

Second Quarter and First Half 2010

Preliminary Results Release



SAP AG
Walldorf, Germany
Tuesday, July 27, 2010

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 “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

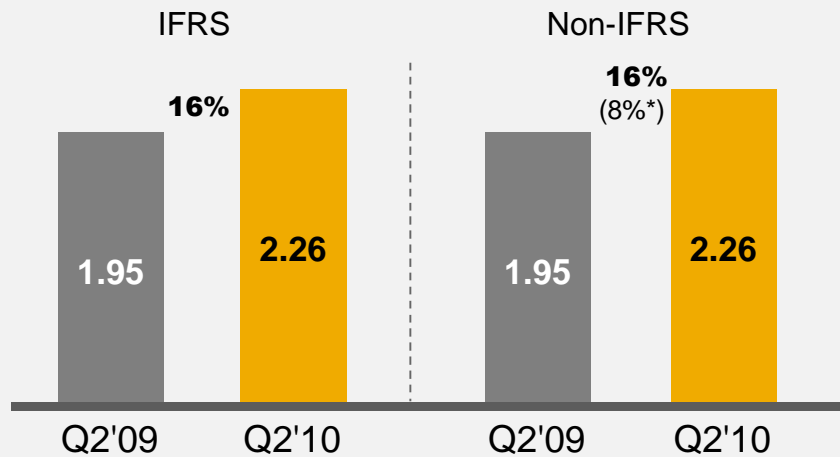
1. **Income Statement**
2. Financial Position and Cash Flow
3. Headcount
4. Outlook

Key Figures

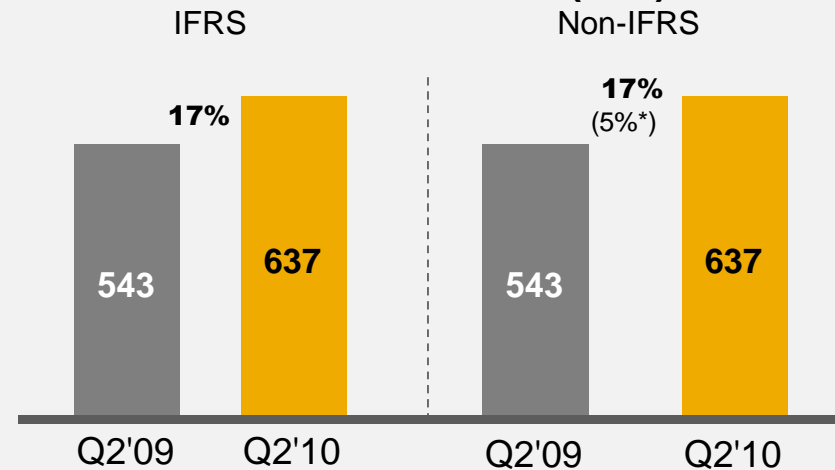
Second Quarter 2010



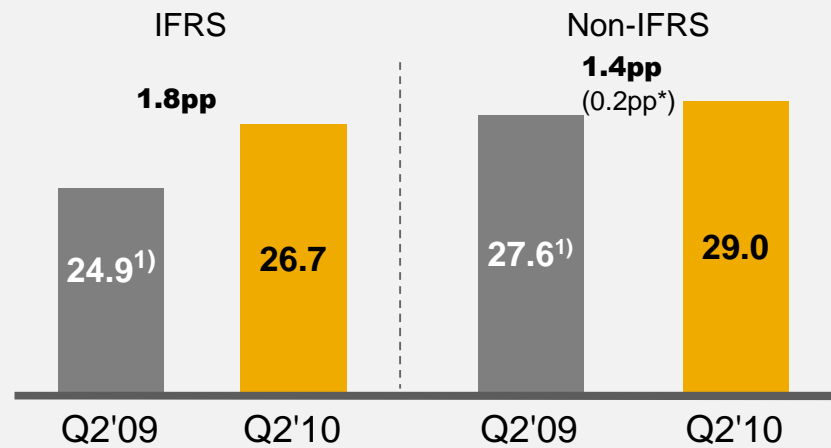
SW & SW-Related Serv. Revenue (€bn)



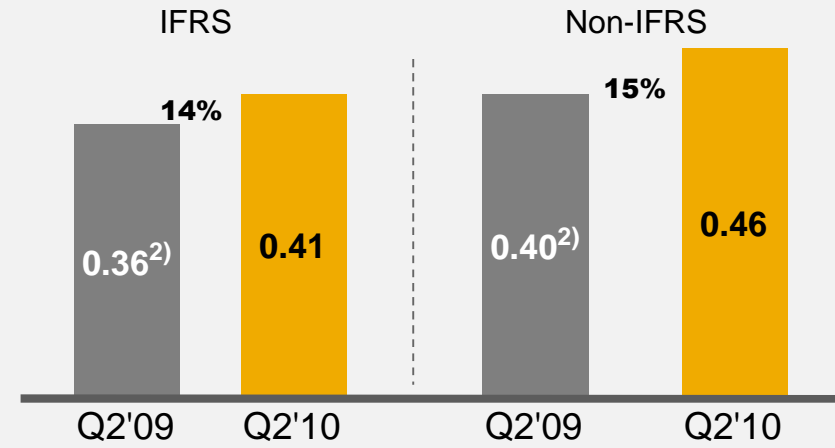
Software Revenue (€m)



Operating Margin (%)



Basic Earnings Per Share (€)



* at constant currencies

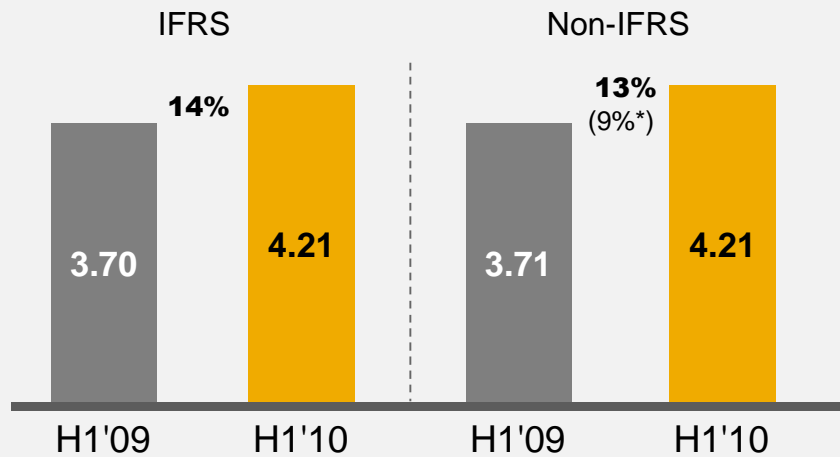
1) includes negative effect of 0.7pp (IFRS) and 0.7pp (Non-IFRS) from Q2 2009 restructuring charges
 2) includes negative effect of 0.01€ (IFRS) and 0.01€ (Non-IFRS) from Q2 2009 restructuring charges

Key Figures

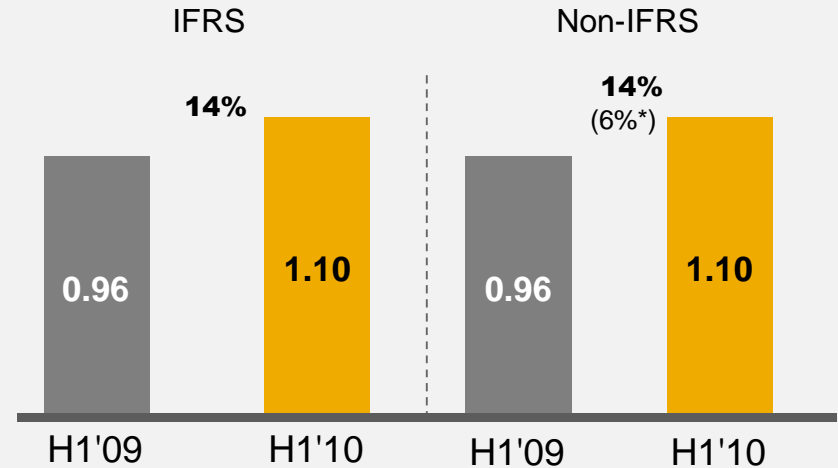
First Half 2010



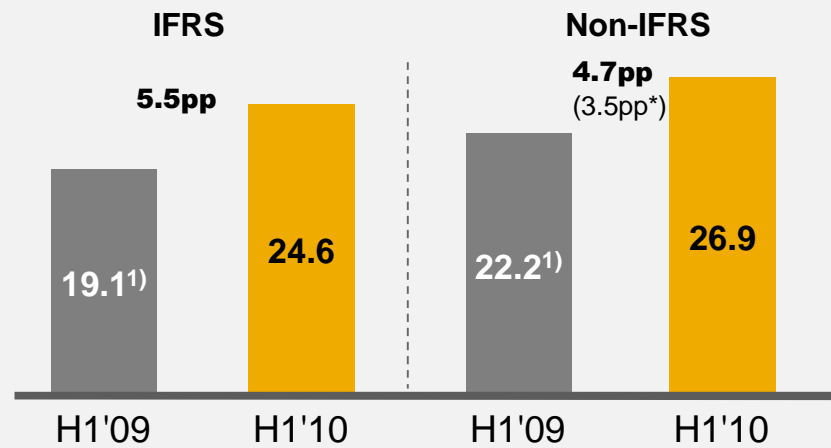
SW & SW-Related Serv. Revenue (€bn)



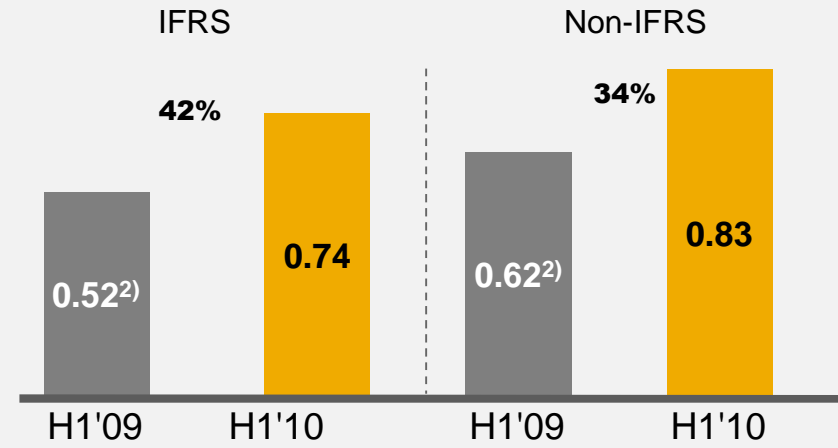
Software Revenue (€bn)



Operating Margin (%)



Basic Earnings Per Share (€)



* at constant currencies

1) includes negative effect of 3.7pp (IFRS) and 3.6pp (Non-IFRS) from H1 2009 restructuring charges
 2) includes negative effect of 0.11€ (IFRS) and 0.11€ (Non-IFRS) from H1 2009 restructuring charges

Income Statement Overview

Second Quarter 2010 (IFRS and Non-IFRS)



	IFRS			Non-IFRS			Δ% constant currencies
	Q2 2010	Q2 2009	Δ%	Q2 2010	Q2 2009	Δ%	
€ millions, unless otherwise stated							
Software revenue	637	543	17	637	543	17	5
Support revenue	1,526	1,337	14	1,526	1,337	14	8
Subscription & other softw.-rel. serv. rev.	95	73	30	95	73	30	26
SSRS revenue	2,258	1,953	16	2,258	1,953	16	8
Consulting revenue	528	517	2	528	517	2	-5
Training revenue	71	70	1	71	70	1	-4
Other service revenue	18	23	-22	18	23	-22	-26
Professional and other service revenue	617	610	1	617	610	1	-6
Other revenue	19	13	46	19	13	46	38
Total revenue	2,894	2,576	12	2,894	2,576	12	5
Total operating expenses	-2,120	-1,935	10	-2,054	-1,866	10	4
Operating profit	774	641	21	840	710	18	5
Profit after tax	491	426	15	551	478	15	
Basic earnings per share, in €	0.41	0.36	14	0.46	0.40	15	

Income Statement Overview

First Half 2010 (IFRS and Non-IFRS)



	IFRS			Non-IFRS			Δ% constant currencies
	6M 2010	6M 2009	Δ%	6M 2010	6M 2009	Δ%	
€ millions, unless otherwise stated							
Software revenue	1,101	962	14	1,101	962	14	6
Support revenue	2,920	2,589	13	2,920	2,600	12	9
Subscription & other softw.-rel. serv. rev.	184	144	28	184	144	28	26
SSRS revenue	4,205	3,695	14	4,205	3,706	13	9
Consulting revenue	1,007	1,071	-6	1,007	1,071	-6	-10
Training revenue	130	142	-8	130	142	-8	-12
Other service revenue	37	47	-21	37	47	-21	-21
Professional and other service revenue	1,174	1,260	-7	1,174	1,260	-7	-10
Other revenue	24	19	26	24	19	26	21
Total revenue	5,403	4,974	9	5,403	4,985	8	4
Total operating expenses	-4,072	-4,026	1	-3,951	-3,879	2	-1
Operating profit	1,331	948	40	1,452	1,106	31	20
Profit after tax	878	622	41	986	740	33	
Basic earnings per share, in €	0.74	0.52	42	0.83	0.62	34	

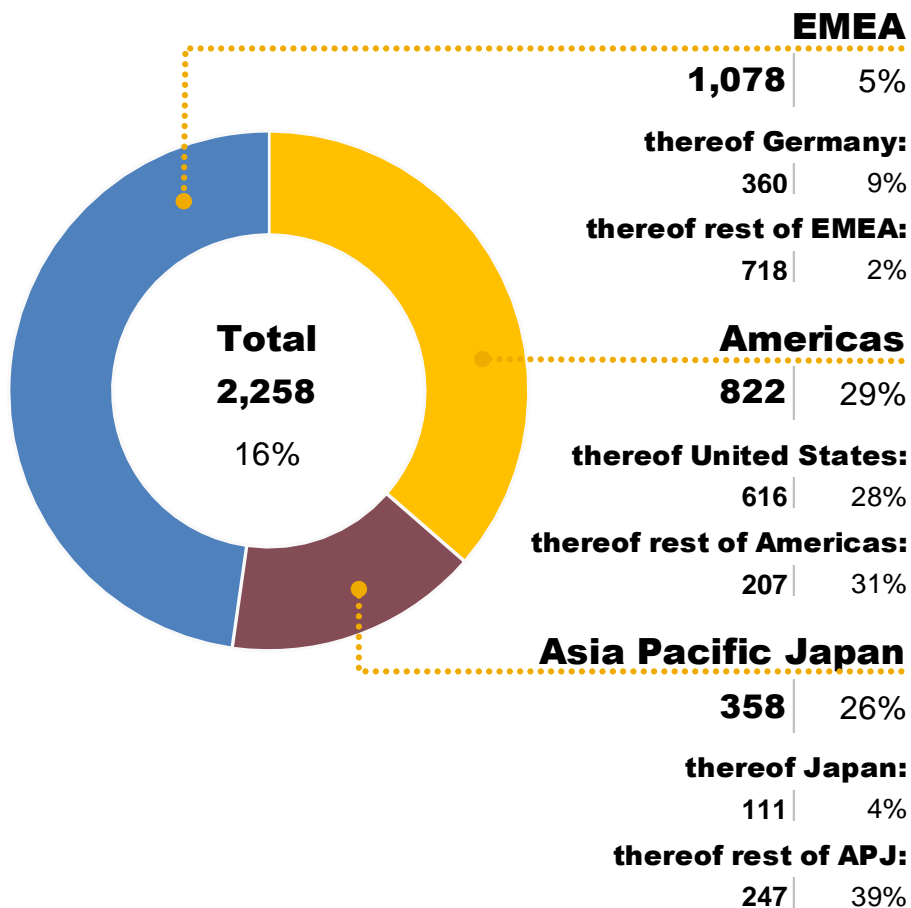
IFRS Revenue Breakdown by Region

Second Quarter 2010

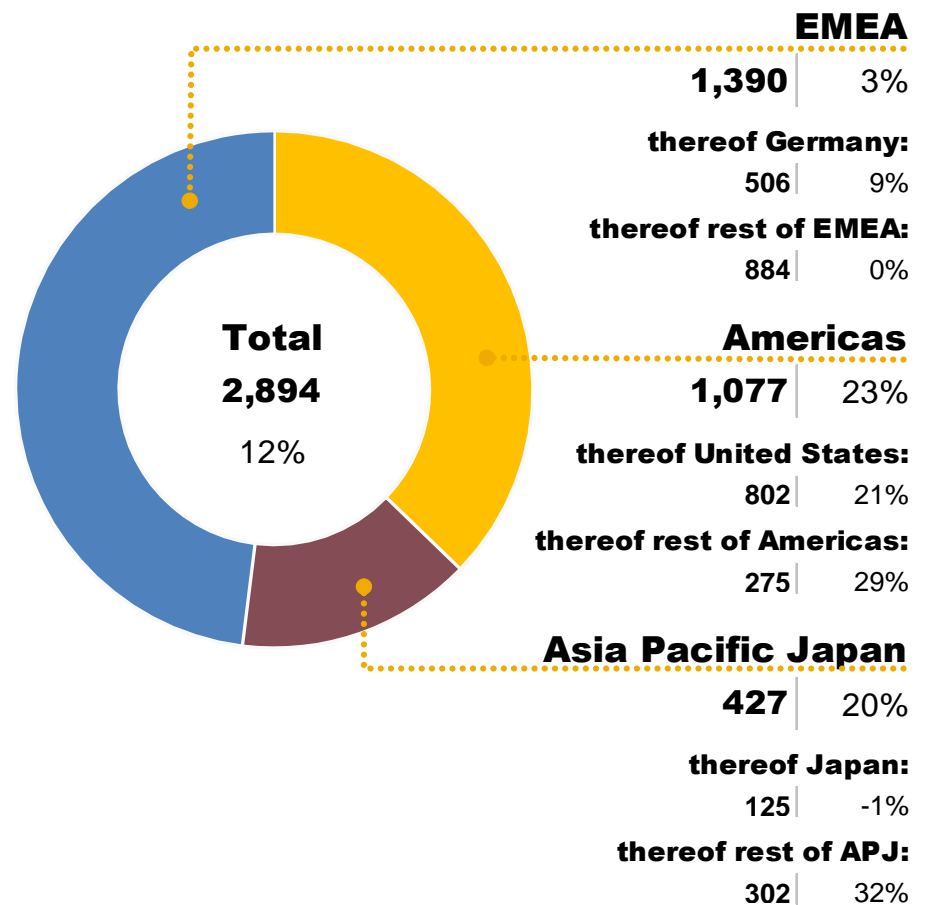


€millions | yoy percent change

Software and software-related service revenue by region*



Total revenue by region*



* Based on customer location

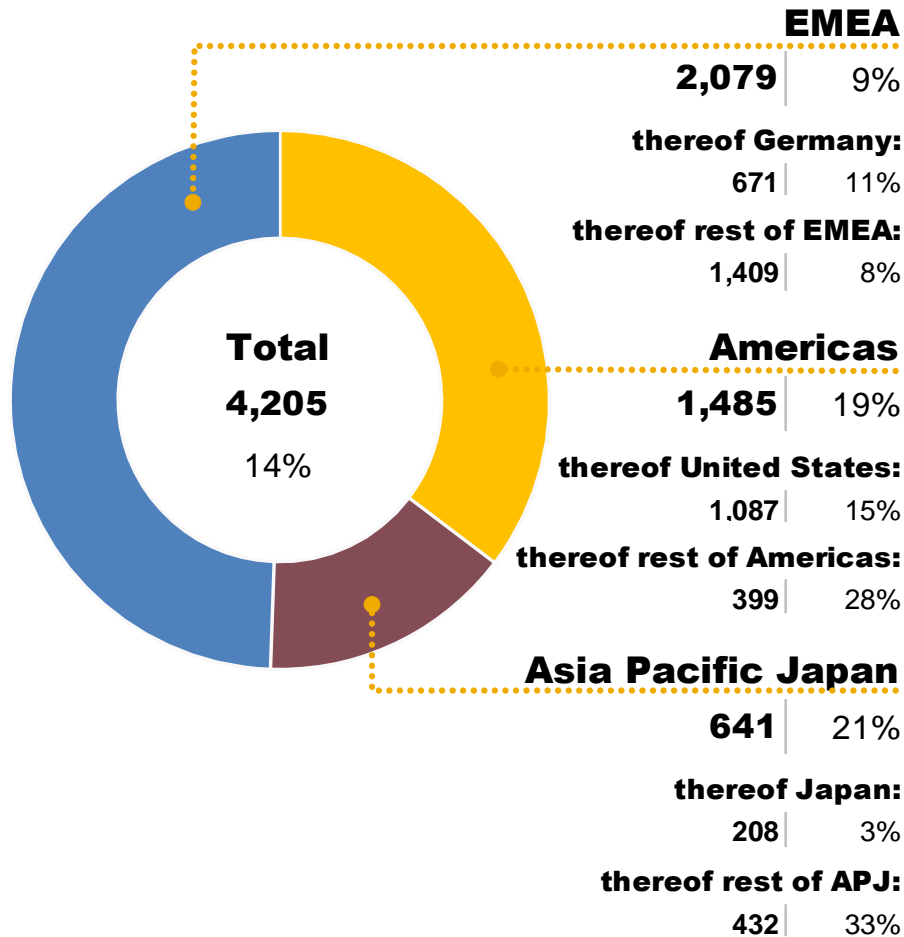
IFRS Revenue Breakdown by Region

First Half 2010

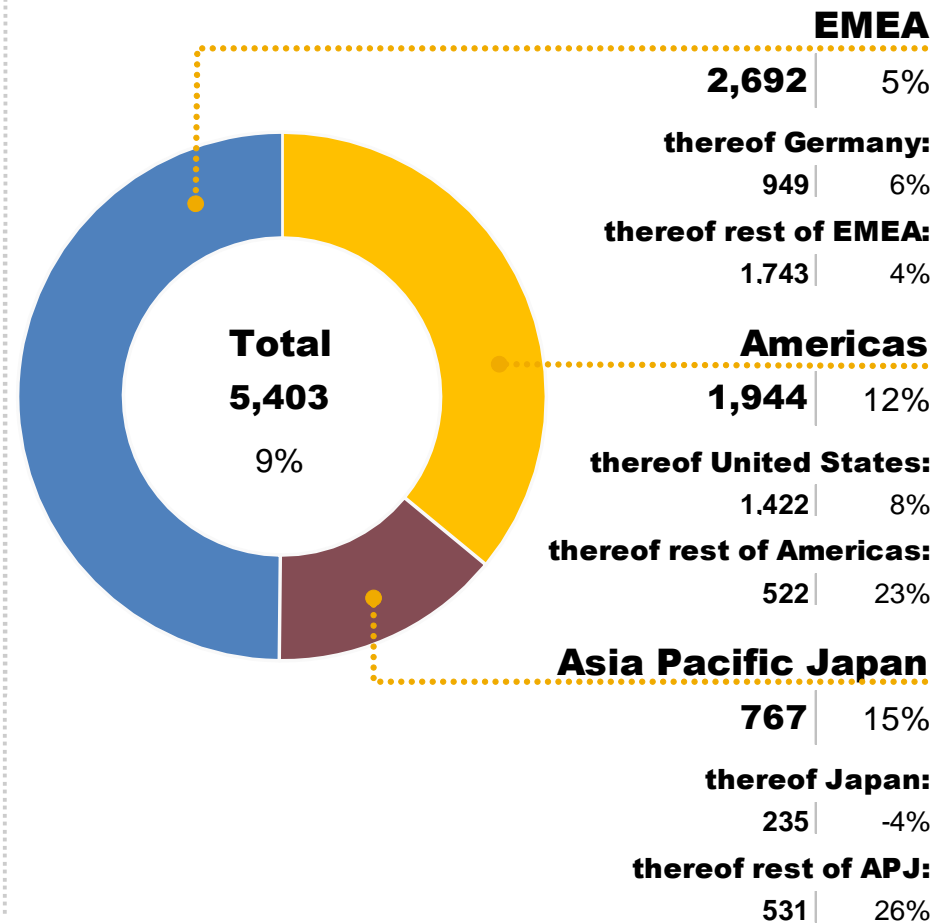


€millions | yoy percent change

Software and software-related service revenue by region*



Total revenue by region*



* Based on customer location

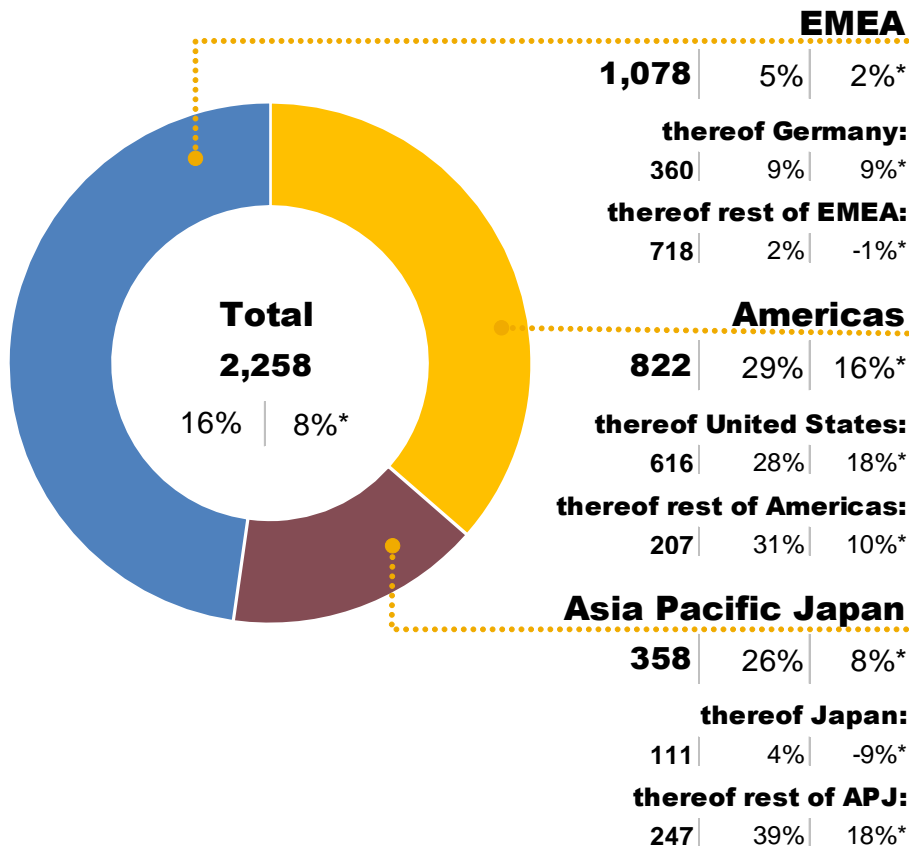
Non-IFRS Revenue Breakdown by Region

Second Quarter 2010

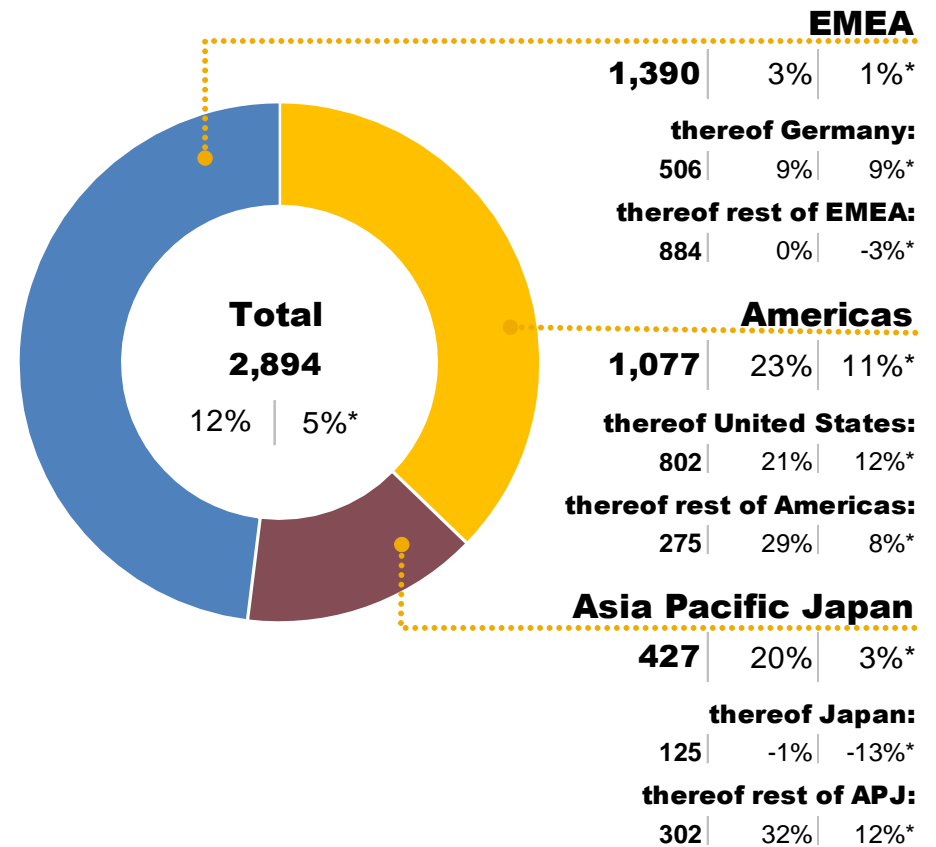


€millions | yoy percent change | yoy percent constant currency change

Software and software-related service revenue by region**



Total revenue by region**



* At constant currencies

** Based on customer location

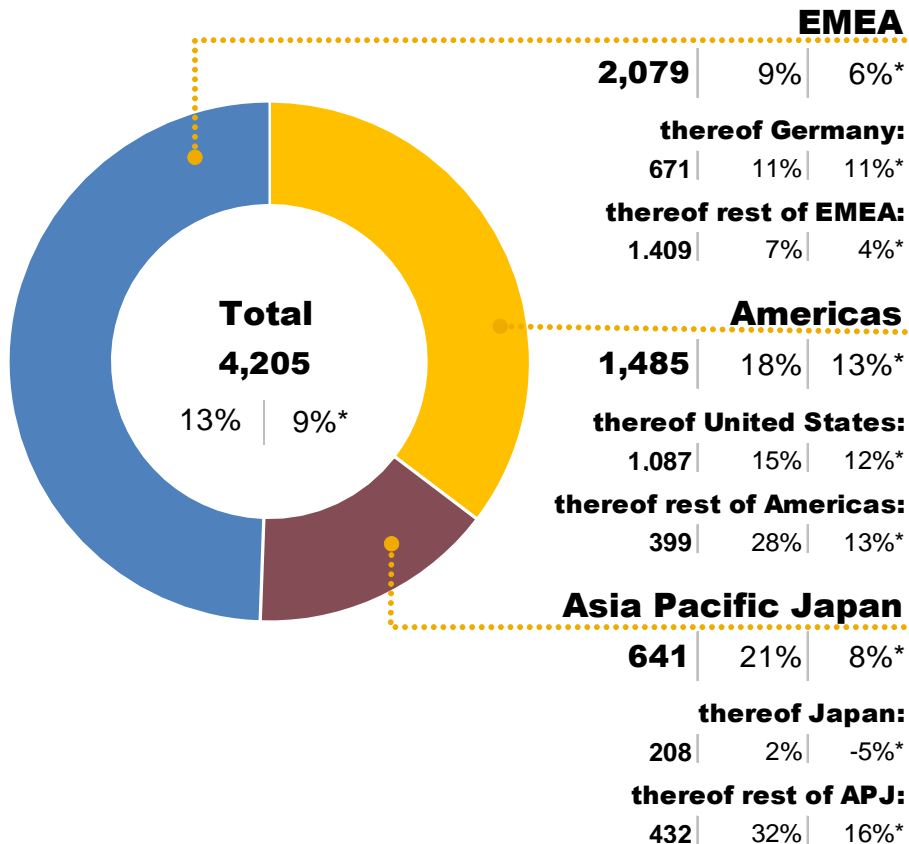
Non-IFRS Revenue Breakdown by Region

First Half 2010

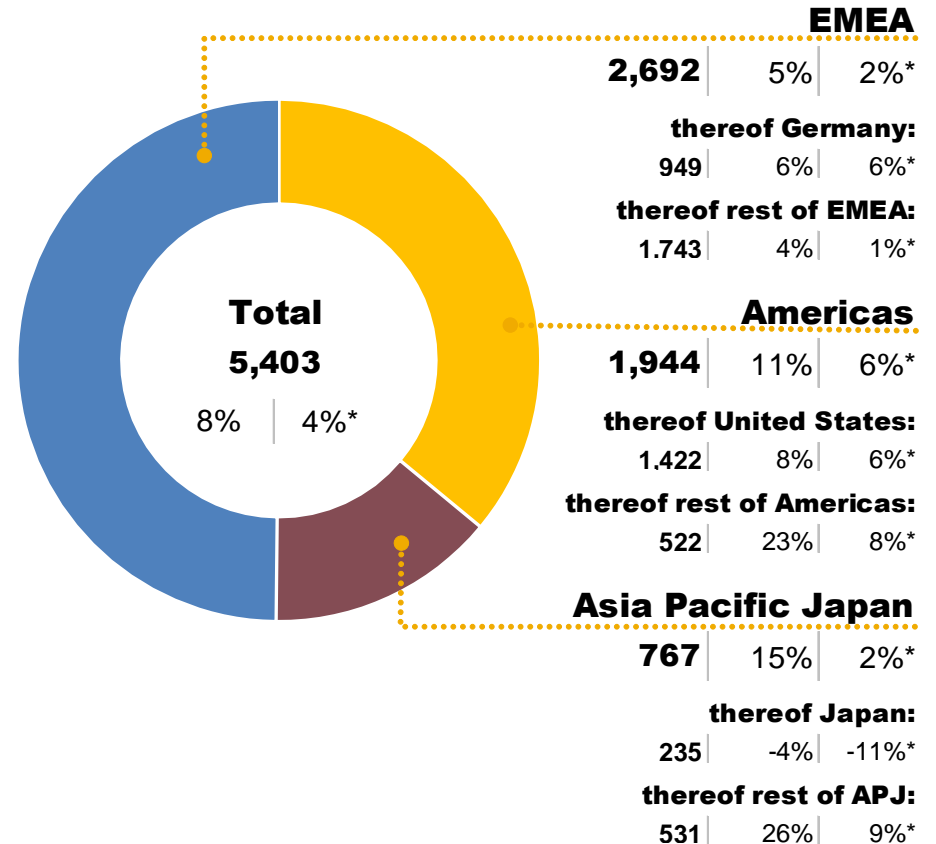


€millions | yoy percent change | yoy percent constant currency change

Software and software-related service revenue by region**



Total revenue by region**



* At constant currencies

** Based on customer location

Margin Analysis

Second Quarter 2010 (IFRS and Non-IFRS)



	IFRS			Non-IFRS		
	Q2 2010	Q2 2009	Δ%	Q2 2010	Q2 2009	Δ%
€ millions, unless otherwise stated						
SSRS Revenue	2,258	1,953	16	2,258	1,953	16
SSRS Cost	-415	-400	4	-374	-352	6
SSRS margin in %	81.6	79.5	2.1pp	83.4	82.0	1.4pp
PSOS Revenue	617	610	1	617	610	1
PSOS Cost	-497	-467	6	-496	-466	6
PSOS margin in %	19.4	23.4	-4.0pp	19.6	23.6	-4.0pp
SSRS & PSOS margin in %	68.3	66.2	2.1pp	69.7	68.1	1.6pp
Research and development	-397	-373	6	-396	-372	6
- as a percentage of total revenue	13.7	14.5	-0.8pp	13.7	14.4	-0.7pp
Sales and marketing	-658	-561	17	-643	-542	19
- as a percentage of total revenue	22.7	21.8	0.9pp	22.2	21.0	1.2pp
General and administration	-156	-123	27	-147	-123	20
- as a percentage of total revenue	5.4	4.8	0.6pp	5.1	4.8	0.3pp
Restructuring charges	-1	-17	N/A	-1	-17	N/A
- as a percentage of total revenue	0.0	0.7	-0.7pp	0.0	0.7	-0.7pp
Operating margin in %	26.7	24.9	1.8pp	29.0	27.6	1.4pp

SSRS: Software and software-related services

PSOS: Professional services and other services

Margin Analysis

First Half 2010 (IFRS and Non-IFRS)



	IFRS			Non-IFRS		
	H1 2010	H1 2009	Δ%	H1 2010	H1 2009	Δ%
€ millions, unless otherwise stated						
SSRS Revenue	4,205	3,695	14	4,205	3,706	13
SSRS Cost	-814	-786	4	-733	-687	7
SSRS margin in %	80.6	78.7	1.9pp	82.6	81.5	1.1pp
PSOS Revenue	1,174	1,260	-7	1,174	1,260	-7
PSOS Cost	-948	-989	-4	-946	-987	-4
PSOS margin in %	19.3	21.5	-2.2pp	19.4	21.7	-2.3pp
SSRS & PSOS margin in %	67.2	64.2	3.0pp	68.8	66.3	2.5pp
Research and development	-790	-738	7	-787	-736	7
- as a percentage of total revenue	14.6	14.8	-0.2pp	14.6	14.8	-0.2pp
Sales and marketing	-1,215	-1,074	13	-1,188	-1,037	15
- as a percentage of total revenue	22.5	21.6	0.9pp	22.0	20.8	1.2pp
General and administration	-304	-262	16	-295	-262	13
- as a percentage of total revenue	5.6	5.3	0.3pp	5.5	5.3	0.2pp
Restructuring charges	-1	-183	N/A	-1	-178	N/A
- as a percentage of total revenue	0.0	3.7	-3.7pp	0.0	3.6	-3.6pp
Operating margin in %	24.6	19.1	5.5pp	26.9	22.2	4.7pp

SSRS: Software and software-related services

PSOS: Professional services and other services

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Financial Position (IFRS)

June 30, 2010



Assets

€ millions	06/30/10	12/31/09
Cash, cash equivalents and other financial assets	4,179	2,370
Trade and other receivables	2,768	2,546
Other non-financial assets and tax assets	419	339
Total current assets	7,366	5,255
Goodwill	5,136	4,994
Intangible assets	829	894
Property, plant, and equipment	1,415	1,371
Other noncurrent assets	926	860
Total non-current assets	8,306	8,119
Total assets	15,672	13,374

Equity and liabilities

€ millions	06/30/10	12/31/09
Financial liabilities	219	146
Deferred income	1,919	598
Other liabilities	2,045	2,672
Current liabilities	4,183	3,416
Financial liabilities	1,764	729
Provisions	224	198
Other non-curr. liabilities	530	540
Non-current liabilities	2,518	1,467
Total liabilities	6,701	4,883
Total equity	8,971	8,491
Equity and liabilities	15,672	13,374

Financial Position, Cash Flow, Liquidity

June 30, 2010

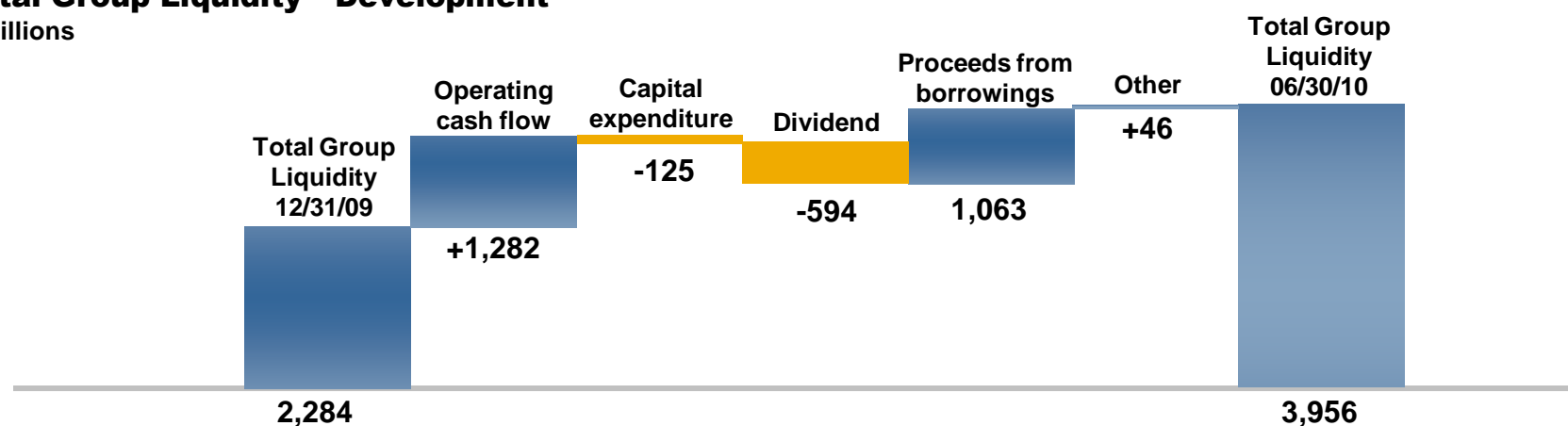


	06/30/2010	12/31/2009	Δ
Net liquidity (€ millions) ¹⁾	2,194	1,581	613
Days sales outstanding (DSO)	73	79	-6 days
Equity ratio	57%	63%	-6pp

€ millions, unless otherwise stated	6M 2010	6M 2009	Δ%
Operating cash flow	1,282	1,823	-30%
- Capital expenditure	-125	-106	18%
Free cash flow	1,157	1,717	-33%
Free cash flow as a percentage of total revenue	21%	35%	-13pp
Operating cash flow as a percentage of profit after tax	146%	293%	-147pp

Total Group Liquidity²⁾ Development

€ millions



1) Defined as cash and cash equivalents + short-term investments less bank loans

2) Defined as cash and cash equivalents + short-term investments

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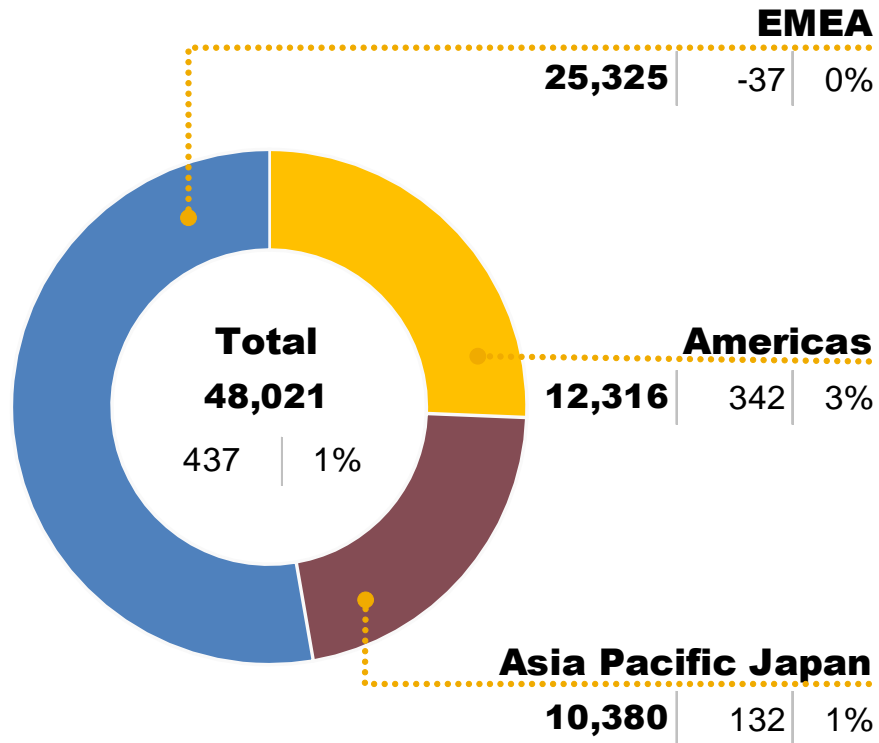
Headcount

June 30, 2010

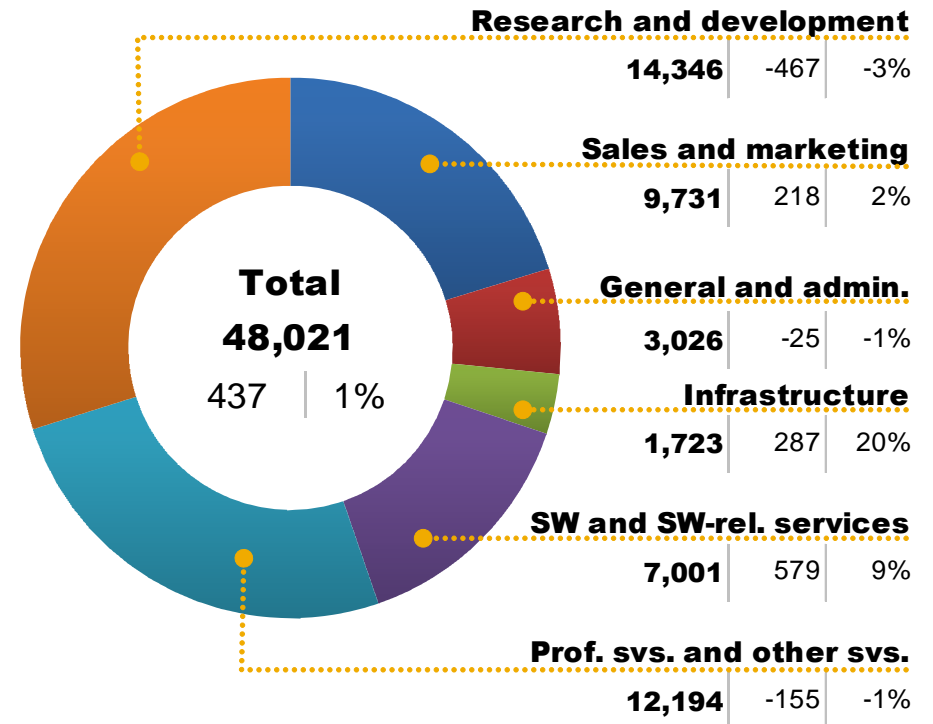


full-time equivalents | $\Delta 6M$ | $\Delta \%6M$

Headcount by Region



Headcount by Functional Area



Agenda



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**SAP is providing the following outlook for the full-year 2010,
which now takes into account the acquisition of Sybase:**

- The Company expects full-year 2010 Non-IFRS software and software related service revenue (1) to increase in a range of 9% – 11% at constant currencies (2009: €8.2 billion). SAP's business, excluding the contribution from Sybase, is expected to contribute 6 – 8 percentage points to this growth.
- The Company expects the full-year 2010 Non-IFRS operating margin to be in a range of 30% – 31% (2009: 27.4%) at constant currencies.
- The Company projects an effective tax rate of 27.5% - 28.5% (based on IFRS) for 2010 (2009: 28.1%).

(1) Unchanged from the past, software and software related service revenue continues to only include software and services directly related to software. Revenues from all other services (including consulting, training and Sybase's messaging services) continue to be reported as Professional Services and Other Service Revenue

APPENDIX

Explanation of Non-IFRS Measures, Free Cash Flow and Constant Currency Growth Rates



Explanations of Non-IFRS Measures

This document discloses certain financial measures, such as non-IFRS revenues, non-IFRS expenses, non-IFRS operating income, non-IFRS operating margin, non-IFRS net income, non-IFRS earnings per share, free cash flow as well as constant currency revenue and operating income measures that are not prepared in accordance with IFRS and are therefore considered non-IFRS financial measures. Our non-IFRS financial measures may not correspond to non-IFRS financial measures that other companies report. The non-IFRS financial measures that we report should be considered in addition to, and not as substitutes for or superior to, revenue, operating income, cash flows, or other measures of financial performance prepared in accordance with IFRS. Our non-IFRS financial measures included in this document are reconciled to the nearest IFRS measure in the tables on the pages F4 to F7 above.

We believe that the supplemental historical and prospective non-IFRS financial information presented here provides useful supplemental information to investors because it is the same information used by our management in running our business and making financial, strategic and operational decisions – in addition to financial data prepared in accordance with IFRS – to attain a more transparent understanding of our past performance and our future results. The non-IFRS measures as defined below replaced the Non GAAP measures which we used until the termination of our US GAAP reporting. We use these non-IFRS measures consistently in our planning and forecasting, reporting, compensation and external communication. Specifically,

- Our management primarily uses these non-IFRS measures rather than IFRS measures as the basis for making financial, strategic and operating decisions.
- The variable remuneration components of our board members and employees are based on revenue and operating profit. However, the basis for the compensation is on non-IFRS revenue and non-IFRS operating profit rather than the respective IFRS measures.
- The annual budgeting process involving all management units is based on non-IFRS revenues and non-IFRS operating income numbers rather than IFRS numbers with costs such as share-based compensation and restructuring only being considered on corporate level.
- All monthly forecast and performance reviews with all senior managers globally are based on these non-IFRS measures, rather than IFRS numbers.
- Both, company-internal target setting and guidance provided to the capital markets are based on non-IFRS revenues and non-IFRS income measures rather than IFRS numbers.

We believe that our non-IFRS measures are useful to investors for the following reasons:

- The non-IFRS measures provide investors with insight into management's decision-making since management uses these non-IFRS measures to run our business and make financial, strategic and operating decisions.
- The non-IFRS measures provide investors with additional information that enables a comparison of year-over-year operating performance by eliminating certain direct effects of acquisitions.

Our non-IFRS financial measures reflect adjustments based on the items below, as well as the related income tax effects:

Non-IFRS revenue:

Revenues in this document identified as non-IFRS revenue have been adjusted from the respective IFRS numbers by including the full amount of support revenue that would have been recorded by an entity acquired by SAP had it remained a stand-alone entity but which we are not permitted to record as revenue under IFRS due to fair value accounting for the support contracts in effect at the time of the respective acquisition.

Under IFRS, we record at fair value the support contracts in effect at the time an entity was acquired. Consequently, our IFRS support revenue, our IFRS software and software-related service revenue and our IFRS total revenue for periods subsequent to acquisitions do not reflect the full amount of support revenue that would have been recorded for these support contracts absent the acquisition by SAP. Adjusting revenue numbers for this revenue impact (if significant) provides additional insight into the comparability across periods of our ongoing performance.

Non-IFRS operating expense:

Operating expense figures in this report that are identified as non-IFRS operating expense have been adjusted by excluding the following acquisition-related charges:

- Acquisition related charges
 - Amortization expense/impairment charges of intangibles acquired in business combinations and certain standalone acquisitions of intellectual property (including purchased in-process research and development)
 - Restructuring expenses and settlements of pre-existing relationships incurred in connection with a business combination
 - Acquisition-related third-party expenses
- Discontinued Activities: Results of the discontinued operations that qualify as such under IFRS in all respects except that they do not represent a major line of business

Non-IFRS operating income, non-IFRS operating margin, non-IFRS net income and non-IFRS earnings per share:

Operating income, operating margin, net income and earnings per share in this document identified as non-IFRS operating income, non-IFRS operating margin, non-IFRS net income and non-IFRS earnings per share have been adjusted from the respective operating income, operating margin, net income and earnings per share numbers as recorded under IFRS by adjusting for the above mentioned non-IFRS revenues and non-IFRS expenses.

We exclude the acquisition related expense adjustments for the purpose of calculating non-IFRS operating income, non-IFRS operating margin, non-IFRS net income and non-IFRS earnings per share when evaluating the continuing operational performance of the Company because these expenses generally cannot be changed or influenced by management after the relevant acquisition other than by disposing of the acquired assets. Since management at levels below the Executive Board has no influence on these expenses we generally do not consider these expenses for the purpose of evaluating the performance of management units.

Explanation of Non-IFRS Measures, Free Cash Flow and Constant Currency Growth Rates



We include the revenue adjustments outlined above and exclude the expense adjustments when making decisions to allocate resources, both on a Company level and at lower levels of the organization. In addition, we use these non-IFRS measures to gain a better understanding of the Company's comparative operating performance from period to period. We believe that our non-IFRS financial measures described above have limitations, which include but are not limited to the following:

- The eliminated amounts may be material to us.
- Without being analyzed in conjunction with the corresponding IFRS measures the non-IFRS measures are not indicative of our present and future performance, foremost for the following reasons:
 - While our non-IFRS income numbers reflect the elimination of certain acquisition-related expenses, no eliminations are made for the additional revenues and other revenues that result from the acquisitions.
 - The acquisition-related charges that we eliminate in deriving our non-IFRS income numbers are likely to recur should SAP enter into material business combinations in the future.
 - The acquisition-related amortization expense that we eliminate in deriving our non-IFRS income numbers is a recurring expense that will impact our financial performance in future years.
 - The revenue adjustment for the fair value accounting of the acquired entities' support contracts and the expense adjustment for acquisition-related charges do not arise from a common conceptual basis. This is because the revenue adjustment aims to improve the comparability of the initial post-acquisition period with future post-acquisition periods while the expense adjustment aims to improve the comparability between post-acquisition periods and pre-acquisition periods. This should particularly be considered when evaluating our non-IFRS operating income and non-IFRS operating margin numbers as these combine our non-IFRS revenue and non-IFRS expenses despite the absence of a common conceptual basis.

Additionally, our non-IFRS measures have been adjusted from the respective IFRS numbers for the results of the discontinued operations that qualify as such under IFRS in all respects except that they do not represent a major line of business. We refer to these activities as "discontinued activities." Under our U.S. GAAP which we provided until 2009, we presented the results of operations of the TomorrowNow entities as discontinued operations. Under IFRS, results of discontinued operations may only be presented as discontinued operations if a separate major line of business or geographical area of operations is discontinued. Our TomorrowNow operations were not a separate major line of business and thus did not qualify for separate presentation under IFRS. We believe that this additional non-IFRS adjustment to our IFRS numbers for the results of our discontinued TomorrowNow activities is useful to investors for the following reasons:

- Despite the migration from U.S. GAAP to IFRS, we will continue to internally view the ceased TomorrowNow activities as discontinued activities and thus will continue to exclude potential future TomorrowNow results, which are expected to mainly comprise of expenses in connection with the Oracle lawsuit, from our internal management reporting, planning, forecasting, and compensation plans. Therefore, adjusting our non-IFRS measures for the results of the discontinued TomorrowNow activities provides insight into the financial measures that SAP will use internally beginning in 2010 with our migration to IFRS.
- By adjusting the non-IFRS numbers for the results from our discontinued TomorrowNow operations, the non-IFRS numbers are more comparable to the non-GAAP measures that SAP used through the end of 2009, which makes SAP's performance measures before and after the full IFRS migration easier to compare.

We believe, however, that the presentation of the non-IFRS measures in conjunction with the corresponding IFRS measures as well as the relevant reconciliations, provides useful information to management and investors regarding present and future business trends relating to our financial condition and results of operations. We therefore do not evaluate our growth and performance without considering both non-IFRS measures and the relevant IFRS measures. We caution the readers of this document to follow a similar approach by considering our non-IFRS measures only in addition to, and not as a substitute for or superior to, revenues or other measures of our financial performance prepared in accordance with IFRS.

Free Cash Flow

We use our free cash flow measure to estimate the cash flow remaining after all expenditures required to maintain or expand the organic business have been paid off. This assists management with the supplemental information to assess our liquidity needs. We calculate free cash flow as net cash from operating activities minus additions to non-current assets, excluding additions from acquisitions. Free cash flow should be considered in addition to, and not as a substitute for or superior to, cash flow or other measures of liquidity and financial performance prepared in accordance with IFRS.

Constant Currency Period-Over-Period Changes

We believe it is important for investors to have information that provides insight into our sales. Revenue measures determined under IFRS provide information that is useful in this regard. However, both sales volume and currency effects impact period-over-period changes in sales revenue. We do not sell standardized units of products and services, so we cannot provide relevant information on sales volume by providing data on the changes in product and service units sold. To provide additional information that may be useful to investors in breaking down and evaluating changes in sales volume, we present information about our revenue and various values and components relating to operating income that are adjusted for foreign currency effects. We calculate constant currency year-over-year changes in revenue and operating income by translating foreign currencies using the average exchange rates from the previous year instead of the report year.

We believe that data on constant currency period-over-period changes has limitations, particularly as the currency effects that are eliminated constitute a significant element of our revenue and expenses and may severely impact our performance. We therefore limit our use of constant currency period-over-period changes to the analysis of changes in volume as one element of the full change in a financial measure. We do not evaluate our results and performance without considering both constant currency period-over-period changes in non-IFRS revenue and non-IFRS operating income on the one hand and changes in revenue, expenses, income, or other measures of financial performance prepared in accordance with IFRS on the other. We caution the readers of this document to follow a similar approach by considering data on constant currency period-over-period changes only in addition to, and not as a substitute for or superior to, changes in revenue, expenses, income, or other measures of financial performance prepared in accordance with IFRS.