

SAP QUARTERLY REPORT
1st QUARTER 2002

SAP GROUP
Consolidated Income Statements
Three Months Ended March 31,
Unaudited

(In € millions)

	<u>2002</u>	<u>2001</u>	<u>Δ</u>
Software revenue	402	458	-12%
Maintenance revenue	597	485	23%
Product revenue	999	943	6%
Consulting revenue	539	458	18%
Training revenue	110	109	1%
Service revenue	649	567	14%
Other revenue	10	14	-29%
Total revenue	1,658	1,524	9%
Cost of product	-221	-197	12%
Cost of service	-510	-456	12%
Research and development	-222	-206	8%
Sales and marketing	-402	-365	10%
General and administration	-115	-86	34%
Other income/expenses, net	-2	-8	-75%
Total operating expense	-1,472	-1,318	12%
Operating income	186	206	-10%
Other non-operating income/ expenses, net	0	5	-100%
Financial income, net	-59	-25	136%
Income before income taxes	127	186	-32%
Income taxes	-60	-74	-19%
Minority interest	-2	-3	-33%
Net income	65	109	-40%
Basic earnings per share (in €)	0.21	0.35	-40%
Weighted average shares outstanding (in thousands of shares)	314,329	314,498	

SAP GROUP
Consolidated Balance Sheets
Unaudited

(In € millions)

ASSETS

	<u>03/31/2002</u>	<u>12/31/2001</u>
Intangible assets	497	500
Property, plant and equipment	1,013	997
Financial assets	672	707
FIXED ASSETS	2,182	2,204
Inventories/Accounts receivables	2,420	2,394
Liquid assets/Marketable securities	1,118	964
CURRENT ASSETS	3,538	3,358
DEFERRED TAXES	449	480
PREPAID EXPENSES	188	154
TOTAL ASSETS	6,357	6,196

SHAREHOLDERS' EQUITY AND LIABILITIES

	<u>03/31/2002</u>	<u>12/31/2001</u>
SHAREHOLDERS' EQUITY	3,240	3,110
MINORITY INTEREST	66	63
RESERVES AND ACCRUED LIABILITIES	1,057	1,428
OTHER LIABILITIES	790	1,218
DEFERRED INCOME	1,204	377
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	6,357	6,196
Days Sales Outstanding	94	94

As a result of surpassing the 20 % ownership threshold in Commerce One Inc., SAP is 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. In addition, SAP allocated the purchase price based on the ownership percentage of the Commerce One's recorded net equity. Any excess purchase price resulted in capitalization of additional assets including, in-process research and development ("in-process R&D"), software or other intangibles. Amounts pertaining to in-process R&D were written off immediately. Other intangibles identified are amortized over their estimated useful lives. Remaining amounts were considered goodwill, which is not amortized but rather will be subjected to annual impairment testing.

Amounts capitalized are recorded in financial assets and related expenses are reflected in finance income.

Under U.S. GAAP, the equity method must also be applied retroactively for investments previously held in Commerce One Inc., to improve comparability. Accordingly, financial result, financial assets and stockholders' equity amounts included since the second quarter of 2000 have been restated to reflect this retroactive change in accounting. This is purely an accounting measure that neither effects SAP's cash position, nor its operating results.

SAP GROUP
Consolidated Statements of Cash Flows
Three Months Ended March 31,
Unaudited

(In € millions)

	<u>2002</u>	<u>2001</u>
Net income before minority interest	65	109
Minority interest	<u>2</u>	<u>3</u>
Net income	67	112
Depreciation and amortization	54	53
Gains/Losses on disposal of property, plant and equipment and marketable equity securities, net	-1	-7
Losses from equity investments, net	55	11
Write-downs of financial assets, net	12	5
Impacts of hedging	-3	43
Change in accounts receivable and other assets	-24	68
Change in deferred stock compensation	40	5
Change in reserves and liabilities	-455	-543
Change in deferred taxes	8	45
Change in other current assets	-33	-17
Change in deferred income	<u>826</u>	<u>742</u>
Net cash provided by operating activities	<u>546</u>	<u>517</u>
Purchase of intangible assets and property, plant and equipment	-58	-77
Purchase of financial assets	-21	-16
Change in the scope of consolidation	1	-1
Proceeds from disposal of fixed assets	3	11
Change in liquid assets (maturities greater than 90 days) and marketable securities	<u>-22</u>	<u>7</u>
Net cash used in investing activities	<u>-97</u>	<u>-76</u>
Effect of 2000 STAR-hedge	0	-120
Effect of 2001 STAR-hedge	0	-68
Purchase of treasury stock	0	-94
Impacts of convertible bonds, net	3	3
Other changes to additional paid-in-capital	1	-2
Repayments of /proceeds from line of credit	-325	245
Net cash used in financing activities	<u>-321</u>	<u>-36</u>
Effect of foreign exchange rates on cash	4	9
Net increase in cash and cash equivalents	132	414
Cash and cash equivalents at the beginning of the period	<u>861</u>	<u>1,043</u>
Cash and cash equivalents at the end of the period	<u><u>993</u></u>	<u><u>1,457</u></u>

SAP GROUP
Additional Information
Three Months Ended March 31,
Unaudited

(In € millions)

	<u>2002</u>	<u>2001</u>	<u>Δ</u>
Operating Income	186	206	-10%
Depreciation & Amortization	54	53	2%
In-Process R&D	0	0	n/a
EBITDA	240	259	-7%
as a % of Sales	14%	17%	
Operating Income	186	206	-10%
Total Stock Based Compensation	45	27	67%
Top Tier acquisition cost	6	0	n/a
Operating Income excluding Stock Based Compensation & Top Tier acquisition cost	237	233	2%
as a % of Sales	14%	15%	
Commerce One impact on finance income	-52	-8	550%
Income before income taxes	127	186	-32%
Income taxes	60	74	-19%
Effective Tax Rate	47%	40%	
Tax impact of Top Tier, Commerce One and others			
in Percentage Points	14%	2%	
Net income excluding acquisition cost of Top Tier & Commerce One	121	117	3%
EPS excluding acquisition cost of Top Tier & Commerce One (in €)	0.38	0.37	3%

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 2001 filed with the SEC on March 28, 2002.

2. Management Discussion and Analysis

In the first quarter of 2002, revenues increased 9% over the same period last year to €1.66 billion (2001: €1.52 billion). First quarter 2002 operating income, before charges for stock-based compensation programs and TopTier acquisition related charges, rose 2% to €237 million (2001: €233 million), reflecting an operating margin of 14%.

Net income for the first quarter 2002, adjusted for the TopTier acquisition costs and the Commerce One impact, was €121 million (2001: €117 million). Earnings per share, adjusted for the TopTier acquisition costs and the Commerce One impact, for the quarter was €0.38 (2001: €0.37). Net income for the first quarter 2002, not adjusted for acquisition costs related to TopTier and the Commerce One impact, was €65 million (2001: €109 million) and respective earnings per share for the quarter was €0.21 (2001: €0.35).

In the quarter, revenues in Europe, the Middle East and Africa (EMEA) region increased 11% to €886 million (2001: €796 million) and in the Asia-Pacific region (APA) revenues increased 4% to €185 million (2001: €178 million). Revenues in the Americas region grew 7% to €587 million (2001: €550 million). At constant currency rates, revenues in the Americas would have risen 5%.

Revenue by Region (in € millions)

SAP Group

	Revenue 1Q 2002	Revenue 1Q 2001	% Change	License Revenue 1Q 2002	License Revenue 1Q 2001
Total	1,658	1,524	9	402	458
- at constant currency rates			8		
EMEA	886	796	11	267	264
- at constant currency rates			11		
Asia Pacific	185	178	4	45	66
- at constant currency rates			6		
Americas	587	550	7	90	128
- at constant currency rates			5		

Product revenues in the first quarter rose 6% to €999 million (2001: €943 million). License revenues were down by 12% to €402 million (2001: €458 million). Consulting revenues increased 18% to €539 million (2001: €458 million). Training revenues were up 1% to €110 million (2001: €109 million).

SAP has provided information on revenues from certain specific software solutions since the first quarter of 2001. In the first quarter of 2002, software revenues related to mySAP CRM (Customer Relationship Management) reached roughly €74 million (2001: €67 million), while mySAP SCM (Supply Chain Management) related revenues totaled around €79 million (2001: €103 million). These figures include revenues from designated solution contracts, as well as figures from integrated solution contracts allocated based on usage surveys.

3. Outlook

Conditions for software purchases are challenging, and while Europe remains relatively strong, businesses in the Americas are taking a more deliberate and measured approach to new software investments. The company expects a much stronger second half of the year, and still anticipates revenue for the full year to grow by around 15%. For the whole of 2002, SAP also expects its operating margin excluding stock-based compensation and TopTier acquisition related charges to improve at least one percentage point over the 20.0% achieved in 2001. SAP anticipates that the improvement will become more evident in the second half of the year as software license performance improves and the Group benefits from ongoing cost curtailment measures.

4. Headcount

In full time equivalents	03/31/2002	12/31/2001	Absolute increase
Research & Development	7,707	7,491	216
Service & Support	13,124	12,883	241
Sales & Marketing	5,247	5,001	246
General & Administration	3,078	3,035	43
SAP Group	29,156	28,410	746
EMEA	19,174	18,438	736
Americas	6,762	6,726	36
Asia/Pacific	3,220	3,246	-26

5. First Quarter Highlights

- **SAP extends its position as the world's leading provider of e-business software solutions.** Key contracts in the first quarter include Fleet Capital, Fossil, Industrias Gessy Lever, Lord Corporation, and Watson Pharmaceuticals, in the Americas; in EMEA Barclays Bank, CGEY, L'Oréal, Itellium Systems (KarstadtQuelle), Porsche, and Rolls Royce PLC; and in Asia/Pacific China Ocean Shipping, Crystal Group, PTT, Shionogi, Singapore Civil Service, and Toyota Tsusho among others.
- **SAP announced its new Smart Business Solutions program for the small and medium business (SMB) market at CeBIT.** For "sophisticated" SMBs with a high need for individualization and industry-specific functionality, SAP is globally expanding its strategy of offering industry-specific SMB solutions. SAP is also introducing a new application for "advanced" SMBs, which require less sophisticated individualization and industry-specific functionality from their IT solutions. This solution will be based on TopManage, a product currently developed and marketed by Israeli software company TopManage Financial Solutions LTD, which SAP acquired in the first quarter.
- **SAP extends its open integration strategy with mySAP Technology.** SAP announced that it has proactively integrated third-party infrastructure technologies, including Microsoft .NET and IBM WebSphere, satisfying the demand for easy integration of Web services in platform-specific environments. mySAP Technology consists of three elements: the SAP Web Application Server, the exchange infrastructure, and the portal infrastructure. All three elements enable compatibility with technologies from other vendors, including Microsoft .NET and third-party J2EE application servers. The SAP Web Application Server provides an ABAP and J2EE personality and is able to run any J2EE application.
- **At the SAP Conference on Business Intelligence and Enterprise Portals in Leipzig, Germany, SAP announced the next generation of the mySAP Business Intelligence (mySAP BI) solution.** Major enhancements to this solution enable companies to achieve top business intelligence by providing the access, analysis and delivery of any information, structured and unstructured, to anyone throughout the enterprise and beyond. The SAP Conference on Business Intelligence and Enterprise Portals was the world's largest conference of this kind with over 2,500 attendees.

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 2001 filed with the SEC on March 28, 2002. 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 an 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>.