

13th April 2016

TMT

Altice

Price EUR14.04

No consolidation in Israel so far

Fair Value EUR16.3 (+16%)

BUY

Bloomberg	ATC NA
Reuters	ATCA.AS
12-month High / Low (EUR)	32.2 / 10.0
Market Cap (EURm)	15,358
Avg. 6m daily volume (000)	2,617

	1 M	3 M	6 M	31/12/15
Absolute perf.	-11.9%	-2.1%	-28.6%	5.9%
Telecom	-4.8%	-5.1%	-5.9%	-8.7%
DJ Stoxx 600	-2.7%	-2.2%	-8.3%	-9.0%

	2014	2015e	2016e	2017e
P/E	NS	NS	NS	18.9x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- Israeli operator Cellcom yesterday announced that the Israeli Antitrust commissioner and the Ministry of Communications were opposing the proposed purchase of Golan Telecom. The arguments for the decisions have yet to be provided. Cellcom said it will consider its options after receiving and reviewing the arguments for the decisions.
- The deal was very unlikely since the Prime Minister said last year that he was opposing the deal. We do not believe that hopes of the deal happening were priced in the stock.
- Altice Israel, ie Hot Telecom, only represents 6.5% of Altice pro forma 2015 EBITDA and our EBITDA forecast for Israel did not take into account any probability of the deal going through.
- Nevertheless, an opportunity exists again for Altice to buy Golan: Altice had previously made a USD124m offer according to Israeli press, inferior to Cellcom's EUR277m one. A merger between Golan and Hot should raise less competitive issues.

VALUATION

- We stick to our Fair Value of EUR16.3 for Altice, with a Buy recommendation.

NEXT CATALYSTS

- Altice 2016 Q1 results on May 10th.

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Distribution of stock ratings

BUY ratings 56.8%

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