



For Immediate Release
July 29, 2008

SAP Reports Strong Growth in Software and Software-Related Service Revenues And Refines Annual Outlook to Reach Upper-End of Range

WALLDORF – July 29, 2008 – SAP AG (NYSE: SAP) today announced its preliminary financial results for the second quarter and six months ended June 30, 2008.

HIGHLIGHTS – Second Quarter 2008

€million	SAP - Second Quarter 2008*						
	U.S. GAAP			Non-GAAP**			
	Q2/2008	Q2/2007	% change	Q2/2008	Q2/2007	% change	% change constant currency***
Software revenues	898	716	25	898	716	25	34
Software and software-related service revenues	2,061	1,704	21	2,113	1,704	24	32
Total revenues	2,858	2,421	18	2,910	2,421	20	28
Operating income	593	581	2	711	594	20	30
Operating margin (%)	20.7	24.0	-3.3pp	24.4	24.5	-0.1pp	0.5pp
Income from continuing operations	411	453	-9	497	461	8	–
Net income	408	449	-9	494	457	8	–
Basic EPS from cont. operations (€)	0.34	0.37	-8	0.42	0.38	11	–

*All figures are preliminary and unaudited and are based on the current status of the purchase price allocation for the Business Objects acquisition which is not yet final.

** Revenue line items are adjusted for the Business Objects support revenue that Business Objects would have recognized had it remained a standalone entity but that SAP is not permitted to recognize as revenue under U.S. GAAP as a result of business combination accounting rules. Adjustments in the operating expense line items are for acquisition-related charges. See [Appendix](#) at the end of the financial section of the press release for explanations of the Non-GAAP measures used in this press release and for related reconciliations to U.S. GAAP.

*** Constant currency Non-GAAP revenue and operating income figures are calculated by translating Non-GAAP revenue and Non-GAAP operating income of the current period using the average exchange rates from the previous year's respective period instead of the current period. Constant currency period-over-period changes are calculated by comparing the current year's Non-GAAP constant currency numbers with the Non-GAAP number of the previous year's respective period. See [Appendix](#) at the end of the financial section of press release for details.

Revenues

- Second quarter 2008 U.S. GAAP software and software-related service revenues were €2.06 billion (2007: €1.70 billion), representing an increase of 21% compared to the

second quarter of 2007. Non-GAAP software and software-related service revenues, which exclude a non-recurring deferred support revenue write-down from the acquisition of Business Objects of €52 million, for the second quarter of 2008 were €2.11 billion (2007: €1.70 billion). This represents an increase of 24% (32% at constant currencies) compared to the second quarter of 2007. If SAP's reporting currency was the U.S. Dollar, Non-GAAP software and software-related service revenues for the second quarter would have increased 44% compared to the same period one year ago.

- Excluding the contribution from Business Objects, SAP's business contributed 16 percentage points to the constant currency growth of the Non-GAAP software and software-related service revenues for the second quarter of 2008.
- U.S. GAAP total revenues for the 2008 second quarter were €2.86 billion (2007: €2.42 billion), which was a year-over-year increase of 18%. Non-GAAP total revenues, which exclude a non-recurring deferred support revenue write-down from the acquisition of Business Objects of €52 million for the second quarter of 2008, were €2.91 billion (2007: €2.42 billion), which is an increase of 20% (28% at constant currencies) compared to the second quarter of 2007.
- Second quarter 2008 U.S. GAAP software revenues were €98 million (2007: €716 million), representing an increase of 25% (34% at constant currencies) compared to the second quarter of 2007.

Income

- U.S. GAAP operating income for the second quarter was €93 million (2007: €81 million), which was an increase of 2% compared to the second quarter of 2007. Second quarter Non-GAAP operating income, which excludes a non-recurring deferred support revenue write-down from the acquisition of Business Objects and acquisition-related charges totaling €18 million, was €711 million (2007: €594 million), which was an increase of 20% (30% at constant currencies) compared to the second quarter of 2007.
- The U.S. GAAP operating margin for the second quarter of 2008 was 20.7% (2007: 24.0%). The second quarter Non-GAAP operating margin was 24.4% (2007: 24.5%), or 25.0% at constant currencies. Both the U.S. GAAP and the Non-GAAP operating margins were impacted by 1) €24 million expensed in the second quarter of 2008 for the settlement of a litigation and, 2) one-time expenses associated with the integration of Business Objects (which are not acquisition-related charges) of approximately €1 million.

- U.S. GAAP income from continuing operations for the second quarter of 2008 was €111 million (2007: €453 million), representing a decrease of 9% compared to the second quarter of 2007. Non-GAAP income from continuing operations, which excludes a non-recurring deferred support revenue write-down from the acquisition of Business Objects and acquisition-related charges totaling €86 million, was €497 million (2007: €461 million), representing an increase of 8% compared to the second quarter of 2007. Second quarter 2007 U.S. GAAP and Non-GAAP income from continuing operations were positively impacted by an effective tax rate of 25.5% and 25.8%, respectively, partly resulting from non-recurring tax effects.
- U.S. GAAP earnings per share from continuing operations for the second quarter of 2008 was €0.34 (2007: €0.37), which was a decrease of 8% compared to the same period in 2007. Non-GAAP earnings per share from continuing operations for the second quarter of 2008 was €0.42 (2007: €0.38), which was an increase of 11% compared to the same period in 2007.

Core Enterprise Applications Vendor Share

SAP reported its tenth consecutive quarter of share gains. Based on U.S. GAAP second quarter 2008 software and software-related service revenues on a rolling four-quarter basis, SAP's worldwide share of Core Enterprise Applications vendors, which account for approximately \$38.1 billion in software and software-related service revenues as defined by the Company based on industry analyst research, was 33.7% for the four-quarter period ended June 30, 2008. This represents an increase of 1.1 percentage points compared to the four-quarter period ended March 31, 2008 and a 7.7 percentage point increase compared to the four quarter period ended June 30, 2007, of which approximately 4.5 percentage points came from organic growth and 3.2 percentage points from the acquisition of Business Objects.

“We performed very well in the second quarter, in which our 32% growth in Non-GAAP software and software-related service revenues at constant currencies marked our 18th consecutive quarter of double-digit growth,” said Henning Kagermann, co-CEO of SAP. “Our organic growth, which excludes the contribution from Business Objects, was just as impressive, contributing 16 percentage points to the constant currency growth of software and software-related service revenues. We can attribute our strong performance to good overall execution and the continued strength in all three core areas of our business, the established business, the midmarket and business user solutions.”

Mr. Kagermann continued, “SAP is unique in that we provide a truly open business process platform, with a fully integrated suite of software solutions built on top, along with a very dynamic ecosystem developing solutions around it. Our unique offering puts us on a short list of strategic solutions for CEO’s whether they are seeking efficiencies, compliance or growth for their companies.”

Cash Flow

Operating cash flow from continuing operations for the first six months of 2008 was €1.37 billion (2007: €1.02 billion). Free cash flow for the first six months of 2008 was €1.20 billion (2007: €828 million), which was 23% of total revenues (2007: 18%). At June 30, 2008, the Company had total group liquidity of €1.5 billion (December 31, 2007: €2.8 billion), which includes cash and cash equivalents, restricted cash and short term investments.

Share Buyback

In the second quarter of 2008 the Company bought back 3.8 million shares at an average price of €32.58 (€24.2 million). Of the total shares purchased in the second quarter, 265,971 shares were subsequently acquired from the Company by employees who exercised stock options under SAP’s share-based compensation programs. The number of shares bought back in the second quarter of 2008 represented 0.31% of the total shares outstanding. At June 30, 2008, the Company held Treasury Stock in the amount of 57.9 million shares (approximately 4.6% of total shares outstanding) at an average price of €35.31. For the first six months of 2008, the Company invested €382.6 million buying back approximately 11.8 million shares at an average price of €32.31.

HIGHLIGHTS – Six Months 2008

Business Objects is included in the results from January 21, 2008 onwards.

€million	SAP – Six Months 2008*						
	U.S. GAAP			Non-GAAP**			
	H1/2008	H1/2007	% change	H1/2008	H1/2007	% change	% change constant currency***
Software revenues	1,520	1,278	19	1,520	1,278	19	27
Software and software-related service revenues	3,797	3,219	18	3,896	3,219	21	28
Total revenues	5,318	4,583	16	5,417	4,583	18	25
Operating income	952	1,017	-6	1,200	1,041	15	26
Operating margin (%)	17.9	22.2	-4.3pp	22.2	22.7	-0.5pp	0.1pp
Income from continuing operations	658	765	-14	842	780	8	–
Net income	650	759	-14	834	774	8	–
Basic EPS from cont. operations (€)	0.55	0.63	-13	0.71	0.64	11	–

*All figures are preliminary and unaudited and are based on the current status of the purchase price allocation for the Business Objects acquisition which is not yet final.

** Revenue line items are adjusted for the Business Objects support revenue that Business Objects would have recognized had it remained a standalone entity but that SAP is not permitted to recognize as revenue under U.S. GAAP as a result of business combination accounting rules. Adjustments in the operating expense line items are for acquisition-related charges. See [Appendix](#) at the end of the financial section of the press release for explanations of the Non-GAAP measures used in this press release and for related reconciliations to U.S. GAAP.

*** Constant currency Non-GAAP revenue and operating income figures are calculated by translating Non-GAAP revenue and Non-GAAP operating income of the current period using the average exchange rates from the previous year's respective period instead of the current period. Constant currency period-over-period changes are calculated by comparing the current year's Non-GAAP constant currency numbers with the Non-GAAP number of the previous year's respective period. See [Appendix](#) at the end of the financial section of press release for details.

Revenues

- Six months 2008 U.S. GAAP software and software-related service revenues were €3.80 billion (2007: €3.22 billion), representing an increase of 18% compared to the first half of 2007. Non-GAAP software and software-related service revenues, which exclude a non-recurring deferred support revenue write-down from the acquisition of Business Objects of €9 million, for the first six months of 2008 were €3.90 billion (2007: €3.22 billion). This represents an increase of 21% (28% at constant currencies) compared to the first half of 2007. If SAP's reporting currency was the U.S. Dollar, Non-GAAP software and software-related service revenues for the first half would have increased 40% compared to the same period one year ago.

- Excluding the contribution from Business Objects, SAP's business contributed 14 percentage points to the constant currency growth of the Non-GAAP software and software-related service revenues for the first half of 2008.
- U.S. GAAP total revenues for the 2008 first half were €5.32 billion (2007: €4.58 billion), which was a year-over-year increase of 16%. Non-GAAP total revenues, which exclude a non-recurring deferred support revenue write-down from the acquisition of Business Objects of €9 million for the first six months of 2008, were €5.42 billion (2007: €4.58 billion), which is an increase of 18% (25% at constant currencies) compared to the first half of 2007.
- First Half 2008 U.S. GAAP software revenues were €1.52 billion (2007: €1.28 billion), representing an increase of 19% (27% at constant currencies) compared to the first six months of 2007.

Income

- U.S. GAAP operating income for the 2008 six-month period was €952 million (2007: €1.02 billion), which was a decrease of 6% compared to the same period for 2007. First-half Non-GAAP operating income, which excludes a non-recurring deferred support revenue write-down from the acquisition of Business Objects and acquisition-related charges totaling €248 million, was €1.20 billion (2007: €1.04 billion), which was an increase of 15% (26% at constant currencies) compared to the first half of 2007.
- The U.S. GAAP operating margin for the 2008 six-month period was 17.9% (2007: 22.2%). The first-half Non-GAAP operating margin was 22.2% (2007: 22.7%), or 22.8% at constant currencies. Both the U.S. GAAP and the Non-GAAP operating margins were impacted by 1) €4 million expensed in the second quarter of 2008 for the settlement of a litigation and, 2) one-time expenses associated with the integration of Business Objects (which are not acquisition-related charges) of approximately €18 million.
- U.S. GAAP income from continuing operations for the first half of 2008 was €658 million (2007: €765 million), representing a decrease of 14% compared to the same period for 2007. Non-GAAP income from continuing operations, which excludes a non-recurring deferred support revenue write-down from the acquisition of Business Objects and acquisition-related charges totaling €184 million, was €842 million (2007: €780 million), representing an increase of 8% compared to the first half of 2007. Six-month 2007 U.S. GAAP and Non-GAAP income from continuing operations were positively impacted by a

2007 second quarter effective tax rate of 25.5% and 25.8%, respectively, partly resulting from non-recurring tax effects.

- U.S. GAAP earnings per share from continuing operations for the first half of 2008 was €0.55 (2007: €0.63), which was a decrease of 13% compared to the same period in 2007. Non-GAAP earnings per share from continuing operations for the 2008 six-month period was €0.71 (2007: €0.64), which was an increase of 11% compared to the same period in 2007.

BUSINESS OUTLOOK

The Company is providing the following outlook for the full-year 2008, which has changed from the previous outlook provided on April 30, 2008. The Company has refined the outlook for Non-GAAP software and software-related service revenues at constant currencies and Non-GAAP operating margin at constant currencies.

- The Company reaffirmed that it 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), but the Company now expects to reach the upper end of the range. The Company reaffirmed that SAP's business, excluding the contribution from Business Objects, is expected to contribute 12 – 14 percentage points to this growth, but the Company now expects the contribution to reach the upper end of the range.
- The Company reaffirmed that it 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%), but the Company now expects to reach the upper end of the range.
- The Company continues to project an effective tax rate of 31.0% to 31.5% (based on U.S. GAAP income from continuing operations) for 2008.

KEY EVENTS – Second Quarter 2008

- In the second quarter of 2008, SAP closed major contracts in several key regions including Carlsberg Breweries A/S, Comet Group Plc, Fiat Services S.p.A., GDF SUEZ, Saudi Electricity Company (SEC) in EMEA; AmerisourceBergen Corporation, Brown Shoe Company, Freeman, Marisa Lojas Varejistas Ltda, The City of Edmonton in Americas; and China Petroleum & Chemical, KPIT Cummins Infosystems Ltd, Neptune Orient Lines Ltd, India Oil and Natural Gas Corporation, Shanxi Electric I/E Power Corp., SUMISHO COMPUTER SYSTEMS in the Asia Pacific Japan region.
- On June 17, 2008, SAP announced its intent to acquire Visiprise, Inc. With the addition of Visiprise, SAP will deliver on its “Perfect Plant” strategy to bring together core SAP solutions with the software, hardware and services offerings of ecosystem partners to drive innovation for discrete manufacturers.
- On May 20, 2008, SAP announced Unilever’s implementation of SAP NetWeaver Master Data Management (SAP NetWeaver MDM) component to support five countries in the Asia/AMET (Africa, Middle-East and Turkey) region. Unilever requires a unified view of master data to remain agile and quickly address changing business needs while maintaining strong local market performance.
- On May 19, 2008, SAP announced that it will support Daimler AG as a global IT solution provider in order to drive Daimler’s comprehensive IT harmonization strategy.
- On May 19, 2008, SAP announced that Bayer MaterialScience selected the latest version of the SAP Customer Relationship Management (SAP CRM) application, SAP CRM 2007, to help enable its global sales force to deliver superior value to its customers.
- On May 19, 2008, SAP announced new CRM functionality in the SAP Business All-in-One solution. CRM functionality in SAP Business All-in-One will considerably enhance SAP’s midsize customers’ ability to pursue new customer strategies and manage entire end-to-end business processes with preconfigured best practices.
- SAP’s international customer conference SAPPHIRE 2008, held in Orlando, Florida, May 4-7 and Berlin, Germany May 19 – 21 focused on “Business Beyond Boundaries.” During SAPPHIRE 2008, customers from throughout the world showed how they utilize and benefit from SAP solutions to build “business beyond boundaries.”
- On May 5, 2008, SAP and Satyam Computer Services Ltd. announced a new partnership to help businesses accelerate co-innovation and improve their return on investment. Under a new agreement, Satyam has become an SAP global services partner to help companies worldwide to reliably and rapidly implement SAP solutions and transform business processes.
- On May 5, 2008, SAP announced that it would further extend its partnership with IBM for SAP Business All-in-One solutions.

- On May 5, 2008, SAP announced that Infosys signed up to the SAP Global Service Partner Program. This announcement marked an important milestone in the relationship between the two organizations, which have been working together for more than five years to help companies realize information technology (IT) and business results from their investments in SAP applications.
- On May 2, 2008, SAP and Research In Motion (RIM) announced a co-innovation partnership to usher in a new era in enterprise mobility. Both companies have joined forces to change the way people work, by enabling anytime, anywhere mobile access to SAP enterprise applications through the widely adopted BlackBerry® platform.
- On April 2, 2008, SAP announced the appointment of SAP Deputy CEO Léo Apotheker as the company's co-CEO alongside SAP CEO Henning Kagermann. The supervisory board also appointed to the SAP Executive Board three new members, effective July 1, 2008: Corporate Officers Erwin Gunst, Bill McDermott and Jim Hagemann Snabe.

Use of Non-GAAP Financial Measures

This press release contains certain financial measures such as Non-GAAP revenues, Non-GAAP operating income, Non-GAAP operating margin, free cash flow, constant currency revenue and operating income measures, as well as U.S. Dollar based Non-GAAP revenue numbers. These measures are not prepared in accordance with U.S. GAAP and therefore are 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 a substitute for or superior to revenue, operating margin or our other measures of financial performance prepared in accordance with U.S. GAAP. See the [Appendix](#) at the end of the financial section of this press release for additional information regarding the Non-GAAP measures included in this press release and for the reconciliations to the corresponding U.S. GAAP measures.

Core Enterprise Applications Vendor Share

The Company provides share data based on the vendors of Core Enterprise Applications solutions, which account for approximately \$38.1 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.

Webcast/Supplementary Financial Information

SAP senior management will host a conference call today at 3:00 pm (CEDT) / 2:00 pm (GMT) / 9:00 am (EDT) / 6:00 am (PDT). The conference call will be Webcast live on the Company's Web site at <<http://www.sap.com/investor>> and will be available for replay purposes as well. Supplementary financial information pertaining to the quarterly results can be found at <http://www.sap.com/investor>.

About SAP

SAP is the world's leading provider of business software, offering applications and services that enable companies of all sizes and in more than 25 industries to become best-run businesses. With more than 75,000 customers in over 120 countries, SAP is listed on several exchanges, including the Frankfurt stock exchange and NYSE, under the symbol "SAP." (For more information, visit www.sap.com)

(*) SAP defines business software as comprising enterprise resource planning and related 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," "outlook," "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 SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates.

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For more information, press only:

Herbert Heitmann, +49 (6227) 7-61137, herbert.heitmann@sap.com, CET

Christoph Liedtke, +49 6227 7-50383, christoph.liedtke@sap.com, CET

Andy Kendzie +1 (202) 312-3919, andy.kendzie@sap.com, EST

For more information, financial community only:

Stefan Gruber, +49 (6227) 7-44872, investor@sap.com, CET

Martin Cohen, +1 (212) 653-9619, investor@sap.com, EST

[Appendix](#)