

Priceline to buy rival travel site Kayak for \$1.8 bn

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President and CEO of Priceline.com, Jeffery Boyd, pictured in 2003. Priceline has agreed to buy rival travel website Kayak in a stock-and-cash deal worth \$1.8 billion, the companies said Thursday.

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Priceline Group president and chief executive Jeffery Boyd said Kayak "has world class technology and a tradition of innovation," and that "we can be helpful with Kayak's plans to build a global online travel brand."

The deal comes just months after Kayak launched a long-delayed public offering that raised some \$91 million.

Kayak allows people to compare hundreds of travel sites at once when searching for flights, hotels and rental cars, and gives travelers choices on where to book.

It handles over 100 million user queries each month through its global websites and mobile applications.

"Kayak has built a strong brand in online travel research and their track record of profitable growth is demonstrative of their popularity with consumers and value to advertisers," said Boyd.

The company first announced its IPO in 2010, but delayed the offer amid a weak economy and concern about Google's purchase of flight information company ITA Software, a move that threatened to hurt other travel sites.

Kayak Software Corporation was created in 2004 by travel sites Expedia, Travelocity and Orbitz "to take a different approach" by allowing consumers to compare hundreds of travel sites at once.

As part of the deal, Kayak's current management team will continue to manage operations independently of Priceline.

The agreement calls for Priceline to pay \$500 million in cash and \$1.3 billion in equity and assumed stock options.

Kayak, which went public in July at \$26 a share, will get up to \$40 a share under the agreement.

"Seeing a merger from a company which has only been public a short time is not the norm. Usually, it is the newly public companies which make acquisitions," said Jon Ogg at 24/7 Wall Street.

"Every single shareholder who bought shares and held on is now going to have a handsome profit from their investment in Kayak."

Kayak chief executive and co-founder Steve Hafner said of the deal: "We're excited to join the world's premier online travel company. The Priceline Group's global reach and expertise will accelerate our growth and help us further develop as a company."

Priceline Group, which originated as a website allowing travelers to bid or negotiate prices, is now a broad travel operator, with the websites Booking.com, priceline.com, Agoda.com and Rentalcars.com. It operates in some 180 countries.

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