



Third Quarter and First Nine Months 2020

Financial Highlights

SAP SE
October 26, 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.

THIRD QUARTER FINANCIAL PERFORMANCE

SUCCESSFUL NAVIGATION THROUGH CHALLENGING ENVIRONMENT

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
1,984	1,984	5,544	5,544	6,535	6,535	1,473	2,069
+11%	+10% (+14% cc)	-2%	-2% (+2% cc)	-4%	-4% (0% cc)	-12%	-1% (+4% cc)

Share of more predictable revenue reached **74%** up **5pp**

THIRD QUARTER 2020 - OTHER FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

STRONG DOUBLE-DIGIT GROWTH IN EPS AND CASH FLOW

Current cloud backlog up **16%** at constant currencies to **€6.6 billion**

Non-IFRS cloud gross margin up **0.7pp** to **69.7%**

IFRS Operating margin down **2.2pp** to **22.5%** | Non-IFRS up **1.3pp** to **31.9%** at constant currencies

IFRS Earnings per share up **26%** to **€1.32** | Non-IFRS up **31%** to **€1.70**

Year-to-date Operating cash flow up **54%** to **€5.09bn**

Year-to-date Free cash flow up **79%** to **€4.17bn**

More than **15,100 S/4HANA** customers

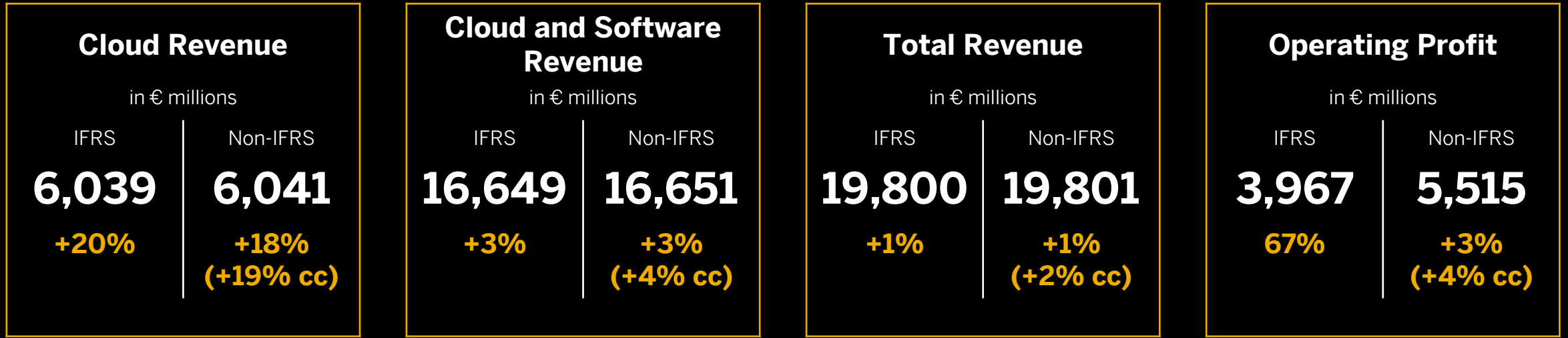
Greenhouse gas emissions at **25kt**

Overall employee retention rate remains high at **94.8%**

Women in management at **27.3%**

FIRST NINE MONTHS 2020 – KEY PERFORMANCE METRICS

TOTAL REVENUE AND OPERATING PROFIT UP



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

INCOME STATEMENT

THIRD QUARTER

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	Q3/20	Q3/19	Δ %	Q3/20	Q3/19	Δ %	Δ % at cc
Cloud	1,984	1,789	11	1,984	1,807	10	14
Software licenses	714	932	-23	714	932	-23	-19
Software support	2,845	2,907	-2	2,845	2,907	-2	1
Software licenses and support	3,559	3,839	-7	3,559	3,840	-7	-4
Cloud and software	5,544	5,629	-2	5,544	5,647	-2	2
Services	992	1,162	-15	992	1,162	-15	-11
Total revenue	6,535	6,791	-4	6,535	6,809	-4	0
Total operating expenses	-5,063	-5,111	-1	-4,466	-4,724	-5	-2
Operating profit (loss)	1,473	1,679	-12	2,069	2,086	-1	4
Financial income, net	616	42	>100	616	42	>100	
Profit (loss) before tax	2,070	1,702	22	2,666	2,108	26	
Income tax expense	-418	-443	-6	-568	-544	4	
Profit (loss) after tax	1,652	1,259	31	2,098	1,564	34	
Operating margin (in %)	22.5	24.7	-2.2pp	31.7	30.6	+1.0pp	+1.3pp
Earnings per share, basic (in €)	1.32	1.04	26	1.70	1.30	31	

INCOME STATEMENT

FIRST NINE MONTHS 2020

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	9M/20	9M/19	Δ %	9M/20	9M/19	Δ %	Δ % at cc
Cloud	6,039	5,037	20	6,041	5,106	18	19
Software licenses	1,939	2,531	-23	1,939	2,531	-23	-22
Software support	8,671	8,599	1	8,671	8,599	1	2
Software licenses and support	10,610	11,130	-5	10,610	11,130	-5	-4
Cloud and software	16,649	16,167	3	16,651	16,236	3	4
Services	3,150	3,346	-6	3,150	3,346	-6	-5
Total revenue	19,800	19,513	1	19,801	19,583	1	2
Total operating expenses	-15,833	-17,142	-8	-14,286	-14,214	1	1
Operating profit (loss)	3,967	2,370	67	5,515	5,368	3	4
Financial income, net	669	70	>100	669	70	>100	
Profit (loss) before tax	4,514	2,377	90	6,062	5,375	13	
Income tax expense	-1,166	-644	81	-1,555	-1,414	10	
Profit (loss) after tax	3,348	1,733	93	4,507	3,961	14	
Operating margin (in %)	20.0	12.1	7.9pp	27.9	27.4	0.4pp	0.5pp
Earnings per share, basic (in €)	2.74	1.43	92	3.71	3.29	13	

REGIONAL PERFORMANCE

THIRD QUARTER 2020

AMERICAS

Cloud revenue

+3%

+9% cc

Cloud and software revenue

-6%

0% cc

Brazil, Canada and Mexico were highlights in cloud revenue. Canada had a solid and Brazil and Mexico had strong quarters in software licenses revenue.

EMEA

Cloud revenue

+22%

+24% cc

Cloud and software revenue

+2%

+3% cc

Germany, the Netherlands and Switzerland were highlights in cloud revenue. Russia, Spain and Switzerland had strong quarters in software licenses revenue.

APJ

Cloud revenue

+14%

+19% cc

Cloud and software revenue

-1%

+4% cc

Japan, Singapore and South Korea were highlights in cloud revenue. Japan had a solid and Australia and India had strong quarters 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 CONTINUING POSITIVE TREND

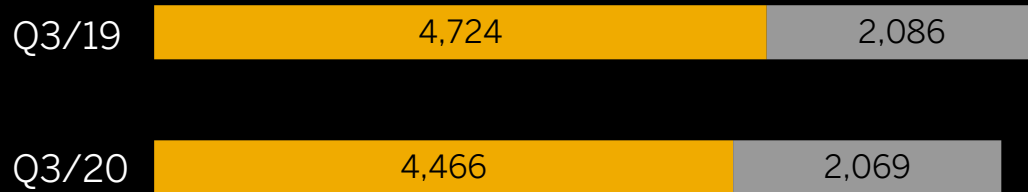
Non-IFRS, in percent as reported	FY/18	Q1/19	Q2/19	Q3/19	Q4/19	FY/19	Q1/20	Q2/20	Q3/20
Cloud	63.1	66,2	67,9	69,0	69,5	68.2	69,3	69,5	69,7
Intelligent Spend	77.8	78,0	78,1	78,0	78,0	78.1	78,8	79,9	78,3
Private Cloud (IaaS)	12.2	32,0	22,4	25,3	36,3	29.1	31,0	36,0	33,4
Public Cloud (SaaS/PaaS)	60.0	63,8	69,0	70,4	70,0	68.4	70,2	69,5	71,4
Software Licenses & Support	87.4	85,7	87,1	87,6	88,8	87.4	85,7	87,4	87,6
Cloud & Software	81.5	79,6	81,1	81,7	83,4	81.6	79,6	81,0	81,2
Services	22.9	20,3	23,9	26,9	28,1	25.0	22,8	26,3	31,5
Total Gross Margin	71.8	69,5	71,4	72,3	75,2	72.3	69,8	72,6	73,7

OPERATING PROFIT

THIRD QUARTER 2020

Non-IFRS

Total operating expenses | Operating profit (loss)



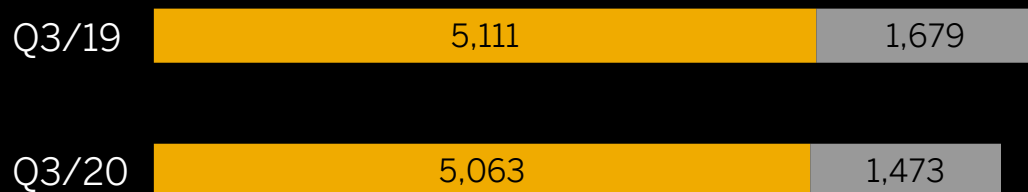
Total revenue

€6,809m
€6,535m

- Non-IFRS operating profit (loss)
-1% to €2,069m (Q3/19: €2,086m)
+4% to €2,171m at cc
- Non-IFRS operating margin
+1.0pp to 31.7% (Q3/19: 30.6%)
+1.3pp to 31.9% at cc

IFRS

Total operating expenses | Operating profit (loss)



Total revenue

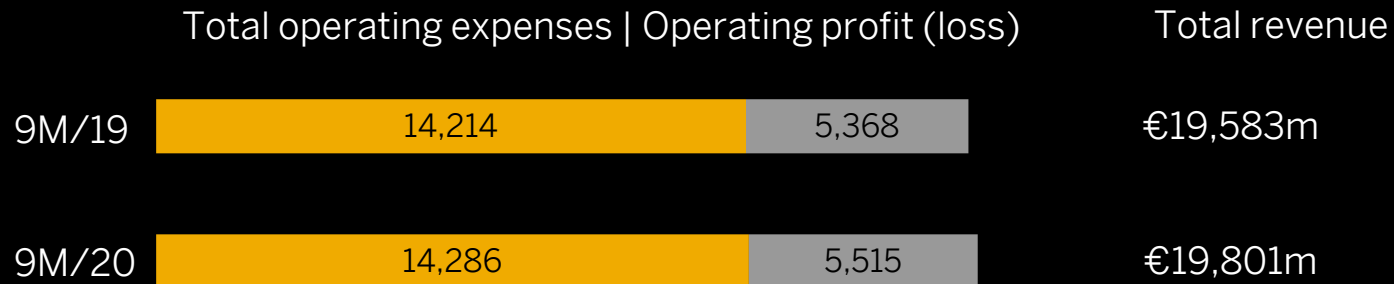
€6,791m
€6,535m

- IFRS operating profit (loss)
-12% to €1,473m (Q3/19: €1,679m)
- IFRS operating margin
-2.2pp to 22.5% (Q3/19: 24.7%)

OPERATING PROFIT

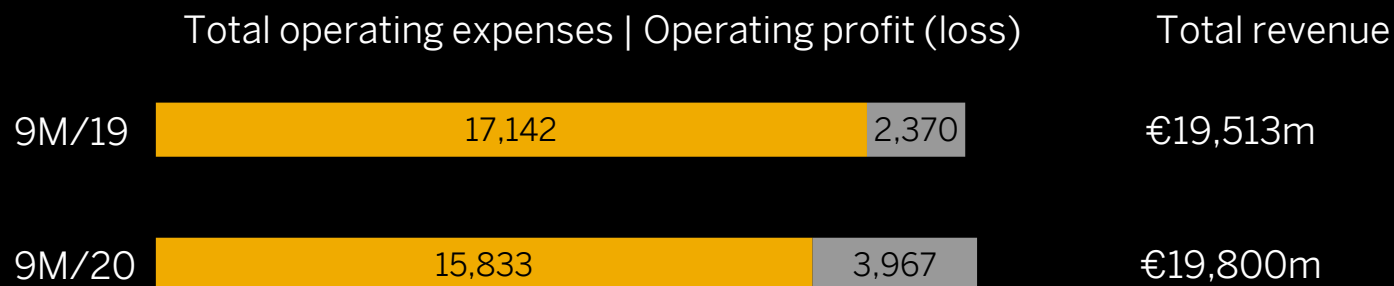
FIRST NINE MONTHS 2020

Non-IFRS



- Non-IFRS operating profit (loss)
+3% to €5,515m (9M/19: €5,368m)
+4% to €5,584m at cc
- Non-IFRS operating margin
+0.4pp to 27.9% (9M/19: 27.4%)
+0.5pp to 28.0% at cc

IFRS

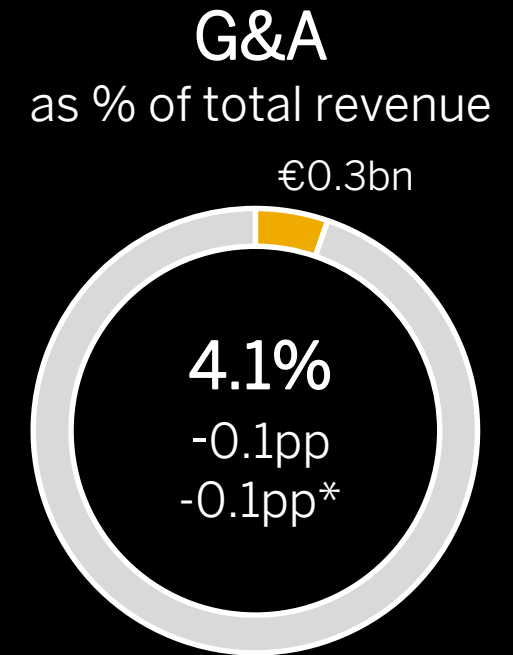
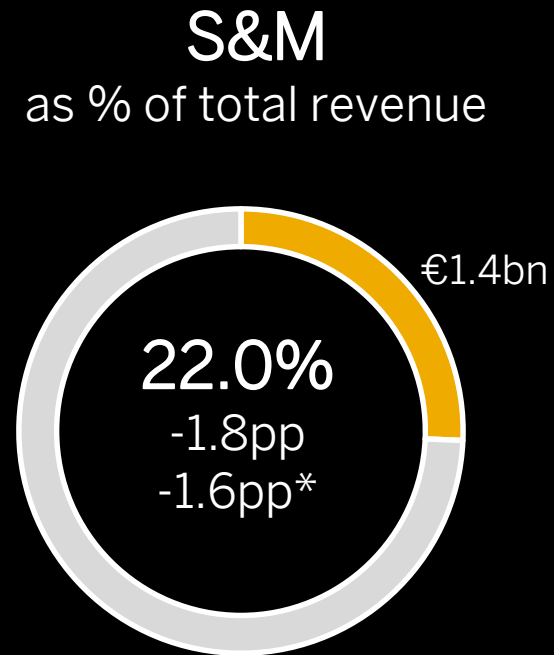
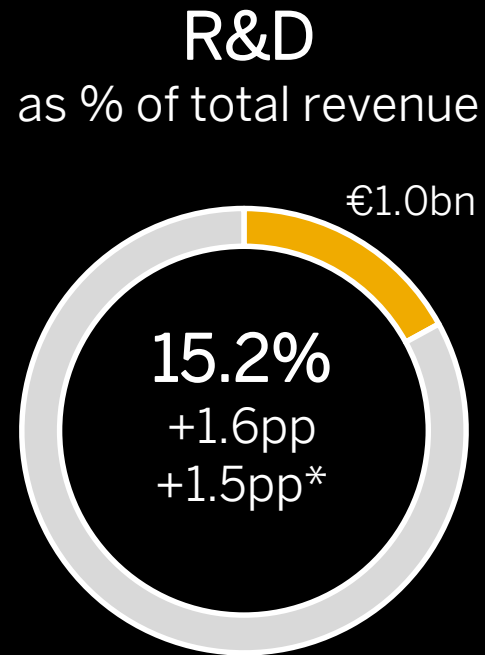


- IFRS operating profit (loss)
+67% to €3,967m (9M/19: €2,370m)
- IFRS operating margin
+7.9pp to 20.0% (9M/19: 12.1%)

COST RATIOS

THIRD QUARTER 2020

€6.5bn Total revenue, Non-IFRS

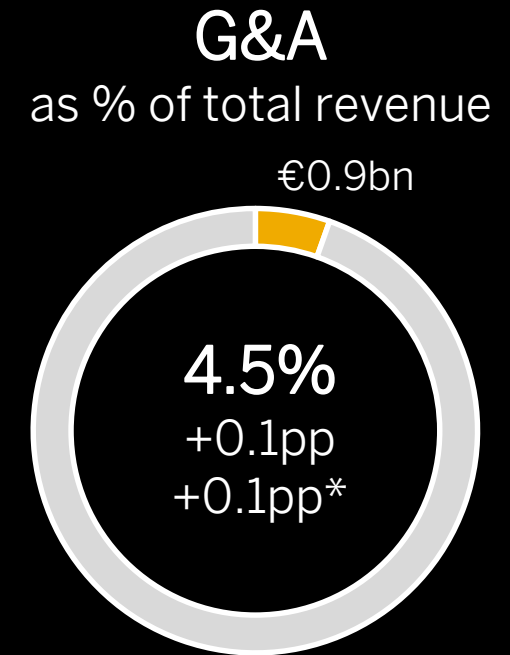
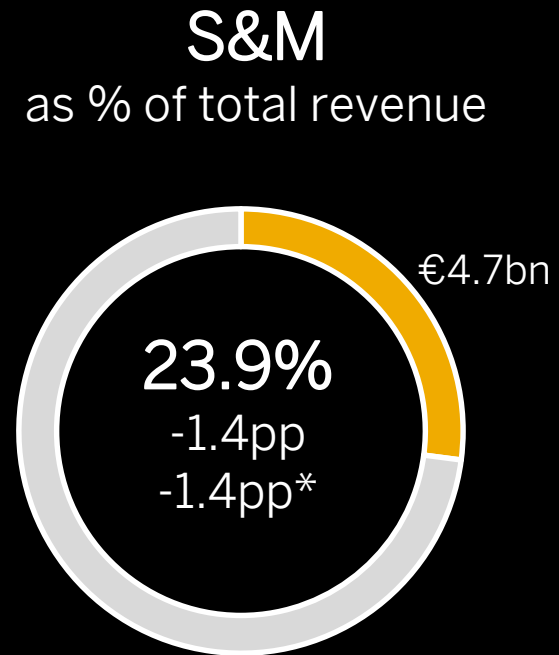
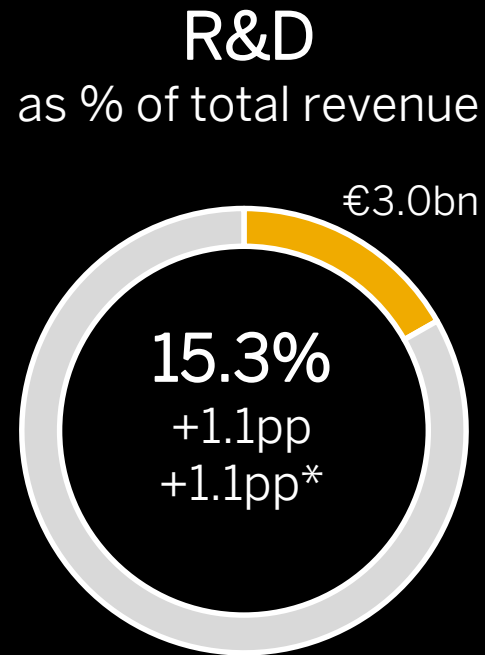


*Non-IFRS at constant currencies

COST RATIOS

FIRST NINE MONTHS 2020

€19.8bn Total revenue, Non-IFRS



*Non-IFRS at constant currencies

BALANCE SHEET CONDENSED

SEPTEMBER 30, 2020 - IFRS

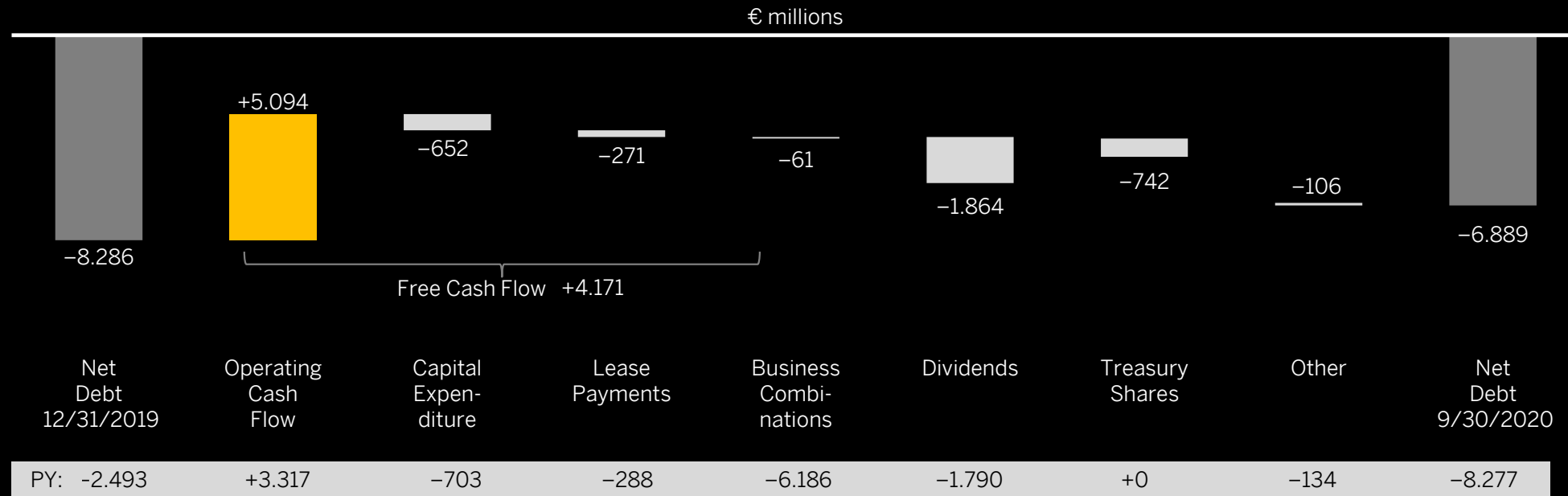
Assets			Equity and liabilities		
€ millions	9/30/20	12/31/19	€ millions	9/30/20	12/31/19
Cash, cash equivalents and other financial assets	7,964	5,611	Trade and other payables	1,279	1,581
Trade and other receivables	5,595	7,908	Provisions	99	268
Other current assets	2,058	1,694	Other liabilities	8,194	8,347
Total current assets	15,617	15,213	Contract liabilities, current	4,237	4,266
Goodwill	28,184	29,159	Total current liabilities	13,810	14,462
Intangible assets	3,843	4,491	Financial liabilities	14,144	12,923
Property, plant, and equipment	5,114	5,496	Provisions	474	478
Other non-current assets	6,520	5,853	Contract liabilities, non-current	59	89
Total non-current assets	43,661	44,999	Other non-current liabilities	1,421	1,439
Total assets	59,278	60,212	Total non-current liabilities	16,098	14,929
			Total liabilities	29,908	29,390
			Total equity	29,370	30,822
			Total equity and liabilities	59,278	60,212

STRONG DOUBLE-DIGIT GROWTH IN OPERATING AND FREE CASH FLOW

FIRST NINE MONTHS 2020

€ millions, unless otherwise stated	9M/20	9M/19	Δ
Operating cash flow	5,094	3,317	+54%
- Capital expenditure	-652	-703	-7%
- Payments of lease liabilities	-271	-288	-6%
Free cash flow	4,171	2,326	+79%
Free cash flow in percent of total revenue	21	12	+9pp
Free cash flow conversion rate	1.25	1.34	-0.09
Days sales outstanding (DSO in days, Sept. 30)	78	71	7

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 27.0% to 28.0% (previous outlook: 28.5% to 29.5%) and an effective tax rate (non-IFRS) of 26.5% to 27.5% (previous outlook: 27.5% to 28.5%)

	Actual Amounts 9M/19	Actual Amounts 9M/20	Est. Amounts for FY/20
Non-IFRS adjustments			
Revenue adjustments	€70m	€2m	€0m to €30m
Acquisition-related charges	€515m	€478m	€580m to €690m
Share-based payment expenses	€1,313m	€1,064m	€1,200m to €1,600m
Restructuring charges	€1,100m	€4m	€0m to €10m
Sum of all adjustments	€2,998m	€1,548m	€1,780m to €2,330m

Due to rounding, numbers may not add precisely

2020 OUTLOOK

REDUCED REVENUE, RESILIENT PROFIT, INCREASED CASH FLOW

2019 Actuals (Non-IFRS)

Cloud revenue
€7.01bn

Cloud and software revenue
€23.09bn

Total revenue
€27.63bn

Operating profit
€8.21bn

2020 Outlook (Non-IFRS @cc)

Cloud revenue
in a range of €8.0 – 8.2bn [prev. €8.3 – 8.7bn]
Growth: 14% to 17%

Cloud and software revenue
in a range of €23.1 – 23.6bn [prev. €23.4 – 24.0bn]
Growth: 0% to 2%

Total revenue
in a range of €27.2 – 27.8bn [prev. €27.8 – 28.5bn]
Growth: -2% to 1%

Operating profit
in a range of €8.1 – 8.5bn [prev. €8.1 – 8.7bn]
Growth: -1% to 4%

Share of more predictable revenue
to reach approx. 72%

Operating cash flow
approx. €6.0bn [prev. above €5.0bn]

Free cash flow
above €4.5bn [prev. approx. €4.0bn]

EXPECTED CURRENCY IMPACT 2020

THIRD QUARTER AND REST OF THE YEAR

Expected Currency Impact 2020 Based on September 2020 Level for the Rest of the Year		
in percentage points	Q4	FY
Cloud Revenue	-6pp to -4pp	-3pp to -1pp
Cloud and software	-5pp to -3pp	-3pp to -1pp
Operating profit	-5pp to -3pp	-4pp to -2pp

Appendix

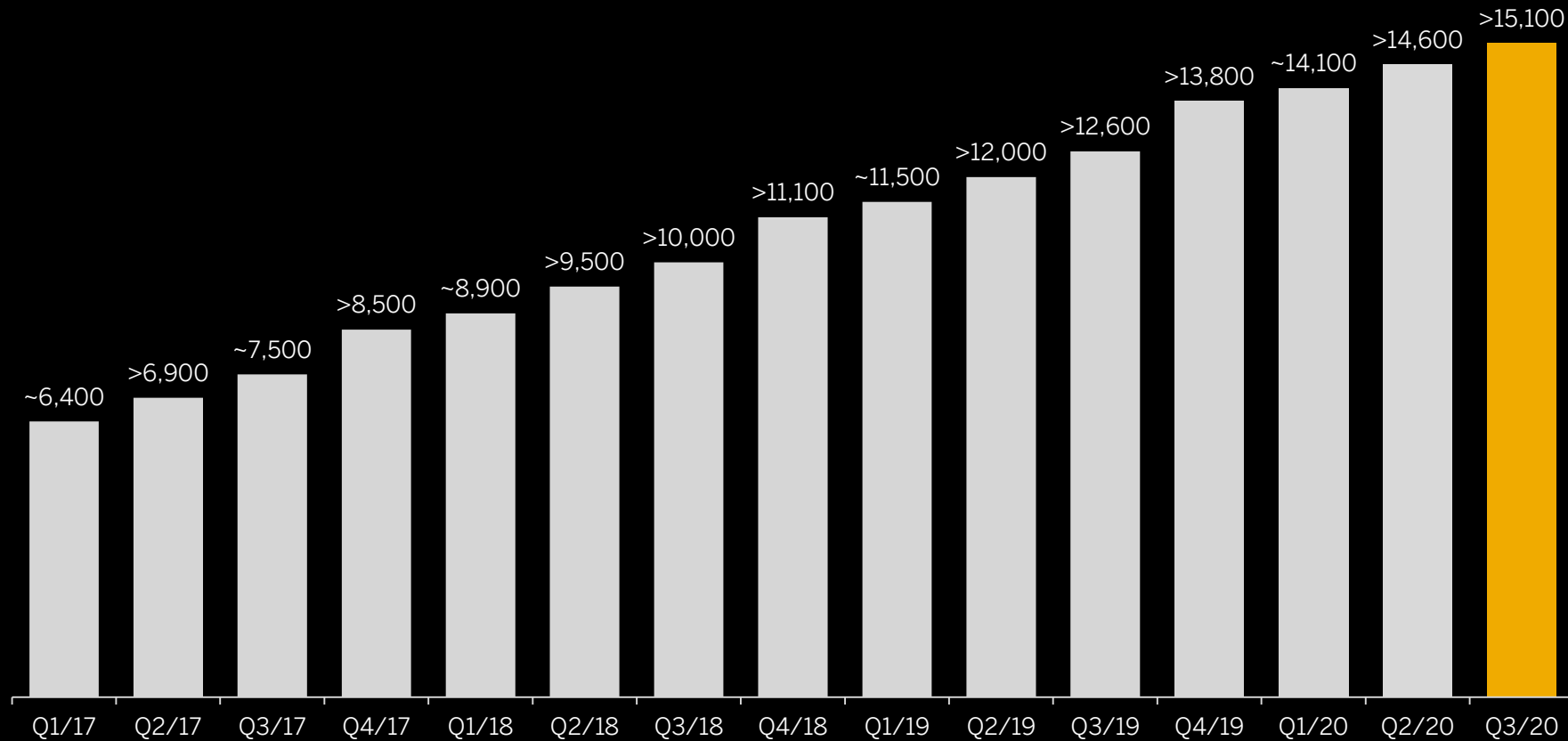


THE BEST RUN



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

THIRD QUARTER

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

<p>Cloud Revenue</p> <p>+14% €1,984m</p>	<p>Current Cloud Backlog¹</p> <p>+16% €6.60bn</p>	<p>Global Commerce²</p> <p>>\$4.1 trillion</p>	<p>Cloud Applications Total Subscribers</p> <p>~230m</p>
<p>Concur – Segment Revenue</p> <p>-10% €357m</p>	<p>Qualtrics – Segment Revenue</p> <p>+28% €169m</p>	<p>Number of end users book travel and/or process expense with SAP Concur</p> <p>~70m</p>	<p>New workers started on SAP Fieldglass platform</p> <p>>975,000</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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