Financial Results

Second Quarter 2000

mySAP.com

➔ **Hasso Plattner**

CEO and Co-Chairman of the Executive Board,
SAP AG

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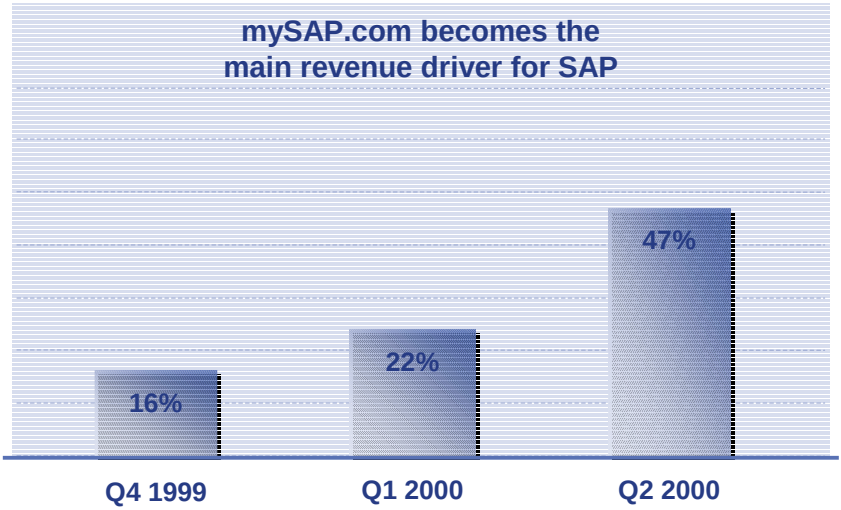
Q2 Highlights

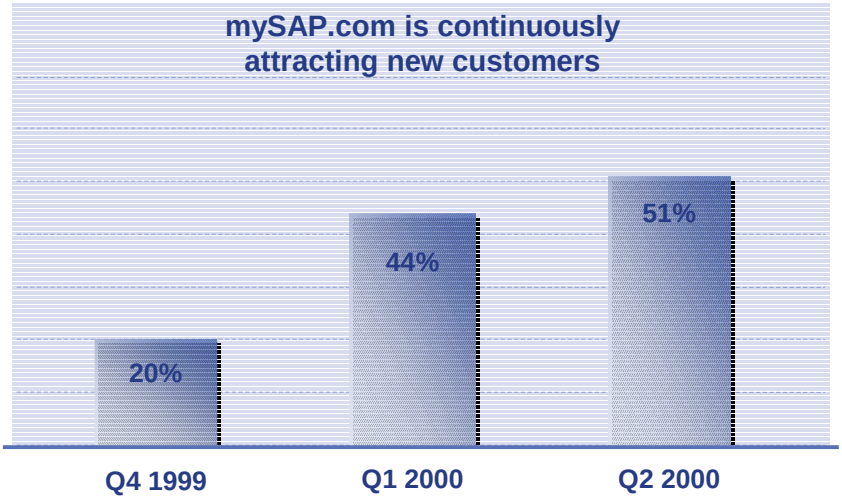
- **Solid Financial Performance**
  - **Group revenue up by 19% to € 1.5 billion**
  - **Software revenue up by 23% to € 554 million**
  - **Operating income before STARs up by 5% to € 246 million**
- **Results Underscore SAP's Position as World's Largest Application Software Company**
- **Refocusing Successful in the US**
  - **Americas Revenue up by 15% to € 598 million**
  - **Americas Software Revenue up by 33% to € 215 million**
- **Continuing to Build upon Strong mySAP.com Momentum . . .**

mySAP.com Momentum Building



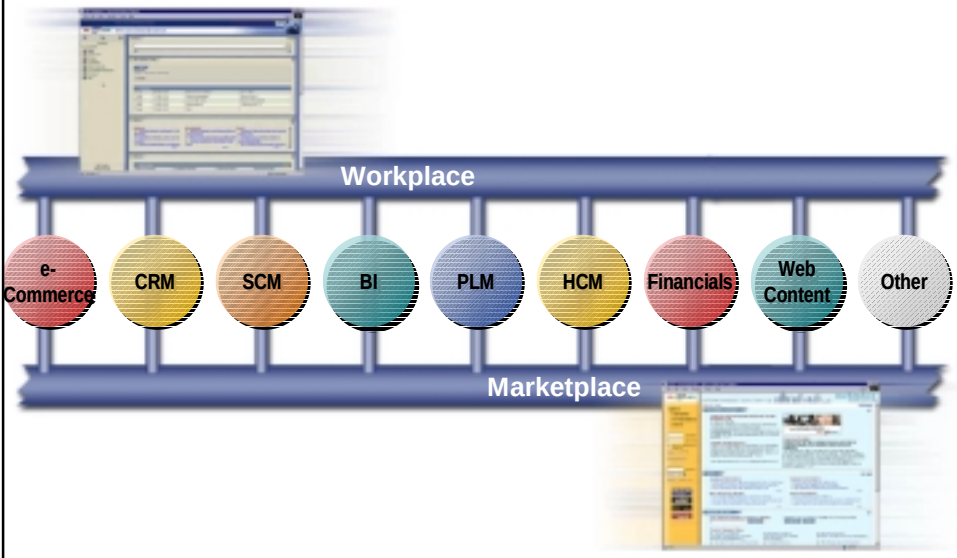
mySAP.com sales as a percentage of total license revenue

mySAP.com Momentum Building

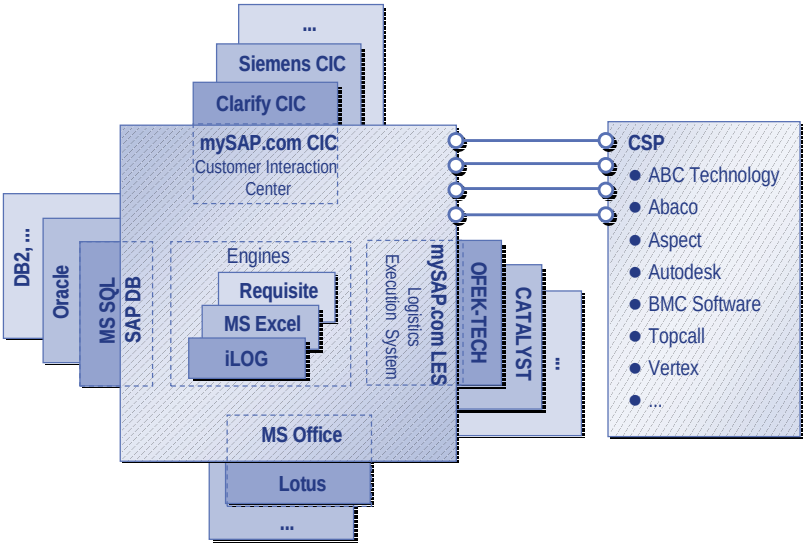


mySAP.com sales with new customers as a percentage of total mySAP.com sales

mySAP.com Open Solution Architecture



mySAP.com Open e-Business Platform Strategy



mySAP.com Momentum Building

mySAP.com contracts

Americas

- Canada Post
- Commonwealth of Pennsylvania
- Compaq
- Massachusetts Mutual Life Ins.

Europe

- Nestlé (CH)
- British Airways Engineering (UK)
- Generali (I)
- ProSieben Media (D)
- Sainsbury's Homebase (UK)

Asia/Pacific

- Mitsui Chemical
- NTT Comware
- Yamaha Corporation

mySAP.com Marketplace

- SAPMarkets currently has nine mySAP.com Marketplaces in operation:
  - marketplace.mySAP.com
  - service.sap.com
  - chempharm.mySAP.com
  - www.abusiness.at
  - www.skyhome7.de
  - www.neoforma.com
  - www.emaro.com
  - www.achillesmarket.com
  - www.automotive-supplier-mart.com
- In addition to the nine mySAP.com Marketplaces currently live, SAP Markets is actively engaged in the development of 15 more, scheduled to go live in the near future

➔ Henning Kagermann

CEO and Co-Chairman of the Executive Board,
SAP AG

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Key Figures - 2nd Quarter 2000

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	Q2 2000 € mill.	Q2 1999 € mill.	△ %
Group sales	1,498	1,260	19
Costs	1,252	1,025	22
Operating income before STARs	246	235	5
- as a % of sales	16	19	-3*
Non-operating income	42	25	68
Income before taxes / STARs	288	260	11
- as a % of sales	19	21	-2*
Cost of STARs	95	12	692
Pretax profit	193	248	-22
Tax rate %	40.0	42.3	-2.3*
Net income	116	142	-18
- as a % of sales	8	11	-3*

* percentage points

Group Sales by Revenue Type - 2nd Quarter

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	Q2 2000 € mill.	Q2 1999 € mill.	△ %	2000 % of revenue	1999 % of revenue
Product	**950**	**736**	**29**	**63**	**58**
License revenue	554	452	23	37	36
Maintenance	396	284	39	26	22
Service	**493**	**504**	**-2**	**33**	**40**
Consulting	393	398	-1	26	32
Training	100	106	-6	7	8
Other revenue	**55**	**20**	**175**	**4**	**2**
Total	**1,498**	**1,260**	**19**		

Group Sales by Region - 2nd Quarter

mySAP.com

	Q2 2000 € mill.	Q2 1999 € mill.	△ %	2000 % of revenue	1999 % of revenue
EMEA	**708**	**624**	**13**	**47**	**50**
Americas	**598**	**521**	**15**	**40**	**41**
APA	**192**	**115**	**67**	**13**	**9**
Group sales	**1,498**	**1,260**	**19**		
International sales as % of total sales	**81**	**79**	**2***		

* percentage points

License Revenue by Region - 2nd Quarter

mySAP.com

	Q2 2000 € mill.	Q2 1999 € mill.	△ %	2000 % of revenue	1999 % of revenue
EMEA	250	260	-4	45	57
Americas	215	162	33	39	36
APA	89	30	197	16	7
Group sales	554	452	23		
International sales as % of total sales	88	79	9*		

* percentage points

License Revenue Analysis - 2nd Quarter

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	Q2 2000	Q2 1999	△ %	2000 % of revenue
R/3 + NDA* Components (€ mill.)	293	452	-35	53
mySAP.com contract-based Revenues (€ mill.)	261			47
Total (€ mill.)	554	452	23	100
- NDA* (€ mill.)	117	34	244	21
- R/3 (€ mill.)	437	418	5	79
Orders	1,172	1,266	-7	
Share of new customers as a %	33	33	0	
New customer	481	454	6	
- indirect sales	210	201	4	

* New Dimension Applications

Costs - 2nd Quarter

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Without STARs	Q2 2000 € mill.	Q2 1999 € mill.	△ %
Cost of product	150	106	42
Cost of service	394	414	-5
R & D	202	166	22
Sales and marketing	420	276	52
General admin.	88	57	54
Other income/exp.	-2	6	-133
Total costs	1,252	1,025	22

Corresponding Revenue	△ %
Maintenance	39
Service	-2
License	23
Product	29
Total sales	19

Worldwide Headcount as of June 30, 2000

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	2000	1999	△ abs.	△ in %
Group	22,988	20,880	2,108	10
Corporate *	7,660	6,648	1,012	15
EMEA	7,981	6,591	1,390	21
- thereof Germany	3,543	2,951	592	20
Americas	5,209	5,445	-236	-4
APA	2,138	2,196	-58	-3
Research and development	5,928	5,086	842	17
Service and support	11,371	10,649	722	7
Sales/marketing	4,014	3,714	300	8

* 2% increase because of reorganizations from field to corporate

Headcount Growth
Q1: 599
Q2: 690

Key Figures - 1st Half

	H1 2000 € mill.	H1 1999 € mill.	△ %
Group sales	2,681	2,336	15
Costs	2,307	1,943	19
Operating income before STARs	374	393	-5
- as a % of sales	14	17	-3*
Non-operating income	248	23	978
Income before taxes / STARs	622	416	50
- as a % of sales	23	18	5*
Cost of STARs	334	-4	N/A
Pretax profit	288	420	-31
Tax rate %	40.0	42.5	-2.5*
Net income	172	240	-28
- as a % of sales	6	10	-4*

* percentage points

Group Sales by Region - 1st Half

	H1 2000 € mill.	H1 1999 € mill.	△ %	2000 % of revenue	1999 % of revenue
EMEA	1,316	1,153	14	49	49
Americas	1,034	969	7	39	42
APA	331	214	55	12	9
Group sales	2,681	2,336	15		
International sales as % of total sales	79	79	0*		

* percentage points

➔ Wolfgang Kemna

CEO, SAP America,
and Member of the Extended Executive Board, SAP AG

SAP's Top Priorities for the Americas

- **Drive "Outside-In" Culture**
  - **Global Account Management**
  - **Customer Engagement Lifecycle**
  - **Customer Partnerships**
- **Foster Employee Loyalty**
  - **Create Innovation via Successful Projects**
  - **Turn Challenges into Leadership**
- **Increase Top-Line Growth, Manage the Bottom Line**
- **Build on Success and Momentum of Sapphire**

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