



Paris, 20 March 2014

## **Proposed merger between Bouygues Telecom and SFR**

### **Bouygues significantly improves its offer to Vivendi and increases the cash part to €13.15 billion**

- **With €1.85 billion of extra cash, Bouygues is significantly improving its offer**
- **The cash part of this offer is €1.4 billion higher than the rival one**
- **In doing so, Bouygues intends to satisfy the requirements of Vivendi's Supervisory Board, which had considered its offer relevant**
- **Bouygues is bringing a number of major, long-term industrial and financial shareholders into its Bouygues Telecom-SFR merger project**
- **Bouygues reiterates its commitments concerning employment and investment**

Convinced of the industrial strength of its plan to merge Bouygues Telecom and SFR and of its ability to create value over the long term, Bouygues submitted an offer to Vivendi comprising a substantially improved cash part on 20 March 2014.

At its Supervisory Board meeting of 14 March 2014, Vivendi confirmed the relevance of Bouygues' offer but considered the cash part to be insufficient. As a result, Bouygues is proposing to Vivendi to improve the cash part of its offer by €1.85 billion, bringing it to €13.15 billion, in addition to 21.5% of the new entity. The cash part of this offer is €1.4 billion higher than the rival offer which is currently being negotiated with Vivendi.

Bouygues confirms that the Bouygues Telecom-SFR merger would generate €10 billion in synergies, of which €5 billion from the mobile network, secured by the agreement signed with Free on 9 March 2014. The new offer thus values SFR at €17.4 billion factoring in all of the synergies, of which €16.3 billion already secured by the agreement with Free.

An IPO of the new entity is planned as soon as the merger is completed, thus giving Vivendi an immediate opportunity to monetise the remainder of its interest. The reduced size of its interest in the new entity will make it easier for Vivendi to monetise it in good conditions as and when it sees fit.

Bouygues is bringing into its project a number of long-term financial and industrial shareholders, who share the Group's family-owned entrepreneurial spirit. The Caisse des Dépôts et Consignations, already a shareholder of the Bouygues group, the Pinault family and JCDecaux Holding are therefore seizing the opportunity of this new offer either to acquire an interest or to strengthen their existing interest in the new entity. This contributes to significantly increasing the cash part of the offer for Vivendi. Other investors may also participate in order to buy out all of Vivendi's remaining interest.

The increase in the cash part of the offer has no impact on the debt of the new entity, which would continue to retain an Investment Grade rating.

Under this new offer, the equity interest of Bouygues in the new entity would be 67%, versus 52% in the previous offer, thereby confirming the Group's determination to play a central role in the French telecoms sector.

Bouygues reiterates its commitment to ensuring that its project to create a major digital communications group in France will both stimulate investment and create long-term employment.

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