

Second Quarter 2024 Results

Christian Klein, CEO
Dominik Asam, CFO

July 22, 2024

Public

SAP

Safe Harbor Statement

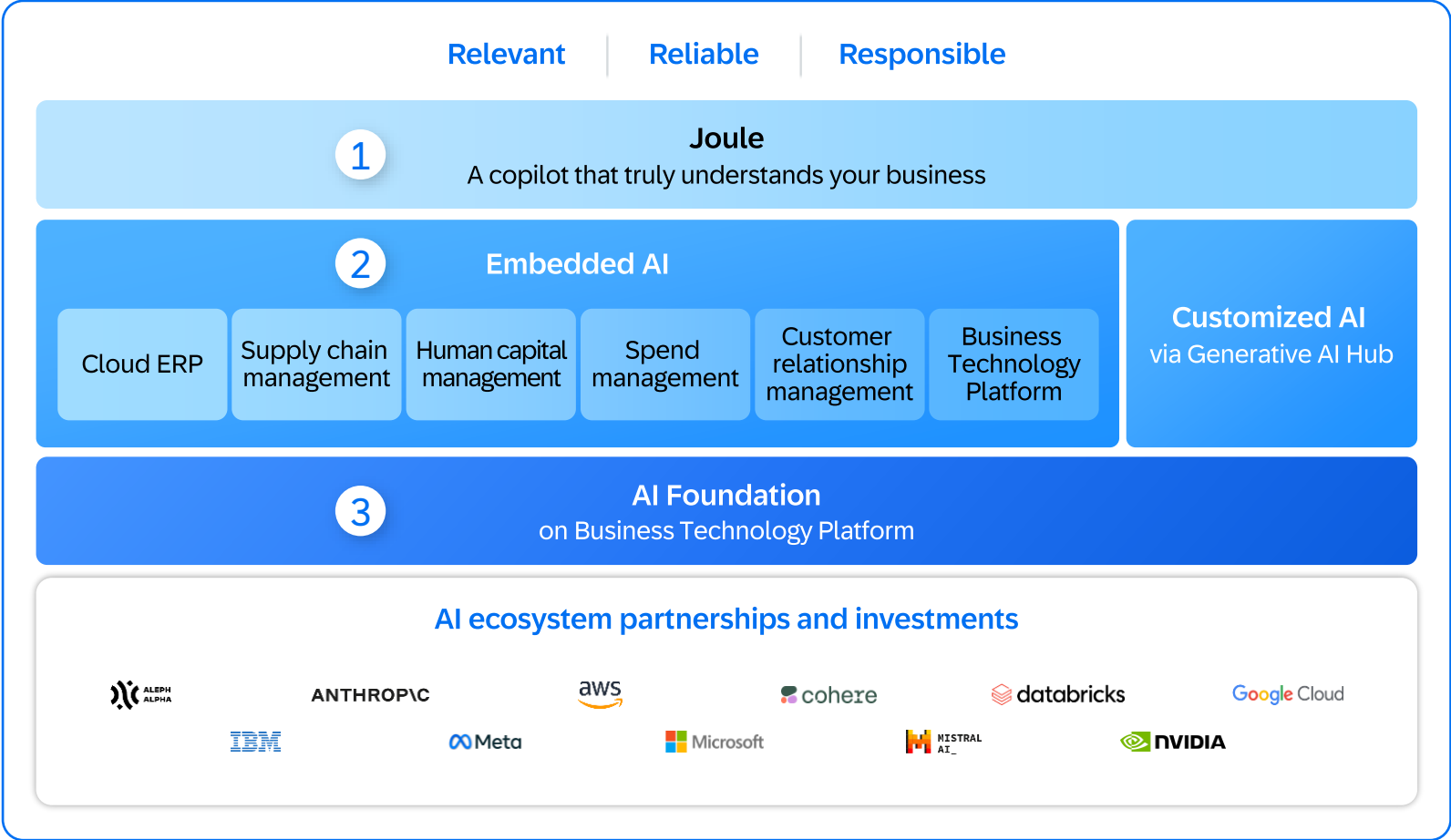
During this presentation we will make forward-looking statements which are predictions, projections, or other statements about future events. These statements are based on current expectations, forecasts, and assumptions that are subject to risks and uncertainties that could cause actual results and 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 2023 Annual Report on Form 20-F.

Christian Klein

CEO

SAP Business AI

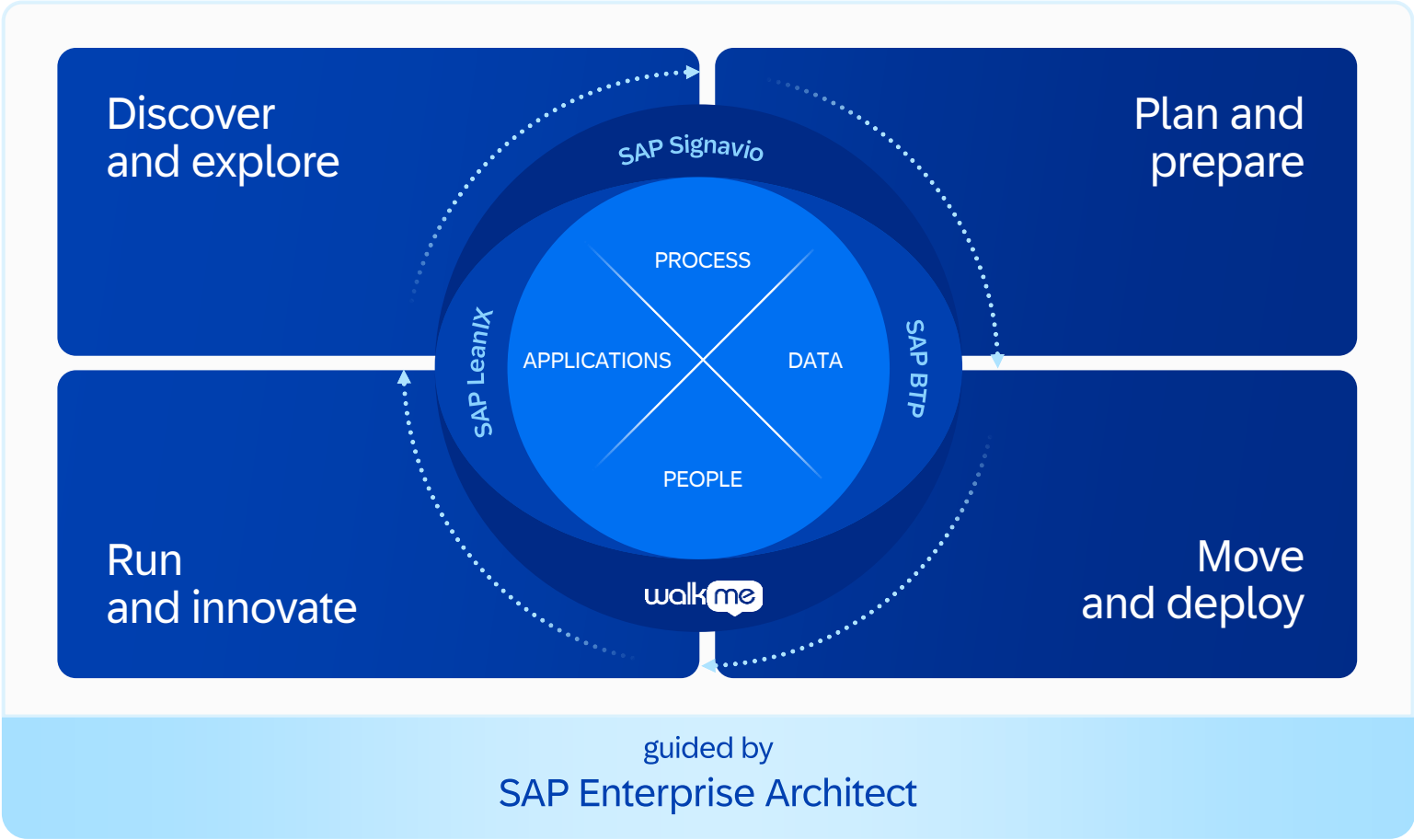
SAP accelerates pace of innovation in the cloud with SAP Business AI



- 1 Joule**
Unified copilot experience across our portfolio
- 2 AI Capabilities**
Embedded or customized AI by partner, customer, or SAP
- 3 AI Foundation**
Integrated enterprise data, security, and compliance

RISE with SAP

Further strengthening SAP's transformation offering supported by AI



Joule
for Consultant

Joule
for Developer

Our growth momentum remained strong in Q2

Current cloud backlog

€ millions

14,808

▲ +28% (+28% @cc)

Cloud revenue

€ millions

4,153

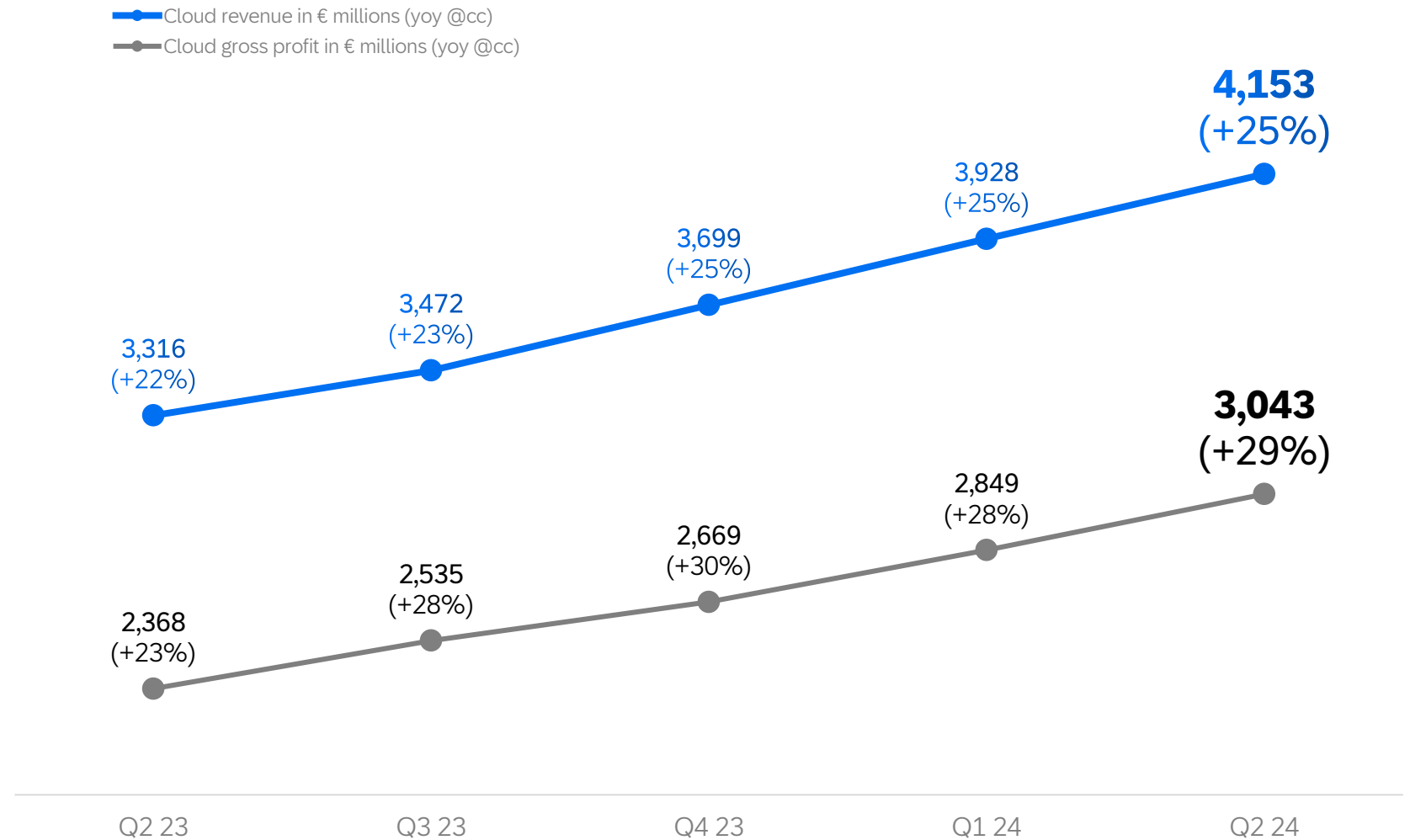
▲ +25% (+25% @cc)

Cloud ERP Suite revenue

€ millions

3,414

▲ +33% (+33% @cc)

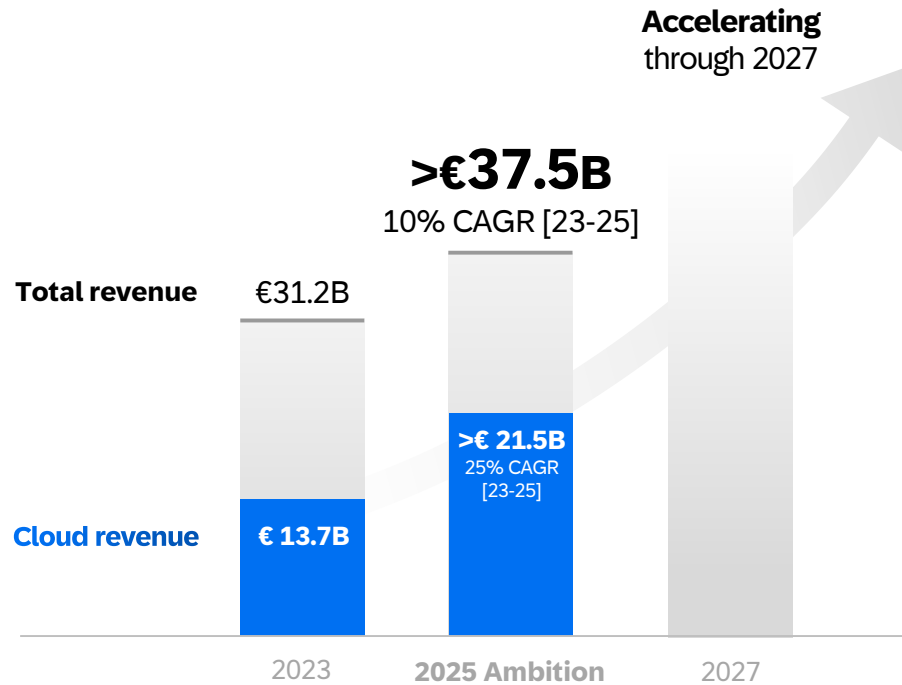




Accelerating total revenue growth through 2027

Capitalizing on several SAP-sized opportunities

Top-line



SAP Cloud Revenue 2023

€13.7B

RISE with SAP

Still ~11B€ maintenance to be converted to cloud revenue at 2-3x

GROW with SAP

Increasing share in €100B Public Cloud ERP market

Clean Core and extension via BTP

Platform revenue potential of €1 per €2-3 spend on SaaS

Cross-sell Line of Business apps

Growth potential assuming ~15% growth at market level

Leader in Business AI

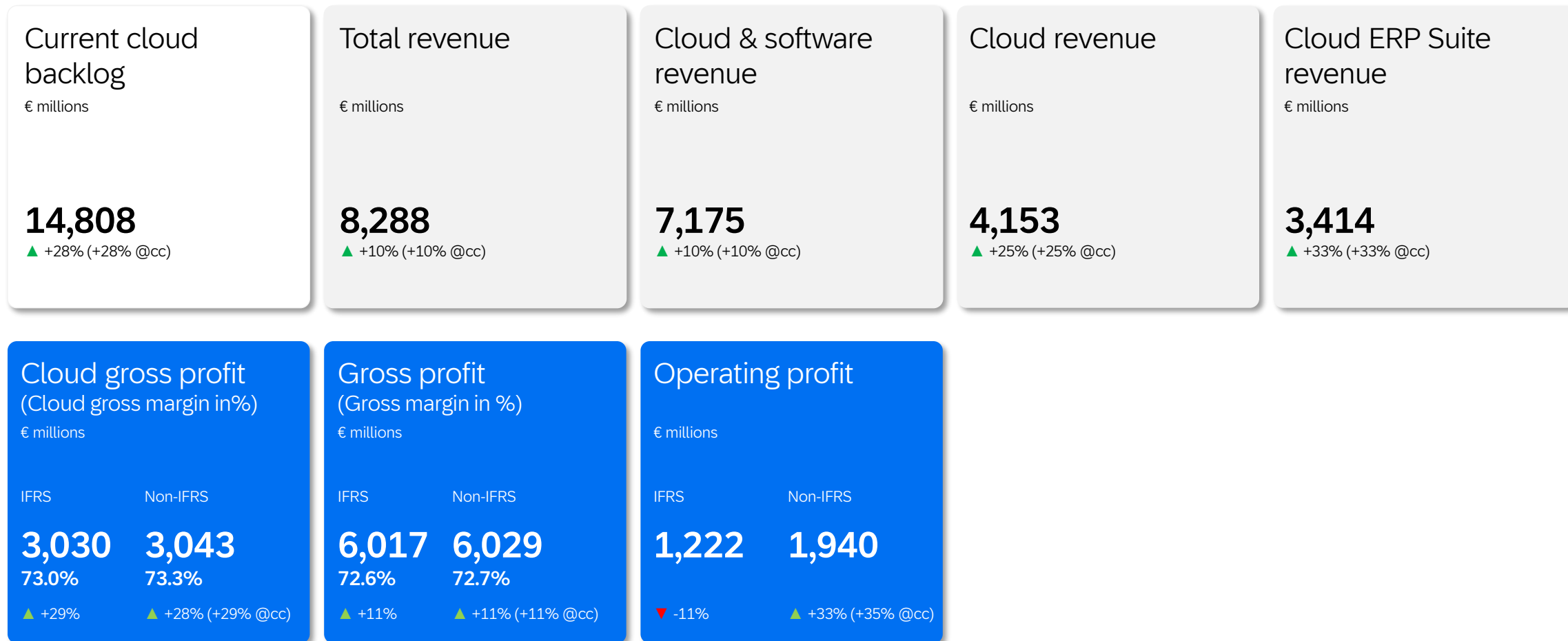
Analysts expects market to grow up to ~\$150B by 2027



Dominik Asam

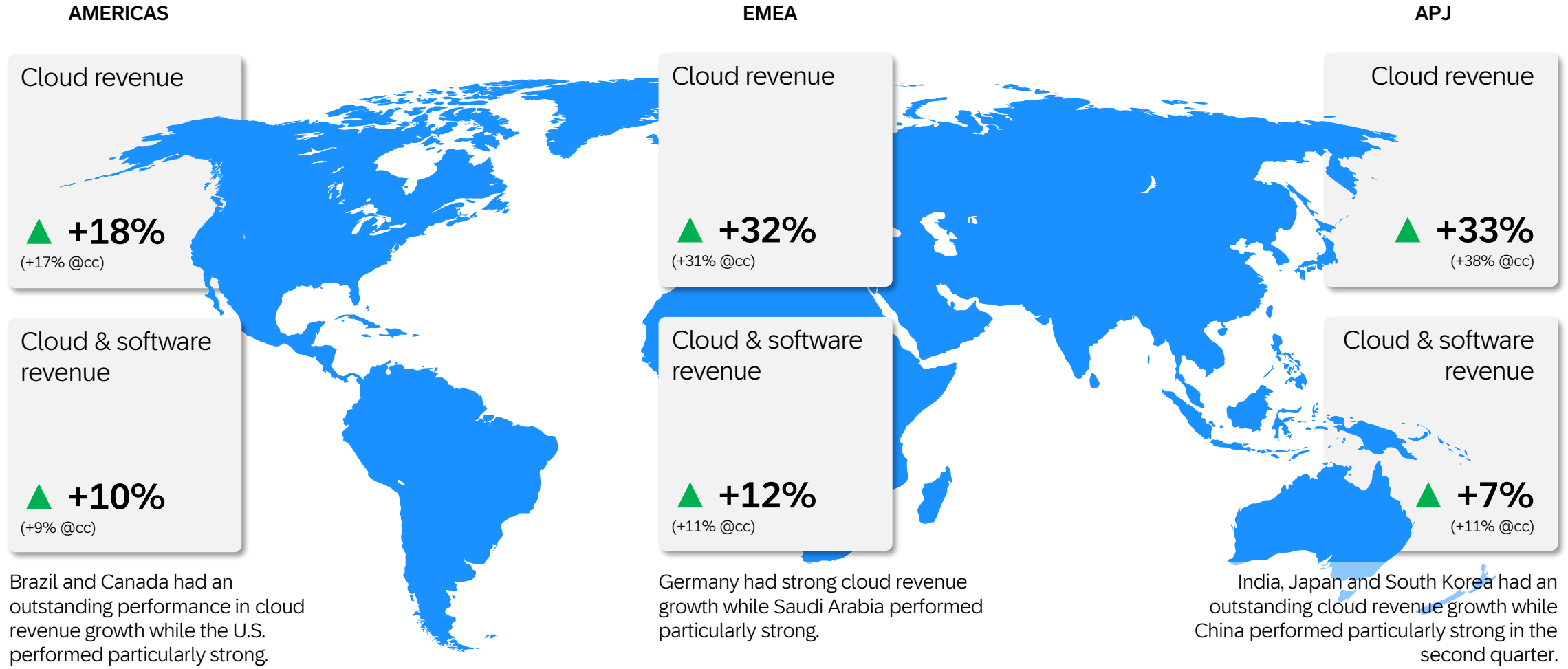
CFO

SAP Q2 2024 Financial Results



Based on SAP group results from continuing operations

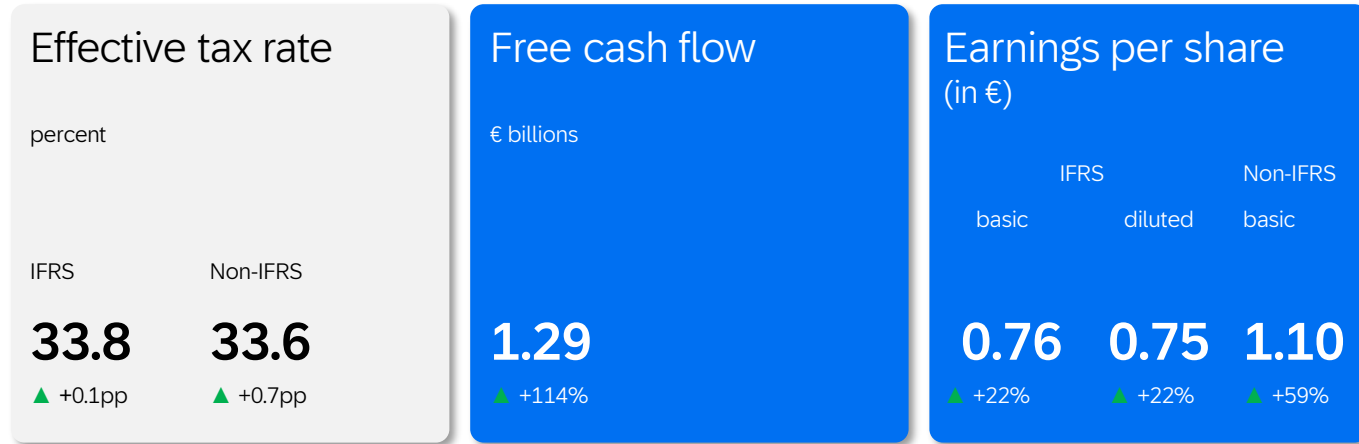
Regional revenue performance



Revenue and gross profit development

Non-IFRS in € millions, unless otherwise stated	Revenue			Gross Profit (Gross margin %)		
	Q2 2024	Δ in %	Δ in % @cc	Q2 2024	Δ in %	Δ in % @cc
Cloud	4,153	25	25	3,043 (73.3)	28	29
SaaS/PaaS	4,018	28	28			
IaaS	135	-27	-27			
Software licenses and support	3,021	-5	-5	2,710 (89.7)	-6	-5
Cloud and software	7,175	10	10	5,753 (80.2)	10	10
Services	1,114	6	6	277 (24.8)	48	49
Total	8,288	10	10	6,029 (72.7)	11	11

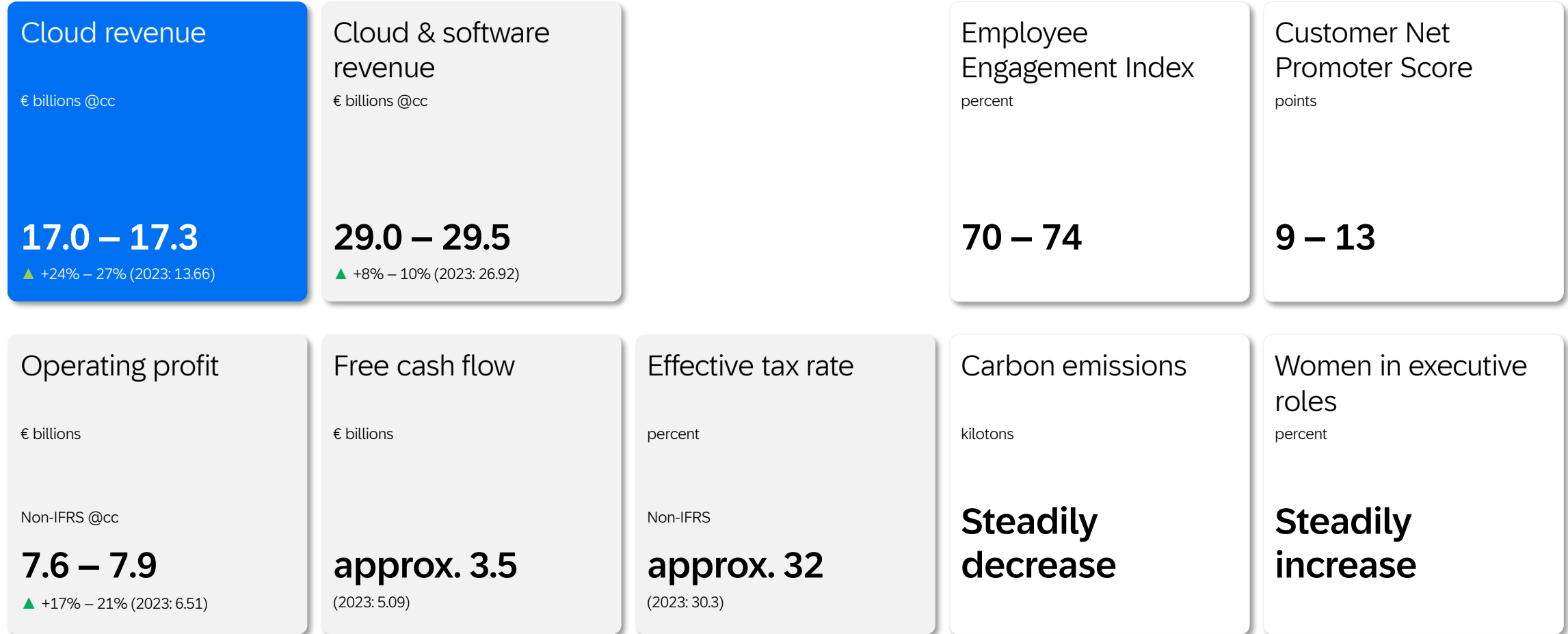
Tax rate, Cash flow, and Earnings per share



Based on SAP group results from continuing operations

2024 Financial outlook

2024 Non-financial outlook



Based on SAP group results from continuing operations

Q&A

Appendix

Appendix

Income statement: Second quarter 2024

* from continuing and discontinued operations

€ millions, unless otherwise stated	IFRS			Non-IFRS		
	Q2 24	Q2 23	Δ %	Q2 24	Q2 23	Δ % @cc
Cloud	4,153	3,316	25	4,153	3,316	25
Software licenses	229	316	-28	229	316	-28
Software support	2,792	2,873	-3	2,792	2,873	-3
Software licenses and support	3,021	3,189	-5	3,021	3,189	-5
Cloud and software	7,175	6,505	10	7,175	6,505	10
Services	1,114	1,050	6	1,114	1,050	6
Total revenue	8,288	7,554	10	8,288	7,554	10
Total operating expenses	-7,067	-6,183	14	-6,348	-6,097	4
Operating profit (loss)	1,222	1,371	-11	1,940	1,457	33
Financial income, net	170	-175	N/A	-9	-163	-94
Profit (loss) before tax from continuing operations	1,387	1,093	27	1,926	1,192	62
Income tax expense	-469	-369	27	-647	-393	65
Profit (loss) after tax from continuing operations	918	724	27	1,278	799	60
Profit (loss) after tax from discontinued operations	0	2,257	N/A	0	1,638	N/A
Profit (loss) after tax*	918	2,982	-69	1,278	2,437	-48
Operating margin (in %)	14.7	18.2	-3.4pp	23.4	19.3	4.1pp
Earnings per share, basic (in €) from continuing operations	0.76	0.62	22	1.10	0.69	59
Earnings per share, basic (in €)*	0.76	2.70	-72	1.10	2.40	-54

Appendix

Income statement: First six months 2024

* from continuing and discontinued operations

€ millions, unless otherwise stated	IFRS			Non-IFRS		
	Q1-Q2 24	Q1-Q2 23	Δ %	Q1-Q2 24	Q1-Q2 23	Δ % @cc
Cloud	8,082	6,493	24	8,082	6,493	24
Software licenses	432	591	-27	432	591	-27
Software support	5,621	5,778	-3	5,621	5,778	-3
Software licenses and support	6,053	6,369	-5	6,053	6,369	-5
Cloud and software	14,134	12,863	10	14,134	12,863	10
Services	2,195	2,132	3	2,195	2,132	3
Total revenue	16,329	14,995	9	16,329	14,995	9
Total operating expenses	-15,894	-12,820	24	-12,855	-12,216	5
Operating profit (loss)	434	2,174	-80	3,473	2,779	25
Financial income, net	125	-287	N/A	2	-247	N/A
Profit (loss) before tax from continuing operations	407	1,771	-77	3,322	2,416	37
Income tax expense	-313	-643	-51	-1,100	-749	47
Profit (loss) after tax from continuing operations	94	1,128	-92	2,223	1,667	33
Profit (loss) after tax from discontinued operations	0	2,363	N/A	0	1,782	N/A
Profit (loss) after tax*	94	3,491	-97	2,223	3,448	-36
Operating margin (in %)	2.7	14.5	-11.8	21.3	18.5	2.7
Earnings per share, basic (in €) from continuing operations	0.05	0.97	-95	1.91	1.44	33
Earnings per share, basic (in €)*	0.05	3.12	-98	1.91	3.23	-41

Appendix

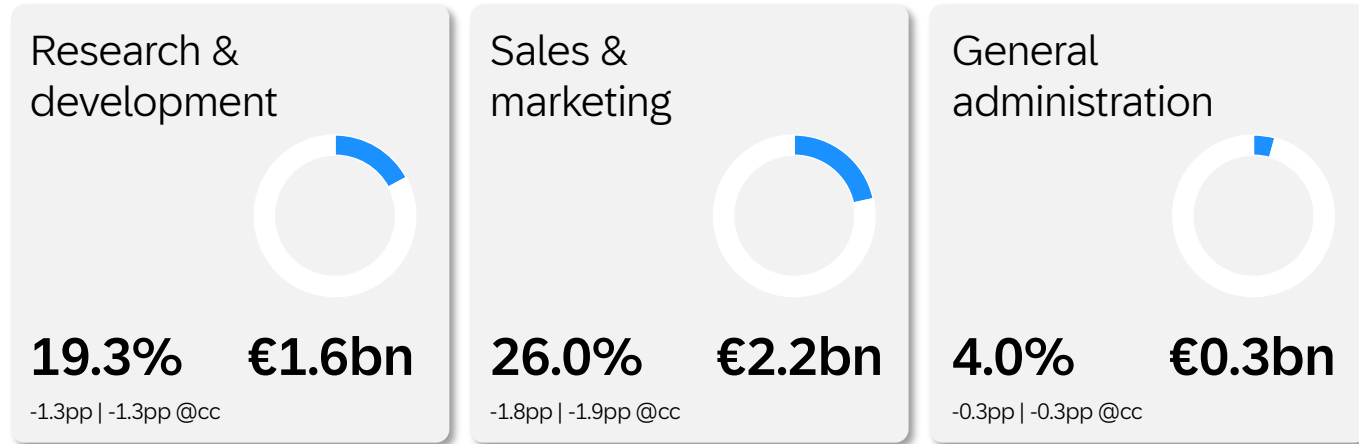
Gross margin development

Non-IFRS, in percent as reported	Q1 23	Q2 23	Q3 23	Q4 23	FY 23	Q1 24	Q2 24
Cloud	70.8	71.4	73.0	72.2	71.9	72.5	73.3
Software licenses & support	88.9	90.2	90.1	89.8	89.8	89.2	89.7
Cloud & software	79.9	80.6	81.2	81.0	80.7	79.8	80.2
Services	21.0	17.8	21.2	21.9	20.5	20.3	24.8
Total gross margin	71.3	71.9	73.0	73.4	72.4	71.8	72.7

Appendix

Cost ratios: Second quarter 2024 | Total revenue: €8.3bn

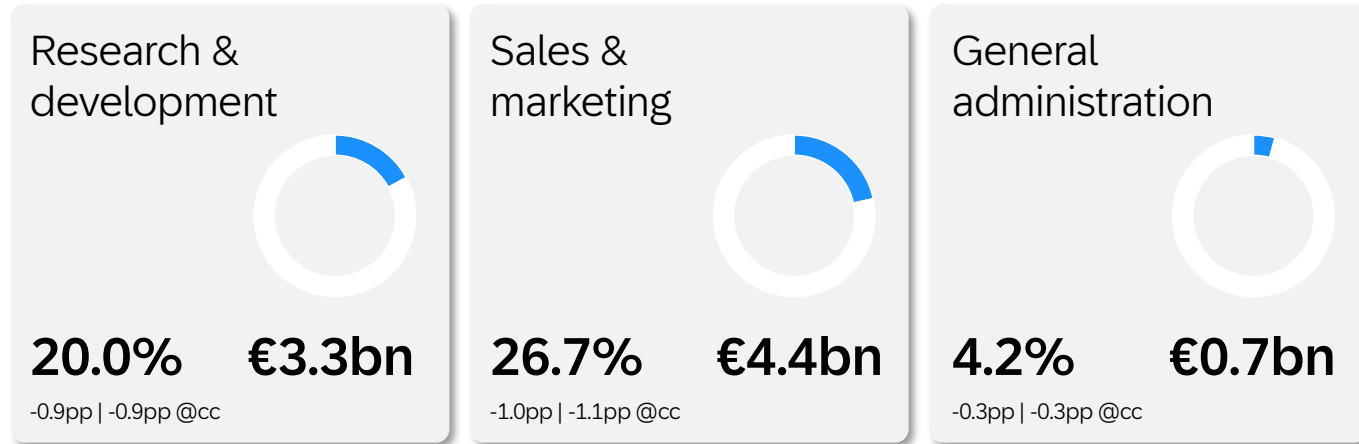
Non-IFRS as percent of total revenue



Appendix

Cost ratios: First six months 2024 | Total revenue: €16.3bn

Non-IFRS as percent of total revenue



Appendix

Balance sheet condensed: June 30, 2024 – IFRS

Due to rounding, numbers may not add up precisely

Assets

€ millions	06/30/24	12/31/23
Cash, cash equivalents and other financial assets	11,678	11,468
Trade and other receivables	6,148	6,322
Other current assets	3,070	2,781
Total current assets	20,896	20,571
Goodwill	29,777	29,088
Intangible assets	2,365	2,505
Property, plant, and equipment	4,255	4,276
Other non-current assets	13,085	11,895
Total non-current assets	49,482	47,764
Total assets	70,378	68,335

Equity and liabilities

€ millions	06/30/24	12/31/23
Trade and other payables	1,875	1,783
Provisions	2,341	235
Other liabilities	6,712	7,649
Contract liabilities, current	7,734	4,975
Total current liabilities	18,662	14,642
Financial liabilities	7,321	7,941
Provisions	444	433
Contract liabilities, non-current	55	33
Other non-current liabilities	1,954	1,879
Total non-current liabilities	9,774	10,287
Total liabilities	28,436	24,928
Total equity	41,942	43,406
Total equity and liabilities	70,378	68,335

Appendix

Cash flow development

Due to rounding, numbers may not add up precisely

€ millions, unless otherwise stated	HY1 24	HY1 23	Δ in %
Operating cash flow	4,297	3,160	36
– Capital expenditure	-365	-413	-12
– Payments of lease liabilities	-148	-188	-21
Free cash flow	3,784	2,559	+48
Free cash flow in percent of total revenue	23	17	+6pp
Free cash flow in percent of profit after tax (IFRS)	4,036	334	N/A

Appendix

Net debt

Due to rounding, numbers may not add up precisely

€ millions, unless otherwise stated	2024	2023
Net liquidity (+)/Net Debt (-) 12/31/2023 PY: 12/31/2022	3,521	-2,070
Operating cash flow	4,297	3,160
Capital expenditure	-365	-413
Payments of lease liabilities	-148	-188
Business combinations	-19	0
Dividends	-2,565	-2,395
Treasury shares	-975	0
Net proceeds from Qualtrics sale	0	6,323
Other	-73	-237
Net liquidity (+)/Net Debt (-) 06/30/2024 PY: 06/30/2023	3,674	4,180

Appendix

Additional outlook information and Non-IFRS adjustments

Due to rounding, numbers may not add up precisely

The Company expects a full-year 2024 effective tax rate (non-IFRS) of around 32% (2023: 30.3%) based on updated tax rate definition (non-IFRS).

Non-IFRS adjustments	Actual Amounts Q2 23	Actual Amounts Q2 24	Est. Amounts FY 24
Acquisition-related charges	€89m	€87m	€280m to €360m
Restructuring charges	-€3m	€631m	Approximately €3bn
Adjustment for regulatory compliance matter expenses	€0m	€0m	€0m
Adjustment for gains and losses from equity securities, net	€12m	-€179m	N/A ¹

¹⁾ Due to the uncertainty and potential variability of gains and losses from equity securities, we cannot provide an estimate for the full year without unreasonable efforts. This item could however have a material impact on our non-IFRS measures below operating profit

Appendix

Expected currency impact

Expected currency impact based on June 2024 Level applied for 2024

in percentage points	Q3 24	FY 24
Cloud revenue growth	+0.5pp	-0.5pp
Cloud and software revenue growth	+0.5pp	-0.5pp
Operating profit growth (non-IFRS)	+0.0pp	-1.5pp