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Weak dollar takes toll on Vivendi French media giant Vivendi has turned in steeper than expected first half losses, blaming the impact of a weaker dollar against the euro.

Net losses climbed to 1.86bn euros (\$2.1bn; £1.2bn) for the six months to June, up sharply from 632 million euros during the same period last year.

The figure also outstripped the 1.58bn deficit pencilled in by forecasters.

The firm said the deficit reflected foreign exchange losses on the sale of its US entertainment business.

Telecoms boost

Vivendi agreed to sell its entertainment assets, which included the Universal Studios film empire, to NBC for some \$3.8bn in October last year.

The dollar fell steeply against the euro in late 2003, amid concerns over the US' spiralling current account deficit.

However, Vivendi's underlying performance improved in the first half of 2004, with operating profits rising to 1.82bn euros, exceeding the 1.78bn euros expected by analysts.

The increase reflected strong growth at its French mobile phone division SFR, and its subscription TV service Canal Plus.

Vivendi, which underwent a radical restructuring after coming close to collapse two years ago, said net profits were on track to exceed 1bn euros for the full year.

It said this was an upwards revision of its earlier projections, although analysts said the firm had not previously issued a precise full-year profits forecast.

Back from the brink

Vivendi's chief executive, Jean-Rene Fourtou, said the latest figures showed that the company's financial position had been "restored."

Mr Fourtou's predecessor, Jean-Marie Messier, built up huge debts in a 1990s acquisition spree which transformed Vivendi from a staid French utility group into the world's second biggest media conglomerate.

Those debts brought the company to the brink of ruin as the global downturn of 2001/02 forced it to slash the book value of its acquisitions.

Mr Messier was forced out in July 2002, and many of his takeovers have since been unwound in an effort to shore up Vivendi's finances.

The company said on Tuesday that it planned to cut its net debts to below 5 billion euros by the end of 2004, down from 11.6bn euros one year earlier.

Vivendi shares were 0.9% lower in mid-afternoon trade at 21.5 euros.



New Vivendi chief Rene Fourtou is nursing the firm back to health

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