

Second Quarter and Half Year 2016 Results

Wednesday, July 20, 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

Balance Sheet and Cash Flow Analysis

Outlook and Additional Information

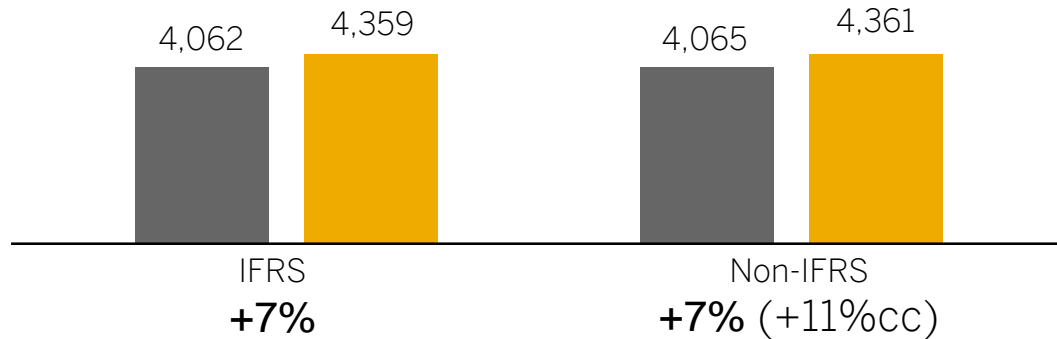
Appendix

Key performance metrics Q2 2016

Cloud & Software Revenue

in € millions

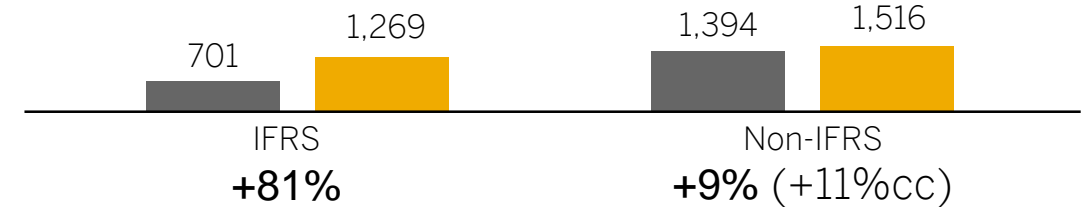
■ Q2/15 ■ Q2/16



Operating Profit

in € millions

■ Q2/15 ■ Q2/16



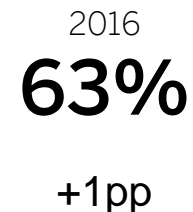
Cloud Subscriptions & Support Revenue

in € millions



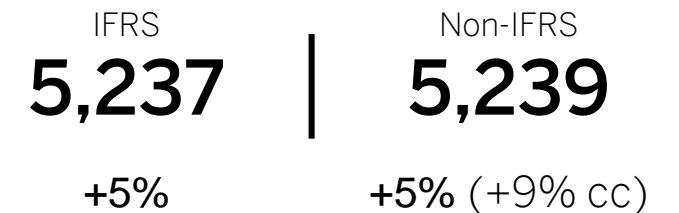
Share of Predictable Revenue

in percent



Total Revenue

in € millions

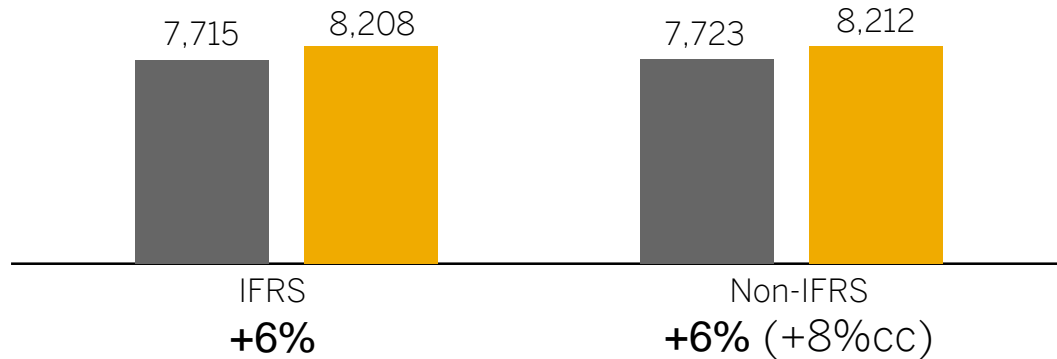


Key performance metrics H1 2016

Cloud & Software Revenue

in € millions

■ H1/15 ■ H1/16



Operating Profit

in € millions

■ H1/15 ■ H1/16



Cloud Subscriptions & Support Revenue

in € millions



Share of Predictable Revenue

in percent



Total 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.

Strong momentum in the cloud continued

Cloud subscriptions and support revenue, non-IFRS

(+33% at cc)

+30%
yoy to €721m

New cloud bookings¹⁾

(+28%)

+31%_{at cc}
to €255m

Cloud subscriptions and support backlog²⁾

€3.7bn
+45% yoy

Cloud applications total subscribers

~110m

SAP Business network – Total segment revenue

(€479m | +20% at cc)

€468m
yoy +17%

~2.2m connected companies trade on Ariba network

>\$820bn
of commerce³⁾

Number of end users processing travel & expenses with Concur

>42m

Flexible workers managed with Fieldglass platform

>2.6m
annually

1) New cloud bookings – key measure for SAP's sales success in the cloud – consist of 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. Consequently, orders to renew existing contracts are not included. The order amount must be committed. Consequently, due to their pay-per-use nature, business network transaction fees which do not include a committed minimum consumption are not reflected in the bookings metric (e.g. SAP Ariba and SAP Fieldglass transaction-based fees). Amounts included in the measures are generally annualized.

2) Cloud subscriptions and support backlog represents expected future cloud subscriptions and support revenue that is contracted but not yet invoiced and thus not recorded in deferred revenue (as of Dec 31, 2015)

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

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

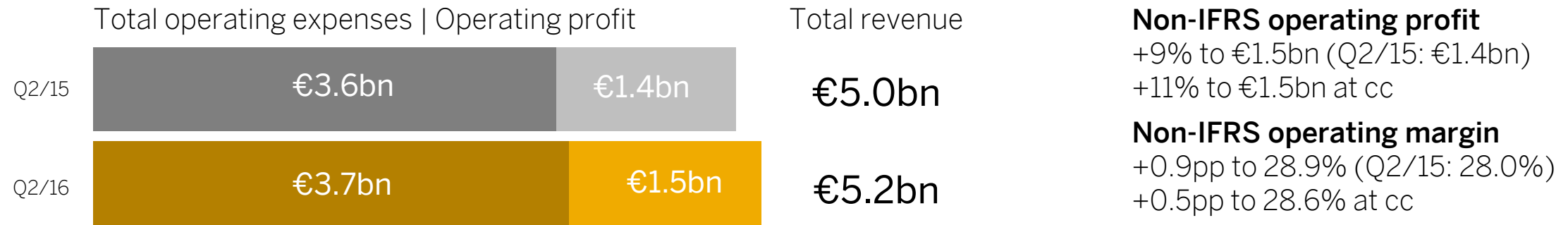
| € millions, unless otherwise stated | IFRS | | | Non-IFRS | | | |
|-------------------------------------|--------------|--------------|-----------|--------------|--------------|----------|----------|
| Revenue Numbers | Q2/16 | Q2/15 | Δ% | Q2/16 | Q2/15 | Δ% | Δ% at cc |
| Cloud subscriptions and 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 | |

H1 2016 – Strong top line and bottom line growth

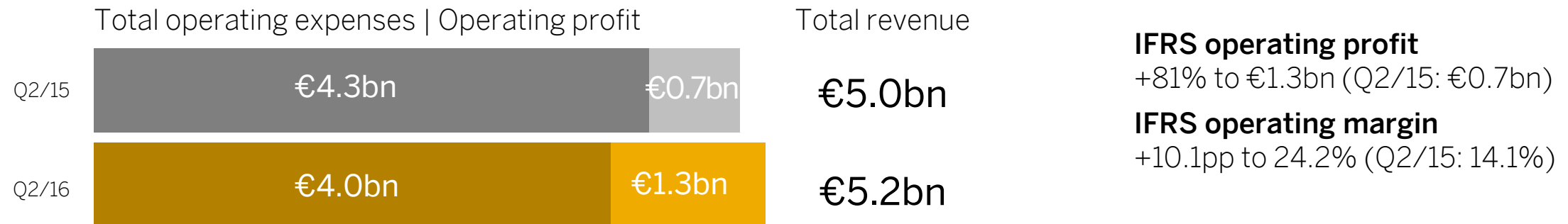
| € millions, unless otherwise stated | IFRS | | | Non-IFRS | | | |
|-------------------------------------|--------------|--------------|-----------|--------------|--------------|----------|----------|
| Revenue Numbers | H1/16 | H1/15 | Δ% | H1/16 | H1/15 | Δ% | Δ% at cc |
| Cloud subscriptions and support | 1,397 | 1,056 | 32 | 1,399 | 1,063 | 32 | 33 |
| Software licenses | 1,649 | 1,675 | -2 | 1,651 | 1,675 | -1 | 2 |
| Software support | 5,162 | 4,985 | 4 | 5,163 | 4,985 | 4 | 5 |
| Software licenses and support | 6,811 | 6,660 | 2 | 6,813 | 6,660 | 2 | 4 |
| Cloud and software | 8,208 | 7,715 | 6 | 8,212 | 7,723 | 6 | 8 |
| Services revenue | 1,755 | 1,751 | 0 | 1,755 | 1,751 | 0 | 3 |
| Total revenue | 9,964 | 9,467 | 5 | 9,967 | 9,475 | 5 | 7 |
| Operating Expense Numbers | | | | | | | |
| Total operating expenses | -7,882 | -8,128 | -3 | -7,348 | -7,024 | 5 | 7 |
| Profit Numbers | | | | | | | |
| Operating profit | 2,082 | 1,339 | 56 | 2,620 | 2,451 | 7 | 8 |
| Finance income, net | -59 | -22 | >100 | -59 | -22 | >100 | |
| Profit before tax | 1,887 | 1,115 | 69 | 2,425 | 2,227 | 9 | |
| Income tax expense | -504 | -233 | >100 | -683 | -571 | 20 | |
| Profit after tax | 1,382 | 882 | 57 | 1,742 | 1,657 | 5 | |
| Operating margin in % | 20.9 | 14.1 | +6.8pp | 26.3 | 25.9 | +0.4pp | +0.1pp |
| Basic earnings per share, in € | 1.16 | 0.74 | 57 | 1.46 | 1.39 | 5 | |

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

Non-IFRS, Q2 2016

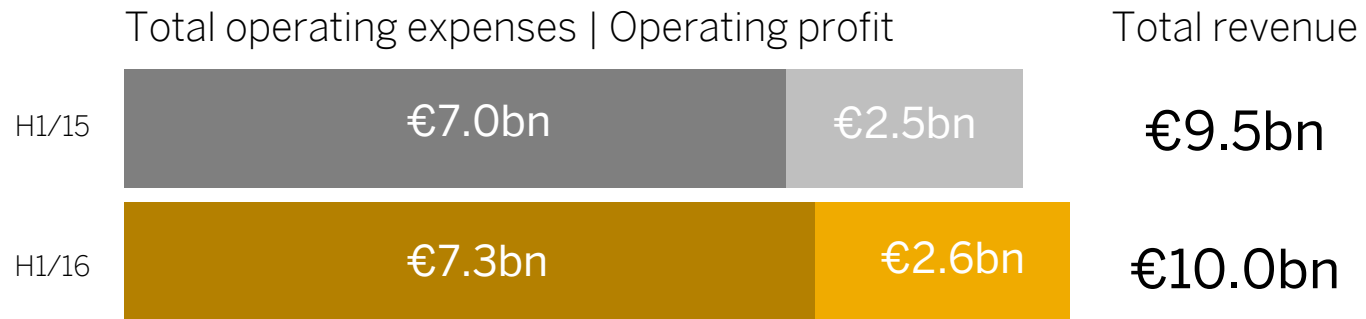


IFRS, Q2 2016



Non-IFRS operating profit increased by 8% at cc in H1 2016

Non-IFRS, H1 2016



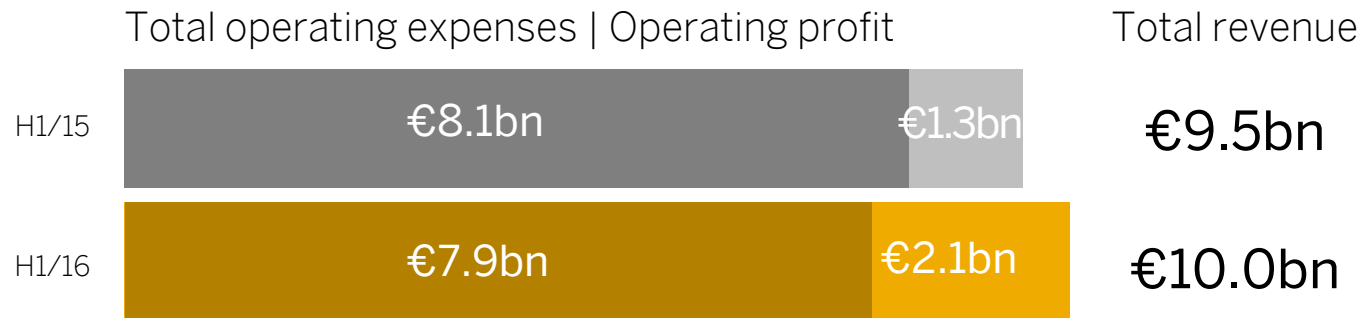
Non-IFRS operating profit

+7% to €2.6bn (Q2/15: €2.5bn)
+8% to €2.6bn at cc

Non-IFRS operating margin

+0.4pp to 26.3% (Q2/15: 25.9%)
+0.1pp to 26.0% at cc

IFRS, H1 2016



IFRS operating profit

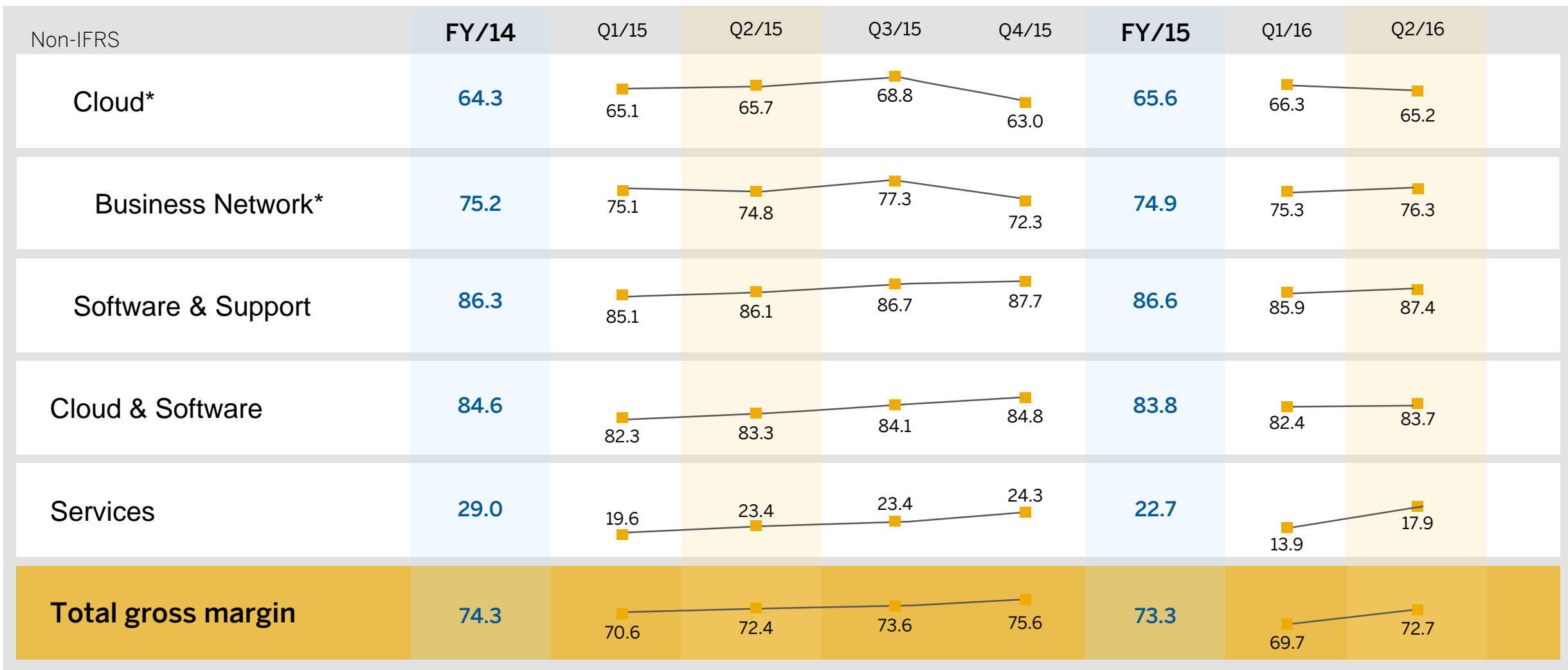
+56% to €2.1bn (Q2/15: €1.3bn)

IFRS operating margin

+6.8pp to 20.9% (Q2/15: 14.1%)

Gross margin development

Q2 2016



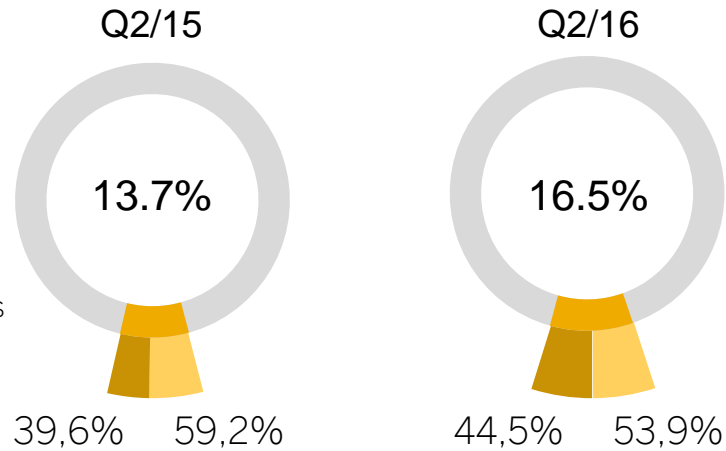
* subscriptions and support

Revenue mix shift weighs on ATS and cloud gross margins

Non-IFRS

Share of Cloud subscriptions revenue*

- App., Tech. & Services
- Business Network



| | | | |
|--------------------------------|------|---|------|
| ATS margin | 51.5 | — | 51.5 |
| Business Network margin | 74.8 | — | 76.3 |
| Cloud margin | 65.7 | — | 65.2 |

- Continued fast growth in cloud while investing in personnel and moving our acquired cloud applications onto SAP HANA – cloud margin decreased to 65.2%
- Cloud margin – business network cloud margin increased to 76.3% and ATS cloud margin was stable at 51.5%
- Revenue mix shift effect within ATS – accelerated growth in private cloud business weighs on ATS margin since private cloud margin is still negative; expected to be break even by year end
- Revenue mix shift effect within cloud business – higher share of ATS segment of total cloud business weighs on cloud margin, which is expected to be stable for FY
- Revenue mix shift effect within cloud and software – cloud and software margin increased to 83.7%; Strong performance in core business overcompensated the mix shift effect usually seen from our cloud business on the cloud and software margin

* Cloud subscriptions revenue share of cloud and software revenue

Cost ratios

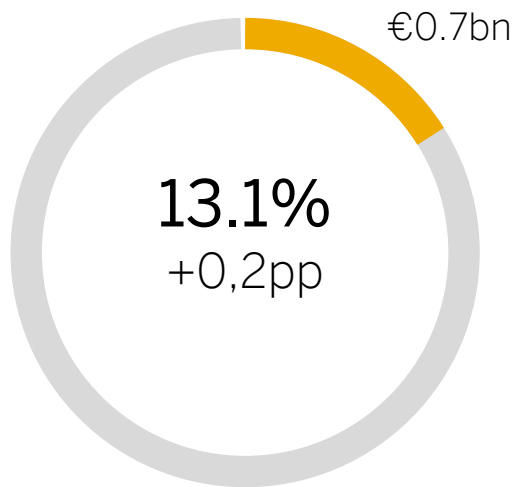
Q2 2016

€5,2bn total revenue

Non-IFRS

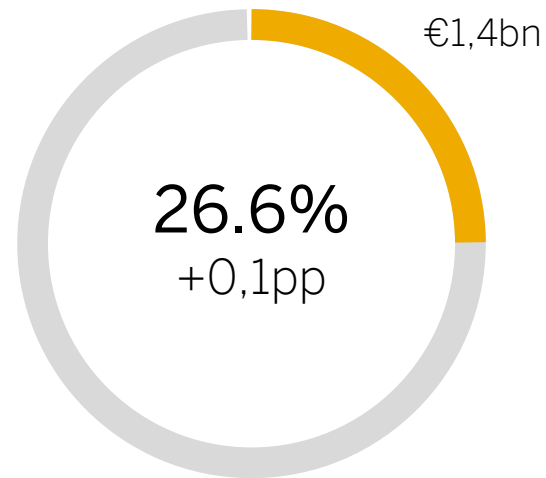
R&D

as a % of total revenue



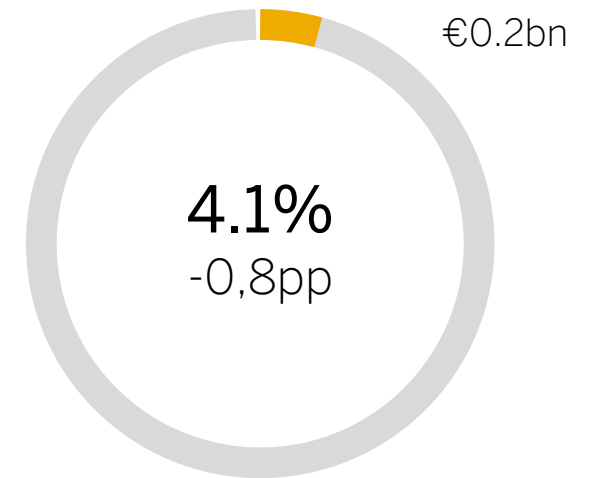
S&M

as a % of total revenue



G&A

as a % of total revenue



Cost ratios

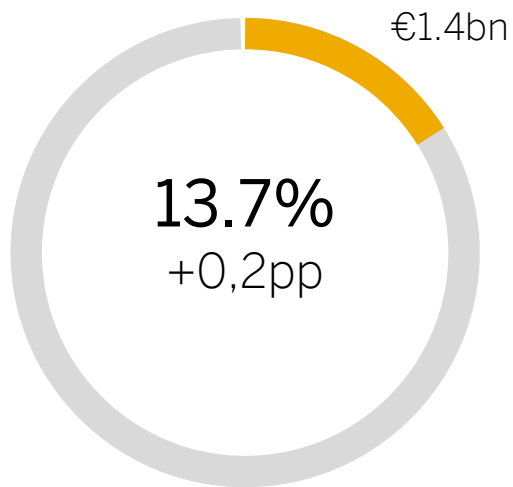
H1 2016

€10.0bn total revenue

Non-IFRS

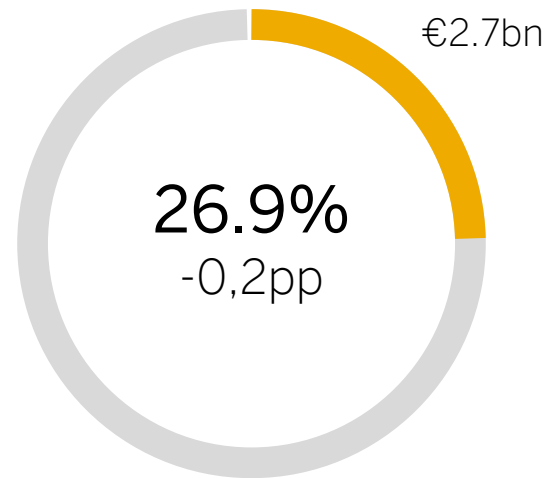
R&D

as a % of total revenue



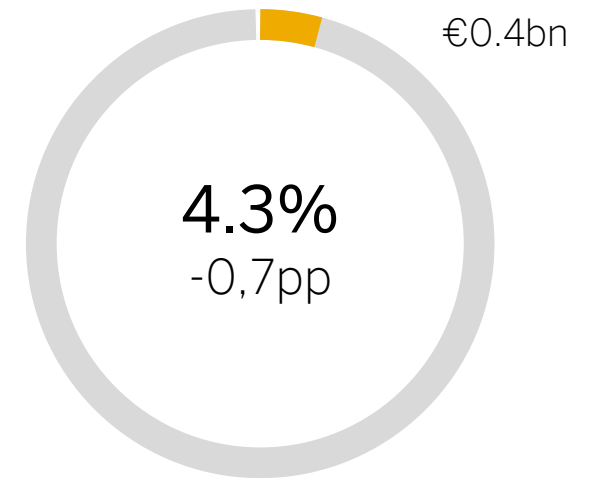
S&M

as a % of total revenue



G&A

as a % of total revenue



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Balance sheet, condensed

June 30, 2016, IFRS

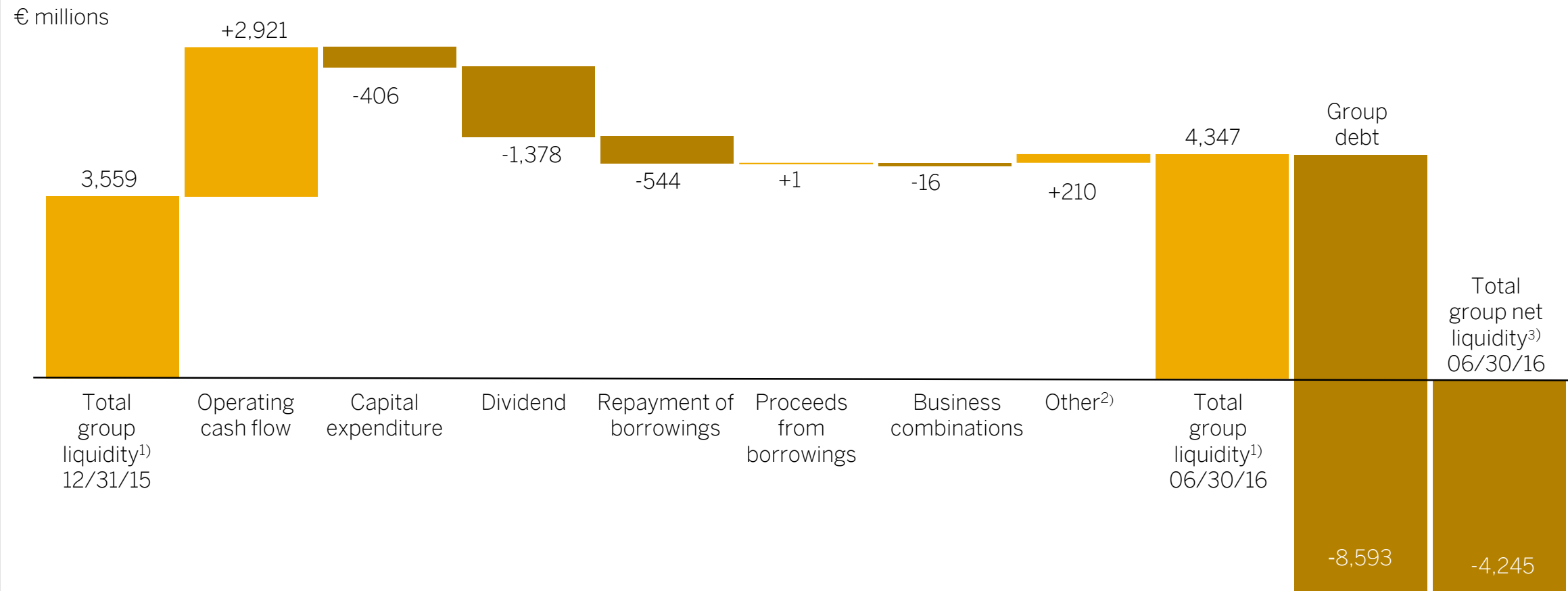
| Assets € millions | 06/30/16 | 12/31/15 |
|---|-----------------|-----------------|
| Cash, cash equivalents and other financial assets | 4,591 | 3,762 |
| Trade and other receivables | 5,025 | 5,275 |
| Other non-financial assets and tax assets | 932 | 703 |
| Total current assets | 10,549 | 9,739 |
| 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

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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 |

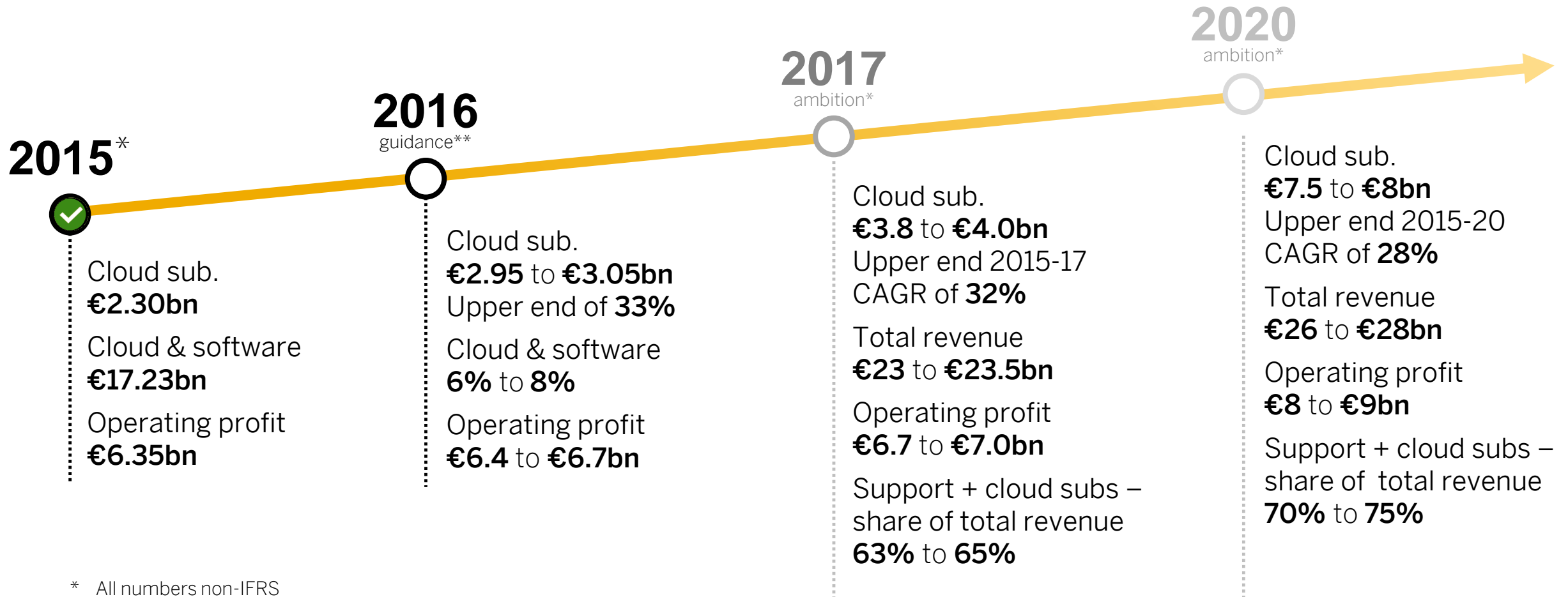
Explanation of non-IFRS measures

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.

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.

SAP's midterm ambition



* All numbers non-IFRS

** All numbers non-IFRS and at constant currency

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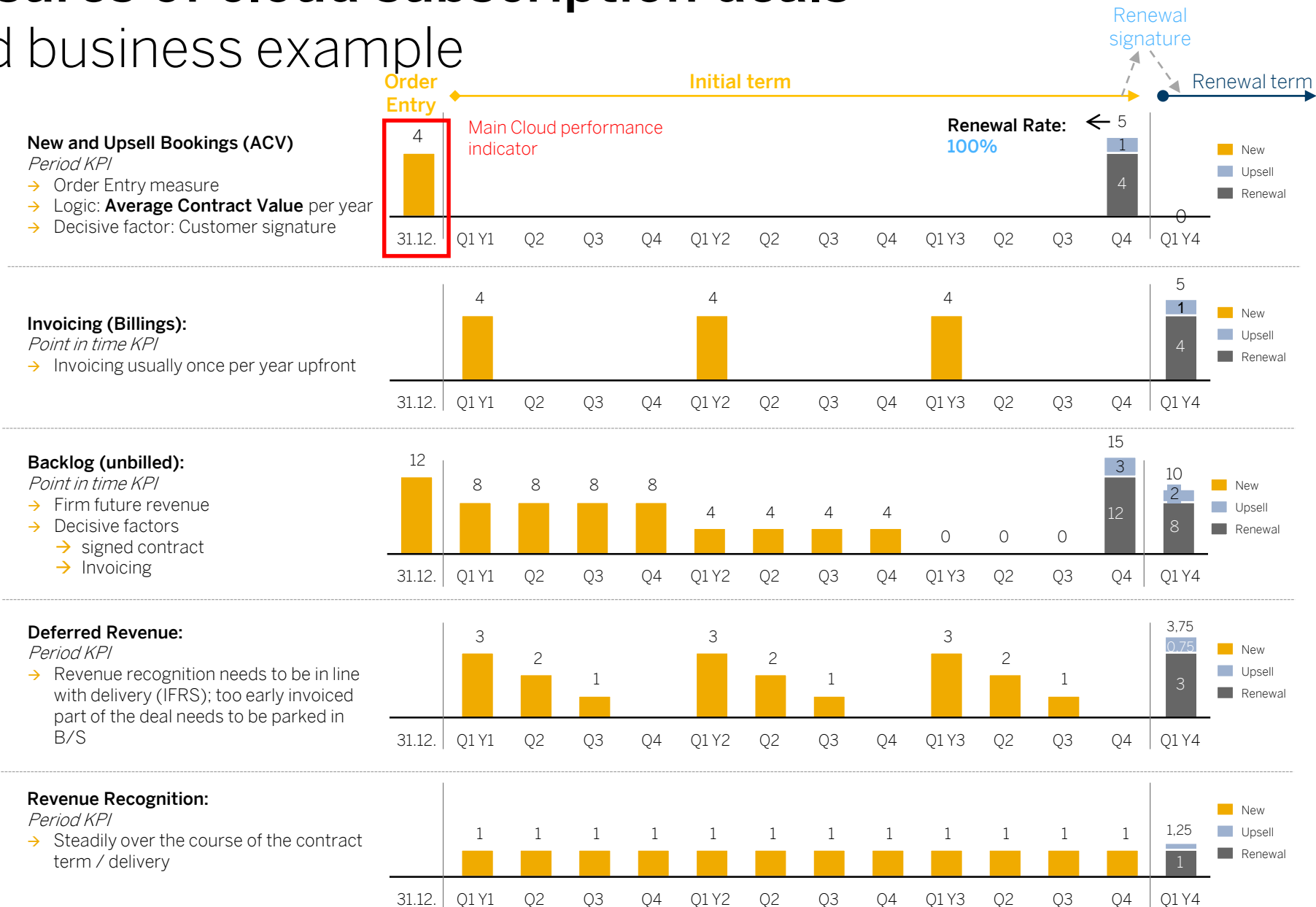
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Outlook and Additional Information

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Key measures of cloud subscription deals

Simplified business example



SAP's fast growing cloud business changes the revenue mix

Driving a higher share of more predictable revenue*

* All numbers non-IFRS

