

1. Historical reasons

Dejouray diversified businesses with the surplus cash flows from the core businesses.

- personal relationships (real estate, telecommunications)
- personal experiences (hospital, healthcare)
- trust in a group of individuals and their judgement of the market

GAAP	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975
Revenue	11,250	10,717	10,000	9,500	9,000	8,500	8,000	7,500	7,000	6,500	6,000	5,500	5,000	4,500	4,000	3,500	3,000	2,500	2,000	1,500	1,000	500	200	100	50	25	12	6	3	1	0	0	0	0	0	0
Operating Profit	2,500	2,300	2,100	1,900	1,700	1,500	1,300	1,100	900	700	500	300	100	50	25	12	6	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

2. Messier's vision

"CGE must return to its core activities"
Restructuration : series of mergers to consolidate many of the 2,714 subsidiaries that composed CGE

BUT:
Environment & communication did not show any synergy, there was no strategy to get synergy between two sectors

3. Vivendi's year 2000 annual report

TWO objectives:
"to strengthen its world leadership in environmental services become a major global player in media and communications"

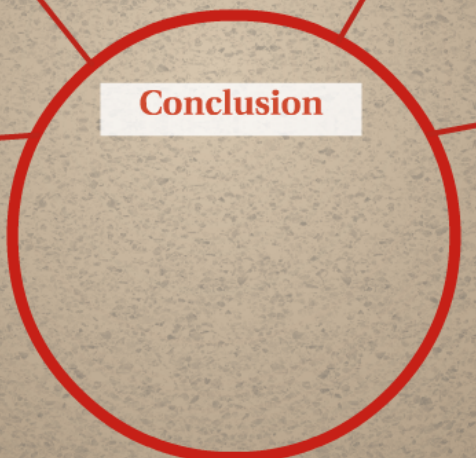
Financial Results US GAAP

1. GAAP 2012
"Prohibited the acquisition of goodwill but kept the other average assets"

CEO - Messier
KAB TO UNDERSTAND THE FRENCH CULTURE & TO HAVE STRATEGY & TIMINGS OF ACQUISITIONS: "MEANT GOOD"

2. Dow.com bubble burst (2001)
"Stomach & interest bubbles inflated former things ..."

1. EXERCISES TO DO:
WITH YOUR GROUPS DO THE EXERCISES TO DO WITH YOUR GROUPS



VIVENDI'S BACKGROUND

- 1974 - CGE is a water utility company
- 1981 - Strategic purchase of the CGE
- 1986 - Acquisition of Canal Plus
- 1987 - Development rapidly accelerated to 10.3 Billion
- 1992 - Entered an alliance, entered partnership, entered the market in USA, from 1980 to 1992
- 1996 - CGE becomes Vivendi
- Vivendi's Vision : emergence as environmental services & become a major global player in media & communication services
- 2000 - Vivendi's goal was (KAB) Jean-Benoit Messier

Vivendi's CEO

Vivendi's CEO

1. EXERCISES TO DO: WITH YOUR GROUPS DO THE EXERCISES TO DO WITH YOUR GROUPS

(Year) 1980-1990

1. 1980-1990

2. 1990-1999

(Year) 1990-1999

1. 1990-1999

2. 1999-2000

3. 2000-2001

4. 2001-2002

"Vivendi" is a French conglomerate that has been successful in the past

What could have been done differently?

1. 1980-1990

2. 1990-1999

3. 2000-2001

4. 2001-2002

Operational perspective

- Strategic objectives of Vivendi have been the focus of the company's management (operational perspective)

- A better combination of services has been implemented

- Diversification of operations has been implemented

VIVENDI : REVITALIZING FRENCH CONGLOMERATE

1. Historical reasons

Dejourny diversified businesses with the surplus cash flows from the core businesses .

- personal relationships (real estate, telecommunications)
- personal experiences (hospital, healthcare)
- trust in a group of individuals and their judgement of the market

Unit 17	Vivendi's Business	1999-2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenue	10,127	10,817	11,527	12,237	12,947	13,657	14,367	15,077	15,787	16,497	17,207	17,917	18,627	19,337	20,047	20,757	21,467	22,177
EBITDA	2,127	2,237	2,347	2,457	2,567	2,677	2,787	2,897	3,007	3,117	3,227	3,337	3,447	3,557	3,667	3,777	3,887	3,997
Operating Profit	1,527	1,637	1,747	1,857	1,967	2,077	2,187	2,297	2,407	2,517	2,627	2,737	2,847	2,957	3,067	3,177	3,287	3,397
Net Profit	1,127	1,237	1,347	1,457	1,567	1,677	1,787	1,897	2,007	2,117	2,227	2,337	2,447	2,557	2,667	2,777	2,887	2,997
EPS	1.127	1.237	1.347	1.457	1.567	1.677	1.787	1.897	2.007	2.117	2.227	2.337	2.447	2.557	2.667	2.777	2.887	2.997
Dividend	0.527	0.537	0.547	0.557	0.567	0.577	0.587	0.597	0.607	0.617	0.627	0.637	0.647	0.657	0.667	0.677	0.687	0.697
Free Cash Flow	1,827	1,937	2,047	2,157	2,267	2,377	2,487	2,597	2,707	2,817	2,927	3,037	3,147	3,257	3,367	3,477	3,587	3,697
Capital Expenditure	(1,227)	(1,337)	(1,447)	(1,557)	(1,667)	(1,777)	(1,887)	(1,997)	(2,107)	(2,217)	(2,327)	(2,437)	(2,547)	(2,657)	(2,767)	(2,877)	(2,987)	(3,097)
Change in Cash	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600

2. Messier's vision

"CGE must return to its core activities"
Restructuration : series of mergers to consolidate many of the 2,714 subsidiaries that composed CGE

BUT:
Environment & communication did not show any synergy, there was no strategy to get synergy between two sectors

3. Vivendi's year 2000 annual report

TWO objectives:
"to strengthen its world leadership in environmental services become a major global player in media and communications"

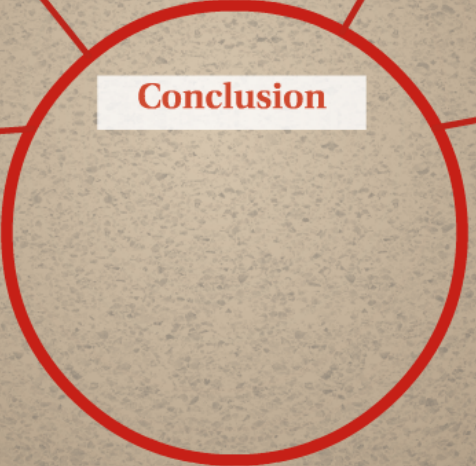
CGE STRATEGIC FINANCIAL RESEARCH AGENCY LTD
WORLD LEADERSHIP

CGE
"the Vivendi's strategy was based on the merger of Messier's 'colossal empire'"

1. GAAP 2002
"prohibited the exercise of 12 goodwill intangible-asset other intangible assets"

2. Dot com bubble burst (2001)
"Telecom & internet industry suffered severe drops..."

CEO - Messier
FAR TO UNDERSTAND THE FRENCH CULTURE & TO HAVE SYNERGY - EXAMINER OF ACQUISITION: MESSIER'S GOOD



VIVENDI'S BACKGROUND

1976 - CGE, a media holding company
1985 - Changing priorities for CGE
1988 - Peter Brabeck (Chairman & CEO)
1994 - 1997 - Shareholders rapidly restructured 13.3 billion in debt, then restructure & liquidate
1997 - Focused on alliance, cultural partnership, reduce the risk of debt, then restructure & liquidate
1998 - CGE Security Services
Vivendi's Birth - 100 employees in environmental services & business & major global player in media & communications
2001 - Multiple problems - major restructuring
2002 - Messier had over CGE - Jean-Marie Messier

CGE
"the Vivendi's strategy was based on the merger of Messier's 'colossal empire'"

"Messier" (founder of Vivendi) change the structure of CGE
1998-2001: CGE restructure the company into media & services
2002: Messier's strategy was based on the merger of Messier's 'colossal empire'"

[Year] 1995-1998
1. Restructuring the activities, reorganizing the company, restructure the company into media & services
2. Strategic Decision: restructure the company into media & services, restructure the company into media & services, restructure the company into media & services
CGE restructure the company into media & services

[Year] 1995-1998
1. Restructuring the activities, reorganizing the company, restructure the company into media & services
2. Strategic Decision: restructure the company into media & services, restructure the company into media & services, restructure the company into media & services
CGE restructure the company into media & services

What could have been done differently?
1. Financial perspective: restructure the company into media & services, restructure the company into media & services, restructure the company into media & services
2. Strategic Decision: restructure the company into media & services, restructure the company into media & services, restructure the company into media & services
CGE restructure the company into media & services

1. Financial perspective: restructure the company into media & services, restructure the company into media & services, restructure the company into media & services
2. Strategic Decision: restructure the company into media & services, restructure the company into media & services, restructure the company into media & services
CGE restructure the company into media & services

VIVENDI : REVITALIZING FRENCH CONGLOMERATE

- trust in a group of individuals and their judgement of the market

Exhibit 7 Vivendi Revenue, 1994-2000E by Division (FFm)

	1994	1995	1996	1997	1998E	1999E	2000E
Water	37,319	38,877	41,091	42,400	43,500	44,900	46,400
Energy	20,503	24,551	25,852	25,400	30,600	33,600	37,000
Waste management	11,440	12,733	14,599	15,050	17,300	18,576	20,000
Urban transport	3,412	3,595	6,308	11,100	13,532	14,885	16,374
(=) Utilities	72,674	79,756	87,849	93,950	104,932	111,961	119,774
Construction	59,292	56,966	54,351	52,500	50,727	50,000	50,000
Property	9,998	8,660	8,222	9,500	10,300	10,900	11,600
Communications (Cegetel)	4,193	4,530	5,929	10,900	13,348	18,194	24,219
Media (Havas)*	1,339	1,783	1,451	0	38,290	40,608	43,638
Others + parent company	8,662	11,266	8,112	266	0	0	0
Total	156,158	162,961	165,915	167,116	217,597	231,663	249,231



Conclusion

among its
ous crises
d you give
CEO of
nd sight,
differently

"S
19
-
& e
1998
- Ex
unpre
Overal
-Alliar

1. Historical reasons

Dejourny diversified businesses with the surplus cash flows from the core businesses .

- personal relationships (real estate, telecommunications)
- personal experiences (hospital, healthcare)
- trust in a group of individuals and their judgement of the market

Unit	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Revenue	10,217	10,817	11,527	12,428	13,428	14,428	15,428	16,428	17,428	18,428	19,428	20,428	21,428	22,428	23,428	24,428	25,428	26,428	27,428	28,428	29,428	30,428
Operating Profit	1,217	1,317	1,417	1,517	1,617	1,717	1,817	1,917	2,017	2,117	2,217	2,317	2,417	2,517	2,617	2,717	2,817	2,917	3,017	3,117	3,217	3,317
Net Profit	817	867	917	967	1,017	1,067	1,117	1,167	1,217	1,267	1,317	1,367	1,417	1,467	1,517	1,567	1,617	1,667	1,717	1,767	1,817	1,867
Operating Assets	10,000	10,500	11,000	11,500	12,000	12,500	13,000	13,500	14,000	14,500	15,000	15,500	16,000	16,500	17,000	17,500	18,000	18,500	19,000	19,500	20,000	20,500
Operating Liabilities	8,000	8,500	9,000	9,500	10,000	10,500	11,000	11,500	12,000	12,500	13,000	13,500	14,000	14,500	15,000	15,500	16,000	16,500	17,000	17,500	18,000	18,500
Operating Income	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Operating Expenses	8,000	8,500	9,000	9,500	10,000	10,500	11,000	11,500	12,000	12,500	13,000	13,500	14,000	14,500	15,000	15,500	16,000	16,500	17,000	17,500	18,000	18,500
Operating Profit	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Operating Assets	10,000	10,500	11,000	11,500	12,000	12,500	13,000	13,500	14,000	14,500	15,000	15,500	16,000	16,500	17,000	17,500	18,000	18,500	19,000	19,500	20,000	20,500
Operating Liabilities	8,000	8,500	9,000	9,500	10,000	10,500	11,000	11,500	12,000	12,500	13,000	13,500	14,000	14,500	15,000	15,500	16,000	16,500	17,000	17,500	18,000	18,500
Operating Income	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Operating Expenses	8,000	8,500	9,000	9,500	10,000	10,500	11,000	11,500	12,000	12,500	13,000	13,500	14,000	14,500	15,000	15,500	16,000	16,500	17,000	17,500	18,000	18,500
Operating Profit	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000

2. Messier's vision

"CGE must return to its core activities"
Restructuration : series of mergers to consolidate many of the 2,714 subsidiaries that composed CGE

BUT:
Environment & communication did not show any synergy, there was no strategy to get synergy between two sectors

3. Vivendi's year 2000 annual report

TWO objectives:
"to strengthen its world leadership in environmental services become a major global player in media and communications"

CGE STRATEGY AT 1998
RESTRUCTURING
RESEARCH
REVENUE
2000
"The Vivendi's strategy was aimed to merge a "cluster of Messier's subsidiary units"

Financial Results
US GAAP

1. GAAP 2002
"Prohibited the securitization of goodwill
Indefinite-lived other intangible assets"

2. Dot com bubble burst (2001)
"Telecom & internet industry suffered severe dips..."

CEO - Messier
FAIR TO UNDERSTAND THE FRENCH CULTURE & TO HAVE SYNERGY - EXAMINER OF ACQUISITION WARMY GOOD

Conclusion

VIVENDI'S BACKGROUND

1976 - CGE, a media utility company
1985 - Changing priorities for CGE
1988 - Peter Brabeck (Chairman & CEO)
1994 - 1997 - Shareholders rapidly restructured 13.3 billion in debt, new structure & system
1997 - Focused on all-finance, cultural performance, reduce the value of debt, new structure & system
1998 - CGE Security Services
Vivendi's Birth - 100 employees in environmental services & business & major publications in media & communications
2001 - Multiple problems - poor leadership
2002 - Vivendi had over 2500 subsidiaries



CGE
"The Vivendi's strategy was aimed to merge a "cluster of Messier's subsidiary units"

[Year] 1995-1998
1. Restructuring
2. Strategic Decision

[Year] 1995-1998
1. Restructuring
2. Strategic Decision

"Vivendi" (Group) the Messier strategy
1998-2000
"The Vivendi's strategy was aimed to merge a "cluster of Messier's subsidiary units"

What could have been done differently?
1. Financial perspective
2. Strategic Decision

1. Financial perspective
2. Strategic Decision

VIVENDI : REVITALIZING FRENCH CONGLOMERATE