

Bloomberg	ILD FP
Reuters	ILD.PA
12-month High / Low (EUR)	236.3 / 168.4
Market Cap (EUR)	10,075
Ev (BG Estimates) (EUR)	11,634
Avg. 6m daily volume (000)	90.80
3y EPS CAGR	20.5%

This morning, Iliad published good Q3 2016 commercial results, above expectations. Growth accelerated to 6.5% yoy, thanks in particular to very good performances in mobile, combining high net adds and an ARPU increase. Results on the fixed side were less impressive, with ARPU still under significant pressure, but we expect an improving trend in Q4 thanks to the Canal+ deal.

ANALYSIS

- **Revenues above expectations, accelerating growth thanks to mobile performance.** Q3 revenues came out at **EUR1.183bn** (vs. consensus: EUR1,169bn), **up 6.5%** yoy vs +6.1% in Q2. Fixed sales reached **EUR665m** (vs. consensus: EUR669m), **up 2.1%** yoy vs +2.9% in Q2. Mobile sales reached **EUR522m** (vs. consensus: EUR504m), **up 12.7%** yoy vs +10.7% in Q2. Mobile services revenues rose **12%** yoy, vs +13.2% in Q2.
- **Mobile net adds were greatly above expectations, and ARPU continued to grow.** Mobile Net adds reached **305k** in Q3, vs 180k in Q2 and 390k in Q3 2015. Our estimate for mobile services ARPU is **up +1.8%** yoy vs +1.3% in Q2.
- **Fixed net adds a little above consensus, but ARPU still significantly down.** Broadband net adds reached **66k** in Q3 vs 45k in Q2 and 91k in Q3 2015. Broadband ARPU was EUR33.5 in Q3, down -2.9% yoy vs -1.7% in Q2.
- **As a reminder,** Orange SFR and Bouygues posted mobile postpaid net adds of resp. +187k, -94k and +129k. Orange, SFR and Bouygues posted fixed net adds of resp. +133k, -75k and 93k.

	1 M	3 M	6 M	31/12/15
Absolute perf.	-5.1%	-0.8%	-10.7%	-22.0%
Telecom	-4.1%	-9.9%	-14.5%	-21.0%
DJ Stoxx 600	-0.2%	-2.0%	1.3%	-7.3%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	4,414	4,671	4,931	5,159
% change		5.8%	5.6%	4.6%
EBITDA	1,490	1,668	1,886	2,094
EBIT	0.0	0.0	0.0	0.0
% change				
Net income	335.0	358.3	456.7	587.2
% change		6.9%	27.4%	28.6%

	2015	2016e	2017e	2018e
Operating margin	15.1	15.3	18.0	20.9
Net margin	7.6	7.7	9.3	11.4
ROE	12.7	12.1	13.4	14.8
ROCE	9.8	9.5	10.9	12.8
Gearing	45.2	52.4	43.2	27.9

(EUR)	2015	2016e	2017e	2018e
EPS	5.58	5.95	7.59	9.76
% change	-	6.7%	27.5%	28.6%
P/E	30.8x	28.8x	22.6x	17.6x
FCF yield (%)	NM	NM	1.1%	3.8%
Dividends (EUR)	0.38	0.38	0.38	0.38
Div yield (%)	0.2%	0.2%	0.2%	0.2%
EV/Sales	2.6x	2.5x	2.3x	2.2x
EV/EBITDA	7.6x	7.0x	6.1x	5.3x
EV/EBIT	NS	NS	NS	NS

Iliad main financial data

EURm	Q1	Q2	Q3	Q1 y/y %	Q2 y/y %	Q3 y/y %
Total revenues	1 145	1 151	1 183	6,5%	6,1%	6,5%
ow Fixed	665	665	665	3,9%	2,9%	2,1%
ow Mobile	484	490	522	10,4%	10,7%	12,7%

Source : Company Data; Bryan Garnier & Co. ests.

Iliad commercial KPIs

	Q1	Q2	Q3	Q1 y/y %	Q2 y/y %	Q3 y/y %
Fixed Net adds	78	45	66	1,3%	-2,2%	-27,5%
Fixed ARPU	34,4	33,9	33,5	-0,9%	-1,7%	-2,9%
Mob. postpaid	215	180	305	-48,8%	-55,0%	-21,8%
Mobile postpaid	12,43728	12,3	12,5	-0,3%	1,3%	1,8%

Source : Company Data; Bryan Garnier & Co. ests.

VALUATION

- We stick to our Buy recommendation, with FV of EUR212.

NEXT CATALYSTS

- 2016 full year results expected mid March 2017.

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