

# Third-Quarter and first nine months 2015 Results Release

Walldorf, Germany

Tuesday, October 20<sup>th</sup>, 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

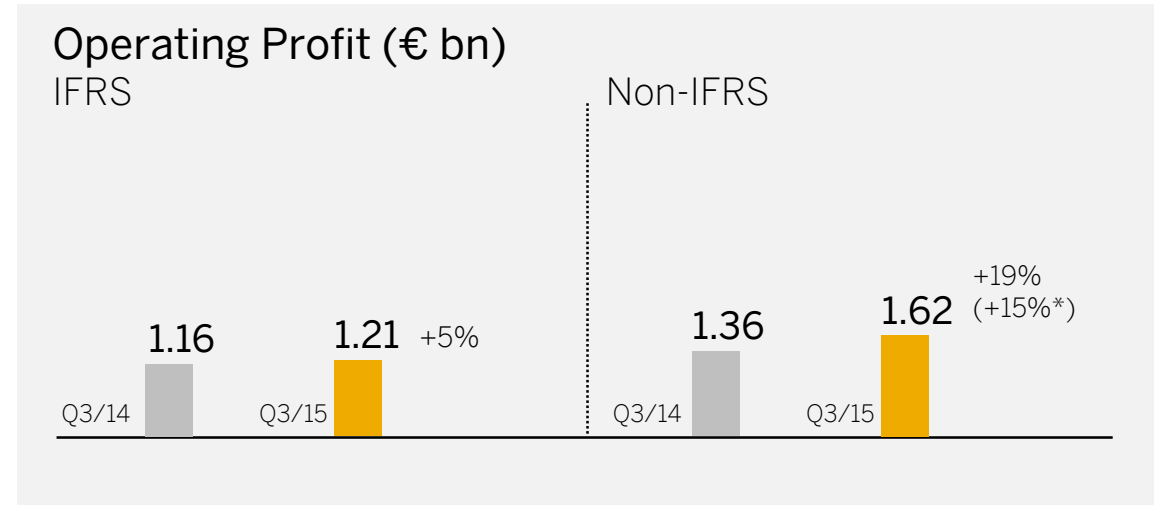
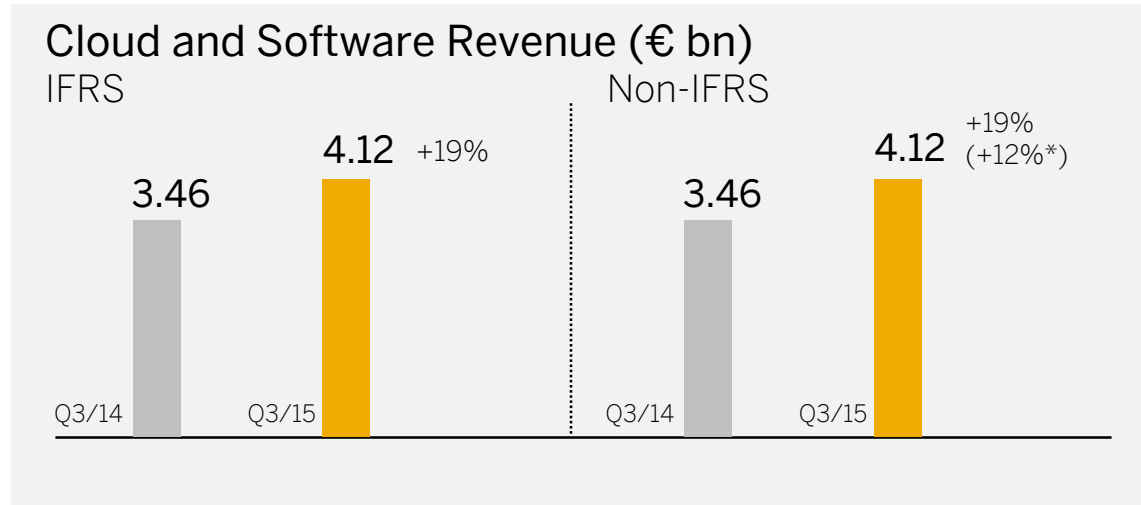
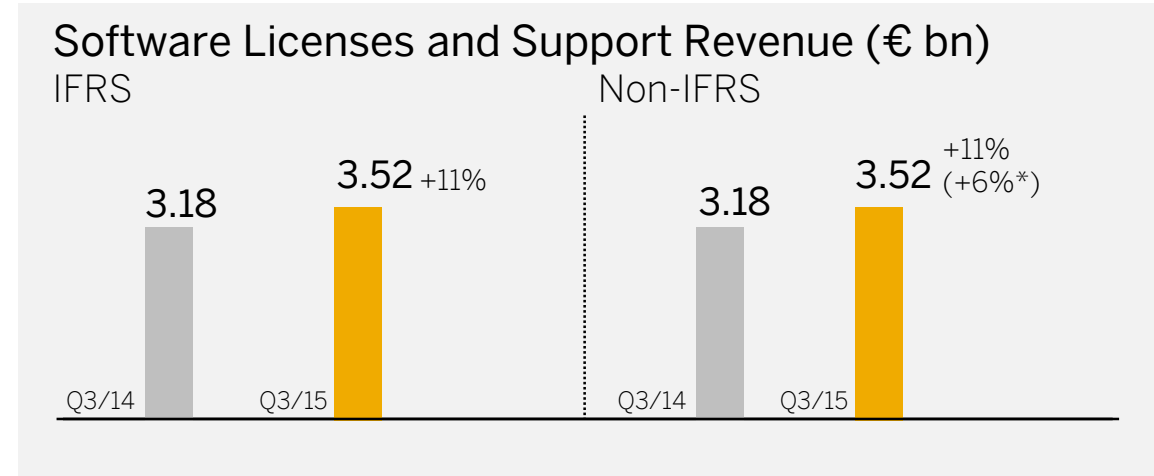
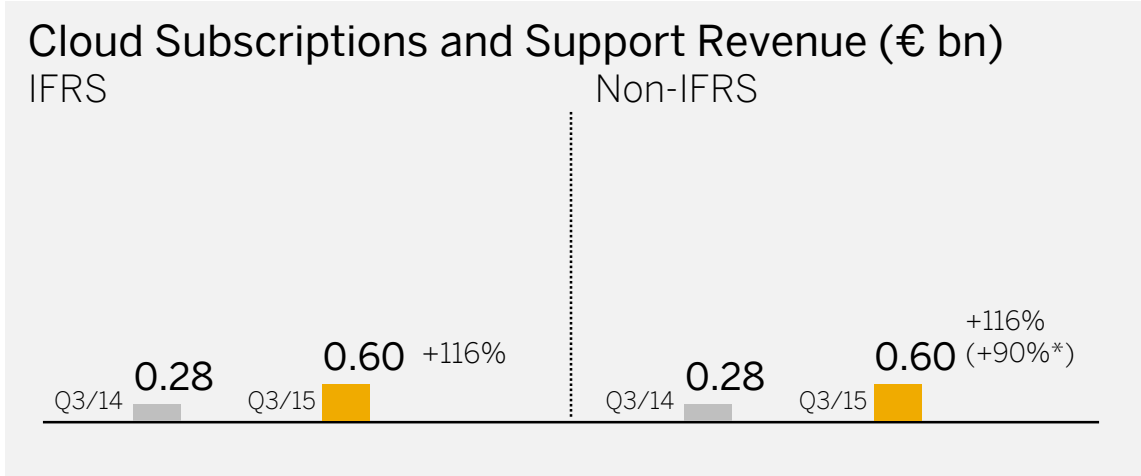
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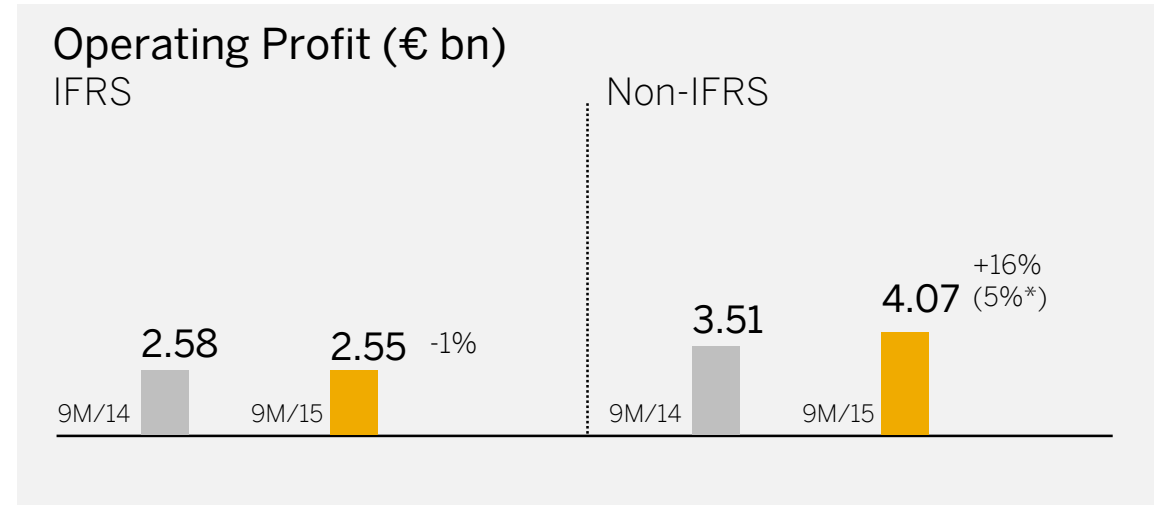
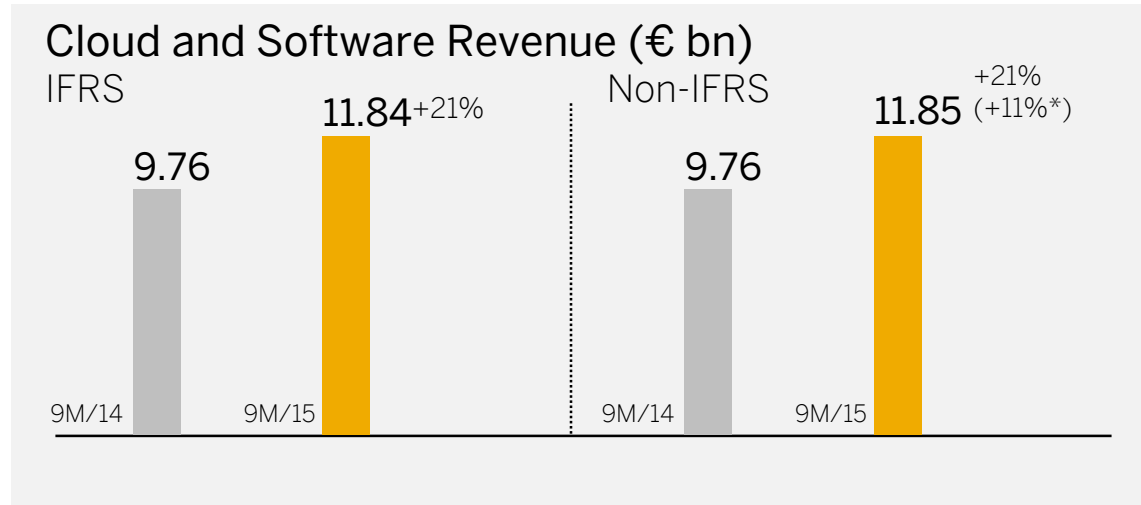
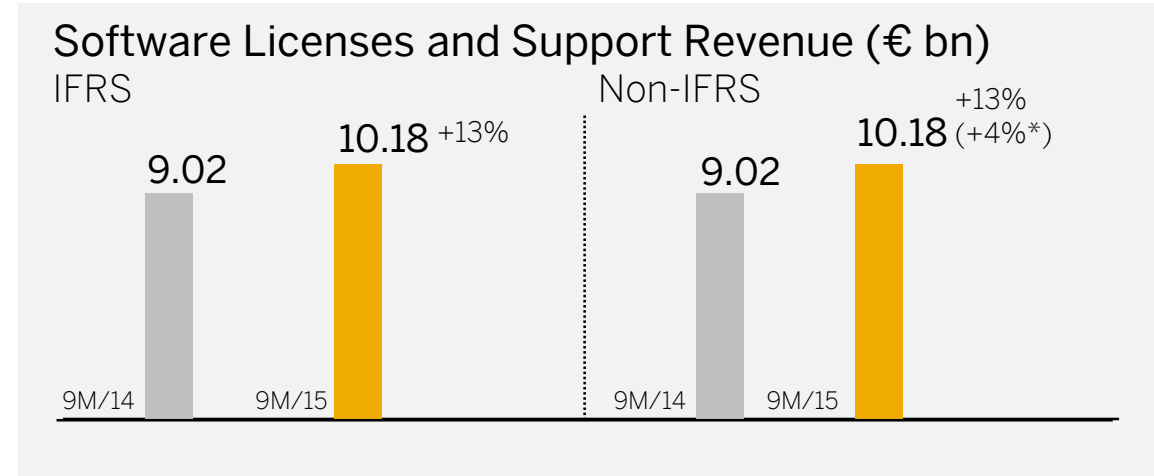
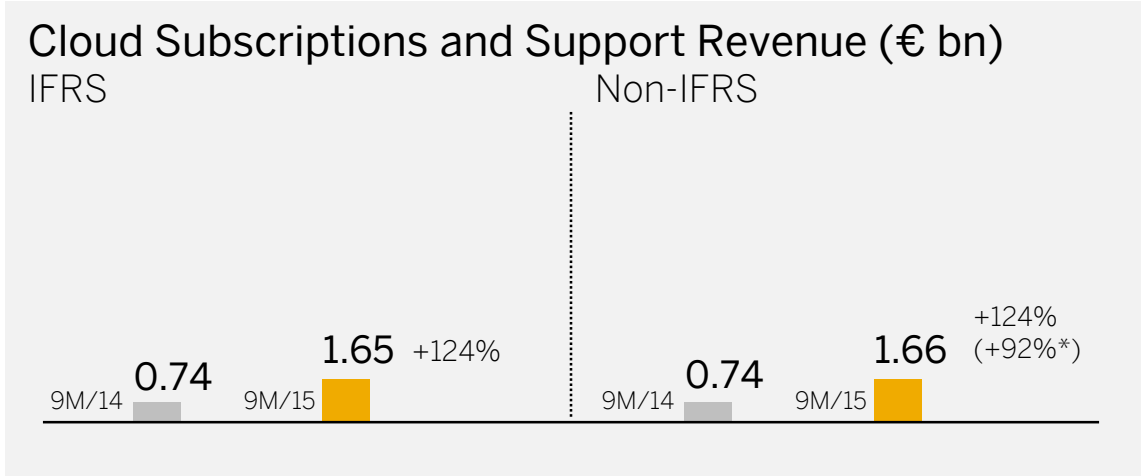
Appendix

# Key performance metrics Q3 2015



\* At constant currencies

# Key performance metrics 9M 2015



\* At constant currencies

# 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.

# Transitioning to the cloud

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- **Non-IFRS cloud subscriptions and support revenue:** +116% yoy to 600m (+90% at cc)<sup>1)</sup>
- **New cloud bookings – key measure for SAP’s sales success in the cloud:** +102% to €216m<sup>2)</sup>
- **Cloud subscriptions and support backlog<sup>3)</sup>:** €2.3bn as of Dec 31, 2014, +94% yoy
- **Cloud applications total subscribers:** ~85 million
- **SAP Business Network:**
  - total segment revenue was €412 (€358m at cc) in Q3, yoy +159% (+125% at cc)
  - ~1.9m connected companies trade >\$730bn of commerce<sup>4)</sup> on Ariba network.
  - ~ 30m end users process travel and expenses with Concur annually
  - customers are managing 1.7m flexible workers with the Fieldglass platform annually

1) For Q3/15, 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-based 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) 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.

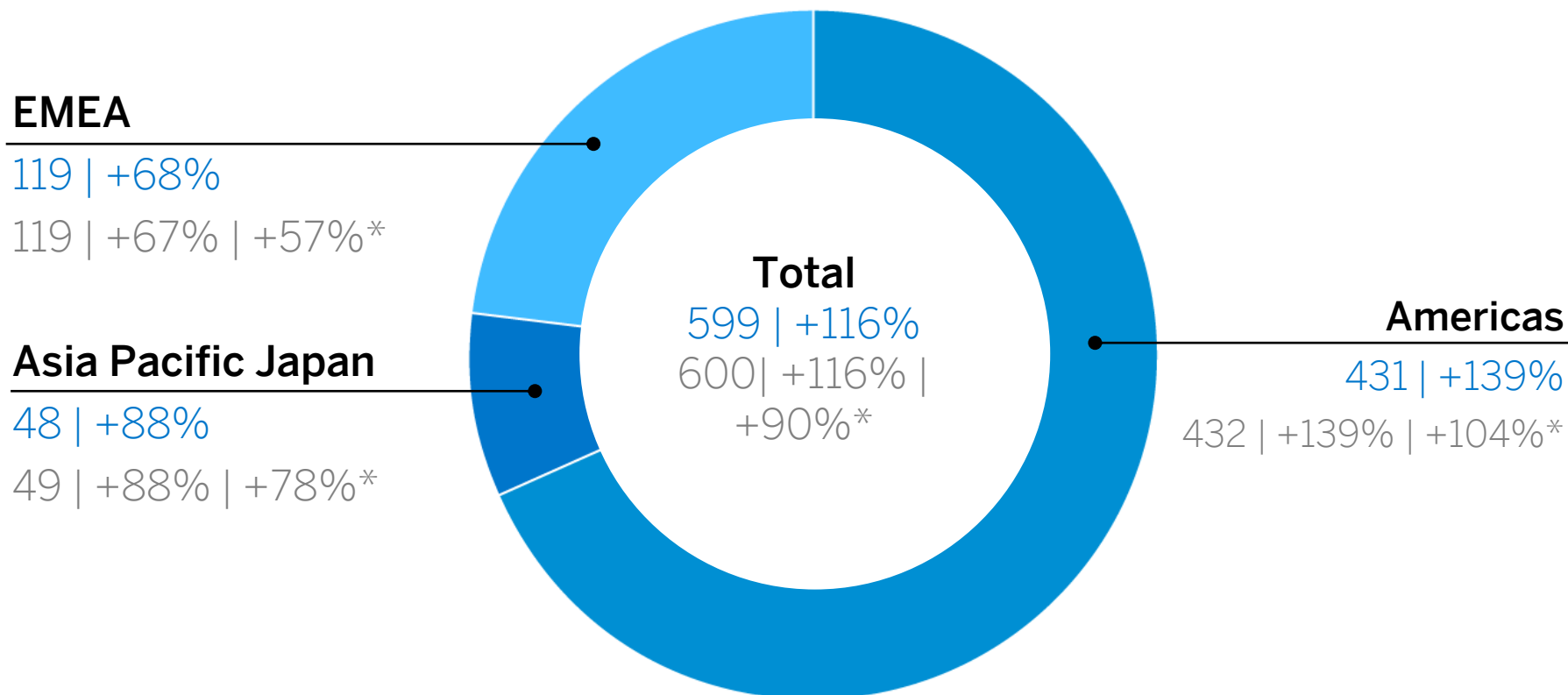
4) Network spend volume is the total value of purchase orders transacted on the Ariba Networks in the trailing 12 months.

# Cloud subscriptions and support revenue by region\*\*

## Q3 2015

€ millions | yoy percent change

IFRS Non-IFRS



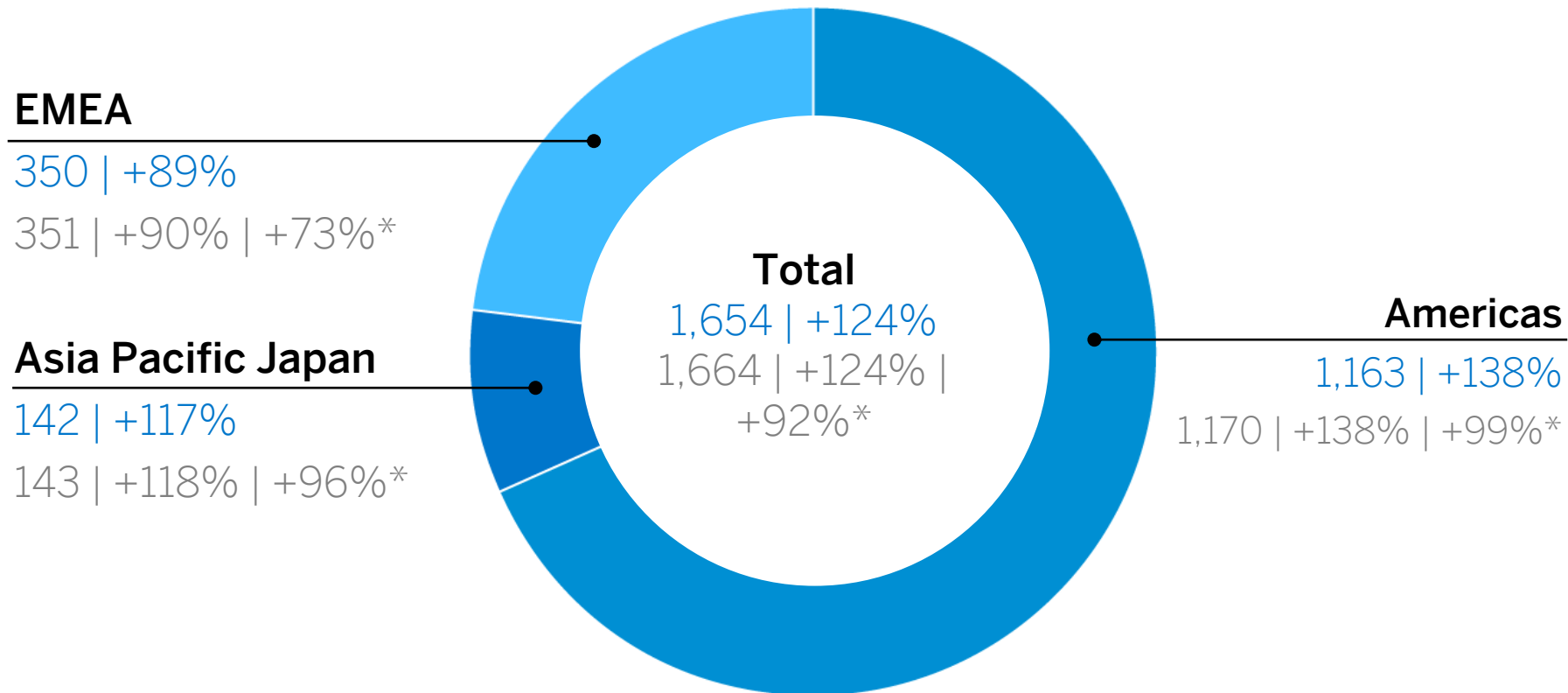


# Cloud subscriptions and support revenue by region\*\*

## 9M 2015

€ millions | yoy percent change

IFRS Non-IFRS



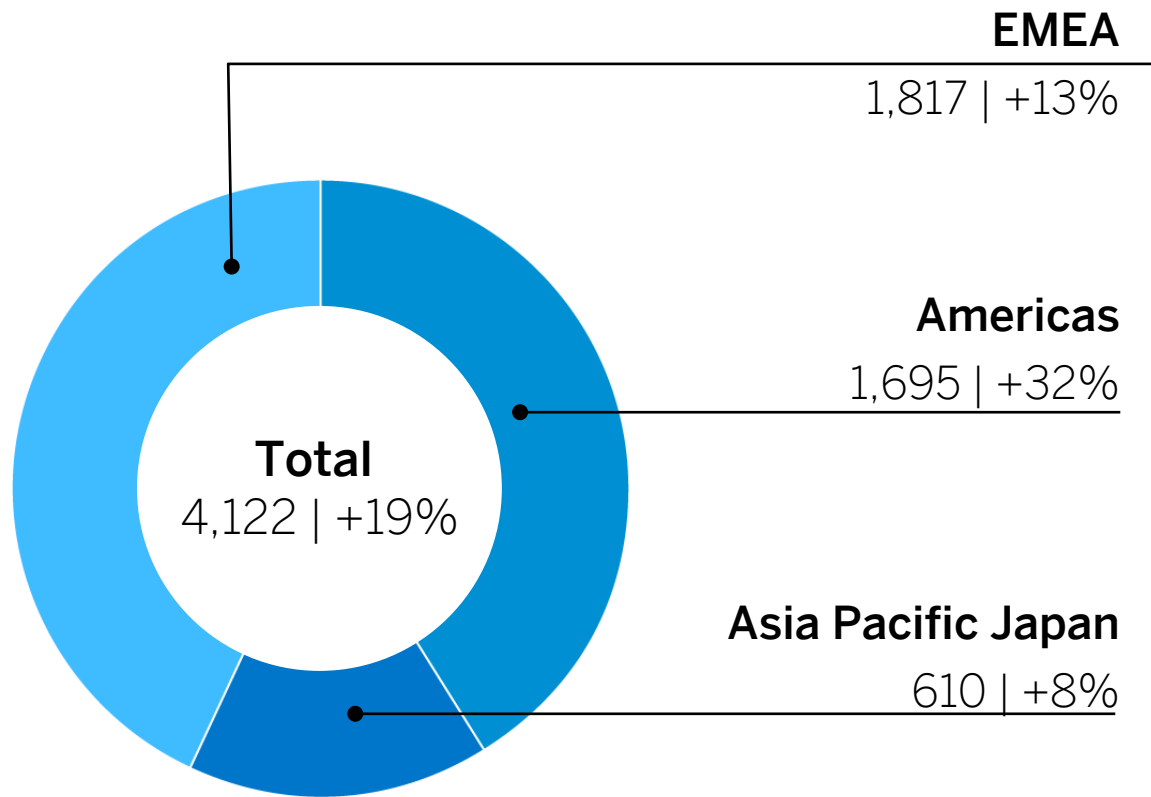
\* At constant currencies

\*\* IFRS and non-IFRS revenue is presented by region based on customer location

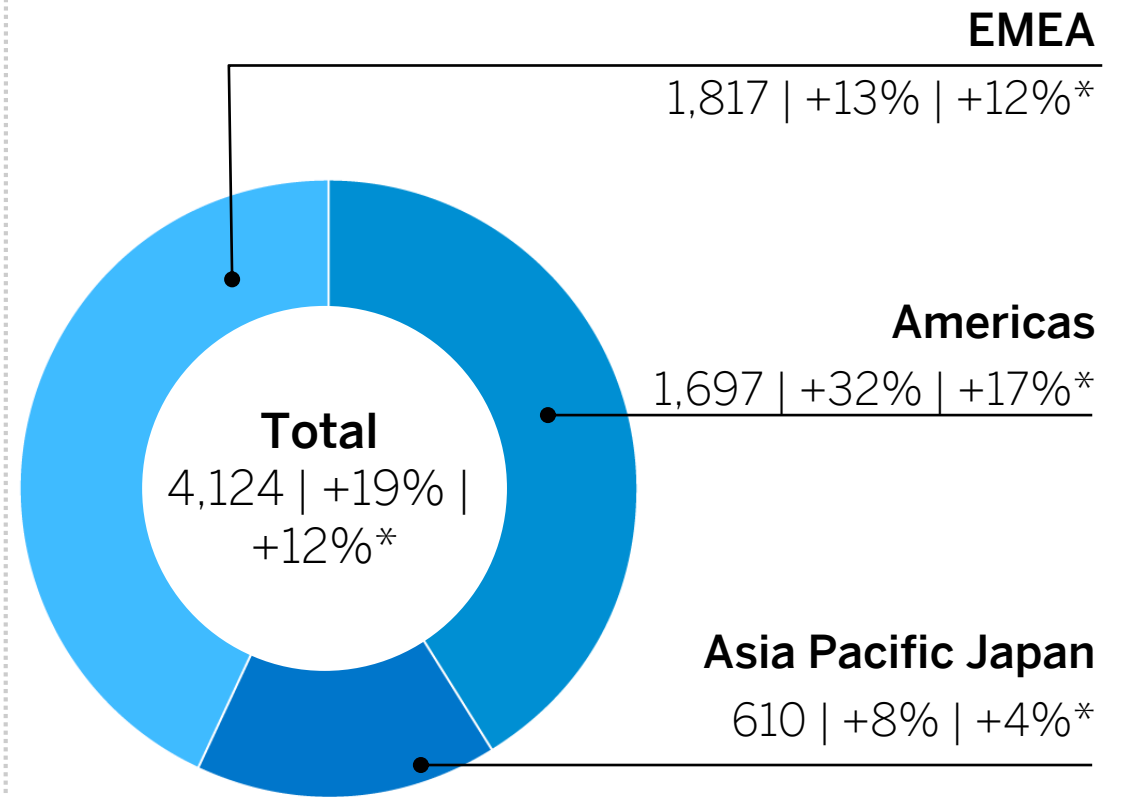
# Cloud and software revenue by region\*\*

## Q3 2015

€ millions | yoy percent change  
IFRS



Non-IFRS



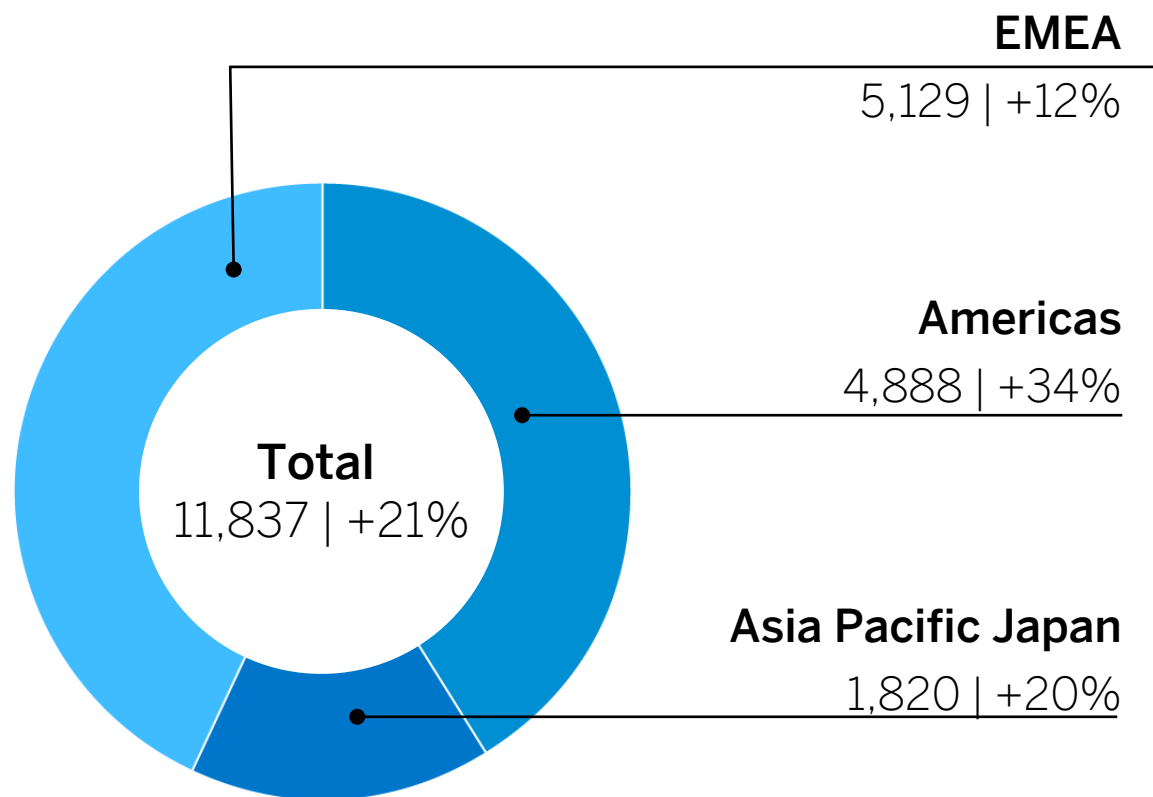
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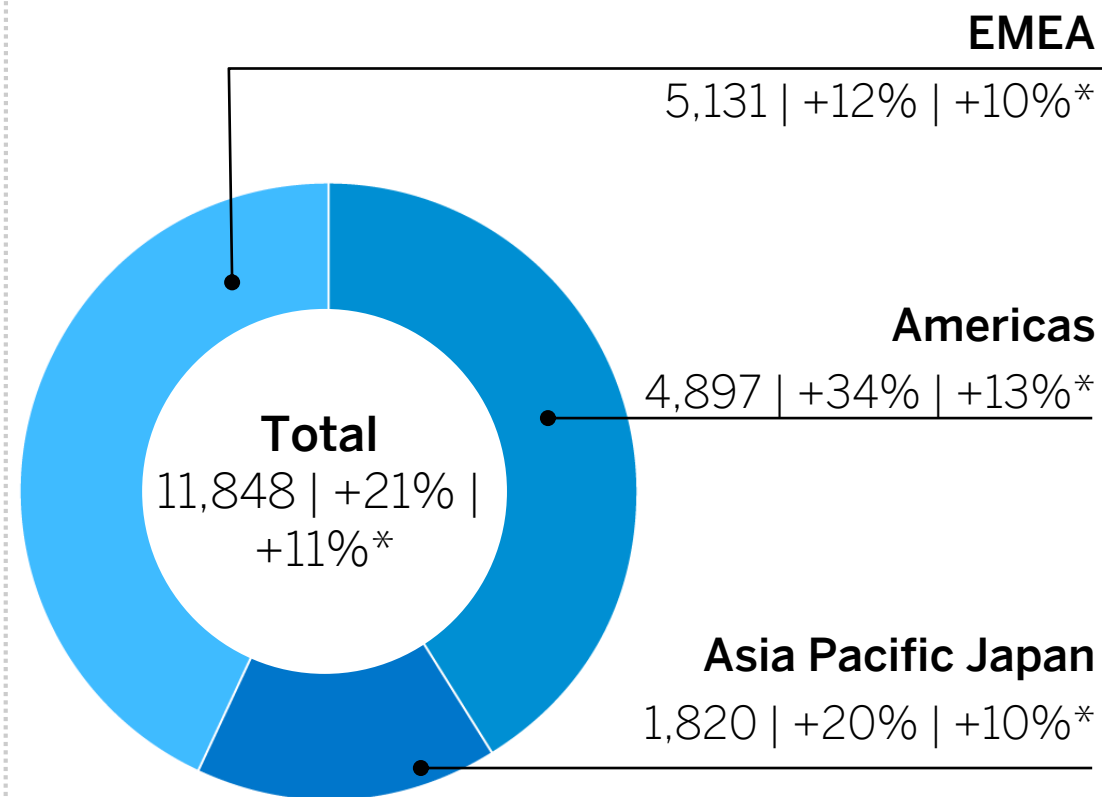
# Cloud and software revenue by region\*\*

## 9M 2015

€ millions | yoy percent change  
IFRS



Non-IFRS



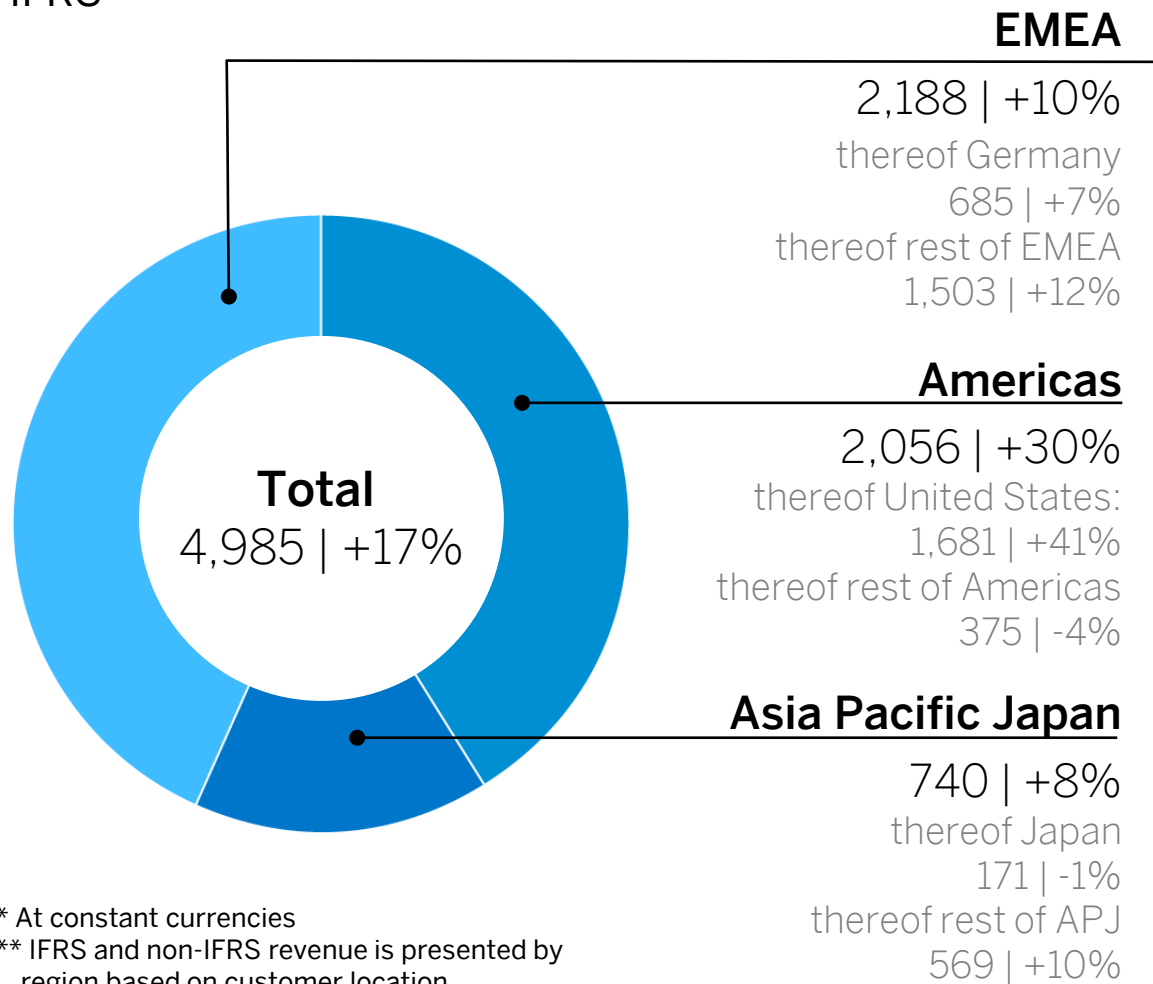
\* At constant currencies

\*\* IFRS and non-IFRS revenue is presented by region based on customer location

# Total revenue by region\*\*

## Q3 2015

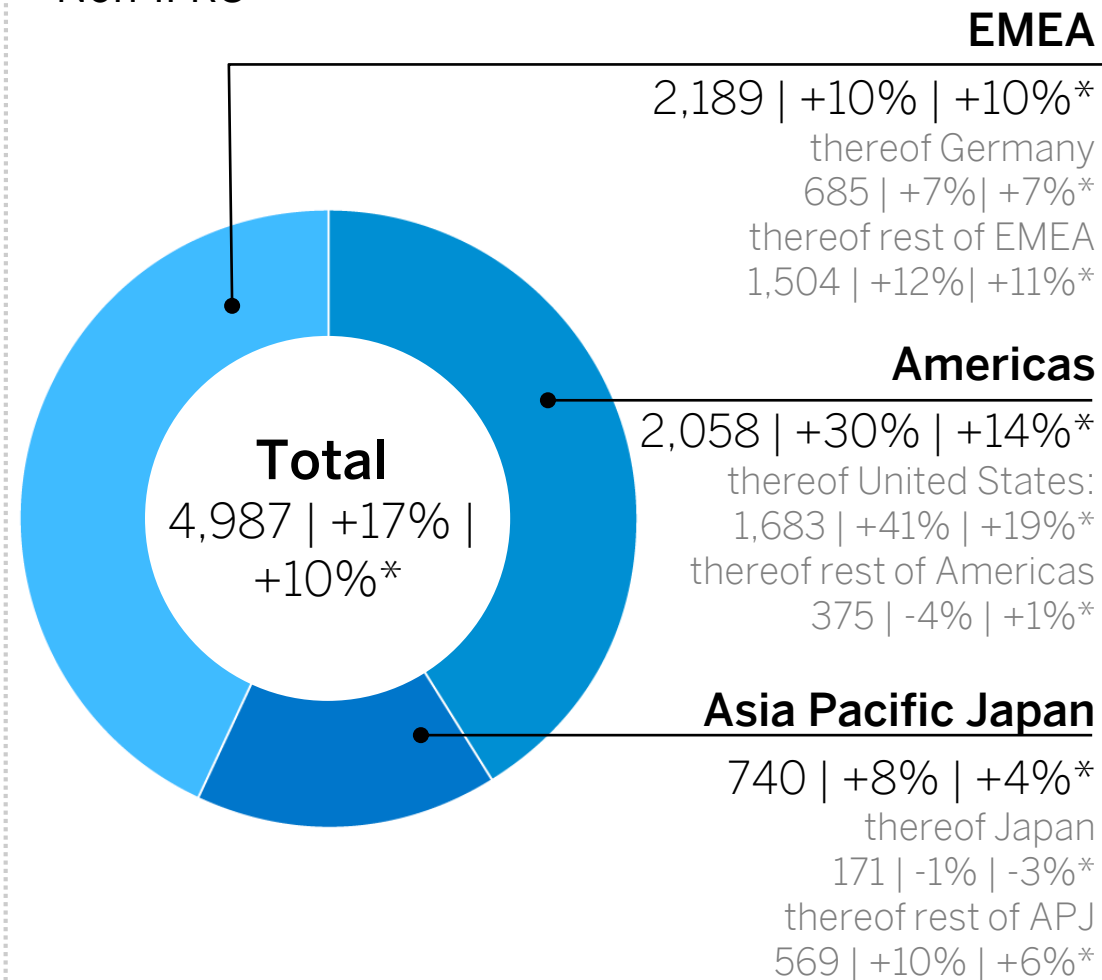
€ millions | yoy percent change  
IFRS



\* At constant currencies

\*\* IFRS and non-IFRS revenue is presented by region based on customer location

Non-IFRS

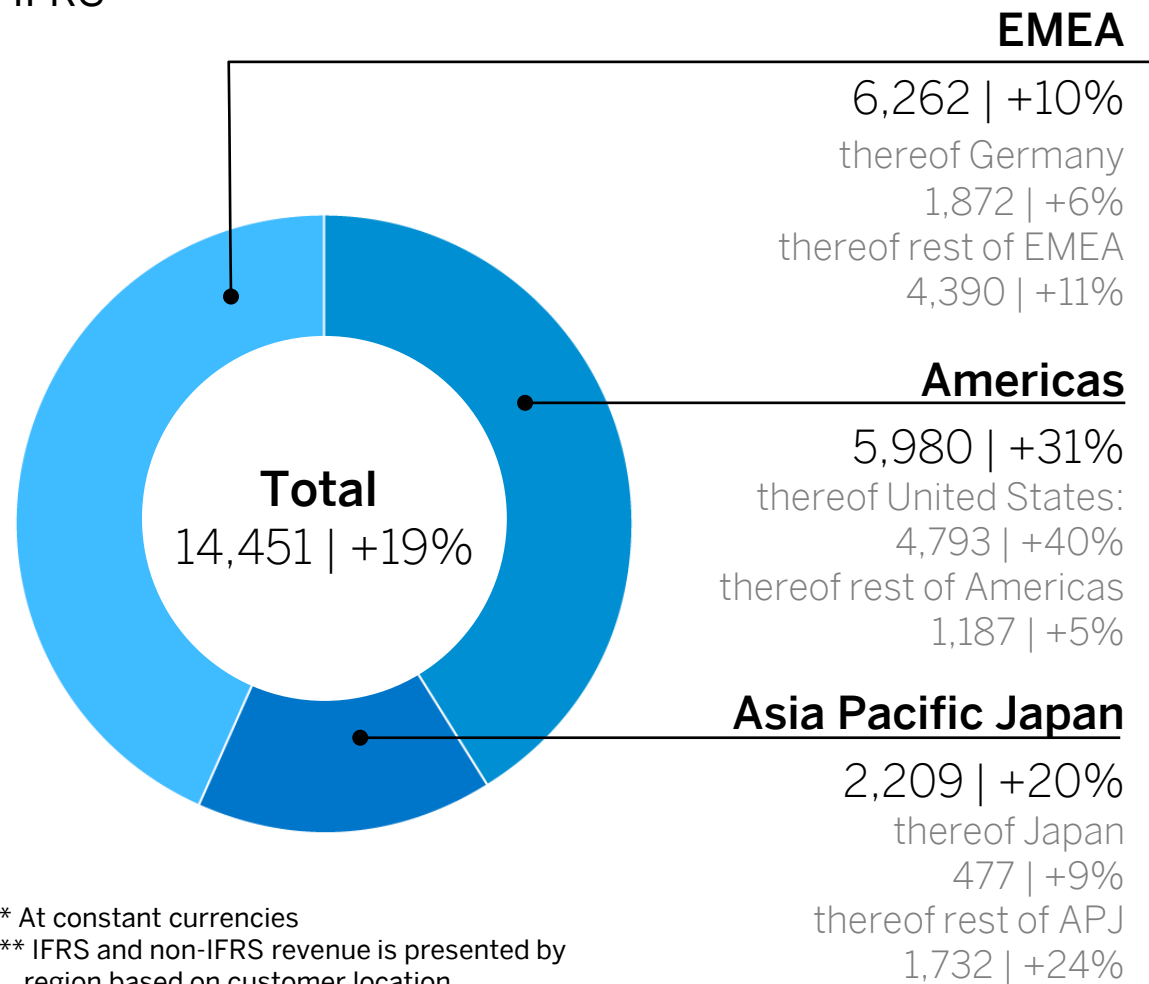


# Total revenue by region\*\*

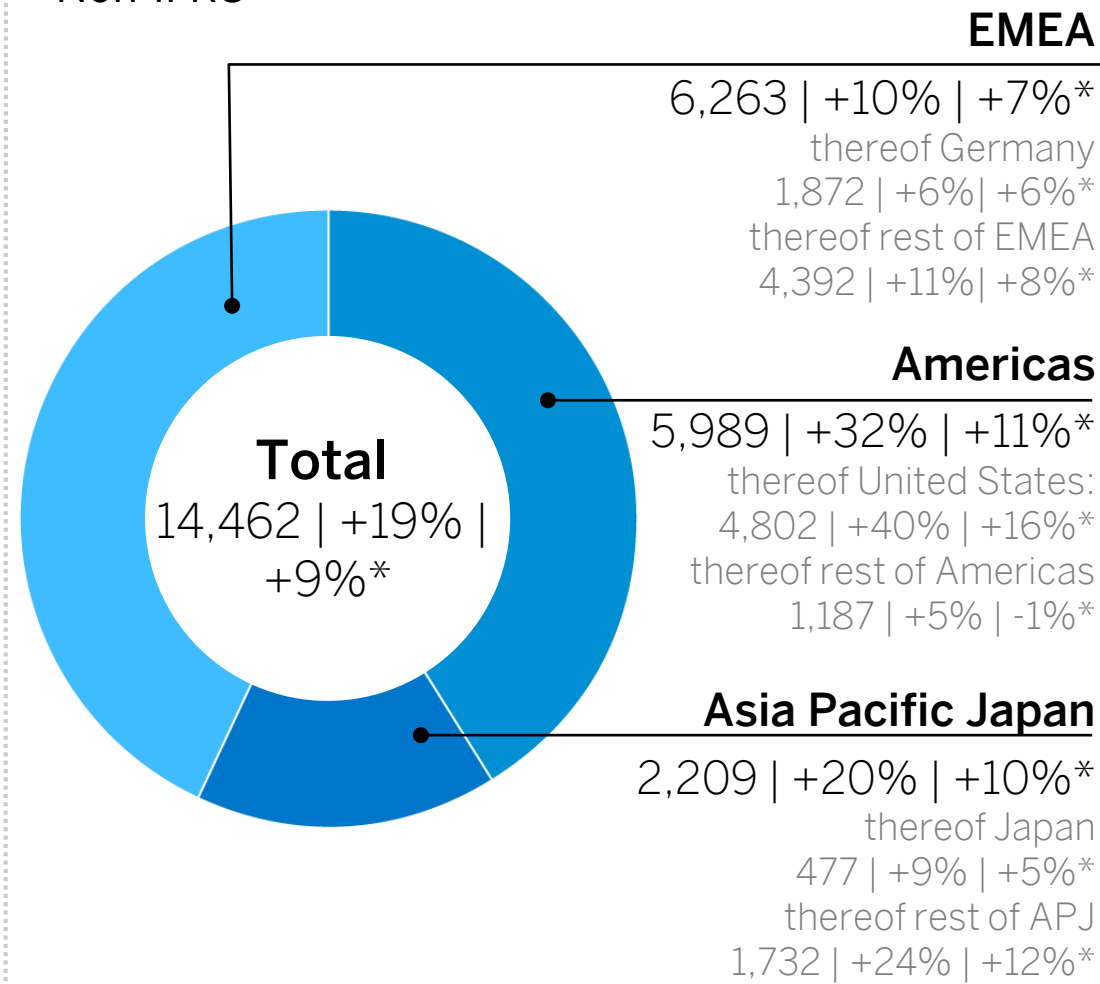
## 9M 2015

€ millions | yoy percent change

IFRS



Non-IFRS



\* At constant currencies

\*\* IFRS and non-IFRS revenue is presented by region based on customer location

# 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	

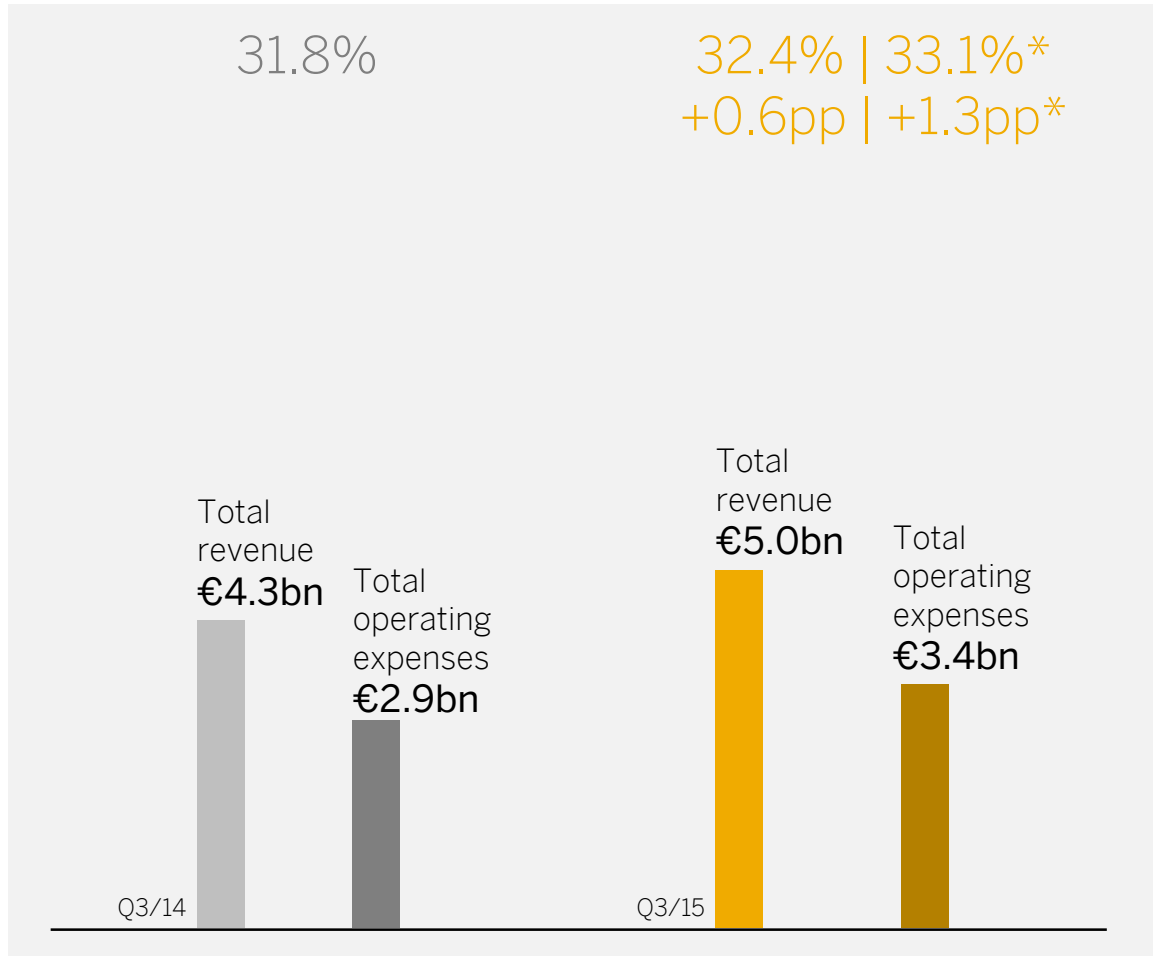
# SAP is able to drive the combination of fast cloud topline growth and expanding profit at the same time

€ 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	

# 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:

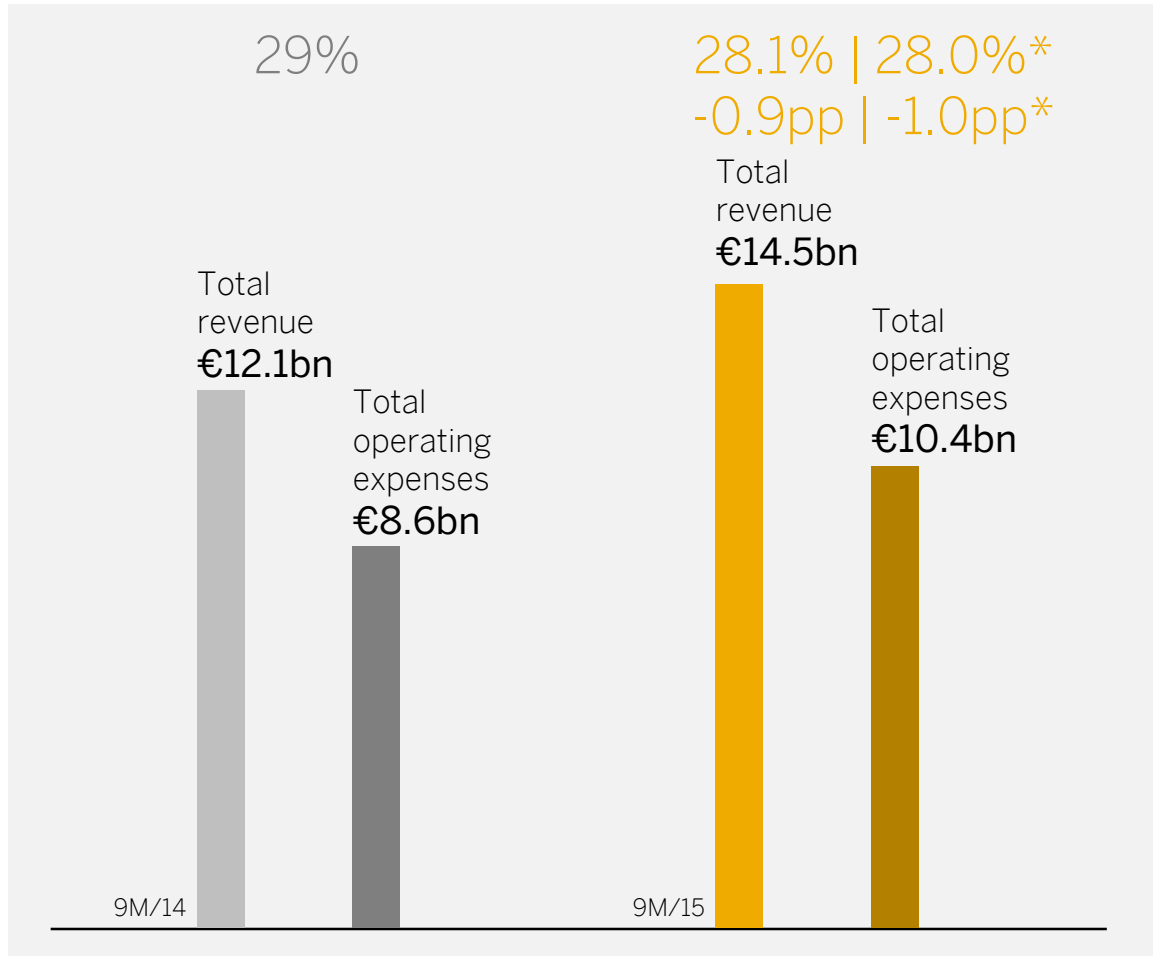
- +0.6pp to 32.4% (Q3/14: 31.8%)
- +1.3pp to 33.1% at cc

\* At constant currencies



# Expanding our non-IFRS operating profit for the first 9M by 16%

Non-IFRS, 9M 2015



## Non-IFRS operating profit:

- +16% to €4.1bn (9M/14: €3.5bn)
- +5% to €3.7bn at cc

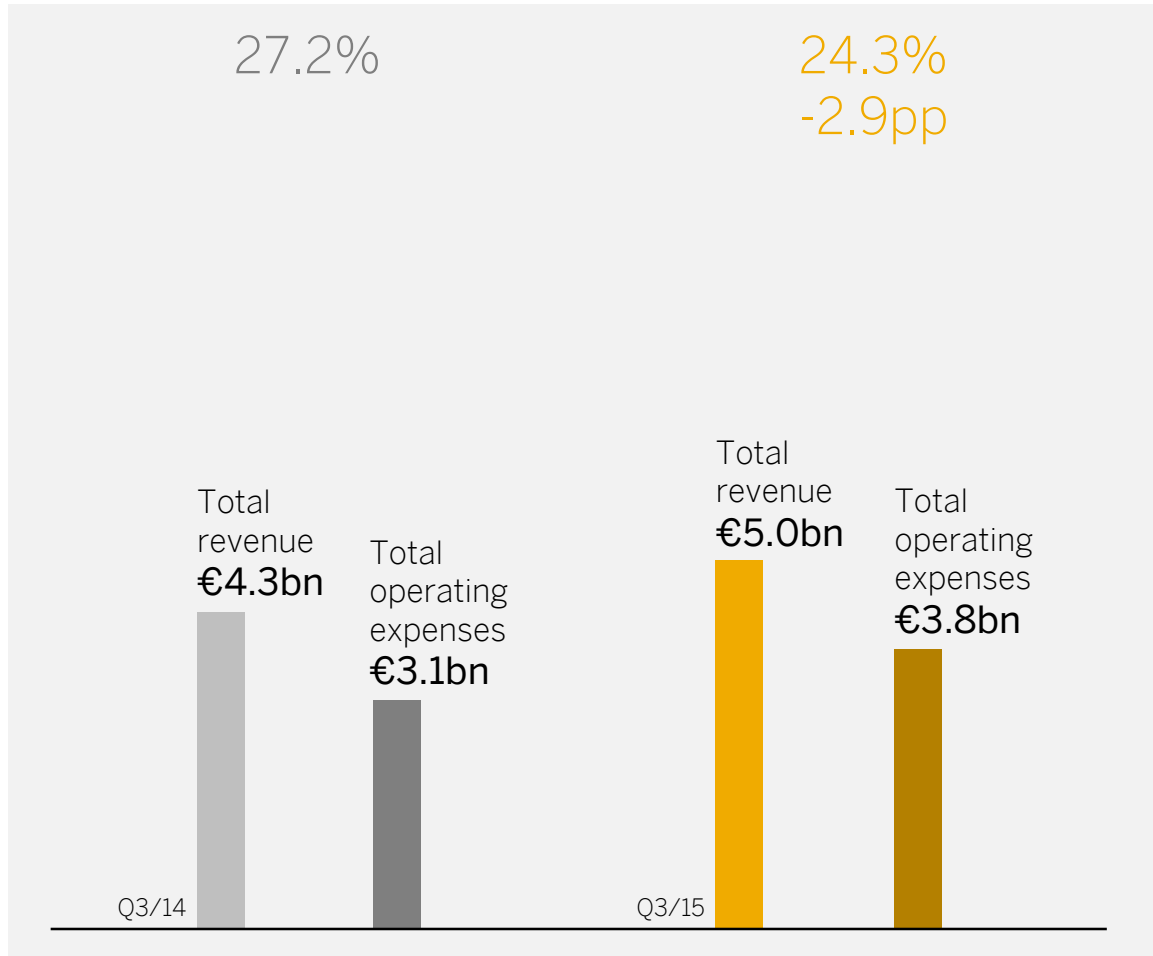
## Non-IFRS operating margin:

- -0.9pp to 28.1% (9M/14: 29.0%)
- -1.0pp to 28.0% at cc

\* At constant currencies

# IFRS operating profit increased by 5% in Q3 2015

IFRS, Q3 2015



## IFRS operating profit:

- +5% to €1.2bn (Q3/14: €1.2bn)

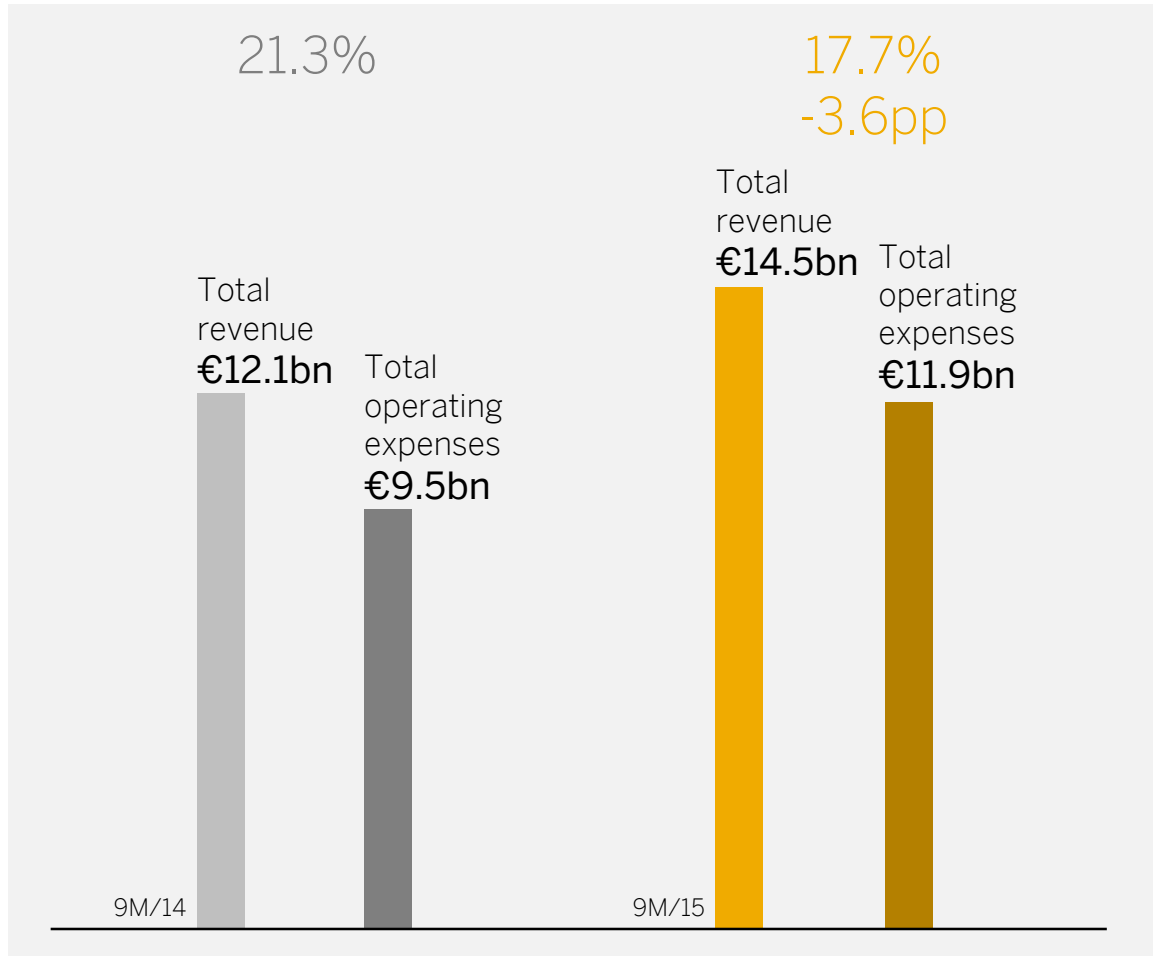
## IFRS operating margin:

- -2.9pp to 24.3% (Q3/14: 27.2%)

\* At constant currencies

# IFRS operating profit declined by 1% in 9M 2015

IFRS, 9M 2015



## IFRS operating profit:

- -1% to €2.6bn (9M/14: €2.6bn)

## IFRS operating margin:

- IFRS operating margin decreased by 3.6pp to 17.7% (9M/14: 21.3%)

\* At constant currencies

# Gross margin declined by 10 bps

## Q3 2015

Non-IFRS, Q3 2015

### Gross Margin

72.0% | -0.1pp



### Cloud and Software Margin

84.2% | -0.2pp



### Services-related Margin

13.4% | -5.1pp

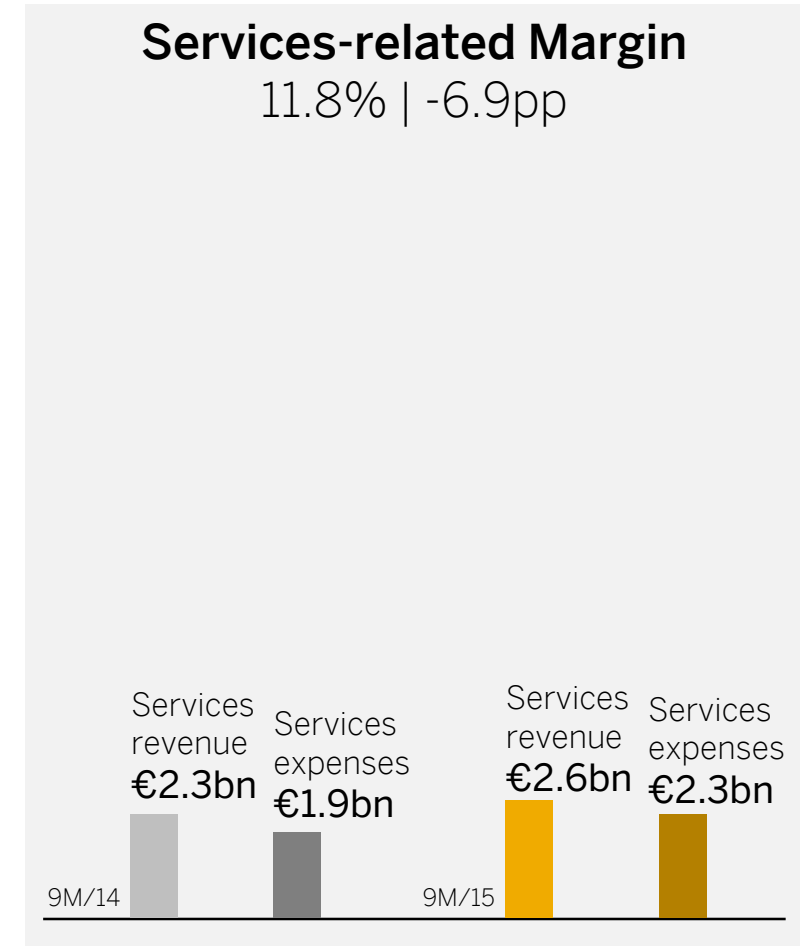
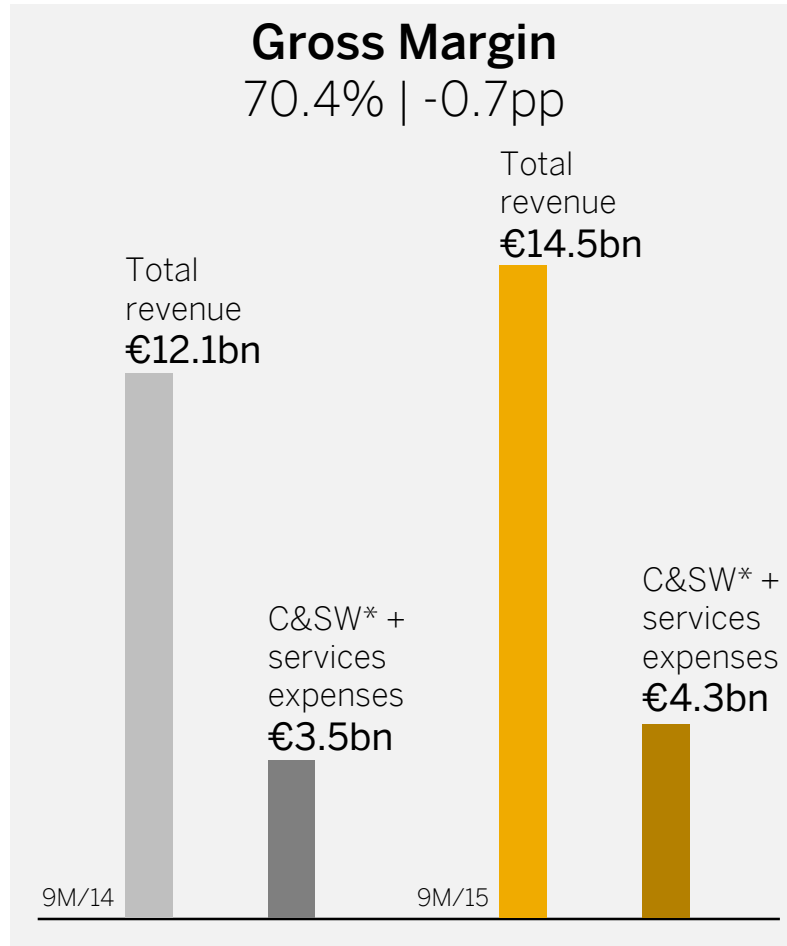


\* Cloud & Software revenues / expenses

# Gross margin declined by 70 bps

## 9M 2015

Non-IFRS, 9M 2015



\* Cloud & Software revenues / expenses

# Cost ratios

## Q3 2015, Non-IFRS

Non-IFRS, Q3 2015

### R&D

as a % of Total Revenue  
12.7% | +0.2pp



### S&M

as a % of Total Revenue  
22.2% | -1.2pp



### G&A

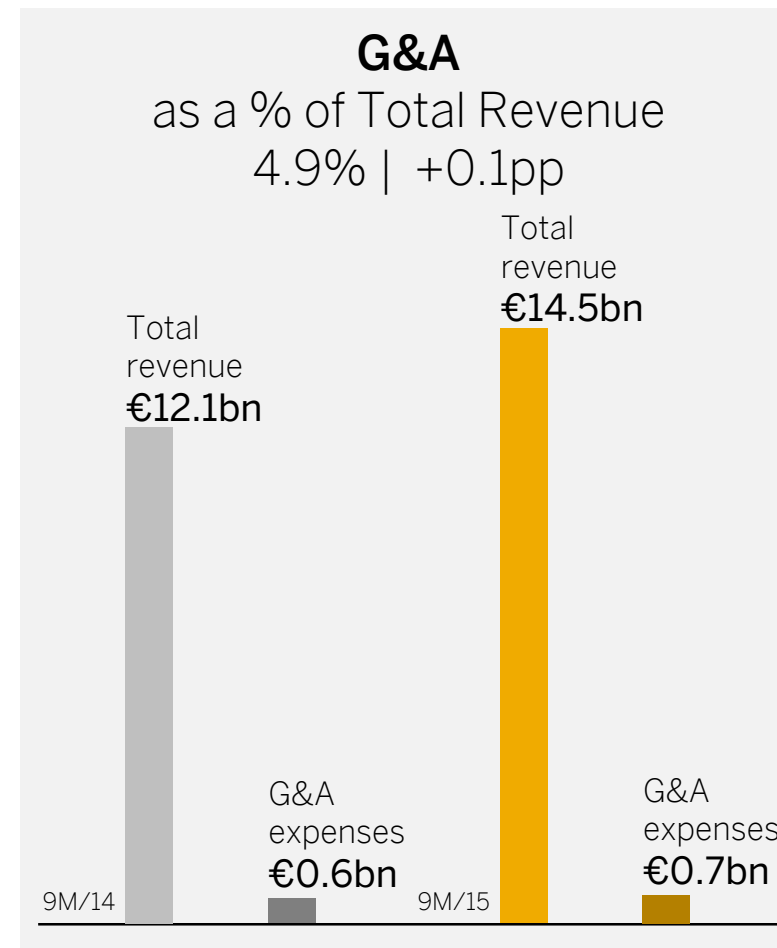
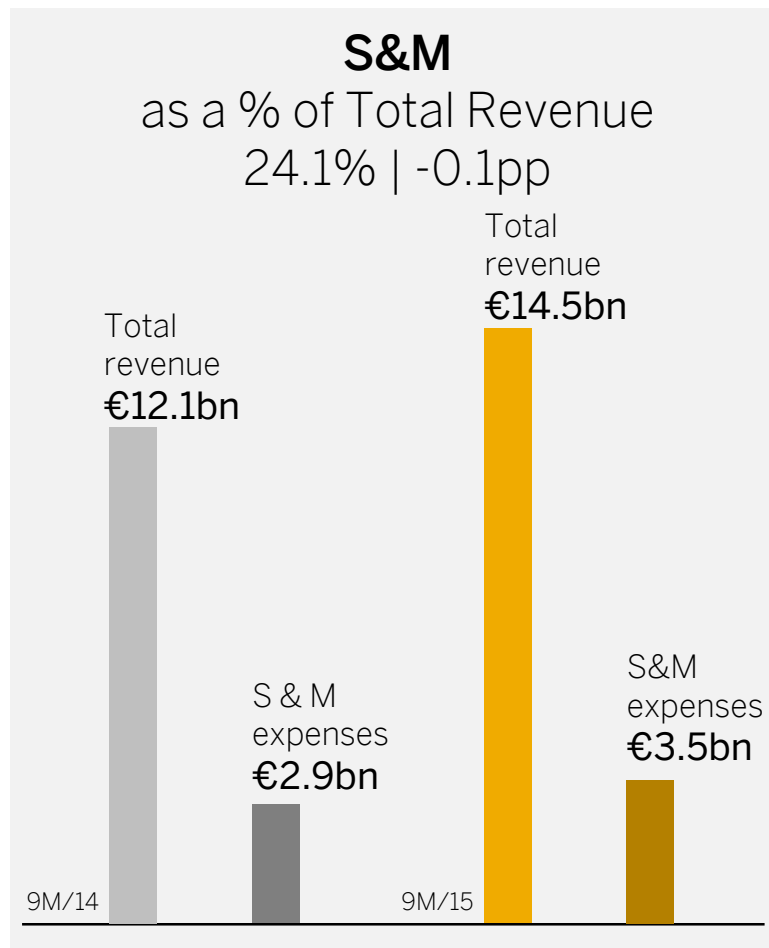
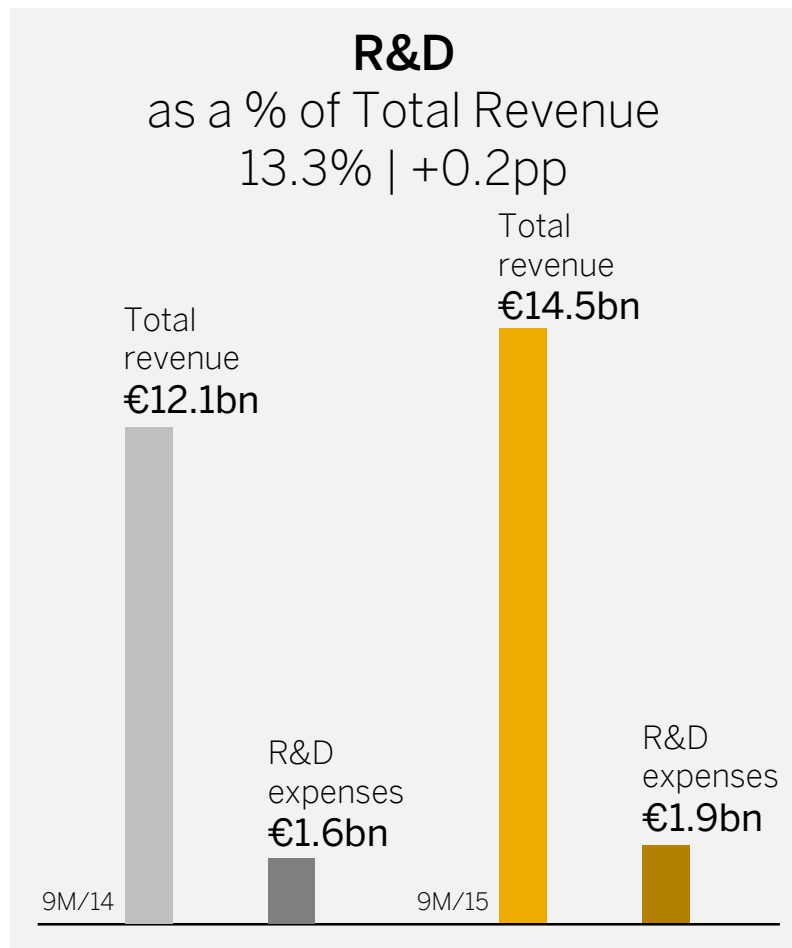
as a % of Total Revenue  
4.6% | 0.2pp



# Cost ratios

## 9M 2015, Non-IFRS

Non-IFRS, 9M 2015



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# Balance sheet, condensed

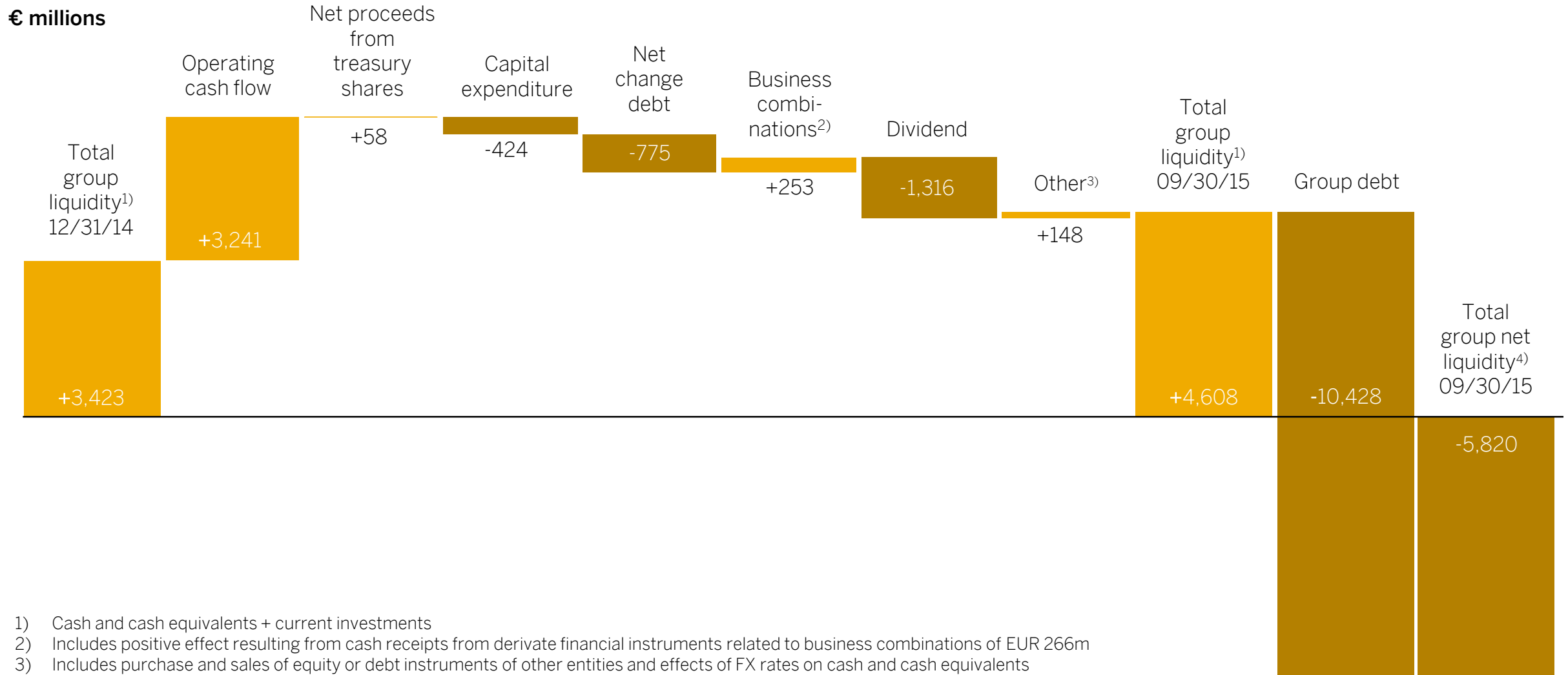
## September 30, 2015, IFRS

<b>Assets</b> € millions	09/30/15	12/31/14	<b>Equity and liabilities</b> € 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 - 09/30/15	01/01/14 - 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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# 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)	€1.42m (+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 9M 2014	Actual Amounts 9M 2015	Est. Amounts 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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# How to look at Cloud subscription deals

## Key Measures of success (simplified business example)

