

Altice

Price EUR15.37

SFR faces heavy fine from the French competition authority

Fair Value EUR16.5 (+7%)

BUY

Bloomberg	ATC NA
Reuters	ATCA.AS
12-month High / Low (EUR)	24.5 / 10.0
Market Cap (EURm)	16,814
Avg. 6m daily volume (000)	1 625

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.0%	6.4%	-3.6%	16.0%
Telecom	-4.7%	-2.8%	-12.5%	-16.1%
DJ Stoxx 600	-2.1%	3.6%	-1.0%	-7.4%

	2015	2016e	2017e	2018e
P/E	NS	NS	18.3x	12.4x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- Numericable could face a fine of up to EUR500m for taking over SFR before being authorised to do so by competition authorities, *Les Echos* said on Tuesday. "There is a lot of evidence that Numericable took control of SFR before it should have," the daily quoted. A spokesman for the telecoms group declined to comment. France's competition authority could not be reached.
- French competition authority raided the operator's premises in early 2015, and watchdog chief said in July that he expected the probe into whether the two companies coordinated their commercial strategies before the merger got the green light would conclude in the fourth quarter.
- The case is indeed not a surprise, but *Les Echos* said the preliminary report from the watchdog is very negative towards SFR. As an example, it questions how SFR managed to launch a cable offer only a few weeks after the takeover was formally validated by the competition authority. Also, many e-mails would show that instructions were given directly by Patrick Drahi. The probe is not over, SFR will now respond to the report, and the final decision is expected by the end of the year.
- As reminder, Altice faces a similar probe from the European competition authorities, with regards to its takeover of Portugal Telecom.

VALUATION

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

NEXT CATALYSTS

- Decision from the competition authority expected before the end of the year.

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Distribution of stock ratings

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