



First Quarter 2020

Financial Highlights

SAP SE
April 21, 2020

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.

SOLID START TO 2020 AMIDST COVID-19 CRISIS

TOTAL REVENUE AND OPERATING PROFIT UP

Cloud Revenue		Cloud and Software Revenue		Total Revenue		Operating Profit	
in € millions		in € millions		in € millions		in € millions	
IFRS	Non-IFRS	IFRS	Non-IFRS	IFRS	Non-IFRS	IFRS	Non-IFRS
2,011	2,012	5,397	5,398	6,521	6,522	1,210	1,482
+29%	+27% (+25% cc)	+7%	+6% (+5% cc)	+7%	+7% (+5% cc)	N/A	+1% (0% cc)

The share of more predictable revenue reached **76%** in the first quarter of 2020 (+4 percentage points)

OTHER FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

FIRST QUARTER 2020

- Cloud revenue exceeds €2.0bn for the first time in a quarter – +29% (IFRS), +27% (non-IFRS), +25% (non-IFRS cc)
- Current cloud backlog: +25% (+24% cc) to €6.65bn
- Cloud gross margin (non-IFRS): +3 pp to 69.3%
- Earnings per share (non-IFRS): -5% to €0.85
- Operating cash flow up 6% to €2.98bn | Free cash flow up 9% to €2.58bn
- Approximately 14,100 S/4HANA customers
- Greenhouse gas emissions at 65kt
- Overall employee retention rate remains high at 93.3%
- Women in management increased to 26.8%

INCOME STATEMENT

FIRST QUARTER 2020

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	Q1/20	Q1/19	Δ %	Q1/20	Q1/19	Δ %	Δ % at cc
Cloud	2,011	1,555	29	2,012	1,581	27	25
Software licenses	451	650	-31	451	650	-31	-31
Software support	2,934	2,838	3	2,934	2,838	3	2
Software licenses and support	3,386	3,489	-3	3,386	3,489	-3	-4
Cloud and software	5,397	5,044	7	5,398	5,070	6	5
Services	1,124	1,048	7	1,124	1,048	7	6
Total revenue	6,521	6,091	7	6,522	6,118	7	5
Total operating expenses	-5,311	-6,228	-15	-5,040	-4,651	8	7
Operating profit (loss)	1,210	-136	<-100	1,482	1,467	1	0
Financial income, net	-39	0	>100	-39	0	>100	
Profit (loss) before tax	1,122	-140	<-100	1,394	1,463	-5	
Income tax expense	-310	33	<-100	-379	-383	-1	
Profit (loss) after tax	811	-108	<-100	1,015	1,080	-6	
Operating margin (in %)	18.6	-2.2	20.8pp	22.7	24.0	-1.3pp	-1.3pp
Earnings per share, basic (in €)	0.68	-0.10	<-100	0.85	0.90	-5	

REGIONAL PERFORMANCE

FIRST QUARTER 2020

AMERICAS

Cloud revenue

+24%
+21% cc

Cloud and software revenue

+9%
+7% cc

Canada and Brazil were highlights in cloud revenue.
Mexico and Brazil had a strong quarter in software licenses revenue.

EMEA

Cloud revenue

+35%
+34% cc

Cloud and software revenue

+7%
+6% cc

Germany and the Netherlands were highlights in cloud revenue.
France, Italy and Switzerland had a strong quarter in software licenses revenue.

APJ

Cloud revenue

+25%
+24% cc

Cloud and software revenue

+1%
+0% cc

Japan and South Korea were highlights in cloud revenue.
Japan and Australia had a solid quarter in software licenses revenue.

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

GROSS MARGIN DEVELOPMENT

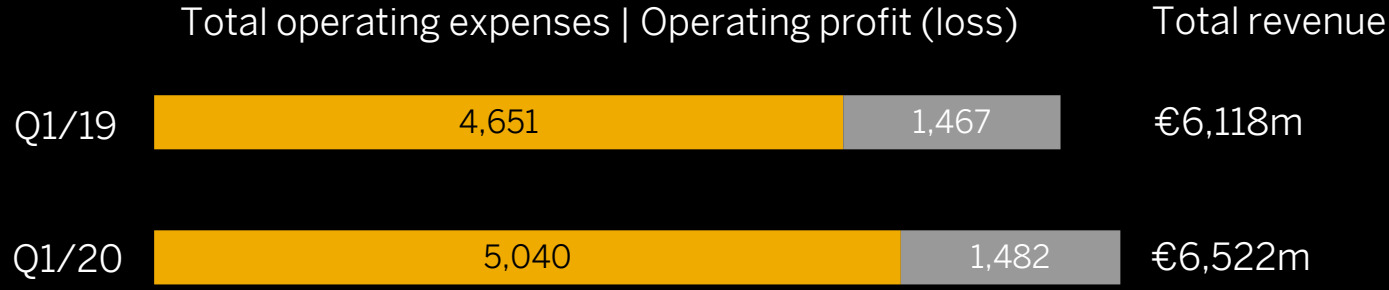
CLOUD GROSS MARGIN UP 3 PERCENTAGE POINTS YOY

Non-IFRS, in percent as reported	FY/18	Q1/19	Q2/19	Q3/19	Q4/19	FY/19	Q1/20
Cloud	63.1	66,2	67,9	69,0	69,5	68.2	69.3
Intelligent Spend	77.8	78,0	78,2	78,0	78,0	78.1	78.8
Private Cloud (IaaS)	12.2	31,8	22,3	25,3	36,3	29.1	31.0
Public Cloud (SaaS/PaaS)	60.0	63,8	68,8	70,4	70,0	68.4	70.2
Software Licenses & Support	87.4	85,7	87,1	87,6	88,8	87.5	85.7
Cloud & Software	81.5	79,6	81,1	81,7	83,5	81.6	79.6
Services	22.9	20,3	23,9	26,9	28,0	24.9	22.8
Total Gross Margin	71.8	69,5	71,4	72,3	75,3	72.3	69.8

OPERATING PROFIT

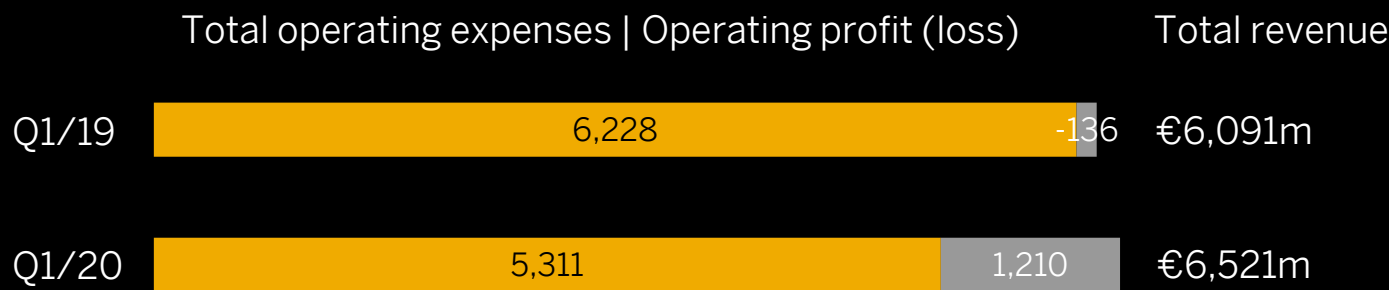
FIRST QUARTER 2020

Non-IFRS



- Non-IFRS operating profit (loss) +1% to €1,482m (Q1/19: €1,467m) +0% to €1,462m at cc
- Non-IFRS operating margin -1.3pp to 22.7% (Q1/19: 24.0%) -1.3pp to 22.7% at cc

IFRS

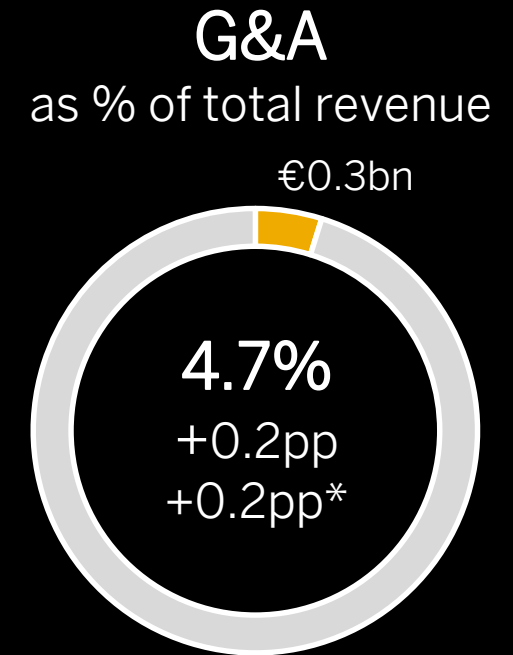
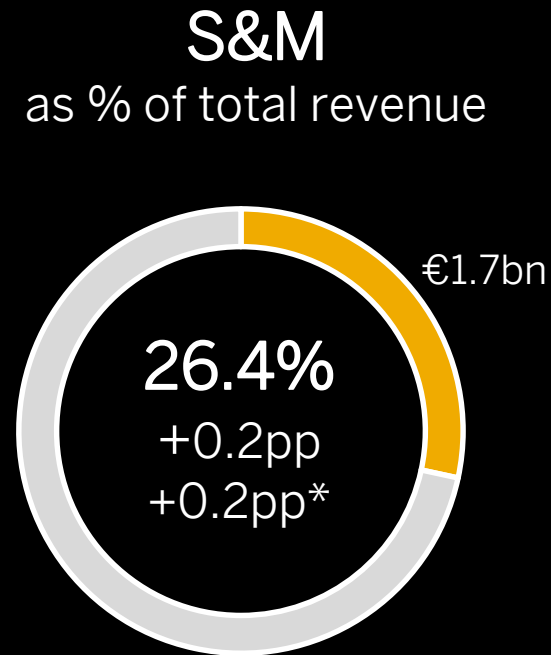
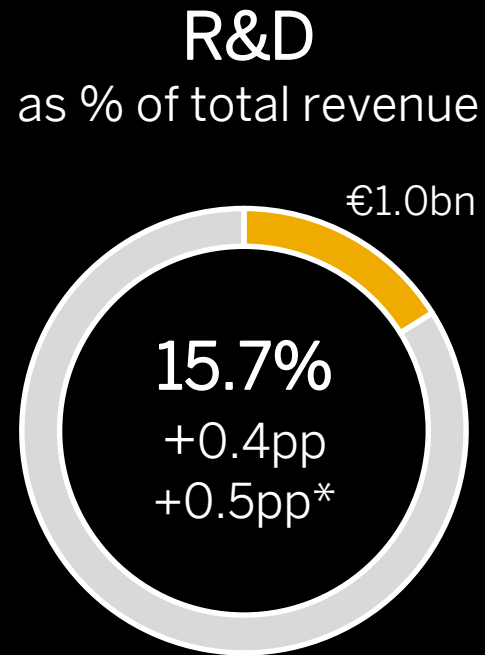


- IFRS operating profit (loss) <-100% to €1,210m (Q1/19: €-136m)
- IFRS operating margin +20.8pp to 18.6% (Q1/19: -2.2%)

COST RATIOS

FIRST QUARTER 2020

€6.5bn Total revenue, Non-IFRS



*Non-IFRS at constant currencies

BALANCE SHEET CONDENSED

March 31, 2020 - IFRS

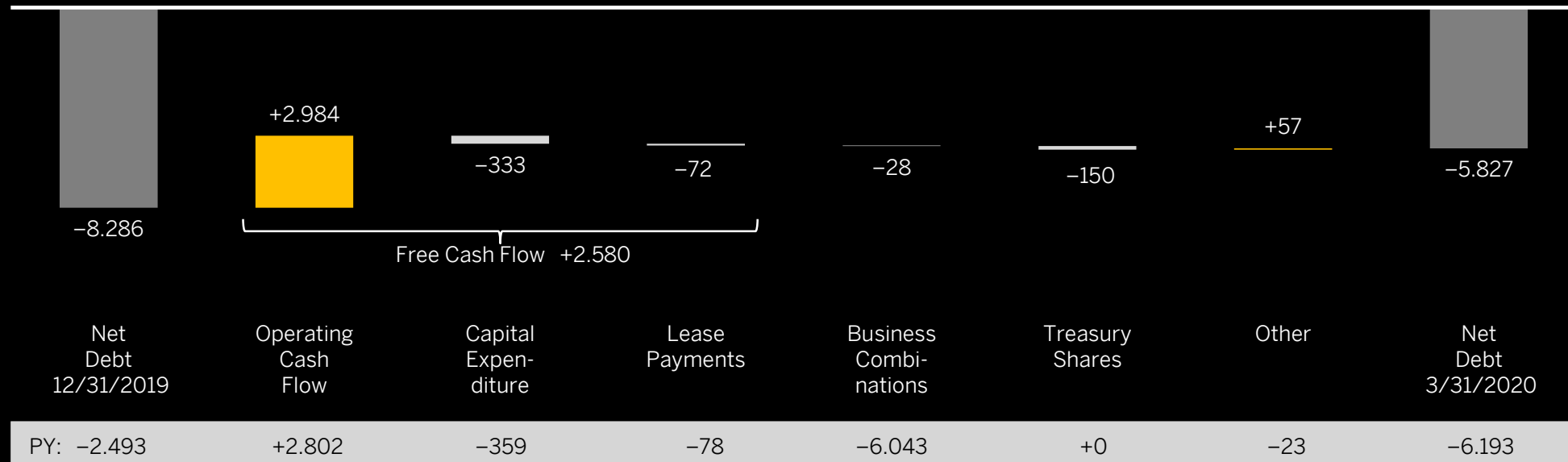
Assets			Equity and liabilities		
€ millions	3/31/20	12/31/19	€ millions	3/31/20	12/31/19
Cash, cash equivalents and other financial assets	8,174	5,612	Trade and other payables	1,458	1,581
Trade and other receivables	7,280	7,908	Provisions	162	268
Other current assets	1,879	1,694	Other liabilities	9,121	8,347
Total current assets	17,333	15,213	Contract liabilities, current	6,726	4,266
Goodwill	29,731	29,159	Total current liabilities	17,467	14,462
Intangible assets	4,400	4,491	Financial liabilities	12,507	12,923
Property, plant, and equipment	5,383	5,496	Provisions	636	478
Other non-current assets	6,100	5,853	Contract liabilities, non-current	81	89
Total non-current assets	45,614	44,999	Other non-current liabilities	1,486	1,439
Total assets	62,947	60,212	Total non-current liabilities	14,710	14,929
			Total liabilities	32,177	29,390
			Total equity	30,770	30,822
			Total equity and liabilities	62,947	60,212

OPERATING CASH FLOW AND FREE CASH FLOW

€ millions, unless otherwise stated	Q1/20	Q1/19	Δ
Operating cash flow	2,984	2,802	+6%
- Capital expenditure	-333	-359	-7%
- Payments of lease liabilities	-72	-78	-8%
Free cash flow	2,580	2,365	+9%
Free cash flow in percent of total revenue	40	39	+1pp
Free cash flow conversion rate	3.18	-21.98	+25.16
Days sales outstanding (DSO in days, March 31)	73	69	4

NET DEBT

€ millions



Net Liquidity = cash and cash equivalent plus current time deposits and debt securities minus financial debt

Other = mainly purchase and sales of equity or debt instruments of other entities, proceeds from sales of non-current assets, and effects of foreign currency rates on cash and cash equivalents
 – for more information see our 2019 integrated report

ADDITIONAL OUTLOOK INFORMATION AND NON-IFRS ADJUSTMENTS

The Company continues to expect a full-year 2020 effective tax rate (IFRS) of 27.0% to 28.0% (2019: 26.7%) and an effective tax rate (non-IFRS) of 26.5% to 27.5% (2019: 26.2%)

	Actual Amounts Q1/19	Actual Amounts Q1/20	Est. Amounts for FY/20
Non-IFRS adjustments			
Revenue adjustments	€26m	€1m	€0m to €30m
Acquisition-related charges	€174m	€162m	€580m to €690m
Share-based payment expenses	€517m	€93m	€1,200m to €1,600m
Restructuring charges	€886m	€15m	€20m to €40m
Sum of all adjustments	€1,603m	€272m	€1,800m to €2,360m

Due to rounding, numbers may not add precisely

2020 OUTLOOK UPDATED TO REFLECT THE ESTIMATED IMPACT OF THE COVID-19 CRISIS

2019 Actuals (Non-IFRS)

Cloud Revenue
€7.01bn

Cloud & Software Revenue
€23.09bn

Total Revenue
€27.63bn

Operating Profit
€8.21bn

2020 Outlook (Non-IFRS @cc)

Cloud Revenue
in a range of **€8.3 – 8.7bn**
Growth: **18.0% to 24.0%**

Cloud and Software Revenue
in a range of **€23.4 – 24.0bn**
Growth: **1.0% to 4.0%**

Total Revenue
in a range of **€27.8 – 28.5bn**
Growth: **1.0% to 3.0%**

Operating Profit
in a range of **€8.1 – 8.7bn**
Growth: **-1.0% – 6.0%**

Share of more predictable revenue
to reach approx. **72%**

2023 Ambition (Non-IFRS)

More than **triple**
Cloud Revenue

More than **€35.0bn**
Total Revenue

Reach a Cloud gross margin of **75%**

Increase Operating margin by **1pp** per
year on average*, representing a total
expansion of approx. **500bp**

Share of more predictable revenue
approaching **80%**

* from 2018 through 2023

EXPECTED CURRENCY IMPACT 2020

Q2 AND REST OF THE YEAR

Expected Currency Impact 2020 Based on March 2020 Level for the Rest of the Year		
in percentage points	Q2	FY
Cloud Revenue	+2pp to +4pp	-1pp to +1pp
Cloud and software	+1pp to +3pp	-1pp to +1pp
Operating profit	+1pp to +3pp	-1pp to +1pp

Appendix

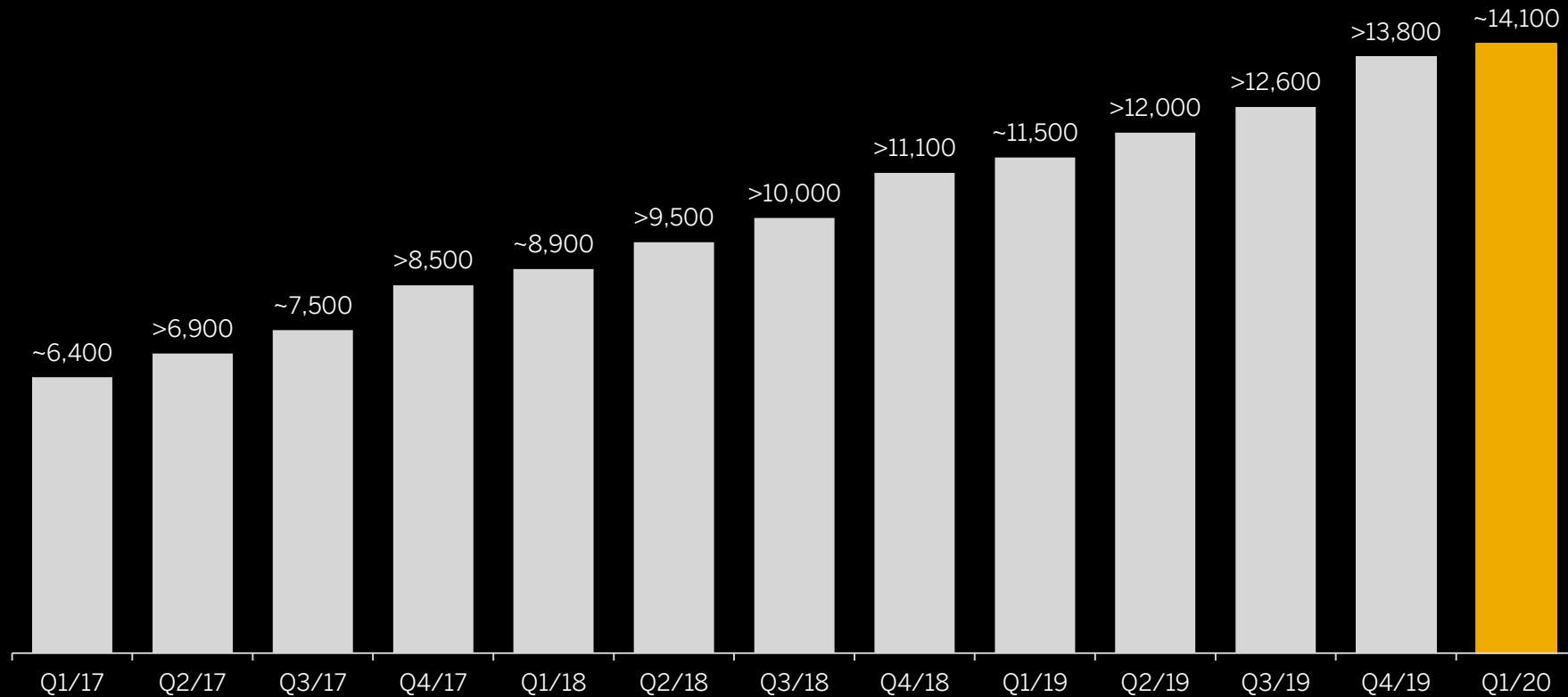


THE BEST RUN



SAP S/4HANA CUSTOMER COUNT

BASED ON UPDATED DEFINITION



Main categories added include Digital Supply Chain Management and Finance and Risk Management. This change affected the S/4HANA customer count as the customers of the added categories (as far as not also S/4HANA customer) have been included in the S/4HANA customer number. Prior period customer count numbers have been adjusted to conform with the updated definition.

Q1 2020 – KEY CLOUD METRICS

All figures are Non-IFRS and growth rates at constant currencies unless otherwise stated

<p>Cloud Revenue</p> <p>+25% €2,012m</p>	<p>Current Cloud Backlog¹</p> <p>+24% €6.65bn</p>	<p>Global Commerce²</p> <p>>\$3.7 trillion</p>	<p>Cloud Applications Total Subscribers</p> <p>~218m</p>
<p>Concur – Segment Revenue</p> <p>+11% €428m</p>	<p>Qualtrics – Segment Revenue</p> <p>+76% €161m</p>	<p>Number of end users book travel and/or process expense with SAP Concur</p> <p>>66m</p>	<p>Flexible workers managed with SAP Fieldglass platform</p> <p>6.8m</p>

- 1) Current Cloud Backlog replaces our previous disclosure of 'New Cloud Bookings'. The 'Current Cloud Backlog' – or CCB for short gives you the contractually committed cloud revenue we expect to recognize over the upcoming twelve months. The CCB is thus a subset of our Remaining Performance Obligations: Cloud only and 12 months only. Its expansion between two key dates reflects our success in both, contracting new cloud business as well as renewing existing business. So compared to New Cloud Bookings, it is a better, more holistic indicator of our cloud progress.
- 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



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