

29th September 2016

TMT

SAP

Price EUR81.36

Acquisition of Plat.One, strengthening presence in the Internet of Things

Fair Value EUR79 (-3%)

NEUTRAL

Bloomberg	SAP GR
Reuters	SAPG.DE
12-month High / Low (EUR)	82.4 / 56.8
Market Cap (EUR)	99,951
Avg. 6m daily volume (000)	2 395

	1 M	3 M	6 M	31/12/15
Absolute perf.	4.2%	22.5%	14.9%	10.9%
Softw.& Comp.				
SVS	3.5%	20.4%	12.4%	8.7%
DJ Stoxx 600	-0.3%	8.2%	2.2%	-6.4%

	2015	2016e	2017e	2018e
P/E	21.5x	21.0x	18.4x	17.3x
Div yield (%)	1.4%	1.5%	1.6%	1.7%

ANALYSIS

- **Yesterday SAP announced the acquisition of Plat.One for an undisclosed sum.** Based in Palo Alto, CA, and Genoa, Plat.One is a spin-off in 2015 from the Italian consulting firm Abo Data. Plat.One employs less than 50 staff and provides an IoT application platform which simplifies the creation, deployment and management of complex IoT solutions. Since 2011 Plat.One has been deployed at three major Telco and 25 enterprise customers, and manages 200,000+ devices. The start-up will accelerate the availability of IoT capabilities in the HANA Cloud Platform: device lifecycle management and connectivity, role-based security, rapid development tools for IoT apps...
- **EUR2bn planned investment over 5 years in IoT.** SAP also announced investment plans of EUR2bn over five years to help customers benefiting from the IoT wave. SAP plans to accelerate innovation in its IoT solution portfolio, increase sales and marketing, scale service, support and co-innovation, and grow its ecosystem of partners in IoT. This implies acquisitions, like that of Plat.One (and Fedem in June). This includes the launch of SAP IoT (IoT solutions that apply machine learning and integrate with core solutions of SAP S/4HANA), Industry 4.0/IoT solution packages, and at least six SAP IoT Labs (2 in Germany, 1 in South Africa, 1 in the US, 1 in Brazil and 1 in China).

VALUATION

- SAP's shares are trading at est. 15.5x 2016 and 14.0x 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. [Click here to download document](#)

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