

BE

NEUTRAL

Price (Eu): **0.50**
 Target Price (Eu): **0.55**

SECTOR: Industrials

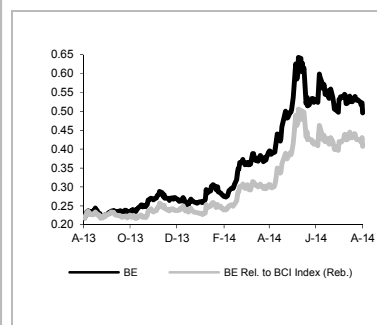
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Solid Results, New Business Plan Coming in September

- Solid 1H14 results.** In 1H14, BE reported results that were slightly better than our estimates. The value of production amounted to Eu46.6mn, up 5.5% YoY driven by a strong performance in the Business Consulting division. In 1H14, revenues from outside of Italy made up 18% of the total. EBITDA came to Eu6.2mn, up 1.8% YoY with an implied margin on sales of 13.3%, down 50bps YoY. The comparison was penalised by Eu5.5mn of non-recurring items recorded in 1H13. EBIT came to Eu3.3mn, while pre-tax profit stood at Eu2.1mn, based on lower D&A and financial charges YoY. Net profit reached Eu0.6mn, down 7.8% YoY and lower than forecast because of a higher tax rate. Finally, net debt decreased marginally to Eu24.7mn at the end of June 2014, from Eu25.0mn at the end of March 2014, broadly in line with our estimate.
- Strong performance at the Business Consulting division.** During the second quarter, we estimate that the Business Consulting division's value of production grew by around 30% YoY (accounting for around 61% of the total in 1H). We believe that newly acquired company Targit contributed around Eu5.0mn. In contrast, the production value of ICT Solutions (comprised of IT services, business process outsourcing activities and document management) is estimated to have declined by around 20% YoY, because the company's strategy does not encompass the renewal of old less profitable contracts.
- Estimates unchanged.** For FY 2014, we forecast a value of production of Eu101.4mn, EBITDA equal to Eu12.4mn (12.3% of sales) and net profit of Eu2.1mn. The net financial position is expected to decrease to Eu14.9mn by year's end. In 2016, the value of production should reach Eu112.0mn, with EBITDA foreseen at Eu15.7mn (14.0% of sales), while net profit is forecast at Eu5.8mn; finally, net debt is expected to come down to Eu4.5mn.
- NEUTRAL confirmed, target price kept at Eu0.55.** We continue to appreciate the company's strategy to become a provider of specialist consultancy services for large clients in the banking and insurance industries, both in Italy and abroad. Be was recently awarded contracts worth Eu4.0mn in Austria and Romania. Moreover, the newly created Digital division (with a focus on advanced analytics, big data, mobile and cashless payment systems) is expected to provide additional growth opportunities. After joining the STAR segment of the Italian equity market, the release of an updated business plan (expected in September) is the next trigger. Our valuation is based on the weighted average of a DCF model (70%) and a peer multiple comparison (30%). At our target price (Eu0.55), the stock would trade at 12.9x P/E and 5.1x EV/EBITDA based on 2016 estimates.

BE - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): Unchanged

Change in EPS est:	2014E	2015E
	0.0%	0.0%

STOCK DATA

Reuters code: BET.MI
 Bloomberg code: BET IM

Performance	1m	3m	12m
Absolute	-6.6%	-1.8%	125.5%
Relative	-2.7%	4.0%	104.2%
12 months H/L:	0.64/0.22		

SHAREHOLDER DATA

No. of Ord. shares (mn): 135
 Total No. of shares (mn): 135
 Mkt Cap Ord (Eu mn): 67
 Total Mkt Cap (Eu mn): 67
 Mkt Float - ord (Eu mn): 24
 Mkt Float (in %): 35.6%
 Main shareholder:
 Data Holding 2007 Srl 33.4%

BALANCE SHEET DATA

	2014
Book value (Eu mn):	49
BVPS (Eu):	0.37
P/BV:	1.4
Net Financial Position (Eu mn):	-15
Enterprise value (Eu mn):	81

Please see important disclaimer
 on the last page of this report

Key Figures	2012A	2013A	2014E	2015E	2016E
Sales (Eu mn)	80	84	101	107	112
Ebitda (Eu mn)	9	11	12	14	16
Net profit (Eu mn)	1	0	2	4	6
EPS - New (Eu)	0.010	0.003	0.016	0.030	0.043
EPS - Old (Eu)	0.010	0.003	0.016	0.030	0.043
DPS (Eu)	0.000	0.000	0.000	0.000	0.000

Ratios & Multiples	2012A	2013A	2014E	2015E	2016E
P/E	49.9	nm	31.9	16.5	11.6
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
EV/Ebitda	10.5	7.6	6.5	5.3	4.5
ROCE	5.9%	6.6%	9.6%	13.3%	16.6%

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BE - KEY FIGURES

		2012A	2013A	2014E	2015E	2016E
	Fiscal year end	12/12/2012	12/12/2013	12/12/2014	12/12/2015	12/12/2016
PROFIT & LOSS (Eu mn)	Sales	80	84	101	107	112
	EBITDA	9	11	12	14	16
	EBIT	4	4	6	8	10
	Financial income (charges)	(3)	(2)	(2)	(2)	(1)
	Associates & Others	(0)	0	0	0	0
	Pre-tax profit (Loss)	1	2	4	7	9
	Taxes	(1)	(2)	(2)	(3)	(3)
	Tax rate (%)	63.1%	79.7%	50.0%	40.0%	35.0%
	Minorities & discontinue activities	0	(0)	0	0	0
	Net profit	1	0	2	4	6
	Total extraordinary items	0	0	0	0	0
	Ebitda excl. extraordinary items	9	11	12	14	16
Ebit excl. extraordinary items	4	4	6	8	10	
Net profit restated	1	0	2	4	6	
PER SHARE DATA (Eu)	Total shares out (mn) - average fd	69	135	135	135	135
	EPS stated fd	0.010	0.003	0.016	0.030	0.043
	EPS restated fd	0.010	0.003	0.016	0.030	0.043
	BVPS fd	0.491	0.340	0.366	0.384	0.408
	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	6	8	9	11
	Change in NWC	12	8	(2)	(1)	(0)
	Capital expenditure	(2)	(2)	(3)	(2)	(3)
	Other cash items	(5)	(0)	4	(2)	(3)
	Free cash flow (FCF)	10	12	8	5	5
	Acquisitions, divestments & others	0	(4)	(3)	0	0
	Dividend	0	0	0	0	0
	Equity financing/Buy-back	0	5	0	0	0
Change in Net Financial Position	8	12	5	5	5	
BALANCE SHEET (Eu mn)	Total fixed assets	76	82	79	76	74
	Net working capital	(2)	(10)	(8)	(8)	(7)
	Long term liabilities	(8)	(7)	(7)	(7)	(7)
	Net capital employed	66	65	64	62	59
	Net financial position	(32)	(20)	(15)	(10)	(4)
	Group equity	34	46	49	52	55
	Minorities	1	0	0	0	0
Net equity	33	46	49	51	55	
ENTERPRISE VALUE (Eu mn)	Average mkt cap - current	67	67	67	67	67
	Adjustments (associate & minorities)	0	1	1	1	1
	Net financial position	(32)	(20)	(15)	(10)	(4)
	Enterprise value	98	85	81	76	70
RATIOS(%)	EBITDA margin*	11.6%	13.3%	12.3%	13.3%	14.0%
	EBIT margin*	5.1%	5.1%	6.2%	7.8%	9.0%
	Gearing - Debt/equity	93.0%	42.5%	30.2%	19.1%	8.1%
	Interest cover on EBIT	1.5	1.8	3.0	5.2	8.8
	Debt/Ebitda	3.39	1.74	1.20	0.69	0.28
	ROCE*	5.9%	6.6%	9.6%	13.3%	16.6%
	ROE*	2.1%	0.9%	4.4%	8.1%	10.9%
	EV/CE	1.4	1.3	1.2	1.2	1.2
	EV/Sales	1.2	1.0	0.8	0.7	0.6
	EV/Ebit	23.9	19.9	12.9	9.0	7.0
Free Cash Flow Yield	14.6%	18.1%	11.4%	7.5%	8.1%	
GROWTH RATES (%)	Sales	-9.5%	5.0%	20.1%	5.5%	4.7%
	EBITDA*	-7.0%	20.1%	11.0%	14.7%	9.7%
	EBIT*	-31.8%	4.3%	45.3%	34.2%	20.0%
	Net profit	-43.4%	-45.9%	463.1%	93.5%	42.8%
	EPS restated	-43.4%	-72.3%	463.1%	93.5%	42.8%

* Excluding extraordinary items

Source: Intermonte SIM estimates

1H14 Results

BE - Quarterly Results

(Eu mn)	1H13A	1H14A	YoY	1H14E	A v E
Value of production	44.2	46.6	5.5%	46.2	0.9%
Cost of services	(14.9)	(16.7)		(15.7)	
Labour costs	(21.8)	(24.0)		(23.3)	
Other costs	(1.5)	0.2		(1.2)	
EBITDA	6.1	6.2	1.8%	6.1	1.5%
EBITDA margin	13.8%	13.3%		13.2%	
D&A	(2.7)	(2.9)		(2.9)	
Provisions	(0.7)	(0.0)		0.0	
EBIT	2.7	3.3	22.5%	3.2	1.2%
EBIT margin	6.1%	7.0%		7.0%	
Financial Income (Charges)	(1.2)	(1.2)		(1.0)	
Associates	0.0	0.0		0.0	
Pretax	1.5	2.1	45.6%	2.2	-5.1%
Taxes	(1.4)	(1.3)		(1.1)	
tax rate	-94.1%	-60.9%		-50.0%	
Minorities/disc. operations	(0.6)	0.2		0.0	
Net income	0.7	0.6	-7.8%	1.1	-42.9%
Net Debt	(22.9)	(24.7)	7.9%	(25.0)	-1.2%

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

Change in Estimates

BE - Change in estimates

(Eu mn)	2014E	2015E	2016E
Value of Production new	101.4	107.0	112.0
Value of Production old	101.4	107.0	112.0
% change	0.0%	0.0%	0.0%
EBITDA new	12.4	14.3	15.7
EBITDA old	12.4	14.3	15.7
% change	0.0%	0.0%	0.0%
EBIT new	6.2	8.4	10.1
EBIT old	6.2	8.4	10.1
% change	0.0%	0.0%	0.0%
PBT new	4.2	6.8	8.9
PBT old	4.2	6.8	8.9
% change	0.0%	0.0%	0.0%
Net profit new	2.1	4.1	5.8
Net profit old	2.1	4.1	5.8
% change	0.0%	0.0%	0.0%
Net debt new	(14.9)	(9.9)	(4.5)
Net debt old	(14.9)	(9.9)	(4.5)
% change	0.0%	0.0%	0.0%

Source: Intermonte SIM estimates

BE Peer Group - Absolute Performances

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
BE	0.5	EUR	66.9	-6.6%	-1.8%	80.4%	90.7%	125.5%	210.0%
ALTRAN TECHNOLOGIES	7.6	EUR	1,324.9	-3.9%	-3.0%	12.3%	19.4%	36.6%	96.9%
AUBAY	10.0	EUR	129.4	-4.4%	-14.8%	11.1%	32.6%	78.0%	100.2%
CAD IT	4.2	EUR	37.4	-4.7%	-16.2%	-10.6%	-9.2%	-4.6%	9.6%
CAPGEMINI	53.9	EUR	8,629.7	2.4%	5.9%	6.6%	9.7%	27.7%	81.7%
DEVOTEAM	16.6	EUR	149.0	-5.7%	-9.6%	13.3%	26.0%	64.8%	84.6%
ENGINEERING	40.3	EUR	503.1	-12.1%	-19.7%	-12.1%	-7.4%	36.5%	54.8%
EXPRIVIA	0.8	EUR	39.0	0.3%	-14.4%	-6.6%	-7.4%	8.0%	49.7%
GFI INFORMATIQUE	6.6	EUR	358.1	-2.4%	8.0%	35.8%	40.1%	82.4%	147.8%
GROUPE STERIA	19.0	EUR	602.1	1.0%	-6.5%	26.7%	33.1%	76.6%	84.9%
IBS GROUP	19.8	EUR	448.6	-12.8%	3.3%	-20.0%	-20.6%	3.9%	18.4%
INFOVIDE MATRIX	3.5	PLN	43.9	-12.0%	-7.6%	-34.2%	-30.2%	-43.7%	-36.0%
ORDINA	1.8	EUR	166.7	-2.6%	-13.0%	-4.5%	-4.9%	43.3%	93.2%
REPLY	55.1	EUR	515.3	-4.7%	-15.2%	-2.6%	-3.2%	56.1%	213.4%
TIETO OYJ	19.5	EUR	1,418.5	-11.0%	-0.8%	20.0%	18.8%	34.7%	43.4%
TXT e-solutions	8.0	EUR	94.6	-5.2%	-16.9%	-29.9%	-11.8%	53.8%	224.5%
Mean performance				-5.3%	-7.6%	5.3%	11.0%	42.5%	92.3%
Italy Fixed	20,362.4	EUR	263,822	-5.6%	-6.5%	4.9%	7.4%	21.1%	46.2%

Source: FactSet

BE Peer Group - Multiple Comparison

Stock	Price	Ccy	Mkt cap	EV/Sales		EV/Ebitda		EV/Ebit		P/E		Div Yield	
				2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
BE	0.5	EUR	66.9	0.8	0.7	6.5	5.3	12.9	9.0	31.9	16.5	0.0%	0.0%
ALTRAN TECHNOLOGIES	7.6	EUR	1,324.9	0.8	0.7	7.5	6.3	8.2	7.1	12.5	10.9	1.4%	1.8%
AUBAY	10.0	EUR	129.4	0.5	0.5	6.2	5.5	6.7	5.9	12.3	11.2	2.4%	2.6%
CAD IT	4.2	EUR	37.4										
CAPGEMINI	53.9	EUR	8,629.7	0.7	0.7	6.8	6.0	8.5	7.3	15.2	13.6	2.2%	2.4%
DEVOTEAM	16.6	EUR	149.0	0.3	0.3	5.2	4.6	6.4	5.5	20.8	15.1	1.2%	1.2%
ENGINEERING	40.3	EUR	503.1	0.5	0.4	4.0	3.4	5.1	4.3	10.6	9.9	1.9%	2.1%
EXPRIVIA	0.8	EUR	39.0	0.5	0.5	3.9	4.1	5.4	5.8	7.4	8.9	0.0%	5.2%
GFI INFORMATIQUE	6.6	EUR	358.1	0.5	0.5	6.8	6.2	9.7	10.5	17.0	15.4	1.8%	2.2%
GROUPE STERIA	19.0	EUR	602.1	0.5	0.5	6.0	5.3	7.6	7.1	13.1	9.8	1.0%	1.5%
IBS GROUP	19.8	EUR	448.6	0.6	0.6	6.9	6.2	9.6	8.5	11.5	10.0	1.7%	1.7%
INFOVIDE MATRIX	3.5	PLN	43.9										
ORDINA	1.8	EUR	166.7	0.4	0.4	7.7	5.9	11.1	7.8	15.2	11.4	0.6%	2.2%
REPLY	55.1	EUR	515.3	0.8	0.7	6.1	4.8	6.7	5.4	11.9	10.0	1.7%	2.0%
TIETO OYJ	19.5	EUR	1,418.5	0.9	0.9	7.1	6.2	10.0	8.8	12.7	11.9	5.4%	5.9%
TXT e-solutions	8.0	EUR	94.6	1.3	1.1	10.0	8.2	12.0	9.4	18.6	16.0	3.3%	3.9%
Median				0.6	0.5	6.6	5.7	8.4	7.2	12.9	11.3	1.7%	2.1%

Source: Intermonte SIM estimates for covered companies, FactSet consensus estimates for peer group

BE - Estimates Comparison with Consensus

(Eu mn)	2014			2015		
	Intermonte	Consensus	%diff	Intermonte	Consensus	%diff
Revenues	101.4	95.6	6.1%	107.0	101.4	5.5%
Ebitda	12.4	12.8	-2.4%	14.3	14.6	-2.2%
Net Profit	2.1	2.0	4.7%	4.1	3.6	12.6%
EPS	0.0	0.0	-2.9%	0.0	0.0	5.5%
Net Debt	(14.9)	(17.1)	-12.8%	(9.9)	(14.7)	-32.6%

Source: Intermonte SIM estimates and Factset consensus estimates

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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.

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Intermonte's distribution of stock ratings is as follows:

BUY: 20.13%

OUTPERFORM: 34.42%

NEUTRAL: 44.15%

UNDERPERFORM: 1.30%

SELL: 0.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (31 in total) is as follows:

BUY: 21.88%

OUTPERFORM: 43.75%

NEUTRAL: 34.37%

UNDERPERFORM: 0.00%

SELL: 0.00%

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DETAILS ON STOCKS RECOMMENDATION

Stock NAME	BE		
Current Recomm:	NEUTRAL	Previous Recomm:	NEUTRAL
Current Target (Eu):	0.55	Previous Target (Eu):	0.55
Current Price (Eu):	0.50	Previous Price (Eu):	0.52
Date of report:	04/08/2014	Date of last report:	23/05/2014

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