

31st March 2016

TMT

**Alten**

Price EUR53.70

**Acquisition of ASM Technologies' Technological Software business**

Fair Value EUR47 (-12%)

**SELL**

Bloomberg	ATE FP
Reuters	LTEN.PA
12-month High / Low (EUR)	54.6 / 40.3
Market Cap (EUR)	1,808
Avg. 6m daily volume (000)	50.20

	1 M	3 M	6 M	31/12/15
Absolute perf.	1.3%	0.3%	17.0%	0.5%
Softw.& Comp.				
SVS	3.9%	-2.0%	16.4%	-1.8%
DJ Stoxx 600	2.2%	-7.2%	-1.9%	-6.7%

  

	2015	2016e	2017e	2018e
P/E	16.5x	15.6x	14.5x	13.3x
Div yield (%)	1.9%	1.9%	1.9%	1.9%

#### ANALYSIS

- **Alten has announced the acquisition of ASM Technologies' Technological Software business**, for an undisclosed sum. Founded in 1992 and based in Bangalore (offices in the US, Singapore and the UK), ASM is an Indian IT services and product engineering company which posted 2015 sales (FYE 31st March) of INR1.64bn (EUR21m, o/w 57% in the US) for an EBIT margin of 9.2%, with c. 1,000 staff. Its Technological Software business sold to Alten employs 750 engineers specialised in product engineering, business intelligence, business analytics and cloud computing.
- **Marginally accretive to EPS.** As we consider the Technological Software business employs 75-80% of ASM's staff, we estimate its sales at EUR15-17m, i.e. 1% of Alten's revenues. We estimate the accretion to EPS as marginally positive. This business was acquired through Alten's US/Indian offshore subsidiary Calsoft Labs, which now has more than 1,600 staff in India and the US with the aim of creating a 'next gen' services platform dedicated to digital transformation (cloud, mobility, data analysis, IoT and product engineering).

#### VALUATION

- Alten's shares are trading at est. 10.4x 2016 and 9.2x 2017 EV/EBIT multiples.
- Net cash position on 31st December 2015 was EUR17m (net gearing: -3%).

#### NEXT CATALYSTS

Q1 2016 sales on 28th April after markets close.

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## Distribution of stock ratings

BUY ratings 64%

NEUTRAL ratings 28,7%

SELL ratings 7,4%

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