

Equity Daily 16 September 2013

BE (BUY):
Possible Acquisition of Infogroup

News: According to Sunday's Il Sole 24 Ore, BE SpA is negotiating for the acquisition of Infogroup, Intesa Sanpaolo's IT consulting unit. Note that in July 2013, BE announced the signing of an agreement with Intesa Sanpaolo related to the maintenance of consultancy activities and the ICT services for all Italian and foreign companies of the Intesa Sanpaolo Group for 2013-16, for a total value of EUR 49.8M. We highlight that the Intesa Sanpaolo Group is a key BE shareholder with a 22% stake (Source: Consob).

Our view: We have a BUY rating and a EUR 0.33/share target price.

Key data			
Sector	IT & Technology		
Target price (EUR)	0.33		
Rating	BUY		
Mkt price (EUR)	0.23		
Mkt cap (EUR M)	29		
Ratios (x)	2012A	2013E	2014E
P/E	23.57	21.29	8.93
EV/sales	0.64	0.65	0.61
EV/EBITDA	5.15	5.10	3.82
Performance (%)	1M	3M	12M
Absolute	-0.47	11.86	25.65
Rel. to FTSE It. All	-1.42	3.15	16.78

Source: Intesa Sanpaolo Research estimates and Thomson Reuters

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Valuation methodology (long-term horizon: 12M)

The Intesa Sanpaolo SpA Equity Research Department values the companies for which it assigns recommendations as follows:

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Equity rating key: (long-term horizon: 12M)

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Equity rating key (long-term horizon: 12M)	
Long-term rating	Definition
BUY	If the target price is 20% higher than the market price
ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market price
RATING SUSPENDED	The investment rating and target price for this stock have been suspended as there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and target price, if any, are no longer in effect for this stock.
NO RATING	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulations and/or firm policies in certain circumstances, including when Intesa Sanpaolo is acting in an advisory capacity in a merger or strategic transaction involving the company.
TARGET PRICE	The market price that the analyst believes the share may reach within a one-year time horizon
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated

Equity rating allocations (long-term horizon: 12M)

Intesa Sanpaolo Research Rating Distribution (at August 2013)					
Number of companies covered: 93	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage %	27	32	37	2	2
of which Intesa Sanpaolo's Clients % (*)	56	50	56	-	50

(*) Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and investment banking services in the last 12 months; percentage of clients in each rating category

Valuation methodology (short-term horizon: 3M)

Our short-term investment ideas are based on ongoing special market situations, including among others: spreads between share categories; holding companies vs. subsidiaries; stub; control chain reshuffling; stressed capital situations; potential extraordinary deals (including capital increase/delisting/extraordinary dividends); and preys and predators. Investment ideas are presented either in relative terms (e.g. spread ordinary vs. savings; holding vs. subsidiaries) or in absolute terms (e.g. preys).

The companies to which we assign short-term ratings are under regular coverage by our research analysts and, as such, are subject to fundamental analysis and long-term recommendations. The main differences attain to the time horizon considered (monthly vs. yearly) and definitions (short-term 'long/short' vs. long-term 'buy/sell'). Note that the short-term relative recommendations of these investment ideas may differ from our long-term recommendations. We monitor the monthly performance of our short-term investment ideas and follow them until their closure.

Equity rating key (short-term horizon: 3M)

Equity rating key (short-term horizon: 3M)	
Short-term rating	Definition
LONG	Stock price expected to rise or outperform within three months from the time the rating was assigned due to a specific catalyst or event
SHORT	Stock price expected to fall or underperform within three months from the time the rating was assigned due to a specific catalyst or event

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