

TOGETHER

LETTER TO OUR SHAREHOLDERS

MARCH 2019

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vivendi



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VIVENDI: STRONG OPERATING PERFORMANCE IN 2018

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

2018 was a good year for Vivendi, with our main businesses recording a significant improvement in profitability. Universal Music Group (UMG) continued to benefit from the talent of its artists, the expertise of its teams and the growth of music streaming platforms. Canal+ Group's profitability increased as a result of the transformation plan implemented in France in 2016 and its international expansion. Havas benefited from new account wins during the year.

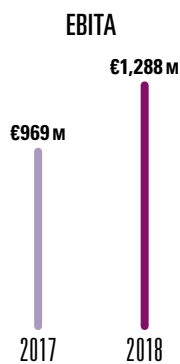
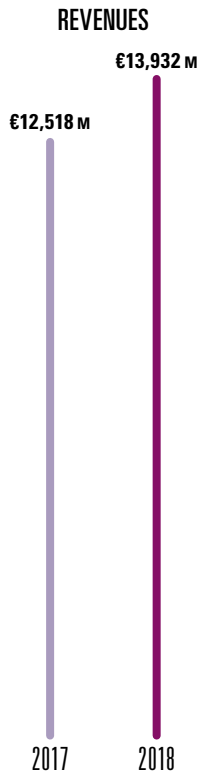
During the 2018 fiscal year, Vivendi added a new brick to its development of a world-class media, content and communication based in Europe. The group just completed its acquisition of Editis, the second-largest French-language publishing group, encompassing almost 50 prestigious publishing houses, many internationally acclaimed authors and a catalog of over 45,000 titles.

In addition, the process of opening up as much as 50% of UMG's share capital to one or more strategic partners is proceeding according to schedule. Vendor due diligence was launched in early 2019 and the choice of five to seven advisory banks will be made in the coming weeks.

In view of the strong performance in 2018, the Management Board will invite the Shareholders' Meeting of April 15, 2019 to approve an ordinary dividend of €0.50 per share with respect to fiscal year 2018, an increase of 11.1% compared to the dividend paid with respect to fiscal year 2017. The shareholders will also vote on the appointment of Cyrille Bolloré to the Supervisory Board to replace Vincent Bolloré. A new generation is joining the Supervisory Board and this change reflects the Bolloré Group's long-term commitment to Vivendi.

RESULTS

2018 ANNUAL RESULTS



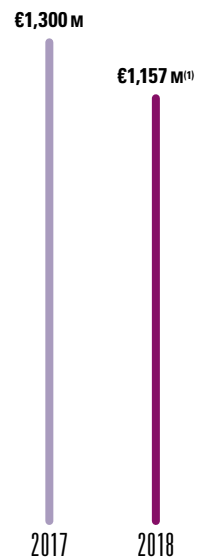
Vivendi's main businesses recorded strong operating performances in 2018, with the group's EBITA up 24.7% organically compared to 2017.

Due to increased revenues from streaming and market share, **Universal Music Group's** EBITA was €902 million, up 22.1% organically compared to 2017.

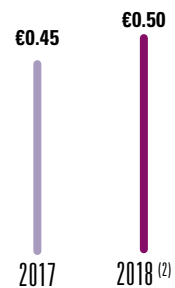
Canal+ Group's EBITA before restructuring charges was €428 million, up almost €80 million compared to 2017. This strong growth is attributable to the cost-reduction plan implemented in 2016, a marked improvement in the situation in France and sustained international development.

Havas benefited from new contracts, recording a particularly strong fourth quarter. In 2018, its EBITA before restructuring charges increased by 1.9% organically compared to 2017 (pro forma).

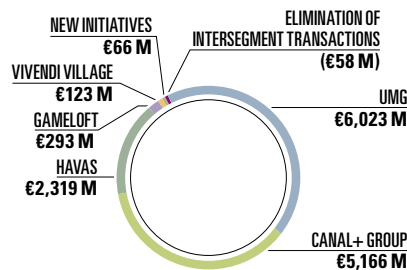
ADJUSTED NET INCOME



DIVIDEND WITH RESPECT TO FISCAL YEAR



REVENUES BY BUSINESS SEGMENT



In 2018 — in millions of euros.

(1) Adjusted net income up 33.6% excluding 2017 favorable exceptional items.
 (2) Submitted to the approval of the Annual Shareholders' Meeting of April 15, 2019.

You can find a visual presentation of the group's 2018 performance at: <https://www.vivendi.com/vivendi2018highlights>



Pierre Conte
CEO OF EDITIS

NEWS

— editis **E**

EDITIS THREE QUESTIONS TO...

VIVENDI JUST COMPLETED ITS ACQUISITION OF EDITIS ON JANUARY 31. TELL US ABOUT EDITIS...

Editis brings together close to 50 prestigious houses (e.g., Nathan, Robert Laffont, Julliard, Plon, Presses de la Cité, Pocket 10/18, Solar, Gründ, Bordas). They publish all types of books, from educational books and detective stories to literature and reference materials. Perhaps

you've read the latest novel by Marc Lévy or Harlan Coben given to you as a present during the holidays, or any book from the *Pour les Nuls* ("For Dummies") collection, or consulted a *Le Robert* dictionary or prepared a trip with a French-language Lonely Planet guide, without knowing it, you've held books from our group in your hands. Editis is the second-largest publishing group in France, and the leader in textbooks, pocket sized-books and history books, among others. Editis employs 2,542 people who are passionate about their profession.

2018 was a year of fantastic creativity. Our authors received many awards such as the *Grand Prix du roman de l'Académie française* (*L'été des quatre rois* by Camille Pascale published by Plon), *Prix de l'essai Psychologies-Fnac* (*Sorcières* by Mona Chollet published by La Découverte), *Prix Goncourt de la Biographie* (*Salinger Intime* by Denis Demonpion published by Robert Laffont), *Prix du Livre des Droits de l'Homme* (*Revenu des ténèbres* by Kouamé published by XO), and more recently, the *Prix du Livre étranger* (*L'Empreinte* by Alexandra Marzano-Lesnevich published by Sonatine, translated from the English book *The Fact of a Body*).

Last year, the prestigious publishing house Editions Héloïse d'Ormesson chose to join our group. This company publishes leading authors such as Tatiana de Rosnay and also published Jean d'Ormesson's posthumous book. The beginning of 2019 is full of new title releases such as *Cupidon a des ailes en carton* by Raphaëlle Giordano (Plon), *Un Certain Paul Darrigrand* by Philippe Besson (Julliard) and thrillers by Bernard Minier (XO) and Franck Thilliez (Fleuve Noir).

What people are less aware of is that Editis is also an industrial and marketing power. The group is a leader in selling-distribution in France and Europe through its subsidiary Interforum, offering in particular Copernics, its unique print-on-demand solution.

PUBLISHING IS A MAJOR PILLAR IN ENTERTAINMENT, WHERE VIVENDI ALREADY HAS A STRONG PRESENCE. WHAT TYPES OF COLLABORATION BETWEEN EDITIS AND THE OTHER GROUP COMPANIES COULD BE POSSIBLE?

Vivendi's investment in Editis corresponds to a real collaboration strategy between various entertainment disciplines. We will be able to offer new development opportunities to our authors: adaptation of their books to movies and series with Studiocanal, conference events with Vivendi Village, video games inspired by their works with Gameloft, or improved understanding of customers with Havas. All of these projects can be initiated very early with great confidence.

For example, on February 28, Michel Bussi released his latest novel, *J'ai dû rêver trop fort* (Presses de la Cité) in which one of the characters is a young musician composing a love song. In response to this book, Gauvain Sers, a singer-songwriter signed to Mercury (a Universal Music Group label, UMG) will compose the novel's song. Likewise, *The Hate U Give* by Angie Thomas (Nathan), who has just been awarded the *Prix du Livre jeunesse* (young author prize), is accompanied by an original soundtrack by Def Jam/Barclay, another UMG label.

WHAT ARE EDITIS' PUBLISHING PRIORITIES CURRENTLY?

We're going to develop our work in audio books for which we launched the Lizzie brand in 2019. The voice as a medium is a great opportunity for us.

But, as in all creative industries, our priority is always to identify, retain and cultivate talent. This is the common thread among the different Vivendi businesses. If we publish five out of the top 10 best sellers in France, it is also our job to discover new authors, regardless of writing style. This is why we publish 4,000 new works every year, so that we can launch the next Jean Teulé or Alain Rey. With Vivendi, we can now offer them an ambitious and modern plan, but we will always need the best publishers in the best houses supporting the best authors.

UMG SIGNS A MAJOR AGREEMENT WITH TAYLOR SWIFT

The singer signed an exclusive deal with UMG and Republic Records for her upcoming albums.

Taylor Swift has entrusted her future recordings to Universal Music Group (UMG) and its label Republic Records. The American artist is no stranger to the group that formerly managed the distribution of her albums. At 29, Taylor Swift has sold more than 200 million titles worldwide. She is the only artist in history to sell more than one million copies of four consecutive

albums in their first week of release. With more than 10 million streams in a 24-hour period, *Look What You Made Me Do* from her critically-acclaimed album *Reputation*, was the most-listened-to song in one day. The video for *Look What You Made Me Do* has had well over 1 billion views, as did her videos for *Blank Space* and *Shake It Off*.

A Brit and Emmy award winner, Taylor is a ten-time Grammy winner, a singer, songwriter, musician and producer. She is the youngest person in history to win the music industry's highest honor, The Grammy Award for Album of the year, and she is the first female solo artist to win this prestigious award twice.



© TS: Mert & Marcus

THE OLYMPIA RECENTLY INAUGURATED ITS RESTAURANT,

Le Petit Olympia, located at 6, rue Caumartin in the 9th arrondissement of Paris. *Le Petit Olympia* is perpetuating the Parisian bistro tradition. In the evenings, it's a cozy meeting spot pre- or post-show, where there's a chance of rubbing elbows with the artists. At lunch time, it offers diners a haven of tranquility surrounded by many references to the iconic Olympia.

GAMELOFT HAS PARTNERED UP WITH LEGO®, the famous children's action figure brand.

This year, the two groups will launch a mobile game retracing the 40-year history of the iconic minifigures. The video game will take place in a new LEGO® world and consist of an epic adventure celebrating the brand's various collections. There are, in particular, games planned with *Red Classic Spaceman* (1978), *Captain Red Beard* from the 6270 set (1989) and *Hot Dog Man* from the LEGO® minifigures series 13 (2015).



© Canal+

CANAL+
GROUP

CANAL+ ACQUIRES EXCLUSIVE BROADCASTING RIGHTS FOR MOTOGP™

The group has purchased the broadcasting rights to MotoGP™, one of the most prestigious motorsport competitions.

Canal+ has once again enriched its motorsport broadcasting rights. MotoGP™ races will now be broadcast live on the premium channel. Tests and qualifications will be broadcast on the group's various channels and on myCanal. And, two Grand Prix races will be co-broadcast each season by C8, including the Grand Prix de France (Le Mans circuit), which attracts over 200,000 spectators. A broadcasting team made up of specialist journalists and top consultants will be dedicated to the competition.

MotoGP™ is the premier class of the motorcycle world championship, with stars such as the Italian Valentino Rossi, Spaniards Marc Márquez and Jorge Lorenzo, and Frenchmen Johann Zarco and Fabio Quartararo.

With these new rights, Canal+ confirms its incredibly comprehensive motorsport coverage. The group broadcasts the Formula 1, Formula 2 and Formula 3 World Championships, as well as Indy Car, Formula E, the French Rally Championship and the World Rally Championship (WRC). Apart from motorsports, Canal+ channels also broadcast football with the top three French Ligue 1 matches each day, the entire French League Cup, and soon the Premier League. They also cover all the French Top 14 and Pro D2 rugby matches, Southern Hemisphere rugby, the most prestigious golf tournaments, the European Tour and the PGA Tour, as well as major boxing matches, among others.



Photo DR

CANAL OLYMPIA

CANALOLYMPIA PROVES TO BE A HIT

The network of movie and live performance theaters already has 11 venues. Objective: approximately twenty venues by the end of the year.

CanalOlympia is intensifying its development efforts. Two years after its launch, the leading network of movie and live performance theaters in Africa already has a total of 11 venues in Cameroon, Guinea, Niger, Burkina Faso, Senegal, Togo, Benin and Gabon. It is hugely successful. Benefiting from strong demand for movies on the African continent, over half a million tickets were sold in 2018. At 24%, the average theater attendance rate is almost double the French rate.

CanalOlympia does not intend to stop there: three new venues are under construction and several sites are being negotiated. The network will include approximately twenty venues by end 2019. Plans to expand to English-speaking Africa are also under consideration.

CanalOlympia aspires to be a catalyst for supporting talent on this continent. The venues, which have an outdoor stage, hosted over 260 events in 2018: concerts, stand-ups, press conferences, and... international competitions organized by Vivendi Sports including the second *Tour de l'Espoir (Race of Hope)*, a U23 cycling race in Cameroon, and *Jab & Vibes*, a boxing event held in Senegal.

HAVAS MADE SEVERAL ACQUISITIONS IN 2018: Catchi, a major player in the Internet and mobile apps CRO (conversion rate optimization) in Australia and New Zealand; Deekeling Arndt Advisors (DAA), a communications consultancy agency specialized in luxury and lifestyle in France; M&C Consultancy, a UK-based agency specialized in access to the healthcare market; and Republica, the leading independent multicultural marketing agency in the United States. In addition, Havas has just signed an agreement to acquire a 51% stake in Havas Baltics, the largest communications group in the Baltic region, formed following the merger between Idea in Estonia and Publicum in Lithuania.



GAMELOFT ACQUIRES FRESH PLANET

The mobile video game developer has acquired Fresh Planet, the music trivia game leader.



Gameloft DR

After selling its stake in Ubisoft, Vivendi indicated that the proceeds generated would enable it in particular to strengthen its position in the buoyant video game sector and Gameloft's successful integration confirmed this objective. In December 2018, Gameloft acquired Fresh Planet, the studio behind the *SongPop* games. Fresh Planet, which was set up in New York in 2009 by a Frenchman, is the undisputed leader in music trivia games. Since its launch, *SongPop* has been downloaded over 100 million times. This acquisition will allow Gameloft to diversify its catalog, strengthen its position in the United States where Fresh Planet is well-established and where its games are very popular, attract a greater female audience (two out of three *SongPop* players are women) and grow subscriptions (for a few euros a month, *SongPop* fans can enjoy unlimited play). Lastly, with Fresh Planet, Gameloft hopes to further develop synergies between video games and Universal Music Group.



Photo DR

VIVENDI SUPPORTS EMPLOYEE SHAREHOLDING

Because of the level of their share ownership, Vivendi's employee shareholders had the right to be represented on the Supervisory Board.

For many years now, Vivendi has implemented a profit-sharing policy based on the development of employee savings plans and employee share ownership. This program allows employee shareholders to have a representative on the Vivendi Supervisory Board. Sandrine Le Bihan was appointed as member of the Supervisory Board representing employee shareholders by the vote of the Shareholders' Meeting of April 25, 2017. This appointment was preceded by her nomination by direct election by employee shareholders. Sandrine Le Bihan is also Chair of the Supervisory Board of Groupe Vivendi Épargne (collective investment fund) and a member of the Supervisory Board of Opus Vivendi (collective investment fund). Employee shareholders wishing to contact her can send her an e-mail at: actionnaires.salaries@vivendi.com. In 2018, nearly 7,000 employees took part in the annual capital increase reserved for them. This capital increase exceeded the €100 million mark, corresponding to an increase of 48% compared to 2017. Another capital increase for the benefit of employees will be proposed in 2019.



HAVAS MAKES A COMMITMENT TO THE CLIMATE

The communications group is at the forefront of climate and environmental commitments.

Havas is committed to protecting the environment and climate. Australian agency Host/Havas produced the *Palau Pledge* campaign for the Republic of Palau. For this country, Host/Havas went far beyond a simple advertising campaign. Anyone arriving in the country must sign a commitment to preserve the archipelago's environment. In return, the person gets a stamp on their passport. This initiative helps combat environmental damage caused by tourism. This novel idea has been followed by several countries. *Palau Pledge* was one of the most award-winning campaigns of 2018. It notably won three Grand Prix at the Cannes International Festival of Creativity (in the Titanium category and the new Sustainable Development Goals category), two prestigious D&A Black Pencils in the United States and

16 other major awards in the rest of the world. *Palau Pledge* also received the Champion for Humanity award by the United Nations. Havas also launched the *Climate Solidarity* initiative, aimed at offsetting the carbon footprint of all audiovisual, print, digital and events production. Havas Paris, Havas Events and BETC now include a carbon offset contribution in their quotes (about 0.2% of the contract amount). A carbon offset certificate is then issued to customers who can integrate it into their carbon footprint. The amounts collected by Havas are invested in certified, socially responsible projects (VCS label) promoting the fight against climate change and preserving ecosystems in Peru and France. This initiative, announced at the *Global Climate Action* summit in San Francisco, is further proof of Havas' strong commitment to the climate and to the UN *Common Ground* initiative.



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SHAREHOLDERS' DIARY VIVENDI AND YOU

SHAREHOLDERS' QUESTION

Could you give us details about the resolutions submitted to the Shareholders' Meeting concerning share buybacks and the public share buyback offer (OPRA)?

The first resolution is put to vote each year at Vivendi's Shareholders' Meeting. It seeks authorization for the group to repurchase its own shares up to the maximum legal limit of 10% of the share capital. Any shares bought back may be canceled up to the maximum legal limit of 10% of the share capital. In addition, to give itself more flexibility, the Management Board is also asking the Shareholders' Meeting to approve a resolution authorizing it to make capital reductions, up to a maximum of 25% of the share capital, by canceling shares acquired in the context of a public share buyback offer (OPRA), if any. If the first resolution is adopted, the group will be able to buy back shares on the market, as and when it desires. If the second resolution is adopted and Vivendi decides to implement the authorization, a public share buyback offer (OPRA) will be initiated for a defined period and any shareholder wishing to sell their shares may do so under the offer. The number of shares bought back for cancellation in the context of the first resolution is deducted from the maximum number provided for in the second resolution.

RENEWAL OF VIVENDI'S SHAREHOLDERS' COMMITTEE

The Shareholders' Committee is the gateway between individual shareholders and the group's Communications department. It is made up of 10 members, appointed for renewable two-year periods.

Half of the members' terms are now up for renewal. The Committee reflects the diversity of Vivendi's shareholders: we are therefore looking for shareholders of all ages and from all regions and socio-professional categories.

The Committee meets three times a year in Paris. Working meetings last one morning and are usually held on Fridays.

If you would like to be a member, please download the application which can be found on the group's website (www.vivendi.com), in the section titled "Individual shareholders / Shareholders' Committee". Please return the completed form to the Individual Shareholders Information department by e-mail or by post.

SHAREHOLDERS' MEETING

Date of the **Shareholders' Meeting**: Monday, April 15, 2019 at 4:00 pm, at the Olympia, 28, boulevard des Capucines, 75009 Paris, France.

CONTACT US

For further information on Vivendi, please contact the Shareholders Information department:

— **by mail:**

Vivendi, Shareholders Information department, 42, avenue de Friedland, 75008 Paris, France

— **by e-mail:** actionnaires@vivendi.com

— **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

FINANCIAL MEETINGS

The Shareholders Information department runs four financial meetings each year in the provinces, in pairs with another group of the CAC 40, organized by the F2iC or a financial weekly newspaper. The next meetings will take place on **June 12 in Bordeaux and June 27 in Biarritz**. 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, or by writing us at Vivendi – Shareholders Information department 42, avenue de Friedland – 75008 Paris – France.

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). 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.

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