

Sector View

Telecom services

	1 M	3 M	6 M	31/12/15
Telecom	2.4%	-5.4%	-2.7%	-5.7%
DJ Stoxx 600	3.7%	-7.2%	-2.0%	-7.0%
*Stoxx Sector Indices				

Companies covered

ILIAD	BUY	EUR270
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Orange - Bouygues merger: now or never!

The merger agreement is approaching as the deadline is 31st March and blocking issues are seemingly being resolved, one after the other, as BFM Business today confirms. Although discussions are still in process on the valuation and HR side, we believe a positive announcement could be made during the first week of April.

ANALYSIS

- According to BFM Business, the French ministry of economy is ready to accept Bouygues' acquisition of a 12% stake in Orange's capital. This agreement should facilitate the merger between the two groups, as it was one of the remaining issues to be solved. Previously, the ministry did not want Bouygues' stake to exceed 9%.
- Nevertheless, the discussions are not over, as Bouygues wants the right to reach a 15% stake, more or less quickly. No matter the final scheme, the French state, which today owns 23% of Orange, should not go below 20%. But the "loi Florange" should help the State maintain significant influence even if Bouygues increases its stake.
- Stephane Richard and Martin Bouygues are both meeting with Emmanuel Macron this afternoon.
- BFM Business confirmed that Orange, Free and NC-SFR have come to an agreement on the split of assets, Free buying licenses and network infrastructures and NC-SFR buying some of Bouygues Telecom's clients, but discussions on prices are still ongoing.

VALUATION

- We stick to our Fair Value of EUR270 for Iliad

NEXT CATALYSTS

- Deadline for ending the negotiations is March 31st. Announcement expected first week of April.

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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