

# Debt Investors Call Third-Quarter 2015

Walldorf, Germany  
Thursday, November 5 2015

# Safe Harbor Statement

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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

**Income Statement**

Outlook -- 2015

Balance Sheet and Cash Flow Analysis

Other Topics

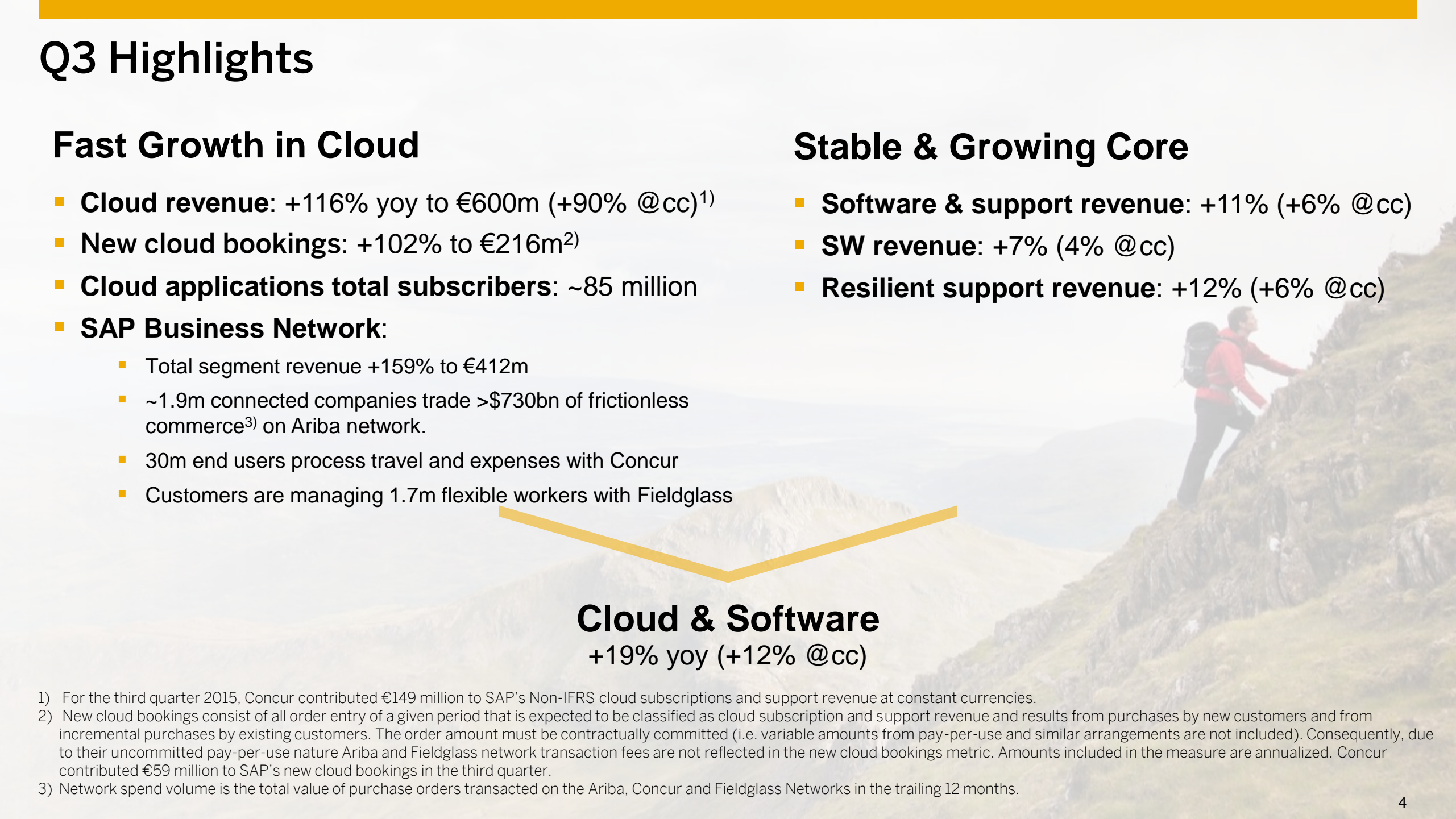
# Q3 Highlights

## Fast Growth in Cloud

- **Cloud revenue:** +116% yoy to €600m (+90% @cc)<sup>1)</sup>
- **New cloud bookings:** +102% to €216m<sup>2)</sup>
- **Cloud applications total subscribers:** ~85 million
- **SAP Business Network:**
  - Total segment revenue +159% to €412m
  - ~1.9m connected companies trade >\$730bn of frictionless commerce<sup>3)</sup> on Ariba network.
  - 30m end users process travel and expenses with Concur
  - Customers are managing 1.7m flexible workers with Fieldglass

## Stable & Growing Core

- **Software & support revenue:** +11% (+6% @cc)
- **SW revenue:** +7% (4% @cc)
- **Resilient support revenue:** +12% (+6% @cc)



**Cloud & Software**  
+19% yoy (+12% @cc)

1) For the third quarter 2015, Concur contributed €149 million to SAP's Non-IFRS cloud subscriptions and support revenue at constant currencies.

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 €59 million to SAP's new cloud bookings in the third quarter.

3) Network spend volume is the total value of purchase orders transacted on the Ariba, Concur and Fieldglass Networks in the trailing 12 months.



# Excellent results in mature markets and SAP's global resilience helped us to sail through stormy waters in emerging markets

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## Regional performance<sup>1)</sup>

- **EMEA: outstanding performance in the third quarter**
  - 13% increase in cloud and software revenue
  - cloud subscriptions and support revenue grew by 67%
  - high double-digit growth in new cloud bookings
  - strong software license performance in Germany and France
- **Americas: strong double-digit growth**
  - cloud and software revenue rising 32%
  - cloud subscriptions and support revenue grew 139%
  - new cloud bookings growing by triple-digits
  - improved performance in Latin America which stabilized amid macroeconomic challenges
- **APJ: strong ongoing growth**
  - cloud subscriptions and support revenue grew 88%
  - cloud and software revenue up by 8%
  - new cloud bookings grew by double-digits
  - strong growth in India and South Korea across cloud and software

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

# While gross margins declined yoy, improved sequentially due to early impact from our transformation program

Non-IFRS, Q3 2015

## Gross Margin

72.0% | -0.1pp  
+1.4pp qoq



## Cloud and Software Margin

84.2% | -0.2pp  
+0.8pp qoq



## Services-related Margin

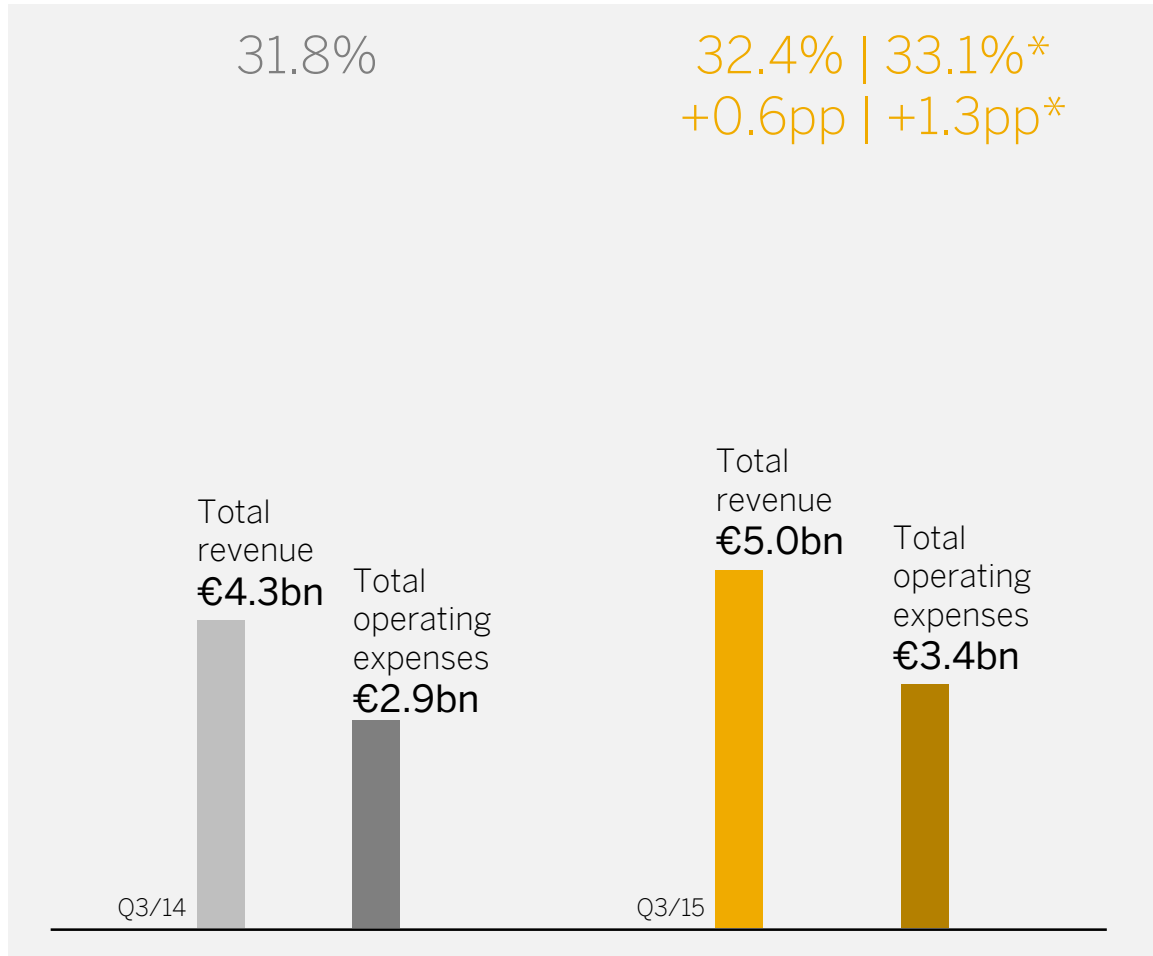
13.4% | -5.1pp  
+0.4pp qoq



\* Cloud & Software revenues / expenses

# Operating profit grew at the same pace as our cloud and software revenue for the quarter on a reported basis and grew faster on a constant currency basis

Non-IFRS, Q3 2015



## Non-IFRS operating profit:

- +19% to €1.6bn (Q3/14: €1.4bn)
- +15% to €1.6bn at cc

## Non-IFRS operating margin:

- +0.6pp to 32.4% (Q3/14: 31.8%)
- +1.3pp to 33.1% at cc

\* At constant currencies

# Operating profit grew faster than revenue reflecting positive impact of our business transformation & focus on operating excellence

€ millions, unless otherwise stated

|                                  | IFRS         |              |               | Non-IFRS     |              |              |              |
|----------------------------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
|                                  | Q3/15        | Q3/14        | Δ%            | Q3/15        | Q3/14        | Δ%           | Δ% at cc     |
| <b>Revenue Numbers</b>           |              |              |               |              |              |              |              |
| Cloud subscriptions and support  | 599          | 277          | 116           | 600          | 278          | 116          | 90           |
| Software licenses                | 1,014        | 951          | 7             | 1,015        | 952          | 7            | 4            |
| Software support                 | 2,509        | 2,232        | 12            | 2,509        | 2,233        | 12           | 6            |
| Software licenses and support    | 3,523        | 3,184        | 11            | 3,524        | 3,185        | 11           | 6            |
| <b>Cloud and software</b>        | <b>4,122</b> | <b>3,461</b> | <b>19</b>     | <b>4,124</b> | <b>3,463</b> | <b>19</b>    | <b>12</b>    |
| Services revenue                 | 863          | 793          | 9             | 863          | 793          | 9            | 2            |
| <b>Total revenue</b>             | <b>4,985</b> | <b>4,254</b> | <b>17</b>     | <b>4,987</b> | <b>4,256</b> | <b>17</b>    | <b>10</b>    |
| <b>Operating Expense Numbers</b> |              |              |               |              |              |              |              |
| Total operating expenses         | -3,771       | -3,097       | 22            | -3,372       | -2,901       | 16           | 8            |
| <b>Profit Numbers</b>            |              |              |               |              |              |              |              |
| <b>Operating profit</b>          | <b>1,214</b> | <b>1,157</b> | <b>5</b>      | <b>1,616</b> | <b>1,355</b> | <b>19</b>    | <b>15</b>    |
| Finance income, net              | 42           | -9           | <-100         | 42           | -9           | <-100        |              |
| <b>Profit before tax</b>         | <b>1,229</b> | <b>1,199</b> | <b>3</b>      | <b>1,631</b> | <b>1,397</b> | <b>17</b>    |              |
| Income tax expense               | -333         | -318         | 5             | -457         | -387         | 18           |              |
| <b>Profit after tax</b>          | <b>895</b>   | <b>881</b>   | <b>2</b>      | <b>1,173</b> | <b>1,010</b> | <b>16</b>    |              |
| <b>Operating margin in %</b>     | <b>24.3</b>  | <b>27.2</b>  | <b>-2.9pp</b> | <b>32.4%</b> | <b>31.8%</b> | <b>0.6pp</b> | <b>1.3pp</b> |
| Basic earnings per share, in €   | 0.75         | 0.74         | 2             | 0.98         | 0.84         | 16           |              |



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

€ millions, unless otherwise stated

|                                  | IFRS          |               |            | Non-IFRS      |               |           |           |
|----------------------------------|---------------|---------------|------------|---------------|---------------|-----------|-----------|
|                                  | 9M/15         | 9M/14         | Δ%         | 9M/15         | 9M/14         | Δ%        | Δ% at cc  |
| <b>Revenue Numbers</b>           |               |               |            |               |               |           |           |
| Cloud subscriptions and support  | 1,654         | 738           | 124        | 1,664         | 741           | 124       | 92        |
| Software licenses                | 2,689         | 2,532         | 6          | 2,690         | 2,532         | 6         | -1        |
| Software support                 | 7,494         | 6,487         | 16         | 7,494         | 6,491         | 15        | 7         |
| Software licenses and support    | 10,183        | 9,019         | 13         | 10,184        | 9,023         | 13        | 4         |
| <b>Cloud and software</b>        | <b>11,837</b> | <b>9,757</b>  | <b>21</b>  | <b>11,848</b> | <b>9,764</b>  | <b>21</b> | <b>11</b> |
| Services revenue                 | 2,614         | 2,346         | 11         | 2,614         | 2,346         | 11        | 2         |
| <b>Total revenue</b>             | <b>14,451</b> | <b>12,103</b> | <b>19</b>  | <b>14,462</b> | <b>12,110</b> | <b>19</b> | <b>9</b>  |
| <b>Operating Expense Numbers</b> |               |               |            |               |               |           |           |
| Total operating expenses         | -11,899       | -9,525        | 25         | -10,396       | -8,600        | 21        | 11        |
| <b>Profit Numbers</b>            |               |               |            |               |               |           |           |
| Operating profit                 | 2,552         | 2,578         | -1         | 4,066         | 3,510         | 16        | 5         |
| Finance income, net              | 20            | -1            | <-100      | 20            | -1            | <-100     |           |
| <b>Profit before tax</b>         | <b>2,344</b>  | <b>2,621</b>  | <b>-11</b> | <b>3,858</b>  | <b>3,554</b>  | <b>9</b>  |           |
| Income tax expense               | -567          | -650          | -13        | -1,027        | -939          | 9         |           |
| <b>Profit after tax</b>          | <b>1,778</b>  | <b>1,971</b>  | <b>-10</b> | <b>2,831</b>  | <b>2,615</b>  | <b>8</b>  |           |
| Operating margin in %            | 17.7          | 21.3          | -3.6pp     | 28.1%         | 29.0%         | -0.9pp    | -1.0pp    |
| Basic earnings per share, in €   | 1.49          | 1.65          | -10        | 2.37          | 2.19          | 8         |           |

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# Outlook for the full-year 2015

|   | Actual Performance 9M 15 | SAP's Outlook FY 2015                | Basis for Comparison 2014 |
|---|--------------------------|--------------------------------------|---------------------------|
| Cloud subscription and support revenue (Non-IFRS at cc) | €1.42bn (+92%)           | €1.95bn to €2.05bn (upper end +86%*) | €1.10bn                   |
| Cloud and Software Revenue (Non-IFRS at cc)             | + 11%                    | + 8% to 10%                          | €14.33bn                  |
| Operating Profit (Non-IFRS at cc)                       | €3.7bn                   | €5.6bn to €5.9bn                     | €5.64bn                   |

If exchange rates stay at the September 2015 average level for the rest of the year, the Company would expect approximately a positive 2 to 4pp currency benefit on cloud and software growth as well as on operating profit growth for the fourth quarter of 2015 and a positive 7 to 9pp 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 July 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<br>9M 2014 | Actual Amounts<br>9M 2015 | Est. Amounts<br>for FY/2015 |
|------------------------------------|---------------------------|---------------------------|-----------------------------|
| Revenue adjustments                | €7m                       | €11m                      | <€20m                       |
| TomorrowNow and Versata Litigation | €307m                     | €0m                       | €0m                         |
| Share-based payment expenses       | €119m                     | €386m                     | €550m to €590m              |
| Acquisition-related charges        | €402m                     | €554m                     | €730m to €780m              |
| Restructuring charges              | €97m                      | €563m                     | €585m to €615m              |
| Sum of all adjustments             | €933m                     | €1,514m                   | €1,885m to €2,005m          |

# Explanation of non-IFRS measures

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SAP has provided its non-IFRS estimates for the full-year 2015. For a more detailed description of all of SAP's non-IFRS measures and their limitations as well as our constant currency and free cash flow figures see [Non-IFRS Measures and Estimates](#) online.

Constant currency revenue figures are calculated by translating revenue of the current period using the average exchange rates from the previous year's respective period instead of the current period. Constant currency period-over-period changes are calculated by comparing the current year's non-IFRS constant currency numbers with the non-IFRS number of the previous year's respective period.

For a more detailed description of all of SAP's non-IFRS adjustments and their limitations as well as our constant currency and free cash flow figures see [Non-IFRS Measures and Estimates](#) online.

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# Balance sheet, condensed

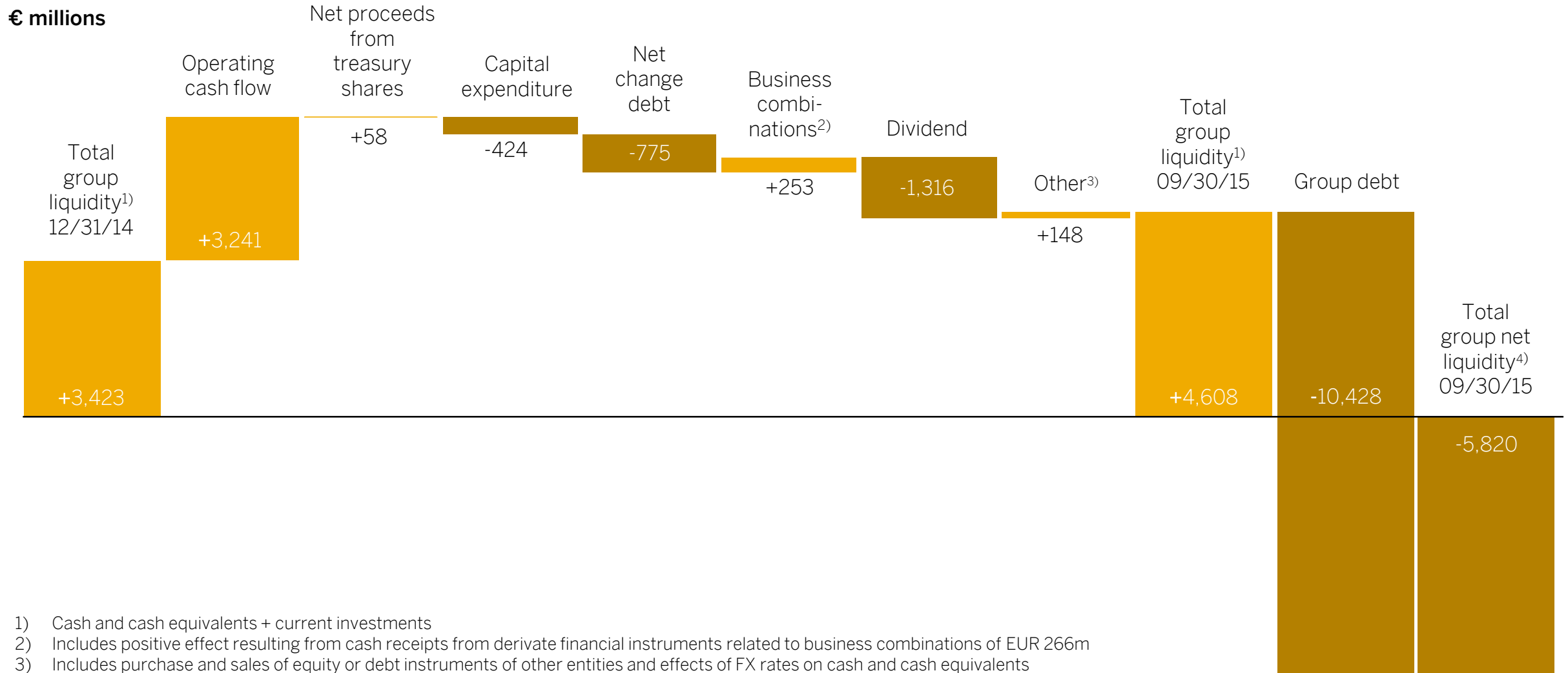
## September 30, 2015, IFRS

| <b>Assets</b><br>€ millions                       | 09/30/15      | 12/31/14      | <b>Equity and liabilities</b><br>€ millions | 09/30/15      | 12/31/14      |
|---|---------------|---------------|---|---------------|---------------|
| Cash, cash equivalents and other financial assets | 4,765         | 4,006         | Trade and other payables                    | 968           | 1,035         |
| Trade and other receivables                       | 4,120         | 4,342         | Provisions                                  | 557           | 150           |
| Other non-financial assets and tax assets         | 734           | 650           | Other liabilities                           | 4,109         | 5,710         |
| Total current assets                              | 9,618         | 8,999         | Deferred income                             | 2,961         | 1,680         |
| Goodwill  | 22,231        | 21,005        | Current liabilities                         | 8,595         | 8,575         |
| Intangible assets                                 | 4,353         | 4,604         | Financial liabilities                       | 9,117         | 8,980         |
| Property, plant, and equipment                    | 2,122         | 2,102         | Provisions                                  | 150           | 151           |
| Other non-current assets                          | 2,334         | 1,747         | Deferred income                             | 70            | 78            |
| Total non-current assets                          | 31,039        | 29,459        | Other non-current liabilities               | 1,185         | 1,140         |
| <b>Total assets</b>                               | <b>40,657</b> | <b>38,458</b> | Non current liabilities                     | 10,521        | 10,350        |
|   |               |               | Total liabilities                           | 19,116        | 18,925        |
|   |               |               | Total equity                                | 21,541        | 19,533        |
|   |               |               | <b>Equity and liabilities</b>               | <b>40,657</b> | <b>38,458</b> |

# Operating cash flow exceeded €3.2bn while free cash flow marked an 8% increase year-over-year

| € millions, unless otherwise stated             | 01/01/15<br>- 09/30/15 | 01/01/14<br>- 09/30/14 | Δ          |
|---|------------------------|------------------------|------------|
| Operating cash flow                             | 3,241                  | 3,082                  | +5%        |
| - Capital expenditure                           | -424                   | -472                   | -10%       |
| <b>Free cash flow</b>                           | <b>2,817</b>           | <b>2,610</b>           | <b>+8%</b> |
| Free cash flow as a percentage of total revenue | 19%                    | 22%                    | -2.1pp     |
| Cash conversion rate                            | 1.82                   | 1.56                   | +17%       |
| Days sales outstanding (DSO in days)            | 69                     | 65                     | +4         |

# Total group liquidity improved by almost €1.2bn in the first 9M



1) Cash and cash equivalents + current investments

2) Includes positive effect resulting from cash receipts from derivate financial instruments related to business combinations of EUR 266m

3) Includes purchase and sales of equity or debt instruments of other entities and effects of FX rates on cash and cash equivalents

4) Group Net Liquidity defined as Total Group Liquidity minus Group debt – for more details see third quarter 2015 Interim Report

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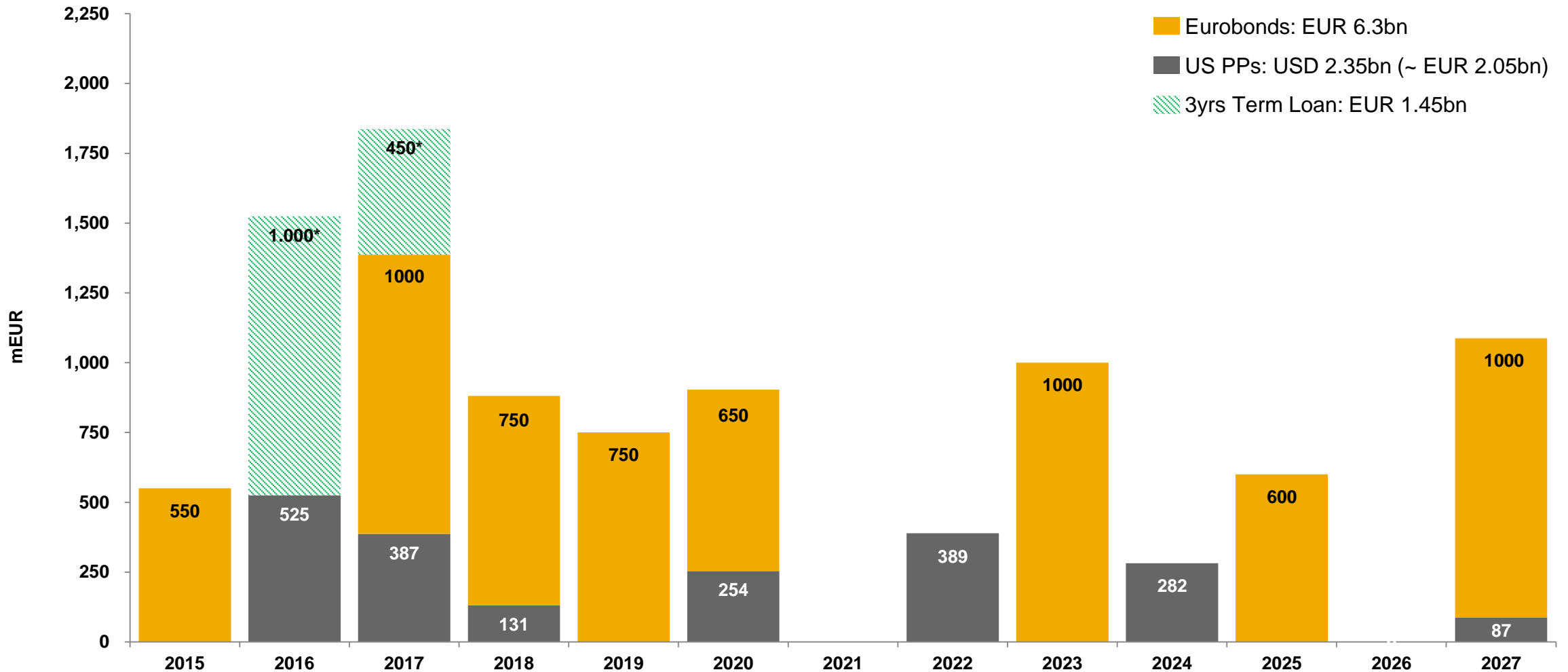
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# Maturity Profile as of October 31, 2015



\* Potential maturity profile as term loan will be repaid flexible depending on cash flow

# Contact Details for Investor Questions

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