

SAP

The World's Leading Provider of  
Business Application Software



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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.



# SAP - An Overview

THE BEST-RUN BUSINESSES RUN SAP™



# The World's Leading Provider of Business Application Software



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The world's leading provider of business application software

- ~89,000 customers in 120 countries
- Broad global reach provides regional balance and a greater addressable market
- Undisputed market leader
- Recognized global brand (31<sup>st</sup> most valuable brand on a global basis)
- Among top 100 most valuable companies in the world (Rank 99 by market capitalization)

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 25 industry solutions

# SAP's Solutions Deliver Economic Impact on a Global Scale



SAP's purpose:

SAP helps the world run better in order to create enduring prosperity for people everywhere

SAP's solutions run ...

Production of **40 million**  
barrels of oil per day

Production of **32,000**  
car engines per day

Defense forces across  
**107** countries

**65%** of worldwide annual chocolate  
production (**2.2 million** tons)

**50 million**  
Bank accounts  
with one bank

**54 million**  
Annual health-care  
patient visits (US Only)

Retail outlets transactions totaling  
**\$330 million** per day

**75%** of worldwide  
annual beer production  
(1.5 billion hectoliter)

Processing of  
**2.5 billion**  
utility bills per day

Production of **4 million**  
tons of chemicals per day

A clear enterprise has complete visibility across its business and business network

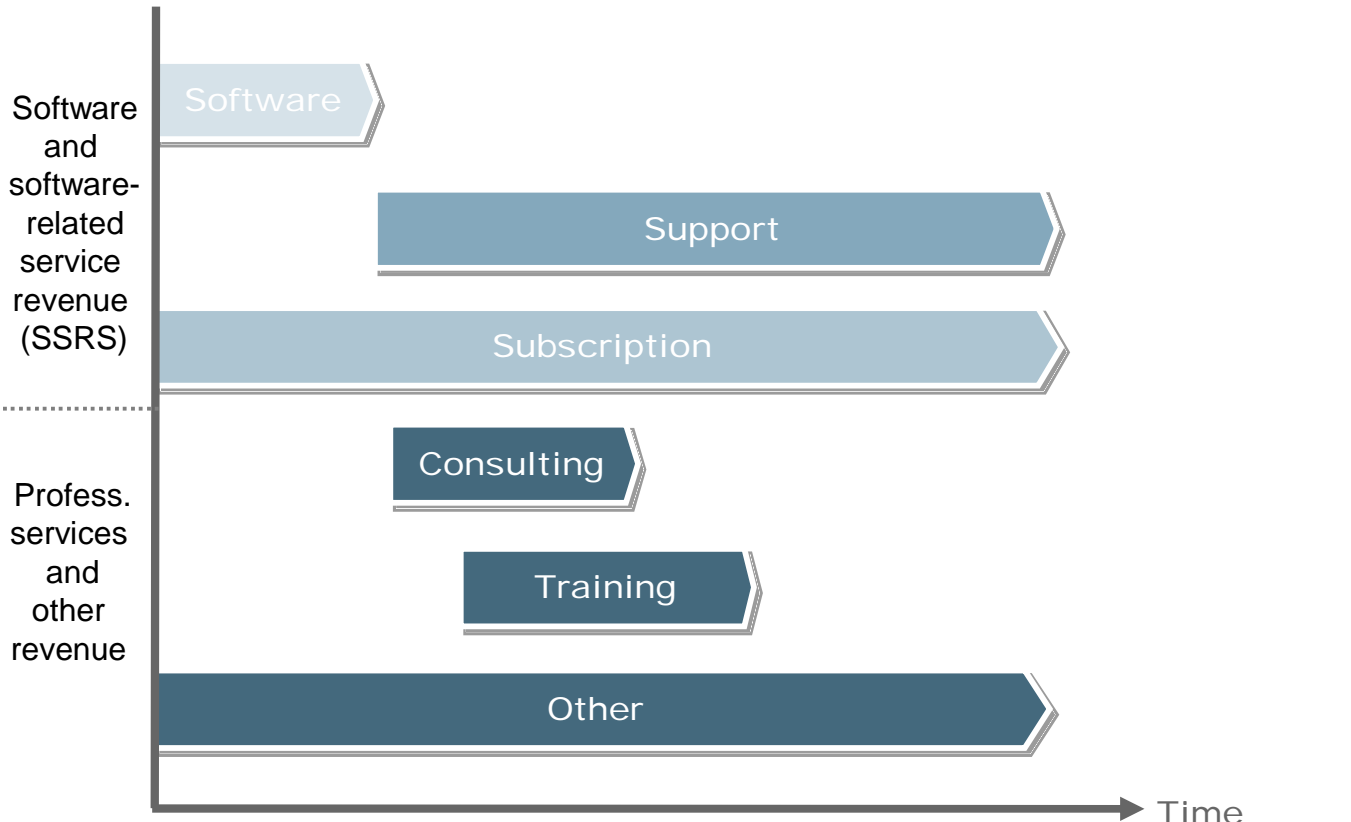
- To survive in today's business environment, companies must see clearly, think clearly, and act clearly – within their own organization as well as across their business network
- Only those companies with the visibility to act effectively and decisively will thrive in the long term and emerge stronger than the competition in the short term

SAP software helps to close the gap between business strategy and execution

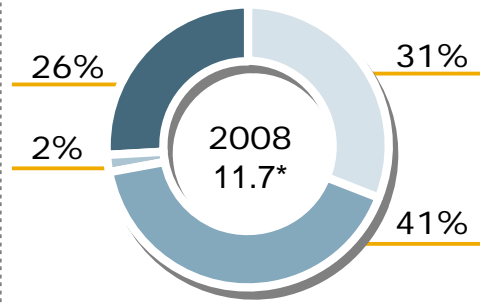
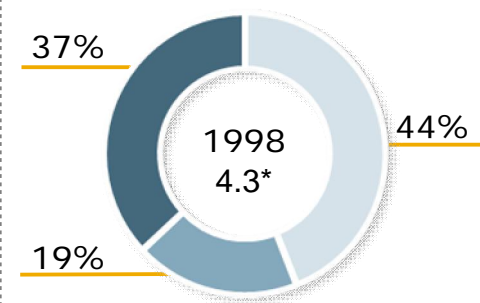
- SAP provides a single, integrated technology platform that supports industry-specific business processes
- SAP software also leverages a service-oriented architecture (SOA) which speeds and simplifies the integration of SAP and non-SAP solutions
- In the end, customers will have better insight into their business conditions, higher efficiency and flexibility



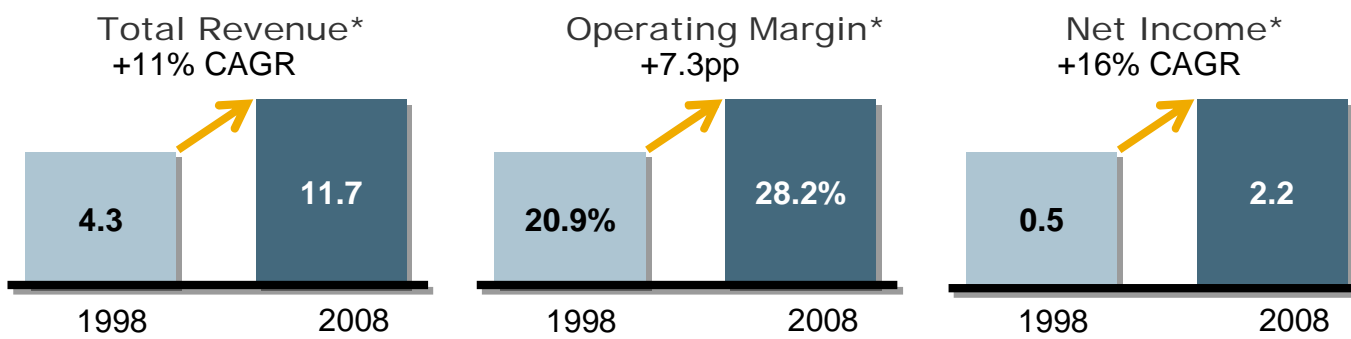
# SAP's Business Model - Increasing Streams of Recurring, Stable and Profitable Revenue



Total Revenue Breakdown (in%)



- Software
- Support
- Services & other
- Subscription



\* Non-GAAP, in € billion, unless stated otherwise

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



→ User Adaptation

Duet / Alloy / Portal / Mobile

→ Business Insights

BPM – Composite Applications

SAP Business Objects Portfolio  
Business Intelligence – CPM – GRC

→ Core Processes

Industry Specific Extensions

Legacy

SAP Business Suite

OnDemand Extensions

SAP Business All-in-One

SAP Business ByDesign

SAP Business One

SAP NetWeaver – PI – MDM – LCM

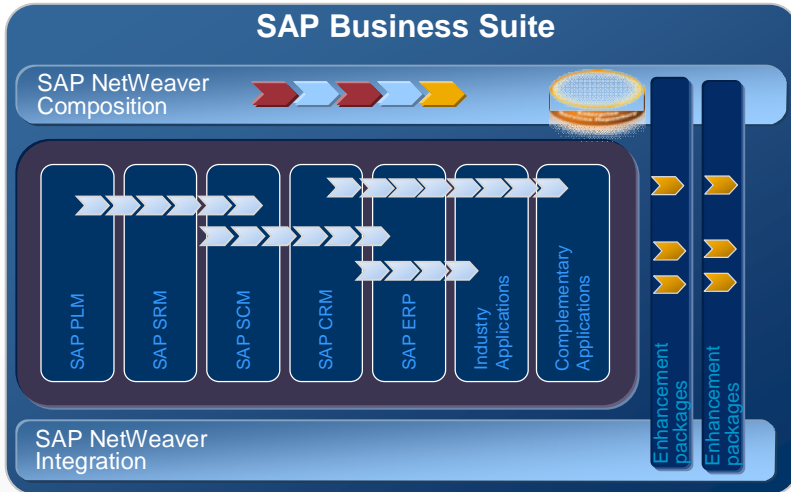
Large Companies

Midsize Companies

Small Co.s



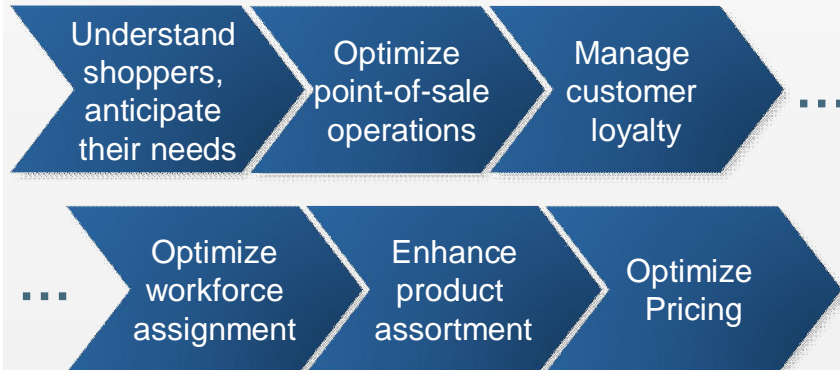
# Product Innovation – Launching SAP Business Suite 7



- 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)



# SAP Business Objects Explorer – Revolutionizing Business Intelligence



## Bring BI to All Business Users

- Simplicity and speed of search
- Intuitive data exploration and visualization
- Fast response across mountains of data



## Help IT to be Successful

- Easy and efficient to manage and scale
- More reactive to business with faster delivery
- Based on proven reliable infrastructure



# SAP Business ByDesign Continues to Expand and Grow



- FP 2.0 just went GA in July 2009, a significant milestone that delivers increased business functionality
- The next release will increase extensibility and flexibility while reducing operating costs
- SAP will continue with its controlled Go-to-Market approach in six countries in 2009

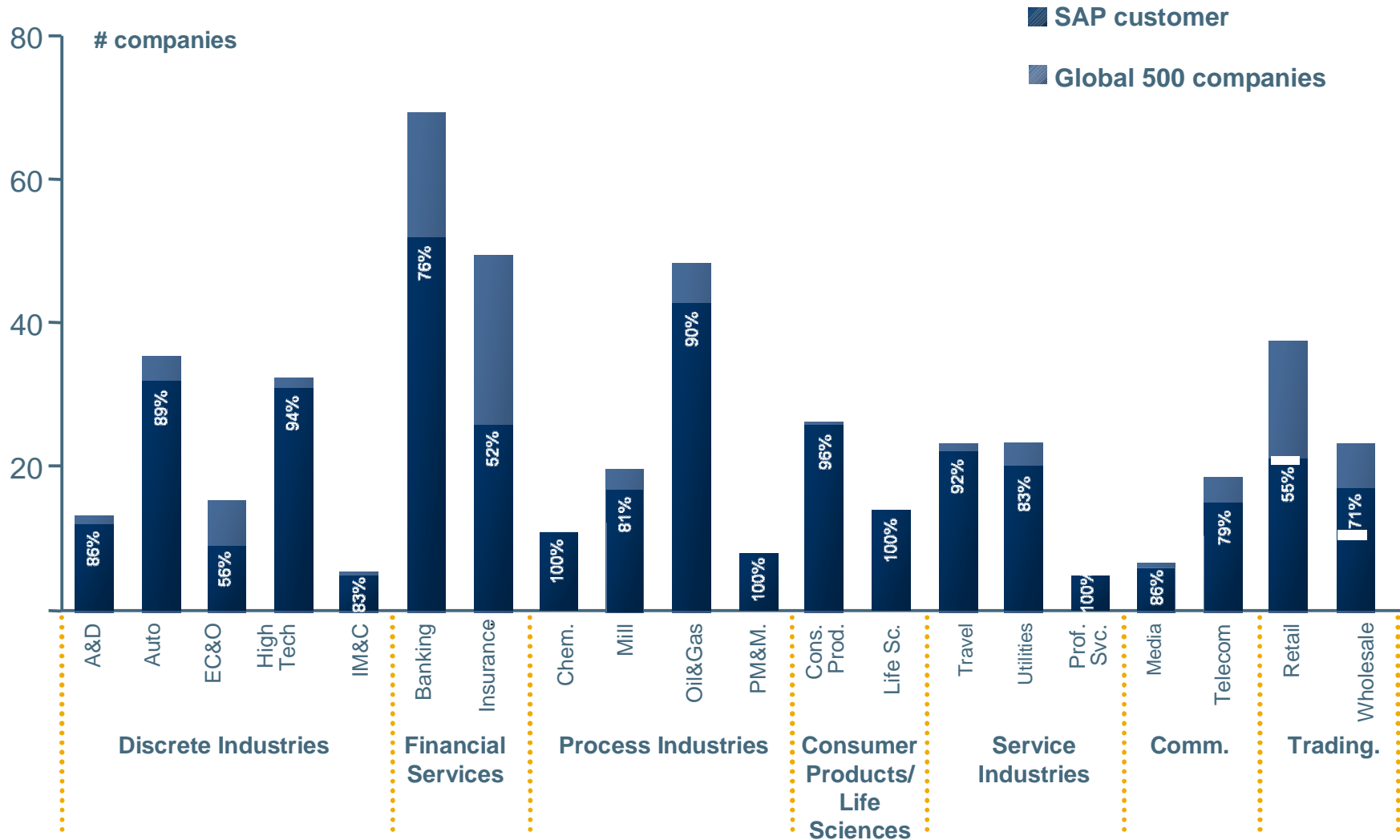


# SAP's Solutions Offerings By Customer Segment



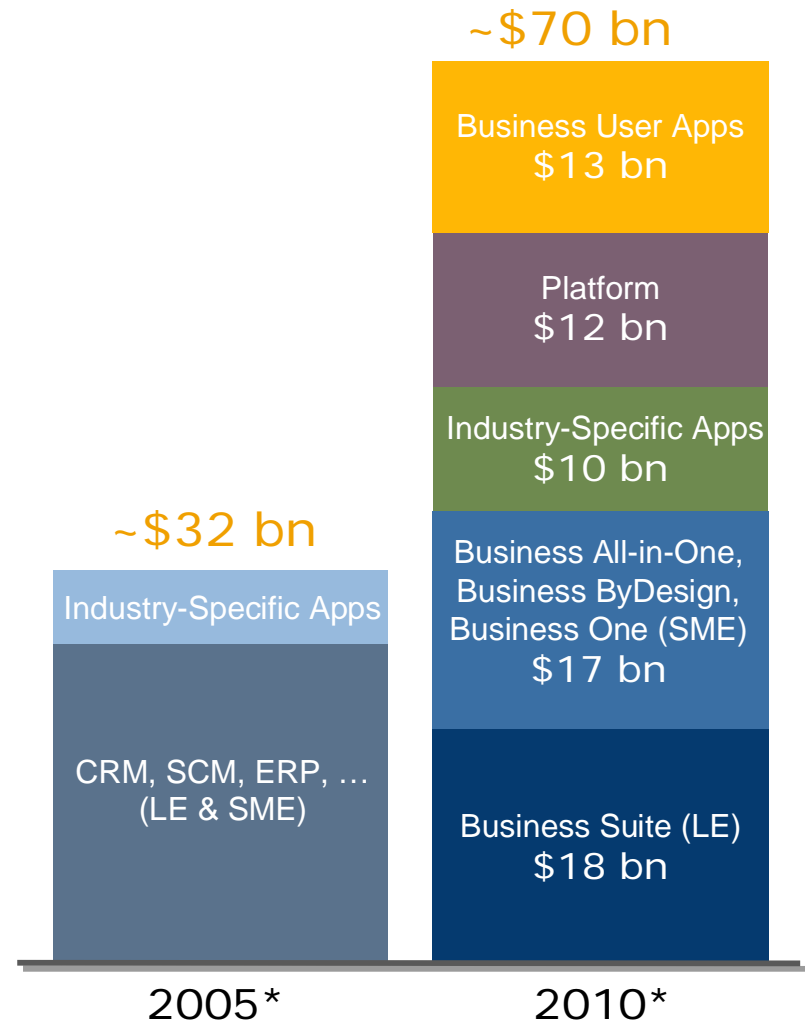
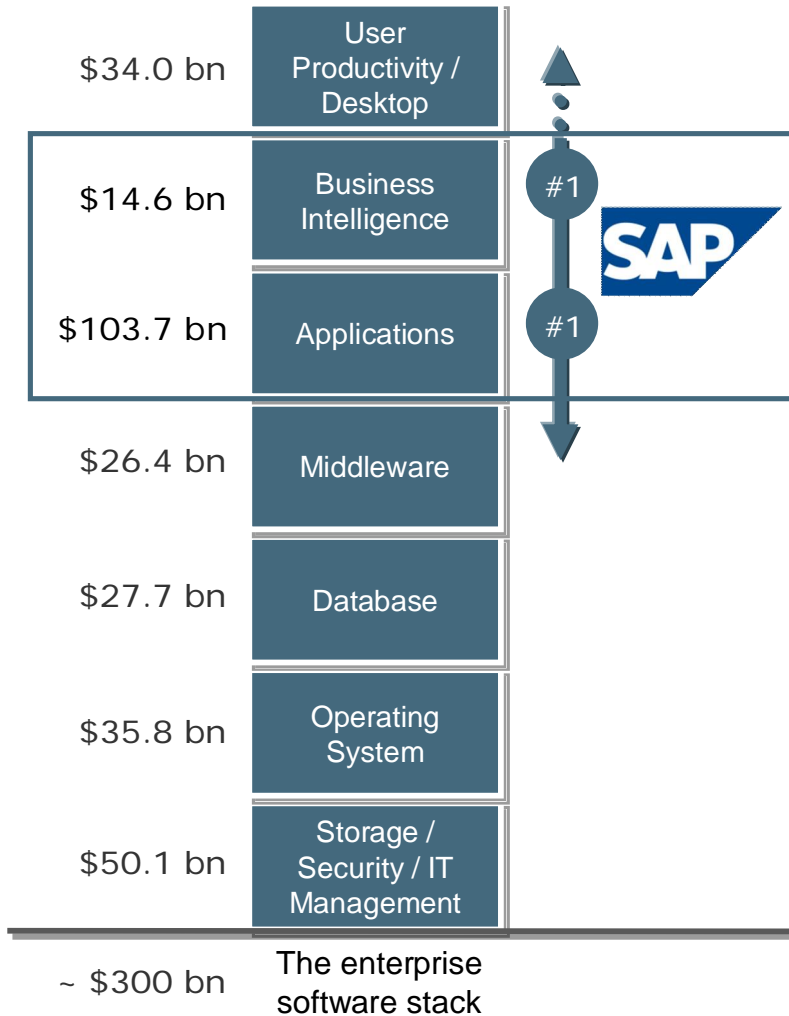
| Go-to-market   |                 | Customer segment  | Primary solution offering |
|----------------|-----------------|---|---------------------------|
| Large Accounts | Direct          | <b>Large Enterprises</b><br>(> 2,500 employees)<br>~\$30 billion market | SAP Business Suite        |
|                | Hybrid          | <b>Upper Midsize</b><br>(500 to 2,500 empl.)<br>~\$15 billion market    | SAP Business All-in-One   |
| SME            | TCE             | <b>Lower Midsize</b><br>(100 to 500 empl.)<br>~\$15 billion market      | SAP Business ByDesign     |
|                | Solely indirect | <b>Small Businesses</b><br>(5 to 100 employees)<br>~\$15 billion market | SAP Business One          |

# SAP Constantly Increased The Number of Accounts Within the Fortune 500 Companies



Note: Public Services accounts are not considered in the Global 500 analysis  
 Source: Fortune Magazine, Global 500 2007; SAP internal analysis

# New Products Drive the Expansion of SAP's Addressable Market



\* Addressable market, based on software and software-related service revenue. Source: SAP, IDC

# SAP Has Compelling Advantages Versus Every Category of Competitors



## Other 'suite' vendors

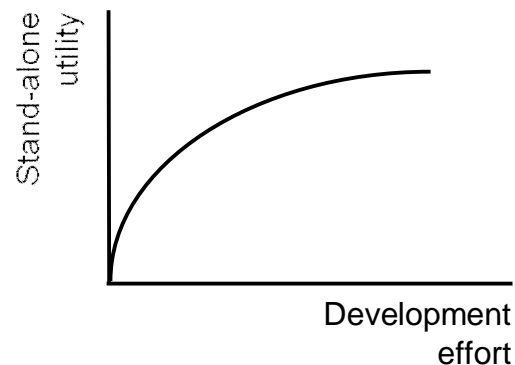
- Consistent technology and semantics
- Non-overlapping solution portfolio
- Investment protection
- Reputation
- Largest customer base
- Unmatched industry expertise
- Strongest 'ecosystem' of partners

## 'Best of breed' vendors

- Integration
- 'One throat to choke'
- Stability and reliability of vendor
- Customer access
- Global standards

## Inhouse development and custom development

- Cost
- Long-term support and continuous improvement
- Best practices

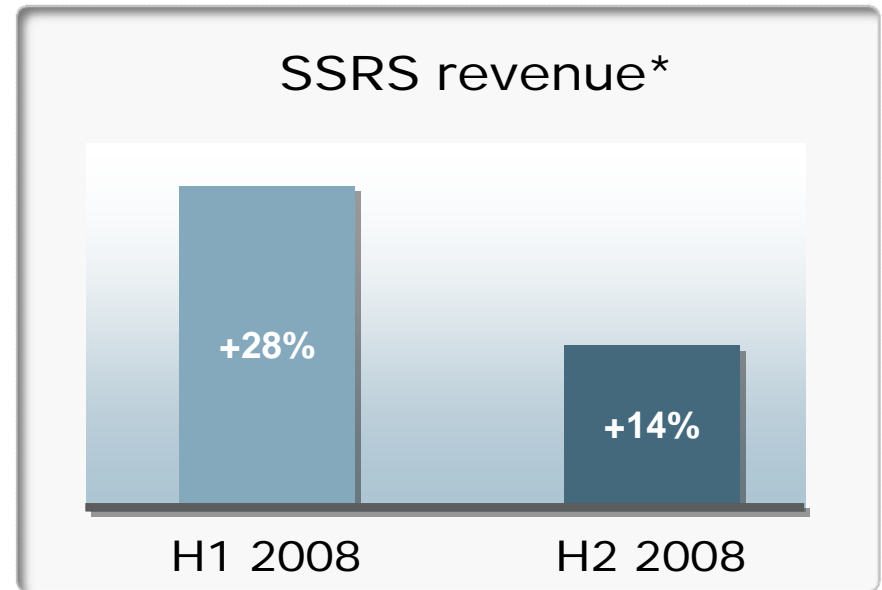
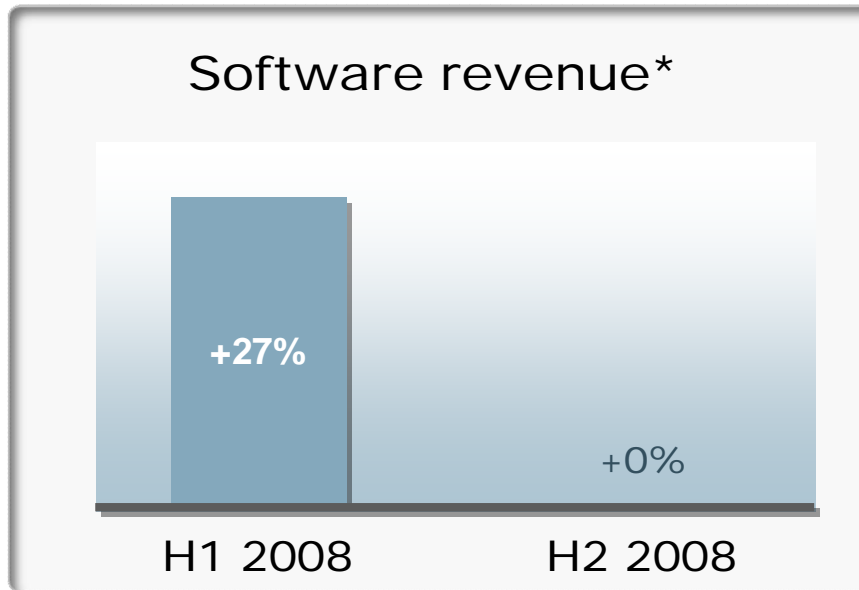




# The Current Situation



# The Economic Downturn Had a Significant Impact on SAP's Software Revenue



- Following the acceleration of the financial crisis in mid-September the economic environment deteriorated significantly
- Customer buying patterns changed
  - High share of order entry from existing customers
  - Reduced average contract sizes
- H1 2009: Software revenue down 38%\*; SSRS down 7%\*; Support revenue up 13%\*

# H1 2009 is Testimony to the Strength of SAP's Business Model



Growing stream of stable, recurring revenues

- Support revenue increased 15% yoy\*
- Subscription revenue increased 20% yoy\*

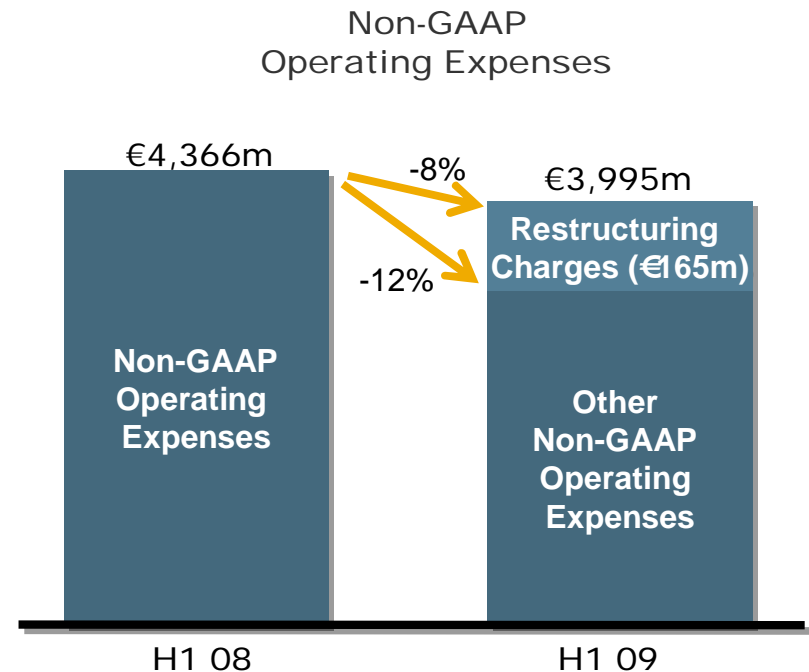
+ Flexible cost base

- Cost containment measures in place
- Reductions of positions on track
- Cost base\*\* reduced by ~-8% yoy (or -12% less restructuring charges)

= High Level of Earnings protection

But:

- Visibility remains very limited for 2009 and beyond – closure rates are hard to predict
- SAP will continue to very carefully manage its cost base





# Summary

- SAP is the clear market leader in the business applications industry with an addressable market of ~\$70bn
- SAP's business model represents a rare combination of defensive characteristics and significant growth potential
- Using product innovation and targeted acquisitions, SAP expands into adjacent markets where it can leverage its competitive advantages
- SAP has advantages versus every category of competitors and can emerge from the downturn in an even stronger competitive position
- In the current environment SAP carefully manages its cost base, putting a strong focus on earnings protection



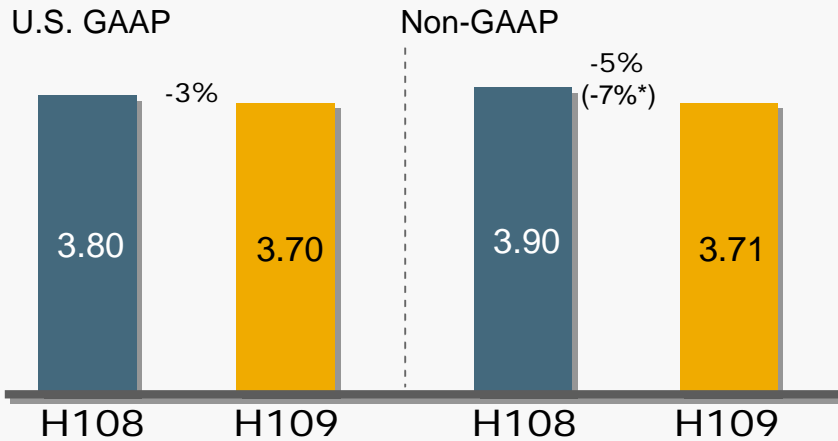


# Key Figures

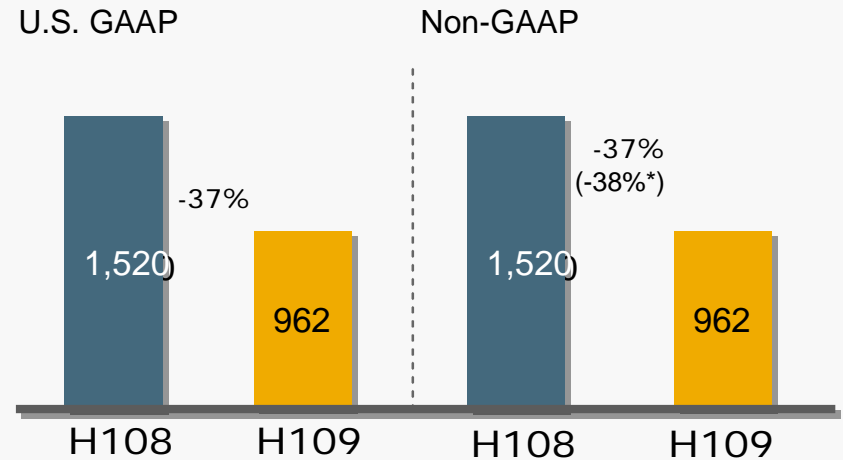
## First Half 2009



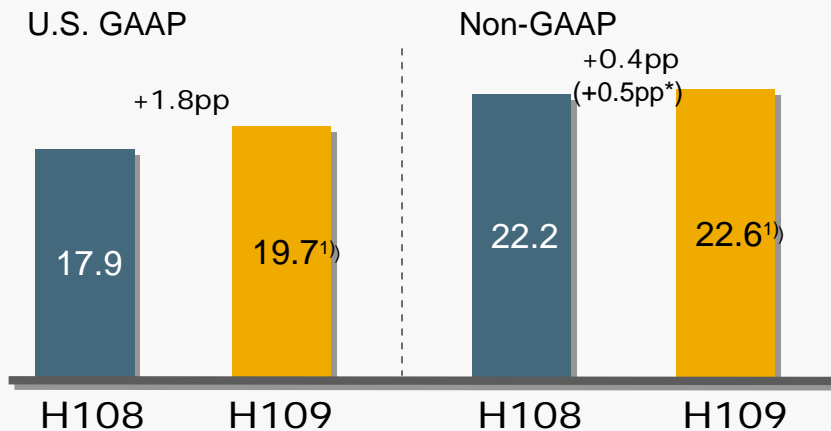
### SW & SW-Related Serv. Rev. (€ bn)



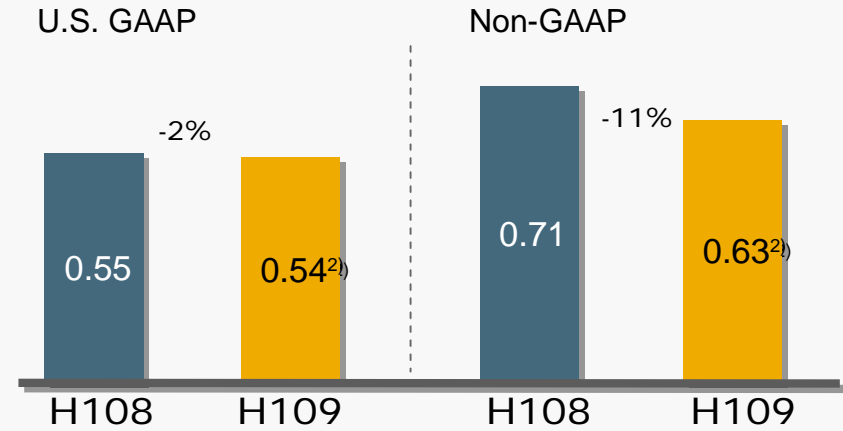
### Software Revenue (€ millions)



### Operating Margin (%)



### Basic EPS from Cont. Operations (€)



\* at constant currencies

1) includes negative effect of 3.3pp from H1 2009 restructuring charges of €165 million

2) includes negative effect of 0.10 € from H1 2009 restructuring charges of €165 million

# Revenue Analysis

## First Half 2009 (U.S. GAAP and Non-GAAP)



| € millions, unless otherwise stated              | U.S. GAAP    |              |            | Non-GAAP     |              |            | Δ%<br>constant<br>currencies |
|--|--------------|--------------|------------|--------------|--------------|------------|------------------------------|
|  | 6M<br>2009   | 6M<br>2008   | Δ%         | 6M<br>2009   | 6M<br>2008   | Δ%         |                              |
| Software revenue                                 | 962          | 1,520        | -37        | 962          | 1,520        | -37        | -38                          |
| Support revenue                                  | 2,589        | 2,157        | 20         | 2,600        | 2,256        | 15         | 13                           |
| Subscription & other softw.-rel. serv. rev.      | 144          | 120          | 20         | 144          | 120          | 20         | 14                           |
| <b>SSRS revenue</b>                              | <b>3,695</b> | <b>3,797</b> | <b>-3</b>  | <b>3,706</b> | <b>3,896</b> | <b>-5</b>  | <b>-7</b>                    |
| Consulting revenue                               | 1,071        | 1,215        | -12        | 1,071        | 1,215        | -12        | -14                          |
| Training revenue                                 | 142          | 218          | -35        | 142          | 218          | -35        | -36                          |
| Other service revenue                            | 47           | 51           | -8         | 47           | 51           | -8         | -10                          |
| <b>Professional &amp; other services revenue</b> | <b>1,260</b> | <b>1,484</b> | <b>-15</b> | <b>1,260</b> | <b>1,484</b> | <b>-15</b> | <b>-17</b>                   |
| <b>Other revenue</b>                             | <b>19</b>    | <b>37</b>    | <b>-49</b> | <b>19</b>    | <b>37</b>    | <b>-49</b> | <b>-51</b>                   |
| <b>Total revenue</b>                             | <b>4,974</b> | <b>5,318</b> | <b>-6</b>  | <b>4,985</b> | <b>5,417</b> | <b>-8</b>  | <b>-10</b>                   |

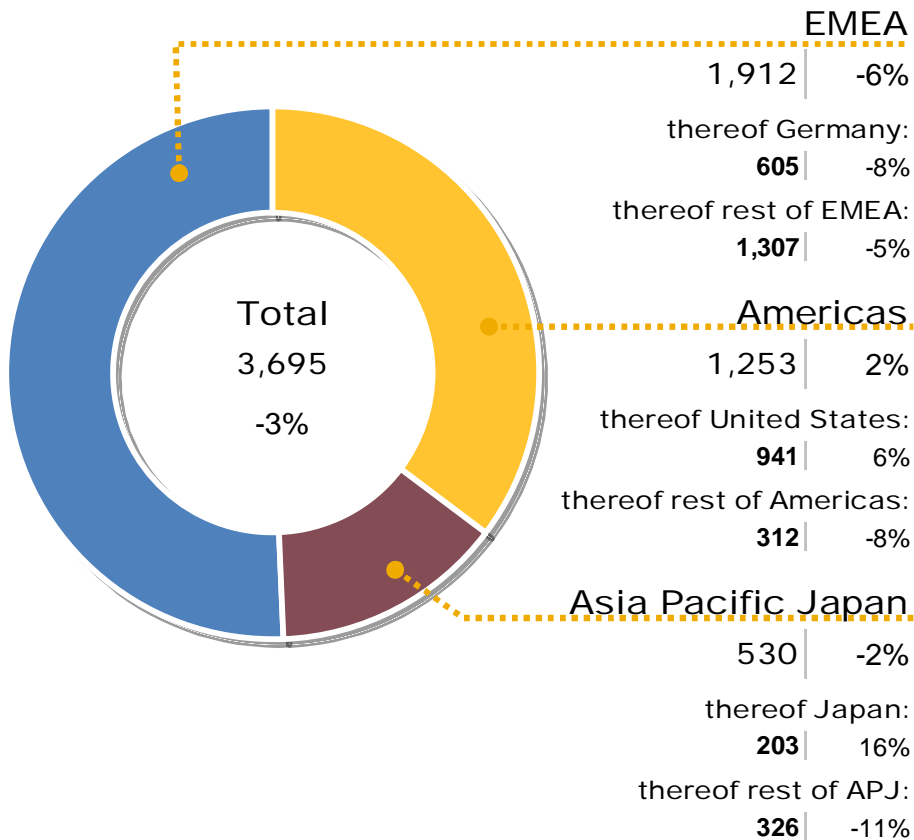
# U.S. GAAP Revenue Breakdown by Region

## First Half 2009

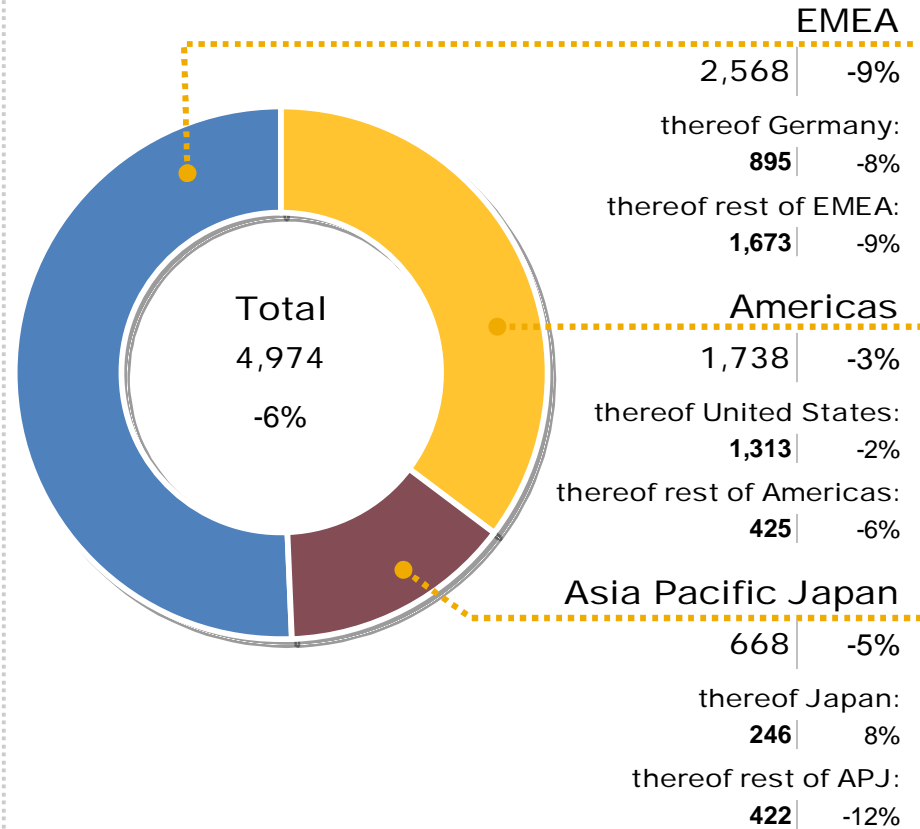


€ millions | yoy percent change

### Software and software-related service revenue by region\*



### Total revenue by region\*



\* By location of customers



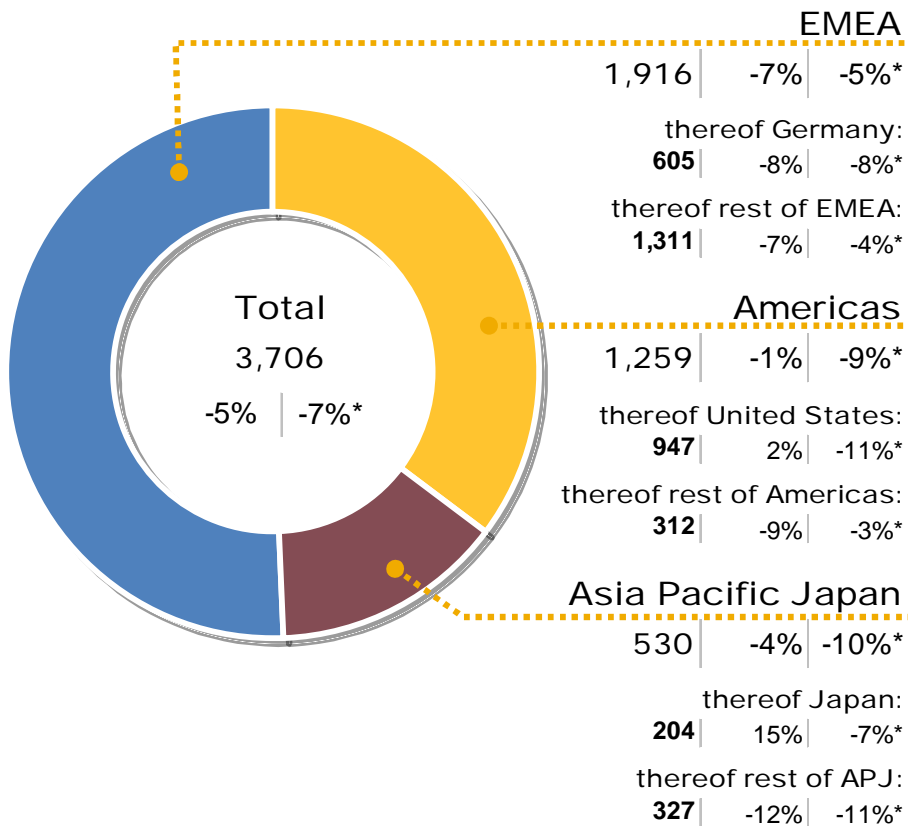
# Non-GAAP Revenue Breakdown by Region

## First Half 2009

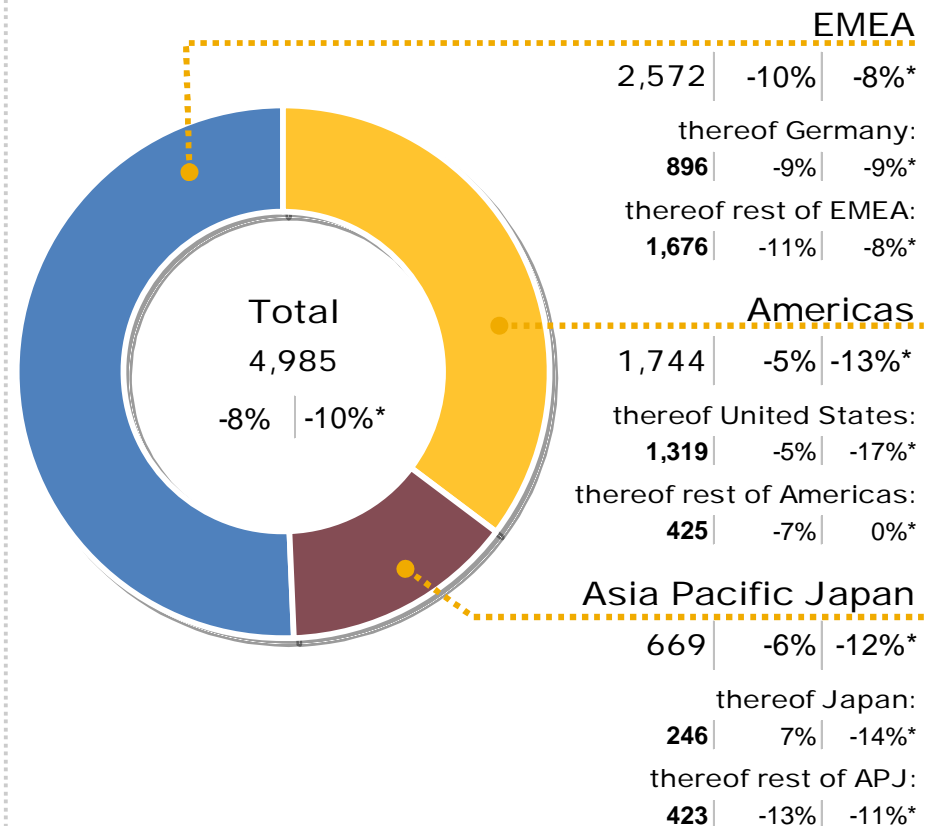


€ millions | yoy percent change | yoy percent constant currency change

### Software and software-related service revenue by region\*\*



### Total revenue by region\*\*



\* At constant currencies  
\*\* By location of customers

# Margin Analysis

## First Half 2009 (U.S. GAAP and Non-GAAP)



|                                     | U.S. GAAP   |             |               | Non-GAAP    |             |               |
|-------------------------------------|-------------|-------------|---------------|-------------|-------------|---------------|
|                                     | H1<br>2009  | H1<br>2008  | Δ%            | H1<br>2009  | H1<br>2008  | Δ%            |
| € millions, unless otherwise stated |             |             |               |             |             |               |
| SSRS revenue                        | 3,695       | 3,797       | -3            | 3,706       | 3,896       | -5            |
| SSRS cost                           | -780        | -785        | -1            | -687        | -692        | -1            |
| <b>SSRS margin in %</b>             | <b>78.9</b> | <b>79.3</b> | <b>-0.4pp</b> | <b>81.5</b> | <b>82.2</b> | <b>-0.7pp</b> |
| PSOS revenue                        | 1,260       | 1,484       | -15           | 1,260       | 1,484       | -15           |
| PSOS cost                           | -988        | -1,148      | -14           | -986        | -1,148      | -14           |
| <b>PSOS margin in %</b>             | <b>21.6</b> | <b>22.6</b> | <b>-1.0pp</b> | <b>21.8</b> | <b>22.6</b> | <b>-0.8pp</b> |
| <b>Gross margin in %</b>            | <b>64.3</b> | <b>63.4</b> | <b>0.9pp</b>  | <b>66.3</b> | <b>65.8</b> | <b>0.5pp</b>  |
| Research and development            | -737        | -838        | -12           | -735        | -823        | -11           |
| - as a percentage of total revenue  | <b>14.8</b> | <b>15.8</b> | <b>-1.0pp</b> | <b>14.7</b> | <b>15.2</b> | <b>-0.5pp</b> |
| Sales and marketing                 | -1,074      | -1,278      | -16           | -1,037      | -1,237      | -16           |
| - as a percentage of total revenue  | <b>21.6</b> | <b>24.0</b> | <b>-2.4pp</b> | <b>20.8</b> | <b>22.8</b> | <b>-2.0pp</b> |
| General and administration          | -257        | -321        | -20           | -256        | -321        | -20           |
| - as a percentage of total revenue  | <b>5.2</b>  | <b>6.0</b>  | <b>-0.8pp</b> | <b>5.1</b>  | <b>5.9</b>  | <b>-0.8pp</b> |
| Restructuring charges               | -165        | 0           | N/A           | -165        | 0           | N/A           |
| - as a percentage of total revenue  | <b>3.3</b>  | <b>0.0</b>  | <b>3.3pp</b>  | <b>3.3</b>  | <b>0.0</b>  | <b>3.3pp</b>  |
| <b>Operating margin in %</b>        | <b>19.7</b> | <b>17.9</b> | <b>1.8pp</b>  | <b>22.6</b> | <b>22.2</b> | <b>0.4pp</b>  |

SSRS: Software and Software-Related Service  
 PSOS: Professional Service and Other Service

# Balance Sheet (U.S. GAAP)

June 30, 2009



## Assets

| € millions   | 06/30/09      | 12/31/08      |
|--|---------------|---------------|
| Cash and cash equivalents, short-term investments* | 3,443         | 1,662         |
| Accounts receivable, net                           | 2,442         | 3,128         |
| Other current assets                               | 1,013         | 992           |
| <b>Current assets</b>                              | <b>6,898</b>  | <b>5,782</b>  |
| Goodwill   | 5,026         | 5,009         |
| Intangible assets, net                             | 1,004         | 1,127         |
| Property, plant and equipment, net                 | 1,384         | 1,405         |
| Other noncurrent assets                            | 969           | 874           |
| <b>Noncurrent assets</b>                           | <b>8,383</b>  | <b>8,415</b>  |
| <b>Total assets</b>                                | <b>15,281</b> | <b>14,197</b> |

\* incl. restricted cash

## Shareholders' Equity & Liabilities

| € millions  | 06/30/09      | 12/31/08      |
|---|---------------|---------------|
| Financial liabilities                               | 2,445         | 2,574         |
| Deferred income                                     | 1,609         | 611           |
| Other current liabilities                           | 2,074         | 2,649         |
| <b>Current liabilities</b>                          | <b>6,128</b>  | <b>5,834</b>  |
| Financial liabilities                               | 719           | 36            |
| Provisions  | 505           | 497           |
| Other noncurrent liabilities                        | 588           | 595           |
| <b>Noncurrent liabilities</b>                       | <b>1,812</b>  | <b>1,128</b>  |
| <b>Total liabilities</b>                            | <b>7,940</b>  | <b>6,962</b>  |
| <b>Shareholders' equity</b>                         | <b>7,341</b>  | <b>7,235</b>  |
| <b>Total shareholders' equity &amp; liabilities</b> | <b>15,281</b> | <b>14,197</b> |

# Balance Sheet, Cash Flow, Liquidity Analysis

June 30, 2009

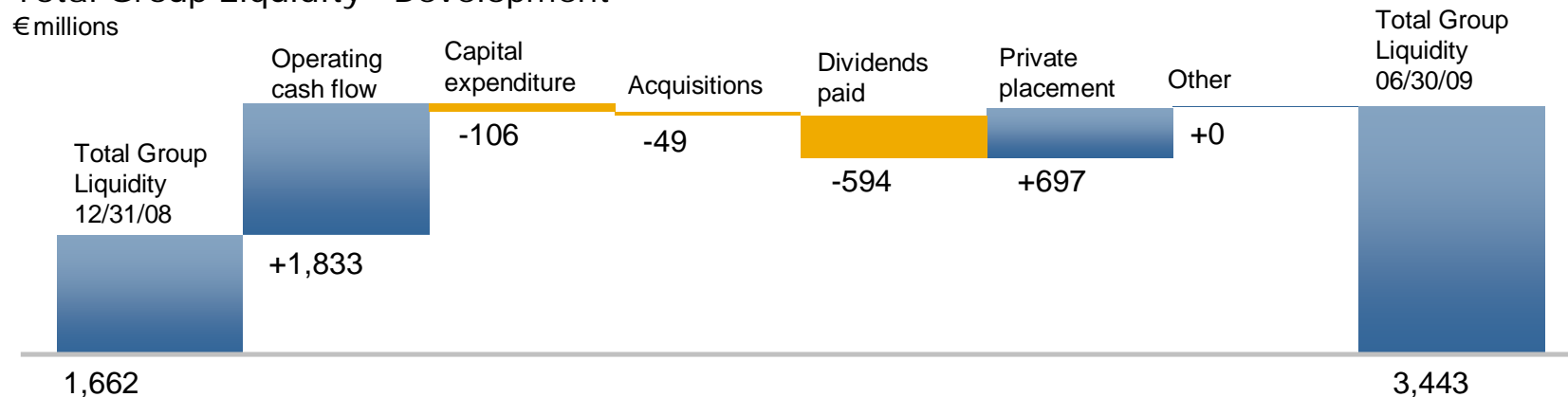


|  | 06/30/09 | 12/31/08 | Δ      |
|--|----------|----------|--------|
| Net liquidity (€ millions) <sup>1)</sup> | 436      | -659     | N/A    |
| Days sales outstanding (DSO)             | 77 days  | 71 days  | 6 days |
| Equity ratio                             | 48%      | 51%      | -3pp   |

| € millions, unless otherwise stated             | 6M 2009 | 6M 2008 | Δ%   |
|---|---------|---------|------|
| Operating cash flow from continuing operations  | 1,833   | 1,371   | 34%  |
| - Capital expenditure                           | -106    | -171    | -38% |
| Free cash flow                                  | 1,727   | 1,200   | 44%  |
| Free cash flow as a percentage of total revenue | 35%     | 23%     | 12pp |
| Cash conversion rate <sup>2)</sup>              | 286%    | 208%    | 78pp |

## Total Group Liquidity <sup>3)</sup> Development

€ millions



1) Defined as total group liquidity less bank loans and overdrafts

2) Defined as operating cash flow from cont. ops. as a % of income from cont. ops.

3) Defined as cash and cash equivalents + restricted cash + short-term investments

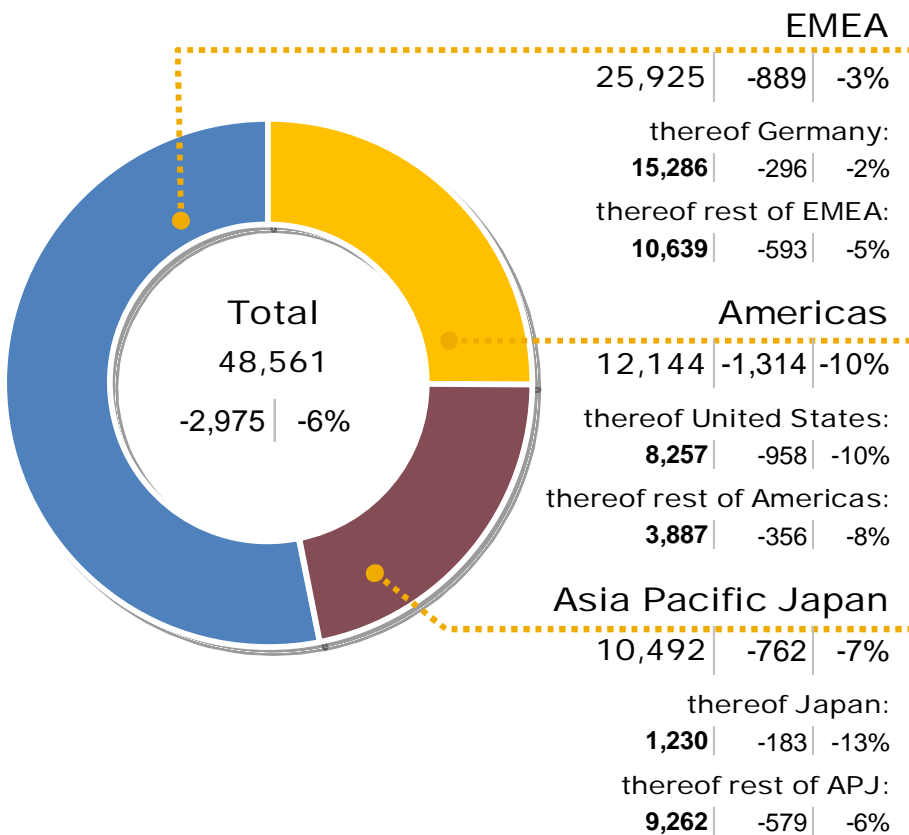
# Headcount

June 30, 2009 – Continuing Operations Only

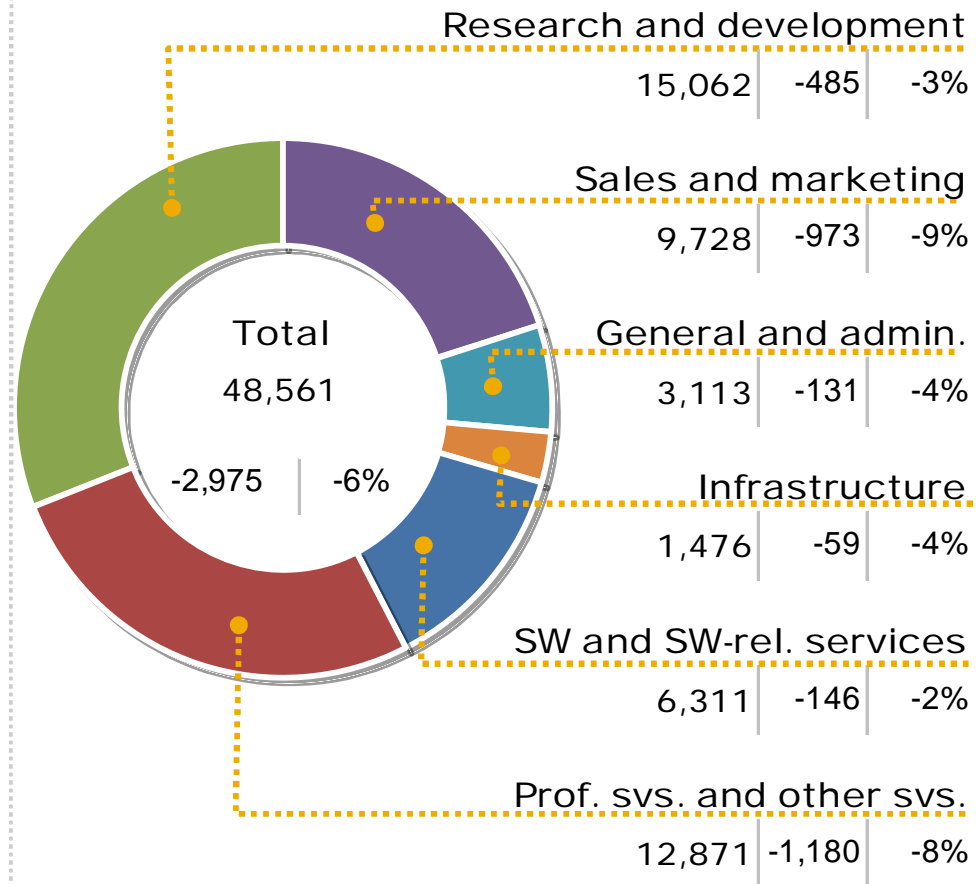


in full-time equivalents | Δ6M | %6M

## Headcount by Region



## Headcount by Functional Area





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