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Chief Financial Officer

# Vivendi selects the Altice/Numericable offer for SFR

**IMPORTANT NOTICE:**

Investors are strongly urged to read the important disclaimers at the end of this presentation

## VALUE REALIZATION EXCEEDING €17 BILLION FOR SFR

- Vivendi to sell SFR to Altice/Numericable, representing a total value in excess of €17 billion for 100% of SFR
  - Vivendi to receive €13.5 billion in cash at closing
  - Vivendi could potentially receive a €750 million earn-out payment based on the achievement of EBITDA – Capex objective
  
- Opportunity to participate in future upside
  - Vivendi to retain a 20% stake in SFR-Numericable with clear governance and liquidity rights
  
- Closing of the transaction expected by end 2014
  - **A significant step in Vivendi's strategy to focus on media and content**
  - **Strengthened financial position allowing enhanced value creation**

# VIVENDI IS DELIVERING THE BEST DEAL FOR SFR

- On February 24, 2014, Vivendi received an approach from Altice regarding a potential combination between SFR and Numericable
- Formal expressions of interest on SFR received from Altice/Numericable and Bouygues on March 5, as Vivendi was still pursuing its project of demerging SFR
- Offers thoroughly reviewed by Vivendi's Management and Supervisory Board
  - Special Committee established by the Supervisory Board, under chairmanship of Mr. Lachmann, to review over eight working sessions options available to Vivendi
- On March 14, decision by Vivendi's Supervisory Board to enter into exclusive negotiations with Altice/Numericable while continuing to examine the SFR demerger
  - Initial offer: €11.75 billion in cash at closing, together with a 32% equity stake in the publicly-listed combined entity
  - 3-week negotiations and diligence between Altice/Numericable and Vivendi/SFR
- On April 5, final decision by Vivendi's Supervisory Board to select the Altice/Numericable revised offer
  - Revised offer: €13.5 billion in cash at closing, together with a 20% equity stake in the publicly-listed combined entity and an earn-out representing a potential additional consideration of €750 million, **leading to a total value in excess of €17 billion for SFR**
  - Unanimous decision after comprehensive analysis
  - Selection of the Altice/Numericable proposal, as it contains industrial project with the highest growth potential, generating the highest value for Vivendi's customers, employees and shareholders, while best meeting the Group's objectives

# SUMMARY TERMS OF SELECTED OFFER

- Value for Vivendi**
- €13.5 billion cash at closing
  - 20% stake in the publicly-listed combined entity
  - Additional potential €750m earn-out, if the combined entity's (EBITDA-Capex) is at least equal to €2 billion during one fiscal year
- Financing**
- Total debt of €11.64 billion for combined entity
  - Debt and equity financing with firm banks underwriting
- Liquidity**
- One year lock-up period as from closing on 20% stake in combined entity
  - Call option for Altice at market value (with floor\*) on Vivendi's stake in three tranches (7%, 7%, 6%) over 1-month windows respectively starting on the 19th, 31st and 43rd month following closing
  - Possibility to sell or distribute the 20% stake, in whole or in part, with a pre-emption right of Altice
- Corporate governance**
- Minority board representation
  - Veto rights on certain matters subject to Vivendi retaining a 20% stake in the combined entity

# AN ATTRACTIVE INDUSTRIAL PROJECT FOR SHAREHOLDERS AND EMPLOYEES OFFERING HIGH VALUATION AND LIMITED EXECUTION RISKS

## ✓ AN INDUSTRIAL PROJECT BASED ON FIXED AND MOBILE CONVERGENCE

- New growth opportunities in very high speed fixed and mobile fostering Quadruple Play and new usage
- Consistent with the French government's "France Très Haut Debit" plan launched in February 2013

## ✓ COMMITMENT TO PRESERVING EMPLOYMENT

- The plan fully guarantees development of sustainable employment in particular thanks to the investments planned

## ✓ A HIGH VALUATION

- Most balanced offer between cash upfront and stock participation allowing Vivendi to benefit from a high valuation
- The offer should represent a total value in excess of €17 billion for 100% of SFR (implied EV/14E EBITDA of 7.0x)

## ✓ A PARTICIPATION IN FUTURE VALUE CREATION THROUGH A 20% RETAINED STAKE

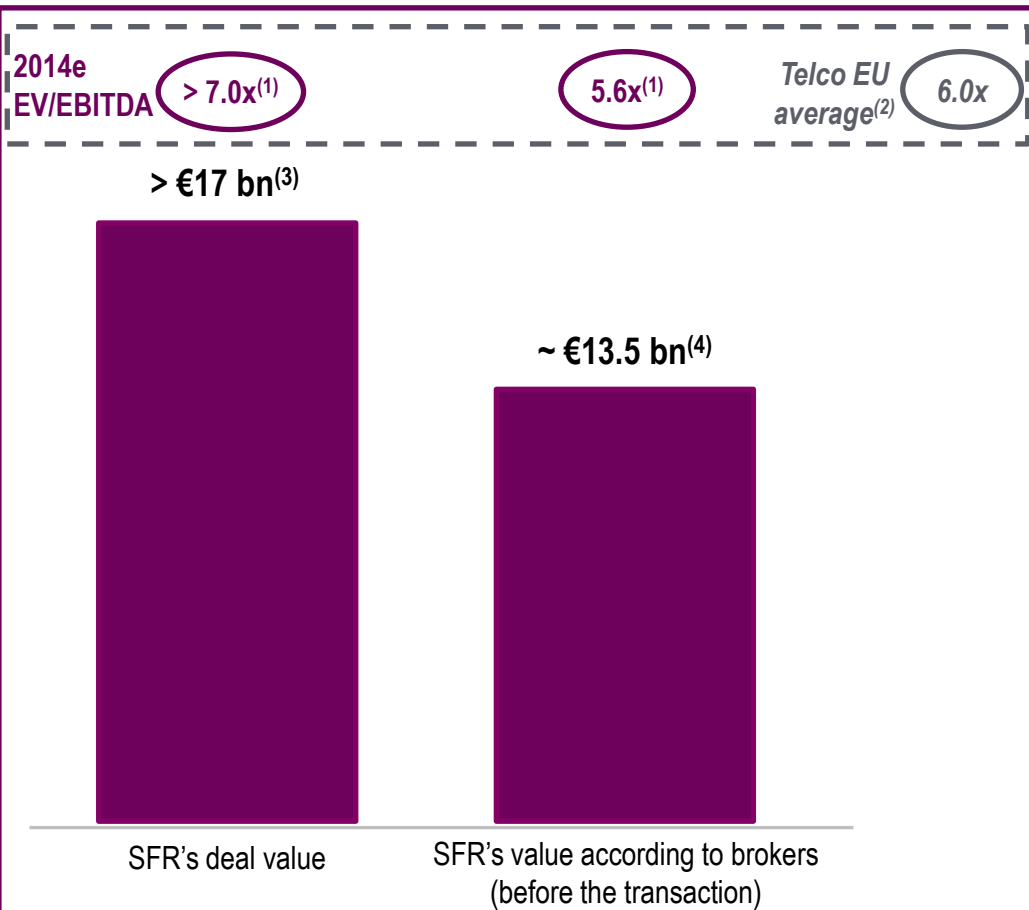
- Significant industrial synergies
- Additional potential €750m earn-out

## ✓ LIMITED EXECUTION RISKS

- SFR and Numericable are not present on the same market segments and their activities are complementary
- Certainty of funds: debt and equity financing with firm banks underwriting

# A DEAL MAXIMISING VALUE CREATION FOR VIVENDI SHAREHOLDERS

## A HIGH VALUATION ACHIEVED VS. MARKET REFERENCES...



## ...HIGHLIGHTING THE OUTSTANDING QUALITY OF THE ASSET

- SFR valued at **~20% premium** to sector 2014 EV/EBITDA multiple
- Value creation **exceeding €3.5 billion** through transaction
- **High valuation metrics obtained**, evidencing the quality of SFR and its strategic value
- **Additional upside for Vivendi** through the 20% exposure to value creation expected from synergies

(1) Based on a broker consensus estimated 2014e EBITDA of €2.4bn

(2) Median multiple of selected comparables

(3) Including combined synergies (Altice/Numericable estimate), €11.64bn net debt and €0.75bn earn-out

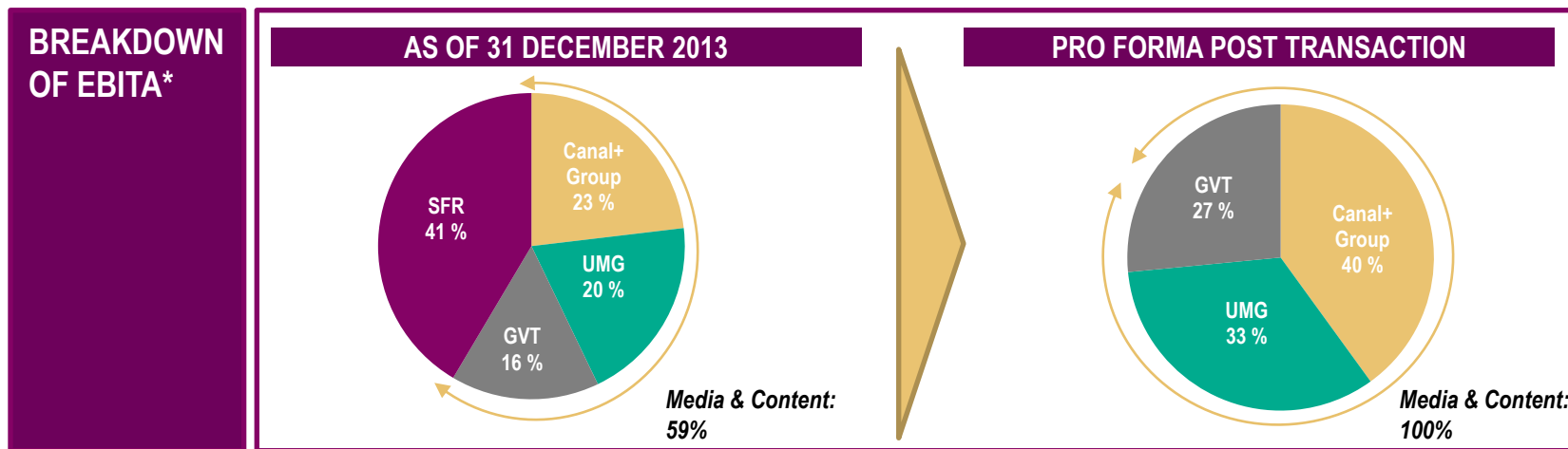
(4) Consensus of SFR valuations retained by brokers in Vivendi sum-of-the-parts analysis, before estimated valuation impact of announced offers

## NEXT STEPS

- Consultation of Numericable, Vivendi and SFR's work councils on Altice/Numericable's project
- Launch of procedures to obtain authorizations from the relevant administrative authorities
- Vivendi will report to the Shareholders' Meeting on June 24 on how this transaction is being conducted
- Closing anticipated by end 2014

# CONCLUSION

- Vivendi to complete its transformation into an **international media group**...
  - Bringing together strong brands in the production and distribution of original content
  - Fully responding to the new ways of consuming digital media in music and video
  - And pursuing its development in fast growing markets



- ... through a transaction that crystallizes **incremental value potentially exceeding €3.5bn** for shareholders
- Strengthened financial position
  - **Vivendi's Board will consider uses for the proceeds of the transaction in due course**



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