

Micro Focus International plc

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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: 1090.8

Market Cap: £3.64 billion

1 Year Share Price Graph



Share Information

Code: MCRO

Listing: LSE

52 week	High	Low
	2174.5	1021.6

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

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

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