

SAP QUARTERLY REPORT 2nd QUARTER 2001

SAP Group Consolidated Income Statements Three Months Ended June 30, Unaudited

(In € millions)

	2001	2000	Δ
Software revenue	646	554	17%
Maintenance revenue	515	396	30%
Product revenue	1,161	950	22%
Consulting revenue	529	393	35%
Training revenue	127	100	27%
Service revenue	656	493	33%
Other revenue	36	55	-35%
Total Revenue	1,853	1,498	24%
Cost of product	-189	-160	18%
Cost of service	-468	-422	11%
Research and development	-230	-231	0%
Sales and marketing	-480	-434	11%
General and administration	-96	-102	-6%
Other income/expenses, net	-17	2	-950%
Total operating expense	-1,480	-1,347	10%
Operating income	373	151	147%
Other non-operating income/expenses, net	-34	-11	209%
Financial income, net	15 ⁽¹⁾	53	-72%
Income before income taxes	354	193	83%
Income taxes	-145	-77	88%
Minority interest	-3	0	--
Net income	206	116	78%
Basic earnings per share (in €)	0.65	0.37	76 %
Weighted average shares outstanding (in thousands of shares)	314,715	314,270	

SAP Group
Consolidated Income Statements
Six Months Ended June 30,
Unaudited

(In € millions)

	2001	2000	Δ
Software revenue	1,104	923	20%
Maintenance revenue	1,000	769	30%
Product revenue	2,104	1,692	24%
Consulting revenue	987	725	36%
Training revenue	236	195	21%
Service revenue	1,223	920	33%
Other revenue	50	69	-28%
Total revenue	3,377	2,681	26%
Cost of product	-386	-313	23%
Cost of service	-924	-850	9%
Research and Development	-436	-486	-10%
Sales and marketing	-845	-770	10%
General and administration	-182	-217	-16%
Other income/expenses, net	-25	-5	400%
Total operating expense	-2,798	-2,641	6%
Operating income	579	40	1,348%
Other non-operating income/expenses, net	-29	-43	-33%
Financial income, net	-2 ⁽¹⁾	291	-101%
Income before income taxes	548	288	90%
Income taxes	-219	-115	90%
Minority interest	-6	-1	500%
Net income	323	172	88%
Basic earnings per share (in €)	1.03	0.55	87%
Weighted average shares outstanding (in thousands of shares)	314,715	314,270	

**SAP Group
Consolidated Balance Sheets
Unaudited**

(In € millions)

	06/30/2001	12/31/2000
ASSETS		
Intangible assets	519	116
Property, plant and equipment	962	871
Financial assets	406 ⁽¹⁾	604
Fixed assets	1,887	1,591
Inventories/accounts receivables	2,267	2,393
Liquid assets/marketable securities	1,145	1,182
Current assets	3,412	3,575
Deferred taxes	289	305
Prepaid expenses	244	115
TOTAL ASSETS	5,832	5,586
 SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	2,647	2,894⁽²⁾
Minority interest	63	61
Reserves and accrued liabilities	1,140	1,435
Other liabilities	1,121	831
Deferred income	861	365
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	<u>5,832</u>	<u>5,586</u>
 Days sales outstanding	 94	 93

(1) As a result of SAP's additional investment in Commerce One Inc., SAP will be required to use the equity method of accounting to record, in finance income, a portion of Commerce One's net income or loss based upon SAP's investment percentage. Under U.S. GAAP, the equity method must also be applied retroactively to allow for comparability after consummation of the acquisition. The acquisition is expected to be finalized in the third quarter of 2001. Accordingly, SAP anticipates including restated first and second quarter 2001 finance income figures in the third quarter press release. Finance income will be restated to include approximately 2.6% and 4.4% of Commerce One's first and second quarter loss, respectively.

(2) Includes temporary equity of €409.5 million.

SAP Group
Consolidated Statement of Cash Flows
Six Months Ended June 30,
Unaudited

(In € millions)

Net income before minority interest	323
Minority interest	6
Net income	<u>329</u>
Depreciation and amortization	124
In Process R&D	6
Loss/gain on disposal of property, plant & equipment and marketable equity securities, net	-8
Write-downs of financial assets	15
Unrealized gains/losses from hedging, net	16
Change in pension reserves	25
Change in deferred taxes	38
Change in accounts receivables and other assets	143
Change in other reserves and accrued liabilities, short term	-352
Change in other liabilities	-70
Change in prepaid expenses and deferred charges	-129
Change in deferred income	495
Net cash provided by operating activities	<u>632</u>
Purchase of intangible assets and property, plant and equipment	-178
Purchase of financial assets	-75
Change in the scope of consolidation	-6
Proceeds from disposal of fixed assets	25
Purchase of Top Tier, net of cash	-417
Change in liquid assets (maturities greater than 90 days) and marketable securities	11
Net cash used in investing activities	<u>- 640</u>
Other changes to additional paid-in-capital	27
Payments on settlement of put-options	-120
Purchase of Treasury stock	-94
Proceeds from issuance of convertible bonds	3
Proceeds from line of credit and long-term debt	350
Proceeds made for STAR hedge	-68
Net cash provided by/used in financing activities	<u>98</u>
Effect of foreign exchange rates on cash	-117
Net increase in cash and cash equivalents	-27
Cash and cash equivalents, beginning of period	<u>1.043</u>
Cash and cash equivalents, end of period	<u><u>1.016</u></u>

**SAP Group
Additional Information
Three Months Ended June 30,
Unaudited**

(In € millions)

	2001	2000	Δ
Operating Income	373	151	147%
Depreciation & Amortization	71	55	29%
In-Process R&D	6	0	n/a
EBITDA	450	206	118%
As a % of sales	24%	14%	
Operating income	373	151	147%
Total stock based compensation	31	95	-67%
TopTier Acquisition costs	20	0	n/a
Operating income excluding stock based compensation and TopTier acquisition costs	424	246	72%
As a % of sales	23%	16%	
Income before income taxes	354	193	83%
Income taxes	145	77	88%
Effective tax rate	41%	40%	
Earnings per share excluding TopTier acquisition cost	0.71	0.37	92%

**SAP Group
Additional Information
Six Months Ended June 30,
Unaudited**

(In € millions)

	2001	2000	Δ
Operating Income	579	40	1,348%
Depreciation & Amortization	124	104	19%
In-Process R&D	6	0	n/a
EBITDA	709	144	392%
As a % of sales	21%	5%	
Operating income	579	40	1,348%
Total stock based compensation	58	334	-83%
TopTier Acquisition costs	20	0	n/a
Operating income excluding stock based compensation and TopTier acquisition cost	657	374	76%
As a % of sales	19%	14%	
Income before income taxes	548	288	90%
Income taxes	219	115	90%
Effective tax rate	40%	40%	
Earnings per share excluding TopTier acquisition cost	1.08	0.55	96%

1. Basis of Presentation:

The consolidated financial statements of the SAP Aktiengesellschaft Systeme, Anwendungen, Produkte in der Datenverarbeitung ("SAP AG"), together with its subsidiaries (collectively, "SAP," "Group" or "Company") as provided herein, have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

For further information, refer to the Company's Annual Report on Form 20-F for 2000 filed with the SEC on March 28, 2001.

2. Management Discussion and Analysis:

In the second quarter of 2001, revenues rose 24% over the same period last year to €1.85 billion (2000: €1.5 billion). Second quarter 2001 operating income, before charges for stock-based compensation programs (STAR and LTI) and TopTier acquisition related costs, rose 72% to €424 million (2000: €246 million). Operating margin, excluding stock based compensation and TopTier acquisition related changes, improved to 23% (2000: 16%). Earnings before interest, taxes, depreciation and amortization ("EBITDA") improved by 118% to €450 million (2000: €206 million). Net income for the second quarter 2001 grew 78% to €206 million (2000: €116 million) and earnings per share for the quarter was €0.65 (2000: €0.37). Earnings per share excluding charges related to the acquisition of TopTier were up 92% to €0.71 (2000: €0.37).

In the quarter, revenues in Europe, the Middle East and Africa (EMEA) region increased 36% to €962 million (2000: €708 million) and in the Asia-Pacific region (APA) revenues were up 15% to €220 million (2000: €192 million). Revenues in the Americas region rose 12% to €671 million (2000: €598 million); however, at constant currency rates, revenues in the Americas would have risen 6%.

REVENUE BY REGION (IN € MILLIONS)

	Revenue 2Q 2001	Revenue 2Q 2000	Change	% Change
Total	1,853	1,498	355	24
- at constant currency rates				22
EMEA	962	708	254	36
- at constant currency rates				36
Asia/Pacific	220	192	28	15
- at constant currency rates				20
Americas	671	598	73	12
- at constant currency rates				6

Product revenues were strong in the second quarter rising 22% to €1.16 billion (2000: €950 million). License revenues were up 17% to €646 million (2000: €554 million). Consulting and training revenues were strong during the second quarter, rising 35% to €529 million (2000: €393 million) and 27% to €127 million (2000: €100 million), respectively.

For the second consecutive quarter, the company is providing additional information on revenues from certain specific software solutions. In the second quarter of 2001, software revenues related

to mySAP CRM (Customer Relationship Management) reached roughly €104 million up 55% from the first quarter (€67 million). mySAP SCM (Supply Chain Management) related revenues totaled around €150 million, up 46% from the first quarter of 2001 (€103 million). In the SCM solution market, SAP is now the clear market leader. These figures include revenues from designated solution contracts, as well as figures from integrated solution contracts, which are allocated based on usage surveys.

HALF YEAR RESULTS

For the first half, sales increased 26% over 2000 to €3.38 billion (2000: €2.68 billion). Operating income before charges for stock based compensation and acquisition charges related to TopTier was up 76% to €657 million (2000: €374 million). License revenues for the first half of 2001 rose 20% to €1.1 billion (2000: €923 million). Consulting revenues grew 36% to €987 million (2000: €725 million) and training revenue increased 21% to €236 million (2000: €195 million).

In the first half, sales in the APA region were up 20% to €398 million (2000: €331 million), in the EMEA region, revenues increased 34% to €1.76 billion (2000: €1.32 billion) and in the Americas, revenues rose 18% to €1.22 billion (2000: €1.03 billion).

3. OUTLOOK

SAP confirms its earlier expectations for the first nine months of 2001. SAP has also provided its extended expectations for revenue and margin performance for the full year. SAP expects revenue for the full year 2001 to grow by more than 20%. Operating margin, excluding stock based compensation and acquisition related charges, are expected to exceed the 20% achieved in 2000 by 1 to 2 percentage points.

4. Headcount

In full time equivalents	June 2001	December 2000	Absolute increase
Research & Development	6,768	6,138	630
Service & Support	12,285	11,054	1,231
Sales & Marketing	4,673	4,229	444
General & Administration	3,048	2,757	291
SAP Group	26,774	24,178	2,596
EMEA	16,851	15,305	1,546
Americas	6,778	6,121	657
Asia/Pacific	3,145	2,752	393

5. Second Quarter Highlights

Major contracts in the quarter included Acterna and Compaq from the US, Globe and Mail from Canada, and Unibanco from Brazil in the Americas; Cadbury Schweppes, Poste Italiane,

AstraZeneca, Nokia, BBC and Siemens Business Services in EMEA; Korean Broadcasting Systems, Japan Airlines and Sankyo from Japan in Asia/Pacific.

More than 18,000 delegates attended SAPPHIRE Lisbon and SAPPHIRE Orlando, SAP's International e-business conferences. At the conferences, SAP outlined its open integration strategy based on component integration within the mySAP.com e-business platform, collaborative process integration provided by public and private exchanges from SAPMarkets, and user level integration through Portals provided by the SAP Portals subsidiary. SAP also announced plans for SAP R/3 Enterprise, the evolution of SAP R/3. SAP R/3 Enterprise preserves customers' investments in existing information technology and enables a more seamless evolution to mySAP.com Solutions. In addition, SAP announced an expansion of the long-standing global strategic alliance with IBM to cover the entire mySAP.com e-business platform.

SAP and Commerce One Inc, announced an expansion of their alliance in which SAP has agreed to make a substantial additional investment in Commerce One of up to \$225 million. Including prior investments and considering Commerce One's recent issuance of new shares, SAP will own approximately 20 percent of Commerce One outstanding common stock.

SAP annual general meeting approved the merger of its two classes. The single class of ordinary shares began trading on June 18. This move to a one-share, one-vote standard puts SAP more closely in line with international corporate governance practice and capital market expectations.

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 "believe," "estimate," "intend," "may," "will," "expect," and "project" and similar expressions as they relate to the Company are intended to identify such forward-looking statements. The Company 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 the Company's future financial results are discussed more fully in the Company's filings with the U.S. Securities and Exchange Commission (the "SEC"), including the Company's Annual Report on Form 20-F for 2000 filed with the SEC on March 28, 2001. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates.

SAP AG ordinary shares are listed on the Frankfurt Stock Exchange as well as a number of other exchanges. In the US, SAP's American Depositary Receipts (ADRs), each worth one-fourth of a ordinary share, trade on the New York Stock Exchange under the symbol `SAP'. SAP is a component of the DAX, the index of 30 German blue chip companies.

Information on the SAP common shares is available on Bloomberg under the symbol SAP GR, on Reuters under SAPG.F and on Quotron under SAGR.EU. Additional information is available on SAP AG's home page: <http://www.sap.com>.