

SAP Debt Investor Presentation

Second Quarter 2014 Update Call

Walldorf, Germany

Thursday, July 24, 2014

Safe Harbor Statement

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

2014 – Q2 Performance Update

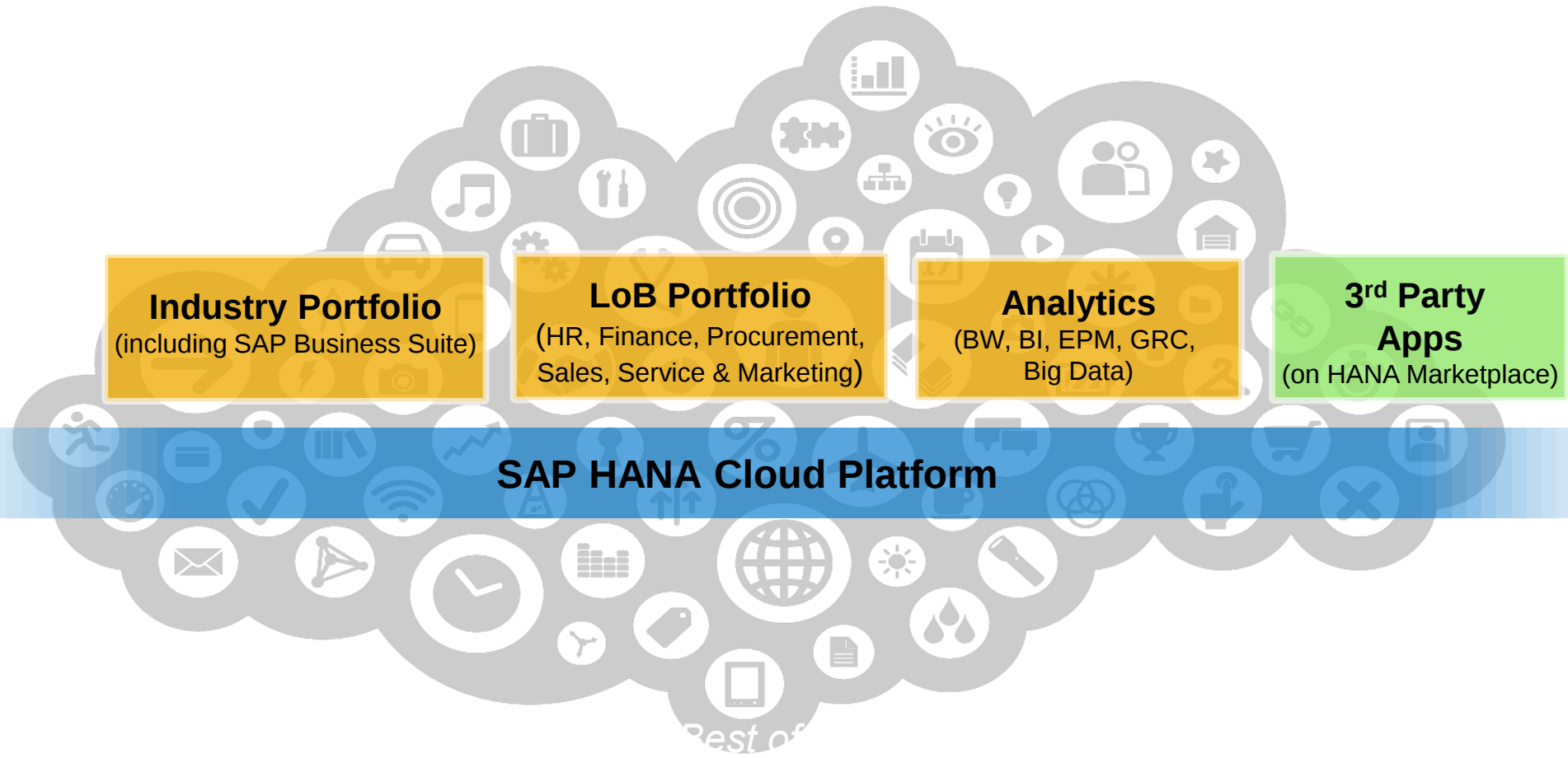
Mid-term and 2014 Outlook

Financing Strategy & Credit Profile

Other Topics

- I. US Private placement structure
- II. Counterparty Risk Management
- III. Conversion from AG to SE

Continuing a winning strategy – SAP Cloud powered by SAP HANA simplifies everything



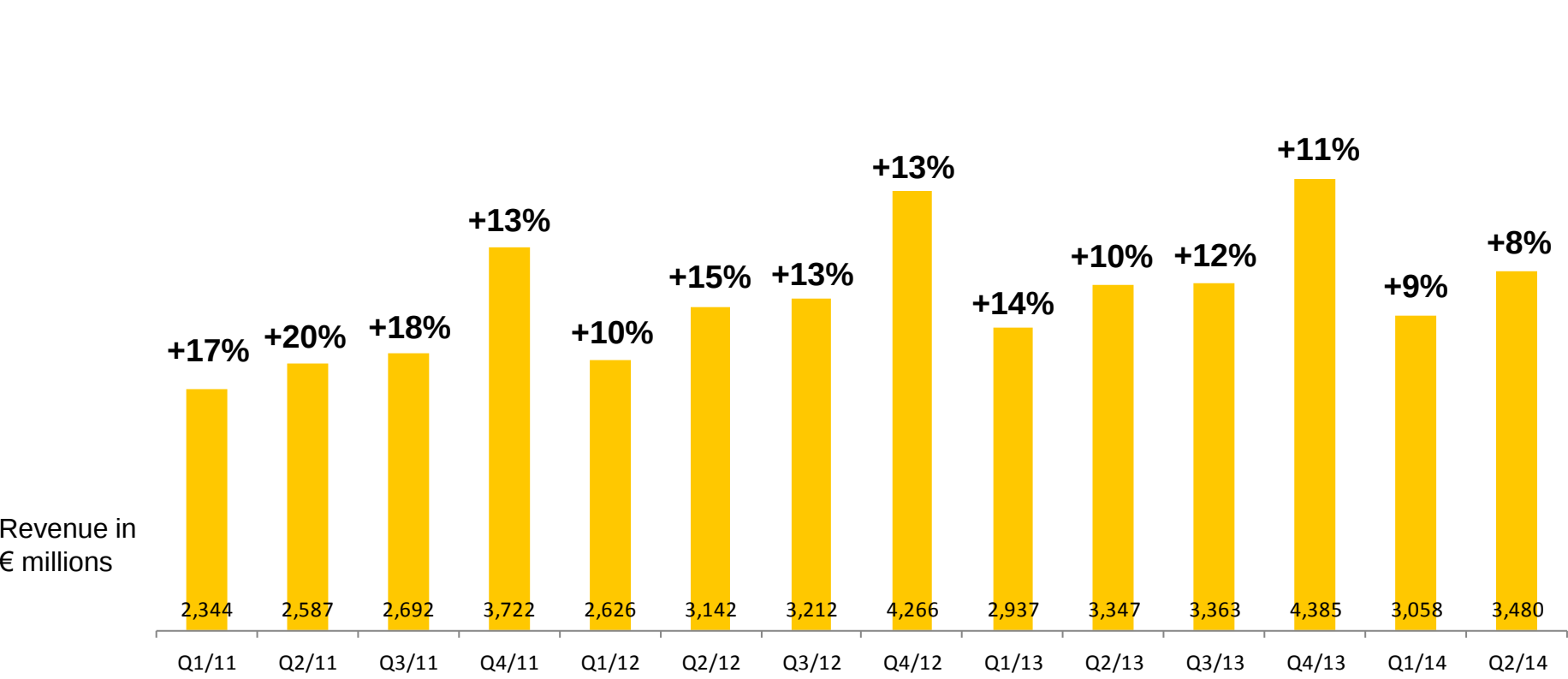
Q2 Highlights: Strong Cloud Momentum with 39% Growth and Broad Market Adoption of SAP HANA Continues

- Delivered Second Quarter at High End of Full Year SSRS Outlook: Non-IFRS Software and Software-Related Service Revenue Increased 8% at Constant Currencies (4% at Actual Currencies to €3.48 Billion)
- Fastest Growing Enterprise Cloud Company at Scale: Non-IFRS Cloud Subscriptions and Support Revenue Increased 39% at Constant Currencies (32% at Actual Currencies)
- Strong Cloud Billings: Non-IFRS Calculated Cloud Billings Increased 37% at Constant Currencies
- Raising Full Year 2014 Non-IFRS Cloud Subscriptions and Support Revenue Outlook to €1,000 – €1,050 Million at Constant Currencies
- Growing the World's Largest Business Network: Approximately 1.55 Million Connected Companies Transacting Approximately \$540 Billion
- Broad Market Adoption of SAP HANA as Real-Time Business Platform: 1,200 SAP Business Suite on HANA Customers
- IFRS Operating Profit of €698 Million (2013: €988 Million) Impacted by Provision of €289 Million for Seven-Year Old Versata Litigation
- Non-IFRS Operating Profit Increased 7% at Constant Currencies (4% at Actual Currencies to €1.24 Billion), Resulting in a 60 Basis Point Increase in Non-IFRS Operating Margin at Constant Currencies

Our 8% growth in non-IFRS software and software-related service revenue puts us at the upper end of our annual guidance range

Non-IFRS SSRS revenue : +8% at cc

Year on year growth rates in % at cc

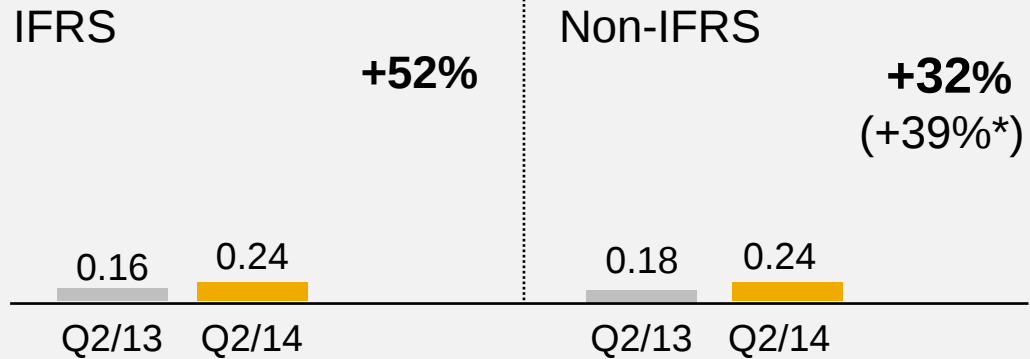


Non-IFRS software and software-related service revenue increased 8% at constant currencies

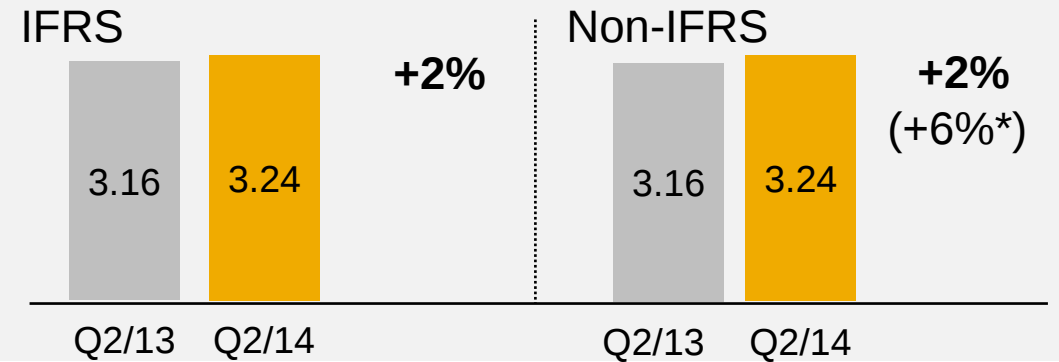
- 4% at actual currencies to €3.48bn impacted by currency headwinds

Key performance metrics Q2 2014

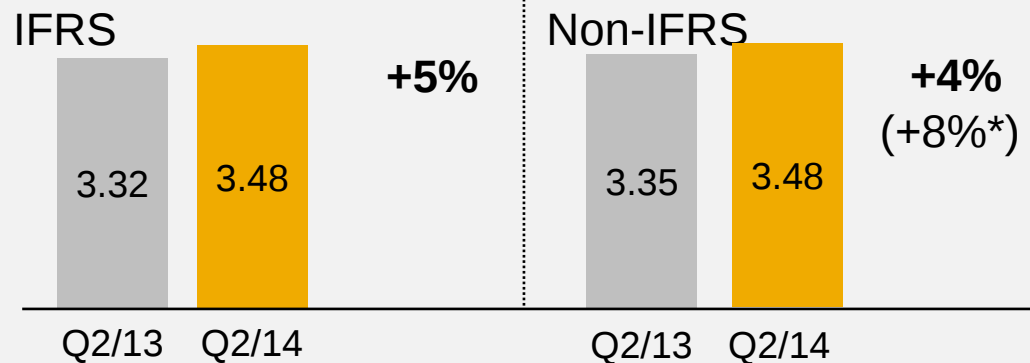
Cloud Subscriptions and Support Revenue (€ bn)



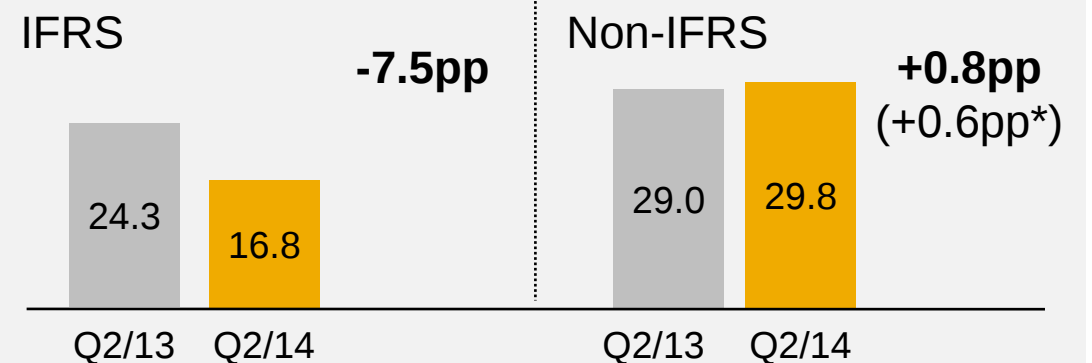
Software & Support Revenue (€ bn)



SSRS Revenue (€ bn)



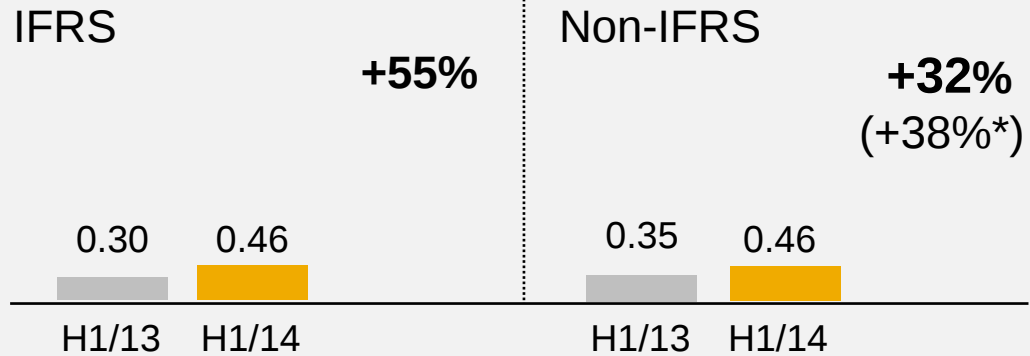
Operating Margin (%)



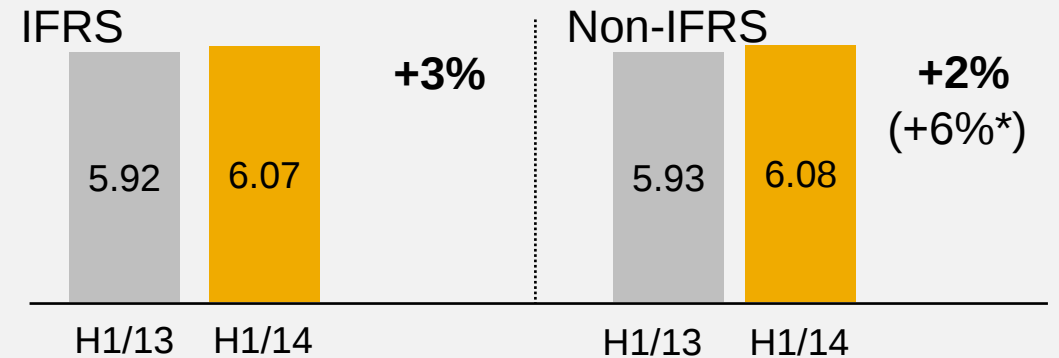
* At constant currencies

Key performance metrics H1 2014

Cloud Subscriptions and Support Revenue (€ bn)



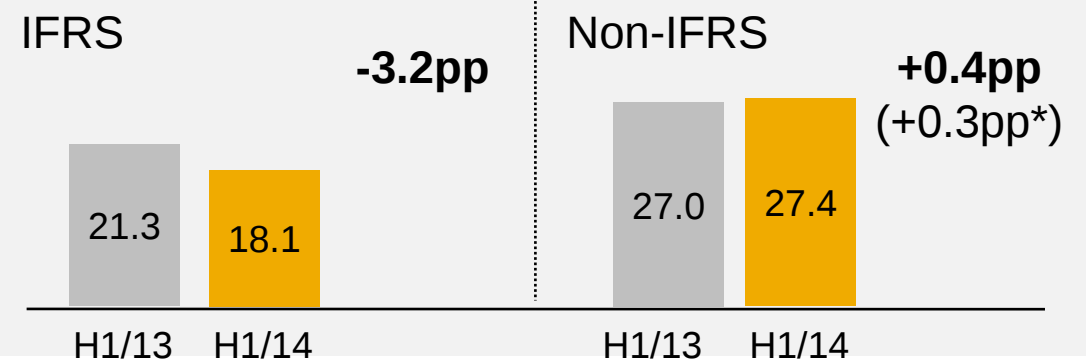
Software & Support Revenue (€ bn)



SSRS Revenue (€ bn)



Operating Margin (%)



* At constant currencies

Non-IFRS SSRS¹⁾ revenue increased 8% at constant currencies yoy in Q2 2014 (+4% at actual curr. to €3.48bn)

Regional performance²⁾

- EMEA: strong performance with +8% yoy SSRS¹⁾ revenue, despite uncertainties due to Ukraine crisis
 - This was the result of 51% growth in cloud subscriptions and support revenue for the region as well as
 - strong software revenue growth in the UK and France.
- Americas: solid performance with +6% in SSRS¹⁾ revenue. Continued fast transition to the cloud with +34% growth in cloud subscriptions and support revenue.
 - Strong software revenue growth in Canada and continued strong demand in Latin America with tremendous growth opportunities.
- APJ: strong performance with + 12% yoy SSRS¹⁾ revenue growth; Cloud subscriptions and support revenue grew +48%.
 - Australia and Malaysia were highlights, with strong triple-digit software revenue growth.

1) Software and software-related services

2) Revenues calculated based on customer location; All numbers are non-IFRS; Growth rates at constant currency.

Q2 2014: Non-IFRS operating margin increased by 80BP – litigation provision impacted IFRS operating margin

€ millions, unless otherwise stated

Revenue Numbers	IFRS			Non-IFRS			
	Q2/14	Q2/13	Δ%	Q2/14	Q2/13	Δ%	Δ% at cc
Cloud subscriptions and support	241	159	52	242	183	32	39
Software	957	982	-2	957	982	-2	1
Support	2,279	2,177	5	2,280	2,182	4	9
Software & Support	3,237	3,159	2	3,238	3,164	2	6
SSRS revenue	3,478	3,318	5	3,480	3,347	4	8
PSOS revenue	673	744	-10	673	744	-10	-6
thereof cloud	54	39	39	54	39	39	44
Total revenue	4,151	4,062	2	4,153	4,091	2	5
Operating Expense Numbers							
Total operating expenses	-3,453	-3,074	12	-2,917	-2,905	0	5
Profit Numbers							
Operating profit	698	988	-29	1,236	1,186	4	7
Finance income, net	17	-23	<-100	17	-23	<-100	
Profit before tax	719	963	-25	1,257	1,161	8	
Income tax expense	-163	-239	-32	-319	-311	3	
Profit after tax	556	724	-23	938	850	10	
Operating margin in %	16.8	24.3	-7,5pp	29.8	29.0	0,8pp	0,6pp
Basic earnings per share, in €	0.47	0.61	-23	0.79	0.71	10	

H1 2014: Non-IFRS operating margin increased by 40BP – litigation provision impacted IFRS operating margin

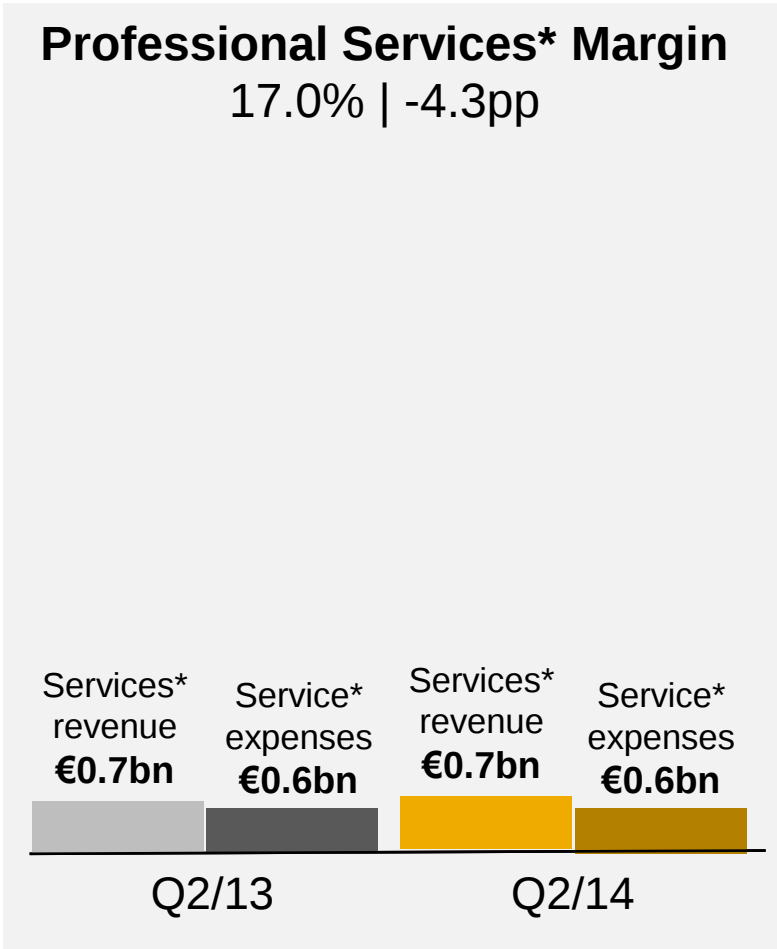
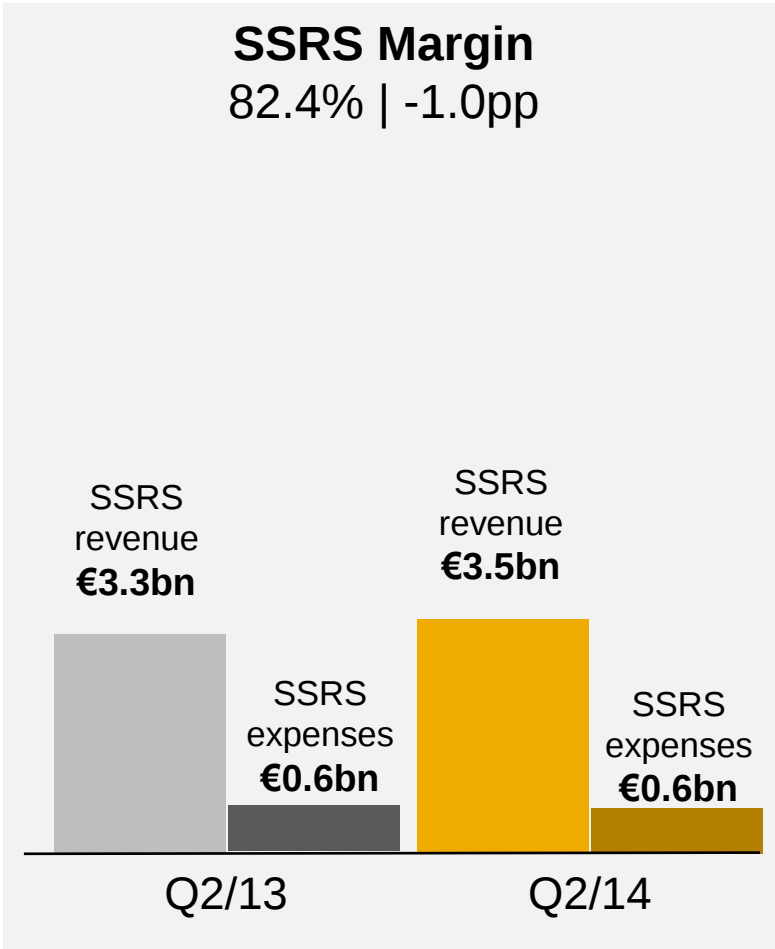
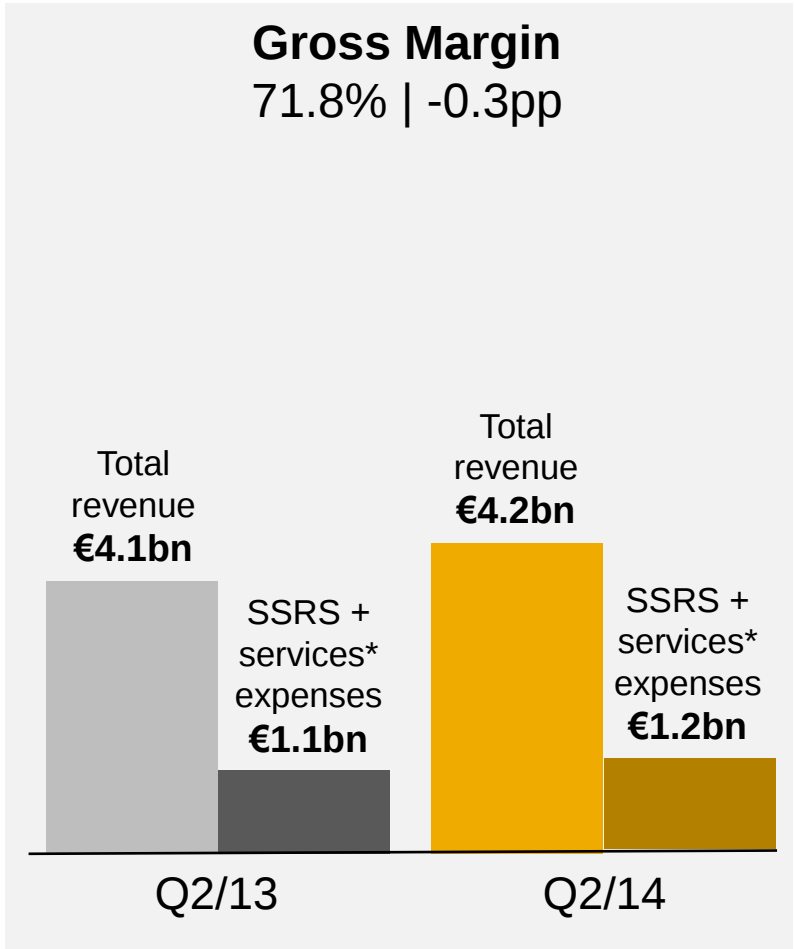
€ millions, unless otherwise stated

	IFRS			Non-IFRS			
Revenue Numbers	H1/14	H1/13	Δ%	H1/14	H1/13	Δ%	Δ% at cc
Cloud subscriptions and support	460	296	55	463	350	32	38
Software	1,581	1,638	-4	1,581	1,638	-4	1
Support	4,492	4,286	5	4,495	4,295	5	9
Software & Support	6,072	5,924	3	6,075	5,934	2	6
SSRS revenue	6,533	6,220	5	6,538	6,284	4	8
PSOS revenue	1,316	1,443	-9	1,316	1,443	-9	-5
thereof cloud	98	82	19	98	82	19	24
Total revenue	7,849	7,663	2	7,854	7,727	2	6
Operating Expense Numbers							
Total operating expenses	-6,428	-6,029	7	-5,699	-5,639	1	5
Profit Numbers							
Operating profit	1,421	1,634	-13	2,155	2,088	3	7
Finance income, net	9	-37	<-100	9	-37	<-100	
Profit before tax	1,423	1,584	-10	2,157	2,038	6	
Income tax expense	-332	-340	-2	-553	-499	11	
Profit after tax	1,090	1,244	-12	1,604	1,539	4	
Operating margin in %	18.1	21.3	-3,2pp	27.4	27.0	0,4pp	0,3pp
Basic earnings per share, in €	0.91	1.04	-12	1.34	1.29	4	

Gross margin declined by 30 bps

Q2 2014

Non-IFRS, Q2/14



* Professional services and other services

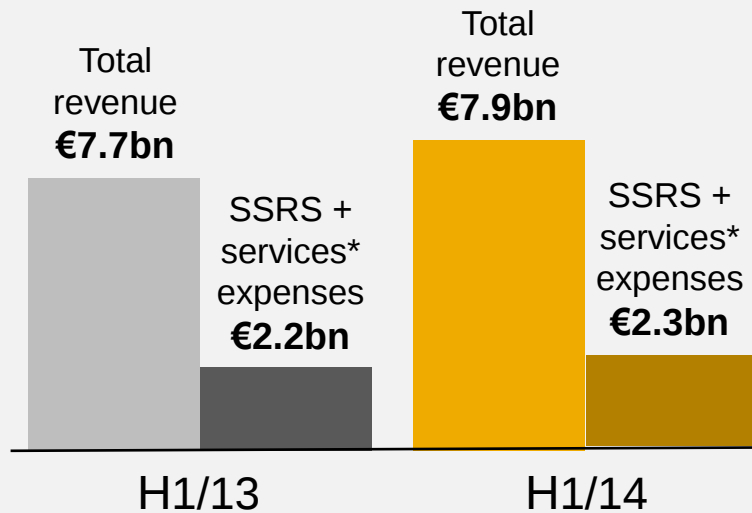
Gross margin declined by 50 bps

H1 2014

Non-IFRS, H1/14

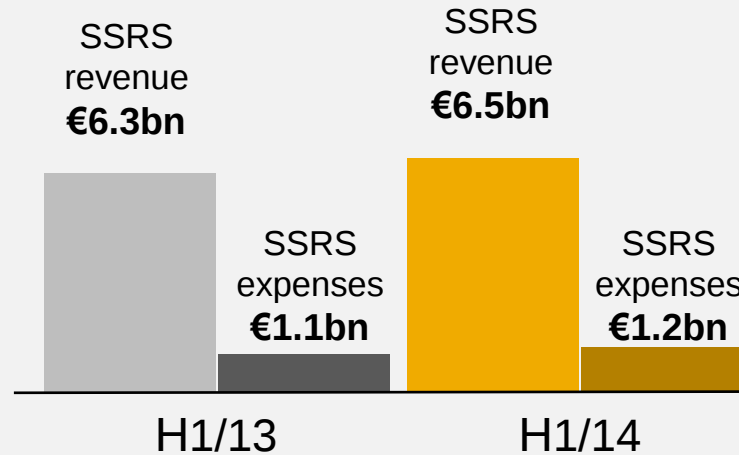
Gross Margin

70.7% | -0.5pp



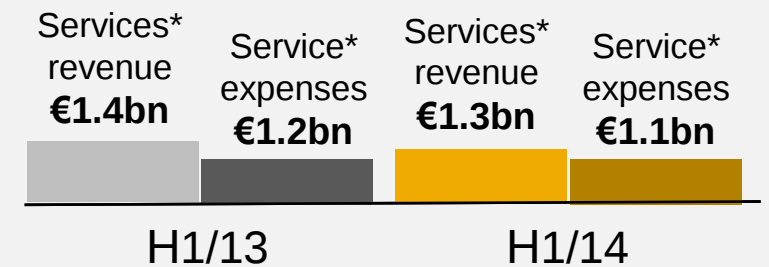
SSRS Margin

82.0% | -1.1pp



Professional Services* Margin

14.6% | -4.8pp

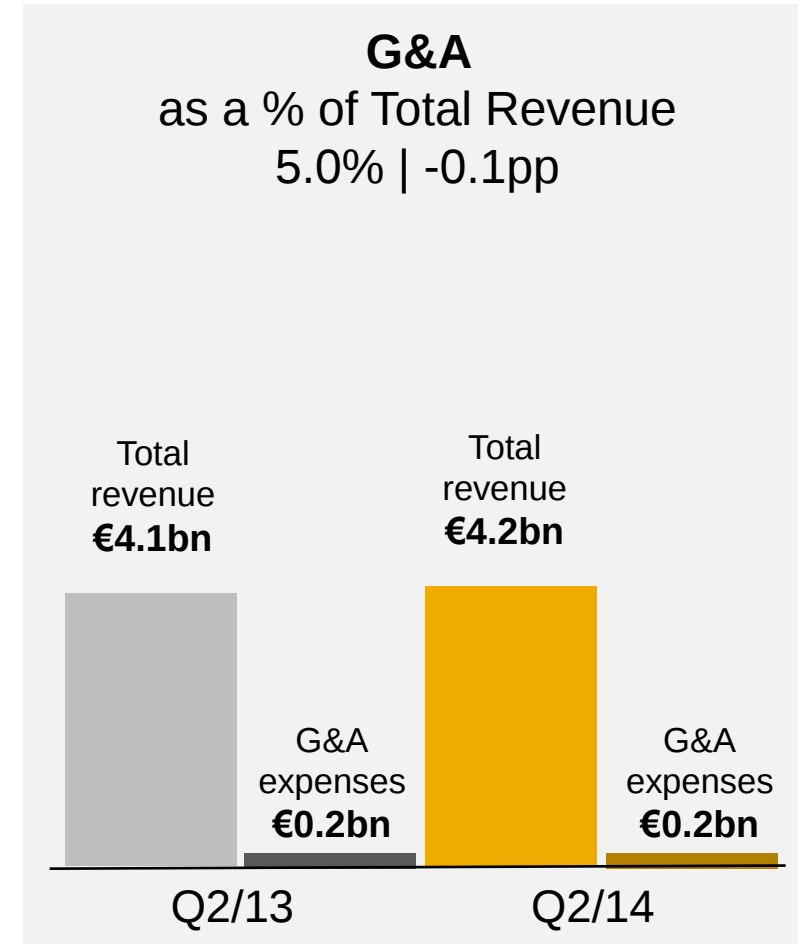
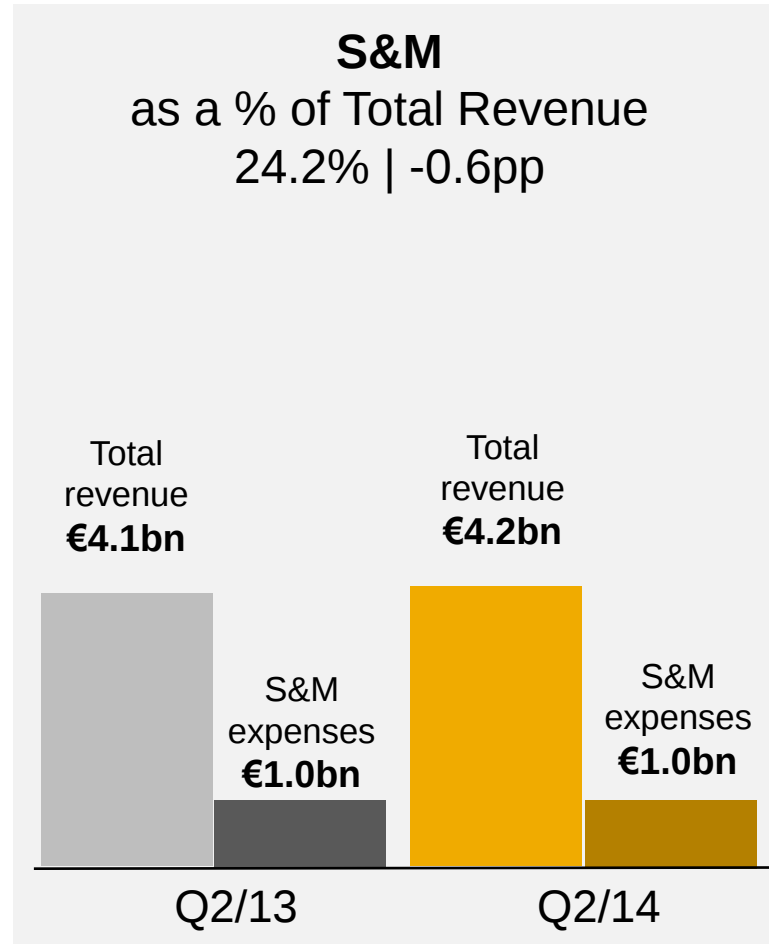
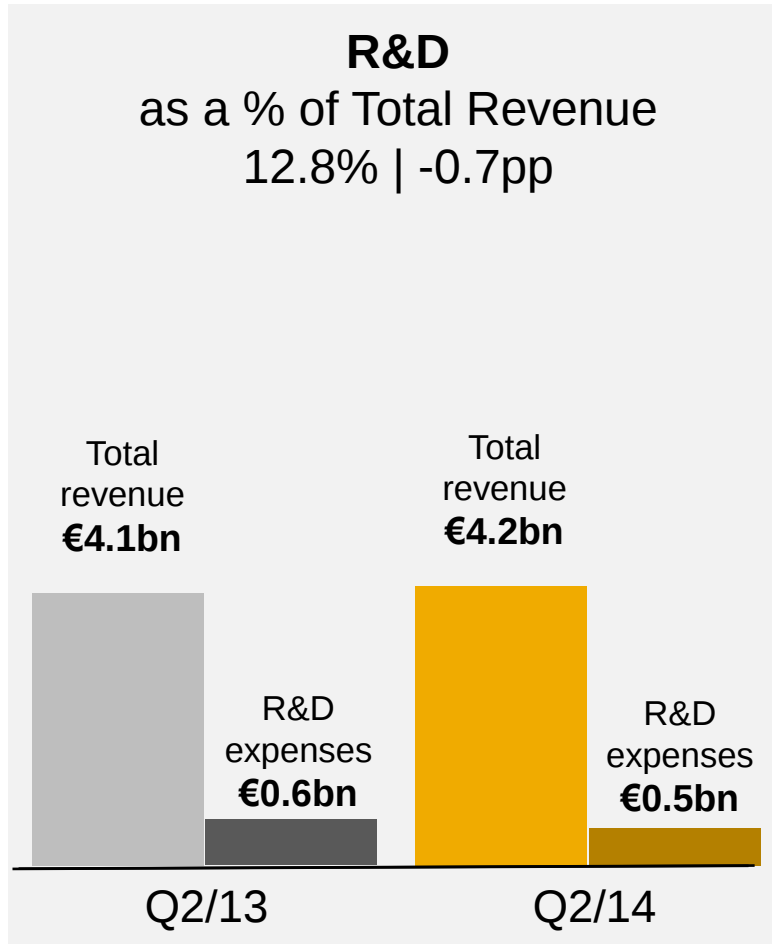


* Professional services and other services

Cost ratios

Q2 2014, Non-IFRS

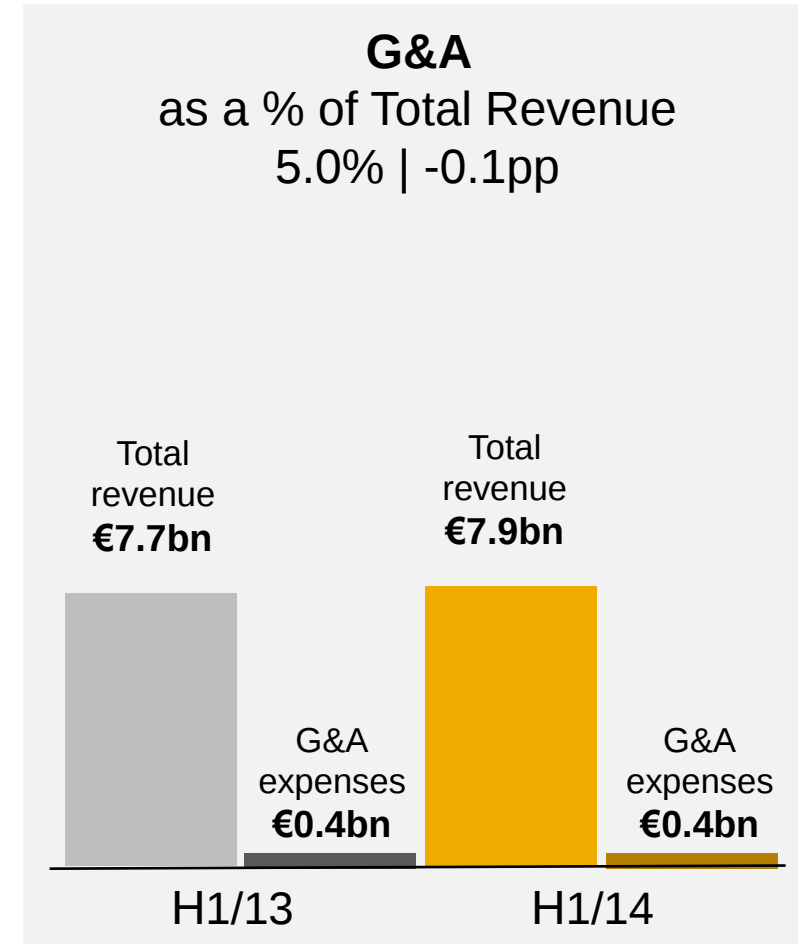
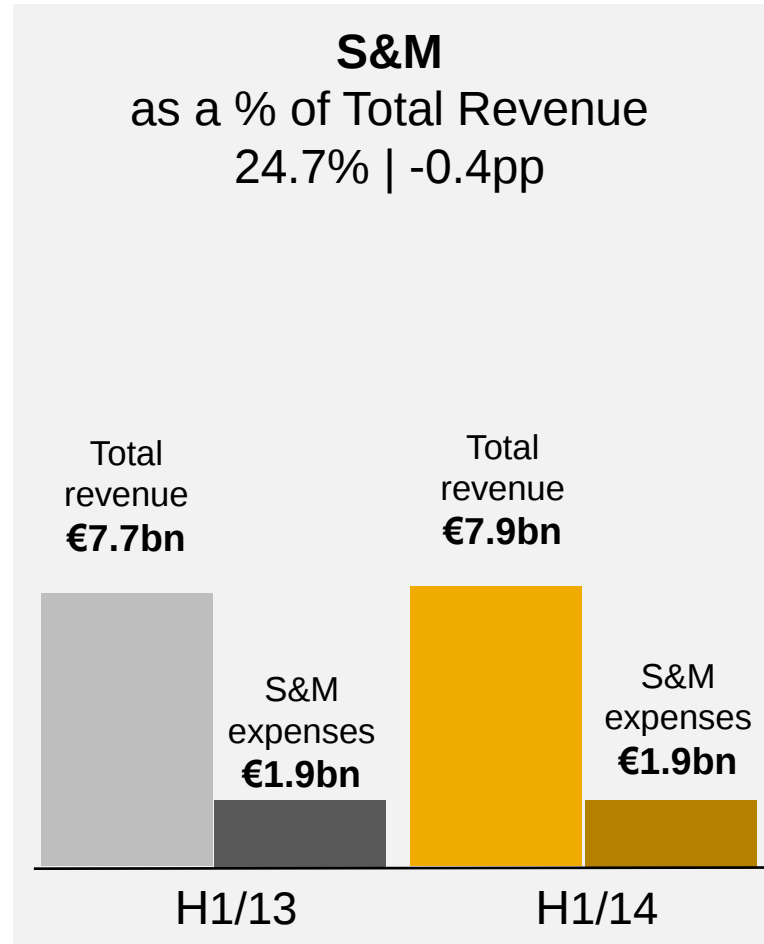
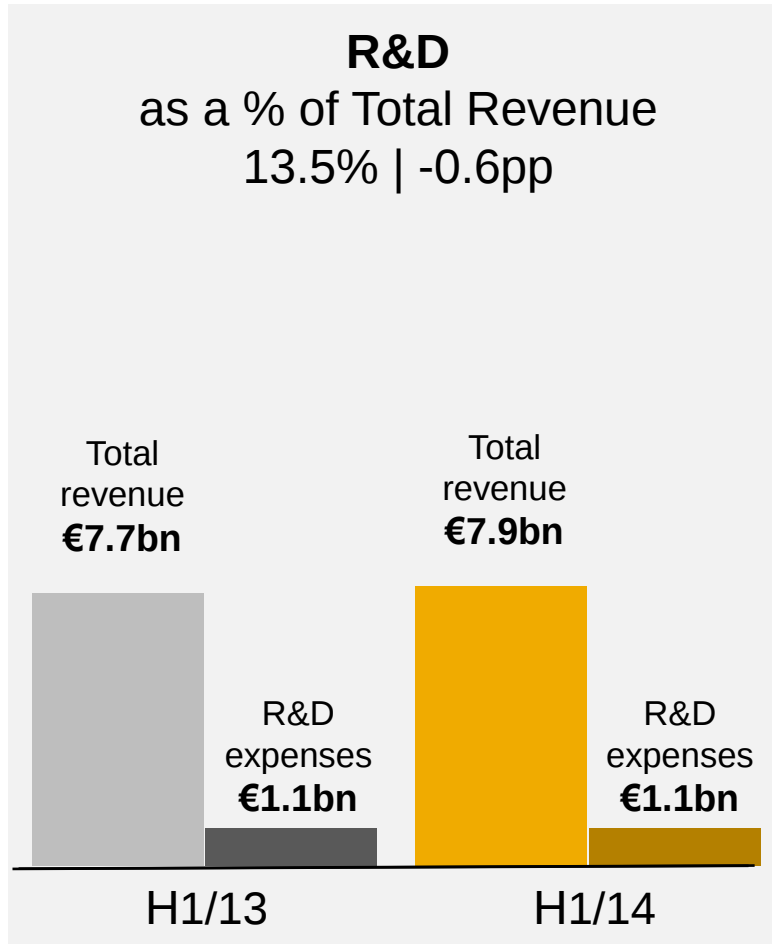
Non-IFRS, Q2/14



Cost ratios

H1 2014, Non-IFRS

Non-IFRS, H1/14



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SAP updated its outlook for the full year 2014

	SAP's Outlook FY 2014	Basis for Comparison 2013	
Cloud subscription and support revenue (Non-IFRS at cc)	€1,000m – €1,050m Upper end of this range represents a growth rate of +39%	Previously: €950m – €1bn	€757m
Software and Software-related Service Revenue (Non-IFRS at cc)	+ 6% – 8%		€14.03bn
Operating Profit (Non-IFRS at cc)	€5.8bn to €6bn		€5.48bn

While the Company's full-year 2014 business outlook is at constant currency, actual currency reported figures are expected to continue to be negatively impacted by currency exchange rate fluctuations. If exchange rates remain at the June 2014 level for the rest of the year, the Company expects non-IFRS software and software-related service revenue and non-IFRS operating profit growth rates at actual currency to experience a negative currency impact of approximately 2 percentage points and 2 percentage points respectively for the third quarter of 2014 and of approximately 2 percentage points and 2 percentage points respectively for the full year 2014.

The above mentioned indication for the expected currency exchange rate impact on actual currency reported figures replaces the earlier indication disclosed in SAP's Q1 2014 earnings announcement on April 17st, 2014.

SAP's Mid-term Outlook

Financial Objectives

- Transition to the Cloud while growing our stable core
- Commitment to 2015 top-line aspirations; extend outlook to 2017
- Continued margin expansion

2017 Outlook

- **€22B+** in total revenue
- **€3.0B - €3.5B** in Cloud revenue
- **35%** operating margin

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Balance sheet, condensed

June 30, 2014, IFRS

Assets € millions	06/30/14	12/31/13
Cash, cash equivalents and other financial assets	3,353	2,999
Trade and other receivables	3,614	3,865
Other non-financial assets and tax assets	642	488
Total current assets	7,610	7,352
Goodwill	14,380	13,684
Intangible assets	2,907	2,956
Property, plant, and equipment	1,847	1,820
Other non-current assets	1,482	1,275
Total non-current assets	20,616	19,736
Total assets	28,226	27,089

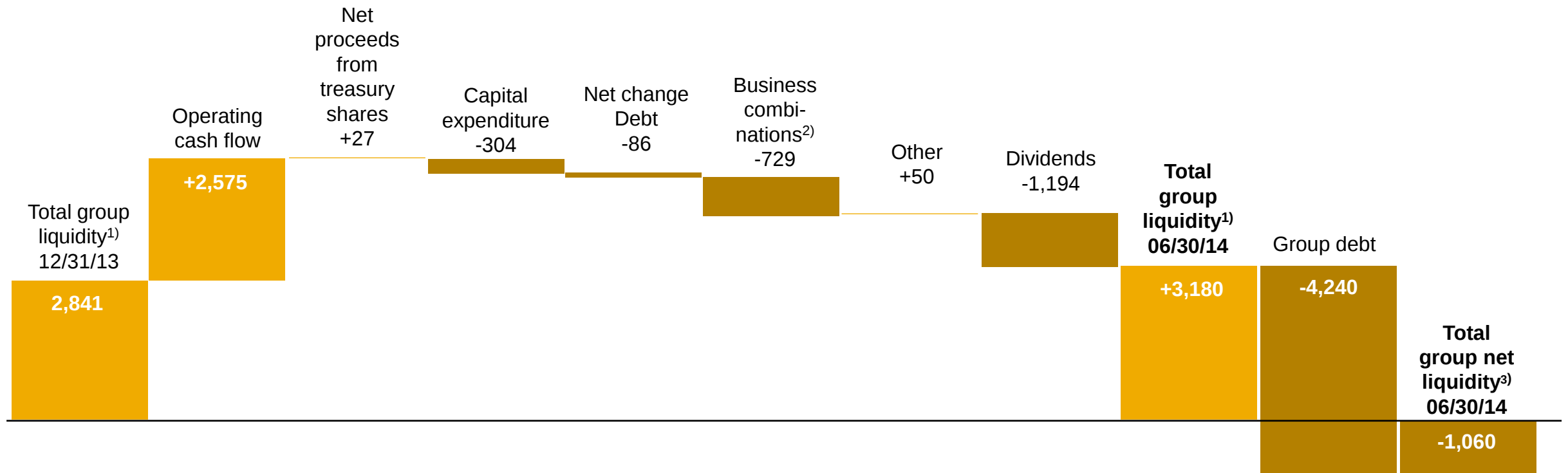
Equity and liabilities € millions	06/30/14	12/31/13
Trade and other payables	846	850
Deferred income	3,304	1,408
Provisions	834	645
Other liabilities	2,401	3,444
Current liabilities	7,385	6,347
Financial liabilities	3,791	3,758
Provisions	211	278
Deferred income	63	74
Other non-current liabilities	622	583
Non current liabilities	4,687	4,694
Total liabilities	12,072	11,041
Total equity	16,154	16,048
Equity and liabilities	28,226	27,089

Strongest operating cash flow ever in a first half – increase by 4% to €2.58bn

€ millions, unless otherwise stated	01/01/14 - 06/30/14	01/01/13 - 06/30/13	Δ
Operating cash flow	2,575	2,482	+4%
- Capital expenditure	-304	-265	+15%
Free cash flow	2,271	2,217	+2%
Free cash flow as a percentage of total revenue	29%	29%	+/-0pp
Cash conversion rate	2.36	2.00	+18%
Days sales outstanding (DSO in days)	64	62	+2

Net liquidity improved by >€400m to -€1.06bn since year end 2013 – strong result given the dividend and cash payout for acquisitions

€ millions



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

2) Business combinations, net of cash and cash equivalents acquired amounted to -€729m

3) Total Group Liquidity less financial liabilities (=bank loans, private placement transactions and bonds); corresponds with net liquidity 2 – for more details see second quarter 2014 Interim Report

SAP's Credit Story

Debt Serving Track Record – Fast Repayments envisaged to continue

M&A @ SAP – Consistent Financing Strategy

On March 26th, Sap announced to acquire **Fieldglass**, the Global Cloud Technology Leader in Contingent Workforce Management.

Acquisition was completed on May 2nd 2014

Consistent with past acquisitions of this size, SAP commits to fast repayment of the acquisition term loan

Currently expect to have repaid the €500 m. acquisition term loan for Fieldglass by the end of the first quarter of 2015 at the latest

Acquisition <i>SuccessFactors</i>	Acquisition <i>Ariba</i>	Acquisition <i>hybris</i>	Acquisition <i>Fieldglass</i>
			
2011	2012	2013	2014
<i>Term Loan</i>	<i>Term Loan</i>	<i>Term Loan</i>	<i>Term Loan</i>
€1.0bn Feb. 21, 2012	€2.4bn Oct .05, 2012	€1.0bn Aug 06, 2013	€0,5bn May 06, 2014
<i>Full Repayment</i> Nov 12, 2012	<i>Full Repayment</i> Dec 05, 2012	<i>Full Repayment</i> Dec 6, 2013	<i>Fast Repayment envisaged</i>

Debt Capital Market Issuance	
<i>Issue of Eurobonds</i>	<i>Issue of US Private Placement</i>
€1.3bn Nov 13, 2012	\$1.4bn Nov. 15, 2012

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US Private Placement Structure and Administration

Administration

Contact Details

SAP Ireland US - Financial Services
1012-1014 Kingswood Avenue
Citywest Business Campus
Dublin 24
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Tel: +35314717000
Email: SAP.USprivateplacement@sap.com

Process

All US PP administration carried out in Dublin, Ireland

Please contact the Dublin team with all information regarding note transfers, changes in custodians, bank account changes as well as any questions or queries relating to interest payments and compliance certificate circulation.

Structure



- ❑ Issuer of Eurobonds
EUR entity
- ❑ Guarantor of USPP
Notes



- ❑ Issuer of USPP Notes
- ❑ USD entity

Counter party risk management

Essential tool to protect operating and strategic liquidity

Who are SAP's core counterparties?

Those banks participating in SAP's €2bn Revolving Credit Facility

How is risk defined?

Risks resulting from material adverse changes in the economic development and/or in the default probabilities of the counterparty

How is risk managed?

Trading limits set based on

- I. Official long term credit rating of one of the major rating agencies of at least "BBB flat" (in the case of different allocated rating categories the lowest is relevant)
- II. Tier 1 capital of the respective financial institution

Additional information on credit worthiness (eg. Credit default swaps, news of extraordinary events)

Trading limits are split into sub limits distinguish between different types of transactions (money market investments, FX deals etc.) and to assign (free) limits to specific business

What is the goal?

- Maintain operating and strategic liquidity at all times
- Diversification to minimize exposure to bank risks (bank insolvency)

How is the process driven?

- Counterparty and counterparty limits are monitored **on a weekly basis** (counterparty limit utilization report)

SAP changed its legal form to a European Company (SE) on 7th Jul.

No consequences for its contract partners, customers or employees

Why convert

The change of legal form from a stock corporation under German law to a European Company was made to manifest SAP's self-image as an international player with European roots. Presenting itself as a European Company thus reflects the importance of the Company's European and international operations

What were the advantages

- Enabled the Company to develop, together with representatives of the European workforce, a model for the involvement of employees which was tailored to the needs of the Company
- Provided the opportunity to be able to limit the size of supervisory board member to 18 to ensure efficiently run
- Provided the opportunity for the company to better reflect its international character even more strongly with employee representatives from other EU member states rather than being exclusively from Germany

No Impact or consequences for

- ✓ Debt Investors
- ✓ Corporate Law
- ✓ Accounting & Financial reporting
- ✓ Taxation

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