

Key Statistics (USD)

Price	140.95
Market Cap	173.48B
Enterprise Value	184.44B
PEG	2.26
52 weeks high	151.48
52 weeks low	115.70
Beta (5Y-monthly)	0.96
Dividend yield %	1.59%
EPS (TTM)	5.50
DPS	1.42
One year stock performance	+19.65%

Growth Rates

	Company	Sector
Revenue (Q/Q last year)	4.74%	12.80%
Net earnings (YTD/YTD last year)	54.92%	8.56%
Net earnings (Q/Q last year)	-9.64%	18.87%

Margins

	Company	Sector
Gross Profit margin	72.08%	50.44%
EBITDA margin	24.74%	-
EBIT margin	26.41%	14.40%
Net earnings margin	19.32%	11.26%
Gross Profit margin (5Y average)	71.09%	50.38%
Net earnings margin (5Y average)	21.38%	15.64%

Key Ratios

	Company	Sector
Current Ratio	1.17	1.80
Quick Ratio	-	0.78
Cash Ratio	0.41	-
Leverage Ratio	1.85	2.28
ROE	17.74%	14.29%
ROA	9.45%	7.99%
ROC	12.47%	8.64%
D/E	32.00%	45.00%

Valuation Metrics

	Company	Sector (median)
P/E (TTM)	25.42	25.42
P/S (TTM)	5.58	7.05
P/B (TTM)	4.97	7.51

Firm's Brief Description

SAP SE (SAP) is a Germany-based company that offers enterprise application software. The Company operates through three segments: Applications, Technology & Services segment, which is engaged in the sale of software licenses, subscriptions to its cloud applications, and related services, primarily support services and various professional services, and support services, as well as implementation services of its software products and education services on the use of its products; the SAP Business Network segment, which includes its cloud-based collaborative business networks and services relating to the SAP Business Network, including cloud applications, professional services and education services, as well as the Company markets and sells the cloud offerings developed by SAP Ariba, SAP Fieldglass and Concur, and the Customer Experience segment, which comprises on-premise and cloud-based products that run front office functions across the customer experience.

Sector Overview

- EU digital rules must cover Software platforms.
- Revenue in the Software Market is projected to reach U.S.\$578.020 by the end of 2021.
- Revenue is expected to show an annual growth rate (CAGR 2021-2026) of 7.37%, resulting in a market volume of U.S.\$824.848 by 2026.

Fundamental Analysis

SAP SE stock performance over the last year rose by near 20%. Taking account of this last year, the company underperformed its competitors in the growth rates, as revenue rate rose just 4.74% despite the fact that the sector rose 12.80%. Although, while corporation's net earnings quarter to quarter underperformed the sector too, its net earnings year by year was extremely over the sector average (54.92 to 8.56). Moreover, SAP surpassed its competitors in each and every margin. Furthermore, the company is more effective generating its profits as its ROE - Return on Equity- (17.74%) and ROA -Return on Assets- (9.45%) are higher in comparison with those of the sector, 14.29% and 7.99% respectively. In addition, an encouraging indicator is the low risk the company offers to the shareholders, something that is proven by debt to equity ratio (D/E) which is generally low and lower than the sector's too, 32% compared to 45%.

Last but not least, while the high Price to Book ratio (P/B) is worryingly high at 4.97 the fact that it is way lower than the sector median in combination with the corporation's low Price to Share ratio (P/S) at 5.58 in comparison of the sectors 7.05, makes the stock undervalued and SAP SE a solid investment.

Target Price (1 year forward): 157.75\$

DISCLAIMER

THE FINANCE CLUB OF UNIVERSITY OF MACEDONIA, THESSALONIKI, GREECE

The Finance Club of University of Macedonia - www.financeclub.gr is an independent non-profitable student organization founded by students of the University of Macedonia, Greece (UoM - www.uom.gr) that aims to build strong relations between the market and the University. Though based in the University of Macedonia, it also operates via associates in Aristotle University of Thessaloniki, Greece and other institutions. The Club's goal is to give its members the chance to view the market in a more practical approach rather than solely relying on the abstract knowledge offered by the university. In order to achieve this goal, the Club organizes various events like conferences, workshops and seminars. Moreover, its members are able to cooperate with companies by taking up real case projects to work on along with the managers of the associated companies. In addition, the Club is trying to build and expand its network among students, market professionals and professors therefore giving its members a very broad pool of potential partners and employers.

This report has been compiled by the authors mentioned above and published by them via the Finance Club UoM site and many other platforms. The club confirms that the authors are active members at the time this article is published but emphasizes the fact that opinions and views given by the authors in this article are their own views. Finance Club UoM takes no responsibility for the completeness or correctness of information provided. No investment advice is given with the text above and the reader should not take any financial position based on the information published in this article. The Club recommends extensive research by the reader before investing in any financial asset. General this report may be based on the information extracted from various sources including but not limited to various companies' and statistical agencies' websites, online portals, third-party research, annual reports etc. No representation or warranty of any kind is or may be made with respect to the accuracy or completeness of, and no representation or warranty should be inferred from, any projections or futuristic statement contained herein or any underlying assumptions. This article may include descriptions, statements, estimates and projections/futuristic statements with respect to current and anticipated performance of the underlying. Such statements, estimates and projections reflect various assumptions and best estimates made by the participants concerning anticipated results, whose assumptions and estimates may or may not prove to be accurate or correct. There are no assurances whatsoever that any statements, estimates or projections contained in this article, including without limitation any financial or business projections, accurately present in all material respects the underlying's financial and/or business position as of the respective dates specified and the results of its operations for any respective periods indicated. No copyright or trademark infringement is intended in any form.

© Copyright 2020. Finance Club UoM