

Gameloft

Price EUR7.30

The AMF gives its visa to the hostile takeover bid by Vivendi

Fair Value EUR6.7 (-8%)

BUY

Bloomberg	GFT FP
Reuters	GLFT.PA
12-month High / Low (EUR)	7.5 / 3.2
Market Cap (EUR)	627
Avg. 6m daily volume (000)	369.1

ANALYSIS

- Unsurprisingly, the French markets authority (AMF) has given the go-ahead for the bid by Vivendi. The public offer will open on Monday 21st March, despite opposition from Gameloft's management. The bid closing date will be announced later.

- In its conformity decision, the AMF rejected arguments from GFT's management opposing the takeover project (according to the publisher, the operation would contradict Vivendi's intentions when it began to buy shares between September and January). Gameloft announced last Friday (after trading) that it will take action against this decision at the Paris Court of Appeal in coming days.

- As a reminder, Vivendi has raised its hostile takeover bid from EUR6.0 to EUR7.2 per share (on 29/02 after trading), i.e. a FY16e EV/sales multiple of 2.1x.

- Vivendi owns 25,649,006 Gameloft shares, i.e. 29.86% of the share capital and 26.63% of the voting rights. The Guillemot family owns 18,341,890 Gameloft shares, i.e. 21.35% of the capital and 29.36% of voting rights

- Bear in mind that our FV of EUR6.7 was a minimum price in the case of a takeover offer. The first bid (EUR6) was too low, while the latest price is attractive (EUR7.2). However, as Vivendi is seeking to acquire Ubisoft, which has to be a friendly move, it must be generous with Gameloft (the Guillemot family runs both companies). As a result, we cannot exclude a fresh increase in the offer price. We believe everything remains possible, all the more so as 1/ at Friday's closing price, the stock is trading 1.4% above Vivendi's last offer, and 2/ Gameloft is to organise an investor day in London tomorrow probably to give its mid-term financial targets (a 3-year plan in our view).

VALUATION

- As a reminder, our FV of EUR6.7 was a minimum price in the case of a takeover offer.

NEXT CATALYSTS

- Investor day: 22nd March (in London, at 2:30 p.m. GMT).

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Distribution of stock ratings

BUY ratings 64.4%

NEUTRAL ratings 28.1%

SELL ratings 7.4%

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