FINANCIAL REPORT FOR THE HALF YEAR 2017

# Financial Report and Unaudited* Condensed Financial Statements for the Half Year Ended June 30, 2017

August 31, 2017

vivendi

*The Condensed Financial Statements for the half-year ended June 30, 2017 were subject to a limited review by Vivendi's Statutory Auditors. The Auditors' Report on the 2017 half-year financial information follows the Condensed Financial Statements.

**VIVENDI**

*Société anonyme* with a Management Board and a Supervisory Board with a share capital of €7,103,079,005.00

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# Key consolidated financial data for the last five years

***Preliminary comments:***

*Vivendi made changes in the presentation of its Consolidated Statement of Earnings as from January 1, 2017. For a detailed description of these changes in presentation and the reconciliations to previously published financial data, please refer to Note 1 and Note 20 to the Condensed Financial Statements for the half-year ended June 30, 2017, respectively.*

*Vivendi deconsolidated GVT, SFR, Maroc Telecom group and Activision Blizzard as from May 28, 2015, November 27, 2014, May 14, 2014, and October 11, 2013, respectively, i.e., the date of their effective sale by Vivendi. In compliance with IFRS 5, these businesses have been reported as discontinued operations for the relevant periods as set out in the table of selected key consolidated financial data below in respect of data reflected in the Statement of Earnings and Statement of Cash Flows.*

| | Six months ended June 30, (unaudited) | | Year ended December 31, | | | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2016 | 2015 | 2014 | 2013 |
| **Consolidated data** | | | | | | |
| Revenues | 5,437 | 5,044 | 10,819 | 10,762 | 10,089 | 10,252 |
| Income from operations (a) | 401 | 440 | 853 | 1,061 | 1,108 | 1,131 |
| Adjusted earnings before interest and income taxes (EBITA) (a) | 352 | 387 | 724 | 942 | 999 | 955 |
| Earnings before interest and income taxes (EBIT) | 362 | 529 | 887 | 521 | 545 | 578 |
| Earnings attributable to Vivendi SA shareowners | 176 | 911 | 1,256 | 1,932 | 4,744 | 1,967 |
| of which earnings from continuing operations attributable to Vivendi SA shareowners | 176 | 913 | 1,236 | 699 | (290) | 43 |
| Adjusted net income (a) | 320 | 286 | 755 | 697 | 626 | 454 |
| Net Cash Position/(Financial Net Debt) (a) | 500 | 2,120 | 1,068 | 6,422 | 4,637 | (11,097) |
| Total equity | 18,856 | 18,399 | 19,612 | 21,086 | 22,988 | 19,030 |
| of which Vivendi SA shareowners' equity | 18,626 | 18,169 | 19,383 | 20,854 | 22,606 | 17,457 |
| Cash flow from operations (CFFO) (a) | 10 | 290 | 729 | 892 | 843 | 894 |
| Cash flow from operations after interest and income tax paid (CFAIT) (a) | 337 | (17) | 341 | (69) | 421 | 503 |
| Financial investments | (226) | (1,646) | (4,084) | (3,927) | (1,244) | (107) |
| Financial divestments | 588 | 1,702 | 1,971 | 9,013 | 17,807 | 3,471 |
| Dividends paid by Vivendi SA to its shareholders | 499 | 2,588 (b) | 2,588 (b) | 2,727 (c) | 1,348 (d) | 1,325 |
| Purchases/(sales) of Vivendi SA's treasury shares | 203 | 1,547 | 1,623 | 492 | 32 | - |
| **Per share data** | | | | | | |
| Weighted average number of shares outstanding | 1,251.7 | 1,286.8 | 1,272.6 | 1,361.5 | 1,345.8 | 1,330.6 |
| Earnings attributable to Vivendi SA shareowners per share - basic | 0.14 | 0.71 | 0.99 | 1.42 | 3.52 | 1.48 |
| Adjusted net income per share | 0.26 | 0.22 | 0.59 | 0.51 | 0.46 | 0.34 |
| Number of shares outstanding at the end of the period (excluding treasury shares) | 1,247.9 | 1,257.7 | 1,259.5 | 1,342.3 | 1,351.6 | 1,339.6 |
| Equity per share, attributable to Vivendi SA shareowners | 14.93 | 14.44 | 15.39 | 15.54 | 16.73 | 13.03 |
| **Dividends per share paid** | **0.40** | **2.00** (b) | **2.00** (b) | **2.00** (c) | **1.00** (d) | **1.00** |

In millions of euros, number of shares in millions, data per share in euros.

a. The non-GAAP measures of Income from operations, EBITA, Adjusted net income, Net Cash Position (or Financial Net Debt), Cash flow from operations (CFFO) and Cash flow from operations after interest and income tax paid (CFAIT) should be considered in addition to, and not as a substitute for, other GAAP measures of operating and financial performance as presented in the Consolidated Financial Statements and the related Notes, or as described in this Financial Report. Vivendi considers these to be relevant indicators of the group's operating and financial performance. Each of these indicators is defined in the appropriate section of this Financial Report. In addition, it should be noted that other companies may have definitions and calculations for these indicators that differ from those used by Vivendi, thereby affecting comparability.

b. On April 21, 2016, Vivendi's General Shareholders' Meeting approved the payment of an ordinary dividend of €3 per share with respect to fiscal year 2015, i.e., an aggregate dividend payment of €3,951 million. This amount included €2,588 million paid in 2016: €1,318 million for the second interim dividend of €1 per share, paid on February 3, 2016, and €1,270 million representing the balance of €1 per share, paid on April 28, 2016.

c. In 2015, Vivendi paid the dividend with respect to fiscal year 2014 (€1 per share, i.e., €1,363 million) and a first interim dividend with respect to fiscal year 2015 (€1 per share, i.e., €1,364 million).

d. On June 30, 2014, Vivendi SA paid an ordinary dividend of €1 per share to its shareholders from additional paid-in capital, treated as a return of capital distribution to shareholders.

# I- Financial Report for the first half of 2017

***Preliminary comments:***

*On August 28, 2017, the Management Board approved the Financial Report and the Unaudited Condensed Financial Statements for the half-year ended June 30, 2017. Upon the recommendation of the Audit Committee, which met on August 29, 2017, the Supervisory Board, at its meeting held on August 31, 2017, reviewed the Financial Report and the Unaudited Condensed Financial Statements for the half-year ended June 30, 2017, as approved by the Management Board on August 28, 2017.*

*The Condensed Financial Statements for the half-year ended June 30, 2017 were subject to a limited review by Vivendi's Statutory Auditors. The Auditors' Report on the 2017 half-year financial information is presented after the Condensed Financial Statements.*

*The Financial Report for the first half of 2017 should be read in conjunction with the Financial Report for the year ended December 31, 2016, as published in the "Rapport Annuel - Document de référence 2016" filed on March 14, 2017 with the French Autorité des marchés financiers (the "AMF"). Please also refer to pages 185 through 209 of the English translation[1] of the "Rapport Annuel - Document de référence 2016" (the "2016 Annual Report") which is available on Vivendi's website (www.vivendi.com) for informational purposes.*

*For a detailed description of the significant events that occurred during the first half of 2017, as well as any subsequent events, please refer to Notes 2 and 19 to the Condensed Financial Statements for the half-year ended June 30, 2017, respectively.*

*Updated information on the main transactions with related parties as of June 30, 2017 is provided in Note 16 to the Condensed Financial Statements for the half-year ended June 30, 2017.*

# 1 Earnings analysis: group and business segments

***Preliminary comments:***

***Changes in the presentation of the Consolidated Statement of Earnings***

*Vivendi made changes in the presentation of its Consolidated Statement of Earnings as from January 1, 2017. For a detailed description of these changes in presentation and the reconciliations to previously published financial data, please refer to Note 1 and Note 20, respectively, to the Condensed Financial Statements for the first half-year ended June 30, 2017.*

***Non-GAAP measures***

*"Income from operations", "EBITA" and "adjusted net income", all non-GAAP measures, should be considered in addition to, and not as a substitute for, other GAAP measures of operating and financial performance as presented in the Consolidated Financial Statements and the related Notes, or as described in the Financial Report. Vivendi considers these to be relevant indicators of the group's operating and financial performance.*

*Vivendi Management uses income from operations, EBITA and adjusted net income for reporting, management and planning purposes because they exclude most non-recurring and non-operating items from the measurement of the business segments' performances. Under Vivendi's definition:*

- *the difference between EBITA and EBIT consists of the amortization of intangible assets acquired through business combinations, the impairment of goodwill and other intangibles acquired through business combinations, the income from equity affiliates, as well as the impacts of transactions with shareowners;*
- *income from operations is calculated as EBITA as presented in the Adjusted Statement of Earnings, before share-based compensation costs related to equity-settled plans, and special items due to their unusual nature and particular significance; and*
- *adjusted net income includes the following items: EBITA; income from equity affiliates; interest (corresponding to interest expense on borrowings net of interest income earned on cash and cash equivalents); income from investments (including dividends and interest received from unconsolidated companies); and taxes and non-controlling interests related to these items. It does not include the following items: amortization of intangible assets acquired through business combinations and related to equity affiliates; impairment losses on goodwill and other intangible assets acquired through business combinations; other financial charges and income; earnings from discontinued operations; provisions for income taxes and adjustments attributable to non-controlling interests; non-recurring tax items (in particular the changes in deferred tax assets pursuant to Vivendi SA's Tax Group and the Consolidated Global Profit Tax Systems and the reversal of tax liabilities related to risks extinguished over the period).*

*Moreover, it should be noted that other companies may have definitions and calculations for these non-GAAP measures that differ from those used by Vivendi, thereby affecting comparability.*

*[1] This free translation of the "Rapport Annuel - Document de référence 2016" is provided solely for the convenience of English speaking readers. In the event of discrepancy, the French version shall prevail.*

# 1.1 Statement of Earnings

### SECOND QUARTER

| | Three months ended June 30, 2017 | Three months ended June 30, 2016 | % Change |
|---|---|---|---|
| **REVENUES** | **2,774** | **2,553** | **+ 8.7%** |
| Cost of revenues | (1,706) | (1,578) | |
| Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations | (820) | (763) | |
| **Income from operations*** | **248** | **212** | **+ 16.5%** |
| Restructuring charges | (34) | (27) | |
| Other operating charges and income | (11) | (11) | |
| **Adjusted earnings before interest and income taxes (EBITA)*** | **203** | **174** | **+ 16.0%** |
| Amortization and depreciation of intangible assets acquired through business combinations | (40) | (55) | |
| Reversal of reserves related to Securities Class Action and Liberty Media litigations in the United States | - | - | |
| Income from equity affiliates | 14 | 25 | |
| **EARNINGS BEFORE INTEREST AND INCOME TAXES (EBIT)** | **177** | **144** | **+ 22.7%** |
| Interest | (10) | (9) | |
| Income from investments | 13 | 21 | |
| Other financial charges and income | (29) | (28) | |
| | ***(26)*** | ***(16)*** | |
| **Earnings before provision for income taxes** | **151** | **128** | **+ 17.8%** |
| Provision for income taxes | (66) | (70) | |
| **Earnings from continuing operations** | **85** | **58** | **+ 45.3%** |
| Earnings from discontinued operations | - | (1) | |
| **Earnings** | **85** | **57** | **+ 46.4%** |
| Non-controlling interests | (10) | (8) | |
| **EARNINGS ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS** | **75** | **49** | **+ 50.0%** |
| Earnings attributable to Vivendi SA shareowners per share - basic (in euros) | 0.06 | 0.04 | |
| Earnings attributable to Vivendi SA shareowners per share - diluted (in euros) | 0.06 | 0.04 | |
| **Adjusted net income*** | **165** | **187** | **- 11.9%** |
| Adjusted net income per share - basic (in euros)* | 0.13 | 0.15 | |
| Adjusted net income per share - diluted (in euros)* | 0.13 | 0.15 | |

In millions of euros, except per share amounts.

* non-GAAP measures.

**HALF-YEAR**

| | Six months ended June 30, 2017 | 2016 | % Change |
|---|---|---|---|
| **REVENUES** | **5,437** | **5,044** | **+ 7.8%** |
| Cost of revenues | (3,398) | (3,088) | |
| Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations | (1,638) | (1,516) | |
| **Income from operations*** | **401** | **440** | **- 9.0%** |
| Restructuring charges | (38) | (48) | |
| Other operating charges and income | (11) | (5) | |
| **Adjusted earnings before interest and income taxes (EBITA)*** | **352** | **387** | **- 9.2%** |
| Amortization and depreciation of intangible assets acquired through business combinations | (65) | (110) | |
| Reversal of reserves related to Securities Class Action and Liberty Media litigations in the United States | 27 | 240 | |
| Income from equity affiliates | 48 | 12 | |
| **EARNINGS BEFORE INTEREST AND INCOME TAXES (EBIT)** | **362** | **529** | **- 31.5%** |
| Interest | (25) | (17) | |
| Income from investments | 15 | 22 | |
| Other financial charges and income | (35) | 535 | |
| | ***(45)*** | ***540*** | |
| **Earnings before provision for income taxes** | **317** | **1,069** | **- 70.4%** |
| Provision for income taxes | (124) | (135) | |
| **Earnings from continuing operations** | **193** | **934** | **- 79.4%** |
| Earnings from discontinued operations | - | (2) | |
| **Earnings** | **193** | **932** | **- 79.4%** |
| Non-controlling interests | (17) | (21) | |
| **EARNINGS ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS** | **176** | **911** | **- 80.7%** |
| Earnings attributable to Vivendi SA shareowners per share - basic (in euros) | 0.14 | 0.71 | |
| Earnings attributable to Vivendi SA shareowners per share - diluted (in euros) | 0.14 | 0.71 | |
| **Adjusted net income*** | **320** | **286** | **+ 12.0%** |
| Adjusted net income per share - basic (in euros)* | 0.26 | 0.22 | |
| Adjusted net income per share - diluted (in euros)* | 0.25 | 0.22 | |

In millions of euros, except per share amounts.

* non-GAAP measures.

# 1.2 Statement of Earnings analysis

## 1.2.1 Operating results for the second quarter of 2017

**Revenues** amounted to €2,774 million, compared to €2,553 million for the second quarter of 2016, a €221 million increase (+8.7%). At constant currency and perimeter[2], revenues increased by 6.2%, primarily driven by Universal Music Group's growth (+15.2%) while Canal+ Group's situation has improved (decrease of -1.3% compared to the second quarter of 2016, vs. -3.5% for the first quarter of 2017 compared to the first quarter of 2016).

**Income from operations** amounted to €248 million, compared to €212 million for the second quarter of 2016, a €36 million increase (+16.5%). At constant currency and perimeter, income from operations increased by 16.9%, primarily driven by Universal Music Group's growth (+€55 million) while Canal+ Group's situation has improved (stable during the second quarter of 2017, compared to a decrease of -€115 million during the first quarter) despite the development costs incurred by New Initiatives (including Dailymotion).

**EBITA** amounted to €203 million, compared to €174 million for the second quarter of 2016, a €29 million increase (+16.0%). At constant currency and perimeter, EBITA increased by €30 million (+17.1%). This improvement primarily reflected the favorable change in income from operations. In addition, for the second quarter of 2017, EBITA included:

- **restructuring charges** for €34 million, compared to €27 million for the second quarter of 2016, primarily incurred by Canal+ Group (€21 million, compared to €14 million for the second quarter of 2016) and Universal Music Group (€11 million, compared to €14 million for the second quarter of 2016); and

[2] *For the second quarter of 2017, constant perimeter reflects the impacts of the acquisition of Gameloft (June 29, 2016) and Paddington Bear (June 30, 2016) which has been integrated into Vivendi Village.*

- **other operating charges and income** excluded from income from operations, which amounted to a net charge of €11 million for the second quarters of 2017 and 2016. They notably included the charge related to equity-settled share-based compensation plans for €11 million, compared to €3 million for the second quarter of 2016.

**EBIT** amounted to €177 million for the second quarter of 2017, compared to €144 million for the same period in 2016, a €33 million increase (+22.7%). In addition to the €29 million favorable change in EBITA, this increase reflected the following factors:

- **income from equity affiliates** amounted to a profit of €14 million, compared to a profit of €25 million for the second quarter of 2016. This amount primarily included Vivendi's share of Telecom Italia's net earnings calculated based on the financial information disclosed by Telecom Italia[3], representing an income of €12 million for the second quarter of 2017 (corresponding to the first quarter of 2017 because of a three-month reporting lag), compared to a profit of €34 million for the second quarter of 2016 (corresponding to the first quarter of 2016 because of a three-month reporting lag); and
- **amortization of intangible assets acquired through business combinations** amounted to €40 million, compared to €55 million for the second quarter of 2016, a €15 million decrease mainly due to the change in estimate of the amortization period of Universal Music Group's music rights and catalogs which was extended from 15 to 20 years as from January 1, 2017 (please refer to Note 1 to the Condensed Financial Statements for the first half of 2017).

### 1.2.2 Operating results for the first half of 2017

**Revenues** amounted to €5,437 million, compared to €5,044 million for the first half of 2016, a €393 million increase (+7.8%). At constant currency and perimeter[4], revenues increased by 4.8%, primarily driven by Universal Music Group's growth (+14.0%) while Canal+ Group's situation has slightly improved (decrease of -2.4% for the first half of 2017 compared to -5.5% for the second half of 2016).

**Income from operations** amounted to €401 million, compared to €440 million for the first half of 2016, a €39 million decrease (-9.0%). At constant currency and perimeter, income from operations decreased by €49 million (-11.1%); Universal Music Group's growth (+€89 million) was more than offset by the decline of Canal+ Group (-€115 million, attributable to the decrease recorded in the first quarter), as well as the development costs incurred by New Initiatives (including Dailymotion).

**EBITA** amounted to €352 million, compared to €387 million for the first half of 2016, a €35 million decrease (-9.2%). At constant currency and perimeter, EBITA decreased by €43 million (-11.0%). This decline primarily reflected the unfavorable change in income from operations. In addition, EBITA included:

- **restructuring charges** for €38 million, compared to €48 million for the first half of 2016, primarily incurred by Canal+ Group (€21 million, compared to €14 million for the first half of 2016) and Universal Music Group (€15 million, compared to €34 million for the first half of 2016); and
- **other operating charges and income** excluded from income from operations, which amounted to a net charge of €11 million, compared to a net charge of €5 million for the first half of 2016, which notably included the charge related to equity-settled share-based compensation plans for €15 million, compared to €5 million for the first half of 2016.

**EBIT** amounted to €362 million, compared to €529 million for the first half of 2016, a €167 million decrease (-31.5%). In addition to the €35 million unfavorable change in EBITA, this decrease resulted from the following factors:

- **income from equity affiliates** amounted to a profit of €48 million, compared to a profit of €12 million for the first half of 2016. This amount primarily included Vivendi's share of Telecom Italia's net earnings calculated based on the financial information disclosed by Telecom Italia[5], representing an income of €44 million for the first half of 2017 (corresponding to the fourth quarter of 2016 and to the first quarter of 2017 because of a three-month reporting lag), compared to an income of €23 million for the first half of 2016 (corresponding to the period from December 15, 2015 to March 31, 2016 because of a three-month reporting lag). It included the amortization of intangible assets related to the purchase price allocation for Telecom Italia, excluded from adjusted net income (-€30 million for the first half of 2017, compared to -€26 million for the first half of 2016);
- **the reversal of reserve** related to the Securities Class Action litigation in the United States represented a net profit of €27 million for the first half of 2017. On April 6, 2017, Vivendi announced that it had signed an agreement to settle the remaining claims still in dispute with certain class plaintiffs for $26 million, which together with the judgments previously entered, resolved the entire litigation for an aggregate amount of $78 million (please refer to Note 18 to the Condensed Financial Statements for the first half of 2017).

*[3] On May 3, 2017 (Financial Statements for the first quarter ended March 31, 2017): please refer to note 9 to the Condensed Financial Statements for the first half of 2017.*

*[4] For the second half of 2017, constant perimeter reflects the impacts of the acquisition of Thema America (April 7, 2016) by Canal+ Group, Gameloft (June 29, 2016) and Paddington Bear (June 30, 2016) which has been integrated into Vivendi Village.*

*[5] On May 3, 2017 (Financial Statements for the first quarter ended March 31, 2017) and on March 23, 2017 (Financial Statements for the year ended December 31, 2016), respectively: please refer to Note 9 to the Condensed Financial Statements for the first half of 2017.*

For the first half of 2016, the reversal of reserve related to the Liberty Media litigation in the United States represented a net profit of €240 million. As a reminder, on February 23, 2016, Vivendi agreed on a settlement with Liberty Media and paid it $775 million (€705 million); and

- **amortization of intangible assets acquired through business combinations** amounted to €65 million, compared to €110 million for the first half of 2016, a €45 million decrease mainly due to the change in estimate of the amortization period of Universal Music Group's music rights and catalogs which was extended from 15 to 20 years as from January 1, 2017 (please refer to Note 1 to the Condensed Financial Statements for the first half of 2017).

### 1.2.3 Financial results

For the first half of 2017, **interest** amounted to an expense of €25 million, compared to €17 million for the first half of 2016, an €8 million increase. It included:

- interest expense on borrowings for €35 million, compared to €28 million for the first half of 2016. This change reflected the increase in the average outstanding borrowings to €3.6 billion (compared to €2.5 billion for the first half of 2016) pursuant to the issuance of new bonds in May and November 2016 for an aggregate amount of €2.1 billion, offset by the decrease in the average interest rate on borrowings to 1.92% (compared to 2.32% for the first half of 2016); and
- interest income earned on the investment of cash surpluses for €10 million, compared to €11 million for the first half of 2016.

**Income from investments** amounted to €15 million, compared to €22 million for the first half of 2016. It primarily included dividends received from Telefonica (€10 million, compared to €19 million for the first half of 2016), as well as the interest from the bonds issued by Banijay Group and Lov Banijay and subscribed by Vivendi (€4 million, compared to €2 million for the first half of 2016).

**Other financial charges and income** amounted to a net charge of €35 million, compared to a net income of €535 million for the first half of 2016. In 2016, they primarily included the net capital gain on the sale of Vivendi's remaining interest in Activision Blizzard in January 2016 (€576 million, before taxes).

### 1.2.4 Provision for income taxes

For the first half of 2017, **provision for income taxes** amounted to a net charge of €124 million, compared to a net charge of €135 million for the first half of 2016, a €11 million improvement, which notably included the favorable impact of certain non-recurring items (€47 million), including a €10 million positive impact at Universal Music Group in the United Kingdom for the first half of 2017 and the €41 million negative impact in connection with the reversal of reserve related to the Liberty Media litigation for the first half of 2016. Provisions for income taxes also included the 3% tax on dividends paid by Vivendi SA (-€8 million, compared to -€38 million for the first half of 2016). In addition, provision for income taxes included a €34 million unfavorable change in deferred tax savings related to Vivendi SA's Tax Group System, which was a €24 million charge for the first half of 2017, compared to a €10 million income for the first half of 2016.

**Provision for income taxes reported to adjusted net income** was a net charge of €79 million, compared to a net charge of €118 million for the first half of 2016. The effective tax rate reported to adjusted net income was 23.0% for the first half of 2017, compared to 30.2% for the first half of 2016 (mainly due to the €41 million negative impact in connection with the reversal of reserve related to the Liberty Media litigation). Excluding non-recurring impacts, the effective tax rate reported to adjusted net income would be 26.0% for the first half of 2017, compared to 20.5% for the first half of 2016, mainly reflecting the favorable impact on the tax rate of Vivendi's Tax Group Systems in France and in the United States. In addition, the increase, during the first half of 2017, of 5.5 points in the effective tax rate reported to adjusted net income reflected the unfavorable impact of unutilized tax losses generated by developing businesses.

### 1.2.5 Non-controlling interests

For the first half of 2017, **earnings attributable to non-controlling interests** amounted to €17 million, compared to €21 million for the first half of 2016. They primarily included the non-controlling interests of nc+ in Poland, Canal+ International and VTV in Vietnam.

### 1.2.6 Earnings attributable to Vivendi SA shareowners

For the first half of 2017, **earnings attributable to Vivendi SA shareowners** amounted to a profit of €176 million (or €0.14 per share), compared to €911 million (or €0.71 per share) for the same period in 2016, a €735 million decrease (-80.7%). This decrease primarily resulted from the favorable impact of certain non-recurring items during the first half of 2016, including the reversal of reserve related to the Liberty Media litigation (€240 million) as well as the net capital gain on the sale of Vivendi's remaining interest in Activision Blizzard in January 2016 (€576 million, before taxes).

### 1.2.7 Adjusted net income

| (in millions of euros) | Six months ended June 30, 2017 | 2016 | % Change |
|---|---|---|---|
| **Revenues** | **5,437** | **5,044** | **+ 7.8%** |
| **Income from operations** | **401** | **440** | **- 9.0%** |
| **EBITA** | **352** | **387** | **- 9.2%** |
| Income from equity affiliates | 78 | 38 | |
| Interest | (25) | (17) | |
| Income from investments | 15 | 22 | |
| Adjusted earnings from continuing operations before provision for income taxes | 420 | 430 | |
| Provision for income taxes | (79) | (118) | |
| Adjusted net income before non-controlling interests | 341 | 312 | |
| Non-controlling interests | (21) | (26) | |
| **Adjusted net income** | **320** | **286** | **+ 12.0%** |

For the first half of 2017, **adjusted net income** amounted to a profit of €320 million (or €0.26 per share - basic), compared to €286 million for the same period in 2016 (or €0.22 per share), a €34 million increase (+12.0%). The decrease in EBITA (-€35 million), the increase in interest expense (-€8 million) and the decrease in income from investments (-€7 million) were more than offset by the increase in income from equity affiliates (+€40 million, mainly Telecom Italia's contribution for +€25 million), the decrease in provision for income taxes (+€39 million) and the decrease in non-controlling interests (+€5 million).

#### Reconciliation of earnings attributable to Vivendi SA shareowners to adjusted net income

| (in millions of euros) | Six months ended June 30, 2017 | 2016 |
|---|---|---|
| **Earnings attributable to Vivendi SA shareowners (a)** | **176** | **911** |
| *Adjustments* | | |
| Amortization and depreciation of intangible assets acquired through business combinations | 65 | 110 |
| Amortization of intangible assets related to equity affiliates | 30 | 26 |
| Reversal of reserves related to Securities Class Action and Liberty Media litigations in the United States (a) | (27) | (240) |
| Other financial charges and income | 35 | (535) |
| Earnings from discontinued operations (a) | - | 2 |
| Provision for income taxes on adjustments | 45 | 17 |
| Non-controlling interests on adjustments | (4) | (5) |
| **Adjusted net income** | **320** | **286** |

a. As reported in the Consolidated Statement of Earnings.

#### Adjusted net income per share

| | Six months ended June 30, 2017 | | 2016 | |
|---|---|---|---|---|
| | Basic | Diluted | Basic | Diluted |
| **Adjusted net income (in millions of euros)** | 320 | 320 | 286 | 286 |
| **Number of shares (in millions)** | | | | |
| Weighted average number of shares outstanding (a) | 1,251.7 | 1,251.7 | 1,286.8 | 1,286.8 |
| Potential dilutive effects related to share-based compensation | - | 3.9 | - | 2.8 |
| Adjusted weighted average number of shares | 1,251.7 | 1,255.6 | 1,286.8 | 1,289.6 |
| **Adjusted net income per share (in euros)** | **0.26** | **0.25** | **0.22** | **0.22** |

a. Net of the weighted average number of treasury shares (35.5 million shares for the first half of 2017, compared to 75.6 million for the same period in 2016).

# 1.3 Business segment performance analysis

## SECOND QUARTER

| (in millions of euros) | Three months ended June 30, 2017 | 2016 | % Change | % Change at constant currency | % Change at constant currency and perimeter (a) |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Universal Music Group | 1,382 | 1,196 | +15.5% | +15.2% | +15.2% |
| Canal+ Group | 1,290 | 1,311 | -1.6% | -1.3% | -1.3% |
| Gameloft | 62 | - | na | na | na |
| Vivendi Village | 30 | 29 | +4.1% | +9.3% | +3.1% |
| New Initiatives | 13 | 28 | | | |
| Elimination of intersegment transactions | (3) | (11) | | | |
| **Total Vivendi** | **2,774** | **2,553** | **+8.7%** | **+8.7%** | **+6.2%** |
| **Income from operations** | | | | | |
| Universal Music Group | 170 | 115 | +48.4% | +47.6% | +47.6% |
| Canal+ Group | 135 | 133 | +1.9% | +0.4% | +0.4% |
| Gameloft | (2) | - | na | na | na |
| Vivendi Village | (3) | (4) | | | |
| New Initiatives | (22) | (8) | | | |
| Corporate | (30) | (24) | | | |
| **Total Vivendi** | **248** | **212** | **+16.5%** | **+17.1%** | **+16.9%** |
| **EBITA** | | | | | |
| Universal Music Group | 152 | 98 | +53.8% | +52.5% | +52.5% |
| Canal+ Group | 114 | 119 | -3.8% | -5.5% | -5.5% |
| Gameloft | (4) | - | na | na | na |
| Vivendi Village | (5) | (4) | | | |
| New Initiatives | (22) | (14) | | | |
| Corporate | (32) | (25) | | | |
| **Total Vivendi** | **203** | **174** | **+16.0%** | **+16.4%** | **+17.1%** |

na: not applicable.

a. Constant perimeter reflects the impacts of the following acquisitions:

- Gameloft (June 29, 2016); and
- Paddington Bear (June 30, 2016) which has been integrated into Vivendi Village.

## HALF-YEAR

| | Six months ended June 30, | | | | |
|---|---|---|---|---|---|
| (in millions of euros) | 2017 | 2016 | % Change | % Change at constant currency | % Change at constant currency and perimeter (a) |
| **Revenues** | | | | | |
| Universal Music Group | 2,666 | 2,315 | +15.2% | +14.0% | +14.0% |
| Canal+ Group | 2,568 | 2,639 | -2.7% | -2.3% | -2.4% |
| Gameloft | 130 | - | na | na | na |
| Vivendi Village | 56 | 54 | +3.9% | +7.9% | +3.3% |
| New Initiatives | 23 | 58 | | | |
| Elimination of intersegment transactions | (6) | (22) | | | |
| **Total Vivendi** | **5,437** | **5,044** | **+7.8%** | **+7.5%** | **+4.8%** |
| | | | | | |
| **Income from operations** | | | | | |
| Universal Music Group | 311 | 217 | +43.3% | +40.8% | +40.8% |
| Canal+ Group | 186 | 297 | -37.3% | -38.8% | -38.6% |
| Gameloft | 2 | - | na | na | na |
| Vivendi Village | (7) | (8) | | | |
| New Initiatives | (38) | (17) | | | |
| Corporate | (53) | (49) | | | |
| **Total Vivendi** | **401** | **440** | **-9.0%** | **-10.6%** | **-11.1%** |
| | | | | | |
| **EBITA** | | | | | |
| Universal Music Group | 286 | 177 | +61.6% | +58.4% | +58.4% |
| Canal+ Group | 171 | 288 | -40.5% | -42.0% | -41.9% |
| Gameloft | (1) | - | na | na | na |
| Vivendi Village | (9) | (4) | | | |
| New Initiatives | (38) | (24) | | | |
| Corporate | (57) | (50) | | | |
| **Total Vivendi** | **352** | **387** | **-9.2%** | **-11.0%** | **-11.0%** |

na: not applicable.

a. Constant perimeter reflects the impacts of the following acquisitions:

- Thema America (April 7, 2016) by Canal+ Group ;
- Gameloft (June 29, 2016); and
- Paddington Bear (June 30, 2016) which has been integrated into Vivendi Village.

### 1.3.1 Universal Music Group (UMG)

| (in millions of euros) | Six months ended June 30, 2017 | 2016 | % Change | % Change at constant currency | % Change at constant currency and perimeter |
|---|---|---|---|---|---|
| Recorded music | 2,141 | 1,832 | +16.8% | +15.6% | +15.6% |
| *Physical sales* | *484* | *488* | *-0.9%* | *-1.8%* | *-1.8%* |
| *Digital sales* | *1,315* | *1,035* | *+27.1%* | *+25.4%* | *+25.4%* |
| *of which streaming and subscriptions* | *962* | *653* | *+47.3%* | *+45.1%* | *+45.1%* |
| *License and other* | *342* | *309* | *+10.4%* | *+10.4%* | *+10.4%* |
| Music publishing | 400 | 361 | +10.9% | +9.2% | +9.2% |
| Merchandising and other | 135 | 134 | +1.1% | +2.2% | +2.2% |
| Elimination of intersegment transactions | (10) | (12) | | | |
| **Total Revenues** | **2,666** | **2,315** | **+15.2%** | **+14.0%** | **+14.0%** |
| **Income from operations** | **311** | **217** | **+43.3%** | **+40.8%** | **+40.8%** |
| *Income from operations margin* | *11.7%* | *9.4%* | *+2.3 pts* | | |
| Restructuring charges | (15) | (34) | | | |
| Charges related to equity-settled share-based compensation plans | (7) | (1) | | | |
| Other special items excluded from income from operations | (3) | (5) | | | |
| **EBITA** | **286** | **177** | **+61.6%** | **+58.4%** | **+58.4%** |
| *EBITA margin* | *10.7%* | *7.6%* | *+3.1 pts* | | |
| **Recorded music revenues by geographical area** | | | | | |
| North America | 1,023 | 802 | +27.5% | +23.8% | +23.8% |
| Europe | 674 | 659 | +2.2% | +5.2% | +5.2% |
| Asia | 278 | 229 | +21.7% | +17.8% | +17.8% |
| Latin America | 75 | 62 | +21.1% | +18.5% | +18.5% |
| Rest of the world | 91 | 80 | +14.3% | +10.4% | +10.4% |
| | **2,141** | **1,832** | **+16.8%** | **+15.6%** | **+15.6%** |

Universal Music Group's (UMG) revenues amounted to €2,666 million, up 14.0% at constant currency and perimeter compared to the first half of 2016 (+15.2% on an actual basis), driven by growth across all divisions.

Recorded music revenues grew by 15.6% at constant currency and perimeter as growth in subscription and streaming revenues (+45.1%) more than offset the continued decline in both download and physical sales.

Music publishing revenues grew by 9.2% at constant currency and perimeter also driven by growth in subscription and streaming revenues, as well as growth in synchronization and performance revenues. Merchandising and other revenues were up 2.2% at constant currency and perimeter, driven by stronger retail sales.

Recorded music best sellers for the first half of 2017 included new releases from Drake and Kendrick Lamar, the 50th Anniversary edition of *Sgt. Pepper's Lonely Hearts Club Band* by The Beatles, carryover sales from The Weeknd and soundtrack releases from the movies *Moana* and *La La Land*.

Luis Fonsi's "Despacito", featuring Daddy Yankee and Justin Bieber, has become the most-streamed song of all time with over five billion streams across all streaming platforms. The song is the first non-English U.S. No. 1 in more than two decades and in the U.K., it has become the longest-running foreign language No. 1 in history.

UMG's income from operations amounted to €311 million, up 40.8% at constant currency and perimeter compared to the first half of 2016 (+43.3% on an actual basis) as a result of higher revenues.

UMG's EBITA amounted to €286 million, up 58.4% at constant currency and perimeter compared to the first half of 2016 (+61.6% on an actual basis). EBITA included lower restructuring charges compared to the first half of 2016.

Similar trends in sales and operating results from the first half of the year have continued into the summer.

In April 2017, UMG and Spotify announced a new, multi-year global license agreement. The deal advances their partnership to ensure that streaming realizes its full transformational potential for artists, labels and fans by delivering a comprehensive range of music experiences, providing more flexibility for new releases, and collaborating on innovative marketing campaigns across Spotify's platform. It also provides UMG with unprecedented access to data.

In May 2017, UMG announced a strategic licensing agreement with Tencent Music Entertainment Group, a leading digital music distribution platform in China, providing vast multi-platform distribution and marketing opportunities across China. UMG and Tencent will also develop Abbey Road Studios China, a recording studio inspired by the legendary London studio.

### 1.3.2 Canal+ Group

| | Six months ended June 30, | | | | |
|---|---|---|---|---|---|
| (in millions of euros) | 2017 | 2016 | % Change | % Change at constant currency | % Change at constant currency and perimeter (a) |
| Pay-TV in Mainland France | 1,542 | 1,627 | -5.3% | -5.3% | -5.3% |
| International Pay-TV | 753 | 709 | +6.2% | +7.0% | +6.6% |
| *Poland* | *251* | *246* | *+1.9%* | *+0.5%* | *+0.5%* |
| *Overseas* | *204* | *205* | *-0.4%* | *-0.4%* | *-0.4%* |
| *Africa* | *252* | *215* | *+17.6%* | *+22.1%* | *+22.1%* |
| *Vietnam* | *23* | *24* | *-5.4%* | *-6.5%* | *-6.5%* |
| *Other* | *23* | *19* | *+18.3%* | *+17.4%* | *+4.5%* |
| Free-to-air TV in Mainland France | 100 | 114 | -12.3% | -12.3% | -12.3% |
| Studiocanal | 173 | 189 | -8.1% | -6.3% | -6.3% |
| **Total Revenues** | **2,568** | **2,639** | **-2.7%** | **-2.3%** | **-2.4%** |
| **Income from operations** | **186** | **297** | **-37.3%** | **-38.8%** | **-38.6%** |
| *Income from operations margin* | *7.2%* | *11.3%* | *-4.1 pts* | | |
| Restructuring charges | (21) | (14) | | | |
| Charges related to equity-settled share-based compensation plans | (3) | (2) | | | |
| Other special items excluded from income from operations | 9 | 7 | | | |
| **EBITA** | **171** | **288** | **-40.5%** | **-42.0%** | **-41.9%** |
| *EBITA margin* | *6.7%* | *10.9%* | *-4.2 pts* | | |
| **Pay-TV subscribers** (in thousands) | | | | | |
| Self-distributed individual subscribers in Mainland France | 4,989 | 5,455 | -466 | | |
| Canal customers *via* wholesale partnerships (b) | 2,995 | na | +2,995 | | |
| International individual subscribers | 6,036 | 5,727 | +309 | | |
| *Poland* | *2,102* | *2,101* | *+1* | | |
| *Overseas* | *510* | *502* | *+8* | | |
| *Africa* | *2,713* | *2,222* | *+491* | | |
| *Vietnam* | *711* | *902* | *-191* | | |
| **Total Canal+ Group's individual subscribers** | **14,020** | **11,182** | **+2,838** | | |
| **Mainland France Pay-TV (c)** | | | | | |
| Churn (over a 12-month rolling period) | 17.6% | 15.4% | +2.2 pts | | |
| Net ARPU (in euros) | 45.3 | 45.0 | +0.3 | | |
| **Mainland France Free-to-air TV's audience shares (d)** | | | | | |
| C8 | 4.7% | 4.9% | -0.2 pts | | |
| CStar | 1.5% | 1.5% | - | | |
| CNews | 0.6% | 0.9% | -0.3 pts | | |
| **Total** | **6.8%** | **7.3%** | **-0.5 pts** | | |

na: not applicable.

a. Constant perimeter reflects the impacts of the acquisition of Alterna'TV, renamed Thema America (April 7, 2016).

b. Includes the strategic partnership agreements entered into with Free and Orange during the second half of 2016:
   - starting October 1, 2016, Canal+ Group and Free offer the "TV by Canal Panorama" bouquet of channels to Free's triple-play subscribers; and
   - starting October 6, 2016, Canal+ Group and Orange offer the "Famille by Canal" bouquet of channels to Orange's fiber-optic subscribers.

   In addition, certain subscribers may have subscribed to a Canal+ offer.

c. Indicators calculated on the basis of the individual subscriber base with commitment, excluding wholesale partnerships.

d. Source: Médiamétrie. Population aged 25-49 years old.

Canal+ Group's revenues amounted to €2,568 million, down 2.7% compared to the first half of 2016. At constant currency and perimeter, Canal+ Group's situation slightly improved (a 2.4% decrease in the first half of 2017, compared to a 5.5% decrease in the second half of 2016).

At the end of June 2017, Canal+ Group's individual subscriber base reached 14.0 million, up 2.8 million year-on-year, thanks to growth in international operations and the wholesale agreements with Orange and Free.

Revenues from international pay-TV operations grew by 6.2% compared to the first half of 2016 (+6.6% at constant currency and perimeter), driven by a net increase in the subscriber base of 309,000 year-on-year.

Revenues from pay-TV operations in mainland France were down 5.3% compared to the first half of 2016, due to a reduction of the free-to-air window on the Canal+ channel and a drop in subscriber revenue due to a decrease in the individual subscriber base, partially offset by revenues generated from partnerships with internet service providers.

Advertising revenues from free-to-air channels in mainland France decreased year-on-year, notably due to loss of revenues at C8 resulting from the sanction imposed by the French Broadcasting Authority (*Conseil Supérieur de l'Audiovisuel*) on June 7, 2017, and despite a greater attraction toward the channel.

Studiocanal's revenues were down compared to the first half of 2016, due to a better performing film line-up in 2016.

Canal+ Group's income from operations amounted to €186 million, compared to €297 million for the first half of 2016.

EBITA amounted to €171 million, compared to €288 million for the first half of 2016. Canal+ Group recorded a strong performance for the second quarter of 2017 with an EBITA of €114 million (-5.5% compared to the second quarter of 2016), a doubling compared to the EBITA of €57 million recorded in the first quarter of 2017 (-67.5% compared to the first quarter of 2016).

Following in the footsteps of Orange and Free, on August 21, 2017, Canal+ France announced a partnership with Bouygues Telecom which will offer its subscribers an entry-level family-oriented package including popular theme channels and unlimited access to video-on-demand with Canalplay.

In August 2017, Canal+ doubled the number of recruitments (compared to August 2016) with the resumption of the French Ligue 1 football championship.

For the full year, Canal+ Group confirms its EBITA target of approximately €350 million, compared to €240 million in 2016.

### 1.3.3 Gameloft

As a reminder, Vivendi has fully consolidated Gameloft since June 29, 2016: please refer to Note 2.1 to the Consolidated Financial Statements for the year ended December 31, 2016.

| | Six months ended June 30, | | 6-month pro forma data |
|---|---|---|---|
| (in millions of euros) | 2017 | 2016 | 2016 |
| **Revenues** | **130** | **-** | **125** |
| *of which advertising revenues* | *17* | - | *7* |
| **Income from operations** | **2** | **-** | **(2)** |
| Restructuring charges | - | - | |
| Charges related to equity-settled share-based compensation plans | (1) | - | |
| Other special items excluded from income from operations | (2) | - | |
| **EBITA** | **(1)** | **-** | |
| **Revenues by geographical area** | | | |
| EMEA (Europe, the Middle East, Africa) | 33% | na | 34% |
| APAC (Asia Pacific) | 28% | na | 31% |
| North America | 27% | na | 22% |
| Latam (Latin America) | 12% | na | 13% |
| | **100%** | **na** | **100%** |
| **Average Unique Users** (in millions) | | | |
| Monthly Active Users (MAU) | 134 | na | 148 |
| Daily Active Users (DAU) | 16 | na | 18 |

na: not applicable.

Gameloft's revenues amounted to €130 million. The breakdown of revenues by geographical market is as follows: 33% in the EMEA region (Europe, the Middle East and Africa), 28% in Asia Pacific, 27% in North America and 12% in Latin America.

Gameloft is benefiting in particular from the strong performance of its back catalog, thanks to changes implemented in the teams responsible for game updates and to an improvement in the effectiveness of the customer acquisition policy since the beginning of the year. Flagship games such as *Dragon Mania Legends*, *Disney Magic Kingdoms*, *March of Empires*, *Modern Combat 5: Blackout*, *Asphalt 8: Airborne* and *Sniper Fury* experienced strong sales growth.

Gameloft announced that its game *Asphalt 8: Airborne* has exceeded the threshold of 300 million downloads, becoming one of the most downloaded games in the history of mobile video games.

Gameloft's performance was also driven by its mobile advertising agency Gameloft Advertising Solutions, whose sales increased to €17 million, representing 13.1% of total revenues during the first half of 2017.

Gameloft released six new games on smartphone during the first half of 2017: *Gangstar New Orleans*, *N.O.V.A. Legacy*, *City Mania*, *Blitz Brigade Rival Tactics*, *Iron Blade* and *Asphalt Street Storm Racing* which registered 43 million downloads as of June 30, 2017.

Thanks to an increase in revenues and a slight decrease in operating costs, Gameloft's income from operations reached €2 million for the first half of 2017. EBITA amounted to a loss of €1 million.

During the first half of 2017, Gameloft's daily active users (DAU) reached an average of 16 million and the number of monthly active users (MAU) reached an average of 134 million.

### 1.3.4 Vivendi Village

| | Six months ended June 30, | | | | |
|---|---|---|---|---|---|
| (in millions of euros) | 2017 | 2016 | % Change | % Change at constant currency | % Change at constant currency and perimeter (a) |
| **Revenues** | **56** | **54** | **+3.9%** | **+7.9%** | **+3.3%** |
| *Of which Vivendi Ticketing* | *27* | *25* | *+8.5%* | *+16.5%* | *+16.5%* |
| *MyBestPro* | *13* | *12* | *+7.3%* | *+7.3%* | *+7.3%* |
| **Income from operations** | **(7)** | **(8)** | | | |
| Restructuring charges | (1) | 1 | | | |
| Charges related to equity-settled share-based compensation plans | - | - | | | |
| Other special items excluded from income from operations | (1) | 3 | | | |
| **EBITA** | **(9)** | **(4)** | | | |

na: not applicable.

a. Constant perimeter reflects the impacts of the acquisition of Paddington Bear (June 30, 2016).

Vivendi Village's revenues amounted to €56 million for the first half of 2017, a 3.9% increase compared to the first half of 2016 (+7.9% at constant currency and +3.3% at constant currency and perimeter). Over the same period, Vivendi Village's income from operations amounted to a loss of €7 million (-€8 million for the first half of 2016) and EBITA amounted to a loss of €9 million (-€4 million for the first half of 2016) due to investment costs.

Benefitting from the flexible organization of small structures, Vivendi Village is ground to experimentation and the launch of new projects for the group. For example, since its creation in 2016, Olympia Production has produced or coproduced more than 600 shows with a dozen artists in France, including headliners such as Slimane and M Pokora.

In Africa, CanalOlympia accelerated the deployment of its network, opening its sixth movie and entertainment venue in Senegal in May 2017, with two more to be inaugurated (in Togo and Benin) in September.

Vivendi Ticketing continues its dynamic performance with revenues of €27 million for the first half of 2017 (+16.5% at constant currency and perimeter) and a strong growth in income from operations.

### 1.3.5 New Initiatives

New Initiatives, which groups together projects being launched or developed including Dailymotion, Vivendi Content and GVA (Group Vivendi Africa), had revenues and income from operations amounting to €23 million and a loss of €38 million for the first half of 2017, respectively. Dailymotion's revenues amounted to €22 million, down 40.7% compared to the first half of 2016.

Dailymotion, the leading French website in terms of traffic with 300 million unique users per month globally, launched a new interface on mobile and desktop in July 2017 with a premium content offer focused on four main themes (news, sports, music, and entertainment) that meets the expectations of 18 to 49 year-olds, its new prime target audience. This new content offer is made possible by partnerships concluded with hundreds of media groups and first-class global brands.

Dailymotion has been wholly-owned by Vivendi since July 26, 2017 following the exercise by Orange of the put option on its remaining 10% interest in Dailymotion.

Studio+, an innovative premium short-form series offer, now has 800,000 subscribers with the prospect for very strong growth in the subscriber base by the end of the year.

### 1.3.6 Corporate

Corporate's income from operations amounted to a net charge of €53 million, compared to a net charge of €49 million for the first half of 2016, a €4 million increase, primarily due to the increase in legal fees related to the settlement of past litigations and the deployment of the group in Italy.

Corporate's EBITA amounted to a net charge of 57 million, compared to a net charge of €50 million for the first half of 2016, a €7 million increase. In addition to the increase in income from operations, EBITA was affected by an increase in restructuring costs and charges related to share-based compensation plans.

## 1.4 Havas

Vivendi has fully consolidated Havas since July 3, 2017: please refer to Note 2 to the Condensed Financial Statements for the first half of 2017 for a detailed description of the acquisition and its accounting impacts on the Financial Statements. Havas's financial results and cash flows will be consolidated effective from July 3, 2017.

On August 25, 2017, Havas disclosed its financial results for the first half of 2017.

# 2 Liquidity and capital resources

## 2.1 Net Cash Position and equity portfolio

***Preliminary comment:***

*The "Net Cash Position", a non-GAAP measure, should be considered in addition to, and not as a substitute for, other GAAP measures as presented in the Consolidated Statement of Financial Position, as well as any other measures of indebtedness reported in accordance with GAAP, and Vivendi considers it to be a relevant indicator of the group's liquidity and capital resources. Vivendi Management uses this indicator for reporting, management, and planning purposes, as well as to comply with certain covenants.*

### 2.1.1 Net Cash Position

| (in millions of euros) | Refer to Notes to the Consolidated Financial Statements | June 30, 2017 | December 31, 2016 |
|---|---|---|---|
| Cash and cash equivalents (a) | 11 | 3,766 | 4,072 |
| *of which Vivendi SA's money market funds* | | *2,142* | *1,916* |
| *Vivendi SA's term deposits and interest-bearing current accounts* | | *1,173* | *1,792* |
| Cash management financial assets | 11 | 451 | 998 |
| **Cash position** | | **4,217** | **5,070** |
| Derivative financial instruments in assets | 10 | 35 | 79 |
| Borrowings and other financial liabilities | 15 | (3,752) | (4,081) |
| *of which long-term (a)* | | *(2,942)* | *(2,977)* |
| *short-term (a)* | | *(810)* | *(1,104)* |
| **Borrowings and other financial items** | | **(3,717)** | **(4,002)** |
| **Net Cash Position** | | **500** | **1,068** |

a. As presented in the Consolidated Statement of Financial Position.

As of June 30, 2017, Vivendi's Net Cash Position amounted to €500 million, compared to €1,068 million as of December 31, 2016.

As of June 30, 2017, the group's cash position amounted to €4,217 million (compared to €5,070 million as of December 31, 2016), of which €3,799 million was held by Vivendi SA as of June 30, 2017 and primarily invested as follows:

- €2,142 million invested in money market funds and classified as "cash and cash equivalents";
- €1,498 million invested in term deposits, interest-bearing current accounts and Medium Term Notes (MTN), of which €1,173 million is classified as "cash and cash equivalents" and the remaining balance (€325 million) as "financial assets"; and
- €155 million invested in bond funds, of which €30 million is classified as "cash and cash equivalents" and €125 million as "financial assets".

As of June 30, 2017, Vivendi's borrowings and other financial liabilities amounted to €3,752 million, compared to €4,081 million as of December 31, 2016, a €329 million decrease. This change notably resulted from the redemption upon maturity in March 2017 of the bond issued in March 2010 (€750 million), partially offset by the issuance of short-term marketable securities[6] for €500 million. As of June 30, 2017, Vivendi's borrowings and other financial liabilities mainly included bonds for €2,800 million and short-term marketable securities for €500 million.

In addition, Vivendi SA has a €2 billion bank credit facility (maturing in October 2021), which was undrawn as of June 30, 2017. Taking into account the short-term marketable securities[6] backed by this bank credit facility and issued for €500 million, this facility was available for €1.5 billion as of June 30, 2017. As of August 28, 2017 (the date of Vivendi's Management Board meeting that approved the Condensed Financial Statements for the half-year ended June 30, 2017), taking into account the short-term marketable securities[6] issued for €885 million, this facility was available for €1.1 billion.

Moreover, on March 22, 2017, Vivendi set up a €3 billion Euro Medium-Term Note (EMTN) program, filed with the *Autorité des marchés financiers* (the French securities regulator) which granted visa n°17-104, giving Vivendi full flexibility to issue bonds, if it decides to do so.

*[6] Since June 1, 2016, in accordance with the French Monetary and Financial Code (Code monétaire et financier), "short-term marketable securities" have replaced "commercial papers".*

Taking into account the €2,324 million payment (including the financial transaction tax) to Bolloré Group for the purchase, on July 3, 2017, of its 59.2% interest in Havas at a price of €9.25 per share, Vivendi's financial net debt would approximately amount to €1.8 billion as of June 30, 2017. Moreover, the maximum payment to be made by Vivendi pursuant to the mandatory simplified tender offer for the remaining interest in Havas at a price of €9.25 per share, which is expected to be launched during the third quarter of 2017, would amount to €1.6 billion.

Taking the above into account, Vivendi considers that the cash flows generated by its operating activities, its cash surplus, net of the cash used to reduce its debt, and the cash available through undrawn bank credit facilities will be sufficient to cover, for the remaining six months of the year, its operating expenses and investments, its debt service and the maximum payment to be made pursuant to the mandatory simplified tender offer for the remaining interest in Havas.

### 2.1.2 Equity portfolio

As of June 30, 2017, Vivendi held a portfolio of listed and unlisted non-controlling equity interests, mainly in Telecom Italia, Mediaset, Ubisoft, Telefonica, Groupe Fnac and Banijay Group. As of that date, this equity portfolio represented an aggregate market value of approximately €7.0 billion (before taxes), compared to €6.8 billion as of December 31, 2016: please refer to Notes 9 and 10 to the Condensed Financial Statements for the half-year ended June 30, 2017.

As of August 28, 2017 (the date of Vivendi's Management Board meeting that approved the Condensed Financial Statements for the half-year ended June 30, 2017), the value of Vivendi's portfolio of non-controlling equity interests amounted to approximately €7.1 billion (before taxes).

## 2.2 Changes in Net Cash Position

| (in millions of euros) | Cash and cash equivalents | Borrowings and other financial items (a) | Net Cash Position |
|---|---|---|---|
| **Net Cash Position as of December 31, 2016** | **4,072** | **(3,004)** | **1,068** |
| (Outflows)/inflows: | | | |
| Operating activities | 487 | - | 487 |
| Investing activities | 260 | (527) | (267) |
| Financing activities | (1,020) | 267 | (753) |
| Foreign currency translation adjustments | (33) | (2) | (35) |
| **Net Cash Position as of June 30, 2017** | **3,766** | **(3,266)** | **500** |

a. "Other financial items" include cash management financial assets, commitments to purchase non-controlling interests and derivative financial instruments (assets and liabilities).

As of June 30, 2017, Vivendi's Net Cash Position amounted to €500 million, compared to €1,068 million as of December 31, 2016, a €568 million decrease mainly attributable to the following outflows:

- -€267 million related to investments made during the first half of 2017. They mainly included capital expenditures for €113 million, the payment of a €70 million deposit as part of an agreement to purchase a piece of land on the île Seguin in the Parisian suburb Boulogne Billancourt and the acquisition of additional Ubisoft shares for €38 million; and
- -€753 million related to financial activities, primarily corresponding to the dividend paid in May 2017 with respect to fiscal year 2016 (€499 million) and to the share repurchase program for €203 million.

These outflows were partially offset by the net cash provided by operating activities (after taxes) for €487 million.

# 2.3 Cash flow from operations analysis

***Preliminary comment:***

*"Cash flow from operations" (CFFO) and "cash flow from operations after interest and taxes" (CFAIT), non-GAAP measures, should be considered in addition to, and not as substitutes for, other GAAP measures of operating and financial performance as presented in the Consolidated Financial Statements and the related notes or as described in this Financial Report. Vivendi considers these to be relevant indicators of the group's operating and financial performance.*

| | Six months ended June 30, | | |
|---|---|---|---|
| (in millions of euros) | 2017 | 2016 | % Change |
| Revenues | 5,437 | 5,044 | +7.8% |
| Operating expenses excluding depreciation and amortization | (4,895) | (4,462) | -9.7% |
| | *542* | *582* | *-6.8%* |
| Restructuring charges paid | (33) | (54) | +39.1% |
| Content investments, net | (318) | (112) | x 2.8 |
| *of which content investments paid* | *(1,543)* | *(1,245)* | *-23.9%* |
| *recoupments of advances/consumption of rights* | *1,225* | *1,133* | *+8.1%* |
| Neutralization of change in provisions included in operating expenses | (60) | (48) | -24.7% |
| Other cash operating items | 6 | 4 | +26.0% |
| Other changes in net working capital | (25) | 5 | na |
| ***Net cash provided by/(used for) operating activities before income tax paid*** | ***112*** | ***377*** | ***-70.3%*** |
| Dividends received from equity affiliates and unconsolidated companies | 11 | 23 | -50.7% |
| Capital expenditures, net (capex, net) | (113) | (110) | -3.1% |
| **Cash flow from operations (CFFO)** | **10** | **290** | **-96.5%** |
| Interest paid, net | (25) | (17) | -47.6% |
| Other cash items related to financial activities | (23) | (71) | +67.8% |
| Income tax (paid)/received, net | 375 | (219) | na |
| **Cash flow from operations after interest and income tax paid (CFAIT)** | **337** | **(17)** | **na** |

na: not applicable.

### 2.3.1 Changes in cash flow from operations (CFFO)

For the first half of 2017, cash flow from operations (CFFO) generated by the group's business segments amounted to €10 million (compared to €290 million for the first half of 2016), a €280 million decrease. This change resulted primarily resulted from the €298 million increase in content investments at Canal+ Group (€161 million) and Universal Music Group (€148 million), the decrease in Canal+ Group's operating performance, as well as the decrease in dividends received from Telefonica (€10 million, compared to €19 million for the first half of 2016), partially offset by Universal Music Group's operating performance, driven by the net growth of its digital operations, as well as the €21 million decrease in restructuring charges.

### 2.3.2 Changes in cash flow from operations after interest and income tax paid (CFAIT)

For the first half of 2017, cash flow from operations after interest and income tax paid (CFAIT) represented a €337 million net inflow, compared to a €17 million net outflow for the first half of 2016, i.e., a €354 million improvement. The unfavorable change in CFFO was more than offset by the favorable change in cash flows related to income taxes and financial activities.

Cash flow related to income taxes amounted to a €375 million net inflow, compared to a €219 million net outflow for the first half of 2016, i.e., a €594 million improvement. For the first half of 2017, it notably included (i) a €346 million inflow received on April 18, 2017 as part of the settlement of a litigation related to tax credits utilized by Vivendi with respect to fiscal year 2012, (ii) the reimbursement of tax installments paid in 2016 under the French Tax Group System for fiscal year 2016 (€136 million), and (iii) a €10 million inflow at Universal Music Group in the United Kingdom, related to a litigation settlement. In addition, the payment related to the 3% tax on dividends paid by Vivendi SA decreased by €70 million (€8 million, compared to €78 million for the first half of 2016).

For the first half of 2017, financial activities generated a €48 million net outflow, compared to an €88 million net outflow for the same period in 2016, i.e., a €40 million improvement. For the first half of 2016, they mainly included cash outflows generated by foreign exchange risk hedging instruments as a result of the depreciation of the British pound (GBP), following the announcement of Brexit in June 2016, and the dollar (USD) against the euro (-€53 million). In addition, net interest paid increased by €8 million (€25 million, compared to €17 million for the first half of 2016).

### 2.3.3 Cash flow from operations (CFFO) by business segment

| (in millions of euros) | Six months ended June 30, 2017 | 2016 | % Change |
|---|---|---|---|
| **Cash flow from operations (CFFO)** | | | |
| Universal Music Group | 58 | 93 | -37.4% |
| Canal+ Group | 69 | 303 | -77.2% |
| Gameloft | 10 | - | na |
| Vivendi Village | (21) | (2) | |
| New Initiatives | (32) | (31) | |
| Corporate | (74) | (73) | |
| **Total Vivendi** | **10** | **290** | **-96.5%** |

na: not applicable.

### 2.3.4 Reconciliation of CFAIT to net cash provided by/(used for) operating activities

| (in millions of euros) | Six months ended June 30, 2017 | 2016 |
|---|---|---|
| **Cash flow from operations after interest and income tax paid (CFAIT)** | **337** | **(17)** |
| *Adjustments* | | |
| Capital expenditures, net (capex, net) | 113 | 110 |
| Dividends received from equity affiliates and unconsolidated companies | (11) | (23) |
| Interest paid, net | 25 | 17 |
| Other cash items related to financial activities | 23 | 71 |
| **Net cash provided by/(used for) operating activities (a)** | **487** | **158** |

a. As presented in the Consolidated Statement of Cash Flows.

## 2.4 Analysis of investing and financing activities

### 2.4.1 Investing activities

| (in millions of euros) | Refer to Notes to the Consolidated Financial Statements | Six months ended June 30, 2017 |
|---|---|---|
| **Financial investments** | | |
| Deposit paid as part of a land purchase agreement in Boulogne Billancourt | | (70) |
| Acquisition of Ubisoft shares | | (38) |
| Acquisition of cash management financial assets | 11 | (50) |
| Other | | (68) |
| **Total financial investments** | | **(226)** |
| | | |
| **Financial divestments** | | |
| Disposal of cash management financial assets | 11 | 578 |
| Other | | 10 |
| **Total financial divestments** | | **588** |
| Dividends received from equity affiliates and unconsolidated companies | | 11 |
| Capital expenditures, net | 3 | (113) |
| **Net cash provided by/(used for) investing activities (a)** | | **260** |

a. As presented in the Consolidated Statement of Cash Flows.

### 2.4.2 Financing activities

| (in millions of euros) | Refer to Notes to the Consolidated Financial Statements | Six months ended June 30, 2017 |
|---|---|---|
| **Transactions with shareowners** | | |
| Distribution to Vivendi SA's shareowners | 12 | (499) |
| Sale/(purchase) of Vivendi SA's treasury shares | 12 | (203) |
| Exercise of stock options by executive management and employees | 14 | 18 |
| Other | | (17) |
| **Total transactions with shareowners** | | **(701)** |
| | | |
| **Transactions on borrowings and other financial liabilities** | | |
| Issuance of short-term marketable securities | 15 | 400 |
| Redemption of bonds | 15 | (750) |
| Interest paid, net | 4 | (25) |
| Other | | 56 |
| **Total transactions on borrowings and other financial liabilities** | | **(319)** |
| **Net cash provided by/(used for) financing activities (a)** | | **(1,020)** |

a. As presented in the Consolidated Statement of Cash Flows.

# 3 Outlook

Vivendi confirms its 2017 outlook announced on February 23, 2017: revenues should increase by more than 5% (excluding Havas) and, thanks to the measures taken in 2016, EBITA should increase by around 25% (excluding Havas). In particular, for the full-year, Canal+ Group confirms its EBITA target of approximately €350 million, compared to €240 million in 2016.

# 4 Forward-Looking Statements – Major risks and uncertainties

### Cautionary note

This Financial Report contains forward-looking statements with respect to Vivendi's financial condition, results of operations, business, strategy, plans and outlook of Vivendi, including the impact of certain transactions, the payment of dividends and distributions as well as share repurchases. Although Vivendi believes that such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside Vivendi's control, including, but not limited to, the risks related to antitrust and other regulatory approvals, and to any other approvals which may be required in connection with certain transactions, as well as the risks described in the documents of the group filed by Vivendi with the *Autorité des marchés financiers* (the "AMF") (the French securities regulator), and in its press releases, if any, which are also available in English on Vivendi's website (www.vivendi.com). In addition, Havas's specific risk factors are described in its 2016 Annual Report available on the Havas website (www.havas.com). Accordingly, readers are cautioned against relying on such forward-looking statements. These forward-looking statements are made as of the date of this Financial Report. Vivendi disclaims any intention or obligation to provide, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### Major risks and uncertainties for the remaining six months of the fiscal year

Vivendi is not aware of any risks or uncertainties other than those mentioned above for the remaining six months of fiscal year 2017.

# 5 Other Disclaimers

### Unsponsored ADRs

Vivendi does not sponsor any American Depositary Receipt (ADR) facility in respect of its shares. Any ADR facility currently in existence is "unsponsored" and has no ties whatsoever to Vivendi. Vivendi disclaims any liability in respect of any such facility.

### Translation

This Financial Report is an English translation of the French version of the report and is provided solely for the convenience of English speaking readers. This translation is qualified in its entirety by the French version, which is available on the company's website (www.vivendi.com). In the event of any inconsistencies between the French version of this Financial Report and the English translation, the French version will prevail.

# II- Appendix to the Financial Report: Unaudited supplementary financial data

## 1 Quarterly revenues, income from operations and EBITA by business segment

| | 2017 | |
|---|---|---|
| (in millions of euros) | Three months ended March 31, | Three months ended June 30, |
| **Revenues** | | |
| Universal Music Group | 1,284 | 1,382 |
| Canal+ Group | 1,278 | 1,290 |
| Gameloft | 68 | 62 |
| Vivendi Village | 26 | 30 |
| New Initiatives | 10 | 13 |
| Elimination of intersegment transactions | (3) | (3) |
| **Total Vivendi** | **2,663** | **2,774** |
| **Income from operations** | | |
| Universal Music Group | 141 | 170 |
| Canal+ Group | 51 | 135 |
| Gameloft | 4 | (2) |
| Vivendi Village | (4) | (3) |
| New Initiatives | (16) | (22) |
| Corporate | (23) | (30) |
| **Total Vivendi** | **153** | **248** |
| **EBITA** | | |
| Universal Music Group | 134 | 152 |
| Canal+ Group | 57 | 114 |
| Gameloft | 3 | (4) |
| Vivendi Village | (4) | (5) |
| New Initiatives | (16) | (22) |
| Corporate | (25) | (32) |
| **Total Vivendi** | **149** | **203** |

| | 2016 | | | |
|---|---|---|---|---|
| (in millions of euros) | Three months ended March 31, | Three months ended June 30, | Three months ended September 30, | Three months ended December 31, |
| **Revenues** | | | | |
| Universal Music Group | 1,119 | 1,196 | 1,308 | 1,644 |
| Canal+ Group | 1,328 | 1,311 | 1,263 | 1,351 |
| Gameloft | - | - | 63 | 69 |
| Vivendi Village | 25 | 29 | 24 | 33 |
| New Initiatives | 30 | 28 | 18 | 27 |
| Elimination of intersegment transactions | (11) | (11) | (8) | (17) |
| **Total Vivendi** | **2,491** | **2,553** | **2,668** | **3,107** |
| **Income from operations** | | | | |
| Universal Music Group | 102 | 115 | 174 | 296 |
| Canal+ Group | 164 | 133 | 142 | (136) |
| Gameloft | - | - | 4 | 6 |
| Vivendi Village | (4) | (4) | (1) | 2 |
| New Initiatives | (9) | (8) | (8) | (19) |
| Corporate | (25) | (24) | (21) | (26) |
| **Total Vivendi** | **228** | **212** | **290** | **123** |
| **EBITA** | | | | |
| Universal Music Group | 79 | 98 | 176 | 291 |
| Canal+ Group | 169 | 119 | 139 | (187) |
| Gameloft | - | - | 2 | 5 |
| Vivendi Village | - | (4) | (5) | - |
| New Initiatives | (10) | (14) | (11) | (21) |
| Corporate | (25) | (25) | (24) | (28) |
| **Total Vivendi** | **213** | **174** | **277** | **60** |

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# III- Condensed Financial Statements for the half-year ended June 30, 2017

## Condensed Statement of Earnings

| | Note | Three months ended June 30, (unaudited) | | Six months ended June 30, (unaudited) | | Year ended December 31, |
|---|---|---|---|---|---|---|
| | | 2017 | 2016 | 2017 | 2016 | 2016 |
| **Revenues** | 3 | **2,774** | **2,553** | **5,437** | **5,044** | **10,819** |
| Cost of revenues | | (1,706) | (1,578) | (3,398) | (3,088) | (6,829) |
| Selling, general and administrative expenses | | (871) | (829) | (1,714) | (1,631) | (3,395) |
| Restructuring charges | 3 | (34) | (27) | (38) | (48) | (94) |
| Impairment losses on intangible assets acquired through business combinations | | - | - | - | - | (23) |
| Reversal of reserves related to Securities Class Action and Liberty Media litigations in the United States | 18 | - | - | 27 | 240 | 240 |
| Income from equity affiliates | 9 | 14 | 25 | 48 | 12 | 169 |
| **Earnings before interest and income taxes (EBIT)** | | **177** | **144** | **362** | **529** | **887** |
| Interest | 4 | (10) | (9) | (25) | (17) | (40) |
| Income from investments | | 13 | 21 | 15 | 22 | 47 |
| Other financial income | | 7 | 88 | 13 | 674 | 692 |
| Other financial charges | | (36) | (116) | (48) | (139) | (254) |
| | | ***(26)*** | ***(16)*** | ***(45)*** | ***540*** | ***445*** |
| **Earnings before provision for income taxes** | | **151** | **128** | **317** | **1,069** | **1,332** |
| Provision for income taxes | 5 | (66) | (70) | (124) | (135) | (77) |
| **Earnings from continuing operations** | | **85** | **58** | **193** | **934** | **1,255** |
| Earnings from discontinued operations | | - | (1) | - | (2) | 20 |
| **Earnings** | | **85** | **57** | **193** | **932** | **1,275** |
| Of which | | | | | | |
| **Earnings attributable to Vivendi SA shareowners** | | **75** | **49** | **176** | **911** | **1,256** |
| Non-controlling interests | | 10 | 8 | 17 | 21 | 19 |
| **Earnings attributable to Vivendi SA shareowners per share - basic** | 6 | **0.06** | **0.04** | **0.14** | **0.71** | **0.99** |
| Earnings attributable to Vivendi SA shareowners per share - diluted | 6 | 0.06 | 0.04 | 0.14 | 0.71 | 0.95 |

In millions of euros, except per share amounts, in euros.

**Note:** Vivendi made changes in the presentation of its Consolidated Statement of Earnings as from January 1, 2017. For a detailed description of these changes in presentation and the reconciliations to previously published financial data, please refer to Note 1 and Note 20, respectively.

The accompanying notes are an integral part of the Condensed Financial Statements.

# Condensed Statement of Comprehensive Income

| (in millions of euros) | Three months ended June 30, (unaudited) 2017 | 2016 | Six months ended June 30, (unaudited) 2017 | 2016 | Year ended December 31, 2016 |
|---|---|---|---|---|---|
| **Earnings** | **85** | **57** | **193** | **932** | **1,275** |
| Actuarial gains/(losses) related to employee defined benefit plans, net | - | - | 1 | - | (80) |
| Actuarial gains/(losses) related to employee defined benefit plans of equity affiliates | - | - | 10 | (1) | (15) |
| **Items not reclassified to profit or loss** | **-** | **-** | **11** | **(1)** | **(95)** |
| Foreign currency translation adjustments | (321) | 54 | (542) | (225) | 43 |
| Unrealized gains/(losses), net | 78 | 37 | 287 | (510) | (217) |
| *of which hedging instruments* | *7* | *56* | *21* | *123* | *146* |
| *assets available for sale* | *71* | *(19)* | *266* | *(633)* (a) | *(363)* (a) |
| Comprehensive income from equity affiliates, net | 20 | 32 | 36 | 33 | 128 |
| Other impacts, net | 13 | 41 | (25) | 21 | 14 |
| **Items to be subsequently reclassified to profit or loss** | **(210)** | **164** | **(244)** | **(681)** | **(32)** |
| **Charges and income directly recognized in equity** | **(210)** | **164** | **(233)** | **(682)** | **(127)** |
| **Total comprehensive income** | **(125)** | **221** | **(40)** | **250** | **1,148** |
| Of which | | | | | |
| **Total comprehensive income attributable to Vivendi SA shareowners** | **(149)** | **217** | **(72)** | **228** | **1,122** |
| Total comprehensive income attributable to non-controlling interests | 24 | 4 | 32 | 22 | 26 |

The accompanying notes are an integral part of the Condensed Financial Statements.

a. Mainly related to the reclassification to profit or loss of the capital gain on the sale of Vivendi's remaining interest in Activision Blizzard in January 2016 (-€586 million, before taxes).

# *Condensed Statement of Financial Position*

| (in millions of euros) | Note | June 30, 2017 (unaudited) | December 31, 2016 |
|---|---|---|---|
| **ASSETS** | | | |
| Goodwill | 7 | 10,469 | 10,987 |
| Non-current content assets | 8 | 2,129 | 2,169 |
| Other intangible assets | | 391 | 310 |
| Property, plant and equipment | | 613 | 671 |
| Investments in equity affiliates | 9 | 4,483 | 4,416 |
| Non-current financial assets | 10 | 4,227 | 3,900 |
| Deferred tax assets | | 673 | 752 |
| **Non-current assets** | | **22,985** | **23,205** |
| Inventories | | 128 | 123 |
| Current tax receivables | | 315 | 536 |
| Current content assets | 8 | 822 | 1,054 |
| Trade accounts receivable and other | | 2,127 | 2,273 |
| Current financial assets | 10 | 507 | 1,102 |
| Cash and cash equivalents | 11 | 3,766 | 4,072 |
| **Current assets** | | **7,665** | **9,160** |
| **TOTAL ASSETS** | | **30,650** | **32,365** |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | | 7,080 | 7,079 |
| Additional paid-in capital | | 4,240 | 4,238 |
| Treasury shares | | (670) | (473) |
| Retained earnings and other | | 7,976 | 8,539 |
| **Vivendi SA shareowners' equity** | | **18,626** | **19,383** |
| Non-controlling interests | | 230 | 229 |
| **Total equity** | 12 | **18,856** | **19,612** |
| Non-current provisions | 13 | 1,889 | 1,785 |
| Long-term borrowings and other financial liabilities | 15 | 2,942 | 2,977 |
| Deferred tax liabilities | | 701 | 726 |
| Other non-current liabilities | | 96 | 126 |
| **Non-current liabilities** | | **5,628** | **5,614** |
| Current provisions | 13 | 327 | 356 |
| Short-term borrowings and other financial liabilities | 15 | 810 | 1,104 |
| Trade accounts payable and other | | 4,984 | 5,614 |
| Current tax payables | | 45 | 65 |
| **Current liabilities** | | **6,166** | **7,139** |
| **Total liabilities** | | **11,794** | **12,753** |
| **TOTAL EQUITY AND LIABILITIES** | | **30,650** | **32,365** |

The accompanying notes are an integral part of the Condensed Financial Statements.

# Condensed Statement of Cash Flows

| (in millions of euros) | Note | Six months ended June 30, (unaudited) 2017 | 2016 | Year ended December 31, 2016 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| EBIT | | 362 | 529 | 887 |
| Adjustments | | 93 | (45) | 104 |
| Content investments, net | | (318) | (112) | (55) |
| ***Gross cash provided by operating activities before income tax paid*** | | ***137*** | ***372*** | ***936*** |
| Other changes in net working capital | | (25) | 5 | (7) |
| ***Net cash provided by operating activities before income tax paid*** | | ***112*** | ***377*** | ***929*** |
| Income tax (paid)/received, net | | 375 | (219) | (271) |
| **Net cash provided by operating activities** | | **487** | **158** | **658** |
| **Investing activities** | | | | |
| Capital expenditures | 3 | (103) | (109) | (235) |
| Purchases of consolidated companies, after acquired cash | | (30) | (520) | (553) |
| Investments in equity affiliates | | (2) | (546) | (772) |
| Increase in financial assets | | (194) | (580) | (2,759) |
| ***Investments*** | | ***(329)*** | ***(1,755)*** | ***(4,319)*** |
| Proceeds from sales of property, plant, equipment and intangible assets | 3 | (10) | (1) | 2 |
| Proceeds from sales of consolidated companies, after divested cash | | (1) | (18) | 3 |
| Disposal of equity affiliates | | 1 | 1 | 1 |
| Decrease in financial assets | | 588 | 1,719 | 1,967 |
| ***Divestitures*** | | ***578*** | ***1,701*** | ***1,973*** |
| Dividends received from equity affiliates | | 1 | 3 | 8 |
| Dividends received from unconsolidated companies | | 10 | 19 | 25 |
| **Net cash provided by/(used for) investing activities** | | **260** | **(32)** | **(2,313)** |
| **Financing activities** | | | | |
| Net proceeds from issuance of common shares in connection with Vivendi SA's share-based compensation plans | | 18 | 5 | 81 |
| Sales/(purchases) of Vivendi SA's treasury shares | 12 | (203) | (1,547) | (1,623) |
| Distributions to Vivendi SA's shareowners | 12 | (499) | (2,588) | (2,588) |
| Other transactions with shareowners | | (14) | - | (3) |
| Dividends paid by consolidated companies to their non-controlling interests | | (3) | (9) | (34) |
| ***Transactions with shareowners*** | | ***(701)*** | ***(4,139)*** | ***(4,167)*** |
| Setting up of long-term borrowings and increase in other long-term financial liabilities | 15 | - | 1,500 | 2,101 |
| Principal payment on long-term borrowings and decrease in other long-term financial liabilities | | - | - | (16) |
| Principal payment on short-term borrowings | 15 | (731) | (27) | (557) |
| Other changes in short-term borrowings and other financial liabilities | 15 | 460 | 184 | 260 |
| Interest paid, net | 4 | (25) | (17) | (40) |
| Other cash items related to financial activities | | (23) | (71) | (77) |
| ***Transactions on borrowings and other financial liabilities*** | | ***(319)*** | ***1,569*** | ***1,671*** |
| **Net cash provided by/(used for) financing activities** | | **(1,020)** | **(2,570)** | **(2,496)** |
| Foreign currency translation adjustments of continuing operations | | (33) | (17) | (2) |
| **Change in cash and cash equivalents** | | **(306)** | **(2,461)** | **(4,153)** |
| **Cash and cash equivalents** | | | | |
| At beginning of the period | 11 | **4,072** | **8,225** | **8,225** |
| At end of the period | 11 | **3,766** | **5,764** | **4,072** |

**Note:** Vivendi made changes in the presentation of its Consolidated Statement of Earnings as from January 1, 2017. For a detailed description of these changes in presentation and the reconciliations to previously published financial data, please refer to Note 1 and Note 20, respectively.

The accompanying notes are an integral part of the Condensed Financial Statements.

# Condensed Statements of Changes in Equity

## Six months ended June 30, 2017 (unaudited)

| (in millions of euros, except number of shares) | Note | Capital: Common shares: Number of shares (in thousands) | Capital: Common shares: Share capital | Capital: Additional paid-in capital | Capital: Treasury shares | Capital: Subtotal | Retained earnings and other: Retained earnings | Retained earnings and other: Other comprehensive income | Retained earnings and other: Subtotal | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **BALANCE AS OF DECEMBER 31, 2016** | | ***1,287,088*** | **7,079** | **4,238** | **(473)** | **10,844** | **8,004** | **764** | **8,768** | **19,612** |
| ***Attributable to Vivendi SA shareowners*** | | ***1,287,088*** | ***7,079*** | ***4,238*** | ***(473)*** | ***10,844*** | ***7,748*** | ***791*** | ***8,539*** | ***19,383*** |
| ***Attributable to non-controlling interests*** | | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***256*** | ***(27)*** | ***229*** | ***229*** |
| **Contributions by/distributions to Vivendi SA shareowners** | | ***221*** | **1** | **2** | **(197)** | **(194)** | **(491)** | **-** | **(491)** | **(685)** |
| Sales/(purchases) of treasury shares | 12 | *-* | - | - | (203) | (203) | - | - | - | (203) |
| Dividend paid on May 4, 2017 with respect to fiscal year 2016 (€0.40 per share) | 12 | *-* | - | - | - | - | (499) | - | (499) | (499) |
| Capital increase related to share-based compensation plans | 14 | *221* | 1 | 2 | 6 | 9 | 8 | - | 8 | 17 |
| **CHANGES IN EQUITY ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS (A)** | | ***221*** | **1** | **2** | **(197)** | **(194)** | **(491)** | **-** | **(491)** | **(685)** |
| Contributions by/distributions to non-controlling interests | | *-* | - | - | - | - | (18) | - | (18) | (18) |
| Changes in non-controlling interests that result in a gain/(loss) of control | | *-* | - | - | - | - | (8) | - | (8) | (8) |
| Changes in non-controlling interests that do not result in a gain/(loss) of control | | *-* | - | - | - | - | (5) | - | (5) | (5) |
| **CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS (B)** | | ***-*** | **-** | **-** | **-** | **-** | **(31)** | **-** | **(31)** | **(31)** |
| Earnings | | *-* | - | - | - | - | 193 | - | 193 | 193 |
| Charges and income directly recognized in equity | | *-* | - | - | - | - | (25) | (208) | (233) | (233) |
| **TOTAL COMPREHENSIVE INCOME (C)** | | ***-*** | **-** | **-** | **-** | **-** | **168** | **(208)** | **(40)** | **(40)** |
| ***TOTAL CHANGES OVER THE PERIOD (A+B+C)*** | | ***221*** | ***1*** | ***2*** | ***(197)*** | ***(194)*** | ***(354)*** | ***(208)*** | ***(562)*** | ***(756)*** |
| *Attributable to Vivendi SA shareowners* | | *221* | *1* | *2* | *(197)* | *(194)* | *(346)* | (217) | *(563)* | *(757)* |
| *Attributable to non-controlling interests* | | *-* | *-* | *-* | *-* | *-* | *(8)* | *9* | *1* | *1* |
| **BALANCE AS OF JUNE 30, 2017** | | ***1,287,309*** | **7,080** | **4,240** | **(670)** | **10,650** | **7,650** | **556** | **8,206** | **18,856** |
| ***Attributable to Vivendi SA shareowners*** | | ***1,287,309*** | ***7,080*** | ***4,240*** | ***(670)*** | ***10,650*** | ***7,402*** | ***574*** | ***7,976*** | ***18,626*** |
| ***Attributable to non-controlling interests*** | | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***248*** | ***(18)*** | ***230*** | ***230*** |

The accompanying notes are an integral part of the Condensed Financial Statements.

## Six months ended June 30, 2016 (unaudited)

(in millions of euros, except number of shares)

| | Capital – Common shares – Number of shares (in thousands) | Capital – Common shares – Share capital | Capital – Additional paid-in capital | Capital – Treasury shares | Capital – Subtotal | Retained earnings and other – Retained earnings | Retained earnings and other – Other comprehensive income | Retained earnings and other – Subtotal | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **BALANCE AS OF DECEMBER 31, 2015** | ***1,368,323*** | **7,526** | **5,343** | **(702)** | **12,167** | **8,014** | **905** | **8,919** | **21,086** |
| ***Attributable to Vivendi SA shareowners*** | ***1,368,323*** | ***7,526*** | ***5,343*** | ***(702)*** | ***12,167*** | ***7,764*** | ***923*** | ***8,687*** | ***20,854*** |
| ***Attributable to non-controlling interests*** | - | - | - | - | - | ***250*** | ***(18)*** | ***232*** | ***232*** |
| **Contributions by/distributions to Vivendi SA shareowners** | ***(86,577)*** | **(476)** | **(1,153)** | **(13)** | **(1,642)** | **(1,271)** | - | **(1,271)** | **(2,913)** |
| Capital reduction through cancellation of treasury shares (June 17, 2016) | *(86,875)* | (478) | (1,154) | 1,632 | - | - | - | - | - |
| Sales/(purchases) of treasury shares | - | - | - | (1,650) | (1,650) | - | - | - | (1,650) |
| Distribution to shareowners (balance of the dividend paid on April 28, 2016 with respect to fiscal year 2015) | - | - | - | - | - | (1,270) | - | (1,270) | (1,270) |
| Capital increase related to share-based compensation plans | *298* | 2 | 1 | 5 | 8 | (1) | - | (1) | 7 |
| **CHANGES IN EQUITY ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS (A)** | ***(86,577)*** | **(476)** | **(1,153)** | **(13)** | **(1,642)** | **(1,271)** | - | **(1,271)** | **(2,913)** |
| Contributions by/distributions to non-controlling interests | - | - | - | - | - | (24) | - | (24) | (24) |
| **CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS (B)** | - | - | - | - | - | **(24)** | - | **(24)** | **(24)** |
| Earnings | - | - | - | - | - | 932 | - | 932 | 932 |
| Charges and income directly recognized in equity | - | - | - | - | - | 21 | (703) | (682) | (682) |
| **TOTAL COMPREHENSIVE INCOME (C)** | - | - | - | - | - | **953** | **(703)** | **250** | **250** |
| ***TOTAL CHANGES OVER THE PERIOD (A+B+C)*** | ***(86,577)*** | ***(476)*** | ***(1,153)*** | ***(13)*** | ***(1,642)*** | ***(342)*** | ***(703)*** | ***(1,045)*** | ***(2,687)*** |
| *Attributable to Vivendi SA shareowners* | *(86,577)* | *(476)* | *(1,153)* | *(13)* | *(1,642)* | *(350)* | (693) | *(1,043)* | *(2,685)* |
| *Attributable to non-controlling interests* | - | - | - | - | - | *8* | *(10)* | *(2)* | *(2)* |
| **BALANCE AS OF JUNE 30, 2016** | ***1,281,746*** | **7,050** | **4,190** | **(715)** | **10,525** | **7,672** | **202** | **7,874** | **18,399** |
| ***Attributable to Vivendi SA shareowners*** | ***1,281,746*** | ***7,050*** | ***4,190*** | ***(715)*** | ***10,525*** | ***7,414*** | ***230*** | ***7,644*** | ***18,169*** |
| ***Attributable to non-controlling interests*** | - | - | - | - | - | ***258*** | ***(28)*** | ***230*** | ***230*** |

The accompanying notes are an integral part of the Condensed Financial Statements.

## Year ended December 31, 2016

| (in millions of euros, except number of shares) | Capital | | | | | Retained earnings and other | | | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | Common shares | | Additional paid-in capital | Treasury shares | Subtotal | Retained earnings | Other comprehensive income | Subtotal | |
| | *Number of shares (in thousands)* | Share capital | | | | | | | |
| **BALANCE AS OF DECEMBER 31, 2015** | ***1,368,323*** | **7,526** | **5,343** | **(702)** | **12,167** | **8,014** | **905** | **8,919** | **21,086** |
| ***Attributable to Vivendi SA shareowners*** | ***1,368,323*** | ***7,526*** | ***5,343*** | ***(702)*** | ***12,167*** | ***7,764*** | ***923*** | ***8,687*** | ***20,854*** |
| ***Attributable to non-controlling interests*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***250*** | ***(18)*** | ***232*** | ***232*** |
| **Contributions by/distributions to Vivendi SA shareowners** | ***(81,235)*** | **(447)** | **(1,105)** | **229** | **(1,323)** | **(1,269)** | **-** | **(1,269)** | **(2,592)** |
| Capital reduction through cancellation of treasury shares (June 17, 2016) | *(86,875)* | (478) | (1,154) | 1,632 | - | - | - | - | - |
| Sales/(purchases) of treasury shares | - | - | - | (1,409) | (1,409) | (4) | - | (4) | (1,413) |
| Distribution to shareowners (balance of the dividend paid on April 28, 2016 with respect to fiscal year 2015) | - | - | - | - | - | (1,270) | - | (1,270) | (1,270) |
| Capital increase related to share-based compensation plans | *5,640* | 31 | 49 | 6 | 86 | 5 | - | 5 | 91 |
| *of which Employee Stock Purchase Plans (July 28, 2016)* | *4,870* | *27* | *44* | *-* | *71* | *-* | *-* | *-* | *71* |
| **Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control** | **-** | **-** | **-** | **-** | **-** | **(2)** | **-** | **(2)** | **(2)** |
| **CHANGES IN EQUITY ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS (A)** | ***(81,235)*** | **(447)** | **(1,105)** | **229** | **(1,323)** | **(1,271)** | **-** | **(1,271)** | **(2,594)** |
| Contributions by/distributions to non-controlling interests | - | - | - | - | - | (35) | - | (35) | (35) |
| Changes in non-controlling interests that result in a gain/(loss) of control | - | - | - | - | - | 7 | - | 7 | 7 |
| **CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS (B)** | **-** | **-** | **-** | **-** | **-** | **(28)** | **-** | **(28)** | **(28)** |
| Earnings | - | - | - | - | - | 1,275 | - | 1,275 | 1,275 |
| Charges and income directly recognized in equity | - | - | - | - | - | 14 | (141) | (127) | (127) |
| **TOTAL COMPREHENSIVE INCOME (C)** | **-** | **-** | **-** | **-** | **-** | **1,289** | **(141)** | **1,148** | **1,148** |
| ***TOTAL CHANGES OVER THE PERIOD (A+B+C)*** | ***(81,235)*** | ***(447)*** | ***(1,105)*** | ***229*** | ***(1,323)*** | ***(10)*** | ***(141)*** | ***(151)*** | ***(1,474)*** |
| *Attributable to Vivendi SA shareowners* | *(81,235)* | *(447)* | *(1,105)* | *229* | *(1,323)* | *(16)* | (132) | *(148)* | *(1,471)* |
| *Attributable to non-controlling interests* | - | - | - | - | - | *6* | *(9)* | *(3)* | *(3)* |
| **BALANCE AS OF DECEMBER 31, 2016** | ***1,287,088*** | **7,079** | **4,238** | **(473)** | **10,844** | **8,004** | **764** | **8,768** | **19,612** |
| ***Attributable to Vivendi SA shareowners*** | ***1,287,088*** | ***7,079*** | ***4,238*** | ***(473)*** | ***10,844*** | ***7,748*** | ***791*** | ***8,539*** | ***19,383*** |
| ***Attributable to non-controlling interests*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***256*** | ***(27)*** | ***229*** | ***229*** |

The accompanying notes are an integral part of the Condensed Financial Statements.

# Notes to the Condensed Financial Statements

On August 28, 2017, at a meeting held at Vivendi's headquarters, the Management Board approved the Financial Report and the Unaudited Condensed Financial Statements for the half-year ended June 30, 2017. Upon the recommendation of the Audit Committee which met on August 29, 2017, the Supervisory Board, at its meeting held on August 31, 2017, reviewed the Financial Report and Unaudited Condensed Financial Statements for the half-year ended June 30, 2017, as previously approved by the Management Board on August 28, 2017.

The Unaudited Condensed Financial Statements for the half-year ended June 30, 2017 should be read in conjunction with Vivendi's audited Consolidated Financial Statements for the year ended December 31, 2016, as published in the "Rapport Annuel - Document de référence 2016" filed on March 14, 2017 with the French *Autorité des marchés financiers* (AMF). Please also refer to pages 210 to 299 of the English translation[7] of the "Rapport Annuel - Document de référence 2016" (the "2016 Annual Report") which is available on Vivendi's website (www.vivendi.com).

## Note 1 Accounting policies and valuation methods

### 1.1 Interim Financial Statements

Vivendi's interim Condensed Financial Statements for the first half of 2017 are presented and have been prepared in accordance with IAS 34 – *Interim Financial Reporting* as endorsed in the European Union (EU) and published by the International Accounting Standards Board (IASB). As a result, Vivendi has applied the same accounting methods used in its Consolidated Financial Statements for the year ended December 31, 2016 (please refer to Note 1 "Accounting policies and valuation methods" to the Consolidated Financial Statements for the year ended December 31, 2016, pages 220 to 232 of the 2016 Annual Report) and the following provisions were applied:

- provisions for income taxes have been calculated on the basis of the estimated effective annual tax rate applied to pre-tax earnings. The assessment of the annual effective tax rate takes into consideration notably the recognition of anticipated deferred tax assets for the full year which were not previously recognized; and
- compensation costs recorded for share-based compensation plans, employee benefits and profit-sharing have been included on a pro-rata basis of the estimated cost for the year, adjusted, if necessary, for any non-recurring events which occurred over the period.

The new IFRS standards and IFRIC interpretations effective from January 1, 2017 had no material impact on Vivendi's Financial Statements.

### 1.2 Changes in presentation of the Consolidated Statement of Earnings

To ensure the consistency of the presentation of Vivendi's Consolidated Statement of Earnings with the one prepared by Bolloré Group, which decided to fully consolidate Vivendi in its Consolidated Financial Statements as from April 26, 2017, Vivendi made the following changes in presentation of its Consolidated Statement of Earnings as from January 1, 2017:

- income from equity affiliates is reclassified to "Earnings Before Interest and Income Taxes" (EBIT), given that the companies over which Vivendi exercises a significant influence engage in operations that are similar in nature to the group's operations. For the year ended December 31, 2016, this reclassification applies to income of €169 million; and
- the impacts related to financial investment operations, which were previously reported in "other operating charges and income" in EBIT, are reclassified to "other financial charges and income". They include capital gains or losses on the divestiture or depreciation of equity affiliates and other financial investments. For the year ended December 31, 2016, the reclassification applies to a net income of €476 million.

Moreover, the impacts related to transactions with shareowners (except when directly recognized in equity), in particular the €240 million reversal of reserve recorded as of December 31, 2016 related to the Liberty Media litigation in the United States, are maintained in EBIT.

In accordance with IAS 1, Vivendi has applied these changes in presentation to all periods previously published. Taking into account these reclassifications, EBIT for the year ended December 31, 2016 amounted to €887 million (compared to €1,194 million as published in 2016). The reconciliations to previously published financial data are presented in Note 20.

[7] *This free translation of the "Rapport Annuel - Document de référence 2016" is provided solely for the convenience of English speaking readers. In the event of discrepancy, the French version shall prevail.*

### 1.3 Change in estimate at Universal Music Group

Music rights and catalogs include music catalogs, artists' contracts and music publishing rights acquired through business combinations. The annual review of the value of the intangible assets, undertaken by Vivendi at the end of 2016 led to a change in the amortization method of music rights and catalogs as from January 1, 2017, which notably resulted in an extension of the amortization period from 15 to 20 years. As part of this review, Vivendi concluded that the value of music rights and catalogs had increased and that the useful life was longer than previously estimated, given recent changes in the outlook for the international music market, driven in particular by the development of subscription streaming services. For the half-year ended June 30, 2017, the impact over the period of this forward-looking change in estimate on the amortization expense amounted to €48 million (net of deferred taxes).

### 1.4 New IFRS standards and IFRIC interpretations published but not yet effective

Among IFRS standards and IFRIC interpretations issued by the IASB/IFRS IC as of the date of approval of these Consolidated Financial Statements, but which are not yet effective, and for which Vivendi has not elected for an earlier application, the main standards which may have an impact on Vivendi are:

- IFRS 15 – *Revenue from Contracts with Customers*, which applies mandatorily from January 1, 2018, was issued by the IASB on May 28, 2014, endorsed by the EU on September 22, 2016, and published in the Official Journal of the EU on October 29, 2016; the main subject of attention for Vivendi relates to the accounting of intellectual property licensing revenues (musical and audiovisual works), as well as the implementation of the accounting transition in recent acquisitions, notably Gameloft and Havas;
- IFRS 9 – *Financial Instruments*, which applies mandatorily from January 1, 2018, was issued by the IASB on July 24, 2014, endorsed by the EU on November 22, 2016 and published in the Official Journal of the EU on November 29, 2016; the main subject of attention for Vivendi relates to the election of the accounting classification for the equity portfolio, for each equity interest, between the "fair value through profit or loss" category and the "fair value through other comprehensive income not reclassified to profit or loss" category;
- IFRS 16 – *Leases*, which applies mandatorily from January 1, 2019, was issued by the IASB on January 13, 2016, and is still to be endorsed by the EU.

Vivendi is in the process of determining the potential impact of the application of these standards on the Statement of Earnings, the aggregate comprehensive income, the Statement of Financial Position, the Statement of Cash Flows and the content of the Notes to the Consolidated Financial Statements.

## Note 2 Major events

### 2.1 Acquisition of Havas

On June 6, 2017, after obtaining positive opinions from the employee representative bodies of Vivendi, Havas and Bolloré, and the completion of the due diligence process, Vivendi entered into a purchase agreement with Bolloré Group to acquire its majority interest of 59.2% in Havas, subject to approval by the relevant competition authorities.

On July 3, 2017, pursuant to the agreement entered into on June 6, 2017 and following the approval granted by the relevant competition authorities, Vivendi acquired the 59.2% interest in Havas held by Bolloré Group, at a price of €9.25 per share, i.e., €2,324 million (including the financial transaction tax) paid in cash.

In accordance with market regulations, in the coming weeks Vivendi will launch a simplified tender offer for the remaining interest in Havas at a price of €9.25 per share. This tender offer is not aimed at delisting Havas shares. The maximum payment to be made by Vivendi pursuant to this tender offer would amount to €1.6 billion.

**Consolidation of Havas by Vivendi**

Given that Vivendi acquired exclusive control of Havas from Bolloré Group on July 3, 2017, Vivendi has fully consolidated Havas since that date. Given that Vivendi and Havas are both fully consolidated by Bolloré Group and in compliance with IFRS 3 (paragraph 2.c), the acquisition of Havas by Vivendi is considered a combination of businesses under common control, exempt from the purchase price allocation to the fair values of acquired assets and assumed liabilities. Consequently, in the Consolidated Financial Statements for the third quarter of 2017, the difference between the acquisition price paid by Vivendi and the value of Havas's net assets as of July 3, 2017 will be deducted from Vivendi SA shareowners' equity.

**Supplementary information related to Havas**

For information purposes, pro forma Statements of Earnings for the half-year ended June 30, 2017 and for the full year ended December 31, 2016, as well as a pro forma Statement of Financial Position as of June 30, 2017 are presented below. This unaudited financial information was prepared in accordance with Annex II "Pro forma financial information building block" of European Commission Regulation n°809/2004 and in accordance with the recommendations issued by the European Securities and Markets Authority (ESMA, formerly CESR) in 2005 regarding the preparation of pro forma financial information falling within the scope of this regulation n°809/2004 on prospectuses.

These pro forma figures have been calculated as though Vivendi had acquired 100% of Havas's share capital on January 1, 2016, and therefore do not necessarily reflect the results that would have been achieved if the acquisition had actually been completed on that date. In addition to the reclassifications made to ensure the consistency of the presentation of Havas's Statement of Earnings and Statement of Financial Position with the ones prepared by Vivendi, the pro forma adjustments primarily related to:

- the lower interest income that would have been earned by Vivendi on the investment of cash surpluses if the acquisition price of 100% of Havas's share capital had been paid on January 1, 2016;
- acquisition costs incurred by Vivendi;
- the tax effect of these adjustments; and
- the elimination of intersegment transactions between Havas and Vivendi's other business segments.

| | Six months ended June 30, 2017 | | | | |
|---|---|---|---|---|---|
| | Vivendi Published | Havas Published Restated (a) | Adjustments (b) | Elimination of intersegment transactions (c) | Vivendi Pro forma |
| **REVENUES** | **5,437** | **1,108** | **-** | **(29)** | **6,516** |
| **Income from operations*** | **401** | **108** | **-** | **-** | **509** |
| Restructuring charges | (38) | (9) | | | (47) |
| Other operating charges and income | (11) | - | | | (11) |
| **Adjusted earnings before interest and income taxes (EBITA)*** | **352** | **99** | **-** | **-** | **451** |
| Amortization and depreciation of intangible assets acquired through business combinations | (65) | (1) | | | (66) |
| Reversal of reserve related to the Securities Class Action litigation in the United States | 27 | - | | | 27 |
| Income from equity affiliates | 48 | - | | | 48 |
| **EARNINGS BEFORE INTEREST AND INCOME TAXES (EBIT)** | **362** | **98** | **-** | **-** | **460** |
| Interest | (25) | (8) | (5) | | (38) |
| Income from investments | 15 | - | | | 15 |
| Other financial charges and income | (35) | (12) | na | | (47) |
| | ***(45)*** | ***(20)*** | ***(5)*** | ***-*** | ***(70)*** |
| **Earnings before provision for income taxes** | **317** | **78** | **(5)** | **-** | **390** |
| Provision for income taxes | (124) | (21) | 1 | | (144) |
| **Earnings from continuing operations** | **193** | **57** | **(4)** | **-** | **246** |
| Earnings from discontinued operations | - | - | | | - |
| **Earnings** | **193** | **57** | **(4)** | **-** | **246** |
| Non-controlling interests | (17) | (3) | | | (20) |
| **EARNINGS ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS** | **176** | **54** | **(4)** | **-** | **226** |
| Earnings attributable to Vivendi SA shareowners per share - basic (in euros) | 0.14 | | | | 0.18 |
| Earnings attributable to Vivendi SA shareowners per share - diluted (in euros) | 0.14 | | | | 0.18 |
| **Adjusted net income*** | **320** | **67** | **(4)** | **-** | **383** |
| Adjusted net income per share - basic (in euros)* | 0.26 | | | | 0.31 |
| Adjusted net income per share - diluted (in euros)* | 0.25 | | | | 0.31 |

In millions of euros, except per share amounts.

* Non-GAAP measures.

na: not applicable.

| | Year ended December 31, 2016 | | | | |
|---|---|---|---|---|---|
| | Vivendi Restated (d) | Havas Published Restated (a) | Adjustments (b) | Elimination of intersegment transactions (c) | Vivendi Pro forma |
| **REVENUES** | **10,819** | **2,276** | **-** | **(53)** | **13,042** |
| **Income from operations*** | **853** | **322** | **-** | **-** | **1,175** |
| Restructuring charges | (94) | (28) | | | (122) |
| Other operating charges and income | (35) | 2 | | | (33) |
| **Adjusted earnings before interest and income taxes (EBITA)*** | **724** | **296** | **-** | **-** | **1,020** |
| Amortization and depreciation of intangible assets acquired through business combinations | (246) | (2) | | | (248) |
| Reversal of reserve related to the Liberty Media litigation in the United States | 240 | - | | | 240 |
| Income from equity affiliates | 169 | 1 | | | 170 |
| **EARNINGS BEFORE INTEREST AND INCOME TAXES (EBIT)** | **887** | **295** | **-** | **-** | **1,182** |
| Interest | (40) | (17) | (9) | | (66) |
| Income from investments | 47 | - | | | 47 |
| Other financial charges and income | 438 | (9) | (10) | | 419 |
| | ***445*** | ***(26)*** | ***(19)*** | ***-*** | ***400*** |
| **Earnings before provision for income taxes** | **1,332** | **269** | **(19)** | **-** | **1,582** |
| Provision for income taxes | (77) | (75) | - | | (152) |
| **Earnings from continuing operations** | **1,255** | **194** | **(19)** | **-** | **1,430** |
| Earnings from discontinued operations | 20 | - | | | 20 |
| **Earnings** | **1,275** | **194** | **(19)** | **-** | **1,450** |
| Non-controlling interests | (19) | (17) | | | (36) |
| **EARNINGS ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS** | **1,256** | **177** | **(19)** | **-** | **1,414** |
| Earnings attributable to Vivendi SA shareowners per share - basic (in euros) | 0.99 | | | | 1.11 |
| Earnings attributable to Vivendi SA shareowners per share - diluted (in euros) | 0.95 | | | | 1.07 |
| **Adjusted net income*** | **755** | **188** | **(9)** | **-** | **934** |
| Adjusted net income per share - basic (in euros)* | 0.59 | | | | 0.73 |
| Adjusted net income per share - diluted (in euros)* | 0.54 | | | | 0.68 |

In millions of euros, except per share amounts.

* Non-GAAP measures.

na: not applicable.

a. To ensure the consistency of the presentation of Havas's Statement of Earnings with the one prepared by Vivendi, the financial data published by Havas on August 25, 2017 (Financial Statements for the half-year ended June 30, 2017) and on February 28, 2017 (Financial Statements for the year ended December 31, 2016) have been restated.

b. The adjustments are described above.

c. Mainly corresponds to the elimination of intersegment transactions between Havas and Vivendi's other business segments, primarily Canal+ Group's entities, over the period.

d. Vivendi made changes in the presentation of the Consolidated Statement of Earnings as from January 1, 2017. For a detailed description of these changes in presentation and the reconciliations, please refer to Note 1 and Note 20.

| (in millions of euros) | June 30, 2017 Vivendi Published | June 30, 2017 Havas Published Restated (a) | Acquisition of 100% of Havas | Adjustments (b) | Vivendi Pro forma |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Goodwill | 10,469 | 1,895 | | | 12,364 |
| Non-current content assets | 2,129 | - | | | 2,129 |
| Other intangible assets | 391 | 58 | | | 449 |
| Property, plant and equipment | 613 | 329 | | | 942 |
| Investments in equity affiliates | 4,483 | 6 | | | 4,489 |
| Non-current financial assets | 4,227 | 21 | | | 4,248 |
| Deferred tax assets | 673 | 196 | | | 869 |
| **Non-current assets** | **22,985** | **2,505** | **-** | **-** | **25,490** |
| Inventories | 128 | 89 | | | 217 |
| Current tax receivables | 315 | 51 | | | 366 |
| Current content assets | 822 | - | | | 822 |
| Trade accounts receivable and other | 2,127 | 2,613 | | (47) | 4,693 |
| Current financial assets | 507 | 7 | | | 514 |
| Cash and cash equivalents | 3,766 | 571 | (3,925) | (24) | 388 |
| **Current assets** | **7,665** | **3,331** | **(3,925)** | **(71)** | **7,000** |
| **TOTAL ASSETS** | **30,650** | **5,836** | **(3,925)** | **(71)** | **32,490** |
| **EQUITY AND LIABILITIES** | | | | | |
| Share capital | 7,080 | - | | | 7,080 |
| Additional paid-in capital | 4,240 | - | | | 4,240 |
| Treasury shares | (670) | - | | | (670) |
| Retained earnings and other | 7,976 | 1,700 | (3,925) | (23) | 5,728 |
| **Vivendi SA shareowners' equity** | **18,626** | **1,700** | **(3,925)** | **(23)** | **16,378** |
| Non-controlling interests | 230 | 15 | | | 245 |
| **Total equity** | **18,856** | **1,715** | **(3,925)** | **(23)** | **16,623** |
| Non-current provisions | 1,889 | 129 | | | 2,018 |
| Long-term borrowings and other financial liabilities | 2,942 | 620 | | | 3,562 |
| Deferred tax liabilities | 701 | 92 | | | 793 |
| Other non-current liabilities | 96 | 35 | | | 131 |
| **Non-current liabilities** | **5,628** | **876** | **-** | **-** | **6,504** |
| Current provisions | 327 | 38 | | | 365 |
| Short-term borrowings and other financial liabilities | 810 | 153 | | | 963 |
| Trade accounts payable and other | 4,984 | 3,033 | | (47) | 7,970 |
| Current tax payables | 45 | 21 | | (1) | 65 |
| **Current liabilities** | **6,166** | **3,245** | **-** | **(48)** | **9,363** |
| **Total liabilities** | **11,794** | **4,121** | **-** | **(48)** | **15,867** |
| **TOTAL EQUITY AND LIABILITIES** | **30,650** | **5,836** | **(3,925)** | **(71)** | **32,490** |

a. To ensure the consistency of the presentation of Havas's Statement of Financial Position with the one prepared by Vivendi, the financial data published by Havas on August 25, 2017 (Financial Statements for the half-year ended June 30, 2017) have been restated.

b. The adjustments are described above.

## 2.2 Telecom Italia

On December 15, 2015, Telecom Italia's Extraordinary Shareholders' Meeting appointed four members to Telecom Italia's Board of Directors who were proposed by Vivendi, including three representatives of Vivendi (out of the 16-member Board of Directors) and one independent member (among the nine members considered as independent by Telecom Italia). In addition, on April 27, 2016, Mr. Arnaud de Puyfontaine, Chairman of Vivendi's Management Board, was appointed Deputy Chairman of Telecom Italia's Board of Directors. At Telecom Italia's Extraordinary Shareholders' Meeting held on December 15, 2015, Vivendi held 2,772 million Telecom Italia ordinary shares with voting rights, i.e., 20.5% of the ordinary shares, representing 14.2% of the total share capital, and, given the quorum present at this meeting, Vivendi's interest represented approximately 36% of the actual voting rights. At Telecom Italia's Ordinary Shareholders' Meeting held on May 25, 2016, Vivendi held 3,331 million Telecom Italia ordinary shares with voting rights, i.e., 24.7% of the ordinary shares, representing 17.1% of the total share capital, and, given the quorum present at this meeting, Vivendi's interest represented approximately 40% of the actual voting rights.

On May 4, 2017, Telecom Italia's Ordinary Shareholders' Meeting appointed, out of the newly constituted 15-member Board of Directors, the ten members who were included in the slate submitted by Vivendi, comprised of (i) five non-independent members, including Mr. Giuseppe Recchi, Executive Chairman of the Board of Directors, and Mr. Flavio Cattaneo, *Amministratore delegato* (Chief Executive Officer), as well as three representatives of Vivendi, including Mr. Arnaud de Puyfontaine, Chairman of Vivendi's Management Board and Deputy Chairman of Telecom Italia's Board of Directors, and (ii) five independent members (among the ten directors who are deemed independent within the meaning of Italian law and the Corporate Governance Code for listed companies). At this Shareholders' Meeting, Vivendi held 3,640.1 million ordinary shares with voting rights, i.e., 23.9% of the ordinary shares, representing 17.2% of Telecom Italia's total share capital, and, given the quorum present at this meeting, Vivendi's interest represented approximately 41% of the actual voting rights.

On June 1, 2017, Mr. Arnaud de Puyfontaine was appointed Executive Chairman of Telecom Italia's Board of Directors. Concomitantly, Mr. Giuseppe Recchi was appointed Deputy Chairman of Telecom Italia's Board of Directors and Mr. Flavio Cattaneo was confirmed as *Amministratore delegato* (Chief Executive Officer). As such, in accordance with Italian regulations and the company's bylaws, Mr. Flavio Cattaneo was, until his departure from the company, responsible for Telecom Italia's financial and operational management, including mainly the development and implementation of the strategic, industrial and financial plan (after review by the company's Board of Directors), as well as the organization of Telecom Italia's businesses in Italy and South America. In his capacity as Executive Chairman, Mr. Arnaud de Puyfontaine is responsible for supervising and coordinating the work of the company's Board of Directors, notably including:

- in coordination with the *Amministratore delegato* (Chief Executive Officer), identification of the guidelines of the group's development plan; advice and supervision as part of (i) the development and implementation of the strategic, industrial and financial plan, and (ii) the organization of businesses and monitoring of Telecom Italia's economic and financial performance;
- representation of Telecom Italia in its external relations with regulators, Italian and international institutions, as well as investors; and
- supervision of brand and media strategy, institutional communication, legal and public affairs, as well as value creation.

Therefore, Vivendi considers that it does not exercise any *de facto* control of Telecom Italia under Article 93 of the Consolidated Law on Finance and Article 2359 of the Italian Civil Code given that Vivendi's interest in Telecom Italia is not sufficient to allow it to exercise, on a stable basis, a dominant influence at Telecom Italia shareholders' meetings. All empirical data (e.g., attendance at Telecom Italia ordinary shareholders' meetings held between June 22, 2015 through May 4, 2017, the shareholdings held by the various investors and the results of the voting on resolutions) unequivocally reveal that Vivendi is not in a position to control Telecom Italia ordinary shareholders' meetings.

In addition, Vivendi has not entered into any agreement with other shareholders of Telecom Italia and does not hold any potential voting rights in Telecom Italia. In particular, Vivendi is not acting in concert with any third party and has not entered into a temporary sale agreement concerning Telecom Italia shares or voting rights. Moreover, Vivendi neither holds instruments nor is a party to agreements which could enable it to obtain Telecom Italia shares or voting rights.

Moreover, Vivendi does not have the power to unilaterally appoint the Executive Chairman of Telecom Italia's Board of Directors or the *Amministratore delegato* (Chief Executive Officer) and no agreements exist between Vivendi and Telecom Italia that would enable Vivendi to appoint the majority of the members to Telecom Italia's Board of Directors or to obtain the majority of votes at meetings of Telecom Italia's Board of Directors.

Based on the foregoing, Vivendi is not considered to have the power to govern Telecom Italia's financial and operating policies, according to IFRS 10.

Since Vivendi has been holding a non-controlling equity interest in Telecom Italia, the group considers that it has the power to participate in Telecom Italia's financial and operating policy decisions, according to IAS 28, and, consequently, it is deemed to exercise a significant influence over Telecom Italia. Since December 15, 2015 and as of June 30, 2017, Vivendi's interest in Telecom Italia has been accounted for under the equity method.

The following events related to Telecom Italia's corporate governance occurred since June 30, 2017:

On July 24, 2017, Telecom Italia's Board of Directors and Mr. Flavio Cattaneo mutually agreed on his departure as *Amministratore delegato* (Chief Executive Officer) of the company.

On July 27, 2017, Telecom Italia's Board of Directors:

- temporarily granted the powers held by Mr. Flavio Cattaneo (resigned *Amministratore delegato* (Chief Executive Officer)) to Mr. Arnaud de Puyfontaine (Executive Chairman of the Board of Directors), except for those powers related to Italian national security matters and the subsidiary Telecom Italia Sparkle, which powers were temporarily granted to Mr. Giuseppe Recchi, Deputy Chairman of the Board of Directors; and
- acknowledged the commencement of the exercise by Vivendi of "management and coordination activities" (*attività di direzione e coordinamento*) of Telecom Italia, within the meaning of Article 2497-bis of the Italian Civil Code.

On July 28, 2017, Mr. Amos Genish was appointed *Direttore Operativo* (General Manager for operations) of Telecom Italia, overseeing all of Telecom Italia's operations.

On August 7, 2017, in response to a request from the Italian financial markets regulator (the Consob), Vivendi confirmed that it considers that it does not exercise any *de facto* control of Telecom Italia under Article 93 of the Consolidated Law on Finance and Article 2359 of the Italian Civil Code, for the reasons outlined above. In addition, Vivendi stated that the commencement of the exercise by Vivendi of "management and coordination activities" of Telecom Italia, within the meaning of Article 2497-bis of the Italian Civil Code, was acknowledged by Telecom Italia's Board of Directors with reference to the factual and specific circumstances referred to in its press release issued on August 4, 2017. It should not be interpreted, under applicable Italian law principles, as evidence of a *de facto* control position within the meaning of Article 2359 of the Italian Civil Code.

The rules governing "management and coordination" are aimed at giving public disclosure and assessing the rights and responsibilities arising from the factual exercise by a shareholder of an entrepreneurial and leadership activity at a managerial level, while the rules on *de facto* control pursuant to Article 2359 of the Italian Civil Code are applicable only in the case of a stable position of control at shareholders' meetings, which is not the case here.

As a consequence, regarding the existence of a position of control pursuant to international accounting principles for consolidated financial statements, Vivendi confirms that, at present, it does not have the power to govern Telecom Italia's financial and operating policies, according to IFRS 10.

# Note 3 Segment data

## Main aggregates of the Statement of Earnings

| (in millions of euros) | Three months ended June 30, 2017 | Three months ended June 30, 2016 | Six months ended June 30, 2017 | Six months ended June 30, 2016 | Year ended December 31, 2016 |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Universal Music Group | 1,382 | 1,196 | 2,666 | 2,315 | 5,267 |
| Canal+ Group | 1,290 | 1,311 | 2,568 | 2,639 | 5,253 |
| Gameloft | 62 | - | 130 | - | 132 |
| Vivendi Village | 30 | 29 | 56 | 54 | 111 |
| New Initiatives | 13 | 28 | 23 | 58 | 103 |
| Elimination of intersegment transactions | (3) | (11) | (6) | (22) | (47) |
| | **2,774** | **2,553** | **5,437** | **5,044** | **10,819** |
| **Income from operations** | | | | | |
| Universal Music Group | 170 | 115 | 311 | 217 | 687 |
| Canal+ Group | 135 | 133 | 186 | 297 | 303 |
| Gameloft | (2) | - | 2 | - | 10 |
| Vivendi Village | (3) | (4) | (7) | (8) | (7) |
| New Initiatives | (22) | (8) | (38) | (17) | (44) |
| Corporate | (30) | (24) | (53) | (49) | (96) |
| | **248** | **212** | **401** | **440** | **853** |
| **Restructuring charges** | | | | | |
| Universal Music Group | (11) | (14) | (15) | (34) | (44) |
| Canal+ Group | (21) | (14) | (21) | (14) | (41) |
| Gameloft | - | - | - | - | - |
| Vivendi Village | (2) | 1 | (1) | 1 | (2) |
| New Initiatives | - | - | - | (1) | (6) |
| Corporate | - | - | (1) | - | (1) |
| | **(34)** | **(27)** | **(38)** | **(48)** | **(94)** |
| **Charges related to equity-settled share-based compensation plans** | | | | | |
| Universal Music Group | (6) | (1) | (7) | (1) | (3) |
| Canal+ Group | (2) | (1) | (3) | (2) | (3) |
| Gameloft | - | - | (1) | - | (3) |
| Vivendi Village | - | - | - | - | - |
| New Initiatives | - | - | - | - | - |
| Corporate | (3) | (1) | (4) | (2) | (5) |
| | **(11)** | **(3)** | **(15)** | **(5)** | **(14)** |
| **Other non-current operating charges and income** | | | | | |
| Universal Music Group | (1) | (2) | (3) | (5) | 4 |
| Canal+ Group | 2 | 1 | 9 | 7 | (19) |
| Gameloft | (2) | - | (2) | - | - |
| Vivendi Village | - | (1) | (1) | 3 | - |
| New Initiatives | - | (6) | - | (6) | (6) |
| Corporate | 1 | - | 1 | 1 | - |
| | **-** | **(8)** | **4** | **-** | **(21)** |
| **Adjusted earnings before interest and income taxes (EBITA)** | | | | | |
| Universal Music Group | 152 | 98 | 286 | 177 | 644 |
| Canal+ Group | 114 | 119 | 171 | 288 | 240 |
| Gameloft | (4) | - | (1) | - | 7 |
| Vivendi Village | (5) | (4) | (9) | (4) | (9) |
| New Initiatives | (22) | (14) | (38) | (24) | (56) |
| Corporate | (32) | (25) | (57) | (50) | (102) |
| | **203** | **174** | **352** | **387** | **724** |

### Reconciliation of EBIT to EBITA and to income from operations

| (in millions of euros) | Three months ended June 30, 2017 | Three months ended June 30, 2016 | Six months ended June 30, 2017 | Six months ended June 30, 2016 | Year ended December 31, 2016 |
|---|---|---|---|---|---|
| **EBIT (a)** | **177** | **144** | **362** | **529** | **887** |
| *Adjustments* | | | | | |
| Amortization of intangible assets acquired through business combinations | 40 | 55 | 65 | 110 | 223 |
| Impairment losses on intangible assets acquired through business combinations (a) | - | - | - | - | 23 |
| Reversal of reserves related to Securities Class Action and Liberty Media litigations in the United States (a) | - | - | (27) | (240) | (240) |
| Income from equity affiliates (a) | (14) | (25) | (48) | (12) | (169) |
| **EBITA** | **203** | **174** | **352** | **387** | **724** |
| *Adjustments* | | | | | |
| Restructuring charges (a) | 34 | 27 | 38 | 48 | 94 |
| Charges related to equity-settled share-based compensation plans | 11 | 3 | 15 | 5 | 14 |
| Other non-current operating charges and income | - | 8 | (4) | - | 21 |
| **Income from operations** | **248** | **212** | **401** | **440** | **853** |

a. As reported in the Consolidated Statement of Earnings.

### Statement of Financial Position

| (in millions of euros) | June 30, 2017 | December 31, 2016 |
|---|---|---|
| **Segment assets (a)** | | |
| Universal Music Group | 8,634 | 9,310 |
| Canal+ Group | 7,328 | 7,546 |
| Gameloft | 713 | 718 |
| Vivendi Village | 277 | 264 |
| New Initiatives | 522 | 587 |
| Corporate | 8,422 | 8,579 |
| *of which investments in equity affiliates* | *4,231* | *4,156* |
| *listed equity securities* | *3,340* | *3,011* |
| | **25,896** | **27,004** |
| **Segment liabilities (b)** | | |
| Universal Music Group | 3,393 | 3,701 |
| Canal+ Group | 2,249 | 2,588 |
| Gameloft | 71 | 65 |
| Vivendi Village | 144 | 154 |
| New Initiatives | 54 | 94 |
| Corporate | 1,385 | 1,279 |
| | **7,296** | **7,881** |

a. Segment assets include goodwill, content assets, other intangible assets, property, plant and equipment, investments in equity affiliates, financial assets, inventories and trade accounts receivable, and other.

b. Segment liabilities include provisions, other non-current liabilities, and trade accounts payable and other.

### Capex, depreciation and amortization

| (in millions of euros) | Three months ended June 30, 2017 | Three months ended June 30, 2016 | Six months ended June 30, 2017 | Six months ended June 30, 2016 | Year ended December 31, 2016 |
|---|---|---|---|---|---|
| **Capital expenditures, net (capex net) (a)** | | | | | |
| Universal Music Group | 13 | 9 | 25 | 23 | 49 |
| Canal+ Group | 38 | 38 | 73 | 78 | 150 |
| Gameloft | 1 | - | 3 | - | 4 |
| Vivendi Village | 3 | 2 | 7 | 4 | 14 |
| New Initiatives | 1 | 4 | 5 | 5 | 15 |
| Corporate | - | - | - | - | 1 |
| | **56** | **53** | **113** | **110** | **233** |
| **Increase in tangible and intangible assets** | | | | | |
| Universal Music Group | 12 | 9 | 25 | 23 | 50 |
| Canal+ Group | 25 | 29 | 46 | 55 | 137 |
| Gameloft | 1 | - | 3 | - | 3 |
| Vivendi Village | 3 | 2 | 7 | 4 | 15 |
| New Initiatives | 1 | 1 | 5 | 3 | 14 |
| Corporate | - | - | - | - | 1 |
| | **42** | **41** | **86** | **85** | **220** |
| **Depreciation of tangible assets** | | | | | |
| Universal Music Group | 13 | 15 | 28 | 29 | 58 |
| Canal+ Group | 38 | 41 | 77 | 84 | 156 |
| Gameloft | 3 | - | 5 | - | 4 |
| Vivendi Village | - | 1 | 1 | 2 | 2 |
| New Initiatives | 2 | 2 | 3 | 3 | 7 |
| Corporate | - | - | - | - | - |
| | **56** | **59** | **114** | **118** | **227** |
| **Amortization of intangible assets excluding those acquired through business combinations** | | | | | |
| Universal Music Group | - | - | - | - | - |
| Canal+ Group | 14 | 17 | 30 | 29 | 77 |
| Gameloft | - | - | 1 | - | - |
| Vivendi Village | 2 | - | 4 | 1 | 4 |
| New Initiatives | 4 | 1 | 4 | 1 | 1 |
| Corporate | - | - | - | - | - |
| | **20** | **18** | **39** | **31** | **82** |
| **Amortization of intangible assets acquired through business combinations** | | | | | |
| Universal Music Group | 21 | 51 | 43 | 103 | 208 |
| Canal+ Group | 3 | 2 | 6 | 4 | 10 |
| Gameloft | 14 | - | 14 | - | - |
| Vivendi Village | 1 | - | 1 | 1 | 2 |
| New Initiatives | 1 | 2 | 1 | 2 | 3 |
| Corporate | - | - | - | - | - |
| | **40** | **55** | **65** | **110** | **223** |

a. Relate to cash used for capital expenditures, net of proceeds from sales of property, plant and equipment, and intangible assets.

# Note 4 Interest

| (in millions of euros)<br>(Charge)/Income | Three months ended June 30, 2017 | Three months ended June 30, 2016 | Six months ended June 30, 2017 | Six months ended June 30, 2016 | Year ended December 31, 2016 |
|---|---|---|---|---|---|
| Interest expense on borrowings | (15) | (14) | (35) | (28) | (63) |
| Interest income from cash, cash equivalents and investments | 5 | 5 | 10 | 11 | 23 |
| **Interest** | **(10)** | **(9)** | **(25)** | **(17)** | **(40)** |
| *Fees and premium on borrowings and credit facilities issued* | *-* | *-* | *(1)* | *(2)* | *(3)* |
| | **(10)** | **(9)** | **(26)** | **(19)** | **(43)** |

# Note 5 Income taxes

| (in millions of euros) | Three months ended June 30, | | Six months ended June 30, | | | Year ended |
|---|---|---|---|---|---|---|
| (Charge)/Income | 2017 | 2016 | 2017 | 2016 | | December 31, 2016 |
| Impact of the Vivendi SA's French Tax Group and Consolidated Global Profit Tax Systems | 24 | 21 | (6) | 3 | (a) | 127 |
| Other components of the provision for income taxes (b) | (90) | (91) | (118) | (138) | | (204) |
| **Provision for income taxes** | **(66)** | **(70)** | **(124)** | **(135)** | | **(77)** |

a. Notably included the non-recurring negative impact (-€41 million) of the reversal of reserve related to the Liberty Media litigation (taxable income of €240 million, before utilization of up to 50% of Vivendi SA's tax losses carried forward).

b. Notably included the 3% tax on dividends paid by Vivendi SA for €8 million for the first half of 2017 and €38 million for the first half of 2016.

# Note 6 Earnings per share

| | Three months ended June 30, | | | | Six months ended June 30, | | | | Year ended | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2016 | | 2017 | | 2016 | | December 31, 2016 | | |
| | Basic | Diluted | Basic | Diluted | Basic | Diluted | Basic | Diluted | Basic | Diluted | |
| **Earnings (in millions of euros)** | | | | | | | | | | | |
| Earnings from continuing operations attributable to Vivendi SA shareowners | 75 | 75 | 50 | 50 | 176 | 176 | 913 | 913 | 1,236 | 1,186 | (a) |
| Earnings from discontinued operations attributable to Vivendi SA shareowners | - | - | (1) | (1) | - | - | (2) | (2) | 20 | 20 | |
| Earnings attributable to Vivendi SA shareowners | 75 | 75 | 49 | 49 | 176 | 176 | 911 | 911 | 1,256 | 1,206 | |
| **Number of shares (in millions)** | | | | | | | | | | | |
| Weighted average number of shares outstanding (b) | 1,248.0 | 1,248.0 | 1,269.4 | 1,269.4 | 1,251.7 | 1,251.7 | 1,286.8 | 1,286.8 | 1,272.6 | 1,272.6 | |
| Potential dilutive effects related to share-based compensation | - | 4.4 | - | 2.2 | - | 3.9 | - | 2.8 | - | 3.1 | |
| **Adjusted weighted average number of shares** | **1,248.0** | **1,252.4** | **1,269.4** | **1,271.6** | **1,251.7** | **1,255.6** | **1,286.8** | **1,289.6** | **1,272.6** | **1,275.7** | |
| **Earnings per share (in euros)** | | | | | | | | | | | |
| Earnings from continuing operations attributable to Vivendi SA shareowners per share | 0.06 | 0.06 | 0.04 | 0.04 | 0.14 | 0.14 | 0.71 | 0.71 | 0.97 | 0.93 | |
| Earnings from discontinued operations attributable to Vivendi SA shareowners per share | - | - | - | - | - | - | - | - | 0.02 | 0.02 | |
| Earnings attributable to Vivendi SA shareowners per share | 0.06 | 0.06 | 0.04 | 0.04 | 0.14 | 0.14 | 0.71 | 0.71 | 0.99 | 0.95 | |

a. Corresponded only to the impact for Vivendi of Telecom Italia's dilutive instruments, calculated based on the financial information for the first nine months of 2016 disclosed by Telecom Italia.

b. Net of the weighted average number of treasury shares (35.5 million shares for the first half of 2017, compared to 75.6 million shares for the first half of 2016 and 51.4 million in fiscal year 2016).

# Note 7 Goodwill

| (in millions of euros) | June 30, 2017 | December 31, 2016 |
|---|---|---|
| Goodwill, gross | 24,316 | 25,630 |
| Impairment losses | (13,847) | (14,643) |
| **Goodwill** | **10,469** | **10,987** |

#### Changes in goodwill

| (in millions of euros) | December 31, 2016 | Business combinations | | Changes in foreign currency translation adjustments and other | June 30, 2017 |
|---|---|---|---|---|---|
| Universal Music Group | 5,401 | 25 | | (456) | 4,970 |
| Canal+ Group | 4,573 | 8 | | (9) | 4,572 |
| Gameloft | 609 | (26) | (a) | - | 583 |
| Vivendi Village | 196 | (65) | (b) | 4 | 135 |
| New Initiatives | 208 | - | | 1 | 209 |
| **Total** | **10,987** | **(58)** | | **(460)** | **10,469** |

a. Related to the purchase price for Gameloft as of June 29, 2016 allocated to the technology and the game engines (€42 million; useful life estimated at 3 years) net of the resulting deferred tax liabilities (€15 million), based on analyses and estimates prepared by Vivendi. The final amount of goodwill attributable to Gameloft amounted to €583 million (compared to a provisional goodwill of €609 million as of June 29, 2016).

b. Related to the purchase price for Paddington as of June 30, 2016 allocated to the brand (€77 million; indefinite useful life) net of the resulting deferred tax liabilities (€12 million), valued based on analyses and estimates prepared by Vivendi. The provisional goodwill of €65 million as of June 30, 2016 has been entirely allocated.

As of June 30, 2017, Vivendi assessed whether there was any indication that any of its cash generating units ("CGU") or groups of CGU may be impaired during the first half of 2017. Vivendi Management concluded that there were no triggering events that would indicate any reduction in the value of any CGU or groups of CGU, compared to December 31, 2016. In addition, Vivendi will perform an annual impairment test of the carrying value of goodwill and other intangible assets during the fourth quarter of 2017, in particular Canal+ Group's pay-TV operations in mainland France, whose recovery is expected for the second half of 2017.

# Note 8 Content assets and commitments

## 8.1 Content assets

| | June 30, 2017 | | | December 31, 2016 |
|---|---|---|---|---|
| (in millions of euros) | Content assets, gross | Accumulated amortization and impairment losses | Content assets | Content assets |
| Music catalogs and publishing rights | 8,423 | (7,025) | 1,398 | 1,557 |
| Advances to artists and repertoire owners | 615 | - | 615 | 549 |
| Merchandising contracts and artists services | 21 | (21) | - | 1 |
| Film and television costs | 6,471 | (5,617) | 854 | 707 |
| Sports rights | 80 | - | 80 | 404 |
| Other | 38 | (34) | 4 | 5 |
| **Content assets** | **15,648** | **(12,697)** | **2,951** | **3,223** |
| Deduction of current content assets | (834) | 12 | (822) | (1,054) |
| **Non-current content assets** | **14,814** | **(12,685)** | **2,129** | **2,169** |

## 8.2 Contractual content commitments

#### Commitments given recorded in the Statement of Financial Position: content liabilities

| | Minimum future payments as of | |
|---|---|---|
| (in millions of euros) | June 30, 2017 | December 31, 2016 |
| Music royalties to artists and repertoire owners | 1,775 | 1,938 |
| Film and television rights | 166 | 175 |
| Sports rights (a) | 44 | 461 |
| Creative talent, employment agreements and others | 34 | 69 |
| **Content liabilities** | **2,019** | **2,643** |

a. The decrease in sports rights recorded in the Statement of Financial Position is mainly due to the consumption of broadcasting rights to the French professional Soccer League 1 for the 2016/2017 season.

**Off-balance sheet commitments given/(received)**

| | Minimum future payments as of | | |
|---|---|---|---|
| (in millions of euros) | June 30, 2017 | | December 31, 2016 |
| Film and television rights (a) | 2,775 | | 2,785 |
| Sports rights | 2,786 | (b) | 2,661 |
| Creative talent, employment agreements and others | 1,012 | | 1,003 |
| **Given commitments** | **6,573** | | **6,449** |
| Film and television rights (a) | (242) | | (189) |
| Sports rights | (22) | | (25) |
| Creative talent, employment agreements and others | not available | | |
| **Received commitments** | **(264)** | | **(214)** |
| **Total net** | **6,309** | | **6,235** |

a. As of June 30, 2017, provisions recorded in connection with film and television broadcasting rights amounted to €12 million (€25 million as of December 31, 2016).

b. Notably included broadcasting rights held by Canal+ Group to the following sport events:
   - the French professional Soccer League 1, for the three seasons 2017/2018 to 2019/2020 for the two premium lots (€1,646 million);
   - the National French Rugby Championship "TOP 14", on an exclusive basis, for the four seasons 2019/2020 to 2022/2023, awarded on May 12, 2016. It also included the broadcasting rights for the seasons 2017/2018 and 2018/2019, awarded on January 19, 2015;
   - Formula 1, Formula 2 and GP3 racings, on an exclusive basis, for the seasons 2018, 2019 and 2020 awarded on May 4, 2017; and
   - the Soccer Champions League for the season 2017/2018 for one lot.

   These commitments will be accounted for in the Statement of Financial Position either upon the start of every season or upon an initial significant payment.

# Note 9 Investments in equity affiliates

## 9.1 Main investments in equity affiliates

| | Voting interest | | Net carrying value of equity affiliates | |
|---|---|---|---|---|
| (in millions of euros) | June 30, 2017 | December 31, 2016 | June 30, 2017 | December 31, 2016 |
| Telecom Italia (a) | 23.9% | 23.9% | 4,231 | 4,131 |
| Banijay Group (b) | 23.7% | 26.2% | 108 | 129 |
| Vevo | 49.4% | 49.4% | 84 | 95 |
| Other | na | na | 60 | 61 |
| | | | **4,483** | **4,416** |

na: not applicable.

a. As of June 30, 2017, Vivendi held 3,640 million Telecom Italia ordinary shares with voting rights (i.e., 23.9%, representing 17.2% of total share capital). At the stock market price as of June 30, 2017 (€0.808 per share), the market value of this interest amounted to €2,941 million.

b. On June 22, 2017, Vivendi's interest in Banijay Group was transferred to a new joint holding company called Banijay Group Holding which owns 90.3% of Banijay Group, the remaining interest being held by certain managers of Banijay Group. The ORAN 1 previously issued by Banijay Group was replaced with a "new" ORAN 1 issued by Banijay Group Holding.
   Following the successful refinancing of Banijay Group on July 6, 2017, a portion of the "new" ORAN 1 was early redeemed in cash for €39 million and converted into Banijay Group Holding shares, bringing Vivendi's interest in Banijay Group Holding from 26.2% to 31.4%. Upon maturity of the "new" ORAN 1, Banijay Group Holding will have the option of either redeeming the balance (€25 million) in cash or converting it into a number of shares which, in addition to the Banijay Group Holding shares already held by Vivendi, would bring Vivendi's interest in Banijay Group to a maximum of 49.9% (either directly or indirectly).

## 9.2 Telecom Italia

### Vivendi's share of Telecom Italia's earnings

Vivendi relies on Telecom Italia's public financial information to account for its interest in Telecom Italia under the equity method. Given Vivendi's and Telecom Italia's respective dates of publication of their financial statements, Vivendi always accounts for its share of Telecom Italia's net earnings with a three-month reporting lag. Therefore, for the first half of 2017, Vivendi's earnings take into account its share of Telecom Italia's net earnings for the fourth quarter of 2016 and for the first quarter of 2017 which amounted to an aggregate of €44 million calculated as follows:

- €47 million, attributable to Vivendi's share of Telecom Italia's profit for the fourth quarter of 2016, calculated based on the financial information for the year ended December 31, 2016, as disclosed by Telecom Italia on March 23, 2017;
- €27 million, attributable to Vivendi's share of Telecom Italia's profit for the first quarter of 2017, calculated based on the financial information for the first quarter ended March 31, 2017, as disclosed by Telecom Italia on May 3, 2017; and
- -€30 million, excluded from the adjusted net income, corresponding to the amortization of intangible assets related to the purchase price allocation for Telecom Italia.

In addition, Vivendi's share of Telecom Italia's charges and income directly recognized in equity amounted to €56 million for the first half of 2017, including €48 million related to foreign currency translation adjustments.

### Value of the interest in Telecom Italia as of June 30, 2017

As of June 30, 2017, the value of Vivendi's interest in Telecom Italia accounted for under the equity method amounted to €4,231 million (for a purchase price of €3,899 million). As of that date, the stock market price of Telecom Italia ordinary shares (€0.808 per ordinary share) had decreased compared to the average purchase price paid by Vivendi (€1,0793 per ordinary share, i.e., -25%) and to the value of the interest accounted for under the equity method (€1,1622 per ordinary share, i.e., -30%). However, Vivendi does not consider such decrease to be permanent, taking into account (i) the expected improvement of Telecom Italia's outlook, notably given the changes in the company's General Management that occurred in 2016; (ii) the volatility of Telecom Italia's stock market price following Vivendi's entry into its share capital; and (iii) the unfavorable trend of telecom securities in Europe. As a reminder, as of December 31, 2016, Vivendi performed an impairment test to determine whether the recoverable amount of its interest in Telecom Italia exceeded its carrying value. With the assistance of a third-party appraiser, Vivendi Management concluded that the recoverable amount of its interest in Telecom Italia, which was determined using usual valuation methods (discounted cash flows; market comparables model), exceeded its carrying value. Vivendi will therefore re-examine the value of its 17.2% interest in Telecom Italia once Telecom Italia's business plan is updated at the end of 2017.

### Financial information related to 100% of Telecom Italia

The main aggregates of the Consolidated Financial Statements, as disclosed by Telecom Italia, are as follows:

| (in millions of euros) | Three months Financial Statements as of March 31, 2017 | Annual Financial Statements as of December 31, 2016 |
|---|---|---|
| *Date of publication by Telecom Italia:* | *May 3, 2017* | *March 23, 2017* |
| Non-current assets | 58,444 | 58,784 |
| Current assets | 12,047 | 11,662 |
| Total assets | 70,491 | 70,446 |
| Total equity | 23,950 | 23,553 |
| Non-current liabilities | 35,178 | 34,554 |
| Current liabilities | 11,363 | 12,339 |
| Total liabilities | 70,491 | 70,446 |
| *of which net financial debt (a)* | *25,923* | *25,955* |
| Revenues | 4,819 | 19,025 |
| EBITDA (a) | 1,990 | 8,002 |
| Earnings attributable to Telecom Italia shareowners | 200 | 1,808 |
| Total comprehensive income/(loss) attributable to Telecom Italia shareowners | 337 | 2,534 |

a. Non-GAAP measures ("Alternative Performance Measures"), as disclosed by Telecom Italia.

# Note 10 Financial assets

| (in millions of euros) | June 30, 2017 Total | Current | Non-current | December 31, 2016 Total | Current | Non-current |
|---|---|---|---|---|---|---|
| **Financial assets at fair value** | | | | | | |
| Term deposits, interest-bearing current accounts and MTN (a) | 325 | 325 | - | 682 | 682 | - |
| Level 1 | | | | | | |
| Bond funds (a) | 126 | 126 | - | 316 | 316 | - |
| Listed equity securities | 3,344 | - | 3,344 | 3,019 | - | 3,019 |
| Other financial assets | 5 | 5 | - | 5 | 5 | - |
| Level 2 | | | | | | |
| Unlisted equity securities | 364 | - | 364 | 397 | - | 397 |
| Derivative financial instruments | 35 | 14 | 21 | 79 | 62 | 17 |
| Level 3 | | | | | | |
| Other financial assets | 71 | - | 71 | 71 | - | 71 |
| **Financial assets at amortized cost (b)** | 464 | 37 | 427 | 433 | 37 | 396 |
| **Financial assets** | **4,734** | **507** | **4,227** | **5,002** | **1,102** | **3,900** |

The three classification levels for the measurement of financial assets at fair value are defined in Note 1.3.1 to the Consolidated Financial Statements for the year ended December 31, 2016 (page 222 of the 2016 Annual Report).

a. Relates to cash management financial assets, included in the cash position: please refer to Note 11.

b. As of June 30, 2017, these financial assets notably included:
   - €249 million corresponding to two bonds redeemable into either shares or cash (ORAN 1 and ORAN 2) and one bond redeemable in cash subscribed to by Vivendi in 2016 as part of its investment in Banijay Group. These three bonds will mature in 2023. In addition, the change in Vivendi's interest in Banijay Group is described in Note 9; and
   - a €70 million cash deposit made in March 2017 as part of an agreement to purchase a piece of land on the île Seguin, in the Parisian suburb Boulogne Billancourt (please refer to Note 17).

### Listed equity portfolio

| June 30, 2017 | Number of shares held | Purchase price (a) | Voting interest | Ownership interest | Stock market price | Carrying value | Change in value over the period (b) | Cumulative unrealized capital gain/(loss) (b) |
|---|---|---|---|---|---|---|---|---|
| | (in thousands) | (in millions of euros) | | | (€/share) | | (in millions of euros) | |
| Mediaset | 340,246 | 1,259 | 29.94% (c) | 28.80% | 3.44 | 1,171 | (228) | (88) |
| Ubisoft | 30,489 | 796 | 24.47% (d) | 26.87% (d) | 49.68 | 1,515 | 488 | 719 |
| Telefonica | 49,247 | 569 | 0.98% | 0.98% | 9.04 | 445 | 11 | (124) |
| Groupe Fnac | 2,945 | 159 | 11.10% | 11.10% | 70.89 | 209 | 20 | 50 |
| Other | | | | | | 4 | (4) | (6) |
| **Total** | | | | | | **3,344** | **287** | **551** |

| December 31, 2016 | Number of shares held | Purchase price (a) | Voting interest | Ownership interest | Stock market price | Carrying value | Change in value over the period (b) | Cumulative unrealized capital gain/(loss) (b) |
|---|---|---|---|---|---|---|---|---|
| | (in thousands) | (in millions of euros) | | | (€/share) | | (in millions of euros) | |
| Mediaset | 340,246 | 1,259 | 29.94% | 28.80% | 4.11 | 1,398 | 140 | 140 |
| Ubisoft | 29,251 | 758 | 23.39% (e) | 25.72% (e) | 33.80 | 989 | 165 | 231 |
| Telefonica | 49,247 | 569 | 0.98% | 0.98% | 8.82 | 434 | (65) | (135) |
| Groupe Fnac | 2,945 | 159 | 11.27% | 11.27% | 64.23 | 189 | 30 | 30 |
| Other | | | | | | 8 | (2) | (2) |
| **Total** | | | | | | **3,019** | **268** | **264** |

a. Includes acquisition fees and taxes.

b. In accordance with IAS 39, these amounts, before taxes, were accounted for as other charges and income directly recognized in equity.

c. The partnership agreement entered into between Vivendi and Mediaset on April 8, 2016 is the subject of litigation: please refer to Note 18.

d. Based on a share capital comprised of 113,448,259 shares representing 124,612,066 voting rights (information as of June 30, 2017, as disclosed on Ubisoft's website).

e. Based on a share capital comprised of 113,719,410 shares representing 125,050,097 voting rights (information as of December 31, 2016, as disclosed on Ubisoft's website).

## Note 11 Cash position

Vivendi's cash position comprises cash and cash equivalents, as well as cash management financial assets classified as current financial assets. As defined by Vivendi, cash management financial assets relate to investments which do not meet the criteria for classification as cash equivalents set out in IAS 7, and, with respect to money market funds, the criteria set forth in AMF position No. 2011-13.

| (in millions of euros) | June 30, 2017 | December 31, 2016 |
|---|---|---|
| Term deposits, interest-bearing current accounts and MTN | 325 | 682 |
| Bond funds | 126 | 316 |
| **Cash management financial assets** | **451** | **998** |
| Cash | 355 | 285 |
| Term deposits and interest-bearing current accounts | 1,239 | 1,871 |
| Money market funds | 2,142 | 1,916 |
| Bond funds | 30 | - |
| **Cash and cash equivalents** | **3,766** | **4,072** |
| **Cash position** | **4,217** | **5,070** |

## Note 12 Equity

### Changes in the share capital of Vivendi SA

| (in thousands) | June 30, 2017 | December 31, 2016 |
|---|---|---|
| **Number of shares comprising the share capital (nominal value: €5.5 per share)** | **1,287,309** | **1,287,088** |
| Treasury shares | (39,420) | (27,614) |
| **Number of shares, net** | **1,247,889** | **1,259,474** |
| | | |
| **Number of voting rights, gross** | **1,508,238** | **1,384,762** |
| Treasury shares | (39,420) | (27,614) |
| **Number of voting rights, net** | **1,468,818** | **1,357,148** |

### Share repurchases

During the first half of 2017, Vivendi continued the share repurchase program authorized by the General Shareholders' Meetings held on April 21, 2016 and April 25, 2017. As of June 30, 2017, Vivendi held 39,420 thousand treasury shares, representing 3.06% of the share capital (compared to 2.15% of the share capital as of December 31, 2016). For the first half of 2017, total repurchases amounted to a payment of €203 million.

### Shareholders' dividend distributions

On February 16, 2017 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2016 and the allocation of earnings for the fiscal year then ended), the Management Board decided to propose to shareholders the payment of an ordinary dividend of €0.40 per share, representing a total distribution of €499 million. This proposal was presented to, and approved by, Vivendi's Supervisory Board at its meeting held on February 23, 2017, and adopted by the Annual General Shareholders' Meeting held on April 25, 2017. The dividend was paid on May 4, 2017 (following the coupon detachment on May 2, 2017).

# Note 13 Provisions

| (in millions of euros) | Note | June 30, 2017 | December 31, 2016 |
|---|---|---|---|
| Employee benefits (a) | | 714 | 742 |
| Restructuring costs (b) | | 58 | 57 |
| Litigations (c) | 18 | 177 | 286 |
| Losses on onerous contracts | | 57 | 91 |
| Contingent liabilities due to disposal (d) | | 16 | 16 |
| Other (e) | | 1,194 | 949 |
| **Provisions** | | **2,216** | **2,141** |
| Deduction of current provisions | | (327) | (356) |
| **Non-current provisions** | | **1,889** | **1,785** |

a. Included deferred employee compensation as well as provisions for defined employee benefit plans (€681 million as of June 30, 2017 and €708 million as of December 31, 2016), but excluded employee termination reserves recorded under restructuring costs.

b. Mainly included provisions for restructuring at UMG (€20 million as of June 30, 2017, compared to €21 million as of December 31, 2016) and at Canal+ Group (€35 million as of June 30, 2017, compared to €30 million as of December 31, 2016).

c. The decrease in provisions for litigation was mainly attributable to a €100 million reversal of reserve related to the securities class action litigation in the United States recorded since December 31, 2012, following the settlement agreed on April 6, 2017 and approved by the Court on May 9, 2017. This reversal of reserve resulted in a net profit of €27 million (please refer to Note 18).

d. Certain commitments given in relation to divestitures are the subject of provisions. These provisions are not significant and the amount is not disclosed because such disclosure could be prejudicial to Vivendi.

e. Notably included the provisions with respect to the 2011 Consolidated Global Profit Tax System (€409 million) and to the 2012 and 2015 French Tax Group System (€259 million and €208 million, respectively), as well as litigation provisions for which the amount and nature are not detailed because such disclosure could be prejudicial to Vivendi.

## Changes in provisions

| (in millions of euros) | Six months ended June 30, 2017 | Year ended December 31, 2016 |
|---|---|---|
| **Opening balance** | **2,141** | **3,042** |
| Addition | 319 | 208 |
| Utilization | (198) (a) | (913) |
| Reversal | (53) (a) | (325) |
| Business combinations | 4 | 20 |
| Divestitures, changes in foreign currency translation adjustments and other | 3 | 109 |
| **Closing balance** | **2,216** | **2,141** |

a. Notably included the reversal of reserve related to the securities class action in the United States for an aggregate amount of €100 million (please refer to Note 18).

# Note 14 Share-based compensation plans

## 14.1 Plans granted by Vivendi

### 14.1.1 Equity-settled instruments

Transactions on outstanding instruments that occurred since January 1, 2017 were as follows:

| | Stock options | | | | Performance shares | |
|---|---|---|---|---|---|---|
| | Number of outstanding stock options | | Weighted average strike price of outstanding stock options | | Number of outstanding performance shares | |
| | (in thousands) | | (in euros) | | (in thousands) | |
| **Balance as of December 31, 2016** | **24,620** | | **19.1** | | **3,216** | |
| Granted | - | | na | | 1,548 | |
| Exercised | (1,155) | (a) | 15.9 | | (330) | |
| Forfeited | (6,456) | | 24.7 | | na | |
| Cancelled | (50) | | 20.2 | | (63) | - |
| **Balance as of June 30, 2017** | **16,959** | (b) | **17.1** | | **4,371** | (c) |
| **Exercisable as of June 30, 2017** | **16,959** | | **17.1** | | **-** | |
| **Acquired as of June 30, 2017** | **16,959** | | **17.1** | | **172** | |

na: not applicable.

a. During the first half of 2017, beneficiaries exercised their stock options at the weighted average stock market price of €19.3.

b. At the stock market price on June 30, 2017, the cumulated intrinsic value of remaining stock options to be exercised could be estimated at €44 million.

c. The weighted-average remaining period before delivering performance shares was 2.3 years.

**Performance share plans**

On February 23, 2017, Vivendi granted 1,544 thousand performance shares to its officers and employees. As of that date, the share price was €16.95 and the expected dividend yield was 2.36%. After taking into account the cost associated with the retention period of the shares (described below), the discount for non-transferability was set at 8.4% of the share price as of February 23, 2017. Consequently, the fair value of each granted performance share was estimated at €14.37, corresponding to an aggregate fair value of €22 million.

Subject to satisfaction of the performance criteria, performance shares definitely vest at the end of a three-year period, subject to presence of the beneficiaries in the group (vesting period), and the shares must be held by the beneficiaries for an additional two-year period (retention period). The compensation cost is recognized on a straight-line basis over the vesting period. The accounting methods applied to estimate and recognize the value of these granted plans are described in Note 1.3.10 to the Consolidated Financial Statements for the year ended December 31, 2016 of the 2016 Annual Report (page 231).

Satisfaction of the objectives that determine the definitive grant of performance shares is assessed over a three-year consecutive period (2017, 2018 and 2019) based on the following performance criteria:

- Internal indicators (with a weighting of 70%):
  - growth of the group's EBIT (35%); and
  - growth of the group's CFAIT (35%).
- External indicators (with a weighting of 30%) tied to changes in Vivendi's share price compared to the STOXX® Europe Media index (20%) and to the CAC 40 (10%).

For the first half of 2017, the charge recognized with respect to all performance share plans amounted to €9 million, compared to €4 million for the same period in 2016.

### 14.1.2 Employee stock purchase and leveraged plans

On July 25, 2017, Vivendi made a capital increase through an employee stock purchase plan and a leveraged plan which gave the group's employees and retirees an opportunity to subscribe for Vivendi shares.

These shares, which are subject to certain sale or transfer restrictions during a five-year period, are subscribed to at a discount of up to 15% on the average opening market price for Vivendi shares during the 20 trading days preceding the date of the Management Board meeting which set the subscription price for the new shares to be issued. The difference between the subscription price for the shares and the share price on that date represents the benefit granted to the beneficiaries. In addition, Vivendi applied a discount for non-transferability during a five-year period, which is deducted from the benefit granted to the employees. The value of the subscribed shares is estimated and fixed at the date on which the subscription price for the new shares to be issued is set.

The applied valuation assumptions were as follows:

| | 2017 |
|---|---|
| Grant date | June 22 |
| *Data at grant date:* | |
| Share price (in euros) | 20.58 |
| Expected dividend yield | 1.94% |
| Risk-free interest rate | -0.21% |
| 5-year interest rate in fine | 3.93% |
| Repo rate | 0.36% |
| Discount for non-transferability per share | 18.44% |

Under the employee stock purchase plan (ESPP), 651 thousand shares were subscribed for in 2017 through a company mutual fund (*Fonds Commun de Placement d'Entreprise*) at a price of €16.25 per share. The benefit granted, which is equal to the favorable difference between the subscription price and the stock price at the end of the subscription period on June 22, 2017 was set at 21.0%.
As of June 30, 2017, the charge recognized with respect to the ESPP amounted to €0.3 million.

Under the leveraged plan, 2,587 thousand shares were subscribed for in 2017 through a company mutual fund at a price of €16.25 per share. The leveraged plan entitles employees and retirees of Vivendi and its French and foreign subsidiaries to subscribe for Vivendi shares through a reserved share capital increase, while obtaining a discounted subscription price, and to ultimately receive the capital gain (calculated pursuant to the terms and conditions of the plan) corresponding to 10 shares for each subscribed share. A financial institution mandated by Vivendi hedges this transaction. In addition, 922 thousand shares were subscribed as part of an employee shareholding plan implemented for employees of the group's American subsidiaries.
As of June 30, 2017, the charge recognized with respect to the leveraged plan amounted to approximately €5 million.

Transactions carried out in France and foreign countries through company mutual funds (*Fonds Commun de Placement d'Entreprise*; employee stock purchase and leveraged plans) led to a capital increase on July 25, 2017 for an aggregate value of €68 million (including issue premium).

### 14.1.3 Cash-settled instruments

**Stock appreciation right (SAR) plan**

In April 2017, the remaining 1,482 thousand SAR expired at the end of their ten-year term.

## 14.2 Restricted share plans granted by Gameloft S.E.

As of June 30, 2017, the balance of restricted share plans totaled 1,292 thousand shares. During the first half of 2017, 41 thousand shares were cancelled. The weighted-average remaining period before the settlement of the plans was 1.3 years.

For the first half of 2017, the charge recognized with respect to restricted share plans amounted to €2 million.

## 14.3 Dailymotion's long-term incentive plan

In 2015, Vivendi implemented a long-term incentive plan for a five-year period for certain key executives of Vivendi, including Mr. Dominique Delport, a member of Vivendi's Supervisory Board. This plan is tied to the growth of Dailymotion's enterprise value compared to its acquisition value, as it will be measured as of June 30, 2020, based upon an independent expertise. In the event of an increase in Dailymotion's value, the amount of the compensation with respect to the incentive plan is capped at a percentage, depending on the beneficiary, of such increase. Within the six months following June 30, 2020, the plan will be settled by a payment in cash, if applicable.

In accordance with IFRS 2, a compensation expense must be estimated and accounted for at each reporting date until the payment date. As of June 30, 2017, no charges were accounted for with respect to this plan.

# Note 15 Borrowings and other financial liabilities

| (in millions of euros) | Note | June 30, 2017 Total | June 30, 2017 Long-term | June 30, 2017 Short-term | December 31, 2016 Total | December 31, 2016 Long-term | December 31, 2016 Short-term |
|---|---|---|---|---|---|---|---|
| Bonds | 15.2 | 2,800 | 2,800 | - | 3,550 | 2,800 | 750 |
| Short-term marketable securities issued | | 500 | - | 500 | 100 | - | 100 |
| Bank overdrafts | | 129 | - | 129 | 77 | - | 77 |
| Accrued interest to be paid | | 25 | - | 25 | 36 | - | 36 |
| Other | | 113 | 5 | 108 | 101 | 15 | 86 |
| Bank credit facilities (drawn confirmed) | 15.3 | - | - | - | - | - | - |
| **Nominal value of borrowings** | | **3,567** | 2,805 | 762 | **3,864** | 2,815 | 1,049 |
| Cumulative effect of amortized cost and revaluation due to hedge accounting | 15.1 | (11) | (11) | - | (13) | (13) | - |
| Commitments to purchase non-controlling interests | | 57 | 31 | 26 | 85 | 56 | 29 |
| Derivative financial instruments | | 139 | 117 (a) | 22 | 145 | 119 (a) | 26 |
| **Borrowings and other financial liabilities** | | **3,752** | **2,942** | **810** | **4,081** | **2,977** | **1,104** |

a. Mainly related to the fair value of the options pursuant to which Banijay Group and Lov Banijay have the option of redeeming their borrowings in shares (please refer to Note 10).

## 15.1 Fair market value of borrowings and other financial liabilities

| (in millions of euros) | June 30, 2017 Carrying value | June 30, 2017 Fair market value | June 30, 2017 Level (a) | December 31, 2016 Carrying value | December 31, 2016 Fair market value | December 31, 2016 Level (a) |
|---|---|---|---|---|---|---|
| Nominal value of borrowings | 3,567 | | | 3,864 | | |
| Cumulative effect of amortized cost and revaluation due to hedge accounting | (11) | | | (13) | | |
| **Borrowings at amortized cost** | **3,556** | **3,672** | **na** | **3,851** | **3,994** | **na** |
| Commitments to purchase non-controlling interests | 57 | 57 | 3 | 85 | 85 | 3 |
| Derivative financial instruments | 139 | 139 | 2 | 145 | 145 | 2 |
| **Borrowings and other financial liabilities** | **3,752** | **3,868** | | **4,081** | **4,224** | |

na: not applicable.

a. The three classification levels for the measurement of financial assets at fair value are defined in Note 1.3.1 to the Consolidated Financial Statements for the year ended December 31, 2016 (page 222 of the 2016 Annual Report).

## 15.2 Bonds

| (in millions of euros) | Interest rate (%) nominal | Interest rate (%) effective | Maturity | June 30, 2017 | December 31, 2016 |
|---|---|---|---|---|---|
| €700 million (December 2009) (a) | 4.875% | 4.95% | Dec-19 | 700 | 700 |
| €1 billion (May 2016) (b) | 0.750% | 0.90% | May-21 | 1,000 | 1,000 |
| €600 million (November 2016) (b) | 1.125% | 1.18% | Nov-23 | 600 | 600 |
| €500 million (May 2016) (b) | 1.875% | 1.93% | May-26 | 500 | 500 |
| €750 million (March 2010) (a) | 4.000% | 4.15% | Mar-17 | - (c) | 750 |
| **Nominal value of bonds** | | | | **2,800** | **3,550** |

a. Bonds listed on the Luxembourg Stock Exchange.
b. Bonds listed on the Euronext Paris Stock Exchange.
c. This bond was fully redeemed upon maturity in March 2017.

Bonds issued by Vivendi SA contain customary provisions, including those relating to events of default, negative pledge and rights of payment (*pari-passu* ranking). In addition, bonds issued by Vivendi SA contain an early redemption clause in case of a change of control[8] if, as a result of any such event, the long-term rating of Vivendi SA is downgraded below investment grade status (Baa3/BBB-).

[8] *In the bonds issued in May 2016 and November 2016, Bolloré Group was carved out of the change-of-control provision.*

## 15.3 Bank credit facilities

Vivendi SA has a €2 billion bank credit facility, maturing in October 2021 and undrawn as of June 30, 2017. Taking into account short-term marketable securities[9] backed by this bank credit facility and issued for €500 million, this facility was available for €1.5 billion as of June 30, 2017.

This bank credit facility contains customary provisions, including those relating to events of default and covenants relating to negative pledge and merger transactions. In addition, at the end of each half-year period, Vivendi SA is required to comply with a Proportionate Financial Net Debt[10] to EBITDA[11] financial covenant over a 12-month rolling period not exceeding 3 for the duration of the loan. Non-compliance with this covenant could result in the early redemption of the facility if it were drawn, or its cancellation. As of June 30, 2017, Vivendi SA was in compliance with its financial covenant.

The renewal of Vivendi SA's confirmed bank credit facility when it is drawn is contingent upon the issuer reiterating certain representations regarding its ability to comply with its financial obligations with respect to loan contracts.

## 15.4 Borrowings by maturity

| (in millions of euros) | June 30, 2017 | | December 31, 2016 | |
|---|---|---|---|---|
| **Maturity** | | | | |
| < 1 year (a) | 762 | *21%* | 1,049 | *27%* |
| Between 1 and 2 years | 4 | - | 14 | - |
| Between 2 and 3 years | 701 | *20%* | 701 | *18%* |
| Between 3 and 4 years | 1,000 | *28%* | - | - |
| Between 4 and 5 years | - | - | 1,000 | *26%* |
| > 5 years | 1,100 | *31%* | 1,100 | *29%* |
| **Nominal value of borrowings** | **3,567** | ***100%*** | **3,864** | ***100%*** |

a. As of June 30, 2017, short-term borrowings (with a maturity period of less than one year) primarily included short-term marketable securities for €500 million and bank overdrafts for €129 million.

As of June 30, 2017, the average "economic" term of the group's financial debt, pursuant to which all undrawn amounts available under medium term credit lines may be used to redeem group borrowings with the shortest term, was 4.4 years (compared to 5.3 years at year-end 2016).

## 15.5 Breakdown by nature of interest rate

| (in millions of euros) | June 30, 2017 | | December 31, 2016 | |
|---|---|---|---|---|
| Fixed interest rate | 2,863 | *80%* | 3,639 | *94%* |
| Floating interest rate | 704 | *20%* | 225 | *6%* |
| **Nominal value of borrowings before hedging** | **3,567** | ***100%*** | **3,864** | ***100%*** |
| *Pay-fixed interest rate swaps* | - | | *450* | |
| *Pay-floating interest rate swaps* | - | | *(450)* | |
| ***Net position at fixed interest rate*** | ***-*** | | ***-*** | |
| Fixed interest rate | 2,863 | *80%* | 3,639 | *94%* |
| Floating interest rate | 704 | *20%* | 225 | *6%* |
| **Nominal value of borrowings after hedging** | **3,567** | ***100%*** | **3,864** | ***100%*** |

As of December 31, 2016, Vivendi SA's contracts only included the pay-floating interest rate swaps with a notional amount of €450 million, as well as pay-fixed interest rate swaps for the same amount. These swaps, qualified as economic hedges, were unwound at their maturity date in March 2017.

*[9] Since June 1, 2016, in accordance with the French Monetary and Financial Code (Code monétaire et financier), "short-term marketable securities" have replaced "commercial papers".*
*[10] Relates to Financial Net Debt as defined by Vivendi.*
*[11] Relates to EBITDA as defined by Vivendi, plus dividends received from unconsolidated companies.*

### 15.6 Credit ratings

As of August 28, 2017, the date of the Management Board meeting that approved the Financial Statements for the half-year ended June 30, 2017, Vivendi's credit ratings were as follows:

| Rating agency | Type of debt | Ratings | Outlook |
|---|---|---|---|
| Standard & Poor's | Long-term corporate debt | BBB | Stable |
| | Senior unsecured debt | BBB | |
| Moody's | Long-term senior unsecured debt | Baa2 | Stable |

# Note 16 Related parties

Vivendi's main related parties are subsidiaries over which the group exercises an exclusive or joint control, and companies over which Vivendi exercises a significant influence (please refer to Note 24 to the Consolidated Financial Statements for the year ended December 31, 2016, page 297 of the 2016 Annual Report), as well as the group's corporate officers and their related entities, in particular Havas Group and Bolloré Group.

### 16.1 Bolloré Group

On October 7, 2016, Bolloré Group crossed the 20% thresholds of Vivendi's share capital and voting rights after having entered into a temporary sale agreement in respect of 34.7 million Vivendi shares maturing on June 25, 2019, and the acquisition of call options that enable Bolloré Group to purchase at any time until June 25, 2019, 34.7 million additional shares (please refer to Note 21.2 to the Consolidated Financial Statements for the year ended December 31, 2016 – page 282 of the 2016 Annual Report).

On March 6, 2017, Bolloré Group exceeded the 25% threshold of Vivendi's voting rights following the grant of double voting rights and held, directly and indirectly, 265,832,839 Vivendi shares, representing 375,994,292 voting rights, i.e., 20.65% of the share capital and 26.37% of the voting rights. "Upon crossing the 25% threshold of Vivendi's voting rights on March 6, 2017, and in accordance with Article L.233-7, paragraph VII of the French Commercial Code (*Code de commerce*) and Article 223-17 of the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* (AMF), Mr. Vincent Bolloré both for himself and for Compagnie de Cornouaille, which he controls and with whom he is legally deemed to be acting in concert, made the following statement of intent with respect to Vivendi for the next six months:

- on March 6, 2017, Compagnie de Cornouaille acquired 40,548,020 additional double voting rights pursuant to Article L.225-123, paragraph 3 of the French Commercial Code (*Code de commerce*), the issue of the financing of the transaction giving rise to the crossing of the threshold is therefore irrelevant;
- the declarant has not entered into any agreement establishing a concerted action with respect to Vivendi;
- the declarant contemplates continuing to purchase Vivendi shares depending primarily on market opportunities;
- without the intent of gaining control, the foreseeable change in its voting rights, all of which are expected to double by April 20, 2017 (except for those on borrowed shares), could put the declarant in a position to determine decisions at General Shareholders' Meetings;
- the investment in Vivendi reflects Bolloré Group's confidence in Vivendi's capacity to develop and its willingness to support Vivendi in its strategy;
- with regard to the transactions referred to in Article 223-17 I, 6° of the AMF's General Regulations (*Règlement Général*), the declarant, together with Vivendi, plans to explore synergies or possible combination transactions between their respective activities in the field of media and communication;
- the declarant holds 34,700,000 call options that enable it to acquire 34,700,000 Vivendi shares, at any time until June 25, 2019, and it plans to exercise them depending, in particular, on market conditions;
- the declarant is party to a temporary sale agreement, as borrower, in respect of 34,700,000 Vivendi shares carrying an equal amount of voting rights; the declarant is not a party to any other temporary sale agreement; and
- the declarant plans to request additional appointments to the company's Supervisory Board." (Please refer to AMF notice No. 217C0619, dated March 8, 2017).

On April 25, 2017, Vivendi's General Shareholders' Meeting notably renewed the term of office of Mr. Vincent Bolloré as a member of the Supervisory Board. It also ratified the co-option of Mr. Yannick Bolloré as a member of the Supervisory Board. The Supervisory Board, at a meeting convened after the General Shareholders' Meeting, reappointed Mr. Vincent Bolloré as its Chairman.

In addition, the situation at Vivendi's General Shareholders' Meeting held on April 25, 2017 led Bolloré Group to review the control it exercises over Vivendi in light of the provisions of IFRS 10 – *Consolidated Financial Statements*.
At this meeting, Bolloré Group, Vivendi's only large shareholder, saw its weight as a shareholder reinforced, notably through the effects of the Florange law, with double voting rights associated with its shares for the first time. An in-depth review of the rights held by Bolloré Group and the outcomes of Vivendi's past general shareholders' meetings showed that Bolloré Group holds a near-majority of the votes in a situation where shareholdings are highly fragmented.
Bolloré Group then reviewed other facts and circumstances liable to demonstrate the existence of control, including facts indicating its ability to control the key activities and influence Vivendi's strategy and the returns it generates. This review notably covered the transfers of managers and executives, the practical capacity to manage the key processes of the various business segments, the disposals of assets and equity investments, the convergence and synergies between the two groups, and financing matters.
In the light of this review, Bolloré Group deemed that the number and the size of the items identified make it possible to conclude that a situation of control exists. It consequently elected to adopt the full consolidation method for its interest in Vivendi as from April 26, 2017, in accordance with the terms of IFRS 3.

In May 2017, Vivendi paid a dividend of €92 million to Bolloré Group with respect to fiscal year 2016 (compared to an interim dividend of €196 million with respect to fiscal year 2015 and the balance of the dividend with respect to fiscal year 2015 of €196 million paid in 2016).

As of June 30, 2017, Bolloré Group held 20.64% of Vivendi's share capital and 29.65% of the gross voting rights (265,832,839[12] Vivendi shares, representing 447,265,678 gross voting rights).

On July 3, 2017, Vivendi acquired the 59.2% interest in Havas held by Bolloré Group for €2,324 million (including the financial transaction tax) paid in cash: please refer to Note 2.

## 16.2 Other corporate officers

On April 25, 2017, Vivendi's General Shareholders' Meeting appointed Ms. Véronique Driot-Argentin and Ms. Sandrine Le Bihan (representing employee shareholders), as members of the Supervisory Board.

*[12] Including (i) 34,700,000 Vivendi shares held temporarily by Compagnie de Cornouaille pursuant to a temporary share sale agreement in respect of an equal number of Vivendi shares for its benefit, which may be returned, in whole or in part, at any time until June 25, 2019, and (ii) 34,700,000 Vivendi shares classified as assimilated shares by Compagnie de Cornouaille pursuant to Article L.233-9 I, 4° of the French Commercial Code (Code de commerce) as a result of the off-market acquisition of physically-settled call options that are exercisable at any time until June 25, 2019.*

## 16.3 Other related-party transactions

| (in millions of euros) | June 30, 2017 | December 31, 2016 |
|---|---|---|
| **Assets** | | |
| Non-current content assets | 1 | 1 |
| Property, plant and equipment | - | 1 |
| Non-current financial assets | 258 | 254 |
| *Of which Banijay Group and Lov Banijay bonds (please refer to Note 10)* | *249* | *245* |
| Trade accounts receivable and other | 55 | 27 |
| *Of which Banijay Group (a)* | *1* | *2* |
| *Havas Group (b)* | *2* | *2* |
| *Telecom Italia* | *2* | *2* |
| **Liabilities** | | |
| Non-current financial liabilities | 104 | 119 |
| *Of which Banijay Group and Lov Banijay* | *104* | *119* |
| Trade accounts payable and other | 37 | 31 |
| *Of which Banijay Group (a)* | *11* | *6* |
| *Havas Group (b)* | *19* | *20* |
| *Bolloré Group* | *4* | *2* |
| **Off-balance sheet contractual obligations, net** | 209 | 250 |
| *Of which Banijay Group (a)* | *196* | *232* |

| | Six months ended June 30, | |
|---|---|---|
| | 2017 | 2016 |
| **Statement of earnings** | | |
| Operating income | 98 | 74 |
| *Of which Banijay Group (a)* | *1* | *2* |
| *Havas Group (b)* | *3* | *2* |
| *Telecom Italia* | *3* | *3* |
| Operating expenses | (86) | (75) |
| *Of which Banijay Group (a)* | *(37)* | *(42)* |
| *Havas Group (b)* | *(26)* | *(16)* |
| *Bolloré Group* | *(7)* | *(3)* |
| **Advertising transactions** | | |
| *Of which advertising sales realized via Havas' agencies (b)* | *26* | *53* |
| *media costs realized via Havas' agencies (b)* | *(36)* | *(36)* |

a. Vivendi and its subsidiaries entered into production and program purchase agreements with certain subsidiaries of Banijay Group, on an arm's length basis. In addition, the change in Vivendi's interest in Banijay Group is described in Note 9.

b. Certain Havas Group's subsidiaries render operating services to Vivendi and its subsidiaries on an arm's-length basis. Regarding Canal+ Group:
   - as part of their advertising campaigns, customers of Havas Group entered into transactions with Canal+ Group through media agencies for an aggregate amount of €25 million for the first half of 2017 (€51 million for the first half of 2016);
   - as part of the advertising campaigns promoting Canal+, Canalsat and Canalplay, Canal+ Group entered into transactions with major media companies through Havas Group and its media agencies for €34 million for the first half of 2017 (€36 million for the first half of 2016);
   - media and production services, broadcasting rights and fees were realized by Havas Group and its subsidiaries for €12 million for the first half of 2017 (€9 million for the first half of 2016); and
   - Havas Group and its subsidiaries designed and developed advertising campaigns promoting Canal+ Group for €5 million for the first half of 2017 (€6 million for the first half of 2016).

The following constitutes complementary information about certain related-party transactions:

- On June 2, 2017, Vivendi acquired a 5% interest in the Economic Interest Grouping (GIE - *Groupement d'intérêt économique*) Fleet Management Services, a Bolloré Group's subsidiary dedicated, among other things, to providing air transport operations, for a consideration of €0.1 million. This acquisition entailed the correlative transfer of the corresponding share of reciprocal receivables and payables related to the special depreciation of the GIE's assets, i.e., receivables for €1.6 million and payables for the same amount. For the first half of 2017, the charge recognized with respect to the use of the GIE's services amounted to €0.3 million.

- During the first hald of 2017, certain subsidiaries of the group pursued transactions, representing non-significant amounts for Vivendi, with the following related parties: Quinta Communications (operating income of €372 thousand and operating expenses of €205 thousand for Canal+ Group) and Groupe Nuxe (operating income of €28 thousand and operating expenses of €10 thousand for L'Olympia). Please refer to Note 21.2 to the Consolidated Financial Statements for the year ended December 31, 2016.
- As from July 3, 2017, the date of the acquisition by Vivendi of a 59.2% interest in Havas (please refer to Note 2), the transactions between Havas and Vivendi's fully consolidated subsidiaries will be included in intersegment transactions. In addition, for the first half of 2017, Havas Group and its subsidiaries recorded revenues with Telecom Italia for €6 million.

# Note 17 Contractual obligations and other commitments

## 17.1 Contractual obligations and commercial commitments

| | | Minimum future payments as of | |
|---|---|---|---|
| (in millions of euros) | Note | June 30, 2017 | December 31, 2016 |
| Contractual content commitments | 8.2 | 6,309 | 6,235 |
| Commercial commitments | | (932) | 824 |
| Operating leases and subleases | | 792 | 659 |
| **Net commitments not recorded in the Consolidated Statement of Financial Position** | | **6,169** | **7,718** |

### Off-balance sheet commercial commitments

| | Minimum future payments as of | |
|---|---|---|
| (in millions of euros) | June 30, 2017 | December 31, 2016 |
| Satellite transponders | 476 | 570 |
| Investment commitments | 150 | 162 |
| Other | 799 | 769 |
| **Given commitments** | **1,425** | **1,501** |
| Satellite transponders | (148) | (169) |
| Other (a) | (2,209) | (508) |
| **Received commitments** | **(2,357)** | **(677)** |
| **Net total** | **(932)** | **824** |

a. Includes minimum guarantees to be received by the group as part of distribution agreements entered into with third parties, notably Internet Service Providers and other digital platforms.

In addition, on March 14, 2017, Boulogne Studios, a wholly-owned subsidiary of Vivendi, entered into a bilateral land purchase agreement with "Val de Seine Aménagement", the local public urban developer of the Parisian suburb Boulogne-Billancourt, for a construction project on the île Seguin. This purchase agreement is subject to certain conditions precedent, in particular the procurement of a building permit. This project would consist of building a campus of approximately 150,000 m² which could, in five to seven years, house a group of companies notably operating in business sectors such as media and content, as well as digital, sports and sustainable development. On that date, Vivendi paid a €70 million deposit to guarantee the satisfaction of its purchase obligations amounting to a total of approximately €330 million.

### Off-balance sheet operating leases and subleases

| | Minimum future leases as of | |
|---|---|---|
| (in millions of euros) | June 30, 2017 | December 31, 2016 |
| Buildings | 801 (a) | 669 |
| Other | 3 | 4 |
| **Leases** | **804** | **673** |
| Buildings | (12) | (14) |
| **Subleases** | **(12)** | **(14)** |
| **Net total** | **792** | **659** |

a. Notably included the 15-year lease executed on June 26, 2017 by Universal Music Group for an office space of approximately 15,000 m² located in the London area of King's Cross, for a 15-year period.

## 17.2 Contingent assets and liabilities subsequent to given or received commitments related to the divestiture or acquisition of shares

**Merger between Canal+ Group's pay-TV operations in France and TPS**

On August 30, 2006, the merger between Canal+ Group's pay-TV operations in France and TPS was authorized, in accordance with the merger control regulations, pursuant to a decision of the French Minister of Economy, Finance and Industry, subject to Vivendi and Canal+ Group complying with certain undertakings for a maximum period of six years, with the exception of those commitments concerning the availability of channels and Video-on-demand (VOD), which could not exceed five years.
On October 28, 2009, the French Competition Authority opened an enquiry regarding compliance with certain undertakings given by Canal+ Group in connection with the merger of Canalsatellite and TPS.
On July 23, 2012, the merger was once again cleared by the French Competition Authority, subject to compliance with 33 injunctions. These injunctions were issued for a five-year period, renewable once.

On June 22, 2017, following the reexamination of such injunctions, the French Competition Authority decided to maintain, lift or revise certain of these injunctions.

These injunctions, which have been implemented by Canal+ Group since June 22, 2017, consist of the following main components:

- Acquisition of movie rights:
  - prohibition from entering into output deals for French films except if another pay-TV producer were to enter into an output deal with any of the five main French producers/coproducers; and
  - disposal by the Canal+ Group of its interest in Orange Cinema Series – OCS SNC or, failing this, adoption of measures that can "neutralize" Canal+ Group's impact on Orange Cinema Series – OCS SNC.
- Distribution of pay-TV special-interest channels:
  - distribution of a minimum number of independent channels, distribution of any channel holding premium rights, exclusive or not, and preparation of a reference offer relating to taking over independent channels included in the Canalsat offer including, among other things, the assumptions and methods to calculate minimal compensation for these independent channels.
- Video-on-demand (VOD) and subscription video-on-demand (SVOD):
  - prohibition from purchasing VOD and SVOD exclusive broadcasting rights to original French-language films owned by French right holders and combining these rights with the purchases of rights for linear broadcast on pay-TV;
  - limitation to the exclusive transfer of VOD and SVOD rights to Canal+ Group from Studiocanal's French film catalog; and
  - prohibition from entering into exclusive distribution deals for the benefit of Canal+ Group's VOD and SVOD offers on Internet Service Providers platforms.

These injunctions are operative until December 31, 2019. If market conditions change significantly, Canal+ Group will be able to request that these injunctions be lifted or partially or totally revised. An independent trustee, who was proposed by Canal+ Group and will be shortly approved by the French Competition Authority, will be responsible for monitoring the implementation of the injunctions.

**Acquisition of Bolloré Group's channels Direct 8 and Direct Star**

As part of the French Competition Authority's approval of the acquisition of the Direct 8 and Direct Star channels (renamed C8 and CStar, respectively) granted on July 23, 2012 and renewed on April 2, 2014, Vivendi and Canal+ Group gave certain commitments for a five year-period, renewable once.

On June 22, 2017, the French Competition Authority decided to keep, lift or revise certain commitments.

These commitments provide for restrictions on the acquisition of rights to American movies and television series from certain American studios (Canal+ Group can henceforth enter into output deals bundling free-to-air and pay-TV rights with two American studios) and for French movies (the joint purchase of both free-to-air and pay-TV rights for more than 20 original French-language films per year is prohibited), the separate negotiation of pay-TV and free-to-air rights for certain recent movies and television series, limitations on the acquisition by C8 and CStar of French catalog movies from Studiocanal (limited to 50% of the total number and total value of French catalog movies purchased annually by each of these channels).

These commitments are operative until December 31, 2019. If market conditions change significantly, Canal+ Group will be able to request that these commitments be lifted or partially or totally revised. An independent trustee, who was proposed by Canal+ Group and will be shortly approved by the French Competition Authority, will be responsible for monitoring the implementation of the commitments.

In addition, on September 18, 2012, the French Broadcasting Authority (*Conseil Supérieur de l'Audiovisuel*) approved the acquisition of the Direct 8 and Direct Star channels (renamed C8 and CStar, respectively), subject to compliance with certain commitments relating to broadcasting, investment obligations and transfer rights.

# Note 18 Litigation

In the normal course of its business, Vivendi is subject to various lawsuits, arbitrations and governmental, administrative or other proceedings (collectively referred to herein as "Legal Proceedings").

Certain Legal Proceedings involving Vivendi or its subsidiaries (as plaintiff or defendant) are described in the 2016 Annual Report: Note 23 to the Consolidated Financial Statements for year ended December 31, 2016 (pages 289 through 296). The following paragraphs update such disclosure through August 28, 2017 (the date of Vivendi's Management Board meeting that approved the Condensed Financial Statements for the half-year ended June 30, 2017).

To the company's knowledge, there are no Legal Proceedings or any facts of an exceptional nature (including any pending or threatened proceedings in which it is a defendant), which may have or have had in the previous months a material effect on the company and on its group's financial position, profit, business and property, other than those described herein.

### Securities Class Action in the United States

Since July 18, 2002, sixteen claims have been filed against Vivendi and Messrs. Jean-Marie Messier and Guillaume Hannezo in the United States District Court for the Southern District of New York and in the United States District Court for the Central District of California. On September 30, 2002, the New York court decided to consolidate these claims under its jurisdiction into a single action entitled *In re Vivendi Universal S.A. Securities Litigation*.

The plaintiffs allege that, between October 30, 2000 and August 14, 2002, the defendants violated certain provisions of the US Securities Act of 1933 and US Securities Exchange Act of 1934, particularly with regard to financial communications. On January 7, 2003, the plaintiffs filed a consolidated class action suit that may benefit potential groups of shareholders.

On March 22, 2007, the Court decided, concerning the procedure for certification of the potential claimants as a class ("class certification"), that persons from the United States, France, England and the Netherlands who purchased or acquired shares or American Depositary Receipts (ADRs) of Vivendi (formerly Vivendi Universal SA) between October 30, 2000 and August 14, 2002, could be included in the class.

Following the class certification decision of March 22, 2007, a number of individual cases were filed against Vivendi on the same grounds as the class action. On December 14, 2007, the judge issued an order consolidating the individual actions with the securities class action for purposes of discovery. On March 2, 2009, the Court deconsolidated the Liberty Media action from the class action. On August 12, 2009, the Court issued an order deconsolidating the individual actions from the class action.

On January 29, 2010, the jury returned its verdict. It found that 57 statements made by Vivendi between October 30, 2000 and August 14, 2002, were materially false or misleading and were made in violation of Section 10(b) of the Securities Exchange Act of 1934. Plaintiffs had alleged that those statements were false and misleading because they failed to disclose the existence of an alleged "liquidity risk" which reached its peak in December 2001. However, the jury concluded that neither Mr. Jean-Marie Messier nor Mr. Guillaume Hannezo were liable for the alleged misstatements. As part of its verdict, the jury found that the price of Vivendi's shares was artificially inflated on each day of the class period in an amount between €0.15 and €11.00 per ordinary share and USD 0.13 and USD 10.00 per ADR, depending on the date of purchase of each ordinary share or ADR. Those figures represent approximately half the amounts sought by the plaintiffs in the class action. The jury also concluded that the inflation of the Vivendi share price fell to zero in the three weeks following the September 11, 2001, tragedy, as well as on stock exchange holidays on the Paris or New York markets (12 days) during the class period.

On June 24, 2010, the US Supreme Court, in a very clear statement, ruled, in the Morrison v. National Australia Bank case, that American securities law only applies to "the purchase or sale of a security listed on an American stock exchange", and to "the purchase or sale of any other security in the United States.

In a decision dated February 17, 2011 and issued on February 22, 2011, the Court, in applying the "Morrison" decision, confirmed Vivendi's position by dismissing the claims of all purchasers of Vivendi's ordinary shares on the Paris stock exchange and limited the case to claims of French, American, British and Dutch purchasers of Vivendi's ADRs on the New York Stock Exchange. The Court denied Vivendi's post-trial motions challenging the jury's verdict. The Court also declined to enter a final judgment, as had been requested by the plaintiffs, saying that to do so would be premature and that the process of examining individual shareholder claims must take place before a final judgment could be issued. On March 8, 2011, the plaintiffs filed a petition before the Second Circuit Court of Appeals seeking to appeal the decision rendered on February 17, 2011. On July 20, 2011, the Court of Appeals denied the petition and dismissed the claims of purchasers who acquired their shares on the Paris stock exchange.

In a decision dated January 27, 2012 and issued on February 1, 2012, the Court, in applying the "Morrison" decision, also dismissed the claims of the individual plaintiffs who purchased ordinary shares of the company on the Paris stock exchange.

On July 5, 2012, the Court denied a request by the plaintiffs to expand the class to nationalities other than those covered by the certification decision dated March 22, 2007.

The claims process commenced on December 10, 2012, with the sending of a notice to shareholders who may be part of the class. Recipients of the notice had until August 7, 2013 to file a claim form and submit documentation evidencing the validity of their claim. These claims were processed and verified by an independent claims administrator and by the parties. Vivendi had the right to challenge the merits of these claims. On November 10, 2014, at Vivendi's initiative, the parties filed a mutually agreed upon proposed order requesting the Court to enter a partial final judgment on the January 29, 2010 jury verdict, covering a substantial portion of the claims. Certain large claims were excluded from this proposed judgment order while Vivendi continued to analyze whether to challenge the validity of those claims. On December 23, 2014, the Court entered the partial judgment. Vivendi filed its Notice of Appeal with the Second Circuit Court of Appeals on January 21, 2015, and the plaintiffs cross-appealed. This appeal was heard on March 3, 2016.

On August 11, 2015, the Court issued a decision whereby it excluded the claims filed by Southeastern Asset Management (SAM), concluding that Vivendi proved that SAM did not make investment decisions based on Vivendi's supposedly fraudulent statements ("lack of reliance"). On April 25, 2016, the Court issued a similar decision, under which it has excluded claims filed by Capital Guardian.

On July 14, 2016, the Court entered a final judgment covering the remaining claims whose validity had not been challenged and which were not included in the partial judgment entered on December 23, 2014. Vivendi appealed against this final judgment and the plaintiffs cross-appealed, challenging the final judgment as well as the summary judgment decisions rendered by the Court concerning the claims of SAM and Capital Guardian.

On September 27, 2016, the Second Circuit Court of Appeals affirmed the District Court's decision. The Court of Appeals rejected, however, the plaintiffs' arguments in their cross-appeal seeking to expand the class of plaintiffs and the scope of their claims. Vivendi filed a petition for rehearing with the Second Circuit Court of Appeals. This petition was denied on November 10, 2016.

On April 6, 2017, Vivendi entered into an agreement to settle the remaining claims still in dispute with certain class plaintiffs. Under the terms of the agreement, Vivendi paid $26.4 million, representing approximately one-third of the total $78 million it paid to resolve the entire litigation, including the judgments previously entered. As a result, Vivendi re-examined the amount of the reserve for this matter as of March 31, 2017 and set it at €73 million, consequently recording a reversal of reserve of €27 million. On May 9, 2017, the Court formally approved the terms of the agreement, thereby putting an end to this litigation.

### Trial of Vivendi's Former Officers in Paris

In October 2002, the financial department of the Paris Public Prosecutor's office (*Parquet de Paris*) launched an investigation into the publication of allegedly false or misleading information regarding the financial situation and forecasts of the company and the publication of allegedly untrue or inaccurate financial statements for the fiscal years 2000 and 2001. Additional charges were brought in this investigation relating to purchases by the company of its own shares between September 1, 2001 and December 31, 2001. Vivendi joined the proceedings as a civil party.

The trial took place from June 2 to June 25, 2010, before the 11th Chamber of the Paris Tribunal of First Instance (*Tribunal de Grande Instance de Paris*), following which the Public Prosecutor asked the Court to drop the charges against the defendants. On January 21, 2011, the Court rendered its judgment, in which it confirmed the previous recognition of Vivendi as a civil party. Messrs. Jean Marie Messier, Guillaume Hannezo, Edgar Bronfman Jr. and Eric Licoys received suspended sentences and fines. Messrs. Jean Marie Messier and Guillaume Hannezo were also ordered to pay damages to shareholders who are entitled to reparation as civil parties. The former Vivendi Officers as well as some civil parties appealed the decision. The appeal proceedings were held from October 28 to November 26, 2013, before the Paris Court of Appeal. The Public Prosecutor requested a 20-month suspended prison sentence and a fine of €150,000 for Mr. Jean-Marie Messier for misuse of corporate assets and dissemination of false or misleading information, a 10-month suspended prison sentence and a fine of €850,000 for Mr. Guillaume Hannezo for insider trading, and a 10-month suspended prison sentence and a fine of €5 million for Mr. Edgar Bronfman Jr. for insider trading. On May 19, 2014, the Paris Court of Appeal rendered its judgment. Regarding the acts determined by the lower criminal court to constitute the dissemination of false or misleading information, the Court held that these acts did not meet the criteria for such an offense. The Court upheld the conviction against Mr. Jean-Marie Messier for misuse of corporate assets and he received a 10-month suspended sentence and a €50,000 fine. The Court also upheld the convictions against Messrs. Hannezo and Bronfman for insider trading and they received fines in the amount of €850,000 (of which €425,000 is suspended) and €5 million (of which €2.5 million is suspended), respectively. Finally, the Court set aside the lower court's order for the payment of damages (€10 per share) to certain shareholders and former shareholders of Vivendi (the "civil action"). With regard to Vivendi, the Court upheld the validity of its status as a civil party to the proceedings, exonerated it from any responsibility and voided the demand for damages brought against it by certain shareholders or former shareholders. An appeal was filed with the French Supreme Court (*Cour de Cassation*) by certain of the defendants and some civil parties. On April 20, 2017, the French Supreme Court dismissed the appeal, thereby putting an end to this litigation.

### Mediaset against Vivendi

On April 8, 2016, Vivendi entered into a strategic partnership agreement with Mediaset. This agreement provided for a swap of a 3.5% interest in Vivendi in exchange for a 3.5% interest in Mediaset and 100% of the share capital of the pay-TV company Mediaset Premium, a subsidiary of Mediaset.

Vivendi’s purchase of Mediaset Premium was based on financial assumptions provided by Mediaset to Vivendi in March 2016. These assumptions raised some questions within Vivendi, which were communicated to Mediaset. The agreement signed on April 8, 2016 was subsequently subject to a “due diligence review” (carried out for Vivendi by the advisory firm Deloitte), as contractually agreed. It became clear from this audit and from Vivendi’s analyses that the figures provided by Mediaset prior to the signing of the agreement were not realistic and were founded on an artificially-inflated base.

While Vivendi and Mediaset had been in discussions in an effort to find an alternative transaction structure to the one provided for in the April 8, 2016 agreement, Mediaset terminated these discussions on July 26, 2016 by publicly rejecting the proposal Vivendi submitted to it. This proposal consisted of a swap of 3.5% of Vivendi's share capital in exchange for 20% of Mediaset Premium’s share capital and 3.5% of Mediaset’s share capital and, for the balance, the issuance by Mediaset to Vivendi of bonds convertible into Mediaset shares over time.

Subsequently, Mediaset together with its affiliate RTI, and Fininvest, Mediaset’s majority shareholder each filed a complaint against Vivendi before the Milan Civil Court seeking to obtain specific performance of the April 8, 2016 agreement and the related shareholders’ agreement. In particular, it is alleged that Vivendi has not filed its notification to the European Commission with respect to the transaction and thus has blocked the lifting of the last condition precedent to the completion of the transaction. Vivendi maintains that despite its timely completion of the pre-notification process with the Commission, the Commission would not accept a formal filing while the parties were discussing their differences. Mediaset, RTI and Fininvest are also seeking compensation from Vivendi for damages allegedly suffered by them, namely the damage caused by the delay in the performance of the agreement, for Mediaset and RTI, and of the shareholders’ agreement that had been envisaged to be signed on the completion date, for Fininvest (estimated by each of the three parties at €50 million per month of delay starting July 25, 2016). Fininvest is also seeking compensation for a total estimated amount of €570 million for the alleged damage linked to the change in the Mediaset share price between July 25 and August 2, 2016 plus the harm done to the decision-making procedures of Fininvest and to its image.

At the first hearing held in the case, the judge invited the parties to come closer together to try to reach an amicable settlement to their dispute. To this end, on May 3, 2017, the parties initiated mediation proceedings before the Chamber of National and International Arbitration of Milan.

Despite this mediation, which is still ongoing, on June 9, 2017, Mediaset, RTI and Fininvest filed a new complaint against Vivendi seeking damages totaling €2 billion for Mediaset and RTI, and €1 billion for Fininvest, in connection with Vivendi’s acquisition of Mediaset shares at the end of 2016. According to the plaintiffs, who have requested that this action be consolidated with the first, these acquisitions were carried out in breach of the April 8, 2016 agreement, the Italian media regulations and unfair competition rules. In addition, the complaint includes a demand that Vivendi be required to divest the shares of Mediaset which were allegedly bought in breach of applicable law and the April 8, 2016 agreement. Lastly, the plaintiffs have requested that, pending such divestiture, Vivendi be enjoined from exercising its rights (including voting rights) on such Mediaset shares.

If the mediation is unsuccessful, the next hearing before the Milan Civil Court will be held on December 19, 2017.

### Other proceedings related to Vivendi’s entry into the share capital of Mediaset

Following Vivendi’s entry into the share capital of Mediaset through open market purchases of shares during the months of November and December 2016, culminating in a shareholding of 28.80%, Fininvest stated that it had filed a complaint against Vivendi for market manipulation with the Milan public prosecutor's office and the Consob, the Italian financial markets regulator.

In addition, on December 21, 2016, the AGCOM, the Italian communications authority, opened an investigation into the compatibility between the increase in Vivendi’s holdings in Mediaset’s share capital and its position as a shareholder of Telecom Italia under Italian media regulations.

On April 18, 2017, the AGCOM issued a decision in which it determined that Vivendi was not in compliance with the regulations. Vivendi, which has 12 months to come into compliance, appealed against this decision. Pending the decision on the appeal, which is expected in the first half of 2018, an action plan setting out how Vivendi will comply with the decision, is currently under discussion with the AGCOM.

### Telecom Italia

On August 5, 2017, the Italian Government informed Vivendi that it was opening a formal investigation into whether certain provisions of Law Decree No. 21 of 15 March 2012 on special powers of the Italian Government relative to the defense and national security sectors and to activities of strategic importance in the fields of energy, transport and communications, had been respected by Telecom Italia and Vivendi.

Vivendi considers that the provisions of that decree are inapplicable in light of both the nature of the activities carried out by Telecom Italia and Vivendi's lack of control of over the Italian operator. A decision is expected at the beginning of September 2017.

### Etisalat against Vivendi

On May 12, 2017, Etisalat and EINA filed a request for arbitration before the International Court of Arbitration of the International Chamber of Commerce pursuant to the terms of the agreement for the sale of SPT/Maroc Telecom entered into on November 4, 2013, the closing of which took place on May 14, 2014. This request concerns several claims in respect of representations and warranties made by Vivendi and SFR in connection with the sale agreement.

### Dynamo against Vivendi

On August 24, 2011, the Dynamo investment funds, former shareholders of GVT, filed a complaint against Vivendi before the Bovespa Arbitration Chamber (São Paulo stock exchange), seeking compensation amounting to the difference between the value of the shares sold by them before Vivendi's acquisition of GVT and BRL70.00 per share. According to Dynamo, the provision in GVT's bylaws providing for an increase in the per share purchase price when the 15% threshold is crossed (the "poison pill provision") should allegedly have applied to the acquisition by Vivendi. On May 9, 2017, the Bovespa Arbitration Chamber rendered its decision, rejecting Dynamo's demands.

### Parabole Réunion

In July 2007, the Parabole Réunion filed a legal action before the Paris Tribunal of First Instance following the termination of its rights to exclusively distribute the TPS channels in Reunion Island, Mayotte, Madagascar and Mauritius, and the degradation of the channels made available to it. Pursuant to a decision dated September 18, 2007, Canal+ Group was prohibited, under threat of a fine, from allowing the broadcast by third parties of these channels or replacement channels that have substituted these channels and was ordered to replace the TPS Foot channel in the event it is dropped. Canal+ Group appealed this decision. In a ruling dated June 19, 2008, the Paris Court of Appeal partially reversed the judgment and stated that these replacement channels were not to be granted exclusively if the channels were made available to third parties prior to the merger with TPS. Parabole Réunion was unsuccessful in its claims concerning the content of the channels in question. On September 19, 2008, Parabole Réunion appealed to the French Supreme Court. On November 10, 2009, the French Supreme Court dismissed the appeal brought by Parabole Réunion.

On September 24, 2012, Parabole Réunion filed a claim against Canal+ France, Canal+ Group and Canal+ Distribution before the enforcement magistrate of the Court of First Instance of Nanterre seeking enforcement of the fine imposed by the Paris Tribunal of First Instance and confirmed by the Court of Appeal (a request for such enforcement having been previously rejected by the enforcement magistrate of Nanterre, the Paris Court of Appeal and the French Supreme Court). On November 6, 2012, Parabole Réunion expanded its claim to cover the TPS Star, Cinecinema Classic, Cult and Star channels. On April 9, 2013, the enforcement magistrate dismissed in part Parabole Réunion's claim and declared the rest inadmissible. He took care to recall that Canal+ Group had no legal obligation with respect to the content or the maintaining of programming on channels made available to Parabole Réunion and held, after noting that production of the TPS Foot channel had not stopped, that there was no need to replace this channel. Parabole Réunion filed a first appeal against this decision on April 11, 2013. On May 22, 2014, the Versailles Court of Appeal declared this appeal inadmissible due to Parabole Réunion's lack of representative capacity. On February 14, 2014, Parabole Réunion filed an appeal on points of law and filed a second appeal against the April 9, 2013 decision. On April 9, 2015, the French Supreme Court overturned the May 22, 2014 decision of the Versailles Court of Appeal in which the appeal filed by Parabole Réunion on April 11, 2013 was declared inadmissible. The case was remanded to the Paris Court of Appeal, brought before the Court by Parabole Réunion on April 23, 2015. On May 12, 2016, the Paris Court of Appeal upheld the decision of the Court of First Instance and dismissed all of Parabole Réunion's claims. On May 27, 2016, Parabole Réunion filed an appeal with the French Supreme Court against the judgment of the Paris Court of Appeal.

At the same time, on August 11, 2009, Parabole Réunion filed a complaint against Canal+ Group before the Paris Tribunal of First Instance, requesting that the Tribunal order Canal+ Group to make available a channel with a level of attractiveness similar to that of TPS Foot in 2006 and to pay damages. On April 26, 2012, Parabole Réunion filed a complaint against Canal+ France, Canal+ Group and Canal+ Distribution before the Paris Tribunal of First Instance asking the Tribunal to acknowledge the failure of the companies of the group to fulfill their contractual obligations to Parabole Réunion and their commitments to the Ministry of Economy. These two actions have been consolidated into a single action. On April 29, 2014, the Paris Tribunal of First Instance partially recognized the admissibility of Parabole Réunion's claim with respect to the period following June 19, 2008 and recognized the contractual liability of Canal+ Group due to the degradation of the quality of channels made available to Parabole Réunion. The Tribunal ordered an expert report on the damages suffered by Parabole Réunion, rejecting the assessment produced by the latter. On November 14, 2014, Canal+ Group appealed against the decision of the Paris Tribunal of First Instance. The court appointed expert issued its report on February 29, 2016 and the case was argued before the Paris Court of Appeal on January 28, 2016. On June 3, 2016, the Paris Court of Appeal upheld the April 29, 2014 decision of the Paris Tribunal of First Instance. Canal+ Group appealed to the French Supreme Court. In an order issued on October 25, 2016, the Pre-Trial Judge held that the April 29, 2014 decision in which Canal+ Group was ordered to compensate Parabole Réunion established in principle a debt of the latter, even if the assessment of its amount was still to be finalized. The Judge ordered Canal+ Group to pay the sum of €4 million as an advance. On

January 17, 2017, the Paris Tribunal of First Instance ordered Canal+ Group to pay the sum of €37,720,000, with provisional enforceability. On February 23, 2017, Parabole Réunion appealed against that decision to the Paris Court of Appeal. On July 20, 2017, Canal+ Group filed its response to the appeal and a cross-appeal. Through a filing made on May 29, 2017, Parabole Réunion raised an incidental question in order to have the court appoint an additional expert to assess the loss in value of its business. Oral arguments on the incidental question will be held on September 14, 2017.

### Canal+ Group against TF1, and TMC Régie

On June 12, 2013, Canal+ Group SA and Canal+ Régie filed a complaint with the French Competition Authority against the practices of TF1 and TMC Régie in the television advertising market. Canal+ Group SA and Canal+ Régie accused them of cross-promotion, having a single advertising division and refusing to promote the D8 channel during its launch. Following a meeting held on June 21, 2017, the French Competition Authority rendered a decision dismissing the complaint on July 25, 2017.

### Top 14 Rugby (2019-2023)

By letter registered on July 19, 2016, the French Competition Authority was notified by Altice of a referral on the merits regarding the practices implemented in the tender process for the granting of broadcasting rights to Top 14 rugby for the seasons 2019/2020 to 2022/2023. The matter is being reviewed by the Competition Authority.

### Touche Pas à Mon Poste

On June 7, 2017, the French Broadcasting Authority (*Conseil Supérieur de l'Audiovisuel*) (the "CSA") decided to sanction C8 for a sequence broadcast on the show "TPMP" on December 7, 2016. The CSA considered that this sequence in which the presenter of the show, Cyril Hanouna, and one of its columnists, Capucine Anav, are seen engaging in a game on set during an "off" sequence, undermined the image of women. The sanctions consisted of the suspension of advertising broadcasts during the show, *"*Touche Pas à Mon Poste*"* and its rebroadcasts, as well as well during the 15 minutes before and the 15 minutes after its broadcast, for a period of two weeks from the second Monday following notification of the decision.

Similarly, on June 7, 2017, the CSA decided to sanction C8 for another sequence broadcast on the show *"*TPMP! La grande Rassrah*"* on November 3, 2016. The CSA considered that this other sequence, the filming by hidden camera of Matthieu Delormeau, a columnist for the show, violated his dignity. The new sanction consisted of the suspension of advertising broadcasts during the show, *"*Touche Pas à Mon Poste*"* and its rebroadcasts, as well as during the 15 minutes before and the 15 minutes after its broadcast, for a period of one week.

On July 3, 2017, following the two decisions of the CSA, C8 filed two appeals with the French Council of State (*Conseil d'Etat*). On July 4, 2017, C8 filed two claims for compensation with the CSA.

On July 26, 2017, the CSA decided to sanction C8 for a sequence broadcast on the show "TPMP Baba hot line" on May 18, 2017, considering that the channel violated the principle of respect for privacy and its obligation to fight against discrimination, and imposed a monetary fine of €3 million.

### Authors' Societies

In filings made on July 13, 17 and 20, 2017, the SACEM, SACD, SCAM and SDRM (French guilds representing authors, composers, and music publishers) sued Canal+, Canal+ Group, SECP and C8 before the interim relief judge of the High Court of Nanterre (*Tribunal de grande instance de Nanterre*) seeking payment of royalties for the fourth quarter 2016 and the first quarter of 2017. Canal+ Group is disputing the amounts charged by the different collection societies. Hearings are scheduled to be held on September 14, and October 12 and 19, 2017.

In a filing made on July 20, 2017, the SACD sued SECP before the interim relief judge of the High Court of Nanterre (*Tribunal de grande instance de Nanterre*) seeking payment of royalties relating to the first quarter of 2017, the amount of which is being disputed by Canal+ Group. The hearing is scheduled to be held on October 12, 2017.

In a filing made on August 8, 2017, the SCAM sued SECP before the interim relief judge of the High Court of Nanterre (*Tribunal de grande instance de Nanterre*) seeking payment of royalties relating to the first quarter of 2017, the amount of which is being disputed by Canal+ Group. The hearing is scheduled to be held on October 19, 2017.

### Capitol Records and EMI Music Publishing against MP3tunes

On November 9, 2007, Capitol Record and EMI Music Publishing filed a joint complaint against MP3tunes and its founder, Michael Robertson, for copyright infringement on the sideload.com and mp3tunes.com websites. The trial was held in March 2014, and, on March 19, 2014, the jury returned a verdict favorable to EMI and Capital Records. It found the defendants liable for knowingly allowing the unauthorized content on the websites. On March 26, 2014, the jury awarded damages in the amount of $41 million. On October 30, 2014, the Court confirmed the verdict but entered judgment in the reduced amount of $12.2 million. The defendants appealed against the judgment and Capitol Records and EMI cross-appealed. On October 25, 2016, the Second Circuit Court of Appeals ruled in favor of the plaintiffs on several points of their cross-appeal and sent the case back to the trial court. On June 19, 2017, the U.S Supreme Court denied a petition for writ of certiorari filed by the defendants.

### Tax audits

The fiscal year ended on December 31, 2016 and prior years are open to tax audits by the respective tax authorities in the jurisdictions in which Vivendi has or had operations. Various tax authorities have proposed adjustments to the taxable income reported for prior years. At this stage of the current tax audits, the impact that could result from an unfavorable outcome of these audits cannot be reliably assessed. Vivendi Management believes that these tax audits are unlikely to have a material unfavorable impact on the group's financial position or liquidity.

Regarding Vivendi SA, in respect of the Consolidated Global Profit Tax System, the tax audit for fiscal years 2006, 2007 and 2008 is still ongoing as are the tax audits for fiscal years 2009 and 2010. Finally, the audit of Vivendi SA's Tax Group System for fiscal years 2011 and 2012 began in July 2013. As of June 30, 2017, all of these tax audits were ongoing. Vivendi Management believes that it has solid legal grounds to defend its positions for determining the taxable income for the fiscal years under audit. In any event, as of June 30, 2017, Vivendi has accrued a provision for the impact of the Consolidated Global Profit Tax System in 2011 (€409 million), as well as a provision for the impact in relation to the use of tax credits in 2012 (€259 million) and in 2015 (€208 million).

The impacts of the French Tax Group and Consolidated Global Profit Tax Systems on the valuation of Vivendi's tax attributes (tax losses and tax credits carried forward) are as follows:

- As Vivendi considers that its entitlement to use the Consolidated Global Profit Tax System was effective until the end of the authorization granted by the French Ministry of Finance, including fiscal year ending December 31, 2011, on November 30, 2012, Vivendi submitted a €366 million refund request with respect to the tax saving for fiscal year ended December 31, 2011. Because this request was denied by the tax authorities, Vivendi accrued a €366 million provision for the associated risk in its Financial Statements for the year ended December 31, 2012. On October 6, 2014, the Administrative Court of Montreuil ruled in favor of Vivendi. On December 23, 2014, pursuant to this ruling, Vivendi received a €366 million refund and moratorium interest of €43 million, which was received on January 16, 2015. On December 2, 2014, the tax authorities lodged an appeal to this ruling. On July 5, 2016, the Versailles Administrative Court of Appeal ruled in favor of Vivendi. On October 28, 2016, the French Council of State (*Conseil d'Etat*) notified Vivendi that the Minister had filed an appeal against this ruling. To date, the review of this appeal is underway. In its Financial Statements for the half-year ended June 30, 2017, Vivendi maintained the provision related to the €366 million principal refund and increased it by €43 million to take into account the moratorium interest, for a total provision of €409 million.
- Moreover, considering that the Consolidated Global Profit Tax System permitted tax credits to be carried forward upon the end of the authorization on December 31, 2011, Vivendi requested a refund of taxes due under the French Tax Group System for the year ended December 31, 2012, i.e., €208 million, increased to €221 million in 2013 at the time of the tax return filing with respect to fiscal year ended December 31, 2012. On May 8, 2013, Vivendi received a €201 million refund related to the tax installment paid in 2012. This position was challenged by the tax authorities in relation to a tax audit and Vivendi provisioned the associated risk for a principal amount of €208 million in its Financial Statements for the year ended December 31, 2012, increased to €221 million as of December 31, 2013. In its Financial Statements for the year ended December 31, 2014, Vivendi maintained the provision related to the €221 million principal refund and increased it by €11 million (the amount of additional default interest), for a total amount of €232 million as of December 31, 2014, decreased to €228 million as of December 31, 2015 after deduction of ordinary tax credits. As part of this process, on March 31, 2015, Vivendi made a payment of €321 million, comprising a tax payment of €221 million due under the French Tax Group System for the year ended December 31, 2012, €11 million in default interest and additional penalties of €89 million. After completion of the tax audit, on June 29, 2015, Vivendi filed a claim requesting a refund of the principal tax amount and default interest, as well as penalties, for which no provision has been accrued, following the recommendation of the company's advisors. On January 15, 2016, Vivendi brought this case before the Administrative Court of Montreuil. On March 16, 2017, the Administrative Court of Montreuil ruled in favor of Vivendi. On April 18, 2017, Vivendi received (i) a €315 million refund, corresponding, after deduction of ordinary tax credits in 2015, to the principal tax amount due under the French Tax Group System for the year ended December 31, 2012 (€218 million), as well as default interest (€10 million) and additional penalties (€87 million), and (ii) moratorium interest (€31 million), representing an aggregate amount of €346 million. The Ministry has appealed this decision; therefore, in its Financial Statements for the half-year ended June 30, 2017, Vivendi maintained the provision related to the principal refund (€218 million) as well as default interest (€10 million), and increased by moratorium interest (€31 million), i.e., a total provision of €259 million.
- Following the decision issued by the Administrative Court of Montreuil on March 16, 2017, Vivendi made a claim for payment of the tax amount due under the French Tax Group System for the year ended December 31, 2015 (€208 million). As this claim could be affected by the appeal against the March 16, 2017 decision of the Administrative Court of Montreuil, Vivendi recorded a provision as of June 30, 2017 in the amount of the refund requested (€208 million).

In addition, regarding the additional corporate income tax contribution of 3%, Vivendi SA paid an aggregate amount of €214 million with respect to dividends paid in fiscal year 2013 and in fiscal years 2015 to 2017. On February 15, 2017, Vivendi filed a claim with the Administrative Court of Montreuil requesting a refund of €40 million in respect of the contribution paid in 2013 and then, on February 24, 2017 filed another claim requesting a refund of €159 million in respect of the contributions paid in 2015 and 2016. As for the contribution due in 2017 amounting to €15 million, on July 18, 2017 Vivendi filed a claim with the relevant departments of the French tax administration. This last claim, based on the same grounds as those presented in the previous claims, was supplemented with grounds resulting from court decisions issued since those claims were made, in particular the decision of the Court of Justice of the European Union of May 17, 2017, to which Vivendi is a party, and the decision of July 7, 2017, by which the French Council of State (*Conseil d'Etat*) referred the issue of the legality of this contribution to the French Constitutional Council. Given the uncertainty surrounding the outcome of this litigation, Vivendi did not take into account any of the effects that could result from the issuance of a favorable decision by the French Constitutional Council or Council of State. Vivendi will also initiate claims, based on the same grounds, through its subsidiaries who have paid this contribution for an amount of approximately €4 million.

# Note 19 Subsequent events

The significant events that occurred between the closing date and August 28, 2017 (the date of Vivendi's Management Board meeting that approved the Condensed Financial Statements for the first half-year ended June 30, 2017) were as follows:

- On July 3, 2017, Vivendi acquired the 59.2% interest in Havas held by Bolloré Group (please refer to Note 2.1);
- On July 6, 2017, Banijay Group early redeemed a portion of its bond redeemable into either shares or cash "ORAN1" (please refer to Note 9.1);
- On July 25, 2017, Vivendi made a capital increase for €68 million (including issue premium) through an employee stock purchase plan and a leveraged plan (please refer to Note 14.1.2);
- On July 26, 2017, the French Broadcasting Authority (*Conseil Supérieur de l'Audiovisuel*) imposed a €3 million fine on channel C8 with respect to the TV show *Touche pas à mon poste* (please refer to Note 18);
- Since July 26, 2017, Vivendi has been holding 100% of Dailymotion following the exercise by Orange of the put option on its remaining 10% interest in Dailymotion, in accordance with the shareholders' agreement; and
- On August 21, 2017, Canal+ Group announced the launch of "Start by Canal" with an advance preview for customers of Bouygues Telecom's new Bbox Miami+ offer.

# Note 20 Adjustment of comparative information

Vivendi made changes in the presentation of its Consolidated Statement of Earnings as from January 1, 2017. For a detailed description of these changes in presentation, please refer to Note 1. In accordance with IAS 1, Vivendi has applied these changes in presentation to all periods previously published. The reconciliations to previously published financial data are presented below:

| | Year ended December 31, 2016 | | | |
|---|---|---|---|---|
| | Published | Income from equity affiliates | Other income and charges | Restated |
| **Revenues** | **10,819** | | | **10,819** |
| Cost of revenues | (6,829) | | | (6,829) |
| Selling, general and administrative expenses | (3,395) | | | (3,395) |
| Restructuring charges | (94) | | | (94) |
| Impairment losses on intangible assets acquired through business combinations | (23) | | | (23) |
| Reversal of reserve related to the Liberty Media litigation in the United States | 240 | | | 240 |
| Other income | 661 | | (661) | - |
| Other charges | (185) | | 185 | - |
| Income from equity affiliates | na | 169 | | 169 |
| **Earnings before interest and income taxes (EBIT)** | **1,194** | **169** | **(476)** | **887** |
| Income from equity affiliates | 169 | (169) | | - |
| Interest | (40) | | | (40) |
| Income from investments | 47 | | | 47 |
| Other financial income | 31 | | 661 | 692 |
| Other financial charges | (69) | | (185) | (254) |
| | ***(31)*** | ***-*** | ***476*** | ***445*** |
| **Earnings before provision for income taxes** | **1,332** | | | **1,332** |
| Provision for income taxes | (77) | | | (77) |
| **Earnings from continuing operations** | **1,255** | | | **1,255** |
| Earnings from discontinued operations | 20 | | | 20 |
| **Earnings** | **1,275** | **-** | **-** | **1,275** |
| Of which | | | | |
| **Earnings attributable to Vivendi SA shareowners** | **1,256** | | | **1,256** |
| Non-controlling interests | 19 | | | 19 |

| | Three months ended December 31, 2016 | | | |
|---|---|---|---|---|
| | Published | Income from equity affiliates | Other income and charges | Restated |
| **Revenues** | **3,107** | | | **3,107** |
| Cost of revenues | (2,112) | | | (2,112) |
| Selling, general and administrative expenses | (958) | | | (958) |
| Restructuring charges | (32) | | | (32) |
| Impairment losses on intangible assets acquired through business combinations | (23) | | | (23) |
| Other income | 4 | | (4) | - |
| Other charges | (70) | | 70 | - |
| Income from equity affiliates | na | 81 | | 81 |
| **Earnings before interest and income taxes (EBIT)** | **(84)** | **81** | **66** | **63** |
| Income from equity affiliates | 81 | (81) | | - |
| Interest | (13) | | | (13) |
| Income from investments | 19 | | | 19 |
| Other financial income | 8 | | 4 | 12 |
| Other financial charges | (29) | | (70) | (99) |
| | ***(15)*** | ***-*** | ***(66)*** | ***(81)*** |
| **Earnings before provision for income taxes** | **(18)** | | | **(18)** |
| Provision for income taxes | 73 | | | 73 |
| **Earnings from continuing operations** | **55** | | | **55** |
| Earnings from discontinued operations | 22 | | | 22 |
| **Earnings** | **77** | **-** | **-** | **77** |
| Of which | | | | |
| **Earnings attributable to Vivendi SA shareowners** | **81** | | | **81** |
| Non-controlling interests | (4) | | | (4) |

| | Nine months ended September 30, 2016 | | | |
|---|---|---|---|---|
| | Published | Income from equity affiliates | Other income and charges | Restated |
| **Revenues** | **7,712** | | | **7,712** |
| Cost of revenues | (4,717) | | | (4,717) |
| Selling, general and administrative expenses | (2,437) | | | (2,437) |
| Restructuring charges | (62) | | | (62) |
| Reversal of reserve related to the Liberty Media litigation in the United States | 240 | | | 240 |
| Other income | 657 | | (657) | - |
| Other charges | (115) | | 115 | - |
| Income from equity affiliates | na | 88 | | 88 |
| **Earnings before interest and income taxes (EBIT)** | **1,278** | **88** | **(542)** | **824** |
| Income from equity affiliates | 88 | (88) | | - |
| Interest | (27) | | | (27) |
| Income from investments | 28 | | | 28 |
| Other financial income | 23 | | 657 | 680 |
| Other financial charges | (40) | | (115) | (155) |
| | ***(16)*** | ***-*** | ***542*** | ***526*** |
| **Earnings before provision for income taxes** | **1,350** | | | **1,350** |
| Provision for income taxes | (150) | | | (150) |
| **Earnings from continuing operations** | **1,200** | | | **1,200** |
| Earnings from discontinued operations | (2) | | | (2) |
| **Earnings** | **1,198** | **-** | **-** | **1,198** |
| Of which | | | | |
| **Earnings attributable to Vivendi SA shareowners** | **1,175** | | | **1,175** |
| Non-controlling interests | 23 | | | 23 |

| | Three months ended September 30, 2016 | | | |
|---|---|---|---|---|
| | Published | Income from equity affiliates | Other income and charges | Restated |
| **Revenues** | **2,668** | | | **2,668** |
| Cost of revenues | (1,629) | | | (1,629) |
| Selling, general and administrative expenses | (806) | | | (806) |
| Restructuring charges | (14) | | | (14) |
| Other income | - | | - | - |
| Other charges | (3) | | 3 | - |
| Income from equity affiliates | na | 76 | | 76 |
| **Earnings before interest and income taxes (EBIT)** | **216** | **76** | **3** | **295** |
| Income from equity affiliates | 76 | (76) | | - |
| Interest | (10) | | | (10) |
| Income from investments | 6 | | | 6 |
| Other financial income | 6 | | - | 6 |
| Other financial charges | (13) | | (3) | (16) |
| | ***(11)*** | ***-*** | ***(3)*** | ***(14)*** |
| **Earnings before provision for income taxes** | **281** | | | **281** |
| Provision for income taxes | (15) | | | (15) |
| **Earnings from continuing operations** | **266** | | | **266** |
| Earnings from discontinued operations | - | | | - |
| **Earnings** | **266** | **-** | **-** | **266** |
| Of which | | | | |
| **Earnings attributable to Vivendi SA shareowners** | **264** | | | **264** |
| Non-controlling interests | 2 | | | 2 |

| | Six months ended June 30, 2016 | | | |
|---|---|---|---|---|
| | Published | Income from equity affiliates | Other income and charges | Restated |
| **Revenues** | **5,044** | | | **5,044** |
| Cost of revenues | (3,088) | | | (3,088) |
| Selling, general and administrative expenses | (1,631) | | | (1,631) |
| Restructuring charges | (48) | | | (48) |
| Reversal of reserve related to the Liberty Media litigation in the United States | 240 | | | 240 |
| Other income | 657 | | (657) | - |
| Other charges | (112) | | 112 | - |
| Income from equity affiliates | na | 12 | | 12 |
| **Earnings before interest and income taxes (EBIT)** | **1,062** | **12** | **(545)** | **529** |
| Income from equity affiliates | 12 | (12) | | - |
| Interest | (17) | | | (17) |
| Income from investments | 22 | | | 22 |
| Other financial income | 17 | | 657 | 674 |
| Other financial charges | (27) | | (112) | (139) |
| | ***(5)*** | ***-*** | ***545*** | ***540*** |
| **Earnings before provision for income taxes** | **1,069** | | | **1,069** |
| Provision for income taxes | (135) | | | (135) |
| **Earnings from continuing operations** | **934** | | | **934** |
| Earnings from discontinued operations | (2) | | | (2) |
| **Earnings** | **932** | **-** | **-** | **932** |
| Of which | | | | |
| **Earnings attributable to Vivendi SA shareowners** | **911** | | | **911** |
| Non-controlling interests | 21 | | | 21 |

| | Three months ended June 30, 2016 | | | |
|---|---|---|---|---|
| | Published | Income from equity affiliates | Other income and charges | Restated |
| **Revenues** | **2,553** | | | **2,553** |
| Cost of revenues | (1,578) | | | (1,578) |
| Selling, general and administrative expenses | (829) | | | (829) |
| Restructuring charges | (27) | | | (27) |
| Other income | 77 | | (77) | - |
| Other charges | (102) | | 102 | - |
| Income from equity affiliates | na | 25 | | 25 |
| **Earnings before interest and income taxes (EBIT)** | **94** | **25** | **25** | **144** |
| Income from equity affiliates | 25 | (25) | | - |
| Interest | (9) | | | (9) |
| Income from investments | 21 | | | 21 |
| Other financial income | 11 | | 77 | 88 |
| Other financial charges | (14) | | (102) | (116) |
| | ***9*** | ***-*** | ***(25)*** | ***(16)*** |
| **Earnings before provision for income taxes** | **128** | | | **128** |
| Provision for income taxes | (70) | | | (70) |
| **Earnings from continuing operations** | **58** | | | **58** |
| Earnings from discontinued operations | (1) | | | (1) |
| **Earnings** | **57** | **-** | **-** | **57** |
| Of which | | | | |
| **Earnings attributable to Vivendi SA shareowners** | **49** | | | **49** |
| Non-controlling interests | 8 | | | 8 |

| | Three months ended March 31, 2016 | | | |
|---|---|---|---|---|
| | Published | Income from equity affiliates | Other income and charges | Restated |
| **Revenues** | **2,491** | | | **2,491** |
| Cost of revenues | (1,510) | | | (1,510) |
| Selling, general and administrative expenses | (802) | | | (802) |
| Restructuring charges | (21) | | | (21) |
| Reversal of reserve related to the Liberty Media litigation in the United States | 240 | | | 240 |
| Other income | 580 | | (580) | - |
| Other charges | (10) | | 10 | - |
| Income from equity affiliates | na | (13) | | (13) |
| **Earnings before interest and income taxes (EBIT)** | **968** | **(13)** | **(570)** | **385** |
| Income from equity affiliates | (13) | 13 | | - |
| Interest | (8) | | | (8) |
| Income from investments | 1 | | | 1 |
| Other financial income | 6 | | 580 | 586 |
| Other financial charges | (13) | | (10) | (23) |
| | ***(14)*** | ***-*** | ***570*** | ***556*** |
| **Earnings before provision for income taxes** | **941** | | | **941** |
| Provision for income taxes | (65) | | | (65) |
| **Earnings from continuing operations** | **876** | | | **876** |
| Earnings from discontinued operations | (1) | | | (1) |
| **Earnings** | **875** | **-** | **-** | **875** |
| Of which | | | | |
| **Earnings attributable to Vivendi SA shareowners** | **862** | | | **862** |
| Non-controlling interests | 13 | | | 13 |

*As a reminder, Vivendi deconsolidated GVT, SFR, Maroc Telecom group and Activision Blizzard as from May 28, 2015, November 27, 2014, May 14, 2014, and October 11, 2013, respectively, i.e., the dates of their effective sale by Vivendi. In compliance with IFRS 5, these businesses have been reported as discontinued operations in the "published" Statements of Earnings below.*

| | Year ended December 31, 2015 | | | |
|---|---|---|---|---|
| | Published | Income from equity affiliates | Other income and charges | Restated |
| **Revenues** | **10,762** | | | **10,762** |
| Cost of revenues | (6,555) | | | (6,555) |
| Selling, general and administrative expenses | (3,571) | | | (3,571) |
| Restructuring charges | (102) | | | (102) |
| Impairment losses on intangible assets acquired through business combinations | (3) | | | (3) |
| Other income | 745 | | (745) | - |
| Other charges | (45) | | 45 | - |
| Income from equity affiliates | na | (10) | | (10) |
| **Earnings before interest and income taxes (EBIT)** | **1,231** | **(10)** | **(700)** | **521** |
| Income from equity affiliates | (10) | 10 | | - |
| Interest | (30) | | | (30) |
| Income from investments | 52 | | | 52 |
| Other financial income | 16 | | 745 | 761 |
| Other financial charges | (73) | | (45) | (118) |
| | ***(35)*** | ***-*** | ***700*** | ***665*** |
| **Earnings before provision for income taxes** | **1,186** | | | **1,186** |
| Provision for income taxes | (441) | | | (441) |
| **Earnings from continuing operations** | **745** | | | **745** |
| Earnings from discontinued operations | 1,233 | | | 1,233 |
| **Earnings** | **1,978** | **-** | **-** | **1,978** |
| Of which | | | | |
| **Earnings attributable to Vivendi SA shareowners** | **1,932** | | | **1,932** |
| Non-controlling interests | 46 | | | 46 |

| | Year ended December 31, 2014 | | | |
|---|---|---|---|---|
| | Published | Income from equity affiliates | Other income and charges | Restated |
| **Revenues** | **10,089** | | | **10,089** |
| Cost of revenues | (6,121) | | | (6,121) |
| Selling, general and administrative expenses | (3,209) | | | (3,209) |
| Restructuring charges | (104) | | | (104) |
| Impairment losses on intangible assets acquired through business combinations | (92) | | | (92) |
| Other income | 203 | | (203) | - |
| Other charges | (30) | | 30 | - |
| Income from equity affiliates | na | (18) | | (18) |
| **Earnings before interest and income taxes (EBIT)** | **736** | **(18)** | **(173)** | **545** |
| Income from equity affiliates | (18) | 18 | | - |
| Interest | (96) | | | (96) |
| Income from investments | 3 | | | 3 |
| Other financial income | 19 | | 203 | 222 |
| Other financial charges | (751) | | (30) | (781) |
| | ***(825)*** | ***-*** | ***173*** | ***(652)*** |
| **Earnings before provision for income taxes** | **(107)** | | | **(107)** |
| Provision for income taxes | (130) | | | (130) |
| **Earnings from continuing operations** | **(237)** | | | **(237)** |
| Earnings from discontinued operations | 5,262 | | | 5,262 |
| **Earnings** | **5,025** | **-** | **-** | **5,025** |
| Of which | | | | |
| **Earnings attributable to Vivendi SA shareowners** | **4,744** | | | **4,744** |
| Non-controlling interests | 281 | | | 281 |

| | Year ended December 31, 2013 | | | |
|---|---|---|---|---|
| | Published | Income from equity affiliates | Other income and charges | Restated |
| **Revenues** | **10,252** | | | **10,252** |
| Cost of revenues | (6,097) | | | (6,097) |
| Selling, general and administrative expenses | (3,434) | | | (3,434) |
| Restructuring charges | (116) | | | (116) |
| Impairment losses on intangible assets acquired through business combinations | (6) | | | (6) |
| Other income | 88 | | (88) | - |
| Other charges | (50) | | 50 | - |
| Income from equity affiliates | na | (21) | | (21) |
| **Earnings before interest and income taxes (EBIT)** | **637** | **(21)** | **(38)** | **578** |
| Income from equity affiliates | (21) | 21 | | - |
| Interest | (266) | | | (266) |
| Income from investments | 66 | | | 66 |
| Other financial income | 13 | | 88 | 101 |
| Other financial charges | (300) | | (50) | (350) |
| | ***(487)*** | ***-*** | ***38*** | ***(449)*** |
| **Earnings before provision for income taxes** | **129** | | | **129** |
| Provision for income taxes | 17 | | | 17 |
| **Earnings from continuing operations** | **146** | | | **146** |
| Earnings from discontinued operations | 2,633 | | | 2,633 |
| **Earnings** | **2,779** | **-** | **-** | **2,779** |
| Of which | | | | |
| **Earnings attributable to Vivendi SA shareowners** | **1,967** | | | **1,967** |
| Non-controlling interests | 812 | | | 812 |

na: not applicable.

# IV- Statement on 2017 half-year Condensed Financial Statements

*The following is a free English translation of the Statement on the 2017 half-year Condensed Financial Statements issued in French and is provided solely for the convenience of English speaking readers.*

I state that, to my knowledge, the Condensed Financial Statements for the first half of 2017 were prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets and liabilities, and of the financial position and results of operations of Vivendi and all the companies included in its consolidation perimeter, and that the half-year management report, contained in the first part of this Financial Report, provides a fair view of the main events that occurred during the first six months of the fiscal year and their impact on the half-year financial statements, of the main related party transactions and of the major risks and uncertainties for the remaining six months of the fiscal year.

Chairman of the Management Board,

Arnaud de Puyfontaine

# V- Statutory auditors' review report on 2017 half-year financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Vivendi for the period from January 1 to June 30, 2017, and
- the verification of information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of your management board. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRS as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris-La Défense, August 31, 2017

The statutory auditors
*French original signed by*

| Deloitte et Associés | ERNST & YOUNG et Autres |
|---|---|
| Jean Paul Séguret | Jacques Pierres |