



**Interim Report
Q3 2013**





SNP | The Transformation Company

About SNP

SNP AG helps companies react rapidly to changes in their business environment. The solution SNP Transformation Backbone® enables companies to adapt their IT landscape more quickly and economically to changing market conditions. SNP Transformation Backbone is the world's first standard software solution that automatically analyzes changes in IT systems and implements them in a standardized way. The solution is based on the experience SNP AG has gained in more than 2,500 projects worldwide with its software-related services for Business Landscape Transformation®.

In 2012, more than 200 employees in Europe, South Africa and the USA achieved sales of € 27.2 million. Headquarters of the company founded in 1994 is Heidelberg. SNP AG went public in 2000 and has been listed in the General Standard segment of the Frankfurt Stock Exchange since 2003.

**For further information, please visit:
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for the period from 1 January to 30 September 2013

First successes of the measures initiated become visible

- Revenue of € 15.9 million in the first nine months (previous year: € 20.9 million)
- Q3 the strongest quarter of the year to date in terms of revenue
- Upturn in consultancy revenue and increased utilisation
- Losses reduced significantly in third quarter
- Acquisition of U.S. company GL Associates (GLA) creates long-term growth potential on the transformation market for systems of the Oracle Group and SAP AG

Heidelberg, 28 October 2013 – The third quarter of 2013 saw clear signs of stabilisation for SNP Schneider-Neureither & Partner AG, which is listed in the General Standard of the Frankfurt Stock Exchange (ISIN DE0007203705). The upturn in consultancy business led to a slight increase in revenue, while losses before interest and taxes halved compared with the previous quarter. The specialist provider of standardised IT transformations recorded healthy incoming orders of € 7.3 million in the third quarter. This was reflected in a higher level of utilisation, particularly in September. Revenue increased by 15.4% quarter-on-quarter to € 5.6 million; among other things, this was driven by the acquisition of the U.S. company GLA, which contributed € 0.3 million to revenue. However, this still represents a substantial decline as against the same period of the previous year (€ 7.3 million). The operating result (EBIT) remained negative in the third quarter at € -0.66 million (previous year: € 1.3 million), but the loss was reduced significantly compared with the first two quarters. All in all, SNP AG reported a loss before interest and taxes of € -3.0 million in the first nine months of 2013 on the back of total revenue of € 15.9 million.

“Following a difficult first half of the year, we enjoyed the strongest revenue performance so far this year in the third quarter, significantly limiting our losses despite the non-recurring expenses for the acquisition of GLA. September in particular saw a tangible upturn in consultancy business. We intend to build on this upward trend throughout the rest of the year, and the signals from the market are very much positive. The fact that our incoming orders were significantly higher than our revenue in the third quarter gives us grounds for confidence and backs up the positive response we have received from customers and partners with concrete figures,” said SNP CFO Jörg Vierfuß, commenting on development in the first nine months.

Revenue stabilised at low level

SNP AG recorded consolidated revenue of around € 15.9 million in the first nine months of 2013, down just under 24% year-on-year (previous year: € 20.9 million). This development is also reflected in the figures for the third quarter of 2013, with revenue of € 5.6 million representing a decrease of around 23% compared with the third quarter of 2012 (previous year: € 7.3 million). However, SNP AG has succeeded in stabilising its revenue in recent months while increasing utilisation. Accordingly, the period from July to September 2013 was the quarter with the highest revenue in the current financial year. Business in the USA contributed € 0.81 million to revenue; of this figure, € 0.27 million was attributable to GLA, which was acquired at the start of September and has been included in the consolidated financial statements since this date, and € 0.54 million to the existing SNP America, Inc.

In terms of segment performance, the Professional Services segment, which includes consultancy services in particular, generated revenue of € 12.7 million in the first

nine months of the current financial year (previous year: € 15.3 million), while the Software segment (incl. maintenance) contributed € 3.2 million to revenue (previous year: € 5.7 million). This corresponds to a ratio of 80:20. The breakdown in the third quarter was similar, with revenue of € 4.4 million in the Professional Services segment (previous year: € 5.2 million) and € 1.2 million in the Software segment (previous year: € 2.1 million). While software business was unable to repeat the high prior-year level of revenue, however, consultancy business already benefited from growth in incoming orders.

Losses limited in third quarter

The slow improvement in the consultancy volume accompanied by a lack of significant license agreements meant that earnings before interest and taxes (EBIT) remained negative in the third quarter of 2013. While the operating result in the same period of the previous year amounted to € 1.3 million on the back of significantly higher revenue, EBIT in the third quarter of 2013 amounted to € -0.66 million. However, this meant that the loss was approximately halved compared with the first two quarters of the current financial year. All in all, the operating result for the first nine months of 2013 amounted to € -3.0 million (previous year operating profit: € 2.8 million).

Earnings in the third quarter of 2013 were impacted in particular by the non-recurring and integration costs in connection with the acquisition of GLA and losses on a consultancy project, each of which totalled € 0.1 million. Other operating expenses increased by € 0.3 million year-on-year to € 1.8 million largely as a result of these factors. Personnel costs also rose by € 0.4 million to € 4.1 million due to the systematic continuation of SNP AG's long-term growth strategy in the third quarter of 2013. The internationalisation process in particular was driven by the acquisition of the U.S. company GLA and the expansion of the location in Spain. Accordingly, the number of employees increased from 226 to 250 from July to September. By contrast, substantial cost savings were achieved in the area of purchased services in particular, with expenses falling by € 0.32 million to € 0.18 million compared with the previous year.

All in all, the consolidated net loss after minority interests for the first nine months of 2013 totalled € -2.21 million (previous year net profit: € 1.73 million). This meant that diluted and undiluted earnings per share amounted to € -0.59 (previous year, adjusted: € 0.51).

Acquisition in the USA underlines internationalisation and continuous expansion of solution portfolio

SNP Transformation Backbone remains SNP's core product and will be the key driver of growth in revenue and profitability in future thanks to rising license revenue from both direct and partner sales.

SNP AG continued to press ahead with its internationalisation in the third quarter of 2013. Activities focused on the acquisition of the operations of the U.S. company GL Consulting, Inc. and its wholly-owned subsidiary CE-TOVA CORP. (referred to collectively as GLA). The entire operations of the two companies, which are domiciled in Jersey City, were acquired in an asset deal with effect from 1 September 2013. The acquisition will allow SNP AG to further expand its own portfolio of consultancy services and, in particular, its SNP Transformation Backbone (SNP T-Bone) to include transformation scenarios based on ERP systems from the Oracle Group. The transformation market for Oracle systems offers considerable growth potential, and GLA's expertise will enable SNP AG to perform transformations between systems from the Oracle Group and SAP AG using SNP T-Bone in the medium term.

Financial position remains stable

The purchase price for the acquisition of GLA is divided into a fixed component payable at the acquisition date and a variable component to be paid depending on future key performance indicators. SNP AG obtained a bank loan with a volume of € 3 million for the acquisition of GLA; of this figure, around € 2.3 million was used to finance the asset deal. This loan and other non-current liabilities in connection with the acquisition meant that total non-current liabilities increased to € 4.6 million (previous year: € 0.7 million). By contrast, current liabilities were reduced from € 5.1 million in the previous year to € 4.2 million. The equity ratio now amounts to 61% (30 September 2012: 68%). As of 30 September 2013, cash and cash equivalents amounted to € 6.6 million, a substantial increase on the prior-year figure of € 5.5 million. This means that SNP's financial position remains extremely solid.

Outlook

The Executive Board of SNP AG expects the upward development that started in the period under review to continue in the fourth quarter of 2013, with both consultancy revenue and software license revenue set to increase further. The forecast revenue growth is underlined by the fact that incoming orders in the third quarter were significantly higher than the revenue generated. In addition, negotiations on major license agreements are currently in progress and will be intensified over the coming months. All in all, the management expects the forecast revenue growth in the fourth quarter to lead to a further improvement in earnings. However, concrete statements concerning revenue and earnings performance for the 2013 financial year as a whole are still not possible at present.

“After we failed to achieve the desired development in the first half of the year, the third quarter saw the first signs of a turnaround. Our consultancy business enjoyed a considerable upturn in September in particular. This can also be attributed to the sustained progress we have made in the operational implementation of our sales strategy. In this difficult year, we have laid important foundations for the future and demonstrated with the acquisition of the U.S. company GLA in particular that we remain committed to growth. We are confident that the investments in internationalisation, innovation and sales that we have made this year as part of our long-term growth strategy will soon be reflected in our figures,” said Dr. Andreas Schneider-Neureither, CEO of SNP AG, commenting on the outlook.

Heidelberg, 28 October 2013

The Executive Board

SNP Schneider-Neureither & Partner AG, Heidelberg
Consolidated Balance Sheet
 as at 30 September 2013

Assets	30.09.2013	31.12.2012*	30.09.2012*
	€ k	€ k	€ k
Current assets			
Cash and cash equivalents	6,638	10,152	5,487
Trade receivables	6,818	6,900	6,897
Current tax assets	986	854	620
Other current assets	365	409	425
	14,807	18,315	13,429
Non-current assets			
Goodwill	4,142	2,068	2,068
Intangible assets	1,126	260	279
Property, plant and equipment	1,148	1,486	1,639
Participations accounted for in accordance with the equity method	0	0	107
Other non-current assets	62	33	25
Non-current tax assets	12	12	15
Deferred taxes	1,401	377	192
	7,891	4,236	4,325
	22,698	22,551	17,754
Equity and liabilities			
	30.09.2013	31.12.2012*	30.09.2012*
	€ k	€ k	€ k
Current liabilities			
Liabilities due to banks	600	0	0
Trade payables	484	821	840
Provisions	96	68	65
Tax liabilities	45	665	807
Other current liabilities	2,967	3,226	3,352
	4,192	4,780	5,064
Non-current liabilities			
Liabilities due to banks	2,400	0	0
Provisions for pensions	581	593	542
Deferred taxes	174	180	154
Other non-current liabilities	1,481	0	0
	4,636	773	696
Equity			
Subscribed capital	3,738	1,246	1,133
Capital reserves	7,189	7,189	2,295
Retained earnings	3,204	8,798	8,736
Other reserves	-27	-44	-34
Treasury shares	-415	-379	-315
Equity attributable to shareholders	13,689	16,810	11,815
Non-controlling interests	181	188	179
	13,870	16,998	11,994
	22,698	22,551	17,754

* The prior-year figures were adjusted retrospectively due to the application of IAS 19 (amended) as of January 1, 2013.

SNP Schneider-Neureither & Partner AG, Heidelberg

Consolidated Income Statement

for the period from 1 January to 30 September 2013

	Jan.-Sept. 2013	Jan.-Sept. 2012	3rd quarter 2013	3rd quarter 2012
	€ k	€ k	€ k	€ k
Revenue	15,918	20,903	5,641	7,293
Professional Services	12,738	15,252	4,400	5,237
Licenses	2,626	4,146	1,060	1,666
Maintenance	554	1,505	181	390
Other operating income	65	147	-5	1
Cost of materials	-641	-1,325	-184	-505
Personnel costs	-12,496	-11,698	-4,104	-3,742
Other operating expenses	-5,288	-4,662	-1,818	-1,548
Other taxes	-20	-23	-9	-11
EBITDA	-2,462	3,342	-479	1,487
Depreciation and impairments on intangible assets and property, plant and equipment	-528	-569	-177	-194
EBIT	-2,990	2,773	-656	1,292
Other financial income	24	24	11	1
Other financial expenses	-18	-18	-6	-8
Net financial income	6	6	5	-7
EBT	-2,984	2,779	-651	1,285
Income taxes	812	-934	115	-400
Consolidated net income	-2,172	1,845	-536	885
Of which:				
Profit attributable to non-controlling shareholders	38	118	7	31
Profit attributable to shareholders of Schneider-Neureither & Partner AG	-2,210	1,727	-543	854
Earnings per share**	€	€	€	€
-undiluted	-0.59	0.51	-0.15	0.25
-diluted	-0.59	0.51	-0.15	0.25
Weighted average number of shares**	in thousands	in thousands	in thousands	in thousands
-undiluted*	3,715	3,387	3,715	3,387
-diluted*	3,715	3,387	3,715	3,387

* In the weighted average number of shares the weighted average effect of the acquisition of treasury shares in the first quarter is included. (as at 30 September 2013 the company holds 21,882 own shares)

** The weighted average number of shares and the earnings per share of previous periods was adjusted due to the capital increase from company funds.

SNP Schneider-Neureither & Partner AG, Heidelberg
Consolidated Cash Flow Statement
 for the period from 1 January to 30 September 2013

	Jan.-Sept. 2013	Jan.-Sept. 2012*
	€ k	€ k
Profit after tax	-2,172	1,845
Depreciation	528	569
Change in provisions for pensions	-12	162
Other non-cash income/expenses	-899	-409
Change in trade receivables, Other current assets, Other non-current assets	1,029	-1,016
Changes in trade payables, other provisions, tax liabilities, other current liabilities	-1,622	350
Cash flow from operating activities (1)	-3,148	1,501
Payments for investments in property, plant and equipment	-247	-326
Payments for investments in intangible assets	-56	-153
Payments for investments in at-equity participations	0	-107
Payments for the acquisition of business operations	-2,267	0
Proceeds from disposal of tangible fixed assets	177	30
Cash flow used in investing activities (2)	-2,393	-556
Dividend payments	-892	-1,973
Dividend payments to non-controlling shareholders	-45	-75
Payments for the acquisition of treasury shares	-36	-105
Proceeds from loans	3,000	0
Cash flow used in financing activities (3)	2,027	-2,153
Cash change in cash and cash equivalents (1) + (2) + (3)	-3,514	-1,208
Cash and cash equivalents at the beginning of the fiscal year	10,152	6,695
Cash and cash equivalents at 30 September	6,638	5,487
Composition of cash and cash equivalents:	30. Sept. 2013	30. Sept. 2012
	€ k	€ k
Cash and cash equivalents	6,638	5,487
Cash and cash equivalents at 30 September	6,638	5,487

* The prior-year figures were adjusted retrospectively due to the application of IAS 19 (amended) as of January 1, 2013.

SNP Schneider-Neureither & Partner AG, Heidelberg
Consolidated Statement of Changes in Equity
 for the period from 1 January 2012 to 30 June 2013

	Other reserves								
	Subscribed capital € k	Capital reserve € k	Retained earnings € k	Currency conversion € k	Defined benefit pension plans € k	Treasury shares € k	Shareholders of SNP AG attributable capital € k	Non- controlling shares € k	Total equity € k
As of 01.01.2012*	1,133	2,295	8,982	9	52	-210	12,261	136	12,397
Acquisition of treasury shares						-105	-105		-105
Dividend payment			-1,973				-1,973	-75	-2,048
Total comprehensive income			1,727	9	-104		1,632	118	1,750
As of 30.09.2012*	1,133	2,295	8,736	18	-52	-315	11,815	179	11,994
Capital increase	113	4,894					5,007		5,007
Acquisition of treasury shares						-64	-64		-64
Total comprehensive income			62	23	-33		52	9	61
As of 31.12.2012*	1,246	7,189	8,798	41	-85	-379	16,810	188	16,998
Acquisition of treasury shares						-36	-36		-36
Dividend payment			-892				-892	-45	-937
Capital increase from company funds	2,492		-2,492				0		0
Total comprehensive income			-2,210	17	0		-2,193	38	-2,155
As of 30.09.2013	3,738	7,189	3,204	58	-85	-415	13,689	181	13,870

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SNP Schneider-Neureither & Partner AG, Heidelberg
Consolidated Statement of Comprehensive Income
 for the period from 1 January to 30 September 2013

	Jan.-Sept. 2013 € k	Jan.-Sept. 2012* € k	3rd quarter 2013 € k	3rd quarter 2012* € k
Net income for the period	-2,172	1,845	-536	885
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	17	9	3	33
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans	0	-140	0	-49
Deferred taxes on remeasurements of defined benefit pension plans	0	36	0	11
Income and expenses directly recognised in equity	17	-95	3	-5
Total comprehensive income	-2,155	1,750	-533	880
Profit attributable to non-controlling interests	38	118	7	31
Profit attributable to shareholders of Schneider-Neureither & Partner AG in total comprehensive income	-2,193	1,632	-540	849

* The prior-year figures were adjusted retrospectively due to the application of IAS 19 (amended) as of January 1, 2013.

SNP Schneider-Neureither & Partner AG, Heidelberg
Segment Reporting
 for the period from 1 January to 30 September 2013

	Professional Services € k	Software € k	Total € k
Segment result			
Jan.-Sept. 2013	-1,722	196	-1,526
Margin	-13.5%	6.2%	-9.6%
Jan.-Sept. 2012	1,257	2,721	3,978
Margin	8,2%	48,1%	19,0%
Including external revenue			
Jan.-Sept. 2013	12,737	3,180	15,917
Jan.-Sept. 2012	15,252	5,651	20,903
Depreciation included in the segment result			
Jan.-Sept. 2013	431	97	528
Jan.-Sept. 2012	436	133	569
Segment assets			
30.09.2013	19,086	1,212	20,298
30.09.2012	14,638	2,289	16,927
Segment investments			
Jan.-Sept. 2013	86	27	113
Jan.-Sept. 2012	436	150	586

Reconciliation	Jan.-Sept. 2013	Jan.-Sept. 2012*
	T€	T€
Net earnings		
Total reportable segments	-1,526	3,978
Non-segment-related expenses	-1,509	-1,328
Non-segment-related amounts		
- Other operating income	65	147
- Other taxes	-20	-23
EBIT	-2,990	2,773
Assets		
Total reportable segments	20,298	16,927
Assets not allocated to the segments	2,400	827
Group assets	22,698	17,754
Assets not allocated to the segments		
- Deferred tax assets	1,401	192
- Income tax claims	999	635
Total	2,400	827

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