

The World's Leading Business Software Company

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The SAP logo is located in the bottom left corner of the image. It consists of the letters 'SAP' in a white, bold, sans-serif font, set against a blue rectangular background. The background of the entire slide is a night-time photograph of the Frankfurt skyline, featuring several illuminated skyscrapers and a bridge over a river in the foreground.






01

2015 Preliminary Results



SAP outpaces market with record 2015 cloud and software revenue

FY 2015 – Guidance achievement

	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	€5.902m	

All 2015 figures in this presentation are approximate due to the preliminary nature of the Q4 2015 pre-announcement on Jan 11, 2016

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

Cloud

- Cloud subscription and support: **+109%** to €2.30bn (€2.00bn at cc, achieving company guidance) in FY
- New cloud bookings: tremendous momentum with **+103%** (€0.89bn) in FY; +75% (€0.35bn) in Q4

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)

Cloud and software

+ 20% to €17.23bn (+12% at cc) in FY



Highest operating profit in SAP's history

- Through strong top line growth and successful business transformation
 - **+13%** to €6.35bn (€5.902bn at cc) in FY



02

SAP's strategy – value creation in a digital economy

SAP is extending its lead as the trusted innovator in the business software industry across markets and industries

The digital business framework

SAP offers the only end-to-end digital business solution – SAP HANA enables digitization across 5 business pillars

Through organic innovations and strategic acquisitions, SAP has the best solution portfolio and expertise required to enable a digital strategy. SAP is the preferred choice to turn a digital vision into reality





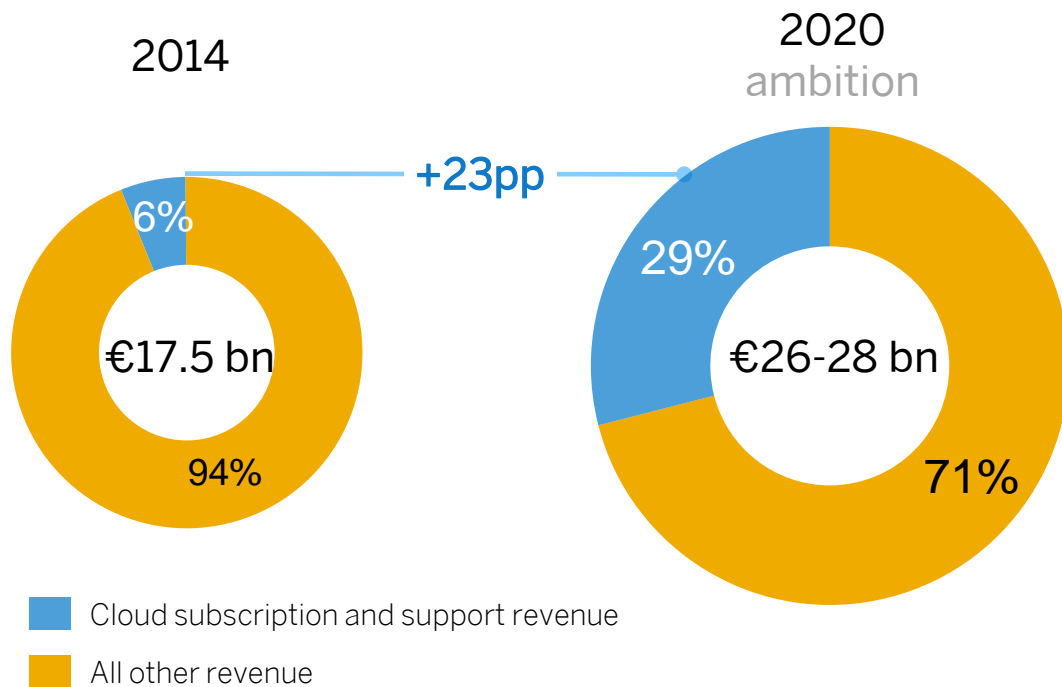
03

SAP's strategy – financial impact due to transformation of business model

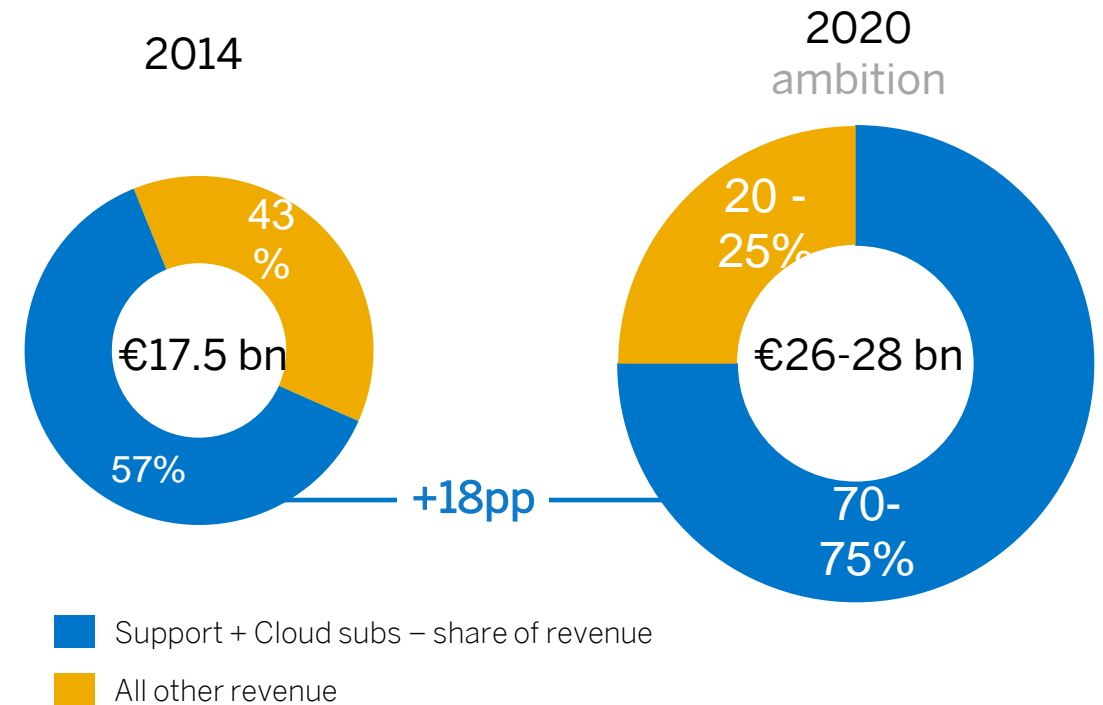
A fast growing cloud business changes SAP's revenue mix

Shifting to more subscription based revenue and increasing share of more predictable revenue

Total revenue mix



Share of more predictable revenue



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

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

SAP has a broad cloud offering with three different business models

Public Cloud

- Classical subscription SaaS model for cloud applications
- Most comparable cloud offering to pure cloud vendors
- Mostly three year contracts
- Massively scaling while continuing to improve efficiency
- Primarily annual pre-billing which results in deferred revenue

~80%

*long term gross margin

Business Network

- The world's largest network of its kind, with SAP Ariba, Concur, and SAP Fieldglass
- Steady predictable revenue stream with a very high stickiness
- Primarily 'Pay-as-you-go' model with contractual commitments
- Stable revenue growth rates

~80%

*long term gross margin

Private Cloud

- Start-up business supporting large customers' transition to SAP HANA and Cloud (significant up selling potential)
- Mission critical processes
- High set-up costs and significant ramp up weighs on margins short term – while scaling & leveraging partnerships in future
- Pre-billing with short (monthly) billing terms, consequently lower deferred revenues

~40%

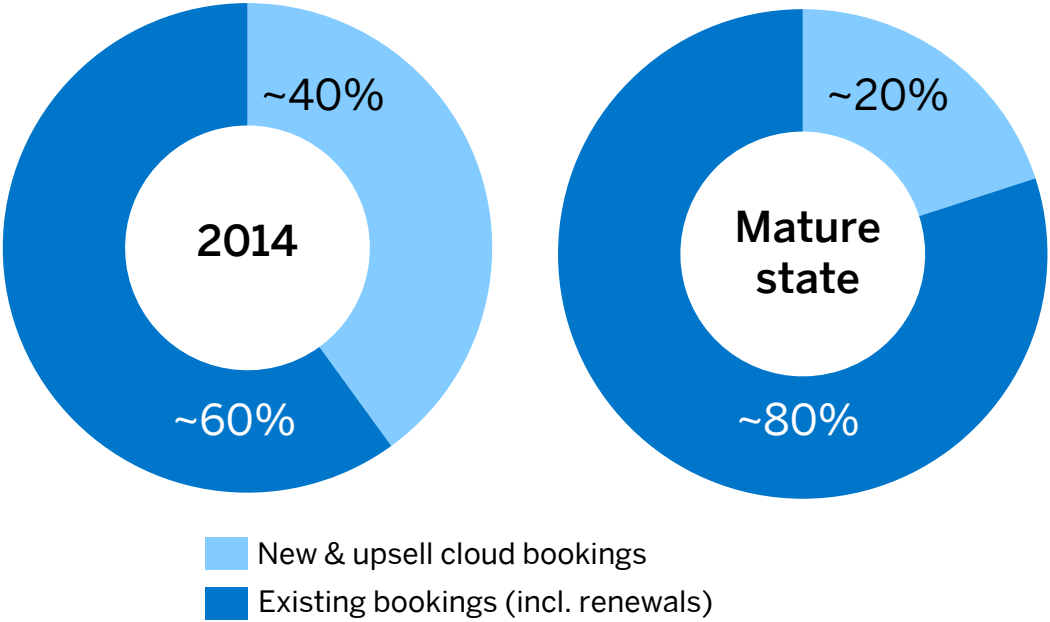
*long term gross margin

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

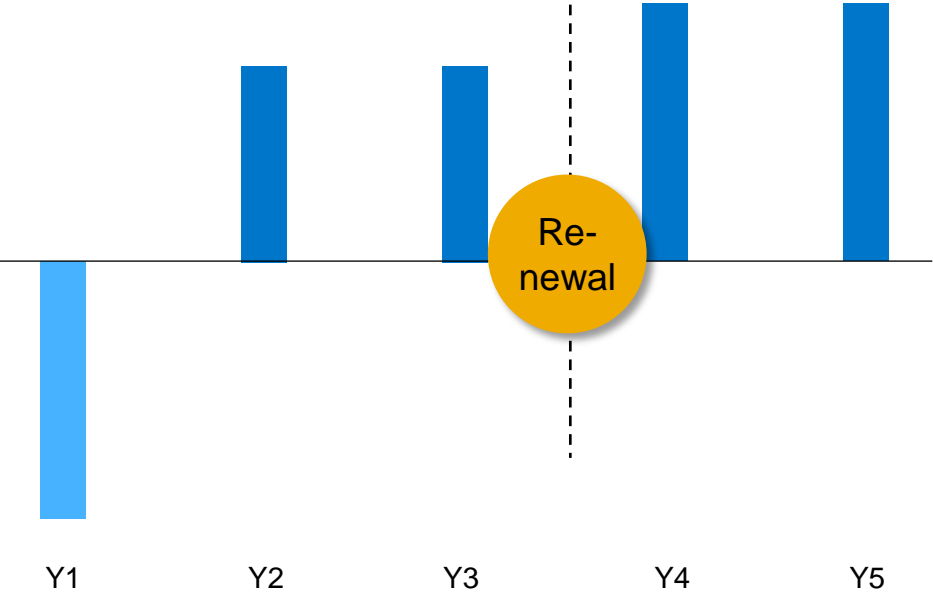
As share of new bookings reduces over time – ramping cloud profitability through increased scale

Cloud revenue

Cloud profitability ramps as share of new bookings reduces over time



Typical cloud deal impact on gross profit* (three years contract duration)



* excl. G&A and R&D

Resilient core business – steady improvement of profitability due to growing support, solid license revenue and efficiency gains

Software license revenue

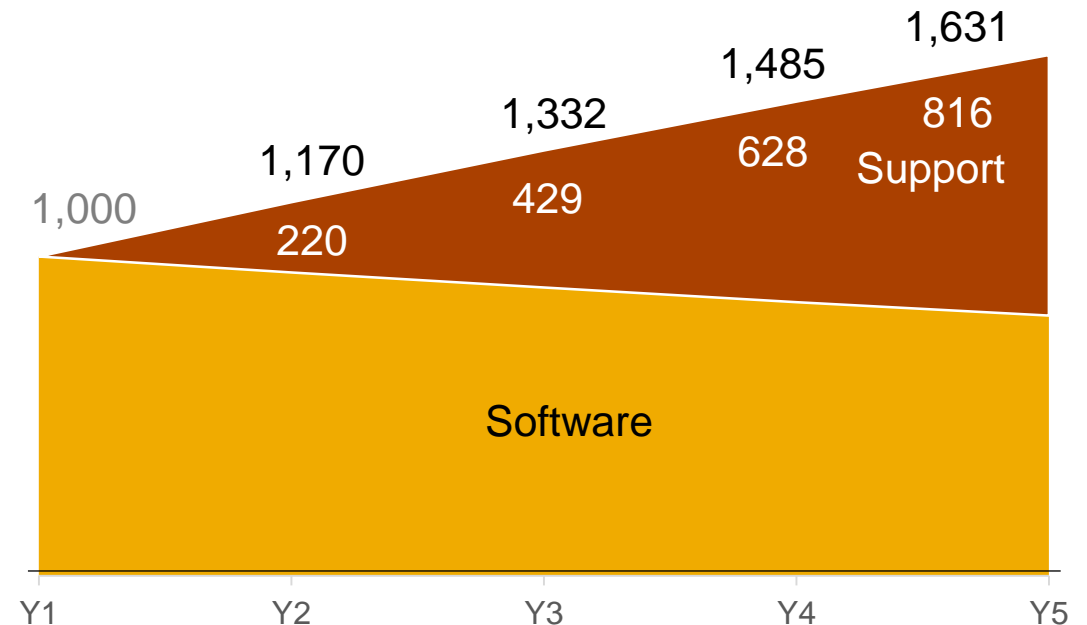
- Driven by innovations – next generation Business Suite S/4HANA, Customer Engagement & Commerce (CEC) and strategic industries
- Dependent on macroeconomic environment, in particular in emerging markets
- SAP outlook implies moderate decline in software revenue due to secular shift to cloud and assumption of unchanged market conditions

Support revenue

- High renewal rates of ~97%
- Enterprise support is today our de facto standard with a very high acceptance rate of net new customers

Software & support revenue

Example: existing customer with continued software purchases



Assumptions:

- License purchases decline by 5% p.a.;
- Enterprise Support offering fee 22% p.a.

FY 2016 outlook

Our completeness of vision in the cloud and soaring adoption of SAP S/4HANA gives us tremendous confidence in our business in 2016 and beyond.

2015

- Cloud subscription and support revenue (non-IFRS)
€2.30bn
- Cloud and software revenue (non-IFRS)
€17.23bn
- Operating profit (non-IFRS)
€6.35bn

2016 guidance

- Cloud subscriptions and support revenue (non-IFRS) in a range of **€2.95 - €3.05bn** at cc
Upper end represents a growth rate of **33%** at cc
- Cloud and software revenue (non-IFRS) to increase by **6% - 8%** at cc
- Operating profit (non-IFRS) to be in a range of **€6.4 - €6.7bn** at cc

SAP will report detailed preliminary fourth quarter and full year 2015 results on January 22nd.

Run Simple

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