

# Debt Investors Call Fourth-Quarter 2015

Walldorf, Germany

Wednesday, February 10th 2016

# 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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# SAP outpaces market with record 2015 cloud and software revenue decisively beating guidance

	Outlook FY 2015	Actual performance 2015
Cloud subscription and support revenue (Non-IFRS at cc)	€1.95bn to €2.05bn	€2.00bn 
Cloud and software revenue (Non-IFRS at cc)	+ 8% to 10%	+ 12% 
Operating profit (Non-IFRS at cc)	€5.6bn to €5.9bn	€5.903bn 
Effective tax rate (IFRS)	25% to 26%	+ 23.3% 
Effective tax rate (Non-IFRS)	26.5% to 27.5%	+ 26.0% 

All 2015 figures in this presentation are non-IFRS approximate due to its preliminary nature

# Exceptional momentum in 2015 – SAP is unique in combining a rapidly expanding cloud business and a growing core

## Cloud and software revenue

+ 20% to €17.23bn (+12% at cc) in FY



### Cloud

- Cloud subscription and support: +109% to €2.30bn (€2.00bn at cc) in FY
- New cloud bookings: tremendous momentum with +103% (€0.88bn) in FY; +75% (€0.34bn) in Q4
- Cloud subscription and support backlog: +45% yoy €3.7bn at year-end
- Combination of deferred and backlog: € 1.0bn+ €3.7bn = €4.6bn

### Core

- SAP S/4HANA provides companies with the digital core
- Adoption surges: >2,700 customers, more than doubling the number of customers in Q4
- Software license: +10% to €4.84bn (+4% at cc)
- Resilient software support: +14% to €10.09bn (+7% at cc)

All revenue figures are Non-IFRS reported

## Software license and cloud subscription order entry\*

Q4: €3.2bn or +25% yoy at cc | FY: €7.2bn or +18% yoy at cc | 1/3 from cloud subscription

# Strong growth across all regions

## FY 2015

### Americas

Cloud  
**+120%**

Cloud and software  
**+31%**

### EMEA

Cloud  
**+83%**

Cloud and software  
**+12%**

### APJ

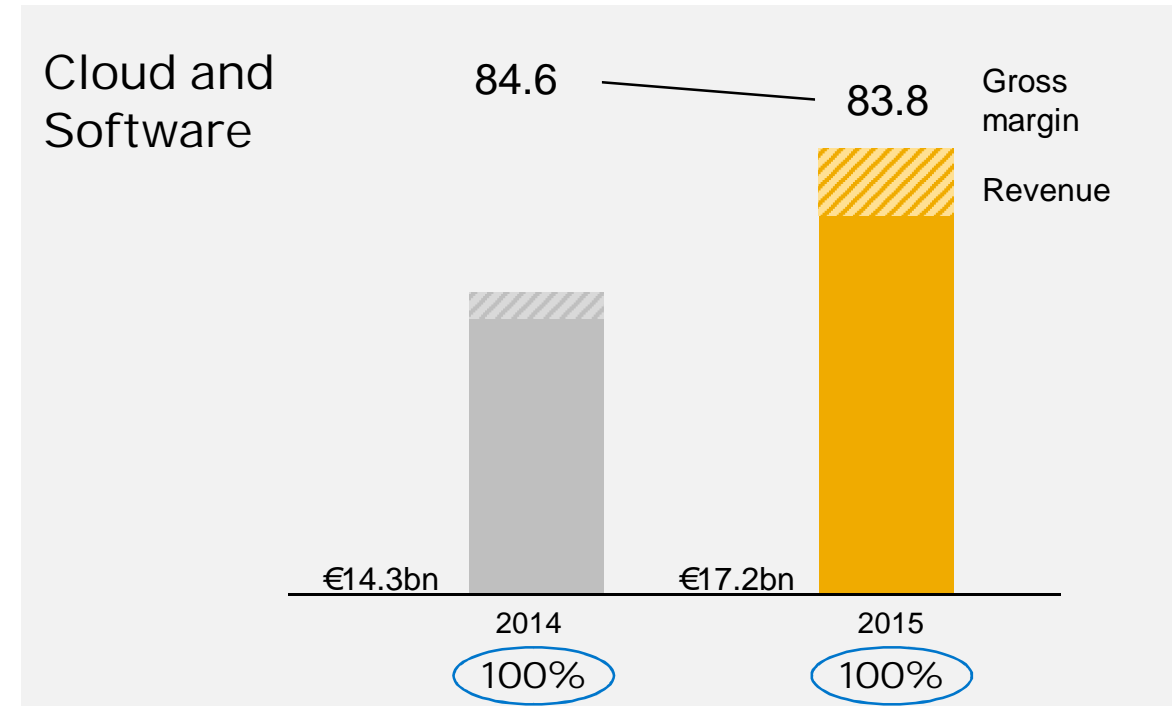
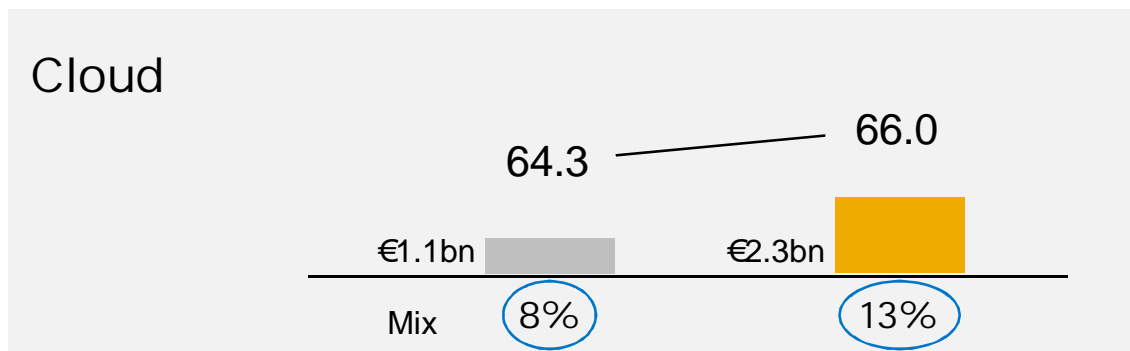
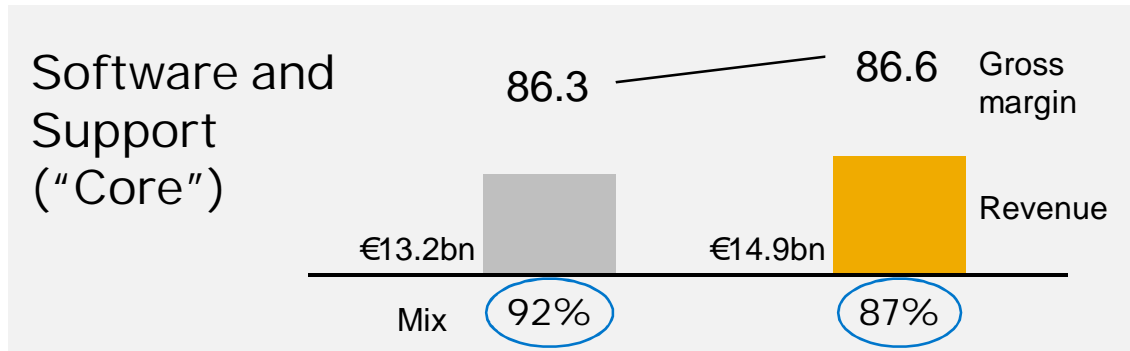
Cloud  
**+99%**

Cloud and software  
**+20%**

All revenue figures are Non-IFRS reported

# Both core and cloud gross margins expand – Mix shift weighs on blended cloud and software gross margin

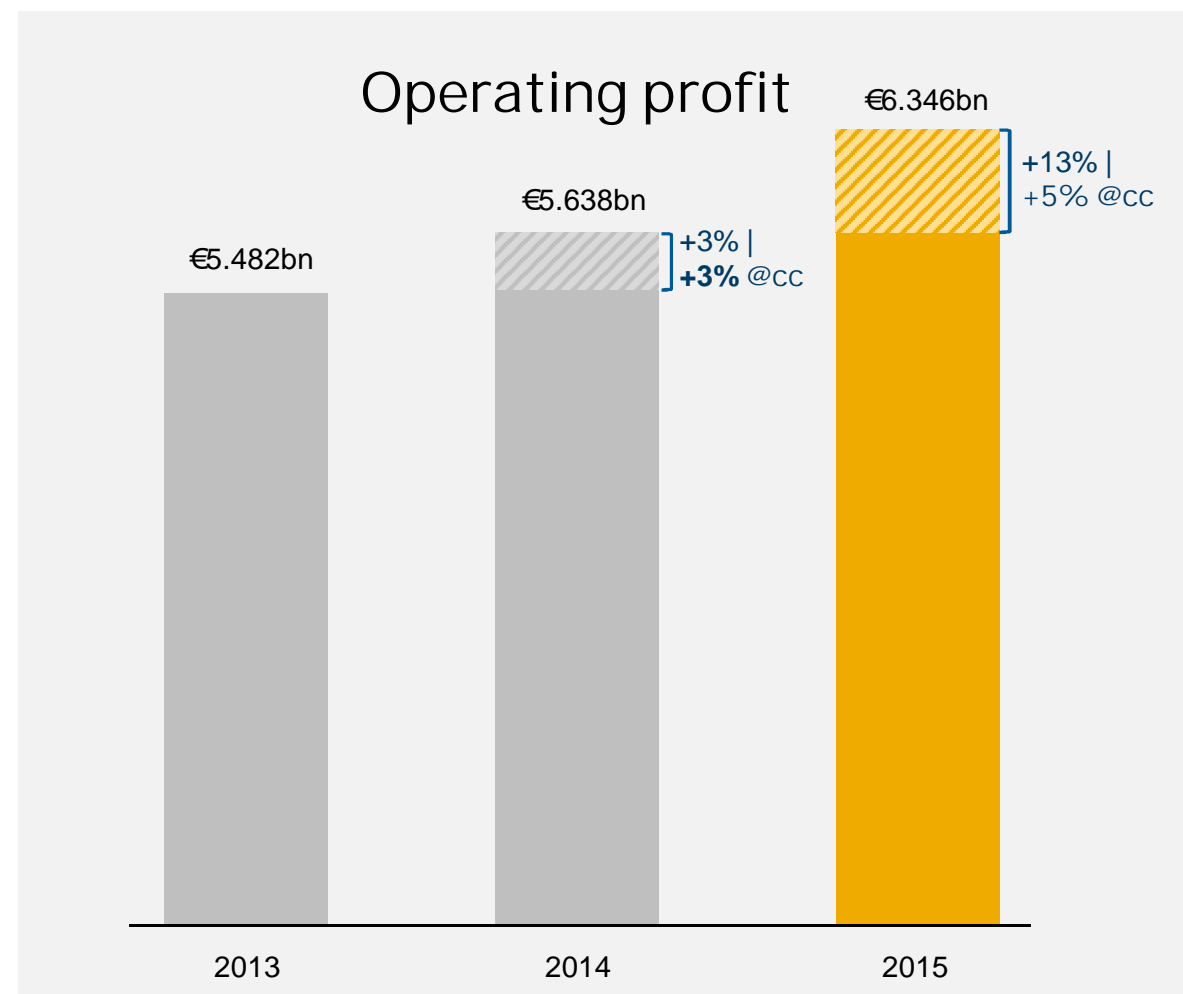
- Continued fast growth in the cloud – cloud revenue share increases versus software and support
- Bigger cloud revenue share combined with lower profitability weighs on blended cloud and software gross margin (mix shift effect)





# With the strong top line and the success of our business transformation we generated the highest non-IFRS operating profit in SAP's history

- Beating high end of operating profit outlook due to the success of our business transformation and improving profitability of our cloud offering
- Continued focus on increasing absolute operating profit – SAP has a broader portfolio of business models compared to pure play competitors
- SAP is driving both traditional and cloud business more effectively and efficiently – both are contributing to continuous profit expansion



Non-IFRS, FY 2015



# Financial Overview FY 2015

€ millions, unless otherwise stated

Revenue Numbers	IFRS			Non-IFRS			
	FY/15	FY/14	Δ%	FY/15	FY/14	Δ%	Δ% at cc
Cloud subscriptions and support	2,286	1,087	110	2,296	1,101	109	82
Software licenses	4,838	4,399	10	4,839	4,399	10	4
Software support	10,094	8,829	14	10,094	8,834	14	7
Software licenses and support	14,931	13,228	13	14,933	13,233	13	6
Cloud and software	17,218	14,315	20	17,229	14,334	20	12
Services revenue	3,580	3,245	10	3,580	3,245	10	2
<b>Total revenue</b>	<b>20,797</b>	<b>17,560</b>	<b>18</b>	<b>20,809</b>	<b>17,580</b>	<b>18</b>	<b>10</b>
Operating Expense Numbers							
Total operating expenses	-16,546	-13,230	25	-14,463	-11,924	21	12
Profit Numbers							
<b>Operating profit</b>	<b>4,251</b>	<b>4,331</b>	<b>-2</b>	<b>6,346</b>	<b>5,638</b>	<b>13</b>	<b>5</b>
Finance income, net	-5	-25	-80	-5	-25	-80	
<b>Profit before tax</b>	<b>3,990</b>	<b>4,355</b>	<b>-8</b>	<b>6,085</b>	<b>5,662</b>	<b>7</b>	
Income tax expense	-929	-1,075	-14	-1,580	-1,479	7	
<b>Profit after tax</b>	<b>3,061</b>	<b>3,280</b>	<b>-7</b>	<b>4,505</b>	<b>4,182</b>	<b>8</b>	
Operating margin in %	20.4	24.7	-4.2pp	30.5%	32.1%	-1.6pp	-1.5pp
Basic earnings per share, in €	2.56	2.75	-7	3.77	3.50	8	

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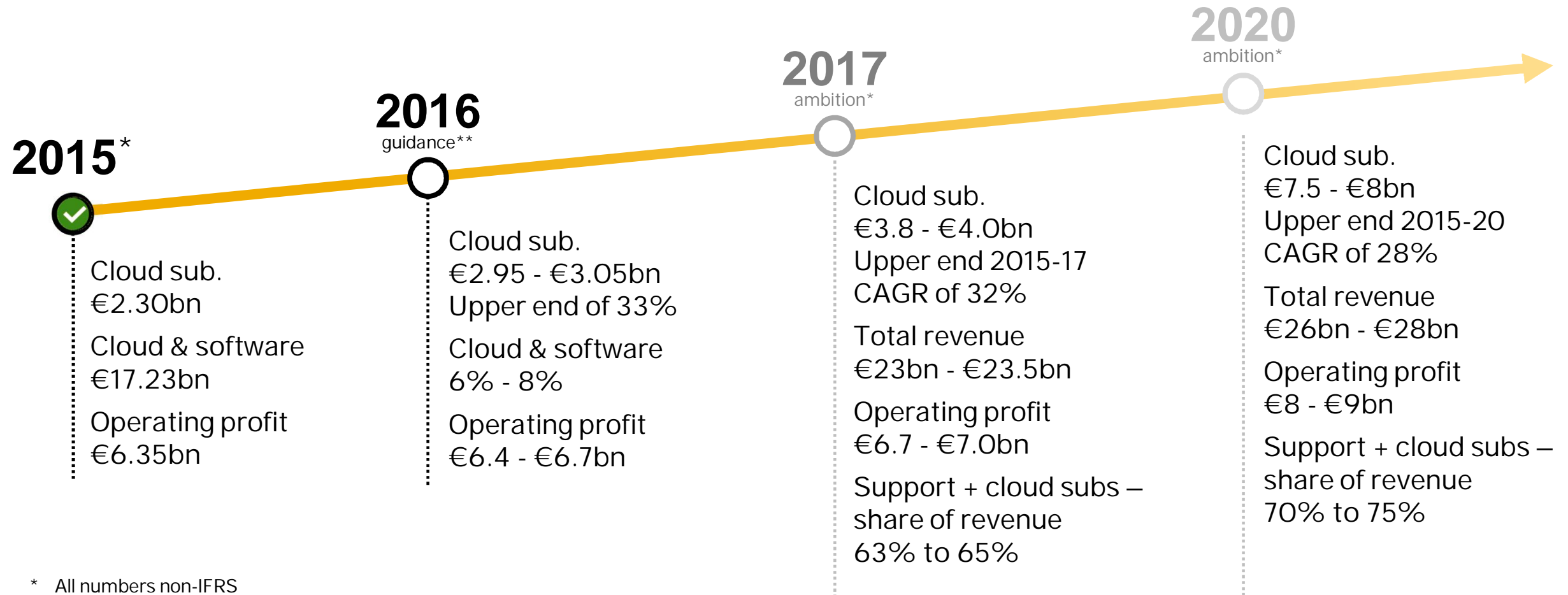
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# Raising 2017 midterm ambition

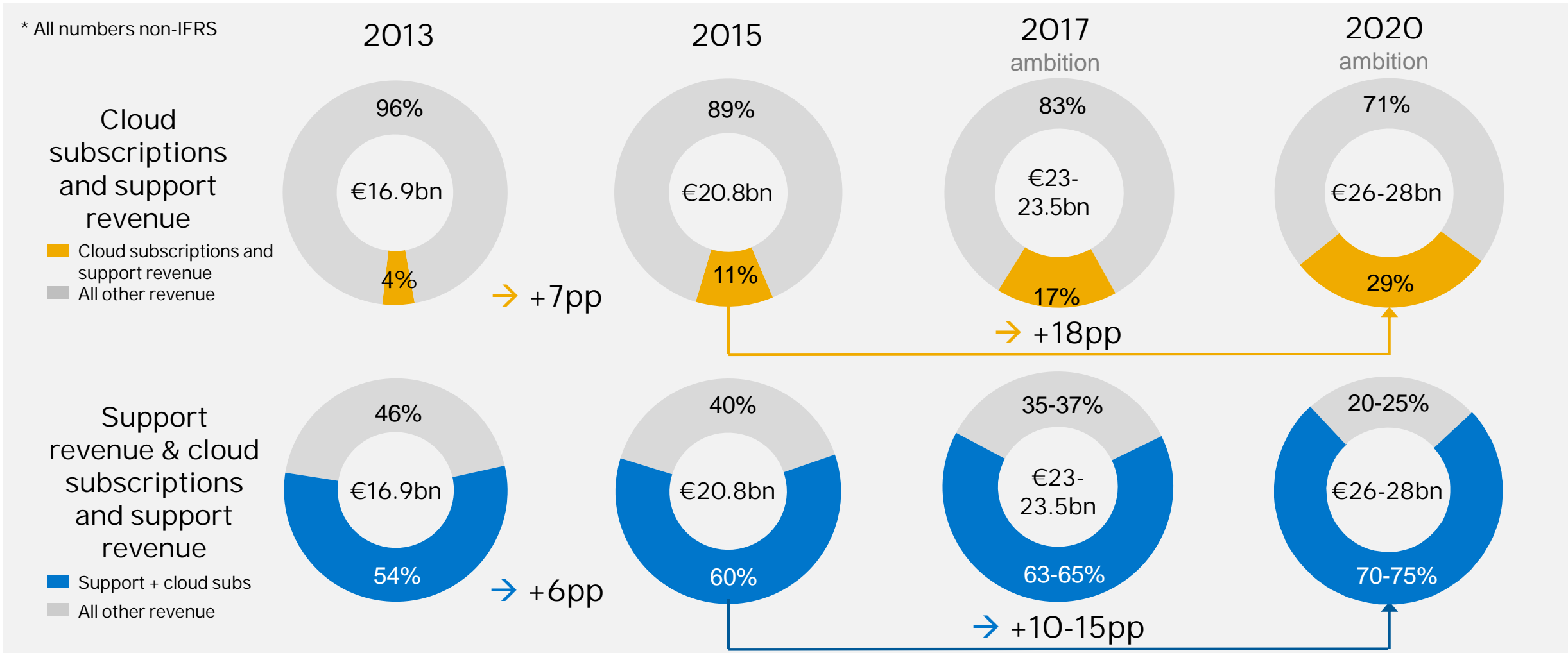


\* All numbers non-IFRS

\*\* All numbers non-IFRS and at constant currency

# SAP's fast growing cloud business changes the revenue mix

## Driving a higher share of more predictable revenue\*



# FY 2016 – Additional outlook information and non-IFRS adjustments

The company expects a full-year 2016 effective tax rate (IFRS) between 22.5% to 23.5% (2015: 23.3%) and an effective tax rate (non-IFRS) between 24.5% to 25.5% (2015: 26.0%).

IFRS Profit Measure	Actual Amounts FY/2015	Est. Amounts for FY/2016
Revenue adjustments	€11m	<€20m
Share-based payment expenses	€724m	€600m to €640m
Acquisition-related charges	€738m	€690m to €740m
Restructuring charges	€621m	€40-60m
Sum of all adjustments	€2,095m	€1,350m to €1,460m

# Explanation of non-IFRS measures

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SAP has provided its non-IFRS estimates for the full-year 2016. 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.

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# Balance sheet, condensed

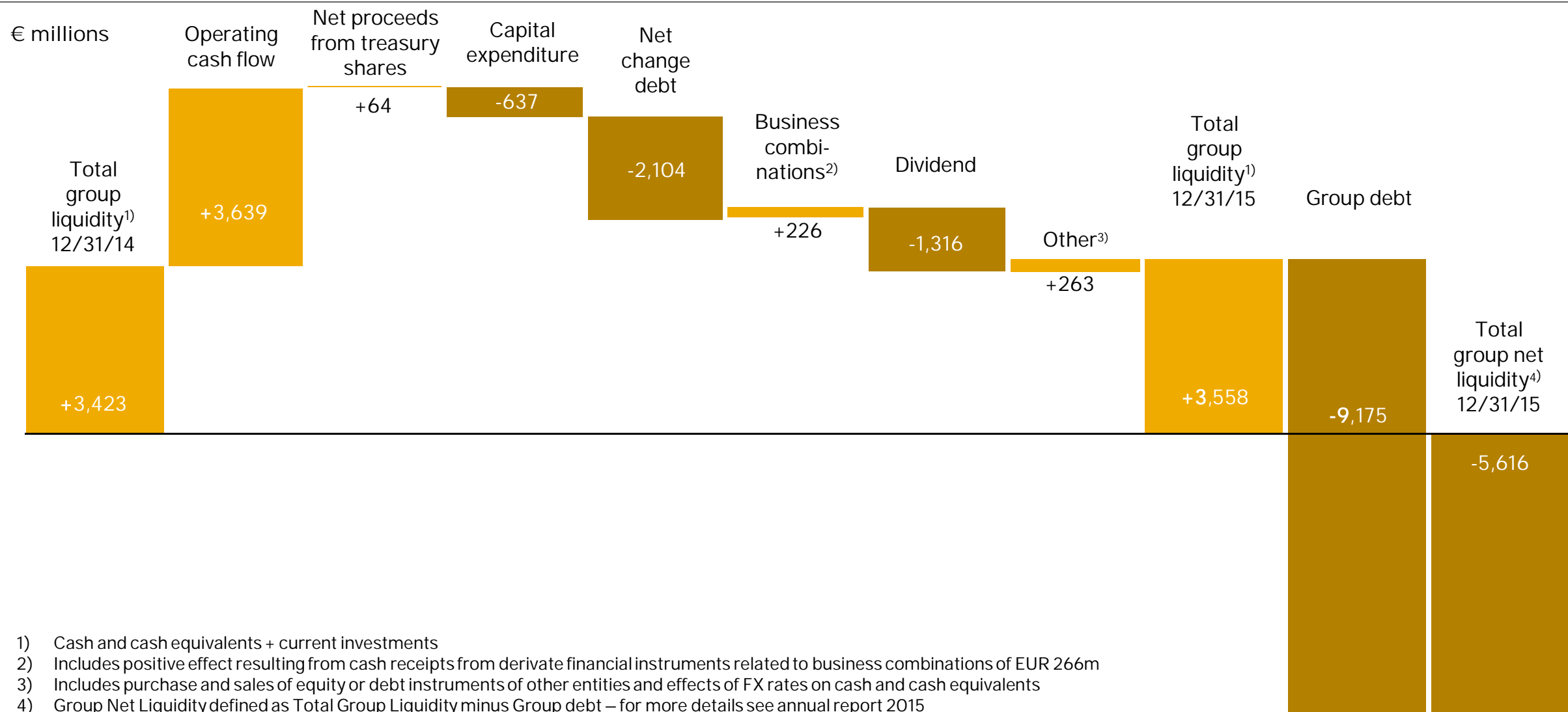
## December 31, 2015, IFRS

Assets € millions	12/31/15	12/31/14	Equity and liabilities € millions	12/31/15	12/31/14
Cash, cash equivalents and other financial assets	3,770	4,006	Trade and other payables	1,111	1,032
Trade and other receivables	5,288	4,342	Provisions	299	150
Other non-financial assets and tax assets	695	650	Other liabilities	4,495	5,711
Total current assets	9,751	8,999	Deferred income	1,999	1,680
Goodwill	22,689	21,005	Current liabilities	7,903	8,574
Intangible assets	4,280	4,604	Financial liabilities	8,681	8,980
Property, plant, and equipment	2,195	2,102	Provisions	180	151
Other non-current assets	2,476	1,859	Deferred income	108	78
Total non-current assets	31,640	29,566	Other non-current liabilities	1,220	1,248
<b>Total assets</b>	<b>41,391</b>	<b>38,565</b>	Non current liabilities	10,188	10,457
			Total liabilities	18,091	19,031
			Total equity	23,300	19,534
			<b>Equity and liabilities</b>	<b>41,391</b>	<b>38,565</b>

# Operating cash flow exceeded €3.6bn while free cash flow marked an 9% increase year-over-year

€ millions, unless otherwise stated	01/01/15 - 12/31/15	01/01/14 - 12/31/14	Δ
Operating cash flow	3,639	3,499	+4%
- Capital expenditure	-637	-737	
Free cash flow	3,001	2,762	+9%
Free cash flow as a percentage of total revenue	14%	16%	-2pp
Cash conversion rate	1.19	1.07	+11%
Days sales outstanding (DSO in days)	71	65	+6

# Stable total group liquidity while significantly repaying debt and paying dividend



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# Financing Strategy for Group Treasury 2016

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## 1 Debt Repayments

- USPP USD 600m June 2016
- Substantial repayment of Concur term loan- as cash flows permit
- ➔ Overall reduction in gross debt and improvement in group net liquidity

## 2 Acquisitions

- No major acquisitions
- Bolt-on acquisitions possible

## 3 Maintain Rating @ Stable

-  : A  
McGraw Hill Financial
-  : A2

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