

# TOGETHER

LETTER TO OUR  
SHAREHOLDERS

SEPTEMBER 2020

## EARNINGS P. 3

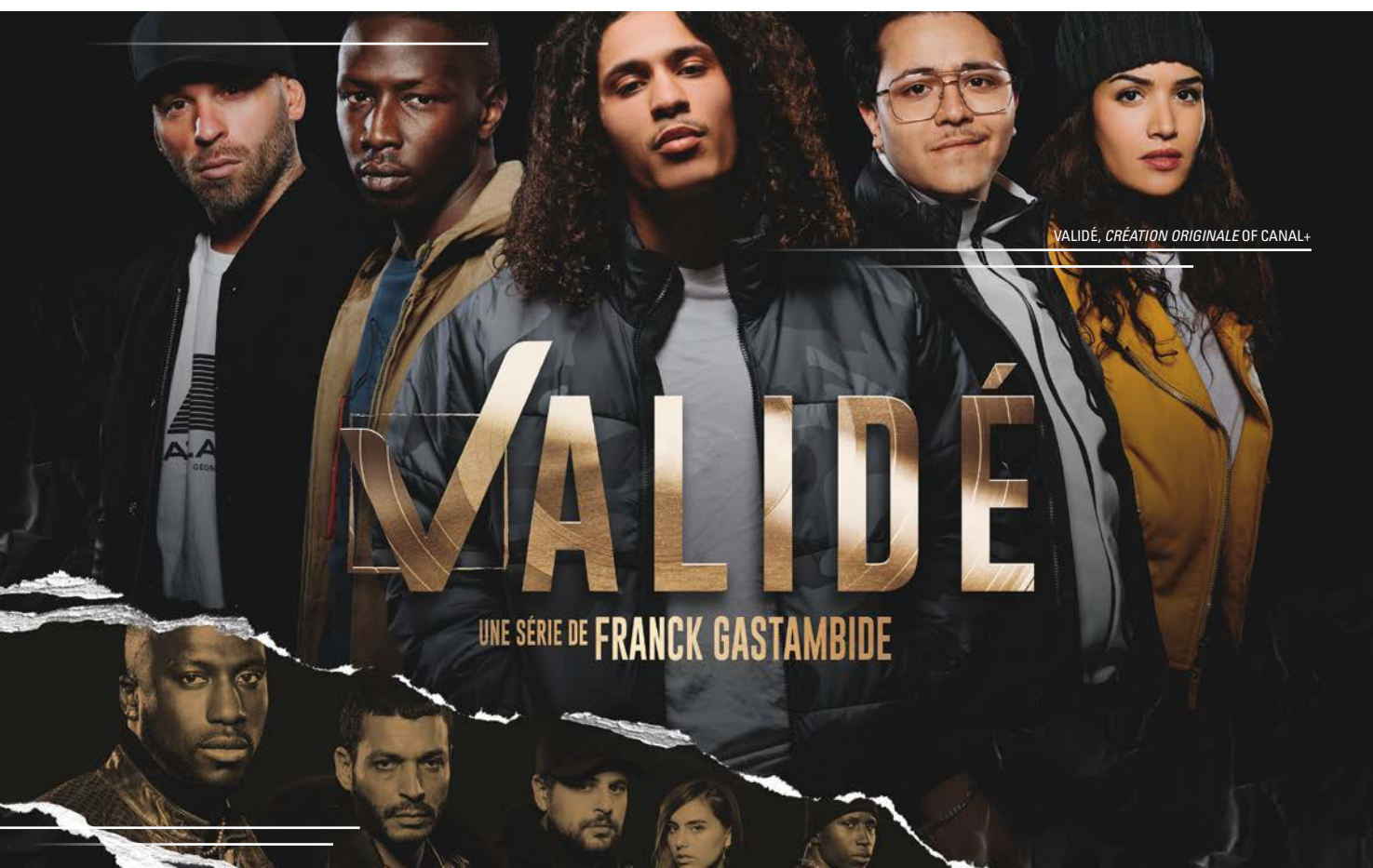
— 2020 half-year  
results

## NEWS P. 4

— Universal Music Group  
expands its global footprint

## DIARY P. 8

— Shareholders' diary  
Vivendi and you



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**vivendi**



Photos/DR

# GOOD HALF-YEAR RESULTS

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

Dear Shareholders,

**V**ivendi has demonstrated its resilience over the past few unprecedented months by staying the strategic course set in 2014: to build a world leader in culture, at the crossroads of the entertainment, media and communications industries. Our group's business model is both coherent and diversified, which is a significant asset. Vivendi operates in a number of different sectors and countries, and can therefore offset the difficulties encountered in one market with a strong performance in another. In addition, the group's digital activities have been fully developed, which proved advantageous during the lockdowns. Finally, the revenues generated from its two main businesses, music and audiovisual content, are directly or indirectly linked to subscriptions, a business model with recurring revenues.

In a very difficult environment, Vivendi generated an adjusted net income of €583 million in the first half of 2020, up 5.4%. For the second half, we are carefully analyzing the consequences of the crisis. Today, it is difficult to determine how it will impact the annual results. Nevertheless, Vivendi remains confident in the resilience of its main businesses, music and audiovisual content. Those tied to advertising and live performance may be affected for a more extended period than the others. More generally, the crisis has highlighted the essential role of entertainment in our society, as demonstrated, for example, by the increased consumption of video games over the past few months and the strong post-lockdown rebound of the publishing business.

In the first half, we also successfully finalized the sale of 10% of Universal Music Group's share capital to a Tencent-led consortium. Vivendi is pursuing its plan to sell additional minority interests in UMG, and the music giant is expected to go public in early 2023 at the latest.

Vivendi's balance sheet is particularly healthy. During the first half of 2020, its net financial debt fell by more than €1 billion to close to €3.1 billion as of June 30, representing a gearing rate of 17.5%. The group has significant financing capacity: at the end of the first half, its available credit lines stood at €3.7 billion. This financial strength allows Vivendi to face the future with confidence. We thank you for your loyalty and hope you enjoy this newsletter.

# RESULTS

## FIRST HALF OF 2020

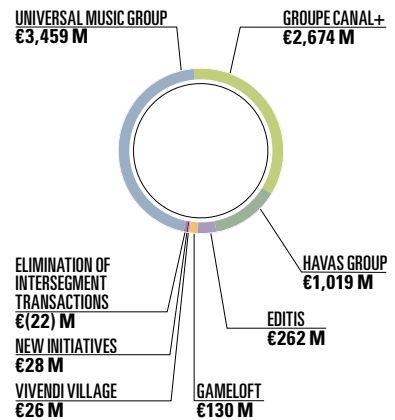
**Vivendi** demonstrated resilience during the first half of 2020, which was impacted by public health restrictions related to the Covid-19 pandemic. Its two main businesses, Universal Music Group (UMG) and Groupe Canal+, whose activities are mostly subscription-related, drove the group's performance.

Vivendi's **consolidated adjusted net income** totaled €583 million, a 5.4% increase compared to the first half of 2019, with revenues of €7,576 million, up 3.0% (–2.0% at constant currency and perimeter). Adjusted net income does not include the €2.4 billion capital gain realized on the sale of 10% of UMG's share capital and recognized in equity. The group's balance sheet is particularly healthy. As of June 30, 2020, the gearing rate was 17.5%.

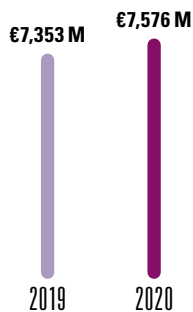
**Vivendi is carefully analyzing the current and potential consequences of the crisis.** It is difficult to determine how the crisis will impact its annual results. Businesses related to advertising and live performance are likely to be affected over a longer term than the others. Nevertheless, the group remains confident in the resilience of its core businesses. It continues to make every effort to ensure the continuity of its activities and to best serve and entertain its customers and audiences while complying with the authorities' guidelines in each country where it operates.

A review of the value of assets with an indefinite life was performed. Taking into account the performance of its businesses in the first half, Vivendi did not identify any indications of a decrease in the recoverable amount compared to December 31, 2019.

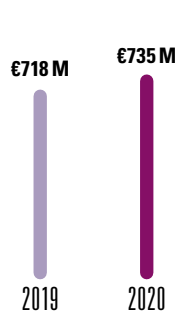
### REVENUES BY BUSINESS SEGMENT<sup>(1)</sup>



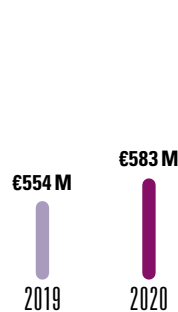
#### REVENUES<sup>(1)</sup>



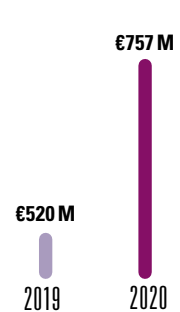
#### EBITA<sup>(1)</sup>



#### ADJUSTED NET INCOME<sup>(1)</sup>



#### EARNING ATTRIBUTABLE TO VIVENDI SE SHAREOWNERS<sup>(1)</sup>



As of June 30, 2020, in the context of the Covid-19 pandemic, Vivendi has not changed the definition of these indicators, which are therefore comparable to those for the fiscal year of 2019.

(1) Earnings as of June 30.

## UMG expands its global footprint

In recent months, Universal Music Group (UMG) has stepped up its initiatives in Africa, Asia and Europe, including entering into key partnerships. These partnerships will allow UMG to discover and develop new local talent and help them to reach global audiences.

In May, UMG launched Def Jam Africa. Based in South Africa and Nigeria, the label identify and sign talent from across the entire continent. Just two months later, Def Jam Africa announced its expansion into three new markets in French-speaking Africa: Côte d'Ivoire, Senegal and Cameroon. Also in May in Africa, Universal Music France launched a global strategic partnership with The Aristokrat group, a prominent African entertainment company with more than a decade of experience developing young African talent. In June, in Europe, UMG entered into a global partnership with leading Italian music company Sugar Music. This agreement extends a twenty-five-year relationship between the two groups, having forged a successful working partnership across numerous groundbreaking projects including the Andrea Bocelli record-breaking, Easter performance in Milan. In the same month, UMG also announced a significant expansion in the Middle East and North Africa, with the opening of new offices in Morocco and Israel, adding to its existing presence in more than 60 countries. In June in Asia, Universal Music Greater China (UMGC) signed the Thai pop star Sunnee, a former member of China's most popular girl group Rocket Girls 101,

who has more than 18 million followers on the social media platform Weibo. UMGC has always been committed to finding talented local artists and helping them reach global audiences. In July, Universal Music India (UMI) announced an exclusive multi-year, global distribution deal with leading Indian music company Desi Melodies – Desi Melodies has led the contemporary wave of global Punjabi music success – and Universal Music Philippines (UMP) launched Island Records Philippines, the first division within Asia for the label which was founded 60 years ago in Jamaica.



UMG/DR

## Vivendi, Lagardère's largest shareholder of

Vivendi, following the sale of 10% of the share capital of Universal Music Group, decided to use part of the cash from this sale to acquire shares of Lagardère SCA (Lagardère). As of August 11, 2020, the group held 23.5% of Lagardère's share capital. This acquisition demonstrates Vivendi's confidence in the outlook for Lagardère's main businesses. Lagardère Publishing, with Hachette Livre, is the world's third-largest private publisher for the general

public and educational markets. Lagardère Travel Retail, present in 39 countries and territories, is a global leader in the travel retail industry. The group also owns Lagardère News (*Paris Match*, *Europe 1*, *Le Journal du Dimanche*, etc.) and Lagardère Live Entertainment. On August 11, 2020, after the very poor results announced by Lagardère and despite their divergent views, Vivendi and Amber Capital, respectively, the first and second-largest shareholders of Lagardère, announced that they signed a pact. The two groups are seeking minority representation on Lagardère's Supervisory Board, three members for Amber Capital and one member for Vivendi. They also entered into a five-year reciprocal right of first offer and preemption rights agreement. After Lagardère's Supervisory Board and Managing Partners rejected the respective proposals of Amber Capital and Vivendi, the two companies filed a request with the Paris Commercial Court seeking the convening of a Shareholders' Meeting.

# Groupe Canal+ draws record audiences

Groupe Canal+ posted strong audience performances in March, April and May, and continued to invest in the creation of original content.

During the lockdown months in the first half of 2020, the French rediscovered television. The Canal+ and C8 channels had strong viewership, and CNews posted record audience levels in March, April, May and June. MyCanal was also highly popular, achieving an all-time record in April with more than 200 million viewings in Metropolitan France. Driven by *Validé*, the first series on French rap, which surpassed 30 million viewings, and by the fifth season of *Bureau des Légendes*, the number of viewings on Canal+ Séries increased tenfold during the lockdown period compared to the same period in 2019. In Africa, Canal+ pursued its commitment to create content with the launch of *Cacao*, a new original series in June. MyCanal has been placed at the center of Groupe Canal+'s strategy, and the group is heavily investing in its deployment. After Poland in May, the platform will be deployed in Africa in the coming months. Although impacted by the public health crisis, Groupe Canal+ has demonstrated strong adaptability. In March, Canal+ was unencrypted for all TV viewers in France. The group also participated in several solidarity operations to support the fight against Covid-19. In April, it broadcast the charity concert *One World: Together at Home* in 30 countries and, in June, the musical solidarity event *Ensemble à l'Olympia* (see page 7).



© Tanka Studio pour Canalplus

**BANIJAY'S ACQUISITION OF ENDEMOL SHINE GROUP WAS FINALIZED ON JULY 3, 2020. This transaction created the world leader in the production and distribution of audiovisual content. Present in 22 countries, the new entity has a portfolio of world-famous audiovisual programs, both streamed (*Big Brother, MasterChef, The Wall, etc.*) and scripted (*Black Mirror, Humans, Tin Star, etc.*). It generates annual revenues of around €2.7 billion (pro forma 2019). Vivendi owns 32.9% of the new entity.**

# Havas Health & You launches Havas Mango

Havas Health has created a new collective aimed at reimagining wellness.



Havas/DR

The Covid-19 pandemic, which has spread across the globe since the beginning of the year, has accelerated the role of digital technology in everyday life and made wellbeing a top priority. In 2019, the concept of wellbeing was already experiencing a worldwide boom with consumers, ranking among the highest growing priorities. This trend is expected to continue. In support of this assumption, over the past few months, health and wellness products and services have seen a dramatic increase in use, both traditional and less traditional, such as training and relaxation apps and platforms for both body and mind. Industries across the board are experiencing one of the most profound digital migrations in history, with a tremendous need for partners with a fluency in the most innovative, contemporary and relevant ways to meet and communicate with consumers. In response to these upheavals, Havas Health & You, the Havas Group division specialized in health and wellbeing communication, has launched Havas Mango. This collective's mission is to reimagine wellbeing by building experiences that help people live their best lives. Based in Miami, the vibrant high-growth engine of the American East Coast, it relies on a dynamic team of experts with experience both in designing digital and technological experiences and in producing content to support pharmaceutical companies and health-and-wellness players in their communications, everywhere in the world.





Edits/DR

## Edits is happy again

After several tricky months due to the French lockdown, Edits is delivering a strong performance.

In the first half of 2020, the publishing group's revenues were impacted by the lockdown ordered mid-March in France, resulting in the closing of a large number of points of sale in the sector. However, once the restrictions were lifted, the market experienced a strong rebound: there was a strong demand for books among both regular readers in search of new books and casual readers who had rediscovered a taste for reading.

Edits did extremely well in this environment, growing its revenues by 38.0% in June. Edits had nine titles ranked among the 25 bestsellers in the first half of 2020, including *Au soleil redouté* by Michel Bussi, *La Vallée* by Bernard Minier, *Nos résiliences* by Agnès Martin-Lugand and *Fait maison* by Cyril Lignac. Similarly, in June and July, several of Edits' authors received awards such as the *Grand Prix du polar des Lectrices Elle* (Elle readers' prize in crime fiction) awarded to Tess Sharpe for *Barbed Wire Heart*, the *Prix France Télévisions #MonLivreDeLété* (France Televisions' Mybookofthesummer prize) to François Durpaire for *Histoire mondiale du bonheur*, and the *Prix du livre de l'été* (Book of the summer prize), adult fiction category, to Fabienne Périneau for *Je ne veux pas être jolie*.

Capitalizing on this upturn in the publishing market, Edits launched the *#Lisezenvacances* (Readduringvacation) initiative from July 29 to August 13, creating a traveling bookstore that roamed France.

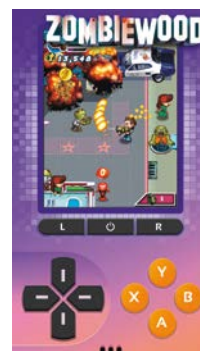
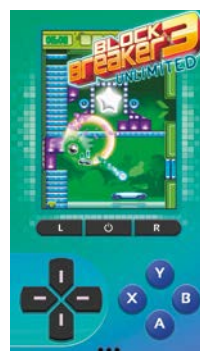
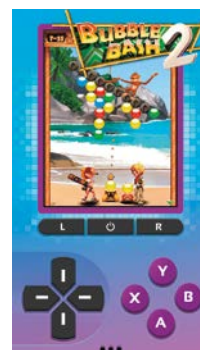
In addition, as announced in August 2019, Philéas, a new publishing house dedicated to comic books and graphic novels, was created in June following the merger of Edi8 (Edits group) and Jungle. Edits has shown no lack of initiative these past few months!

**ON AUGUST 26, 2020, HAVAS GROUP ACQUIRED THE MEDIA AGENCY HYLAND, THE AUSTRALIAN MARKET LEADER. This transaction is part of the group's strategic development plans across the ANZ region (Australia-New Zealand) to provide a comprehensive and agile product line for all customers. Founded in 2005, Hyland has had steady growth and founded its reputation on a capacity to design rich and integrated experiences for luxury, cosmetics, tourism and lifestyle brands.**

## Gameloft celebrates its 20<sup>th</sup> anniversary

To mark its 20<sup>th</sup> anniversary, the video game publisher is offering its players a free app on Android allowing them to discover 30 classic mobile games.

On April 15, 2020, the video game developer and publisher Gameloft celebrated its 20<sup>th</sup> anniversary. The Paris-based company was created in April 2000 to develop video games for mobile phones. Two decades later, it is an industry leader and multi-platform publisher for smartphones, PCs and consoles. In twenty years, Gameloft has developed more than 800 games and has become a key player in the industry. To celebrate the occasion with its fans, the company launched Gameloft Classics, a free app available on Android. Gameloft Classics pays a tribute to twenty years of mobile games, offering 30 classic retro video games such as the strategy game *Bubble Bash 2*, the zombie game *Zombie Infection*, the dating simulation game *Date or Ditch 2*, the original shooter game *N.O.V.A.*, and the arcade wall game *Block Breaker Deluxe 2 & 3*. This vast and diverse collection will delight any gamer!



Gameloft/DR

# Vivendi Village reinvents its live performance business



© Mathieu Ninat/Canalplus

The lockdown measures imposed in Europe and Africa during the first half of 2020 had a significant impact on Vivendi Village's live performance businesses. Several innovative initiatives were developed to maintain the connection between artists and their fans. These initiatives were also dedicated to helping organizations combating the social consequences of Covid-19. In June, at L'Olympia in Paris, the show *Ensemble à l'Olympia* was recorded and then broadcast on C8 and CStar, with the proceeds benefiting Emmaüs France. The mobilization of Canal+, L'Olympia, Olympia Production and Flab Prod, combined with the generosity of the artists and Crédit Mutuel, a partner of L'Olympia, made this exceptional evening possible. The British electronic music festival Junction 2 organized J2v, an entirely virtual and immersive event, on July 11 and 12. Proceeds were donated to five nonprofit organizations, including Black Lives Matter. The Kite Festival, which was to be held for the first time in June in Oxford, based on an original concept combining music and discussions, was postponed, but here again, the organizers refused to throw in the towel. In record time, a series of virtual discussions were scheduled with a range of public figures. In Africa, the CanalOlympia cinema and live performance venues have been experimenting with new ideas, in particular drive-in theaters. In Cameroon, honking and headlights have replaced applause, to the delight of movie-lovers.



Photo/DR

## Appointment of Caroline Le Masne de Chermont

Already Head of Legal Affairs for the group, a position she will retain, Caroline Le Masne de Chermont was appointed Senior Vice President for Corporate Social Responsibility (CSR) and Compliance. She reports to Frédéric Crépin, General Counsel of the Vivendi group, for all of her positions. As a world leader in culture, at the crossroads of the entertainment, media and communications industries, the group has a significant influence which comes with great responsibility. Caroline's appointment reflects the group's desire to further reinforce its three main CSR commitments: respond to the climate emergency, discover talent in all their diversity and support ambitious, multifaceted creative content.

## Vivendi stepped up its social initiatives

All of the group's entities mobilized over the past few months to combat the Covid-19 pandemic.

In France, Canal+ gave Internet box users free access to six of its channels from March 16 to 31, 2020. Groupe Canal+ also broadcast, in France and internationally, the big *One World: Together at Home* virtual concert on April 20, the *Africa at home, ensemble contre le corona* concert on May 16, and the *Ensemble à l'Olympia* night on June 9.

In many countries, Universal Music artists have given free mini-concerts from their homes.

The Havas Group agencies mobilized to help many NGOs in their home countries. In France, BETC offered its assistance to the collective (*Protect your caregiver*). Editis supported its bookstore partners by providing them with facilities and published the collection of short stories (*Words Through the Window*), the proceeds of which will be donated to a foundation.

Gameloft organized the "*Stay Home, Stay Connected, Stay Safe*" event offering gifts in 35 games. It also dedicated part of its advertising space to protective measures against Covid-19.

To avoid network saturation, Dailymotion reduced the bandwidth of its videos. In parallel, it created a channel dedicated to Covid-19 and broadcast free charity concerts.

In partnership with Unicef via Paddington, Vivendi Village helped raise close to £400,000 in the United Kingdom.

# SHAREHOLDERS' DIARY

VIVENDI  
AND YOU

## QUESTION FROM A SHAREHOLDER

**Following the resolution passed at the Annual Shareholders' Meeting of April 20, 2020 on the share buyback program, could you give us an update on the situation?**

Between January 1 and March 6, 2020, Vivendi repurchased 23 million of its own shares, representing €559 million.  
On April 20, 2020, the Annual Shareholders' Meeting authorized the renewal of the share buyback program for up to 10% of the share capital, at a maximum unit price of €26. Under this new program, Vivendi SE purchased 8.25 million of its own shares between April 29 and May 20, 2020, representing €160 million.

Share buybacks under this new program will continue in the second half of 2020, for up to 35 million additional shares by October 20, 2020.

## 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

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](mailto: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** (events and meetings in France). 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. Registration is by invitation only.

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