



# Kepler Media Conference May 25, 2007 Cannes

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Important Notice: Investors are strongly urged to read the legal disclaimer at the end of the presentation.

# Group Overview



- UMG is the largest music content company in the world
- ~8,000 employees
- It is comprised of two businesses
  - Recorded Music: acquiring, marketing and distributing recorded music through a network of subsidiaries, joint ventures and licensees in 77 countries
  - Music Publishing: acquiring and exploiting rights to musical compositions (as opposed to recordings) in order to license them for use in recording and related uses, such as films, advertisements or live performances

# Key to UMG's Success



Deep pool of management talent and the ability to attract the best industry professionals when necessary

Size and strength in marketing and distribution. Large catalog of prior hits

Diverse array of labels in the major markets. Local representation across the globe



Forefront of new business initiatives in digital and mobile sectors

Leader in development of a new business model that extracts revenue from all aspects of music exploitation

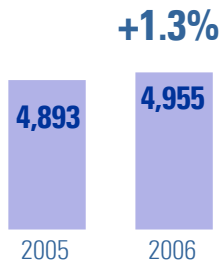
Acquisition of BMG Music Publishing will create the world's largest music publishing company

# Summary Financials



On a comparable basis  
In euro millions- IFRS

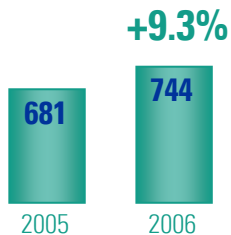
## Revenues



- Strong sales growth in the U.K. and Japan
- Strong growth in digital sales, higher license income in the U.S. and increased revenues by music publishing (+3.6%)
- Payments received in connection with legal settlements (e.g. Napster and Kazaa)

Digital Sales:  
**+84%**  
Including  
Music Publishing

## EBITA



- Growth in sales
- Recovery of €50m cash deposit in the TVT matter and the net amount received in connection with the settlement of the Napster litigation
- Increased artist and repertoire (A&R) costs

## 2007 Outlook

*At constant perimeter, excluding BMG Publishing*

- **Revenues:** Remain stable or slight growth in constant currency despite a difficult market. Strong release schedule and digital sales growth are expected
- **EBITA:** A slight decline from 2006 which benefited from several non-recurring items



# Recorded Music

# Over a Century of Music



## 1900-1950

Dame Nellie Melba, Richard Strauss, Herbert von Karajan, Benjamin Britten, Ella Fitzgerald, Charlie Parker, Billy Cotton, Hans Hotter, Kathleen Ferrier, Vera Lynn, Mantovani & His Orchestra, Georg Solti, Jack Hylton, Wilhelm Kempf, Erna Berger.

## 1950's

Buddy Holly, Hank Williams, Bill Haley, Chuck Berry, Patsy Cline, Bing Crosby, Joan Sutherland, Leonard Bernstein, Count Basie, Duke Ellington, Oscar Peterson, Art Tatum, Stan Getz, Buddy Rich, Conway Twitty, The McGuire Sisters, The Four Aces, Pat Boone.

## 1960's

The Rolling Stones, The Who, Marvin Gaye, Cat Stevens, The Velvet Underground, The Mamas & the Papas, Scott Walker, Tom Jones, The Moody Blues, Diana Ross & The Supremes, Cream, Jimi Hendrix, The Temptations, Caetano Veloso, Johnny Hallyday, Herb Alpert, Smokey Robinson & The Miracles, The Four Tops, Engelbert Humperdinck.

## 1970's

Bob Marley, Eric Clapton, Lynyrd Skynyrd, ABBA, Rod Stewart, Donna Summer, Kiss, Jackson 5, Stevie Wonder, Peter Frampton, Commodores, Barry White, Elton John, The Carpenters, Cher, Olivia Newton-John, 10CC, The Allman Brothers Band, Supertramp, Van Morrison, Donny Osmond, Thin Lizzy, Rick James, The Jam, Siouxsie & the Banshees.

## 1980's

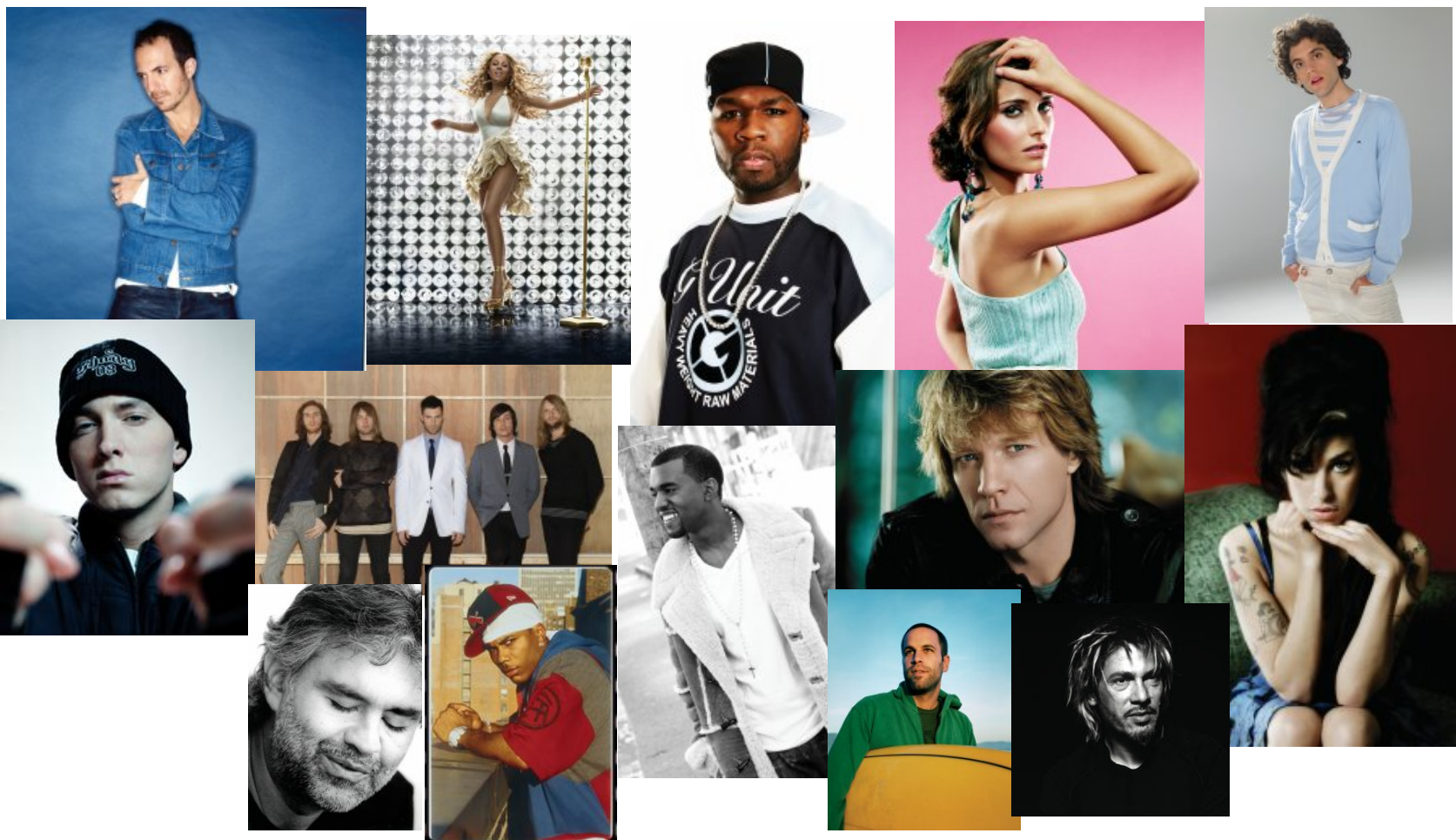
U2, Lionel Richie, Gun N' Roses, Bon Jovi, Def Leppard, Tears For Fears, Janet Jackson, The Police, The Cure, George Strait, Kool & the Gang, Steve Winwood, John Mellencamp, Andrew Lloyd Weber, Bobby Brown, Beastie Boys, Squeeze, Dexy's Midnight Runners, The Three Tenors, Zucchero, ABC, Peter Gabriel, Tom Petty & the Heartbreakers, Soft Cell.

## 1990's

Nirvana, Boyz II Men, Bryan Adams, Amy Grant, Andrea Bocelli, The Cranberries, Aqua, Dr Dre, The Cardigans, LL Cool J, Jay Z, No Doubt, Melissa Etheridge, Nine Inch Nails, Beck, The Scorpions, Hanson, Extreme, Andre Rieu, Hole, E o Tchan, Glay, Lighthouse Family, The Beautiful South, Boyzone, Mylene Farmer, James, Soundgarden, P.J. Harvey.

# Current Artist Roster

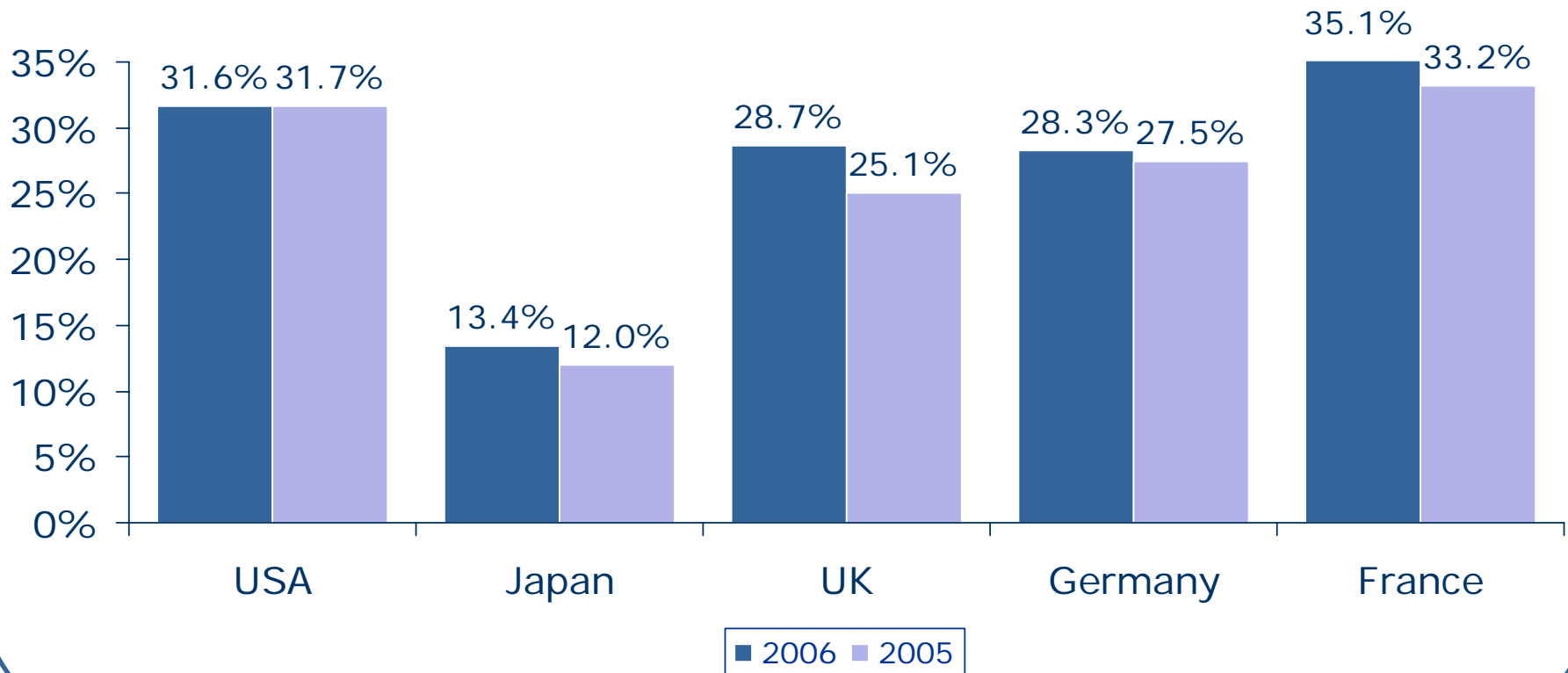
A sample of new and superstar artists with albums already released or scheduled in 2007



# UMG Market Share by Key Territory



UMG – a worldwide leader in recorded music



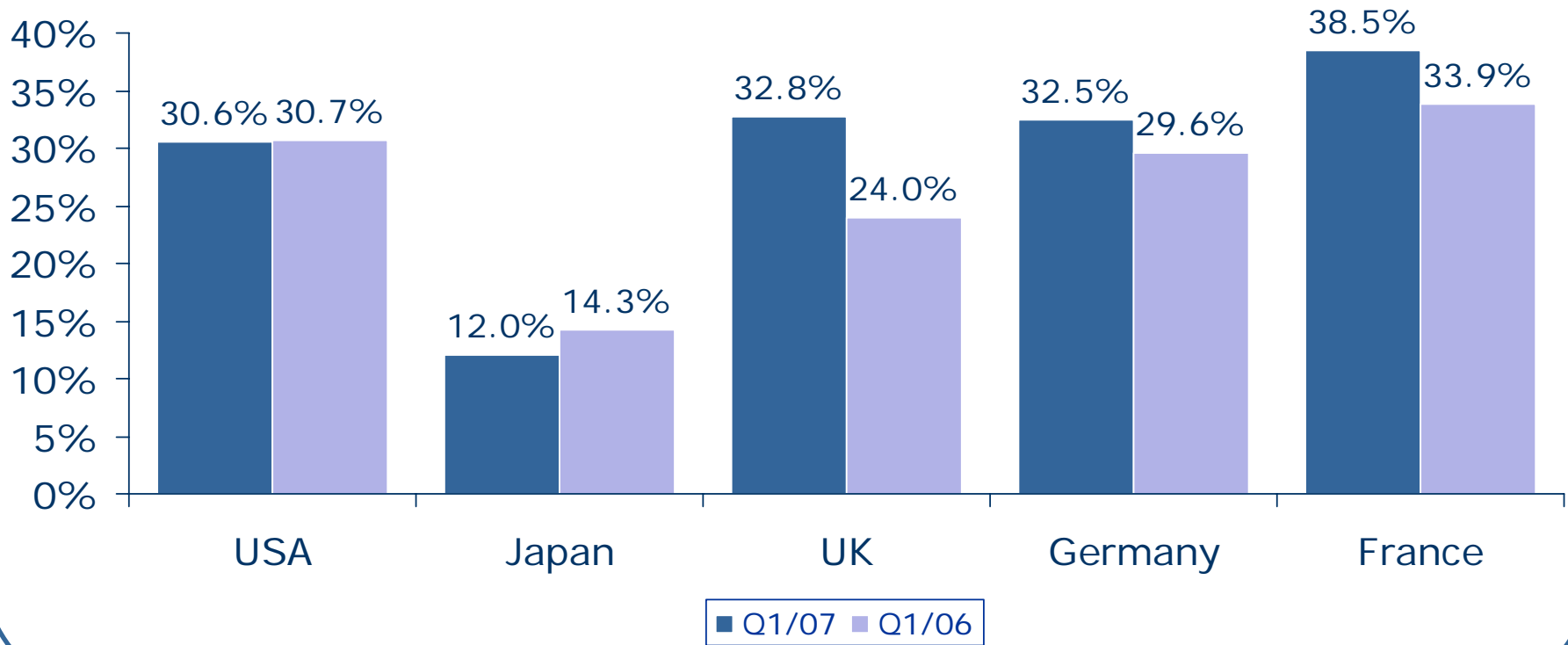
Source:

1. US – SoundScan. UK - OCC
2. Other Markets – Local Trade Associations

# UMG Market Share by Key Territory



UMG increased market share in Quarter 1 despite difficult market conditions



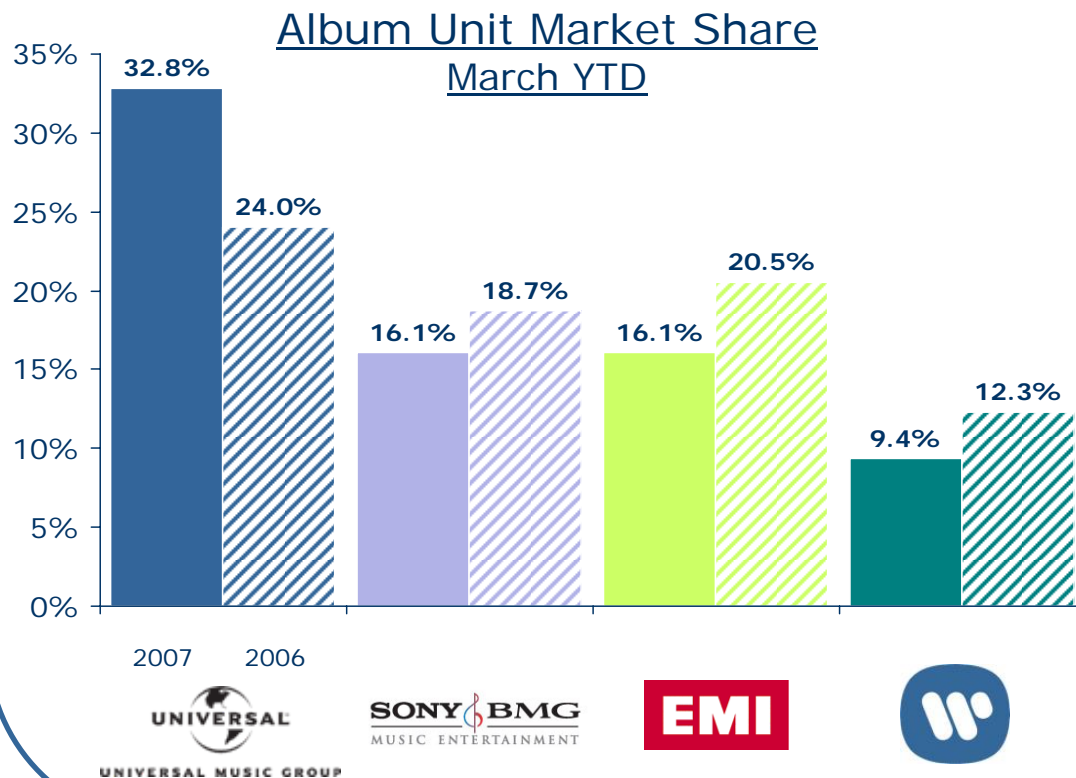
Source:

1. US – SoundScan, UK - OCC
2. Other Markets – Local Trade Associations
3. Japan Feb YTD

# UK Market Summary – Quarter 1



UMG dominated the UK music market with 9 of the Top 10 selling albums



**Best Selling Albums YTD**

- |     |                       |            |
|-----|-----------------------|------------|
| 1)  | <b>Amy Winehouse</b>  | <b>468</b> |
| 2)  | <b>Take That</b>      | <b>439</b> |
| 3)  | <b>Mika</b>           | <b>332</b> |
| 4)  | <b>Kaiser Chiefs</b>  | <b>313</b> |
| 5)  | <b>Snow Patrol</b>    | <b>288</b> |
| 6)  | The View              | 247        |
| 7)  | <b>James Morrison</b> | <b>242</b> |
| 8)  | <b>The Fratellis</b>  | <b>207</b> |
| 9)  | <b>Nelly Furtado</b>  | <b>201</b> |
| 10) | <b>Razorlight</b>     | <b>191</b> |

# Digital Music Market Overview 2006



- Digital sales are estimated to have almost doubled in value in 2006 reaching a trade value of US\$2 billion.
- Digital channels accounted for an estimated 10% of music sales\*, up from 5.5% in 2005.
- The global split between online and mobile remained fairly equal but varied substantially across markets.

US Digital Music Market (millions)			
	2006	2005	Change
Broadband Lines	57	43	31%
Single Tracks Downloaded	582	353	65%
Album Downloads	33	16	101%
Mobile Subscriptions	194	174	11%
3G Mobile Subscriptions	15	3	448%

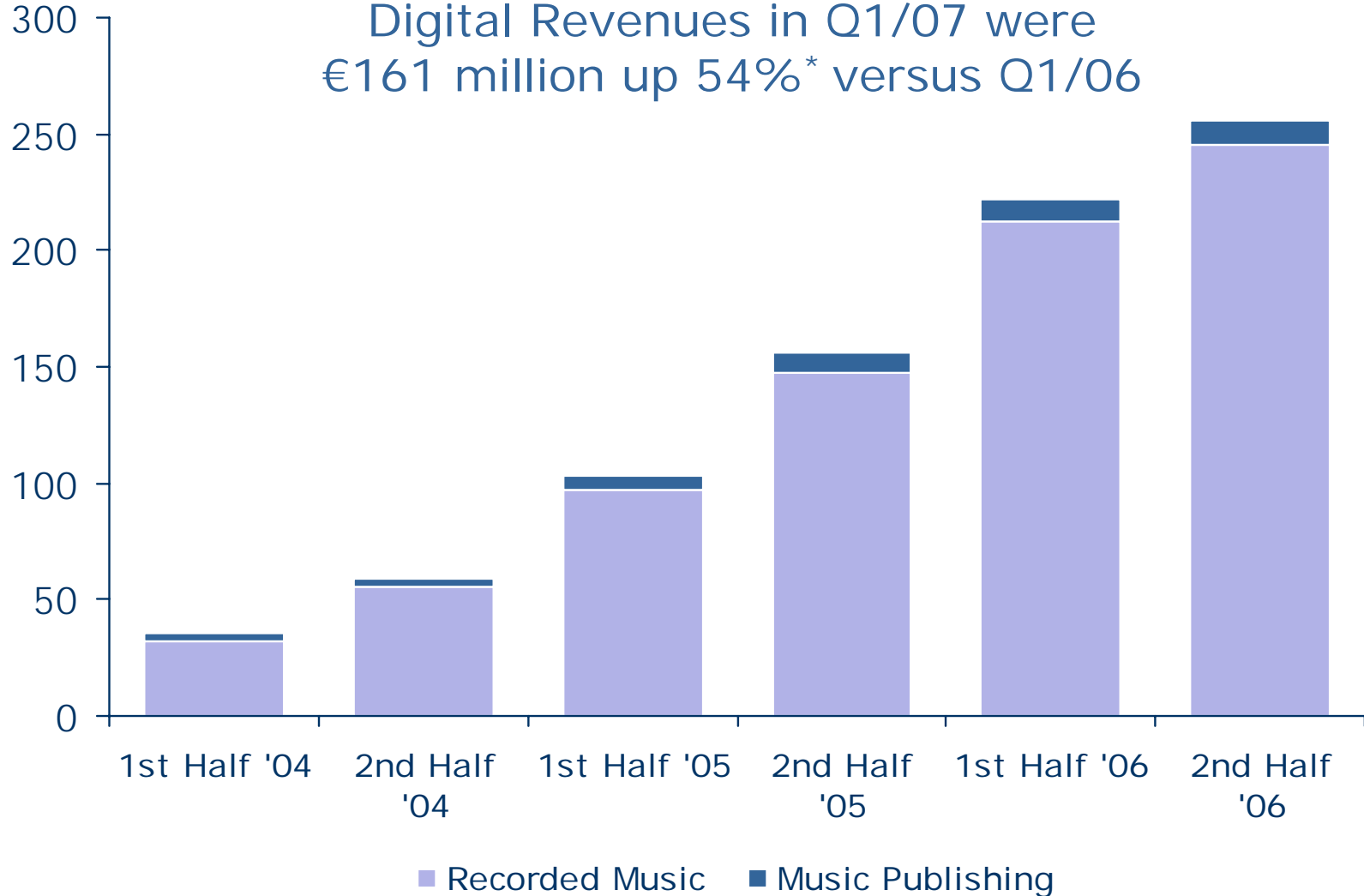
European Digital Music Market (millions)			
	2006	2005	Change
Broadband Lines	94	68	39%
Single Tracks Downloaded	111	62	80%
Mobile Subscriptions	656	622	5%
3G Mobile Subscriptions	27	6	440%

# UMG Digital Revenue



€ Millions

Digital Revenues in Q1/07 were  
€161 million up 54%\* versus Q1/06

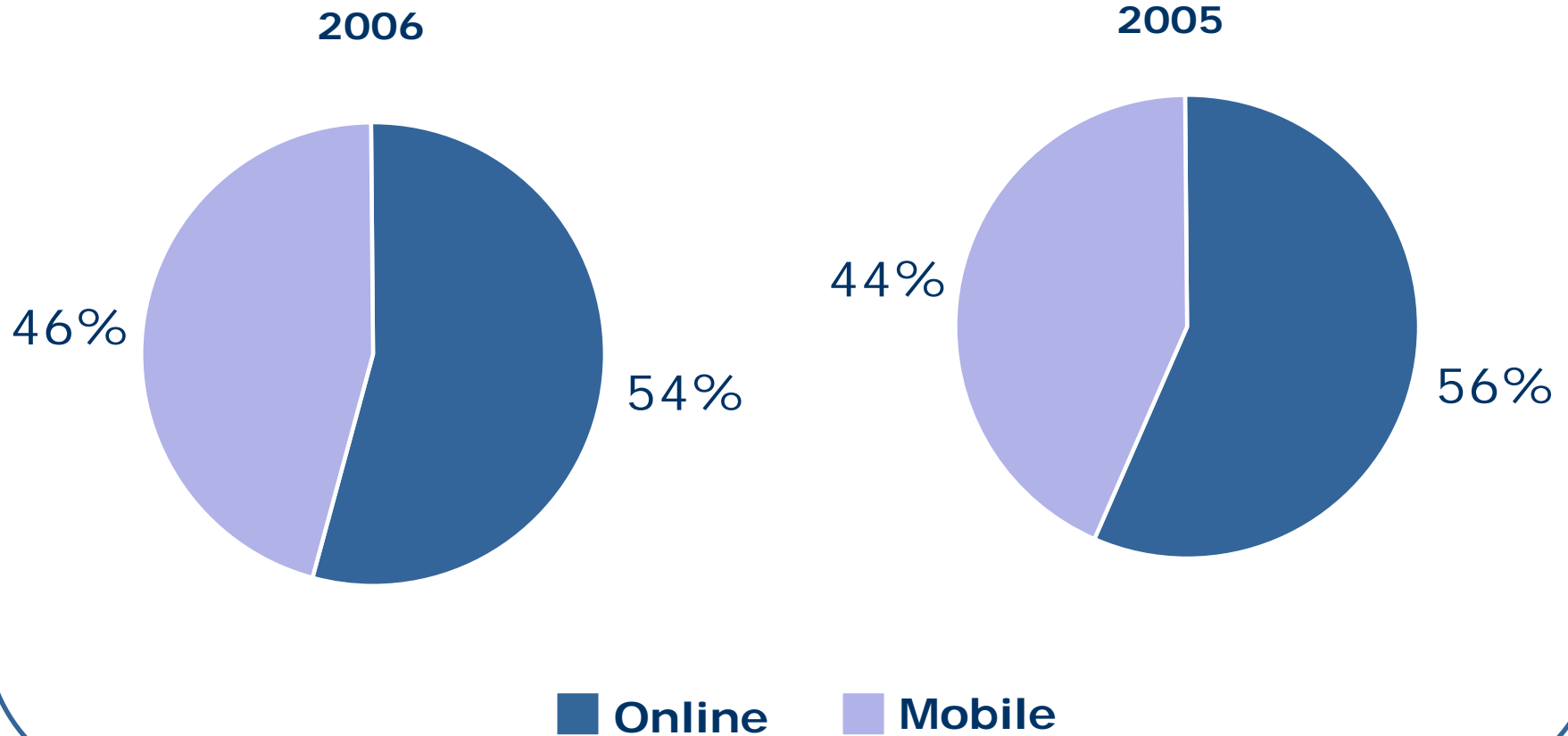


\* Constant Currency

# UMG Digital Revenue



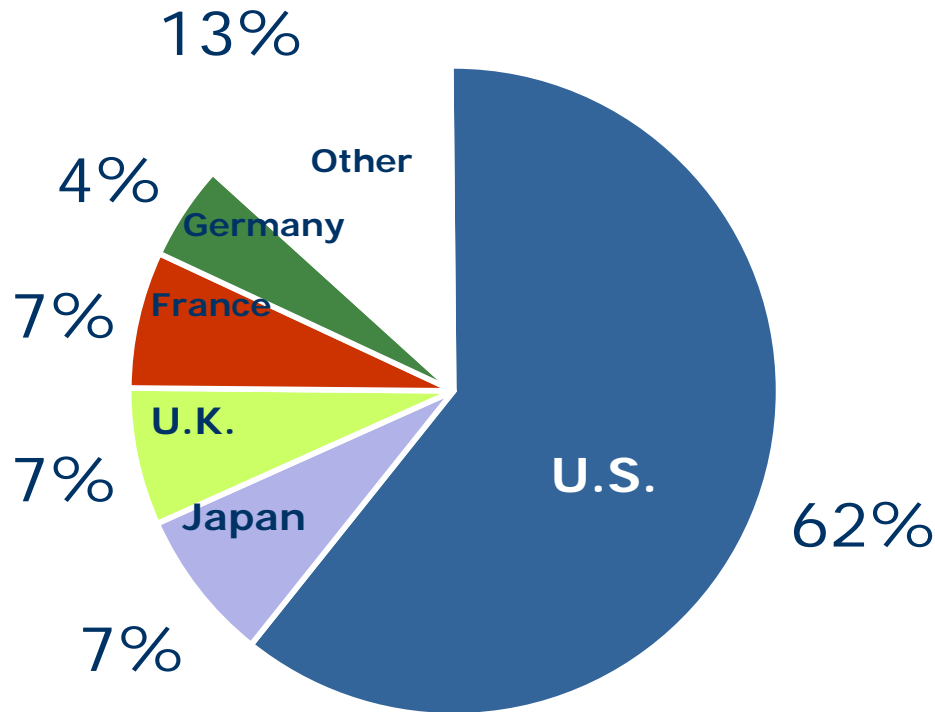
## Digital Revenue by Type



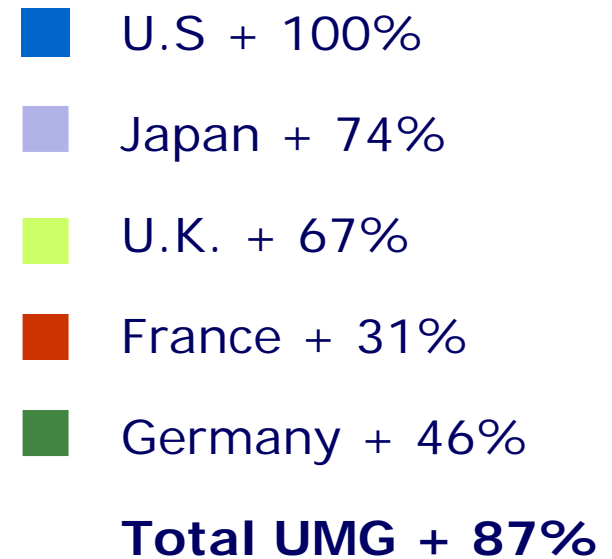
# UMG Digital Revenue



### Digital Revenue by Territory 2006



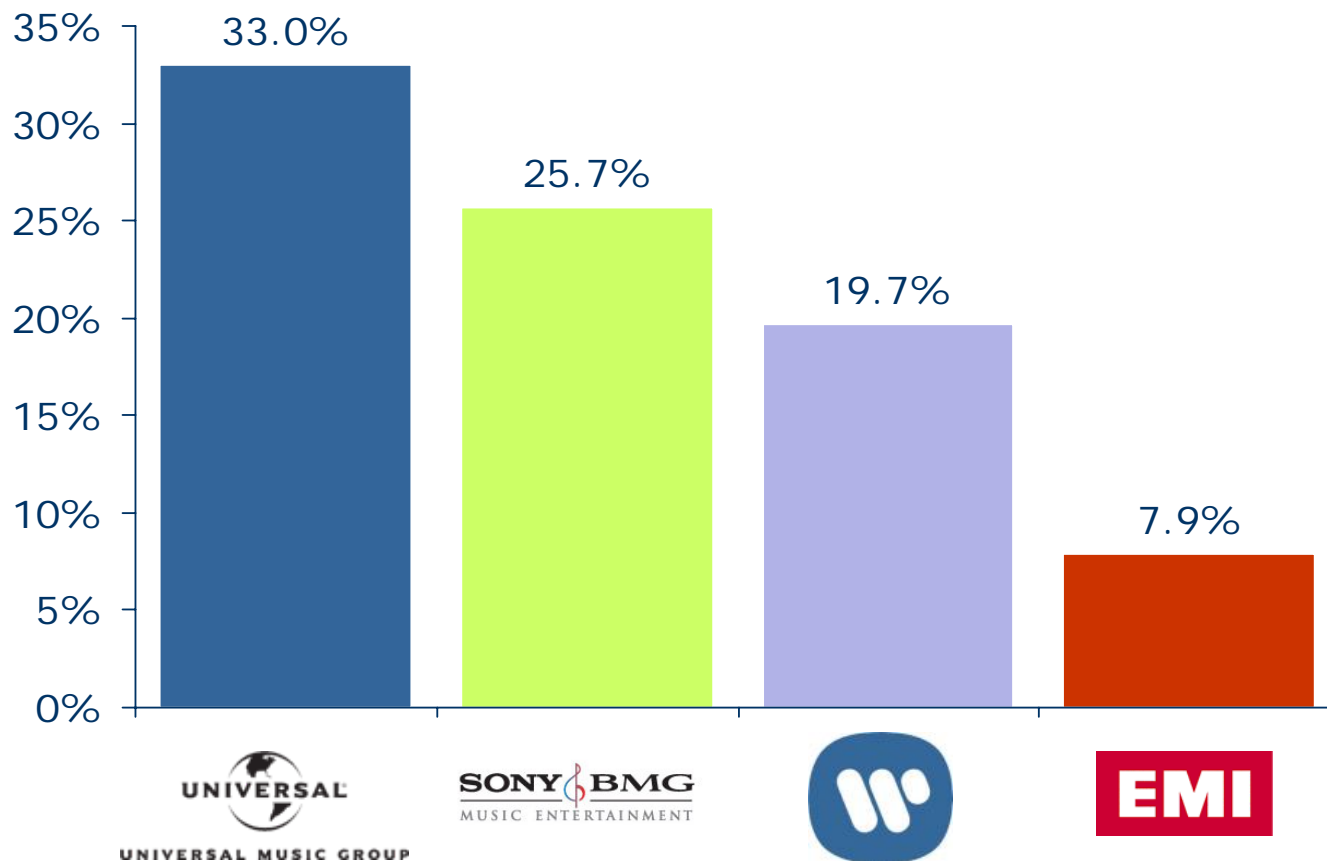
### Growth by Territory 2006 vs. 2005



# #1 in the Largest Market



## U.S. Digital Tracks Market Share



# Sales Profile of a Best Selling Release



Hits are now delivering significant physical and digital volumes



'000s Units

Akon - Konvicted

Physical Album Sales	3,494
On-line Albums	73
On-line Tracks	5,937
Mastertones	8,410

~ 18 million purchase decisions

Note:

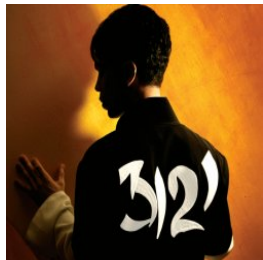
1. Cumulative sales to April 2007

**UMG seeks to market its content wherever there is an audience and through all distribution platforms (mobile, online, TV, etc.).**

- Music remains the most popular digital content
- Competition among distributors increases value of content
- New distribution channels create **revenue streams** out of formerly “promotional” opportunities
- UMG participates financially in the growth of new distribution platforms

# Publishing

# Universal Music Publishing Group

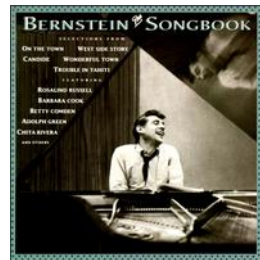
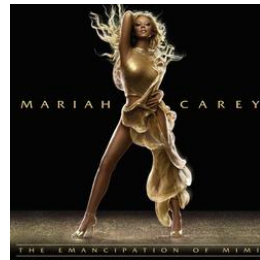
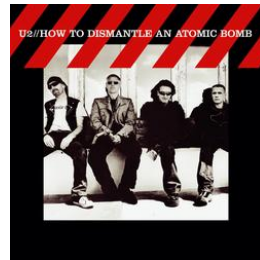
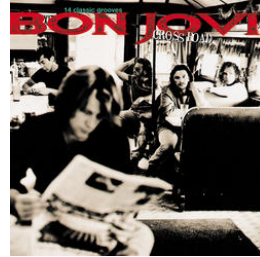


U2  
Paul Simon  
Diana Krall  
Bon Jovi  
50 Cent  
Franz Ferdinand  
Leonard Bernstein  
Henry Mancini  
Mariah Carey

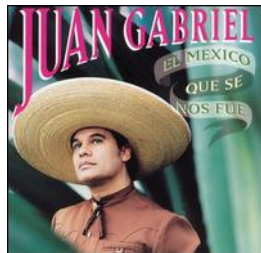
Gloria Estefan  
Prince  
The Corrs  
Andre Rieu  
Avril Lavigne  
Heart  
Elton John  
The Killers  
Twista

Anastacia  
3 Doors Down  
ABBA  
Chemical Brothers  
Mary J. Blige  
George Thorogood  
Bernie Taupin  
Dave Grohl  
Ludacris

American Pie - Strangers in the Night - Girl From Ipanema - Good Vibrations - I Want to Hold Your Hand - Candle in the Wind - I Will Survive - Sitting on the Dock of the Bay - Your Song - It's My Life - The First Cut is the Deepest - In Da Club - A Thousand Miles - Toxic - Born to be Wild - Heaven - Who Wants to be a Millionaire - Should I Stay or Should I Go - California Dreamin' - Mrs. Robinson - In The Morning - Can't Get You Out of My Head - Homeward Bound - Sweet Home Alabama - Kiss - Dancing Queen - Don't Cry For Me Argentina - R.E.S.P.E.C.T. - Smoke Gets In Your Eyes - Daniel - Purple Rain - Somewhere - Bridge Over Troubled Water



# BMG Music Publishing

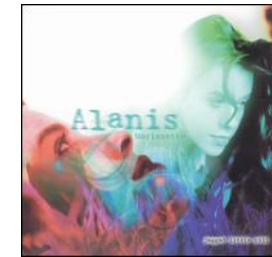
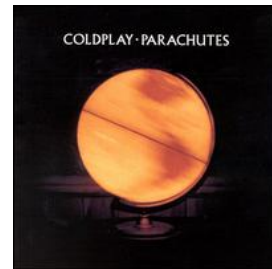


Coldplay  
Robbie Williams  
Keane  
Shania Twain  
Britney Spears  
Maroon 5  
Elvis Costello  
Massive Attack  
Paul Weller

R Kelly  
Joss Stone  
Linkin Park  
Mutt Lange  
Juan Gabriel  
The Cure  
Backstreet Boys  
Rammstein  
Powderfinger

Famous Music  
Alanis Morissette  
Linda Perry  
Bee Gees  
Pete Townshend

This Love – La Cumparsita - Clocks – Sweet Dreams – If You Leave Me Now – I Believe I Can Fly – La Boheme – Bless the Broken Road - Borderline – Quando Quando Quando - Gloria – Somewhere I Belong - Turandot – Don't Stop - Caruso – Et Maintenant – Wherever You Will Go – Numb – We Got The Beat – Sunday Morning – More More More – She Will – Hard to Say I'm Sorry – All Out of Love – Hot in Herre – Madame Butterfly - Tequila – You Make Lovin Fun - Mickey – E Tu – Rhythm of the Night – We're Not Gonna Take It – Samba Pa Ti – Sailing – It's My Life



# Acquisition of BMG Music Publishing



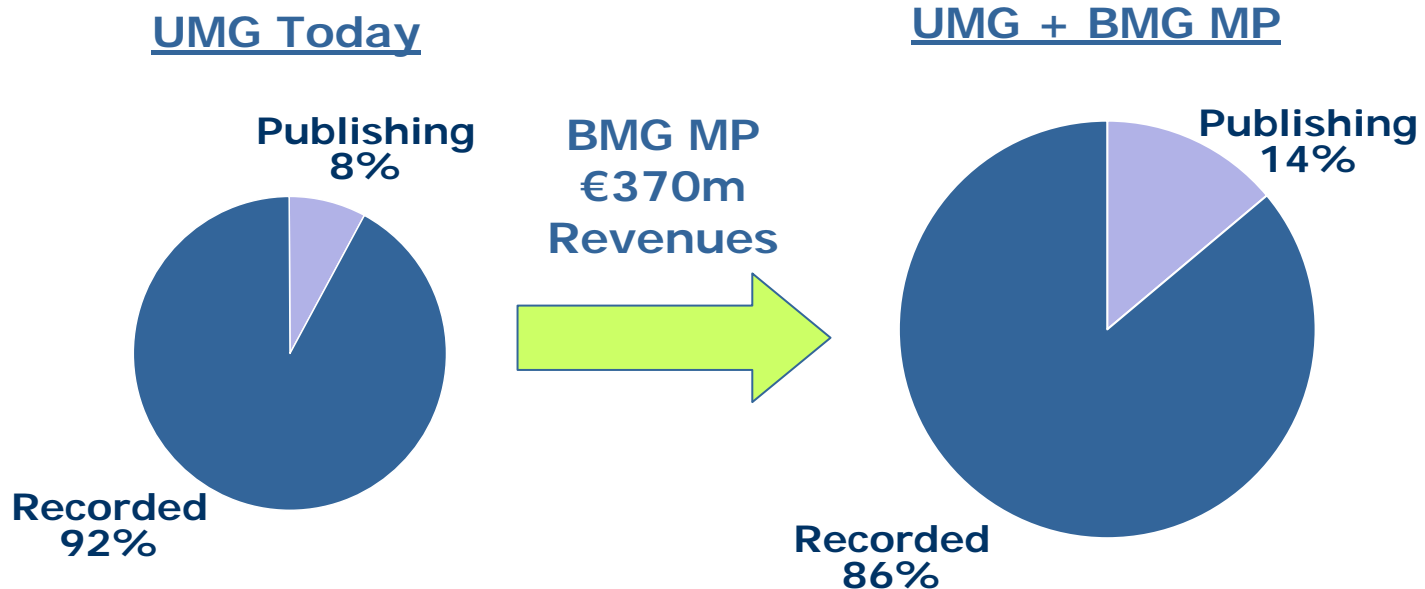
- Acquisition has received regulatory clearance
- Consideration: €1,630 million in Enterprise value
- Why Music Publishing?
  - Attractive low risk, high margin business
  - Stable, low-volatility, annuity-like cash flows
  - Highly scaleable business
  - Uniquely positioned to benefit from explosion in new media
  - Lower capital requirements vs. recorded music
  - Multiple and diverse revenue streams means less vulnerability to piracy
- Why BMG Music Publishing?
  - Unique and diverse catalog with over 1m copyrights
  - Attractive Production Music Library business
  - Classical and Christian genre position
  - Complementary to UMG Music Publishing
  - Synergies enhance value creation

# Acquisition of BMG Music Publishing



## A Unique Opportunity....

BMG Music Publishing strengthens UMG's collection of music assets and enables UMG to derive a larger share of its revenue from music publishing's stable and diverse revenue streams.



Note: Pie charts represent 2006 estimated business mix



# Universal Music Group



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