	19,518	46,277	47,106
Total current assets	73,634	94,206	101,901
Total assets	100,736	109,245	117,469
LIABILITIES & EQUITY			
Equity			
Share capital	5,576	5,844	5,844
Exchange adjustment reserve	-1,788	-1,882	-2,394
Retained earnings	47,588	61,760	45,942
Proposed dividend	0	0	22,174
Total equity	51,376	65,722	71,566
Liabilities			
Non-current liabilities			
Deferred tax	215	348	213
Provisions	3,380	3,243	3,177
Deferred purchase price	1,072	0	0
Employee bonds	0	749	0
Total non-current liabilities	4,667	4,340	3,390
Current liabilities			
Prepayments from clients	13,055	8,311	5,490
Trade payables and other payables	28,811	29,373	33,498
Income tax	2,008	1,422	2,640
Provisions	75	77	140
Employee bonds	744	0	745
Total current liabilities	44,693	39,183	42,513
Total liabilities	49,360	43,523	45,903
Total liabilities and equity	100,736	109,245	117,469

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Consolidated cash flow statement

EUR'.000	2014	2013	2014	2013	2013
	Q2	Q2	H1	H1	FY
Profit for the period	9,120	7,892	12,744	12,912	39,336
Adjustments for non cash operating items	4,809	4,838	8,855	8,398	20,789
Changes in working capital	-13,912	-3,077	1,181	9,615	1,186
Cash from operating activities before financial items	17	9,653	22,780	30,925	61,311
Financial income received	9	112	127	653	973
Financial expenses paid	-146	-105	-277	-199	-449
Income taxes paid	-2,315	-3,618	-6,848	-8,940	-14,388
Net cash flow from operating activities	-2,435	6,042	15,782	22,439	47,447
Purchase of subsidiaries	0	0	-6,943	0	0
Loan to associates	0	0	0	0	-422
Repayment of loan, associates	0	0	422	0	0
Purchase of intangible fixed assets	-65	-17	-277	-42	-76
Purchase of property, plant and equipment	-699	-441	-1,571	-594	-2,331
Proceeds from sale of property, plant and equipment	9	0	9	0	0
Purchase of financial assets	-4	-66	-16	-76	-64
Proceeds from sale of financial assets	2	15	5	15	30
Dividends from associates	0	20	0	20	20
Net cash flow from/(used) in investing activities	-757	-489	-8,371	-677	-2,843
Net cash from operating and investing activities	-3,192	5,553	7,411	21,762	44,604
Sale of employees shares	0	0	0	498	498
Exercise of options	0	1,131	62	5,879	6,580
Dividends paid	-22,095	-4,049	-22,095	-20,078	-20,078
Acquisition of treasury shares	-6,992	-14,632	-14,875	-20,338	-42,850
Net cash from/(used) in financing activities	-29,087	-17,550	-36,908	-34,039	-55,850
Change in cash and cash equivalents	-32,279	-11,997	-29,497	-12,277	-11,246
Total cash flows for the period					
Cash and cash equivalents at beginning of period	51,781	58,609	47,106	58,897	58,897
Cash and cash equivalents acquired	0	0	1,885	0	0
Foreign exchange adjustment of cash and cash equivalents	16	-335	24	-343	-545
Cash and cash equivalents at 30 June	19,518	46,277	19,518	46,277	47,106

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Statement of changes in equity

EUR'000	Share capital	Exchange adjustment reserve	Retained earnings	Proposed dividend	Total
Group					
Equity at 1 January 2013	6,045	-1,182	61,036	19,965	85,864
Comprehensive income for the period *					
Total comprehensive income for the period	0	-700	12,730	0	12,030
Transactions with owners					
Cancellation of treasury shares	-201	0	201	0	0
Dividends paid to shareholders	0	0	-113	-19,965	-20,078
Share-based payment	0	0	7,866	0	7,866
Tax, share-based payment	0	0	378	0	378
Purchase of treasury shares	0	0	-20,338	0	-20,338
Equity at 30 June 2013	5,844	-1,882	61,760	0	65,722
Equity at 1 July 2013	5,844	-1,882	61,760	0	65,722
Comprehensive income for the period *					
Total comprehensive income for the period	0	-512	26,246	0	25,734
Transactions with owners					
Dividends paid to shareholders	0	0	5	0	5
Share-based payment	0	0	2,296	0	2,296
Tax, share-based payment	0	0	321	0	321
Purchase of treasury shares	0	0	-22,512	0	-22,512
Proposed dividend to shareholders	0	0	-22,174	22,174	0
Equity at 31 December 2013	5,844	-2,394	45,942	22,174	71,566
Equity at 1 January 2014	5,844	-2,394	45,942	22,174	71,566
Comprehensive income for the period *					
Total comprehensive income for the period	0	606	12,768	0	13,374
Transactions with owners					
Cancellation of treasury shares	-268	0	268	0	0
Declared dividend to shareholders	0	0	79	-22,174	-22,095
Share-based payment	0	0	3,396	0	3,396
Tax, share-based payment	0	0	10	0	10
Purchase of treasury shares	0	0	-14,875	0	-14,875
Equity at 30 June 2014	5,576	-1,788	47,588	0	51,376

* Please refer to Statement of comprehensive income page 17

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Notes to the financial statements

Accounting policies

The interim report is presented in accordance with IAS 34 “Interim financial reporting” as adopted by the EU and Danish disclosure requirements for interim reports of listed companies.

The accounting policies applied are consistent with those of the Annual Report 2013 except as set out below. See page 54 to 58 of the Annual Report 2013 for a comprehensive description of the accounting policies applied.

In May 2014, the IASB issued IFRS 15 (Revenue from Contracts with Customers). The standard becomes effective from January 1, 2017 with earlier application permitted. We are in the earlier stage of an analysis of the impact of the standard on SimCorp’s Consolidated Financial Statements. The impact could be material, in particular in the timing of the revenue recognition. The standard have different alternative approaches for adoption of the new guidance. SimCorp are still analyzing these approaches.

Change in accounting policies

Effective 1 January 2014, a number of new accounting standards and interpretations have been implemented which do not have any monetary effect on the SimCorp Group’s result, assets, liabilities or equity.

In connection with the acquisition of Equipos Ltd. SimCorp has updated its accounting policies for other intangible assets acquired in a business combination to include customer contracts. Intangible assets are amortized on a straight-line basis over the estimated useful life. Customer contracts up to 20 years.

Judgments and estimates

The preparation of interim reports requires management to make accounting judgments and estimates that affect the use of accounting policies and recognized assets, liabilities, income and expenses. Actual results may differ from these estimates.

The most significant estimates made by management when using the Group’s accounting policies and the most significant judgment uncertainties attached hereto are the same for the preparation of the interim report as for the preparation of the Annual Report 2013.

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Segment information

EUR '000	Nordic region	Central Europe	UK and Ireland	Benelux and France	Asia and Australia	North America	Software development	Coric*)	Corporate functions	Total	Elimination/ not allocated	Group
1 April - 30 June 2014												
Revenue external clients	13,811	15,965	3,952	8,708	4,374	10,059	273	1,549	60	58,751	0	58,751
Revenue between segments	2,436	1,008	291	1,119	576	927	18,318	461	594	25,730	-25,730	0
Total segment revenue	16,247	16,973	4,243	9,827	4,950	10,986	18,591	2,010	654	84,481	-25,730	58,751
Segment profit from operations (EBIT)	3,580	3,446	77	1,252	840	380	2,216	-455	553	11,889	0	11,889
1 January - 30 June 2014												
Revenue external clients	27,461	30,615	7,573	15,632	8,128	16,334	550	1,975	97	108,365	0	108,365
Revenue between segments	4,844	1,915	611	1,802	1,152	1,411	33,232	472	594	46,033	-46,033	0
Total segment revenue	32,305	32,530	8,184	17,434	9,280	17,745	33,782	2,447	691	154,398	-46,033	108,365
Segment profit from operations (EBIT)	7,422	5,865	41	1,852	1,226	-1,430	1,922	-573	450	16,775	0	16,775
Total assets	14,055	17,247	5,820	15,240	7,053	14,649	853	13,750	5,537	94,204	6,532	100,736
1 April - 30 June 2013												
Revenue external clients	13,223	15,010	3,203	5,873	4,120	12,370	278	-	27	54,104	0	54,104
Revenue between segments	2,214	1,393	914	1,219	354	1,458	15,502	-	0	23,054	-23,054	0
Total segment revenue	15,437	16,403	4,117	7,092	4,474	13,828	15,780	-	27	77,158	-23,054	54,104
Segment profit from operations (EBIT)	5,731	3,207	59	545	397	1,039	1,433	-	-1,090	11,321	0	11,321
1 January - 30 June 2013												
Revenue external clients	26,043	28,974	8,257	11,720	8,185	19,291	547	-	56	103,073	0	103,073
Revenue between segments	3,344	2,885	2,141	1,933	986	3,241	32,437	-	0	46,967	-46,967	0
Total segment revenue	29,387	31,859	10,398	13,653	9,171	22,532	32,984	-	56	150,040	-46,967	103,073
Segment profit from operations (EBIT)	7,820	6,164	1,569	1,248	877	-42	3,290	-	-2,641	18,285	0	18,285
Total assets	15,025	15,111	4,475	11,578	7,285	15,028	2,309	-	3,431	74,242	35,003	109,245

Revenue disclosures are based on SimCorp's market units and development activities while asset allocation is based on the physical location of the assets. Unallocated assets relate to non-current headquarter assets, cash, taxes and investments in associates.

Reconciliation of the profit before tax	2014 Q2	2013 Q2	2014 H1	2013 H1
EUR '000				
Total segment profit reported (EBIT)	11,889	11,321	16,775	18,285
Share of profit after tax and gain on associates	-4	-48	643	-186
Financial income	266	568	520	1,535
Financial expenses	291	598	1,126	1,423
Profit for the period before tax, see income statement	11,860	11,243	16,812	18,211

Property, plant and equipment and investment obligations

The SimCorp Group does not hold assets under finance leases and has not provided assets as security.

Contingent liabilities

No material changes have occurred to contingent liabilities referred to in the Annual Report 2013.

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Events after 30 June 2014

In connection with the appointment of new head of North America the Company has granted restricted stock units equivalent to EUR 200,000. These restricted stock units will vest after three years, subject to continuing employment as part of the sign on agreement.

In addition, the Company has granted 15,000 restricted stock units. These restricted stock units will vest end of February 2018, subject to continuing employment. Furthermore, the restricted stock units are subject to conditions with respect to annual revenue growth in North America for the financial years 2015 to 2017. If the conditions are only partially satisfied, the number of shares transferred after three years will be reduced, and may possibly lapse completely.

No other material events have occurred after the balance sheet date that have consequences for the interim report.