

19th July 2016

TMT

## Ubisoft

Price EUR34.00

Vivendi now has 22.8% of UBI's share capital and 20.2% of voting rights

Fair Value EUR34 (0%)

BUY

Bloomberg	UBI.FP
Reuters	UBIP.PA
12-month High / Low (EUR)	34.6 / 15.8
Market Cap (EUR)	3,781
Avg. 6m daily volume (000)	304.2

	1 M	3 M	6 M	31/12/15
Absolute perf.	9.1%	25.5%	43.0%	27.5%
Softw.& Comp.				
SVS	4.3%	0.6%	3.9%	-3.0%
DJ Stoxx 600	4.0%	-1.6%	3.1%	-7.4%
	03/16	03/17e	03/18e	03/19e
P/E	33.5x	26.3x	17.7x	13.0x
Div yield (%)	NM	NM	NM	NM

### FACTS

- Vivendi announced yesterday (after trading) that it now holds 22.8% of UBI's share capital (vs. 20.10% before) and 20.2% of the voting rights (vs. 17.76%). In its statement on the AMF website, Vivendi used exactly the same wording as in May and June: 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 AGM in September).
- As a reminder, the Guillemot family holds ~9% of UBI's capital and ~16% of the voting rights.

### ANALYSIS

- Having written this, Vivendi can't launch a bid for the company for a six-month period. In contrast, this does not stop it from buying shares on the market, and if it were to exceed the 30% threshold, it would then be obliged to make a bid for all of the company's capital. Consequently, in concrete terms, nothing can actually stop Vivendi from changing its mind and bidding for the whole company by the end of this year. However, **we consider that by declaring that it does not want to launch a bid to the AMF, Vivendi is buying time in order to calm the situation. We believe in a takeover bid from Vivendi but probably in 2017e, and likely not before March** (in order not to destabilize the company before the release of big games and the end of its fiscal year).

### VALUATION

- The current share price (EUR34, i.e. exactly our FV) is valuing the group's earnings results over the current fiscal year. **We would not be surprised if the share started to reflect its speculative premium**, i.e. trading above our FV. As a reminder, **we estimate a valuation in the event of a takeover bid between EUR40 (minimum) and EUR51 (maximum)**. And finally, **we consider that if Vivendi really wants to convince and reassure investors, the media group will have to offer a huge premium with a bid of at least EUR45 (to avoid counterbids as far as possible) and name Yves Guillemot as head of Vivendi's gaming division**. Otherwise, it will be very risky (we see the risk of buying an empty shell). See our last research report: ["Same player shoot again"?](#)

### NEXT CATALYSTS

- **FQ1 sales 2016/17** today (after trading), and **Ubisoft's AGM** on 29th September.

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## Distribution of stock ratings

BUY ratings 56.5%

NEUTRAL ratings 33.3%

SELL ratings 10.2%

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