

**Altice**

Price EUR18.28

**Further increase in stake at SFR**

Fair Value EUR19 (+4%)

**BUY**

Bloomberg	ATC NA
Reuters	ATCA.AS
12-month High / Low (EUR)	18.3 / 10.0
Market Cap (EUR)	20,004
Avg. 6m daily volume (000)	1 668

	1 M	3 M	6 M	31/12/15
Absolute perf.	12.9%	19.0%	26.6%	38.0%
Telecom	4.3%	-1.0%	-3.8%	-16.9%
DJ Stoxx 600	5.9%	5.5%	9.4%	-2.3%

  

	2015	2016e	2017e	2018e
P/E	NS	NS	37.6x	14.1x
Div yield (%)	NM	NM	NM	NM

**ANALYSIS**

- According to a regulatory statement by AMF, Altice now holds **84%** of SFR Group, vs 82.94% previously, and **90.3%** of the voting rights. The statement says the increase results from **off-market** transactions and attribution of **double voting rights**. It is not said whether the transaction was an exchange with Altice shares or not.
- On 14th October, Altice already increased its stake in SFR Group from 77.75% to about 83%, exchanging in an off-market transaction give SFR shares for eight Altice A shares, i.e. the parity of the initial exchange from Altice which was rejected by the AMF on 4th October.
- Since the exchange offer was rejected on 4th October, Altice has gained **11.6%**, while SFR has **lost 0.6%**, trading **16% below** the initial exchange offer parity (as of yesterday's closing price).
- Besides **speculation** we see no obvious reason to favour SFR over Altice. In any case, we do not expect a major premium for the progressive buy out of SFR minority shareholders as Altice now holds more than 90% of voting rights and 84% of share capital with minimum minority leakage. Besides, we believe the **remuneration agreement**, which could be put in place between Altice and SFR could be **detrimental** to the interests of SFR shareholders. Note that this is not included in our SFR Fair Value at this point. On the contrary, good operating news at the SFR level would directly impact Altice's share as well.

**VALUATION**

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

**NEXT CATALYSTS**

- Full year 2016 results expected mid March 2017.

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### Distribution of stock ratings

BUY ratings 55,6%

NEUTRAL ratings 34%

SELL ratings 10,5%

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