

Altice

Price EUR16.25

Altice unveils FTTH investment plan in the USA

Fair Value EUR19 (+17%)

BUY

Bloomberg	ATC NA
Reuters	ATCA.AS
12-month High / Low (EUR)	17.4 / 10.0
Market Cap (EUR)	17,782
Avg. 6m daily volume (000)	1 603

	1 M	3 M	6 M	31/12/15
Absolute perf.	-3.3%	8.9%	4.9%	22.6%
Telecom	-5.5%	-8.1%	-16.1%	-20.9%
DJ Stoxx 600	0.9%	-0.4%	-1.6%	-6.5%

	2015	2016e	2017e	2018e
P/E	NS	NS	33.4x	12.6x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- Yesterday Altice announced "**GENERATION GIGASPEED**", a "full-scale" FTTH network investment plan to enable **10 gigabit broadband speeds in the US**. Altice USA says it will extend fibre deeper into its existing hybrid fibre coax (HFC) network and leverage proprietary technologies developed by Altice Labs. The company's **five-year deployment schedule** will begin in 2017, and the company expects to reach **all of its Optimum footprint and most of its Suddenlink footprint** during that timeframe.
- From what we understand, the technology should rely on **wireless gateways** between the buildings and the home. The same choices should be applied in **France and Portugal** rather than upgrading HFC networks to docsis 3.1. The aim is to **lower maintenance opex** by rolling out an all IP passive fibre infrastructure.
- This plan highlights Altice USA's **strategic focus** on investing in networks to enhance speed. The goal is to **maximise broadband access monetisation** in order to **counterbalance the threat from OTT** streaming players on the Pay TV side. It should also help Altice fight against Verizon's FiOS offer.
- Our 2017 and 2018 CAPEX forecast for Altice USA is **USD1.3bn**, in line with last year's investment at Suddenlink and Cablevision. We think Altice should **not reinvest 100% of the cost savings** achieved in the new investment plan, and therefore consider our forecast to be **quite cautious**.

VALUATION

- We stick to our Fair Value of EUR19 with a BUY recommendation.

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BUY ratings 55,7%

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