

14th December 2016

TMT

## Sword Group

Price EUR28.18

### Disposal of Simalaya France

Fair Value EUR32 (+14%)

BUY

Bloomberg	SWP FP
Reuters	SWP.PA
12-month High / Low (EUR)	28.6 / 22.0
Market Cap (EURm)	266
Avg. 6m daily volume (000)	6.50

	1 M	3 M	6 M	31/12/15
Absolute perf.	5.5%	1.5%	23.1%	16.0%
Softw.& Comp.				
SVS	4.6%	-2.0%	10.0%	3.8%
DJ Stoxx 600	5.9%	5.5%	9.4%	-2.3%

  

	2015	2016e	2017e	2018e
P/E	16.4x	16.1x	13.7x	11.7x
Div yield (%)	4.3%	4.3%	4.3%	4.3%

### ANALYSIS

- **Yesterday evening Sword announced the disposal of Simalaya France to Columbus**, for an undisclosed sum. The disposal was done on 7<sup>th</sup> December 2016. Sword increased its stake in the Swiss consulting company Simalaya from 40% to 100% in June 2015. 2016 has been dedicated to its integration and reorganisation for Simalaya, which also had a very small subsidiary in France dedicated to the consultancy business.
- **No significant impact to our forecasts.** Simalaya France generates revenues of EUR2.3m and, at first glance, its profitability was below Sword's standards. This disposal will not have any tangible effect on the "Horizon 2020" expansion plan presented to investors in September 2016 (EUR300m revenues with an EBITDA margin of 14-15%).

### VALUATION

- Sword's shares are trading at est. 10.9x 2016 and 9.2x 2017 EV/EBIT multiples.
- Net cash position on 30<sup>th</sup> June 2016 was EUR27.9m (net gearing: -19%).

### NEXT CATALYSTS

Q4 2016 sales on 24<sup>th</sup> January 2017 after markets close.

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[Gregory Ramirez, gramirez@bryangarnier.com](mailto:Gregory.Ramirez@bryangarnier.com)



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## Distribution of stock ratings

BUY ratings 55,6%

NEUTRAL ratings 34%

SELL ratings 10,5%

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**BRYAN, GARNIER & CO**

<b>London</b>	<b>Paris</b>	<b>New York</b>	<b>Munich</b>	<b>New Delhi</b>
Beaufort House 15 St. Botolph Street London EC3A 7BB Tel: +44 (0) 207 332 2500 Fax: +44 (0) 207 332 2559 Authorised and regulated by the Financial Conduct Authority (FCA)	26 Avenue des Champs Elysées 75008 Paris Tel: +33 (0) 1 56 68 75 00 Fax: +33 (0) 1 56 68 75 01 Regulated by the Financial Conduct Authority (FCA) and the Autorité de Contrôle prudentiel et de resolution (ACPR)	750 Lexington Avenue New York, NY 10022 Tel: +1 (0) 212 337 7000 Fax: +1 (0) 212 337 7002 FINRA and SIPC member	Widenmayerstrasse 29 80538 Munich Germany +49 89 2422 62 11	The Imperial Hotel Janpath New Delhi 110 001 Tel +91 11 4132 6062 +91 98 1111 5119 Fax +91 11 2621 9062 <b>Geneva</b> rue de Grenus 7 CP 2113 Genève 1, CH 1211 Tel +4122 731 3263 Fax+4122731 3243 Regulated by the FINMA

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