

SimCorp A/S

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Company Announcement no. 49/2014
26 November 2014

Company Announcement

SimCorp A/S – Interim report January to September 2014

Summary

SimCorp signed three new contracts in the third quarter of the year – two related to SimCorp Dimension and one related to SimCorp Coric.

Total revenue for the first nine months of 2014 increased 5% measured in local currencies and 4% in EUR and amounted to EUR 164.1m, EUR 6.5m higher than for the same period last year.

By comparison with last year revenue from additional license sales to existing customers decreased by 31%.

EBIT for the nine-month period was EUR 28.8m, compared with EUR 31.8 for the year-earlier period. Currency exchange rate fluctuations have impacted EBIT positively by EUR 0.8m for the nine-month period.

Net profit for the nine-month period was EUR 21.2m compared with EUR 22.9m for the same period last year.

At 30 September 2014, contracts equaling EUR 210m of the projected 2014 revenue had been secured, EUR 6m more than at the same time last year.

SimCorp revises its guidance for revenue growth measured in local currencies to be around 7% (previously between 8% and 10%) and also revises its guidance for EBIT margin measured in local currencies to be around 24% (previously 24.5%). This is a reflection of the uncertainty in timing of a number of contracts that are in late stage negotiations with new as well as existing customers.

Based on the currency exchange rates at 31 October 2014 SimCorp now expects revenue growth in reported currency to be around 7% (previously between 7% and 9%) mainly driven by the development in the exchange rate in the USD. The reported EBIT margin is revised to be around 24% (previously 24.3%).

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Klaus Holse, SimCorp CEO comments: “The growth of SimCorp in 2014 is being built on strong performance in Europe. In the important North American market the successful onboarding of the new leadership assures me that we are on the right track to unlock the long-term potential of SimCorp.”

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

- 9M revenue was up 5% y/y in local currencies and 4% y/y in reported currency to EUR 164.1m, including revenue of EUR 3.5m from SimCorp Coric. Q3 revenue increased by 2% compared with the same period last year and amounted to EUR 55.8m, including revenue of EUR 1.6m from SimCorp Coric. *Page 6*
- 9M order inflow was EUR 15.9m compared with EUR 26.2m for the same period last year. Q3 order inflow decreased by 38% compared with Q3 2013 to EUR 6.8m. The order book increased by EUR 0.3m during the quarter, and amounted to EUR 10.0m at 30 September 2014, compared with EUR 14.9m at the same time in 2013. *Page 5*
- Income recognized from licenses and add-on licenses amounted to EUR 21.7m in the nine-month period, a decrease of 13% y/y, and amounted to EUR 7.5m in Q3 compared with EUR 10.6m the year-earlier period. *Page 6*
- Revenue from professional services continue to develop satisfactorily. Professional service fees for the first nine months of the year were EUR 58.3m, up 9% relative to the same period last year. In Q3 professional service fees were EUR 19.9m, an increase of 11% compared with the same period last year. *Page 6*
- Maintenance income for the nine months was EUR 82.1m, an increase of 6% relative to the same period last year. Maintenance income in Q3 2014 was EUR 27.9m, an increase of 8% compared with the year-earlier period. *Page 6*
- Total cost for the nine months amounted to EUR 135.4m, an increase of 8% compared with the same period in 2013. Excluding the impact of SimCorp Coric the growth was 4%. In Q3 total cost was EUR 43.8m, an increase of 7% on the same period last year. Excluding the impact from SimCorp Coric the growth was 2%. *Page 7*
- 9M EBIT showed a profit of EUR 28.8m, which is 9% or EUR 2.9m lower than the same period last year, including a negative impact of EUR 1.2m from SimCorp Coric. Q3 EBIT was EUR 12.0m, against EUR 13.5m in Q3 last year, including a negative impact of EUR 0.3m from SimCorp Coric. *Page 9*
- 9M cash flow from operating activities was EUR 27.9m compared with EUR 30.5m for the same period of 2013. Q3 cash flow from operating activities was EUR 12.1m compared with EUR 8.1m in the year-earlier period. *Page 10*
- The impact on the full year expectations from the Equipos Ltd. acquisition is maintained at a 2% point 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*

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- SimCorp revises its guidance for revenue growth measured in local currencies to be around 7% (previously between 8% and 10%) and also revises its guidance for EBIT margin measured in local currencies to be around 24% (previously 24.5%). This is a reflection of the uncertainty in timing of a number of contracts that are in late stage negotiations with new as well as existing customers. *Page 12*
- Based on the currency exchange rates at 31 October 2014 SimCorp now expects revenue growth in reported currency to be around 7% (previously between 7% and 9%) mainly driven by the development in the exchange rate in the USD. The reported EBIT margin is revised to be around 24% (previously 24.3%). *Page 12*
- At 30 September 2014, contracts equaling EUR 210m of the projected 2014 revenue had been secured, EUR 6m more than at the same time last year. The Group's pipeline of potential license contracts supports the expected growth in revenue. *Page 12*

Investor meeting

SimCorp's Executive Management Board will present this interim report at an investor meeting Thursday 27 November 2014 at 9:00 am. 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/siz8qcdn>.

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 AnnouncementSimCorp A/S – Interim report January to September 2014

Financial highlights and key ratios for the SimCorp Group

	2014 Q3	2013 Q3	2014 9M	2013 9M	2013 FY
DKK/EUR rate of exchange end of period	7.4431	7.4580	7.4431	7.4580	7.4603
Income statement, EUR'000					
Revenue	55,762	54,587	164,127	157,660	225,129
Earnings bef. interest, tax, depreciation and amortization (EBITDA)	12,875	14,226	31,079	34,049	57,085
Profit from operations (EBIT)	12,044	13,475	28,819	31,761	54,236
Financial items	50	-240	87	-314	-230
Profit before tax	12,094	13,235	28,906	31,447	54,006
Profit for the period	8,495	9,980	21,239	22,893	39,336
Total comprehensive income for the period	9,526	9,870	22,900	21,901	37,764
Balance sheet, EUR'000					
Share capital	5,575	5,844	5,575	5,844	5,844
Equity	58,895	65,507	58,895	65,507	71,556
Property, plant and equipment	5,183	4,382	5,183	4,382	4,839
Cash and cash equivalents	28,209	42,401	28,209	42,401	47,106
Total assets	112,398	108,818	112,398	108,818	117,469
Cash flows, EUR'000					
Cash flow from operating activities	12,100	8,072	27,882	30,482	47,447
Cash flow from investing activities	-409	-1,044	-8,780	-1,691	-2,843
Cash flow from financing activities	-3,181	-10,881	-40,089	-44,920	-55,850
Net change in cash and cash equivalents	8,510	-3,853	-20,987	-16,129	-11,246
Average number of employees	1,193	1,091	1,185	1,085	1,093
Key ratios					
EBIT margin (%)	21.6	24.7	17.6	20.1	24.1
ROIC (return on invested capital) (%)	132.5	210.0	121.5	144.8	158.8
Debtor turnover rate	7.4	10.4	10.9	10.0	8.6
Equity ratio (%)	52.4	60.2	52.4	60.2	60.9
Return on equity (%)	61.6	60.8	61.5	58.0	46.8
Per share data					
Basic earnings per share - EPS (EUR)	0.21	0.24	0.52	0.54	0.93
Diluted earnings per share - EPS-D (EUR)	0.20	0.23	0.51	0.53	0.92
Operating cash flow per share - CFPS (EUR)	0.30	0.19	0.68	0.72	1.13
Average number of shares (m)	40.9	42.0	41.1	42.3	42.1
Average number of diluted shares (m)	41.5	42.6	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 – nine months ended 30 September 2014

Development in sales and orders

With the challenges facing SimCorp in North America mentioned in the first half report SimCorp's business performed below our original expectations for the nine months, but in line with the adjusted expectations set forth in the report for the first half of 2014.

With no new license contracts signed in North America in 2014 SimCorp takes comfort from the sales activities in Europe and particular in France which developed satisfactorily. The new contracts were signed with clients in France, Netherlands, Luxembourg, Switzerland and Germany, contributing to the sales to new clients in the first nine months of 2014 growing 14% above 9M 2013. On the other hand sales to existing clients decreased by 31% compared with the same period last year where more than EUR 5m of revenues from additional license sale was realized in Q3 rather than Q4 following a special campaign aiming to accelerate closure of additional sales that was run in Q3 2013.

SimCorp Coric has since the acquisition signed two new clients in 2014 – one in the UK and one in the US. SimCorp Coric contracts are based on a subscription model, typically with a period of 3 to 5 years.

9M order inflow was EUR 15.9m compared with EUR 26.2m for the same period last year, a decrease of 39%. The orders signed in 2014 had a lower value than orders signed in 2013. Q3 order inflow was EUR 6.8m, compared with EUR 11.0m in Q3 2013.

The order book decreased by EUR 3.8m in the first nine 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 10.0m at 30 September 2014, EUR 4.9m 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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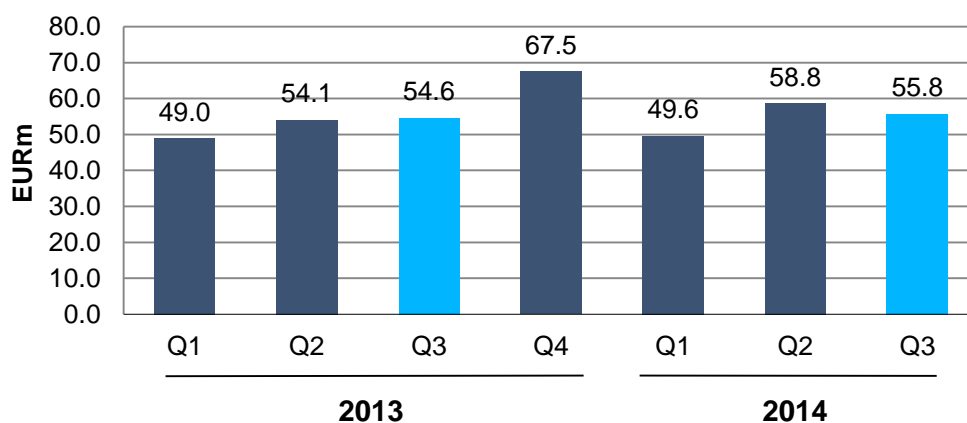
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Revenue

Group 9M revenue was up 4.1% y/y to EUR 164.1m, including EUR 3.5m from SimCorp Coric. Measured in local currencies revenue was 5.5% higher than for the same period of 2013. Exchange rate changes have had a net negative impact on revenue of 1.4% points.

Q3 revenue was 2.2% higher than Q3 2013 and amounted to EUR 55.8m including EUR 1.6m from SimCorp Coric. Measured in local currencies the increase amounted to 1.8% compared with the same period of 2013. Exchange rate changes have had a net positive impact on revenue of 0.4% points for the quarter.

Revenue



9M revenue recognized from license sales amounted to EUR 21.7m, a decrease of 13% y/y. Excluding the impact of SimCorp Coric revenue decreased 19% y/y. The main reason for this decline in revenue from license sales is the drop in sales of additional licenses in particular in Q3 2014 compared to the same quarter last year.

Revenue from new license sales was up by 14% compared to the first nine months in 2013. This growth was driven by a combination of sales to new customers and release of income from the order backlog as implementation deadlines and acceptance criteria were met.

Revenue recognized from license sales in Q3 2014 was EUR 7.5m, down by 29% compared with the year-earlier period and excluding the impact of SimCorp Coric revenue was down by 36% for the reason mentioned above.

Fees from professional services amounted to EUR 58.3m for the nine months, which was 9% higher than for the same period of 2013 including the impact of SimCorp Coric which accounted for 2.3% points of the increase. Professional service fees in Q3 2014 amounted to EUR 19.9m, an increase of 11% compared with Q3 last year of which 2.8% points can be related to SimCorp Coric.

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Regular maintenance income, which increases as the completion and implementation of new customer installations take place, was EUR 82.1m for the nine-month period, up 6% on the same period last year. Maintenance income in Q3 2014 was up 8% on the same period last year to EUR 27.9m. Other income including course fees amounted to EUR 2.0m in the nine months and to EUR 0.4m in Q3.

The distribution of revenue in the first nine months of 2014 is shown in the table below:

EURm	Revenue 9M 2014	Share of revenue 9M 2014	Revenue 9M 2013	Share of revenue 9M 2013	Growth relative to 9M 2013
Licenses - new sales	11.5	7 %	10.1	7%	14 %
Licenses - additional sales	10.2	6 %	14.9	9%	-31 %
Professional services	58.3	36 %	53.6	34%	9 %
Maintenance	82.1	50 %	77.3	49%	6 %
Training activities etc.	2.0	1 %	1.8	1%	12 %
Total	164.1	100 %	157.7	100%	4 %

The distribution of Q3 revenue is shown in the table below:

EURm	Revenue Q3 2014	Share of revenue Q3 2014	Revenue Q3 2013	Share of revenue Q3 2013	Growth relative to Q3 2013
Licenses - new sales	3.6	6 %	3.2	6%	13 %
Licenses - additional sales	3.9	7 %	7.4	13%	-47 %
Professional services	19.9	36 %	17.9	33%	11 %
Maintenance	27.9	50 %	25.8	47%	8 %
Training activities etc.	0.5	1 %	0.3	1%	67 %
Total	55.8	100 %	54.6	100%	2 %

Costs

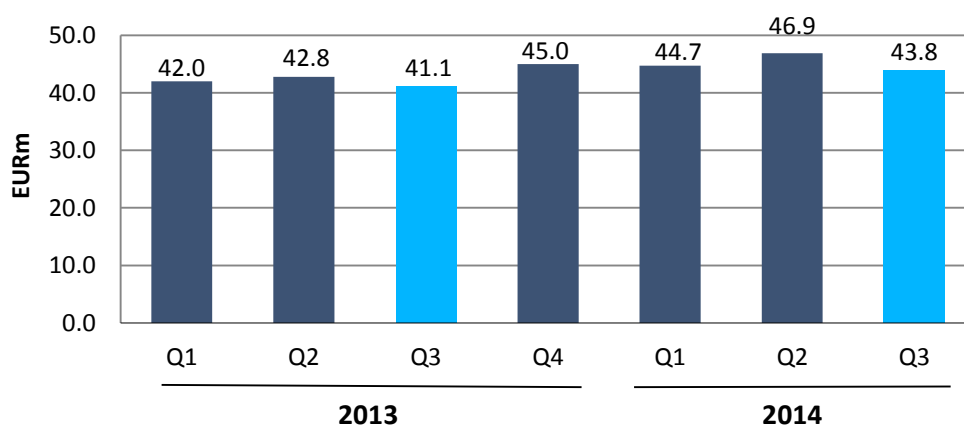
SimCorp's total operating costs (including depreciation and amortization) for the first nine months of 2014 were EUR 135.4m, an increase of 7.6% relative to the same period last year, including operating costs of EUR 4.2m from SimCorp Coric and non-recurring SimCorp Coric acquisition costs of EUR 0.4m together with EUR 1.0m redundancy costs related to changes to management setup. Excluding these costs the increase was 3.1% relative to the same period last year.

The total costs (including depreciation and amortization) in Q3 were EUR 43.8m, including operating costs related to SimCorp Coric of EUR 1.8m, an increase of EUR 2.7m compared to Q3 2013. Excluding SimCorp Coric the increase was 2.2% relative to the same quarter last year.

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Costs



Salaries and staff-related costs, which accounted for 74% of total costs, have increased by EUR 7.5m, or 8.1%, compared with the first nine months of 2013. EUR 3.1m or 3.3% points related to SimCorp Coric. Another EUR 1.0 is attributed to redundancy costs related to changes in management setup. Excluding the impact of SimCorp Coric and redundancy costs salaries and staff costs grew by 3.7% for the nine-month period primarily driven by general salary increases. In the same period FTE's grew 9% compared to last year. Excluding the impact from SimCorp Coric the growth in FTE's was 6%.

Cost of sales, including implementation consultants, increased 9.1% for the period, primarily relating to increased consultancy capacity. Compared with the first nine months of 2013 utilization ratio has decreased but remains at a high level.

As reported in Q1 the mix in "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 5.9% compared with the same period last year driven by general salary increases and an increase in research and development staff.

Sales and marketing costs were up 1.6%, the increase was fully attributable to SimCorp Coric. Administrative expenses increased by EUR 1.7m, mostly as a result of redundancy costs from 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).

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Employees

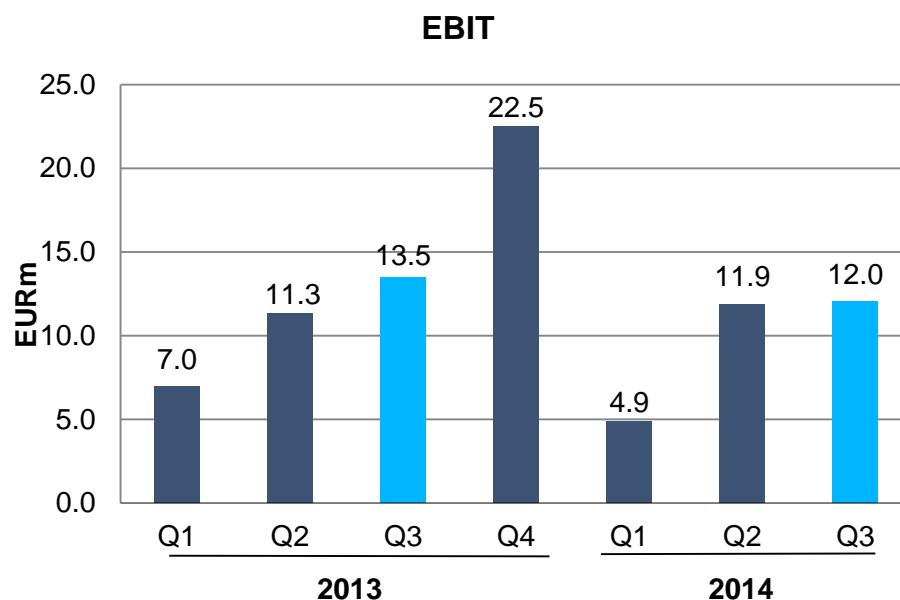
At 30 September 2014 the Group had 1,250 employees, 103 more than at 30 September 2013 including 47 employees in SimCorp Coric. The remaining growth in employees is mainly within the market units Western Europe and Central Europe where 36 employees were added since 30 September 2013 and 12 employees in Global sales and services support. The employees were primarily added in the professional services part of the respective organizations.

SimCorp's office in Kiev, Ukraine, has 160 employees and is located around 15km from the city centre. Despite the turmoil in Ukraine during 2014 SimCorp's ability to operate in Kiev has been largely unaffected. Back up contingency plans are in place to ensure continued operations.

The Group had on average 1,185 full time equivalent employees in the first nine months of 2014 compared with 1,085 for the same period last year. SimCorp Coric is included and accounts for an increase of 38 full time equivalent employees in the first nine months of 2014.

Group performance

For the first nine months of 2014, the Group posted EBIT of EUR 28.8m, EUR 2.9m lower than in the same period of 2013, including a negative impact from SimCorp Coric of EUR 1.2m. Q3 EBIT was EUR 12.0m, against EUR 13.5m in Q3 last year, SimCorp Coric impacted negatively with EUR 0.3m. Exchange rate fluctuations increased EBIT by EUR 0.8m for the first nine months of the year and increased EBIT by EUR 0.8m in Q3.



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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 0.9m and financial expenses related to foreign exchange adjustments amounted to EUR 1.5m, primarily related to exchange rate fluctuations on the Group's overseas assets.

Profit before tax

For the first nine months of 2014 the Group posted a pre-tax profit of EUR 28.9m, against EUR 31.4m in the same period last year. The estimated tax charge totals EUR 7.7m equivalent to a tax rate of 26,5% against 27.2% in the same period last year as a result of a change in the pre-tax profit mix, when a lower proportion of the taxable income in the nine-month period came from North America compared with the same period last year. The Group's net profit for the first nine months amounted to EUR 21.2m, against a net profit of EUR 22.9m for 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 1.7m for the nine months compared with a net expense of EUR 1.0m for 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 the nine months was thus a net profit EUR 22.9m against net profit EUR 21.9m for the same period last year.

Balance sheet items and cash flow

SimCorp's total assets stood at EUR 112.4m at 30 September 2014, including cash deposits amounting to EUR 28.2m, EUR 14.2m lower than a year earlier. Total receivables amounted to EUR 50.3m at 30 September 2014, representing an increase of EUR 5.9m of which SimCorp Coric amounted to EUR 1.5m compared with 30 September 2013.

9M operating activities generated a cash inflow of EUR 27.9m against EUR 30.5m for the same period last year. Payment of corporation tax amounted to EUR 9.2m against EUR 11.7m for the same period last year.

EUR 8.8m were spent on investing activities during the nine months, of which EUR 6.9m was related to the acquisition of Equipos Ltd., compared with investing activities of EUR 1.7m for the same period last year.

9M financial activities generated a net cash outflow of EUR 40.1m against EUR 44.9m for the same period last year. Payment of dividend reduced liquidity by EUR 22.1m (2013: EUR 20.1m) and the purchase of treasury shares reduced liquidity by EUR 18.1m (2013: EUR 31.9m), including EUR 3.2m purchased in Q3 (2013: EUR 11.5m), and the exercise of share options and sale of employee shares increased liquidity by EUR 0.1m compared with EUR 7.0m for the same period last year.

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Investments

As previously reported on 25 February 2014 SimCorp A/S acquired the remaining shares not already 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 still 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% points in 2014 due to non-recurring costs related 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 the fair value 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.

The net aggregate value of identifiable assets and liabilities measured in accordance with IFRS 3 was preliminary determined to GBP 4.5m (EUR 5.5m) and resulted 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 EUR 0.4m are included in administration costs.

Changes in equity

The Group's equity amounted to EUR 58.9m at 30 September 2014. This was a reduction of EUR 12.7m from 31 December 2013. Payment of dividends to shareholders amounting to EUR 22.1m and purchase of treasury shares amounting to EUR 18.1m reduced equity. Comprehensive income for the period of EUR 22.9m as well as share sales to employees, payments related to share option programs and share based remuneration of EUR 4.6m increased equity.

Equity decreased by EUR 6.6m compared with 30 September 2013.

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Outlook for the financial year 2014^{*)}

SimCorp generated financial results in line with expectations in the first nine months of 2014. Two new SimCorp Dimension software license contracts were signed in Q3 one in Switzerland and one in Germany and one new software contract for SimCorp Coric was signed in UK. Furthermore, in Q4 one larger strategic agreement with an existing client has been signed in Germany 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 Q3 an additional amount of EUR 17m of total revenue for 2014 was contractually secured, against an amount of EUR 18m recorded in the same period last year, and SimCorp enters Q4 with secured contracts for EUR 210m of the revenue projected for 2014, EUR 6m more than at the same time last year.

SimCorp revises its guidance for revenue growth measured in local currencies to be around 7% (previously between 8% and 10%) and also revises its guidance for EBIT margin measured in local currencies to be around 24% (previously 24.5%). This is a reflection of the uncertainty in timing of a number of contracts that are in late stage negotiations with new as well as existing customers.

Based on the currency exchange rates at 31 October 2014 SimCorp now expects revenue growth in reported currency to be around 7% (previously between 7% and 9%) mainly driven by the development in the exchange rate in the USD. The reported EBIT margin is revised to be around 24% (previously 24.3%).

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. 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 Q1 a senior management employee in the UK were granted 9,170 restricted stock units. 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 in the UK 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. In Q3 1,265 restricted stock units were cancelled in relation to an employee resigning from the Company. These restricted stock units will vest after three years subject to continuing employment.

In Q3 in connection with the appointment of new head of North America the Company has granted 9,493 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 in 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.

A total of 679,186 restricted stock units are in issue. These will be transferred in whole or in part between 2015 and 2018 to program participants subject to the vesting conditions and to the performance criteria.

Number of restricted stock units	Granted	Vesting	Board of Directors*	Executive Management Board	Employees	Total
Corporate bonus 2011	March 2012	March 2015	0	2,810	28,010	30,820
Long-term incentive program	April 2012	April 2015	0	34,600	94,170	128,770
Senior employee, North America	April 2012	April 2016/2017	0	0	15,000	15,000
CEO - Klaus Hølse - sign on	September 2012	September 2015/2016/2017	0	107,220	0	107,220
Corporate bonus 2012	March 2013	March 2016	0	0	13,611	13,611
Long-term incentive program	April 2013	February 2016	0	33,300	83,140	116,440
Senior employee, UK	February 2014	March 2017	0	0	9,170	9,170
Key employees, SC Coric	March 2014	March 2017	0	0	7,076	7,076
Corporate bonus 2013	March 2014	March 2017	1,084	6,179	136,311	143,574
Long-term incentive program	April 2014	February 2017	0	24,456	58,556	83,012
Senior employee, North America sign on	September 2014	September 2017	0	0	9,493	9,493
Senior employee, North America	September 2014	February 2018	0	0	15,000	15,000
Total number of restricted stock units 30 September 2014			1,084	208,565	469,537	679,186

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

Company Announcement

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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 1,459 treasury shares in Q3 and a total of 4,350 treasury shares in nine-month period were transferred to the Board of Directors.

In Q3 the Company acquired 139,540 treasury shares at an average price of DKK 168.36 per share, in total EUR 3.2m. In total the Company acquired 680,425 treasury shares in the nine-month period, at a total price of EUR 18.1m.

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 Q3 the Company held 715,226 treasury shares equaling 1.64% of the Company's share capital.

Treasury shares	Share capital	Number of Treasury shares	Acquisition value EUR'000	Percent of share capital
2014				
At 1 January 2014	43,500,000	2,147,241	47,356	4.9
Foreign exchange adjustment			33	-
Cancellation	-2,000,000	-2,000,000	-43,677	-3.4
Purchases		680,425	18,056	1.6
Delivery of shares, share-based payment		-112,440	-2,794	-0.3
At 30 September 2014	41,500,000	715,226	18,974	1.6

In addition to the purchases in Q3 the Company has so far in Q4 acquired 193.658 treasury shares at a total price of EUR 4.3m according to "Safe Harbour" program. Acquisition of treasury shares in the amount of EUR 2.6m remain to be executed under the program which amounts to EUR 10m in total and which expires with the release of the Annual Report 2014.

By 26 November 2014 the holding of treasury shares is 908,884 equal to 2.2% of the Company's share capital.

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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 September 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 September 2014 and of the profit of the Group's operations and cash flow for the period 1 January - 30 September 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.

26 November 2014

Executive Management Board:

Klaus Hulse
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

Company Announcement

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Consolidated income statement

EUR'000	2014 Q3	2013 Q3	2014 9M	2013 9M	2013 FY
Revenue	55,762	54,587	164,127	157,660	225,129
Cost of sales	21,625	19,411	64,889	59,485	80,883
Gross profit	34,137	35,176	99,238	98,175	144,246
Other operating income	105	29	146	35	52
Research and development costs	11,768	11,313	37,937	35,828	49,548
Sales and distribution costs	6,740	7,037	20,377	20,059	26,980
Administrative expenses	3,690	3,380	12,251	10,562	13,534
Profit from operations (EBIT)	12,044	13,475	28,819	31,761	54,236
Share of profit after tax in associates	-19	-39	624	-225	-111
Financial income	413	372	933	1,907	2,375
Financial expenses	344	573	1,470	1,996	2,494
Profit before tax	12,094	13,235	28,906	31,447	54,006
Tax on profit	3,599	3,255	7,667	8,554	14,670
Net profit for the period	8,495	9,980	21,239	22,893	39,336
Earnings per share					
Basic earnings per share - EPS (EUR)	0.21	0.24	0.52	0.54	0.93
Diluted earnings per share - EPS-D (EUR)	0.20	0.23	0.51	0.53	0.92

Statement of comprehensive income

EUR'000	2014 Q3	2013 Q3	2014 9M	2013 9M	2013 FY
Net profit for the period	8,495	9,980	21,239	22,893	39,336
Other comprehensive income					
Items that will not be reclassified subsequently to the income statement:					
Remeasurements of defined benefit pension plans	17	13	50	-233	-487
Tax	4	4	13	-60	127
Items that will be reclassified subsequently to the income statement, when specific conditions are met:					
Foreign currency translation differences for foreign operations	1,018	-138	1,624	-809	-1,212
Tax	0	-19	0	10	0
Other comprehensive income after tax for the period	1,031	-110	1,661	-992	-1,572
Total comprehensive income for the period	9,526	9,870	22,900	21,901	37,764

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Consolidated balance sheet

EUR'000	2014 30 September	2013 30 September	2013 31 December
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	4,764	805	792
Software	4,091	416	386
Customer contracts	3,493	0	0
Total intangible assets	12,348	1,221	1,178
Property, plant and equipment			
Leasehold improvements	1,946	2,395	2,224
Technical equipment	3,056	1,693	2,431
Other equipment, fixtures and fittings	181	294	184
Total property, plant and equipment	5,183	4,382	4,839
Other non-current assets			
Investments in associates	299	1,099	1,221
Deposits	2,169	2,105	2,111
Deferred tax	6,885	6,479	6,219
Total other non-current assets	9,353	9,683	9,551
Total non-current assets	26,884	15,286	15,568
Current assets			
Receivables	50,279	44,332	49,336
Receivables from associates	0	419	422
Income tax receivables	2,714	2,776	1,223
Prepayments	4,312	3,604	3,814
Cash and cash equivalents	28,209	42,401	47,106
Total current assets	85,514	93,532	101,901
Total assets	112,398	108,818	117,469
LIABILITIES & EQUITY			
Equity			
Share capital	5,575	5,844	5,844
Exchange adjustment reserve	-770	-2,001	-2,394
Retained earnings	54,090	61,664	45,942
Proposed dividend	0	0	22,174
Total equity	58,895	65,507	71,566
Liabilities			
Non-current liabilities			
Deferred tax	233	344	213
Provisions	3,199	3,274	3,177
Deferred purchase price	1,278	0	0
Employee bonds	0	745	0
Total non-current liabilities	4,710	4,363	3,390
Current liabilities			
Prepayments from clients	12,960	6,444	5,490
Trade payables and other payables	32,080	31,092	33,498
Income tax	2,654	1,285	2,640
Provisions	355	127	140
Employee bonds	744	0	745
Total current liabilities	48,793	38,948	42,513
Total liabilities	53,503	43,311	45,903
Total liabilities and equity	112,398	108,818	117,469

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Consolidated cash flow statement

EUR'.000	2014	2013	2014	2013	2013
	Q3	Q3	9M	9M	FY
Profit for the period	8,495	9,980	21,239	22,893	39,336
Adjustments for non cash operating items	5,129	4,977	13,984	13,375	20,789
Changes in working capital	902	-4,118	2,083	5,467	1,186
Cash from operating activities before financial items	14,526	10,839	37,306	41,735	61,311
Financial income received	6	115	133	768	973
Financial expenses paid	-117	-141	-394	-340	-449
Income taxes paid	-2,315	-2,741	-9,163	-11,681	-14,388
Net cash flow from operating activities	12,100	8,072	27,882	30,482	47,447
Purchase of subsidiaries	0	0	-6,943	0	0
Loan to associates	0	-416	0	-416	-422
Repayment of loan, associates	0	0	422	0	0
Purchase of intangible fixed assets	-68	0	-345	-42	-76
Purchase of property, plant and equipment	-357	-657	-1,928	-1,251	-2,331
Proceeds from sale of property, plant and equipment	4	22	13	22	0
Purchase of financial assets	-5	0	-21	-46	-64
Proceeds from sale of financial assets	17	7	22	22	30
Dividends from associates	0	0	0	20	20
Net cash flow from/(used) in investing activities	-409	-1,044	-8,780	-1,691	-2,843
Net cash from operating and investing activities	11,691	7,028	19,102	28,791	44,604
Sale of employees shares	0	0	0	498	498
Exercise of options	0	648	62	6,527	6,580
Dividends paid	0	0	-22,095	-20,078	-20,078
Acquisition of treasury shares	-3,181	-11,529	-18,056	-31,867	-42,850
Net cash from/(used) in financing activities	-3,181	-10,881	-40,089	-44,920	-55,850
Change in cash and cash equivalents	8,510	-3,853	-20,987	-16,129	-11,246
Total cash flows for the period					
Cash and cash equivalents at beginning of period	19,518	46,277	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	181	-23	205	-367	-545
Cash and cash equivalents at 30 September	28,209	42,401	28,209	42,401	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	-819	22,720	0	21,901
Transactions with owners					
Cancellation of treasury shares	-201	0	201	0	0
Dividends paid to shareholders	0	0	-115	-19,965	-20,080
Share-based payment	0	0	9,243	0	9,243
Tax, share-based payment	0	0	446	0	446
Purchase of treasury shares	0	0	-31,867	0	-31,867
Equity at 30 September 2013	5,844	-2,001	61,664	0	65,507
Equity at 1 October 2013	5,844	-2,001	61,664	0	65,507
Comprehensive income for the period *					
Total comprehensive income for the period	0	-393	16,256	0	15,863
Transactions with owners					
Share-based payment	0	0	919	0	919
Tax, share-based payment	0	0	253	0	253
Purchase of treasury shares	0	0	-10,983	0	-10,983
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	1,624	21,276	0	22,900
Transactions with owners					
Cancellation of treasury shares	-269	0	269	0	0
Declared dividend to shareholders	0	0	42	-22,174	-22,132
Share-based payment	0	0	4,144	0	4,144
Tax, share-based payment	0	0	473	0	473
Purchase of treasury shares	0	0	-18,056	0	-18,056
Equity at 30 September 2014	5,575	-770	54,090	0	58,895

* 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 1 January 2017 with earlier application permitted. We are in the early 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	Product Division	Coric*)	Corporate functions	Total	Elimination/ not allocated	Group
1 July- 30 September 2014												
Revenue external clients	11,767	16,384	4,109	9,059	4,170	8,341	473	1,554	-95	55,762	0	55,762
Revenue between segments	1,807	1,000	152	904	613	874	16,830	336	430	22,946	-22,946	0
Total segment revenue	13,574	17,384	4,261	9,963	4,783	9,215	17,303	1,890	335	78,708	-22,946	55,762
Segment profit from operations (EBIT)	3,209	4,078	-67	1,580	563	941	4,523	-252	-2,531	12,044	0	12,044
1 January - 30 September 2014												
Revenue external clients	39,228	46,999	11,682	24,691	12,298	24,675	1,023	3,529	2	164,127	0	164,127
Revenue between segments	6,651	2,915	763	2,706	1,765	2,285	50,062	808	1,024	68,979	-68,979	0
Total segment revenue	45,879	49,914	12,445	27,397	14,063	26,960	51,085	4,337	1,026	233,106	-68,979	164,127
Segment profit from operations (EBIT)	10,631	9,943	-26	3,432	1,789	-489	6,445	-825	-2,081	28,819	0	28,819
Total assets	13,268	21,016	5,738	16,636	5,265	17,555	983	14,158	5,001	99,620	12,778	112,398
1 July - 30 September 2013												
Revenue external clients	11,818	17,627	6,216	6,258	3,831	8,476	303	-	58	54,587	0	54,587
Revenue between segments	2,249	1,054	211	672	257	1,872	17,927	-	0	24,242	-24,242	0
Total segment revenue	14,067	18,681	6,427	6,930	4,088	10,348	18,230	-	58	78,829	-24,242	54,587
Segment profit from operations (EBIT)	2,306	4,791	1,128	857	461	-17	4,387	-	-438	13,475	0	13,475
1 January - 30 September 2013												
Revenue external clients	37,861	46,601	14,473	17,978	12,016	27,767	850	-	114	157,660	0	157,660
Revenue between segments	5,593	3,939	2,352	2,605	1,243	5,113	50,364	-	0	71,209	-71,209	0
Total segment revenue	43,454	50,540	16,825	20,583	13,259	32,880	51,214	-	114	228,869	-71,209	157,660
Segment profit from operations (EBIT)	10,126	10,955	2,697	2,105	1,338	-59	7,677	-	-3,078	31,761	0	31,761
Total assets	13,846	18,163	6,300	13,671	5,482	14,222	2,415	-	2,968	77,067	31,751	108,818

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	2014 Q3	2013 Q3	2014 9M	2013 9M
EUR '000				
Total segment profit reported (EBIT)	12,044	13,475	28,819	31,761
Share of profit after tax and gain on associates	-19	-39	624	-225
Financial income	413	372	933	1,907
Financial expenses	344	573	1,470	1,996
Profit for the period before tax, see income statement	12,094	13,235	28,906	31,447

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.

Events after 30 September 2014

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