

29th March 2016

TMT

## Gameloft

Price EUR7.30

**Gameloft board unanimously recommends rejecting Vivendi's EUR7.20/share offer**

**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)	376.2

	1 M	3 M	6 M	31/12/15
Absolute perf.	7.2%	15.9%	126.0%	20.5%
Softw.& Comp.				
SVS	2.7%	-2.3%	15.8%	-3.3%
DJ Stoxx 600	1.1%	-8.1%	-1.9%	-8.4%

	2014	2015e	2016e	2017e
P/E	NS	NS	33.7x	24.3x
Div yield (%)	NM	NM	NM	NM

### ANALYSIS

- Unsurprisingly, the Gameloft board unanimously recommends rejecting Vivendi's EUR7.20/share offer. The board feels the offer undervalues Gameloft significantly, especially when compared to recent multiples used by Activision Blizzard in its purchase of King Digital Entertainment. The board also feels the proposed merger isn't likely to create substantial synergies for Gameloft or its holders.
- As a reminder, Vivendi owns 25,649,006 Gameloft shares, i.e. 29.86% of the share capital and 26.63% of voting rights. The Guillemot family owns 18,341,890 Gameloft shares, i.e. 21.35% of the capital and 29.36% of voting rights.
- We maintain that Gameloft's mid-term outlook deserves more than EUR7.2 per share. 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 estimate a fair offer in the range of EUR7.2-8.4 to really convince shareholders to tender their shares.

### VALUATION

- We reiterate our Buy rating and FV of EUR6.7. We estimate a fair offer in the range of EUR7.2-8.4.

### NEXT CATALYSTS

- Q1 sales: 28th April (after trading).

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## Distribution of stock ratings

BUY ratings 64.4%

NEUTRAL ratings 28.1%

SELL ratings 7.4%

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