

Second-Quarter and Half-Year 2014 Results Release

Walldorf, Germany
Thursday, July 17, 2014

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.

Agenda

Income Statement

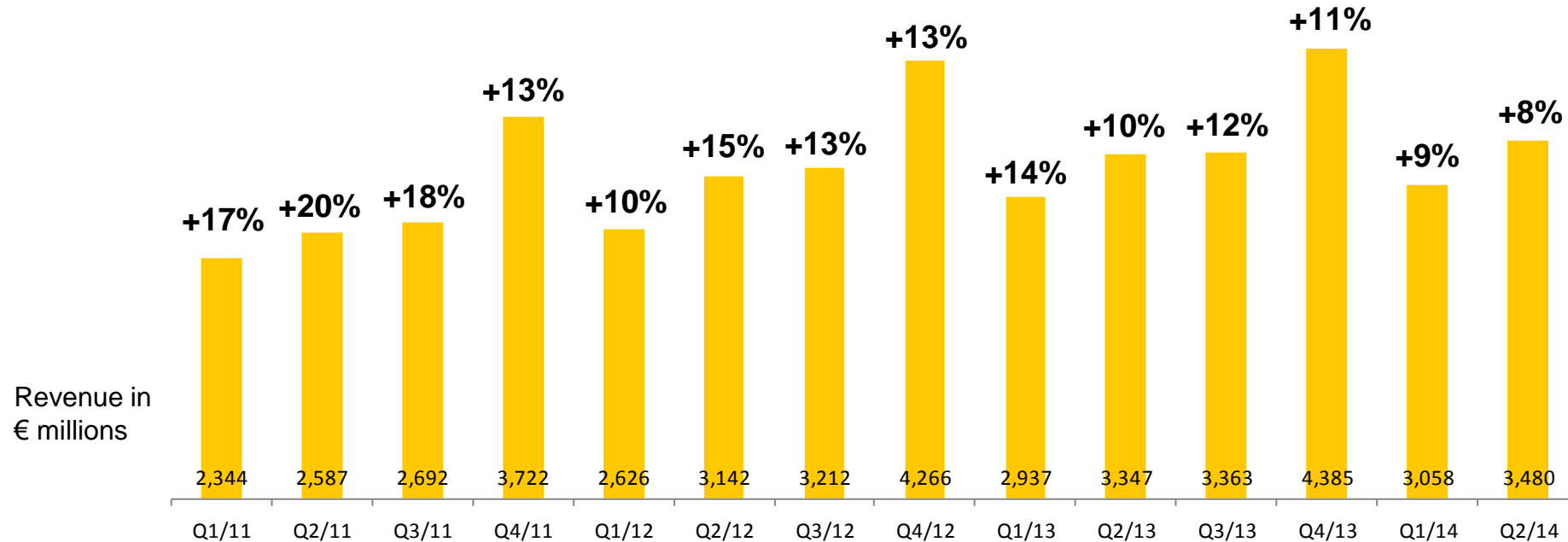
Balance Sheet and Cash Flow Analysis

Outlook and Additional Information

Our 8% growth in non-IFRS software and software-related service revenue puts us at the upper end of our annual guidance range

Non-IFRS SSRS revenue : +8% at cc

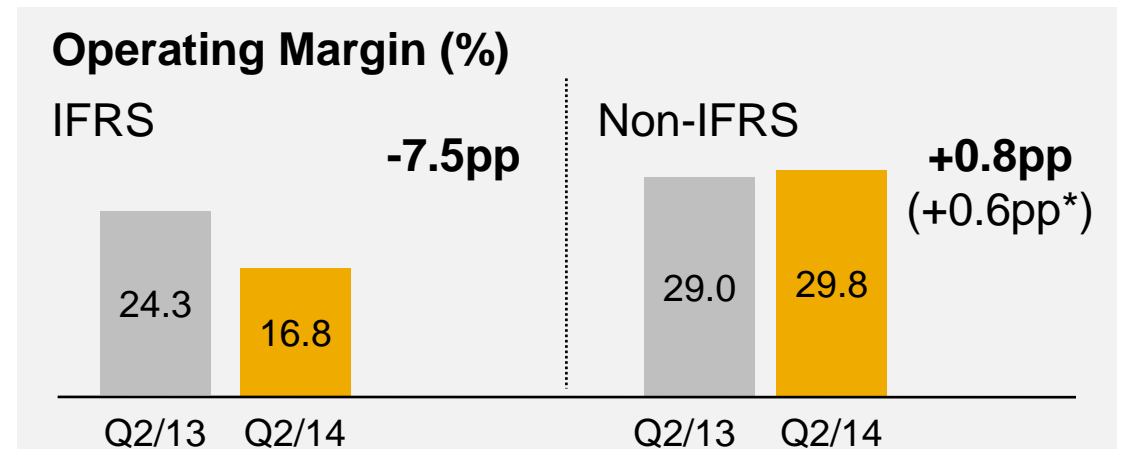
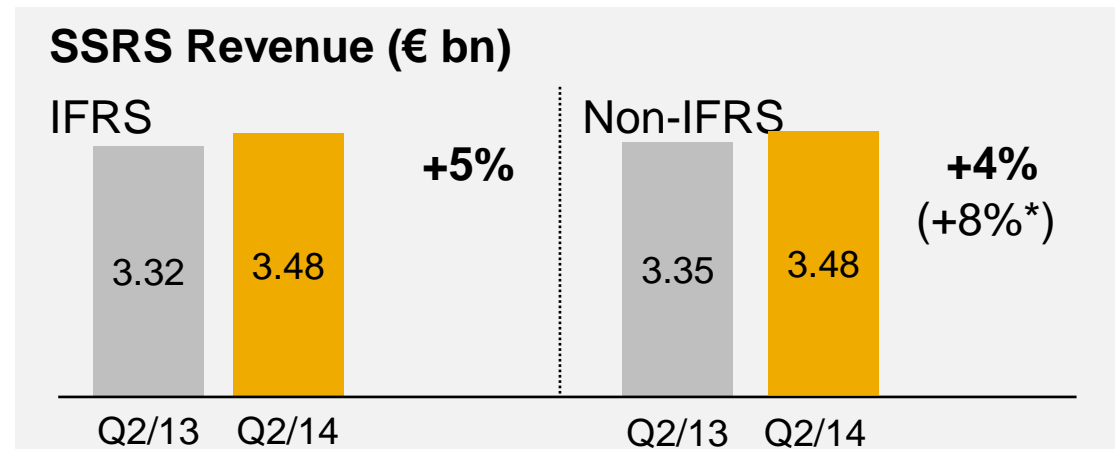
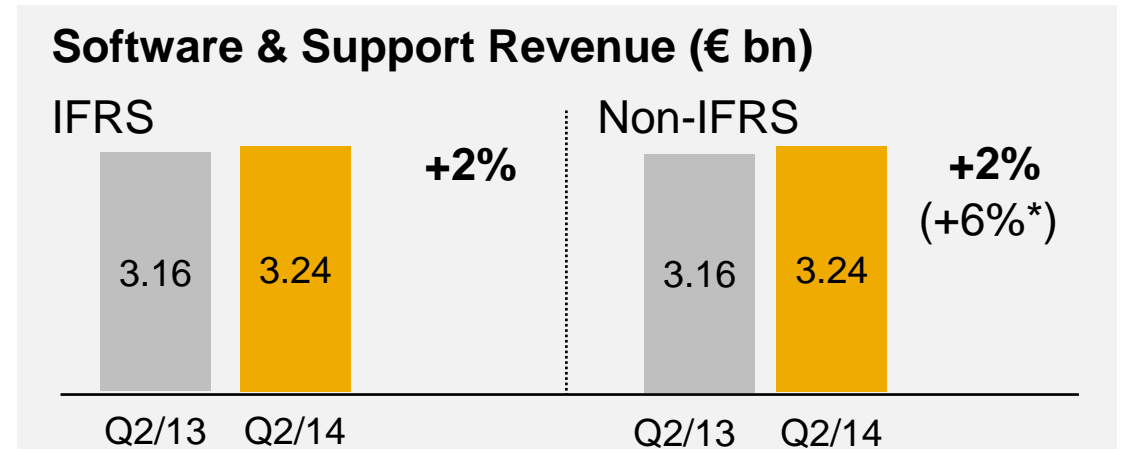
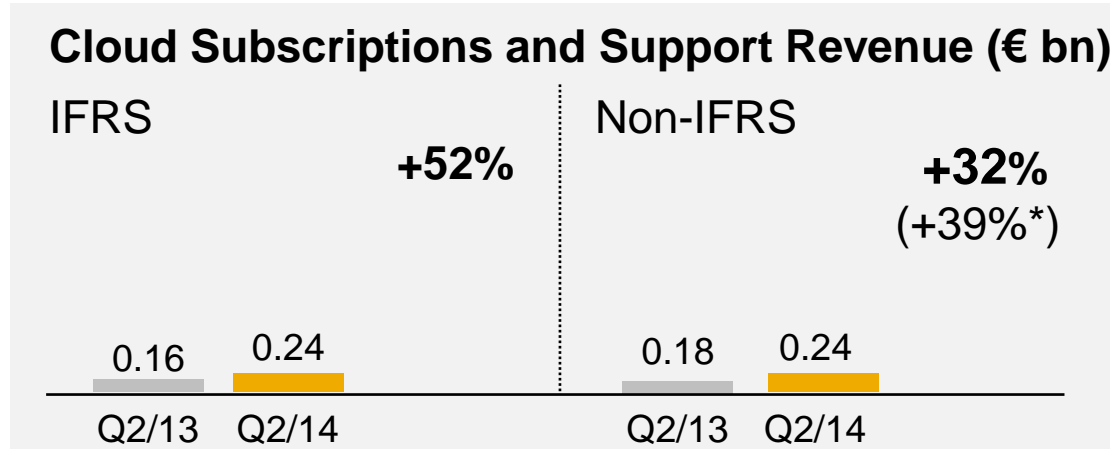
Year on year growth rates in % at cc



Non-IFRS software and software-related service revenue increased 8% at constant currencies

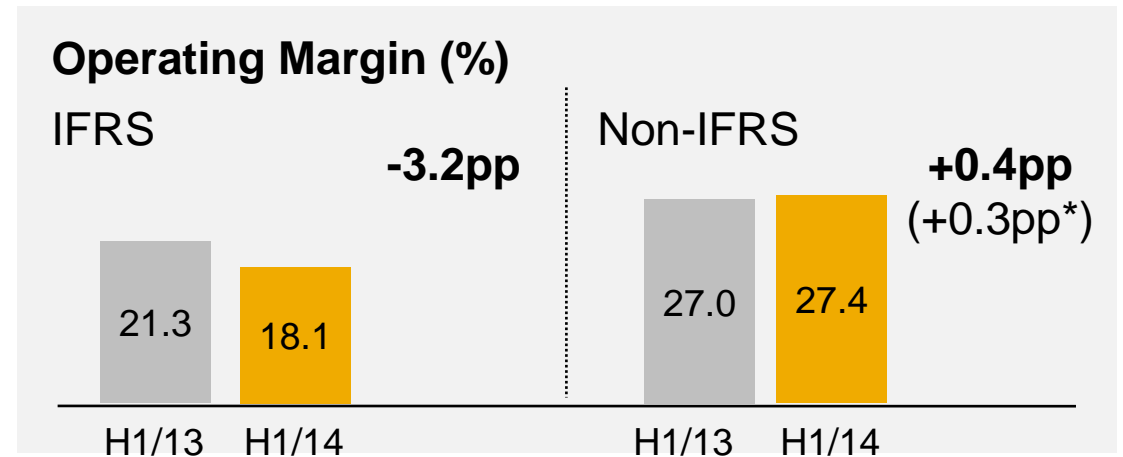
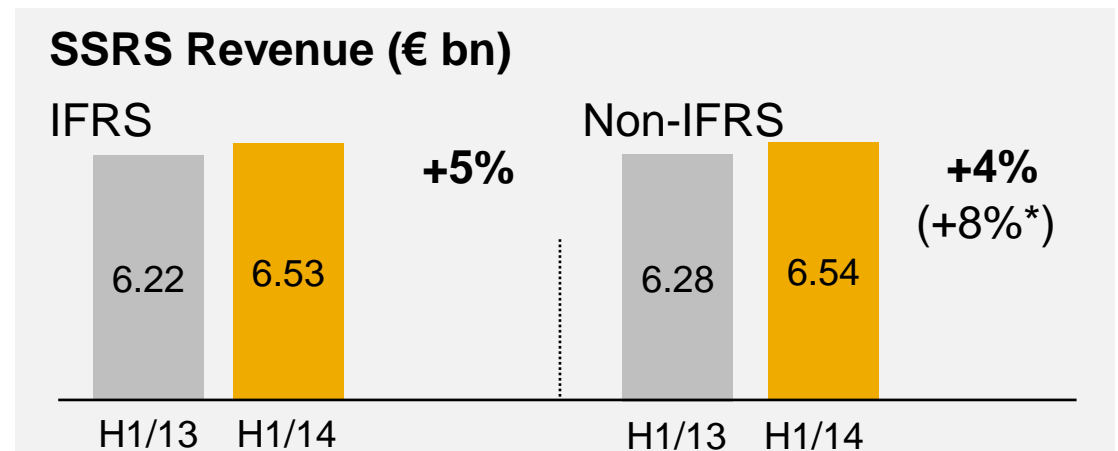
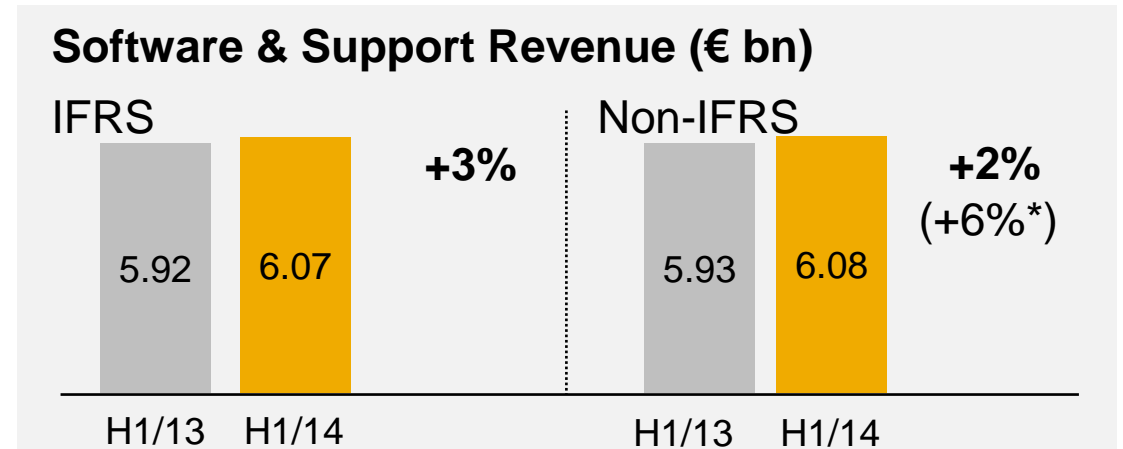
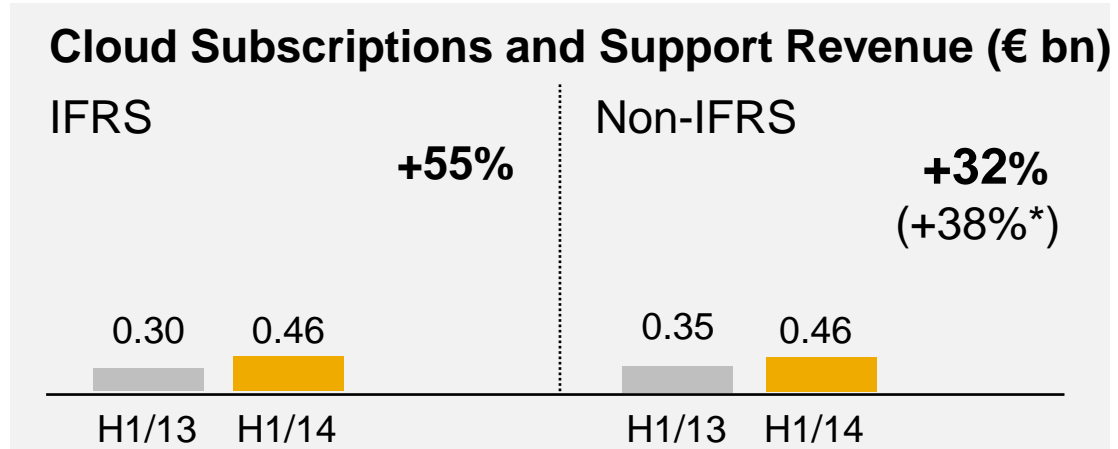
- 4% at actual currencies to €3.48bn impacted by currency headwinds

Key performance metrics Q2 2014



* At constant currencies

Key performance metrics H1 2014



* At constant currencies

Non-IFRS SSRS¹⁾ revenue increased 8% at constant currencies yoy in Q2 2014 (+4% at actual curr. to €3.48bn)

Regional performance²⁾

- EMEA: strong performance with +8% yoy SSRS¹⁾ revenue, despite uncertainties due to Ukraine crisis
 - This was the result of 51% growth in cloud subscriptions and support revenue for the region as well as
 - strong software revenue growth in the UK and France.
- Americas: solid performance with +6% in SSRS¹⁾ revenue. Continued fast transition to the cloud with +34% growth in cloud subscriptions and support revenue.
 - Strong software revenue growth in Canada and continued strong demand in Latin America with tremendous growth opportunities.
- APJ: strong performance with + 12% yoy SSRS¹⁾ revenue growth; Cloud subscriptions and support revenue grew +48%.
 - Australia and Malaysia were highlights, with strong triple-digit software revenue growth.

1) Software and software-related services

2) Revenues calculated based on customer location; All numbers are non-IFRS; Growth rates at constant currency.

Successfully transitioning to cloud demonstrated by fast growth – Annual cloud revenue run rate¹⁾ approaching €1.2bn or \$1.6bn²⁾

- **Total cloud revenue¹⁾**, Q2/14: €296m
- **Fastest growing enterprise Cloud Company at scale:** non-IFRS cloud subscriptions & support revenue +39% at cc (+32% at actual currencies to €242m)
- **Deferred cloud subscriptions & support revenue³⁾** (non-IFRS as of June 30): €448m; +29% yoy at cc
- **Strong calculated cloud billings⁴⁾**, Q2/14: +37% non-IFRS at cc
- **Cloud subscriptions & support backlog⁵⁾**: €1.2bn as of Dec 31, 2013 (€0.8bn as of Dec 31, 2012), +50% yoy
- **Cloud applications total subscribers:** >38 million
- **Ariba segment:**
 - trailing 12 month network spend volume⁶⁾: ~\$540bn
 - 1.55m companies connected through the Ariba network, the world's largest web-based business trading community

1) Annual revenue run rate is the total of Q2/14 Non-IFRS cloud subscriptions&support revenue (€242m) plus Non-IFRS cloud-related professional services and other service revenue (€54m) multiplied by 4.

2) Translated into USD for reader's convenience based on \$/€ exchange rate of \$1.37/€1.00 at the end of Q2/14.

3) Beginning in Q1/13, SAP discloses non-IFRS deferred cloud subscriptions&support revenue, which is a subset of the total, non-IFRS deferred revenue number reported on the balance sheet.

4) Total of a period's cloud subscriptions&support revenue and of the respective period's change in the deferred cloud subscriptions&support revenue balance. The contribution from Fieldglass to cloud subscriptions&support revenue and deferred cloud subscriptions&support revenue in Q2/14 was €11m and €1m respectively.

5) Cloud subscription and support backlog represents expected future cloud subscriptions&support revenue that is contracted but not yet invoiced and thus not recorded in deferred revenue.

6) Network spend volume is the total value of purchase orders transacted on the Ariba Network in the trailing 12 months.

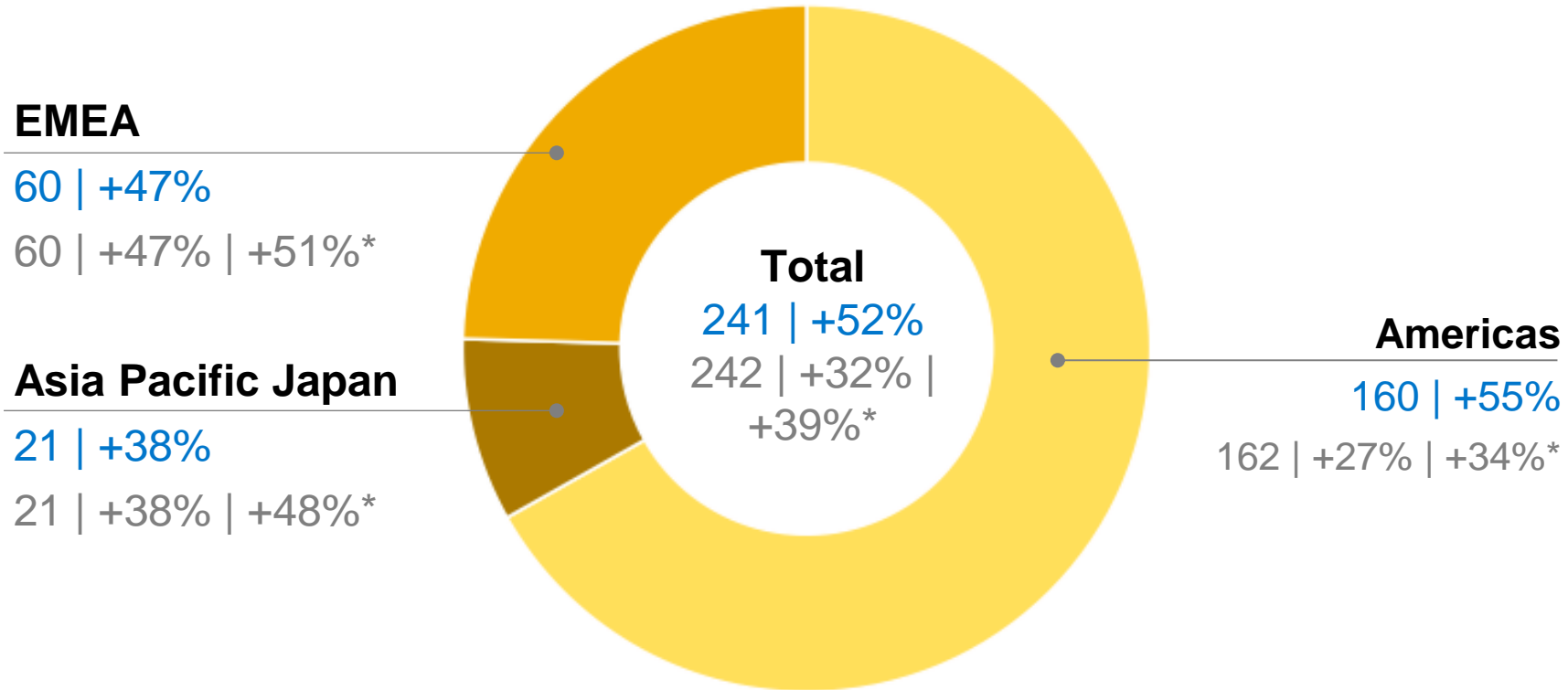
Cloud subscriptions and support revenue by region**

Q2 2014

€ millions | yoy percent change

IFRS

Non-IFRS



* At constant currencies

** IFRS and non-IFRS revenue is presented by region based on customer location

Cloud subscriptions and support revenue by region**

H1 2014

€ millions | yoy percent change

IFRS

Non-IFRS

EMEA

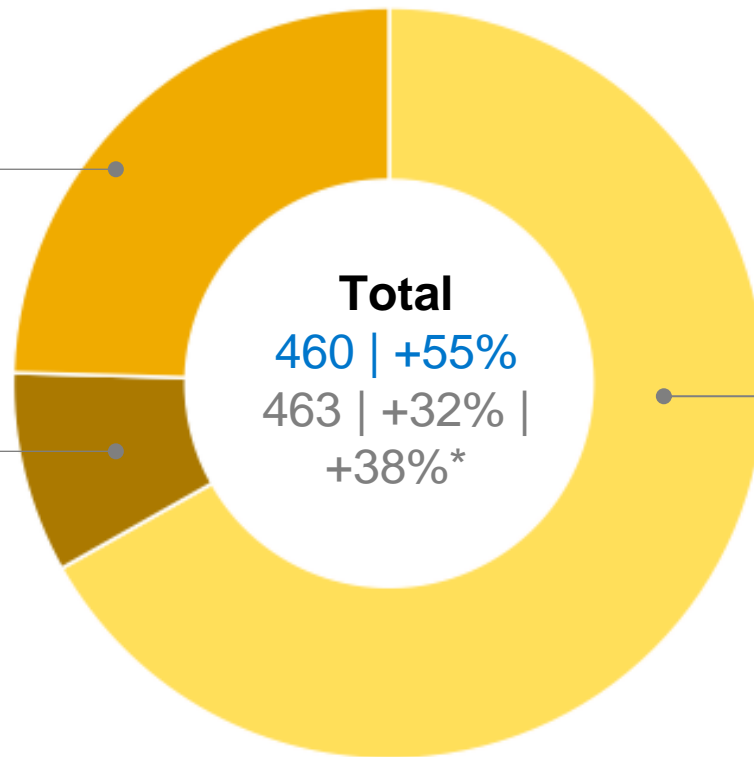
114 | +41%

114 | +41% | +45%*

Asia Pacific Japan

40 | +36%

40 | +36% | +46%*



Americas

307 | +65%

309 | +29% | +35%*

* At constant currencies

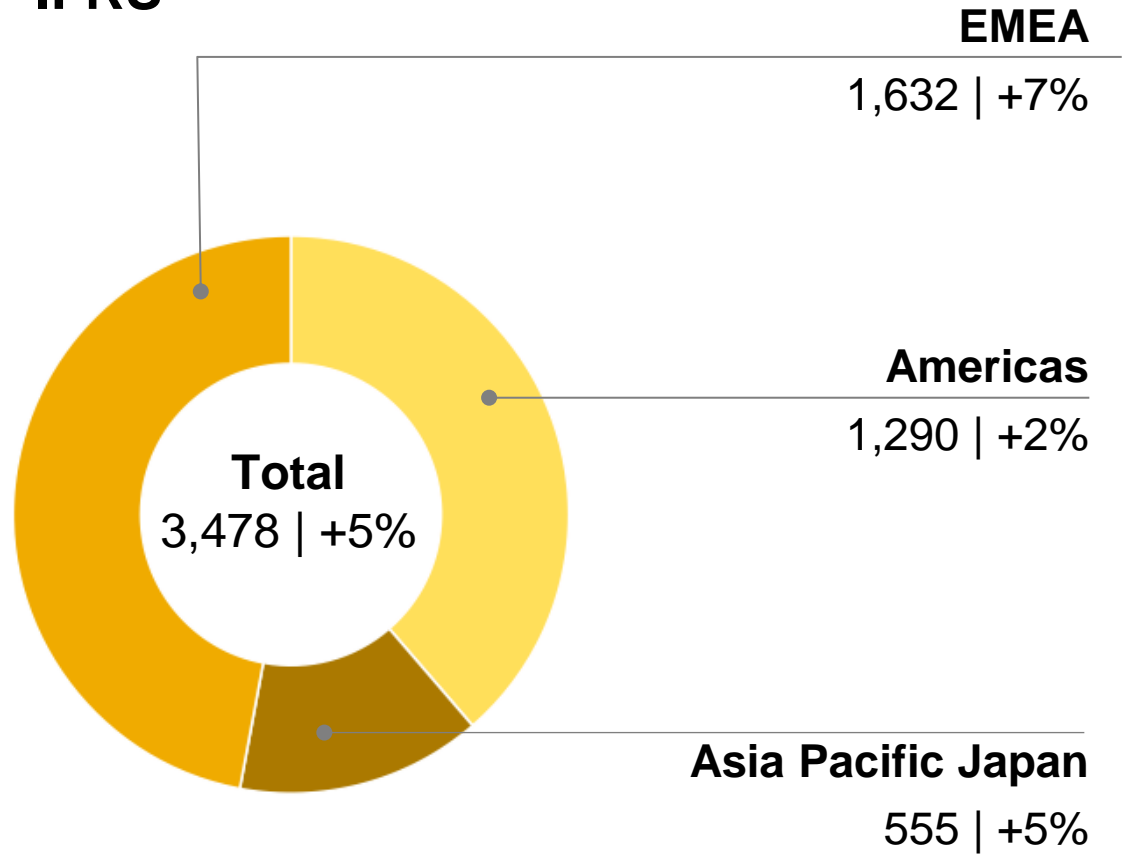
** IFRS and non-IFRS revenue is presented by region based on customer location

SSRS revenue by region**

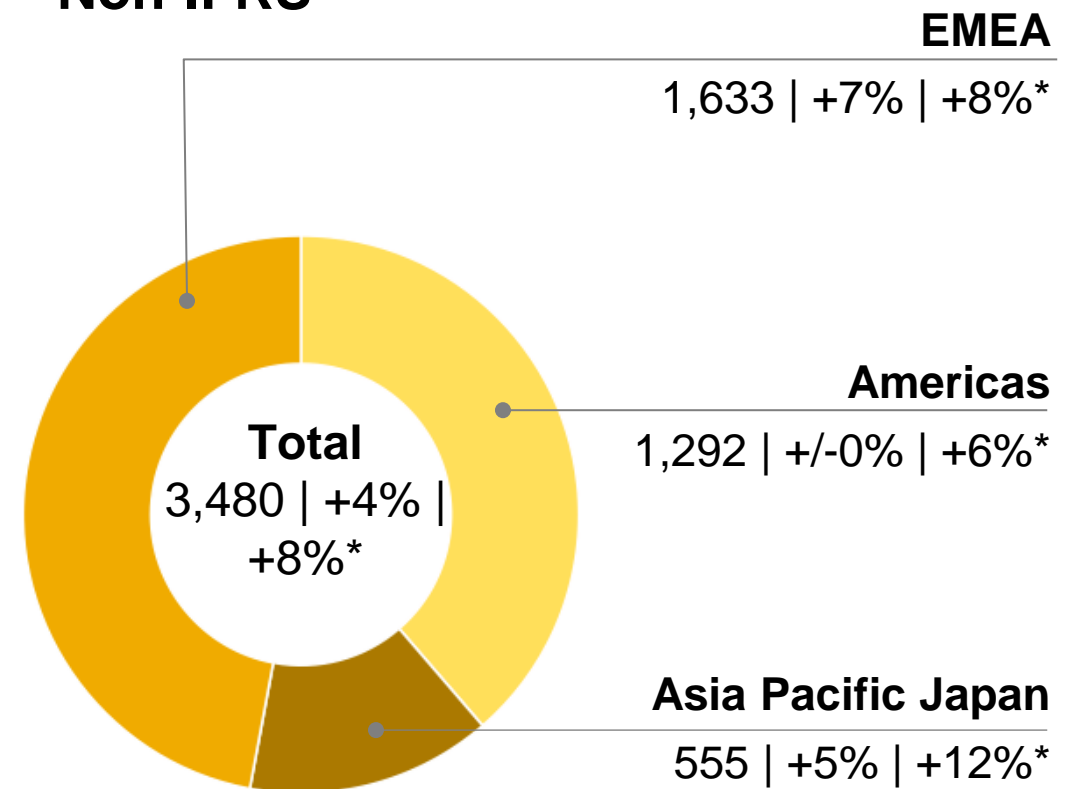
Q2 2014

€ millions | yoy percent change

IFRS



Non-IFRS



* At constant currencies

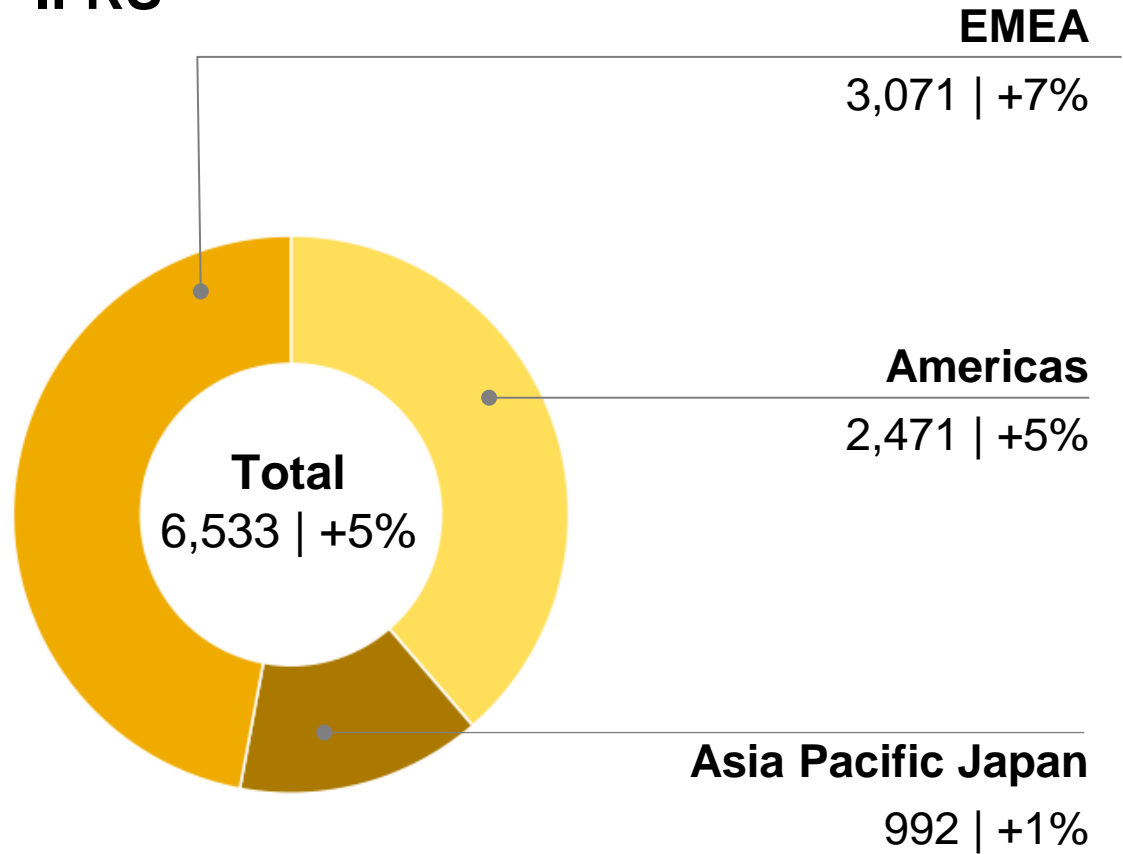
** IFRS and non-IFRS revenue is presented by region based on customer location

SSRS revenue by region**

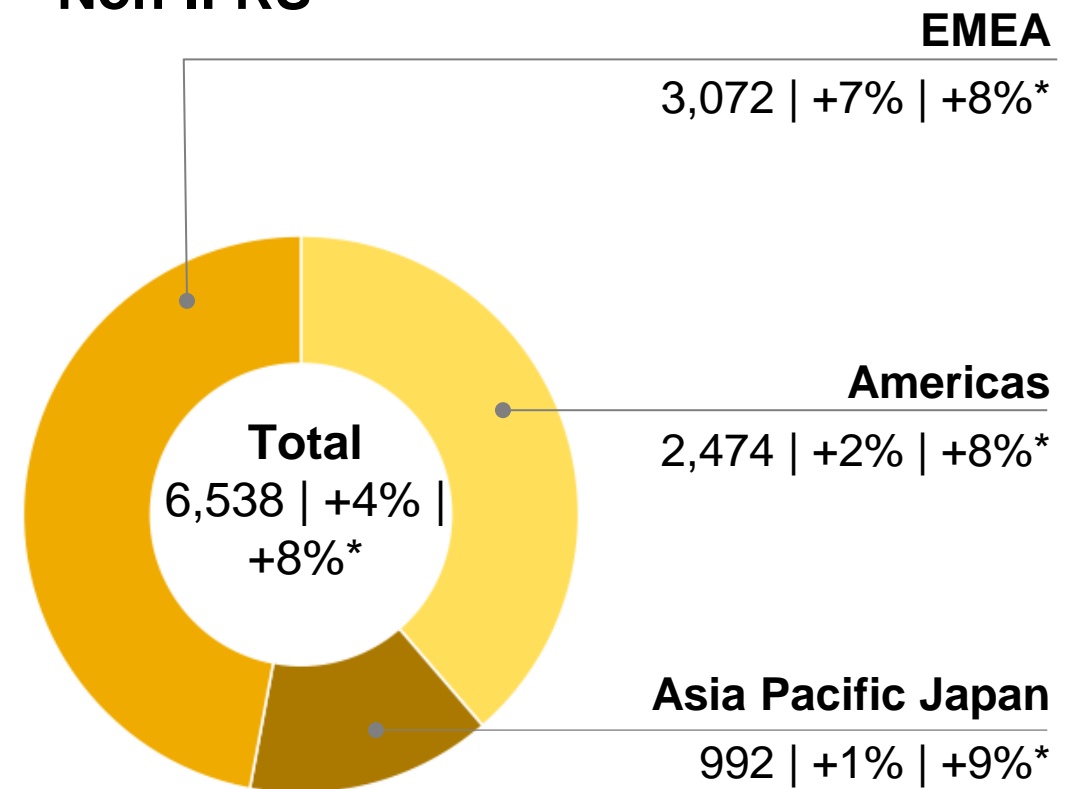
H1 2014

€ millions | yoy percent change

IFRS



Non-IFRS



* At constant currencies

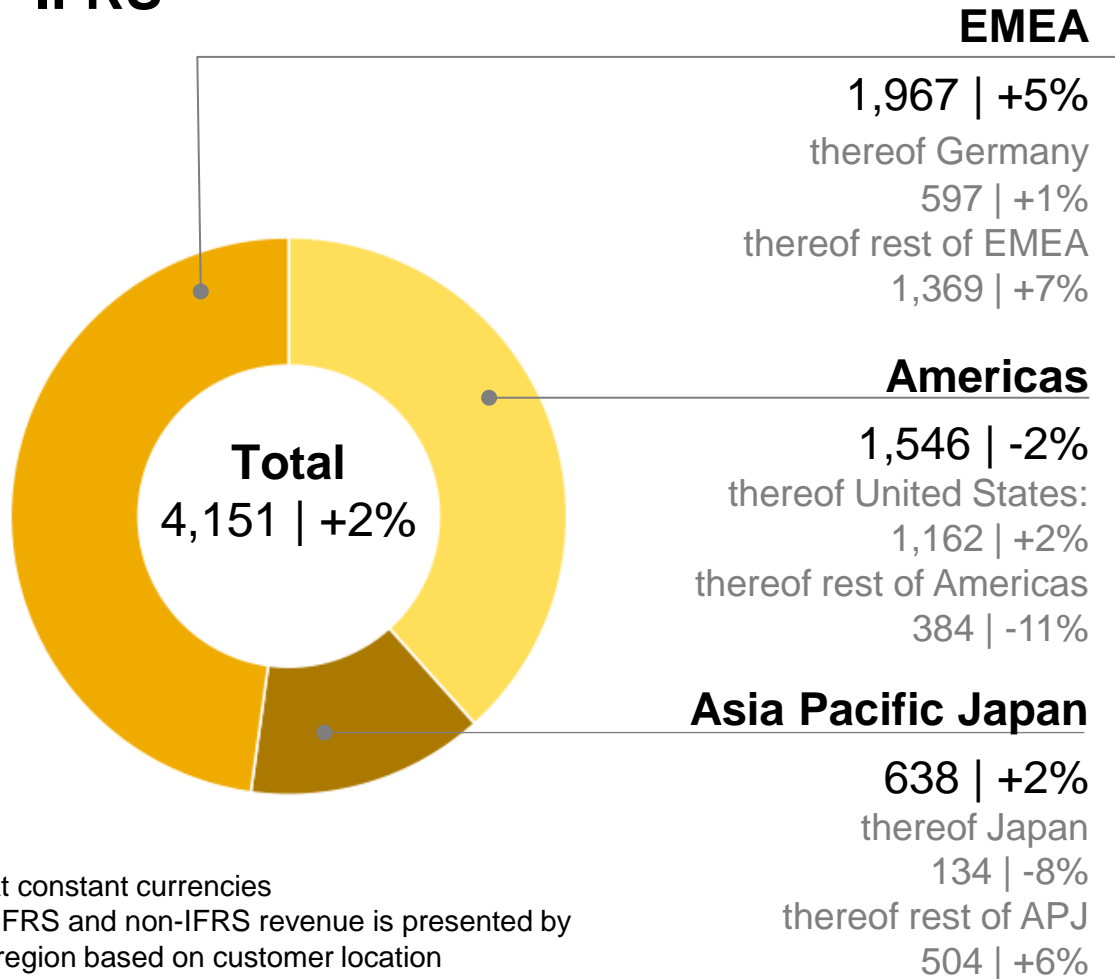
** IFRS and non-IFRS revenue is presented by region based on customer location

Total revenue by region**

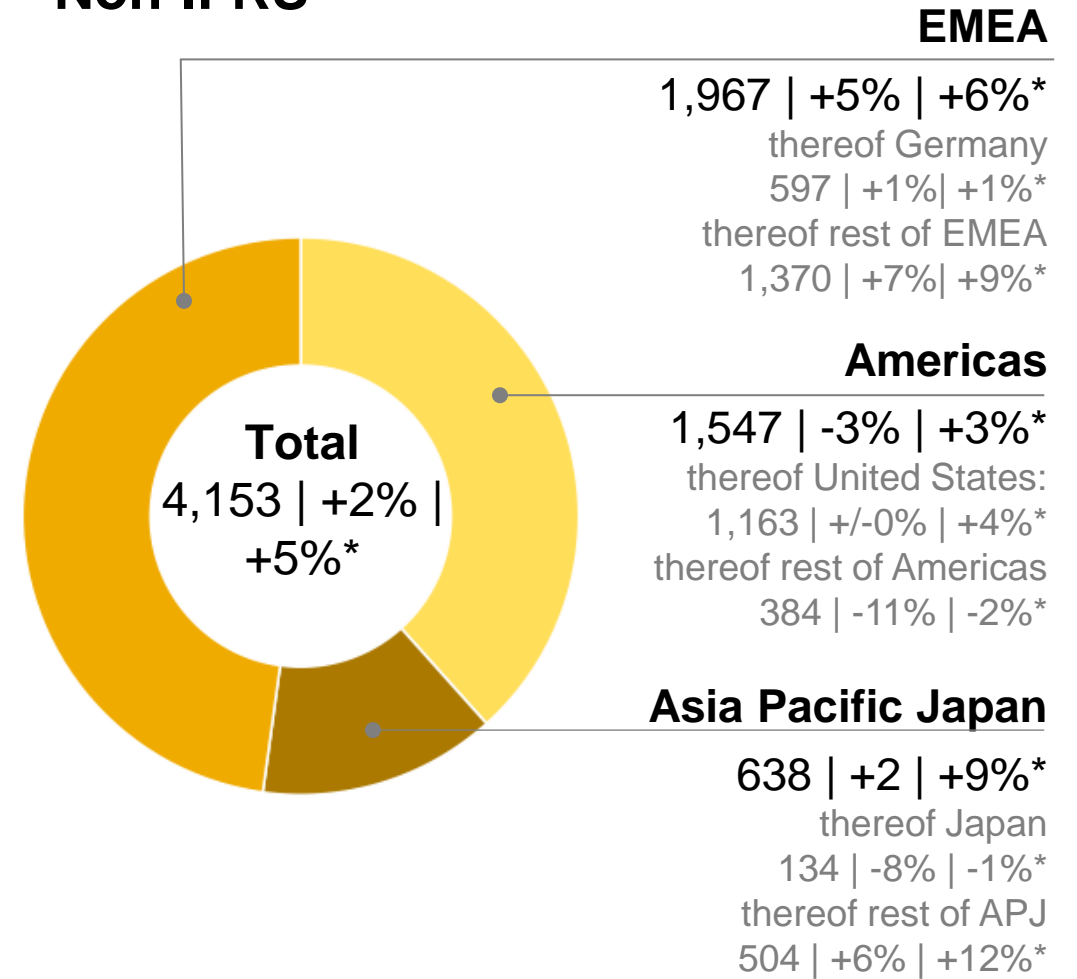
Q2 2014

€ millions | yoy percent change

IFRS



Non-IFRS



* At constant currencies

** IFRS and non-IFRS revenue is presented by region based on customer location

Total revenue by region**

H1 2014

€ millions | yoy percent change

IFRS

EMEA

3,734 | +5%
 thereof Germany
 1,132 | +1%
 thereof rest of EMEA
 2,602 | +7%

Americas

2,965 | +1%
 thereof United States:
 2,225 | +5%
 thereof rest of Americas
 740 | -9%

Asia Pacific Japan

1,149 | -2%
 thereof Japan
 264 | -12%
 thereof rest of APJ
 886 | +1%

Total
 7,849 | +2%

Non-IFRS

EMEA

3,736 | +5% | +7%*
 thereof Germany
 1,132 | +1% | +1%*
 thereof rest of EMEA
 2,604 | +7% | +9%*

Americas

2,968 | -1% | +5%*
 thereof United States:
 2,228 | +2% | +6%*
 thereof rest of Americas
 740 | -9% | +/-0%*

Asia Pacific Japan

1,150 | -2% | +6%*
 thereof Japan
 264 | -12% | -2%*
 thereof rest of APJ
 886 | +1% | +8%*

Total
 7,854 | +2% | +6%*

* At constant currencies

** IFRS and non-IFRS revenue is presented by region based on customer location

Q2 2014: Non-IFRS operating margin increased by 80BP – litigation provision impacted IFRS operating margin

€ millions, unless otherwise stated	IFRS			Non-IFRS			
Revenue Numbers	Q2/14	Q2/13	Δ%	Q2/14	Q2/13	Δ%	Δ% at cc
Cloud subscriptions and support	241	159	52	242	183	32	39
Software	957	982	-2	957	982	-2	1
Support	2,279	2,177	5	2,280	2,182	4	9
Software & Support	3,237	3,159	2	3,238	3,164	2	6
SSRS revenue	3,478	3,318	5	3,480	3,347	4	8
PSOS revenue	673	744	-10	673	744	-10	-6
thereof cloud	54	39	39	54	39	39	44
Total revenue	4,151	4,062	2	4,153	4,091	2	5
Operating Expense Numbers							
Total operating expenses	-3,453	-3,074	12	-2,917	-2,905	0	5
Profit Numbers							
Operating profit	698	988	-29	1,236	1,186	4	7
Finance income, net	17	-23	<-100	17	-23	<-100	
Profit before tax	719	963	-25	1,257	1,161	8	
Income tax expense	-163	-239	-32	-319	-311	3	
Profit after tax	556	724	-23	938	850	10	
Operating margin in %	16.8	24.3	-7,5pp	29.8	29.0	0,8pp	0,6pp
Basic earnings per share, in €	0.47	0.61	-23	0.79	0.71	10	

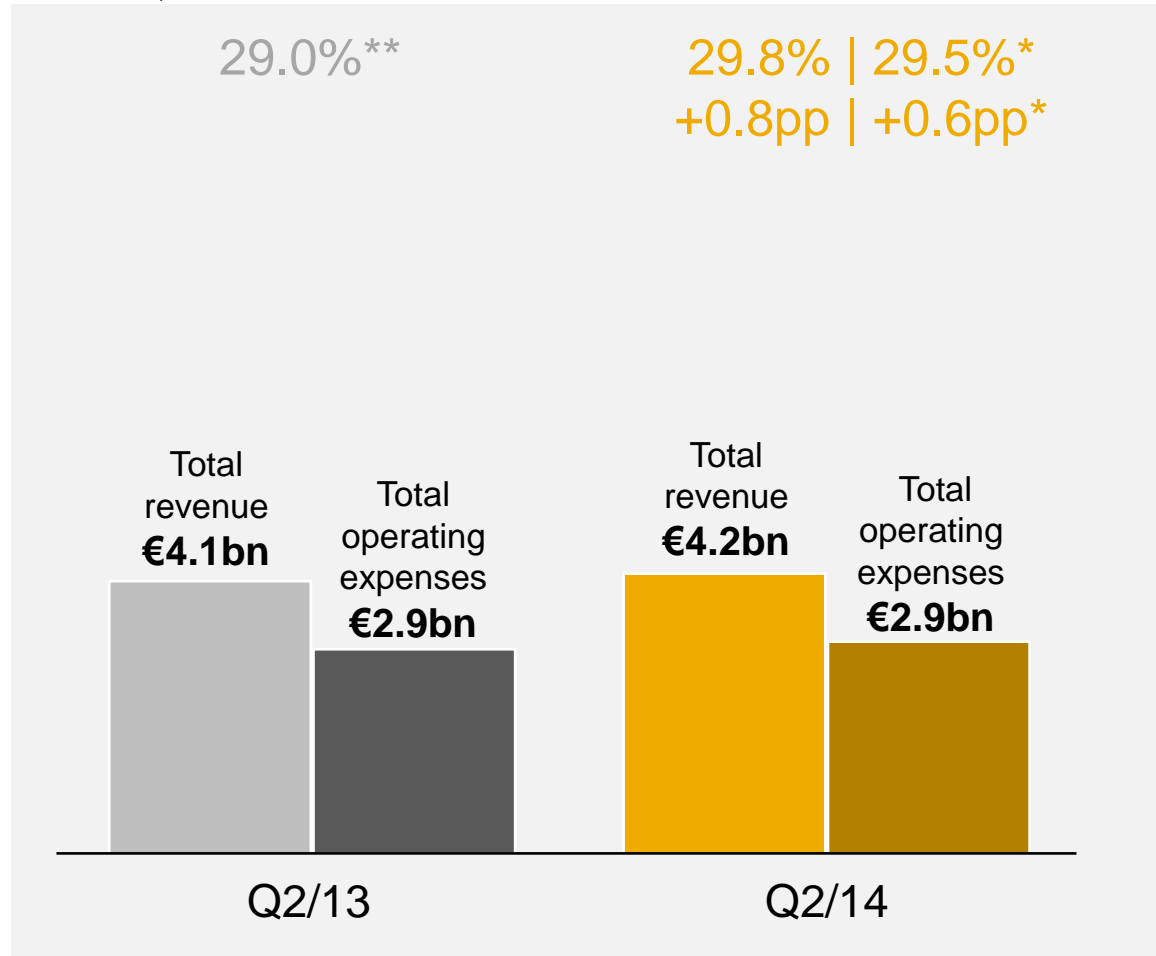
H1 2014: Non-IFRS operating margin increased by 40BP – litigation provision impacted IFRS operating margin

€ millions, unless otherwise stated

	IFRS			Non-IFRS			
	H1/14	H1/13	Δ%	H1/14	H1/13	Δ%	Δ% at cc
Revenue Numbers							
Cloud subscriptions and support	460	296	55	463	350	32	38
Software	1,581	1,638	-4	1,581	1,638	-4	1
Support	4,492	4,286	5	4,495	4,295	5	9
Software & Support	6,072	5,924	3	6,075	5,934	2	6
SSRS revenue	6,533	6,220	5	6,538	6,284	4	8
PSOS revenue	1,316	1,443	-9	1,316	1,443	-9	-5
thereof cloud	98	82	19	98	82	19	24
Total revenue	7,849	7,663	2	7,854	7,727	2	6
Operating Expense Numbers							
Total operating expenses	-6,428	-6,029	7	-5,699	-5,639	1	5
Profit Numbers							
Operating profit	1,421	1,634	-13	2,155	2,088	3	7
Finance income, net	9	-37	<-100	9	-37	<-100	
Profit before tax	1,423	1,584	-10	2,157	2,038	6	
Income tax expense	-332	-340	-2	-553	-499	11	
Profit after tax	1,090	1,244	-12	1,604	1,539	4	
Operating margin in %	18.1	21.3	-3,2pp	27.4	27.0	0,4pp	0,3pp
Basic earnings per share, in €	0.91	1.04	-12	1.34	1.29	4	

Non-IFRS operating margin increased by 0.6pp at constant currency in the second quarter 2014

Non-IFRS, Q2/14



* At constant currencies

Non-IFRS operating profit:

- +4% to €1.24bn (2013: €1.19bn)
- +7% to €1.27bn at cc

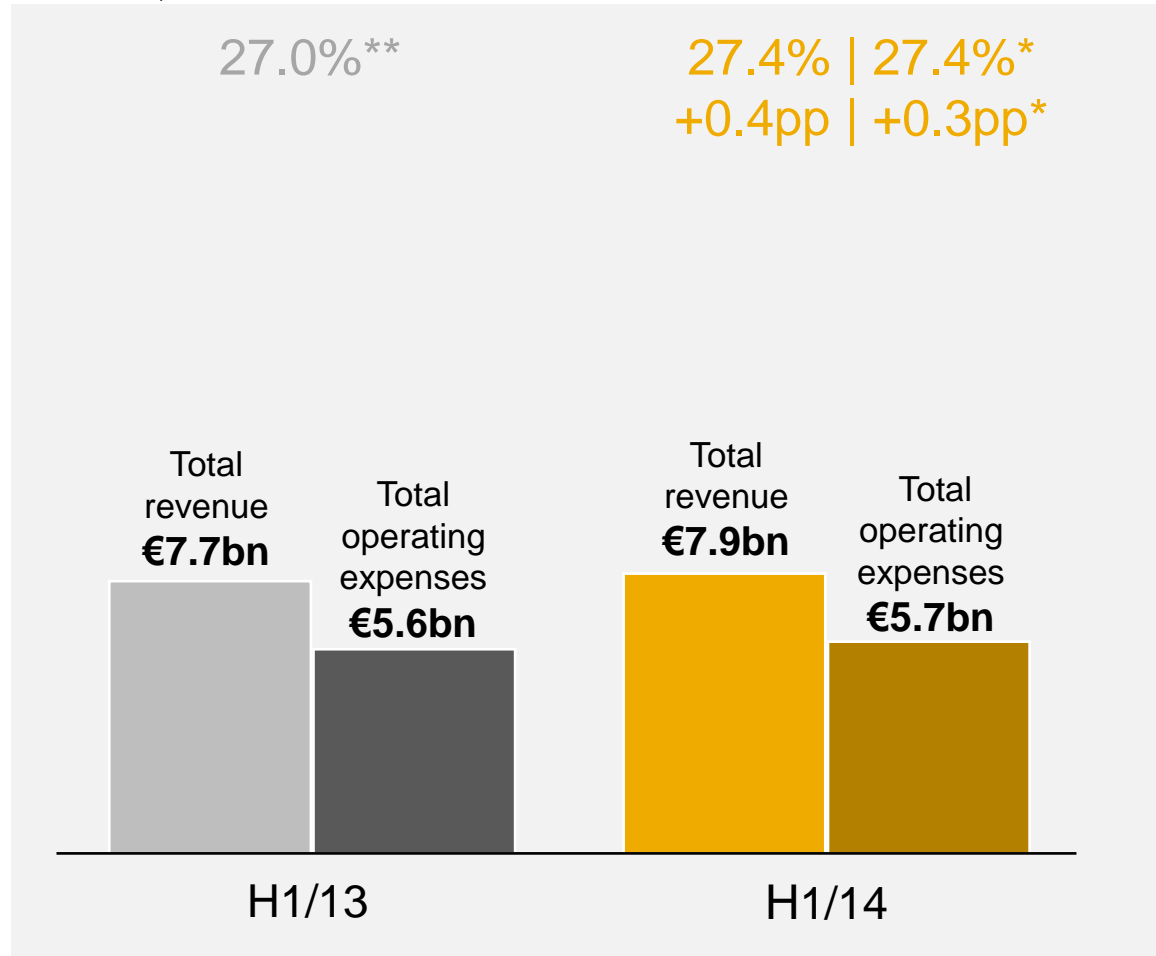
Non-IFRS operating margin:

- +0.8pp to 29.8% (Q2/13: 29.0%)
- +0.6pp to 29.5% at cc

** Starting in Q2/14 SAP additionally adjusted its non-IFRS operating expenses definition by excluding the expenses resulting from the Versata litigation. Prior period amounts have been adjusted to comply with the new definition. Q2/13 non-IFRS operating margin is now 29.0%.

Non-IFRS operating margin increased by 0.3pp at constant currency in the first half 2014

Non-IFRS, H1/14



* At constant currencies

Non-IFRS operating profit:

- +3% to €2.16bn (2013: €2.09bn)
- +7% to €2.24bn at cc

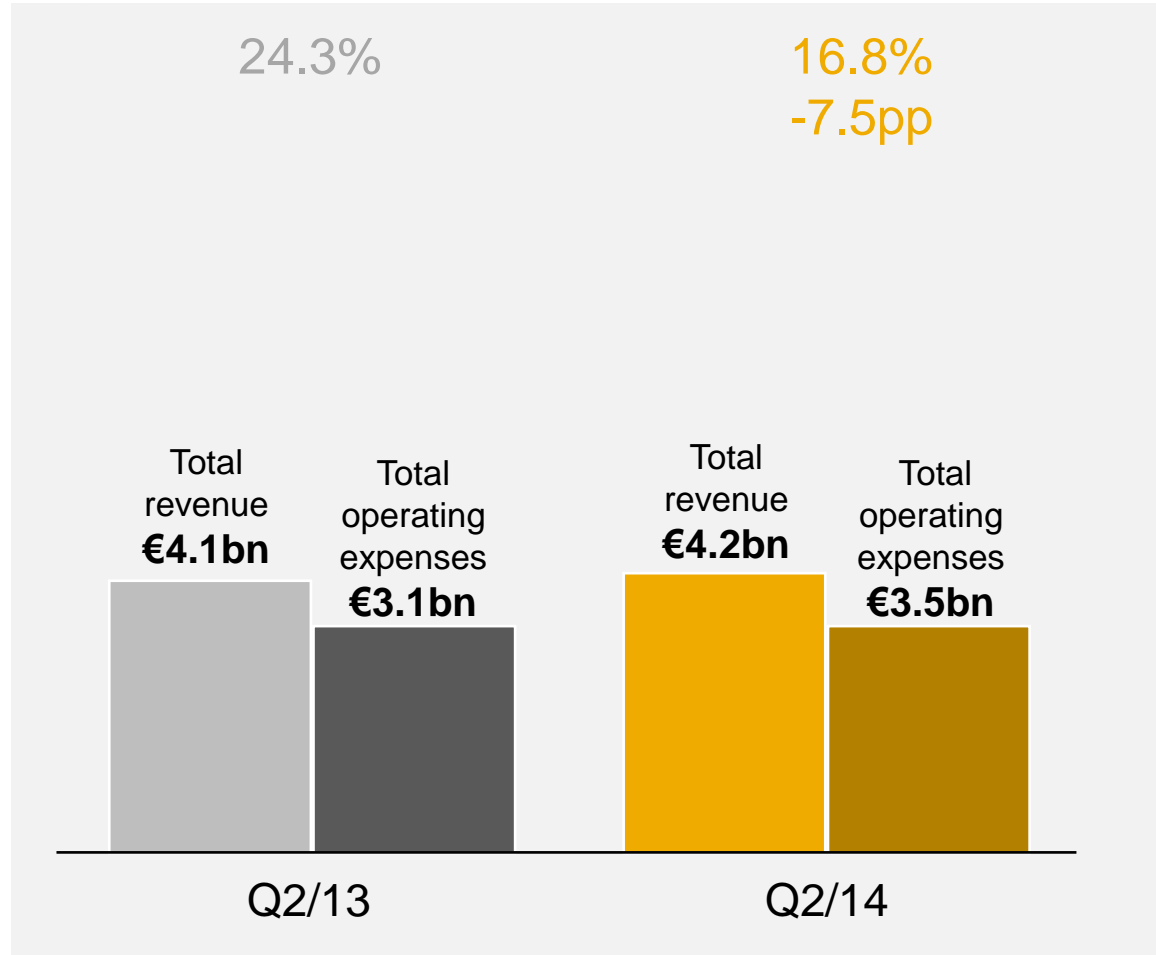
Non-IFRS operating margin:

- +0.4pp to 27.4% (H1/13: 27.0%)
- +0.3pp to 27.4% at cc

** Starting in Q2/14 SAP additionally adjusted its non-IFRS operating expenses definition by excluding the expenses resulting from the Versata litigation. Prior period amounts have been adjusted to comply with the new definition. H1/13 non-IFRS operating margin is now 27.0%.

IFRS operating profit decreased due to a litigation provision by 29% in Q2 2014

IFRS, Q2/14



IFRS operating profit:

- -29% to €698m (Q2/13: €988m)

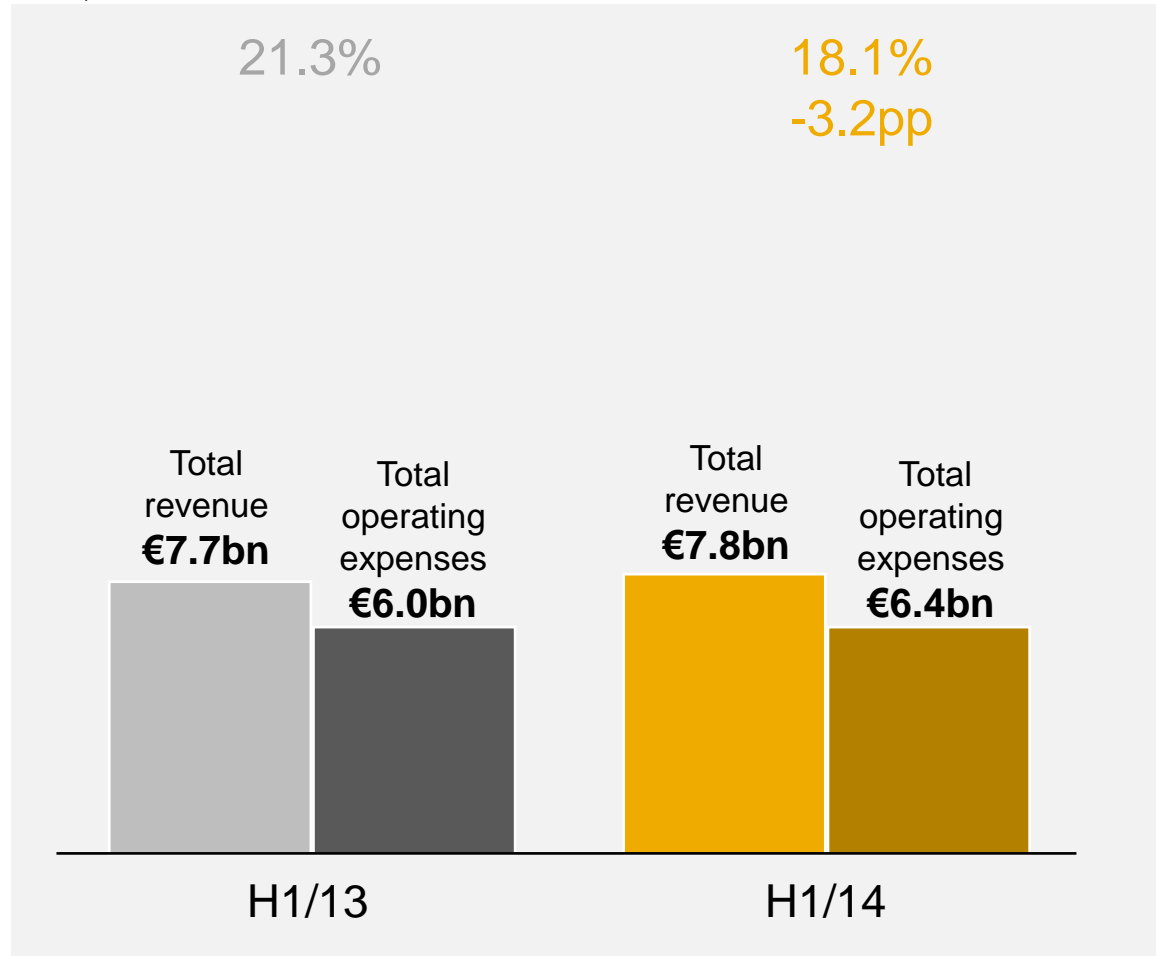
IFRS operating margin:

- IFRS operating margin was down 7.5pp to 16.8% (Q2/13: 24.3%) due to the significant provision recognized for the Versata litigation. This effect negatively impacted our IFRS operating margin.

* At constant currencies

IFRS operating profit decreased due to a litigation provision by 13% in H1 2014

IFRS, H1/14



IFRS operating profit:

- -13% to €1.42bn (H1/13: €1.63bn)

IFRS operating margin:

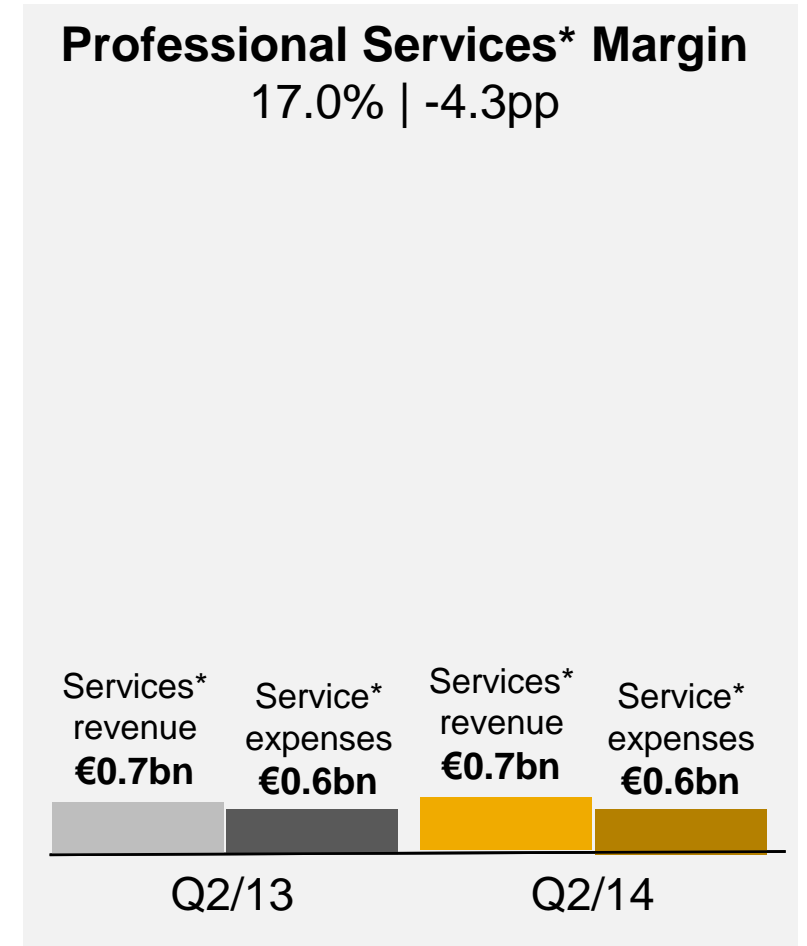
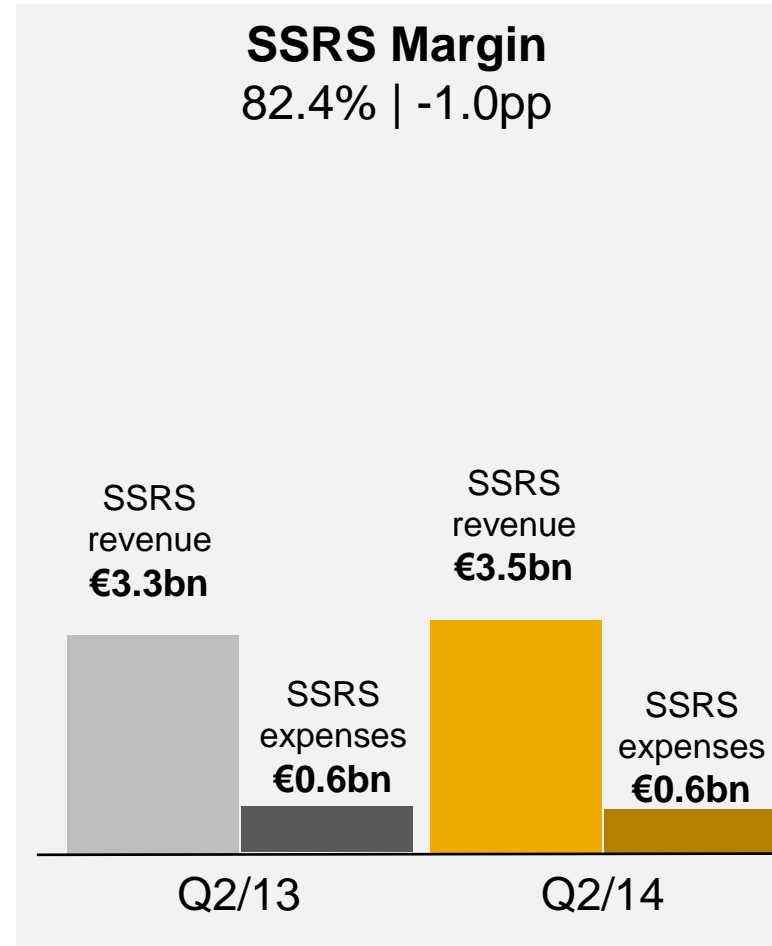
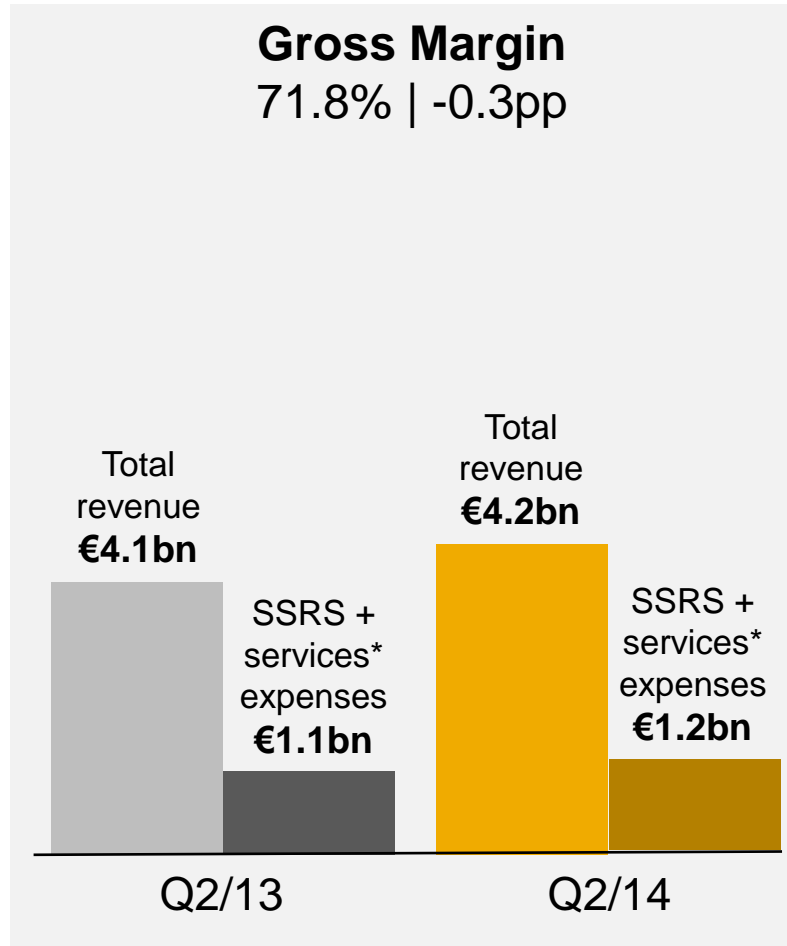
- IFRS operating margin was down 3.2pp to 18.1% (Q2/13: 21.3%) due to the significant provision recognized for the Versata litigation. This effect negatively impacted our IFRS operating margin.

* At constant currencies

Gross margin declined by 30 bps

Q2 2014

Non-IFRS, Q2/14

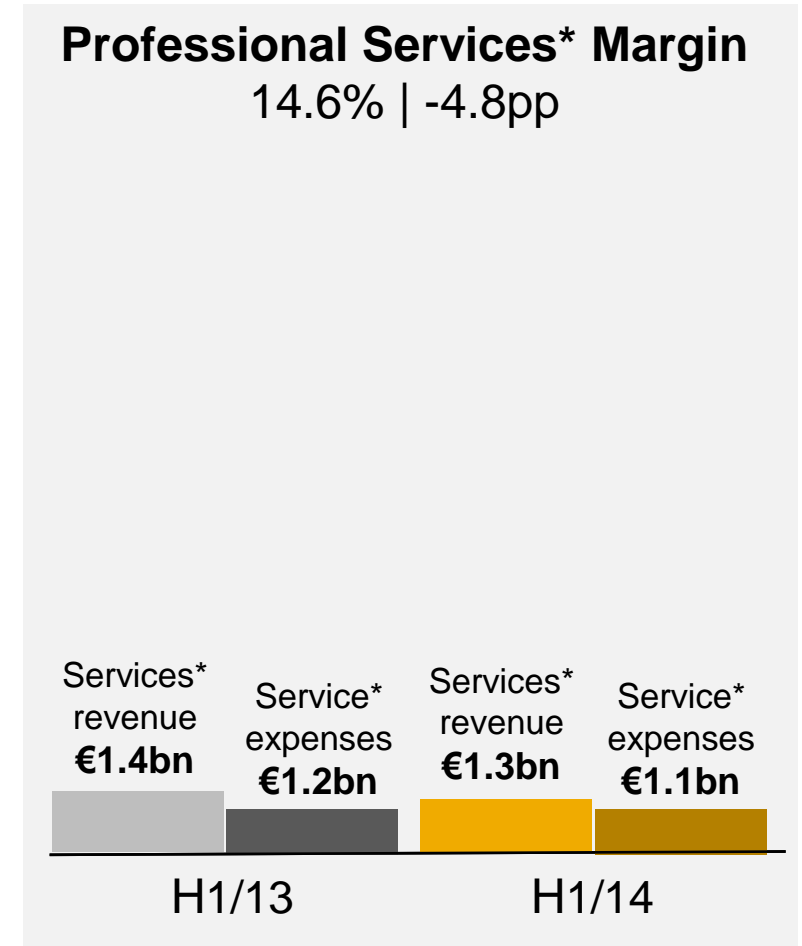
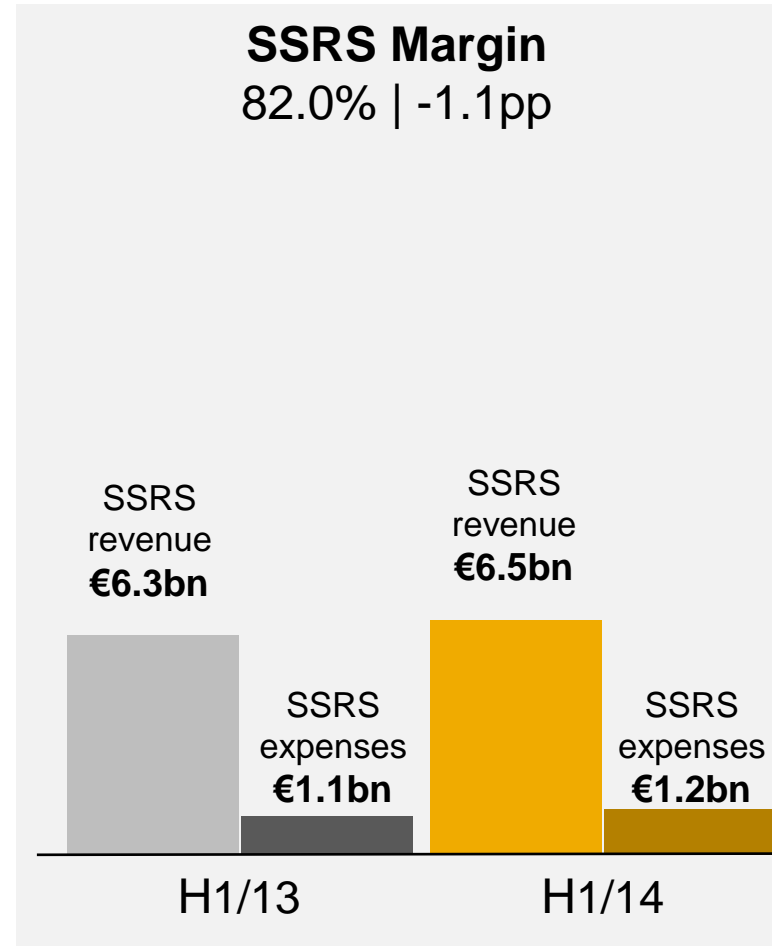
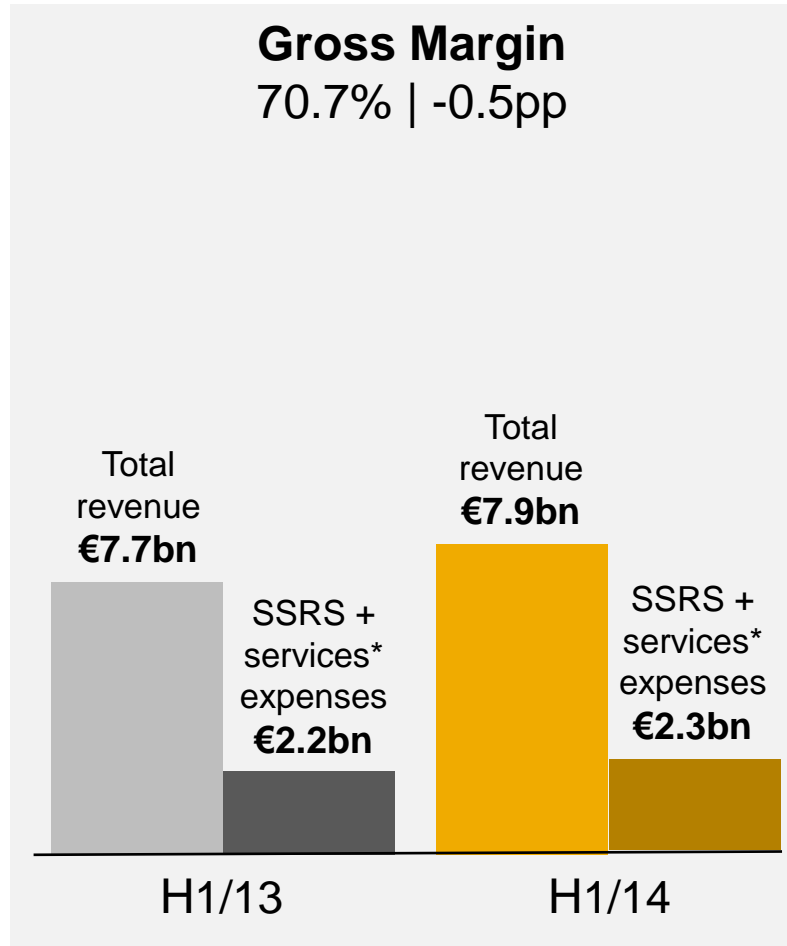


* Professional services and other services

Gross margin declined by 50 bps

H1 2014

Non-IFRS, H1/14

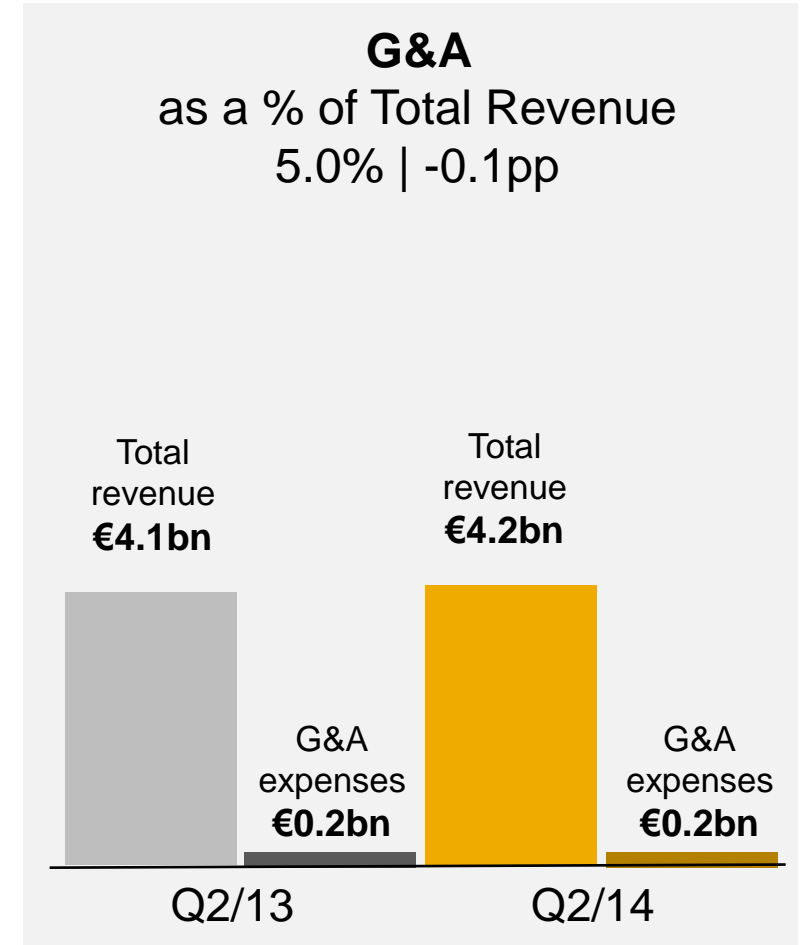
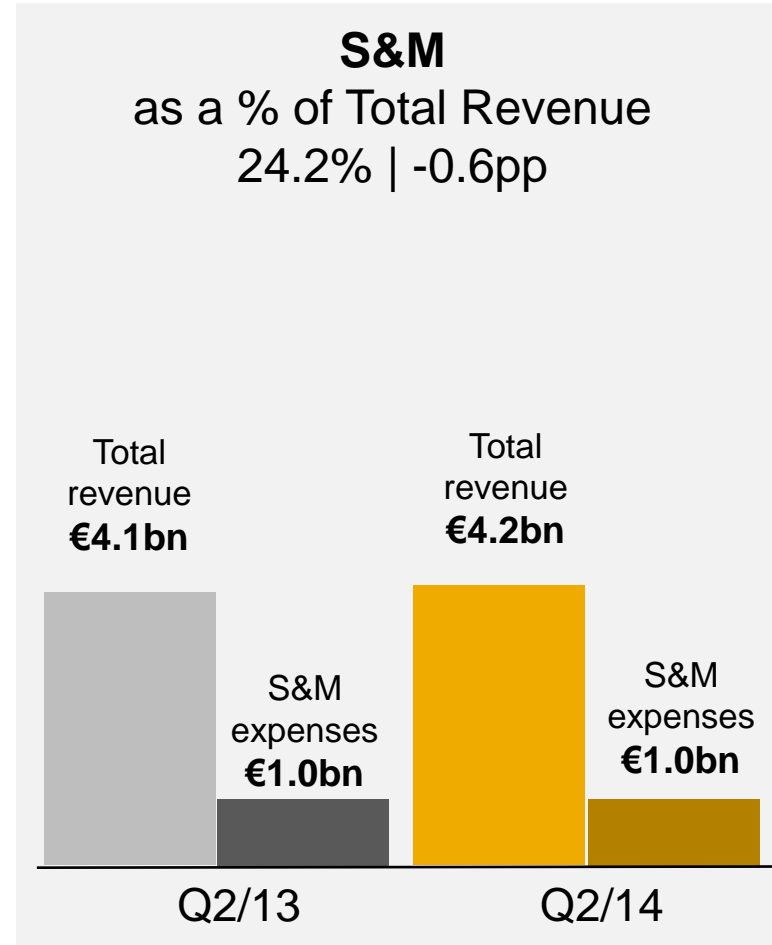
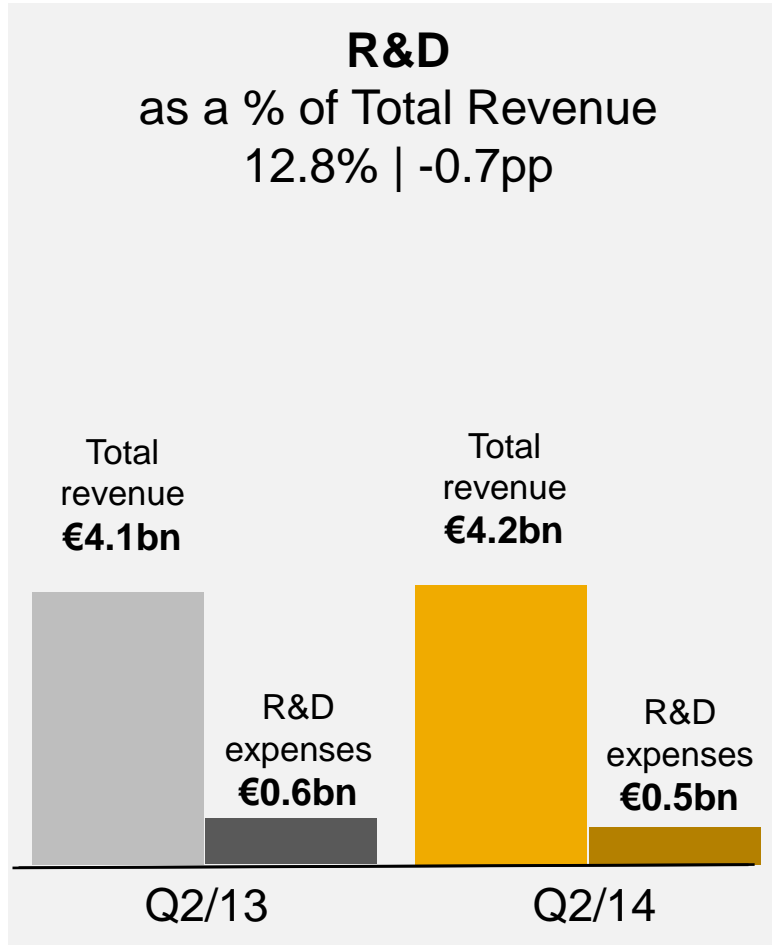


* Professional services and other services

Cost ratios

Q2 2014, Non-IFRS

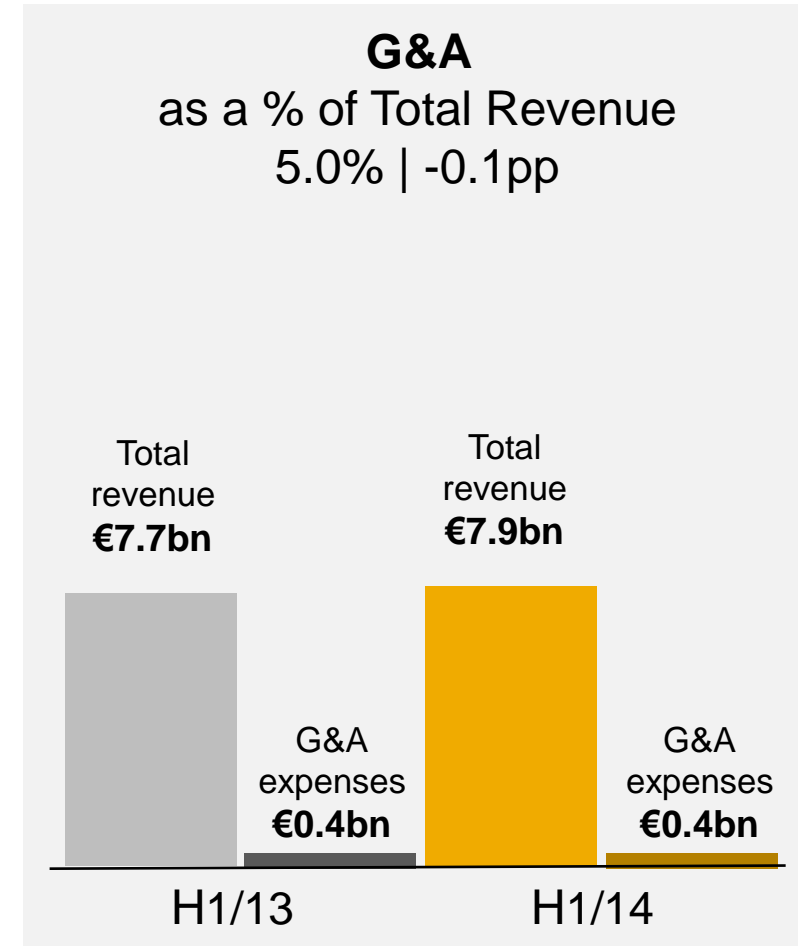
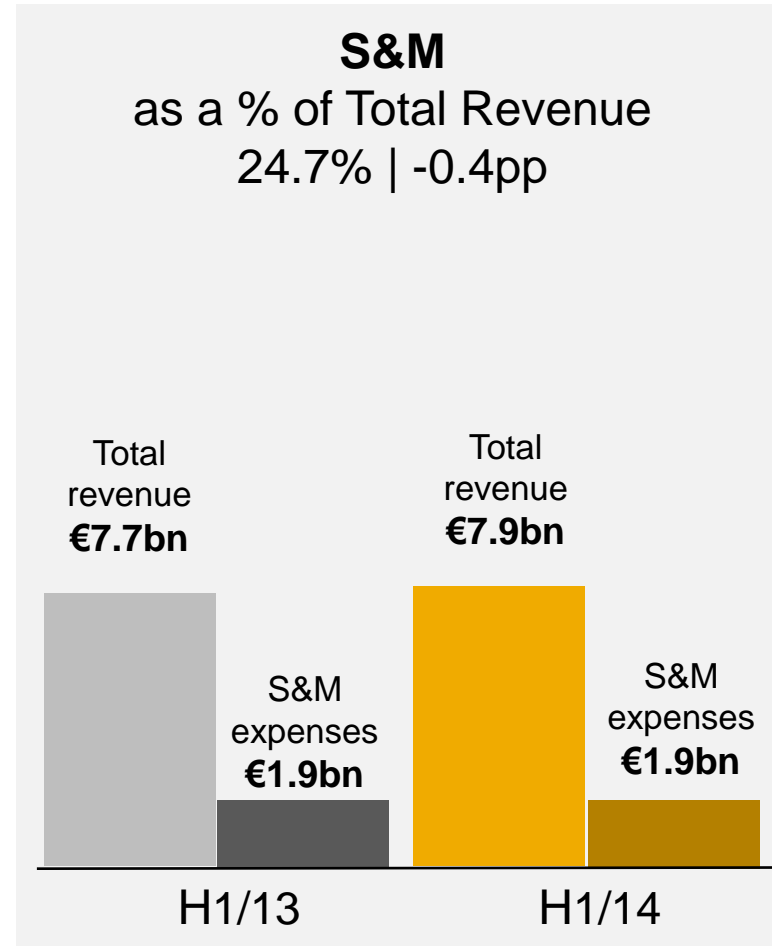
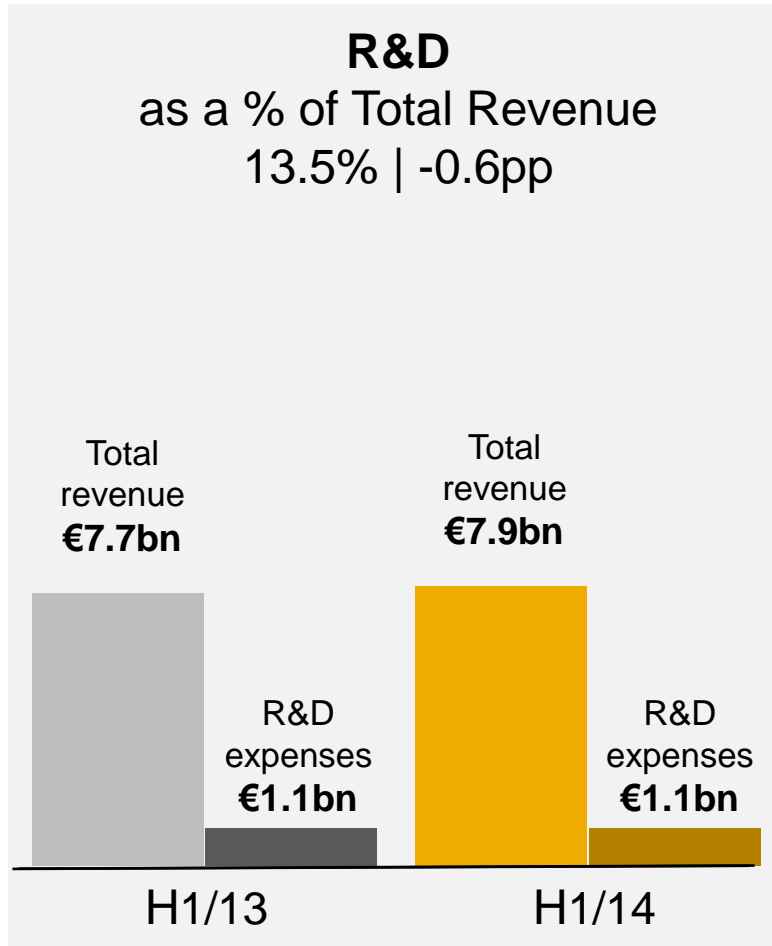
Non-IFRS, Q2/14



Cost ratios

H1 2014, Non-IFRS

Non-IFRS, H1/14



Agenda

Income Statement

Balance Sheet and Cash Flow Analysis

Outlook and Additional Information

Balance sheet, condensed

June 30, 2014, IFRS

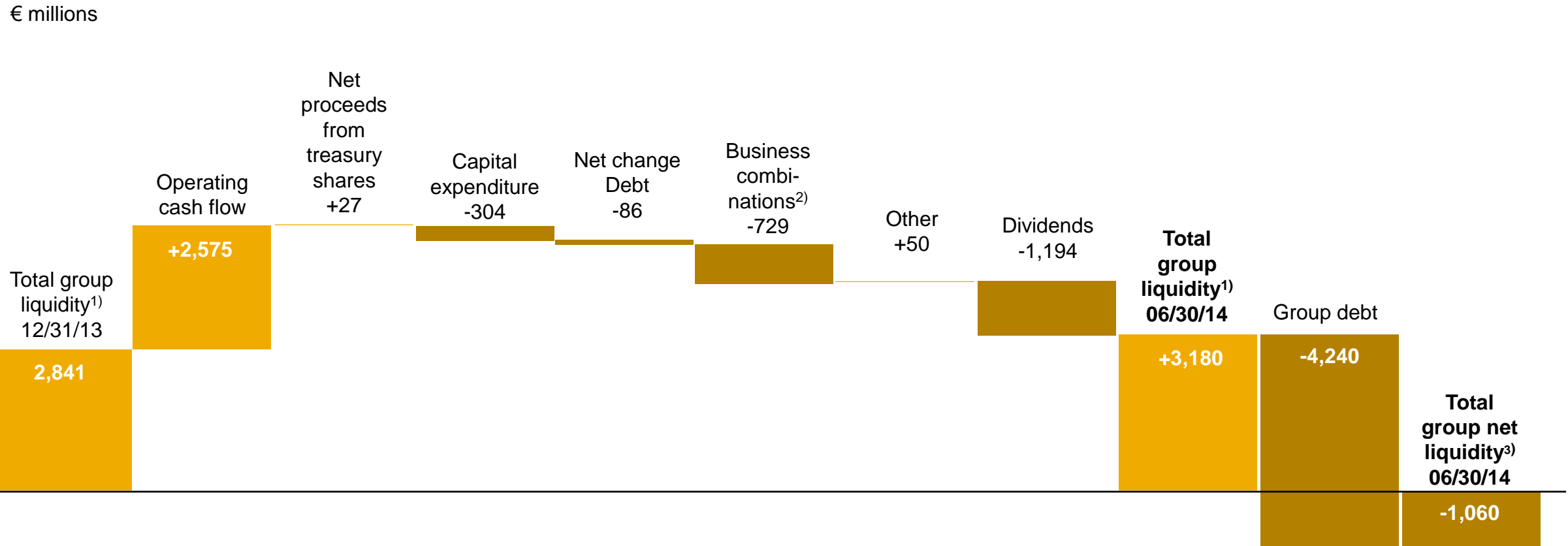
Assets € millions	06/30/14	12/31/13
Cash, cash equivalents and other financial assets	3,353	2,999
Trade and other receivables	3,614	3,865
Other non-financial assets and tax assets	642	488
Total current assets	7,610	7,352
Goodwill	14,380	13,684
Intangible assets	2,907	2,956
Property, plant, and equipment	1,847	1,820
Other non-current assets	1,482	1,275
Total non-current assets	20,616	19,736
Total assets	28,226	27,089

Equity and liabilities € millions	06/30/14	12/31/13
Trade and other payables	846	850
Deferred income	3,304	1,408
Provisions	834	645
Other liabilities	2,401	3,444
Current liabilities	7,385	6,347
Financial liabilities	3,791	3,758
Provisions	211	278
Deferred income	63	74
Other non-current liabilities	622	583
Non current liabilities	4,687	4,694
Total liabilities	12,072	11,041
Total equity	16,154	16,048
Equity and liabilities	28,226	27,089

Strongest operating cash flow ever in a first half – increase by 4% to €2.58bn

€ millions, unless otherwise stated	01/01/14 - 06/30/14	01/01/13 - 06/30/13	Δ
Operating cash flow	2,575	2,482	+4%
- Capital expenditure	-304	-265	+15%
Free cash flow	2,271	2,217	+2%
Free cash flow as a percentage of total revenue	29%	29%	+/-0pp
Cash conversion rate	2.36	2.00	+18%
Days sales outstanding (DSO in days)	64	62	+2

Net liquidity improved by >€400m to -€1.06bn since year end 2013 – strong result given the dividend and cash payout for acquisitions



1) Cash and cash equivalents + restricted cash + current investments

2) Business combinations, net of cash and cash equivalents acquired amounted to -€729m

3) Total Group Liquidity less financial liabilities (=bank loans, private placement transactions and bonds); corresponds with net liquidity 2 – for more details see second quarter 2014 Interim Report

Agenda

Income Statement

Balance Sheet and Cash Flow Analysis

Outlook and Additional Information

SAP updated its outlook for the full year 2014

	SAP's Outlook FY 2014		Basis for Comparison 2013
Cloud subscription and support revenue (Non-IFRS at cc)	€1,000m – €1,050m Upper end of this range represents a growth rate of +39%	Previously: €950m – €1bn	€757m
Software and Software-related Service Revenue (Non-IFRS at cc)	+ 6% – 8%		€14.03bn
Operating Profit (Non-IFRS at cc)	€5.8bn to €6bn		€5.48bn

While the Company's full-year 2014 business outlook is at constant currency, actual currency reported figures are expected to continue to be negatively impacted by currency exchange rate fluctuations. If exchange rates remain at the June 2014 level for the rest of the year, the Company expects non-IFRS software and software-related service revenue and non-IFRS operating profit growth rates at actual currency to experience a negative currency impact of approximately 2 percentage points and 2 percentage points respectively for the third quarter of 2014 and of approximately 2 percentage points and 2 percentage points respectively for the full year 2014.

The above mentioned indication for the expected currency exchange rate impact on actual currency reported figures replaces the earlier indication disclosed in SAP's Q1 2014 earnings announcement on April 17st, 2014.

Additional outlook information and non-IFRS adjustments

- Expected full-year 2014 IFRS effective tax rate of 26.0% – 27.0% (2013: 24.4%) and non-IFRS effective tax rate of 27.5% – 28.5% (2013: 25.9%).

IFRS Profit Measure	Actual Amounts H1/2013	Actual Amounts H1/2014	Est. Amounts for FY/2014
Deferred revenue write-down	€64m	€5m	<€20m
Discontinued activities	€0m	€1m	<€10m
Versata Litigation	€-32m	€289m	€289m
Share-based compensation expenses	€109m	€124m	€320m to €360m
Acquisition-related charges	€283m	€261m	€520m to €560m
Restructuring charges	€31m	€54m	€100m to €150m
Sum of all adjustments	€454m	€735m	€1,259m to €1,389m

Explanation of non-IFRS measures

SAP has provided its non-IFRS estimates for the full-year 2014. For a more detailed description of all of SAP's non-IFRS measures and their limitations as well as our constant currency and free cash flow figures see [Non-IFRS Measures and Estimates](#) online.

Constant currency revenue figures are calculated by translating revenue of the current period using the average exchange rates from the previous year's respective period instead of the current period. Constant currency period-over-period changes are calculated by comparing the current year's non-IFRS constant currency numbers with the non-IFRS number of the previous year's respective period.

For a more detailed description of all of SAP's non-IFRS adjustments and their limitations as well as our constant currency and free cash flow figures see [Non-IFRS Measures and Estimates](#) online.