

26th May 2016

TMT

Numericable SFR

Price EUR27.70

Closing of transaction with Altice Media Group

Fair Value EUR28,4 (+3%)

NEUTRAL

Bloomberg	NUM FP
Reuters	NUME.PA
12-month High / Low (EUR)	46.5 / 27.0
Market Cap (EURm)	12,139
Avg. 6m daily volume (000)	274.7

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.5%	-14.8%	-14.0%	-17.3%
Telecom	-0.2%	4.3%	-10.2%	-6.5%
DJ Stoxx 600	-1.2%	7.5%	-8.4%	-5.9%

	2015	2016e	2017e	2018e
P/E	19.1x	20.2x	15.9x	11.8x
Div yield (%)	19.5%	NM	NM	NM

ANALYSIS

- SFR yesterday announced the closing of the acquisition of **Altice Media Group France**, partly owned by Patrick Drahi's personal holding company, which publishes major national press titles such as **Libération, L'Express, L'Expansion, L'Etudiant** and **Stratégies**, and operates an international news channel - i24 News. The transaction should value Altice Media Group France at an **enterprise value of EUR241m** or **4.5x pro forma EBITDA adjusted for synergies** and tax losses carried forward. Our estimates for pre-synergies EBITDA is about **EUR20m**. The impact on earnings should be very limited. The transaction is **funded by SFR's own resources**, and EUR100 million of the purchase price will be deferred by one year from closing. **Impact on leverage is not significant.**
- Beyond industrial and anti-churn synergies, in our view, one important **financial impact of the transaction is fiscal**. It allows SFR to include SFR Press at a discounted VAT in most mobile and fixed bundles, benefiting from a positive VAT impact, without needing to pay content fees to an external provider. On our estimates, the **positive effect on EBITDA** ranges from **EUR50m to EUR100m** in 2016 and should enable the group to reach our target of EUR3.982bn, and stands at **close to EUR150m** over a full year.

VALUATION

- We stick to our Fair Value of EUR28.4, with a Neutral recommendation.

NEXT CATALYSTS

- NC-SFR Q2 results on 9th August.

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Thomas Coudry, tcoudry@bryangarnier.com



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BRYAN, GARNIER & CO

London	Paris	New York	Munich	New Delhi
Beaufort House 15 St. Botolph Street London EC3A 7BB Tel: +44 (0) 207 332 2500 Fax: +44 (0) 207 332 2559 Authorised and regulated by the Financial Conduct Authority (FCA)	26 Avenue des Champs Elysées 75008 Paris Tel: +33 (0) 1 56 68 75 00 Fax: +33 (0) 1 56 68 75 01 Regulated by the Financial Conduct Authority (FCA) and the Autorité de Contrôle prudentiel et de résolution (ACPR)	750 Lexington Avenue New York, NY 10022 Tel: +1 (0) 212 337 7000 Fax: +1 (0) 212 337 7002 FINRA and SIPC member	Widenmayerstrasse 29 80538 Munich Germany +49 89 2422 62 11	The Imperial Hotel Janpath New Delhi 110 001 Tel +91 11 4132 6062 +91 98 1111 5119 Fax +91 11 2621 9062 Geneva rue de Grenus 7 CP 2113 Genève 1, CH 1211 Tel +4122 731 3263 Fax+4122731 3243 Regulated by the FINMA

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