

Third Quarter and First Nine Months 2018

Financial Highlights

SAP SE
October 18, 2018

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.

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Outlook and Additional Information

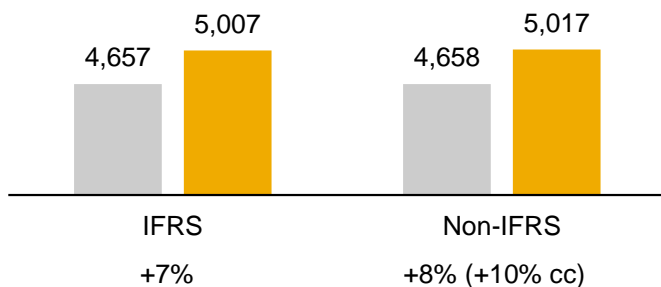
Appendix

Key performance metrics Q3 2018

Cloud & Software Revenue

in € millions

■ Q3/17 ■ Q3/18



Share of Predictable Revenue

in percent of total revenue

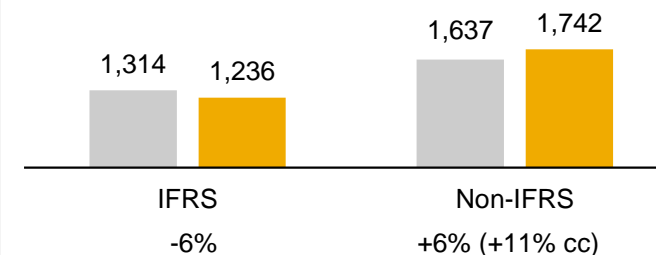
68%

+3 p.p.

Operating Profit

in € millions

■ Q3/17 ■ Q3/18



Cloud Subscriptions & Support Revenue

in € millions

IFRS

Non-IFRS

1,304

+39%

1,315

+40% (+41% cc)

Other financial highlights:

- New cloud bookings accelerate, up 36% to €411 million (37% cc)
- Strong new cloud and software license order entry up 12% cc
- S/4HANA customers grew by 37% to approx. 9,500
- IFRS EPS was down -1% | Non-IFRS increased 13% to €1.14 per share

Total Revenue

in € millions

IFRS

Non-IFRS

6,020

+8%

6,031

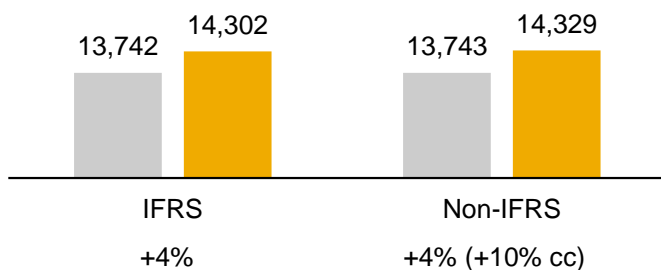
+8% (+10% cc)

Key performance metrics 9M 2018

Cloud & Software Revenue

in € millions

■ 9M/17 ■ 9M/18



Share of Predictable Revenue

in percent of total revenue

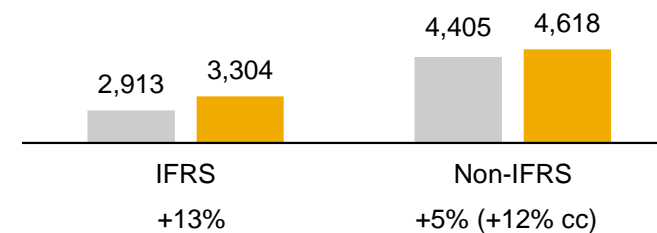
68%

+2 p.p.

Operating Profit

in € millions

■ 9M/17 ■ 9M/18



Cloud Subscriptions & Support Revenue

in € millions

IFRS

Non-IFRS

3,588

+29%

3,614

+30% (+37% cc)

Other financial highlights:

- New cloud bookings up 31% cc to €1,078 million
- IFRS EPS up 11% | Non-IFRS up 7% to €2.85 per share
- Operating cash flow down -16% to €3,484 million

Total Revenue

in € millions

IFRS

Non-IFRS

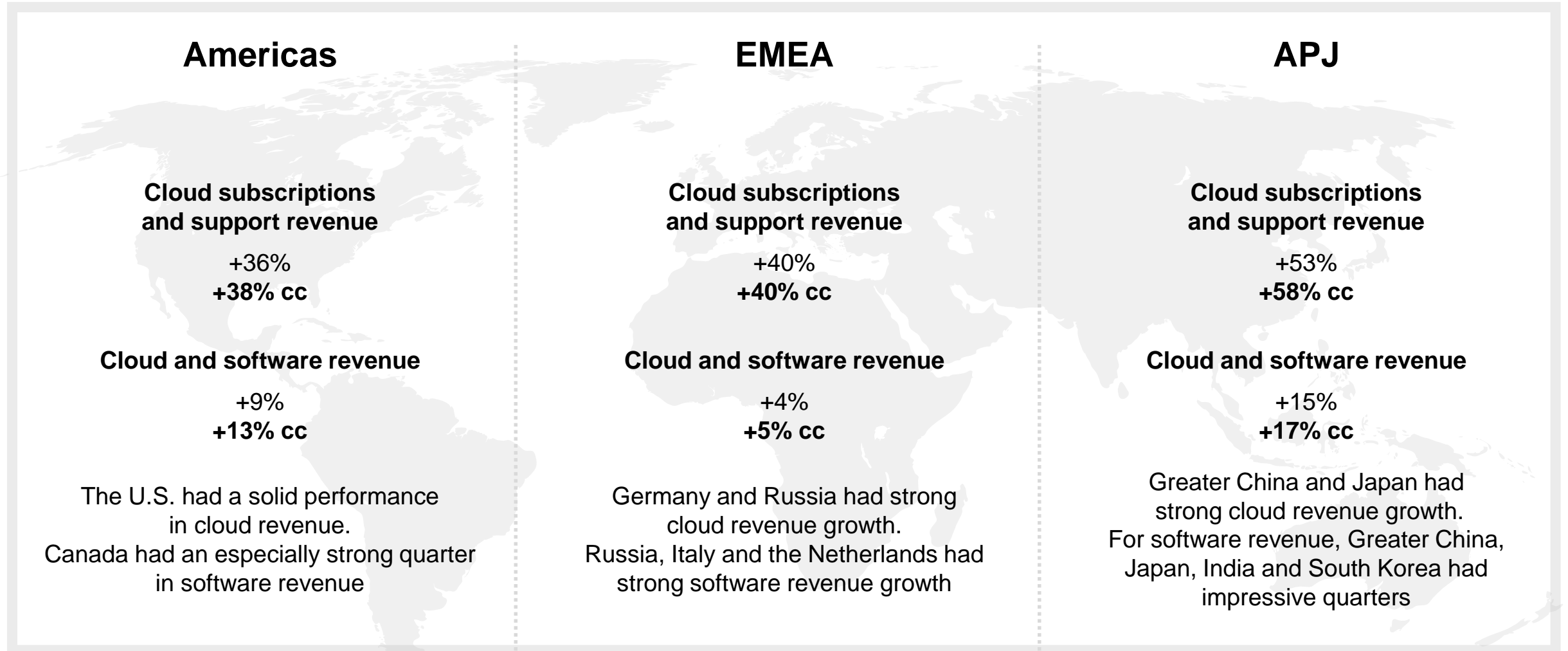
17,280

+4%

17,307

+4% (+10% cc)

Regional performance Q3 2018



Revenues calculated based on customer location; All numbers are IFRS unless otherwise stated. Individual country highlights are based on Non-IFRS at constant currencies

Key cloud metrics Q3 2018

Q3/18 unless otherwise stated

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

Cloud Subscriptions and Support Revenue +41% €1,315m	New Cloud Bookings¹ +37% €411m	Total Network Commerce² ~\$2.6 trillion	Cloud Applications Total Subscribers >170m
SAP Business Network – Segment Revenue³ €675m +22%	Customer Experience Revenue³ €233m +54%	Number of end users processing travel and expense with Concur ~51m	Flexible workers managed with Fieldglass platform >6.2m

1) New cloud bookings – key measure for SAP's sales success in the cloud – consist of order entry of a given period that is expected to be classified as cloud subscription and support revenue and results from purchases by new customers and from incremental purchases by existing customers. Consequently, orders to renew existing contracts are not included. The order amount must be committed. Consequently, due to their pay-per-use nature, business network transaction fees which do not include a committed minimum consumption are not reflected in the bookings metric (e.g. SAP Ariba and SAP Fieldglass transaction-based fees). Amounts included in the measures are generally annualized.

2) SAP Business Network commerce is the total commerce transacted on the Ariba, Concur and Fieldglass Networks in the trailing 12 months. Ariba commerce includes procurement and sourcing spend

3) Total Segment Revenue and growth rates at constant currencies

Q3 2018 – Cloud eclipsing software even faster than expected

Cloud subscription revenue now 40% larger than software license revenue

€ millions, unless otherwise stated

	IFRS			Non-IFRS			
Revenue Numbers	Q3/18	Q3/17	Δ %	Q3/18	Q3/17	Δ %	Δ % at cc
Cloud subscriptions and support	1,304	937	39	1,315	938	40	41
Software licenses	937	1,033	-9	937	1,033	-9	-8
Software support	2,765	2,687	3	2,765	2,687	3	6
Software licenses and support	3,702	3,720	0	3,702	3,720	0	2
Cloud and software	5,007	4,657	7	5,017	4,658	8	10
Services	1,013	932	9	1,013	932	9	12
Total revenue	6,020	5,590	8	6,031	5,590	8	10
Total operating expenses	-4,784	-4,276	12	-4,289	-3,953	9	10
Operating profit	1,236	1,314	-6	1,742	1,637	6	11
Financial income, net	10	73	-87	10	73	-87	
Profit before tax	1,278	1,390	-8	1,784	1,714	4	
Income tax expense	-304	-398	-24	-424	-500	-15	
Profit after tax	974	993	-2	1,360	1,214	12	
Operating margin (in %)	20.5	23.5	-3.0pp	28.9	29.3	-0.4pp	0.1pp
Earnings per share, basic (in €)	0.82	0.82	-1	1.14	1.01	13	

9M 2018 – Operating profit up double-digit

€ millions, unless otherwise stated

	IFRS			Non-IFRS			
	9M/18	9M/17	Δ %	9M/18	9M/17	Δ %	Δ % at cc
Revenue Numbers							
Cloud subscriptions and support	3,588	2,775	29	3,614	2,775	30	37
Software licenses	2,558	2,814	-9	2,558	2,814	-9	-6
Software support	8,156	8,154	0	8,156	8,154	0	6
Software licenses and support	10,714	10,968	-2	10,715	10,968	-2	3
Cloud and software	14,302	13,742	4	14,329	13,743	4	10
Services	2,978	2,914	2	2,978	2,914	2	9
Total revenue	17,280	16,656	4	17,307	16,657	4	10
Total operating expenses	-13,976	-13,743	2	-12,690	-12,252	4	9
Operating profit	3,304	2,913	13	4,618	4,405	5	12
Financial income, net	50	59	-15	50	59	-15	
Profit before tax	3,297	2,966	11	4,610	4,458	3	
Income tax expense	-895	-777	15	-1,209	-1,238	-2	
Profit after tax	2,401	2,189	10	3,401	3,220	6	
Operating margin (in %)	19.1	17.5	1.6pp	26.7	26.4	0.2pp	0.5pp
Earnings per share, basic (in €)	2.01	1.81	11	2.85	2.67	7	

Q3 2018 – Non-IFRS operating profit up 11 % cc even with stronger than expected cloud momentum

Non-IFRS

	Total operating expenses Operating profit		Total revenue
Q3/17	3,953	1,637	€5,590m
Q3/18	4,289	1,742	€6,031m

- **Non-IFRS operating profit**
+6% to €1,742m (Q3/17: €1,637m)
+11% to €1,811m at cc
- **Non-IFRS operating margin**
-0.4pp to 28.9% (Q3/17: 29.3%)
+0.1pp to 29.4% at cc

Application of IFRS15 accounting standard leads to an operating profit effect of appr. €74m

IFRS

	Total operating expenses Operating profit		Total revenue
Q3/17	4,276	1,314	€5,590m
Q3/18	4,784	1,236	€6,020m

- **IFRS operating profit**
-6% to €1,236m (Q3/17: €1,314m)
- **IFRS operating margin***
-3.0pp to 20.5% (Q3/17: 23.5%)

Application of IFRS15 accounting standard leads to an operating profit effect of appr. €74m

*mainly impacted by higher share-based compensation expenses and a favorable restructuring charge development in Q3/17

9M 2018 - Continued strong topline drives operating profit growth

Non-IFRS

	Total operating expenses Operating profit		Total revenue
9M/17	12,252	4,405	€16,657m
9M/18	12,690	4,618	€17,307m

- **Non-IFRS operating profit**
+5% to €4,618m (9M/17: €4,405m)
+12% to €4,933m at cc
- **Non-IFRS operating margin**
+0.2pp to 26.7% (9M/17: 26.4%)
+0.5pp to 27.0% at cc

Application of IFRS15 accounting standard leads to an operating profit effect of appr. €172m

IFRS

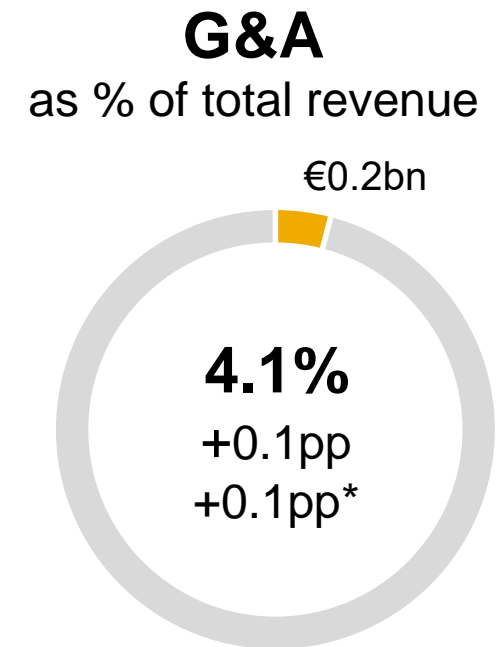
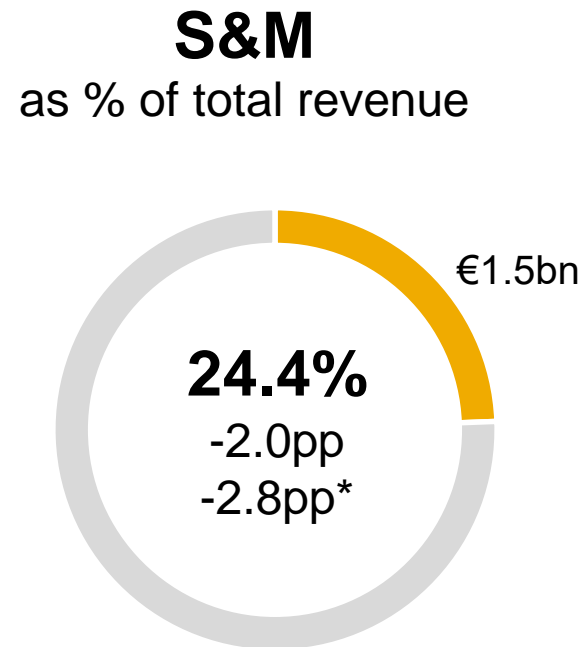
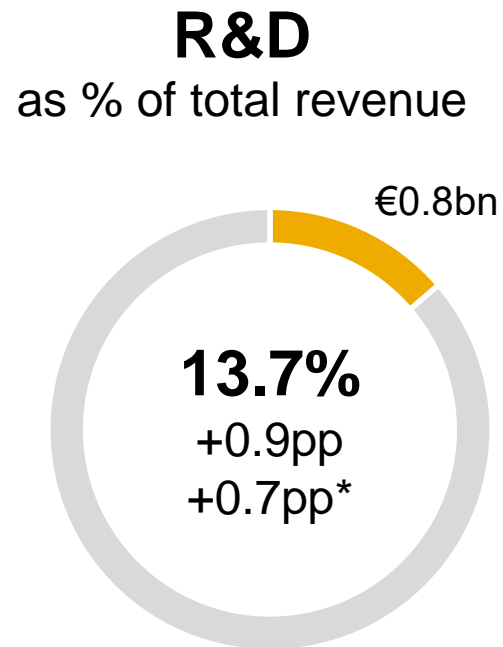
	Total operating expenses Operating profit		Total revenue
9M/17	13,743	2,913	€16,656m
9M/18	13,976	3,304	€17,280m

- **IFRS operating profit**
+13% to €3,304m (9M/17: €2,913m)
- **IFRS operating margin**
+1.6pp to 19.1% (9M/17: 17.5%)

Application of IFRS15 accounting standard leads to an operating profit effect of appr. €172m

Cost ratios Q3 2018

€6.0bn Total revenue, Non-IFRS



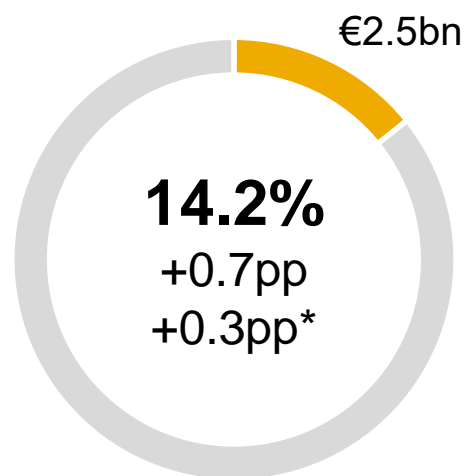
*Non-IFRS at constant currencies

Cost ratios 9M 2018

€17.3bn Total revenue, Non-IFRS

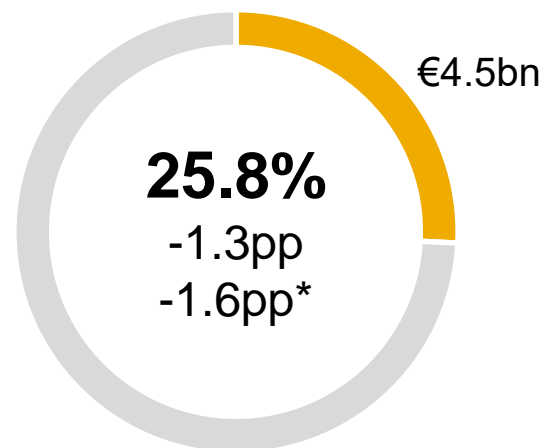
R&D

as % of total revenue



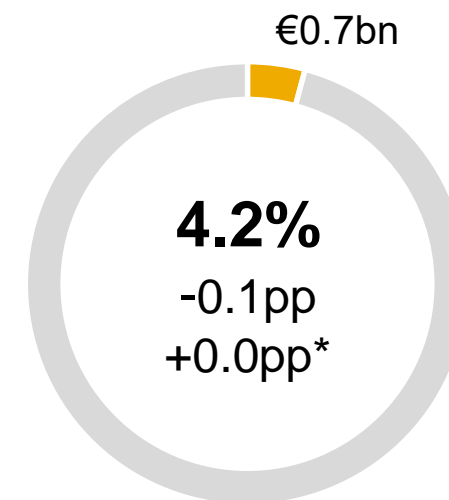
S&M

as % of total revenue



G&A

as % of total revenue



*Non-IFRS at constant currencies

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Balance Sheet, Condensed

September 30, 2018, IFRS

Assets

€ millions	09/30/18	12/31/17
Cash, cash equivalents and other financial assets	4,991	5,001
Trade and other receivables	4,931	5,899
Other current assets	1,469	1,031
Total current assets	11,391	11,930
Goodwill	23,510	21,271
Intangible assets	3,258	2,967
Property, plant, and equipment	3,420	2,967
Other non-current assets	4,067	3,373
Total non-current assets	34,255	30,579
Total assets	45,646	42,509

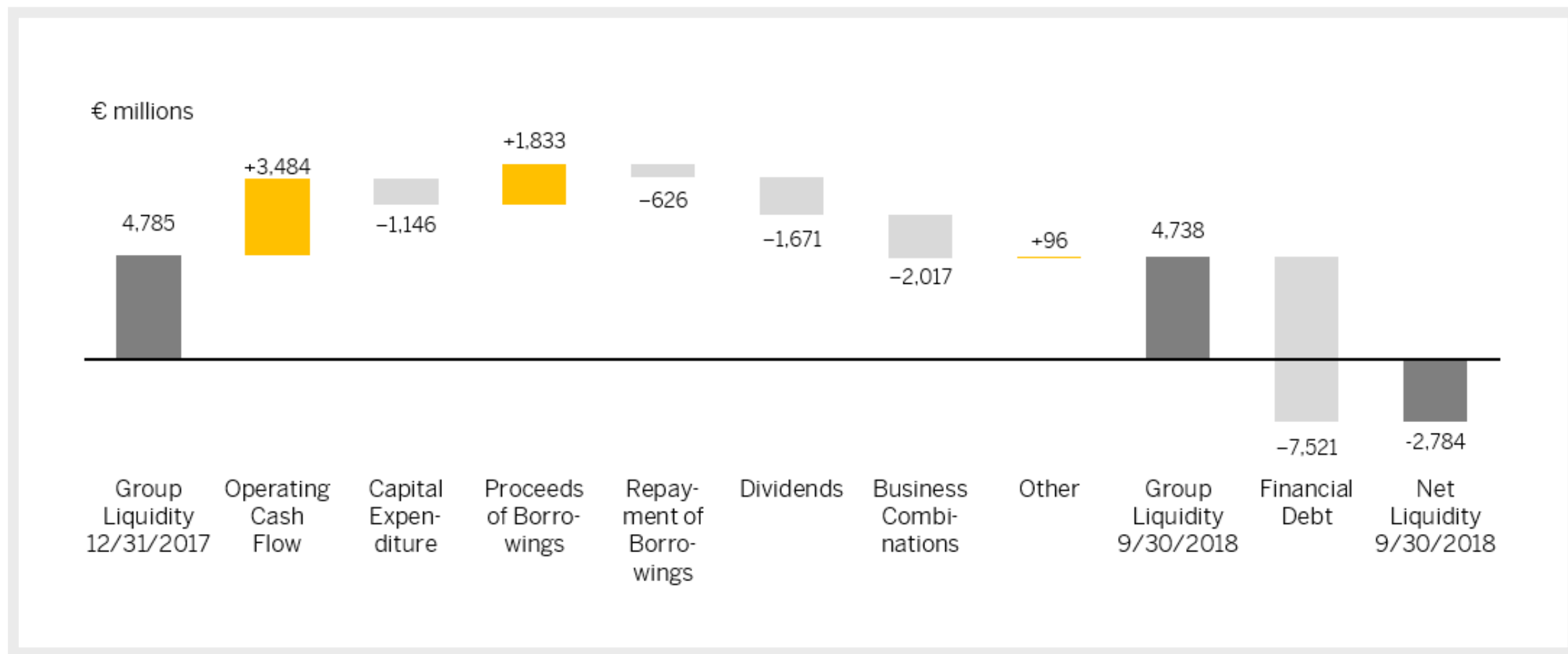
Equity and liabilities

€ millions	09/30/18	12/31/17
Trade and other payables	1,246	1,151
Provisions	107	184
Other liabilities	5,139	6,105
Contract liabilities / deferred income, current	3,603	2,771
Total current liabilities	10,094	10,210
Financial liabilities	6,802	5,034
Provisions	259	303
Contract liabilities / deferred income, non-current	101	79
Other non-current liabilities	1,383	1,344
Total non-current liabilities	8,545	6,759
Total liabilities	18,639	16,969
Total equity	27,006	25,540
Total equity and liabilities	45,646	42,509

Operating cash flow and free cash flow 9M 2018

€ millions, unless otherwise stated	9M/18	9M/17	Δ
Operating cash flow	3,484	4,125	-16%
- Capital expenditure	-1,146	-964	+19%
Free cash flow	2,338	3,161	-26%
Free cash flow in percent of total revenue	14	19	-5pp
Cash conversion rate	1.45	1.88	-23%
Days sales outstanding (DSO in days, Sept 30)	68	72	-3

Group Liquidity



Group Liquidity = cash and cash equivalent + current investments

Other = mainly purchase and sales of equity or debt instruments of other entities, purchase and proceeds from treasury shares and effects of foreign currency rates on cash and cash equivalents

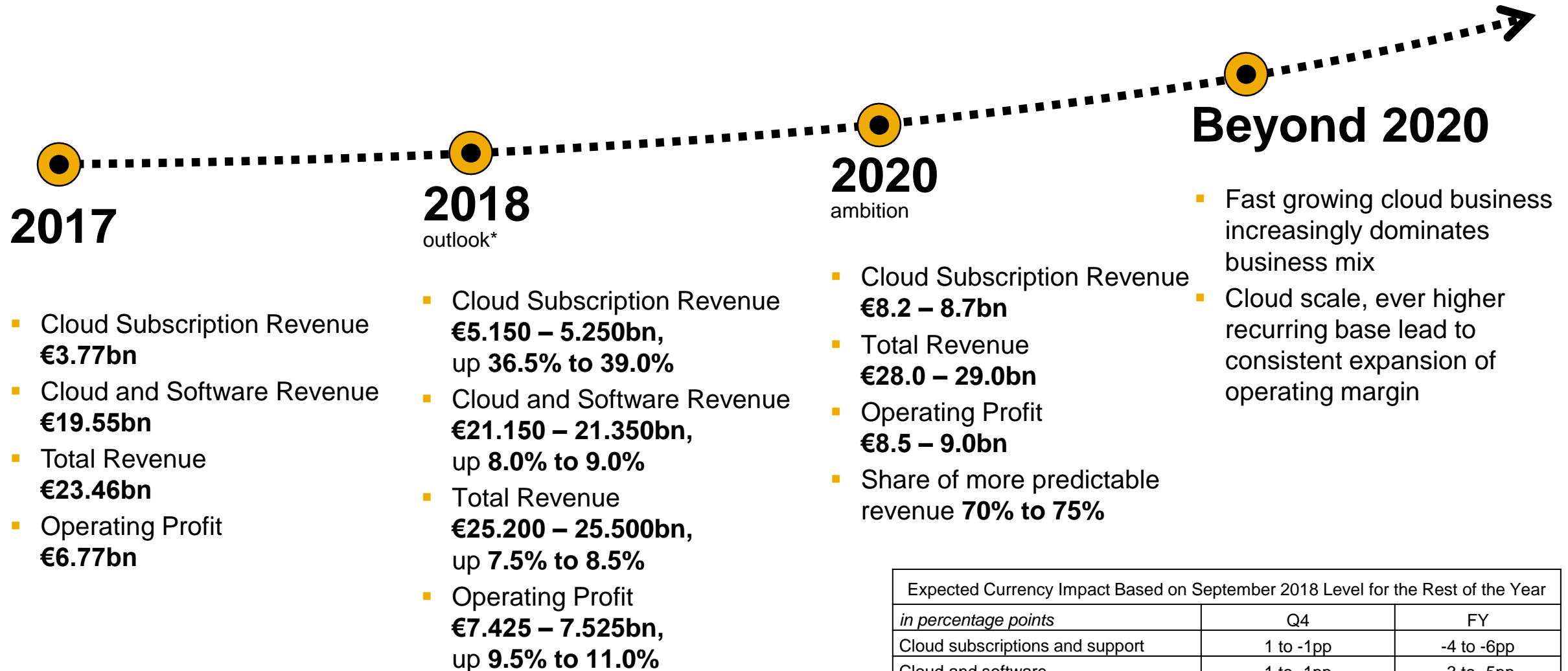
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SAP raises 2018 outlook again backed by strong cloud and overall business momentum



Expected Currency Impact Based on September 2018 Level for the Rest of the Year		
<i>in percentage points</i>	Q4	FY
Cloud subscriptions and support	1 to -1pp	-4 to -6pp
Cloud and software	1 to -1pp	-3 to -5pp
Operating profit	1 to -1pp	-3 to -5pp

FY 2018 – Additional outlook information and non-IFRS adjustments

The company continues to expect a full-year 2018 effective tax rate (IFRS) at the upper end of the range of 27.0% to 28.0% (2017: 19.3%), but now expects an effective tax rate (non-IFRS) of 26.5% to 27.5% (2017: 22.6%).

	Actual Amounts 9M/17	Actual Amounts 9M/18	Est. Amounts for FY/18*
Non-IFRS adjustments			
Revenue adjustments	€1m	€27m	€30m to €60m
Acquisition-related charges	€449m	€422m	€550m to €610m
Share-based payment expenses	€868m	€838m	€800m to €1,100m
Restructuring charges	€174m	€26m	€25m to €35m
Sum of all adjustments	€1,492m	€1,313m	€1,405m to €1,805m

Due to rounding, numbers may not add precisely

Income Statement

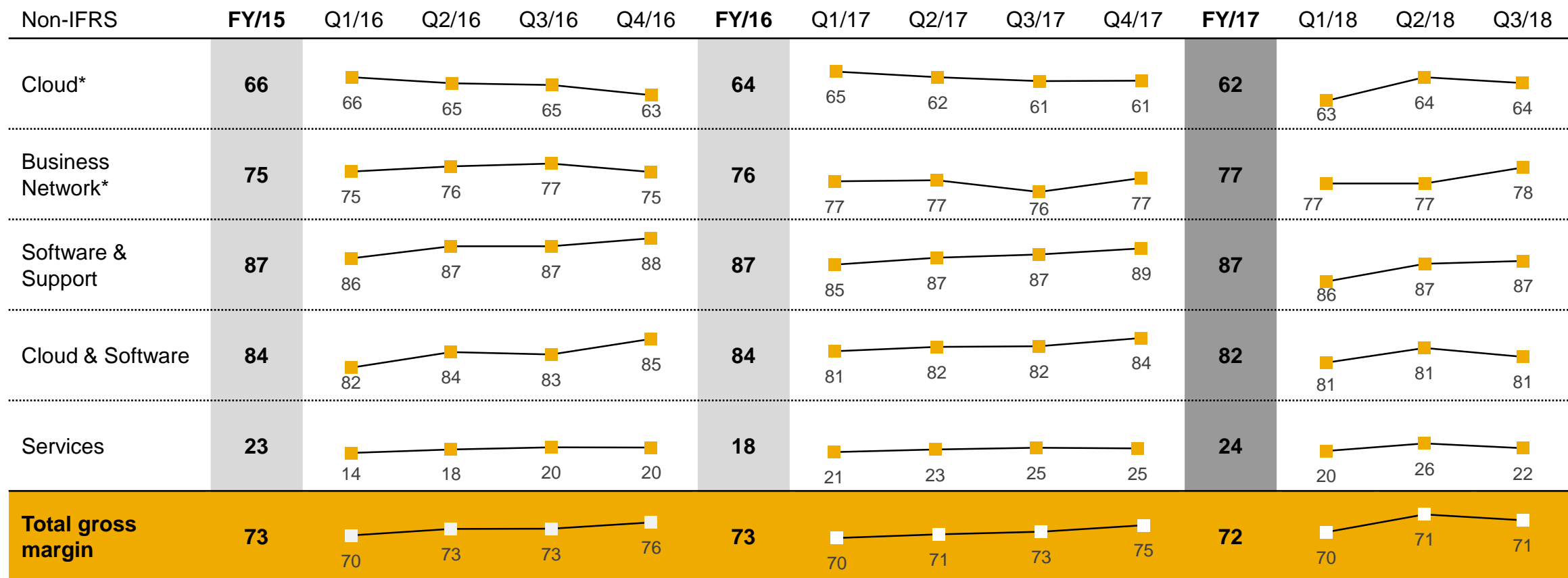
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Gross margin development

2015 – Q3 2018



* Subscriptions and support

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