

# SAP – The World's Leading Provider of Business Application Software



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# Agenda



SAP

- 1. SAP's Leading Market Position**
2. Current Market Environment
3. Strategy Update
4. Summary

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




The world’s leading provider of business application software

- ~82,000 customers in 120 countries
- Broad global reach provides regional balance and a greater addressable market
- Undisputed market leader
- Recognized global brand
- 99<sup>th</sup> largest company (market cap) (2007: 127<sup>th</sup>)

Strongest product portfolio based on an open technology platform

- Leading product and technology innovation with ~15,500 developers
- First to market with next generation enterprise SOA architecture
- Deepest industry functionality with 24 industry solutions

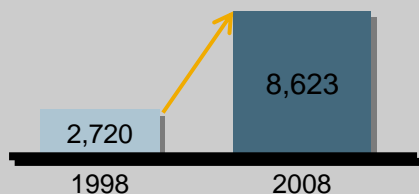
# 2008 - Key Metrics Demonstrate Long Term Success



## 1998-2008

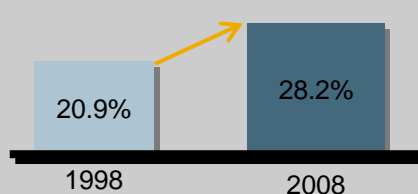
### SSRS Revenue\*

CAGR: +12.2%



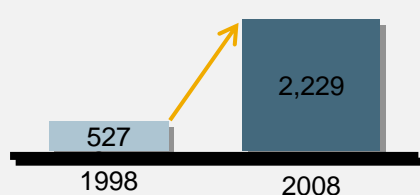
### Operating Margin\*

+7.3pp



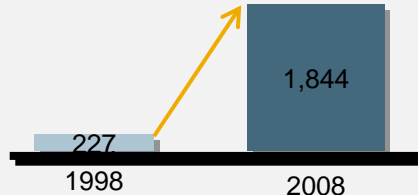
### Net Income\*

CAGR: +15.5%



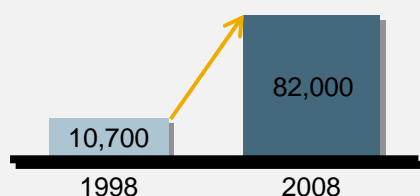
### Free Cash Flow

CAGR: +23.3%



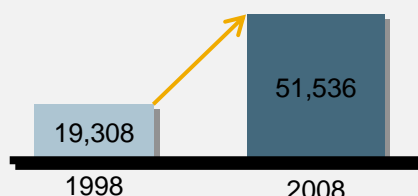
### # Customers

CAGR: +22.6%



### Headcount

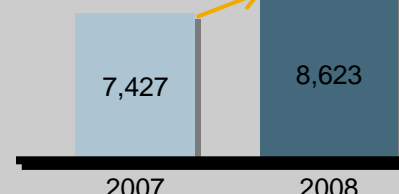
CAGR: +10.3%



## 2007-2008

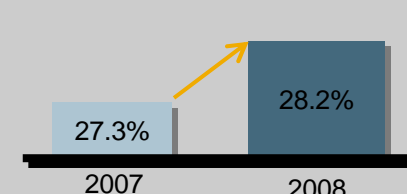
### SSRS Revenue\*

CAGR: +16.1%



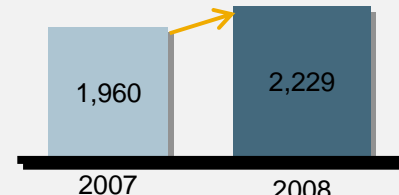
### Operating Margin\*

+0.9pp



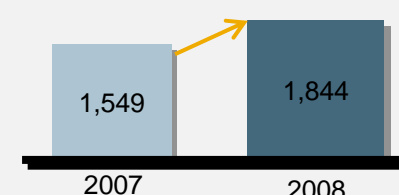
### Net Income\*

CAGR: +13.7%



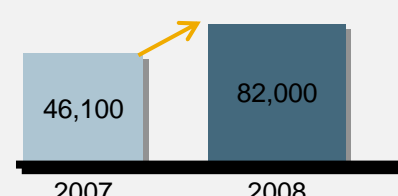
### Free Cash Flow

CAGR: +19.0%



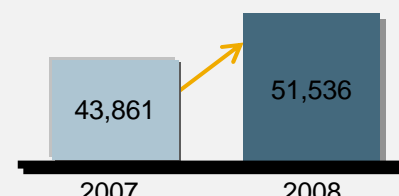
### # Customers

CAGR: +77.9%



### Headcount

CAGR: +17.5%



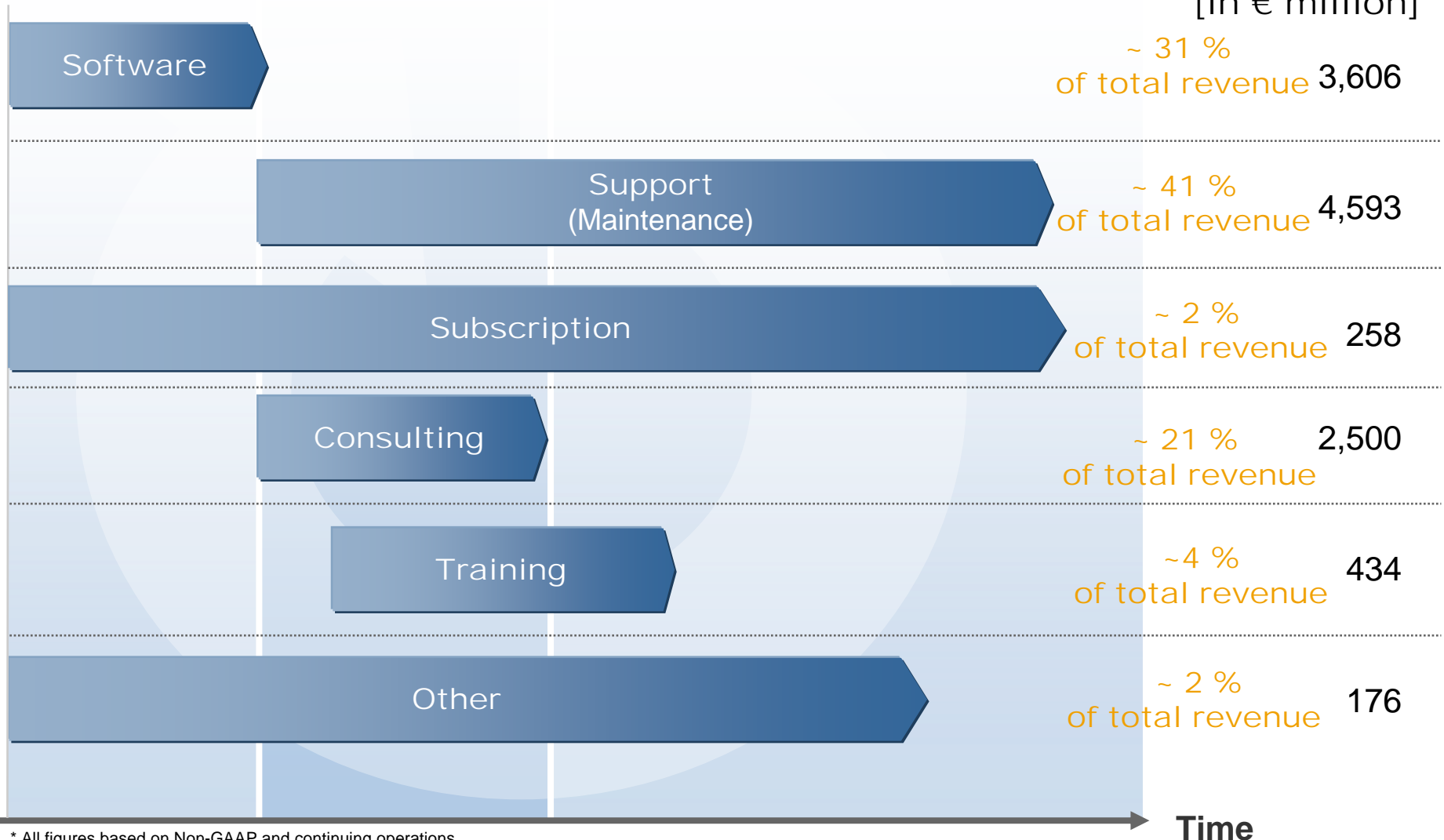
\* Based on Non-GAAP; in EUR million, unless stated otherwise

# SAP's Business Model



## Revenue streams

FY 2008\*  
[in € million]

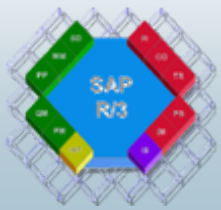


\* All figures based on Non-GAAP and continuing operations

# Transformation from a One-Product Company to a Multi-Product Company

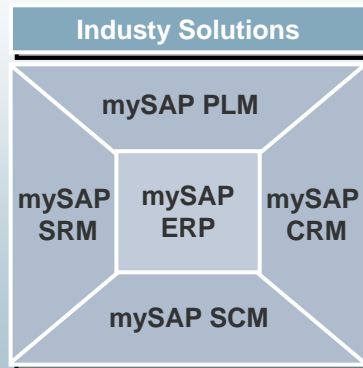


Client Server/  
SAP R/3



1998

Client Server/  
mySAP

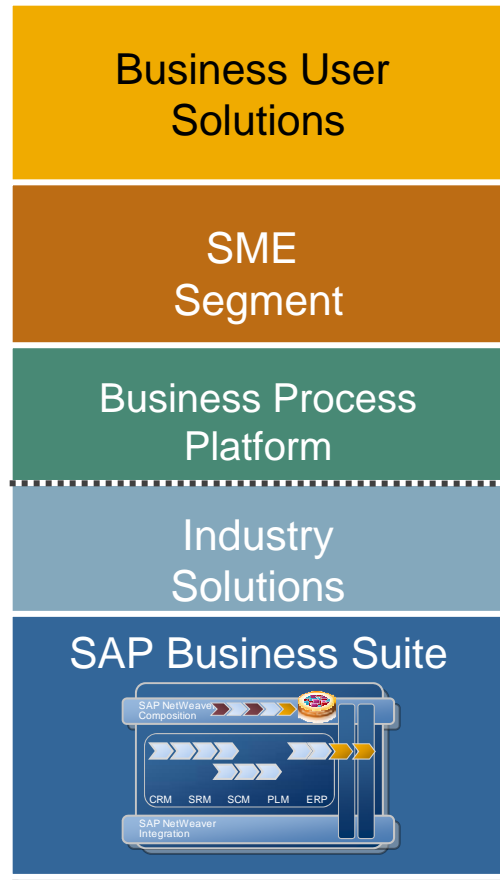


2003

SOA



SOA

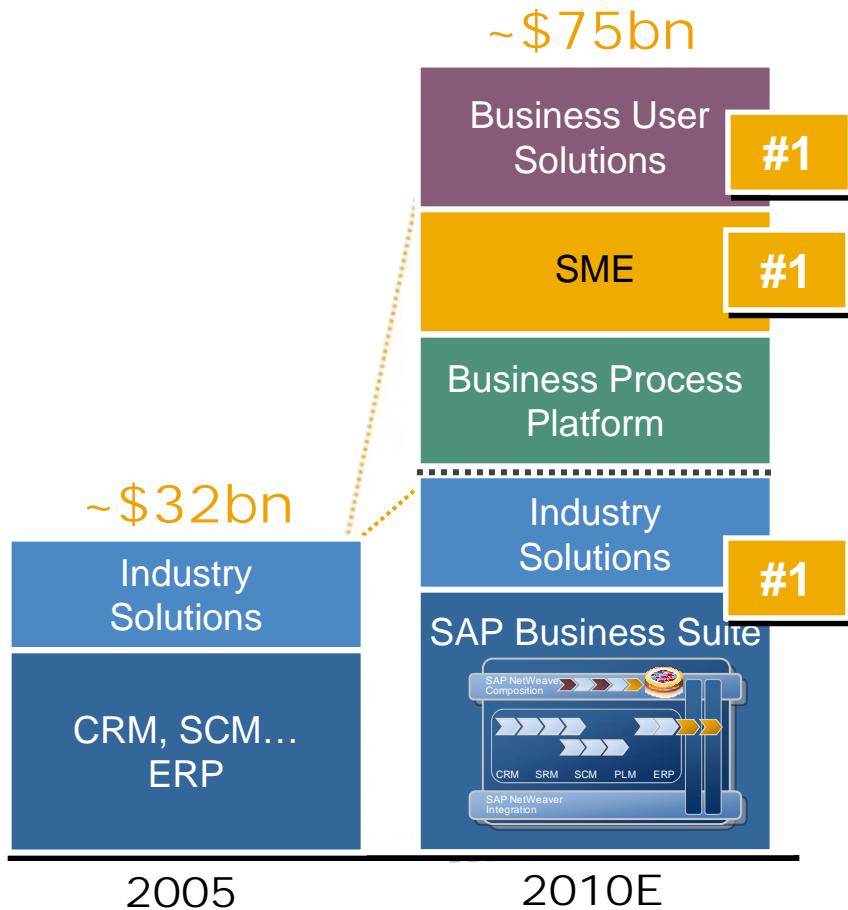


2008

# SAP Doubled its Addressable Market



~50% of SAP's Order Entry from New Products in 2010



- Doubled addressable market to ~\$70b
- 40% of revenues from new products in 2008
- 51,300 productive SAP NetWeaver systems (+47% yoy)
- 13,600 SAP ERP 6.0 customers, thereof 9,400 productive (+84% yoy)
- 13,450 SAP Business All-in-One Customers (+2,100 new customers yoy)
- 22,600 SAP Business One Customers (+5,000 new customers yoy)
- SAP Business ByDesign productive and on-demand



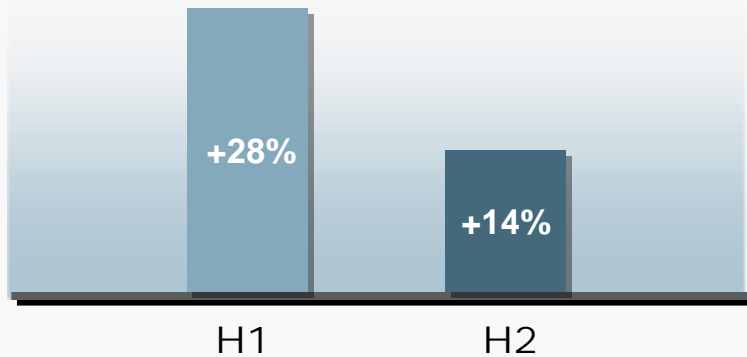
# Agenda



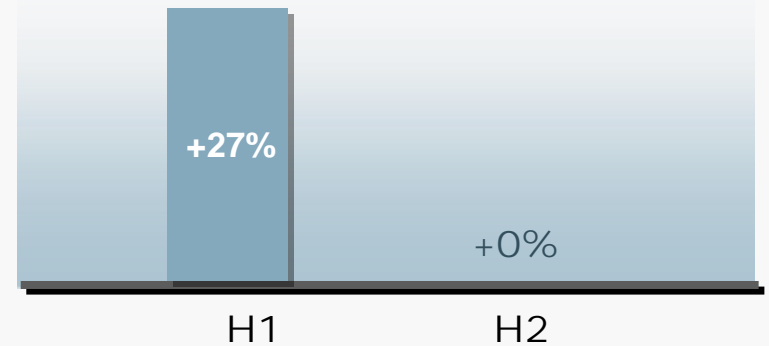
SAP

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## Software and Software-related Service Revenue\*



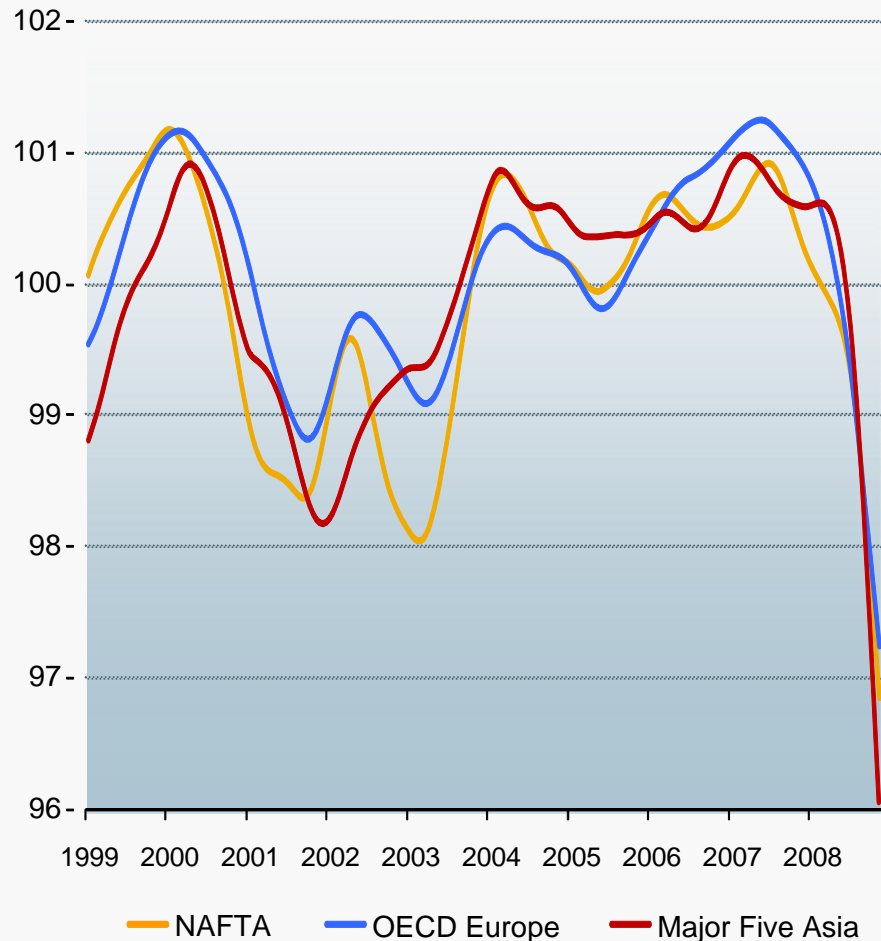
## Software Revenue\*



## 2008: A Year of Two Tales

- SAP started with a very strong H1 2008, with strong organic growth and excellent contribution from SAP Business Objects
- Following the acceleration of the financial crisis in mid-September the economic environment deteriorated significantly
- SAP's H2 2008 was severely impacted with an H2 SSRS growth rate 50% below the H1 level
- Customer buying patterns changed
  - High share of order entry from existing customers in H2
  - Reduced average transaction volumes

# The Toughest Macroeconomic Environment SAP Has Ever Experienced



Source: OECD Composite Leading Indicators as published on January 12, 2009

- Dramatic, simultaneous deterioration of economic climate across all regions
- Economists have significantly lowered their GDP forecasts for 2009
- 2009 real GDP forecasts
  - OECD Area -0.4% (OECD Economic Outlook)\*
  - US -0.7%, Japan -0.2%, UK -1.3%, Germany -0.8% (IMF World Economic Outlook)\*\*
- IT spending is expected to be severely affected
  - Latest industry analyst research and CIO surveys indicate decline in global IT spending
- Visibility into 2009 and beyond remains very limited

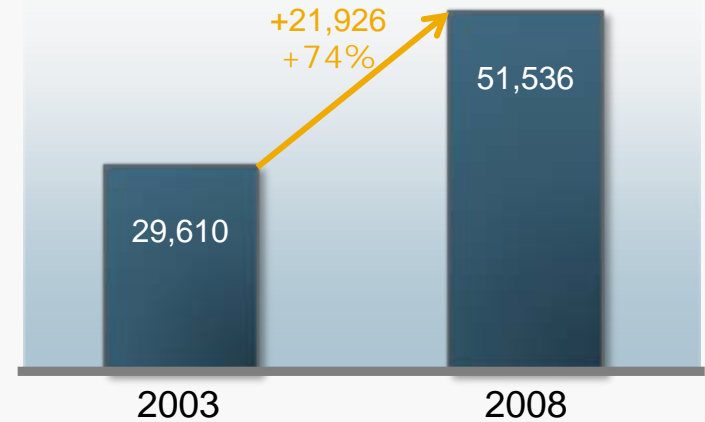
# SAP Responds to the Environment

## Efficiency is Key

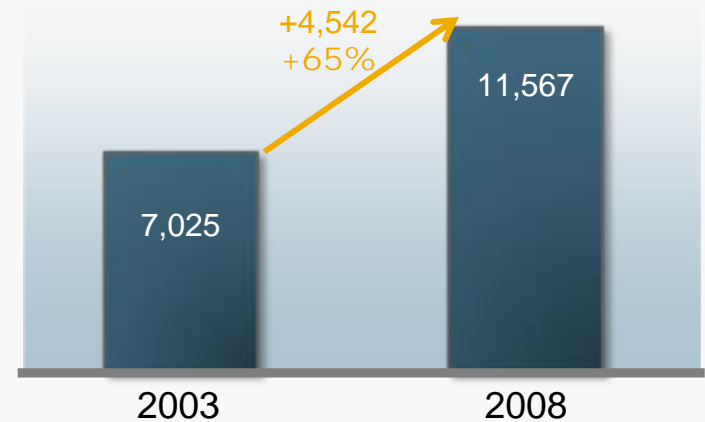


- SAP takes measures to adapt to the economic environment and ensure its long-term competitiveness
- SAP continues to maintain tight cost control on variable expenses and capital expenditure
- SAP intends to reduce its workforce globally to 48,500 positions by year-end 2009
- SAP expects the reduction to provide €300-350 million in annual cost savings beginning in 2010

SAP Headcount (in FTE\*)



SAP Total Revenue (in million EUR\*\*)



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# Complete Portfolio Covering Every Employee in Every Industry in Every Company



→ User Adaptation

Duet / Alloy / Portal / Mobile

→ Flexibility  
Extensibility

BPM – Composite Applications

→ Business  
Insights

SAP Business Objects Portfolio  
Business Intelligence – CPM – GRC

→ Industry Core  
Processes

Industry Specific Extensions

→ Horizontal Core  
Processes



→ Integration

SAP NetWeaver – PI – MDM – LCM

Large  
Companies

Midsized  
Companies

Small  
Co.s

# The Success of the Business Objects Acquisition



- Clear market leadership and significant share gains in an approx. \$20b market
- Outstanding contribution to 2008 earnings growth
  - Contribution of 14PP to SAP's overall 20%\* revenue growth
  - SAP Business Objects profitability quickly approached group level
- Major innovations in 2008
  - Two important platform launches – SAP Business Objects XI3.0 and XI3.1
  - Tight integration with the SAP solution portfolio based on the converged roadmap
  - Continued focus on information management and datasource-agnostic character

Governance,  
Risk, and  
Compliance

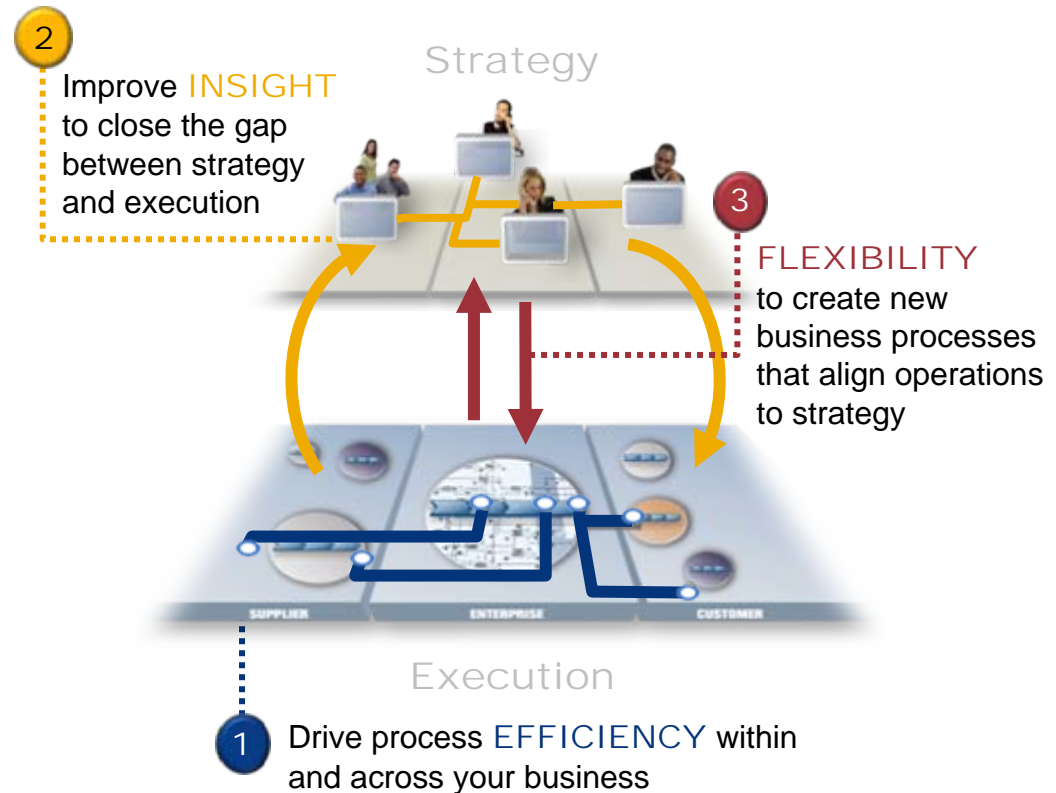
Enterprise  
Performance  
Management

Business Intelligence

Information Management

## Areas in Focus

- Next-level SAP Business Suite
- Service-oriented Architecture
  - Expansion of Enterprise Services
  - Composition Environment and Business Process Management
- Business User Solutions
  - Enterprise Performance Management
  - Governance, Risk and Compliance
  - Polestar and Business Intelligence Accelerator
- SAP Best-run Now Packages
- Midmarket Solutions
  - Co-innovation with Partners for SAP All-in-One and SAP Business One
  - Feature Pack 2.0 for SAP Business ByDesign
- Enterprise Support





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# SAP Provides What Companies Are Looking For in 2009...



Entire spectrum of customers' investment sizes and motivations

- From strategic Global Enterprise Agreements to quick-win SAP Business Objects Edge deployments
- Strongest and broadest solution portfolio in SAP's history

Value-based sales and delivery approach

- SAP's value engineering methodology supports customers in identifying projects with strong business cases

Financing

- SAP arranges third party software project financing to help customers protect their liquidity

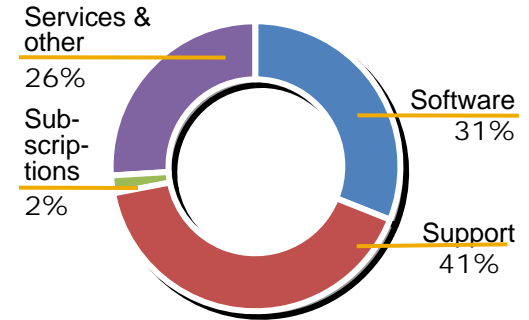


# ...And is Well Prepared to Emerge From the Downturn in an Even Stronger Competitive Position

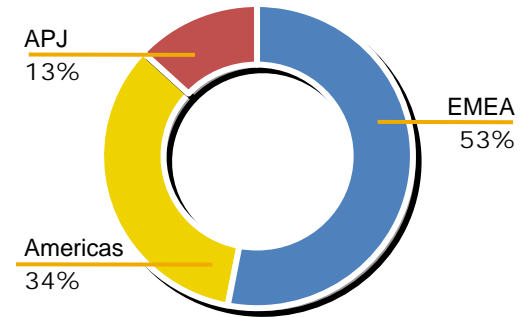


- High level of protected, recurring revenue
- Diversified revenue stream across
  - Geographies
  - Industries
  - Customer Segments
- Strongest and broadest solution portfolio in the industry
- Unmatched domain expertise as the dominating vendor in 20 out of 25 industries
- Highly skilled workforce
- Excellent reputation and brand
- Unique ecosystem of partners
- Competitive win rate at top levels
- Customer satisfaction at an all-time high
- Cost awareness and spending discipline
- Very healthy cash generation and solid financial posture

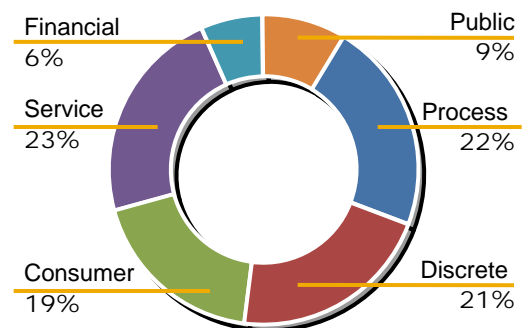
Total Revenue\* by Revenue Type



Total Revenue\* by Region



SSRS Revenue\* by Industry



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