

Sector View

Telecom services

Following Bouygues and SFR, Orange raises internet prices

	1 M	3 M	6 M	31/12/15
Telecom	-0.3%	6.1%	-13.9%	-8.9%
DJ Stoxx 600	0.6%	10.3%	-11.6%	-8.5%

*Stoxx Sector Indices

Thanks to its new Livebox, Orange is raising prices of its Play and Jet internet offers. Is the fixed market about to recover from the promotional war? Some positive signs, but still a little too early to say.

Companies covered

ALTICE	BUY	EUR16,3
ILIAD	NEUTRAL	EUR212
NUMERICABLE SFR	NEUTRAL	EUR28,4

ANALYSIS

- Orange announced yesterday that its new premium Livebox will be launched on 19th May, available for Play and Jet customers. In order to monetize the level of service provided by the new box, the prices of these two offers will increase by EUR2 and EUR5 respectively.
- These price increases from Orange are good news for the market. Bouygues Telecom has recently raised its prices, turning its back on a very low cost strategy. The move will provide more room for NC-SFR's premium pricing strategy, and Iliad should progressively recover from the impacts of high promotional intensity.
- Still, two conditions remain before we can be very confident in a repairing of the fixed market: First, Bouygues Telecom needs to be able to sustain good commercial performances in fixed so as to secure its recovery plan. Second, NC-SFR needs to be able to raise fixed net sales by improving of churn, without turning to massive promotional campaigns.

VALUATION

- We stick to our fair values and recommendations for all companies covered in the sector.

NEXT CATALYSTS

- Q2 publications in the summer.

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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