

Second Quarter 2016 Update

Tuesday, July 26, 2016



Safe Harbor Statement

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

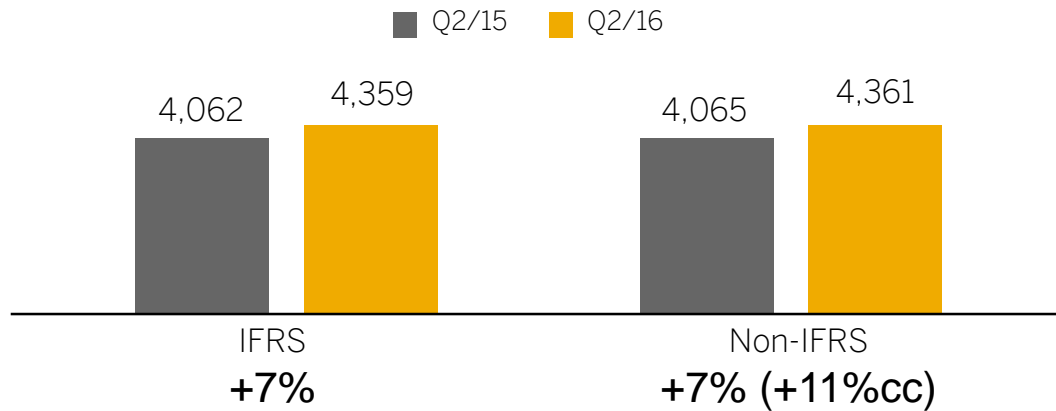
Outlook and Additional Information

Balance Sheet and Cash Flow Analysis

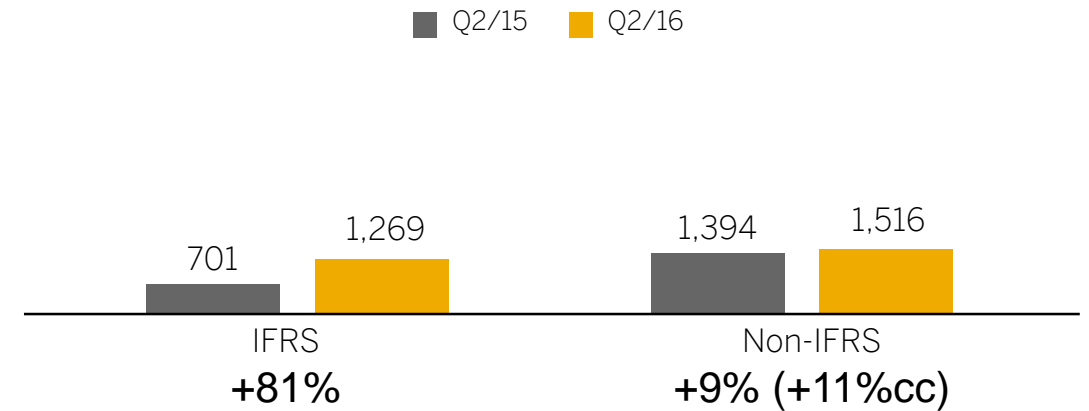
Brexit and Other Topics

Key performance metrics Q2 2016

Cloud & Software Revenue in € millions



Operating Profit in € millions



Cloud Subscriptions & Support Revenue in € millions



Software License Revenue in € millions



Software Support Revenue in € millions



Regional performance¹⁾ Q2 2016

Americas

↑ 8% (+11% cc)
cloud and software revenue

↑ 26% (+29% cc)
cloud subscriptions
and support revenue

- North America delivered a solid Q2/16; back on track with its half year performance
- In Latin America, the political and macroeconomic instability continued. However, SAP had strong double-digit growth in software license revenue in Brazil and Mexico.

EMEA

↑ 7% (+11% cc)
cloud and software revenue

↑ 38% (+41% cc)
cloud subscriptions
and support revenue

- Q2/16 results were not impacted by the UK referendum
- Strong double-digit software licenses revenue growth in France, the Netherlands, Switzerland, across Southern Europe; again solid performance in Germany
- Russia and Germany: very strong double-digit growth in cloud

APJ

↑ 7% (+9% cc)
cloud and software revenue

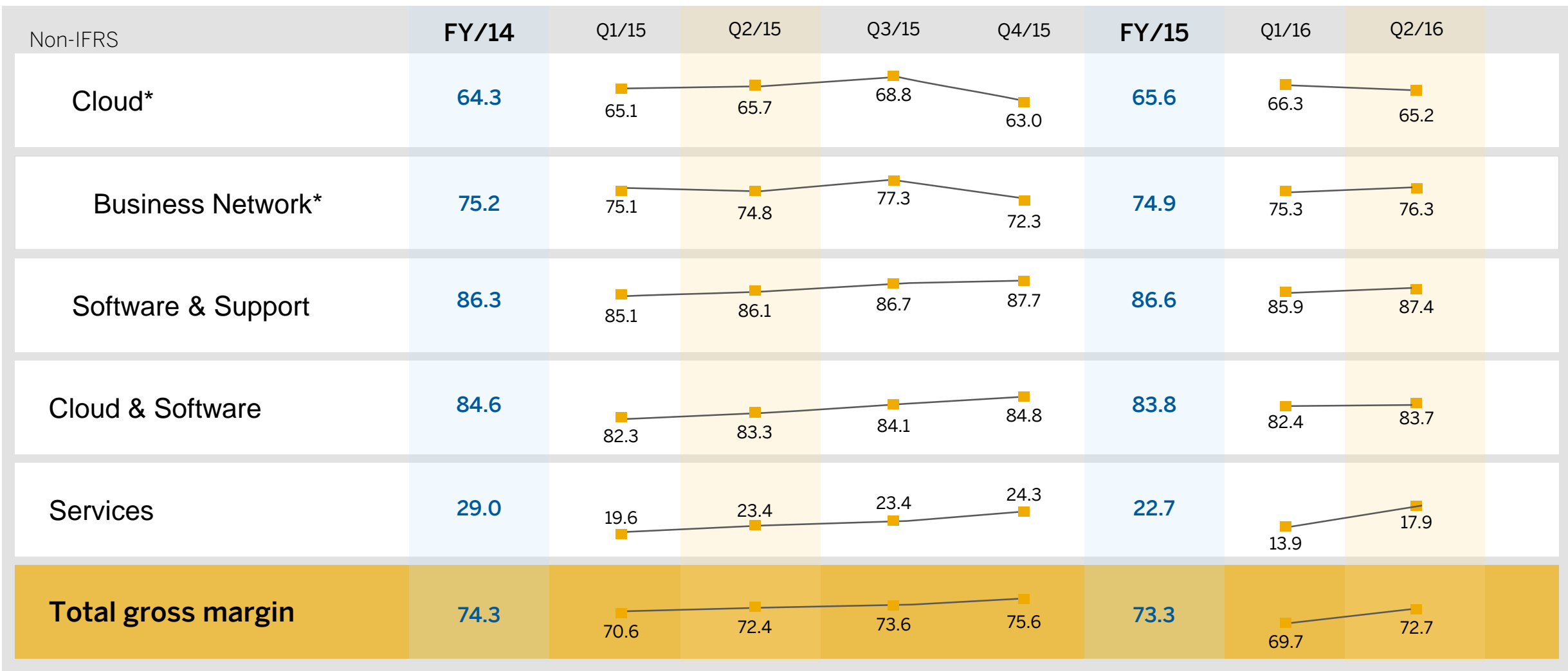
↑ 44% (+47% cc)
cloud subscriptions
and support revenue

- Strong double-digit software licenses revenue growth in China and India, whereas Japan had almost triple-digit growth.
- All three countries also had double-digit growth in cloud subscriptions and support revenue

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

Gross margin development

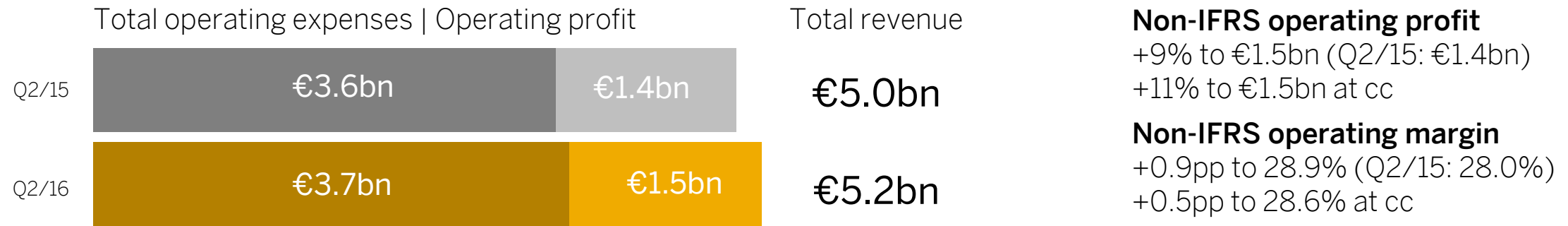
Q2 2016



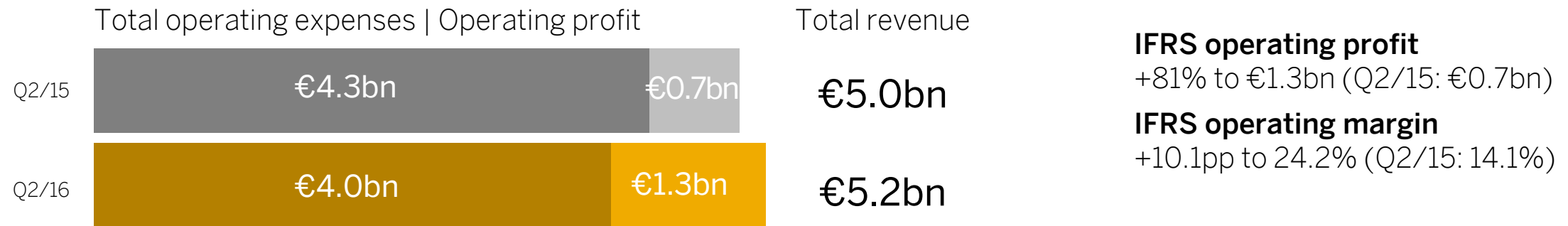
* subscriptions and support

Non-IFRS operating profit increased by 11% at cc in Q2 2016

Non-IFRS, Q2 2016



IFRS, Q2 2016



Q2 2016 – Accelerated growth in operating profit while investing in fast growth areas

€ millions, unless otherwise stated	IFRS			Non-IFRS			
Revenue Numbers	Q2/16	Q2/15	Δ%	Q2/16	Q2/15	Δ%	Δ% at cc
Cloud subscriptions and support	720	552	30	721	555	30	33
Software licenses	1,040	979	6	1,042	979	6	10
Software support	2,598	2,531	3	2,598	2,531	3	6
Software licenses and support	3,639	3,510	4	3,640	3,510	4	7
Cloud and software	4,359	4,062	7	4,361	4,065	7	11
Services revenue	878	908	-3	878	908	-3	0
Total revenue	5,237	4,970	5	5,239	4,972	5	9
Operating Expense Numbers							
Total operating expenses	-3,968	-4,269	-7	-3,724	-3,578	4	8
Profit Numbers							
Operating profit	1,269	701	81	1,516	1,394	9	11
Finance income, net	-23	-11	>100	-23	-11	>100	
Profit before tax	1,144	637	80	1,391	1,330	5	
Income tax expense	-331	-168	97	-412	-369	11	
Profit after tax	813	469	73	979	960	2	
Operating margin in %	24.2	14.1	+10.1pp	28.9	28.0	+0.9pp	+0.5pp
Basic earnings per share, in €	0.68	0.39	73	0.82	0.80	2	

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Outlook for FY 2016

	Cloud subscriptions and support revenue (Non-IFRS at cc)	Cloud and software revenue (Non-IFRS at cc)	Operating profit (Non-IFRS at cc)
SAP's outlook FY 2016	€2.95bn to €3.05bn upper end +33% [2015: €2.30bn]	+6% to 8% [2015: €17.23bn]	€6.4bn to €6.7bn [2015: €6.35bn]
Actual performance H1/16	€1.4bn +33%	+8%	€2.6bn +8%

While the Company's full-year 2016 business outlook is at constant currencies, actual currency reported figures are expected to continue to be impacted by exchange rate fluctuations. If exchange rates remain at the end of June 2016 levels for the rest of the year, the Company expects its non-IFRS cloud and software revenue growth rate as well as its non-IFRS operating profit growth rate to experience a currency impact in a range of -1 to +1 percentage points for the third quarter 2016 (-2 to 0 percentage points for the full year 2016).

Additional outlook information and non-IFRS adjustments

The company now expects a full-year 2016 effective tax rate (IFRS) between 27.0% to 28.0% (2015: 23.4%) and an effective tax rate (non-IFRS) between 28.0% to 29.0% (2015: 26.1%).

Non-IFRS adjustments	Actual Amounts H1/15	Actual Amounts H1/16	Est. Amounts for FY 2016
Revenue adjustments	€8m	€4m	<€20m
Share-based payment expenses	€314m	€177m	€560m to €610m
Acquisition-related charges	€371m	€336m	€680m to €730m
Restructuring charges	€418m	€22m	€30m to €50m
Sum of all adjustments	€1,112m	€538m	€1,290m to €1,410m

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Balance sheet, condensed

June 30, 2016, IFRS

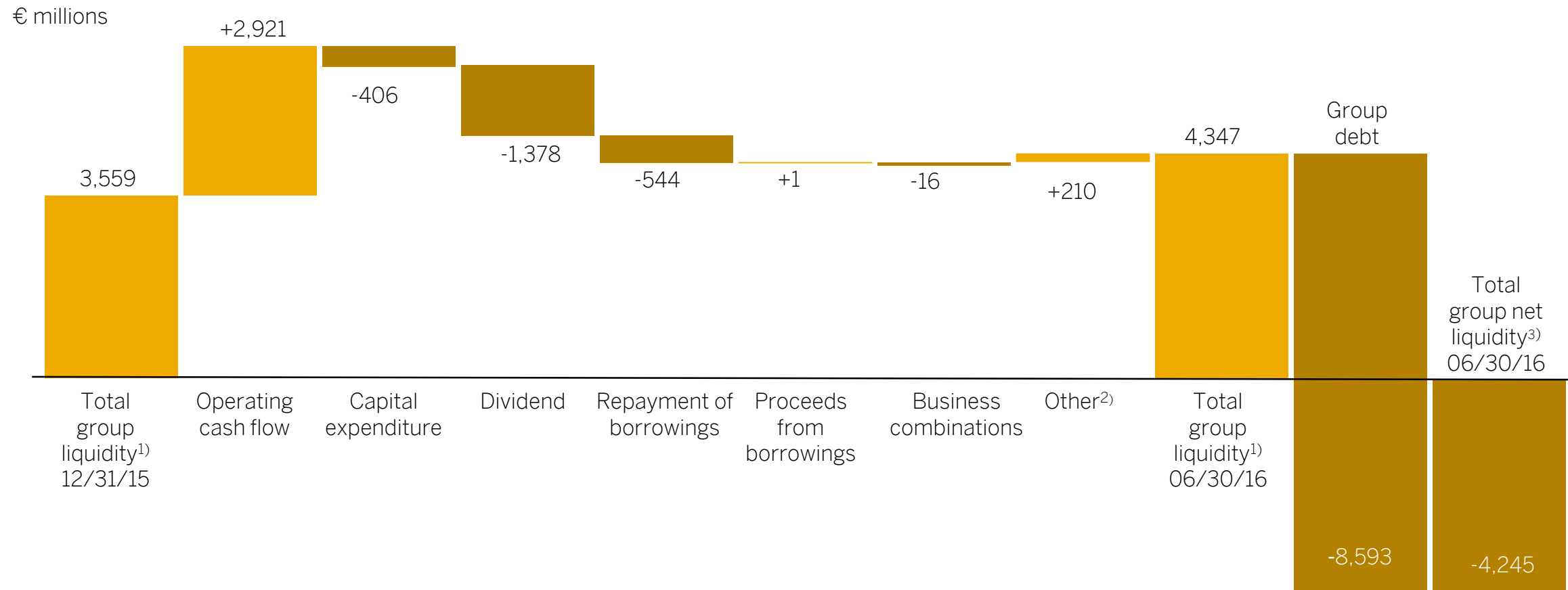
Assets € millions	06/30/16	12/31/15
Cash, cash equivalents and other financial assets	4,591	3,762
Trade and other receivables	5,025	5,275
Other non-financial assets and tax assets	932	703
Total current assets	10,549	9,739
Goodwill	22,354	22,689
Intangible assets	3,884	4,280
Property, plant, and equipment	2,284	2,192
Other non-current assets	2,718	2,490
Total non-current assets	31,239	31,651
Total assets	41,788	41,390

Equity and liabilities € millions	06/30/16	12/31/15
Trade and other payables	1,047	1,088
Provisions	191	299
Other liabilities	2,865	4,478
Deferred income, current	4,470	2,001
Total current liabilities	8,574	7,867
Financial liabilities	8,705	8,681
Provisions	201	180
Deferred income, non-current	106	106
Other non-current liabilities	1,238	1,262
Total non-current liabilities	10,250	10,228
Total liabilities	18,824	18,095
Total equity	22,963	23,295
Total equity and liabilities	41,788	41,390

Operating cash flow increased by 5% to €2.9 billion in H1 2016 and by 7% to €0.4 billion in Q2 2016

€ millions, unless otherwise stated	01/01/16 - 06/30/16	01/01/15 - 06/30/15	Δ
Operating cash flow	2,921	2,775	+5%
- Capital expenditure	-406	-276	+47%
Free cash flow	2,516	2,500	+1%
Free cash flow as a percentage of total revenue	25%	26%	-1pp
Cash conversion rate	2.11	3.15	-33%
Days sales outstanding (DSO in days)	73	68	+5

Total group liquidity improved by almost €0.8bn in the first six months



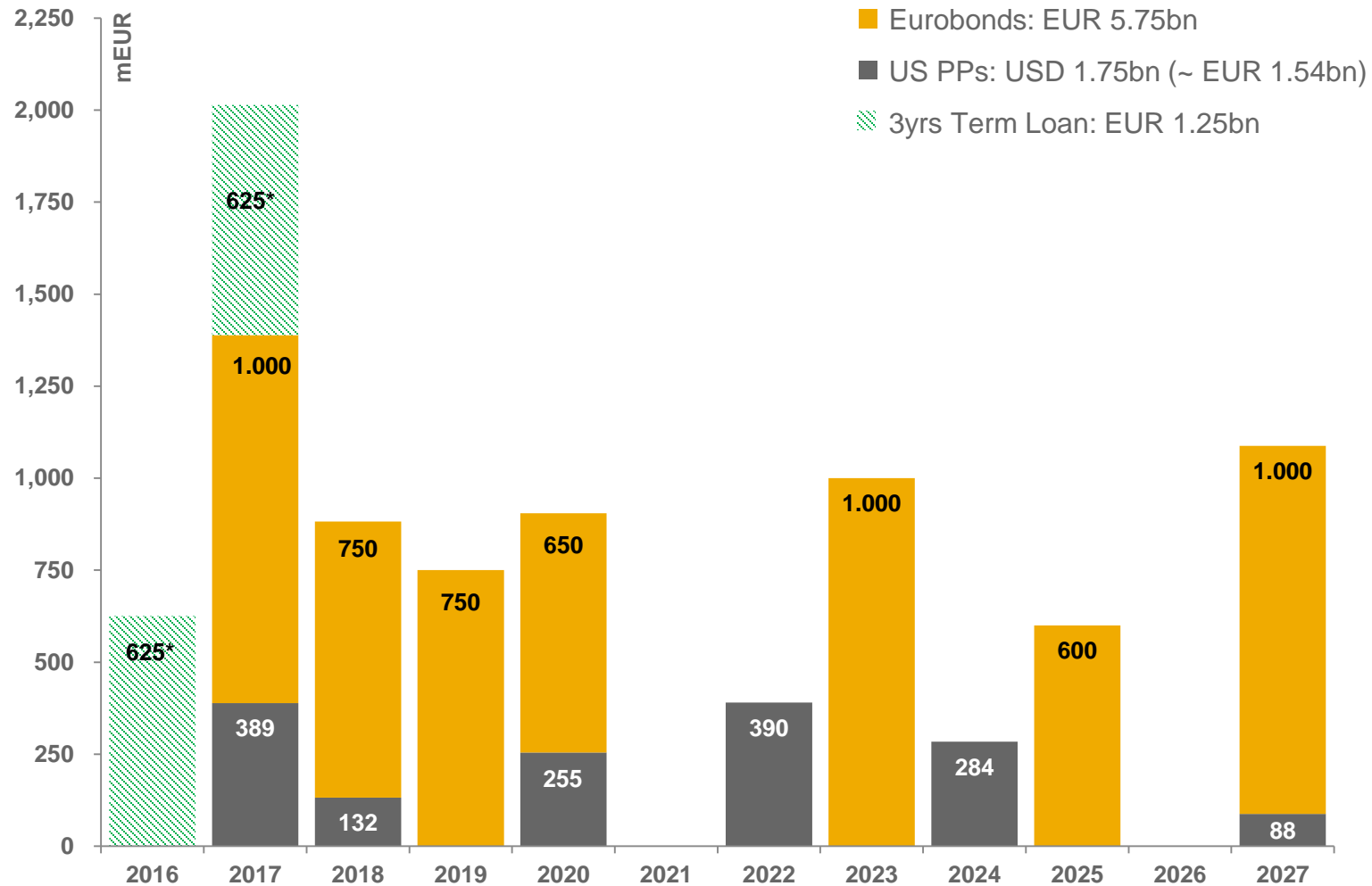
1) Cash and cash equivalents + current investments

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

3) Group Net Liquidity defined as Total Group Liquidity minus Group debt – for more details see 2015 annual report

Maturity Profile - June 30th 2016

- **Fixed/Floating mix**
 - Fixed 36%
 - Floating 64%
- **USD/EUR mix**
 - USD 18%
 - EUR 82%



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

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Brexit I.

- **GBP Revenue < 5% of total revenue**
- **3 pronged approach to prepare for potential Brexit + aftermath of vote**
 - Existing liquidity in UK
 - Hedging strategy
 - UK Bank risk



Brexit II.

- **Existing liquidity**
 - 86% of UK liquidity invested with SAP SE and has been hedged.
- **Hedging Strategy:**
 - GBP balance sheet exposures at SE level to 23 June fully hedged
 - GBP cash flows hedged in accordance with our layered hedging approach for next 12 months
 - All EUR+USD balance sheet exposures in SAP UK hedged, even though they fell outside the guidelines where hedging would under normal circumstances not have been required, in order to further reduce exposure

Overall regular hedging program brought forward before the vote to avoid having to hedge in a potentially volatile market

Will continue to follow our foreign exchange management concept of hedging balance sheet and forecasted cash exposures



Brexit III.

UK Bank Risk and Counterparty Risk Management

- Brexit is expected to lead to downgrade in rating of UK Banks
- Four UK based Banks part of RCF – out of a total of 27 banks
- Withdrawal of RBS from overseas services ongoing
 - Reduction in exposure to RBS will continue as the cash management business is transferred

Monitor potential impact of rating on counterparties

Monitor potential spill over effect on other European banks

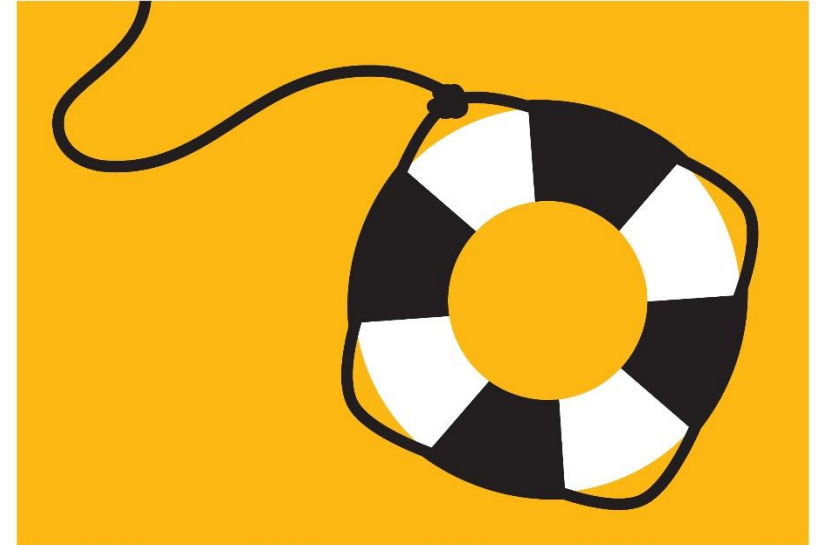


Conversion of SAP Ireland U.S. Financial Services to a Designated Activity Company (DAC)

- New name SAP Ireland US-Financial Services DAC
- Not a transfer, existing legal entity remains
- Simply a “Re-registration”
- To comply with changes in Irish Company Law

Support/Information for Debt Investors

- **Two calls per annum**
 - July and Jan/Feb
- **Other calls as needed**
 - for example acquisitions
- **Contact any of the Investor Relations/Treasury Team as per next slide**



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