

7th July 2016

TMT

Altice

Price EUR12.75

Altice said to explore sale of SFR Belgium

Fair Value EUR16.3 (+28%)

BUY

Bloomberg	ATC NA
Reuters	ATCA.AS
12-month High / Low (EUR)	31.3 / 10.0
Market Cap (EURm)	13,952
Avg. 6m daily volume (000)	1 912

	1 M	3 M	6 M	31/12/15
Absolute perf.	-16.7%	-6.1%	-11.6%	-3.8%
Telecom	-10.1%	-7.9%	-15.5%	-17.1%
DJ Stoxx 600	-6.9%	-3.6%	-10.0%	-12.9%

	2015	2016e	2017e	2018e
P/E	NS	NS	17.2x	11.2x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- According to *The Financial Times*, Altice is **exploring a sale of its Belgian unit "SFR Belgium"**. The deal could value the unit at as much as €500m, people informed about the process said. We think it is a maximum, as the unit makes an **EBITDA of EUR50m**, and this would value the company at 10x EBITDA. SFR Belgium has about **110k customers and more than 200k cable sockets**.
- We believe **most likely buyers include Telenet or Mobistar (Orange)**. Mobistar could enjoy having some cable infrastructures, rather than relying solely on expensive wholesale agreements. And Telenet could find in SFR Belgium a nice complement to its infrastructures.
- We view this operation, if confirmed, as **positive** as it allows Altice to **raise cash** by divesting small activities and **focus on major countries of operation** where it aims to be number 1 or 2. We believe proceeds from the sale could be used by Altice to **deleverage** or **acquire companies**, in the media or telecom field to **reinforce its position** in countries where the group is already present.

VALUATION

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

NEXT CATALYSTS

- H1 results on August 9th.

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Distribution of stock ratings

BUY ratings 72%

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