



Second Quarter and Half Year 2020

Financial Highlights

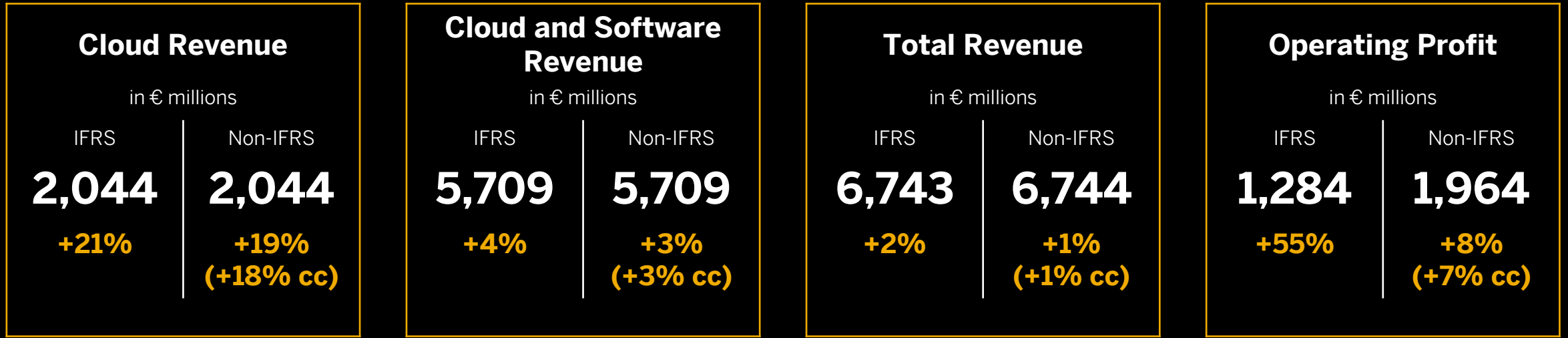
SAP SE
July 27, 2020

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.

SAP RESILIENT AMID COVID-19 CRISIS

OPERATING PROFIT AND OPERATING MARGIN UP STRONGLY



The share of more predictable revenue reached **73%** in the second quarter of 2020 (+5 percentage points)

OTHER FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

SECOND QUARTER 2020

Software licenses: -18% (-18% cc) to €0.77bn – strong sequential improvement compared to first quarter

Current cloud backlog: +20% (+21% cc) to €6.65bn

Cloud gross margin (non-IFRS): +1.6 pp to 69.5%

Operating margin (non-IFRS): + 1.8% to 29.1%

Earnings per share (non-IFRS): +7% to €1.17

Operating cash flow (first six month): +41% to €3.77bn

Free cash flow (first six month): +59% to €3.12bn

More than 14,600 S/4HANA customers

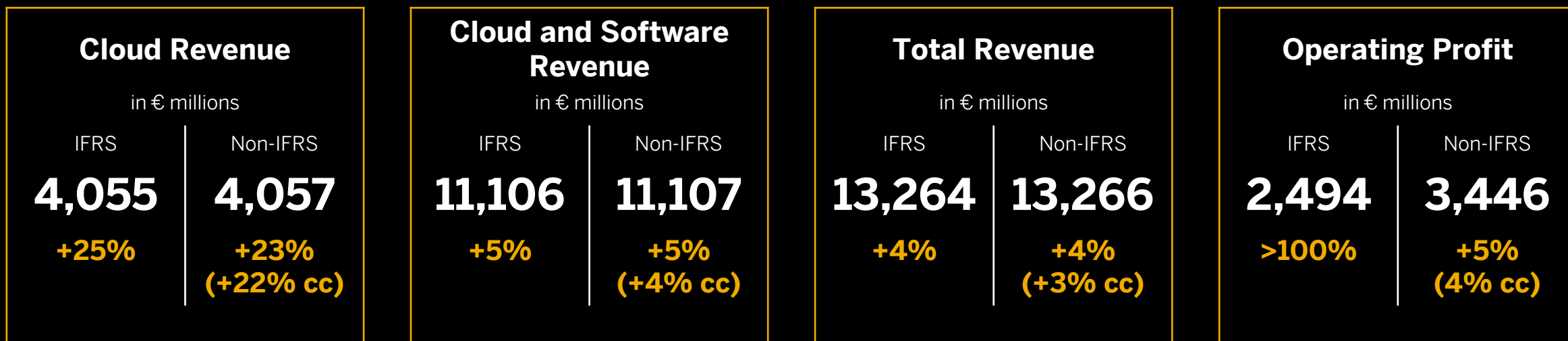
Greenhouse gas emissions at 25kt

Overall employee retention rate remains high at 93.9%

Women in management increased to 27.3%

FIRST SIX MONTHS 2020 – KEY PERFORMANCE METRICS

TOTAL REVENUE AND OPERATING PROFIT UP



The share of more predictable revenue reached **74%** in the first six months of 2020 (+4 percentage points)

INCOME STATEMENT

SECOND QUARTER 2020

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	Q2/20	Q2/19	Δ %	Q2/20	Q2/19	Δ %	Δ % at cc
Cloud	2,044	1,692	21	2,044	1,717	19	18
Software licenses	773	948	-18	773	948	-18	-18
Software support	2,892	2,854	1	2,892	2,854	1	2
Software licenses and support	3,665	3,802	-4	3,665	3,802	-4	-3
Cloud and software	5,709	5,495	4	5,709	5,520	3	3
Services	1,034	1,136	-9	1,034	1,136	-9	-9
Total revenue	6,743	6,631	2	6,744	6,656	1	1
Total operating expenses	-5,459	-5,803	-6	-4,780	-4,840	-1	-1
Operating profit (loss)	1,284	827	55	1,964	1,816	8	7
Financial income, net	92	29	>100	92	29	>100	
Profit (loss) before tax	1,322	815	62	2,002	1,804	11	
Income tax expense	-437	-233	87	-607	-487	25	
Profit (loss) after tax	885	582	52	1,395	1,317	6	
Operating margin (in %)	19.0	12.5	6.6pp	29.1	27.3	1.8pp	1.7pp
Earnings per share, basic (in €)	0.73	0.48	54	1.17	1.09	7	

INCOME STATEMENT

FIRST SIX MONTHS 2020

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	H1/20	H1/19	Δ %	H1/20	H1/19	Δ %	Δ % at cc
Cloud	4,055	3,247	25	4,057	3,299	23	22
Software licenses	1,224	1,599	-23	1,224	1,599	-23	-23
Software support	5,826	5,692	2	5,826	5,692	2	2
Software licenses and support	7,051	7,291	-3	7,051	7,291	-3	-4
Cloud and software	11,106	10,538	5	11,107	10,589	5	4
Services	2,159	2,184	-1	2,159	2,184	-1	-2
Total revenue	13,264	12,722	4	13,266	12,773	4	3
Total operating expenses	-10,770	-12,031	-10	-9,820	-9,490	3	3
Operating profit (loss)	2,494	691	>100	3,446	3,283	5	4
Financial income, net	53	29	84	53	29	84	
Profit (loss) before tax	2,444	675	>100	3,396	3,267	4	
Income tax expense	-747	-201	>100	-986	-870	13	
Profit (loss) after tax	1,697	475	>100	2,409	2,397	1	
Operating margin (in %)	18.8	5.4	13.4pp	26.0	25.7	0.3pp	0.2pp
Earnings per share, basic (in €)	1.42	0.38	>100	2.02	1.99	1	

REGIONAL PERFORMANCE

SECOND QUARTER 2020

AMERICAS

Cloud revenue

+14%

+13% cc

Cloud and software revenue

+4%

+3% cc

Canada and Mexico were highlights in cloud revenue.

The U.S. had a solid quarter in software licenses revenue.

EMEA

Cloud revenue

+29%

+29% cc

Cloud and software revenue

+3%

+3% cc

Germany and Switzerland were highlights in cloud revenue.

Spain and Saudi Arabia had strong quarters in software licenses revenue.

APJ

Cloud revenue

+19%

+18% cc

Cloud and software revenue

+4%

+4% cc

Japan, Singapore and South Korea were highlights in cloud revenue.

Japan, South Korea and Indonesia had a strong recovery 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 1.6 PERCENTAGE POINTS YOY

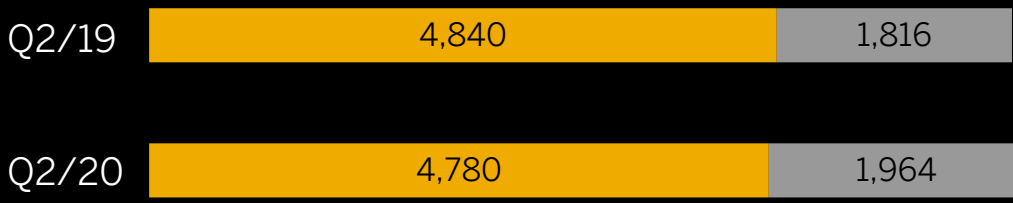
Non-IFRS, in percent as reported	FY/18	Q1/19	Q2/19	Q3/19	Q4/19	FY/19	Q1/20	Q2/20
Cloud	63.1	66,2	67,9	69,0	69,5	68.2	69,3	69,5
Intelligent Spend	77.8	78,0	78,1	78,0	78,0	78.1	78,8	79,9
Private Cloud (IaaS)	12.2	32,0	22,4	25,3	36,3	29.1	31,0	36,0
Public Cloud (SaaS/PaaS)	60.0	63,8	69,0	70,4	70,0	68.4	70,2	69,5
Software Licenses & Support	87.4	85,7	87,1	87,6	88,8	87.4	85,7	87,4
Cloud & Software	81.5	79,6	81,1	81,7	83,4	81.6	79,6	81,0
Services	22.9	20,3	23,9	26,9	28,1	25.0	22,8	26,3
Total Gross Margin	71.8	69,5	71,4	72,3	75,2	72.3	69,8	72,6

OPERATING PROFIT

SECOND QUARTER 2020

Non-IFRS

Total operating expenses | Operating profit (loss)



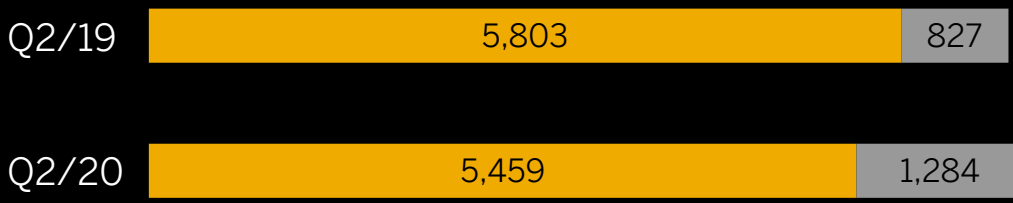
Total revenue

€6,656m
€6,744m

- Non-IFRS operating profit (loss)
+8% to €1,964m (Q2/19: €1,816m)
+7% to €1,951m at cc
- Non-IFRS operating margin
+1.8pp to 29.1% (Q2/19: 27.3%)
+1.7pp to 28.9% at cc

IFRS

Total operating expenses | Operating profit (loss)



Total revenue

€6,631m
€6,743m

- IFRS operating profit (loss)
+55% to €1,284m (Q2/19: €827m)
- IFRS operating margin
+6.6pp to 19.0% (Q2/19: +12.5%)

OPERATING PROFIT

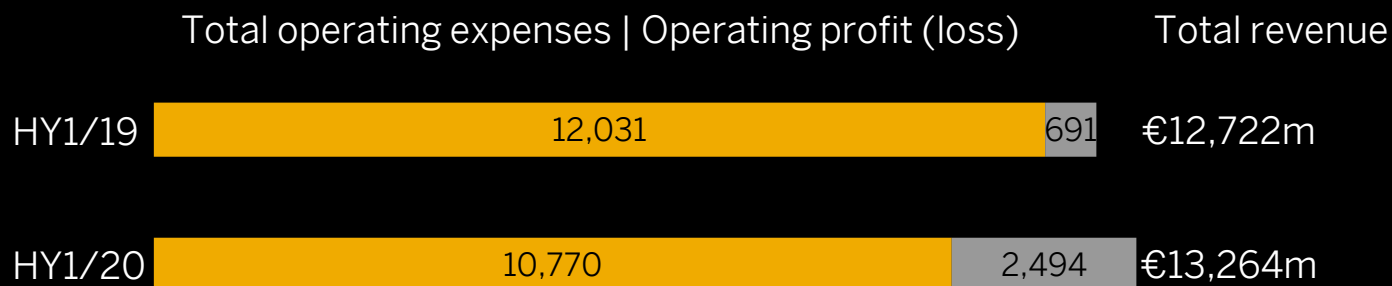
FIRST SIX MONTHS 2020

Non-IFRS



- Non-IFRS operating profit (loss)
+5% to €3,446m (HY1/19: €3,283m)
+4% to €3,413m at cc
- Non-IFRS operating margin
+0.3pp to 26.0% (HY1/19: 25.7%)
+0.2pp to 25.9% at cc

IFRS

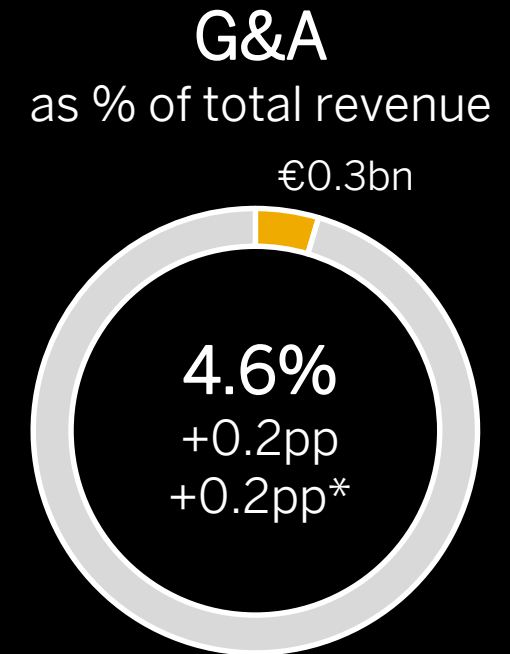
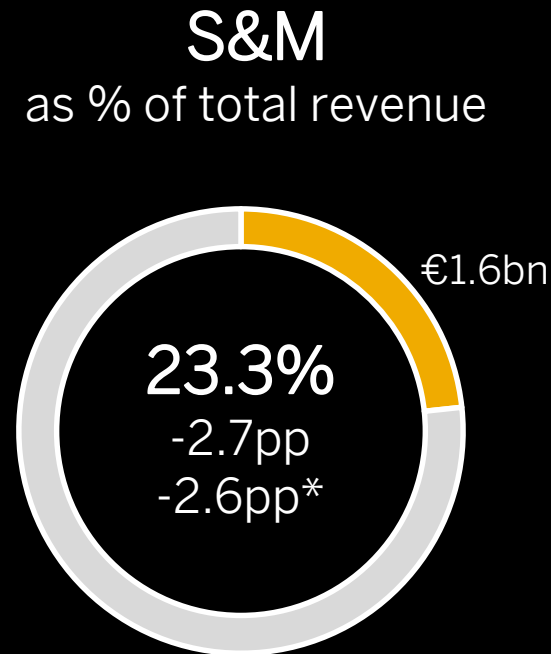
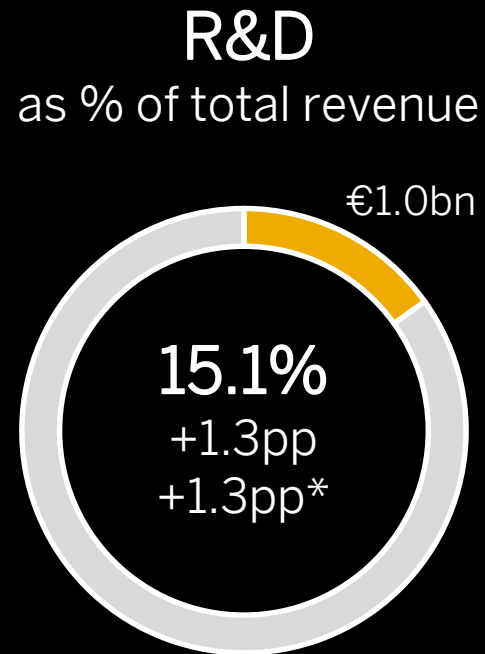


- IFRS operating profit (loss)
>100% to €2,494m (HY1/19: €691m)
- IFRS operating margin
+13.4pp to 18.8% (HY1/19: 5.4%)

COST RATIOS

SECOND QUARTER 2020

€6.7bn Total revenue, Non-IFRS

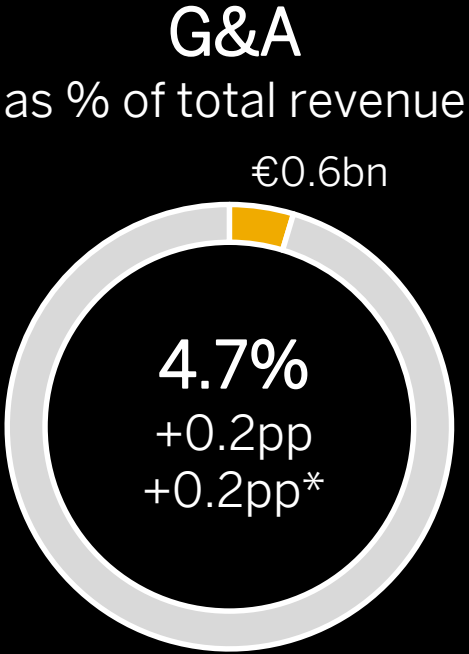
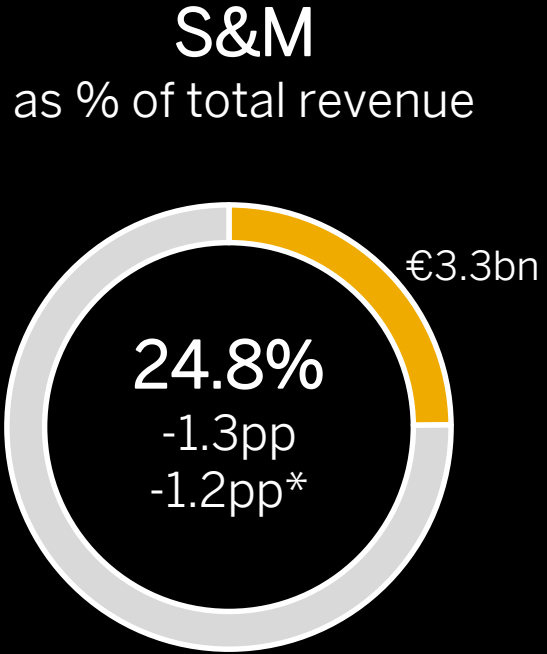
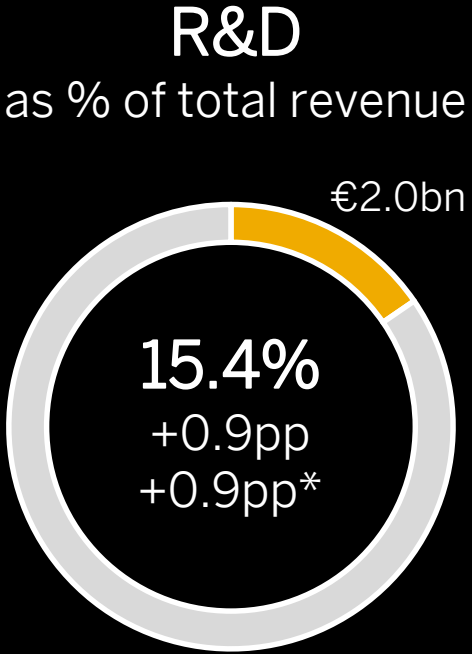


*Non-IFRS at constant currencies

COST RATIOS

FIRST SIX MONTHS 2020

€13.3bn Total revenue, Non-IFRS



*Non-IFRS at constant currencies

BALANCE SHEET CONDENSED

JUNE 30, 2020 - IFRS

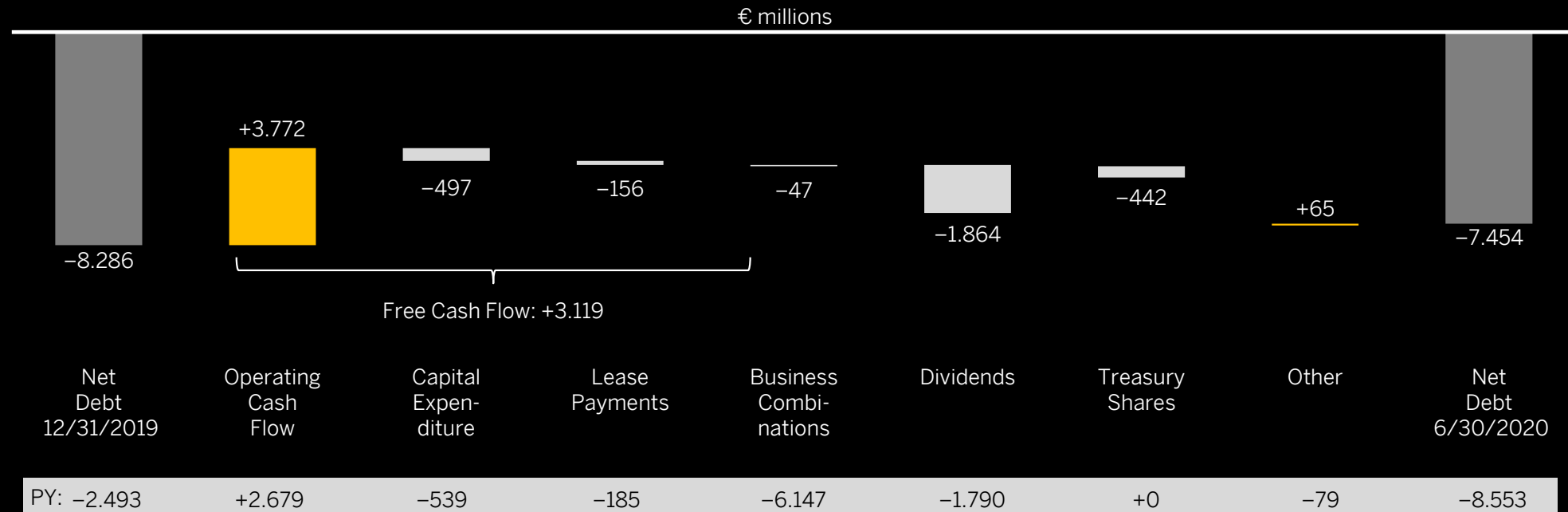
Assets			Equity and liabilities		
€ millions	6/30/20	12/31/19	€ millions	6/30/20	12/31/19
Cash, cash equivalents and other financial assets	7,624	5,612	Trade and other payables	1,311	1,581
Trade and other receivables	6,584	7,908	Provisions	105	268
Other current assets	1,835	1,694	Other liabilities	8,093	8,347
Total current assets	16,043	15,213	Contract liabilities, current	5,791	4,266
Goodwill	29,214	29,159	Total current liabilities	15,300	14,462
Intangible assets	4,158	4,491	Financial liabilities	14,499	12,923
Property, plant, and equipment	5,272	5,496	Provisions	515	478
Other non-current assets	6,023	5,853	Contract liabilities, non-current	69	89
Total non-current assets	44,666	44,999	Other non-current liabilities	1,255	1,439
Total assets	60,709	60,212	Total non-current liabilities	16,338	14,929
			Total liabilities	31,637	29,390
			Total equity	29,072	30,822
			Total equity and liabilities	60,709	60,212

SHARP INCREASE IN OPERATING AND FREE CASH FLOW

FIRST SIX MONTHS 2020

€ millions, unless otherwise stated	HY1/20	HY1/19	Δ
Operating cash flow	3,772	2,679	+41%
- Capital expenditure	-497	-539	-8%
- Payments of lease liabilities	-156	-185	-15%
Free cash flow	3,119	1,956	+59%
Free cash flow in percent of total revenue	24	15	+8pp
Free cash flow conversion rate	1.84	4.12	-2.28
Days sales outstanding (DSO in days, June 30)	76	70	6

NET DEBT



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 now expects a full-year 2020 effective tax rate (IFRS) of 28.5% to 29.5% (previous outlook: 27.0% to 28.0%) and an effective tax rate (non-IFRS) of 27.5% to 28.5% (previous outlook: 26.5% to 27.5%)

	Actual Amounts HY1/19	Actual Amounts HY1/20	Est. Amounts for FY/20
Non-IFRS adjustments			
Revenue adjustments	€51m	€2m	€0m to €30m
Acquisition-related charges	€341m	€325m	€580m to €690m
Share-based payment expenses	€1,114m	€612m	€1,200m to €1,600m
Restructuring charges	€1,085m	€13m	€20m to €40m
Sum of all adjustments	€2,592m	€952m	€1,800m to €2,360m

Due to rounding, numbers may not add precisely

2020 REVENUE AND PROFIT OUTLOOK CONFIRMED

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

THIRD QUARTER AND REST OF THE YEAR

Expected Currency Impact 2020 Based on June 2020 Level for the Rest of the Year		
in percentage points	Q3	FY
Cloud Revenue	-3pp to -1pp	-1pp to +1pp
Cloud and software	-3pp to -1pp	-2pp to 0pp
Operating profit	-2pp to 0pp	-1pp to +1pp

Appendix

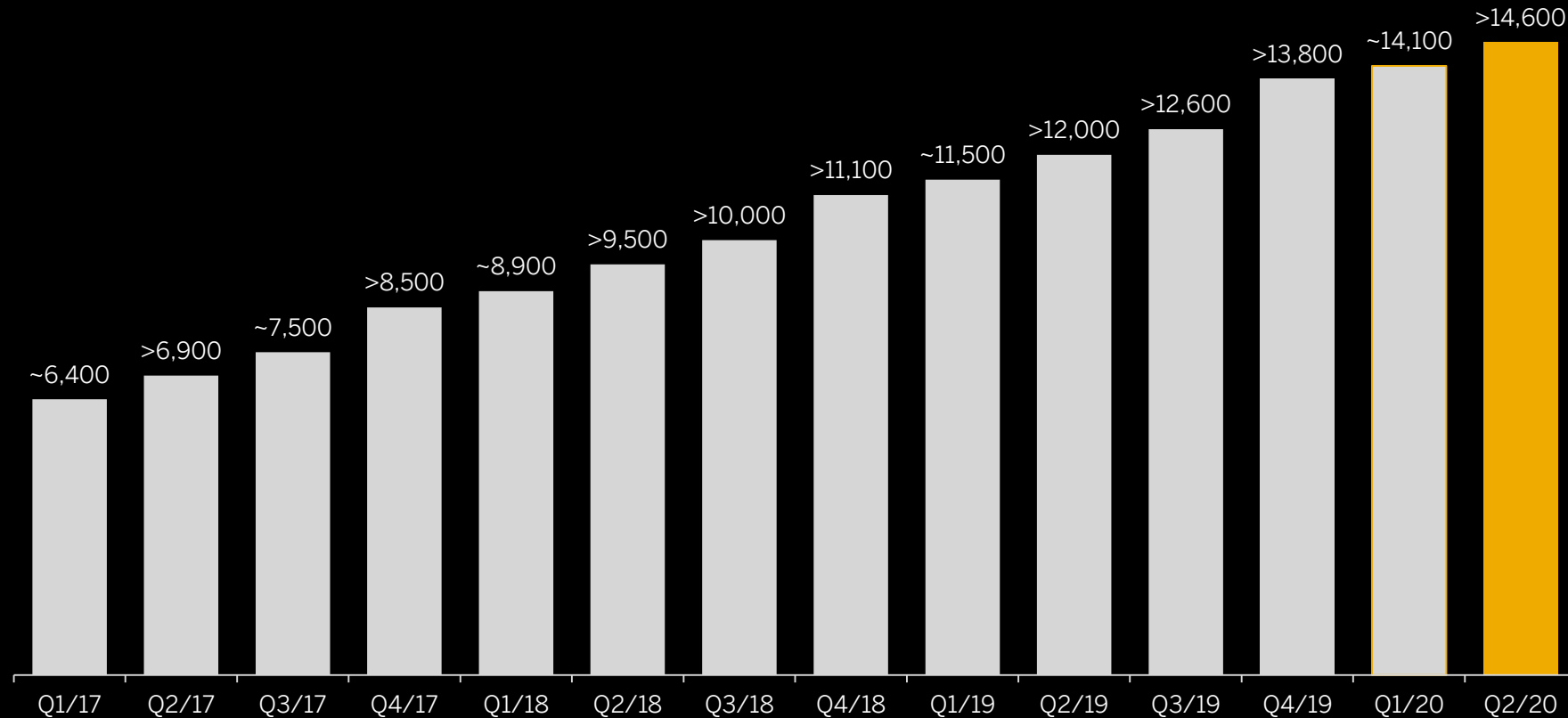


THE BEST RUN



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.

KEY CLOUD METRICS

SECOND QUARTER

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

<p>Cloud Revenue</p> <p>+18% €2,044m</p>	<p>Current Cloud Backlog¹</p> <p>+21% €6.65bn</p>	<p>Global Commerce²</p> <p>>\$3.8 trillion</p>	<p>Cloud Applications Total Subscribers</p> <p>~221m</p>
<p>Concur – Segment Revenue</p> <p>-5% €379m</p>	<p>Qualtrics – Segment Revenue</p> <p>+32% €168m</p>	<p>Number of end users book travel and/or process expense with SAP Concur</p> <p>>68m</p>	<p>New workers started on SAP Fieldglass platform</p> <p>>760,000</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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