

## DAILY EQUITY RESEARCH UPDATE

# Technology

Today's news:

Telecoms	Iliad: Upside potential... after H1
Media	Vivendi: Canal+ to distribute Netflix

### Telecoms

**Iliad | Buy | FV EUR145 vs 150**

**Upside potential... after H1**

In this note we provide a preview of Iliad's H1 results. We believe one should not pay over attention to mobile net adds in Q2, and H1 financials should not provide much surprises, but we still see significant upside potential in France from H2 2019 onwards.

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### Media

**Vivendi | Neutral | FV EUR22.5**

**Canal+ to distribute Netflix**

According to Le Figaro, Canal+ and Netflix are finalizing discussions with the objective of a distribution partnership. The negotiations, which are well advanced, could be concluded in the coming weeks, le Figaro reports. Netflix should be available as an additional option. However, it cannot be ruled out that Canal+ may offer coupled packages that are financially more advantageous for consumers, according to the newspaper. Netflix, which has more than 5 million subscribers in France, could accelerate the recruitment of new subscribers thanks to this partnership. This is a way of further strengthening its position in the heart of French households before the arrival in the coming months of powerful competitors such as Disney+ and Apple TV+. Today, Netflix is distributed on all operators' boxes.

**BG view:** From Canal+' standpoint, such a partnership could appear as the kiss of death, partnering with their biggest competitor. We view it rather as pragmatic coepetition, 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, French Pay TV's industry suffers from too much fragmentation. It remains to be seen how the combined offer will be built, in order to favour upsell and customer loyalty rather than cannibalisation on Canal+' own channels. We remain rather confident, as Canal+ now has extensive experience in building such bundles.

### 3Q 2019 TECH Top Picks

ASM INTERNATIONAL (Buy, FV EUR80), SAP (Buy, FV EUR153), SOPRA STERIA GROUP (Buy, FV EUR158)

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