

AltiCe

Price EUR13.05

Q2 results above expectations, USA and international offsetting pressure in France.

Fair Value EUR16,5 (+26%)

BUY

Bloomberg	ATC NA
Reuters	ATCA.AS
12-month High / Low (EUR)	28.9 / 10.0
Market Cap (EURm)	14,280
Ev (BG Estimates) (EURm)	64,152
Avg. 6m daily volume (000)	1 776
3y EPS CAGR	

This morning AltiCe published Q2 2016. Revenues and EBITDA are above expectations. Strong results in the US and Portugal in particular allow to offset expected poor performance at the France level. Guidance of improving trend in group revenues and of mid single digit growth in group adjusted EBITDA is confirmed. More than ever, diversification is the key.

ANALYSIS

- **Total group revenues** came out at **EUR5.828bn, down 2.6% yoy (-1.7% on cc basis)** vs -2.7% in Q1 2016 excluding Cablevision and AltiCe Media Group. **Adjusted EBITDA** reached **EUR2.265bn**, up 2.7% yoy (+3.7% on CC basis). EBITDA-CAPEX reached **EUR1.157bn, down -7.6% yoy**, vs the consensus at EUR1.100bn.
- **As expected, difficult conditions in France: revenues** came out at **EUR2.781bn, down -4.3% yoy**, -4.6% excluding media assets vs -6.1% in Q1 2016, in line with the consensus. **Adjusted EBITDA** stood at **EUR999m, down -6.8% yoy, 2.8% above consensus**. More detailed information and analysis is provided in our SFR Q2 2016 results report published today.
- **Very good performance in the US:** including Optimum, **revenues** came out at **EUR1.998bn, stable yoy with Suddenlink revenues up 3.0% (5.2% in cc) and Optimum down -1% (up 1.1% in cc)** a little below consensus at EUR2.052bn. **Adjusted EBITDA** reached **EUR729m, up 11.1% yoy, with Suddenlink up 16% and Optimum up 8.7%**, above consensus at EUR673m.
- **In Portugal, revenues** came out at **EUR575m, down -3.0% yoy** vs -4.1% in Q1 2016, above consensus at EUR571m. **Adjusted EBITDA** reached **EUR279m, up 22.5% yoy**, above consensus at EUR271m. Overall AltiCe international adjusted EBITDA is up 14.8%, to EUR545m
- **The positive effects of diversification are now very clear. Very good performance in Portugal and the US allows to offset difficult execution in France.** The group's exposure to the USA is now 41% in Operating Free Cash Flow (EBITDA-CAPEX), 35% in revenues.
- **AltiCe confirmed guidance** for mid single-digit pro forma adjusted EBITDA growth in 2016.

VALUATION

- We stick to our fair value of EUR16.5 with BUY recommendation.

NEXT CATALYSTS

- Q3 results on November 8th.

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Analyst :
Thomas Coudry
33(0) 1 70 36 57 04
tcoudry@bryangarnier.com

Sector Team :
Richard-Maxime Beaudoux
Gregory Ramirez
Dorian Terral

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BUY ratings 55,7%

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London	Paris	New York	Munich	New Delhi
Beaufort House	26 Avenue des Champs Elysées	750 Lexington Avenue	Widenmayerstrasse 29	The Imperial Hotel Janpath
15 St. Botolph Street	75008 Paris	New York, NY 10022	80538 Munich	New Delhi 110 001
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Germany	Tel +91 11 4132 6062
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	+49 89 2422 62 11	+91 98 1111 5119
Fax: +44 (0) 207 332 2559	Regulated by the	FINRA and SIPC member		Fax +91 11 2621 9062
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Financial Conduct Authority (FCA)	Autorité de Contrôle prudentiel et de			rue de Grenus 7
	resolution (ACPR)			CP 2113
				Genève 1, CH 1211
				Tel +4122 731 3263
				Fax+4122731 3243
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