

Annual General Meeting of Shareholders

Opening Address – Bill McDermott, CEO

May 15, 2019

The spoken word applies.

Guten Morgen, meine Damen und Herren. Willkommen in Mannheim.

On behalf of 100,000 SAP colleagues, it is my honor to address this Annual General Meeting of Shareholders. Let us begin by acknowledging SAP's chairman and co-founder, Hasso Plattner. When you think of the greatest innovators of all time, Hasso Plattner has a rightful place in this esteemed group. We thank him for his wisdom and enduring support. Thank you, Hasso.

We also thank the entire Supervisory Board for its excellent insight and guidance. As Hasso explained, we continue to build our strong leadership team with the addition of Jürgen Mueller. Jürgen, congratulations and welcome to the Executive Board!

Looking at the big picture, SAP is a rarity in our industry. We have a strong core business, the fastest growing cloud at scale, and impressive operating profit growth. To expand on this, dear shareholders, let's discuss where we are, where we need to go and how we will get there.

Where we are

We are now in SAP's 47th year, my tenth as CEO. Time really flies, doesn't it? Over the past 10 years, we have invested 70 billion dollars in innovation for our customers. To manage the fast-growing big data challenge, we invented the in-memory revolution with SAP HANA, the fastest database in the world (Thank you Hasso and team). Today, nearly 30,000 customers run on the SAP HANA platform. We redesigned our core ERP applications to also run on SAP HANA. Now, more than 10,900 customers have purchased SAP S/4HANA to transform how their companies run.

To enable innovation around the core, we acquired the best cloud solutions – SuccessFactors, Ariba, Fieldglass, Concur, Hybris and CallidusCloud. We now have more cloud users than any other enterprise software company – over 200 million. With Ariba, Fieldglass and Concur, we are changing how commerce is conducted between companies. If you think about a consumer company like Amazon, 300 Billion dollars runs through the Amazon network. Today, 3 trillion dollars in commerce runs through the SAP business networks. Now that's global – that's enterprise – that's mass scale.

Our innovation-led strategy has delivered for SAP. We have more than doubled our total revenue and operating profit, and more than tripled our market value since 2010. We continued this track record last year. In 2018, we increased our financial guidance three times to account for strong business momentum. In January, we were happy to announce that SAP met or exceeded our raised guidance metrics for the full year.

Let's discuss the specific results. Please note the numbers are non-IFRS. Percentages are non-IFRS at constant currencies. Our total revenue was 24.7 billion EUR, up 11%. Cloud and software revenue reached 20.66 billion EUR, up 10%. Cloud revenue hit 5.03 billion EUR, up 38%. New cloud bookings – defined as cloud business we have signed but not yet collected, grew 28%. With strong operational discipline, we saw 10% profit growth for the year, with 7.16 billion EUR in operating profit.

As our Q1 results show, 2019 is off to an even stronger start. The following percentages are non-IFRS, as reported. Cloud Revenue exceeded 1.5 billion EUR for the first time in a quarter – that's up 48%. Cloud & Software Revenue accelerated, growing at 16%. Total Revenue grew at an impressive rate, growing at 16%, as well. Our combined new order entry across on-premise and cloud is up 17%.

SAP is growing faster than our competitors – in the core and in the cloud. Our cloud organic growth is several points faster than key competitors. SAP's fast-growing cloud business, together with solid growth in support revenue, continued to drive the share of more predictable revenue, now at 72%.

In Q1 we also drove margin expansion and increased our operating income. Our overall operating margin grew by 50 basis points. This was driven by strong cloud gross margin improvement, up 400 basis points sequentially. Our improved gross margins and efficiency measures resulted in operating profit that was up by 19%. Free Cash Flow also saw a double digit

increase year on year. Because of this strong start to the year, we raised our operating profit guidance for 2019. We could not be happier about these Q1 results.

Let's look at SAP's share price development. Since February 2010, the SAP share price has more than tripled. In 2018, SAP's momentum was reflected in our stock price, which reached a record high in September. Even as global market turbulence impacted us in late 2018, we are already back to record highs in 2019. Today, SAP has the highest market capitalization on the DAX, by far. We can all be very proud that SAP is Germany's most valuable brand and its most valuable company. This strong share price development is a sign of approval from the investment community.

We firmly believe you, our shareholders, should benefit greatly from our success. It is our policy to pay a dividend totaling 40% or more, of IFRS profit after tax. On the back of a very successful year, the Executive Board and the Supervisory Board propose to raise the dividend for 2018 by 7%, to 1 EUR 50 cents per share. This represents a dividend payout of 1.79 billion EUR, and a payout ratio of 44% based on our 2018 IFRS profit. Incidentally, over the past 10 years, we have returned more than 11 billion EUR in dividends to the shareholders.

You will be asked to vote on this dividend payout and the other topics on the screen in today's meeting. Allow me to give you a moment to review the list. (PAUSE)

Before we shift to the future, SAP's financial results only tell part of the story. Our success would not be possible without our loyal and engaged workforce. 93% of our employees told us they are proud to work for SAP – 8 percentage points higher than the industry average. Our employee engagement score remained at an impressively high level, 84% in 2018. Through our corporate responsibility initiatives, SAP colleagues volunteered more than one million hours. These efforts positively impacted four million people in 2018 alone. Even as we grew the overall company by 10%, we beat our ambition to shrink our carbon footprint by nearly 5%. Bottom line, we are on track to keep our promise to be carbon neutral by 2025. At 26% and growing fast, we are making progress toward our goal of 30% women in management by 2022. With our autism at work program, SAP is leading the way in neuro-diversity, as well. We offer a wide range of learning programs to upskill colleagues for the future. The best validation is the voice of the people. We are one of only two companies that ranks on GlassDoor's top employer list in all five countries it surveys. Here is a short video to explain SAP's appeal as the employer of choice. [Video]

Dear shareholders, we will remain focused on delivering financial, social and environmental success. This is the signature of a true market-leading company.

Where we need to go?

Let's talk about "where we need to go" to secure SAP's bright future. The short answer is: SAP needs to go where our customers need us to go. We now live in an experience economy. With the rise of the mobile device, all of us have more choices than ever before. As a result, businesses are feeling immense pressure to personalize every experience they offer. It's quite simple: if businesses don't offer what we want, we look elsewhere. Businesses are also struggling to bridge "the experience gap." This is the difference between what a consumer expects and what they actually receive. The experience gap has created a 1.4 trillion EURO problem. That's the amount businesses lose each year when frustrated consumers leave them for a competitor.

As you know, SAP proudly serves "the best-run businesses." A business can no longer be "best-run," if it does not bridge the experience gap. This is precisely what we have engineered SAP's solutions portfolio to do. Last year we introduced our customers to the Intelligent Enterprise. We told them that every business process must be connected, from the demand chain to supply chain. We introduced SAP C/4HANA to help them manage customer data, sales, marketing, commerce and service. We gave them our plan to integrate SAP C/4HANA, SAP S/4HANA and all SAP cloud solutions. At a time when others are only talking about Artificial Intelligence, we include SAP Leonardo in all our solutions. Let's hear directly from a valued SAP customer about their Intelligent Enterprise journey. [Video]

The video shows you that SAP is on the right track. As we reflected on where the world was going, we knew there was something missing...We could tell you what was going on, we just couldn't always tell you why. SAP needed Qualtrics to complete our Intelligent Enterprise strategy. This company pioneered the category now known as Experience Management. Please enjoy a short video to help introduce you to Qualtrics. [Video]

SAP is the #1 source of O Data; Qualtrics the #1 source of X Data. By combining them, we offer a powerful formula that no other company can match: X + O. Shortly after the Qualtrics acquisition was final, I read a headline from an industry analyst. "I have seen the future of enterprise software – it is SAP and Qualtrics." At SAPPHERE NOW last week, we presented this complete story to more than 1 million participants. The response was simply outstanding! We can now help all people inside

companies connect to all people outside companies. We give SAP users a Digital Boardroom, where X Data and O Data power a fully integrated, intelligent enterprise. With SAP C/4HANA and SAP S/4HANA, a single view of the consumer will drive every business decision. With our cloud solutions, every finance, HR, marketing, sales or procurement leader will innovate new best practices. With Qualtrics, our customers will get real-time feedback from their customers, to enable change before it's too late. In this era of Industry 4.0, SAP Leonardo connects every asset to its digital twin- which helps the world run better and improve people's lives. Watch this short video. [Video]

Dear shareholders, this is the future of "best-run business" – in all industries, for enterprises of all sizes.

How do we get there?

This is also the perfect transition to our final question – how do we get there? Everything starts with the customer. We used Qualtrics to change our Net Promoter process. While the vast majority of SAP customers are satisfied, we acknowledge there is still much work to be done. To continuously listen and improve, we initiated new programs, like Customer First, and Build Customers for Life. We are also empowering our user community. SAP's user groups recently helped us announce new pricing and licensing options for our customers. Overall, getting it right for our customers is a race without a finish line. It is our job to know more, care more and do more, so we protect the trust our customers place in SAP.

This leads me to our passion to be the best version of ourselves...THE "best-run SAP". Following our investor day earlier this year, we used Qualtrics to get feedback from the financial community. They said, "we love SAP's growth." They also said, "we want more proof that the growth creates both customer and shareholder value." This is validated by feedback we hear from you. So thank you, dear shareholders, for the continued dialog.

Now is the right time to initiate the next phase of value creation and innovation for all SAP stakeholders. SAP now has the assets we need to deliver the intelligent enterprise. Our priorities are integration, running a more efficient company and using our partners for things that SAP shouldn't be doing itself. One example is the restructuring we announced earlier this year. SAP continues to evolve to be what our customers need us to be.

Another example is the Special Executive Board Committee we formed to focus on operational excellence. The goal of this review is to identify, evaluate and execute on operational levers across all functions of SAP. We will also take a disciplined approach to capital allocation, including evaluating a multi-year share repurchase program. By running a more focused SAP, we will deliver significant margin expansion across both our core and cloud businesses. In April, we updated our mid-term 2023 ambition to reflect this. We are now targeting, on average, 100 bps of margin expansion each year through 2023. With regard to our partners, SAP will leverage the mass scale of cloud infrastructure providers. Our customers can choose to have SAP run solutions in SAP's cloud. Or, they can choose to run applications with our partners. We will always be the company that listens, understands and acts in the best interest of our customer...our customers appreciate the choice we provide to them. Please keep in mind, these priorities are about pacing expenses at a rate less than our growth. By doing so, SAP will win strategically and operationally!

One final element of a best-run SAP is compliance. We have taken several steps to strengthen our culture of compliance at SAP. We have transparently communicated the results of investigations when permissible. Let me be clear: we have a "zero tolerance policy" for unethical conduct. Dear shareholders, our ambition is not to deliver you an SAP that succeeds for a few quarters or years. Our ambition is to deliver you an SAP that succeeds for generations to come. You should always expect us to follow this ambition with courage, class and integrity.

I'll close where we began – SAP is a rarity in the industry. We are entering the next chapter of growth, innovation and value creation. This will be in service to all stakeholders – customers, employees, partners and shareholders, alike.

By 2023, SAP aspires to:

- reach 35 billion EUR in total revenue. ..
- more than triple our cloud revenue.
- reach a cloud gross margin of 75%.
- reach an 80% share of more predictable revenue.

As you would expect, our aim is not only to meet these aspirations, but to exceed them.

We all know this is a complicated world. At the World Economic Forum earlier this year, we used Qualtrics for a global experience survey. People are nervous about climate change, automation and access to opportunity. SAP, by itself, does not have the power to address these issues. When you add SAP, our 437,000 customers and more than 2 million partners, everything is possible. Optimism is the only free stimulus in this world. We are optimistic that SAP will help our customers seize the biggest challenges as the greatest opportunities. Here is one final example. [Video]

Ladies and gentlemen, your trust makes these stories possible. Trust is the ultimate human currency. SAP will never break it. We stand humbly on the shoulders of giants who founded this company 47 years ago. We carry Germany's flag with us to the 190 countries where SAP does business around the world. I can tell you this: Germany is admired for its engineering heritage. SAP will honor that heritage. I thank you, on behalf of my colleagues, for standing with us on this journey. We can't do any of this without you. We're inspired by the responsibility we have... "to those who choose our Brand." To this, and the next generation, who represent the bold and bright future of a diverse and inclusive world....I say...."we" will win! Our road is long, broad and without limits.

Vielen Dank!