



Interim Report 2014

January - March



iTWO



Dear Shareholders,

We can again look back on a very successful first quarter in a new financial year. We have established a new technology in the form of the iTWO 5D platform, paved the way for a new approach and created a new working method under the umbrella of the iTWO 5D LAB. The iTWO 5D technology and the "running together" of all project stakeholders in the 5D LAB has meanwhile become a much-publicised "best practice" for the construction industry worldwide. In the iTWO LAB, the digital 5D construction process of individual major projects or all projects from a company is simulated in real time. The basis for this is the iTWO BIG DATA platform, which saves data from thousands of projects and users in a "single source of truth" database.

We note with satisfaction that the trust put in iTWO people and iTWO 5D technology is growing day by day. In the first quarter of 2014, we were therefore able to increase the number of phase II contracts with iTWO by 300% compared to the previous year. Since the iTWO sales in mass market have also developed very encouragingly, software sales with iTWO are 60% higher than in the comparable period of 2013. The proportion of iTWO and cloud revenues is meanwhile around 70% of the total software revenues. The forecast for the current financial year also looks promising. The pipeline for Phase I – III iTWO orders at the tender stage amounts to > USD 80 million, and we are currently working on expanding the iTWO deal pipeline to over USD 100 million in the next 12 months.

However, this positive development was not yet reflected in the revenues in the reporting period, as we could not realise the Phase II contracts with iTWO through profit and loss in the first quarter. In addition, we reduced consulting revenues in the U.S. according to plan in order to free up capacities for pre-sales activities and to be able to conclude initial Phase II and Phase III contracts in the U.S. market. In parallel, we are nearing the completion of the integration of the acquired knowledge database in the iTWO platform so that we are now well prepared for the U.S. market in terms of products, too.

We have spent more than 2 years working with a large team on making iTWO 5D technology available in the cloud. Our technology partners are currently conducting final user acceptance test for iTWO run, our first 100% cloud-based business application. Our new iTWO 5D Control Tower app for the iPad allows top managers and executives to access corporate data from anywhere in the world and at any time. In order to be able to edit business processes online and make decisions in real time, the purchasing of services currently takes place directly from iTWO 5D, using cloud services provided by our tender platform iTWOtx. iTWO 5D offers the use of such services wherever added value is generated through optimised processes, for instance also in the virtual project space iTWOcx for the online communication of all project stakeholders in the cloud.

Our goal is to make the iTWO technology – as a leading CLOUD and BIG DATA platform – available step by step for the construction industry as well. According to a survey conducted by the United Nations, the number of Internet users around the globe increased 11% to 2.3 billion in the year ended. Based on a construction share of 13.4% in the global GDP, we anticipate a global potential of several 100 million users for construction-specific Internet applications in the cloud. With our new iTWO 5D cloud platform, we want to expand our market-leader position in the construction segment in this area and influence construction in the 21st century.

We would like to thank you, dear shareholders, for the confidence you have placed in us. We look forward to your continuing support as we blaze exciting new trails in our business.

Yours sincerely,



Thomas Wolf



Michael Sauer

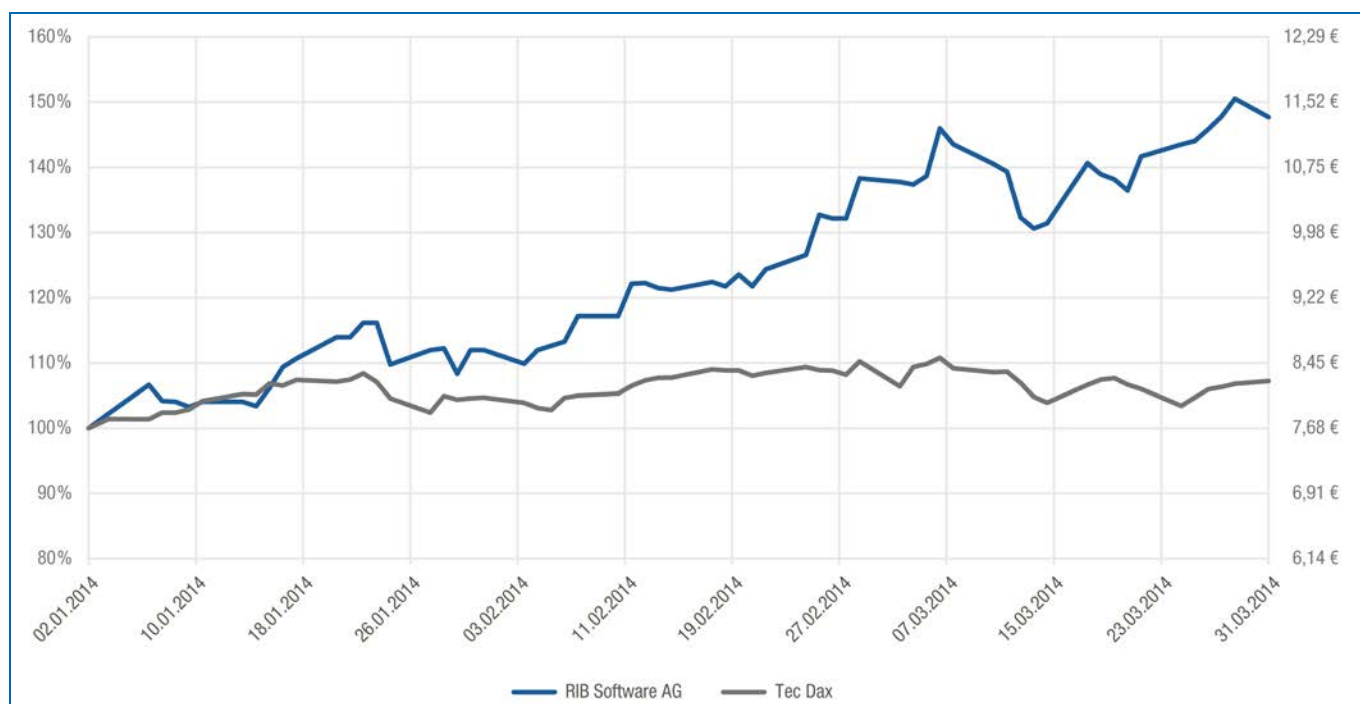


Dr Hans-Peter Sanio

RIB on the Capital Market

RIB shares experienced very positive development in the first quarter of 2014 and performed well above the benchmark index TecDAX. On 31 March 2014 the Xetra closing price was € 11.30 per share, which corresponds to an increase of 47.1 per cent since the beginning of the year. Currently the RIB share is rated "buy" by four analysts (UBS, Equinet, Berenberg and Hauck & Aufhäuser). RIB continued to gain ground in the TecDAX rankings and ended the quarter ranked 29th by market capitalisation and 34th by trading volume.

RIB share price performance 01.01.2014 – 31.03.2014



Key Figures

€million unless otherwise indicated	31.03.2014	31.03.2013	Change
Revenue*	14.1	14.1	0.0%
Sales software licences*	3.0	3.1	-3.2%
EBITDA**	3.6	3.8	-5.3%
as % of revenue	25.5%	27.0%	
Profit after tax**	1.5	1.9	-21.1%
Cash flow from operating activities	12.2	11.9	2.5%
R&D expenses	3.6	2.9	24.1%
Average number of employees	580	547	6.0%
Liquid funds and available-for-sale securities***	92.1	82.1	12.2%
Equity***	144.1	142.7	1.0%

* Revenue 2014 adjusted by currency effects

** EBITDA and Profit after tax adjusted by currency effects

*** Presentation of previous year as of December 31, 2013

Interim group management report

A. Report on the results of operations, financial position and net assets

Number of Phase II contracts with iTWO increases by 300%

iTWO software revenues increase by 60%

Proportion of iTWO and cloud revenues is around 70% of the total software revenues

During the first quarter of 2014, the number of Phase II contracts with iTWO increased by 300% compared to the same period last year and by 50% compared to our plans. Due to the short time between these orders and the end of the quarter, it was not possible to include them in revenues and earnings.

We are therefore all the more highly satisfied with the course of the first quarter, as iTWO software sales increased by 60% to € 1.6 million (previous year: € 1.0 million). Overall, adjusted for currency effects, total revenues* in the first three months remained at € 14.1 million (previous year: € 14.1 million). The total software revenues amounted to € 3.0 million (previous year: € 3.1 million). The mass market in Germany developed very encouragingly. With an increase of 50% to € 1.5 million, demand for iTWO in the SME business segment continued to grow. Deferred maintenance revenues increased 25.6% to € 5.4 million (prior year: € 4.3 million). Consulting revenue fell according to plan from € 4.2 million to € 3.4 million as a result of the reorganisation of the consulting business in the U.S., since part of the available capacities are being used in the area of iTWO pre-sales.

Gross profits remain over 60%

In the first three months, operating EBITDA** reached € 3.6 million (previous year: € 3.8 million). Gross margin increased to 61.0% in the first quarter of 2014, which was above the 60% mark (previous year: 59.3%). R&D expenses during the reporting period increased 24.1% to € 3.6 million (previous year: € 2.9 million) due to the strengthening of our development team in cloud solutions segment. The R&D ratio before capitalisation, depreciation, amortisation and impairment amounted to 26.1% (previous year: 20.6%).

At € 3.3 million (previous year: € 3.2 million), selling and distribution costs essentially remained at the previous year's level. Administrative expenses stood at € 1.5 million (previous year: € 1.4 million).

The average number of employees increased to 580 employees (previous year: 547 employees). The increase was primarily due to an increase in development capacities for the development of Web-based solutions.

* [Total revenue in 2014 adjusted for currency effects (€ -348 thousand)]

** [adjusted for currency effects (2014: € -47 thousand), (2013: € +583 thousand)]

Net cash flow from operating activities over the previous year level

Cash and cash equivalents, incl. securities increases by € 10 million

Net cash flow from operating activities increased to € 12.2 million (previous year: € 11.9 million). In the reporting period, the cash flow from investing activities totalled € -2.3 million (previous year: € 7.6 million). During the previous reporting period, this included inflows from fixed-interest securities amounting to € 9.4 million. In the first three months, cash flow from financing activities was virtually zero (previous year: € -1.4 million). In the previous year, payments for the acquisition of treasury shares were included (€ -1.3 million).

Cash and cash equivalents including fixed-interest securities increased by € 10 million to € 92.1 million in the first three months of the financial year 2014 (31 December 2013: € 82.1 million). Equity increased to € 144.1 million (31 December 2013: € 142.7 million) and around 64% is covered by liquid funds.

Trade payables amounted to € 1.1 million (31 December 2013: € 1.2 million). Trade receivables fell to € 9.6 million (31 December 2013: € 10.2 million).

B. Opportunity and risk report

The main opportunities and risks associated with the probable development of the RIB Group are outlined in the consolidated management report as at 31 December 2013.

We are currently working intensively on the completion of the integration of the acquired knowledge database in the iTWO platform for the U.S. market. Moreover, our development focus is on the development of the iTWO 5D end-to-end solution by the end of 2015 as the first fully-integrated, entirely Web-based 5D project solution in the construction industry. iTWO cloud is subsequently to be deployed in global construction projects as a SaaS solution. To reach this goal, we will continue to expand our R&D capacities in 2014.

Consolidated Interim Financial Statements

Consolidated income statement

For the period: 01.01.2014 to 31.03.2014

€ thousands, unless otherwise indicated

	Note	3 months 2014	3 months 2013
Revenue	(4)	13,792	14,108
Cost of sales		-5,378	-5,742
Gross profit		8,414	8,366
Other operating income		202	941
Selling and distribution costs		-3,298	-3,233
Administrative expenses		-1,521	-1,428
Research and development expenses		-1,526	-1,402
Other operating expenses	(5)	-157	-95
Finance income		85	115
Finance costs		-108	-101
Profit before tax		2,091	3,163
Income tax expense		-575	-881
Profit after tax		1,516	2,282
Profit attributable to owners of parent		1,516	2,282
Earnings per share (Diluted and basic):	(7)	0.04 €	0.06 €

Consolidated statement of comprehensive income

For the period: 01.01.2014 to 31.03.2014

€ thousands

	3 months 2014	3 months 2013
Profit after tax	1,516	2,282
Components reclassified with no effect on profit and loss:		
Revaluations	7	-45
Income tax in connection with components that are not reclassified	-2	14
Other consolidated comprehensive income after taxes for components reclassified with no effect on profit and loss	5	-31
Components reclassified in subsequent periods with an effect on profit and loss:		
Exchange differences	-53	1,501
Changes in value of available-for-sale securities	17	-52
Income tax in connection with components that are reclassified	1	16
Other consolidated comprehensive income after taxes for components reclassified with an effect on profit and loss	-35	1,465
Other consolidated comprehensive income after taxes	-34	1,434
Total consolidated comprehensive income	1,486	3,716
of which attributable to non-controlling interests	0	0
of which attributable to owners of the parent company	1,486	3,716

Consolidated statement of financial position as of 31.03.2014 and 31.12.2013

€ thousands

	Note	31.03.2014	31.12.2013
Goodwill	(8)	38,338	38,180
Other intangible assets		33,386	32,435
Property, plant and equipment		6,070	6,108
Investment property		4,880	5,031
Prepaid land lease payments		904	936
Other assets		51	51
Deferred tax assets		511	427
Total non-current assets		84,140	83,168
Trade receivables		9,583	10,233
Available-for-sale securities	(9)	3,795	3,761
Other assets		2,947	2,353
Cash and cash equivalents		88,334	78,378
Total current assets		104,659	94,725
Total assets		188,799	177,893

€ thousands

	Note	31.03.2014	31.12.2013
Issued capital		38,715	38,715
Treasury shares		-6,240	-6,240
Capital reserves		80,767	80,768
Legal reserves		56	56
Accumulated other comprehensive income		-3,116	-3,086
Retained earnings		33,913	32,397
Equity attributable to owners of parent		144,095	142,610
Non-controlling interests	(10)	0	67
Total equity		144,095	142,677
Pension provisions		3,164	3,182
Other finance liabilities		10,770	10,805
Deferred tax liabilities		8,110	8,081
Total non-current liabilities		22,044	22,068
Trade payables		1,134	1,237
Provisions for income taxes		2,747	2,428
Other provisions		268	306
Accruals		2,364	2,733
Deferred revenue		14,658	4,242
Finance lease obligations, current portion		0	1
Other financial liabilities		8	9
Other liabilities		1,481	2,192
Total current liabilities		22,660	13,148
Total liabilities		44,704	35,216
Total equity and liabilities		188,799	177,893

Consolidated statement of changes in equity

For the period: 01.01.2014 to 31.03.2014

€ thousands

	Issued capital				Accumulated other comprehensive income				Total equity according to consolidated statement of financial position				
	Issued capital	Capital reserves	Legal reserves		Changes in value of available-for-sale securities	Foreign currency translation reserve	Revaluations		Treasury shares	Retained earnings	Equity attributable to owners of parent	Non-controlling interests	Total equity
As of 1 January 2013	38,715	80,620	47		91	543	-133		-202	28,687	148,368	0	148,368
Profit after tax	-	-	-		-	-	-		-	2,282	2,282	-	2,282
Other comprehensive income	-	-	-		-36	1,501	-31		-	-	1,434	-	1,434
Total comprehensive income	0	0	0		-36	1,501	-31		0	2,282	3,716	0	3,716
Share buybacks	-	-	-		-	-	-		-1,333	-	-1,333	-	-1,333
Dividends paid	-	-	-		-	-	-		-	-	0	-	0
As of 31 March 2013	38,715	80,620	47		55	2,044	-164		-1,535	30,969	150,751	0	150,751
As of 1 January 2014	38,715	80,768	56		-19	-2,954	-113		-6,240	32,397	142,610	67	142,677
Profit after tax	-	-	-		-	-	-		-	1,516	1,516	-	1,516
Other comprehensive income	-	-	-		18	-53	5		-	-	-30	-	-30
Total comprehensive income	0	0	0		18	-53	5		0	1,640	1,610	0	1,486
Share buybacks	-	-	-		-	-	-		-	-	0	-	0
Sale of own shares	-	-	-		-	-	-		-	-	0	-	0
Dividends paid	-	-	-		-	-	-		-	-	0	-	0
Other changes	-	-23	-		-	-	-		-	-	-23	-67	-90
Share-based remuneration	-	22	-		-	-	-		-	-	22	-	22
As of 31 March 2014	38,715	80,767	56		-1	-3,007	-108		-6,240	33,913	144,095	0	144,095

Consolidated statement of cash flows

For the period: 01.01.2014 to 31.03.2014

€ thousands

	3 months 2014	3 months 2013
Cash flows from operating activities:		
Profit before tax	2,091	3,163
Adjustments for:		
Depreciation and impairment of property, plant and equipment	156	104
Amortisation and impairment of intangible assets	1,197	1,130
Depreciation of investment property	34	0
Changes in allowance for impairment of trade receivables	71	-139
Other non-cash items	-117	-732
Interest expense and other finance cost	108	101
Finance income	-85	-115
	3,455	3,512
Working capital adjustments:		
Increase/decrease(-) in provisions and accruals	-425	-418
Increase(-)/decrease in receivables and other assets	-64	308
Increase/decrease(-) in trade payables and other liabilities	9,477	8,932
Cash generated from operations	12,443	12,334
Interest paid	0	-8
Interest received	12	116
Income taxes paid	-256	-515
Net cash flows from operating activities	12,199	11,927
Purchase of property, plant and equipment	-236	-233
Purchase/production of intangible assets	-2,070	-1,498
Purchase(-)/sale of available-for-sale securities	0	9,358
Net cash flows from investing activities	-2,306	7,627
Cash outflow for share buybacks	0	-1,333
Cash outflow for repayment of other financial liabilities	-1	-1
Cash paid for finance leases	-1	-21
Net cash flows used in financing activities	-2	-1,355
Change in cash and cash equivalents impacting on cash flow	9,891	18,199
Cash and cash equivalents at the beginning of the period	78,378	49,266
Currency-related change in cash and cash equivalents	65	587
Cash and cash equivalents at the end of the period	88,334	68,052
Composition of cash and cash equivalents:		
Cash and bank balances, unrestricted	86,987	60,851
Cash and bank balances, restricted	1,347	7,201
Total	88,334	68,052

Notes to the consolidated interim financial statements

1. Corporate information

This condensed consolidated interim financial statement of RIB Software AG (the “Company”) and its subsidiaries (collectively the “Group”) was drawn up according to the regulations of the International Financial Reporting Standards (IFRS). It complies in particular with the IAS 34 regulations “Interim reporting”.

The condensed consolidated interim financial statement has not been subjected to auditing inspection or a general audit.

Our business activity is in some respects subject to seasonal fluctuations.

In the past the revenue in the fourth quarter tended to be higher than in the individual preceding quarters. The interim results can therefore only be regarded as an indicator for the results of the entire financial year.

This condensed and unaudited consolidated interim financial statement should be read with the audited IFRS consolidated financial statements of RIB Software AG as of 31 December 2013.

Due to the representation of the numbers in € thousands, rounding differences may arise in individual items.

2. Accounting policies

In drawing up the consolidated interim financial report the same accounting policies and calculation methods were used as in the consolidated financial statements as of 31 December 2013.

3. Consolidated group

The group increased its share in RIB Cosinus Solutions GmbH, Mannheim, from 70% to 100% during the report period. Relevant details on this are in section (10). In all other respects the consolidated companies are unchanged compared to the conditions described in the group financial reporting on 31 December 2013.

4. Revenue

Revenue breaks down as follows:

€ thousands

	3 months 2014	3 months 2013
Software licences	3,020	3,109
Software as a Service / Cloud	2,032	2,504
Total software licences and software as a service / cloud	5,052	5,613
Maintenance	5,353	4,271
Consulting	3,387	4,224
Total revenue	13,792	14,108

The total software licence revenue is subdivided as follows:

€ thousands

	3 months 2014	3 months 2013
iTWO Key Account	92	59
iTWO Mass Market	1,509	988
SaaS / Cloud	2,032	2,504
Legacy Products	1,419	2,062
Total software licences and software as a service / cloud	5,052	5,613

5. Other operating expenses

Other operating expenses include foreign exchange expenses arising from cash and cash equivalents, foreign currency differences due to intercompany consolidation and other expenses not attributable to the functional positions.

6. Expenses for employee benefits and number of employees

Expenses for employee benefits

€ thousands

	3 months 2014	3 months 2013
Wages and salaries	6,596	6,767
Social security and pension costs	1,225	1,259
Total	7,821	8,026

Average number of employees

	3 months 2014	3 months 2013
General administration	69	66
Research and development	238	202
Sales and distribution	101	84
Support/Consulting	172	195
Total	580	547

7. Earnings per share – basic and diluted

Basic earnings per share are determined by dividing the net income for the period allocable to the shareholders by the weighted average number of bearer shares outstanding during the period.

During the reporting period the weighted average of shares in circulation is 37,298,655.

€ thousands unless otherwise indicated

	3 months 2014	3 months 2013
Profit after tax	1,516	2,282
Weighted average of shares in circulation	37,298,655	38,472,547
Earnings per share (diluted and basic)	0.04 €	0.06 €

8. Goodwill

€ thousands

	31.03.2014	31.12.2013
License / Software Segment	25,144	25,025
SaaS / Cloud Segment	6,337	6,221
Professional Services Segment	4,068	4,069
GZ TWO development unit	2,789	2,865
Total	38,338	38,180

The change in carrying amounts by € 158 thousand was attributable to currency translation effects of goodwill held in local currency, which were recognised outside profit or loss.

9. Available-for-sale securities

Available-for-sale securities comprise short-term sovereign bonds of Singapore and corporate bonds of foreign companies in US dollars.

The fair values of the sovereign bonds and corporate bonds are based on quoted prices on an active market.

10. Non-controlling interests

The group acquired the remaining outstanding shares in RIB Cosinus Solutions GmbH, Mannheim, through a contract dated 27 March 2014 for a purchase price of €90 thousand and thus increased its share in the company from 70% to 100%. Because the group already held control of the subsidiary company before the acquisition of the outstanding shares, the acquisition was treated as a self-funded capital transaction without an impact on income.

11. Segment information

Please refer to section (8) of our consolidated financial statements for the 2013 financial year for information on the basis of our segment reporting and notes on the segments.

The tables below show the segment revenue, segment results and reconciliations with the revenue shown in the consolidated income statement and comprehensive income.

€ thousands

3 months 2014				
	License / Software	SaaS / Cloud	Prof. Services	Total
Total revenue, external sales	8,373	2,032	3,387	13,792
Cost of sale	-2,412	-174	-2,792	-5,378
Research and development expenses	-1,130	-396	0	-1,526
Segment profit (EBIT)	4,831	1,462	595	6,888
Interest income and expense				-23
Other unallocated income and expenses				-4,774
Profit before tax (EBT)				2,091
Income Tax Expense				-575
Profit after tax				1,516

€ thousands

3 months 2013				
	License / Software	SaaS / Cloud	Prof. Services	Total
Total revenue, external sales	7,380	2,503	4,225	14,108
Cost of sale	-1,784	-192	-3,766	-5,742
Research and development expenses	-836	-566	0	-1,402
Segment profit (EBIT)	4,760	1,745	459	6,964
Interest income and expense				14
Other unallocated income and expenses				-3,815
Profit before tax (EBT)				3,163
Income Tax Expense				-881
Profit after tax				2,282

The other non-allocated income and expenses include other operating income, general management expenses, sales and marketing costs and other operating expenses.

Geographic information

Revenue by geographic area (based on the location of customers) breaks down as follows:

€ thousands

	3 months 2014	3 months 2013
EMEA (Germany, Europe, Middle East and Africa)	10,285	8,661
APAC (Asia Pacific)	972	1,028
North America	2,535	4,419
Total revenue	13,792	14,108

Stuttgart, 30 April 2014

RIB Software AG


The Executive Board



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Translation of the original German version:

“The English version of the Interim Report is a translation of the original German version; in the event of variances, the German version shall take precedence over the English translation.”