

# Debt Investors Call Second-Quarter 2015

Walldorf, Germany  
Thursday, July 30, 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.

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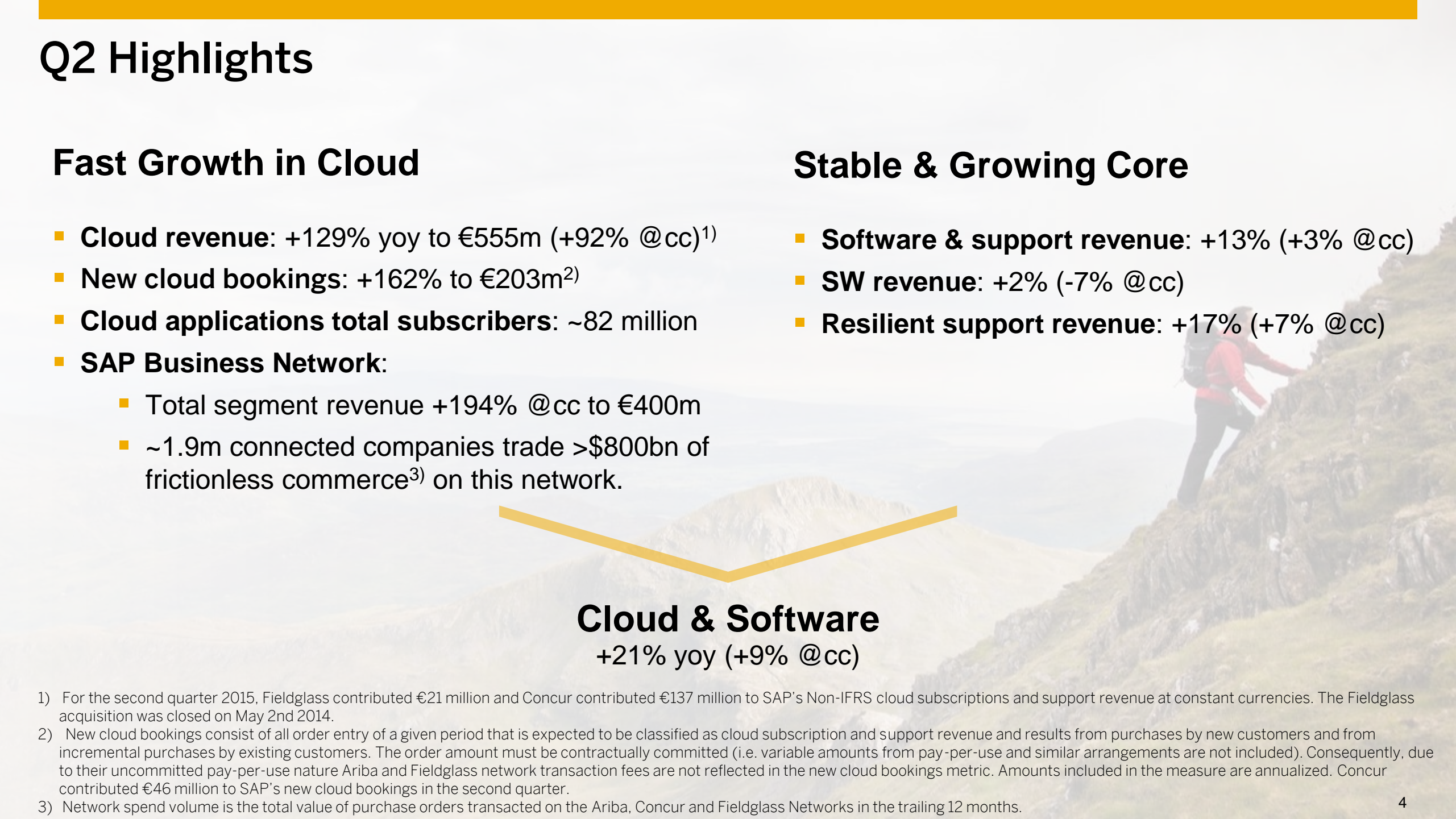
# Q2 Highlights

## Fast Growth in Cloud

- **Cloud revenue:** +129% yoy to €555m (+92% @cc)<sup>1)</sup>
- **New cloud bookings:** +162% to €203m<sup>2)</sup>
- **Cloud applications total subscribers:** ~82 million
- **SAP Business Network:**
  - Total segment revenue +194% @cc to €400m
  - ~1.9m connected companies trade >\$800bn of frictionless commerce<sup>3)</sup> on this network.

## Stable & Growing Core

- **Software & support revenue:** +13% (+3% @cc)
- **SW revenue:** +2% (-7% @cc)
- **Resilient support revenue:** +17% (+7% @cc)



**Cloud & Software**  
+21% yoy (+9% @cc)

1) For the second quarter 2015, Fieldglass contributed €21 million and Concur contributed €137 million to SAP's Non-IFRS cloud subscriptions and support revenue at constant currencies. The Fieldglass acquisition was closed on May 2nd 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) Network spend volume is the total value of purchase orders transacted on the Ariba, Concur and Fieldglass Networks in the trailing 12 months.



# Strong and balanced growth company across our geographic market units.

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- **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

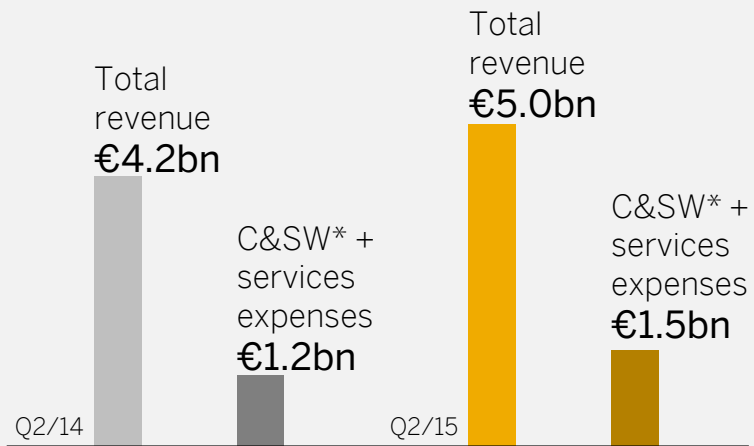
1) Revenues calculated based on customer location; All numbers are non-IFRS; Growth rates as reported.

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

Non-IFRS, Q2/15

## Gross Margin

70.6% | -1.3pp yoy  
+2.0pp qoq



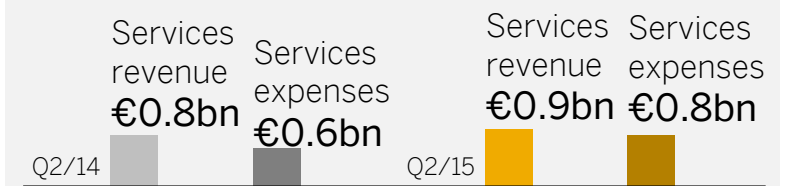
## Cloud and Software Margin

83.4% | -0.6pp yoy  
+1.0pp qoq



## Services-related Margin

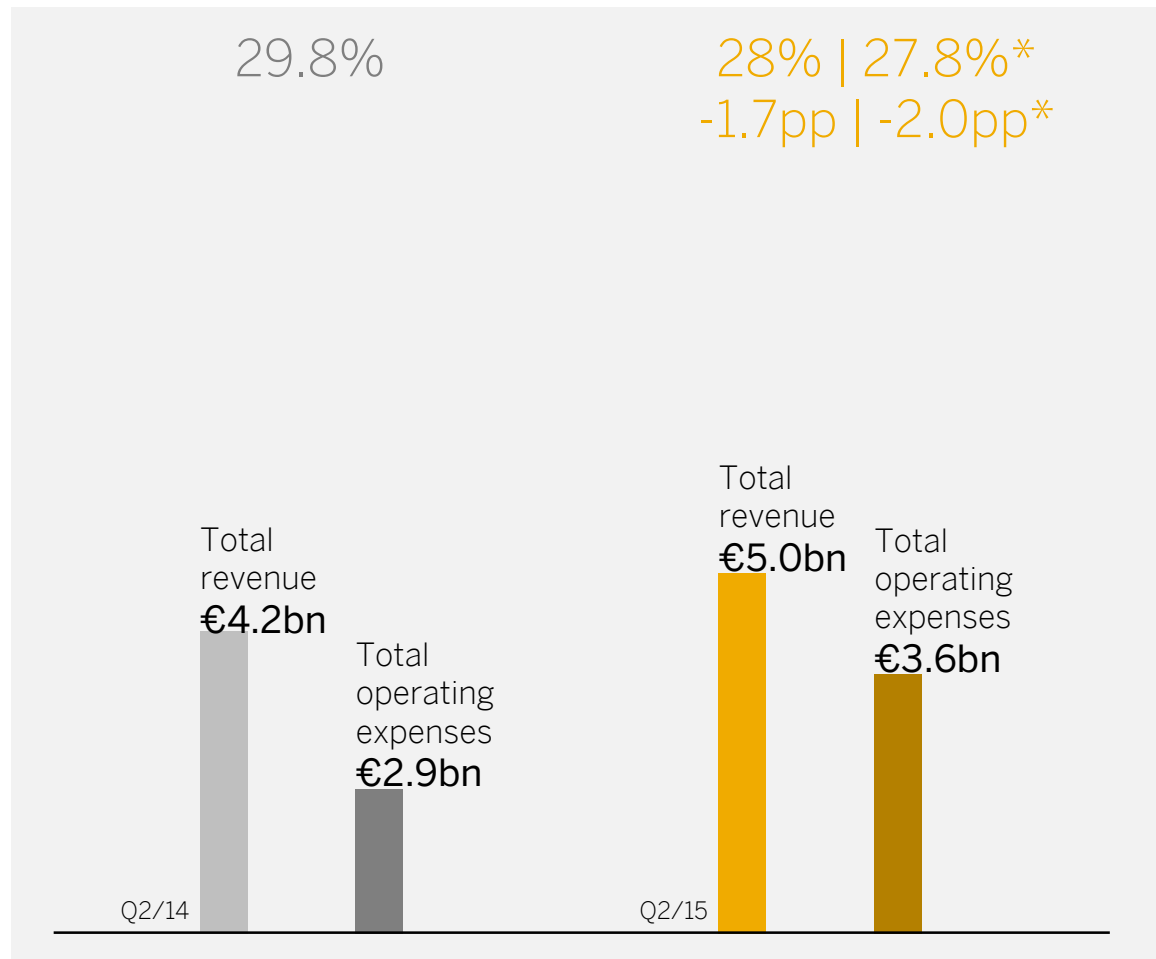
13.0% | -7.3pp yoy  
+4.0pp qoq



\* Cloud & Software revenues / expenses

# Positive impact from transformation program expanding operating profit by 13% as we continued to see currency tailwind

Non-IFRS, Q2/15



## Non-IFRS operating profit:

- +13% to €1.4bn (Q2/14: €1.2bn)
- +1% to €1.2bn at cc

## Non-IFRS operating margin:

- -1.7pp to 28% (Q2/14: 29.8%)
- -2.0pp to 27.8% at cc

\* At constant currencies

# 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			
	Q2/15	Q2/14	Δ%	Q2/15	Q2/14	Δ%	Δ% at cc
<b>Revenue Numbers</b>							
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
<b>Cloud and software</b>	<b>4,062</b>	<b>3,357</b>	<b>21</b>	<b>4,065</b>	<b>3,359</b>	<b>21</b>	<b>9</b>
Services revenue	908	794	14	908	794	14	3
<b>Total revenue</b>	<b>4,970</b>	<b>4,151</b>	<b>20</b>	<b>4,972</b>	<b>4,153</b>	<b>20</b>	<b>8</b>
<b>Operating Expense Numbers</b>							
Total operating expenses	-4,269	-3,453	24	-3,578	-2,917	23	11
<b>Profit Numbers</b>							
Operating profit	701	698	1	1,394	1,236	13	1
Finance income, net	-11	17	<-100	-11	17	<-100	
<b>Profit before tax</b>	<b>637</b>	<b>719</b>	<b>-11</b>	<b>1,330</b>	<b>1,257</b>	<b>6</b>	
Income tax expense	-168	-163	3	-369	-319	16	
<b>Profit after tax</b>	<b>469</b>	<b>556</b>	<b>-16</b>	<b>960</b>	<b>938</b>	<b>2</b>	
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	



# 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			
	H1/15	H1/14	Δ%	H1/15	H1/14	Δ%	Δ% at cc
<b>Revenue Numbers</b>							
Cloud subscriptions and support	1,056	460	129	1,063	463	130	93
Software licenses	1,675	1,581	6	1,675	1,581	6	-4
Software support	4,985	4,255	17	4,985	4,258	17	7
Software licenses and support	6,660	5,836	14	6,660	5,839	14	4
<b>Cloud and software</b>	<b>7,715</b>	<b>6,296</b>	<b>23</b>	<b>7,723</b>	<b>6,301</b>	<b>23</b>	<b>10</b>
Services revenue	1,751	1,553	13	1,751	1,553	13	2
<b>Total revenue</b>	<b>9,467</b>	<b>7,849</b>	<b>21</b>	<b>9,475</b>	<b>7,854</b>	<b>21</b>	<b>9</b>
<b>Operating Expense Numbers</b>							
Total operating expenses	-8,128	-6,428	26	-7,024	-5,699	23	12
<b>Profit Numbers</b>							
<b>Operating profit</b>	<b>1,339</b>	<b>1,421</b>	<b>-6</b>	<b>2,451</b>	<b>2,155</b>	<b>14</b>	<b>0</b>
Finance income, net	-22	9	<-100	-22	9	<-100	
<b>Profit before tax</b>	<b>1,115</b>	<b>1,423</b>	<b>-22</b>	<b>2,227</b>	<b>2,157</b>	<b>3</b>	
Income tax expense	-233	-332	-30	-571	-553	3	
<b>Profit after tax</b>	<b>882</b>	<b>1,090</b>	<b>-19</b>	<b>1,657</b>	<b>1,604</b>	<b>3</b>	
Operating margin in %	14.1	18.1	-4,0pp	25.9	27.4	-1,6pp	-2,3pp
Basic earnings per share, in €	0.74	0.91	-19	1.39	1.34	3	

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# 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
<b>Sum of all adjustments</b>	<b>€735m</b>	<b>€1,111m</b>	<b>€1,830m to €1,980m</b>

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# Balance sheet, condensed

## June 30, 2015, IFRS

<b>Assets</b> € 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
<b>Total current assets</b>	<b>9,710</b>	<b>8,999</b>
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
<b>Total non-current assets</b>	<b>31,233</b>	<b>29,319</b>
<b>Total assets</b>	<b>40,944</b>	<b>38,318</b>

<b>Equity and liabilities</b> € 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
<b>Current liabilities</b>	<b>9,769</b>	<b>8,575</b>
Financial liabilities	9,097	8,980
Provisions	154	151
Deferred income	63	78
Other non-current liabilities	1,058	1,001
<b>Non current liabilities</b>	<b>10,373</b>	<b>10,210</b>
<b>Total liabilities</b>	<b>20,142</b>	<b>18,785</b>
<b>Total equity</b>	<b>20,802</b>	<b>19,533</b>
<b>Equity and liabilities</b>	<b>40,944</b>	<b>38,318</b>

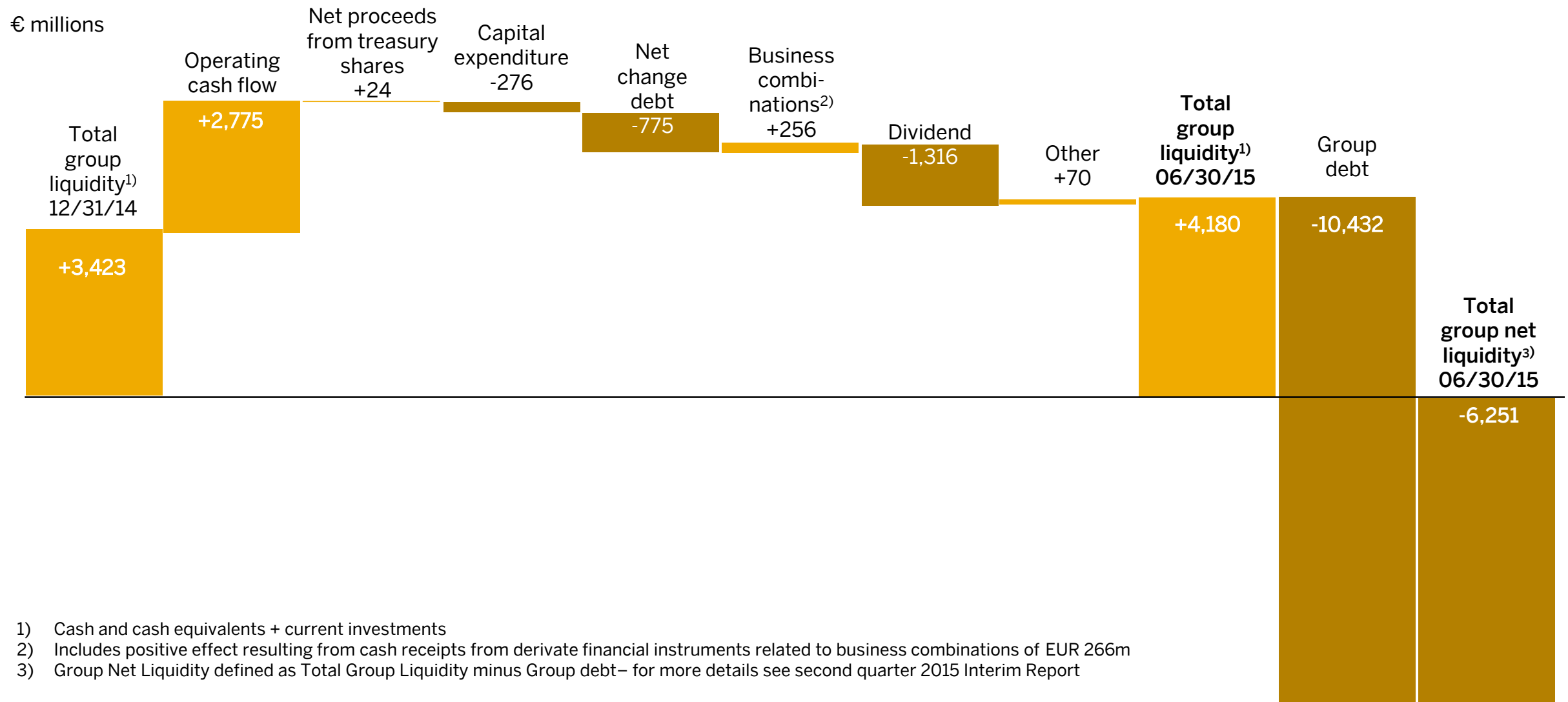


# Operating cash flow increased by 8% to €2.8bn

€ 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 <sup>1)</sup>	3.15	2.36	+33%
Days sales outstanding (DSO in days)	68	64	+4

1) Net cash flows from operating activities as percentage of profit after tax

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



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# SAP in Greece

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- Very small contributor to global revenues – approximately 0.10%
- Revenue remained stable in Q2 2015
- Close monitoring of bank accounts

# 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.