Micro Focus International plc

09:10 24 Dec 2012

Micro Focus deal "clearly signals" scope for further deals, says Numis

Micro Focus's (LON:MCRO) deal to acquire software assets from US-listed Progress Software has received the thumbs up from City broker Numis.

It also said the company's performance update was well ahead of expectations, but also noted it was "distorted" by one-offs.

It expects to make a 3% upgrade to revenue and profit forecasts. It has maintained its 'add' recommendation and 631 pence target price.

At 10am, the stock was up 3.5 pence at 573.5 pence, valuing the group at £856mln.

Numis said today's deal "clearly signals that there is scope for M&A that meets management's aggressive cash flow return targets".

"The ongoing focus on sustainable cash flows rather than growth should provide further opportunities for Micro Focus to acquire assets as other companies look to shed low/no growth but well established product lines at attractive valuations," the broker added.

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.
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.