

Fourth Quarter and Full-Year 2022 Results

Christian Klein, CEO

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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

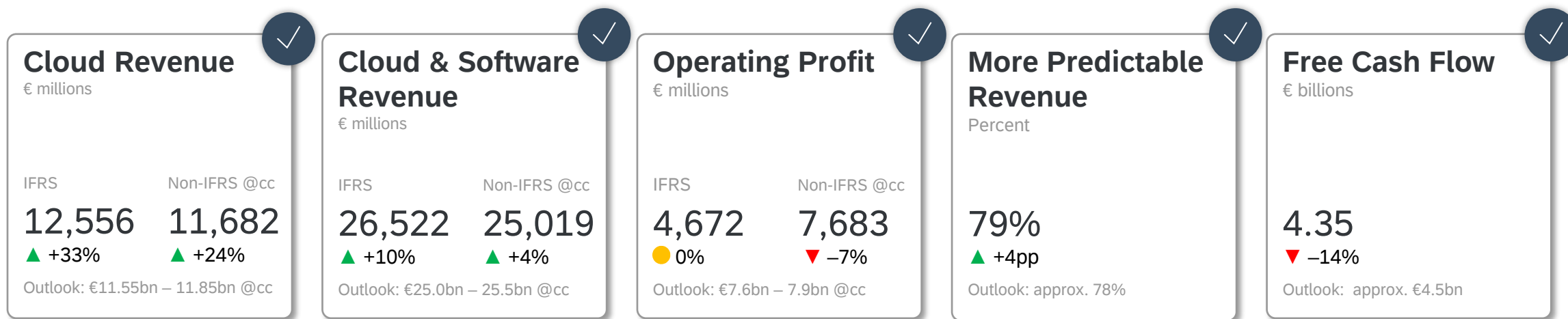
CEO



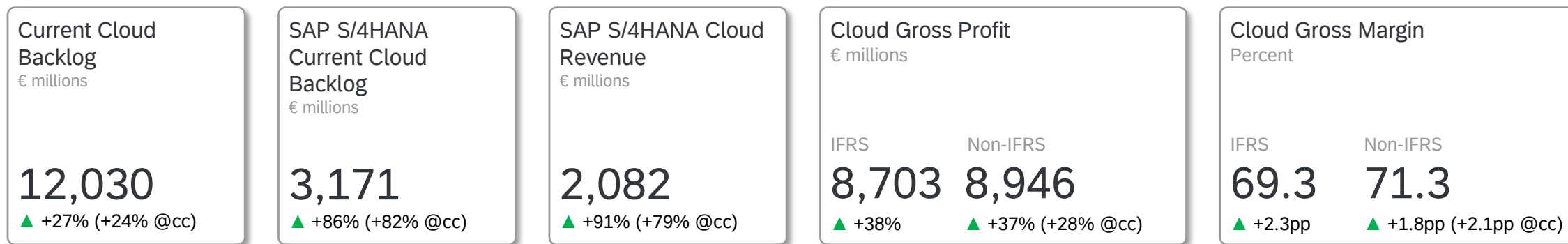
Luka Mucic

CFO

All financial outlook metrics met in FY 2022



FY Other Financial Highlights



Very strong cloud revenue performance across all regions in 2022

AMERICAS

Cloud revenue
percent

▲ +37%
(+22% @cc)

Cloud & software
revenue
percent

▲ +21%
(+8% @cc)

The United States had an outstanding performance while Brazil and Chile had a particularly strong performance in cloud revenue.

EMEA

Cloud revenue
percent

▲ +30%
(+26% @cc)

Cloud & software
revenue
percent

▲ +3%
(+1% @cc)

Germany had an outstanding performance in cloud revenue while Italy, Saudi Arabia and Switzerland were particularly strong.

APJ

Cloud revenue
percent

▲ +29%
(+26% @cc)

Cloud & software
revenue
percent

▲ +4%
(+2% @cc)

Japan had an outstanding performance while China and South Korea 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

Non-IFRS in € millions, unless otherwise stated	Revenue			Gross Margin % (Gross profit)		
	FY 22	Δ in %	Δ in % @cc	FY 22	Δ in pp	Δ in pp @cc
Cloud	12,556	33	24	71.3 (8,946)	1.8pp	2.1pp
SaaS	10,066	35	25	73.9 (7,435)	1.2pp	1.0pp
PaaS	1,586	53	45	79.4 (1,260)	-0.3pp	0.9pp
IaaS	905	-2	-8	27.8 (252)	-4.3pp	0.5pp
Software licenses and support	13,965	-5	-9	88.6 (12,374)	1.0pp	0.7pp
Cloud and software	26,522	10	4	80.4 (21,321)	-0.1pp	0.0pp
Services	4,350	16	9	29.1 (1,265)	-1.1pp	-1.5pp
Total	30,871	11	5	73.2 (22,585)	-0.5pp	-0.5pp

Tax rate, EPS & Cash flow

Effective tax rate

Full year | percent

IFRS

44.6

▲ 23.1pp

Outlook:

around 45.0

Non-IFRS

29.5

▲ 9.5pp

around 30.0

The year-over-year increase mainly resulted from changes in tax exempt income related to Sapphire Ventures.

Earnings per share

Full year | €

IFRS basic

1.96

▼ -56%

IFRS diluted

1.95

▼ -56%

Non-IFRS basic

4.08

▼ -39%

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 significantly lower than in the same period last year.

Cash flow

Full year | € billions

Operating CF

5.65

▼ -9%

Free CF

4.35

▼ -14%

Outlook:

approx. €4.5bn

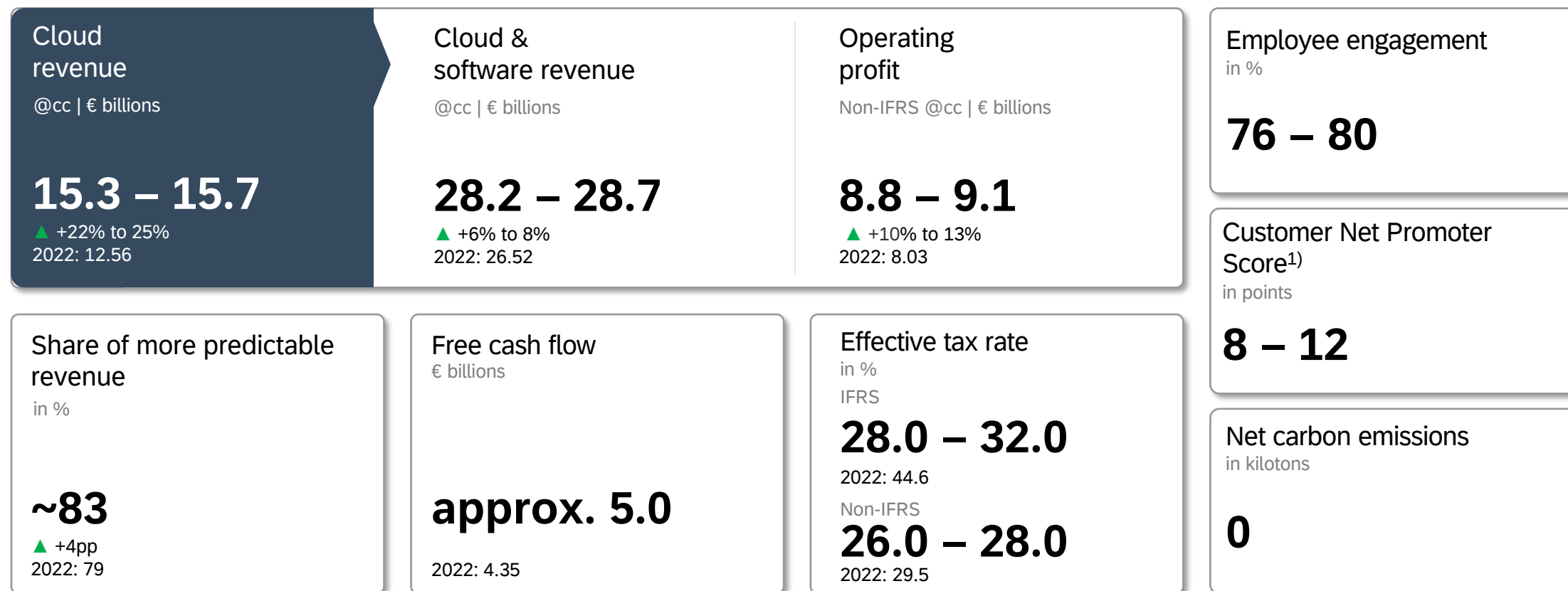
The decline in free cash flow is predominantly due to lower profitability and adverse working capital impacts in other assets. While tax payments developed positively, smaller negative impacts came from share-based payments as well as capital expenditures and leasing. The increased volume of trade receivables sold in 2022 amounting to €0.8 billion versus €0.5 billion in 2021 had a positive impact on free cash flow.

2023 Outlook Anticipates Accelerating Topline and Double-Digit Non-IFRS Operating Profit Growth

in € billions, unless otherwise stated

FY 2023 Outlook

FY 2023 Non-Financial Outlook

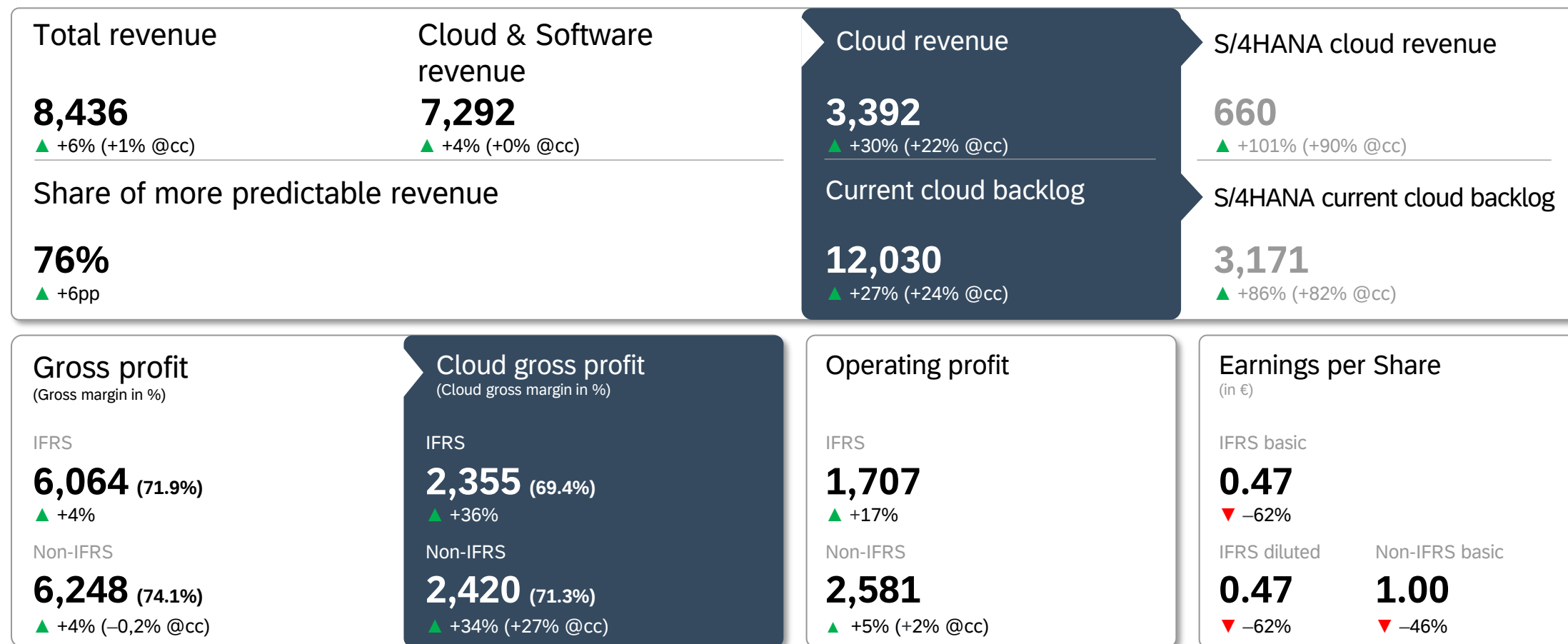


Q&A

Appendix

SAP Q4 2022 Financial Results

in € millions, unless otherwise stated



Appendix

Income statement: Fourth quarter 2022

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	Q4 22	Q4 21	Δ %	Q4 22	Q4 21	Δ %	Δ % @cc
Cloud	3,392	2,611	30	3,392	2,611	30	22
Software licenses	907	1,458	-38	907	1,458	-38	-39
Software support	2,993	2,920	3	2,993	2,920	3	-1
Software licenses and support	3,900	4,379	-11	3,900	4,379	-11	-14
Cloud and software	7,292	6,990	4	7,292	6,990	4	0
Services	1,144	991	15	1,144	991	15	10
Total revenue	8,436	7,981	6	8,436	7,981	6	1
Total operating expenses	-6,729	-6,518	3	-5,856	-5,513	6	1
Operating profit (loss)	1,707	1,463	17	2,581	2,468	5	2
Financial income, net	-880	523	<-100	-880	523	<-100	
Profit (loss) before tax	759	1,958	-61	1,632	2,962	-45	
Income tax expense	-427	-517	-17	-605	-688	-12	
Profit (loss) after tax	332	1,440	-77	1,028	2,274	-55	
Operating margin (in %)	20.2	18.3	1.9pp	30.6	30.9	-0.3pp	0.3pp
Earnings per share, basic (in €)	0.47	1.23	-62	1.00	1.85	-46	

Appendix

Income statement: Full year 2022

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	FY 22	FY 21	Δ %	FY 22	FY 21	Δ %	Δ % @cc
Cloud	12,556	9,418	33	12,556	9,418	33	24
Software licenses	2,056	3,248	-37	2,056	3,248	-37	-39
Software support	11,909	11,412	4	11,909	11,412	4	0
Software licenses and support	13,965	14,660	-5	13,965	14,660	-5	-9
Cloud and software	26,522	24,078	10	26,522	24,078	10	4
Services	4,350	3,764	16	4,350	3,764	16	9
Total revenue	30,871	27,842	11	30,871	27,842	11	5
Total operating expenses	-26,199	-23,186	13	-22,838	-19,613	16	9
Operating profit (loss)	4,672	4,656	0	8,033	8,230	-2	-7
Financial income, net	-1,385	2,174	<-100	-1,385	2,174	<-100	
Profit (loss) before tax	3,092	6,847	-55	6,452	10,421	-38	
Income tax expense	-1,378	-1,471	-6	-1,903	-2,084	-9	
Profit (loss) after tax	1,714	5,376	-68	4,549	8,337	-45	
Operating margin (in %)	15.1	16.7	-1.6pp	26.0	29.6	-3.5pp	-3.2pp
Earnings per share, basic (in €)	1.96	4.46	-56	4.08	6.73	-39	

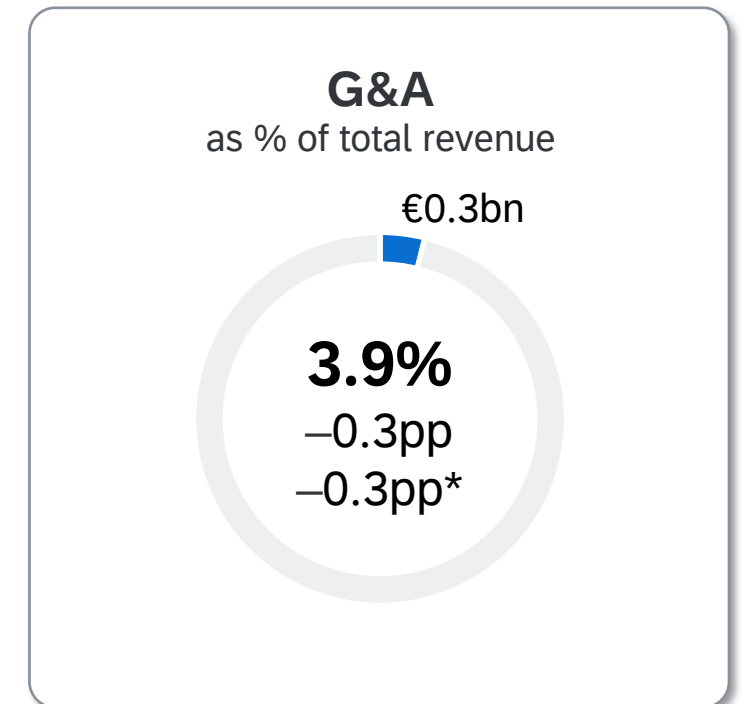
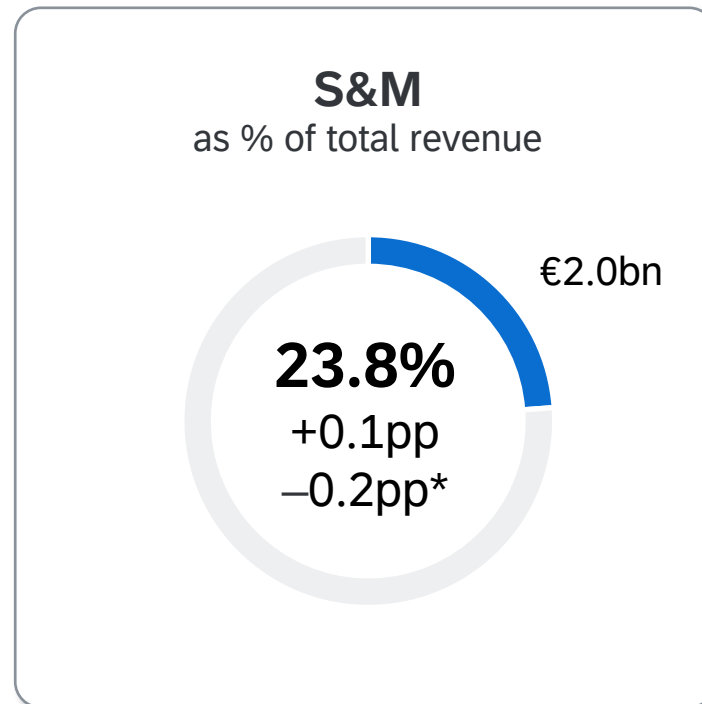
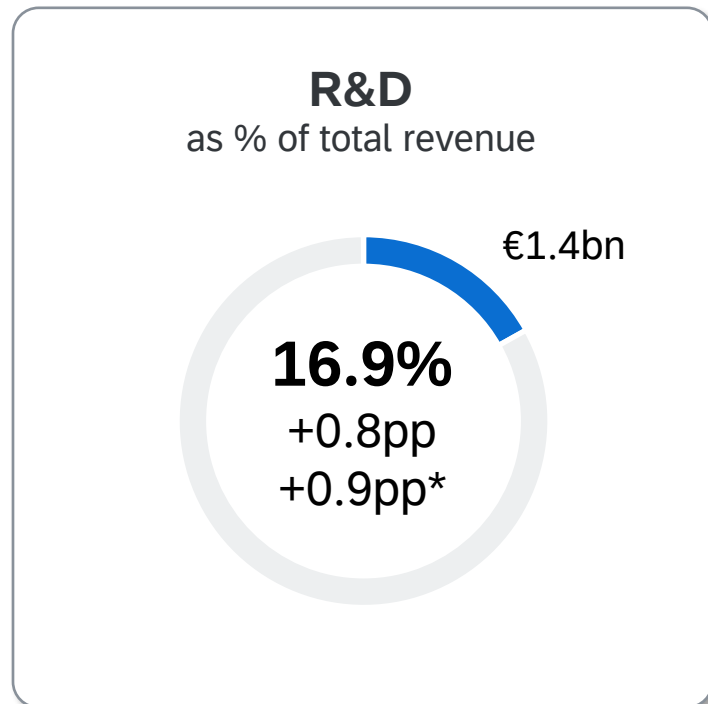
Appendix

Gross margin development

Non-IFRS, in percent as reported	FY 21	Q1 22	Q2 22	Q3 22	Q4 22	FY 22
Cloud	69.5	70.0	71.9	71.7	71.3	71.3
SaaS	72.7	73.0	74.3	75.0	73.1	73.9
PaaS	79.7	79.1	79.9	78.3	80.3	79.4
IaaS	32.1	26.5	34.9	21.6	28.0	27.8
Software Licenses & Support	87.6	87.5	88.5	88.6	89.6	88.6
Cloud & Software	80.5	79.4	80.6	80.3	81.1	80.4
Services	30.1	28.0	27.3	31.7	29.1	29.1
Total Gross Margin	73.7	72.0	73.1	73.3	74.1	73.2

Cost ratios: Fourth quarter 2022

€8.4bn Total revenue

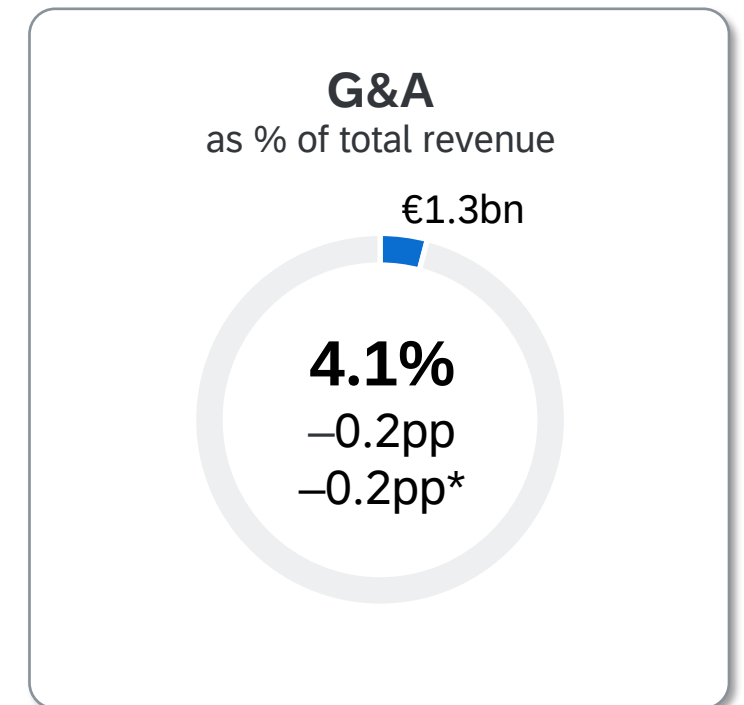
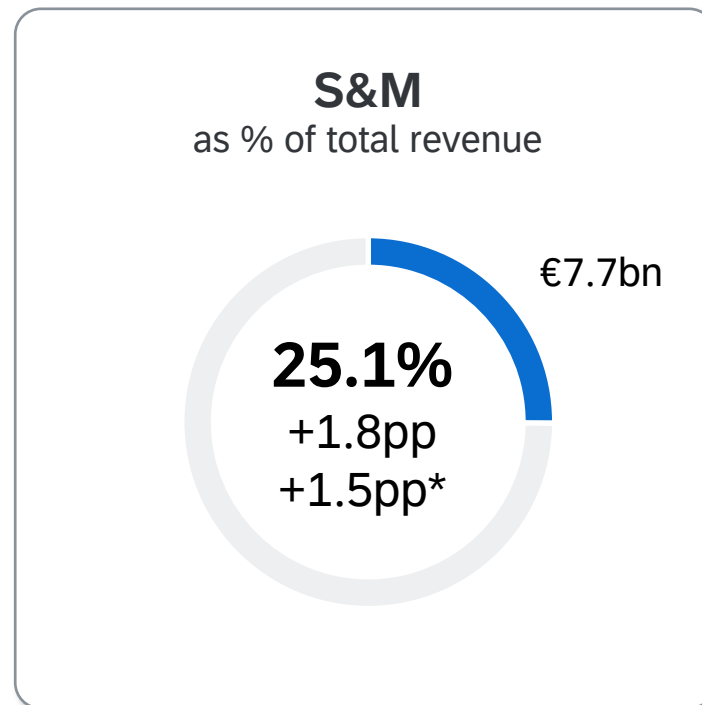
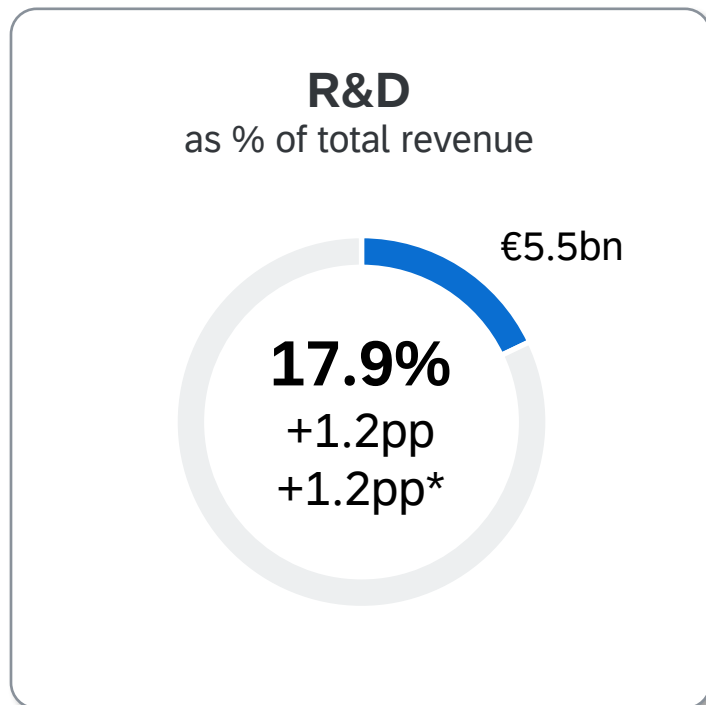


All numbers are Non-IFRS unless otherwise stated.

*Non-IFRS at constant currencies

Cost ratios: Full year 2022

€30.9bn Total revenue



All numbers are Non-IFRS unless otherwise stated.

*Non-IFRS at constant currencies

Appendix

Balance sheet condensed: December 31, 2022 – IFRS

Assets

€ millions	12/31/22	12/31/21
Cash, cash equivalents and other financial assets	9,862	11,656
Trade and other receivables	6,258	6,352
Other current assets	2,450	2,036
Total current assets	18,570	20,044
Goodwill	33,106	31,089
Intangible assets	3,835	3,965
Property, plant, and equipment	4,934	4,977
Other non-current assets	11,716	11,100
Total non-current assets	53,590	51,130
Total assets	72,160	71,174

Equity and liabilities

€ millions	12/31/22	12/31/21
Trade and other payables	2,106	1,580
Provisions	90	89
Other liabilities	9,901	10,035
Contract liabilities, current	5,357	4,431
Total current liabilities	17,452	16,136
Financial liabilities	9,547	11,042
Provisions	359	355
Contract liabilities, non-current	33	13
Other non-current liabilities	1,917	2,105
Total non-current liabilities	11,856	13,515
Total liabilities	29,308	29,650
Total equity	42,852	41,523
Total equity and liabilities	72,160	71,174

Due to rounding, numbers may not add up precisely

Appendix

Cash flow development

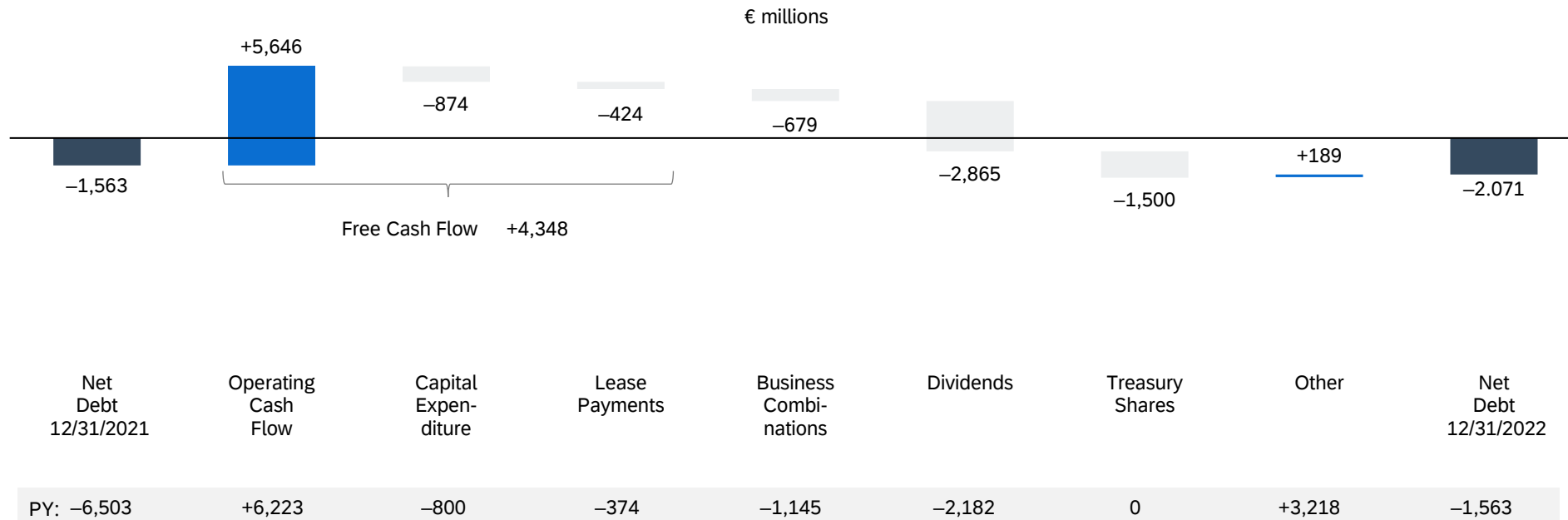
€ millions, unless otherwise stated

	FY/22	FY/21	Δ
Operating cash flow	5,646	6,223	-9%
– Capital expenditure	–874	–800	9%
– Payments of lease liabilities	–424	–374	13%
Free cash flow	4,348	5,049	–14%
Free cash flow in percent of total revenue	14	18	-4pp
Free cash flow conversion rate	2.54	0.94	+1.60

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

Additional outlook information and Non-IFRS adjustments

The Company now expects a full-year 2023 effective tax rate (IFRS) of around 28.0% – 32.0% (2022: 44.6%) and an effective tax rate (non-IFRS) of around 26.0 – 28.0% (2022: 29.5%).

	Actual Amounts FY/21	Actual Amounts FY/22	Est. Amounts FY/23
Non-IFRS adjustments			
Acquisition-related charges	€622m	€610m	€580m to €660m
Share-based payment expenses	€2,794m	€2,612m	€2,550m to €2,850m
Restructuring charges	€157m	€138m	€250m to €300m
Sum of all adjustments	€3,573m	€3,360m	€3,380m to €3,810m

Due to rounding, numbers may not add up precisely

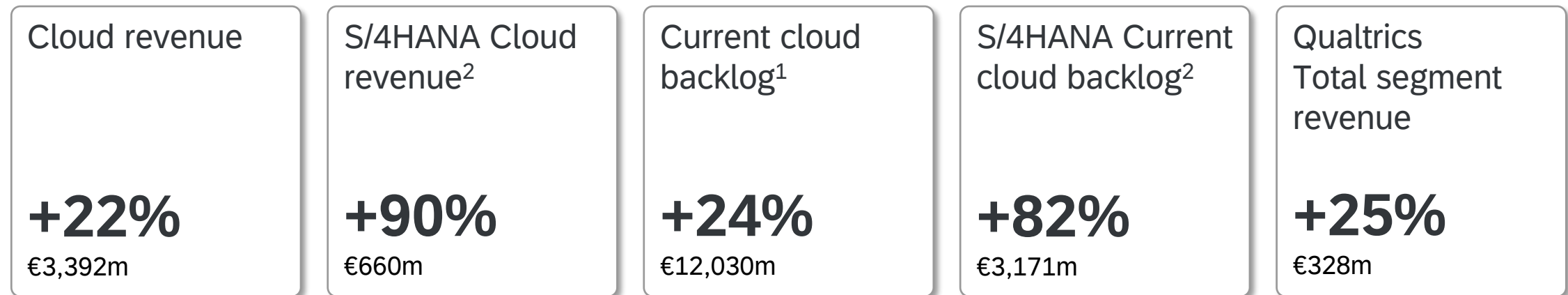
Expected currency impact 2023

Expected Currency Impact Based on December 2022 Level Applied for 2023

in percentage points	Q1 23	FY 23
Cloud revenue growth	+2pp to +4pp	0pp to –2pp
Cloud and software revenue growth	+1pp to +3pp	+0pp to –2pp
Operating profit growth (non-IFRS)	+0pp to –2pp	-1pp to –3pp

Key cloud metrics: Fourth 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 discloses 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.