

First Quarter 2023 Results

Christian Klein, CEO

Dominik Asam, CFO

Safe Harbor Statement



During this presentation we will make forward-looking statements which are predictions, projections, or other statements about future events. These statements are based on current expectations, forecasts, and assumptions that are subject to risks and uncertainties that could cause actual results and outcomes to materially differ. Additional information regarding these risks and uncertainties may be found in our filings with the Securities and Exchange Commission, including but not limited to the risk factors section of SAP's 2022 Annual Report on Form 20-F.



Christian Klein

CEO

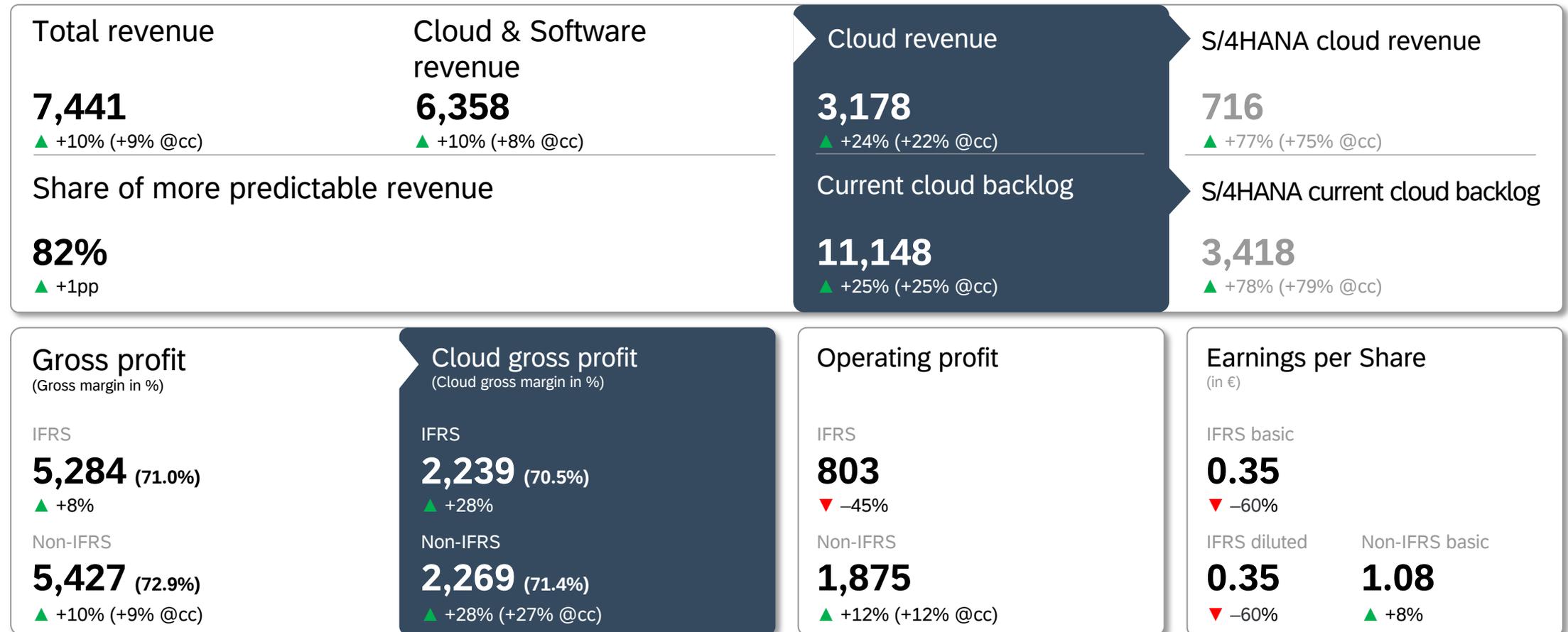


Dominik Asam

CFO

SAP Q1 2023 Financial Results

in € millions, unless otherwise stated



Robust cloud revenue performance across all regions

AMERICAS

Cloud revenue
percent

▲ +23%
(+19% @cc)

Cloud & software
revenue
percent

▲ +14%
(+10% @cc)

Brazil had an outstanding cloud revenue growth while Mexico and the U.S. performed particularly strong.

EMEA

Cloud revenue
percent

▲ +25%
(+25% @cc)

Cloud & software
revenue
percent

▲ +7%
(+7% @cc)

Germany had an outstanding performance in cloud revenue while the Netherlands and Switzerland were particularly strong.

APJ

Cloud revenue
percent

▲ +23%
(+27% @cc)

Cloud & software
revenue
percent

▲ +4%
(+7% @cc)

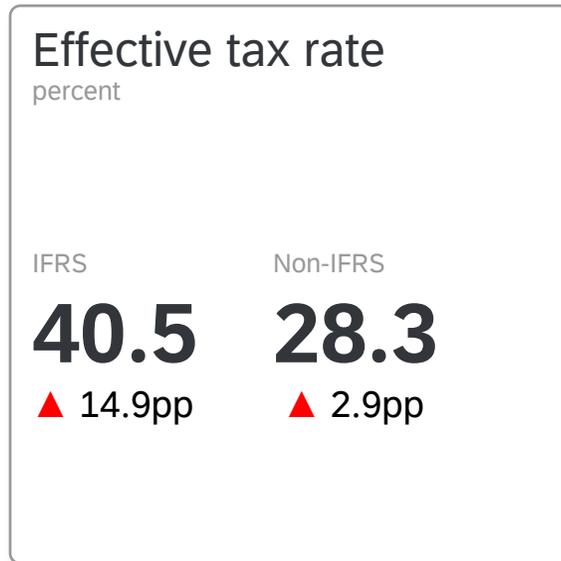
India had an outstanding cloud revenue growth while China and Japan in particular had a strong performance.

Revenues calculated based on customer location; All numbers are Non-IFRS unless otherwise stated; Individual country highlights are based on Non-IFRS at constant currencies

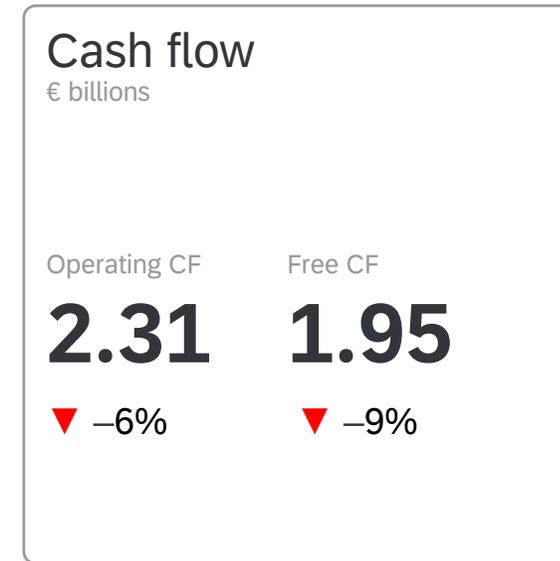
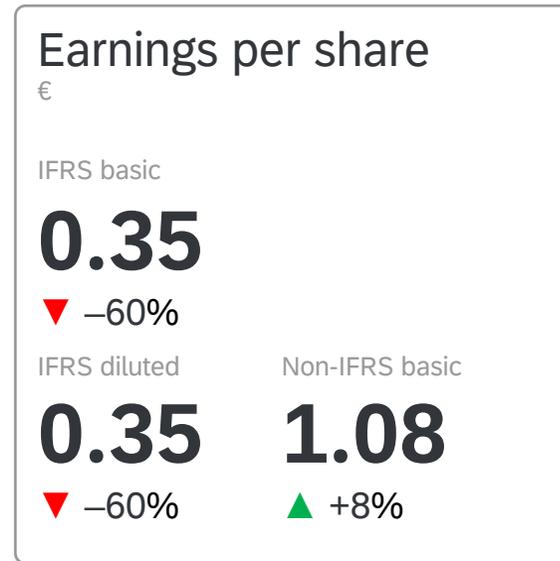
Gross Profit Development

Non-IFRS in € millions, unless otherwise stated	Revenue			Gross Profit (Gross margin %)		
	Q1/23	Δ in %	Δ in % @cc	Q1/23	Δ in %	Δ in % @cc
Cloud	3,178	24	22	2,269 (71.4)	28	27
SaaS	2,496	24	22	1,796 (71.9)	25	23
PaaS	482	47	45	406 (84.3)	54	53
IaaS	200	-12	-13	67 (33.6)	8	16
Software licenses and support	3,180	-2	-2	2,838 (89.2)	-2	-3
Cloud and software	6,358	10	8	5,107 (80.3)	9	9
Services	1,083	12	11	320 (29.5)	17	15
Total	7,441	10	9	5,427 (72.9)	10	9

Tax rate, EPS & Cash flow



For IFRS, the year-over-year increase mainly resulted from changes in non-deductible expenses and valuation allowances on deferred tax assets. For non-IFRS, the changes in non-deductible expenses do not apply due to respective adjustments of pre-tax figures



The decline in free cash flow is mainly due to the impact of sale of trade receivables in the fourth quarter last year which was weighing on Q1.

2023 outlook updated to reflect the expected Qualtrics divestiture SAP reaffirms outlook for continuing operations

in € billions, unless otherwise stated

FY 2023 Outlook

FY 2023 Non-Financial Outlook

Cloud revenue

@cc | € billions

14.0 – 14.4

▲ +23% to 26%
2022: 11.43

Cloud & software revenue

@cc | € billions

26.9 – 27.4

▲ +6% to 8%
2022: 25.39

Operating profit

Non-IFRS @cc | € billions

8.6 – 8.9

▲ +8% to 11%
2022: 7.99

Employee engagement

in %

76 – 80

Customer Net Promoter Score¹⁾

in points

8 – 12

Net carbon emissions

in kilotons

0

Share of more predictable revenue

in %

~82

▲ +3pp
2022: 79

Free cash flow

€ billions

approx. 4.9

2022: n/a

Effective tax rate

in %

IFRS

28.0 – 32.0

2022: 32.0

Non-IFRS

26.0 – 28.0

2022: 29.6

¹⁾The guidance is based on an adjusted methodology for 2023 to better reflect the business priorities of the company. The baseline for 2022 calculated using the new methodology is 7.

Q&A

Appendix

Appendix

Income statement: First quarter 2022

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	Q1 23	Q1 22	Δ %	Q1 23	Q1 22	Δ %	Δ % @cc
Cloud	3,178	2,565	24	3,178	2,565	24	22
Software licenses	276	317	-13	276	317	-13	-13
Software support	2,905	2,923	-1	2,905	2,923	-1	-1
Software licenses and support	3,180	3,240	-2	3,180	3,240	-2	-2
Cloud and software	6,358	5,806	10	6,358	5,806	10	8
Services	1,083	967	12	1,083	967	12	11
Total revenue	7,441	6,773	10	7,441	6,773	10	9
Total operating expenses	-6,637	-5,302	25	-5,566	-5,097	9	8
Operating profit (loss)	803	1,471	-45	1,875	1,676	12	12
Financial income, net	-112	-55	>100	-112	-55	>100	>100
Profit (loss) before tax from continuing operations	677	1,365	-50	1,749	1,570	11	
Income tax expense	-274	-349	-21	-495	-399	24	
Profit (loss) after tax from continuing operations	403	1,016	-60	1,254	1,171	7	
Profit (loss) after tax from discontinued operations	106	-384	<-100	333	-5	<-100	<-100
Profit (loss) after tax*	509	632	-19	1,587	1,166	36	
Operating margin (in %)	10.8	21.7	-10.9pp	25.2	24.8	0.4pp	0.8pp
Earnings per share, basic (in €) from continuing operations	0.35	0.87	-60	1.08	1.00	8	
Earnings per share, basic (in €)*	0.41	0.63	-35	1.27	1.00	27	

* from continuing and discontinued operations

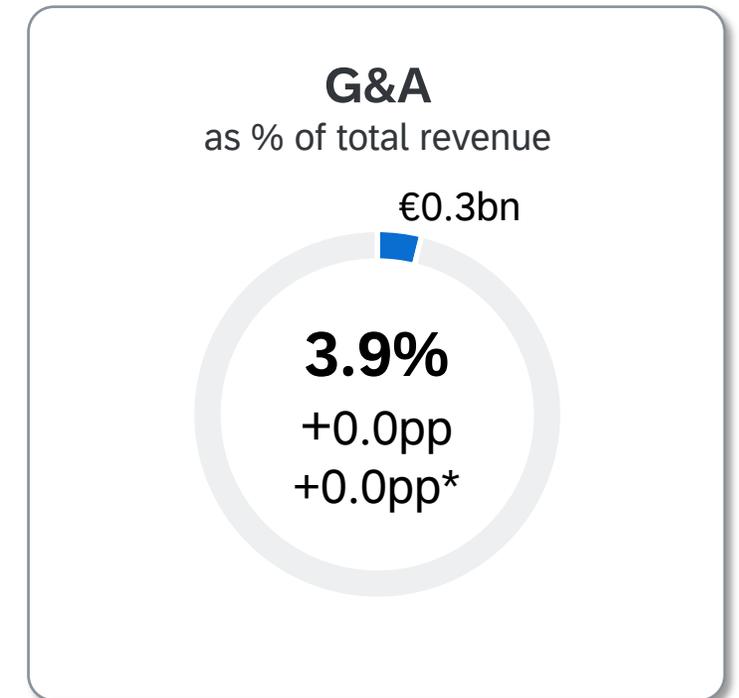
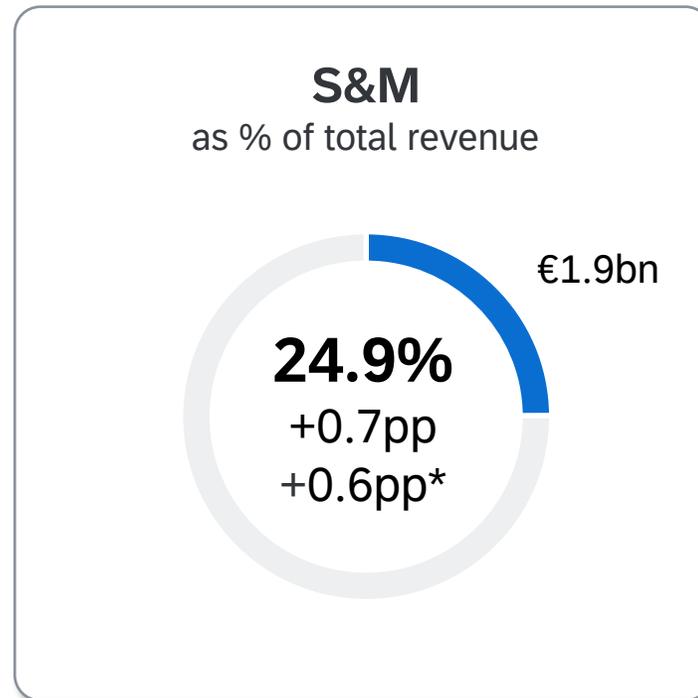
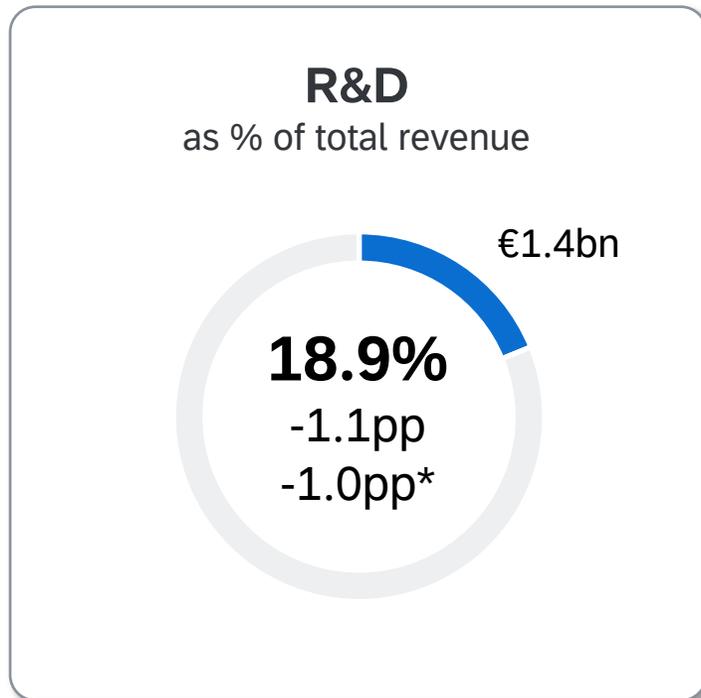
Appendix

Gross margin development

Non-IFRS, in percent as reported	FY 21	Q1 22	Q2 22	Q3 22	Q4 22	FY 22	Q1 23
Cloud	68.4	68.9	71.2	70.8	70.3	70.3	71.4
SaaS	71.3	71.7	73.5	74.1	71.8	72.8	71.9
PaaS	81.7	80.7	81.3	79.7	81.7	80.8	84.3
IaaS	32.6	27.4	35.6	22.4	28.0	28.7	33.6
Software Licenses & Support	89.7	89.7	90.7	90.7	91.4	90.7	89.2
Cloud & Software	81.7	80.5	81.9	81.4	82.1	81.5	80.3
Services	30.3	28.3	27.9	32.4	29.8	29.7	29.5
Total Gross Margin	74.9	73.1	74.3	74.4	75.1	74.3	72.9

Cost ratios: First quarter 2023

€7.4bn Total revenue



All numbers are Non-IFRS unless otherwise stated.

*Non-IFRS at constant currencies

Appendix

Balance sheet condensed: March 31, 2023 – IFRS

Assets

€ millions	03/31/23	12/31/22
Cash, cash equivalents and other financial assets	9,890	9,861
Trade and other receivables	6,674	6,236
Other current assets	2,559	2,426
Assets classified as held for sale	7,385	0
Total current assets	26,507	18,522
Goodwill	28,563	33,077
Intangible assets	2,349	3,835
Property, plant, and equipment	4,465	4,934
Other non-current assets	11,650	11,792
Total non-current assets	47,026	53,638
Total assets	73,533	72,159

Equity and liabilities

€ millions	03/31/23	12/31/22
Trade and other payables	1,607	2,147
Provisions	455	90
Other liabilities	8,145	9,908
Contract liabilities, current	7,547	5,309
Liabilities associated with assets classified as held for sale	1,094	0
Total current liabilities	18,849	17,453
Financial liabilities	9,239	9,547
Provisions	335	359
Contract liabilities, non-current	21	33
Other non-current liabilities	2,094	1,918
Total non-current liabilities	11,689	11,858
Total liabilities	30,537	29,310
Total equity	42,996	42,848
Total equity and liabilities	73,533	72,159

Appendix

Cash flow development

€ millions, unless otherwise stated

	Q1/23	Q1/22	Δ in %
Operating cash flow	2,311	2,465	–6
– Capital expenditure	–257	–212	21
– Payments of lease liabilities	–99	–93	6
Free cash flow	1,955	2,159	–9
Free cash flow in percent of total revenue	26%	32%	–6pp
Free cash flow conversion rate	4.85	2.12	128

Due to rounding, numbers may not add up precisely

Appendix

Net debt

€ millions, unless otherwise stated

	2023	2022
Net Debt 12/31/2022 PY: 12/31/2021	-2,070	-1,563
Operating cash flow	2,311	2,465
Capital expenditure	-257	-212
Payments of lease liabilities	-99	-93
Business combinations	0	-662
Treasury shares	0	-581
Cash from discontinued operations	-742	0
Other	-194	-257
Net Debt 03/31/2023 PY: 03/31/2022	-1,050	-904

Net Debt as of 12/31/2022 includes continuing and discontinued operations, Net Debt as of 3/31/2023 only includes continuing operations.

Due to rounding, numbers may not add up precisely

Additional outlook information and Non-IFRS adjustments

The Company now expects a full-year 2023 effective tax rate (IFRS) of around 28.0% – 32.0% (2022: 32.0%) and an effective tax rate (non-IFRS) of around 26.0% – 28.0% (2022: 29.6%).

	Actual Amounts Q1/22	Actual Amounts Q1/23	Est. Amounts FY/23
Non-IFRS adjustments			
Acquisition-related charges	€97m	€88m	€300m to €380m
Share-based payment expenses	€119m	€553m	€1,850m to €2,250m
Restructuring charges	€-10m	€260m	€250m to €300m
Adjustment for regulatory compliance matter expenses	-	€170m	€170m
Sum of all adjustments	€205m	€1,072m	€2,570m to €3,100m

Due to rounding, numbers may not add up precisely

Expected currency impact 2023

Expected Currency Impact Based on March 2023 Level Applied for 2023

in percentage points	Q2 23	FY 23
Cloud revenue growth	–3pp to –1pp	–3pp to –1pp
Cloud and software revenue growth	–2pp to 0pp	–3pp to –1pp
Operating profit growth (non-IFRS)	–3pp to –1pp	–3pp to –1pp