

17th October 2016

TMT

## SFR Group

Price EUR23.69

Still improving debt profile

Fair Value EUR29.7 (+25%)

NEUTRAL

Bloomberg	SFR FP
Reuters	SFRGP.PA
12-month High / Low (EUR)	38.1 / 20.0
Market Cap (EURm)	10,382
Avg. 6m daily volume (000)	366.2

	1 M	3 M	6 M	31/12/15
Absolute perf.	-3.9%	12.7%	-21.4%	-29.3%
Telecom	-1.1%	-5.8%	-11.3%	-17.6%
DJ Stoxx 600	0.5%	0.4%	-1.2%	-7.1%

	2015	2016e	2017e	2018e
P/E	16.3x	58.4x	27.7x	9.8x
Div yield (%)	22.8%	NM	NM	NM

### ANALYSIS

- Altice today announced it has successfully **refinanced existing debt** of its SFR credit pool, pricing the equivalent of **EUR2.3bn** in term loans maturing in **2025**. Altice has priced term loans for SFR Group of USD1.79bn and a EUR700m with institutional investors. The proceeds will be used to repay the entire amount of existing term loans due June 2022 and January 2023, priced at a higher cost, as well as the aggregate principal amount outstanding under the RCF.
- As a result, the transaction will both **improve the maturity profile of SFR's debt** (from 7.3 to 7.6 years, pro forma as of September 2016), and **reduce the weighted average cost of debt** (from 5.3% to 5.2%). Our estimate for SFR's net debt by year-end 2016 is EUR14.4bn.
- As a reminder, this latest refinancing at SFR brings the total amount of debt refinanced across the Altice Group in 2016 to over **EUR20bn** (including extensions of RCF commitments). Although operational concerns still need to be addressed at SFR, this operation confirms the continuous **optimisation of the financial risk profile** at both SFR and Altice, as highlighted in our latest report.

### VALUATION

- We stick to our neutral recommendation with Fair Value of EUR29.7

### NEXT CATALYSTS

- Q3 results on 10th November.

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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