

First Quarter 2008 Preliminary Results Release



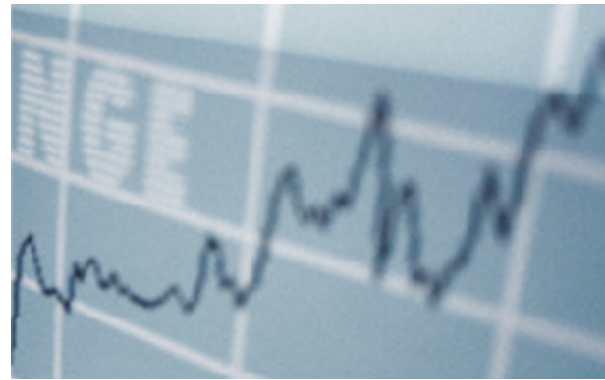
SAP AG
Walldorf, Germany
Wednesday, April 30, 2008

THE BEST-RUN BUSINESSES RUN SAP™



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. First Quarter 2008 At a Glance**
2. Income Statement Analysis
3. Revenue Breakdown
4. Market Share Analysis
5. Balance Sheet, Cash Flow & Headcount Analysis
6. Outlook

Financial Highlights

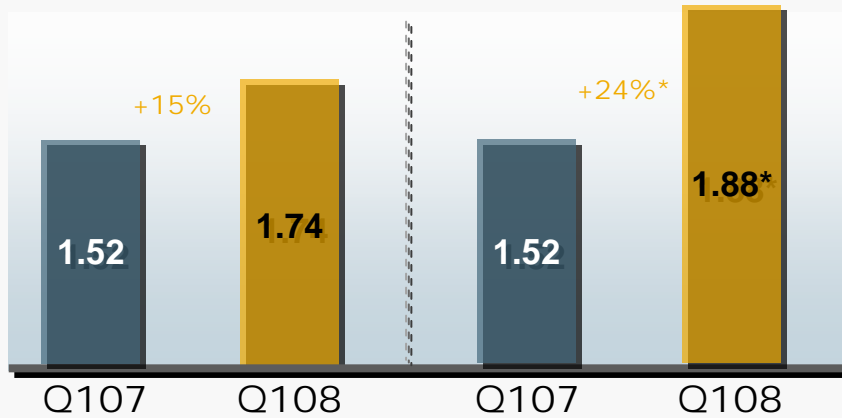
First Quarter 2008



SW & SW-Related Serv. Revenue (€bn)

U.S. GAAP

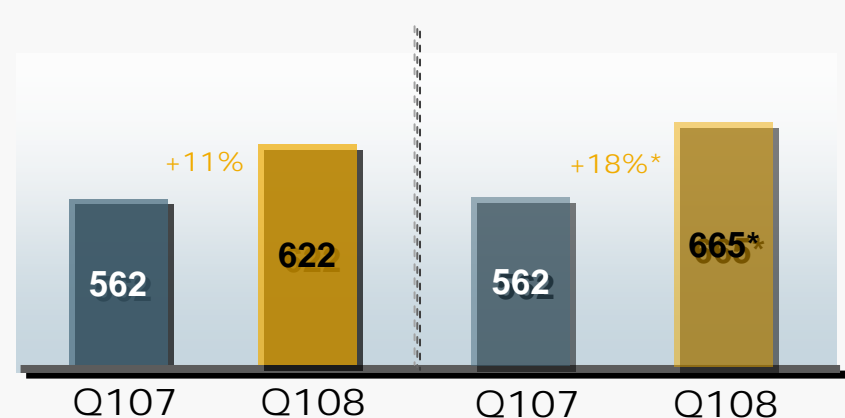
Non-GAAP



Software Revenue (€millions)

U.S. GAAP

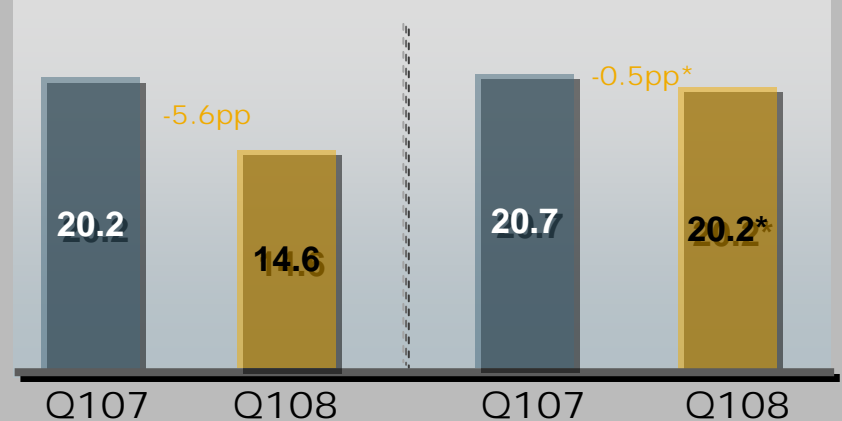
Non-GAAP



Operating Margin (in %)

U.S. GAAP

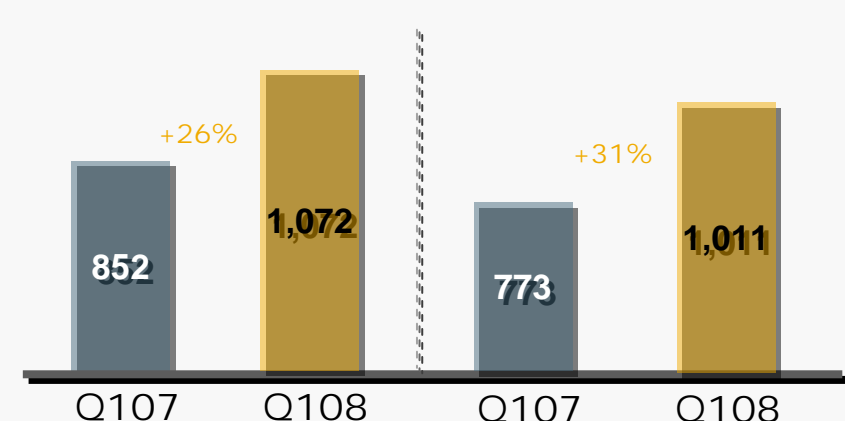
Non-GAAP



Cash Flow (€millions)

Operating Cash Flow

Free Cash Flow



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Income Statement Overview

First Quarter 2008 (U.S. GAAP)



U.S. GAAP

	Q1 2008 € millions	Q1 2007 € millions	△ %
Software revenue	622	562	11
Software and software-related service revenue	1,736	1,515	15
Total revenue	2,460	2,162	14
Total operating expenses	-2,101	-1,726	22
Operating income	359	436	-18
Operating margin	14.6	20.2	-5.6pp
Financial income/expense, net	-2	36	n/a
Income from continuing operations before income taxes	356	469	-24
Income taxes	-109	-157	-31
Income from continuing operations	247	312	-21
Net income	242	310	-22
EPS from continuing operations (basic, in €)	0.21	0.26	
EPS from discontinued operations (basic, in €)	-0.01	0.00	

Income Statement Overview

First Quarter 2008 (Non-GAAP)



Non-GAAP

	Q1 2008 € millions	Q1 2008* € millions	Q1 2007 € millions	△ % Non-GAAP	Non-GAAP constant currency
Software revenue	622	665	562	11	18
Software & software-related service revenue	1,783	1,881	1,515	18	24
Total revenue	2,507	2,645	2,162	16	22
Total operating expenses	-2,018	-2,110	-1,715	18	23
Operating income	489	535	447	9	20
Operating margin	19.5	20.2	20.7	-1.2pp	-0.5pp
Financial income/expense, net	-2		36	n/a	n/a
Income from continuing operations before income taxes	486		480		
Income taxes	-141		-161		
Income from continuing operations	345		319		
Net income	340		317		
EPS from continuing operations (basic, in €)	0.29		0.26		
EPS from discontinued operations (basic, in €)	-0.01		0,00		

* % currency adjusted – actuals 2008 converted with the exchange rates of 2007

Group Sales by Revenue Type

First Quarter 2008 (U.S. GAAP)



U.S. GAAP

	Q1 2008 € millions	Q1 2007 € millions	△ %
Software	622	562	11
Support	1,058	914	16
Subscriptions and other softw. rel. serv.	56	39	44
SW & SW-rel. serv. rev.	1,736	1,515	15
Consulting	587	518	13
Training	104	94	11
Other services	25	28	-11
Professional services	716	640	12
Other revenue	8	7	14
Total revenue	2,460	2,162	14

* % currency adjusted – actuals 2008 converted with the exchange rates of 2007

Group Sales by Revenue Type

First Quarter 2008 (Non-GAAP)



Non-GAAP

	Q1 2008 €millions	Q1 2008* €millions	Q1 2007 €millions	Δ % Non-GAAP	Non-GAAP constant currency
Software	622	665	562	11	18%
Support	1,105	1,159	914	21	27%
Subscriptions and other softw. rel. serv.	56	57	39	44	46%
SW & SW-rel. serv. rev.	1,783	1,881	1,515	18	24%
Consulting	587	619	518	13	20%
Training	104	110	94	11	17%
Other services	25	27	28	-11	-4%
Professional services	716	756	640	12	18%
Other revenue	8	8	7	14	14%
Total revenue	2,507	2,645	2,162	16	22%

* % currency adjusted – actuals 2008 converted with the exchange rates of 2007

Gross Margin Analysis

First Quarter 2008 (U.S. GAAP and Non-GAAP)



	U.S. GAAP			Non-GAAP		
	Q1 2008 € millions	Q1 2007 € millions	△ %	Q1 2008 € millions	Q1 2007 € millions	△ %
SW & SW-related serv. revenue	1,736	1,515	15	1,783	1,515	18
SW & SW-related serv. cost	-367	-287	28	-319	-277	15
- SW & SW-related serv. margin in %	78.9	81.1	-2.2pp	82.1	81.7	0.4pp
Professional serv. and other serv. revenue	716	640	12	716	640	12
Professional serv. and other serv. cost	-567	-505	12	-567	-505	12
- Professional serv. gross margin in %	20.8	21.1	-0.3pp	20.8	21.1	-0.3pp
SW & SW-related service, professional serv. and other serv. revenue	2,452	2,155	14	2,499	2,155	16
SW & SW-related service, professional serv. and other serv. costs	934	792	18	886	782	13
- Gross margin in %	61.9	63.2	-1.3pp	64.5	63.7	0.8pp

Cost Analysis

First Quarter 2008 (U.S. GAAP and Non-GAAP)



	U.S. GAAP			Non-GAAP		
	Q1 2008 € millions	Q1 2007 € millions	△ %	Q1 2008 € millions	Q1 2007 € millions	△ %
Research and development	-417	-339	23.0	-403	-339	18.9
- as % of total revenue	17.0	15.7	1.3pp	16.1	15.7	0.4pp
Sales and marketing	-597	-478	24.9	-576	-477	20.8
- as % of total revenue	24.3	22.1	2.2pp	23.0	22.1	0.9pp
General and administration	-152	-119	27.7	-152	-119	27.7
- as % of total revenue	6.2	5.5	0.7pp	6.1	5.5	0.6pp
Other operating income/expenses	-1	2	n/a	-1	2	n/a
Total operating expenses	-2,101	-1,726	21.7	-2,018	-1,715	17.7

Non-GAAP Operating Cost Analysis

First Quarter 2008

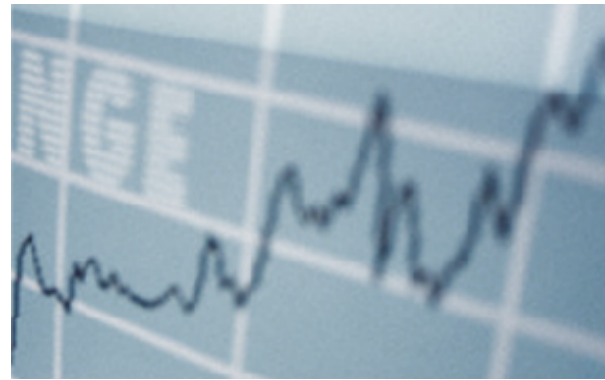


	Q1 2008 € millions	△ volume	△ currency	Q1 2007 € millions
Total operating expenses	2,018	+395	-92	1,715

Personnel	↑	Hiring (10,956 FTEs* (4,732 FTEs excl. Business Objects), net since Q1 2007)
3rd Party	↑	Usage of third party services
Travel	↑	Increased business activity
New Business	↑	Investments in SAP Business ByDesign

* FTE = Full time equivalents

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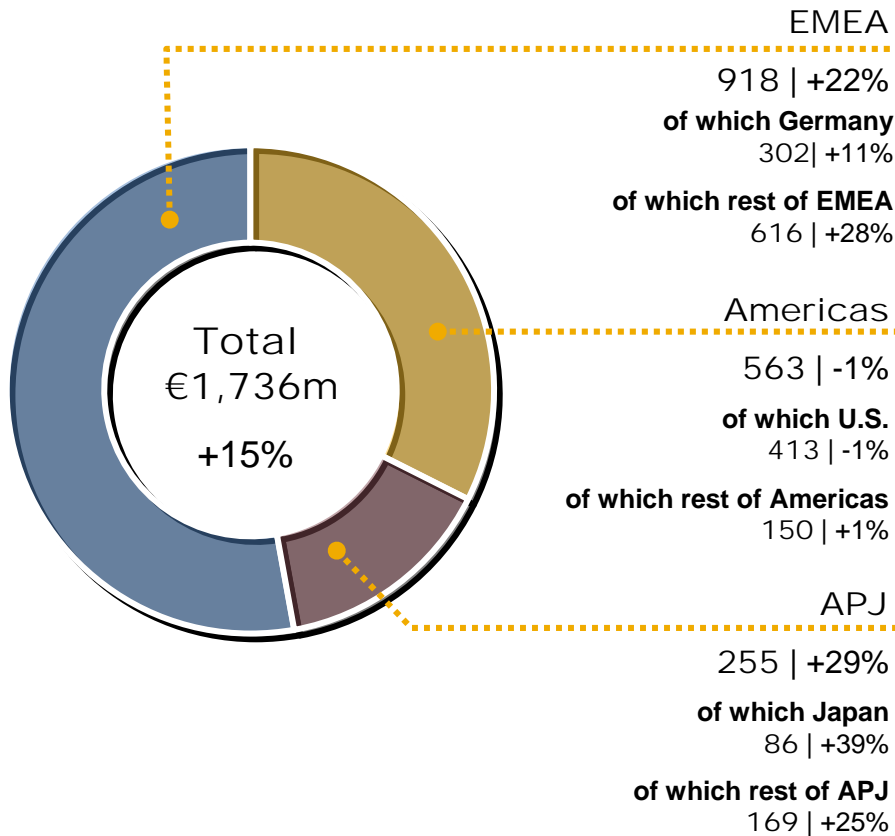
U.S. GAAP Revenue Breakdown by Region*

First Quarter 2008

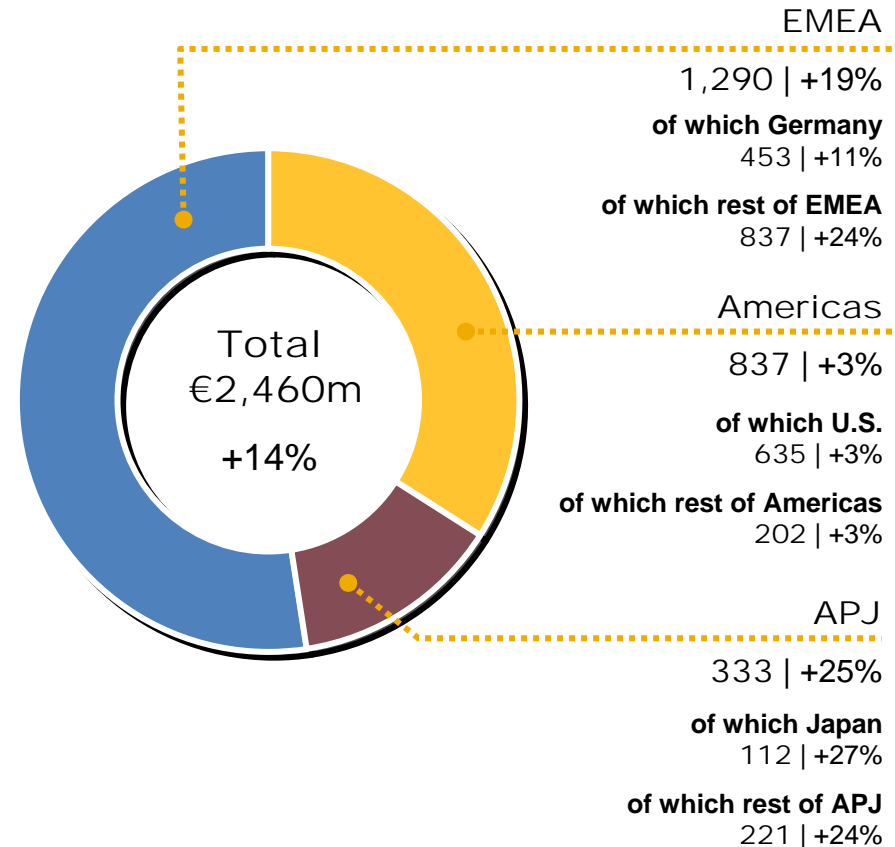


€millions | yoy percent change

Software and software-related service revenue by region*



Total revenue by region*



* Location of customers

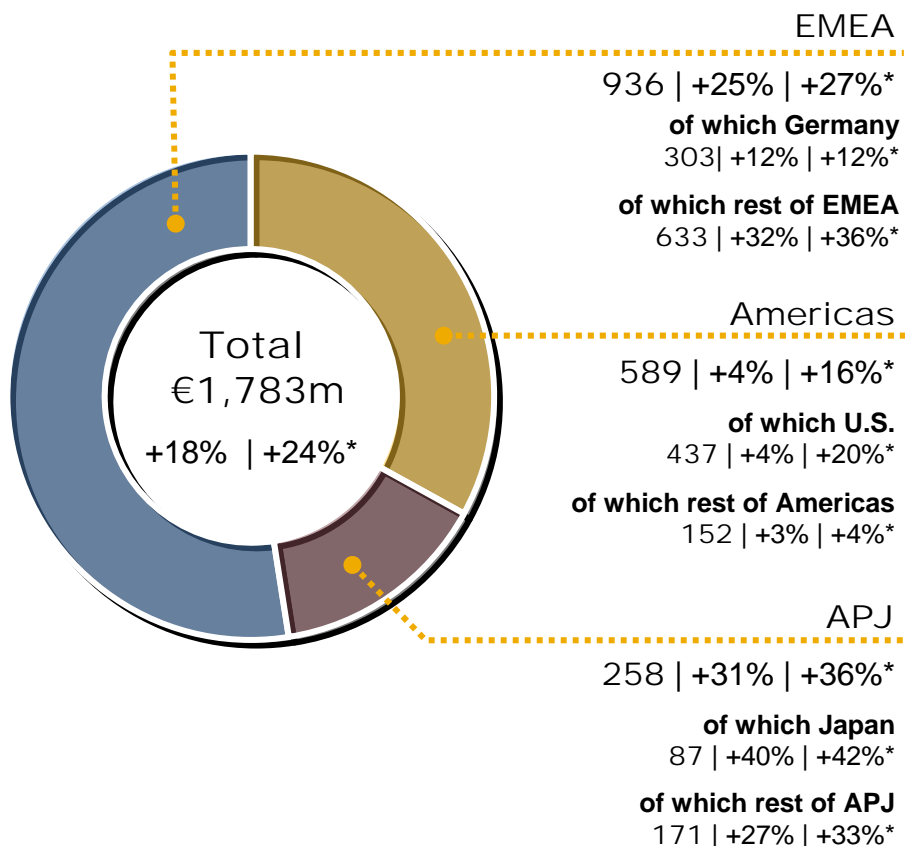
Non-GAAP Revenue Breakdown by Region**

First Quarter 2008

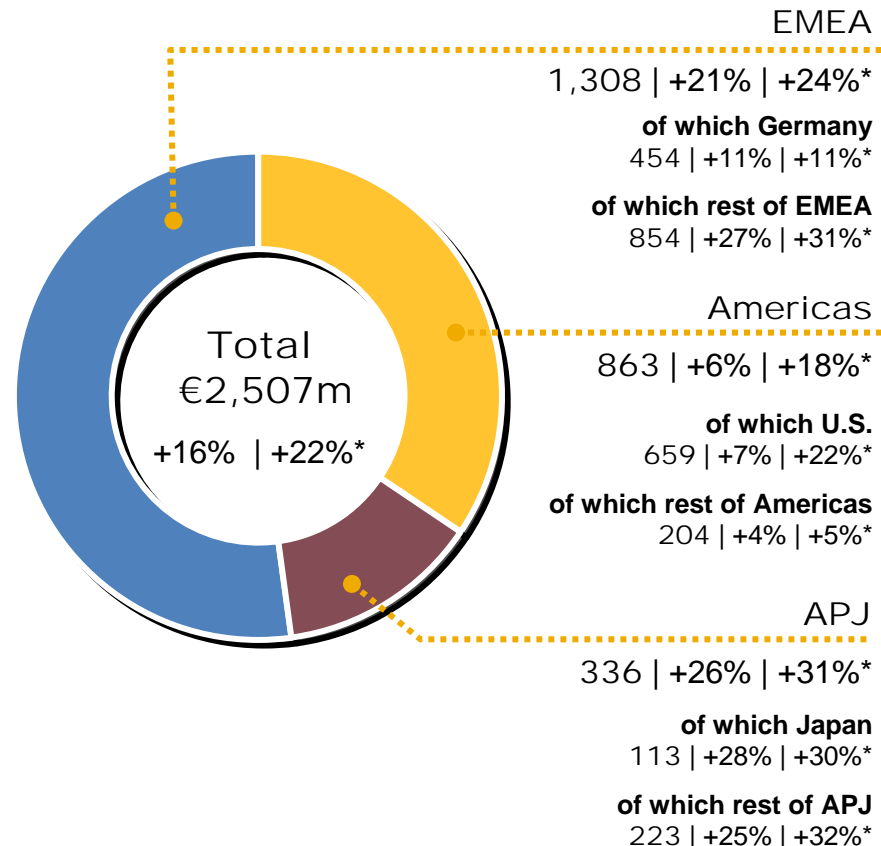


€millions | yoy percent change | yoy percent constant currency change

Software and software-related service revenue by region**



Total revenue by region**



* % currency adjusted – actuals 2008 converted with the exchange rates of 2007 / ** location of customers

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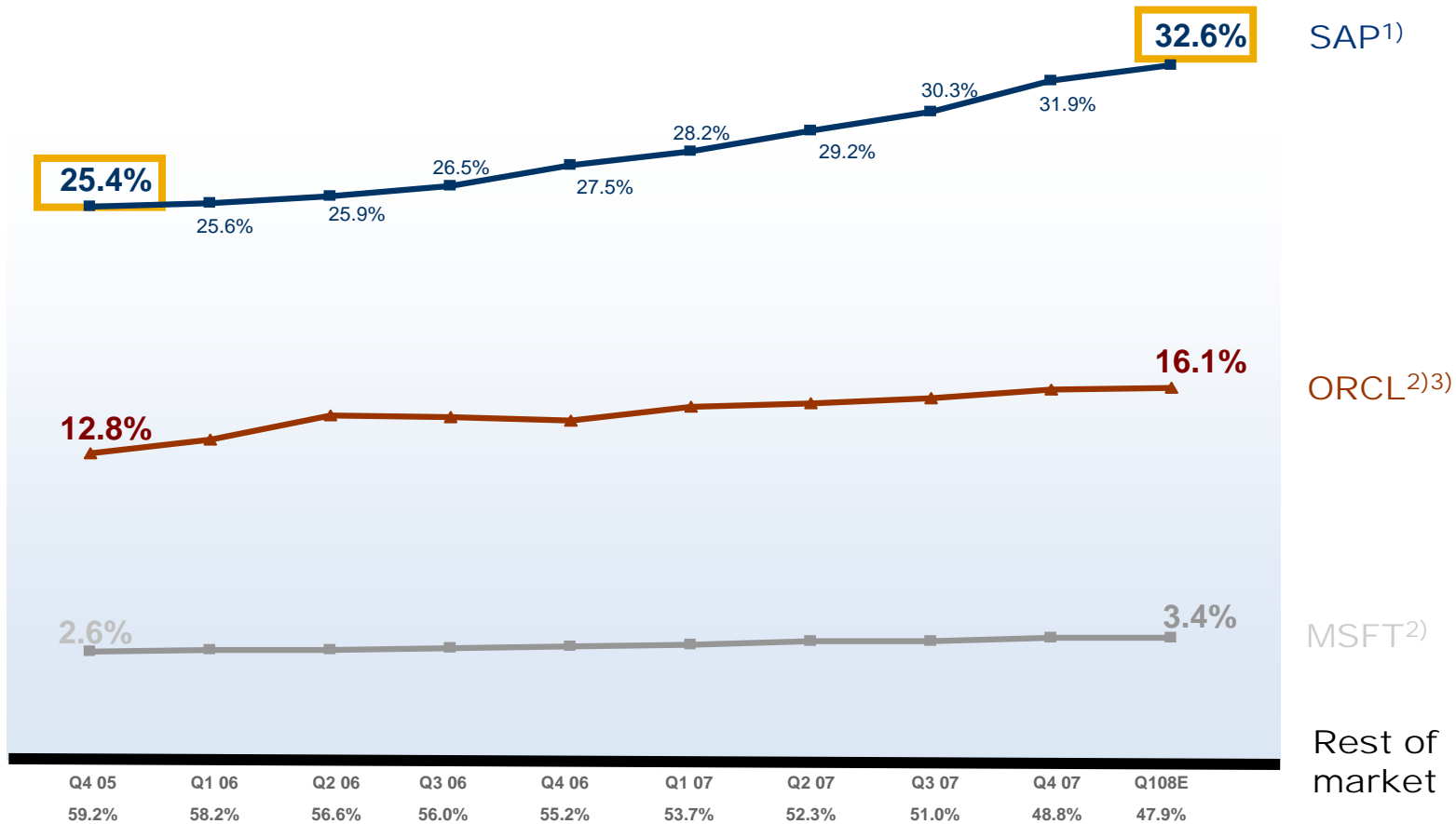
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Market Share*

\$ 37.4bn Relevant Core Enterprise Application Software and Software related Services (SSRS) Market (based on U.S. GAAP)



(Rolling 4 quarters as of Q1 2008E based on application SSRS revenues)



*Source: SAP internal analysis based on company data and financial analysts estimates as of Apr 24th 2008

1) SAP includes Business Objects, internal estimates based on revenue from continued operations

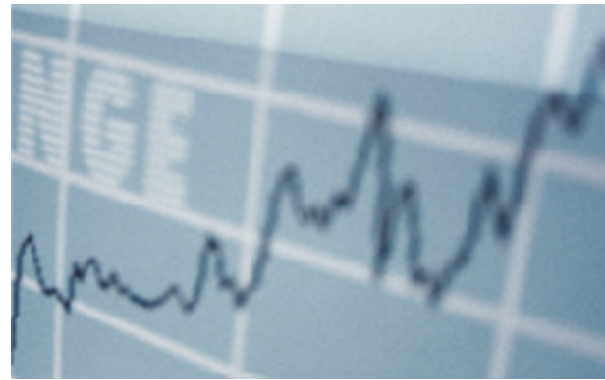
2) Only business applications revenue considered. Fiscal year is not calendar year (e.g. SAP Q1 vs. Oracle Q3).

3) Oracle includes PSFT, RETK, SEBL, IFLX, STEL, HYSL, AGIL

SSRS is Software and Software-related Services = Software revenue + Support revenue + Subscriptions and other software-related services revenue

Refer to Appendix for additional information.

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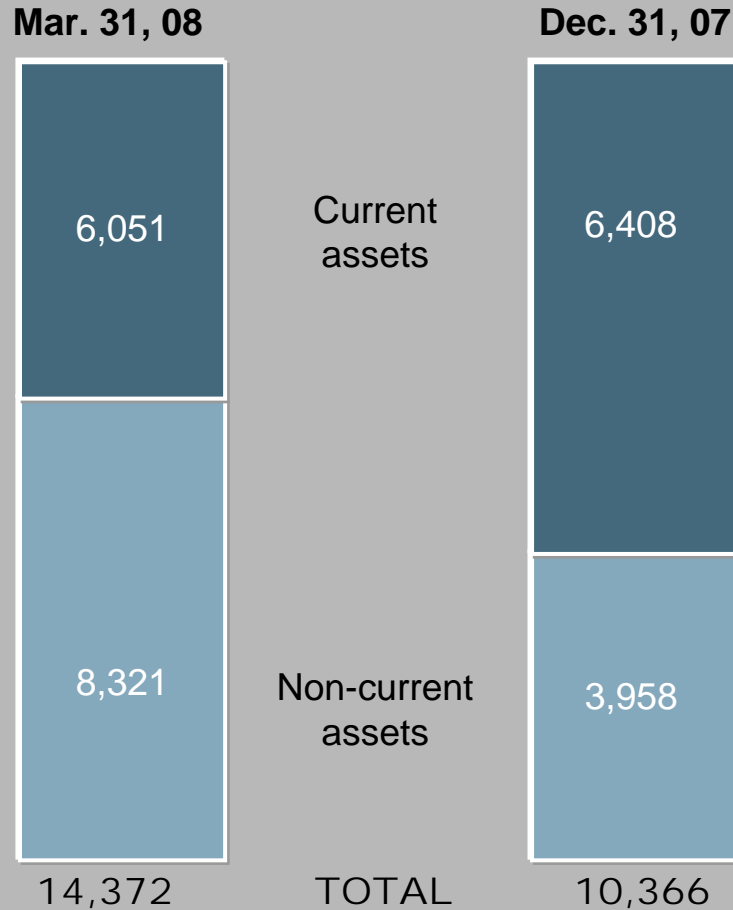
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Balance Sheet Summary

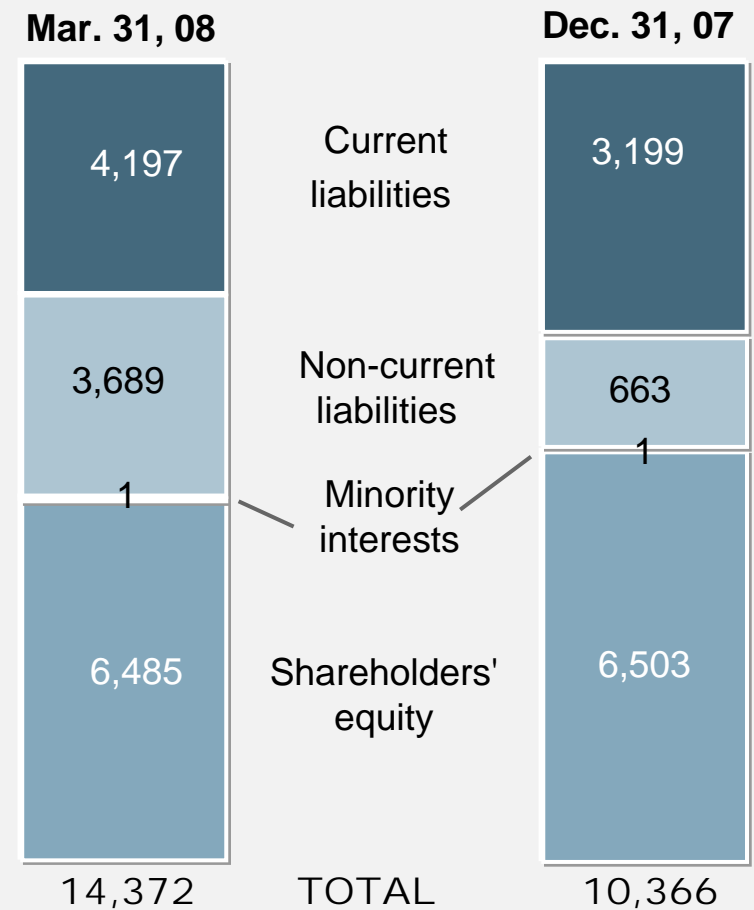
First Quarter 2008 (U.S. GAAP)



Assets*



Shareholders' Equity & Liabilities*



*€ millions

Balance Sheet & Cash Flow Analysis

First Quarter 2008 (U.S. GAAP)



	3/31/08	12/31/07	△ %
Days sales outstanding (DSO)	68 days	66 days	+2 days
Equity ratio	45%	63%	-18pp

	Q1 2008 € millions	Q1 2007 € millions	△ %
Operating cash flow	1,072	852	26
– Capital expenditure	-61	-79	-23
Free cash flow	1,011	773	31
Free cash flow as a % of total revenue	41	36	5pp

Headcount* as of March 31, 2008

Continuing Operations Only – First Quarter 2008



	3/2008	12/2007	3/2007	△		△	
				Growth Q1	Impact Bus. Obj.	% seq. Q1	% without Bus. Obj.
Headcount by Region							
– EMEA	26,326	23,654	22,691	2,672	2,177	11	2
– Americas	14,060	10,629	9,522	3,431	3,147	32	3
– Asia Pacific Japan	10,888	9,578	8,105	1,310	900	14	4
Headcount by Functional Area							
– SW and SW-rel. services	6,594	5,831	5,450	763	595	13	3
– Prof. svs. and other svs.	14,012	12,785	11,777	1,227	1,001	10	2
– Research and development	14,990	12,951	11,936	2,039	1,697	16	3
– Sales and marketing	10,767	8,282	7,441	2,485	2,132	30	4
– General and administration	3,356	2,797	2,581	559	527	20	1
– Infrastructure	1,555	1,215	1,133	340	272	28	6
Group	51,274	43,861	40,318	7,413	6,224	17	3
Net growth	7,413						
Net growth (excl. Bus. Obj.)	1,189						

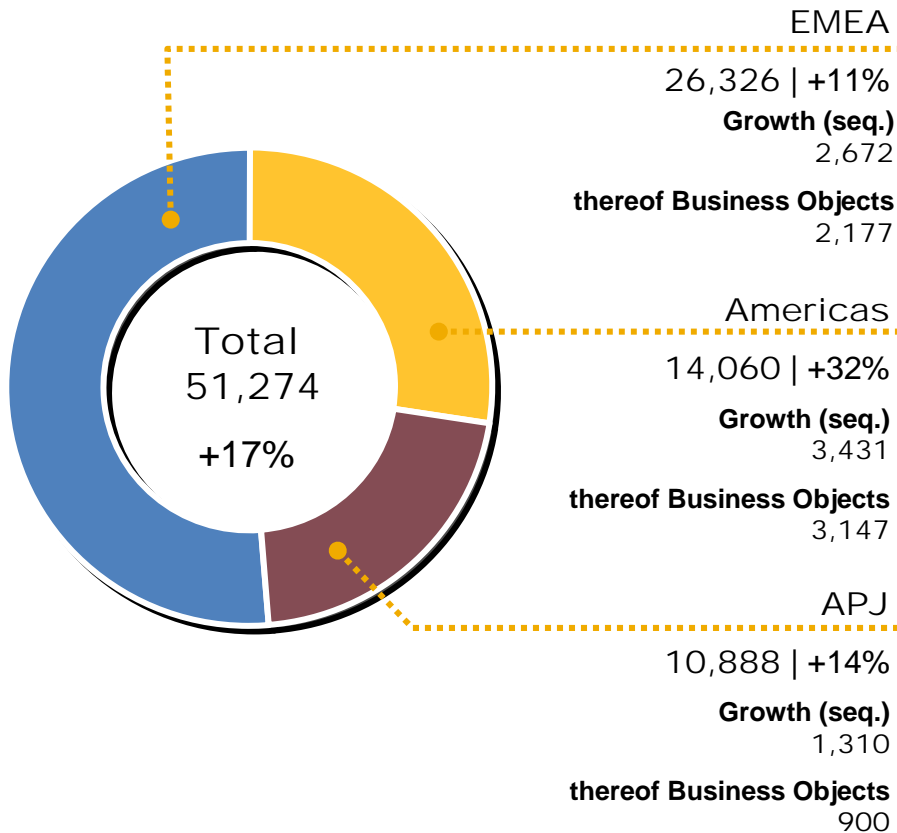
* in full time equivalents

Headcount* as of March 31, 2008 – Cont'd Continuing Operations Only – First Quarter 2008

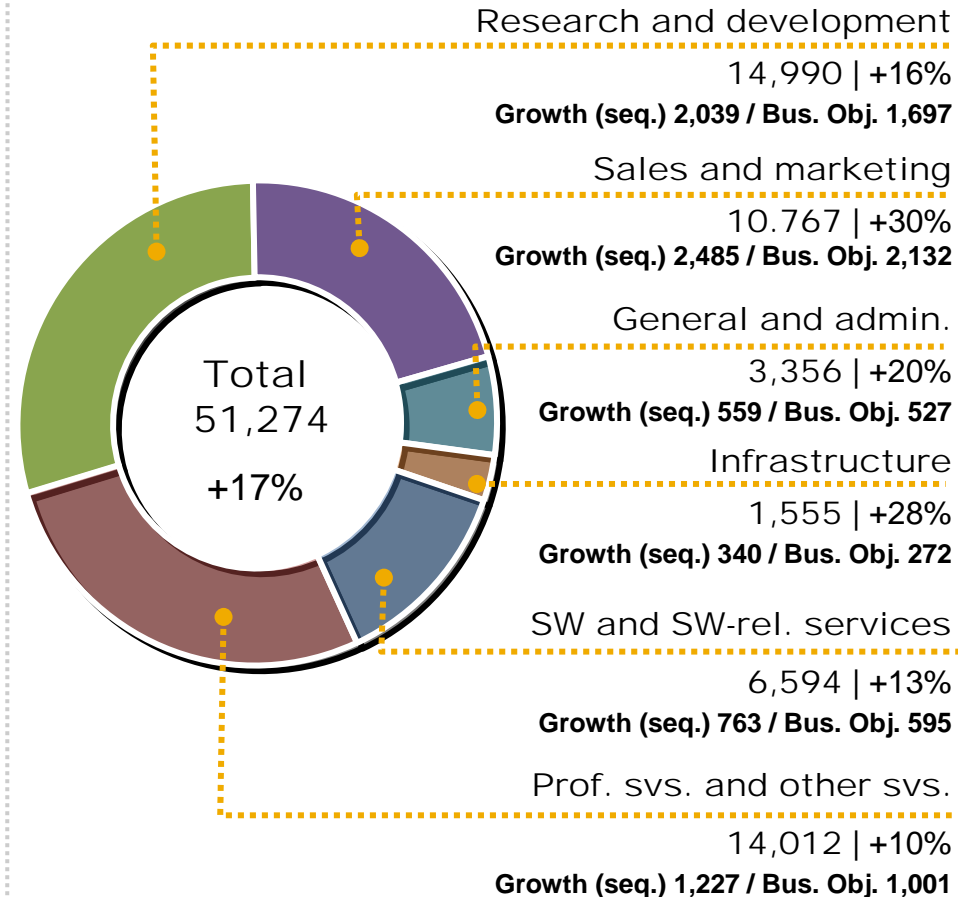


in full time equivalents | % seq.

Headcount by Region



Headcount by Functional Area



* in full time equivalents

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The Company is providing the following outlook for the full-year 2008, which differs from the original outlook provided in January 2008 only with regards to SAP's expectations for the 2008 Non-GAAP operating margin at constant currencies

- The Company expects full-year 2008 Non-GAAP software and software-related service revenue, which excludes a non-recurring deferred support revenue write-down from the acquisition of Business Objects of approximately €180 million, to increase in a range of 24% – 27% at constant currencies (2007: €7.428 billion). SAP's business, excluding the contribution from Business Objects, is expected to contribute 12 – 14 percentage points to this growth.
- The Company now expects the full-year 2008 Non-GAAP operating margin at constant currencies, which excludes a non-recurring deferred support revenue write-down from the acquisition of Business Objects and acquisition related charges, to be in the range of 28.5% – 29.0% (2007 non-GAAP operating margin: 27.3%). The previous outlook originally provided in January 2008 was expected to be in a range of 27.5% – 28.0%. The change is the result of the Company's decision to reduce accelerated investments around SAP Business ByDesign by approximately €100 million in 2008. Therefore, the 2008 Non-GAAP operating margin outlook now includes accelerated investments around SAP Business ByDesign of around €100 million for the full-year 2008 (previously €175 million to €225 million).
- The Company is projecting an effective tax rate of 31.0% to 31.5% (based on U.S. GAAP income from continuing operations) for 2008.

APPENDIX

This document discloses certain financial measures, such as Non-GAAP revenues, Non-GAAP operating income, Non-GAAP operating margin, free cash flow, and constant currency period-over-period changes in revenue and operating income, that are not prepared in accordance with U.S. GAAP and are therefore considered non-GAAP financial measures. Our non-GAAP financial measures may not correspond to non-GAAP financial measures that other companies report. The non-GAAP financial measures that we report should be considered as additional to, and not as substitutes for or superior to, revenue, operating income, cash flows, or other measures of financial performance prepared in accordance with U.S. GAAP. Our non-GAAP financial measures included in this document are reconciled to the nearest U.S. GAAP measure in our [Financial Information for the First Quarter 2008 on the pages F1 to F6](#).

Non-GAAP Revenues, Non-GAAP Operating Income and Non-GAAP Operating Margin

We believe that it is of interest to investors to receive certain supplemental historical and prospective financial information used by our management in running our business – in addition to financial data prepared in accordance with U.S. GAAP. Beginning in 2008 we use both Non-GAAP revenues and Non-GAAP operating income / Non-GAAP operating margin as defined below consistently in our planning, forecasting, reporting, compensation and external communication.

Non-GAAP revenue: Revenues in this document identified as “Non-GAAP revenue” have been adjusted from the respective U.S. GAAP numbers by including the full amount of Business Objects support revenues that would have been reflected by Business Objects had it remained a stand-alone entity but are not permitted to be reflected as revenues under U.S. GAAP as a result of fair value accounting for Business Objects support contracts in effect at the time of the Business Objects acquisition.

Under U.S. GAAP we record at fair value the Business Objects support contracts in effect at the time of the acquisition of Business Objects. Consequently, our U.S. GAAP support revenues, our U.S. GAAP software and software-related service revenues and our U.S. GAAP total revenues for periods subsequent to the Business Objects acquisition do not reflect the full amount of support revenue that Business Objects would have recorded for these support contracts absent the acquisition by SAP. Adjusting revenue numbers for this one-time revenue impact provides additional insight into our ongoing performance because the support contracts are typically one-year contracts and renewals of these contracts are expected to result in revenues that are not impacted by the business combination-related fair value accounting.

We believe that our Non-GAAP revenue numbers have limitations, particularly as the eliminated amounts may be material to us. We therefore do not evaluate our growth and performance without considering both Non-GAAP revenues and U.S. GAAP revenues. We caution the readers of this document to follow a similar approach by considering our Non-GAAP revenues 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 U.S. GAAP.

Non-GAAP operating income / Non-GAAP operating margin: Operating income and operating margin in this document identified as “Non-GAAP operating income” or “Non-GAAP operating margin” have been adjusted from the respective operating income and operating margin numbers as recorded under U.S. GAAP by including the full amount of Business Objects support revenues to be included in Non-GAAP revenue, and by excluding acquisition-related charges. Acquisition related charges in this context comprise:

- Amortization expense of intangibles acquired in business combination and standalone acquisitions of intellectual property
- Expense from purchased in-process research and development
- Restructuring expenses as far as incurred in connection with a business combinations and accounted for under SFAS 146 in SAP’s U.S. GAAP financial statements

Although acquisition-related charges include recurring items from past acquisitions, such as amortization of acquired intangible assets, they also include an unknown component, relating to current-year acquisitions. We cannot accurately assess or plan for that unknown component until we have finalized our purchase price allocation. Furthermore acquisition-related charges may include one-time charges that are not reflective of our ongoing operating performance.

We believe that our Non-GAAP financial measures described above have limitations, particularly as the eliminated amounts may be material to us. We therefore do not evaluate our growth and performance without considering both Non-GAAP operating income / Non-GAAP operating margin numbers and U.S. GAAP operating income and margin numbers. We caution the readers of this document to follow a similar approach by considering our Non-GAAP operating income / Non-GAAP operating margin numbers 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 U.S. GAAP.

Free Cash Flow:

We believe that free cash flow is a widely accepted supplemental measure of liquidity. Free cash flow measures a company's cash flow remaining after all expenditures required to maintain or expand the business have been paid off. We calculate free cash flow as operating cash flow from continuing operations minus additions to long-lived 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 U.S. GAAP.

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 U.S. GAAP 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 (comparator) year instead of the report year.

We believe that data on constant currency period-over-period changes have limitations, particularly as the currency effects that are eliminated constitute a significant element of our revenues 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 on the one hand and changes in revenues, expenses, income, or other measures of financial performance prepared in accordance with U.S. GAAP 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 revenues, expenses, income, or other measures of financial performance prepared in accordance with U.S. GAAP.

The Company provides share data based on the vendors of Core Enterprise Applications solutions, which account for approximately \$37.4 billion in software and software related service revenues as defined by the Company based on industry analyst research. For 2008, industry analysts project approximately 7% year-on-year growth for core Enterprise Applications vendors. For its quarterly share calculation, SAP assumes that this approximate 7% growth will not be linear throughout the year. Instead, quarterly adjustments are made based on the financial performance of a sub set of (approximately 25) Core Enterprise Application vendors.

Selected Customer Wins

First Quarter 2008



AMERICAS

- **Bank of America (Banking)**
- **LensCrafters (Retail)**
- **Sigdo Koppers S.A. (Engineering & Construction)**
- **Tawa Supermarkets (Retail)**

EMEA

- **Al Futtaim Group (Retail)**
- **Barclays Bank (Banking)**
- **Landesamt für Besoldung und Versorgung, Nordrhein-Westfalen, Germany (Public Sector)**
- **Nationwide Building Society (Banking)**

APJ

- **Fujian Electric Power Co., Ltd. (Utilities&Waste)**
- **Mitsui High-tec, Inc. (Industrial Machinery)**
- **National Health Insurance Corporation, Korea (Public Sector)**
- **Pegatron Corporation (Hightech)**

Overview of Exchange Rates*



Currency	Q1 2008	Q1 2007	Δ %	Q2 2007	Q3 2007	Q4 2007	FY 2007
US Dollar	1.51	1.31	15	1.35	1.38	1.45	1.38
British Pound	0.76	0.67	13	0.68	0.68	0.71	0.69
Japanese Yen	157	156	1	163	161	164	161

*In order to provide additional transparency, SAP is publishing this chart which contains quarterly average currency rates versus the Euro for some common currencies. While it is not a complete list of the different currencies in which SAP does business, the list represents currencies from SAP's three largest geographies outside of the geographies represented by the Euro.

SAP calculates constant currency year-over-year changes in revenue and operating income by translating foreign currencies using the average exchange rates from the previous (comparator) year instead of the report year. This is done on a monthly basis by applying the prior year's monthly average exchange rates to the foreign currency revenues and expenses of the respective month. Therefore the quarterly average currency exchange rates shown above differ from the monthly average currency exchange rates that SAP uses to calculate its reported constant currency growth rates.