

Fourth Quarter and Full-Year 2023 Results

Christian Klein, CEO

Dominik Asam, CFO

Safe Harbor Statement



During this presentation we will make forward-looking statements which are predictions, projections, or other statements about future events. These statements are based on current expectations, forecasts, and assumptions that are subject to risks and uncertainties that could cause actual results and outcomes to materially differ. Additional information regarding these risks and uncertainties may be found in our filings with the Securities and Exchange Commission, including but not limited to the risk factors section of SAP's 2022 Annual Report on Form 20-F.



Christian Klein

CEO

We accelerated profitable growth in Q4

Current Cloud Backlog

13,745

▲ +25% (+27% @cc)

Thereof S/4HANA

5,046

▲ +58% (+61% @cc)

Cloud Revenue

3,699

▲ +20% (+25% @cc)

Thereof S/4HANA

1,028

▲ +55% (+61% @cc)

SaaS Revenue

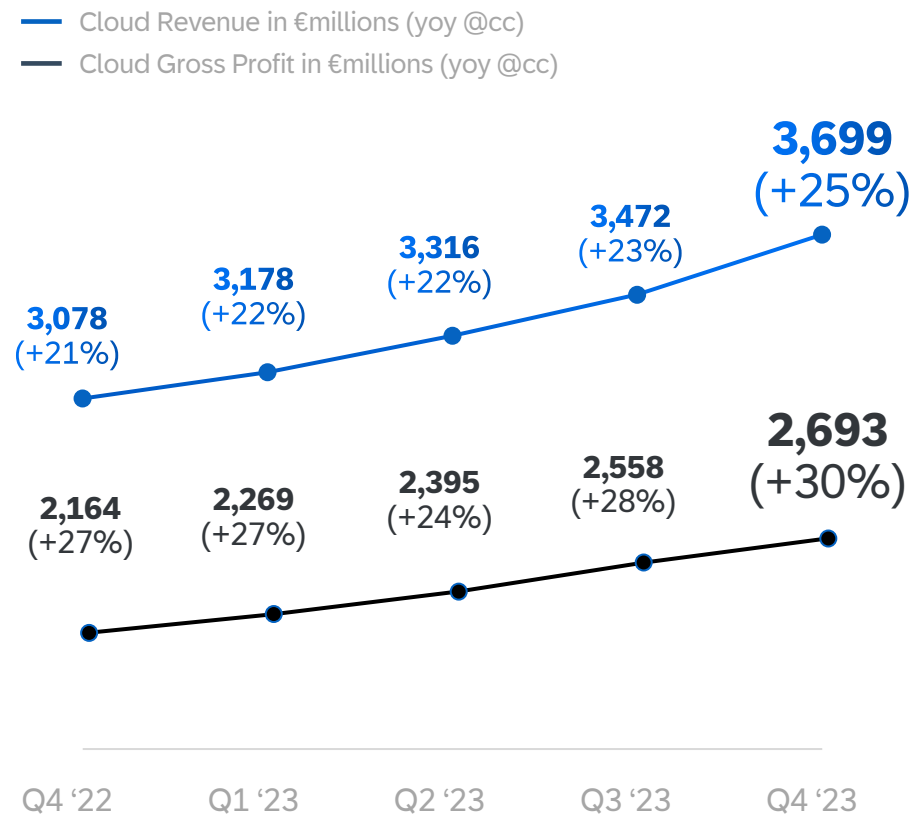
2,894

▲ +19% (+24% @cc)

PaaS Revenue

620

▲ +42% (+46% @cc)

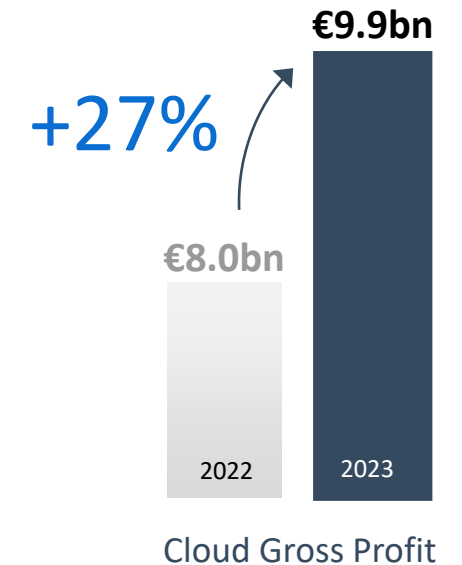
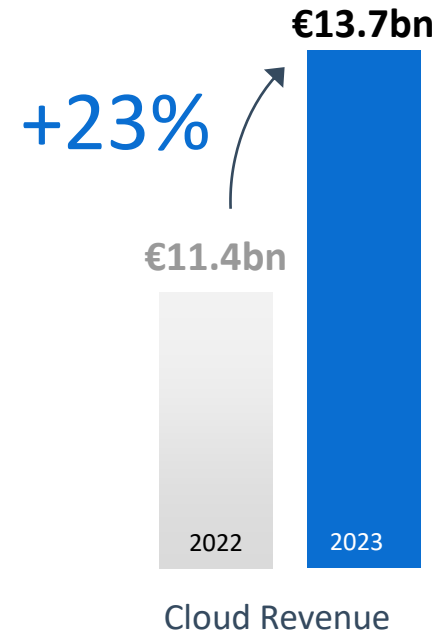


All numbers are in € millions, non-IFRS unless otherwise stated, SAP continuing operations excl. Qualtrics



We met or exceeded our outlook for 2023 in all key metrics

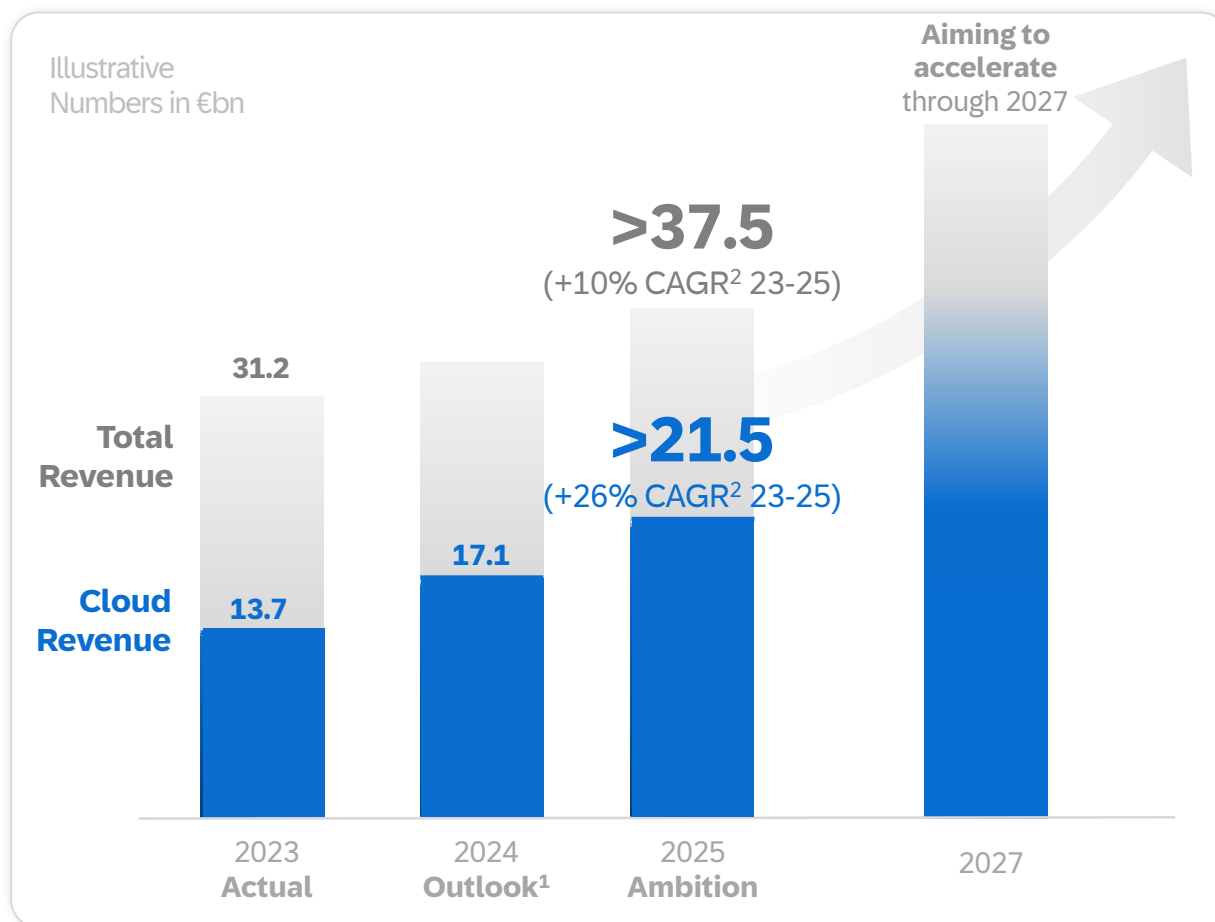
<p>Total Cloud Backlog</p> <p>44,254</p> <p>▲ +37% (+39% @cc)</p>	<p>Cloud Revenue</p> <p>13,664</p> <p>▲ +20% (+23% @cc)</p> <p>Thereof S/4HANA</p> <p>3,495</p> <p>▲ +67% (+72% @cc)</p>
<p>Operating Profit</p> <p>8,721</p> <p>▲ +9% (+13% @cc)</p>	<p>SaaS Revenue</p> <p>10,734</p> <p>▲ +19% (+23% @cc)</p>
	<p>PaaS Revenue</p> <p>2,182</p> <p>▲ +42% (+46% @cc)</p>



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We're laying the basis for sustained, rapid growth beyond 2025

setting clear priorities to reach our revenue growth ambitions



LAND

with “RISE with SAP” and “GROW with SAP”

EXPAND

through the BTP flywheel and clean core

CROSS-SELL

across the portfolio with multi-cloud offerings

INNOVATE & SCALE

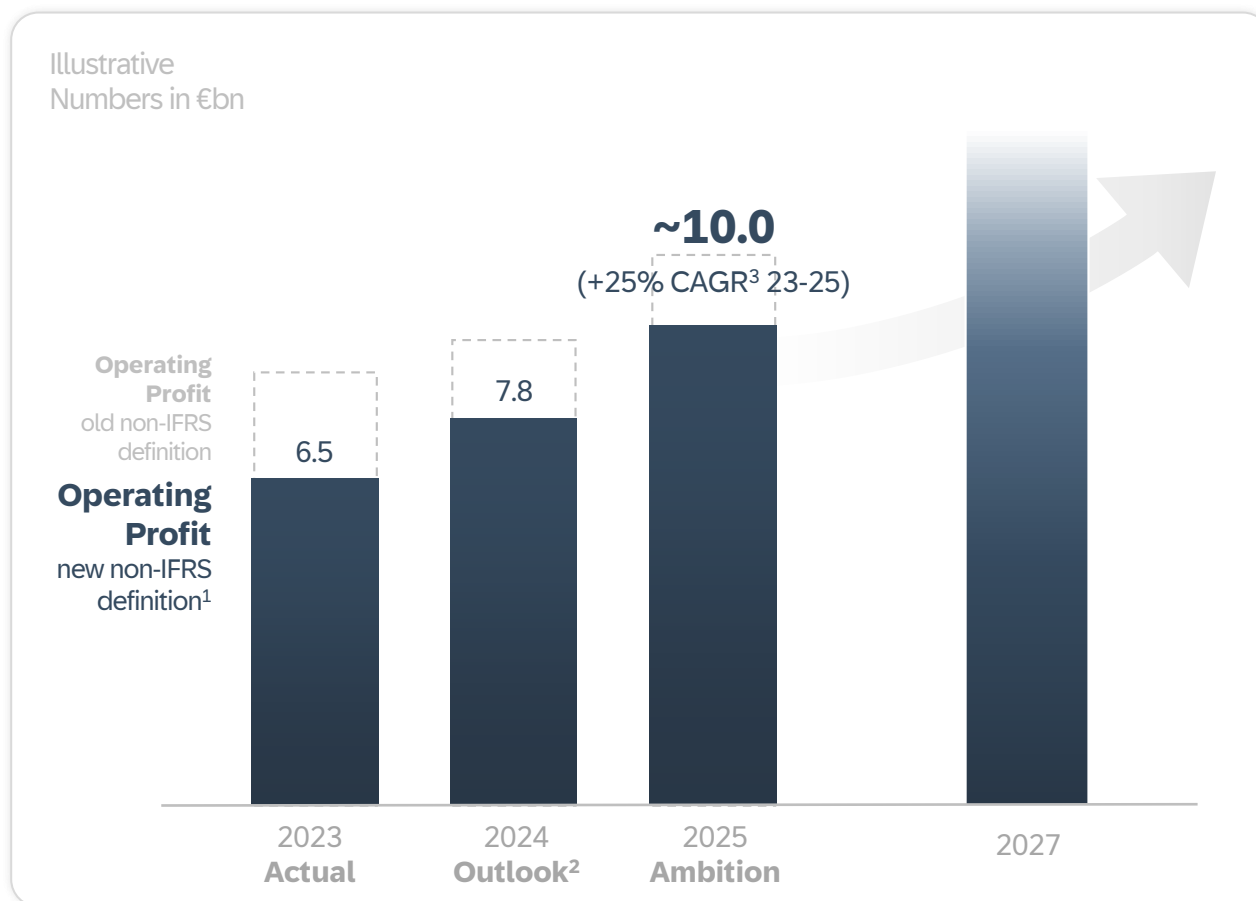
through Business AI and our strategic growth areas

ACCELERATE

through strategic M&A and partnerships

We see an opportunity to accelerate profitability

increasing focus with a dedicated transformation program



Transformation program set up to drive:

More cloud- and adoption-centric go-to-market model along the customer value journey

More focused product portfolio driving synergies with our Cloud ERP Suite

Comprehensive infusion of Business AI across all functions and processes

Accelerated workforce transformation to ensure having the best skills in the right places

1: Incl. share-based compensation (SBC)

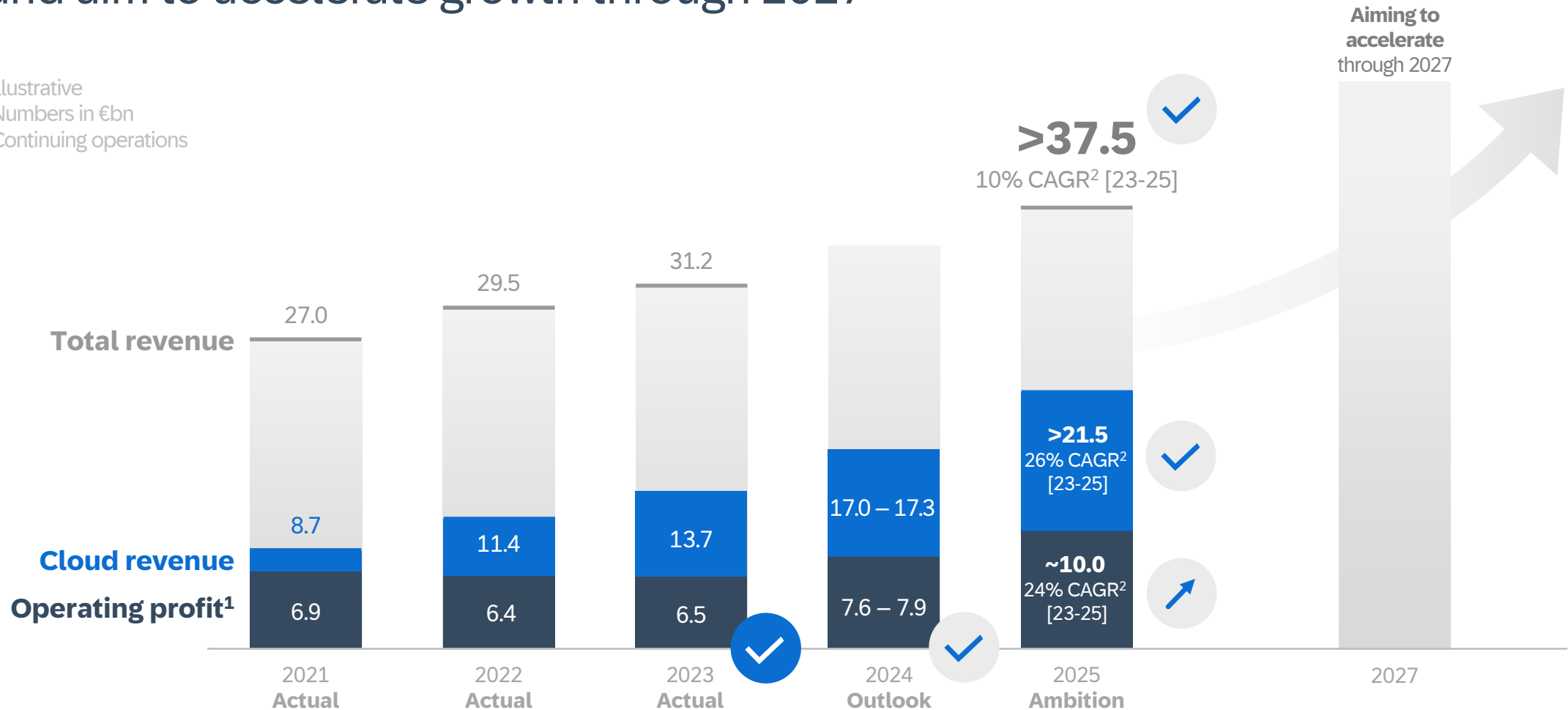
2: Operating profit 2024 outlook shown at mid-point

3: Compound annual growth rate adjusted for the Ambition 2025 USD rate of 1.10 USD per EUR

We kept our promise for 2023 and aim to accelerate growth through 2027

✓ Achievement
✓ Confirmation
↗ Upgrade

Illustrative
Numbers in €bn
Continuing operations

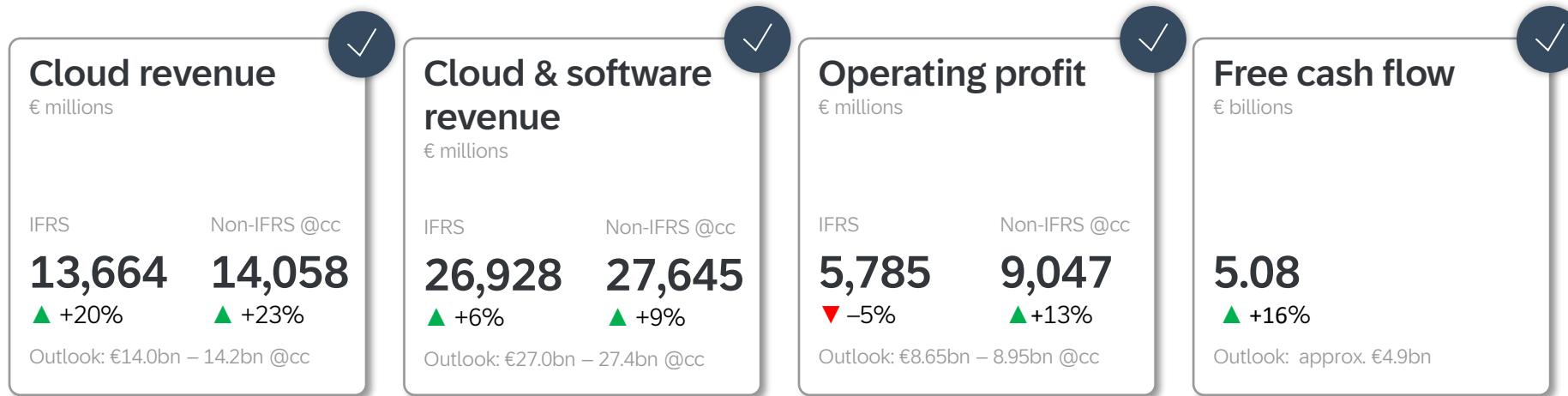




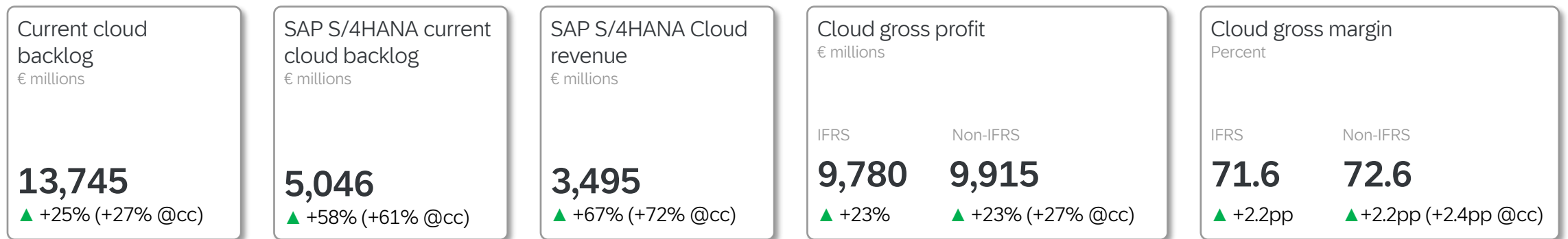
Dominik Asam

CFO

All outlook key metrics met or exceeded for FY 2023



FY Other Financial Highlights



Regional cloud revenue performance

AMERICAS

Cloud revenue
percent

▲ +13%
(+21% @cc)

Cloud & software
revenue
percent

▲ +4%
(+11% @cc)

Brazil had an outstanding cloud revenue growth in the fourth quarter.

EMEA

Cloud revenue
percent

▲ +27%
(+28% @cc)

Cloud & software
revenue
percent

▲ +8%
(+9% @cc)

Germany and France had an outstanding cloud revenue growth while Saudi Arabia were particularly strong in the fourth quarter.

APJ

Cloud revenue
percent

▲ +28%
(+36% @cc)

Cloud & software
revenue
percent

▲ +4%
(+11% @cc)

India and South Korea had an outstanding cloud revenue growth while Japan performed particularly strong in the fourth quarter.

Revenues calculated based on customer location; All numbers are Non-IFRS unless otherwise stated; Individual country highlights are based on Non-IFRS at constant currencies

SAP continuing operations excl. Qualtrics

Gross profit development

Non-IFRS in € millions, unless otherwise stated	Revenue			Gross Profit (Gross margin %)		
	FY 23	Δ in %	Δ in % @cc	FY 23	Δ in %	Δ in % @cc
Cloud	13,664	20	23	9,915 (72.6)	23	27
SaaS	10,734	19	23	7,809 (72.7)	21	25
PaaS	2,182	42	46	1,849 (84.8)	49	53
IaaS	748	-18	-16	257 (34.3)	-20	-22
Software licenses and support	13,264	-5	-3	11,939 (90.0)	-6	-3
Cloud and software	26,928	6	9	21,854 (81.2)	6	9
Services	4,279	4	6	1,251 (29.2)	2	6
Total	31,207	6	9	23,104 (74.0)	5	8

Tax rate, EPS & Cash flow

Effective tax rate

Full year | percent

IFRS

32.6

▲ +0.6pp

Non-IFRS

29.3

▼ -0.2pp

Earnings per share

Full year | €

IFRS basic

3.08

▲ +10%

IFRS diluted

3.05

▲ +9%

Non-IFRS basic

5.01

▲ +24%

Cash flow

Full year | € billions

Operating CF

6.19

▲ +9%

Free CF

5.08

▲ +16%

2024 Financial outlook¹

in € billions, unless otherwise stated; continuing operations

Cloud revenue
@cc | € billions

17.0 – 17.3

▲ +24% to 27%
2023: 13.66

Cloud & software revenue
@cc | € billions

29.0 – 29.5

▲ +8% to 10%
2023: 26.93

Operating profit

Non-IFRS @cc | € billions

7.6 – 7.9

▲ +17% to 21%
2023: 6.51²⁾

Free cash flow

€ billions

approx. 3.5

2023: 5.08

Effective tax rate

Non-IFRS | in %

approx. 32

2023: 30.3²⁾

¹⁾ 2024 financial outlook is based on constant currencies assumptions, including an exchange rate of 1.08 US Dollar per Euro

²⁾ Based on updated non-IFRS definition in 2024

2024 Non-financial outlook

Employee Engagement Index
in %

76 – 80

Customer Net Promoter Score
in points

9 – 13

Net Zero by 2030
in kilotons

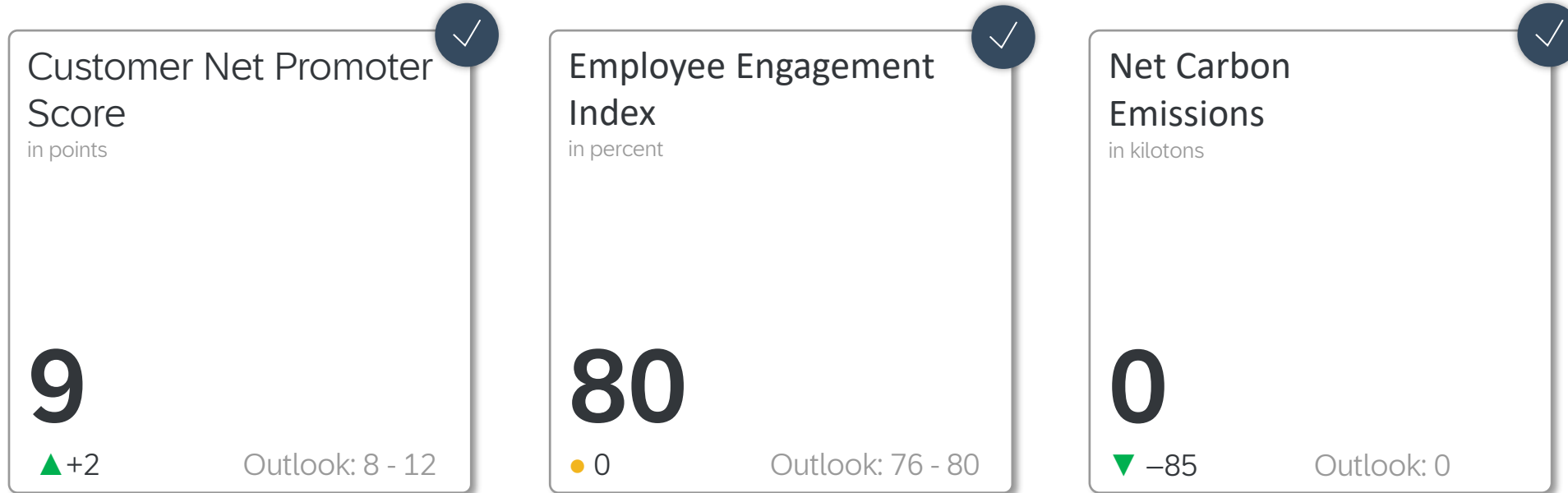
Steadily decrease

Women in executive roles
in %

Steadily increase

Non-financial performance 2023

SAP continuing operations excl. Qualtrics



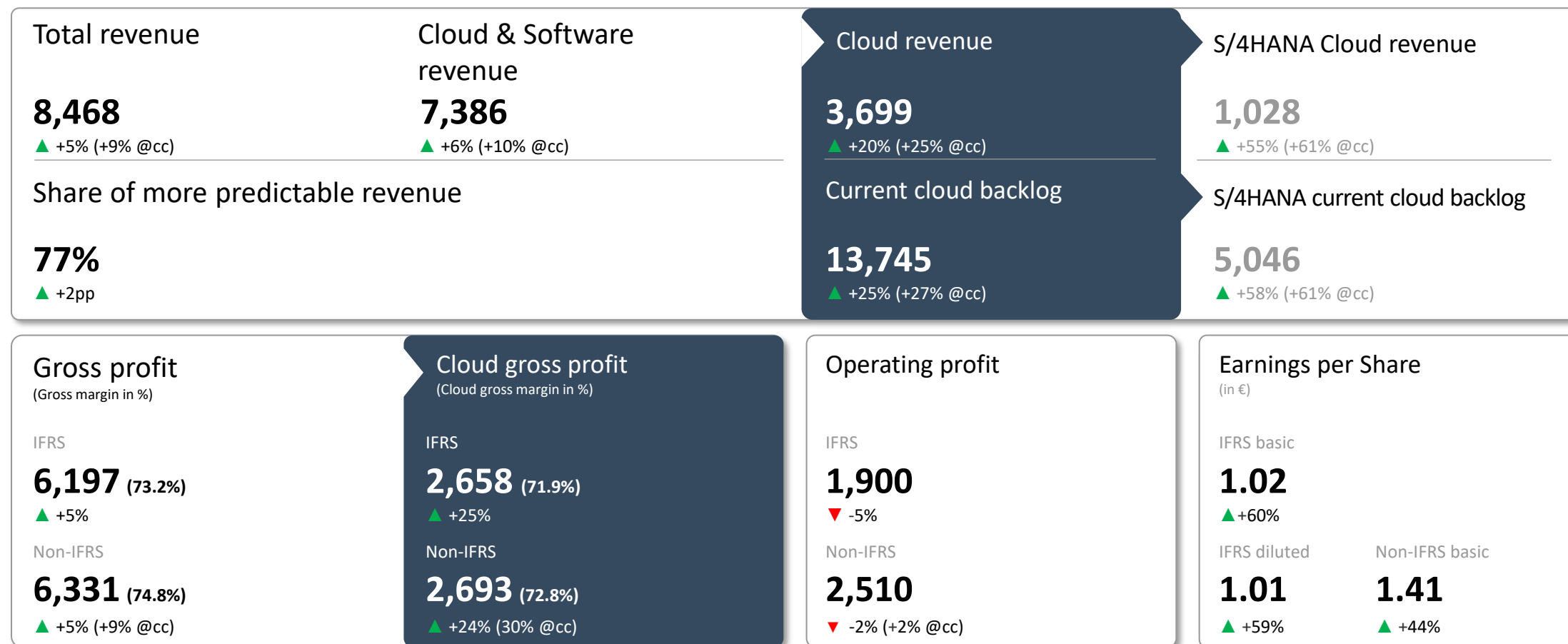
Q&A

Appendix

Appendix

SAP Q4 2023 Financial Results

in € millions, unless otherwise stated



Appendix

Income statement: Fourth quarter 2023

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	Q4 23	Q4 22	Δ %	Q4 23	Q4 22	Δ %	Δ % @cc
Cloud	3,699	3,078	20	3,699	3,078	20	25
Software licenses	841	907	-7	841	907	-7	-6
Software support	2,846	2,993	-5	2,846	2,993	-5	-1
Software licenses and support	3,687	3,900	-5	3,687	3,900	-5	-2
Cloud and software	7,386	6,978	6	7,386	6,978	6	10
Services	1,081	1,085	0	1,081	1,085	0	4
Total revenue	8,468	8,064	5	8,468	8,064	5	9
Total operating expenses	-6,567	-6,061	8	-5,957	-5,504	8	12
Operating profit (loss)	1,900	2,002	-5	2,510	2,560	-2	2
Financial income, net	-107	-884	-88	-107	-884	-88	
Profit (loss) before tax from continuing operations	1,761	1,048	68	2,371	1,605	48	
Income tax expense	-595	-448	33	-745	-597	25	
Profit (loss) after tax from continuing operations	1,165	600	94	1,626	1,008	61	
Profit (loss) after tax from discontinued operations	0	-273	N/A	0	15	N/A	
Profit (loss) after tax*	1,165	326	>100	1,626	1,023	59	
Operating margin (in %)	22.4	24.8	-2.4pp	29.6	31.7	-2.1pp	-2.1pp
Earnings per share, basic (in €) from continuing operations	1.02	0.63	60	1.41	0.98	44	
Earnings per share, basic (in €)*	1.02	0.46	>100	1.41	1.00	41	

Appendix

Income statement: Full year 2023

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	FY 23	FY 22	Δ %	FY 23	FY 22	Δ %	Δ % @cc
Cloud	13,664	11,426	20	13,664	11,426	20	23
Software licenses	1,767	2,056	-14	1,767	2,056	-14	-12
Software support	11,497	11,909	-3	11,497	11,909	-3	-1
Software licenses and support	13,264	13,965	-5	13,264	13,965	-5	-3
Cloud and software	26,928	25,391	6	26,928	25,391	6	9
Services	4,279	4,128	4	4,279	4,128	4	6
Total revenue	31,207	29,520	6	31,207	29,520	6	9
Total operating expenses	-25,421	-23,429	9	-22,486	-21,531	4	7
Operating profit (loss)	5,785	6,090	-5	8,721	7,989	9	13
Financial income, net	-469	-1,389	-66	-469	-1,389	-66	
Profit (loss) before tax from continuing operations	5,292	4,513	17	8,228	6,412	28	
Income tax expense	-1,728	-1,446	19	-2,413	-1,895	27	
Profit (loss) after tax from continuing operations	3,564	3,068	16	5,815	4,517	29	
Profit (loss) after tax from discontinued operations	2,363	-1,359	N/A	2,145	28	>100	
Profit (loss) after tax*	5,928	1,708	>100	7,960	4,545	75	
Operating margin (in %)	18.5	20.6	-2.1pp	27.9	27.1	0.9pp	1.2pp
Earnings per share, basic (in €) from continuing operations	3.08	2.80	10	5.01	4.03	24	
Earnings per share, basic (in €)*	5.23	1.95	>100	7.02	4.08	72	

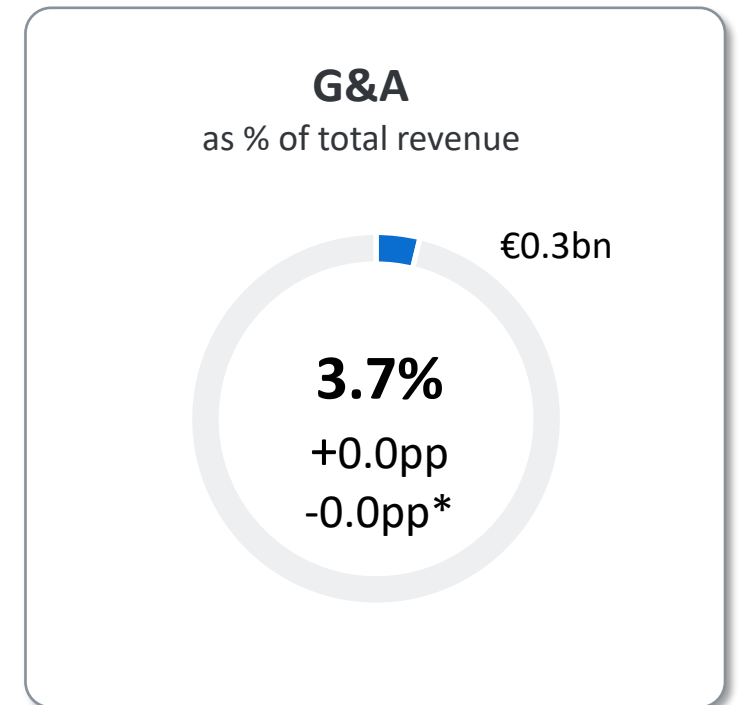
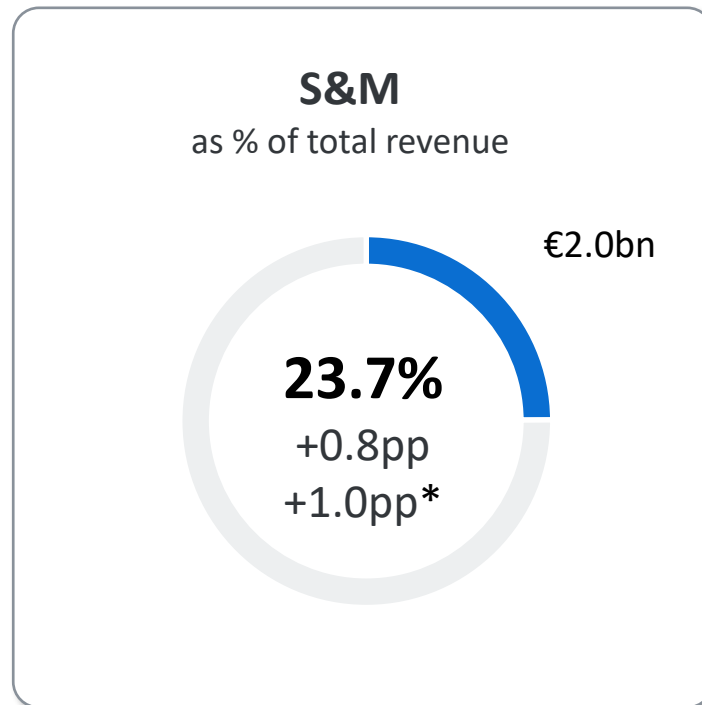
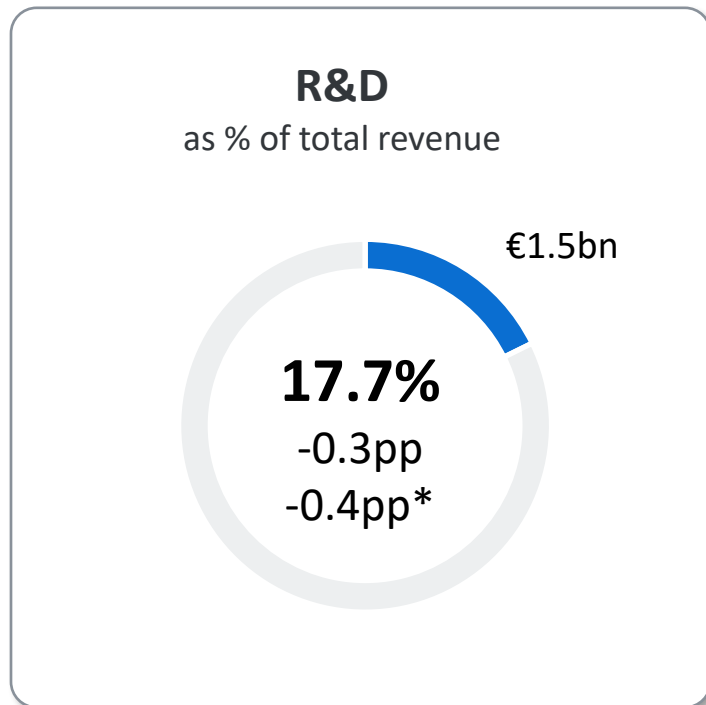
Appendix

Gross margin development

Non-IFRS, in percent as reported	FY 22	Q1 23	Q2 23	Q3 23	Q4 23	FY 23
Cloud	70.3	71.4	72.2	73.7	72.8	72.6
SaaS	72.1	71.5	72.5	74.0	72.9	72.7
PaaS	80.9	84.3	83.9	84.7	85.8	84.8
IaaS	35.2	38.4	35.3	35.4	27.9	34.3
Software Licenses & Support	90.7	89.2	90.5	90.4	89.9	90.0
Cloud & Software	81.5	80.3	81.2	81.7	81.3	81.2
Services	29.7	29.5	28.0	29.5	29.9	29.2
Total Gross Margin	74.3	72.9	73.8	74.5	74.8	74.0

Cost ratios: Fourth quarter 2023

€8.5bn Total revenue



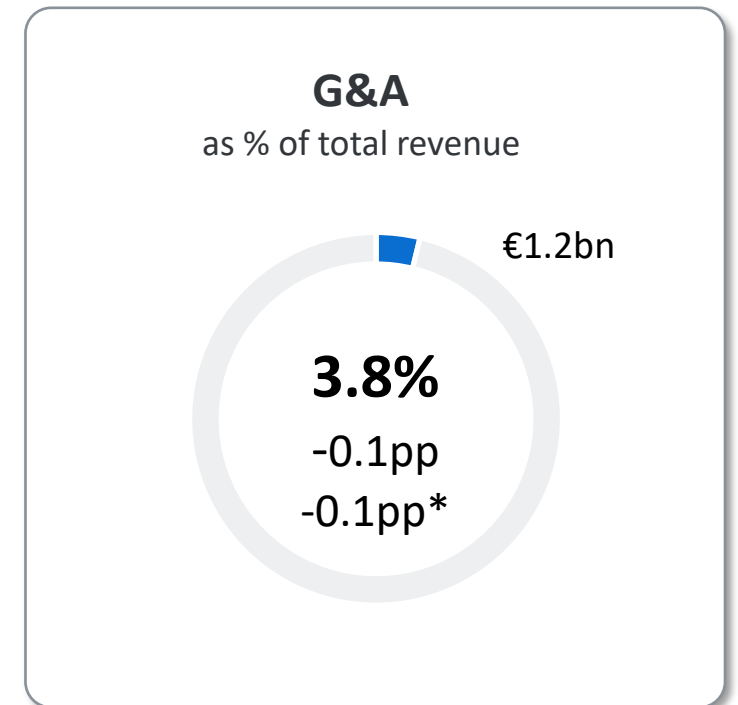
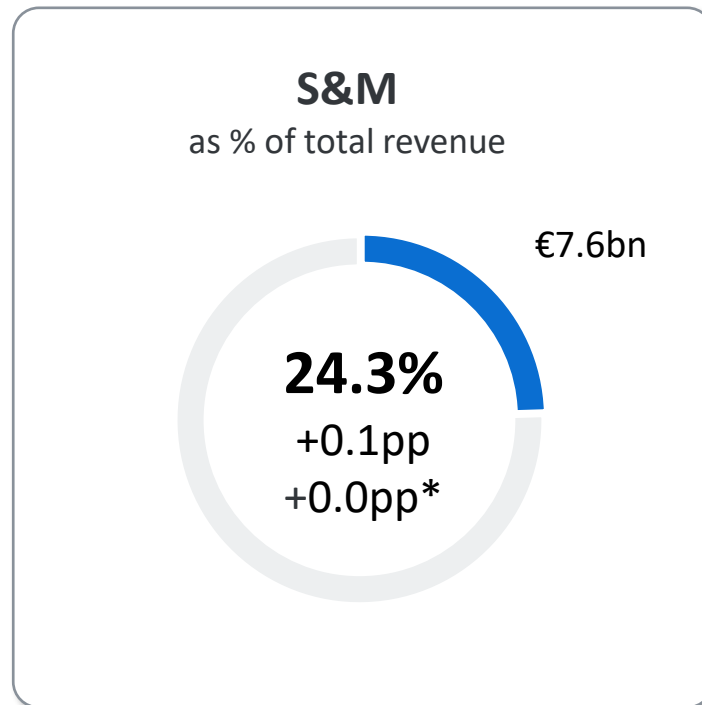
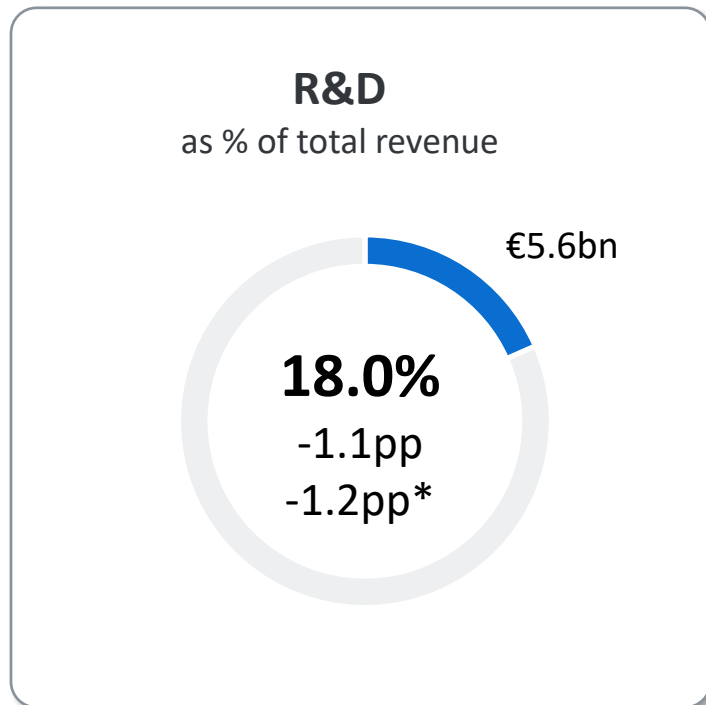
All numbers are Non-IFRS unless otherwise stated.

*Non-IFRS at constant currencies

Appendix

Cost ratios: Full year 2023

€31.2bn Total revenue



All numbers are Non-IFRS unless otherwise stated.

*Non-IFRS at constant currencies

Appendix

Balance sheet condensed: December 31, 2023 – IFRS

Assets

€ millions	12/31/23	12/31/22
Cash, cash equivalents and other financial assets	8,124	9,008
Trade and other receivables	6,361	6,236
Other current assets	6,046	3,278
Total current assets	20,531	18,522
Goodwill	29,088	33,077
Intangible assets	2,505	3,835
Property, plant, and equipment	4,276	4,934
Other non-current assets	11,892	11,792
Total non-current assets	47,760	53,638
Total assets	68,291	72,159

Equity and liabilities

€ millions	12/31/23	12/31/22
Trade and other payables	1,775	2,147
Provisions	232	90
Other liabilities	7,543	9,908
Contract liabilities, current	5,026	5,309
Total current liabilities	14,576	17,453
Financial liabilities	7,945	9,547
Provisions	486	359
Contract liabilities, non-current	33	33
Other non-current liabilities	1,887	1,918
Total non-current liabilities	10,350	11,858
Total liabilities	24,926	29,311
Total equity	43,365	42,848
Total equity and liabilities	68,291	72,159

Appendix

Cash flow development

€ millions, unless otherwise stated

	FY/23	FY/22	Δ in %
Operating cash flow	6,193	5,675	9
– Capital expenditure	–785	–877	-11
– Payments of lease liabilities	–325	–410	-21
Free cash flow	5,083	4,388	16
Free cash flow in percent of total revenue	16%	15%	+1pp
Free cash flow in percent of profit after tax (IFRS)	143%	143%	+0pp

Due to rounding, numbers may not add up precisely

Appendix

Net debt

€ millions, unless otherwise stated

	2023	2022
Net Debt 12/31/2022 PY: 12/31/2021	-2,070	-1,563
Operating cash flow	6,193	5,675
Capital expenditure	-785	-877
Payments of lease liabilities	-325	-410
Business combinations	-1,168	-679
Dividends	-2,395	-2,865
Treasury shares	-949	-1,500
Net proceeds from Qualtrics sale	5,510	0
Other	-490	150
Net Debt 12/31/2023 PY: 12/31/2022	3,521	-2,070

Net Debt as of 12/31/2022 includes continuing and discontinued operations, Net Debt as of 3/31/2023 only includes continuing operations. Due to rounding, numbers may not add up precisely

Additional outlook information and Non-IFRS adjustments

The Company expects a full-year 2024 effective tax rate (non-IFRS) of around 32% (2023:30.3%) based on updated tax rate definition (non-IFRS).

	Actual Amounts FY/22	Actual Amounts FY/23	Est. Amounts FY/24
Non-IFRS adjustments			
Acquisition-related charges	€330m	€345m	€305m to €385m
Share-based payment expenses	€1,431m	€2,221m	N/A
Restructuring charges	€138m	€215m	at around €2 billion
Adjustment for regulatory compliance matter expenses	-	€155m	0
Sum of all adjustments	€1,899m	€2,936m	

Due to rounding, numbers may not add up precisely

Expected currency impact 2024

Expected Currency Impact Based on December 2023 Level Applied for 2024

in percentage points	Q1 24	FY 24
Cloud revenue growth	-2.5pp to -0.5pp	-2.0pp to 0.0pp
Cloud and software revenue growth	-2.0pp to 0.0pp	-1.5pp to +0.5pp
Operating profit growth (non-IFRS)	-3.0pp to -1.0pp	-2.0pp to 0.0pp