

Altice

Price EUR18.83

Altice sells its Belgium and Luxembourg business

Fair Value EUR19 (+1%)

BUY

Bloomberg	ATC NA
Reuters	ATCA.AS
12-month High / Low (EUR)	18.9 / 11.2
Market Cap (EURm)	23,159
Avg. 6m daily volume (000)	1 673

	1 M	3 M	6 M	31/12/15
Absolute perf.	19.6%	14.1%	33.7%	42.1%
Telecom	6.2%	-1.6%	-4.8%	-15.9%
DJ Stoxx 600	6.0%	5.3%	6.0%	-1.4%

	2015	2016e	2017e	2018e
P/E	NS	NS	38.7x	14.6x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- Altice announced today that it has reached an agreement with **Telenet** to sell its **Belgium and Luxembourg business**. The transaction values the business at an enterprise value of **EUR400m**, ie at **8.8x 2016e adjusted EBITDA**, and at **6.5x 2016e EBITDA** when adjusted for Telenet's projected annual run-rate synergies of **EUR16m** by 2021.
- We think the **price is very good** for Altice, showing Patrick Drahi's **know-how** not only in buying companies, but also in selling them. Besides the valuation, as we had already mentioned, we think selling **non-strategic assets** to help **deleverage and focus** on major activities in the group is an **appropriate strategy**. As a reminder, Belgium and Luxembourg are about **0.5%** of Altice Group total adjusted 2016e EBITDA. Thanks to this transaction, we believe Altice net debt as end of 2016 should be around **EUR48bn**.
- The transaction will be subject to **regulatory review** by the Belgian authorities. Telenet says it is **confident** it should receive approval within a few months. We believe there should not be any major regulatory issues in this deal which will mainly reinforce Telenet's position in Brussels.

VALUATION

- We stick to our Fair Value of EUR 19, with a Buy recommendation.

NEXT CATALYSTS

- Full year 2016 results expected mid-march 2017.

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Thomas Coudry, tcoudry@bryangarnier.com



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BRYAN, GARNIER & CO

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

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