Italian Research | New Coverage | Milan, April 29, 2013

Intermonte

# BE

# OUTPERFORM

**Price (Eu):** 0.20

**Target Price (Eu):** 0.30

*SECTOR: Industrials*

Jacopo Tagliaferri +39-02-77115.230
e-mail: jacopo.tagliaferri@intermonte.it
Alessandro Schiavo +39-02-77115.358
e-mail: alessandro.schiavo@intermonte.it

## From Turnaround To Growth

- **Company profile: a unique offer of consulting and IT services to the financial sector.** Be Think, Solve, Execute (Be) operates in the fields of Management Consultancy (35% of total revenues), System Integration and System Outsourcing (42%), Business Process Outsourcing and Document Management (23%). The key sectors supplied are Banking (59%), Insurance (17%), and Industrial (22%, mainly split between Telecoms, Utilities, and Manufacturing). Be is active in Italy and the UK; new operations are starting in Ukraine and Poland.

- **Business plan: focus on revenue mix and expansion abroad.** Be's strategy is to free up resources (from the back office business) and to concentrate on the activities that benefit from higher margins (consulting and IT services). In Business Consulting, growth will come about through efforts to expand the customer base, not only domestically but also on an international scale; growth may even come from the acquisition of small consulting boutiques. In IT Services, the strategy is to focus on the banking, insurance and utilities sectors, with the aim of increasing volumes (working on cross selling opportunities within the Business Consulting), expertise and market share. Notably, in April the company was awarded multi-year contracts to supply (from 2013 to 2022) consulting and IT services in Europe to Tier I banking clients, for a total value of more than Eu40mn.

- **Estimates: high single-digit growth and margin expansion.** According to our forecasts, Be's value of production should reach Eu94.0mn in 2015, posting a 2012-2015 CAGR of 5.4%. EBIT is expected to come to Eu7.4mn in 2015, or 7.9% of the value of production, 280bps higher compared to 2012, boosted by a better revenue mix. Finally, we forecast net profit to come to Eu3.4mn in 2015, posting a 2012-2015 CAGR of 70.1% based on declining financial charges and a lower tax rate (given cumulated losses).

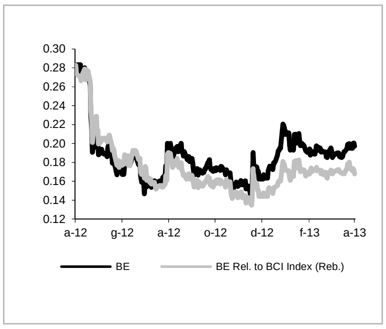
- **Initiating coverage with an OUTPERFORM rating, target price Eu0.30.** We begin with a positive view on the stock, as its strong focus on the financial sector (with a unique offer of consulting and IT services) should provide significant growth opportunities. Tier I banks are increasing their IT budgets due to stricter compliance rules and new risk and regulatory requirements. In addition, banks are facing declining traffic to their branches and therefore have to redesign their business models, re-engineering processes, lowering cost bases, and last but not least, introducing new technologies (dematerialisation, digitalisation, electronic signatures, direct and online channels). Our valuation, based on a discounted cash flow model (WACC 12.2%, g 2%), yields a target price of Eu0.30 per share. At our target the stock would trade at 10.6x P/E and 4.3x EV/EBITDA in 2015.

| Key Figures | 2011A | 2012A | 2013E | 2014E | 2015E |
|---|---|---|---|---|---|
| Sales (Eu mn) | 89 | 80 | 83 | 89 | 94 |
| Ebitda (Eu mn) | 10 | 9 | 10 | 11 | 12 |
| Net profit (Eu mn) | 1 | 1 | 1 | 2 | 3 |
| EPS - New (Eu) | 0.010 | 0.006 | 0.008 | 0.019 | 0.028 |
| EPS - Old (Eu) | | | | | |
| DPS (Eu) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |

| Ratios & Multiples | 2011A | 2012A | 2013E | 2014E | 2015E |
|---|---|---|---|---|---|
| P/E | 19.3 | 34.1 | 23.5 | 10.6 | 6.9 |
| Div. Yield | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| EV/Ebitda | 6.3 | 5.9 | 4.8 | 4.1 | 3.3 |
| ROCE | 8.7% | 5.9% | 7.9% | 9.5% | 11.0% |



**Be - 12m Performance**




**RATING: New Coverage**
**TARGET PRICE (Eu): New Coverage**
**Change in EPS est:** 2013E 2014E

| STOCK DATA | | | |
|---|---|---|---|
| Reuters code: | | | BET.MI |
| Bloomberg code: | | | BET IM |
| **Performance** | **1m** | **3m** | **12m** |
| Absolute | 1.0% | -7.3% | -30.3% |
| Relative | -2.6% | -2.8% | -47.7% |
| 12 months H/L: | | | 0.28/0.15 |

| SHAREHOLDER DATA | |
|---|---|
| No. of Ord. shares (mn): | 119 |
| Total No. of shares (mn): | 119 |
| Mkt Cap Ord (Eu mn): | 23 |
| Total Mkt Cap (Eu mn): | 23 |
| Mkt Float - ord (Eu mn): | 7 |
| *Mkt Float (in %):* | *28.3%* |
| Main shareholder: | |
| Data Holding 2007 Srl | 37.8% |

| BALANCE SHEET DATA | 2013 |
|---|---|
| Book value (Eu mn): | 44 |
| BVPS (Eu): | 0.38 |
| P/BV: | 0.5 |
| Net Financial Position (Eu mn): | -23 |
| Enterprise value (Eu mn): | 47 |

| Be - *KEY FIGURES* | | 2011A | 2012A | 2013E | 2014E | 2015E |
|---|---|---|---|---|---|---|
| | Fiscal year end | 12/12/2011 | 12/12/2012 | 12/12/2013 | 12/12/2014 | 12/12/2015 |
| **PROFIT & LOSS (Eu mn)** | Sales | 89 | 80 | 83 | 89 | 94 |
| | EBITDA | 10 | 9 | 10 | 11 | 12 |
| | EBIT | 6 | 4 | 5 | 6 | 7 |
| | Financial income (charges) | (2) | (3) | (2) | (2) | (2) |
| | Associates & Others | 0 | (0) | 0 | 0 | 0 |
| | Pre-tax profit (Loss) | 4 | 1 | 3 | 4 | 6 |
| | Taxes | (2) | (1) | (2) | (2) | (2) |
| | Tax rate (%) | 64.7% | 63.1% | 65.0% | 50.0% | 40.0% |
| | Minorities & discontinue activities | (0) | 0 | 0 | 0 | 0 |
| | Net profit | 1 | 1 | 1 | 2 | 3 |
| | Total extraordinary items | 0 | 0 | 0 | 0 | 0 |
| | Ebitda excl. extraordinary items | 10 | 9 | 10 | 11 | 12 |
| | Ebit excl. extraordinary items | 6 | 4 | 5 | 6 | 7 |
| | Net profit restated | 1 | 1 | 1 | 2 | 3 |
| **PER SHARE DATA (Eu)** | Total shares out (mn) - average fd | 119 | 119 | 119 | 119 | 119 |
| | EPS stated fd | 0.010 | 0.006 | 0.008 | 0.019 | 0.028 |
| | EPS restated fd | 0.010 | 0.006 | 0.008 | 0.019 | 0.028 |
| | BVPS fd | 0.287 | 0.289 | 0.378 | 0.398 | 0.427 |
| | Dividend per share (ord) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | Dividend per share (sav) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | Dividend pay out ratio (%) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **CASH FLOW (Eu mn)** | Gross cash flow | 5 | 5 | 5 | 6 | 7 |
| | Change in NWC | (2) | 10 | (1) | (1) | (1) |
| | Capital expenditure | (3) | (2) | (2) | (3) | (2) |
| | Other cash items | (5) | (0) | 0 | 0 | 0 |
| | Free cash flow (FCF) | (6) | 12 | 2 | 2 | 5 |
| | Acquisitions, divestments & others | (2) | (5) | (4) | 0 | 0 |
| | Dividend | 0 | 0 | 0 | 0 | 0 |
| | Equity financing/Buy-back | 0 | 0 | 10 | 0 | 0 |
| | Change in Net Financial Position | (7) | 8 | 8 | 3 | 5 |
| **BALANCE SHEET (Eu mn)** | Total fixed assets | 76 | 76 | 78 | 77 | 76 |
| | Net working capital | 10 | (0) | 1 | 2 | 2 |
| | Long term liabilities | (12) | (10) | (10) | (11) | (11) |
| | Net capital employed | 74 | 66 | 68 | 68 | 67 |
| | Net financial position | (40) | (31) | (23) | (21) | (16) |
| | Group equity | 34 | 34 | 45 | 47 | 51 |
| | Minorities | 2 | 1 | 1 | 1 | 1 |
| | Net equity | 33 | 33 | 44 | 46 | 50 |
| **ENTERPRISE VALUE (Eu mn)** | Average mkt cap - current | 23 | 23 | 23 | 23 | 23 |
| | Adjustments (associate & minorities) | 0 | 0 | 0 | 0 | 0 |
| | Net financial position | (40) | (31) | (23) | (21) | (16) |
| | Enterprise value | 63 | 55 | 47 | 44 | 39 |
| **RATIOS(%)** | EBITDA margin* | 11.3% | 11.6% | 11.8% | 12.2% | 12.6% |
| | EBIT margin* | 6.8% | 5.1% | 6.4% | 7.3% | 7.9% |
| | Gearing - Debt/equity | 115.6% | 90.8% | 52.0% | 43.7% | 30.8% |
| | Interest cover on EBIT | 2.6 | 1.5 | 2.2 | 3.2 | 4.2 |
| | Debt/Ebitda | 3.94 | 3.35 | 2.41 | 1.92 | 1.32 |
| | ROCE* | 8.7% | 5.9% | 7.9% | 9.5% | 11.0% |
| | ROE* | 3.8% | 2.1% | 2.6% | 4.9% | 7.1% |
| | EV/CE | 0.9 | 0.8 | 0.7 | 0.6 | 0.6 |
| | EV/Sales | 0.7 | 0.7 | 0.6 | 0.5 | 0.4 |
| | EV/Ebit | 10.4 | 13.3 | 8.9 | 6.8 | 5.3 |
| | Free Cash Flow Yield | -24.9% | 51.6% | 8.9% | 10.4% | 20.4% |
| **GROWTH RATES (%)** | Sales | 17.9% | -9.5% | 2.9% | 7.1% | 6.1% |
| | EBITDA* | 32.5% | -7.0% | 4.2% | 11.3% | 9.6% |
| | EBIT* | 71.5% | -31.8% | 28.0% | 22.8% | 14.6% |
| | Net profit | 51.5% | -43.4% | 45.2% | 121.5% | 52.9% |
| | EPS restated | 51.5% | -43.4% | 45.1% | 121.5% | 52.9% |

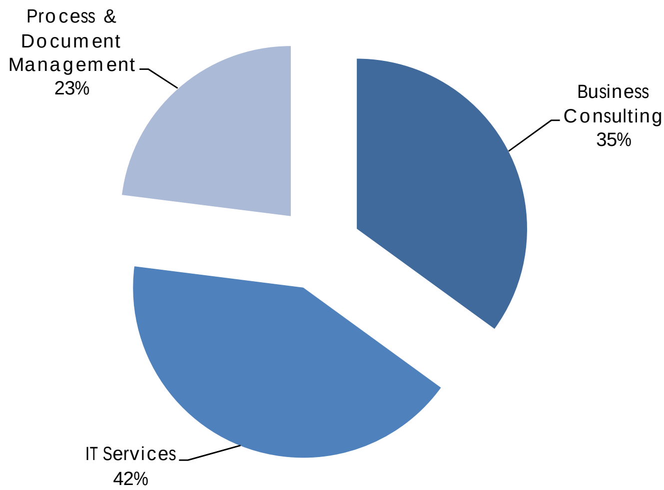
** Excluding extraordinary items*

Source: Intermonte SIM estimates

# Company Profile

Be Think, Solve, Execute (Be) operates in the Management Consultancy, System Integration and System Outsourcing, Business Process Outsourcing and Document Management fields.

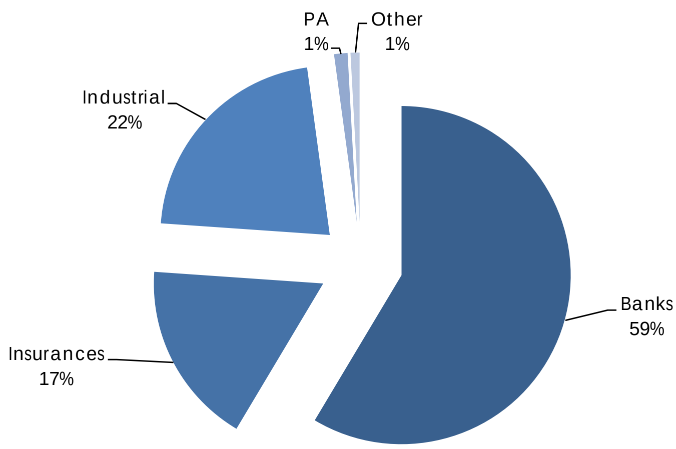
**BE – Sales Breakdown by Business Unit (FY12)**




Source: Company Data

The key markets supplied are Banking and Insurance, Industrial (Telecoms, Utilities, and Manufacturing), and Public Sector.

**BE – Sales breakdown by Industry (FY12)**



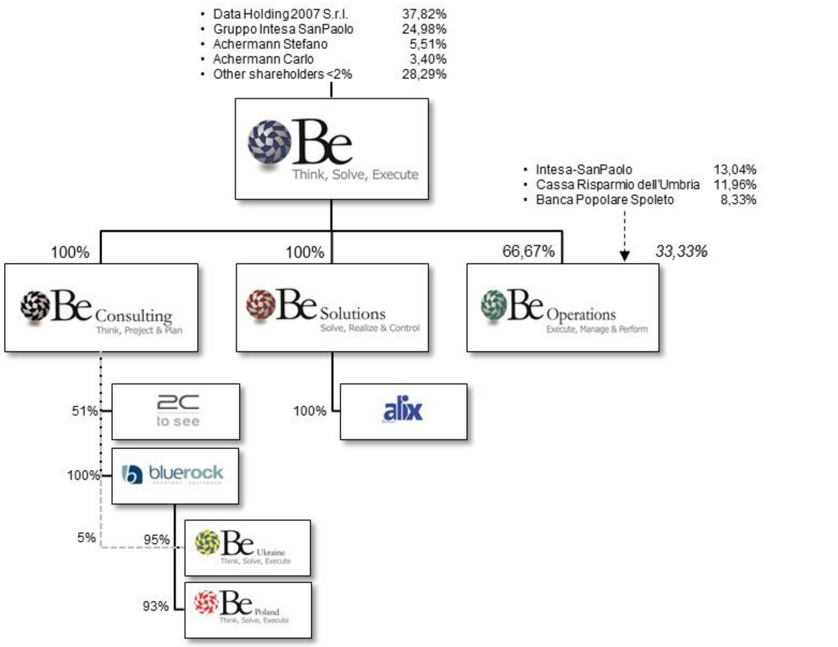

Source: Company Data

Be provide support to its customers in Retail Banking, Corporate & Private Banking, Finance, Asset Management, Investment Banking, Operations, IT Governance, Planning & Control, Risk Management, Security, Accounting and Reporting, Compliance, Post Merger and Management Programs.

The mission of the company is to work alongside customers in the design and management of their core business, the improvement of their information systems and efficient and effective running of their operations.

Be, founded in 1987 in Mantua, is headquartered in Rome and has about 800 employees. It operates through the subsidiaries Bee Consulting, Bee Solutions and Bee Operations. Offices are located in Italy, UK, Poland and Ukraine.

**BE – Company structure**




Source: Company Data

**Company Milestones**

March 2008: acquisition of Universo Servizi SpA (now Be Solutions);

July 2008: acquisition of a 100% stake in Praxis Calcolo;

April 2009: company changes its name from “Data Service” to “B.E.E. Team”;

September 2010: acquisition of a 10% stake in 2C to see;

December 2012: acquisition of a 10% stake in bluerock;

January 2011: new organisational structure around three business lines: Business Consulting, IT Services and Process & Document Management;

April 2011: 3-year agreement with Poste Vita, worth a total of Eu3.5mn, to supply and manage the Insurance Damages portfolio platform;

May 2011: acquisition of an additional 41% stake both in bluerock and 2C to see, bringing the company’s share in each subsidiary up to 51%;

June 2011: 4-year agreement with Sorgenia, worth a total of Eu8mn, to manage multichannel written communication to and from customers and to supply back-office services;

February 2012: acquisition of an additional stake in 43.2% bluerock, bringing the company’s share up to 94.2%;

June 2012: acquisition of the residual stake in bluerock;

December 2012: company changes its name from “B.E.E. Team” to “Be Think, Solve, Execute” or “Be” in the short form; 3-year agreement with a primary Italian Bank worth over Eu40mn to supply consulting services;

January 2013: operations begin in Ukraine.

April 2013: Be is awarded multi-years contracts to supply in Europe consulting and IT services for a total value of Eu45mn.

## SWOT Analysis

Strengths

- Unique offer of Consulting and IT services to the financial sector
- High visibility on revenues (multi-years contracts)
- Strong customers' relationship
- Low working capital needs

Weaknesses

- Strong dependency on financial sector
- Exposure to some low added value BPO/DPO businesses
- Concentrated customers' base

Opportunities

- Acquisition of small specialist boutiques
- Development of the Consulting business outside Italy
- Cross selling of Consulting and IT services
- Repositioning upward of the back office activities

Threats

- General exposure to the declining Italian IT market
- Failure to develop international business
- Further price pressure in the BPO/DPO businesses

## Business Description

BE new organisational structure consist of three business lines: Business Consulting, IT Services and Process & Document Management.

**Business Consulting**

The operating companies in charge of Business Consulting are Be Consulting, 2C to see, bluerock (bought in 2011), Be Ukraine and Be Poland. Revenues were Eu25.9mn in 2012.

The consulting business, with offices in Rome, Milan, London, Kiev and Warsaw, has been designed to help companies and their management strengthen their competitive positioning and advantages.

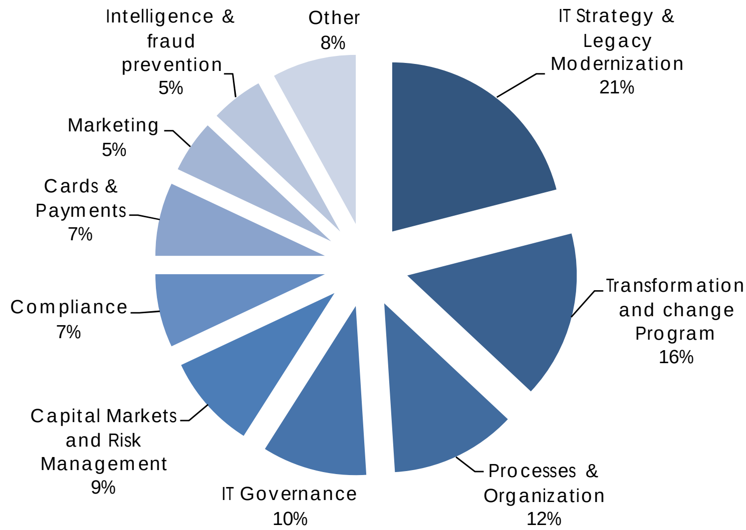
The focus of the business, which employs 184 people, is on the Financial Institutions and Insurance sectors.

Be supports its clients to define strategy and operations in the following sectors: Retail Banking, Corporate & Private Banking, Asset Management and Investment Banking. The core competencies of Be are in Operations, IT Governance, Planning & Control, Risk Management, Security Operations, Accounting and Reporting, Compliance, and Post Merger Management Programs.

UniCredit Group, Intesa Sanpaolo, BNL, Barclays, Royal London, MasterCard and Allianz are the main clients.

Be is planning to develop into other European countries such as France, Germany and Russia, targeting its most important clients (Tier 1 Banks and Insurers).

**BE – Consulting Business Revenues Breakdown (FY12)**




Source: Company Data

**IT Services**

The operating companies in charge of the IT Services business are Be Solutions and alix. Revenues were Eu31.2mn in 2012.

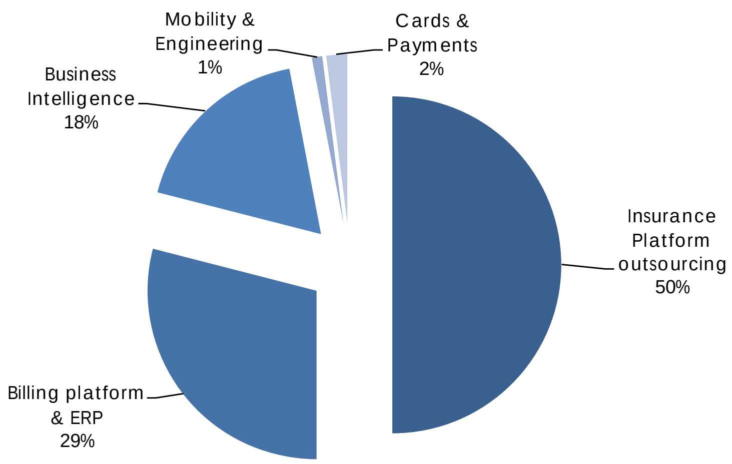
The IT Services business, based in Milan, Rome, and Turin, has been designed to help customers to build their business by providing technical, application development and project management skills. Be provides consultancy, design and support services in data warehousing, “front-to-back” platforms, finance and asset management.

The focus of the business, which employs 275 people internally and 150 externally, is on the Financial Institutions, Insurance and Utilities sectors.

As for the Business Consulting, Be is planning to expand its geographical IT Services coverage in Europe, following its most important clients (Tier 1 Banks and Insurers) and thus bundling a combined offer of IT and consulting services.

UniCredit Group, Poste Italiane, ENEL, Intesa Sanpaolo, and BNL are the main clients.

**BE – IT Services Business Revenues Breakdown (FY12)**




Source: Company Data

**Process & Document Management**

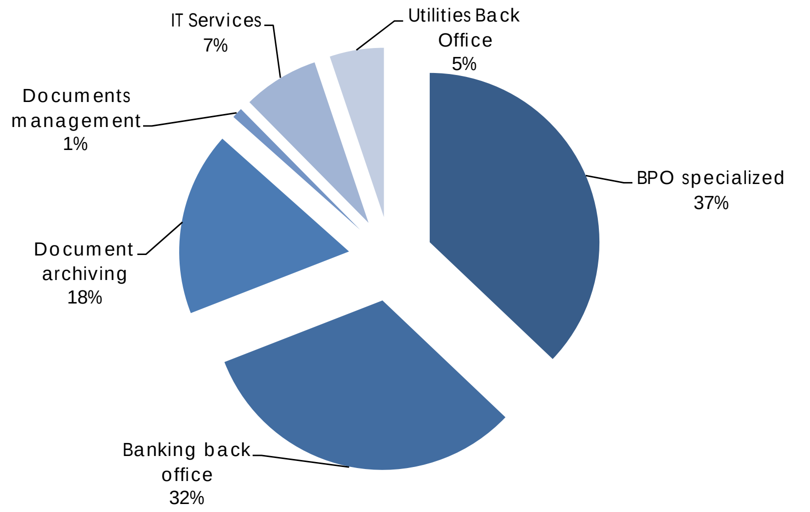
The operating company in charge of the Process & Document Management business is Be Operations. Revenues were Eu16.8mn in 2012.

The Process & Document Management business, based in Milan, Rome, Spoleto, Pontinia and Bari, manages those business activities which are critical to a company's success, such as: lowering internal processing costs by making processes more efficient; recruiting collaborators who are specialised in highly critical processes; preparing the organisation for a growth in size or restructuring using selective outsourcing; managing entry into new markets by outsourcing parts of processes; fully exploiting technology and the advantages of continually evolving legislation to change process management models and free the company of unnecessary burdens; assessing offshoring and near shoring options.

Be offer of BPO services includes process management, dematerialisation, mailing, document archiving, legally valid electronic storage and remote access of digital content.
The focus of the business, which employs 319 people, is on the Financial Institutions, Insurance and Utilities sectors.

Intesa Sanpaolo, ENEL, UniCredit Group, Poste Italiane, and BNL are the main clients.

**BE – Process & Document Management Business Revenues Breakdown (FY12)**




Source: Company Data

# Reference Markets

As Be operates in three different market, we have analysed them individually.

**Business Consulting**

Business Consulting is a large, cyclical and fragmented market. There are three main types of consulting companies: large firms that have diversified expertise and geographical presence, medium-sized firms and small boutique companies focused on a specific industry.

The Consulting business in Italy generated more than Eu3.2bn of revenues in 2012 (0.2% of GDP); large companies hold approximately 45% of the market.

Companies with a consolidated client base, specific know-how and a high level of expertise could grow revenues even in the current weak economic environment. Price for value is also key to win new business.

**IT Services**

The traditional IT Services market is a big, wide and fragmented sector, with many companies competing. The business is highly labour intensive; specialized and skilled employees are required to keep the products and services offer updated.

IT Services is a typical late cyclical segment for which increases or decreases in spending/demand are delayed by 6-12 months compared with the final reference market. For instance, a typical IT Services project lasts about 12 months. This means that at the beginning of a recession or upturn IT Providers are still working on existing orders that ensure stability of on-going revenues. It is only a few quarters into the new economic scenario that they really notice a change in work trends with a positive or negative impact on revenues. The success of a business in this sector during a recession depends on its ability to maintain or increase market share and expand into new fast growing market niches while still working on backlog activities.

Profitability depends on economy of scale and ability to manage effectively human resources and customer relationship. Working capital outflows are significant and the level of recurring revenues is typically low.

According to ASSINFORM, revenues in the traditional IT market declined by 4.0% in 2012, with a further decline of about 6% forecast for 2013.

Looking in more detail at the financial sector, we note that banks have been cutting their IT expenses by 6% on average over the last years. Total IT spending by banks came to Eu3.9bn in 2011.

**Nevertheless, we stress that big banks have significant and increasing IT budgets due to stricter compliance rules and new risk and regulatory requirements. In addition, banks are facing declining traffic to their branches (as a consequence the number of banks, branches and ATMs is decreasing constantly year by year) and therefore have to redesign their business model, reengineering processes, lowering cost bases, and last but not least, introducing new technologies (dematerialisation, digitalisation, electronic signatures, direct and online channels).**

**Process & Document Management**

Compared to the consulting and IT businesses, the process and document management business adds lower value to the customers. The back office business has low barriers to entry; in addition there exists an insourcing trend in the banking sector given the current low level of employees use. Focus should be on efficiency of operations, exploiting optimal labour force allocation and keeping costs under control. Upside comes from the supply of specialized and sophisticated BPO services, based on proprietary IT platforms.

# Business Plan

Be business plan foresees the completion of the turnaround and the full exploitation of new business lines with considerable revenue growth over the medium term. Be will also seize M&A opportunities to reinforce the service offering and increase the dimensions of the company.

- Business Consulting: growth will come about through efforts to expand the customer base, not only domestically but also on an international scale, as well as extending the portfolio offered in the Financial Institutions sector. All of this will be made possible through the transformation of the company into an international player, leveraging on specific expertise and technical knowledge. Priority is given to large players, who have centralized spending decision. Growth may even come from the acquisition of small consulting boutiques.

- IT Services: the strategy is to focus on the banking, insurance and utilities sectors, with the aim of increasing volumes, expertise and market share. Offer will concentrates on value added services with complexity of implementation, integrating IT and Operations model and launching new competence centers. Be will look for cross selling opportunities within the Business Consulting.

- Process & Document Management: the rationale is to reduce labour costs and free up resources to concentrate on the activities that generate the most added value for the company. Integration with the IT Services business could grant the company a more reliable image and greater credibility with its customers.

**In April Be signed three important contracts, which should increase the visibility on the business plan execution. We provide details here below.**

- **5-years agreement with an international banking Group for the supply of management and IT consulting services in the UK, Germany, Austria and Eastern European countries. The deal is worth a total of Eu27mn, and lasts from 2013 to 2017.**

- **10-years agreement whit ISP Pravex, City and Raffeisen for the supply of an IT platform for surveillance and accounting services in the Ukrainian market. The deal is worth Eu1.0mn per year until 2022.**

- **10-years agreement with a leading IT global company for the supply of IT Consulting services through its subsidiary Be Ukraine. The deal is worth Eu10mn, and last from 2013 to 2022.**

# Stock Details And Corporate Governance

**Capital increase**

In February 2013 Be completed a capital increase: 50.06mn new shares were issued (76.2% of total shares offered) at a price of Eu0.19 for a total value of Eu9.5mn. The share capital is now made of 119.24mn shares.

The company's main shareholders, Data Holding 2007, IMI Investimenti and Carlo and Stefano Achermann, fully subscribed their portion of the offer, a total of 61% of the capital increase.

At the end of the offer period and the sale of option rights on the secondary market, 15.66mn shares (23.8% of total shares offered) were not taken up, for a total value of Eu3.0mn, although the BoD has the option of placing these shares by the end of the year.

The rationale of the capital increase was to strengthen the balance sheet, and to provide new funding to support the development into high value added activities and the expansion abroad.

The company's outstanding debt (equal to Eu31.6mn as at the end of 2012) was also restructured.

**Share Capital History**

2007
Completion of a Eu12.9mn capital increase: Data Holding (Tamburi Investment Partners and Rocco Sabelli) becomes the leading shareholders with a 45.5% stake. Change in top management and new industrial plan for the years 2008-10. Restructuring of the outstanding debt. The AGM authorises a capital increase plan for a maximum amount of Eu75mn to be executed within five years.

2008
Completion of a Eu7.7mn capital increase reserved to Praxix Calcolo shareholders, Data Holding stake decreases to 35.4%, Imi Investimenti (shareholder of Praxis Calcolo) becomes the second major shareholder with a 15.4% stake.

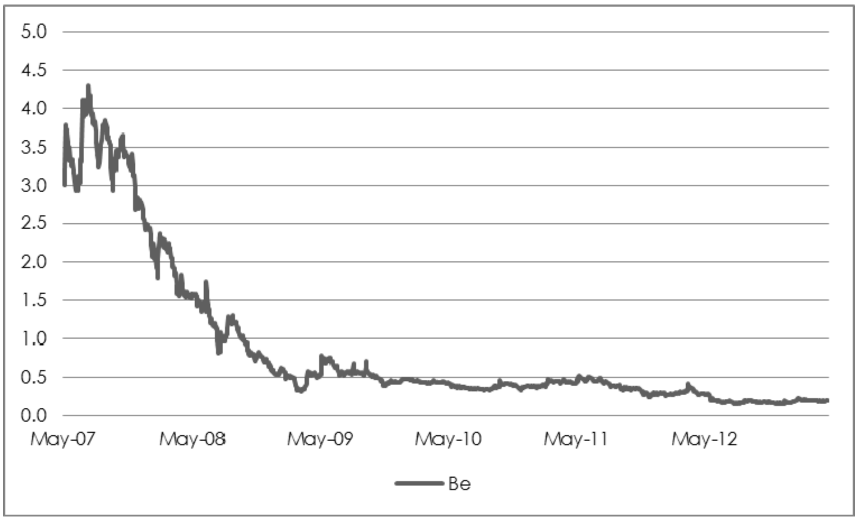
2009
Completion of a Eu29.8mn capital increase.

2013
Completion of a Eu9.5mn capital increase.

**Share price performance**

Be has been listed on the MTA segment of the Italian Stock Exchange since 2000. The stock is currently trading at Eu0.20 per share. In the table below we show the share price performance since Tamburi Investment Partners and Rocco Sabelli entered the shareholder base in 2007 and began restructuring the company.

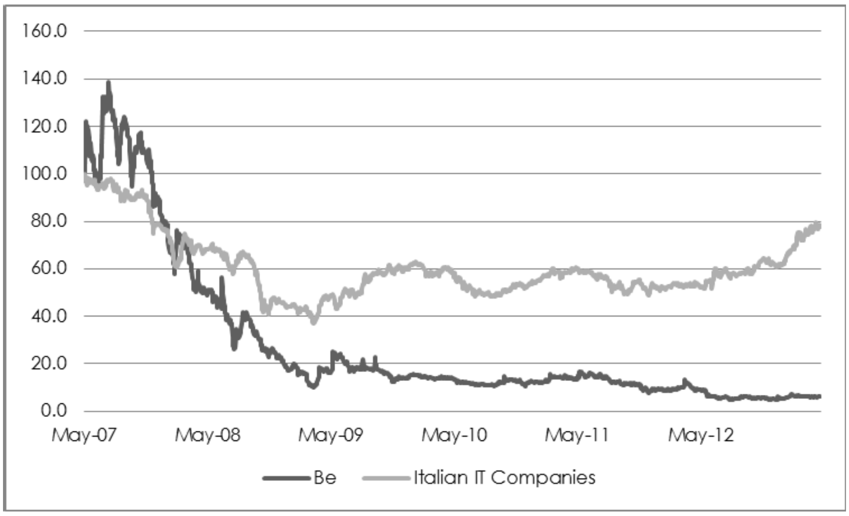
**Be – Share price Performance**




Source: FactSet

The stock has also underperformed its Italian peers (CAD IT, Reply, Engineering, Exprivia, TXT). We believe that, given Be's new competitive organisation and restored balance sheet, is it time for the share price to start closing this performance gap.

**Be – Share price Performance vs Peers (rebased)**




Source: FactSet

**<u>Governance</u>**

The current Board of Directors is composed of nine members, of which three are independents. The BoD terms of office will expire at the AGM at which Be's 2015 financial statements will be approved. Adriano Seymandi is Chairman of the Board and Stefano Achermann CEO.

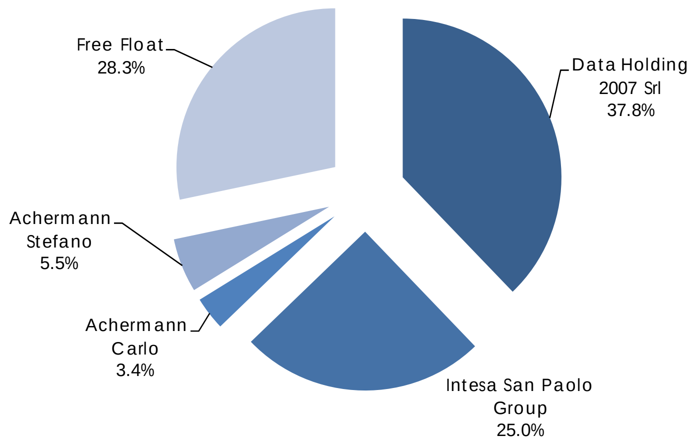
There is no stock option incentive plan in place for management.

Deloitte & Touche has been appointed auditor.

**Shareholders Structure**

According to the latest company release the shareholder structure is as follows:

**Be – Shareholders Structure**




Source: Company Data

# Financials

Be has reported a 12.3% Value of Production CAGR during the 2007-2012 period, peaking at Eu85mn in 2011. EBITDA margins improved due to a better revenues mix: consulting and IT services increased while back office activities decreased. In more details, from 2009 to 2012 the consolidated EBITDA margin went from 5.5% to 11.6%. The EBIT margin also increased, reaching 6.8% in 2011, the highest level of the 2007-2012 period (EBIT was penalized by some provisions in 2012). The company brought its bottom line back into the black in 2010 after some years of losses; in 2012 it generated a profit of Eu0.7mn.

**Be - P&L**

| (Eu mn) | | 2007A | 2008A | 2009A | 2010A | 2011A | 2012A |
|---|---|---|---|---|---|---|---|
| **Net Revenues** | | **40.7** | **55.4** | **68.2** | **69.8** | **85.0** | **74.6** |
| | yoy growth | *-24.6%* | *36.3%* | *23.1%* | *2.3%* | *21.8%* | *-12.3%* |
| Other revenues | | 4.3 | 4.9 | 2.2 | 5.5 | 3.8 | 5.8 |
| | yoy growth | *-63.5%* | *14.9%* | *-54.8%* | *148.3%* | *-31.2%* | *52.8%* |
| **Value of production** | | **44.9** | **60.4** | **70.5** | **75.4** | **88.9** | **80.4** |
| | yoy growth | *-31.3%* | *34.3%* | *16.8%* | *7.0%* | *17.9%* | *-9.5%* |
| Cost of services | | (21.6) | (27.5) | (30.0) | (31.2) | (34.8) | (28.7) |
| *on value of production* | | 48.1% | 45.6% | 42.6% | 41.4% | 39.2% | 35.7% |
| | yoy growth | -43.1% | 27.4% | 8.9% | 4.2% | 11.5% | -17.7% |
| Labour costs | | (24.6) | (30.8) | (35.1) | (34.4) | (41.1) | (40.9) |
| *on value of production* | | 54.7% | 51.0% | 49.7% | 45.6% | 46.3% | 50.9% |
| | yoy growth | 8.0% | 25.2% | 13.9% | -1.9% | 19.6% | -0.5% |
| Other costs | | (1.3) | (1.1) | (1.1) | (1.6) | (1.5) | (1.5) |
| *on value of production* | | 2.9% | 1.9% | 1.6% | 2.2% | 1.7% | 1.9% |
| | yoy growth | -25.9% | -12.4% | -1.2% | 43.0% | -6.8% | -0.9% |
| **EBITDA** | | **(12.1)** | **(2.0)** | **3.9** | **7.6** | **10.0** | **9.3** |
| | YoY growth | *n.m.* | *n.m.* | *n.m.* | *95.0%* | *32.5%* | *-7.0%* |
| EBITDA margin | | *-27.0%* | *-3.3%* | *5.5%* | *10.0%* | *11.3%* | *11.6%* |
| D&A | | (1.5) | (2.9) | (3.8) | (4.0) | (4.0) | (4.1) |
| *on value of production* | | 3.3% | 4.8% | 5.3% | 5.4% | 4.5% | 5.1% |
| Provisions | | (9.3) | (2.9) | (0.4) | (0.7) | (1.4) | (1.1) |
| *on value of production* | | 20.6% | 4.7% | 0.6% | 1.0% | 1.6% | 1.4% |
| **EBIT** | | **(13.6)** | **(4.9)** | **0.1** | **3.5** | **6.0** | **4.1** |
| | YoY growth | *n.m.* | *n.m.* | *n.m.* | *n.m.* | *71.5%* | *-31.8%* |
| *EBIT margin* | | *-30.3%* | *-8.1%* | *0.2%* | *4.7%* | *6.8%* | *5.1%* |
| Financial Income (Charges) | | (2.6) | (2.1) | (2.0) | (1.4) | (2.3) | (2.8) |
| Associates | | (0.2) | 0.3 | 0.2 | (0.3) | 0.0 | (0.1) |
| **Pretax** | | **(16.3)** | **(6.7)** | **(1.7)** | **1.8** | **3.7** | **1.2** |
| Taxes | | 0.9 | (1.2) | (1.4) | (1.0) | (2.4) | (0.8) |
| *tax rate* | | *n.m.* | *n.m.* | *n.m.* | *-56.5%* | *-64.7%* | *-63.1%* |
| Minorities/disc. operations | | (0.1) | (0.1) | (0.2) | (0.0) | (0.1) | 0.2 |
| **Net income** | | **(15.5)** | **(8.0)** | **(3.3)** | **0.8** | **1.2** | **0.7** |
| | YoY growth | *n.m.* | *n.m.* | *n.m.* | *n.m.* | *51.5%* | *-43.4%* |

Source: Company data (A) and Intermonte SIM estimates (E)

During the 2007-2012 period the company increased its fixed assets from Eu45.3mn to Eu75.6mn. Intangible assets increased strongly to Eu14.5mn (from Eu1.8mn) representing over 19% of total fixed assets in 2012. Goodwill increased from Eu36.9mn to Eu52.1mn due to acquisitions. Working capital expanded during the 2007-2011 period, reaching Eu10.1mn (from Eu4.9mn) in 2011. Although in 2012 it came to Eu0.0 as the company strongly reduced trade receivables, making some non-recourse sale of receivables and extending the number of payment days for trade payables.

**Be - Balance Sheet**

| (Eu mn) | 2006A | 2007A | 2008A | 2009A | 2010A | 2011A | 2012A |
|---|---|---|---|---|---|---|---|
| Tangible Assets | 3.1 | 3.2 | 4.3 | 3.7 | 4.4 | 3.9 | 2.2 |
| Intangible Assets | 0.5 | 1.8 | 10.9 | 11.0 | 13.1 | 14.5 | 14.5 |
| Goodwill | 40.1 | 36.9 | 48.3 | 47.5 | 47.8 | 52.1 | 52.1 |
| Financial Assets | 1.1 | 0.9 | 0.7 | 1.7 | 1.9 | 1.1 | 1.5 |
| Prepaid tax assets | 2.3 | 2.5 | 3.5 | 4.3 | 4.3 | 4.1 | 5.4 |
| Other non current assets | - | - | - | - | - | - | - |
| **Fixed Assets** | **47.1** | **45.3** | **67.7** | **68.2** | **71.4** | **75.6** | **75.6** |
| | | | | | | | |
| Inventory | 0.6 | 0.3 | 1.5 | 0.4 | 0.3 | 0.2 | 0.2 |
| Trade Receivables | 26.2 | 18.8 | 27.2 | 28.9 | 30.6 | 35.9 | 26.2 |
| Other current assets | 4.2 | 1.9 | 9.4 | 5.7 | 4.0 | 2.7 | 1.5 |
| Trade Payables | (12.4) | (12.3) | (14.0) | (12.5) | (13.8) | (13.3) | (15.3) |
| Other current liabilities | (16.4) | (13.6) | (19.4) | (16.6) | (13.2) | (15.5) | (12.5) |
| **Total Working Capital** | **2.2** | **(4.9)** | **4.7** | **6.0** | **7.8** | **10.1** | **(0.0)** |
| *Growth* | | n.m. | n.m. | 26.0% | 31.8% | 28.9% | n.m. |
| *on sales* | *4.1%* | *-12.1%* | *8.5%* | *8.7%* | *11.2%* | *11.9%* | *0.0%* |
| | | | | | | | |
| Severance Indemnities | (9.2) | (11.0) | (12.6) | (12.4) | (10.8) | (8.0) | (5.1) |
| Other long-term liabilities | (3.0) | (5.0) | (6.6) | (4.1) | (3.2) | (3.9) | (4.8) |
| | | | | | | | |
| **Total net capital employed** | **37.2** | **24.3** | **53.3** | **57.7** | **65.3** | **73.7** | **65.7** |
| | | | | | | | |
| Shareholder equity | 13.0 | 11.5 | 14.9 | 20.5 | 20.5 | 20.5 | 20.5 |
| Reserves | 4.9 | 8.8 | 7.4 | 13.3 | 10.0 | 10.9 | 11.9 |
| Net Income | - 7.0 | - 15.5 | - 8.0 | (3.3) | 0.8 | 1.2 | 0.7 |
| Dividend | - | - | - | - | *0.1* | - | - |
| **Total equity** | **11.0** | **5.0** | **14.6** | **31.2** | **32.7** | **34.2** | **34.4** |
| *minorities* | *0.2* | *0.2* | *0.3* | *0.7* | *1.4* | *1.5* | *1.3* |
| | | | | | | | |
| **Net Cash (Debt)** | **(25.9)** | **(19.2)** | **(38.6)** | **(26.5)** | **(32.6)** | **(39.5)** | **(31.3)** |

Source: Company data (A) and Intermonte SIM estimates (E)

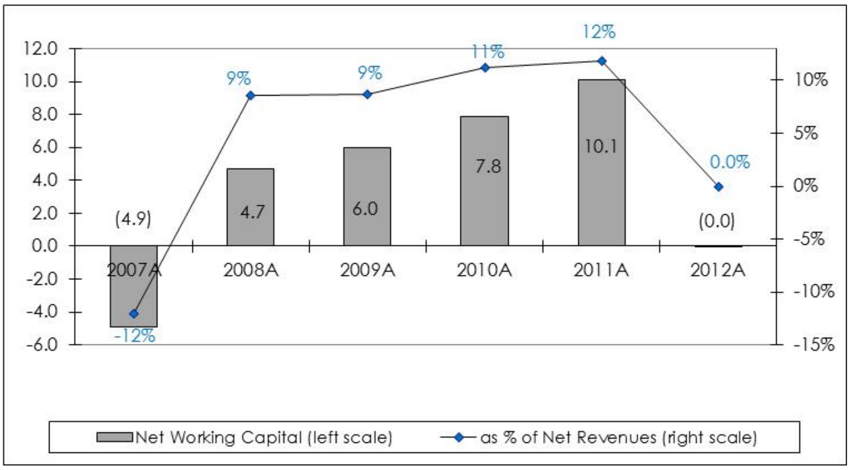
The net debt during the 2008-2012 period went from Eu38.6mn to Eu31.3mn, with the company benefiting from few capital increases, and positive operating cash flows. During the 2008-2012 period, however, Be cashed out a total of around Eu16.5mn for acquisitions.

**Be - Cash flow statement**

| (Eu mn) | 2007A | 2008A | 2009A | 2010A | 2011A | 2012A |
|---|---|---|---|---|---|---|
| **Net Profit** | (15.4) | (7.9) | (3.1) | 0.8 | 1.3 | 0.5 |
| | | | | | | |
| Amortization & Depreciation | 1.5 | 2.9 | 3.8 | 4.0 | 4.0 | 4.1 |
| Change in Working Capital | 7.1 | (9.6) | (1.2) | (1.9) | (2.3) | 10.1 |
| Change in funds | 2.1 | 1.5 | (2.4) | (1.0) | 0.8 | 0.9 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Operating CF** | **(4.7)** | **(13.1)** | **(3.0)** | **2.0** | **3.8** | **15.5** |
| | | | | | | |
| Capex | (6.1) | (3.5) | (3.3) | (7.2) | (3.5) | (2.4) |
| Disposals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Acquisitions | 0.0 | (14.2) | 0.0 | (0.2) | (1.9) | (4.7) |
| Dividends | 0.0 | 0.0 | 0.0 | (0.1) | 0.0 | 0.0 |
| Capital increase | 10.3 | 17.7 | 19.6 | 0.8 | 0.0 | 0.0 |
| Other | 7.3 | (6.4) | (1.2) | (1.4) | (5.4) | (0.1) |
| **Cash Flow** | **6.7** | **(19.4)** | **12.1** | **(6.1)** | **(6.9)** | **8.3** |
| | | | | | | |
| **NFP at the beg. of the year: Cash/(Debt)** | **(25.9)** | **(19.2)** | **(38.6)** | **(26.5)** | **(32.6)** | **(39.5)** |
| Cash Flow: Cash/(Debt) | 6.7 | (19.4) | 12.1 | (6.1) | (6.9) | 8.3 |
| **NFP at year end: Cash/(Debt)** | **(19.2)** | **(38.6)** | **(26.5)** | **(32.6)** | **(39.5)** | **(31.3)** |

Source: Company data (A) and Intermonte SIM estimates (E)

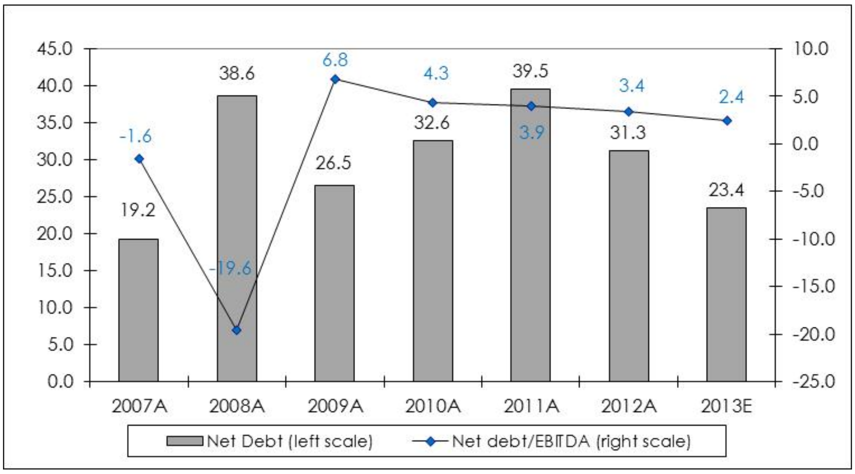
**Be - Net Working Capital and % of Net Revenues**



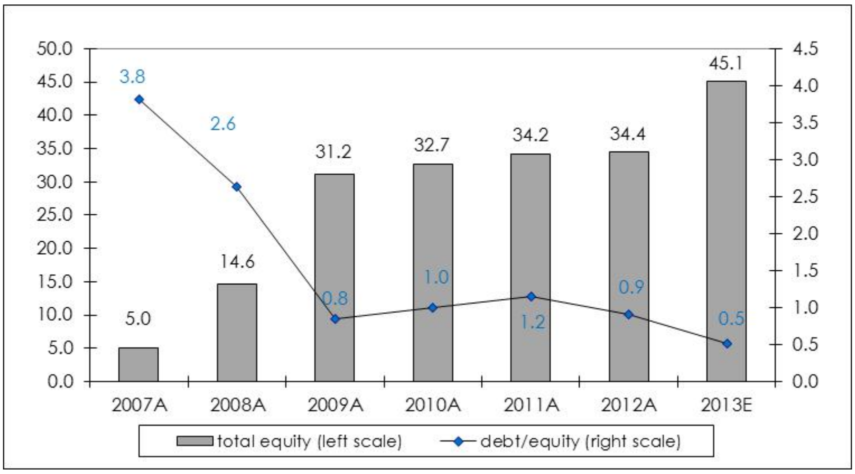

Source: Company data(A) - Intermonte SIM estimates (E)

Below we report the net debt/ EBITDA trend for the 2007-2013 period. We expect the ratio to continue to decline to 2.4x in in 2013.

**Be – Consolidated Net Debt and Net Debt/EBITDA**




**Be – Total Equity and Net debt/Tot Equity**




Source: Company data(A) - Intermonte SIM estimates (E)

# Results

**FY12 Results**

In FY12 revenues came to Eu80.4mn, with the three business units, Business Consulting, IT Services, and Process & Document Management, posting Eu28.0mn, Eu33.1mn and Eu16.9mn respectively. All divisions posted negative growth, with the back office activities being the most penalized.

EBITDA came to Eu9.3mn (a margin of 11.5%) after Eu28.7mn of operating costs; this figure was below 2011 EBITDA which came in at Eu10.1mn. However, the EBITDA margin (equal to 11.6%) improved YoY due to a more efficient labour and services costs allocation.

EBIT amounted to Eu4.1mn (EBIT margin 5.1%) lower than the Eu6.0mn reported in 2011 due to provisions.

Pre-tax profit came to Eu1.2mn (vs. Eu3.7mn in 2011) after Eu2.8mn of financial charges, which increased YoY due to the non-recourse sale of receivables. Net profit came to Eu0.7mn (compared to Eu1.2mn in 2011).

Net debt declined YoY to Eu31.6mn at the end of 2012 (compared to Eu39.5mn in 2011) mainly due to a lower working capital (the company made some non-recourse sale of receivables).

Net debt was composed of Eu9.4mn of cash and cash equivalents, Eu28.3mn of short term debt and Eu12.3mn of long term debt. The long term debt can be broken down as follow: Eu5.1mn maturing between one and two years; Eu4.3mn maturing between two and three years; Eu2.1mn maturing between three and four years and Eu0.8mn maturing thereafter.

*(see table on the next page)*

**Be - P&L**

| (Eu mn) | | 2011A | 2012A |
|---|---|---|---|
| **Net Revenues** | | **85.0** | **74.6** |
| | yoy growth | *21.8%* | *-12.3%* |
| | | | |
| Other revenues | | 3.8 | 5.8 |
| | yoy growth | *-31.2%* | *52.8%* |
| | | | |
| **Value of production** | | **88.9** | **80.4** |
| | yoy growth | *17.9%* | *-9.5%* |
| | | | |
| Cost of services | | (34.8) | (28.7) |
| *on value of production* | | 39.2% | 35.7% |
| | yoy growth | 11.5% | -17.7% |
| Labour costs | | (41.1) | (40.9) |
| *on value of production* | | 46.3% | 50.9% |
| | yoy growth | 19.6% | -0.5% |
| Other costs | | (1.5) | (1.5) |
| *on value of production* | | 1.7% | 1.9% |
| | yoy growth | -6.8% | -0.9% |
| | | | |
| **EBITDA** | | **10.0** | **9.3** |
| | YoY growth | *32.5%* | *-7.0%* |
| EBITDA margin | | *11.3%* | *11.6%* |
| | | | |
| D&A | | (4.0) | (4.1) |
| *on value of production* | | 4.5% | 5.1% |
| Provisions | | (1.4) | (1.1) |
| *on value of production* | | 1.6% | 1.4% |
| | | | |
| **EBIT** | | **6.0** | **4.1** |
| | YoY growth | *71.5%* | *-31.8%* |
| *EBIT margin* | | *6.8%* | *5.1%* |
| | | | |
| Financial Income (Charges) | | (2.3) | (2.8) |
| Associates | | 0.0 | (0.1) |
| | | | |
| **Pretax** | | **3.7** | **1.2** |
| | | | |
| Taxes | | (2.4) | (0.8) |
| *tax rate* | | *-64.7%* | *-63.1%* |
| Minorities/disc. operations | | (0.1) | 0.2 |
| | | | |
| **Net income** | | **1.2** | **0.7** |
| | YoY growth | *51.5%* | *-43.4%* |

Source: Company data (A) and Intermonte SIM estimates (E)

# Estimates

According to our forecasts, Be's value of production should reach Eu94.0mn in 2015, posting a 2012-2015 CAGR of 5.4%. We see tangible growth opportunities both in the Consulting and IT Services businesses, where there exist real options to expand abroad, entering new countries. The last multi-year contracts awarded should guarantee a good visibility on revenues growth.

Below is a summary of our estimates by business unit.

**Be - Revenues breakdown by business**

| (Eu mn) | 2012A | 2013E | 2014E | 2015E |
|---|---|---|---|---|
| **Business Consulting** | **25.9** | **28.5** | **31.9** | **35.1** |
| YoY growth | -16.3% | **10.0%** | **12.0%** | **10.0%** |
| on value of production | 33.1% | 34.5% | 36.1% | 37.4% |
| **IT Services** | **31.2** | **32.5** | **34.4** | **36.1** |
| YoY growth | -2.5% | **4.0%** | **6.0%** | **5.0%** |
| on value of production | 39.8% | 39.3% | 38.8% | 38.4% |
| **Process & Document Management** | **16.8** | **17.0** | **17.3** | **17.6** |
| YoY growth | -23.5% | **1.5%** | **1.5%** | **1.5%** |
| on value of production | 21.4% | 20.6% | 19.5% | 18.7% |
| **Other Revenues** | **3.8** | **4.0** | **4.2** | **4.4** |
| YoY growth | -44.7% | **5.0%** | **5.0%** | **5.0%** |
| on value of production | 4.9% | 4.8% | 4.7% | 4.7% |
| **Value of Production** | **78.4** | **82.7** | **88.6** | **94.0** |
| | -4.4% | 5.5% | 7.1% | 6.1% |

Source: Company data (A) and Intermonte SIM estimates (E)

In terms of profitability, EBITDA is expected to come to Eu11.9mn in 2015, or 12.6% of value of production, higher than the 11.6% reported in 2012, thus 2012-2015 CAGR of 8.3%. Leverage on profitability should come from a better revenues mix. EBIT should benefit from stable DA and provisions, reaching Eu7.4mn in 2015 (equal to a 7.9% margin).

Finally we expect net profit to come to Eu3.4mn in 2015. We notice that the tax rate of the group is high, given that the Italian business is penalized by the IRAP tax; however deferred tax assets should arise from cumulated losses consolidation. Financial charges should decline slowly year by year due declining net debt.

**Be - P&L**

| (Eu mn) | | 2012A | 2013E | 2014E | 2015E |
|---|---|---|---|---|---|
| **Net Revenues** | | **74.6** | **78.7** | **84.4** | **89.6** |
| | yoy growth | *-12.3%* | *5.5%* | *7.2%* | *6.2%* |
| Other revenues | | 5.8 | 4.0 | 4.2 | 4.4 |
| | yoy growth | *52.8%* | *-31.3%* | *5.0%* | *5.0%* |
| **Value of production** | | **80.4** | **82.7** | **88.6** | **94.0** |
| | yoy growth | *-9.5%* | *2.9%* | *7.1%* | *6.1%* |
| Cost of services | | (28.7) | (29.5) | (31.3) | (33.1) |
| *on value of production* | | 35.7% | 35.6% | 35.4% | 35.2% |
| | yoy growth | -17.7% | **2.7%** | **6.4%** | **5.5%** |
| Labour costs | | (40.9) | (42.0) | (44.8) | (47.4) |
| *on value of production* | | 50.9% | 50.8% | 50.6% | 50.5% |
| | yoy growth | -0.5% | **2.7%** | **6.7%** | **5.8%** |
| Other costs | | (1.5) | (1.5) | (1.6) | (1.6) |
| *on value of production* | | 1.9% | 1.8% | 1.8% | 1.7% |
| | yoy growth | -0.9% | **1.4%** | **3.6%** | **3.1%** |
| **EBITDA** | | **9.3** | **9.7** | **10.8** | **11.9** |
| | YoY growth | *-7.0%* | *4.2%* | *11.3%* | *9.6%* |
| EBITDA margin | | *11.6%* | *11.8%* | *12.2%* | *12.6%* |
| | | | | | *1.0%* |
| D&A | | (4.1) | (4.0) | (3.9) | (4.0) |
| *on value of production* | | 5.1% | 4.8% | 4.4% | 4.3% |
| Provisions | | (1.1) | **(0.5)** | **(0.5)** | **(0.5)** |
| *on value of production* | | 1.4% | 0.5% | 0.5% | 0.5% |
| **EBIT** | | **4.1** | **5.3** | **6.5** | **7.4** |
| | YoY growth | *-31.8%* | *28.0%* | *22.8%* | *14.6%* |
| *EBIT margin* | | *5.1%* | *6.4%* | *7.3%* | *7.9%* |
| Financial Income (Charges) | | (2.8) | **(2.4)** | **(2.0)** | **(1.8)** |
| Associates | | (0.1) | **0.0** | **0.0** | **0.0** |
| **Pretax** | | **1.2** | **2.9** | **4.4** | **5.6** |
| Taxes | | (0.8) | (1.9) | (2.2) | (2.3) |
| *tax rate* | | *-63.1%* | **-65%** | **-50%** | **-40%** |
| Minorities/disc. operations | | 0.2 | **0.0** | **0.0** | **0.0** |
| **Net income** | | **0.7** | **1.0** | **2.2** | **3.4** |
| | YoY growth | *-43.4%* | *45.2%* | *121.5%* | *52.9%* |

Source: Company data (A) and Intermonte SIM estimates (E)

Looking at the balance sheet, we expect the group's net equity value to increase from Eu34.4mn in 2012 to Eu50.9mn in 2015 following Eu3.4mn of retained earnings and no dividend payment.

We therefore expect net debt to decrease to Eu15.7mn at the end of 2015 from Eu31.3mn at the end of 2012, bringing the net debt/EBITDA ratio to 1.9x and the net debt/equity ratio to 0.3x.

**Be - Balance Sheet**

| (Eu mn) | | 2012A | 2013E | 2014E | 2015E |
|---|---|---|---|---|---|
| Tangible Assets | | 2.2 | 3.4 | 5.7 | 6.8 |
| Intangible Assets | | 14.5 | 15.4 | 12.2 | 9.1 |
| Goodwill | | 52.1 | 52.1 | 52.1 | 52.1 |
| Financial Assets | | 1.5 | 1.5 | 1.5 | 1.5 |
| Prepaid tax assets | | 5.4 | **5.6** | **5.9** | **6.2** |
| Other non current assets | | - | - | - | - |
| **Fixed Assets** | | **75.6** | **77.9** | **77.3** | **75.6** |
| | | | | | |
| Inventory | | 0.2 | 0.2 | 0.2 | 0.2 |
| Trade Receivables | | 26.2 | 27.6 | 29.5 | 31.3 |
| Other current assets | | 1.5 | **1.6** | **1.6** | **1.7** |
| Trade Payables | | (15.3) | (15.5) | (16.5) | (17.3) |
| Other current liabilities | | (12.5) | **(12.9)** | **(13.3)** | **(13.7)** |
| **Total Working Capital** | | **(0.0)** | **0.9** | **1.6** | **2.1** |
| | *Growth* | n.m. | n.m. | 73.0% | 37.2% |
| | *on sales* | *0.0%* | *1.1%* | *1.9%* | *2.4%* |
| | | | | | |
| Severance Indemnities | | (5.1) | **(5.3)** | **(5.4)** | **(5.6)** |
| Other long-term liabilities | | (4.8) | **(5.0)** | **(5.3)** | **(5.5)** |
| | | | | | |
| **Total net capital employed** | | **65.7** | **68.5** | **68.1** | **66.6** |
| | | | | | |
| Shareholder equity | | 20.5 | 30.0 | 30.0 | 30.0 |
| Reserves | | 11.9 | 14.0 | 15.1 | 17.5 |
| Net Income | | 0.7 | 1.0 | 2.2 | 3.4 |
| Dividend | | - | - | - | - |
| **Total equity** | | **34.4** | **45.1** | **47.4** | **50.9** |
| *minorities* | | *1.3* | **1.3** | **1.3** | **1.3** |
| | | | | | |
| **Net Cash (Debt)** | | **(31.3)** | **(23.4)** | **(20.7)** | **(15.7)** |

Source: Company data (A) and Intermonte SIM estimates (E)

**Be - Cash flow statement**

| (Eu mn) | 2012A | 2013E | 2014E | 2015E |
|---|---|---|---|---|
| | | | | |
| **Net Profit** | 0.5 | 1.0 | 2.2 | 3.4 |
| | | | | |
| Amortization & Depreciation | 4.1 | 4.0 | 3.9 | 4.0 |
| Change in Working Capital | 10.1 | (0.9) | (0.7) | (0.6) |
| Change in funds | 0.9 | 0.2 | 0.3 | 0.3 |
| Other | 0.0 | **0.0** | **0.0** | **0.0** |
| **Operating CF** | **15.5** | **4.3** | **5.7** | **7.1** |
| | | | | |
| Capex | (2.4) | (2.0) | (3.0) | (2.0) |
| Disposals | 0.0 | **0.0** | **0.0** | **0.0** |
| Acquisitions | (4.7) | (4.0) | 0.0 | 0.0 |
| Dividends | 0.0 | **0.0** | **0.0** | **0.0** |
| Capital increase | 0.0 | 9.5 | 0.0 | 0.0 |
| Other | (0.1) | **0.0** | **0.0** | **0.0** |
| **Cash Flow** | **8.3** | **7.8** | **2.7** | **5.1** |
| | | | | |
| **NFP at the beg. of the year: Cash/(Debt)** | **(39.5)** | **(31.3)** | **(23.4)** | **(20.7)** |
| Cash Flow: Cash/(Debt) | 8.3 | 7.8 | 2.7 | 5.1 |
| **NFP at year end: Cash/(Debt)** | **(31.3)** | **(23.4)** | **(20.7)** | **(15.7)** |

Source: Company data (A) and Intermonte SIM estimates (E)

## Valuation

Our target price is based on a discounted cash flow (DCF) model. Here below we report the model's details.

**DCF**

| DCF (Eu mn) | 2012A | 2013E | 2014E | 2015E | 2016E | 2017E | 2018E | 2019E | TV |
|---|---|---|---|---|---|---|---|---|---|
| Revenues | 74.6 | 78.7 | 84.4 | 89.6 | 94.5 | 97.4 | 100.3 | 103.3 | 105.4 |
| EBITDA | 9.3 | 9.7 | 10.8 | 11.9 | 12.9 | 13.3 | 13.7 | 14.1 | 14.3 |
| DA | (5.2) | (4.5) | (4.4) | (4.5) | (4.4) | (4.5) | (4.6) | (4.8) | (5.0) |
| EBIT | 4.1 | 5.3 | 6.5 | 7.4 | 8.5 | 8.8 | 9.0 | 9.3 | 9.3 |
| Taxes | (2.6) | (3.4) | (3.2) | (3.0) | (3.0) | (3.1) | (3.2) | (3.3) | (3.3) |
| *tax rate* | *-63.1%* | *-65.0%* | *-50.0%* | *-40.0%* | *-35.0%* | *-35.0%* | *-35.0%* | *-35.0%* | *-35.0%* |
| Change in WC | 10.1 | (0.9) | (0.7) | (0.6) | (0.5) | (0.6) | (0.6) | (0.6) | (0.4) |
| Capex | (2.4) | (2.0) | (3.0) | (2.0) | (3.0) | (2.4) | (2.5) | (2.6) | (2.6) |
| *Capex/Revenues* | *-3.3%* | *-2.5%* | *-3.6%* | *-2.2%* | *-3.2%* | *-2.5%* | *-2.5%* | *-2.5%* | *-2.5%* |
| **FCF** | **14.4** | **3.4** | **3.9** | **6.3** | **6.4** | **7.2** | **7.4** | **7.6** | **8.0** |
| TV | | | | | | | | | 78.8 |
| year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Discounted WACC | 1.0 | 0.9 | 0.8 | 0.7 | 0.6 | 0.6 | 0.5 | 0.4 | 0.4 |
| Discounted Free cash flow | 14.4 | 3.1 | 3.2 | 4.6 | 4.1 | 4.1 | 3.7 | 3.4 | 31.4 |

| | |
|---|---|
| Discounted Free cash flows | 26.2 |
| Terminal value | 31.4 |
| **Total EV (with DCF)** | **57.6** |
| NFP (FY12) | (31.3) |
| Capital increase (FY13) | 9.5 |
| **Total EQUITY** | **35.8** |
| N. of shares fully diluted (mn) | 119.2 |
| **TARGET PRICE (Eu)** | **0.30** |

| TV / Total EV |
|---|
| 54% |

| | |
|---|---|
| *WACC* | *12.2%* |
| *Terminal growth* | *2.0%* |

Source: Intermonte SIM estimates

**Company - Implicit multiples (at target)**

| | 2012A | 2013E | 2014E | 2015E |
|---|---|---|---|---|
| **PE** | 52.1x | 35.9x | 16.2x | 10.6x |
| **EV/SALES** | 0.9x | 0.8x | 0.7x | 0.6x |
| **EV/EBITDA** | 7.2x | 6.1x | 5.2x | 4.3x |
| **EV/EBIT** | 16.3x | 11.2x | 8.7x | 6.9x |

Source: Intermonte SIM estimates

**Company - Current multiples (at market price)**

| | 2012A | 2013E | 2014E | 2015E |
|---|---|---|---|---|
| **PE** | 34.7x | 23.9x | 10.8x | 7.0x |
| **EV/SALES** | 0.7x | 0.6x | 0.5x | 0.4x |
| **EV/EBITDA** | 5.9x | 4.9x | 4.1x | 3.3x |
| **EV/EBIT** | 13.4x | 9.0x | 6.9x | 5.3x |

Source: Intermonte SIM estimates

## Peers

BE operates in Business Consulting, IT Services and Process & Document Management. We have therefore selected a peer group with these three segments in mind, to have a look at market multiples. We provide a brief description of the Italian peers.

Exprivia: an Italian company listed on the Milan stock exchange since 2000 (Star segment since 2007). It engages in the development of software for internet/intranet mainly to governmental and financial institutions, as well as the healthcare and utility sectors.

Engineering: an Italian company listed on the Milan stock exchange since 2000. It is the leading Italian systems integrator, with a market share of around 7%. It is particularly strong in providing IT solutions to the public sector.

Reply: an Italian company listed on the Milan stock exchange since 2000. It is one of the top Italian systems integrators, with a market share of around 4%. It also operates in Germany and the UK.

TXT e-solutions: an Italian company listed on the Milan stock exchange (Star Segment) since 2000. It provides software products and solutions through Integrated & Collaborative Planning solutions for the fashion, retail and consumer industries, as well as through advanced Software Engineering Services for companies in the aerospace, automotive, high-tech and banking sectors.

CAD IT: an Italian company listed on the Milan stock exchange (Star segment) since 2000. It is a solutions provider specialising in the design and development of applied software for banks, financial institutions, insurers and government offices.

**Be's Peer Group - Absolute Performances**

| Stock | Price | Ccy | Mkt cap | 1M | 3M | 6M | YTD | 1Y | 2Y |
|---|---|---|---|---|---|---|---|---|---|
| **Be** | **20.00** | **EUR** | **23.0** | **-11.0%** | **-53.7%** | **-43.0%** | **-41.5%** | **-62.9%** | **-52.5%** |
| IBS Group Holding Ltd. | 17.1 | EUR | 392.5 | -7.1% | -16.4% | 8.9% | 12.5% | -24.0% | 62.9% |
| Infovide Matrix S.A. | 5.4 | PLN | 64.4 | 3.8% | -27.9% | -24.4% | -31.9% | -52.7% | -58.2% |
| Capgemini | 27.5 | EUR | 4,278.2 | -0.3% | -16.9% | 11.3% | 13.8% | -29.1% | -28.6% |
| Groupe Steria S.C.A. | 11.8 | EUR | 363.0 | -10.4% | -29.7% | -9.1% | -10.5% | -38.4% | -44.1% |
| Ordina N.V. | 0.9 | EUR | 79.9 | 0.6% | -16.7% | -12.1% | -9.8% | -67.1% | -69.7% |
| GFI Informatique S.A. | 2.7 | EUR | 146.5 | -12.9% | -4.6% | 19.0% | 18.5% | -29.2% | -4.6% |
| Devoteam S.A. | 8.6 | EUR | 90.1 | -10.8% | -33.5% | -17.1% | -15.2% | -52.7% | -50.3% |
| Aubay S.A. | 5.5 | EUR | 77.6 | 16.4% | 2.6% | 22.9% | 19.7% | -16.1% | 10.6% |
| Altran Technologies S.A. | 3.3 | EUR | 477.6 | -14.1% | -31.3% | 17.9% | 17.9% | -37.8% | 3.2% |
| Tieto Oyj | 12.7 | EUR | 917.9 | 2.7% | -11.6% | 16.2% | 15.5% | 16.7% | -11.2% |
| Engineering S.p.A. | 26.0 | EUR | 324.4 | 13.1% | 23.0% | 15.8% | 17.1% | 16.5% | 28.8% |
| Reply S.p.A. | 17.3 | EUR | 159.1 | -1.7% | -2.3% | 7.7% | 7.6% | -11.2% | 8.8% |
| TXT e-solutions S.p.A. | 5.0 | EUR | 27.3 | -12.8% | -3.9% | 12.8% | 16.5% | 55.7% | 133.4% |
| CAD IT S.p.A. | 3.5 | EUR | 31.3 | -10.8% | -11.0% | 13.5% | 8.1% | -3.2% | -17.2% |
| Exprivia S.p.A. | 0.5 | EUR | 27.0 | -3.1% | -26.4% | -17.3% | -21.3% | -44.1% | -43.1% |
| **IT companies avg** | | | | **-3.7%** | **-16.3%** | **1.4%** | **1.0%** | **-23.7%** | **-8.2%** |
| **Italy Fixed** | **238.3** | **EUR** | **397,979** | **-0.4%** | **-18.1%** | **-9.7%** | **-9.7%** | **-30.4%** | **-35.7%** |

Source: Factset

**Be's Peer Group - Multiples Comparison**

| Stock | Price | Ccy | Mkt cap | EV/Sales 2013 | EV/Sales 2014 | EV/Ebitda 2013 | EV/Ebitda 2014 | EV/Ebit 2013 | EV/Ebit 2014 | P/E 2013 | P/E 2014 | Div Yield 2013 | Div Yield 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Be** | **20.00** | **EUR** | **23.0** | **0.57** | **0.50** | **4.8** | **4.1** | **8.9** | **6.8** | **22.7** | **10.4** | **0.0%** | **0.0%** |
| IBS Group Holding Ltd. | 17.1 | EUR | 392.5 | 0.53 | 0.50 | 4.7 | 5.3 | 6.1 | 7.2 | 6.8 | 6.7 | 4.5% | 4.5% |
| Infovide Matrix S.A. | 5.4 | PLN | 64.4 | 0.29 | 0.27 | 5.7 | 5.4 | 7.9 | 7.4 | | | | |
| Capgemini | 27.5 | EUR | 4,278.2 | 0.45 | 0.41 | 4.4 | 3.9 | 5.4 | 4.9 | 12.0 | 11.0 | 3.0% | 3.1% |
| Groupe Steria S.C.A. | 11.8 | EUR | 363.0 | 0.35 | 0.32 | 4.1 | 3.6 | 5.1 | 4.6 | 5.5 | 4.6 | 2.6% | 3.2% |
| Ordina N.V. | 0.9 | EUR | 79.9 | 0.31 | 0.26 | 6.9 | 4.8 | 13.2 | 7.7 | 12.5 | 8.9 | 0.0% | 0.0% |
| GFI Informatique S.A. | 2.7 | EUR | 146.5 | 0.30 | 0.26 | 4.4 | 3.7 | 5.6 | 4.9 | 8.1 | 7.5 | 3.1% | 3.8% |
| Devoteam S.A. | 8.6 | EUR | 90.1 | 0.16 | 0.13 | 2.9 | 1.8 | 3.6 | 2.4 | 8.0 | 5.6 | 3.2% | 4.9% |
| Aubay S.A. | 5.5 | EUR | 77.6 | 0.36 | 0.33 | 4.3 | 3.9 | 4.6 | 4.0 | 9.3 | 8.6 | 3.4% | 3.6% |
| Altran Technologies S.A. | 3.3 | EUR | 477.6 | 0.61 | 0.54 | 5.9 | 4.9 | 6.9 | 5.5 | 10.9 | 9.6 | 0.0% | 0.0% |
| Tieto Oyj | 12.7 | EUR | 917.9 | 0.66 | 0.62 | 5.1 | 4.5 | 7.8 | 6.8 | 10.8 | 9.4 | 5.6% | 6.4% |
| Engineering S.p.A. | 26.0 | EUR | 324.4 | 0.45 | 0.40 | 3.7 | 3.2 | 4.5 | 4.0 | 8.8 | 8.2 | 1.8% | 1.9% |
| Reply S.p.A. | 17.3 | EUR | 159.1 | 0.49 | 0.42 | 3.8 | 3.2 | 4.2 | 3.5 | 8.7 | 7.9 | 2.2% | 2.3% |
| TXT e-solutions S.p.A. | 5.0 | EUR | 27.3 | 0.76 | 0.65 | 6.5 | 4.6 | 7.7 | 5.2 | 11.8 | 8.5 | 2.6% | 3.5% |
| CAD IT S.p.A. | 3.5 | EUR | 31.3 | 0.67 | 0.62 | 4.1 | 3.5 | 8.0 | 6.4 | 18.9 | 14.6 | 5.3% | 6.8% |
| Exprivia S.p.A. | 0.5 | EUR | 27.0 | 0.54 | 0.47 | 4.7 | 3.7 | 6.0 | 4.7 | 7.1 | 5.0 | 1.6% | 2.4% |
| **IT companies avg** | | | | **0.46** | **0.41** | **4.7** | **4.0** | **6.0** | **5.3** | **9.9** | **8.3** | **2.8%** | **3.3%** |

Source: Intermonte SIM estimates for Be, Reply, Engineering, Factset consensus estimates for peer group

**DISCLAIMER (for more details go to http://intermonte.it/ disclosures.asp)**

**IMPORTANT DISCLOSURES**

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.
This report is directed exclusively at market professional and other institutional investors (Institutions)and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.
The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by the Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.
This disclaimer is constantly updated on Intermonte's website www.intermonte.it under DISCLOSURES. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question.

**ANALYST CERTIFICATION**

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certify that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.
The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.
Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

**GUIDE TO FUNDAMENTAL RESEARCH**

Reports on all companies listed on the S&PMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.
A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.
Explanation of our ratings system:
BUY: stock expected to outperform the market by over 25% over a 12 month period;
OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
NEUTRAL: stock performance expected at between +10% and – 10% compared to the market over a 12 month period ;
UNDERPERFORM: stock expected to underperform the market by between –10% and -25% over a 12 month period;
SELL: stock expected to underperform the market by over 25% over a 12 month period.
The stock price indicated is the reference price on the day prior to the publication of the report.

**CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS**

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms. As at March 31th 2013 Intermonte's Research Department covered 137 companies.
Intermonte's distribution of stock ratings is as follows:

BUY: 16,06%
OUTPERFORM: 36.50%
NEUTRAL: 37.22%
UNDERPERFORM: 10.22%
SELL: 0.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (26 in total) is as follows:
BUY: 15.38%
OUTPERFORM: 50.00%
NEUTRAL: 34.62%
UNDERPERFORM: 0.00%
SELL: 0.00%

**CONFLICT OF INTEREST**

In order to disclose its possible conflicts of interest Intermonte SIM states that:

- within the last year, Intermonte SIM managed or co-managed/is managing or is co-managing (see companies indicated in bold type) an Institutional Offering and/or , managed or co-managed/is managing or is co-managing (see companies indicated in bold type) an offering with firm commitment underwriting of the securities of the following Companies: Compagnia della Ruota, **Made in Italy**, Sesa, TerniGreen, UniCredit.
- Intermonte SIM is Specialist and/or Corporate Broker and/or Broker in charge of the share buyback activity of the following Companies: Be, Biancamano, B&C Speakers, Carraro, Cattolica Assicurazioni, Cell Therapeutics, Credito Valtellinese, Datalogic, DeA capital, Digital bros, EL.En, Fiera Milano, Fintel Energia Group, Gefran, IGD, IGI Investimenti, Kinexia, QF Alpha Immobiliare, QF Beta Immobiliare, Primi sui Motori, Reno de Medici, Reply, Saes Getters, Servizi Italia, TESMEC, TBS Group, TerniGreen, Ternienergia, Vittoria Assicurazioni, VR Way.
- Intermonte SIM SpA and its subsidiaries do not hold a stake of equal to or over 1% in any class of common equity securities of the subject company.
- Intermonte SIM SpA acts as Financial Advisor to the following companies: Cattolica Assicurazioni.

**DETAILS ON STOCKS RECOMMENDATION**

| **Stock NAME** | **BE** | | |
|---|---|---|---|
| Current Recomm: | OUTPERFORM | Previous Recomm: | n.a. |
| Current Target (Eu): | 0.30 | Previous Target (Eu): | n.a. |
| Current Price (Eu): | 0.20 | Previous Price (Eu): | n.a. |
| Date of report: | 29/04/2013 | Date of last report: | n.a. |



INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website www.intermonte.it/mifid
Further information is available