FOCUS ON MUSIC PUBLISHING IN FRANCE

2019

CSDEM

CEMF

The CSDEM (Chambre Syndicale de l'Édition Musicale) is the French Music Publishers' Association. It represents publishers of Popular music and is recognised as a representative body by the Ministry of Labour in France. It currently has 130 members, including all the main music publishing companies in the country, along with local subsidiaries of multinational groups.

CEMF (Chambre Syndicale des Éditeurs de Musique de France) – Music Publishers of France – was founded in 1873. It represents classical music publishers covering opera, orchestral, chamber, instrumental, choral, and brass band music, along with instruction manuals for learning musical instruments.

In addition to representing the interests of music publishers with policy makers and trade organisations, both CEMF and CSDEM perform other functions, such as promoting music publishing; contributing to the defence and development of intellectual property; advocating best practice throughout the industry; and encouraging communication and co-operation between association members.

SUMMARY

METHODOLOGY

- *Focus on Music Publishing in France* is a joint initiative by the two professional organisations that represent music publishing companies in France: CSDEM (Chambre Syndicale de l'Edition Musicale or French Music Publishers' Association) and CEMF (Chambre Syndicale des Éditeurs de Musique de France or Music Publishers of France).

- This specific edition of the initiative focuses on economic, financial and rights management data for the year 2019.

- Data was gathered via a questionnaire that was sent to members of both associations and which focused on five main themes: general outlook of the company, workforce, financial results, investments, and external financing.

- A total of 459 music publishers, composed of major music publishing companies, the French affiliates of independent international companies, and independent French companies received the questionnaire. Of those 459, a total of 44 companies responded, compared to 37 the year before.

- The responding sample accounted for 59.2% of the total amount of rights paid by authors' society Sacem to music publishing companies in 2019.

- Data covering the years 2017 and 2018 has been recompiled by including data from the respondents from 2019 in order to reconstitute a constant scope (the weight of new respondents in 2019 has been applied to the 2017 and 2018 data).

- The impact of the health crisis and the outlook for 2022 have been based on projections from the best estimate and by extrapolating available market data.

01 THE MUSIC PUBLISHER'S BUSINESS: DEFINITION, MAPPING AND WORKFORCE

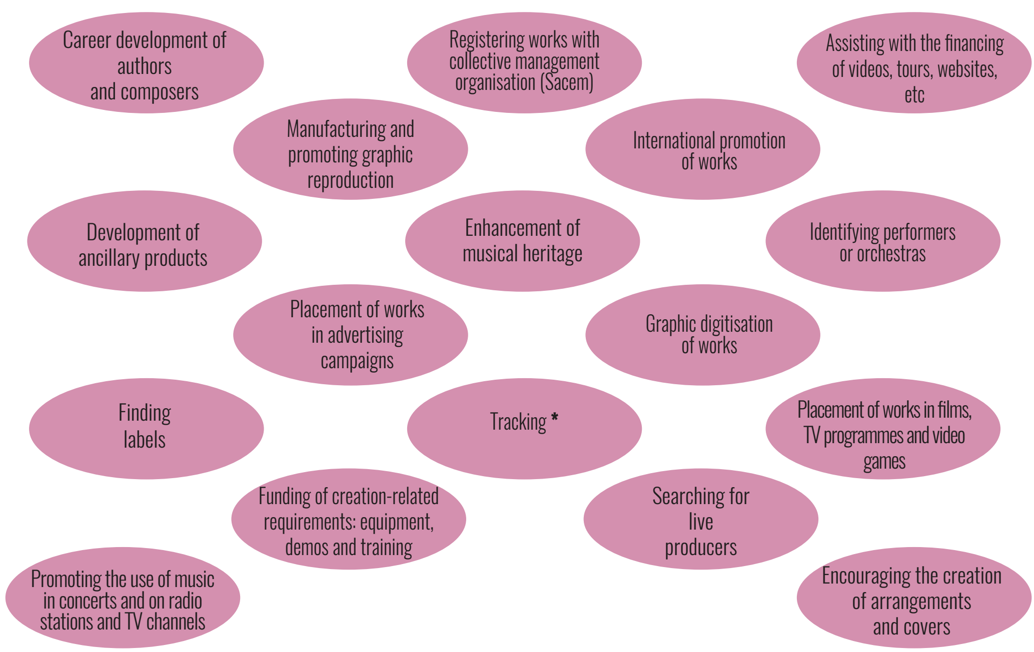
THE MUSIC PUBLISHER'S BUSINESS:

Publishing is one of the main sectors of the music industry and is present throughout the music creation process. It exists alongside the other primary components – phonographic production and live performance – and all three are interdependent: investments made by music publishers tend to benefit the other two sectors, and vice versa.

For the most part, music publishers are involved from the very beginning of the creative process and may sometimes initiate creative projects. They are responsible for exploiting creative works and artistic potential through all available channels so that the creators – authors and composers, of which they are the main partners – can develop and optimise their careers by finding the right strategic partners that will enable them to reach their full potential.

In recent years, the role of the music publisher has expanded considerably. Publishers are involved in career development; defending the interests of authors and composers; financing creative projects; ensuring the dissemination and commercial exploitation of musical works; and the promotion of works both at home and on the international stage.

PUBLISHERS ARE THE MAIN PARTNER OF AUTHORS AND COMPOSERS AND FULFILL MULTIPLE FUNCTIONS



Source : Xerfi, from CSDEM, CEMF and trade press
*see glossary on page 33

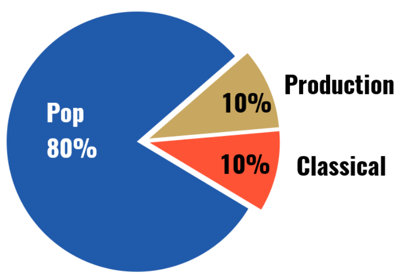
MAPPING THE PUBLISHING MARKET

The music publishing market covers three main areas: pop, classical and production music*. Pop, which represented 80% of the turnover of 2019 survey's respondents, covers everything from *chanson*, rock and rap, to jazz and electronic music/EDM. Classical music – accounting for 10% of revenues – derives most of its income from the sale of sheet music and the rental of orchestral scores. Finally, production music (also known as stock or library music) – making up 10% of total turnover – refers to recorded music that can be licensed to customers for use in film, television, radio and other media.

The average turnover in 2019 for publishers represented in our sample was €5.5million, for a median turnover of around €682,000. Over 60% of those who responded to our survey reported a turnover of less than €1m. Taking into consideration the entire music publishing market in France in 2019, majors (defined as publishers with a turnover in excess of €10m) represented just under 50% of the total market.

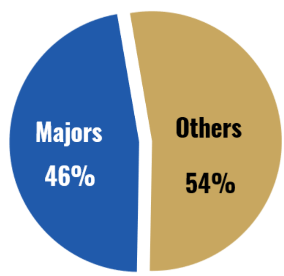
* see glossary on page 33

A market split between three main fields: Pop, classical and production music

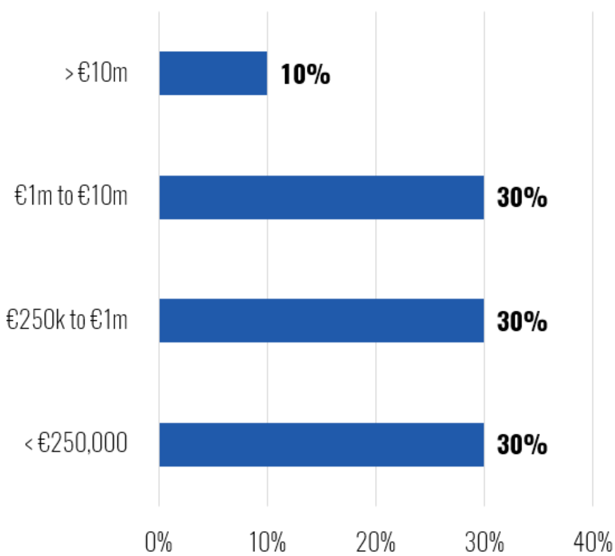


Units: share (in %) of total turnover in value
Source: *Focus on Music Publishing in France*, 2019 data

Majors only represent 46% of the publishing market (-2 points year-on-year)



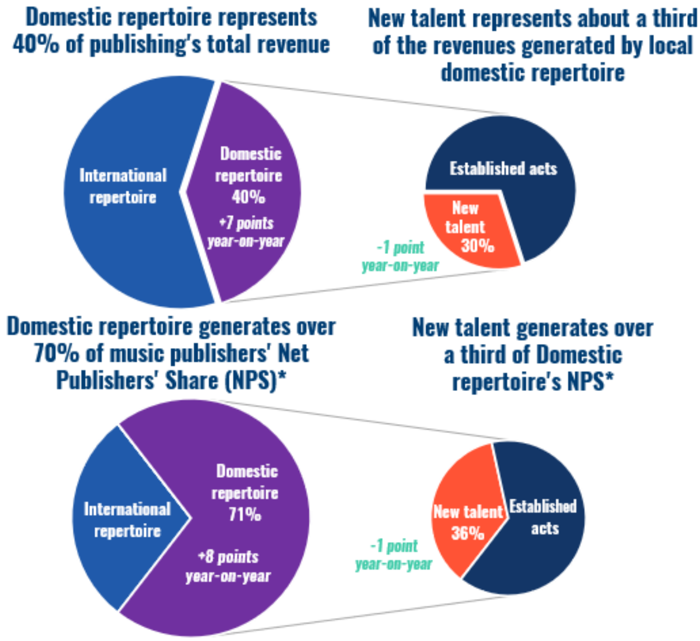
Units: share (in %) of the total publishing market in value
Sources: *Focus on Music Publishing in France* and Sacem, 2019 data



60% of music publishers generate a turnover under €1m

Units: share (in %) of the number of respondents
Source: *Focus on Music Publishing in France*, 2019 data

SHARE OF DOMESTIC REPERTOIRE* AND NEW TALENT*



*NPS: Net Publisher Share or the publisher's gross margin on revenues.
Units: share (in %) / Source: *Focus on Music Publishing in France*, 2019 data

Publishers devote a significant amount of their activity to the development of domestic repertoire and new talent, which is part of a music publisher's DNA.

In 2019, revenues generated by new talent experienced a 25% growth rate and represented almost a third of the publishing revenues generated by domestic repertoire, which in turn represented 40% of all publishing revenues.

However, NPS* from new talent grew by just 16%, reflecting a decline in the profitability of new talent. New talent represents almost 40% of the NPS generated by domestic repertoire, which in turn represents almost 70% of the total NPS.

* see glossary on page 33

EMPLOYMENT IN THE SECTOR

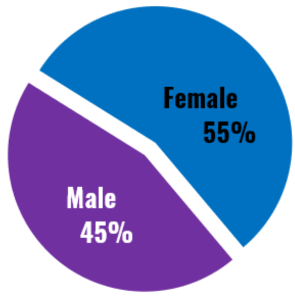
THE NUMBER OF PEOPLE EMPLOYED BY THOSE COMPANIES THAT RESPONDED TO THE SURVEY REACHED 352 IN 2019

The total music publishing workforce in France exceeded 350 people in 2019, up 13% compared to the previous year. Jobs in the sector experienced a significant drop during the 2010-2014 period, in particular with regards to logistics positions in the classical music sector (sales of sheet music and rental of orchestral scores).

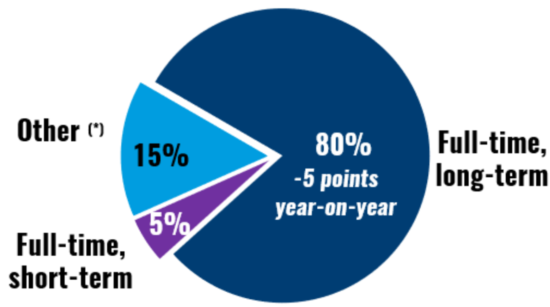
2019's growth in workforce is linked to an increase in administrative positions, as a consequence of a higher numbers of contracts, mostly for new talent, and due to the increasing complexity of doing business in the sector.

The music publishing sector creates stable, long-term employment, with 80% of the workforce benefiting from permanent contracts in 2019. Women represented the majority of music publishing professionals, accounting for almost 55% of the total workforce.

Breakdown of staff by gender:

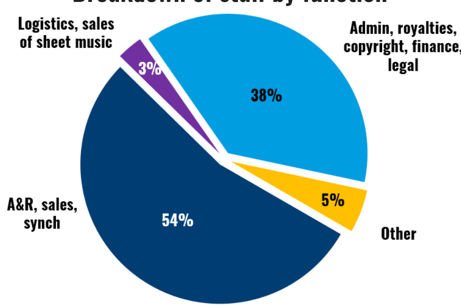


Breakdown of staff by type of contract:



* Including 5% internship contracts, 5% apprenticeships/training contracts, and 5% self-employed workers

Breakdown of staff by function:

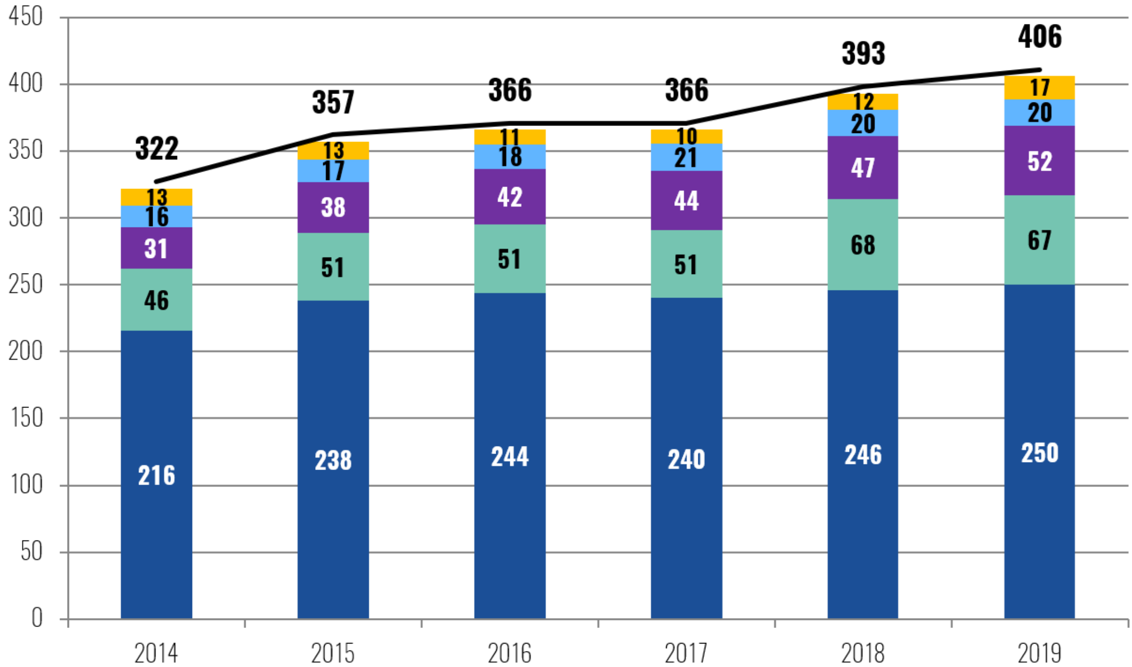


Units: share (in %) of total workforce
Source: *Focus on Music Publishing in France*, 2019 data

02 THE FRENCH MUSIC PUBLISHING MARKET

A/ EVOLUTION AND STRUCTURE OF THE PUBLISHING MARKET

MUSIC PUBLISHING REVENUES REACHED €406 MILLION, A 3% GROWTH RATE COMPARED TO 2018



Growth year-on-year)

Total publishing market: +3%	of which other rights (*) represented: +37%	of which classical represented: -2%	of which foreign rights represented: +12%	of which synch rights represented: -1%	of which Sacem distributions represented: +1%

(*) Mainly graphic license rights, management fees and neighbouring rights on masters

Units: million euros / Sources: *Focus on Music Publishing in France* and Sacem

French music publishing market's revenues reached €406m in 2019, up 3% compared to 2018. Market analysis highlights contrasting trends according to various segments:

• Sacem distributions (through the collective management system) were stable overall (+1% compared to the previous year), thanks to the growth in digital revenues, which offset the decline in mechanical rights and public performance rights.

• Synchronisation rights – which entails the use of musical works in advertising campaigns, films and TV programmes – reached a plateau and grew by a mere 1%, at a lower growth rate than in previous years.

• Foreign rights/export rights – which relate to revenues generated by domestic repertoire abroad and are collected by sub-publishers* outside of France – increased by 12%, thanks mainly to a rise in foreign digital rights.

• Specific rights to classical music, including sales of sheet music, rental of orchestral scores, reprography rights (collected by SEAM, Société des Editeurs et Auteurs de Musique or the Society of Music Publishers and Authors) and grand rights, grew by 2%.

• Other rights – mainly graphic license rights, management fees*, neighbouring rights on masters, and other non-publishing-related revenues – increased by 23%, due mainly to growth in revenues from management fees and merchandising income.

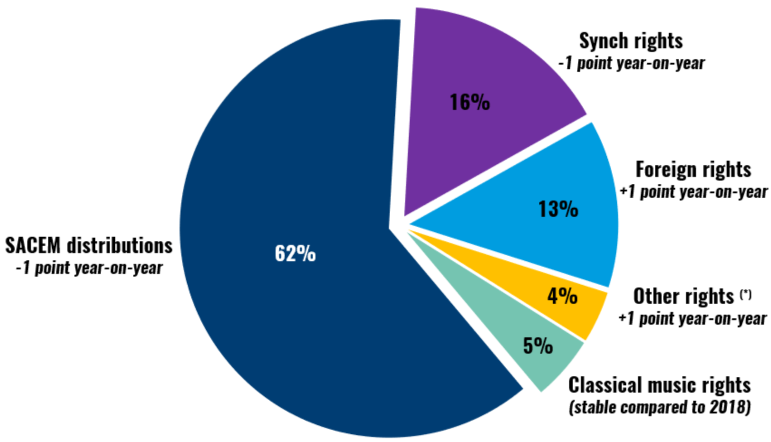
* see glossary on page 33

Sacem's collective management operations cover mechanical rights (phonographic and videographic exploitation, private copy*, international), **public performance rights** (live performance, radio, television, use of music in public places/general licensing, international), and **digital rights** (streaming, downloads, mobile ringtones).

These rights represented about 60% of the publishing market in 2019. However, the share of Sacem in music publishers' revenues dropped by five points compared to 2014, to the benefit of two segments directly managed by publishers: synchronisation (16% of the market in 2019, an increase of two points in five years) and export rights from abroad, collected directly by sub-publishers (13% of the market in 2019, up three points in five years). These two segments have sustained the growth of the publishing market in recent years, despite a slight drop in synchronisation rights in 2019.

* see glossary on page 33

REVENUE FROM COLLECTIVE MANAGEMENT REPRESENTED OVER 60% OF THE MARKET IN 2019 EXPORT AND SYNCH ACCOUNTED FOR THE BULK OF REVENUES FROM DIRECT MANAGEMENT OF RIGHTS

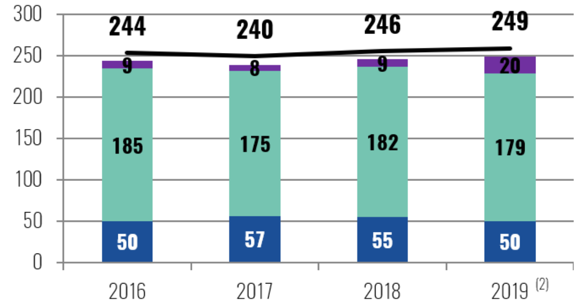


(*) Mainly graphic license rights, management fees and neighbouring rights on masters
Units: share (in %) of the total music publishing market in value and changes between 2019 and 2018 in points
Sources: *Focus on Music Publishing in France* and Sacem, 2019 data

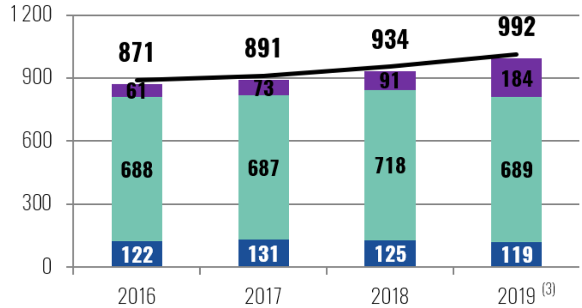
B/ TRENDS IN COLLECTIVE MANAGEMENT

RIGHTS DISTRIBUTED BY SACEM TO MUSIC PUBLISHERS GREW AT A LOWER RATE THAN RIGHTS DISTRIBUTED TO ALL RIGHTS HOLDERS (1)

SACEM distribution to publishers



SACEM distributions to all rights holders



Growth year-on-year

- **Total distribution to publishers: + 1%**
- **of which digital rights represented: + 123%**
- **of which public performance rights represented: - 1%**
- **of which mechanical rights represented: - 10%**

Growth year-on-year

- **Total Sacem distributions: + 6%**
- **of which digital rights represented: + 102%**
- **of which public performance rights represented: - 4%**
- **of which mechanical rights represented: - 6%**

For the two graphs:
Units: million euros / Source: Sacem

(1) Rights holders include digital mandates, authors and composers, and foreign Societies
(2) The year 2019 includes a management surplus of €1.4m / (3) The year 2019 includes a management surplus of €3m

The increase in distribution to publishers (+1% in 2019) did not match Sacem's overall distribution growth rate (+6%).

The reason for this is mainly due to the digital rights situation. Indeed, the significant growth in digital revenues is only partially reflected in the share redistributed to publishers. Digital rights represented 8% of the rights distributed by Sacem to French publishers, compared to 18.5% of the rights distributed to all rights holders (authors, composers, foreign publishers, foreign companies covered by specific pan-European agreements*).

These pan-European agreements result in:

• The collection by Sacem of digital rights related to the repertoires represented by these agreements, over several territories.

• The repayment to Foreign parties of the digital rights collected by Sacem for the exploitation of foreign works in France, which thus escape the majority of French publishers.

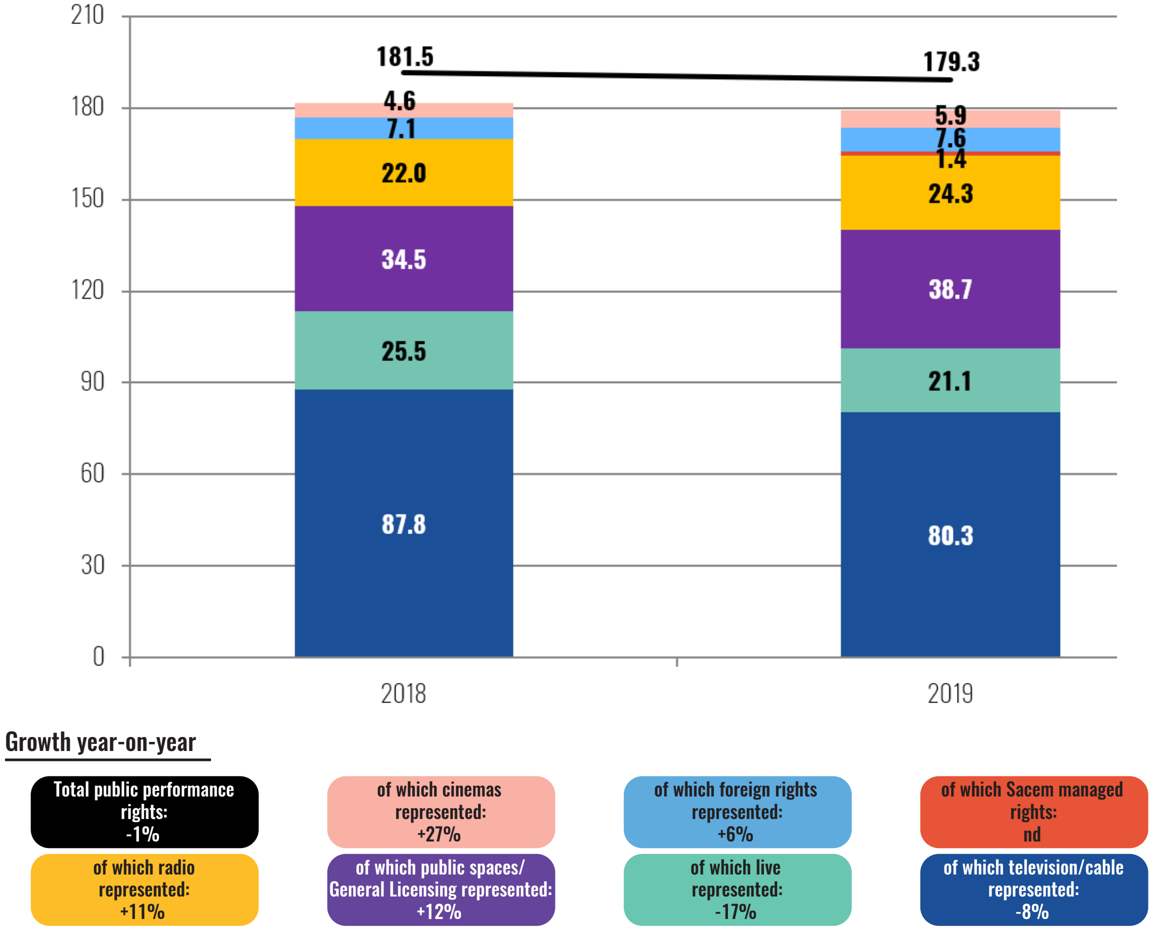
see glossary on page 33

EVOLUTION OF PUBLIC PERFORMANCE RIGHTS

Public performance rights, which represented **72% of the royalties distributed to publishers, have lost some ground in 2019,** due to an 8% drop in revenues from cable and television and a 17% drop from live events.
However, **good performances from cinemas** (+27%), performance rights in public places (+12%), and radio (+11%) have **mitigated the more significant drop** in public performance rights.

* see glossary on page 33

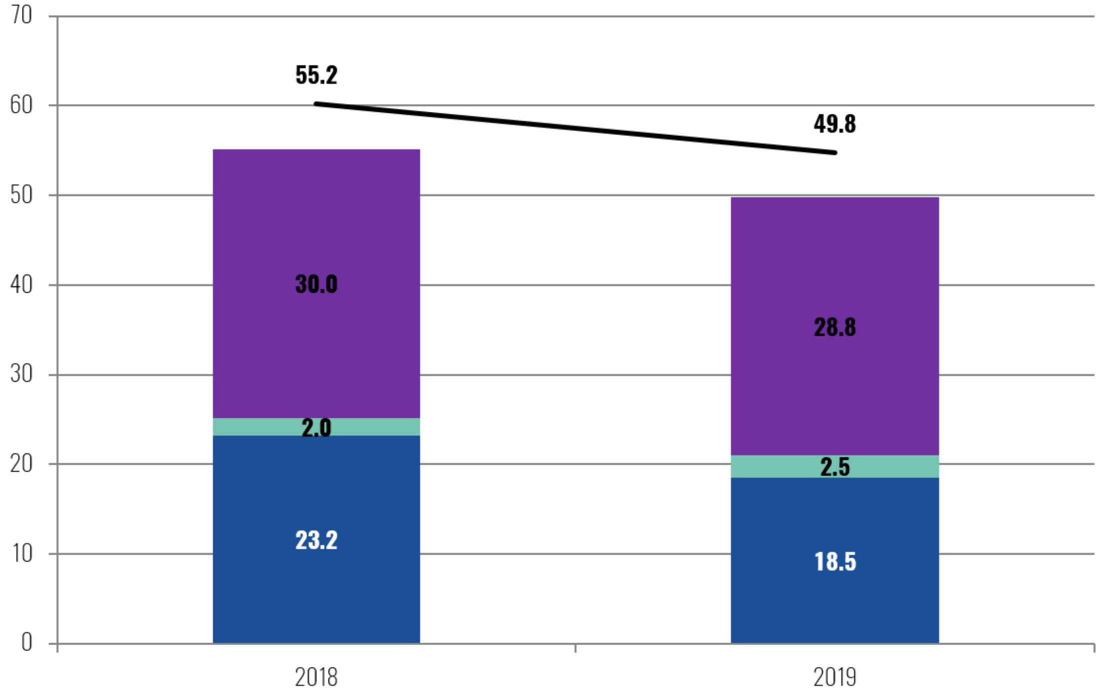
WEAKENED BY THE DECLINE IN THE TELEVISION AND LIVE SECTORS, PUBLIC PERFORMANCE RIGHTS DROPPED BY 1% IN 2019



NB :these figures do not include digital rights / Units : million euros / Source : Sacem

EVOLUTION OF MECHANICAL RIGHTS

MECHANICAL RIGHTS DECLINED IN 2019, WEAKENED BY PHONO/VIDEO AND PRIVATE COPY SEGMENTS



Growth year-on-year

Total mechanical rights: -10%	of which private copying represented: -4%	of which foreign rights represented: +22%	of which phono/video represented: -21%

Note: these figures do not include digital rights/ Units: million euros / Source: Sacem

Mechanical rights, which represent **20% of rights paid by Sacem** to publishers, **fell by 10% in 2019** to €50m.

They were affected by the decline in revenues from private copying and phonographic and videographic exploitation.

C/ FOCUS ON DIGITAL RIGHTS

Digital rights are generated by the exploitation:
• of domestic repertoire in France, paid by Sacem;
• of foreign repertoire in France (pan-European allocations)*;
• of international repertoire abroad.

Total digital rights amounted to **€45.7m in 2019, of which only €26.4m was collected by French publishers due to €19.3m in pan-European allocations*** paid directly to recipients abroad by various authors' societies.

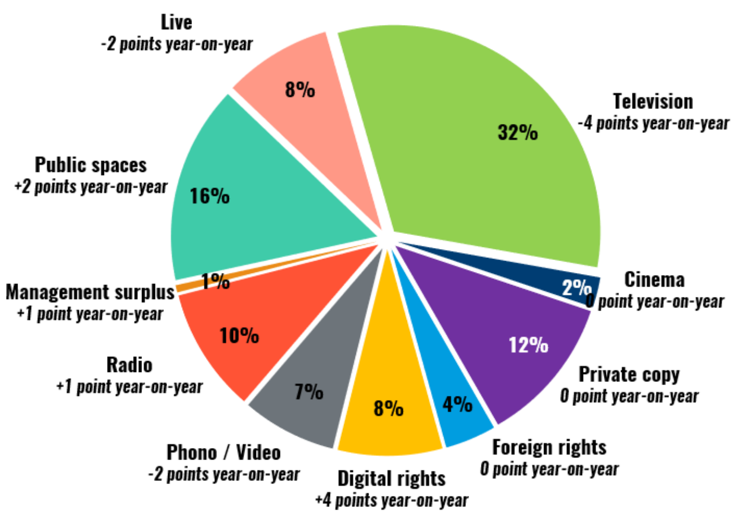
Excluding pan-European allocations, **digital rights represented 6.5%** of the publishing market in 2019. They increased by 91% compared to 2018, driven mainly by streaming and foreign revenues, both of which have experienced high growth rates.

Despite Sacem's improvement in handling digital rights, **sizeable disparities exist** between the increase at the macroeconomic level and its translation at the microeconomic level for French publishers. The current system of documentation of domestic works at Sacem **negatively affects, in particular, the remuneration of digital rights to French publishers.**

French publishers are well versed in digital exploitation, having already worked on «dematerialised» content for several decades. However, the **transition to digital means a loss of value for the sector**, since a significant share of digital rights do not stay in France due to pan-European agreements.

* see glossary on page 33

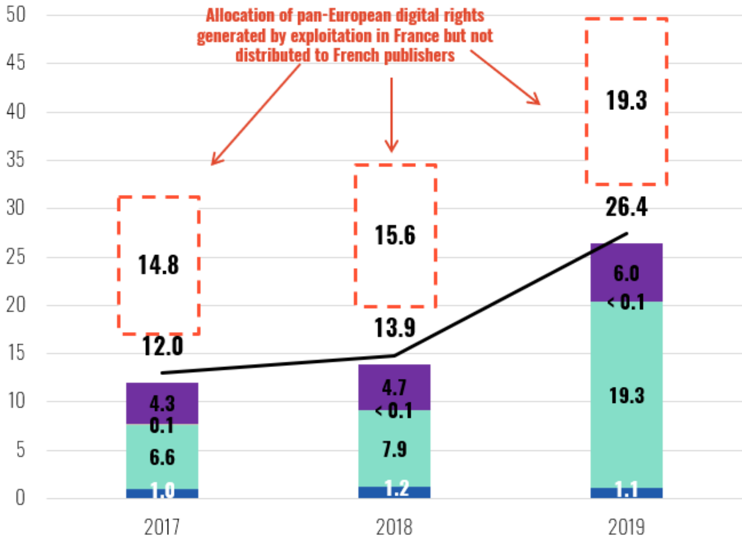
THE SHARE OF DIGITAL RIGHTS AS PART OF THE RIGHTS PAID BY SACEM TO PUBLISHERS HAS DOUBLED, WHEREAS THE SHARE OF TELEVISION AND PHONO/VIDEO HAS DECREASED

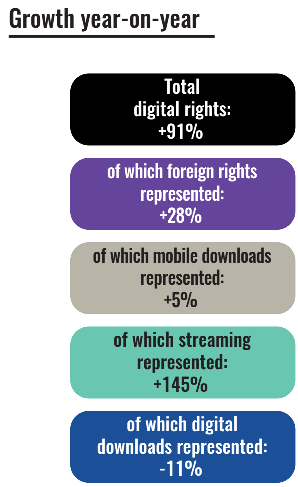


Units: share (in %) of Sacem payments to publishers in value / Source: Sacem, 2019 data

DIGITAL RIGHTS REPRESENTED 6.5% OF PUBLISHING REVENUES IN 2019 AND HAVE INCREASED BY 91% IN ONE YEAR

A SIGNIFICANT NUMBER OF DIGITAL RIGHTS ESCAPE FRENCH PUBLISHERS DUE TO PAN-EUROPEAN LICENSES*





Units : million euros
Sources : *Focus on Music Publishing in France* and Sacem

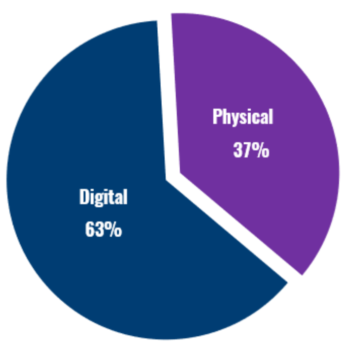
* see glossary on page 33

COMPARISON OF THE SHARE OF DIGITAL REVENUES OF FRENCH PUBLISHERS WITH THAT OF FRENCH RECORD LABELS

The French music publishing market's **income transition from physical to digital rights is lagging behind that of owners of recording masters**, due to:

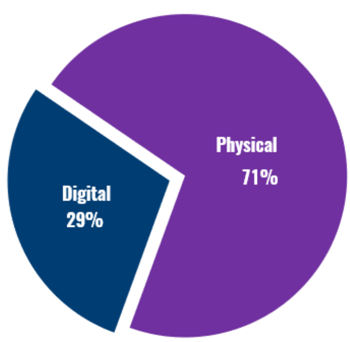
- The fragmentation of repertoires, a consequence of multi-territorial licences (pan-European agreements).
- Management rules specific to online exploitation, requiring, in particular, the establishment of documentation of the works prior to exploitation.
- The time gap generated by collective management between the collection and distribution of rights.

Physical/digital split of revenues in the French recorded music market



Units: share (in %) of the market in value
(excluding neighbouring and synchronisation rights)
Source: SNEP, 2019 data

Physical/digital split of revenue in the music publishing market in France

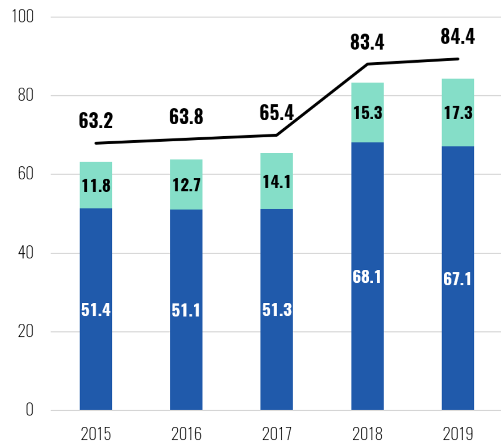


Units: share (in %) of the market in value
(excluding performance, synch and graphic rights)
Source: Sacem, 2019 data

D/ DIRECT MANAGEMENT: THE SYNCH BUSINESS

The proactivity of publishers in exploiting their catalogues is bearing fruit. Synchronisation rights have i**ncreased by 1% in 2019**, reaching €84m. The exploitation of domestic repertoire abroad was particularly dynamic, leading to a **13% increase in export synchronisation rights in 2019** compared to 2018.

SYNCHRONISATION RIGHTS EXPERIENCED A SLIGHT DROP IN FRANCE BUT INCREASED SIGNIFICANTLY ABROAD



Growth year-on-year

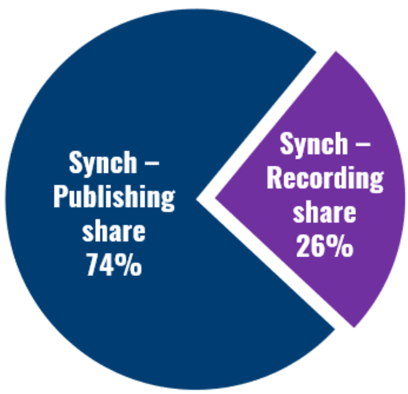
Total synch rights (publishing share): +1%

of which foreign represented: +13%

of which France represented: -1%

Units : million euros
Sources : Focus on Music Publishing in France and Sacem

Share of the synch market in France between recording and publishing



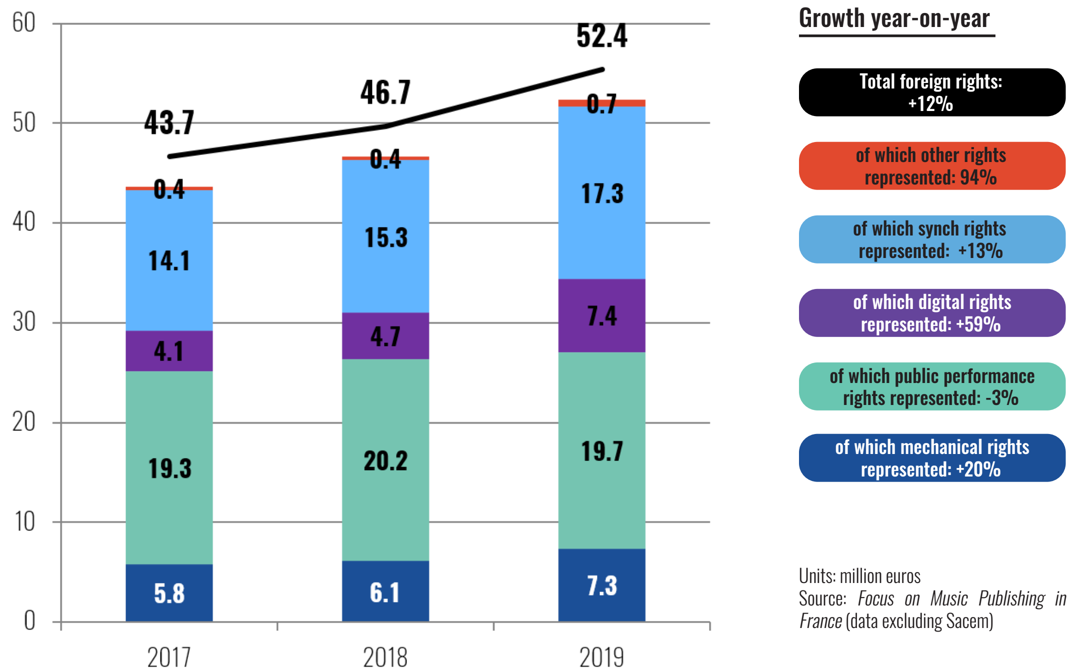
Synchronisation rights represented 16.5% of the total French publishing market in 2019 and were the primary source of income from the direct management of rights by publishers.

It is worth noting that publishers command a significant share of the synchronisation market compared to the owners of recording masters.

Units: share (in %) of the market
Sources: SNEP, Sacem and *Focus on Music Publishing in France*, 2019 data

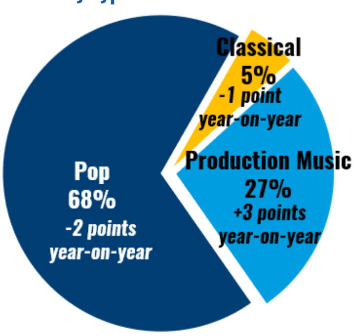
E/ INTERNATIONAL PUBLISHING: FOREIGN RIGHTS

FOREIGN RIGHTS INCREASED BY 12% IN 2019, DRIVEN IN PARTICULAR BY MECHANICAL RIGHTS AND DIGITAL RIGHTS



Units: million euros
Source: *Focus on Music Publishing in France* (data excluding Sacem)

Breakdown of foreign rights by type of work in 2019



Units: share (in %) of foreign rights in value
Source: *Focus on Music Publishing in France*

Foreign rights (direct collection from sub-publishers, excluding Sacem rights) increased by 12% in 2019, reaching €52m. With the exception of public performance rights, all music rights categories posted growth, in particular digital rights (+59%).

Pop accounted for 68% of total foreign rights in 2019, far ahead of production music (27%) and classical music (5%).

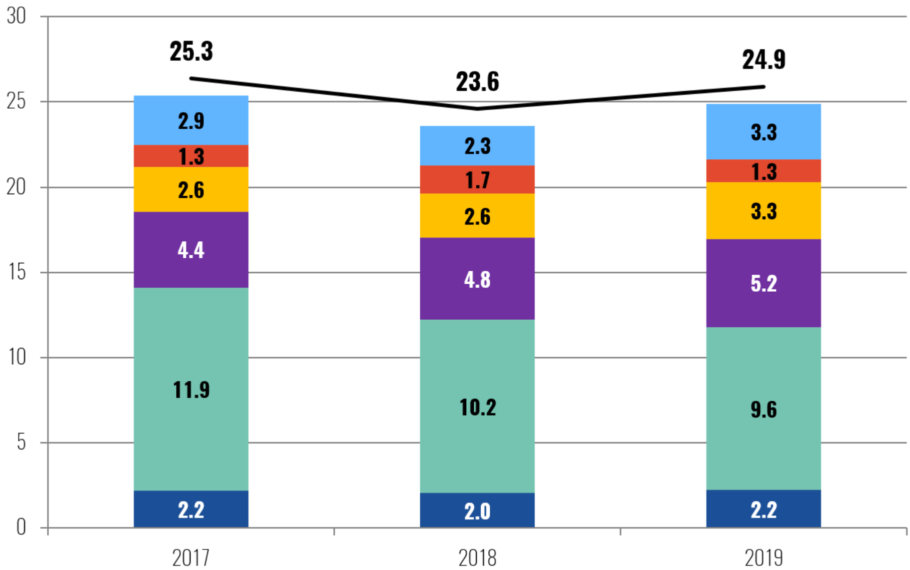
The exploitation of catalogues abroad is a crucial activity for production music, which has grown by three percentage points year-on-year.

03 FOCUS ON THE CLASSICAL MUSIC MARKET

THE CLASSICAL MARKET EXPERIENCED A REBOUND IN 2019, THANKS TO THE GROWTH OF SEAM REPROGRAPHY RIGHTS AND OTHER RIGHTS (*)

The income specific to classical music **increased by 5% in 2018, reaching €25m.** This development can mainly be explained by the **growth in reprography rights managed by SEAM** (Society of Music Publishers and Authors), **and other rights** (foreign rights, neighbouring rights, synchronisation rights, etc). Sacem rights also increased since 2018, as has the orchestral scores rental market.

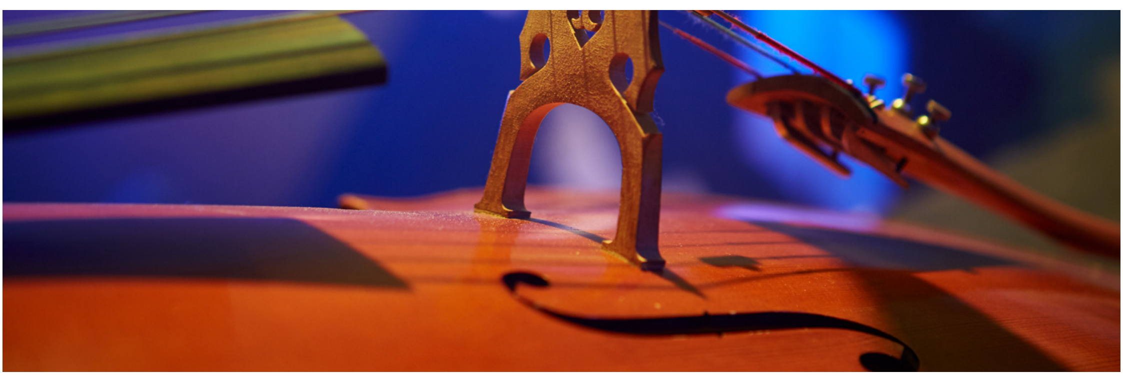
However, the **grand rights have decreased,** and the **sales of sheet music continue to decline** (mainly due to the fact that the sheet music of many works is now available for illegal download on the Internet).



Growth year-on-year

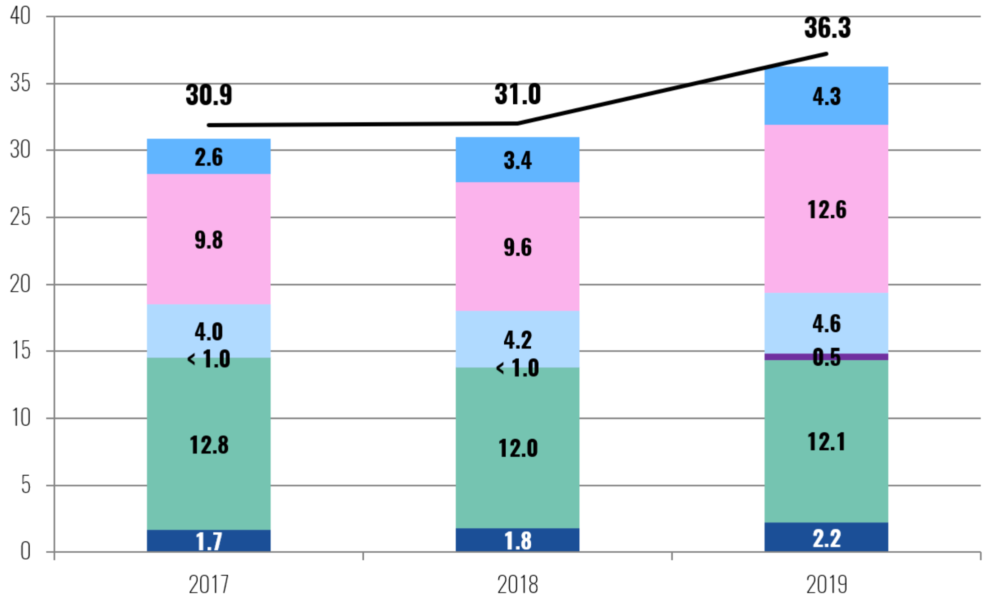
- Total classical music rights: + 5%
- of which other rights* represented: + 41%
- of which grand rights represented: - 22%
- of which SEAM reprography rights represented: + 28%
- of which orchestral equipment rental represented: + 8%
- of which sheet music sales represented: - 6%
- of which Sacem/SDRM rights represented: + 9%

* Synchronisation rights, foreign rights, management fees, other publishing rights, neighbouring rights, and other non-publishing income.
Units: million euros / Source: *Focus on Music Publishing in France*



04 DEVELOPMENTS IN PRODUCTION MUSIC

THE PRODUCTION MUSIC MARKET POSTED A 17% GROWTH IN 2019, DRIVEN MAINLY BY FOREIGN AND OTHER RIGHTS (*)



Growth year-on-year

- Total production music rights: + 17%
- of which other rights* represented: + 27%
- of which foreign rights represented: + 31%
- of which synch rights represented: + 8%
- of which digital rights represented: + 1 189%
- of which public performance rights represented: + 1%
- of which mechanical rights represented: + 22%

Note: 2017 and 2018 data has been restated / *Management mandates, neighbouring rights (masters, etc), other publishing rights, and other non-publishing-related revenues.
Units: million euros / Sources: *Focus on Music Publishing in France* and Sacem

The production music market **grew by 17% in 2019, reaching €36m**.

The growth is mostly due to an increase in **foreign rights** (+31%) and from **other rights** (+27%), thanks notably to neighbouring rights collected by SCPP and SPPF, the two societies collecting neighbouring rights on behalf of record labels in France.

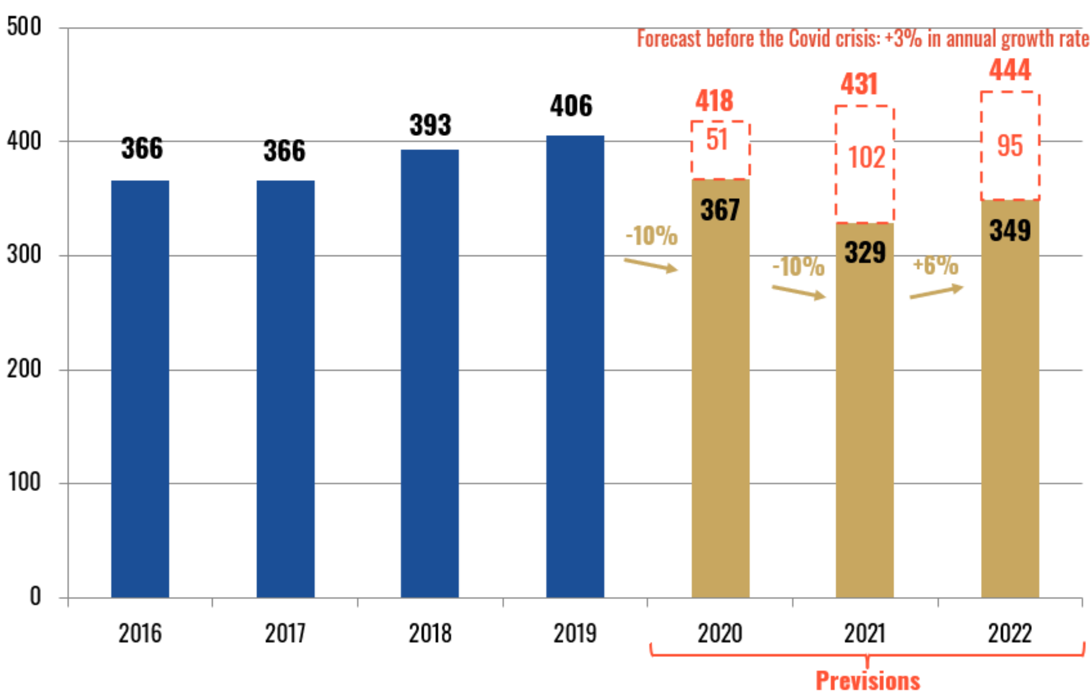
In 2019, France confirmed its status as the third main territory in the world for the exploitation of production music.

05 OUTLOOK FOR 2022 IMPACT OF THE COVID CRISIS

The first estimates of the evolution of the publishing market for the years 2020-2022, suggest the following:

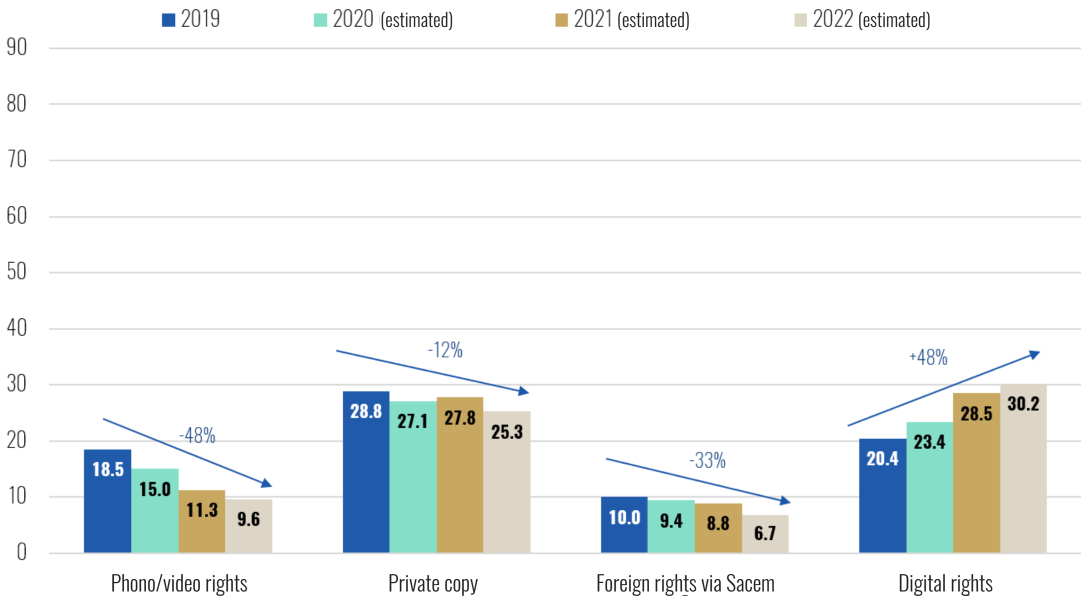
• The publishing market should reach an estimated €367m in 2020, **down 10% compared to 2019**, as the result of a drop in Sacem distributions of only 2%, while all direct rights (synchronisation and foreign rights) are expected to fall by 21% overall.
• Revenues estimated at €329m for 2021, with a **10% decrease compared to 2020,** and a cumulative **decrease of 19% compared to 2019**, due to an expected 15% drop in Sacem rights, whereas overall, all directly managed rights should stabilise with a drop of just 2%.
• An early partial recovery in the publishing market is anticipated in 2022 with a **6% year-on-year growth to €349m**, thanks to the increase in direct rights (estimated at 20%), despite another decline in Sacem distributions (estimated at 2%).

DECLINE IN ACTIVITY IN 2020 AND 2021, BEFORE A REBOUND IN 2022 THAT WILL FAIL TO SEE LEVELS RETURN TO THOSE BEFORE THE CRISIS

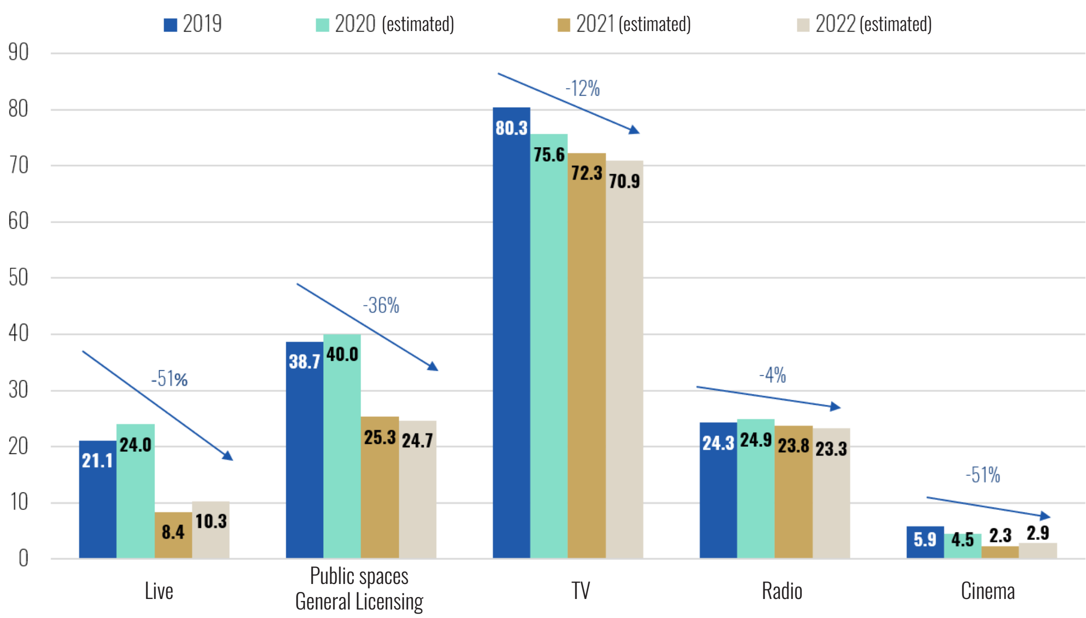


Unit: million euros / Sources: *Focus on Music Publishing in France*, Sacem and CSDEM

SIGNIFICANT DROP IN SACEM DISTRIBUTIONS BETWEEN 2019 AND 2022



Unit: million euros / Sources: *Focus on Music Publishing in France*, Sacem and CSDEM



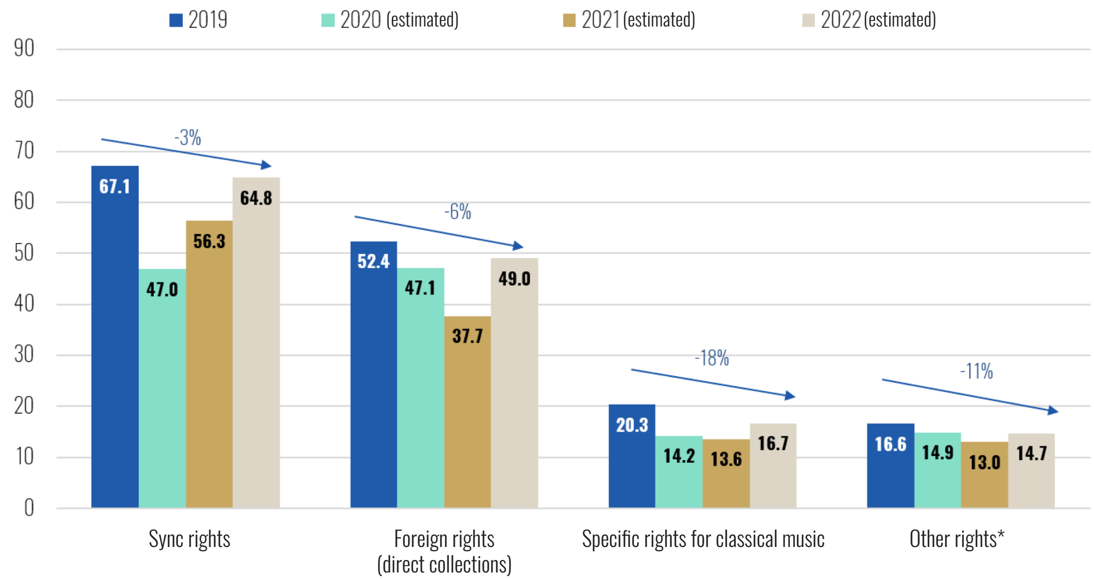
The cumulative loss of revenue over the three years between 2020 and 2022 is estimated at:

• **€173m, compared to the market figures of 2019**, which represents 42% of the total publishing market in 2019.

• **€248m, compared to what the market would have been had it not been for the health crisis**, assuming there would have been an annual growth of 3%.

The impact of the health crisis will continue to impact the publishing market over the next three years.

DECLINE IN ALL RIGHTS – EXCLUDING SACEM – BETWEEN 2019 AND 2022



*Management fees, other publishing rights, neighbouring rights, and other non-publishing-related revenues.
Unit: million euros / Sources: *Focus on Music Publishing in France*, Sacem and CSDEM

06 THE PUBLISHER'S ROLE IN THE CREATIVE PROCESS, MANAGEMENT OF WORKS AND CONTRACTS

KEY FIGURES RELATING TO MUSICAL WORKS

27 €

The average turnover generated by each of a work (French and foreign works combined) in 2019, down 7% year-on-year

+ 11.4%

The evolution of the number of local works published between 2018 and 2019

+14.1%

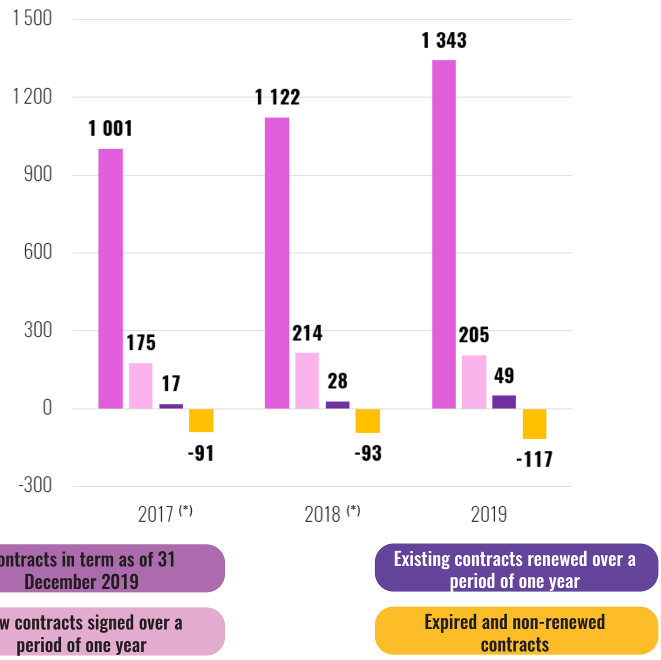
The evolution of the total number of works registered by publishers between 2018 and 2019

156 €

The average publishing revenue generated by each French work in 2019, up 16% year-on-year

THE EVOLUTION OF EXCLUSIVE SONGWRITERS AGREEMENTS*

THE NUMBER OF EXCUSIVE SONGWRITERS AGREEMENTS INCREASED IN 2019 DRIVEN BY URBAN MUSIC



(*) 2017 and 2018 data has been recompiled / Unité : number / Source : *Focus on Music Publishing in France*

Focus on the exclusive songwriters agreements in term on 31 December 2019

	2019
Pop	*380*
Rock	*85*
Urban	*461*
World	*23*
Classical	*7*
Jazz	*29*
Electronic/EDM	*339*
Film & TV scores	*18*
Production Music	*1*
Total	**1 343**
of which new talent	*931*

New talent represented 69% of exclusive songwriters agreements in 2019

Note: The important number of exclusive songwriters agreements in the Electronic/EDM genre originates from one company in particular.

* see glossary on page 33

The number of exclusive songwriters agreements stood at 1,343 at the end of December 2018, **up 20% year-on-year**, due to an increase in the renewal of existing contracts and the number of new signings.

This growth was mainly driven by the genres of urban, electronic/EDM and rock.

Publishers are **giving priority to new talent,** which represented **over two-thirds of the preferential contracts in 2019 (+20 points over the past two years.)**

EVOLUTION OF THE NUMBER OF NEW PUBLISHED WORKS

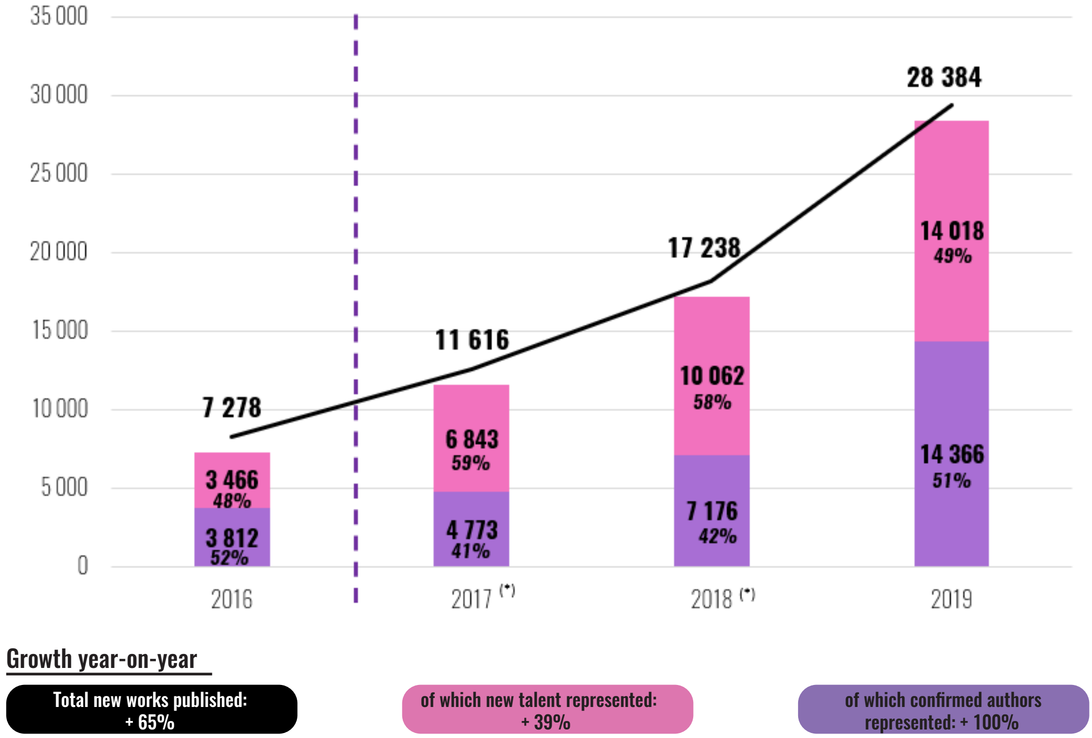
• A 65% INCREASE IN NEW FRENCH WORKS PUBLISHED IN 2019
• NEW TALENT REPRESENTS NEARLY HALF OF THESE NEW WORKS

The number of new works by French authors and composers published in 2019 has increased by almost 65% year-on-year, reaching around 28,000 works in total.

The number of new works by French authors and composers published in 2019 has increased by almost 65% year-on-year, reaching around 28,000 works in total.

This dynamic has benefited both established authors and new talent*, with the latter responsible for almost half of the new works in 2019.

* see glossary on page 33



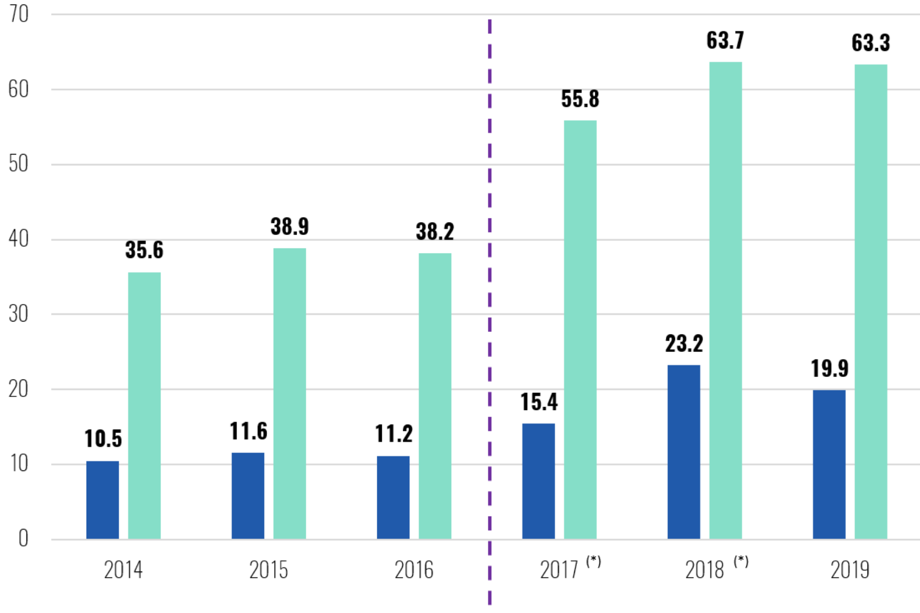
(*) 2017 and 2018 data has been restated / Units: number and share (in %) of total / Source: *Focus on Music Publishing in France*

07 INVESTMENTS THROUGH ADVANCES

EVOLUTION OF INVESTMENTS THROUGH ADVANCES

As **partners of authors and composers, music publishers play a key role in the prefinancing of their artistic creations.** Despite a drop in the total amount of advances paid out in 2019 (-14%) and the decline in advances at the end of 2019 (-1%), prefinancing remains significant and **reflects the continued commitment from publishers** in terms of signings, and also their **increased risk-taking in terms of investments.**

THE PREFINANCING OF CREATIVE PROJECTS REMAINS SIGNIFICANT, DESPITE A 14% DECLINE IN ADVANCES PAID IN 2019 AND THE 1% DROP IN CUMULATIVE ADVANCES AT THE END OF 2019



Growth year-on-year

Balance of non-recouped advances at the end of 2018: - 1%

Recoupable advances paid in the year: - 14%

(*) 2017 and 2018 data has been restated / Units: million euros / Source: *Focus on Music Publishing in France*

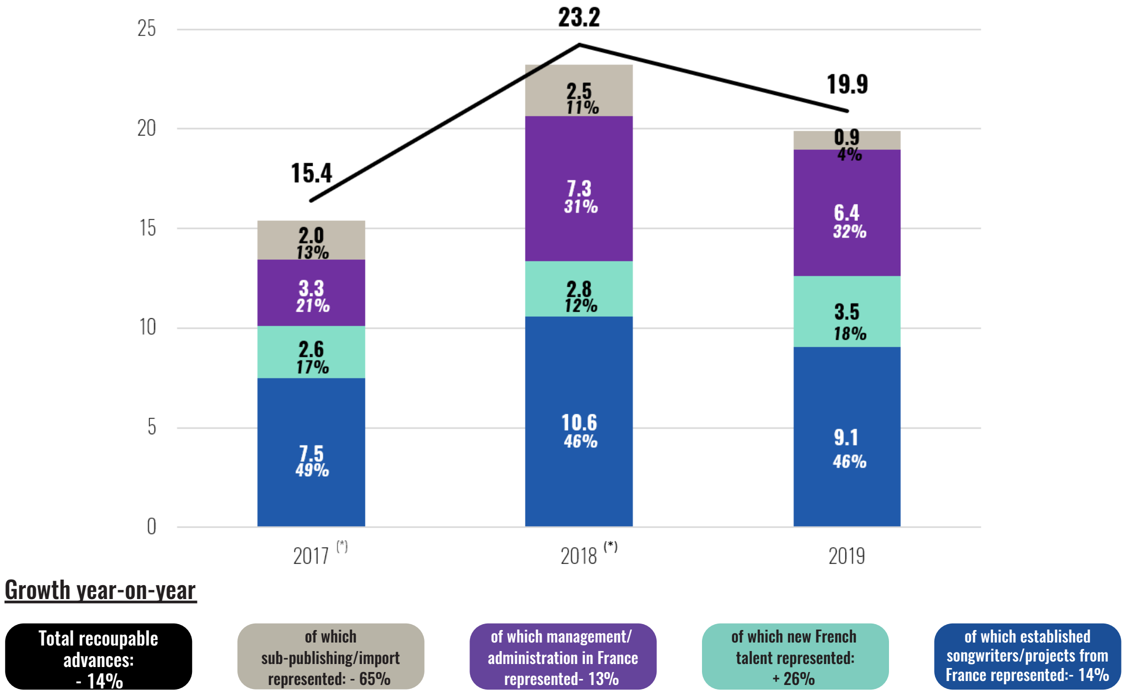
EVOLUTION OF RECOUPABLE ADVANCES*

The overall amount of recoupable advances **decreased by 14% in 2019,** affecting established songwriters and established musical projects (-14%), as well as advances linked to management and publishing administration agreements in France (-13%), and sub-publishing/import (-65%).

Only advances paid out in favour of new domestic talent posted an increase (+26%), accounting for 18% of total advances in 2019, up six points since the previous year, and thus strengthening their overall weight.

* see glossary on page 33

THE PERCENTAGE OF NEW TALENT INCREASED IN 2019, TO THE DETRIMENT OF SUB-PUBLISHING AND IMPORTS

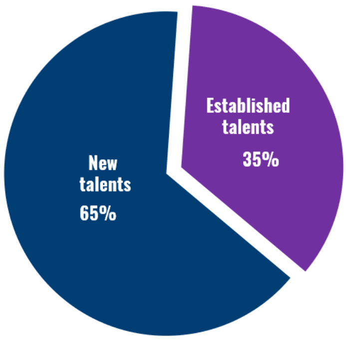


(*) 2017 and 2018 data has been restated / Units: million euros and share (in %) of the total / Source: *Focus on Music Publishing in France*

KEY FIGURES ON EXPENDITURE RELATED TO PUBLISHING PROJECTS

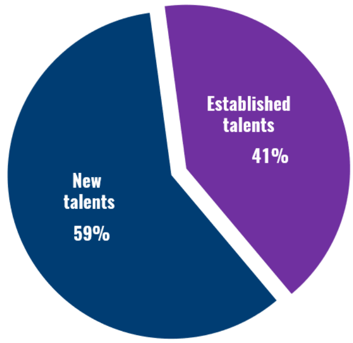
INVESTMENT IN NEW TALENT HAS INCREASED BY 58.6% IN NUMBER OF PROJECTS, AND 11.7% IN VALUE COMPARED TO 2018

Breakdown of non-recoupable investments in number of projects



Unit: share (in %) of the number of publishing projects
Source: *Focus on Music Publishing in France*, 2019 data

Breakdown of non-recoupable investments in value



Unit: share (in %) of the number of publishing projects
Source: *Focus on Music Publishing in France*, 2019 data

MAIN CONCLUSIONS

• In 2019, there were several indicators that the music publishing sector in France was continuing to flourish:
- The increase in exclusive songwriters agreements signed and the increase in the number of works registered.
- The income from new talent continued to increase, which is testimony to the commitment publishers have shown in recent years.

• However, signs of fragility remain within this market:
- As in 2018, the share of music publishing revenues coming from collective management (Sacem) fell compared to the development of activities from direct management (export, synch).
- Even though publishers' digital revenues increased significantly compared to 2018, their share of these revenues is still very low with regards to the challenges of streaming.
- While remaining significant, the prefinancing of creation resulting from investments is declining, mainly due to the decline in advances paid in 2019, reflecting the continued erosion of music publishers' margins.

• While the market is still on the rise in 2019, **the 2020-2022 outlook is particularly worrying with an estimated cumulative loss of income over this period of around €170m compared to the market level of 2019, and around €250m compared to what the market would have been without the health crisis, assuming that there would have been an annual growth rate of 3%.**

• It is only from 2022 onwards that the trend is expected to reverse as the market starts to recover (although not expected to return to its pre-crisis level yet).

GLOSSARY

DOMESTIC REPERTOIRE
Domestic repertoire consists of works in which the publisher, who is a Sacem member, is the original publisher. These are mainly works that are recorded in the French language, or whose authors or composers are based in France or are directly signed to a French publisher.

MANAGEMENT FEE
What the publisher charges in consideration of the various services performed for its client: Sacem registration, documentation of musical works, documentation of audio-visual works, control over collections, catalogue audit, management of authorisation requests for secondary uses, exploitation of sheet music, proactive exploitation in the field of synchronisation, as well as cowriting/song-plugging and exploitation of catalogue, etc. The fee may consist of a lump sum remuneration and proportional remuneration indexed to different streams of revenues (Sacem, synch, sale of sheet music, income from sub-publishers).

NEW TALENT
Authors, composers and/or performers are considered new talent if:
- They haven't released two albums selling more than 100,000 copies as the featured artist.
- They haven't contributed at least 50% to the writing or composition of two albums selling more than 100,000 copies.

Where albums feature vocal tracks, they must be in French-language, consisting mostly of works in French or in a regional language spoken in France. Compliance with this condition is assessed at company level for all albums by new talent on which their authors/composers have collaborated, whether or not they are performers, so long as they control at least 50% of the works on the album being considered.

NPS – NET PUBLISHERS' SHARE
The NPS is calculated by taking into account publishing revenues minus royalties and repayments to rights holders or other beneficiaries.

EXCLUSIVE SONGWRITERS AGREEMENTS («*CONTRATS DE PRÉFÉRENCE*» PER FRENCH LAW)
With this type of contract an author or composer grants a publisher, for a limited period, the exclusive right to publish their works, of which the author undertakes to transfer the rights to the publisher if the publisher picks up their option. Generally, this exclusivity is tied to an advance paid to the author or composer.

PAN-EUROPEAN AGREEMENT / PAN-EUROPEAN LICENCE
Authorisation for the exploitation of works throughout the territory of the European Union.

PRIVATE COPY
Private copy is a levy consisting of a flat-rate linked to the purchase price of a medium used to play, store or record creative works (smartphones, tablets, USB keys, etc), which is paid to creators, artists and producers in return for their authorisation to copy all the works (music, series, films, etc) legally acquired on any viewing medium within the framework of private use.

PRODUCTION MUSIC
Also known as stock or library music, refers to musical works and recorded music that is specially made in order to be licensed to customers for use in film, television, radio and other media.

RECOUPABLE ADVANCE
A lump sum generally provided by a publisher when signing a contract with an author or composer. The amount depends on various factors, including the reputation of the author or composer, the catalogue, commitment to exclusivity, etc. This advance is recoupable on the royalties paid by the publisher to the author or composer, and more generally on the royalties that become due to the author or composer (but is non-refundable).

SUB-PUBLISHER
See sub-publishing contract below.

SUB-PUBLISHING CONTRACT
With a sub-publishing contract, the publisher of a work gives another publisher the right to collect part of the royalties generated by a work or catalogue in one or more territories. The sub-publisher is the individual/organisation that represents the publisher abroad and helps promote the exploitation of their works in these other territories.
Sub-publishing differs from co-publishing in two main ways. Firstly, the co-publisher is, like the publisher, owner of the work, while the sub-publisher is only an assignee of certain rights; and secondly, the sub-publisher is only associated with the work in certain territories while the co-publisher generally represents the work globally.

TRACKING
Checking collections and distributions.

CREDITS

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& CSDEM'S RESEARCH COMMISSION

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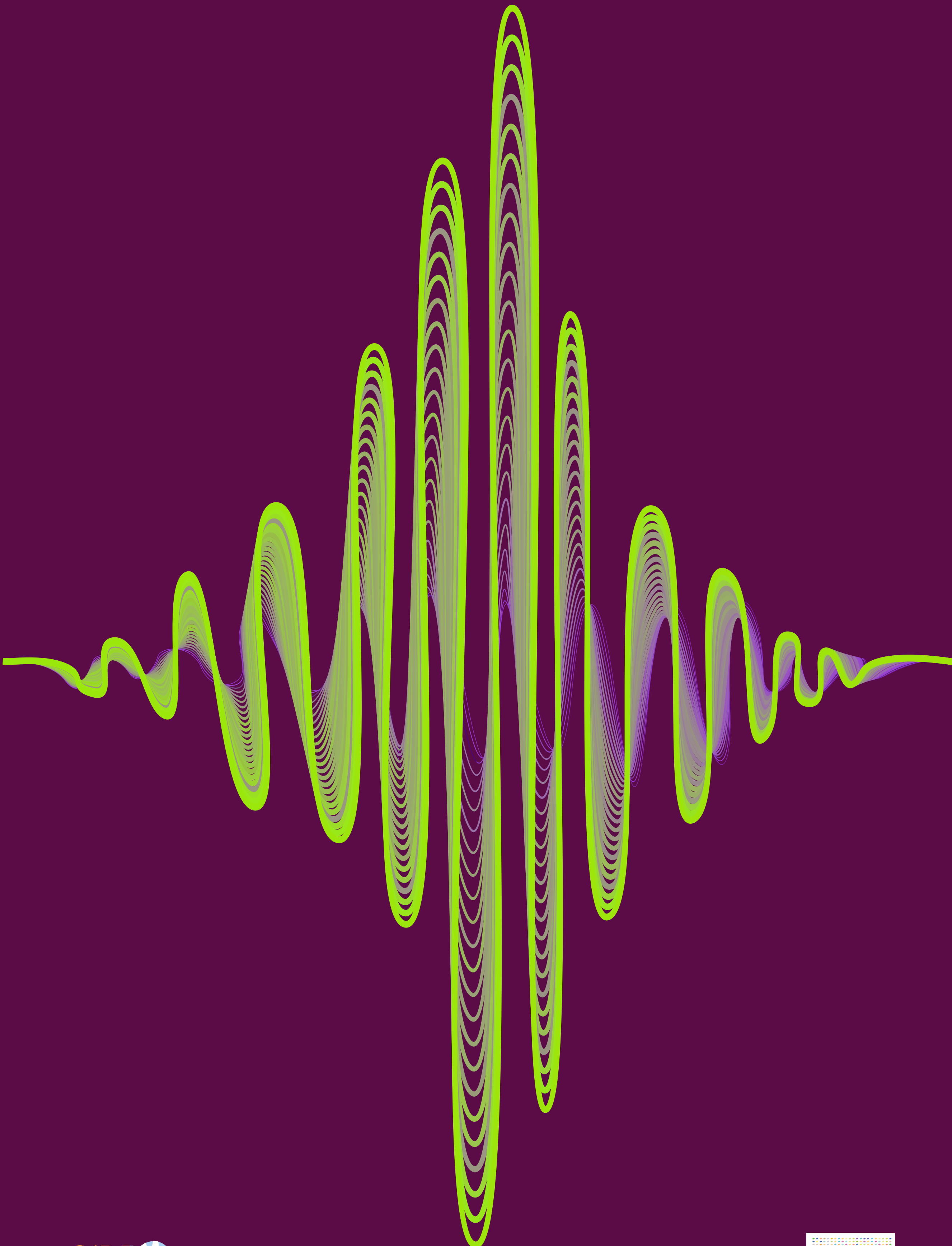

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