

SAP – Leading the Digital Transformation

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Safe Harbor Statement

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An introduction to SAP

Helping customers win in the new digital economy

SAP's long-term financial ambition

Why invest in SAP

Appendix

SAP is running the world's mission-critical business processes

76% of the world's transaction revenue touches an SAP system

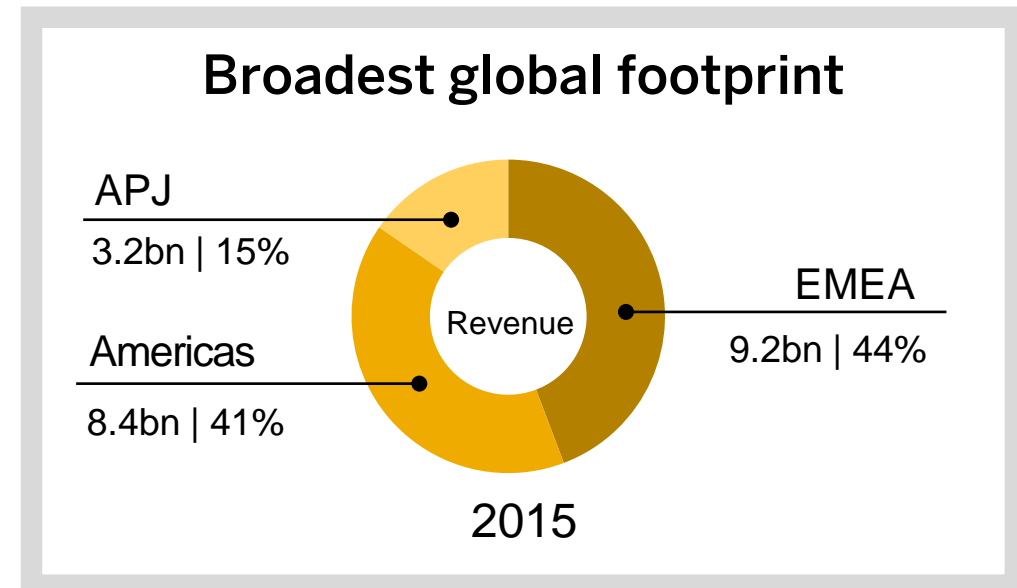
SAP touches **\$16 trillion** of consumer purchases around the world

SAP customers distribute more than **78%** of the world's food

SAP customers produce more than **82%** of the world's medical devices

SAP's brand value ranked **#22** of top 100 worldwide¹⁾

Among the **top 100** companies worldwide by market capitalization



¹⁾ Source: MillwardBrown 2016 BrandZ Top 100 Global Brands

For over 40 years, SAP has turned technological change into customer value

Business software & online processing

SAP R/1:

Enabled customers to get a complete view of their business with real-time processing of data across integrated modules for materials, procurement, and accounting.

Globalization & mainframe computing

SAP R/2:

Helped customers successfully manage large global enterprises on a mainframe architecture, while retaining the integration and real-time processing capabilities of SAP R/1.

Internet & client-server technologies

SAP R/3 and SAP ECC:

Enabled customers to take advantage of client-server and internet technologies. Created a unified graphical user interface and new functional components.

In-memory & cloud computing

SAP S/4HANA:

Helps customers thrive in the New Digital Economy. We are now focused on eradicating complexity and running live with our in-memory database technology SAP HANA and cloud computing.

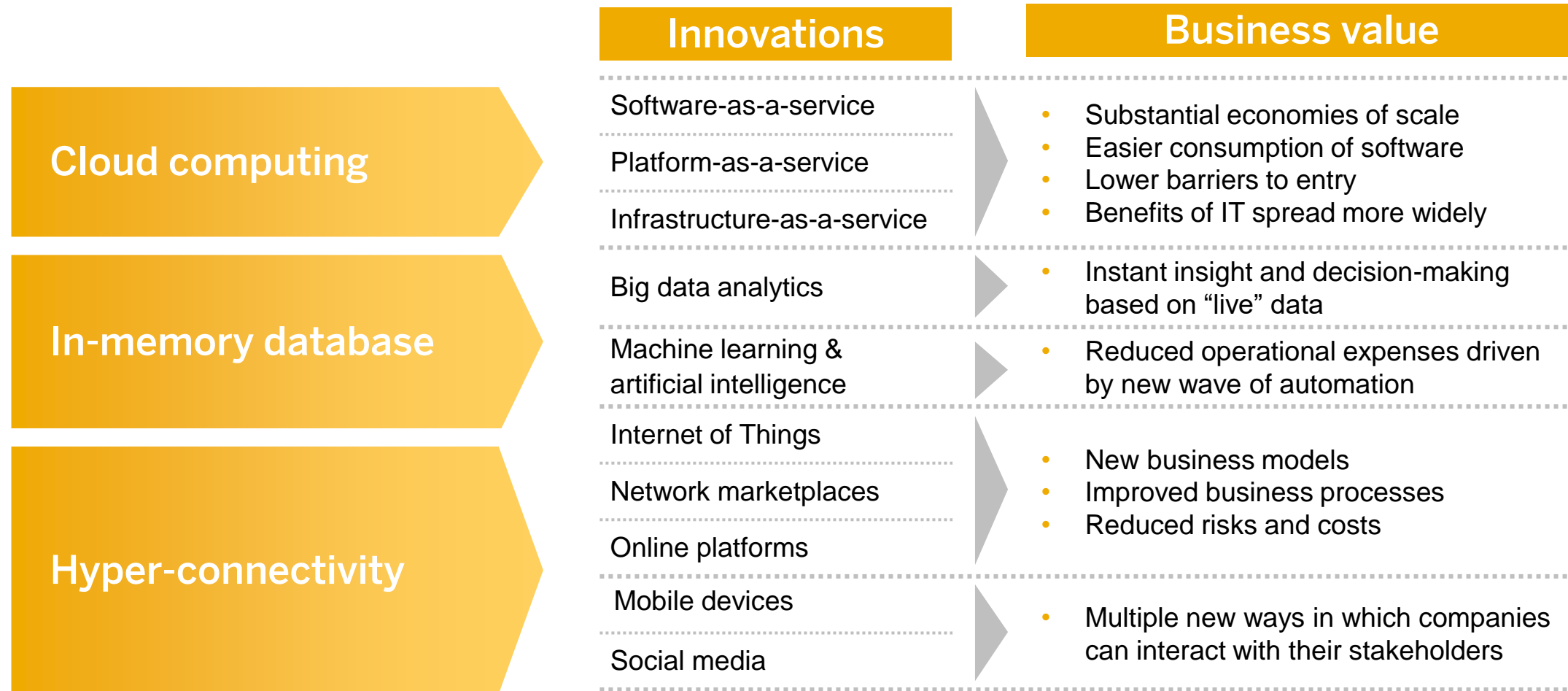
1972

1982

1992

2015

SAP will continue to drive business value – fueled by three powerful trends affecting all businesses in all industries



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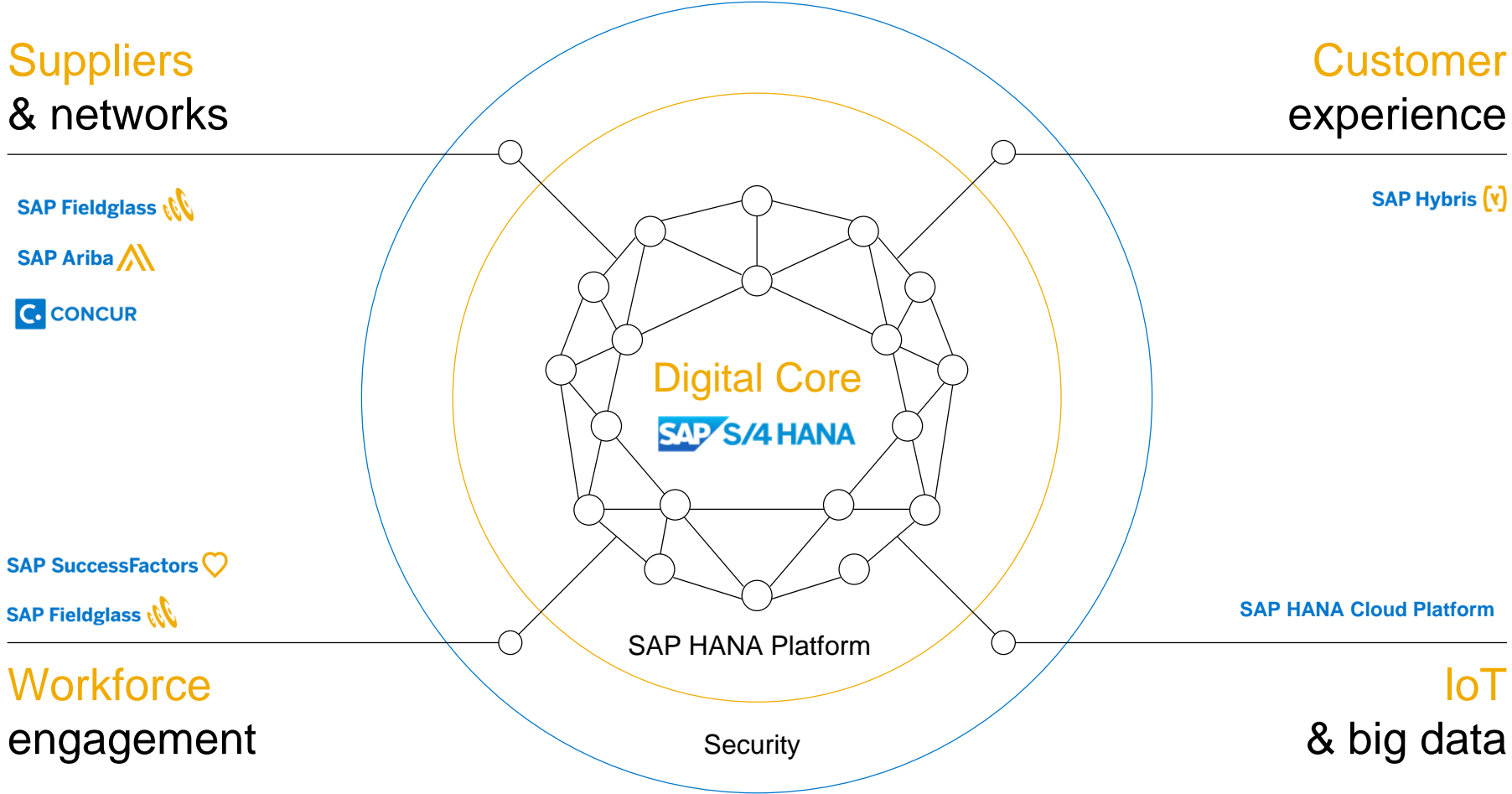
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Only SAP can help businesses implement their digital strategy



Companies can now run real time – based on a holistic view of the organization, instant insights, and predictive analytics



Total transparency

- Get a 360° view in real time
- Visualize insights in context
- Align on one source of truth

Instant insights

- Answer ad-hoc questions on-the-fly
- Analyze root causes
- Simulate impact of decisions

Simplified boardroom processes

- Reduce preparation time and effort

For a demo, visit
<https://www.youtube.com/watch?v=ofq7ygnWpbw>



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2016 outlook and long-term ambitions



Cloud subscriptions	€2.30bn	€2.95 – €3.05bn	€3.8 – €4.0bn	€7.5 – €8bn
Cloud & Software	€17.23bn	+6% to +8%		
Total revenue	€20.81bn		€23bn – €23.5bn	€26bn – €28bn
Share of more predictable revenue	60%		63% to 65%	70% to 75%
Operating profit	€6.35bn	€6.4 – €6.7bn	€6.7 – €7.0bn	€8 – €9bn

* All numbers non-IFRS

** All numbers non-IFRS and at constant currency

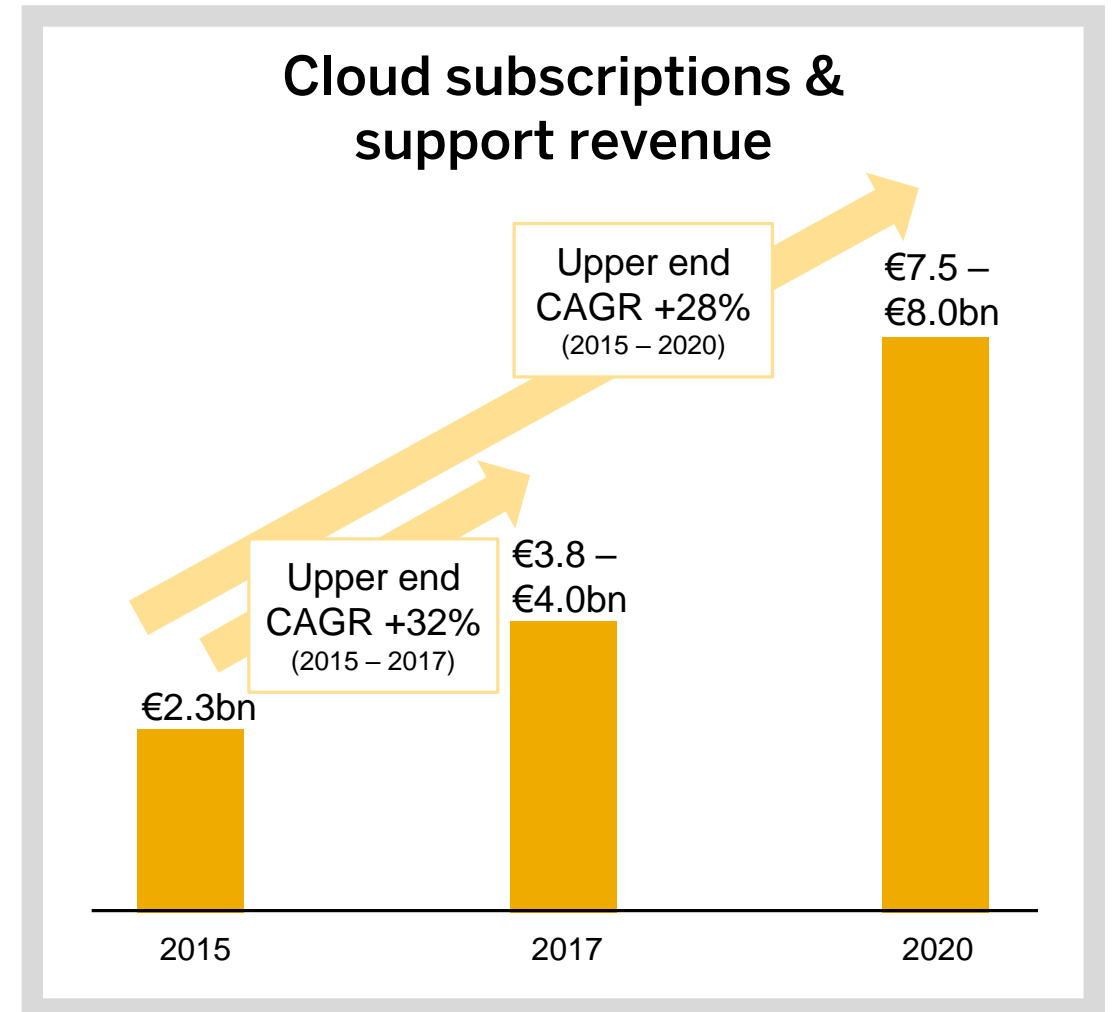
SAP continues to grow its cloud business rapidly

Well-positioned for strong growth in the cloud

- Broadest portfolio of best-in-class cloud offerings (SaaS offerings for LoB, CEC, and HCM solutions, business network solutions, early HEC traction)
- Extremely synergistic to SAP S/4HANA, providing tremendous cross and upsell opportunities
- Continued solid growth in New Cloud Bookings in Q2 2016
- Combination of backlog and deferred revenue indicates continued strength in contractually committed future cloud subscriptions and support revenue

High growth sustained through additional drivers

- Upscaling of SaaS offerings
- Expanding Concur internationally
- Expanding HEC and fostering a strong ecosystem (IaaS)
- Enhancing S/4HANA cloud editions (public & private)
- Refining the Digital Enterprise Platform (BusinessObjects Cloud, SAP HANA Cloud Platform, IoT Platform) (PaaS)



Our core business remains rock solid

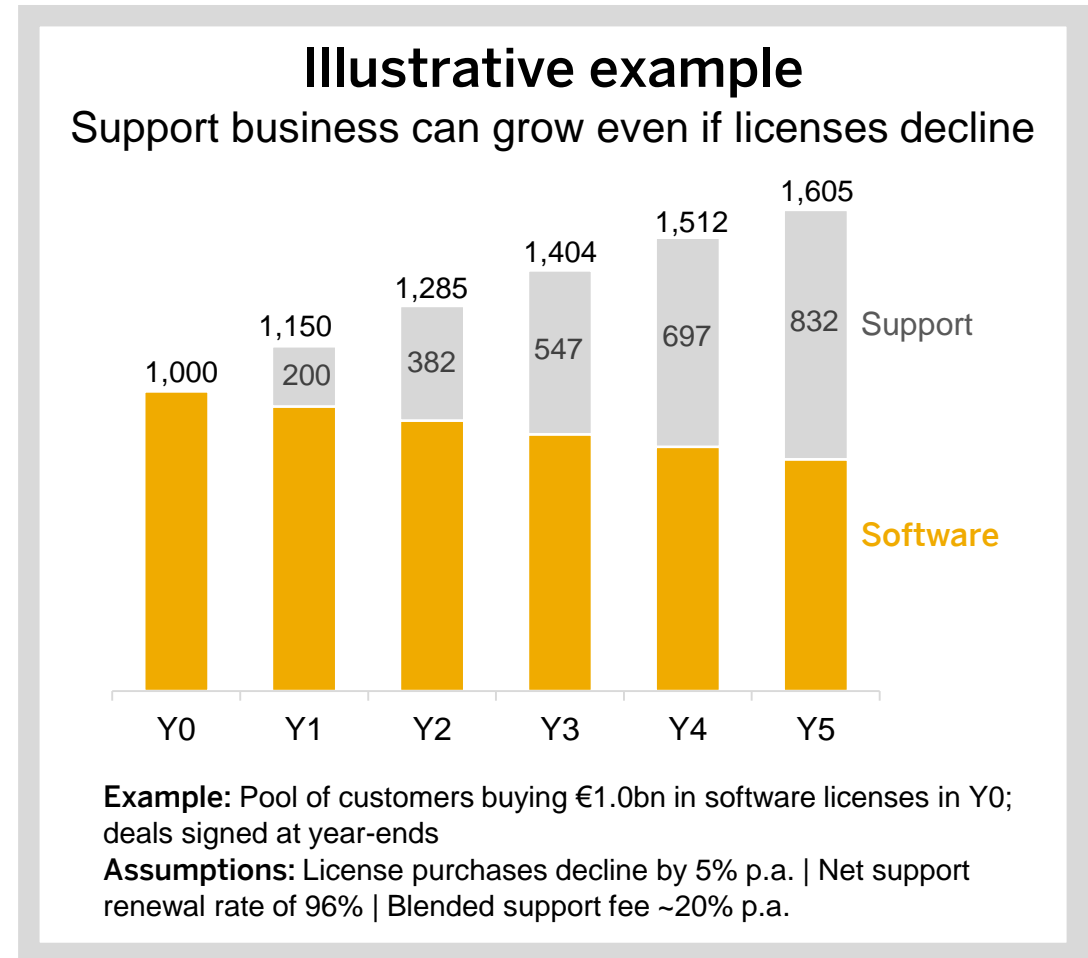
Software licenses revenue

- SAP S/4HANA innovation cycle catalyzes growth across SAP's innovation portfolio and strategic industries
- Certain solution areas – e.g. HCM, Procurement, CEC, T&E¹⁾ – are rapidly shifting to the cloud
- SAP S/4HANA now available as cloud subscription option
- 2016 outlook implies flattish license performance

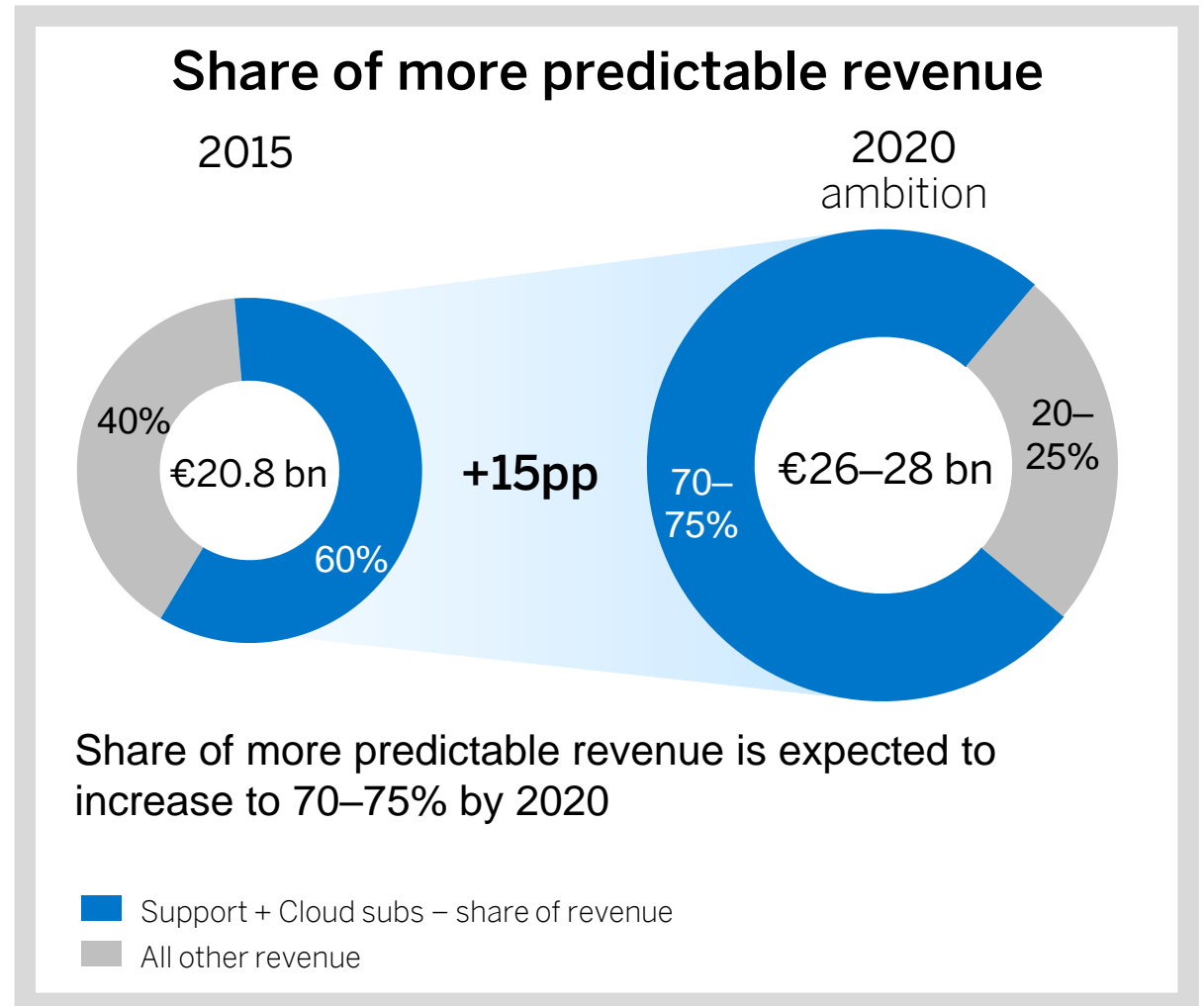
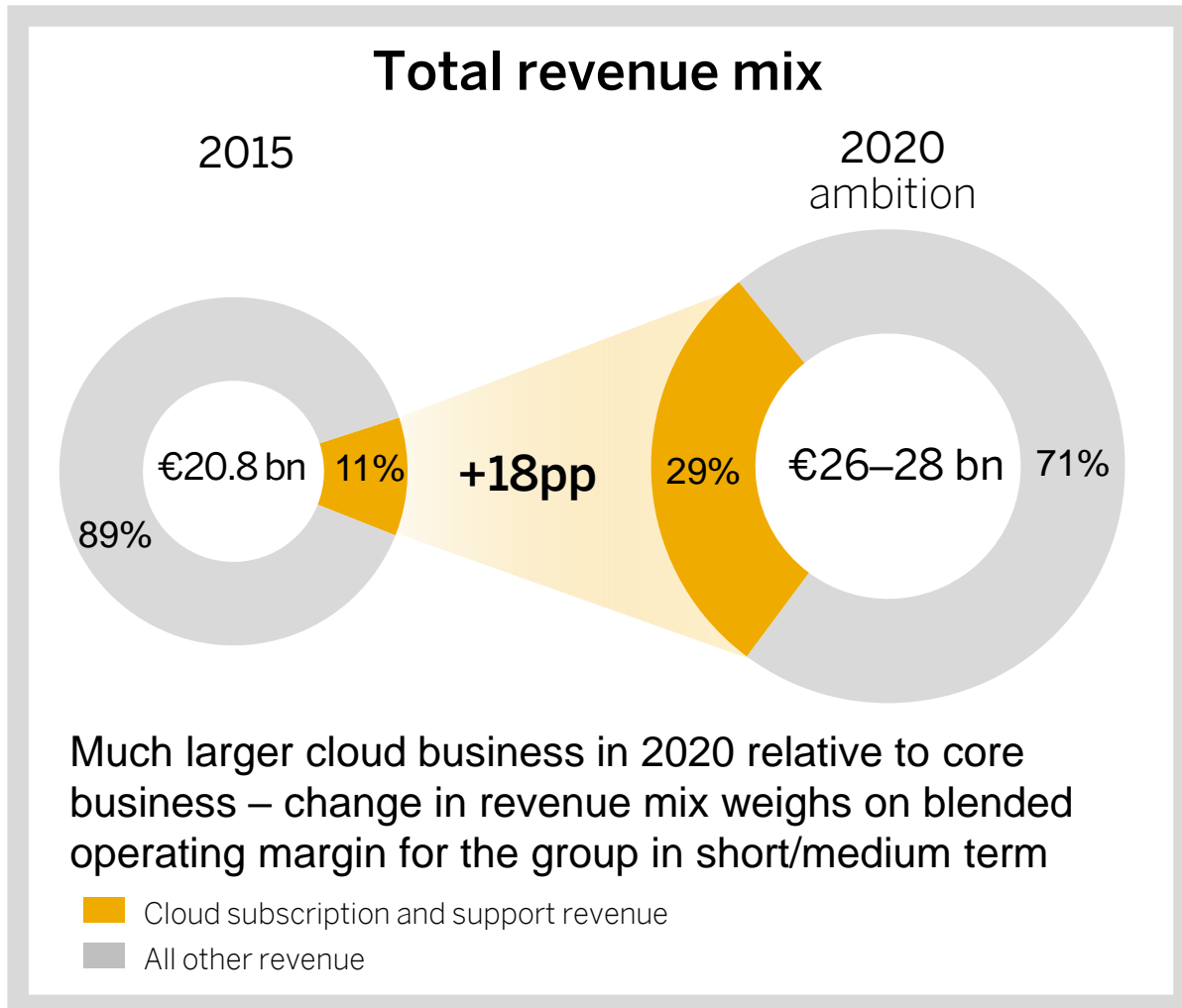
€10 billion+ support revenue base – and growing

- Very high renewal rates (~97%)
- Net support renewal rate is ~96%, reflecting well-received cloud conversion options and very large customers qualifying for PSLE (Product Support for Large Enterprises)
- The blended support fee across the entire support customer base is ~20%

¹⁾ HCM – Human Capital Management, CEC - Customer Engagement & Commerce, T&E – Travel & Expense

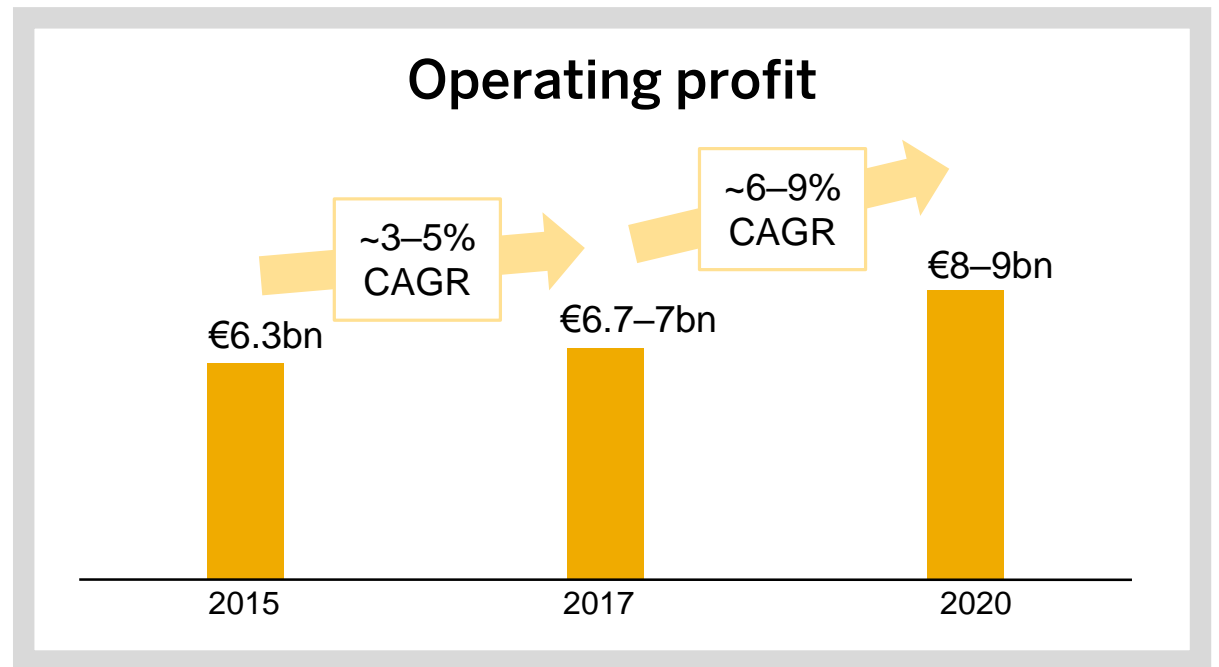


SAP is pushing towards a larger, stickier, more predictable business



Expanding absolute operating profit which drives operating cash flow

- Revenue mix shift means that managing to a blended group margin would discriminate against our fast growth businesses
- SAP is improving effectiveness and efficiency in each and every business, which all contribute to absolute operating profit growth
- Continued transformation of our services business – shift towards a stronger focus on customer outcome which drives higher adoption and renewals
- Expected 2016 hiring similar to 2015 to fuel our innovation engine
- Operating cash flow expected to show a positive trend in 2016 – following operating profit evolution and helped by lower restructuring related cash outflows



➔ Targeting accelerated operating profit expansion in 2018 and beyond

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Summary – Why invest in SAP

SAP's innovation leadership is helping customers win in the digital economy

- SAP runs the world's mission-critical business processes and is perfectly positioned at the top of the IT stack – close to the end user where the business value is generated
- In addition, SAP has developed the most advanced in-memory platform available today: SAP HANA
- Based on SAP's groundbreaking new architecture, SAP is in the early stages of a powerful multi-year innovation cycle with SAP S/4HANA as the digital core coupled with the most comprehensive, best-in-class cloud & network portfolio
- Only SAP offers customers choice of deployment model (cloud, on premise or hybrid) and seamless integration

SAP is outpacing the market in topline and bottom-line growth

- SAP's broad global footprint provides resilience in an uncertain world
- Powerful combination of a rapidly expanding cloud business and a growing core
- Successful business transformation – improve efficiency and effectiveness in each and every business
- Growing overall operating profit even as we continue to hire in fast growth areas such as S/4HANA, HCM, CEC, HCP (PaaS), Networks

SAP is pushing relentlessly towards a much more predictable business in the long term