

**vivendi**

## Kepler Media Conference


25th May 2007  
Cannes

Daniel Scolan  
*EVP Investor Relations*

# Our assets

# vivendi

100%



UNIVERSAL  
UNIVERSAL MUSIC GROUP

#1 Worldwide in music


100% / 65%



CANAL+  
GROUPE

#1 in pay-TV in  
France and Poland


56%



# 2 among mobile operators  
# 1 in 3G services in France

40.5% of n9ufcegetel

51%



Maroc  
Telecom

# 1 in fixed-line,  
mobile  
and internet  
in Morocco

100%



vivendi  
games

# 1 Worldwide in online  
gaming

20%



NBC UNIVERSAL

World leader in  
entertainment

We innovate to anticipate consumer needs

vivendi

# Our strategy

- To strengthen our position in entertainment: music, television, cinema, mobile, internet and games
- To capitalize on consumer demand for mobility and broadband
- To take advantage of the global transition to digital media to launch innovative services
- To enhance our economic model focusing on the consumer and subscriptions

# Our capital allocation strategy

- To provide the business units with superior resources, than they could have on a stand alone basis, to facilitate:
  - Investments in organic growth
  - Investments in external growth on a selective and rigorous basis
    - Impact on earnings per share
    - Cash generation
    - Return on capital employed in relation to the level of risk
- To deliver dividends to our shareholders with a distribution rate of at least 50% of Adjusted net income

# Our achievements in 2006

- Economic performance higher than the forecasts
- Tangible progress in all the business units
- €6 billion invested to drive growth
- Two structural acquisitions:  
Canal+/TPS and BMG Music Publishing
- Name change, new corporate identity and advertising campaign

- Adjusted net income: €2.6bn, up 17.9%
- EBITA: €4.4bn, up 9.6% on a comparable basis
- Cash Flow From Operations: €4.5bn, up 7.4%
- Dividend : €1.20 per share, up 20% with a distribution rate of 53% of the Adjusted net income per share of €2.27

# Very good results for the first quarter 2007

*In euro millions*  
*IFRS standards - unaudited*

	Q1 2007	Growth
■ Revenues	5,020	+5.3%
■ EBITA	1,274	+21.7%
■ Adjusted net income (ANI)	771	+22.8%

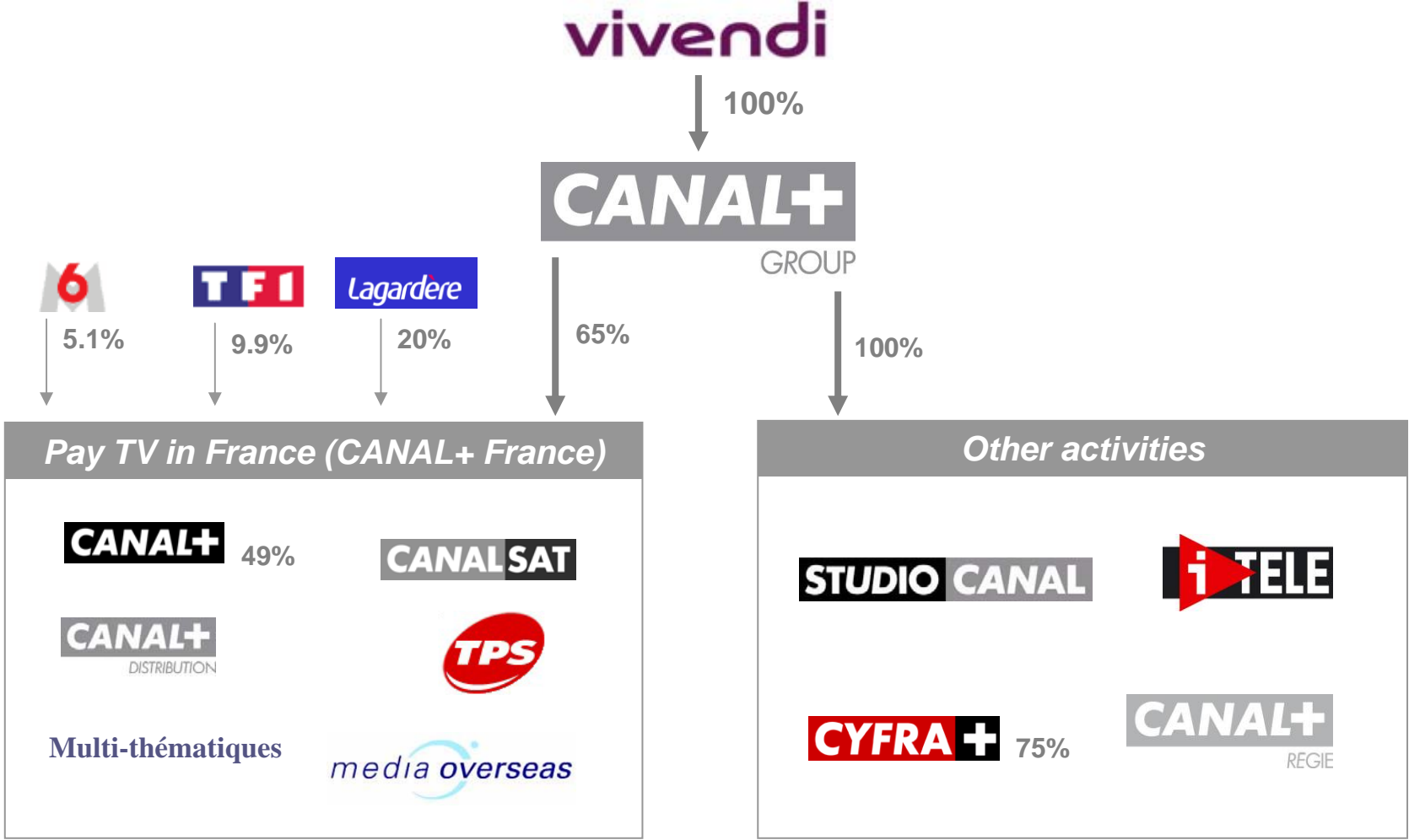


## First quarter 2007 and recent main events

- Successful launch of *World of Warcraft: The Burning Crusade*, Blizzard Entertainment's first expansion pack
- Canal+ / TPS merger finalized on January 4, 2007  
TPS is included in the results of Canal+ Group  
Launch of the new CanalSat offer
- Acquisition by Maroc Telecom of 51% of Onatel (Burkina Faso's incumbent operator) in December 2006 and 51% of Gabon Telecom in February 2007
- As part of its « *Mobile Centric* » strategy, SFR launches *Happy Zone* and a complementary ADSL option
- Vivendi welcomed on May 22nd, the decision by the European Commission approving the acquisition of BMG Music Publishing by UMG and continues to work closely with the European competition authorities on the acquisition of Télé 2 France



# Canal+ Group: Overview



# 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*

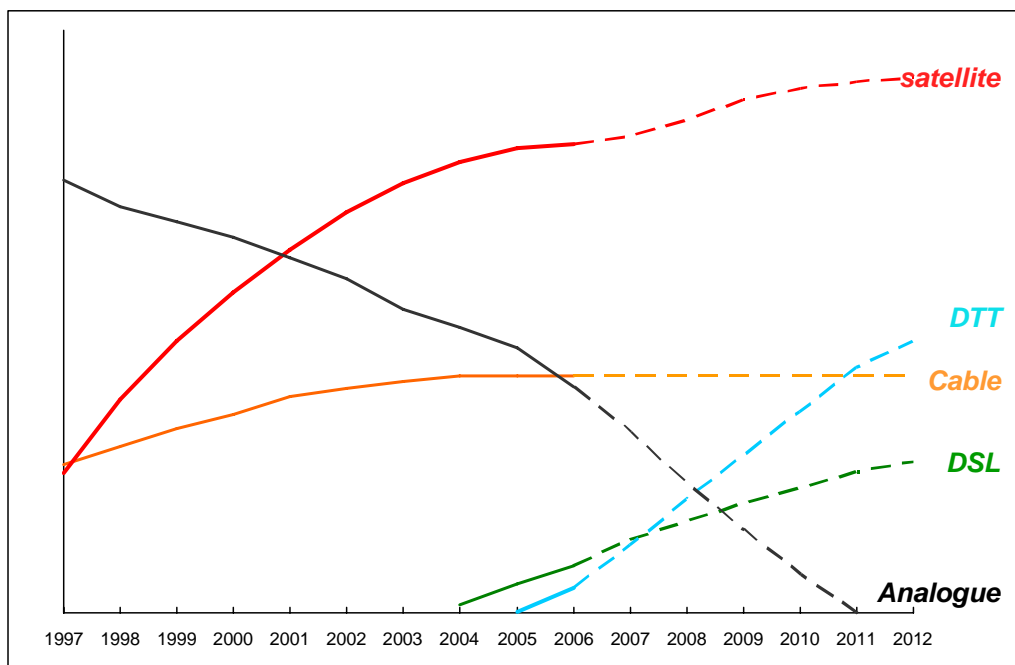


*“The experts of all your passions”*

- *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*

# Distribution: Market trend by platform

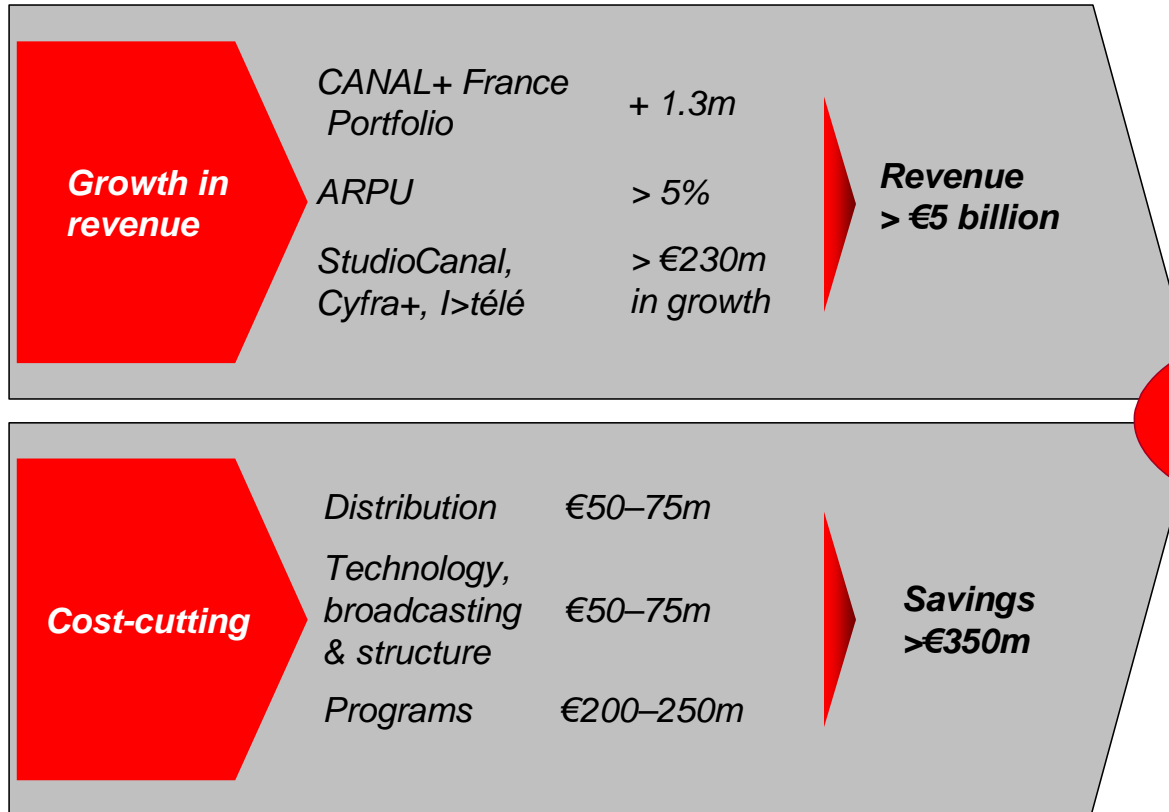


- *Satellite, the leading platform, is boosted by the merger*
- *DTT is an attractive substitute for analogue services*
- *Further growth in DSL against a backdrop of fierce competition with cable TV*

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

# Margin improvement of Pay TV in France

2006-2010

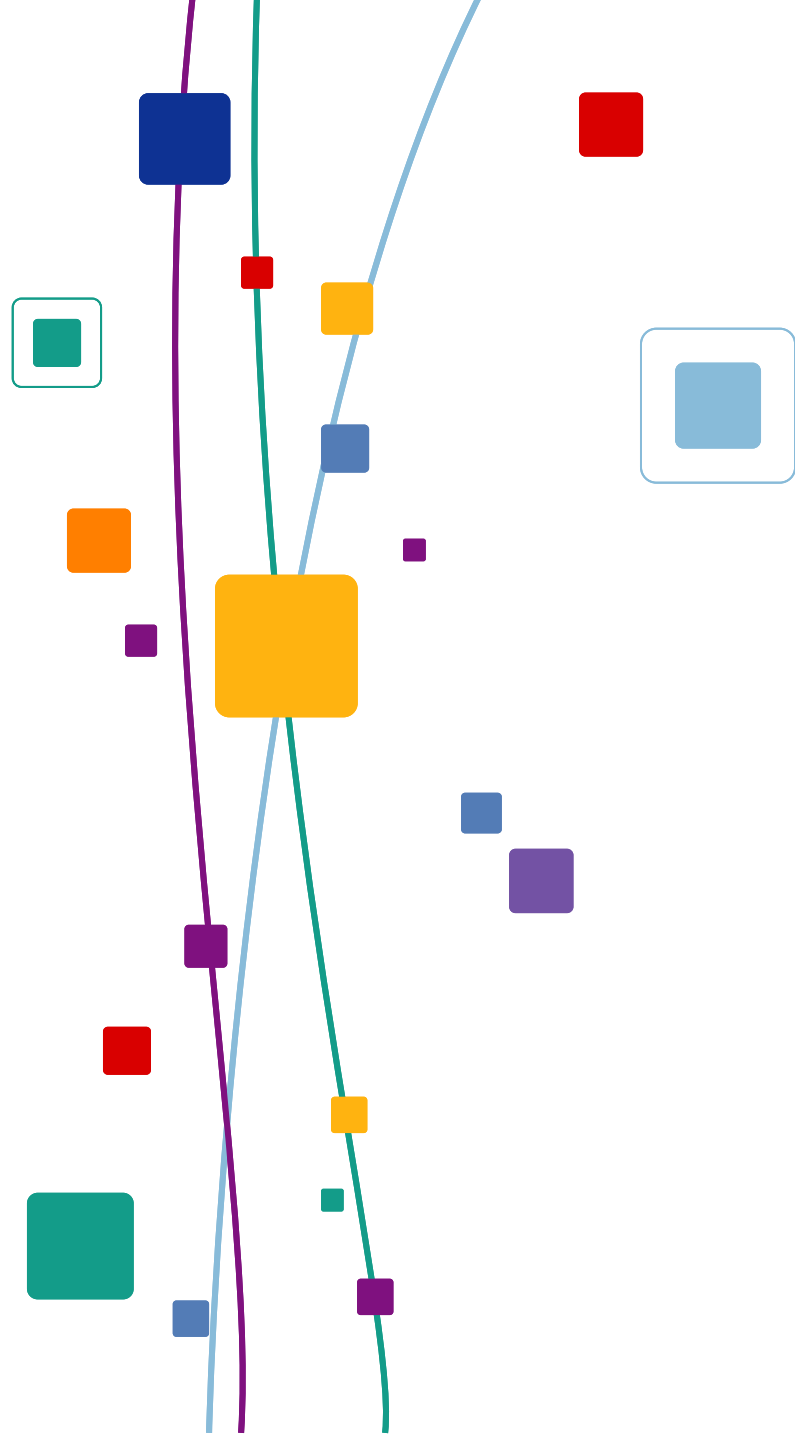


**2010 EBITA > €1 billion**



## Vivendi confirms its growth prospects

- 2007 outlook: Adjusted net income, at least €2.7 billion; Dividend: distribution rate of at least 50%
- 2011 goal of Adjusted net income between 3.5 and 4 billion euros with the commitment of a distribution rate of at least 50% of Adjusted net income



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Appendices

# UMG: initiatives for growth



## ■ New revenue streams

- Strong digital sales growth: +84%
- Numerous initiatives, on the Internet and on mobile phones, to multiply the distribution of our artists' repertoire  
IMF, Amp'd, Agreements with YouTube, Microsoft, Qtrax...






## ■ Investments, enrichment of content

- BMG Music Publishing acquisition which will enhance UMG's position in Publishing, in process <sup>(1)</sup>
- Acquisition of the Vale Music label in Spain and the Arsenal Music label in Brazil
- UMG increases its investment in developing artists and creating hits

(1) Acquisition has been approved by the American and Australian competition authorities and by the European Commission on May 22<sup>nd</sup>.

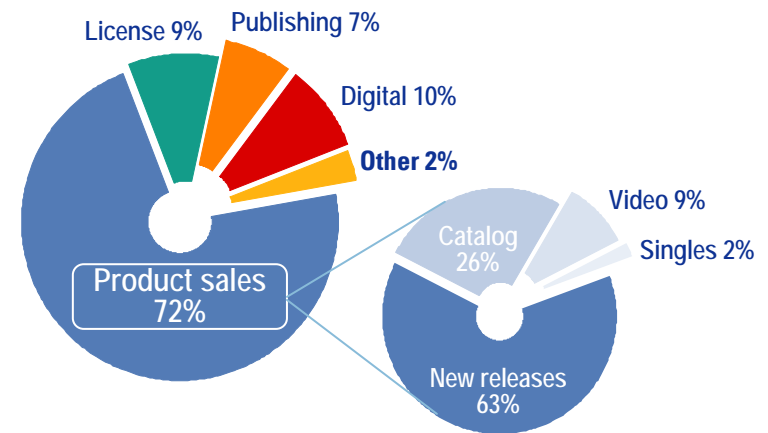
# Universal Music Group: 2006 Key Metrics

## Top-selling artists

FY 2006	Million Units*	
<i>U2</i>	3.7	
<i>Andrea Bocelli</i>	3.4	
<i>Snow Patrol</i>	3.4	
<i>The Pussycat Dolls</i>	3.3	
<i>Nelly Furtado</i>	3.2	

\* Physical sales only

## 2006 Sales



## Album Market Share Data

	2005			2006		
	UMG	UMG	SBMG	WMG	EMI	Other
U.S. Soundscan Data	31.7%	31.6%	27.4%	18.1%	10.2%	12.6%
U.K. Official Chart Co.	25.4%	29.9%	20.2%	11.3%	17.9%	20.7%

Note: The U.S. Soundscan data includes digital sales, the U.K. Official Chart Company data does not include digital sales. In 2006 UMG's U.K. market share data including digital sales per the U.K. Official Chart Company was 30.0%



# Groupe Canal+: initiatives for growth



## Investments in external growth

- Acquisition of TPS and creation of Canal+ France
- StudioCanal acquires Optimum Releasing, a U.K. based film distributor

## Investments in content

- About €2bn of investments in programs

## Investment in recruitments

- 1.15 million gross recruitments in 2006 for Canal+ France (excluding TPS)
- Successful launch of Pay-DTT

## Seizing opportunities with digital

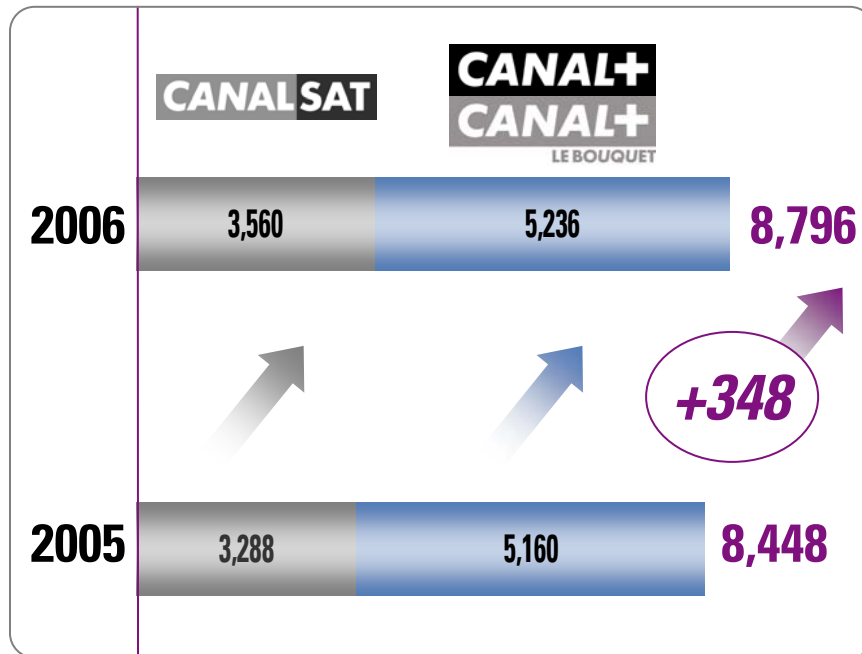
- Higher proportion of digital subscriptions:  
Subscriptions to Canal+ Le Bouquet represent 61% of total portfolio vs. 52% in 2005
- Development of VOD with Canalplay on PC and TV
- Joint offers with SFR (Canal+ Mobile, i>TéléFlash, DVB-H tests)

## Preparing the future with the law: "Télévision du futur"

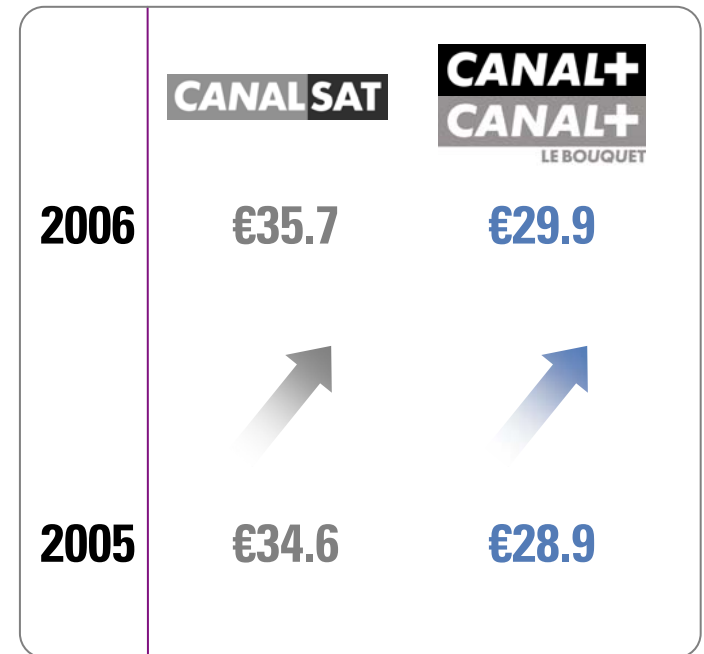
- Conversion of all TV households to digital by 2011
- Broaden access to mobile TV and High Definition TV

# Canal+ Group: 2006 Key Metrics

CANAL+ France net portfolio \* (in thousands)



ARPU\*\*



Higher proportion of digital subscriptions: at the end of December 2006, subscriptions to Canal+ Le Bouquet represented 61% of the total portfolio vs. 52% at the end of December 2005.

 CANALSAT  
 CANAL+

\* Individual and collective subscriptions to Canal+ and CanalSat in mainland France, overseas territories and Africa, excluding TPS

\*\*Individual subscriptions in Mainland France

# SFR: initiatives for growth



- **Continued growth of the subscriber base:** + 685,000 customers
- Growth of 18% in carried traffic
- **SFR 3G:**  
65% of the population covered by our 3G+/HSDPA network (higher speed)  
Development of services and success of applications for Enterprises including the BlackBerry®
- **Development of SFR as a media:**  
New image, new look.  
Promotion of downloads of music and games
- **Launch of Happy Zone:**  
Unlimited calls to fixed lines from home and nearby and preparation of a DSL offer as a complement
- SFR obtains Wimax license in Paris and surrounding areas and in South of France and wins the license granted by the city of Paris for free WIFI
- Increased stake in NeufCegetel from 28% to 40.5%

VIVONS MOBILE

# SFR: 2006 Key Metrics

<i>(As of end-December, Including SRR)</i>	<b>FY 2006</b>	<b>FY 2005</b>	<b>Growth</b>
Customers (in '000) *	<b>17,883</b>	<b>17,198</b>	<b>+4.0%</b>
Vodafone live! customers (in '000) *	<b>6,497</b>	<b>4,785</b>	<b>+35.8%</b>
3G customers (in '000) *	<b>2,686</b>	<b>1,003</b>	<b>+167.8%</b>
Market share on customer base (%) *	<b>34.6%</b>	<b>35.8%</b>	<b>-1.2pt</b>
12-month rolling blended ARPU (€/year) **	<b>455</b>	<b>485</b>	<b>-6.2%</b>
12-month rolling postpaid ARPU (€/year) **	<b>596</b>	<b>648</b>	<b>-8.0%</b>
12-month rolling prepaid ARPU (€/year) **	<b>202</b>	<b>218</b>	<b>-7.3%</b>
Proportion of postpaid customers *	<b>65.0%</b>	<b>63.3%</b>	<b>+1.7pt</b>
Voice usage (minutes / month / customers) *	<b>327</b>	<b>296</b>	<b>+10.5%</b>
Traffic (in billions of minutes)	<b>68.3</b>	<b>57.7</b>	<b>+18,3%</b>
Number of SMS sent (in billions)	<b>6.3</b>	<b>5.4</b>	<b>+17.4%</b>
Number of MMS sent (in millions)	<b>168</b>	<b>98</b>	<b>+70.8%</b>
Net data revenues as a % of network revenues (%) **	<b>12.9%</b>	<b>11.7%</b>	<b>+1.2pt</b>
Prepaid customer acquisition costs (€/gross adds)	<b>23</b>	<b>24</b>	<b>-4.2%</b>
Postpaid customer acquisition costs (€/gross adds)	<b>193*</b>	<b>174</b>	<b>+10.9%</b>
Acquisition costs as a % of network revenues (%)	<b>6.1%</b>	<b>6.3%</b>	<b>-0.2pt</b>
Retention costs as a % of network revenues (%)	<b>4.8%</b>	<b>5.3%</b>	<b>-0.5pt</b>



\* Excluding wholesale customers (MVNO); \*\* Including mobile termination

# Mobile voice revenues per minute in Europe

Voice revenues per minute on mobile  
(Euro per minute)

Q4 06

Switzerland	0,25
Germany	0,19
Belgium	0,18
Netherlands	0,18
Spain	0,17
Italy	0,17
Greece	0,16
Norway	0,16
Portugal	0,16
UK	0,16
Austria	0,15
Ireland	0,15
Denmark	0,14
France	0,13
Sweden	0,12
Finland	0,09

Source : Merrill Lynch, European Matrix

# Maroc Telecom: initiatives for growth



- **Increased mobile market share despite competition:**  
+2.5 million mobile clients in 2006 (+30%)
- Stabilization of the fixed lines activities with an unlimited offer
- **Rapid penetration of DSL:**  
A base of almost 390,000 fixed lines in 2006 (+59%) and launch of a TV-DSL offer in cooperation with Canal+
- **3 initiatives abroad:**
  - Launch of a MVNO MobiSud in France (with SFR) and soon in Belgium
  - Acquisition of 51% of Onatel, Burkina Faso's largest operator
  - Acquisition of 51% of Gabon Telecom

# Maroc Telecom: 2006 Key Metrics

<i>(Excluding Mauritel)</i>	<b>FY 2006</b>	<b>FY 2005</b>	<b>Growth</b>
Number of fixed lines (in '000)	<b>1,266</b>	<b>1,341</b>	<b>-5.6%</b>
Total Internet access (in '000)	<b>391</b>	<b>252</b>	<b>+55.2%</b>
Including DSL access (in '000)	<b>384</b>	<b>242</b>	<b>+58.7%</b>
Number of mobile customers (in '000)	<b>10,707</b>	<b>8,237</b>	<b>+30.0%</b>
Prepaid customers (in '000)	<b>10,297</b>	<b>7,908</b>	<b>+30.2%</b>
Postpaid customers (in '000)	<b>410</b>	<b>329</b>	<b>+24.6%</b>



# Vivendi Games: initiatives for growth



- **Exceptional and lasting success of *World of Warcraft*:**

- From 5 million paying clients in 2005 to 8 million in 2006  
Over 8.5 million in March 2007
- Real success with the launch of the expansion pack: *The Burning Crusade*  
2.4 million copies sold in one day  
3.5 million copies sold within one month, following its mid-January 2007 launch
- New version in Spanish

- **Creation of two new divisions in growth sectors:**

Sierra Online and Vivendi Games Mobile

- Opportunistic acquisitions of development studios in the U.S., China and Chile to enhance our development capabilities with cutting edge technologies
- Success of two new franchises: *Scarface* and *F.E.A.R.*



# Vivendi Games: 2006 Key Metrics



More than 8 million  
paying customers  
worldwide

North America & Europe	47%
Asia	53%

## 2006 Best-selling games

Title

1. *World of Warcraft*
2. *Scarface*
3. *Ice Age 2*
4. *Eragon*
5. *The Legend of Spyro*
6. *F.E.A.R*
7. *50 Cent : Bulletproof*
8. *The Simpsons : Hit & Run*
9. *Crash Racing*
10. *Flatout 2*

Platform

- Online
- PC / Consoles
- PC / Consoles
- PC / Consoles
- Consoles
- PC / Consoles
- Consoles
- PC / Consoles
- Consoles
- PC / Consoles





## 2007 Business Outlook

### Business Units

- UMG
- Canal+
- SFR
- Maroc Telecom
- Vivendi Games

### Revenues

Remain stable or slight growth in constant currency despite a difficult market. Strong release schedule and digital sales growth are expected

Between €4,350m and €4,450m

Slight decline, despite the strong regulated price cut (21% cut of voice termination rates)

Growth of more than 6%

Growth of at least 20%

### EBITA

A slight decline from 2006 which benefited from several non-recurring items

Above €350m before the transition costs linked to the TPS merger (about €150m in 2007)

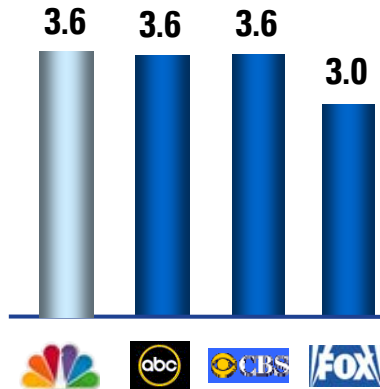
Slight decline in margin rate also due to the increase in depreciation

Growth of more than 10%

We expect a 50% increase over 2006 (€115m) as revised on 05/15/07

## '06/'07 season prime ratings (thru 1/7)

Network average A18-49 rating\*



VPY% 16%<sup>1</sup> (10)% (8)% (3)%

<sup>1</sup> Excluding sports, +6% VPY

\* A18-49 rating for all primetime programs including sports

## Basic Cable Nets (2006 Prime impressions)

#1 A18-49  
& A25-54  
upscale

	A25-54 (000)	Prime VPY%	Total day VPY%
#1 USA	1,193	9%	8%
#7 SCI FI	619	(10)%	(12)%
Bravo	306	17%	17%
A&E	584	11%	15%
History	515	0%	3%
<b>Top 10 avg.</b>	<b>752</b>	<b>(3)%</b>	<b>(1)%</b>

## "Best of 2006" List

### TIME

- #2 The Office
- #3 Friday Night Lights
- #7 Battlestar Gallactica
- #8 Heroes

### Entertainment

- #2 Friday Night Lights
- #3 Battlestar Gallactica
- #4 30 Rock
- #7 The Office
- #10 Heroes

### TelevisionWeek

- #2 Heroes
- #3 The Office
- #7 Friday Night Lights
- #9 Battlestar Gallactica
- #10 Studio 60



## Glossary

- › **Adjusted earnings before interest and income taxes (EBITA):** EBIT (defined as the difference between charges and income that do not result from financial activities, equity affiliates, discontinued operations and tax) before the amortization of intangible assets acquired through business combinations and the impairment losses of goodwill and other intangible assets acquired through business combinations.
- › **Adjusted net income,** includes the following items: EBITA, income from equity affiliates, interest, income from investments, including dividends received from unconsolidated interests as well as interest collected on advances to equity affiliates and loans to unconsolidated interests, as well as taxes and minority interests related to these items. It does not include the following items: impairment losses of goodwill and other intangibles acquired through business combinations, henceforth, the amortization of intangibles acquired through business combinations, other financial charges and income, earnings from discontinued operations, provision for income taxes and minority interests relating to these adjustments, as well as non-recurring tax items (notably the change in deferred tax assets relating to the Consolidated Global Profit Tax System, and the reversal of tax liabilities relating to risks extinguished over the period)
- › **Cash flow from operations:** Net cash provided by operating activities after capital expenditures net, dividends received from equity affiliates and unconsolidated companies and before income taxes paid.
- › **Financial net debt:** is calculated as the sum of long-term and short-term borrowings and other long-term and short-term financial liabilities as reported on the consolidated statement of financial position, less cash and cash equivalents as reported on the consolidated statement of financial position, as well as derivative instruments in assets and cash deposits backing financing (included in the Consolidated Statement of Financial Position under “financial assets”).



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