



2013 Annual General Meeting of Shareholders – June 4, 2013

Co-CEO Speech – Jim Hagemann Snabe

UNDER EMBARGO UNTIL 11:00 AM, June 4, 2013

Check against delivery; the spoken word applies

Many thanks.

I'm delighted to see you all here at our Annual General Meeting of Shareholders.

(Slide: Three Years of Success)

We redefined our strategy in 2010. It was a very clear strategy. Strengthen our core business by investing in three new fields of innovation: mobile solutions for business; cloud computing; and next-generation database technology, SAP HANA.

Three years down the road, the market is telling us we got it right – for our customers, which means for SAP also. Over the last three years, we've been outperforming the market and outperforming our competitors. Let's have a look at how we've performed since 2009. The growth rates are based on non-IFRS numbers.

We nearly doubled our software and cloud subscription revenue in the last three years – up 83%. We also increased our operating profit – up more than 70%. We more than doubled our number of customers in the last three years. On average in that time, we grew more than 1.6 times faster than our closest rival. Also, the price of SAP stock rose around 90% up to the close of this year's first quarter. That means the value of our stock almost doubled. This shows we not only adopted the right strategy, we also executed it properly.

There are two reasons for our success:

- First: Speed -- We're faster than the competition.
- Secondly: Innovation – We identified the right trends, and we invested in them early.

(Slide: SAP Innovations reach the market faster)

First, let's talk about speed.

In our industry, the game is changing faster than ever. And we're having to adapt more rapidly and more flexibly to meet our customers' needs. Since 2010, we have radically changed the way we build software. We've moved away from the traditional development process to an advanced approach. It's based on Agile and LEAN principles. Now we involve our customers in our projects right from the start and get the desired results much faster.

That has made us almost twice as fast compared to 2010. In 2010, our average time to market was 13.8 months. Last year it was just 7.8 months.

Speed matters in this industry. We're now almost as fast as a start-up, but we have global reach and scalability. That's a unique mix that no one else can offer.

Now let's talk about the second reason: Our innovations. Bill put his finger on it: We're the leader in a rapidly changing industry. In 2010, we anticipated exactly the right trends – and invested.

At the time, we foresaw radical changes in the world of business and the ways people work together.

- We predicted a world where enormous amounts of data could be used to anticipate the changes coming and respond to them more rapidly.
- We predicted a world where cloud computing would become secure. Which would allow companies to consume advanced solutions without having complex IT installations on site.
- And we predicted a world where the mobile would be people's preferred interaction point. Not only for consumers, but also for businesses.
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Let's take a look at how far we have come the last three years to deliver on that vision.

(Slide: SAP HANA is changing the business world)

Let's first talk about SAP HANA.

SAP HANA is a breakthrough. There was an assumption that data had to be stored on a hard disk, the slowest part of a computer system. We are turning that assumption on its head. With SAP HANA, data is held in the system's main memory. The special architecture of SAP HANA allows parallel processing – with no limits.

We get massive acceleration. Data analysis runs up to 10,000 times, sometimes more than 100,000 times faster. Such speed makes SAP HANA a compass in uncertain times. It means, for instance, that companies can sentiment analysis in social media to see which products will trend. And optimize supply to demand accordingly.

After three years' hard work by Vishal Sikka and his team, SAP HANA has graduated: This January, we launched the entire SAP Business Suite powered by SAP HANA. SAP HANA is now *the* application and innovation platform of the future for business of all sizes.

I'd like to show you this short video about HANA in use. We will be the guests of our customer Köhler, up in the Black Forest.

[VIDEO: Customer Köhler / SAP HANA]

That's just one example. There are plenty more. The German Football Association, Bosch, Siemens Home Appliances, Deloitte: They're already exploiting SAP HANA's many benefits. You can see the potential. We already have more than 1,500 SAP customers, and of course we've been using HANA ourselves for a long time. SAP CRM on HANA has cut our IT running costs by around 30%.

Since the launch in 2011, we have taken more than €600 million in revenue with SAP HANA alone. That makes SAP HANA the fastest growing product in our history – and in the entire enterprise application software industry.

(Slide: SAP cloud solutions – secure, easy, and cost-effective)

Let's look at SAP cloud solutions next. Many of you already use the cloud to share photos on the Web or for e-mail services. These are services you can access wherever you happen to be, as long as you can get on the Internet.

The big advantage of business software in the cloud is that customers can have a very much simpler IT infrastructure. Because the infrastructure isn't on their premises, it's in a secure cloud at SAP. If you're a company using our cloud solutions, you're always on the latest release of our software.

Acquiring SuccessFactors brought us unique cloud expertise. We now offer solutions in four key lines of business: People, Customers, Money, and Suppliers.

Was the acquisition of SuccessFactors a success? Yes, it was. SuccessFactors was already the fastest growing cloud company. Since joining the SAP family, it has grown even more. We are already seeing synergies: Our win rate is three times better where we work on a deal together.

PepsiCo is just one longstanding SAP customer that discovered our cloud offering in the last year: It selected Employee Central, the human resources management software from SuccessFactors. PepsiCo greatly simplified how it manages its 300,000 workers in 80 countries.

Other major customers such as Nestlé and Colgate-Palmolive are taking this innovative path as well. SAP is already helping almost 30 million people to collaborate in the cloud, making us one of the biggest players in this category.

SAP HANA Enterprise Cloud takes us yet another step forward. It offers our customers a complete cloud solution with the benefits of SAP HANA: Customers can use their entire HANA landscape, with all of their data, processes, and applications, in the secure SAP HANA Enterprise Cloud.

(Slide: Effective Collaboration with the Ariba Network)

Cloud technology has accelerated another Internet phenomenon: global business networking. The day of our last Annual General Meeting of Shareholders, we announced the acquisition of Ariba.

So what is Ariba? Ariba is a global virtual marketplace for businesses. For 41 years, we have been improving processes within companies. Now, with Ariba, we are even optimizing the processes between different companies. That makes Ariba one of our most important strategic acquisitions ever.

We've already achieved significant improvements in many customer projects:

- Business process costs reduced by 60%
- Invoice processing up to 70% faster, so invoices are paid up to 20% sooner.

So you see: We're not talking incremental optimization here, we're talking wholesale, radical efficiency gains of a kind you only get by networking this way.

This is a network across 190 countries, connecting one million businesses already. The synergies are huge.

(Slide: SAP mobile solutions – data access anytime & anywhere)

Now let's look at SAP mobile solutions.

By the end of this year, there will be more mobile devices in the world than there are people. Many of us can now hardly picture how life was before the smart phone. At work, people were almost chained to their desks. Now, your office is wherever you are.

Easy-to-use apps on mobiles make finding information and interacting with people simpler. We already have more than 200 apps and the number is growing fast.

But what companies really need most is a secure mobile platform on which to remotely manage – and if need be lock – all mobile devices and apps. SAP Mobile Platform and SAP Afaria make sure only our customers can access their data – no one else.

One of our customers, AOK, which is Germany's biggest health insurer, has mobilized its 53,000-strong workforce with our solutions – improving the service to the 24 million AOK customers. Our mobile solutions give us the opportunity to reach even billions of people – not only employees, but also consumers and citizens. That's how big the potential for growth is.

Analysts are confirming that SAP is already leading in this market category.

(Slide: Innovations in the core)

Naturally, SAP Business Suite and our analytics solutions are still our core business. We offer market-leading solutions for 25 different industries.

In addition to our new areas of innovation, we have also increasingly invested in our core business. Further we have also reinvigorated our core with the three new areas of innovation. SAP HANA makes our core business faster. The cloud makes it simpler. And our mobile solutions make it more attractive.

So we can offer the most advanced portfolio in our industry for companies of all sizes.

Our core business will continue to provide opportunities for growth in years to come. And it offers many new opportunities for our customers and partners.

Let me sum up. Speed and innovation – why are they important for our customers? They can deliver optimization and simplification – more value for the business *and* lower IT costs at the same time.

(Slide: Our contribution to a better world)

Our eyes are fixed not on near-term goals alone – but also on the long-term success of SAP. In all dimensions. Thirteen consecutive quarters of double-digit growth are the proof.

SAP was founded by people who took the long view. And that's still our vision today. We want to improve processes in businesses and we want to improve people's lives. So we take sustainability and social responsibility really seriously.

Last year alone, our employees invested 130,000 hours in voluntary social projects.

Also, as a leading European company we feel a special responsibility for Europe. The high youth unemployment rate in Europe is horrifying, but at the same time there is a skill gap. There are

just not enough people who can do specialized IT work. Software now supports almost all processes in every industry. For the sustained success of Europe, the training and education systems simply must deliver IT skills.

So we have linked up with partners to establish the Academy Cube, an e-learning platform that aims to teach 100,000 students the IT skills industry is looking for.

SAP is also working with more than 1,400 universities all around the world to equip future generations for the digital age.

We are working to keep reducing our CO₂ footprint. By 2012, we were already drawing 60% of our energy from renewable sources. We have cut emissions per employee by more than 30% since 2007. It has saved us €220 million. For instance, we have a car-sharing program for our employees that works with their smart phones. It has saved around 390,000 miles of car use, which equates to €3.9 million.

Sustainability has many dimensions. People look more and more to the social and ecological aspects of business. That's why this year we published an integrated report combining our annual and sustainability reports. It makes the link between the financial and nonfinancial performance indicators more transparent.

(Slide: Unsere Mitarbeiter: Der Schlüssel zum Erfolg)

The commitment of our employees is truly remarkable – and not just in the areas I've been talking about now. Without the enthusiasm, hard work, creativity, and passion of almost 65,000 people who work for SAP, our success just wouldn't happen.

We thank all of them very much.

We do regular anonymous employee satisfaction surveys. Our engagement index improved from 68% in 2010 to 79% in 2012.

We set great store on offering our employees attractive career opportunities. We want to recognize their magnificent achievements and give them room for creativity. That makes a sound base for innovations in the future, innovations that will bring continued success to our customers – and us.

Creativity and innovation thrive on diversity. SAP is a global company. We employ people from 120 countries, and our Walldorf workforce alone includes people of 75 different nationalities. We embrace that diversity. A variety of cultures, lifestyles, and interests makes life richer in our company and for each of us individually.

We also want to encourage more women into leadership at SAP. Naturally we're very disappointed to be losing Luisa on our Executive Board. But we are making great strides in the right direction: In 2010, less than 18% of our management positions were held by women. As of March this year, that has increased to almost 20%.

And we will press on till we reach our goal: We aim to have 25% of managers female by 2017. We remain convinced this is unlocking great potential for the future success of our company.

(Slide: Development of the total amount of distributed dividends)

We've spoken a lot about success today. But success is best when you can share it. And we want to share our success with you, our shareholders.

We want you to have your proper share of the profit we made in 2012. So the Executive Board and the Supervisory Board propose a dividend of 85 euro cents per share for fiscal 2012.

In 2011, SAP paid a special dividend of 35 euro cents to mark our 40th anniversary. That was on top of a regular dividend of 75 euro cents per share. Leaving the special anniversary dividend aside, our proposal for 2012 represents an increase of 10 euro cents or 13%.

You will be invited to vote on it later in the meeting.

(Slide: We are on track)

Finally, let me mention the outlook.

As Bill said, we have set ambitious targets for 2013. Our numbers show we have the right strategy to achieve them. And we are confident that, with our speed and innovations, we can achieve our ambitious goals for 2015.

We're glad you're coming along with us.

On behalf of everyone on the Executive Board, thank you for your continued trust. We're all looking forward to a successful year and a great future for SAP.

Thank you.