

Capital Markets Day

Feb 3, 2015 – The New York Stock Exchange

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Welcome

Stefan Gruber, Head of Investor Relations

Agenda



12:00 – 01:00 pm	Registration and Lunch
01:00 – 01:05 pm	Welcome and Safe Harbor Statement Stefan Gruber, Head of Investor Relations
01:05 – 01:35 pm	Strategy and Vision Bill McDermott, CEO
01:35 – 01:40 pm	Customer Story
01:40 – 02:05 pm	Driving Effectiveness & Efficiency of Our Business Models Luka Mucic, CFO
02:05 – 02:25 pm	Innovation Product Strategy Bernd Leukert, Executive Board Member
02:25 – 02:50 pm	Customer Perspective Rob Enslin, Executive Board Member with Dr. Hans-Ulrich Engel, Member of the Board of Executive Directors of BASF SE, CFO Alan Matula, CIO, Royal Dutch Shell
02:50 – 03:10 pm	Break
03:10 – 03:30 pm	Business Network Steve Singh, Global Managing Board Member
03:30 – 04:15 pm	Q&A Bill McDermott, Luka Mucic, Rob Enslin, Bernd Leukert, Steve Singh
04:15 – 05:00 pm	Cocktails and Social Hour

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.

Strategy and Vision

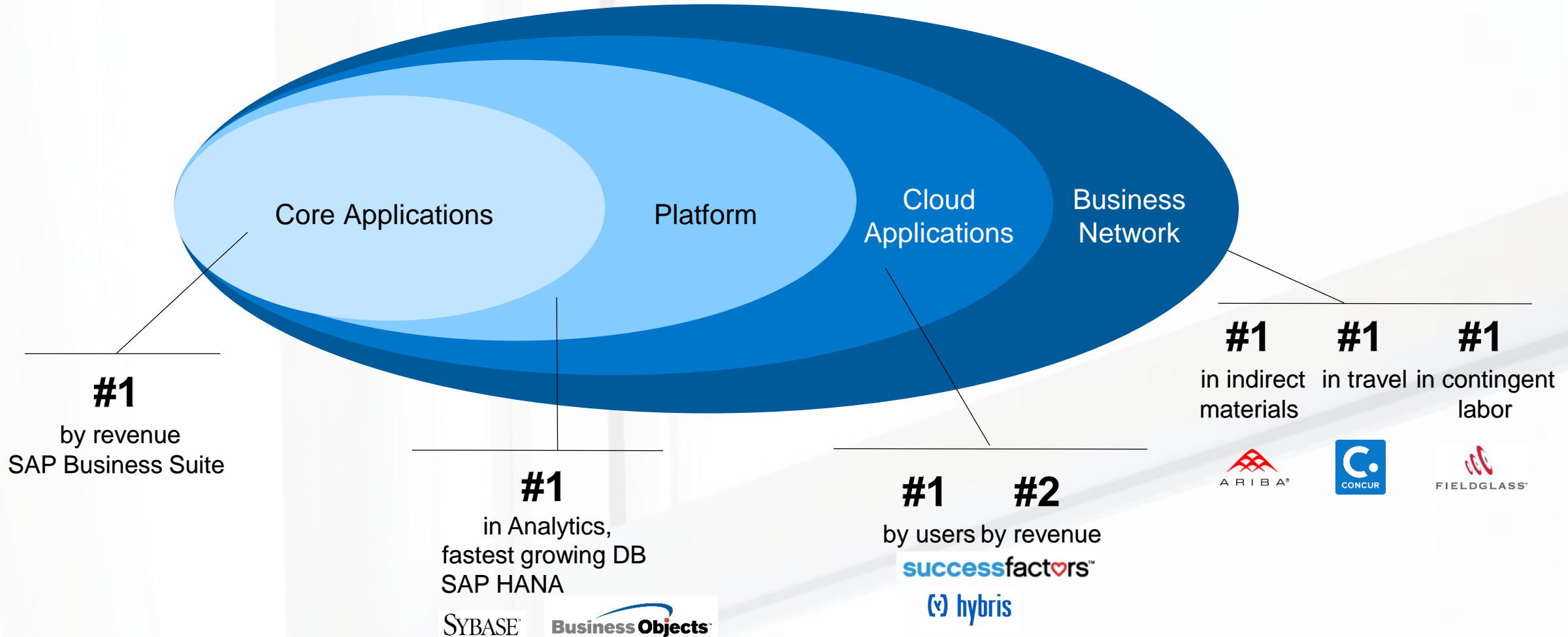
Bill McDermott, CEO

SAP



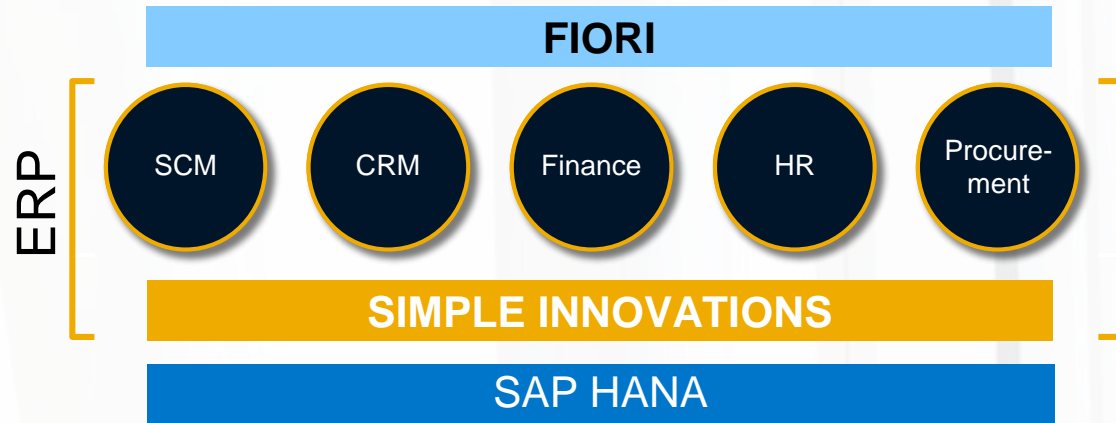
Strategy is ever consistent since 2010

Tripled addressable market from \$110B to over \$350bn

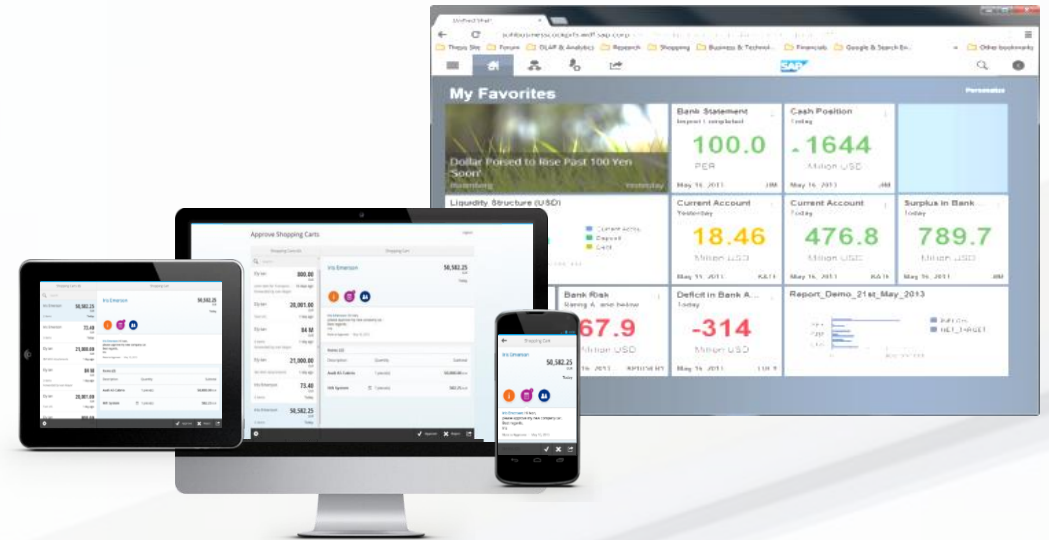


Re-invented the core with SAP S/4 HANA

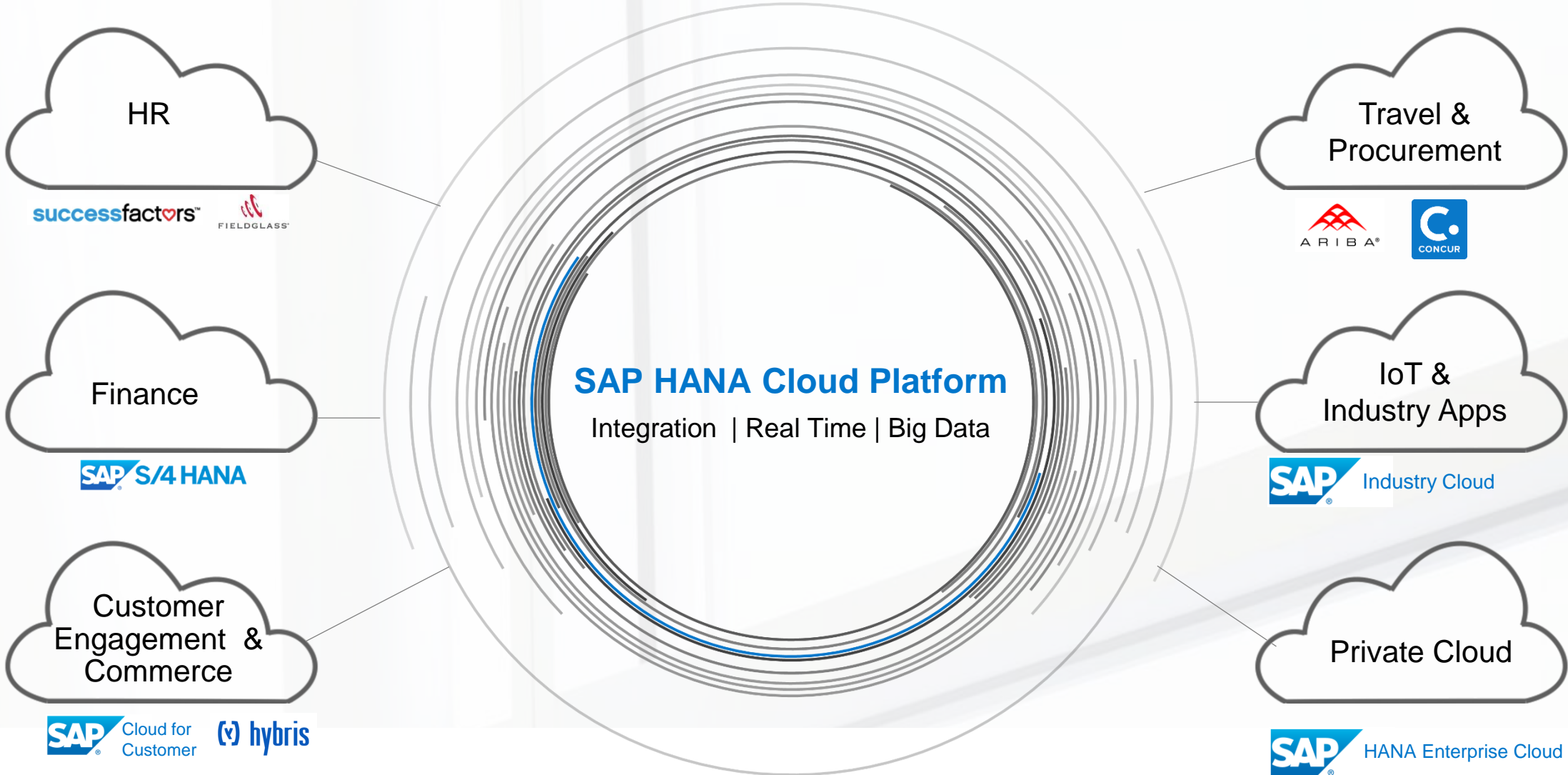
Simple | 4th generation of real-time
built natively on SAP HANA



Fiori and Mobile First UX |
Cloud or On Premise



Integrated enterprise in the Cloud



CONCUR VIDEO

Integrated enterprise in the Cloud

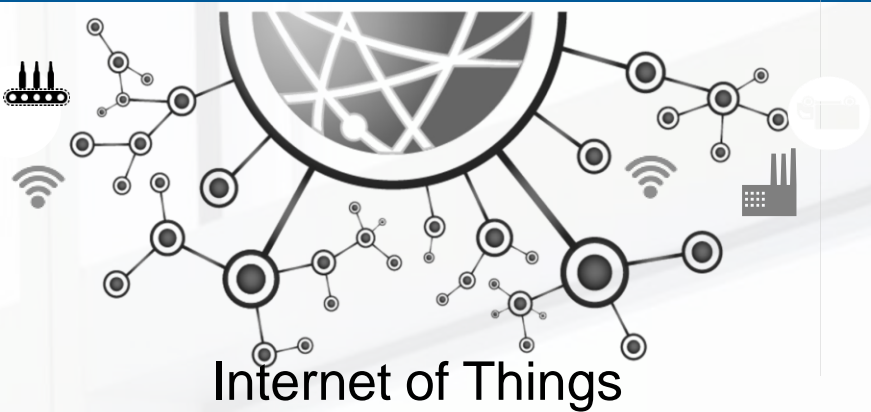


World's Business Network

Connecting companies, people and devices



SAP Business Network Powered by SAP HANA



Vision for the perfect enterprise

Run **real time**



Run **networked**



Run **simple**



UNDERARMOUR VIDEO

Vision for the perfect enterprise

Run **real time**



Run **networked**



Run **simple**



Driving Effectiveness & Efficiency of Our Business Models

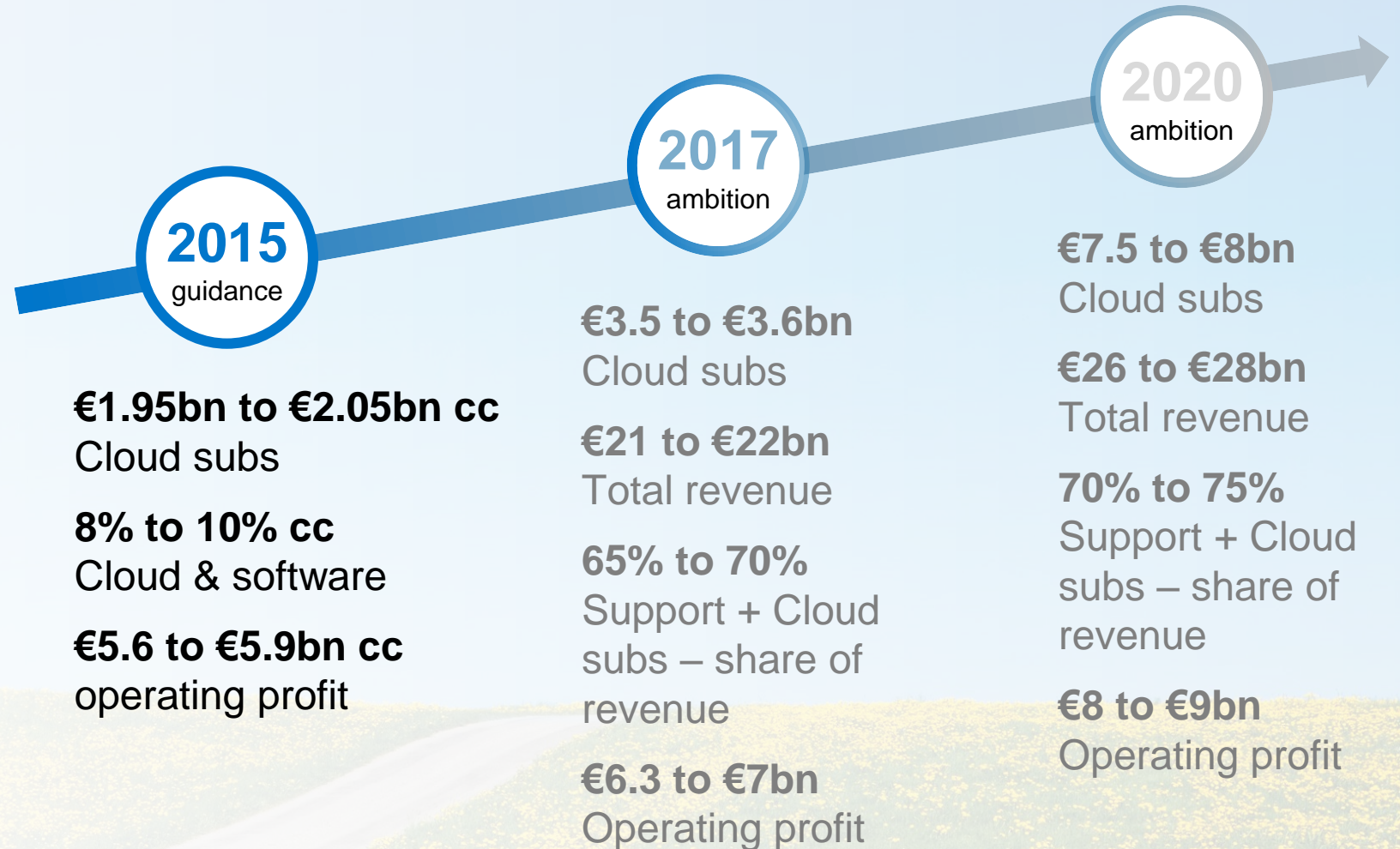
Luka Mucic, CFO

SAP

2015 outlook and path to 2020

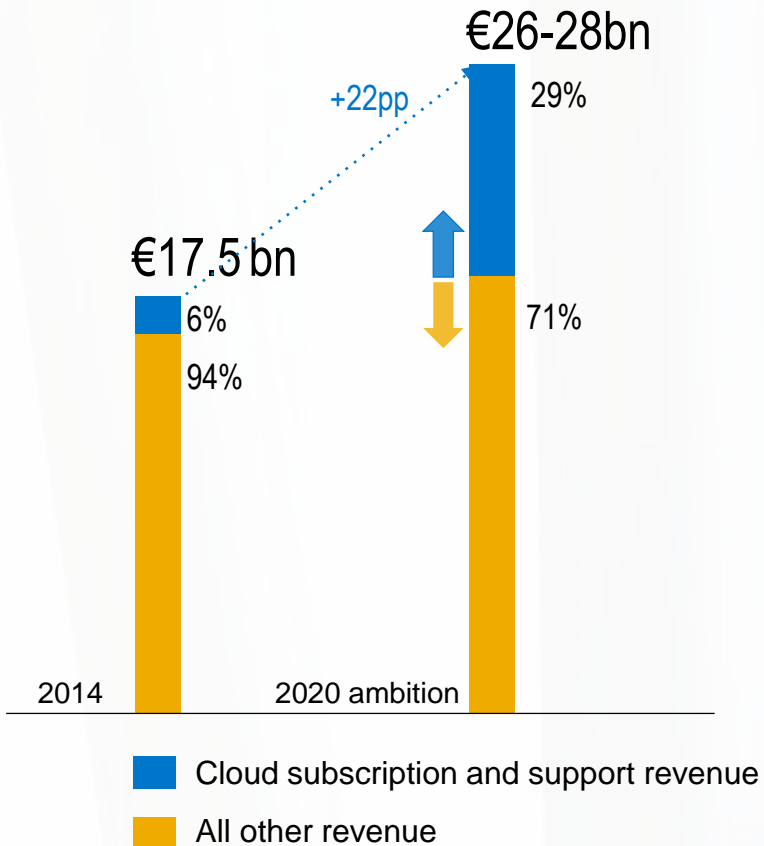
Fast cloud growth, growing highly predictable revenue and operating profit

- Growing cloud business 7X (2014–2020), reflecting organic growth rates unmatched for a company of our scale
- Adding close to €10bn total revenue by 2020
- In 2018 cloud subscriptions & support overtakes software license – SAP will reach a scale in its cloud business which clears the way for operating profit expansion
- Continued positive contribution to operating profit from software license and cloud business models



Fast growing Cloud business changes revenue mix

Total revenue mix



Fast growing **Cloud** business

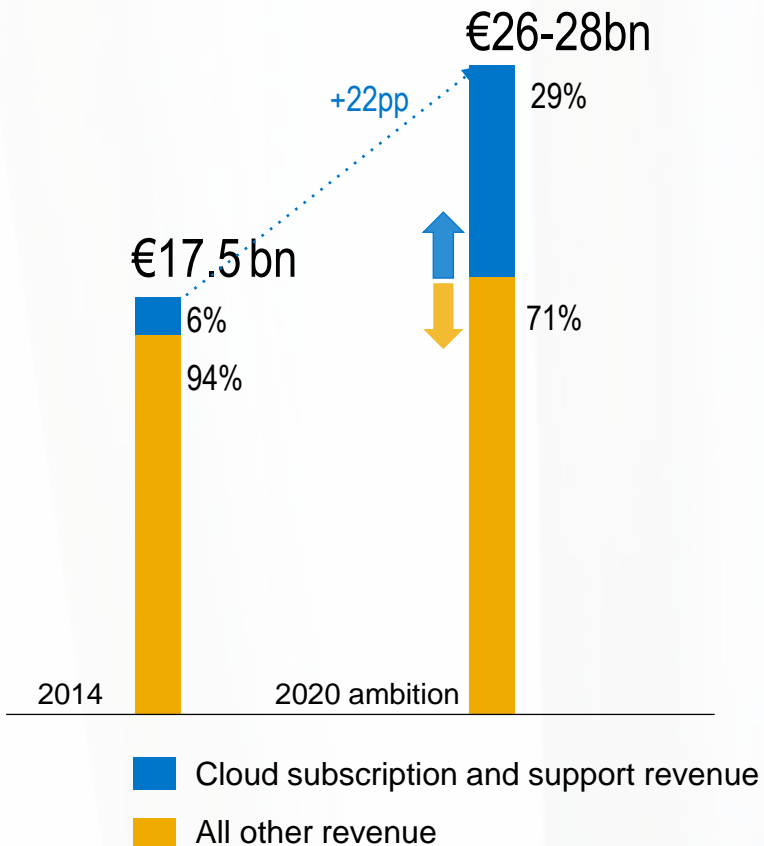
Solid **core business** with resilient support revenue stream

Cloud subscriptions & support expected to overtake software licenses in 2018

SAP will have a much larger cloud business in 2020 relative to the core business – **change in revenue mix weighs on blended operating margin for the group in short/medium term**

Core business – steady improvement of profitability due to growing support, solid license revenue and efficiency gains

Total revenue mix

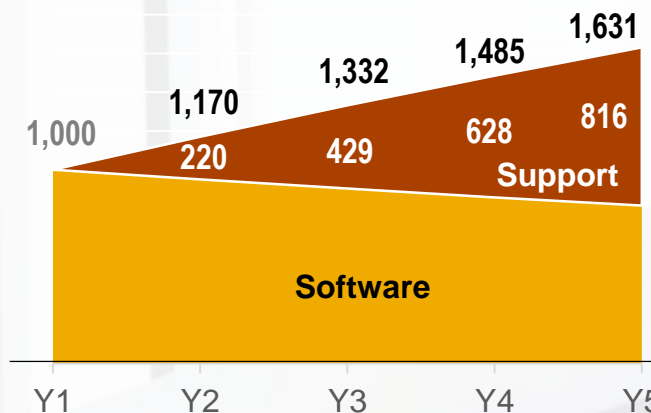


Support revenue

- High renewal rates of ~97-98%
- Enterprise support is today our de facto standard with an acceptance rate of net new customers of 99% in Q4/14

Software & Support

Example: existing customer with continued software purchases



Assumptions:

License purchases decline by 5% p.a.;

Enterprise Support offering fee 22% p.a.

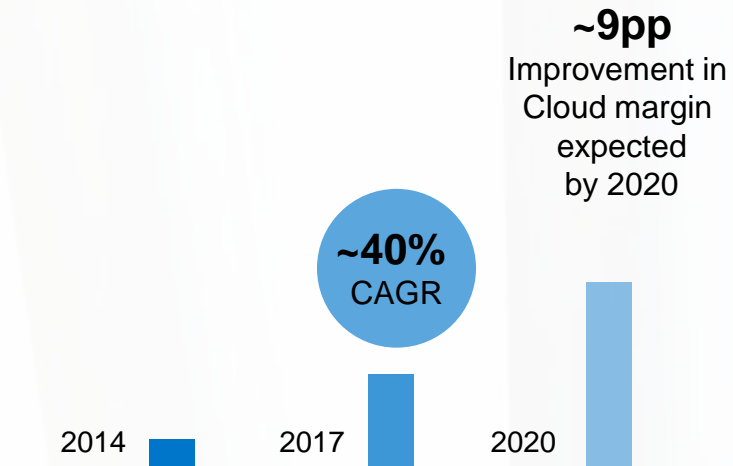
Software license revenue

- Driven by innovations – next generation Business Suite S/4HANA, CEC* and strategic industries
- Dependent on macroeconomic environment, in particular in emerging markets
- SAP outlook implies moderate decline in software revenue due to secular shift to cloud and assumption of unchanged market conditions

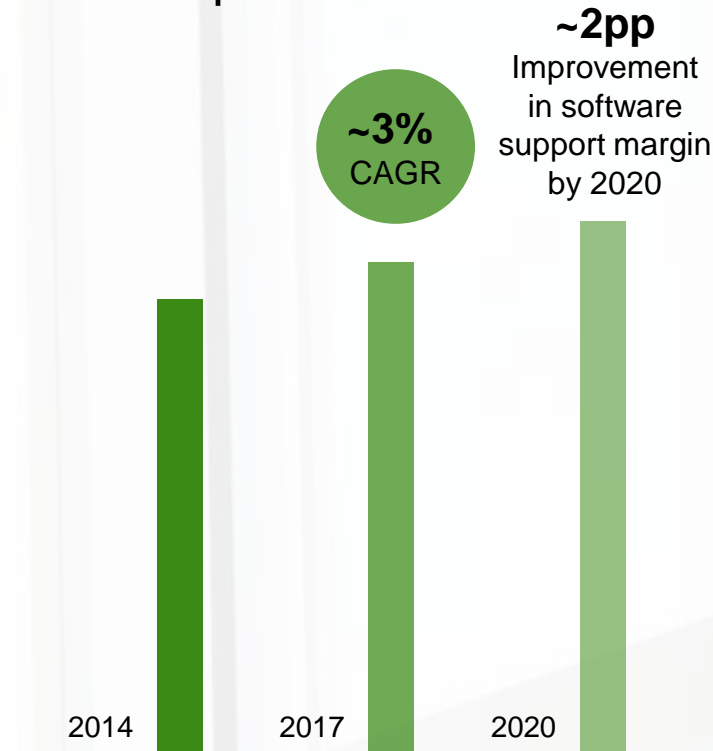
* Customer Engagement & Commerce

Both businesses will contribute to operating profit expansion

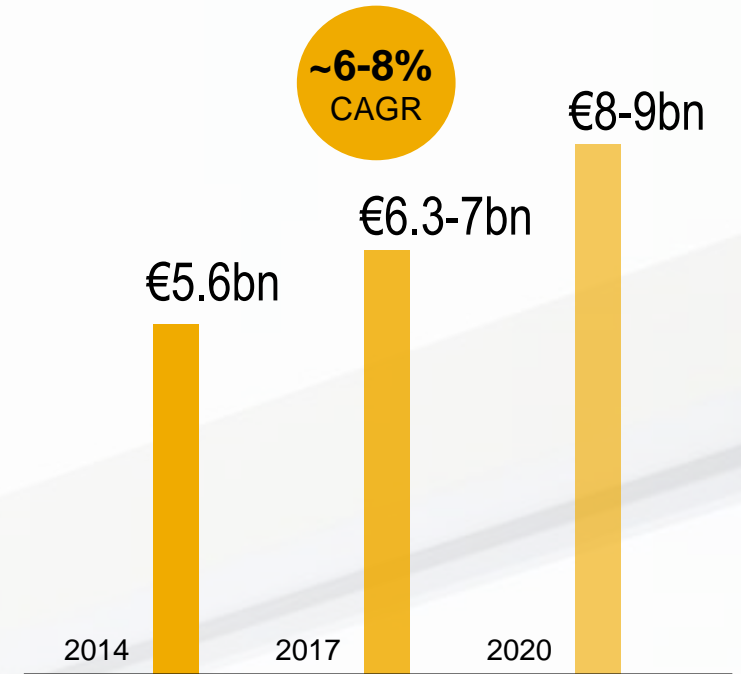
Cloud subscriptions and support Gross profit



Software and support Gross profit



Total operating profit



SAP has a more diversified Cloud portfolio with different economics

Public Cloud

- Classical subscription SaaS model for cloud applications
- Most comparable cloud offering to pure cloud vendors
- Mostly 3 years contract
- Massively scaling while continuing to improve efficiency

Primarily annual pre-billing which results in deferred revenue

~80%

long term gross margin

Private Cloud

- Start-up business supporting large customers' transition to HANA and cloud (significant cross selling potential)
- Mission critical processes
- High set-up costs and significant ramp up weighs on margins short term – while scaling & leveraging partnerships in future

Pre-billing with short (monthly) billing terms, consequently lower deferred revenues

~40%

long term gross margin

Business Networks

- Market leading with Ariba, Fieldglass and Concur
- Steady predictable revenue stream with a very high stickiness
- Primarily 'Pay-as-you-go' model with contractual commitments
- Stable revenue growth rates

Frequent, transaction-based billing leads to lower deferred revenue

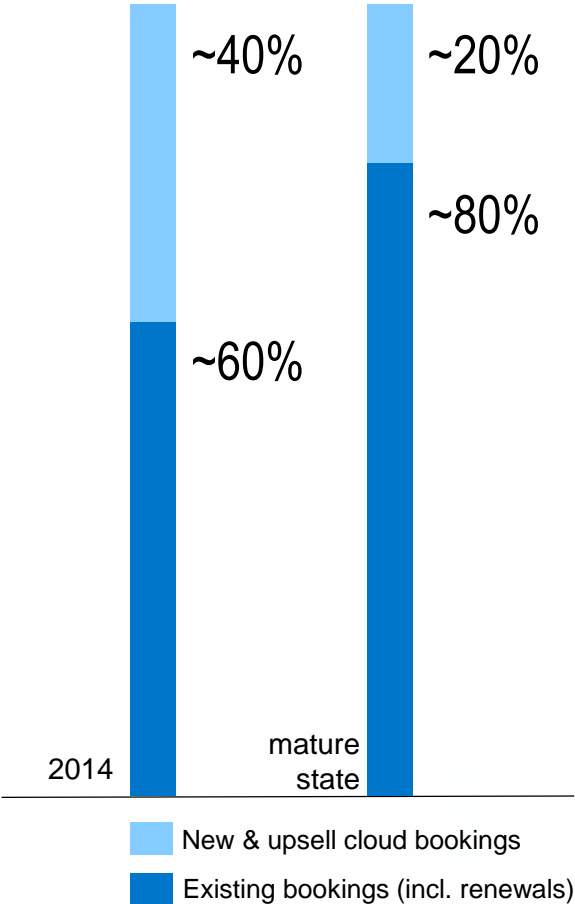
~80%

long term gross margin

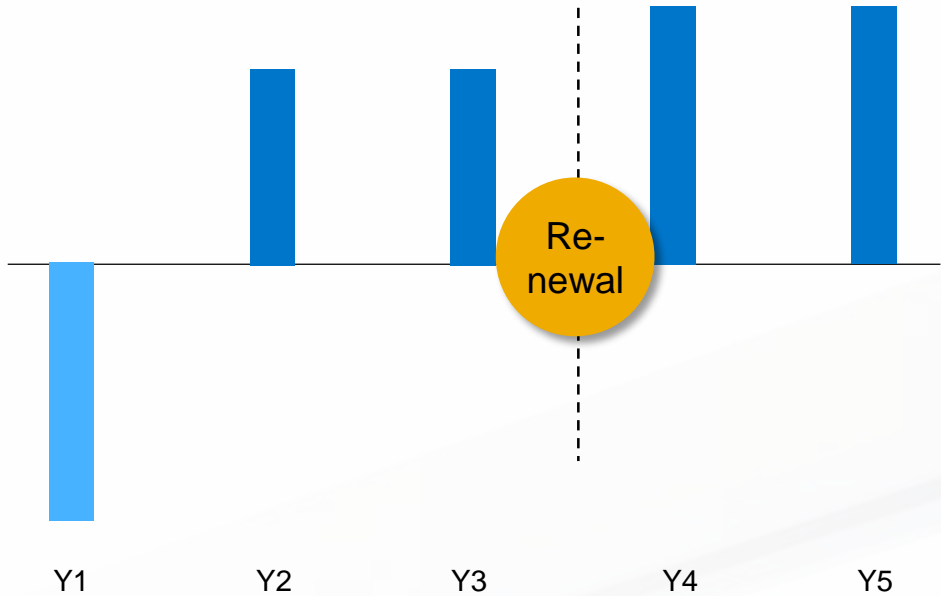
* Long term cloud subscription and support gross margin potential in mature state (excluding cloud-related professional services)

As share of new bookings reduces over time, cloud profitability ramps

Share of new vs. anniversary and renewal bookings



Typical Cloud deal impact on gross profit* (three years contract duration)



* excl. G&A and R&D

Levers for increased effectiveness & efficiency across the different business models

1 **Top line**
S/4 HANA
CEC
Strategic Industries

2 **Run Simple**

3 **End-to-end TCO focus for all of our cloud solutions** (from solutions design through R&D to delivery)

4 **ONE Service**
one service portfolio, out of one global organization and under one contract



Innovation Product Strategy

Bernd Leukert, Member of the Executive Board

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SAP



OPEN
PLATFORM

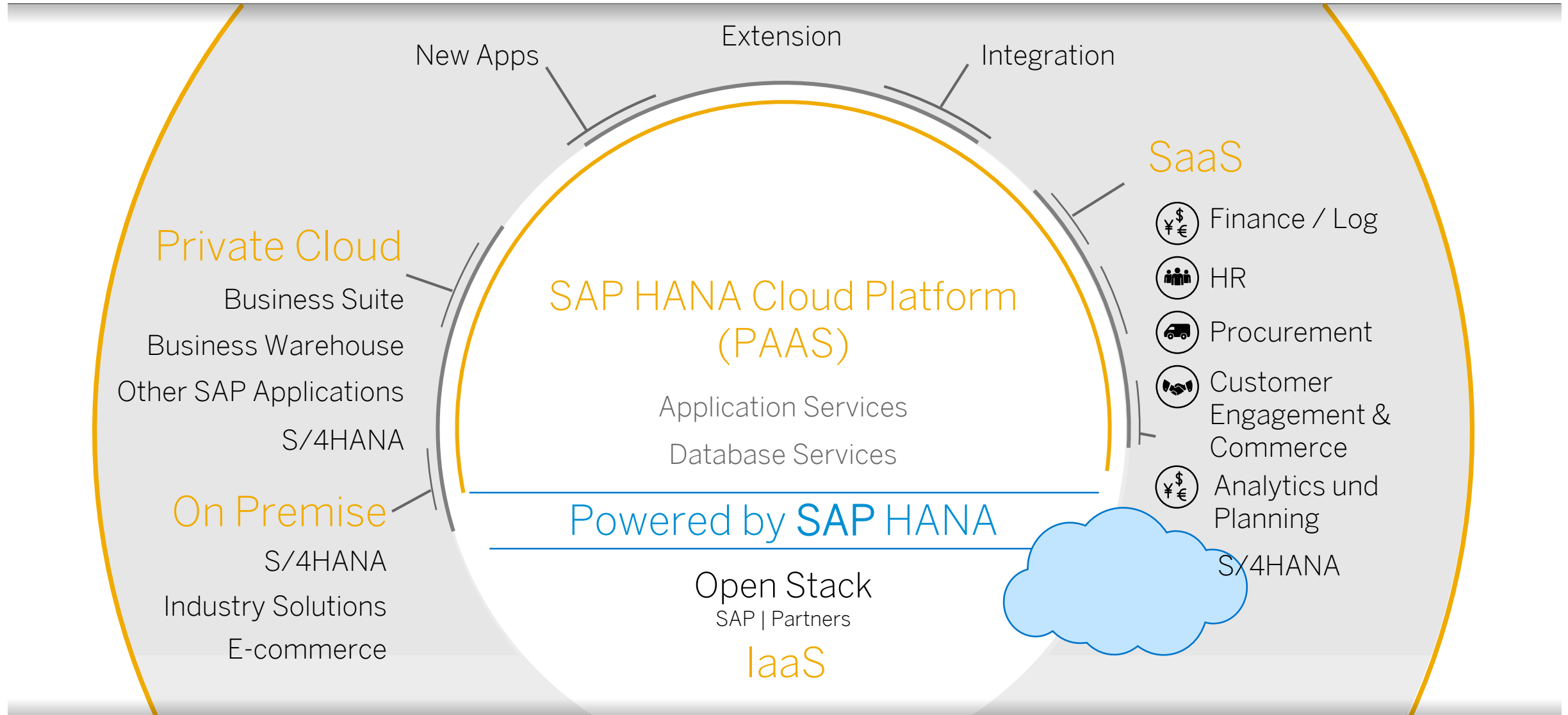
INNOVATIVE
APPLICATIONS

CONNECTED
NETWORK

BREAKTHROUGH
HANA

PLATFORM

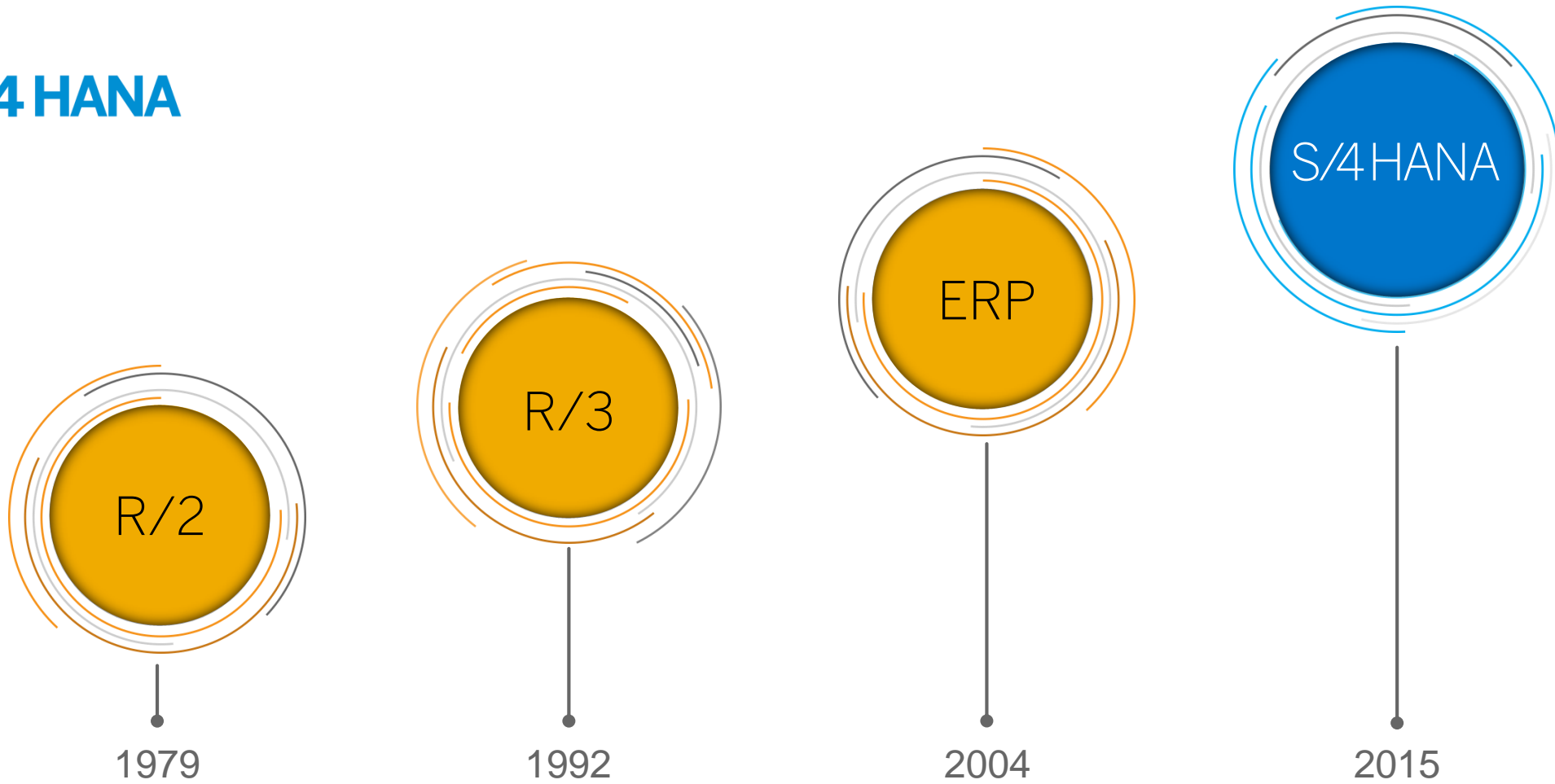
SAP HANA Cloud Platform



APPLICATIONS

SAP's Next Big Thing

SAP S/4 HANA



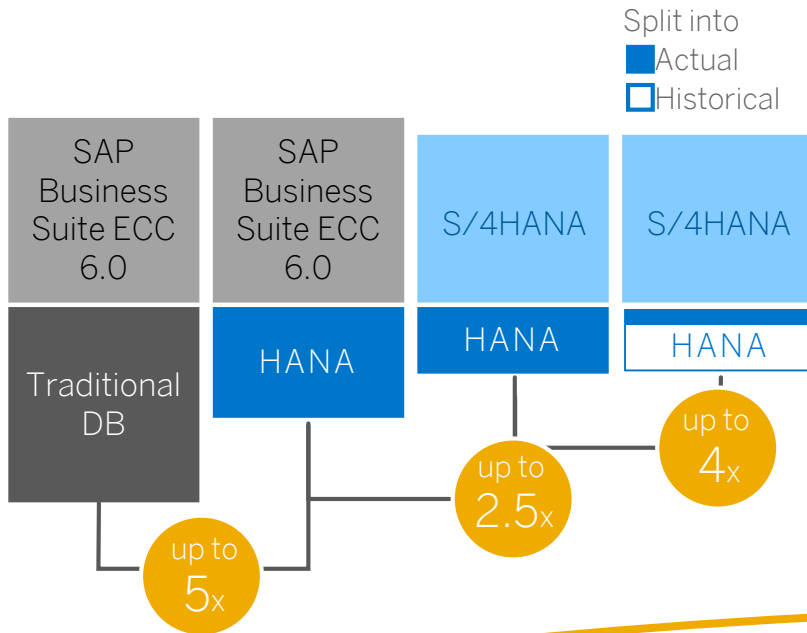
APPLICATIONS

SAP S/4HANA

Simplified Data Model

Completely Fiori

Guided Configuration



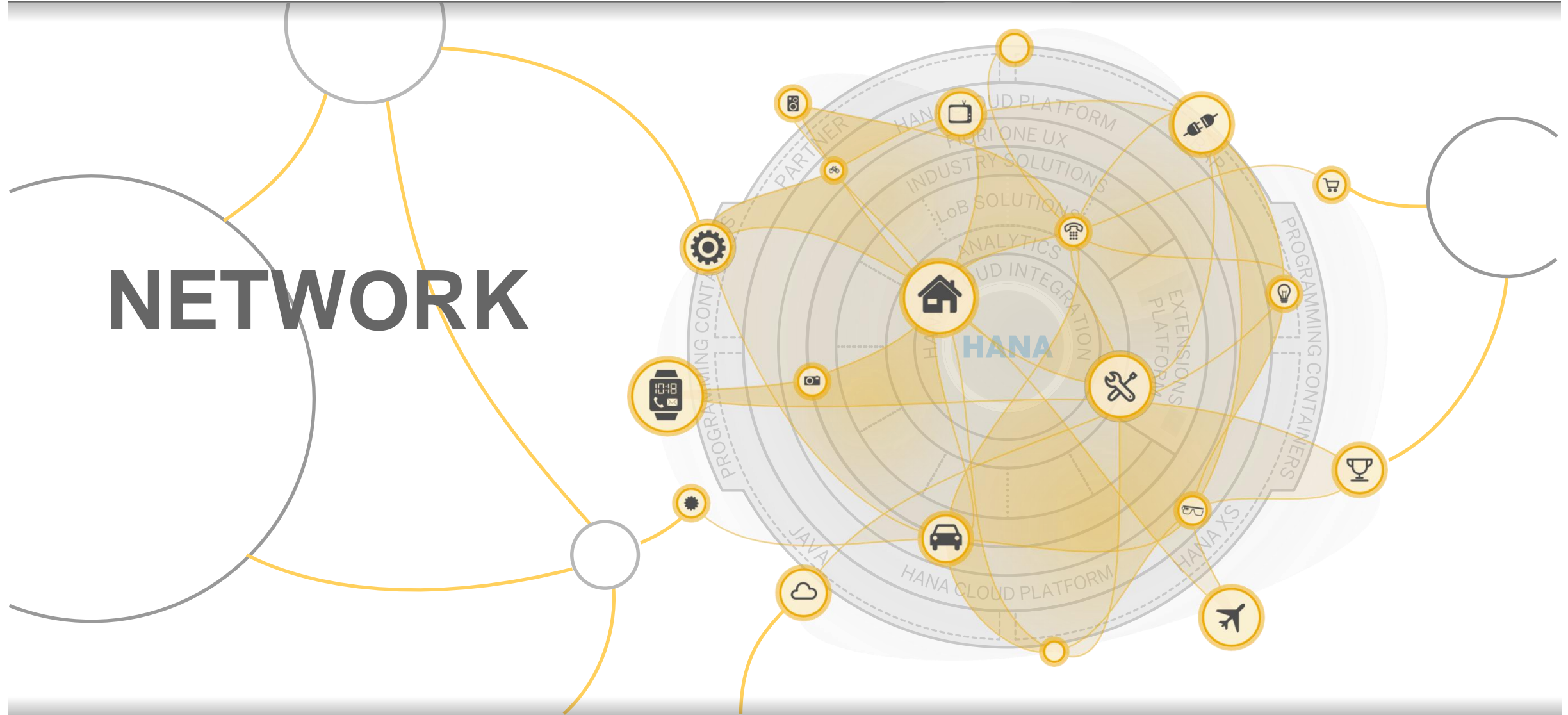
Cloud and On Premise

BENEFITS

~1/10 of data footprint | 3-7X higher throughput | Up to 1.800X faster analytics
 Replication for throughput and high-availability | Predict, recommend, simulate
 All data: social, text, geo, graph, processing | any device | Easy upgrade | Extensions through HCP

NETWORK

Reaching beyond the company frontier



Customer Perspective

Rob Enslin, Executive Board Member

Customer Perspective

Hans Engel, CFO of BASF SE

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150 years

 **BASF**
We create chemistry

SAP Capital Markets Day

New York
February 3, 2015

Hans Engel, CFO of BASF SE

Cautionary note regarding forward-looking statements

This presentation may contain forward-looking statements that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realized from the proposals described herein. Forward-looking statements may include, in particular, statements about future events, future financial performance, plans, strategies, expectations, prospects, competitive environment, regulation and supply and demand. BASF has based these forward-looking statements on its views and assumptions with respect to future events and financial performance. Actual financial performance could differ materially from that projected in the forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections, and financial performance may be better or worse than anticipated. Given these uncertainties, readers should not put undue reliance on any forward-looking statements. The information contained in this presentation is subject to change without notice and BASF does not undertake any duty to update the forward-looking statements, and the estimates and assumptions associated with them, except to the extent required by applicable laws and regulations.

150 years



BASF – We create chemistry for a sustainable future

- World's largest chemical company
- Our chemistry is used in almost all industries
- We combine economic success, social responsibility and environmental protection
- Key figures 2013:
 - Sales: €74 billion
 - EBITDA: €10.4 billion
 - Operating cash flow: €7.9 billion
 - Employees*: ~112,200 (thereof ~10,650 R&D)
- 6 Verbund sites and 376 other production sites
- Customers in around 200 countries



150 years

Ludwigshafen – The role model Verbund site

BASF
We create chemistry



2,000 buildings

250 production
assets**

2,800 km pipeline

2,100 trucks per day

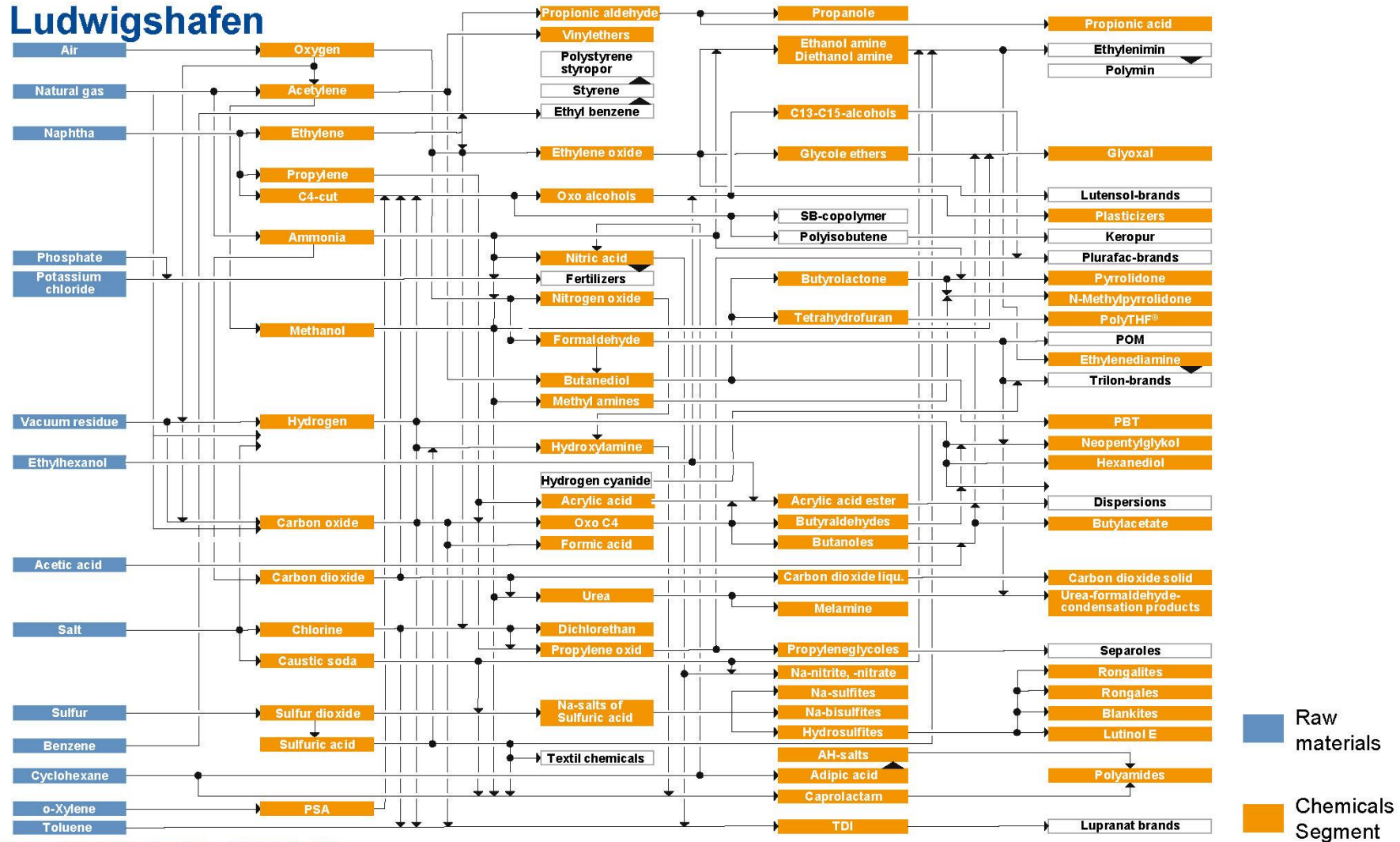
230 km rail tracks

~400 rail cars
per day

~20 barges
per day

BASF Verbund – Highly integrated value chains

Ludwigshafen

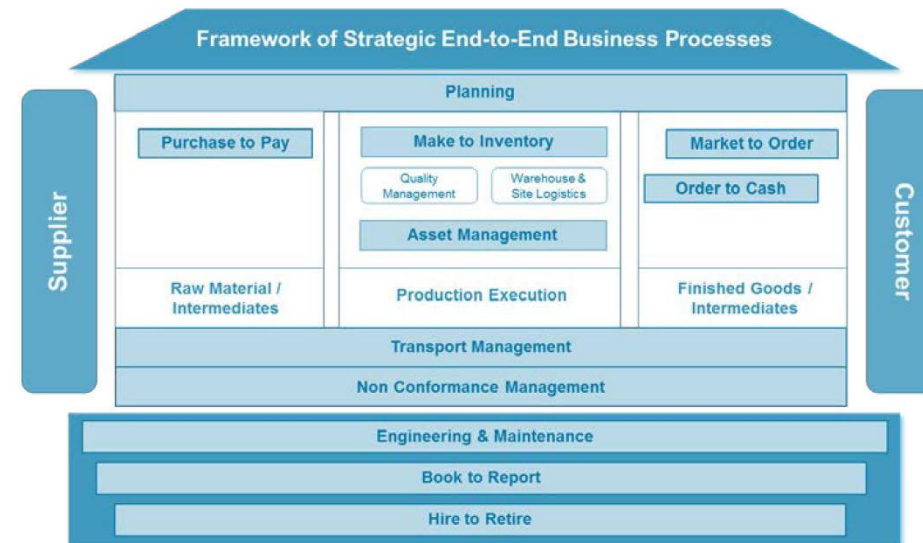


150 years



SAP software is the backbone of our business process landscape

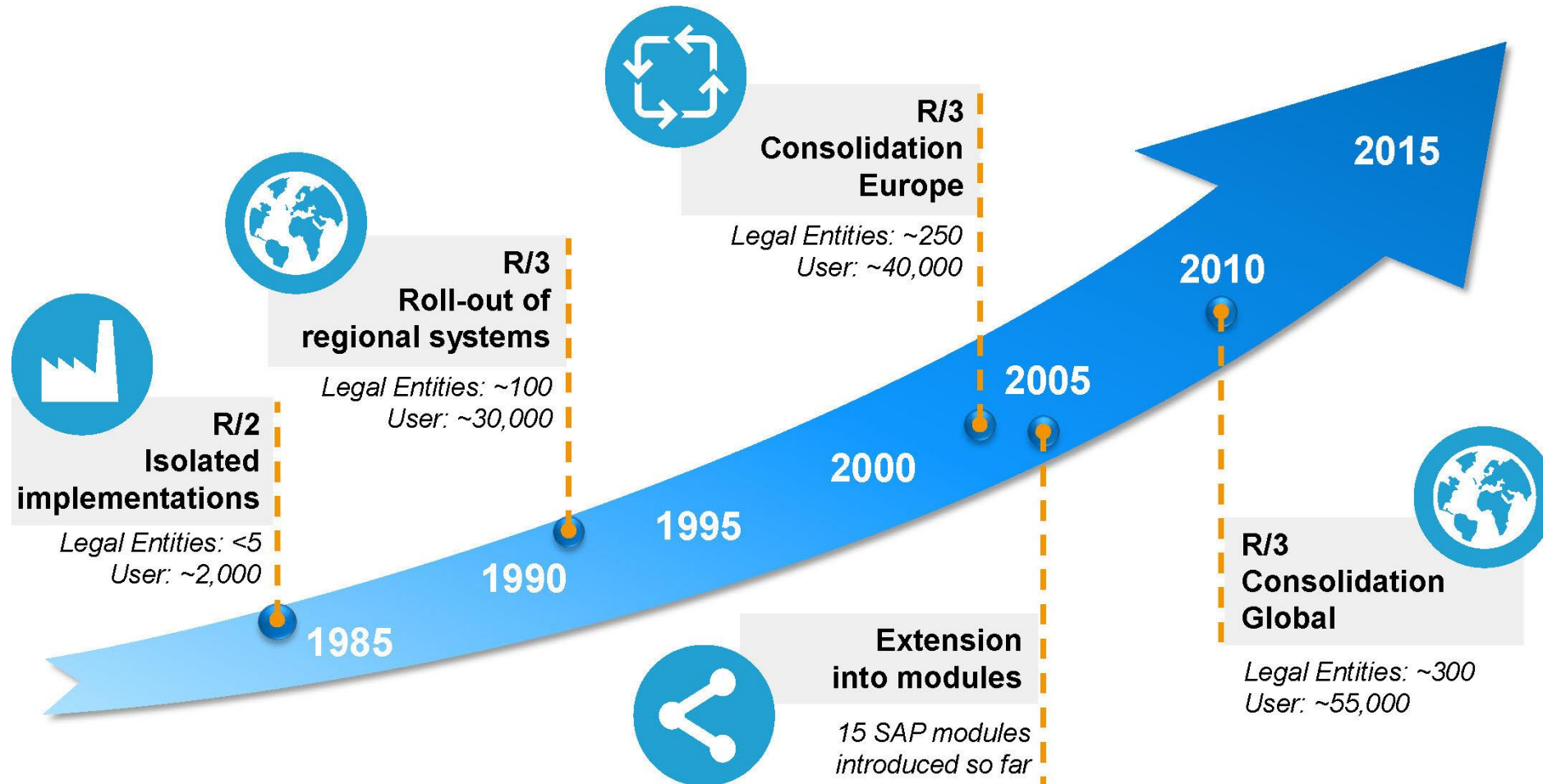
- One common process & IT platform based on SAP ERP for entire BASF Group globally
- Process platform is actively used by more than 50% of BASF employees
- Focus shifted from improving single processes towards integrated end-to-end processes



150 years



30 years of successful cooperation with SAP



Strategic partnership with SAP to co-create the next level of business performance



Co-Development

SAP architects work onsite at BASF

- to improve the usage of SAP software
- to obtain direct feedback into R&D to improve existing SAP Solutions (Co-Development)



Co-Innovation

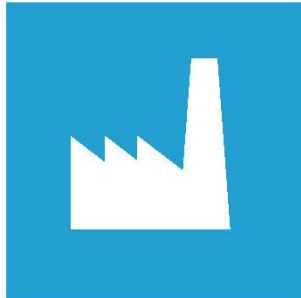
SAP and BASF collaborate to create innovative products and processes

- to enable further innovations and differentiation for BASF
- to improve process excellence & increase business performance

150 years



Future IT requirements



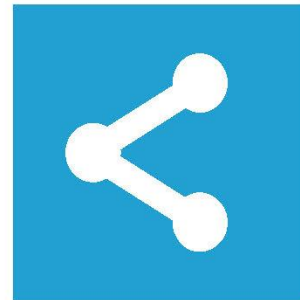
**Smart
factories**



**Real-time & insight
driven decision making**



**B2C to B2B
shift**



**Customer / Supplier
collaboration**



Cyber security



Hybrid clouds

150 years



We create chemistry

Customer Perspective

Customer Perspective

Alan Matula, CIO, Royal Dutch Shell

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Customer Perspective

The Business Network

Steve Singh, Member, SAP Global Managing Board

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How the world should work



Networks for consumers

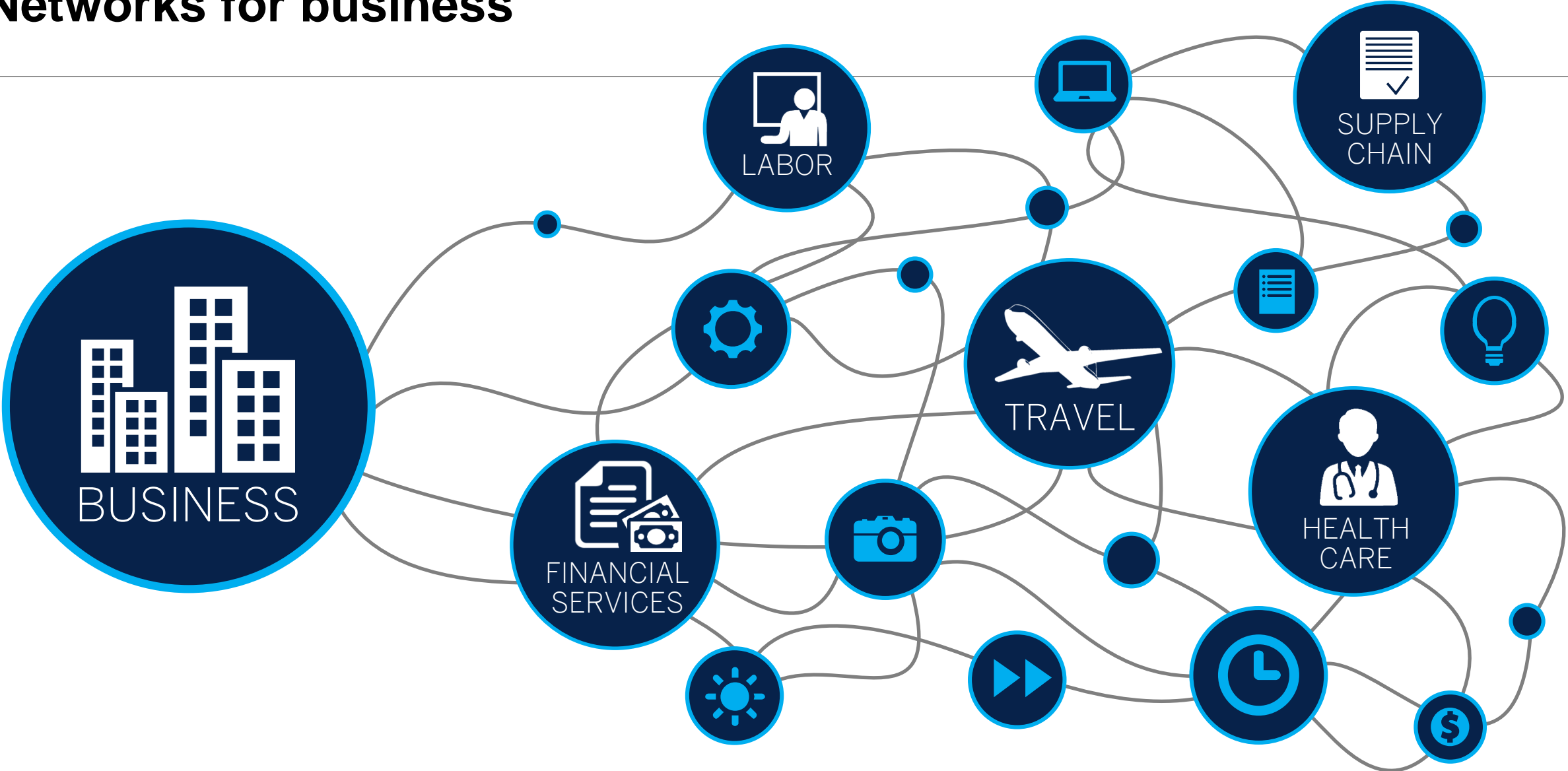


DIGITAL MEDIA
NETWORKS



NETWORKS FOR
BUYERS & SELLERS

Networks for business



The Business Network

PERSONALIZED ACTIONABLE TRANSPARENT
CONTEXT INSIGHT VISIBILITY

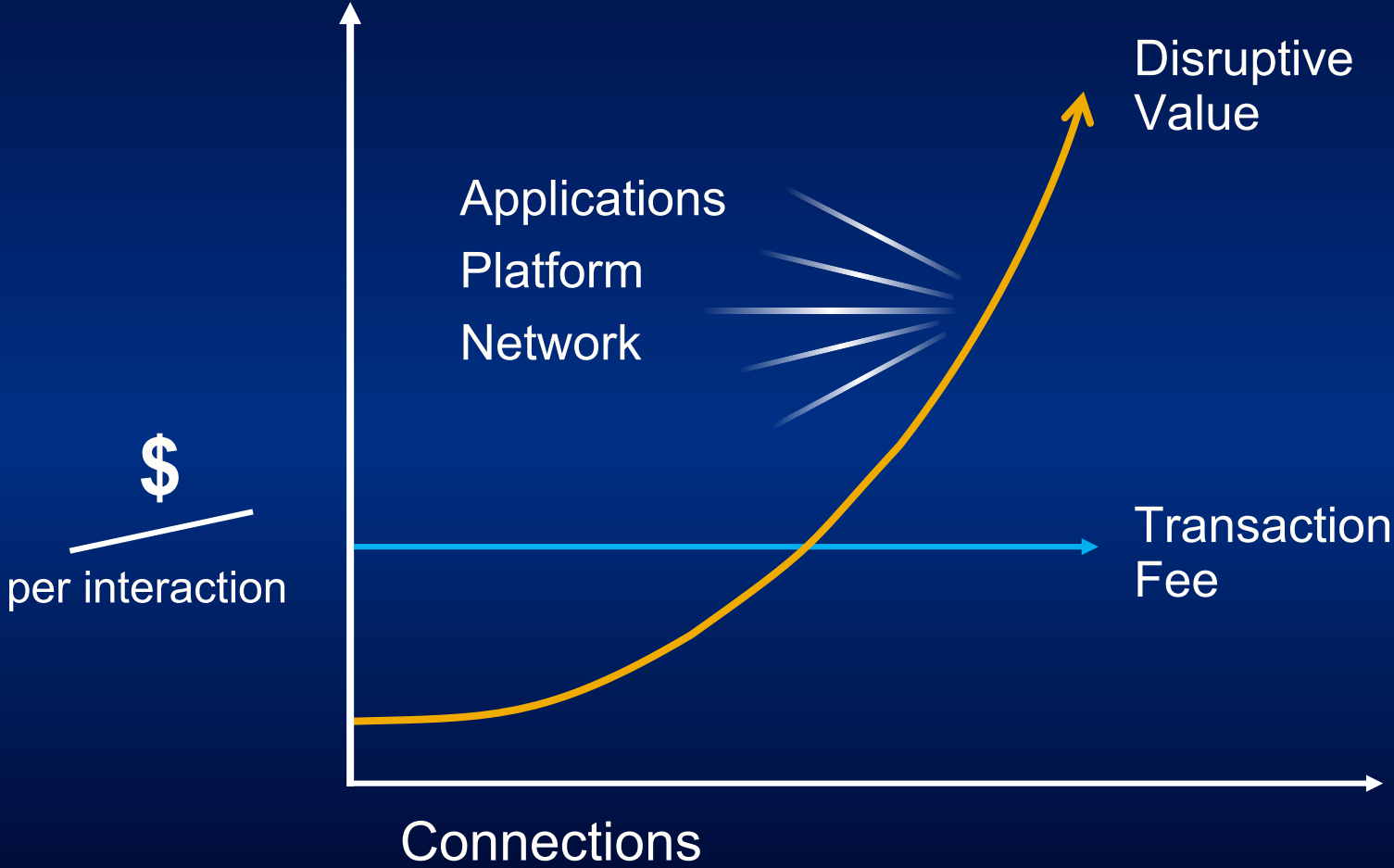
BUSINESS NETWORK

The SAP Business Network



BUSINESS NETWORK

Opportunity for business network technology disruption



\$75B

\$2T

Delivering value today



Immediate customer value



More than €\$1 billion in revenue
with best-in-class operating margins



8,000+ employees



Clear #1 solution in each of our markets



Pure cloud delivery



Business positioned to grow rapidly for years
with increasing leverage from SAP



CONCUR



FIELDGLASS™

BUSINESS NETWORK

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SAP

Capital Markets Day

Q & A

SAP



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