

# TOGETHER

## LETTER TO OUR SHAREHOLDERS

SEPTEMBER 2021

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vivendi



Photos/DR

# VIVENDI ENTERS A NEW PHASE

**Yannick Bolloré**, Chairman of the Supervisory Board,  
and **Arnaud de Puyfontaine**, Chairman of the Management Board

Dear Sir/Madam, dear shareholder,

**V**ivendi is opening a new chapter in its history. In June, 99.9% of its shareholders voted in favor of the plan to distribute 60% of the share capital of Universal Music Group (UMG) to them and to list UMG on the Amsterdam Stock Exchange. These transactions were initiated to reduce the holding discount from which Vivendi's shares have suffered for many years. Once completed, Vivendi will retain 10% of UMG alongside its shareholders (60%), a Tencent-led consortium (20%) and funds owned or managed by William Ackman (10%).

UMG's listing is taking place at a time when the music industry is thriving, thanks to subscription and streaming platforms. Many of the sector's assets have entered the financial markets in recent months. The valuation of UMG, which stood at less than €10 billion seven years ago, rose to €30 billion (selling price at enterprise value of the 20% stake in UMG sold to the Tencent-led consortium) in March 2020 and January 2021, then to €33 billion (PwC and EY's valuation of the company's equity value used to prepare for the initial public offering) in February 2021 and finally to €35 billion (enterprise value retained in the negotiations with William Ackman) in June 2021.

In the first half of 2021, UMG confirmed its solid growth: EBITA increased by 37.7% at constant rates and perimeter compared to the first half of 2020, giving an EBITA-to-sales ratio now close to 20%.

Under its new perimeter, Vivendi will pursue its strategy of creating a world leader in media, content, and communication. Its strategic plan is based on several major pillars: creating high-quality content, increasing international distribution capacity, developing new forms of entertainment and rolling them out in high-potential markets, and expanding the integration of activities.

This plan will also be accomplished by adapting Vivendi's businesses to the radical digital changes they are all facing. We have achieved this with UMG and are in the process of doing the same with the other Vivendi entities.

In addition, Vivendi finalized the acquisition of 100% of Prisma Media's share capital. Prisma Media is the French leader in magazines, with 20 leading press brands (*Femme actuelle*, *Télé-Loisirs*, *Capital*, *Gala*, etc.). This transaction, which complements Vivendi's spectrum of activities, is entirely in line with its strategy. It will provide interesting development opportunities between Prisma Media's magazines and the other group entities. This joint project strategy has already been successfully implemented in the various Vivendi entities.

Thank you for your loyalty. We hope you enjoy this newsletter!

# RESULTS

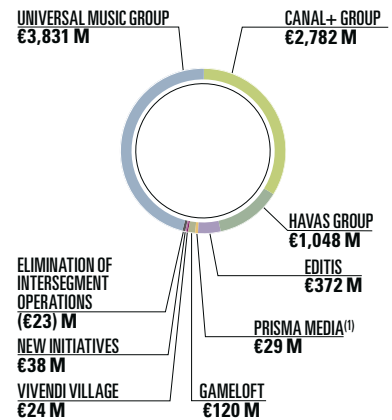
## FIRST HALF OF 2021

**Vivendi recorded very good results in the first half of 2021.** Boosted by the growth of Universal Music Group (UMG), Canal+ Group, Havas Group and Editis, as well as the consolidation of Prisma Media, Vivendi's sales amounted to €8.2 billion, up 8.5% compared to the first half of 2020. At constant rates and perimeter, it grew by 11.9%. Thanks to cost control, the EBITA stood at €1,066 million, an increase of 45.0% compared to the first half of 2020, or 49.3%, at constant rates and perimeter<sup>(1)</sup>.

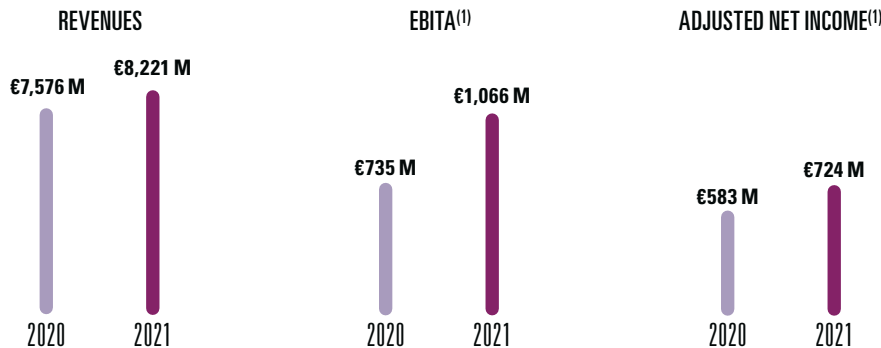
**Adjusted net income**, reflecting the group's intrinsic performance, amounted to €724 million, up 24.1%. As of June 30, 2021, Vivendi's **net financial debt** amounted to €2,878 million, compared to €4,953 million on December 31, 2020, with a group's net debt-to-equity ratio at 14.9%. As adjusted, Vivendi's net cash position,

which notably includes the repayment by UMG of its debt to Vivendi and the sale of an additional 10% of UMG's capital to funds linked to William Ackman, would amount to more than €2.4 billion. Although the impacts of the Covid-19 pandemic have been more significant for certain countries and activities than others in the first half of 2021, Vivendi has demonstrated resilience and adapted to continue to best serve and entertain its customers, while reducing costs to protect margins. It is difficult at this time to determine how it will impact Vivendi's results for the whole 2021 financial year. Nevertheless, the group remains confident about the resilience of its core activities.

### REVENUES BY ACTIVITY AS OF JUNE 30



(1) Constant perimeter notably reflects the impact of the acquisition of Prisma Media, consolidated since May 31, 2021.



(1) The non-GAAP measures of adjusted earnings before interest and income taxes (EBITA) and adjusted net income should be considered in addition to, and not as a substitute for, other GAAP measures of operating and financial performance. Vivendi considers these to be relevant indicators of the group's operating and financial performance. Vivendi Management uses EBITA and adjusted net income for reporting, management and planning purposes because they exclude most non-recurring and non-operating items from the measurement of the business segments' performances. For any additional information, please refer to the Financial Report for the half-year 2021, which will be released online later on Vivendi's website ([www.vivendi.com](http://www.vivendi.com)).

## Prisma Media, a new flagship for Vivendi

The Prisma Media acquisition was completed on May 31, 2021. Vivendi has welcomed into its fold a leader in the magazine industry that has the same objectives as itself.



Prisma Media / DR

Vivendi completed the acquisition of 100% of Prisma Media on May 31 (it had signed a commitment to purchase it with Gruner + Jahr – Bertelsmann on December 23, 2020), welcoming a leader in magazines whose objectives are in line with its own.

Bolstered by twenty or so leading brands, Prisma Media is the leader in magazines in France, in both print and digital form. It has been outperforming the market for many years.

Here are a few figures to illustrate this leadership: Prisma Media accounts for 1 in 4 magazines sold on news stands, 5 magazines purchased per second, 50% of digital advertising sales for magazines, 23 million readers per month, 9 million single visitors per day, 31 million video surfers per month (making it the leader in video) and 41 million French people reached (i.e., 8 out of 10 French people).

Its brands, most of which are well established, aim to inform, support, inspire and entertain French people day after day. Prisma Media's mission is to make French people's lives better, allowing them to read about, see, listen to and experience their passions.

Far from resting on its laurels, Prisma Media is still exploring new territories and creating new magazines. In recent months, it has launched *Bienvenue chez vous* by Stéphane Plaza, *Femme*

*actuelle Escapades*, and more. A little longer ago, in April 2018, came the advent of Simone, a fully-female, 100% video, 100% digital and 100% engaged news outlet.

This magazine perfectly reflects Prisma Media's CSR commitments, aiming to contribute to a more sustainable and fair society, with a belief in the complementary nature of individuals, as well as the strength and cohesion of a team. Prisma Media is taking various actions in support of solidarity, diversity and inclusion (sponsorship, local action, diversity, gender equality, and combating harassment).

In addition, climate protection is one of its strategic priorities. Its goal is to achieve Net Zero Carbon by 2025. This objective is fully in line with that of Vivendi.

Since its acquisition by Vivendi, Prisma Media has been moving towards an integrated growth strategy. It intends to develop its brand portfolio, strengthen its leadership, create new paying businesses for consumers, turn its audiences into identified paying users and increase synergies with the group's other entities.

# Canal+ Group celebrates Studiocanal's 30<sup>th</sup> anniversary

With thirty years of experience, Studiocanal, the European cinema leader, intends to strengthen its position.



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Studiocanal celebrated its 30<sup>th</sup> anniversary at the last Cannes film festival. Without a doubt, the ambition of the European leader in the production and distribution of movies is to strengthen its position and compete with Hollywood. "We want to be the European response to the major American studios. We have never had so many projects in the pipeline," says its CEO Anna Marsh. By 2024, Studiocanal intends to spend €1 billion on content creation. In terms of cinema, filming of *Paddington 3* will begin in the second quarter of 2022, again in collaboration with Heyday Films. The two studios will also develop Fifi Brindacier's franchise. Various movies are also at a very advanced stage, such as *Retribution*, with Liam Neeson, *Role Play*, with Kaley Cuoco, *Baghead*, with Ruby Barker and Freya Allan, the sequel of *Cold Pursuit*, with Liam Neeson, and *War Magician* and *The Electrical Life of Louis Wain*, with Benedict Cumberbatch. In terms of television, Studiocanal is working on the third season of *The Adventures of Paddington Bear* and *The War of the Worlds*. It will be developing an adaptation of *Corto Maltese* with its subsidiary Red Production Compagny. In partnership with Editis, it is working on a series entitled *The Blue Hour*, based on Douglas Kennedy's bestseller, the *N.E.O.* series, based on a novel by Michel Bussi and an adapted series of *All Those Things We Never Said*, by Marc Levy. Over thirty years, Studiocanal has also built an extensive catalog of 6,000 movies from 60 countries. Recently, it also announced the acquisition of Lailaps Films Germany, thus pursuing its external growth strategy.

**CANAL+ WAS AWARDED EXCLUSIVITY FOR THE TWO TOP GAMES OF EACH MATCH DAY OF THE CHAMPIONS LEAGUE BY UEFA, FROM 2021.**

**For the three seasons 2021-2022, 2022-2023 and 2023-2024, Canal+ will broadcast the top two matches of each Champions League day, on Tuesday and Wednesday evenings, the final and the Super Cup. The UEFA Champions League supplements the unrivaled sport offering of Canal+, which includes Ligue 1 (until the end of the current season), the entire English Premier League, the Top 14, Formula 1 and MotoGP, as well as boxing and golf. Canal + also offers the full range of major sporting competitions through its partnerships with beIN Sports, RMC Sports and Eurosport.**

# Havas, Editis, and Prisma Media are joining forces

Because the recovery of global tourism requires new solutions, the Vivendi group entities have come together with the CSA (Consumer Science & Analytics) to put forward an innovative offer in responsible tourism, under the new identity: Here.

With vaccination allowing us to catch sight of a gradual recovery in international tourism, 77% of prosumers<sup>(1)</sup> hope to travel outside their country and 64% of affluent travelers cannot wait to travel again. The World Tourism Organization forecasts 2 billion tourists by 2035. In this context, tourist destinations will have to engage in a relentless commercial war to capture these post-pandemic tourists, with part of the equation related to the value proposition they will be able to offer and, in their ability, to respond to the tourists' search for meaning.

The pandemic has acted as a catalyst for contradictory movements, with those who aspire to travel better and more responsibly, on the one hand, and those who are discovering mass tourism on the other hand. In response to this complexity, the Vivendi group, with its subsidiary Havas as a bridgehead, has decided to launch Here, a range of original solutions to support tourism stakeholders (destinations, airlines and hotel groups). Here offers:

- the marketing and communication power of Havas Group, as well as its global network;
  - the consulting force of Gate One (a Havas Group agency), an expert in strategy and organization consultancy;
  - the capacity to attract audiences and the content expertise of Prisma Media, including the iconic *GEO* and *National Geographic France*;
  - the world's best-selling travel guide: *Lonely Planet* (Editis group);
  - the CSA's unique data;
  - and the entire Vivendi galaxy: Canal+ Studios, Gameloft, etc.
- Here's ambition, illustrated by its "Powering Meaningful Destinations" slogan, is to accompany clients from the structuring of their business plan to the creation of campaigns capable of generating sales while working with them to develop the best possible travel experiences that consumers want.

(1) "Beyond Covid Part II" Prosumer report, December 11, 2020.



© Getty Images

# Editis is increasing its number of projects

While the publishing market is flourishing, Editis has really increased its projects in recent months to meet the demands of its readers.



Editis / DR

The successful author Joël Dicker has selected Editis to handle the distribution and marketing for his new publishing house and his entire catalog as of January 1, 2022. “To help me on this adventure, I needed a partner I could trust. My meetings with Michèle Benbunan and Arnaud de Puyfontaine convinced me of the quality of Editis group and the efficiency of its subsidiary, Interforum, both in France and in French-speaking countries, particularly Switzerland, which I am very fond of, and this was a determining factor for me,” explains Joël Dicker. In addition, Editis has created a new publishing house, Le Bruit du monde. Marie-Pierre Gracedieu and Adrien Servières, two leading figures in literary publishing, are at project’s origin. “The aim of Le Bruit du monde is to reveal literature that covers the challenges of the modern world and is a source of enjoyment, able to enrich our imaginations and broaden our horizons,” explains Marie-Pierre Gracedieu. Le Bruit du monde intends to choose the best of foreign literature and to discover French-speaking authors of international importance. The aim is to publish about twenty books per year. Moreover, Editis has confirmed its ambition for audio creation, which is the new frontier for digital creation. It launched Empreinte magnétique, an audio creation studio designed to offer users original and innovative experiences and content. The studio offers entertainment, documentary, youth and fiction content, and creates audio series or short audio formats. In particular, it has developed content in partnership with the streaming platform Deezer and Éditions Bordas. Lizzie, the group’s audio book publishing house, has experienced continued strong development. In 2020, it won the Ginkgo Award for the audio book *Tous les hommes n’habitent pas le monde de la même façon*, by Jean-Paul Dubois, read by Jacques Gamblin.

# Gameloft succeeds in diversifying its business models

The pandemic highlighted Gameloft’s ability to adapt, as it continued to offer new video games during this difficult period.



Gameloft / DR

**WINNING TICKET FOR HAVAS GROUP at the 2021 Cannes Lions International Festival of Creativity! This year, a total of 38 Lions were awarded to 13 agencies of the group (1 Grand Prix, 5 golds, 9 silvers and 23 bronzes) in 17 categories.**

**TOTALING 15 LIONS, including 1 Grand Prix in the highly-coveted “Film” category, BETC Paris, was the group’s most award-winning agency, followed by Havas Creative and Arnold, who respectively won 11 and 7 trophies.**

**THE MOVING “CROCODILE INSIDE” CAMPAIGN BY BETC for Lacoste won 5 Lions at this festival, including the Grand Prix for Film. Arnold’s work in Vietnam and Zimbabwe for the Red Cross was also widely recognized with 5 Lions, including 2 gold Lions, while Havas London’s “Black Plaque Project” for the Nubian Jak Community Trust received 3 Lions, including 1 gold for design.**

The increase in the consumption of Gameloft games, linked to the first lockdowns, did not fall again afterward, indicating that its value proposition is relevant.

In this context, Gameloft has decided to diversify its business models and has developed into video game subscription services, in addition to the free-to-play model (revenue generated by advertising or purchases included in free games for the player), where it is continuing to grow. Gameloft strongly believes in the growth of the subscription model for games, with different platforms, such as Apple’s service (Apple Arcade), taking full advantage. Its new strategy is a winning one: it successfully launched the *SongPop Party* and *The Oregon Trail* games on Apple Arcade, and these games are among the most popular of the service. More games will be announced by the end of the year on Apple Arcade. In the free-to-play model, Gameloft continues to enjoy great success with games such as *Minion Rush*, which surpassed 1 billion downloads in June. Since its launch eight years ago, *Minion Rush* has been one of the most popular and downloaded games of all times. To date, fans have collected 90 trillion bananas, traveled more than 216 billion kilometers and spent 3.4 billion hours playing! What more can we say?

# Vivendi Village, on the scene more than ever

Olympia Production launched two new festivals this summer in France. The teams are continuing to innovate!



© Pixeline

Vivendi Village created two new festivals this summer in France, even though not all its festivals have yet to go ahead due to sanitary measures or travel issues affecting international artists. Olympia Production and the comedian Roman Frayssinet organized a comedy festival at the Château d'Aubiry, in the south of France, for the first time this year in June, bringing together the cream of the crop in French stand-up. This festival was made possible thanks to a collaboration between Olympia Production and Canal+ Group, which will devote a special program to this event very soon. Olympia Production has also created Pellicu-Live, a new festival combining live events, cinema and gastronomy in Thuir, again in the south of France, with François-Xavier Demaison as its sponsor. In particular, a large Disney Around the World family movie concert has been proposed. Live au Campo was able to go ahead again in Perpignan with eight

memorable evenings, and Brive-la-Gaillarde organized its annual music festival over four evenings in a larger space to welcome the audience it usually receives in compliance with health regulations.



© Michael Guillout

Vivendi commitments



vivendi  
CREATION  
WITH ALL

#1Jeune1Solution  
#1Jeune1Mentor

## Vivendi is taking action for young people

**While young people are feeling the consequences of the pandemic, Vivendi is taking action and supporting the "1 Jeune, 1 Solution" scheme.**

This French government initiative includes a platform ([www.1jeune1solution.gouv.fr](http://www.1jeune1solution.gouv.fr)) with solutions (employment, training, events, mentoring, etc.) that facilitate the integration of young people.

In this context, the group is offering to welcome more than 2,000 young people via internships and work-study contracts in France in 2021.

In particular, Vivendi supports the "1 Jeune, 1 Mentor" scheme, which aims to increase the number of young people benefiting from the support of a mentor during their time at school.

Employees are being encouraged to become mentors to one of the 200,000 young people in the scheme by dedicating a few hours every month to supporting them in their job search. The group's commitment to supporting youth employment is part of its CSR scheme, *Creation for the Future*, and, more specifically, the *Creation with All* component, which aims to work towards a more inclusive world where everyone has a place.

Vivendi is a long-standing player in supporting and accompanying young people in their professional training through its Create Joy solidarity scheme, created in 2008.

# SHAREHOLDERS' DIARY

VIVENDI  
AND YOU

## QUESTION FROM A SHAREHOLDER

**I am a loyal registered shareholder. Will I be sent an official document explaining the Universal Music Group (UMG) share distribution operation?**

Registered shareholders will receive a letter from BP2S (BNP Paribas Securities Services), which Vivendi has entrusted with the management and monitoring of its securities services, on the terms and conditions for the delivery of UMG shares, after obtaining a signature from AFM (scheduled for September 14) and before the initial public offering (September 21).

A note on the taxation of dividends in kind, which will be settled via the sale of the necessary number of UMG shares, is already available on the Planetshares website (<https://planetshares.bnpparibas.com>), in the "Formulaires" (Forms) section. Any remaining balance between the sale price of UMG shares and the amount of tax to be paid will be transferred to the bank whose details are provided to BP2S in the registered securities account or by check, if applicable.

If shareholders wish to pay some or all of the tax in cash, the shares should be transferred to the managed registered shareholder via their bank, by filling in a form. This process takes about four working days.

Managed registered shareholders or bearer shareholders must contact their bank directly to discuss the terms and conditions for the delivery of the shares and the settlement of the tax.

## VIVENDI SHARE PRICE

Stock price/reinvested dividends



**Important disclaimer: forward-looking statements.** This *Letter to our Shareholders* contains forward-looking statements concerning Vivendi's financial condition, results of transactions, businesses, strategy and prospects, including issues regarding the impact of certain transactions and the payment of dividends and distributions, as well as share repurchases. Although Vivendi believes that such statements are based on reasonable assumptions, they do not constitute guarantees of future performance by the company. Actual results may differ materially from forward-looking statements because of a number of risks and uncertainties, many of which are beyond our control, in particular risks related to obtaining the consent of competition authorities and other regulatory authorities, as well as all other authorizations that may be required in conjunction with certain transactions and the risks described in the documents Vivendi has filed with the *Autorité des marchés financiers*. Also available in English on our website ([www.vivendi.com](http://www.vivendi.com)). Investors and securities holders may obtain free copies of the documents filed by Vivendi from the *Autorité des marchés financiers* ([www.amf-france.org](http://www.amf-france.org)) or directly from Vivendi. This *Letter to our Shareholders* contains forward-looking statements that can be assessed only as of the date of its dissemination. Vivendi makes no commitment to supplement, update or alter these forward-looking statements as a result of new information, future events or any other reason. Unsponsored ADRs: Vivendi does not sponsor American Depositary Receipt (ADR) programs for its shares. Any currently existing ADR program is "unsponsored" and has no connection of any kind with Vivendi. Vivendi disclaims all responsibility for such programs.

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— **and by phone:** 0 805 050 050 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 am to 6:00 pm (hours extended in the event of important news).

## IF YOU OWN AT LEAST ONE VIVENDI SHARE

You can join the Vivendi Shareholders' Club. Send us your membership form downloadable from the Internet or sent on request by the Shareholders Information department.

[www.vivendi.com](http://www.vivendi.com)

## FINANCIAL INFORMATION MEETINGS

The Individual Shareholders Information department offers financial meetings outside Paris, alongside another CAC 40 group, organized by the Federation of Individual Investors and Investment Clubs or a weekly financial meeting.

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