



CANAL+, ONLY BETTER

CANAL+

GRUPE

March 8, 2007

IMPORTANT NOTICE: INVESTORS ARE STRONGLY ADVISED TO READ THE
IMPORTANT LEGAL DISCLAIMER AT THE END OF THIS PRESENTATION

- ***CANAL+ Group: a solid base of assets***
- ***TPS merger: a value-creating combination***
- ***Additional opportunities***

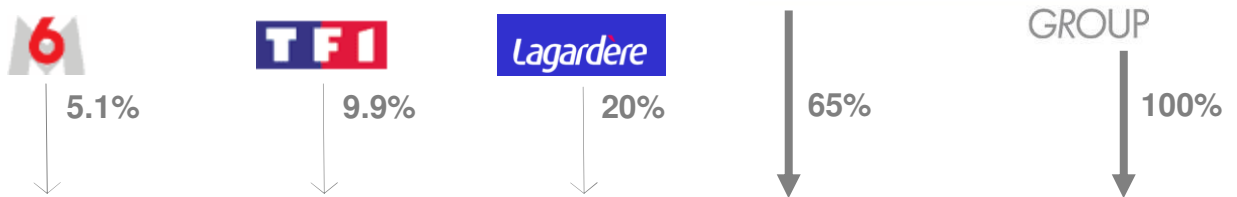
CANAL+ GROUPE CANAL+ GROUP: OVERVIEW

GROUPE

vivendi



CANAL+



Pay TV in France (CANAL+ France)

CANAL+ 49% **CANALSAT**

CANAL+ DISTRIBUTION **TPS**

Multi-thématiques *media overseas*

Other activities

STUDIO CANAL **i TELE**

CYFRA+ 75% **CANAL+** REGIE

- 1. Content:** *two complementary offers covering expectations of all audiences*
- 2. Distribution:** *a leader on all platforms*
- 3. Subscribers:** *a loyal and growing subscriber base, and a powerful brand*
- 4. Organization:** *a management with a proven track record*
- 5. Strong financials:** *a debt-free Group, with a steady growth in revenues and margins*

1. CONTENT: TWO COMPLEMENTARY OFFERS COVERING EXPECTATIONS OF ALL AUDIENCES



"Expect more from TV"

- **5 general-interest premium channels with a pick-of-the-best content**
- **Recent and exclusive programs**
- **Content investments: €1,300m**
- **A unique model**

CANAL+ Group's flagship offer



"The experts of all your passions"

- **300 channels covering all themes**
- **A selection of the best channels, including 60 exclusive ones**
- **Content investments: €700m**
- **A wide-spread model**

A complementary offer

2. DISTRIBUTION: A LEADER ON ALL PLATFORMS

2006 figures

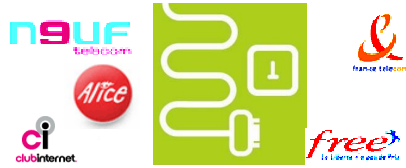
Satellite



- Quality and highest broadcasting capacity on 100% of the country
- Best KPIs on churn and ARPU

7.3m
subscriptions

DSL



- Triple play, return path
- Growing the market in city centers

0.4m
subscriptions

Terrestrial



- Plug & Play
- First-choice platform for analogue subscribers

Analogue: 1.9m
Digital: 0.3m

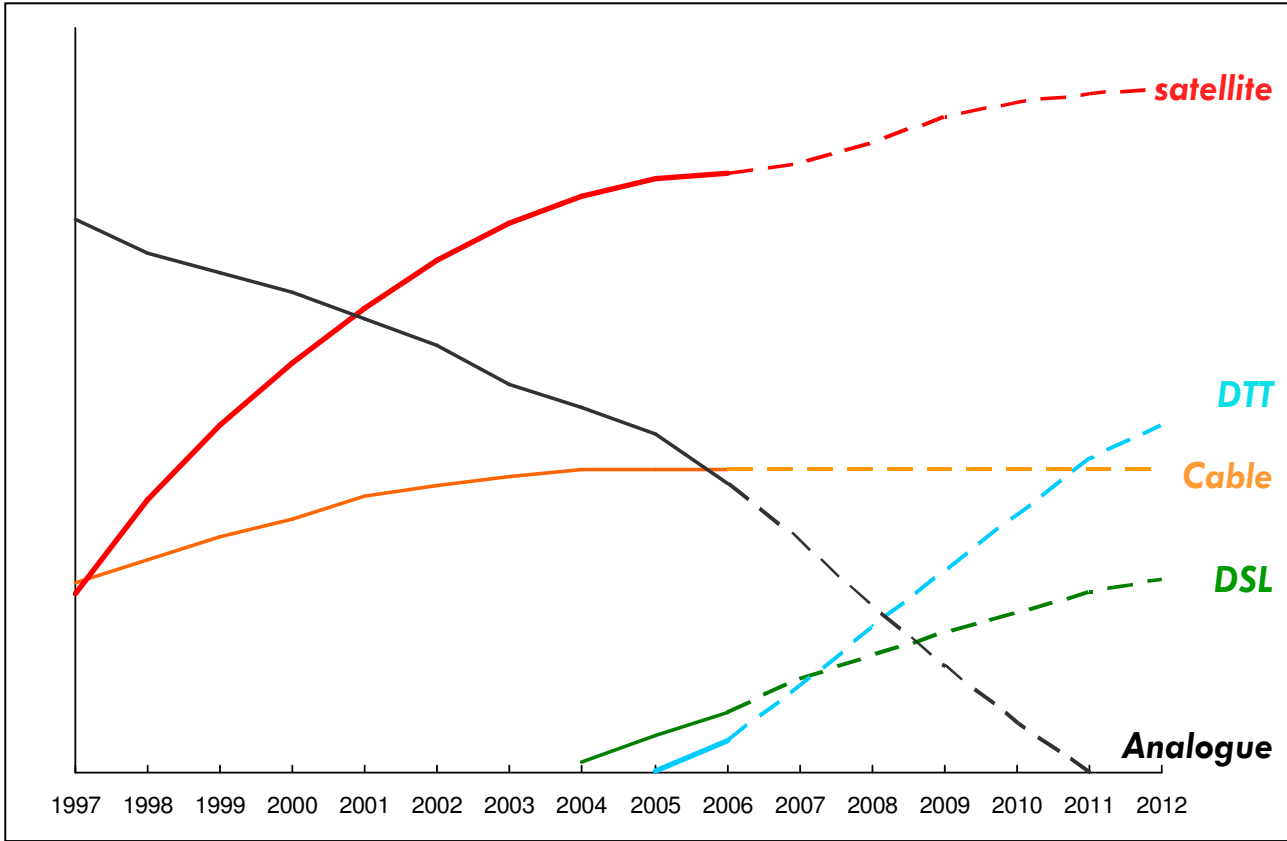
Cable



- Triple play, return path
- Sale of Canal+ Le Bouquet and the Group's 23 channels

0.3m
subscriptions

2. DISTRIBUTION: MARKET TREND BY PLATFORM



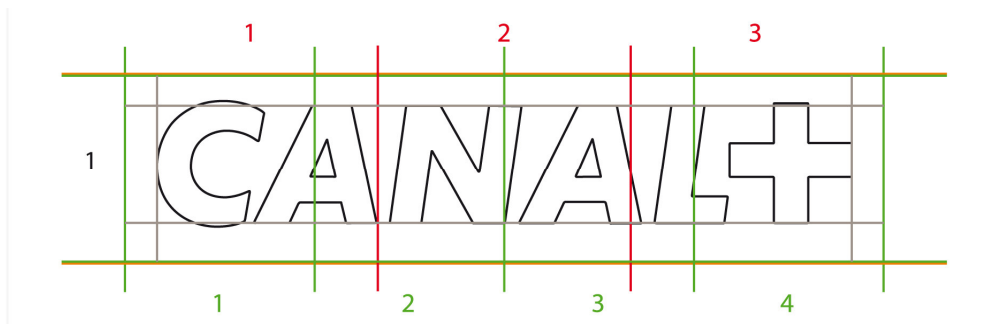
- Satellite, the leading platform, is boosted by the merger
- DTT is an attractive substitute for analogue services
- Further growth in DSL against a backdrop of fierce competition with cable TV

Source CANAL+ Group
(ex free-of-charge or low-price ISP and DTT subscribers)

3. SUBSCRIBERS: A LOYAL AND GROWING SUBSCRIBER BASE AND A POWERFUL BRAND

2006 figures

- **A large and growing base of subscribers with strong loyalty**
 - 10.2 M subscriptions, including TPS
 - All-time high take-ups in CANAL+ and CANALSAT subscriptions
 - Among the lowest churn rates in Europe: <12% at CANAL+ and <11% at CANALSAT
- **A powerful and well-established brand**
 - 100% brand awareness in France
 - The TV operator most subscribers would recommend
 - The TV operator would-be subscribers trust the most



4. ORGANIZATION: A MANAGEMENT WITH A PROVEN TRACK RECORD

■ ***Growing subscriber portfolio***



■ ***+ 1 million new subscriptions in 3 years***

■ ***Decreasing acquisition costs***



■ ***subscriber acquisition costs decreased more than €50 in 2006 at CANAL+ and CANALSAT***

■ ***Growing revenue per subscriber***



■ ***ARPU up €3.2 at CANAL+ in 3 years***
■ ***ARPU up €1.8 at CANALSAT in 3 years***

■ ***Under-control churn rate***



■ ***Churn rate for satellite under 9%, down 0.3pts in 2006***



Business momentum and profitability have been restored

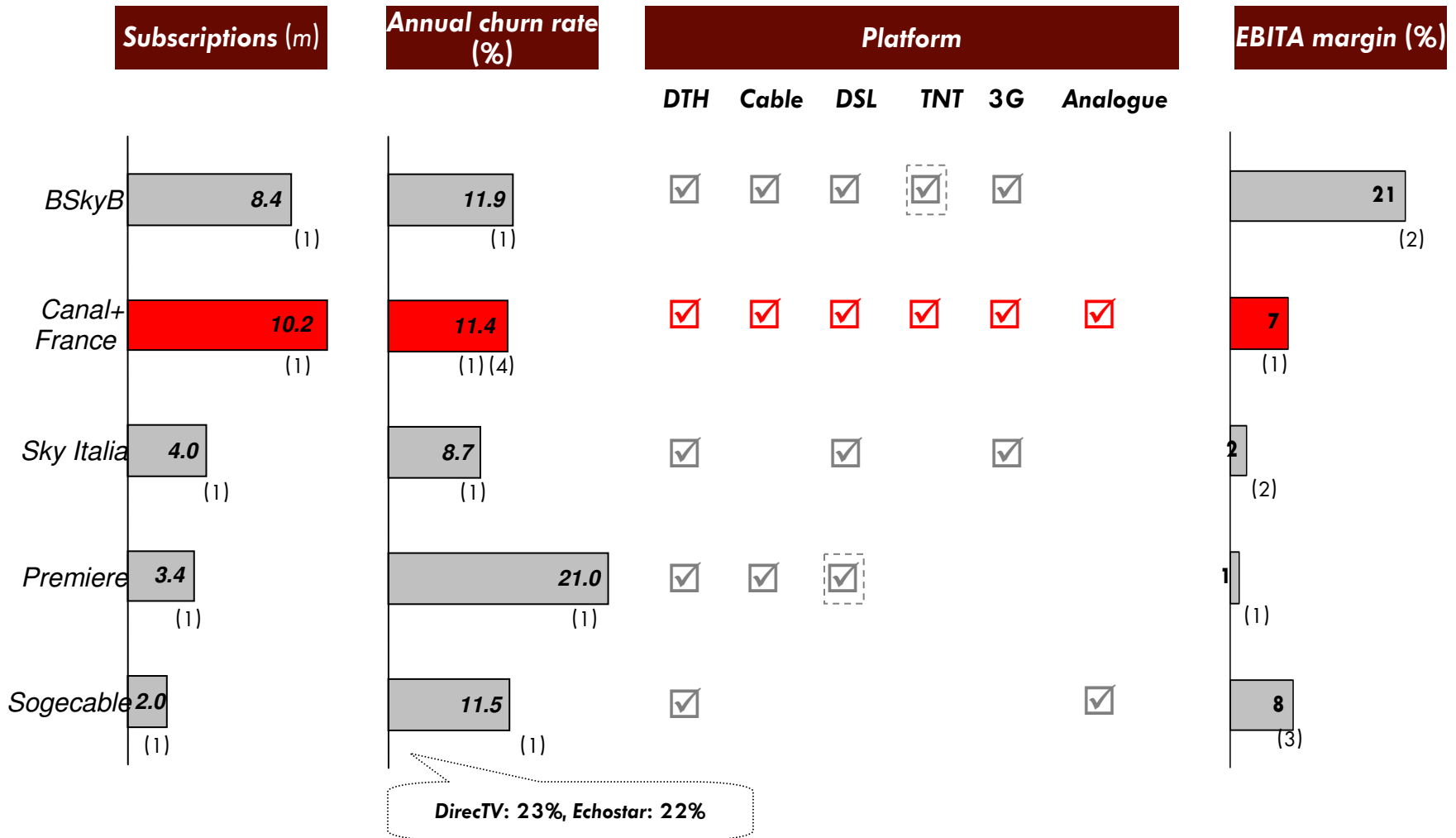
5. STRONG FINANCIALS: STEADY REVENUES AND MARGINS GROWTH

		2005	2006	<i>Pro forma with TPS</i>
				2006
Total subscriptions*	'000 subscribers	8,450	8,800	10,250
Canal+ Group revenue	€m	3,460	3,630	4,226
EBITA CANAL+ Group **	€m	202	251	294
% EBITA margin/Revenue		6%	7%	7%
CANAL+ Group operating cash flow	€m	+ 284	+ 261	+ 297

CANAL+ FRANCE, A EUROPEAN PAY-TV LEADER



Launch planned



(1) 31/12/2006

(2) 30/06/2006

(3) EBIT for Sky Italia and Sogecable (ex free-to-air Cuatro channel for Sogecable) (4) excluding TPS

- *Canal+ Group: a solid base of assets*

- *TPS merger: a value-creating combination*

- *Additional opportunities*

■ Robust growth in revenue:

- > €5 billion in annual income
- 11.5 million subscriptions to CANAL+ France

■ Significant cost synergies:

- > €350 million

**2010 EBITA
> €1 billion**

STUDIOCANAL, CYFRA+ AND I>TELE: CONTRIBUTION TO GROWTH

Revenue, €m

OBJECTIVES

LEVERS

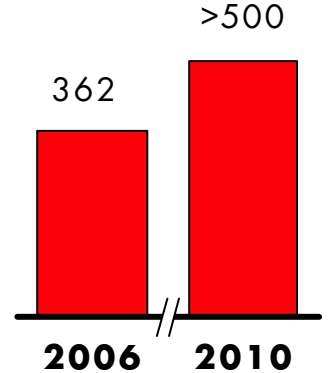
TARGET PERFORMANCE

STUDIO CANAL

European leader in film financing and distribution

- Increase penetration of international market and strengthen operations in France
- Maintain average ROI above 15%

- International development via Optimum in the UK and lookout for new partnerships
- Stepped up and diversified investments, in particular in international rights

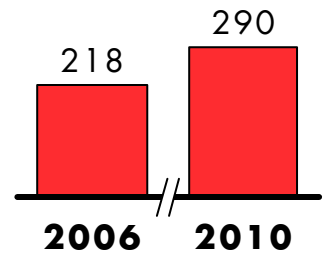


CYFRA+

Leader in pay-TV in Poland

- Increase market penetration
- Maintain margin above 20%

- Revamped multi-channel offering
- Development of DSL and HD offers
- PVR and VOD offers

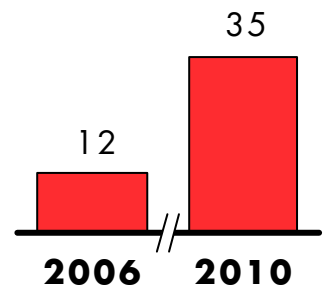


I>TELE

Leading news channel in France

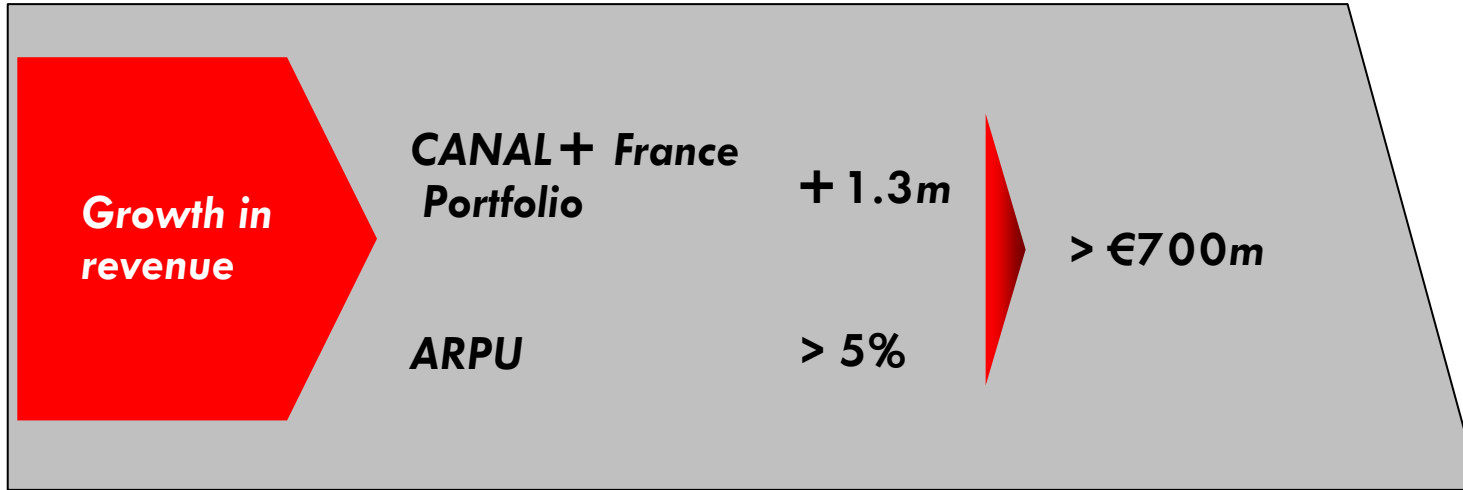
- Improve advertising revenues to achieve satisfactory profitability

- Positive impact of DTT development
- Further audience growth
- Cost-cutting



MARGIN IMPROVEMENT OF PAY TV IN FRANCE

2006-2010



Individual subscriptions, 2006-2010

**NEW
SUBSCRIBERS**

- **Boost satellite**
- **Achieve 35% TPS/CANAL+ Le Bouquet bundling on TPS subscriber base**
- **Continuation of CANAL+ /CANALSAT bundling**
- **New, improved CANALSAT offer**
- **Capture TPS gross additions on CANALSAT**

CHURN

- **Growing subscriber satisfaction thanks to improved content and widened offers**
- **Digitalization of CANAL+ subscriber base**
100% migration by 2010-2011,
churn differential >3 percentage points
- **Increased penetration of new services**
Multi-room, PVR, HD
- **Know-how in managing subscriber migration**

**+ 1.3m
subscriptions**



CANAL+

- **Increase in value of offer**
- **Digitalization of analogue subscriber base**
- **Development of new services**
Multi-room, PVR, HD

CANALSAT

- **Enhanced offer thanks to exclusive TPS channels**
- **Increased modularity and improved attractiveness of top-of-the-range packages**
- **Development of new services on DTT and satellite TV**
- **Increase of DTT mini-pack**

> 5% of ARPU



DIGITALIZATION ON DTT: FACTOR OF GROWTH IN ARPU

From analogue...

... to DTT

Offer

- 1 premium channel **CANAL+**

- 3 premium channels
- Optional pack of 7 theme channels
- More free-to-air channels (18 in total)



ARPU

- **Tariff: €30.90 per month**

- **Tariff: €39.90 per month including €8 for set-top box rental**
- **Potential additional income from optional package: €9 per month (current subscription take-up rate: 40%)**

Churn

- **13.4%**

- **11.4%**

NEW CANALSAT OFFER: FACTOR OF GROWTH IN PORTFOLIO AND ARPU

Simplicity

Modularity

Quality & diversity

Exclusivity

Innovation

Portfolio Impact

➤ More gross additions

➤ Less churn

More ARPU

LIBREMENT

SERIE ET FICTION 19 CHAINES	JEUNESSE ET ADOS 13 CHAINES
SPORT 9 CHAINES	DECOUVERTE 6 CHAINES
PRATIQUE, LOISIRS ET JEUX 6 CHAINES	MUSIQUE 9 CHAINES
LOCALES, CULTURE ET SOCIETE 6 CHAINES	INFORMATION 10 CHAINES
GRANDES CHAINES GENERALISTES 6 CHAINES	CHAINES INTERNATIONALES + DE 60 CHAINES

+ 50 radios en son qualité laser
+ les 18 chaînes gratuites de la **TINIS***

3 PACKS AU CHOIX

PACK CINEMA

11 CHAINES 9€/mois

PACK FAMILLE

10 CHAINES 6€/mois

PACK SPORT

7 CHAINES 6€/mois

LES OPTIONS AU CHOIX

FRISSONS

10€/mois

COTE MUSIQUES

7,40€/mois

HORIZONS

12€/mois

A L'UNITE

/MOIS

FOOT+ 7€/mois*

FOOT +

LA REVOLUTION HD

CANALSAT LIBREMENT	PASSIONNEMENT	INTENSEMENT
After tax price per month	34,90€	19
		57,90€

NEW CANALSAT OFFER: FACTOR OF GROWTH IN ARPU

CANALSAT LIBREMENT

CANALSAT PASSIONNEMENT

CANALSAT INTENSEMENT

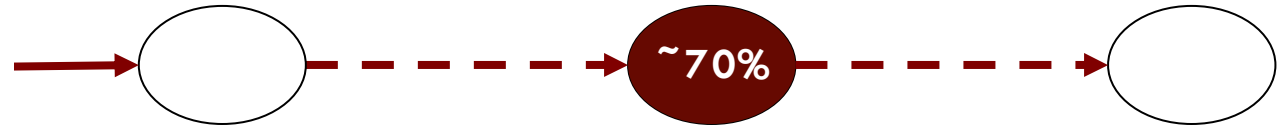
20,90€

30,90€

47,90€

Past promotions

New subscriber



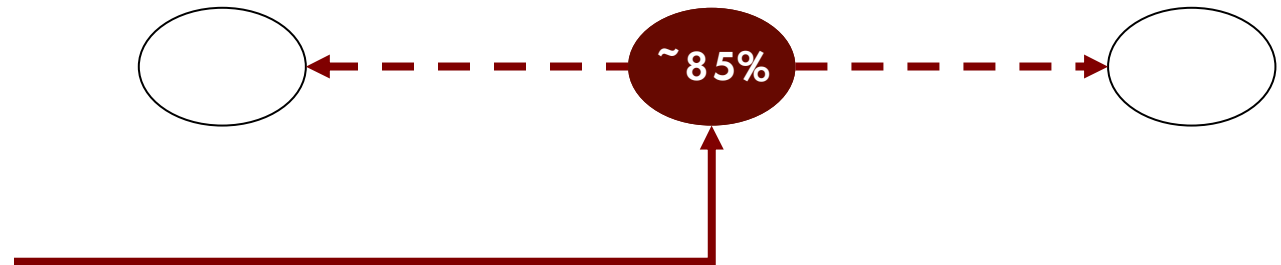
20,90€

34,90€

57,90€

New promotions

New subscriber



GROWTH IN REVENUES: ACTIONS UNDERTAKEN

CANAL+ LE BOUQUET ACCESSIBLE TO TPS SUBSCRIBERS

- **65,000 new subscriptions since November 7**



NEW CANALSAT OFFERING

- **Satellite/DSL: launch on March 21**
- **DTT: integration of TF6 and LCI, TPS Star option, adjustment in prices: March 21**



PLANNED MIGRATION OF TPS SUBSCRIBERS

- **Current offering has been enhanced since November**
- **Zero-cost/zero-effort for subscribers as early as September**
- **Task force set up to shift satellite dishes**



WHOLESALE DISTRIBUTION INITIATED

- **Sale to ISPs of TPS Star, 3 movie channels, Sport+, Télétoon, Piwi**
- **Sale to DTT distributors of Planète and TPS Star**



MARGIN IMPROVEMENT OF PAY TV IN FRANCE

2006-2010

**Growth in
revenue**



Cost-cutting

Distribution	€50-75m		>€350m
Technology, broadcasting & structure	€50-75m		
Programmes	€200-250m		

CANAL+ DISTRIBUTION COSTS REDUCTION

GROUPE

2006-2010

Levers

■ SAC (subscriber acquisition costs) down 10-15%

- Marketing and sales expenditures
- Management of promotions
- Distributor network

■ SMC (subscriber management costs) down 5 -10%

- Call centres
- Subscriber management procedures
- Management of set-top-boxes
(logistics/after-sale service)

Measures launched

- Rationalization of advertising expenditures
- Sharing of communication media
- Shorter promotions
- Optimization of sales network

- Renegotiation of external services
- Plans to share resources and optimize distribution of subscriber magazines
- Optimization set-top boxes inventory

€50-75m



SSAI *



REDUCTION IN TECHNICAL COSTS AND OVERHEADS

2006-2010

Levers

Measures launched

- **Rationalization of satellite broadcasting**


- **Choice of Astra as the unique satellite platform**

- **Sharing of resources: technical developments and infrastructure**

- **Plan aimed at rationalizing technical resources**

- **Reduction in overheads**

- **Voluntary redundancy scheme concerning 364 positions and rationalization of real estate assets**



€50-75m

2006-2010

Levers**Measures launched**CANAL+
France
channels■ **Cinema**

- Context is more favorable
- Offering overhauled

- Renegotiating prices with studios
- From 14 to 7 enhanced channels

■ **Sports**

- Buy at a fair price
- Optimized programs

- Rights sharing
- Termination of TPS Foot

■ **Other Programs**

- Rationalization of channels

- Merger of redundant channels
- Decrease of overall TV shows numbers

■ **At CANALSAT**

- Launch of the new offering

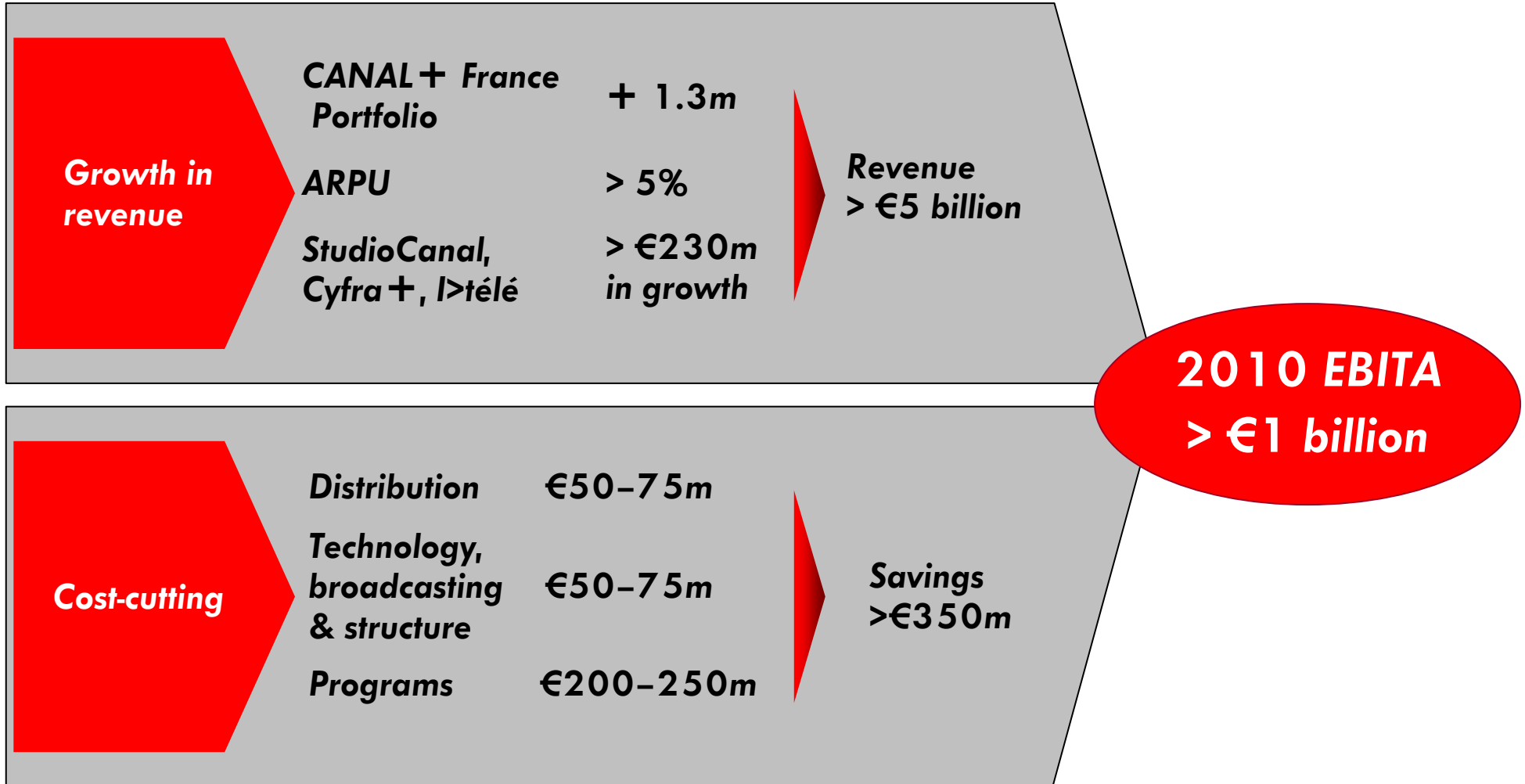
- Overlapping channels to be terminated
- Fee renegotiation

Third-party
channels

€200-250m

MARGIN IMPROVEMENT OF PAY TV IN FRANCE


2006-2010



IMPACT ON EBITA OF TRANSITION COSTS

EBITA, € millions

- **Distribution: technical and commercial migration of TPS subscribers**
- **Broadcasting and overheads: termination of contracts/voluntary redundancy scheme**
- **Publishing: depreciation of content/termination of contracts**



2006	2007	2008	TOTAL
-177	~-145	~-30	~ -350



■ Launch of new, additional services

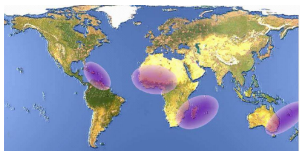
- TV – SVOD
- DVBH

■ « Bonus » channel on DTT

■ Development on the Internet

■ Opportunities in international markets

- StudioCanal
- Pay TV



CANAL+ **CANAL+ ONLY BETTER**

GROUPE

from CANAL+
2006

to CANAL+ +
in 2010

Revenue

■ *up from €3.6 billion...*

■ *...to more than €5 billion*

Canal+ France subscriptions

■ *up from 8.8 million*

■ *...to 11.5 million*

EBITA

■ *from €0.25 billion*

■ *... to more than €1 billion*

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