

1/2013

Quarterly Financial Report



Record performance continues in first quarter of 2013

- ▶ Net profit jumps by more than 27 %
- ▶ Incoming orders grow by 14 %
- ▶ Orders on hand climb 37 %



*Dear shareholders, employees,
partners and friends of Softing AG,*

We have started off just as we had hoped: Softing AG began the 2013 financial year with an outstanding quarter and has once again posted excellent figures. The first quarter of 2013 followed up nearly seamlessly on the record results of the previous year.

Incoming orders increased by more than 14 percent to EUR 15.8 million (previous year: EUR 13.8 million). These orders were driven by strong demand for projects in both the Industrial Automation and Automotive Electronics segments. Our sales of EUR 12.2 million were virtually on the same level as last year (previous year: EUR 12.5 million), while our earnings improved by a significant 16.1 %, reaching EUR 1.4 million (previous year: EUR 1.2 million). Our net profit amounted to EUR 1.1 million (previous year: EUR 0.9 million), an increase of more than 27 %.

The EPS came to EUR 0.18 (previous year: EUR 0.16). The 37 % growth in orders on hand, which reached EUR 13.3 million (EUR 9.7 million as of December 31, 2012) is especially relevant to our future expectations. This was due to strong demand for products and projects from key customers which we will work through in the coming quarters.

The above-average increase in earnings, with an EBIT margin of around 11.5 %, is the result of an improved mix of products (hardware to software) and a rise in the number of employees at our Romanian subsidiary which has made our projects and product development more profitable.

The figures from the first months make us confident that we will continue to grow in 2013. We expect our EBIT in particular to rise by around 10 % in the year as a whole. With these figures, we have demonstrated once again that our customer presence and international positioning can

guarantee growth even in economically difficult times. The past quarter is another milestone in our company history and it gives us the confidence to believe - especially in light of our high incoming orders - that we will surpass the previous year's figures again in 2013.

In the short term, our high volume of orders on hand will safeguard our sales in the coming quarters. But Softing is still too dependent on Europe and is therefore vulnerable. For this reason, concerns remain regarding conditions affecting the workhorse in the heart of Europe. The former active member of the radical Communist League and current chairman of the Greens, Jürgen Trittin, is pushing for a hefty increase in taxes even on the lower middle class to support the lowest-pay sector and secure financing for further subsidies. His only conceivable coalition partner, the SPD, wants to force through a "citizens' insurance" scheme which its own party-affiliated institutes estimate will lead to the loss of at least 100,000 jobs through the elimination of private health insurance. Then there are the calls for a 120 km/h speed limit on Europe's safest highways. The SPD has also declared itself willing to accept eurobonds - meaning that Germany would take on the debts of other euro countries. Without apparent need, they want to

raise taxes, redistribute, subsidize and patronize us, with no regard to the damage done. Their main purpose is to force their ideology onto Germany's citizens. As a consequence, we will lose the advantage gained through the efforts and discipline of employers and employees over the past years and the associated high employment rate. Hopefully we will be spared these horror scenarios and their inevitable economic consequences following the fall elections in Germany.

This year's Annual General Meeting took place on May 7. All resolutions were passed with overwhelming majorities - a clear vote of shareholder confidence in the course taken by our company. Once again, our shareholders participated in our success: The Annual General Meeting resolved to distribute EUR 0.27 per share.

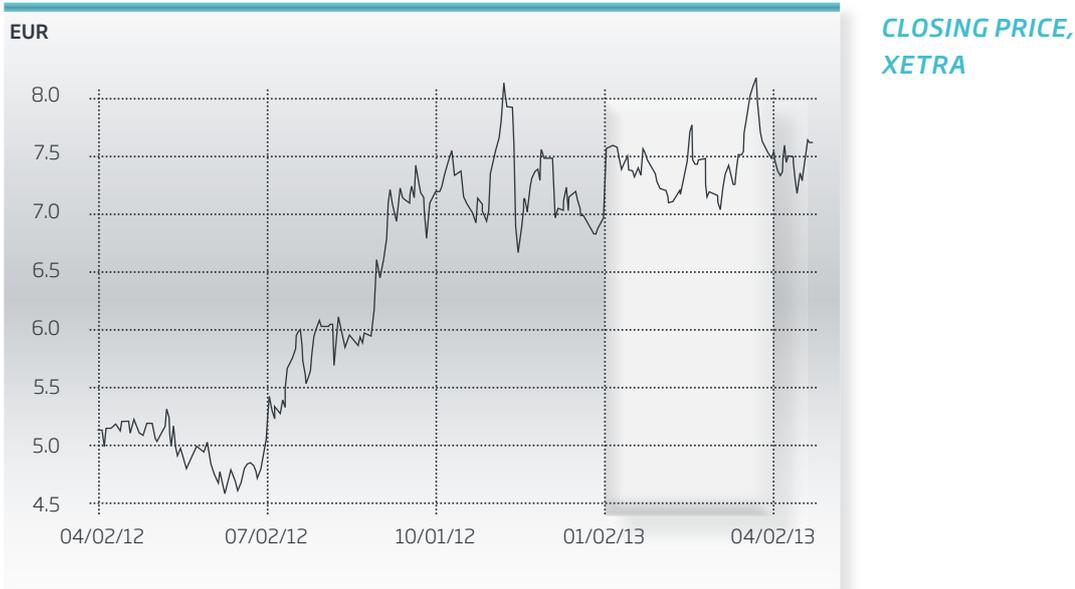
We hope that you, the shareholders and friends of Softing AG, remain confident in the company so that you continue to benefit from our development. We strive anew each day to live up to this confidence.

With warm regards,

A handwritten signature in black ink, appearing to read 'W. Trier', is centered on the page. The signature is fluid and cursive, with a large 'W' and 'T'.

Dr. Wolfgang Trier
(Chief Executive Officer)

Stock Price - Directors' Holdings - Financial Calendar



DIRECTORS' HOLDINGS AS OF MARCH 31, 2013

Boards	Shares		Options	
	Mar. 31, 2013 Number	Dec. 31, 2012 Number	Mar. 31, 2013 Number	Dec. 31, 2012 Number
Supervisory Board				
Dr. Horst Schiessl (chairman), Attorney at Law, Munich	-	-	-	-
Michael Wilhelm (deputy chairman), CPA/tax advisor, Munich	-	-	-	-
Dr. Klaus Fuchs (member of the Supervisory Board), graduate computer scientist / graduate engineer, Helfand	273,886	273,886	-	-
Executive Board				
Dr.-Ing. Dr. rer. oec. Wolfgang Trier, Munich	31,063	26,063	-	-
Maximilian zu Hohenlohe, Pfaffenhofen	-	-	-	-

FINANCIAL CALENDAR

May 15, 2013	Quarterly Report 1/2013
August 14, 2013	Quarterly Report 2/2013
November 15, 2013	Quarterly Report 3/2013

Group Management Report

for the 1/2013 Quarterly Financial Report

Economic Environment

Experts anticipate subdued growth for the German economy in 2013 and now expect an increase of around 0.5 percent. Nevertheless, industry and the automotive sector will record higher growth although the economic situation in the automobile industry remains strained.

Earnings

At EUR 5.6 million, sales in the Automotive Electronics division in the first three months of 2013 came in just under the previous year's figure of EUR 6.2 million whereas Industrial Automation recorded a sales increase of 4.3 % to EUR 6.6 million (previous year: EUR 6.3 million). The sales of the Softing Group in the first quarter of 2013 thus were virtually flat at EUR 12.2 million (previous year: EUR 12.5 million). EBIT in the reporting period amounted to a healthy EUR 1.4 million (previous year: EUR 1.2 million), an increase of 15.9 percent. As of March 31, 2013, orders on hand in the Group totaled EUR 13.27 million (December 31, 2012: EUR 9.67 million).

Assets, Liabilities and Cash Flows

The equity of the Softing Group rose by EUR 1.1 million to EUR 23.3 million in the first three months of 2013 (December 31, 2012: EUR 22.2 million). Supported by a continued high cash flow despite an increase of almost 30 % in product development costs, cash and cash equivalents in the first quarter of 2013 increased by EUR 0.6 million to EUR 12.1 million, compared to EUR 11.5 million as of December 31, 2012.

Research and Product Development

In the first three months of 2013, Softing capitalized a total of EUR 0.9 million (previous year: EUR 0.7 million) for the development of new products and the enhancement of existing ones. Other significant amounts were expensed. The increase in product development expenses by around 30 % is part of the growth strategy for the next years.

Employees

As of March 31, 2013, the Softing Group had 327 employees (previous year: 291). With the exception of temporary replacements of employees on leave, Softing continues to hire new staff based on permanent contracts. During the reporting period, no stock options were issued to employees.

Opportunities for the Company's Future Development

As of the reporting date of March 31, 2013, the Company's risk structure had not deviated significantly from the description in the consolidated financial statements for the year ended December 31, 2012. Material changes are also not expected for the remaining nine months of 2013. For more information, we refer to our Group Management Report in the 2012 Annual Report, page 4 et seq.

Outlook

Based on the knowledge available after the first months of the year, Softing expects its sales and EBIT to increase by around 10 % in 2013. Due to the favorable product mix and optimized cost structures, growth in EBIT is expected to be higher than in sales. Sales growth in the Industrial Automation segment could be slightly stronger than in the Automotive Electronics segment, which should be able to benefit from a more profitable product mix in 2013.

Softing is engaged in talks with different companies with the aim of adding them to the Softing Group and/or acquiring products and licenses. However, the Executive Board remains committed to its goal of making acquisitions only if the company's value justifies the purchase price in the long term.

Events after the Reporting Period

There were no events of special importance after the reporting date of March 31, 2013.

Consolidated Balance Sheet

According to IFRS as of March 31, 2013, unaudited

Assets	Quarterly report 03/31/2013 EUR	Financial statements 12/31/2012 EUR
Cash and cash equivalents	12,118,726	11,515,761
Marketable securities	1,040,137	1,063,758
Trade accounts receivable	9,478,520	9,847,748
Inventories	3,696,981	3,345,209
Prepaid expenses and other current assets	1,184,629	1,646,273
Total current assets	27,518,993	27,418,749
Property, plant and equipment	1,440,210	1,380,196
Intangible assets	5,575,058	5,343,237
Goodwill	2,438,951	2,438,951
Borrowings	695,000	695,000
Deferred taxes	520,762	624,208
Total non-current assets	10,669,981	10,481,592
Total assets	38,188,974	37,900,341
Liabilities and equity	Quarterly report 03/31/2013 EUR	Financial statements 12/31/2012 EUR
Other borrowings	268,969	368,498
Trade accounts payable	2,209,814	2,667,424
Liabilities from customer-specific construction contracts	277,295	283,459
Provisions	296,731	296,731
Tax provisions	546,771	925,415
Deferred income and other current liabilities	7,823,806	7,720,926
Total current liabilities	11,423,386	12,262,453
Deferred tax liabilities	1,679,618	1,589,836
Employee benefits	1,697,685	1,750,311
Other financial liabilities	107,177	107,695
Total non-current liabilities	3,484,480	3,447,842
Issued capital	6,442,512	6,442,512
Capital reserves	4,396,103	4,396,103
Treasury shares	-771,735	-771,735
Minority interest	-5,858	-3,075
Accumulated profit (incl. retained earnings)	13,220,086	12,126,241
Total equity	23,281,108	22,190,046
Total liabilities and equity	38,188,974	37,900,341

Consolidated Income Statement

According to IFRS as of March 31, 2013, unaudited

	Quarterly report I/2013 01/01/2013 - 03/31/2013 EUR	Quarterly report I/2012 01/01/2012 - 03/31/2012 EUR
Revenue	12,154,365	12,530,195
Other operating income	86,786	225,622
Other own work capitalized	901,698	696,052
Cost of purchased materials / services	-3,012,407	-3,481,362
Staff costs	-6,387,237	-6,205,568
Depreciation and amortization	-843,490	-790,325
Other operating expenses	-1,503,246	-1,771,648
Operating profit / loss	1,396,469	1,202,966
Interest expenses	-11,439	-48,591
Result before income taxes	1,385,030	1,154,375
Income taxes	-290,073	-310,288
Other taxes	-	-
Result before minority interest	1,094,957	844,087
Minority interest	2,782	18,280
Net income	1,097,739	862,367
Earnings per share (basic)	0.18	0.16
Earnings per share (diluted)	0.18	0.16
Average number of shares outstanding (basic)	6,134,910	5,329,596
Average number of shares outstanding (diluted)	6,134,910	5,329,596

Consolidated Cash Flow Statement

According to IFRS as of March 31, 2013, unaudited

	Quarterly report I/2013 01/01/2013 - 03/31/2013 EUR (in thsds)	Quarterly report I/2012 01/01/2012 - 03/31/2012 EUR (in thsds)
Cash flow from operating activities		
Net income/loss	1,095	844
Exchange differences recognized in equity	17	-15
+ Depreciation/amortization	844	790
+ Increase in provisions	38	55
+/- Change in net working capital	-256	2,481
= Net cash provided by operating activities	1,738	4,155
Cash flow from investing activities		
- Payments made for investments in self-produced intangible assets	-902	-724
- Payments made for investments in other intangible assets and in property, plant and equipment	-234	-189
= Net cash used in investing activities	-1,136	-913
Cash flow from financing activities		
Net cash provided by financing activities	0	0
+ Increase in cash and cash equivalents	603	3,242
+ Cash and cash equivalents at beginning of period	11,516	7,301
= Cash and cash equivalents at end of period ▶	12,119	10,543

Changes in Shareholders' Equity

01/01/2013 - 03/31/2012							
EUR (in thsds)	Issued capital	Capital reserves	Retained earnings	Accumulated profits	Treasury shares	Minority shares	Total
Balance as of December 31, 2012	6,443	4,396	4,455	7,671	-772	-3	22,190
Available-for-sale financial assets				-21			-21
Measurement of financial instruments							
Currency translation			17				17
Minority interest						-3	-3
Net income 2013			1,098				1,098
Balance as of March 31, 2013	6,443	4,396	5,570	7,650	-772	-6	23,281

01/01/2012 - 03/31/2012							
EUR (in thsds)	Issued capital	Capital reserves	Retained earnings	Accumulated profits	Treasury shares	Minority shares	Total
Balance as of December 31, 2011	5,637	1,684	2,968	7,672	-772	10	17,199
Available-for-sale financial assets				-18			-18
Measurement of financial instruments							
Currency translation			-15				-15
Minority interest						-18	-18
Net income 2012			862				862
Balance as of March 31, 2012	5,637	1,684	3,815	7,654	-772	-8	18,010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR Q1/2012

This Quarterly Financial Report was prepared using the same accounting policies as in financial year 2012.

Segment Reporting

As of March 31, 2013

	Quarterly report I/2013 01/01/2013 - 03/31/2013 EUR (in thsds)	Quarterly report I/2012 01/01/2012 - 03/31/2012 EUR (in thsds)
Automotive Electronics		
Revenue	5,577	6,227
Segment result (EBIT)	772	664
Depreciation/amortization	319	211
Segment assets	12,895	10,508
Segment liabilities	6,391	4,580
Capital expenditure (not including long-term investments)	488	395
Industrial Automation		
Revenue	6,577	6,303
Segment result (EBIT)	624	539
Depreciation/amortization	469	568
Segment assets	14,059	10,458
Segment liabilities	4,459	4,771
Capital expenditure (not including long-term investments)	566	493
Not distributed		
Revenue	-	-
Segment result (EBIT)	-	-
Depreciation/amortization	56	11
Segment assets	11,235	11,251
Segment liabilities	4,058	4,856
Capital expenditure (not including long-term investments)	67	29
Total		
Revenue	12,154	12,530
Segment result (EBIT)	1,396	1,203
Depreciation/amortization	844	790
Segment assets	38,189	32,217
Segment liabilities	14,908	14,207
Capital expenditure (not including long-term investments)	1,121	917

The division into business segments in accordance with IFRS 8 is shown in the table above.

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