



SAP Reports 16% Growth in Software and Software-Related Service Revenues for the Second Quarter

8% Growth at Constant Currencies

*Company Reaches 100,000 Customer Milestone
SAP Completes Tender Offer for Sybase*

Paris, le 27 Juillet 2010 – SAP AG (NYSE: SAP) today announced its preliminary financial results for the second quarter ended June 30, 2010.

FINANCIAL HIGHLIGHTS – Second Quarter 2010

€ million, unless otherwise stated	Second Quarter 2010 ¹⁾						
	IFRS			Non-IFRS ²⁾			
	Q2 2010	Q2 2009	% change	Q2 2010	Q2 2009	% change	% change const. curr. ³⁾
Software revenue	637	543	17%	637	543	17%	5%
Software and software-related service revenue	2,258	1,953	16%	2,258	1,953	16%	8%
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%
- thereof restructuring	-1	-17	-94%	-1	-17	-94%	
Operating profit	774	641	21%	840	710	18%	5%
Operating margin (%)	26.7	24.9	1.8pp	29.0	27.6	1.4pp	0.2pp
Profit after tax	491	426	15%	551	478	15%	
Basic earnings per share (€)	0.41	0.36	14%	0.46	0.40	15%	

1) All figures are preliminary and unaudited.

2) Adjustments in the revenue line items are for support revenue that an entity acquired by SAP would have recognized had it remained a stand-alone entity but that SAP is not permitted to recognize as revenue under IFRS as a result of business combination accounting rules. Adjustments in the operating expense line items are for acquisition-related charges and discontinued activities. See *Explanations of Non-IFRS Measures* in the [appendix](#) for details.

3) Constant currency revenue and operating profit figures are calculated by translating revenue and operating profit 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-IFRS constant currency numbers with the non-IFRS number of the previous year's respective period. See *Explanations of Non-IFRS Measures* in the [appendix](#) for details.

Revenues – Second Quarter 2010

- IFRS software and software-related service revenues were €2.26 billion (2009: €1.95 billion), an increase of 16% (8% at constant currencies).
- IFRS software revenues were €637 million (2009: €543 million), an increase of 17% (5% at constant currencies).
- IFRS total revenues were €2.89 billion (2009: €2.58 billion), an increase of 12% (5% at constant currencies).

Income – Second Quarter 2010

- IFRS operating profit was €774 million (2009: €641 million), an increase of 21%. Non-IFRS operating profit was €840 million (2009: €710 million), an increase of 18% (5% at constant currencies). In the second quarter of 2009, the IFRS and Non-IFRS operating income was impacted by restructuring charges of €17 million resulting from a reduction of positions. In contrast, restructuring charges were not material in the second quarter of 2010.
- IFRS operating margin was 26.7% (2009: 24.9%), an increase of 1.8 percentage points. Non-IFRS operating margin was 29.0% (2009: 27.6%), or 27.8% at constant currencies, an increase of 1.4 percentage points (0.2 percentage points at constant currencies). In contrast to the respective quarter in 2009, the second quarter of 2010 was not materially impacted by restructuring expenses which had, in the second quarter of 2009, negatively impacted the IFRS and Non-IFRS operating margin by 0.7 percentage points. However, severance expenses of €1 million (2009: €1.3 million) negatively impacted the second quarter 2010 IFRS and Non-IFRS operating margin by 0.4 percentage points (2009: 0.1 percentage points).
- IFRS profit after tax was €491 million (2009: €426 million), an increase of 15%. Non-IFRS profit after tax was €551 million (2009: €478 million), an increase of 15%. IFRS basic earnings per share were €0.41 (2009: €0.36), an increase of 14%. Non-IFRS basic earnings per share were €0.46 (2009: €0.40), an increase of 15%. The impact, net of tax, of the severance expenses incurred in the second quarter 2010 on the second quarter 2010 IFRS and Non-IFRS basic earnings per share was €0.01. The impact, net of tax, of the restructuring expenses incurred in the second quarter 2009 on the second quarter 2009 IFRS and Non-IFRS basic earnings per share was €0.01. The IFRS effective tax rate in the second quarter of 2010 was 27.4% (2009: 28.5%).

Second Quarter 2010 Non-IFRS operating profit excludes acquisition-related charges and discontinued activities totaling €66 million (2009: €69 million). Second quarter 2010 Non-IFRS profit after tax and Non-IFRS basic earnings per share exclude acquisition-related charges and discontinued activities totaling €60 million net of tax (2009: €52 million).

“We are pleased to report another quarter of growth in software and software-related service revenue,” said Werner Brandt, CFO of SAP. “The top line results were driven by continued growth in software revenue, strong support revenue, mainly from the majority of our customers who endorsed Enterprise Support, and double-digit growth in subscription revenue.”

“Customers continue to invest for growth across large, midsized and small enterprises and within many industries,” said Bill McDermott, Co-CEO of SAP. “We had outstanding growth in strategic markets like the U.S. and we saw continued double-digit growth in key emerging markets in Latin America and Asia. This solid performance is due to renewed customer confidence, an ever-expanding ecosystem, as well as focused execution on our go-to-market strategy.”

“Our focus on customer-driven innovation is positively impacting our growth. Reaching more than 100,000 customers is a testament to the inroads we have made in expanding our volume business and our success in the small and midsized enterprise (SME) segment,” said Jim Hagemann Snabe, Co-CEO of SAP. “Our success in the SME segment creates a strong foundation for the new version of our on-demand platform SAP Business ByDesign. The new version will be available on time on July 31st and is ready for volume deployment in six countries.”

SAP Completes Tender Offer for Shares of Sybase, Inc.

SAP also announced today that it has completed the cash tender offer for all outstanding shares of common stock of Sybase. Under the terms of the agreement, Sybase will operate as a separate company under the leadership of current CEO John Chen and will remain focused on its core business. Sybase will continue to execute plans and product strategies around its core database and information management business and Sybase’s expertise in the mobile business will be a key driver for the Sybase and SAP vision for the unwired enterprise. For more details on SAP and Sybase, please visit www.sap.com/about/investor/sybase.epx.

The acquisition rounds out the Company's three pillar strategy of providing solutions on-premise, on-demand and on-device supported by orchestration. Already the clear leader in on-premise business software solutions, the Company expects that with its aggressive push into on-demand and now on-device, with the biggest and most heterogeneous mobile platform provided by the acquisition of Sybase, it will be able to extend its reach into new user categories well beyond its traditional user base.

SAP will host a press briefing on August 19, 2010 in Boston, Massachusetts, where SAP Co-CEO Bill McDermott, Sybase CEO John Chen and members of the SAP leadership team will share details on joint company strategy and product road maps, along with planned co-innovations in mobility, analytics and database technologies. Details on the event will follow in a media alert to be issued in early August.

FINANCIAL HIGHLIGHTS – Six Months 2010

€ million, unless otherwise stated	First Half 2010 ¹⁾						
	IFRS			Non-IFRS ²⁾			
	1H 2010	1H 2009	% change	1H 2010	1H 2009	% change	% change const. curr. ³⁾
Software revenue	1,101	962	14%	1,101	962	14%	6%
Software and software-related service revenue	4,205	3,695	14%	4,205	3,706	13%	9%
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%
- thereof restructuring	-1	-183	-99%	-1	-178	-99%	
Operating profit	1,331	948	40%	1,452	1,106	31%	20%
Operating margin (%)	24.6	19.1	5.5pp	26.9	22.2	4.7pp	3.5pp
Profit after tax	878	622	41%	986	740	33%	
Basic earnings per share (€)	0.74	0.52	42%	0.83	0.62	34%	

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Revenues – Six Months 2010

- IFRS software and software-related service revenues were €4.21 billion (2009: €3.70 billion), an increase of 14%. Non-IFRS software and software-related service revenues were €4.21 billion (2009: €3.71 billion), an increase of 13% (9% at constant currencies).
- IFRS software revenues were €1.10 billion (2009: €962 million), an increase of 14% (6% at constant currencies).
- IFRS total revenues were €5.40 billion (2009: €4.97 billion), an increase of 9%. Non-IFRS total revenues were €5.40 billion (2009: €4.99 billion), an increase of 8% (4% at constant currencies).

Six months 2009 Non-IFRS revenue figures exclude a deferred support revenue write-down from the acquisition of Business Objects of €11 million.

Income – Six Months 2010

- IFRS operating profit was €1.33 billion (2009: €948 million), an increase of 40%. Non-IFRS operating profit was €1.45 billion (2009: €1.11 billion), an increase of 31% (20% at constant currencies). In the first half of 2009, the IFRS and Non-IFRS operating income was impacted by restructuring charges of €83 million and €178 million, respectively, resulting from a reduction of positions.
- IFRS operating margin was 24.6% (2009: 19.1%), an increase of 5.5 percentage points. Non-IFRS operating margin was 26.9% (2009: 22.2%), or 25.7% at constant currencies, an increase of 4.7 percentage points (3.5 percentage points at constant currencies). In contrast to the respective first half of 2009, the first half of 2010 was not materially impacted by restructuring expenses which had, in the first half of 2009, negatively impacted the IFRS and Non-IFRS operating margin by 3.7 percentage points and 3.6 percentage points, respectively. However, severance expenses of €8 million (2009: €3.1 million) and unused lease space expenses of €8 million negatively impacted the IFRS and Non-IFRS operating margin by 0.9 percentage points (2009: 0.1 percentage points).
- IFRS profit after tax was €78 million (2009: €22 million), an increase of 41%. Non-IFRS profit after tax was €86 million (2009: €740 million), an increase of 33%. IFRS basic earnings per share were €0.74 (2009: €0.52), an increase of 42%. Non-IFRS basic earnings per share were €0.83 (2009: €0.62), an increase of 34%. The impact, net of tax, of the severance and unused lease space expenses incurred in the first half of 2010 on the first half 2010 IFRS and Non-IFRS basic earnings per share was €0.03. The impact, net of tax, of the restructuring expenses incurred in the first half of 2009 on the first half 2009 IFRS and Non-IFRS basic earnings per share was €0.11. The IFRS effective tax rate in

the first half year 2010 was 26.6% (2009: 29.6%). The year over year decrease in the effective tax rate mainly results from tax effects on changes in foreign currency exchange rates. The currency related tax effects recorded in the second quarter 2010 were substantially compensated by several individually minor negative tax effects.

First half 2010 Non-IFRS operating profit excludes acquisition-related charges and discontinued activities totaling €121 million (2009: €158 million). First half 2010 Non-IFRS profit after tax and Non-IFRS basic earnings per share exclude acquisition-related charges and discontinued activities totaling €108 million net of tax (2009: €118 million).

Cash Flow – Six Months 2010

Operating cash flow was €1.28 billion (2009: €1.82 billion), a decrease of 30%. The year-over-year decrease in operating cash flow resulted from 1) timing of cash inflows as the Company received significantly more payments from customers in 2009 compared to 2010 due to the onset of the financial crisis that caused 2008 payment delays; 2) net cash outflows for derivative financial instruments used for the hedging of foreign exchange risks which did not affect profit, but were higher in the first six months 2010 compared to the prior period; and 3) a one-time payment in the second quarter of 2010 from the settlement of a lawsuit with the main part of the corresponding insurance reimbursement expected to be received in subsequent periods. Free cash flow was €1.16 billion (2009: €1.72 billion), a decrease of 33%. Free cash flow was 21% of total revenues (2009: 35%). At June 30, 2010, SAP had a total group liquidity of €3.96 billion (December 31, 2009: €2.28 billion), which includes cash and cash equivalents and short term investments. At June 30, 2010, net liquidity, defined as total group liquidity less short term debt, was €2.19 billion.

Business Outlook

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.

Major Customer Wins

In the second quarter of 2010, SAP closed major contracts in key regions.

In EMEA: E.ON IT GmbH, Sisal S.p.A., Bashneft ANK OAO, Swiss Reinsurance Company Ltd., DSG Retail Ltd; In the Americas: American Water Works Service Co., U.S. Department of Agriculture, Delta Air Lines, Inc., Pelagio Oliveira S/A, Montepío Luz Saviñón I.A.P, H.D. Smith Wholesale Drug Co., United Nations; In Asia Pacific/Japan: Shanghai Huayi (Group) Company, Huaneng Lancang River Hydro Power, National Institute for Environmental Studies, Sumitomo Chemical Co.,Ltd, Malaysia Airports Holdings Berhad, Parkway Hospitals Singapore Pte Ltd.

Webcast / Supplementary Financial Information

SAP senior management will host a conference call today at 3:00 PM (CET) / 2:00 PM (UK) / 9:00 AM (Eastern) / 6:00 AM (Pacific). The conference call will be web cast live on the Company's website at <http://www.sap.com/investor> and will be available for replay.

Supplementary financial information pertaining to the quarterly results can be found at <http://www.sap.com/investor>.

SAP First Half 2010 Interim Report

The First Half 2010 Interim Report will be published on July 29th, 2010 and will be available for download at <http://www.sap.com/investor>

A propos de SAP

SAP est le premier fournisseur mondial de solutions de gestion d'entreprise*. SAP propose des applications et services qui permettent aux entreprises de toutes tailles, et dans plus de 25 industries, d'optimiser leur résultat. Avec plus de 95 000 clients (incluant les clients issus de l'acquisition de Business Objects), dans plus de 120 pays, l'entreprise est cotée sur plusieurs marchés financiers, notamment la bourse de Francfort et de New York sous le symbole "SAP". Pour de plus amples informations, veuillez consulter : <http://www.sap.com>.

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