

12th April 2016

TMT

Gameloft

Price EUR7.50

The closing date of the hostile takeover offer on GFT will be known shortly

Fair Value EUR7.2 (-4%)

BUY

Bloomberg	GFT FP
Reuters	GLFT.PA
12-month High / Low (EUR)	7.5 / 3.2
Market Cap (EURm)	644
Avg. 6m daily volume (000)	376.1

FACTS

- The French markets authority (AMF) said yesterday that the closing date of Vivendi's offer will be announced when the Court of Appeal of Paris has made its decision on the request filed by GFT's management. The offer is open since 21st March and the closing date was originally 10th May.
- As a reminder, Gameloft filed on 25th March a complaint with the Court of Appeal of Paris against the clearance decision relating to the takeover bid filed by Vivendi. It has also filed a request with the First President of the Court of Appeal of Paris for a stay of execution of this clearance decision until the Court has rendered its judgment on the merits.

ANALYSIS

- We should know on 14th April (first hearing of the Court of Appeal of Paris) whether Gameloft's complaint will have a suspensive effect on the takeover bid. If it does not have a suspensive effect, we should have the results of the offer in late May/early June; or if it has a suspensive effect, the offer won't be suspended but the results of the offer should be postponed to September/October. As a reminder, in a roadshow we organized with Gameloft's management in Paris (31st March), the CEO was never this convincing, not only on the short term but also for its FY18 financial targets: 1/ GFT now has two engines (in-app purchases and advertising) that should enable it to return to its past op. margin as of FY16e (BG est.: 11.5%e); 2/ FY18e targets are achievable (revenues of over EUR350m, op. margin of 18-20% and cumulative 2016/18 FCF of more than EUR85m), notably thanks to the in-house mobile advertising business (low fixed-cost structure).

VALUATION

- Investors have nothing to gain by tendering their GFT shares now to Vivendi. We maintain our Buy rating and FV of EUR7.2 and estimate a fair offer in the range of EUR7.6-8.6.

NEXT CATALYSTS

- First hearing of the Paris Court of Appeal: 14th April.
- Q1 sales: 28th April (after trading).

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Distribution of stock ratings

BUY ratings 72%

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