

Bouygues

Price EUR32.20

Sale of an additional 270 towers to Cellnex.**Fair Value EUR35 (+9%)****BUY**

| | |
|----------------------------|-------------|
| Bloomberg | EN FP |
| Reuters | BOUY.PA |
| 12-month High / Low (EUR) | 37.3 / 25.0 |
| Market Cap (EUR) | 11,177 |
| Avg. 6m daily volume (000) | 865.3 |

ANALYSIS

- As expected, Cellnex Telecom and Bouygues Telecom have closed the **second phase** of the agreement announced last July. Following the first phase ended on 16th September 2016, which included the sale of 230 towers to Cellnex France for EUR80m, Cellnex will now acquire an **additional 270 towers for EUR67m**. The price per tower is 30% below the first phase, depending mostly on the location of the towers.
- Mobile telephony towers are **not seen as a strategic asset** by Bouygues Telecom. As a reminder, back in 2012, Bouygues Telecom already sold more than 2000 towers to FPS. Many other operators such as T-Mobile in the US, KPN or Telecom Italia in Europe, have done the same type of transaction. Selling out towers is a way for the group to **raise cash to help finance investment**, in particular in **fibre infrastructures**. We believe more sales could follow, possibly in 2017, allowing Bouygues Telecom to raise another ~EUR60m with 200 towers.
- The proceeds from the sale will be **reinvested in gross CAPEX spending**, and will **not impact the net CAPEX target of EUR800m** over 2016. But the transaction will weigh on the cost structure. Expected run-rate annual "lease back" OPEX for the 500 towers sold to Cellnex should amount to **EUR13m**. Contract duration between Cellnex and Bouygues Telecom is **20 years**.

VALUATION

- We stick to our Fair Value of **EUR35** with a **BUY** recommendation.

NEXT CATALYSTS

- Bouygues 2016 full year results expected end of February.

Thomas Coudry, tcoudry@bryangarnier.com



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Distribution of stock ratings

BUY ratings 55,1%

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BRYAN, GARNIER & CO

| 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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