



vivendi



UNIVERSAL MUSIC GROUP

Universal Music Group to acquire EMI Recorded Music

November 11, 2011

IMPORTANT NOTICE:

Investors are strongly urged to read the important disclaimer at the end of this presentation
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UMG agrees to purchase EMI Recorded Music for £1.2 billion at a likely inflexion point in the music industry cycle

- Acquire a tremendous catalogue and superstar acts, complementary to UMG in genres and geographies
- Attractive valuation with significant synergy potential
 - EBITDA multiple of 7x and below 5x post full synergies in excess of £100 million per annum
- Very accretive to UMG EBITA margin rate due to broader asset base and synergies
- Accretive to earnings in year one* and ROCE to exceed WACC at year 3
- Expects to maintain BBB rating. UMG will dispose of non-core assets totaling €500 million in value to partially fund transaction

**Aligned with Vivendi's strategy of investing
in premium content with compelling financial returns**

* Before expected restructuring costs



Transaction Overview

- EMI Recorded Music Business being separated from Music Publishing Business
- Enterprise value of £1.2 billion
 - First payment of £1.1 billion at the earlier of U.S. regulatory approval or 10 months
 - Final payment of £100 million at closing
- Filings required in at least EU, U.S., Japan and Australia
- Vivendi assumes full regulatory risk
- Citi assumes full UK pension liability
- UMG expected to generate above £100 million per annum in synergies primarily through overhead efficiencies
- Vivendi is committed to sell €500 million worth of UMG non-core assets, including several minority stakes (estimated loss in EBITDA contribution of €25-35 million)



UMG and EMI: A perfect strategic and financial fit

Stronger market positions and greater scale in key markets and genres

- World leader in Recorded music industry
- Achieve better scale in Japan, the 2nd largest music market in the world
- Grow profitable niche Country and Christian genres

Expand portfolio of artists and repertoire

- Benefit from EMI's unparalleled catalogue including The Beatles, Pink Floyd, Frank Sinatra, The Beach Boys, Charles Aznavour
- And add several current superstars to roster: Coldplay, Katy Perry, Lady Antebellum, David Guetta

Grow UMG profit margins

- Consolidation of EMI and benefit of full synergies will lift UMG's Recorded Music business EBITA margin rate by more than 3 points*

* Proforma 2010 figure

EMI Recorded Music Overview

10% worldwide market share in 2010*

Fiscal year ending March 31, 2011

Revenues £ 1.0 billion
EBITDA £170 million

Catalogue accounts
for approximately two thirds
of revenues

Labels and Brands



Artists

The Beatles	Rita Mitsouko
Pink Floyd	Maria Callas
Coldplay	Kenny Rogers
Katy Perry	Thelonius Monk
Lady Antebellum	Miles Davis
Nat King Cole	Norah Jones
Dean Martin	Placido Domingo
Frank Sinatra	David Guetta
The Beach Boys	Charles Aznavour
Snoop Dogg	Roberto Alagna
Beastie Boys	Alain Souchon

* Source: "Music & Copyright" (Informa Telecom & Media), March 23, 2011



Transaction Price

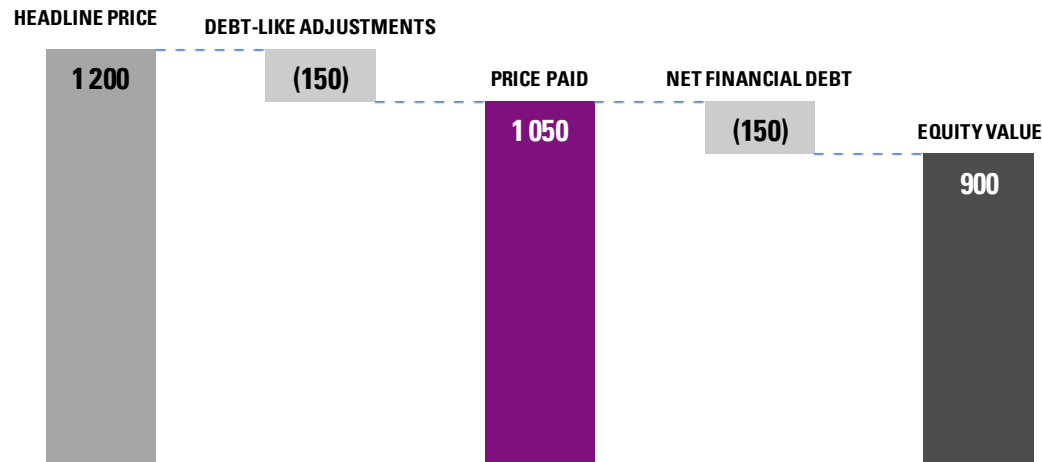
- Enterprise value of £1.2 billion
- 7x EBITDA*, and less than 5x EBITDA* post full synergies of over £100 million per annum
 - Valuation is DCF-based with a 9.5% WACC, a 0% perpetual growth rate, and applying a 35% tax rate
 - Multiple is below assumed price paid for Warner Music Group's recorded music business in May 2011, a transaction which did not generate any synergies

Conservative earnings prospects do not take into account inflexion point currently seen in certain recorded music markets including the U.S.

* EMI fiscal year ending March 31, 2011

Details on Purchase Price

- Transaction through “locked-box mechanism”: Cash generated since June 30, 2011 will belong to Vivendi
- We agreed to pay £1.2 billion for EMI’s enterprise value
- Net financial debt as of June 30, 2011 is ~£150 million
- We also included £150 million of debt-like items in enterprise value taking a conservative view on:
 - Exposure to HMV’s guaranteed leases
 - Various other items that could potentially result in a liability, while each individual item is not significant





Conclusion

- EMI acquisition will create significant value to UMG and Vivendi shareholders with above £100 million in synergies per annum
 - Significant accretion to UMG EBITA margin rate*
 - Accretive to earnings in year one*
 - ROCE to exceed WACC at year 3
- UMG invests in Recorded music with very attractive synergy potential, when music market shows some early signs of recovery
- Vivendi remains committed to financial discipline
 - No rights issue
 - Expect to maintain BBB rating through disposal of non-strategic UMG assets worth €500m
 - Increase in dividend, payable in 2012, is confirmed

* Before expected restructuring costs



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