

This is a free translation of the shareholders letter issued in the French language dated as of March 11 2020 and is provided solely for informational purposes to English speaking readers. In case of any discrepancy the French version prevails.

# TOGETHER

LETTER TO OUR  
SHAREHOLDERS

MARCH 2020

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vivendi



Photos DR

# Strong earnings growth in 2019

**Yannick Bolloré**, Chairman of the Supervisory board,  
and **Arnaud de Puyfontaine**, Chairman of the Management Board

Dear shareholders,

**2**019 was a strong year for Vivendi. It recorded organic revenue growth of 5.6% and EBITA of €1.526 billion, its highest level since 2015. Our strategy of creating a world leader in culture, at the crossroads of entertainment, media and communication, is bearing fruit.

These outstanding results were coupled with significant strategic advances. Vivendi entered into an agreement with a consortium led by Tencent, allowing Tencent to acquire 10% of the share capital of Universal Music Group (UMG), based on an enterprise value of €30 billion. This valuation underscores both UMG's industry leadership and strong growth potential. The partnership with Tencent will provide opportunities for the music group to further develop in Asia, particularly in China, where the music market is experiencing robust growth.

In 2019, we also successfully completed the integration of Editis, the second largest publishing company in France, thus rounding out our content line-up with the expansion into a new segment. Publishing is the leading cultural industry in France. We have ambitious plans for Editis, including joint projects involving the group's other subsidiaries.

As for Canal+ Group, it has strengthened its international presence with the acquisition of M7, an operator present in the Benelux countries and Central Europe, enabling it to achieve 20 million subscribers globally. Canal+ Group has also signed major distribution agreements with the world's leading players, such as Netflix and Disney.

Havas Group has proven the solidity of its business model in the face of major changes in the communications market. Thanks to a new organization and a new positioning built around engagement and meaningful communication, Havas Group won the confidence of major new clients. It has also made strategic acquisitions, enabling it to enrich its expertise and further expand its international presence.

The year 2019 was marked by the strengthening of our environmental, social and societal commitments. As an industry leader, Vivendi has a major social responsibility, which we ardently uphold through our commitment to the environment, our investments in cultural diversity, and our Vivendi Create Joy solidarity program. For twelve years now, this program has been helping young people in difficulty, through cultural education and vocational training projects.

Of course, none of these achievements would have been possible without your support. Keen to share our success with you, we generated returns to shareholders of over €3.8 billion (in the form of share buybacks and a dividend) between the end of April 2019 and mid-March 2020, compared to €568 million (in the form of a dividend) in 2018. The next General Shareholders' Meeting will vote on the proposed dividend of €0.60 per share for 2019.

Thank you for your trust.

# RESULTS

## 2019 ANNUALS RESULTS

**Vivendi** recorded very strong earnings growth in 2019. Its revenues and EBITA experienced organic growth of 5.6% and 10.8%, respectively, marking their highest levels since 2015.

**Consolidated revenues** were €15,898 million, an increase of 14.1% compared to 2018, mainly due to the growth of UMG and Canal+ Group and the consolidation of Editis since February 1, 2019. At constant currency and perimeter, revenues increased by 5.6% compared to 2018.

**EBITA** was €1,526 million, up 18.5% compared to 2018. At constant currency and perimeter, this reflects an increase of 10.8%, due mainly to the growth of UMG (+€205 million), partially offset by the decline of Canal+ Group

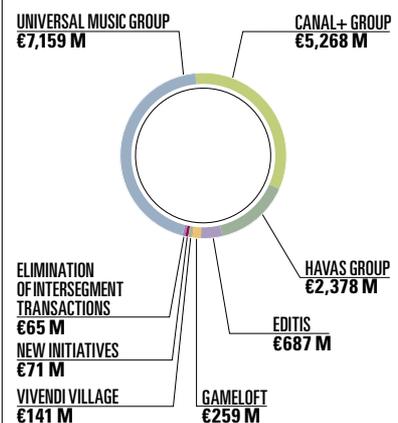
(–€82 million) which was negatively impacted by restructuring charges (€92 million).

**Adjusted net income** was a profit of €1,741 million, up 50.5% compared to 2018. This change reflects mainly the increase in EBITA and a current tax income of €473 million.

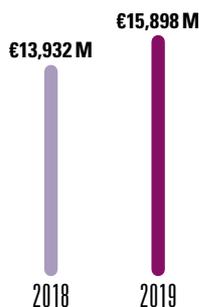
In 2019, returns to shareholders amounted to €3.3 billion (share repurchases of €2.66 billion and the dividend paid in April 2019 amounting to €636 million).

The Shareholders' Meeting of April 20, 2020 will vote on a dividend of €0.60 per share with respect to fiscal year 2019 (up 20% compared to the dividend distributed with respect to fiscal year 2018).

### REVENUES BY BUSINESS SEGMENT



### REVENUES



### EBITA



### ADJUSTED NET INCOME



### DIVIDEND WITH RESPECT TO FISCAL YEAR



(1) Submitted to the approval of the Annual Shareholders' Meeting of April 20, 2020.

You can find a visual presentation of the group's 2019 earnings at: <https://www.vivendi.com/individualshareholders>



BTS, official artist photo / DR



Girls Generation – The Boys / DR

## Vivendi signs a UMG agreement with Tencent

It is anticipated that a consortium led by China’s Tencent will purchase a minority interest in UMG’s share capital.

**V**ivendi ended 2019 on a high! On December 31, Vivendi signed an agreement with a Tencent-led consortium for an equity investment in UMG. Tencent is a Chinese group that “uses technology to enrich the lives of Internet users”. Founded in 1998 in Shenzhen, China, it has been listed in Hong Kong since 2004. Above all a platform company, Tencent invests heavily in talent and technological innovation, actively promoting the development of the Internet. The agreement signed between Vivendi and the Tencent-led consortium, including its subsidiary Tencent Music Entertainment and international financial investors, provides for the acquisition by the consortium of 10% of UMG’s share capital based on a total enterprise value of €30 billion. On this same basis, the consortium has the option to acquire up to an additional 10% of UMG’s share capital until January 15, 2021. A second agreement, allowing Tencent Music Entertainment to acquire a minority interest in the share capital of UMG’s Chinese subsidiary, is also planned.

The operation is expected to be completed by the end of the first half of 2020. Vivendi is delighted to welcome Tencent and its co-investors into UMG’s capital, which will allow UMG to develop its business in the Asian market further. Together, the companies will work to increase opportunities for artists and enrich the experiences of music fans. In addition, Vivendi’s Supervisory Board has been informed of ongoing negotiations regarding the possible sale of additional minority interests, based on a minimum valuation of €30 billion. Eight banks have been mandated by Vivendi to assist it in this respect. An IPO is planned for early 2023 at the latest. The proceeds from these various sales transactions could be used for substantial share buyback operations as well as acquisitions.

# Numerous partnerships for Canal+

In recent months, Canal+ has signed several strategic distribution partnerships enabling it to raise its status as a leading player in the distribution of audiovisual content in France.

**A**s a publisher, Canal+ was awarded in November 2019 exclusive rights from UEFA to broadcast the two Champions League premium packages for three seasons starting in 2021, as well as the best game each day during the Europa League. In January 2020, it extended its agreement with Formula One Management to retain the entire 2021 and 2022 Formula 1 seasons. These crucial rights round out an already rich sports line-up. In terms of content creation and production, Canal+ has benefited from a unique French know-how, through its *Création Originale* label (*Le Bureau des légendes*, *The New Pope*, *Baron noir*, etc.) and Studiocanal, one of the leaders in the production and distribution of films and TV series.

In its role as a content aggregator, Canal+ has consolidated its position as a benchmark player with the signing of three major agreements. It began by adding Netflix to its line-up in the fourth quarter of 2019. A few weeks later, it strengthened its long-standing partnership with The Walt Disney Company with an agreement allowing it to distribute its channels and services, have the first broadcast window for Disney films, and become the exclusive distributor of the Disney+ platform in France. Finally, Canal+ entered into an exclusive distribution agreement for beIN Sports channels from June 1, 2020. This key agreement also provides for the exclusive sub-licensing of the League 1 rights for the 2020-2024 seasons held by its partner.

In an audiovisual market marked by an increasingly fragmented line-up, the agreements secured by Canal+ in recent months are fully aligned with its objective of aggregating the best content on a single platform.

**JANUARY 7, 2020**  
Since January 7, 2020, Vivendi SE has been registered in its new form as a European company. Based in France and present in 22 European countries, Vivendi generates nearly 60% of its revenues in Europe and employs almost 55% of its employees there. The transition to this new status helps align Vivendi's corporate form with its European roots.

**FEBRUARY 25, 2020**  
On February 25, 2020, Vivendi organized an e-meeting about its 2019 results for its individual shareholders with Hervé Philippe, Chief Financial Officer and member of the Management Board.

**APRIL 20, 2020**  
Vivendi's General Shareholders' Meeting will be held this year on Monday, April 20, at 3:30 p.m.

# Havas Group strengthens its presence in India

In 2019, Havas Group acquired three companies in India, intending to benefit even more from the growth in this country.



Shobiz Signed / DR

**P**romises are made to be kept. And, as Havas Group Chairman and CEO Yannick Bolloré announced in early 2019, the communications group tripled its presence in India last year. India is the sixth-largest country in the world and a priority for Havas Group, on account of its dynamic economy and buoyant digital sector. In May 2019, Havas Group acquired Think Design, a digital design and user experience consulting agency. Founded in 2004, it now has five studios in India and the United States, and counts 125 specialists helping brands with their user experience strategy. In September 2019, Havas Group also acquired Langoor, a digital agency specializing in creativity and technology. Langoor has offices in India, the Middle East and Australia, and employs 170 experts. It does work for multinationals as well as local companies and start-ups in all disciplines of digital communication (online marketing, websites, data analysis, marketing automation, e-commerce and SEO). Finally, in December 2019, Havas Group acquired the experiential marketing agency Shobiz. Founded in 1982, Shobiz employs over 300 experts. It has five sites in India and specializes in strategic planning, communication, content creation, creative, graphic and architectural design, and audience acquisition. These acquisitions have strengthened the integrated offering and expertise of Havas Group in India. Havas Group also put a new management team in place in the country to better realize its ambitions.



Montage of textbook cover/DR

## Editis strengthens its positions

For Editis, 2019 was marked by a sharp increase in business, driven in particular by the reform of high school curricula in France and by several external growth transactions.

**E**ditis, the second largest national publisher, acquired by Vivendi at the end of January 2019, has strengthened its position in recent months. Its Education and Reference business (publishers Nathan, Bordas, Le Robert, etc.) has been particularly active, with 2019 revenues for eleven months (Vivendi consolidated Editis on February 1, 2019) rising 16.8% at constant currency and perimeter compared to the same period in 2018. Its financial year benefited from the French high school curricula reform. Publishers Nathan, Bordas and Le Robert had some 120 printed textbooks published, 114 of which were in digital and interactive form.

Its Literature business rose by 2.0% pro forma over eleven months. Editis has effectively confirmed its position as a leader in this segment, with six of its authors ranking in the top 10 best-selling writers in France in 2019. Revenues from broadcasting and distribution activities increased by 4.2% pro forma over eleven months compared to the same period in 2018, driven in particular by the distribution of the Prix Goncourt.

In terms of external growth, Editis acquired l'Archipel, a literature and essay specialist (publishers l'Archipel, Archipoche, Presses du Châtelet), in July 2019.

In August 2019, it entered the buoyant graphic novel and comic book segment by joining forces with Jungle Editions (a subsidiary of the Steinkis group) as part of a three-tier partnership involving the creation of a comic book company within Editis, the acquisition of a 30% interest in Jungle and the distribution of almost all Steinkis books.

**OCTOBER 11, 2019**  
**Vivendi commits to skills patronage. On October 11, 2019, the Vivendi Create Joy solidarity program organized a Commitment Day in France, during which employees had the opportunity to share their skills with six associations supported by Vivendi Create Joy. Vivendi has also launched a platform for building bridges between associations and its French employees. The group will be offering them one Commitment Day a year.**

## A dynamic start to the year for Gameloft

The video game publisher has significantly increased its game releases in recent months. A number of major companies have chosen Gameloft to manage their video game franchises.



LEGO Legacy Heroes Unboxed Game

The last few months have proved particularly exciting for Gameloft. On January 30, 2020, the publisher released *Disney Getaway Blast!*, followed by *Overdrive City* on February 13. It had already launched *Disney Princess Puzzle Royal* on October 9, 2019. 65% of the publisher's revenues come from its own gaming franchises, with the remaining 35% coming from those of the major international companies that have placed their trust in it. In addition to Disney and Universal Pictures, Gameloft is also partnered with LEGO, for which it created *LEGO Legacy: Heroes Unboxed*, released in late February. In an effort to expand its presence on all gaming platforms, Gameloft also released two games for the Nintendo Switch™ console: *Modern Combat Blackout* in February 2019 and *Asphalt 9: Legends* in October 2019.

The recent subscription-based game distribution model is another new source of growth for Gameloft. For example, it launched a cloud gaming service in partnership with Blacknut, which offers operators and manufacturers a catalogue of multi-platform games streamed from the cloud. Last but not least, it developed *Ballistic Baseball* for Apple Arcade, Apple's new game subscription service, and is currently working on other projects for this platform.

# An expanded footprint for See Tickets

See Tickets, the Vivendi Village subsidiary specialized in ticketing services, has bought out the Swiss company Starticket and now sells nearly 30 million tickets per year.

See Tickets, a Vivendi Village subsidiary and a major player in ticketing, CRM, and access control, has confirmed its development strategy with the acquisition of Swiss ticket distributor Starticket. With more than 5 million tickets sold each year, Starticket is one of the country's leading ticket distributors.

This acquisition will enable See Tickets to sell about 30 million tickets annually provided by nearly 10,000 promoters of shows and events. It will also benefit from Starticket's extensive experience in the Swiss market. Thanks to See Tickets, Starticket will now have access to the latest ticketing technologies, benefit from a network of powerful partners and ultimately strengthen its competitiveness.

See Tickets is currently present in nine countries in Europe (France, Germany, Belgium, Denmark, Spain, the Netherlands, Portugal, the United Kingdom, and Switzerland) and the United States. It has about 500 employees. Pooling the services and technologies of its various entities will bring numerous advantages. For example, thanks to a robust technical platform developed in Great Britain, See Tickets was able to handle over 100,000 simultaneous connections in France when the tickets for Céline Dion's concert at Les Vieilles Charrues went on sale in October 2019 (tickets sold out in the space of 9 minutes). Moreover, all of the group's ticketing activities, including those in France, are now unified around the same See Tickets brand. The new visual identity was designed and developed by Havas Group's W Agency.



See Tickets / DR

Vivendi is committed



Palau Pledge @Sen Izzard from the Pool Collective

## Vivendi raises awareness on the climate emergency

**For Vivendi, the fight against climate change and the protection of the environment are vital challenges,**

as creativity and cultural expression can never be sustained in a degraded ecosystem: nature and the environment have always been an endless source of inspiration for artists. Vivendi intends to raise its customers' awareness of the climate emergency in particular.

In terms of its audiovisual business, in France, Canal+ has broadcast several documentaries to raise environmental awareness, including *Energy Observer*, *The Messengers of our Planet*, and *Terrains brûlants*. The *Keskispasse sur la planète* section of the magazine program *Toussa Toussa* gives young people a voice. The miniseries *L'Effondrement* takes viewers into a world of shortages, with eight eco-responsibly produced episodes. The *La Station-service* episode won an award at the Deauville Green Awards. And in Poland, on the *Kuchnia+* channel, the *Jagna Niedzielska's* zero-waste cooking program is working to prevent food waste.

UMG has also taken up the fight, with Universal Music UK and Abbey Road Studios joining the Music Declares Emergency movement. In addition, several UMG artists, including Gauvain Sers and Tiken Jah Fakoly, are contributing through their songs addressing climate change. The soundtrack of the *Our Planet* series (Netflix) is produced by Decca Records (UMG label) and includes a previously unreleased track by Ellie Goulding (UMG artist). And for the first time, the CD version of the album has been released in environmentally-friendly (algae-based) packaging. As for Havas Group, it has been committed since 2017 to the Common Ground initiative and more specifically to the subject of climate change. In 2019, it created 13 campaigns to raise awareness of climate disturbances.

At Editis, the publisher Tana has created an eco-responsible label for its editorial line and the production of its books.

Nathan Maternelle, the publisher educating future generations, is more specifically promoting sustainable development, with its game *Mission forêt propre*, *Nature* and *Eco-citizen* puzzles, and sorting workshops.

# SHAREHOLDERS' DIARY

VIVENDI  
AND YOU

## VIVENDI'S INDIVIDUAL SHAREHOLDER SERVICES REWARDED BY *LE REVENU*

For the third year, Vivendi has been recognized for the quality of its individual shareholder communications. On December 12, 2019, *Le Revenu* awarded Vivendi the Silver Trophy for the Best Digital Communication of the CAC 40. The magazine presents its Best Shareholder Relations Awards each year in mid-December.

The digital communication system set up for Vivendi's 200,000 individual shareholders consists of several tools:

- the Individual Shareholders pages on Vivendi's corporate website, comprising eight sections: Shareholders' Meeting; Shareholders' Committee; Shareholders' Club; Shareholders' Booklet; Shareholders' Newsletters; Share Price, Dividend and Shareholding Structure; Press Releases; and Contact us;
- two Twitter accounts providing live updates about Vivendi, the Shareholders' Club and the financial markets; and
- e-meetings on the Internet open to all shareholders regardless of their geographical location and which can be viewed live or replayed through the company's website. The most recent meeting focused on Vivendi's 2019 results and was led by Hervé Philippe, Chief Financial Officer and a member of the Management Board.

In addition to this system, there are shareholders' newsletters, meetings in and outside Paris, Club events, Shareholders' Committee meetings, and more.

## VIVENDI SHARE PRICE

Stock price/reinvested dividends



**Important disclaimer: forward-looking statements.** This *Letter to Shareholders* contains forward-looking statements concerning Vivendi's financial condition, results of transactions, businesses, strategy and prospects, including issues regarding the impact of certain transactions and the payment of dividends and distributions, as well as share repurchases. Although Vivendi believes that such statements are based on reasonable assumptions, they do not constitute guarantees of future performance by the company. Actual results may differ materially from forward-looking statements because of a number of risks and uncertainties, many of which are beyond our control, in particular risks related to obtaining the consent of competition authorities and other regulatory authorities, as well as all other authorizations that may be required in conjunction with certain transactions and the risks described in the documents Vivendi has filed with the *Autorité des marchés financiers*. Also available in English on our website ([www.vivendi.com](http://www.vivendi.com)). Investors and securities holders may obtain free copies of the documents filed by Vivendi from the *Autorité des marchés financiers* ([www.amf-france.org](http://www.amf-france.org)) or directly from Vivendi. This *Letter to our Shareholders* contains forward-looking statements that can be assessed only as of the date of its dissemination. Vivendi makes no commitment to supplement, update or alter these forward-looking statements as a result of new information, future events or any other reason. Unsponsored ADRs: Vivendi does not sponsor American Depositary Receipt (ADR) programs for its shares. Any currently existing ADR program is "unsponsored" and has no connection of any kind with Vivendi. Vivendi disclaims all responsibility for such programs.

## CONTACT US

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— and by phone: 0 805 050 050 toll-free from a fixed line phone if you are calling from France, or +33 (0)1 71 71 34 99 if you are calling from abroad. The department will respond Monday through Friday from 9:00 am to 6:00 pm (hours extended in the event of important news).

## IF YOU OWN AT LEAST ONE VIVENDI SHARE

You can join the **Vivendi Shareholders' Club**. Send us your membership form downloadable from the Internet or sent on request by the Shareholders Information department.

[www.vivendi.com](http://www.vivendi.com)

## FINANCIAL MEETINGS

The Shareholders Information department runs four financial meetings each year in the provinces, arranged in pairs with another group from the CAC 40 by the F2iC or a weekly financial newspaper. The next meetings will take place **on September 11 in Strasbourg and September 21 in Lyon**. Registration is by invitation only.

**You are receiving this *Letter to our Shareholders* under the terms of the French Data Protection Act of January 6, 1978, pursuant to which you may exercise your right to access, correct or contest personal data by sending an e-mail to [actionnaires@vivendi.com](mailto:actionnaires@vivendi.com), or by writing us at Vivendi – Shareholders Information department – 42, avenue de Friedland – 75008 Paris – France.**