FOCUS ON MUSIC PUBLISHING IN FRANCE

2020

THE FIRST EFFECTS OF COVID

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 counts more than 140 members, including the main music publishing companies in the country, along with the subsidiaries of multinational music groups.

The CEMF (Chambre Syndicale des Éditeurs de Musique de France) – Music Publishers of France – was founded in 1873. It represents publishers of classical music, covering opera, orchestral, chamber, instrumental, choral, and brass band, 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 intended to promote music publishing, contributing to the defence and development of intellectual property, defending good practices, as well as encouraging communication and cooperation between association members.

CONTENTS

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 2020.

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

- A panel of 540 music publishing companies composed of major music publishing companies, the French affiliates of independent international companies, and independent French companies received the questionnaire. A total of 44 companies responded to the survey.

- The responding sample accounted for 58.4% of the total amount of rights paid by Collective Management Organization SACEM to music publishing companies in 2020.

- The 2019 data has been restated in order to include data from the new respondents of 2020.

COVID IMPLICATIONS

- This *Focus on Music Publishing in France* is based on music publishers' results for 2020. Taking into consideration the delays in the collection of publishers' main revenue, affecting mainly rights collected by music rights society SACEM, **the 2020 results only partially reflect the effects of the COVID crisis on the publishing business.**

- **The COVID crisis will impact publishers' results much more significantly in music publishers' 2021 and 2022 results.**

- Indeed, the category of rights most strongly impacted by the successive lockdowns from March 2020 onwards are those from live performance and the use of music in public spaces (shops, bars, nightclubs, cinemas, etc).
  These royalties, collected by SACEM, are usually distributed to publishers with an on average nine-month gap between the use of musical works and the remuneration for this use. The same system applies for rights coming from abroad via sub-publishing networks, which also suffer from a distribution gap of several months.

- In addition, some activities were impacted in 2020, such as syncs in advertising, which have not returned to their 2018 and 2019 levels and the sales of printed music and rentals of orchestral scores, which were down 46% (see page 32).

- All this underlines how much the macroeconomic approach of this focus tends to **hide the diversity of publishers.** We will see in 2021 that the effects of the COVID crisis differ significantly according to the nature of their repertoire, their usage and the size of their business

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

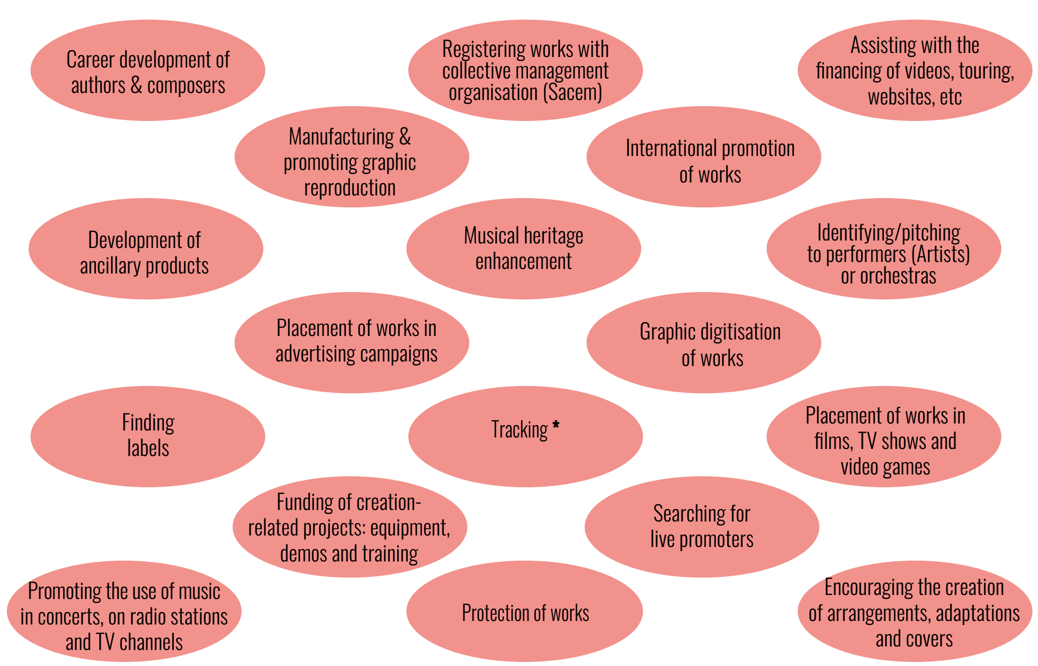
THE MUSIC PUBLISHER'S BUSINESS

Music 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 outset of the creative process and may sometimes initiate creative projects. Music Publishers are responsible for managing creative works and maximising their 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 & COMPOSERS & FULFIL MULTIPLE FUNCTIONS



Source : Xerfi, CSDEM, CEMF and trade press
Words followed by * are defined in the glossary on page 29

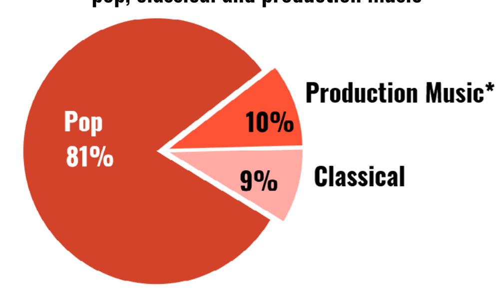
MAPPING THE PUBLISHING MARKET

The music publishing market covers three main areas: pop, classical and production music*. Pop, which represented 81% of the turnover of the survey's respondents in 2020, covers everything from chanson and rock and rap to jazz and electronic music/EDM. Production Music – accounting for 10% of revenue – specialises in the production and development of musical works for audio-visual and media professionals. Finally, classical music, which makes up 9% of total turnover, derives most of its income from the sale of sheet music and the rental of orchestral scores.

The publishers represented in our sample generated **an average turnover of €5.4 million in 2020, for a median turnover of approximately €474,000. Over 60% of those who responded to our survey reported a turnover of less than €1 million**, of which 35% have a turnover of less than €250,000, compared to 30% the previous year. Taking into consideration the entire music publishing market in France in 2020, majors (defined as publishers with a turnover in excess of €10 million) represented just under 46% of the total market.

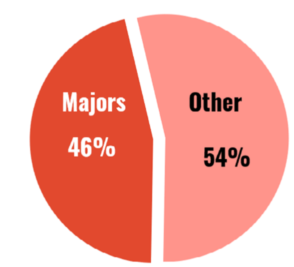
* see glossary page 29

A market split between three main genres: pop, classical and production music*

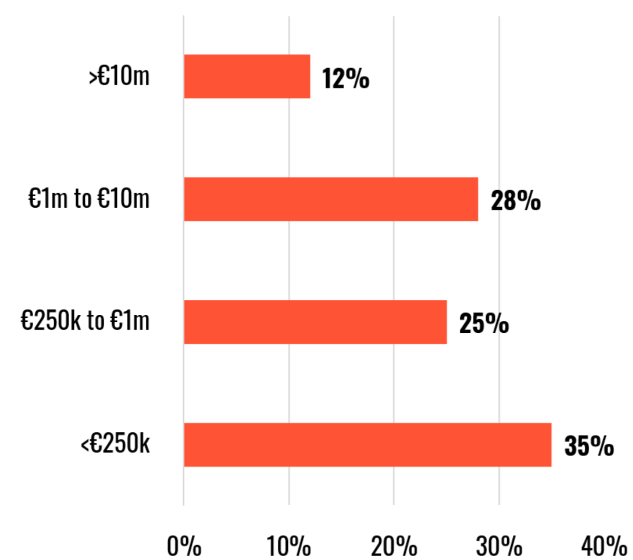


Units: share (in %) of total turnover in value
Source: *Focus on Music Publishing in France*, 2020 data

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



Units: share (in %) of the total publishing market in value
Sources: *Focus on Music Publishing in France* and SACEM, 2020 data



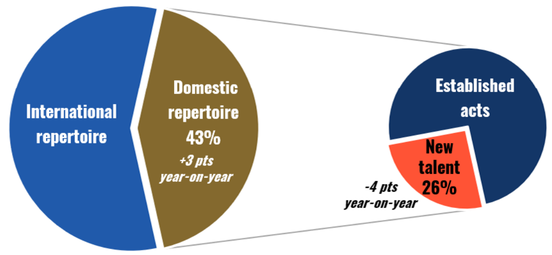
60% of music publishers generate under €1 million in turnover

Units: share (in %) of the number of respondents
Source: *Focus on Music Publishing in France*, 2020 data

SHARE OF DOMESTIC REPERTOIRE* AND NEW TALENT*

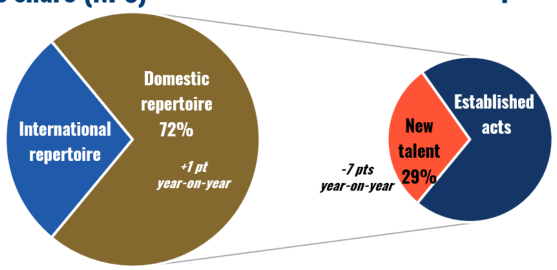
Domestic repertoire represents 43% of total publishing revenue

New talent represent about 25% of the revenue generated by domestic repertoire



Domestic repertoire generates over 70% of net publisher's share (NPS)*

New talent generate over 30% of domestic repertoire's NPS*



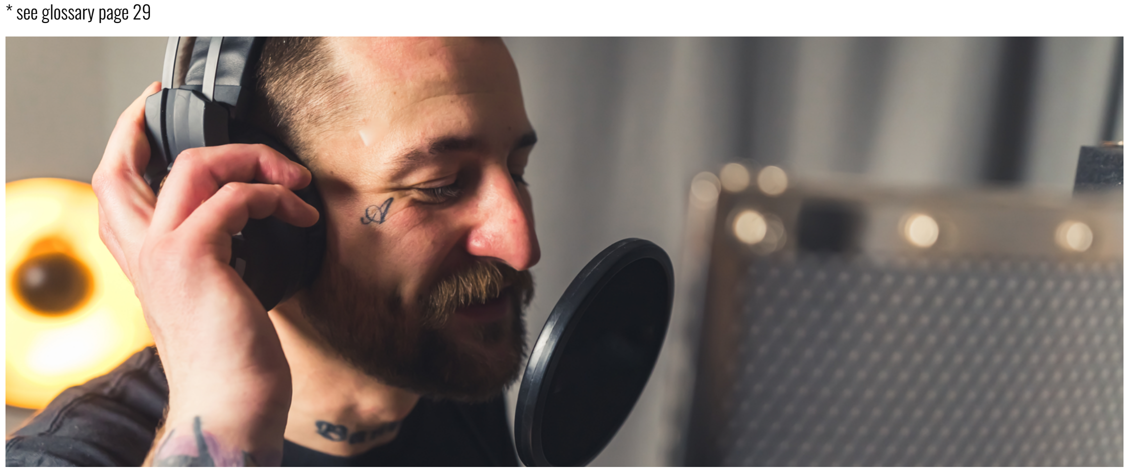
* NPS: Net publisher's share or the publisher's gross margin on revenue / Units: share (in %)
Source: *Focus on Music Publishing in France*, 2020 data

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

In 2020, revenue generated by new talent **fell by nearly 13% compared to 2019** and represented **more than a quarter of publishers' revenue from domestic repertoire**, which in turn represented 43% of all publishing revenue.

However, the NPS* resulting from this new talent has shrunk by more than 17%, reflecting an **erosion of the profitability** of new talent. In terms of NPS, new talent represented almost **30% of domestic repertoire**, which in turn represented more than 70% of the total.

* see glossary page 29



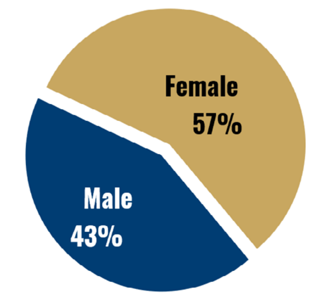
EMPLOYMENT IN THE SECTOR

HEADCOUNT EMPLOYED BY COMPANIES RESPONDING TO THE SURVEY TOTALLED 360 IN 2020

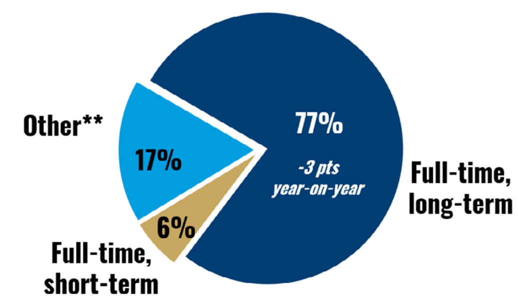
The total music publishing workforce for the companies represented in the panel reached **nearly 360 people in 2020, up 3% compared to 2019**. Jobs in the sector experienced a significant drop during the 2010-2014 period, in particular with regards to logistics positions in the classical music sector (sales of printed music and rental of orchestral scores).

The music publishing sector creates stable and long-term jobs: 77% of the workforce had a permanent contract in 2020. Women represented the majority (57%) of the total workforce.

Breakdown of staff by gender

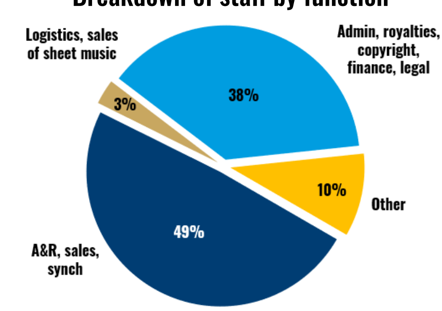


Breakdown of staff by type of contract



** including 8% internship contracts, 3% apprenticeships/training contracts and 6% self-employed workers

Breakdown of staff by function

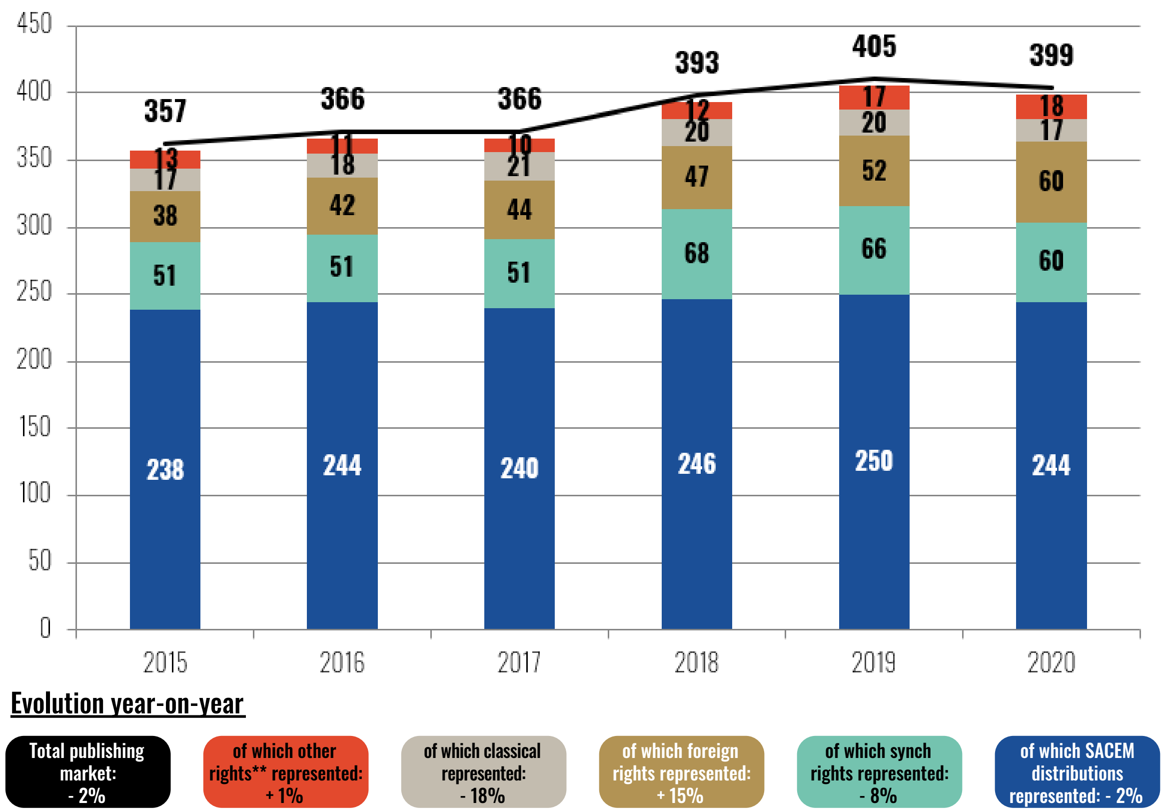


Units: share (in %) of total workforce
Source: *Focus on Music Publishing in France*, 2020 data

02 THE FRENCH MUSIC PUBLISHING MARKET

A/EVOLUTION AND STRUCTURE OF THE PUBLISHING MARKET: FIRST SLOWDOWN AFTER YEARS OF GROWTH

MUSIC PUBLISHING REVENUE REACHED €399M IN 2020 DOWN 2% COMPARED TO 2019



** mainly print license fees, management fees and neighbouring rights on masters

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

The French music publishing market's revenue reached €399 million in 2020, down 2% compared to 2019. Market analysis highlights contrasting trends according to various segments:

• SACEM distributions to publishers (through the collective management system) decreased by 2% year-on-year:

- The increase in digital/on-line rights did not offset the decline in mechanical rights and public performance rights**.
- Logically, the vast majority of these distributions **did not yet reflect the impact of the COVID crisis** **.

• Synchronisation rights – which entail the use of musical works in advertising campaigns, films and TV shows – were down 8%, mainly due to the impact of COVID.

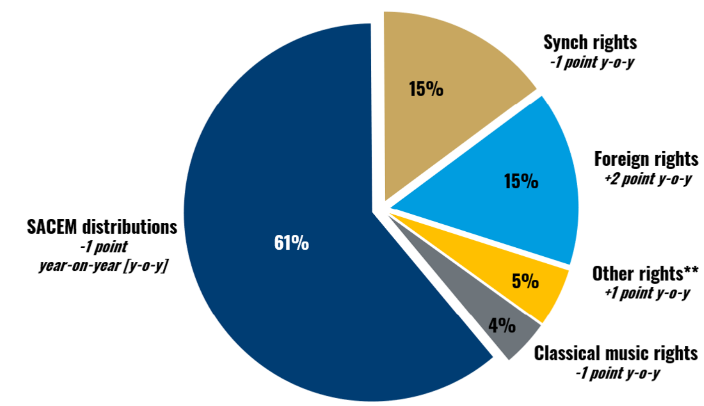
• Foreign rights/export rights – which relate to revenue generated by domestic repertoire abroad and are collected by sub-publishers* outside of France – relate mainly to 2019 exploitation and increased by 15%, mainly driven by the increase in digital rights and public performance rights **.

*see glossary page 29 ** see COVID implications page 7

• 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, fell by 18%, due in particular to the sharp decline in scores rentals, mainly caused by COVID's impact.

• Other rights – mainly print license rights, management fees*, neighbouring rights on masters, and other non-publishing-related revenue – increased by 1%, due to an increase in neighbouring rights on masters and print licenses.

COLLECTIVE MANAGEMENT OF RIGHTS REPRESENTED MORE THAN 60% OF REVENUE IN 2020 EXPORT AND SYNCH ACCOUNTED FOR THE MAJORITY OF DIRECT MANAGEMENT INCOME



** mainly print license rights, management fees and neighbouring rights on masters

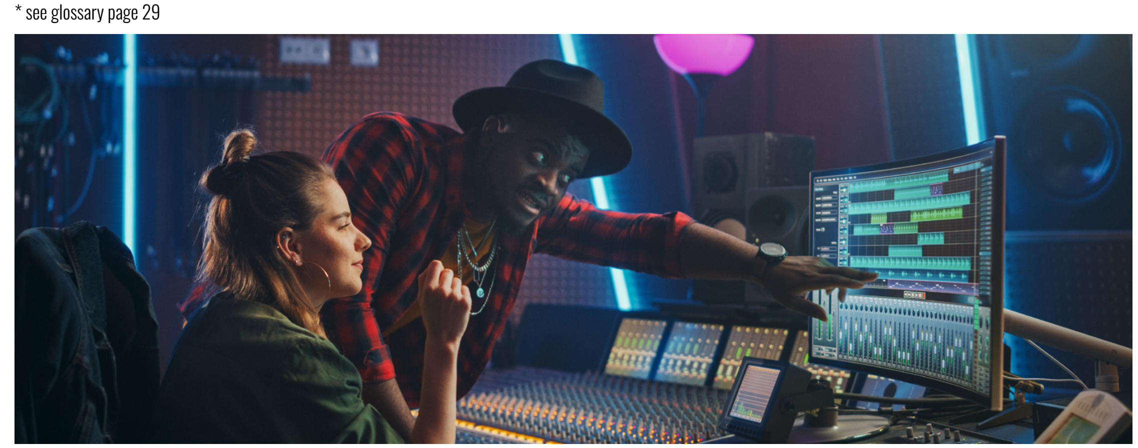
Units: share (in %) of the total music publishing market in value and changes between 2020 and 2019 in points

Sources: *Focus on Music Publishing in France* and SACEM, 2020 data

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, international), and **digital rights** (streaming, downloads, mobile ringtones).

These rights represented about **60% of the publishing market in 2020**. Its share **fell by 6 points** compared to 2014 in favour of two direct management activities: **synchronisation** (15% of the market in 2020, +1 point in six years) and, especially, **«export» rights** from abroad, collected directly through sub-publishers (15% of the market in 2020, +5 points in six years). These two segments have sustained the growth of the publishing market in recent years (despite a drop in synchronisation rights in 2020).

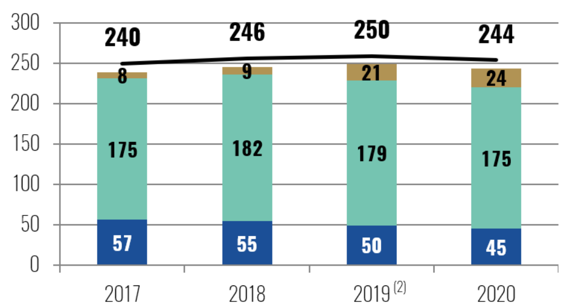
* see glossary page 29



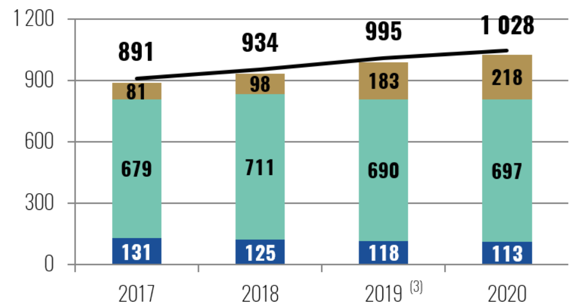
B/ TRENDS IN COLLECTIVE MANAGEMENT

RIGHTS DISTRIBUTED BY SACEM TO MUSIC PUBLISHERS DECREASED IN 2020, COMPARED TO RIGHTS DISTRIBUTED TO ALL RIGHTS HOLDERS (1)

SACEM DISTRIBUTION TO PUBLISHERS



SACEM DISTRIBUTIONS TO ALL RIGHTS HOLDERS



Evolution year-on-year (SACEM distribution to publishers)

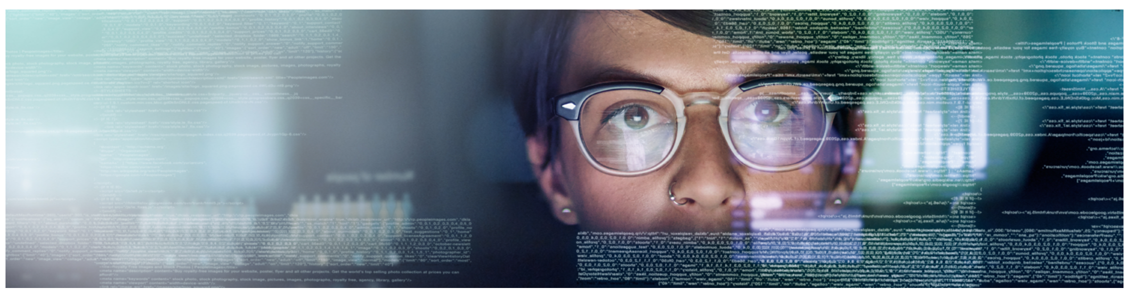
- Total distributions to publishers: + 2%
- of which digital rights: + 15%
- of which public performance rights: - 2%
- of which mechanical rights: - 9%

Evolution year-on-year (SACEM distributions to all rights holders)

- Total SACEM distributions: + 3%
- of which digital rights: + 19%
- of which public performance rights: + 1%
- of which mechanical rights: - 4%

For both graphs:
Units: million euros / Source: Sacem

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



The royalties distributed by Sacem to French publishers decreased in 2020 (-2% year-on-year), unlike those distributed to all rights holders (+3%).

The main reasons for this were public performance rights (which were subject to a contrasting evolution) and digital rights. Indeed, the significant growth in digital revenue as part of general distributions, is only partially reflected in the share redistributed to French publishers. Digital rights represent barely 10% of the rights distributed by SACEM to French publishers, compared to over 21% of the rights distributed to all rights holders (authors, composers, foreign publishers, foreign companies subject to 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 payment to non-French entities of the digital rights collected by SACEM for the exploitation of foreign works, which thus escape the majority of French publishers.

* see glossary page 29

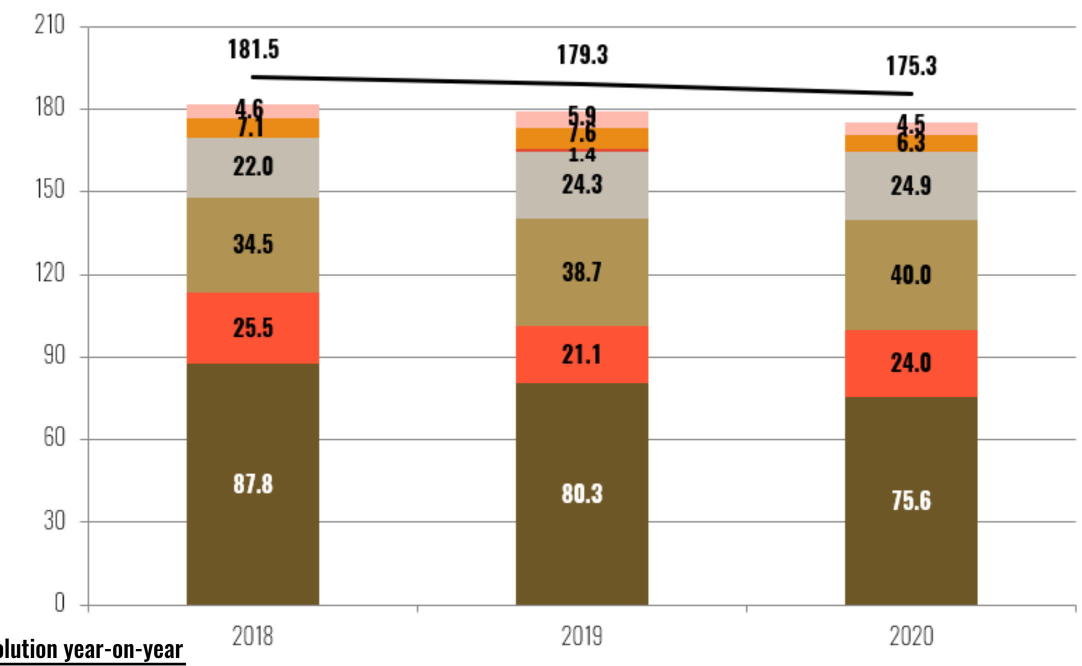
THE EVOLUTION OF PUBLIC PERFORMING RIGHTS

Public performance rights*, which represented **72% of SACEM rights** paid to publishers, **declined in 2020** (-2%), due to a drop in revenue from television/cable (-6%), foreign (-17%) and cinema (-23%), **reflecting the primary effects of COVID.**
However, **healthy performances in live** (+14%), in **performance rights in public places** (+3%) and in **radio** (+2%) made it possible to **avoid a more severe drop in public performance rights**. The state of revenue from live and performance rights in public places, is a stark reminder that **most of the effects of COVID have yet to be reflected in the 2020 distributions****.

* including mechanical rights **see COVID implications page 7

PENALISED BY DECLINES IN THREE SECTORS (FOREIGN, TELEVISION AND CINEMA), PUBLIC PERFORMANCE RIGHTS DROPPED BY 2% IN 2020

THE INCREASE IN LIVE AND BACKGROUND MUSIC IN PUBLIC SPACES UNDERLINE THAT THE EFFECTS OF COVID HAVE YET TO BE FULLY REFLECTED IN 2020 DISTRIBUTIONS



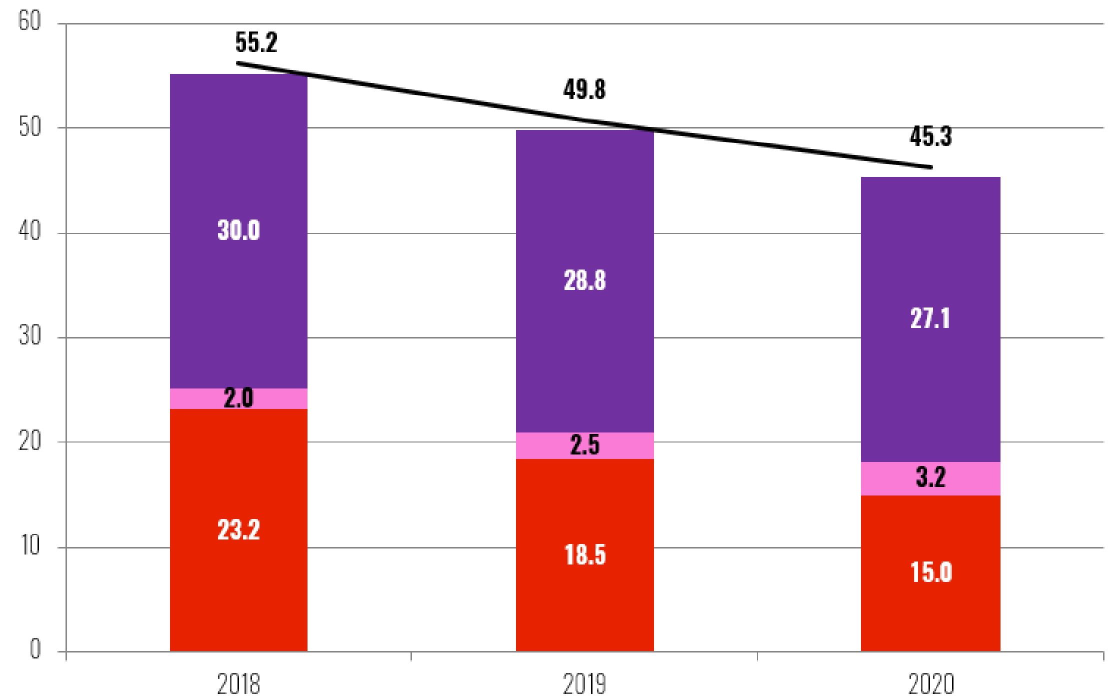
Evolution year-on-year

- Total public performance rights: - 2%
- of which movie theaters: - 23%
- of which foreign rights: - 17%
- of which SACEM management: N/A
- of which radio: + 2%
- of which background music***: + 3%
- of which live: + 14%
- of which television: - 6%

NB: data excluding digital rights /Units: million euros / Source : Sacem
***the rights distributed by SACEM under the heading «background music» are the rights resulting from the performance of music in public places

EVOLUTION OF MECHANICAL RIGHTS

MECHANICAL RIGHTS DECLINED IN 2020, WEAKENED BY PHONO/VIDEO AND PRIVATE COPY SEGMENTS



Evolution year-on-year

Total mechanical rights: - 9%

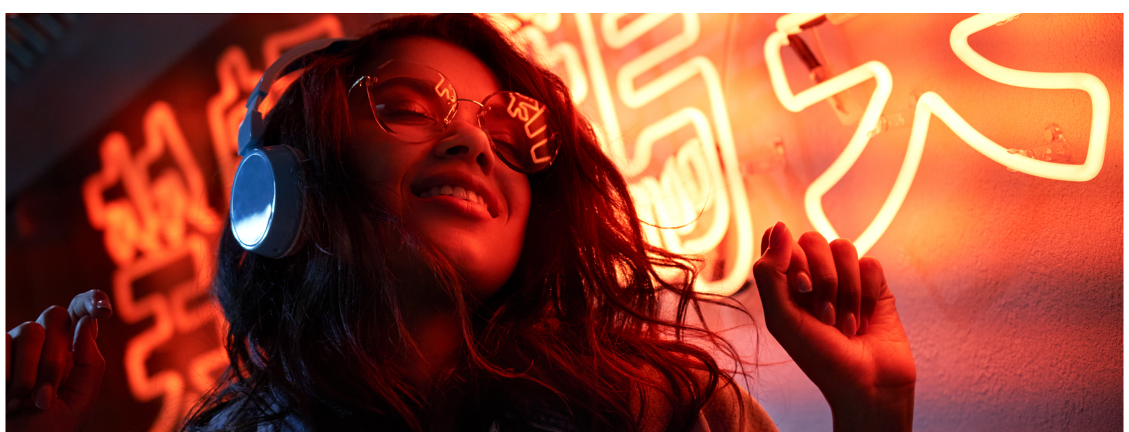
of which private copy: - 6%

of which foreign rights: + 28%

of which phono/video: - 19%

NB: data excluding digital rights / Units: million euros / Source: Sacem

Mechanical rights, which represent **19% of rights paid by SACEM** to publishers, **fell in 2020** (-9% year-over-year) to €45 million.
They were **affected by the decline in revenue from private copying and phonographic and videographic** exploitation segments, reflecting the underlying trend in the physical recorded music market.



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 (mainly SVOD) from some specific licenses.

Total digital rights amounted to **€59.7 million in 2020,** of which only **€32.2 million were collected by French publishers and €27.5 million were from pan-European allocations,** paid directly to repertoire owners outside France by various collective management organizations.

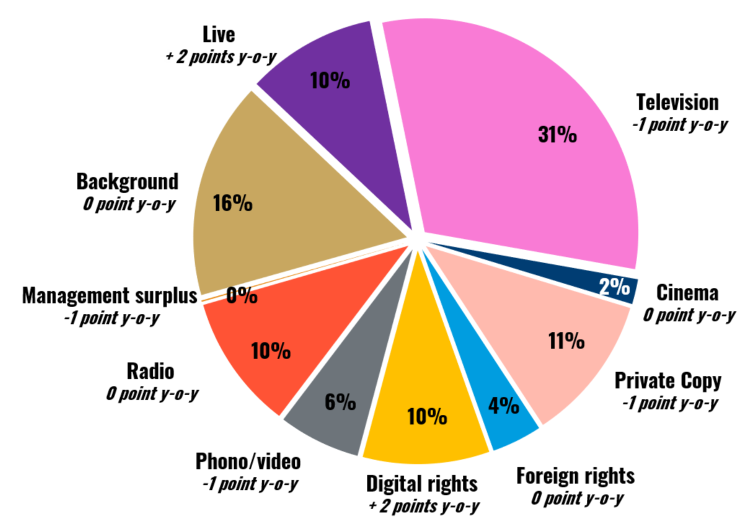
Excluding pan-European allocations, **digital rights represented 8% of the publishing market in 2020**. They **grew by 15% compared to 2020**, driven mainly by streaming and foreign revenue, which both posted high growth rates.

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

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

* see glossary page 29

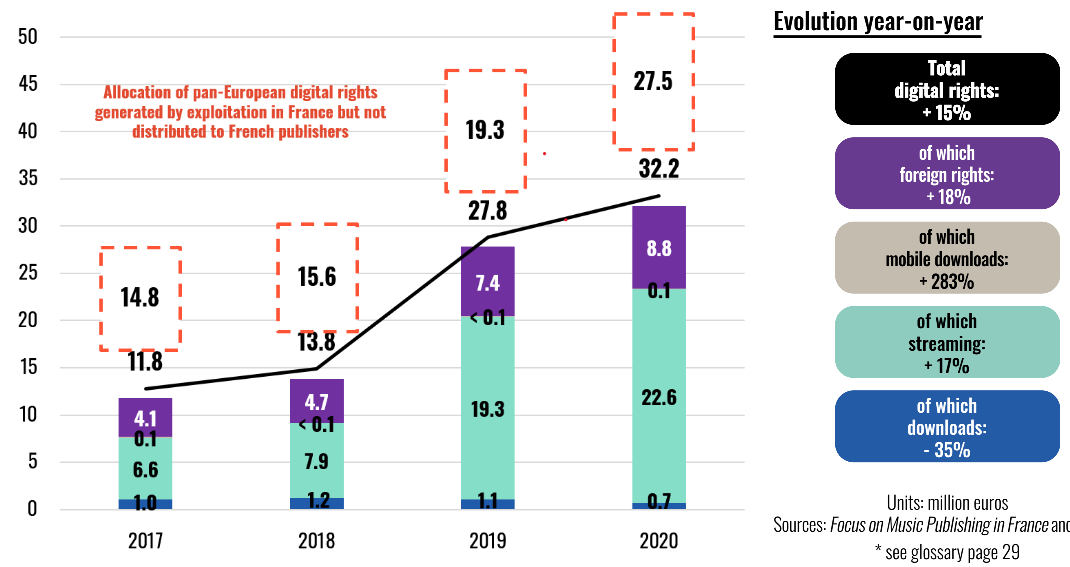
THE SHARE OF DIGITAL RIGHTS AS PART OF THE RIGHTS PAID BY SACEM TO PUBLISHERS HAS INCREASED TO THE DETRIMENT OF TELEVISION, PHONO/VIDEO AND PRIVATE COPYING



Units: share (in %) of SACEM payments to publishers in value / Source: SACEM, 2020 data

LDIGITAL RIGHTS REPRESENT 8% OF PUBLISHING REVENUE IN 2020 AND HAVE INCREASED BY 15% YEAR-ON-YEAR.

A SIGNIFICANT PORTION OF DIGITAL RIGHTS ESCAPE FRENCH PUBLISHERS DUE TO PAN-EUROPEAN LICENCES*



Units: million euros
Sources: *Focus on Music Publishing in France* and SACEM
* see glossary page 29

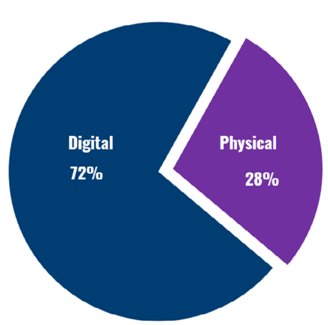
COMPARISON OF THE SHARE OF DIGITAL REVENUE OF FRENCH PUBLISHERS WITH THAT OF FRENCH RECORD LABELS

The French music publishing market's **revenue transition from physical to digital rights is lagging behind that of owners of master recordings** due to:

• The fragmentation of repertoires, a consequence of multi-territorial licences (pan-European agreements).
• Administration 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.

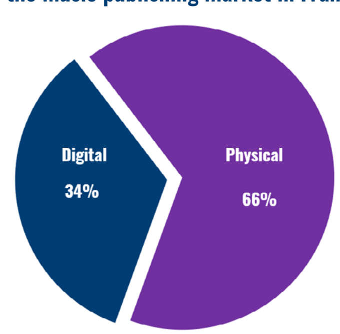
This state of affairs, which existed prior to the COVID crisis, will considerably hamper the ability of publishers to rely on digital rights in order to compensate for the decline in the rights most affected by the crisis (live, background, discotheques, and cinema).

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



Units: share (in %) of the market in value
(excluding neighbouring and synchronisation rights)
Source: SNEP, 2020 data

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

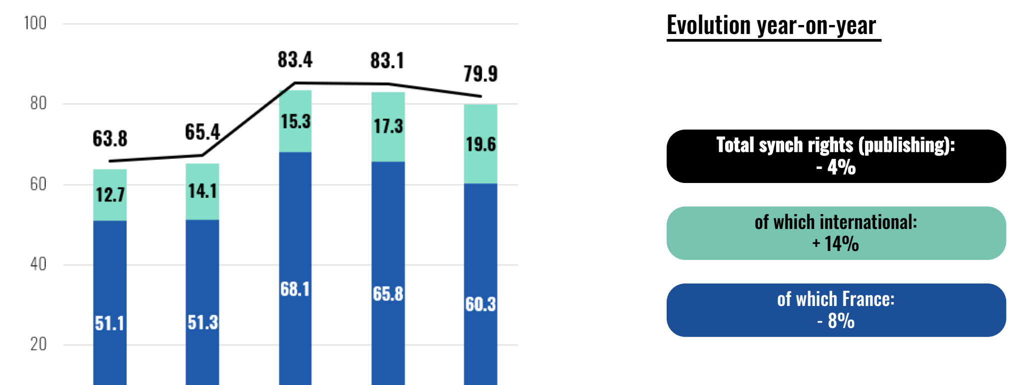


Units: share (in %) of the market in value
(excluding performance, synch and graphic rights)
Source: SACEM, 2020 data

D/ DIRECT MANAGEMENT: THE SYNCH BUSINESS

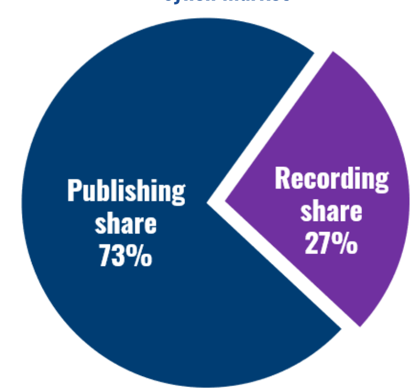
Synchronisation rights **dropped by 4%** in 2020 to around €80 million. This decrease is mainly due to **the decline in synch rights generated in France (-8%)** caused by the slowdown in activity linked to COVID from the end of the 1st quarter of 2020. This decline in the domestic market was **partially offset by a 14% increase** in international synch rights in 2020, which is the result of dynamic promotion of domestic catalogue abroad. (However, these export rights are mainly from 2019 and predate the pandemic).

THE GROWTH IN INTERNATIONAL SYNCH RIGHTS DOES NOT COMPENSATE FOR THE DROP IN FRANCE



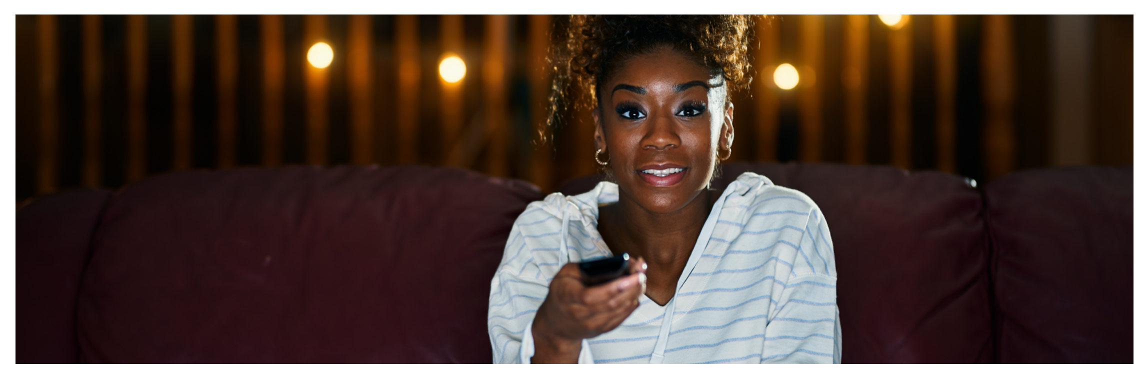
Units: million euros
Sources: *Focus on Music Publishing in France* and SACEM

Breakdown of France's synch market



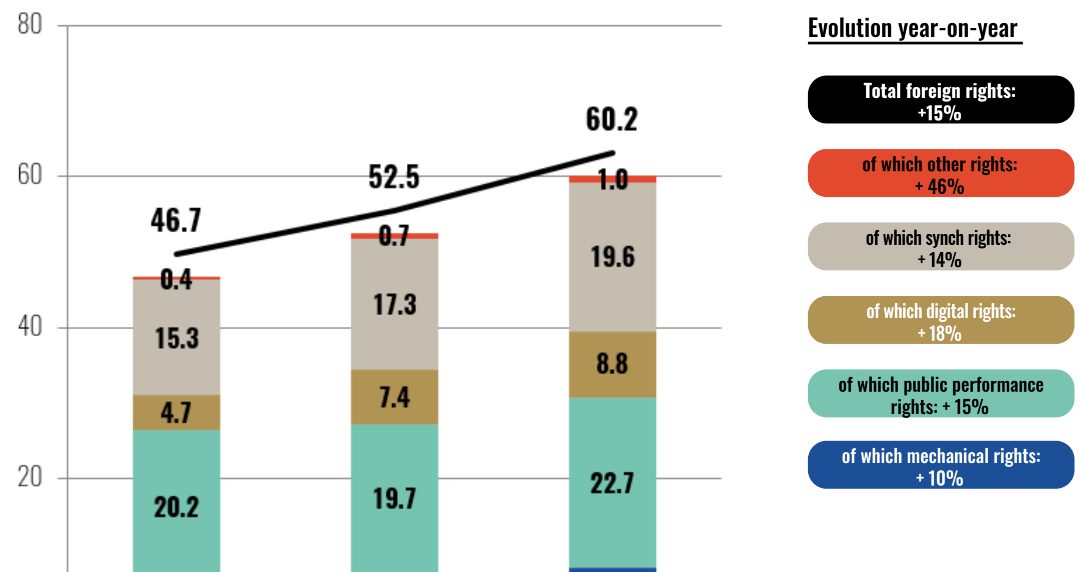
Synchronisation rights represented 1**5% of the total French publishing market** in 2020 and were the **main source of income from the direct management of rights by publishers.**
It is worth noting that publishers command **a significant share of the synchronisation market** compared to the owners of master recordings, as original works are subject to publishing licenses even in the case of re-recordings (local adaptations, covers).

Units: share (in %) of the market
Sources: SNEP, SACEM and *Focus on Music Publishing in France*, 2020 data



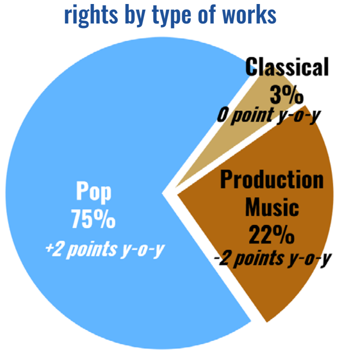
E/ INTERNATIONAL PUBLISHING: FOREIGN RIGHTS POSTED SIGNIFICANT GROWTH (BEFORE COVID)

FOREIGN RIGHTS INCREASED BY 15% IN 2020, DRIVEN IN PARTICULAR BY DIGITAL RIGHTS AND PUBLIC PERFORMANCE RIGHTS



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

Breakdown of foreign rights by type of works



Units: share (in %) of foreign rights in value
Source: *Focus on Music Publishing in France*, 2020 data

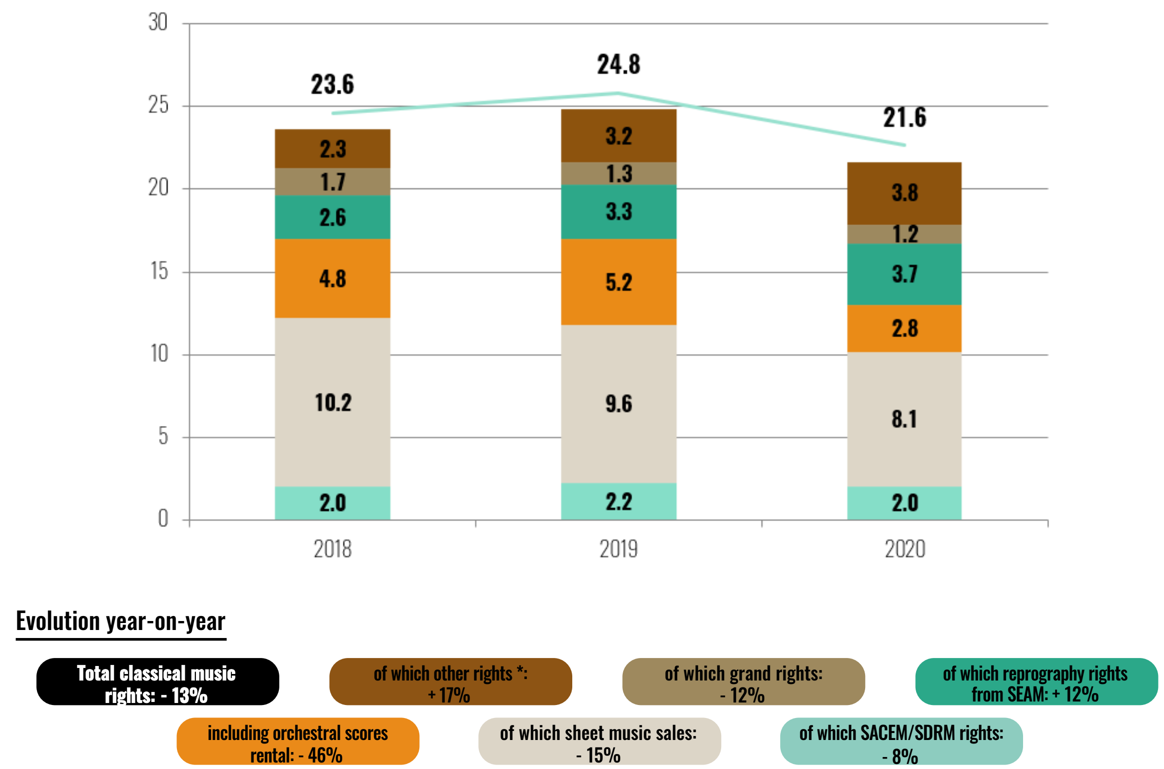
Foreign rights (direct collection via sub-publishers, excluding foreign rights collected via SACEM), which related mainly to exploitations from 2019, **increased by 15% in 2020**, reaching €60 million. **All categories of rights are on the rise**, in particular digital rights (+18%), public performance rights (+15%) and synchronisation rights (+14%). **Pop accounted for 75% of total foreign rights** in 2020, far ahead of production music (22%) and classical music (3%).

The exploitation of catalogues abroad remained an essential activity for production music. Insofar as **foreign rights are accounted for by publishers only when they receive them from their sub-publishers**, all of these very good results essentially reflect international activity prior to the COVID crisis.

03 FOCUS ON THE CLASSICAL MARKET

THE CLASSICAL MARKET DECLINED BY 13% IN 2020, DUE, SPECIFICALLY, TO THE FALL IN SHEET MUSIC SALES AND ORCHESTRAL SCORES RENTAL

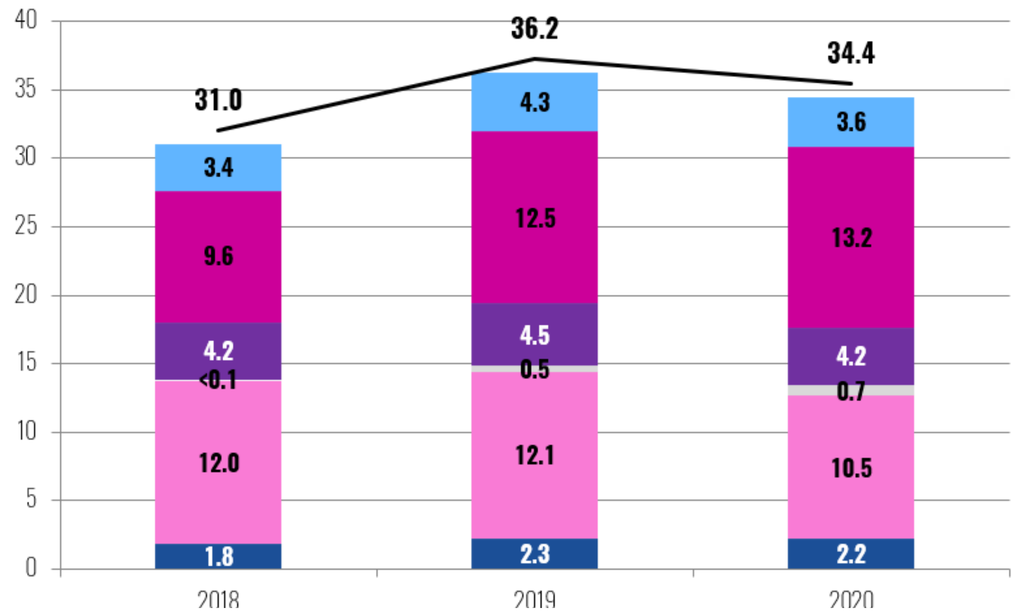
Rights specific to classical music **fell by 13%** in 2020 to **less than €22 million**. This decline is mainly due to the **drop in sheet music sales** (sheet music of many works are now available for illegal downloading on the Internet) and **orchestral scores rentals** due to the **slowdown in activity linked to COVID** during 2020. However, **reprography rights managed by SEAM** (Society of Music Publishers and Authors) and other rights (foreign rights, neighbouring rights, synch rights, etc.) **have increased** in comparison to 2019.



* synchronisation rights, foreign rights, management fees, print licences, other publishing rights, neighbouring rights, other non-publishing income
Units: million euros / Sources: *Focus on Music Publishing in France* and SACEM

04 NEW DEVELOPMENTS IN PRODUCTION MUSIC

THE PRODUCTION MUSIC MARKET DECLINED BY 5% IN 2020, MAINLY AFFECTED BY LOWER PUBLIC PERFORMANCE RIGHTS



Evolution year-on-year

- **Total production music rights: - 5%**
- of which other rights*: + 17%
- of which foreign rights: + 5%
- of which synch rights: - 7%
- of which digital rights represented: + 56%
- of which public performance rights: - 14%
- of which mechanical rights: - 1%

* management fees, neighbouring rights on recordings, other publishing rights, other non-publishing income
Units: million euros / Sources: *Focus on Music Publishing in France* and SACEM

The Production Music market accounted for **approximately €34 million in 2020**, down 5% compared to 2019. This change is explained for the most part by the **decline in public performance rights** (-14%), **mainly from TV broadcasts**, and to a lesser extent by **synchronisation rights and other rights** (management fees, neighbouring rights, other publishing rights, other non-publishing income). **Only foreign rights and digital rights increased in 2020.**

05 2021 OVERVIEW: THE INTENSIFYING EFFECTS OF COVID

In 2021, publishers' revenue from SACEM **fell by 6.34%** with some sectors directly impacted by the COVID crisis. Namely:

- Live performance: -60%
- Background music (music performed in public places): -48%
- Cinema: -49%
- Phono/Video: -13%

These drops in revenue were partially offset by the increase in digital revenue, up 55%. Digital rights represented 16% of SACEM revenue for publishers in 2021, compared to 10% in 2020.

This overall trend overshadows the diversity of the situations according to the type of publishers:

- En 2021, **63% of publishers lost more than 10% of their SACEM revenue** compared to 2019.
- En 2021, **48% of publishers lost more than 30% of their SACEM revenue** compared to 2019.
- En 2021, **33% of publishers lost more than 50% of their SACEM revenue** compared to 2019.

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

KEY FIGURES RELATING TO MUSICAL WORKS

€22
The average turnover generated by each work (French and foreign works combined) in 2020, down 22% year-on-year

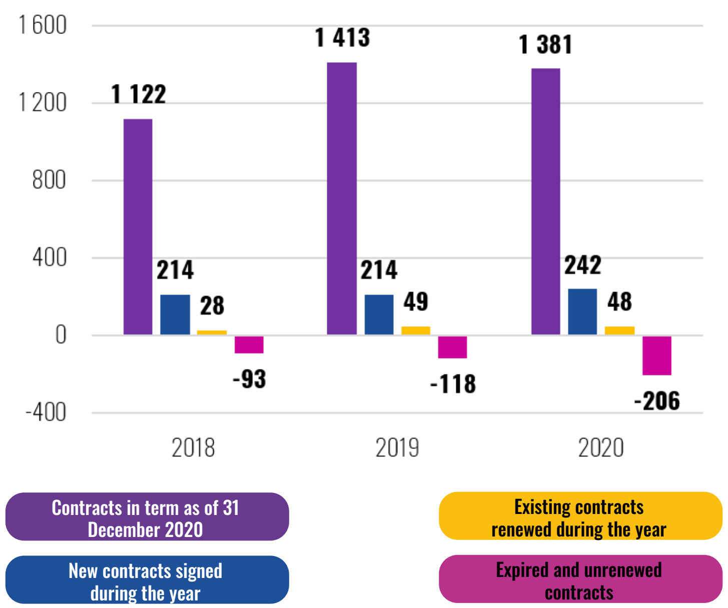
+ 6.9%
Evolution of the total number of works registered with publishers between 2019 and 2020

+ 9.1%
Evolution of the number of domestic works published between 2019 and 2020

€128
The average publishing revenue generated by each French work in 2020, down 20% year-on-year

THE EVOLUTION OF EXCLUSIVE SONGWRITER AGREEMENTS*

A 2% DROP IN THE NUMBER OF EXCLUSIVE SONGWRITER AGREEMENTS IN 2020 DESPITE URBAN MUSIC PERFORMING WELL



Focus on exclusive songwriter agreements in term as at December 31, 2020

	2020
Pop	399
Rock	94
Urban	518
World	25
Classical	9
Jazz	26
Electronic/EDM	276
Film & TV scores	26
Production Music	8
Total	1 381
of which new talent	*905*

New talent represented 66% of exclusive songwriter agreements in 2020

Units: number / Source: *Focus on Music Publishing in France*

Note: The large number of Exclusive Songwriters Agreements in the Electro/EDM genre comes from one publishing company in particular

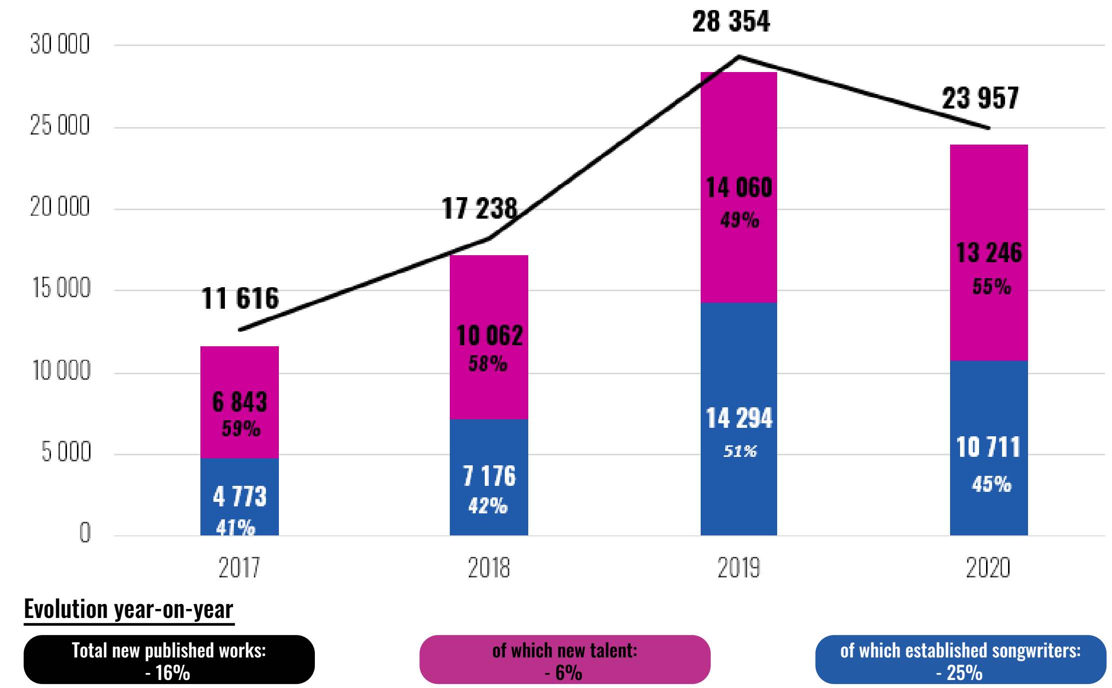
The number of exclusive songwriter agreement stood at **1,381 at the end of December 2020, down 2.3%** year-on-year, due to the **large number of expired and unrenewed contracts**. This decline was, however, **limited by the increase in the number of new signings**, particularly in the **pop, rock and urban categories.**
Publishers gave priority to new talent, who represented two thirds of the exclusive songwriter agreements in term in 2020 (-2.6 points year-on-year).

* see glossary page 29

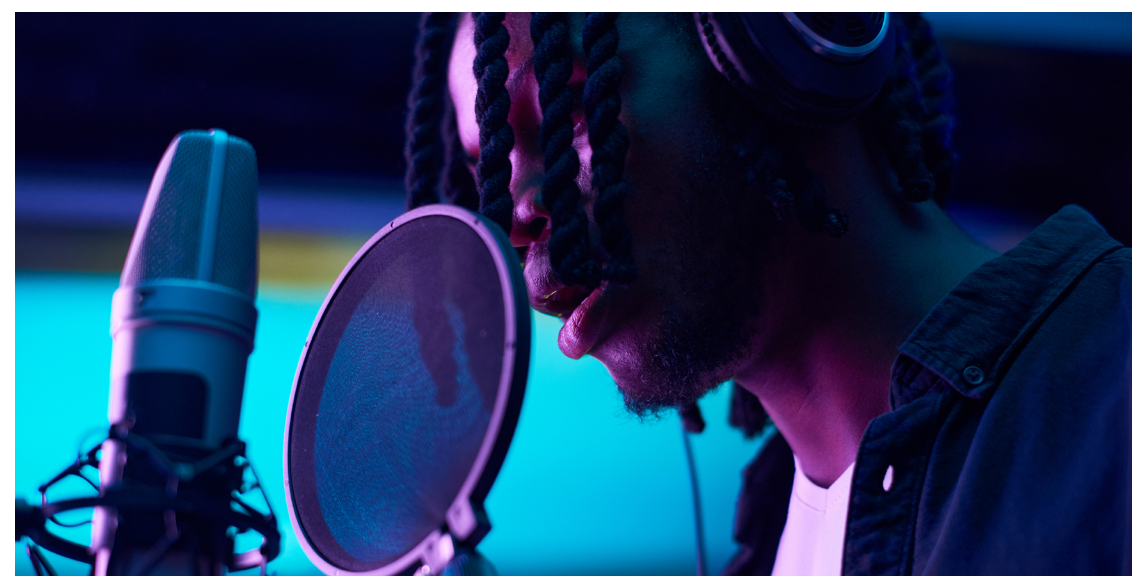
EVOLUTION OF THE NUMBER OF NEW PUBLISHED WORKS

• A 16% DROP IN THE NUMBER OF NEW FRENCH WORKS PUBLISHED IN 2020
• NEW TALENT REPRESENTED 55% OF THESE NEW WORKS (+6 POINTS YEAR-ON-YEAR)

The number of new published works written by French songwriters dropped by 16% in 2020, falling below 24,000.
This trend has affected both established songwriters and new talent. The latter represented 55% of new works in 2020, **a 6-point increase** year-on-year.
The main cause of this drop in creative activity is most certainly related t**o lockdowns brought about by the COVID crisis.**



Units: number and share in % of the total / Source: *Focus on Music Publishing in France*

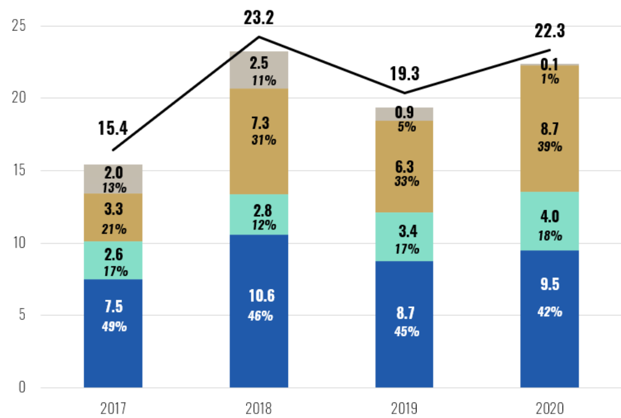


07 INVESTMENTS THROUGH ADVANCES

EVOLUTION OF INVESTMENTS THROUGH ADVANCES

As partners of songwriters, music publishers play a **key role in the prefinancing of their artistic creations**. With an **increase in advances paid in 2020** (+15%) and **cumulative advances at the end of 2020** (+6%), prefinancing remains significant and **reflects the continued commitment from publishers in terms of signings and their increased risk-taking in terms of investment.**

SIGNIFICANT PREFINANCING OF CREATIVE PROJECTS DRIVEN BY A 15% INCREASE IN ADVANCES PAID IN 2020 AND OF 6% IN CUMULATIVE ADVANCES AT THE END OF 2020



Evolution year-on-year

Balance of non-recouped advances at the end of 2020: + 6%

Recoupable advances paid during the year: + 15%

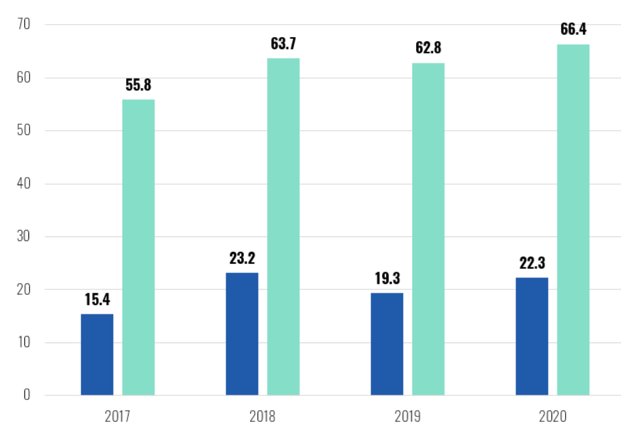
Units: million euros
Source: *Focus on Music Publishing in France*

EVOLUTION OF RECOUPABLE ADVANCES*

The **overall amount in recoupable advances increased by 15%** in 2020, compared to 2019, **for established songwriters or projects** (+8%), as **well as new talent** (+19%), and for **advances linked to management and administration agreements** in France (+38%).
Only recoupable advances relating to sub-publishing* (import) agreements have decreased (-85%).

* see glossary page 29

THE SHARE OF NEW TALENTS AND ADMIN AGREEMENTS INCREASED IN 2019 TO THE DETRIMENT OF SUB-PUBLISHING (IMPORT) AGREEMENTS



Evolution year-on-year

Total recoupable advances: + 15%

of which sub-publishing/import: - 85%

of which management/administration in France: + 38%

of which new talent in France: + 19%

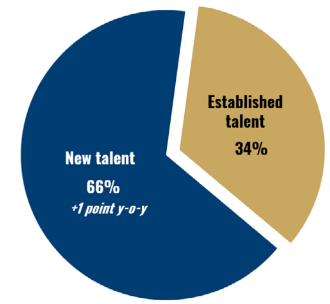
of which established songwriters or projects in France: + 8%

Units: million euros and share as a % of the total
Source: *Focus on Music Publishing in France*

KEY FIGURES ON EXPENDITURE RELATED TO MUSIC PUBLISHING PROJECTS

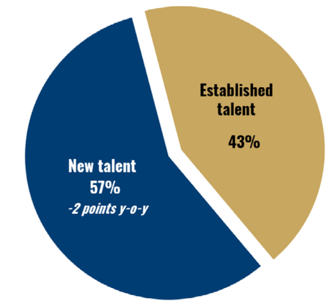
INVESTMENTS IN NEW TALENT DOWN BY 9.6% IN NUMBER OF PROJECTS AND 20.4% IN VALUE COMPARED TO 2019 DUE TO COVID

Breakdown of non-recoupable investments in number of projects



Units: share (in %) of the number of publishing projects
Source: *Focus on Music Publishing in France*, 2020 data

Breakdown of non-recoupable investments in value



Units: share (in %) of the number of publishing projects
Source: *Focus on Music Publishing in France*, 2020 data

THE EVOLUTION OF NON-RECOUPABLE INVESTMENTS*

The amount of **non-recoupable investments was down 10.8% in number of projects and 18% in value** in 2020 compared to 2019, due to the drop in live performance activity and the slowdown in promotional actions, related to COVID.
The amount of **non-recoupable investments in new talent was down 9.6% in number of projects and 20.4% in value** in 2020 year-on-year, due to the shutdown of live performance activity and the slowdown in promotional activity, related to COVID.

* see glossary page 29

MAIN CONCLUSIONS

In 2020, the French Music Publishing market witnessed the first signs that growth was coming to a halt.The Music Publishing market was down by 2%, from €405 million in 2019 to €399 million.
Two main factors explain this situation:

- Firstly, the effects of the pandemic, which impacted business activity from March 2020. In particular, the abrupt halt in all live activity; the slowdown of certain publishing and creative developments, such as synchronisation or promotional work; and, more significantly, the 50% drop in orchestral scores rentals.
- Secondly, the continuation of trends already observed in previous years, such as the decline in the share of revenue from collective management for publishers, with a drop in mechanical and public performance rights without seeing a significant increase in digital rights to compensate for these losses.

It is in this context that the decline in the number of exclusive songwriters agreements and in the number of new works signed can be seen. In addition, many elements of publishing activity slowed down or effectively stopped during the first lockdown – writing sessions; residencies; film and TV production; recording sessions, etc – leading to a drop in non-recoupable expenditure.

Nevertheless, there are several signs that publishing has retained some of its dynamic aspects:
Employment in the sector is progressing, as is the prefinancing of creative projects, driven by the growth in investment by publishers via the advances they pay to songwriters. The development of foreign rights (related to pre-COVID exploitations) is also worth noting.

However, the overall market situation remains more than fragile. While the sector averaged a growth rate of about 3% annually before the pandemic, financial forecasts for 2021 and 2022 suggest that both these years would deliver a worse outcome than in 2020 due to the business model of publishing royalties collection, which is based on deferred payments, whether it is SACEM distributions or the collection of rights from abroad.
In 2021, there was a sharp acceleration in the decline of revenue, especially for publishers whose repertoire was strongly impacted by the drop in income from live performance, cinema and background music. For example, in 2021, 48% of publishers lost more than 30% of their SACEM revenue compared to 2019.
Support and subsidies mechanisms for publishers, as well as implementation of the new tax credit scheme for music publishing, remain all the more necessary.

GLOSSAIRE

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

EXCLUSIVE SONGWRITER AGREEMENT («CONTRATS DE PRÉFÉRENCE»)
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 assign the rights to the publisher if the publisher pick uptheir option. Generally, this exclusivity is tied to an advance paid to the author or composer.

MANAGEMENT FEE
The management fee is what a publisher charges in consideration of the various services performed for its client: SACEM registration, documentation of musical works, documentation of audio-visual works, control of rights collected, catalogue audit, negociation/grant of direct licenses 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/or proportional remuneration from different streams of revenue (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 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 songwriters signed to that company have collaborated whether or not they are performers, so long as they control at least 50% of the works on said album.

NPS – NET PUBLISHER'S SHARE
The NPS is equal to gross publishing revenue less royalties and any other payments due to rights holders or other beneficiaries.

PAN-EUROPEAN AGREEMENT/PAN-EUROPEAN LICENSE
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 applicable 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
Production Music (also known as Music Library or stock music) describes music intended for audio-visual and media clients.

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, the scope of exclusivity granted, etc. This advance is recoupable on the royalties paid by the publisher to the author or composer and more generally on the royalties due to the author or composer (but is non-refundable).

SUB-PUBLISHER
See sub-publishing agreement.

SUB-PUBLISHING AGREEMENT
With a sub-publishing contract, the publisher of a work (the Original Publisher) gives another publisher (the Sub-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 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 whereas the co-publisher generally represents the work globally.

TRACKING
The double-checking of collections and distributions.

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JULY 2022

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WITH THE FINANCIAL SUPPORT OF:

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