

## DAILY EQUITY RESEARCH UPDATE

# Technology

Today's news:

<b>Semiconductors</b>	<b>Semiconductors:</b> New tariffs hit USD110bn Chinese goods on Sunday
<b>Telecoms</b>	<b>Liberty Global / Sky:</b> Sky in talks to invest in Liberty Global fibre network
<b>Media</b>	<b>Vivendi:</b> Court rules in favour of Vivendi in dispute with Mediaset over voting rights

## Semiconductors

### Semiconductors

#### New tariffs hit USD110bn Chinese goods on Sunday

As of Sunday, roughly USD110bn in Chinese imports are impacted by a 15% US tariffs. It affects consumer goods ranging from footwear and apparel to home textiles and some technology products such as the smartwatches, smart speakers, and wireless headphones. Another round of tariffs is expected to hit smartphones, tablets and laptops on December 15.

**BG view:** The US administration and China representatives are still in talks to find a way out to the trade war. While the new tariffs should weaken demand for some fast-growing technology products such as smartwatches and wireless headphones, we do not see a significant impact on the companies in our coverage.

## Telecoms

### Liberty Global / Sky | Not covered

#### Sky in talks to invest in Liberty Global fibre network

The Financial Times reports that Sky is in talks over a potential investment in a new full fibre network to be built by Liberty Global. Liberty Global appointed an investment bank to find partners for a new joint venture company that will build a full fibre network to millions of homes outside the most populated areas of the country. Virgin Media, the UK's second-largest telecoms network, and which is owned by Liberty Global, would be the anchor tenant for the business. In recent weeks, Sky, which does not plan to build its own fiber network, has also opened talks over participating in the joint venture both as an investor and a customer, according to three people with direct knowledge of the negotiations. The discussions between Liberty Global and Sky over the new network are at an early stage, the people said. Sky is in separate talks over a wholesale deal to use Virgin Media's existing cable network which covers half the country.

**BG view:** due to the lack of efficient fiber regulation and long lasting dispute between public authorities and BT, fiber infrastructures have been lagging behind in the UK. But competition is now heating up, as demand is rising and investor see good return opportunities. BT, TalkTalk and other smaller players such as CityFibre and Hyperoptic are accelerating roll outs and trying to secure wholesale deals, such as with Sky. But fiber operators should avoid building any redundant infrastructures between themselves if they want to secure profitable investments.

## Media

### Vivendi | Neutral | FV EUR22.5

**Court rules in favour of Vivendi in dispute with Mediaset over voting rights**

An Italian court ruled in favour of a petition filed by Vivendi to vote against Mediaset's reorganization plan, the two companies said on Saturday. Vivendi said it wanted to vote against Mediaset's plan because a bylaw of the new group's structure would exclude it from voting at shareholder meetings. However, the ruling only applies to the 9.6% stake Vivendi directly holds in Mediaset, as two-thirds of the French group's 29% total stake is currently held by an arms-length trust called Simon Fiduciaria, which has so far been barred from voting by an Italian court. That leaves the French group with 9.99% direct voting rights. Mediaset said in a statement on Saturday it was satisfied with the decision of the Milan court. It added that the ruling explicitly barred Simon Fiduciaria to take part to Mediaset's Sept. 4 meeting, where its shareholders will be asked to approve the creation of a new Dutch holding company, dubbed Media for Europe, which will carry out a reverse takeover of Mediaset and Mediaset Espana. Vivendi blamed Mediaset for attempting to illegally seize control and suggested further legal action could be taken. "If Mediaset prevents Simon from voting then the EGM will be severely tainted by serious irregularities," a spokesman said in a statement. "A complaint would then be lodged with the Court."

**BG view:** we remind that, early this summer, the European Commission issued an opinion explaining that forcing Vivendi to put its shares above 10% in a trust did not comply with European rules, which leaves the French conglomerate with some hope. Thus it could take long before all legal actions are complete, which could call into question the MediaForEurope operation, even after it is validated at the EGM.

## 4Q 2019 TECH Top Picks

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

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