

SAP
The Market Leader in
Business Applications



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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.

Agenda



SAP

1. Overview

- **The World's Leading Provider of Business Applications**
- **SAP's Track Record**
- **SAP's Business Model**
- **SAP's Product Portfolio**
- **Launching SAP Business Suite 7**

2. Current Situation

- SAP's Response to the Macroeconomic Environment
- SAP to Emerge from the Downturn in Stronger Competitive Position

3. 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
- Among top 100 most valuable companies in the world

Strongest product portfolio based on an open technology platform

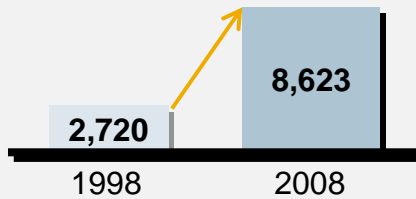
- Leading product and technology innovation with ~15,500 developers
- First to market with next generation enterprise SOA architecture
- Deepest industry functionality with 24 industry solutions



1998-2008

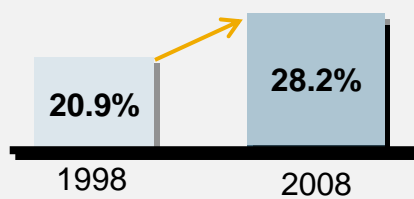
SSRS Revenue¹⁾

CAGR: +12.2%



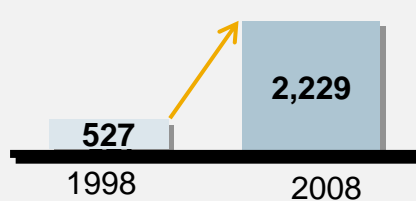
Operating Margin¹⁾

+7.3pp



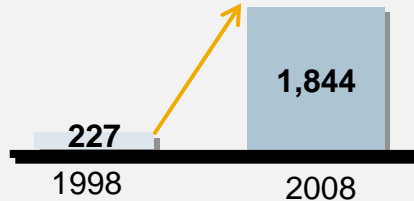
Net Income¹⁾

CAGR: +15.5%



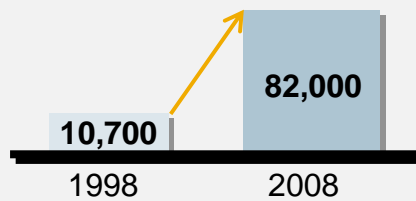
Free Cash Flow²⁾

CAGR: +23.3%



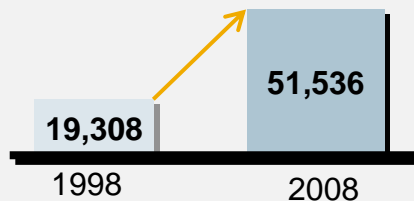
Customers

CAGR: +22.6%



Headcount³⁾

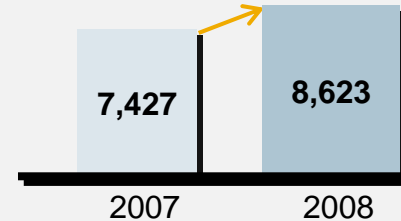
CAGR: +10.3%



2007-2008

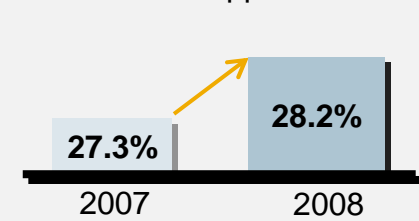
SSRS Revenue¹⁾

CAGR: +16.1%



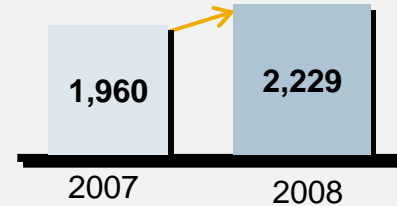
Operating Margin¹⁾

+0.9pp



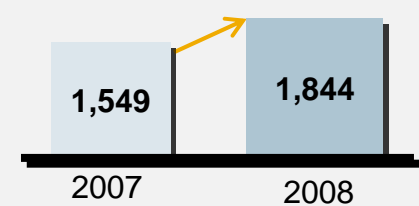
Net Income¹⁾

CAGR: +13.7%



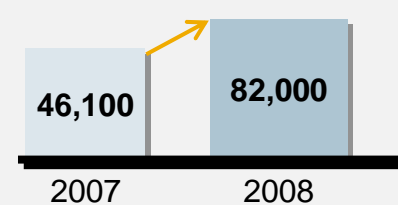
Free Cash Flow²⁾

CAGR: +19.0%



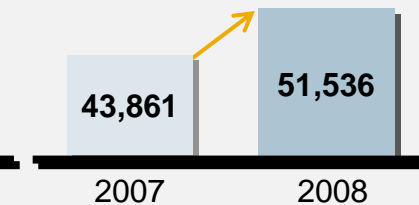
Customers

CAGR: +77.9%



Headcount³⁾

CAGR: +17.5%



1) Non-GAAP; in EUR million unless stated otherwise

2) Cash flow from operations minus capital expenditure, in EUR million

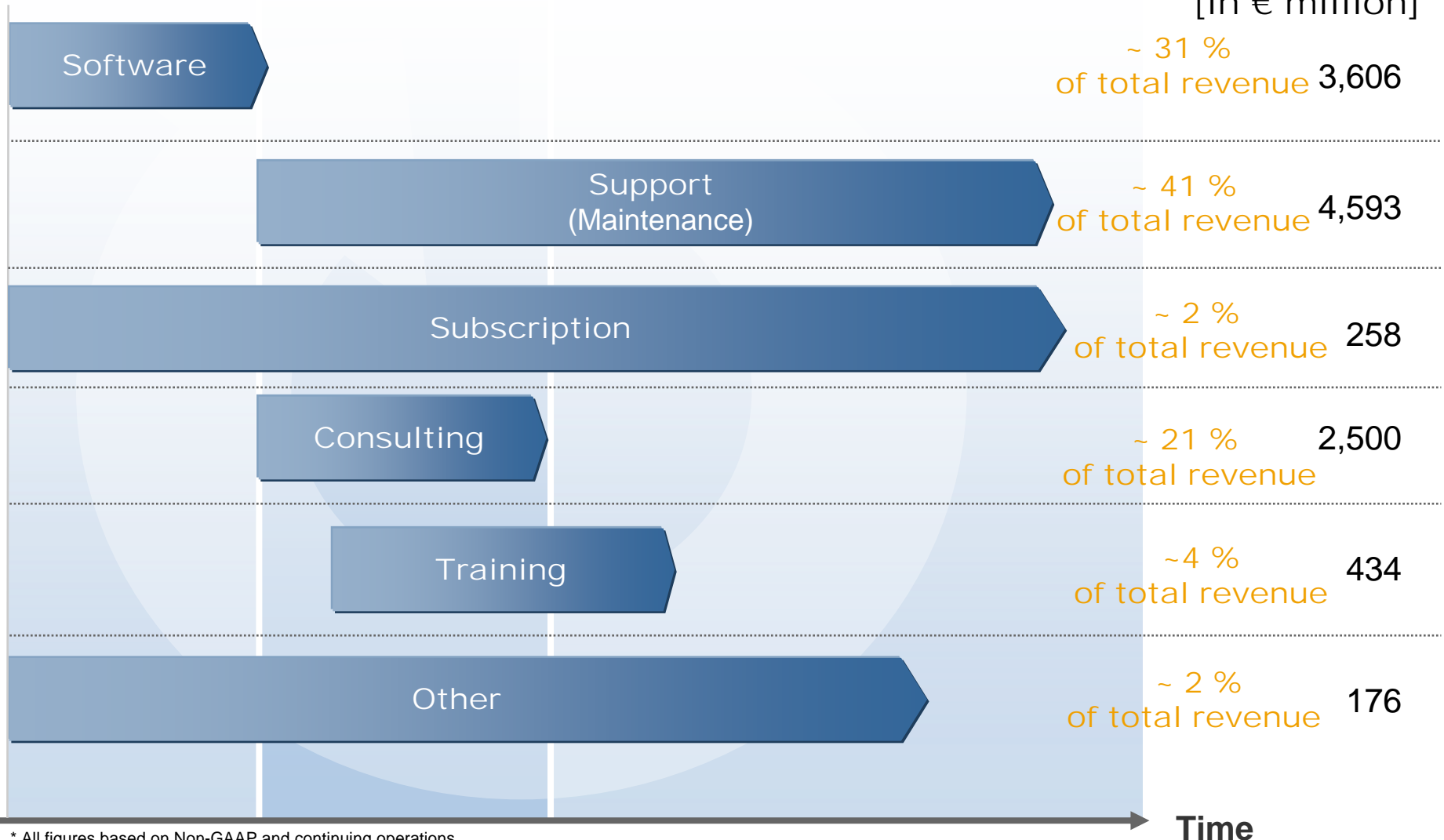
3) In full time equivalents

SAP's Business Model



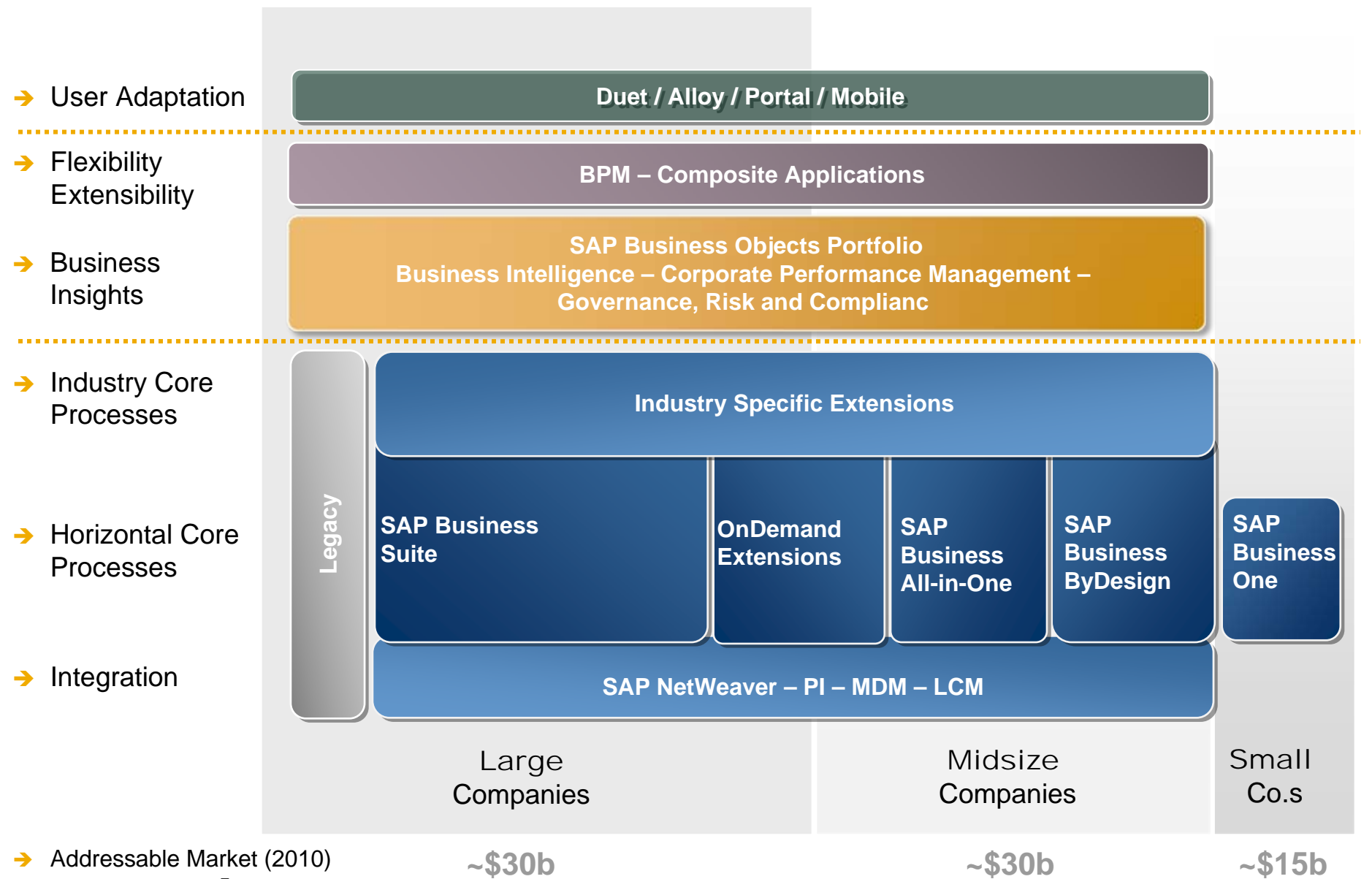
Revenue streams

FY 2008*
[in € million]



* All figures based on Non-GAAP and continuing operations

SAP's Solution Portfolio

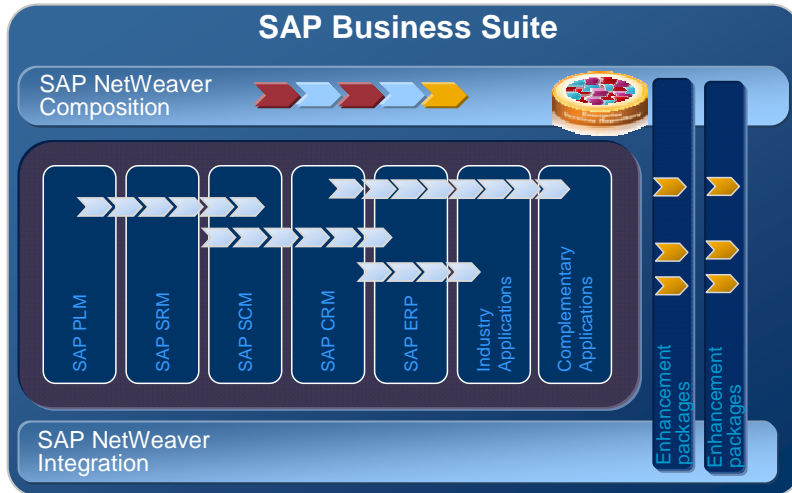


→ Addressable Market (2010)

~\$30b

~\$30b

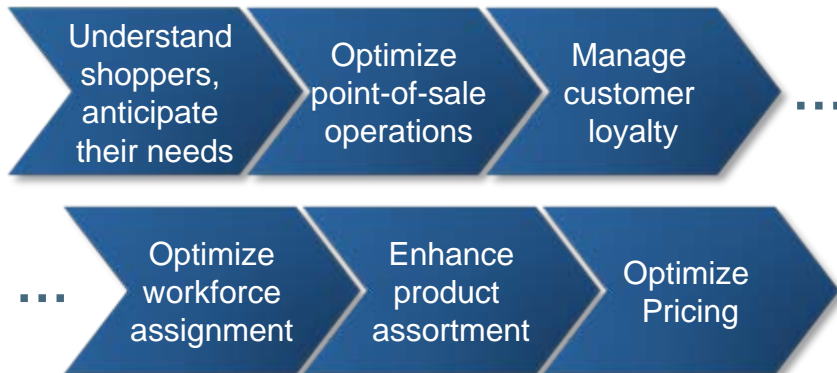
~\$15b



- SAP's next-generation software suite
- Delivery of 30 industry-rich value scenarios spanning organizational boundaries and application silos
- Reduced total cost of ownership:
 - Enhancement Package technology eases upgrades („pick and choose“)
 - Harmonized user interface increases productivity and reduces training efforts
 - SAP Enterprise Support and SAP Solution Manager reduce cost of operations
- Incorporated analytical capabilities from the SAP Business Objects portfolio support decision making
- Launch partners include IBM, Capgemini, Atos Origin and Wipro

Value Scenario

“Inspired Shopping Experience” (Retail)



Agenda



SAP

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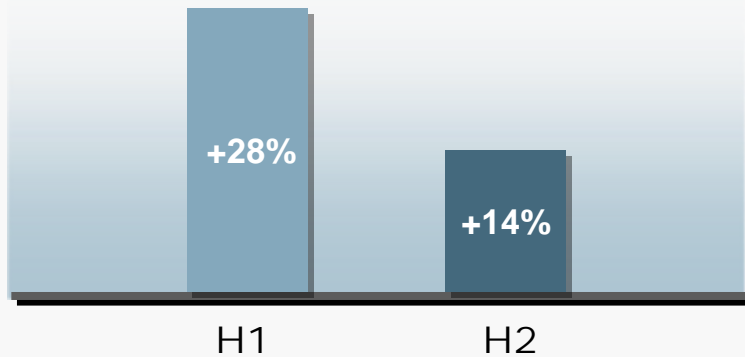
- The World's Leading Provider of Business Applications
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2. Current Situation

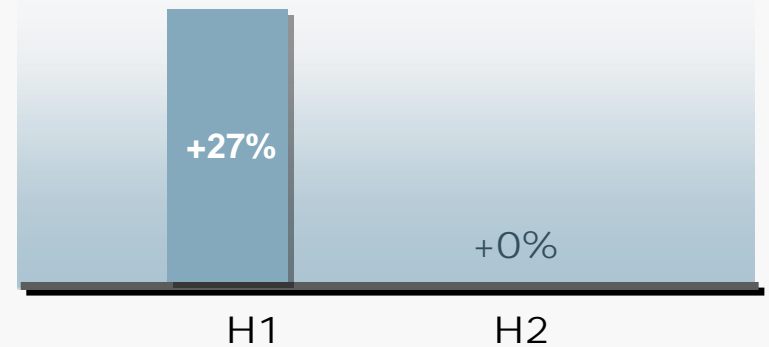
- **SAP's Response to the Macroeconomic Environment**
- **SAP to Emerge from the Downturn in Stronger Competitive Position**

3. Summary

Software and Software-related Service Revenue*



Software Revenue*



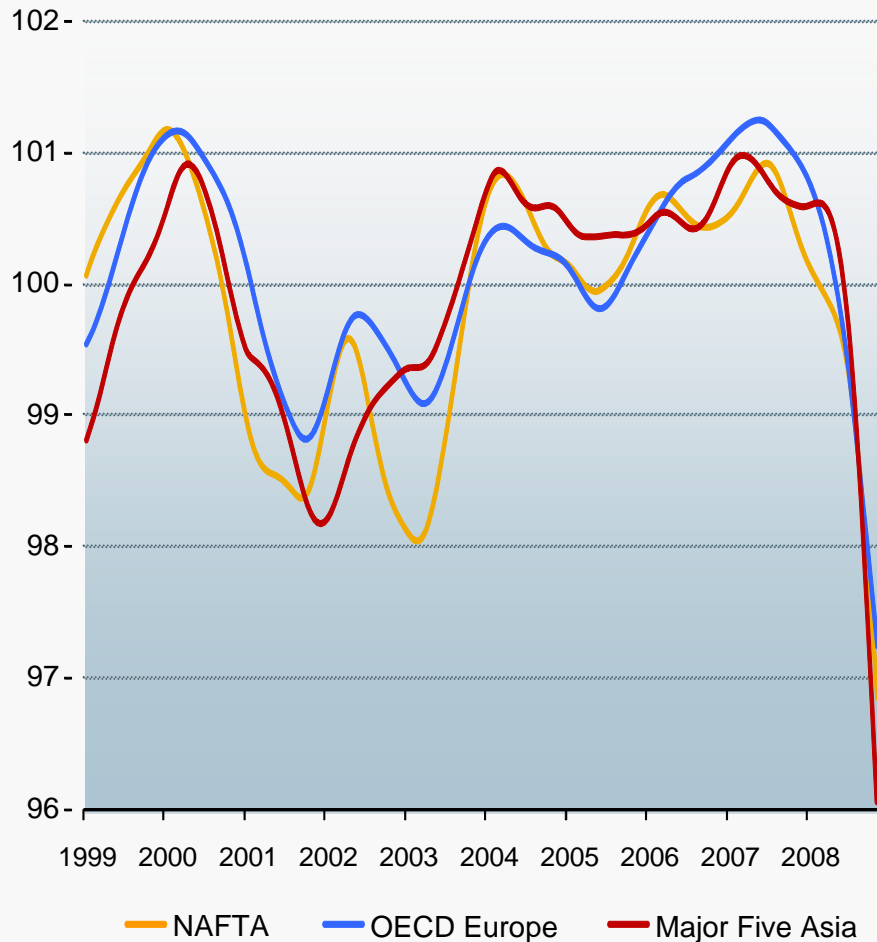
2008: A Year of Two Tales

- 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

SAP's Response to the Macroeconomic Environment



OECD Composite Leading Indicators



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

■ Measures to support sales

- Value engineering
- Reduced cost of solution deployment
- “Best-run Now” solutions
- Third party financing

■ Measures to contain cost

- Salary freeze
- Hiring freeze
- Reduction of headcount by 3,000 positions (~6% of workforce)
- Reduced spending on travel, third party services and marketing activities
- Reduction of vacation accruals

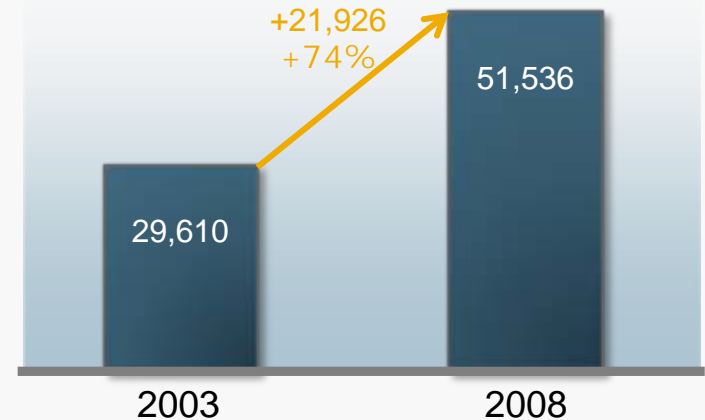
SAP Responds to the Environment

Efficiency is Key

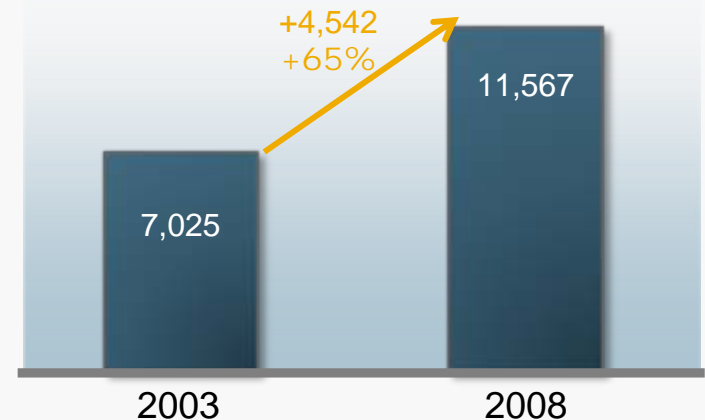


- SAP takes measures to adapt to the economic environment and ensure its long-term competitiveness
- SAP continues to maintain tight cost control on variable expenses and capital expenditure
- SAP intends to reduce its workforce globally to 48,500 positions by year-end 2009
- SAP expects the reduction 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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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

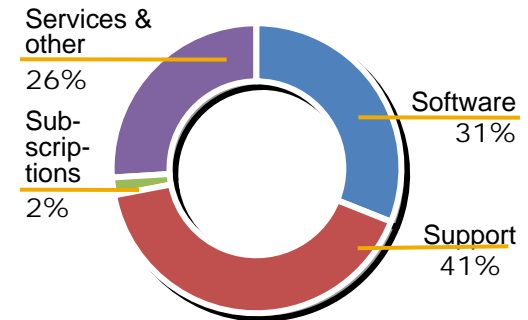


...And is Well Prepared to Emerge From the Downturn in an Even Stronger Competitive Position

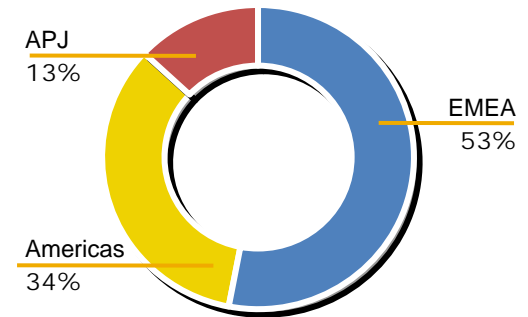


- High level of protected, recurring revenue
- Diversified revenue stream across
 - Geographies
 - Industries
 - Customer Segments
- Strongest and broadest solution portfolio in the industry
- Unmatched domain expertise as the dominating vendor in 20 out of 25 industries
- Highly skilled workforce
- 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

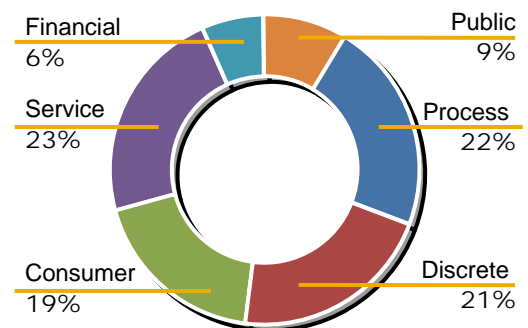
Total Revenue* by Revenue Type



Total Revenue* by Region



SSRS Revenue* by Industry



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