THANK YOU FOR BEING WITH US TODAY FOR A SPECIAL
SAP Capital Markets Day 2019
Growth and Operational Excellence

9:30 – 9:35 am  Welcome  Stefan Gruber, Head of Investor Relations

9:35 – 10:25 am  The Co-CEO Perspective  Jennifer Morgan, Co-CEO  Christian Klein, Co-CEO

10:25 – 10:50 am  Experience Management Update  Ryan Smith, CEO Qualtrics

10:50 – 11:00 am  Coffee Break

11:00 – 11:35 am  The Innovation and Customer Perspective  Adaire Fox-Martin, Member of the Executive Board, Global Customer Operations  Thomas Saueressig, Member of the Executive Board, Product Engineering

11:35 – 12:15 pm  The Financial Perspective  Luka Mucic, CFO

12:15 – 1:00 pm  Q&A  Adaire Fox-Martin, Christian Klein, Jennifer Morgan, Luka Mucic, Thomas Saueressig

1:00 – 2:00 pm  Buffet Lunch Reception with SAP Executives
WELCOME TO A SPECIAL
SAP Capital Markets Day 2019

CHRISTIAN KLEIN
Co-CEO

JENNIFER MORGAN
Co-CEO

ADAIRE FOX-MARTIN
Global Customer Operations

LUKA MUCIC
CFO

THOMAS SAUERESSIG
Product Engineering

RYAN SMITH
CEO & Co-Founder Qualtrics

Experience  Intellgence  Operations

Qualtrics  Business Technology Platform  Intelligent Suite

Data  Database & Data Management  Application Development & Integration

Customer  HR  Procurement

Employee  Finance  Supply Chain

Product  Manufacturing  Brand
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 SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates.
What We Heard From You

INVESTOR FEEDBACK

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**STRATEGY** to drive growth organically

**FOCUS AND EXECUTION** on operating synergies

**SUCCESS** in moving customers to S/4 and into broader portfolio

**ACCESS** to our deep bench of leaders and GMs globally

**DISCIPLINE AND BALANCE** in financial planning and M&A approach

**CUSTOMER SUCCESS** and a focus on driving adoption and renewals
Where We Can Improve And Grow
AREAS OF OPPORTUNITY

— Starting and ending with the **CUSTOMER**
— Defining **ONE SET OF PRIORITIES** for the company
— Ensuring **FOCUS** based on clear priorities
— Reviewing the business through **THREE REALITIES**
— Driving **ACCOUNTABILITY** through focus
Where We Can Improve And Grow

Areas of Opportunity

- Starting and ending with the **CUSTOMER**
- Defining **ONE SET OF PRIORITIES** for the company
- Ensuring **FOCUS** based on clear priorities
- Reviewing the business through **THREE REALITIES**
- Driving **ACCOUNTABILITY** through focus
Key Growth Drivers

UNIQUE CLOUD PORTFOLIO

CX
Customer Experience
SAP C/4 HANA

HXM
Human Experience
SAP SuccessFactors
SAP Fieldglass

ISG
Intelligent Spend Group
SAP Ariba
SAP Concur
SAP Fieldglass

Experience Management
S/4HANA

qualtrics

NETWORK | DATA | ECOSYSTEM
Key Growth Drivers

UNIQUE CLOUD PORTFOLIO: QUALTRICS

- **EXPANDING** on over 11,000 Qualtrics customers
- **DRIVING** synergies with the existing SAP portfolio
- **INVESTING** in key growth markets globally
- **INCREASING** $1M+ customers, already up by almost 2x
Key Growth Drivers

**UNIQUE CLOUD PORTFOLIO:**
**HCM TO HXM**

- **PROCESSING** 1.2bn daily transactions on SAP SuccessFactors
- **INFUSING** X+O insights at every moment of the employee journey
- **BUILDING** on the potential of a 125M+ user base
- **GENERATING** new conversations, nearly half of 2019 deals from outside SAP installed base
Key Growth Drivers

UNIQUE CLOUD PORTFOLIO: CX

- GROWING revenue fast, 3.5x since 2017
- COMBINING X+O data to deliver a single source of truth
- CAPITALIZING on the “commerce everywhere” future
- ACCELERATING our investment in hyper growth areas such as commerce
Key Growth Drivers

**UNIQUE CLOUD PORTFOLIO:**
**INTELLIGENT SPEND GROUP**

**ADVANCING** the largest commerce platform in the world, transacting more than 3.4 trillion in global commerce p.a.

**CONNECTING** 4.4M buyers and sellers via Ariba

**PROCESSING** $144bn worth of customer expenses from 63M end users via Concur

**MANAGING** over 6M flexible workers on Fieldglass
Key Growth Drivers

MICROSOFT EMBRACE PARTNERSHIP: THE POWER OF ECOSYSTEM INNOVATION

---

PRIORITIZING customer choice

ACCELERATING decision and delivery cycles with industry reference architecture

PROPELLING the adoption of S/4HANA in the cloud
Key Growth Drivers
CUSTOMER SUCCESS STORIES

WHY OUR CUSTOMERS CHOOSE US

Our technology and business context  |  Our ability to support growth and scale  |  Our focus on people and culture
Where We Are Today

STRONG POSITION IN CLOUD

Total revenue

- **€14bn** in 2011
- **€21bn** in 2015
- **€25bn** in 2018

**30%**

**65%**
More predictable revenue share 2018

Cloud Other

All figures based on Non-IFRS.
Where We Are Today

In the Right Markets at the Right Time

Market Position | Market Growth '23 | Total Addressable Market
--- | --- | ---
#1 | ERP | +7% p.a. | $500bn
#1 | HCM | +10% p.a. | $300bn
#1 | SCM | +10% p.a. | $240bn
#1 | Procurement | +11% p.a. |  
#2 | CRM | +13% p.a. |  

Source: Gartner for market shares and position 2018; Gartner & IDC for market sizes
SAP's Next Chapter: Growth

Customer Focus & Innovation Will Boost Growth

Total revenue

- €21bn in 2015
- €25bn in 2018
- Ambition 2023: >€35bn

Initiatives to Drive Growth:
- Intelligent Enterprise
- Customer Success

Cloud revenue 2023 vs. 2018: >3x
Share of more predictable revenue in 2023: 80%

All figures based on Non-IFRS.

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SAP's Next Chapter: Growth

Growth Lever: Delivering the Intelligent Enterprise

Accelerate Growth through new Business Models
Increase Productivity
Reduce Modifications & TCO of IT Landscape

EXPERIENCE MANAGEMENT

Intelligent Enterprise

INTEGRATION

INNOVATION
HANA | PLATFORM | AI
SAP's Next Chapter: Growth

Innovation and Integration Drive Our Growth

INNOVATION
Drives growth from new customers

INTEGRATION
Drives growth in installed base
SAP's Next Chapter: Growth

GROWTH LEVER: EMBEDDING CUSTOMER SUCCESS INTO THE DNA OF SAP

SALES
Accountable for business outcome beyond point of sale

SERVICE & SUPPORT
Ensuring fast time to value & customer adoption

DEVELOPMENT
Fast innovation cycles & highest Quality Standards

DELIVERY
Highest availability & security standards

Customer success driving higher share of more predictable revenue

Total Revenue
- 2018: 65%
- Ambition 2023: 80%
- Approaching 100%
SAP's Next Chapter: Profitability

Scale SAP and Increase Profitability

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Profit</th>
<th>Operating Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>€6.3bn</td>
<td>31%</td>
</tr>
<tr>
<td>2018</td>
<td>€7.2bn</td>
<td>29%</td>
</tr>
</tbody>
</table>

Initiatives to Increase Profitability:
- Best-Run SAP Program
- Simplify Organization

Ambition 2023: 34%
SAP's Next Chapter: Profitability
Scale SAP and Increase Profitability

Best-Run SAP Program: Transformation to an Intelligent Enterprise

- Drive further cloud gross margin expansion
- Process automation & optimization
- Remove portfolio overlaps

Simplify Organization

- Simplify SAP towards the customer
- Reduce overlapping functions
- Less hierarchical set-up
We want to be the reliable partner that our customers, employees, and shareholders trust.
Ryan Smith
CEO and Co-Founder of Qualtrics
Agenda

1. One year ago: XM Category
2. SAP + Qualtrics: The vision
3. One year later: Where we are now
4. Product overview
5. What’s next and where we are going
One year ago
PROSPECTUS (Subject to Completion)
Issued November 5, 2018

20,512,821 Shares
qualtrics
CLASS B COMMON STOCK

Qualtrics International Inc. is offering 20,512,821 shares of its Class B common stock. This is our initial public offering, and no public market currently exists for our shares. We anticipate that the initial public offering price will be between $18.00 and $21.00 per share.

We have applied to list our Class B common stock on The Nasdaq Global Select Market under the symbol "XM."

We have three classes of common stock: Class A-1 common stock, Class A-2 common stock, and Class B common stock. The rights of the holders of Class A-1 common stock, Class A-2 common stock, and Class B common stock are different with respect to voting, conversion, and transfer rights. Each share of Class A-1 common stock is entitled to one vote, each share of Class A-2 common stock is entitled to ten votes, and each share of Class B common stock is entitled to no votes. The holders of Class A-1 common stock, Class A-2 common stock, and Class B common stock are subject to different dividend rights. Each share of Class A-2 common stock is entitled to ten times the dividends for each share of Class B common stock. Each share of Class B common stock is entitled to no dividends.

Upon completion of the offering, approximately 67% of our Class A-1 common stock will be held by Credico Holdings, LLC, the manager of which we are not bound, including our Chief Executive Officer (who is also a director), our President (who is also a director), and our former President (who is also a director). This means that, for the foreseeable future, investors in this offering, and holders of our Class A-1 common stock, will not have a meaningful voice in our corporate affairs and that the control of our company will be concentrated with Credico Holdings, LLC, and the other holders of our Class A-1 common stock.

We are an "emerging growth company" as defined under the federal securities laws, and, as such, may elect to comply with certain reduced public company reporting requirements for this and future filings. Investing in our Class B common stock involves risk. See "Risk Factors" beginning on page 16.

PRICE $ A SHARE

<table>
<thead>
<tr>
<th>Per Share</th>
<th>Total</th>
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<tr>
<td>$8.00</td>
<td>$8</td>
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We have granted the underwriters the right to purchase up to an additional 3,076,363 shares of Class B common stock solely to cover over-allotments, if any.

The underwriters expect to deliver the shares of Class B common stock to purchasers on , 2018.

MORGAN STANLEY
BARCLAYS BRC CAPITAL MARKETS JEFFERIES DEUTSCHE BANK SECURITIES BMO CAPITAL MARKETS KEYBANC CAPITAL MARKETS RAYMOND JAMES CINACORD AGENCY RAIRD STIG
One year later

Total number of clients is accelerating

11,000+
One year later

Number of $100K+ customers grew almost 50% and is rapidly approaching 1,000.
One year later

Number of $1M+ customers almost Doubled
One year later

Speed at which we’re adopting clients has gone up 20%
One year later

Approximately $\frac{1}{3}$ of Qualtrics R4Q Pipeline has SAP contribution
International Expansion
What are my key results and how do they compare?

- Engagement score: 74%
- Performance enablement score: 73%
- Manager effectiveness score: 78%

Company Overall: ▼3 ▼1 ▼1
Last Period: ▼6 ▼6 ▼1
Industry: ▼1 ▼1 ▼1
<table>
<thead>
<tr>
<th>YTD HR Expenses</th>
<th>YTD Recruiting Expenses</th>
<th>YTD Learning Expenses</th>
<th>Employee Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Million USD, % 28.63 (+3%)</td>
<td>9.93 (-8%)</td>
<td>6.56 (+18%)</td>
<td>Company Overall 70</td>
</tr>
</tbody>
</table>

### By Current Age
<table>
<thead>
<tr>
<th>Age</th>
<th>Termination Rate</th>
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</thead>
<tbody>
<tr>
<td>16</td>
<td>14.3%</td>
</tr>
<tr>
<td>50</td>
<td>11.3%</td>
</tr>
</tbody>
</table>

### People Survey - Company Overall
<table>
<thead>
<tr>
<th>Category</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Progression</td>
<td>80</td>
</tr>
<tr>
<td>Communication</td>
<td>82</td>
</tr>
<tr>
<td>Company Strategy</td>
<td>80</td>
</tr>
<tr>
<td>Engagement</td>
<td>77</td>
</tr>
<tr>
<td>Feedback</td>
<td>77</td>
</tr>
<tr>
<td>Quality of Service/Product</td>
<td>77</td>
</tr>
<tr>
<td>Recognition</td>
<td>77</td>
</tr>
<tr>
<td>Resources</td>
<td>77</td>
</tr>
<tr>
<td>Leadership</td>
<td>77</td>
</tr>
<tr>
<td>Training &amp; Development</td>
<td>77</td>
</tr>
</tbody>
</table>

### People Survey by Manager

#### Career Progression
- Executive: 80
- Expert: 80
- Manager: 80
- Director: 80
- Senior specialist: 80
- Associate: 80
- Specialist: 80

#### Communication
- Executive: 82
- Expert: 82
- Manager: 82
- Director: 82
- Senior specialist: 82
- Associate: 82
- Specialist: 82

#### Company Strategy
- Executive: 80
- Expert: 80
- Manager: 80
- Director: 80
- Senior specialist: 80
- Associate: 80
- Specialist: 80

#### Engagement
- Executive: 77
- Expert: 77
- Manager: 77
- Director: 77
- Senior specialist: 77
- Associate: 77
- Specialist: 77

#### Feedback
- Executive: 77
- Expert: 77
- Manager: 77
- Director: 77
- Senior specialist: 77
- Associate: 77
- Specialist: 77

#### Quality of Service/Product
- Executive: 77
- Expert: 77
- Manager: 77
- Director: 77
- Senior specialist: 77
- Associate: 77
- Specialist: 77

#### Recognition
- Executive: 77
- Expert: 77
- Manager: 77
- Director: 77
- Senior specialist: 77
- Associate: 77
- Specialist: 77

#### Resources
- Executive: 77
- Expert: 77
- Manager: 77
- Director: 77
- Senior specialist: 77
- Associate: 77
- Specialist: 77

#### Leadership
- Executive: 77
- Expert: 77
- Manager: 77
- Director: 77
- Senior specialist: 77
- Associate: 77
- Specialist: 77

#### Training & Development
- Executive: 77
- Expert: 77
- Manager: 77
- Director: 77
- Senior specialist: 77
- Associate: 77
- Specialist: 77

### What influences Flight Risk?

#### Influencers
- Career Progression - Meaningful manager conversation: 16.03%
- Org Tenure: 31.88%

#### Characteristics
- Strongly Disagree [Career Progression - Meaningful manager conversation]: 0.29
- Agree [Career Progression - Meaningful manager conversation]: 0.13
- Disagree [Career Progression - Meaningful manager conversation]: 0.26
- Strongly Disagree [Engagement - See myself working at company in two years]: 0.22
- Agree [Engagement - See myself working at company in two years]: 0.12
- Disagree [Engagement - See myself working at company in two years]: 0.20
- 0-1 [Org Tenure]: -0.05
- 6-7 [Org Tenure]: 0.09
- 4-5 [Org Tenure]: -0.09
- 2-3 [Org Tenure]: 0.10
Customer Story
Innovation and Customer Perspective

ADAIRE FOX-MARTIN AND THOMAS SAUERESSIG

Global Customer Operations and Product Engineering
Customer First Across the Lifecycle

Delivering a Seamless Engagement Experience for Our Customers

**LAND**

Strong Business Value at Scale

**ADOPT - EXPAND - RENEW**

Onboarding Success

Adopt & Optimize Success

Key Business Outcomes
Accelerating the Journey
CUSTOMER FIRST STRATEGIC INITIATIVES AND 2020 INVESTMENTS

- **Customer Empathy Call to Action** 2017
  - End-to-End Customer Journey and Integrated Engagement Model

- **Customer First Launch** 2018
  - Digital Customer Engagement
  - Streamlined Operations, Infrastructure, Success Plans & Analytics

- **Acceleration** 2019
  - XM via Qualtrics
  - Partner Scale Plan

- **Evolution** 2020 & Beyond
  - Best Run Renewals
SAP S/4 HANA Momentum

ADOPTION OF SAP S/4HANA CLOUD & ON-PREMISE

>12,000 Licensed customers

>65% of Forbes 2000 companies

>80% of all DAX companies
Improving the S/4 HANA Journey
MANAGING COST AND ENSURING FASTER TIME TO VALUE

CLEAR PATH TO THE CLOUD

Partnership with Microsoft to simplify journey to the cloud through “Embrace”

New SAP MaxAttention services designed for migration to hyperscalers

BEST PRACTICES / ADOPTION TOOLS

Advanced tools to improve data migration & reduce integration efforts

Pre-packaged, ready-to-use, E2E solutions for faster time to value

SAP & PARTNER ECOSYSTEM OFFERINGS

Conversion Factories for fixed price migration offerings

Integrated Delivery Framework orchestrating best of SAP’s & partner’s offering
Our Priorities Going Forward

SIMPLIFY, AUTOMATE AND LEVERAGE ECO-SYSTEM TO EXPAND PROFITABILITY

**SIMPLICITY & AGILITY**
- One Sales Organization – simplify duplicate sales structures across acquired companies

**LEVERAGING ECO-SYSTEM**
- Leveraging partner eco-system to scale into new markets & to serve niche industries & segments

**MORE DIGITAL SELLING**
- Scaling digital demand centers to cover more segments and extend marketing automation tools to drive inbound focus

**INCREASED FOCUS**
- Using our own tools & partners to have a better understanding of our buyers, their needs, and the probability to win
View from the Customer

PARAG AGRAWAL
Chief Information Officer, Chobani
GROWTH AND OPERATIONAL EXCELLENCE

The Financial Perspective

LUKA MUCIC
Executive Board Member, CFO
## Keeping the Promise

### THE 2019 OUTLOOK

<table>
<thead>
<tr>
<th><strong>2019 Outlook</strong></th>
<th><strong>2019 Actuals 9M</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>as of January 2019</strong></td>
<td><strong>at constant currencies</strong></td>
</tr>
<tr>
<td><strong>Cloud Revenue</strong></td>
<td><strong>Cloud Revenue</strong></td>
</tr>
<tr>
<td>€6.7 – 7.0bn, up 33 - 39%</td>
<td>€4.9bn, up 36%</td>
</tr>
<tr>
<td><strong>Cloud &amp; Software</strong></td>
<td><strong>Cloud &amp; Software</strong></td>
</tr>
<tr>
<td>€22.4 – 22.7bn, up 8.5 - 10%</td>
<td>€15.8bn, up 10%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>Total Revenue</strong></td>
</tr>
<tr>
<td>to increase strongly, at a rate slightly lower than OP</td>
<td>€19.0bn, up 10%</td>
</tr>
<tr>
<td><strong>Operating Profit (OP)</strong></td>
<td><strong>Operating Profit &amp; Margin</strong></td>
</tr>
<tr>
<td>€7.7 – 8.0bn, up 7.5 - 11.5%</td>
<td>€5.18bn, up 12%, Op. Margin 27.2%, up 0.5pp</td>
</tr>
</tbody>
</table>

*All figures based on non-IFRS.*
Keeping the Promise

THE 2020 AMBITION – THEN AND NOW

**2020 Ambition**

as of January **2015**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloud Revenue</td>
<td>€7.5 – 8.0bn</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>€26.0 – 28.0bn</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>€8.0 – 9.0bn</td>
</tr>
</tbody>
</table>

**Increase**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloud Revenue</td>
<td>+€1.1bn</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>+€1.9bn</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>+€0.5bn</td>
</tr>
</tbody>
</table>

**2020 Ambition**

as of **TODAY**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloud Revenue</td>
<td>€8.6 – 9.1bn</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>€28.6 – 29.2bn</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>€8.8 – 9.1bn</td>
</tr>
</tbody>
</table>

All figures based on non-IFRS. Increase based on midpoint.
The 2023 Financial Ambition

OPERATIONAL EXCELLENCE – RAPID EXPANSION OF TOPLINE AND PROFITABILITY

- **>3x** Cloud Revenue vs. 2018 (> €15bn)
- **>€35bn** Total Revenue
- **80%** Share of more predictable revenue
- **75%** Cloud Gross Margin
- **1pp/year** Operating Margin increase on average from 2018 – 2023, total expansion of approx. 500bp

All figures based on non-IFRS.
# The Best-Run SAP Program

**Driving Efficiency Across the Enterprise**

## Best Run SAP Transformation Program

*Operating model and strategy (PMO)*

<table>
<thead>
<tr>
<th><strong>Cloud Delivery</strong></th>
<th><strong>Sales &amp; Marketing</strong></th>
<th><strong>General &amp; Administration</strong></th>
<th><strong>Portfolio</strong></th>
<th><strong>Research &amp; Development</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross margin</td>
<td>Sales</td>
<td>Procurement &amp; Locations</td>
<td>Services Portfolio and Op. Model</td>
<td>R&amp;D</td>
</tr>
<tr>
<td>a) Hyperscalers</td>
<td>a) Go-to-market</td>
<td></td>
<td></td>
<td>a) Effectiveness</td>
</tr>
<tr>
<td>b) Converged Cloud</td>
<td>b) Operating Model</td>
<td></td>
<td></td>
<td>b) Efficiency</td>
</tr>
<tr>
<td>c) Application Mngt.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>d) Support</td>
<td>Marketing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cloud renewals</td>
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Cloud Gross Margin
The Task

2023 Cloud Gross Profit of more than 11 billion Euro

- Cloud Gross Margin
  - 63% in 2018
  - 75% in 2023

- Cloud Revenue
  - €5bn in 2018
  - > €15bn in 2023
  - > €11.3bn

- Gross Profit
  - €3.2bn in 2018

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## From Cloud Portfolio to Cloud Suite

**INTEGRATION AND DELIVERY CONVERGENCE**

<table>
<thead>
<tr>
<th>Category</th>
<th>2018 Revenue</th>
<th>2018 Margin</th>
<th>Q3/2019 Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IaaS</strong></td>
<td>€0.5bn</td>
<td>13.0%</td>
<td>25.3%</td>
</tr>
<tr>
<td><strong>SaaS/PaaS</strong></td>
<td>€2.4bn</td>
<td>59.8%</td>
<td>70.4%</td>
</tr>
<tr>
<td><strong>Intelligent Spend Group</strong></td>
<td>€2.2bn</td>
<td>77.8%</td>
<td>78.0%</td>
</tr>
</tbody>
</table>

### IaaS
- **SAP HANA Enterprise Cloud (HEC)** | Infrastructure and managed services
- **SAP SuccessFactors** | Human resource management
- **SAP Cloud Platform** | Development, integration, runtime
- **SAP C/4HANA** | Marketing, sales, commerce, service, customer data management
- **SAP S/4HANA Cloud incl. SAP Integrated Business Planning** | Cloud ERP incl. supply chain planning
- **Qualtrics** | Experience management
- **SAP Analytics Cloud** | Analytics, predictive, planning
- **SAP HANA Cloud** | Database, data management including data warehousing
- **SAP BusinessByDesign** | Cloud ERP - SME
- **SAP Ariba** | Procurement
- **SAP Concur** | Travel and expense management
- **SAP Fieldglass** | Services procurement and contingent workforce management

- **L** | Large
- **XL** | Extra large
- **M** | Medium

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All figures based on non-IFRS.
# Cloud Gross Margin Progression by Cloud Model

**BENEFITS MATERIALIZING – RAMPING HAS STARTED**

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<tbody>
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<td>IaaS</td>
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<td>25.3%</td>
<td>30 – 35%</td>
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<tr>
<td>SaaS /</td>
<td>72.4%</td>
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<td>35 – 40%</td>
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<td>PaaS</td>
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<td>&gt;70%</td>
<td>80%</td>
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<td>Int.</td>
<td>75.1%</td>
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<td></td>
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<td></td>
<td>&gt;80%</td>
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<tr>
<td>Spen</td>
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<td>&gt;80%</td>
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<td>Grup</td>
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<tr>
<td>Total</td>
<td>65.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>69.0%</td>
<td>71%</td>
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<tr>
<td>Cloud</td>
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<td></td>
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<td>75%</td>
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</tbody>
</table>

All figures based on non-IFRS.
Expanding the Cloud Margin

THE ‘BIG ROCKS’

Cost of Cloud
- License Fees
- Support
- Application Management
- Infrastructure

2018 FY
- 69% Infrastructure

2019 Q3
- Hyperscalers
- Converged Cloud
- Application Management
- Support

2023 FY
- 75% Infrastructure

+6pp
Infrastructure - Multicloud Strategy ‘4+1’

Increasing simplicity and flexibility of cloud delivery

Volume
Cloud Users
Delivery Capacity

Hyperscalers ('4')
Converged Cloud ('1')

LEGACY INFRASTRUCTURE (~25 STACKS)
CONVERGED CLOUD (1 STACK)

Time
Application Management and Support

STREAMLINING OPERATIONS

Technology stack convergence

DevOps model for all solutions

Self-service and automation

Partner enablement and certification
Sales & Marketing
Sales and Marketing

SALES
- Streamlined sales organization
- Reduce overhead
- Digital selling
- Leveraging ecosystem

MARKETING
- Streamline the operating model
- Optimize investment mix
  - Consolidate sponsorship portfolio
  - Re-balance events
- Evolve agency partner-ships
- Invest in digital channels
Product & Services Portfolio
Product and Services

PRODUCT
- Product/function overlap resolution
- Product "longtail" resolution
- Divestment of non-strategic assets
- Development productivity

SERVICES
- Service portfolio optimization
- Shift to high margin services
- Optimization ecosystem leverage (geographies/capabilities)
General & Administration
General & Administration

ECONOMIES OF SCALE ARE EVIDENT

Revenue (€bn)

G&A Expense Ratio (%)

2018

Coupa
Salesforce
Workday
Adobe
ServiceNow
Oracle

2010
2015
2018
2023

G&A Expense Ratio (%)

2010
2015
2018
2023

All figures based on non-GAAP.
G&A Expense Ratio

FINANCE

HR

IT

Process automation
People & location strategy
Operating model
Standardization / Harmonization
Procurement Efficiencies Run Across Expense Lines

Total Spend

€5.9bn

- Other
- Facility
- Marketing & Travel
- Cloud Infrastructure
- 3rd Party Services

2018 FY

PROCUREMENT

- Centralized operating model and spend governance
- Price, sourcing, and vendor engagement model
- 3rd-party spend optimization
Income Statement
Expanding the Operating Margin

TRANSLATING THE BEST-RUN PROGRAM INTO INCOME STATEMENT EFFECTS

+500 bps

2018 Operating Margin

Revenue Mix

-4pp

Cloud

+5pp

Sales & Marketing

+2.5-3pp

Services

+0.5pp

Research & Development

+0pp

General & Administration

+0.5-1pp

2023 Operating Margin

34%
## Evolution of the P&L Profile

**MARGINS AND RATIOS 2018 AND 2023**

<table>
<thead>
<tr>
<th>Category</th>
<th>Non-IFRS</th>
<th>2018</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross margins</strong></td>
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</tr>
<tr>
<td>Cloud</td>
<td></td>
<td>63%</td>
<td>75%</td>
</tr>
<tr>
<td>Software &amp; Support</td>
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<td>87%</td>
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<td>Cloud &amp; Software</td>
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<td>82%</td>
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<tr>
<td>Services</td>
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<td>23%</td>
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<tr>
<td><strong>GROSS MARGIN</strong></td>
<td></td>
<td>72%</td>
<td></td>
</tr>
<tr>
<td><strong>Expense ratios</strong></td>
<td></td>
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</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td></td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td></td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>General &amp; Administration</td>
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<td>4%</td>
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</tr>
<tr>
<td><strong>OPERATING MARGIN</strong></td>
<td></td>
<td>29%</td>
<td>34%</td>
</tr>
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</table>

Expense ratios are expenses as a percentage of total revenues.
Cash Generation & Capital Allocation
**Free Cash Flow**

**RESTRUCTURING, CASH TAXES AND SBC PAYOUTS WEIGH ON 2018/19**

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>2015</td>
<td>0.8</td>
<td>0.1</td>
<td>1.3</td>
<td>1.3</td>
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<tr>
<td>2016</td>
<td>1.0</td>
<td>0.1</td>
<td>1.7</td>
<td>1.5</td>
<td>3.6</td>
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<tr>
<td>2017</td>
<td>1.0</td>
<td>0.1</td>
<td>1.7</td>
<td>1.5</td>
<td>3.8</td>
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<tr>
<td>2018</td>
<td>1.4</td>
<td>0.6 – 0.8</td>
<td>2.2 – 2.4</td>
<td>2.8</td>
<td>2.8</td>
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<tr>
<td>2019e</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.8</td>
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</tbody>
</table>

2015-2018 free cash flow is defined as operating cash flow less capital expenditure.
2019 free cash flow is defined as operating cash flow less capital expenditure and payments of lease liabilities.
2020 Cash Flow, Net Debt, and Financial Leverage

COMMITMENT TO CAPITAL RETURN

Annual cashflow is a highly volatile metric, and exposed to factors outside company control. Deviations from projections by 10% are easily possible.

Net Debt

- **€8bn** Dec 2019
- **€7bn** Dec 2020

Financial Leverage

- **>1.2x** Dec 2019
- **<0.9x** Dec 2020

Net debt defined as financial debt less cash and cash equivalents, current time deposits and debt securities.

Financial leverage defined as net debt divided by EBITDA (based on IFRS).
Annual cashflow is a highly volatile metric, and exposed to factors outside company control. Deviations from projections by 10% are easily possible.

The Use of Cash Cascade

- **Organic Investment**
  - Capital Expenditure
- **Debt Repayment**
  - Upon due date
- **Regular Dividend**
  - 40%+ of IFRS profit after tax
- **Tuck-In Acquisitions**
  - Complementing existing portfolios
- **Add’l Capital Return**
  - Annual decision on return of excess cash

2020 – 2023

- Free cash flow to grow at ~15%-25% CAGR (2023: ~€8bn)
- 2020-2023 scheduled debt repayment of ~€6.2bn
- Gradual deleveraging to less than 0.5x
- Commitment to capital return

Financial leverage defined as net debt divided by EBITDA (based on IFRS).