



DNCG REPORT

2018/2019 SEASON

FRENCH PROFESSIONAL FOOTBALL
FINANCIAL REPORT





REPORT

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A WORD FROM THE PRESIDENT



JEAN-MARC MICKELER
DFCG President

The 2018/2019 season saw French professional football consolidate its revenues, with a total turnover of 2.854 billion euros compared with 2.836 billion euros during the previous season.

This revenue growth was accompanied by a significant increase of operating expenses, which were equal to 2.949 billion euros, up 10% due to some major investments on players made by the clubs in the run-up to the new cycle of domestic broadcasting rights.

As a result, the operating income dropped sharply over the season, with a loss of 96 million euros compared to a profit of 161 million euros during the previous season.

After consideration of the cost of debt and taxes, Ligue 1 and Ligue 2 clubs are showing a net loss of €160 million at the end of the 2018/2019 season.

These results for the 2018/2019 season include:

- Growing commercial activity, with operating revenues up 11% to 2,114 million euros;
- A continuing high level of capital gains from player transfers (€740 million, after the previous season's record figure of €929 million);
- A significant reduction of financial expenses to 53 million euros compared to 122 million euros at the end of the previous season.

The equity of the clubs increased over the season and still remains concentrated on a limited number of clubs. This justifies the attention that needs to be paid to strengthening it in the future.

More generally, the financial results for the 2018/2019 season confirm:

- The sensitivity of the earnings and economic model of professional football to the ability of clubs to generate recurring capital gains on the sale of players;
- The very considerable differences between clubs, both in terms of commercial performance and financial structure;
- The difficulties of the Ligue 2 economic model.

In this context, the adoption of regulatory ratios by the General Meeting of the French Football Federation and by the General Meeting of the Professional Football League in December 2019 is, according to the DFCG, a good decision in view of the risks facing the industry: uncertainty about the impact of Brexit on the transfer market in the coming years, evolution of the broadcasting rights' amount over time, ability to significantly increase other earnings...

By agreeing to strengthen the self-regulatory mechanisms of professional football, the shareholders and club managers have shouldered their responsibilities. The DFCG will continue its support and control mission in the same constructive spirit, in the interest of French football.

The commercial momentum of French professional football is accelerating with an 11% earnings increase (excluding transfers) in 2018/2019

The earnings excluding transfers of Ligue 1 and Ligue 2 clubs in the 2018/2019 season exceeded €2 billion for the first time, reaching €2,114 million on 30 June 2019 compared with €1,907 million on 30 June 2018.

This 11% growth (+€207 million) originated with Ligue 1 clubs (Ligue 2 posted slightly lower earnings excluding transfers) and was mainly due to:

- A €105 million increase of the broadcasting rights of Ligue 1 clubs, linked firstly to the higher broadcasting rights of UEFA competitions for the 2018/2021 cycle (+€80 million this season) and secondly to the contract for international rights (+€22 million compared with the previous season).
- An increase of €102 million of commercial earnings excluding broadcasting rights, making clubs less dependent on broadcasting rights by diversifying their revenue sources. This increase includes:
 - Higher sponsorship and merchandising revenues by €71 million, mainly driven by the performance of PSG and those of OL, OM, Stade Rennais and RC Strasbourg ;
 - A €12 million increase of ticket receipts driven by a positive price effect in the domestic leagues (+4% on the average ticket in Ligue 1 and +7% in Ligue 2) and in European competitions (+35%) ;
 - An increase of €19 million of Other earnings, generated primarily by OL, the Stade de Reims and the Stade Rennais at the time of the Women's World Cup.



Expenses increased by 10%, half of which was due to the payroll increase, leading to a deterioration of operating income, which showed a loss of €835 million in 2018/2019

Equal to €2,949 million, expenses increased by 10% in 2018/2019 (compared to €2,675 million during the previous season). This increase is mainly due to continuing players' investments and the payroll increase that started during the previous season in order to strengthen the personnel numbers. It also proportionately originates more with clubs that do not play in European competitions (+12% increase posted by the latter, compared to +9% by clubs playing in European competitions between 2017/2018 and 2018/2019). These expenses linked with players' investments include:

- A 10% payroll increase (+€141 million) to €1,588 million.
- An 8% (or €32 million) increase of the depreciation charge for transfer compensation, amounting to €410 million.
- An increase to €112 million of the fees paid to sports agents¹ (vs. €91 million the previous season), meaning a further increase of 23% (or €21 million).

As a result, even if the increase of expenses was less significant than in the 2017/2018 season (when the increase was +22%, and +16% without the effect of the players Neymar and Mbappé acquired by PSG during the 2017 summer trading period), the operating income deteriorated, with an operating loss of €835 million for the 2018/2019 season (compared with a loss of €768 million at the end of the 2017/2018 season).

- The Ligue 1 operating income was -€703 million in 2018/2019 (compared to -€666 million in 2017/2018).
- The Ligue 2 operating income was -€132 million in 2018/2019 (compared to -€102 million in 2017/2018). Ligue 2 posted a proportionally sharper deterioration than Ligue 1, due both to higher expenses (half of the deterioration of the deficit stems from the payroll, which rose by €15 million) and to lower commercial revenues.

¹ Due to commissions being based both on transfer compensation and the payroll.

Operating results from transfer operations, an integral part of the club model, amounted to €740 million in 2018/2019

After a record season in 2017/2018, with €929 million of operating results, particularly due to the transfer of Kylian Mbappé from AS Monaco to PSG, the transfer market continues to perform on a very good level, reaching €740 million in 2018/2019.

- Ligue 1 contributed €635 million to this result, equivalent to 33% of its earnings excluding transfers.

Half of the Ligue 1 clubs generated transfer earnings of more than €20 million and more than a third (7 clubs) generated transfer earnings of more than €34 million. These two figures, never previously seen, illustrate the high proportion of player transfers in the activities of the clubs.

- Ligue 2 is confirming this trend and contributed €105 million to this result (compared with €88 million in 2017/2018), equivalent to 50% of its earnings excluding transfers, including €31 million of capital gains on player transfers from Ligue 1.
- For 11 clubs in Ligue 1 and 12 clubs in Ligue 2, the operating results from transfers represent more than 25% of their earnings excluding transfers.
- 243 transfers against payment were recorded in 2019, for a gross amount of €1,251 million (compared to €1,522 million in 2018).

The player transfer business has become not only a decisive component of the financial equilibrium of the clubs. It is also an integral part of their economic model, notably thanks to the efficiency of the French training system and the ability of clubs to attract young talent and take advantage of the dynamic buying power of foreign leagues such as England and Spain, which this season became the leading importing country of our players.

Accordingly,

At the end of the 2018/2019 season,

- The clubs posted an operating loss of €96 million, plus financial expenses of €53 million that were sharply lower than during the previous season (€122 million), mainly due to the use of more reasonable borrowing rates.
- The net loss of Ligue 1 and Ligue 2 clubs amounted to €160 million. It should be noted that this net loss of €160 million includes a €28 million write-off of a shareholder's current account, thereby improving the net income in 2018/2019. On the other hand, the net loss recorded in 2017/2018, i.e. €176 million, included a €178 million write-back of a shareholder's current account that was weighing on the net income in this same amount.
- However, the losses in Ligue 1 are very highly concentrated: 95% of the cumulative net loss is concentrated on 3 clubs with some of the biggest budgets (OM, LOSC and Girondins de Bordeaux).

As in the previous season, 15 Ligue 1 clubs have profitable net income.

- 11 Ligue 2 clubs have profitable net income, with a further 2 just breaking even. The Ligue 2 net loss of €33 million in 2018/2019 was almost double compared to 2017/2018 (-€17.5 million).

Equity is increasing: its reinforcement as well as infrastructure investments must be continued and extended to all clubs

The equity (shareholders' equity and shareholders' current accounts) of the professional clubs is €1,597 million on 30 June 2019.

- The equity of Ligue 1 clubs amounted to €1,457 million on 30 June 2019, with €889 million of shareholders' equity (compared with €732 million of shareholders' equity in 2017/2018, an increase of 21%).
- The equity of Ligue 2 clubs amounted to €140 million on 30 June 2019, with €67 million of shareholders' equity (compared with €89 million of shareholders' equity in 2017/2018)

Without the capital increases and current account contributions made by shareholders, the equity of the clubs would have deteriorated sharply as a result of the season's results.

The strengthening of equity and the decrease of debt recorded this season served to improve the rate at which the liabilities of the clubs are covered by their equity.

The operating debt, defined as the total financial liabilities less the portion dedicated to investments in infrastructures, concentrated on a few clubs (mainly LOSC, Girondins de Bordeaux and AS St Etienne), dropped by around €70 million due to the €121 million reduction of the LOSC debt; it nevertheless remains at €269 million.

The gross financial debt stood at €558 million on 30 June 2019, slightly lower than last season, with 52% (€289 million) corresponding to debt for infrastructure financing.

In reality, two clubs have a policy to strengthen their equity and infrastructure, namely PSG and OL, followed this season by AS Monaco.

The value of the "Tangible" assets (infrastructures, etc.) of French professional football is equal to €771 million in 2018/2019 (compared to €756 million last season).

Lastly, the cash position remained positive on 30 June 2019.

IN CONCLUSION

The 2018/2019 season is confirming the importance for the clubs incomes of the revenues provided by the broadcasting rights sales on one hand and the ability to transfer players on a regular basis on the second hand.

To offset the decline of transfer earnings seen this season compared with last season, the clubs also continued and improved the increase of non-transfer earnings, notably under the impetus of PSG, which benefited fully from the sporting and image effect of its personnel.

The fact remains, however, that commercial revenues excluding broadcasting rights grew less rapidly than the payroll.

As of next season, clubs will benefit from the higher domestic broadcasting rights of the Ligue 1 championship for the 2020/2024 cycle (a gross increase of €400 million per year).

In the context recalled above, it is important to monitor how the clubs will reinvest these additional resources: The DNCG encourages the clubs to use these additional resources to reduce the operating deficit as a priority.

The DNCG will strive to support these efforts, notably through the new system of financial ratios adopted last December.

Payroll and Equity Ratio System

The implementation of preventive financial ratios is intended to ensure that a club cannot, in the future, spend more than it earns through credit financing of a structural deficit.

The idea is twofold: an expense ratio towards which to strive and ensuring that clubs only exceed this ratio if their equity level relative to debt allows it.

This mechanism, intended to be implemented as part of the DNCG's financial supervision of professional clubs, will thus preserve the attractiveness and competitiveness of French football by introducing a virtuous system for controlling its expenses and debt.

It includes adding two ratios to the current control procedures:

- As a risk indicator in terms of the payroll, the remuneration of the personnel and the player transfer compensation must not exceed 70% of eligible earnings (including operating revenues and the average capital gains on player transfers over three seasons).
- A sufficient equity level, which must not be less than the eligible liabilities (including financial debt and other non-current debt, excluding debts attributable to infrastructure financing and debts on player transfer compensation).

As from the 2022/2023 Budget, simultaneous non-compliance with these two indicators during an analysis of the club's provisional budget may require the DNCG to take some of the usual measures (oversight of the payroll within the budget, etc...).

As such, the clubs will have a transitional period of two seasons (2020/2021 and 2021/2022) to prepare for their implementation as of the 2022/2023 season.

Starting with the 2020/2021 Budget, the clubs will provide the DNCG with a 3-year operating forecast that converges on the levels expected for 2022/2023. Over the next two seasons, the DNCG will monitor this 3-year plan and analyse, with the club, any deviations from its forecast.

In all cases the DNCG retains the ability to apply its measures (oversight of the payroll within the budget, etc...) subsequent to a general examination of the club's situation (1 Ligue 1 club and 7 Ligue 2 clubs were subject to supervision measures for the 2018/2019 season).



THE LAW OF 1 MARCH 2017 GAVE THE MANAGEMENT CONTROL BODIES A NEW MISSION OF FINANCIAL CONTROL RELATIVE TO THE ACTIVITY OF SPORTS AGENTS AND THE FLOWS GENERATED BY THIS ACTIVITY.

Report on the financial oversight of the activity of Sports Agents

The law of 1 March 2017 gave the management control bodies a new mission of financial control relative to the activity of sports agents and the flows generated by this activity. This appears to be all the more justified since the fees paid to agents by football clubs have increased very sharply in the current upward trend of the transfer market.

Of the 3,558 international² transfers (all countries taken together) that involved at least one football³ club intermediary, €590 million of commission were paid in 2019⁴, a 19% increase compared to 2018.

In France:

- Commissions paid to sports agents by professional football clubs amounted to €112 million in 2018/2019 (compared with €91 million in 2017/2018, a 23% increase).

The oversight of agents by the DNCG is carried out by sampling carried out on the basis of "appropriate samples". The selection criteria are the following:

- The biggest transfer operations carried out during a season (i.e. 3 oversight procedures launched in 2018 and 2 in 2019).
- The largest business volumes, in terms of the number of transactions and/or amount of commissions (i.e. 2 oversight procedures launched in 2018 and 3 in 2019).
- Sports agents selected at random or in case of revelations (i.e. 1 oversight procedure launched in 2018 and 2 in 2019).

The first wave of checks completed during the 2018/2019 season covered 6 FFF licensed agents and represented:

- €6.5 million of commissions paid by the clubs to the agents in question over the verified period;
- 101 operations carried out over the period.

The results of this first wave of checks are the following:

- 3 procedures closed without any particular observation by the Professional Clubs Oversight Commission;
- 3 files forwarded to the Federal Sports Agents Commission, including:
 - 2 files that resulted in penalties (fine, deferred suspension of the agent's licence).

The 2nd wave of checks, which started in the spring of 2019, involves 9 agents and represents:

- €12.7 million of commissions paid by the clubs to the agents in question over the verified period;
- 152 operations carried out over the period.

² Source: FIFA report "Intermediaries in international transfers 2019".

³ FIFA does not collect data on commissions paid to player intermediaries.

⁴ Figures as of 1 December 2019.

FIGURES



LIGUE 1 AND LIGUE 2 COMBINED KEY FIGURES 2018/2019

| LIGUE 1/LIGUE 2 CUMULATIVE ACCOUNTS | 2017/2018 | 2018/2019 | VARIATION |
|-------------------------------------|-----------|-----------|-----------|
| In € millions | | | |
| Total operating income | 1 907 | 2 114 | + 11% |
| Operating income | -768 | -835 | -9% |
| Result of transfer operations | 929 | 740 | -20% |
| Current operating profit | 161 | -96 | -160% |
| Net profit (loss) | -176 | -160 | + 9% |
| Shareholders equity | 821 | 956 | + 16% |
| Shareholder current accounts | 658 | 642 | -2% |
| Cash net of indebtedness | -180 | -239 | -32% |



| LIGUE 1/LIGUE 2 COMBINED INCOME STATEMENT | 2017/2018 | 2018/2019 | VARIATION |
|---|------------------|------------------|------------------|
| In euro thousands | | | |
| Broadcasting rights | 910 949 | 1 016 161 | +12% |
| Sponsors - Advertising | 386 886 | 456 126 | +18% |
| Gate receipts | 209 298 | 221 985 | +6% |
| Other income (including merchandising) | 400 194 | 419 367 | +5% |
| TOTAL OPERATING INCOME | 1 907 327 | 2 113 640 | +11% |
| Total payroll | 1 114 835 | 1 225 871 | +10% |
| Social charges | 331 533 | 361 948 | +9% |
| Transfer fees | 377 916 | 409 682 | +8% |
| Agents' fees | 91 323 | 112 386 | +23% |
| Other expenses | 759 352 | 839 209 | +11% |
| TOTAL OPERATING EXPENSES | 2 674 959 | 2 949 095 | +10% |
| OPERATING RESULT (LOSS) | -767 632 | -835 455 | -9% |
| RESULT OF TRANSFER OPERATIONS | 928 667 | 739 567 | -20% |
| CURRENT OPERATING PROFIT | 161 035 | -95 888 | -160% |
| Financial profit (loss) | -122 126 | -53 462 | +56% |
| Exceptional profit (loss): Other | -4 576 | -16 829 | -268% |
| Income tax | -32 174 | -19 268 | +40% |
| Except. profit (loss): Current account write-offs/write-backs | -178 476 | 25 553 | +114% |
| NET PROFIT (LOSS) | -176 317 | -159 894 | +9% |

| TOTAL BALANCE SHEET | 2017/2018 | 2018/2019 | VARIATION |
|--|------------------|------------------|------------------|
| In euro thousands | | | |
| Intangible assets: transfer fees | 1 052 998 | 1 071 883 | +2% |
| Other fixed assets | 804 509 | 881 998 | +10% |
| Receivables relative to player transfers | 802 186 | 771 840 | -4% |
| Other current assets | 554 973 | 562 376 | +1% |
| Cash and short-term investments | 400 499 | 319 328 | -20% |
| TOTAL ASSETS | 3 615 165 | 3 607 425 | 0% |
| Shareholders equity | 820 721 | 955 968 | +16% |
| Shareholder current accounts | 657 979 | 641 602 | -2% |
| Provisions for liabilities and charges | 61 074 | 65 491 | +7% |
| Financial liabilities | 580 756 | 557 922 | -4% |
| Liabilities relative to player transfers | 492 996 | 484 835 | -2% |
| Other liabilities | 1 001 639 | 901 606 | -10% |
| TOTAL LIABILITIES | 3 615 165 | 3 607 425 | 0% |
| PROFIT / LOSS FOR THE YEAR | -176 317 | -159 894 | +9% |

01

LIGUE 1



1.1. KEY FIGURES

1.1.1. SUMMARY

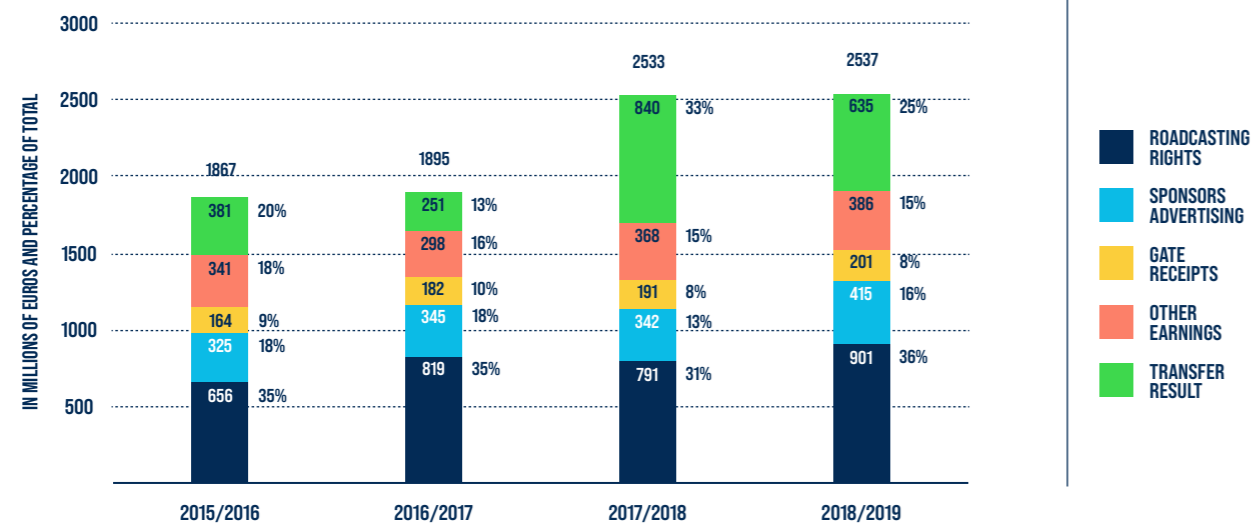
| COMBINED INCOME STATEMENT | 2017/2018 | 2018/2019 | VARIATION |
|---|------------------|------------------|--------------|
| In euro thousands | | | |
| Broadcasting rights | 791 271 | 900 786 | +14% |
| Sponsors - Advertising | 342 114 | 414 882 | +21% |
| Gate receipts | 190 621 | 201 123 | +6% |
| Other income (including merchandising) | 368 232 | 385 639 | +5% |
| TOTAL OPERATING INCOME | 1 692 238 | 1 902 430 | +12% |
| Total payroll | 984 849 | 1 085 370 | +10% |
| Social charges | 277 471 | 303 726 | +9% |
| Transfer fees | 367 834 | 397 035 | +8% |
| Agents' fees | 83 229 | 104 223 | +25% |
| Other expenses | 644 457 | 715 222 | +11% |
| TOTAL OPERATING EXPENSES | 2 357 840 | 2 605 576 | +11% |
| OPERATING RESULT (LOSS) | -665 602 | -703 146 | -6% |
| RESULT OF TRANSFER OPERATIONS | 840 356 | 634 998 | -24% |
| CURRENT OPERATING PROFIT | 174 754 | -68 111 | -139% |
| Financial profit (loss) | -121 239 | -51 464 | +58% |
| Exceptional profit (loss): Other | -4 608 | -15 384 | -234% |
| Income tax | -29 166 | -17 740 | +39% |
| Except. profit (loss): Current account write-offs/write-backs | -178 477 | 26 295 | +115% |
| NET PROFIT (LOSS) | -158 736 | -126 403 | +20% |

| TOTAL BALANCE SHEET | 2017/2018 | 2018/2019 | VARIATION |
|--|------------------|------------------|-------------|
| In euro thousands | | | |
| Intangible assets: transfer fees | 1 034 949 | 1 048 769 | +1% |
| Other fixed assets | 666 867 | 745 461 | +12% |
| Receivables relative to player transfers | 763 083 | 729 663 | -4% |
| Other current assets | 493 839 | 498 702 | +1% |
| Cash and short-term investments | 352 465 | 282 504 | -20% |
| TOTAL ASSETS | 3 311 203 | 3 305 099 | 0% |
| Shareholders equity | 732 110 | 889 211 | +21% |
| Shareholder current accounts | 600 156 | 568 066 | -5% |
| Provisions for liabilities and charges | 50 036 | 58 005 | +16% |
| Financial liabilities | 543 572 | 522 280 | -4% |
| Liabilities relative to player transfers | 482 652 | 469 647 | -3% |
| Other liabilities | 902 677 | 797 889 | -12% |
| TOTAL LIABILITIES | 3 311 203 | 3 305 099 | 0% |
| PROFIT / LOSS FOR THE YEAR | -158 736 | -126 403 | +20% |

1.1.2. EARNINGS

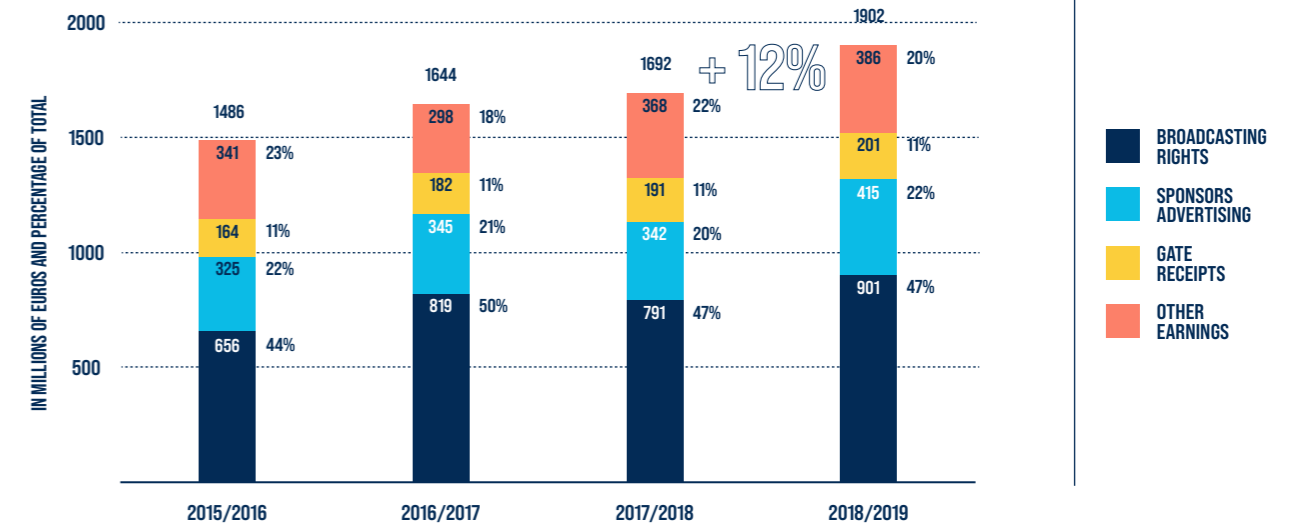
Development of total earnings (including result of transfers)

- Total earnings including the result of transfer operations amounted to 2.537 billion euros in Ligue 1 in 2018/2019.
- Overall, the earnings are virtually unchanged from last season (+€4 million compared to 2017/2018).
- This stagnation conceals a new breakdown, since non-transfer earnings increased (+€210 million) at the expense of results from transfer operations (-€205 million).

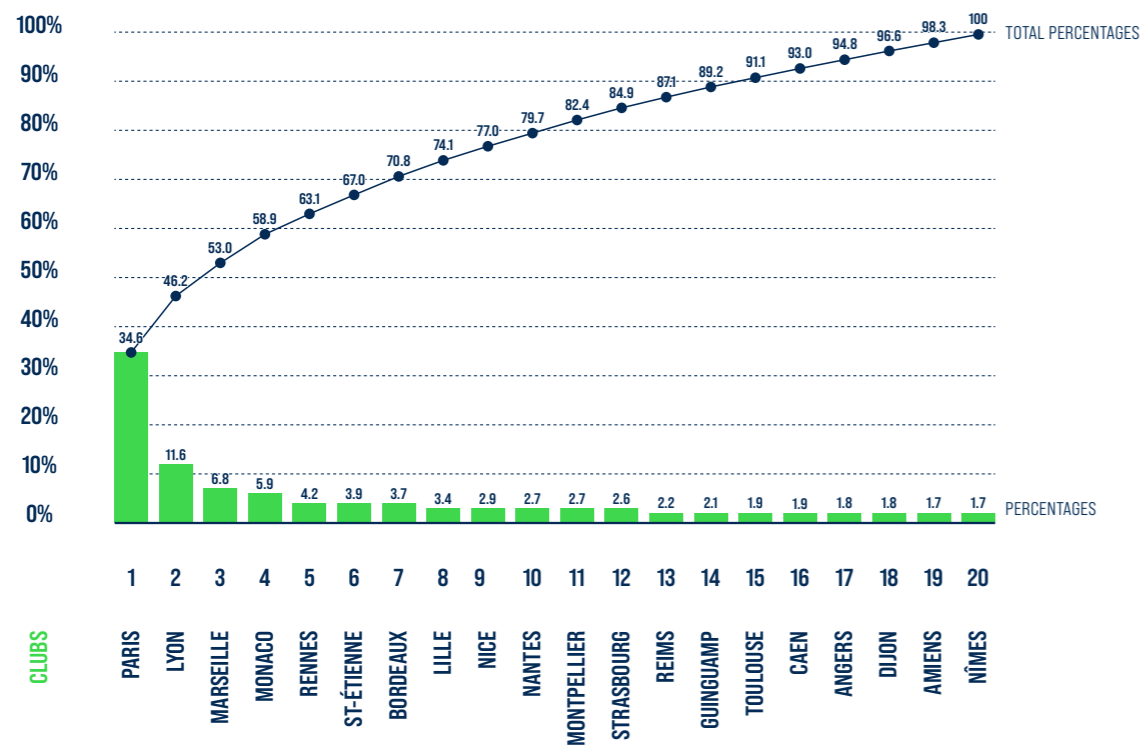


Change of operating revenues

- Non-transfer earnings amounted to €1.902 billion in Ligue 1 for 2018/2019 (+€210 million compared to 2017/2018).
- The various types of earnings are up compared to 2017/2018, in particular broadcasting rights (+€110 million) and advertising sponsorship earnings (+€73 million).



Non-transfer earnings allocation



On the x-axis are the teams ranked from those with the highest non-transfer earnings to those with the lowest non-transfer earnings.

On the y-axis is the cumulative percentage of Ligue 1 non-transfer earnings.

As in 2017/2018, the curve indicates a strong concentration of earnings on a small number of clubs:

- The three clubs with the highest non-transfer earnings (Paris, Lyon and Marseille) account for half of the Ligue 1 non-transfer earnings. This proportion would be 15% if all Ligue 1 teams had the same non-transfer earnings.
- On its own, PSG generates more than one third of the Ligue 1's revenues, equal to all of the revenues of the lowest-earning 15 clubs.

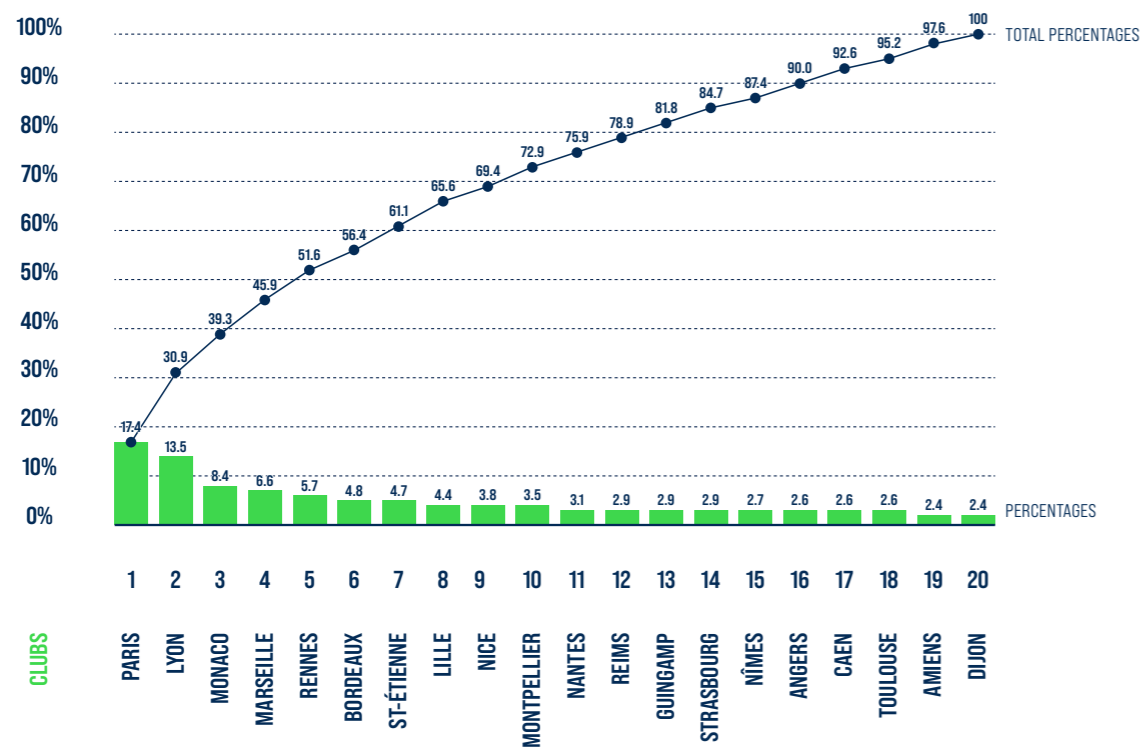


1.1.2.1. BROADCASTING RIGHTS

BROADCASTING RIGHTS FOR THE LIGUE 1 CHAMPIONSHIP

The concentration of the non-transfer earnings of Ligue 1 clubs is limited by the distribution of the championship's broadcasting rights, which is based on a relatively egalitarian distribution system insofar as all Ligue 1 teams are guaranteed to receive a solidarity bonus of the championship rights of approximately €8.1 million, and club licensing rights of approximately €5.4 million. However, three factors cause the broadcasting revenues of the championship clubs to vary: firstly the bonuses linked to sports results that can be up to €23 million (PSG) and secondly the notoriety bonus that can be equal to €23 million (PSG), €20 million (Marseille) or €17 million (Lyon).

Distribution of broadcasting rights between Ligue 1 clubs



The blue line indicates a relatively uneven distribution of the championship broadcasting rights:

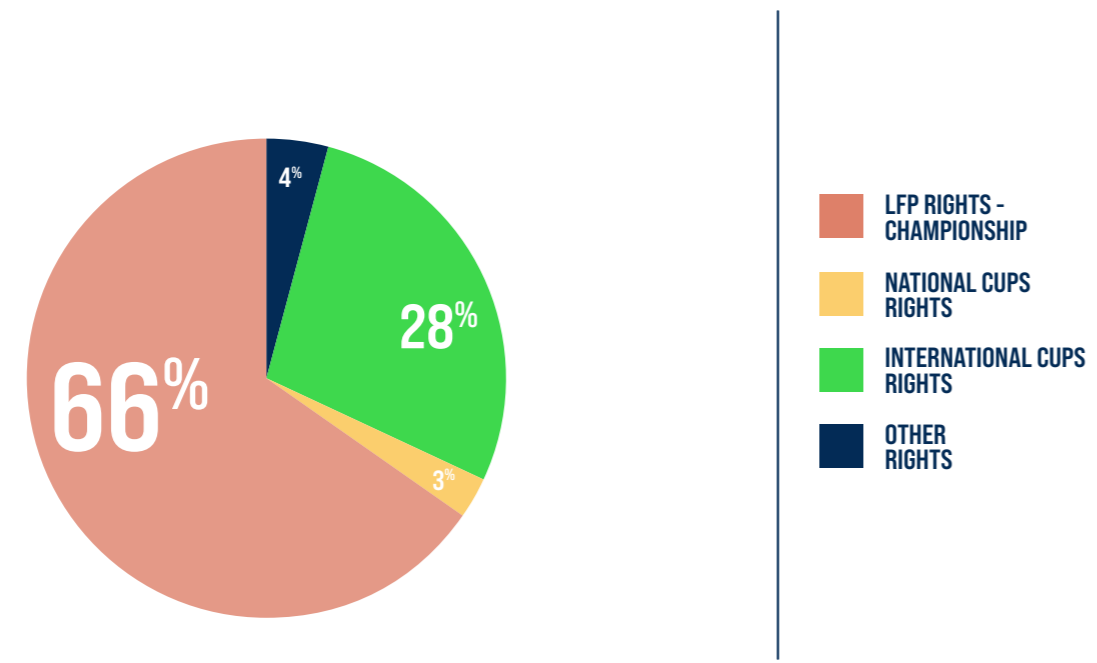
- The top 3 clubs account for 39.3% of the broadcasting rights of the Ligue 1 championship.
- The top 5 clubs account for just over half of the rights.

BROADCASTING RIGHTS FOR CLUBS THAT TOOK PART IN EUROPEAN CUPS

| CLUB | EUROPEAN ITINERARY | EUROPEAN BROADCASTING RIGHTS | LIGUE 1 BROADCASTING RIGHTS | OTHER BROADCASTING RIGHTS | TOTAL BROADCASTING RIGHTS | EUROPEAN CUP SHARE |
|--------------|-------------------------------|------------------------------|-----------------------------|---------------------------|---------------------------|--------------------|
| LYON | Champions League last 16 | €71.2 M | €48.2 M | €2.5 M | €122 M | 58% |
| PARIS | Champions League last 16 | €91.6 M | €59.9 M | €5.1 M | €156.6 M | 59% |
| MONACO | Champions League group phases | €41 M | €32.4 M | €2.3 M | €75.7 M | 54% |
| RENNES | Europa League last 16 | €19.6 M | €28 M | €3.5 M | €51.2 M | 38% |
| BORDEAUX | Europa League group phases | €13.1 M | €28.6 M | €2 M | €43.7 M | 30% |
| MARSEILLE | Europa League group phases | €12.1 M | €46.6 M | €1.1 M | €59.8 M | 20% |
| TOTAL | | €248.6 M | €243.7 M | €16.5 M | €509 M | 49% |

- Overall, half of the broadcasting rights collected by clubs qualified for European Cups come from European competitions.
- European broadcasting rights are up sharply compared to the previous season (+€81 million, due to the start of a new UEFA broadcasting rights cycle), which largely explains the €110 million increase of overall broadcasting rights.
- The European share of broadcasting rights is higher for clubs in the Champions League than for clubs in the Europa League: more than 50% for PSG, Monaco and Lyon versus 20% for Marseille.

Distribution of broadcasting rights by competition

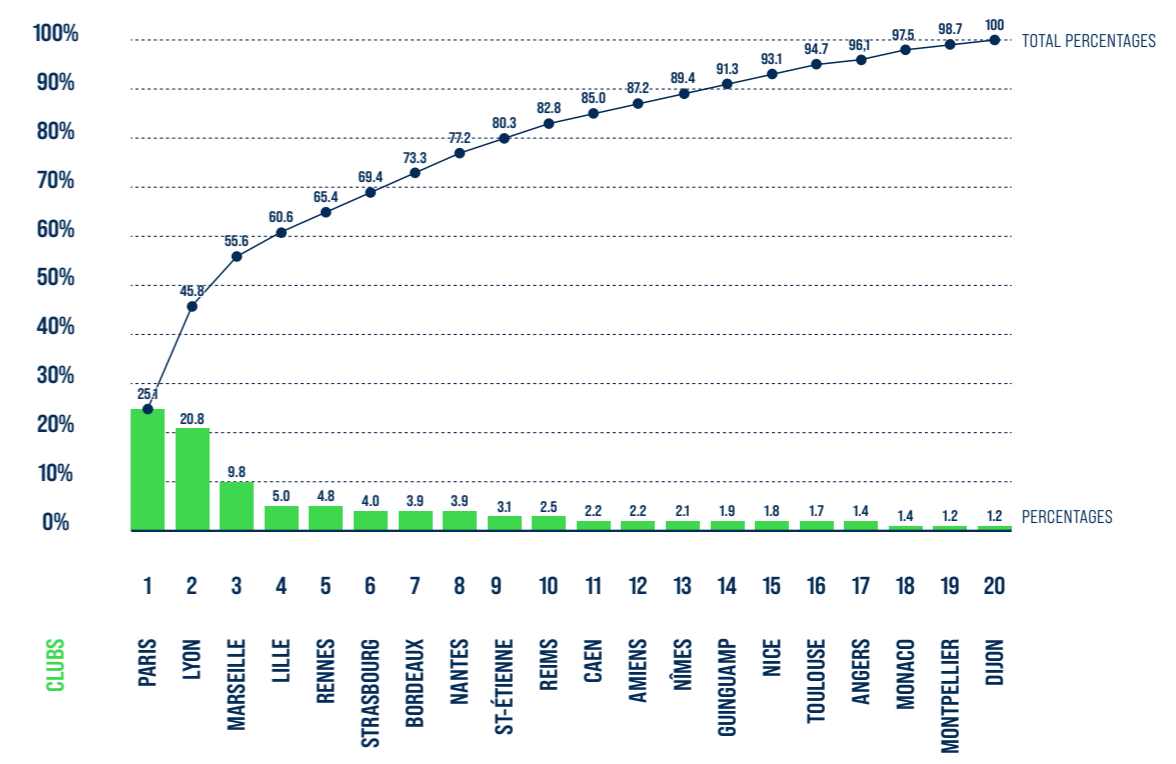


- Overall, broadcasting rights linked to international cups represent 28% of total broadcasting rights in 2018/2019, compared to 21% in 2017/2018. As such, this confirms the fact that the increase of Ligue 1 broadcasting rights is largely linked to the increase of European broadcasting rights.

1.1.2.2. TICKETING RECEIPTS

LIGUE 1 CHAMPIONSHIP GATE RECEIPTS

Distribution of Ligue 1 championship gate receipts



- As in previous seasons, Ligue 1 gate receipts are much more concentrated than the championship broadcasting rights. On their own, Lyon and Paris account for 45.8% of the Ligue 1 gate receipts thanks to their very high fill rates and ticket prices.

GATE RECEIPTS: ANALYSIS BY SPECTATOR CATEGORY

| | 2017/2018 | 2018/2019 | VARIATION |
|---|-------------------|-----------------|-----------|
| Spectator category (number) | Average per match | | |
| Subscribers | 12 783 | 13 239 | 4% |
| Per match payment | 7 728 | 7 253 | -6% |
| Non-paying | 2 509 | 2 532 | 1% |
| TOTAL SPECTATORS | 23 019 | 23 024 | 0% |
| TOTAL RECEIPTS | €190.6 M | €201.1 M | 5% |
| Average subscription price | €23.57 | €24.04 | 2% |
| Spectators average price paid per match | €25.77 | €27.65 | 7% |
| Paying spectators average price | €23.57 | €25.32 | 7% |
| ALL SPECTATORS AVERAGE PRICE | €21.74 | €22.53 | 4% |

Total gate receipts are up 5%. This increase is due to higher ticket prices:

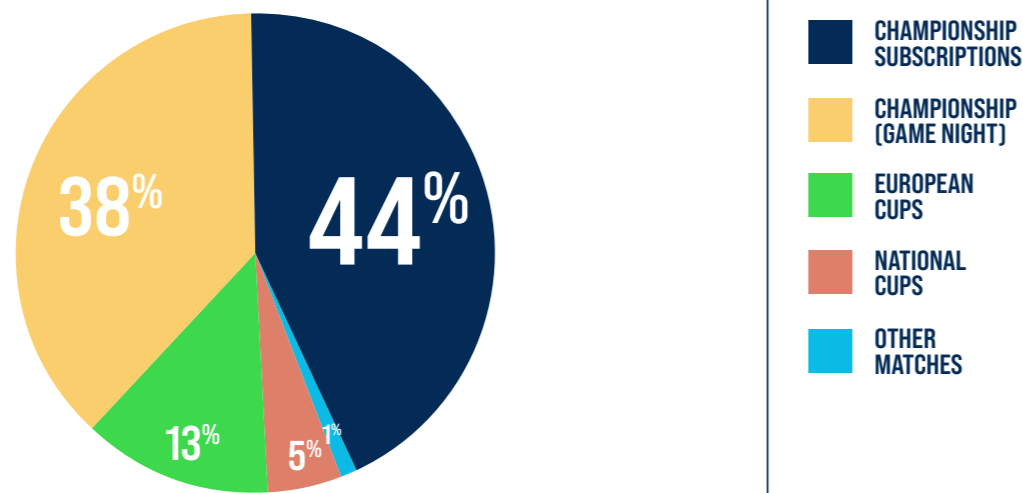
- The average number of spectators remained stable compared to 2017/2018.
- Overall, the average ticket price increased by €0.79 compared to 2017/2018.

GATE RECEIPTS: ANALYSIS OF CLUBS HAVING PARTICIPATED IN A EUROPEAN COMPETITION

| CLUB | EUROPEAN ITINERARY | EUROPEAN CUP GATE RECEIPTS | TOTAL GROSS GATE RECEIPTS | TICKETING SHARE OF EUROPEAN CUPS |
|--------------|-------------------------------|----------------------------|---------------------------|----------------------------------|
| LYON | Champions League last 16 | €10.2 M | €41.8 M | 24.4 % |
| PARIS | Champions League last 16 | €10.5 M | €50.5 M | 20.8 % |
| MONACO | Champions League group phases | €0.6 M | €2.7 M | 20.5 % |
| RENNES | Europa League last 16 | €3.3 M | €9.6 M | 34.2 % |
| BORDEAUX | Europa League group phases | €0.6 M | €7.9 M | 7.4 % |
| MARSEILLE | Europa League group phases | €0.6 M | €19.7 M | 3 % |
| TOTAL | | €25.8 M | €132.2 M | 19.5 % |

- Overall, clubs playing in European Cups generated a fifth of their ticketing revenues from European matches.
- The share of European matches in ticketing revenues is higher for clubs playing in the Champions League than for clubs playing in the Europa League.

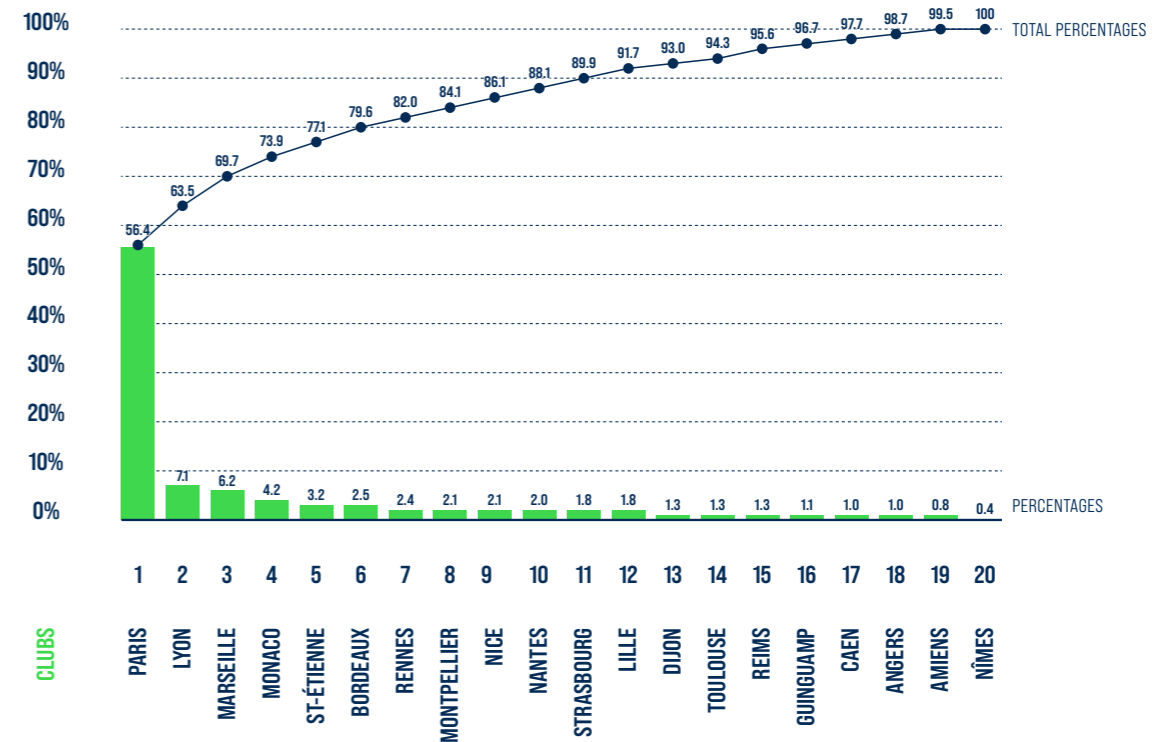
Distribution of gate receipts by competition



- Gate receipts from league matches account for the bulk of clubs' gate receipts (82%).
- As during the 2017/2018 season, the gate receipts generated by subscribers is higher than the gate receipts generated by paying spectators per match.
- European Cup gate receipts account for 13% of the gate receipts of all Ligue 1 clubs. This overall figure masks the significant weight of European Cup gate receipts within the gate receipts of clubs qualifying for European Cups (see previous table).

1.1.2.3. SPONSORING / ADVERTISING, MERCHANDISING, COMMUNITY SUBSIDIES AND OTHER EARNINGSS

Distribution of receipts for sponsoring / advertising, merchandising, community subsidies and other earnings

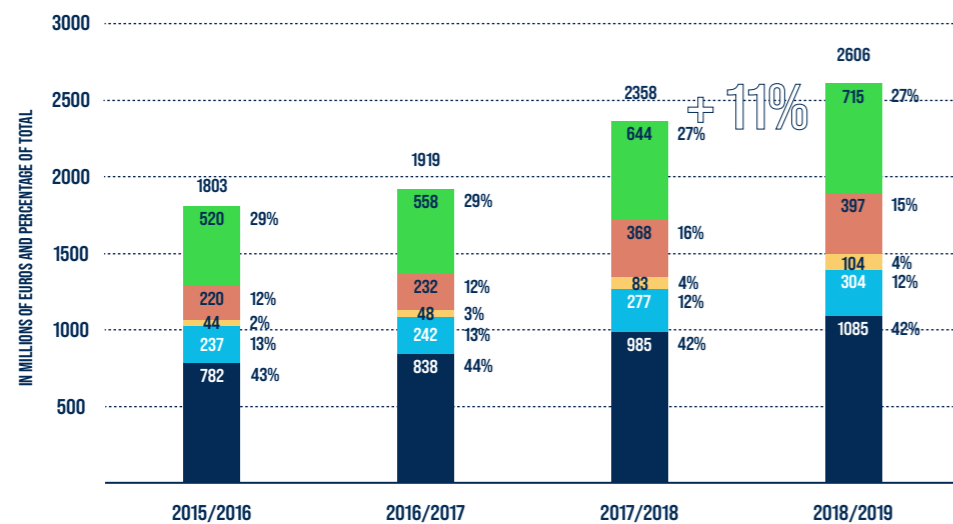


- The blue line indicates a very high concentration of these revenues. This concentration is explained by PSG, which alone accounts for 56.4% of total merchandising, subsidy and other earnings
- Community subsidies only total €14 million income for Ligue 1 clubs, representing 0.7% of their operating income.

1.1.3. OPERATING EXPENSES

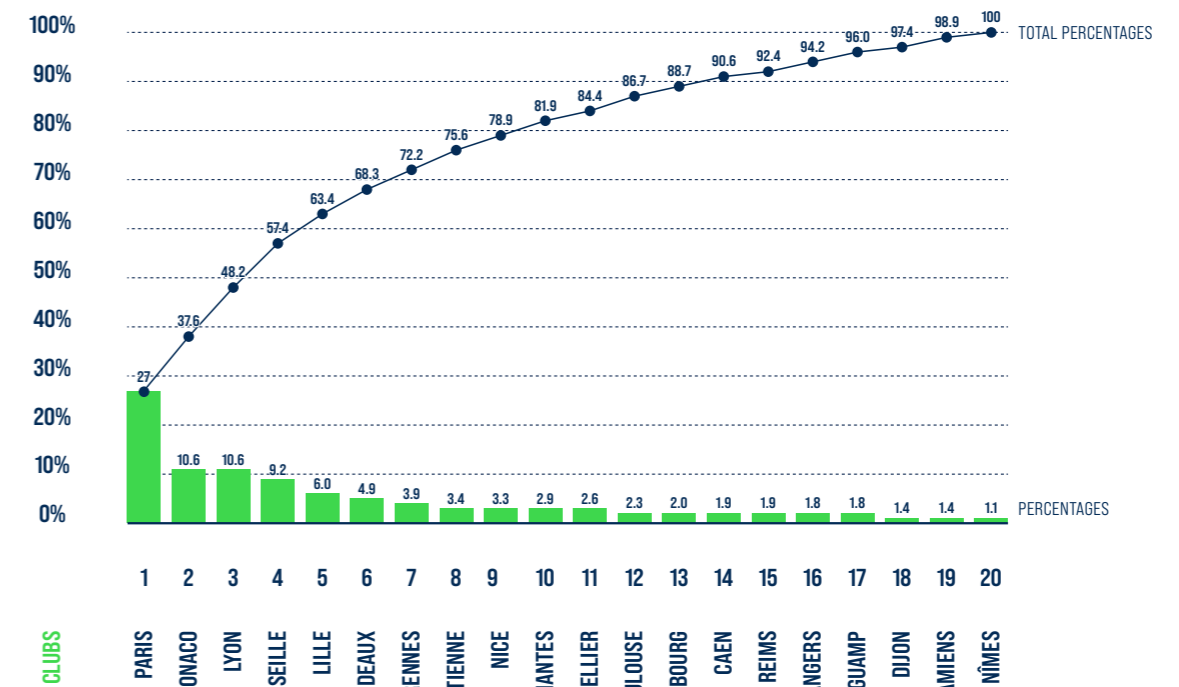
Evolution the operating expenses

- Operating expenses amounted to €2.606 billion in Ligue i.e. €704 million euros more than the non-transfer earnings.
- After a 23% increase between 2016/2017 and 2017/2018, operating expenses increased again in 2018/2019 (+11%). This increase is due to the increase of all expenditure items:
 - Total payroll: +10 %,
 - Social charges: +9 %,
 - Agents' fees: +25 %,
 - Transfer allowances: +8 %,
 - and Other expenses: +11 %.



- TOTAL PAYROLL
- SOCIAL CHARGES
- AGENTS' FEES
- TRANSFER ALLOWANCES
- OTHER EXPENSES

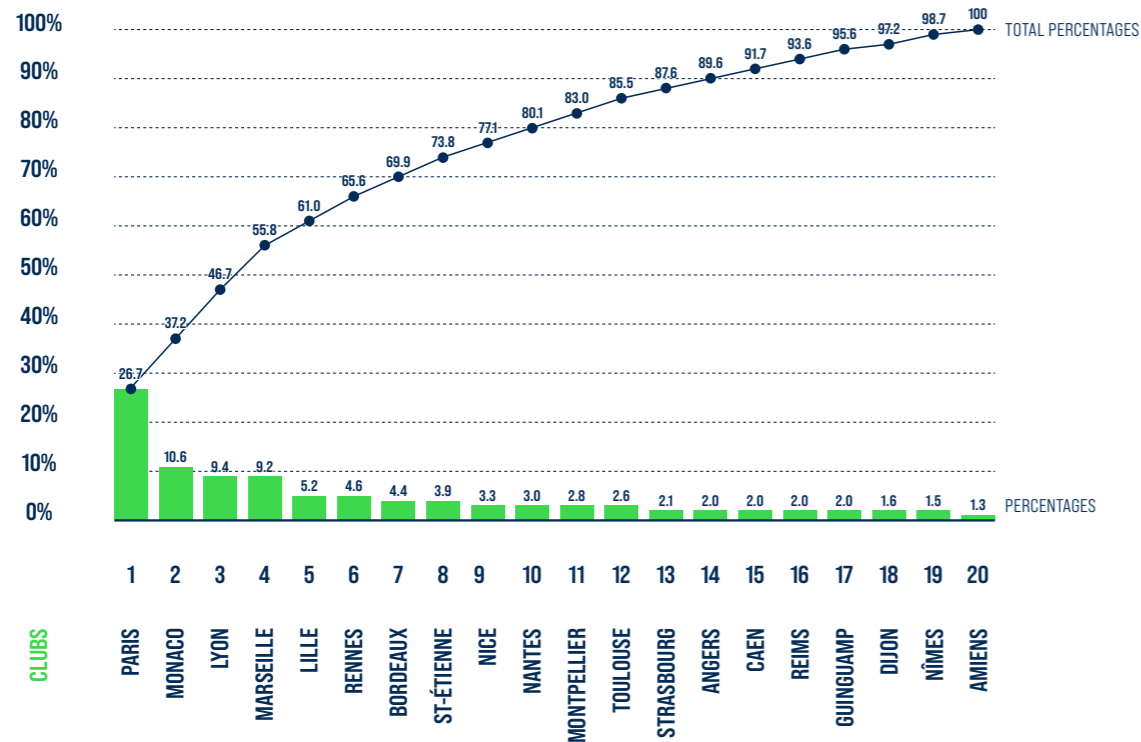
Distribution of operating expense



- Just like the earnings, expenses are highly concentrated in Ligue 1: on their own, 6 clubs account for more than two thirds of the total Ligue 1 operating expenses.
- The share of PSG in the total operating expenses is lower than its share in the total non-transfer earnings [27% versus approximately 34.6%].
- Monaco is the Ligue 1 second club in terms of operating expenses (10.6%), but fourth in terms of earnings (5.9%).

1.1.3.1. TOTAL PAYROLL

Distribution of the total payroll



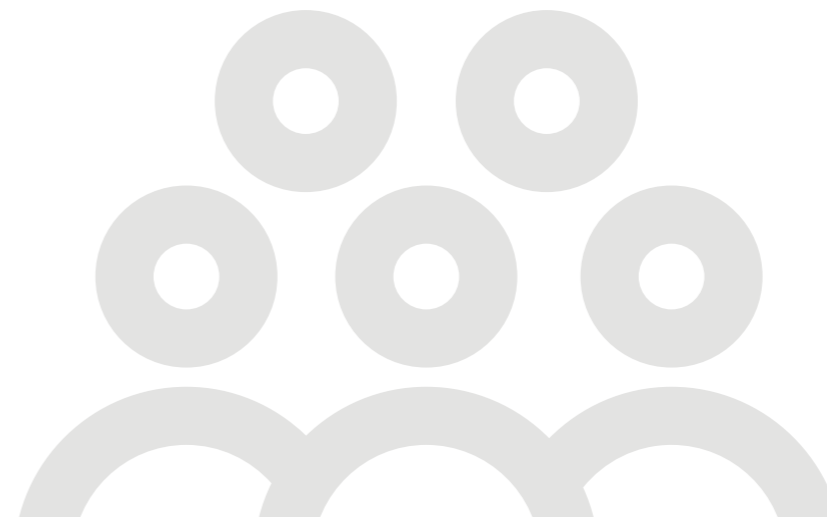
- The payroll is the main expense item for Ligue 1 clubs [54% of total operating expenses].
- The wages vary greatly from one club to another. As such, PSG accounts for more than a quarter of the Ligue 1 wage bill, i.e. as much as the 13 clubs with the lowest payrolls.
- Lyon is now third amongst Ligue 1 clubs in terms of wages, moving ahead of Marseille this season.

1.1.3.2. PAYROLL ANALYSIS

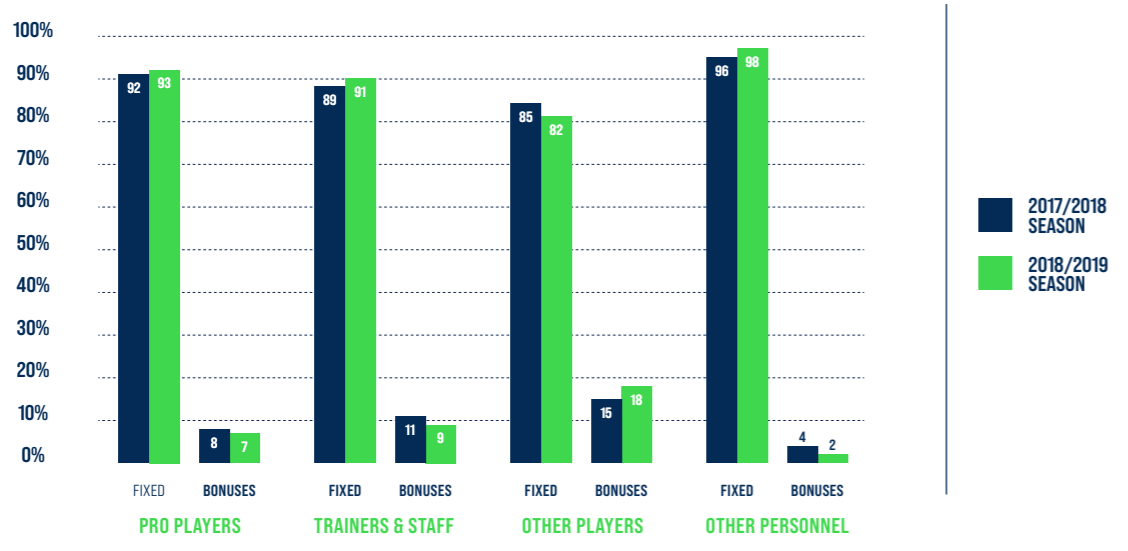
WAGE DETAILS BY PERSONNEL CATEGORY

| In euro thousands | 2017/2018 | 2018/2019 | VARIATION |
|---------------------------------------|----------------|----------------|--------------|
| Professional players | 715 016 | 778 963 | + 9% |
| Base salary | 660 402 | 723 643 | + 10% |
| Variable bonuses | 54 614 | 55 320 | + 1% |
| Professional coaches and staff | 94 526 | 124 419 | + 32% |
| Base salary | 84 171 | 113 006 | + 34% |
| Variable bonuses | 10 355 | 11 413 | + 10% |
| Other players | 27 363 | 31 019 | + 13% |
| Base salary | 23 232 | 25 509 | + 10% |
| Bonuses | 4 131 | 5 510 | + 33% |
| Other personnel | 138 750 | 145 409 | + 5% |
| Base salary | 133 537 | 142 065 | + 5% |
| Bonuses | 5 213 | 3 344 | + 4% |

- Variable bonuses represent a small proportion of the wages, for all employee categories.
- The category of coaches and professional staff saw its payroll increase the most (+32%), notably due to the termination payments paid over the course of the season.

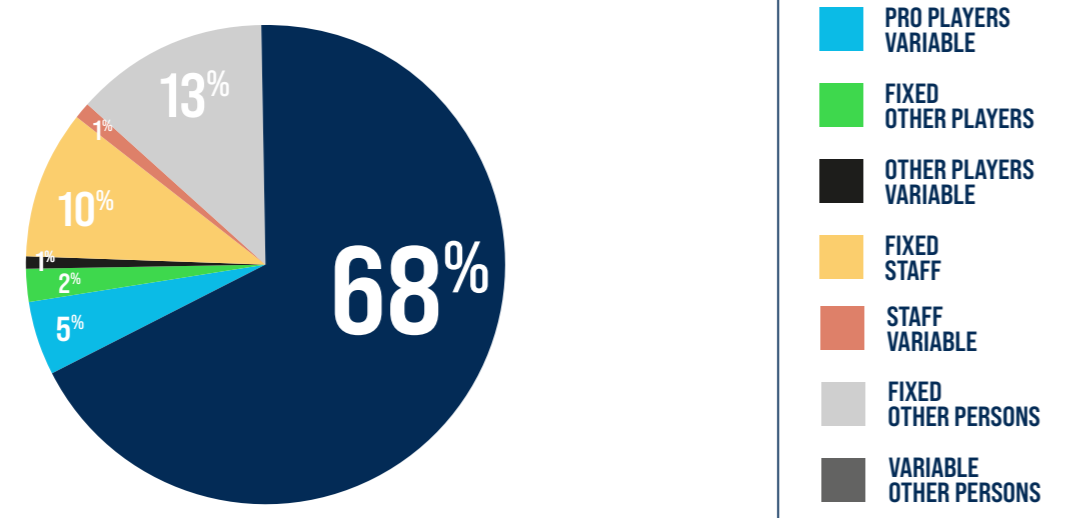


Fixed and variable remuneration



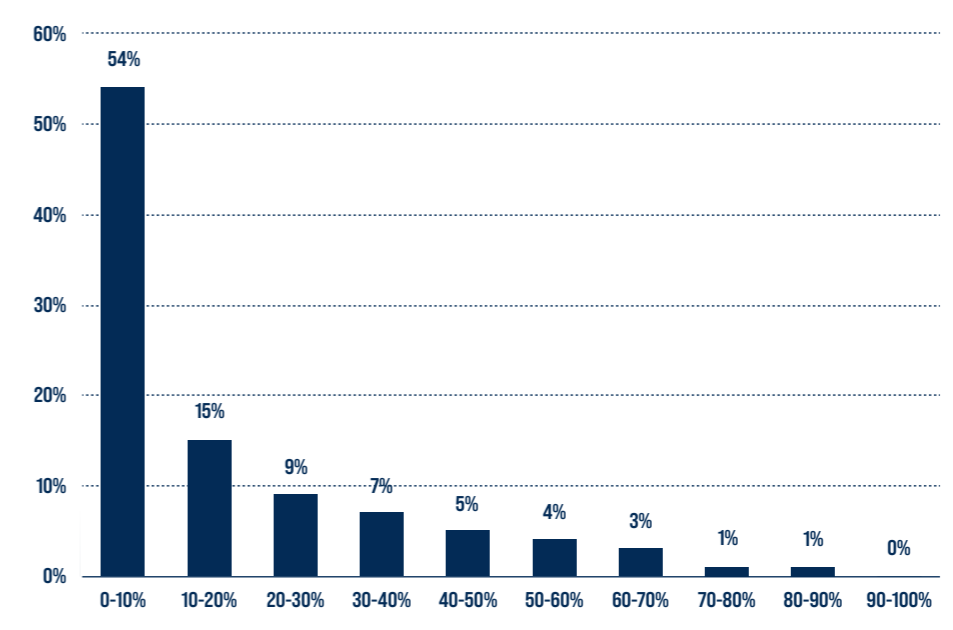
- The variable part of the wages is stable for professional players, staff and all other players and other personnel.

Distribution of the total payroll



- Professional players account for 73% of the wages of Ligue 1 clubs, i.e. €779 million compared with €715 million in 2017/2018.

Cumulative percentage of player wages per decile

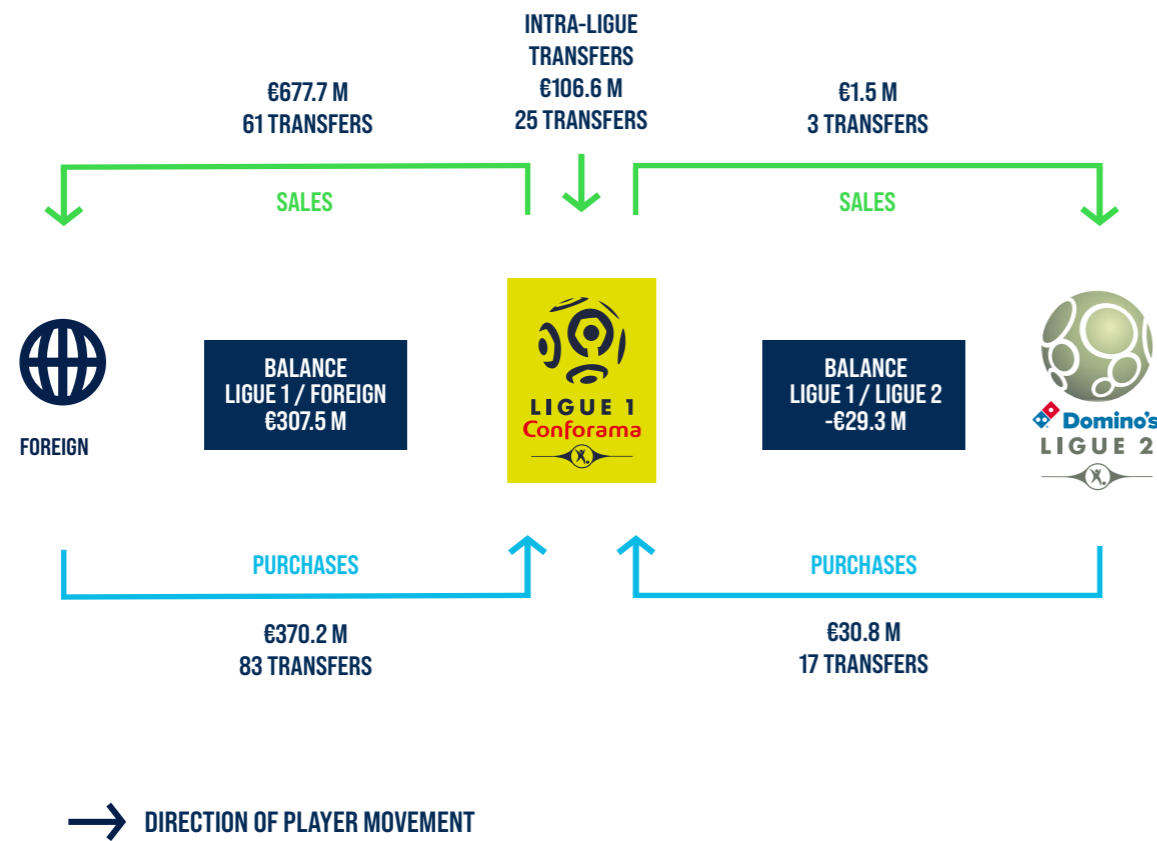


- As in 2017/2018, very significant disparities are noted between the contractual wages of Ligue 1 players. The 10% best paid players are paid more than the 90% of the lowest paid players. Indeed, the 10% best paid players weigh for 54% of the total payroll of Ligue 1 players.

| Analysis of the player portfolio | 30/06 2019 | 30/06 2020 | 30/06 2021 | 30/06 2022 | 30/06 2023 |
|--|------------|------------|------------|------------|------------|
| Number of players' contracts by maturity | 22% | 24% | 33% | 15% | 6% |
| Aggregate players' wages by maturity | 17% | 20% | 29% | 25% | 9% |

1.1.4. OPERATIONS INVOLVING

PLAYER TRANSFERS FROM FRENCH PROFESSIONAL CLUBS FOR THE 2018-2019 SEASON



| Evolution of the balance of transfers in €M | 2016/2017 | 2017/2018 | 2018/2019 |
|---|--------------|--------------|--------------|
| France sales | 49.2 | 314.2 | 108.1 |
| Foreign sales | 260.4 | 581.4 | 677.7 |
| France purchases | -61.7 | -354.2 | -137.4 |
| Foreign purchases | -260 | -560.5 | -370.2 |
| TRADE BALANCE | -12.1 | -19.1 | 278.2 |

• Whereas in 2016/2017 and 2017/2018, the balance of transfers showed a deficit, it became positive in 2018/2019, with a sharp increase (+€297.3 M).

Cross transfers by league in €M

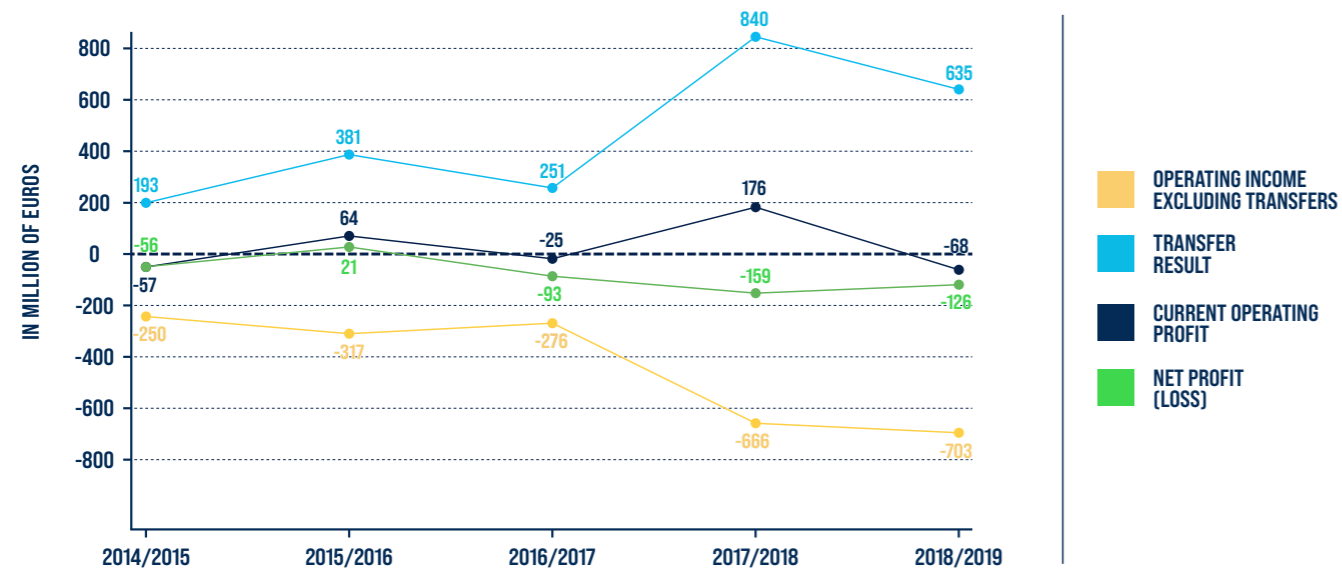
| Departure league | Arrival league | | | Total |
|----------------------------------|----------------|--------------|-------------|----------------|
| | Foreign | Ligue 1 | Ligue 2 | |
| Foreign | | | | |
| Number of transfers | | 83 | 20 | 103 |
| Amount | | 370.2 | 8.9 | 379.1 |
| Ligue 1 | | | | |
| Number of transfers | 61 | 25 | 3 | 89 |
| Amount | 677.7 | 106.6 | 1.5 | 785.8 |
| Ligue 2 | | | | |
| Number of transfers | 23 | 17 | 11 | 51 |
| Amount | 48.7 | 30.8 | 6.1 | 85.6 |
| TOTAL NUMBER | 84 | 125 | 34 | 243 |
| TOTAL AMOUNT OF TRANSFERS | 726.4 | 507.6 | 16.5 | 1 250.5 |

Transfer operations in €M

| | |
|--|------------|
| Sale price | 785.8 |
| Net book value of players sold | 140.8 |
| Transfers capital gains | 645 |
| Reversal of provisions for transfer fees | 9.0 |
| Provision allowances depreciation of transfer fees | 19 |
| Operating result (loss) | 635 |

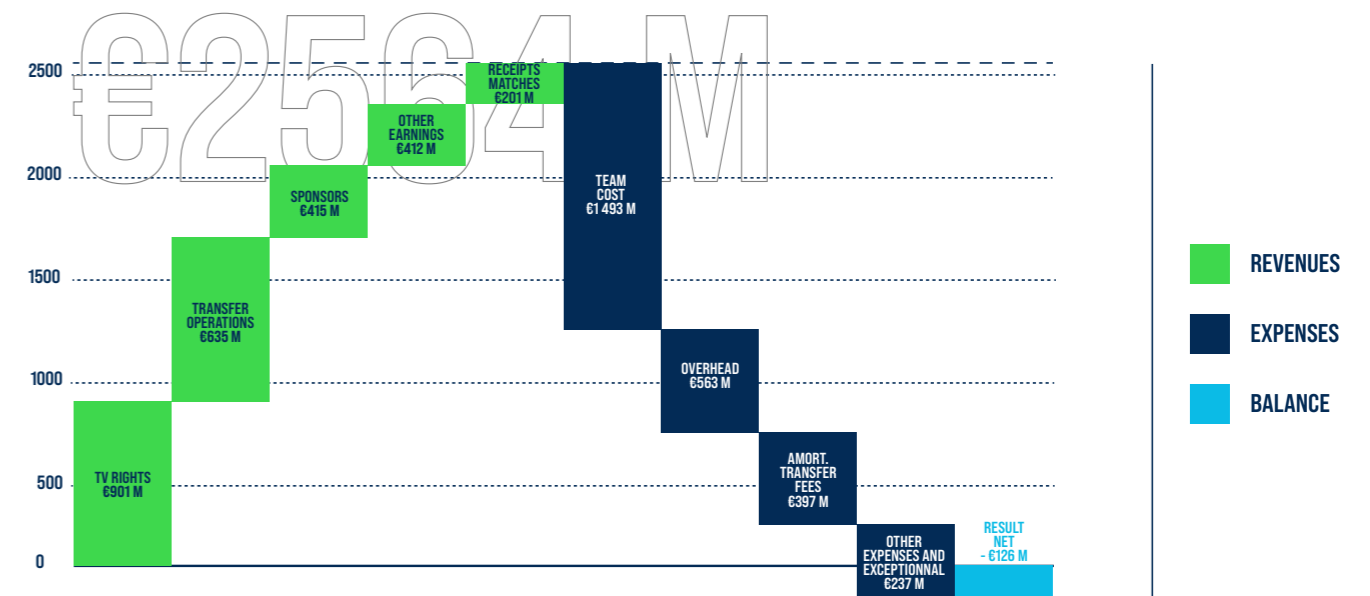
1.1.5. RESULTS

Breakdown of net profit

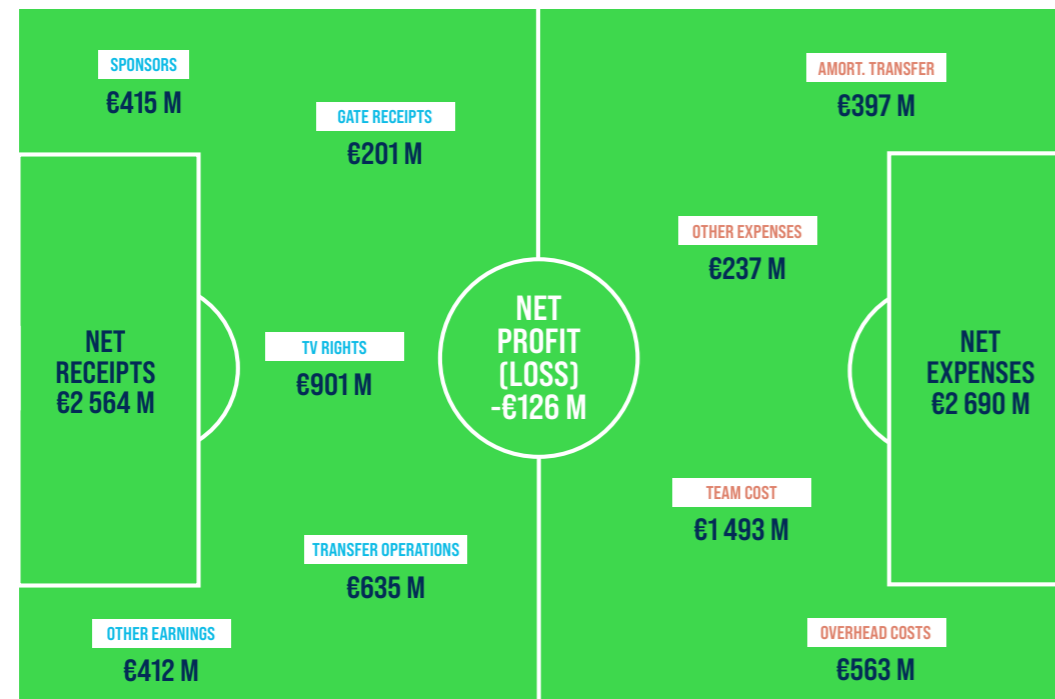


- The net income of Ligue 1 clubs is negative for the third consecutive season.

Analysis of the composition of the net income



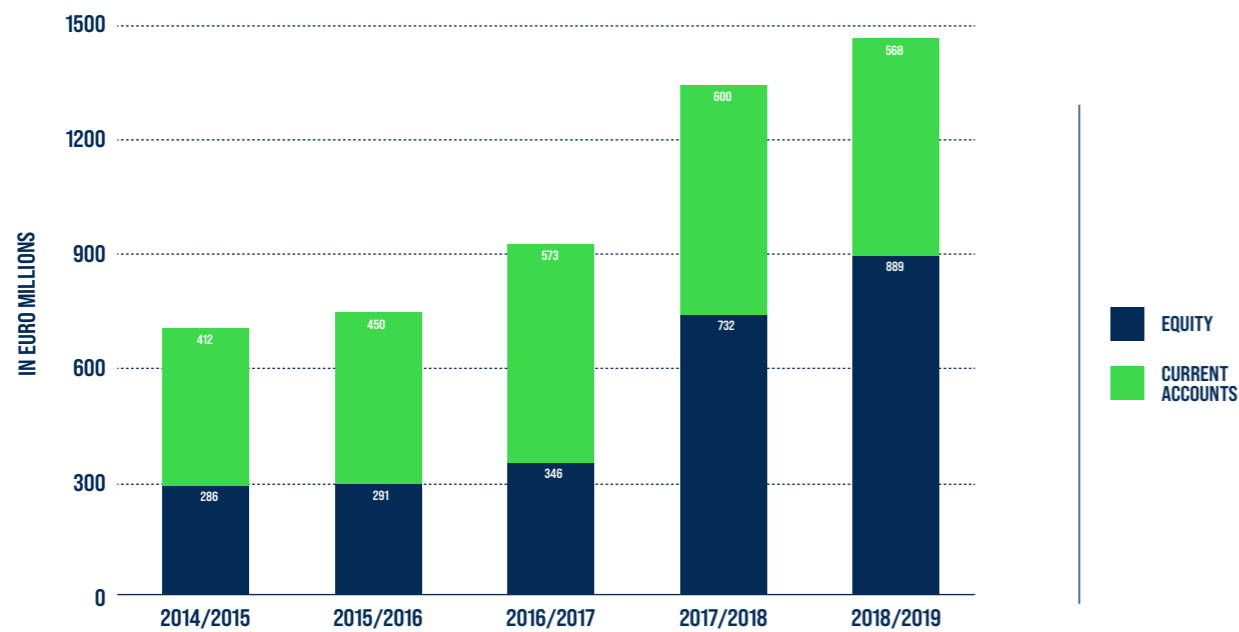
Formation of the net income



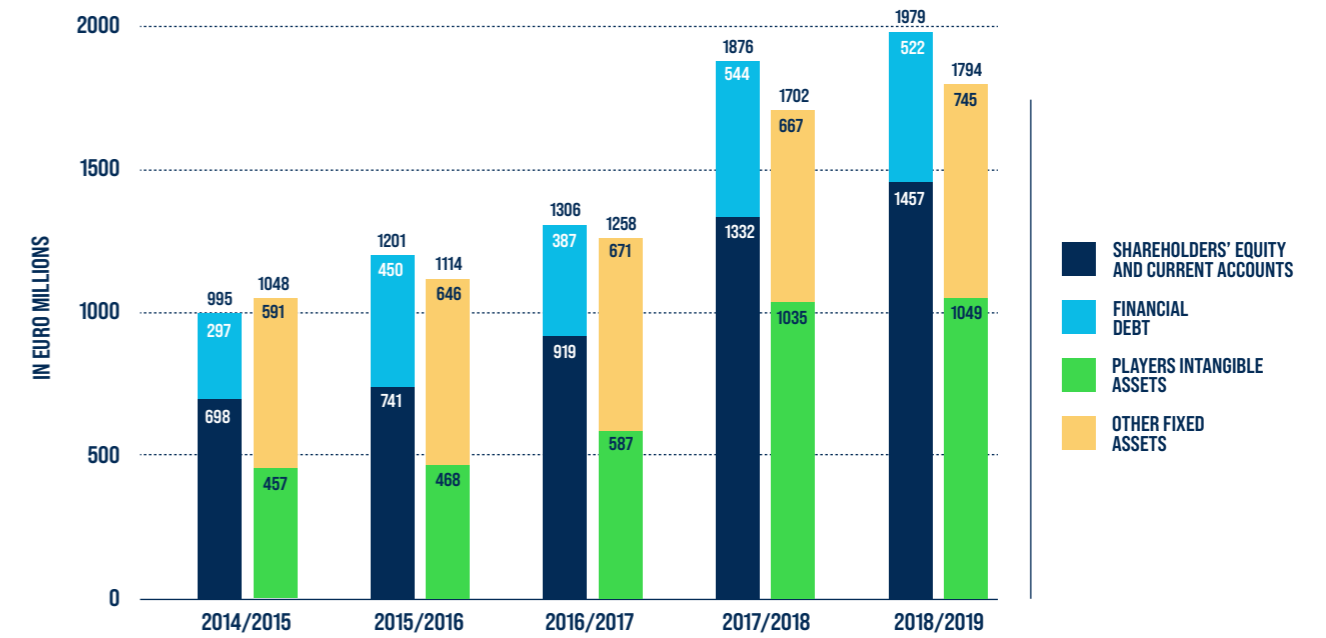
1.1.6. FINANCING OF THE CLUBS

Changes of equity and current accounts

- Shareholder contributions (shareholders' equity and shareholder current accounts) continued to increase relative to the last season, but to a lesser extent (+9% in 2018/2019 vs. +44% in 2017/2018) and amounted to €1,457 million.



Coverage of fixed assets by shareholders' equity and current accounts



- The coverage of player intangible assets by shareholders' equity and current accounts continues to be very high in 2018/2019 (139%).
- However, the overall coverage of fixed assets dropped back below 100% to 91%, which is nevertheless a satisfactory level.

| Cash flow table (in €M) | 2017/2018 | 2018/2019 |
|---|--------------|------------|
| Net cash inflows / outflows from operational activities | -2.1 | -327 |
| Net cash inflows / outflows from investment activities | -31.9 | 49 |
| Net cash inflows / outflows from financing activities | 167.7 | 201 |
| Other cash inflows / outflows | -0.8 | -1.1 |
| Net inflows / outflows during the reporting period | 139.6 | -78 |

1.1.7. ANALYSIS OF ACHIEVEMENTS COMPARED TO INITIAL BUDGETS 2018/2019 SEASON

| In euro thousands | INITIAL BUDGET | ACTUAL | GAP |
|---|------------------|------------------|------------------|
| Broadcasting rights | 836 174 | 900 786 | 64 612 |
| Sponsors - Advertising | 390 556 | 414 882 | 24 326 |
| Gate receipts | 200 254 | 201 123 | 869 |
| Other income (including merchandising) | 321 068 | 385 639 | 64 571 |
| TOTAL OPERATING INCOME | 1 748 051 | 1 902 430 | 154 379 |
| Total payroll | 1 240 133 | 1 389 096 | 148 963 |
| Transfer costs | 466 730 | 501 258 | 34 528 |
| Other expenses | 605 698 | 715 222 | 109 524 |
| TOTAL OPERATING EXPENSES | 2 312 561 | 2 605 576 | 293 015 |
| OPERATING RESULT (LOSS) | -564 511 | - 703 146 | -138 635 |
| RESULT OF TRANSFER OPERATIONS | 602 031 | 634 998 | 32 967 |
| CURRENT OPERATING PROFIT | 37 520 | -68 111 | -105 631 |
| Financial profit (loss) | -77 975 | - 51 464 | 26 511 |
| Exceptional profit (loss): Other | -2 390 | - 15 384 | - 12 994 |
| Income tax | -11 301 | - 17 740 | - 6 439 |
| Except. profit (loss): Current account write-offs/write-backs | 27 925 | 26 295 | - 1 630 |
| NET PROFIT (LOSS) | -26 221 | -126 403 | - 100 182 |

- Non-transfer earnings and non-transfer expenses are higher than in the original budget.
- However, the increase of expenses is greater than the earnings increase, which explains the ultimately sharp deterioration of the net income.

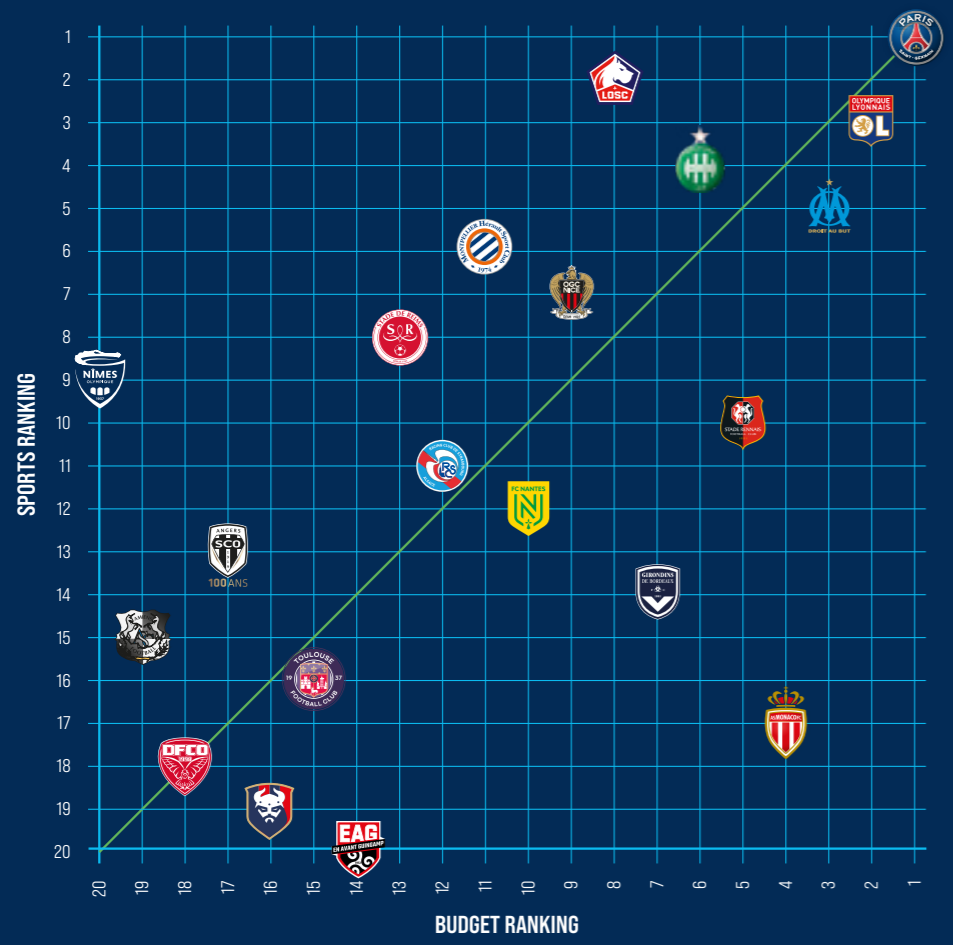
1.2. LINK BETWEEN SPORTS RESULTS AND FINANCIAL CHARACTERISTICS

1.2.1. SPORTS RESULTS

| TEAMS | CLASSIFICATION | POINTS |
|-------------|----------------|--------|
| Paris | 1 | 91 |
| Lille | 2 | 75 |
| Lyon | 3 | 72 |
| St-Étienne | 4 | 66 |
| Marseille | 5 | 61 |
| Montpellier | 6 | 59 |
| Nice | 7 | 56 |
| Reims | 8 | 55 |
| Nîmes | 9 | 53 |
| Rennes | 10 | 52 |
| Strasbourg | 11 | 49 |
| Nantes | 12 | 48 |
| Angers | 13 | 46 |
| Bordeaux | 14 | 41 |
| Amiens | 15 | 38 |
| Toulouse | 16 | 38 |
| Monaco | 17 | 36 |
| Dijon | 18 | 34 |
| Caen | 19 | 33 |
| Guingamp | 20 | 27 |

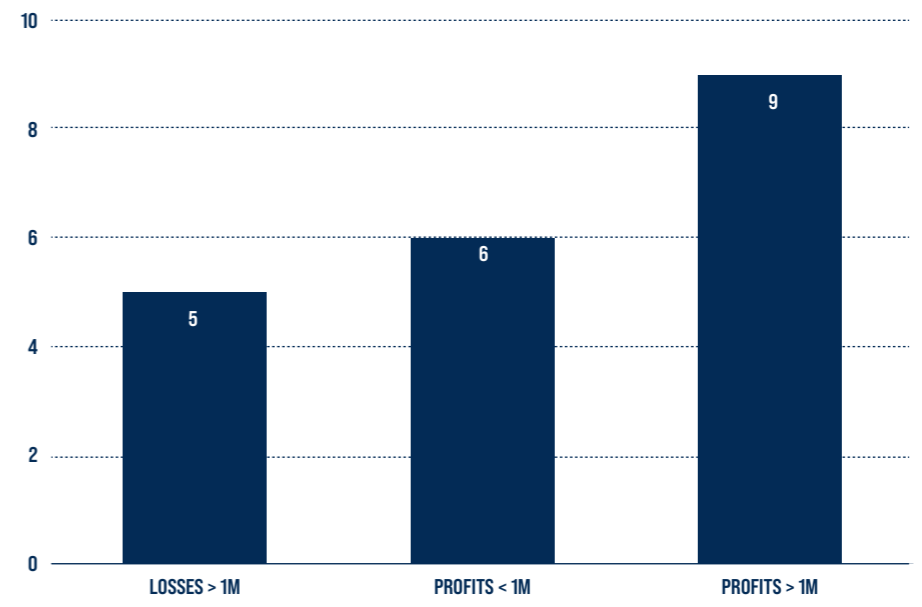
| TEAMS | ELIMINATION | NUMBER OF EUROPEAN MATCHES PLAYED |
|---------------------------------|-------------|-----------------------------------|
| CHAMPIONS LEAGUE | | |
| Paris Saint-Germain | Last 16 | 8 |
| Olympique Lyonnais | Last 16 | 8 |
| AS Monaco | Group phase | 6 |
| EUROPA LEAGUE | | |
| Stade Rennais FC | Last 16 | 10 |
| Olympique de Marseille | Group phase | 6 |
| Girondins de Bordeaux | Group phase | 12 |
| WINNER OF THE LEAGUE CUP | | |
| RC Strasbourg | | |
| WINNER OF THE FRENCH CUP | | |
| Stade Rennais FC | | |

Budget and sports ranking



- In Ligue 1, the correlation between the budget and sports rankings is very strong, especially for the biggest budgets: three of the four “richest” clubs finish in the top five of the championship.
- Nîmes, lowest Ligue 1 budget, finishes 9th in the championship.

Number of profitable and loss-making clubs



- 15 Ligue 1 clubs will be profitable in 2018/2019, as in the previous season. All loss-making clubs have losses in excess of €1 million.



1.2.2. SPORTS RISKS/OPPORTUNITIES AND PAYROLL

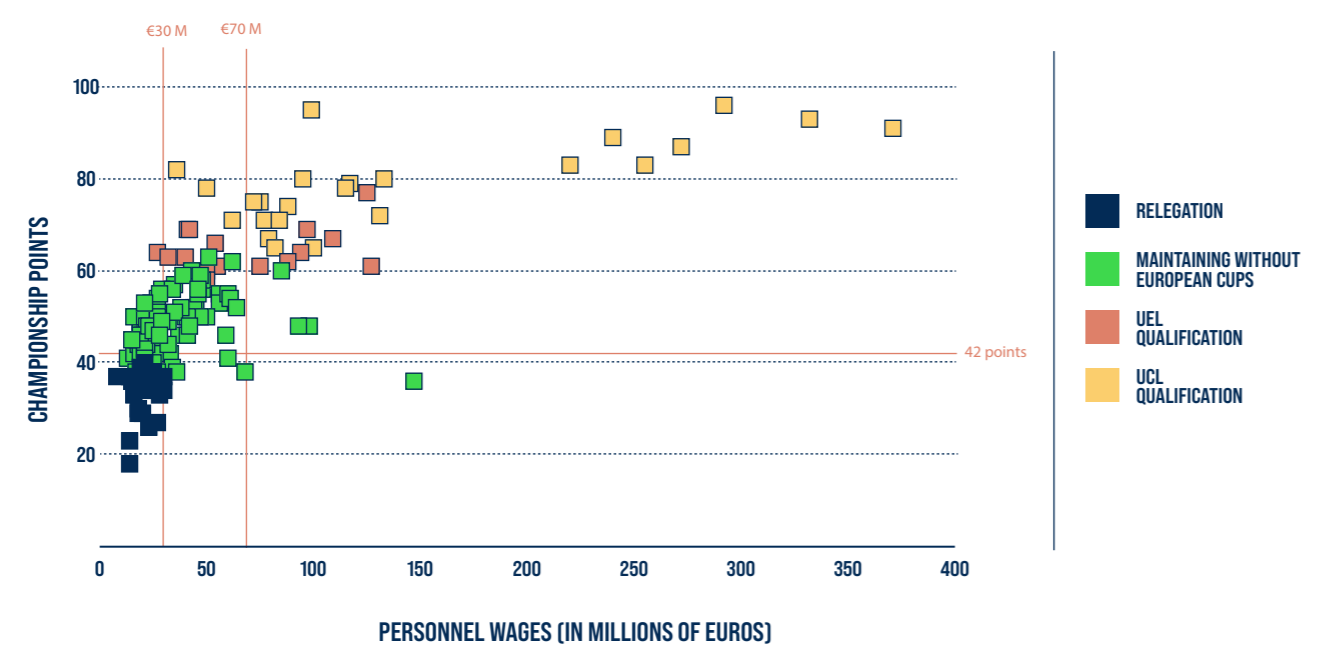
- The relationship between the wage bill and the number of championship points is relatively strong, but it does not explain everything: for the same payroll, the points differential can be nearly 30 points.
- Symmetrically, there is great variability in the wage bill for teams that score the same number of points (nearly €40 million).
- Thus, a higher wage bill is not an absolute guarantee of better sports results.

There are two major risks for Ligue 1 clubs:

- Relegation for those that have a budget to bet on maintenance.
- The lack of qualification for European Cups for those that have a budget to play in a European Cup.

The above graph analyses the relationship between the number of sport ranking points and the payroll over the past seven seasons. The findings of previous DNCG reports are still valid for the 2018/2019 season:

- No team with a total payroll in excess of 30 million euros has been relegated.
- With the exception of OGC Nice at the end of the 2012/2013 season, no team with a payroll of less than €30 million has qualified for the Europa League via its classification in the championship.
- With the exception of Montpellier at the end of the 2011/2012 season, Lille at the end of the 2013/2014 season and Nice in 2016/2017, no team with a payroll of less than €70 million has qualified for the Champions League.



1.2.3. STRONG IMPACT OF SPORTS RESULTS ON REVENUES

As such, we can identify three groups of teams:

- **Group 1:** clubs with a payroll in excess of €70 million. 88% of them have qualified for European Cups in the last eight seasons. The main risk for these clubs is the lack of qualification in the Champions League group phases.
- **Group 2:** clubs with a payroll of between €30 and 70 million. None of these clubs have been relegated in the last eight seasons. Of all these clubs, one club in four has qualified for European Cups over the same period (Europa League: 17%, Champions League last 16: 6%).
- **Group 3:** clubs with a payroll of under €30 million. More than a quarter of these clubs have been relegated in the last eight seasons (28%).

SPORTS RESULTS BASED ON PAYROLL (2011/2012 TO 2018/2019 SEASONS)

| PAYROLL | SHARE OF RELEGATED TEAMS | SHARE OF TEAMS MAINTAINED WITHOUT EUROPEAN CUPS | SHARE OF TEAMS QUALIFIED FOR THE EUROPA LEAGUE | SHARE OF TEAMS QUALIFIED FOR THE CHAMPIONS LEAGUE |
|----------------------------|--------------------------|---|--|---|
| Above €70 M | 0% | 13% | 22% | 66% |
| between €30 and 70 million | 2% | 74% | 17% | 6% |
| below €30 million | 28% | 70% | 1% | 0% |

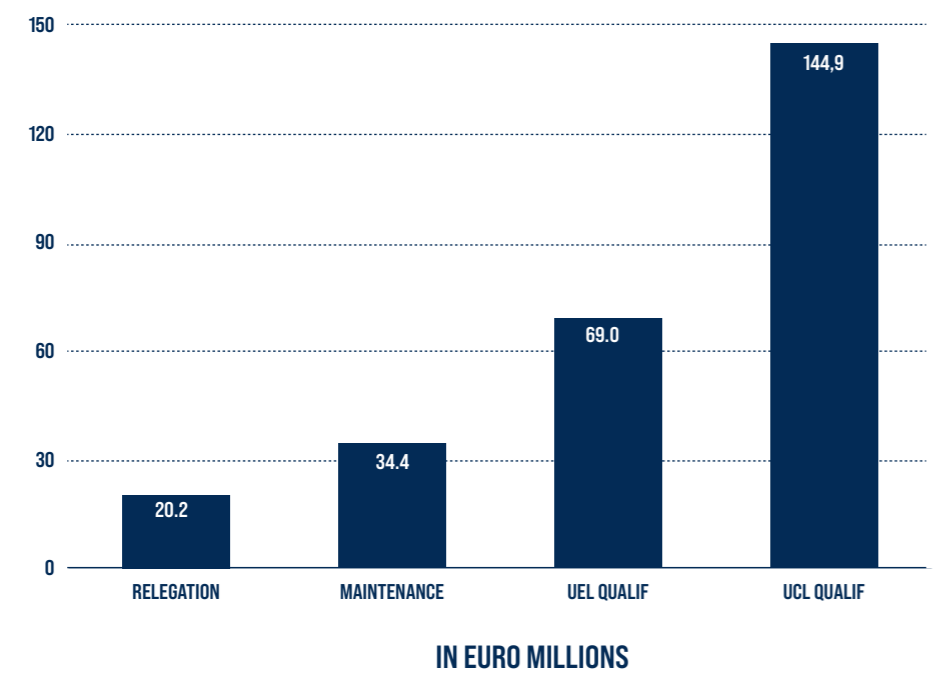
At the end of a season, there are four possible scenarios for a Ligue 1 team: relegation to Ligue 2, remaining in Ligue 1 without qualifying for the European Cup, qualifying for the Europa League or qualifying for the Champions League.

All four scenarios have very important consequences for club revenues:

- **Relegation:** on average, non-transfer earnings for the two Ligue 1 teams relegated at the end of the 2017/2018 season (Metz and Troyes) fell by €10 million between 2017/2018 and 2018/2019. Each club lost 33% and 43% of its revenues, respectively.
- **Maintenance without European Cup:**
 - Between 10th and 6th places, the ranking bonuses range from €5.5 to 9.6 million. The risk of revenue variation for a team in the top half of the table is therefore approximately €4.1 million.
 - Between 17th and 11th places, the ranking bonuses range from €3.4 to 4.8 million. The risk of revenue variation for team in the second half of the table is therefore approximately €1.4 million.
- **Qualification for the Europa League:** this competition generates revenues of up to €20 million for clubs, based on UEFA's broadcasting rights and ticket sales. In addition, teams that qualify for the Europa League via the championship receive Ligue 1 classification bonuses of €9.1 million for 6th place, €11.1 million for 5th and €12.8 million for 4th.
- **Qualification for the final phase of the Champions League:** this competition generates revenues of around €40-100 million for clubs, based on UEFA's broadcasting rights and ticket sales. In addition, teams that qualify for the Champions League via the championship receive Ligue 1 classification bonuses ranging from €14.7 million for 3rd place, to €19.4 million for the Ligue 1 champion.

1.2.4. CORRELATION BETWEEN AVERAGE ANNUAL GROSS PAYROLL AND SPORTS SUCCESS

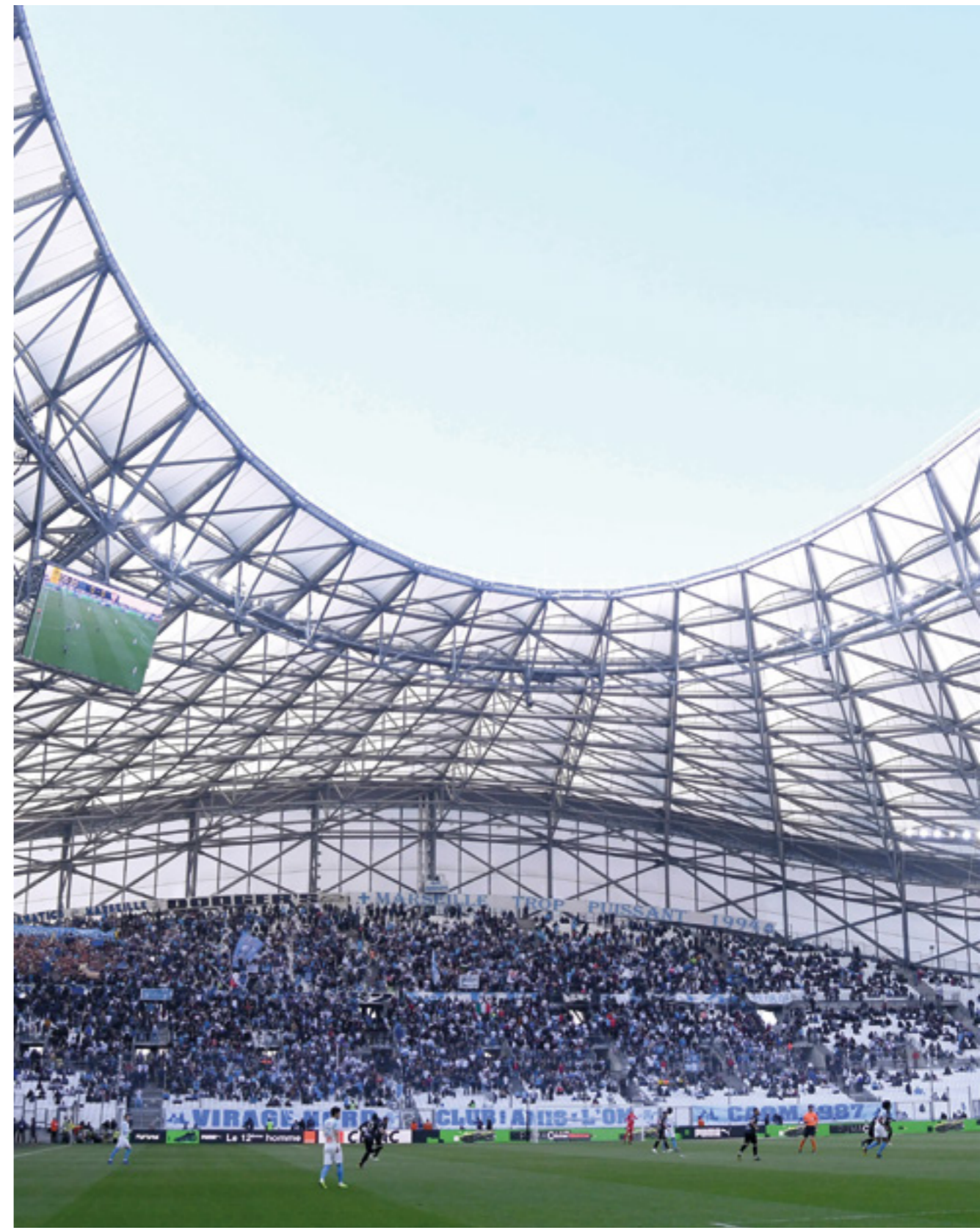
AVERAGE GROSS PAYROLL BASED ON THE SPORTS PERFORMANCE OF CLUBS (2011/2012 TO 2018/2019 SEASON)



The observation made in the DNCG 2017/2018 report is still valid if the 2018/2019 season is included:

Over the past eight seasons:

- The teams that were relegated had an average payroll of just over €20 million.
- Teams that were maintained without qualifying for the European Cup had an average payroll of around €35 million.
- Teams that qualified for the Champions League had an average payroll of around €145 million.

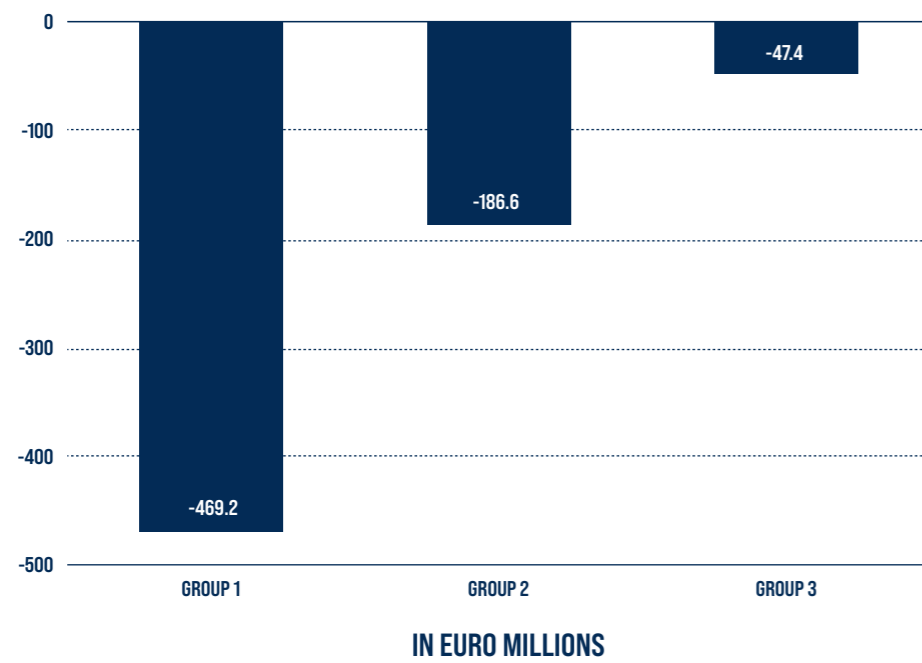


1.2.5. ANALYSIS BY GROUPS OF CLUBS FOR THE 2018/2019 SEASON

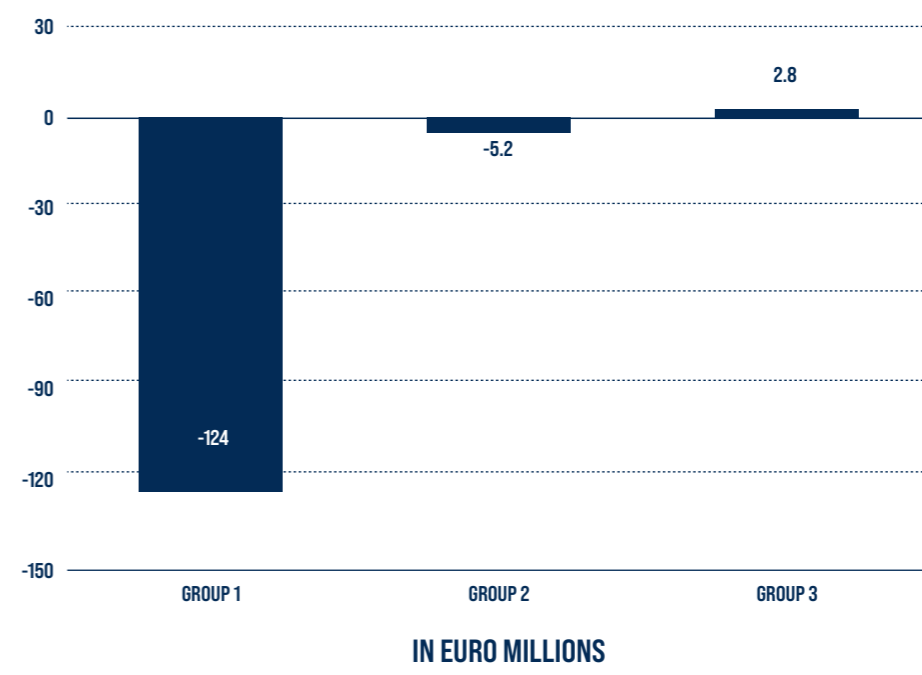
Following the above analyses, 3 groups of clubs can be distinguished according to their overall payroll:

| Group | Clubs |
|--|--|
| Group 1: payroll above €70 million | Paris, Marseille, Monaco, Lyon, Lille |
| Group 2: payroll between €30 and 70 million | Bordeaux, Saint-Étienne, Rennes, Montpellier, Nice, Toulouse, Nantes |
| Group 3: payroll below €30 million | Caen, Guingamp, Dijon, Strasbourg, Amiens, Angers, Reims, Nîmes |

Cumulative operating income by group (2018/2019 season)



Cumulative net profit by group (2018/2019 season)



- The results by club groups differ significantly from last season due to the move of LOSC from Group 2 to Group 1.
- On average, the operating results of the clubs are the following: -€469 million for group 1 clubs, -€187 million for group 2 clubs, -€47 million for group 3 clubs.
- In terms of net profit, only Group 3 manages to make a profit. The net profit of Group 1 deteriorated sharply compared with the 2017/2018 season (-€39 million), while the results of Group 2 improved.

02

LIGUE 2



2.1. KEY FIGURES

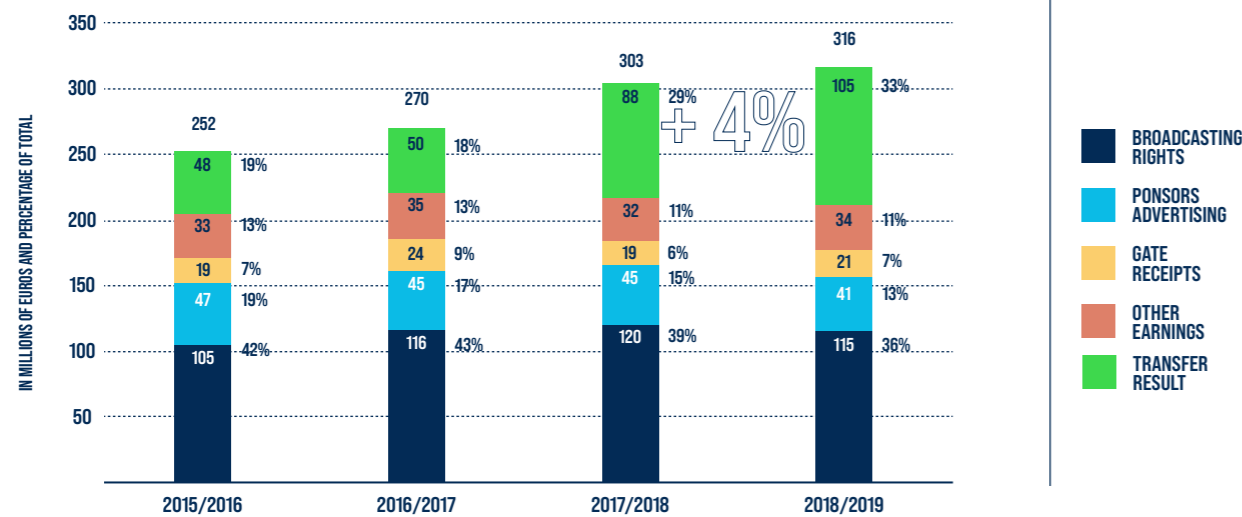
2.1.1. SUMMARY

| COMBINED INCOME STATEMENT | 2017/2018 | 2018/2019 | VARIATION |
|---|-----------------|-----------------|--------------|
| In euro thousands | | | |
| Broadcasting rights | 119 678 | 115 375 | -4% |
| Sponsors - Advertising | 44 772 | 41 244 | -8% |
| Gate receipts | 18 677 | 20 862 | +12% |
| Other income (including merchandising) | 31 962 | 33 728 | +6% |
| TOTAL OPERATING INCOME | 215 089 | 211 210 | -2% |
| Total payroll | 129 986 | 140 501 | +8% |
| Social charges | 54 062 | 58 222 | +8% |
| Transfer fees | 10 083 | 12 647 | +25% |
| Agents' fees | 8 094 | 8 163 | 1% |
| Other expenses | 114 894 | 123 987 | +8% |
| TOTAL OPERATING EXPENSES | 317 119 | 343 519 | +8% |
| OPERATING RESULT (LOSS) | -102 030 | -132 309 | -30% |
| RESULT OF TRANSFER OPERATIONS | 88 311 | 104 569 | +18% |
| CURRENT OPERATING PROFIT | - 13 719 | -27 740 | -102% |
| Financial profit (loss) | - 887 | - 1 998 | -125% |
| Exceptional profit (loss): Other | 31 | - 1 445 | -4 616% |
| Income tax | - 3 008 | - 1 528 | +49% |
| Except. profit (loss): Current account write-offs/write-backs | 0 | - 742 | NA |
| NET PROFIT (LOSS) | - 17 583 | -33 454 | -90% |

| TOTAL BALANCE SHEET | 2017/2018 | 2018/2019 | VARIATION |
|--|----------------|----------------|-------------|
| In euro thousands | | | |
| Intangible assets: transfer fees | 18 049 | 23 114 | +28% |
| Other fixed assets | 137 642 | 136 537 | -1% |
| Receivables relative to player transfers | 39 103 | 42 177 | +8% |
| Other current assets | 61 134 | 63 674 | +5% |
| Cash and short-term investments | 48 034 | 36 824 | -23% |
| TOTAL ASSETS | 303 962 | 302 326 | 0% |
| Shareholders equity | 88 611 | 66 757 | -25% |
| Shareholder current accounts | 57 823 | 73 536 | +28% |
| Provisions for liabilities and charges | 11 038 | 7 486 | -32% |
| Financial liabilities | 37 184 | 35 642 | -4% |
| Liabilities relative to player transfers | 10 344 | 15 188 | +47% |
| Other liabilities | 98 962 | 103 717 | +5% |
| TOTAL LIABILITIES | 303 962 | 302 326 | 0% |
| PROFIT / LOSS FOR THE YEAR | -17 583 | -33 454 | -89% |

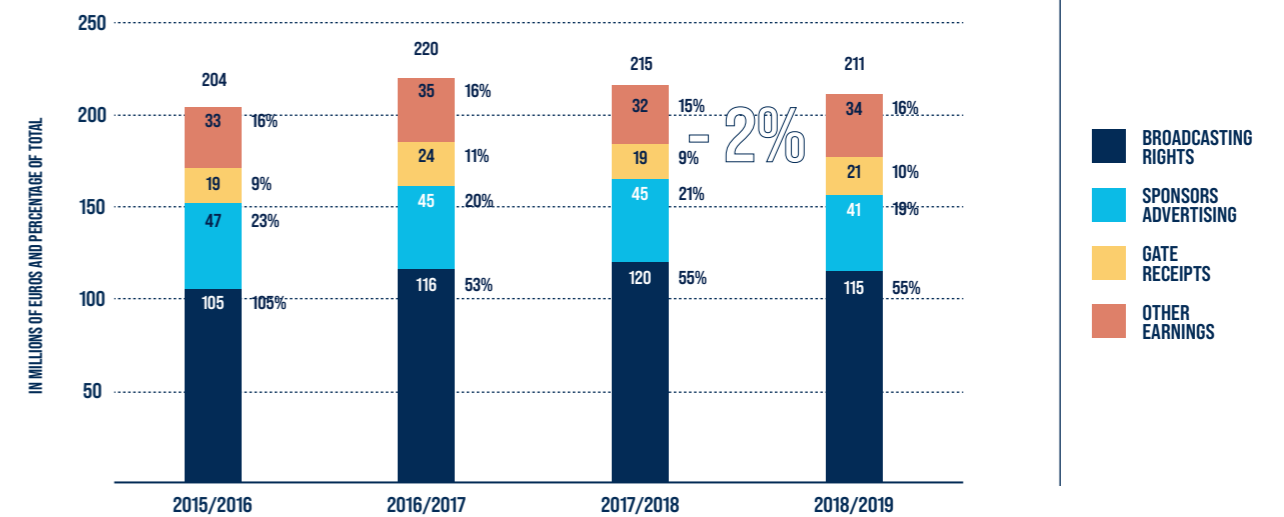
2.1.2. EARNINGS

Development of total earnings (including result of transfers)



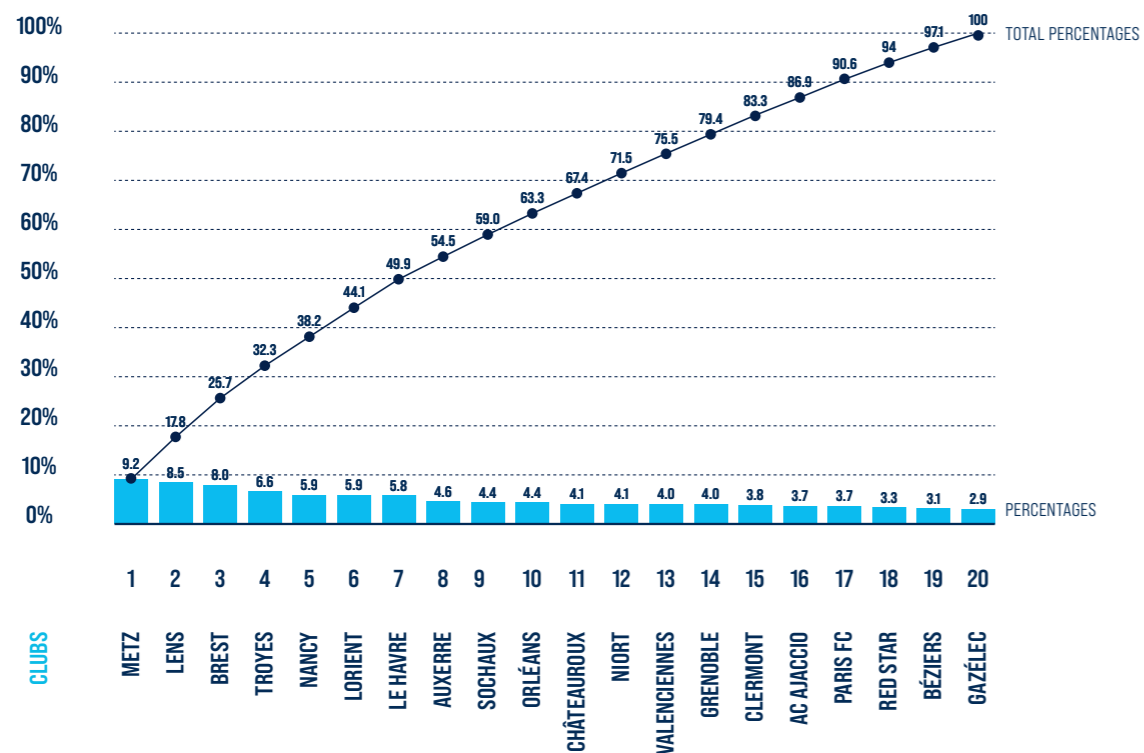
- Total earnings amounted to €316 million for Ligue 2 as a whole in 2018/2019, up 4% on the previous season.
- This growth was driven by a sharp rise of earnings on transfers (€17 million).

Change of operating revenues



- Ligue 2 non-transfer earnings amounted to €211 million in 2018/2019, which represents 11.1% of the Ligue 1 non-transfer earnings.
- Overall, the Ligue 2 non-transfer earnings were stable compared with last season [-2%].

Cumulative percentage of operating revenues

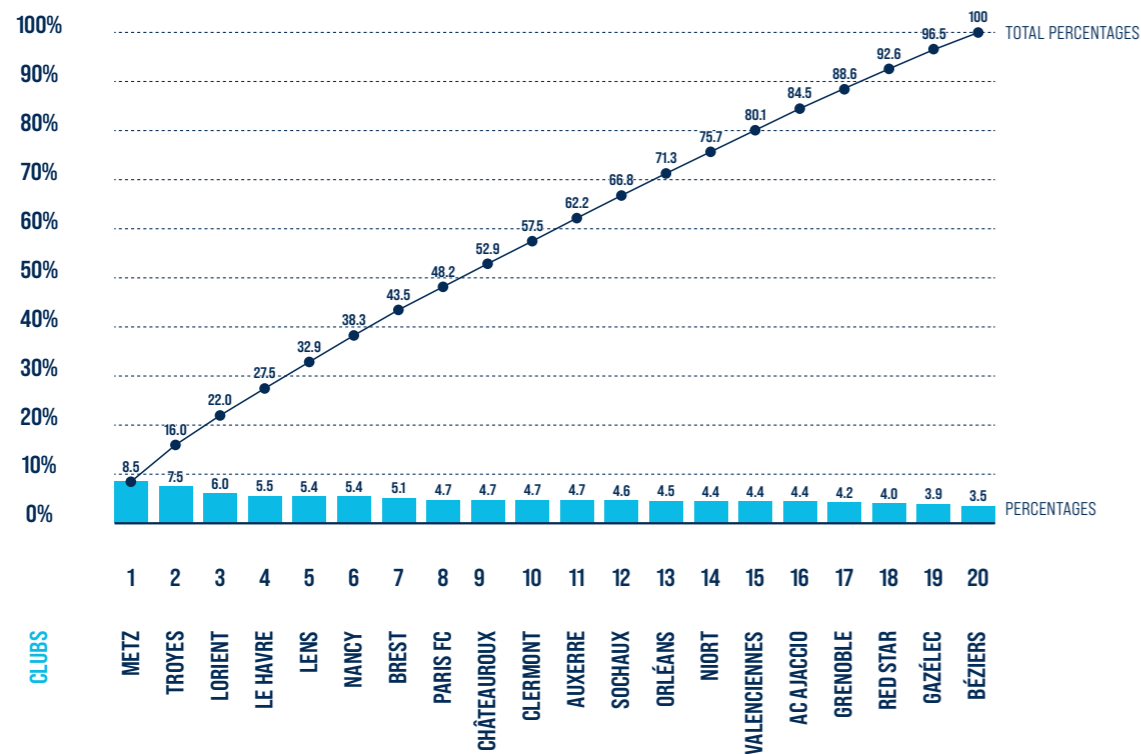


- Non-transfer earnings are much less concentrated in Ligue 2 than in Ligue 1. Together, the top 5 highest Ligue 2 revenues account for 38.2% of total Ligue 2 revenues (compared with 63.1% in Ligue 1).
- The revenues of Ligue 2 clubs are between €6.2 and 19.5 million.



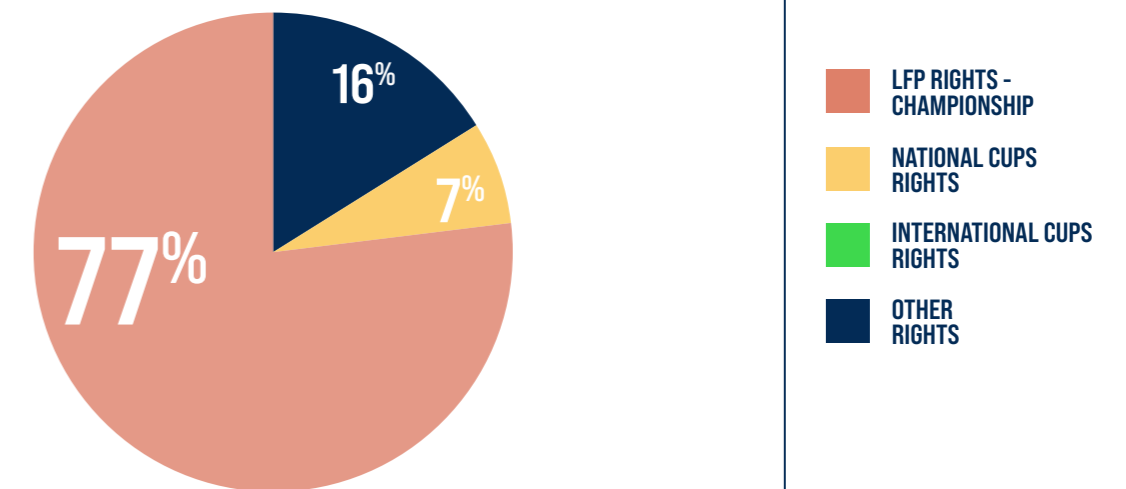
2.1.2.1. BROADCASTING RIGHTS

Distribution of broadcasting rights of Ligue 2 clubs

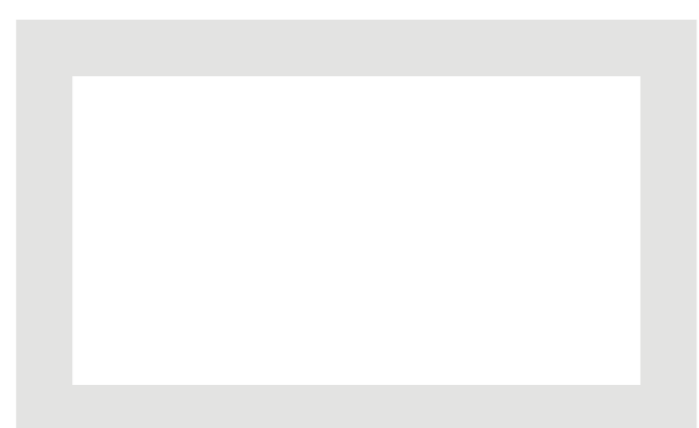


- The broadcasting rights of Ligue 2 are divided equally between the teams. This very balanced distribution can be explained by the manner in which the broadcasting rights are redistributed amongst Ligue 2 clubs, where the fixed share is predominant..
- The first in the ranking (Metz) accounts for 8.5% of broadcasting rights, versus 10.6% for Lorient in 2017/2018.

Breakdown of broadcasting rights of Ligue 2 clubs by competition



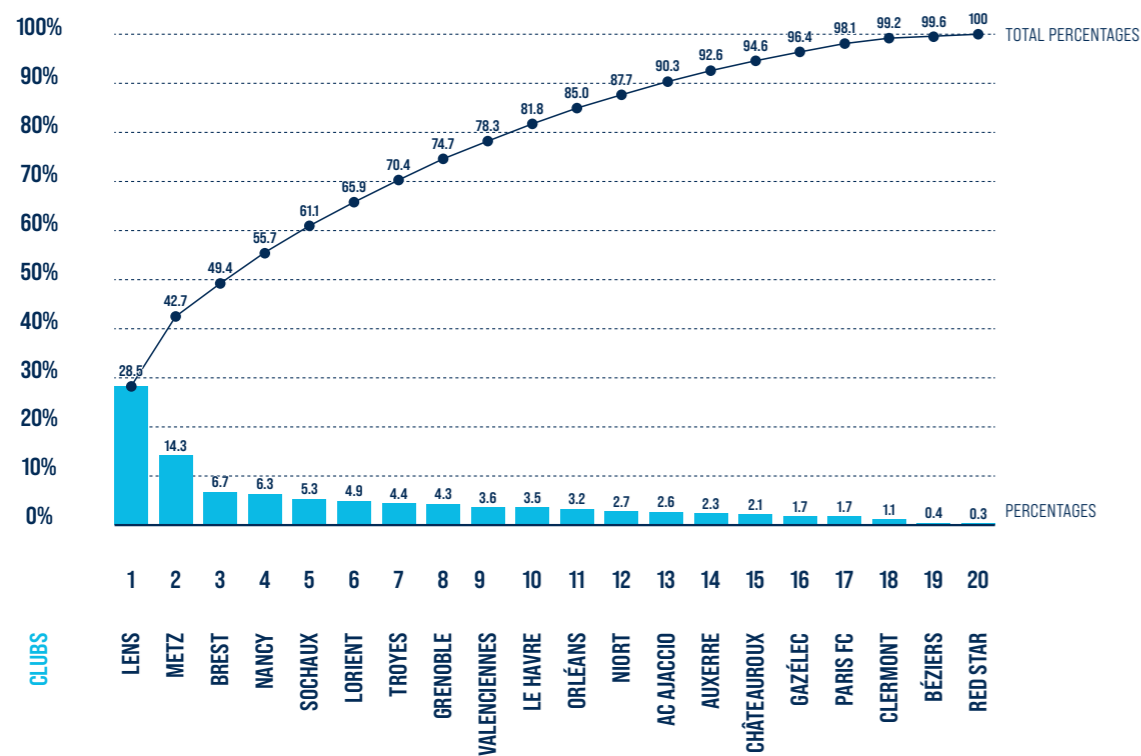
- Most of the broadcasting rights collected by Ligue 2 clubs are championship rights.
- As during the last season, the share of National cups in the broadcasting rights was very low (only 7%). The reason for this is that Ligue 2 clubs are lagging behind in these competitions.
- The category of “Other rights” consists mainly of relegation aid and UEFA subsidies for training centres.



2.1.2.2. GATE RECEIPTS

LIGUE 2 CHAMPIONSHIP GATE RECEIPTS

Distribution of Ligue 2 championship gate receipts



- The amount of gate receipts for the championship is more variable from one Ligue 2 club to another than the amount of the broadcasting rights.
- Lens, Metz, Brest and Nancy stand out from the other clubs: these four account for almost 55.7% of revenue, i.e. more than the other 16 clubs in Ligue 2.
- The ten Ligue 2 clubs with the lowest revenues account for only 15% of the total.

GATE RECEIPTS: ANALYSIS BY SPECTATOR CATEGORY

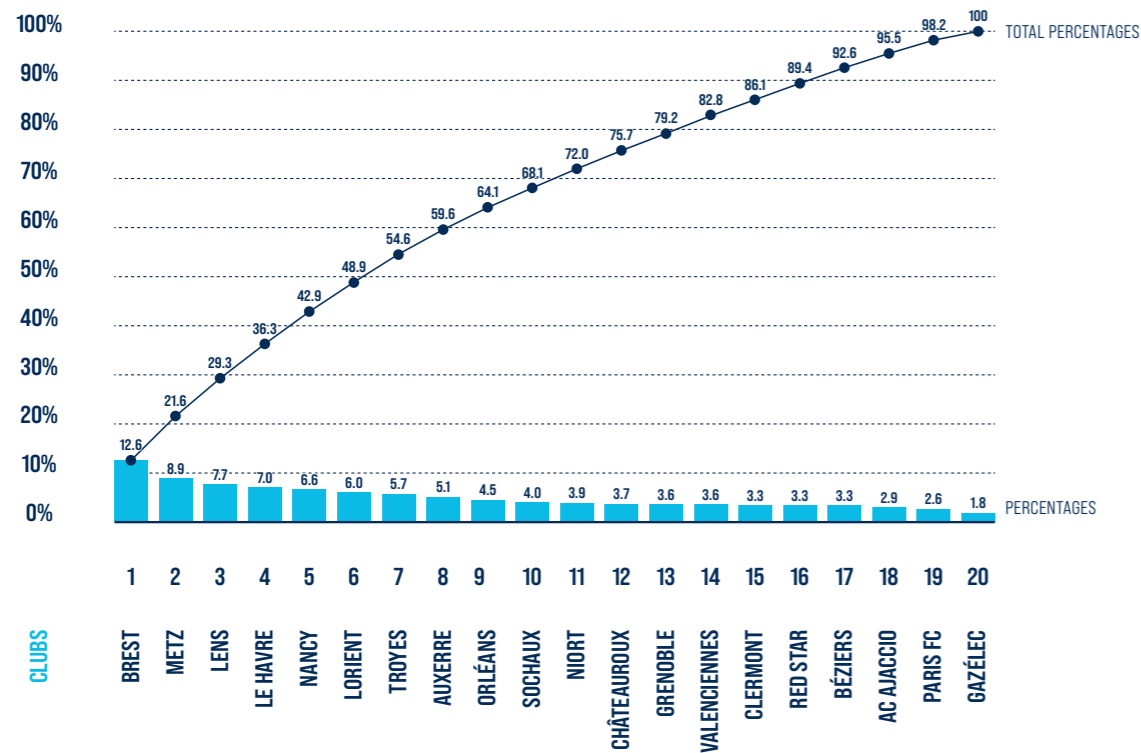
| | 2017/2018 | 2018/2019 | VARIATION |
|---|-------------------|----------------|--------------|
| Spectator category (number) | Average per match | | |
| Subscribers | 3 494 | 3 650 | +4.5% |
| Per match payment | 2 020 | 1 914 | -5.3% |
| Non-paying | 1 296 | 1 269 | -2.0% |
| TOTAL SPECTATORS | 6 810 | 6 833 | +0.3% |
| TOTAL RECEIPTS | €19.1 M | €20.9 M | +9.4% |
| Average subscription price | €7.65 | €7.61 | -0.5% |
| Spectators average price paid per match | €11.65 | €13.63 | +17.0% |
| Paying spectators average price | €9.11 | €9.68 | +6.2% |
| ALL SPECTATORS AVERAGE PRICE | €7.38 | €7.88 | +6.8% |



2.1.2.3. SPONSORING / ADVERTISING, MERCHANDISING, COMMUNITY SUBSIDIES AND OTHER EARNINGS

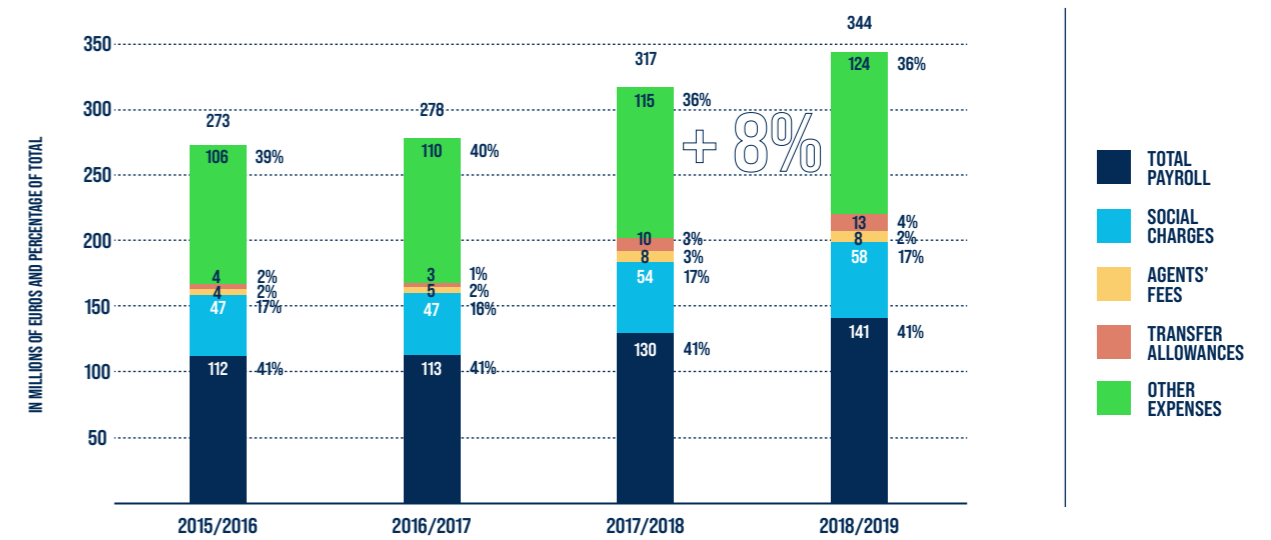
- The sponsoring/advertising, merchandising, community subsidies and other earnings categories together account for 35% of total Ligue 2 non-transfer earnings. Community subsidies only total €11 million income for Ligue 2 clubs, representing 5% of their operating income.
- Within these categories, sponsorship and advertising have a preponderant and rather stable weight compared to last season (55% compared to 58% in 2017/2018).
- These revenues are moderately concentrated: 10 clubs represent 68.8% of the total.

Distribution of receipts for sponsoring / advertising, merchandising, community subsidies and other earnings



2.1.3. OPERATING EXPENSES

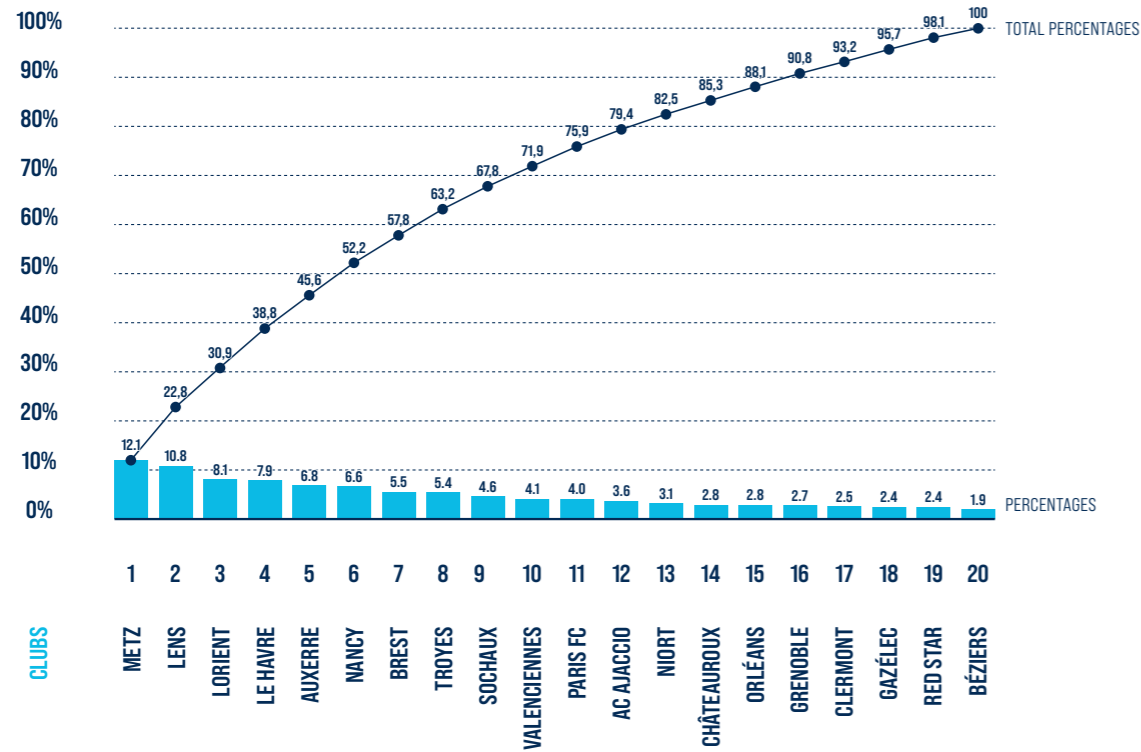
Evolution the operating expenses



- Ligue 2 operating expenses amounted to €344 million (+8% compared to 2017/2018).
- The breakdown of the operating expenses of Ligue 2 clubs in 2018/2019 is very similar to that of the 2017/2018 season.

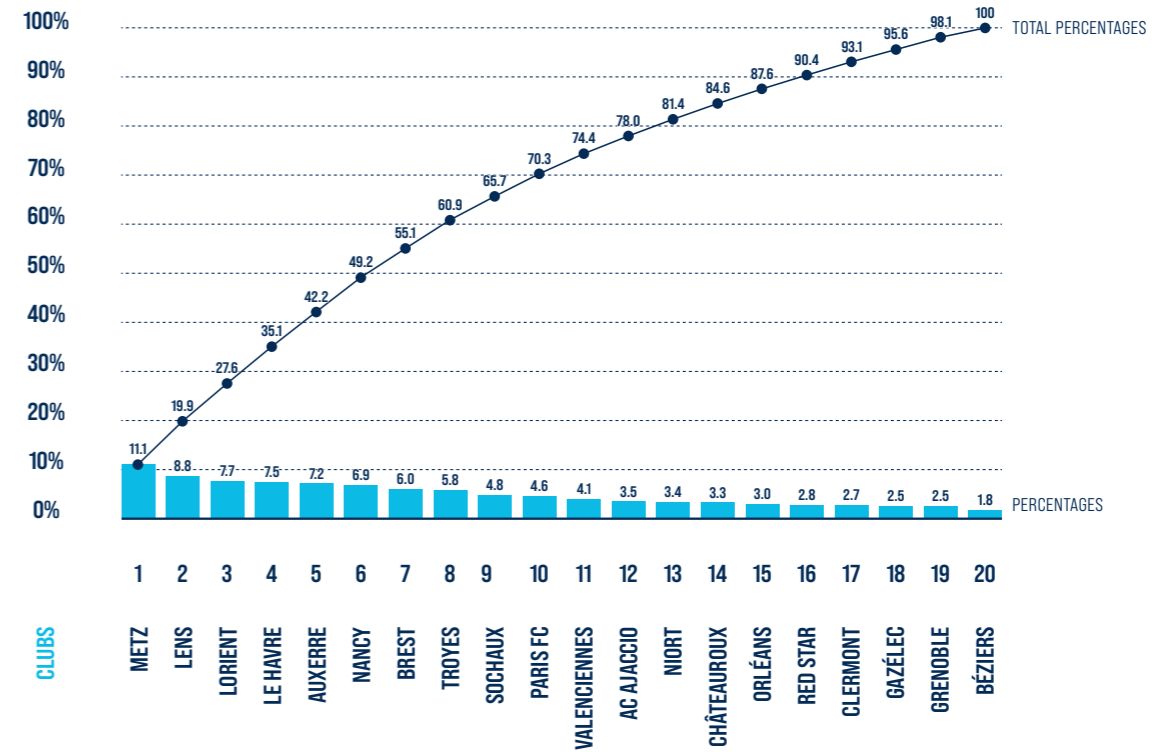
2.1.3.1. TOTAL PAYROLL

Distribution of operating expenses



- Just like last season, operating expenses are slightly more concentrated than non-transfer earnings in Ligue 2. There are therefore slightly more disparities in the expenses than in earnings between Ligue 2 clubs.

Distribution of the total payroll



- There is little payroll concentration in Ligue 2: the top 3 represents only 27.6% of the total payroll (26% in 2017/2018).

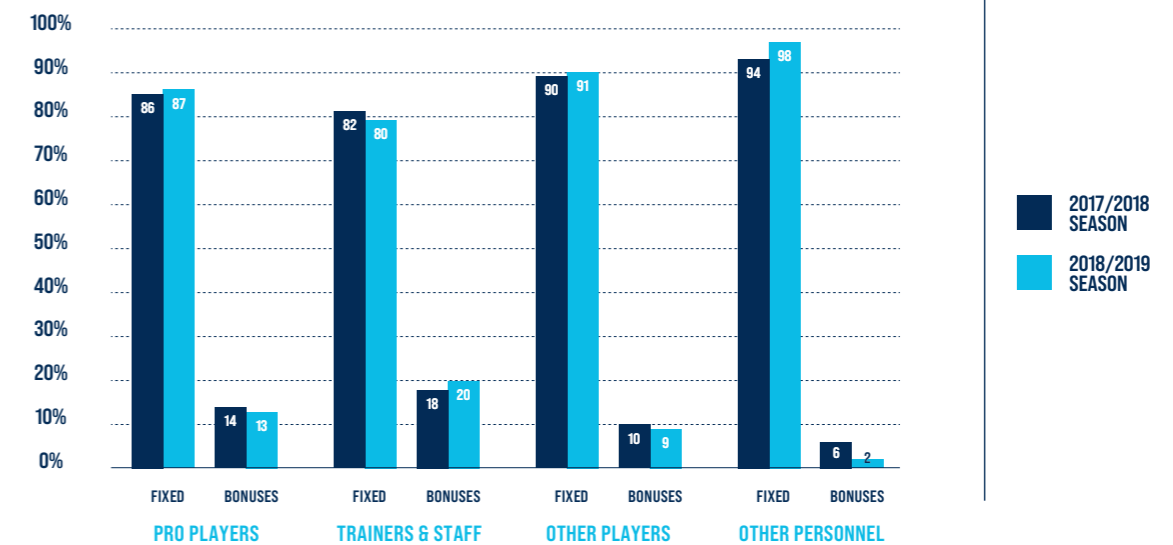
2.1.3.2. PAYROLL ANALYSIS

WAGE DETAILS BY PERSONNEL CATEGORY

| REMUNERATION BY WAGE CATEGORIES | 2017/2018 | 2018/2019 | VARIATION |
|---------------------------------------|-------------|-------------|------------|
| In euro thousands | | | |
| Professional players | 76.8 | 82.1 | 7% |
| Base salary | 66.3 | 71.1 | 7% |
| Variable bonuses | 10.5 | 11 | 5% |
| Professional coaches and staff | 13.4 | 16.4 | 22% |
| Base salary | 11 | 13.1 | 19% |
| Variable bonuses | 2.4 | 3.2 | 34% |
| Other players | 5.9 | 5.8 | -1% |
| Base salary | 5.3 | 5.3 | 1% |
| Bonuses | 0.6 | 5.1 | -14% |
| Other personnel | 33.8 | 36.2 | 7% |
| Base salary | 31.8 | 35.6 | 12% |
| Bonuses | 2 | 0,6 | -72% |

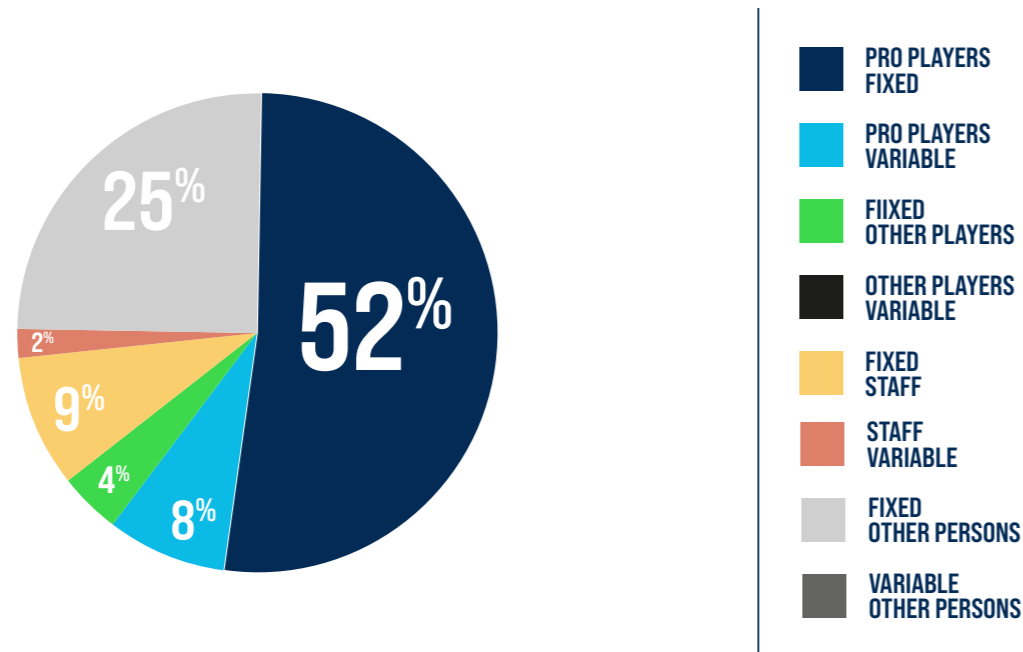
Variable remuneration is considered to be the share of wages received once objectives are reached, both individually and collectively. These bonuses may be based on sports results (European Cup qualification, maintenance, final ranking, Cup itinerary, etc, ...) as well as on the presence of players in the personnel (actual presence on the match sheet, number of starts, number of matches played, ...).

Fixed and variable remuneration



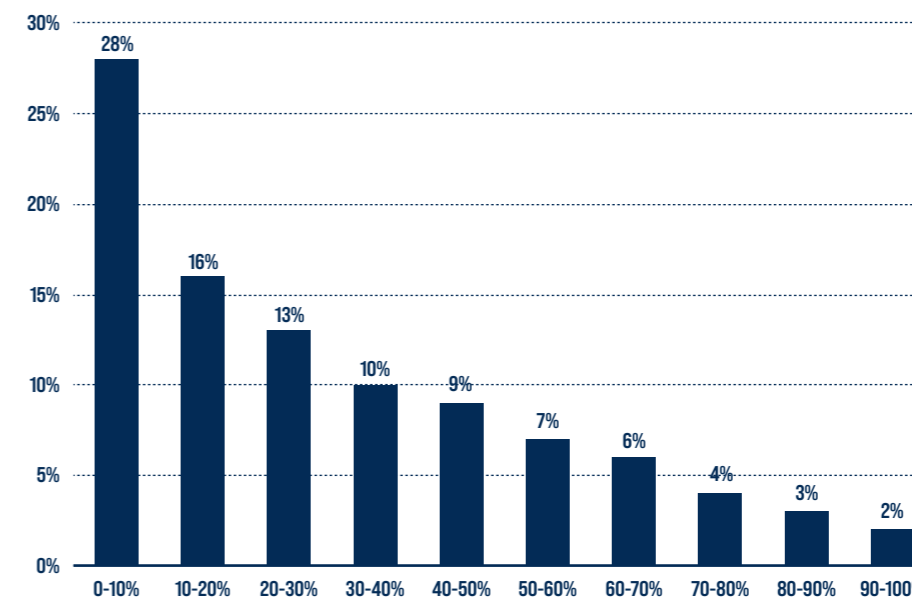
- Variable bonuses account for a small proportion of wages for all personnel categories in Ligue 2 clubs.
- The variable share of wages is very stable compared to 2017/2018.

Distribution of the total payroll



- Professional players account for 60% of the wages of Ligue 2 clubs.
- The wages of non-players and staff represents 29% of the salaries paid by Ligue 2 clubs, compared with 14% of the salaries paid by Ligue 1 clubs.

Cumulative percentage of player wages per decile

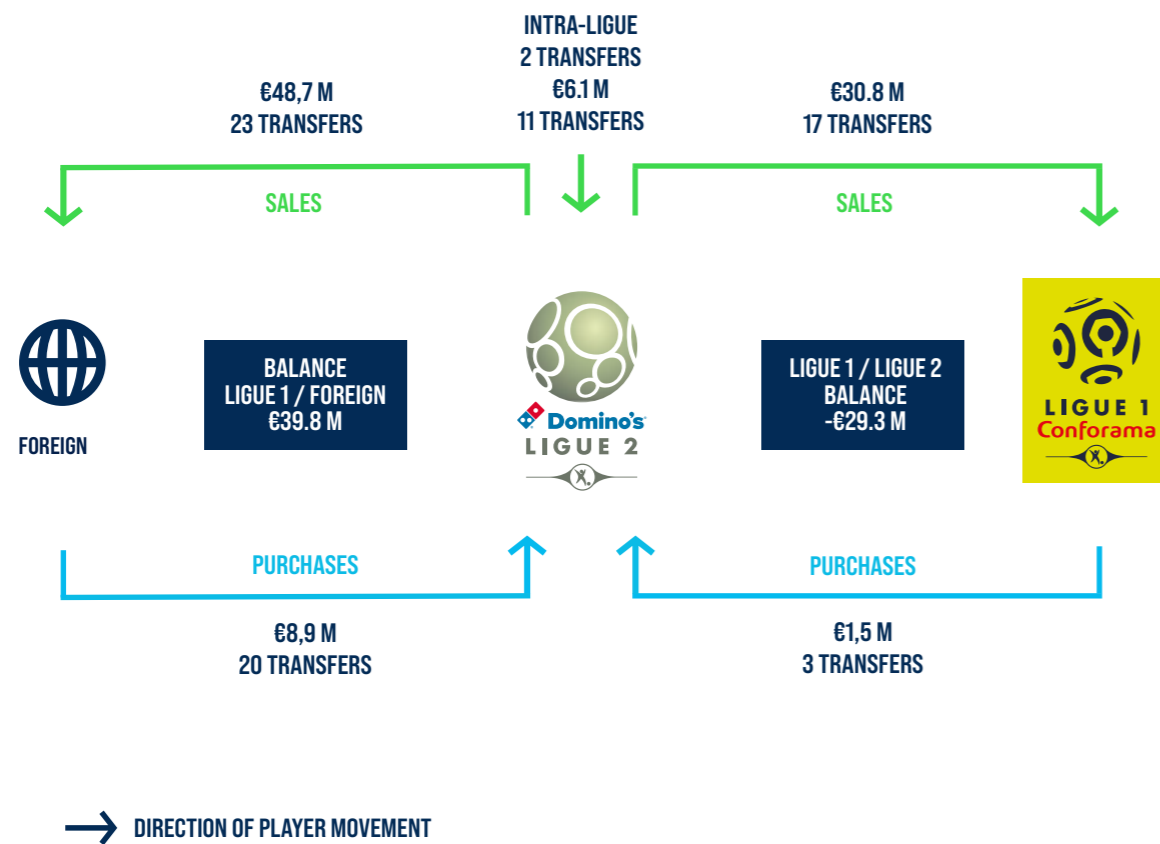


- The salaries of players are much more homogeneous in Ligue 2 than in Ligue 1. The top 10% of the highest paid players in Ligue 2 only represent 28% of the Ligue 2 payroll.

| Analysis of the player portfolio | 30/06 2019 | 30/06 2020 | 30/06 2021 | 30/06 2022 | 30/06 2023 |
|--|------------|------------|------------|------------|------------|
| Number of players' contracts by maturity | 44% | 31% | 18% | 1% | 5% |
| Aggregate players' wages by maturity | 39% | 34% | 19% | 1% | 7% |

2.1.4. OPERATIONS INVOLVING PLAYERS

PLAYER TRANSFERS FROM FRENCH PROFESSIONAL CLUBS FOR THE 2018-2019 SEASON



| Evolution of the balance of transfers in €M | 2016/2017 | 2017/2018 | 2018/2019 |
|---|-----------|-------------|-------------|
| France sales | 13.1 | 48.9 | 36.9 |
| Foreign sales | 17 | 11.3 | 48.7 |
| France purchases | -0.6 | -8.9 | -7.6 |
| Foreign purchases | -2.5 | -5.8 | -8.9 |
| TRADE BALANCE | 27 | 45.5 | 69.1 |

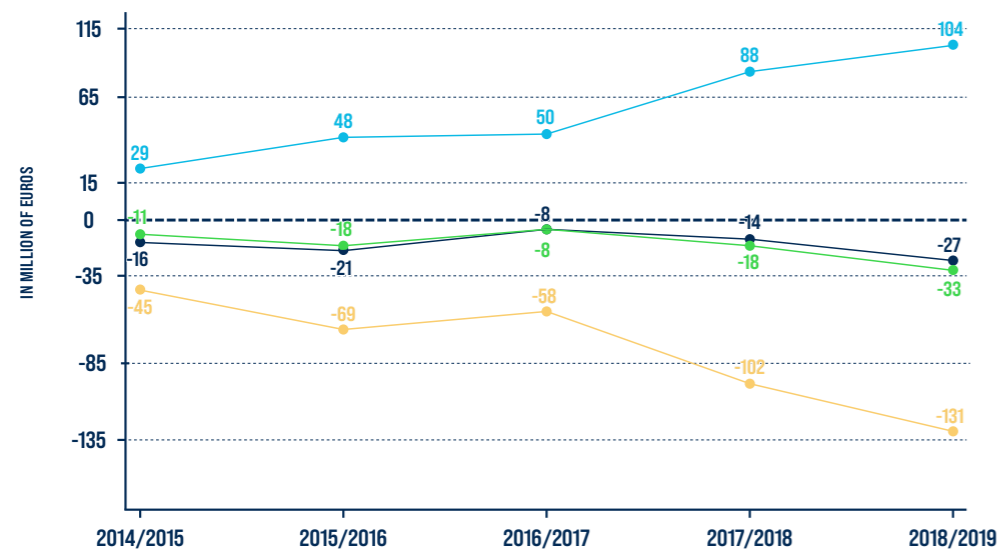
| Departure league | Arrival league | | | Total |
|----------------------------------|----------------|--------------|-------------|----------------|
| | Foreign | Ligue 1 | Ligue 2 | |
| Foreign | | | | |
| Number of transfers | | 83 | 20 | 103 |
| Amount | | 370.2 | 8.9 | 379.1 |
| Ligue 1 | | | | |
| Number of transfers | 61 | 25 | 3 | 89 |
| Amount | 677.7 | 106.6 | 1.5 | 785.8 |
| Ligue 2 | | | | |
| Number of transfers | 23 | 17 | 11 | 51 |
| Amount | 48.7 | 30.8 | 6.1 | 85.6 |
| TOTAL NUMBER | 84 | 125 | 34 | 243 |
| TOTAL AMOUNT OF TRANSFERS | 726.4 | 507.6 | 16.5 | 1 250.5 |



2.1.5. RESULTS

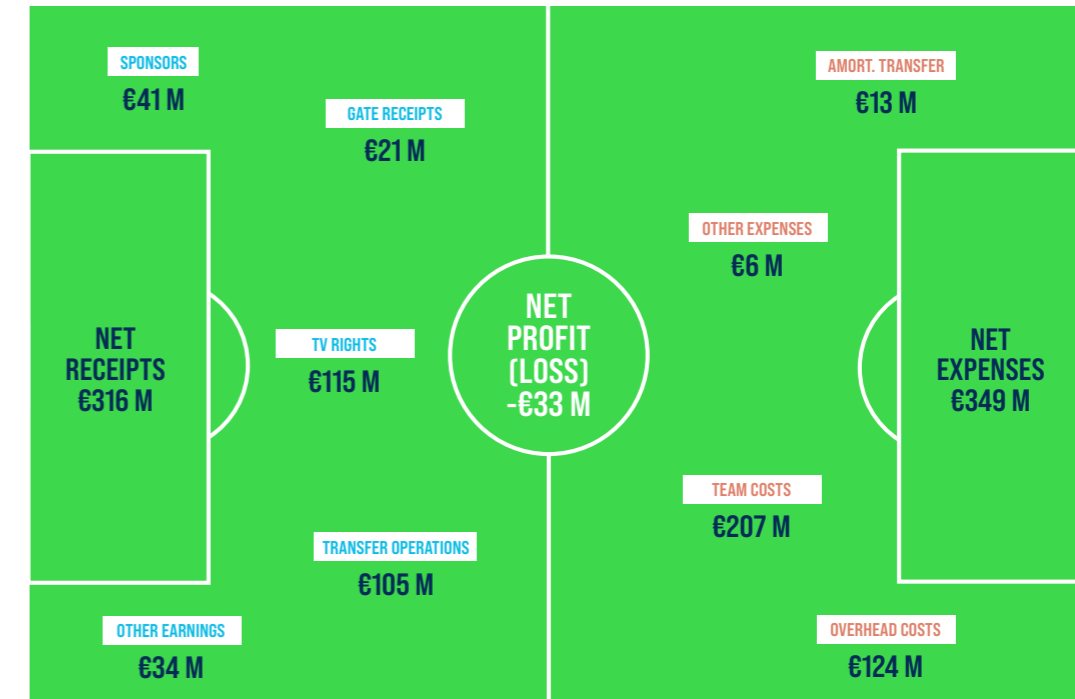
- All performance indicators deteriorated compared to the 2017/2018 season, except for the earnings from transfers, which continue to increase (+18%).
- Net profit fell from -€18 million in 2017/2018 to -€33 million in 2018/2019.

Breakdown of net profit

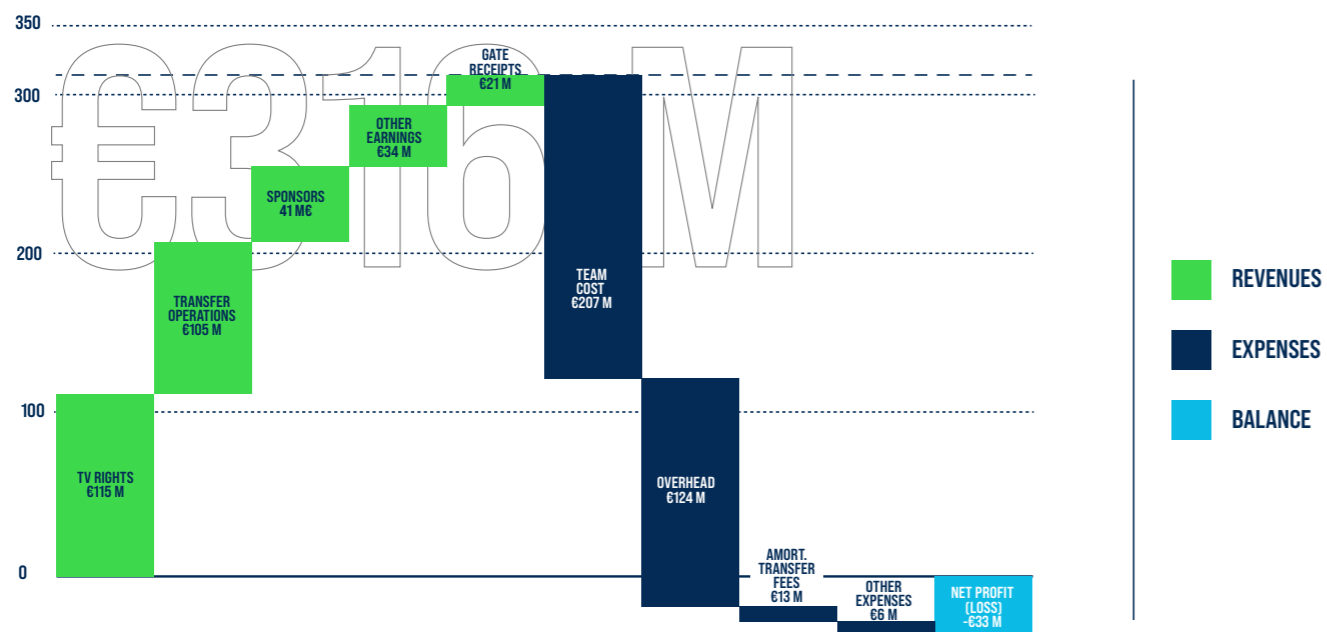


- RESULT EXCLUDING TRANSFERS
- TRANSFER EARNINGS
- NET PROFIT (LOSS)
- CURRENT OP. PROFIT

Formation of the net income

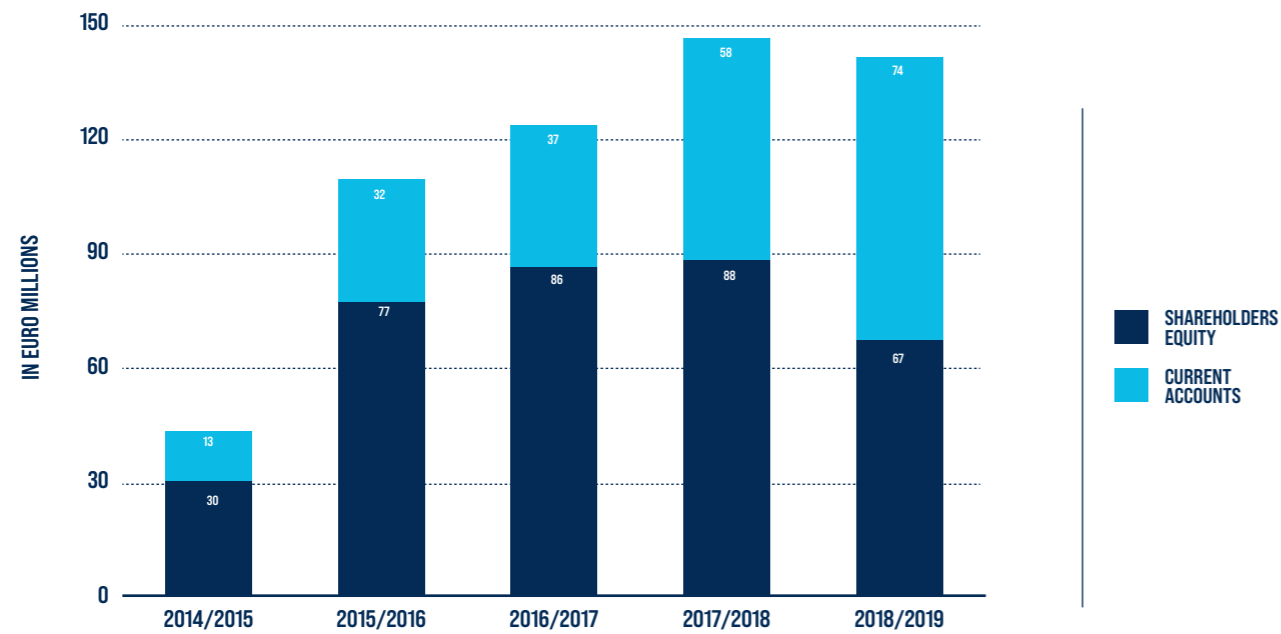


Analysis of the composition of the net income



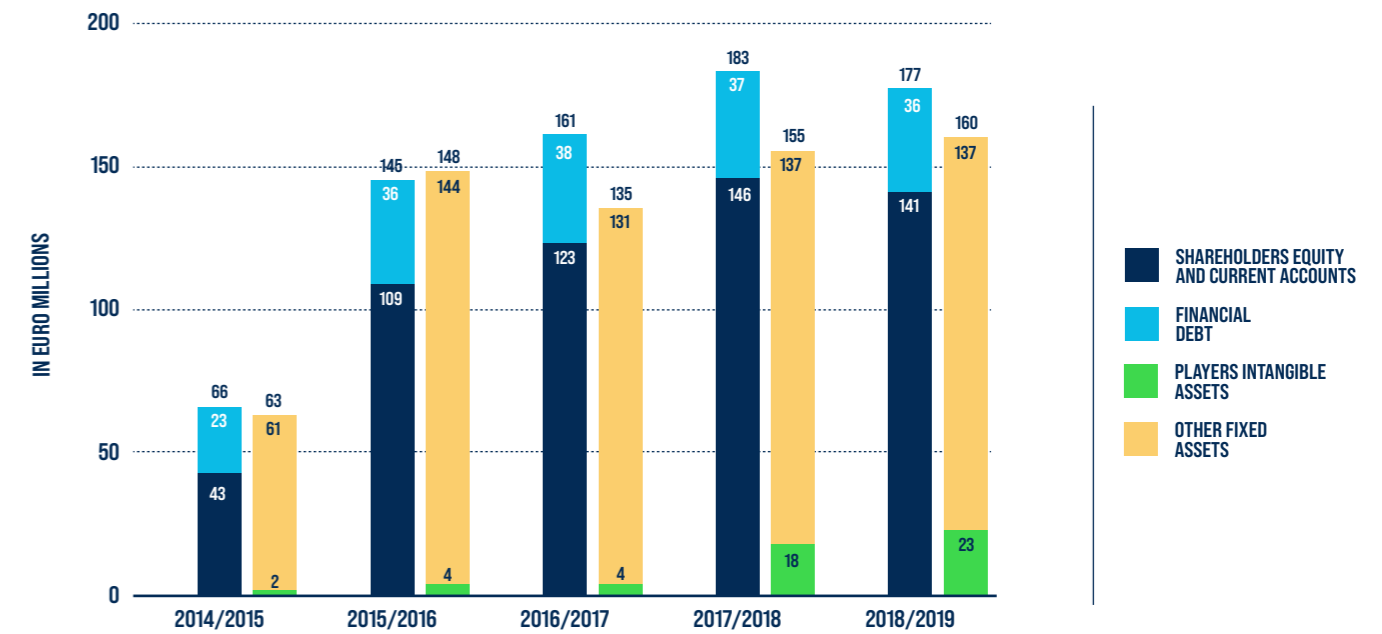
2.1.6. FINANCING OF THE CLUBS

Change of shareholders equity and current accounts



- The upward trend in shareholders equity and current accounts since 2015/2016 does not continue in 2018/2019. There was a decrease of shareholders equity [-€21 million compared to 2017/2018] which was not fully offset by the increase of the current accounts [+€16 million].

Coverage of fixed assets by shareholders' equity and current accounts



- The trend seen in the last three seasons has been confirmed: shareholders equity and current accounts are significantly higher than player intangible assets.

2.1.7. ANALYSIS OF ACHIEVEMENTS COMPARED TO INITIAL BUDGETS 2018/2019 SEASON

| In euro thousands | INITIAL BUDGET | ACTUAL | GAP |
|---|-----------------|-----------------|-----------------|
| Broadcasting rights | 111 436 | 115 375 | 3 939 |
| Sponsors - Advertising | 49 384 | 41 244 | - 8 140 |
| Gate receipts | 21 133 | 20 862 | - 271 |
| Other income (including merchandising) | 29 456 | 33 728 | 4 272 |
| TOTAL OPERATING INCOME | 211 409 | 211 210 | - 199 |
| Total payroll | 172 897 | 198 723 | 25 826 |
| Transfer costs | 17 442 | 20 810 | 3 368 |
| Other expenses | 107 154 | 123 987 | 16 833 |
| TOTAL OPERATING EXPENSES | 297 493 | 343 519 | 46 026 |
| OPERATING RESULT (LOSS) | - 86 086 | -132 309 | - 46 223 |
| RESULT OF TRANSFER OPERATIONS | 54 143 | 104 569 | 50 426 |
| CURRENT OPERATING PROFIT | -31 943 | -27 740 | 4 203 |
| Financial profit (loss) | - 1 973 | - 1 998 | - 25 |
| Exceptional profit (loss): Other | 4 256 | - 1 445 | - 5 701 |
| Income tax | 375 | - 1 528 | - 1 903 |
| Except. profit (loss): Current account write-offs/write-backs | 0 | -742 | - 742 |
| NET PROFIT (LOSS) | - 29 285 | -33 454 | - 4 169 |

2.2. LINK BETWEEN SPORTS RESULTS AND FINANCIAL CHARACTERISTICS

2.2.1. SPORTS RESULTS

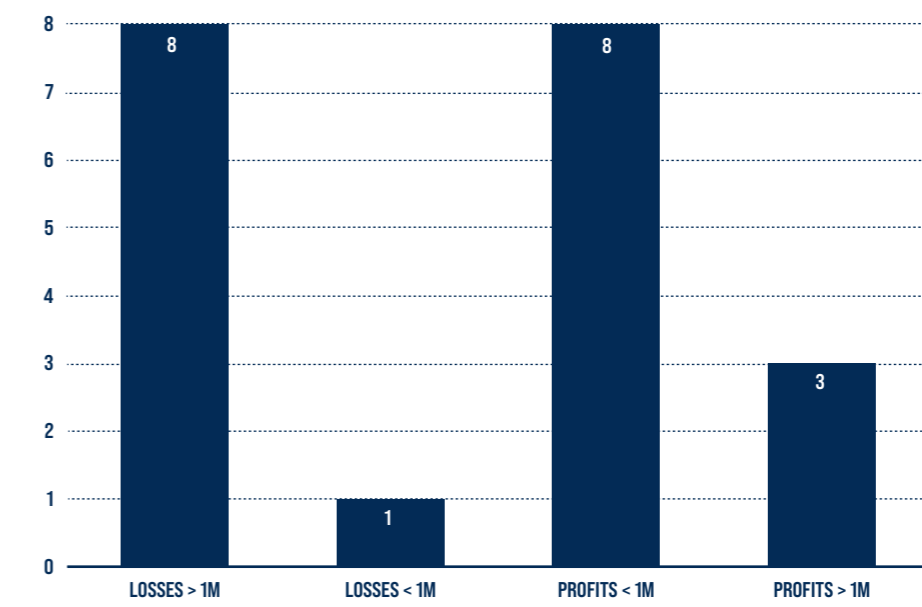
| TEAMS | CLASSIFICATION | POINTS |
|--------------|----------------|--------|
| Metz | 1 | 81 |
| Brest | 2 | 74 |
| Troyes | 3 | 71 |
| Paris FC | 4 | 65 |
| Lorient | 5 | 63 |
| Lens | 6 | 63 |
| Le Havre | 7 | 54 |
| Orléans | 8 | 52 |
| Grenoble | 9 | 50 |
| Châteauroux | 10 | 48 |
| Clermont | 11 | 48 |
| Niort | 12 | 47 |
| Valenciennes | 13 | 43 |
| Nancy | 14 | 42 |
| Auxerre | 15 | 41 |
| Sochaux | 16 | 41 |
| AC Ajaccio | 17 | 40 |
| Gazélec | 18 | 39 |
| Béziers | 19 | 38 |
| Red Star | 20 | 30 |

Budget and sports ranking



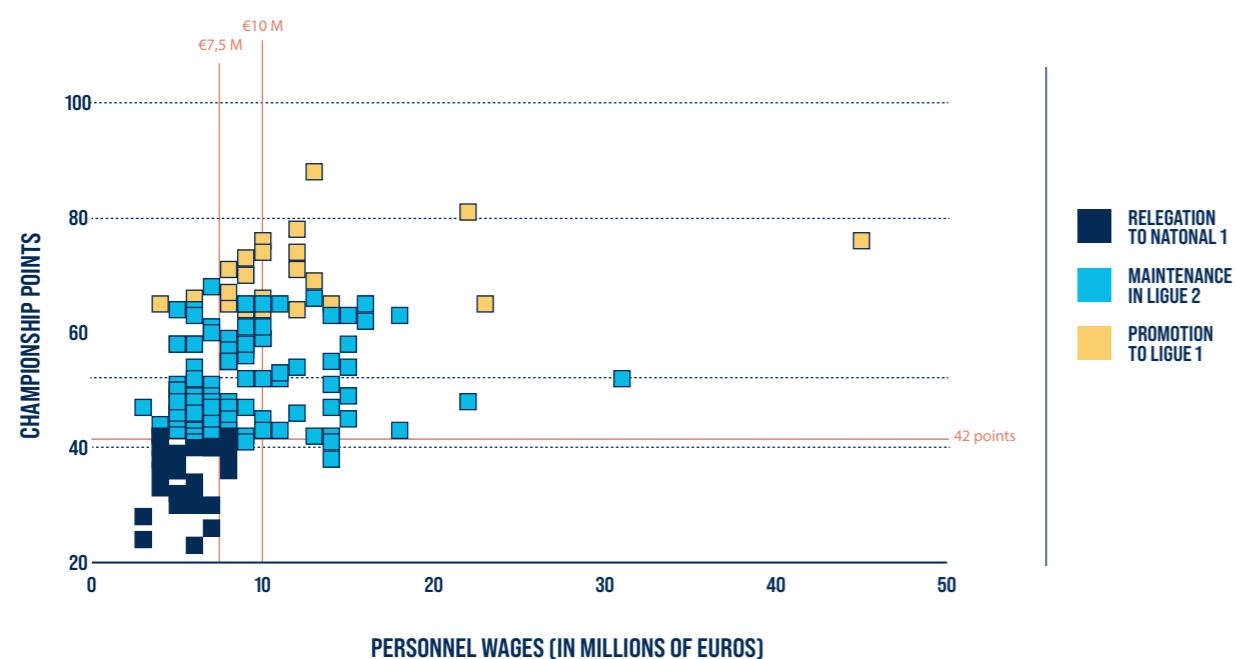
- The relationship between budget ranking and sports ranking is very pronounced in Ligue 2 this season: the champion, Metz, is the club with the biggest budget while the last three in the championship are the three clubs with the smallest budgets.

Number of profitable and loss-making clubs



- 11 Ligue 2 clubs are profitable in the 2018/2019 season, versus 14 the previous season. The number of heavily loss-making clubs (loss > €1 million) increased from 4 to 8.

2.2.2. SPORTS RISKS/OPPORTUNITIES AND PAYROLL



The following regular features have been observed in Ligue 2 over the past eight seasons:

- The vast majority of the teams that were relegated had a payroll of under €7.5 million.
- No team with a payroll above €10 million was relegated.
- With the exception of Gazélec at the end of the 2014/2015 season and Amiens in 2016/2017, all teams that were promoted to Ligue 1 had a payroll of more than €7.5 million.



SPORTS RESULTS BASED ON PAYROLL (2011/2012 TO 2018/2019 SEASONS)

| PAYROLL | RISK OF RELEGATION TO NATIONAL 1 | CHANCE OF STAYING IN LIGUE 2 | CHANCE OF PROMOTION TO LIGUE 1 |
|-----------------------------|----------------------------------|------------------------------|--------------------------------|
| Above €10 million | 0% | 73% | 27% |
| between €7.5 and 10 million | 8% | 70% | 22% |
| below €7.5 million | 26% | 70% | 4% |

The table is read line by line. Example: among teams with a payroll of under €7.5 million, 26% were relegated, 70% were maintained and 4% advanced to Ligue 1.

With regard to the observed regular features, we can thus identify three groups of Ligue 2 teams:

- **Group 1:** clubs with a payroll in excess of €10 million. These teams have almost no risk of being relegated. Most of the time they remain where they are, with a less than 3 in 10 chance of advancing to Ligue 1.
- **Group 2:** clubs with a payroll of between €7.5 and 10 million. For these teams, all three scenarios are possible, but remaining in Ligue 2 is most common (70% of cases). The main difference between these teams and Group 1 is the risk of relegation.
- **Group 3:** clubs with a payroll of under €7.5 million. These teams have a one in four chance of being relegated to National 1 and have virtually no chance of advancing to Ligue 1. The main risk for these teams is relegation. A payroll of €7.5 million in Ligue 2 is therefore almost equivalent to a payroll of €30 million in Ligue 1. In both cases, teams that do not cross these thresholds have almost a one in four chance of being relegated to the lower division.

2.2.3. STRONG IMPACT OF SPORTS RESULTS ON REVENUES

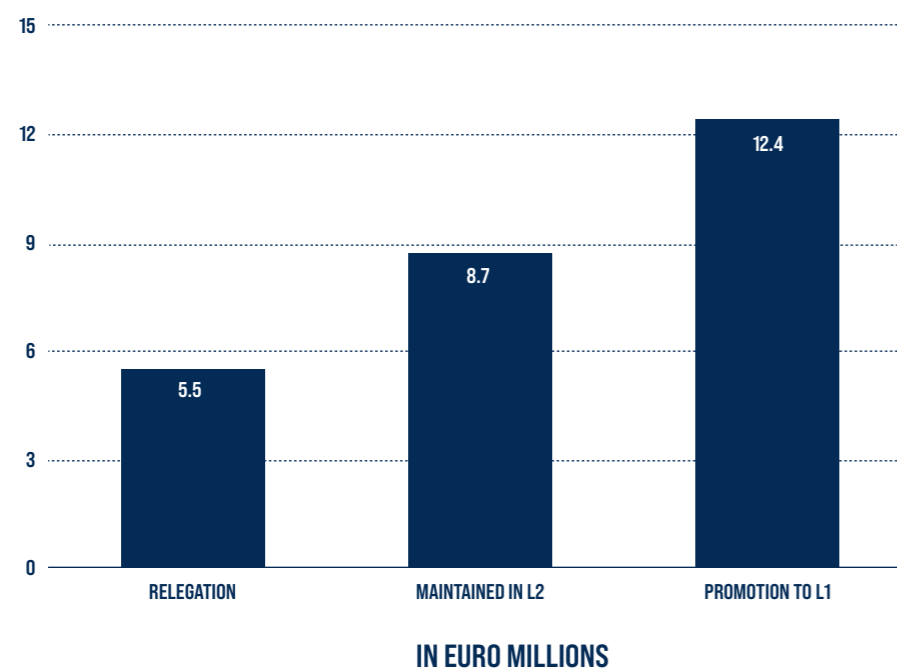
At the end of a season, three scenarios are possible for Ligue 2 teams: dropping down to National, remaining in Ligue 2 and advancing to Ligue 1.

- The revenues of clubs relegated to National decline very sharply.
- The revenues of clubs that remain in Ligue 2 vary relatively little from season to season.
- The non-transfer earnings of the two teams promoted at the end of the 2017/2018 season increased more than their expenses between 2017/2018 and 2018/2019:
 - The non-transfer earnings of Reims increased from €15.3 million to €41.4 million (multiplied by 2.7), while its expenses increased from €22.3 to 48.6 million (multiplied by 2.2).
 - The non-transfer earnings of Nîmes increased from €9.3 million to €32.3 million (multiplied by 3.5), while its expenses increased from €12.7 to 28.5 million (multiplied by 2.2).



2.2.4. CORRELATION BETWEEN AVERAGE ANNUAL GROSS PAYROLL AND SPORTS SUCCESS

AVERAGE GROSS PAYROLL BASED ON THE SPORTS PERFORMANCE OF CLUBS
(2011/2012 TO 2018/2019 SEASON)



Over the past eight seasons:

- Teams relegated to National 1 had an average payroll of €5.5 million.
- Teams that remained in Ligue 2 had an average payroll of €8.7 million.
- Teams that were promoted to Ligue 1 had a payroll of €12.4 million.

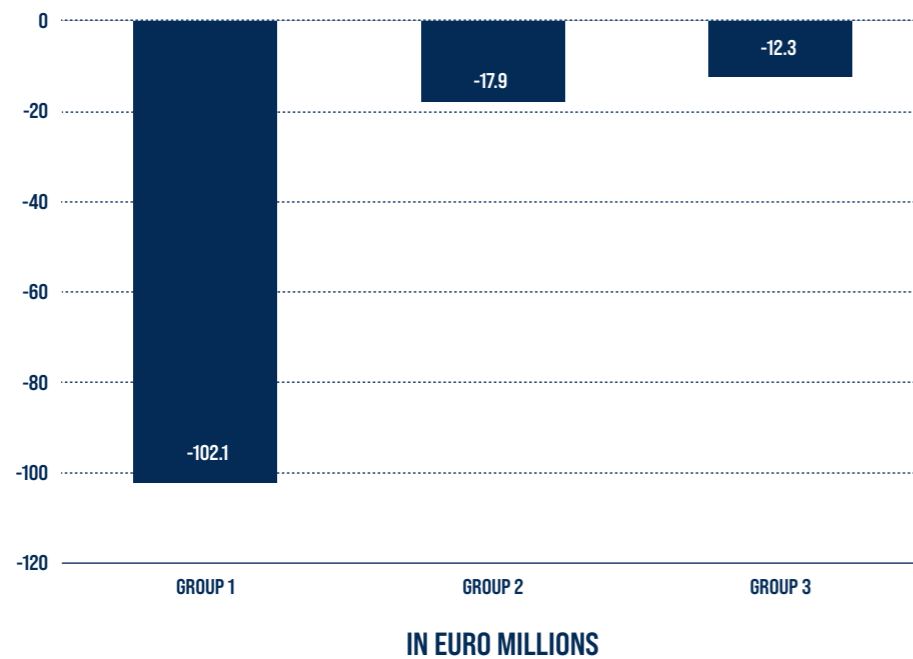


2.2.5. ANALYSIS BY GROUPS OF CLUBS FOR THE 2018/2019 SEASON

Subsequent to the above analyses, 3 groups of clubs can be distinguished according to their overall payroll in 2018/2019:

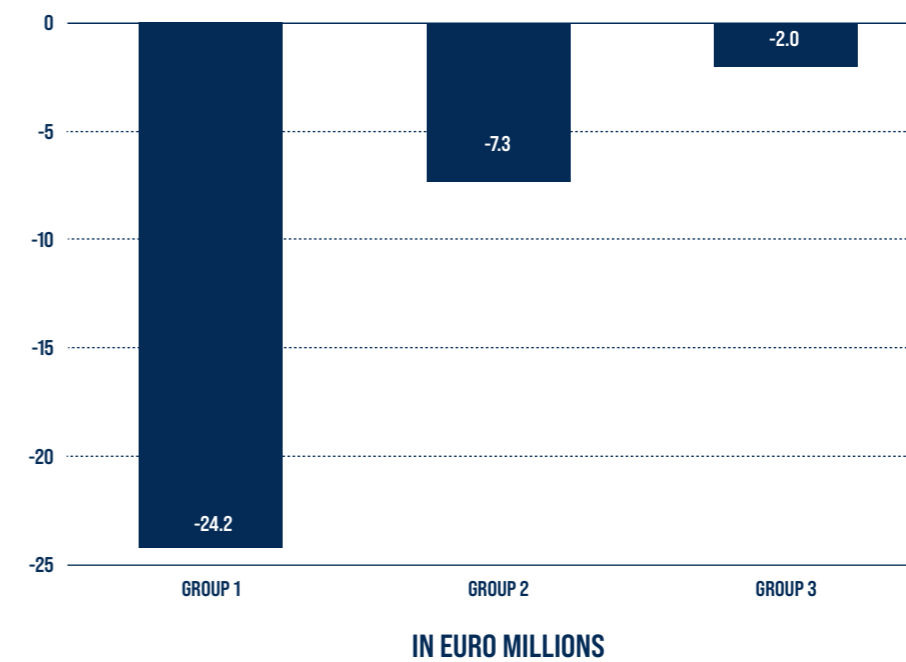
| | |
|---|---|
| Group 1: payroll above €10 million | Metz, Brest, Troyes, Lens, Lorient, Le Havre, Nancy, Auxerre |
| Group 2: payroll between €7.5 and 10 million | Paris FC, Valenciennes, Sochaux |
| Group 3: payroll below €7.5 million | Orléans, Grenoble, Clermont, Châteauroux, Niort, AC Ajaccio, Gazélec, Béziers, Red Star |

Cumulative operating income by group



- The operating loss in Ligue 2 is mainly due to clubs with payroll costs in excess of €10 million (Group 1).

Community of net profit by group



- All three groups generated losses in the 2018/2019 season, especially Group 1.

03

EUROPEAN

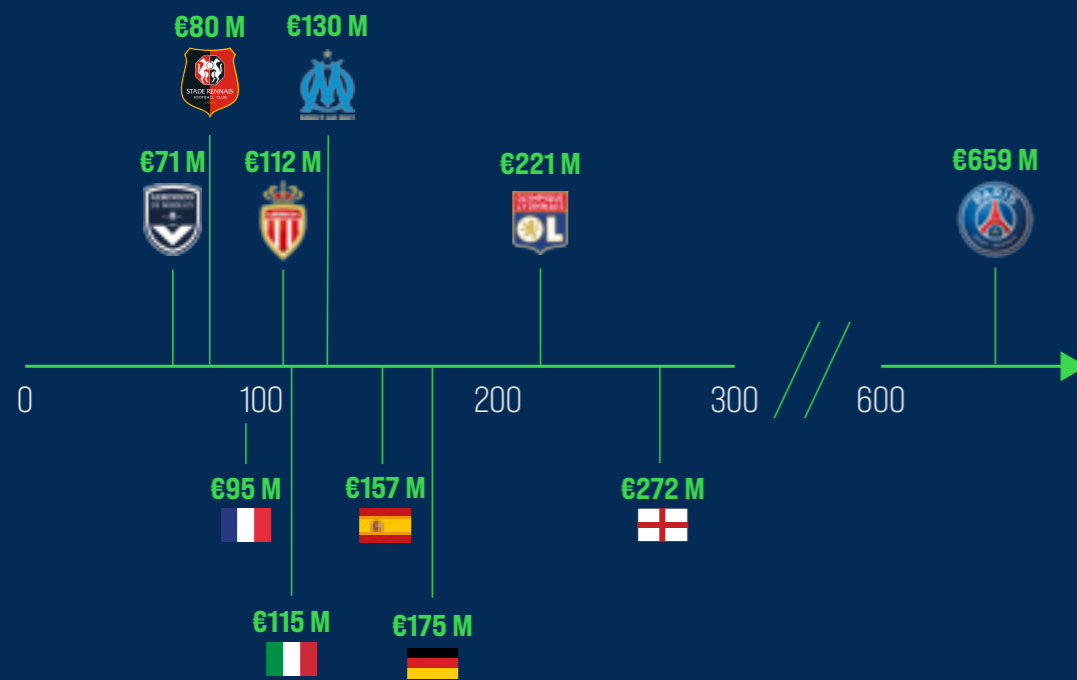
BENCH MARK



3.1. EUROPEAN BENCHMARK FOR EARNINGS EXCLUDING TRANSFER OPERATIONS

- Among French clubs that played in the European Cup, PSG stands out with a budget more than twice the average budget of the Premier League clubs.
- Lyon has a budget between the average budgets of German and English clubs. Marseille and Monaco are around the average Italian and Spanish budgets. Rennes and Bordeaux have budgets lower than the average budget of clubs in the big five leagues.

Comparison of the earnings* of the 6 French clubs that played a European Cup in 2018/2019, with the average earnings of the 5 major European leagues



* Revenue excluding transfer operations; Source: Source: DNGG, UEFA Club Licensing Benchmarking Report 2018. Note: figures for 2018/2019 financial year for Ligue 1 and 2017/2018 financial year for other leagues.

3.2. CORRELATION BETWEEN SPORTS RESULTS AND TURNOVER

The entry ticket for Ligue 1 is lower than that of other major European leagues:

- Over three seasons, Ligue 1 clubs generated revenues in excess of €450 million on three occasions compared with ten times in the Premier League.
- The lowest Premier League turnover was €103 million compared with €25 million in Ligue 1.

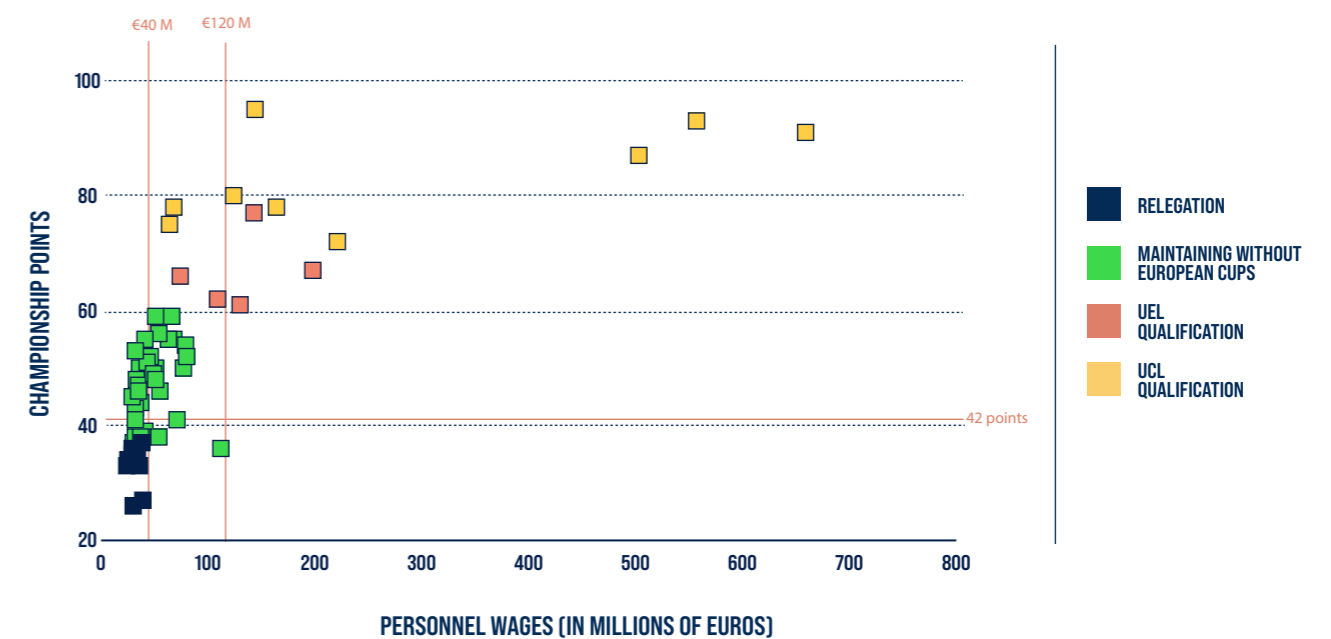
The turnover above which a club is unlikely to be relegated is lower in Ligue 1:

- No Ligue 1 club with a turnover of €40 million has been relegated.
- This non-relegation threshold is equal to €150 million in the Premier League.

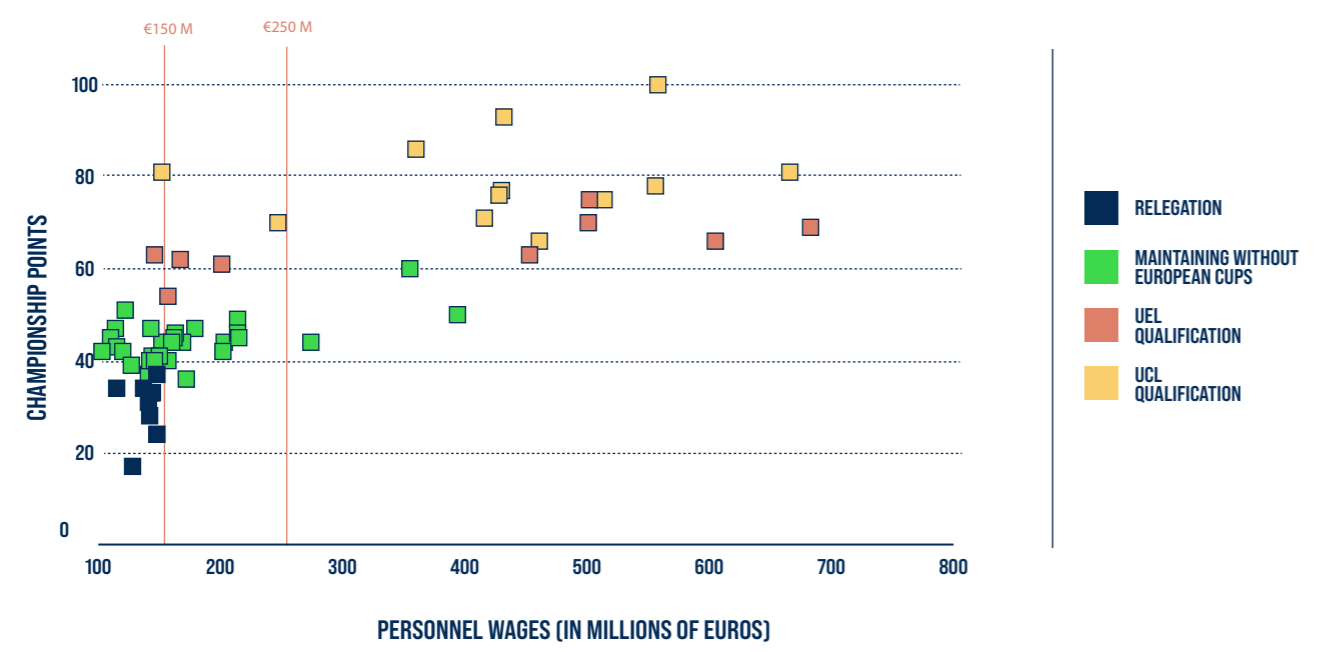
Over three seasons, the entry ticket for European Cups is lower in Ligue 1. The minimum turnover at which 90% of the clubs participate in a European Cup is:

- €100 million in Ligue 1,
- €160 million for the 58 clubs in question in La Liga, Bundesliga and Serie A,
- €280 million for Premier League clubs.

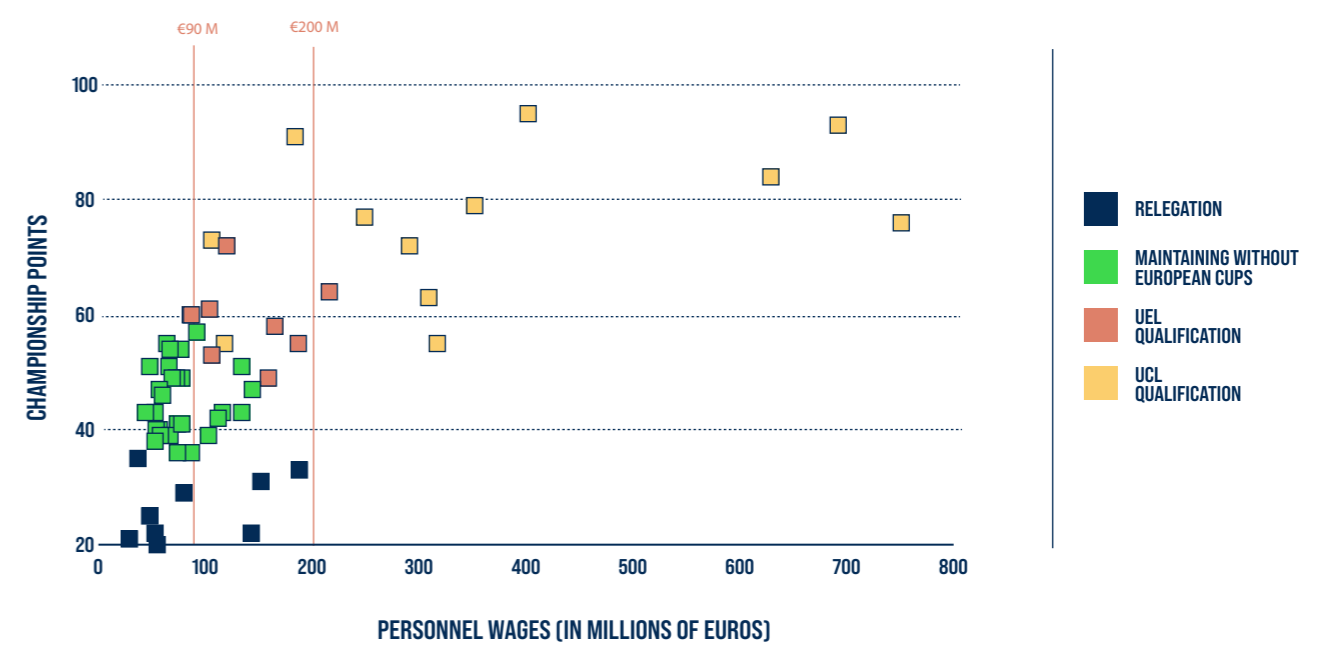
Ligue 1



Premier League



Other clubs in La Liga, Bundesliga and Serie A



Perimeter: sample of 58 clubs in La Liga, Bundesliga and Serie A in 2017/2018.



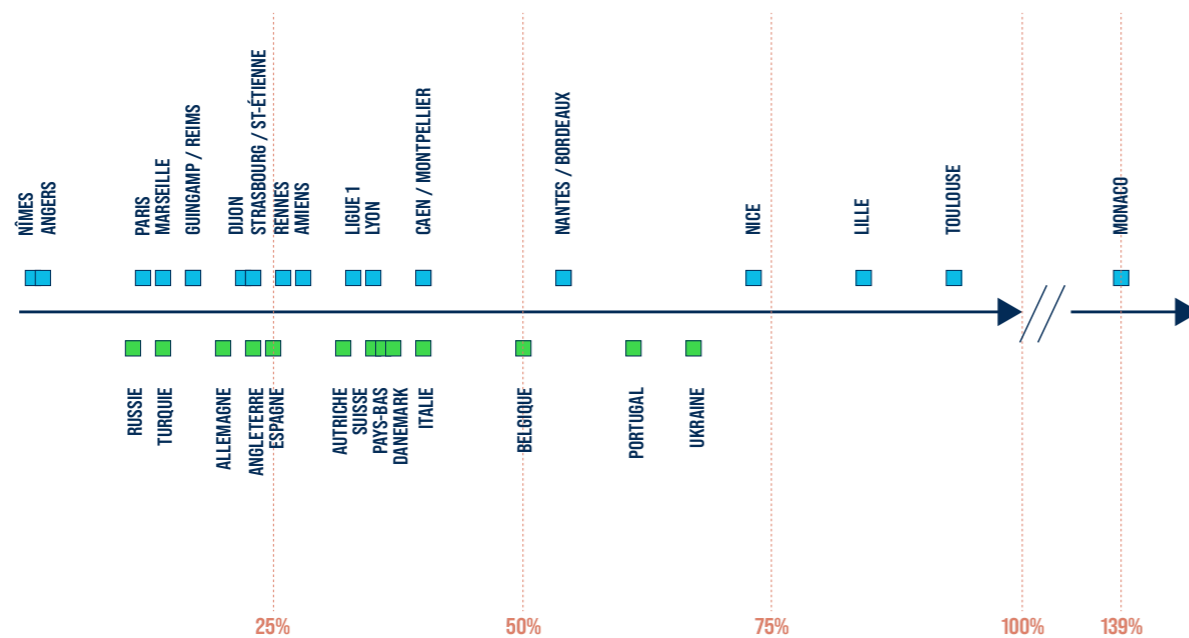
3.3. COMPARISON OF THE AMOUNTS OF TRANSFERS OVER TURNOVER

Ligue 1

The ratio of the amount of transfers over turnover excluding transfers is 33% in Ligue 1.

However, this figure is inflated by Monaco (139%), which stands out clearly, and to a lesser extent by a group of three clubs (Nice, Lille and Toulouse), in which transfer amounts are well above the averages for other European countries.

Conversely, more than half of the Ligue 1 clubs are below 30%.



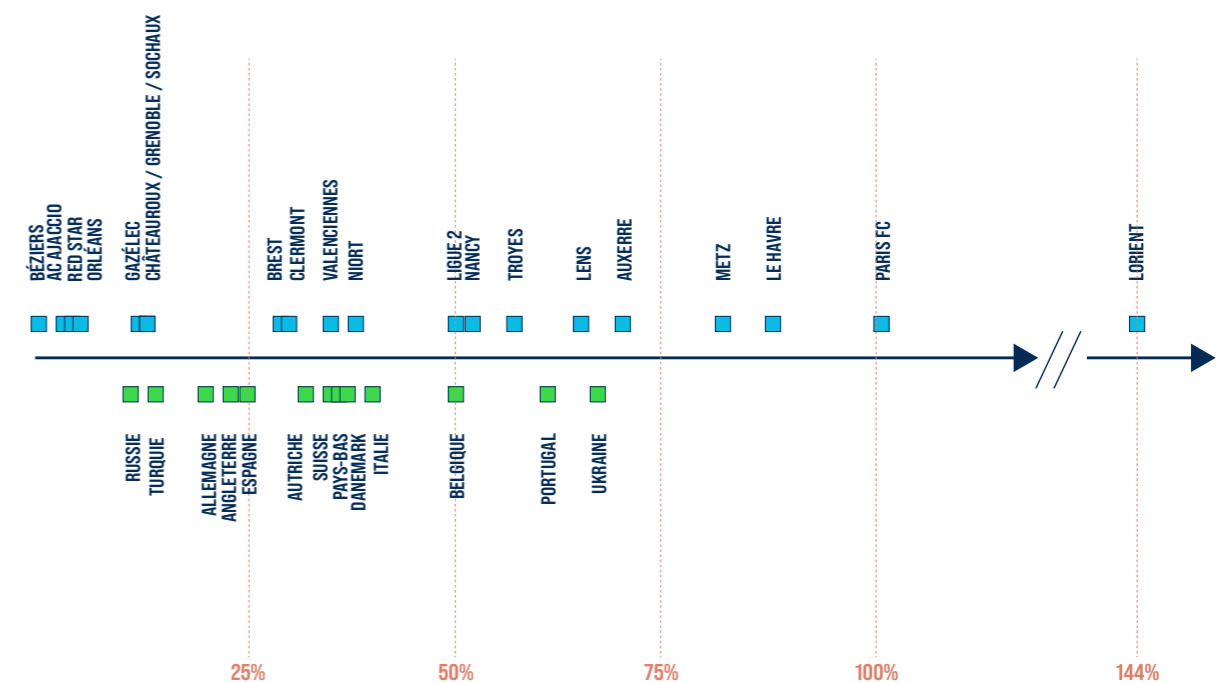
Note: perimeter difference between Ligue 1 figures and figures from other European leagues.

- **European Championships:** transfer amounts = Transfer price (2018 for Eastern European Championships, 2017/2018 otherwise), source UEFA Club Licensing Benchmarking Report 2018.
- **Ligue 1:** transfer amounts = capital gains on disposal 2018/2019.

Ligue 2

The amount of transfers over the turnover excluding transfers within Ligue 2 is equal to 47%.

One club stands out on the upside: Lorient (144%).



Note: perimeter difference between Ligue 2 figures and figures from other European leagues.

- **European Championships:** transfer amounts = Transfer price (2018 for Eastern European Championships, 2017/2018 otherwise), source UEFA Club Licensing Benchmarking Report 2018.
- **Ligue 2:** transfer amounts = capital gains on disposal 2018/2019.

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