

# LETTER

## TO OUR SHAREHOLDERS

vivendi

MARCH  
2013



**JEAN-FRANÇOIS  
DUBOS**

CHAIRMAN OF  
THE MANAGEMENT  
BOARD

**PHILLIPE CAPRON**

MEMBER OF  
THE MANAGEMENT  
BOARD AND CHIEF  
FINANCIAL OFFICER

## A STRATEGIC REVIEW IS UNDERWAY

**V**ivendi's Supervisory Board has undertaken a strategic review of our assets since the summer of 2012, and certain parameters have already been established. The group's future lies in the media and content business, while we remain determined to maximize the value of our telecom assets, particularly SFR. Vivendi has all the assets needed to assert itself as a global leader in media and content, two rapidly growing sectors. With its first-rate assets in music and television, the group intends to seize the opportunities offered by the various digital platforms' demand for content.

Strategic transactions of recent months point in this direction. In 2012, we acquired EMI Recorded Music, an iconic music industry company with artists such as the Beatles, the Beach Boys and

Charles Aznavour. This agreement strengthened Universal Music Group's position as a worldwide leader in music, with a presence in 77 countries.

Canal+ Group has bolstered its positions in free-to-air and pay-TV. In France, in addition to i>Télé, it now holds TV channels D8 and D17, which have been successfully re-launched. In Poland, it consolidated the pay-TV market by merging two leading companies in this field.

These transactions were possible due to Vivendi's financial stability. In 2012, adjusted net income stood at €2.55 billion and net debt at year-end was significantly below €14 billion. At the General Shareholders' Meeting, the Supervisory Board will propose the distribution of a dividend of 1 euro per share payable in cash (available for payment from 17<sup>th</sup> of May).

We are determined to continue to create value. Our strategic review will enable us to clarify the most fruitful directions for the group's future and act in the best interests of shareholders. ■

**REVENUES  
for fiscal year 2012**

**€29  
billion**

# 2012 EARNINGS BUOYED BY THE PERFORMANCE OF ACTIVISION BLIZZARD, GVT AND UNIVERSAL MUSIC GROUP

**All Vivendi subsidiaries reached their outlook in 2012. SFR, Maroc Telecom group and Canal+ Group were faced with stiffer competition, but Activision Blizzard, GVT and Universal Music Group recorded excellent performances, particularly in the fourth quarter.**

**V**ivendi stayed on course in 2012 despite a difficult economic environment. Its adjusted net income (before impact of transactions announced during the second half of 2011, restructuring charges in telecom operations and the fine incurred by SFR) stood at €2.86 billion compared to an outlook of around €2.7 billion announced in November 2012. Adjusted net income, another indicator closely followed by Vivendi financial management and the markets, came in at €2.55 bil-

lion, down 13.6% compared to the record figure in 2011, mainly due to SFR's lower profitability.

## STRONGER FOCUS ON MEDIA AND CONTENT

Vivendi finalized three major strategic transactions in 2012. Universal Music Group (UMG) acquired EMI Recorded Music, the iconic English record label behind such artists as the Beatles, Katy Perry, the Beach Boys and Norah Jones. This acquisition has enabled UMG to

confirm its global leadership position in music.

Canal+ Group, for its part, has expanded its free-to-air television presence in France by acquiring and re-launching channels D8 and D17 (formerly Direct 8 and Direct Star), previously held by the Bolloré Group.

In Poland, it has bolstered its positions in pay television and now owns 51% of a 2.5 million subscriber platform. It also established a position in free-to-air television by taking an interest in TVN, the country's leading media group. ■



SKYLANDERS:  
OVER 100 MILLION  
FIGURINES SOLD SINCE  
THE GAME'S LAUNCH



ACTIVISION | BLIZZARD™

**A**ctivision Blizzard's video games set new sales records in 2012. *Call of Duty: Black Ops II* was the first video game to cross the billion dollar sales mark in two weeks, dethroning by

## New sales records for video games

two days the record previously set by the widely celebrated 3D movie *Avatar*. As of December 31, 2012, *Skylanders*, a game for children, had gener-

ated over 1 billion dollars in receipts since its release. *Diablo III* was the best selling PC game, breaking a sales record with over 12 million copies sold. Lastly, *World of Warcraft* remained the number one massively multiplayer online game worldwide with over 9.6 million subscribers. Due to these excellent sales, Activision Blizzard generated an adjusted earnings before interest and income taxes (EBITA) of €1.15 billion, up 13.6% compared to 2011, and revenues of €3.77 billion, an increase of 9.8%.

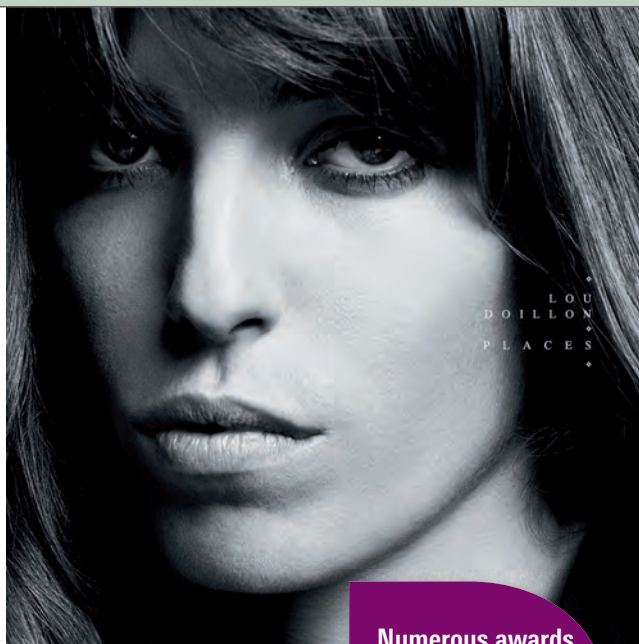
The EBITA outlook for 2013 is above 1 billion dollars. This substantial amount is still less than the figure recorded in 2012. The difference can be explained by the difficult economic environment, the forthcoming release of next generation consoles, and the record set by *Diablo III* in 2012. ■



UNIVERSAL MUSIC GROUP

The rapidly changing music industry is going digital. In 2012, Universal Music Group's digital sales represented 44% of total sales of the group's recorded music, up 10% compared to 2011. With this increase, coupled with the acquisition of EMI Recorded Music (in late September 2012) and favorable currency movements, UMG's sales rose by 8.3% to €4.54 billion, while EBITA, strengthened by cost reduction policy, rose 3.6% to €525 million.

New releases by Taylor Swift, Justin Bieber, Rihanna, Lana Del Rey, Mylène Farmer, Cecilia Bartoli, Daniel Barenboim and Rolando Villazón were particularly well received by the public. In 2013, new releases are expected from Andrea Bocelli, Ben l'Oncle Soul, Carla Bruni, Elton John, Les Misérables, U2,



LOU DOILLON, A FLAGSHIP ARTIST OF UNIVERSAL MUSIC FRANCE

Vanessa Paradis, and others. UMG thus foresees an increase in EBITA, with a positive contribution from EMI Recorded Music, including restructuring charges. The acquisition of EMI Recorded Music was carried out under favorable conditions at less than

Numerous awards at the "Victoires de la Musique" and Brits Awards

5xEBITDA multiple, after restructuring charges and synergies. The latter have been confirmed at more than GBP100 million annually by late 2014.



Continued lively growth in international activities

Maroc Telecom group has met with resounding success in its international activities. Its growth in Burkina Faso, Gabon, Mali and Mauritania enabled it to offset the more difficult regulatory, competitive and economic environment in Morocco where the group set up an adaptation program, including a voluntary departure plan.

In 2012, Maroc Telecom group revenues stood at €2.69 billion, a decrease of 1.8% compared to 2011, and EBITDA amounted to €1.5 billion, up 0.3%. The EBITDA margin registered a high level of 56%.

For 2013, Maroc Telecom group expects to maintain the EBITDA margin at a high level of approximately 56% and a slight increase in EBITDA-Capex.

SFR

Faced with significant competition, SFR saw its profits slip in 2012. EBITDA declined by 13.2% to €3.3 billion, for revenues of €11.29 billion, a decrease of 7.3%. SFR is on the offensive and now offers the best value for money ratio on the market, both for its premium and low-cost offers. Its "Formules Carrées" packages include in particular access to 4G, the Dual Carrier network, Multisurf (the same subscription for telephone and tablet), SFR TV and Femtocell. SFR was the first French operator to market 4G from the start to the

The first operator in France to offer 4G to individuals and enterprises

general public and enterprises. Furthermore, in order to preserve its investment capacity (€1.6 billion forecast in 2013), SFR set up a plan to reduce operational and variable costs.

For 2013, SFR expects EBITDA of close to €2.9 billion and Capex at some €1.6 billion.

4G



GVT continued its expansion in 2012 and currently covers 139 cities. As a result of commercial efforts and geographical network expansion, GVT's revenues reached €1.72 billion, an 18.7% increase compared to 2011 (+28.2% at constant currency). Its EBITDA stood at €740 million, a 23.1% increase (+33.4% at constant currency). In January 2012, GVT introduced a new pay-TV service, and after only one year in operation, this offer generated revenues of €83 million. For 2013, GVT expects continued brisk revenue growth slightly above 20% at constant



Already 406,000 subscribers to the pay-TV service

currency, an EBITDA margin slightly above 40%, and an EBITDA-Capex close to break-even.





### Two strategic operations finalised in 2012

In 2012, Canal+ Group successfully fought a number of battles with regard to competition, development and regulations authorities. Its revenues reached €5 billion, an increase of 3.2% compared to 2011, and its EBITA amounted to €663 million. This figure includes a VAT rise and costs related to the integration of new activities in Poland and France. For 2013, Canal+ Group expects an EBITA of approximately €670 million (excluding restructuring charges related to pay-TV in

Poland), up €50 million compared with 2012 pro forma\* EBITA. Canal+ remains committed to providing its customers the best in movies, series and sports. On January 31, 2013, Canal+ Group renewed its exclusive rights to England's Premier League, the world's most widely broadcast football championship. For the three following seasons, it will be positioned to offer its customers the best French and European football, with the top

"LES REVENANTS",  
AN EXCLUSIVE NEW  
HIT SERIES  
FROM CANAL+

two matches of Ligue 1, the top Champions League and all of the Premier League. This football offer is in addition to coverage of the French Top 14 rugby league, French Handball and Formula 1.

*\*2012 pro forma EBITA of €620 million including a €95 million loss related to channels D8 and D17 and 'n', assuming ownership as of January 1, 2012.*

## 2012 FIGURES

REVENUES  
**€29 billion**

EBITA<sup>(1)</sup>:  
**€5.28 billion**

ADJUSTED NET INCOME<sup>(1)</sup>:  
**€2.55 billion**  
€2.86 billion before impact  
of non-recurring items<sup>(2)</sup>

Proposal to distribute  
a dividend of **€1**  
per share<sup>(3)</sup>,  
payable in cash

## DEBT UNDER CONTROL

Vivendi's net debt came in below the announced target at €13.4 billion as of December 31<sup>st</sup> 2012. One year earlier, it stood at €12 billion. The difference is explained by the payment of two very large transactions: the acquisition of EMI Recorded Music for €1.4 billion by UMG and the acquisition of 4G mobile frequencies for 1.1 billion by SFR. The acquisition of TV channels Direct 8 and Direct Star by Canal+ Group was settled in Vivendi securities (see Questions by Shareholders).

Vivendi is very attached to keeping its debt rating of BBB/Baa2, which it has held since 2005, reflecting its ongoing concern for sound financial management. It undertook to extend the maturity of its borrowings (4.4 years at year-end 2012, versus 4 years at year-end 2011) and to increase the percentage of bonds in total debt (61% at year-end 2012, versus 59% at year-end 2011).

(1) For a definition of the adjusted operating profit (EBITA) and adjusted net income, go to [www.vivendi.com](http://www.vivendi.com).

(2) Transactions announced during second half 2011, restructuring charges in telecom operations and the fine imposed on SFR.

(3) Proposed to the Annual General Meeting of April 30, 2013, payable as from May 17, 2013.

## A NEW TRAINING MODULE DEVELOPED WITH "ECOLE DE LA BOURSE"

**A**fter the modules "How to understand a financial article" and "All about general meetings", the Vivendi Shareholders' Club and the Ecole de la Bourse are offering a training module on Socially Responsible Investing (SRI) and the group's commitments in this regard. This is the first time that this topic has been dealt with by Ecole de la Bourse.

SRI is today developing fast. The concept goes back to the eighteenth century however. At that time, the Quakers felt that compliance with ethical rules was called for in business as well as in private life. Today, this view is supported by numerous legal texts (United Nations Global Compact, Global Reporting Initiative, European Directives, and the New Economic Regulations Act and Grenelle II in France, among others).

### CRITERIA SPECIFIC TO VIVENDI

SRI concerns human rights, labor rights, the environment and the fight against corruption. It is based on the non-financial rating of companies in accordance with environmental, social, societal and governance criteria, and aims to protect against reputational, operational and financial risks.

Vivendi is very attentive to all of these issues. As the global leader in media content and telecommunications, human rights are a key issue, including commitments for the protection and support of youth, promotion of cultural diversity, and knowledge sharing. Regarding cultural diversity, for example, 60% of Universal Music Group's sales are generated by local artists in 59 different countries. UMG promotes diversity via its 50 labels and its numerous local artists. Consumer response has been highly gratifying! ■

### PROMOTING GENDER EQUALITY

Already highly ranked in terms of female representation on the Supervisory Board, at the next AGM Vivendi will propose five women for the 13 supervisory board positions, or a representation rate of 38%, well beyond the legal obligation of 20% for 2014.

The percentage of women employees (35%) is exactly the same as for women executives (35%): the group aims to be exemplary in terms of gender equality, including through specific and ambitious agreements that promote equal access to positions of responsibility.

In addition to these programs, the Supervisory Board has requested that policies be put in place with a view to helping female managers overcome the "glass ceiling" – the invisible boundary that often prevents access to the highest management levels. As a first step, the Andiamo! network was set up in March 2012. It concerns 20 women working at Vivendi, SFR and Canal+ Group, who get together regularly for workshops and meetings with the goal of making recommendations to the Supervisory Board.

Then in 2013, the Vivendi-Mentoring program was launched. It is structured around co-development workshops, coaching sessions and meetings with mentors. Members of the general management of Vivendi, Canal+ Group and SFR – the mentors – are on hand to advise, inspire and transmit. Ten women from the Andiamo! network joined this new initiative on a voluntary basis. These projects are guided by a single ambition: to promote and develop a pool of leaders capable of stepping up and seizing the opportunity to develop gender diversity and deeply transform managerial and decision-making practices.

## SPEAKING PERSONALLY

### FILLS MONKEY, AN EXPLOSIVE SHOW AT THE SENTIER DES HALLES

The Vivendi Shareholders' Club is sponsoring new outings in 2012. It is now proposing evening events at the Sentier des Halles, a small Paris venue. The Club has selected the Fills Monkeys show, a duo of young musicians who seize on just about anything to indulge their passion for drumming.



After the show, Club member **Claire P.**, gave her first impressions:

"I wasn't expecting this kind of show. It was really original.

They convey a valuable message throughout the show: you can make music with just about anything. They have incredible energy, are extremely talented and their funny expressions made us smile from the very first notes. In a nutshell, the show really rocks!"

The next performance is on June 11!

After checking with Claire P. and several other shareholders, it was decided to offer Club members more events in 2013, including movies, comedy, music, opera and dance.

"That's what we prefer and it gives us a chance to discover events that we haven't yet heard about", Claire P. added.

You only need one share to join the **Vivendi Shareholders' Club**.

Download your application form from the Internet and return it to us or request it by calling: **0805 050 050** (numero vert) toll-free from a French landline or on

**+33 (0)1 71 71 34 99** if you are abroad

# QUESTIONS BY SHAREHOLDERS

## There is much talk in the press about Vivendi's strategy review. When will we know more?

In June 2012, Vivendi initiated a strategic reflection process on the scope and value of its business segments. Its stock price was disappointing and the group wanted to see a better correlation with the value of its assets. The Supervisory and Management boards are not under pressure because the group is financially sound, as reflected once again in the 2012 results. One thing is clear, the focus on content and media, along with maximizing the value of SFR, are the group's key priorities. The requirements and precise consequences of this new strategic direction are still under consideration.

## The Bolloré Group holds 5% of Vivendi's capital and Vincent Bolloré has joined Vivendi's Supervisory Board\*. How do you perceive this appointment?

Vivendi is delighted. It is invaluable for a company whose capital is as fragmented as Vivendi's to have a French family-held company as its largest shareholder. If Vincent Bolloré holds 5% of our capital, it is because he believes in Vivendi and the group's growth potential.

## I am single and my tax revenue is less than 50,000 euros. What can I do to make sure I am exempt from the 21% levy on dividends?

For dividends received by French tax residents in 2013 outside of a PEA, the financial intermediary must receive your request for exemption from levy no later than March 31, 2013. Caution: For shareholders of Vivendi registered shares, your request must be received by BNP PARIBAS SECURITIES SERVICES no later than 15 calendar days before March 31, 2013 (i.e. March 16). The form can be downloaded from the Vivendi website.

*\* This appointment is subject to ratification by the General Shareholders' Meeting of April 30, 2013.*

To keep up to date with recent developments at Vivendi, visit the website [www.vivendi.com](http://www.vivendi.com) and click on "Individual Shareholders" and then on "Press releases" or "Audio news"

# SHAREHOLDERS' DIARY

## PROGRAM FOR THE COMING MONTHS

Vivendi organizes numerous events for its Shareholders' Club. To participate, you must hold at least one share. Events include visits, shows, topical meetings and more! Discover our program and sign up! You will find this program of events on our website: [www.vivendi.com](http://www.vivendi.com) (click on the "Individual shareholders" tab and then on "Shareholders' Club").

## CONTACT US

For further information on Vivendi, please contact our Shareholders Information Department (IAI) by mail: Vivendi, Shareholders Information Department, 42 avenue de Friedland, Paris 75008 France.

By e-mail: [actionnaires@vivendi.com](mailto:actionnaires@vivendi.com).

And by telephone: **0805 050 050** (Numero vert) toll-free from a fixed line phone if you are calling from France, or **+33 (0)1 71 71 34 99** if you are calling from abroad.

The department will respond Monday through Friday from 9:00 a.m. to 6:00 p.m. (hours extended in the event of important news).

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