

SAP Financial Analyst Conference

SAPPHIRE NOW
Orlando, May 18, 2016



SAP

Agenda

01:05 – 01:10 pm

Opening Remarks
Stefan Gruber, Head of Investor Relations

01:10 – 01:25 pm

Strategy & Financial Update
Luka Mucic, CFO

01:25 – 02:00 pm

Cloud Panel
Alex Atzberger, Rob Brimm, Elena Donio, Mike Ettl
Host: Todd Friedman
Q&A

02:00 – 02:20 pm

Digital as the New Normal
Steve Lucas, President Digital Enterprise Platform
Q&A

02:20 – 02:30 pm

Break

02:30 – 3:00 pm

Executive Q&A Session
Bill McDermott, Luka Mucic, Rob Enslin, Bernd Leukert, Steve Singh

Safe Harbor Statement

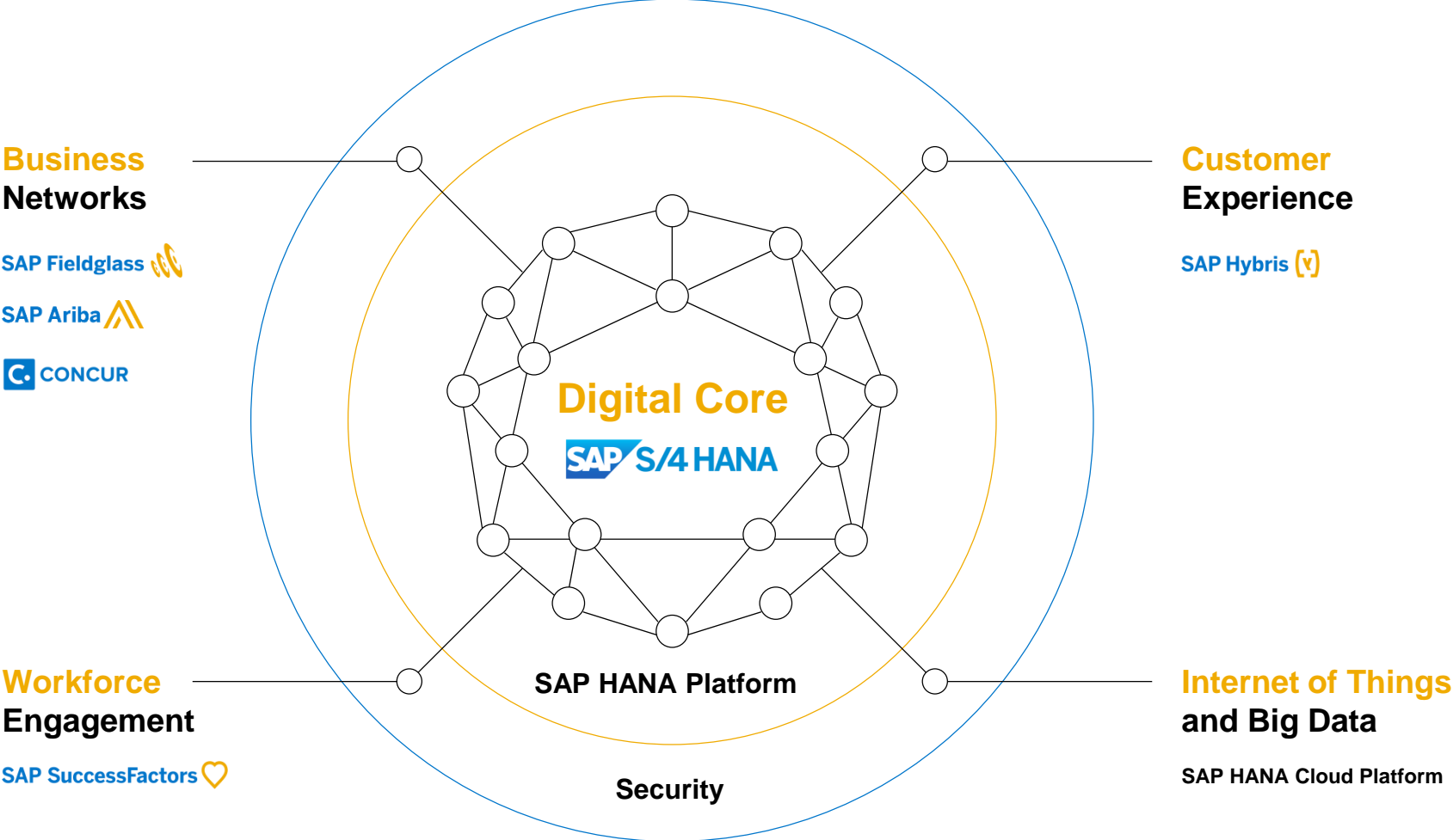
Any statements contained in this document that are not historical facts are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “project,” “predict,” “should” 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.

Strategy & Financial Update

Luka Mucic, CFO

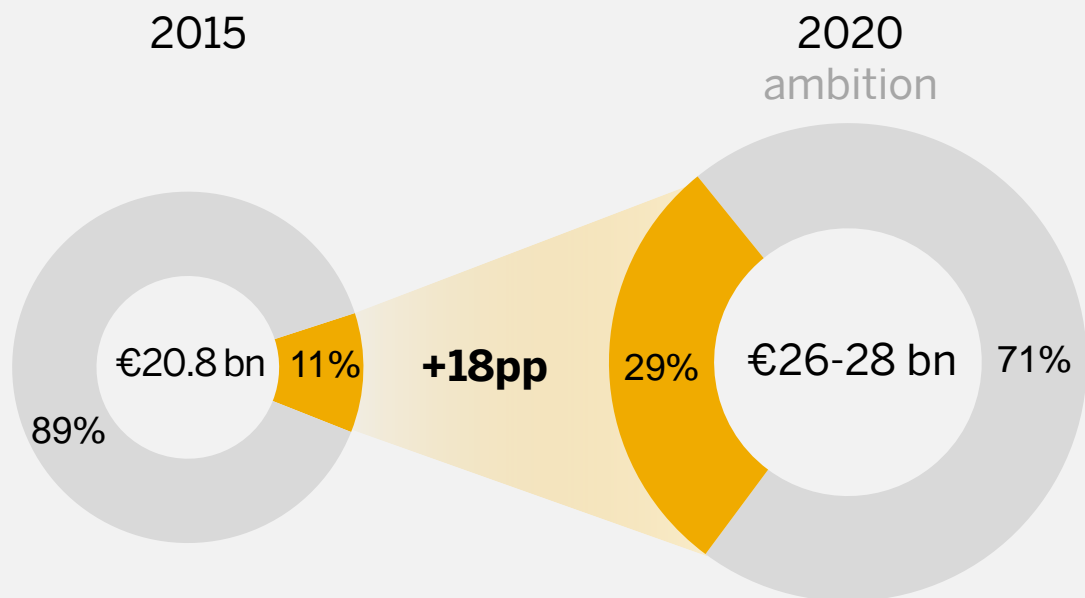


SAP's digital framework to run simple and run live



Pushing relentlessly towards a larger, stickier, more predictable business

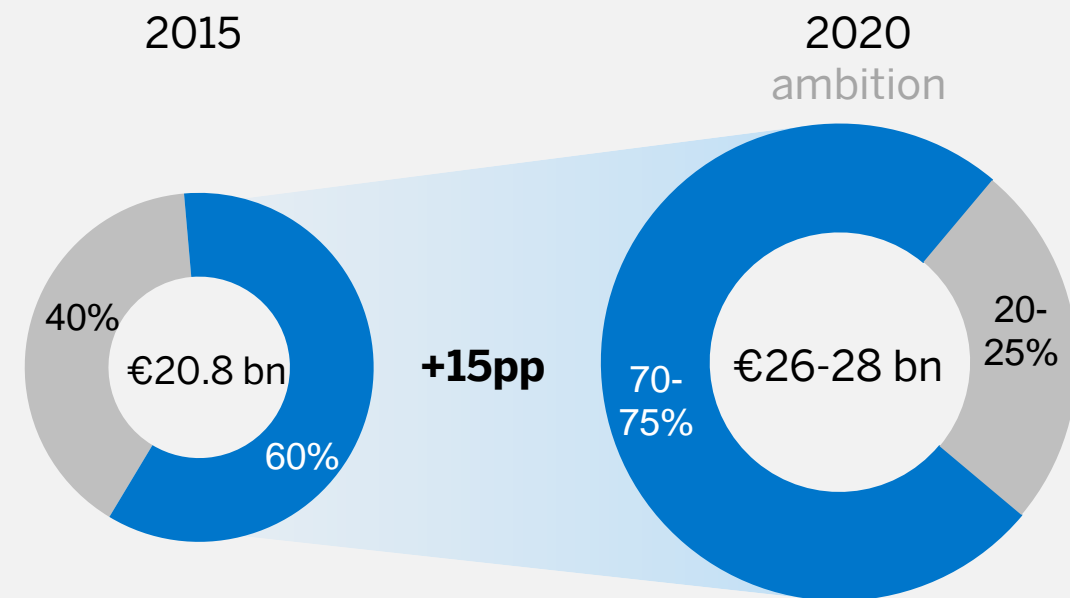
Cloud revenue mix



Much larger cloud business in 2020 relative to core business – change in revenue mix weighs on blended operating margin for the group in short/medium term

- Cloud subscription and support revenue
- All other revenue

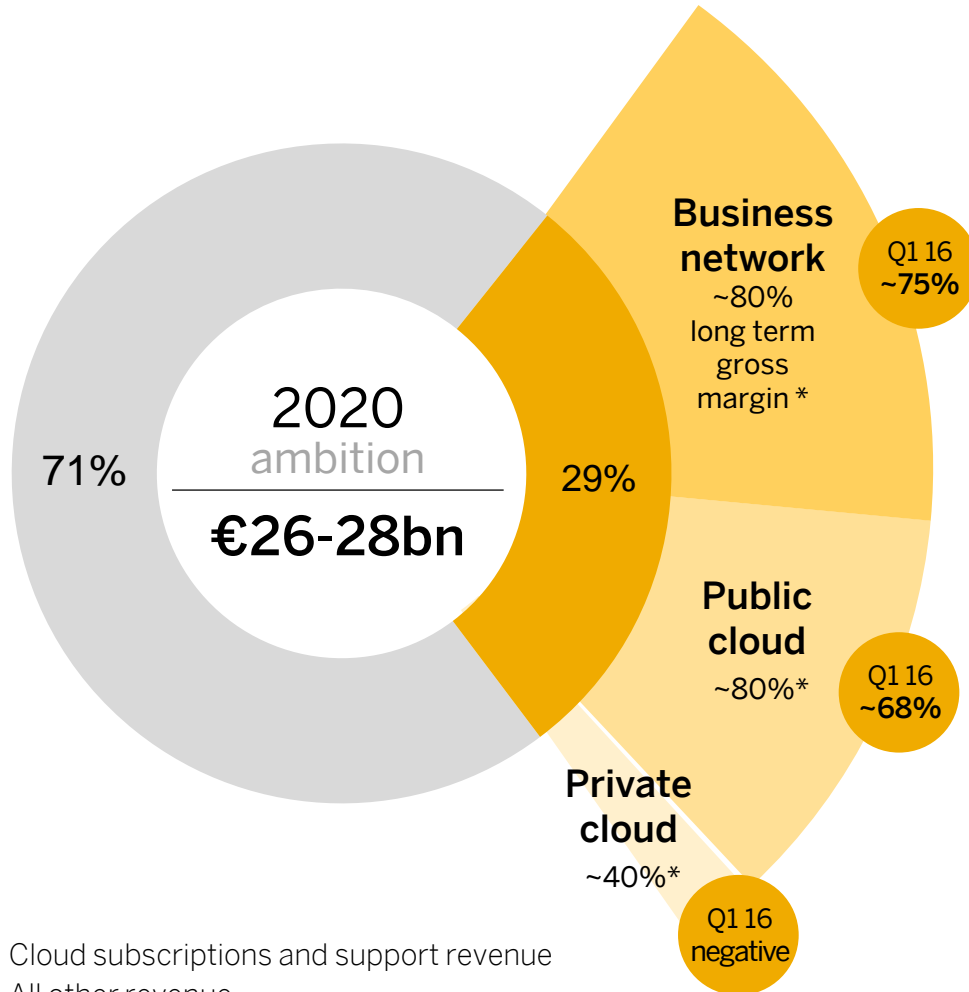
Share of more predictable revenue



Share of more predictable revenue is expected to increase to 70-75% by 2020

- Support + Cloud subs – share of revenue
- All other revenue

Cloud gross margins on track towards long term ambition



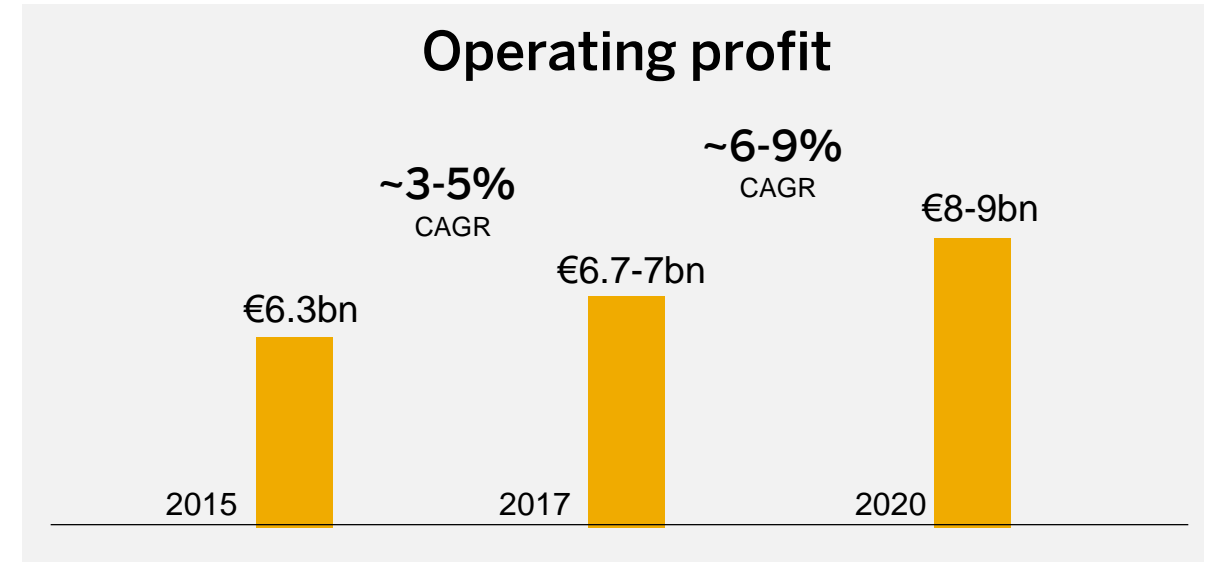
- Business network gross margin** ~75% Q1 2016
- Public cloud SaaS gross margins ~68% Q1 2016
- Private cloud gross margins still negative in Q1 2016 but expected to break even in FY 2016
- Speeding up investments in cloud infrastructure to deliver on the massive cloud bookings and backlog
- Migrating acquired cloud offerings onto HANA – massive benefits for customers – significant long term savings
- Expects stable to slightly improving cloud gross margin in 2016

* Long term cloud subscriptions and support gross margin potential in mature state (excluding cloud-related professional services)

** Cloud gross margin of business network segment

Expanding absolute operating profit which drives operating cash flow

- SAP is improving effectiveness and efficiency in each and every business → all contribute to absolute operating profit growth
- Private cloud will contribute to our operating profit in the long term albeit at a lower gross margin
- Continued transformation of our services business – shift towards a stronger focus on customer outcome which drives higher adoption and renewals
- Operating cash flow expected to show a positive trend in 2016 – following operating profit evolution and helped by lower restructuring related cash outflows



→ Targeting accelerated operating profit expansion in 2018 and beyond

Outlook for the FY 2016

	Actual Performance Q1/16	SAP's Outlook FY 2016	Basis for Comparison 2015
Cloud subscription and support revenue (Non-IFRS at cc)	€676m (+33%)	€2.95bn to €3.05bn (upper end +33%)	€2.30bn
Cloud and software revenue (Non-IFRS at cc)	+ 6%	+ 6% to 8%	€17.23bn
Operating profit (Non-IFRS at cc)	€1.1bn	€6.4bn to €6.7bn	€6.35bn

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 April 2016 average level 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 negative currency effect in a range of -2 to -4 percentage points for the second quarter 2016 (0 to -2 percentage points for full year 2016).

This currency impact estimate supersedes the estimate we provided on April 20th, 2016 which was based on the March 2016 exchange rates. The estimated impact was a currency headwind rather than a currency benefit as originally stated in the April 20th, 2016 release.

Cloud Panel

Todd Friedman, Head of Ecosystem Strategy

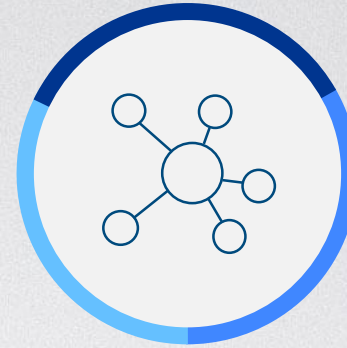




BEST-IN-CLASS



CONNECTED TO SAP



**CONNECTED TO
OTHERS via OPEN
PLATORM**



**CONNECTED TO YOU:
AN EFFORTLESS
EXPERIENCE**

Cloud Panel

Alex Atzberger, President SAP Ariba

Rob Brimm, President SAP Fieldglass

Elena Donio, President Concur

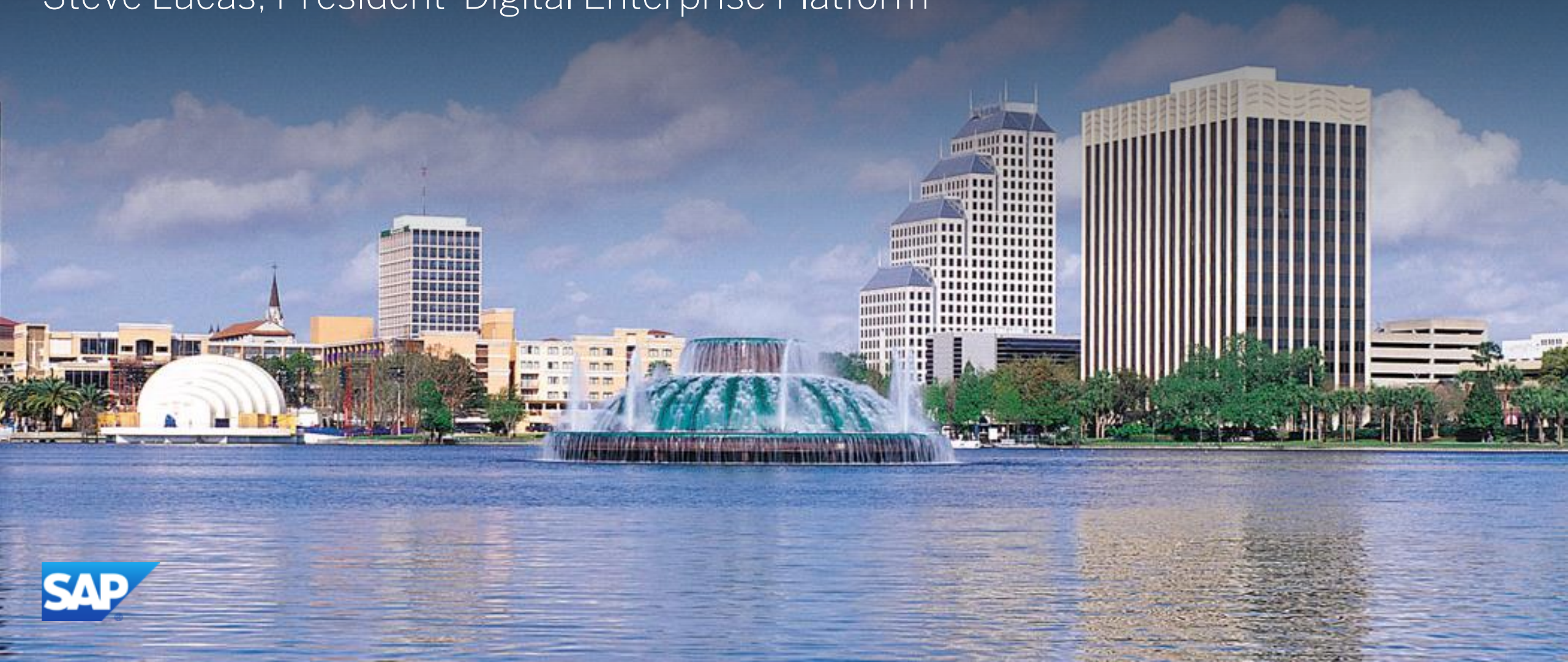
Mike Ettling, President SAP SuccessFactors

Host: Todd Friedman, Head of Ecosystem Strategy

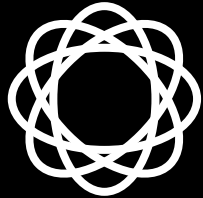
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Digital as the New Normal

Steve Lucas, President Digital Enterprise Platform



TRANSFORMATION, INNOVATION, AND EXTENSION



TRANSFORMATION

HANA



NEXT GEN INNOVATION

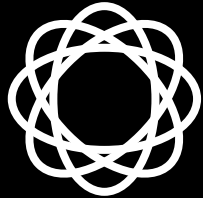
S/4HANA



EXTENSION

**HANA Cloud
Platform**

MAJOR ANNOUNCEMENTS



HANA

Key Updates



BusinessObjects

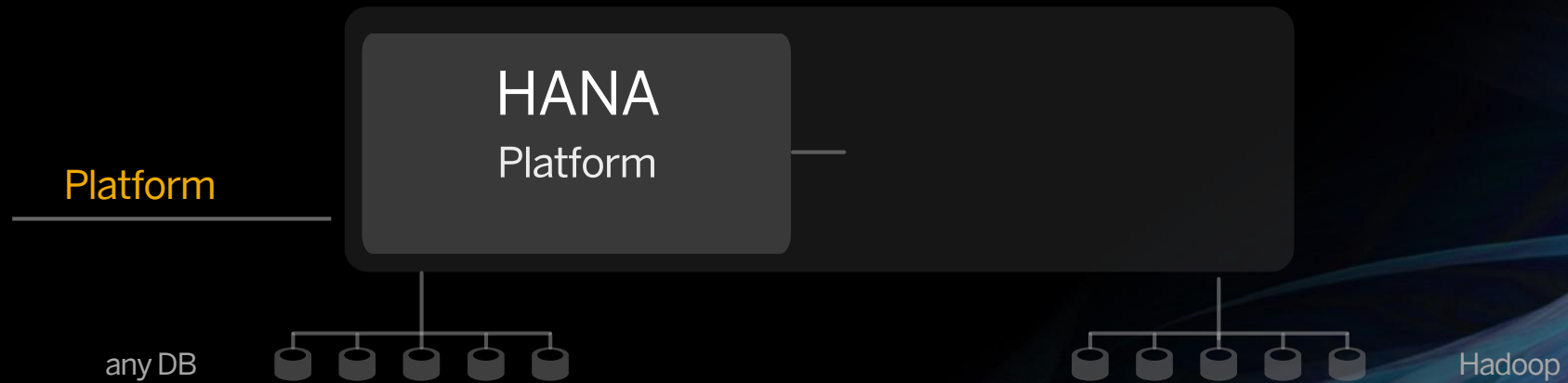
**Cloud +
Enterprise**



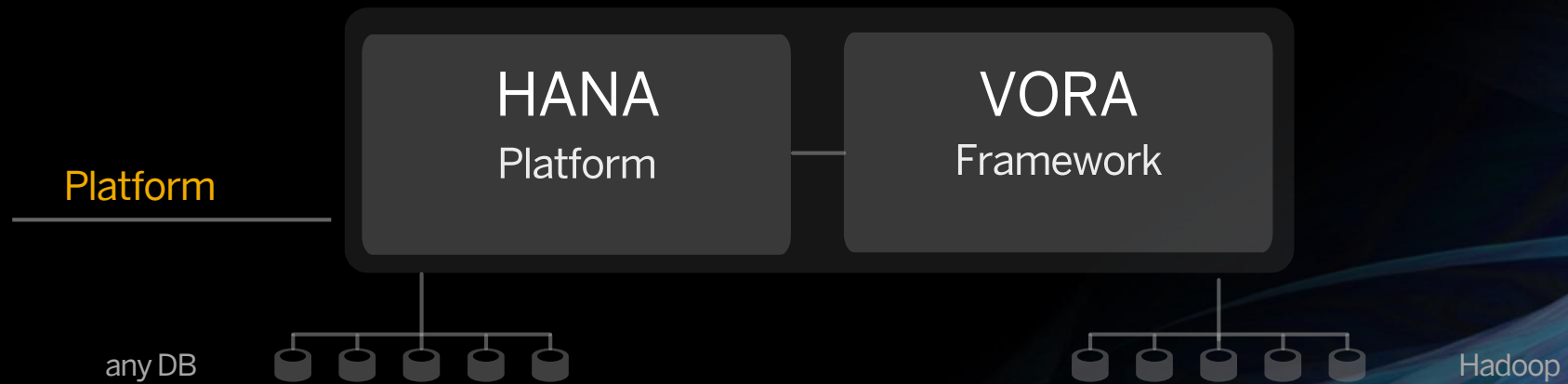
HANA Cloud Platform

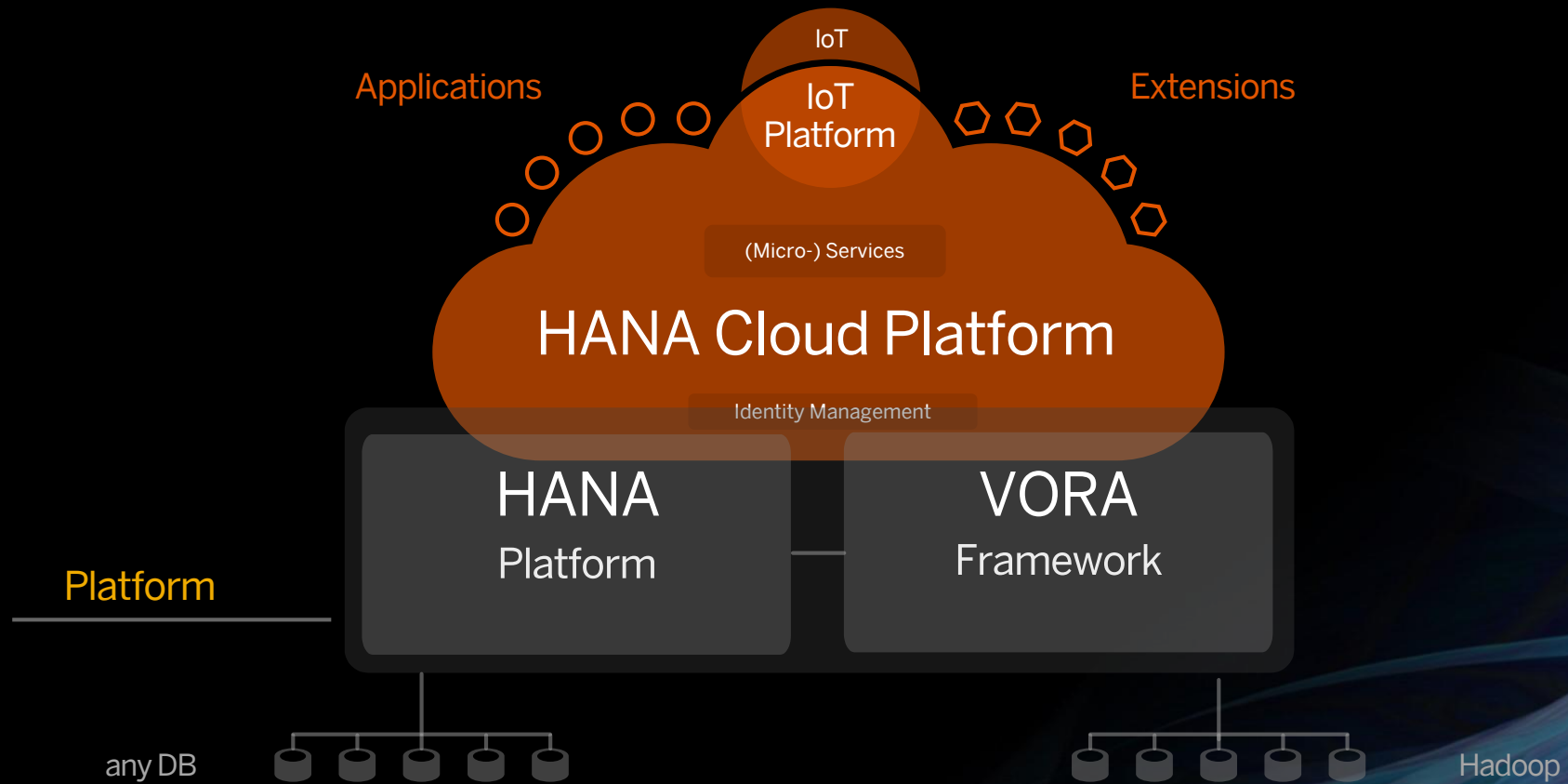
Spring Edition

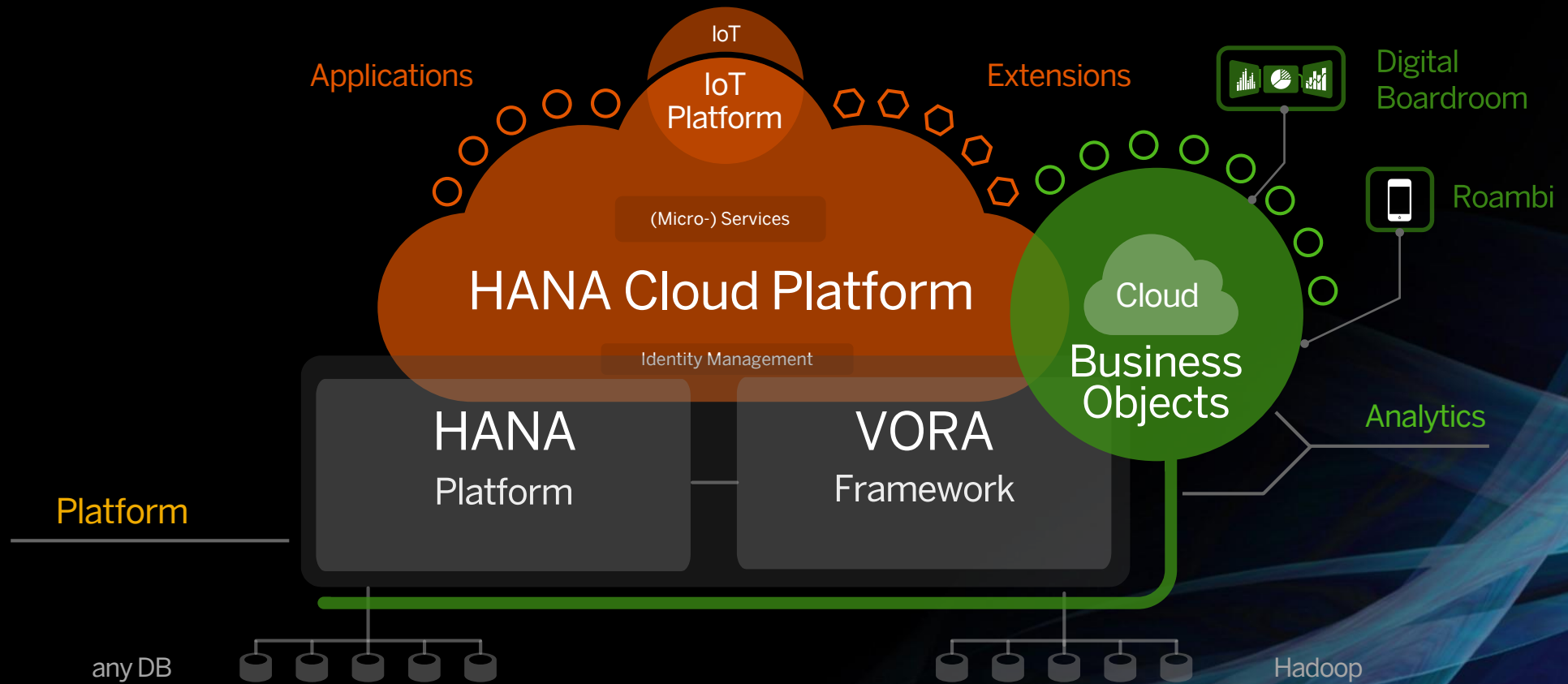
SAP HANA

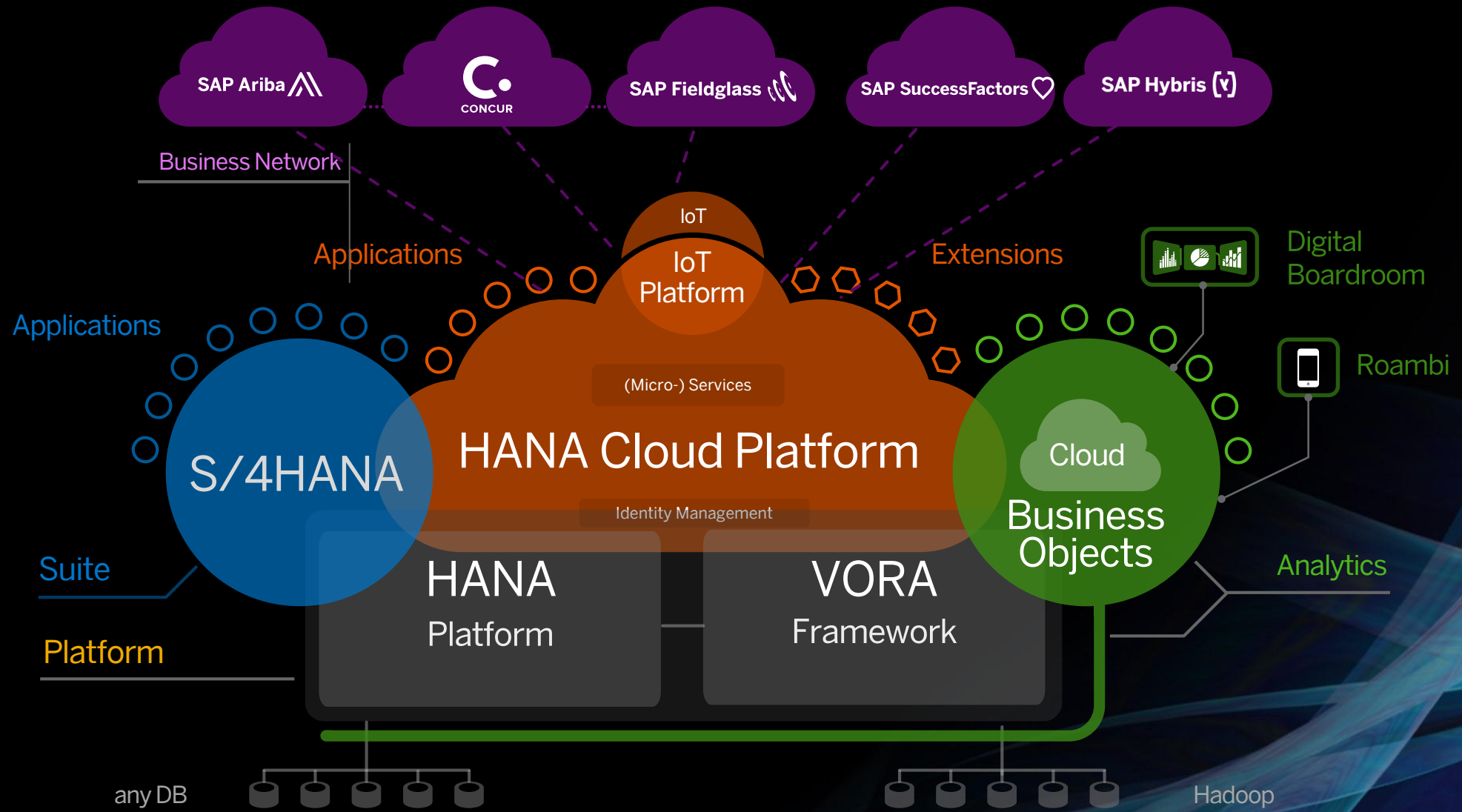


SAP VORA









Q & A

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Break



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Executive Q&A Session

Bill McDermott, CEO

Luka Mucic, CFO

Rob Enslin, Executive Board Member, Global Customer Operations

Bernd Leukert, Executive Board Member, Products & Innovation

Steve Singh, Executive Board Member, Business Networks and Applications

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