

BE (BUY):
Feedback from ISMO Conference

News: Be SpA during our ISMO conference confirmed an improving outlook ahead and expects further growth in 2H13 driven by the Business Consulting division (up by 29.3% yoy in 1H13). Management is focused on increasing the weighting of higher margin activities such as Consulting and IT services and on the integration between the IT and Operations division to create the business conditions for a sustainable growth of margins. The group also aims to enrich its "core client" portfolio (financial institutions), both in the domestic and international markets, to increase visibility, reduce credit risk and because large players have a higher spending capacity. Lastly, management denied any interest for the acquisition of Infogroup, Intesa Sanpaolo's IT consulting unit (reported by Il Sole 24 Ore last Sunday), while confirming that external growth will be crucial to increase the Group's size, strengthen the Group's offer and to reinforce the internationalisation process. In particular management has indicated a small IT consulting boutique with a presence in strategic geographical areas for the group, such as Germany, as a possible M&A target.

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)	0.24		
Mkt cap (EUR M)	29		
Ratios (x)	2012A	2013E	2014E
P/E	23.69	21.39	8.98
EV/sales	0.64	0.65	0.61
EV/EBITDA	5.16	5.11	3.83
Performance (%)	1M	3M	12M
Absolute	0.04	12.76	26.69
Rel. to FTSE It. All	-4.39	0.52	14.53

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)	
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)

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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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