

6th May 2016

TMT

Altice

Price EUR12.94

Future subsidiary Cablevision delivers encouraging Q1 results

Fair Value EUR16.3 (+26%)

BUY

| | |
|----------------------------|-------------|
| Bloomberg | ATC NA |
| Reuters | ATCA.AS |
| 12-month High / Low (EUR) | 32.2 / 10.0 |
| Market Cap (EURm) | 14,155 |
| Avg. 6m daily volume (000) | 2 392 |

| | 1 M | 3 M | 6 M | 31/12/15 |
|----------------|-------|-------|--------|----------|
| Absolute perf. | -4.5% | -6.5% | -21.6% | -2.4% |
| Telecom | -2.2% | -4.4% | -14.6% | -10.7% |
| DJ Stoxx 600 | -0.8% | 0.9% | -12.7% | -9.3% |

| | 2014 | 2015e | 2016e | 2017e |
|---------------|------|-------|-------|-------|
| P/E | NS | NS | NS | 17.4x |
| Div yield (%) | NM | NM | NM | NM |

ANALYSIS

- Cablevision yesterday published **robust Q1 results**. Revenues reached **USD1.6bn (+1.6% yoy)**, in line with the consensus and our estimate. AOCF reached **USD479.4m (+8.3% yoy)**, **above consensus** at USD453.5 and our estimate at USD443m.
- Customer relationships net adds reached **+9k**, vs -6k in Q1 2015. Cablevision **gained 19k high speed data** customers, ie **2.7x more than in Q1 2015**, and “only” **lost 15k video customers**, ie **50% less than in Q1 2015**. Cablevision says it experienced the lowest quarterly churn in more than eight years. At the same time, the **RPC rose 1.6% yoy** to USD157.91, **up 1.3%** vs Q4.
- Although AOCF optimisation might be related to the future handover to Altice, it does not appear detrimental to sales so far, and the **commercial outlook is positive**. These results support our belief that **cord cutting is not a major short-term threat**, and that the **US perimeter holds positive diversification opportunities** for Altice, with **high and sustainable synergies expectations**.
- Cablevision’s acquisition by Altice is expected to close in Q2 2016.

VALUATION

- We stick to our Fair Value of EUR16.3, with a BUY recommendation.

NEXT CATALYSTS

- Altice Q1 results on May 10th.

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Distribution of stock ratings

BUY ratings 72%

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