

# Third 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

# We continuously deliver on our commitments with strong performance in Q3

Current Cloud Backlog

**12,269**

▲ +19% (+25% @cc)

Thereof S/4HANA

**4,199**

▲ +58% (+66% @cc)

Cloud Revenue

**3,472**

▲ +16% (+23% @cc)

Thereof S/4HANA

**914**

▲ +67% (+77% @cc)

SaaS Revenue

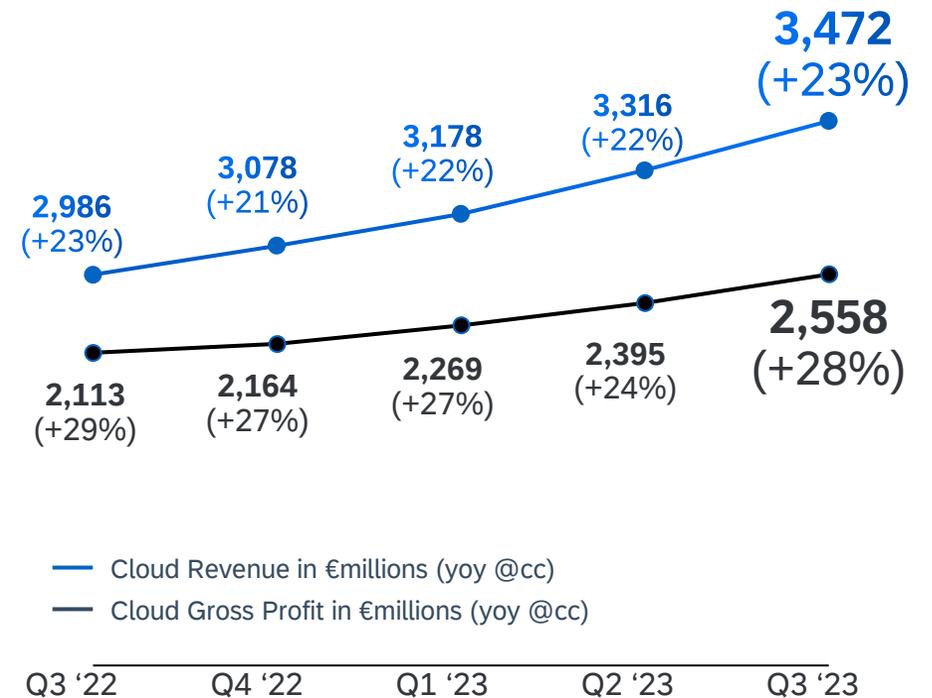
**2,727**

▲ +16% (+23% @cc)

PaaS Revenue

**558**

▲ +39% (+46% @cc)



All numbers are in € millions, non-IFRS unless otherwise stated, SAP continuing operations excl. Qualtrics

## We deliver unique customer value with our best-of-suite offering

The logo for Accenture, featuring the word "accenture" in a bold, lowercase sans-serif font with a small purple chevron above the letter 'u'.The logo for ADAC, consisting of the letters "ADAC" in a bold, black, uppercase sans-serif font on a solid yellow square background.The logo for ALNATURA, featuring a stylized green sunburst icon above the word "ALNATURA" in a bold, black, uppercase sans-serif font.The logo for BMW GROUP, with the words "BMW" and "GROUP" stacked vertically in a bold, black, uppercase sans-serif font.The logo for BOBST, featuring a small red square icon to the left of the word "BOBST" in a bold, black, uppercase sans-serif font.The logo for BVG, consisting of the letters "BVG" in a bold, black, uppercase sans-serif font inside a yellow heart shape.The logo for the City of Vancouver, featuring a stylized green leaf icon above the words "CITY OF VANCOUVER" in a green, uppercase sans-serif font.The logo for Constellium, featuring a stylized blue and green diamond icon to the left of the word "Constellium" in a black, uppercase sans-serif font.The logo for DUCATI, featuring the word "DUCATI" in a bold, black, uppercase sans-serif font inside a red shield shape.The logo for ECOVACS, featuring a stylized blue circular icon to the left of the word "ECOVACS" in a black, uppercase sans-serif font.The logo for FRESHNAPF, featuring a red-bordered square containing a white cat and dog face, with the word "FRESHNAPF" in a red, uppercase sans-serif font below them.The logo for GraybaR., featuring the word "GraybaR." in a black, uppercase sans-serif font with a small blue circular icon to the right.The logo for Gulf Marine, featuring the word "Gulf" in a bold, black, uppercase sans-serif font inside a blue and orange circular icon, with the word "Marine" in a smaller font below it.The logo for HEIDELBERG, featuring the word "HEIDELBERG" in a bold, black, uppercase sans-serif font with a blue and green diamond icon to the left.The logo for Hitz Hitachi Zosen Corporation, featuring the word "Hitz" in a bold, black, uppercase sans-serif font followed by "Hitachi Zosen Corporation" in a smaller font.The logo for hunkemöller, featuring the word "hunkemöller" in a lowercase, black, sans-serif font.The logo for HYUNDAI, featuring a blue circular icon with a white 'H' to the left of the word "HYUNDAI" in a bold, black, uppercase sans-serif font.The logo for Jollibee Foods CORPORATION, featuring the word "Jollibee Foods" in a red, uppercase sans-serif font above the word "CORPORATION" in a smaller, black, uppercase sans-serif font.The logo for THE KADEWE GROUP, featuring the words "THE KADEWE GROUP" in a black, uppercase sans-serif font.The logo for KAESER KOMPRESSOREN, featuring the words "KAESER KOMPRESSOREN" in a bold, black, uppercase sans-serif font inside a black rectangular box.The logo for KIA, featuring the word "KIA" in a bold, black, uppercase sans-serif font.The logo for Lenovo, featuring the word "Lenovo" in a white, lowercase sans-serif font inside a red rectangular box.The logo for LG Electronics, featuring a red circular icon with a white 'L' and 'G' to the left of the words "LG Electronics" in a black, uppercase sans-serif font.The logo for LG Energy Solution, featuring a red circular icon with a white 'L' and 'G' to the left of the words "LG Energy Solution" in a black, uppercase sans-serif font.The logo for PUMA, featuring the word "PUMA" in a bold, black, uppercase sans-serif font with a black silhouette of a puma leaping above it.The logo for salling group, featuring the word "salling" in a lowercase, black, sans-serif font followed by "group" in a smaller font.The logo for SBB CFF FFS, featuring a red rectangular box with a white double-headed arrow icon to the left of the words "SBB CFF FFS" in a white, uppercase sans-serif font.The logo for Schneider Electric, featuring the word "Schneider" in a green, uppercase sans-serif font above the word "Electric" in a smaller font, with a green circular icon to the left.The logo for SIEMENS Healthineers, featuring the word "SIEMENS" in a blue, uppercase sans-serif font above the word "Healthineers" in a smaller font, with a blue and orange dot pattern to the right.The logo for thyssenkrupp, featuring a blue circular icon with three interlocking rings above the word "thyssenkrupp" in a lowercase, blue, sans-serif font.The logo for UNIVERSITY OF LEEDS, featuring a black silhouette of a building above the words "UNIVERSITY OF LEEDS" in a black, uppercase sans-serif font.The logo for vitescO TECHNOLOGIES, featuring the word "vitescO" in a lowercase, black, sans-serif font above the word "TECHNOLOGIES" in a smaller font.

# We keep the momentum



**>4,300**

RISE with SAP  
customers

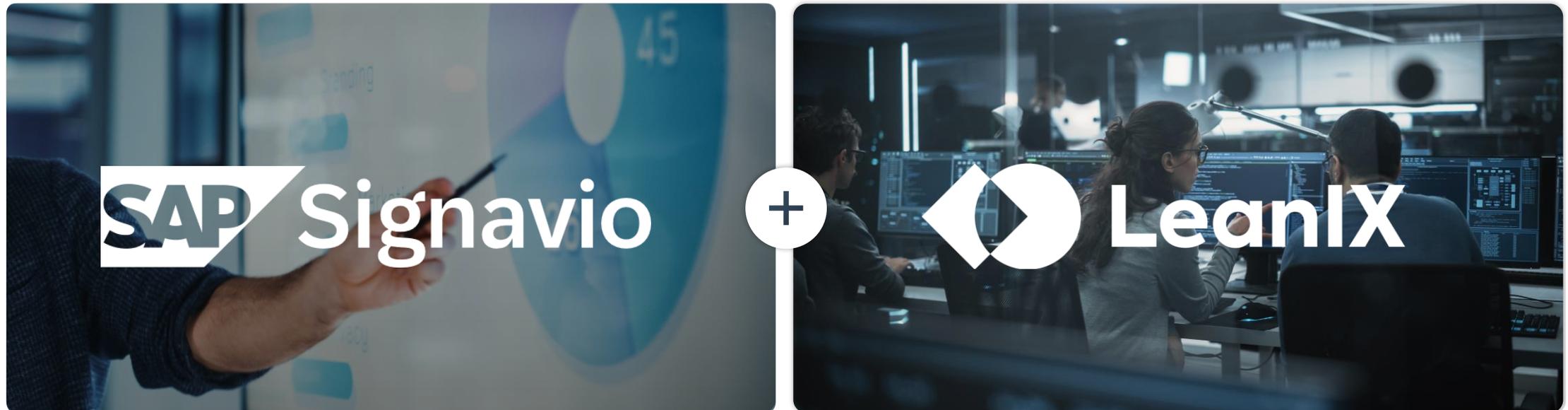
**>2x**

Installed base  
maintenance conversion

**>440**

Customers  
in 80 countries

# The bigger picture: Business transformation



On September 7, SAP and LeanIX GmbH announced that SAP has entered into an agreement to acquire LeanIX. The transaction is expected to close in the fourth quarter of 2023, subject to customary closing conditions and regulatory approvals.

# SAP Business AI

Relevant. Reliable. Responsible.

Finance | Supply Chain | HR | Procurement | Marketing and Commerce | Sales and Services | IT



Joule

A copilot that truly understands your business

## Embedded AI capabilities

Cloud ERP

Human capital management

Spend management and business network

Customer relationship management

Business Technology Platform

## AI foundation

on Business Technology Platform

## AI ecosystem partnerships and investments



ANTHROPIC



cohere

databricks

DataRobot

Google Cloud

IBM

Microsoft

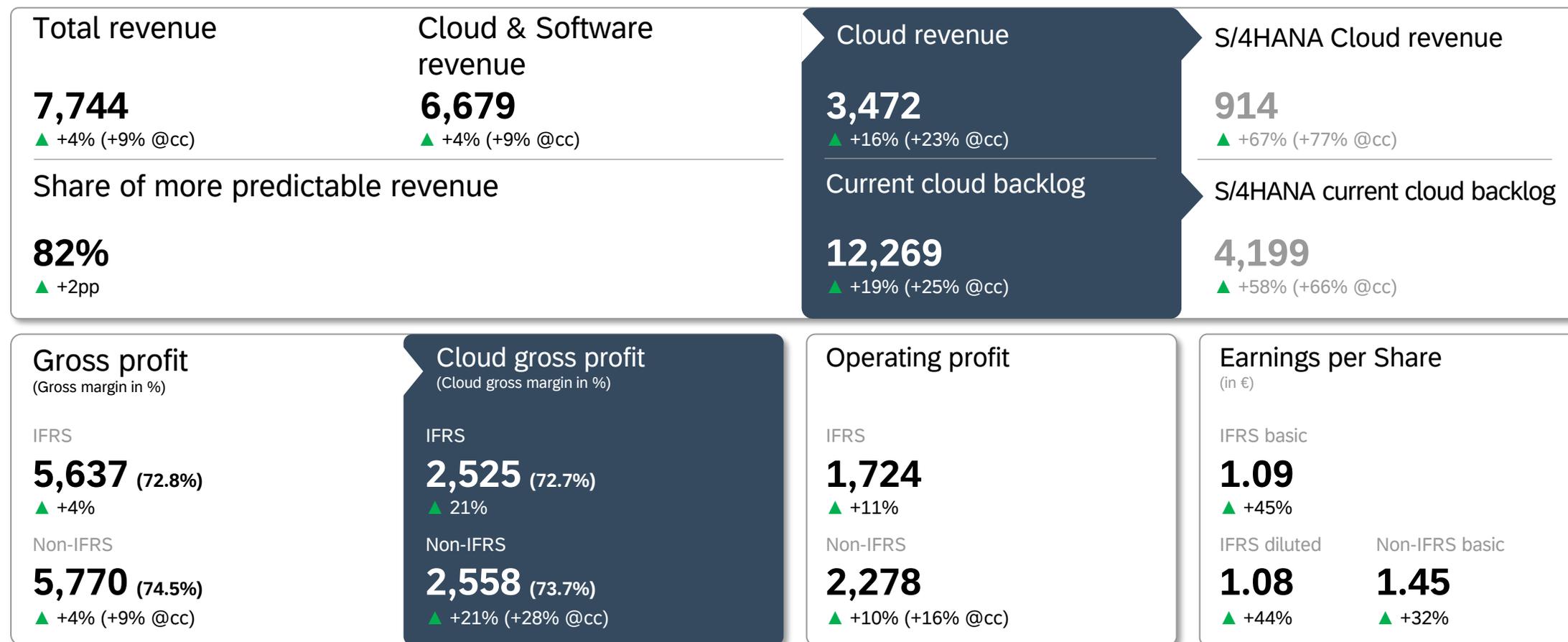


# Dominik Asam

CFO

# SAP Q3 2023 Financial Results

in € millions, unless otherwise stated; based on SAP group results from continuing operations



# Regional cloud revenue performance

## AMERICAS

Cloud revenue percent

**▲ +8%**  
(+16% @cc)

Cloud & software revenue percent

**▼ -1%**  
(+6% @cc)

Brazil had an outstanding cloud revenue growth while Canada performed particularly strong.

## EMEA

Cloud revenue percent

**▲ +30%**  
(+32% @cc)

Cloud & software revenue percent

**▲ +12%**  
(+13% @cc)

The Netherlands had an outstanding cloud revenue growth while France, Germany and Switzerland were particularly strong.

## APJ

Cloud revenue percent

**▲ +14%**  
(+27% @cc)

Cloud & software revenue percent

**▼ -2%**  
(+9% @cc)

India had an outstanding cloud revenue growth while China and Japan performed particularly strong.

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 %)		
	Q3/23	Δ in %	Δ in % @cc	Q3/23	Δ in %	Δ in % @cc
<b>Cloud</b>	<b>3,472</b>	16	23	<b>2,558</b> (73.7)	21	28
SaaS	<b>2,727</b>	16	23	<b>2,016</b> (73.9)	17	24
PaaS	<b>558</b>	39	46	<b>473</b> (84.7)	48	55
IaaS	<b>186</b>	-20	-16	<b>70</b> (37.4)	1	-3
<b>Software licenses and support</b>	<b>3,208</b>	-6	-2	<b>2,899</b> (90.4)	-7	-3
<b>Cloud and software</b>	<b>6,679</b>	4	9	<b>5,457</b> (81.7)	5	10
<b>Services</b>	<b>1,065</b>	0	4	<b>314</b> (29.5)	-9	-2
<b>Total</b>	<b>7,744</b>	4	9	<b>5,770</b> (74.5)	4	9

# Tax rate, EPS & Cash flow

## Effective tax rate

Third quarter | percent

IFRS

**27.8**

▼ -0.6pp

Non-IFRS

**27.1**

▲ 0.6pp

## Earnings per share

Third quarter | €

IFRS basic

**1.09**

▲ +45%

IFRS diluted

**1.08**

▲ +44%

Non-IFRS basic

**1.45**

▲ +32%

## Cash flow

Third quarter | € billions

Operating CF

**1.12**

▲ +27%

Free CF

**0.86**

▲ +69%

# SAP reaffirms 2023 outlook

in € billions, unless otherwise stated; continuing operations

## FY 2023 Outlook<sup>1)</sup>

Cloud revenue

@cc | € billions

**14.0 – 14.2**

▲ +23% to 24%  
2022: 11.43

Cloud & software revenue

@cc | € billions

**27.0 – 27.4**

▲ +6% to 8%  
2022: 25.39

Operating profit

Non-IFRS @cc | € billions

**8.65 – 8.95**

▲ +8% to 12%  
2022: 7.99

Share of more predictable revenue

in %

**~82**

▲ +3pp  
2022: 79

Free cash flow

€ billions

**approx. 4.9**

2022: 4.4

Effective tax rate

in %

IFRS

**28.0 – 32.0**

2022: 32.0

Non-IFRS

**26.0 – 28.0**

2022: 29.6

## FY 2023 Non-Financial Outlook

Employee engagement

in %

**76 – 80**

Customer Net Promoter Score<sup>2)</sup>

in points

**8 – 12**

Net carbon emissions

in kilotons

**0**

<sup>1)</sup> 2023 financial outlook is based on constant currencies assumptions, including an exchange rate of 1.05 US Dollar per Euro

<sup>2)</sup> 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: Third quarter 2023

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	Q3 23	Q3 22	Δ %	Q3 23	Q3 22	Δ %	Δ % @cc
Cloud	3,472	2,986	16	3,472	2,986	16	23
Software licenses	335	406	-17	335	406	-17	-14
Software support	2,872	3,016	-5	2,872	3,016	-5	-1
Software licenses and support	3,208	3,422	-6	3,208	3,422	-6	-2
Cloud and software	6,679	6,408	4	6,679	6,408	4	9
Services	1,065	1,069	0	1,065	1,069	0	4
<b>Total revenue</b>	<b>7,744</b>	<b>7,476</b>	<b>4</b>	<b>7,744</b>	<b>7,476</b>	<b>4</b>	<b>9</b>
Total operating expenses	-6,020	-5,919	2	-5,466	-5,401	1	6
<b>Operating profit (loss)</b>	<b>1,724</b>	<b>1,557</b>	<b>11</b>	<b>2,278</b>	<b>2,075</b>	<b>10</b>	<b>16</b>
Financial income, net	-75	-333	-77	-75	-333	-77	
<b>Profit (loss) before tax from continuing operations</b>	<b>1,761</b>	<b>1,170</b>	<b>50</b>	<b>2,315</b>	<b>1,688</b>	<b>37</b>	
Income tax expense	-489	-332	47	-628	-448	40	
<b>Profit (loss) after tax from continuing operations</b>	<b>1,272</b>	<b>839</b>	<b>52</b>	<b>1,687</b>	<b>1,240</b>	<b>36</b>	
<b>Profit (loss) after tax from discontinued operations</b>	<b>0</b>	<b>-292</b>	<b>-100</b>	<b>0</b>	<b>23</b>	<b>-100</b>	
<b>Profit (loss) after tax*</b>	<b>1,272</b>	<b>547</b>	<b>&gt;100</b>	<b>1,687</b>	<b>1,263</b>	<b>34</b>	
Operating margin (in %)	22.3	20.8	1.4pp	29.4	27.8	1.7pp	1.9pp
Earnings per share, basic (in €) from continuing operations	1.09	0.75	45	1.45	1.10	32	
Earnings per share, basic (in €)*	1.09	0.57	91	1.45	1.12	30	

Appendix

# Income statement: First nine months 2023

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	Q1-Q3/ 23	Q1-Q3/ 22	Δ %	Q1-Q3/ 23	Q1-Q3/ 22	Δ %	Δ % @cc
Cloud	9,965	8,348	19	9,965	8,348	19	22
Software licenses	927	1,149	-19	927	1,149	-19	-17
Software support	8,651	8,916	-3	8,651	8,916	-3	-1
Software licenses and support	9,577	10,065	-5	9,577	10,065	-5	-3
Cloud and software	19,542	18,413	6	19,542	18,413	6	9
Services	3,197	3,043	5	3,197	3,043	5	7
<b>Total revenue</b>	<b>22,739</b>	<b>21,456</b>	<b>6</b>	<b>22,739</b>	<b>21,456</b>	<b>6</b>	<b>8</b>
Total operating expenses	-18,854	-17,368	9	-16,528	-16,027	3	5
<b>Operating profit (loss)</b>	<b>3,885</b>	<b>4,088</b>	<b>-5</b>	<b>6,211</b>	<b>5,429</b>	<b>14</b>	<b>19</b>
Financial income, net	-363	-506	-28	-363	-506	-28	
<b>Profit (loss) before tax from continuing operations</b>	<b>3,532</b>	<b>3,466</b>	<b>2</b>	<b>5,857</b>	<b>4,807</b>	<b>22</b>	
Income tax expense	-1,132	-998	13	-1,668	-1,298	28	
<b>Profit (loss) after tax from continuing operations</b>	<b>2,399</b>	<b>2,468</b>	<b>-3</b>	<b>4,189</b>	<b>3,508</b>	<b>19</b>	
<b>Profit (loss) after tax from discontinued operations</b>	<b>2,272</b>	<b>-1,086</b>	<b>&lt;-100</b>	<b>2,054</b>	<b>13</b>	<b>&gt;100</b>	
<b>Profit (loss) after tax*</b>	<b>4,671</b>	<b>1,382</b>	<b>&gt;100</b>	<b>6,243</b>	<b>3,522</b>	<b>77</b>	
Operating margin (in %)	17.1	19.1	-2.0pp	27.3	25.3	2.0pp	2.4pp
Earnings per share, basic (in €) from continuing operations	2.07	2.17	-5	3.60	3.05	18	
Earnings per share, basic (in €)*	4.13	1.49	>100	5.53	3.08	80	

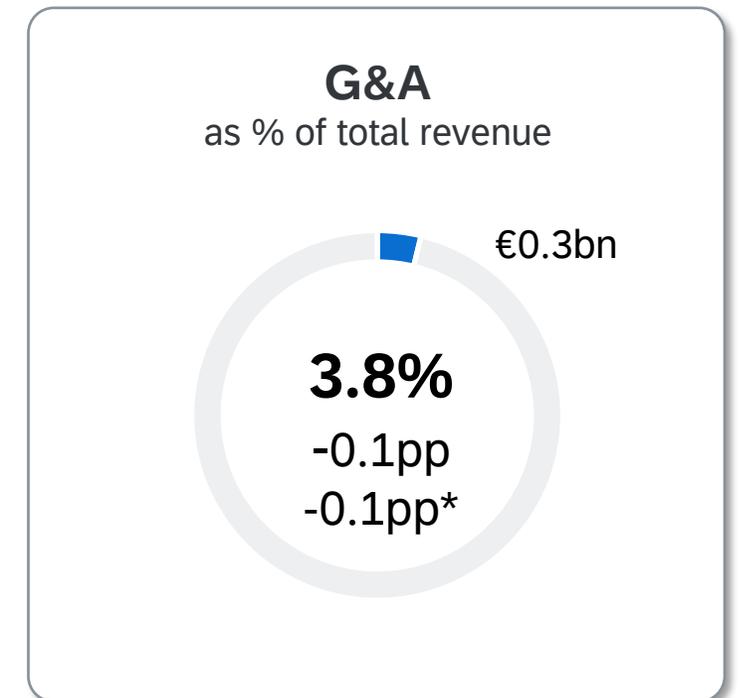
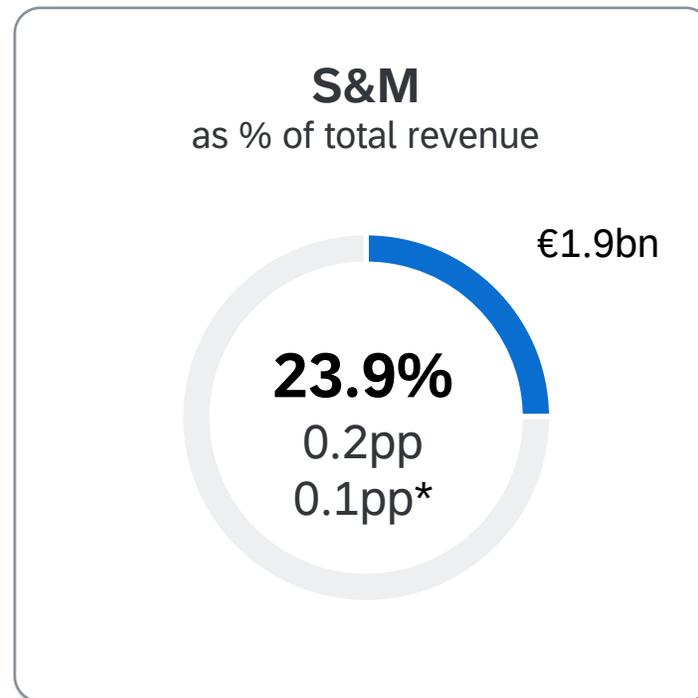
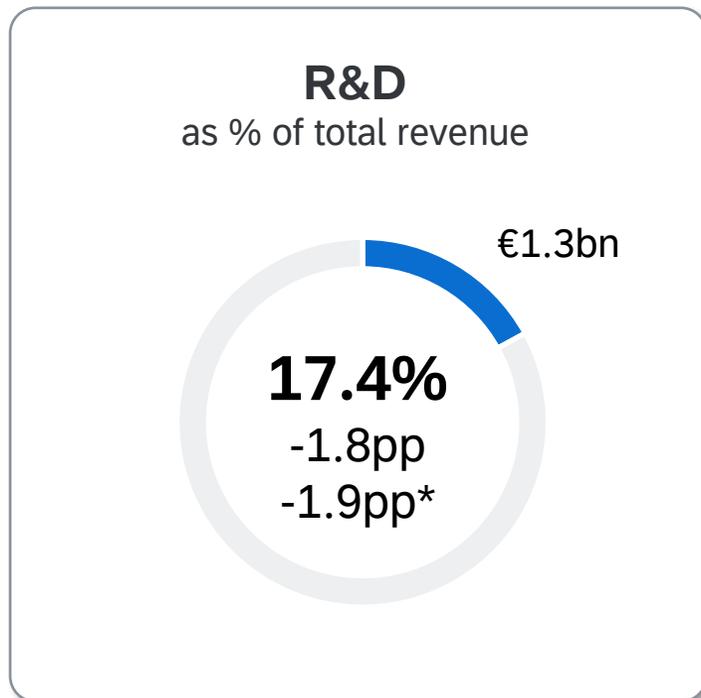
Appendix

# Gross margin development

Non-IFRS, in percent as reported	FY 21	Q1 22	Q2 22	Q3 22	Q4 22	FY 22	Q1 23	Q2 23	Q3 23
Cloud	68.4	68.9	71.2	70.8	70.3	70.3	71.4	72.2	73.7
SaaS	71.3	71.3	72.6	73.4	71.0	72.1	71.6	72.5	73.9
PaaS	81.7	80.7	81.3	79.7	81.6	80.8	84.3	83.9	84.7
IaaS	32.6	30.7	43.3	29.4	38.4	35.5	38.0	36.6	37.4
Software Licenses & Support	89.7	89.7	90.7	90.7	91.4	90.7	89.2	90.7	90.4
Cloud & Software	81.7	80.5	81.9	81.4	82.1	81.5	80.3	81.2	81.7
Services	30.3	28.3	27.9	32.4	29.8	29.7	29.5	28.0	29.5
Total Gross Margin	74.9	73.1	74.3	74.4	75.1	74.3	72.9	73.8	74.5

# Cost ratios: Third quarter 2023

€7.7bn Total revenue

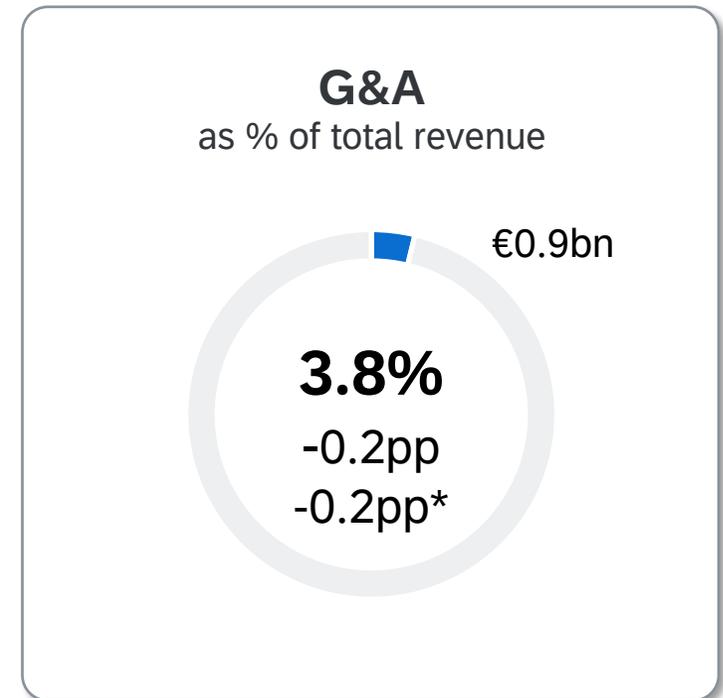
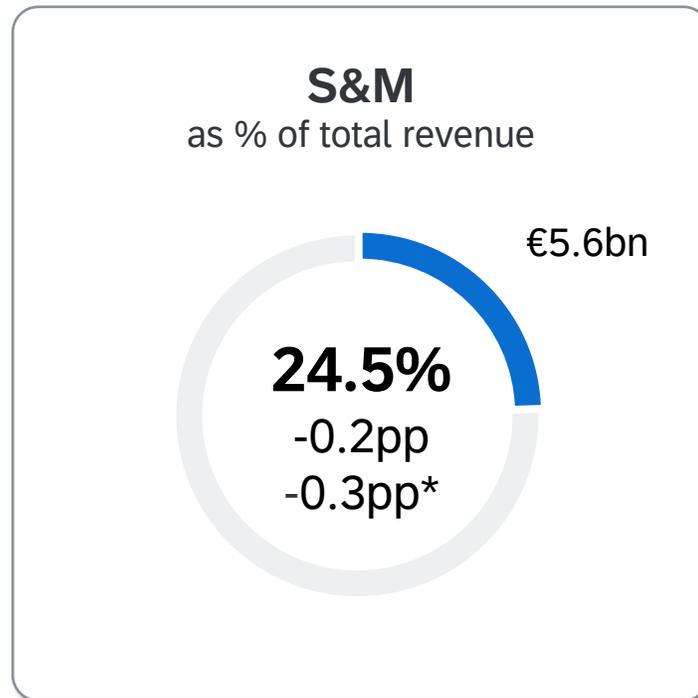
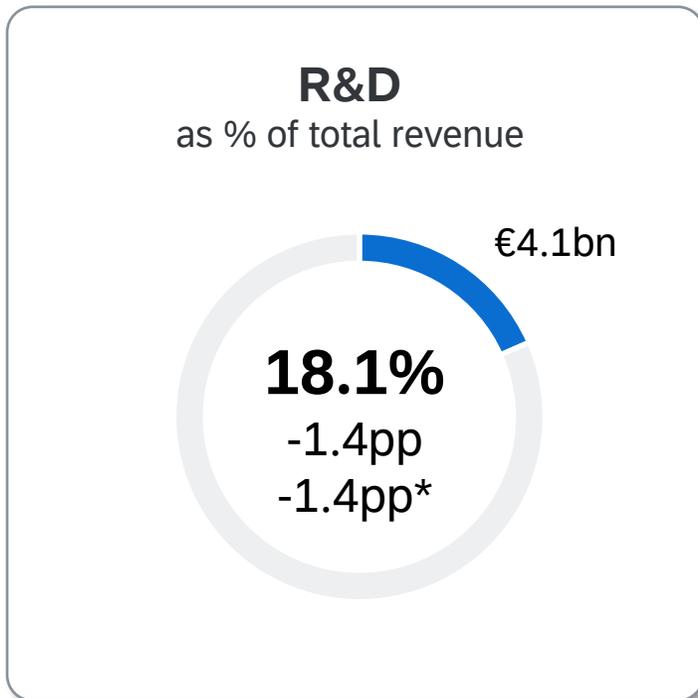


All numbers are Non-IFRS unless otherwise stated.

\*Non-IFRS at constant currencies

# Cost ratios: First nine months 2023

€22.7bn Total revenue



All numbers are Non-IFRS unless otherwise stated.

\*Non-IFRS at constant currencies

Appendix

## Balance sheet condensed: September 30, 2023 – IFRS

### Assets

€ millions	09/30/23	12/31/22
Cash, cash equivalents and other financial assets	12,428	9,860
Trade and other receivables	5,355	6,236
Other current assets	3,035	2,426
<b>Total current assets</b>	<b>20,817</b>	<b>18,522</b>
Goodwill	29,144	33,077
Intangible assets	2,190	3,835
Property, plant, and equipment	4,402	4,934
Other non-current assets	11,458	11,792
<b>Total non-current assets</b>	<b>47,194</b>	<b>53,638</b>
<b>Total assets</b>	<b>68,011</b>	<b>72,159</b>

### Equity and liabilities

€ millions	09/30/23	12/31/22
Trade and other payables	1,618	2,147
Provisions	276	90
Other liabilities	6,241	9,908
Contract liabilities, current	5,256	5,309
<b>Total current liabilities</b>	<b>13,391</b>	<b>17,453</b>
Financial liabilities	9,222	9,547
Provisions	343	359
Contract liabilities, non-current	24	33
Other non-current liabilities	1,783	1,918
<b>Total non-current liabilities</b>	<b>11,373</b>	<b>11,858</b>
<b>Total liabilities</b>	<b>24,764</b>	<b>29,311</b>
<b>Total equity</b>	<b>43,247</b>	<b>42,848</b>
<b>Total equity and liabilities</b>	<b>68,011</b>	<b>72,159</b>

Appendix

# Cash flow development

€ millions, unless otherwise stated

	YTD/23	YTD/22	Δ in %
Operating cash flow	4,284	3,653	+17
– Capital expenditure	–595	–685	–13
– Payments of lease liabilities	–266	–307	–13
Free cash flow	3,423	2,662	+29
Free cash flow in percent of total revenue	15%	12%	+3pp
Free cash flow in percent of profit after tax (IFRS)	143%	108%	+35pp

Due to rounding, numbers may not add up precisely

Appendix

# Net debt

€ millions, unless otherwise stated

	2023	2022
<b>Net Debt</b>   12/31/2022   PY: 12/31/2021	<b>-2,067</b>	-1,563
Operating cash flow	4,284	3,653
Capital expenditure	-595	-685
Payments of lease liabilities	-266	-307
Business combinations	0	-679
Dividends	-2,395	-2,865
Treasury shares	-718	-1,500
Net proceeds from Qualtrics sale	5,625	0
Other	-192	218
<b>Net Debt</b>   09/30/2023   PY: 09/30/2022	<b>3,677</b>	-3,728

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 continues to expect 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 Q3/22	Actual Amounts Q3/23	Est. Amounts FY/23
Non-IFRS adjustments			
Acquisition-related charges	€102m	€80m	€300m to €380m
Share-based payment expenses	€424m	€510m	€2,000m to €2,250m
Restructuring charges	-€8m	-€36m	€200m to €240m
Adjustment for regulatory compliance matter expenses	-	-	€170m
<b>Sum of all adjustments</b>	<b>-€518m</b>	<b>€554m</b>	<b>€2,670m to €3,040m</b>

Due to rounding, numbers may not add up precisely

# Expected currency impact 2023

## Expected Currency Impact Based on September 2023 Level Applied for 2023

in percentage points	Q4 23	FY 23
Cloud revenue growth	-5pp to -3pp	-4pp to -2pp
Cloud and software revenue growth	-4pp to -2pp	-4pp to -2pp
Operating profit growth (non-IFRS)	-4pp to -2pp	-5pp to -3pp