

SAP – The World's Leading Business Software Company

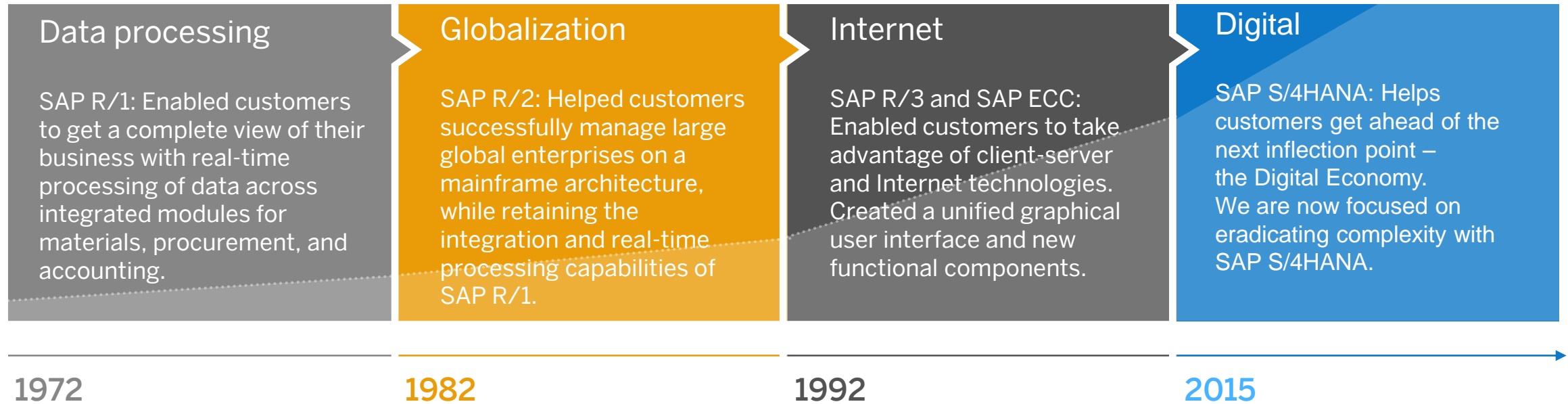
July 2015, Investor Presentation

The SAP logo is located in the bottom left corner of the slide. It consists of the letters "SAP" in a white, bold, sans-serif font, set against a blue rectangular background that is slightly tilted to the right.



1 Vision & Strategy

For 43 years, SAP has helped businesses at every major inflection point:



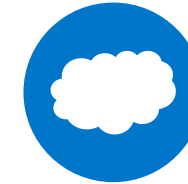
Today, a new digital economy powered by real-time data is emerging, and SAP is guiding its customers through unprecedented change.

By 2020

connected
businesses



\$65 trillion
in global trade through
connected businesses

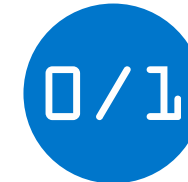


Cloud

Internet of
Things



44 trillion
gigabytes of data generated



big data

mobile
devices



75 billion
connected devices in the
Internet of Things

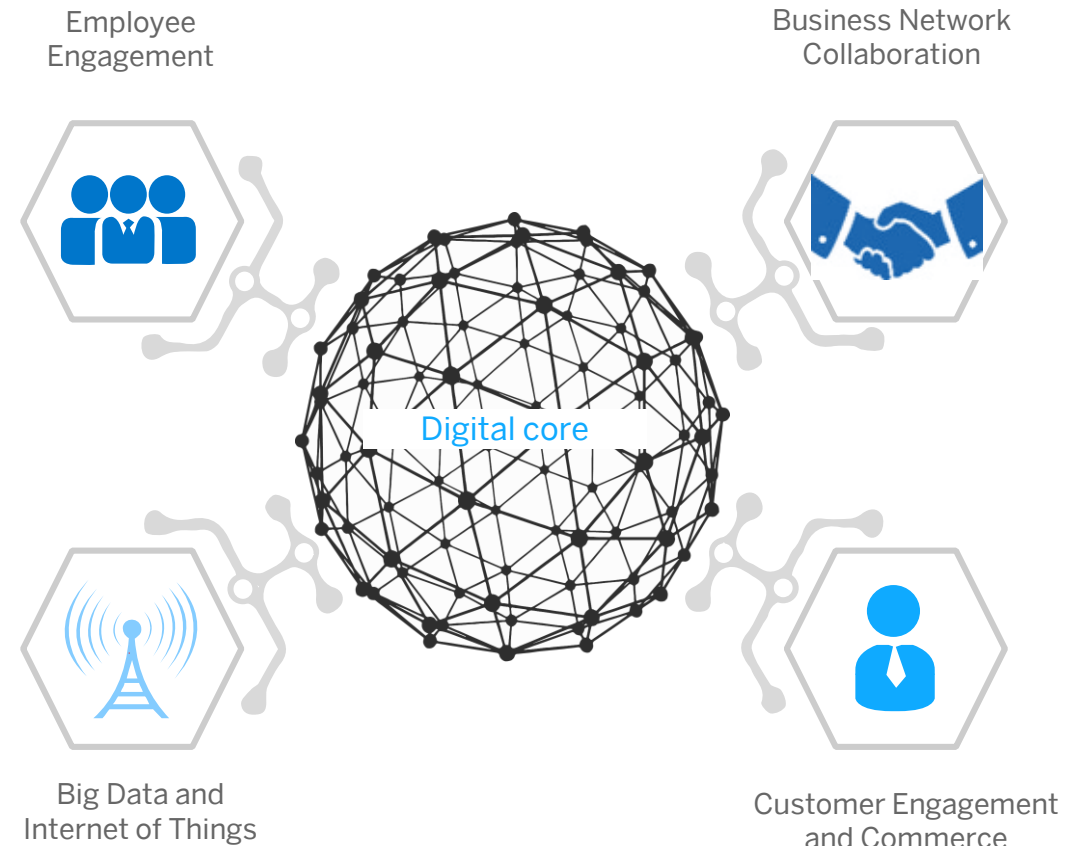


social
media

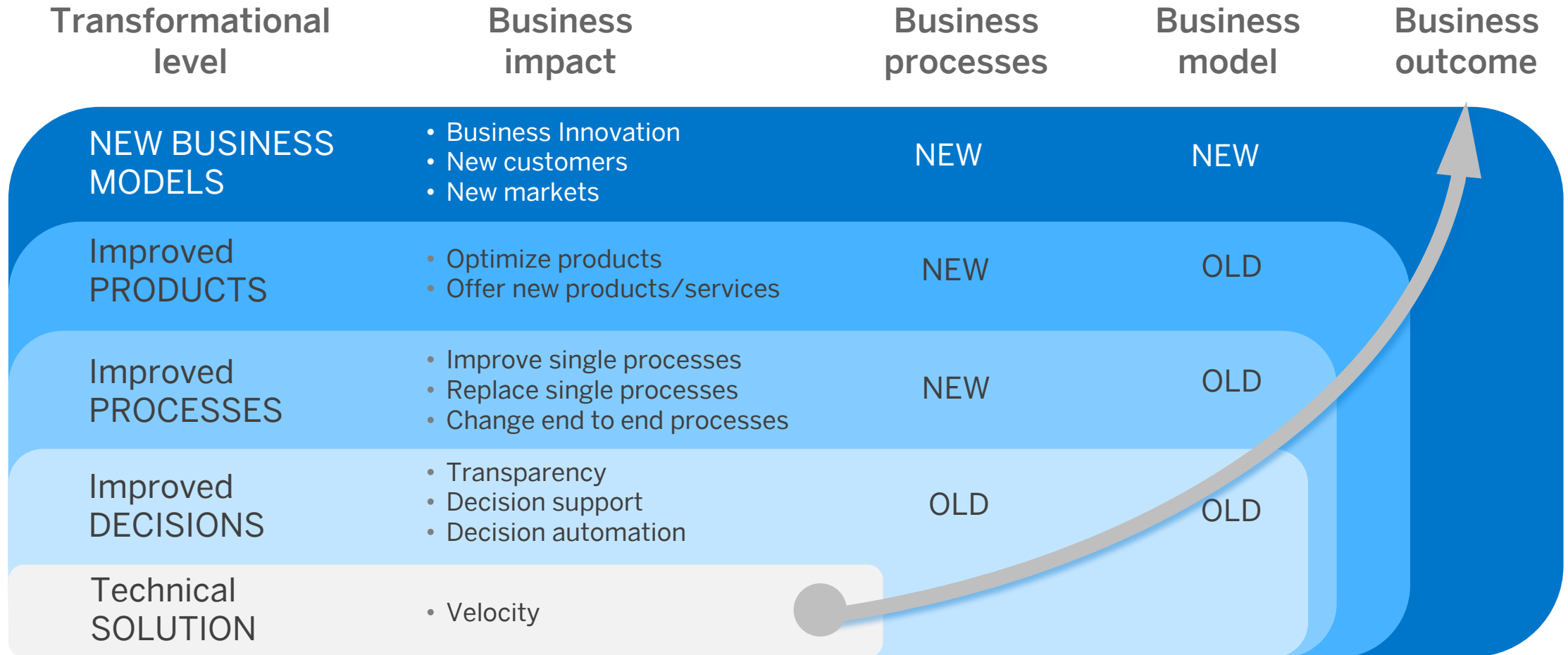
2.55 billion
social media users

Reimagine business in the digital economy

- The **entire value chain is digitized including the digital core** which serves as the foundation for business innovation and optimization.
- The digital enterprise **interconnects** all aspects of the value chain to **drive and anticipate business outcomes in real-time**.
- Enterprises across industries can lead the digital transformation by completely **reimagining business models, business processes and work**.

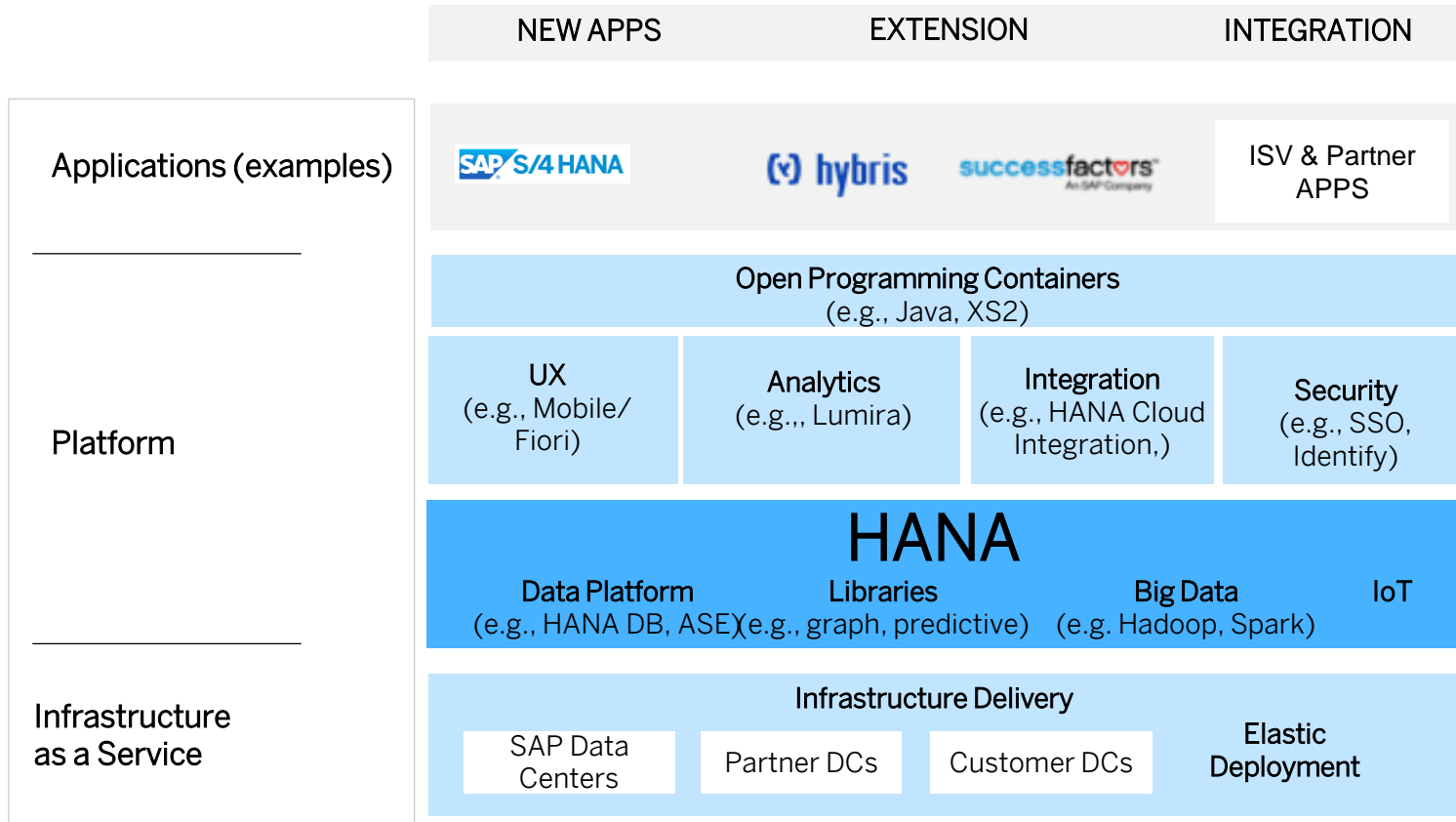


The innovation adoption model for digital transformation



SAP HANA architecture is revolutionary

Speed and agility require a modern technology platform



SAP HANA platform is:

- Real-time, In Memory
- Open, Developer Friendly
- Embeds Mobile and Analytics
- Secure
- Cloud Ready

HANA success:

>7,200

SAP HANA customers (unique)

>900

S/4HANA customers (released Q2/15)

>8,600

trained partners

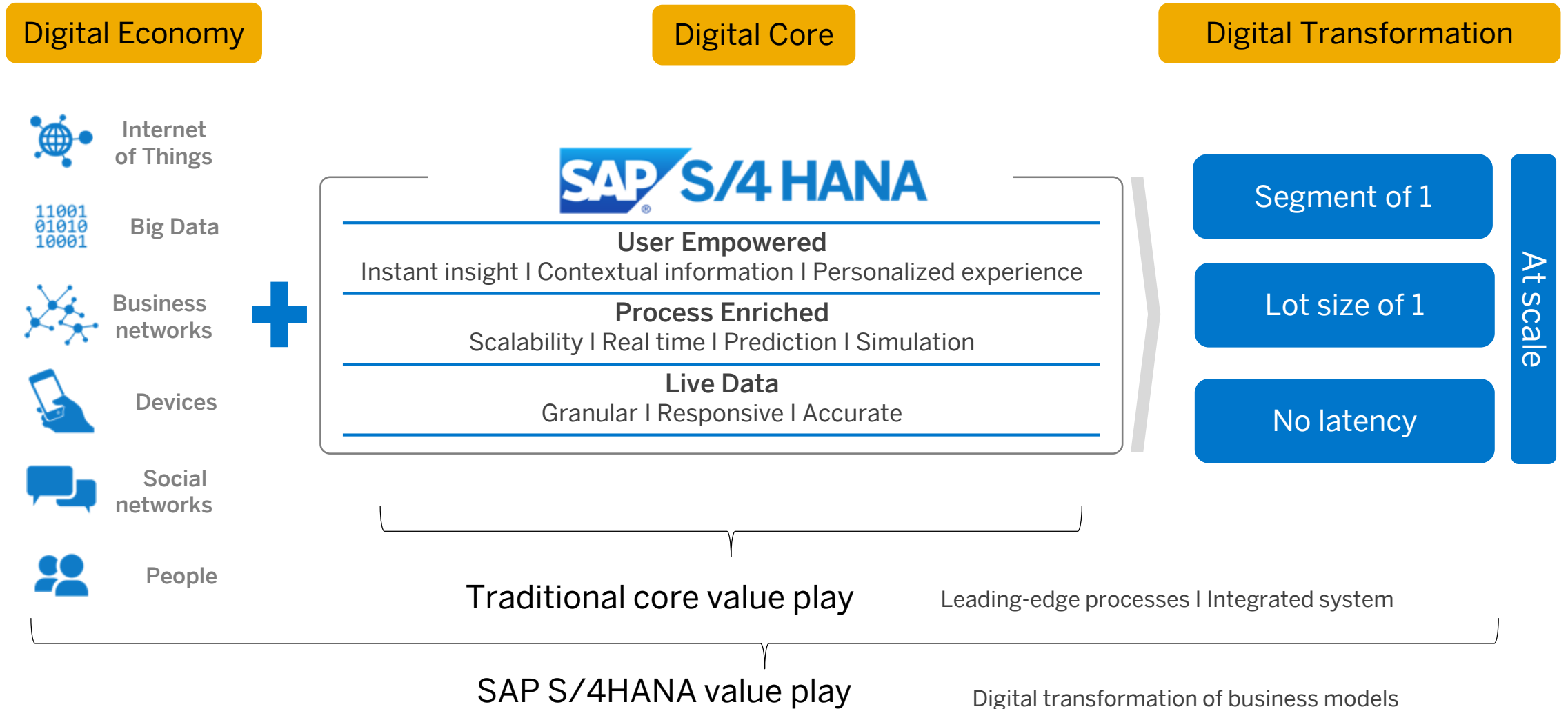
1,900

Startups developing on HANA platform

Since 2010, SAP tripled its addressable market: **\$350bn**

SAP S/4HANA value

Digitize beyond the core, embrace the digital economy



Run simple with the digital business foundation of the 21st century

Employee Engagement

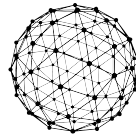
- Recruit and on-board the best workforce, simplify their work, and ensure regulatory and compliance
- Manage the total workforce lifecycle from recruiting, on-boarding, performance, compensation and learning
- Enable the workforce to easily access the right information across any device



Big Data and Internet of Things

- Drive new business insight by capturing and analyzing real-time information on big data
- Embed device data across the value chain to create new business models
- Leverage an open innovation platform to quickly integrate, extend and build innovative apps (on-premise, in the cloud)

SAP HANA Cloud Platform



Digital Core

- Drive digitized mission-critical business processes across all operations
- Get instant business insight on one single source of live information on any device
- Predict and simulate to anticipate future business outcomes



Business Network Collaboration

- Leverage the broadest business network for travel and entertainment, direct and indirect material, labor and services
- Leverage services from partners to vastly extend the value of core offerings
- Operate on a global basis, meet data security standards and operate at industry best standards



Customer Engagement and Commerce

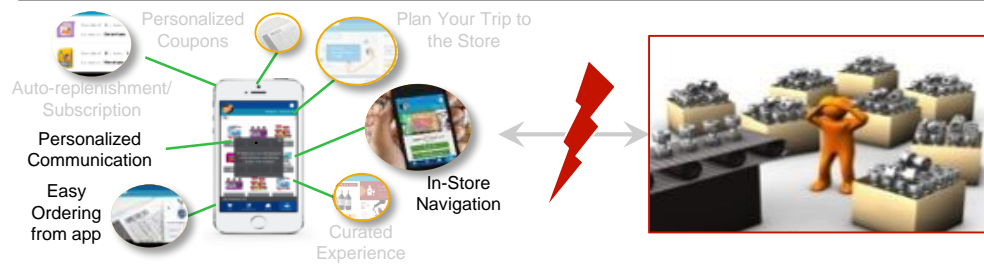
- Orchestrate business processes across marketing, commerce, sales and service
- Deliver personalized experiences in context for each interaction
- Build a golden customer profile, with an enriched view of the customer from multiple data sources



Digitization of core processes is critical to scale up

Example: Digital commerce – fulfillment example

Minimum viable product



Digital store front

Batch fulfillment

Digital shopper experience

- Mobile commerce
- In store navigation
- Easy ordering
- Personalized coupons
- Curated experience

Limited number of variants

Weekly or daily planning, fulfillment and delivery tact

Low flexibility for order changes and responses to unplanned down time, supply problems, etc.

Digital store is a typical MVP for fast market entry

End-to-end digitized



Digital store front

Lot size one

Marketing in real time to the **Segment of ONE** based on individual customer activities on all channels

Individualized advertisements, discounts, product configurations, product recommendations, etc.

Mass customization

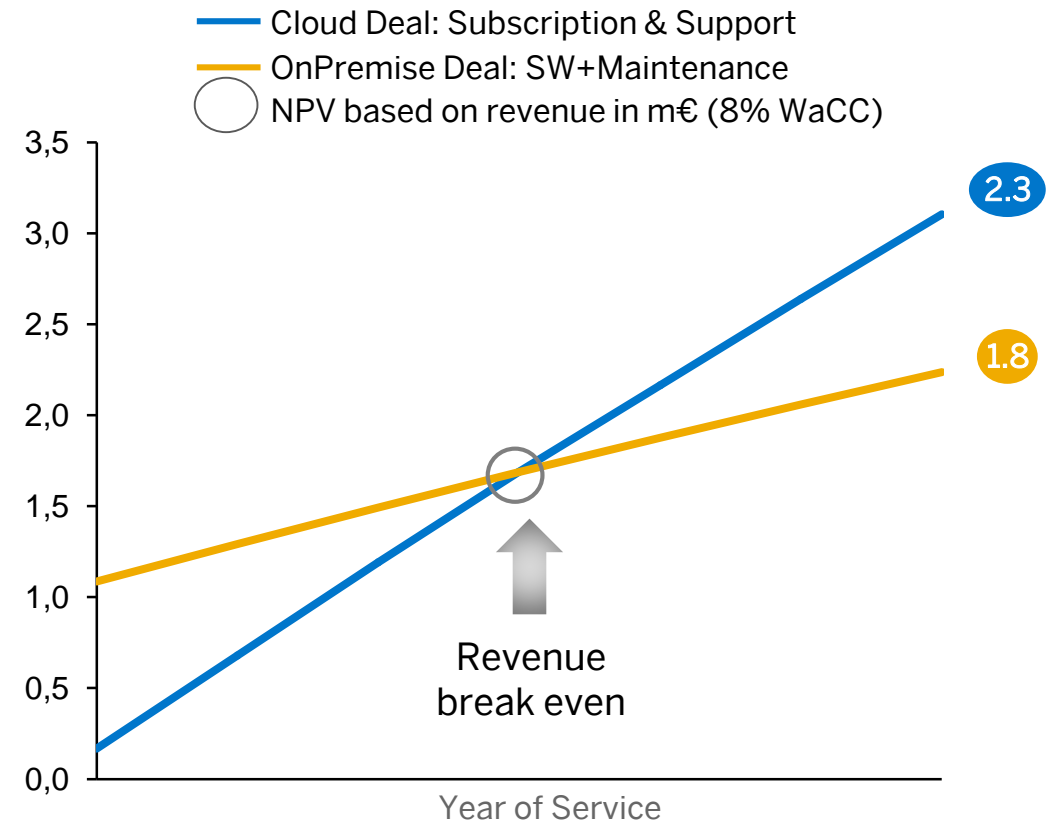
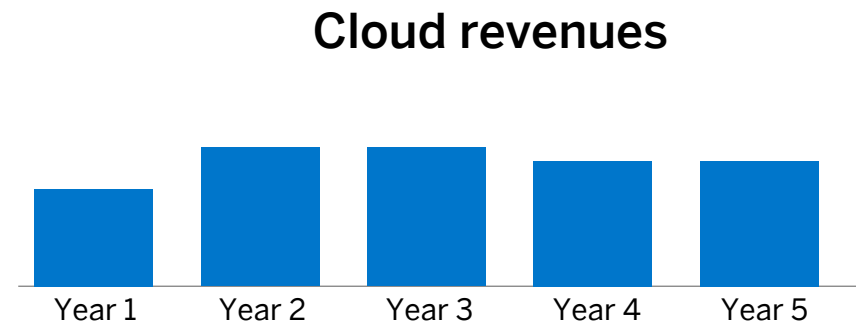
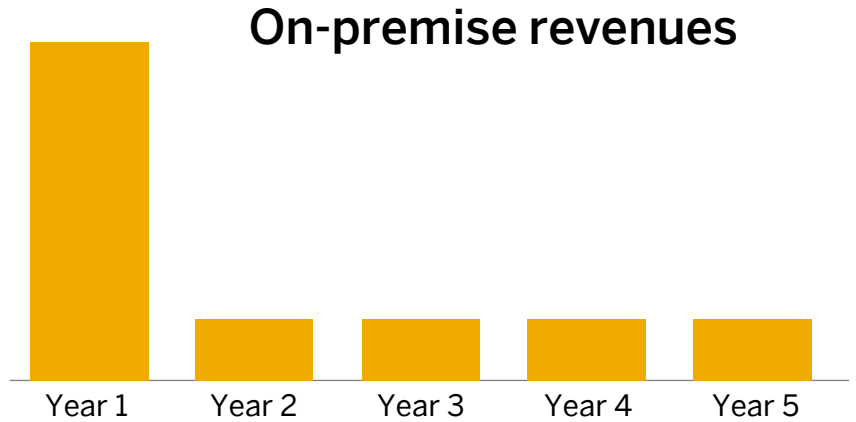
- supported by real time
- fulfillment monitoring
 - processing of customer change requests
 - responses to unplanned downtimes
 - responses to changed parts availability
 - etc.

Digitized core is needed for consistent customer experience



2 Shift to more subscription-based revenue

While offering end-to-end digital business solutions SAP is shifting to more subscription-based revenue,



with a broad Cloud offering with three different business models.

1 Public Cloud

- Classical subscription SaaS model for cloud applications
- Most comparable cloud offering to pure cloud vendors
- Mostly 3 years contracts
- Massively scaling while continuing to improve efficiency
- Primarily annual pre-billing which results in deferred revenue

2 Business Network

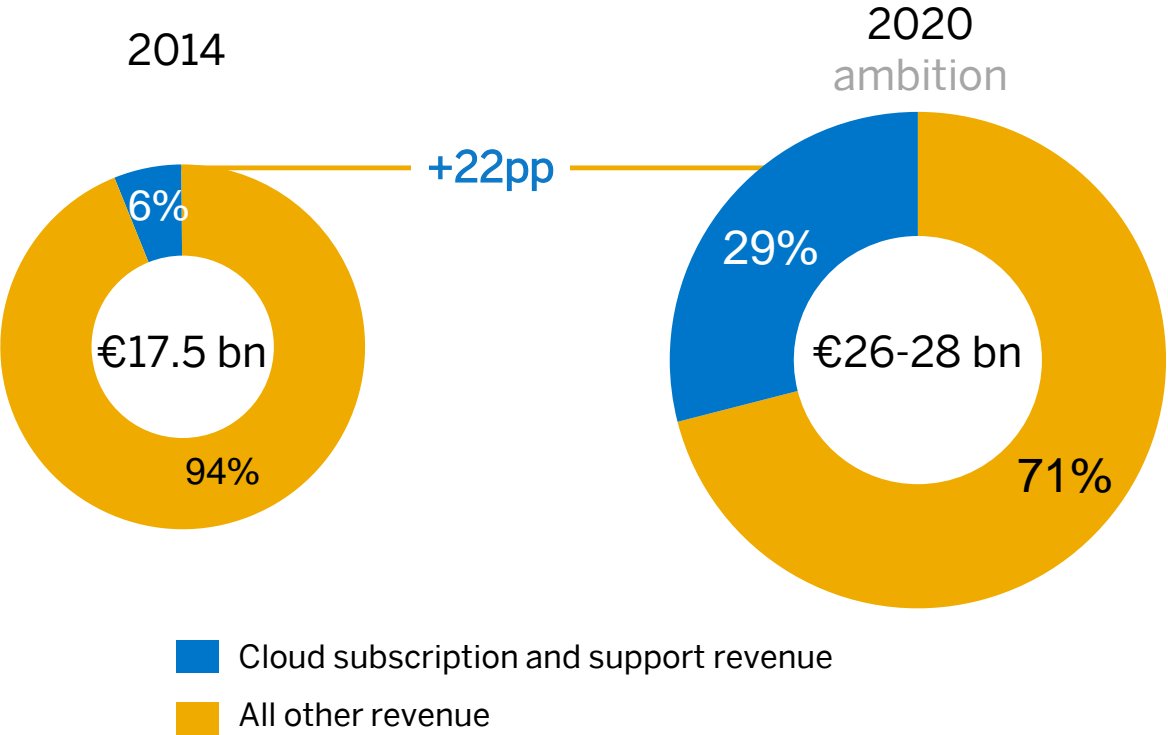
- The world's largest network of its kind, with Ariba, Concur, and Fieldglass
- Steady predictable revenue stream with a very high stickiness
- Primarily 'Pay-as-you-go' model with contractual commitments
- Stable revenue growth rates

3 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

A fast growing Cloud business changes SAP's revenue mix,

Total revenue mix



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

together with solid license revenue and growing support revenue.

Software license revenue

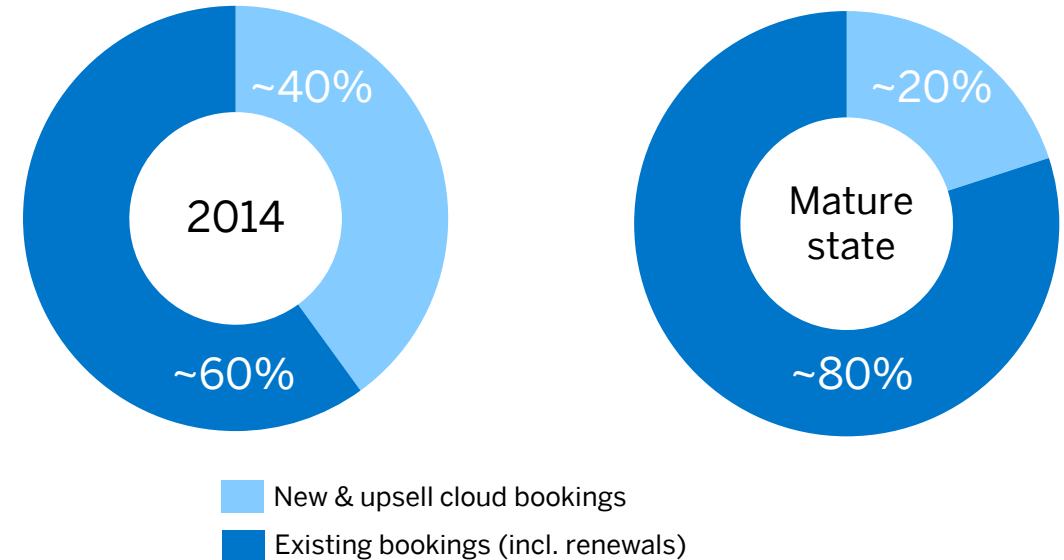
- Driven by innovations – next generation Business Suite S/4HANA, Customer Engagement Commerce and strategic industries
- Dependent on macroeconomic environment, in particular in emerging markets
- SAP outlook implies moderate decline in software revenue due to secular shift to cloud and assumption of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

Support revenue

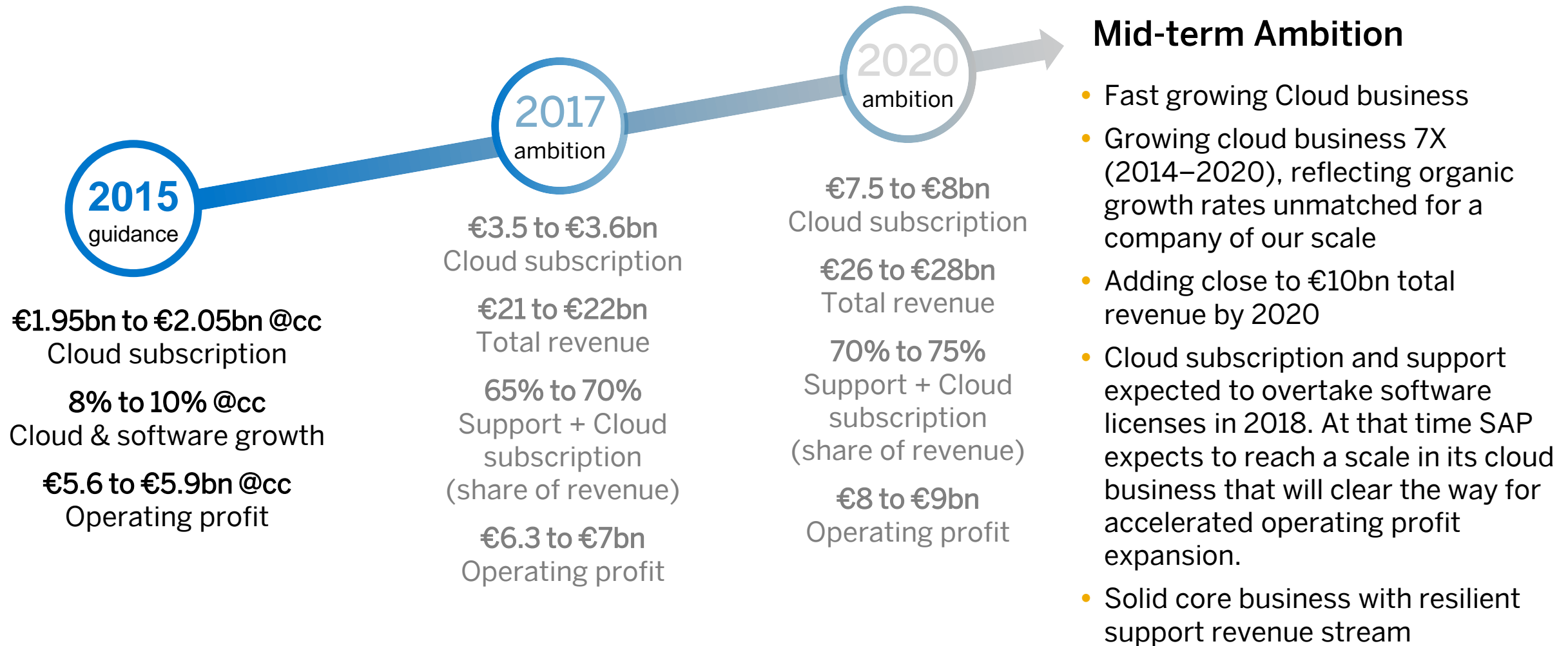
- High renewal rates of ~97-98%
- Enterprise support is today our de facto standard with an acceptance rate of net new customers of 99% in Q4/14

Cloud revenue

- Cloud profitability ramps as share of new bookings reduces over time



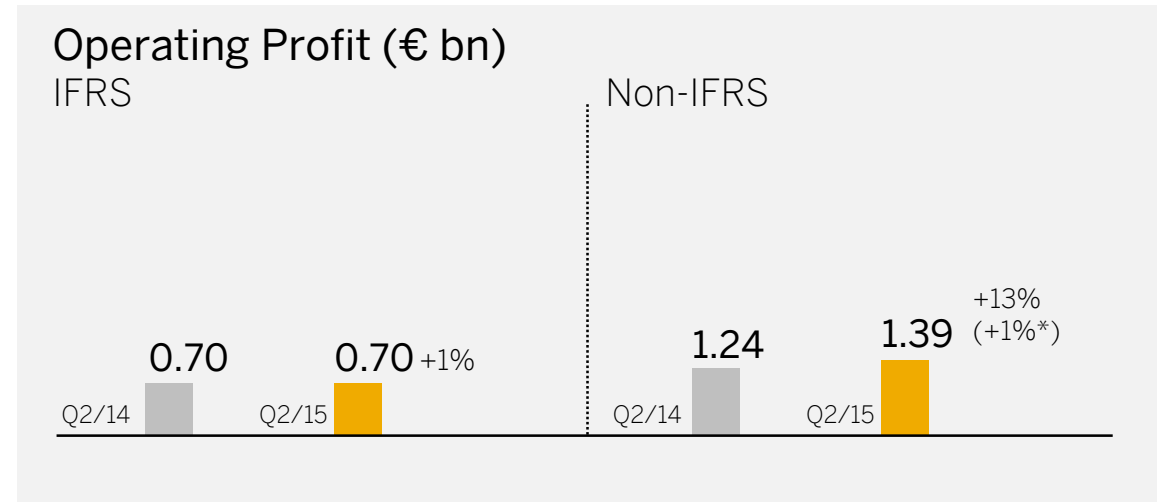
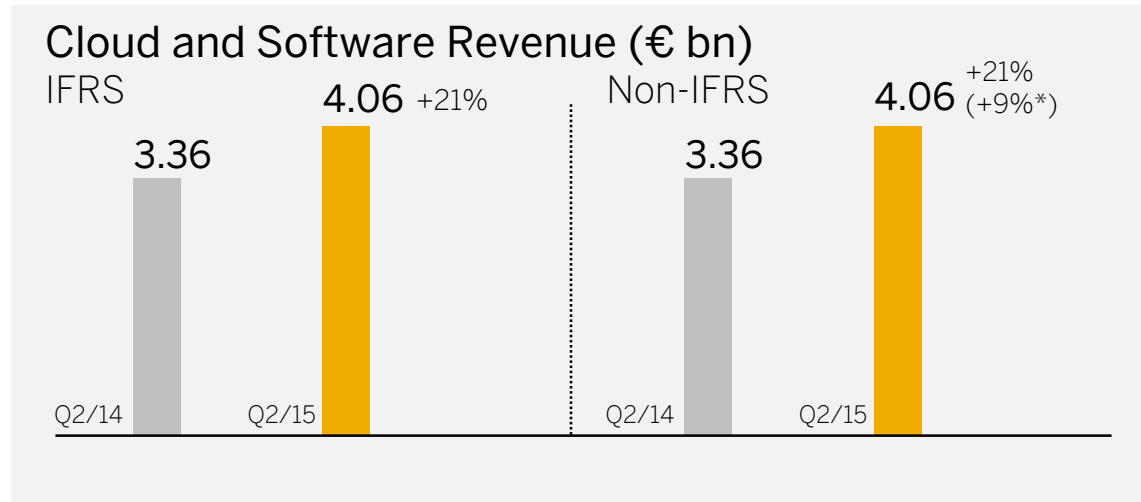
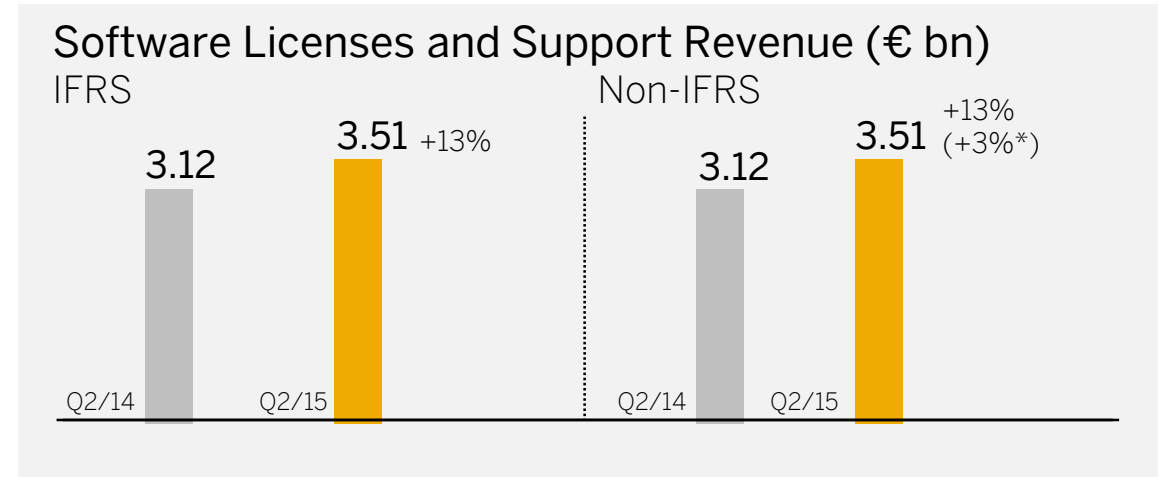
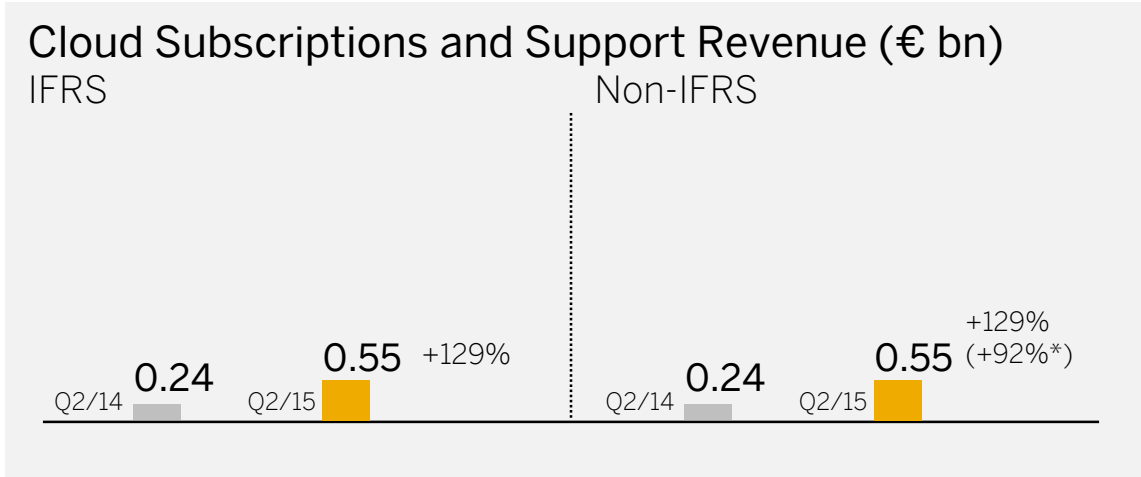
SAP plans for fast cloud growth, as well as growing predictable revenue and operating profit.





3 Financial Performance & Outlook

Key performance metrics Q2/15 – Strong start in 2015



* At constant currencies

Transitioning to the cloud

- Non-IFRS cloud subscriptions and support revenue: +129% yoy to 555m (+92% at cc)¹⁾
- New cloud bookings – key measure for SAP’s sales success in the cloud: +162% to €203m²⁾
- Cloud subscriptions and support backlog³⁾: €2.3bn as of Dec 31, 2014, +94% yoy
- Cloud applications total subscribers: ~82 million
- SAP Business Network:
 - the world’s largest network of its kind
 - brings together Ariba, Concur and Fieldglass into one operating unit which is reported as a separate business segment
 - total segment revenue was €400m (€333m at cc) in Q2, yoy +194% (+145% at cc)
 - ~1.9m connected companies trade >\$800bn of commerce⁴⁾ on this network.

1) For Q2/15, Fieldglass contributed €21 million and Concur contributed €137 million to SAP’s Non-IFRS cloud subscriptions and support revenue at constant currencies. Fieldglass closed on May 2, 2014.
2) New cloud bookings consist of all order entry of a given period that is expected to be classified as cloud subscription and support revenue and results from purchases by new customers and from incremental purchases by existing customers. The order amount must be contractually committed (i.e. variable amounts from pay-per-use and similar arrangements are not included). Consequently, due to their uncommitted pay-per-use nature Ariba and Fieldglass network transaction fees are not reflected in the new cloud bookings metric. Amounts included in the measure are annualized. Concur contributed €46 million to SAP’s new cloud bookings in the second quarter.
3) Cloud subscription and support backlog represents expected future cloud subscriptions&support revenue that is contracted but not yet invoiced and thus not recorded in deferred revenue.
4) Network spend volume is the total value of purchase orders transacted on the Ariba, Concur and Fieldglass Networks in the trailing 12 months.

SAP is able to drive the combination of fast cloud topline growth and expanding profit at the same time

€ millions, unless otherwise stated

Revenue Numbers	IFRS			Non-IFRS			
	Q2/15	Q2/14	Δ%	Q2/15	Q2/14	Δ%	Δ% at cc
Cloud subscriptions and support	552	241	129	555	242	129	92
Software licenses	979	957	2	979	957	2	-7
Software support	2,531	2,158	17	2,531	2,160	17	7
Software licenses and support	3,510	3,116	13	3,510	3,117	13	3
Cloud and software	4,062	3,357	21	4,065	3,359	21	9
Services revenue	908	794	14	908	794	14	3
Total revenue	4,970	4,151	20	4,972	4,153	20	8
Operating Expense Numbers							
Total operating expenses	-4,269	-3,453	24	-3,578	-2,917	23	11
Profit Numbers							
Operating profit	701	698	1	1,394	1,236	13	1
Finance income, net	-11	17	<-100	-11	17	<-100	
Profit before tax	637	719	-11	1,330	1,257	6	
Income tax expense	-168	-163	3	-369	-319	16	
Profit after tax	469	556	-16	960	938	2	
Operating margin in %	14.1	16.8	-2,7pp	28.0	29.8	-1,7pp	-2,0pp
Basic earnings per share, in €	0.39	0.47	-16	0.8	0.79	2	

Regional Performance1)

Q2/15

- **EMEA:** solid growth with a 10% increase in non-IFRS cloud and software revenue
 - Non-IFRS cloud subscriptions and support revenue grew by 94% with triple-digit growth in new cloud bookings.
 - Some highlights in the region were very strong across cloud and software in the Middle East and solid growth in Germany, France and the UK.
- **Americas:** +36% cloud and software revenue yoy
 - Cloud subscriptions and support revenue +141% with new cloud bookings nearly tripling, driven by a very strong performance in North America.
 - USA was a highlight with a strong performance across cloud and software.
 - Regional macro-economic issues impacted results across Latin America
- **APJ:** cloud subscriptions and support revenue +138%, driving cloud and software revenue up 19%
 - New cloud bookings grew triple-digits
 - Japan continued its recovery with another strong quarter across cloud and software

1) Revenues calculated based on customer location; All numbers are non-IFRS; Growth rates as reported.

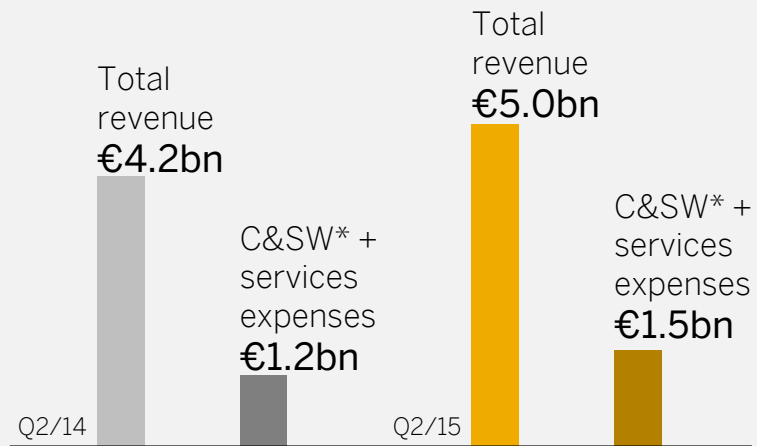
Gross margin declined by 130 bps

Q2/15

Non-IFRS

Gross Margin

70.6% | -1,3pp



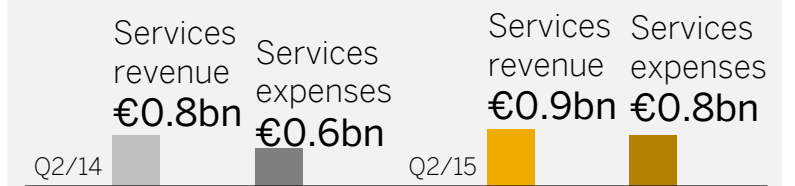
Cloud and Software Margin

83.4% | -0,6pp



Services-related Margin

13.0% | -7,3pp



* Cloud & Software revenues / expenses

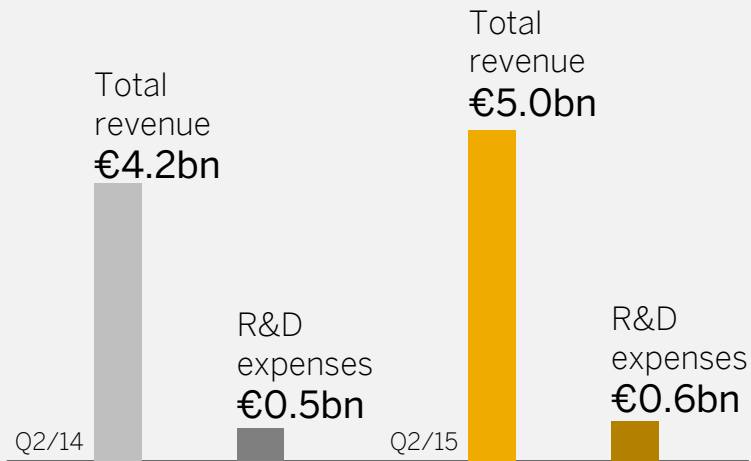
Cost ratios

Q2/15

Non-IFRS

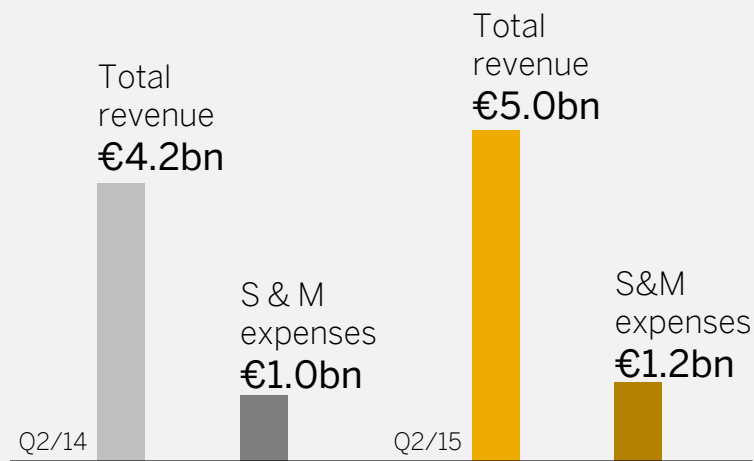
R&D

as a % of Total Revenue
13.0% | +0,2pp



S&M

as a % of Total Revenue
24.6% | +0,4pp



G&A

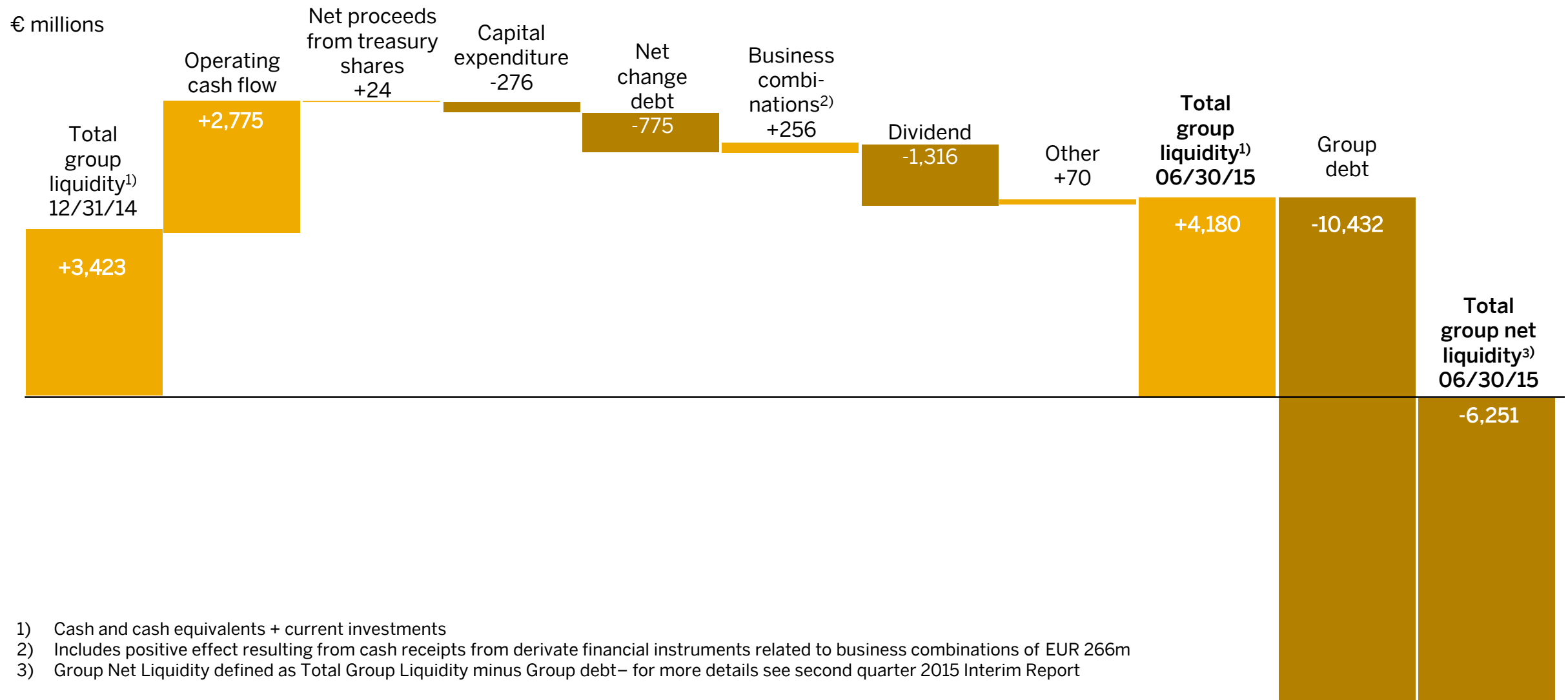
as a % of Total Revenue
5.0% | +/- 0,0pp



Operating cash flow increased by 8% to €2.8bn

€ millions, unless otherwise stated	01/01/15 - 06/30/15	01/01/14 - 06/30/14	Δ
Operating cash flow	2,775	2,575	+8%
- Capital expenditure	-276	-304	-9%
Free cash flow	2,500	2,271	+10%
Free cash flow as a percentage of total revenue	26%	29%	-3pp
Cash conversion rate	3.15	2.36	+33%
Days sales outstanding (DSO in days)	68	64	+4

Total group liquidity improved by more than €750m while reducing group debt by more than €650m



Outlook for the full-year 2015

	Actual Performance H1/15	SAP's Outlook FY 2015	Basis for Comparison 2014
Cloud subscription and support revenue (Non-IFRS at cc)	€896m (+93%)	€1.95bn to €2.05bn (upper end +86%*)	€1.10bn
Cloud and Software Revenue (Non-IFRS at cc)	+ 10%	+ 8% to 10%	€14.33bn
Operating Profit (Non-IFRS at cc)	€2.15bn	€5.6bn to €5.9bn	€5.64bn

If exchange rates stay at the June 2015 average level for the rest of the year, the Company would expect approximately a positive 5 to 8pp currency benefit on cloud and software growth and a positive 5 to 8pp currency benefit on operating profit growth for the third quarter of 2015 and a positive 6 to 9pp and a 7 to 10pp respectively for the full-year 2015.

The above mentioned indication for the expected currency exchange rate impact on actual currency reported figures replaces the earlier indication disclosed in SAP's Earnings announcement on April 21, 2015.

* The upper end of this range represents a growth rate of 86% at constant currencies. Concur and Fieldglass are expected to contribute approximately 50 percentage points to this growth.

Additional outlook information and non-IFRS adjustments

The company continues to expect a full-year 2015 effective tax rate (IFRS) between 25.0% to 26.0% (2014: 24.7%) and an effective tax rate (non-IFRS) between 26.5% to 27.5% (2014: 26.1%).

IFRS Profit Measure	Actual Amounts H1/2014	Actual Amounts H1/2015	Est. Amounts for FY/2015
Revenue adjustments	€5m	€8m	<€20m
TomorrowNow and Versata Litigation	€290m	€0m	€0m
Share-based payment expenses	€124m	€314m	€610m to €650m
Acquisition-related charges	€261m	€371m	€730m to €780m
Restructuring charges	€54m	€418m	€470m to €530m
Sum of all adjustments	€735m	€1,112m	€1,830m to €1,980m



3 Appendix

Balance sheet, condensed

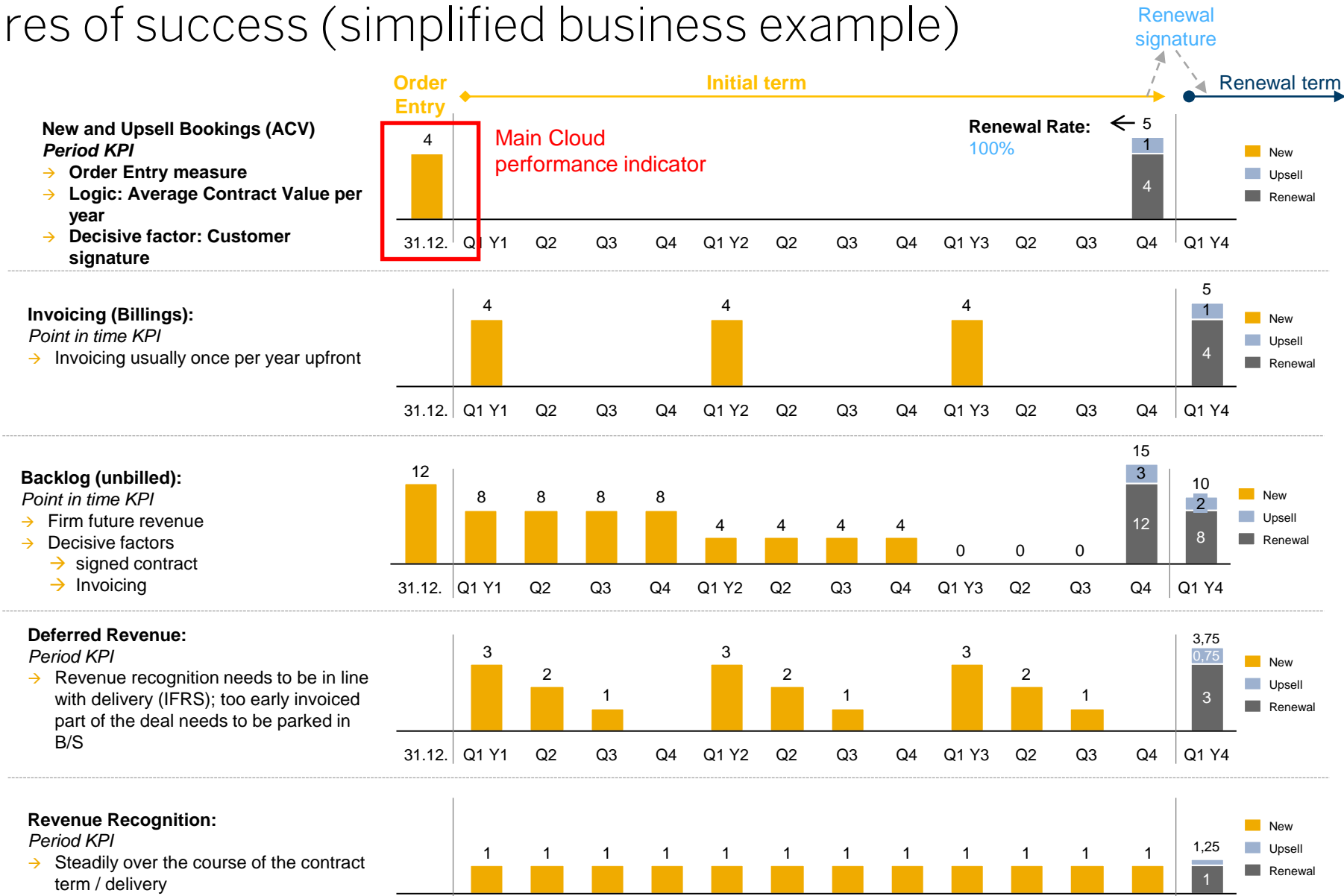
June 30, 2015, IFRS

Assets € millions	06/30/15	12/31/14
Cash, cash equivalents and other financial assets	4,304	4,006
Trade and other receivables	4,521	4,342
Other non-financial assets and tax assets	886	650
Total current assets	9,710	8,999
Goodwill	22,157	20,866
Intangible assets	4,557	4,604
Property, plant, and equipment	2,145	2,102
Other non-current assets	2,374	1,747
Total non-current assets	31,233	29,319
Total assets	40,944	38,318

Equity and liabilities € millions	06/30/15	12/31/14
Trade and other payables	989	1,035
Deferred income	4,196	1,680
Provisions	494	150
Other liabilities	4,091	5,710
Current liabilities	9,769	8,575
Financial liabilities	9,097	8,980
Provisions	154	151
Deferred income	63	78
Other non-current liabilities	1,058	1,001
Non current liabilities	10,373	10,210
Total liabilities	20,142	18,785
Total equity	20,802	19,533
Equity and liabilities	40,944	38,318

How to look at Cloud subscription deals

Key measures of success (simplified business example)



Safe Harbor Statement and contacts

Stefan Gruber

Head of Investor Relations
Phone: +49 6227 7-44872

Johannes Buerkle

Retail Investors, Europe
Phone: +49 6227 7-70157

John Duncan

Institutional Investors and Analysts
Phone: +1 212 653 1413

James Dymond

Socially Responsible Investing (SRI)
Phone: +49 6227 7-61823

Scott Smith

Institutional Investors and Analysts
Phone: +1 650 461 2905

Astrid Stroemer

Institutional Investors and Analysts
Phone: +49 6227 7-52167

SAP SE Investor Relations

Dietmar-Hopp-Allee 16
69190 Walldorf
Germany

Investor Hotline: +49 6227 7-67336

Telefax: +49 6227 7-40805

E-Mail: investor@sap.com

Internet: www.sap.com/investor

Twitter: @SAPinvestor

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