

SAP

The Market Leader in Business Applications



Léo Apotheker
Co-CEO

Morgan Stanley 8th Annual TMT Conference
Barcelona – November 19th 2008

THE BEST-RUN BUSINESSES RUN SAP™



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 “believe,” “estimate,” “intend,” “may,” “will,” “expect,” and “project” and similar expressions as they relate to the Company are intended to identify such forward-looking statements. The Company 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 the Company’s future financial results are discussed more fully in the Company’s filings with the U.S. Securities and Exchange Commission (the “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.

A blurred photograph of two business professionals, a woman in a grey suit and a man in a dark suit, walking from left to right in a modern office hallway. The background is a light-colored wall with a grid pattern. The floor is also light-colored with a grid pattern.

SAP

The Market Leader

SAP – The World’s Leading Provider of Business Application Software



The world’s leading provider of business application software

- ~76,000 customers in 120 countries
- Broad global reach provides regional balance and a greater addressable market
- Undisputed market leader
- Recognized global brand

Strongest product portfolio based on an open technology platform

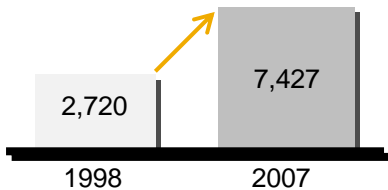
- Leading product and technology innovation with ~15,000 developers
- First to market with next generation enterprise SOA architecture
- Deepest industry functionality with 24 industry solutions

SAP – The World’s Leading Provider of Business Application Software



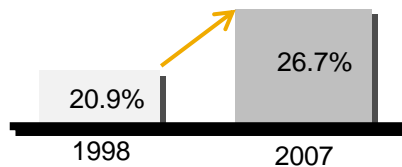
SSRS Revenue*

CAGR: 11.8%



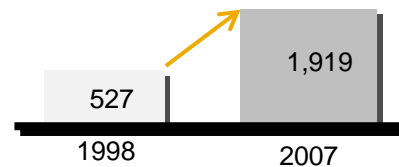
Operating Margin*

+5.8pp



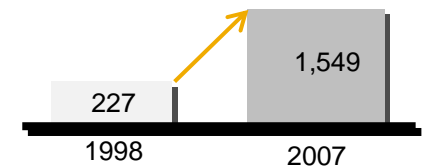
Net Income*

CAGR: +15.4%

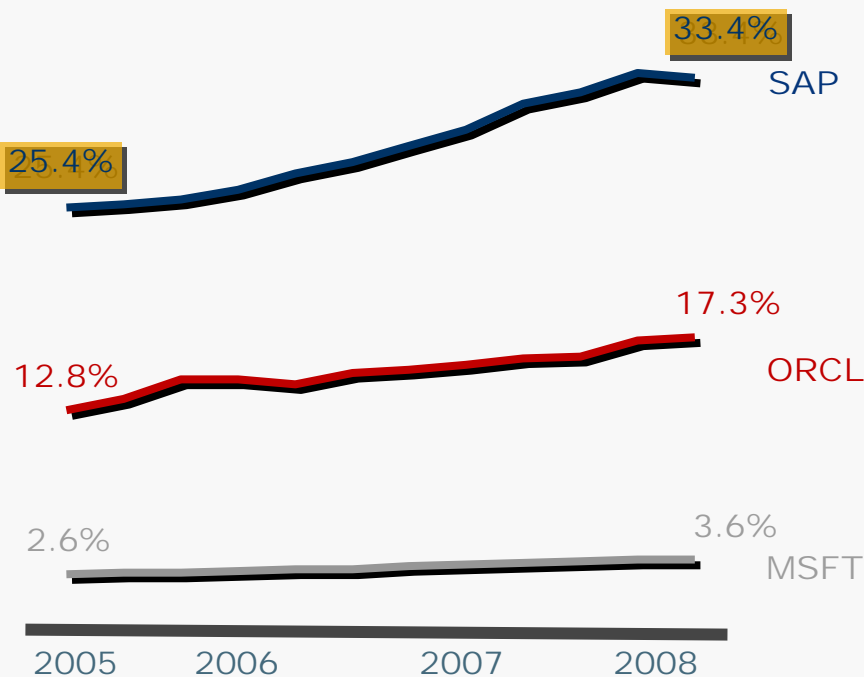


Free Cash Flow

CAGR: +23.9%



SAP Global Share - \$38.7bn Market**



Strong financial performance and market leadership

- Long-term revenue growth, margin expansion and strong cash flow generation
- Steadily increasing market share – increase of 6.5pp year on year
 - **+3.3pp** from organic growth
 - **+3.2pp** from acquisition of Business Objects

* Based on US-GAAP; in EUR million, unless stated otherwise

** Relevant Core Enterprise Application Software & Software Related Services Market

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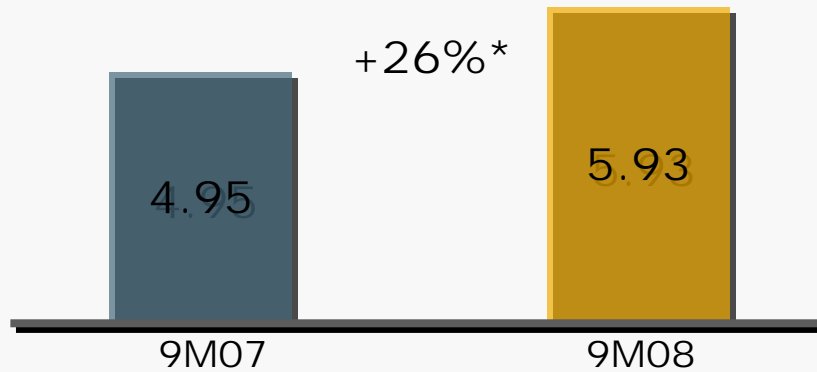
The Market Leader Challenging Environment

Financial Highlights

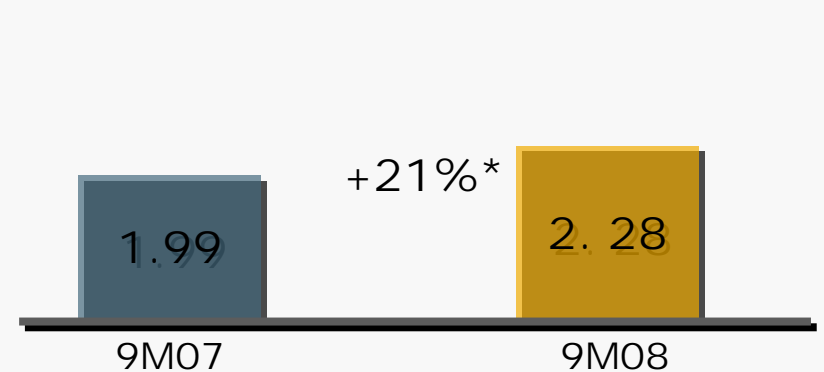
Nine Months 2008 – Non-GAAP



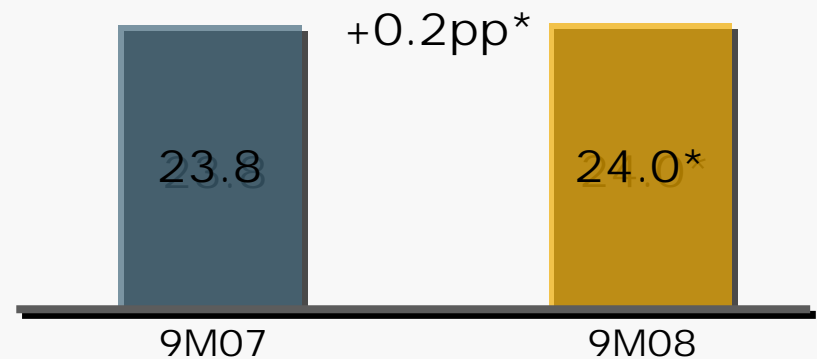
SW & SW-Related Serv. Revenue (€ bn)



Software Revenue (€ bn)

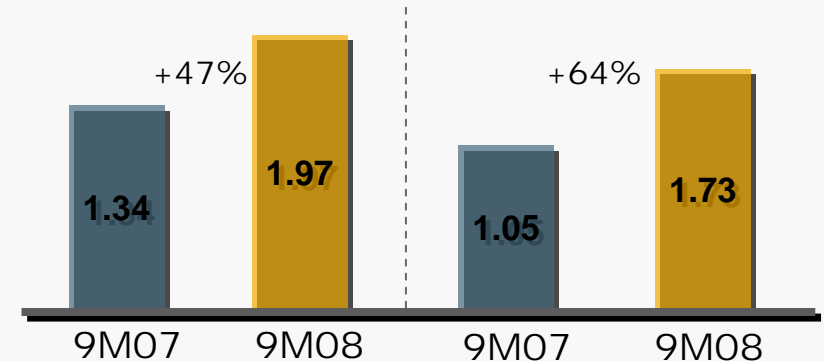


Operating Margin (in %)



Cash Flow (€ bn)

Operating Cash Flow Free Cash Flow

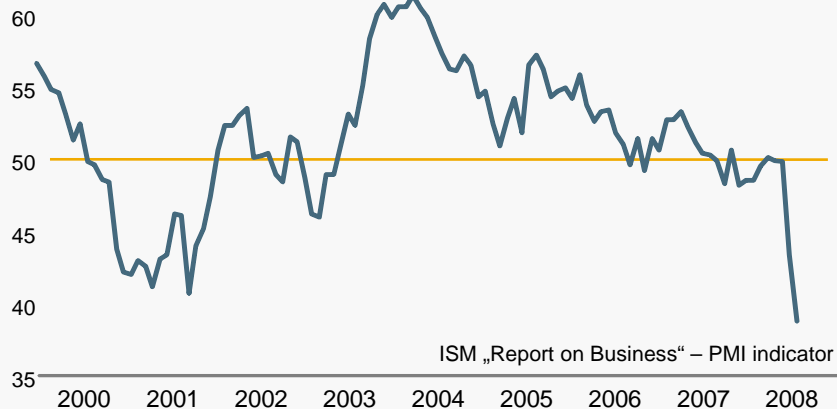


A Challenging Global Macroeconomic Environment

Acceleration of financial crisis in the 2nd half of September



Deterioration of macroeconomic environment



- Acceleration of the financial crisis in the 2nd half of September resulted in rapid deterioration of the macroeconomic environment
 - SME business affected most
- Significant number of deals did not close at the end of Q3
- SAP delivered its 19th consecutive quarter of double digit growth in SSRS revenues*
 - Strong contribution from Business Objects solutions
- Sales pipeline remains strong, but closure rates are very hard to predict in this environment
- SAP updated its 2008 outlook to reflect its focus on protecting margin and earnings in an uncertain economic environment

Americas (+26%)*

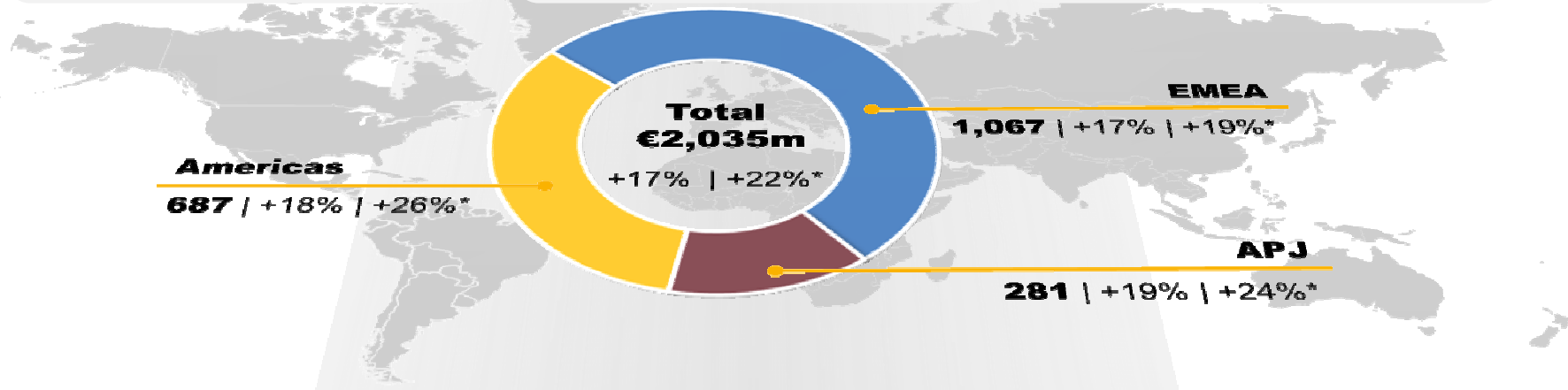
- U.S.: +23%*
- Good demand from new customers
- High win rates
- Strong sales of Business Objects products
- Continued strength in Latin America and Canada, Brazil performed well
- Crisis felt most in the U.S.

EMEA (+19%)*

- Germany: +20%*
- High win rates
- Business Objects performed well
- Pockets of strength – Germany, southern Europe, Nordics
- Softness in Russia, UK and France

APJ (+24%)*

- Japan: +11%*
- Customers still spending
- Quarter driven by large enterprise deals
- Drop in growth rates for SME due to financial crisis
- China and India continued to perform well
- Softness in SME business



* Year-over-year software and software-related service (SSRS) revenue growth, non-GAAP, at constant currencies

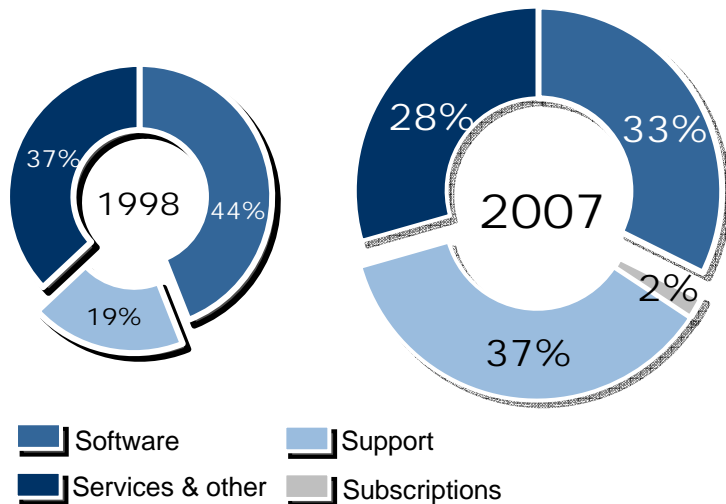
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Challenging Environment SAP is Prepared

Strong Recurring Revenue Streams and Careful Expense Management



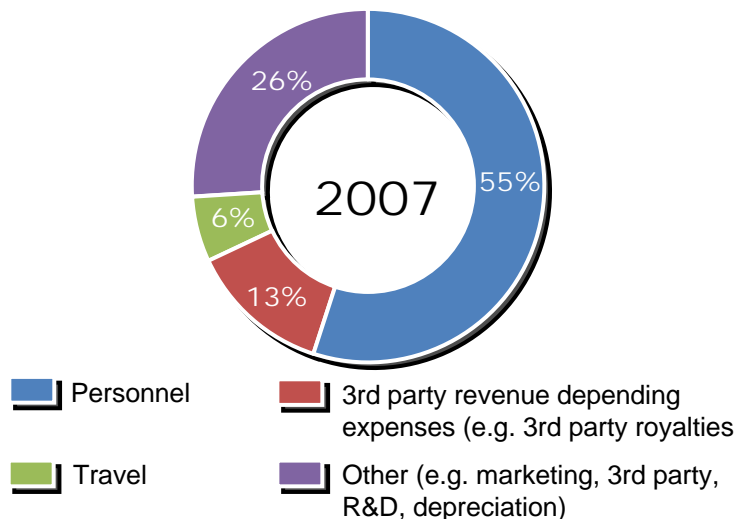
Total revenue breakdown in %



SAP has a stable revenue base

- Share of recurring support and subscription revenues around 40% in 2007
- Steadily increasing share of recurring revenues provides stability
- Diversified revenue streams across geographies and industries
- SAP expects to take market share in a tough environment

Operating expenses by category in %



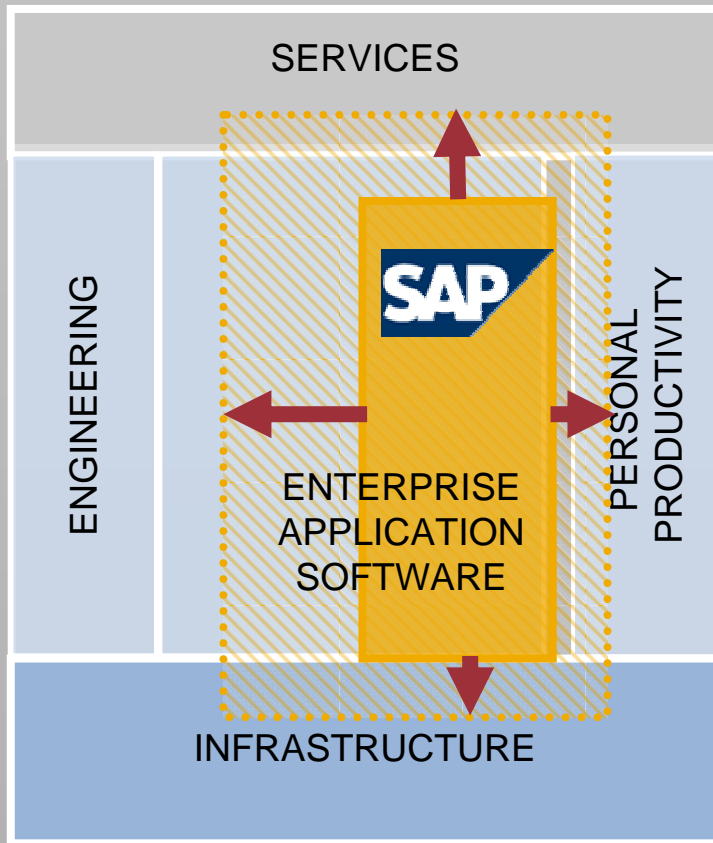
SAP will manage its cost base carefully to protect profitability

- SAP will seek the best possible balance between profitability and innovation
- Updated 2008 outlook reflects focus on protecting margins
- In Q4 2008 SAP expects to reduce its expenses by ~€200 million relative to the original planning

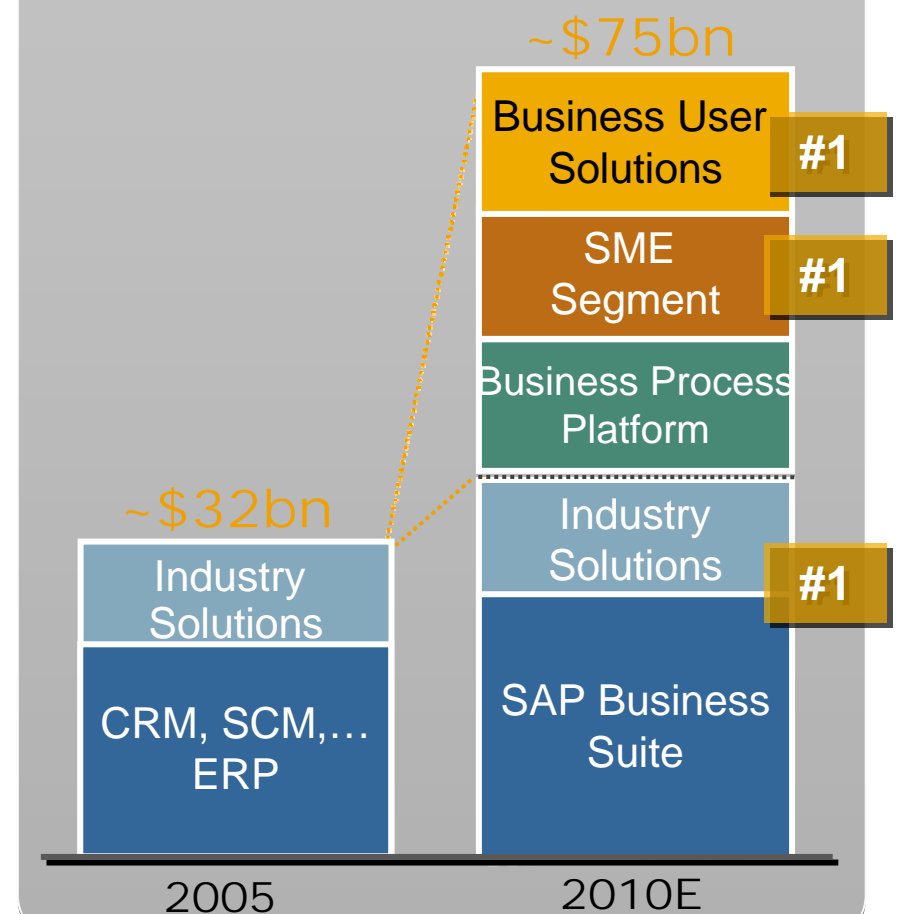
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SAP is Prepared
To Turn Challenge
into Opportunity

Expanding SAP's Reach



Doubling SAP's Addressable Market



Business User Solutions

- Business Objects was a key contributor to overall Q3 performance
- Cross-selling works even better than expected
- Organizational integration is on track

SME Segment

- 21,000+ SAP Business One Customers (+33% yoy)
- 12,700+ SAP Business All-in-One Customers (+21% yoy)
- Feature Pack 1.2 available for SAP Business ByDesign

Business Process Platform

- €1b+ SAP NetWeaver software revenue, thereof €395m standalone (+26% yoy)*
- 46,700+ productive SAP NetWeaver systems (+56% yoy)
- Introduction of the EcoHub solution marketplace

Industry Solutions

- Strong Q3 performance in consumer products, public sector, life-sciences/chemicals and banking
- GEA** in consumer products closed with Procter & Gamble

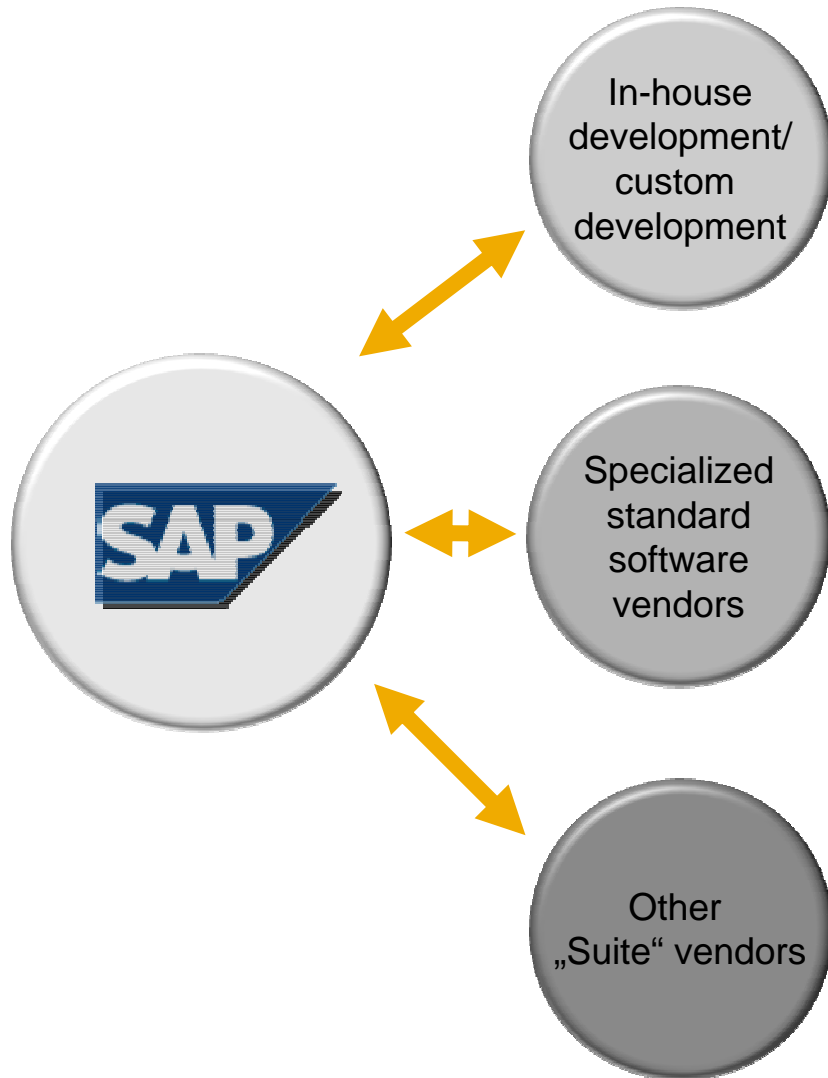
SAP Business Suite

- ERP6.0 migration continues at high momentum: 12,800+ ERP 6.0 customers, thereof 8,200+ productive (+120%)
- “Best-Run Now” solution offerings and 4th Enhancement Package available

* On a rolling 4 quarters basis

** Global Enterprise Agreement

SAP can Emerge from the Downturn with an even Stronger Competitive Position



- Low **total cost of ownership**
- Short **time-to-value** & value engineering
- **Low-risk** implementations
- High **vendor reliability** and financial stability
- Tight **out-of-the-box integration**, within and between companies
- Highest **support quality** and most comprehensive support concept
- Excellent customer access and relationship of trust / **strategic vendor**
- Unmatched **industry expertise** and multi-industry capability
- **Broadest and deepest solution portfolio** of the industry
- Leading SOA **architecture** and high solution flexibility, unique enhancement package technology
- Open business process platform with **consistent technology and semantics**
- Broadest **ecosystem** of partners

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Summary



- SAP expects 2009 to be a challenging year for the world economy
- SAP will seek the best possible balance between profitability and innovation
 - Top priority will be protecting the margin
 - SAP will continue to deliver innovation to support customers in the current environment and to be prepared for further growth opportunities
- SAP's solution portfolio is more competitive than ever
 - SAP's service-oriented architecture solution portfolio has reached an unmatched level of functional comprehensiveness, integration and quality
 - SAP can help its customers streamline operations and find innovative ways of doing business
- SAP can emerge from the downturn stronger than before
 - SAP has significant competitive advantages which will become even more evident in times of economic uncertainty



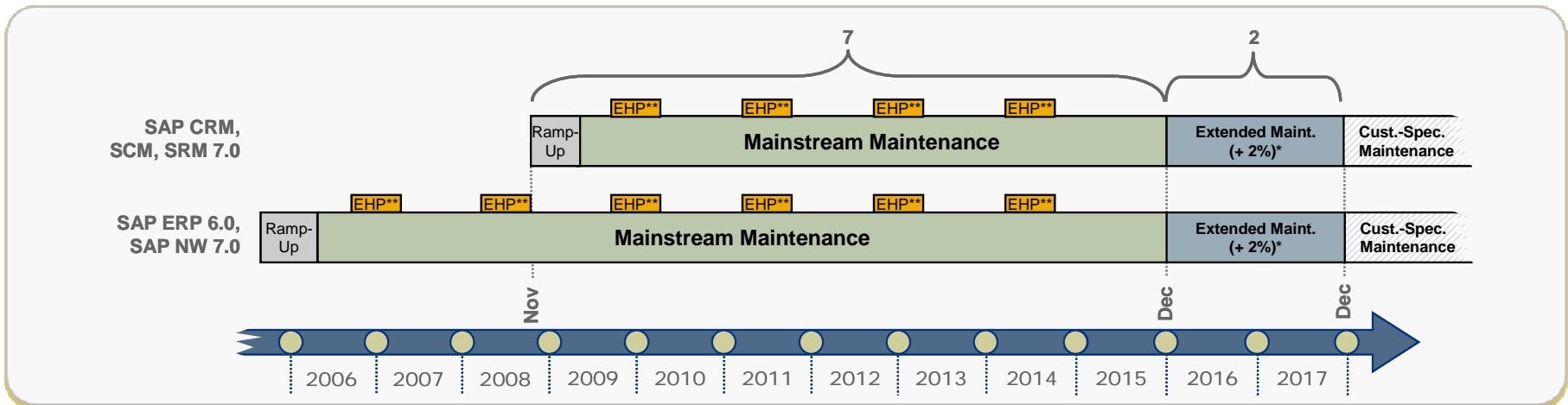
1. Enterprise Support

2. Q3 & 9M 2008 Financials

SAP Enterprise Support takes IT support to the next level



- Next-generation support offering “Enterprise Support” sets new industry benchmark in customer support
- SAP is committed to deliver value to its existing and new customers and further reduce their total cost of ownership
 - SAP collaborates closely with SUGEN (SAP User Group Executive Network) to optimize value delivered to customers through Enterprise Support
 - SAP Enterprise Support includes support for solution configuration and operation content
 - Enhancement Package technology enables customers to deploy new functionality without disruption to operations and at a minimum cost



* 7-2 strategy applies to new releases of the core applications of SAP Business Suite, starting with SAP CRM 7.0, SAP SRM 7.0, SAP SCM 7.0, SAP PLM 7.0; plus SAP ERP 6.0 (EHP4) and SAP NetWeaver 7.0. Industry-specific add-on applications and SAP enhancement packages based on these core application releases will offer mainstream and extended maintenance in line with these releases.

** Enhancement Packages: Illustrative only; does not reflect exact shipment times and frequency.

1. Enterprise Support

2. Q3 & 9M 2008 Financials

Income Statement Overview

Third Quarter 2008 (Non-GAAP)



	Non-GAAP		Q3 2007 € millions	Δ%	Δ% constant currency
	Q3 2008 € millions	Q3 2008* € millions			
Software revenue	763	791	714	7	11
Software and software-related service revenue	2,035	2,113	1,735	17	22
Total revenue	2,802	2,913	2,419	16	20
Total operating expenses	-2,071	-2,147	-1,795	15	20
Operating income	731	766	624	17	23
Operating margin (in %)	26.1	26.3	25.8	0.3pp	0.5 pp
Financial income/expense, net	-19		33	-158	
Income from continuing operations before income taxes	719		656	10	
Income taxes	-222		-230	-3	
Income from continuing operations	496		425	17	
Net income	475		419	13	
EPS from continuing operations (basic, in €)	0.41		0.36	14	
EPS from net income (basic, in €)	0.40		0.35	14	

* % currency adjusted – actuals 2008 converted with the exchange rates of 2007

Income Statement Overview

Nine Months 2008 (Non-GAAP)



	Non-GAAP		9M 2007 € millions	Δ%	Δ% constant currency
	9M 2008 € millions	9M 2008* € millions			
Software revenue	2,283	2,417	1,992	15	21
Software and software-related service revenue	5,931	6,241	4,954	20	26
Total revenue	8,219	8,652	7,002	17	24
Total operating expenses	-6,288	-6,577	-5,337	18	23
Operating income	1,931	2,075	1,665	16	25
Operating margin (in %)	23.5	24.0	23.8	-0.3pp	0.2pp
Financial income/expense, net	-34		103	-133	
Income from continuing operations before income taxes	1,922		1,760	9	
Income taxes	-583		-552	6	
Income from continuing operations	1,338		1,205	11	
Net income	1,309		1,193	10	
EPS from continuing operations (basic, in €)	1.12		1.00	12	
EPS from net income (basic, in €)	1.10		0.99	11	

* % currency adjusted – actuals 2008 converted with the exchange rates of 2007

Group Sales by Revenue Type

Third Quarter 2008 (Non-GAAP)



	Non-GAAP		Q3 2007 € millions	Δ%	Δ% constant currency
	Q3 2008 € millions	Q3 2008* € millions			
Software revenue	763	791	714	7	11
Support revenue	1,208	1,257	975	24	29
Subscriptions and other software-rel. serv.	64	65	46	39	41
SW & SW-related service revenue	2,035	2,113	1,735	17	22
Consulting revenue	617	645	544	13	19
Training revenue	105	109	102	3	7
Other services revenue	26	27	28	-7	-4
Professional services revenue	748	781	674	11	16
Other revenue	19	19	10	90	90
Total revenue	2,802	2,913	2,419	16	20

* % currency adjusted – actuals 2008 converted with the exchange rates of 2007

Group Sales by Revenue Type

Nine Months 2008 (Non-GAAP)



	Non-GAAP				
	9M 2008 € millions	9M 2008* € millions	9M 2007 € millions	Δ%	Δ% constant currency
Software revenue	2,283	2,417	1,992	15	21
Support revenue	3,464	3,636	2,833	22	28
Subscriptions and other software-rel. serv.	184	188	129	43	46
SW & SW-related service revenue	5,931	6,241	4,954	20	26
Consulting revenue	1,832	1,931	1,618	13	19
Training revenue	323	340	300	8	13
Other services revenue	77	82	84	-8	-2
Professional services revenue	2,232	2,353	2,002	11	18
Other revenue	56	58	46	22	26
Total revenue	8,219	8,652	7,002	17	24

* % currency adjusted – actuals 2008 converted with the exchange rates of 2007

Gross Margin Analysis

Third Quarter 2008 (U.S. GAAP and Non-GAAP)



	U.S. GAAP			Non-GAAP		
	Q3 2008 € millions	Q3 2007 € millions	Δ%	Q3 2008 € millions	Q3 2007 € millions	Δ%
SW & SW-related service revenue	1,994	1,735	15	2,035	1,735	17
SW & SW-related service cost	-381	-327	17	-332	-311	7
- SW & SW-related serv. margin in %	80.9	81.2	-0.3pp	83.7	82.1	1.6pp
Professional service and other service revenue	748	674	11	748	674	11
Professional serv. and other serv. cost	-583	-502	16	-583	-501	16
- Professional serv. gross margin in %	22.1	25.5	-3.4pp	22.1	25.7	-3.6pp
SW & SW-related service, professional serv. and other serv. revenue	2,742	2,409	14	2,783	2,409	16
SW & SW-related service, professional serv. and other serv. costs	-964	-829	16	-915	-812	13
- Gross margin in %	64.8	65.6	-0.8pp	67.1	66.3	0.8pp

Gross Margin Analysis

Nine Months 2008 (U.S. GAAP and Non-GAAP)



	U.S. GAAP			Non-GAAP		
	9M 2008 € millions	9M 2007 € millions	Δ%	9M 2008 € millions	9M 2007 € millions	Δ%
SW & SW-related service revenue	5,791	4,954	17	5,931	4,954	20
SW & SW-related service cost	-1,166	-919	27	-1,024	-882	16
- SW & SW-related serv. margin in %	79.9	81.4	-1.5pp	82.7	82.2	0.5pp
Professional service and other service revenue	2,232	2,002	11	2,232	2,002	11
Professional serv. and other serv. cost	-1,731	-1,531	13	-1,731	-1,530	13
- Professional serv. gross margin in %	22.4	23.5	-1.1pp	22.4	23.6	-1.2pp
SW & SW-related service, professional serv. and other serv. revenue	8,023	6,956	15	8,163	6,956	17
SW & SW-related service, professional serv. and other serv. costs	-2,897	-2,450	18	-2,755	-2,412	14
- Gross margin in %	63.9	64.8	-0.9pp	66.3	65.3	1.0pp

Cost Analysis

Third Quarter 2008 (U.S. GAAP and Non-GAAP)



	U.S. GAAP			Non-GAAP		
	Q3 2008 € millions	Q3 2007 € millions	Δ%	Q3 2008 € millions	Q3 2007 € millions	Δ%
Research and development	-398	-357	11	-395	-357	11
- as % of total revenue	14.4	14.8	-0.4pp	14.1	14.8	-0.7pp
Sales and marketing	-634	-510	24	-611	-509	20
- as % of total revenue	23.0	21.1	1.9pp	21.8	21.0	0.8pp
General and administration	-156	-121	29	-155	-121	28
- as % of total revenue	5.7	5.0	0.7pp	5.5	5.0	0.5pp
Other operating income/expenses	5	4	25	5	4	25
Total operating expenses	-2,147	-1,813	18	-2,071	-1,795	15

Cost Analysis

Nine Months 2008 (U.S. GAAP and Non-GAAP)



	U.S. GAAP			Non-GAAP		
	9M 2008 € millions	9M 2007 € millions	Δ%	9M 2008 € millions	9M 2007 € millions	Δ%
Research and development - as % of total revenue	-1,236 15.3	-1,049 15.0	18 0.3pp	-1,218 14.8	-1,048 15.0	16 -0.2pp
Sales and marketing - as % of total revenue	-1,912 23.7	-1,523 21.8	26 1.9pp	-1,848 22.5	-1,520 21.7	22 0.8pp
General and administration - as % of total revenue	-477 5.9	-367 5.2	30 0.7pp	-476 5.8	-367 5.2	30 0.6pp
Other operating income/expenses	9	10	-10	9	10	-10
Total operating expenses	-6,513	-5,379	21	-6,288	-5,337	18

Non-GAAP Operating Cost Analysis

Third Quarter & Nine Months 2008



	2008 € millions	△ volume	△ currency	2007 € millions
Q1 Total operating expenses	2,018	+395	-92	1,715
Q2 Total operating expenses	2,199	+493	-121	1,827
Q3 Total operating expenses	2,071	+352	-76	1,795
Total operating expenses	6,288	+1,240	-289	5,337

Personnel



Hiring (9,262 FTEs*, net since Q3 2007)

3rd Party



Usage of third party services

Travel



Increased business activity

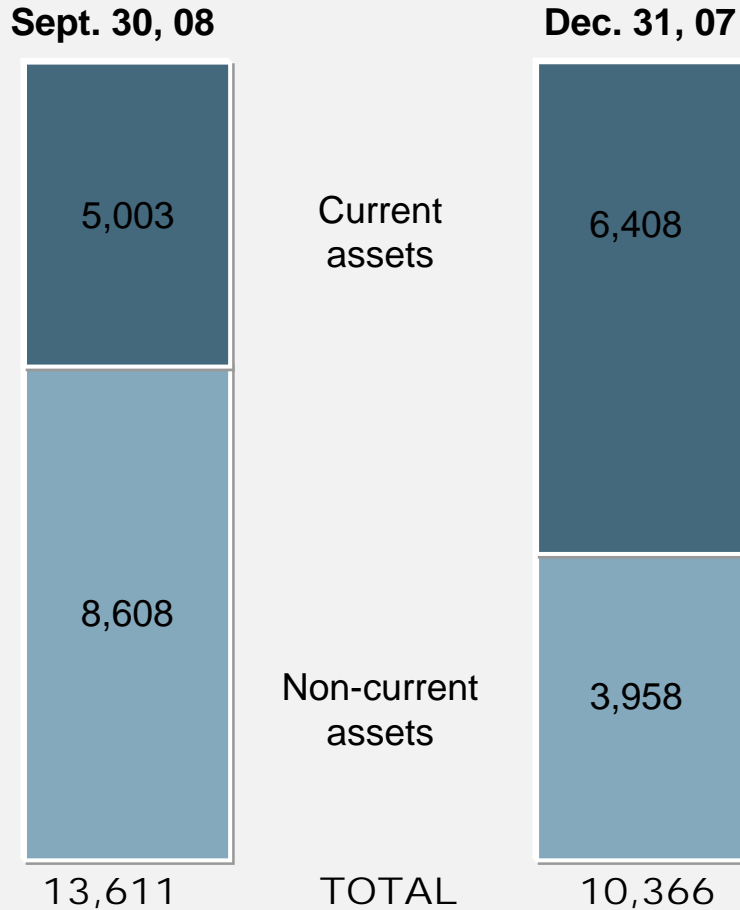
* FTE = Full-time equivalents

Balance Sheet Summary

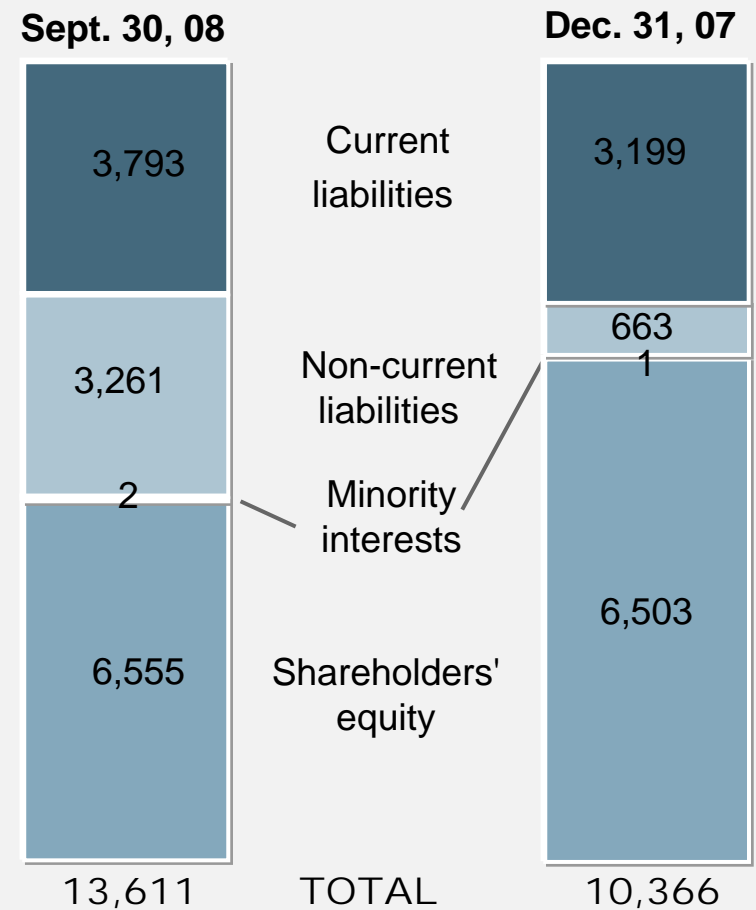
Third Quarter 2008 (U.S. GAAP)



Assets*



Shareholders' Equity & Liabilities*



* in € millions

Balance Sheet & Cash Flow Analysis

Third Quarter & Nine Months 2008 (U.S. GAAP)



	9/30/08	12/31/07	Δ %
Days sales outstanding (DSO)	69 days	66 days	+3 days
Equity ratio	48%	63%	-15pp

	9M 2008 € millions	9M 2007 € millions	Δ %
Operating cash flow	1,970	1,344	47
– Capital expenditure	-244	-294	-17
Free cash flow	1,726	1,050	64
Free cash flow as a % of total revenue	21	15	6pp

Headcount* as of September 30, 2008

Continuing Operations Only – Nine Months 2008



	9/2008	12/2007	9/2007	△ ^{9M}		△ ^{9M}	
				Total	Thereof acqns.	% Total	% Excl. acqns.
Headcount by Region							
– EMEA	26,764	23,654	23,229	3,110	2,262	13	4
– Americas	13,793	10,629	10,396	3,164	3,329	30	-2
– Asia Pacific Japan	11,306	9,578	8,976	1,728	900	18	9
Headcount by Functional Area							
– SW and SW-rel. services	6,457	5,831	5,716	626	604	11	0
– Prof. svcs. and other svcs.	14,193	12,785	12,470	1,408	1,035	11	3
– Research and development	15,458	12,951	12,532	2,507	1,851	19	5
– Sales and marketing	10,909	8,282	8,035	2,627	2,184	32	5
– General and administration	3,303	2,797	2,674	506	540	18	-1
– Infrastructure	1,543	1,215	1,174	328	276	27	4
Group	51,863	43,861	42,601	8,002	6,491	18	3
Net growth	8,002						
Net growth (excluding acquisitions)	1,511						

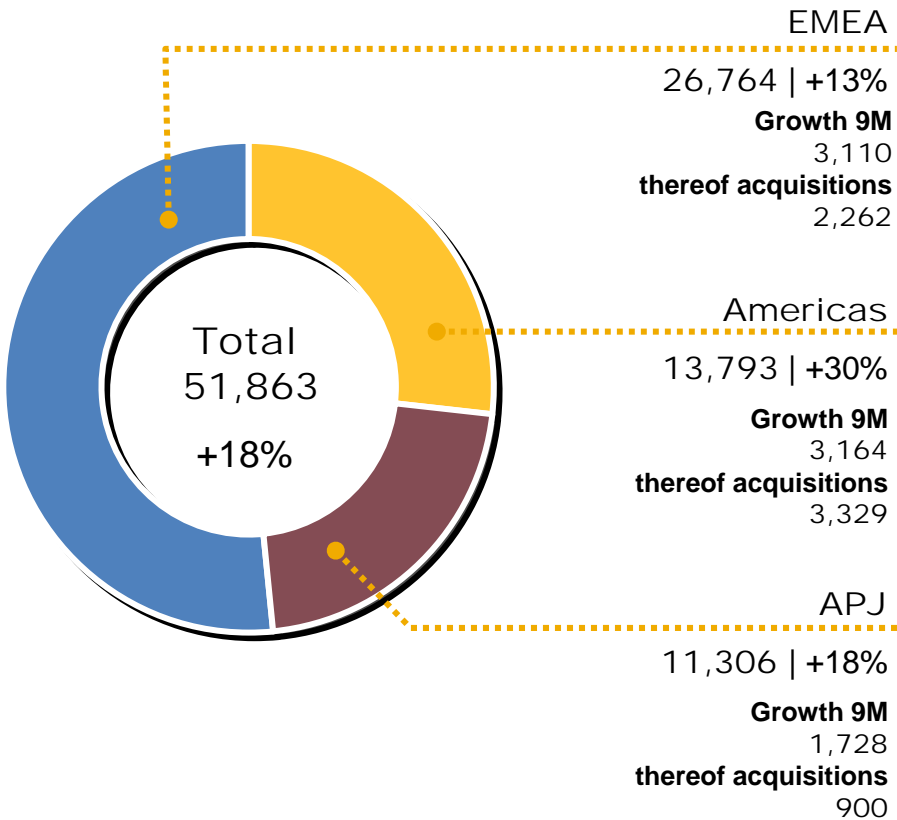
* in full-time equivalents

Headcount* as of September 30, 2008 – Cont'd Continuing Operations Only – Nine Months 2008

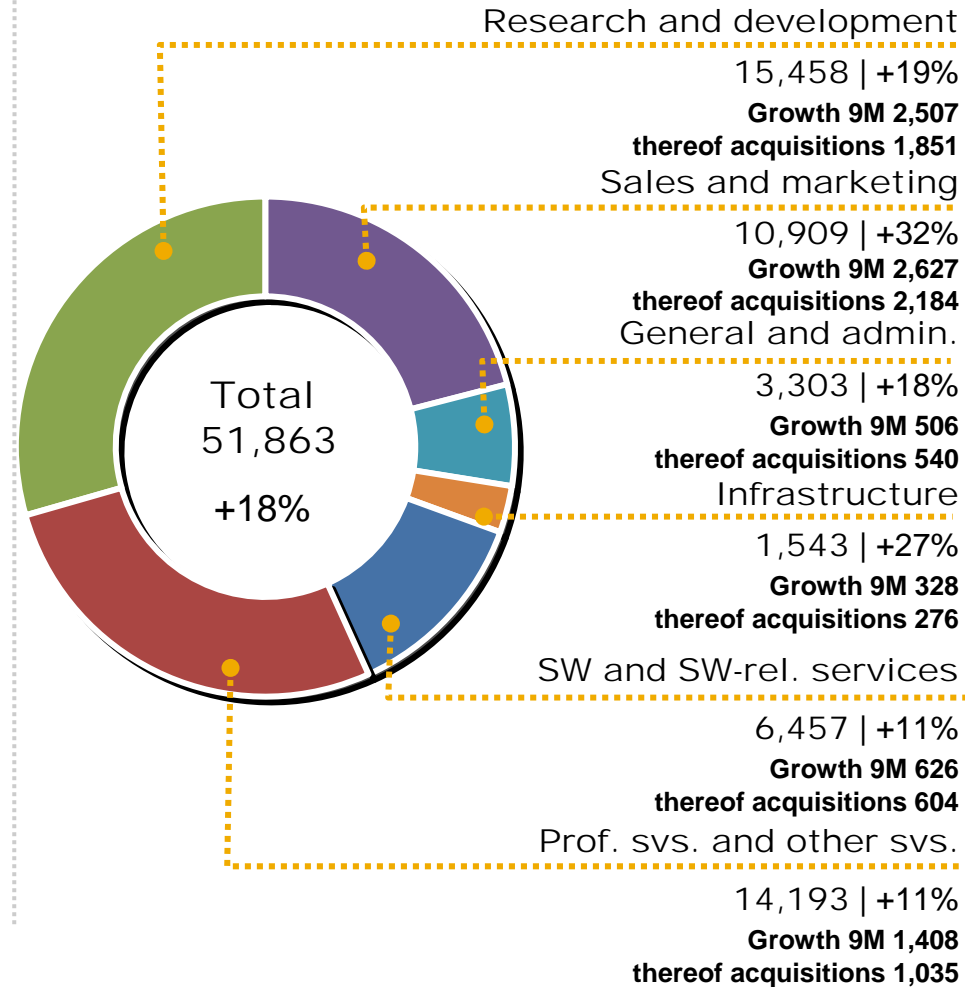


in full-time equivalents | % 9M

Headcount by Region



Headcount by Functional Area



* in full-time equivalents