SAP SE (SAP)

Updated May 18th, 2026 by Jonathan Weber

Key Metrics

Current Price:	$170	**5 Year CAGR Estimate:**	10.5%	**Market Cap:**	$194B
Fair Value Price:	$178	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	04/09/27[1]
% Fair Value:	95%	**5 Year Valuation Multiple Estimate:**	0.9%	**Dividend Payment Date:**	04/23/27[2]
Dividend Yield:	1.7%	**5 Year Price Target**	$262	**Years Of Dividend Growth:**	11
Dividend Risk Score:	B	**Sector:**	Information Technology	**Rating:**	Buy

Overview & Current Events

SAP SE develops, sells, and maintains a variety of enterprise software products that are used by corporations, governments, and educational agencies. The company employs more than 108,000 people and has more than 400,000 customers in 180 countries. SAP is headquartered in Germany and reports financial results in Euros. American investors can initiate an ownership stake in SAP through American Depository Receipts that trade on the New York Stock Exchange under the ticker SAP.

SAP reported its first quarter earnings results on April 29th. The company recorded revenues of €9.6 billion during the quarter, which is equal to around $11.2 billion. SAP's revenues during the quarter were up 6% year over year, slightly better than the previous quarter's growth rate. SAP's cloud revenue growth totaled 27% on a forex-neutral basis during the quarter, which was slightly better than the growth rate seen in the previous quarter. SAP's strong cloud revenue growth was a key driving factor for the company's overall solid revenue performance during the period.

SAP's earnings-per-share totaled €1.72, or around $2.00 during the first quarter. Earnings-per-share were 20% higher than during the previous year's quarter. During fiscal 2025, SAP achieved nice business and even better earnings-per-share growth, with earnings-per-share climbing to €6.15, or $7.26. For the current year, SAP's management forecasts cloud revenue growth in the mid-20s and overall software growth in the 12% range on an organic basis. Analysts believe that SAP will grow its earnings-per-share nicely this year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$3.22	$4.03	$4.96	$5.70	$6.34	$7.75	$4.37	$5.36	$4.86	$6.26	***$8.10***	***$11.90***
DPS	$1.30	$1.36	$1.60	$1.67	$1.87	$2.26	$2.08	$2.23	$2.39	$2.63	***$2.94***	***$4.12***
Shares[3]	1199	1197	1197	1194	1194	1190	1170	1167	1166	1166	***1165***	***1150***

SAP has managed to generate solid business growth over the last ten years, and the company also achieved a very solid earnings-per-share growth rate, despite some ups and downs. The data in the above table is impacted by currency rate changes, since SAP reports its results in euros, and generates a substantial amount of its revenues in euros and other currencies. For US-based investors, results can vary widely on a year-to-year basis, depending on the currency rate changes between the Euro and the U.S. Dollar This holds true for the dividends as well, which are also declared in euros.

SAP's management recently announced updated business growth goals, primarily centered around growth in its cloud business. SAP plans to grow its cloud computing revenues to €26 billion in 2026, which equates to more than $30 billion. The cloud segment will likely remain a major growth driver for SAP for the coming years, as the software company benefits from the broad cloud computing and SaaS trend here, while the legacy business is not growing much. We believe that the strong position in the enterprise software industry will allow SAP to grow its profits at a solid pace as well in the coming years, although there could be some ups and downs over the years.

---

[1] Estimated date
[2] Estimated date
[3] In Millions

SAP SE (SAP)

Updated May 18th, 2026 by Jonathan Weber

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	25.6	25.7	20.2	23.9	20.7	18.1	23.6	28.9	50.6	38.8	***21.0***	***22.0***
Avg. Yld.	1.6%	1.3%	1.6%	1.2%	1.3%	1.3%	2.0%	1.4%	1.0%	1.1%	***1.7%***	***1.6%***

SAP has been valued at a relatively high valuation throughout most of the last decade, trading for more than 20 times net profits during almost all of those years. Due to the company's above-average historic growth rate and strong position in the markets it addresses, somewhat of a premium valuation is justified. Shares have pulled back since our last update, while earnings-per-share are forecasted to grow significantly this year. This has made SAP's valuation come down a lot, and shares now trade close to our fair value estimate.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	40%	34%	32%	29%	29%	29%	48%	42%	49%	42%	***36%***	***35%***

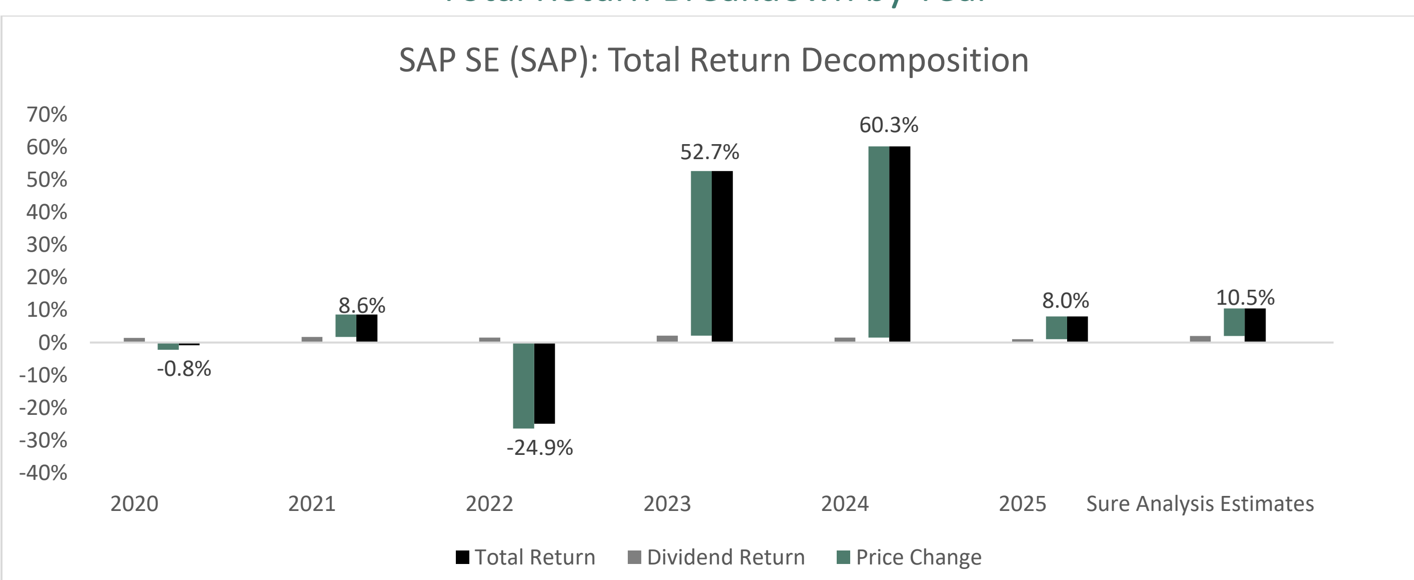
SAP's dividend payout ratio never reached above 50%, even during the last financial crisis. Today, SAP's payout ratio is around 30%. We believe that SAP's dividend is relatively safe and that there will be increases in the coming years, too. Due to currency rates fluctuating, the payout for US-based investors can vary from year to year.

SAP's strongest competitive advantage is its recurring revenue business model. More than two-thirds of the company's revenue is recurring in nature, or what management calls predictable revenue. This ratio of predictable revenue has risen consistently in the last couple of years. Recurring revenue allows the company to optimize customer retention rates and to use the resulting cash flows to aggressively invest in growth opportunities, such as its cloud business. Due to SAP's global scale and renowned brand, competition is not a major problem.

Final Thoughts & Recommendation

As a major enterprise software company, SAP has established a strong global presence and benefits from scale advantages. The company has delivered solid results in the past, mainly via revenue growth, although margins fluctuated from time to time. The total return outlook is compelling and shares trade a little below of our fair value estimate, which is why we rate SAP a buy at current prices.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

SAP SE (SAP)

Updated May 18th, 2026 by Jonathan Weber

Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	24351	26462	29149	30839	31165	32909	31025	33738	36968	41532
Gross Profit	17085	18509	20346	21487	22463	23779	22671	24436	27055	30518
Gross Margin	70.2%	69.9%	69.8%	69.7%	72.1%	72.3%	73.1%	72.4%	73.2%	73.5%
SG&A Exp.	8024	9022	9295	10434	9646	11744	9706	11019	11385	11768
D&A Exp.	1400	1435	1607	2095	2087	2098	1649	1484	1385	1480
Operating Profit	5701	5706	6775	6250	8185	6373	6986	7118	8923	11616
Op. Margin	23.4%	21.6%	23.2%	20.3%	26.3%	19.4%	22.5%	21.1%	24.1%	28.0%
Net Profit	4011	4564	4824	3772	6022	6354	3224	3892	3407	8455
Net Margin	16.5%	17.2%	16.5%	12.2%	19.3%	19.3%	10.4%	11.5%	9.2%	20.4%
Free Cash Flow	4003	4252	3356	2998	7271	6410	5013	5997	4784	9325
Income Tax	1357	1109	1783	1372	2208	1739	1519	1882	1746	3376

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	46701	51015	58875	67591	71534	80933	79368	77700	78965	82637
Cash & Equivalents	4211	4924	10374	6298	8499	13255	10349	12462	11481	11477
Acc. Receivable	6142	6975	7067	8487	7585	6695	6171	6509	6452	7839
Goodwill & Int.	28581	29105	30823	37775	38324	39866	39394	34899	35055	36756
Total Liabilities	18859	20376	25864	32994	34916	33713	33639	29752	31531	29508
Accounts Payable	1071	1382	1704	1775	1673	1797	2290	1970	2061	2855
Long-Term Debt	6803	6006	12043	14917	17105	12950	9712	8447	7265	7071
Total Equity	27820	30601	32959	34512	36359	44184	42889	47673	47053	
LTD/E Ratio	0.30	0.25	0.39	0.51	0.52	0.39	0.33	0.20	0.23	0.18

Profitability & Per Share Metric

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	8.8%	9.3%	8.8%	6.0%	8.7%	8.3%	4.0%	5.0%	4.3%	10.5%
Return on Equity	15.1%	15.6%	15.2%	11.2%	16.9%	15.2%	6.9%	8.3%	7.1%	16.8%
ROIC	11.2%	12.3%	11.5%	7.7%	11.2%	10.6%	5.2%	6.6%	5.9%	14.0%
Shares Out.	1199	1197	1197	1194	1194	1190	1170	1167	1166	1166
Revenue/Share	20.31	22.09	24.41	25.83	26.37	27.89	26.40	28.59	31.33	35.35
FCF/Share	3.34	3.55	2.81	2.51	6.15	5.43	4.27	5.08	4.05	7.94

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.