



# Creditor Relations Tagung 2019

## Digitalisierung und Transformation des Finanzbereiches

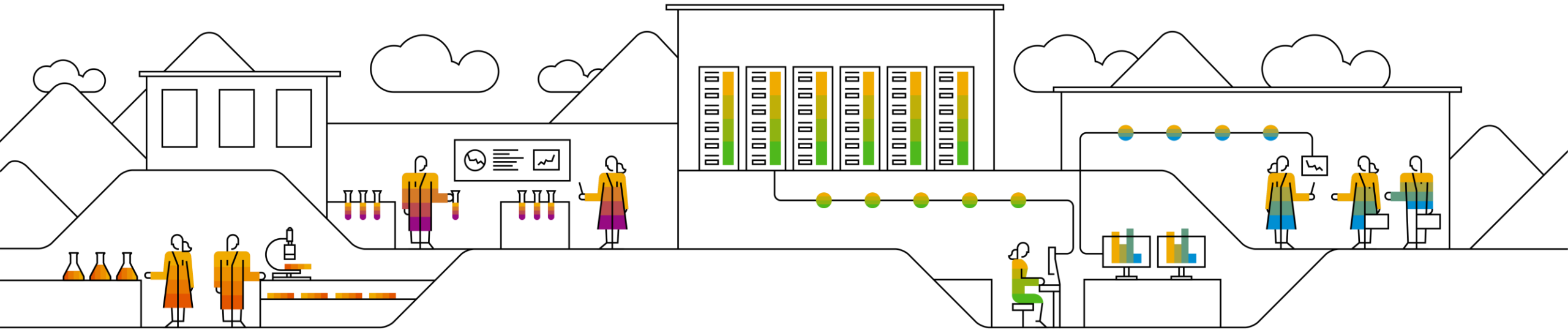
Steffen Diel  
Senior Vice President, Head of Global Treasury  
SAP SE

Frankfurt/Main, 17. Januar 2019

# 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.

# Introduction to SAP



# SAP Key Figures

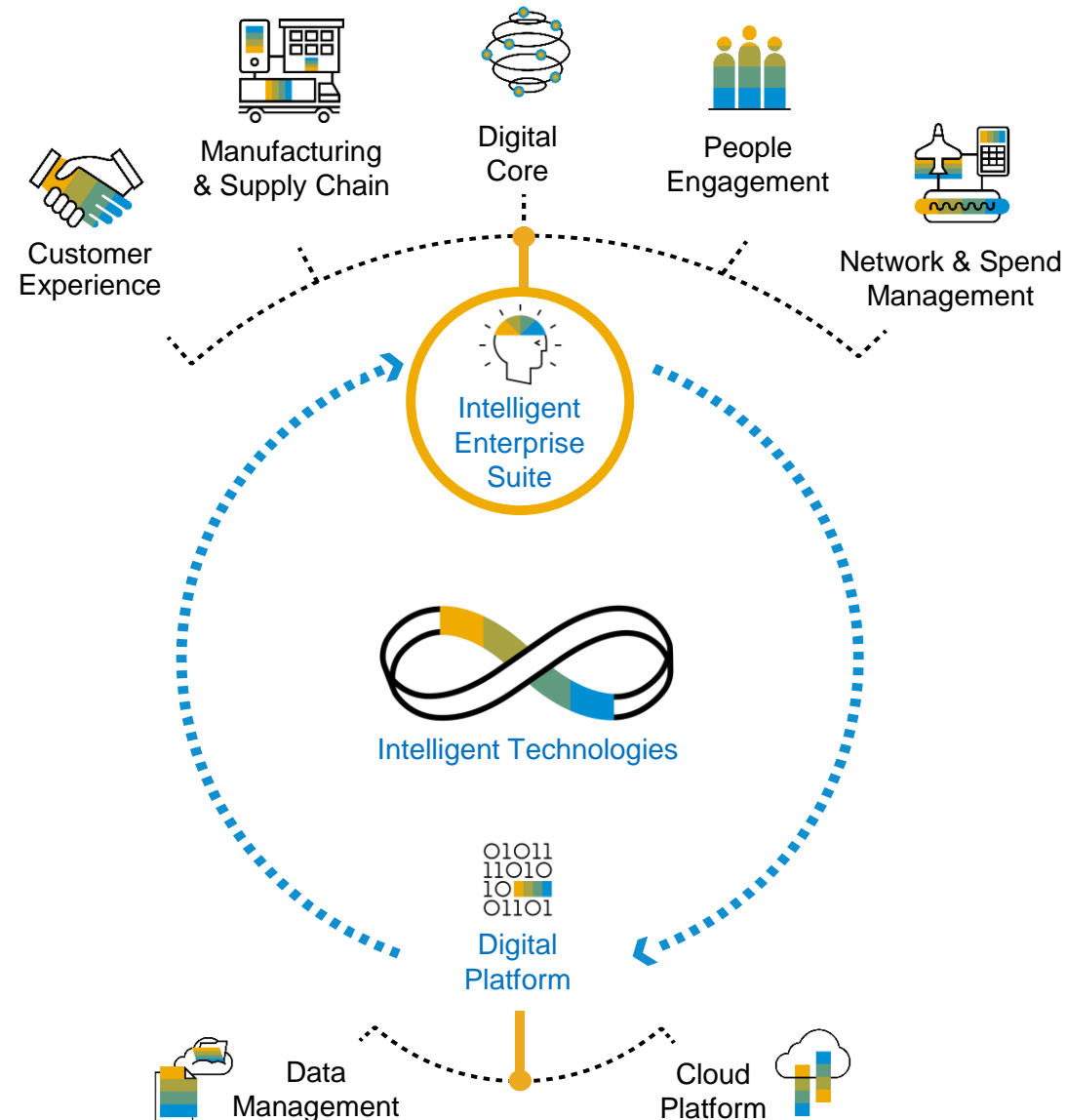


## SAP overview

- Market leader in enterprise application software
- Leading analytics and business intelligence company
- Most sustainable software company in the Dow Jones Sustainability Index for 2017
- > **413,000** customers in > **180** countries
- **25+** industries
- > **94,000** employees
- Total Revenue 2017: **EUR 23.5bn**
- Operating Cash Flow 2017: **EUR 5bn**
- Group Liquidity by September 30, 2018: **EUR 4.7bn**
- Group Financial Debt by September 30, 2018: **EUR 7.5bn**
- Globally, **77%** of all transaction revenue touches an SAP system

# SAP Strategy: Deliver the Intelligent Enterprise

THE INTELLIGENT  
ENTERPRISE features  
3 KEY COMPONENTS:

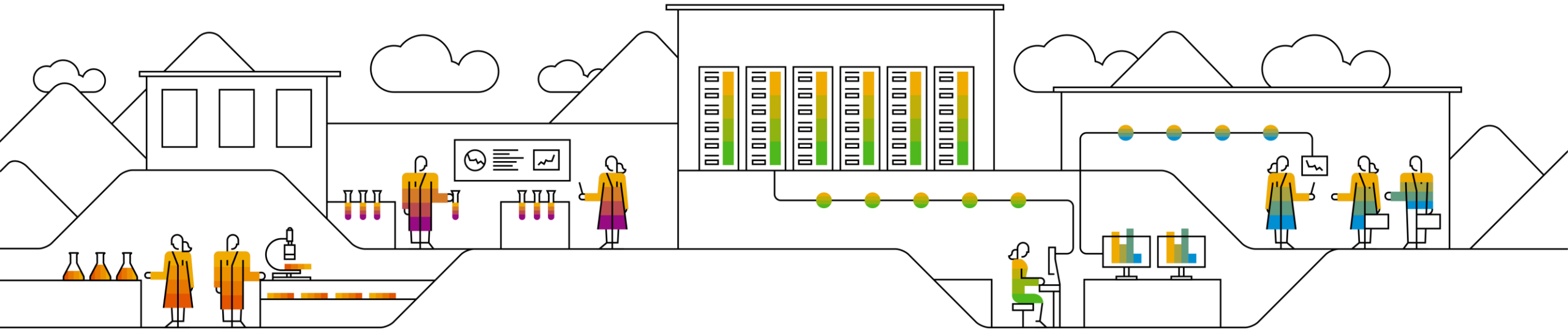


1 Intelligent Enterprise Suite

2 Digital Platform

3 Intelligent Technologies

# Overview **Global Treasury & Finance Transformation** at SAP





# Global Treasury – Overview



## Global Cash Management

- Bank account opening and closing, automated bank account statements
- Daily cash disposition, short-term liquidity planning, cash centralization
- Worldwide bank connectivity, bank account administration, cash centralization



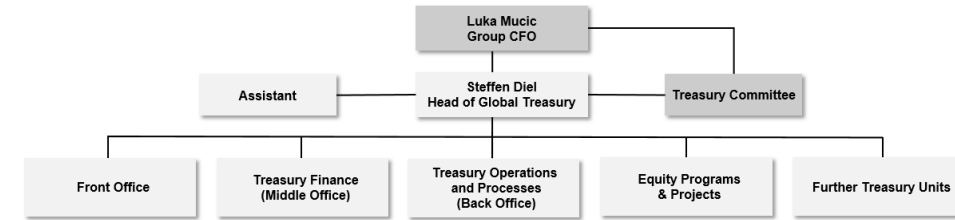
## Dealing & Asset Management

- Dealing (FX, Money Market, Securities, Equity Derivatives)
- Investment strategy with current focus to avoid substantial negative yield



## Subsidiary Support

- Liquidity & Working Capital Management
- Bank account and payment services
- Local financial business support (e.g. bank guarantees)
- I/Co financing (foundations, capital increases, loans)
- I/Co dividend payments



## External Funding

- Acquisition financing & debt capital market strategy
- Credit rating
- Bank relationship management
- Debt Investor Relations (together with Investor Relations)



## Financial Risk Management

- Liquidity risk management (3-Pillar Financing Strategy, long-term liquidity planning)
- FX risk management
- Interest rate risk management
- Counterparty risk management

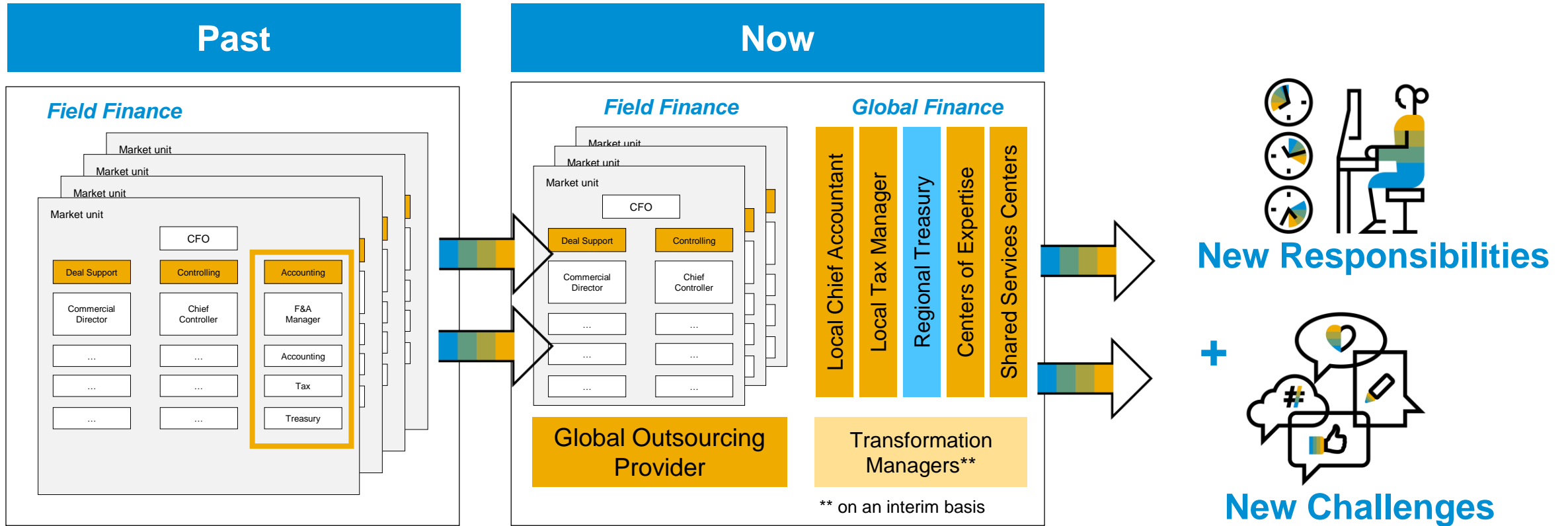


## Other value-enhancing tasks

- Long-term liquidity planning
- Design of share-based compensation programs
- **Co-Innovation with Treasury Development**
- **Sales support: “SAP Treasury runs SAP” showcases**
- Deal-related support on FX structuring, guarantees, deal financing
- Thought Leadership (e.g. participation in working groups)
- Cross-departmental projects, e.g. with Global Tax
- **Development of Finance talents / Future of Work**

# Finance Transformation at SAP

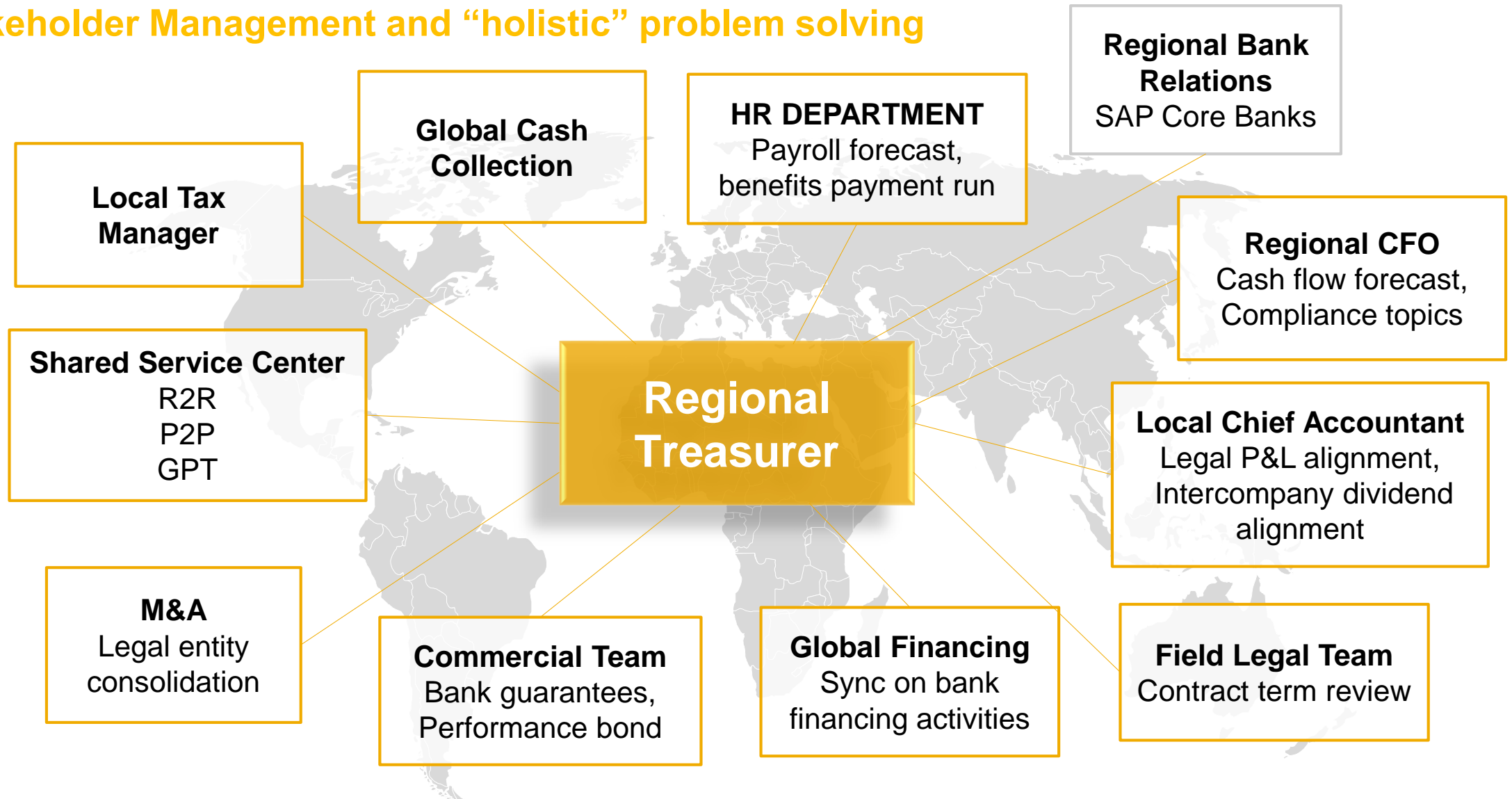
From country and entity orientation to functional focus



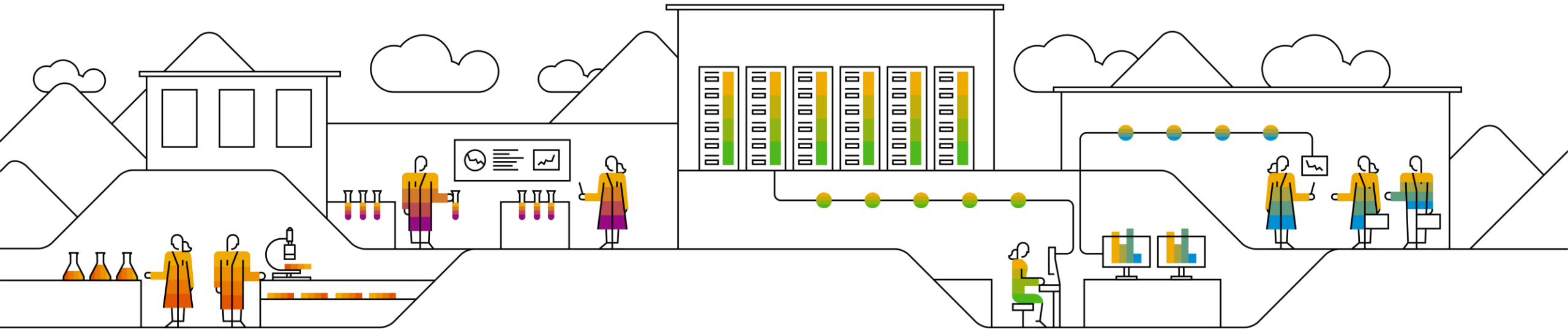


# Regional Treasury Team

## Stakeholder Management and “holistic” problem solving



# Digitization of SAP Finance



# The digital transformation is forcing SAP to adapt internal processes & systems

## Digital trends driving the transformation of SAP's business model



Cloud Computing



Big Data & Analytics



Internet of Things



Machine Learning



Augmented Reality



Blockchain



Social



Mobile

## SAP needs to change business processes and adapt enterprise architecture

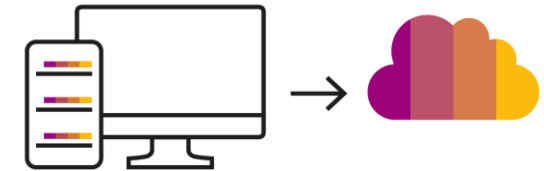


Growing number of different business models: on-premise, cloud, business network and new customer services



Big Data & Analytics

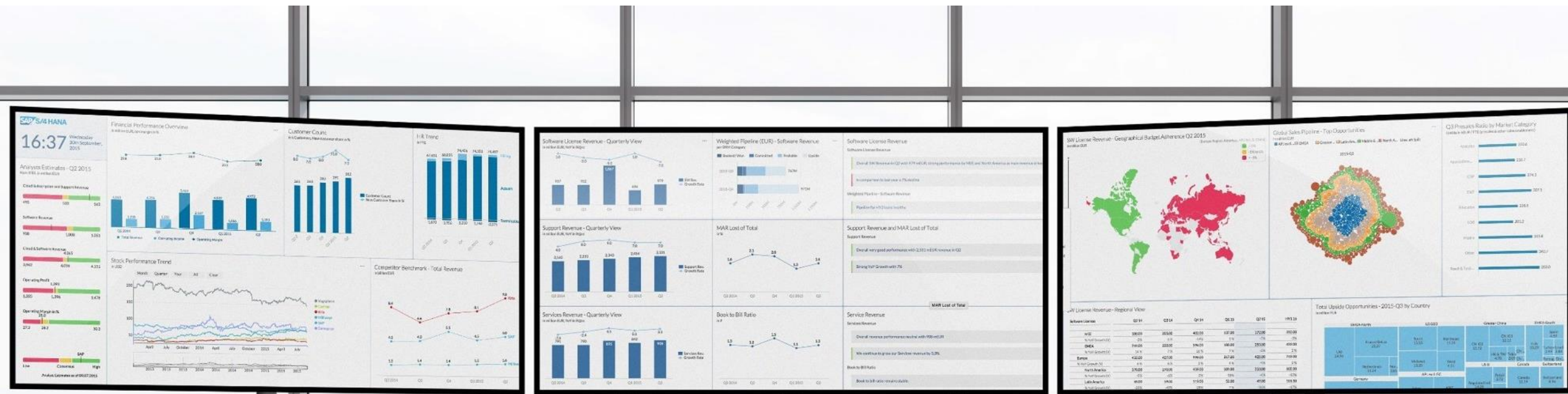
From manual reporting to processing big data real-time and turn insight into action



From human high-touch to automated, integrated & intelligent system landscape with a modern user interface

# SAP Digital Boardroom

- Real-time insight into operating development of the company based on extremely fast data access via in-memory database and S/4HANA technology
- Visualization of internal and external content in SAP Analytics Cloud
- Embedded value driver tree provides scenario analyses and simulation “on the fly”
- The Digital Boardroom collects and analyzes data from different internal and external sources (HR, Finance, Sales, Financial Market Data, Financial News)
- In-built predictive analytics capabilities



# SAP Corporate Steering - Value Driver Tree

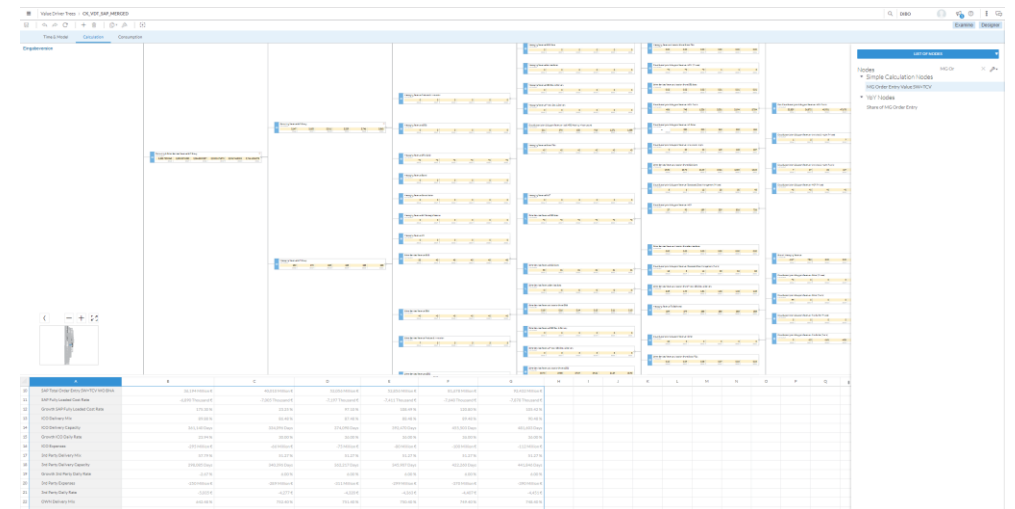
## (Executive) Consumption via Digital Boardroom

- Focus on impact of key steering parameters for respective executive session (~25 nodes)
- Represents corresponding value flow along SAP's value chain
- Enablement of fast decision-making process
- Delivery of results of “what if”-scenarios at a fingertip on any key parameter

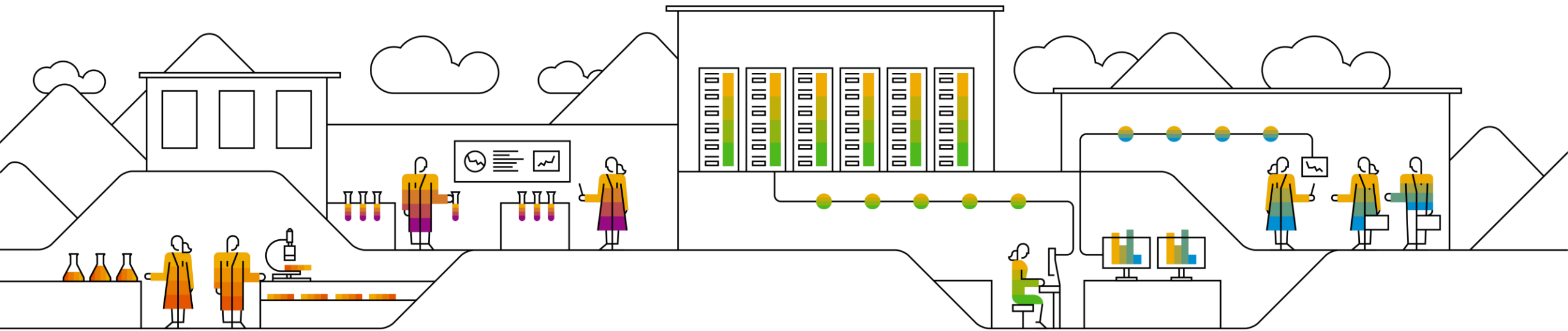


## Build and Work via SAP Analytics Cloud (SAC)

- Provision of one holistic, fully integrated model across functions, line of business, service model, solution portfolio, and board area
- Detailed root-cause analysis
- Basis for further functional enhancements, most relevant: predictive and machine learning capabilities



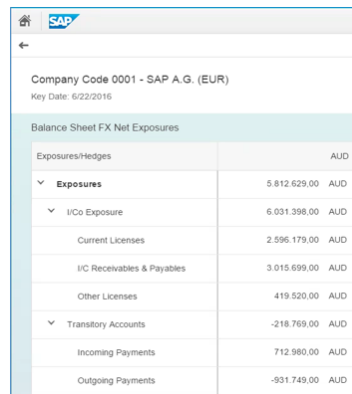
# Inspiring technology and the changing role of the Treasurer





# Top technology trends for Treasury

## Process Automation



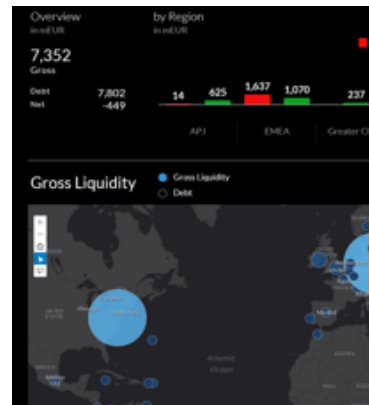
Company Code 0001 - SAP A.G. (EUR)  
Key Date: 6/22/2016

Balance Sheet FX Net Exposures

Exposures/Hedges		AUD
Exposures	5,812,629.00	AUD
I/Co Exposure	6,031,398.00	AUD
Current Licenses	2,596,179.00	AUD
I/C Receivables & Payables	3,015,699.00	AUD
Other Licenses	419,520.00	AUD
Transitory Accounts	-218,769.00	AUD
Incoming Payments	712,980.00	AUD
Outgoing Payments	-931,749.00	AUD

Free up time to cope with complexity by accelerating automation for various Treasury processes, such as FX risk management

## Business Insight



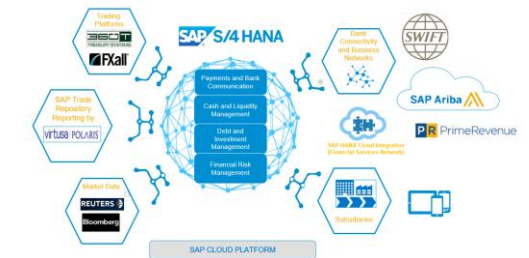
Real-time data combined with on-the-fly analyses and simulations allow Treasurers to make faster and better decisions, e.g. dashboard solutions

## New Business Models



Business models change quickly or even emerge all of a sudden with a disruptive power – Treasury has to be close to those new business models in order to assess financial implications

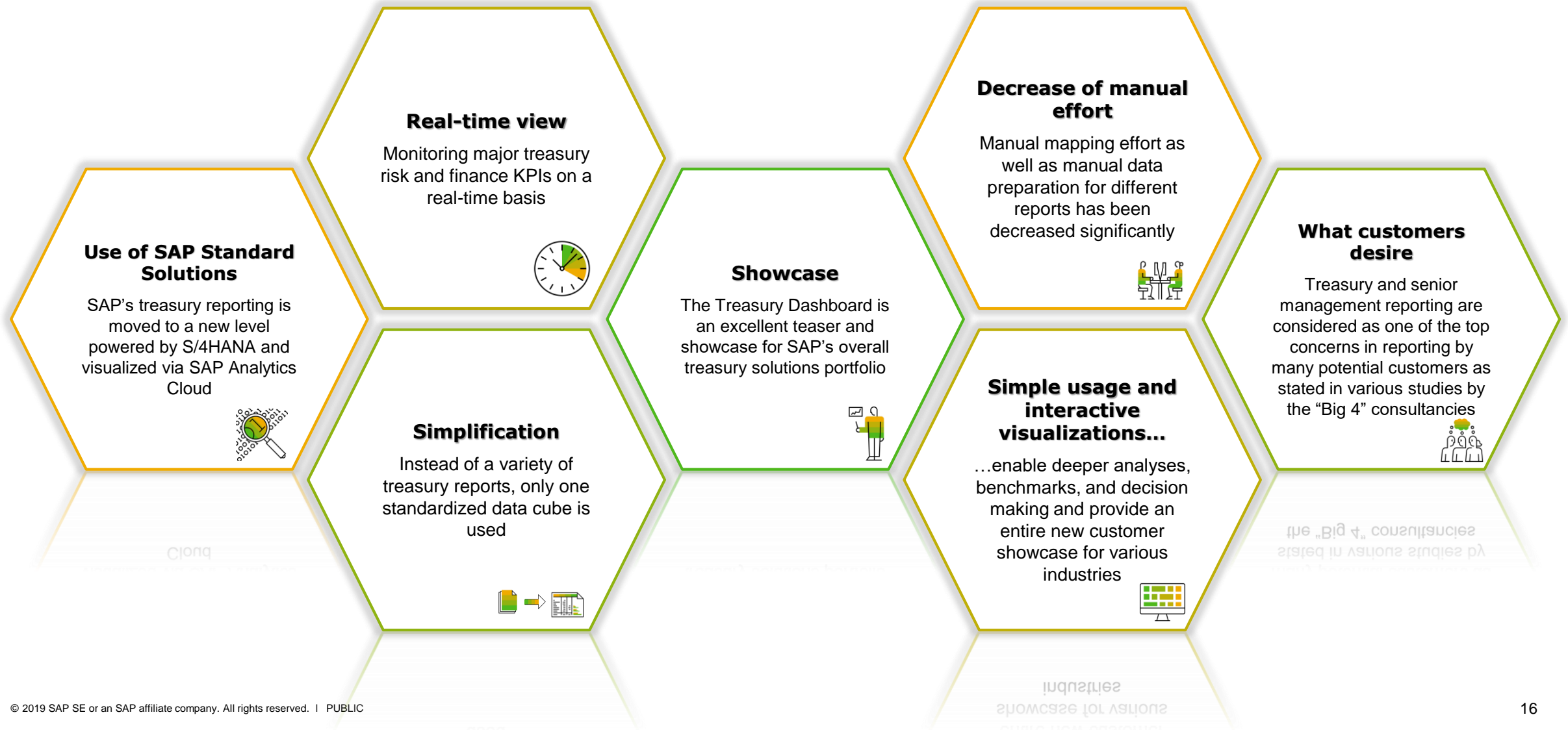
## Flexible Ecosystem & New Technologies



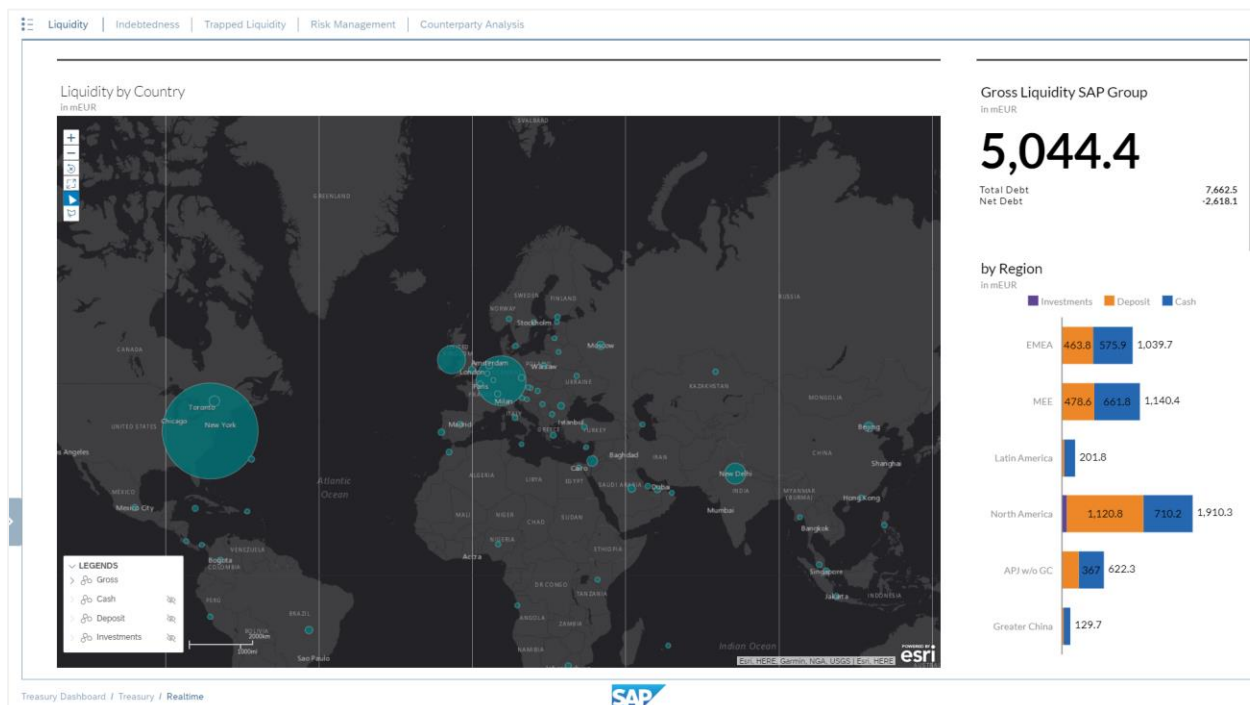
Stay agile - Seamless integration with third party providers and application of new technologies, e.g. blockchain, machine learning

# SAP Global Treasury's Dashboard

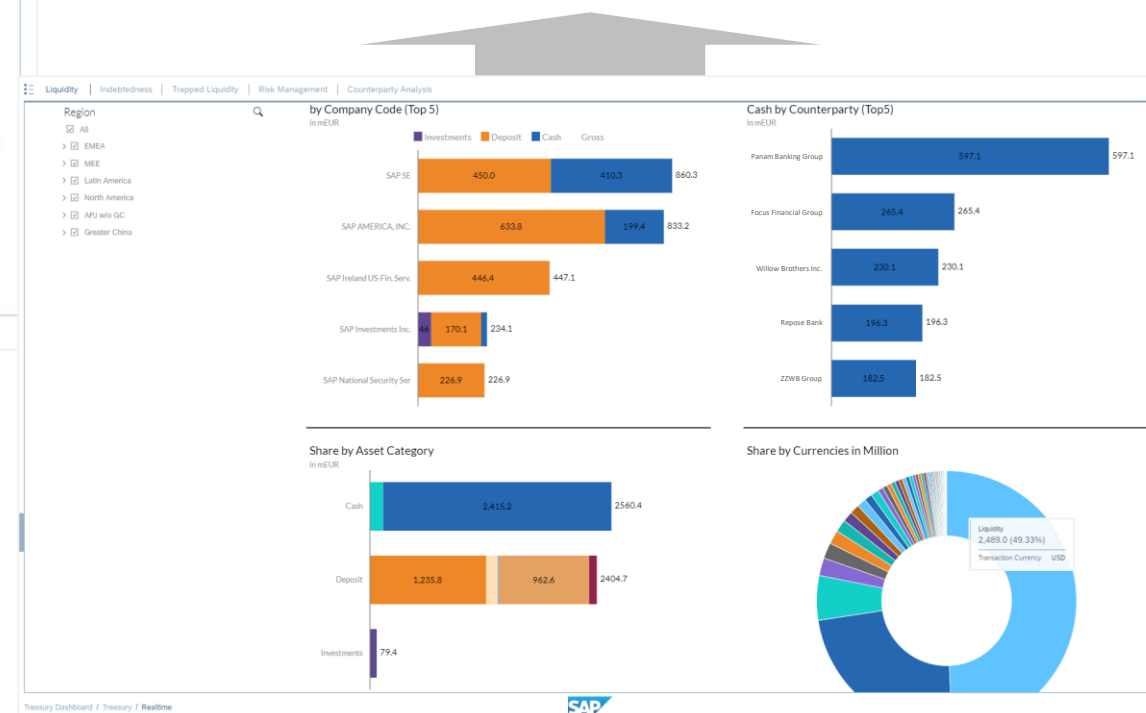
## Key Benefits



# Business Insight – Liquidity & Investment Overview



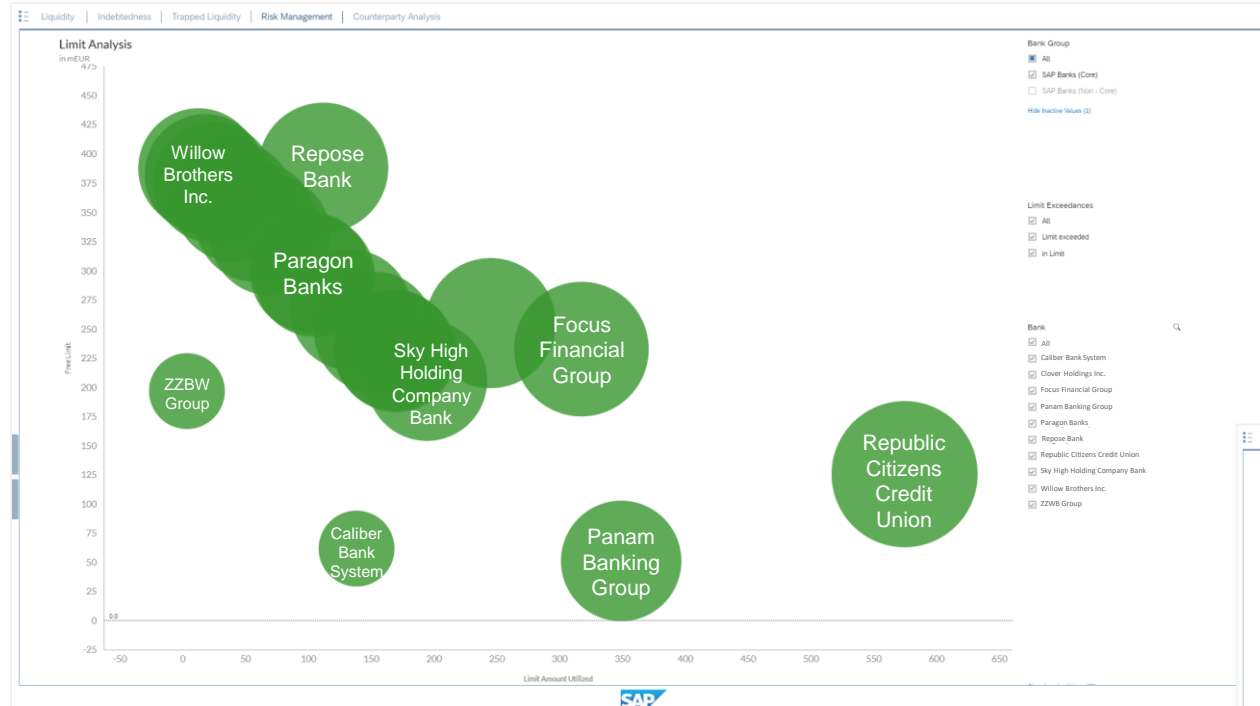
- The liquidity can be distinguished by different criteria like e.g. by asset type (deposits, money market funds, etc.), currency or by counterparty
- Furthermore, the user will get information on average yields and durations on investments
- Another important information to CFOs is the share of liquidity which can be centralized and is available as well as which part is trapped



- The liquidity map shows how SAP's funds are distributed across the globe on a real-time basis
- The bubbles on the map give CFOs, risk committees or treasury employees a simple, transparent and comprehensive view on the geographical distribution of SAP's group liquidity
- The user is able to choose a certain region or entity level in which he has specific interest and receives deeper information on the type of liquidity

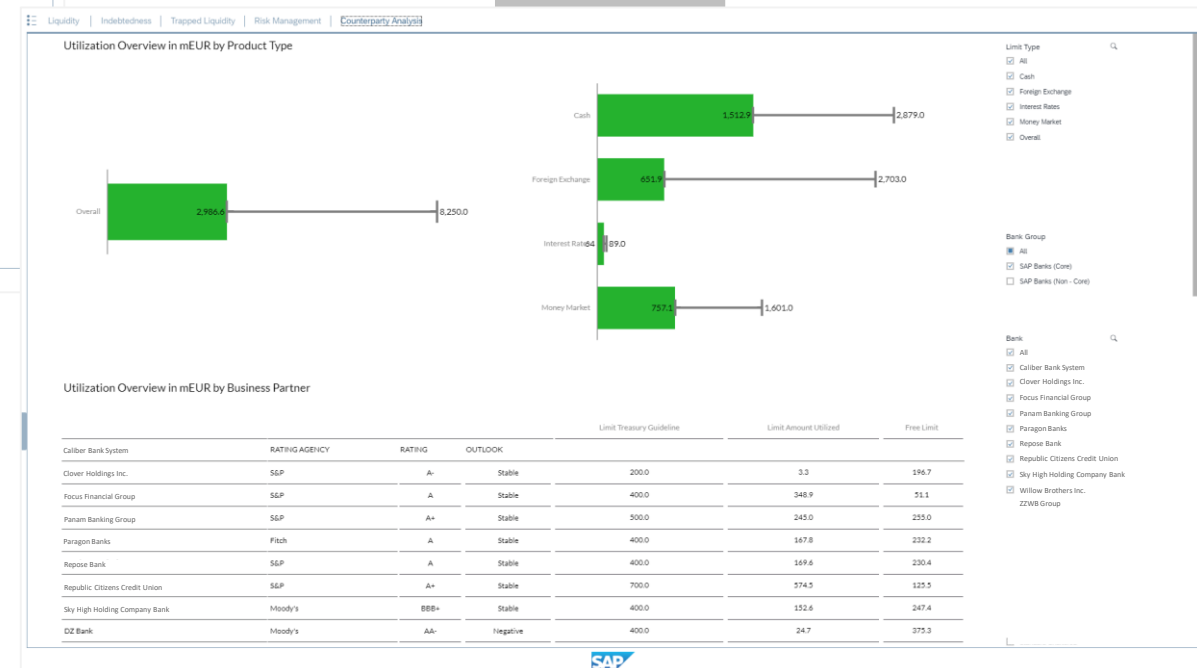
# Business Insight – Financial Risk

## Counterparty Credit Risk



If a bank shows a limit exceedance, the user is able to get a more detailed view on the source of the exceedance, e.g. whether it results from derivative positions, investments or usual cash holdings on cash accounts

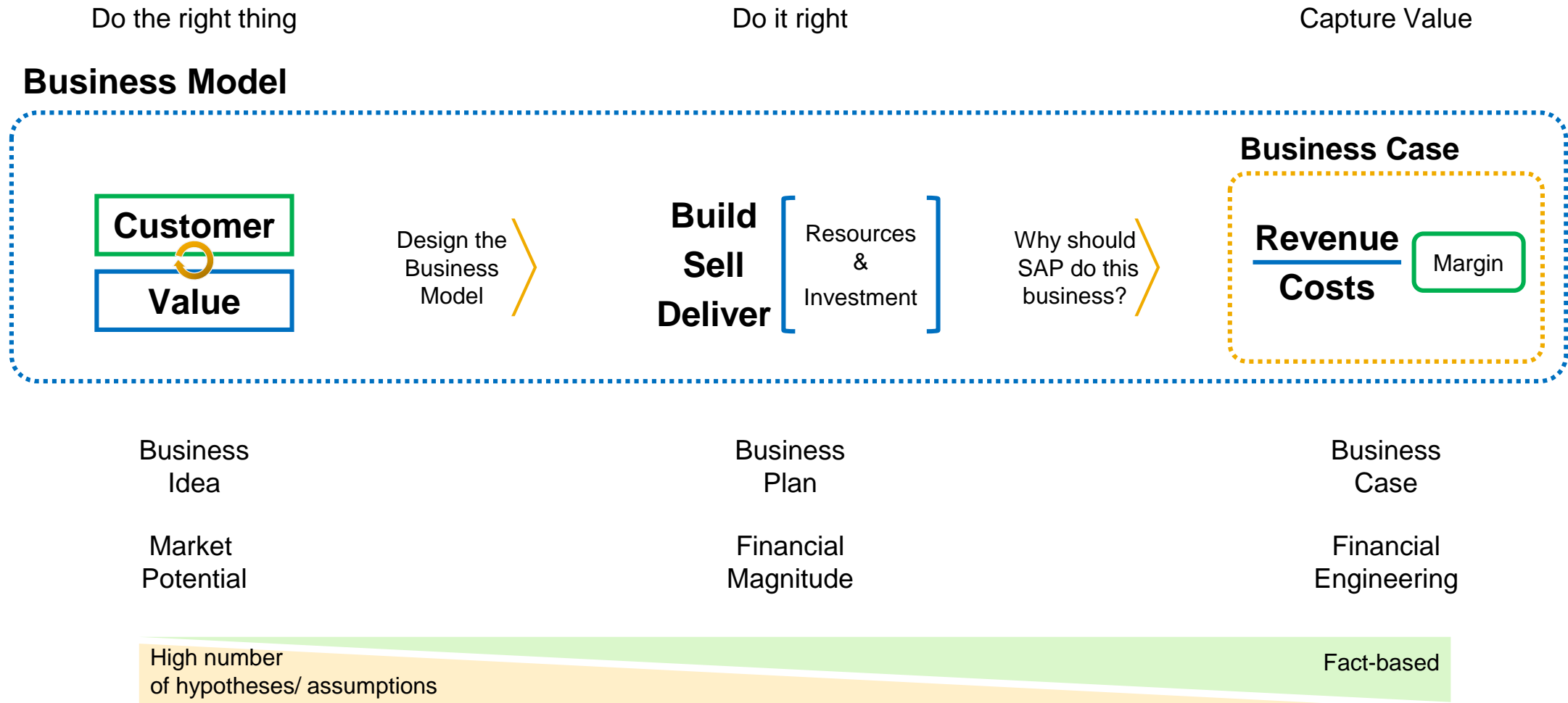
Depending on the source of the exceedance, a treasurer can immediately initiate countermeasures in order to reduce the exposure



- Counterparty credit risk plays a central role in risk reporting and has gained significant importance since the global financial crisis and the default of Lehman Brothers
- This is why SAP Global Treasury defined limits for its core and non-core basket based on rating categories. The utilization of these limits is reflected per bank group on a compliance map which gives the user an intuitive view on limit exceedances and whether there is need for action

# Business Model Innovation (BMI) process at SAP

From sense-making to fact-based evaluation of a new business model

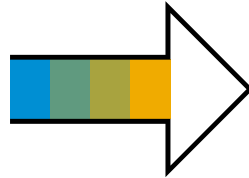


# Digital Transformation in Treasury

Increasing complexity and limited resources require new technologies

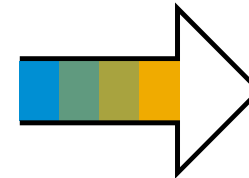
## Past

- Manual and repetitive tasks
- Low degree of automation
- Lack of strategic thinking



## Present

- Simplify processes
- From batch to real-time processing
- From physical systems to virtual platforms



## Future

- Perform sophisticated analytics
- Strategic decision-making
- Significant change of job profile: from task-driven to intelligence-guided activities

The digital mindset – understanding the potential value of new technologies (rather than technical details)

### Future of Work

- Focus on project work, less structured daily routine (agility needed)
- Collaboration with IT, data scientists
- Continuous learning and self-development
- Less or even no hierarchies
- Self-driven, self-motivated organizations

### Business Partner and Transformation Agent role

- Focus on conceptual and strategic topics
- Form task forces oriented towards problem-solving in different company areas
- Use time to teach or expand own knowledge
- Transformation Agent: Counseling business functions to drive company success (e.g. simplification of processes, automation, new technologies)

### Broad spectrum of expertise

- Holistic understanding of finance and finance-related processes and topics
- Deep understanding of the industry as well as the company's business and strategy
- Non-financial skills: e.g. storytelling
- Leadership rather than management skills



# Thank you.

Contact information:

**Steffen Diel**

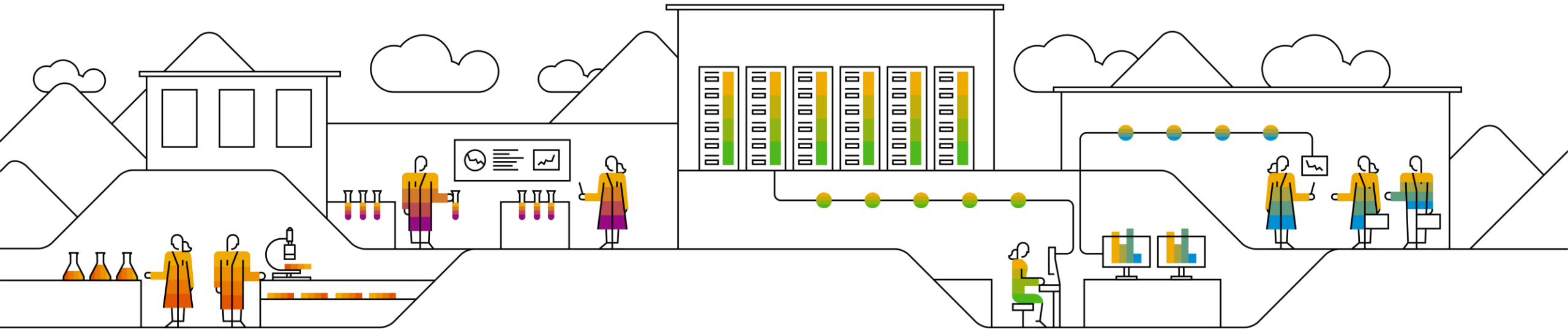
Senior Vice President, Head of Global Treasury

Global Treasury

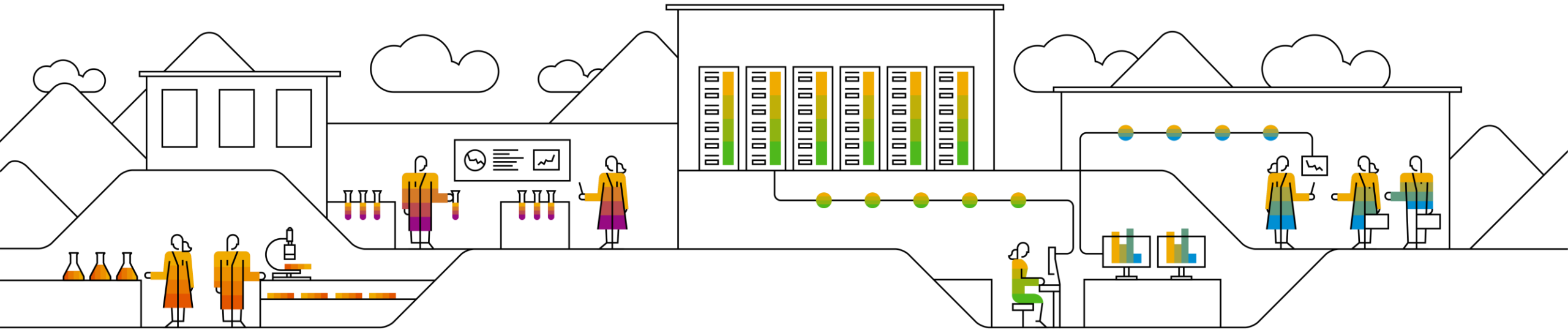
SAP SE

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# Appendix



# Financing Strategy and M&A Finance



# SAP's three pillar financing strategy

**Liquidity protection – ensuring maximum financial stability & flexibility**

## Minimum Operating Group Liquidity



~€3bn

Ensured by stable cash flows  
driven by recurring revenue  
streams

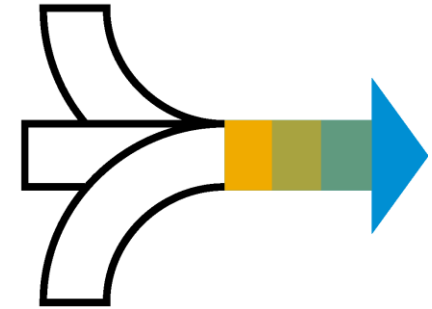
## Revolving Credit Facility



€2.5bn

Serves as a back-up credit facility  
Maturity in 2022 (+1+1 extension  
options)  
No MAC clause or covenants  
20 participating banks  
Relationship-defining character

## M&A Driven External Debt Financing



~€7.5bn

Outstanding amount of debt  
Optimal positioning of SAP in the  
current industry transformation,  
especially towards cloud business

# Enabling SAP's Acquisition History

## M&A Driven External Debt Financing

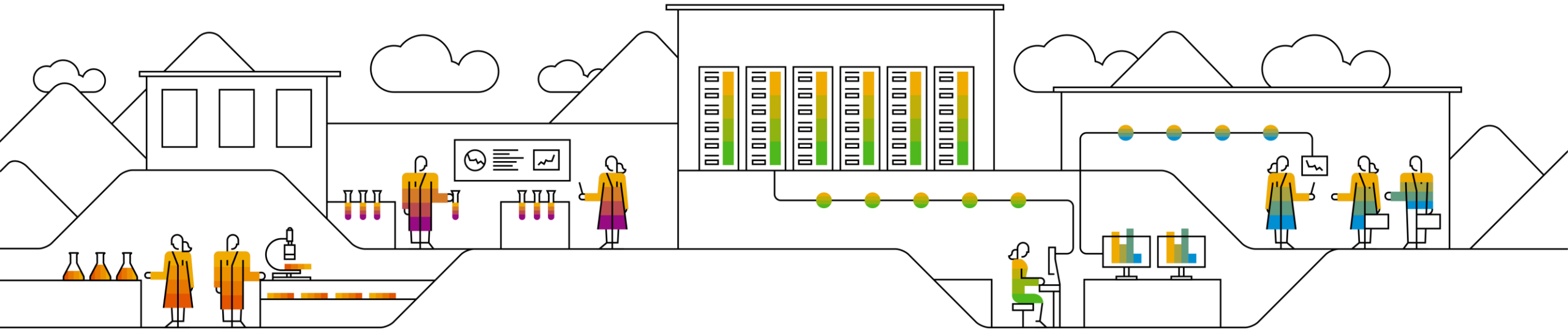


Acquisition price	€4.2bn	\$5.8bn	\$3.4bn	\$4.3bn	~ €1.0bn	< €1.0bn	\$8.3bn	\$2.4bn	\$8.0bn
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### Financing instruments

Term Loan	€3bn	€2.75bn	€1.0bn	€2.4bn	€1.0bn	€0.5bn	€7.0bn	€1.8bn	€7.0bn
Repayment	21 months	11 months	9 months	2 months	4 months	7 months	22 months	2 months	36 months
Schuld-schein	€0.7bn		No capital market transaction		No capital market transaction	No capital market transaction			
Eurobond		€2.2bn		€1.3bn			€4.5bn	€1.5bn	€4.5bn
US PP		\$1.25bn		\$1.4bn					

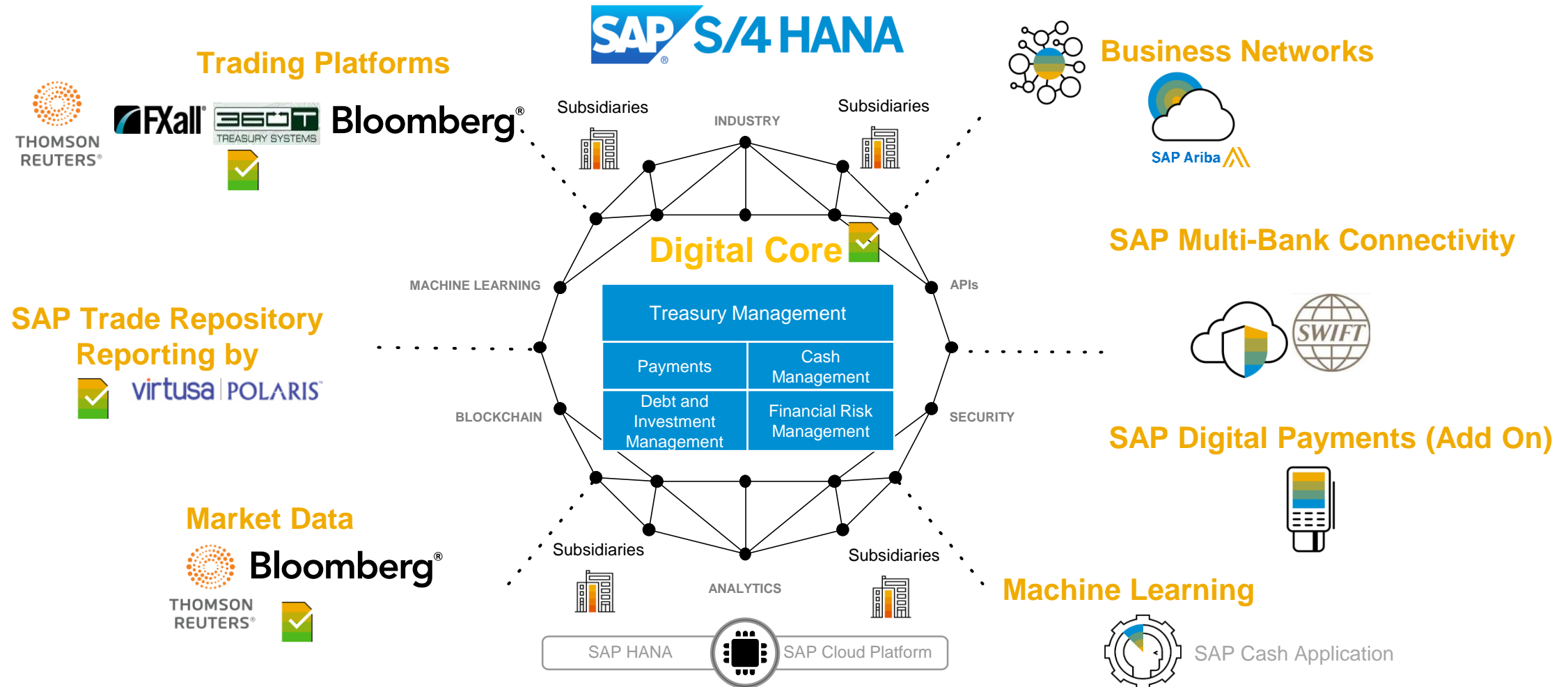
# Treasury as Part of the Intelligent Enterprise



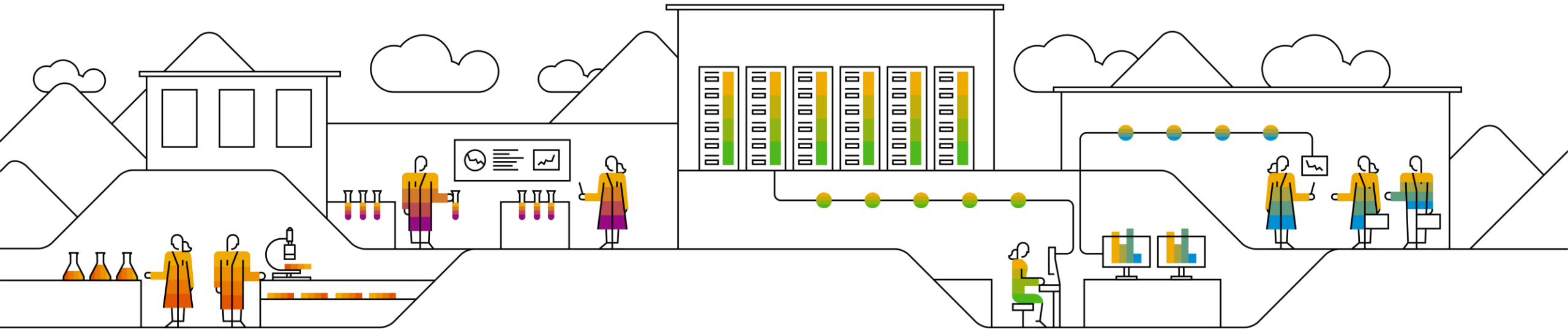


# Treasury as part of the Digital Core

End-to-end processes with value-added extensions

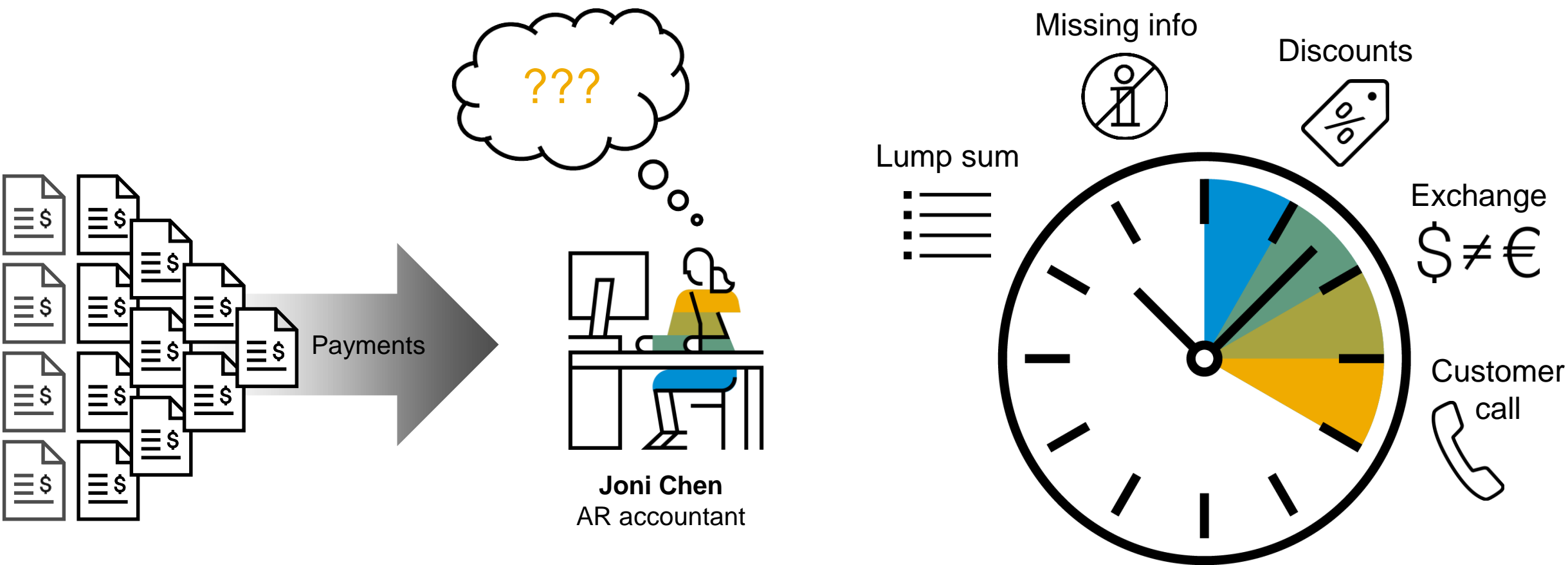


# SAP Leonardo – Machine Learning



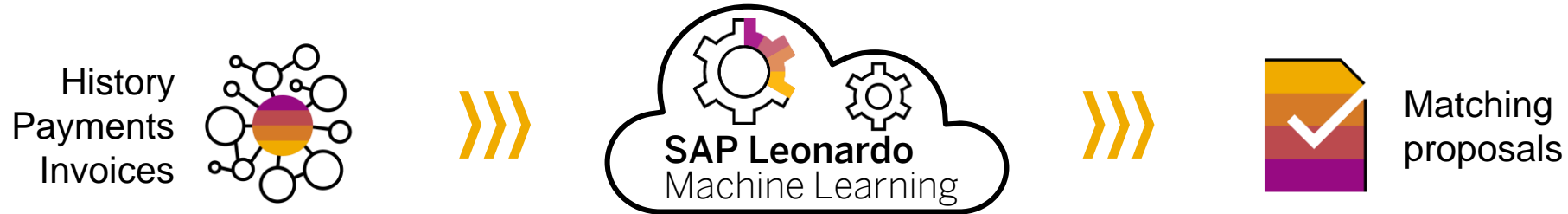
# Challenges accounts receivable (AR) teams are facing

## in clearing incoming payments



# SAP Cash Application

Next-generation intelligent invoice-matching powered by machine-learning



SAP Cash Application intelligently learns matching criteria from your history and automatically clears payments.



Improves days sales outstanding



Integrated with SAP S/4HANA for reduced TCO and time to value



Allows shared services to scale as the business grows



Empowers finance to focus on strategic tasks and service quality