

Second Quarter 2023 Results

Christian Klein, CEO

Dominik Asam, 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 2022 Annual Report on Form 20-F.



Christian Klein

CEO

Strong Performance in Q2 2023

Steady growth of current cloud backlog and cloud revenue

Current Cloud Backlog

11,537

▲ +21% (+25% @cc)

Thereof S/4HANA

3,717

▲ +65% (+70% @cc)

Cloud Revenue

3,316

▲ +19% (+22% @cc)

Thereof S/4HANA

823

▲ +74% (+79% @cc)

SaaS Revenue

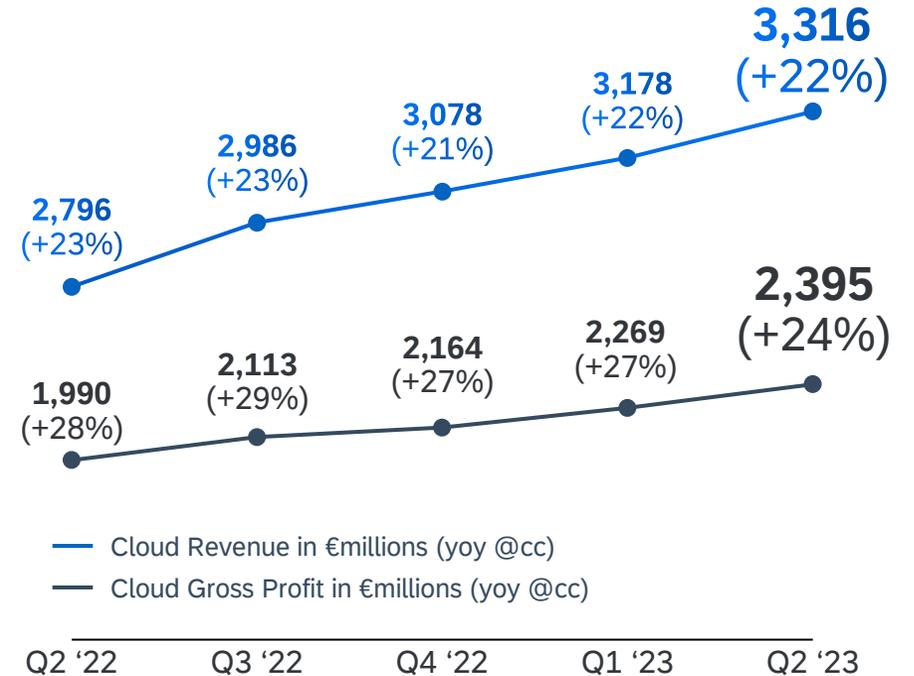
2,604

▲ +19% (+22% @cc)

PaaS Revenue

521

▲ +42% (+45% @cc)



All numbers are in € millions, non-IFRS unless otherwise stated, SAP continuing operations excl. Qualtrics

We deliver unique customer value with our best-of-suite offering



Asahi**KASEI**

BAIN & COMPANY



BT Group



CIRQUE DU SOLEIL



City of Utrecht



Coca-Cola
HBC



DFS Deutsche Flugsicherung



EMPRESAS POLAR

Endress+Hauser **EH**
People for Process Automation

FRESENIUS

FUJITSU

GOL

GONZÁLEZ
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NIPPON
GASES
The Gas Professionals



ONYX™



REHAU



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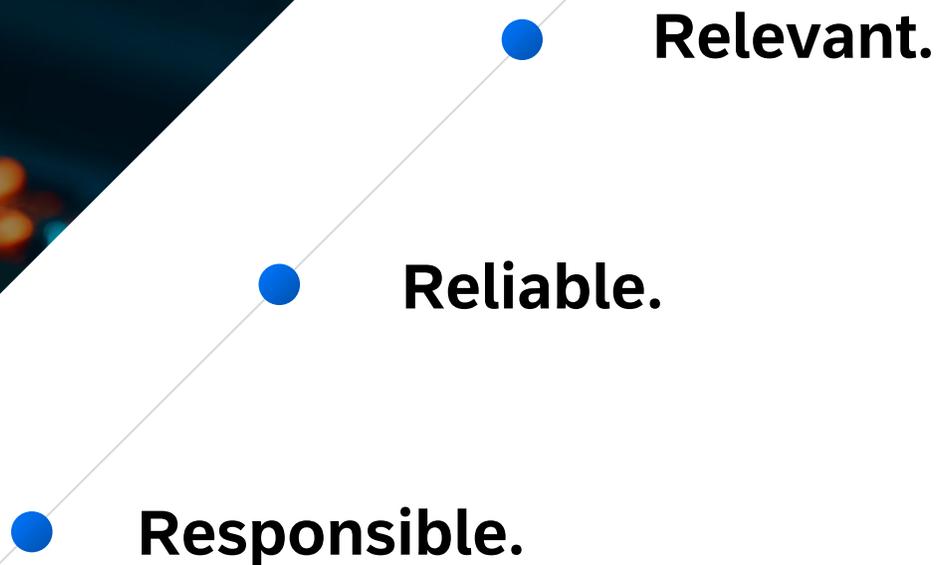
TATA
TATA PROJECTS

TECH
mahindra

Versuni

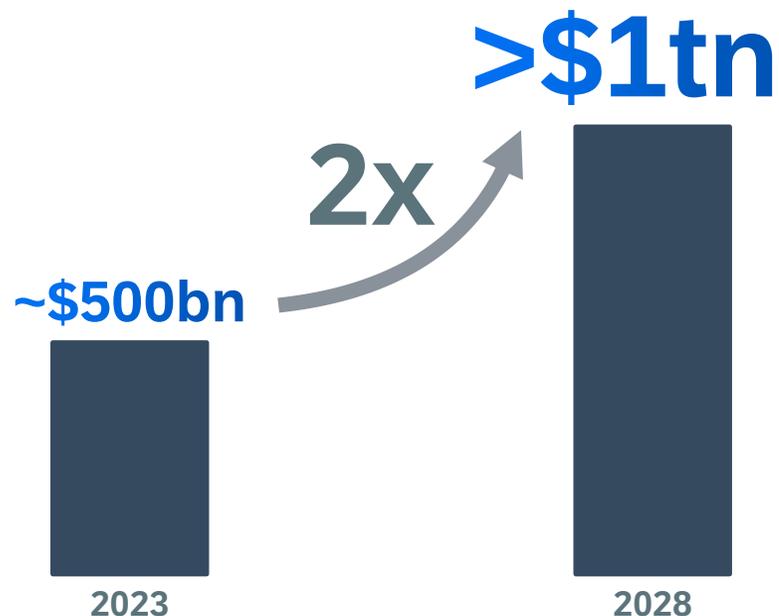
VISA

We will fundamentally change the way in which companies operate



Business AI provides a unique opportunity

We are accelerating our path towards doubling our TAM...



...and tap into significant revenue potential

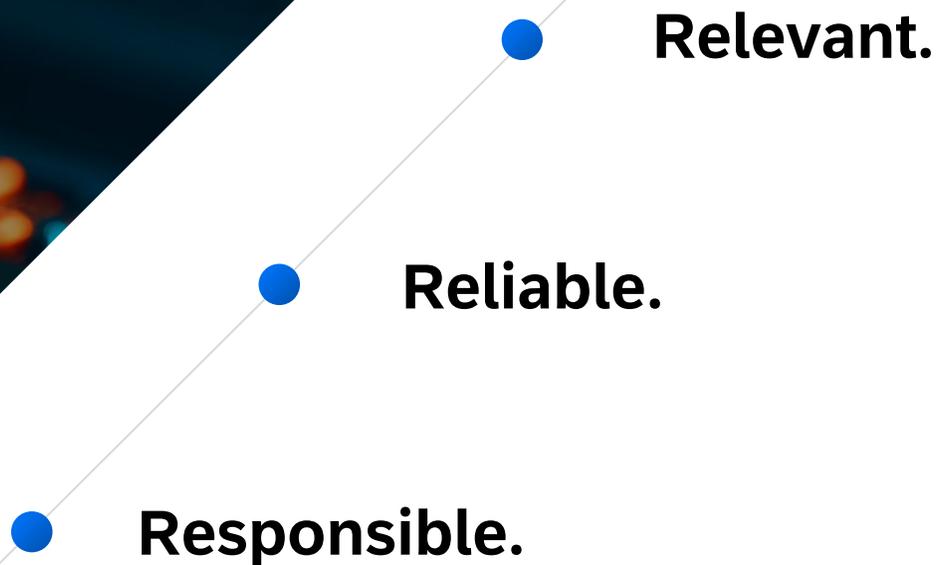
RISE WITH SAP & GROW WITH SAP

~30%
Premium SKU uplift potential

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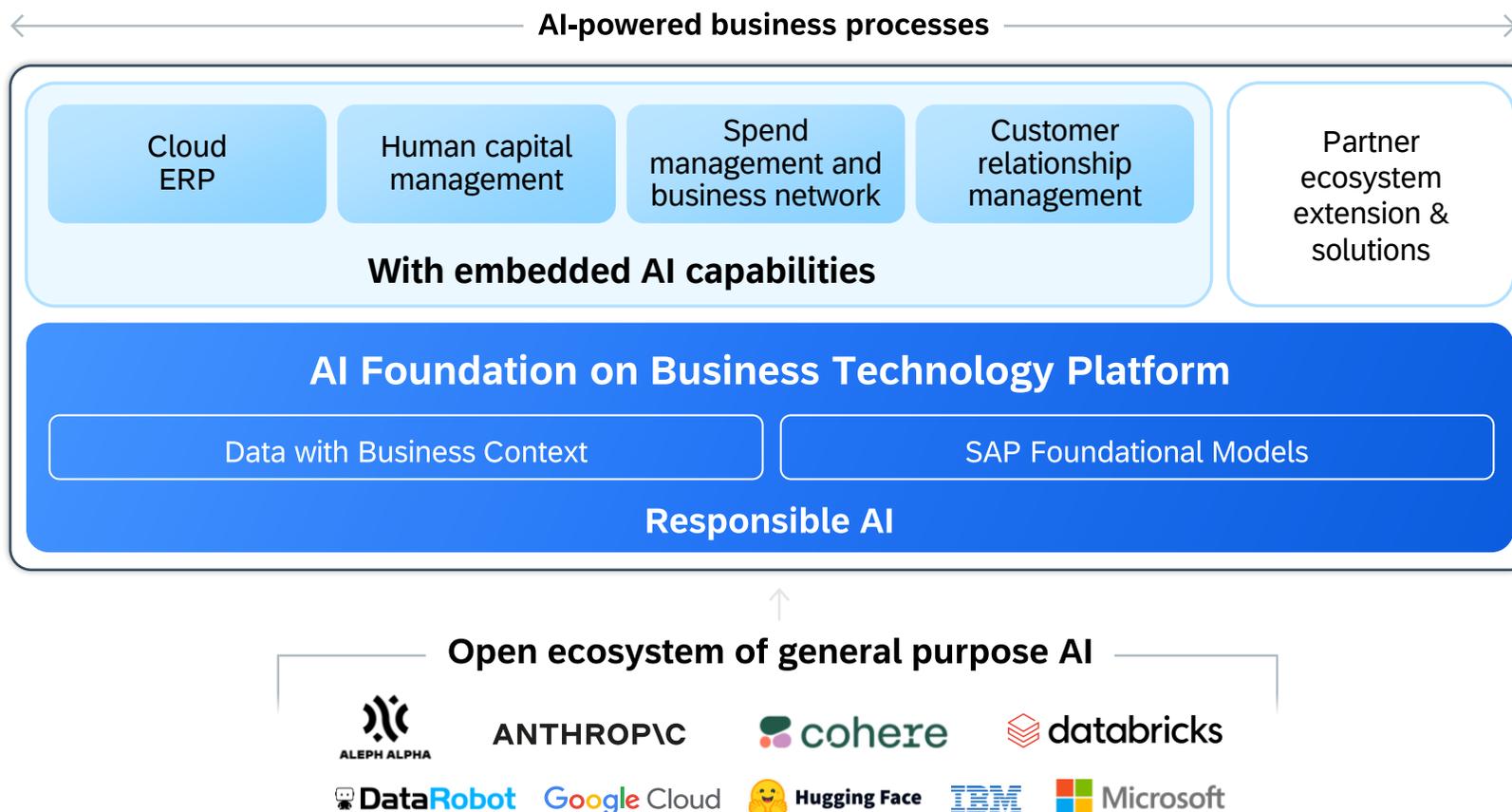
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We will fundamentally change the way in which companies operate



SAP Business AI

Relevant. Reliable. Responsible.



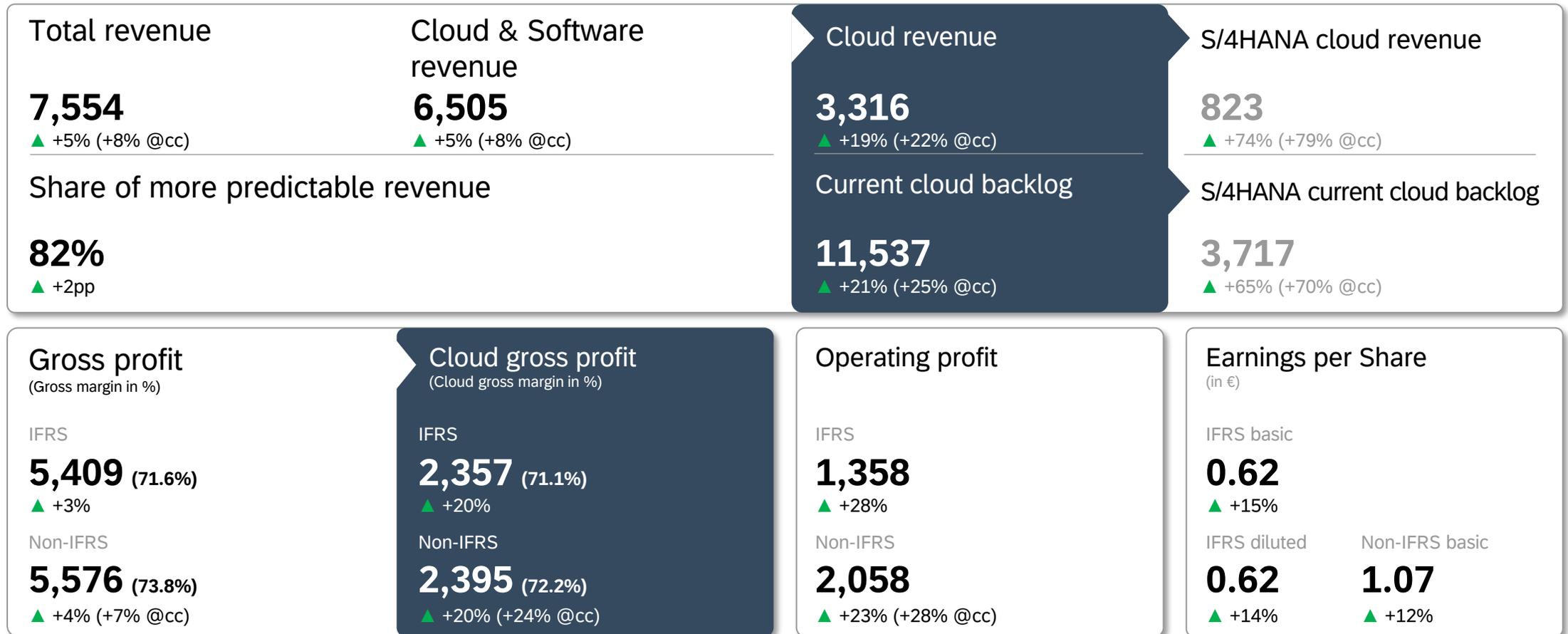


Dominik Asam

CFO

SAP Q2 2023 Financial Results

in € millions, unless otherwise stated; based on SAP group results from continuing operations



Strong cloud revenue performance across all regions

AMERICAS

Cloud revenue
percent

▲ +14%
(+17% @cc)

Cloud & software
revenue
percent

▲ +3%
(+6% @cc)

Brazil had an outstanding cloud revenue growth while the U.S. and Chile performed particularly strong.

EMEA

Cloud revenue
percent

▲ +25%
(+26% @cc)

Cloud & software
revenue
percent

▲ +7%
(+8% @cc)

Germany had an outstanding performance in cloud revenue while France and the Netherlands were particularly strong.

APJ

Cloud revenue
percent

▲ +17%
(+25% @cc)

Cloud & software
revenue
percent

▲ +3%
(+10% @cc)

India had an outstanding cloud revenue growth while China performed particularly strong.

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 Profit Development

Non-IFRS in € millions, unless otherwise stated	Revenue			Gross Profit (Gross margin %)		
	Q2/23	Δ in %	Δ in % @cc	Q2/23	Δ in %	Δ in % @cc
Cloud	3,316	19	22	2,395 (72.2)	20	24
SaaS	2,604	19	22	1,888 (72.5)	19	23
PaaS	521	42	45	437 (83.9)	47	50
IaaS	191	-23	-21	70 (36.6)	-35	-36
Software licenses and support	3,189	-6	-4	2,887 (90.5)	-6	-4
Cloud and software	6,505	5	8	5,282 (81.2)	4	7
Services	1,050	4	7	294 (28.0)	5	8
Total	7,554	5	8	5,576 (73.8)	4	7

Tax rate, EPS & Cash flow

Effective tax rate

Second quarter | percent

IFRS	Non-IFRS
33.8	30.4
▼ -0.4pp	▲ 1.3pp

The reduction of the IFRS effective tax rate from Q1 to Q2 mainly resulted from the increase in profit before taxes.

Earnings per share

Second quarter | €

IFRS basic

0.62
▲ +15%

IFRS diluted

0.62
▲ +14%

Non-IFRS basic

1.07
▲ +12%

Cash flow

Second quarter | € billions

Operating CF

0.85
▲ <-100%

Free CF

0.60
▲ <-100%

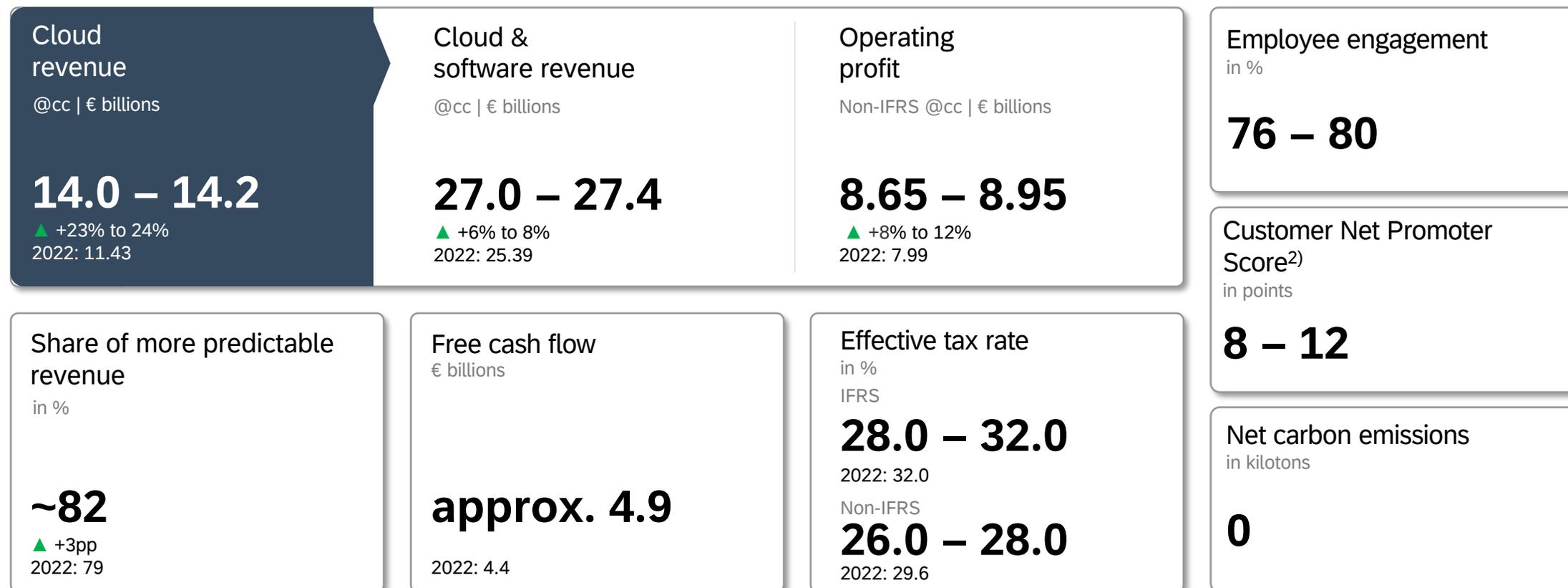
The significant increase in free cash flow was mainly driven by the strong expansion of operating profit and a reduction of payments for, amongst others, share-based compensation, capex and leasing.

2023 outlook updated for revenue and operating profit

in € billions, unless otherwise stated; continuing operations

FY 2023 Outlook¹⁾

FY 2023 Non-Financial Outlook



¹⁾ 2023 financial outlook is based on constant currencies assumptions, including an exchange rate of 1.05 US Dollar per Euro

²⁾ The guidance is based on an adjusted methodology for 2023 to better reflect the business priorities of the company. The baseline for 2022 calculated using the new methodology is 7.

Q&A

Appendix

Appendix

Income statement: Second quarter 2023

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	Q2 23	Q2 22	Δ %	Q2 23	Q2 22	Δ %	Δ % @cc
Cloud	3,316	2,796	19	3,316	2,796	19	22
Software licenses	316	426	-26	316	426	-26	-24
Software support	2,873	2,977	-3	2,873	2,977	-3	-1
Software licenses and support	3,189	3,403	-6	3,189	3,403	-6	-4
Cloud and software	6,505	6,199	5	6,505	6,199	5	8
Services	1,050	1,007	4	1,050	1,007	4	7
Total revenue	7,554	7,207	5	7,554	7,207	5	8
Total operating expenses	-6,196	-6,147	1	-5,496	-5,529	-1	1
Operating profit (loss)	1,358	1,060	28	2,058	1,678	23	28
Financial income, net	-175	-118	49	-175	-118	49	
Profit (loss) before tax from continuing operations	1,093	930	18	1,794	1,548	16	
Income tax expense	-369	-318	16	-545	-451	21	
Profit (loss) after tax from continuing operations	724	613	18	1,249	1,098	14	
Profit (loss) after tax from discontinued operations	2,656	-409	<-100	2,211	-5	<-100	
Profit (loss) after tax*	3,381	203	>100	3,460	1,093	>100	
Operating margin (in %)	18.0	14.7	3.3pp	27.2	23.3	4.0pp	4.4pp
Earnings per share, basic (in €) from continuing operations	0.62	0.54	15	1.07	0.95	12	
Earnings per share, basic (in €)*	2.96	0.29	>100	3.14	0.96	>100	

Appendix

Income statement: First six months 2023

€ millions, unless otherwise stated	IFRS			Non-IFRS			
	Q1-Q2/ 23	Q1-Q2/ 22	Δ %	Q1-Q2/ 23	Q1-Q2/ 22	Δ %	Δ % @cc
Cloud	6,493	5,362	21	6,493	5,362	21	22
Software licenses	591	743	-20	591	743	-20	-19
Software support	5,778	5,900	-2	5,778	5,900	-2	-1
Software licenses and support	6,369	6,643	-4	6,369	6,643	-4	-3
Cloud and software	12,863	12,005	7	12,863	12,005	7	8
Services	2,132	1,974	8	2,132	1,974	8	9
Total revenue	14,995	13,980	7	14,995	13,980	7	8
Total operating expenses	-12,834	-11,449	12	-11,062	-10,626	4	4
Operating profit (loss)	2,161	2,531	-15	3,933	3,354	17	20
Financial income, net	-287	-173	66	-287	-173	66	
Profit (loss) before tax from continuing operations	1,771	2,295	-23	3,543	3,119	14	
Income tax expense	-643	-666	-3	-1,040	-850	22	
Profit (loss) after tax from continuing operations	1,128	1,629	-31	2,502	2,269	10	
Profit (loss) after tax from discontinued operations	2,763	-794	<-100	2,544	-10	<-100	
Profit (loss) after tax*	3,890	835	>100	5,047	2,259	>100	
Operating margin (in %)	14.4	18.1	-3.7pp	26.2	24.0	2.2pp	2.7pp
Earnings per share, basic (in €) from continuing operations	0.97	1.41	-31	2.15	1.96	10	
Earnings per share, basic (in €)*	3.37	0.92	>100	4.41	1.96	>100	

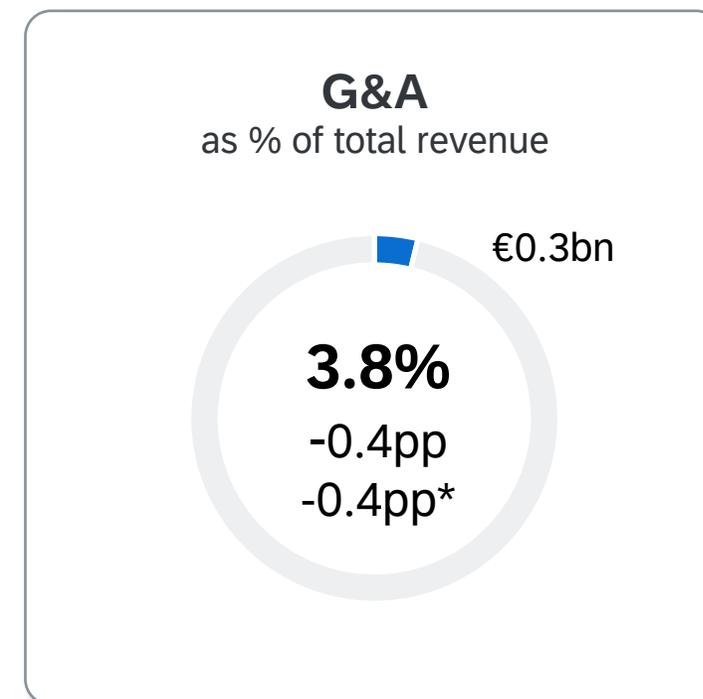
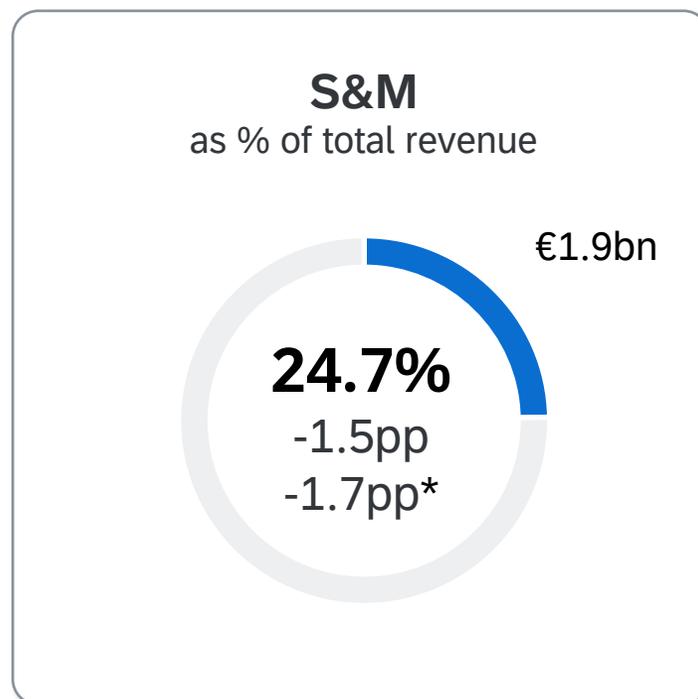
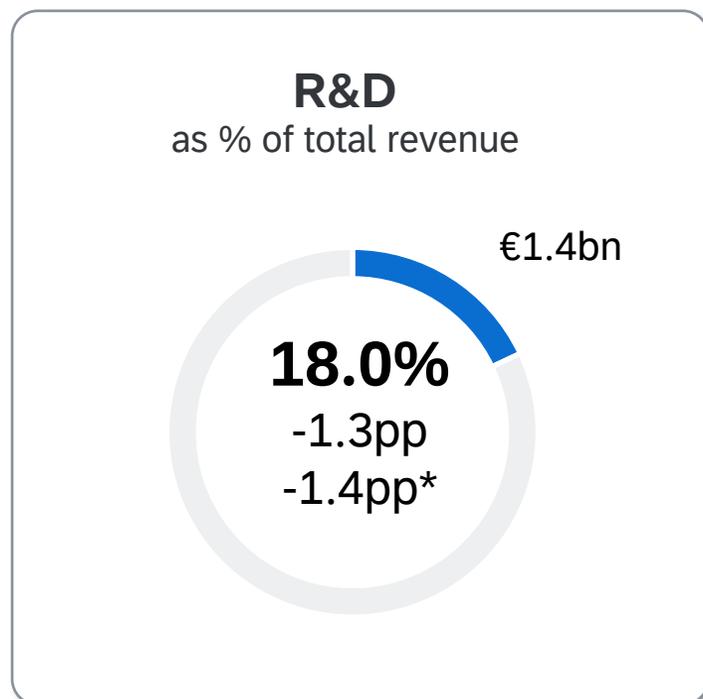
Appendix

Gross margin development

Non-IFRS, in percent as reported	FY 21	Q1 22	Q2 22	Q3 22	Q4 22	FY 22	Q1 23	Q2 23
Cloud	68.4	68.9	71.2	70.8	70.3	70.3	71.4	72.2
SaaS	71.3	71.3	72.6	73.4	71.0	72.1	71.6	72.5
PaaS	81.7	80.7	81.3	79.7	81.6	80.8	84.3	83.9
IaaS	32.6	30.7	43.3	29.4	38.4	35.5	38.0	36.6
Software Licenses & Support	89.7	89.7	90.7	90.7	91.4	90.7	89.2	90.7
Cloud & Software	81.7	80.5	81.9	81.4	82.1	81.5	80.3	81.2
Services	30.3	28.3	27.9	32.4	29.8	29.7	29.5	28.0
Total Gross Margin	74.9	73.1	74.3	74.4	75.1	74.3	72.9	73.8

Cost ratios: Second quarter 2023

€7.6bn Total revenue



All numbers are Non-IFRS unless otherwise stated.

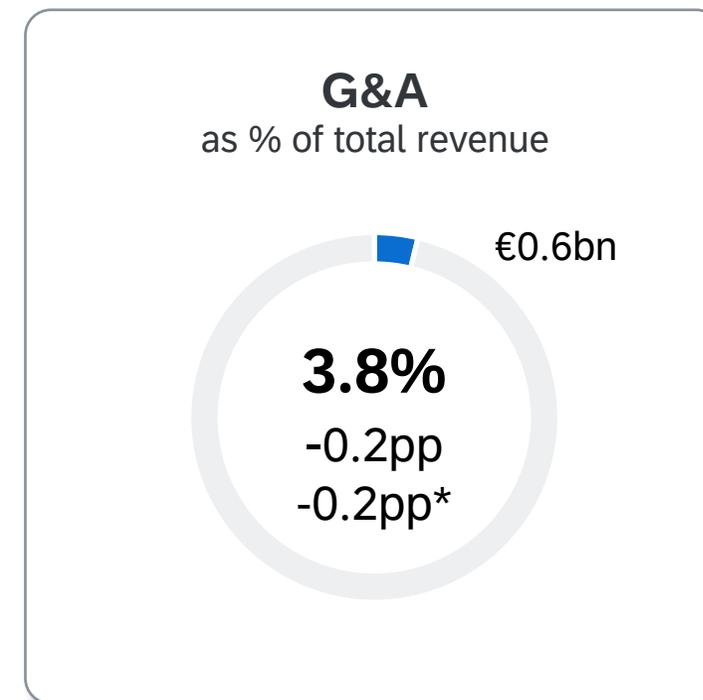
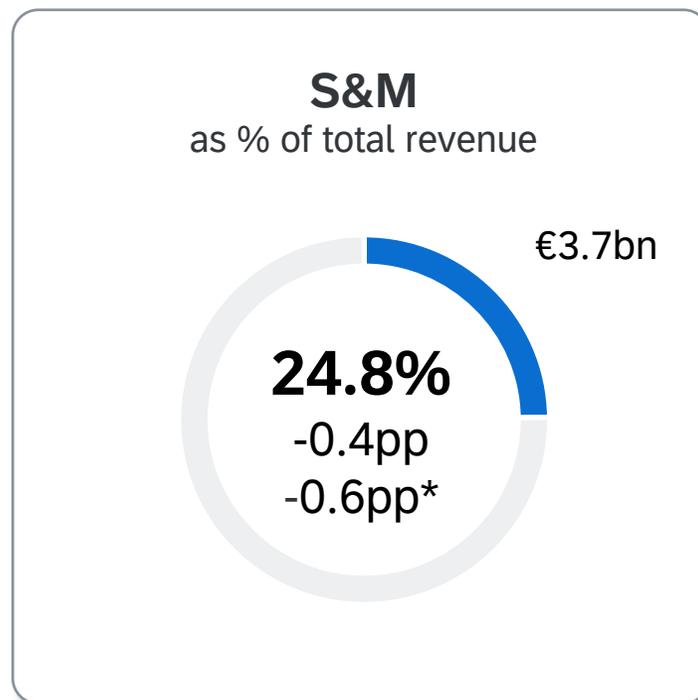
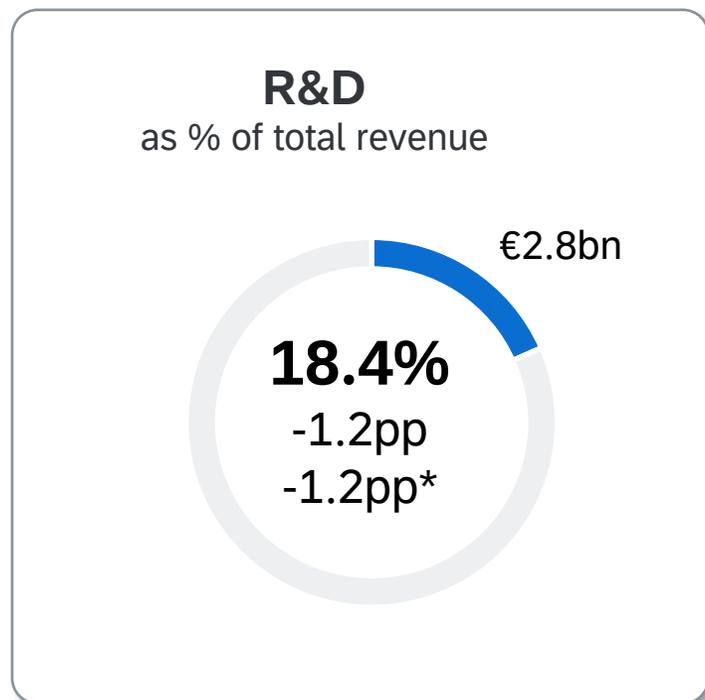
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*Non-IFRS at constant currencies

SAP continuing operations excl. Qualtrics

Cost ratios: First six months 2023

€15.0bn Total revenue



All numbers are Non-IFRS unless otherwise stated.

*Non-IFRS at constant currencies

Appendix

Balance sheet condensed: June 30, 2023 – IFRS

Assets

€ millions	06/30/23	12/31/22
Cash, cash equivalents and other financial assets	14,622	9,860
Trade and other receivables	5,594	6,236
Other current assets	2,774	2,426
Total current assets	22,990	18,522
Goodwill	28,581	33,077
Intangible assets	2,259	3,835
Property, plant, and equipment	4,361	4,934
Other non-current assets	11,528	11,792
Total non-current assets	46,730	53,638
Total assets	69,719	72,159

Equity and liabilities

€ millions	06/30/23	12/31/22
Trade and other payables	1,584	2,147
Provisions	339	90
Other liabilities	7,510	9,908
Contract liabilities, current	6,743	5,309
Total current liabilities	16,176	17,453
Financial liabilities	9,169	9,547
Provisions	336	359
Contract liabilities, non-current	28	33
Other non-current liabilities	1,781	1,918
Total non-current liabilities	11,314	11,858
Total liabilities	27,490	29,311
Total equity	42,229	42,848
Total equity and liabilities	69,719	72,159

Appendix

Cash flow development

€ millions, unless otherwise stated

	HY1/23	HY1/22	Δ in %
Operating cash flow	3,160	2,766	+14
– Capital expenditure	–413	–408	+1
– Payments of lease liabilities	–188	–209	–10
Free cash flow	2,559	2,149	+19
Free cash flow in percent of total revenue	17%	15%	+2pp
Free cash flow in percent of profit after tax (IFRS)	227%	132%	+95pp

Due to rounding, numbers may not add up precisely

Appendix

Net debt

€ millions, unless otherwise stated

	2023	2022
Net Debt 12/31/2022 PY: 12/31/2021	-2,070	-1,563
Operating cash flow	3,160	2,766
Capital expenditure	-413	-408
Payments of lease liabilities	-188	-209
Business combinations	0	-664
Dividends	-2,395	-2,865
Treasury shares	0	-1,000
Net proceeds from Qualtrics sale	6,323	0
Other	-237	-103
Net Debt 06/30/2023 PY: 06/30/2022	4,180	-4,064

Net Debt as of 12/31/2022 includes continuing and discontinued operations, Net Debt as of 3/31/2023 only includes continuing operations.

Due to rounding, numbers may not add up precisely

Additional outlook information and Non-IFRS adjustments

The Company continues to expect a full-year 2023 effective tax rate (IFRS) of around 28.0% – 32.0% (2022: 32.0%) and an effective tax rate (non-IFRS) of around 26.0% – 28.0% (2022: 29.6%).

	Actual Amounts Q2/22	Actual Amounts Q2/23	Est. Amounts FY/23
Non-IFRS adjustments			
Acquisition-related charges	€95m	€89m	€300m to €380m
Share-based payment expenses	€394m	€614m	€1,850m to €2,250m
Restructuring charges	€130m	-€3m	€250m to €300m
Adjustment for regulatory compliance matter expenses	-	-	€170m
Sum of all adjustments	€618m	€700m	€2,570m to €3,100m

Due to rounding, numbers may not add up precisely

Expected currency impact 2023

Expected Currency Impact Based on June 2023 Level Applied for 2023

in percentage points	Q3 23	FY 23
Cloud revenue growth	-7pp to -5pp	-4pp to -2pp
Cloud and software revenue growth	-6pp to -4pp	-3.5pp to -1.5pp
Operating profit growth (non-IFRS)	-6.5pp to -4-5pp	-4.5pp to -2.5pp