

14th October 2016

TMT

Altice

Price EUR15.96

Increase in stake in SFR Group to 82.94% of the capital

Fair Value EUR19 (+19%)

BUY

Bloomberg	ATC NA
Reuters	ATCA.AS
12-month High / Low (EUR)	19.9 / 10.0
Market Cap (EURm)	17,459
Avg. 6m daily volume (000)	1 497

	1 M	3 M	6 M	31/12/15
Absolute perf.	3.8%	19.0%	13.6%	20.4%
Telecom	-3.2%	-6.6%	-12.4%	-18.8%
DJ Stoxx 600	-0.9%	-0.1%	-2.2%	-8.3%

	2015	2016e	2017e	2018e
P/E	NS	NS	32.8x	12.3x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- Altice announced this morning it has **increased its stake** in SFR Group **from 77.75% to 82.94%**. It has acquired SFR shares in **private off-market transactions**. In consideration for these acquisitions, Altice NV will deliver to the sellers common A shares which it held previously as **treasury shares**, reflecting an exchange ratio of **8 Altice common shares A for 5 SFR Group shares**.
- After failing to launch their exchange offer on SFR due to a no go from the AMF, Altice is buying shares off market under the **same scheme and parity** as in the planned initial offer. As of yesterday evening's closing stock price, the offer would represent a **12% premium** on SFR.
- We believe this type of move could fuel speculation on SFR. Nevertheless, as Altice gains more and more control over SFR, we still **favour being a shareholder of Altice rather than SFR**, for operational and financial concerns. In particular, we believe the remuneration agreement which could be put in place between Altice and SFR could be **detrimental** to the interests of SFR shareholders.

VALUATION

- We stick to our Fair value of EUR19 for Altice, with a Buy recommendation.

NEXT CATALYSTS

- Q3 results on 10th November.

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Distribution of stock ratings

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