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# Universal Music Group

## Overview

June 2008



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# Group Overview

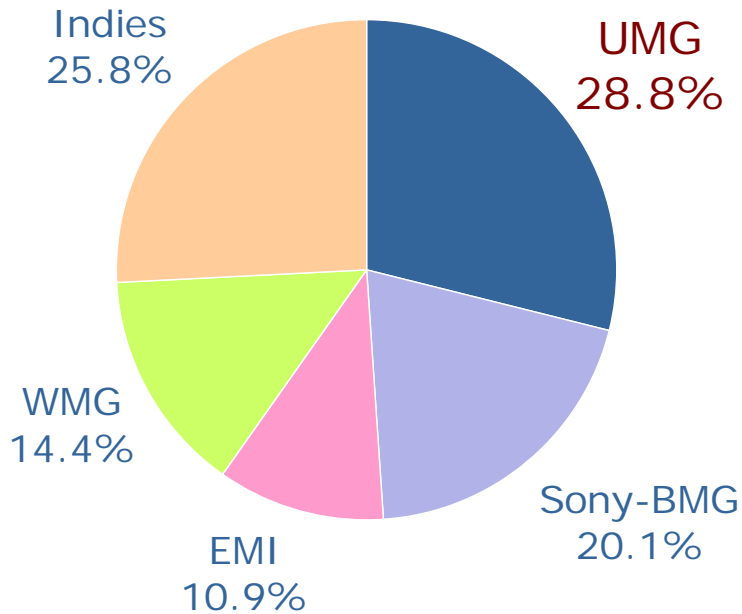


- UMG is the largest music content company in the world
- It is comprised of two core businesses
  - Recorded Music: acquiring, marketing and distributing recorded music through a network of subsidiaries, joint ventures and licensees in 77 countries
  - Music Publishing: acquiring and exploiting rights 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
- Expanded into music related businesses such as merchandising and artist management following the acquisition of the assets of the Sanctuary Group PLC in 2007

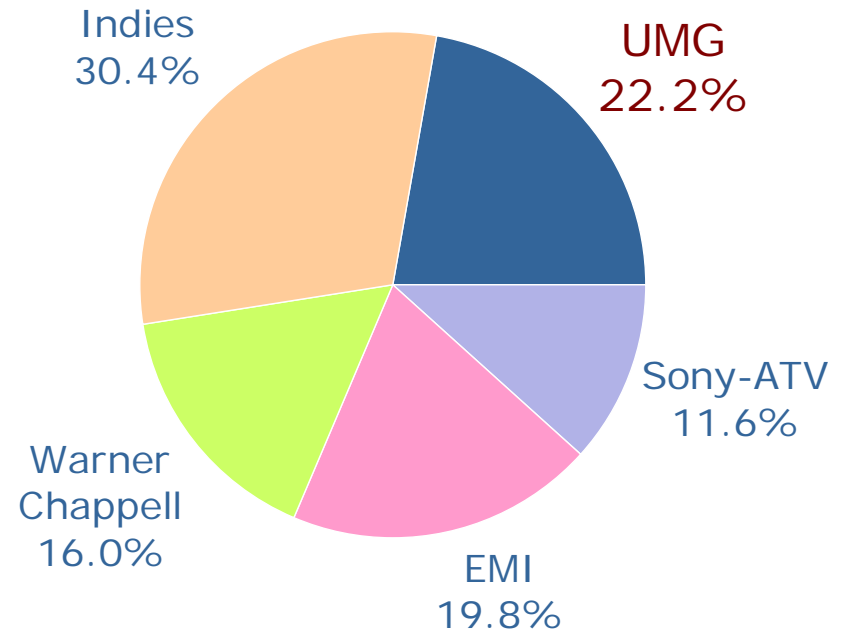
# World's Largest Music Content Company

UMG is the market leader in recorded music and music publishing

**Recorded Music  
Market Share CY2007**



**Music Publishing  
Market Share CY2007**



# 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

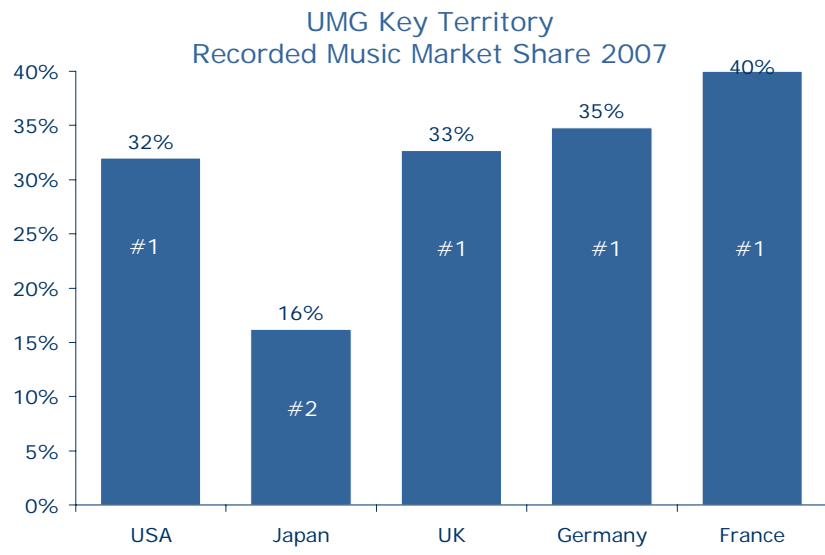
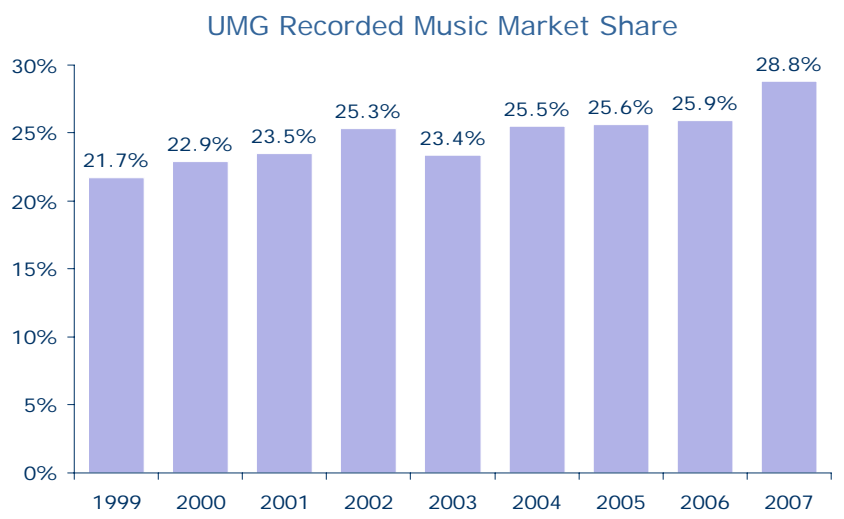
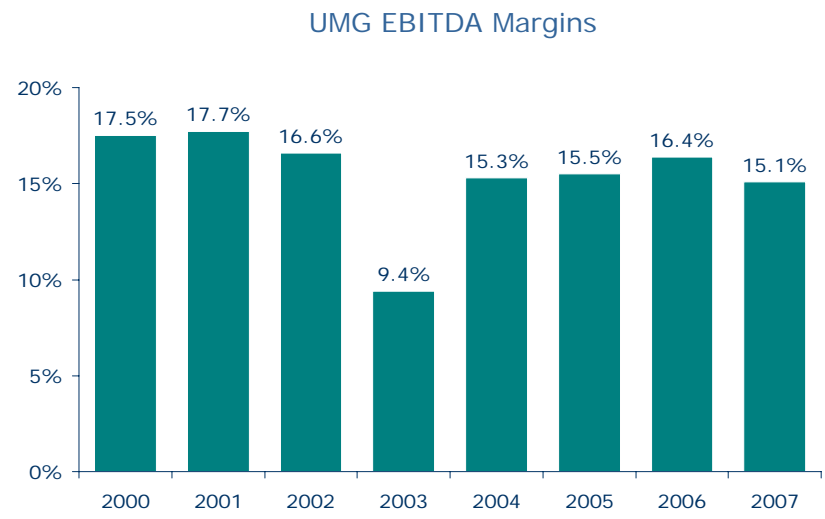
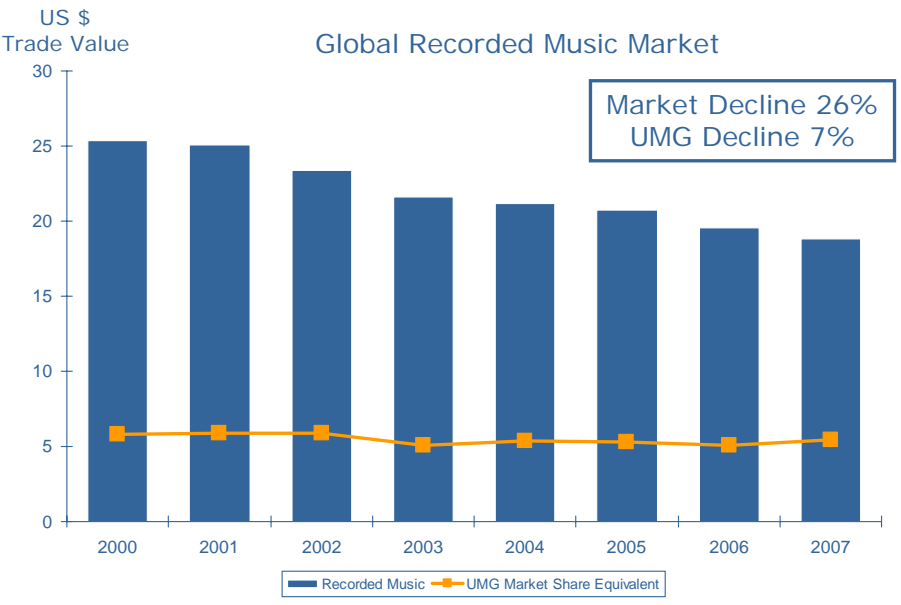


Forefront of new business initiatives in digital and mobile sectors

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

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

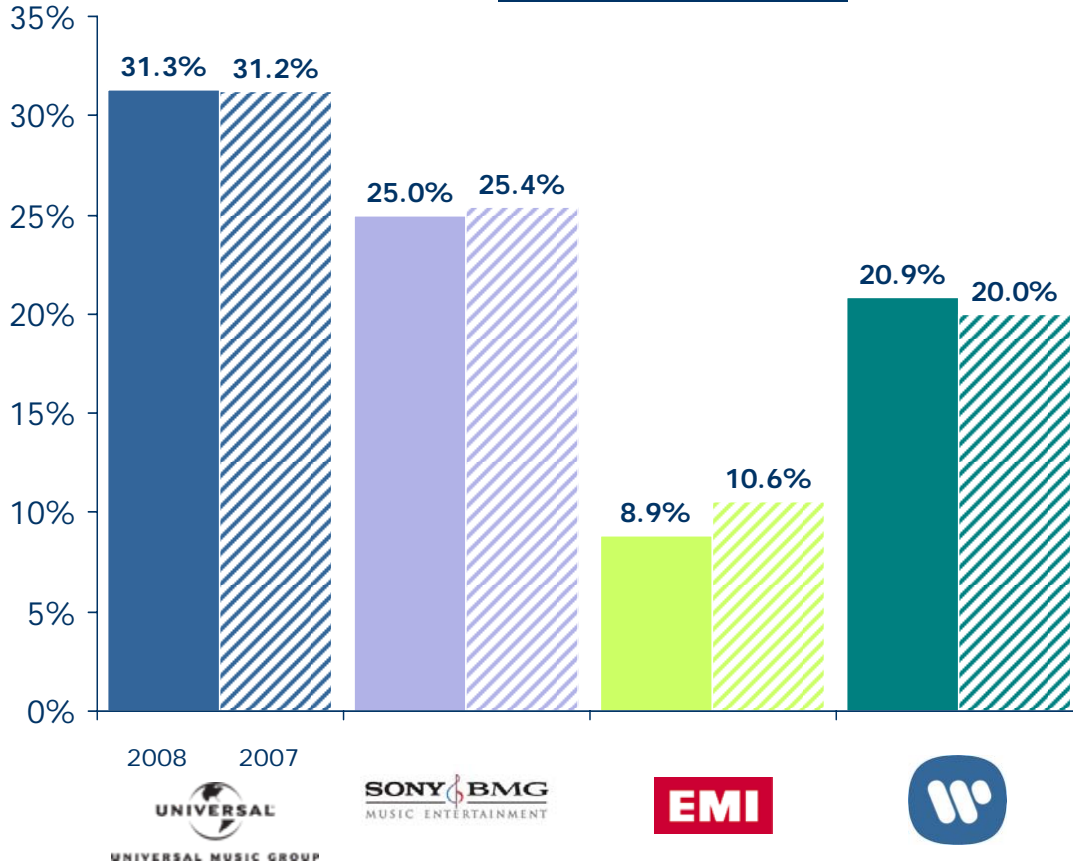
# UMG Highlights



Source: IFPI, SoundScan, OCC, Music & Copyright, UMG

# UMG Excels in Finding & Developing Artists

## US Market Share



## Best Sellers 208 YTD \*

1)	<b>Jack Johnson</b>	<b>1,217</b>
2)	<b>Mariah Carey</b>	<b>1,025</b>
3)	<b>Lil Wayne</b>	<b>1,008</b>
4)	Alicia Keys	968
5)	<b>Taylor Swift</b>	<b>808</b>
6)	Leona Lewis	773
7)	Juno OST	770
8)	NOW 27	742
9)	Usher	689
10)	<b>Mary J Blige</b>	<b>669</b>
		<hr/>
		8,668



Source: SoundScan Overall Album Market  
Share YTD w.e. 6.15.08

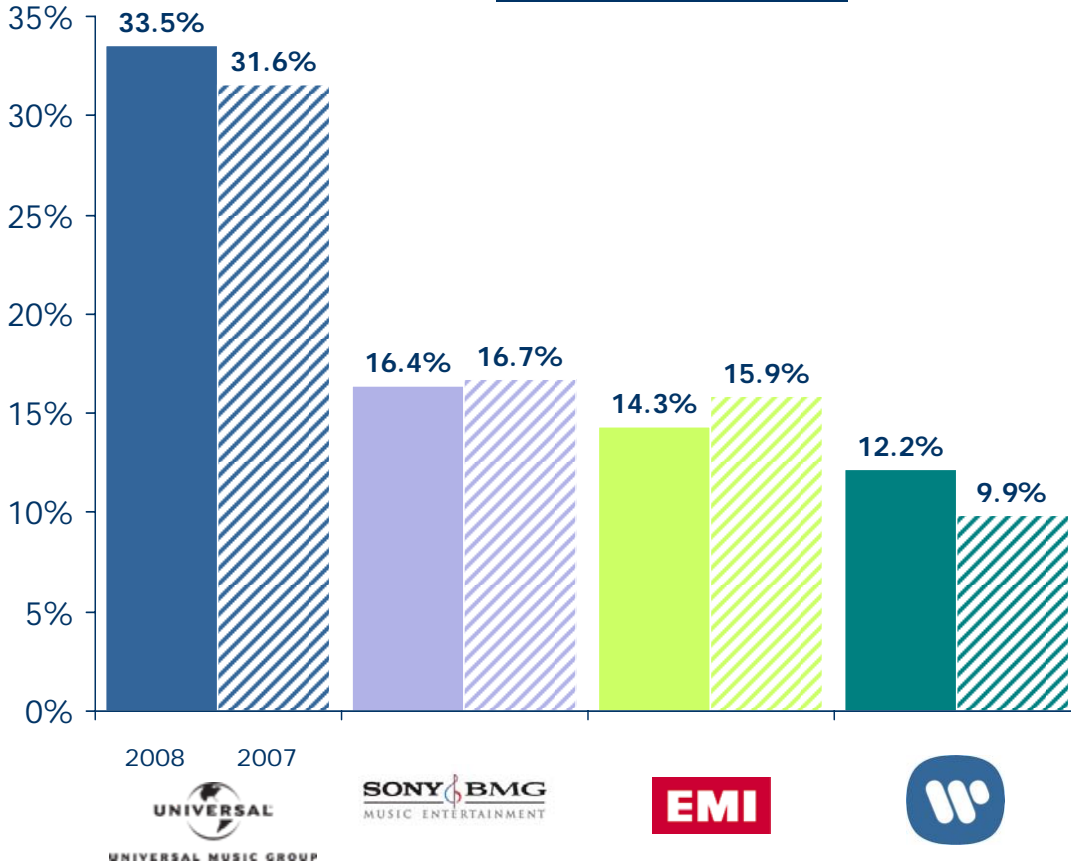
\* UMG artists in bold

# UMG Excels In Finding & Developing Artists

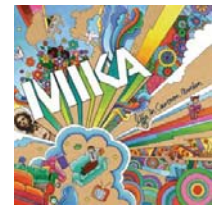
## UK Market Share



## Best Sellers 2008 YTD \*



1)	<b>Duffy</b>	<b>657</b>
2)	<b>Amy Winehouse</b>	<b>486</b>
3)	Nickelback	378
4)	Leona Lewis	343
5)	Scouting For Girls	343
6)	Adele	330
7)	<b>Mika</b>	<b>282</b>
8)	<b>Amy MacDonald</b>	<b>278</b>
9)	<b>Plant &amp; Krauss</b>	<b>238</b>
10)	Michael Buble	234
		<hr/>
		3,569



Source: The Official Charts Company  
Album Unit Market Share May YTD

Note: Amy Winehouse 2008 sales combine regular and deluxe "Back to Black" releases

\* UMG artists in bold

# UMG Strategy



Ensure leadership of the core business during the transition to digital



Participate in a broader range of music revenue streams



Maximize profitability through efficient cost management

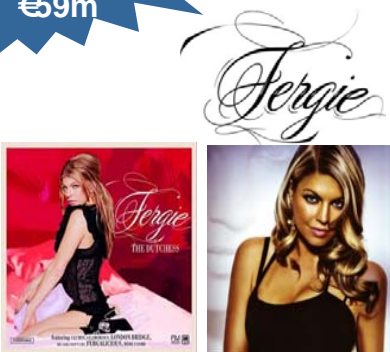


# The Artists are the brands

Global sales:  
€87m



Global sales:  
€59m



Global sales:  
€53m

RIHANNA



Global sales:  
€56m

Akon

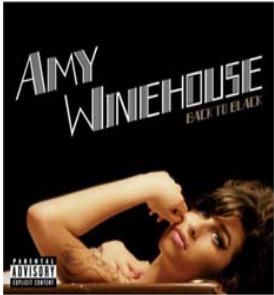


## Actions

- ✓ Maintain A&R momentum and success in major markets
- ✓ Ensure successful roll out of global acts
- ✓ Further participate in artist brands that UMG helps to create by turning their products into hits
- ✓ Maximize retail presence
- ✓ Continue to innovate on physical sales (e.g., merchandising bundles, "deluxe" editions)
- ✓ Consider selective opportunistic acquisitions (e.g., Univision, V2)

# Shift to Digital

AMY  
WINEHOUSE



'000s units

<b>Physical Album Sales</b>	<b>8.4</b>
<b>On-line Albums</b>	<b>0.6</b>
<b>Audio/Video Full Tracks</b>	<b>4.2</b>
<b>Ring-tones</b>	<b>0.9</b>
<b>Ring Back Tones</b>	<b>0.2</b>

€ '000s

<b>Physical</b>	<b>(92%)</b>	<b>80.2</b>
<b>Digital</b>	<b>(8%)</b>	<b>7.0</b>

Fergie



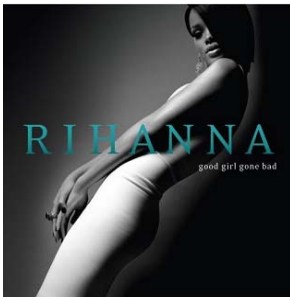
'000s units

<b>Physical Album Sales</b>	<b>6.4</b>
<b>On-line Albums</b>	<b>0.2</b>
<b>Audio/Video Full Tracks</b>	<b>15.7</b>
<b>Ring-tones</b>	<b>8.5</b>
<b>Ring Back Tones</b>	<b>2.1</b>

€ '000s

<b>Physical</b>	<b>(69%)</b>	<b>40.4</b>
<b>Digital</b>	<b>(31%)</b>	<b>18.4</b>

RIHANNA



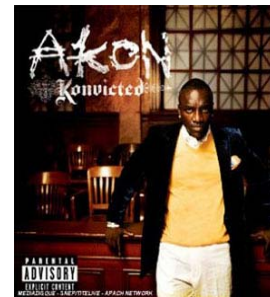
'000s units

<b>Physical Album Sales</b>	<b>5.4</b>
<b>On-line Albums</b>	<b>0.2</b>
<b>Audio/Video Full Tracks</b>	<b>12.0</b>
<b>Ring-tones</b>	<b>5.5</b>
<b>Ring Back Tones</b>	<b>1.7</b>

€ '000s

<b>Physical</b>	<b>(72%)</b>	<b>38.1</b>
<b>Digital</b>	<b>(28%)</b>	<b>14.5</b>

AKON



'000s units

<b>Physical Album Sales</b>	<b>5.3</b>
<b>On-line Albums</b>	<b>0.1</b>
<b>Audio/Video Full Tracks</b>	<b>10.6</b>
<b>Ring-tones</b>	<b>11.8</b>
<b>Ring Back Tones</b>	<b>1.9</b>

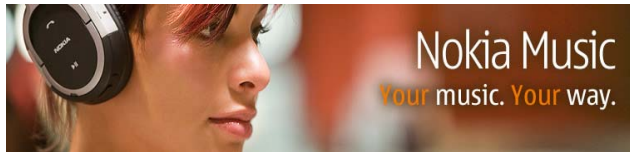
€ '000s

<b>Physical</b>	<b>(66%)</b>	<b>37.3</b>
<b>Digital</b>	<b>(34%)</b>	<b>18.9</b>

# Grow the digital business and participate in all new business models

Digital will make music accessible everywhere, an opportunity for future growth including emerging markets

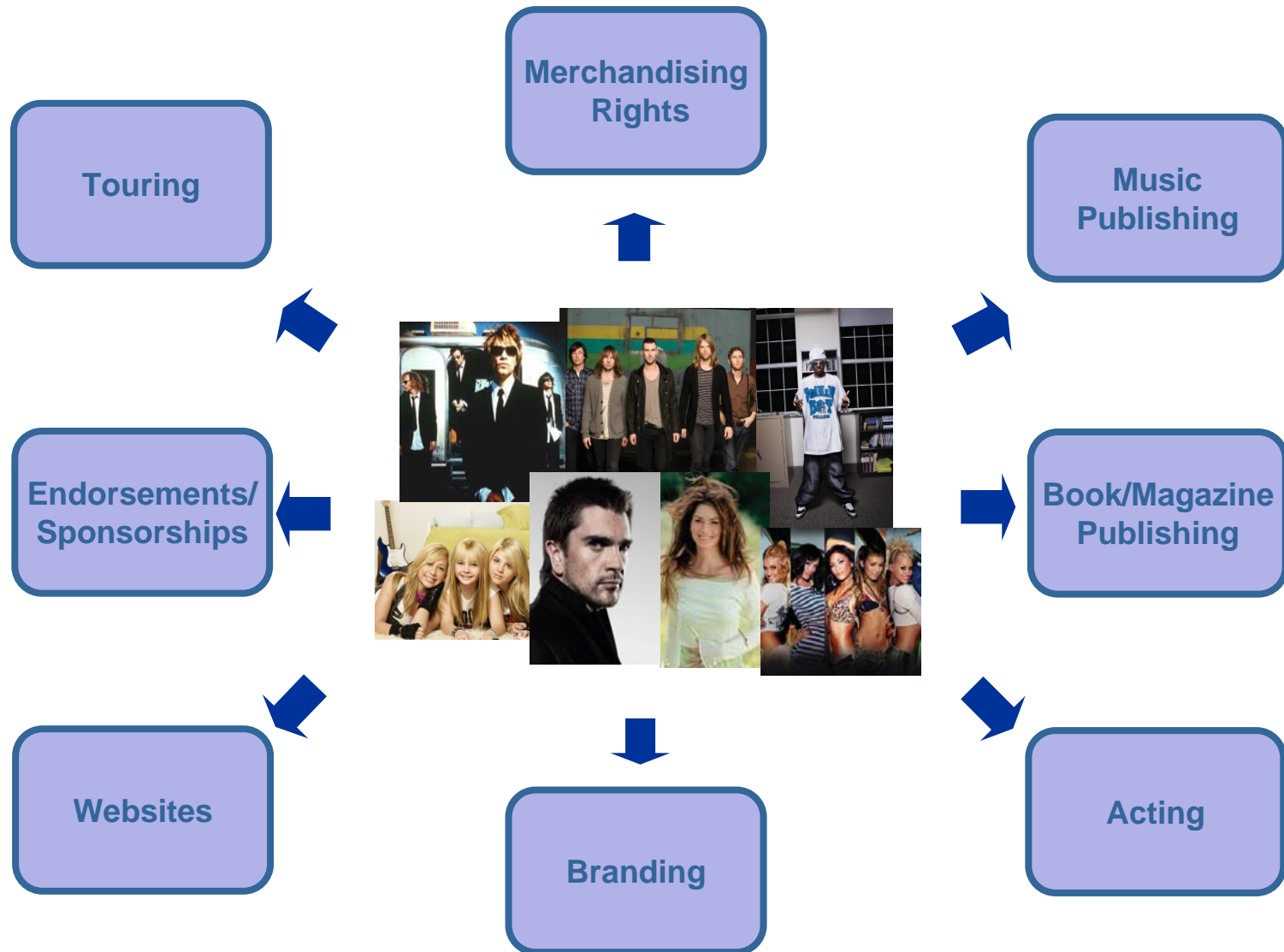
iTunes



## Actions

- ✓ Secure profitability of existing deals
- ✓ Sign early strategic partnerships with key players poised for strong growth
- ✓ Sign new strategic partnerships to expand in the digital market
- ✓ Participate in the new revenue streams created by others in recorded music
- ✓ Encourage subscription services
- ✓ Cultivate web-based and mobile initiatives
- ✓ Streamline and outsource digital supply chain

# Participation in revenue beyond recording



# Music Publishing

## Actions

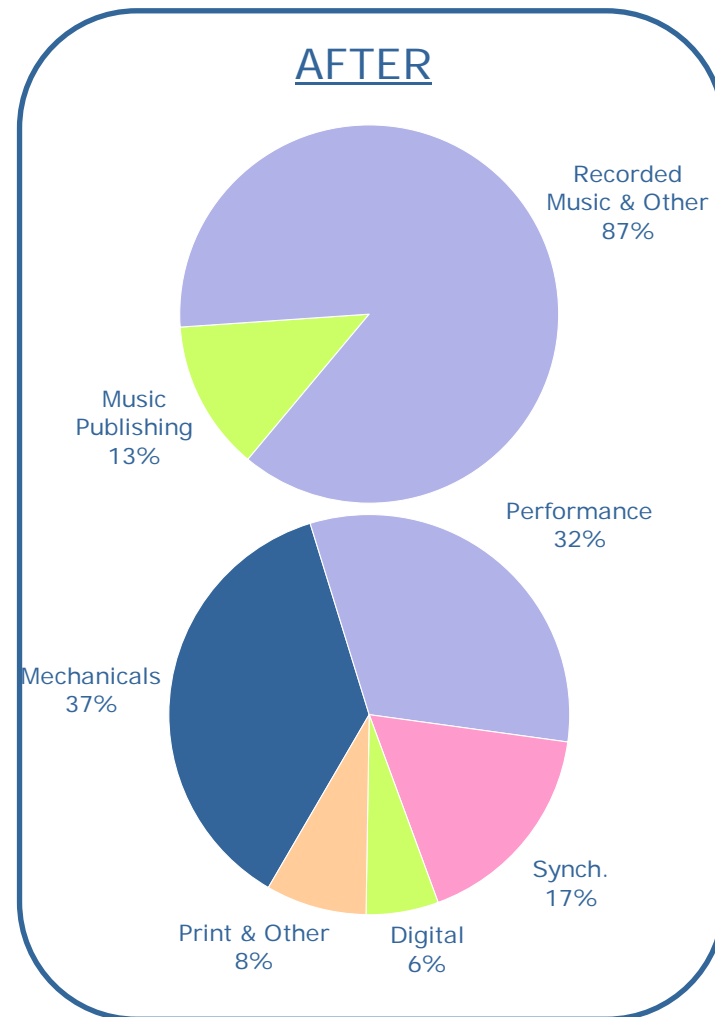
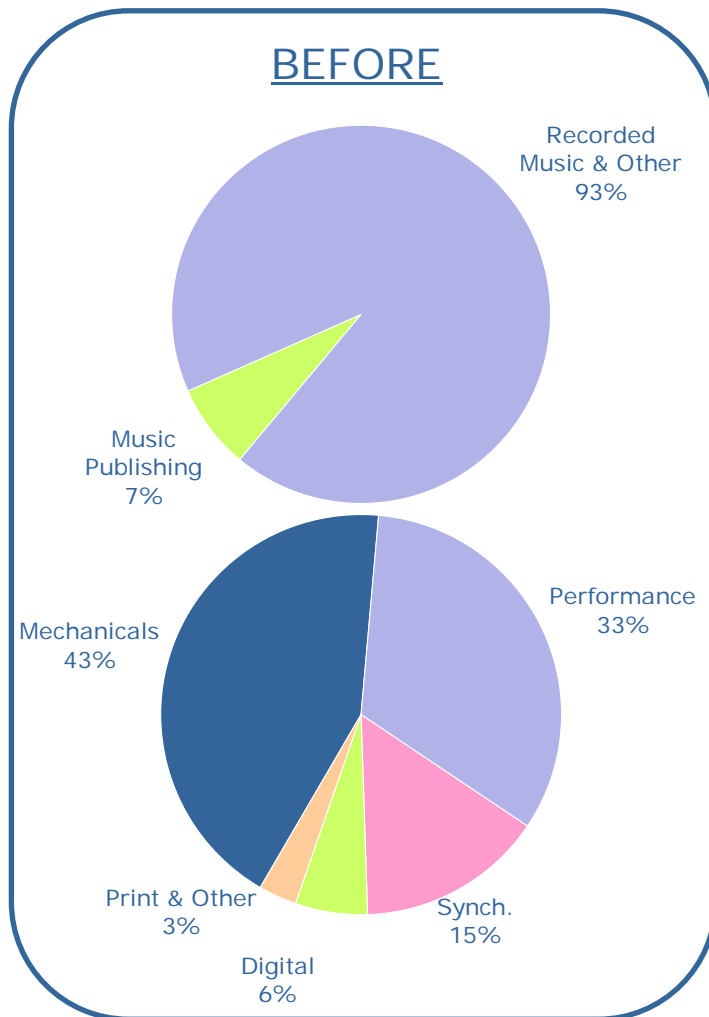
- ✓ BMG Music Publishing planned results in line with forecast for 2008
  - ✓ • Successful integration of BMG MP
  - ✓ • A&R roster stabilization
  - ✓ • Savings targets planned to be exceeded
- ✓ Increase presence in growing territories (e.g., Asia)
- ✓ Accelerating pace of digital deals





# Music Publishing

The combined Music Publishing company represents a larger slice of UMG's revenue and has less reliance on mechanical revenues



# Bravado is the leading global merchandising brand

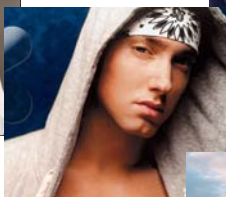


## Actions

- ✓ Activate Bravado in all major UMG territories
- ✓ Launch joint record/merchandising
- ✓ Expand distribution coverage and eliminate "white spaces"
- ✓ Enter new channels (fashion/mass)
- ✓ Sign merchandising contracts with our artists
- ✓ Increase sales through existing channels
- ✓ Expand range rights for non-music properties in retail sector (e.g., cartoon, film and TV)

# Performance and 2008 Guidance

- UMG maintains a double digit EBITA margin, 12.8% in 2007
- 2008 Guidance: Slight increase in revenues and EBITA



€ Millions

	CY 2007	% Change Constant FX	Q1/2008	% Change Constant FX
Physical	3,149	-7.9%	560	-15.2%
Digital	645	50.0%	187	29.8%
License & Other	459	-12.4%	128	35.0%
Recorded Music	4,253	-2.6%	874	-2.5%
Artist Services	66		32	
Music Publishing	589	51.0%	137	72.7%
Inter-Co Elimination	(38)		(11)	
<b>REVENUE</b>	<b>4,870</b>	<b>3.0%</b>	<b>1,033</b>	<b>6.8%</b>
Recorded Music	573	-14.6%	86	102.0%
Artist Services	3		(2)	
Music Publishing	159	46.8%	49	153.9%
<b>EBITDA</b>	<b>735</b>	<b>-5.8%</b>	<b>133</b>	<b>115.0%</b>
Depreciation	(46)	7.9%	(11)	-4.2%
Restructuring	(67)	x 4	(12)	x 19
Other	1		0	
<b>EBITA</b>	<b>624</b>	<b>-12.9%</b>	<b>111</b>	<b>111.1%</b>



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