



RIB
running together

INTERIM REPORT

JANUARY - JUNE 2018

RIB OVERVIEW

COMPANY PROFILE

RIB Software SE is an innovator in construction business. The company creates, develops, and offers iTWO³ – new thinking, new working method and new technology - for construction projects across various industries worldwide. iTWO today is the world's first Cloud / License based Big Data 5D BIM enterprise solution for construction companies, industrial companies, developers and investors. Since its inception in 1961, RIB Software SE has been the pioneer in construction innovation, exploring and bringing in new thinking, new working method and new technology to enhance construction productivity, and transforming the construction industry into the most advanced and digitalized industry in the 21st century. RIB is headquartered in Stuttgart, Germany, and listed in Prime Standard Frankfurt Stock Exchange since 2011. With more than 900 talents located in over 30 offices worldwide, RIB is serving 100,000 clients including construction contractors, sub-contractors, developers, owners, investors and governments, in the field of building construction, infrastructure, EPC sector and more.

CONSOLIDATED FIGURES - OVERVIEW

€ million unless otherwise indicated	2nd quarter 2018	2nd quarter 2017	change	6 months 2018	6 months 2017	change
Revenue	30.9	27.1	14.0%	62.4	53.3	17.1%
Software licenses	9.8	9.3	5.4%	18.6	15.8	17.7%
Software as a Service / Cloud	3.1	3.0	3.3%	7.3	7.4	-1.4%
Maintenance	9.4	7.8	20.5%	19.3	16.0	20.6%
Consulting	6.2	5.0	24.0%	12.7	10.7	18.7%
e-Commerce	2.4	1.9	26.3%	4.5	3.5	28.6%
EBITDA	9.0	9.2	-2.2%	18.8	24.9	-24.5%
as % of revenue	29.1%	33.9%		30.1%	46.7%	
Operating EBITDA and adjusted for YTwo*	8.1	9.3	-12.9%	18.9	17.1	10.5%
as % of revenue	26.2%	34.3%		30.3%	32.1%	
EBT	5.0	5.8	-13.8%	10.9	17.9	-39.1%
as % of revenue	16.2%	21.4%		17.5%	33.6%	
Operating EBT and adjusted for YTwo*	4.0	6.0	-33.3%	11.0	10.2	7.8%
as % of revenue	12.9%	22.1%		17.6%	19.1%	
Expenses from purchase price allocations (PPA amortisation)	1.2	0.9	33.3%	2.2	1.8	22.2%
Cash flows from operating activities				21.7	24.8	-12.5%
Cash flows from operating activities adjusted for YTwo**				21.7	20.1	8.0%
Group liquidity***				267.7	134.8	98.6%
Equity ratio****				84.8%	80.5%	
Average number of employees				942	805	17.0%

* EBITDA and EBT adjusted by currency effects (Q2 2018: € 0.9 million; Q2 2017: € -0.1 million) / (6M 2018: € 0.4 million; 6M 2017: € -0.2 million) and one-off / special effects (Q2 2018: € 0.0 million; Q2 2017: € 0.0 million) / (6M 2018: € -0.5 million; 6M 2017: € +0.4 million). Previous year adjusted for one-off other operating income: Software delivery YTwo (6M 2017: € 7.6 million)

** Previous year adjusted by one-time software licence payments from YTwo (6M 2018: € 0.0 million; 6M 2017: € 4.7 million)

*** Cash and cash equivalents, time deposits and available-for-sale securities. Previous year as of 31 December 2017

**** Previous year as of 31 December 2017

RIB ON THE CAPITAL MARKET

RIB SHARE PRICE PERFORMANCE JANUARY - JUNE 2018

The RIB share started the 2018 financial year at a price of € 25.00 on January 02, 2018. The RIB Software SE share closed the second quarter of 2018 on June 29, 2018 at a closing price of € 19.90. The current price of the RIB share is € 20.76 (as of July 27, 2018). The current market capitalization is thus around € 1.07 billion.

EVALUATION OF THE ANALYSTS

Shares in RIB have received a buy recommendation from the analysts Berenberg, Kepler Cheuvreux and Equinet, while the share was assessed as “hold” by Hauck & Aufhäuser and Warburg Research and as “sell by UBS. Experts and analysts have allocated shares in RIB a target price of between € 18.50 and € 40.00.

BERENBERG BUY € 40.00	KEPLER CHEUVREUX BUY € 32.00	EQUINET BUY € 25.00
HAUCK & AUFHÄUSER HOLD € 21.50	WARBURG HOLD € 18.50	UBS SELL € 18.50

SHARE FACTS

RIB Software SE is registered with the commercial register of the District Court of Stuttgart (Amtsgericht Stuttgart), Germany under registration number HRB 760459. Since 07 January 2016 RIB Software SE has been listed under the ticker symbol RIB (formerly RSTA).

Share capital on 23 March 2018	€ 51,530,222.00
Number of shares on 23 March 2018	51,530,222
Class of shares	Ordinary shares
Initial trading	08 February 2011
International Securities Identification Number ISIN:	DE000A0Z2XN6
German Securities Identification Number WKN	A0Z2XN
Ticker symbol	RIB
Ticker symbol Reuters	RIB.DE
Ticker symbol Bloomberg	RIB:GR
Transparency level	Prime Standard
Market segment	Regulated Market

INTERIM GROUP MANAGEMENT REPORT

REPORT ON EARNINGS, FINANCIAL POSITION AND NET WORTH

SOFTWARE LICENCE REVENUES GROW BY 17.7% TO € 18.6 MILLION

GROUP REVENUES ADJUSTED FOR CURRENCY EFFECTS INCREASE BY 21.3% TO € 64.7 MILLION

INITIAL MEETINGS WITH 150 MSP (MANAGED SERVICE PROVIDER) COMPANIES ON C-LEVEL SUCCESSFULLY EXECUTED

The RIB Group started successfully in the first half year 2018. Software license revenues grew by 17.7% to € 18.6 million (previous year: € 15.8 million). Group revenues rose by 17.1% to € 62.4 million (previous year: € 53.3 million). Adjusted for currency effects, Group revenues increased by 21.3% to € 64.7 million (previous year: € 53.3 million). Sales in Germany grew by 24.4% to € 31.1 million (previous year: € 25.0 million). International sales increased by 10.6% to € 31.3 million (previous year: € 28.3 million). Adjusted for the Key Account sales with a major British customer of € 2.3 million included in Q2 2017, most of which was written off in Q4 2017, international sales increased by 20.4%.

Deferred maintenance revenues increased by 20.6% from € 16.0 million to € 19.3 million and continue to make up a large share of recurring revenues. In total, recurring revenues (maintenance and SaaS) rose by 13.7% to € 26.6 million (previous year: € 23.4 million). Consulting revenues increased by 18.7% to € 12.7 million (previous year: € 10.7 million).

In the high-margin iTWO segment, sales rose by 16.3% from € 49.8 million to € 57.9 million. In the Y TWO segment, there were, as planned, no transaction revenues from the Y TWO joint venture in the reporting period. In the xTWO (e-Commerce) business segment, revenues grew by 28.6% to € 4.5 million (previous year: € 3.5 million).

OPERATING EBITDA AND ADJUSTED FOR SOFTWARE INCOME FROM Y TWO* INCREASES BY 10.5% TO € 18.9 MILLION

The previous year's operating EBITDA of € 24.7 million included other operating income of € 7.6 million from the software delivery to the joint venture Y TWO. Adjusted for this effect in the previous year, operating EBITDA rose by 10.5% to € 18.9 million (previous year: € 17.1 million), despite start-up costs for the MTWO segment of € 1.0 million. The adjusted operating EBITDA margin was with 30.3% still on a high level. Adjusted operating EBT* rose by 7.8% to € 11.0 million in the reporting period (previous year: € 10.2 million). Driven by sales growth in high-margin business areas, the gross margin of 59.8% was maintained at the previous year's level (previous year: 59.7%). At € 2.2 million, expenses from purchase price allocation (PPA-Afa) were slightly higher than in the previous year (€ 1.8 million).

R&D expenses rose to € 7.7 million in the first half of 2018 (previous year: € 6.7 million). The increase was mainly due to the strengthening of our development teams in iTWO 4.0 and in the MTWO segment. Administrative expenses increased from € 5.5 million to € 6.4 million, selling and marketing expenses rose significantly to € 11.1 million (previous year: € 9.0 million), both also due to the first-time full consolidation of Exactal and Datengut in the first six months of 2018.

The average number of employees changed by 17.0% to 942 (previous year: 805 employees).

CASH FLOW FROM OPERATING ACTIVITIES ADJUSTED FOR Y TWO** GROWS BY 8.0% TO € 21.7 MILLION

The RIB Group generated in the first half year of 2018 cash flow from operating activities adjusted for Y TWO** of € 21.7 million (previous year: € 20.1 million), which corresponds to an increase of 8.0%.

Net cash flow from operating activities reached € 21.7 million (previous year: € 24.8 million). At € -5.6 million, net cash flow from investing activities was significantly lower than in the previous year (€ -15.6 million). This is essentially due to significantly higher payments of short-term financial assets in the amount of € 28.5 million in the previous year.

Net cash flow from financing activities of € 116.9 million was significantly higher than in the previous year (€ -1.5 million). This is essentially due to the payments from the capital increase in the amount of € 131.2 million.

*) EBITDA and EBT adjusted by currency effects (Q2 2018: € 0.9 million; Q2 2017: € -0.1 million) / (6M 2018: € 0.4 million, 6M 2017: € -0.2 million) and one-off / special effects (Q2 2018: € 0.0 million; Q2 2017: € 0.0 million) / (6M 2018: € -0.5 million; 6M 2017: € +0.4 million). Previous year adjusted for one-off other operating income: Software delivery Y TWO (6M 2017: € 7.6 million)

**) Previous year adjusted by one-time software licence payments from Y TWO (6M 2017: € 4.7 million)

As of June 30, 2018, the Group had cash and cash equivalents, including available-for-sale securities and time deposits, of € 267.7 million (December 31, 2017: € 134.8 million). Equity amounted to € 435.4 million (31.12.2017: € 294.5 million). The equity ratio improved to 84.8% (31.12.2017: 80.5%).

Trade payables rose by 47.8% to € 3.4 million (December 31, 2017: € 2.3 million). Trade receivables increased to € 29.0 million (December 31, 2017: € 24.1 million).

OPPORTUNITY AND RISK REPORT

Please refer to the opportunities and risks described in the Management Report as of December 31, 2017 and at the Annual General Meeting as well as on the RIB website announced information on the main opportunities and risks associated with the expected development of the RIB Group.

FORECAST REPORT

MTWO

The start-up costs for the segment MTWO are still estimated with up to **additional € 3 million in 2018**.

At the AGM 2018 we have announced to develop 20 operating direct and indirect (partner) global sales and service units with the target to win (AGM Milestone) **123,000 iTWO USER**. In Q2 we could already execute an important step to reach this target. Because of the great attractiveness of MTWO, our leader team could execute over 150 meetings on C-level with target partner companies (MSP) out of 46 countries in Q2. The feedback of the candidates for a strategic cooperation or strategic investment to develop the world leading vertical cloud for the global building industry has exceeded our highest expectations. We are now working on NDA agreements and exchange of business and finance information. In HY 2, we will negotiate about terms and conditions, sign LOIs, execute due diligence and close deals. We estimate the future EBITDA potential per user per year as introduced at the AGM by **>500 Euro p.a.** Many of the target companies have already strong client networks and relationships in the segment of RIB. Based on the first meetings we estimate the average iTWO user potential in the starting phase by 5,000 – 10,000 USERS per MSP with high future growth potential. We also can confirm, based on the initial meetings, the AGM target to close **3-5 partner investments in 2018** and that we finally can reach with iTWO 4.0 and MTWO a successful kick-off for the global partner network in 2018.

To achieve high scalability for the mass market, which accounts for 90% of the total market potential, MTWO will use the modern and resource-saving Docker technology from Microsoft, which enables an isolated and portable runtime environment. The use of Docker technology enables RIB to provide the iTWO 4.0 software in small containers, enabling efficient deployment in a cloud architecture for high scalability. Docker is a widely used modern technology for the provision of pure SaaS code in Microsoft Azure and was recommended to RIB by Microsoft within the framework of the joint Hackathons. Completion is scheduled for the 3rd quarter of 2018.

YTWO

In the YTWO area, we continue to expect a negative investment result of up to € -6 million.

Because of the global trend to reduce international trade over penalty taxes between USA, China and the EU and to promote local production the split of YTWO into 3 independent business units in EU, USA and China could become a strategic valid option. In this case YTWO could win regional partner to win highest market penetration and high transaction volume within a short-cut strategy. In the second half year we will close monitor the international trade relationships and will discuss with our partner possible strategic options and adjust our strategy according to market needs. In Q2, YTWO could win with Schneider Electric SE, a very famous and advanced global supplier for the YTWO platform. Based on the huge size and potential transaction volume of our pilot clients (Groups) especially in USA and Asia, the implementation of the YTWO platform requests a lot of pre-investments and especially organizational changes. Therefore, the transaction volume over the YTWO platform will be very low in 2018.

In the xTWO (e-commerce) area, we expect an operating EBITDA of € 0 to € -0.5 million for the full year 2018 (previous forecast € 0 to € -1.0 million) due to the successful development in the first half of 2018. As a result of this development, it is planned to make the xTWO area more independent than before.

GUIDANCE

Based on the positive development in the first half of 2018 and assuming otherwise stable market conditions, the RIB Group confirms its guidance for 2018 with sales between € 117 million and € 127 million and an EBITDA between € 33 million and € 43 million.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the period: 01.01.2018 to 30.06.2018

figures in € thousand, unless otherwise indicated	Note	2nd quarter 2018	2nd quarter 2017	6 months 2018	6 months 2017
Revenue	(5)	30,893	27,091	62,430	53,309
Cost of sales		-12,938	-10,555	-25,116	-21,494
Gross profit		17,955	16,536	37,314	31,815
Other operating income	(6)	1,710	775	2,667	9,287
Marketing and distribution costs		-5,970	-4,400	-11,131	-9,022
General administrative expenses		-3,308	-2,789	-6,357	-5,463
Research and development expenses		-4,038	-3,341	-7,690	-6,685
Other operating expenses	(7)	-404	-217	-2,017	-327
Financial income		135	30	216	58
Finance costs		-73	-45	-161	-93
Profit shares from investments accounted for using the equity method		-1,016	-726	-1,936	-1,644
Profit before tax		4,991	5,823	10,905	17,926
Income taxes		-1,813	-1,529	-4,074	-5,756
Profit after tax		3,178	4,294	6,831	12,170
Profit/Loss attributable to non-controlling interests		72	-9	72	-27
Profit attributable to owners of the parent company		3,106	4,303	6,759	12,197
Result per share on the basis of the share ear- nings of the shareholders of RIB Software SE:					
basic	(9)	0.06 €	0.09 €	0.14 €	0.27 €
diluted	(9)	0.06 €	0.10 €	0.14 €	0.27 €

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period: 01.01.2018 to 30.06.2018

Figures in € thousand	2nd quarter 2018	2nd quarter 2017	6 months 2018	6 months 2017
Profit after tax	3,178	4,294	6,831	12,170
Components reclassified in subsequent periods with no effect on profit and loss:				
Revaluations	28	-45	68	-91
Other consolidated comprehensive income after taxes for components that are reclassified with no effect on profit and loss	28	-45	68	-91
Components reclassified in subsequent periods with an effect on profit and loss:				
Exchange differences	5,737	-8,365	2,600	-9,621
Changes in value of available-for-sale securities	0	0	0	0
Other consolidated comprehensive income after taxes for components that are reclassified with an effect on profit and loss	5,737	-8,365	2,600	-9,621
Other consolidated comprehensive income after taxes	5,765	-8,410	2,668	-9,712
Total consolidated comprehensive income	8,943	-4,116	9,499	2,458
of which attributable to non-controlling interests	72	-9	72	-27
of which attributable to owners of the parent company	8,871	-4,107	9,427	2,485

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30.06.2018 AND 31.12.2017

Figures in € thousand	Note	30 June 2018	31 December 2017
Goodwill	(10)	88,703	84,993
Other intangible assets		58,465	54,712
Property, plant and equipment		17,390	17,266
Investment properties		7,102	7,036
Investments accounted for using the equity method	(11)	30,477	31,226
Prepaid land use lease payments		927	926
Other financial assets		579	418
Deferred tax assets		2,581	2,019
Total non-current assets		206,224	198,596
Inventories		2,398	2,303
Trade receivables		29,027	24,071
Income tax assets		1,911	2,278
Other financial assets		33,782	35,145
Other non-financial assets		5,235	3,107
Cash and cash equivalents		234,900	100,459
Total current assets		307,253	167,363
Total assets		513,477	365,959

Figures in € thousand	Note	30 June 2018	31 December 2017
Subscribed capital		51,530	46,846
Capital reserves		319,021	187,168
Retained earnings		70,647	72,982
Other equity components		-788	-3,456
Treasury shares		-6,717	-9,015
Equity attributable to owners of the parent company		433,693	294,525
Non-controlling interests	(13)	1,732	0
Total equity		435,425	294,525
Pension provisions		3,433	3,569
Bank liabilities		5,000	5,200
Other provisions		364	299
Other financial liabilities		2,033	1,934
Deferres tax liabilities		14,067	12,926
Total non-current liabilities		24,897	23,928
Bank liabilities		400	400
Trade payables		3,410	2,273
Income tax liabilities		3,440	3,454
Other provisions		1,532	1,775
Deferred liabilities		4,557	5,701
Deferred income		31,639	19,681
Other financial liabilities		732	8,669
Other liabilities		7,445	5,553
Total current liabilities		53,155	47,506
Total liabilities		78,052	71,434
Total equity and liabilities		513,477	365,959

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period: 01.01.2018 to 30.06.2018

Figures in € thousand	Subscribed capital	Capital reserves	Retained earnings
As of 1 January 2017	46,846	182,284	62,021
Profit after tax	-	-	12,197
Other comprehensive income	-	-	-
Total comprehensive income	0	0	12,197
Disposal of treasury shares	-	-	-
Dividend payment	-	-	-7,196
Other changes	-	-	-
Share-based remuneration	-	583	-
As of 30 June 2017	46,846	182,867	67,022
As of 1 January 2018	46,846	187,168	72,982
Profit after tax	-	-	6,759
Other comprehensive income	-	-	-
Total comprehensive income	0	0	6,759
Disposal of treasury shares	-	7,637	-
Dividend payment	-	-	-9,064
Capital increase	4,684	123,522	-
Transactions with non-controlling interests	-	-	-
Other changes	-	-	-30
Share-based remuneration	-	694	-
As of 30 June 2018	51,530	319,021	70,647

Other equity components							
Fair value changes reserve	Currency translation reserve	Revaluation reserve	Treasury shares	Equity attributable to owners of the parent company	Non-controlling interests	Equity according to consolidated statement of financial position	
0	11,925	-573	-10,597	291,906	-123	291,783	
-	-	-	-	12,197	-27	12,170	
-	-9,621	-91	-	-9,712	-	-9,712	
0	-9,621	-91	0	2,485	-27	2,458	
-	-	-	-	-	-	-	
-	-	-	-	-7,196	-	-7,196	
-	-	-	-	-	-	0	
-	-	-	-	583	-	583	
0	2,304	-664	-10,597	287,778	-150	287,628	
0	-3,093	-363	-9,015	294,525	0	294,525	
-	-	-	-	6,759	72	6,831	
0	2,600	68	-	2,668	-	2,668	
0	2,600	68	0	9,427	72	9,499	
-	-	-	2,298	9,935	-	9,935	
-	-	-	-	-9,064	-	-9,064	
-	-	-	-	128,206	-	128,206	
-	-	-	-	-	1,660	1,660	
-	-	-	-	-30	-	-30	
-	-	-	-	694	-	694	
0	-493	-295	-6,717	433,693	1,732	435,425	

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period: 01.01.2018 to 30.06.2018

	Figures in € thousand	6 months 2018	6 months 2017
Cash flows from operating activities:			
Profit before tax		10,905	17,926
Adjustments for:			
Depreciation of property, plant and equipment		610	492
Amortisation of intangible assets		5,350	4,590
Depreciation of investment property		88	68
Changes in valuation allowances for trade receivables		160	7
Other non-cash items		3,103	9,966
Interest expense and other finance cost		161	93
Financial income		-216	-58
		20,161	33,084
Working capital adjustments:			
Increase/decrease(-) in provisions and deferred liabilities		-2,278	1,107
Increase(-)/decrease in receivables and other assets		-6,663	-5,956
Increase/decrease(-) in received prepayments		741	-15,858
Increase/decrease(-) in liabilities from trade payables and other liabilities		13,225	15,266
Cash generated from operations		25,186	27,643
Interest paid		-73	-35
Interest received		136	43
Income taxes paid		-3,560	-2,818
Net cash flows from operating activities		21,689	24,833
Proceeds from the disposal of non-current assets		0	3
Purchase of property, plant and equipment		-247	-297
Purchase/production of intangible assets		-4,506	-3,648
Payments made for the acquisition of consolidated companies less cash acquired		-2,450	0
Disposal of consolidated companies less cash disposed		0	2,878
Purchase(-)/sale of available-for-sale securities		0	6
Payments received from financial investments as part of current treasury management		19,289	13,925
Payments made for financial investments as part of current treasury management		-17,715	-28,503
Net cash flows from investing activities		-5,629	-15,636
Payments received from capital increase		131,167	0
Payments made for capital increase expense		-4,263	0
Dividends paid		-9,064	-7,196
Payments received from taking out bank loans		0	6,000
Payments made for the repayment of bank loans		-200	-200
Payments made for redeeming other financial liabilities		-782	-150
Dividends received from companies accounted for using the equity method		0	97
Net cash flows used in financing activities		116,858	-1,449
Change in cash and cash equivalents impacting cash flow		132,918	7,748
Cash and cash equivalents at the beginning of the period		100,459	116,401
Currency-related change in cash and cash equivalents		1,523	-5,212
Cash and cash equivalents at the end of the period		234,900	118,937
Composition of cash and cash equivalents:			
Liquid funds, unrestricted		232,568	115,138
Liquid funds, restricted		2,332	3,799
Total		234,900	118,937

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

This condensed consolidated interim financial statement of RIB Software SE (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 revenues 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 SE as of 31 December 2017.

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 2017, with the exception of the new standards **IFRS 15 “Revenue from Contracts with Customers”** and **IFRS 9 “Financial Instruments”** which became mandatory on 01 January 2018. Please refer to our explanations in section (3) in the consolidated financial statement as of 31 December 2017.

IFRS 15 replaces the previous standards IAS 18 and IAS 11 as well as a series of revenue-related interpretations. The standard contains a five-step model whereby the revenue to be recorded is the amount that is expected in return for goods or services to the customer.

IFRS 9 replaces IAS 39 and deals with the classification and measurement of financial assets and financial liabilities as well as the regulations on “General Hedge Accounting”. The first-time application has not had any significant effects on the the earnings-, financial-, and asset position.

3. CONSOLIDATED GROUP

Compared to the consolidated financial statements as of 31 December 2017, the scope of consolidation as of 30 June 2018 has changed as follows:

Datengut GmbH, Zwenkau (hereinafter: Datengut) was fully consolidated in the interim financial statements as of 31 March 2018 for the first time. Please see our disclosures in the following section (4) and section (8 B) of our Consolidated Financial Statements as of 31 December 2017.

In the reporting period, 75.1% of the shares in the associated company iTWO Baufabrik 4.0 F&E GmbH, Stuttgart, were acquired and the stake increased to 100%. The company is now fully consolidated again.

Williams International Group LLC, Dubai / United Arab Emirates was deconsolidated during the reporting period.

4. BUSINESS COMBINATIONS

With a purchase and assignment agreement dated 23.02.2018, the company acquired 51% of the shares in Datengut GmbH i.Gr. (hereinafter: Datengut), see also our comments in Note (8 B) of our Consolidated Financial Statements as at 31.12.2017. The consideration for the acquisition of the shares amounts to approx. € 4,750 thousand. This amount includes a fixed purchase price component in the amount of € 2,500 thousand, which was paid by transferring liquid funds (hereinafter: cash purchase price). In addition, RIB Software SE was obliged to transfer a fixed number of its own shares (94,442) to the sellers at short notice after the purchase and assignment agreement had come into effect. At the time of the transfer on 23.03.2018, the market value of the shares totalled approx. € 2,250 thousand. The acquisition date was 23.03.2018. For reasons of simplification, the purchase price allocation was based on the value ratios as at 31.03.2018. Transactions between 24.03.2018 and 31.03.2018 were of minor importance. Furthermore, no significant changes in the value ratios occurred during this period.

Compared to the interim report from January to March 2018, the fair values have changed slightly since the reported figures as of 31.03.2018 were only provisional. The fair values of the identifiable assets and liabilities of Datengut at the acquisition date and the related carrying amounts immediately prior to the acquisition date are as follows:

	Figures in € thousand	
	Carrying amount 31 March 2018	Fair value 31 March 2018
Intangible assets	7	4,431
Property, plant and equipment	155	155
Other financial assets	62	62
Other non-financial assets	94	94
Trade receivables	600	600
Cash and cash equivalents	50	50
	968	5,392
Deferred income	248	248
Other liabilities	449	449
Deferred tax liabilities	3	1,307
	700	2,004
Net assets	268	3,388

The goodwill has been recognised as follows:

	Figures in € thousand
Consideration transferred	4,750
Non controlling interests	1,660
Subtotal	6,410
Less net assets	-3,388
Goodwill	3,022

The non-controlling interest components were measured using the present portion of the ownership instruments in the amounts recognised for the identifiable net assets of the acquired company.

At the time of acquisition, there was no difference between the gross amount of the contractual trade receivables and their fair value.

Datengut is one of Germany's leading providers of mobile solutions for the construction industry. The software that Datengut develops and distributes for medium-sized and large construction companies takes data from any existing data sources and merges it into its own web application.

The existing software by Datengut should complement the iTWO 4.0 platform by way of so-called app developments. Furthermore, it is our intention to use the investment to establish the “Mobility” competence centre for the DACH region within the RIB Group.

The intangible assets totaling € 4,431 thousand mainly relate to the technology acquired (€ 1,709 thousand) as well as existing customer contracts and the associated customer relationships (€ 2,715 thousand).

Overall, the goodwill is not deductible for tax purposes. The goodwill, in particular, reflects the projected synergy effects arising from the acquisition of the company as well as the know-how of the acquired employee base.

If the transaction had been completed as of 01.01.2018, the revenues in the reporting period would have increased by approx. € 965 thousand, whereas the Group earnings would have risen by approx. € 271 thousand.

5. REVENUE

Revenue breaks down as follows:

	Figures in € thousand	6 months 2018	6 months 2017
Software licences and software as a service / cloud		25,874	23,194
Maintenance		19,340	15,966
Consulting		12,673	10,650
e-Commerce		4,543	3,499
Total revenue		62,430	53,309

The total software revenue is subdivided as follows:

	Figures in € thousand	6 months 2018	6 months 2017
iTWO Key Account		3,214	5,887
iTWO Mass Market		7,667	6,613
SaaS / Cloud		7,253	7,384
Software Applications		7,740	3,310
Total software licences and software as a service / cloud		25,874	23,194

6. OTHER OPERATING INCOME

Other operating income mainly includes income from foreign currencies in the amount of around € 1,180 thousand and rental income from investment property in the amount of € 487 thousand. The prior-year period included income from the software delivery to Y TWO in the amount of € 7,601 thousand and income from the subsequent valuation of purchase price liabilities in the amount of € 380 thousand.

7. OTHER OPERATING EXPENSES

Other operating expenses mainly include foreign currency expenses from cash and cash equivalents in the amount of around € 824 thousand and expenses from the subsequent valuation of purchase price liabilities in the amount of € 487 thousand.

8. EXPENSES FOR EMPLOYEE BENEFITS AND NUMBER OF EMPLOYEES

Expenses for employee benefits

	Figures in € thousand	6 months 2018	6 months 2017
Wages and salaries		24,526	21,172
Social security and pension costs		4,130	3,609
Total		28,656	24,781

Average number of employees

	6 months 2018	6 months 2017
General administration	125	103
Research & development	378	327
Sales & marketing	169	152
Support & consulting	270	223
Total	942	805

9. EARNINGS PER SHARE – BASIC AND DILUTED

Earnings per share are calculated on the basis of the profit share of the shareholders in RIB Software SE as shown in the following table:

	figures in € thousand	6 months 2018	6 months 2017
Profit share of the shareholders of RIB Software SE – basic and diluted		6,759	12,197

	figures in thousand shares	6 months 2018	6 months 2017
Weighted average of shares in circulation - basic		48,767	44,973
Dilution effect		714	494
Weighted average of shares in circulation - diluted		49,481	45,467

	Results per share in €	6 months 2018	6 months 2017
basic		0.14	0.27
diluted		0.14	0.27

The average commercial value of the Company's shares used to calculate the dilution effect of existing share options is based on the quoted market prices for the period in which the options were in circulation.

10. GOODWILL

	Figures in € thousand	30 June 2018	31 December 2017
<i>Licence/software business segment</i>		59,314	58,465
<i>SaaS/Cloud business segment</i>		16,848	15,308
<i>Consulting business segment</i>		7,858	6,572
iTWO reporting segment		84,020	80,345
xTWO (e-Commerce) business segment		689	689
YTWO reporting segment		689	689
GZ TWO development entity		3,100	3,065
Arriba Finance		894	894
Total		88,703	84,993

The change in carrying amounts by € 3,710 thousand was attributable to the addition of € 3,022 thousand from the initial consolidation of Datengut and € 688 thousand from currency translation effects of goodwill held in local currency, which were recognised outside profit or loss.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Figures in € thousand	YTWO	Others	Total
Carrying amounts as of 31 December 2017	31,226	0	31,226
Profit/loss attributable to the group recognized in the consolidated income statement	-1,936	0	-1,936
Profit/loss attributable to the group recognized in the consolidated comprehensive income	1,187	0	1,187
Carrying amounts as of 30 June 2018	30,477	0	30,477

12. CAPITAL INCREASE

With the consent of the company's Administrative Board, RIB Software SE's Managing Directors on 22 March 2018 decided on a share capital increase from authorised capital of 10%. The company's subscribed capital was increased by € 4,684 thousand, from € 46,846 thousand to € 51,530 thousand, under exclusion of existing shareholders' subscription rights. On 23 March 2018, the 4,684,565 new shares were placed in an accelerated bookbuilding by way of a private placement to qualified investors within the meaning of Section 2 No. 6 of the German Securities Prospectus Act (WpPG) outside the United States of America, subject to Rule 903 or Rule 904 of Regulation S of the U.S. Securities Act of 1933, as amended respectively (the "Securities Act"), as well as to qualified institutional buyers in the United States of America as defined in Rule 144A of the Securities Act.

All the shares from the capital increase were placed at a price of € 28.00 per new share.

As a result of the capital increase, the subscribed capital of RIB Software SE increased by € 4,684 thousand in the reporting period. The premium from the capital increase was transferred to the capital reserve after deduction of transaction costs (€ 4,263 thousand) as well as taking into account the tax benefits arising in this connection (€ 1,301 thousand). The capital reserves therefore increased by € 123,522 thousand in the reporting period.

The company plans to use the net proceeds from the placement amounting to approx. € 127 million to support the Company's acquisition strategy and to do significant investments in Managed Services Providers (MSPs).

13. NON-CONTROLLING INTERESTS

The non-controlling interests relates to 49% of the shares of Datengut GmbH, Zwenkau.

14. SEGMENT INFORMATION

Please refer to section (9) of our consolidated financial statements for the 2017 financial year for information on the basis of our segment reporting and notes on the segments.

During the reporting period a third reporting segment "MTWO" was established:

MTWO is designed as a cloud-based BIM 5D software platform (vertical cloud solution), based on software-as-a-service and built on iTWO 4.0 technology. This will be augmented by Microsoft solutions such as Office 365, a Platform-as-a-Service (PaaS) for the development of additional applications by certified companies, as well

as an Infrastructure-as-a-Service (IaaS), based on Microsoft's Azure. In addition, other technologies such as mixed reality applications will be offered with technology. It is proposed to offer MTWO to construction industry customers as an end-to-end enterprise solution based on Microsoft's Azure cloud platform. The essence of the business model is that subscription fee will be collected for the software and data services made available in the cloud by Microsoft and RIB.

The revenues shown are mainly sales to external customers. The iTWO License / Software revenues contain € 1,858 thousand for maintenance services to the joint venture Y TWO Ltd.

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

Figures in € thousand	6 months 2018			
	iTWO	YTWO	MTWO	Total
Revenue, external	57,871	4,543	16	62,430
License / Software	37,961	-	-	37,961
SaaS / Cloud	7,253	-	-	7,253
Consulting	12,657	-	16	12,673
xTWO (e-Commerce)	-	4,543	-	4,543
Production costs	-21,142	-3,901	-73	-25,116
License / Software	-10,880	-	-	-10,880
SaaS / Cloud	-1,644	-	-73	-1,717
Consulting	-8,618	-	-	-8,618
xTWO (e-Commerce)	-	-3,901	-	-3,901
Research and development expenses	-7,323	0	-367	-7,690
License / Software	-5,588	-	-	-5,588
SaaS / Cloud	-1,735	-	-367	-2,102
Consulting	-	-	-	0
xTWO (e-Commerce)	-	-	-	0
Distribution and marketing costs	-9,946	-634	-551	-11,131
General administrative expenses	-5,983	-281	-93	-6,357
Other operating income and expenses	316	316	18	650
EBIT segment	13,793	43	-1,050	12,786
Financial result				-1,881
thereof profit share from investments accounted for using the equity method	-	-1,936	-	-1,936
Income taxes				-4,074
Consolidated net profit				6,831
EBITDA segment	19,718	119	-1,041	18,796
EBITDA-margin	34.1%	2.6%	-6506.3%	30.1%
Other segment information:				
Segment amortisation and adjustments	5,925	76	9	6,010
Carrying amount of participation in the joint venture YTWO accounted for using the equity method	0	30,477	0	30,477

Figures in € thousand	6 months 2017		
	iTWO	YTWO	Total
Revenue, external	49,810	3,499	53,309
License / Software	31,776	-	31,776
SaaS / Cloud	7,384	-	7,384
Consulting	10,650	-	10,650
xTWO (e-Commerce)	-	3,499	3,499
Production costs	-18,473	-3,021	-21,494
License / Software	-8,988	-	-8,988
SaaS / Cloud	-1,334	-	-1,334
Consulting	-8,151	-	-8,151
xTWO (e-Commerce)	-	-3,021	-3,021
Research and development expenses	-6,679	-6	-6,685
License / Software	-4,800	-	-4,800
SaaS / Cloud	-1,879	-	-1,879
Consulting	-	-	0
xTWO (e-Commerce)	-	-6	-6
Distribution and marketing costs	-8,469	-553	-9,022
General administrative expenses	-5,111	-352	-5,463
Other operating income and expenses	8,938	22	8,960
EBIT segment	20,016	-411	19,605
Financial result			-1,679
thereof profit shares from investments accounted for using the equity method	178	-1,822	-1,644
Income taxes			-5,756
Consolidated net profit			12,170
EBITDA segment	25,197	-347	24,850
EBITDA-margin	50.6%	-9.9%	46.6%
Other segment information:			
Segment amortisation and adjustments	5,181	64	5,245
Carrying amount of participation in the joint ven- ture YTWO accounted for using the equity method	0	35,561	35,561

The Managing Directors as the chief operating decision-makers do not request submission of any regular details of segment assets and segment liabilities.

Geographic information

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

Figures in € thousand	6 months 2018	6 months 2017
EMEA (Europe, Middle East and Africa)	48,641	44,371
APAC (Asia and Pacific region)	5,773	2,378
North America	8,016	6,560
Total revenue	62,430	53,309

15. FINANCIAL INSTRUMENTS - FAIR VALUE

Classifications and fair values

The following table shows the book values and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not contain any information on the fair value of financial assets and financial debts that are not assessed at fair value if the book value is an appropriate approximation of the fair value.

I. Financial assets

Figures in € thousand			Fair value			
Business model	Hold	Hold and Sell	Level 1	Level 2	Level 3	Total
As of 30 June 2018						
Measured at fair value through profit or loss						
Cash market and investment funds	-	85	85	-	-	85
Corporate Bonds	-	6	6	-	-	6
Total	-	91	91	-	-	91
Measured at amortized cost						
Trade receivables	29,027	-	-	-	-	-
Other receivables	1,384	-	-	-	-	-
Time deposit	32,709	-	-	-	-	-
Other financial assets	177	-	-	-	-	-
Cash and cash equivalents	234,900	-	-	-	-	-
Total	298,197	0	-	-	-	-

Figures in € thousand			Fair value			
Business model	Hold	Hold and Sell	Level 1	Level 2	Level 3	Total
As of 31 December 2017						
Measured at fair value through profit or loss						
Cash market and investment funds	-	86	86	-	-	86
Corporate Bonds	-	6	6	-	-	6
Total	-	92	92	-	-	92
Measured at amortized cost						
Trade receivables	24,071	-	-	-	-	-
Other receivables	1,065	-	-	-	-	-
Time deposit	34,283	-	-	-	-	-
Other financial assets	123	-	-	-	-	-
Cash and cash equivalents	100,459	-	-	-	-	-
Total	160,001	0	-	-	-	-

II. Financial liabilities

Figures in € thousand	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
As of 30 June 2018					
Measured at fair value through profit or loss					
Derivatives	2,031	-	0	2,031	2,031
Measured at amortized cost					
Trade payables	3,410	-	-	-	-
Other financial liabilities	734	-	-	-	-
Bank loans*	5,400	-	-	-	-
Other liabilities**	1,117	-	-	-	-
Total	12,692	-	0	2,031	2,031

* Banks loans have a remaining term of 14 years and are to be repaid in equal quarterly instalments.

** This item does not include other liabilities in the amount of € 6,328 thousand, which are not financial liabilities.

Figures in € thousand	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
As of 31 December 2017					
Measured at fair value through profit or loss					
Derivatives	9,081	-	7,155	1,926	9,081
Measured at amortized cost					
Trade payables	2,273	-	-	-	-
Other financial liabilities	1,522	-	-	-	-
Bank loans*	5,600	-	-	-	-
Other liabilities**	984	-	-	-	-
Total	19,460	-	7,155	1,926	9,081

* Banks loans have a remaining term of 14 years and are to be repaid in equal quarterly instalments.

** This item does not include other liabilities in the amount of € 4,569 thousand, which are not financial liabilities.

Determination of the fair values

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1:

fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2:

fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not observable, either directly or indirectly

Level 3:

fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not observable, either directly or indirectly

In determining the time when re-groupings are to be deemed to have occurred between different levels, we refer to the date of the event or the change in the circumstances that caused the regrouping.

The financial liabilities measured at fair value are derivative financial liabilities from company acquisitions.

The derivatives assigned to level 3 are the liability under the option agreement in connection with the acquisition of the company RIB SAA.

In the financial year 2015, the Group acquired 75% of the shares in **RIB SAA**. At the same time, mutual call and put option agreements were concluded with the sellers regarding the transfer of the outstanding shares of 25%. The writer position under the put option agreement results in a financial liability for the Group with a fair value of € 2,632 thousand as calculated at the time of acquisition. Of this amount, a partial amount of € 1,582 thousand was allocated to the company acquisition and a partial amount of € 1,050 thousand to a separate transaction in the form of a compensation agreement.

Based on our updated calculations in the financial year 2017, we assume that the operating profit after taxes of RIB SAA at the time of the option will be in the range of between approx. € 0.5 million and approx. € 0.8 million. Taking into account the estimated probabilities of the occurrence of alternative future scenarios and the contractual upper and lower price limits, we assume that, at the date of the option, a purchase price of € 2,580 thousand will be payable for the currently outstanding 25% of the shares. Of this, a partial amount of € 1,491 thousand is attributable to the company acquisition. This financial liability is measured by discounting this partial amount to the balance sheet date using a term-appropriate, risk-adjusted interest rate of 1.25%. The personnel expenses attributable to the reporting period amount to € 90 thousand. The compounding of financial liabilities resulted in an interest expense of € 15 thousand.

With a contract dated 13.11.2017, the Group acquired a further 50% of the shares in **Exactal**. The acquisition date was 20.11.2017. At the same time, the parties to the contract of 13.11.2017 granted each other buy and sell options regarding the remaining 25% of the shares. Accordingly, the options could be exercised over a period starting on 1 January 2019 and / or 1 January 2020 and ending 30 days after completion of the audit of the sub-group financial statements for the respective previous year of the exercise period. Please refer to our comments on the company acquisitions in Note (38) to our Consolidated Financial Statements as at 31.12.2017. By way of derogation from this option agreement, the parties agreed on the early takeover of the outstanding 25% of the shares by means of a contract dated 04.01.2018, whereby the call and put options were not actually exercised. The obligation to acquire the outstanding shares resulted in a financial liability with a fair value of € 7,155 thousand as valued on 31.12.2017.

With a contract dated 04.01.2018, the parties agreed that RIB would take over the outstanding shares against the surrender of 290,000 treasury shares. The financial liability was therefore derecognised in January 2018. The subsequent measurement of the financial liability until the point of derecognition resulted in an expense of € 487 thousand, occasioned by the change in the stock price of RIB shares in the period between the balance sheet date of 31.12.2017 and the derecognition. The obligation to transfer a fixed number of treasury shares was accounted for as an equity instrument.

For a description of the techniques used in the assessment of this liability as well as the input factors used in the calculation of the fair value, please refer to our explanations in section (38) in the consolidated financial statement as of 31 December 2017.

In the reporting period, there were no transfers between levels one and two and no transfers into or out of level three.

The financial liabilities valued at fair value developed as follows in the reporting period:

	Figures in € thousand	2018
As of 1 January		9,081
Changes without effect on profits		
Repayments		-7,642
		-7,642
Changes with effect on profits		
Expense from the subsequent valuation of purchase price liabilities (other operating expenses)		487
Personnel expenses from the accumulation of purchase price liabilities (production costs)		90
Expenses from the interest accrued on purchase price liabilities (finance expenses)		15
		592
As of 30 June		2,031

Material valuation parameters were subjected to a sensitivity analysis for measuring the financial liabilities on level three. The calculations carried out for this purpose by the Group were undertaken separately for the valuation parameters classified as material. An increase or decrease in the material assumptions would have had the following effects on the carrying amounts of the financial liabilities on level three of € 2,031 thousand:

Figures in € thousand	Sensitivity	Carrying amount
Discounting interest rate used for the discounting period	+ 1 %-point	1,988
Discounting interest rate used for the discounting period	- 1 %-point	2,077
Growth rate in the budgeted revenues in the budget period	+ 10.0 %	2,468
Growth rate in the budgeted revenues in the budget period	- 10.0 %	1,670

16. EVENTS AFTER THE BALANCE SHEET DATE

On July 27, 2018, RIB Software SE acquired 80% of the shares in IMS Gesellschaft für Informations- und Managementsysteme mbH, based in Dinslaken (hereinafter: IMS). The consideration includes a purchase price of € 8.0 million in cash due 10 days after closing of the transaction. Furthermore, mutual call and put options were agreed for 20% of the shares, which are exercisable 36 months after conclusion of the contract. The purchase price for this 20% depends on the EBITDA of IMS for the fiscal years 2020 and 2021 and is valued with a contractually agreed multiplier, whereby a minimum price of € 1.6 million and a maximum price of € 3.2 million were agreed. The option price can be settled in cash or in RIB SE treasury shares.

With its core product “IMSWARE”, IMS is a provider of computer-aided facility management (CAFM). The software can be used as a fixed installation, SaaS, Own-Cloud, fully web-based or in combination.

DECLARATION OF THE LEGAL REPRESENTATIVES

“We hereby confirm that to the best of our knowledge, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and the interim Group management report gives a true and fair view of the business performance, including the results of operations and the situation of the Group, and describes the main opportunities and risks and anticipated development of the Group in the remaining financial year, in accordance with the applicable framework for interim financial reporting.”

Stuttgart, 31 July 2018

RIB Software SE

The Managing Directors



Thomas Wolf



Michael Sauer



Mads Bording Rasmussen

FURTHER INFORMATION

IMPRINT

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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.

FINANCIAL CALENDAR 2018

30 April 2018	15 May 2018
Interim Report (January - March 2018) Analyst Conference Call	Annual General Meeting
31 July 2018	31 October 2018
Interim Report (January - June 2018) Analyst Conference Call	Interim Report (January - September 2018) Analyst Conference Call

CONTACT

RIB Software SE

Vaihinger Straße 151
70567 Stuttgart

Investor Relations

Phone: +49 (0) 711 7873-191

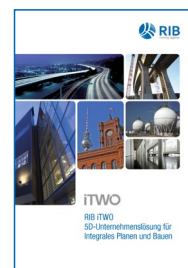
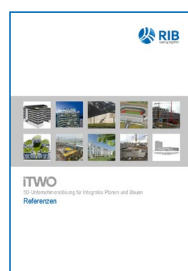
Fax: +49 (0) 711 7873-311

E-Mail: investor@rib-software.com

Internet: group.rib-software.com

Careers

Internet: group.rib-software.com/en/careers

Product information and References

www.rib-software.com/itwo-references

www.rib-software.com/itwo-broschuere



RIB Software SE

Investor Relations
Vaihinger Straße 151
70567 Stuttgart

Phone: +49 711 7873-191
Fax: +49 711 7873-311

E-Mail: investor@rib-software.com
Internet: group.rib-software.com