3/2013

Quarterly Financial Report

- Growth and earnings expanded further
- Sales up by more than 9%
- EBIT improved by 24%, EPS by 21%

softing

your connection to excellence

Dear Shareholders, Employees,
Partners and Friends of Softing AG,

First the good news, then the figures. As expected, we substantially increased our sales and earnings in the third quarter compared with the first six months. We are particularly delighted that the various initiatives we have taken to boost the quality of our earnings are proving effective and paving the way toward an EBIT margin of 15%. But Softing is expecting one of the most successful years in its history not just in absolute figures: We are achieving continuous growth for the fourth year in a row.

Based on organic growth alone, we managed to further improve all significant key financials in the third quarter of 2013. Incoming orders, for instance, were up almost 6% in the last quarter reaching EUR 12.6 million in a market environment that has become less trivial. Global sales amounted to EUR 38.3 million, reflecting an increase of 16% in the third quarter and approx. 9% this year. Our operating result is extraordinary too: Here, we recorded an increase of around 24% to EUR 4.2 million.

In the past nine months, the Automotive Electronics segment made the largest contribution to growth. Softing reported above-average demand here for products and services which are popular thanks to their unique selling points and have a good contribution margin. Visibility for 2014 is particularly encouraging in this segment. We can rely on a strong order buffer, which, due to the strict definition of incoming orders applied by Softing, is not even included in the reported incoming order figures. The year 2014 will also see several major orders materialize, which have already been negotiated in detail. They will contribute to sales not just in 2014 but secure the strategic position of Softing products with large manufacturers and suppliers for years to come.

The following table shows the most important key figures at a glance.

All figures in EUR million	Quarterly report III/2013	Quarterly report III/2012	Nine-month report 2013	Nine-month report 2012
Incoming orders	12.6	11.9	40.1	38.4
Sales	12.8	11.0	38.3	35.2
Earnings (EBIT)	1.1	1.0	4.2	3.4
Net income	0.7	0.6	2.9	2.3
Earnings per share in EUR	0.12	0.10	0.46	0.38

The sales figures from the Industrial Automation segment were also EUR 1.2 million higher than in the same period last year. In this segment, too, we were able to acquire attractive new customers in 2013. Two products that are particularly relevant for sales will be enhanced and made more future-proof: one by adding features that are a key selling point and the other by introducing new and more powerful hardware. Both products are scheduled for release in the first quarter of 2014 and will start contributing to sales growth as early as next year. The excellent business performance of our Italian subsidiary Softing Italia is yet another aspect that is worth mentioning as the subsidiary creates profitable growth by developing new customers and markets year after year despite the recession in Italy. In 2013, Softing Italia will post record sales again and the groundwork for further growth in 2014 has already been laid.

We are growing because we plan our long-term goals in close contact with our customers and systematically monitor their implementation. Our employees can rest assured that in return for their outstanding commitment they will get long-term job security with compensation that reflects their performance. However, the achievements of our industry and, consequently, our own achievements build on the general framework created by economic policies. This framework can largely be traced back to what has been at least a partial deregulation of the labor market under "Agenda 2010." An open labor market and containment of trade union influence at an acceptable level are really what distinguishes Germany from Europe's problem countries.

This success factor is facing a serious threat, however. An imminent grand coalition based on the motto "conservative parliament elected, planned economy received" is planning to close off our labor market for the weak lower end. Arbitrarily fixed minimum wages rather than wages determined by the market, the abolition of contract work rather than retaining entry opportunities in full-time employment, rigid quotas for women rather than motivating girls to go into technical professions, rent control rather than concepts to stimulate residential development – everywhere you look, it is all about managing deficiencies rather than solving problems. Managing deficiencies and allocating scarce resources to a select clientele. This is the traditional tool of socialist government cliques. Nobody would be surprised if a grand coalition announced tomorrow that bread prices were going to be set by law.

This must not happen! The German economy is well positioned, which enables it to make the largest possible contribution to the well-being of people at all levels of society. Virtually all sections of the population in Germany are doing better than ever before, something that is due solely to our high employment level. However, when you read reports that the poverty risk is "still high," this is almost demagogic. People who have less than 60% of median net income are considered "at risk of poverty." Just how absurd this definition is becomes clear when you consider that, even after doubling the disposable income of all German citizens, the number of people among us who are at risk of poverty would exactly be the same. Were we to descend to the income level of North Korea however with everybody receiving the exact same income, "poverty" in Germany according the existing definition would be eliminated in a single stroke. The idea behind this definition, which is provided by the EU, is unmistakable. One can only hope that policymakers still possess a modicum of intelligence and place the few remaining elements of the market economy on the list of assets worth protecting. The only effective social policy is to put as many people as possible in paid employment. Softing is helping to do this by consistently concluding permanent employment contracts except for substitutions.

At the end of November, the companies in the Industrial Automation segment will again participate in SPS/IPC/DRIVES in Nuremberg, the most important automation trade fair for us. There, we will be showcasing new products and services from our industrial automation business and respond to what the markets are telling us.

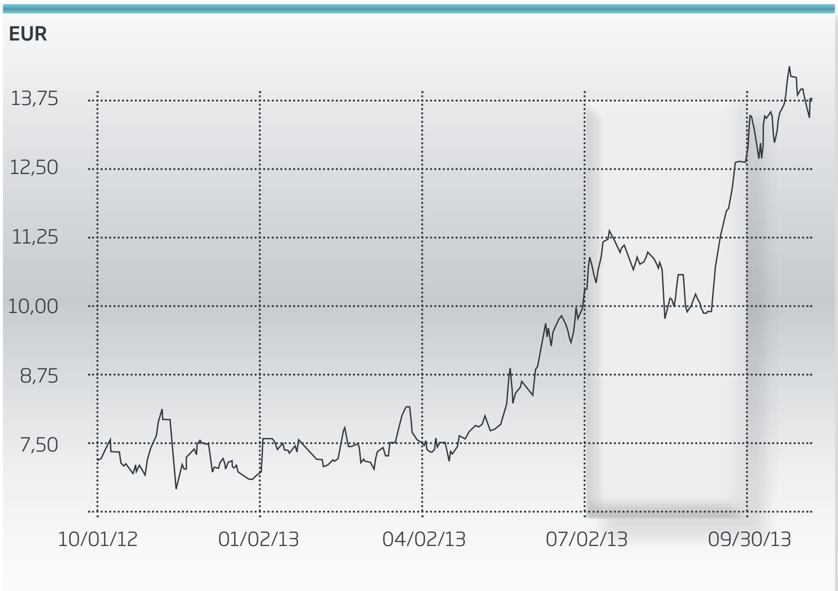
Bolstered by its excellent key financials, Softing again presented itself to numerous analysts and institutional investors at the German Equity Forum in Frankfurt on November 11, 2013. Investor interest in our share has been growing continuously over the years. Not only was our presentation met with a positive response, we also held more talks with investors than ever before. Our steady performance and the three-digit market capitalization we are approaching make Softing shares increasingly attractive for institutional investors too.

Dear shareholders and friends of Softing, we hope that we will be able to continue to delight you with reports of strong performance in the coming months. We are working on this day by day with a growing team of more than 340 employees in Europe, the Americas and Asia.

With warm regards,

Dr. Wolfgang Trier
(Chief Executive Officer)

Stock Price – Directors’ Holdings – Financial Calendar



CLOSING PRICE, XETRA

DIRECTORS’ HOLDINGS AS OF SEPTEMBER 30, 2013

Boards	Shares		Options	
	Sep. 30, 2013 Number	June 30, 2013 Number	Sep. 30, 2013 Number	June 30, 2013 Number
Supervisory Board				
Dr. Horst Schiessl (chairman), Attorney at Law, Munich	–	–	–	–
Michael Wilhelm (deputy chairman), CPA / tax advisor, Munich, left as of May 07, 2013	–	–	–	–
Dr. Klaus Fuchs (member of the Supervisory Board), graduate computer scientist / graduate engineer, Helfand, deputy chairman from May 07, 2013	273,886	273,886		
Andreas Kratzer, CPA, Switzerland, since May 07, 2013 (member of the Supervisory Board)	9,976	9,976	–	–
Executive Board				
Dr.-Ing. Dr. rer. oec. Wolfgang Trier, Munich	84,085	84,085	–	–
Maximilian zu Hohenlohe, Pfaffenhofen	–	–	–	–

FINANCIAL CALENDAR

March 28, 2014	2013 Annual Report
May 7, 2014	Annual General Meeting
May 14, 2014	Quarterly Report 1/2014
August 14, 2014	Quarterly Report 2/2014
November 14, 2014	Quarterly Report 3/2014

Group Management Report for the 3/2013 Quarterly Financial Report

Economic Environment

Experts continue to expect growth of around 0.5 % for the German economy in 2013. Nevertheless, industry and the automotive sector will record higher growth although the economic situation in the automobile industry remains strained. Softing therefore anticipates a further increase in incoming orders, sales and earnings both in Automotive Electronics and Industrial Automation for the full 2013 financial year.

Earnings

Sales in the Automotive Electronics division in the first nine months of 2013 rose by more than 11 % to EUR 18.9 million (previous year: EUR 17.0 million). Industrial Automation recorded a sales increase of over 6 % to EUR 19.4 million (previous year: EUR 18.2 million). At EUR 38.3 million, the sales of the Softing Group in the first nine months of 2013 thus were up approx. 9 % year on year (previous year: EUR 35.2 million). EBIT in the reporting period amounted to a healthy EUR 4.2 million (previous year: EUR 3.4 million), an increase of 24 percent. As of September 30, 2013, orders on hand in the Group totaled EUR 11.5 million (June 30, 2013: EUR 11.6 million).

Assets, Liabilities and Cash Flows

The equity of the Softing Group rose by EUR 2.5 million to EUR 24.7 million in the first nine months of 2013 (December 31, 2012: EUR 22.2 million). Driven by the continued high cash flow, cash and cash equivalents in the reporting period increased by EUR 1.9 million to EUR 13.4 million (previous year: EUR 11.2 million).

Research and Product Development

In the first nine months of 2013, Softing capitalized a total of EUR 3.0 million (previous year: EUR 2.6 million) for the development of new products and the enhancement of existing ones. Other significant amounts were expensed.

Employees

As of September 30, 2013, the Softing Group had 343 employees (previous year: 311). 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 September 30, 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 three months of 2013. For more information, we refer to our Group Management Report in the 2012 Annual Report, page 4 et seq.

Outlook

In both segments, delivery bottlenecks due to a sudden dramatic rise in demand from large customers for the month of December have impacted sales growth. This means that despite increased demand and the traditionally strong fourth quarter, the Company's sales and earnings guidance cannot be raised. Earnings between EUR 5.8 and 6.2 million and sales between EUR 53 and 56 million are anticipated for the year 2013 as a whole.

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 September 30, 2013.

Consolidated Balance Sheet

According to IFRS as of September 30, 2013, unaudited

Assets	Quarterly report 09/30/2013 EUR	Financial statements 12/31/2012 EUR
Cash and cash equivalents	13,413,716	11,515,761
Marketable securities	841,704	1,063,758
Trade accounts receivable	8,168,326	9,847,748
Inventories	4,114,959	3,345,209
Prepaid expenses and other current assets	864,028	1,646,273
Total current assets	**27,402,733**	**27,418,749**
Property, plant and equipment	1,372,497	1,380,196
Intangible assets	6,309,218	5,343,237
Goodwill	2,438,951	2,438,951
Borrowings	300,000	695,000
Deferred taxes	414,081	624,208
Total non-current assets	**10,834,747**	**10,481,592**
Total assets ▸	**38,237,480**	**37,900,341**

Liabilities and equity	Quarterly report 09/30/2013 EUR	Financial statements 12/31/2012 EUR
Other borrowings	280,358	368,498
Trade accounts payable	2,237,501	2,667,424
Liabilities from customer-specific construction contracts	147,422	283,459
Provisions	296,731	296,731
Tax provisions	191,925	925,415
Deferred income and other current liabilities	6,596,563	7,720,926
Total current liabilities	**9,750,500**	**12,262,453**
Deferred tax liabilities	1,916,757	1,589,836
Employee benefits	1,806,793	1,750,311
Other financial liabilities	107,177	107,695
Total non-current liabilities	**3,830,727**	**3,447,842**
Issued capital	6,442,512	6,442,512
Capital reserves	4,396,103	4,396,103
Treasury shares	-286,906	-771,735
Minority interest	-11,548	-3,075
Accumulated profit (incl. retained earnings)	14,116,092	12,126,241
Total equity	**24,656,253**	**22,190,046**
Total liabilities and equity ▸	**38,237,480**	**37,900,341**

Consolidated Income Statement

According to IFRS as of September 30, 2013, unaudited

	Quarterly report III/2013 07/01/2013 - 09/30/2013 EUR	Quarterly report III/2012 07/01/2012 - 09/30/2012 EUR	Nine-month report 2013 01/01/2013 - 09/30/2013 EUR	Nine-month report 2012 01/01/2012 - 09/30/2012 EUR
Revenue	12,784,103	11,029,677	38,282,812	35,199,416
Other operating income	195,382	36,416	421,790	467,834
Other own work capitalized	913,464	863,498	2,797,083	2,282,376
Cost of purchased materials / services	-4,104,145	-3,092,942	-10,833,080	-10,164,803
Staff costs	-6,238,763	-5,516,493	-19,084,883	-17,245,173
Depreciation and amortization	-954,979	-831,104	-2,641,383	-2,482,250
Other operating expenses	-1,491,931	-1,509,987	-4,733,505	-4,670,272
Operating profit / loss	**1,103,131**	**979,065**	**4,208,834**	**3,387,128**
Interest expenses	-4,917	-23,205	-18,349	-94,377
Result before income taxes	**1,098,214**	**955,860**	**4,190,485**	**3,292,751**
Income taxes	-380,915	-322,585	-1,308,344	-1,051,859
Other taxes				
Result before minority interest	**717,299**	**633,275**	**2,882,141**	**2,240,892**
Minority interest	2,409	-3,545	8,473	13,698
Net income ▸	**719,708**	**629,730**	**2,890,614**	**2,254,590**
Earnings per share (basic)	0.12	0.10	0.46	0.38
Earnings per share (diluted)	0.12	0.10	0.46	0.38
Average number of shares outstanding (basic)	6,136,480	6,134,910	6,256,402	5,863,522
Average number of shares outstanding (diluted)	6,136,480	6,134,910	6,256,402	5,863,522

Consolidated Statement of Comprehensive Income

According to IFRS as of September 30, 2013, unaudited

	Quarterly report III/2013 07/01/2013 – 09/30/2013 EUR (in thsds.)	Quarterly report III/2012 07/01/2012 – 09/30/2012 EUR (in thsds.)	Nine-month report 2013 01/01/2013 – 09/30/2013 EUR (in thsds.)	Nine-month report 2012 01/01/2012 – 09/30/2012 EUR (in thsds.)
Consolidated profit / loss	717	633	2,882	2,241
Currency translation differences (changes in unrealized gains / losses)	-7	-1	10	-8
Gains / losses from the measurement of securities (changes in unrealized gains / losses)	-1	-8	-25	-26
Other comprehensive income	**-8**	**-9**	**-15**	**-34**
Profits from the sale of treasury shares	0	0	832	0
Consolidated total comprehensive income	709	624	3,699	2,207
Non-controlling interests	3	-3	9	14
Attributable to shareholders of Softing AG	706	627	3,690	2,193
Consolidated total comprehensive income	**709**	**624**	**3,699**	**2,207**

Consolidated Cash Flow Statement

According to IFRS as of September 30, 2013, unaudited

		Nine-month report 2013 01/01/2013 – 09/30/2013 EUR (in thsds)	Nine-month report 2012 01/01/2012 – 09/30/2012 EUR (in thsds)
	Cash flow from operating activities		
	Net income	2,882	2,241
	Exchange differences recognized in equity	10	-8
	Depreciation / amortization	2,641	2,482
	Increase in provisions	383	618
	Change in net working capital	-643	-388
=	**Net cash provided by operating activities**	**5,273**	**4,945**
	Cash flow from investing activities		
	Payments made for investments in self-produced intangible assets	-3,046	-2,610
	Payments made for investments in other intangible assets and in property, plant and equipment	-555	-728
	Payments received from the sale of securities	222	221
	Payments received from investments in net working capital	395	-
=	**Net cash used in investing activities**	**-2,984**	**-3,117**
	Cash flow from financing activities		
	Dividend payments	-1,709	-1,439
	Sale of treasury shares	1,317	-
	Payments received from capital increase	–	3,518
=	**Net cash provided by financing activities**	**-392**	**2,079**
	Increase in cash and cash equivalents	1,897	3,907
	Cash and cash equivalents at beginning of period	11,516	7,301
=	**Cash and cash equivalents at end of period** ▸	**13,413**	**11,208**

Changes in Shareholders' Equity

01/01/2013 – 09/30/2013

EUR (in thsds)	Issued capital	Capital reserves	Retained earnings	Other comprehesive income	Treasury shares	Minority shares	Total
Balance as of December 31, 2012	6,443	4,396	4,455	7,671	-772	-3	22,190
Sale of treasury shares			832		485		1,317
Capital increase							
Dividend payment				-1,709			-1,709
Available-for-sale financial assets				-25			-25
Currency translation			10				10
Minority interest						-9	-9
Net income 2013			2,882				2,882
Balance as of September 30, 2013	**6,443**	**4,396**	**8,179**	**5,937**	**-287**	**-12**	**24,656**

01/01/2012 – 09/30/2012

EUR (in thsds)	Issued capital	Capital reserves	Retained earnings	Other comprehesive income	Treasury shares	Minority shares	Total
Balance as of December 31, 2011	5,637	1,684	2,968	7,672	-772	10	17,199
Capital increase	806	2,712					3,518
Dividend payment				-1,439			-1,439
Available-for-sale financial assets				-26			-26
Currency translation			-8				-8
Minority interest						-14	-14
Net income 2012				2,255			2,255
Balance as of September 30, 2012	**6,443**	**4,396**	**2,960**	**8,462**	**-772**	**-4**	**21,485**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR Q3/2013

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

Segment Reporting

as of September 30, 2013

	Quarterly report III/2013 07/01/2013 - 09/30/2013 EUR	Quarterly report III/2012 07/01/2012 - 09/30/2012 EUR	Nine-month report 2013 01/01/2013 - 09/30/2013 EUR	Nine-month report 2012 01/01/2012 - 09/30/2012 EUR
Automotive Electronics				
Revenue	6,261	5,610	18,917	17,005
Segment result (EBIT)	574	828	2,303	1,912
Depreciation/amortization	348	228	967	652
Segment assets	-	-	11,792	12,345
Segment liabilities	-	-	4,720	5,463
Capital expenditure (not including long-term investments)	329	761	1,328	1,615
Industrial Automation				
Revenue	6,523	5,420	19,366	18,195
Segment result (EBIT)	529	151	1,905	1,475
Depreciation/amortization	551	553	1,507	1,697
Segment assets	-	-	12,640	11,915
Segment liabilities	-	-	4,574	4,184
Capital expenditure (not including long-term investments)	754	589	2,062	1,575
Not distributed				
Revenue	-	-	-	-
Segment result (EBIT)	-	-	-	-
Depreciation/amortization	56	50	167	133
Segment assets	-	-	13,805	12,154
Segment liabilities	-	-	4,287	5,282
Capital expenditure (not including long-term investments)	46	160	171	225
Total				
Revenue	12,784	11,030	38,283	35,200
Segment result (EBIT)	1,103	979	4,208	3,387
Depreciation/amortization	955	831	2,641	2,482
Segment assets	-	-	38,237	36,414
Segment liabilities	-	-	13,581	14,929
Capital expenditure (not including long-term investments)	1,129	1,510	3,561	3,415

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

Softing AG
Investor Relations
Richard-Reitzner-Allee 6 / 85540 Haar / Germany
Phone +49 89 45656-0 / Fax +49 89 45656-492
E-mail: InvestorRelations@softing.com
www.softing.com