

Financial Times, 14th November 2009

Vivendi set to take control of GVT

By Ben Hall in Paris

Published: November 14 2009 02:00 | Last updated: November 14 2009 02:00

Vivendi, Europe's largest entertainment group, on Friday night said it was poised to take control of **GVT**, the Brazilian broadband operator, after outbidding Telefónica of Spain.

The French media and telecoms company said it had acquired 39.7 per cent of GVT's shares and had unconditional options to buy a further 19.6 per cent.

Vivendi said it was launching a mandatory tender offer for 100 per cent of the Brazilian operator's capital at R\$56 per share, valuing the company at R\$7.2bn (\$4.1bn).

The move is a coup for the French group which appeared to have been outmanoeuvred by the Spanish telecoms group but the deal comes at a high price given the limited overlap between GVT and Vivendi, which has no presence in Latin America.

Vivendi's new offer amounts to a 33 per cent premium on the initial bid it launched in September at R\$42 per share.

The deal is a blow to Telefónica.

Analysts thought it would be prepared to pay significantly more than Vivendi for GVT simply to keep the French operator out of Latin America's largest telecoms market.

Jean-Bernard Lévy, Vivendi chief executive, has been scouting for sizeable emerging market deals for some time.

"Our offer of R\$56 per share to acquire the control of GVT reflects the exceptional quality of this operator and its teams, as we have been able to confirm after a thorough analysis of its business model and performance record," Mr Lévy said in a statement.

Telefónica was thought to have pre-empted a higher bid from Vivendi when it raised its counterbid this month by 5.2 per cent to R\$50.5 per GVT share, valuing the Brazilian operator at R\$6.9bn.

But people close to the matter said that GVT's management had always preferred the idea of a deal with the French group.

Vivendi said it had agreed to buy 29.9 per cent of GVT's shares held by the controlling shareholders, Swarth Investments, Swarth Investments Holdings, and Global Village Telecom (Holland).

It said it had acquired 8 per cent of the shares from third parties and options to buy another 19.6 per cent.

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About Vivendi

A world leader in communications and entertainment, Vivendi controls Activision Blizzard (#1 in video games worldwide), Universal Music Group (#1 in music worldwide), SFR (#2 in mobile and fixed telecom in France), Maroc Telecom Group (#1 in mobile and fixed telecom in Morocco), Canal+ Group (#1 in pay-TV in France) and owns 20% of NBCU (leading U.S. media and entertainment group). In 2008, Vivendi achieved revenues of €25.4 billion and adjusted net income of €2.7 billion. With operations in 77 countries, the Group has about 43,000 employees.
www.vivendi.com

About GVT

GVT is the most well-recognized alternative to the fixed-line incumbents in the Brazilian market and the fastest growing telecommunications services provider in Brazil. GVT offers a diversified portfolio of solutions for conventional and VoIP telephony, corporate data, broadband, Internet services and pay TV. GVT's net revenues and Adjusted EBITDA for the twelve-month period ended June 30, 2009 were R\$1,495.0 million (about 800 million USD) and R\$574.1 million (about 300 million USD), respectively. For the period from 2006 to 2008, GVT generated compounded annual growth rates of 31.1% for net revenues and an increase of 40.2% in Adjusted EBITDA, recording an Adjusted EBITDA margin of 38.0% in the first half of 2009. As of June 30, 2009, GVT had approximately 2.3 million lines in service (including voice, broadband, data and VoIP services). GVT is traded on the Brazilian BOVESPA under the symbol GVT3.SA.
www.gvt.com.br

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