

SAP profit up 10 percent in second quarter

July 18 2013, by David Mchugh

(AP)—Business software maker SAP AG said net profit grew 10 percent in the second quarter to 724 million euros (\$948 million) despite the economic slowdown in Asia.

SAP said Thursday that cost discipline helped it overcome a 7 percent slide in sales in its Asia-Pacific-Japan region. It said slowing growth in China was deterring businesses across the region - particularly in Australia and Japan - from investing in new [software](#) and computing services.

China's economic growth cooled to an annual 7.5 percent in the quarter from 7.7 percent in the first quarter, the weakest figure since 1991.

Co-CEO Jim Hagemann Snabe called it "a good quarter in spite of a challenging market environment."

The company, based in Walldorf, Germany, saw strong growth in the company's off-site cloud computing business. Subscriptions and support revenue there more than tripled to 159 million euros from 52 million euros in the same quarter a year ago.

Most of SAP's revenue still comes from selling and maintaining software that runs on companies' own computers. But it says the world is turning to cloud computing - in which software runs on SAP servers and companies pay subscription fees to use it via the Internet - and says it is leading that transition.

Traditional software sales fell 7 percent. Total revenue across all business lines grew 4 percent to 4.062 billion euros. The company said that maintaining cost discipline in areas such as hiring helped it increase its profit margins slightly.

The Asia slowdown meant the company stayed with its [profit](#) forecast but lowered its [software sales](#) outlook for the year to 10 percent growth instead of 11 to 13 percent.

The company's [net profit](#) of 61 euro cents a share fell just short of analyst estimates compiled by FactSet of 62 euro cents per share.

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Citation: SAP profit up 10 percent in second quarter (2013, July 18) retrieved 2 May 2024 from <https://phys.org/news/2013-07-sap-profit-percent-quarter.html>

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