

# SAP QUARTERLY REPORT

## 3rd QUARTER 2001

### SAP Group Consolidated Income Statements Three Months Ended September 30, Unaudited

(In € millions)

	2001	2000	Δ
Software revenue	447	480	-7%
Maintenance revenue	548	433	27%
Product revenue	995	913	9%
Consulting revenue	524	404	30%
Training revenue	113	95	19%
Service revenue	637	499	28%
Other revenue	17	9	89%
<b>Total Revenue</b>	<b>1,649</b>	<b>1,421</b>	<b>16%</b>
Cost of product	-203	-174	17%
Cost of service	-510	-429	19%
Research and development	-217	-223	-3%
Sales and marketing	-438	-347	26%
General and administration	-97	-93	4%
Other income/expenses, net	-25	-7	257%
<b>Total operating expense</b>	<b>-1,490</b>	<b>-1,273</b>	<b>17%</b>
<b>Operating income</b>	<b>159</b>	<b>148</b>	<b>7%</b>
Other non-operating income/expenses, net	20	5	300%
Financial income, net	-70	-4	-1,650%
<b>Income before income taxes</b>	<b>109</b>	<b>149</b>	<b>-27%</b>
Income taxes	-69	-62	11%
Minority interest	-3	-4	-25%
<b>Net income</b>	<b>37</b>	<b>83</b>	<b>-55%</b>
Basic earnings per share (in €)	0.12	0.26	-54 %
Weighted average shares outstanding (in thousands of shares)	314,239	314,488	

**SAP Group**  
**Consolidated Income Statements**  
**Nine Months Ended September 30,**  
**Unaudited**

(In € millions)

	<b>2001</b>	<b>2000</b>	<b>Δ</b>
Software revenue	1,551	1,403	11%
Maintenance revenue	1,548	1,202	29%
Product revenue	3,099	2,605	19%
Consulting revenue	1,511	1,129	34%
Training revenue	349	290	20%
Service revenue	1,860	1,419	31%
Other revenue	67	78	-14%
<b>Total revenue</b>	<b>5,026</b>	<b>4,102</b>	<b>23%</b>
Cost of product	-589	-487	21%
Cost of service	-1,434	-1,279	12%
Research and Development	-653	-709	-8%
Sales and marketing	-1,283	-1,117	15%
General and administration	-279	-310	-10%
Other income/expenses, net	-50	-12	317%
<b>Total operating expense</b>	<b>-4,288</b>	<b>-3,914</b>	<b>10%</b>
<b>Operating income</b>	<b>738</b>	<b>188</b>	<b>293%</b>
Other non-operating income/expenses, net	-9	-38	-76%
Financial income, net	-170	281	-160%
<b>Income before income taxes</b>	<b>559</b>	<b>431</b>	<b>30%</b>
Income taxes	-288	-177	63%
Minority interest	-9	-5	80%
<b>Net income</b>	<b>262</b>	<b>249</b>	<b>5%</b>
Basic earnings per share (in €)	0.83	0.79	5%
Weighted average shares outstanding (in thousands of shares)	314,317	314,342	

**SAP Group**  
**Consolidated Balance Sheets**  
**Unaudited**

(In € millions)

	09/30/2001	12/31/2000
<b>ASSETS</b>		
Intangible assets	496	116
Property, plant and equipment	957	871
Financial assets	748	637
<b>Fixed assets</b>	<b>2,201</b>	<b>1,624</b>
Inventories/accounts receivables	2,002	2,393
Liquid assets/marketable securities	809	1,182
<b>Current assets</b>	<b>2,811</b>	<b>3,575</b>
<b>Deferred taxes</b>	<b>295</b>	<b>305</b>
<b>Prepaid expenses</b>	<b>196</b>	<b>115</b>
<b>TOTAL ASSETS</b>	<b>5,503</b>	<b>5,619</b>
 <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>	<b>2,722</b>	<b>2,927<sup>(1)</sup></b>
<b>Minority interest</b>	<b>57</b>	<b>61</b>
<b>Reserves and accrued liabilities</b>	<b>966</b>	<b>1,435</b>
<b>Other liabilities</b>	<b>1,212</b>	<b>831</b>
<b>Deferred income</b>	<b>546</b>	<b>365</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b><u>5,503</u></b>	<b><u>5,619</u></b>
 Days sales outstanding	 92	 93

(1) Includes temporary equity of € 409.5 million.

*As a result of surpassing the 20 % ownership threshold in Commerce One Inc., SAP is required to use the equity method of accounting to record, in finance income, a portion of Commerce One's net income or loss based upon SAP's investment percentage. In addition, SAP allocated the purchase price based on the ownership percentage of the Commerce One's recorded net equity. Any excess purchase price resulted in capitalization of additional assets including, in-process research and development ("in-process R&D"), software or other intangibles. Amounts pertaining to in-process R&D were written off immediately. Other intangibles identified are amortized over their estimated useful lives. Remaining amounts were considered goodwill, which is not amortized but rather will be subjected to annual impairment testing. Amounts capitalized are recorded in financial assets and related expenses are reflected in finance income.*

**SAP Group**  
**Consolidated Statement of Cash Flows**  
**Nine Months Ended September 30,**  
**Unaudited**

(In € millions)

Net income before minority interest	262
Minority interest	9
Net income	<u>271</u>
Depreciation and amortization	200
Losses/gains from equity investments	122
Other non-cash items	80
Change in pension reserves	29
Change in deferred taxes	23
Change in accounts receivables and other assets	372
Change in other reserves and accrued liabilities	-448
Change in other liabilities	-119
Change in prepaid expenses and deferred charges	-80
Change in deferred income	180
<b>Net cash provided by operating activities</b>	<b><u>630</u></b>
Purchase of fixed assets	-480
Proceeds from disposal of fixed assets	215
Acquisitions of businesses, net of cash	-721
Change in liquid assets (maturities greater than 90 days) and marketable securities	25
<b>Net cash used in investing activities</b>	<b><u>- 961</u></b>
Payments on settlement of put-options	-120
Purchase of Treasury stock	-94
Proceeds from line of credit and long-term debt	482
Payments made for STAR hedge	-68
<b>Net cash provided by/used in financing activities</b>	<b><u>200</u></b>
Effect of foreign exchange rates on cash	-218
Net decrease in cash and cash equivalents	-349
Cash and cash equivalents, beginning of period	<u>1.043</u>
Cash and cash equivalents, end of period	<u><u>694</u></u>

**SAP Group**  
**Additional Information**  
**Three Months Ended September 30,**  
**Unaudited**

(In € millions)

	2001	2000	Δ
<b>Operating Income</b>	<b>159</b>	<b>148</b>	<b>7%</b>
Depreciation & Amortization	76	52	46%
<b>EBITDA</b>	<b>235</b>	<b>200</b>	<b>18%</b>
<b>As a % of sales</b>	<b>14%</b>	<b>14%</b>	
<b>Operating income</b>	<b>159</b>	<b>148</b>	<b>7%</b>
Total stock based compensation	21	54	-61%
TopTier Acquisition costs	21	0	n/a
<b>Operating income excluding stock based compensation and TopTier acquisition costs</b>	<b>201</b>	<b>202</b>	<b>0%</b>
<b>As a % of sales</b>	<b>12%</b>	<b>14%</b>	
<b>Commerce One impact on finance income</b>	<b>-24</b>	<b>-5</b>	<b>-380%</b>
<b>Income before income taxes</b>	<b>109</b>	<b>149</b>	<b>-27%</b>
Income taxes	69	62	11%
<b>Effective tax rate</b>	<b>63%</b>	<b>42%</b>	
Impact of Top Tier & Commerce One and other	21%	2%	19*%
<b>Earnings per share excluding TopTier &amp; Commerce One acquisition cost (in €)</b>	<b>0.25</b>	<b>0.28</b>	<b>-11%</b>

\* percentage points

**SAP Group****Additional Information  
Nine Months Ended September 30,  
Unaudited**

(In € millions)

	2001	2000	Δ
<b>Operating Income</b>	<b>738</b>	<b>188</b>	<b>293%</b>
Depreciation & Amortization	200	156	28%
In-Process R&D	6	0	n/a
<b>EBITDA</b>	<b>944</b>	<b>344</b>	<b>174%</b>
<b>As a % of sales</b>	<b>19%</b>	<b>8%</b>	
<b>Operating income</b>	<b>738</b>	<b>188</b>	<b>293%</b>
Total stock based compensation	79	388	-80%
TopTier Acquisition costs	41	0	n/a
<b>Operating income excluding stock based compensation and TopTier acquisition cost</b>	<b>858</b>	<b>576</b>	<b>49%</b>
<b>As a % of sales</b>	<b>17%</b>	<b>14%</b>	
<b>Commerce One impact on finance income</b>	<b>-122</b>	<b>-11</b>	<b>-1,009%</b>
<b>Income before income taxes</b>	<b>559</b>	<b>431</b>	<b>30%</b>
Income taxes	288	177	63%
<b>Effective tax rate</b>	<b>52%</b>	<b>41%</b>	
Impact of Top Tier & Commerce One and other	13%	1%	12*%
<b>Earnings per share excluding TopTier &amp; Commerce One acquisition cost (in €)</b>	<b>1.33</b>	<b>0.83</b>	<b>60%</b>

\*percentage points

## 1. Basis of Presentation:

The consolidated financial statements of the SAP Aktiengesellschaft Systeme, Anwendungen, Produkte in der Datenverarbeitung ("SAP AG"), together with its subsidiaries (collectively, "SAP," "Group" or "Company") as provided herein, have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

For further information, refer to the Company's Annual Report on Form 20-F for 2000 filed with the SEC on March 28, 2001.

## 2. Management Discussion and Analysis:

In the third quarter of 2001, revenues rose 16% over the same period last year to €1.65 billion (2000: €1.42 billion). Third quarter 2001 operating income, before charges for stock-based compensation programs (STAR and LTI) and TopTier acquisition related charges, were flat at €201 million (2000: €202 million). Operating margin, excluding stock based compensation and TopTier acquisition related charges, was 12% (2000: 14%). Earnings before interest, taxes, depreciation and amortization ("EBITDA") improved by 18% to €235 million (2000: €200 million). Net income for the third quarter 2001, adjusted for the TopTier acquisition costs and the Commerce One impact, was €78 million (2000: €88 million) and earnings per share was €0.25 (2000: €0.28).

In the quarter, revenues in Europe, the Middle East and Africa (EMEA) region increased 32% to €841 million (2000: €639 million) and in the Asia-Pacific region (APA) revenues were down 6% to €195 million (2000: €208 million). Revenues in the Americas region rose 7% to €613 million (2000: €574 million); however, at constant currency rates, revenues in the Americas would have risen 9%.

### REVENUE BY REGION (IN € MILLIONS)

	Revenue 3Q 2001	Revenue 3Q 2000	Change	% Change
<b>Total</b>	<b>1,649</b>	<b>1,421</b>	<b>228</b>	<b>16</b>
- at constant currency rates				19
EMEA	841	639	202	32
- at constant currency rates				32
Asia/Pacific	195	208	-13	-6
- at constant currency rates				3
Americas	613	574	39	7
- at constant currency rates				9

Product revenues in the third quarter rose 9% to €995 million (2000: €913 million). License revenues were down 7% to €447 million (2000: €480 million). Consulting and training revenues rose 30% to €524 million (2000: €404 million) and 19% to €113 million (2000: €95 million), respectively.

For the third consecutive quarter, the Company is providing additional information on revenues from certain specific software solutions. In the third quarter of 2001, software revenues related to mySAP CRM (Customer Relationship Management) reached approximately €78 million,

representing 17% of total software license sales (€447 million). Third quarter mySAP SCM (Supply Chain Management) related revenues totaled around €98 million, representing 22% of total software license sales. These figures include revenues from designated solution contracts, as well as figures from integrated solution contracts, which are allocated based on usage surveys.

### NINE MONTHS RESULTS

For the first nine months, sales increased 23% over 2000 to €5.0 billion (2000: €4.1 billion). Operating income, before charges for stock based compensation and TopTier acquisition related charges, was up 49% to €858 million (2000: €576 million). License revenues for the first nine months of 2001 rose 11% to €1.55 billion (2000: €1.4 billion). Consulting revenues grew 34% to €1.51 billion (2000: €1.13 billion) and training revenue increased 20% to €349 million (2000: €290 million).

In the first nine months, sales in the APA region were up 10% to €593 million (2000: €539 million), in the EMEA region, revenues increased 33% to €2.6 billion (2000: €1.96 billion) and in the Americas, revenues rose 14% to €1.83 billion (2000: €1.61 billion).

### 3. OUTLOOK

Due to changes in corporate software spending timetables, SAP has updated its full year outlook and now sees full year 2001 revenues growing by around 15% and expects operating margins excluding stock based compensation and TopTier acquisition related charges to match the 20% levels achieved in 2000.

SAP continues to shape and re-focus its global organization and enhance its products and services in this rapidly changing environment. Consequently, the Company is accelerating cost reduction measurements, including adjusting the levels and mix of its employees, particularly in the U.S. The Company continues to extend its infrastructure in certain areas where SAP is growing its profile, such as CRM and SCM.

### 4. Headcount

In full time equivalents	September 2001	December 2000	Absolute increase
Research & Development	7,089	6,138	951
Service & Support	12,686	11,054	1,632
Sales & Marketing	4,983	4,229	754
General & Administration	3,126	2,757	369
<b>SAP Group</b>	<b>27,884</b>	<b>24,178</b>	<b>3,706</b>
EMEA	17,646	15,305	2,341
Americas	6,969	6,121	848
Asia/Pacific	3,269	2,752	517

## 5. Second Quarter Highlights

Major contracts in the quarter included Rolls Royce, Centrica and Getronics in the EMEA region; CreoScitex, City of Montreal and Agilent in the Americas; and Samsung, Telephone Organization of Thailand and Shanghai Pudong Development Bank in the APA region among others in all regions.

SAP concluded additional investment in Commerce One: SAP received all necessary approvals from U. S. antitrust authorities for its additional investment. SAP now owns slightly more than 20% of Commerce One outstanding stock.

SAP began shipping the newest version of mySAP Customer Relationship Management to customers worldwide in August: mySAP CRM provides unparalleled breadth and depth of functionality through a full suite of CRM functions. In addition, mySAP CRM can also serve as a platform to openly integrate with either SAP or non-SAP business applications such as supply chain management, product lifecycle management and human lifecycle management for flexibility that meets each business's unique needs.

SAP AG established a Global Professional Services Organization (Global PSO) within SAP AG: The new business unit will work closely with the global consulting partners of SAP and focus on high-profile SAP customers that require consulting services for global e-business solution projects, independent of geography and across industries.

*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 the Company's Annual Report on Form 20-F for 2000 filed with the SEC on March 28, 2001. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates.*

*SAP AG ordinary shares are listed on the Frankfurt Stock Exchange as well as a number of other exchanges. In the US, SAP's American Depositary Receipts (ADRs), each worth one-fourth of a ordinary share, trade on the New York Stock Exchange under the symbol `SAP'. SAP is a component of the DAX, the index of 30 German blue chip companies.*

*Information on the SAP common shares is available on Bloomberg under the symbol SAP GR, on Reuters under SAPG.F and on Quotron under SAGR.EU. Additional information is available on SAP AG's home page: <http://www.sap.com>.*