



# Second-Quarter and Half-Year 2021 Results Presentation

PUBLIC

# Safe Harbor Statement

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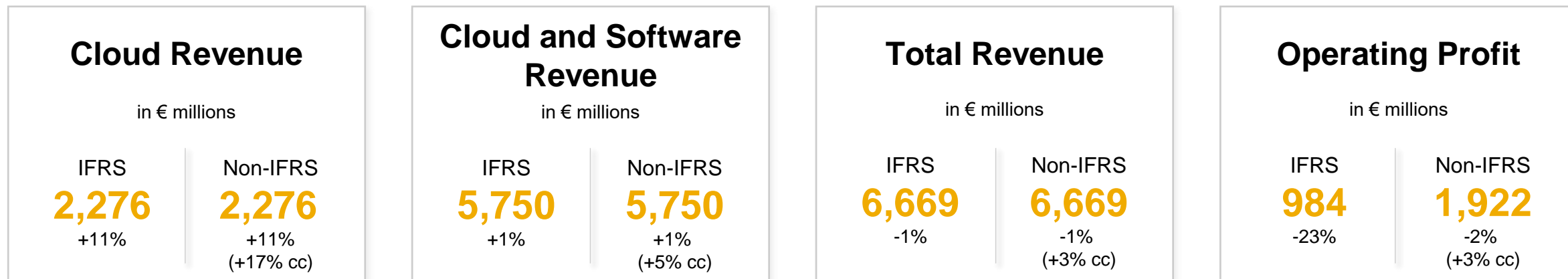
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# SAP accelerates cloud growth across portfolio

## Financial highlights



## Q2 Other Financial Highlights\*

- Current Cloud Backlog: **+20% @cc to €7.8bn**
- SAP S/4HANA Current Cloud Backlog: **+48% @cc to €1.13bn**
- SAP S/4HANA Cloud Revenue: **+39% @cc to €0.26bn**
- SaaS/PaaS Revenue excl. Intelligent Spend: **+25% @cc**
- Share of more predictable revenue now at **76%**
- Cloud Gross Margin: **+0.4pp @cc to 70.0%**
- Earnings per Share: **+50% to €1.75**
- Earnings per Share (IFRS): **+57% to €1.15**

\* All numbers are Non-IFRS unless otherwise stated.

# Regional revenue

Strong performance across all regions

## AMERICAS

Q2/21

Cloud Revenue

**+4%**  
**+12% CC**

Cloud and Software Revenue

**-3%**  
**+5% CC**

Brazil and Mexico  
had a robust performance  
in cloud revenue.

## EMEA

Q2/21

Cloud Revenue

**+22%**  
**+23% CC**

Cloud and Software Revenue

**+4%**  
**+5% CC**

Germany and Saudi Arabia  
were highlights  
in cloud revenue.

## APJ

Q2/21

Cloud Revenue

**+18%**  
**+23% CC**

Cloud and Software Revenue

**+2%**  
**+6% CC**

For cloud revenue,  
Japan, Australia and  
South Korea were highlights.

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

Non-IFRS at constant currencies as reported	FY/19	Q1/20	Q2/20	Q3/20	Q4/20	FY/20	Q1/21	Q2/21
Cloud	68.2	69,3	69,3	69,7	70,1	69.6	69,5	69,9
SaaS/PaaS – Intelligent Spend Group	78.1	78,7	79,7	78,3	78,9	78.9	79,1	80,1
SaaS/PaaS – Other	68.5	70,3	69,5	71,4	71,4	70.7	70,7	70,3
IaaS	28.9	30,7	35,6	33,0	35,9	33.8	32,8	35,9
Software Licenses & Support	87.4	85,9	87,4	88,2	88,9	87.7	86,5	87,6
Cloud & Software	81.6	79,7	81,0	81,6	83,0	81.4	79,7	80,5
Services	25.0	22,3	25,6	31,4	28,2	26.8	28,8	29,6
<b>Total Gross Margin</b>	<b>72.3</b>	<b>69,9</b>	<b>72,5</b>	<b>74,0</b>	<b>76,0</b>	<b>73.3</b>	<b>72,4</b>	<b>73,5</b>

# Tax rate, EPS, Cash Flow & CapEx

## Effective Tax Rate (Q2)

- IFRS: 19.7% | -13.4pp
- Non-IFRS: 19.2% | -11.1pp



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 (Q2)

- IFRS: €1.15 | +57%
- Non-IFRS: €1.75 | +50%



Reflecting again a lower effective tax rate in combination with an outstanding contribution from Sapphire Ventures

## Cash Flow (HY1)

Operating Cash Flow

€3.77bn | flat

Free Cash Flow

€3.25bn | +4%



Positive effects from lower share-based and restructuring payments were compensated by higher income taxes paid

## CapEx (HY1)

- €0.34bn | -31%



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

# Revenue and profit outlook raised

## Updated outlook 2021

### 2020 Actuals (Non-IFRS)

Cloud Revenue  
**€8.09bn**

Cloud and Software Revenue  
**€23.23bn**

Total Revenue  
**€27.34bn**

Operating Profit  
**€8.29bn**

### 2021 Outlook (Non-IFRS @cc)

Cloud Revenue  
in a range of **€9.3 – 9.5bn [prev. €9.2 – 9.5bn]**  
Growth: **15% to 18%**

Cloud and Software Revenue  
in a range of **€23.6 – 24.0bn [prev. €23.4 – 23.8bn]**  
Growth: **2% to 3%**

Operating Profit  
in a range of **€7.95 – 8.25bn [prev. €7.8 – 8.2bn]**  
Growth: **flat to -4%**

Share of more predictable revenue  
to reach approx. **75%**

Operating Cash Flow  
approx. **€6.0bn**

Free Cash Flow  
above **€4.5bn**

The background of the slide features a vast, hazy mountain range. The mountains are layered, creating a sense of depth. The color palette is a smooth gradient, starting with a warm yellow on the left side and transitioning through light green to a cool blue on the right side. The overall atmosphere is serene and expansive.

# Appendix



# Non-financial indicators

Updated outlook 2021

## 2020 Actuals

Employee Engagement  
**86%**

Customer Net Promoter Score  
**4**

Carbon Emissions  
**135kt**

## 2021 Outlook

Employee Engagement  
in a range of **84% to 86%**

Customer Net Promoter Score  
in a range of **5 to 10**

Carbon Emissions  
in a range of **90kt to 110kt [prev. 145kt ]**

## Q2/21 Actuals

Employee Retention  
**94.8%**

Women in Management  
**27.9%**

Carbon Emissions  
**20kt**

# Income statement: Second quarter 2021

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	Q2/21	Q2/20	Δ %	Q2/21	Q2/20	Δ %	Δ % at cc
Cloud	2,276	2,044	11	2,276	2,044	11	17
Software licenses	650	773	-16	650	773	-16	-13
Software support	2,823	2,892	-2	2,823	2,892	-2	1
Software licenses and support	3,474	3,665	-5	3,474	3,665	-5	-2
Cloud and software	5,750	5,709	1	5,750	5,709	1	5
Services	920	1,034	-11	920	1,034	-11	-7
<b>Total revenue</b>	<b>6,669</b>	<b>6,743</b>	<b>-1</b>	<b>6,669</b>	<b>6,744</b>	<b>-1</b>	<b>3</b>
Total operating expenses	-5,685	-5,459	4	-4,748	-4,780	-1	3
<b>Operating profit (loss)</b>	<b>984</b>	<b>1,284</b>	<b>-23</b>	<b>1,922</b>	<b>1,964</b>	<b>-2</b>	<b>3</b>
Financial income, net	853	92	>100	853	92	>100	
<b>Profit (loss) before tax</b>	<b>1,804</b>	<b>1,322</b>	<b>36</b>	<b>2,741</b>	<b>2,002</b>	<b>37</b>	
Income tax expense	-355	-437	-19	-528	-607	-13	
<b>Profit (loss) after tax</b>	<b>1,449</b>	<b>885</b>	<b>64</b>	<b>2,214</b>	<b>1,395</b>	<b>59</b>	
Operating margin (in %)	14.8%	19.0%	-4.3pp	28.8%	29.1%	-0.3pp	-0.2pp
Earnings per share, basic (in €)	1.15	0.73	57	1.75	1.17	50	

# Income statement: First six months 2021

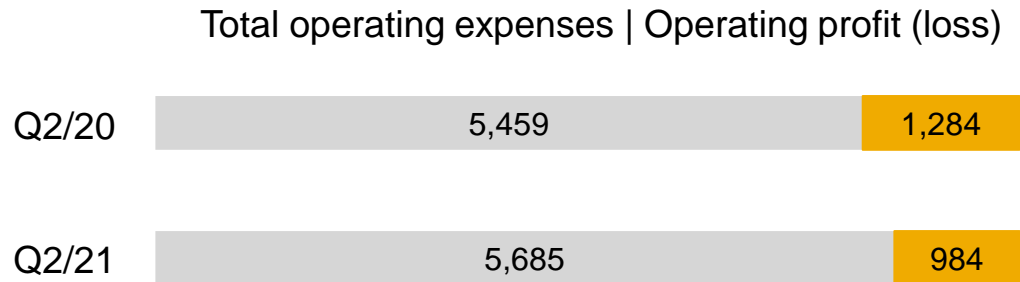
€ millions, unless otherwise stated	IFRS			Non-IFRS			
	H1/21	H1/20	Δ %	H1/21	H1/20	Δ %	Δ % at cc
Cloud	4,421	4,055	9	4,421	4,057	9	15
Software licenses	1,133	1,224	-7	1,133	1,224	-7	-4
Software support	5,624	5,826	-3	5,624	5,826	-3	0
Software licenses and support	6,757	7,051	-4	6,757	7,051	-4	0
Cloud and software	11,178	11,106	1	11,178	11,107	1	5
Services	1,839	2,159	-15	1,839	2,159	-15	-11
<b>Total revenue</b>	<b>13,017</b>	<b>13,264</b>	<b>-2</b>	<b>13,017</b>	<b>13,266</b>	<b>-2</b>	<b>3</b>
Total operating expenses	-11,073	-10,770	3	-9,357	-9,820	-5	0
<b>Operating profit (loss)</b>	<b>1,944</b>	<b>2,494</b>	<b>-22</b>	<b>3,660</b>	<b>3,446</b>	<b>6</b>	<b>12</b>
Financial income, net	1,168	53	>100	1,168	53	>100	
<b>Profit (loss) before tax</b>	<b>3,141</b>	<b>2,444</b>	<b>29</b>	<b>4,856</b>	<b>3,396</b>	<b>43</b>	
Income tax expense	-622	-747	-17	-922	-986	-6	
<b>Profit (loss) after tax</b>	<b>2,519</b>	<b>1,697</b>	<b>48</b>	<b>3,934</b>	<b>2,409</b>	<b>63</b>	
Operating margin (in %)	14.9%	18.8%	-3.9pp	28.1%	26.0%	2.1pp	2.3pp
Earnings per share, basic (in €)	2.03	1.42	43	3.14	2.02	56	

# 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	Q2/21
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	70,0
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	80,0
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	70,5
IaaS	12.2	32,0	22,4	25,3	35,7	28.9	31,0	36,0	33,4	36,8	34.3	35,1	36,8
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	87,3
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	80,5
Services	22.9	20,3	23,9	26,9	28,1	25.0	22,8	26,3	31,5	28,0	27.0	26,5	29,2
<b>Total Gross Margin</b>	<b>71.8</b>	<b>69,5</b>	<b>71,4</b>	<b>72,3</b>	<b>75,2</b>	<b>72.3</b>	<b>69,8</b>	<b>72,6</b>	<b>73,7</b>	<b>75,8</b>	<b>73.1</b>	<b>72,3</b>	<b>73,4</b>

# Operating profit: Second quarter 2021

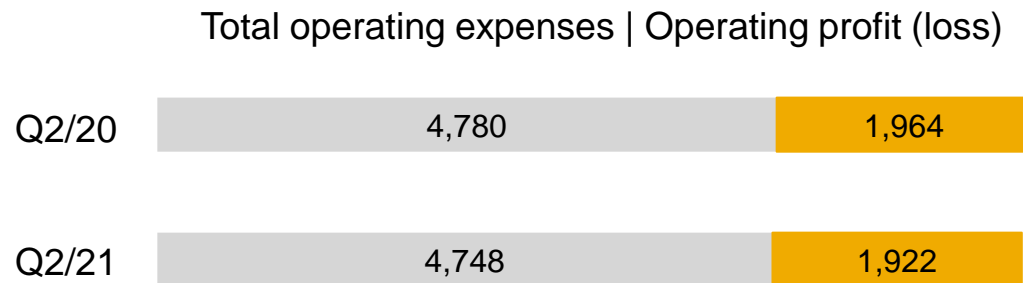
## IFRS



Total revenue  
 Q2/20: €6,743m  
 Q2/21: €6,669m

IFRS operating profit (loss)  
 -23% to €984m (Q2/20: €1,284m)  
 IFRS operating margin  
 -4.3pp to 14.8% (Q2/20: 19.0%)

## Non-IFRS



Total revenue  
 Q2/20: €6,744m  
 Q2/21: €6,669m

Non-IFRS operating profit (loss)  
 -2% to €1,922m (Q2/20: €1,964m)  
 +3% to €2,013m at cc  
 Non-IFRS operating margin  
 -0.3pp to 28.8% (Q2/20: 29.1%)  
 -0.2pp to 28.9% at cc

# Operating profit: First six months 2021

## IFRS

	Total operating expenses   Operating profit (loss)	Total revenue
HY1/20	10,770   2,494	€13,264m
HY1/21	11,073   1,944	€13,017m

IFRS operating profit (loss)  
-22% to €1,944m (HY1/20: €2,494m)

IFRS operating margin  
-3.9pp to 14.9% (HY1/20: 18.8%)

## Non-IFRS

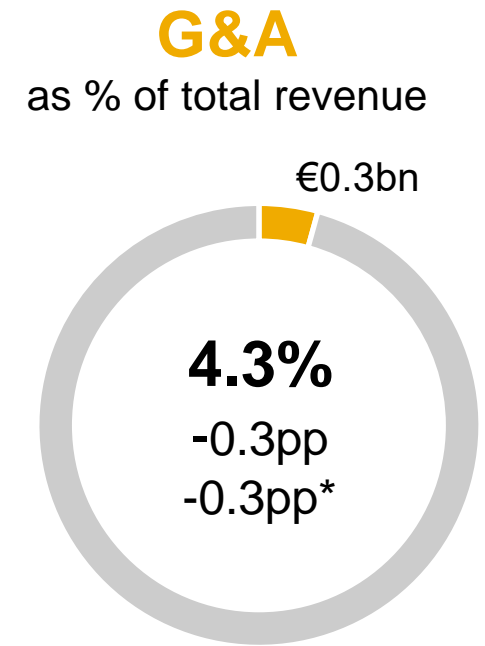
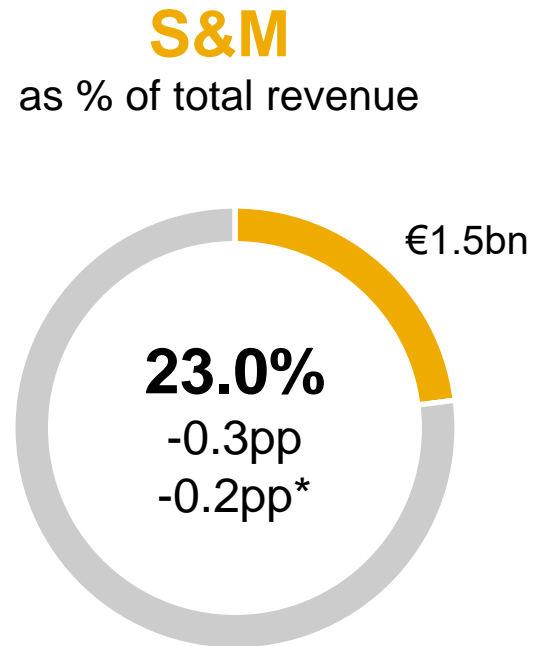
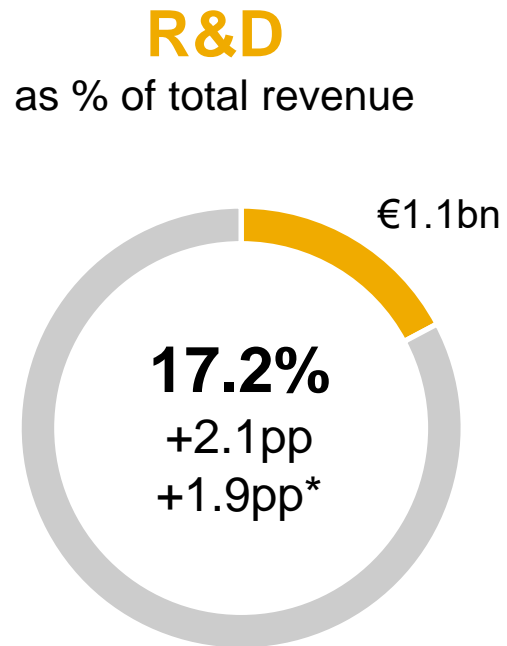
	Total operating expenses   Operating profit (loss)	Total revenue
HY1/20	9,820   3,446	€13,266m
HY1/21	9,357   3,660	€13,017m

Non-IFRS operating profit (loss)  
+6% to €3,660m (HY1/20: €3,446m)  
+12% to €3,854m at cc

Non-IFRS operating margin  
+2.1pp to 28.1% (HY1/20: 26.0%)  
+2.3pp to 28.3% at cc

# Cost ratios: Second quarter 2021

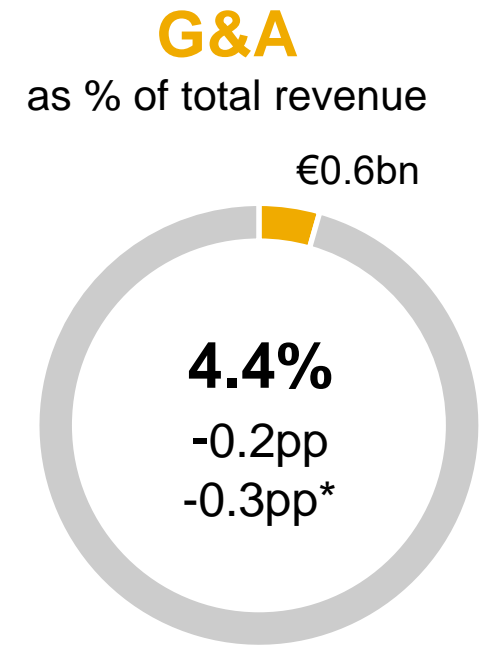
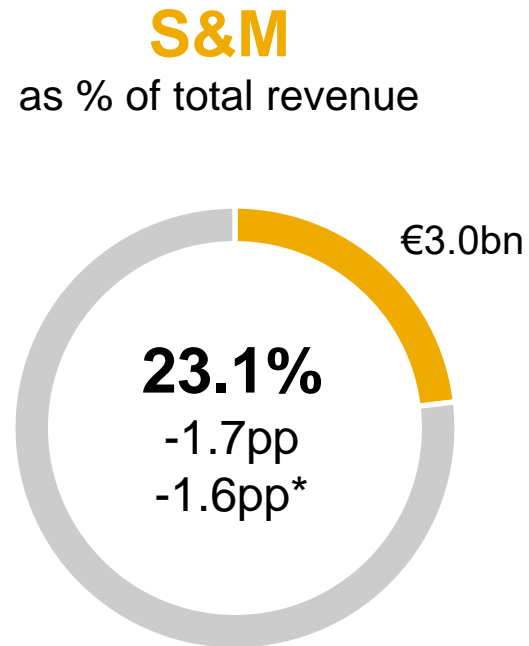
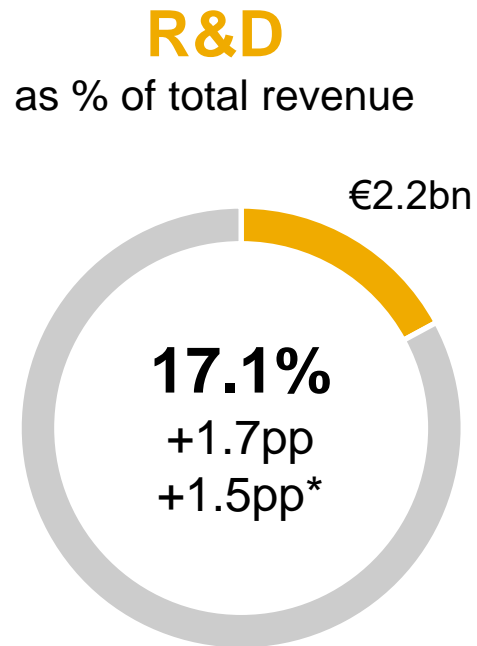
— €6.7bn Total revenue, Non-IFRS



\*Non-IFRS at constant currencies

# Cost ratios: First six months 2021

— €13.0bn Total revenue, Non-IFRS



\*Non-IFRS at constant currencies



# Balance sheet condensed: June 30, 2021 – IFRS

Assets			Equity and liabilities		
€ millions	6/30/21	12/31/20	€ millions	6/30/21	12/31/20
Cash, cash equivalents and other financial assets	7,764	5,311	Trade and other payables	1,076	1,213
Trade and other receivables	5,617	6,593	Provisions	86	73
Other current assets	3,120	3,166	Other liabilities	8,025	7,405
<b>Total current assets</b>	<b>16,502</b>	<b>15,069</b>	Contract liabilities, current	6,175	4,150
Goodwill	29,049	27,560	<b>Total current liabilities</b>	<b>15,362</b>	<b>12,842</b>
Intangible assets	3,928	3,784	Financial liabilities	11,372	13,605
Property, plant, and equipment	4,827	5,041	Provisions	388	368
Other non-current assets	8,788	7,019	Contract liabilities, non-current	38	36
<b>Total non-current assets</b>	<b>46,593</b>	<b>43,402</b>	Other non-current liabilities	1,813	1,693
<b>Total assets</b>	<b>63,095</b>	<b>58,472</b>	<b>Total non-current liabilities</b>	<b>13,611</b>	<b>15,702</b>
			<b>Total liabilities</b>	<b>28,973</b>	<b>28,544</b>
			Total equity	34,122	29,928
			<b>Total equity and liabilities</b>	<b>63,095</b>	<b>58,472</b>

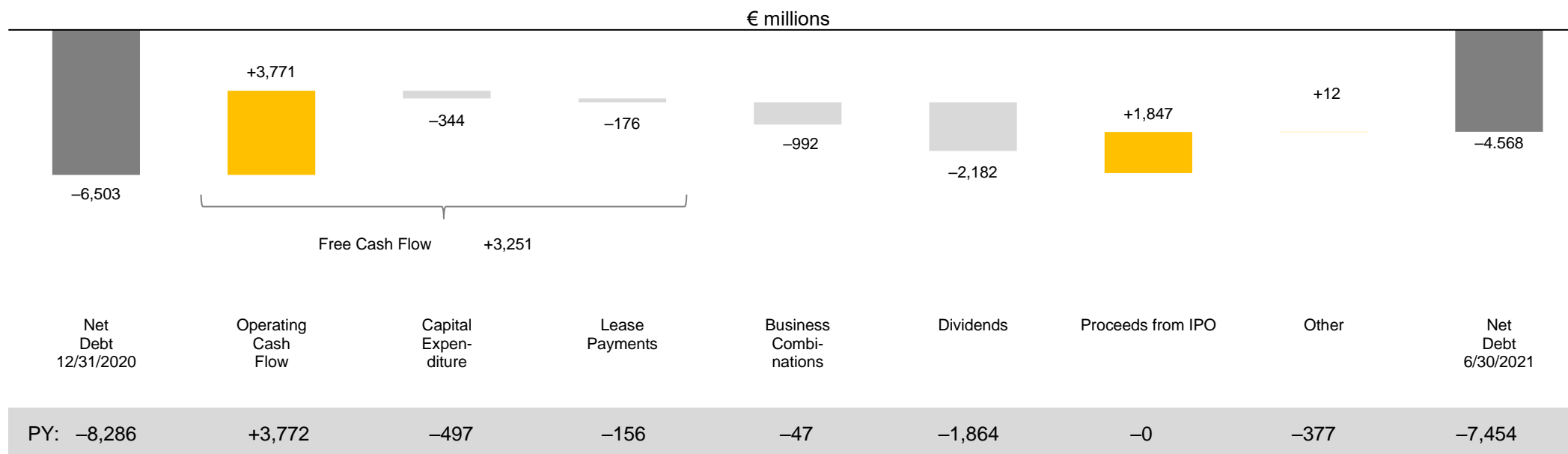
Due to rounding, numbers may not add precisely

# Cash flow development

€ millions, unless otherwise stated	<b>HY1/21</b>	<b>HY1/20</b>	Δ
Operating cash flow	3,771	3,772	-0%
- Capital expenditure	-344	-497	-31%
- Payments of lease liabilities	-176	-156	+13%
Free cash flow	3,251	3,119	+4%
Free cash flow in percent of total revenue	25	24	+1pp
Free cash flow conversion rate	1.29	1.84	-0.55

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 as well as treasury shares, 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

The Company now expects a full-year 2021 effective tax rate (IFRS) of 21.5% to 23.0% (previously: 26.0% to 27.0%) and an effective tax rate (non-IFRS) of 20.0% to 21.5% (previously: 22.5% to 23.5%).

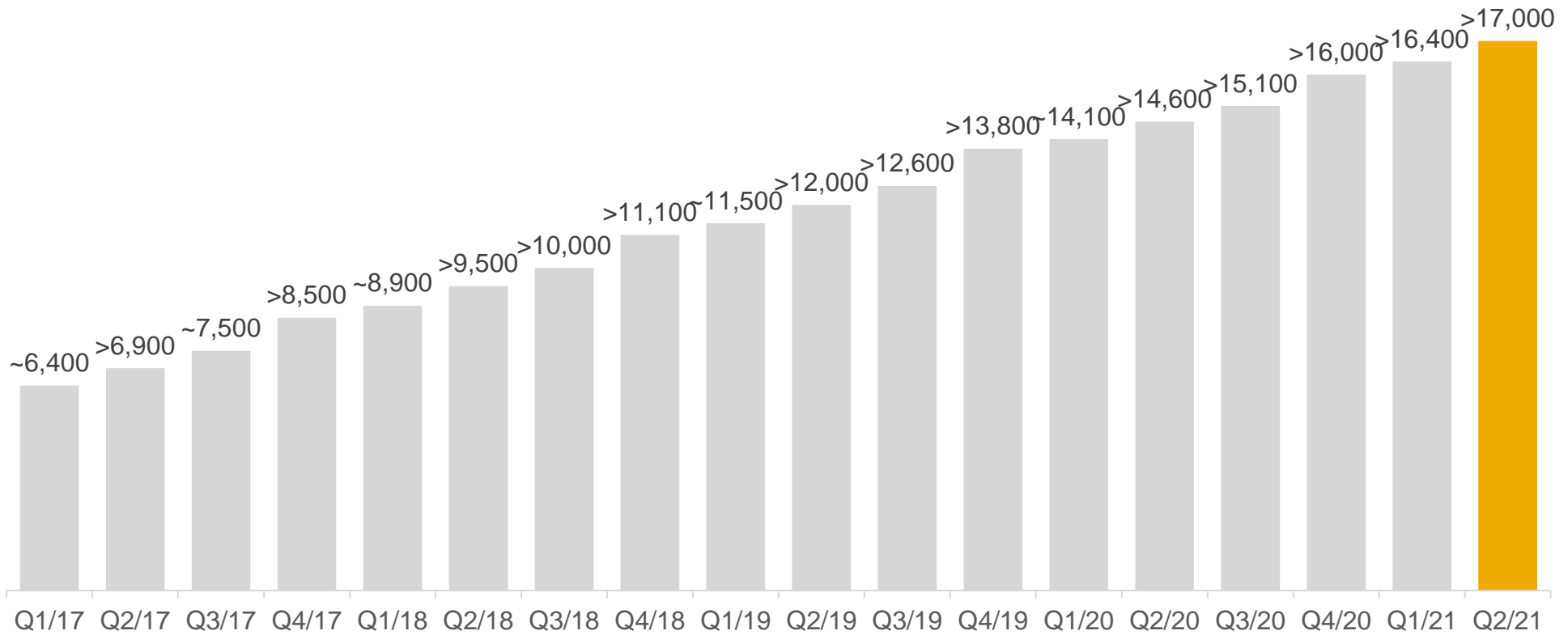
	Actual Amounts HY1/20	Actual Amounts HY1/21	Est. Amounts for FY/21
Non-IFRS adjustments			
Revenue adjustments	€2m	€0m	NA
Acquisition-related charges	€325m	€296m	€540m to €640m
Share-based payment expenses	€612m	€1,256m	€2,300m to €2,800m
Restructuring charges	€13m	€164m	€150m to €200m
<b>Sum of all adjustments</b>	<b>€952m</b>	<b>€1,715m</b>	<b>€2,990m to €3,640m</b>

Due to rounding, numbers may not add up precisely

# Expected currency impact 2021

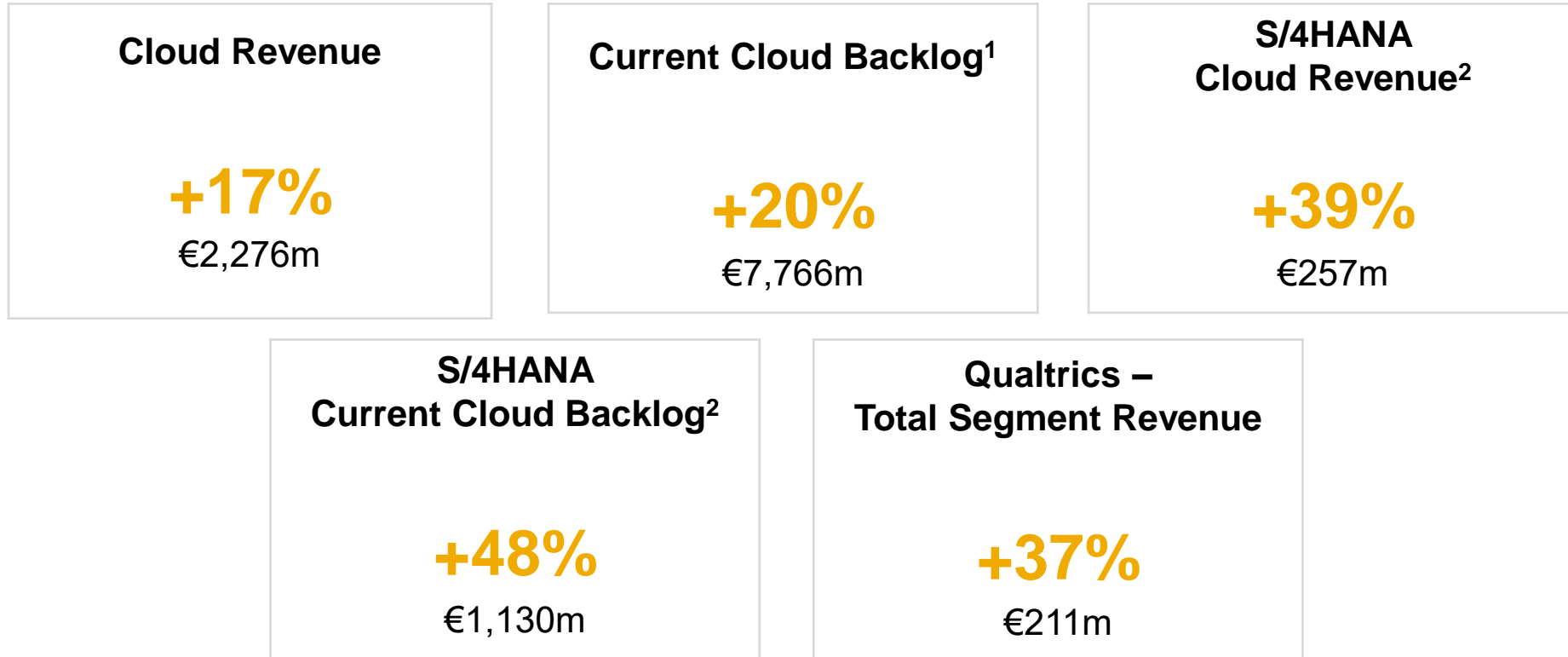
Expected Currency Impact Based on June 2021 Level for the Rest of the Year (Non-IFRS)		
in percentage points	Q3	FY
Cloud revenue growth	-3pp to -1pp	-5pp to -3pp
Cloud and software revenue growth	-2pp to 0pp	-4pp to -2pp
Operating profit growth	-3pp to -1pp	-4pp to -2pp

# SAP S/4HANA customer count



# Key cloud metrics: Second quarter 2021

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



- 1) '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.