

## Annual General Meeting of Shareholders on May 19, 2009

### Speech by Léo Apotheker

#### 1. Welcome

Dear Henning,

On behalf of the Executive Board, I would like to offer my heartfelt thanks to you for the extraordinary contribution you have made to SAP. And I personally would like to thank you for the very exciting and successful time that I have spent with you as well as for the numerous discussions in which we were always focused on one thing: the shared success of our customers, employees, and shareholders.

My sincere thanks also go to Claus and Peter for their work on the Executive Board.

Ladies and gentlemen,

I'm sure you can imagine that I would have wished for an easier year in which to start my new role. Although I have known the IT industry and SAP for a very long time, the current economic climate is creating extraordinary challenges for SAP, too.

Henning said it earlier: The most important currency in a crisis is trust. That's why continuity in a time of change is especially important today. I'm therefore very pleased that we were able to organize the change of leadership so smoothly in the best SAP tradition.

#### 2. What does the financial and economic crisis mean for SAP?

We need to remember the extent of the current crisis. The German economy is expected to shrink 6% this year. That is a dramatic decline, and the rest of the world is in much the same situation unfortunately.

**SLIDE: Economic Crisis**

a. Limited Visibility Ahead

The continuing uncertainty is, however, much more significant than the current decline of the global economy. The hallmark of this crisis is the uncertainty of the different forecasts: Whether they show a U curve, V curve, or L curve, the forecasts for how the crisis will develop and for how long it will last change almost every day. Sometimes there's a glimmer of hope, for example the huge sums of money suddenly being invested by the state. But the light at the end of the tunnel is quickly doused with pessimism.

The only thing that we know about the progress of this crisis is that we don't know very much.

I am sure that instability and uncertainty will be around for a long time yet. After this crisis, the global economy will not be as it once was. But I will come back to that later.

The pervading global uncertainty is also obscuring our business perspectives. Visibility is very limited. And if we can only plan for the short term, we have to proceed carefully.

b. Importance of the Cost-Saving Measures; SAP as an Agile Company

Last year, the SAP AG Executive Board implemented an extensive savings program. We reached the decision quickly, immediately after we were hit hard by the effects of the crisis in the third quarter.

Some thought we acted too quickly, some too forcefully. But we implemented the measures with precisely the right speed. Swift and flexibility are crucial in such an environment. If you wait too long, you have to take more drastic measures later on.

We didn't make the cost-saving measures easy for ourselves. The global headcount reductions, which we decided upon in January, were especially difficult for us.

However, the measures were necessary for us to be able to continue to operate in the crisis. If you just react, you cannot seize new opportunities. Only if you act, can you emerge from the crisis as a winner.

c. Importance of Revenue Growth vs. Profit/Margin

Ladies and gentlemen,

A good operating margin is important if a company is to develop further. Our customers expect that, just as much as our shareholders and of course our employees do.

At the same time, we have to be set up for future growth. To operate effectively, we need healthy finances, and SAP's finances are healthy: Despite the crisis, we have stable income, are protecting our margin very successfully, and are generating a good cash flow.

That enables us to continually invest, above all in research and development, but also in smart acquisitions. In difficult periods, such investments are especially important because we want to lay the foundations now for future growth.

Our innovativeness drives our success. The Executive Board will do everything to maintain this innovativeness and launch the right products at the right time.

d. Thank You to Employees

So far, SAP has mastered the global economic crisis much better than many other companies have. First and foremost, this is thanks to our employees, who currently face restrictions resulting from the cost-saving measures. Day after day, they show enormous dedication in ensuring that our customers get the products and services they need and that SAP will continue to be successful in the future. I would therefore like to offer my sincere thanks to all employees.

### 3. Outlook for 2009

What can we expect in 2009?

#### SLIDE: Outlook for 2009

This year is and will remain an extremely difficult year. The economy is picking up slightly in some areas, but, at the moment, we cannot see that there will be any considerable improvements this year. Therefore, we cannot make any reliable forecasts about our revenue.

Instead, we are focusing on our forecast for the operating margin.

Our forecast for the margin is based on the assumption that, at constant currencies, non-GAAP software and software-related service revenue will remain at about the same level as last year: between zero growth and 1% below last year's figure. (This revenue excludes a nonrecurring deferred support revenue writedown from the acquisition of Business Objects.)

We therefore expect that, at constant currencies, the non-GAAP operating margin for 2009 will be between 24.5% and 25.5%. (This number also excludes a nonrecurring deferred support revenue writedown from the acquisition of Business Objects and acquisition-related charges.)

This forecast includes nonrecurring restructuring costs resulting from the planned headcount reduction. These costs of between €200 million and €300 million will negatively impact the non-GAAP operating margin by two to three percentage points.

### 4. First Quarter

#### SLIDE: First Quarter of 2009

As expected, the first quarter was particularly difficult because we have to compare our figures with those from the very strong first quarter last year, which was before we felt the effects of the economic crisis.

#### a. Revenue

U.S. GAAP software and software-related service revenue was €1.74 billion, which was flat year over year. The non-GAAP figure decreased 2% from €1.78 billion to €1.75 billion, or a 4% decrease at constant currencies.

In light of the general economic crisis, that is a very respectable result.

At constant currencies, non-GAAP software revenue declined by approximately a third. This reflects customers' current reticence to embark on major projects. However, the decrease is being largely compensated by a higher proportion of recurring revenue.

This is proof that our customer relationships are long-term strategic partnerships, as Henning pointed out earlier.

b. Margin

As in the fourth quarter of 2008, our margin did very well in the first quarter of 2009.

The non-GAAP operating margin reduced 2.3 percentage points to 17.2 % at constant currencies. However, it includes the restructuring costs resulting from the announced headcount reduction. These costs of €160 million so far negatively impacted the non-GAAP operating margin by 6.6 percentage points.

Taking this into account, the operating margin actually showed a very positive trend in the first quarter. That is a clear result of our stringent cost-saving measures.

c. Prospects for the Rest of 2009

At the end of April, we confirmed our outlook for the rest of the year. We therefore expect the margin to develop well. In the current situation, the margin is and will remain our most important performance measure, and we assume that the adjusted operating margin will increase to 35% in the medium term.

Of course though, we want to pave the way for new growth. As in the past, we will therefore again deliver a whole host of innovations in 2009 to sustain our success as market leader. I would now like to present a small selection:

## 5. Innovation Drives Our Success

### **SLIDE: Examples of Innovation**

#### a. SAP Business Suite 7

At the start of February, we presented our new SAP Business Suite 7 software. It represents another milestone in business software, with more than 150 functional innovations, a harmonized user interface, and integrated processes spanning organizational boundaries and application silos.

SAP Business Suite 7 is an excellent example of how, with a service-oriented architecture, we deliver the greatest possible return on our customers' investments.

#### b. Industry Solutions

We also offer industry-specific solutions.

On the one hand, we provide special Best-Run Now packages to help our customers optimally overcome current challenges.

On the other, we are continually developing new solutions. For example, SAP software is helping utility companies integrate smart meters that can measure household consumption in real time. With the right software solution from SAP, utility companies and their customers can control the generation, distribution, and consumption of energy as efficiently and cost-effectively as possible.

#### c. SAP BusinessObjects Explorer

Of course, there has also been innovation in our SAP BusinessObjects portfolio: Last week, we presented the SAP BusinessObjects Explorer software at our SAPPHIRE conference.

This software enables companies to analyze mountains of data from across the business at the speed of thought and try out different scenarios in real time. Decision making thus becomes faster and more reliable, creating the competitive edge that is particularly important in times of crisis.

d. SAP Business ByDesign

There is a third example: We are continuing to develop SAP Business ByDesign, our solution for midmarket companies. As the year progresses, we will be adding new functions requested by our pilot customers, enabling us to meet the requirements of dynamically growing midmarket companies. Our challenge is now to optimize the product and its business model so that we can achieve the planned volume business with the level of sustained profitability that you as shareholders rightly expect from SAP.

e. SAP Enterprise Support

As the final example of our innovativeness, I would like to mention SAP Enterprise Support services: Usually incorrectly described in the media as a “price increase,” SAP Enterprise Support is in fact a fundamental service innovation. It is a maintenance offering that is unparalleled in the software industry.

In conjunction with our new maintenance strategy of seven plus two years, SAP Enterprise Support offers our customers much higher protection of investment yet with lower overall operating costs.

In return, we considered a gradual adjustment of maintenance fees to typical market rates to be more than appropriate. Many customers accepted this and are convinced of the added value. Others were critical – some even publicly. This was particularly the case in Germany because,

both here and in Austria, it was necessary to terminate the existing contracts.

We have now agreed on key performance indicators with the SAP User Group Executive Network, SUGEN, to quantitatively measure the added value of SAP Enterprise Support and couple it to the price adjustment. This innovation cannot be found anywhere else in the software industry.

I would now like to show you a short video in which SAP Enterprise Support customers talk about our new maintenance offering.

[VIDEO: SAP Enterprise Support Customers]

Ladies and gentlemen,

I think those statements speak for themselves. We are confident that SAP Enterprise Support will successfully establish itself as the new standard.

## 6. Strategy Development (I): “Clear”

As the world’s leading provider of business software, we of course want to strengthen our position strategically.

### a. The New Reality

As ever, we look first at our customers and at what they need now and will need in the future.

At the beginning, I said that, after this crisis, the global economy will not be as it once was. I am sure of that. The symptoms of the crisis are not just temporary. The crisis is forcing and accelerating a fundamental new way in which the entire world does business.

The uncertainty, lack of clarity, and significant instability that we are currently experiencing requires us to concentrate on precisely the opposite: on clarity in everything that we do. For companies, clarity means more transparency, more visibility, and more responsibility in everything they do.

b. “Clear Enterprise”

**SLIDE: Clear Enterprise (Visuals)**

Our new concept for the “best-run business” is the “clear enterprise.” We recently presented this concept at SAPPHIRE and received very good feedback.

We are also launching a new advertising campaign. You can see some examples of it in the background here.

Our customers recognize the need for more all-round clarity: for more transparency and openness, for better risk assessments, and for clear business relationships and processes – within their organizations and externally throughout their business networks.

c. SAP as a Clear Enterprise

Of course we ourselves want to set an example by becoming a clear enterprise. Clear processes, for example, are crucial to greater efficiency as well as to greater flexibility for change. And they are just as important for better customer relationships.

After all, a company can only work well if the people and processes are ideally suited to each other: the better the processes, the better our employees can perform.

7. Strategy Development (II): Sustainability

Ladies and gentlemen,

A key element of the “clear” enterprise concept is sustainability. It is both a duty and a great opportunity for us.

a. Holistic Understanding of Sustainability

It is now recognized worldwide that sustainability is vital. This is not just because of climate change. The whole way in which we do business has to become more sustainable.

We therefore see sustainability as more than an environmental issue. For us, it means holistically addressing all of the economic, social, and environmental risks that we face and seizing the related opportunities.

The Executive Board has undertaken to give sustainability strategic priority in the coming years and has appointed a chief sustainability officer.

b. SAP as a Role Model

Our undertaking is two-fold: First, we ourselves want to do business as sustainably as possible. And we can of course use our own software here.

We have committed to reducing our own CO<sub>2</sub> emissions down to 2000 levels – roughly half of 2007 levels – by 2020.

As part of our social commitment, we are working on numerous social projects to foster economic development both here and in developing countries.

Our interactive sustainability report, recently published on the SAP Web site, provides further details of our efforts.

c. SAP as a Solution Provider

**SLIDE: Sustainability**

Second, we see considerable market potential for software solutions for sustainability. We can thus gain new customers and satisfy the growing demand of our existing customers. Regulations are proliferating worldwide, driving the demand for such solutions.

At SAPPHERE last week, we presented the first comprehensive sustainability map, with which we and our partners will align our solution portfolio.

We are already market leader in the areas of environment, health, and safety and product stewardship and safety. Thanks to our acquisition of Clear Standards, we are now also in a strong position with carbon management solutions. We will invest further in our product lines.

## 8. Strategy Development (III): “Timeless Software”

### SLIDE: Timeless Software

#### a. Trends in Technology, the Economy, and Society

There are a whole host of other developments for which we must prepare.

From a technological perspective, for example, there is a trend toward more on-demand solutions – moving away from locally installed software to software offered as a service over the Internet.

For companies, cooperation beyond organizational boundaries is becoming increasingly important. This collaboration is more than just e-mail: It is embracing Web 2.0 with social networks and interactive forums.

In society in general, we are seeing growing mobility and not only in terms of geography: The boundary between work and private life is opening up for many people. For example, they want to be able to use the same equipment for their work as they use at home.

Business software therefore faces a new challenge: Instead of being a closed data processing system, successful modern IT solutions need to be open.

#### b. Timeless Software

We laid the foundations for this with the transition of our portfolio to service-oriented architecture.

We will have to go a step further in the future. Our architecture has to be open for innovations of all kinds and give our customers the greatest possible freedom of choice.

We have developed a concept called “timeless software” – “timeless” in the sense that all components of the IT landscape can develop at their own pace yet remain a coherent whole.

This concept will also further improve the scalability of our business model.

## 9. Close

Ladies and gentlemen,

The new Executive Board will do everything it can to overcome the current crisis so that SAP emerges as one of the winners.

Under Henning's leadership, SAP has become a largely global company. We now have to enter the next phase of globalization. But rather than denying our origins and the foundations of our success story, we will use them as a strength.

Henning rightly said that the economy has a responsibility toward society – something that some elements of the economy had unfortunately forgotten.

This is not the case at SAP. Living up to our social responsibility is part of who we are. We are proud that our work around the world can contribute to wealth and sustained growth.

We want to cater to the interests of all of our stakeholders – above all our customers, our employees, and of course you, the shareholders.

On behalf of the entire Executive Board, I thank you for trusting SAP and its new management, which is characterized by continuity in a time of change.

Together we will succeed in emerging from the general crisis as winners.