

# Sage Group

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## Sage under pressure as UBS chops its price target once again

Sage PLC (LON:SGE) was under pressure on Friday after Swiss investment bank UBS took another dim view of the UK software giant ahead of its trading update next week.

Analysts downgraded the FTSE 100 company, which helps businesses manage things such as money and people, to 'sell' as they slashed their price target once again to 520p (from 590p).

**READ: UBS slashes target Sage**

The investment bank, which only last cut its target at the end of November, said strategic questions and competitive pressures remain.

"The shares are up 17% from their Q4 lows, and while many others in the sector have seen a similar bounce, none other has seen a double-digit EPS downgrade during the period," read a note to clients.

"While management uncertainty is now addressed, neither the CEO nor CFO brings the "cloud-native experience" sought at the time of Stephen Kelly's departure."

Analysts also took issue with Sage's planned R&D spend of £250m, which they said "pales in comparison" to some of its peers such as US rival Intuit.

**What to look for next week**

As for next Thursday's first-quarter update, UBS reckons Sages faces "relatively easy comparatives" from last year.

"Recurring revenues exited 2018 with 7.2% growth in Q4 and was 7.0% in Q1 last year, so the comparative is not too hard, although [software-related services] was decent at +4% in Q1 last year.

"With no expected update on profitability, investors are likely to look at commentary around the performance of the UK and France - two key markets where macro risks are heightened and execution has been volatile in recent quarters."

Sage shares were down 2.4% to 606p in late-morning trading on Friday.

**Price:** 632.6p

**Market Cap:** £6867.59M

### 1 Year Share Price Graph



### Share Information

**Code:** SGE

**Listing:** LSE

**52 week High Low**  
825.20p 491.30p

**Sector:** Software & Computer Services

**Website:** www.sage.com

### Company Synopsis:

*Sage provides business software, services and support to small and medium sized businesses.*

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