

April 22, 2021

First Quarter 2021 Financial Highlights

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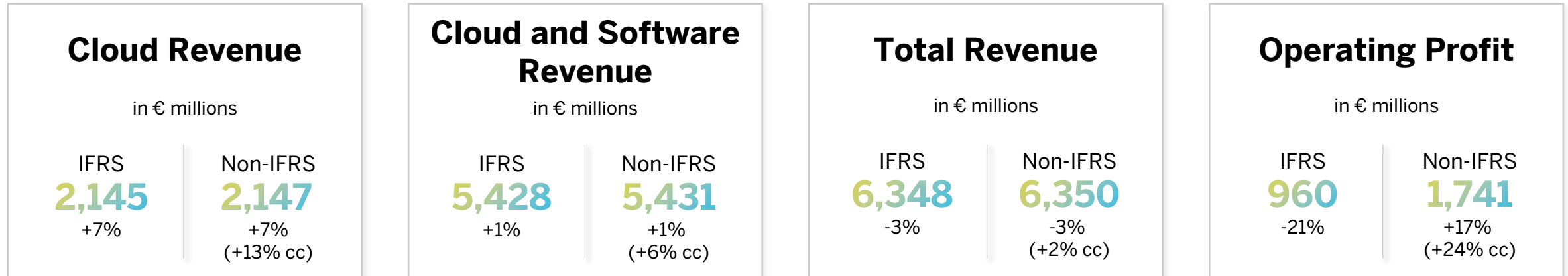
Safe Harbor Statement

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.

Stellar start into the year

Financial highlights



Q1 Other Financial Highlights*

- Current Cloud Backlog: **+19% @cc to €7.6bn**
- SAP S/4HANA Current Cloud Backlog: **+43% @cc to €1.0bn**
- SAP S/4HANA Cloud Revenue: **+43% @cc to €0.2bn**
- SaaS/PaaS Revenue excl. Intelligent Spend: **+24% @cc**
- Share of more predictable revenue now at **78%**
- Cloud Gross Margin: **+0.3pp to 69.6%**
- Earnings per Share: **+63% to €1.40**
- Earnings per Share (IFRS): **+29% to €0.88**

* All numbers are Non-IFRS unless otherwise stated.

Regional revenue

Strong performance across all regions

AMERICAS

Q1/21

Cloud Revenue

-2%
+7% cc

Cloud and Software Revenue

-6%
+3% cc

Canada and Mexico
had a robust performance
in cloud revenue.

EMEA

Q1/21

Cloud Revenue

+21%
+24% cc

Cloud and Software Revenue

+5%
+7% cc

Germany and Switzerland
were highlights
in cloud revenue.

APJ

Q1/21

Cloud Revenue

+14%
+18% cc

Cloud and Software Revenue

+7%
+11% cc

For cloud revenue,
Japan, Australia and
Singapore were highlights.

Margin development

Gross margins of all business models up in the first quarter

Non-IFRS at constant currencies as reported	FY/19	Q1/20	Q2/20	Q3/20	Q4/20	FY/20	Q1/21
Cloud	68.2	69,3	69,3	69,7	70,1	69.6	69,5
SaaS/PaaS – Intelligent Spend Group	78.1	78,7	79,7	78,3	78,9	78.9	79,1
SaaS/PaaS – Other	68.5	70,3	69,5	71,4	71,4	70.7	70,7
IaaS	28.9	30,7	35,6	33,0	35,9	33.8	32,8
Software Licenses & Support	87.4	85,9	87,4	88,2	88,9	87.7	86,5
Cloud & Software	81.6	79,7	81,0	81,6	83,0	81.4	79,7
Services	25.0	22,3	25,6	31,4	28,2	26.8	28,8
Total Gross Margin	72.3	69,9	72,5	74,0	76,0	73.3	72,4

Tax rate, EPS, Cash Flow & CapEx

First quarter 2021

Effective Tax Rate

- IFRS: **20.0%** | -7.7pp
- Non-IFRS: **18.7%** | -8.5pp



Decrease mainly resulted from tax effects related to changes in tax exempt income and a one-time change in deferred tax liabilities for taxable temporary differences associated with investments in subsidiaries

EPS

- IFRS: **€0.88** | +29%
- Non-IFRS: **€1.40** | +63%



Reflecting a strong contribution from Sapphire Ventures

Cash Flow

Operating Cash Flow

€3.09bn | +3%

Free Cash Flow

€2.85bn | +10%



Cash flow positively impacted by lower share-based and restructuring payments as well as lower CapEx

CapEx

- **€0.15bn** | -54%



More of SAP's cloud assets run on hyperscalers' infrastructure

Updated Outlook 2021

Raising revenue metrics to reflect strong new cloud business performance

2020 Actuals (Non-IFRS)

Cloud Revenue

€8.09bn

Cloud and Software Revenue

€23.23bn

Total Revenue

€27.34bn

Operating Profit

€8.28bn

2021 Outlook (Non-IFRS @cc)

Cloud Revenue

in a range of €9.2 – 9.5bn [prev. €9.1 – 9.5bn]

Growth: 14% to 18%

Cloud and Software Revenue

in a range of €23.4 – 23.8bn [prev. €23.3 – 23.8bn]

Growth: 1% to 2%

Operating Profit

in a range of €7.8 – 8.2bn

Growth: -1% to -6%

Share of more predictable revenue
to reach approx. 75%

Operating Cash Flow

approx. €6.0bn

Free Cash Flow

above €4.5bn

Appendix



Income statement: First quarter 2021

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	Q1/21	Q1/20	Δ %	Q1/21	Q1/20	Δ %	Δ % at cc
Cloud	2,145	2,011	7	2,147	2,012	7	13
Software licenses	483	451	7	483	451	7	11
Software support	2,801	2,934	-5	2,801	2,934	-5	0
Software licenses and support	3,283	3,386	-3	3,283	3,386	-3	1
Cloud and software	5,428	5,397	1	5,431	5,398	1	6
Services	919	1,124	-18	919	1,124	-18	-14
Total revenue	6,348	6,521	-3	6,350	6,522	-3	2
Total operating expenses	-5,387	-5,311	1	-4,609	-5,040	-9	-4
Operating profit (loss)	960	1,210	-21	1,741	1,482	17	24
Financial income, net	315	-39	<-100	315	-39	<-100	
Profit (loss) before tax	1,337	1,122	19	2,117	1,394	52	
Income tax expense	-267	-310	-14	-395	-379	4	
Profit (loss) after tax	1,070	811	32	1,722	1,015	70	
Operating margin	15.1%	18.6%	-3.4pp	27.4%	22.7%	4.7pp	4.9pp
Earnings per share, basic (in €)	0.88	0.68	29	1.40	0.85	63	

Gross margin development

Non-IFRS, in percent as reported	FY/18	Q1/19	Q2/19	Q3/19	Q4/19	FY/19	Q1/20	Q2/20	Q3/20	Q4/20	FY/20	Q1/21
Cloud	63.1	66,2	67,9	69,0	69,5	68.2	69,3	69,5	69,7	70,3	69.7	69,6
SaaS/PaaS – Intelligent Spend Group	77.8	78,0	78,1	78,0	78,0	78.1	78,8	79,9	78,3	79,1	78.9	78,7
SaaS/PaaS – Other	60.0	63,8	69,0	70,5	70,0	68.5	70,2	69,5	71,4	71,4	70.7	71,0
IaaS	12.2	32,0	22,4	25,3	35,7	28.9	31,0	36,0	33,4	36,8	34.3	33,1
Software Licenses & Support	87.4	85,7	87,1	87,6	88,8	87.4	85,7	87,4	87,6	88,5	87.4	86,3
Cloud & Software	81.5	79,6	81,1	81,7	83,4	81.6	79,6	81,0	81,2	82,8	81.2	79,7
Services	22.9	20,3	23,9	26,9	28,1	25.0	22,8	26,3	31,5	28,0	27.0	28,5
Total Gross Margin	71.8	69,5	71,4	72,3	75,2	72.3	69,8	72,6	73,7	75,8	73.1	72,3

Operating profit: First quarter 2021

IFRS

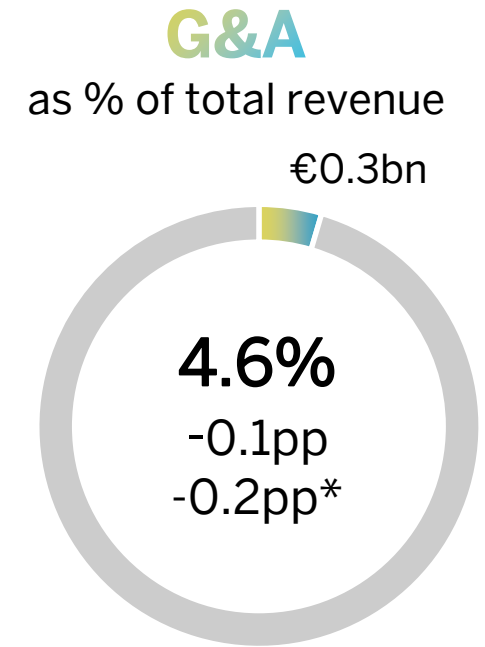
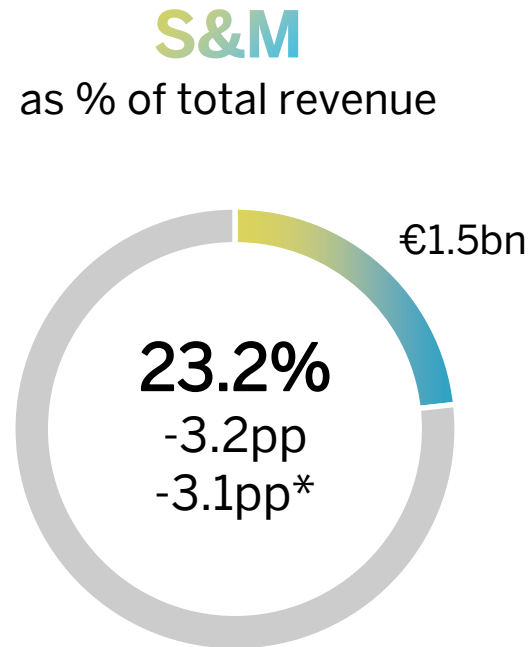
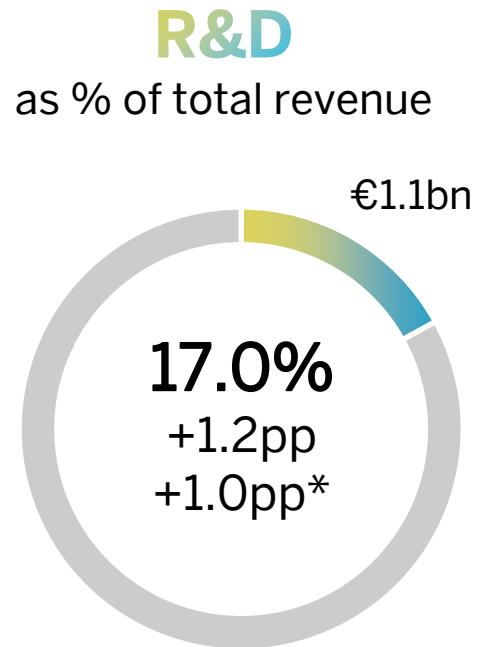
	Total operating expenses Operating profit (loss)	Total revenue	IFRS operating profit (loss) -21% to €960m (Q1/20: €1,210m)
Q1/20	5,311 1,210	€6,521m	IFRS operating margin -3.4pp to 15.1% (Q1/20: 18.6%)
Q1/21	5,387 960	€6,348m	

Non-IFRS

	Total operating expenses Operating profit (loss)	Total revenue	Non-IFRS operating profit (loss) +17% to €1,741m (Q1/20: €1,482m) +24% to €1,843m at cc
Q1/20	5,040 1,482	€6,522m	Non-IFRS operating margin +4.7pp to 27.4% (Q1/20: 22.7%)
Q1/21	4,609 1,741	€6,350m	+4.9pp to 27.6% at cc

Cost ratios: First quarter 2021

€6.3bn Total revenue, Non-IFRS



*Non-IFRS at constant currencies

Balance sheet condensed: March 31, 2021 – IFRS

Assets			Equity and liabilities		
€ millions	3/31/21	12/31/20	€ millions	3/31/21	12/31/20
Cash, cash equivalents and other financial assets	10,332	5,311	Trade and other payables	1,203	1,213
Trade and other receivables	6,617	6,593	Provisions	96	73
Other current assets	3,129	3,166	Other liabilities	8,686	7,405
Total current assets	20,078	15,069	Contract liabilities, current	6,800	4,150
Goodwill	29,374	27,560	Total current liabilities	16,786	12,842
Intangible assets	4,082	3,784	Financial liabilities	12,369	13,605
Property, plant, and equipment	4,947	5,041	Provisions	375	368
Other non-current assets	8,013	7,019	Contract liabilities, non-current	93	36
Total non-current assets	46,417	43,402	Other non-current liabilities	2,035	1,693
Total assets	66,495	58,472	Total non-current liabilities	14,873	15,702
			Total liabilities	31,659	28,544
			Total equity	34,836	29,928
			Total equity and liabilities	66,495	58,472

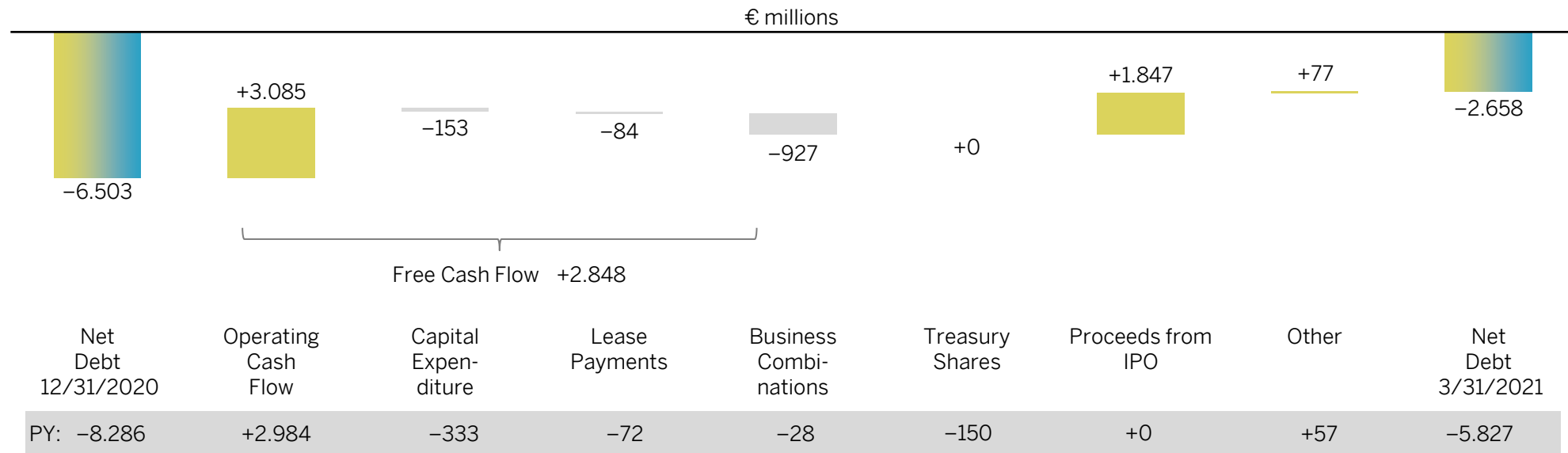
Due to rounding, numbers may not add precisely

Free cash flow up double-digit compared to a record prior year

€ millions, unless otherwise stated	Q1/21	Q1/20	Δ
Operating cash flow	3,085	2,984	+3%
- Capital expenditure	-153	-333	-54%
- Payments of lease liabilities	-84	-72	+17%
Free cash flow	2,848	2,580	+10%
Free cash flow in percent of total revenue	45	40	+5pp
Free cash flow conversion rate	2.66	3.18	-0.52

Due to rounding, numbers may not add up precisely

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 2020 Integrated Report

Additional outlook information and Non-IFRS adjustments

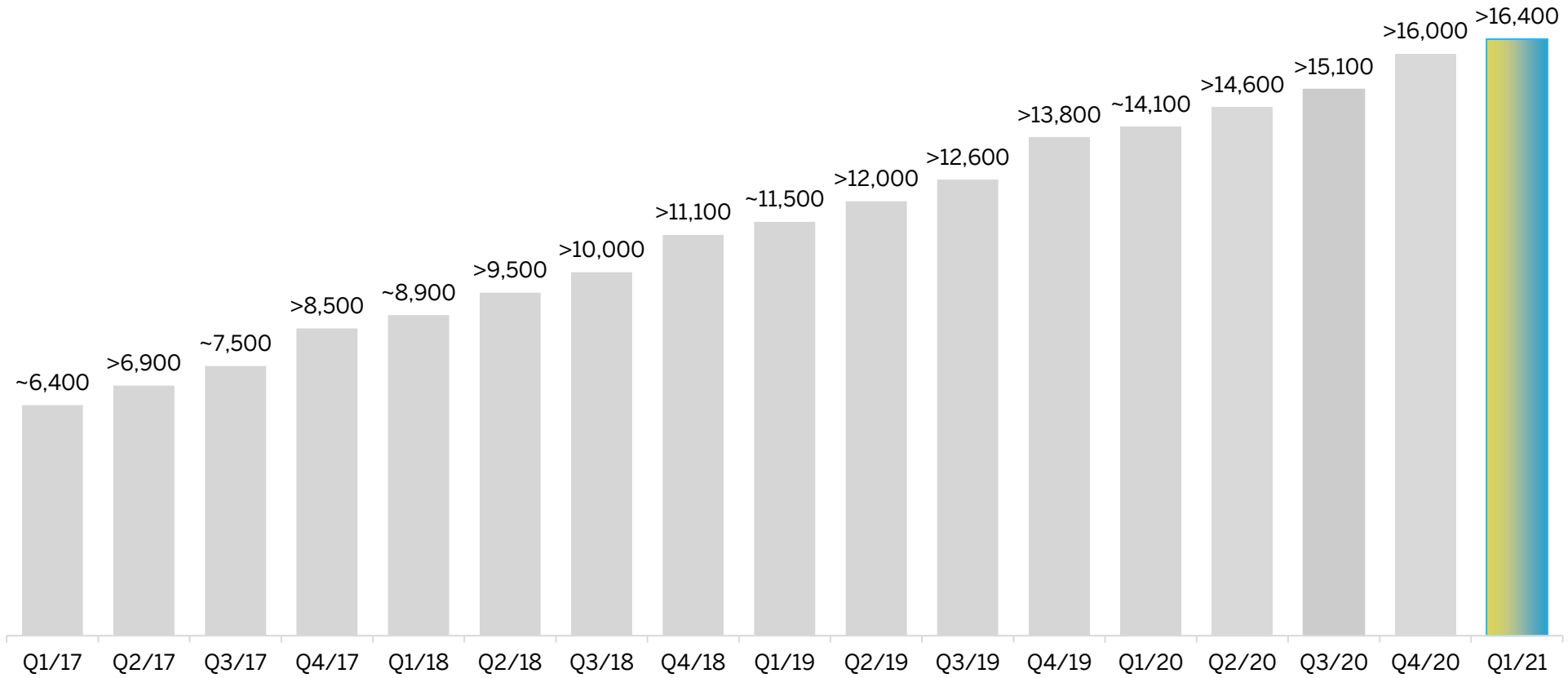
	Actual Amounts Q1/20	Actual Amounts Q1/21	Est. Amounts for FY/21
Non-IFRS adjustments			
Revenue adjustments	€1m	€2m	€0m to €30m
Acquisition-related charges	€162m	€149m	€540m to €640m
Share-based payment expenses	€93m	€472m	€2,300m to €2,800m
Restructuring charges	€15m	€157m	€150m to €200m
Sum of all adjustments	€271m	€780m	€2,990m to €3,670m

Due to rounding, numbers may not add up precisely

Expected currency impact 2021

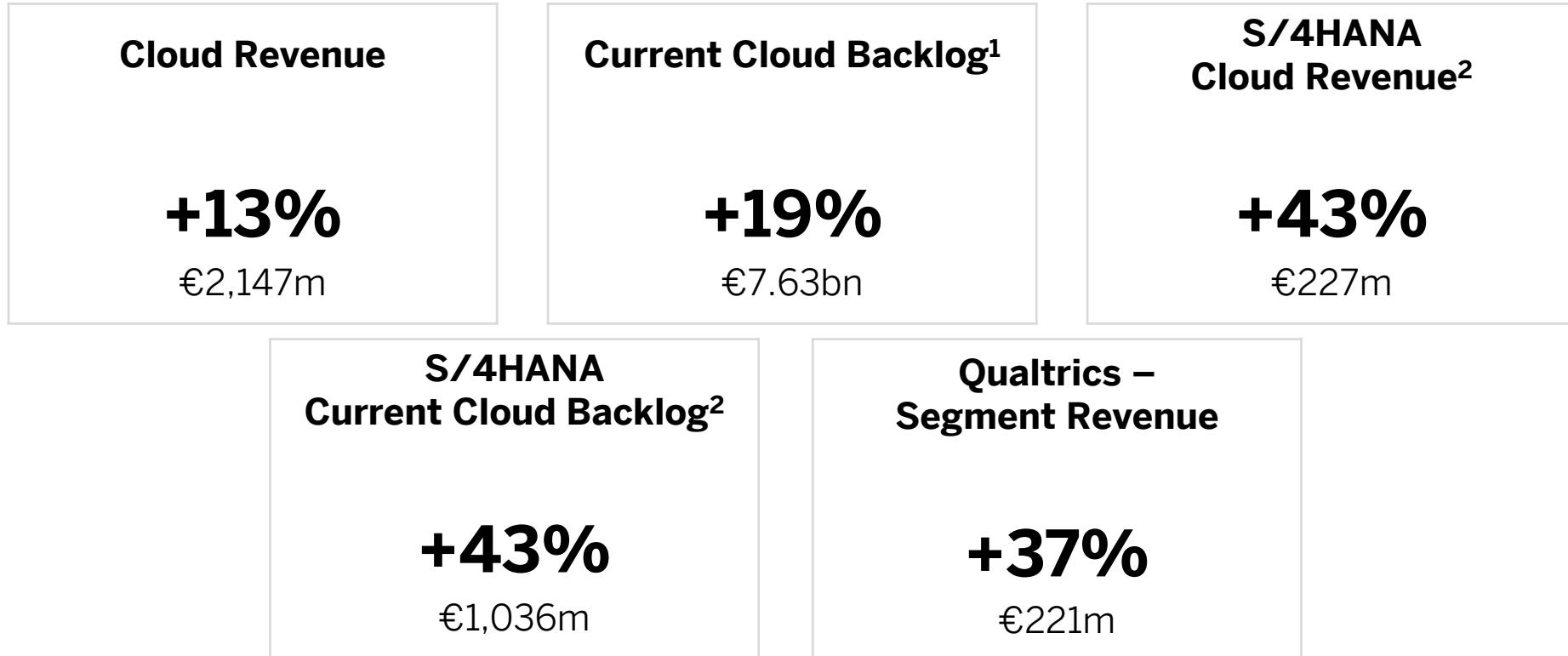
Expected Currency Impact Based on March 2021 Level for the Rest of the Year		
in percentage points	Q2	FY
Cloud Revenue	-6pp to -4pp	-4pp to -2pp
Cloud and software	-5pp to -3pp	-3pp to -1pp
Operating profit	-5pp to -3pp	-3pp to -1pp

SAP S/4HANA customer count



Key cloud metrics: First quarter 2021

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



- 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) Starting in Q1 2021, SAP is expanding its financial disclosure to provide transparency on the transition of its core ERP business to the cloud. Specifically SAP is disclosing current cloud backlog and cloud revenue contributed by SAP S/4HANA Cloud, which represents SAP's cloud offering for core ERP processes. It mainly includes cloud solutions for financial management, supply chain management, engineering and manufacturing, order management and asset management, as well as associated data management, analytics, development and integration capabilities.

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