

Fourth Quarter and Full-Year 2012 Preliminary Results Release

Walldorf, Germany

Wednesday, January 23, 2013

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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.





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Income Statement

Balance Sheet and Cash Flow Analysis

Outlook and Additional Information

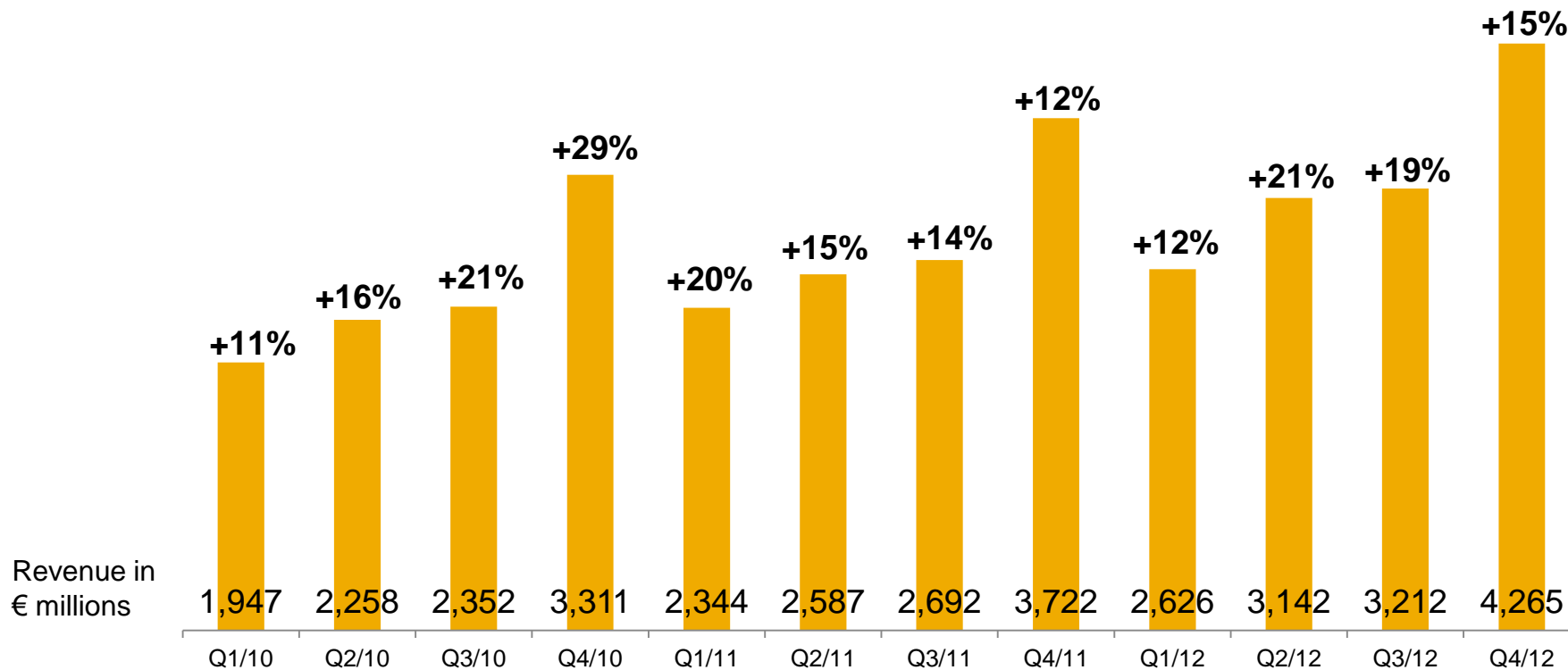
FY 2012 – Performance vs. Guidance

	SAP's Outlook FY 2012	Actual Performance FY 2012	
Software and Software-related Service Revenue (Non-IFRS at cc)	+ 10.5% to 12.5%	+13%	
Operating Profit (Non-IFRS at cc)	€5.05bn to €5.25bn	€5.02bn	
Effective Tax Rate (IFRS)	26.5% to 27.5%	26.1%	
Effective Tax Rate (Non-IFRS)	27.0% to 28.0%	27.4%	

12th consecutive quarter of double-digit growth

Non-IFRS SSRS revenue guidance exceeded: +13% at cc

Year on year growth rates in %



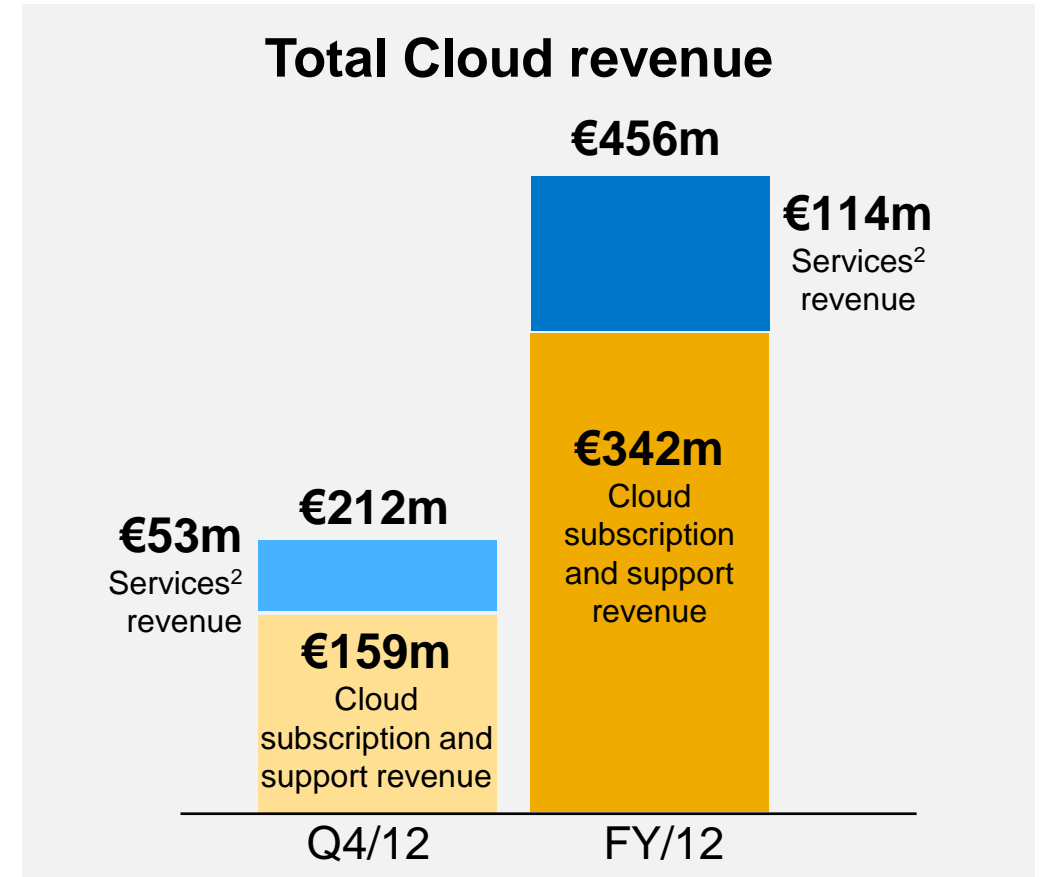
Software revenue grew 13% (10% at cc) to €4.7bn

- SAP HANA software revenue grew triple-digit: €392m, exceeding SAP's expectations
- Mobile software revenue with strong contribution: €222m, achieving SAP's expectations

Cloud highlights – FY & Q4 2012

Overall (Cloud Division)

- **Total Cloud revenue of €456 million in FY 2012:** includes Cloud subscription and support revenue of €342 million and services revenue of €114 million
- **Run rate:** Annual Cloud revenue run rate¹ approaching €850 million



¹The annual revenue run rate is derived from the total revenue of SAP's two cloud segments (Cloud Applications and Ariba) in the fourth quarter of 2012 and includes Ariba (before any future growth). The annual run rate is calculated by taking the fourth quarter cloud division total revenue and multiplying it by 4.

²Professional services and others

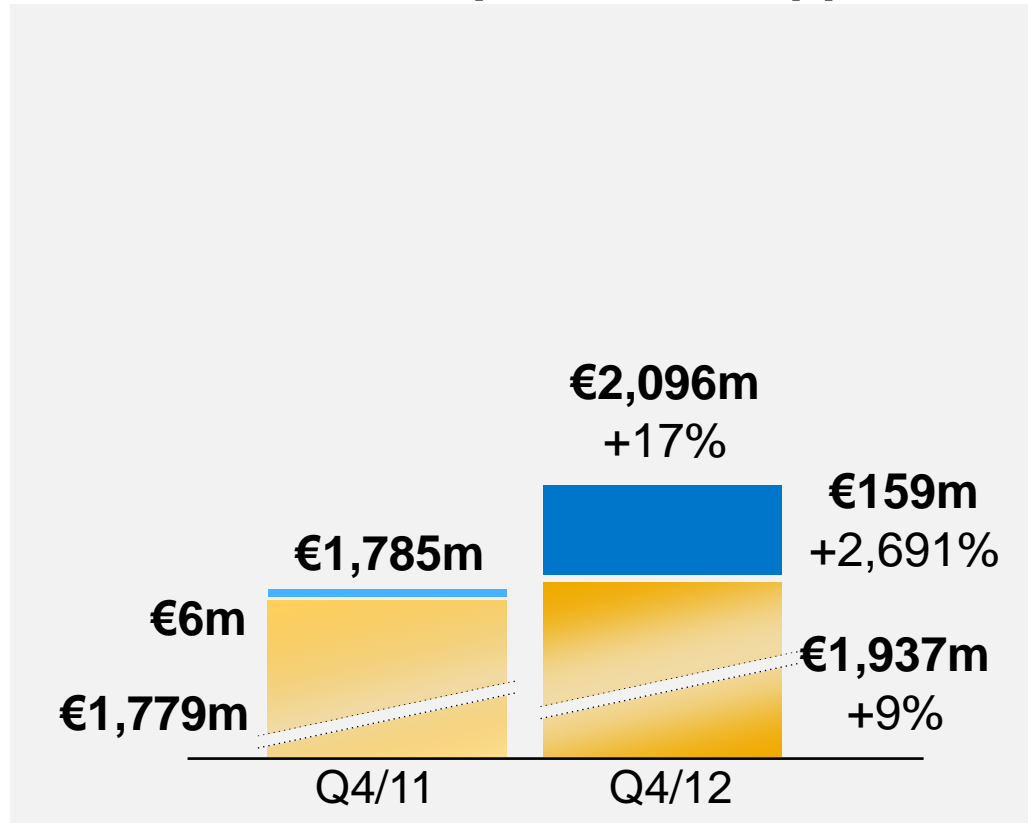
Segment reporting – FY 2012

€ million	On Premise Division				Cloud Division				Total 2012	Total 2011
	On Premise Products	On Premise Services	Division Total 2012	Division Total 2011	Cloud Applications	Ariba	Division Total 2012	Division Total 2011		
FY 2012										
External revenue	12,880	2,967	15,847	14,226	336	120	456	33	16,303	14,260
Cost of revenue	-1,991	-2,298	-4,289	-3,963	-158	-75	-233	-75	-4,522	-4,038
Gross Profit	10,889	669	11,558	10,264	178	45	223	-42	11,781	10,222
Cost of Sales and Marketing	-3,410	0	-3,410	-2,919	-231	-43	-275	-34	-3,684	-2,954
Reportable Segment Profit/Loss	7,479	669	8,148	7,344	-53	2	-51	-77	8,097	7,268

- **Ariba** was consolidated first time in Q4 2012
- **Ariba segment** added €120 million or >25% to SAP's cloud external revenue in FY 2012.
- **Cloud division** reported a profit of €15 million in Q4 2012

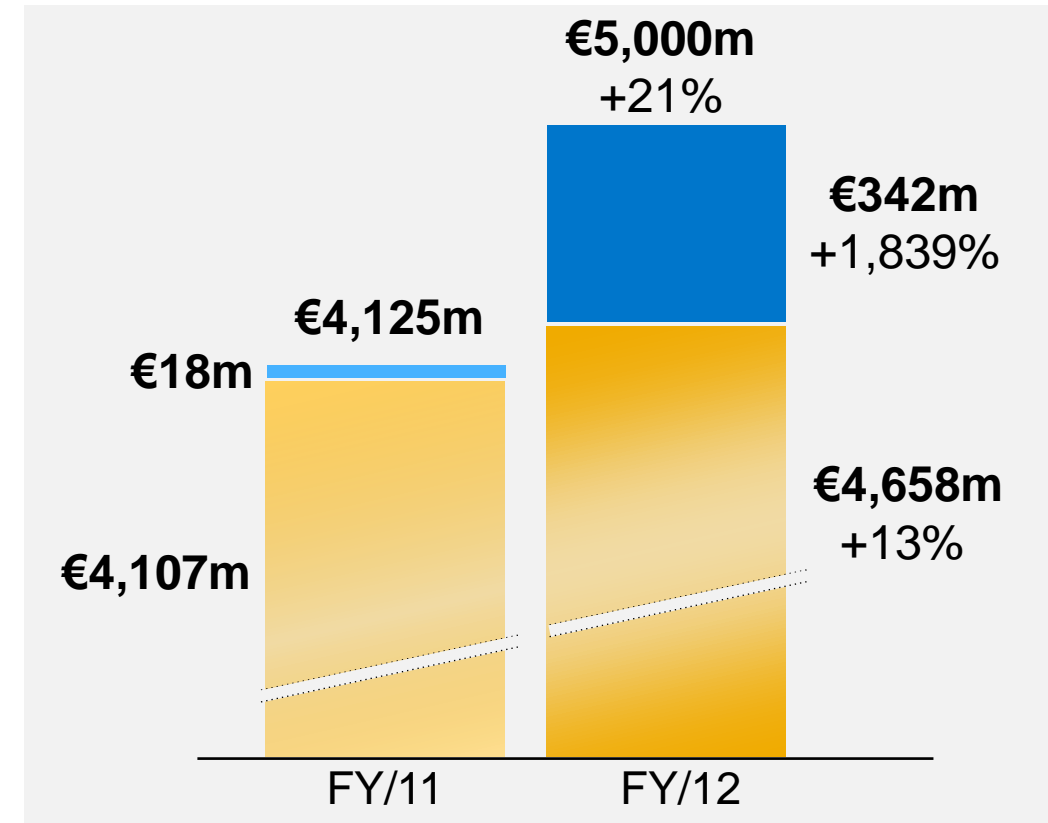
Non-IFRS software and cloud subscription revenue increased 21% in FY 2012

Non-IFRS software and cloud subscription revenue combines on-premise license revenue and cloud subscription and support revenue



Q4 2012 at cc: +16 % up to €2,079 m (2011: €1,785 m)

■ Software revenue
 ■ Cloud Subscription and support revenue



FY 2012 at cc: +17% up to €4,846 m (2011: €4,125 m)

FY 2012: Strong top-line growth

€ millions, unless otherwise stated Revenue Numbers	IFRS			Non-IFRS			
	FY/12	FY/11	Δ%	FY/12	FY/11	Δ%	Δ% at cc
Software	4,658	4,107	13	4,658	4,107	13	10
Cloud subscriptions and support	270	18	1,400	342	18	1,839	1,717
Software & Cloud subscriptions	4,928	4,125	19	5,000	4,125	21	17
Support	8,236	7,194	14	8,244	7,221	14	10
SSRS revenue	13,164	11,319	16	13,245	11,346	17	13
Professional services & other serv. rev.	3,058	2,914	5	3,058	2,914	5	1
Total revenue	16,222	14,233	14	16,303	14,260	14	10

FY 2012: Operating profit impacted by investments in Cloud business and go-to-market activities

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	FY/12	FY/11	Δ%	FY/12	FY/11	Δ%	Δ% at cc
Revenue Numbers							
Total revenue	16,222	14,233	14	16,303	14,260	14	10
Operating Expense Numbers							
Total operating expenses	-12,158	-9,352	30	-11,094	-9,550	16	12
Profit Numbers							
Operating profit	4,064	4,881	-17	5,209	4,710	11	7
Finance income, net	-68	-38	79	-67	-46	46	
Profit before tax	3,823	4,768	-20	4,969	4,589	8	
Income tax expense	-996	-1,329	-25	-1,361	-1,222	11	
Profit after tax	2,826	3,439	-18	3,608	3,367	7	
Operating margin in %	25.1	34.3	-9,2pp	32.0	33.0	-1,0pp	-1,1pp
Basic earnings per share, in €	2.37	2.89	-18	3.03	2.83	7	

Accelerated investments impacting non-IFRS operating profit in FY 2012

Non-IFRS operating profit +11% to €5.21bn (+ €0.5bn)

Non-IFRS operating profit +7% to €5.02bn at cc

Non-IFRS operating margin -1.0pp (-1.1pp at cc) to 32.0% (2011: 33.0%)

Additional information:

- FY 2012 Non-IFRS operating margin impacted by investments in innovations (HANA, Cloud) and expanded go-to-market activities
 - Acquisitions of SuccessFactors and Ariba impacted 2012 Non-IFRS operating margin by -1.0pp; Non-IFRS expense growth at cc of 12% impacted by acquisitions by 4pp
 - More than 1,800 FTEs added organically in sales to capture growth opportunities
 - Non-IFRS R&D expenses increased by 12% to €2.1bn (2011: €1.9bn)
- Stable G&A ratio despite two large acquisitions
- Significant investments in a limited number of customer projects negatively impacted service margin

IFRS operating profit impacted by special effects in FY 2012

IFRS operating profit -17% to €4.06bn (2011: €4.88bn)

IFRS operating margin -9.2pp to 25.1% (2011: 34.3%)

FY/11 operating margin of 34.3% was positively impacted from the reduction of the provision for TomorrowNow by +5.1pp or €717m

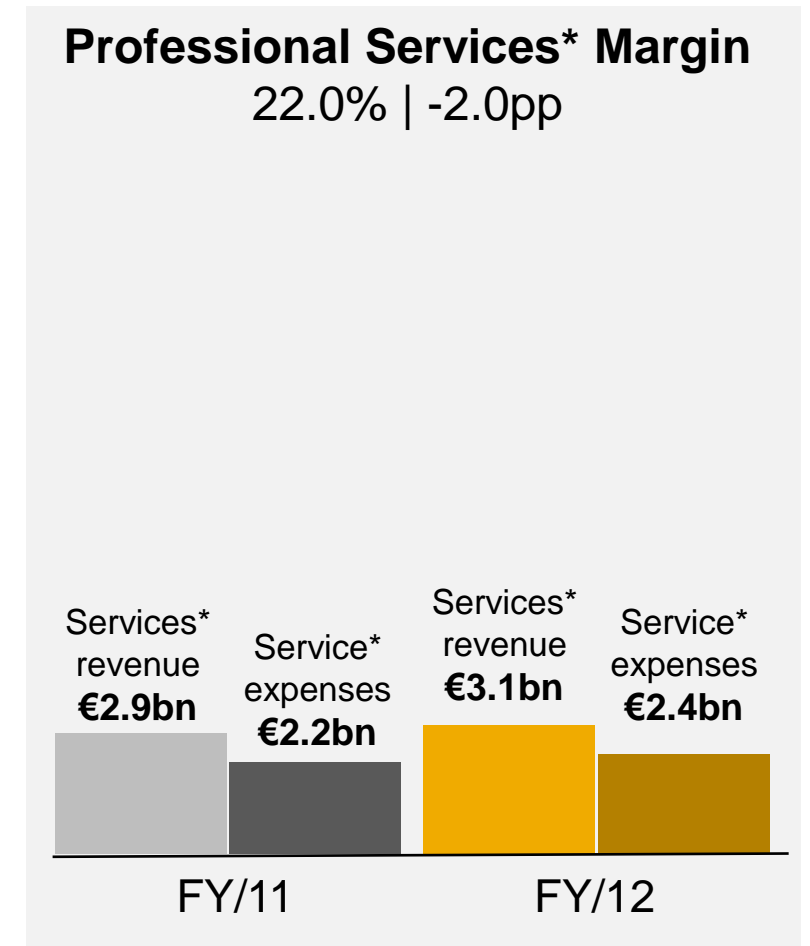
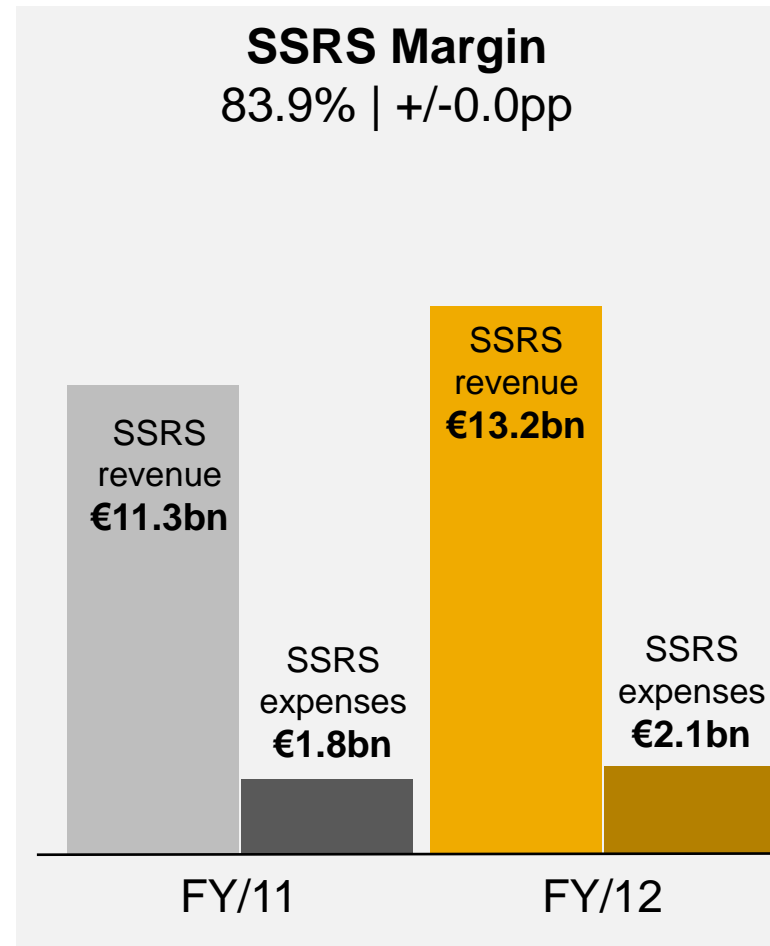
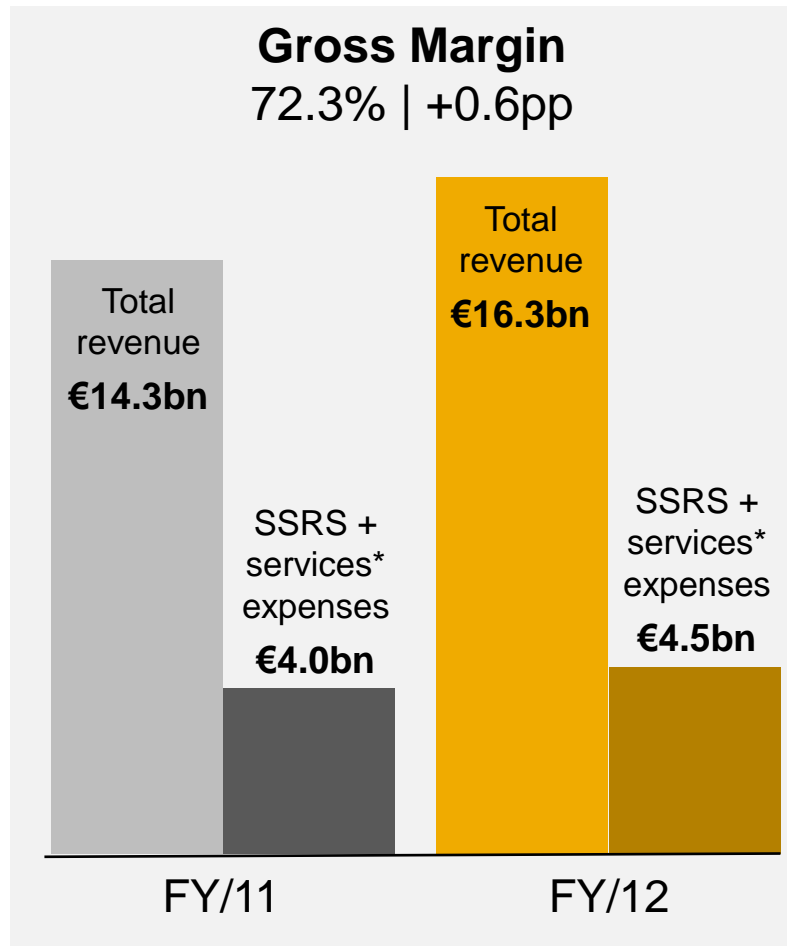
Additional information:

- Acquisition-related charges increased due to the acquisition of SuccessFactors and Ariba from €448m in 2011 to €537m (this increase corresponds with an impact of -0.5pp)
- Share-based compensation expenses (mainly due to new share-based compensation plans & strong share price performance) increased from €68m in 2011 to €519m in 2012 (this increase corresponds with an impact of -2.7pp)

Non-IFRS gross margin improved by 60 bps

FY 2012

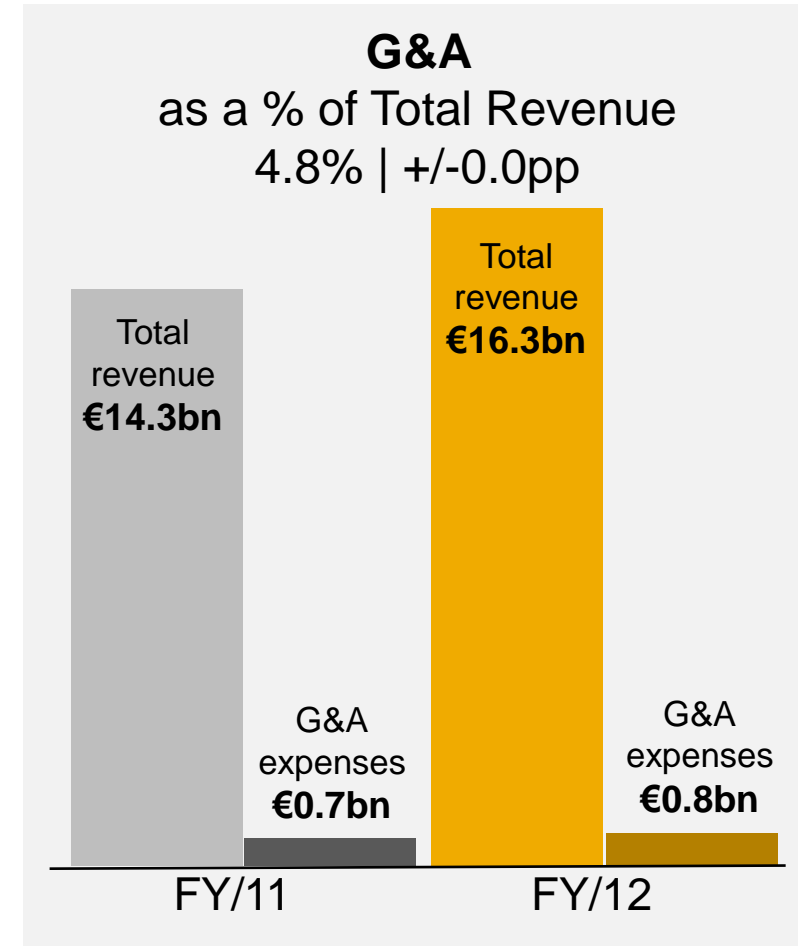
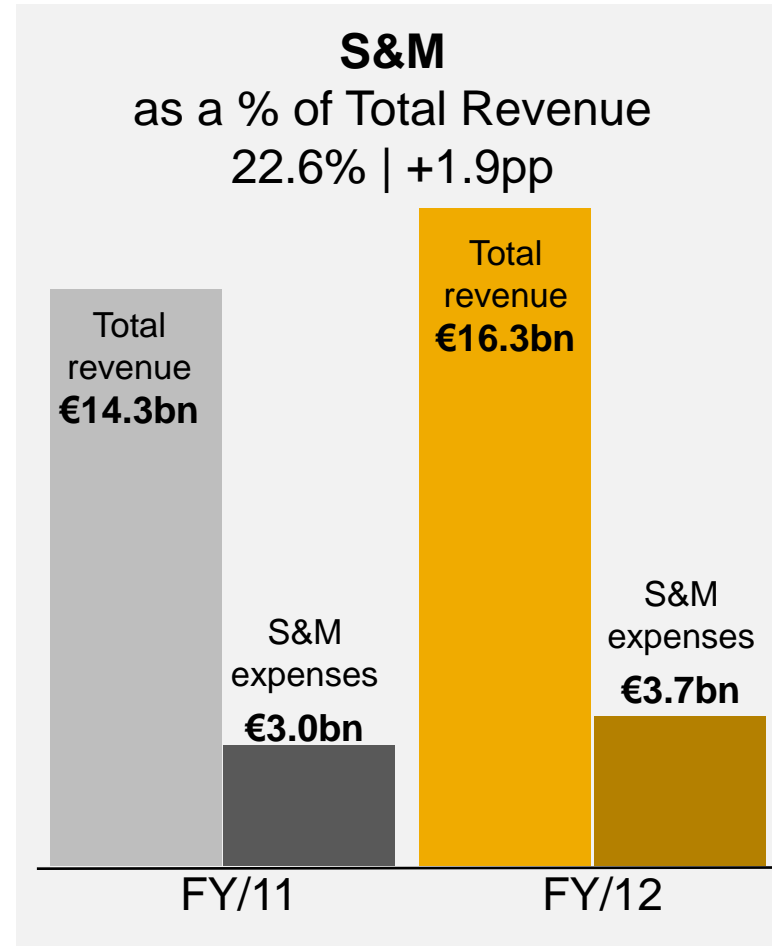
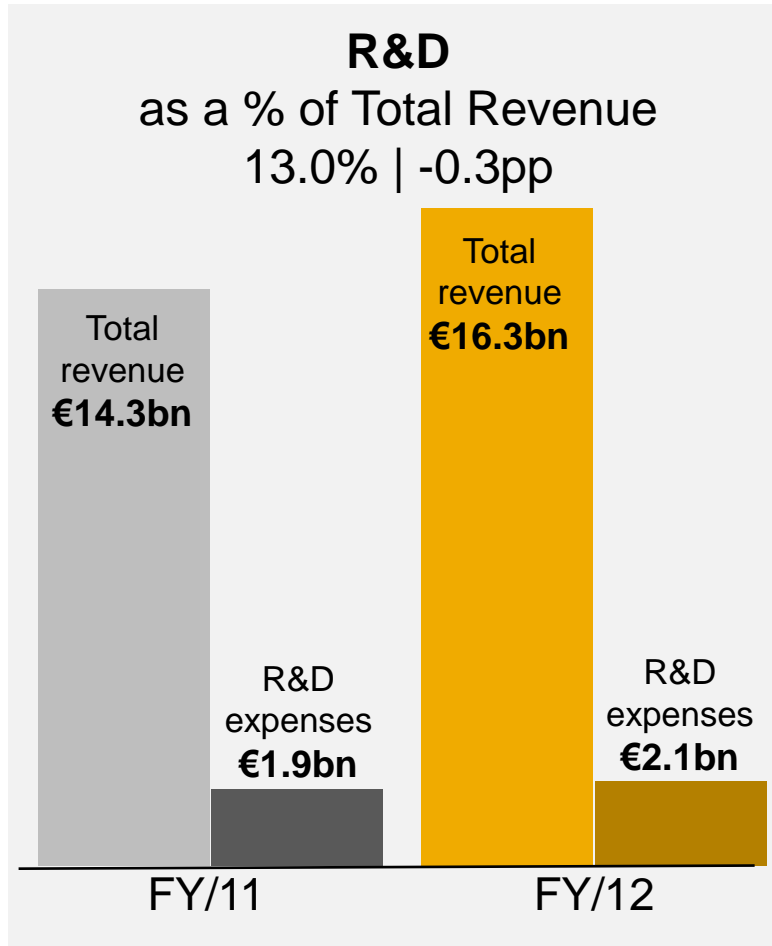
Non-IFRS, FY/12



* Professional services and other services

R&D to sales ratio improved – S&M to sales ratio increased mainly due to additional sales headcount to capture growth opportunities

Non-IFRS, FY/12



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Balance sheet, condensed

December 31, 2012, IFRS

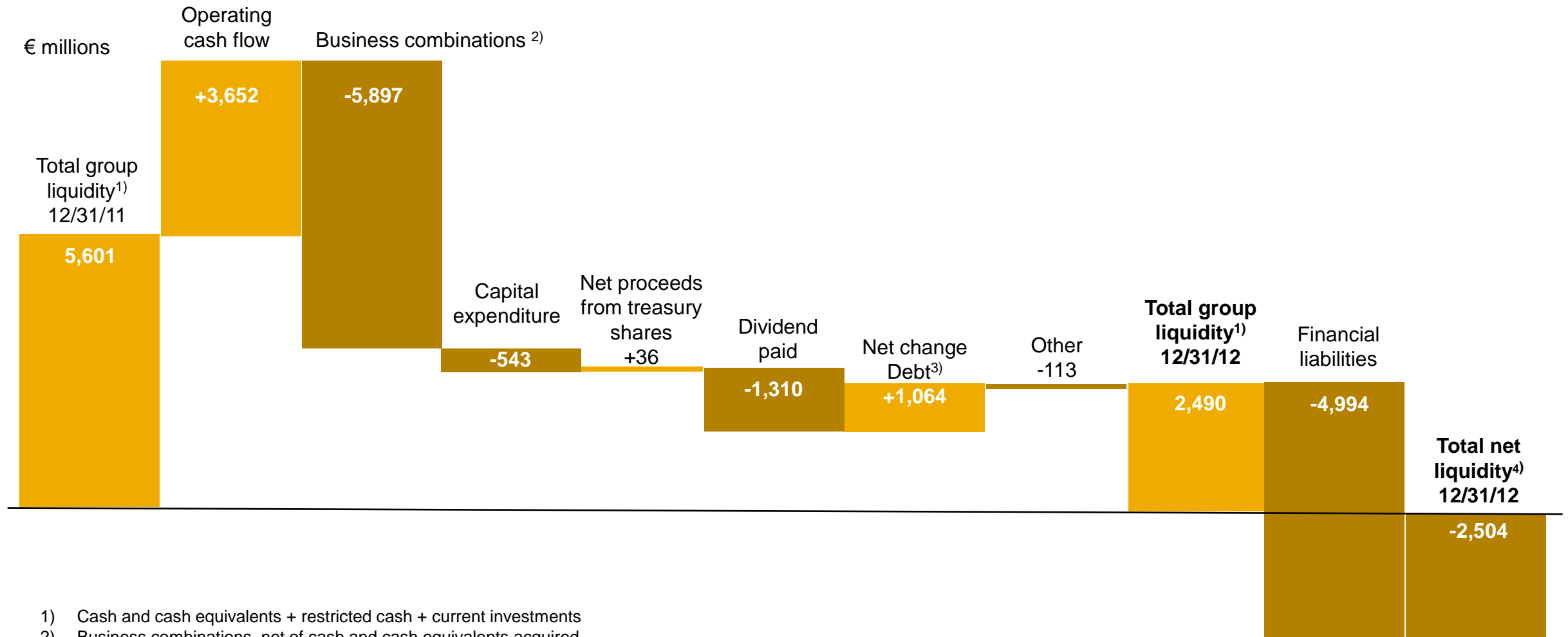
Assets € millions	12/31/12	12/31/11
Cash, cash equivalents and other financial assets	2,629	5,782
Trade and other receivables	3,915	3,493
Other non-financial assets and tax assets	489	394
Total current assets	7,033	9,669
Goodwill	13,274	8,711
Intangible assets	3,234	2,024
Property, plant, and equipment	1,710	1,551
Other non-current assets	1,617	1,272
Total non-current assets	19,836	13,558
Total assets	26,870	23,227

Equity and liabilities € millions	12/31/12	12/31/11
Financial liabilities	802	1,331
Deferred income	1,383	1,046
Provisions	933	562
Other liabilities	3,570	3,327
Current liabilities	6,689	6,266
Financial liabilities	4,445	2,925
Provisions	393	268
Other non-current liabilities	1,169	1,061
Non current liabilities	6,007	4,254
Total liabilities	12,696	10,520
Total equity	14,174	12,707
Equity and liabilities	26,870	23,227

Operating cash flow for FY 2012 more than €3.6 billion although slightly impacted by effects from the Ariba acquisition

€ millions, unless otherwise stated	01/01/12 - 12/31/12	01/01/11 - 12/31/11	Δ
Operating cash flow	3,652	3,775	-3%
- Capital expenditure	-543	-445	+22%
Free cash flow	3,109	3,330	-7%
Free cash flow as a percentage of total revenue	19%	23%	-4pp
Cash conversion rate	1.29	1.10	+17%
Days sales outstanding (DSO)	59	60	-1 days

Total group liquidity of €2.5 billion despite increased dividend payments and acquisition related expenses



1) Cash and cash equivalents + restricted cash + current investments

2) Business combinations, net of cash and cash equivalents acquired

3) Issuance of Eurobonds (€1.3 bn) and US Private Placements (€1.079 bn), repayment of SuccessFactors acquisition term loan (-€1.0 bn) and SuccessFactors bank loan (-€2 m)

4) Total Group Liquidity less financial liabilities (=bank loans, private placement transactions and bonds)

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Change in SAP's outlook format

Adjusted Outlook Format FY 2013	Outlook Format FY 2012
Software and cloud subscription revenue (Non-IFRS at cc)	---
Cloud subscription and support revenue (Non-IFRS at cc)	---
SSRS Revenue (Non-IFRS at cc)	SSRS Revenue (Non-IFRS at cc)
Operating Profit (Non-IFRS at cc)	Operating Profit (Non-IFRS at cc)
Effective Tax Rate (IFRS)	Effective Tax Rate (IFRS)
Effective Tax Rate (Non-IFRS)	Effective Tax Rate (Non-IFRS)

SAP is providing the following outlook for the full year 2013

	SAP's Outlook FY 2013	Basis for Comparison 2012
Software and cloud subscription revenue (Non-IFRS at cc)	+ 14% to 20%	€5.00bn
Cloud subscription and support revenue (Non-IFRS at cc)	~ €750m	€342m
SSRS Revenue (Non-IFRS at cc)	+ 11% to 13%	€13.25bn
Operating Profit Non-IFRS at cc)	€5.85bn to €5.95bn	€5.21bn
Effective Tax Rate (IFRS)	25.5% to 26.5%	26.1%
Effective Tax Rate (Non-IFRS)	27.0% to 28.0%	27.4%

Additional 2013 guidance information and non-IFRS adjustments

1. **SAP HANA software revenue** expectation for FY 2013: €650m to €700m (2012: €392m)
2. **Professional services and other service revenues:** expected to grow low single digit percent in FY 2013
3. **Total cloud revenue** expected to approach €1billion in FY 2013
4. **Non-IFRS adjustments:**

IFRS Profit Measure	Actual Amounts FY/2012	Estimated Amounts for FY/2013
Deferred revenue write-down	€81m	€65m to €75m
Discontinued activities	€0m	< €10m
Share-based compensation expenses	€519m	€500m to €540m
Acquisition-related charges	€537m	€510m to €530m
Restructuring charges	€8m	€25m to €30m

Explanations of non-IFRS measures

SAP has provided its non-IFRS estimates for the full-year 2013. 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 [Explanation of Non-IFRS Measures](#) 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 [Explanation of Non-IFRS Measures](#) online.