

SFR Group

Price EUR25.95

CFO said to be leaving the company.**Fair Value EUR28,7 (+11%)****NEUTRAL****ANALYSIS**

- According to *Les Echos*, **Jean Raby, CFO of SFR Group, is said to be leaving the company in the coming weeks.** The news was neither confirmed nor denied by management. According to *Les Echos*, Jean Raby has taken the decision to resign this summer, and **his successor has already been found.** Jean Raby joined SFR **only a few months ago.** He is **close to Michel Combes** as he was the CFO of Alcatel Lucent when Michel Combes was CEO.
- We think his departure can be explained by **three main reasons:** First, a CFO function at SFR which was probably much more "**operational**" than he had imagined (especially compared to what he had known at Alcatel), second a **strong in-house presence and influence of Altice**, with limited responsibilities at the subsidiary level; last but not least, the exchange offer by Altice which could lead to **delisting of the company**, significantly reducing the scope of the job. Indeed, we believe this departure is **not very surprising** given Altice's strategy of building a **more integrated group.** Jean Raby did not seem to have the right profile for the job any more. Nevertheless, we think this move will not help bring stability and visibility at SFR in a period of doubts and strong reorganisations.

VALUATION

- We believe this news should **not have much impact** of SFR's value: Due to the exchange offer going on, SFR's stock is now driven by Altice's stock, Jean Raby has been at SFR for only a short time, a successor should come in soon and the real financial strategy and decision making is to be concentrated at the holding level.

NEXT CATALYSTS

- Altice's Q3 results on November 8th.

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Bloomberg	SFR FP
Reuters	SFRGP.PA
12-month High / Low (EUR)	38.9 / 20.0
Market Cap (EURm)	11,372
Avg. 6m daily volume (000)	334.3

	1 M	3 M	6 M	31/12/15
Absolute perf.	13.3%	-6.2%	-23.9%	-22.5%
Telecom	-1.7%	-4.1%	-8.2%	-13.6%
DJ Stoxx 600	0.2%	1.3%	1.9%	-5.5%

	2015	2016e	2017e	2018e
P/E	17.9x	28.4x	15.3x	11.2x
Div yield (%)	20.8%	NM	NM	NM



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BUY ratings 72%

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