



Annual General Meeting of Shareholders – May 12, 2016

CEO Speech – Bill McDermott

UNDER EMBARGO UNTIL 11:00 AM, May 12, 2016

Check against delivery; the spoken word applies

Guten Morgen meine Damen und Herren. Willkommen in der SAP Arena.

(Good morning, ladies and gentlemen. Welcome to the SAP Arena.)

Thank you for joining us.

To begin, I would like to acknowledge the chairman and co-founder of SAP, Hasso Plattner- one of the most respected innovators in the world. Thanks to Hasso SAP HANA is providing the next generation of “real time”. Today’s businesses can finally become “live businesses.” I thought you might like to see how the breakthrough of SAP HANA continues to illuminate the brand of SAP. Please take a look.

[Video Run Live Motorcycle]

Hasso, you are an inspiration to SAP and to all of us. Thank you for your dedication and leadership.

The new television commercial shows the pressures facing businesses in today’s economy. Consumers have more information at their fingertips than we could have imagined only a few short years ago. This is why so many people call this a consumer-driven economy – because everything begins with consumers like you.

How do you prefer to shop, in a retail store or from your mobile device?

Would you like to have the appliances in your kitchen repaired before they actually break down?

Would you like to personalize a motorcycle before you buy one?

Today businesses are engaging directly with consumers throughout the entire relationship cycle. Trying to answer questions just like these. As you saw in the video, technology is the only answer.

In 2010 we anticipated how businesses would need to adapt. We established a vision – to help the world run better and improve people’s lives. Today I am proud to report that our results validate our strategy. We are setting the tempo for the industry. We are growing more than two times faster than our largest competitor in our core business. We are the fastest growing software company at scale in the cloud now approaching a 110

million users – more than any other company in the industry. Since 2010, we have grown our revenues and profits approximately 60%, and more than tripled our customer base to 310,000. And we're just getting started.

You may notice that today I'm wearing tinted glasses due to an injury I suffered last year. I am happy to report that I am fully recovered and I would like to thank Hasso, my board colleagues and all of you, dear shareholders, for your heartfelt support.

I'd also like to recognize SAP's 78,000 women and men for their hard work and dedication.

Digital Economy

The digital economy is changing quickly - it is affecting every business in every industry. 90% of the world's data has been created in the last two years. There will be 9 billion mobile device users by 2020. Over 21 billion "things" will be connected to the Internet – from industrial machines to household devices.

This is a major theme in our daily lives. Think of the way you purchase books and music online. Today tech giants like Apple and Amazon have completely disintermediated music and book sales. Even farms are digitizing - using sensors to collect data and harvest crops. As cars connect to the Internet, auto companies are collaborating with service providers to offer in-car payments. Manufacturers are using Internet-connected machinery to do predictive maintenance.

In this environment, all companies are facing disruptive change. They are also facing a clear choice: Embrace digitization or decline.

SAP is providing every customer access to a complete set of technology for their digital journey - From suppliers and networks to customer experience, to workforce engagement to IoT and Big Data.

In a digital world, companies need access to their data in real-time. SAP HANA is leading the way – “to simplify everything, so you can do anything”. Core business processes, like finance, manufacturing and supply chain, can now run on a totally modern set of business applications, SAP S/4HANA, the most advanced system ever created to help businesses run their core operations.

Our customers also want fast time to business value from their SAP software. This means solutions that are easy to use and easy to implement. That is why we acquired the best cloud companies.

SAP integrates every solution, whether on premise or in the cloud. In fact, many customers have chosen to run a combination of applications, which we call a “hybrid environment.” SAP remains the market standard for integration. We honor this legacy regardless of how customers consume our software.

SAP HANA

SAP's completeness of vision across our product portfolio is unmatched, beginning with SAP HANA, the foundation of digital business.

As you may recall, last year at this meeting, we discussed the advantages of SAP HANA in detail; including:

10 x smaller footprint

10 x faster data backup

7 x higher throughput

70% faster operational reporting

Simply put, SAP HANA enables us to move beyond the limitations of the past into a period of limitless possibilities.

Nearly 10,000 customers and startup companies have chosen to innovate on SAP HANA confirming its resounding success in the marketplace. The in-memory revolution is real and SAP is several years ahead of our competition.

Early last year we launched our next generation ERP, SAP S/4HANA. SAP S/4HANA applications are natively designed with SAP Fiori, a user interface that offers beautiful usability on any device. I'm pleased that SAP Fiori won the Red Dot award, one of the most prestigious awards recognizing great design. SAP Fiori brings the convenience of a consumer user experience together with the power of SAP enterprise software.

With SAP S/4HANA our customers can make data-driven decisions in real time and companies can recreate their business processes on the fly -- companies can even rethink their entire business model, taking full advantage of these new capabilities. Earlier I gave farming and manufacturing examples. S/4HANA is at the center of reinventing 25 distinctly different industries.

Since its launch last year, S/4HANA has already achieved more than 3200 customers. Obviously, we are on to something BIG here.

Just last week, SAP announced a new partnership with Apple, the world's most valuable company. Here is a direct quote from Apple CEO Tim Cook: "As the leader of enterprise software, with 76% of business transactions touching an SAP system, SAP is the ideal partner to help us truly transform how businesses around the world are run on iPhone and iPad". By building a Software Development Kit and enabling 2.5 million developers to build gorgeous applications for Apple devices we also stimulate huge demand for S/4HANA.

All SAP products will leverage the HANA platform. SAP is committed to clear roadmaps, so our customers can take advantage of this modern architecture at their own speed. Therefore, we have committed to providing support for their existing SAP Business Suite through 2025.

Let's show you an example of one of our HANA retail customers:

[VIDEO – LIDL]

It's a HANA world!

Cloud

We can be proud of the impact HANA is making for Lidl and the many of us who shop there.

Now I would like to cover our Cloud offerings. SAP Cloud solutions, unlike our traditional software licenses, are rented in a subscription model and downloaded from the internet. This gives customers access to the latest innovations, while not having to worry about onsite infrastructure. Cloud solutions offer customers simplified delivery and fast innovation.

Now, let's discuss our Line of Business Cloud solutions.

HCM

In the area of Human Capital Management, SAP SuccessFactors helps organizations manage their most important asset: their people. This means hiring, developing and empowering people to be their best.

While our competitors focus only on English-speaking countries, our solutions are localized for 75 countries, in more than 40 languages, with more than 1,500 local regulatory updates performed annually.

As companies manage volatile economic conditions, many turn to temporary workers to increase workforce capacity. With SAP SuccessFactors and SAP Fieldglass, we are the only company that delivers total workforce management solutions across permanent and contingent labor.

CEC

Let's talk about customer engagement. Today, SAP's customer engagement and commerce solutions go far beyond traditional customer relationship management. A successful business needs to offer a seamless, personalized experience in any channel, on any device and anywhere the work is being done. SAP enables businesses to connect the front and back office in real-time. SAP customers are responding to this offering, which drove triple-digit growth in 2015.

The Business Networks

In this highly connected world, processes can no longer stop at the four walls of a company. Most businesses have a network of external collaborators who are critical to their success. Businesses need to stay in close contact with these networks to drive efficient partnerships. SAP has assembled business networks focused on the biggest enterprise spend categories including suppliers, travel expenses and workforce management. Our business network companies – SAP Ariba, Concur, and SAP Fieldglass – address exactly these areas.

SAP Ariba focuses on suppliers. The Ariba Network is a leading marketplace used by approximately two million companies. These companies conduct more than 800 billion EUR in commerce every year. Ariba helps companies by making it easier for employees to process invoices, accounts payable and other core procurement functions.

With around 40 million users, “Concur” is the world’s leading travel and expense management system. The Concur system not only automates basic expense reports, it also supports better decision-making for employee travel - including air, hotels and entertainment.

Here is a real-life example of our network solutions working together.

[VIDEO: LIVE CONSTRUCTION]

Let’s briefly touch on the SAP HANA Enterprise Cloud and the HANA Cloud Platform.

SAP offers security and control with our HANA Enterprise Cloud, a privately managed cloud environment run in SAP and partner data centers. Customers can realize HANA’s advantages immediately, without investing in a large database infrastructure project. Companies pay subscription fees by volume for this service, giving them flexibility to scale as their business grows.

The SAP HANA Cloud Platform (HCP) is a standards-based, open platform that allows customers to add unique functionality onto to their SAP applications, whether cloud or on premise. Many customers are using HCP to empower their developers to build next-generation digital applications.

Analytics

Every SAP customer accumulates massive amounts of valuable business data. Our analytics solutions, such as SAP Cloud for Analytics, helps companies make use of this information. With SAP’s Digital Boardroom leaders get full visibility into the operations of their business. You are working with live data that enables you to simulate options and even predict business outcomes. This is actually how we run SAP.

Our ecosystem is expanding quickly, for example SAP and Google are offering powerful visual analytic capabilities.

Daimler Trucks North America uses SAP cloud analytics solutions to identify potential sales for dealers.

The NFL, the NBA and the NHL – all major sports leagues in the USA, as well as our very own German National Football team, use analytics from SAP to drive a smarter experience for millions of fans.

When all of this technology – from cloud to analytics to S/4 – comes together on one platform, breakthrough outcomes are possible. In January, I met with business and political leaders at the 2016 World Economic Forum in Davos. The theme was the “Fourth Industrial Revolution” also known as “Industry 4.0”. A major topic

was the “Internet of Things,” which is one of many names given to the connection of billions of devices to the internet.

We are seeing this trend unfold everywhere in the world. Growing economies with a rising middle class like China and India are investing heavily in digital to accelerate growth.

Important customers such as Siemens and Hamburg Port Authority have selected the SAP IoT platform as the basis for their efforts. SAP is committed to leading the Internet of Things revolution. And this is only the beginning!

Shifting back to our entire solution portfolio, we have also adapted our products for small and medium-sized enterprises. SAP Business One, SAP Business All-In-One, and SAP Anywhere are designed specifically for smaller companies to benefit from SAP innovation. Our more than 12,000 partners enhance our reach with large and small companies alike. They sell our software, develop complementary solutions, and support customers across all geographies. In addition to our SAP colleagues, we have more than 2 million partner colleagues globally who support SAP.

2015 Financial Performance vs. Guidance

Shifting to our 2015 performance, we manage our company holistically, using social, environmental and financial indicators to measure our results. In 2015, our performance was strong across all dimensions – both financial and non-financial.

We had a tremendous year in 2015. Our results were strong across all markets and industries, in our core business, as well as our rapidly expanding cloud business.

Please note that all figures are non-IFRS

We set ambitious targets for the full year and we over-delivered with cloud and software revenue growing by 12% at constant currencies, clearly beating our guidance.

We continued our fast growth in the cloud and achieved our guidance with €2 billion in cloud subscriptions and support revenue at constant currencies.

Cloud subscriptions and support revenue continued its fast growth at 109% to €2.3 billion. Even without the contribution of Concur and Fieldglass we saw strong organic growth of 32%, outpacing most every competitor.

Let’s take a closer look at the Cloud, keeping in mind that Cloud contracts are valid over a period of time and are paid as a subscription.

This means the total contract volume is not immediately recognized in our revenue, but rather over the course of the contract period. Therefore, it is important to look at the total value of our committed cloud business. You can do this by looking at two metrics – backlog and deferred cloud revenue. At the end of 2015, our cloud

subscriptions and support backlog was €3.7 billion, and deferred cloud subscriptions was €1.0 billion. This means that €4.6 billion in contracted business has not entered our revenue but will over the coming quarters. This committed business will drive strong cloud growth in 2016 and beyond.

Turning to a regional view, I would like to highlight the excellent performance in Germany. In this advanced market, we saw exceptional growth – a double-digit increase in cloud and software revenue.

We had strong growth across all regions. In the Americas, we grew cloud by 120% and Cloud and software by 31%. In EMEA, our cloud growth was 83% and 12% for cloud and software. For APJ, we grew by 99% in the cloud and 20% for cloud and software.

As you listen to the numbers, you will notice that our core of software and support is rock solid. I just spoke about our portfolio and the strength of SAP S/4HANA. SAP S/4HANA is a major growth driver, as software licenses grew by 10% to €4.8 billion in 2015.

Now, to support revenue, which reached €10.1 billion and grew by 14%. The stability of our support revenue continues to be driven by a 96% renewal rate.

Our share of more predictable revenue – which comprises our fast-growing cloud and steadily growing support revenue – increased by 3 percentage points year over year to 60%. This transition to cloud subscription revenue brings further predictability to our revenue.

These strong 2015 results led us to record cloud and software revenue that grew by 20% to €17.2 billion, far outpacing the market.

On the bottom line, we exceeded the guidance range for operating profit with €5.904 billion at constant currencies. While speaking about operating profit, we are often asked how we will drive efficiency in our Cloud business. We actually have three cloud businesses: our business networks, public cloud, and private cloud.

In a mature state, we expect our Business Networks and public Cloud businesses to reach an 80% gross margin. There is already good progress, with business networks around 75% gross margins and public Cloud at around 70%.

The HANA Enterprise Cloud is a private cloud, vital for new software sales and adoption. Initially, this required start-up investment. Over the past year, less investment was necessary and revenues increased significantly. We are already increasing profitability, expecting break-even this year and 40% gross margin in the mid-term.

In 2015, we returned to revenue growth in our services business. Due to customer demand for fast time to business value there is an increase in smaller projects and in our fast growing cloud business. There are fewer large on-premise implementation projects. We therefore, do not expect that the services business will return to the margin profile of prior innovation cycles.

By operating our cloud and core businesses more effectively, we are driving the expansion of our operating profit. The surge in operating profit for the full year 2015 reflects the continued success of our strategy.

Here I would like to discuss the company-wide transformation program in 2015. To successfully complete the business transition, we recognized that we needed to invest in high-growth areas like cloud. At the same time, we had to adjust capacity in areas that were no longer growing as fast. The program was a success, as it was highly accepted by our employees and social partners. This enabled us to realize a triple-digit million euro positive impact, mainly in the on-premise business. This program helped lay the groundwork for improving operating profit going forward.

Finally, for the full year 2015, our earnings per share was €3.77, up 8% year over year.

Q1 2016

Following the strong finish to 2015, we reported a solid performance in Q1 at constant currency:

- We saw continued fast growth in cloud, at 33%, tracking to the high end of guidance
- Cloud and software revenue was up 6%, within our guidance range.
- Our IFRS Earnings per share was up 38%, Non-IFRS EPS was up 9%. Note this performance exceeds our peer group benchmark.

These are solid results in our seasonally smallest quarter.

2015 Non-Financial Indicators

Traditional financial measures alone do not paint a full picture of a company's performance. Leading companies integrate financial and non-financial value creation, both internally and externally. In March, for the fourth year in a row, we published our integrated report to role model this integration. For example, a one percentage point change in our Business Health Culture Index, which measures the overall health of our employees, has an impact on our operating profit of up to €85 million.

I am happy to report in 2015 our most significant non-financial metrics also performed strongly. Employee engagement increased two percentage points to 81%, the highest value in 10 years. Business Health Culture Index continued its positive trend, increasing 3 percentage points to 75%. Customer loyalty, as measured by the Customer Net Promoter Score, also improved on a year over year basis.

Leadership remains a focus for us and we continue numerous programs to develop our leaders. Our efforts are bearing fruit, with the Leadership Trust Index increasing to 52.3%, an increase of 5.5 percentage points.

Diversity is another important aspect of our leadership approach. We remain committed to achieving 25% of management positions held by women by 2017. We saw an increase of the number of women in management from 21.3% at the end of 2014 to 23.6% at the end of 2015. On a broader scale, SAP aspires to foster an inclusive culture throughout the company. We focus on diversity in all its forms – gender, generational, ethnic

and differently abled. By focusing on the unique abilities of our employees, we will remain an innovative growth company.

We also reduced our environmental impact in 2015, with CO₂ decreasing to 455 kilotons from 500 kilotons a year earlier. We were able to do this despite strong growth, due in part to our green cloud policy. Our data centers and facilities are powered by 100% renewable energy worldwide. As a socially responsible leader, we enable our customers to do well so they can do good.

As we realize our vision to help the world run better and improve people's lives, we have the most sustainable impact with our software. I would like to show you a local example.

[VIDEO Smart Lights]

Stock Performance

Turning now to our stock performance, since we began our journey in 2010 our share price has increased by an impressive 110%. In 2015, the stock achieved new all-time highs, and ended the year with a 26% increase year over year.

SAP is the most valuable DAX-listed company. With a market capitalization of approximately €85 billion, the market recognizes our innovation strategy. It is clear SAP remains a strong growth company and a sound investment.

2015 Dividend

We firmly believe our shareholders should benefit from SAP's success.

For 2015, the Executive Board and the Supervisory Board propose to raise the dividend by 5% to 1.15 EUR per share. This represents a dividend payout of approximately 1.4 billion EUR and a payout ratio of 45%.

Conclusion

Please note the agenda items on the screen, which you will be asked to vote on in today's meeting. Ladies and Gentlemen, in closing, SAP's completeness of vision is resonating everywhere. From the strong core to the Internet of Things, the SAP story is one of momentum and growth. We are confident in our strategy and the goals we have set for 2016 and beyond. Our innovation portfolio, our geographic depth and domain expertise across 25 industries give us strong confidence. Customers are looking to SAP as their trusted innovator. Even as the world economy is changing fast, SAP represents innovation, strength and stability.

On behalf of the entire SAP Executive Board, I would like to thank you for your continued trust.

Vielen Dank. (*Thank you*).