

SCALING REMAINS A KEY ISSUE

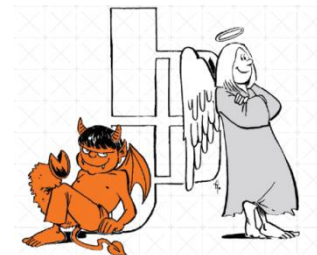
We think that even worldwide leading organizations could improve their reporting quality if they would apply our SUCCESS RULES and the visualization concept of HI-NOTATION – see www.success.hichert.com and www.hi-notation.hichert.com.

Here I try to apply the concept to charts taken from the SAP annual report 2010. I think it is almost impossible to compare different segments as shown here if the scaling is not properly done.

Comments are always welcome!

Regards
Rolf Hichert

rh@hichert.com





Wichtig

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Nach dem Öffnen der Datei können Sie den **Vollbild-Modus** mit **Ctrl+L** (Windows) oder **Ctrl+Cmd+F** (Mac) starten.

Der Vollbild-Modus ist wichtig, um die vielen kleinen Schritte in dieser Präsentation zu erkennen.



Important

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Full screen mode is important to see and understand the many small steps in this presentation.

RUN BETTER

2010 ANNUAL REPORT

Here we want to analyse
the product segment
profitability



The Best-Run Businesses Run SAP®

increased 16 % from €3,115 million in 2009 to €3,615 million in 2010. Expenses from the sales line items account for 54 % of the entire Product segment expenses from the marketing line of items account for 17 % and expenses from the services account for roughly 29 % of the total expenses. The increase in Product segment expenses is due to accelerated business activities and the recovery in 2010.

Product segment profit increased 14 % from €4,731 million in 2009 to €5,395 million in 2010. Product segment profitability was 35 % in 2010 compared to 31 % in 2009.

Product segment is primarily engaged in the implementation of SAP solutions.

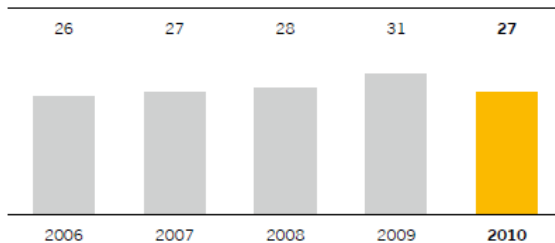
Product segment revenue increased 9 % from €2,498 million in 2009 to €2,715 million in 2010. This growth reflects a 2 % increase in volumes and prices and a 6 % increase in the number of licenses. Geographically all regions continue to show revenue increase, predominantly in the Americas region.

Product segment expenses increased 15 % from €1,717 million in 2009 to €1,985 million in 2010. This expense growth was primarily due to investments to prepare for the increased demand for SAP solutions in 2009.

Product segment profit decreased 5 % from €781 million in 2009 to €730 million in 2010. Consulting segment profitability was 31 % in 2009.

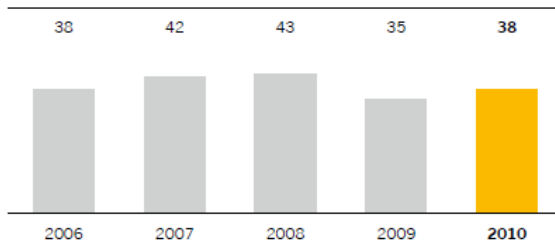
Product segment is primarily engaged in providing educational software products and related services. Training services include SAP training facilities, customer training, and end-user training, as well as

Consulting Segment Profitability
Percent



Consulting segment revenue was €362 million in 2010, which represents an increase of 9 % from €332 million in 2009. This growth reflects a 2 % increase from changes in volumes and prices and a 7 % increase from currency effects. The Americas and APJ regions were the primary contributors to our 2010 Consulting segment revenue increase. In 2010, our Consulting segment revenue growth was especially high in North America, with a 29 % increase, whereas Consulting segment revenue decreased 3 % in the EMEA region.

Training Segment Profitability
Percent



Our Training segment expenses increased 4 % from €217 million in 2009 to €226 million in 2010. Costs increased to support the growing business activities in 2010 after the downturn in 2009.

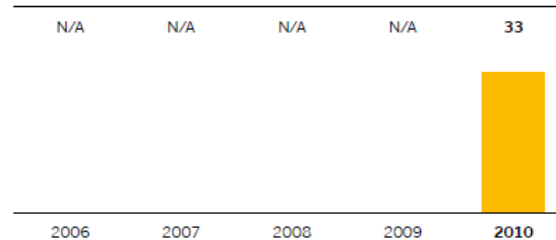
The Training segment contribution increased 18 % from €115 million in 2009 to €136 million in 2010. Training segment profitability was 38 % in 2010 compared to 35 % in 2009.

Sybase Segment

The Sybase segment is primarily engaged in enabling the unwired enterprise for customers and partners by delivering enterprise and mobile software solutions for information management, development, and integration.

The measurement of the result for the Sybase segment differs from the measurements for the other segments, as the Sybase segment result includes development, administration, and other corporate expenses while these expenses are excluded from the measurement of the results of the other segments.

Sybase Segment Profitability
Percent



Sybase segment revenue was €387 million, mainly driven by sales of databases, mobility solutions, and messaging services. Sybase segment expenses were €260 million in 2010.

The Sybase segment contribution was €127 million in 2010, resulting in a Sybase segment profitability of 33 %.

Finance Income, Net

Finance income, net, improved to –€117 million in 2010 (2009: €37 million). Our finance income in 2010 was €37 million and our finance costs were €154 million (2009: €117 million).

Finance income mainly consists of interest income on cash and receivables (e.g. cash, cash equivalents, and investments; €34 million in 2010 compared to €37 million in 2009). The decrease was mainly due to foreign exchange conditions which were partly offset by an increase in interest income in 2010 compared to 2009.

Finance cost mainly consists of interest expenses on liabilities (€77 million in 2010 compared to €60 million in 2009). The increase compared to 2009 was primarily due to the financial debt incurred in connection with the SAP acquisition. We used bank loans, bonds, and other instruments to finance this acquisition. For more information on these financing instruments, see the SAP AG *Financial Statements* section, Note 1 (Financial Instruments) pending TomorrowNow litigation causing a net expense of €12 million in 2010 (2009: €0 million).

Another significant contribution to the net finance income in 2010 came from the derivatives that were used in our financial risk management strategy. The net gain from the time value effects that were reflected in the net finance income amount of €25 million (2009: €0 million) was offset by an expense with an amount of €31 million.

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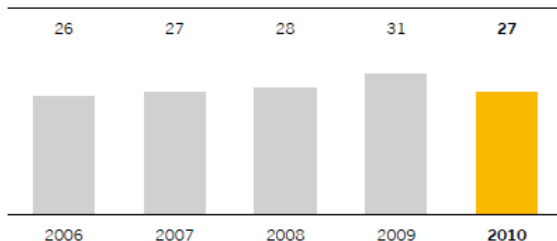
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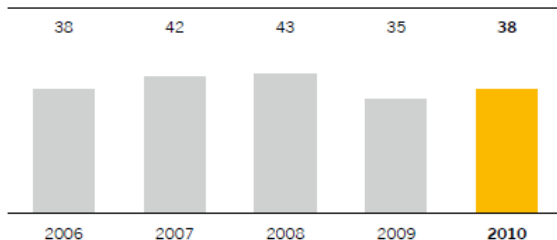
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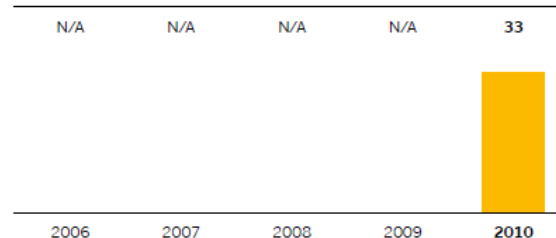
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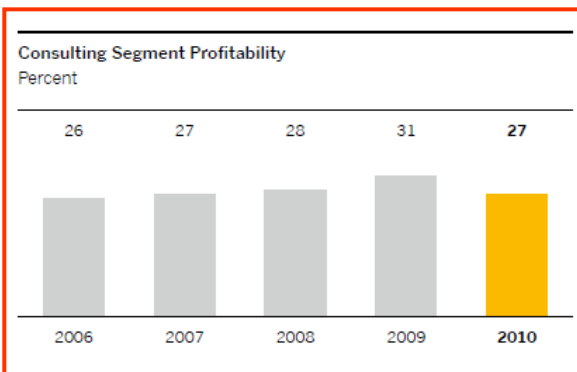
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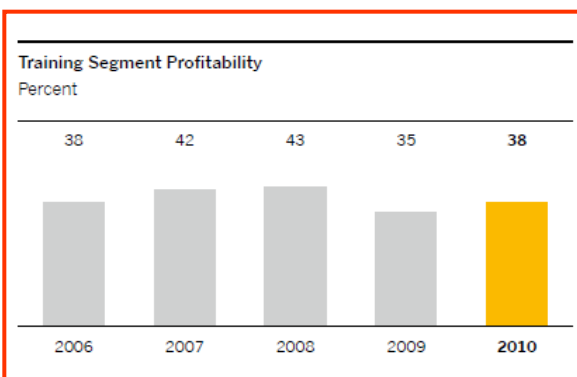
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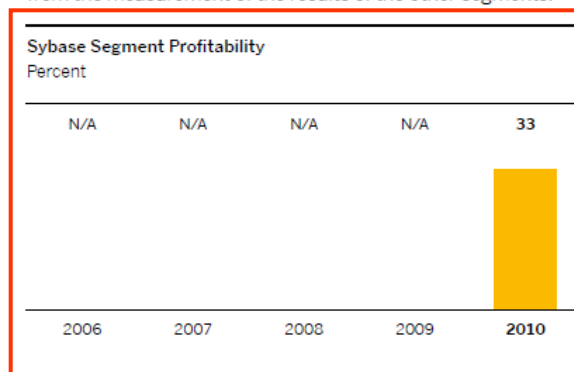
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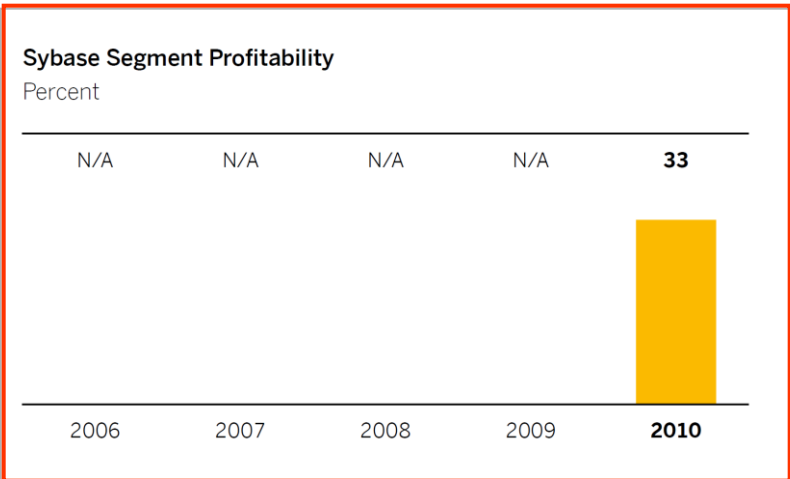
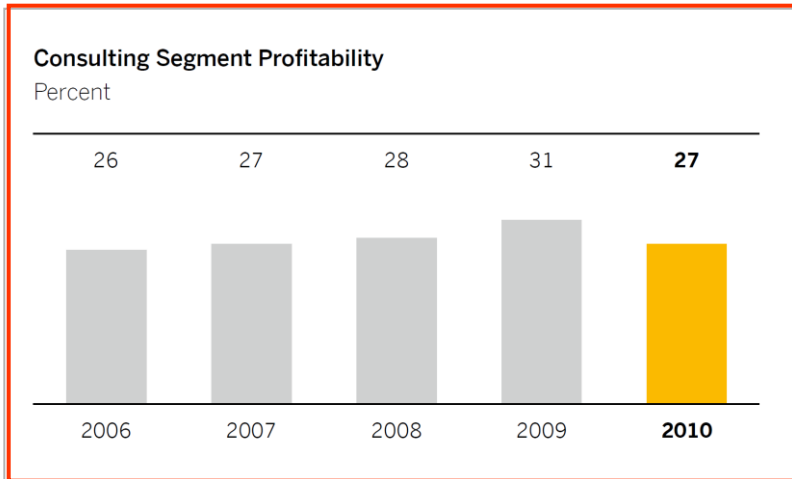
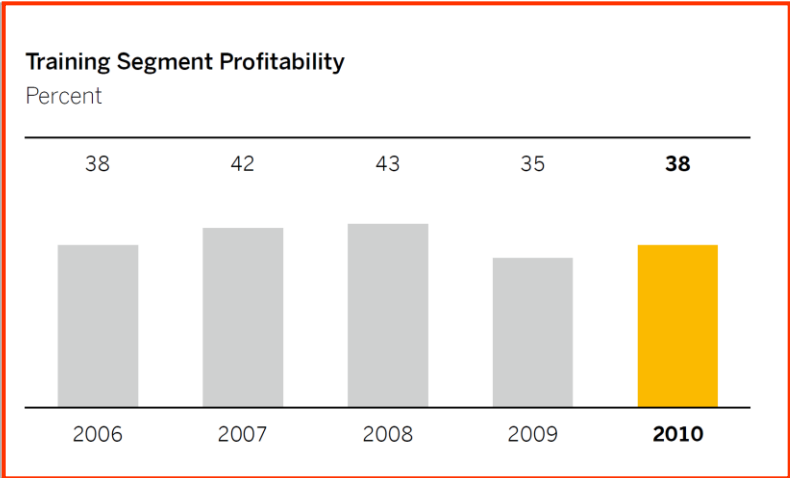
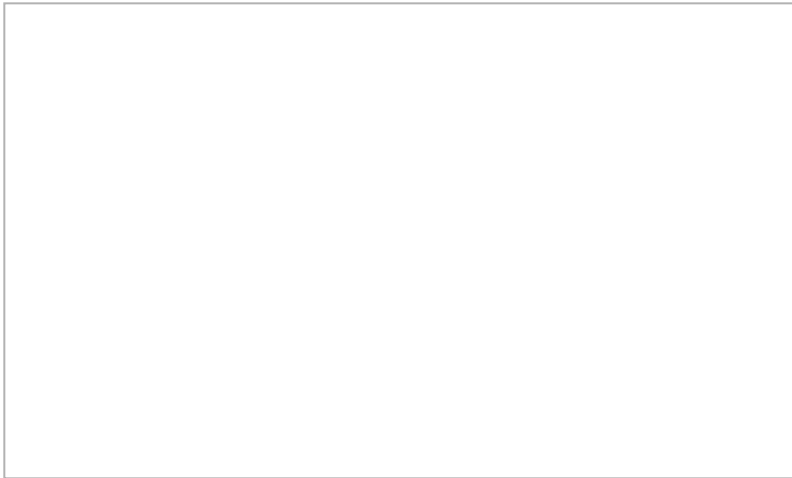
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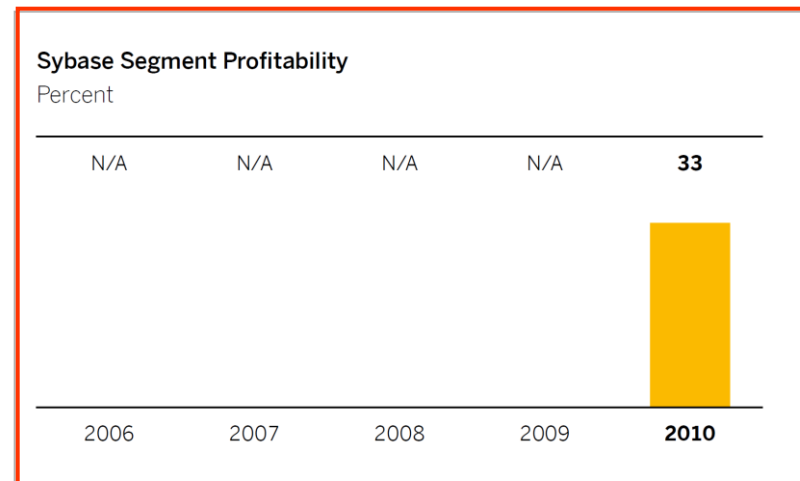
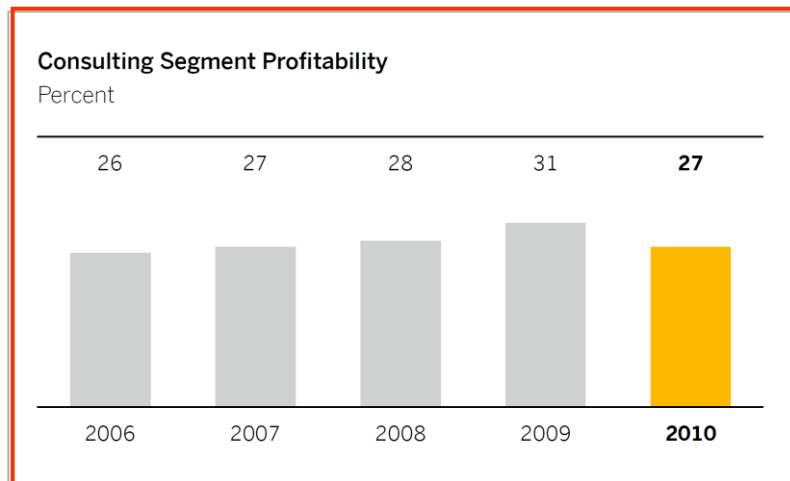
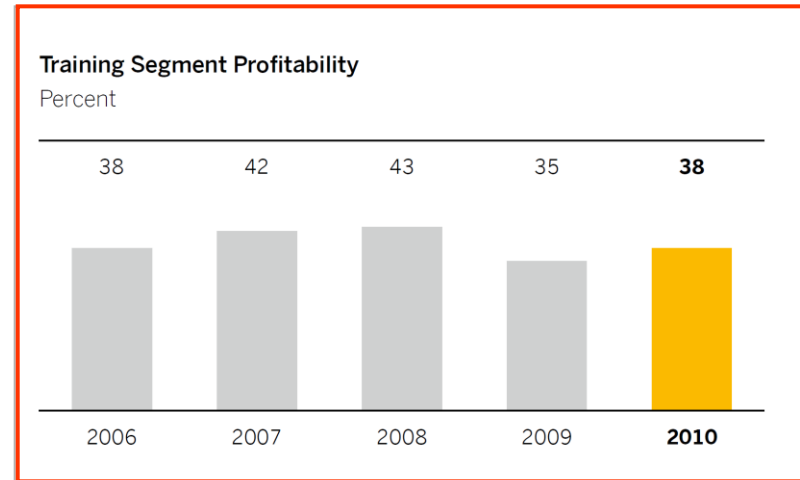
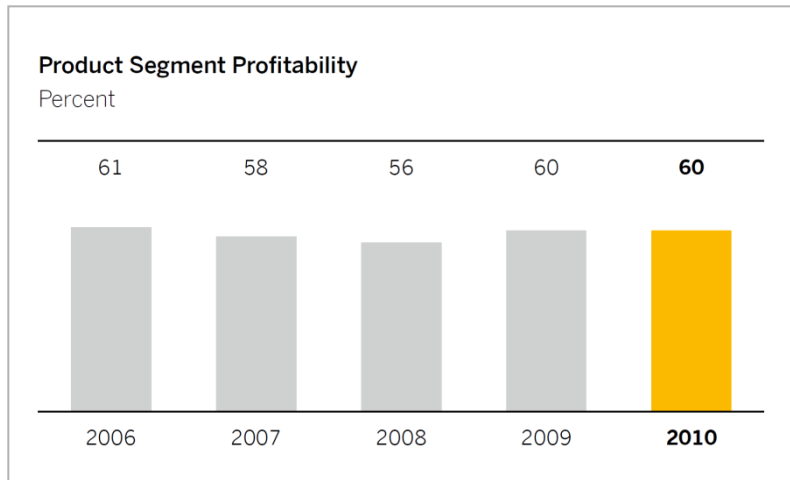
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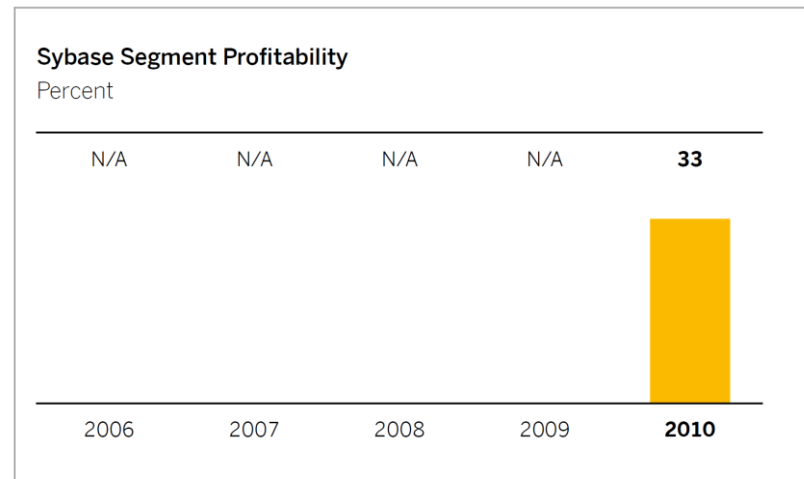
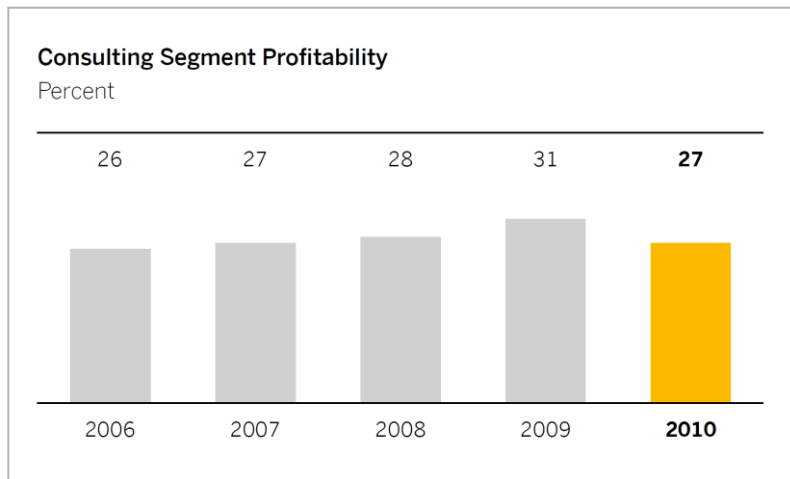
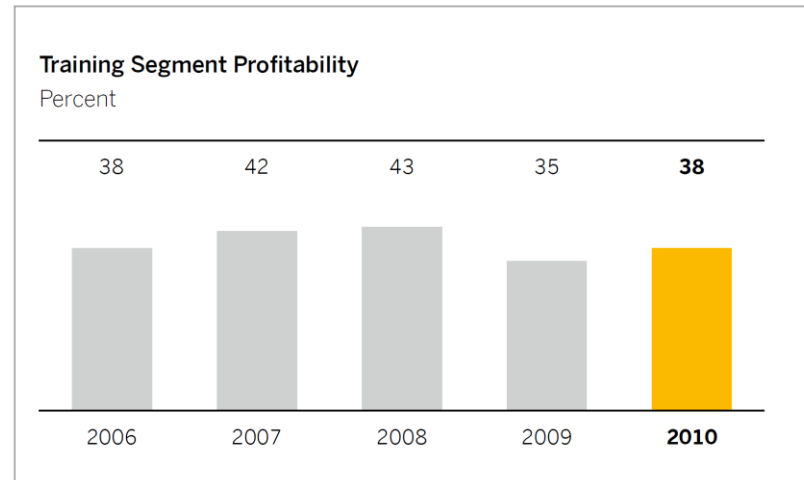
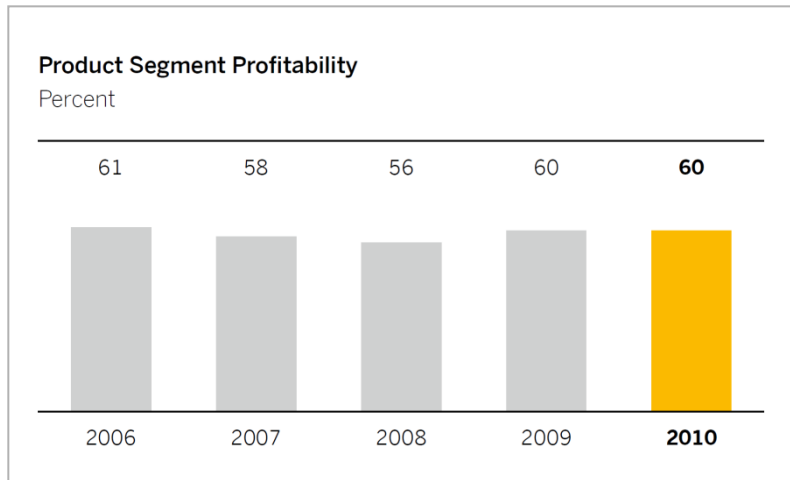
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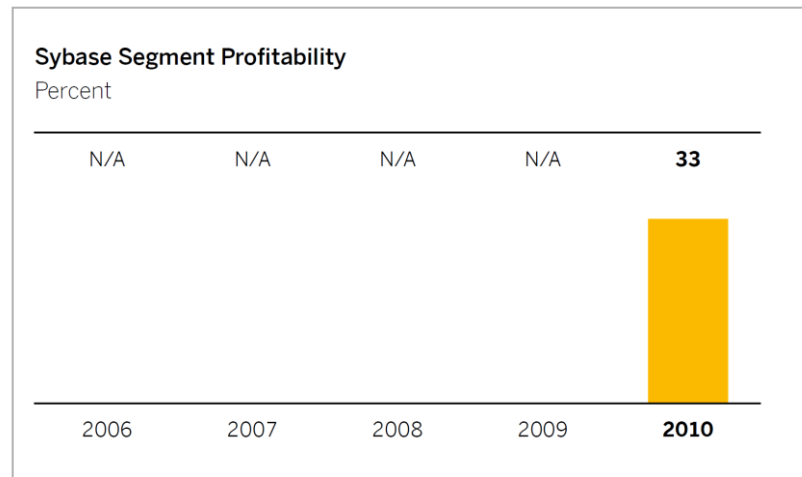
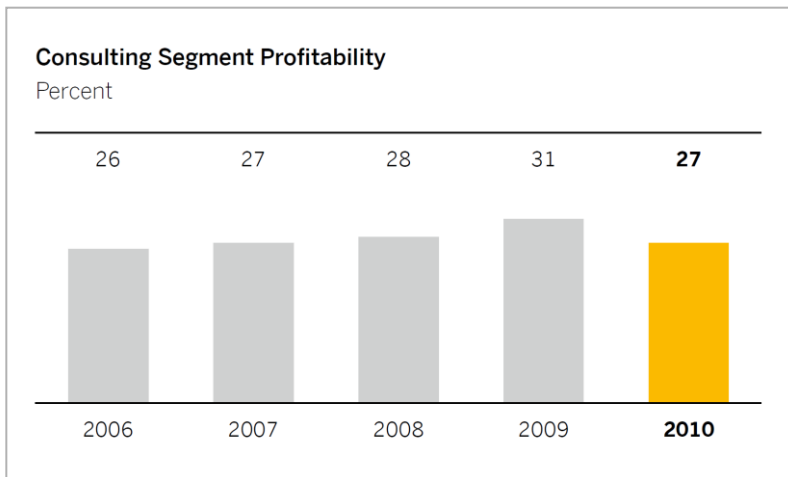
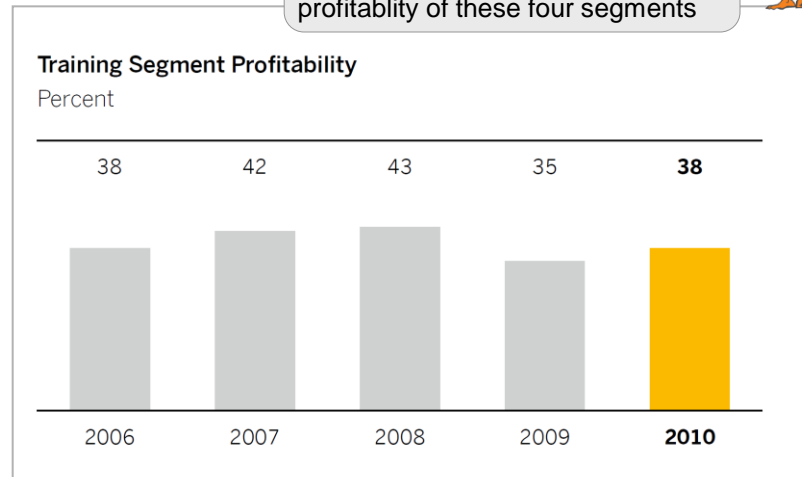
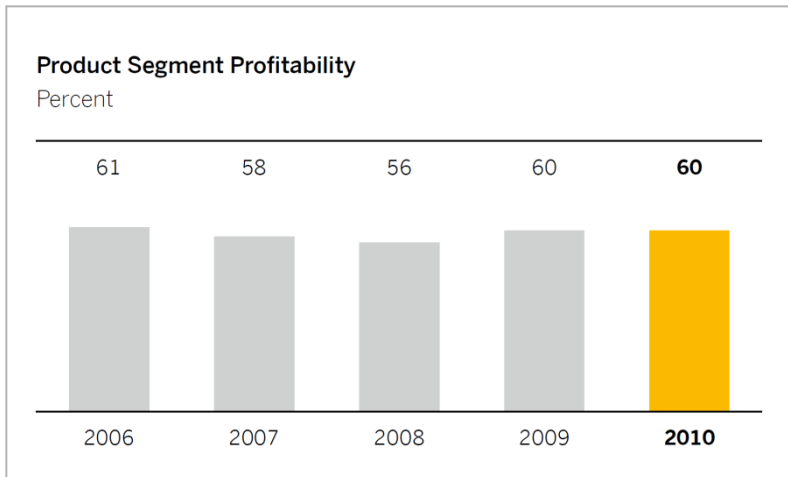
Four segments are shown in total



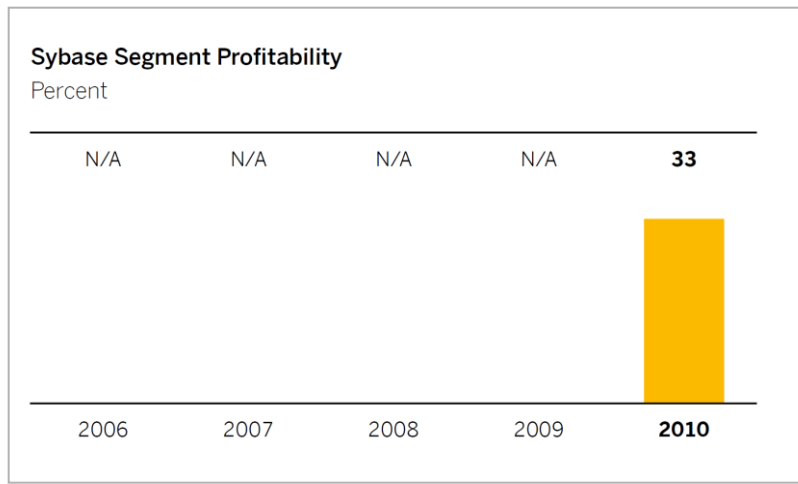
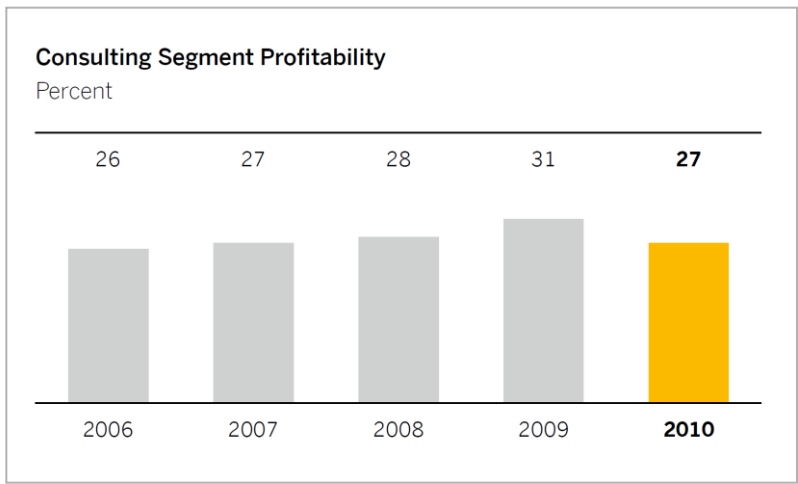
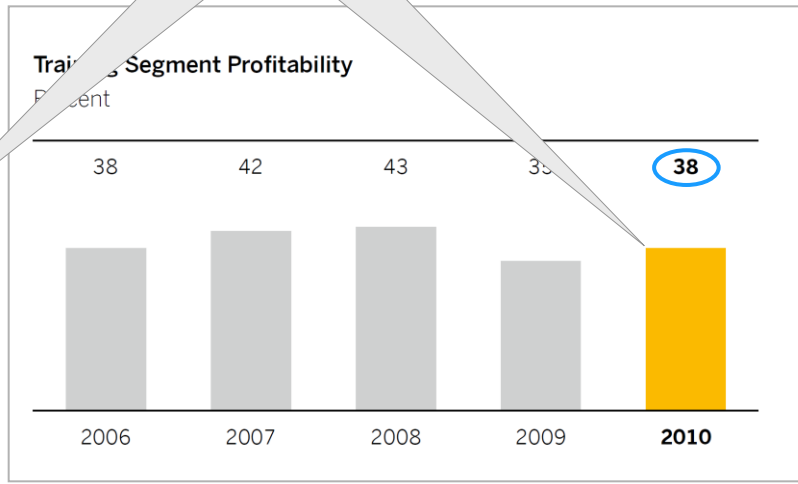
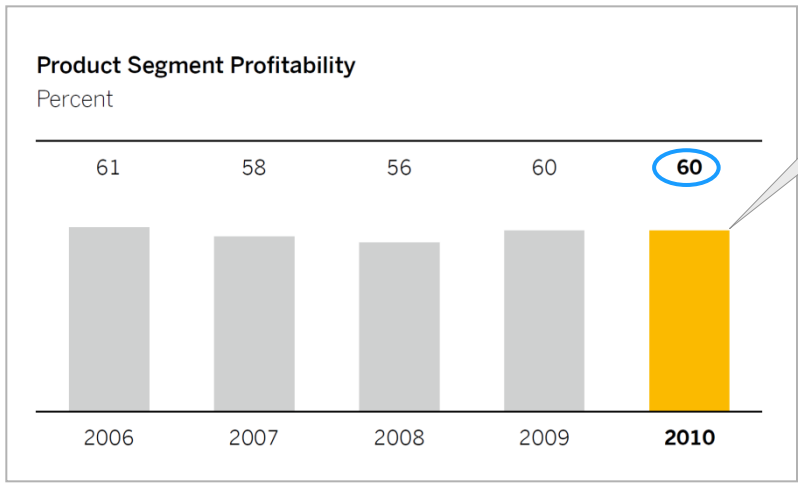
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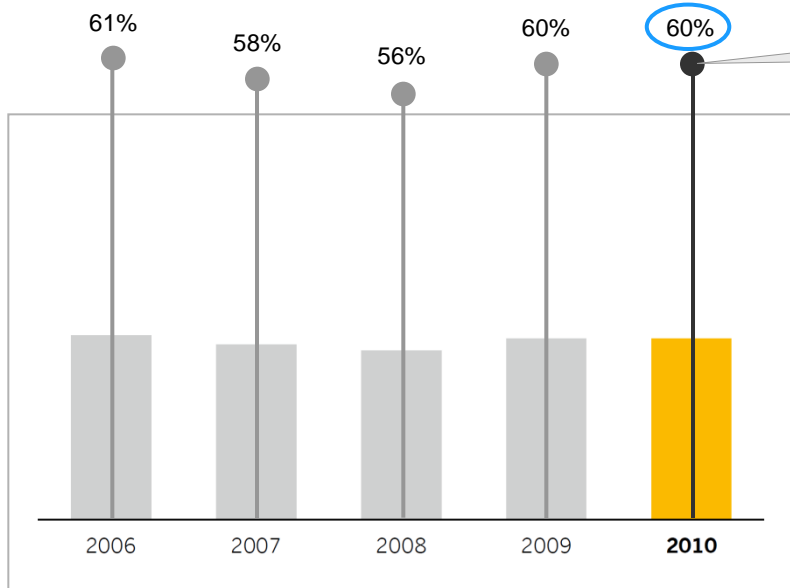
Why the little demon? It is almost impossible to compare the profitability of these four segments



Consistent scaling is absolutely necessary

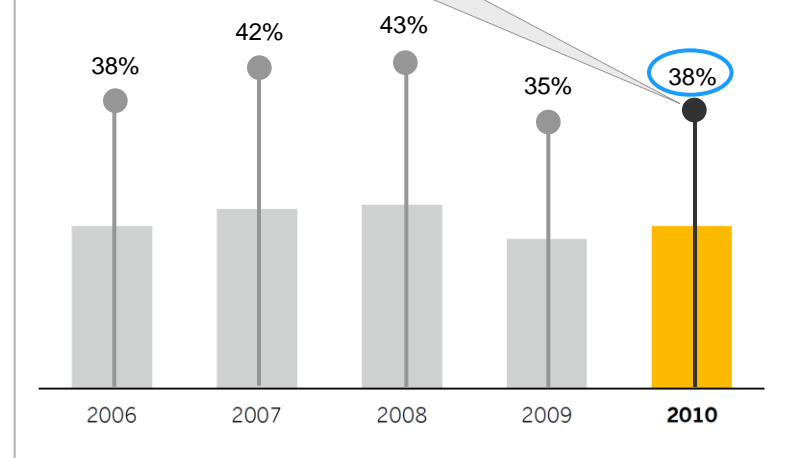


Product Segment Profitability

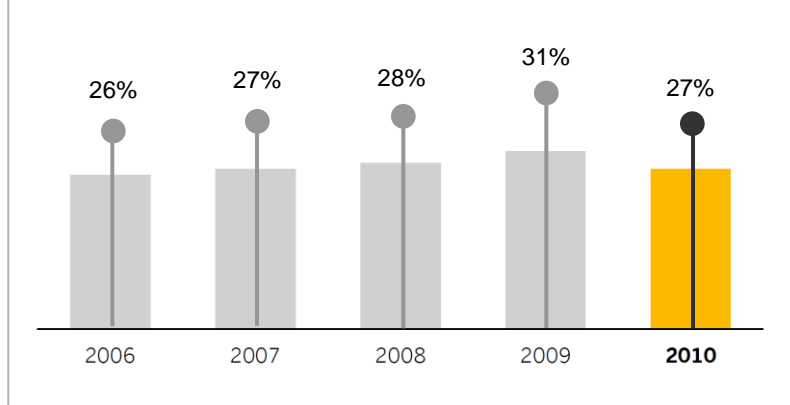


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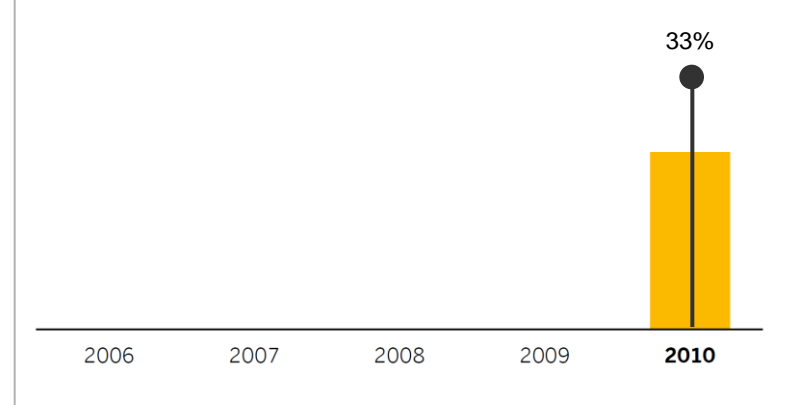
Training Segment Profitability



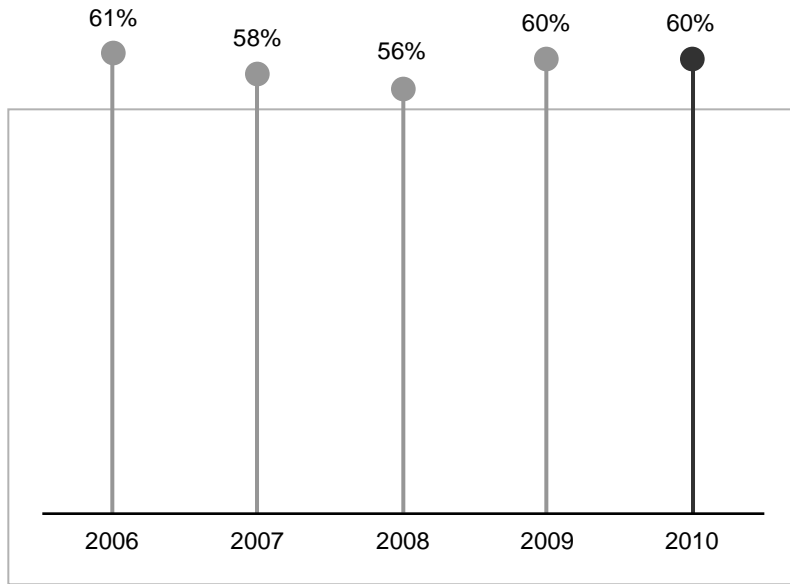
Consulting Segment Profitability



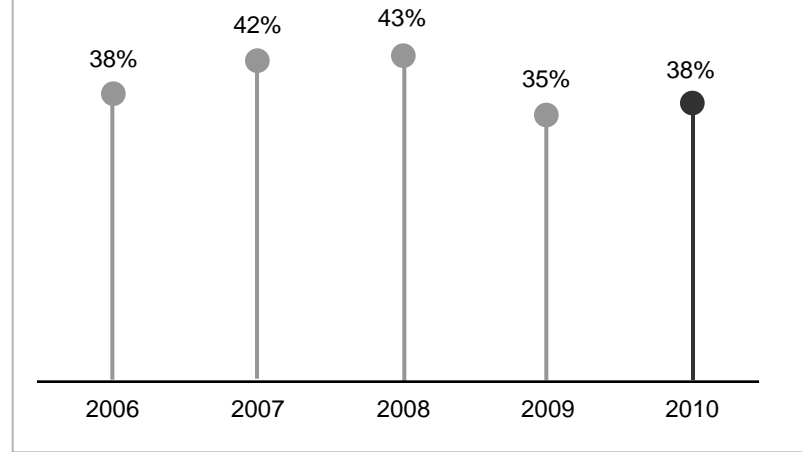
Sybase Segment Profitability



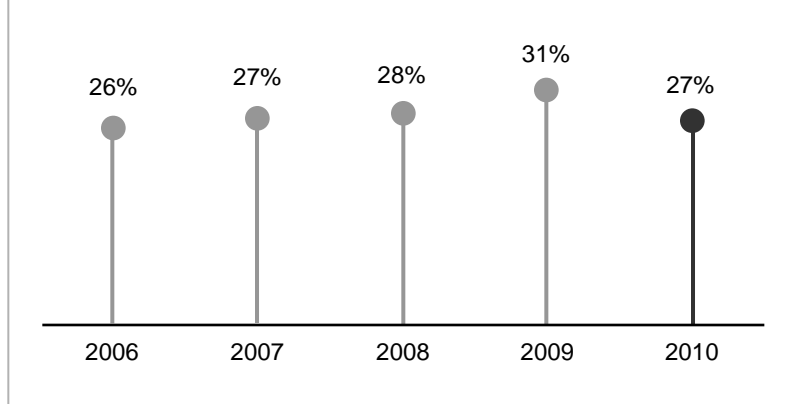
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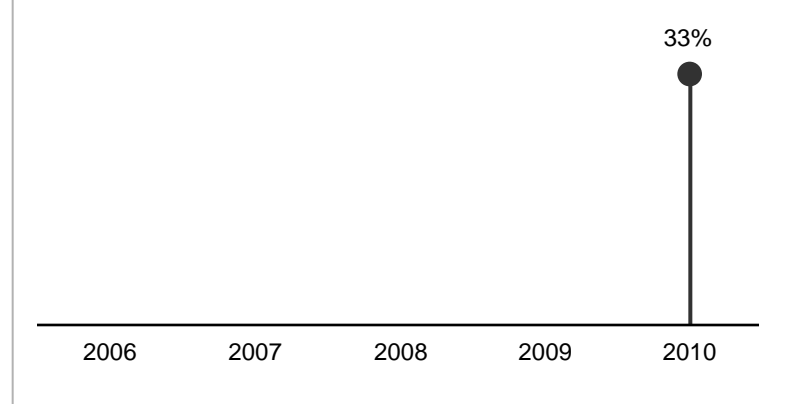
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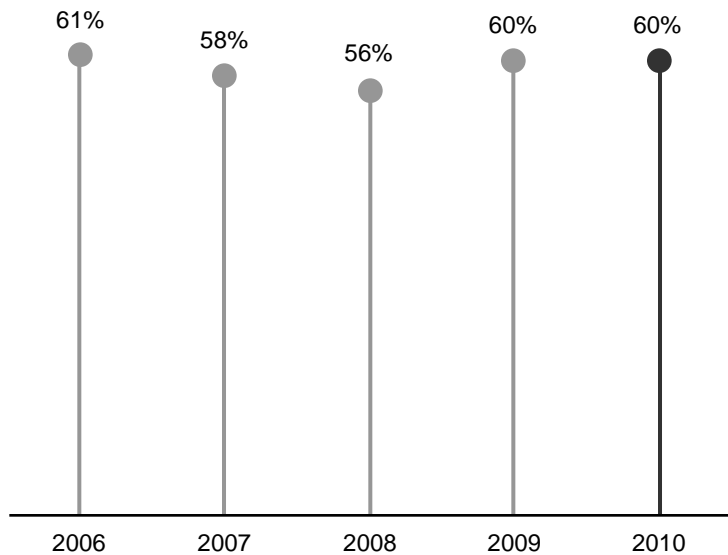
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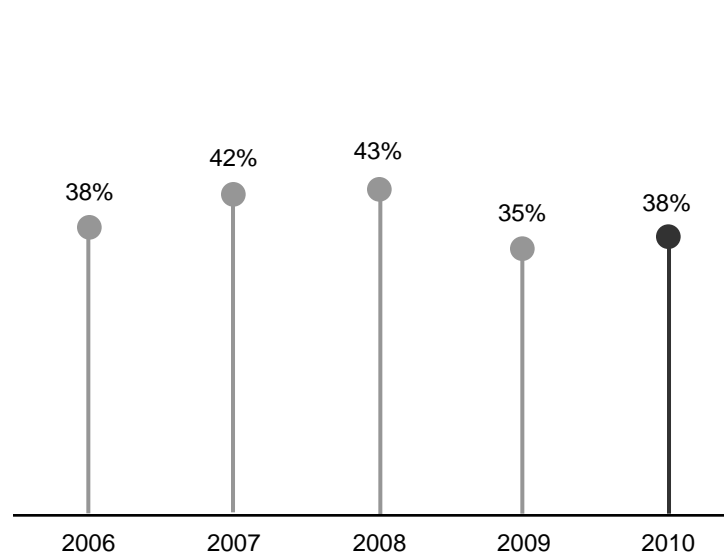
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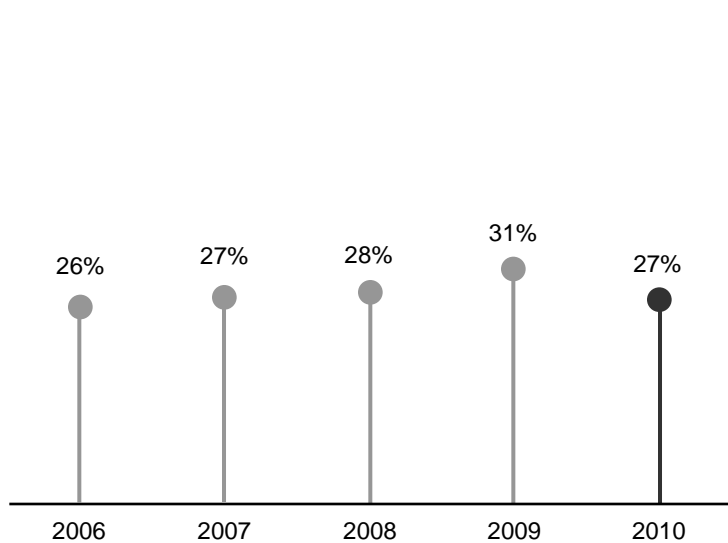
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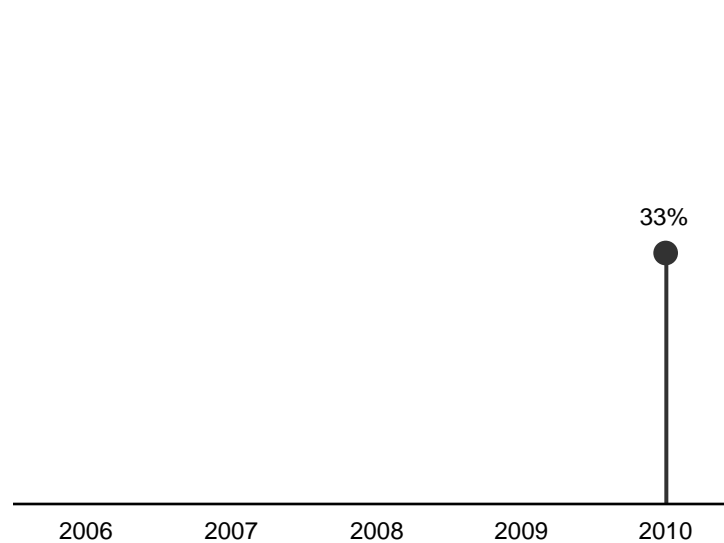
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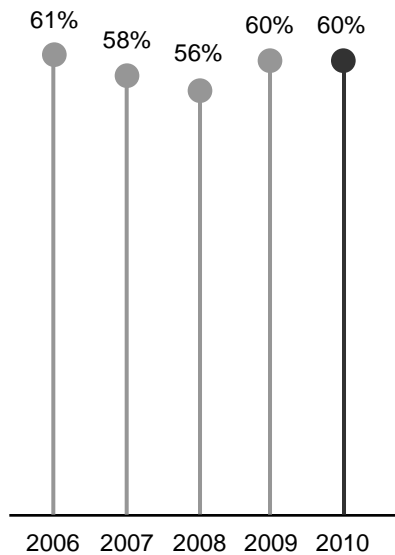
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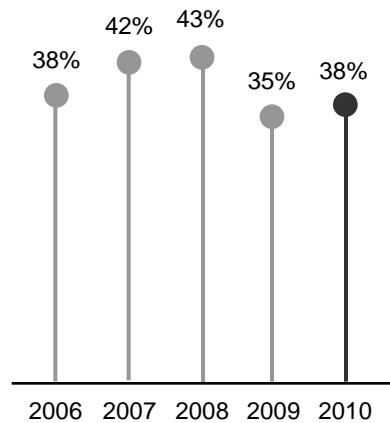
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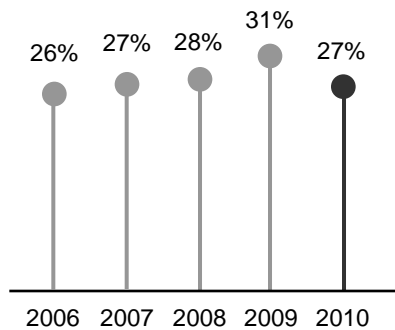
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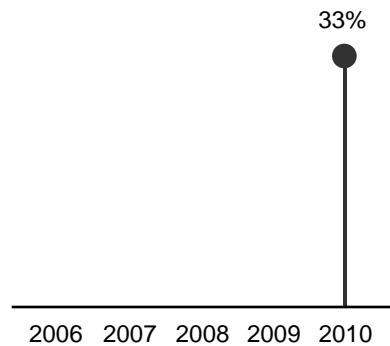
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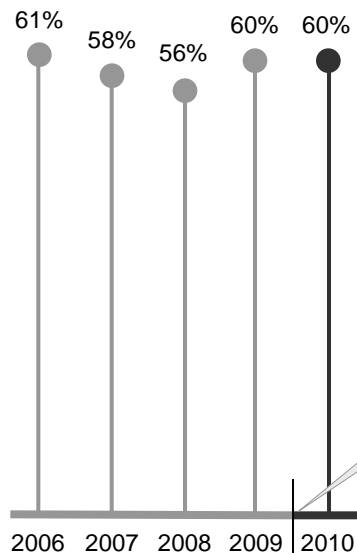
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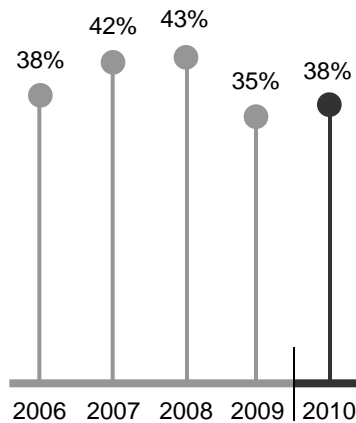


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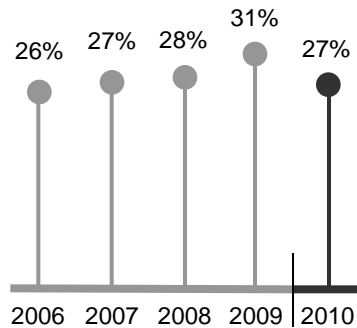


Notation concept

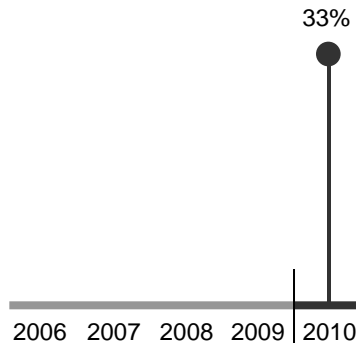
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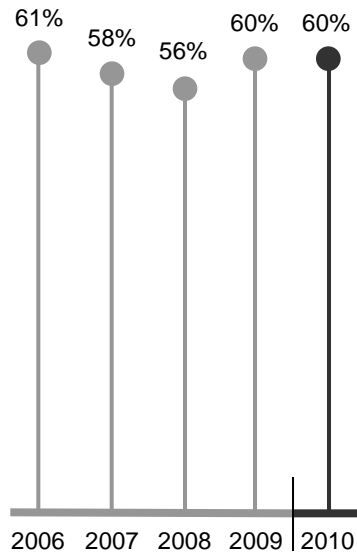
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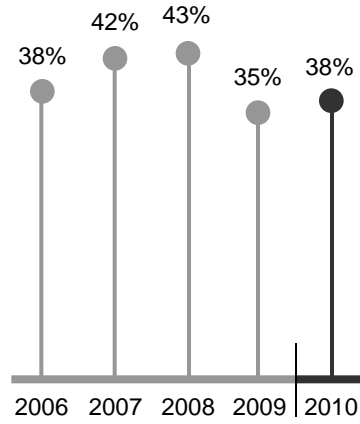
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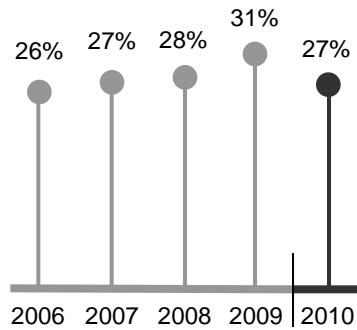
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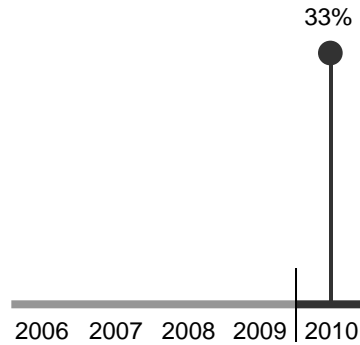
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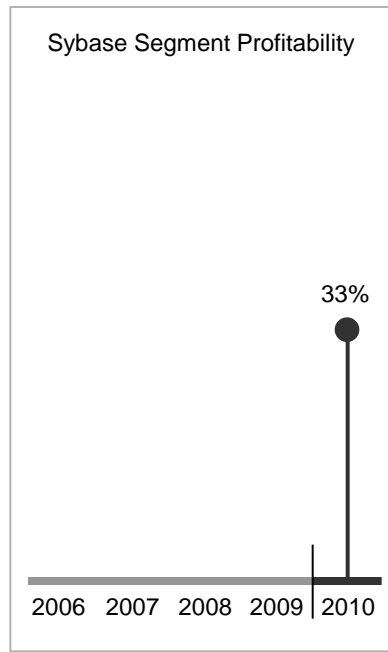
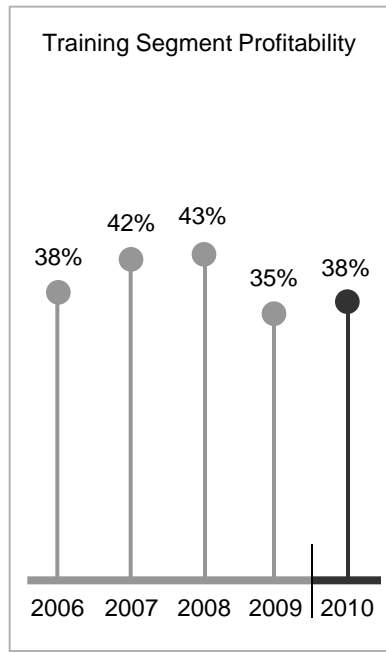
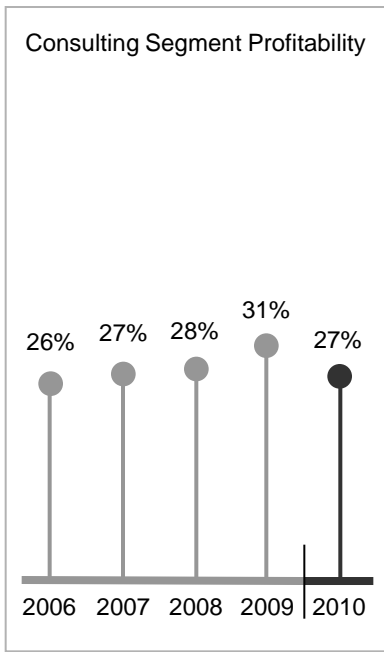
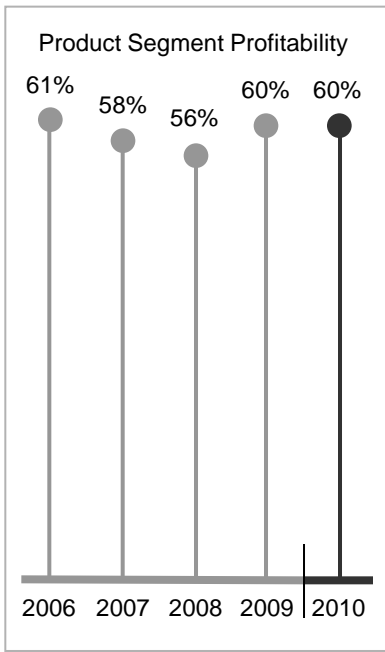


Consulting Segment Profitability

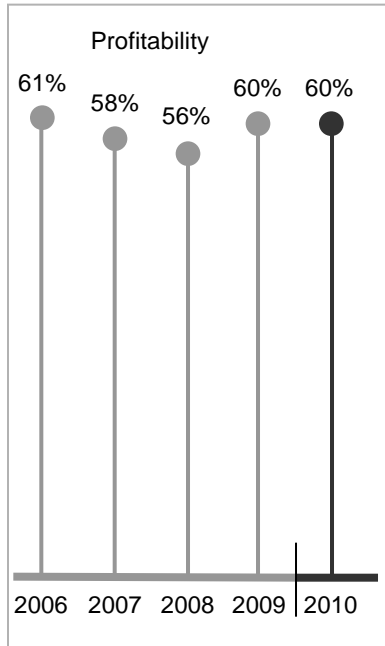


Sybase Segment Profitability

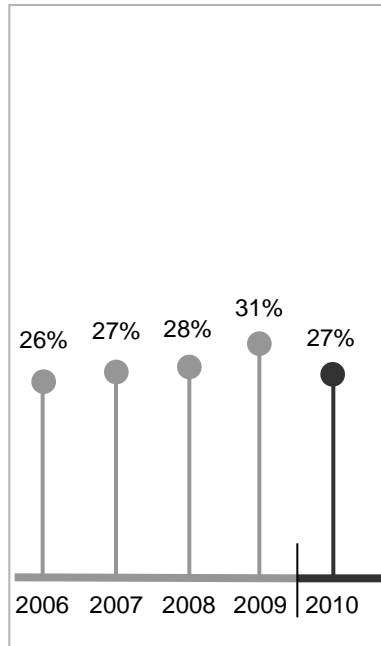




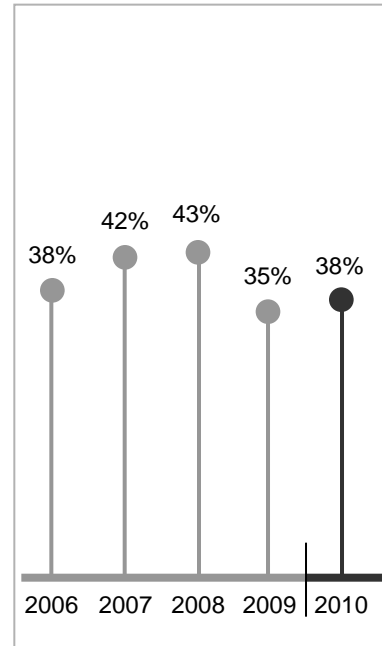
Product Segment



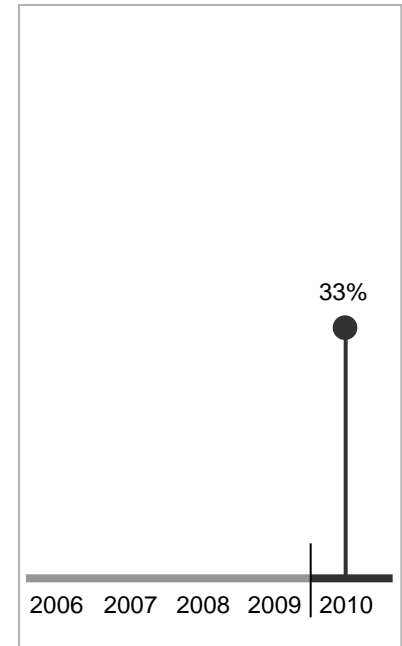
Consulting Segment



Training Segment

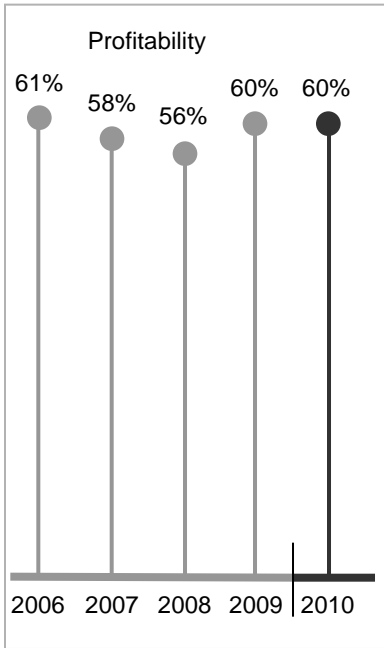


Sybase Segment

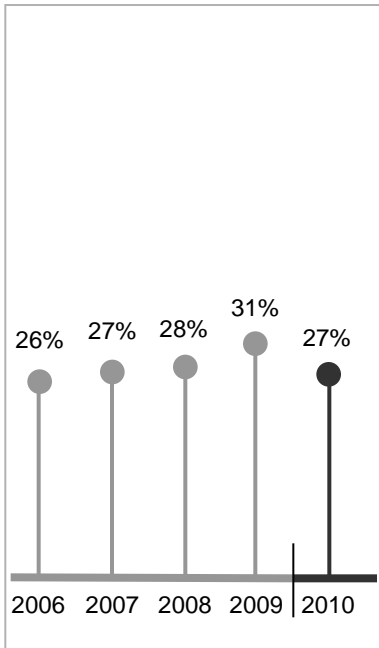


Add absolute Values (in bn EUR)

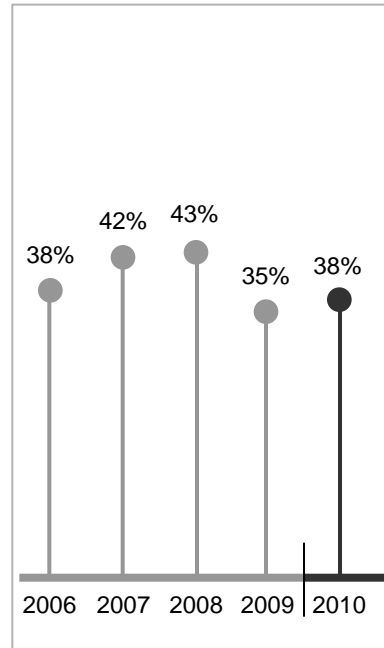
Product Segment



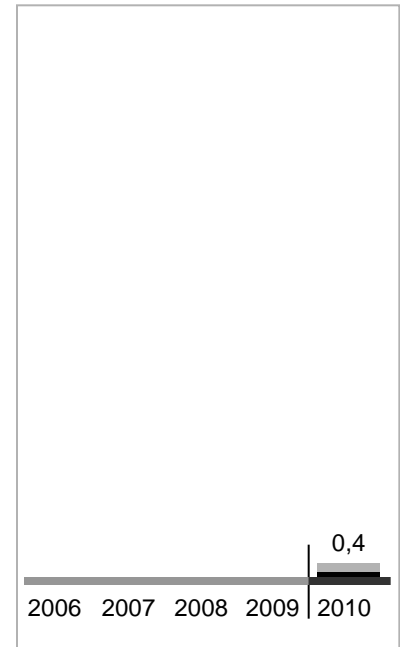
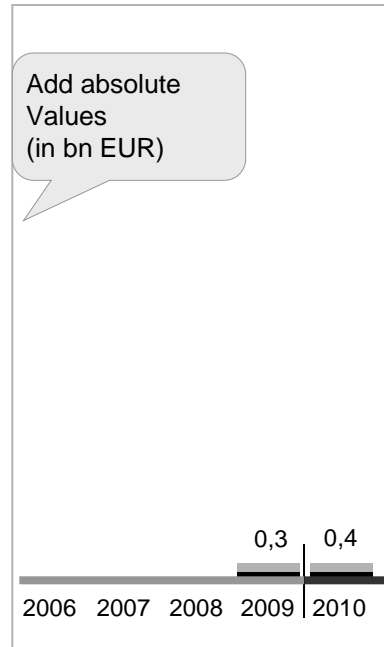
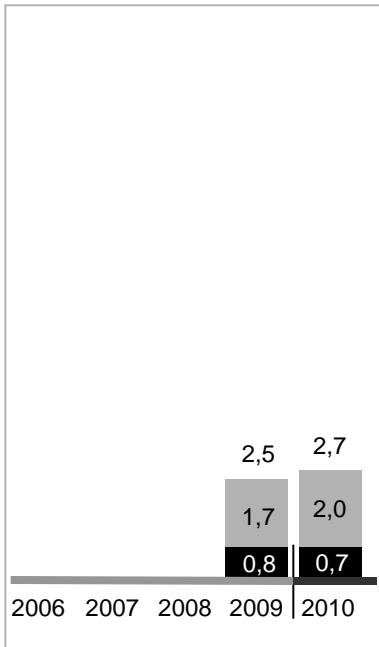
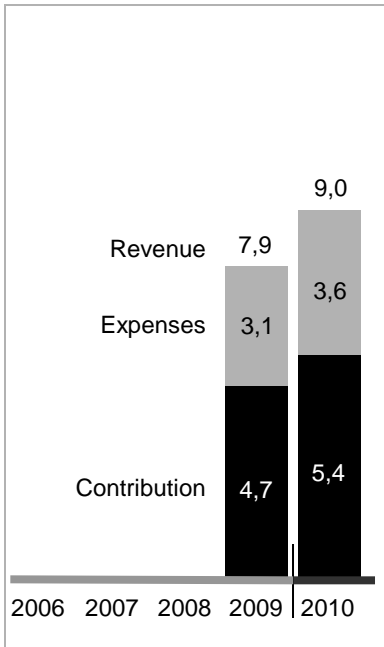
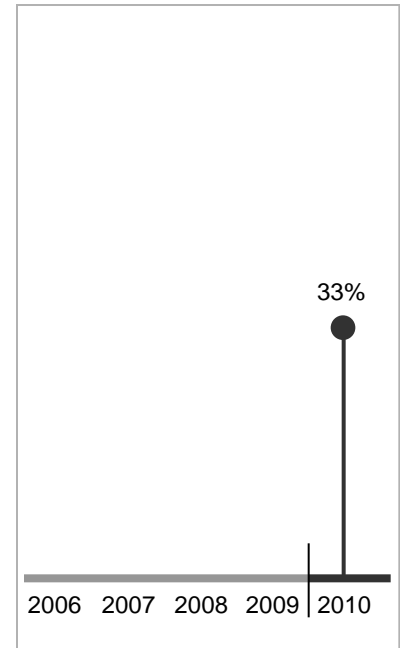
Consulting Segment



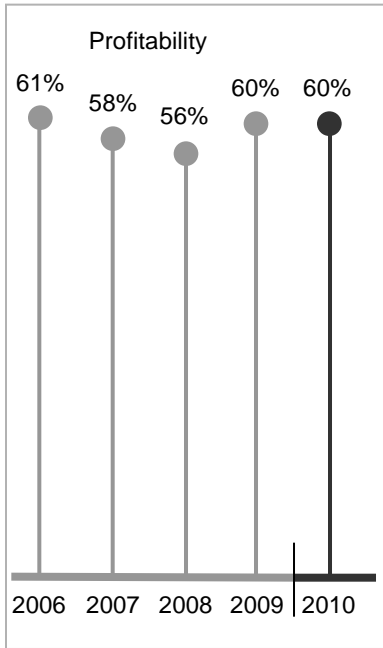
Training Segment



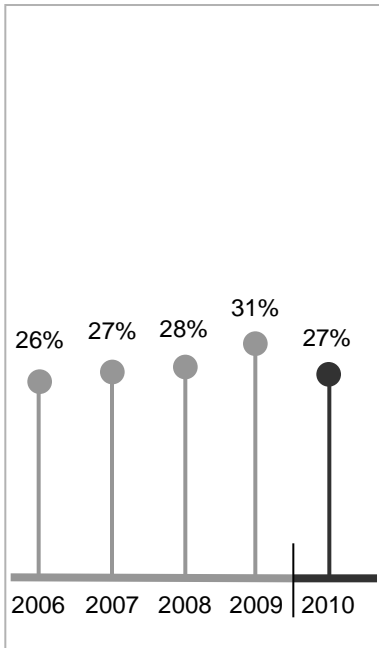
Sybase Segment



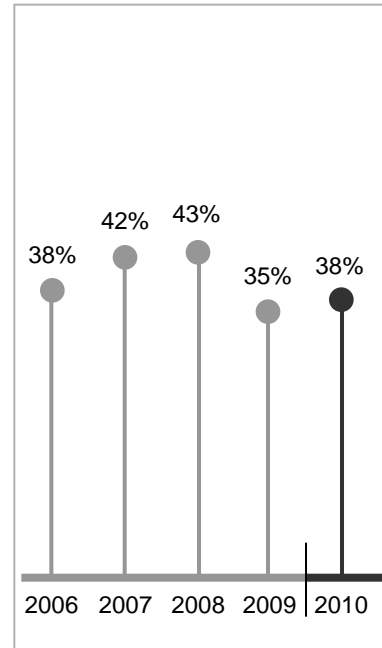
Product Segment



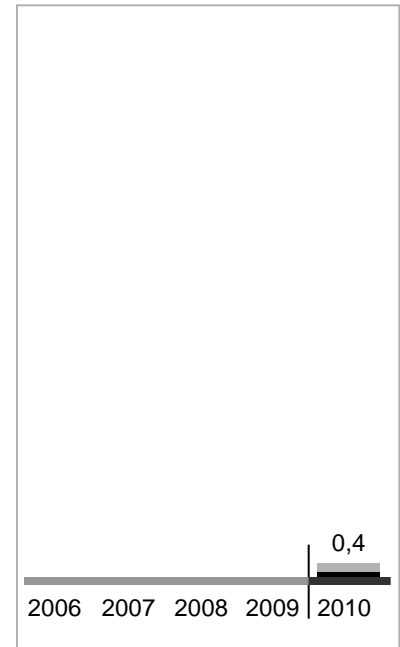
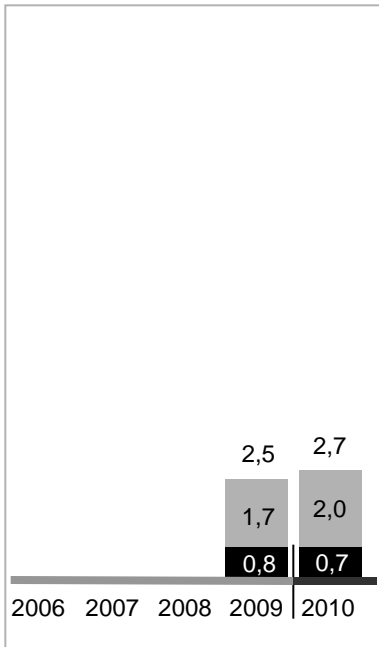
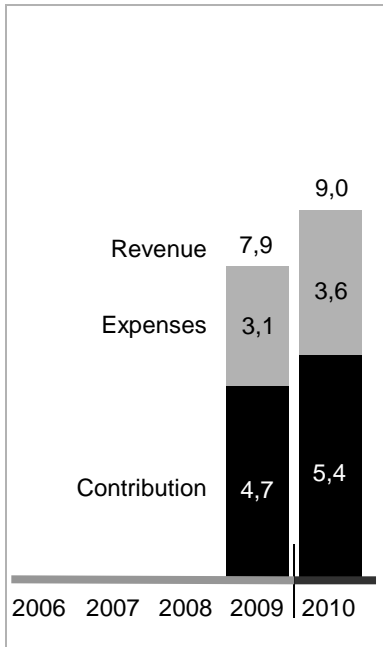
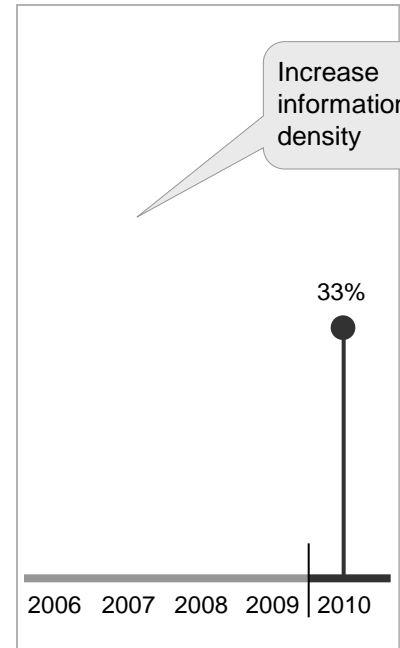
Consulting Segment



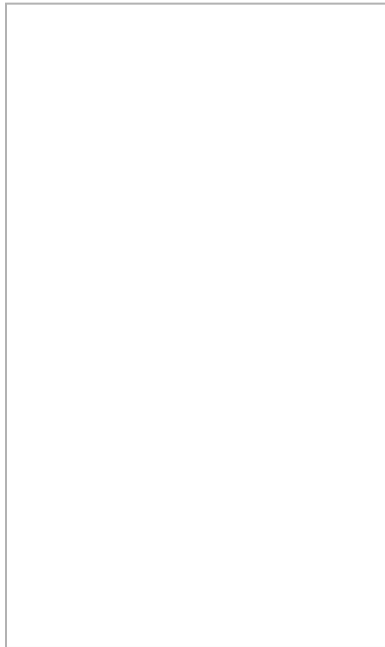
Training Segment



Sybase Segment



Product Segment



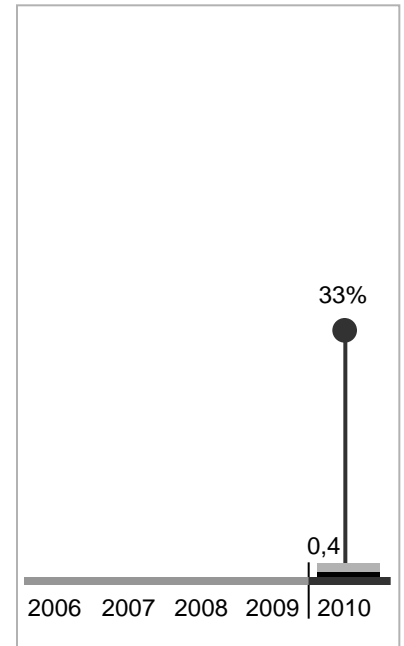
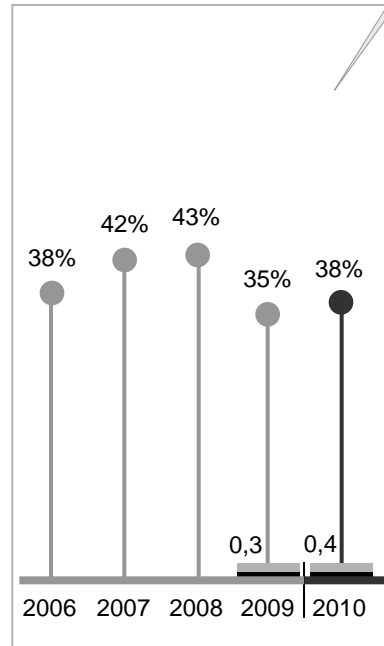
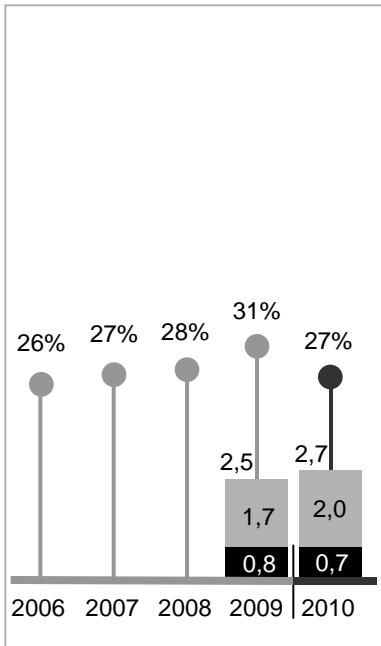
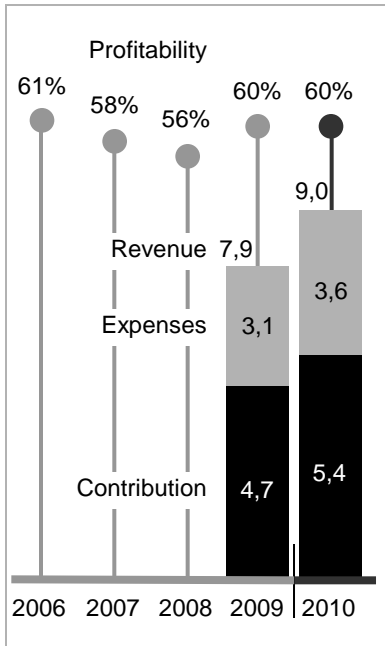
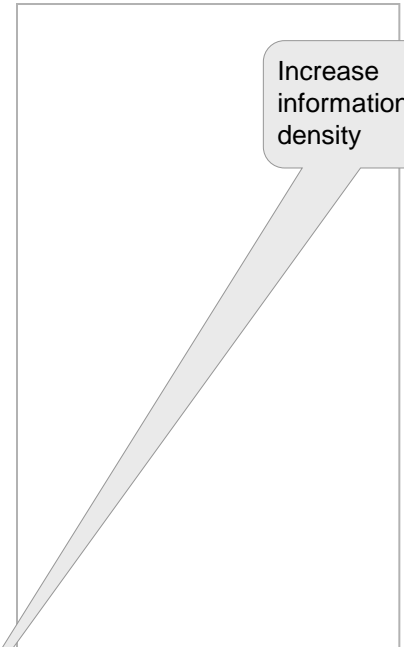
Consulting Segment



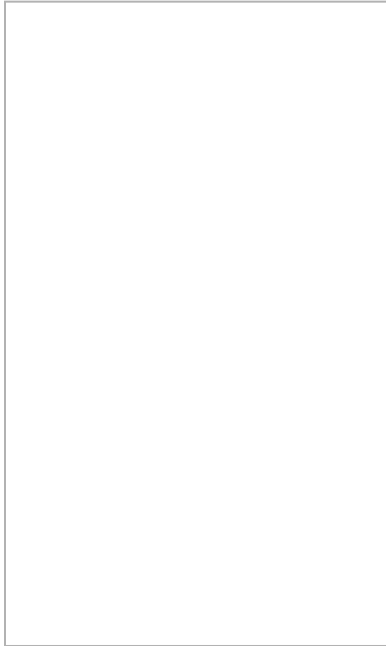
Training Segment



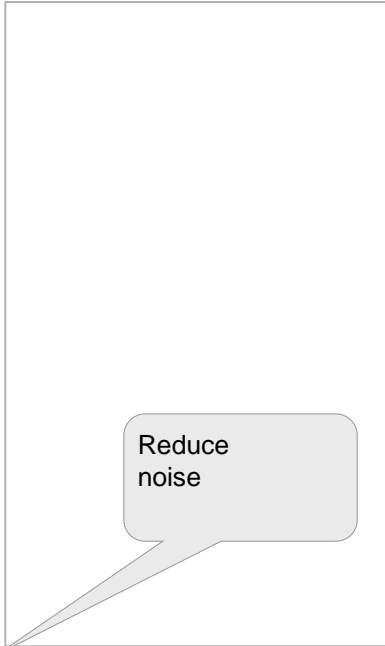
Sybase Segment



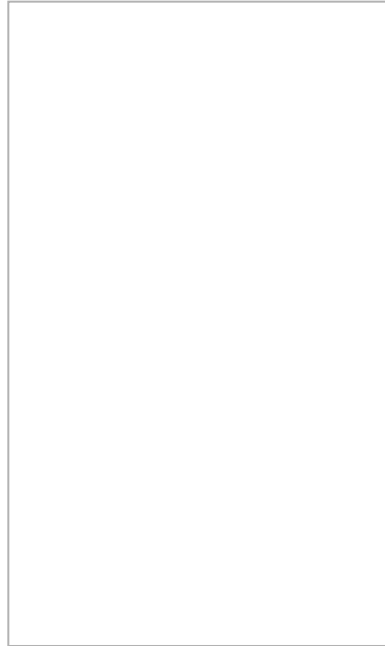
Product Segment



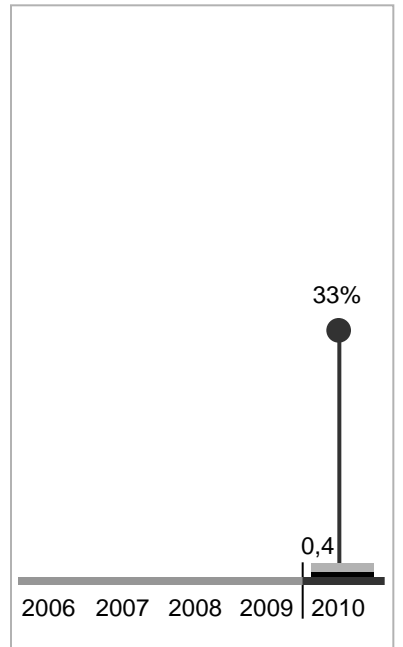
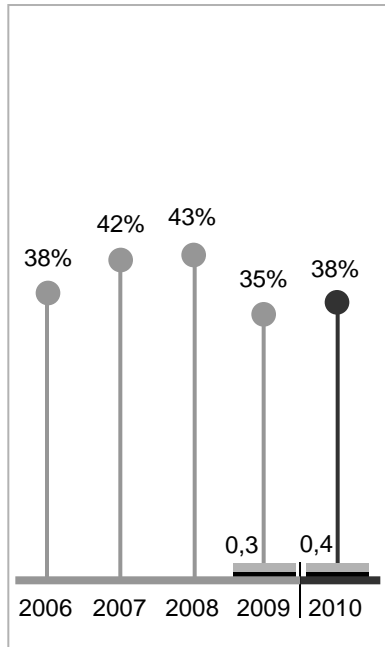
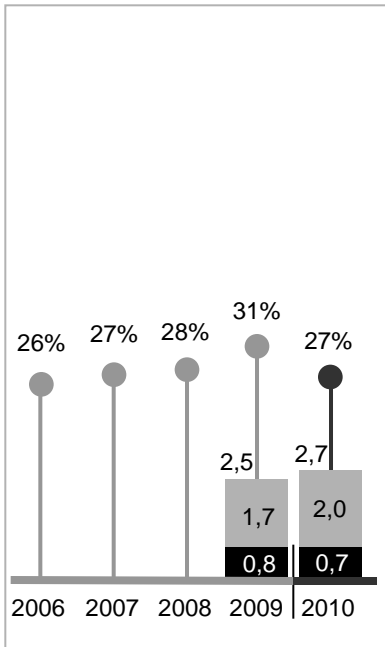
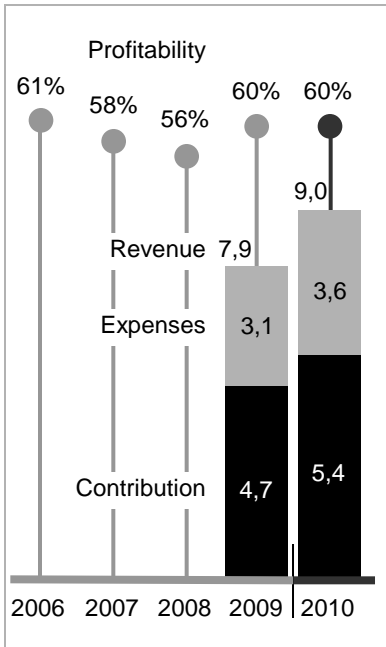
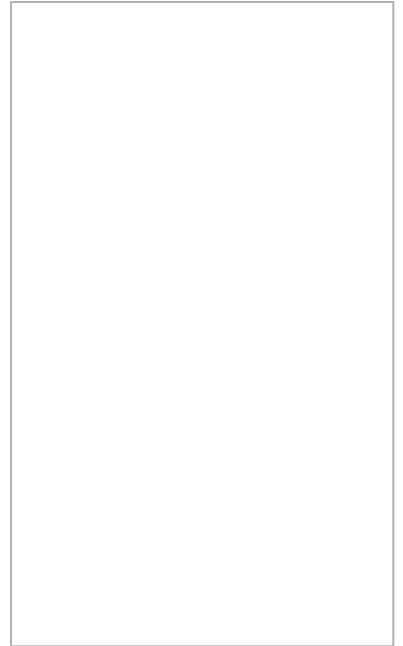
Consulting Segment



Training Segment



Sybase Segment



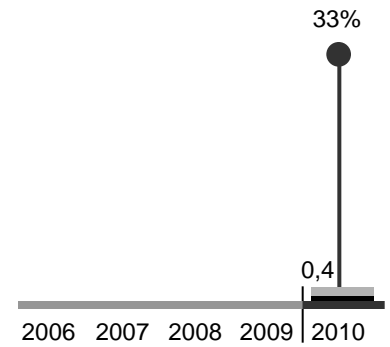
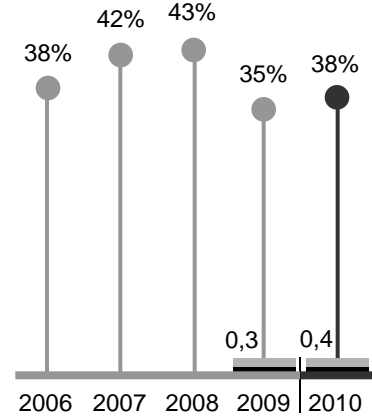
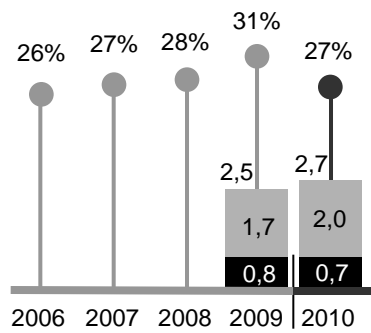
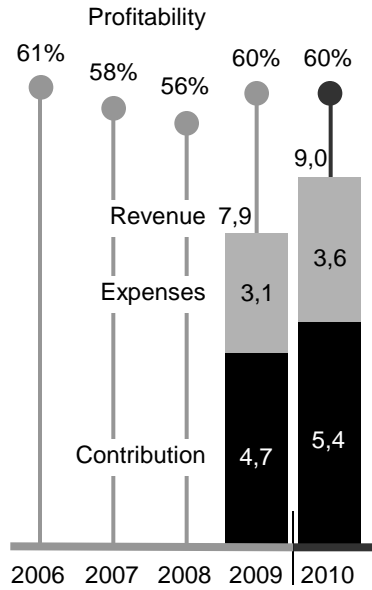
Product Segment

Consulting Segment

Training Segment

Sybase Segment

Reduce noise



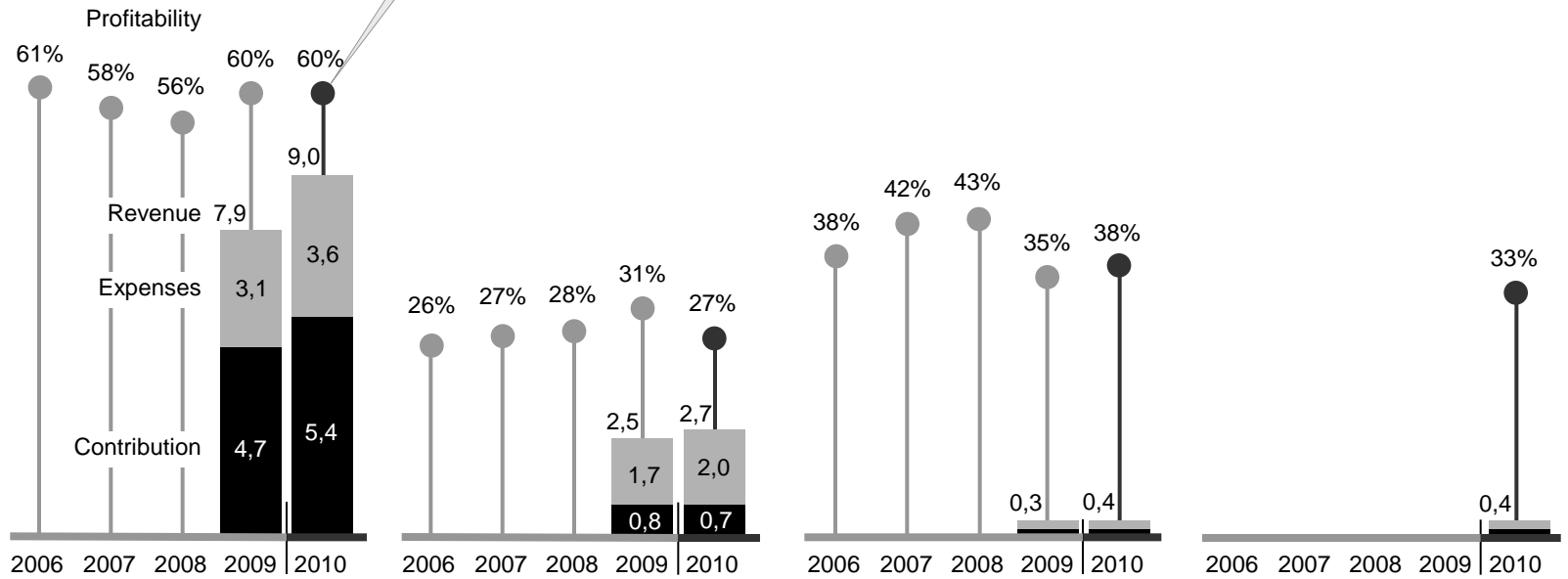
Product Segment

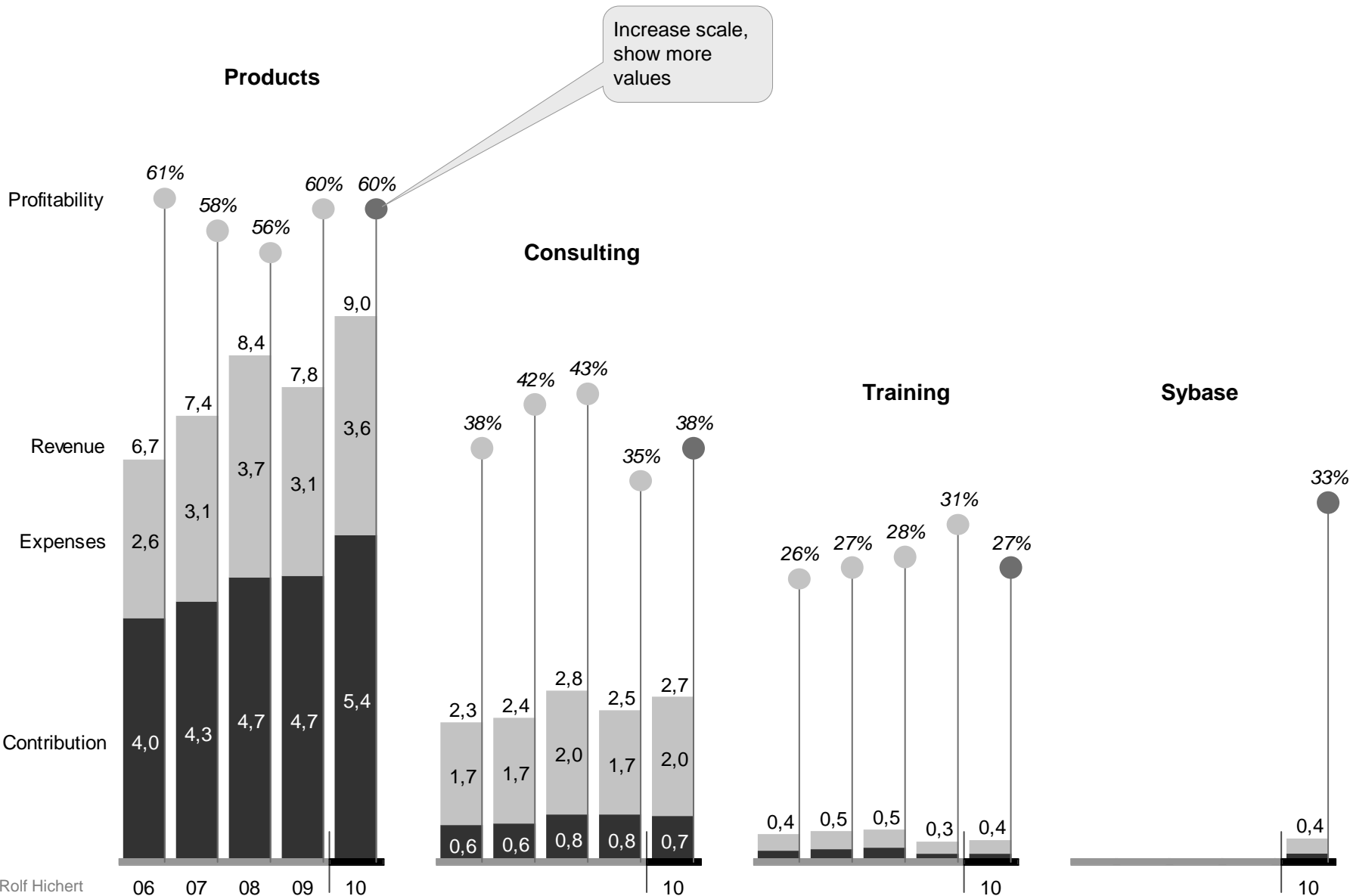
Consulting Segment

Training Segment

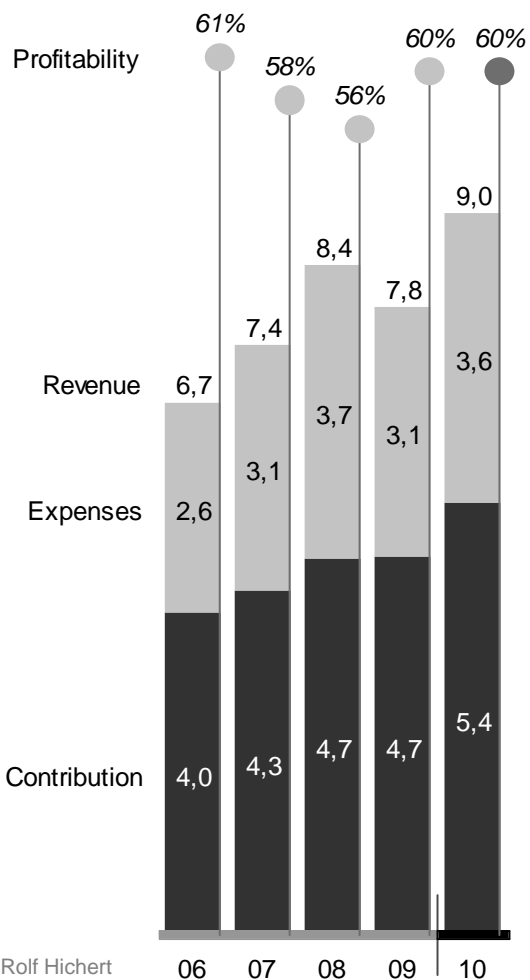
Sybase Segment

Increase scale,
show more
values



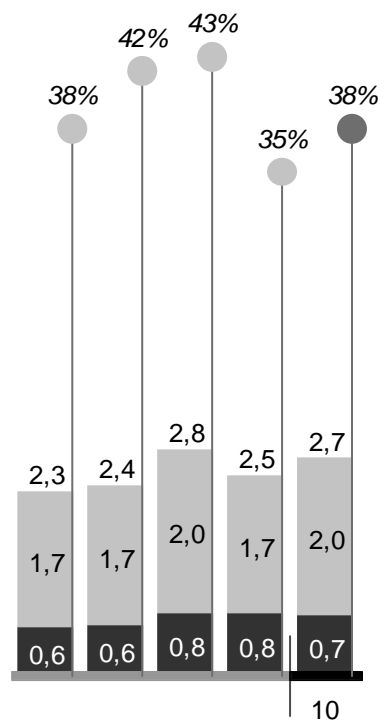


Products

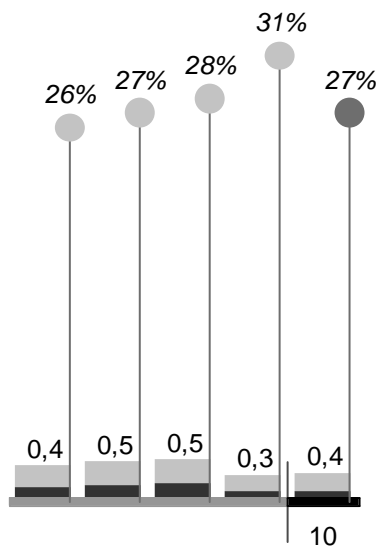


Add title with all dimensions

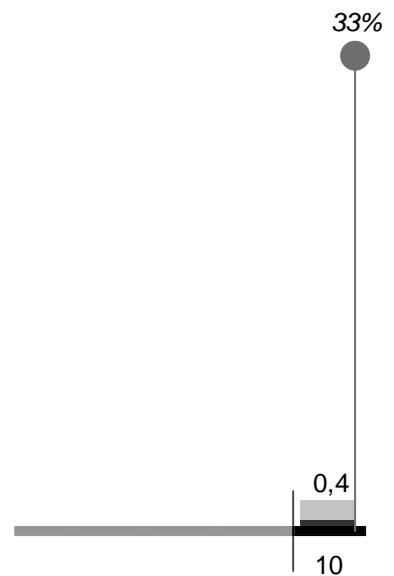
Consulting



Training

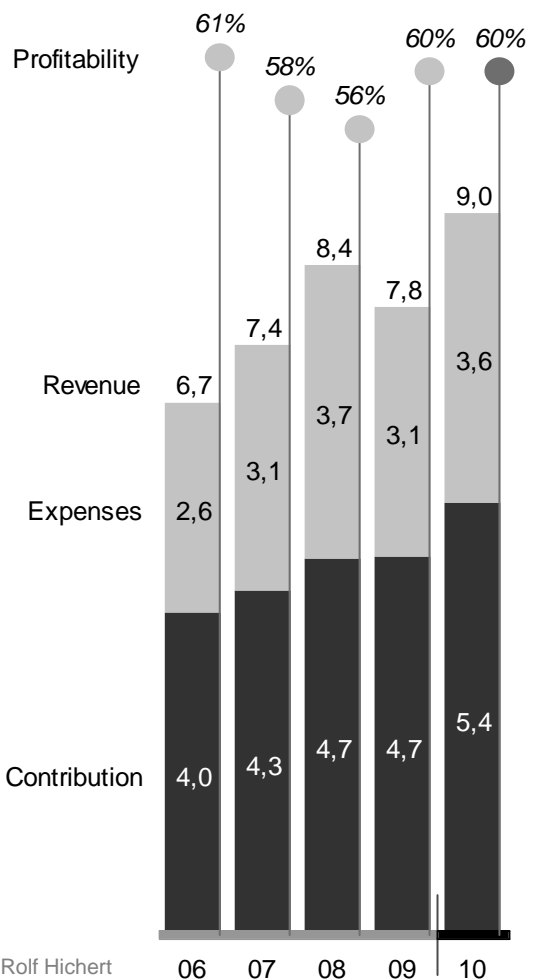


Sybase

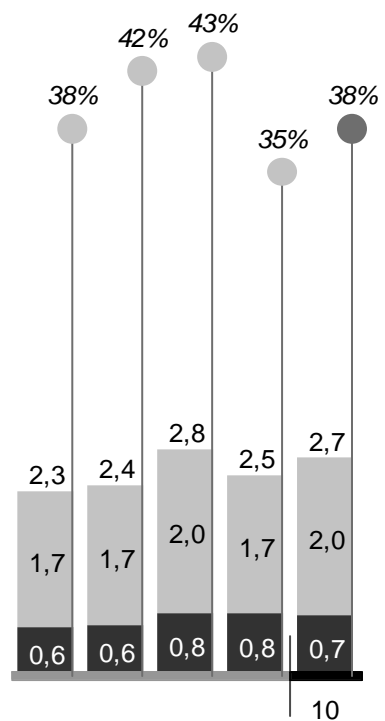


Add title with all dimensions

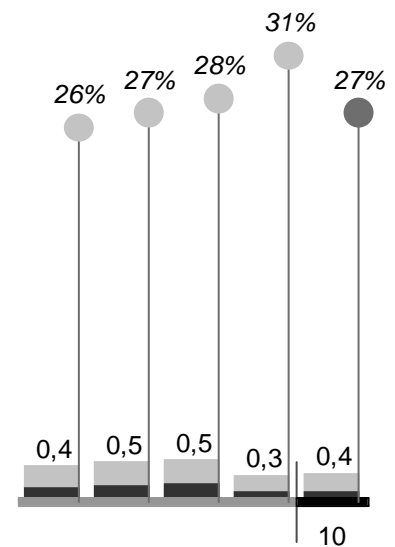
Products



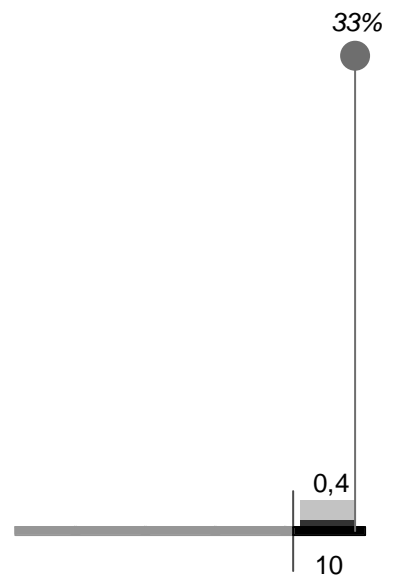
Consulting



Training



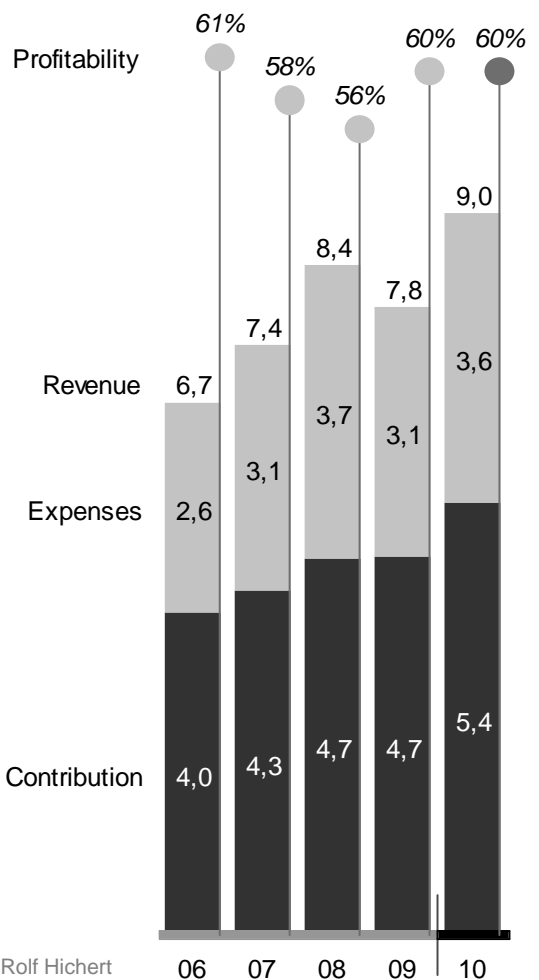
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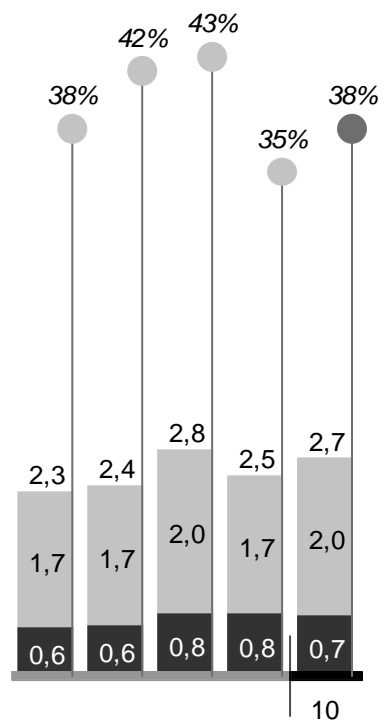
Add message

Add title with all dimensions

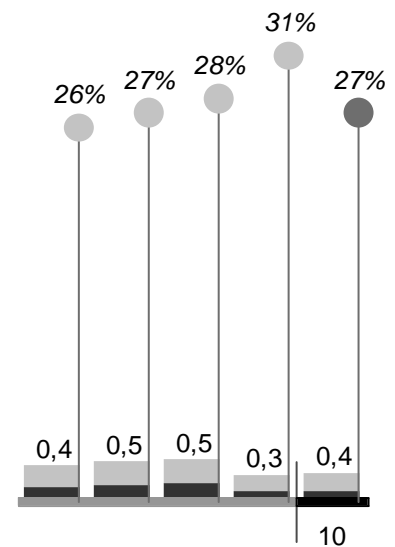
Products



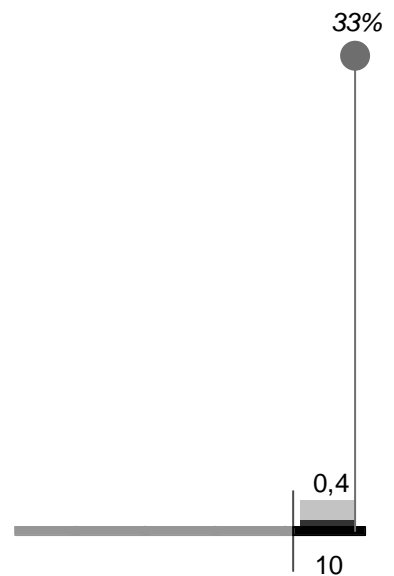
Consulting



Training



Sybase



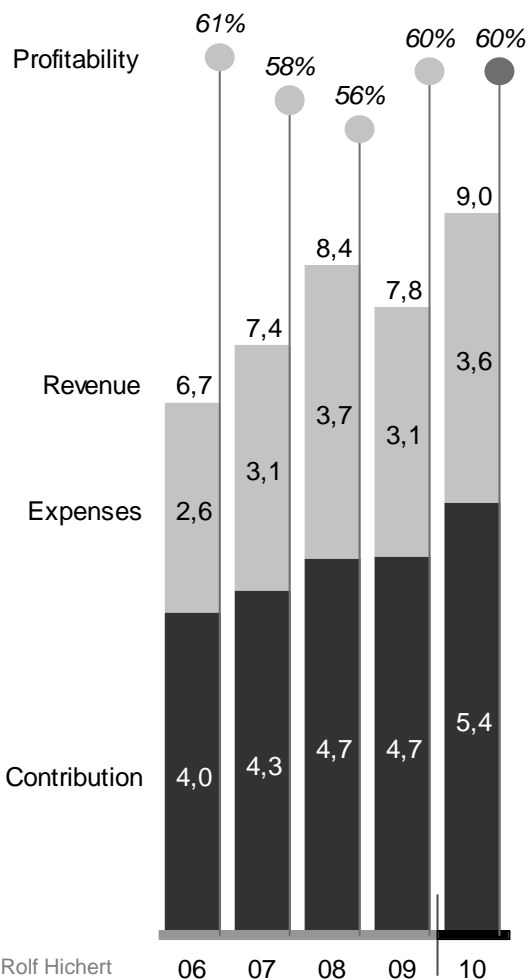
The contribution of the segment *products* (5,4 bn EUR)...

SAP Group
Segment Profitability in %
 Revenue, Expenses and Contribution in bn EUR
 2006..2010

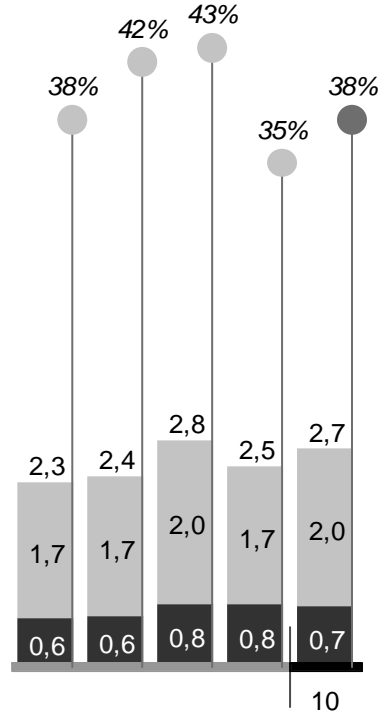
Add message

Add title with all dimensions

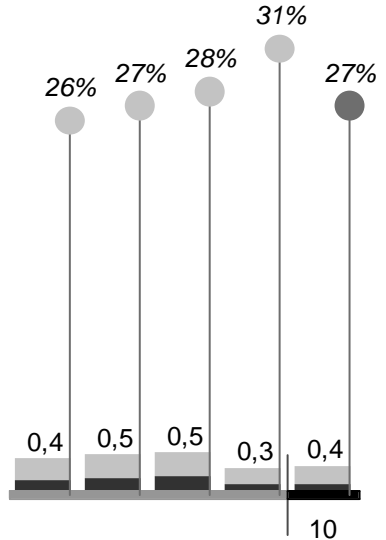
Products



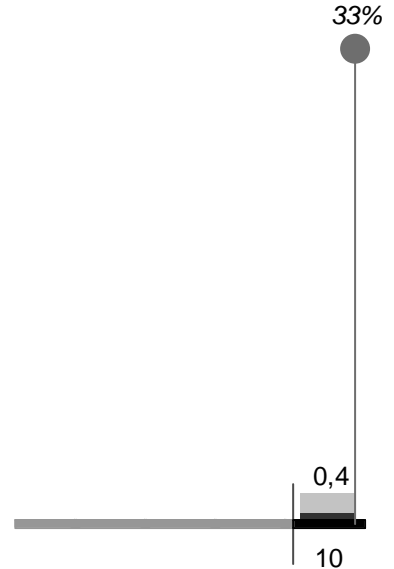
Consulting



Training



Sybase



The contribution of the segment *products* (5,4 bn EUR)...

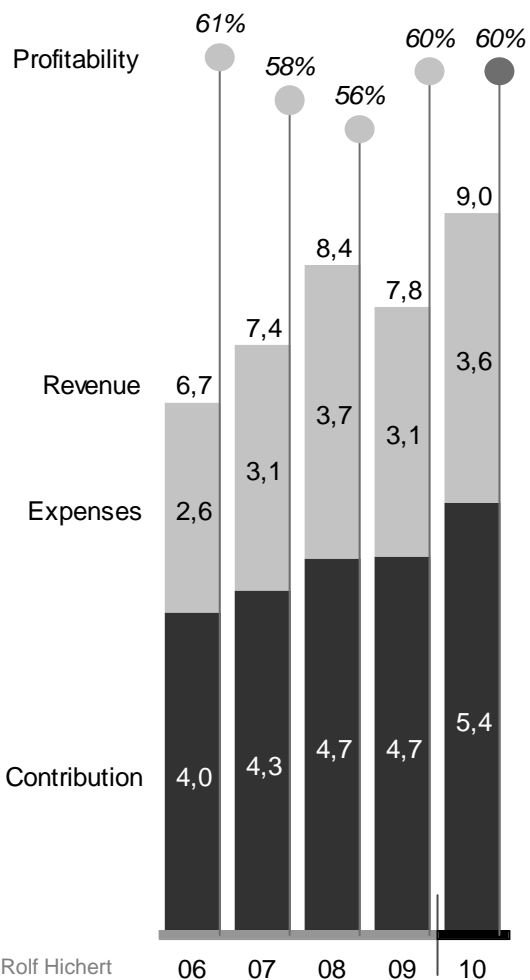
SAP Group
Segment Profitability in %
 Revenue, Expenses and Contribution in bn EUR
 2006..2010

Add message

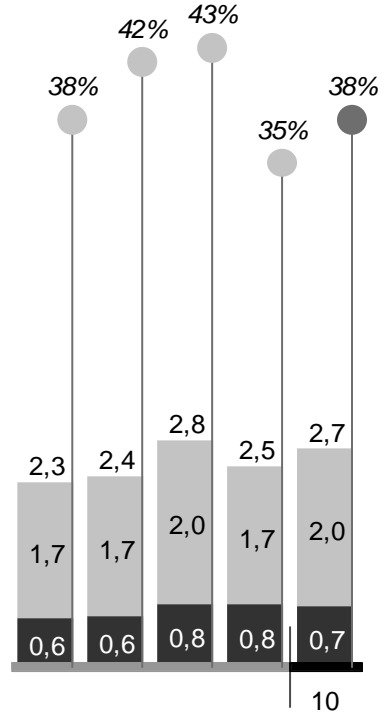
Add title with all dimensions

Highlight the message

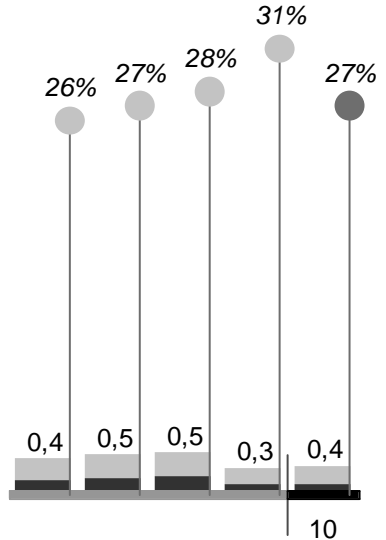
Products



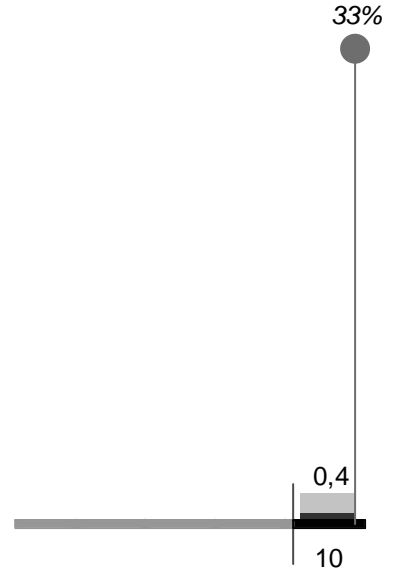
Consulting



Training

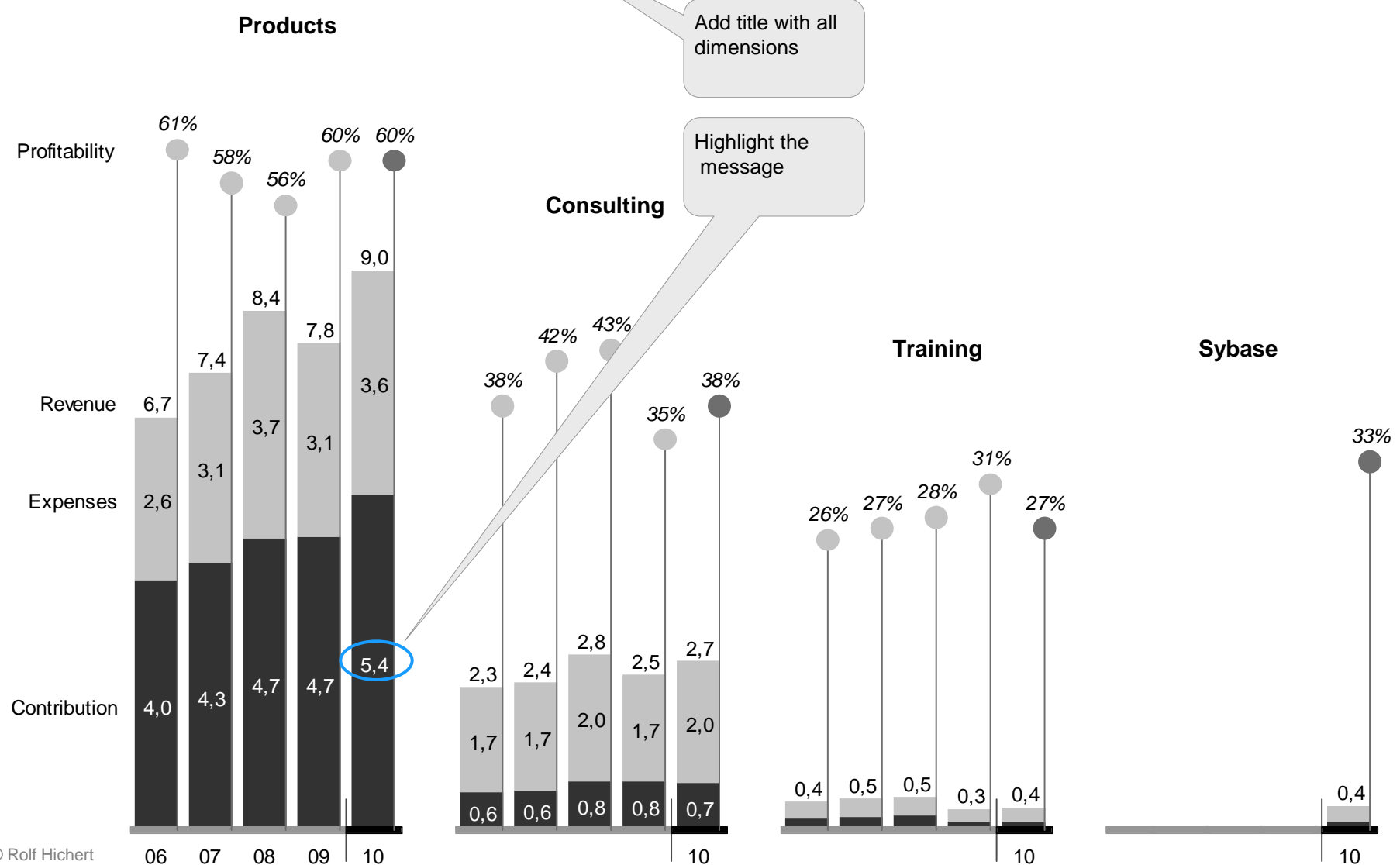


Sybase



The contribution of the segment *products* (5,4 bn EUR)...

SAP Group
Segment Profitability in %
 Revenue, Expenses and Contribution in bn EUR
 2006..2010



Add message

Add title with all dimensions

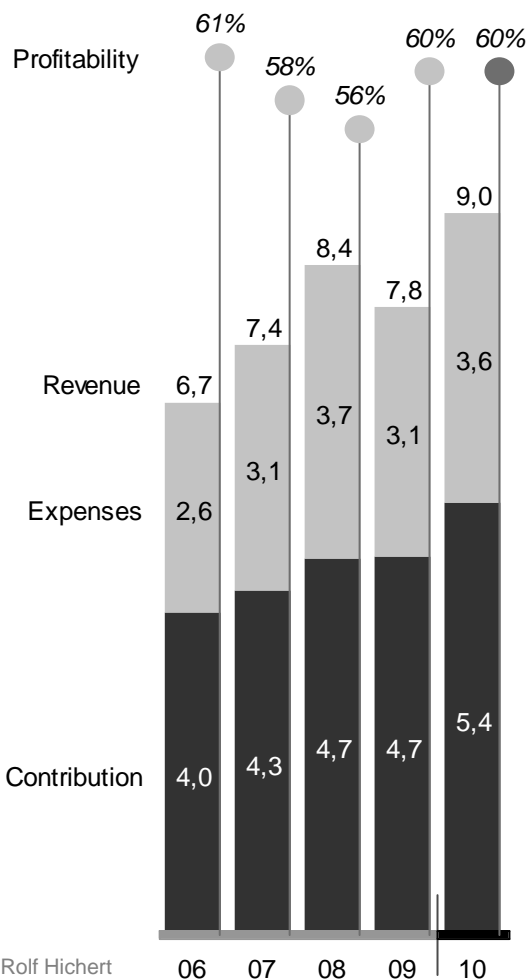
Highlight the message

The contribution of the segment *products* (5,4 bn EUR)...

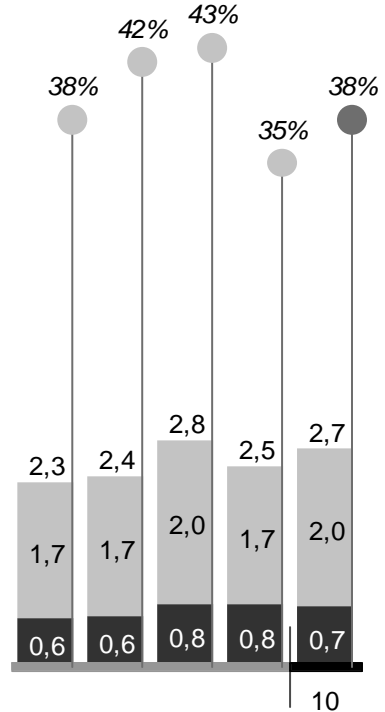
SAP Group
Segment Profitability in %
 Revenue, Expenses and Contribution in bn EUR
 2006..2010

Continue with the message

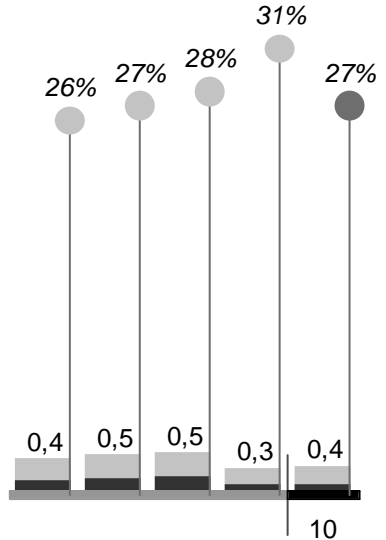
Products



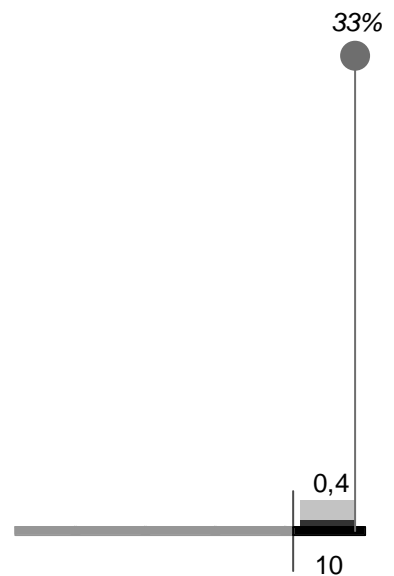
Consulting



Training



Sybase

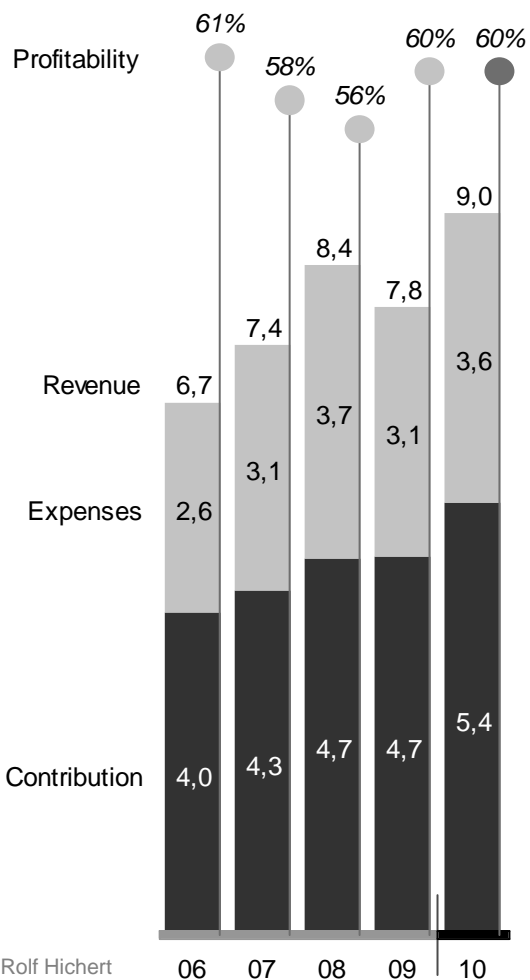


The contribution of the segment *products* (5,4 bn EUR) amounts to 84% of the total contribution (6,4 bn EUR)

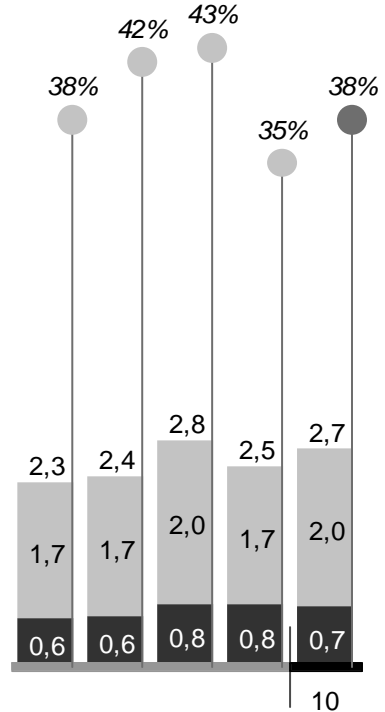
SAP Group
Segment Profitability in %
 Revenue, Expenses and Contribution in bn EUR
 2006..2010

Continue with the message

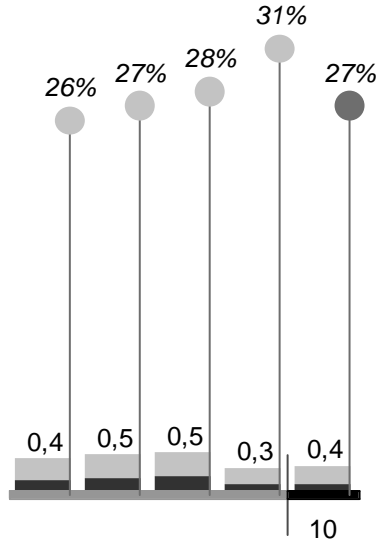
Products



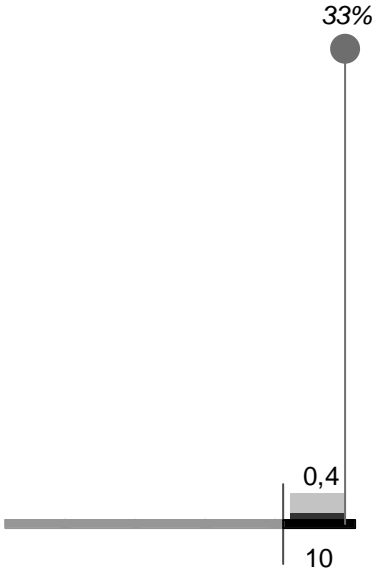
Consulting



Training



Sybase

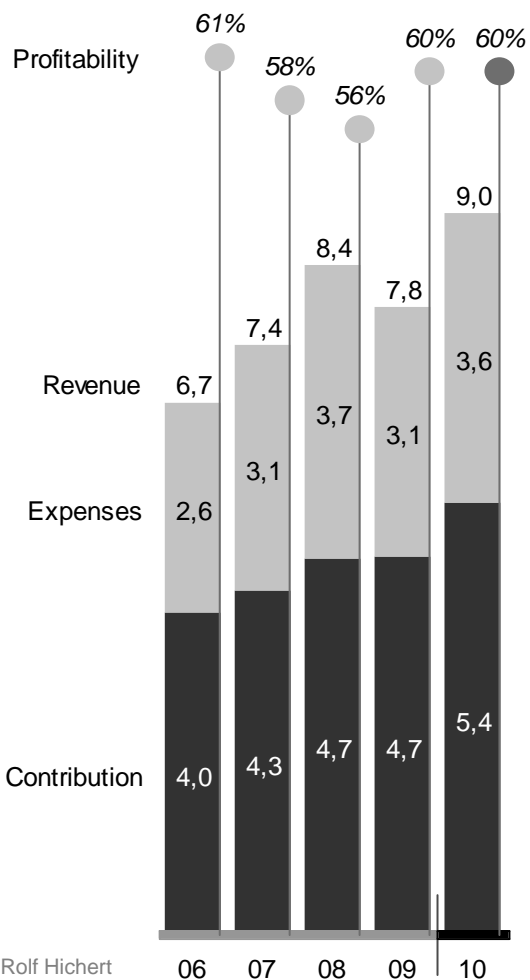


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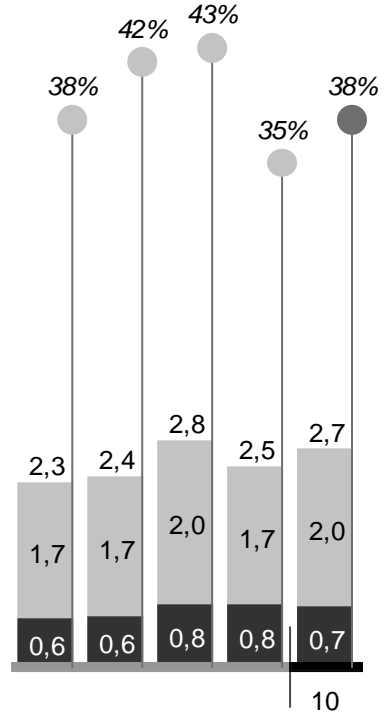
SAP Group
Segment Profitability in %
 Revenue, Expenses and Contribution in bn EUR
 2006..2010

Highlight the message

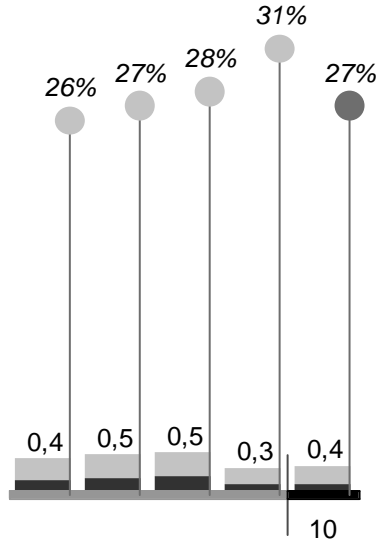
Products



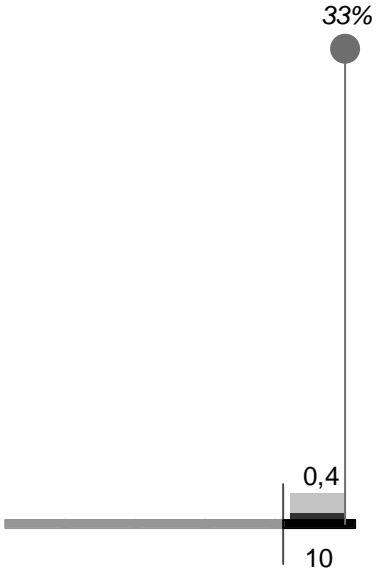
Consulting



Training

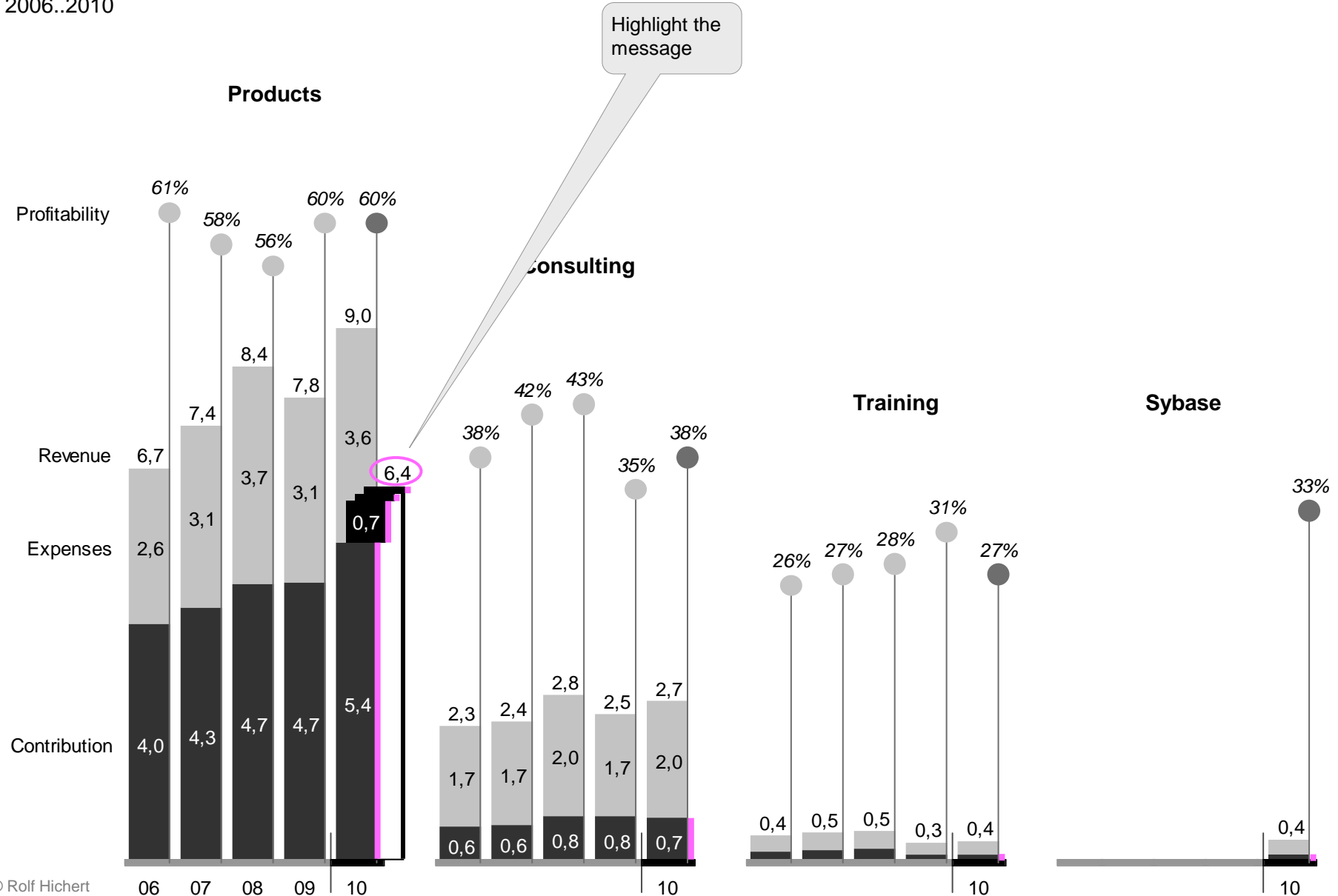


Sybase



The contribution of the segment *products* (5,4 bn EUR) amounts to 84% of the total contribution (6,4 bn EUR)

SAP Group
Segment Profitability in %
 Revenue, Expenses and Contribution in bn EUR
 2006..2010

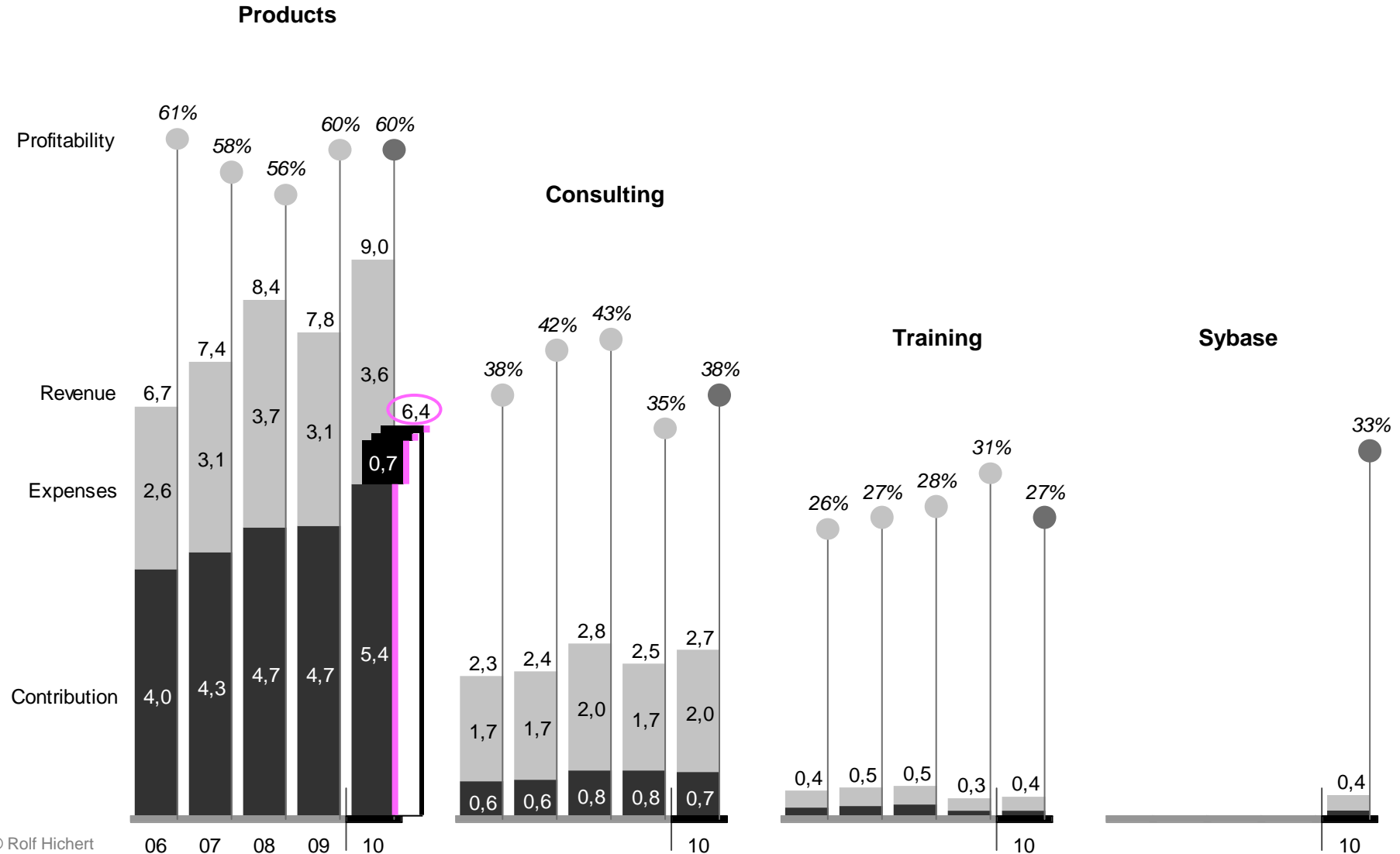


Highlight the message

The contribution of the segment *products* (5,4 bn EUR) amounts to 84% of the total contribution (6,4 bn EUR)

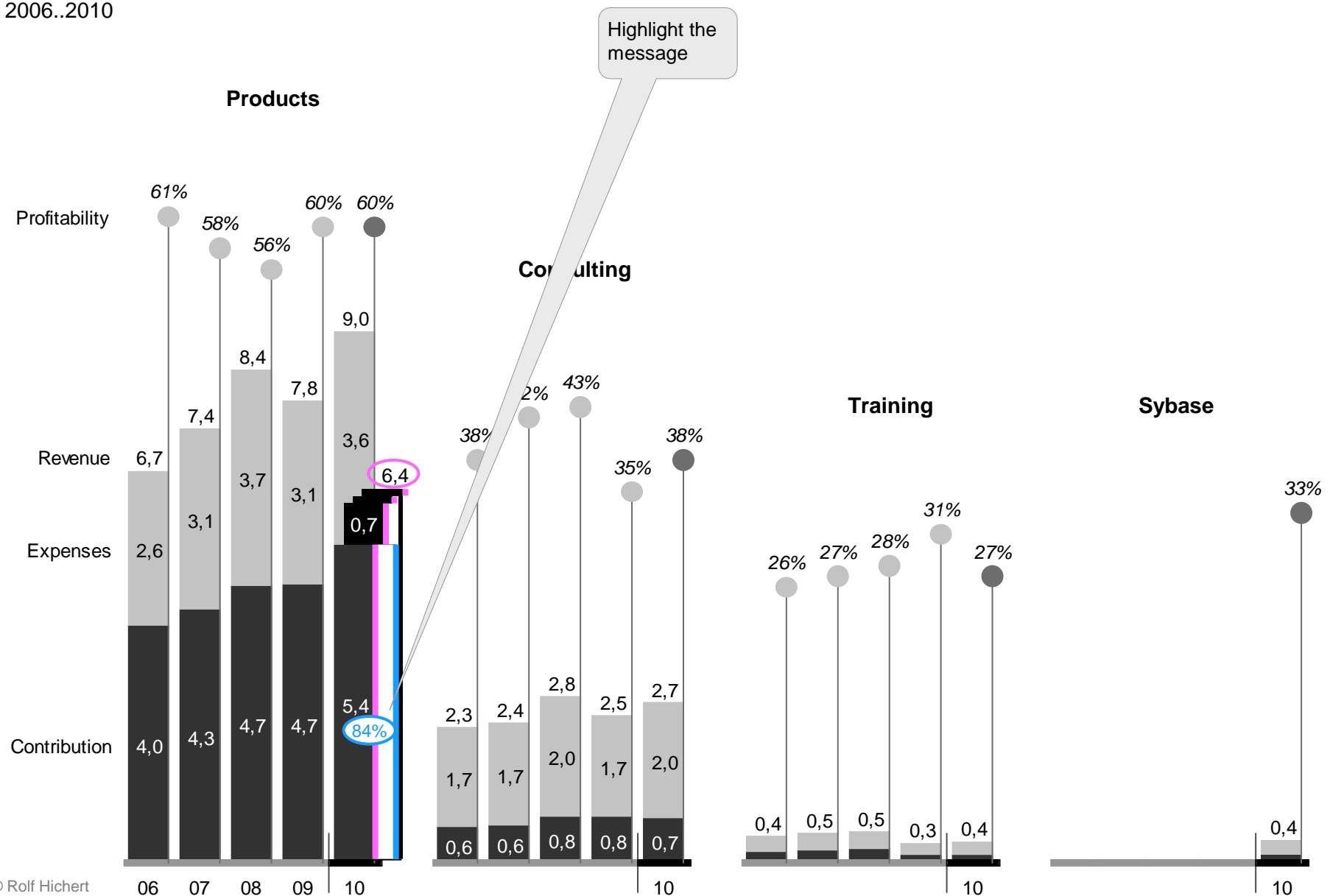
SAP Group
Segment Profitability in %
 Revenue, Expenses and Contribution in bn EUR
 2006..2010

Highlight the message



The contribution of the segment *products* (5,4 bn EUR) amounts to 84% of the total contribution (6,4 bn EUR)

SAP Group
Segment Profitability in %
 Revenue, Expenses and Contribution in bn EUR
 2006..2010



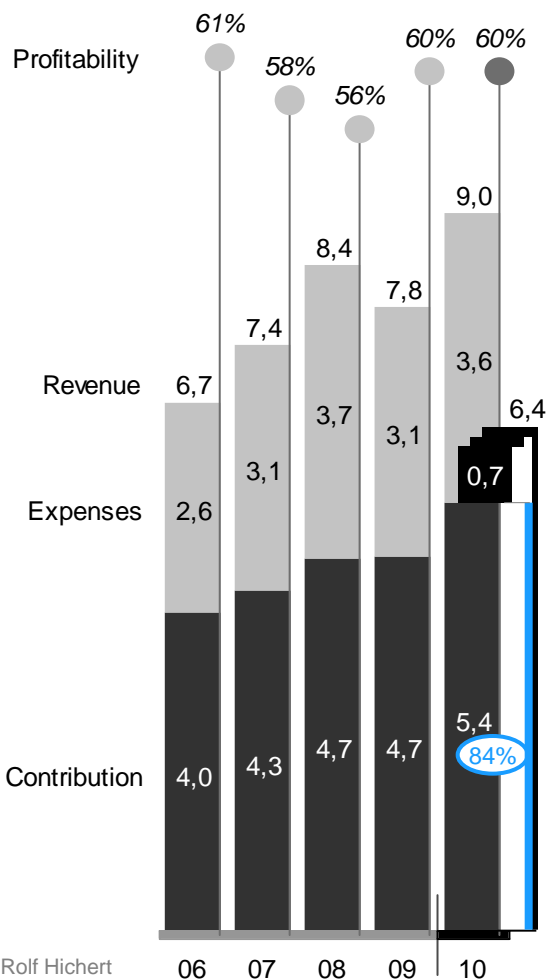
Highlight the message

The contribution of the segment *products* (5,4 bn EUR) amounts to 84% of the total contribution (6,4 bn EUR)

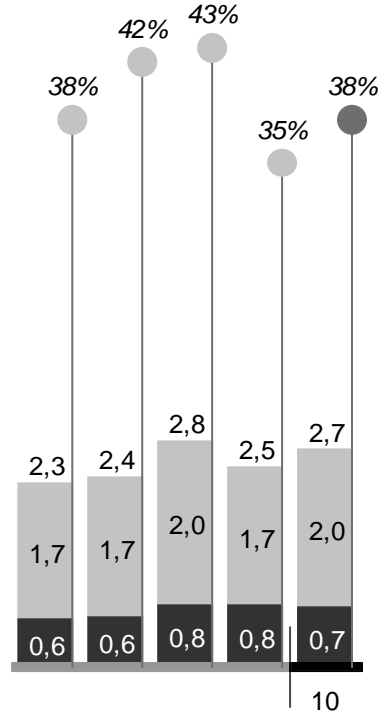
SAP Group
Segment Profitability in %
 Revenue, Expenses and Contribution in bn EUR
 2006..2010



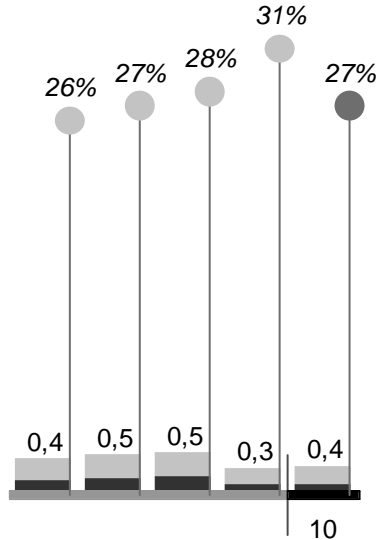
Products



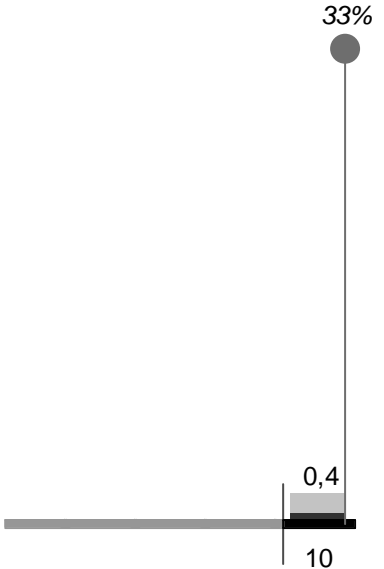
Consulting



Training



Sybase



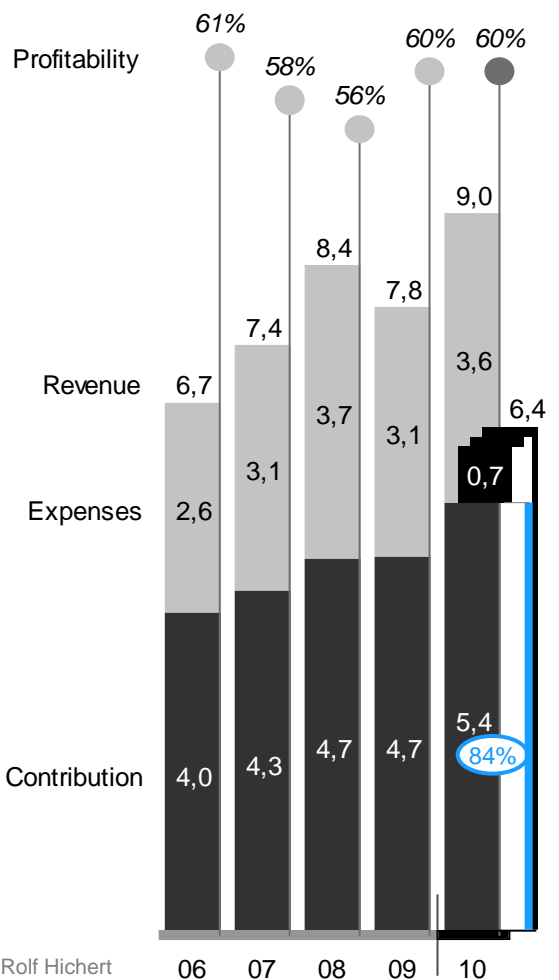
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Compare with the original pages

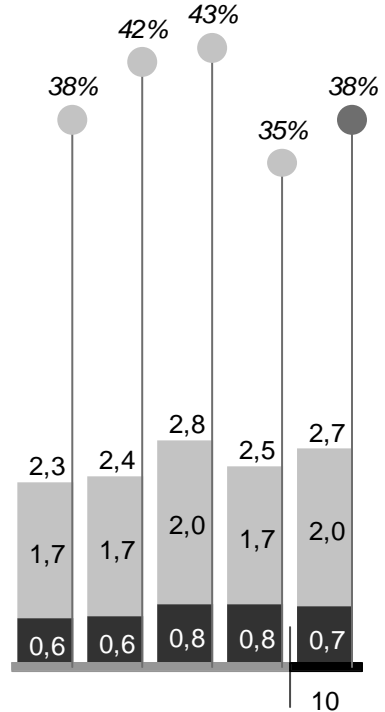


SAP Group
Segment Profitability in %
 Revenue, Expenses and Contribution in bn EUR
 2006..2010

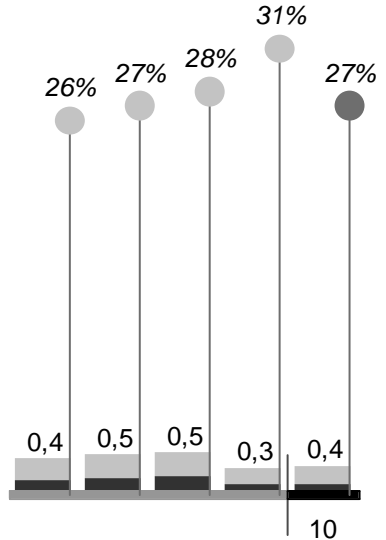
Products



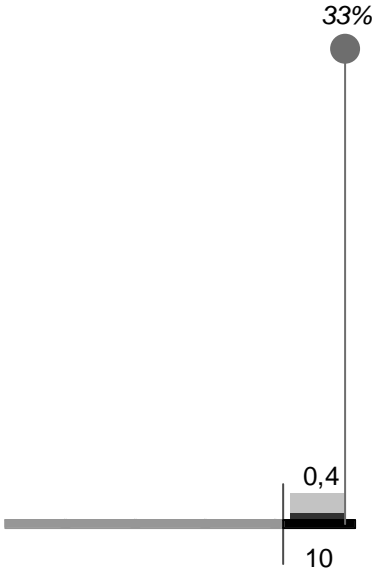
Consulting



Training



Sybase



increased 16 % from €3,115 million in 2009 to €3,615 million in 2010. Expenses from the sales line increased by 54 % of the entire Product line. Expenses from the marketing line of 17 % and expenses from the services account for roughly 29 % of the total expenses. The increase in Product line expenses accelerated business activities and contributed to the recovery in 2010.

Product segment profit increased 14 % from €4,731 million in 2009 to €5,395 million in 2010. Product segment profitability was 38 % in 2010 compared to 35 % in 2009.

Product segment is primarily engaged in the implementation of SAP solutions.

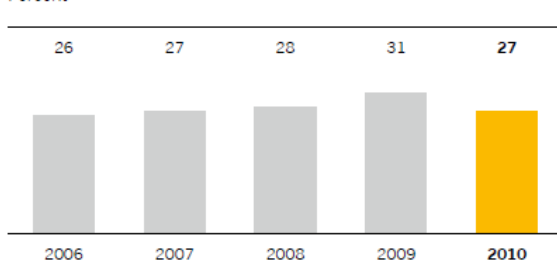
Product segment revenue increased 9 % from €2,498 million in 2009 to €2,705 million in 2010. This growth reflects a 2 % increase in volumes and prices and a 6 % increase in the number of licenses. Geographically all regions continue to show revenue increase, predominantly in the Americas region.

Product segment expenses increased 15 % from €1,717 million in 2009 to €1,985 million in 2010. This expense growth was primarily due to investments to prepare for the increased demand for SAP solutions in 2009.

Product segment profit decreased 5 % from €781 million in 2009 to €720 million in 2010. Consulting segment profitability was 31 % in 2010 compared to 27 % in 2009.

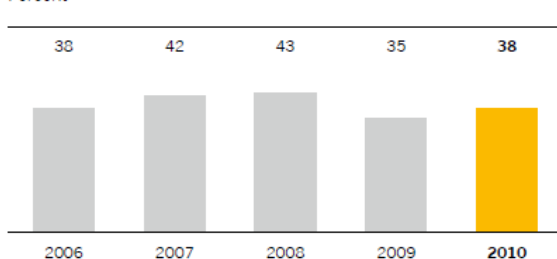
Product segment is primarily engaged in providing educational software products and related services. Training services include SAP training facilities, customer and end-user training, as well as

Consulting Segment Profitability



Training segment revenue was €362 million in 2010, which represents an increase of 9 % from €332 million in 2009. This growth reflects a 2 % increase from changes in volumes and prices and a 7 % increase from currency effects. The Americas and APJ regions were the primary contributors to our 2010 Training segment revenue increase. In 2010, our Training segment revenue growth was especially high in North America, with a 29 % increase, whereas Training segment revenue decreased 3 % in the EMEA region.

Training Segment Profitability



Our Training segment expenses increased 4 % from €217 million in 2009 to €226 million in 2010. Costs increased to support the growing business activities in 2010 after the downturn in 2009.

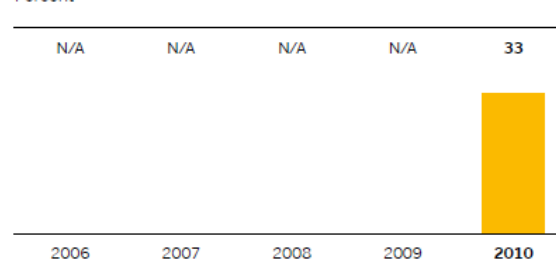
The Training segment contribution increased 18 % from €115 million in 2009 to €136 million in 2010. Training segment profitability was 38 % in 2010 compared to 35 % in 2009.

Sybase Segment

The Sybase segment is primarily engaged in enabling the unwired enterprise for customers and partners by delivering enterprise and mobile software solutions for information management, development, and integration.

The measurement of the result for the Sybase segment differs from the measurements for the other segments, as the Sybase segment result includes development, administration, and other corporate expenses while these expenses are excluded from the measurement of the results of the other segments.

Sybase Segment Profitability



Sybase segment revenue was €387 million, mainly driven by sales of databases, mobility solutions, and messaging services. Sybase segment expenses were €260 million in 2010.

The Sybase segment contribution was €127 million in 2010, resulting in a Sybase segment profitability of 33 %.

Finance Income, Net
Finance income, net, improved to –€117 million in 2010 (2009: €37 million) and our finance costs were €117 million in 2010 (2009: €117 million).

Finance income mainly consists of interest income and receivables (e.g. cash, cash equivalents, and investments; €34 million in 2010 compared to €37 million in 2009). The decrease was mainly due to currency fluctuations which were partly offset by an increase in interest income in 2010 compared to 2009.

Finance cost mainly consists of interest expenses and liabilities (€77 million in 2010 compared to €60 million in 2009). The increase compared to 2009 was primarily due to the financial debt incurred in connection with the acquisition. We used bank loans, bonds, and other instruments to finance this acquisition. For more information on these financing instruments, see the *Financial Statements* section, Note 1 (Financial Instruments), pending TomorrowNow litigation causing an expense of €12 million in 2010 (2009: €0 million).

Another significant contribution to the decrease in finance income in 2010 came from the derivatives that were used in our financial risk management strategy. The decrease was primarily due to time value effects that were reflected in the fair value of the amount of €25 million (2009: €0 million) and the expense with an amount of of €31 million in 2010 (2009: €0 million).



increased 16 % from €3,115 million in 2009 to €3,615 million in 2010. Expenses from the sales line items account for 54 % of the entire Product segment expenses from the marketing line of items account for 17 % and expenses from the services account for roughly 29 % of the total expenses. The increase in Product segment expenses accelerated business activities in 2010.

Product segment profit increased 14 % from €4,731 million in 2009 to €5,395 million in 2010. Product segment profitability was 35 % in 2010 compared to 31 % in 2009.

Product segment is primarily engaged in the implementation of SAP software products and related services. Training services include SAP training facilities, customer and end-user training, as well as

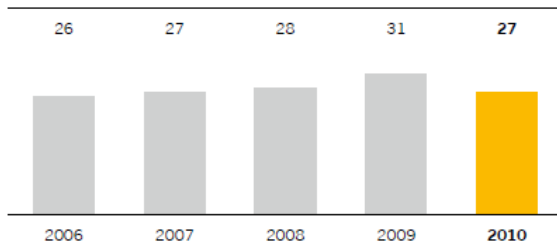
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Product segment expenses increased 15 % from €1,717 million in 2009 to €1,985 million in 2010. This expense growth was primarily due to the increased investments to prepare for the increased return in 2009.

Product segment profit decreased 5 % from €781 million in 2009 to €730 million in 2010. Consulting segment profitability was 31 % in 2009.

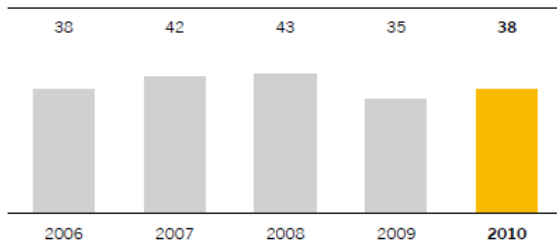
Product segment is primarily engaged in providing educational software products and related services. Training services include SAP training facilities, customer and end-user training, as well as

Consulting Segment Profitability
Percent



Training segment revenue was €362 million in 2010, which represents an increase of 9 % from €332 million in 2009. This growth reflects a 2 % increase from changes in volumes and prices and a 7 % increase from currency effects. The Americas and APJ regions were the primary contributors to our 2010 Training segment revenue increase. In 2010, our Training segment revenue growth was especially high in North America, with a 29 % increase, whereas Training segment revenue decreased 3 % in the EMEA region.

Training Segment Profitability
Percent



Our Training segment expenses increased 4 % from €217 million in 2009 to €226 million in 2010. Costs increased to support the growing business activities in 2010 after the downturn in 2009.

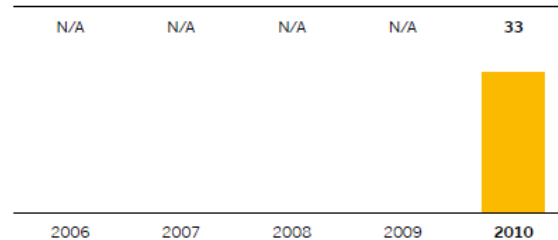
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The Sybase segment is primarily engaged in enabling the unwired enterprise for customers and partners by delivering enterprise and mobile software solutions for information management, development, and integration.

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Sybase Segment Profitability
Percent



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Finance Income, Net

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