# DISTRIBUTION

TO VIVENDI'S SHAREHOLDERS

## OF 60% OF THE SHARE CAPITAL OF UNIVERSAL MUSIC GROUP (UMG)

vivendi

# A new era
## begins for
## Universal Music Group (UMG)

Vivendi has decided to open up the share capital of the world leader in music to new shareholders, distribute 60% of the company's share capital to its own shareholders and have its shares listed on the Amsterdam Stock Exchange.

The acquisition of 20% of UMG's share capital by a Tencent-led consortium has yielded a very good enterprise value of €30 billion (for 100% of the share capital). Now that the valuation has been confirmed and with Vivendi's corporate investors seeking a split or distribution of UMG to reduce conglomerate discount on Vivendi's share price, the Management Board has approved a plan to distribute 60% of UMG's share capital to Vivendi's shareholders.

An Extraordinary General Shareholders Meeting was held on March 29, 2021 to approve an amendment to Vivendi's by-laws to allow for the principle of this distribution in kind. This amendment was approved by 99.98% of the votes cast.

The Annual General Shareholders' Meeting on June 22, 2021 subsequently provided the opportunity to explain this proposed transaction to the shareholders (replay the General Meeting at www.vivendi.com) and to put the associated resolutions to a vote. Here again, the Meeting overwhelmingly approved the transaction (99.9% of the votes were positive).

UNIVERSAL

UNIVERSAL MUSIC GROUP

# Characteristics of the UMG distribution and listing

**Main information[1] about the transaction:**

• **Shares will be distributed** to the bearers of Vivendi shares.

• **A special dividend** and an interim dividend will constitute the distribution in kind of UMG shares, which will be paid in a single transaction by delivering UMG shares at a ratio of one UMG share for every Vivendi share held, based on the valuation of UMG performed by PwC and EY in February. In the event of an adjustment to the ratio, the rights forming fractional shares will not be negotiable or transferable. If the number of UMG shares to which a shareholder would be entitled by application of the adjusted ratio does not correspond to a whole number of UMG shares, the shareholder will receive the number of UMG shares immediately below this number, plus a cash payment for the balance, the amount of which will be calculated based on the price at which the UMG shares corresponding to the fractional shares were sold.

• **Taxation: the distribution of the UMG shares** will be taxed as a dividend. Beneficiaries domiciled in France will have to pay social contributions and/or a non-final flat-rate withholding tax or withholding tax. The withholding tax or income tax does not apply to income related to securities held in French share savings plans (*plan d'épargne en actions* – PEA), subject to compliance with the terms and conditions of the PEA scheme. The amounts necessary to pay the tax and social charges will have to be made available to the paying institution prior to the delivery of the shares. Shareholders are invited to contact the financial intermediary that holds their account.

• **Holders of Vivendi bearer shares** held in a securities account or a PEA will have a new line on their account for their UMG shares (UMG shares will be eligible for the PEA). Holders of Vivendi directly registered shares maintained by Vivendi will receive a letter from BNP Paribas Securities Services, which has been appointed to manage Vivendi's securities services on the terms and conditions of the allocation of shares. Holders of administered registered shares are encouraged to contact the financial intermediary holding their account.

• **The listing of UMG shares on Euronext Amsterdam is being sought.** Vivendi is currently working to obtain the approval of the Authoriteit Financiële Markten, the Dutch financial market authority.

• **The listing of UMG shares will take place on September 21, 2021**. The share price for Vivendi will adjust on the day of the distribution of UMG shares.

(1) All information relating to this distribution is contained in the Report on the special dividend in kind and on the special interim dividend in kind and can be consulted on Vivendi's website on the following page: "Shareholders' Meeting".

# New shareholders for UMG

Once the distribution is made, UMG's share capital will be 60% held by Vivendi's shareholders, of which 18% by the Bolloré Group, 20% by a Tencent-led consortium, 10% by Vivendi and 10% by investment funds in which financier William Ackman holds major economic interests or serves as manager. Vivendi has committed to retaining 10% of UMG's share capital for at least two years so that it can remain involved in its development while benefiting from the protection of the European legislation applicable to parent companies and subsidiaries in different member states.

## UMG VALUATION

**The music sector has experienced strong growth since 2016, driven by a double-digit increase in the activity of music streaming platforms.**

**Growth is not expected to stop there, as this listening model is spreading across the globe, as reflected in more than 400 contracts negotiated between UMG and these platforms.**

**As a result, financiers and the stock market are increasingly interested in this sector.**

**To demonstrate this appetite, UMG's enterprise value, estimated at less than €10 billion seven years ago, rose to €30 billion (selling price at an enterprise value of the 20% stake in UMG sold to the Tencent-led consortium) in March 2020 and January 2021, then to €33 billion (PwC and EY's valuation of the company's equity value used to prepare for the initial public offering) in February 2021 and finally to €35 billion (enterprise value retained in the negotiations with William Ackman) in June 2021.**

Produced by Vivendi's Corporate Department and HAVAS PARIS.