

# Debt Investors Call First Quarter 2015

Walldorf, Germany  
Monday, May 4, 2015

# Safe Harbor Statement

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Any statements contained in this document that are not historical facts are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “project,” “predict,” “should” and “will” and similar expressions as they relate to SAP are intended to identify such forward-looking statements. SAP undertakes no obligation to publicly update or revise any forward-looking statements. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. The factors that could affect SAP’s future financial results are discussed more fully in SAP’s filings with the U.S. Securities and Exchange Commission (“SEC”), including SAP’s most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates.

# Agenda

## Income Statement

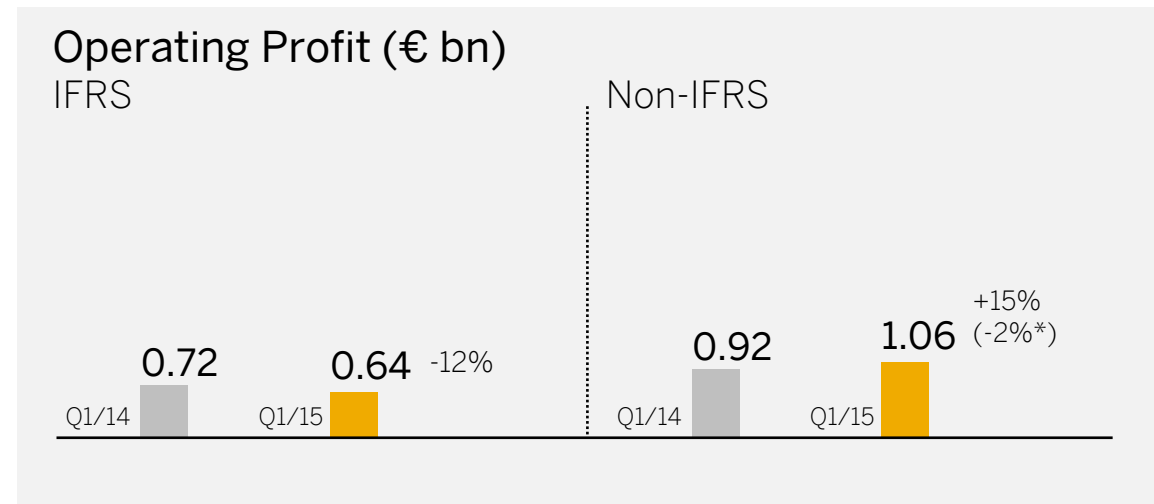
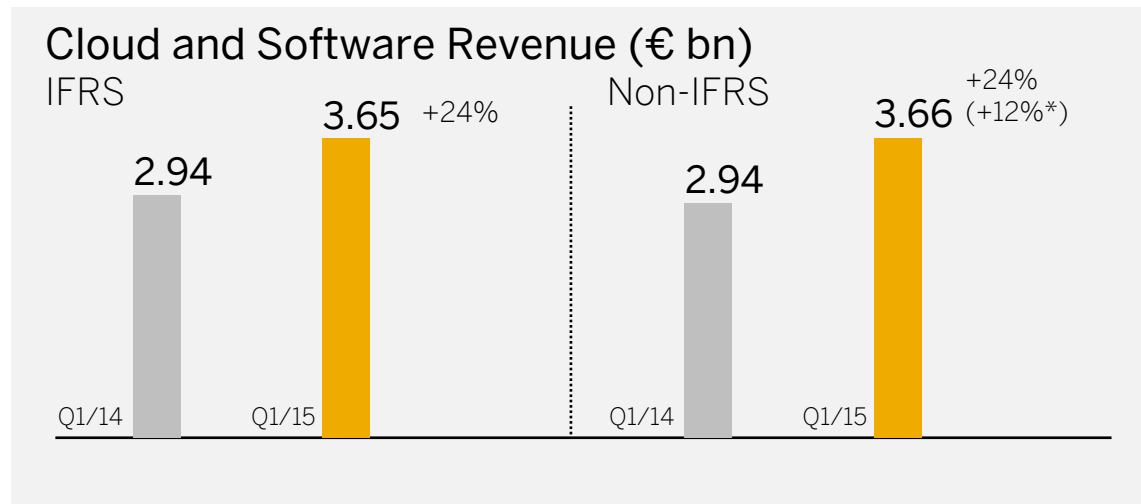
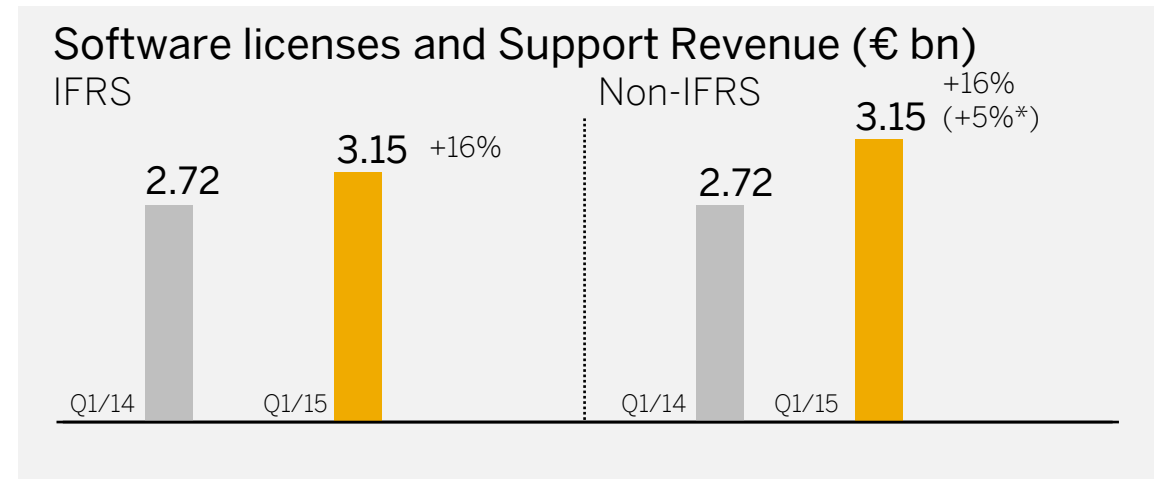
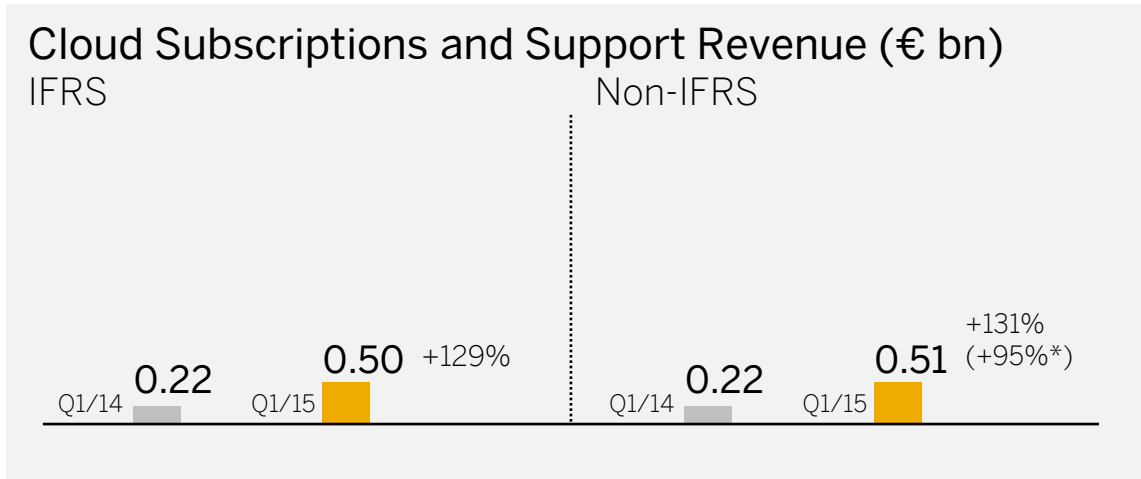
Outlook - 2015

Balance Sheet and Cash Flow Analysis

Other Topics

- I. Completing the Concur Acquisition Re-financing
- II. Debt Maturity Profile

# Key performance metrics Q1 2015



\* At constant currencies

# Transitioning to the cloud

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- **Non-IFRS cloud subscriptions and support revenue:** +131% yoy to €509m (+95% at cc)<sup>1)</sup>
- **New cloud bookings** – key measure for SAP’s sales success in the cloud: +121% to €120m<sup>2)</sup>
- **Cloud subscriptions & support backlog<sup>3)</sup>:** €2.3bn as of Dec 31, 2014, +94% yoy
- **Cloud applications total subscribers:** ~80 million
- **SAP Business Network:**
  - the world’s largest network of its kind
  - brings together Ariba, Concur and Fieldglass into one operating unit which is reported as a separate business segment
  - total segment revenue was €368m in Q1, yoy +207% at cc
  - ~1.8m connected companies trade >\$750bn of frictionless commerce<sup>4)</sup> on this network.

1) For Q1/15, Fieldglass contributed €19m and Concur contributed €128m to SAP’s Non-IFRS cloud subscriptions and support revenue at constant currencies.

2) New cloud bookings consist of all order entry of a given period that is expected to be classified as cloud subscription and support revenue and results from purchases by new customers and from incremental purchases by existing customers. The order amount must be contractually committed (i.e. variable amounts from pay-per-use and similar arrangements are not included). Consequently, due to their uncommitted pay-per-use nature Ariba and Fieldglass network transaction fees are not reflected in the new cloud bookings metric. Amounts included in the measure are annualized. Concur contributed €35 million to SAP’s new cloud bookings in the first quarter.

3) Cloud subscription and support backlog represents expected future cloud subscriptions&support revenue that is contracted but not yet invoiced and thus not recorded in deferred revenue.

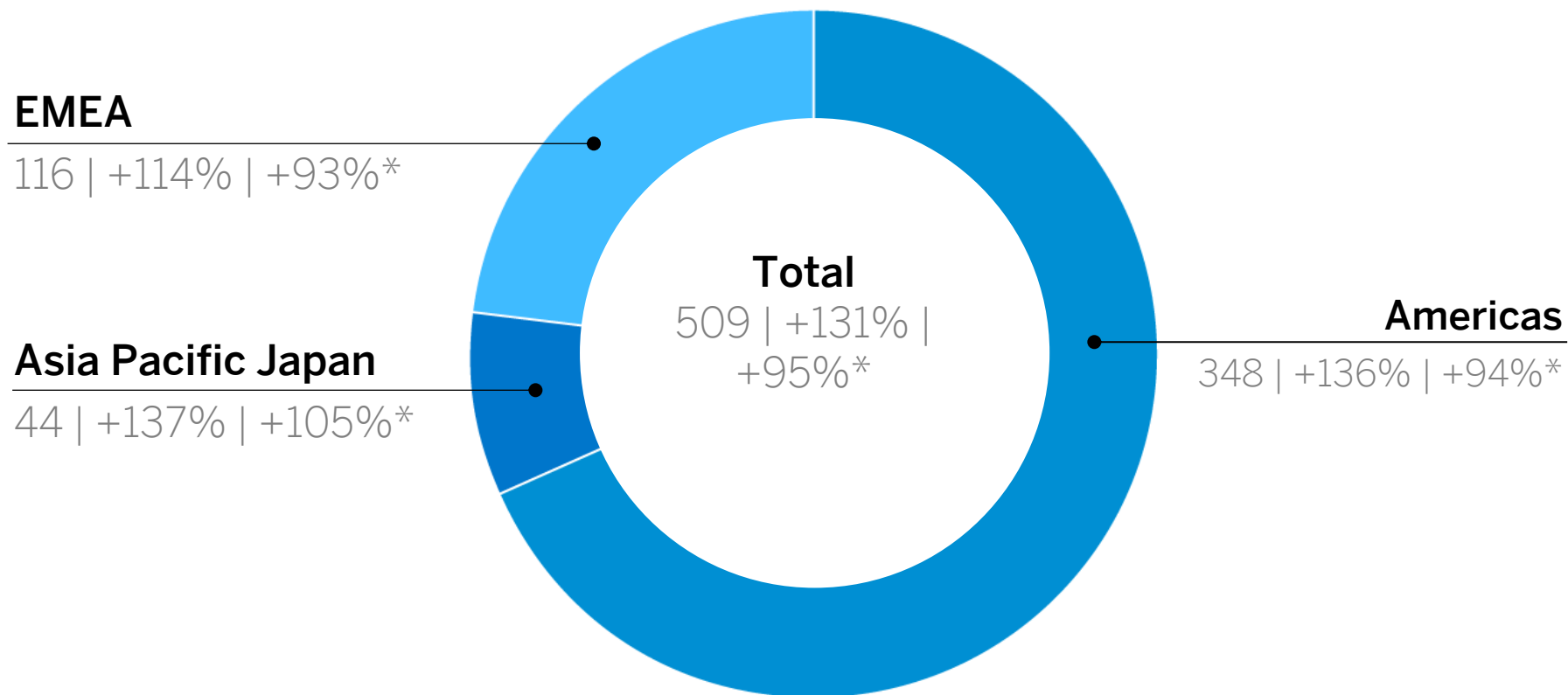
4) Network spend volume is the total value of purchase orders transacted on the Ariba, Concur and Fieldglass Networks in the trailing 12 months.

# Cloud subscriptions and support revenue by region\*\*

## Q1 2015

€ millions | yoy percent change

Non-IFRS



\* At constant currencies

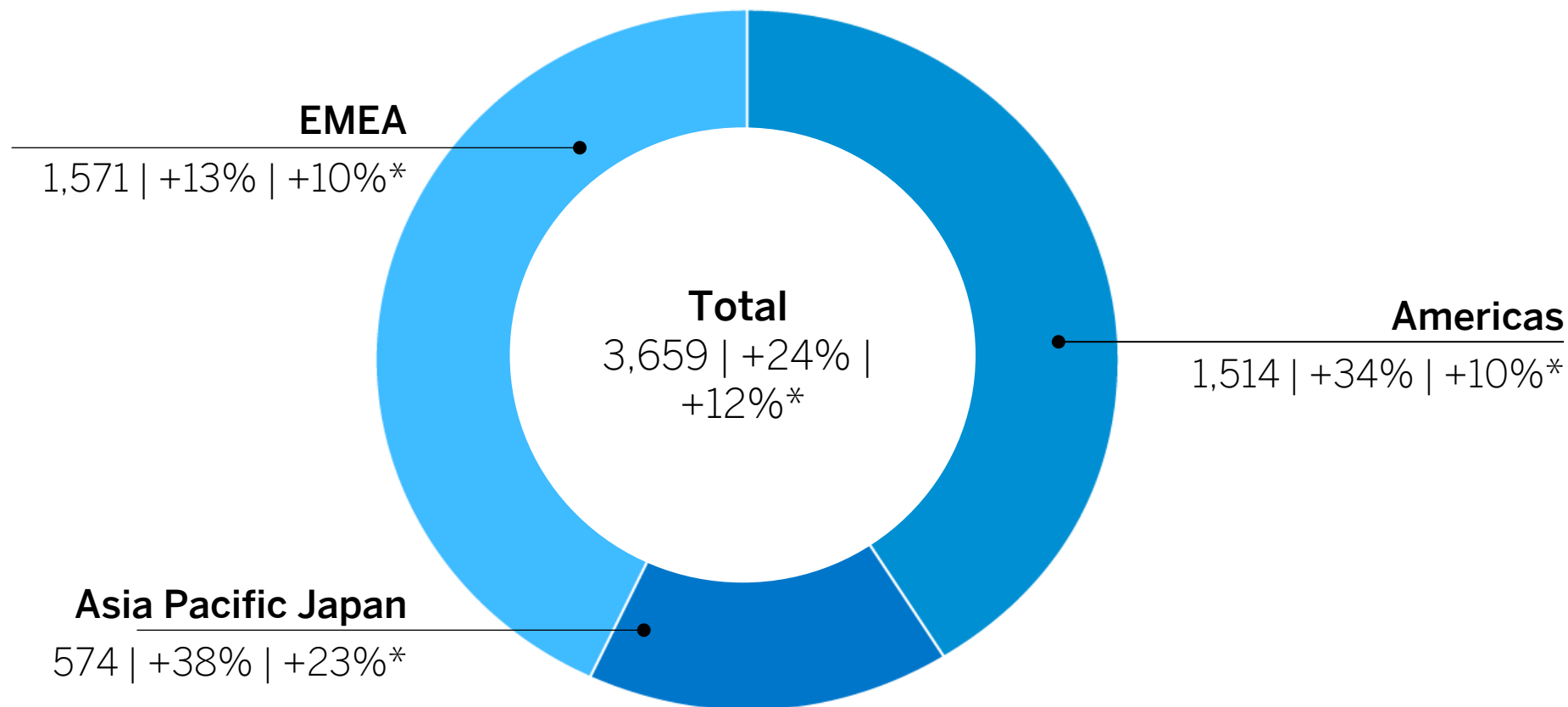
\*\* Non-IFRS revenue is presented by region based on customer location

# Cloud and software revenue by region\*\*

## Q1 2015

€ millions | yoy percent change

Non-IFRS



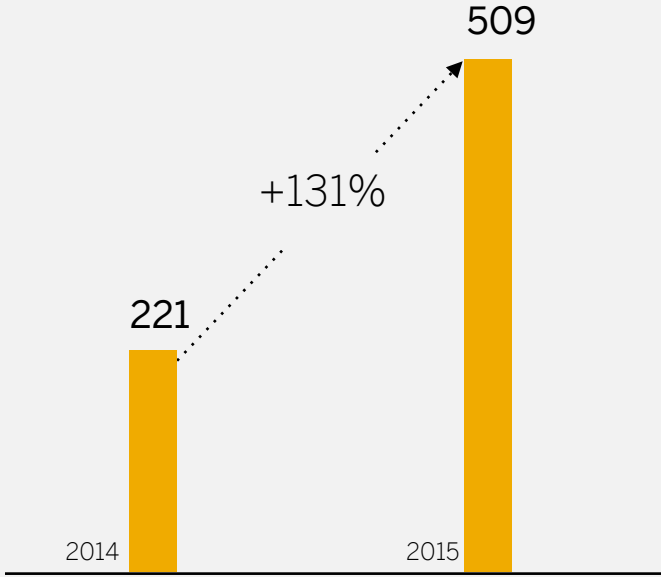
\* At constant currencies

\*\* Non-IFRS revenue is presented by region based on customer location

# Powerful mix shift to high growth Cloud business leading to higher share of predictable revenue

## Cloud subscriptions and support revenue

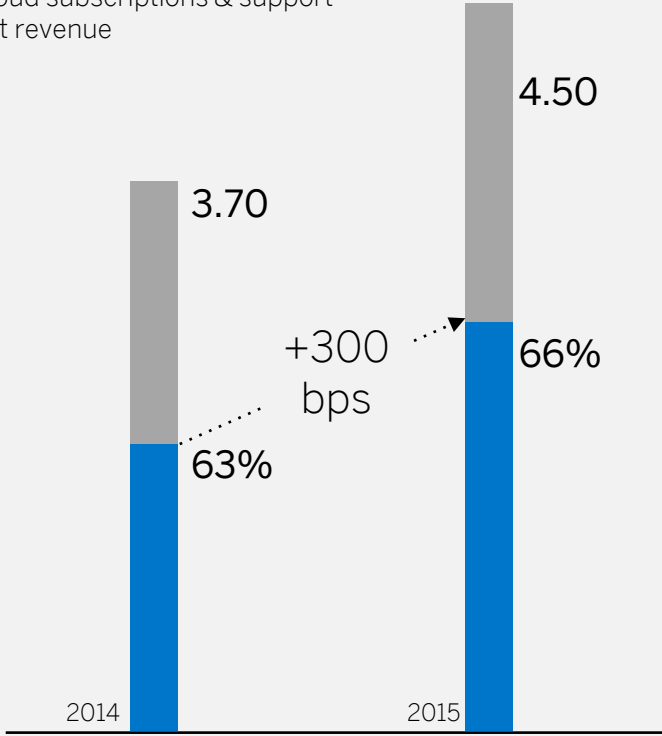
Non-IFRS, in € million



## Combined total revenue

Non-IFRS, in € billion

■ Share of Cloud subscriptions & support and support revenue





# SAP is able to drive the combination of fast cloud topline growth and expanding profit at the same time

€ millions, unless otherwise stated

	IFRS			Non-IFRS			
	Q1/15	Q1/14	Δ%	Q1/15	Q1/14	Δ%	Δ% at cc
<b>Revenue Numbers</b>							
Cloud subscriptions and support	503	219	129	509	221	131	95
Software licenses	696	623	12	696	623	12	1
Software support	2,454	2,097	17	2,454	2,098	17	7
Software licenses and support	3,150	2,720	16	3,150	2,722	16	5
<b>Cloud and software</b>	<b>3,653</b>	<b>2,939</b>	<b>24</b>	<b>3,659</b>	<b>2,942</b>	<b>24</b>	<b>12</b>
<b>Services revenue</b>	<b>844</b>	<b>759</b>	<b>11</b>	<b>844</b>	<b>759</b>	<b>11</b>	<b>0</b>
<b>Total revenue</b>	<b>4,497</b>	<b>3,698</b>	<b>22</b>	<b>4,502</b>	<b>3,701</b>	<b>22</b>	<b>10</b>
<b>Operating Expense Numbers</b>							
<b>Total operating expenses</b>	<b>-3,859</b>	<b>-2,975</b>	<b>30</b>	<b>-3,446</b>	<b>-2,782</b>	<b>24</b>	<b>13</b>
<b>Profit Numbers</b>							
<b>Operating profit</b>	<b>638</b>	<b>723</b>	<b>-12</b>	<b>1,056</b>	<b>919</b>	<b>15</b>	<b>-2</b>
Finance income, net	-11	-9	26	-11	-9	26	
<b>Profit before tax</b>	<b>478</b>	<b>704</b>	<b>-32</b>	<b>897</b>	<b>900</b>	<b>0</b>	
Income tax expense	-65	-170	-62	-200	-233	-14	
<b>Profit after tax</b>	<b>413</b>	<b>534</b>	<b>-23</b>	<b>697</b>	<b>667</b>	<b>5</b>	
<b>Operating margin in %</b>	<b>14.2</b>	<b>19.5</b>	<b>-5,4pp</b>	<b>23.5</b>	<b>24.8</b>	<b>-1,4pp</b>	<b>-2,6pp</b>
<b>Basic earnings per share, in €</b>	<b>0.35</b>	<b>0.45</b>	<b>-23</b>	<b>0.58</b>	<b>0.56</b>	<b>5</b>	

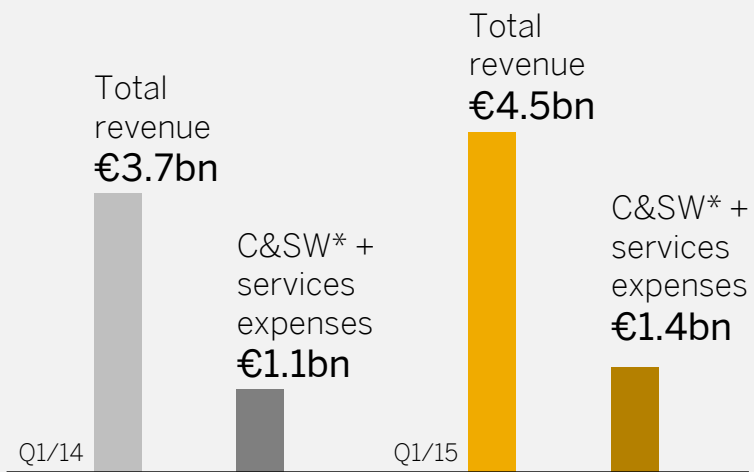
# Gross margin declined by 80 bps

## Q1 2015

Non-IFRS, Q1/15

### Gross Margin

68.6% | -0,8pp



### Cloud and Software Margin

82.4% | -0,5pp



### Services-related Margin

9.0% | -8,3pp



\* Cloud & Software revenues / expenses

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**Outlook - 2015**

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# Outlook for the full-year 2015

	Actual Performance 3M/15	SAP's Outlook FY 2015	Basis for Comparison 2014
Cloud subscription and support revenue (Non-IFRS at cc)	€430m (+95%)	€1.95bn to €2.05bn (upper end +86%*)	€1.10bn
Cloud and Software Revenue (Non-IFRS at cc)	+ 12%	+ 8% to 10%	€14.33bn
Operating Profit (Non-IFRS at cc)	€902m	€5.6bn to €5.9bn	€5.64bn

While the Company's full-year 2015 business outlook is at constant currencies, actual currency reported figures are expected to continue to be impacted by currency exchange rate fluctuations. If exchange rates remain at the March 2015 average rates for the rest of the year, the Company expects non-IFRS cloud & software revenue growth rate to experience a currency benefit in a range of 8 to 11 pp for the FY/15 (10 to 13 pp for Q2/15) and its non-IFRS operating profit growth rate at actual currencies to experience a currency benefit in a range of 10 to 13 pp for the FY/15 (12 to 15 pp for Q2/15).

The above mentioned indication for the expected currency exchange rate impact on actual currency reported figures replaces the earlier indication disclosed in SAP's 20-F 2014 announced on March 20, 2015.

\* The upper end of this range represents a growth rate of 86% at constant currencies. Concur and Fieldglass are expected to contribute approximately 50 percentage points to this growth.

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# Balance sheet, condensed

## March 31, 2015, IFRS

<b>Assets</b> € millions	03/31/15	12/31/14
Cash, cash equivalents and other financial assets	5,594	4,006
Trade and other receivables	5,536	4,330
Other non-financial assets and tax assets	726	644
<b>Total current assets</b>	<b>11,855</b>	<b>8,980</b>
Goodwill	22,838	20,945
Intangible assets	4,895	4,608
Property, plant, and equipment	2,184	2,102
Other non-current assets	2,159	1,872
<b>Total non-current assets</b>	<b>32,076</b>	<b>29,527</b>
<b>Total assets</b>	<b>43,931</b>	<b>38,507</b>

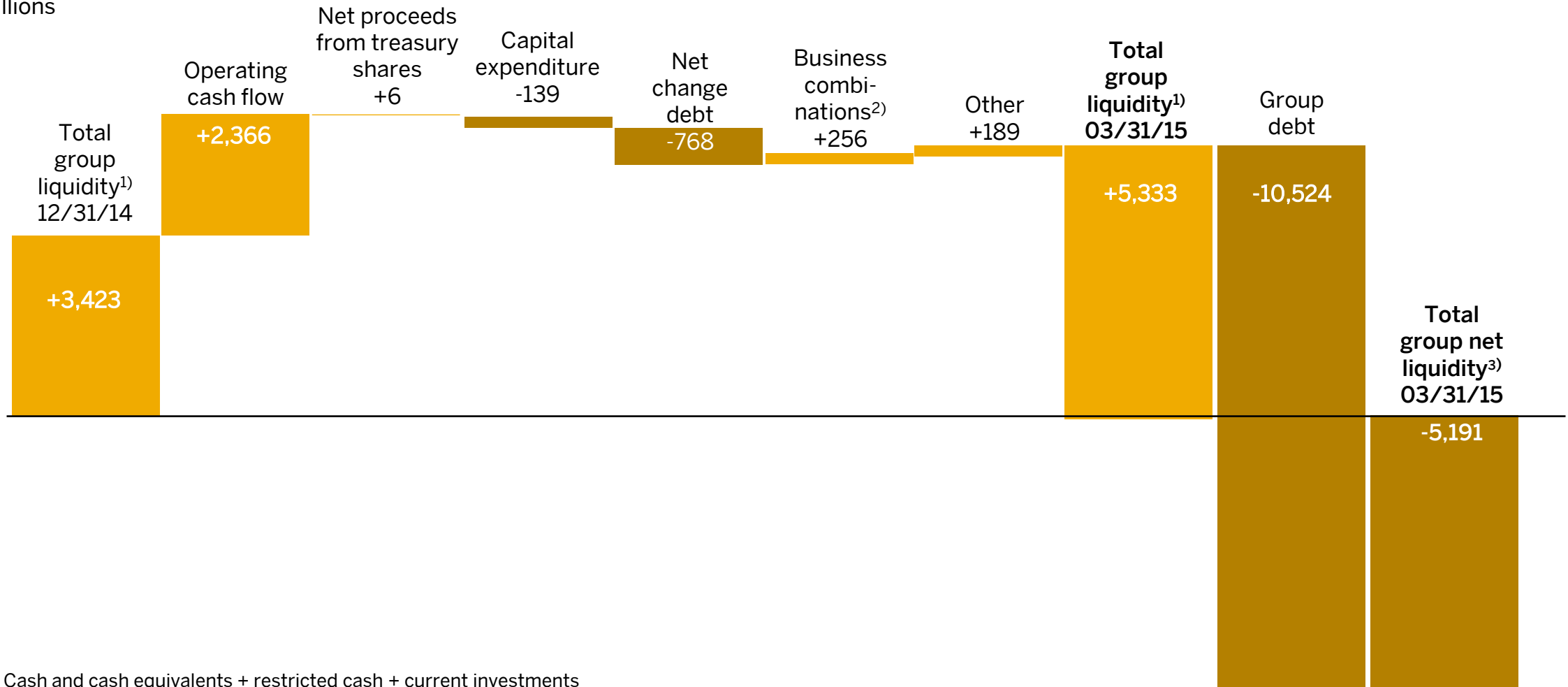
<b>Equity and liabilities</b> € millions	03/31/15	12/31/14
Trade and other payables	956	1007
Deferred income	5,534	1,681
Provisions	216	150
Other liabilities	4,248	5,707
<b>Current liabilities</b>	<b>10,954</b>	<b>8,544</b>
Financial liabilities	9,282	8,980
Provisions	182	149
Deferred income	68	78
Other non-current liabilities	1,144	1,158
<b>Non current liabilities</b>	<b>10,676</b>	<b>10,336</b>
<b>Total liabilities</b>	<b>21,629</b>	<b>18,909</b>
<b>Total equity</b>	<b>22,302</b>	<b>19,598</b>
<b>Equity and liabilities</b>	<b>43,931</b>	<b>38,507</b>

# Operating cash flow increased by 1% to €2.37bn

€ millions, unless otherwise stated	01/01/15 - 03/31/15	01/01/14 - 03/31/14	Δ
Operating cash flow	2,366	2,352	+1%
- Capital expenditure	-139	-130	+7%
Free cash flow	2,227	2,222	+/-0%
Free cash flow as a percentage of total revenue	50%	60%	-10pp
Cash conversion rate	5.73	4.40	+30%
Days sales outstanding (DSO in days)	67	63	+4

# Total group liquidity improved by more than €1,9bn

€ millions



1) Cash and cash equivalents + restricted cash + current investments

2) Includes positive effect resulting from cash receipts from derivate financial instruments related to business combinations of EUR266 M

3) Group Net Liquidity defined as Total Group Liquidity minus Group debt– for more details see first quarter 2015 Interim Report



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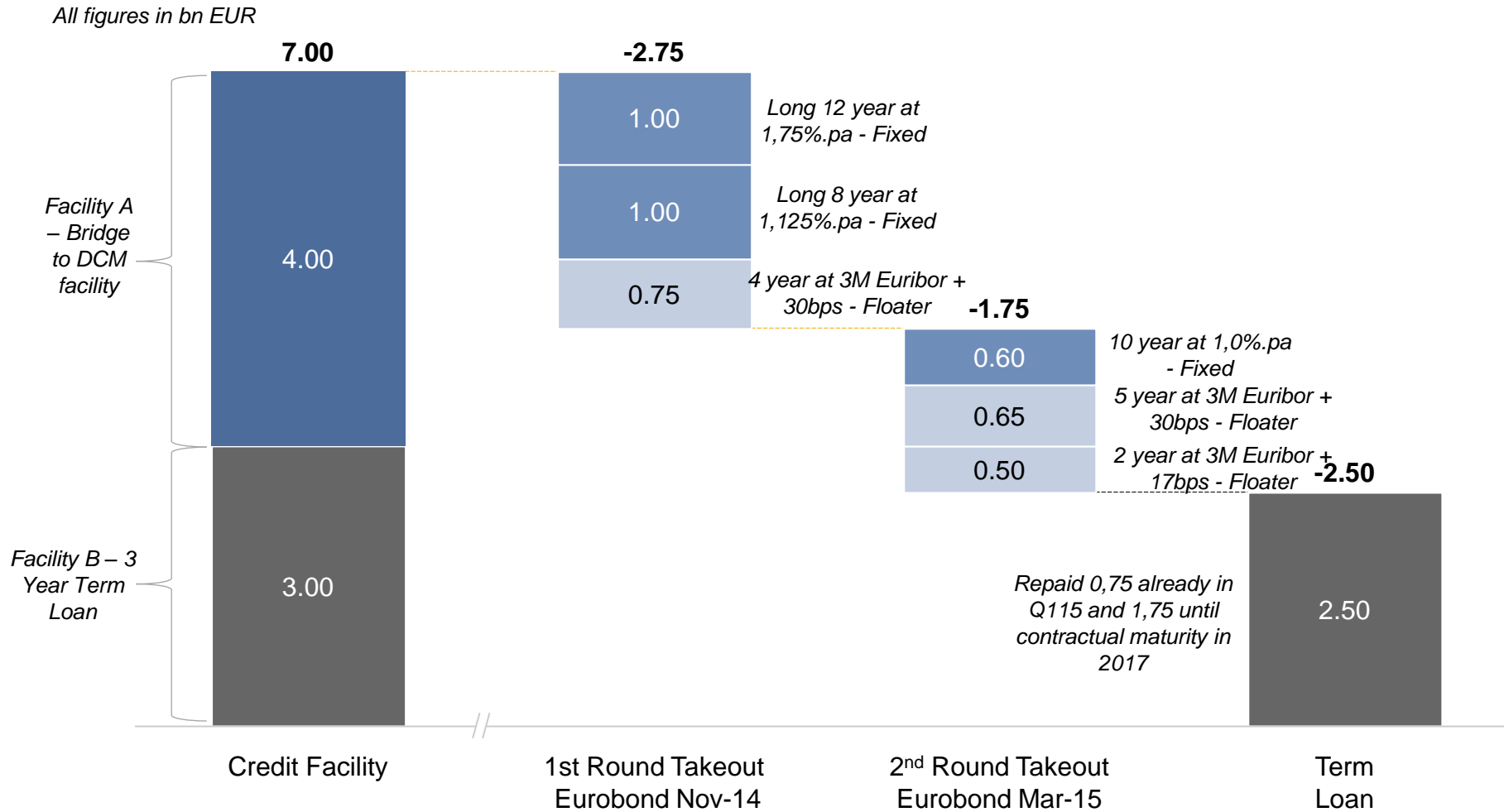
Balance Sheet and Cash Flow Analysis

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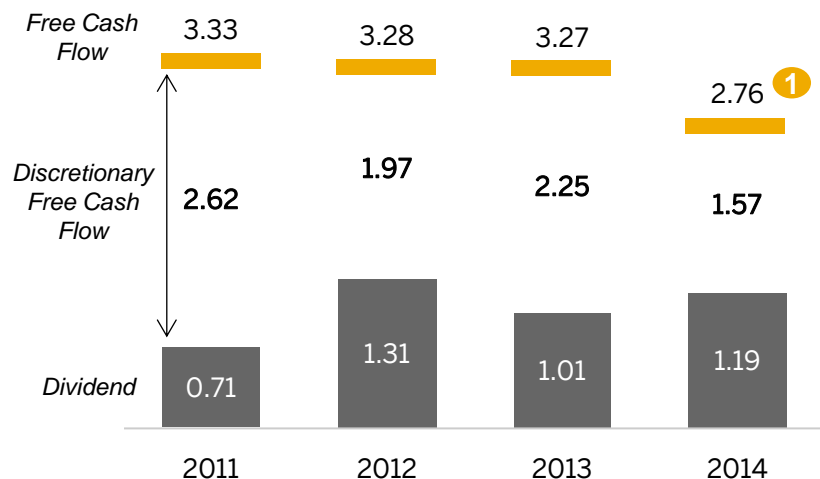
# Completion of the Concur Refinancing

€ millions



# Sufficient discretionary free cash flow generation to cover debt repayments

## Discretionary Free Cash Flow <sup>i)</sup> - € billions



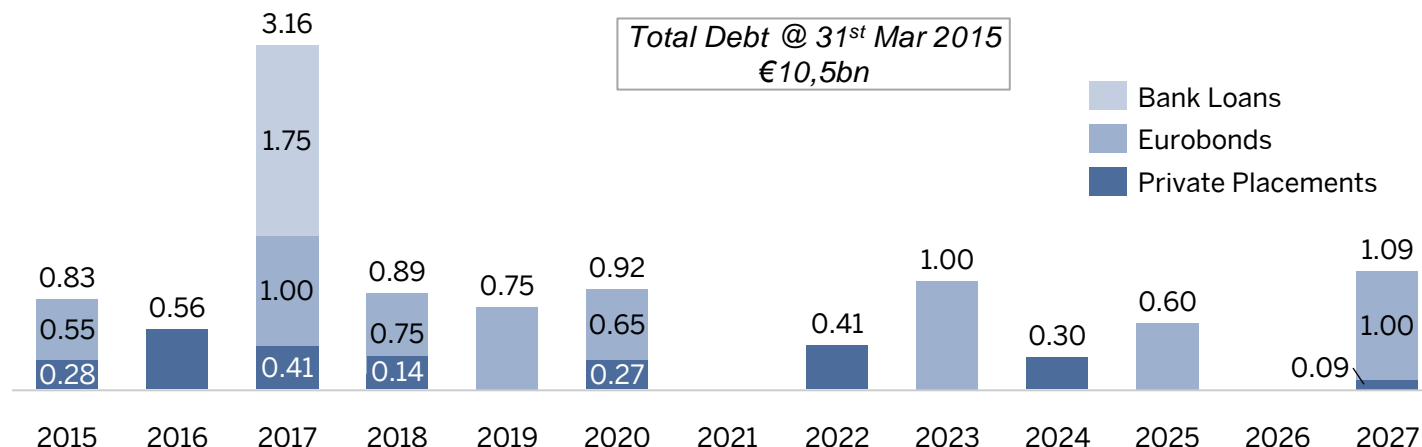
<sup>1</sup> Includes 555mEUR cash outflow for TomorrowNow and Versata litigation

Over the previous 4 years, on average, approximately €2.2bn of discretionary free cash flow generated per year <sup>ii)</sup>

i) Discretionary Free Cash Flow = Free cash flow less dividends

ii) Before litigation payments for TomorrowNow and Versata

## Contractual Debt Repayment - € billions



## Debt Closing Balance - € billions

