

Micro Focus International plc

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Micro Focus completes business review, chairman steps down

Micro Focus International plc (LON:MCRO) has completed a business review and announced the departure of its chairman after a dismal year that saw it demoted from the FTSE 100.

The now FTSE 250-listed software group has made changes to its portfolio that will cost between US\$70mIn and US\$80mIn in each of the next two financial years.

In the year to 31 October 2019, the software provider's revenue tanked 30% to US\$3.3bn while adjusted profit before tax slipped 8% to US\$984mIn.

Sales are expected to drop by a further 6-8% in the current year with margins also under pressure.

"It has certainly not all been smooth sailing over that time but the recent problems can be traced back to the multi-billion dollar acquisition of HP Enterprise in 2017," said AJ Bell's Russ Mould.

"The company has really struggled with the integration of this business and it looks to be firmly in the category of deals which have destroyed rather than created shareholder value."

Chairman Kevin Loosemore's departure, meanwhile, follows 15 years in the role.

He will be replaced by experienced chair Greg Lock later this month, who will retain a non-executive role.

Lock has more than 45 years of experience in the industry and has been chairman at several companies such as Computacenter plc (LON:CCC), Kofax and SurfControl as well as a director at Informa plc (LON:INF).

Mould commented that Loosemore's departure could make Micro Focus more vulnerable to an opportunistic bid, since there have been speculations over a potential sale.

The final dividend was increased by 13% to US\$1.16 per share.

Shares dropped 11% to 873.4p on Tuesday at the opening bell.

--Adds analyst's comment--

Price: 489.4

Market Cap: £1.64 billion

1 Year Share Price Graph



March 2020 September 2020 March 2021

Share Information

Code: MCRO

Listing: LSE

52 week High Low
700.9 205.8

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.

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