Fourth Quarter and Full-Year 2021 Results

Christian Klein, CEO

Luka Mucic, CFO

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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 2020 Annual Report on Form 20-F.

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Christian Klein

CEO

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Record Cloud Performance in Q4 2021

Continuing cloud acceleration across the board

Current Cloud Backlog

9,447

↗ +32%
(+26% @cc)

Cloud Revenue

2,611

↗ +28% (+24% @cc)

SaaS/PaaS excl. Intelligent Spend

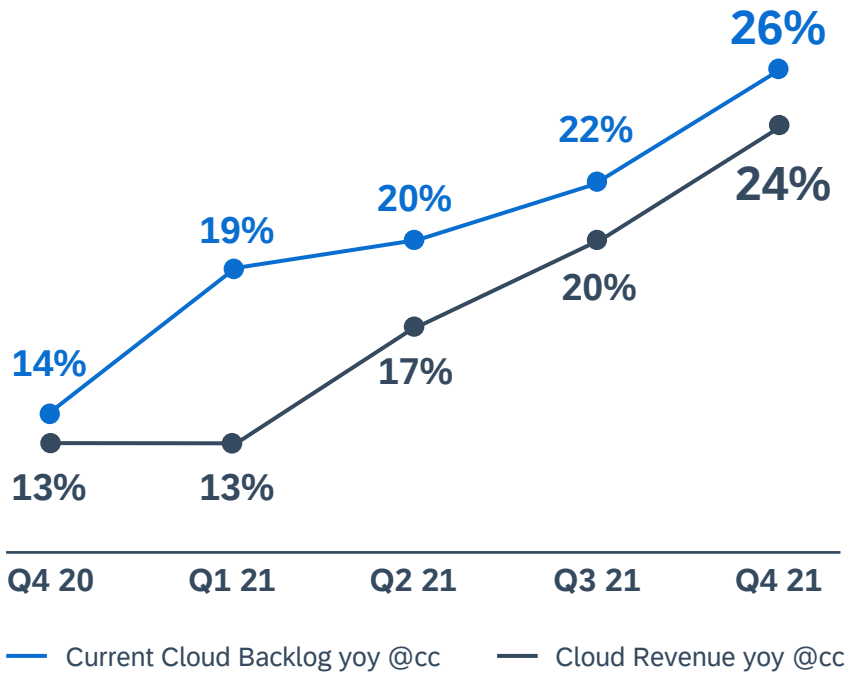
1,605

↗ +37% (+33% @cc)

S/4HANA Cloud Revenue

329

↗ +65% (+61% @cc)



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

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Solving our customers' largest challenges

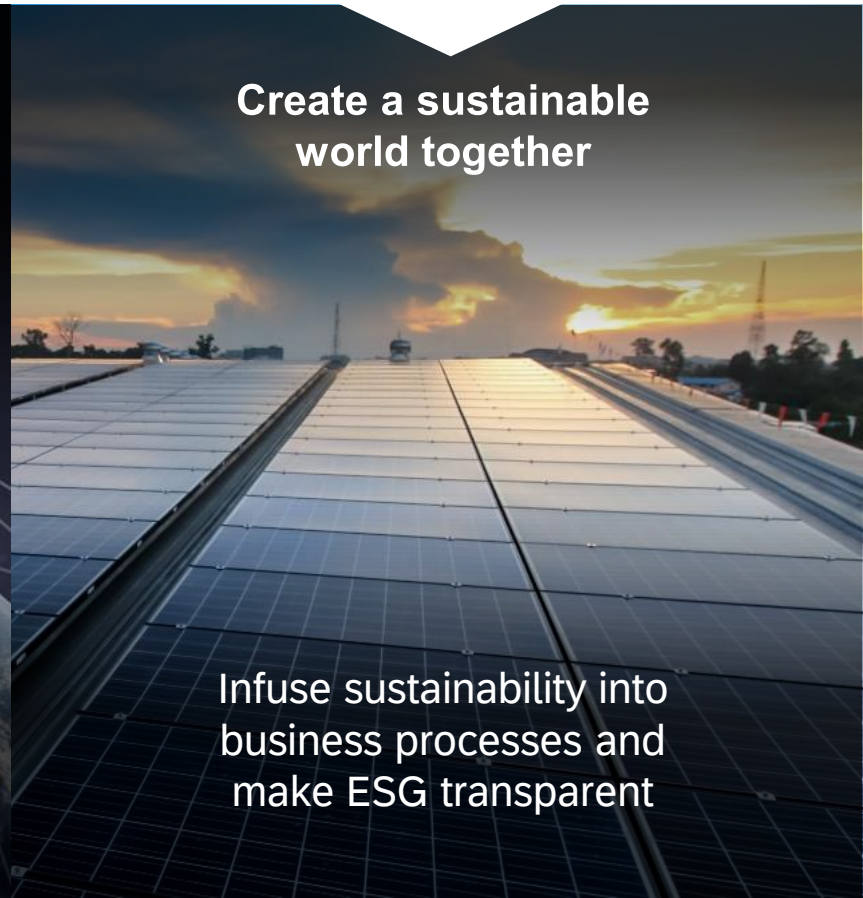
Business transformation



Supply chain resilience



Sustainability outcomes



RISE WITH SAP | Driving business innovation together



Starting point

1 Business process redesign

Continuous insight to optimize business processes

2 Cloud migration

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

3 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 Q4

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

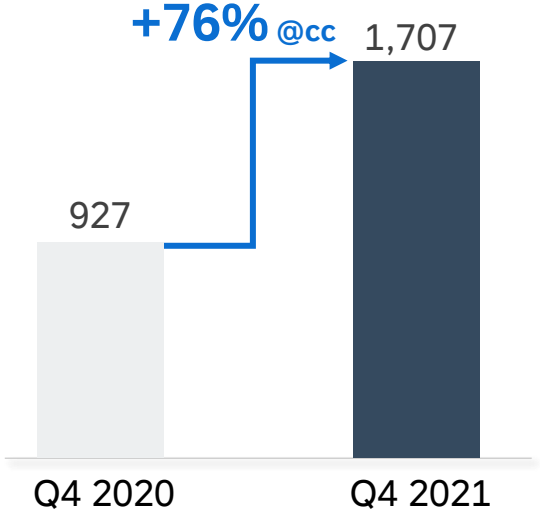
Revenue Run Rate

approaching

€ 7 bn

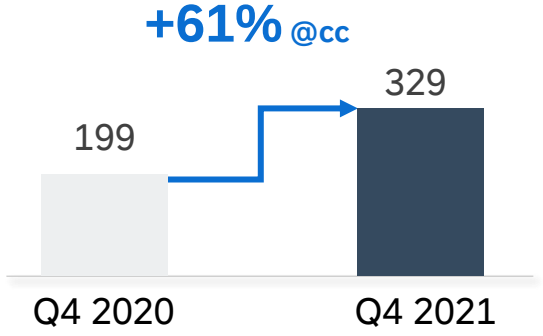
Current Cloud Backlog

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

Q4 competitive wins / go-lives

FRESENIUS, Henkel, AMER SPORTS, Adobe, enel, BMW, IBM, standard chartered, GOODYEAR, PRADA Group, Panasonic, CVSHealth, SIEMENS, Mahindra, Unilever, aws, MITSUBISHI MOTORS Drive your Ambition, NEOM, Schneider Electric, Allianz, HITACHI Inspire the Next Hitachi High-Tech, ZEISS, MIGROS, hp, PETRONAS, Syngenta Group, Chobani, COMCAST, pwc, BOSCH

Net New Customers
Q4

>3,000 ↗

Go-Lives
Q4

>19,000 ↗

SAP S/4HANA Customers
End of 2021

>18,800 ↗

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

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Complementing our portfolio

taulia®

Strengthening our portfolio
by acquiring the market leader in working capital management solutions

Icertis

Strengthening our ecosystem
by partnering with the market leader in Contract Lifecycle Management

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Sustainability at SAP

SAP has committed to achieve **net zero** along our value chain in line with a 1.5°C future in **2030 – 20 years earlier** than targeted.

- **Launch of SAP Cloud for Sustainable Enterprises**
- **Release of five actions for sustainable business**
- **Earned sustainability industry leadership**



Luka Mucic

CFO

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Record cloud performance in 2021

Tremendous growth of SAP S/4HANA Cloud driven by 'RISE with SAP'

Cloud revenue
@cc | € millions

9,592
↗ +19%
Outlook: €9.4bn – 9.6bn @cc

Cloud & software revenue
@cc | € millions

24,410
↗ +5%
Outlook: €23.8bn – 24.2bn @cc

Operating profit
€ millions

IFRS	Non-IFRS @cc
4,659	8,408
↘ -30%	↗ +1%

Outlook: €8.1bn – 8.3bn @cc

More predictable revenue
Percent

75%
↗ +3pp
Outlook: ~75%

FY Other Financial Highlights

Current cloud backlog € millions	SAP S/4HANA Current cloud backlog € millions	SAP S/4HANA Cloud revenue € millions	SaaS/PaaS revenue outside Intelligent Spend € millions	Cloud gross margin Percent
9,447	1,707	1,090	5,669	IFRS: 67.0 / Non-IFRS: 69.5
↗ +32% (+26% @cc)	↗ +84% (+76% @cc)	↗ +46% (+47% @cc)	↗ +25% (+27% @cc)	↗ +0.4pp / ↘ -0.2pp (-0.3pp @cc)

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Excellent cloud performance across all regions

AMERICAS

Cloud revenue
€ millions

↗ +10%
(+13% @cc)

Cloud & software revenue
€ millions

↗ +1%
(+4% @cc)

Brazil, Canada and Mexico were highlights, while the United States had a robust performance in cloud revenue.

EMEA

Cloud revenue
€ millions

↗ +27%
(+27% @cc)

Cloud & software revenue
€ millions

↗ +5%
(+5% @cc)

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

APJ

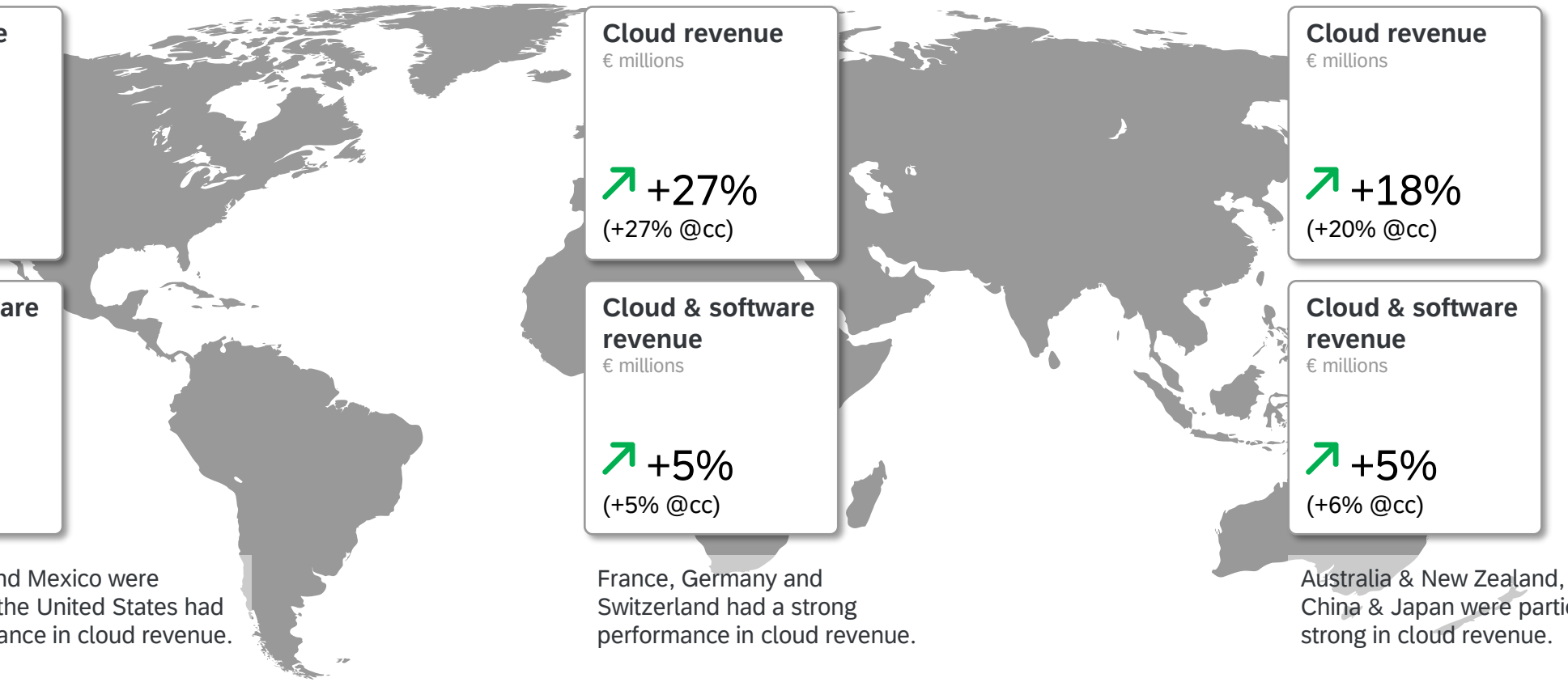
Cloud revenue
€ millions

↗ +18%
(+20% @cc)

Cloud & software revenue
€ millions

↗ +5%
(+6% @cc)

Australia & New Zealand, China & Japan were particularly strong 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

Non-IFRS at constant currencies as reported	FY/20	Q1/21	Q2/21	Q3/21	Q4/21	FY/21
Cloud	69.6	69.5	69.9	69.3	69.0	69.4
SaaS/PaaS – Intelligent Spend Group	78.9	79.1	80.1	79.9	80.1	79.5
SaaS/PaaS – Other	70.7	70.7	70.3	69.7	69.6	70.2
IaaS	33.8	32.8	35.9	35.3	30.2	33.5
Software licenses and support	87.7	86.5	87.6	88.1	88.7	87.8
Cloud and software	81.4	79.7	80.5	80.5	81.4	80.6
Services	26.8	28.8	29.6	31.2	31.6	30.3
Total gross margin	73.3	72.4	73.5	73.8	75.2	73.8

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Tax rate, EPS & Cash flow

Effective tax rate

Full year | percent

IFRS	Non-IFRS
21.4	19.9
↘ -5.4pp	↘ -6.5pp
Outlook: 21.0 – 22.0	20.0 – 21.0

Decrease mainly resulted from changes in tax exempt income and a one-time change of taxable temporary differences associated with investments in subsidiaries.

Earnings per share

Full year | €

IFRS	Non-IFRS
4.46	6.74
↗ +3%	↗ +25%

Supported by a strong contribution from Sapphire Ventures throughout the entire year and a reduced tax rate.

Cash flow

Full year | € billions

Operating CF	Free CF
6.21	5.01
↘ -14%	↘ -17%
Outlook: approx. €6.0bn	above €4.5bn

Another year of strong cash flow. Operating cash flow was €6.2 billion, slightly above outlook. Free cash flow came in at €5.0 billion, exceeding the outlook of above €4.5 billion.

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Business outlook 2022

Expecting cloud growth continue to accelerate

2022 Outlook

Cloud revenue
@cc | € billions
11.55 – 11.85
↗ +23% to 26%
2021: €9.42bn

Cloud & software revenue
@cc | € billions
25.0 – 25.5
↗ +4 to 6%
2021: €24.08bn

Operating profit
Non-IFRS @cc | € billions
7.8 – 8.25
→ flat to -5%
2021: €8.23bn

More predictable revenue
Percent
~78
↗ +3pp
2021: 75

Free cash flow
€ billions
above 4.5
2021: €5.01bn

Effective tax rate
Percent
IFRS
25.0 – 28.0
2021: 21.4%
Non-IFRS
22.0 – 25.0
2021: 19.9%

2022 Non-Financial Outlook

Employee engagement
Percent
84 – 86
↗ +1pp to 3pp
2021: 83

Customer Net Promoter Score
Points
11 – 15
2021: 10

Carbon emissions
Kilotons
70
↘ -40 kt
2021: 110

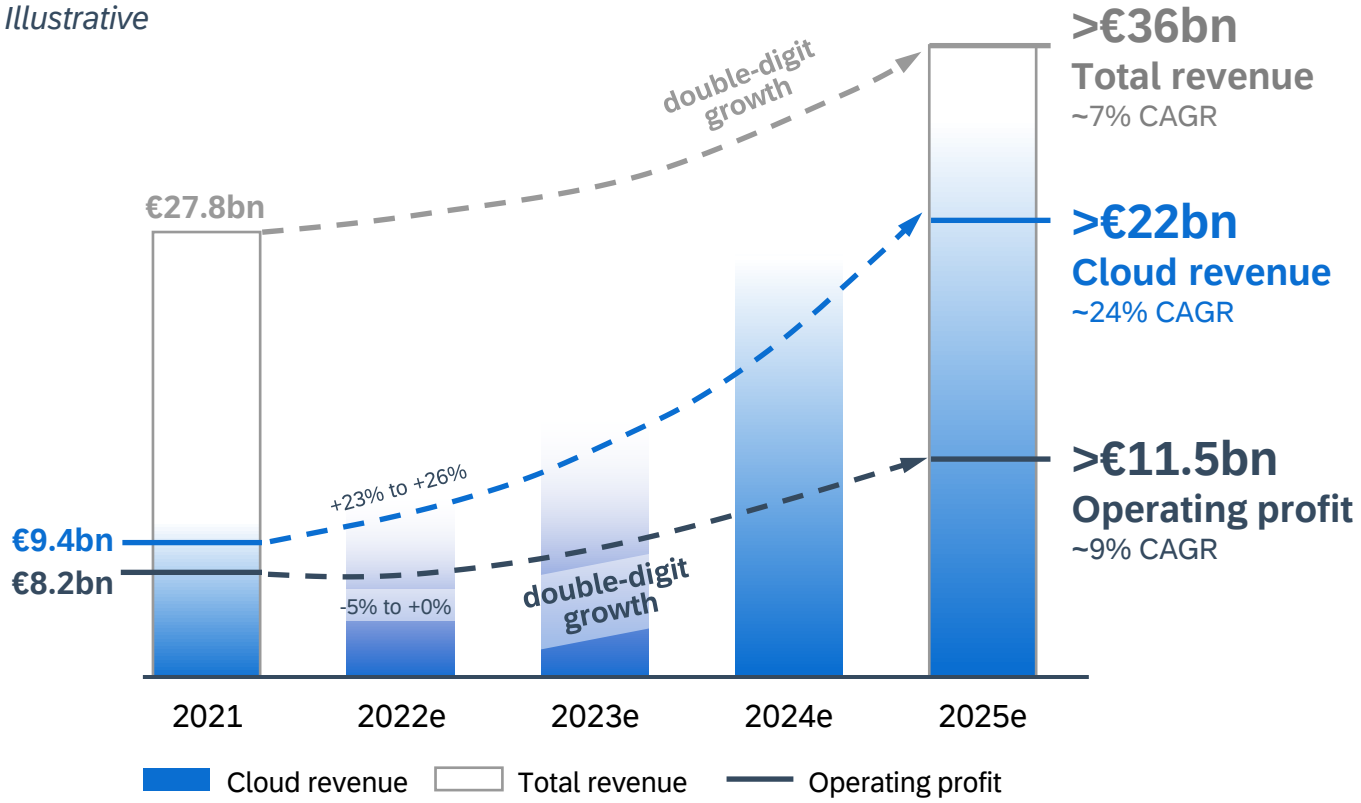
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Ambition 2025

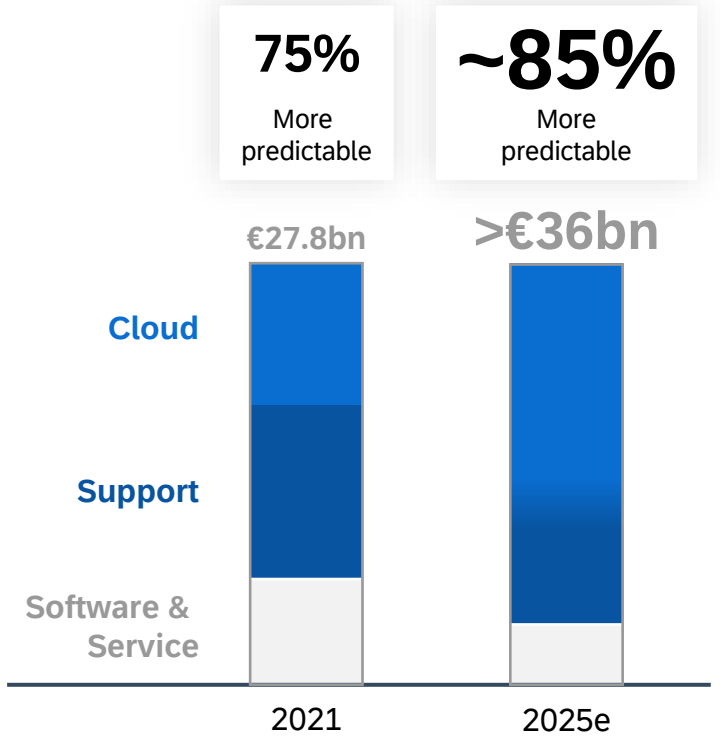
Accelerated growth through 2025

Revenue and operating profit

Illustrative



Illustrative



Note: Growth rates are CAGRs 2021-2025; figures based on non-IFRS

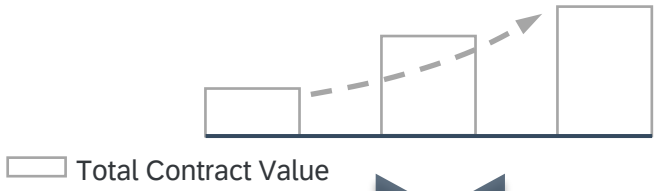
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Ambition 2025

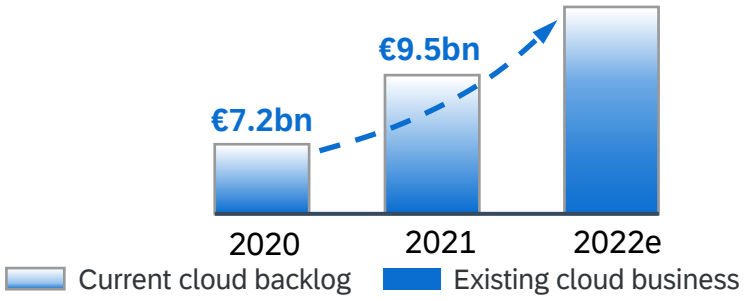
Strong order entry paves way towards operating profit expansion

Strong growth of cloud order entry

- ✓ Tailwind from increasing demand for SAP's portfolio
- ✓ Increasing contract durations
- ✓ Multi-year contract ramp-ups



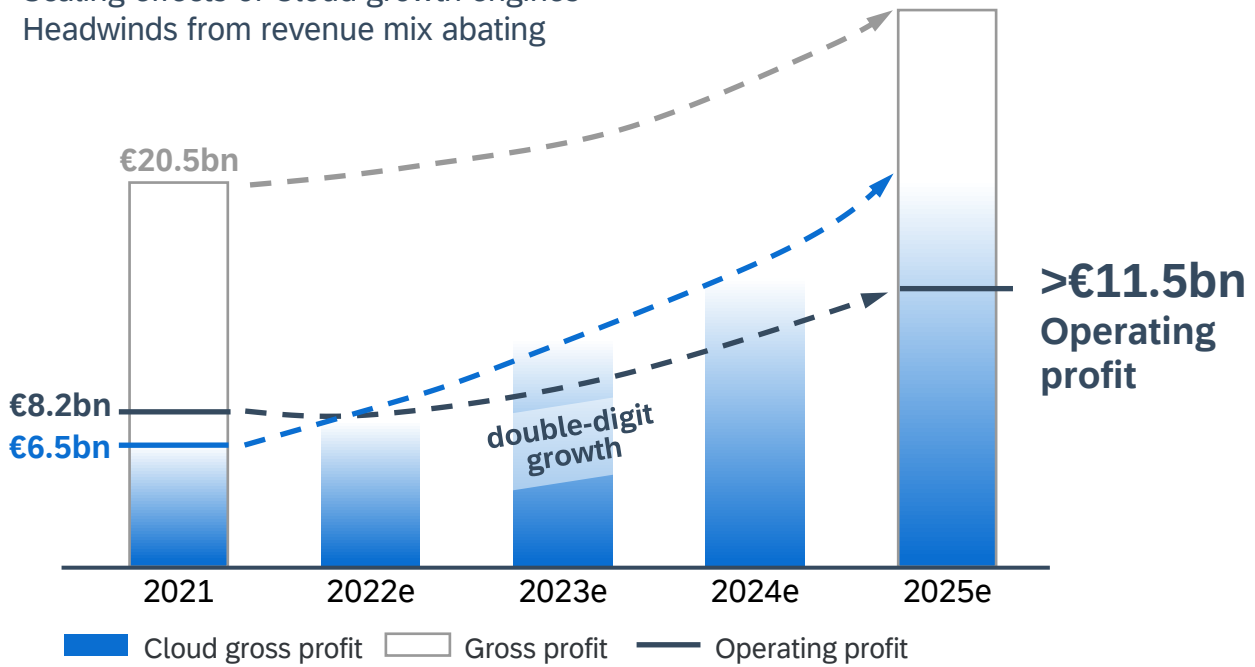
Higher share of existing contracts in CCB



Approaching 2023 operating profit growth inflection

Illustrative

- Completion of next-generation cloud delivery program
- Increasing share of renewals
- Scaling effects of Cloud growth engines
- Headwinds from revenue mix abating



Note: Figures based on non-IFRS; Total contract value, current cloud backlog, gross and operating profit illustrative

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Q&A

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Appendix

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Appendix

Financial highlights Q4/2021

Cloud revenue
€ millions

2,611

↗ +28% (+24 @cc)

Cloud & software revenue
€ millions

6,990

↗ +6% (+3 @cc)

Total revenue
€ millions

7,981

↗ +6% (+3 @cc)

Operating profit
€ millions

IFRS	Non-IFRS
1,466	2,468
↘ -45%	↘ -11% (-12% @cc)

Other Financial Highlights

SAP S/4HANA Cloud revenue
€ millions

329

↗ +65% (+61% @cc)

More predictable revenue
Percent

69

↗ +5 pp

Earnings per share
€

IFRS	Non-IFRS
1.24	1.86
↘ -23%	↗ +10%

Operating margin
Percent

IFRS	Non-IFRS
18.4	30.9
↘ -16.9 Pp	↘ -5.4 pp @cc

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Income statement: Fourth quarter 2021

	IFRS			Non-IFRS			
€ millions, unless otherwise stated	Q4/21	Q4/20	Δ %	Q4/21	Q4/20	Δ %	Δ % at cc
Cloud	2,611	2,041	28	2,611	2,044	28	24
Software licenses	1,458	1,703	-14	1,458	1,703	-14	-17
Software support	2,920	2,835	3	2,920	2,835	3	1
Software licenses and support	4,379	4,538	-4	4,379	4,538	-4	-6
Cloud and software	6,990	6,579	6	6,990	6,582	6	3
Services	991	960	3	991	960	3	0
Total revenue	**7,981**	7,538	6	**7,981**	7,541	6	3
Total operating expenses	-6,515	-4,882	33	-5,513	-4,769	16	12
Operating profit (loss)	**1,466**	2,657	-45	**2,468**	2,772	-11	-12
Financial income, net	523	107	>100	523	107	>100	
Profit (loss) before tax	**1,960**	2,706	-28	**2,962**	2,822	5	
Income tax expense	-513	-772	-34	-682	-795	-14	
Profit (loss) after tax	**1,447**	1,934	-25	**2,280**	2,026	13	
Operating margin (in %)	18.4	35.2	-16.9pp	30.9	36.8	-5.8pp	-5.4pp
Earnings per share, basic (in €)	1.24	1.62	-23	1.86	1.70	10	

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Income statement: Full year 2021

	IFRS			Non-IFRS			
€ millions, unless otherwise stated	FY/21	FY/20	Δ %	FY/21	FY/20	Δ %	Δ % at cc
Cloud	9,418	8,080	17	9,418	8,085	16	19
Software licenses	3,248	3,642	-11	3,248	3,642	-11	-11
Software support	11,412	11,506	-1	11,412	11,506	-1	1
Software licenses and support	14,660	15,148	-3	14,660	15,148	-3	-2
Cloud and software	24,078	23,228	4	24,078	23,233	4	5
Services	3,764	4,110	-8	3,764	4,110	-8	-7
Total revenue	**27,842**	27,338	2	**27,842**	27,343	2	3
Total operating expenses	-23,183	-20,715	12	-19,612	-19,056	3	4
Operating profit (loss)	**4,659**	6,623	-30	**8,230**	8,287	-1	1
Financial income, net	2,174	776	>100	2,174	776	>100	
Profit (loss) before tax	**6,850**	7,220	-5	**10,421**	8,884	17	
Income tax expense	-1,467	-1,938	-24	-2,078	-2,350	-12	
Profit (loss) after tax	**5,383**	5,283	2	**8,343**	6,534	28	
Operating margin (in %)	16.7	24.2	-7.5pp	29.6	30.3	-0.7pp	-0.5pp
Earnings per share, basic (in €)	4.46	4.35	3	6.74	5.41	25	

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Gross margin development

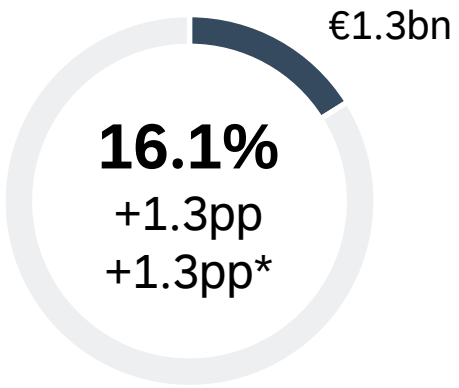
Non-IFRS, in percent as reported	FY/19	Q1/20	Q2/20	Q3/20	Q4/20	FY/20	Q1/21	Q2/21	Q3/21	Q4/21	FY/21
Cloud	68.2	69.3	69.5	69.7	70.3	69.7	69.5	70.0	69.4	69.0	69.5
SaaS/PaaS – Intelligent Spend Group	78.1	78.8	79.9	78.3	79.1	78.9	78.7	80.0	80.0	80.2	79.5
SaaS/PaaS – Other	68.5	70.2	69.5	71.4	71.4	70.7	71.0	70.5	69.8	69.6	70.2
IaaS	28.9	31.0	36.0	33.4	36.8	34.3	33.1	36.8	35.3	29.1	33.6
Software Licenses & Support	87.4	85.7	87.4	87.6	88.5	87.4	86.3	87.3	87.8	88.5	87.6
Cloud & Software	81.6	79.6	81.0	81.2	82.8	81.2	79.7	80.5	80.4	81.2	80.5
Services	25.0	22.8	26.3	31.5	28.0	27.0	28.5	29.2	31.0	31.6	30.1
Total Gross Margin	72.3	69.8	72.6	73.7	75.8	73.1	72.3	73.4	73.6	75.1	73.7

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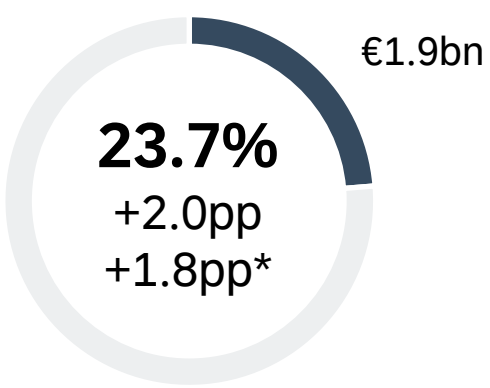
Cost ratios: Fourth quarter 2021

€8.0bn Total revenue

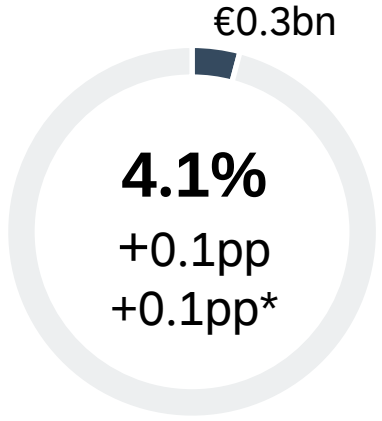
R&D
as % of total revenue



S&M
as % of total revenue



G&A
as % of total revenue



All numbers are Non-IFRS unless otherwise stated.

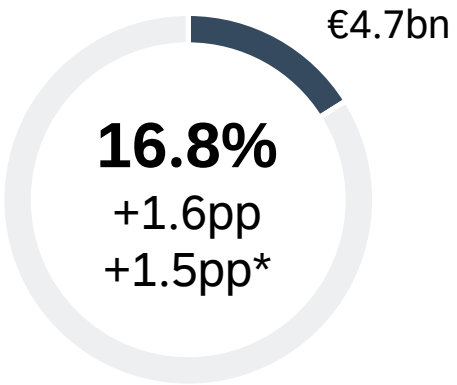
*Non-IFRS at constant currencies

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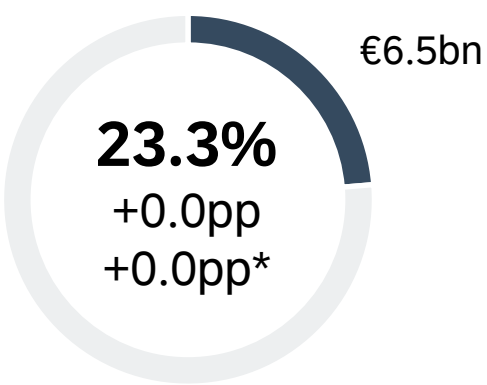
Cost ratios: Full year 2021

€27.8bn Total revenue

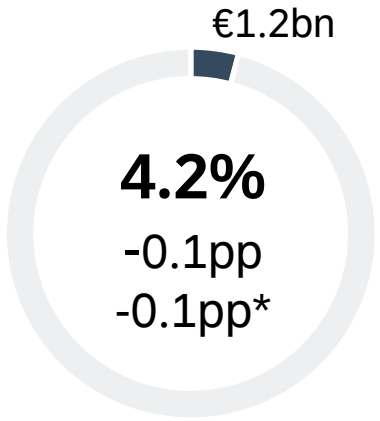
R&D
as % of total revenue



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: December 30, 2021 – IFRS

Assets

€ millions	12/31/21	12/31/20
Cash, cash equivalents and other financial assets	11,656	6,946
Trade and other receivables	6,357	6,593
Other current assets	2,028	1,530
Total current assets	**20,040**	15,069
Goodwill	31,103	27,538
Intangible assets	3,966	3,784
Property, plant, and equipment	4,975	5,041
Other non-current assets	11,088	7,032
Total non-current assets	**51,132**	43,395
Total assets	**71,173**	58,464

Equity and liabilities

€ millions	12/31/21	12/31/20
Trade and other payables	1,545	1,367
Provisions	89	73
Other liabilities	10,026	7,404
Contract liabilities, current	4,390	3,996
Total current liabilities	**16,050**	12,842
Financial liabilities	11,042	13,605
Provisions	355	362
Contract liabilities, non-current	13	36
Other non-current liabilities	2,089	1,693
Total non-current liabilities	13,499	15,696
Total liabilities	**29,549**	28,537
Total equity	**41,623**	29,927
Total equity and liabilities	**71,173**	58,464

Due to rounding, numbers may not add up precisely

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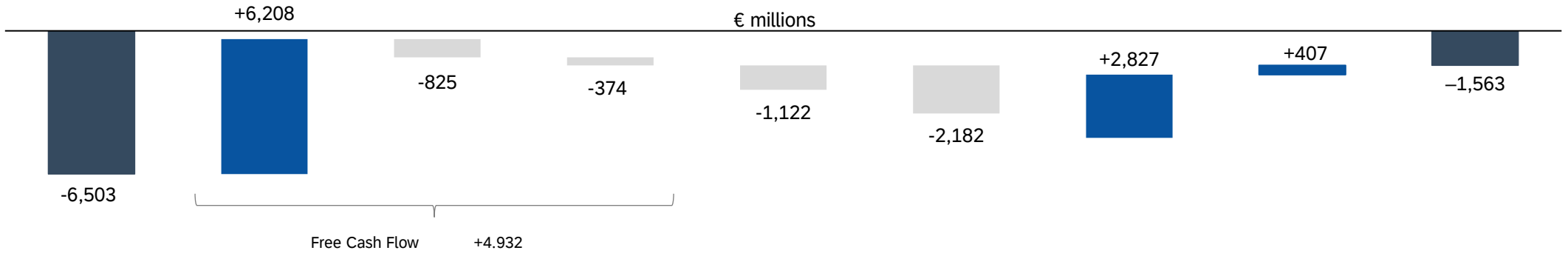
Cash flow development

€ millions, unless otherwise stated	FY/21	FY/20	Δ
Operating cash flow	6,208	7,194	-14%
– Capital expenditure	-825	-816	-1%
-– Payments of lease liabilities	-374	-378	+1%
Free cash flow	5,009	6,000	-18%
Free cash flow in percent of total revenue	18	22	-4pp
Free cash flow conversion rate	0.93	1.14	-0.21

Due to rounding, numbers may not add up precisely

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Net debt



	Net Debt 12/31/2020	Operating Cash Flow	Capital Expen-diture	Lease Payments	Business Combi-nations	Dividends	Proceeds from IPO	Other	Net Debt 12/31/2021
PY:	–8.286	+7.194	–816	–378	–659	–1.864	0	–1.694	–6.503

Net Liquidity = 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 as well as treasury shares, proceeds from sales of non-current assets, and effects of foreign currency rates on cash and cash equivalents
For more information see our 2020 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 25.0% to 28.0% (2021: 21.4%) to 28.5%) and an effective tax rate (non-IFRS) of 22.0% to 25.0% (2021: 19.9%).

Non-IFRS adjustments	**Actual Amounts FY/20**	**Actual Amounts FY/21**	**Est. Amounts FY/22**
Revenue adjustments	€5m	€0m	NA
Acquisition-related charges	€577m	€623m	€570m to €670m
Share-based payment expenses	€1,084m	€2,791m	€3,000m to €3,300m
Restructuring charges	€-3m	€157m	€20m to €40m
Sum of all adjustments	**€1,664m**	**€3,571m**	**€3,590m to €4,010m**

Due to rounding, numbers may not add up precisely

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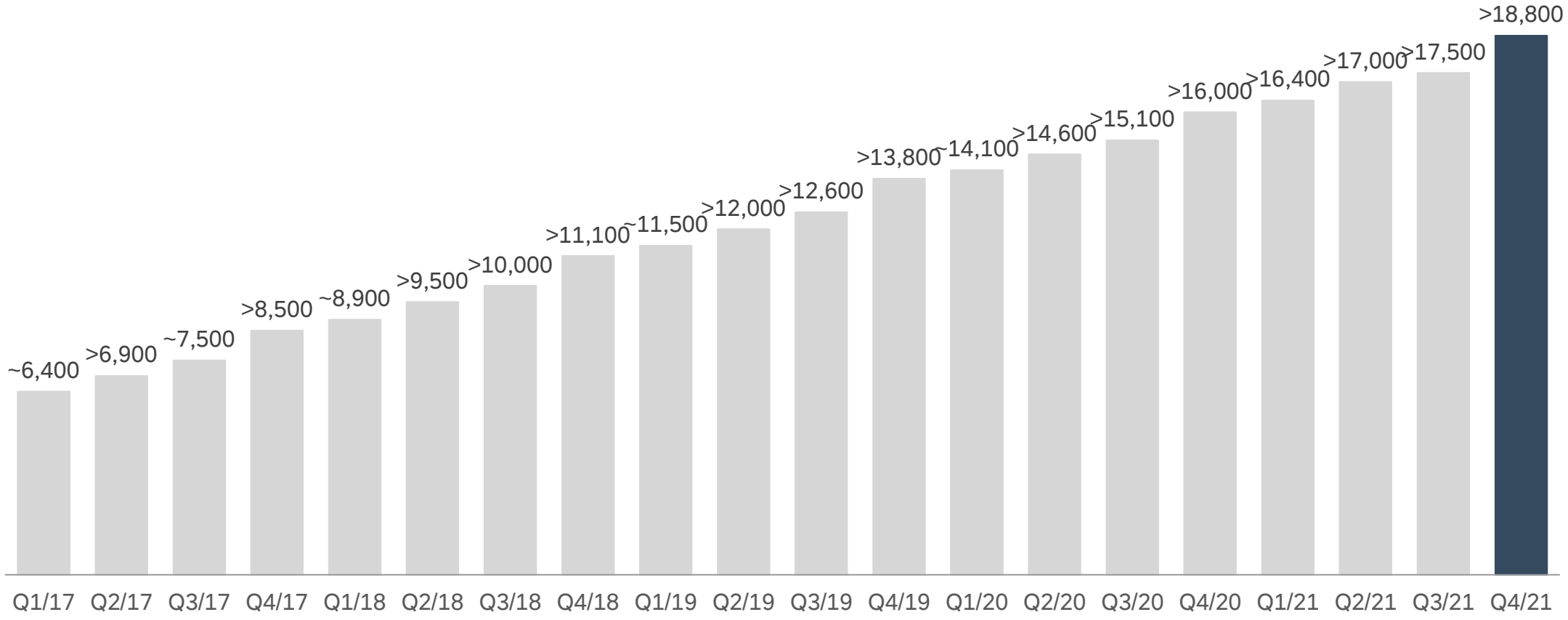
Expected currency impact 2021

Expected Currency Impact Based on December 2021 Level for the Rest of the Year

in percentage points	Q1 2022	FY 2022
Cloud revenue growth	+3pp to +5pp	+2pp to +4pp
Cloud and software revenue growth	+2pp to +4pp	+1pp to +3pp
Operating profit growth (non-IFRS)	+1pp to +3pp	+1pp to +3pp

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SAP S/4HANA customer count



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Appendix

Key cloud metrics: Fourth quarter 2021

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

Cloud revenue	Current cloud backlog[1]	S/4HANA Current cloud backlog[2]	S/4HANA Cloud revenue[2]	Qualtrics Total segment revenue
+24%	+26%	+76%	+61%	+49%
€2,611m	€9,447m	€1,707m	€329m	€284m

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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