

Financial Report

Q1 2011



Satisfying start on 2011

- Q1 2011 at a glance
- Financial review of Q1 2011
- Market trends
- Outlook





Q1 at a glance



Growth – Q1 2011

- Orders
 - Order inflow (licence) of EUR 4.0m – (reduced EUR 4.5m y/y)
 - Order book EUR 14.5m (EUR 3.1m lower than end of Q1 2010)
- Pipeline developed satisfactorily
- Number of employees is 1,084 – (reduced by 29 y/y)

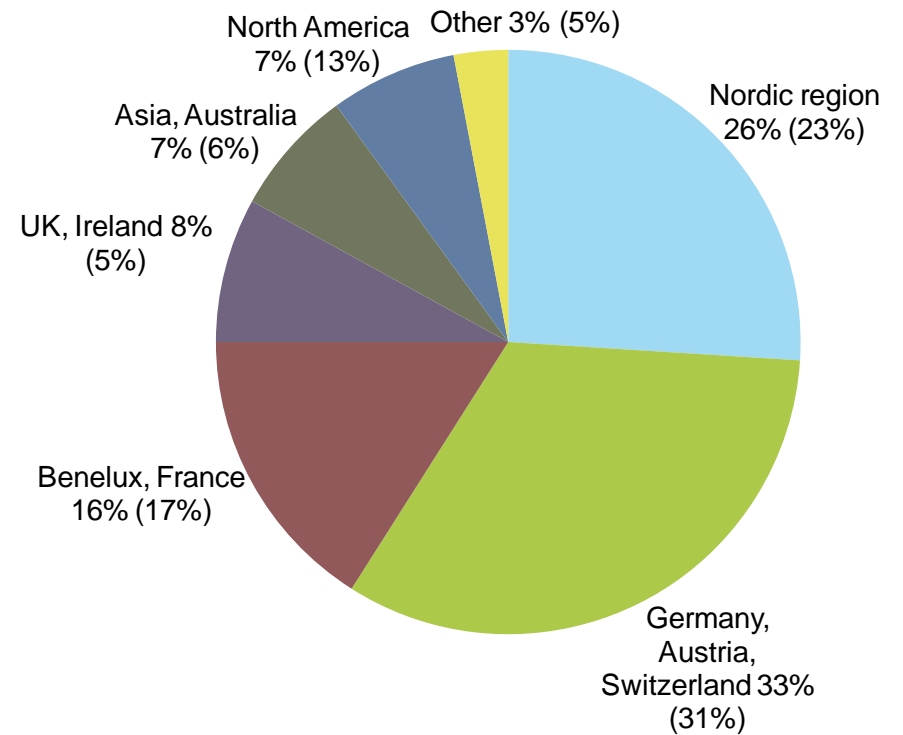
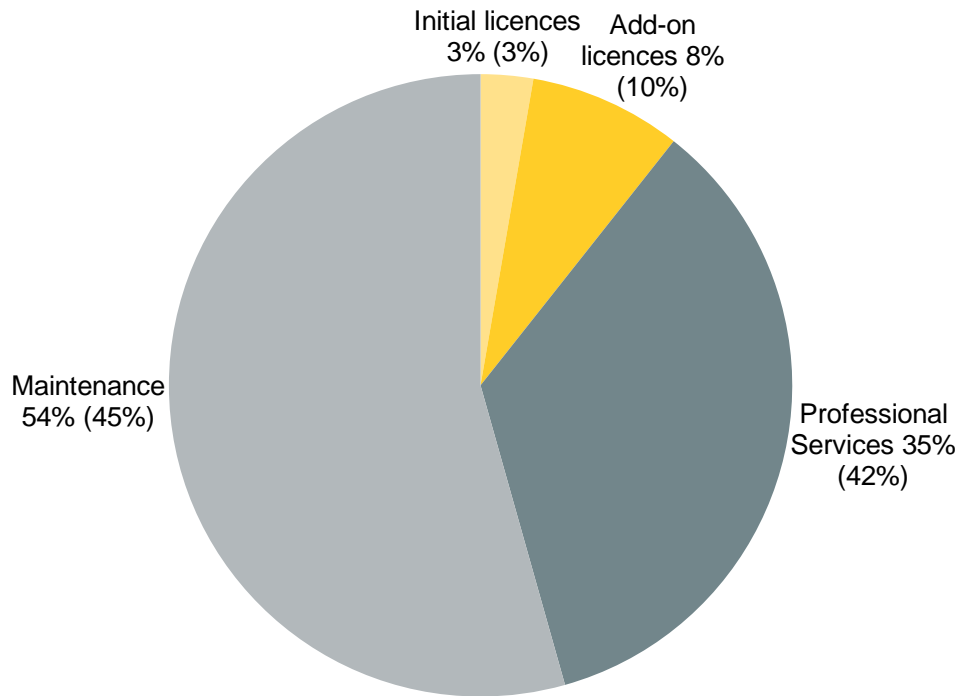
Financial highlights – Q1 2011

- Top-line EUR 39.7m (down 2.5% y/y)
 - Maintenance EUR 21.6m (up 18% y/y)
 - Professional services EUR 13.6m (down 15% y/y – up 15% from Q4 2010)
 - Licence EUR 4.2m (reduced by 21% y/y)
- EBIT EUR 3.0m (0.9m higher y/y)
- EBIT margin 7.6% (5.2%)
- Secured on contract (FY2011) EUR 140.6m (up EUR 10.2m y/y)
- Total costs EUR 36.7 (reduced by 4.8% y/y)

Financial Review of Q1 2011

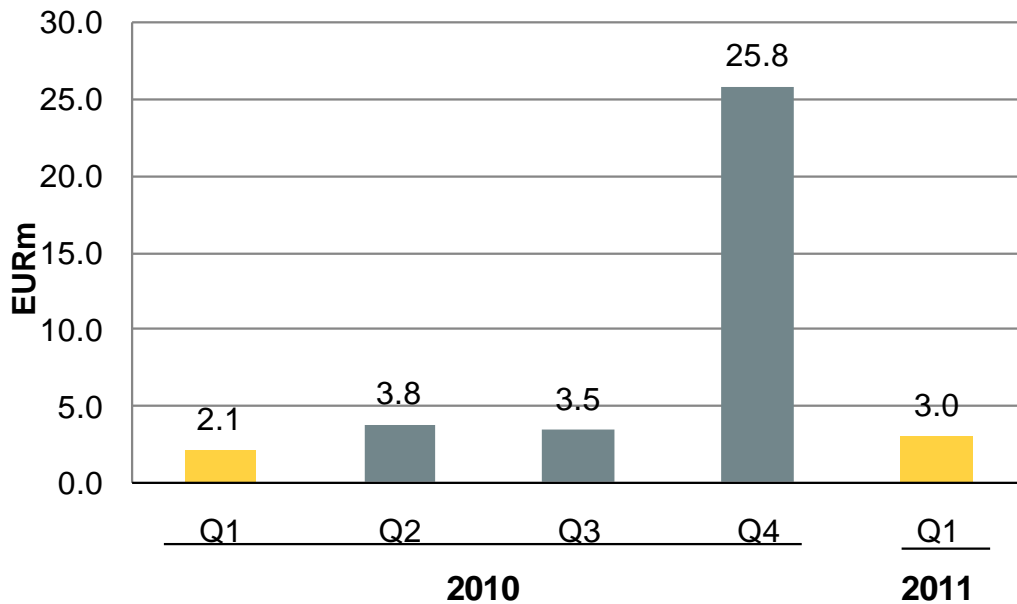


Revenue analysis, Q1 2011 (2010)

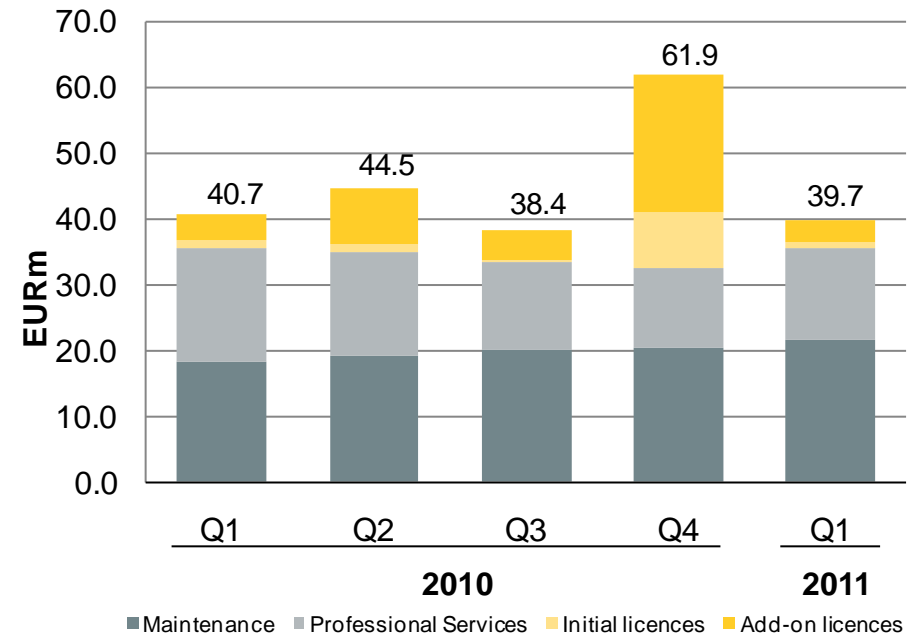


EBIT and revenue per quarter

EBIT



Revenue



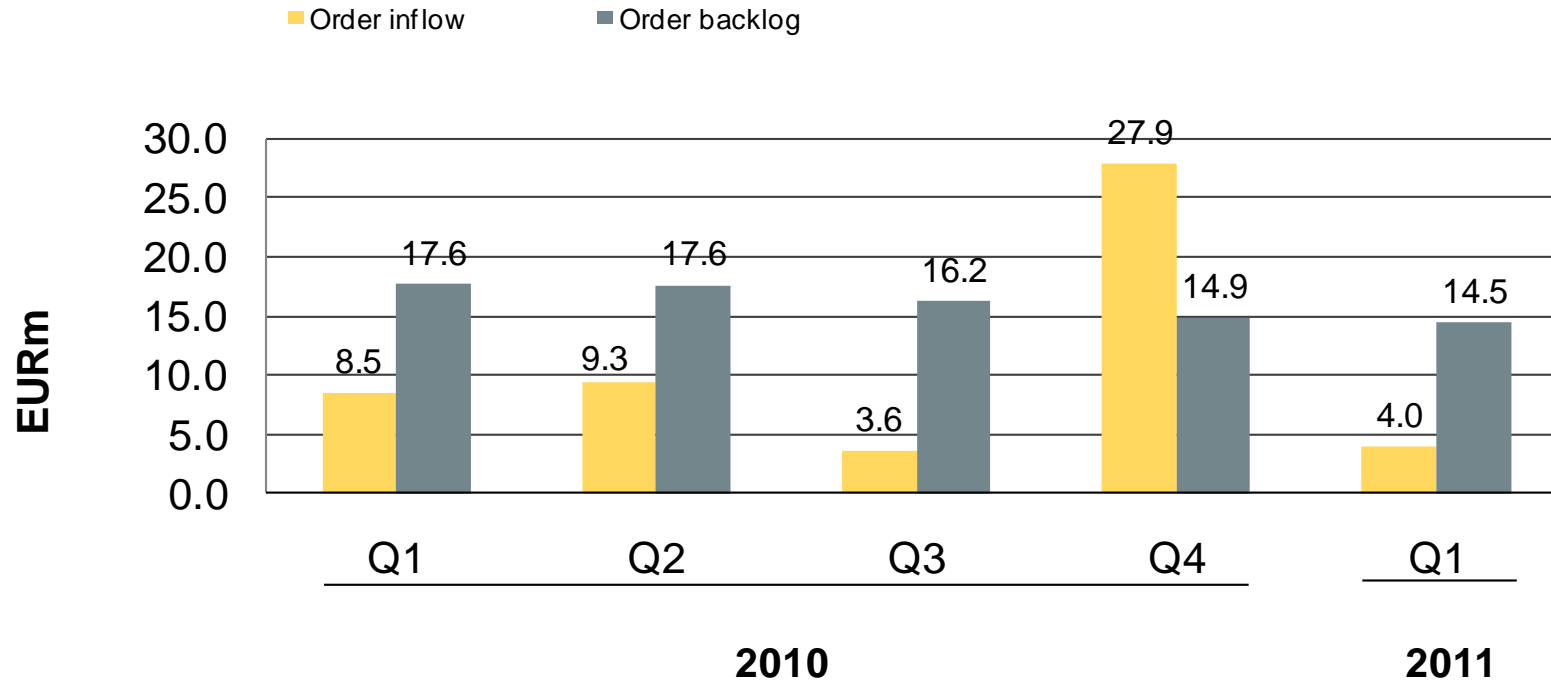
Customers 2011

New customers 2011

Q1  Marathon Asset Management

Q2   Partners Capital

Licence, order inflow and order backlog



Financial highlights

EURm	2011	2010	Change
Total revenue	39.7	40.7	(1.0)
EBIT	3.0	2.1	0.9
Financial items	(0.3)	(0.4)	0.1
Profit before tax	2.8	1.7	1.1
Profit for the period	2.0	1.0	1.0
Total assets	117.7	108.5	9.2
Total equity	58.0	60.7	(2.7)
Basic earnings per share of DKK 1 - EPS (EUR)	0.05	0.02	0.03
Cash flow per share of DKK 1 – CFPS (EUR)	0.32	0.17	0.15
EBIT margin (%)	7.6	5.2	2.4
Return on equity, ROE (%)	10.5	5.3	5.2
Equity ratio (%)	49.3	55.9	(6.6)

Cost control & management

- A new model implemented to ensure continuous focus on signed revenue and cost
- Recruitment of new employees dependend upon level of full year budgeted revenue contractually signed
- Efficiency gains from off shoring

Cost structure

(EURm)	Costs 2011	Share of consolidated costs 2011	Costs 2010	Change relative to 2010
Sales and distribution cost	5.6	15%	5.6	0%
Cost of sales	17.1	47%	17.7	(4%)
Research and development costs	11.1	30%	12.2	(9%)
Administrative expenses	2.9	8%	3.1	(7%)
Total	36.7	100%	38.6	(5%)

Headcount

Headcount	Q1 2011	Q1 2010	Growth
Group total	1,084	1,113	(29)
Market Support	99	101	(2)
Development	382	396	(14)
Nordic	89	77	12
UK	63	72	(9)
Western Europe	78	66	12
Central Europe	155	160	(5)
USA	51	56	(5)
Asia	32	39	(7)
Development UK	26	30	(4)
Corporate Units	109	116	(7)

Market trends



Solvency II

Solvency II builds on Solvency I and aims at creating a single EU market for insurance services and to protect consumers by obliging insurers to uphold certain solvency requirements. The intention is to achieve a correlation between capital requirements and economic risk. Solvency II also introduces requirements for improved reporting and transparency as well as national supervision of insurers. The Solvency II framework remains to be finalised but is due to take effect by October 2012, by which time all insurance and re-insurance companies operating within the EU will be impacted. (For more details on Solvency II and its ramifications, see article on page 27.)

AIFMD

The Alternative Investment Fund Managers Directive (AIFMD) is designed to harmonise the alternative investment fund management market in the EU. It will require alternative investment firms above a certain size to register and provide regulators with detailed information on the principal markets and instruments in which they trade. AIFMD impacts all non-UCITS funds: hedge funds, private equity and venture capital funds, real estate funds and investment trusts. AIFMD is approved by the European Parliament, but pending individual EU member state legislation, it is expected to take effect in 2014. (For a closer examination of AIFMD and its implications, see article on page 23.)

IFRS 9

The International Financial Reporting Standard 9 (IFRS 9) is the latest revision of international accounting standards issued by the International Accounting Standards Board. The standards are introduced to improve transparency of the processes in which various financial assets and liabilities are valued, accounted for and reported, and specifically deals with new requirements for the classification and measurement of financial assets. IFRS 9 replaces IAS 39 and consists of three phases, of which the last two are still in progress. Firms have until 2013 to comply with IFRS 9. (For a corporate case study on IFRS 9, see article on page 12.)

UCITS IV

The UCITS IV Directive is a reform of previous UCITS directives designed to continue to make the investment fund market in the EU less fragmented and to improve its efficiency. UCITS IV aims to make fund consolidation easier, improve distribution and cross-border marketing. UCITS IV impacts the EU investment fund industry as well as foreign fund managers issuing UCITS funds in the EU, where fund managers have until mid-2011 to comply with the provisions. (For a report on UCITS IV and its practical impact, see article on page 16.)

Dodd-Frank Act

The Dodd-Frank Act is designed to promote US financial stability by improving accountability and transparency in the financial system. It establishes rigorous standards and supervisions to protect the US economy and consumers, investors and businesses. The act impacts the entire US investment management industry in varying degrees, as well as foreign investment managers with significant holdings in US financial assets. Roll-out of the Dodd-Frank Act started July 2010 and will continue over the next two-three years. (For a more detailed study of the Dodd-Frank Act and its effects, see article on page 20.)

#JOURNAL

of Applied IT and Investment Management Volume 3 - No 1 - April 2011

Rising to the regulatory challenge

The investment management industry prepares for new legislation

Industry experts assess regulatory changes

THE CHALLENGE OF RECONCILING GROWTH AND COMPLIANCE

Dodd-Frank Act

HOW WILL THE ACT AFFECT IT SYSTEMS?

IFRS 9

CHALLENGER MEETS REQUIREMENTS AND BUILDS COMPETITIVE ADVANTAGE WITH INVESTMENT MANAGEMENT IT

UCITS IV

WHAT INVESTMENT MANAGEMENT FIRMS SHOULD DO TO COMPLY AND ENSURE GROWTH

Also ...

SOLVENCY II, AIFMD AND SYSTEM BEST PRACTICES FOR COMPLIANCE: INSIGHTS FROM ERNST & YOUNG, TOWERGROUP, KPMG AND ALFI

 SimCorp

SimCorp Dimension

RELEASE 4.9



THEME: REGULATORY COMPLIANCE

P. 2	Rise to the challenge of regulatory change with SimCorp Dimension	P. 28	System Environment
P. 4	Release 4.9 overview		System Operations
P. 6	Front Office		System Architecture
	Compliance		Reporting
	Portfolio Management	P. 32	Adapting to UCITS IV
P. 14	Middle Office	P. 34	SimCorp Services
	Performance		Secure and efficient upgrades with SimCorp Release and Deployment Management Service
	Risk Management		New SimCorp service enables controlled transition from IAS 39 to IFRS 9
P. 20	Back Office		New Capacity Management Service combines best practice health-check and technical consulting
	Settlement		Increase your efficiency with SimCorp Educational Services
	Fund Accounting		
	Accounting		
P. 26	Financial Instruments		

 SimCorp

www.simcorp.com
MITIGATE RISK | REDUCE COST | ENABLE GROWTH

New Reforms: transparency is the common thread

“There are five major components that make up the wave of financial reform that will impact the investment management industry...All share the common goal of increasing **transparency** in the markets and facilitating the flow of information through a transaction...”

Sriram Venkataraman, Senior Manager, Financial Services, Ernst & Young LLP

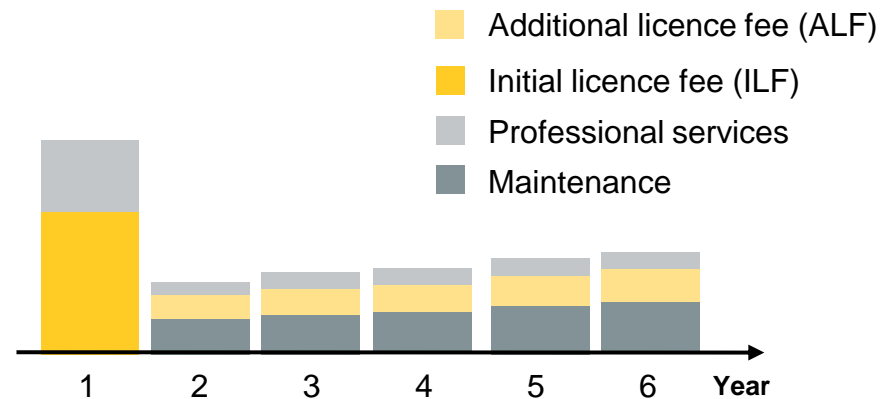
Journal of Applied IT and Investment Management, April 2011

Outlook



Outlook 2011

- Net revenue and business growth, in local currencies, of more than 5%
- EBIT margin to exceed 20%
- Total licence order inflow expected at the same level as in 2010
- Add-on licences: Around 8% of SimCorp Dimension licence base of EUR 455m
- Secured on contract for 2011, as at 31 March: EUR 140.2m (8% y/y)





simcorp.com