

SAP – The World's Leading Business Software Company

Munich, September 22nd, 2015
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1 SAP's strategy is to help customers win in the digital economy

Only SAP can help businesses fulfil their own digital agenda

SAP offers the only end-to-end digital business solution – SAP HANA enables digitization across 5 business pillars. Through organic innovations and strategic acquisitions, SAP has the best solution portfolio and expertise required to enable a digital strategy. SAP is the preferred choice to turn a digital vision into reality.



Our customers' success will help us deliver on our strategy and vision

Re-Imagine Business Models



Re-Imagine Business Processes & Work



Help The World Run Better & Improve People's Lives



National Center for
Tumor Diseases (NCT)
Heidelberg

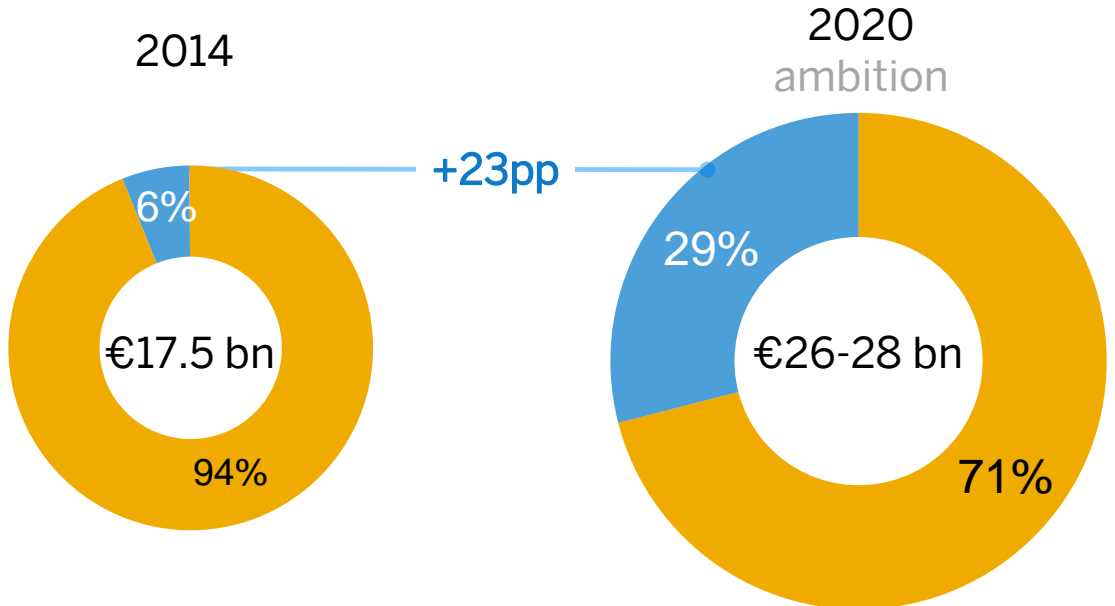




2 SAP's strategy – financial impact

A fast growing Cloud business changes SAP's revenue mix – shifting to more subscription based revenue and increasing share of more predictable revenue

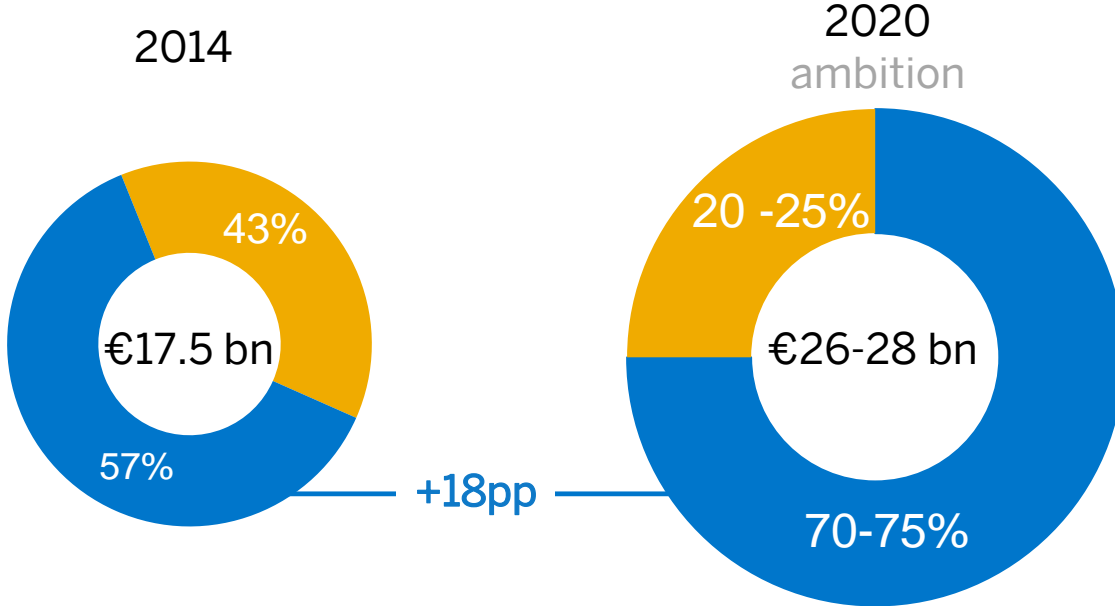
Total revenue mix



- Cloud subscription and support revenue
- All other revenue

Much larger cloud business in 2020 relative to core business – change in revenue mix weighs on blended operating margin for the group in short/medium term

Share of more predictable revenue



- Support + Cloud subs – share of revenue
- All other revenue

Share of more predictable revenue is expected to increase to 70-75% by 2020

Driving solid core license revenue and growing support business – Ramping cloud profitability through increased scale

Software license revenue

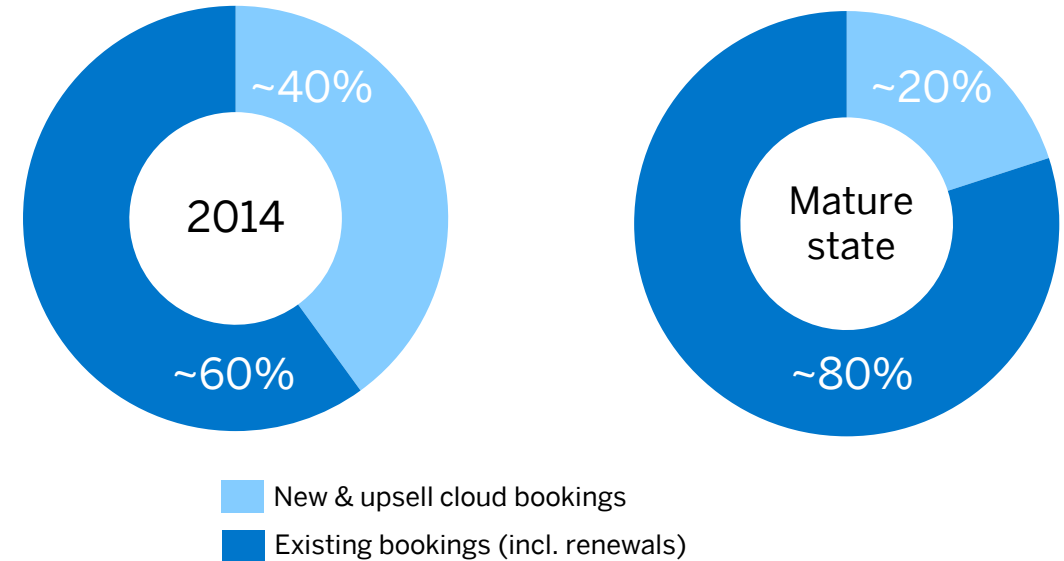
- Driven by innovations – next generation Business Suite S/4HANA, Customer Engagement Commerce and strategic industries
- Dependent on macroeconomic environment, in particular in emerging markets
- SAP outlook implies moderate decline in software revenue due to secular shift to cloud and assumption of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

~80%

*long term gross margin

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

~80%

*long term gross margin

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

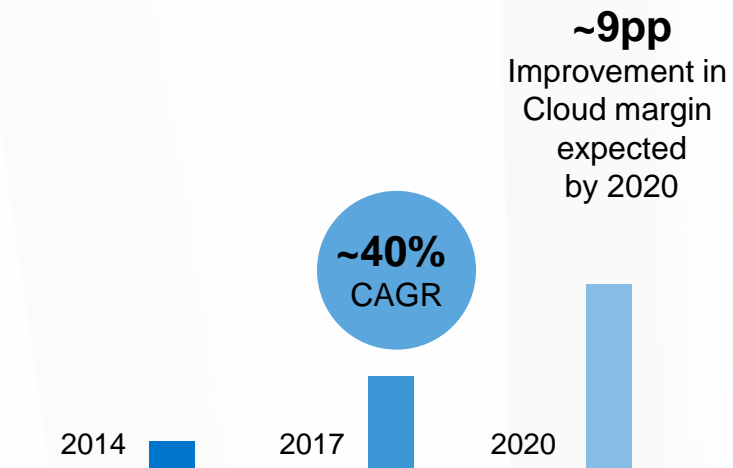
~40%

*long term gross margin

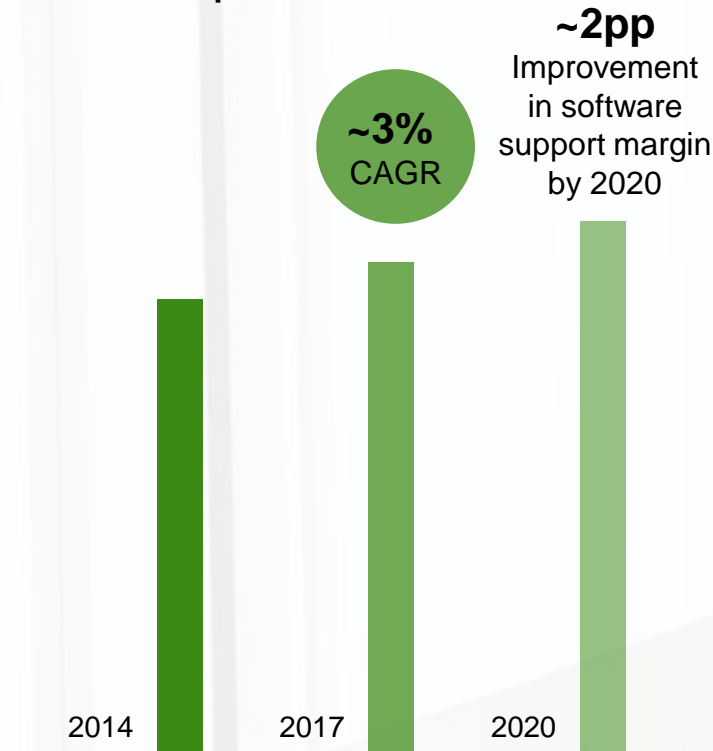
* Long term cloud subscription and support gross margin potential in mature state (excluding cloud-related professional services)

Core and Cloud business will both contribute to operating profit expansion

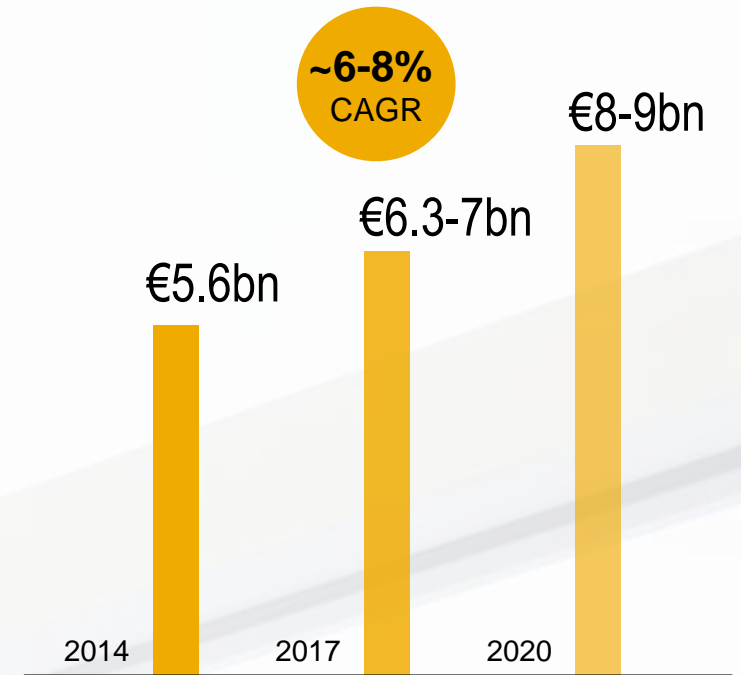
Cloud subscriptions and support Gross profit



Software and support Gross profit



Total operating profit



Non-IFRS

Run Simple

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