First Quarter 2022 Results

Christian Klein, CEO

Luka Mucic, CFO

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Christian Klein

CEO

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Record Cloud Performance in Q1 2022

continuing cloud acceleration across the board

Current Cloud Backlog

9,731

↗ +28%
(+23% @cc)

Cloud Revenue

2,820

↗ +31% (+25% @cc)

SaaS/PaaS excl. Intelligent Spend

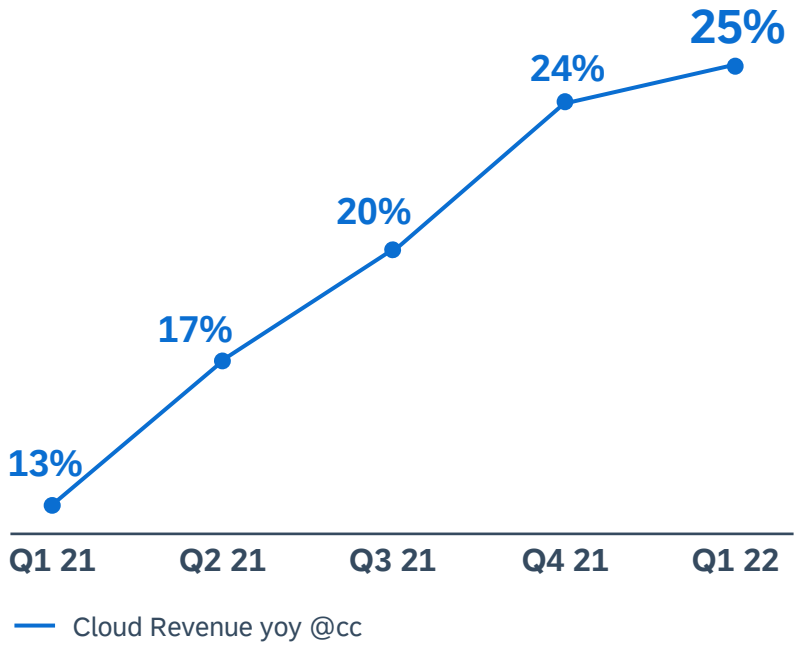
1,776

↗ +40% (+34% @cc)

S/4HANA Cloud Revenue

404

↗ +78% (+71% @cc)



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

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Solving our customers' largest challenges

Business transformation

Enable every enterprise to become an intelligent, sustainable enterprise

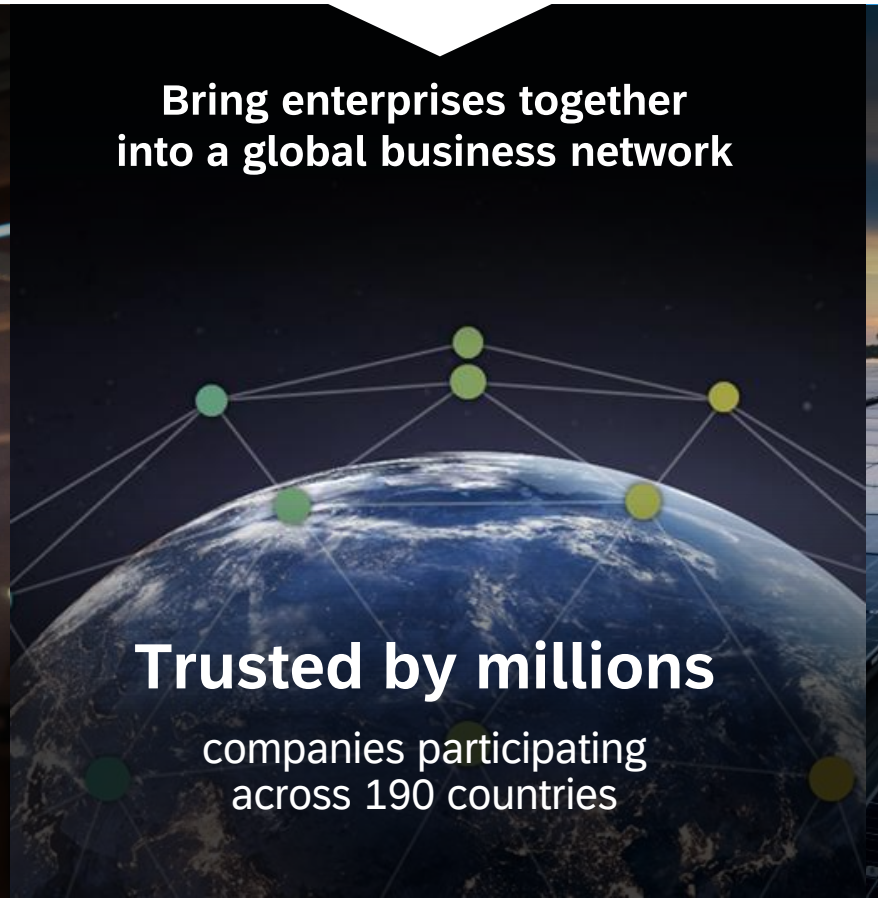


New digital business models

Process intelligence & standardization

Supply chain resilience

Bring enterprises together into a global business network

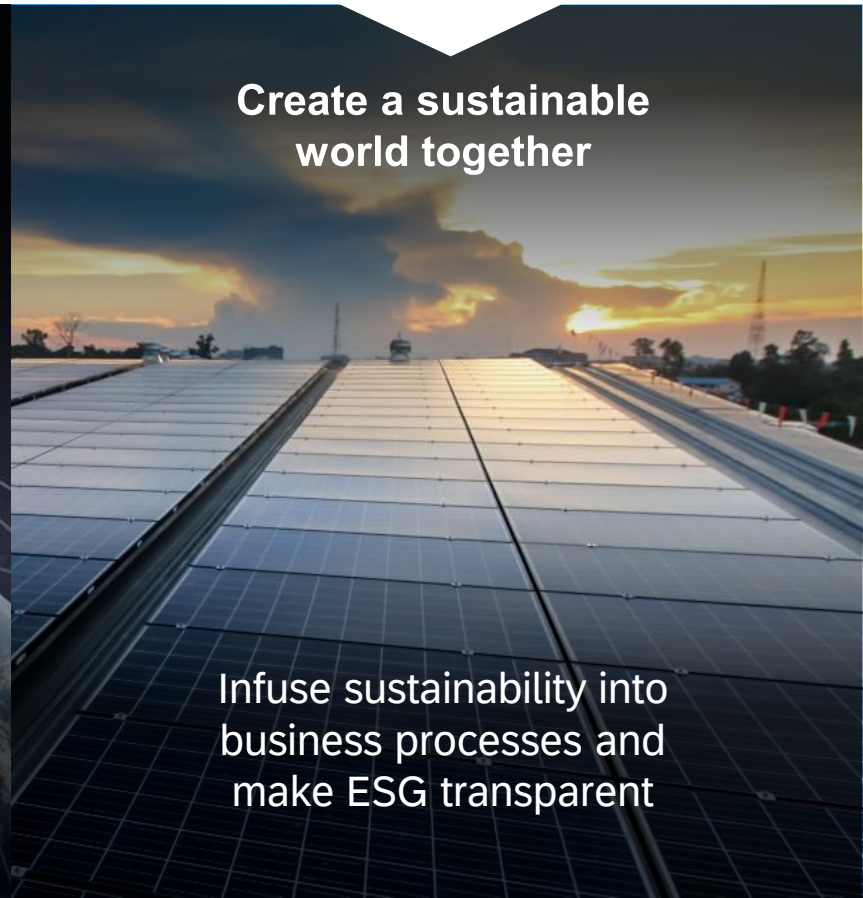


Trusted by millions

companies participating across 190 countries

Sustainability outcomes

Create a sustainable world together



Infuse sustainability into business processes and make ESG transparent

RISE WITH SAP | Driving business innovation together



Starting point

Business process redesign

Continuous insight to optimize business processes delivered by SAP Signavio

Cloud migration

A trusted partner for customers' needs at every step of the way

Business Technology Platform as transformation backbone

Innovation

SAP Industry Cloud

SAP Business Network

SAP Cloud for Sustainable Enterprises

Intelligent, sustainable enterprise

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Accelerated move of our ERP to the cloud in Q1

RISE with SAP modular offering with further expansion over time

Modular Cloud ERP

Intelligent Spend + Human Experience Management +

SAP S/4HANA Cloud

Enterprise Management + Finance + Digital Supply Chain

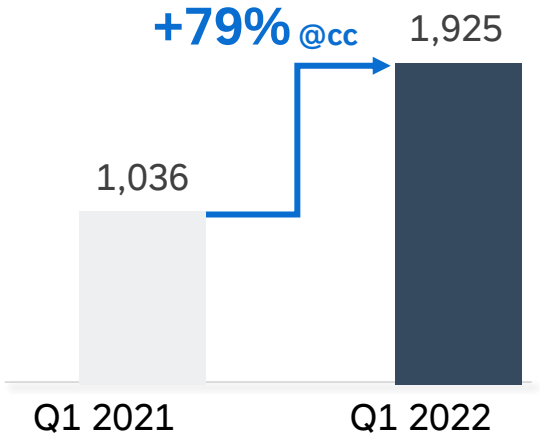
Revenue Run Rate

exceeding

€ 7 bn

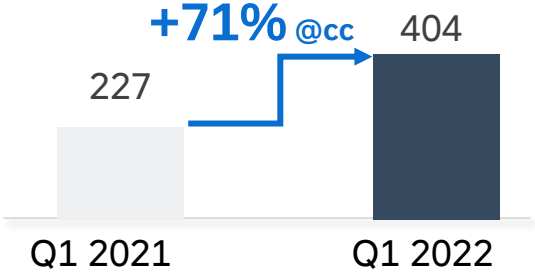
Current Cloud Backlog

in € millions



Cloud Revenue

in € millions



Revenue Run Rate defined as latest quarterly revenue multiplied by 4.
All numbers are Non-IFRS and at nominal currencies unless otherwise stated.

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Relentless focus on customer value

Q1 competitive wins / go-lives

ooredoo, L'ORÉAL, accenture, sodexo, Kroger, EXIDE, IBM, Televisa Univision, Chobani, Canon CANON PRODUCTION PRINTING, CITIZEN, TRAMONTINA, vodafone, HYUNDAI, MERCK, FEMSA, 飞凡汽车, Happy Socks, Microsoft, TELUS, salling group, SCHWARZ PRODUKTION, Google Cloud, Royal Mail, SCHAEFFLER, wipro, Orchestrating a brighter world NEC, EY, DAIMLER TRUCK, Chemours, AIRFRANCE KLM GROUP, NHS Shared Business Services, PETSMART, GRUBHUB, CHIPOTLE MEXICAN GRILL, ZERO MOTORCYCLES

Net New Customers
Q1

>3,400 ↗

Go-Lives
Q1

>24,400 ↗

SAP S/4HANA Customers
End of Q1 2022

>19,300 ↗

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

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Luka Mucic

CFO

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SAP Q1 2022 Financial Results

in € millions, unless otherwise stated

Total revenue

7,077

▲ +11% (+7% @cc)

Cloud & Software revenue

6,060

▲ +12% (+7% @cc)

Share of more predictable revenue

81%

▲ +3pp

Cloud revenue

2,820

▲ +31% (+25% @cc)

Current cloud backlog

9,731

▲ +28% (+23% @cc)

S/4HANA cloud revenue

404

▲ +78% (+71% @cc)

S/4HANA current cloud backlog

1,925

▲ +86% (+79% @cc)

Gross profit

(Gross margin in %)

IFRS

4,979 (70.3%)

▲ +12%

Non-IFRS

5,095 (72.0%)

▲ +11% (+7% @cc)

Cloud gross profit

(Cloud gross margin in %)

IFRS

1,922 (68.2%)

▲ +33%

Non-IFRS

1,974 (70.0%)

▲ +32% (+26% @cc)

Operating profit

IFRS

1,053

▲ +10%

Non-IFRS

1,677

▼ -4% (-7% @cc)

Earnings per Share

(in €)

IFRS basic

0.63

▼ -29%

diluted

0.63

▼ -29%

Non-IFRS basic

1.00

▼ -28%

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Excellent cloud revenue performance across all regions

AMERICAS

Cloud revenue
€ millions

▲ +33%
(+24% @cc)

Cloud & software revenue
€ millions

▲ +19%
(+10% @cc)

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

EMEA

Cloud revenue
€ millions

▲ +32%
(+29% @cc)

Cloud & software revenue
€ millions

▲ +8%
(+6% @cc)

Germany, Switzerland, France and the UK had a particularly strong performance in cloud revenue.

APJ

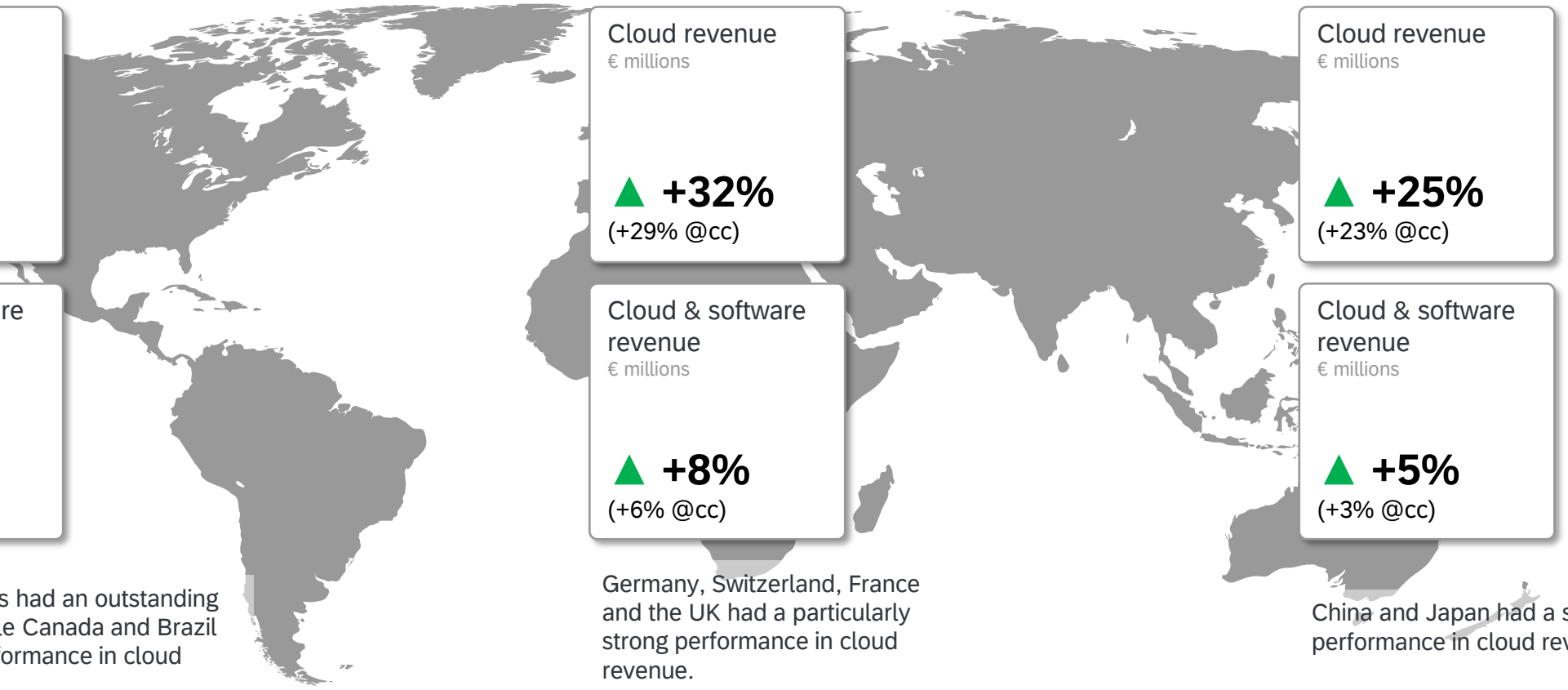
Cloud revenue
€ millions

▲ +25%
(+23% @cc)

Cloud & software revenue
€ millions

▲ +5%
(+3% @cc)

China and Japan 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

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Gross Margin Development

in € millions, unless otherwise stated

	Revenue			Gross Margin % (Gross profit)		
Non-IFRS	**Q1/22**	Δ in %	Δ in % @cc	**Q1/22**	Δ in %	Δ in % @cc
Cloud	2,820	31	25	70.0 (1,974)	0.5pp	0.5pp
SaaS/PaaS	2,585	34	28	73.9 (1,909)	0.3pp	0.2pp
SaaS/PaaS – Intelligent Spend	808	23	16	80.7 (653)	2.4pp	2.2pp
SaaS/PaaS – Other	1,776	40	34	70.7 (1,257)	-0.3pp	-0.4pp
IaaS	235	10	5	27.6 (65)	-5.7pp	-3.8pp
Software licenses and support	3,240	-1	-4	87.5 (2,836)	1.2pp	1.2pp
Cloud and software	6,060	12	7	79.4 (4,810)	-0.3pp	-0.3pp
Services	1,017	11	7	28.0 (285)	-0.6pp	-0.8pp
Total	7,077	11	7	72.0 (5,095)	-0.3pp	-0.3pp

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Tax rate, EPS & Cash flow

Effective tax rate

First quarter | percent

IFRS	Non-IFRS
33.1	**25.7**
▲ 13.1pp	▲ 7.0pp
Outlook: 28.0 – 32.0	23.0 – 27.0

The increase of the effective tax rate outlook mainly reflects an updated projection of the 2022 financial income contribution of Sapphire Ventures in light of current market conditions.

Earnings per share

First quarter | €

IFRS basic

0.63

▼ -29%

diluted	Non-IFRS basic
0.63	**1.00**
▼ -29%	▼ -28%

Year over year decline of earnings per share reflects a contribution to financial income by Sapphire Ventures that was more than €300 million lower than over the same period last year.

Cash flow

First quarter | € billions

Operating CF	Free CF
2.48	**2.16**
▼ -20%	▼ -24%
	Outlook: above €4.5bn

Free cash flow was down 24% to €2.16 billion, mainly attributable to the development of profitability in the quarter and impacts from working capital due to SAP's continuous move to the cloud, and lower software licenses sales in the fourth quarter 2021.

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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

7.8 – 8.25
► flat to -5%
2021: 8.23

Share of more predictable revenue

~78%
▲ +3pp
2021: 75%

Free cash flow

above 4.5
2021: 5.01

Effective tax rate
in %
IFRS
28.0 – 32.0
2021: 21.5%
Non-IFRS
23.0 – 27.0
2021: 20.0%

FY 2022 Non-Financial Outlook

Employee engagement
in %
84 – 86
▲ +1pp to 3pp
2021: 83

Customer Net Promoter Score
in points
11 – 15
2021: 10

Carbon emissions
in kilotons
70
▼ -40 kt
2021: 110

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Q&A

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Appendix

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Income statement: First quarter 2022

	IFRS			Non-IFRS			
€ millions, unless otherwise stated	Q1/22	Q1/21	Δ %	Q1/22	Q1/21	Δ %	Δ % at cc
Cloud	2,820	2,145	31	2,820	2,145	31	25
Software licenses	317	483	-34	317	483	-34	-36
Software support	2,923	2,801	4	2,923	2,801	4	1
Software licenses and support	3,240	3,283	-1	3,240	3,283	-1	-4
Cloud and software	6,060	5,428	12	6,060	5,428	12	7
Services	1,017	919	11	1,017	919	11	7
Total revenue	**7,077**	6,348	11	**7,077**	6,348	11	7
Total operating expenses	-6,024	-5,387	12	-5,400	-4,609	17	13
Operating profit (loss)	**1,053**	960	10	**1,677**	1,738	-4	-7
Financial income, net	-56	315	<-100	-56	315	<-100	
Profit (loss) before tax	**945**	1,337	-29	**1,569**	2,115	-26	
Income tax expense	-313	-267	17	-403	-395	2	
Profit (loss) after tax	**632**	1,070	-41	**1,166**	1,720	-32	
Operating margin (in %)	14.9	15.1	-0.2pp	23.7	27.4	-3.7pp	-3.6pp
Earnings per share, basic (in €)	0.63	0.88	-29	1.00	1.40	-28	

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Gross margin development

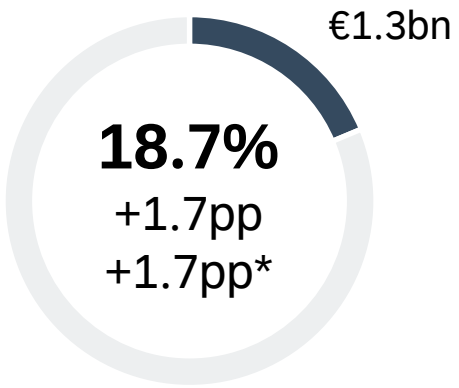
Non-IFRS, in percent as reported	FY/19	FY/20	Q1/21	Q2/21	Q3/21	Q4/21	FY/21	Q1/22
Cloud	68.2	69.7	69.5	70.0	69.4	69.0	69.5	70.0
SaaS/PaaS – Intelligent Spend Group	78.1	78.9	78.3	80.0	80.0	80.2	79.5	80.7
SaaS/PaaS – Other	68.5	70.7	71.0	70.5	69.8	69.6	70.2	70.7
IaaS	28.9	34.3	33.3	36.8	35.3	29.1	33.6	27.6
Software Licenses & Support	87.4	87.4	86.3	87.3	87.8	88.5	87.6	87.5
Cloud & Software	81.6	81.2	79.7	80.5	80.4	81.2	80.5	79.4
Services	25.0	27.0	28.5	29.2	31.0	31.6	30.1	28.0
Total Gross Margin	72.3	73.1	72.3	73.4	73.6	75.1	73.7	72.0

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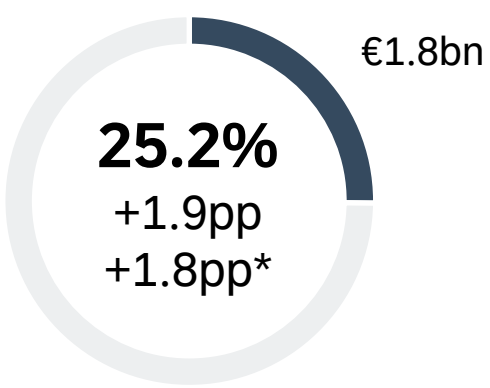
Cost ratios: First quarter 2022

€7.1bn Total revenue

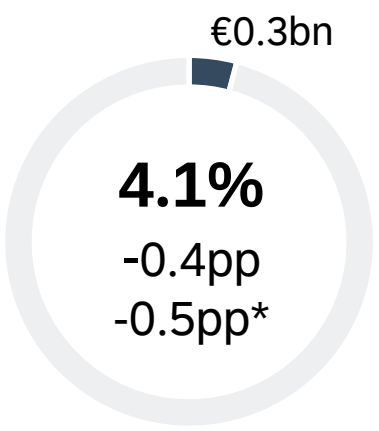
R&D
as % of total revenue



S&M
as % of total revenue



G&A
as % of total revenue



All numbers are Non-IFRS unless otherwise stated.

*Non-IFRS at constant currencies

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Balance sheet condensed: March 31, 2022 – IFRS

Assets

€ millions	03/31/22	12/31/21
Cash, cash equivalents and other financial assets	11,487	11,656
Trade and other receivables	9,456	6,352
Other current assets	2,424	2,036
Total current assets	**23,367**	**20,040**
Goodwill	32,159	31,090
Intangible assets	4,032	3,965
Property, plant, and equipment	4,991	4,977
Other non-current assets	11,826	11,093
Total non-current assets	**53,007**	**51,125**
Total assets	**76,374**	**71,169**

Equity and liabilities

€ millions	03/31/22	12/31/21
Trade and other payables	1,693	1,580
Provisions	91	89
Other liabilities	11,613	10,035
Contract liabilities, current	7,630	4,431
Total current liabilities	**21,027**	**16,136**
Financial liabilities	10,070	11,042
Provisions	365	355
Contract liabilities, non-current	-44	13
Other non-current liabilities	2,337	2,100
Total non-current liabilities	**12,729**	**13,510**
Total liabilities	**33,757**	**29,645**
Total equity	**42,618**	**41,523**
Total equity and liabilities	**76,374**	**71,169**

Due to rounding, numbers may not add up precisely

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Cash flow development

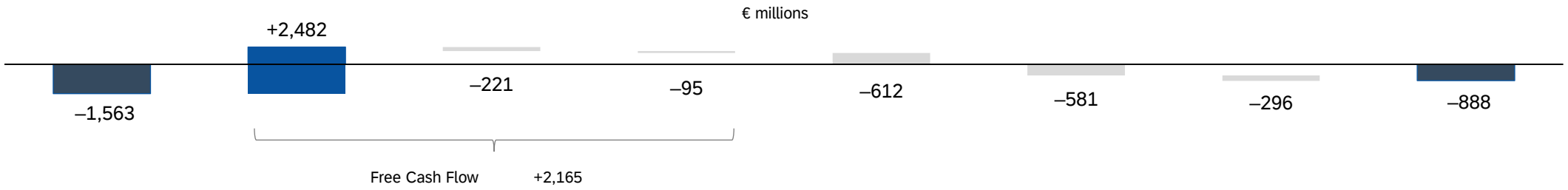
€ millions, unless otherwise stated	Q1/22	Q1/21	Δ
Operating cash flow	2,482	3,085	-20%
– Capital expenditure	-221	-153	+44%
– Payments of lease liabilities	-95	-84	+13%
Free cash flow	2,165	2,848	-24%
Free cash flow in percent of total revenue	31	45	-14pp
Free cash flow conversion rate	0.88	1.13	-0.25

Due to rounding, numbers may not add up precisely

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Appendix

Net debt



	Net Debt 12/31/2021	Operating Cash Flow	Capital Expen-diture	Lease Payments	Business Combi-nations	Treasury Shares	Other	Net Debt 3/31/2022
PY:	–6,503	+3,085	–153	–84	–927	+0	+1,924	–2,658

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

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Additional outlook information and Non-IFRS adjustments

The Company now expects a full-year 2022 effective tax rate (IFRS) of 28.0% to 32.0% (2021: 21.5%) and an effective tax rate (non-IFRS) of 23.0% to 27.0% (2021: 20.0%).

Non-IFRS adjustments	**Actual Amounts Q1/21**	**Actual Amounts Q1/22**	**Est. Amounts FY/22**
Acquisition-related charges	€149m	€164m	€580m to €680m
Share-based payment expenses	€472m	€471m	€2,500m to €2,800m
Restructuring charges	€157m	-€10m	€80m to €100m
Sum of all adjustments	**€778m**	**€624m**	**€3,160m to €3,580m**

Due to rounding, numbers may not add up precisely

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Expected currency impact 2022

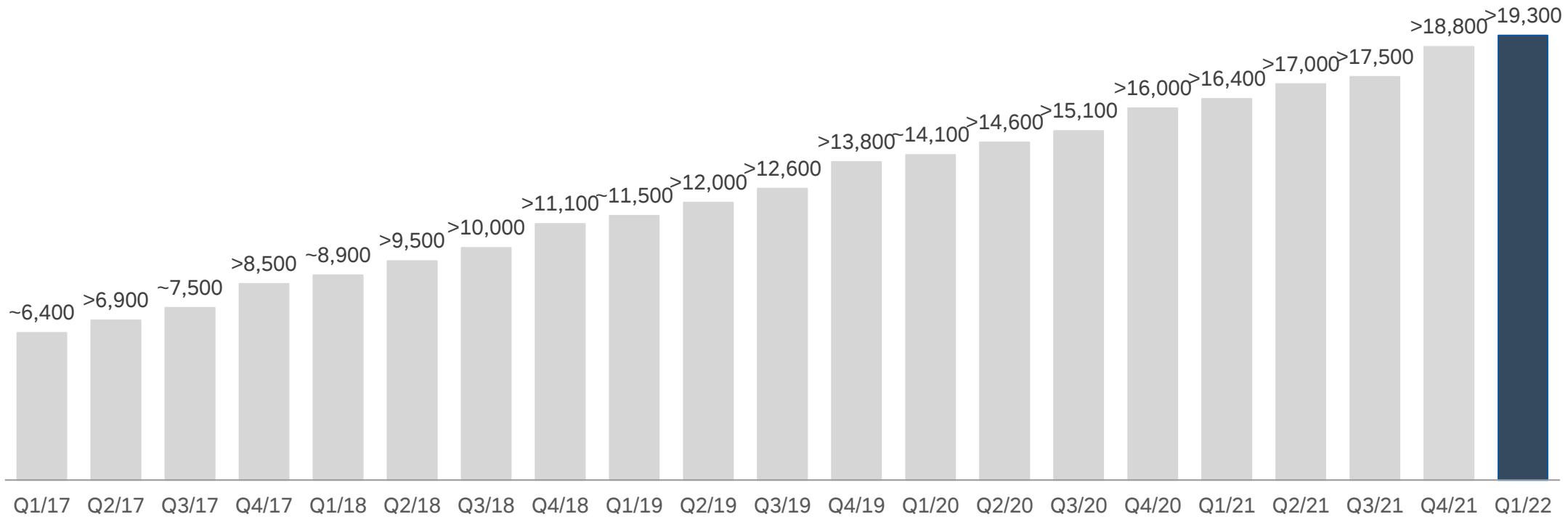
Expected Currency Impact Based on March 2022 Level for the Rest of the Year

in percentage points	Q2 2022	FY 2022
Cloud revenue growth	+7pp to +9pp	+5pp to +7pp
Cloud and software revenue growth	+4pp to +6pp	+3pp to +5pp
Operating profit growth (non-IFRS)	+4pp to +6pp	+3pp to +5pp

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Appendix

SAP S/4HANA customer count



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Appendix

Key cloud metrics: First quarter 2022

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

Cloud revenue	S/4HANA Cloud revenue[2]	Current cloud backlog[1]	S/4HANA Current cloud backlog[2]	Qualtrics Total segment revenue
+25%	**+71%**	**+23%**	**+79%**	**+48%**
€2,820m	€404m	€9,731m	€1,925m	€320m

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.

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