

## Sector View

## Telecom services

	1 M	3 M	6 M	31/12/15
Telecom	0.2%	-6.8%	-5.3%	-7.1%
DJ Stoxx 600	2.6%	-8.5%	-4.1%	-8.4%

\*Stoxx Sector Indices

## Companies covered

ILIAD	BUY	EUR270
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## Orange - Bouygues: final talks

According to French financial daily, Les Echos, Bouygues has scheduled a Board meeting for Wednesday. A deal could be announced by Thursday, but “nothing is done yet”, an executive said. Teams have been working throughout the weekend.

## ANALYSIS

- Talks over Bouygues Telecom’s valuation and Bouygues’s stake in Orange remain difficult according to an article in Les Echos. On Friday, Le Figaro reported that divergences still existed over the EUR10bn valuation of Bouygues Tel and the share price on which to calculate Orange’s valuation. Emmanuel Macron said he was not prepared to overpay for Bouygues Telecom in order for the consolidation to take place.
- According to Les Echos, NC-SFR would get more frequencies than initially anticipated, which could justify a price closer to EUR4bn rather than EUR3bn in our view, and between 1,500 and 2,000 people. In addition to network infrastructures, Free would get shops, together with 2,000 people, but this point is still being negotiated.
- Le Figaro states that Bouygues would take on the fiscal impact of the operation, and could also get some employees back.

## VALUATION

- We stick to our Fair Value of EUR270 for Iliad.

## NEXT CATALYSTS

- Bouygues’ board meeting on Wednesday 30th March.

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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