SAP Announces Fourth Quarter and Full-Year 2009 Results that Exceeded Expectations

Full-Year Software and Software-Related Service Revenues Surpasses Market Expectations

Full-Year Non-GAAP Operating Margin Exceeds Company Guidance

2010 Outlook Signals Growth in Software and Software Related Service Revenues and Operating Margin

WALLDORF – January 27, 2010 – SAP AG (NYSE: SAP) today announced its preliminary financial results for the fourth quarter and full-year ended December 31, 2009.

FINANCIAL HIGHLIGHTS – Full Year 2009

	SAP - Full Year 2009[1)]						
	U.S. GAAP			Non-GAAP[2)]			
€ million, unless stated otherwise	**FY 2009**	**FY 2008**	**% change**	**FY 2009**	**FY 2008**	**% change**	**% change const. curr.[3)]**
Software revenues	2,606	3,606	-28	2,606	3,606	28	-27
Software and software-related service revenues	8,197	8,457	-3	8,208	8,623	-5	-5
Total revenues	10,671	11,565	-8	10,682	11,731	-9	-9
Operating expenses	-8,031	-8,725	-8	-7,766	-8,428	-8	-8
- Thereof restructuring charges	-196	-	-	-196	-	-	-
Operating income	2,640	2,840	-7	2,916	3,303	-12	-11
Operating margin (%)	24.7	24.6	0.1pp	27.3	28.2	-0.9pp	-0.6pp
Income from continuing operations	1,825	1,928	-5	2,036	2,269	-10	
Net income	1,789	1,869	-4	2,000	2,210	-10	
Basic EPS from cont. operations (€)	1.54	1.62	-5	1.71	1.91	-10	

1) All figures are preliminary and unaudited.

2) Adjustments in the revenue line items are for support revenue that the acquired entity would have recognized had it remained a stand-alone entity but that SAP is not permitted to recognize as revenue under U.S. GAAP as a result of business combination accounting rules. Adjustments in the operating expense line items are for acquisition-related charges. See Explanations of Non-GAAP Measures for details.

3) Constant currency revenue and operating income figures are calculated by translating revenue and operating income 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-GAAP constant currency numbers with the non-GAAP number of the previous year's respective period. See Explanations of Non-GAAP Measures for details.

Revenues – Full Year 2009

- U.S. GAAP software and software-related service revenues were €8.20 billion (2008: €8.46 billion), a decrease of 3%. Non-GAAP software and software-related service revenues were €8.21 billion (2008: €8.62 billion), a decrease of 5% (5% at constant currencies).

- U.S. GAAP total revenues were €10.67 billion (2008: €11.57 billion), a decrease of 8%. Non-GAAP total revenues were €10.68 billion (2008: €11.73 billion), a decrease of 9% (9% at constant currencies).
- U.S. GAAP software revenues were €2.61 billion (2008: €3.61 billion), a decrease of 28% (27% at constant currencies).

Full Year 2009 Non-GAAP revenue figures exclude an acquisition-related deferred support revenue write-down of €11 million (2008: €166 million).

Income – Full Year 2009

- U.S. GAAP operating income was €2.64 billion (2008: €2.84 billion), a decrease of 7%. Non-GAAP operating income was €2.92 billion (2008: €3.30 billion), a decrease of 12% (11% at constant currencies). U.S. GAAP and Non-GAAP operating income were negatively impacted by restructuring charges of €196 million resulting from the previously announced reduction of positions.
- U.S. GAAP operating margin was 24.7% (2008: 24.6%), an increase of 0.1 percentage points. Non-GAAP operating margin was 27.3% (2008: 28.2%), or 27.6% at constant currencies, a decrease of 0.9 percentage points (0.6 percentage points at constant currencies). The €196 million in restructuring charges resulting from the previously announced reduction of positions negatively impacted the U.S. GAAP and Non-GAAP operating margin by 1.8 percentage points.
- U.S. GAAP income from continuing operations was €1.83 billion (2008: €1.93 billion), a decrease of 5%. Non-GAAP income from continuing operations was €2.04 billion (2008: €2.27 billion), a decrease of 10%. U.S. GAAP and Non-GAAP income from continuing operations were negatively impacted by restructuring charges of €138 million, net of tax, resulting from the previously announced reduction of positions.
- U.S. GAAP basic earnings per share from continuing operations were €1.54 (2008: €1.62), a decrease of 5%. Non-GAAP earnings per share from continuing operations were €1.71 (2008: €1.91), a decrease of 10%. The restructuring charges, net of tax, resulting from the previously announced reduction of positions negatively impacted the U.S. GAAP and Non-GAAP basic earnings per share by €0.12.

Full Year 2009 Non-GAAP operating income excludes an acquisition-related deferred support revenue write-down and acquisition-related charges totaling €275 million (2008: €463 million), and Full Year 2009 Non-GAAP income from continuing operations and Non-GAAP earnings per share from continuing operations exclude an acquisition-related deferred support revenue write-down and acquisition-related charges totaling €211 million net of tax (2008: €341 million).

Cash Flow - Full Year 2009

Operating cash flow from continuing operations was €3.04 billion (2008: €2.18 billion), an increase of 39%. Free cash flow was €2.81 billion (2008: €1.84 billion), an increase of 52%. Free cash flow was 26% of total revenues (2008: 16%). At December 31, 2009, SAP had a total group liquidity of €2.28 billion (December 31, 2008: €1.66 billion), which includes cash and cash equivalents, restricted cash and short term investments. At December 31, 2009, net liquidity, defined as total group liquidity less bank liabilities, was €1.58 billion.

FINANCIAL HIGHLIGHTS – Fourth Quarter2009

	SAP - Fourth Quarter 2009[1]						
	U.S. GAAP			Non-GAAP[2]			
€ million, unless stated otherwise	Q4/2009	Q4/2008	% change	Q4/2009	Q4/2008	% change	% change const. curr.[3]
Software revenues	1,119	1,322	-15	1,119	1,322	-15	-14
Software and software-related service revenues	2,565	2,666	-4	2,565	2,692	-5	-2
Total revenues	3,189	3,487	-9	3,189	3,513	-9	-7
Operating expenses	-2,134	-2,212	-4	-2,070	-2,140	-3	0
- Thereof restructuring charges	-10	-	-	-10	-	-	-
Operating income	1,055	1,275	-17	1,119	1,373	-18	-16
Operating margin (%)	33.1	36.6	-3.5pp	35.1	39.1	-4.0pp	-4.1pp
Income from continuing operations	748	860	-13	797	930	-14	
Net income	727	830	-12	776	900	-14	
Basic EPS from cont. operations (€)	0.63	0.72	-13	0.67	0.78	-14	

1) All figures are preliminary and unaudited.

2) Adjustments in the revenue line items are for support revenue that the acquired entity would have recognized had it remained a stand-alone entity but that SAP is not permitted to recognize as revenue under U.S. GAAP as a result of business combination accounting rules. Adjustments in the operating expense line items are for acquisition-related charges. See Explanations of Non-GAAP Measures for details.

3) Constant currency revenue and operating income figures are calculated by translating revenue and operating income 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-GAAP constant currency numbers with the non-GAAP number of the previous year's respective period. See Explanations of Non-GAAP Measures for details.

Revenues - Fourth Quarter 2009

- U.S. GAAP software and software-related service revenues were €2.57 billion (2008: €2.67 billion), a decrease of 4%. Non-GAAP software and software-related service revenues were €2.57 billion (2008: €2.69 billion), a decrease of 5% (2% at constant currencies).

- U.S. GAAP total revenues were €3.19 billion (2008: €3.49 billion), a decrease of 9%. Non-GAAP total revenues were €3.19 billion (2008: €3.51 billion), a decrease of 9% (7% at constant currencies).
- U.S. GAAP software revenues were €1.12 billion (2008: €1.32 billion), a decrease of 15% (14% at constant currencies).

Income - Fourth Quarter 2009

- U.S. GAAP operating income was €1.06 billion (2008: €1.28 billion), a decrease of 17%. Non-GAAP operating income was €1.12 billion (2008: €1.37 billion), decrease of 18% (16% at constant currencies). U.S. GAAP and Non-GAAP operating income were negatively impacted by restructuring charges of €10 million resulting from the previously announced reduction of positions.
- U.S. GAAP operating margin was 33.1% (2008: 36.6%), a decrease of 3.5 percentage points. Non-GAAP operating margin was 35.1% (2008: 39.1%), or 35.0% at constant currencies, a decrease of 4.0 percentage points (4.1 percentage points at constant currencies). The €10 million in restructuring charges resulting from the previously announced reduction of positions negatively impacted the U.S. GAAP and Non-GAAP operating margin by 0.3 percentage points.
- U.S. GAAP income from continuing operations was €0.75 billion (2008: €0.86 billion), a decrease of 13%. Non-GAAP income from continuing operations was €0.80 billion (2008: €0.93 billion), a decrease of 14%. U.S. GAAP and Non-GAAP income from continuing operations were negatively impacted by restructuring charges of €7 million, net of tax, resulting from the previously announced reduction of positions.
- U.S. GAAP basic earnings per share from continuing operations were €0.63 (2008: €0.72), a decrease of 13%. Non-GAAP basic earnings per share from continuing operations were €0.67 (2008: €0.78), a decrease of 14% year-over-year. The restructuring charges, net of tax, resulting from the previously announced reduction of positions negatively impacted the U.S. GAAP and Non-GAAP basic earnings per share by €0.01.

Fourth Quarter 2009 Non-GAAP operating income excludes acquisition-related charges totaling €64 million (2008: €98 million, which also included an acquisition-related deferred support revenue write-down), and Fourth Quarter2009 Non-GAAP income from continuing operations and Non-GAAP earnings per share from continuing operations exclude acquisition-related charges totaling €49 million net of tax (2008: €70 million, which also included a deferred revenue write-down).

“As a result of a very difficult and unstable market environment that began in the third quarter of 2008 and then continued into 2009, we rapidly put into place a plan to reduce operating expenses in order to protect our operating margin. I am pleased to report that we exceeded our initial expectations,” said Werner Brandt, CFO of SAP. “In 2009, we significantly reduced Non-GAAP operating expenses by around €650 million to €7.8 billion despite restructuring costs of approximately €200 million. The Non-GAAP operating margin at constant currencies was 27.6% which included a negative impact of 1.8 percentage points related to the restructuring charge. For 2010, we will continue to maintain strict cost controls with a spotlight on further margin expansion.”

Léo Apotheker, CEO of SAP continued, “Along with margin expansion for 2010, we are also ready to return to top-line growth, although the market continues to be challenging and uncertainty among customers still exists. Despite the difficult environment last year, we never lost focus on innovation, which is the cornerstone for growth going forward. Building on a strong foundation, we will drive growth by continuing to strengthen our core business and expand beyond the core with new products and technologies that speed implementation, provide for instant consumption and are easy accessible from anywhere, anytime, and from a broad range of devices.”

IFRS Financial Data

SAP will discontinue its U.S. GAAP reporting and will only report financial data under IFRS from fiscal 2010 onwards. The guidance provided by SAP for 2010 is based on Non-IFRS numbers that are derived from SAP’s IFRS figures by excluding acquisition-related charges and discontinued activities. To prepare the capital markets for this change, IFRS financial data are provided in the financial section of this press release.

Business Outlook

SAP is providing the following outlook for the full-year 2010:

- The Company expects full-year 2010 Non-IFRS software and software related service revenue to increase in a range of 4% to 8% at constant currencies (2009: €8.2 billion).
- The Company expects its full-year 2010 Non-IFRS operating margin to be in a range of 30% – 31% at constant currencies (2009: 27.4%).

- The Company projects an effective tax rate of 27.5% - 28.5% (based on IFRS) for 2010 (2009: 26.7%).

KEY EVENTS – Fourth Quarter 2009

- In the fourth quarter of 2009, SAP closed major contracts in several key regions including Achmea and Rabobank Nederland, Aeroflot Russian Airlines, AOK, Crédit Agricole S.A., Deutsche Bank AG, Hilti AG, NMBS-SNCB Group, and Talanx AG in EMEA; 3M Company, Baker & McKenzie, Dairy Farmers of America, Inc., Pfizer Inc., Servicios Nacional de Chocolates S.A., Sybase Inc., Verizon Services Corporation, and W.W. Grainger, Inc. in Americas; and Daiwa House Industry Co., Ltd., Department of Defence, Australia, Hubei Electric Power Corporation, Malaysian Airline System Berhad, National Australia Bank Limited, Singapore Power Ltd, and Vietnam National Petroleum Corporation in the Asia Pacific Japan region.

- In December, Deutsche Bank and SAP signed a letter of intent to start a multi-year initiative in 2010 to replace individual software solutions in its home market by a new core banking system based on SAP for Banking solutions. The SAP implementation underpins the bank's strategy to push for a high degree of industrialization and standardization of processes.

- On December 17, SAP announced that Valero Energy Corporation signed a global enterprise agreement with SAP that will create a tighter relationship between the two companies, including a particular focus on collaboration on solution innovation and development over the next five years.

- On December 10, SAP announced the new SAP BusinessObjects Sustainability Performance Management application designed to help businesses more easily set sustainability goals and objectives, measure and communicate performance, and reduce data collection costs and errors. The new application helps organizations focus on improving economic, social and environmental performance rather than spending time on data collection and report compilation. The software features a library of key sustainability performance indicators and is the first solution to be certified by the Global Reporting Initiative Certified Software and Tools Program. The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide.

- On December 7, SAP further extended its modular, market-leading solution offerings tailored for the banking industry by announcing innovations to its industry-specific banking software that supports banks' business processes from the front to the back office.

- On December 1, SAP announced that the 2009 Key Performance Indicator achievements of the SAP User Group Executive Network (SUGEN) SAP Enterprise Support program have shown clear value to participating SAP customers.

- On November 20, SAP reported that market research firm IDC identified SAP as a leading vendor of customer information systems (CIS) and customer relationship management (CRM) systems for the utilities industry. The IDC study, published by IDC Energy Insights, is conducted on an annual basis. The report evaluated the seven most relevant vendors of utility-specific CIS / CRM systems in the light of the challenges of the new energy economy. SAP received the highest ratings in the category “ownership confidence” and the second highest ratings in the category “ability to address market needs.”

- On November 19, SAP was named as a leader in business performance solutions in a report by independent analyst firm Forrester Research. In the November 2009 report – “The Forrester Wave: Business Performance Solutions, Q4 2009” – SAP was positioned as a leader and ranked with the strongest overall current offering out of 10 other vendors.

- On October 27, SAP unveiled an interactive sustainability map for the SAP EcoHub solution marketplace, providing a clear view of the ecosystem of sustainability and “Green IT” solutions and services available from SAP and its partners. By simply clicking on defined areas in the SAP sustainability map within SAP EcoHub, customers can easily discover, evaluate and buy sustainability solutions and services from SAP and its partners.

- On October 21, SAP announced that Siemens AG, a global leader in electronics and electrical engineering, expanded its strategic relationship with SAP through its selection of the SAP Supplier Relationship Management application for Siemens’ worldwide e-procurement operations. Also announced was the completion of Siemens’ contract renewal for SAP maintenance support services for all SAP solutions based on SAP’s maintenance standards for large customers for duration of three years.

Use of Non-GAAP and Non-IFRS Financial Measures

This press release contains certain financial measures such as Non-GAAP and Non-IFRS revenues, Non-GAAP and Non-IFRS operating income, Non-GAAP and Non-IFRS operating margin, free cash flow, constant currency revenue and operating income measures, as well as U.S. Dollar based Non-GAAP revenue numbers. These measures are not prepared in accordance with U.S. GAAP or IFRS and therefore are considered Non-GAAP or Non-IFRS financial measures. SAP’s Non-GAAP and Non-IFRS financial measures may not correspond to Non-GAAP and Non-IFRS financial measures that other companies report. The Non-GAAP and Non-IFRS financial measures that SAP reports should be considered in addition to, and not as a substitute for or superior to, revenue, operating margin or SAP’s other measures of financial performance prepared in accordance with U.S. GAAP and IFRS. See the financial section of this press release for additional information regarding the Non-GAAP and Non-IFRS measures included in this press release and for the reconciliations to the corresponding U.S. GAAP and IFRS measures.

Webcast / Supplementary Financial Information

SAP senior management will host a press conference in Frankfurt today at 10:00 AM (CET) / 9:00 AM (GMT) / 4:00 AM (Eastern) / 1:00 AM (Pacific), followed by an investor conference at 2:00 PM (CET) / 1:00 PM (GMT) / 8:00 AM (Eastern) / 5:00 AM (Pacific). Both conferences 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 full-year and quarterly results can be found at http://www.sap.com/investor.

Note to editors (TV/ radio/ print/ online)

SAP will post material from the press conference as well as collective TV interviews with SAP CEO Léo Apotheker in both English and German, in which he will discuss the Company’s Q4 2009 and full-year 2009 financial results. You can find these interviews on the SAP stock footage platform www.sap.com/stockfootage on Wednesday, January 27, 2010, following the event. The interviews will be conducted by TV journalists in English and German language.

These interviews will be published in their entirety and without any edits, as well as for your unrestricted use free of charge (also for parts of it). In addition, these clips are not branded, are clean feed, and will be available as high resolution video files, as well as mp3 files for radio journalists. SAP will also broadcast these clips via satellite starting at approximately 11:35 a.m. CET. If you are interested in recording this feed, please contact us via broadcast@sap.com for the necessary satellite and technical information.

About SAP

SAP is the world’s leading provider of business software, offering applications and services that enable companies of all sizes and in all industries to become best-run businesses. With approximately 95,000 customers in over 120 countries, SAP is listed on several exchanges, including the Frankfurt stock exchange and NYSE, under the symbol “SAP.” (For more information, visit www.sap.com)

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Any statements contained in this document that are not historical facts are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “outlook,” “intend,” “may,” “plan,” “project,” “predict,” “should” and “will” and similar expressions as they relate to SAP are intended to identify such forward-looking statements. SAP undertakes no obligation to publicly update or revise any forward-looking statements. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. The factors that could affect SAP's future financial results are discussed more fully in SAP's filings with the U.S. Securities and Exchange Commission ("SEC"), including SAP's most recent Annual Report on Form 20-F filed with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates.

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Appendix – Financial Information