Vivendi to acquire Vodafone’s 44% stake in SFR

April 4, 2011
The transaction values 44% of SFR at €7,750 million as of January 1, 2011. This amount will be paid in cash at closing.

A lump sum of €200 million will also be paid at closing, related to the generation of cash between January 1, 2011 and June 30, 2011.

Additionally, SFR and Vodafone will extend their commercial co-operation for a further 3 year period.

We expect closing of the transaction by the end of Q2 2011.

This acquisition is aligned with Vivendi’s strategy to own 100% of its France-based businesses.
The positives of the acquisition

- Highly accretive on earnings: see details page 6
- Enabling dividend raise
- Reduction in conglomerate discount
- Better financial flexibility within BBB rating
- More flexibility in running Vivendi and SFR operations
- We are confident on the long term outlook of SFR driven notably by fast-growing mobile data usage
The price of €7,750 million implies:

- 6.2x 2010 SFR reported EV/EBITDA
- 6.5x 2011 SFR consensus EV/EBITDA

Implied multiples show a modest premium to sector trading multiples…

… and a discount to recent transaction multiples in the sector

Valuation is in line with market expectations

Vivendi’s investment criteria are respected:

ROCE is expected to reach
7% post-tax WACC within 3 to 5 years
The acquisition will be funded **without share issuance**

- Vivendi’s net debt was €3.9 billion end 2010, adjusted for cash received for NBCU disposal and end of PTC dispute in January 2011
- Vivendi SA holds €3.2 billion in cash and €5.9 billion of undrawn credit lines

**Funding of the acquisition**

- *We forecast 2011 year end net debt around €13.5 billion*
- *We expect credit rating to remain BBB*
- *Balance sheet releveraging will create value to shareholders through reduced WACC for the group*
The transaction will have a +15% to +18% impact on Vivendi’s Adjusted Net Income in 2011, assuming…

- 6 months of incremental operating contribution…
- … and 12 months of accelerated use of net operating losses

We forecast incremental contribution to Adjusted Net Income in excess of €600 million per annum in 2012 and 2013 (of which €350+ million on a recurring basis)

We expect the same impact on proportionate cash flow after interest and tax

We estimate net operating losses at Vivendi SA will be fully used up by 2014
The acquisition of Vodafone’s 44% stake is in line with our strategy to own 100% of our France-based operations.

This transaction will be highly accretive on Vivendi’s Adjusted net income and cash flow.

Vivendi will create value to shareholders:

- *We will return part of the financial benefit to shareholders with an increased dividend*
- *We will releverage Vivendi’s balance sheet, leading to reduced WACC for the group*

Vivendi’s financial situation remains strong: BBB rating expected to be confirmed.

This transaction will greatly benefit both the Group’s industrial development and our millions of subscribers and consumers globally.
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100%

UNIVERSAL MUSIC GROUP

#1 worldwide in music

61%*

ACTIVISION BLIZZARD

#1 worldwide in video games

100% **

SFR

#1 alternative telecoms in France

53%*

Maroc Telecom

#1 in telecoms in Morocco

100%

GVT

#1 alternative broadband operator in Brazil

100% / 80%

CANAL+ GROUP

#1 in pay-TV in France

* As of December 31, 2010 based on shares outstanding

** Pending closing of acquisition of Vodafone’s 44% stake in SFR
Vivendi to acquire Vodafone's 44% stake in SFR

April 4, 2011
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