

Third Quarter 2024 Results

Christian Klein, CEO
Dominik Asam, CFO

October 21, 2024

Public

The SAP logo is located in the bottom right corner of the slide. It consists of the letters 'SAP' in a bold, white, sans-serif font, set against a blue square background with a white diagonal line running from the top-left to the bottom-right.

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

We're ahead of our plans for 2024

Current cloud backlog

€ millions

15,377

▲ +25% (+29% @cc)

Cloud revenue

€ millions

4,351

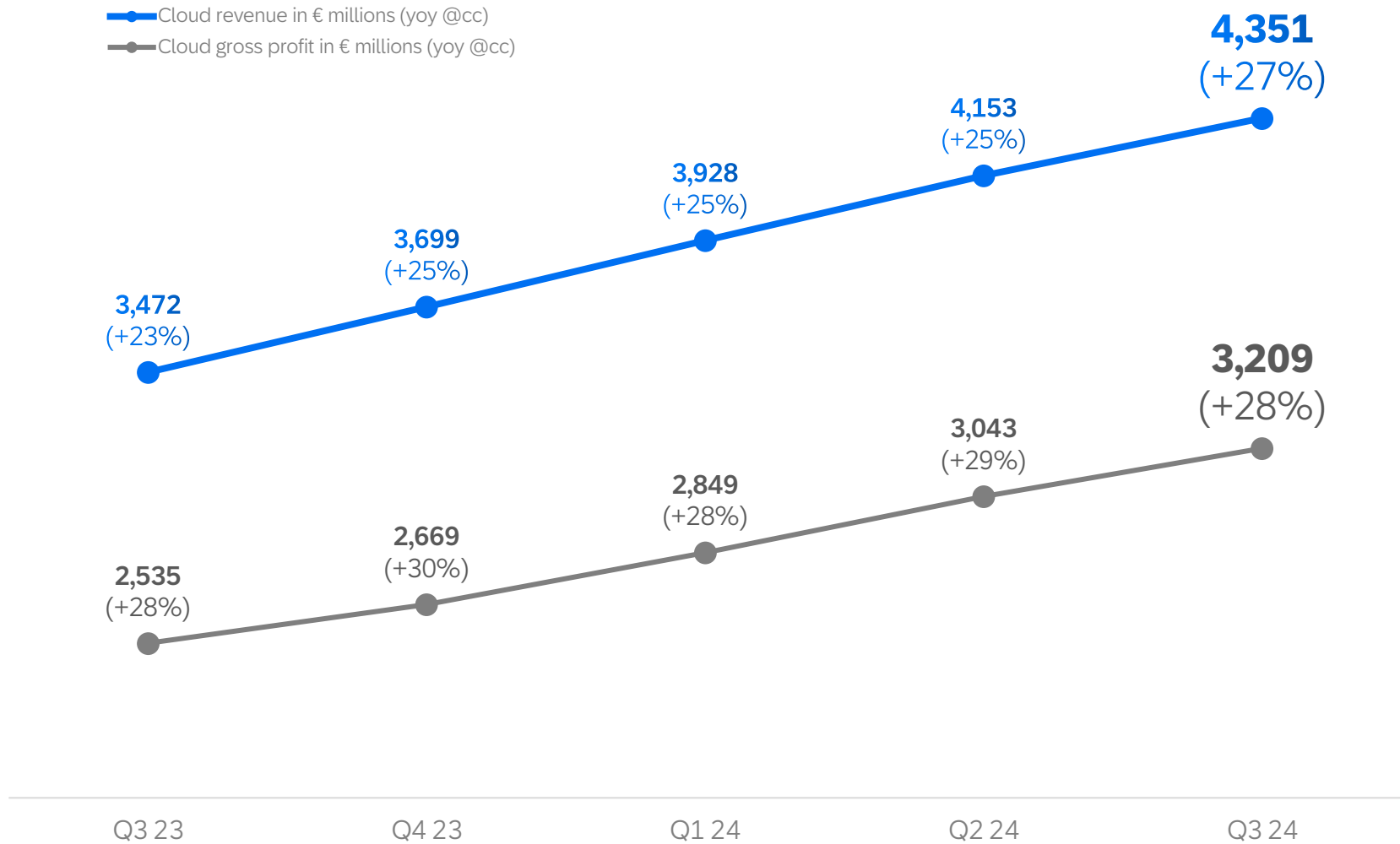
▲ +25% (+27% @cc)

Cloud ERP Suite revenue

€ millions

3,636

▲ +34% (+36% @cc)

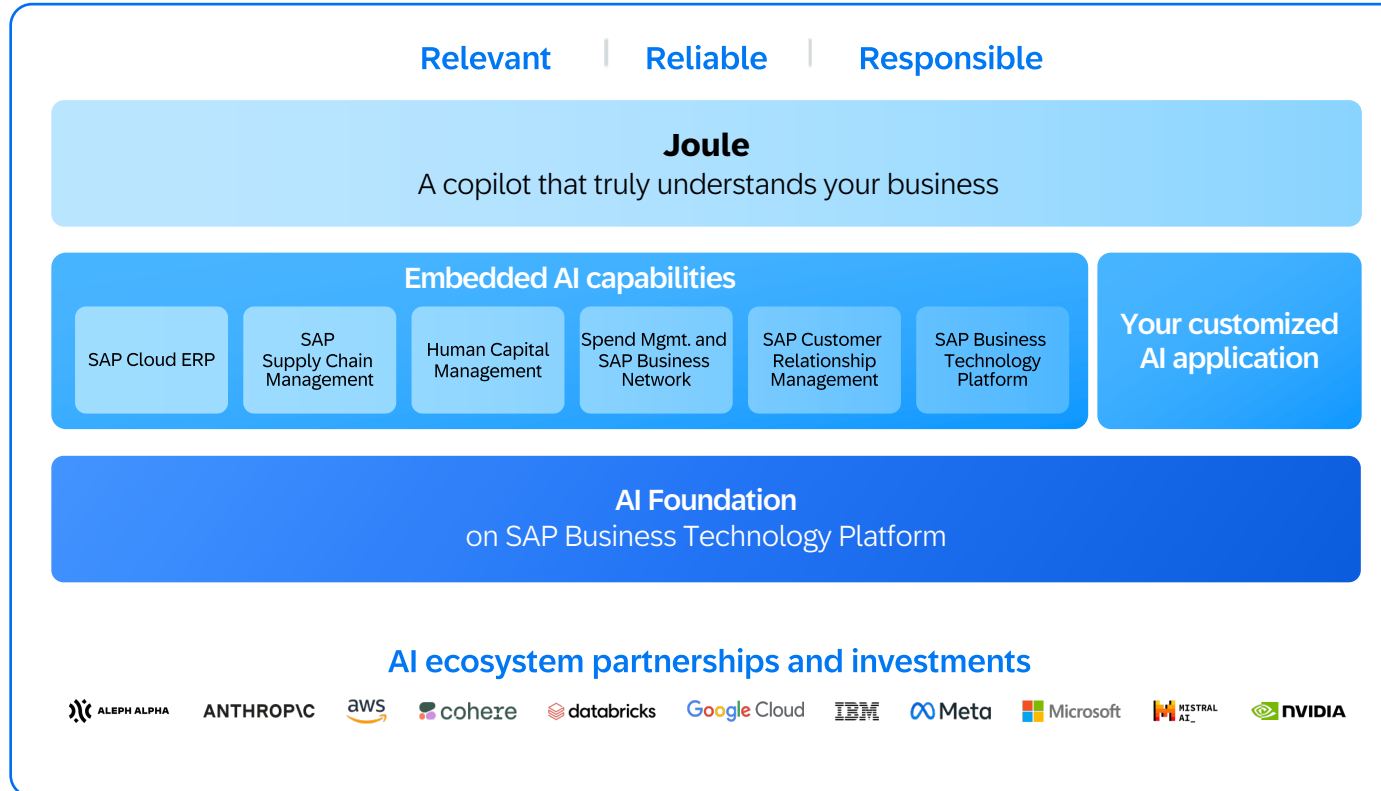


All numbers are in € millions, non-IFRS unless otherwise stated,

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Our progress in Business AI is accelerating



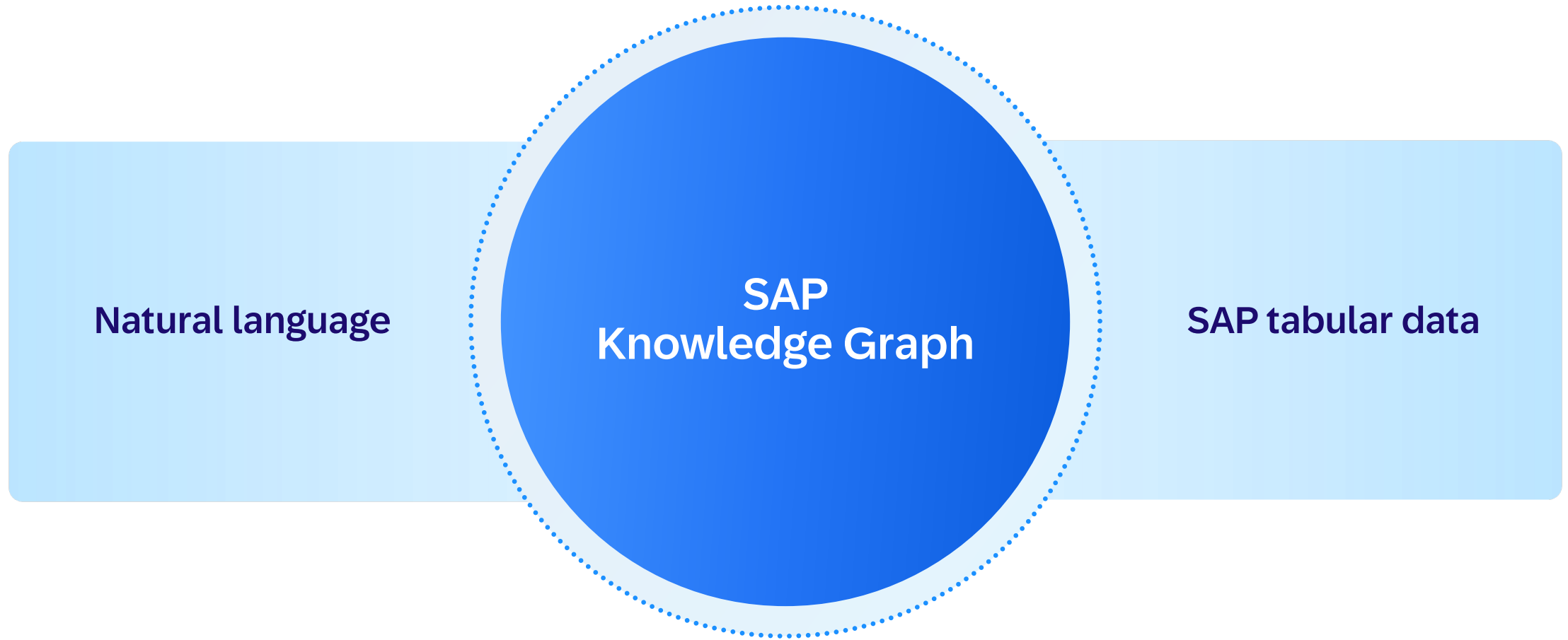
- 1 Joule**
Collaborative AI agent experience across our portfolio

500+
skills added so far
- 2 AI Capabilities**
Embedded or customized AI by partner, customer, or SAP

100+
Generative AI use cases
- 3 AI Foundation**
Integrated enterprise data, security, and compliance

100+
Partners on AI foundation

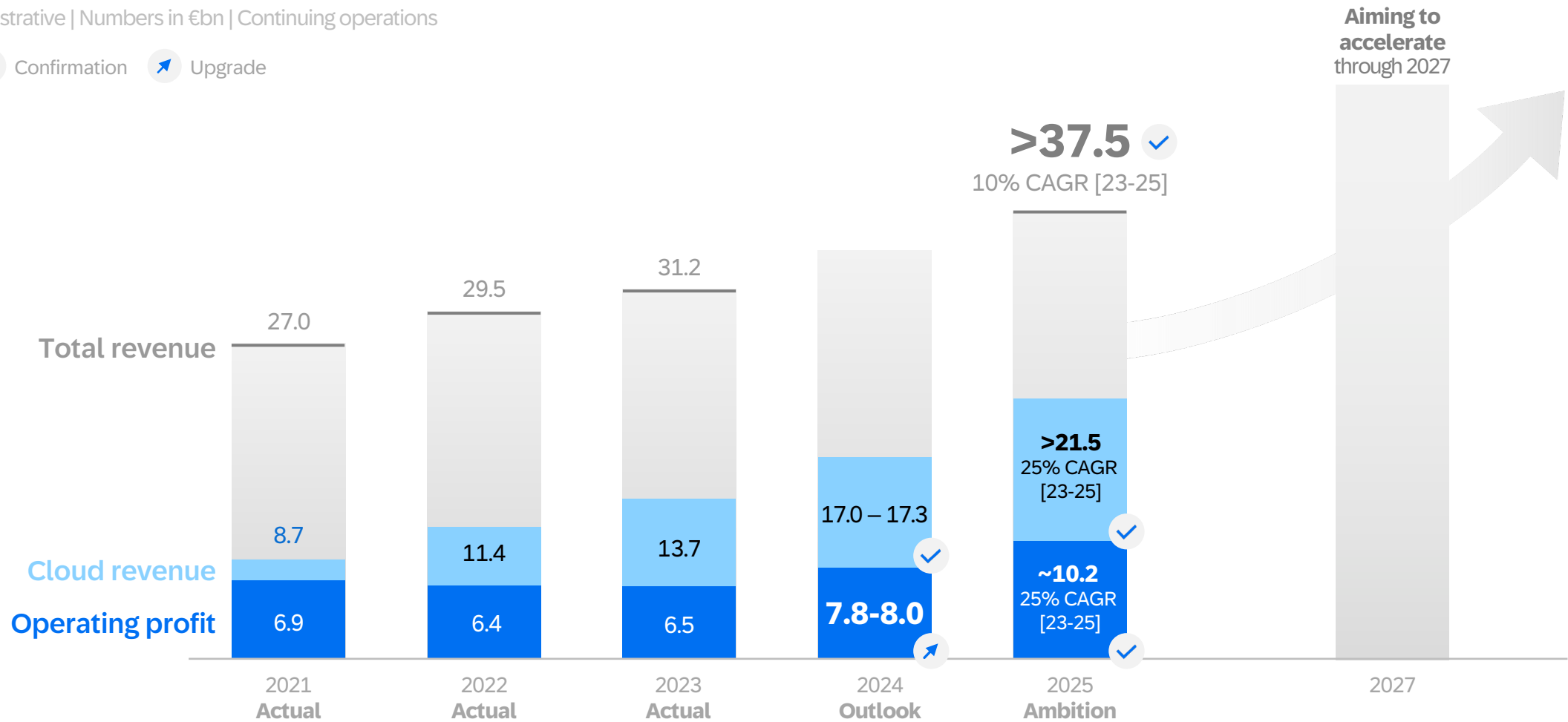
SAP Knowledge Graph connects language & data allowing GenAI to deeply understand SAP systems



We're raising our outlook for 2024

Illustrative | Numbers in €bn | Continuing operations

✓ Confirmation
↗ Upgrade



CAGR = Compounded annual growth rate

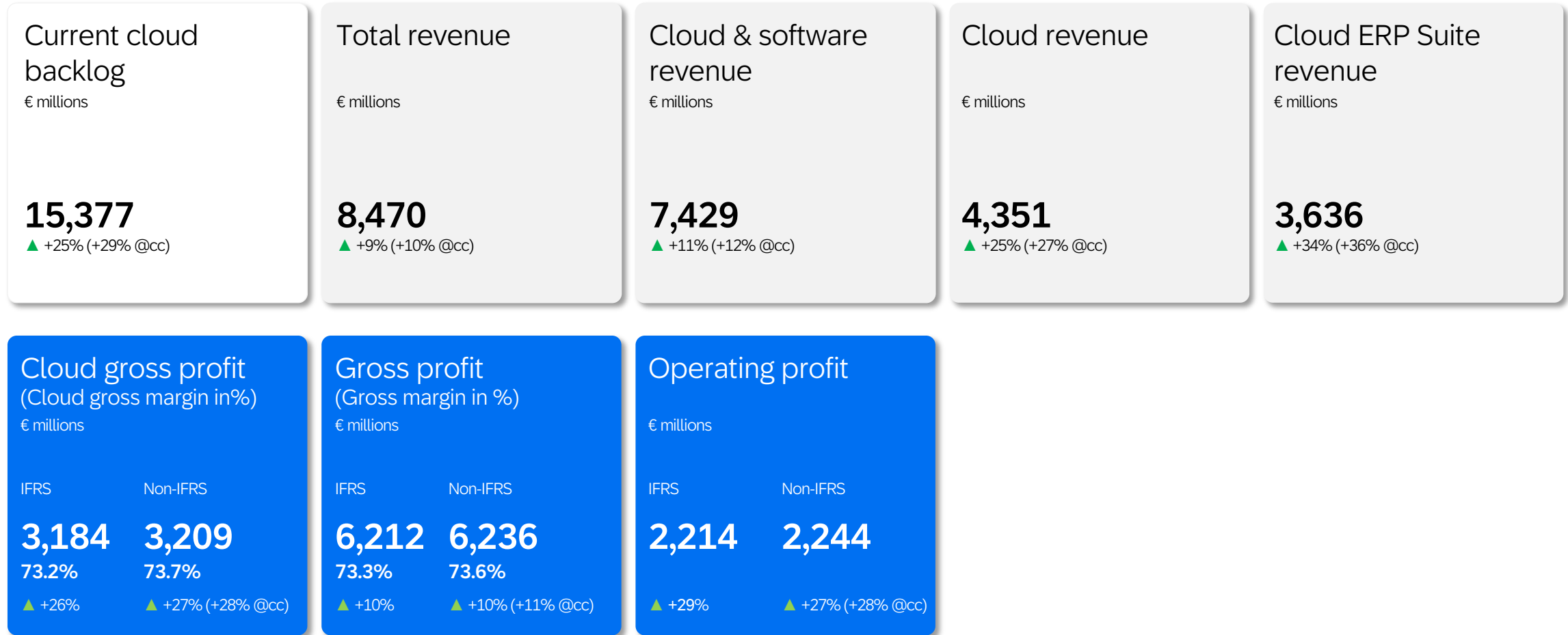
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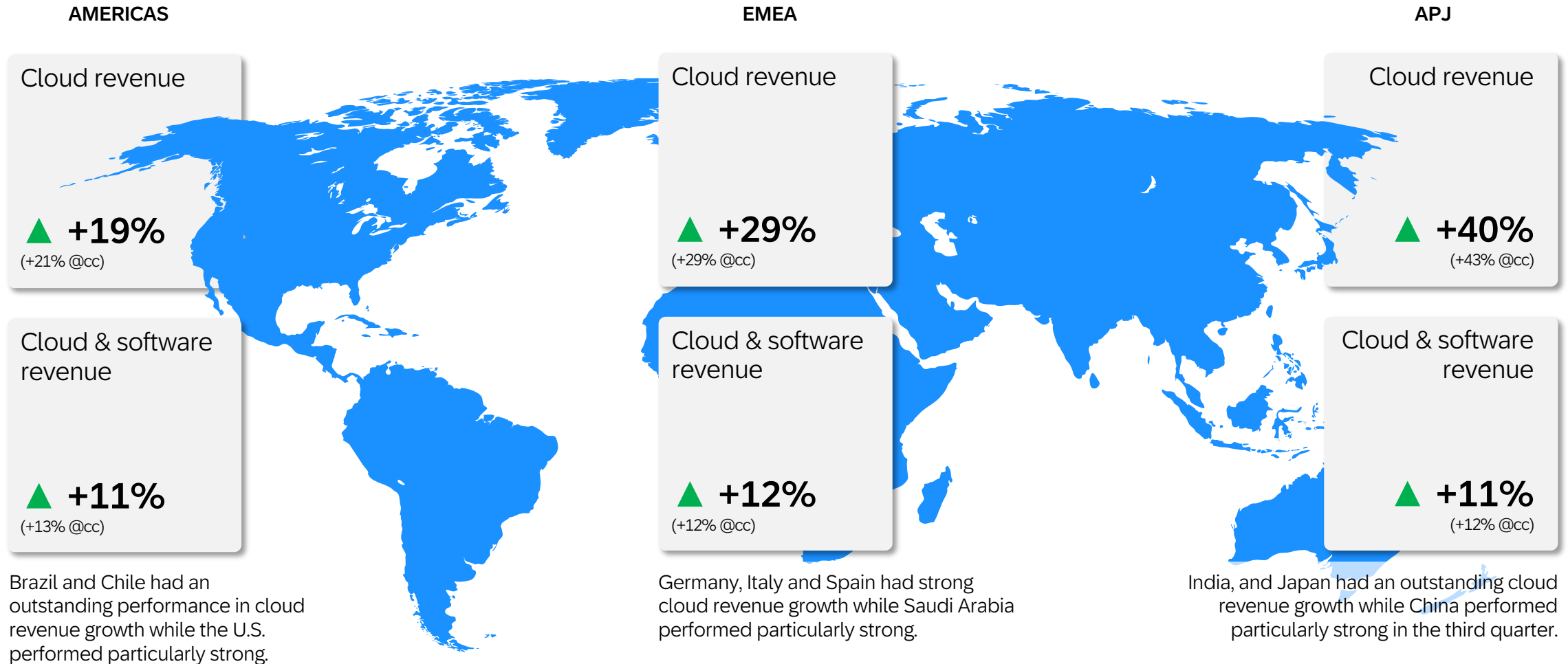
Dominik Asam

CFO

SAP Q3 2024 Financial Results



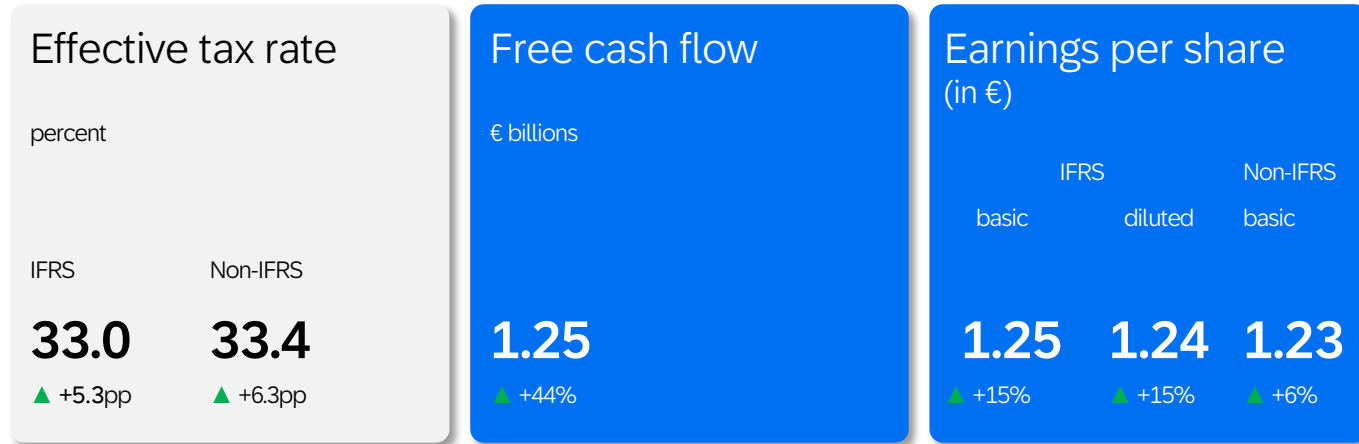
Regional revenue performance



Revenue and gross profit development

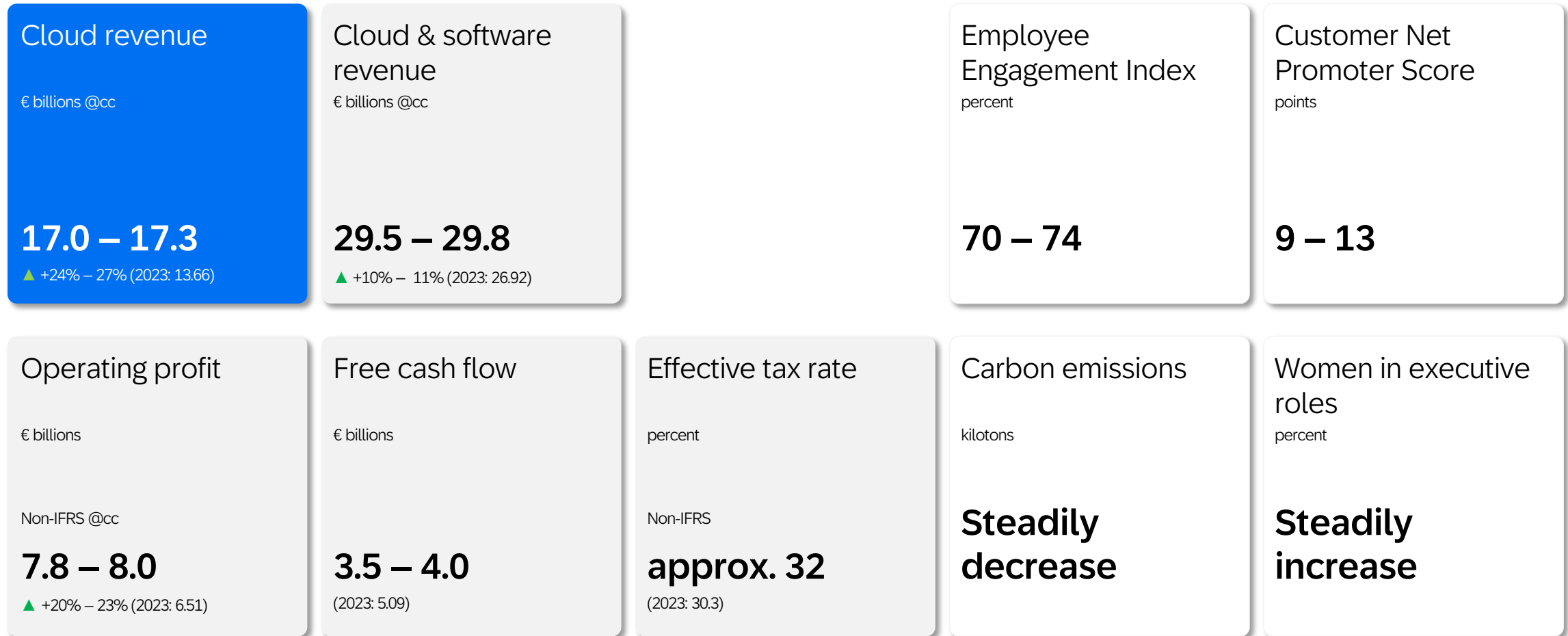
Non-IFRS in € millions, unless otherwise stated	Revenue			Gross Profit (Gross margin %)		
	Q3 2024	Δ in %	Δ in % @cc	Q3 2024	Δ in %	Δ in % @cc
Cloud	4,351	25	27	3,209 (73.7)	27	28
SaaS/PaaS	4,234	29	30			
IaaS	117	-35	-34			
Software licenses and support	3,078	-4	-3	2,772 (90.1)	-4	-3
Cloud and software	7,429	11	12	5,981 (80.5)	10	11
Services	1,041	-2	-2	256 (24.6)	13	13
Total	8,470	9	10	6,236 (73.6)	10	11

Tax rate, Cash flow, and Earnings per share



2024 Financial outlook

2024 Non-financial outlook



Q&A

Appendix

Appendix

Income statement: Third quarter 2024

* from continuing and discontinued operations

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	Q3 24	Q3 23	Δ %	Q3 24	Q3 23	Δ % @cc	
Cloud	4,351	3,472	25	4,351	3,472	25	27
Software licenses	285	335	-15	285	335	-15	-14
Software support	2,793	2,872	-3	2,793	2,872	-3	-2
Software licenses and support	3,078	3,208	-4	3,078	3,208	-4	-3
Cloud and software	7,429	6,679	11	7,429	6,679	11	12
Services	1,041	1,065	-2	1,041	1,065	-2	-2
Total revenue	8,470	7,744	9	8,470	7,744	9	10
Total operating expenses	-6,256	-6,022	4	-6,226	-5,978	4	5
Operating profit (loss)	2,214	1,723	29	2,244	1,767	27	28
Financial income, net	-1	-75	-99	-24	-25	-3	
Profit (loss) before tax from continuing operations	2,151	1,761	22	2,157	1,855	16	
Income tax expense	-710	-489	45	-720	-502	43	
Profit (loss) after tax from continuing operations	1,441	1,272	13	1,437	1,352	6	
Profit (loss) after tax from discontinued operations	0	0	N/A	0	0	N/A	
Profit (loss) after tax*	1,441	1,272	13	1,437	1,352	6	
Operating margin (in %)	26.1	22.2	3.9pp	26.5	22.8	3.7pp	3.5pp
Earnings per share, basic (in €) from continuing operations	1.25	1.09	15	1.23	1.16	6	
Earnings per share, basic (in €)*	1.25	1.09	15	1.23	1.16	6	

Appendix

Income statement: First nine months 2024

* from continuing and discontinued operations

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	Q1-Q3 24	Q1-Q3 23	Δ %	Q1-Q3 24	Q1-Q3 23	Δ %	Δ % @cc
Cloud	12,433	9,965	25	12,433	9,965	25	26
Software licenses	716	927	-23	716	927	-23	-22
Software support	8,414	8,651	-3	8,414	8,651	-3	-2
Software licenses and support	9,130	9,577	-5	9,130	9,577	-5	-4
Cloud and software	21,563	19,542	10	21,563	19,542	10	11
Services	3,236	3,197	1	3,236	3,197	1	2
Total revenue	24,798	22,739	9	24,798	22,739	9	10
Total operating expenses	-22,150	-18,842	18	-19,081	-18,193	5	5
Operating profit (loss)	2,648	3,897	-32	5,717	4,546	26	27
Financial income, net	124	-363	N/A	-23	-272	-92	
Profit (loss) before tax from continuing operations	2,557	3,532	-28	5,479	4,271	28	
Income tax expense	-1,023	-1,132	-10	-1,819	-1,252	45	
Profit (loss) after tax from continuing operations	1,534	2,399	-36	3,660	3,019	21	
Profit (loss) after tax from discontinued operations	0	2,363	N/A	0	1,782	N/A	
Profit (loss) after tax*	1,534	4,763	-68	3,660	4,801	-24	
Operating margin (in %)	10.7	17.1	-6.5pp	23.1	20.0	3.1pp	3.2pp
Earnings per share, basic (in €) from continuing operations	1.31	2.07	-37	3.13	2.59	21	
Earnings per share, basic (in €)*	1.31	4.21	-69	3.13	4.39	-29	

Appendix

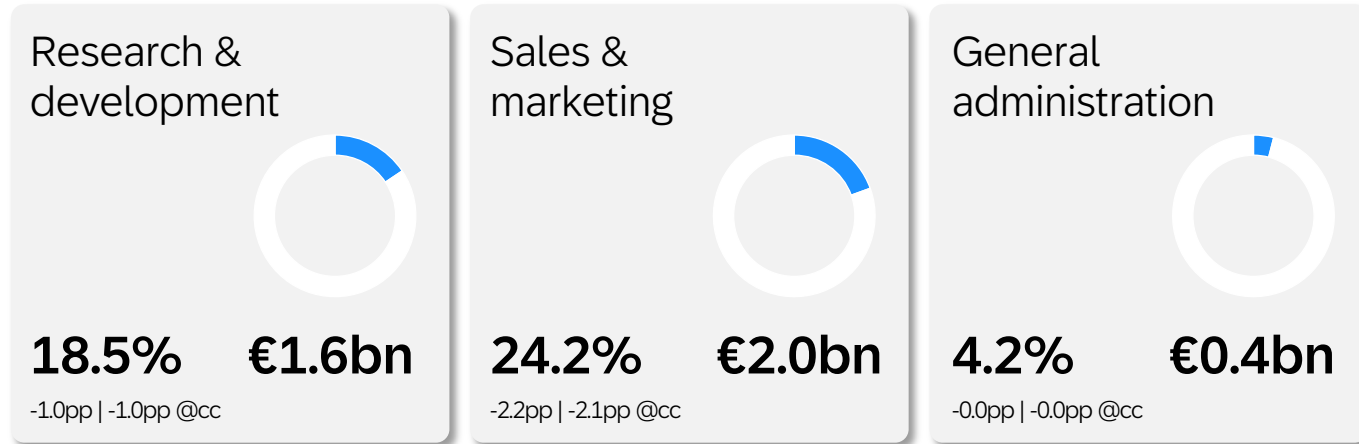
Gross margin development

Non-IFRS, in percent as reported	Q1 23	Q2 23	Q3 23	Q4 23	FY 23	Q1 24	Q2 24	Q3 24
Cloud	70.8	71.4	73.0	72.2	71.9	72.5	73.3	73.7
Software licenses & support	88.9	90.2	90.1	89.8	89.8	89.2	89.7	90.1
Cloud & software	79.9	80.6	81.2	81.0	80.7	79.8	80.2	80.5
Services	21.0	17.8	21.2	21.9	20.5	20.3	24.8	24.6
Total gross margin	71.3	71.9	73.0	73.4	72.4	71.8	72.7	73.6

Appendix

Cost ratios: Third quarter 2024 | Total revenue: €8.5bn

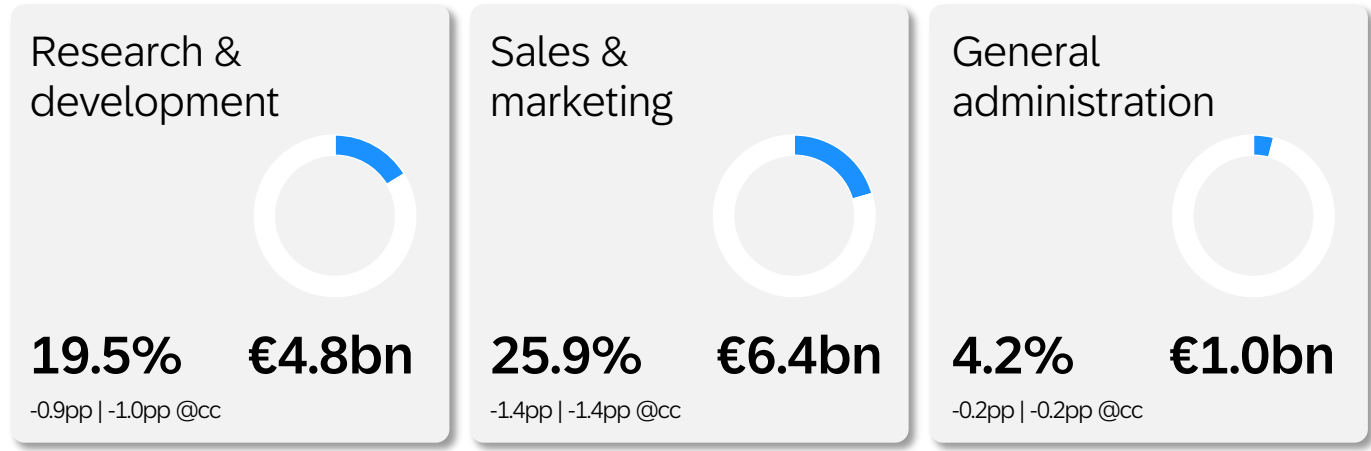
Non-IFRS as percent of total revenue



Appendix

Cost ratios: First nine months 2024 | Total revenue: €24.8bn

Non-IFRS as percent of total revenue



Appendix

Balance sheet condensed: September 30, 2024 – IFRS

Due to rounding, numbers may not add up precisely

Assets

€ millions	09/30/24	12/31/23
Cash, cash equivalents and other financial assets	12,072	11,468
Trade and other receivables	5,481	6,322
Other current assets	2,953	2,781
Total current assets	20,506	20,571
Goodwill	29,487	29,088
Intangible assets	2,708	2,505
Property, plant, and equipment	4,239	4,276
Other non-current assets	12,708	11,895
Total non-current assets	49,142	47,763
Total assets	69,648	68,335

Equity and liabilities

€ millions	09/30/24	12/31/23
Trade and other payables	1,932	1,783
Provisions	2,149	235
Other liabilities	8,585	7,649
Contract liabilities, current	5,989	4,975
Total current liabilities	18,655	14,642
Financial liabilities	7,039	7,941
Provisions	442	433
Contract liabilities, non-current	67	33
Other non-current liabilities	1,978	1,879
Total non-current liabilities	9,526	10,286
Total liabilities	28,181	24,928
Total equity	41,467	43,406
Total equity and liabilities	69,648	68,335

Appendix

Cash flow development

Due to rounding, numbers may not add up precisely

€ millions, unless otherwise stated	9M 24	9M 23	Δ in %
Operating cash flow	5,772	4,284	35
– Capital expenditure	-528	-595	-11
– Payments of lease liabilities	-213	-266	-20
Free cash flow	5,031	3,423	+47
Free cash flow in percent of total revenue	20%	15%	+5pp
Free cash flow in percent of profit after tax (IFRS)	328%	143%	+185pp

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	5,772	4,284
Capital expenditure	-528	-595
Payments of lease liabilities	-213	-266
Business combinations	-1,104	0
Dividends	-2,565	-2,395
Treasury shares	-1,625	-718
Net proceeds from Qualtrics sale	0	5,625
Other	-398	-188
Net liquidity (+)/Net Debt (-) 09/30/2024 PY: 09/30/2023	2,860	3,677

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%).

Non-IFRS adjustments	Actual Amounts Q3 23	Actual Amounts Q3 24	Est. Amounts FY 24
Acquisition-related charges	€80m	€90m	€320m to €400m
Restructuring charges	-€36m	-€52m	Approximately €3bn
Adjustment for regulatory compliance matter expenses	€0m	-€8m	-€8m
Adjustment for gains and losses from equity securities, net	€50m	-€24m	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 September 30, 2024 Level applied for 2024

in percentage points	Q4 24	FY 24
Cloud revenue growth	-3.0pp	-1.0pp
Cloud and software revenue growth	-2.0pp	-1.0pp
Operating profit growth (non-IFRS)	-2.0pp	-2.0pp