

20th June 2016

TMT

Ubisoft

Price EUR31.15

Vivendi now has more voting rights than the Guillemot family

Fair Value EUR34 (+9%)

BUY

Bloomberg	UBI.FP
Reuters	UBIP.PA
12-month High / Low (EUR)	33.6 / 14.9
Market Cap (EURm)	3,464
Avg. 6m daily volume (000)	313.8

	1 M	3 M	6 M	31/12/15
Absolute perf.	3.6%	18.1%	15.5%	16.8%
Softw.& Comp.				
SVS	-2.1%	-2.7%	-6.5%	-7.0%
DJ Stoxx 600	-2.7%	-4.4%	-10.7%	-10.9%
	03/16	03/17e	03/18e	03/19e
P/E	30.7x	24.1x	16.2x	11.9x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- Friday after trading, Vivendi announced that as of 14th June it holds 20.10% of UBI share capital (vs. 17.73% before) and 17.76% of the voting rights (vs. 15.66%). In its statement on the AMF website, Vivendi used exactly the same wording as in May: 1/ it plans to continue its purchases depending on market conditions, and it does not intend to launch a takeover bid for Ubisoft or to take control of the company; 2/ it continues to aim for a fruitful collaboration with Ubisoft; and 3/ it intends to request a recomposition of Ubisoft's Board of Directors, in order to obtain a coherent representation of its shareholding (which we consider unlikely at the next AGM in September).
- Following this statement, if Vivendi finally decides to make an offer in the near future, it would have to wait six months. In our view, Vivendi clearly wants to acquire Ubisoft at some time in the future. Note the Guillemot family holds 8.71% of the capital and 15.71% of the voting rights. So, Vivendi now has more voting rights than the Guillemot family. However, the Guillemot family will certainly increase its stake in Ubisoft, using the proceeds of the sale of Gameloft shares (BG est.: EUR151m, i.e. 4.3% of UBI share capital). All scenarios are in favour of an increase in the UBI share price in the coming months (good momentum and speculation).
- We continue to exclude creeping control by Vivendi without paying a premium to shareholders. We believe if Vivendi intends to acquire Ubisoft, it will do so via a proper public offer. And if it really wants to succeed in the video games business post a possible transaction, it could only be through a friendly deal (to avoid losing key star developers/creators).

VALUATION

- We maintain our Buy rating and FV of EUR34 (no speculative premium included).

NEXT CATALYSTS

- Q1 sales 2016/17: in July 2016.

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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