SNP | The Transformation Company

SNP

SNP AG Correction of Hauck & Aufhäuser Analyst Report

SNP AG refutes the findings of an analyst report by Hauck & Aufhäuser Privatbankiers AG

Heidelberg, July 14, 2017 – SNP Schneider-Neureither & Partner AG (SNP) clearly and emphatically refutes the findings of an analyst report by Hauck & Aufhäuser Privatbankiers AG that appeared today. The company emphasizes that the report evidently and manifestly relies on false assumptions and in part on misleading estimates.

The following points, among others, are blatantly false and require correction:

- The contract on the "Data Distillery" which was cited in the report is fundamentally different from the contractual arrangements for the "Transformation Backbone." Therefore, the assertions made in this context, such as "a similar fate may await SNP's transformation software" or "while the deal explains SNP's recent operational success, it is a mid-term curse as transformation software IP leaks from SNP to SAP", are entirely inaccurate.

- What is correct is that the contractual arrangements between SNP AG and SAP on transformation software (SNP Transformation Backbone with SAP LT) are diametrically opposed to the earlier contractual arrangements on the Data Distillery. SAP has no insight into SNP's own parts of the SNP Transformation Backbone with SAP LT; SAP does not distribute the SNP Transformation Backbone and SNP receives no license fees from SAP. Rather, SNP has bought licenses from SAP and has used them to augment its own software. Consequently, there cannot be any "IP Leak from SNP to SAP," as the report falsely suggests.

- Furthermore, the report asserts that the business model at SNP is changing ("The DNA of SNP's business model is hence changing rapidly"). This is also inaccurate and displays a very distorted view of SNP AG's strategic orientation.

- However, it is correct that the goal of SNP as a company is to become the global standard for software-based data transformation. Nothing has changed about this. SNP AG is pursuing this goal intensively and continuously with three – also very clearly communicated – strategic approaches:

1. Automation through software
2. Internationalization
3. Ability to execute

Here are a few milestones clarifying the main strategic thrusts:

1. Automation through software:

- The successful market launch of the new version of the SNP Transformation Backbone

- The embedding of SAP LT in the SNP Transformation Backbone

- The introduction of additional products, such as
  - SNP CrystalBridge
  - SNP Interface Scanner
  - SNP BPA
  - SNP RESC

- The expansion of the software portfolio through targeted acquisitions, including Harlex, BCC or Innoplexia

2. Internationalization:

- In order to become a global standard, SNP AG is pursuing a consistent internationalization strategy. The newest acquisitions respectively the intended acquisitions are therefore targeted mainly at important global markets, such as the USA, China, Southeast Asia, the U.K., Poland and South America.

- The SNP approach is unique in the industry and there are no software companies in the specified regions with a business model that is similar to SNP's. Therefore, we have deliberately identified and purchased consulting firms that
  - have extensive customer access and can therefore find a place for SNP Software and
  - have employees with expertise in SNP's key domains.

3.   Ability to execute:

Even if we aspire to a high degree of automation, transformation projects require appropriate customer interaction. High-quality support is very important to our customers, since the transformation always involves critical customer systems.

Against this backdrop, the assessment made in the report that SNP AG is no longer pursuing a software-based approach to transformation ("Rather than a scalable software business with recurring sales, SNP looks set to develop into a personnel-intensive project consultancy with mediocre margins") is likewise inaccurate. Significant aspects of portfolio expansions at SNP have not been taken into account or appear to have been completely misinterpreted.

With "SNP Applications," SNP has established a business line that is focused exclusively on the software business and is based on data transformation algorithms. In the last 12 months, SNP has pushed considerably for internationalization in this area as well, including through the establishment of SNP Application EMEA, SNP Applications US and SNP Application SEA.

The Executive Board of SNP AG has made a request for Hauck & Aufhäuser Privatbankiers AG to halt the dissemination of this false report immediately and to correct the report.

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About SNP

SNP helps companies adapt their business models and successfully utilize opportunities for digitalization with IT that is receptive to change. SNP's software and services make it possible to implement business or technical changes quickly and efficiently even in global business applications.

With CrystalBridge and Transformation Backbone with SAP LT, SNP provides the world's leading software suite for data transformations that automatically analyzes, implements and maintains changes to IT systems. This provides customers with clear qualitative advantages, while significantly reducing the time and expense involved in transformation projects.

The SNP Group has over 1000 employees worldwide. Headquartered in Heidelberg, the company generated revenue of approximately € 81 million in 2016. SNP's customers are global corporations from all industries. SNP was founded in 1994 and has been publicly traded since 2000. As of August 2014, the company is listed on the Prime Standard segment of the Frankfurt Stock Exchange (ISIN DE0007203705).

Further information is available at www.snpgroup.com

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