

21st September 2016

TMT

SFR

Price EUR26.13

Altice said to delay purchase of SFR stake by two weeks

Fair Value EUR28,7 (+10%)

NEUTRAL

Bloomberg	SFR FP
Reuters	SFRGP.PA
12-month High / Low (EUR)	38.9 / 20.0
Market Cap (EUR)	11,451
Avg. 6m daily volume (000)	340.0

ANALYSIS

- Reuters reports that Altice's minority buyout offer for SFR shares will be postponed by at least two weeks because of a delay in regulatory approvals, according to a source close to the matter. AMF is now expected to announce its decision on the offer for the outstanding 22.25% of SFR in the week of 3rd October, the source said.
- Altice had announced its public offer would extend from 22nd September to 20th October. The additional delay needed for the release of the AMF's decision is set to postpone the offer by the same amount of time.
- As of Tuesday, SFR stock is trading 2.5% above the 8/5 exchange offer parity. The initial bid offered a 2.6% premium which is at the lower end of the historical SFR/Altice parity. In a letter sent to the AMF last week, French fund CIAM, an SFR minority shareholder, complained about the terms of the buyout offer. The fund is questioning the independence of two members of the SFR Board of Directors and disagrees with the terms of the offer arguing that the consulting firm Accuracy that advised the deal was biased.

VALUATION

- We stick to our Fair Value of EUR28.7, with a Neutral recommendation.

NEXT CATALYSTS

- Decision from AMF expected in the week of 3rd October.
- Q3 results on 8th November.

	1 M	3 M	6 M	31/12/15
Absolute perf.	18.0%	3.7%	-29.6%	-22.0%
Telecom	-1.7%	-4.9%	-11.2%	-15.8%
DJ Stoxx 600	0.3%	1.0%	-0.2%	-6.8%

	2015	2016e	2017e	2018e
P/E	18.0x	28.6x	15.4x	11.3x
Div yield (%)	20.7%	NM	NM	NM

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Distribution of stock ratings

BUY ratings 55,8%

NEUTRAL ratings 33,1%

SELL ratings 11%

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