

Second Quarter 2022 Results

Christian Klein, CEO

Luka Mucic, CFO

Safe Harbor Statement



During this presentation we will make forward-looking statements which are predictions, projections, or other statements about future events. These statements are based on current expectations, forecasts, and assumptions that are subject to risks and uncertainties that could cause actual results and outcomes to materially differ. Additional information regarding these risks and uncertainties may be found in our filings with the Securities and Exchange Commission, including but not limited to the risk factors section of SAP's 2021 Annual Report on Form 20-F.



Christian Klein

CEO

Strong Cloud Performance in Q2 2022

continuing cloud acceleration

Current Cloud Backlog

10,403

▲ +34%
(+25% @cc)

Thereof S/4HANA

2,258

▲ +100% (+87% @cc)

Cloud Revenue

3,056

▲ +34% (+24% @cc)

Thereof S/4HANA

472

▲ +84% (+72% @cc)

SaaS Revenue

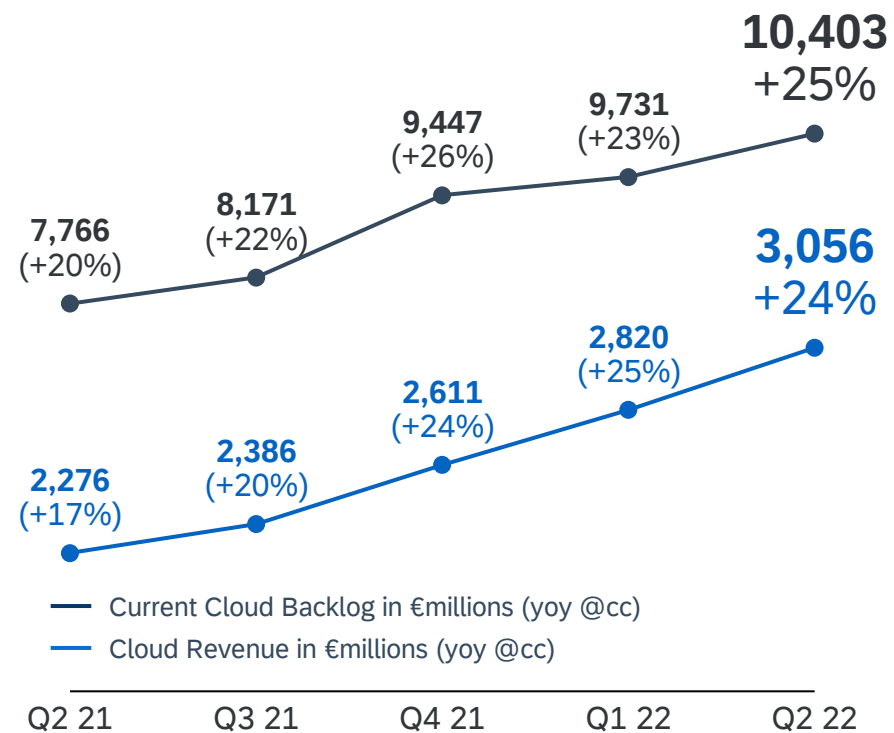
2,409

▲ +35% (+24% @cc)

PaaS Revenue

389

▲ +49% (+40% @cc)

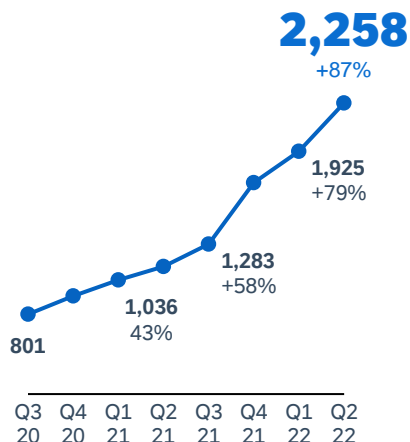


All numbers are in € millions, non-IFRS unless otherwise stated.

On track to execute our strategy

Initiated ERP transition to the cloud

S/4HANA Current Cloud Backlog
in €millions (YoY @cc)



Scaling as a platform company

>1.3bn
PaaS revenue
(R4Q, Q2 2022)

~40%
PaaS revenue growth
(YoY @cc, Q2 2022)

Delivering growth across cloud LoBs

Double digit
revenue growth across
all SaaS & PaaS LoBs
(YoY @cc, Q2 2022)

Competitive wins

HEIDELBERGCEMENT RWE
kyndryl. mapletree
FUNK Mediengruppe coop

Entered new innovative growth fields

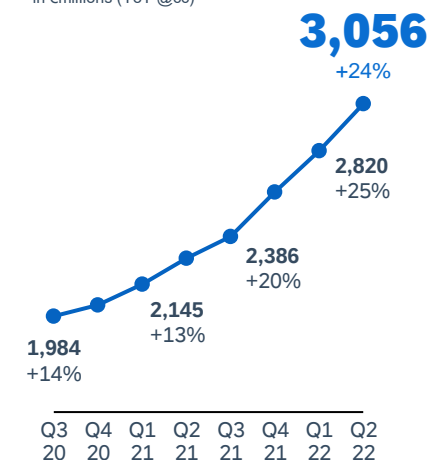
SAP SIGNAVIO

SAP BUSINESS NETWORK

SAP CLOUD FOR SUSTAINABLE ENTERPRISES

Reaccelerated cloud revenue growth

Cloud revenue
in €millions (YoY @cc)



Relentless focus on customer value



SAP S/4HANA Customers
End of Q2 2022

~20,000 ▲

SAP S/4HANA Cloud
Customers
End of Q2 2022

~6,000 ▲

SAP S/4HANA Cloud Net
New Customers
Q2

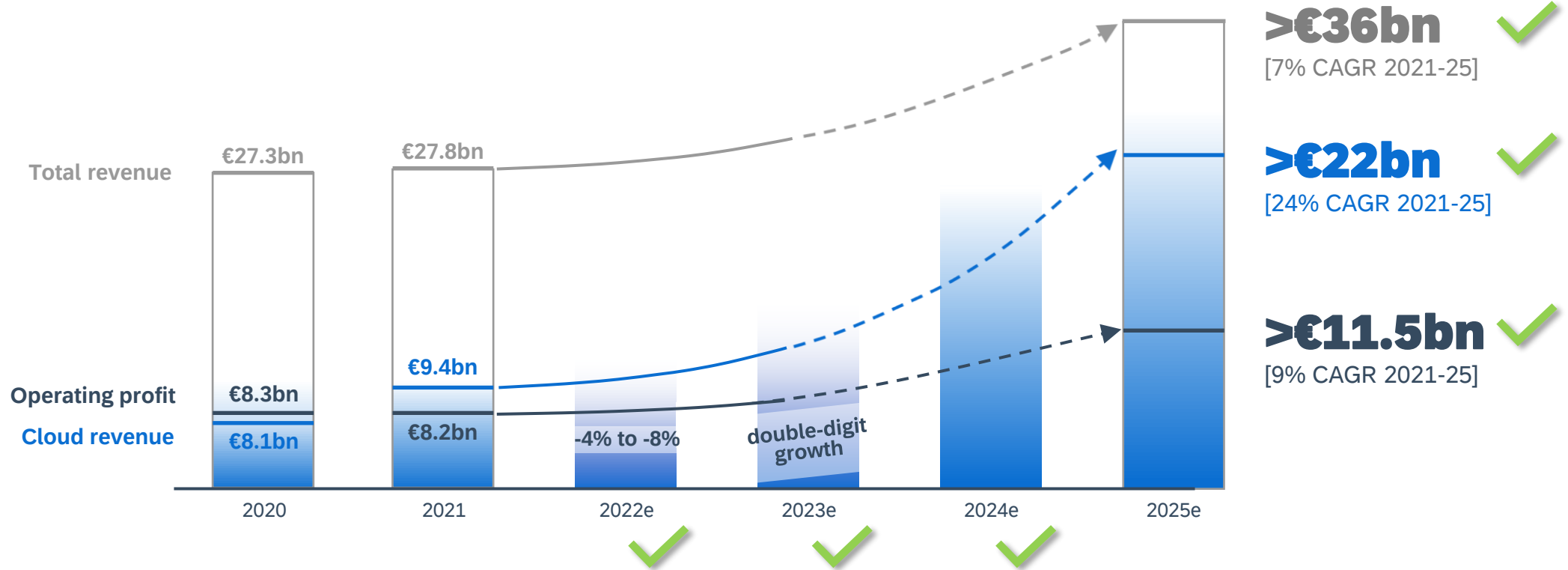
>60% ▲

Net new customers include customers with an active contract that did not have an active contract in the preceding period.

We keep the promise

Total revenue and operating profit

Growth to accelerate as cloud transition reaches inflection in 2023





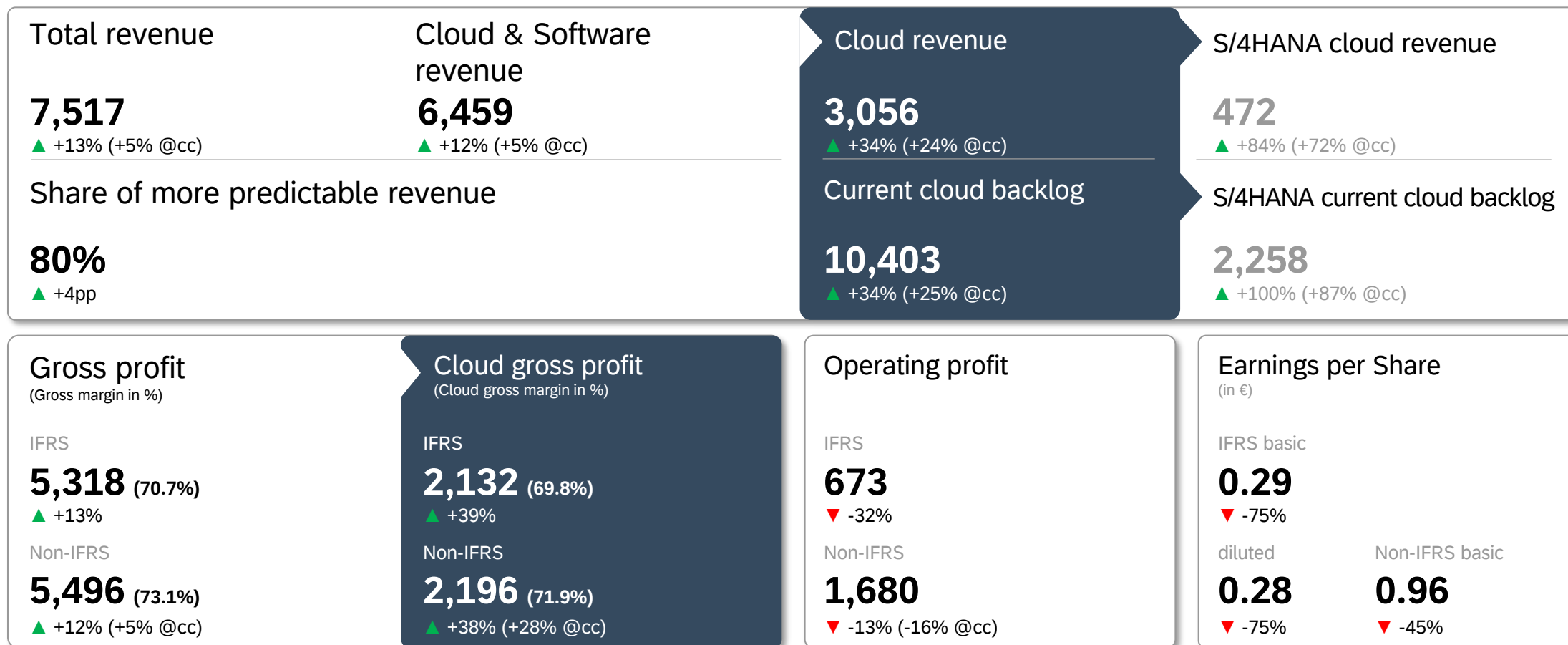
Luka Mucic

CFO



SAP Q2 2022 Financial Results

in € millions, unless otherwise stated



Strong cloud revenue performance across all regions

AMERICAS

Cloud revenue
€ millions

▲ +37%
(+22% @cc)

Cloud & software
revenue
€ millions

▲ +24%
(+10% @cc)

The United States and Brazil had a particularly strong performance in cloud revenue.

EMEA

Cloud revenue
€ millions

▲ +31%
(+27% @cc)

Cloud & software
revenue
€ millions

▲ +4%
(+2% @cc)

Germany had an outstanding performance in cloud revenue while Switzerland had a strong performance.

APJ

Cloud revenue
€ millions

▲ +31%
(+26% @cc)

Cloud & software
revenue
€ millions

▲ +7%
(+3% @cc)

Japan and India in particular had a strong performance in cloud 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

in € millions, unless otherwise stated

Non-IFRS	Revenue			Gross Margin % (Gross profit)		
	Q2/22	Δ in %	Δ in % @cc	Q2/22	Δ in %	Δ in % @cc
Cloud	3,056	34	24	71.9 (2,196)	1.8	2.3
SaaS	2,409	35	24	75.2 (1,813)	2.6	2.6
PaaS	389	49	40	79.6 (310)	-1.2	0.5
IaaS	257	14	7	28.5 (73)	-8.2	-4.6
Software licenses and support	3,403	-2	-7	88.5 (3,012)	1.2pp	0.8pp
Cloud and software	6,459	12	5	80.6 (5,208)	0.1pp	0.3pp
Services	1,057	15	7	27.3 (289)	-1.9pp	-2.8pp
Total	7,517	13	5	73.1 (5,496)	-0.3pp	-0.3pp

Tax rate, EPS & Cash flow

Effective tax rate

Second quarter | percent

IFRS	Non-IFRS
62.2	29.3
▲ 42.5pp	▲ 10.0pp
Outlook: 34.0 – 38.0	23.0 – 27.0

The year-over-year effective tax rate increase mainly resulted from changes in tax exempt income and non-deductible expenses. For non-IFRS, the changes in non-deductible expenses do not apply due to respective adjustments of pre-tax figures.

Earnings per share

Second quarter | €

IFRS basic	
0.29	
▼ -75%	
diluted	Non-IFRS basic
0.28	0.96
▼ -75%	▼ -45%

The year-over-year decline of earnings per share reflects a contribution to financial income by Sapphire Ventures that, due to current market conditions, was lower than over the same period last year.

Cash flow

Half year 2022 | € billions

Operating CF	Free CF
2.75	2.08
▼ -27%	▼ -36%
	Outlook: above €4.5bn

The decrease of free cash flow versus last year is mainly attributable to the development of profitability and impacts from working capital due to SAP's continuing move to the cloud.



Business Outlook 2022

in € billions, unless otherwise stated

FY 2022 Guidance

Cloud revenue
@cc

11.55 – 11.85

▲ +23% to 26%
2021: 9.42

Cloud & Software revenue
@cc

25.0 – 25.5

▲ +4% to 6%
2021: 24.08

Operating profit
Non-IFRS @cc

7.6 – 7.9

▼ -8% to -4%
2021: 8.23

Share of more predictable revenue
in %

~78

▲ +3pp
2021: 75%

Free cash flow

above 4.5

2021: 5.01

Effective tax rate
in %
IFRS

34.0 – 38.0

2021: 21.5%

Non-IFRS

23.0 – 27.0

2021: 20.0%

FY 2022 Non-Financial Outlook

Employee engagement
in %

80 – 84

▶ -3 to 1pp
2021: 83

Customer Net Promoter Score
in points

11 – 15

2021: 10

Carbon emissions
in kilotons

70

▼ -40 kt
2021: 110

Q&A

Appendix

Appendix

Income statement: Second quarter 2022

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	Q2/22	Q2/21	Δ %	Q2/22	Q2/21	Δ %	Δ % at cc
Cloud	3,056	2,276	34	3,056	2,276	34	24
Software licenses	426	650	-34	426	650	-34	-38
Software support	2,977	2,823	5	2,977	2,823	5	0
Software licenses and support	3,403	3,474	-2	3,403	3,474	-2	-7
Cloud and software	6,459	5,750	12	6,459	5,750	12	5
Services	1,057	920	15	1,057	920	15	7
Total revenue	7,517	6,669	13	7,517	6,669	13	5
Total operating expenses	-6,844	-5,685	20	-5,836	-4,748	23	14
Operating profit (loss)	673	984	-32	1,680	1,922	-13	-16
Financial income, net	-118	853	<-100	-118	853	<-100	
Profit (loss) before tax	538	1,804	-70	1,546	2,741	-44	
Income tax expense	-335	-355	-6	-453	-528	-14	
Profit (loss) after tax	203	1,449	-86	1,093	2,214	-51	
Operating margin (in %)	8.9	14.8	-5.8pp	22.4	28.8	-6.5pp	-5.8pp
Earnings per share, basic (in €)	0.29	1.15	-75	0.96	1.75	-45	

Appendix

Income statement: First six months 2022

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	Q1-Q2/22	Q1-Q2/21	Δ %	Q1-Q2/22	Q1-Q2/21	Δ %	Δ % at cc
Cloud	5,876	4,421	33	5,876	4,421	33	25
Software licenses	743	1,133	-34	743	1,133	-34	-38
Software support	5,900	5,624	5	5,900	5,624	5	0
Software licenses and support	6,643	6,757	-2	6,643	6,757	-2	-6
Cloud and software	12,519	11,178	12	12,519	11,178	12	6
Services	2,075	1,839	13	2,075	1,839	13	7
Total revenue	14,594	13,017	12	14,594	13,017	12	6
Total operating expenses	-12,868	-11,073	16	-11,236	-9,357	20	13
Operating profit (loss)	1,726	1,944	-11	3,358	3,660	-8	-12
Financial income, net	-174	1,168	<-100	-174	1,168	<-100	
Profit (loss) before tax	1,483	3,141	-53	3,115	4,856	-36	
Income tax expense	-648	-622	4	-856	-922	-7	
Profit (loss) after tax	835	2,519	-67	2,259	3,934	-43	
Operating margin (in %)	11.8	14.9	-3.1pp	23.0	28.1	-5.1pp	-4.8pp
Earnings per share, basic (in €)	0.92	2.03	-55	1.96	3.14	-37	



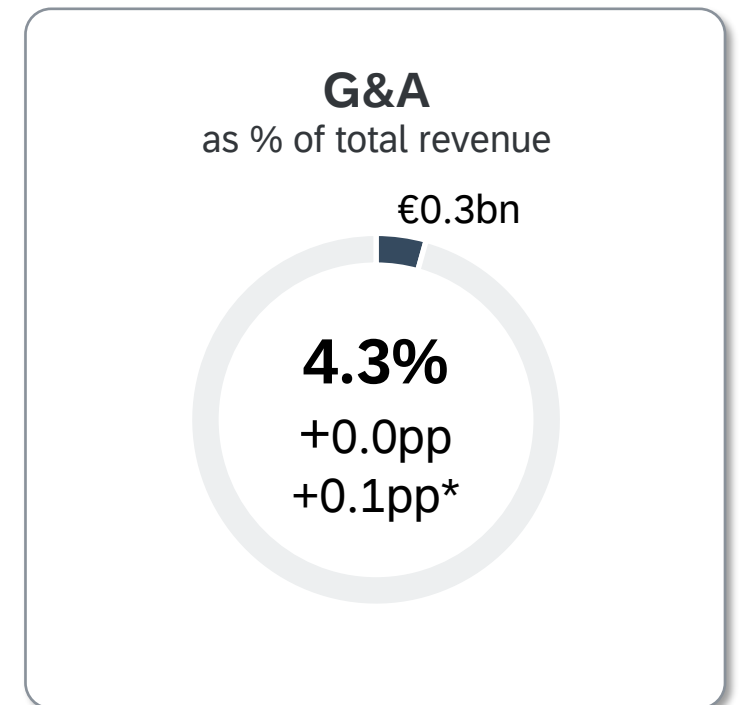
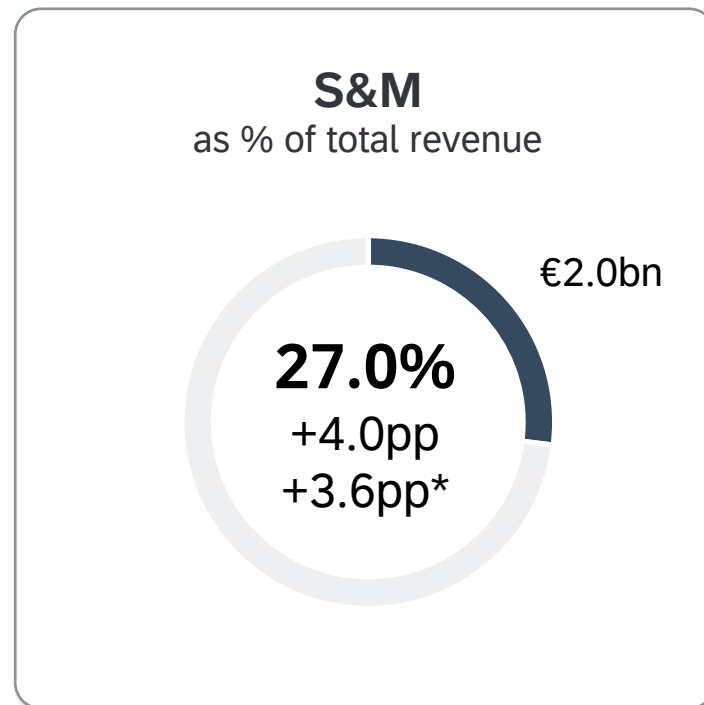
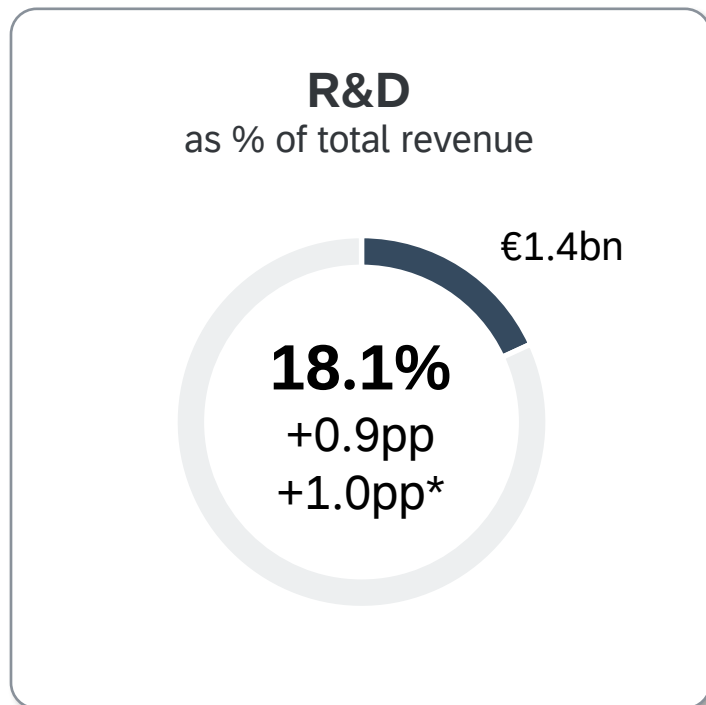
Appendix

Gross margin development

Non-IFRS, in percent as reported	FY/20	Q1/21	Q2/21	Q3/21	Q4/21	FY/21	Q1/22	Q2/22
Cloud	69.7	69.5	70.0	69.4	69.0	69.5	70.0	71.9
SaaS	72.8	72.5	72.6	72.4	72.3	72.6	73.3	75.2
PaaS	81.1	80.7	80.8	78.8	78.0	80.0	77.8	79.6
IaaS	34.9	33.3	36.8	34.7	28.8	33.6	27.6	28.5
Software Licenses & Support	87.4	86.3	87.3	87.8	88.5	87.6	87.5	88.5
Cloud & Software	81.2	79.7	80.5	80.4	81.2	80.5	79.4	80.6
Services	27.0	28.5	29.2	31.0	31.6	30.1	28.0	27.3
Total Gross Margin	73.1	72.3	73.4	73.6	75.1	73.7	72.0	73.1

Cost ratios: Second quarter 2022

€7.5bn Total revenue

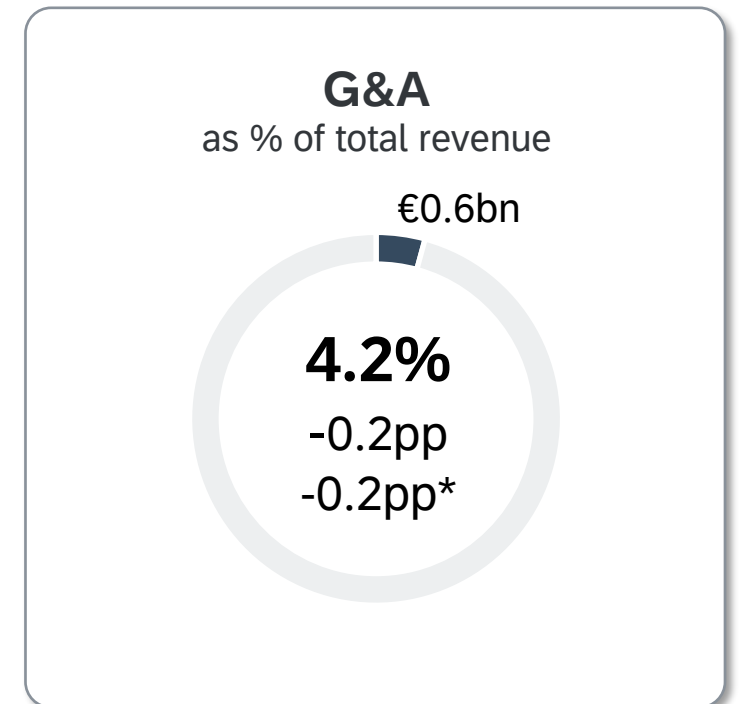
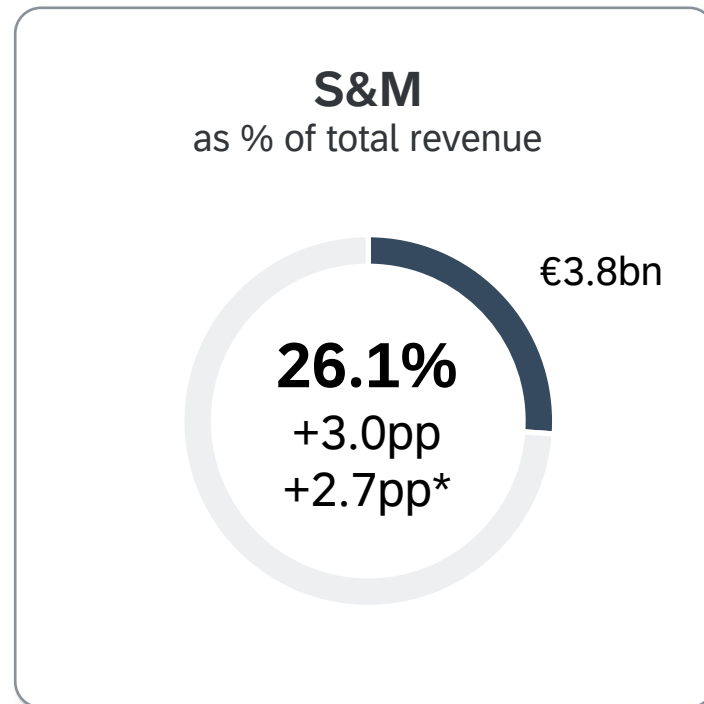
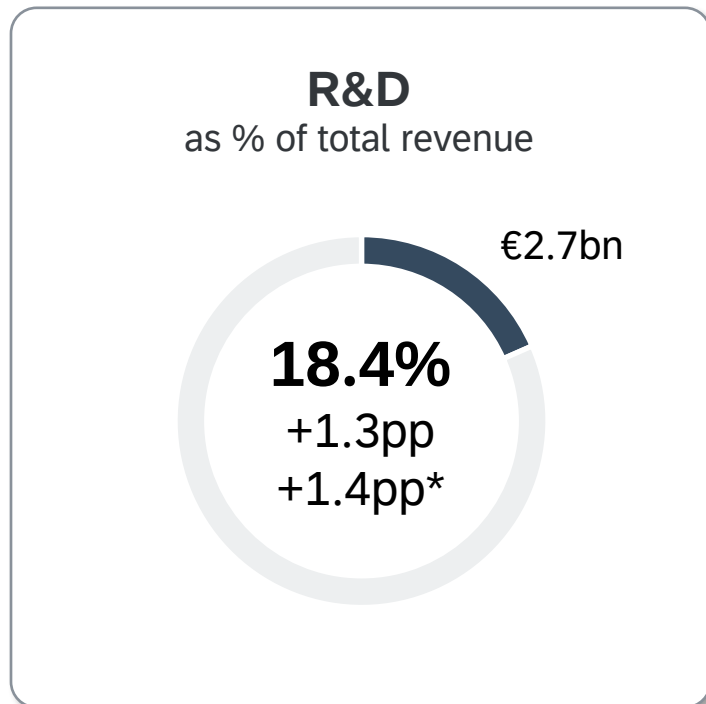


All numbers are Non-IFRS unless otherwise stated.

*Non-IFRS at constant currencies

Cost ratios: First six months 2022

€14.6bn Total revenue



All numbers are Non-IFRS unless otherwise stated.

*Non-IFRS at constant currencies

Appendix

Balance sheet condensed: June 30, 2022 – IFRS

Assets

€ millions	06/30/22	12/31/21
Cash, cash equivalents and other financial assets	8,479	11,656
Trade and other receivables	8,674	6,352
Other current assets	2,968	2,036
Total current assets	20,121	20,044
Goodwill	33,913	31,090
Intangible assets	4,295	3,965
Property, plant, and equipment	4,996	4,977
Other non-current assets	12,251	11,093
Total non-current assets	55,454	51,125
Total assets	75,575	71,169

Equity and liabilities

€ millions	06/30/22	12/31/21
Trade and other payables	1,939	1,580
Provisions	148	89
Other liabilities	11,925	10,035
Contract liabilities, current	6,883	4,431
Total current liabilities	20,894	16,136
Financial liabilities	9,515	11,042
Provisions	382	355
Contract liabilities, non-current	33	13
Other non-current liabilities	1,963	2,100
Total non-current liabilities	11,894	13,510
Total liabilities	32,788	29,645
Total equity	42,787	41,523
Total equity and liabilities	75,575	71,169

Due to rounding, numbers may not add up precisely



Appendix

Cash flow development

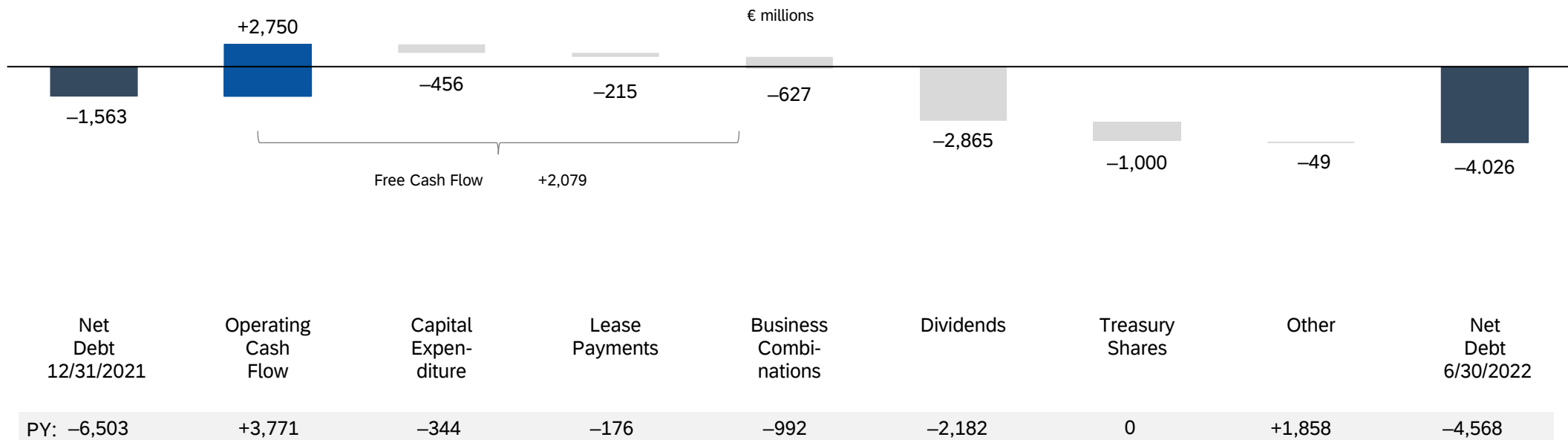
€ millions, unless otherwise stated

	HY1/22	HY1/21	Δ
Operating cash flow	2,750	3,771	-27%
– Capital expenditure	-456	-344	+33%
– Payments of lease liabilities	-215	-176	+22%
Free cash flow	2,079	3,251	-36%
Free cash flow in percent of total revenue	14	25	-11pp
Free cash flow conversion rate	0.76	0.86	-0.11

Due to rounding, numbers may not add up precisely

Appendix

Net debt



Net Debt = 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 2021 integrated report

Appendix

Additional outlook information and Non-IFRS adjustments

The Company now expects a full-year 2022 effective tax rate (IFRS) of 34.0% to 38.0% (2021: 21.5%) and an effective tax rate (non-IFRS) of 23.0% to 27.0% (2021: 20.0%).

Non-IFRS adjustments	Actual Amounts Q2/21	Actual Amounts Q2/22	Est. Amounts FY/22
Acquisition-related charges	€147m	€165m	€620m to €720m
Share-based payment expenses	€784m	€714m	€2,500m to €2,700m
Restructuring charges	€6m	€130m	€130m to €150m
Sum of all adjustments	€938m	€1,008m	€3,250m to €3,570m

Due to rounding, numbers may not add up precisely

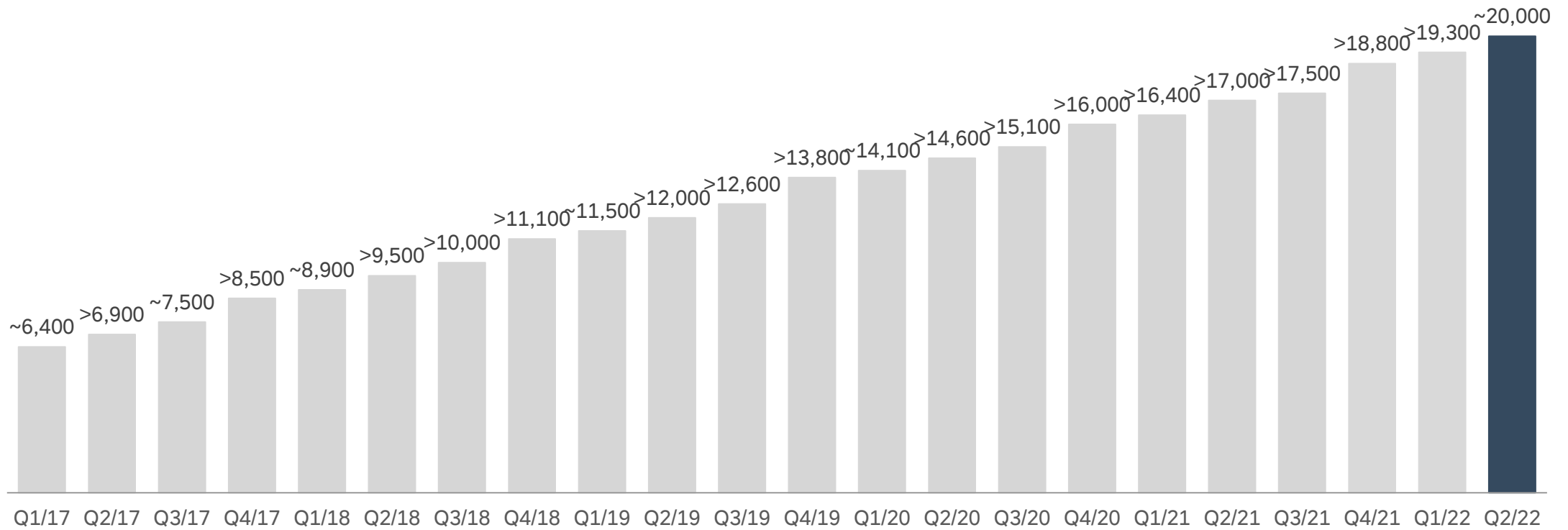
Expected currency impact 2022

Expected Currency Impact Based on June 2022 Level for the Rest of the Year

in percentage points	Q3 2022	FY 2022
Cloud revenue growth	+8pp to +10pp	+7pp to +9pp
Cloud and software revenue growth	+5pp to +7pp	+4pp to +6pp
Operating profit growth (non-IFRS)	+3.5pp to +5.5pp	+2.5pp to +4.5pp

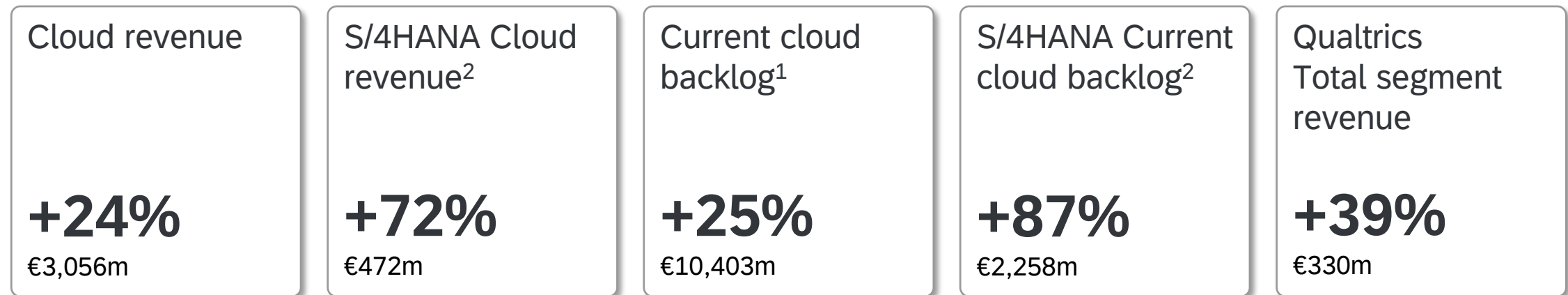
Appendix

SAP S/4HANA customer count



Key cloud metrics: Second quarter 2022

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.