



## 2012 Annual General Meeting of Shareholders - May 23, 2012

Co-CEO Speech – Bill McDermott

**UNDER EMBARGO UNTIL 11:30 AM, MAY 23, 2012**

***Check against delivery; the spoken word applies***

**[Video: SAP Run Like Never Before]**

Guten Morgen meine sehr geehrten Damen und Herren!

Welcome to the 2012 SAP Annual General Meeting of Shareholders in Mannheim. It's great to be back here with you!

In 1972, our founders had a vision to create software that helped customers run their businesses in real-time. Today our solutions help nearly 200,000 customers run better, faster, and more efficiently. 40 years of progress is something to celebrate – especially in our industry. What an AMAZING journey! ... and... we are just getting started!

We're excited by our higher purpose, to positively impact the world's shared challenges. Which is why, in February of 2010, we expanded our vision to **make the world run better while improving people's lives.**

On behalf of the SAP Executive Board, Jim and I outlined an innovation driven growth strategy that has been the foundation for our success over the last two and a half years.

***(Slide: IT trends are accelerating)***

The world today is much different than what it was forty years ago. Companies are more global. Technology is evolving 3 to 4 times faster than it used to. Did you know that right now more people own **mobile** phones than toothbrushes, nearly 5 billion of them? In one day, there are twice as many smartphones sold than babies born.

People and businesses are more **interconnected**. Many of you sitting here... your children, grandchildren, friends ...connect, share and keep in touch through **social** media with Facebook, Twitter and Skype. There are already 3 billion social media profiles today, soon to surpass email accounts. We saw the power of social with the Arab Spring where social media helped “mass-mobilize” supporters, or in Japan when people connected on Twitter to find and give life-saving help after the tsunami.

As you can imagine, Mobile and Social connectivity is generating an enormous **amount of data**: last year alone, 1.6 trillion gigabytes was created – equivalent to a stack of books stretching 30 times from Earth to Pluto.

This is impacting companies. They need to find effective ways to manage and analyze these oceans of big data in real time. It's an epic challenge but an equally epic opportunity. Our company,...your company,... SAP... has the solution: **in-memory technology** - with SAP HANA; the embodiment of our intellectual renewal of SAP. It stores and processes data in computer's main memory instead of on slower hard discs. SAP HANA collapses the technology stack and helps companies integrate and analyze data in real time. The SAP HANA platform is enabling an Industry Renaissance for Innovators everywhere.

In this new world, companies are looking for solutions that give them insight into their business in real time and reach their customers anytime and anywhere. SAP's solutions – from our innovative core applications to mobile, in-memory and the cloud – help companies solve business challenges and run better, more sustainably and like never before.

***(Slide: Performance 2011)***

Now let me talk to you about our 2011 performance. Please note that all numbers are non-IFRS and at constant currency.

Last year was our best year ever, with double-digit growth in every quarter. Our full-year software and software-related service revenue grew by 17% and operating profit reached €4.78 billion. Our full-year operating margin was 33.1%, an increase of 1.1 percentage points from 2010.

Across all solutions, industries and regions performance was impressive. High growth markets, the BRIC countries in particular, had 31% year over year gains in software revenue. In EMEA, we grew 21% despite uncertainties of the European debt crisis, driven by a strong 23% growth in Germany. In the Americas, we grew 25% and APJ led all regions with 32% growth.

Our success was driven by our innovations. Our in-memory technology SAP HANA contributed €160 million revenue in just the first six months on the market - it is now the fastest growing product in the history of SAP. Mobile solutions from our Sybase acquisition contributed €110 million in revenue. Overall, Sybase contributed €385 million in revenue.

The double-digit software and software-related services growth continued in 2012. In the first quarter of 2012, we realized our 9<sup>th</sup> consecutive quarter of double-digit SSRS revenue growth, which was €2.57 billion, a 10% increase over the same quarter last year. This result is within the guidance that we issued for the full year of 2012.

These results speak for themselves: our innovation-driven growth strategy is winning in the marketplace. Our innovations are not only creating growth in new product areas, but also driving strong demand for our core applications and analytics software. Our market leading position in these categories is more than 1.5X the next closest competitor.

***(Slide: Run anytime and anywhere)***

Our strategy and execution success has also strengthened our brand. In 2011, the SAP brand reached an all-time high on the Interbrand scoreboard of 100 Best Global Brands. We went from 26<sup>th</sup> to 24<sup>th</sup> position. The only two German brands ranked higher than SAP are Mercedes-Benz and BMW. It's nice to be in such good company with two very special customers. Our brand value reflects the trust that our customers place on SAP and the relevance of SAP in the technology industry.

***(Slide: SAP's go-to-market strategy)***

Having a strong brand is critical to win in a very competitive market. We compete in 5 market categories – Applications, Analytics, Mobile, Database & Technology and Cloud. Last year, our competitive position improved in each market category. We are the leader in the Applications, Analytics and Mobile categories. With our SuccessFactors acquisition, we now have more users than any other company in the Cloud. In the Database & Technology market, SAP HANA coupled with Sybase ASE and IQ makes SAP the fastest growing database company in the world.

We are efficiently delivering our solutions across 24 industries and 11 lines of business. This approach is confirmed by our customers, who tell me that our industry best practices across all categories are the competitive advantage of SAP. Our industry focus enables us to stay close to each customer and drive strong and loyal relationships. To give you an example, we are partnering with Royal Bank of Scotland

and Citi Bank to co-innovate a Cloud banking services platform. This platform links banks' transactional systems with ERP and treasury systems of their corporate customers, in the cloud.

***(Slide: Complementing our solution portfolio)***

Our market leadership shows that we have continued to bring great innovations to market. At the same time, we have complemented our innovative portfolio by making selective acquisitions to help us accelerate the execution of our strategy. We started with Sybase two years ago. Sybase enabled us to achieve leadership in the business mobile market category as ranked by Gartner, a leading analyst firm. The Sybase Unwired Platform allows customers to build mobile apps in a secure environment, while Sybase Afaria offers a secured infrastructure for customers to manage mobile devices. On top of this, we gained valuable database technology to complement our flagship SAP HANA ambitions.

To enhance our overall product portfolio, we also made several smaller acquisitions including Crossgate, to connect business partners and provide an easy way to collaborate, share data and automate processes end-to-end. And, Right Hemisphere, which enables 3D visualization to improve the user-interface of our core products and help customers design better visualized solutions.

Late last year, we announced the acquisition of SuccessFactors, the fastest growing HR Cloud solution provider with more than 15 million users in the cloud. The acquisition was completed in the first quarter of this year. The combination of SuccessFactors and SAP brings value to our customers. It gives us cloud market credibility and we add our proven reliability and the trust of its customers. Since only 14% of our customer base overlaps, it's an excellent opportunity for SAP customers to move through us into the cloud. With SuccessFactors, we have the right team and an excellent product portfolio, to win in this fast growing market.

Last month, we announced the acquisition of Syclo, a leader in Mobile Asset Management and Field Service solutions, another top-ranked vendor by Gartner. Syclo will immediately enhance our mobile offerings in various industries such as utilities, oil & gas, life sciences, and manufacturing. It also complements the mobile solution portfolio we gained from Sybase.

Yesterday, we made a major announcement about an exciting addition to SAP that will position us as a leader in the fast-growing segment of cloud-based business networks. We announced we have entered into a merger agreement with Ariba, the second-largest cloud company, with \$444 million in total revenue, Ariba experienced 38.5 percent annual growth in 2011. . This is a game changing opportunity for SAP because it enables us to complement and accelerate our existing on-premise core business as well as our cloud offering. Industry experts estimate the cloud-based procurement and business network markets at a current value of \$5 billion. Ariba runs the largest and most global trading network platform, connecting and automating more than \$319 billion in commerce transactions, collaboration and intelligence among more than 730,000 companies. With this, we are moving to capture a rapidly evolving market opportunity. Ariba's cloud-based business network has gained popular market acceptance, and the addition of SAP's customer base will provide further critical mass to accelerate participation and increase transaction volume.

As part of the agreement, we offer \$45.00 per share, representing an enterprise value of approximately \$4.3 billion. The Ariba board of directors has unanimously approved the transaction. The per share purchase price represents a 20% premium both over the May 21 closing price and a 19% premium over the one month volume weighted average price per share. The transaction will be funded from SAP's free cash and a €2.4 billion term loan facility. The transaction, which we anticipate will close in the third quarter of calendar 2012, is expected to be accretive to SAP's Non-IFRS earnings per share in 2013.

***(Slide: Ecosystem)***

Another important strategic pillar for our growth is our ecosystem. Together with our open and collaborative network of 11,500 partners - our ecosystem - we can provide powerful choice to our customers. In 2011, about 30% of software revenues were achieved through indirect channels and our

goal is to reach 40% by 2015. We are also focusing on achieving total indirect channel coverage for our SME customers. We currently have 250,000 trained partner consultants and we plan to grow our ecosystem in line with our revenue growth aspirations. With our open ecosystem we offer choice to our customers while keeping them free from being locked into any one vendor.

***(Slide: Investments in Growth Markets)***

Beyond our innovations and our partners, another growth factor is our regional presence, especially in emerging markets, many of which are growing three times faster than developed markets. We need to scale our operations in these markets to capture growth potential. We recently announced large investments in the China as well as in the Middle East and North Africa. Through 2015, we will invest over 2.5 billion US\$ in these markets. We are focusing our investments in four key areas: creating solutions, expanding our geographical footprint, building our support network, and nurturing the local IT ecosystem. With this, we will be able to bring the latest innovation, better localization and more talent to our customers and partners there.

***(Slide: SAP stock outperformed important indices)***

The success of our innovation strategy also contributed to our 2011 stock performance. We outperformed the most significant benchmark indexes, despite an extremely volatile year on the world's stock markets. SAP stock price finished 2011 up 7.2%, ahead of the DAX, which dropped over 14% and the Dow Jones, which gained 5.5%. At the end of this Q1, our market capitalization was 21% higher over the previous year (€64.32 billion compared to €53.03 billion). We have the second highest market cap in Germany.

***(Slide: SAPPHIRE NOW)***

We just returned from this year's SAPPHIRE in Orlando, Florida, where we once again exceeded attendance goals and had the largest audience ever with 20 000 participants onsite. Together with our sister events in Beijing and Madrid later this year, Sapphire will reach 2x the number of customers and partners of 2011... in total we expect more than 200 000 attendees and 2 billion internet impressions. The demand is higher than ever as customers, markets, and our employees, are inspired by our Innovation driven Strategy.

Let me conclude my comments by looking forward. SAP's momentum continues this year. We are on track to deliver double-digit growth in 2012. We firmly believe SAP has a unique value proposition for our customers.

This is why SAP continues to grow. This is our promise to you, our shareholders, to our customers and partners, and to our employees.

We are achieving our purpose, to make the world run better while improving people's lives and our mission, to make every customer a best run business. Now, I'll hand over to Jim, who will share with you our strategy in 2012 and beyond.

Dankeschoen!