

14th September 2016

TMT

**SAP**

Price EUR78.23

**Acquisition of the online travel booking startup Hipmunk**

Fair Value EUR75 (-4%)

**NEUTRAL**

Bloomberg	SAP GR
Reuters	SAPG.DE
12-month High / Low (EUR)	80.7 / 55.9
Market Cap (EURm)	96,106
Avg. 6m daily volume (000)	2,407

#### ANALYSIS

- **Yesterday evening, SAP announced the acquisition of Hipmunk, for an undisclosed sum.** Founded in 2010 and based in San Francisco, Hipmunk is a consumer-oriented online travel booking company which competes with Kayak, TripAdvisor and Trivago. Hipmunk ranks flights by price, schedule, duration and number of stops. It also ranks hotels by price, reviews, and "ecstasy". Its business model is based on collecting commissions for directing flight and hotel purchase traffic to airlines, hotels, and other travel-search sites. Hipmunk had previously raised c. USD55m in funding.
- **A 'tuck-in' acquisition for Concur. The deal is expected to close in October.** Given the staff number it has (50+ staff will stay after the acquisition), we doubt Hipmunk will have some impact to our forecasts (maybe less than EUR10m revenues in our view). As part of Concur, SAP's cloud-based offering dedicated to Travel & Expense management, Hipmunk is very likely to shift more of its focus toward business travelers, for instance through helping them finding hotels near their scheduled meetings. We also think some synergies may happen with SAP's online trip planner Triplt.

#### VALUATION

- SAP's shares are trading at est. 14.9x 2016 and 13.5x 2017 EV/EBIT multiples.
- Net debt on 30th June 2016 was EUR4,436m (net gearing: 19%).

#### NEXT CATALYSTS

- Q3 2016 results on 21st October before markets open.

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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