

Gameloft

Price EUR8.03

Gameloft CEO Michel Guillemot to officially step down on 29th June

Fair Value EUR7.2 (-10%)

TENDER TO THE OFFER

Bloomberg	GFT FP
Reuters	GLFT.PA
12-month High / Low (EUR)	8.2 / 3.2
Market Cap (EUR)	699
Ev (BG Estimates) (EUR)	645
Avg. 6m daily volume (000)	288.7
3y EPS CAGR	

CEO Michel Guillemot confirmed he will step down from his position on 29th June at the AGM. We are clearly not surprised by this decision as he already told us (in a recent road show we organised in Paris) that if the hostile takeover bid proved successful, he would resign and set up a new start-up. We advise investors to tender their shares to Vivendi. The offer price at EUR8/share is very fair.

ANALYSIS

- Last Friday, in an email to all Gameloft's 5,500 employees, the group's CEO Michel Guillemot wrote that he will resign soon** (after shareholders backed Vivendi's hostile bid). This will happen on 29th June at the AGM. **He added that there may be significant changes in the company:** "There will be a new strategy with a possible integration of Gameloft's existing activities into Vivendi's. The information published so far by the new owners show that the changes may be profound, for the creators: 'convergence between creative industries,' and for everyone else: 'pooling of distribution networks.' It is not my role to say if these changes will be positive or negative for you as it will happen after my watch." **And finally he wrote about the offer and Gameloft's business trend:** "most independent shareholders refused to tender their shares to this bid despite two price increases. They voted with their money to support what we have done and continue to participate in our vision, and plans for the future!! The recently published figures in advertising confirm that the company was well on track to beat the expectations for 2016 and our plan to 2018".
- This confirms the rumour relayed by Bloomberg a couple of days ago**, coming from a person familiar with the matter who asked not to be identified as the information was private. **We are clearly not surprised by this decision.** Indeed, following a road show in Paris with Michel Guillemot earlier in April, he already told us that if the hostile takeover bid was successful (50% + 1 share), he would resign and set up a new start-up (this has been Gameloft's history every 3 to 4 years). To access our road show feedback from 04/04/16, please click [here](#).
- As a reminder, Vivendi currently holds 53,728,336 GFT shares, namely 61.71% of GFT's capital and at least 55.61% of voting rights. **The offer (EUR8 per GFT share proposed by Vivendi) was reopened from 2nd to 15th June (included).** Afterwards, Vivendi will appoint a majority of the total number of directors comprising the Gameloft board through the AGM on 29th June, and decide on the number and identities of its candidates. **We do not expect a mandatory squeeze-out of the GFT shares in the short term. Indeed, the Guillemot family** (21.63% of the capital and 29.02% of the voting rights) **might take some time to tender its shares to Vivendi** (6 months? 1 year?), since this would be a sign of weakness.
- After this episode on Gameloft, speculation surrounding Ubisoft (Buy, FV EUR34) has risen a further notch.** Please see our recent report for more details "[The only way is up](#)". **In our view, Gameloft without Ubisoft would be a nonsense.** So, clearly, it does not make any doubt for us, **Vivendi "wants" to add a real 5th pillar to its media group:** 1/ Canal+ (TV), 2/ Studiocanal (movie), 3/ Universal Music Group (music), 4/ Dailymotion (Internet), and 5/ Ubisoft/Gameloft (video games was the only production field where Vivendi was not present).

VALUATION

- We advise investors to tender their shares to Vivendi.** As a reminder, the offer price at EUR8/share is very fair and stands in the middle of our estimated range of EUR7.6-8.6.

NEXT CATALYSTS

- The definitive results of the offer:** after 15th June.
- Gameloft's AGM:** 29th June.

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BUY ratings 56.2%

NEUTRAL ratings 34%

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