

Iliad

Price EUR185.30

Content war stepping up

Fair Value EUR212 (+14%)

BUY

Bloomberg	ILD.FP
Reuters	ILD.PA
12-month High / Low (EUR)	236.3 / 168.4
Market Cap (EURm)	10,883
Avg. 6m daily volume (000)	106.6

ANALYSIS

- Iliad yesterday announced the launch of a new triple play offer bundling **50 new channels from the CanalSat Panorama offer**. The new offer is priced at EUR39.99, ie only **EUR2 more than the standard Revolution offer**. CanalSat Panorama is also available on a standalone basis at EUR24.90.
- This offer would not have been possible without a **major change in CanalSat's distribution strategy**. Other **similar partnerships** with other operators such as Orange should follow. This offer is a way for Iliad to **fight back against growing content-oriented value propositions** on the market, and **make up for a deficit in fibre coverage** by increased competitiveness on the content side. **SFR** in particular should be hurt.
- This move highlights how **partnership-based strategies** can fight against vertical integration ones, and confirms the **global trend of increasing prices** in the fixed market. The impact on Iliad revenues should be **significant**, as the entire Revolution customer base should be migrated to this offer, with the possibility to opt out. Net adds impact will much **depend on the reaction of competitors**.
- The impact on **Iliad's profitability is unclear** at this stage, given the lack of information on the contract's structure, but we believe the good value proposition should allow Iliad to **reach breakeven** quite rapidly. Also we believe opportunities might lie in reduced TV VAT handling.

VALUATION

- We stick to our Fair Value of EUR212 with a Buy recommendation.

NEXT CATALYSTS

• CanalSat to New subscribers

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