

Sector View

Telecom services

	1 M	3 M	6 M	31/12/15
Telecom	-3.2%	-6.6%	-12.4%	-18.8%
DJ Stoxx 600	-0.9%	-0.1%	-2.2%	-8.3%

*Stoxx Sector Indices

Companies covered

ALTICE	BUY	EUR19
BOUYGUES	BUY	EUR35
ILIAD	BUY	EUR212
NUMERICABLE SFR	NEUTRAL	EUR29,7
ORANGE	BUY	EUR17,1

ARCEP awards 4G frequencies in French overseas territories.

Arcep has selected successful candidates for new frequencies in overseas territories. As a result, Free mobile will be a new entrant in Guadeloupe/Martinique, Barthélemy/St Martin and French Guiana, bringing new strong competition to Orange in particular.

ANALYSIS

- Arcep announced yesterday that it has selected the **successful candidates for new frequencies in overseas territories**. Orange has been awarded frequencies for all regions (Guadeloupe/Martinique, Barthélemy/St Martin, French Guiana, La Reunion and Mayotte), where the group is already present. SFR was awarded frequencies in La Reunion and Mayotte, where the group is also already present. Free was awarded frequencies for all regions. Licenses are awarded for free.
- As a result of the allocation process, **Free mobile will be a new entrant** in Guadeloupe, Martinique, Barthélemy, St Martin, French Guiana. Free is already present in La Reunion and Mayotte through Telco OI (JV with Axian). As already announced, Free plans to invest **EUR100m** in this project. The group announced it plans to “put **an end to discriminatory tariffs** that exist today between overseas and the mainland, for which there is no justification”.
- Free mobile’s entry into the market is clearly a **threat to existing players such as Orange**, although the global impact on the group should **not be material**.

VALUATION

- We stick to our fair values and recommendations for all companies we cover on the sector.

NEXT CATALYSTS

- Q3 results: Orange on 25th October, Altice/SFR on 10th November, Iliad in mid November.

Thomas Coudry, tcoudry@bryangarnier.com

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Stock rating

BUY	Positive opinion for a stock where we expect a favourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential upside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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London	Paris	New York	Munich	New Delhi
Beaufort House	26 Avenue des Champs Elysées	750 Lexington Avenue	Widenmayerstrasse 29	The Imperial Hotel Janpath
15 St. Botolph Street	75008 Paris	New York, NY 10022	80538 Munich	New Delhi 110 001
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Germany	Tel +91 11 4132 6062
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	+49 89 2422 62 11	+91 98 1111 5119
Fax: +44 (0) 207 332 2559	Regulated by the	FINRA and SIPC member		Fax +91 11 2621 9062
Authorised and regulated by the	Financial Conduct Authority (FCA) and the			Geneva
Financial Conduct Authority (FCA)	Autorité de Contrôle prudentiel et de			rue de Grenus 7
	resolution (ACPR)			CP 2113
				Genève 1, CH 1211
				Tel +4122 731 3263
				Fax+4122731 3243
				Regulated by the FINMA

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