

LETTER

vivendi

MARCH
2017

TO SHAREHOLDERS

PHOTOS DR



VINCENT
BOLLORÉ

CHAIRMAN OF
THE SUPERVISORY
BOARD

ARNAUD
DE PUYFONTAINE

CEO

A CLEAR AND AMBITIOUS STRATEGY

Vivendi's teams are building a global content and media group. This is one of the third millennium's most attractive industries, first of all because in the years ahead, many more consumers will be able to enjoy entertainment. Not only will two billion people in Africa, Asia and South America enter the leisure economy by 2025, they will also be better equipped to access entertainment content. Worldwide, the number of smartphones, now considered the premier viewing device, is expected to rise from four billion in 2016 to more than six billion in 2020.

If we look at the world's most popular forms of content today – music, video games, movies/TV series and TV shows/live broadcasts – we can see that Vivendi already owns most of them. But it has made major acquisitions to own every type of content consumed worldwide, with Universal Music Group (music), Gameloft (mobile games) and Canal+ Group (TV/motion pictures).

The teams in charge of content and media work together as an industrial group, so that they create more value to shareholders.

Vivendi is also expanding in the distribution market by strengthening its own capabilities through Canal+ Group, by acquiring platforms such as Dailymotion and forming partnerships with telecoms operators and digital platforms such as Google, Apple, Facebook and Amazon. Content can in this way be offered both on a local and global scale.

Vivendi is able to pursue its far-reaching strategy in several regions, including Africa, Asia and Southern Europe, due to its very robust balance sheet and the long-term stability provided by its core shareholder, the Bolloré family group (which held 29% of the voting rights in April 2017).

These ambitious developments, which are going to drive the creation of high value, will go hand in hand with a dividend payout representing a yield of approximately 2% per share. ■



© BERNARD SIDLER

Hervé Philippe

Vivendi Chief Financial Officer and member of the Management Board

2016 was fuelled by the strong performance of Universal Music Group. Canal+ Group felt the first effects of the transformation plan in France, while its international activities remained buoyant. The Group's outlook for 2017 is confidently optimistic.

THE EBITA SHOULD INCREASE BY 25% IN 2017

In 2016, Vivendi recorded adjusted net income of €755 million (+8.4%), a almost stable revenues of €10.8 billion (+0.5%). The outlook for 2017 is strong: revenue should increase by more than 5%. Thanks to the measures taken last year, EBITA should increase by around 25%.

UMG: strong growth in subscriptions and streaming

Universal Music Group's revenues amounted to €5.267 billion, an increase of 3.1%, fuelled by growth across all its activities. Growth in revenue linked to subscriptions and streaming remains particularly significant at +57.9%.* Income from operations amounted to €687 million, up by 9.8% due to an increase in revenue and cost savings. New releases from Drake, Rihanna, Ariana Grande and the Rolling Stones

*At constant exchange rates.

were very well received, as well as carryover sales of Justin Bieber's music.

CANAL+ GROUP: new sales initiatives in France

Canal+ Group revenues amounted to €5.253 billion, a decrease of 4.7%. In France, it launched number of new offerings in November 2016 and signed agreements with Free and Orange in the fourth quarter of 2016. International growth continued, particularly in Africa (an increase of 692,000 subscribers, bringing the total to nearly 2.8 million). By the end of December 2016, the Canal+ Group portfolio had risen to about 11.5 million

individual subscribers and 2.9 million Free and Orange customers (FTTH). Income from operations was €303 million compared to €542 million in the previous year, due mainly to a drop in the number of individual subscribers in mainland France (excluding partnerships with telecom operators) and investment in programs.

GAMELOFT: accelerating growth

Gameloft's revenues amounted to €132 million in 2016 second half (Vivendi consolidated Gameloft on 29 June 2016). Growth accelerated in the second half of 2016. The business was buoyed up by the strong development of its mobile advertising agency, the continued success of a number of games and the successful launch of "Disney Magic Kingdoms."

Thanks to the solid growth of its revenue and the drop in its operating costs, income from operation amounted to €10 million in 2016 second half year, with a corresponding 7.6% margin, a record level since the second half of 2013.

Dividend of €0.40 per share proposed by the management board

KEY FIGURES 2016

		Change compared to 2015	Change at constant currency and perimeter compared to 2015
Revenues	€10,819 M	+0.5%	-0.2%
EBITA	€724 M	-23.2 %	-21.5 %
EBIT	€1,194 M	-2.9 %	
Earnings attributable to Vivendi SA shareowners	€1,256 M€	-35.0 %	
Earnings from continuing operations attributable to Vivendi SA shareowners	€1,236 M€	+77.0 %	
Return to shareholders	€4.2 bn		

The key figures presented above take into account the changes in scope of consolidation occurring or announced in 2015 and 2016, of which the accounting impact, particularly compliance with IFRS 5, is described in the 2016 Financial Report, which is available at www.vivendi.com or upon request from the Vivendi Shareholders' Department.

VIVENDI VILLAGE: growth of CanalOlympia

Vivendi Village recorded revenues of €111 million in 2016, an increase of 10.9%, and a loss of €7 million.

The activities of Vivendi Ticketing and MyBest-Pro distinguished particularly, recording increases in their income from operations of 11.8% and 23.5% respectively.

In a difficult climate, due to the terrorist attacks in Paris, the Olympia maintained its 2016 revenues. In Africa, CanalOlympia has opened four new venues since the beginning of the year.

NEW INITIATIVES: Studio+ already in six countries

The New Initiatives business segment (Dailymotion and Vivendi Content) recorded revenues of €103 million (compared with €43 million in 2015) and an income from operations loss of €44 million (compared with -€18 million in 2015).

Dailymotion is working on a technical and editorial relaunch for 2017 second quarter. Vivendi Content developed Studio+, a premium short digital series offer, and launched it in six Latin American and European countries. ■

CANAL+
GROUPE



©DR

Maxime Saada
Chief Executive Officer
of Canal+ Group

CANAL+ GROUP PUTS BOXING BACK TOPPING THE BILL

In signing a major agreement with Tony Yoka, Canal+ aims to support the champion and promote boxing on its channels. Tony Yoka is also preparing a show for C8.

Canal+ Group has signed an exclusive four-year agreement to broadcast the professional fights of French boxer Tony Yoka, Olympic Heavyweight

**A show
in preparation
for C8**



TONY YOKA, OLYMPIC AND WORLD AMATEUR BOXING CHAMPION

gold medallist in Rio in 2016 and World Amateur Champion in 2015.

With its long history as a boxing broadcaster, Canal+ aims to invest still further in this spectacular sport via totally immersive filming of fights and coverage of major evening events.

Tony Yoka is one of France's greatest-ever champions, whose career took off in spectacular fashion in Rio. He has his sights set on the World title, and by signing an agreement with him, Canal+ is aiming to support his rise in the sport and to promote boxing in general.

The sport will therefore occupy a prime position on Canal+ alongside football, rugby and Formula 1.

Mr Yoka is also working with presenter Cyril Hanouna to prepare a television show that will be aired on C8 in 2018. This follow-up program is aimed at "seeking out new champions". The boxer will be joined in this by his partner, Estelle Mossely, who also won Olympic Boxing Gold in Rio. ■

©PHILIPPE MAZZONI/CANAL+



Frédéric Crépin
General Counsel
of Vivendi
and Canal+ Group

Appointment of Marie-Annick Darmaillac to Vivendi's CSR Department

Marie-Annick Darmaillac was appointed Vice President, Corporate Social Responsibility of Vivendi on February 1, 2017. She will report to me as member of the Vivendi Management Board and General Counsel of Vivendi and Canal+ Group.

Vivendi's new CSR Vice President intends to focus on the involvement of all Group subsidiaries in CSR matters and on the employees who deal with these issues. CSR is supported through internal collaboration and sharing. It must be of concern and percolate through the whole Group.

In 2015, Marie-Annick Darmaillac was appointed Head of Internal Talent Promotion and Development at Canal+Group. Prior to that, from 2005 to 2015, she was Deputy General Counsel of Groupe Bolloré, responsible in particular for the professional development of high potential managers and in charge of ethical and sustainable development issues.

Marie-Annick Darmaillac is a qualified judge and has held several positions in this capacity, notably Deputy Head of Continuing Education at the French National School of Magistracy. Please join me in welcoming Marie-Annick.



© JEAN CHISCANO

Stéphane Roussel
Chief Operating Officer
of Vivendi and Chairman
and CEO of Gameloft

The mobile video-game publisher had an excellent year in 2016, supported by its catalogue of flagship franchises, such as *Asphalt*, *Modern Combat* and *Dungeon Hunter*, and the success of the new "Disney Magic Kingdoms" game.

GAMELOFT RANKED FIRST FOR MOBILE VIDEO-GAME DOWNLOADS

2016 saw great success for Gameloft. For the second consecutive year, App Annie has ranked the mobile video-game publisher, acquired by Vivendi in the summer of 2016, as the world's leading publisher of mobile games, as judged by the number of downloads from the App Store and Google Play. More than one billion of its games were down-

loaded in 2016 on all the platforms available throughout the world! In April, Gameloft was declared Best Publisher for 2006-2016 at the Pocket Gamer Legends Awards.

These rankings recognize the success over the years of games such as *Asphalt 8: Airborne*, *Dungeon Hunter 5*, *Dragon Mania Legends*, *March of Empires* and *Modern Combat 5: Blackout*. In 2016, the new *Disney Magic Kingdoms* game was also enthu-

Leading mobile game publisher at the App Store and Google Play



ASPHALT 8: AIRBORNE

© GAMELOFT

siastically received, particularly in Japan, where it was marketed in partnership with GunHo and ranked top in iOS and Google Play downloads for a number of days (one million of downloads in Japan 20 days after its release).

Mobile advertising agency Gameloft Advertising Solutions also experienced very strong growth. Similarly, Gameloft benefited from a better monetization of existing game services as well as a more targeted and a more effective user acquisition policy.

Furthermore, the publisher reinforced its independence in the second half of 2016 by achieving 67% of its sales with its own game franchises. This percentage is steadily growing: from 57% in 2013 to 60% in 2014 and 64% in 2015.

In the second half of 2016, Gameloft (fully consolidated by Vivendi on June 29, 2016) recorded sales of €132 million (after €125 million in the first half) and a current operating margin of 7.6% – a level last achieved in the second half of 2013! ■



UNIVERSAL MUSIC GROUP



PHOTO DR

Lucian Grainge
Président-Directeur
général d'UMG

With its growing number of new digital channels, Universal Music Group (UMG) has been able to promote several innovative projects.

UNIVERSAL MUSIC GROUP, AT THE FOREFRONT OF THE DIGITAL MUSICAL REVOLUTION

UMG plays an active role in fostering the continued development of new digital services for music consumers. In recent months, it signed agreements with a number of streaming players such as Pandora, iHeart-Media and Amazon. UMG has also seized opportunities in several emerging markets including China, Russia, Brazil and Africa. UMG has now licensed more

Over 400 agreements in digital

than 400 digital services worldwide.

In addition, UMG's Spinnup, a digital music distribution platform dedicated to supporting aspiring and unsigned artists and musicians, became available in France and Belgium in October 2016 after launching in Sweden in 2013. Also available in a number of other key markets, Spinnup dis-

tributes artists' music on leading platforms, while providing UMG with a new channel for identifying talent around the world.

Digster was launched globally in 2010 by Universal Music Group and swiftly became a leading global playlist brand for streaming platforms. Universal Music France started their service in 2014 and has garnered more than 2.5 million users in France, totaling 23 million plays per month. Digster Africa has marketed playlists via telecom operators since 2016. ■



Simon Gillham
Chairman of
Vivendi Village
Senior Executive
Vice President,
Communications

Vivendi supports and is a partner in Paris' bid to host the 2024 Olympic and Paralympic Games. Support is growing in all Group activities.

VIVENDI: OFFICIAL PARTNER OF PARIS2024

Vivendi is one of the 13 official partners of Paris 2024, Paris' bid to host the Olympic and Paralympic Games. As the only group from the media and content sectors, Vivendi has brought various financial, human and technical resources to support this momentous project. More specifically, Vivendi is making its expertise in content production and distribution available for the city's bid. It is also bringing a vital cultural and creative dimension to it.

All the Group subsidiaries and Head Office are on board for the project. As an example, six 30-second sequences promoting the Olympic Games and Paris' 2024 bid were broadcast on all Canal+ Group pay and free channels between late June and mid-September 2016. Paris 2024 will also be supported by many programs in the lead-up to 13 September 2017, when the host city will be announced (TPMP, "+" of Infosport, etc.). Last August, Canal+ and the

Support from all the subsidiaries



PARIS 2024 IN THE SHOW "RIO, LE MAGAZINE DES JEUX OLYMPIQUES," AUGUST 2016

BETC agency (Havas Group) co-produced the film promoting the candidacy, #ShareParis. Comprising Instagram images bearing the hashtag "#Paris," the film shows a young, dynamic and sports-loving city, punctuated with images of the capital's most beautiful monuments and buildings

ÉLODIE CLOUVEL COMING SOON TO CANAL+

On December 20, it was the Olympia's turn to salute Paris 2024. During the final of France's

FIFA e-championship, all 32 players posed for a photo to show their support for Paris 2024, demonstrating their commitment to the bid and Olympic values.

Vivendi has always been close to the sports world and the Olympics. Its teams incorporate many athletes, including Élodie Clouvel, Silver Medallist in the Modern Pentathlon at the Rio Olympics and runner-up to the World Champion in 2016. In January 2016, the young Catalanian joined Canal+ Sports. She will soon be making her appearance on Canal+ programs, hosting sporting activities. ■

VIVENDI, PARTNERING WITH [PLACEDESACIONNAIRES.COM](http://PLACEDESACTIONNAIRES.COM)

On February 1, 2017, the French Federation of Individual Investors and Investment Clubs (F2iC) launched placedesactionnaires.com, the first social network specifically dedicated to individual shareholders and savers, with which Vivendi has associated itself as a partner.

This network aims to be THE platform for discussion and information for individual shareholders, savers, listed companies, investment companies, and institutional organization. It will feature financial and product news, tax information, financial and shareholders' clubs calendars.

The network is easy to access and to use, and operates in much the same way as Twitter. Posts may contain a maximum of 140 characters and may be supplemented by photographs. Posts by others can also be shared on one's network, as can "Likes" and private messages. There are tabs for pricing stock market and for placing orders. In the latter case, the network is linked to 20 financial institutions websites.

Shareholders can therefore find information on the financial markets and listed companies in one place while easily accessing their bank account at the same time – a commendable and dynamic initiative!

PARTIAL RENEWAL OF THE SHAREHOLDERS' COMMITTEE

The Vivendi Shareholders' Committee was established in 2009 to serve as a link between individual shareholders and Vivendi management. An advisory body, its objective is to promote dialogue and open communication between Vivendi and individual shareholders. More particularly, it helps to:

- Improve the quality of the information and services that Vivendi provides to individual shareholders
- Gather in the expectations, ideas and suggestions of a panel of shareholders concerning their communications and relations with Vivendi.

The Committee has 10 members, each of whom serves for two years (renewable). Five of the 10 members were rotated at the end of last year (the application form is available on the Group's website in the Individual Shareholders section). All the applicants' entries were received and examined by Vivendi. In addition to the quality of the applications, the choice of members was dictated by the desire to ensure a balance among genders, regions, ages and professions. All categories of shareholders must be represented on the Committee.

Françoise German (Yvelines), Julien Delpierre (Val de Marne), Laurent Dupuy (Côte d'Azur), Jean-Pierre Riou (Pays-de-la-Loire) and Agnès Bongo (Ile-de-France) therefore joined Roland Dumas (Alsace), Françoise Guelle (Rhône), Bruno Lacoste (Gironde), Anne-Lise Lanet (Meurthe-et-Moselle) and Nathalie Ollier (PACA), the latter Committee members since 2014. Two of these members represent the employee shareholders, who hold 3.27% of Vivendi's capital (as of December 31, 2016).

The Committee meets three times per year, and the minutes of its meetings may be viewed on the Group's website: <http://www.vivendi.com/actionnaires-individuels/comite-des-actionnaires/>. The meetings begin with a discussion with a Board member and a news update, followed by work on one of the Group's activities or one of the communication resources or events created for individual shareholders (Annual General Meeting, Letter to Shareholders, Shareholders' Club, social networks, etc.).

SHAREHOLDERS' DIARY

■ PROGRAM FOR THE COMING MONTHS

Vivendi organizes numerous events for its Shareholders' Club. To participate, you must hold at least one share. Events include visits, shows, topical meetings and more! Discover our program and sign up! You will find this program of events on our website: www.vivendi.com (click on the "Individual shareholders" tab and then on "Shareholders' Club").

■ CONTACT US

For further information on Vivendi, please contact our Shareholders Information Department (IAI) by mail: Vivendi, Shareholders Information Department, 42 avenue de Friedland, Paris 75008 France. By e-mail: actionnaires@vivendi.com.

And by telephone: **0805 050 050** (Numero vert) 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 a.m. to 6:00 p.m. (hours extended in the event of important news).

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, or by writing us at Vivendi – Shareholders Information Department – 42 avenue de Friedland – 75008 Paris, France. Should you wish to unsubscribe and cease receiving these newsletters, please contact us at the same address.

To keep up to date with recent developments at Vivendi, visit the website www.vivendi.com and click on "Individual Shareholders" and then on "Press releases" or "Audio news"

Important disclaimer: Forward-looking statements. This letter to our 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 repurchase programs. 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). Investors and securities holders may obtain free copies of the documents filed by Vivendi from the Autorité des Marchés Financiers (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.