

Second Quarter and Half Year 2019 Financial Highlights

SAP SE
July 18, 2019

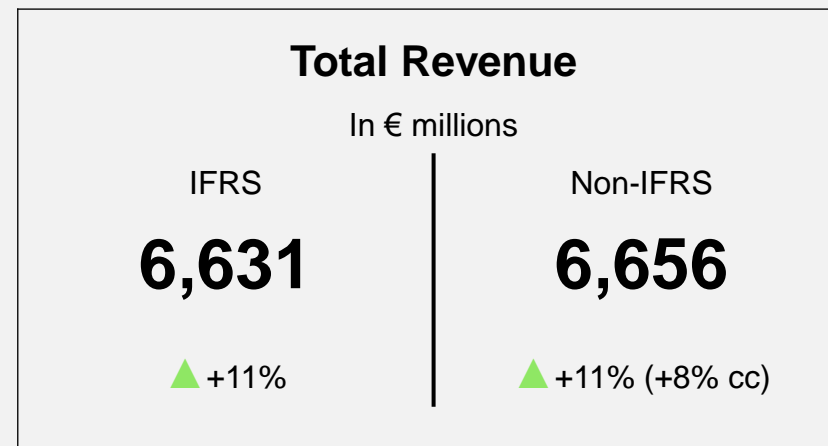
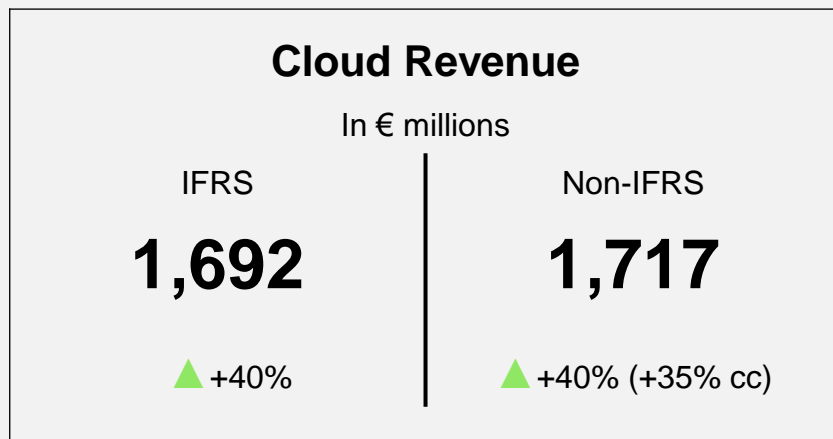
THE BEST RUN



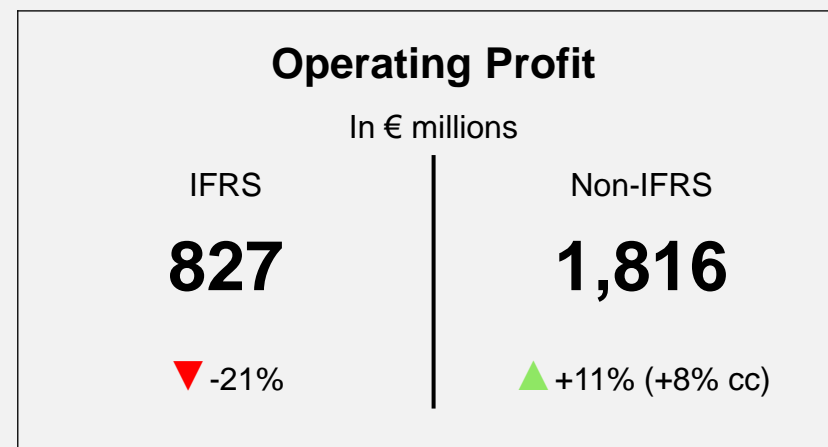
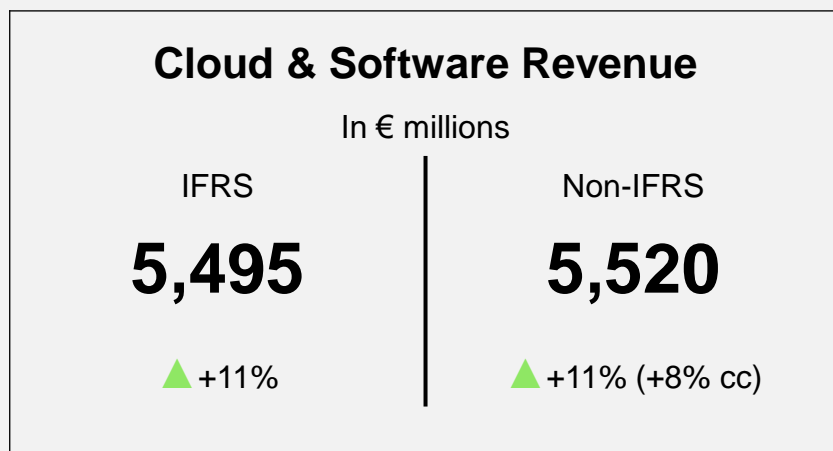
Safe Harbor Statement

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.

Q2 2019 – Key performance metrics



The share of more predictable revenue reached **69%** in the second quarter of 2019
(+3 percentage points)



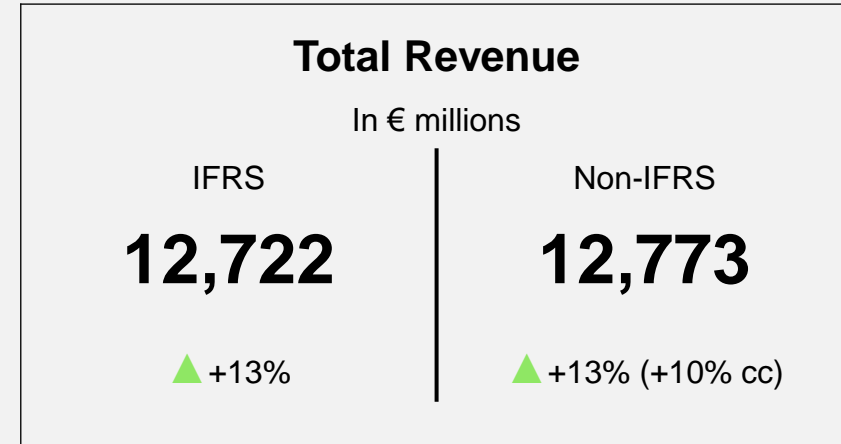
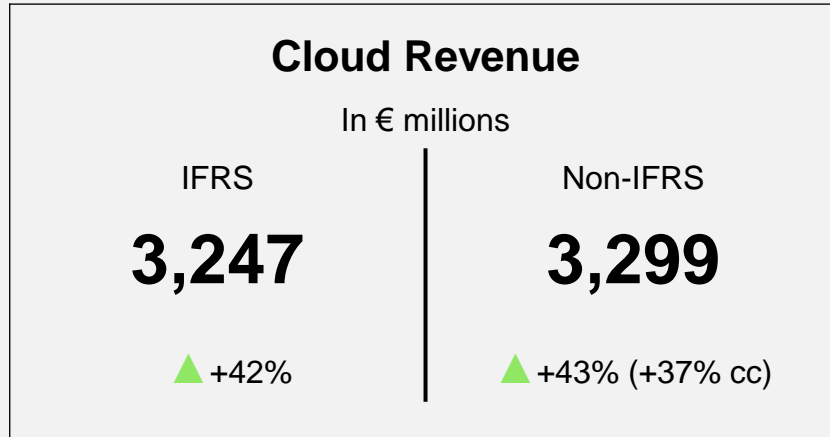
Q2 2019 – Key performance metrics

Financial Highlights

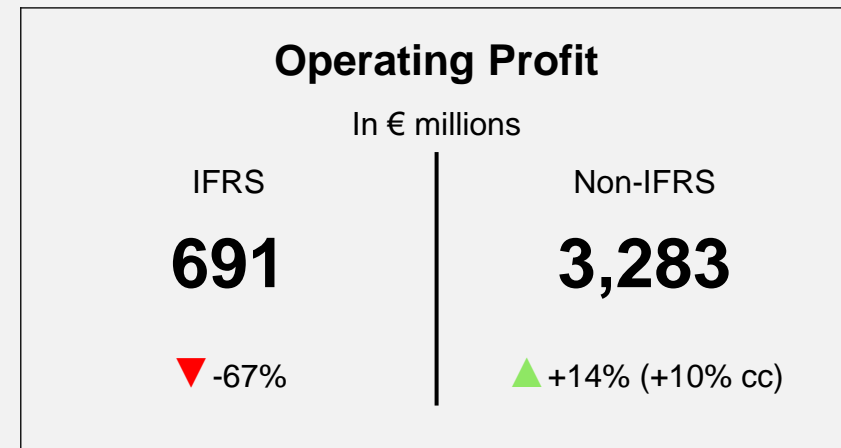
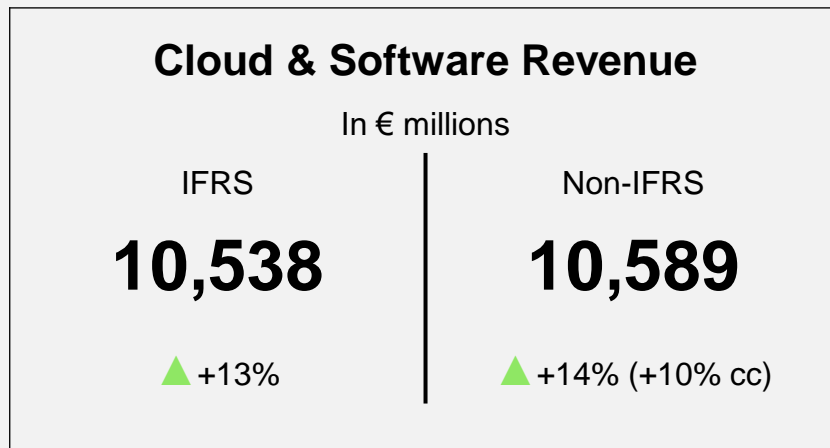
- Cloud revenue grew to **€1.7bn** – **+40%** (IFRS), **+40%** (Non-IFRS), **+35%** (Non-IFRS cc)
- Cloud gross margin up **4pp**
- New cloud bookings up **17%** to **€494m** (**+15%** cc), excluding IaaS up **27%**
- Software license revenue down **5%** to **€948m** (**-6%** cc)
- New cloud and software order entry up **3%** to **€2.40bn** (**+1%** cc)
- Earnings per share were **€0.48** (IFRS) (Q2/2018: €0.60) and up **11%** at **€1.09** (Non-IFRS)
- Operating cash flow down **<100%** to **-€0.12bn** | Free cash flow down **<100%** to **-€0.41bn**
- S/4HANA customers up **29%** to **>11.500** customers, approximately **50%** were net new

Non-IFRS unless otherwise specified

H1 2019 – Key performance metrics



The share of more predictable revenue reached **70%** in the first half of 2019
(+2 percentage points)



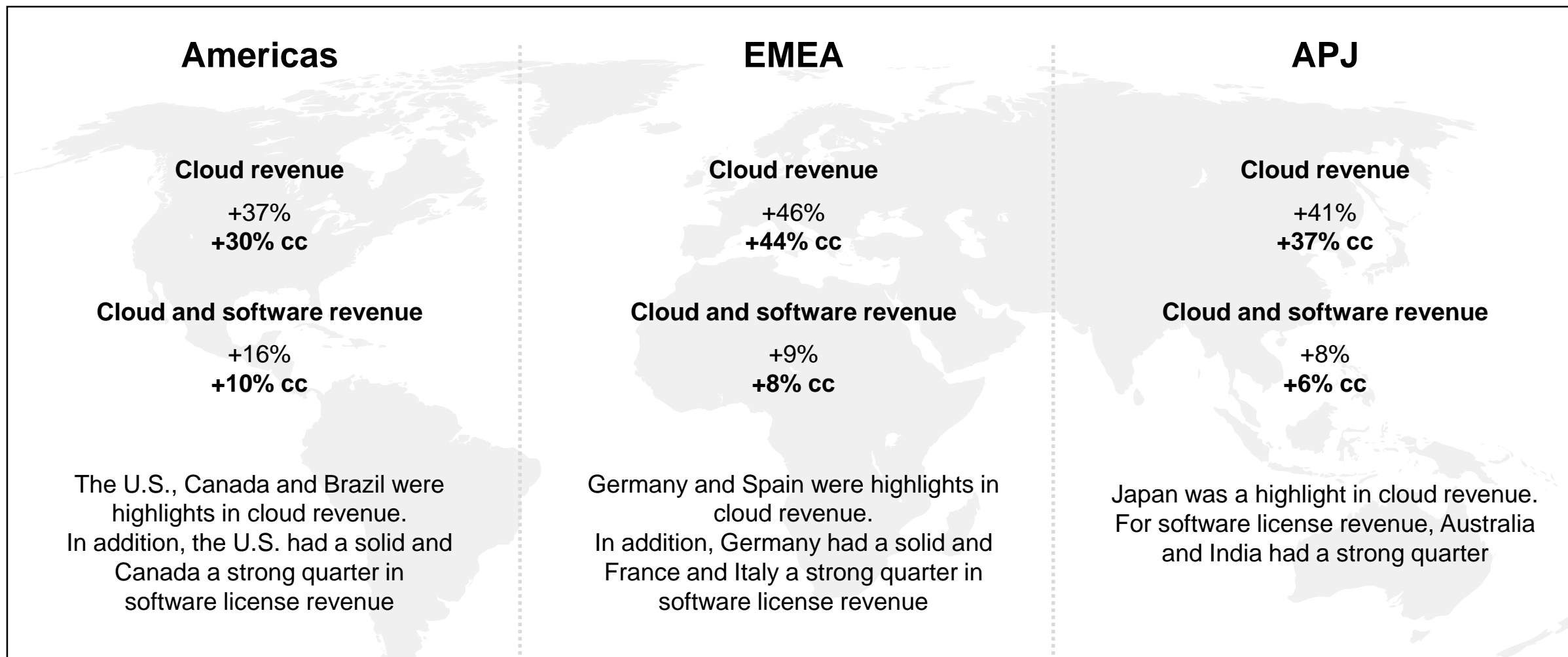
H1 2019 – Key performance metrics

Financial Highlights H1 2019

- Cloud revenue grew to **€3.3bn** – **+42%** (IFRS), **+43%** (Non-IFRS), **+37%** (Non-IFRS cc)
- New cloud bookings up **23%** to **€818m** (**+19%** cc)
- Software license revenue down **1%** to **€1.6bn** (**-3%** cc)
- New cloud and software order entry up **8%** to **€3.99bn** (**+5%** cc)
- Earnings per share were **€0.38** (IFRS) (H1/2018: €1.19) and up **17%** at **€1.99** (Non-IFRS)
- Operating cash flow down **10%** to **€2.7bn** | Free cash flow down **10%** to **€1.96bn**
- S/4HANA Customers up **29%** to **>11.500** customers, approximately **50%** were net new

Non-IFRS unless otherwise specified

Q2 2019 – Regional performance



Revenues calculated based on customer location; All numbers are Non-IFRS unless otherwise stated. Individual country highlights are based on Non-IFRS at constant currencies





Q2 2019 – Double digit growth in cloud & software revenue and total revenue

€ millions, unless otherwise stated	IFRS			Non-IFRS			
Revenue Numbers	Q2/19	Q2/18	Δ %	Q2/19	Q2/18	Δ %	Δ % at cc
Cloud	1,692	1,213	40	1,717	1,227	40	35
Software licenses	948	996	-5	948	996	-5	-6
Software support	2,854	2,735	4	2,854	2,735	4	2
Software licenses and support	3,802	3,731	2	3,802	3,731	2	0
Cloud and software	5,495	4,944	11	5,520	4,958	11	8
Services	1,136	1,056	8	1,136	1,056	8	5
Total revenue	6,631	5,999	11	6,656	6,014	11	8
Total operating expenses	-5,803	-4,955	17	-4,840	-4,374	11	8
Operating profit (loss)	827	1,044	-21	1,816	1,640	11	8
Financial income, net	29	56	-48	29	56	-48	
Profit (loss) before tax	815	1,019	-20	1,804	1,615	12	
Income tax expense	-233	-301	-23	-487	-444	10	
Profit (loss) after tax	582	718	-19	1,317	1,171	12	
Operating margin (in %)	12.5%	17.4%	-4.9pp	27.3%	27.3%	0.0pp	0.0pp
Earnings per share, basic (in €)	0.48	0.60	-21	1.09	0.98	11	

H1 2019 – Cloud & software revenue, total revenue and non-IFRS operating profit up double-digit

€ millions, unless otherwise stated	IFRS			Non-IFRS			
Revenue Numbers	H1/19	H1/18	Δ %	H1/19	H1/18	Δ %	Δ % at cc
Cloud	3,247	2,283	42	3,299	2,299	43	37
Software licenses	1,599	1,621	-1	1,599	1,621	-1	-3
Software support	5,692	5,391	6	5,692	5,391	6	3
Software licenses and support	7,291	7,012	4	7,291	7,012	4	1
Cloud and software	10,538	9,295	13	10,589	9,311	14	10
Services	2,184	1,965	11	2,184	1,965	11	8
Total revenue	12,722	11,260	13	12,773	11,276	13	10
Total operating expenses	-12,031	-9,192	31	-9,490	-8,401	13	10
Operating profit (loss)	691	2,069	-67	3,283	2,876	14	10
Financial income, net	29	28	3	29	28	3	
Profit (loss) before tax	675	2,006	-66	3,267	2,813	16	
Income tax expense	-201	-580	-65	-870	-774	12	
Profit (loss) after tax	475	1,426	-67	2,397	2,039	18	
Operating margin (in %)	5.4%	18.4%	-12.9pp	25.7%	25.5%	0.2pp	0.0pp
Earnings per share, basic (in €)	0.38	1.19	-68	1.99	1.71	17	

Q2 2019 – Non-IFRS operating profit up 11% benefitting from operational discipline and increased cloud efficiency

Non-IFRS				
	Total operating expenses Operating profit (loss)	Total revenue		
Q2/18		€6,014m	<ul style="list-style-type: none"> ■ Non-IFRS operating profit (loss) +11% to €1,816m (Q2/18: €1,640m) +8% to €1,767m at cc ■ Non-IFRS operating margin +0.0pp to 27.3% (Q2/18: 27.3%) 0.0pp to 27.3% at cc 	
Q2/19		€6,656m		
IFRS				
	Total operating expenses Operating profit (loss)	Total revenue		
Q2/18		€5,999m	<ul style="list-style-type: none"> ■ IFRS operating profit (loss) -21% to €827m (Q2/18: €1,044m) ■ IFRS operating margin -4.9pp to 12.5% (Q2/18: 17.4%) 	
Q2/19		€6,631m		

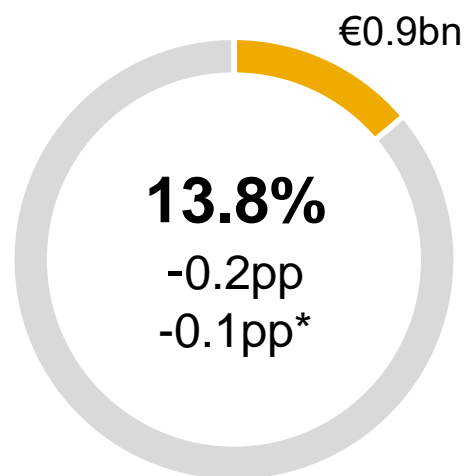
H1 2019 – Expansion of non-IFRS operating margin by 20 basis points

Non-IFRS				
	Total operating expenses Operating profit (loss)	Total revenue		
H1/18		€11,276m	<ul style="list-style-type: none"> ■ Non-IFRS operating profit (loss) +14% to €3,283m (H1/18: €2,876m) +10% to €3,166m at cc 	
H1/19		€12,773m	<ul style="list-style-type: none"> ■ Non-IFRS operating margin +0.2pp to 25.7% (H1/18: 25.5%) +0.0pp to 25.6% at cc 	
IFRS				
	Total operating expenses Operating profit (loss)	Total revenue		
H1/18		€11,260m	<ul style="list-style-type: none"> ■ IFRS operating profit (loss) -67% to €691m (H1/18: €2,069m) 	
H1/19		€12,722m	<ul style="list-style-type: none"> ■ IFRS operating margin -12.9pp to 5.4% (H1/18: 18.4%) 	

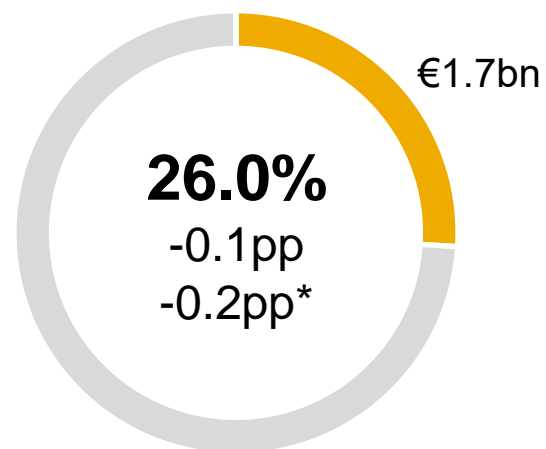
Q2 2019 – Cost ratios

€6.7bn Total revenue, Non-IFRS

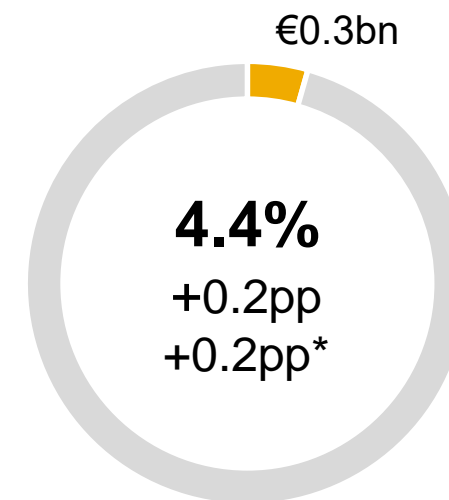
R&D
as % of total revenue



S&M
as % of total revenue



G&A
as % of total revenue

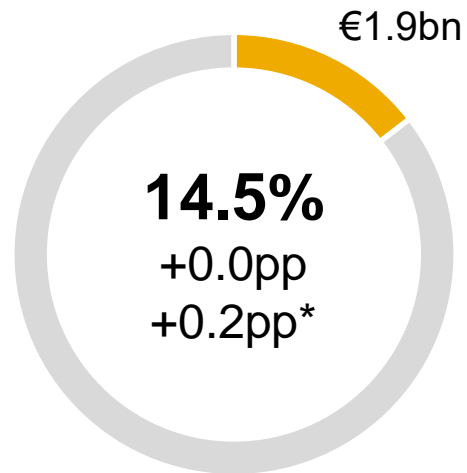


*Non-IFRS at constant currencies

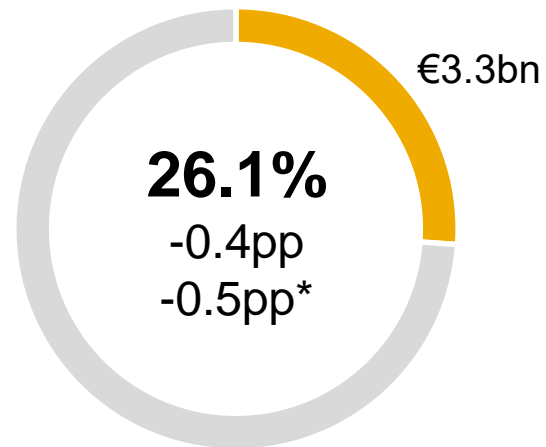
H1 2019 – Cost ratios

€12.8bn Total revenue, Non-IFRS

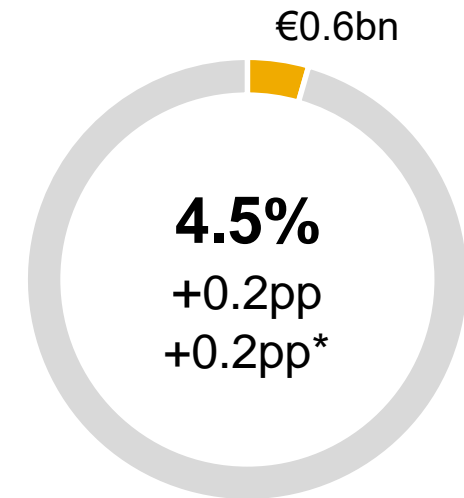
R&D
as % of total revenue



S&M
as % of total revenue



G&A
as % of total revenue



*Non-IFRS at constant currencies

Balance Sheet, Condensed

June 30, 2019, IFRS

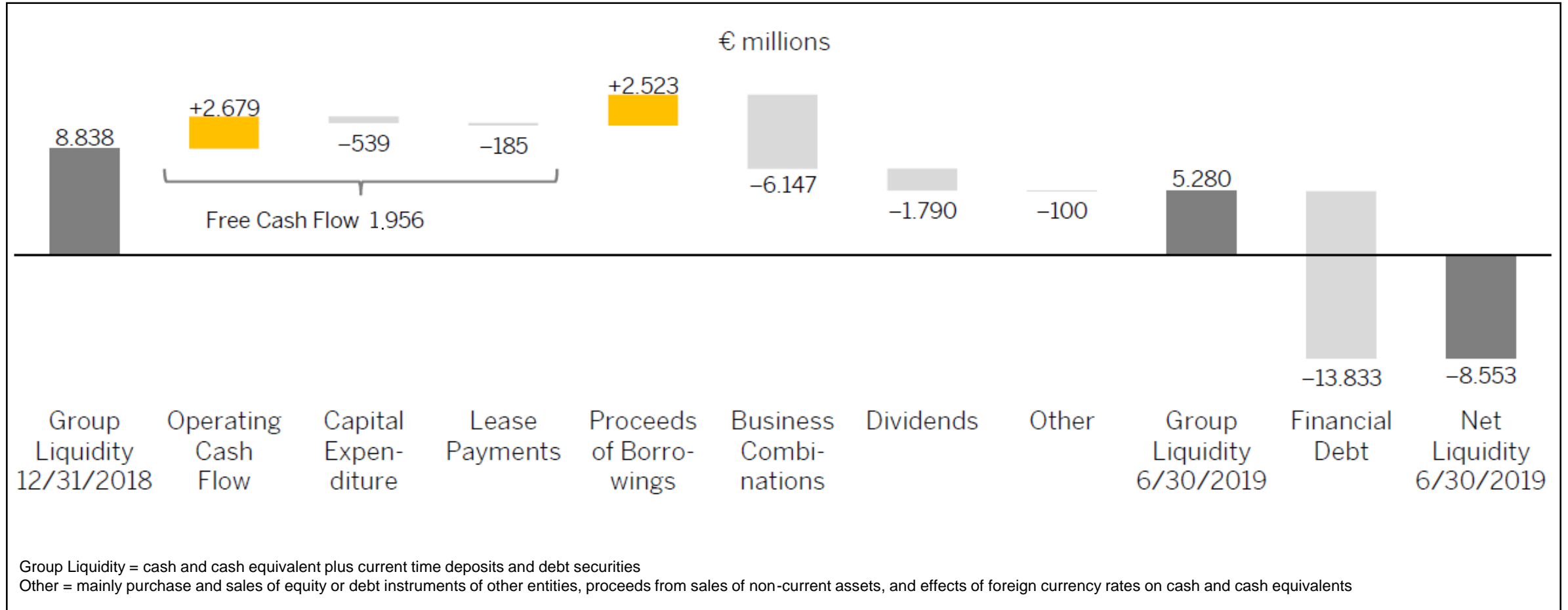
Assets		
€ millions	06/30/19	12/31/18
Cash, cash equivalents and other financial assets	5,569	9,075
Trade and other receivables	6,074	6,362
Other current assets	1,908	1,183
Total current assets	13,551	16,620
Goodwill	28,801	23,736
Intangible assets	4,730	3,227
Property, plant, and equipment	5,405	3,553
Other non-current assets	5,221	4,366
Total non-current assets	44,156	34,881
Total assets	57,707	51,502

Equity and liabilities		
€ millions	06/30/19	12/31/18
Trade and other payables	1,472	1,491
Provisions	952	110
Other liabilities	6,231	5,857
Contract liabilities, current	5,558	3,028
Total current liabilities	14,213	10,486
Financial liabilities	14,067	10,553
Provisions	337	270
Contract liabilities, non-current	99	88
Other non-current liabilities	1,349	1,227
Total non-current liabilities	15,853	12,138
Total liabilities	30,066	22,624
Total equity	27,641	28,877
Total equity and liabilities	57,707	51,502

H1 2019 – Operating cash flow and free cash flow

€ millions, unless otherwise stated	H1/19	H1/18	Δ
Operating cash flow	2,679	2,985	-10%
- Capital expenditure	-539	-818	-34%
- Payments of lease liabilities	-185	-	-
Free cash flow	1,956	2,167	-10%
Free cash flow in percent of total revenue	15	19	-4pp
Free cash flow conversion rate	4.12	1.52	>100%
Days sales outstanding (DSO in days, June 30)	70	68	2

Group Liquidity



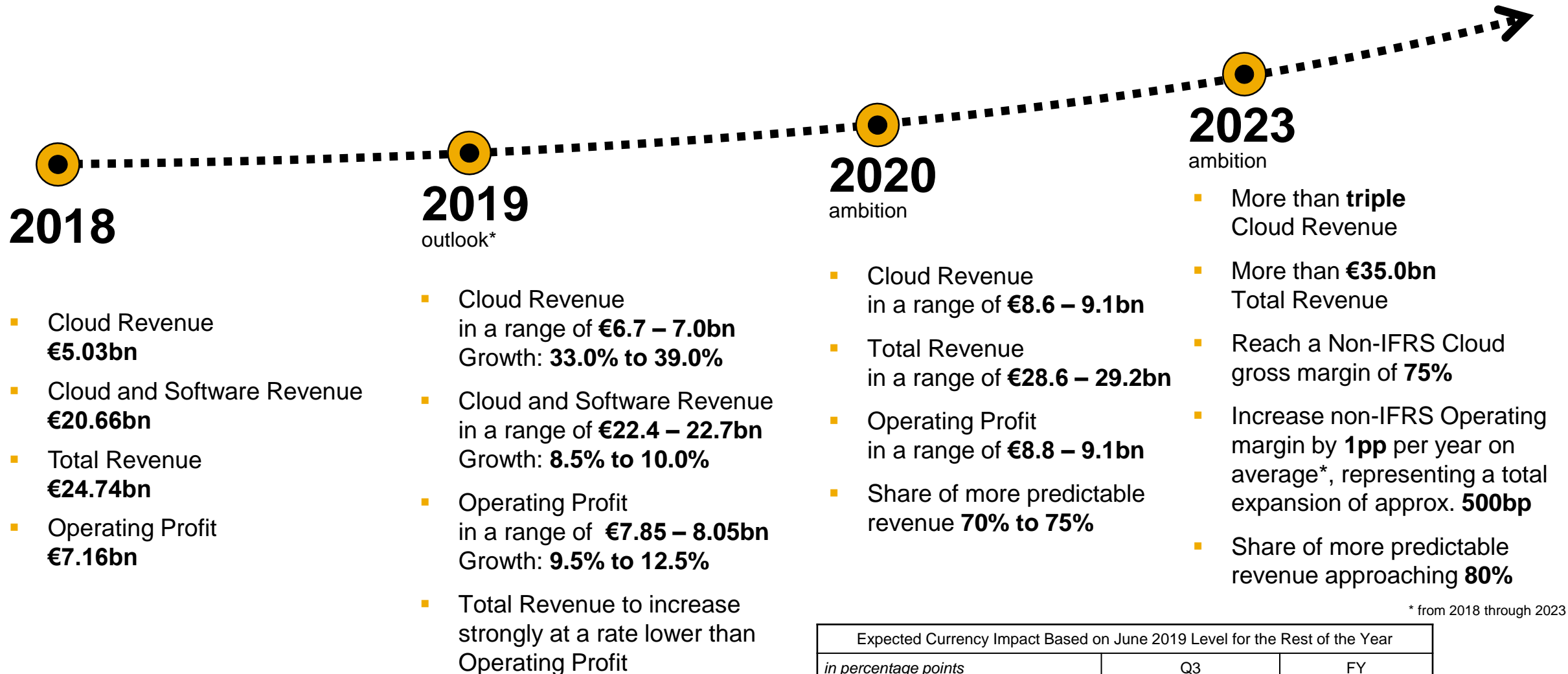
FY 2019 – Additional outlook information and non-IFRS adjustments

The Company expects a full-year 2019 effective tax rate (IFRS) of 26.5% to 27.5% (2018: 27.0%) and an effective tax rate (non-IFRS) of 26.0% to 27.0% (2018: 26.3%)

	Actual Amounts H1/18	Actual Amounts H1/19	Est. Amounts for FY/19
Non-IFRS adjustments			
Revenue adjustments	€16m	€51m	€70m to €120m
Acquisition-related charges	€278m	€341m	€650m to €750m
Share-based payment expenses	€491m	€1,114m	€1,650m to €1,900m
Restructuring charges	€22m	€1,085m	€950m to €1,100m
Sum of all adjustments	€807m	€2,592m	€3,320m to €3,870m

Due to rounding, numbers may not add precisely

SAP reiterates its outlook



Expected Currency Impact Based on June 2019 Level for the Rest of the Year		
<i>in percentage points</i>	Q3	FY
Cloud revenue	+2pp to +4pp	+3pp to +5pp
Cloud and software revenue	+1pp to +3pp	+1pp to +3pp
Operating profit	+2pp to +4pp	+1pp to +3pp

Appendix

Q2 2019 – Key cloud metrics

Q2/19 unless otherwise stated

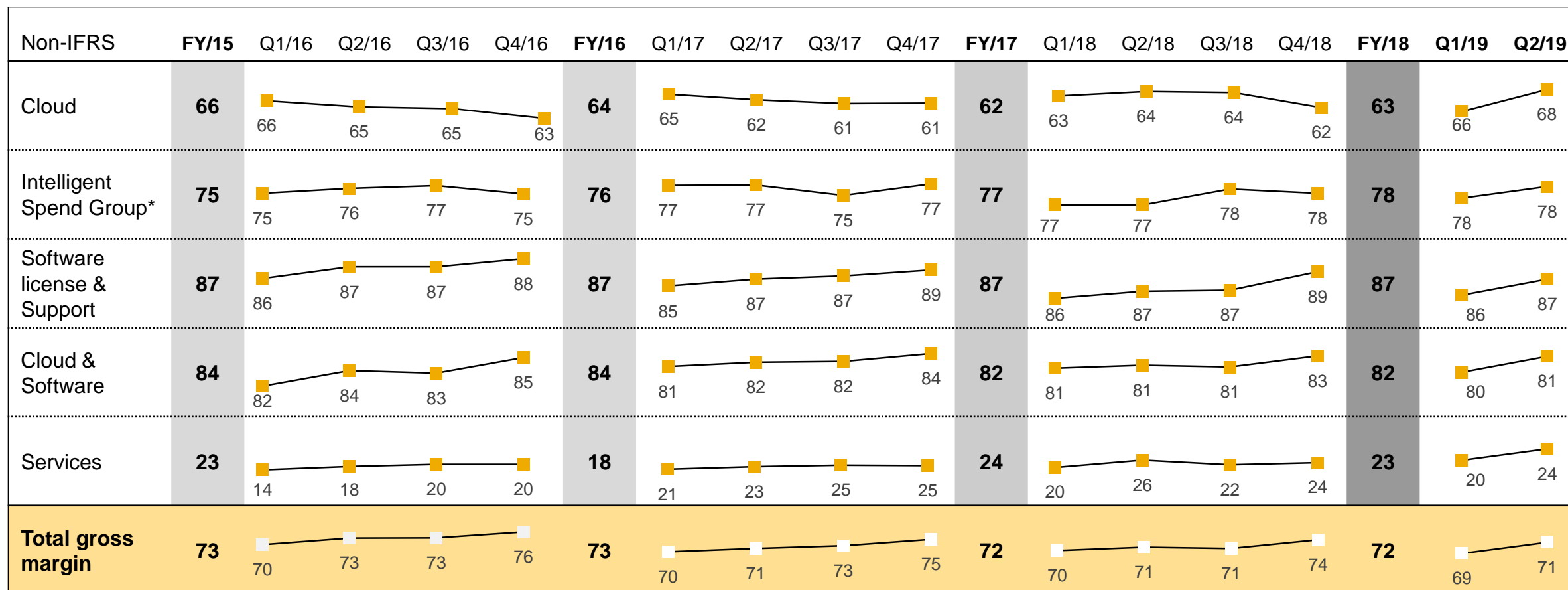
All figures are Non-IFRS unless otherwise stated

<p>Cloud Revenue</p> <p>+40% €1,717m</p>	<p>New Cloud Bookings¹</p> <p>+17% €494m</p>	<p>Global Commerce²</p> <p>~\$3.34 trillion</p>	<p>Cloud Applications Total Subscribers</p> <p>~200m</p>
<p>Intelligent Spend Group – Segment Revenue</p> <p>+22% €786m</p>	<p>Customer and Experience Management – Segment Revenue</p> <p>+81% €365m</p>	<p>Number of end users processing travel and expense with SAP Concur</p> <p>>61m</p>	<p>Flexible workers managed with SAP Fieldglass platform</p> <p>5.9m</p>

1) New cloud bookings are the total of all orders received in a given period the revenue from which is expected to be classified as cloud revenue and that result from purchases by new customers and from incremental purchases by existing customers. Consequently, orders to renew existing contracts are not included in this metric. The order amount must be committed. Consequently, due to their pay-per-use nature, business network transaction fees which do not include a committed minimum consumption are not reflected in the bookings metric (e.g. SAP Ariba and SAP Fieldglass transaction-based fees). Amounts included in the measures are generally annualized (annualized contract value ACV).

2) Global commerce is the total commerce volume transacted on the SAP Ariba, SAP Concur and SAP Fieldglass Networks in the trailing 12 months. SAP Ariba commerce includes procurement and sourcing spend

Gross margin development 2015 – YTD



* Gross margins as reported. Changes in profit center structure may lead to changes in previous quarters.

Second Quarter and Half Year 2019 Financial Highlights

SAP SE
July 18, 2019

THE BEST RUN

