



Technology



VIVENDI (NEUTRAL, FV EUR22.5) | Canal+ to distribute Netflix

- Yesterday evening, Canal+ and Netflix announced a partnership under which Netflix will be included in CANAL+ bundles: starting on 15th October, CANAL+ subscribers to the CINE / SERIES or INTEGRALE package will also have access to Netflix. The new CINE / SERIES bundle will launch at EUR15 / month, in addition to the subscription fee to CANAL+, which should make the whole package at EUR35 / month. It will include the Netflix Standard offer (2 screens, HD), the CANAL+ premium channel as well as over 20 movie and series channels already available in the CINE / SERIES package. The pricing of Integrale will remain unchanged.
- The news is not a full surprise as discussions were reported in Le Figaro earlier this month. From Canal+' standpoint, such a partnership could appear as the kiss of death, partnering with their biggest competitor. We view it rather as pragmatic "coopetition", albeit defensive, as Canal+' proposition must rely on a mix of original programs and partnerships with other major pay TV providers, such as OCS or beIN Sports. Indeed, we believe French Pay TV's industry suffers from too much fragmentation.
- We welcome the bundling strategy, which could help limit cannibalisation, however we point out Netflix should also be available as a standalone option on Canal+' box. Besides, we believe the deal could weigh on the group's margins, depending on the final pricing. Indeed, the new CINE / SERIES bundle's EUR15 launch price is to be compared with the current CINE / SERIES package priced at EUR20, currently discounted at EUR10, while the pricing of Integrale will remain unchanged.

Thomas Coudry | tcoudry@bryangarnier.com



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<p>London Bryan, Garnier & Co Ltd Beaufort House 15 St. Botolph Street London EC3A 7BB United Kingdom +44 207 332 2500</p>	<p>Paris Bryan, Garnier & Co Ltd 26 Avenue des Champs-Élysées 75008 Paris France +33 1 56 68 75 20</p>	<p>Munich Bryan, Garnier & Co. Widenmayerstrasse 29 80538 Munich Germany +49 89 2422 62 11</p>	<p>Zurich Bryan, Garnier & Co Theaterstrasse 4 8001 Zurich Switzerland +41 44 991 3300</p>	<p>New York Bryan Garnier Securities 750 Lexington Avenue 16th floor New York, NY 10022 United States +1 212 337 7000</p>
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