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Vivendi (France): Demerger of Canal+, Havas and Louis Hachette Group

Informative Notice

15 November 2024

FTSE Russell notes the announcements relating to Vivendi (France, 4834777, GEIS Mid Cap) spinning-off Canal+, Havas and Louis Hachette Group, each on a one for one basis. Canal+ will be listed on the London Stock Exchange and incorporated in France and Havas will be listed on Euronext Amsterdam and incorporated in Netherlands. Consequently, the companies will be assigned a FTSE Russell nationality of UK and Netherlands respectively, and placed within the appropriate indices. Louis Hachette Group will be listed on Euronext Growth Paris which is deemed an ineligible market segment for the Global Equity Index Series, and consequently, the company will be ineligible for inclusion in the FTSE Russell indices.

Vivendi has designated a portion of each demerger as a taxable distribution component which will therefore be subject to withholding tax. Subject to revision by the company, the distribution component will be EUR 2.35 per Canal+ share, EUR 1.18 per Havas share, and EUR 0.74 per Louis Hachette Group share. The difference between the open price for the spin-off companies upon first listing and the distribution component will be considered as a return of capital component (i.e. not subject to tax). The sum of the distribution components (i.e. EUR 4.27) represents greater than 10% measured against Vivendi's share price, which in accordance with Section 4.14.4 of the [Corporate Actions and Events Guidelines](#), will result in a tax adjustment within the applicable net-of-tax indices.

Subject to shareholder approval on 09 December, and based on the current timetable, FTSE Russell anticipates the following treatment:

Monday 16 December 2024 (from market open):

Vivendi will trade ex-entitlement to the demergers. Canal+, Havas and Louis Hachette Group will be temporarily added to the same indices as Vivendi (i.e. GEIS Mid Cap France) using an estimated valuation for each company and based upon the demerger terms. A corresponding price adjustment will be applied to Vivendi and overall the event will be market capitalisation neutral.

Canal+, Havas, and Louis Hachette Group are expected to commence trading on a 'conditional upon delivery' basis. The companies will reflect their relevant market pricing and identifiers, with Canal+ being added to all indices with a GBP currency, including any Eurozone variants.

To reflect the withholding tax liability, a compensatory negative dividend adjustment will be applied to the Net Total Return Indices. The negative dividend will be calculated using the maximum withholding tax rate applicable to France (25%) applied to the sum of the distribution components (i.e. 25% of EUR 4.27 = a negative adjustment of EUR - 1.0675).

The price adjustment applied to Vivendi will be calculated so that as a minimum, the ex-entitlement price is greater than the negative tax liability, and therefore avoiding a negative value at the open consequent to the tax adjustment.

Wednesday 18 December 2024 (from market open):

Expected settlement and delivery of the demerger shares.

Monday 23 December 2024 (from market open):

The nationality changes for Canal+ and Havas within the Global Equity Index Series (and associated indices), and any other index changes, will become effective.

Louis Hachette Group will be removed from the FTSE Russell indices.

Note, these changes will coincide with the December index review, and therefore any scheduled review changes will be incorporated at the same time.

FTSE Russell will issue further notices in due course.

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