

Micro Focus International plc

06:36 04 Apr 2019

Citi chops ratings for blue-chip software firms Sage and Micro Focus, having adjusted targets

Citi has cut its ratings for two UK blue-chip business software firms, Sage Group PLC (LON:SGE) and Micro Focus International PLC (LON:MCRO), having adjusted target prices on valuation grounds.

The US bank cut its stance on Micro Focus to 'sell' from 'neutral' while raising its target price to 1,700p from 1,230p as it believes the stock has run ahead of fundamentals.

READ: Micro Focus continues to expect moderation in revenue decline from continuing business in current year

In a note to clients, Citi analysts said that over the mid-term, they see downside risks to revenue forecasts and margins for Micro Focus relative to market expectations.

They added: "The multiple appears modestly higher now, despite a more tempered outlook for the top line, and incrementally diminished visibility around the EBITDA improvement target."

For Sage Group, Citi cut its rating to 'neutral' from 'buy' while raising its target price to 720p from 630p.

In late morning trading, Micro Focus shares were 3% lower at 2,005p, while Sage shares lost 1% at 710p on the FTSE 100 index.

Price: 357.4

Market Cap: £1.2 billion

1 Year Share Price Graph



Share Information

Code: MCRO

Listing: LSE

52 week	High	Low
	1148	205.8

Sector: Software & services

Website: www.microfocus.com

Company Synopsis:

Micro Focus provides innovative software that allows companies to dramatically improve the business value of their enterprise applications. Micro Focus Enterprise Application Modernization and Management software enables customers' business applications to respond rapidly to market changes and embrace modern architectures with reduced cost and risk.

action@proactiveinvestors.com

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.