

FRENCH PROFESSIONAL
FOOTBALL
FINANCIAL REPORT



01 | DNCG
REPORT

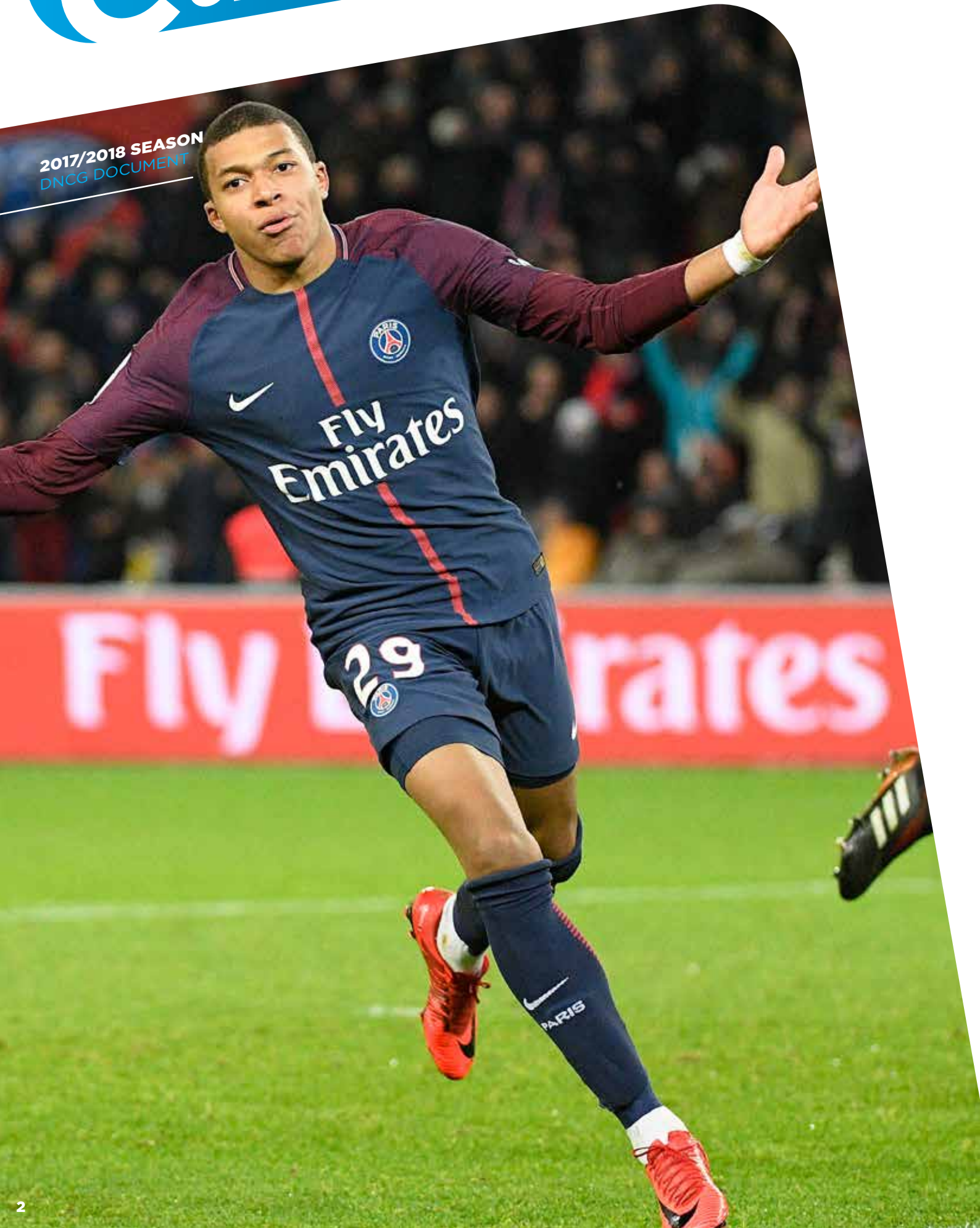
DNCG DOCUMENT



**2017/2018
SEASON**

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2017/2018 SEASON
DNCG DOCUMENT



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At the end of the 2017/2018 season, French professional football had realised **an exceptional economic performance, with revenue of €2.836 billion**, which was up 31% over the previous season, and operating profits of + €161m compared with a €32m loss the previous season.

This performance includes:

- **A record €929m of added value associated with player transfers** (vs. €302m in 2016/2017);
- Dynamic commercial activity of clubs, as confirmed by a 2% increase in non-transfer profits at €1907m;
- A sharp increase in costs of €2675m, up 22%, and resulting from extensive investment by certain clubs in the last transfer market.

Given the financial structure of French professional football, which is composed primarily of financial debt and shareholder current accounts, this economic performance is tempered by:

- Financial liabilities of €122m (vs. €45m in 2016/2017) resulting from the use by certain clubs of innovative financial models involving marked leverage effects;
- Repayment of €178m of shareholder's current account.

Consequently, the net accounting result was down for the season, with a loss of - €176m (vs. - €101m for 2016/2017).

The sensitivity of the economic model of French football to player transfers and to its funding structure calls more than ever for continued **strengthening of the clubs' equity capital, which rose by 42% over the season, finishing at €1478m on 30 June 2018**. The consolidated leverage ratio (financial debt/equity capital) remained stable at 39%.



Jean-Marc MICKELER
DNCG Chairman



PROFITS FROM TRANSFERS STOOD AT €929M AT THE END OF THE 2017/2018 SEASON

- €840m of this profit came from Ligue 1, i.e. 50% of turnover excluding transfers (vs. 15% in 2016/2017);

- €88m came from Ligue 2, i.e. 41% of turnover excluding transfers (vs. 23% in 2016/2017).

248 transfers were recorded throughout the season, for a gross total of €1522m (vs. €602m in 2017), with 5 transfers alone accounting for 35% of the total, i.e. €525m.

For 13 clubs in Ligue 1 and 12 clubs in Ligue 2, income from transfer activities was equivalent to 25% of their non-transfer turnover, which illustrates both the assumed nature of the model and the risks it generates. These clubs have made player transfers a key part of their bid to achieve financial balance, but this strategy is somewhat risky since while success is based on the well-known efficiency of the French youth training system, it also depends on the ability of clubs to identify young talents and cash in on the purchasing dynamics in other foreign championships.

THE COMMERCIAL DYNAMICS OF FRENCH PROFESSIONAL FOOTBALL REMAIN IN GOOD SHAPE

Non-transfer income was €1907m at 30 June 2018, which was up 2% over 2016/2017.

This growth resulted mainly from the 21% increase in other revenue, including merchandising revenue (€400m, up €68m). By attracting an increasingly wide range of partners, many clubs have successfully continued their bids to diversify their income streams.

With 13% growth for the 2016/2017 season, gate receipts were up 2% for the season at €209m:

- Ligue 1 registered a 15% increase in mean gate size (23,019) with a 21% increase in season-ticket holders (12,783). The mean ticket price remained stable at

€21.70. Overall, Ligue 1 gate receipts rose by 15% for the season to €191m;

- In Ligue 2, mean gate size fell by 6% (6810). The mean price per spectator also fell by almost 16%, and Ligue 2 gate receipts were down 21% at €19m.

The commercial performance of the clubs compensated for the €24m decrease in broadcasting rights (€911m vs. €935m 2016/2017). This decrease is due entirely to a reduction in broadcasting rights for European competitions (down €27.6m vs. the 2017/2018 season and compensated in part by a €3.5m increase in domestic broadcasting rights), as a result of the poorer performance over the season by the 6 French clubs qualifying for European football.

EXPENSES ROSE BY 22% FOR THE SEASON (VS. A 6% INCREASE AT THE END OF THE 2016/2017 SEASON) TO FINISH AT €2675M ON 30 JUNE 2018

This marked increase in expenses is due to the extensive investment made by certain clubs during the transfer market in the summer of 2017. These investments were made chiefly by clubs playing in Europe in an attempt to strengthen their squads and improve their short-term competitiveness, as well as adjustments made by clubs seeking simply to remain in their league.

Although it is impossible to identify any hard and fast rules, a correlation can nevertheless be seen between payroll and sports performance. Thus, over the last 6 seasons:

- Clubs with payroll in excess of €300m have remained in their respective divisions;
- With the exception¹ of only one club, no club with a payroll of less than €30m has qualified for Europe²;
- Aside from three exceptions³, no club with a payroll of less than €70m qualified for the UEFA Champions League, and the mean payroll of qualifying clubs was €138m.

For the 2017/2018 season, four clubs had a payroll of over €70m, as against a mean payroll of €176m. Eight clubs had a payroll of between €30 and €70m and eight clubs had a payroll of less than €30m.

These investments explain:

- The sharp increase in payroll costs (17% for the season vs. 5% the previous season), which stood at €1446m;
- The 61% increase in depreciation of transfer fees, which was €378m;
- The 71% increase in agents' fees, at €91m.
- The increase of almost 80% in "Player" asset value for French professional football, which stood

at €1053m vs. €591m in 2016/2017. The estimated economic value of this asset is currently €3.6 billion (according to Transfermark).

Consequently, there was a sharp fall in operating profits over the season, with a loss of - €768m vs. - €334m at the end of the 2016/2017 season. This downturn of €434m should be set against the expected increase of almost €500m in domestic broadcasting rights for the 2020/2021 season.

However, given the record-breaking gains from player transfers, at the end of the 2017/2018 season, French professional football had registered exceptional performance, with operating profits of €161m vs. a loss of €32m the previous season.

This model remains more than ever dependent on the ability of clubs to sell on players regularly (only three Ligue 1 clubs and two Ligue 2 clubs posted positive non-transfer operating profits).

Although there is currently nothing to suggest that this dynamic will slow down in the short term (at the end of the winter transfer market for the 2018/2019 season, profits had already exceeded €550m), this dependence nevertheless constitutes the main economic risk for most French professional clubs.

This risk is all the greater since the financial structure of French professional football, which is made up essentially of financial liabilities and shareholder current accounts, is less well suited to coping with random shifts.

At the end of the 2017/2018 season, the cost of debt was €122m (vs. €45m in 2016/2017). This indicates the recent introduction of more innovative financial models involving extensive leverage effects.

¹ OGC Nice at the end of the 2012/2013 season ² via their championship ranking

³ Montpellier (2011/2012), Lille (2013/2014) and Nice (2016/2017)

In conclusion, taking into account corporate tax (€32m) and repayment of €178m of a shareholder's current account (AS Monaco), the reported net income for the season is significantly worse, with losses of - €176m (vs.

- €101m in 2016/2017). However, 15 clubs in Ligue 1 (vs. 13 the previous season) and 14 clubs in Ligue 2 posted net profits at the end of the 2017/2018 season.





A SEASON MARKED BY CONTINUED STRENGTHENING OF SHAREHOLDER EQUITY

On 30 June 2018, **net equity for the professional clubs (equity and shareholder current accounts) was up 42% at €1478m:**

- Equity capital for Ligue 1 clubs was €1332 million, of which €732m was net equity (i.e. up 111%).

- The corresponding sum for Ligue 2 clubs was €146m, of which €89m was net equity (up 3%).

However, this marked strengthening of equity capital did not improve the extent of coverage of liabilities, which remained stable at 41%, due to the significant increase in debt. Consolidated financial debt stood at €581 million on 30 June 2018 and was up €156 million compared with 30 June 2017. The consolidated leverage (debt-to-equity) ratio was also stable at 39%. While the net debt⁴ of French clubs increased 41% over the season, to €839m, it represented 30% of total revenue, which was less than the

mean European ratio of 34%⁵.

This macroeconomic vision of the financial structure of professional clubs should not be allowed to mask the extremely wide discrepancies between individual clubs:

- Four clubs (OL, OM, PSG, AS Monaco) account for 81% of the entire net equity capital of French professional clubs;

- Two clubs (OL, PSG) own 85% of all the equity capital of the professional clubs;

- Two clubs (OL, LOSC) have 87% of the overall consolidated financial debt⁶.

Finally, **the cash flow of the professional clubs remained broadly positive for the season.** For example, Ligue 1 clubs generated a net positive cash flow of €140m for the season.

⁴ Current accounts + Borrowings - Liquid assets
Source: UEFA

⁶ Note that OL's debt is to finance their new stadium, while that of LOSC represents player investment



LITTLE CHANGE IN SHAREHOLDER GEOGRAPHY FOR THE SEASON

The attractiveness of French football was again strengthened this season because of the perspectives associated with the future round of broadcasting rights. Potential investors must however be aware of the high concentration of the wealth of French professional football attaching to a few actors.

Four clubs (OL, OM, PSG, AS Monaco) **again accounted for 58% of turnover in Ligue 1**, illustrating the relationship between sports results and payroll, since they finished in the top four places.

The outcome of this correlation is the mean increased cost of participation for clubs wishing to achieve a balanced development model as well as the entry costs for new investors looking to achieve European qualification.

In this setting, the DNCG was informed of four takeover projects for the 2017/2018 season. In accordance with the responsibilities entrusted to it by the legislator since 1 March 2017⁷, it carried out an in-depth review of three of these projects.

Thanks to this new means of intervention, upstream of any investment in club capital, it is now possible to analyse the quality of potential investors and to assess their financial ability with regard to their medium-to-long-term projects.

The aim is to create a solid development model for the club based upon constructive dialogue between the potential investor and the DNCG, in compliance with the conditions applicable to all competing clubs.

The DNCG evaluation of the proposed club takeover provides a factor for assessment by investors enabling them to anticipate the expectations of the Professional Club Control Commission in terms of club funding.

At the end of the 2017/2018 season, only one of the four projects of which the DNCG was informed actually went ahead and resulted in the sale of the Girondins de Bordeaux by M6 to an investment fund.

⁷ French law of 1 March 2017 seeking to preserve ethics in sport, to improve regulation and transparency in professional sport, and to improve the competitiveness of clubs.

THE DNCG IS PLAYING A HIGHLY ACTIVE ROLE IN THE ECONOMIC STRENGTHENING OF FRENCH PROFESSIONAL FOOTBALL

Alongside directors, administrators and club auditors, the role of the DNCG is to assist with economic strengthening of French professional football and with the protection of competition.

The main goal of the DNCG is to ensure that a club starting the sporting season has sufficient financial resources to complete the season and thus to take part in a regular championship, in equitable competition with the other clubs. The budget control carried out by the Control Commission for Professional Clubs thus resulted during the 2017/2018 season in the following:

- Prohibition of recruitment together with conservative demotion for a Ligue 1 club;
- Limiting of the payroll of 8 clubs in Ligue 2;
- Prohibition of recruitment together with conservative demotion for a Ligue 2 club;
- Relegation of a club in Ligue 2 to the National league.

In addition to the role played by the DNCG and described above with regard to plans to take over clubs, the French law of 1 March 2017 also entrusted to the body financial control of the activities of sports agents. In 2017/2018, the financial flow generated by the activity of

agents represented commissions of over €91 million paid by clubs in Ligue 1 and Ligue 2.

The DNCG thus audited the accounts of six sport agents selected at random, and probed the operations in which they were involved. For the controls, three files were classified without further observations, while three other files were forwarded to the Federal Commission of Sports Agents, which will be responsible for further investigation and for any sanctions required.

While the popularity of French professional football gives it a special status, its financial dimension occasionally draws criticism that masks a host of positive realities: professional football creates jobs (35,000 within the industry⁸), gives rise to considerable taxes (almost €1 million of taxes and duties are generated) and creates social relations, and as such has undeniable responsibilities as a social enterprise.

Through its various missions - in terms of both assistance and control - the DNCG aims to contribute to this social responsibility and will continue to assist with the ongoing change in French professional football.

⁸ Clubs, direct suppliers, manufacturers and media associated with football - Source: Premier Ligue / UCPF / EY

KEY FIGURES 2017/2018: LIGUE 1 AND LIGUE 2 COMBINED ACCOUNTS

€million	2016/2017	2017/2018	VARIATION
TOTAL INCOME	1 863	1 907	+ 2,4%
OPERATING PROFIT (LOSS)	- 334	- 768	- 130%
PROFIT (LOSS) FROM TRANSFERS	302	929	+ 207%
OPERATING PROFIT (LOSS)	- 32	161	
NET PROFIT	- 101	- 176	- 74%
NET EQUITY	432	821	+ 90%
SHAREHOLDER CURRENT ACCOUNTS	610	658	+ 8%
NET CASH	13	- 180	

KEY FIGURES 2017/2018: COMBINED ACCOUNTS, LIGUE 1 ONLY

AVERAGE INCOME PER CLUB	82	85	+ 3%
MEDIAN INCOME	42	45	+ 7%
PAYROLL / OPERATING INCOME RATIO	66%	75%	

COMBINED INCOME STATEMENT FOR LIGUE 1/LIGUE 2

€000	2016/2017	2017/2018	VARIATION
Broadcasting rights	935 068	910 949	- 3%
Sponsors - Advertising	389 808	386 886	- 1%
Gate receipts	205 890	209 298	+ 2%
Other income (incl. merchandising)	332 407	400 194	+ 21%
TOTAL OPERATING INCOME	1 863 173	1 907 327	+ 2%
Total payroll	950 835	1 114 835	+ 17%
Social charges	289 188	331 533	+ 15%
Amortisation of transfer fees	235 221	377 916	+ 61%
Agents' fees	53 305	91 323	+ 71%
Other expenses	668 201	759 352	+ 13%
TOTAL OPERATING EXPENSES	2 196 749	2 674 959	+ 22%
OPERATING PROFIT (LOSS)	- 333 576	- 767 632	- 130%
PROFIT (LOSS) FROM TRANSFERS	301 752	928 667	+ 207%
OPERATING PROFIT (LOSS) BEFORE EXCEPT. ITEMS	- 31 824	161 035	
Financial profit (loss)	- 44 923	- 122 126	- 172%
Exceptional profit (loss): other	- 4 832	- 4 576	+ 5%
Income tax	- 11 606	- 32 174	- 177%
Exceptional profit (loss): current account W/R	- 8 111	- 178 476	- 2 100%
NET PROFIT (LOSS)	- 101 296	- 176 317	- 74%

COMBINED BALANCE SHEET LIGUE 1/LIGUE 2

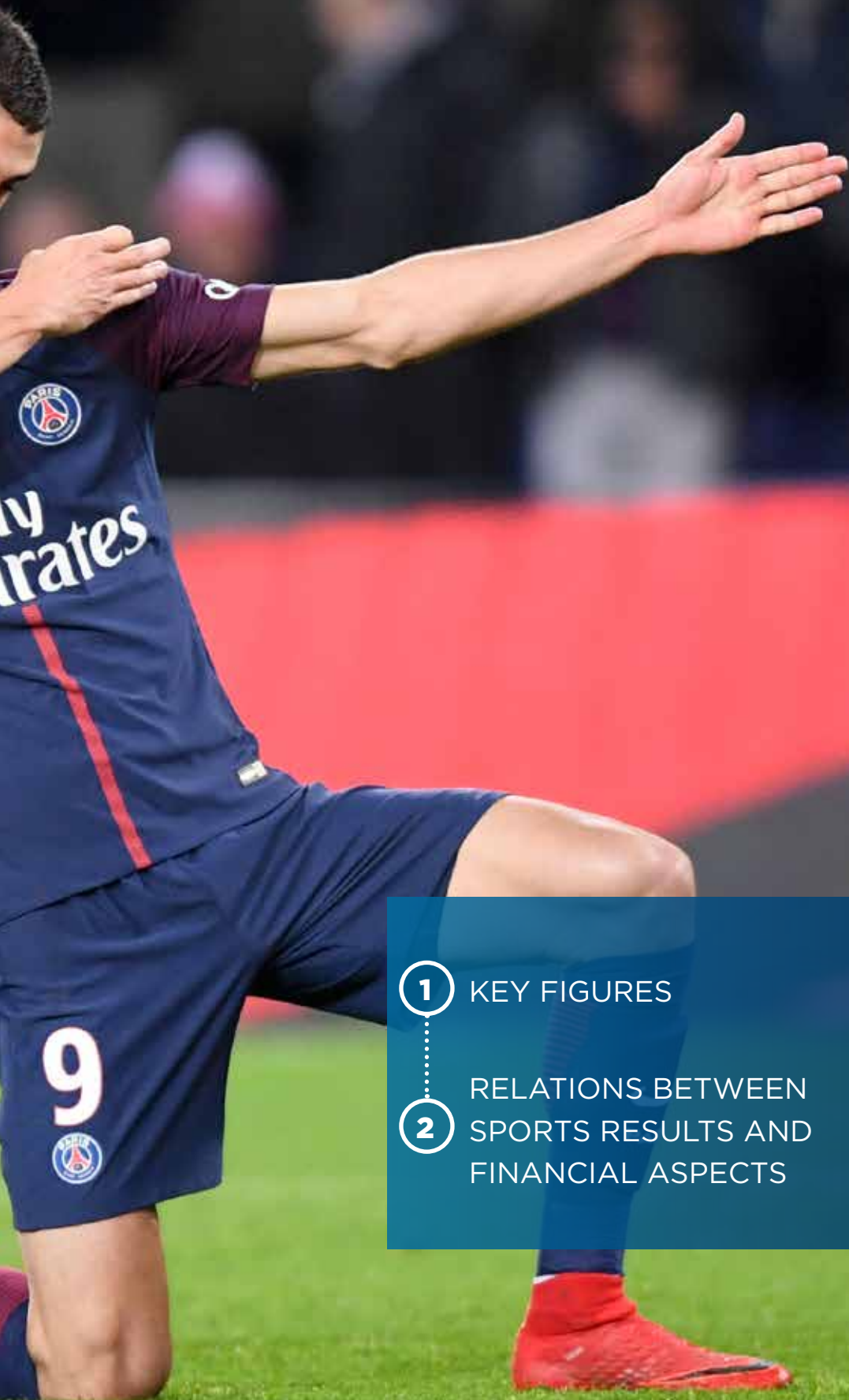
€000	2016/2017	2017/2018	VARIATION
Intangible assets : transfer fees	590 755	1 052 998	+ 78%
Other fixed assets	801 531	804 509	+ 0%
Receivables relating to player transfers	247 744	802 186	+ 224%
Other current assets	538 112	554 973	+ 3%
Cash and short-term investments	437 658	400 499	- 8%
TOTAL ASSETS	2 615 800	3 615 165	+ 38%
Net equity	431 660	820 721	+ 90%
Shareholder current accounts	609 767	657 979	+ 8%
Provisions for liabilities and charges	70 554	61 074	- 13%
Financial liabilities	424 835	580 756	+ 37%
Liabilities relating to player transfers	261 420	492 996	+ 89%
Other liabilities	817 564	1 001 639	+ 23%
TOTAL LIABILITIES	2 615 800	3 615 165	+ 38%
PROFIT (LOSS) FOR THE YEAR	- 101 296	- 176 317	- 74%

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LIGUE 1 REPORT

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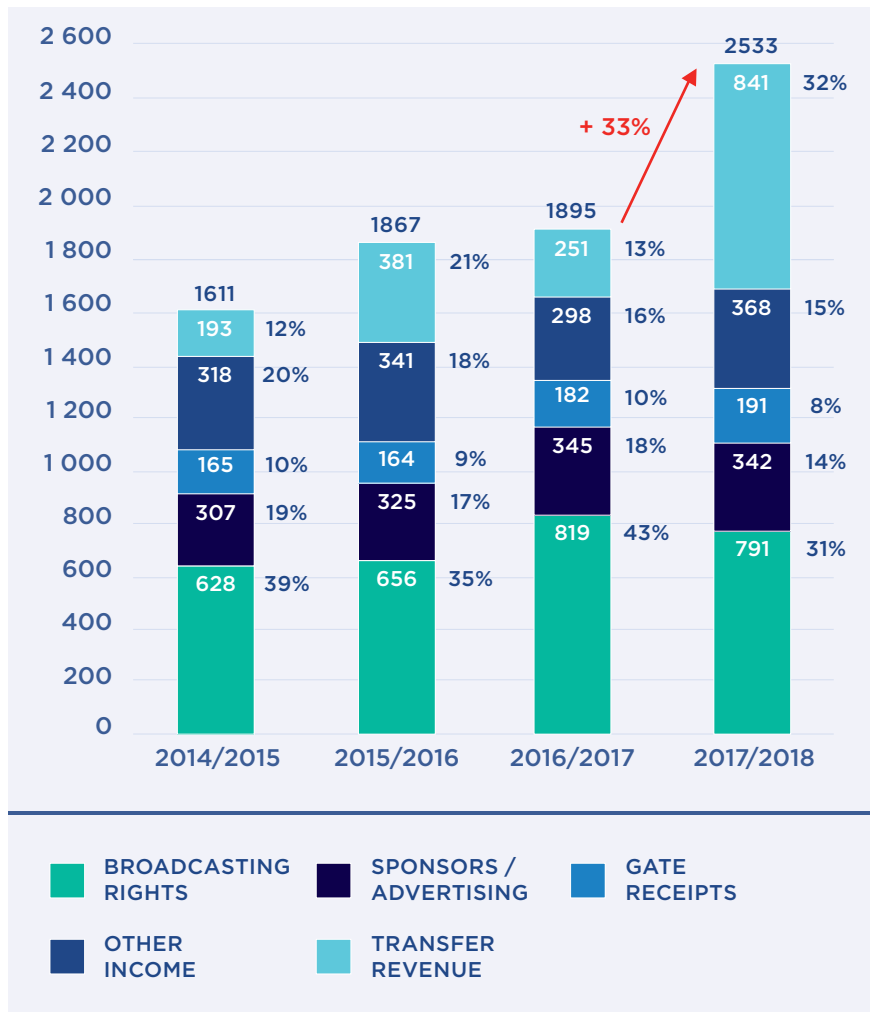
1.1.1 EXECUTIVE SUMMARY

COMBINED INCOME STATEMENT

€000	2016/2017	2017/2018	VARIATION
Broadcasting rights	819 124	791 271	- 3%
Sponsors - Advertising	344 857	342 114	- 1%
Gate receipts	181 654	190 621	+ 5%
Other income (incl. merchandising)	297 696	368 232	+ 24%
TOTAL OPERATING INCOME	1 643 331	1 692 238	+ 3%
Total payroll	838 818	984 849	+ 17%
Social charges	241 778	277 471	+ 15%
Amortisation of transfer fees	231 853	367 834	+ 59%
Agents' fees	48 369	83 229	+ 72%
Other expenses	558 392	644 457	+ 15%
TOTAL OPERATING EXPENSES	1 919 210	2 357 840	+ 23%
OPERATING PROFIT (LOSS)	- 275 879	- 665 602	- 141%
PROFIT (LOSS) FROM TRANSFERS	251 350	840 356	+ 234%
OPERATING PROFIT (LOSS) BEFORE EXCEPT. ITEMS	- 24 525	174 754	
Financial profit (loss)	- 44 084	- 121 239	- 175%
Exceptional profit (loss): other	- 6 010	- 4 608	+ 23%
Income tax	- 10 075	- 29 166	- 189%
Exceptional profit (loss): current account W/R	- 8 679	- 178 477	- 1 956%
NET PROFIT (LOSS)	- 93 377	- 158 736	- 70%

€000	2016/2017	2017/2018	VARIATION
Intangible assets : transfer fees	586 563	1 034 949	+ 77%
Other fixed assets	670 935	666 867	- 1%
Receivables relating to player transfers	231 054	763 083	+ 230%
Other current assets	489 064	493 839	+ 1%
Cash and short-term investments	386 764	352 465	- 9%
TOTAL ASSETS	2 364 380	3 311 203	+ 40%
Net equity	345 969	732 110	+ 111%
Shareholder current accounts	573 024	600 156	+ 5%
Provisions for liabilities and charges	62 093	50 036	- 19%
Financial liabilities	386 510	543 572	+ 41%
Liabilities relating to player transfers	260 998	482 652	+ 85%
Other liabilities	735 786	902 677	+ 23%
TOTAL LIABILITIES	2 364 380	3 311 203	+ 40%
PROFIT (LOSS) FOR THE YEAR	- 93 377	- 158 736	- 70%

1.1.2 INCOME



TREND IN TOTAL INCOME (INCLUDING INCOME FROM TRANSFERS)

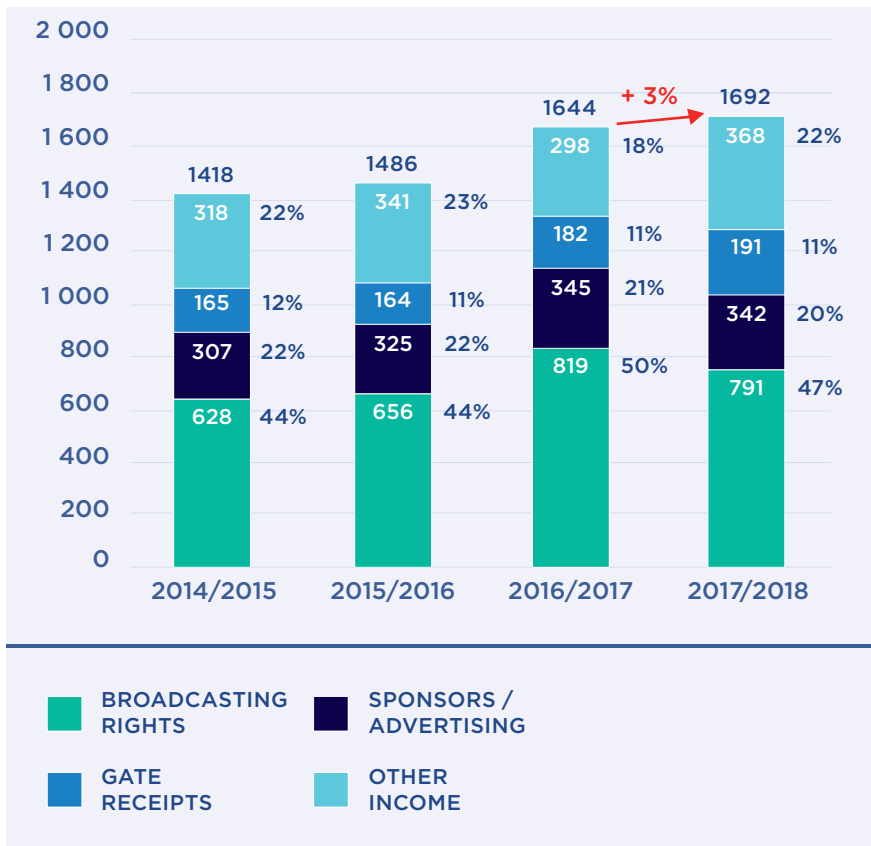
In €m and percentage of total revenue

Total income including income from transfers totalled €2.533 billion in Ligue 1 for 2017/2018.

Overall, there was a marked rise in total income (+ €638m over the 2017/2018 season).

This income was due primarily to the considerable increase in profit from transfers (+ €590m) over the 2016/2017 season, and, to a lesser degree, to other income streams (+ €70m).





TREND IN OPERATING REVENUE

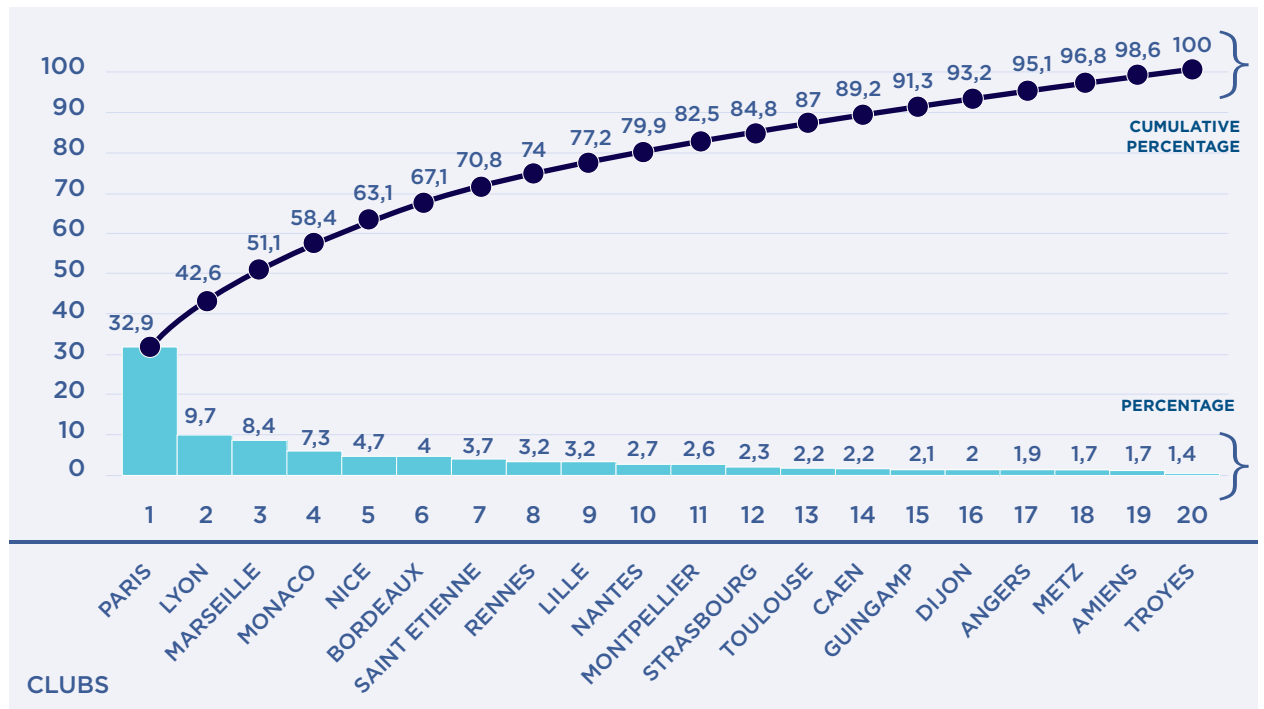
In €m and percentage of total revenue

- Operating revenue totalled €1.692 billion in 1 Ligue 1 for 2017/2018.
- In all, operating revenue increased slightly (+ €48m vs. 2016/2017).
- Only the category of other revenue rose significantly in relation to 2016/2017 (+ €70m), and other types of revenue either fell or remained stable (+ €9m for gate receipts).
- Broadcasting rights and sponsoring/advertising revenue were the only two items down in relation to 2016/2017.



DISTRIBUTION OF OPERATING PROFITS

as a percentage of the total



As in 2016/2017, the curve in this graph shows strong concentration among a small number of clubs:

- The 3 clubs with the highest non-transfer revenue (PSG, Lyon and Marseille) account for half of the non-transfer revenue in Ligue 1. This percentage would be 15% if all teams in Ligue 1 had the same non-transfer revenue

- PSG alone generated slightly less than one third of the revenue for Ligue 1, i.e. as much as the 14 clubs with the lowest revenue combined

1.1.2.1 BROADCASTING RIGHTS

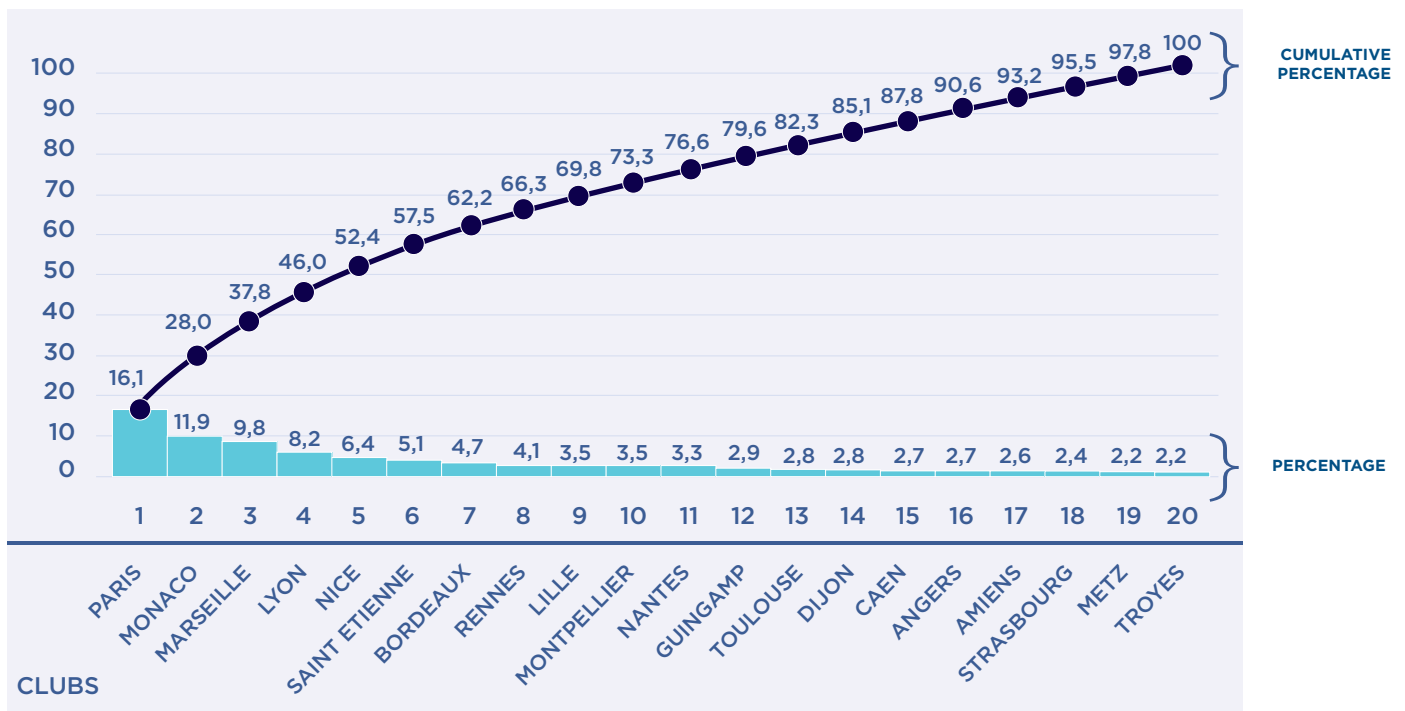
BROADCASTING RIGHTS FOR THE LIGUE 1 CHAMPIONSHIP

The concentration of Ligue 1 clubs' non-transfer revenue is limited by the distribution of championship broadcasting rights, which is based on a distribution system that is relatively even since it provides solidarity rights of around €8m and club license rights of around €5.3m.

However, broadcasting rights vary between clubs in the championship according to two factors: one part, based upon on-pitch performance, was up to €23m (PSG), while another, based on reputation, totalled €23m (PSG), €20m (Marseille) and €17m (Lyon).

BREAKDOWN OF TOTAL BROADCASTING RIGHTS FOR THE LIGUE 1 CHAMPIONSHIP

as a percentage of the total



The blue curve shows that broadcasting rights are distributed this way :

- The top 3 clubs represent 37.8% of all Ligue 1 championship broadcasting rights,

- The top 5 clubs represent just over half of all broadcasting rights,

- PSG garnering the maximum rights for reputation and sporting performance,

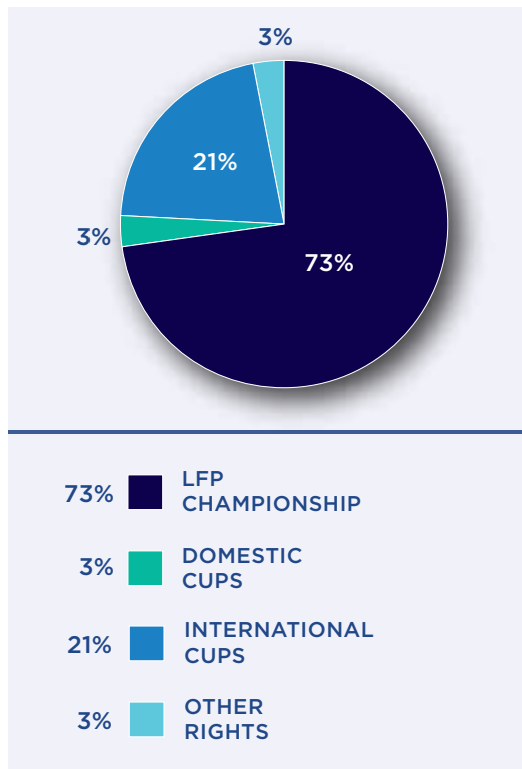


BROADCASTING RIGHTS FOR CLUBS TAKING PART IN EUROPEAN COMPETITIONS

CLUB	EUROPEAN PERFORMANCE	UEFA BROADCASTING RIGHTS	LIGUE 1 BROADCASTING RIGHTS	OTHER BROADCASTING RIGHTS	TOTAL BROADCASTING RIGHTS	EUROPEAN CUP SHARE
PSG	1/8 Champions League	€64,0M	€56,7M	€7,2M	€127,9M	50%
AS MONACO	Champions League group stages	€46,5M	€44,4M	€2,9M	€93,8M	49,6%
OM	Europa League Final	€23,1M	€51,7M	€2,7M	€77,5M	29,8%
OL	1/8 Europa League	€13,9M	€48,7M	€2,6M	€65,2M	21,3%
OGC NICE	1/16 Europa League (Via PO UCL)	€19,9M	€29,7M	€0,8M	€50,4M	39,5%
FCGB	Europa League qualifying stages	€0,2M	€34,9M	€2,3M	€37,4M	06%
TOTAL		€167,6M	€266,1M	€18,5M	€452,2M	37,1%

Broadcasting rights for the European cups represent 37% of all broadcasting rights. This large percentage is explained by the extremely high UEFA broadcasting

rights paid to PSG and Monaco in the Champions League and to Marseille, Lyon and Nice in the Europa League.



BREAKDOWN OF BROADCASTING RIGHTS BY COMPETITION

as a percentage of the total

■ For the clubs concerned, broadcasting rights for European competitions totalled €168 million (vs. €195 million last season, as a result of AS Monaco’s elimination during the group stage of the Champions League and the failure of OGC Nice to progress beyond the qualifying rounds of the champions League).

■ European broadcasting rights were higher for clubs in the Champions League than for those in the Europa League: around 50% for PSG and Monaco vs. 30% for Marseille, who nevertheless reached the Europa League final.

1.1.2.2 GATE RECEIPTS

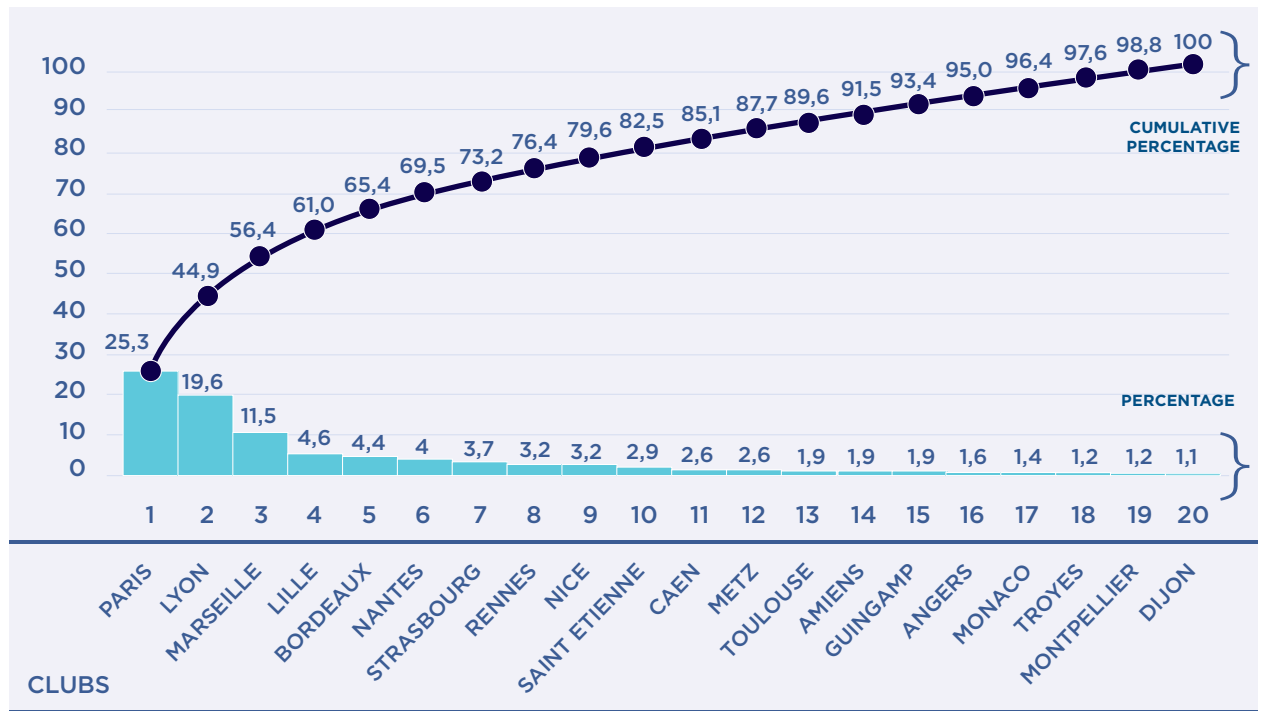
LIGUE 1 CHAMPIONSHIP GATE RECEIPTS

■ As in previous seasons, Ligue 1 gate receipts remained far more concentrated than domestic broadcasting rights. Lyon and PSG alone accounted for 44.9% of total Ligue 1 gate receipts thanks to their very high attendances and their ticket prices.

■ In 2017/2018, PSG overtook Lyon (1st in 2016/2017) to become the leading club in terms of gate receipts, generating 25.2% of all gate receipts for Ligue 1 clubs vs. 19.6% for Lyon.

DISTRIBUTION OF LIGUE 1 CHAMPIONSHIP GATE RECEIPTS

as a percentage of the total



GATE RECEIPTS: ANALYSIS BY SPECTATOR CATEGORY

	2016/2017	2017/2018	VARIATION
Average per match			
SPECTATOR CATEGORY (NUMBER)			
Season-ticket holders	10 526	12 783	+ 21%
Match-day tickets	6 902	7 728	+ 12%
Free admissions	2 608	2 509	- 4%
TOTAL SPECTATORS	20 036	23 019	+ 15%
TOTALES RECEIPTS IN€m			
Average price for season-ticket holders	€23,97	€23,57	- 2%
Average match-day ticket price	€26,46	€25,77	- 3%
Average price for paying spectators	€24,96	€23,57	- 2%
AVERAGE PRICE - ALL SPECTATORS	€ 21,71	€ 21,74	+ 0%

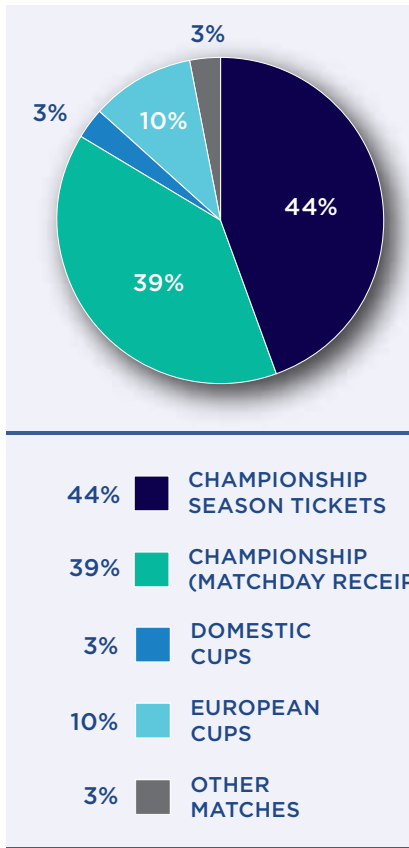
Total gate receipts were up 15%. This increase is due to higher attendance in stadiums:

- Overall, the average ticket price remained stable in relation to 2016/2017 (+ 0.03 €).

- The average number of spectators was up 15% over 2016/2017, mainly due to a net increase in season-ticket holders (+ 21%) and, to a lesser extent, to the number of spectators purchasing tickets on match day (+ 12%).

GATE RECEIPTS: ANALYSIS OF CLUBS TAKING PART IN EUROPEAN COMPETITIONS

CLUB	EUROPEAN PERFORMANCE	EUROPEAN CUP GATE RECEIPTS	TOTAL GATE RECEIPTS	% OF EUROPEAN CUP REVENUE IN GATE RECEIPTS
PSG	1/8 Champions League	€8,5M	€48,4M	17,6%
OL	1/8 Europa League	€4,0M	€37,3M	10,7%
OM	Europa League Final	€4,7M	€21,9M	21,5%
FCGB	Preliminary round of Europa League	€0,1M	€8,4M	1,2%
OGC NICE	1/16 Europa League	€1,4M	€6,1M	22,9%
AS MONACO	Group stages of ChampionsLeague	€0,4M	€2,7M	14,8%
TOTAL		€19,1M	€124,8M	15,3%



BREAKDOWN OF GATE RECEIPTS BY COMPETITION

as a percentage of the total

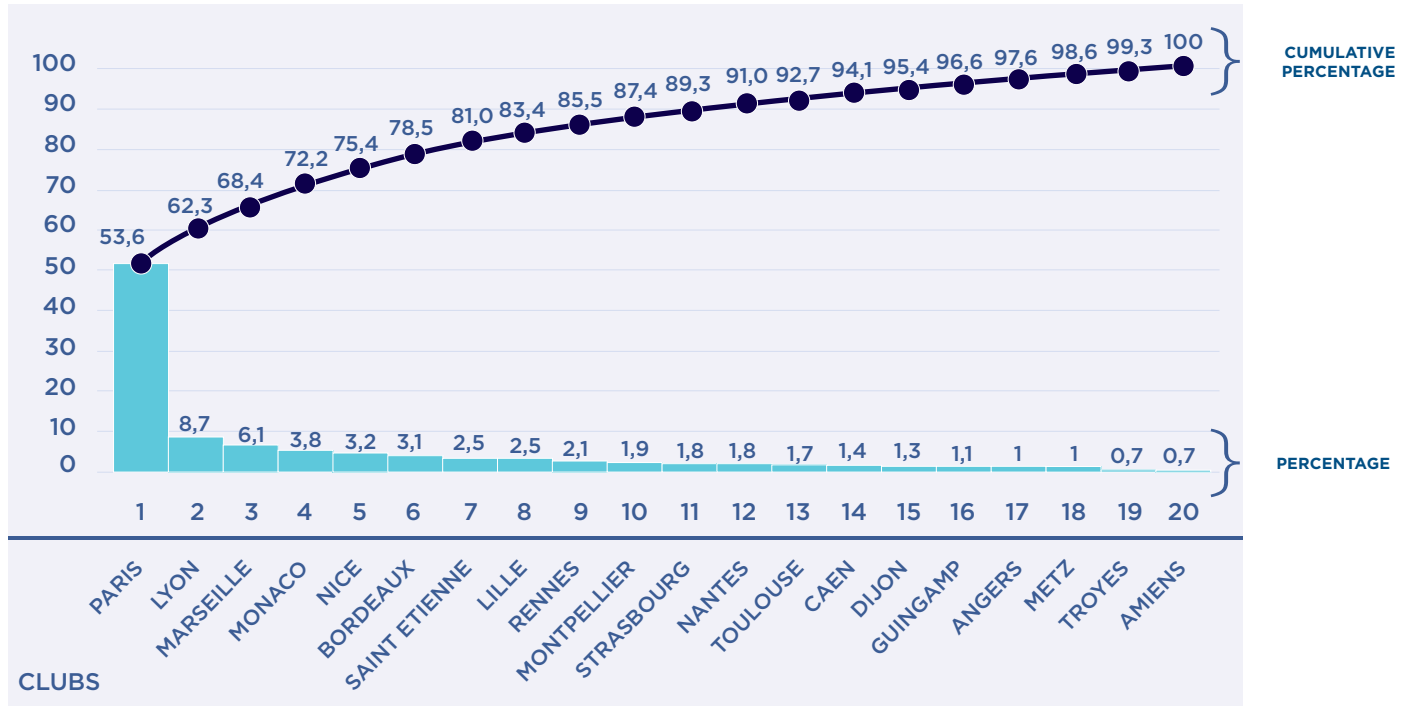
- Championship gate receipts represent the majority of Ligue 1 club gate receipts (83%).
- As in the 2016/2017 season, gate receipts from season tickets are higher than gate receipts from matchday tickets.
- European cup gate receipts represent 10% of total gate receipts for Ligue 1 clubs overall. However, this overall figure masks the large proportion of European cup gate receipts in the gate receipts of clubs qualifying for European cup competitions.
- Overall, European cup match receipts accounted for 15% of the total match receipts for clubs playing in Europe (vs. 25% the previous season).



1.1.2.3 SPONSORING/ADVERTISING, MERCHANDISING, LOCAL AUTHORITY SUBSIDIES AND OTHER INCOME

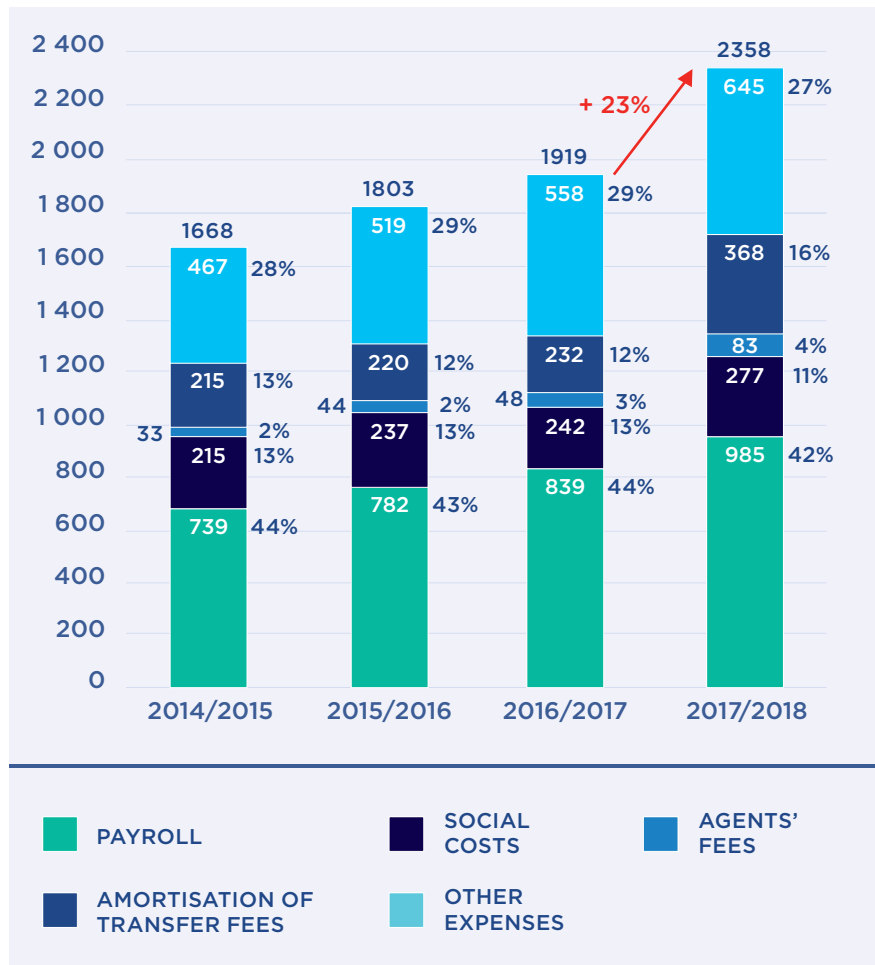
DISTRIBUTION OF SPONSORING/ADVERTISING, MERCHANDISING, LOCAL AUTHORITY SUBSIDIES AND OTHER INCOME

as a percentage of the total



■ The blue curve shows a very high concentration of this income stream, with PSG alone representing over 50% of all income from sponsoring, merchandising and subsidies.

1.1.3 OPERATING EXPENSES



CHANGE IN OPERATING EXPENSES

€M

Operating expenses totalled €2.358 billion in Ligue 1, i.e. €665m more than operating revenue.

Operating expenses rose greatly in relation to the 2016/2017 season (+€439m).

This increase was due to an increase in all cost items:

- Payroll 17 %
- Social charges 15 %
- Agents' fees 72 %
- Amortisation of transfer fees 59 %
- Other expenses 15 %

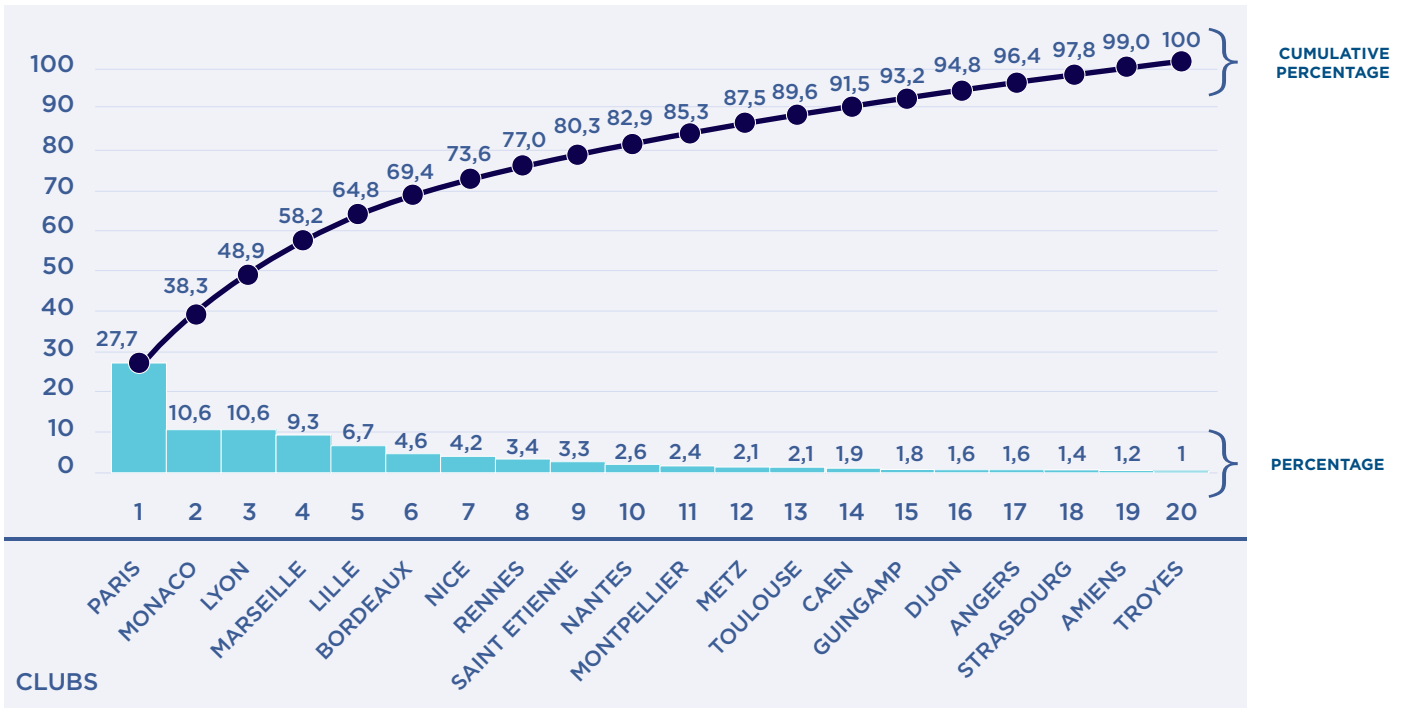


■ Like all forms of revenue, expenses were highly concentrated in Ligue 1, with 6 clubs alone accounting for more than two thirds of all operating expenses in this league.

■ PSG's operating costs as a percentage of total operating costs were lower than the club's individual revenue in terms of total operating revenue (approximately 28% vs. 32%).

DISTRIBUTION OF OPERATING EXPENSES

as a percentage of the total

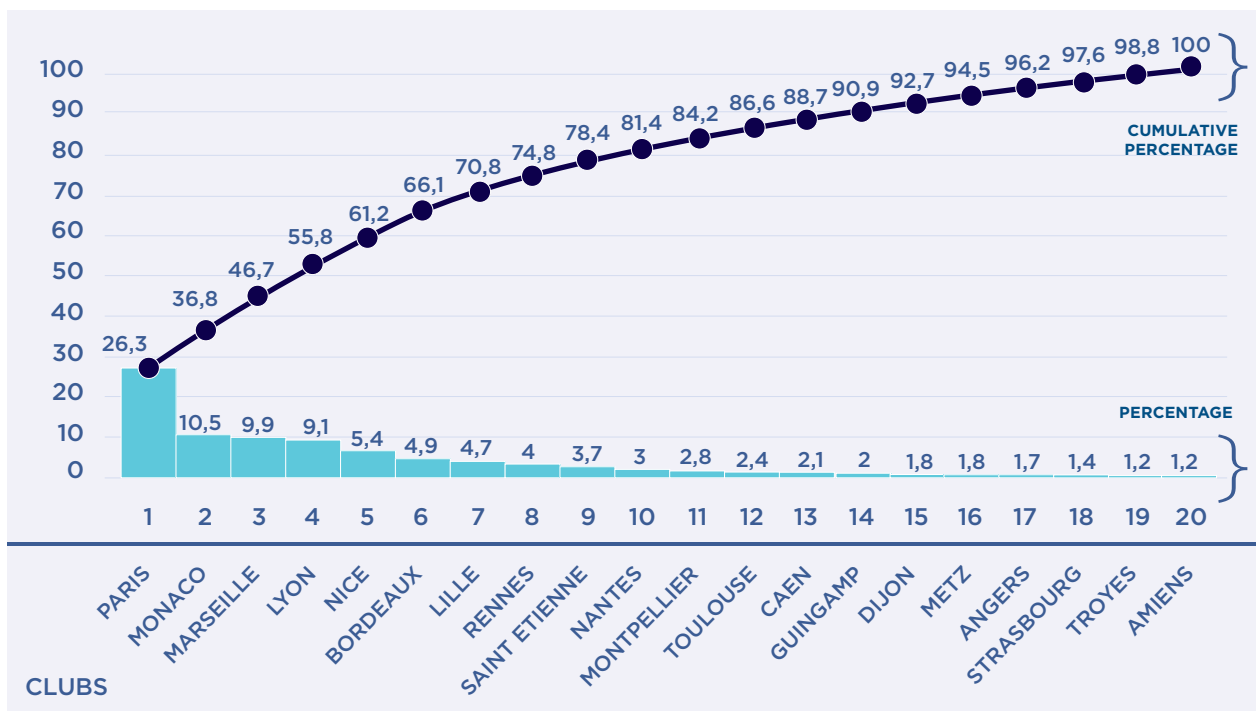


1.1.3.1 TOTAL PAYROLL

- Total payroll is the main expense item for Ligue 1 clubs (53% of non-transfer expenses).
- Payroll varies considerably from one club to another. PSG alone represents over a quarter of the entire payroll for Ligue 1, i.e. as much as the 13 clubs having the lowest payrolls.
- Monaco is now the second Ligue 1 club in terms of payroll and is in front of Marseille (10.5% vs. 9.9% of payroll).

DISTRIBUTION OF TOTAL PAYROLL (INCLUDING EMPLOYEES' AND EMPLOYERS' SOCIAL CONTRIBUTIONS)

as a percentage of the total



1.1.3.2 PAYROLL ANALYSIS

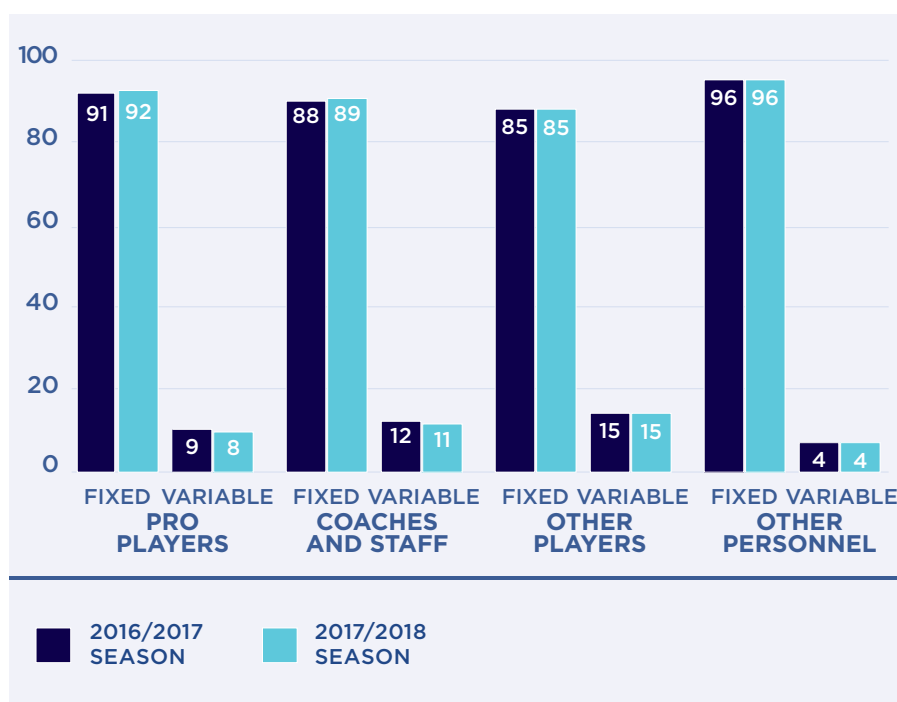
(GROSS SALARIES WITHOUT CONTRIBUTIONS)

BREAKDOWN OF REMUNERATION BY EMPLOYEE CATEGORY (IN €M)

	2016/2017	2017/2018	VARIATION
PROFESSIONAL PLAYERS	622,3	715	+ 15 %
Basic salary	568,5	660,4	+ 16%
Variable bonuses	53,8	54,6	+ 2%
PROFESSIONAL COACHES AND STAFF	84,7	94,6	+ 12%
Basic salary	74,7	84,2	+ 13%
Variable bonuses	10	10,4	+ 4%
OTHER PLAYERS	26,9	27,3	+ 1%
Basic salary	22,9	23,2	+ 1%
Bonuses	4	4,1	+ 3%
OTHER PERSONNEL	96,5	138,7	+ 44%
Basic salary	92,5	133,5	+ 44%
Bonuses	4	5,2	+ 30%

Variable remuneration refers to the portion of salary received on the achievement of individual and collective targets. These bonuses may be based on sports results (e.g. European Cup qualification, final ranking, Cup performance, etc.) as well as on the number of selections (effective presence on the team sheet, number of starts, matches played, etc.).

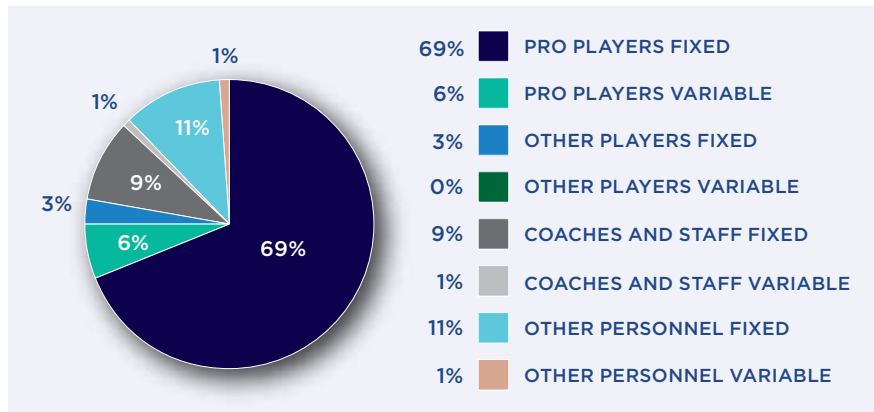
- Variable bonuses represent a small proportion of income for all employee categories.
- The income that progressed fastest in 2017/18 was that of the Other personnel category.



FIXED PAY AND VARIABLE BONUSES

as a percentage of the total and by employee category

- The variable proportion of salaries was stable for professional players, staff and all other players and other personnel.



BREAKDOWN OF PAYROLL

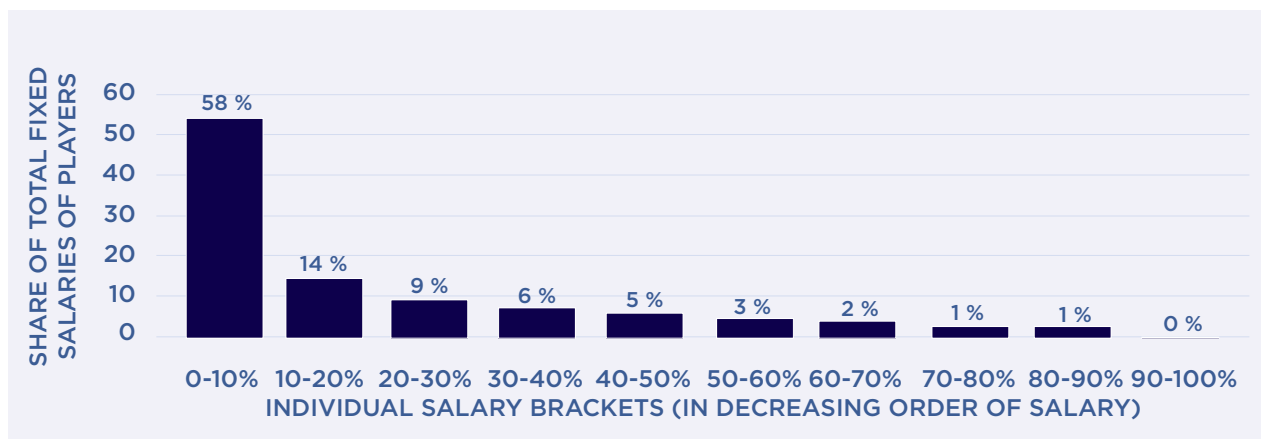
.....
as a percentage of the total

■ Professional players represent 75% of the total payroll for Ligue 1 clubs, i.e. €715m vs. €622m in 2016/2017.

CONCENTRATION OF GROSS PAYROLL

COMBINED PERCENTAGE OF PLAYERS' SALARIES BY DECILE

.....



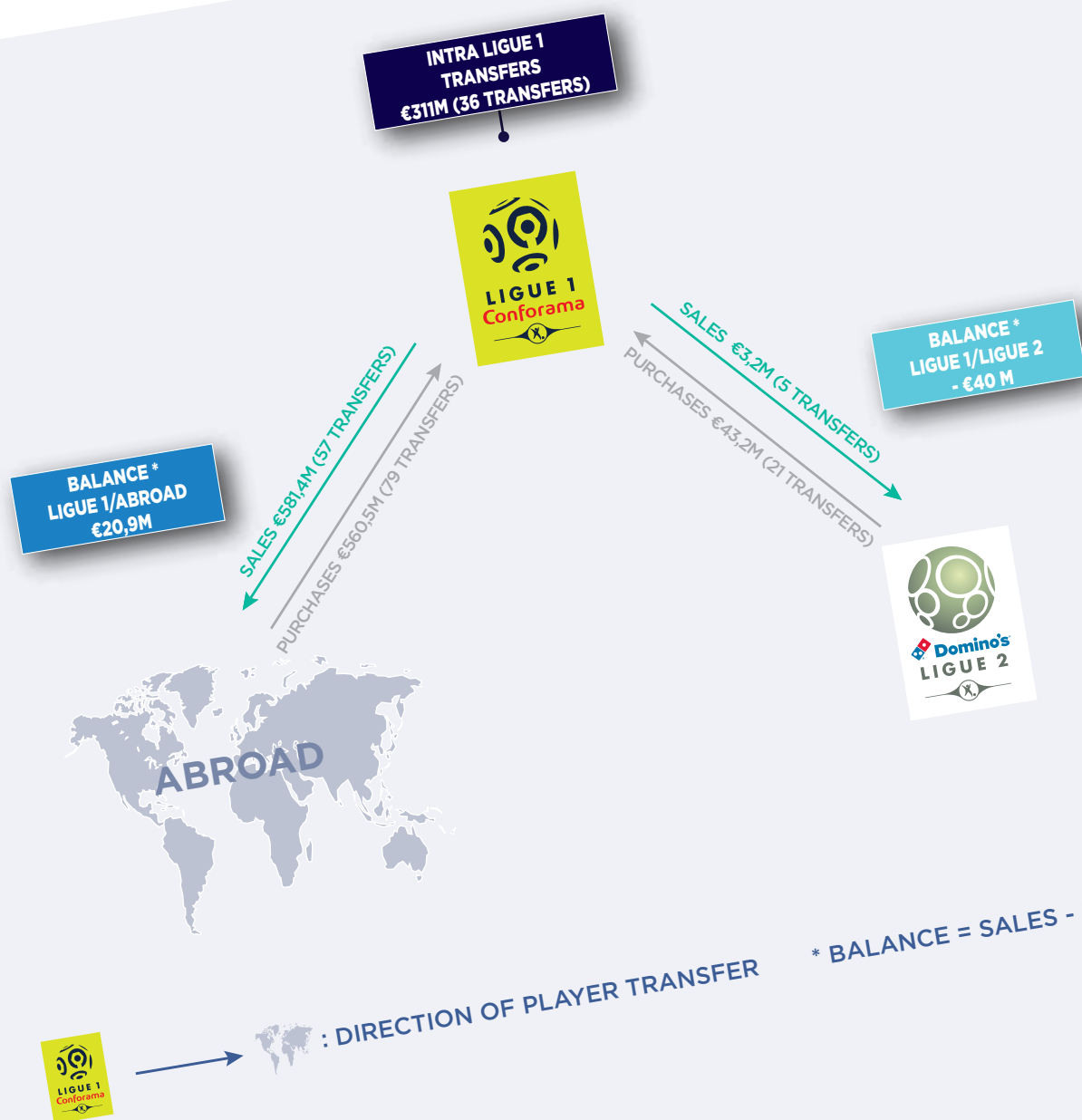
■ As in 2016/2017, there were very significant disparities between the contractual salaries of Ligue 1 players, with the highest-paid 10% of players representing 58% of the total payroll for all L1 players.

PLAYER PORTFOLIO ANALYSIS	30/06/18	30/06/19	30/06/20	30/06/21	30/06/22
Percentage of the number of fixed-term contracts	24%	25%	26%	17%	8%
Percentage of the sum of salaries falling due	13%	21%	23%	23%	20%



1.1.4 PLAYER TRADING

TRANSFERS OF PLAYERS WITH FRENCH PROFESSIONAL CLUBS FOR THE 2017/2018 SEASON

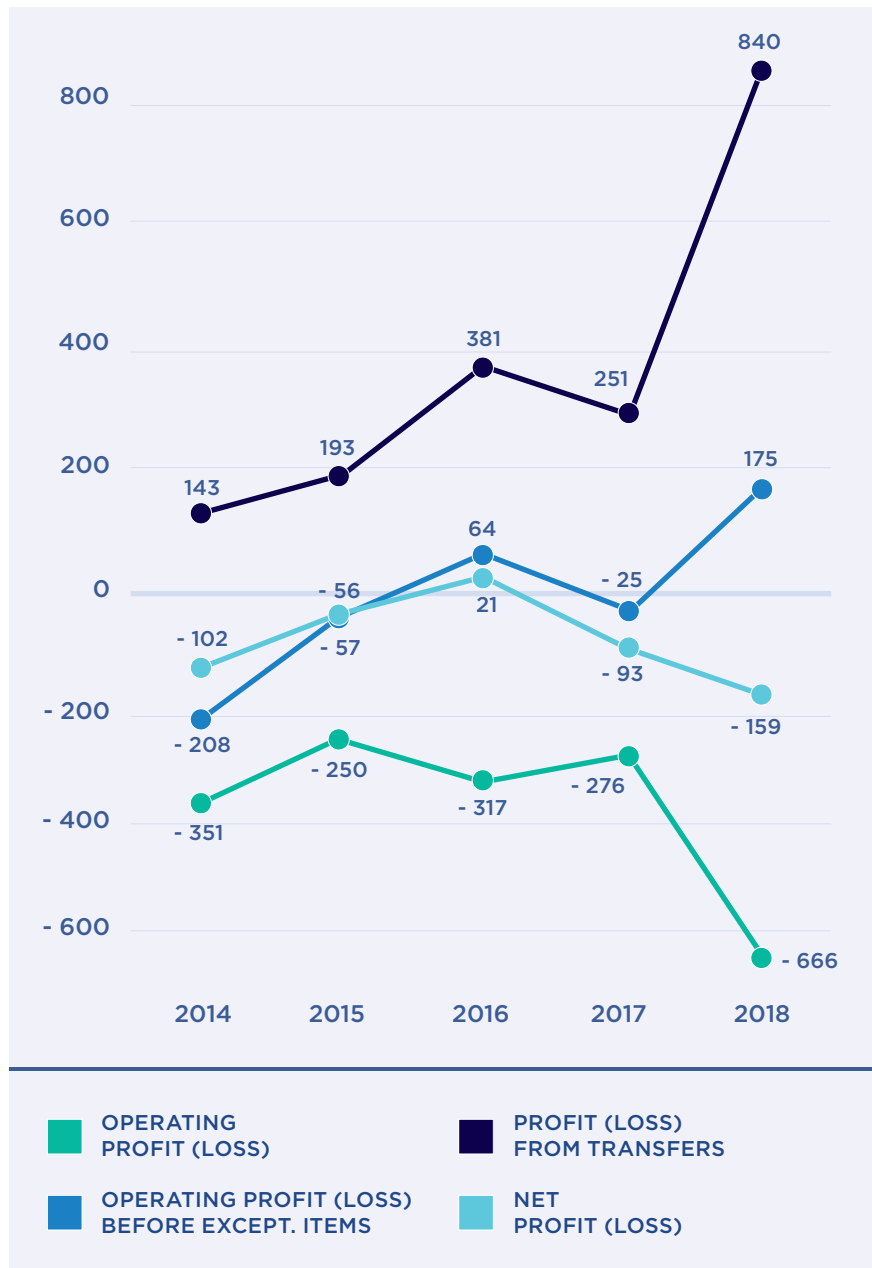


TREND IN TRANSFER BALANCE IN EN €M	2015/2016	2016/2017	2017/2018
Sales - France	94,3	49,2	314,2
Sales - abroad	391,2	260,4	581,4
Purchases - France	- 119,0	- 61,7	- 354,2
Purchases - abroad	- 219,3	- 260	- 560,5
BALANCE	147,2	- 12,1	- 19,1

In €million	League of arrival			Total
	Abroad	Ligue 1	Ligue 2	
Abroad				
Number of transfers		79	18	97
Amount		560,5	5,8	566,3
Ligue 1				
Number of transfers	57	36	5	98
Amount	581,4	311	3,2	895,6
Ligue 2				
Number of transfers	18	21	14	53
Amount	11,3	43,2	5,7	60,2
Total number	75	136	37	248
Total amount of transfers	592,7	914,7	14,7	1 522,1

TRANSFER TRANSACTIONS EN €M	
Transfer price	942,6
Net carrying amount of players transferred	100,4
CAPITAL GAIN ON TRANSFERS	842,2
Reversals of provisions for transfer fees	6,65
Provisions for transfer fee amortisation	8,49
PROFIT (LOSS) FROM TRANSFER TRANSACTIONS	840,3

1.1.5 RESULTS



BREAKDOWN OF NET PROFIT (LOSS)

€M

■ After the trend towards improved operating profits for Ligue 1 clubs seen since 2013/2014, the decrease seen in 2015/2016 continued, falling from €21m to -€93m in 2016/2017 and reaching -€159m in 2017/2018.

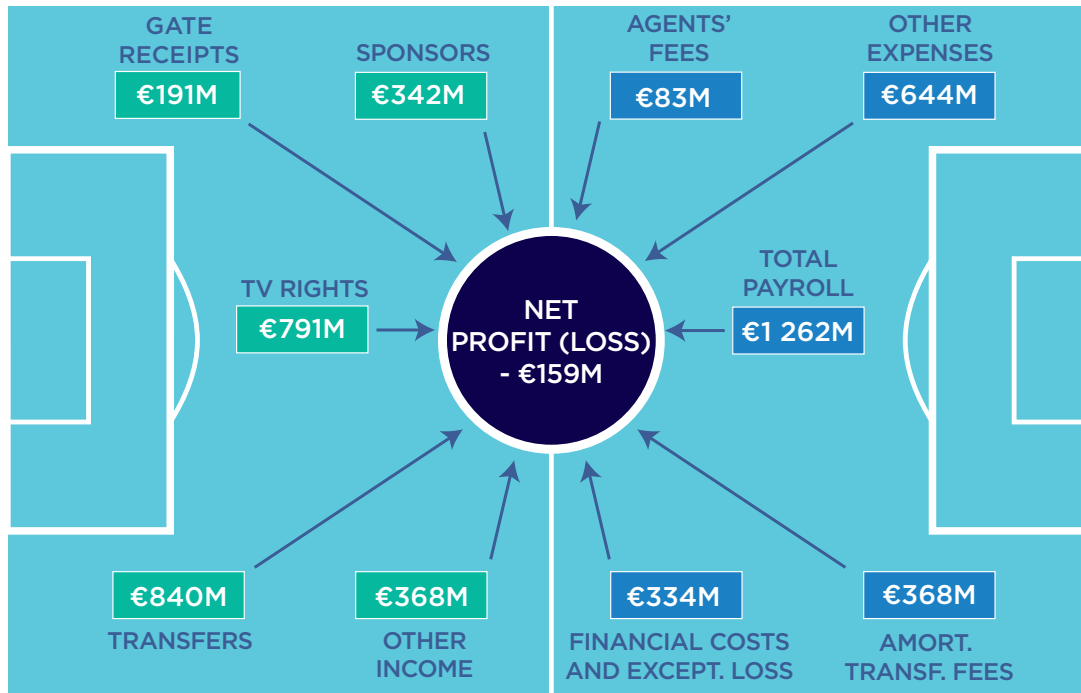
■ For the 2017/2018 season, 15 Ligue 1 clubs achieved a positive net profit. The overall reduction in net profit was thus ascribable to a small number of clubs.

■ However, current operating profit became positive once more (€175m vs. -€25m in 2016/2017) due to record levels of transfer activity.

FORMATION OF NET PROFIT (LOSS) AND GRAPHIC ANALYSIS

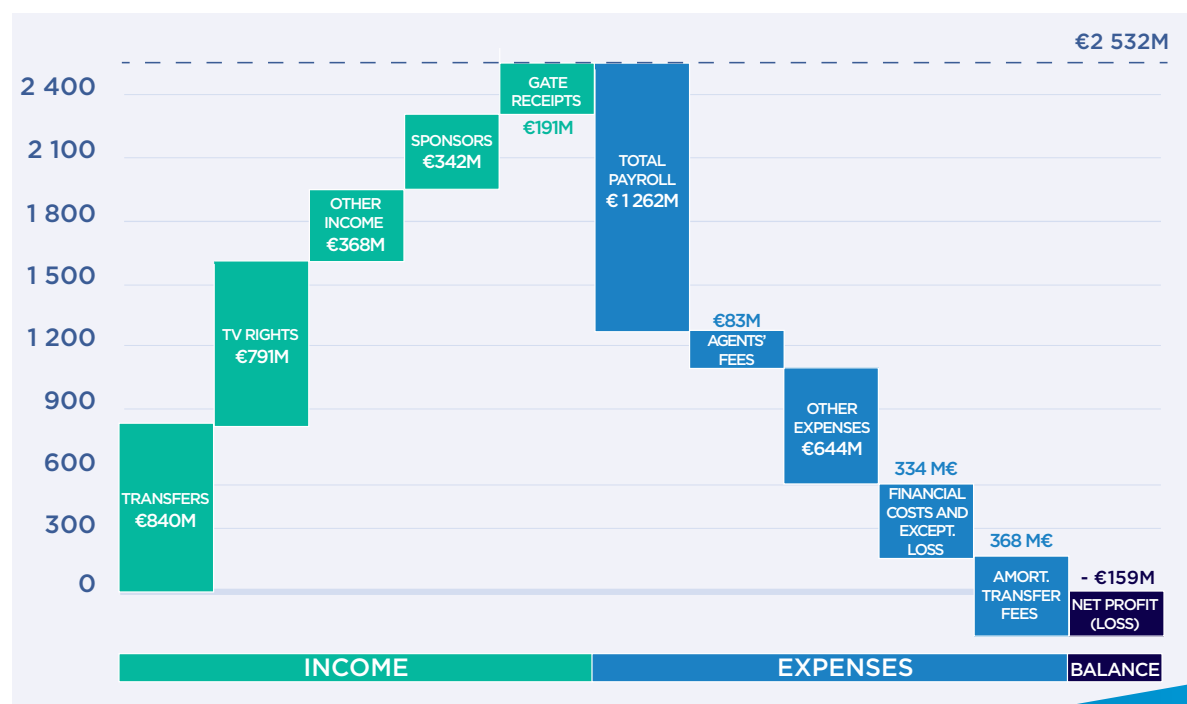
FORMATION OF NET PROFIT (LOSS)

€M

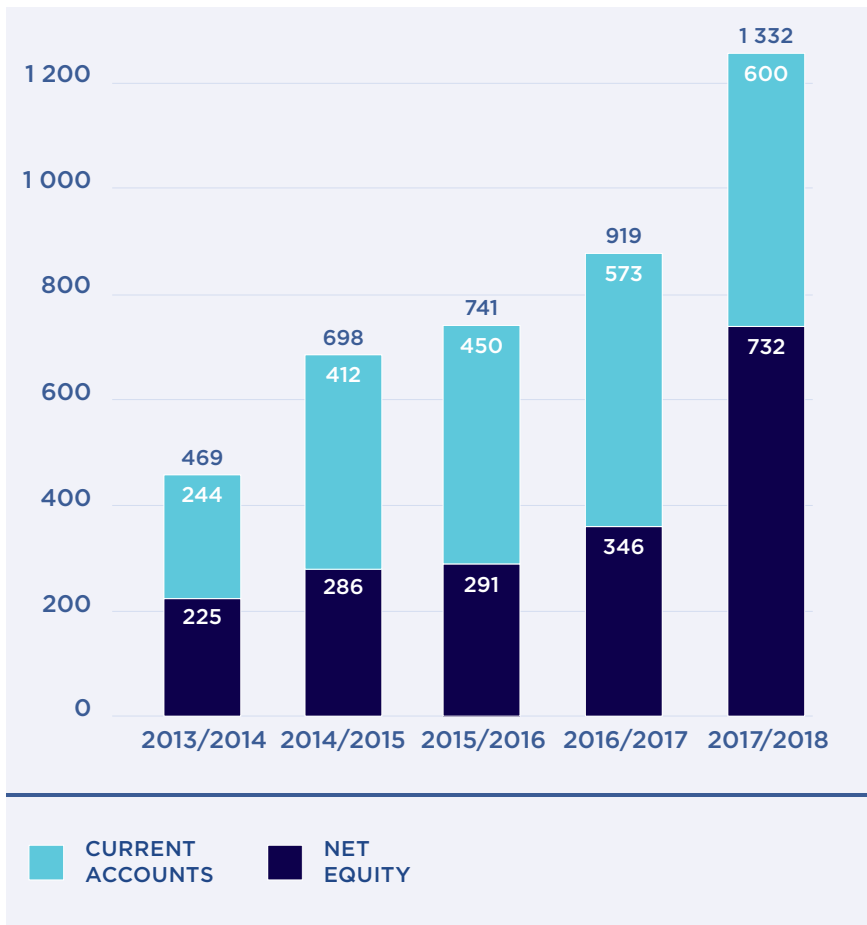


ANALYSIS OF FORMATION OF NET PROFIT (LOSS)

€M



1.1.6 CLUB FUNDING



TREND IN NET EQUITY AND SHAREHOLDER CURRENT ACCOUNTS

€M

Shareholder cash injections (net equity and shareholder current accounts) continued to increase in relation to last season (+ 44%) and stood at €1.332m.





COVERAGE OF FIXED ASSETS BY NET EQUITY, CURRENT ACCOUNTS AND FINANCIAL LIABILITIES

€M

- During the 2013/2014 season, coverage of player intangible assets by net equity and current accounts showed a shortfall (78%).
- Subsequently, coverage was very high in 2014/2015, 2015/2016, 2016/2017 and 2017/2018 (respectively 153%, 158%, 157% and 129%).
- Overall coverage of fixed assets rose by 110% for 2017/2018.

CASH FLOW STATEMENT IN €M	2016/2017	2017/2018
Cash flow from operations	- 20,5	- 2,1
Cash flow from investments	- 12,9	- 31,9
Cash flow from financing	171,4	167,7
Other cash inflows/outflows	- 1,2	- 0,8
NET CASH FLOW FOR THE REPORTING PERIOD	136,8	139,6

1.1.7 INITIAL BUDGET VS. FINAL FIGURES ANALYSIS FOR THE 2017/2018 SEASON

€000	Initial budget	Actual	Difference
Broadcasting rights	734 228	791 271	57 043
Sponsors - Advertising	348 511	342 114	- 6 397
Gate receipts	185 953	190 621	4 668
Other income (incl. merchandising)	306 632	368 232	61 600
TOTAL OPERATING INCOME	1 575 324	1 692 238	116 914
Total payroll	1 109 031	1 262 320	153 289
Transfer costs	332 928	451 062	118 134
Other expenses	556 299	644 458	88 159
TOTAL OPERATING EXPENSES	1 998 259	2 357 840	359 581
OPERATING PROFIT (LOSS)	- 422 935	- 665 602	- 242 667
PROFIT (LOSS) FROM TRANSFERS	396 246	840 356	444 110
OPERATING PROFIT (LOSS) BEFORE EXCEPT. ITEMS	- 26 688	174 754	201 442
Financial profit (loss)	- 29 947	- 121 239	- 91 292
Exceptional profit (loss): other	- 5 069	- 4 608	461
Income tax	- 8 956	- 29 166	- 20 210
Exceptional profit (loss): current account W/R	- 10 700	- 178 477	- 167 777
NET PROFIT (LOSS)	- 81 360	- 158 736	- 77 376

■ Thanks to the exceptional profit from transfers in 2017/2018, clubs were able to reinvest a large part of this surplus in the following two areas:

- **Players** (wages, transfer costs),
- **Financial** (debt service charges, draw-down on current accounts).

■ The main operating indicators (operating profit (loss) and current operating profit (loss)) are considerably higher than forecasts and actual figures.



1.2.1 SPORTS RESULTS

2017/2018 SEASON

LIGUE 1	POSITION	POINTS
PARIS SAINT-GERMAIN	1	93
AS MONACO	2	80
OLYMPIQUE LYONNAIS	3	78
OLYMPIQUE DE MARSEILLE	4	77
STADE RENNAIS FC	5	58
GIRONDINS DE BORDEAUX	6	55
AS SAINT-ETIENNE	7	55
OGC NICE	8	54
FC NANTES	9	52
MONTPELLIER HÉRAULT SC	10	51
DIJON FCO	11	48
EA GUINGAMP	12	47
AMIENS SC	13	45
ANGERS SCO	14	41
RC STRASBOURG	15	38
SM CAEN	16	38
LOSC	17	38
TOULOUSE FC	18	37
ESTAC TROYES	19	33
FC METZ	20	26

TEAM	STAGE REACHED	NUMBER OF EUROPEAN MATCHES PLAYED
------	---------------	-----------------------------------

CHAMPIONS LEAGUE

PARIS SAINT-GERMAIN	1/8 final	8 matches
AS MONACO	Group phase	6 matches

EUROPA LEAGUE

OLYMPIQUE DE MARSEILLE	Final	15 matches
OLYMPIQUE LYONNAIS	1/8 final	10 matches
OGC NICE	1/16 final	8 matches

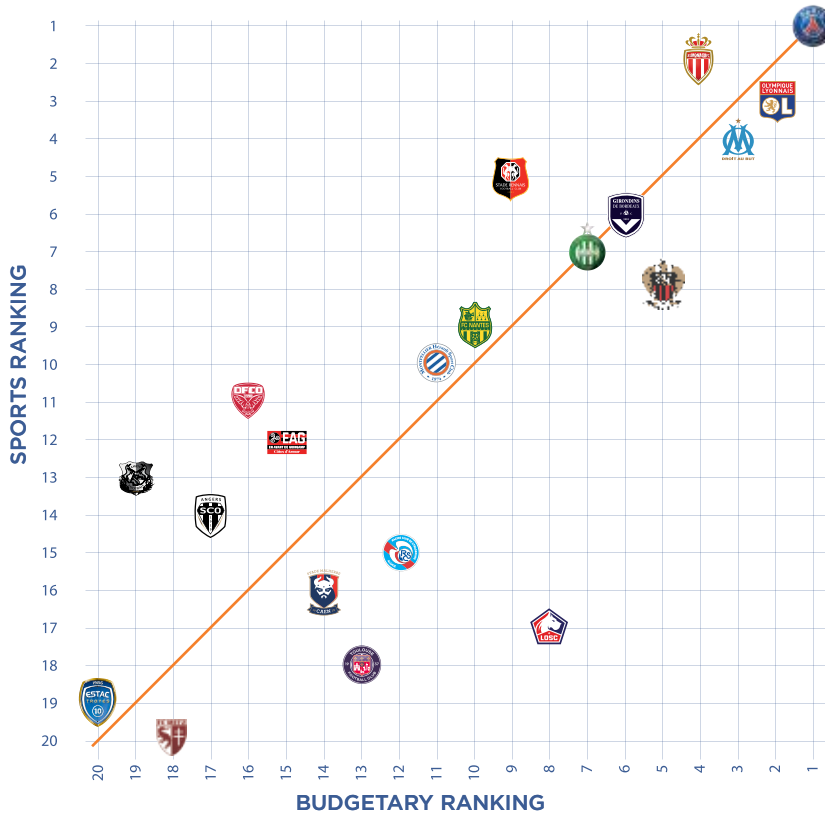
WINNER OF THE COUPE DE LA LIGUE

PARIS SAINT-GERMAIN

WINNER OF THE COUPE DE FRANCE

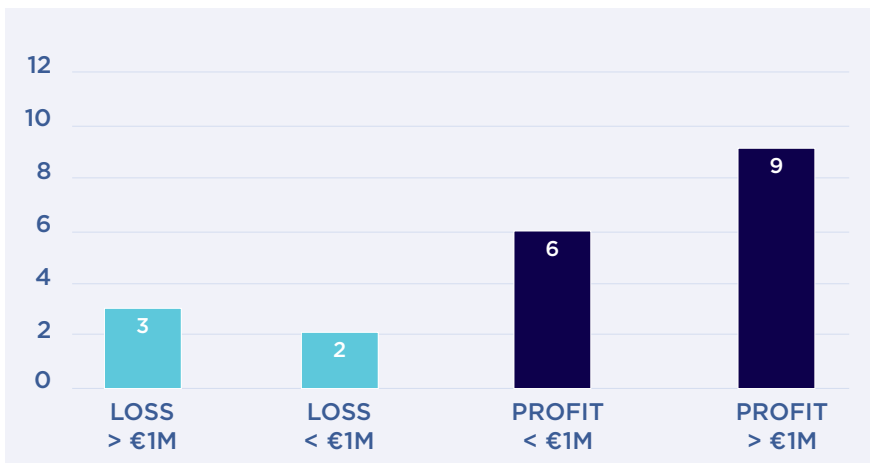
PARIS SAINT-GERMAIN

BUDGET AND SPORTS RANKING



■ In Ligue 1, there is an extremely strong correlation between budgetary ranking and sports ranking, particularly for those clubs with the largest budgets, with the four richest clubs taking the first four slots.

■ The same is true overall concerning clubs with the lowest budgets (all the clubs with the 9 lowest budgets finished between 11th and 20th) although there was a greater degree of randomness: Amiens, with the second lowest budget, finished 13th.



NUMBERS OF PROFIT-MAKING AND LOSS-MAKING CLUBS (NET PROFIT/LOSS)

.....
€M

■ 15 clubs in Ligue 1 made a profit in 2017/2018 i.e. twice as many as in the 2016/2017 season. There was a decrease in the number of clubs making large losses (3 vs. 4 the previous season).

1.2.2 SPORTS RISKS/OPPORTUNITIES AND PAYROLL

■ The relationship between payroll and the number of league points scored is relatively strong, but it does not explain everything: for clubs with the same payroll, there was a difference of up to 30 points.

■ In the same way, a large degree of variation in payroll may be seen for clubs scoring the same number of points (almost €40m).

■ Thus, increases in payroll are by no means a guarantee of improved sporting results.



There are two major risks for clubs in Ligue 1:

■ Relegation for those whose budget extends only to staying up

■ Missing out on qualification for European cups for those clubs with sufficient budget to challenge for a European cup.

The graph above analyses the relationship between the number of points in the table and payroll over the last seven seasons. The findings of previous DNCG reports remain valid for the 2017/2018 season:

■ No clubs with a payroll exceeding €30 million were relegated.

■ Except for OGC Nice at the end of the 2012/2013 season, no clubs with a payroll below €30 million qualified for the Europa league via their position in the championship table.

■ With the exception of Montpellier at the end of the 2011/2012 season, Lille at the end of the 2013/2014 season and Nice at the end of the 2016/2017 season, no clubs with a payroll of less than €70 million qualified for the Champions League.

Three distinct groups of clubs and may thus be identified:

- **Group 1** : clubs with a payroll exceeding €70m. 89% of these have qualified for European Cups over the last seven seasons. The main risk for these clubs is failure to qualify for the group stages of the Champions League.
- **Group 2** : clubs with a payroll of between €30m and

€70m. None of these clubs has been relegated over the last seven seasons. One in four of these clubs has qualified for the European cups over this same period (Europa League: 17.5%, Champions League: 7.5%).

- **Group 3** : clubs with a payroll of less than €30m. More than one quarter of these clubs (28%) have been relegated over the last seven seasons.

SPORTS RESULTS AS A FUNCTION OF PAYROLL (2011/2012 TO 2017/2018 SEASONS)

PAYROLL	PERCENTAGE OF CLUBS RELEGATED	PERCENTAGE OF CLUBS REMAINING IN LIGUE 1 BUT NOT QUALIFYING FOR EUROPEAN CUPS	PERCENTAGE OF CLUBS QUALIFYING FOR EUROPA LEAGUE	PERCENTAGE OF CLUBS QUALIFYING FOR CHAMPIONS LEAGUE
Group 1 (Above €70m)	0%	11%	22%	67%
Group 2 (Between €30m and €70m)	0%	75%	18%	7%
Group 3 (Below €30m)	28	71%	1%	0%



1.2.3 MARKED IMPACT OF SPORTS PERFORMANCE ON REVENUE

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

These four scenarios have very significant consequences for clubs in terms of revenue:

■ Relégation :

on average, non-transfer revenue for the three Ligue 1 relegated at the end of the 2016/2017 season (Lorient, Nancy and Bastia) fell by €15 million between 2016/2017 and 2017/2018. Each club lost respectively around 30% of its revenue.

■ Remaining in Ligue 1 without qualifying for a European cup:

• Between 10th and 6th places, league position bonuses range from €5.4m to €9.6m. The risk of a drop in revenue for a team in the top half of the table is thus approximately €4.2m

• Between 17th and the 10th places, league position bonuses range from €2m to €5.4m. The risk of a drop in revenue for a team in the bottom half of the table is thus approximately €3.4m

■ Qualification for the Europa League:

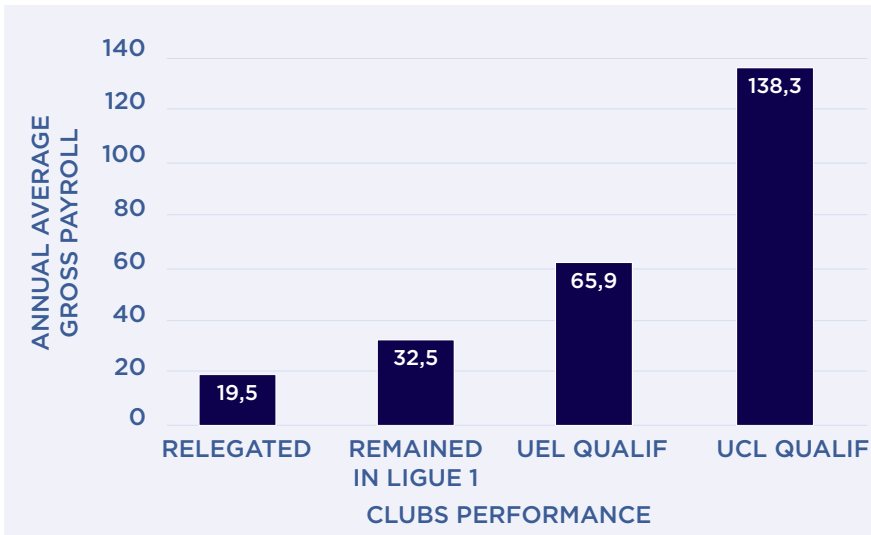
this competition generates revenue of up to €20m for qualifying clubs via UEFA broadcasting rights and gate receipts. In addition, teams qualifying for the Europa League via the championship receive Ligue 1 position bonuses ranging from €9.6m for 6th place and €11m for 5th to €12.6m for 4th.

■ Qualification for the final stage of the Champions League:

this competition generates between €40m and €70m of revenue for clubs via UEFA broadcasting rights and gate receipts. In addition, teams qualifying for the Champions League via the championship receive Ligue 1 position bonuses ranging from €14.5m for 3rd place to €19.2m for the Ligue 1 champions.



1.2.4 ANNUAL GROSS AVERAGE PAYROLL AND SPORTS PERFORMANCE



AVERAGE GROSS PAYROLL BASED ON SPORTS PERFORMANCE (2011/12 TO 2017/18 SEASONS)

€M

The findings of the DNCG report for 2016/2017 remain valid after the 2017/2018 season has been taken into account:

Over the last seven seasons:

- On average, teams that were relegated had a gross payroll of slightly less than €20m.
- On average, teams that remained in the league without qualifying for a European cup had a gross payroll of around €30m.
- On average, teams that qualified for the Champions League had a gross payroll of around €138m.



1.2.5 ANALYSIS BY CLUB GROUP FOR THE 2017/2018 SEASON

Given the foregoing analyses, 3 groups of clubs may be identified based on total payroll costs:

GROUP 1 : PAYROLL ABOVE €70M

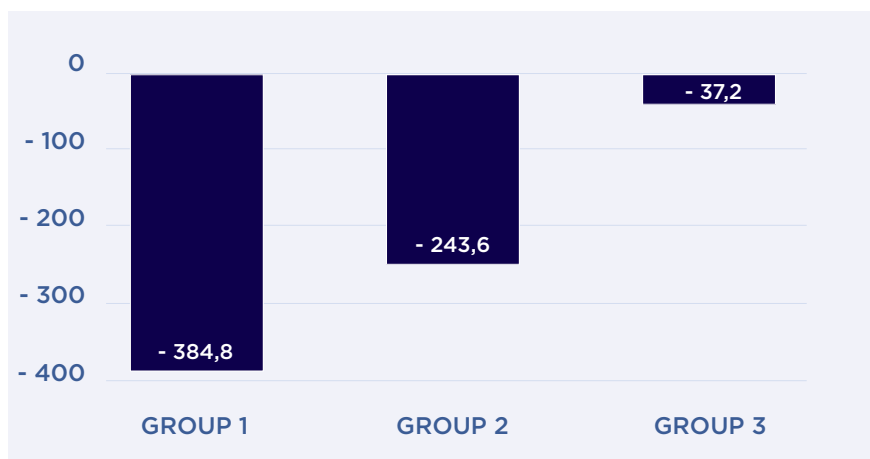


GROUP 2 : PAYROLL BETWEEN €30M AND €70M



GROUP 3 : PAYROLL BELOW €30M



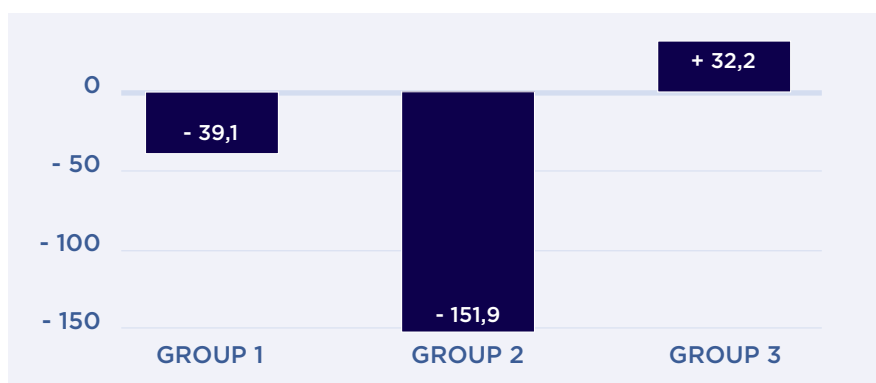


COMBINED OPERATING PROFIT (LOSS) BY GROUP (2017/2018 SEASON)

€M

■ On average, the clubs' combined operating results were as follows: - €385m for group 1 clubs, - €244m for group 2 clubs, - €37m for group 3 clubs.

■ Combined operating results for groups 1 and 2 are down in relation to 2016/2017. However, the net profits of clubs in group 1 improved.



COMBINED NET PROFIT (LOSS) BY GROUP (2017/2018 SEASON)

€M

■ In terms of net results, only group 3 clubs managed to post a profit. Net results from group 2 declined strongly in relation to the 2016/2017 season (- €94m).

■ Lille contributed greatly to the poor result in group 2. In 2017/2018, the club made an operating loss (- €103m) together with a very large exceptional loss (- €71m).

02

LIGUE 2 REPORT

2017/2018 SEASON
DNCG DOCUMENT





1 KEY FIGURES 52

2 RELATIONS BETWEEN
SPORTS RESULTS AND
FINANCIAL ASPECTS 74

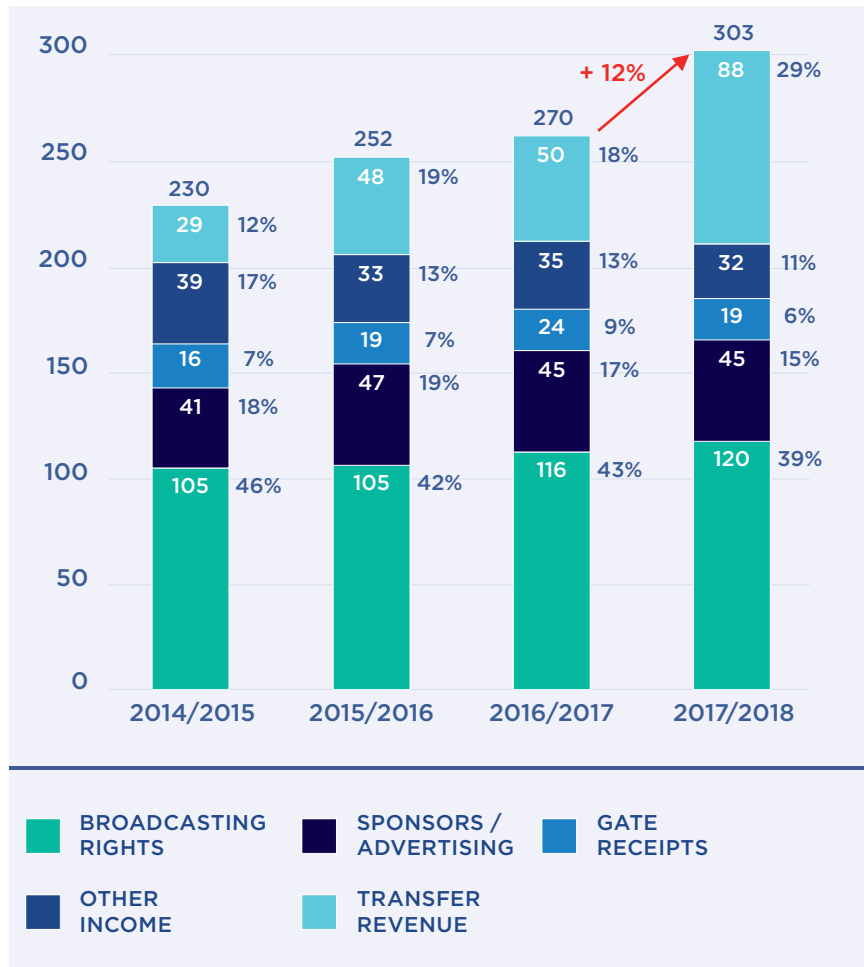
1.1.1 EXECUTIVE SUMMARY

COMBINED INCOME STATEMENT

€000	2016/2017	2017/2018	VARIATION
Broadcasting rights	115 944	119 678	+ 3%
Sponsors - Advertising	44 951	44 772	+ 0%
Gate receipts	24 236	18 677	- 23%
Other income (incl. merchandising)	34 711	31 962	- 8%
TOTAL OPERATING INCOME	219 842	215 089	- 2%
Total payroll	112 517	129 986	+ 15%
Social charges	46 910	54 062	+ 15%
Amortisation of transfer fees	3 369	10 083	+ 199%
Agents' fees	4 935	8 094	+ 64%
Other expenses	109 808	114 894	+ 4%
TOTAL OPERATING EXPENSES	277 539	317 119	+ 14%
OPERATING PROFIT (LOSS)	- 57 697	- 102 030	- 77%
PROFIT (LOSS) FROM TRANSFERS	50 402	88 311	+ 75%
OPERATING PROFIT (LOSS) BEFORE EXCEPT. ITEMS	- 7 295	- 13 719	- 88%
Financial profit (loss)	- 839	- 887	- 6%
Exceptional profit (loss): other	1 178	31	- 97%
Income tax	- 1 531	- 3 008	- 97%
Exceptional profit (loss): current account W/R	568	0	- 100%
NET PROFIT (LOSS)	- 7 919	- 17 583	- 122%

€000	2016/2017	2017/2018	VARIATION
Intangible assets : transfer fees	4 191	18 049	+ 331%
Other fixed assets	130 595	137 642	+ 5%
Receivables relating to player transfers	16 688	39 103	+ 134%
Other current assets	49 048	61 134	+ 25%
Cash and short-term investments	50 893	48 034	- 6%
TOTAL ASSETS	251 415	303 962	+ 21%
Net equity	85 690	88 611	+ 3%
Shareholder current accounts	36 742	57 823	+ 57%
Provisions for liabilities and charges	8 460	11 038	+ 31%
Financial liabilities	38 323	37 184	- 3%
Liabilities relating to player transfers	421	10 344	+ 2 357%
Other liabilities	81 779	98 962	+ 21%
TOTAL LIABILITIES	251 415	303 962	+ 21%
PROFIT (LOSS) FOR THE YEAR	- 7 919	- 17 583	- 122%

2.1.2 INCOME

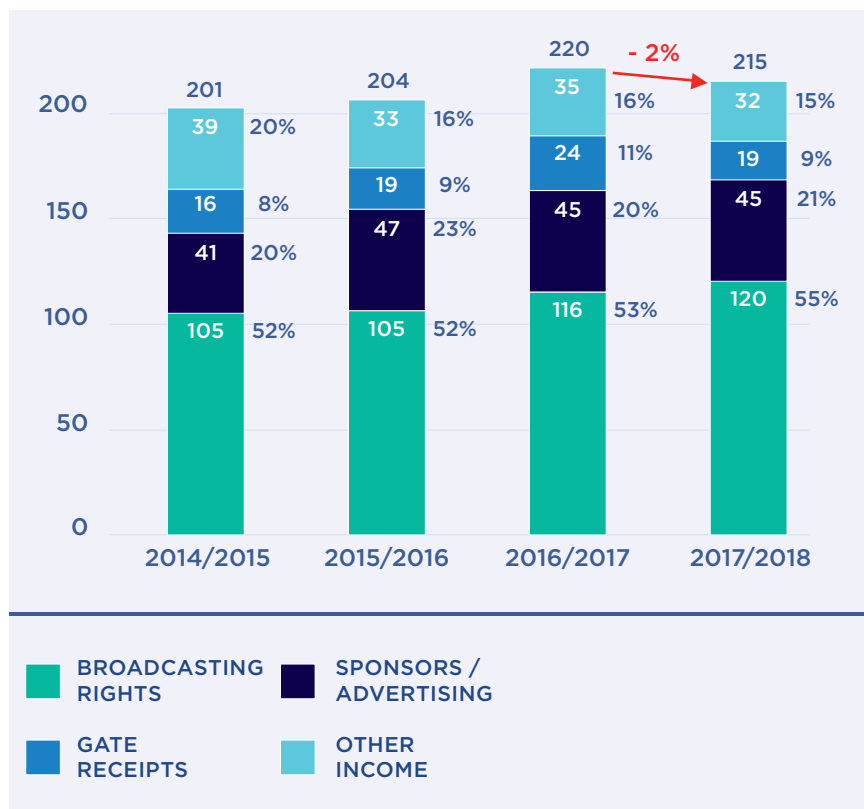


TREND IN TOTAL INCOME (INCLUDING INCOME FROM TRANSFERS)

In €m and percentage of total revenue

■ Total income amounted to €303 m in Ligue 2 in 2017/2018, i.e. an increase of 12% over the previous season.

■ This increase is accounted for by the marked increase in transfer revenue (+€38m).



TREND IN OPERATING REVENUE

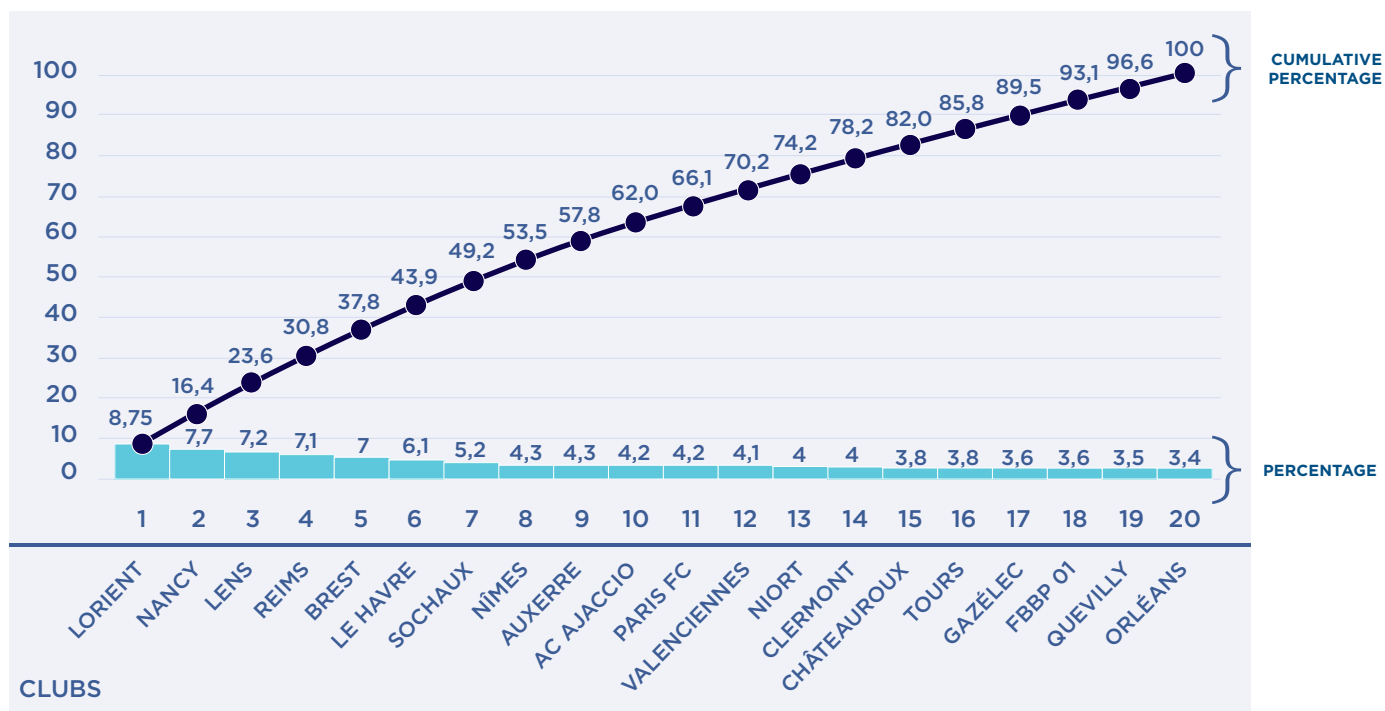
In €m and percentage of total revenue

■ Operating revenue totalled 215 M€ in Ligue 2 in 2017/2018, i.e. 12.7% of the operating revenue for Ligue 1.

■ Overall, operating revenue for Ligue 2 was still in relation to the previous season (-2%). The increase in broadcasting rights compensated for the decrease in gate receipts.

DISTRIBUTION OF OPERATING PROFITS

%



■ There was a far lower concentration of operational revenue in Ligue 2 than in Ligue 1. Together, the highest 5 club revenues in Ligue 2 accounted for 37.8% of all revenue for Ligue 2 (compared with 62.7% in Ligue 1).

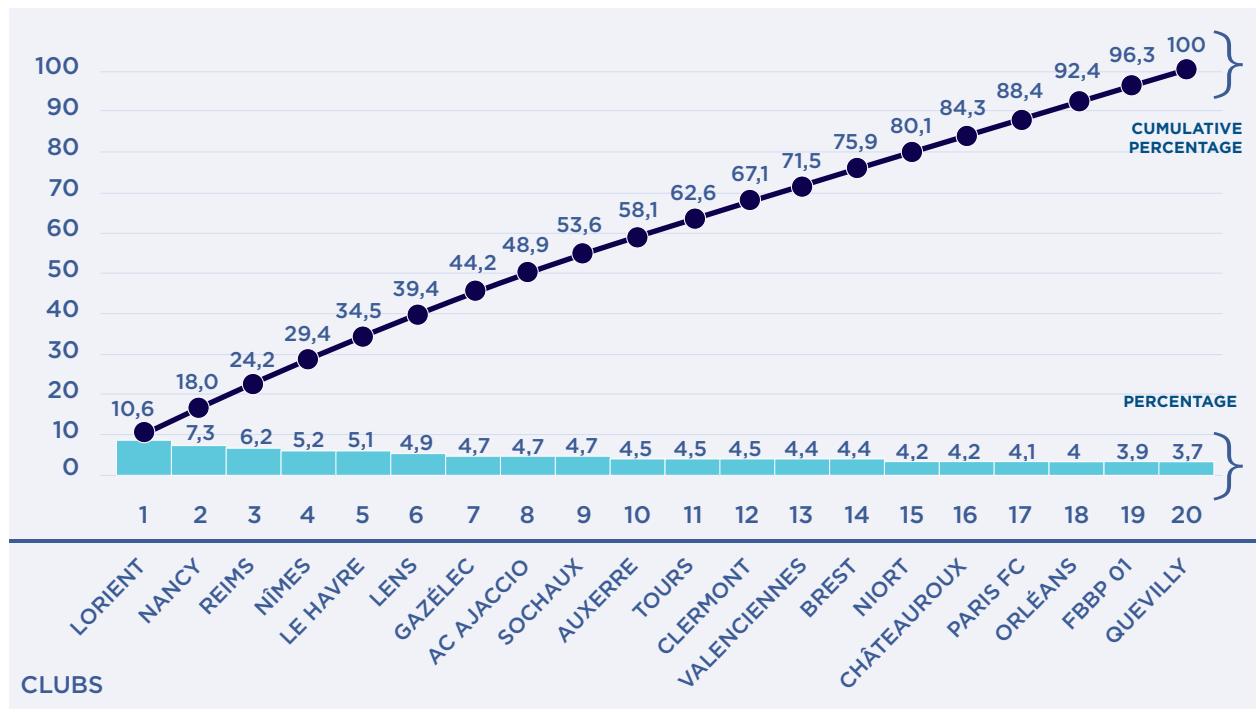
■ Revenue for Ligue 2 clubs was between €7.3m and €18.8m.



2.1.2.1 BROADCASTING RIGHTS

BREAKDOWN OF BROADCASTING RIGHTS FOR THE LIGUE 2 CHAMPIONSHIP

as a percentage of the total

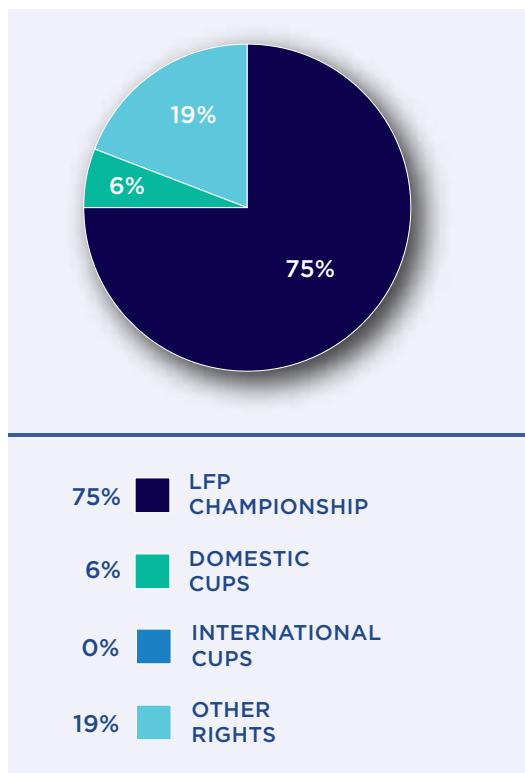


■ Ligue 2 broadcasting rights are divided evenly between teams. This highly balanced breakdown can be explained by the method of redistribution of broadcasting rights between Ligue 2 clubs, where the fixed share is predominant.

■ The top team (Lorient) received 10.6% of the total broadcasting rights vs. 6% in 2016/2017 for Strasbourg.

■ TV rights presented here integrate parachute payments.





BREAKDOWN OF BROADCASTING RIGHTS BY COMPETITION

.....
as a percentage of the total

- Most of the broadcasting rights received by Ligue 2 clubs consist of championship rights.
- As was the case last year, the share of broadcasting rights for domestic cups was very low (only 6%). This is explained by the fact that this season, no Ligue 2 team reached the later stages of these competitions.
- The “Other rights” category mainly comprises relegation aids (parachute payments) and UEFA subsidies for training centres.

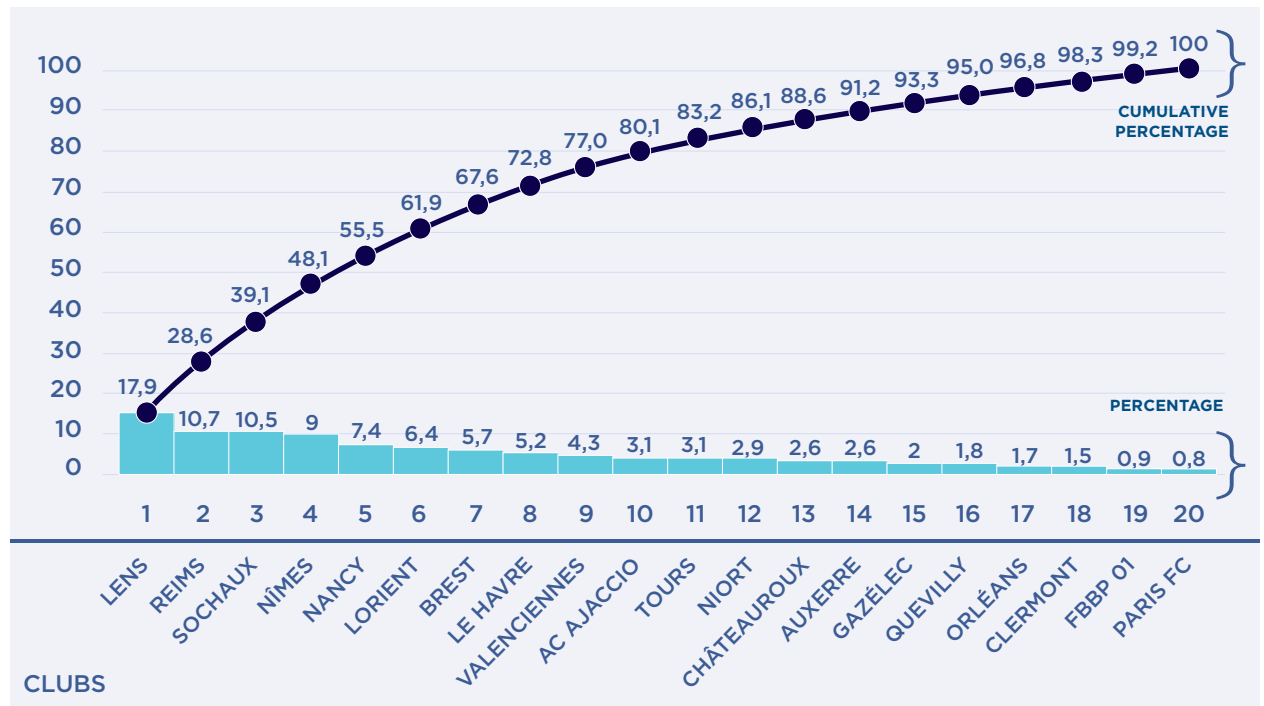


2.1.2.2 GATE RECEIPTS

LIGUE 2 CHAMPIONSHIP GATE RECEIPTS

DISTRIBUTION OF LIGUE 2 CHAMPIONSHIP GATE RECEIPTS

as a percentage of the total



■ Championship gate receipts vary more from one Ligue 2 club to another than income from broadcasting rights.

■ Lens, Reims, Sochaux and Nîmes differ from the other clubs: between the four of them, they account

for more than 50% of Ligue 2 gate receipts than the remaining 16 clubs in Ligue 2.

■ The 10 clubs in Ligue 2 having the lowest receipts represented only 20% of the total.

GATE RECEIPTS: ANALYSIS BY SPECTATOR CATEGORY

	2016/2017	2017/2018	VARIATION
Average per match			
SPECTATOR CATEGORY (NUMBER)			
Season-ticket holders	3 261	3 494	+7,1%
Match-day tickets	2 516	2 020	- 19,7%
Free admissions	1 470	1 296	- 11,8%
TOTAL SPECTATORS	7 247	6 810	- 6,0%
TOTALES RECEIPTS IN€m	24,2	19,1	- 21,1%
Average price for season-ticket holders	€9,61	€7,65	- 20,4%
Average match-day ticket price	€12,81	€11,65	- 9,1%
Average price for paying spectators	€11,01	€9,11	- 17,2%
AVERAGE PRICE - ALL SPECTATORS	€8,77	€7,38	- 15,9%

■ Gate receipts fell in 2017/2018: - 21.1% vs. 2016/2017.

■ This can be accounted for by a fall in ticket prices (- 15.9%) and by the decrease in paying match attendees (- 19.7%).





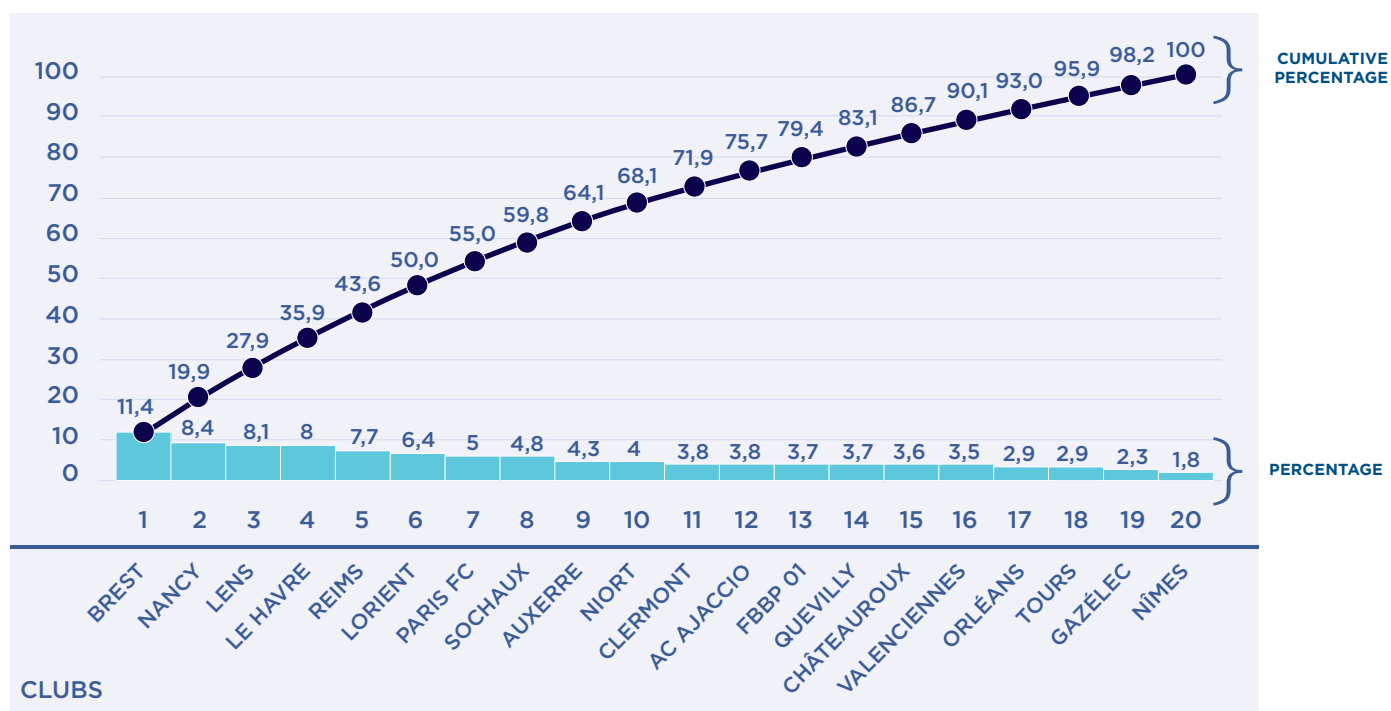
2.1.2.3 SPONSORING/ADVERTISING, MERCHANDISING, LOCAL AUTHORITY SUBSIDIES AND OTHER INCOME

■ Sponsoring/advertising, merchandising, local authority subsidies and other income together represented 36% of Ligue 2's total non-transfer revenue.

■ Within these categories, sponsoring and advertising weighed heavily and were all more stable in relation to last season (58% vs. 57% in 2016/2017).

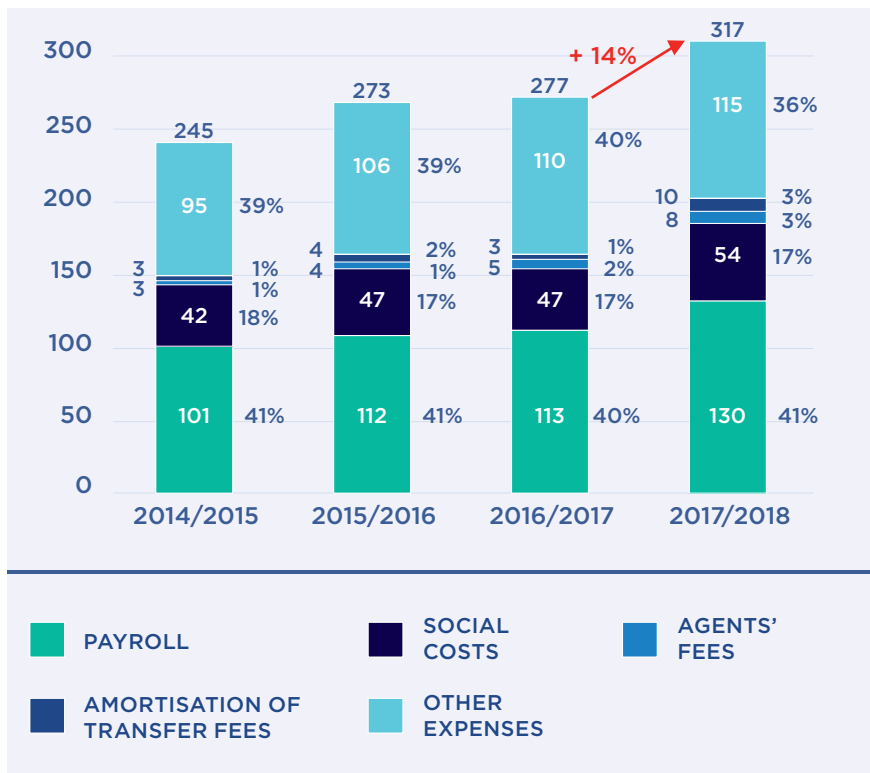
DISTRIBUTION OF SPONSORING/ADVERTISING, MERCHANDISING, LOCAL AUTHORITY SUBSIDIES AND OTHER INCOME

as a percentage of the total



■ This income is moderately concentrated with 10 clubs representing 68.1% of the total.

2.1.3 OPERATING EXPENSES



CHANGE IN OPERATING EXPENSES

€M

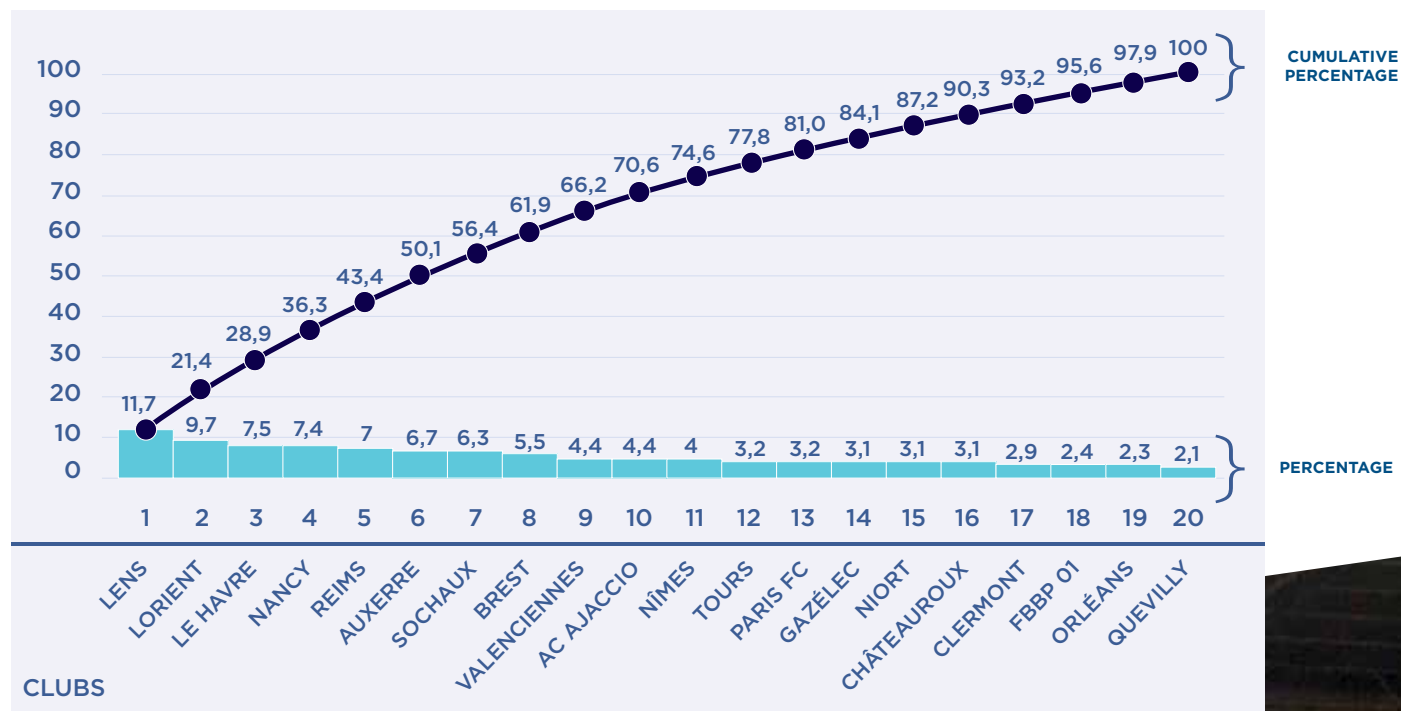
Operating expenses for Ligue 2 totalled €317m (+14% up on 2016/2017).

The operating expenses profile for Ligue 2 clubs in 2017/2018 is very similar to that for the 2016/2017 season.

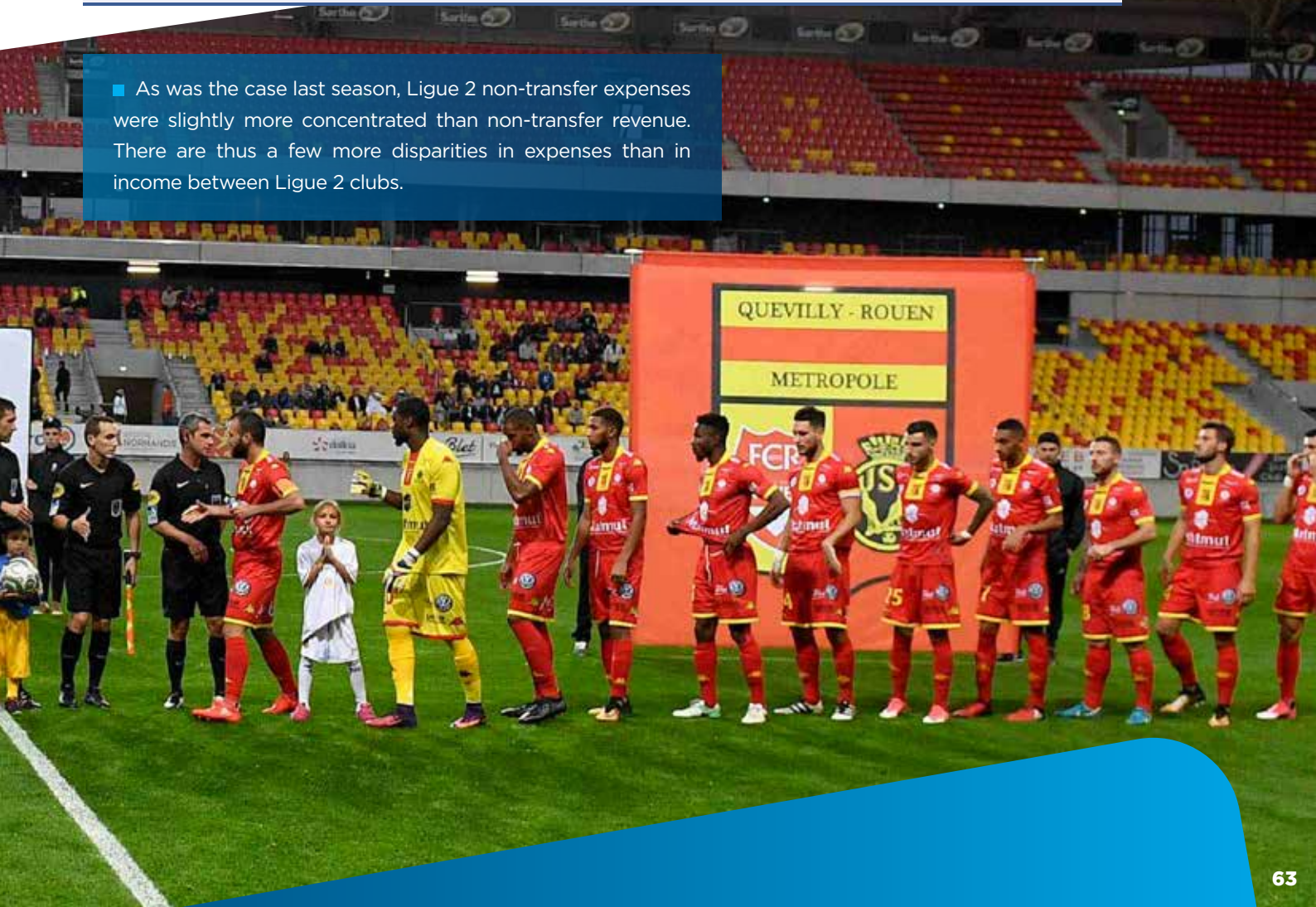


DISTRIBUTION OF OPERATING EXPENSES

as a percentage of the total



■ As was the case last season, Ligue 2 non-transfer expenses were slightly more concentrated than non-transfer revenue. There are thus a few more disparities in expenses than in income between Ligue 2 clubs.

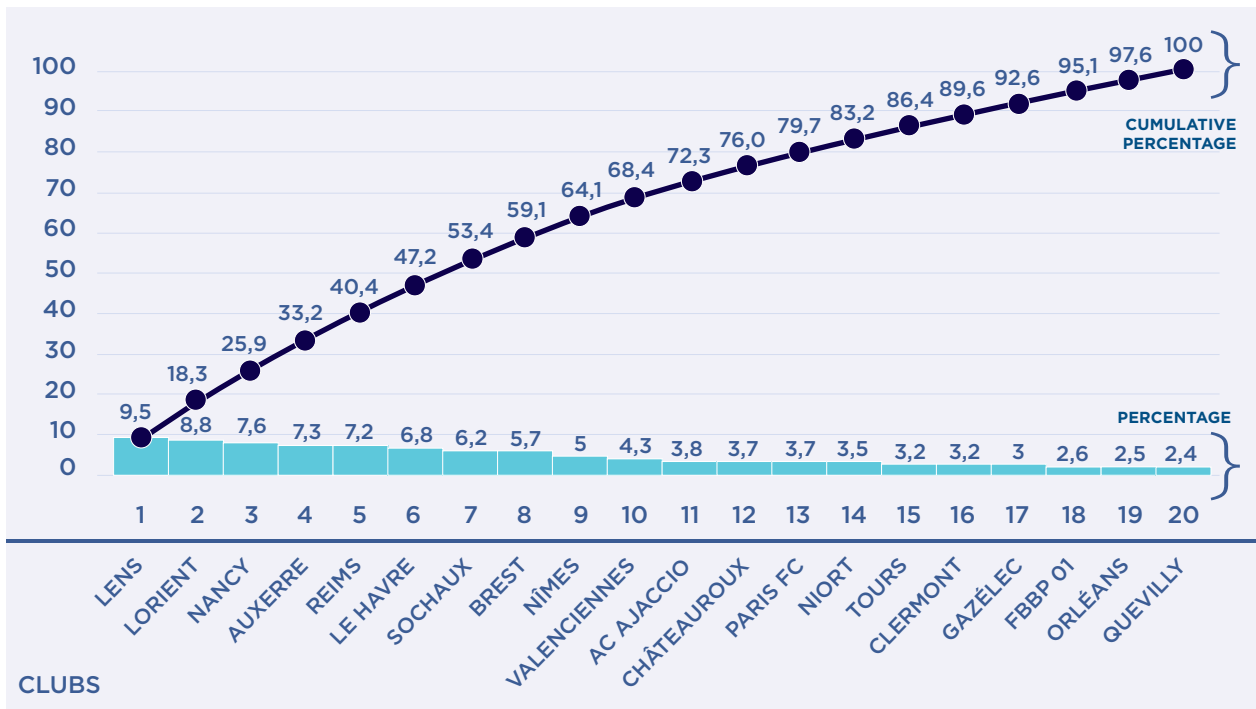


2.1.3.1 TOTAL PAYROLL

DISTRIBUTION OF TOTAL PAYROLL

(INCLUDING EMPLOYEES' AND EMPLOYERS' SOCIAL CONTRIBUTIONS)

as a percentage of the total



■ Total payroll in Ligue 2 was not excessively concentrated (much like last season), with the top 3 clubs accounting for 26% of total payroll (vs. 27% in 2016/2017).

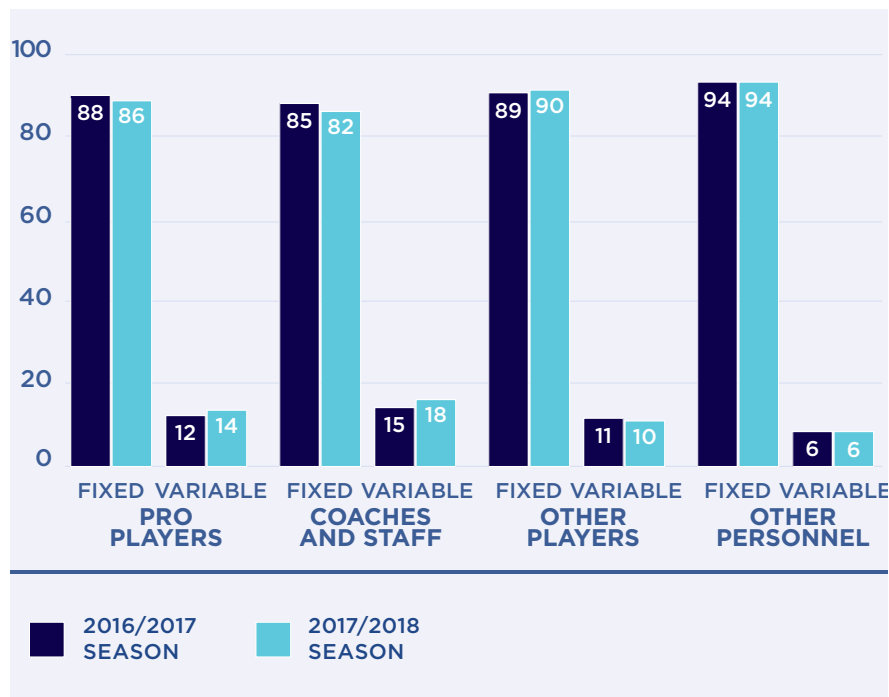


2.1.3.2 PAYROLL ANALYSISE (GROSS SALARIES WITHOUT CONTRIBUTIONS)

BREAKDOWN OF REMUNERATION BY EMPLOYEE CATEGORY (IN €M)

	2016/2017	2017/2018	VARIATION
PROFESSIONAL PLAYERS	66,7	76,8	+ 15%
Basic salary	58,6	66,3	+ 13%
Variable bonuses	8,1	10,5	+ 30%
PROFESSIONAL COACHES AND STAFF	11,7	13,4	+ 15%
Basic salary	9,9	11	+ 11%
Variable bonuses	1,8	2,4	+ 33%
OTHER PLAYERS	4,5	5,9	+ 31%
Basic salary	4	5,3	+ 33%
Bonuses	0,5	0,6	+ 20%
OTHER PERSONNEL	29,4	33,8	+ 15%
Basic salary	27,7	31,8	+ 15%
Bonuses	1,7	2	+ 18%

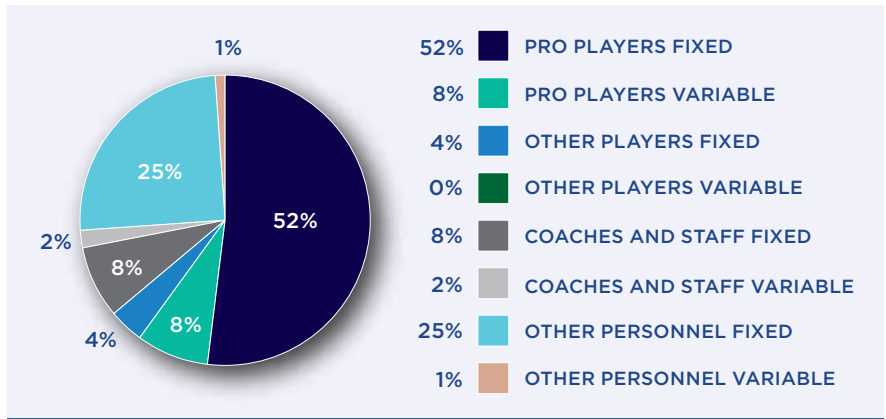
Variable remuneration refers to the portion of salary received on the achievement of individual and collective targets. These bonuses may be based on sports results (e.g. European Cup qualification, final ranking, Cup performance, etc.) as well as on the number of selections (effective presence on the team sheet, number of starts, matches played, etc.).



FIXED PAY AND VARIABLE BONUSES

as a percentage of the total and by employee category

- Variable bonuses represented a small proportion of remuneration for all employee categories in Ligue 2 clubs.
- The variable proportion of salaries was fairly stable in relation to 2016/2017.



BREAKDOWN OF PAYROLL

.....
as a percentage of the total

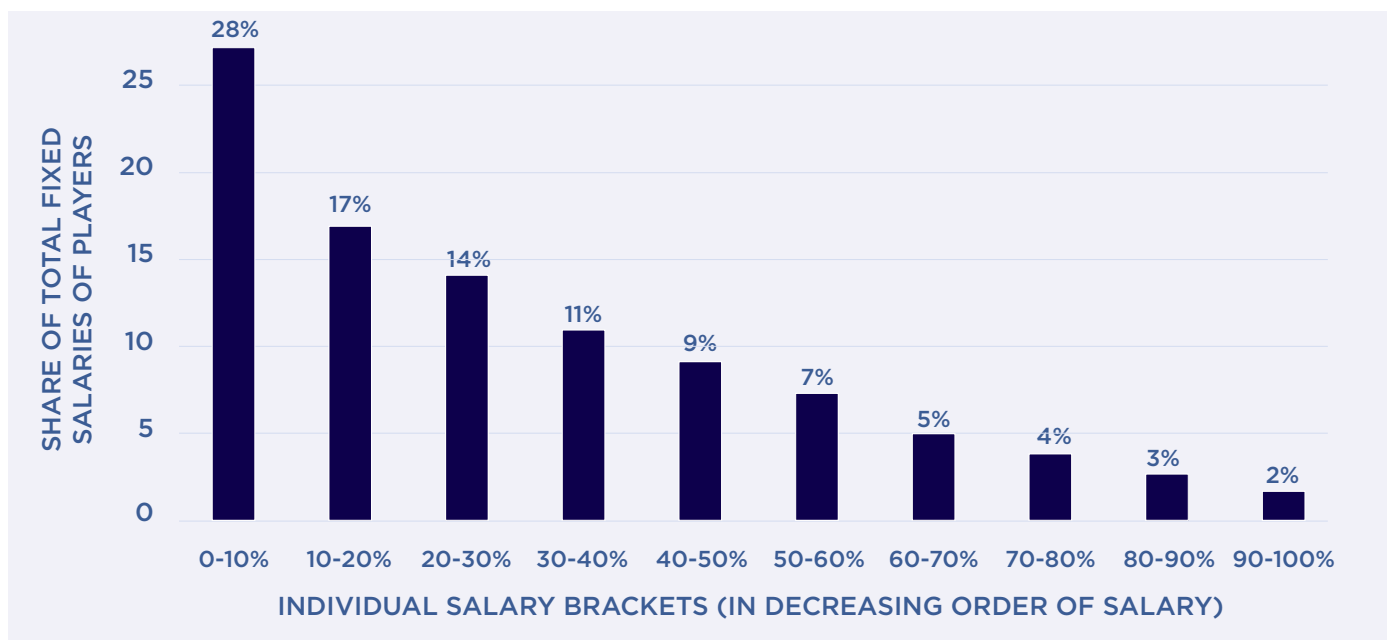
■ Professional players represent 60% of the total payroll for Ligue 2 clubs.

■ The remuneration of personnel excluding players and sports staff represents 27% of salaries paid by Ligue 2 clubs, as against 12% of salaries paid by Ligue 1 clubs.



CONCENTRATION OF GROSS PAYROLL

COMBINED PERCENTAGE OF PLAYERS' SALARIES BY DECILE



■ Players' salaries are far more uniform in Ligue 2 than in Ligue 1. The best-paid 10% of players in Ligue 2 represent less than a third of Ligue 2's payroll (28%).

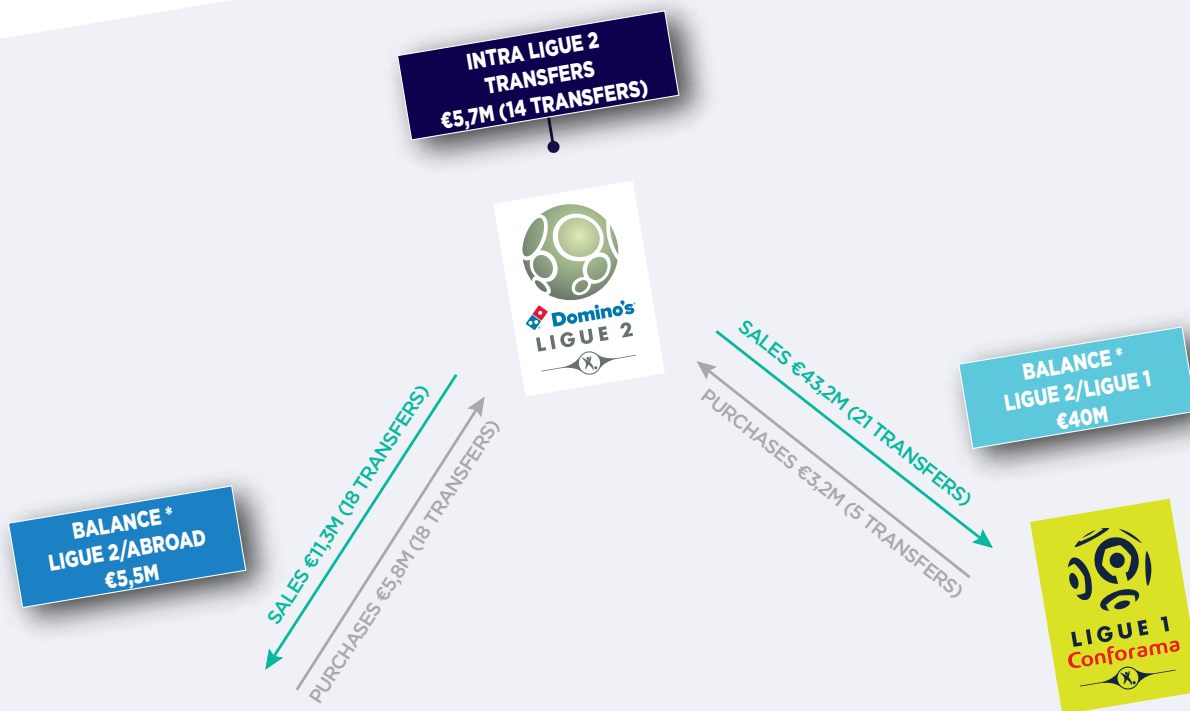
■ There are very wide discrepancies in players' contractual salaries between Ligue 1 and Ligue 2. Thus, the contractual salary of the best-paid Ligue 2 player is lower than the average contractual salary of Ligue 1 players and corresponds to the salary of the 164th best-paid Ligue 1 player.

PLAYER PORTFOLIO ANALYSIS

	30/06/18	30/06/19	30/06/20	30/06/21	30/06/22
Percentage of the number of fixed-term contracts	41%	31%	25%	2%	1%
Percentage of the sum of salaries falling due	36%	32%	28%	3%	1%

2.1.4 PLAYER TRADING

TRANSFERS OF PLAYERS BY FRENCH PROFESSIONAL CLUBS FOR THE 2017/2018 SEASON



: DIRECTION OF PLAYER TRANSFER

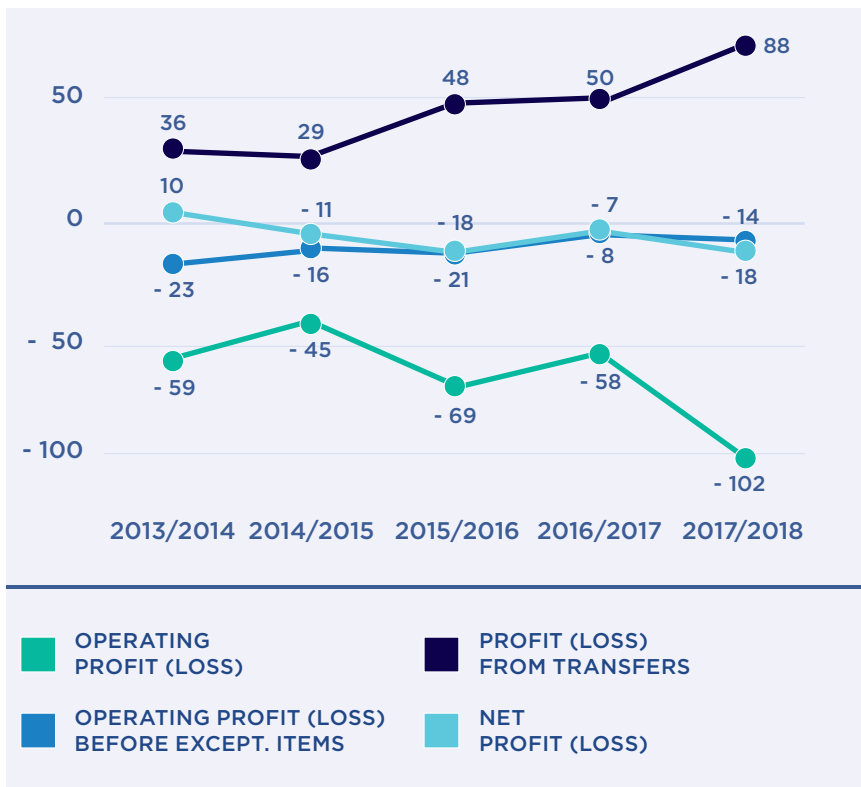
* BALANCE = SALES - PURCHASES

TREND IN TRANSFER BALANCE IN EN €M	2015/2016	2016/2017	2017/2018
Sales - France	26,6	13,1	48,9
Sales - abroad	17,4	17	11,3
Purchases - France	- 1,9	- 0,6	- 8,9
Purchases - abroad	- 1,6	- 2,5	- 5,8
BALANCE	40,5	- 27	45

In €million	League of arrival			Total
	Abroad	Ligue 1	Ligue 2	
Abroad				
Number of transfers		79	18	97
Amount		560,5	5,8	566,3
Ligue 1				
Number of transfers	57	36	5	98
Amount	581,4	311	3,2	895,6
Ligue 2				
Number of transfers	18	21	14	53
Amount	11,3	43,2	5,7	60,2
Total number	75	136	37	248
Total amount of transfers	592,7	914,7	14,7	1 522,1

League of departure

2.1.5 RESULTS



BREAKDOWN OF NET PROFIT (LOSS)

€M

All indicators of results showed deterioration in relation to the 2016/2017 season, except for transfer revenue, which rose sharply (+ 76%).

Current operating profit reached the level of the 2015/2016 season again at -18 M€. The increase in transfer profit did not compensate the marked reduction in operating profit (- €102m vs. - €58 m in 2016/2017).

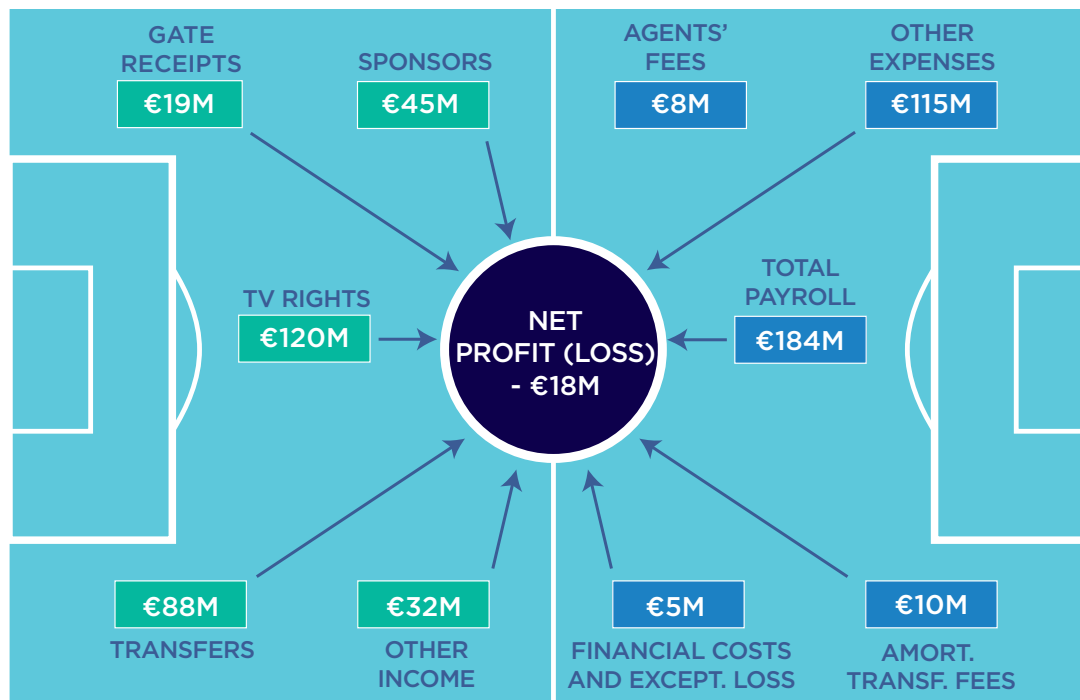
The net profit of - €8m in 2016/2017 to - €18m en 2017/2018.



FORMATION OF NET PROFIT (LOSS) AND GRAPHIC ANALYSIS

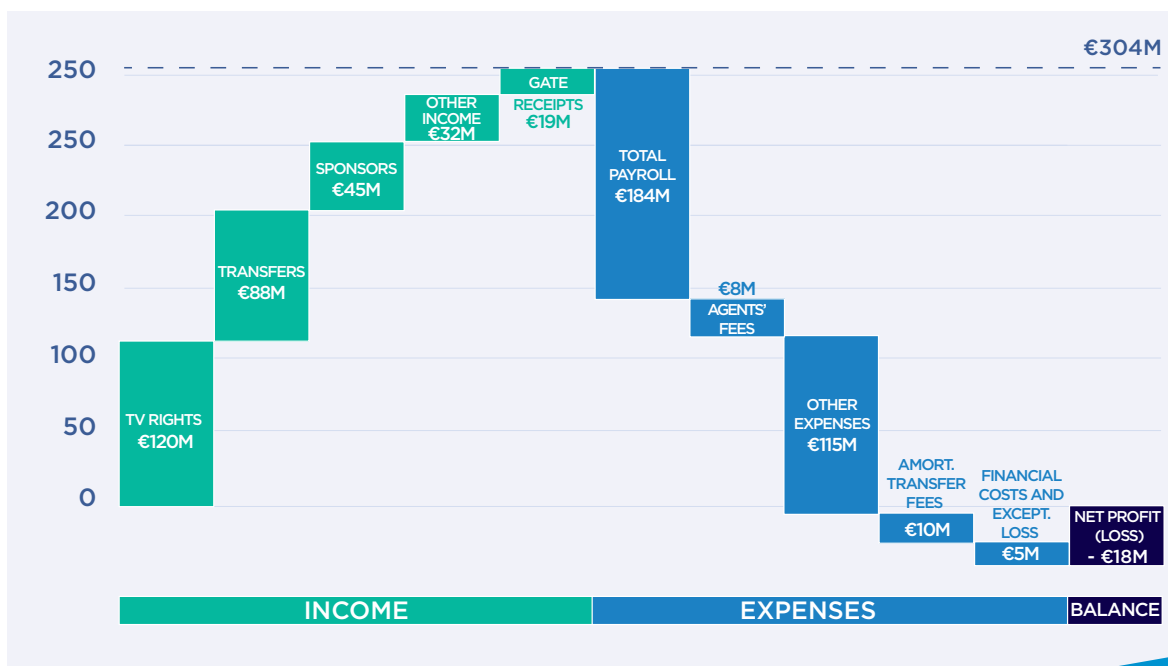
FORMATION OF NET PROFIT (LOSS)

€M

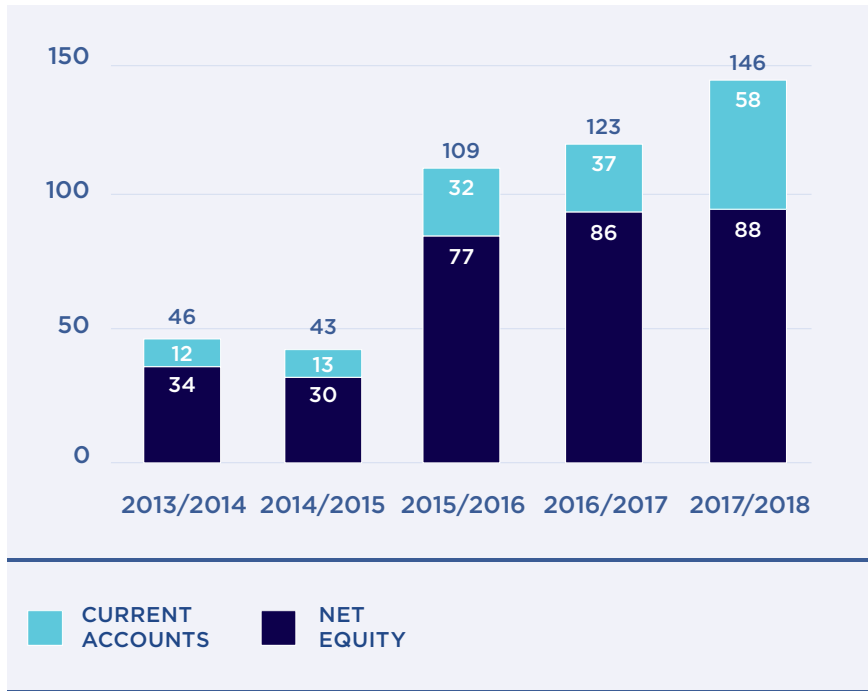


ANALYSIS OF FORMATION OF NET PROFIT (LOSS)

€M



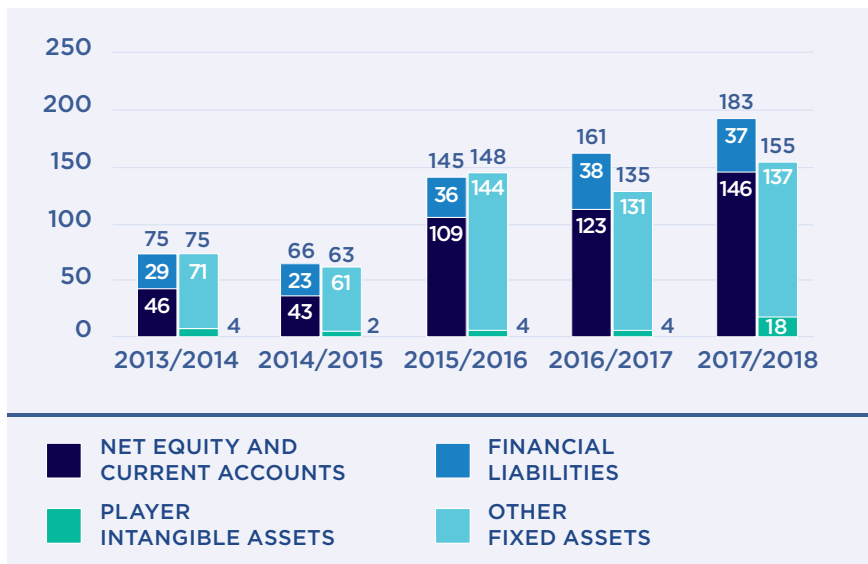
2.1.6 CLUB FUNDING



TREND IN NET EQUITY AND SHAREHOLDER CURRENT ACCOUNTS

€M

The upward trend in net equity and shareholder current accounts seen in 2015/2016 continued in 2017/2018. Compared with the previous season, shareholder cash injections and similar rose by €123m to €146m (+ 18%).



COVERAGE OF FIXED ASSETS BY NET EQUITY, CURRENT ACCOUNTS AND FINANCIAL LIABILITIES

€M

The trend seen over the last three seasons was confirmed, with net equity and shareholder current accounts being far greater than intangible payer assets.

2.1.7 INITIAL BUDGET VS. FINAL FIGURES ANALYSIS FOR THE 2017/2018 SEASON

€000	Initial budget	Actual	Difference
Broadcasting rights	115 078	119 678	4 600
Sponsors - Advertising	48 599	44 772	- 3 827
Gate receipts	19 513	18 677	- 836
Other income (incl. merchandising)	28 754	31 963	3 209
TOTAL OPERATING INCOME	211 894	215 089	3 195
Total payroll	169 416	184 048	14 632
Transfer costs	13 844	18 177	4 333
Other expenses	100 129	114 895	14 766
TOTAL OPERATING EXPENSES	283 389	317 119	33 730
OPERATING PROFIT (LOSS)	- 71 495	- 102 030	- 30 535
PROFIT (LOSS) FROM TRANSFERS	37 207	88 311	51 104
OPERATING PROFIT (LOSS) BEFORE EXCEPT. ITEMS	- 34 288	- 13 719	20 569
Financial profit (loss)	- 1 240	- 887	353
Exceptional profit (loss): other	5 544	32	- 5 512
Income tax	12	- 3 008	- 3 020
Exceptional profit (loss): current account W/R	0	0	0
NET PROFIT (LOSS)	- 29 973	- 17 583	12 390

■ As in Ligue 1, exceptional transfer profits for 20217/2018 enabled clubs to reinvest a large part of this surplus in the following two areas:

- **Players** (wages, transfer costs),
- **Financial** (debt service charges).

■ The main operating indicators (operating profit (loss) and current operating profit (loss)) are considerably higher than forecasts and actual figures.

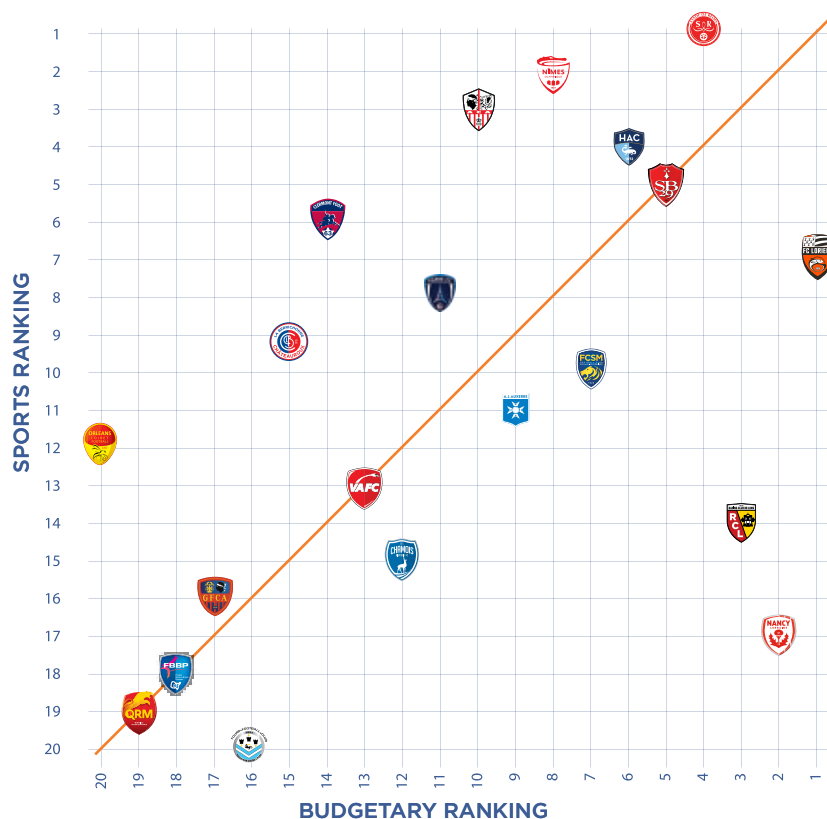
2.2.1 SPORTS RESULTS

2017/2018 SEASON

LIGUE 2	POSITION	POINTS
STADE DE REIMS	1	88
NÎMES OLYMPIQUE	2	73
AC AJACCIO	3	68
HAVRE AC	4	66
STADE BRESTOIS 29	5	65
CLERMONT FOOT	6	63
FC LORIENT	7	62
PARIS FC	8	61
CHÂTEAUXROUX	9	60
FC SOCHAUX-MONTBÉLIARD	10	53
AJ AUXERRE	11	47
US ORLÉANS	12	46
VALENCIENNES FC	13	45
RC LENS	14	43
CHAMOIS NIORTAIS	15	42
GAZÉLEC FC AJACCIO	16	41
AS NANCY LORRAINE	17	38
FBBP 01	18	36
QUEVILLY ROUEN MÉTROPOLE	19	33
TOURS FC	20	23



BUDGET AND SPORTS RANKING



■ The correlation between budgetary ranking and sports ranking is positive. Thus, the Top 5 clubs in Ligue 2 (clubs promoted or in the play-offs) is made up entirely of clubs in the top half of the budgetary ranking.

■ However, overall, the correlation between budgetary ranking and sports ranking is much less firm than in Ligue 1. This is due chiefly to the fact that there are fewer budgetary disparities between Ligue 2 clubs than between Ligue 1 clubs.

■ Indeed, non-transfer revenue for all Ligue 2 clubs all ranged from €7.3m to €18.8m (maximum-to-minimum ratio of 2.57) compared with €24.5m to €557m in Ligue 1 (maximum-to-minimum ratio of 22.73).



NUMBERS OF PROFIT-MAKING AND LOSS-MAKING CLUBS (NET PROFIT/LOSS)

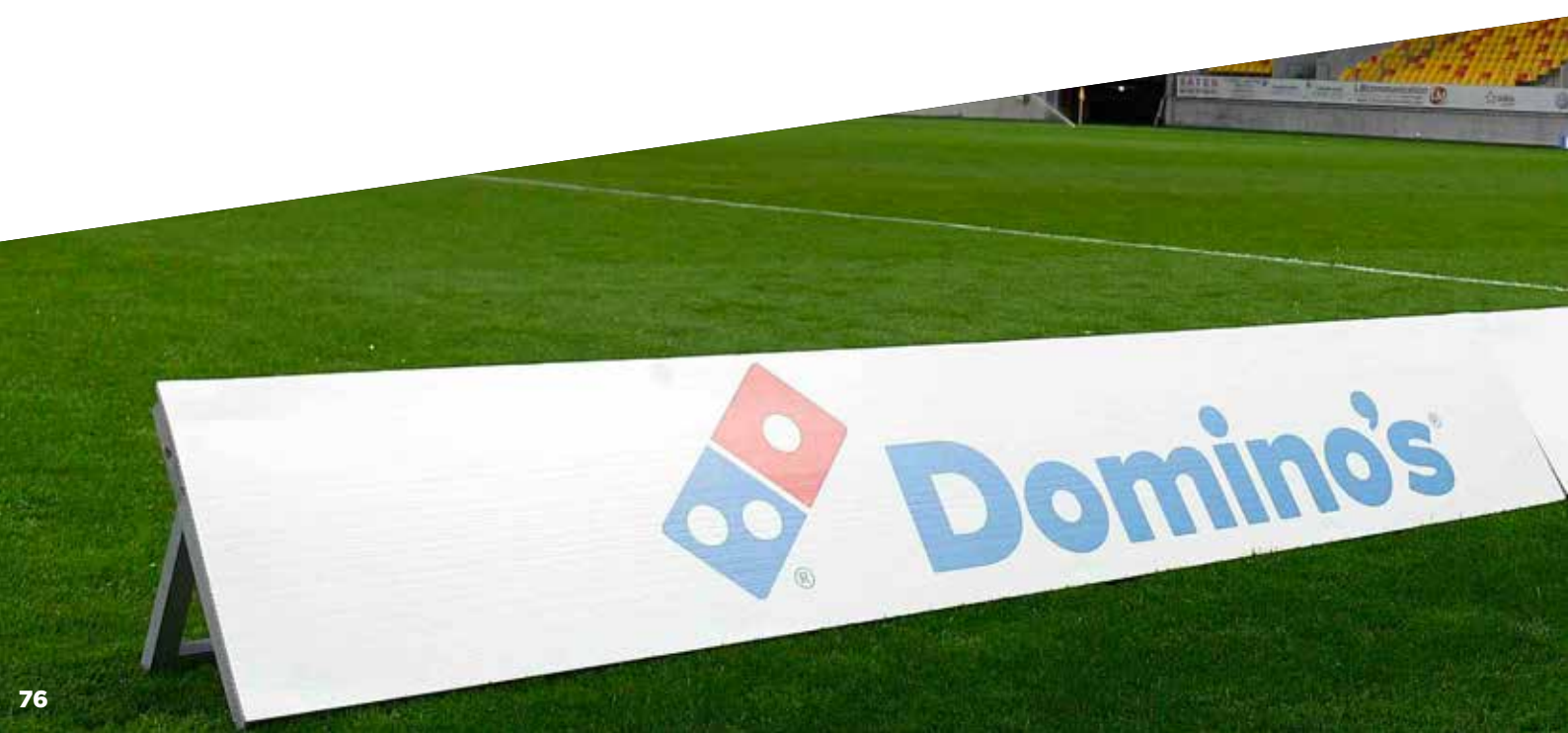
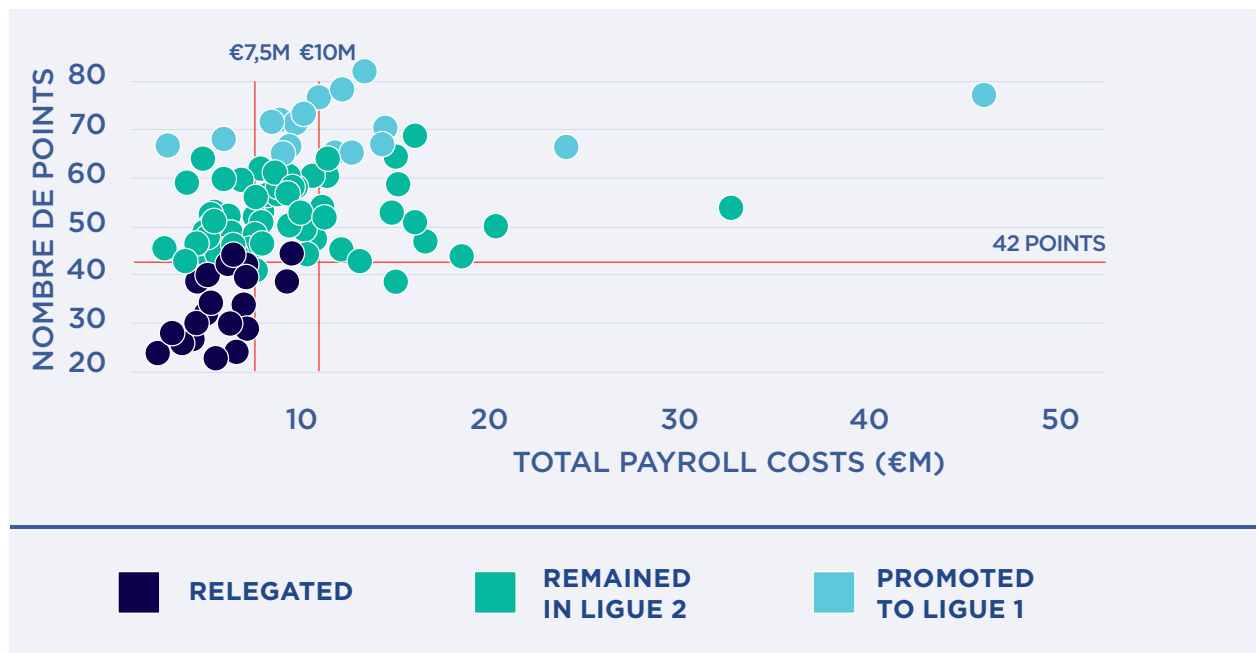
€M

■ 14 clubs in Ligue 2 made a profit in the 2017/18 season vs. 12 in the previous season. The number of clubs making a loss (loss > €1m) remained at 4, which is a historical low level.

2.2.2 SPORTS RISKS/OPPORTUNITIES AND PAYROLL

The following recurrent phenomena have been observed in Ligue 2 over the last seven seasons:

- No teams with a payroll in excess of €10m were relegated.
- The vast majority of relegated teams had a payroll of less than €7.5m.
- Except for Gazélec Ajaccio at the end of the 2014/2015 season and Amiens at the end of the 2016/2017 season, all teams promoted to Ligue 1 had a payroll in excess of €7.5m.



In terms of observed trends, three groups of clubs may be singled out in Ligue 2:

■ **Group 1** : clubs with a payroll exceeding €10m. These clubs have virtually no risk of being relegated. They generally remain in the division and have slightly less than a 3-in-10 chance of promotion to Ligue 1.

■ **Group 2** : clubs with a payroll of between €7.5m and €10m. For these clubs, all three scenarios are possible, but remaining in Ligue 2 remains the norm (69% of

cases). The difference between these clubs and group 1 is the risk of relegation.

■ **Group 3** : Clubs with a payroll of less than €7.5m. These clubs have a 1-in-4 risk of relegation but virtually no chance of promotion to Ligue 1. Their main risk is relegation. A payroll of €7.5m in Ligue 2 is thus practically equivalent to a payroll of €30m in Ligue 1. In both cases, the teams at this threshold or below have a 1-in-4 chance of relegation to the division below.

SPORTS RESULTS AS A FUNCTION OF PAYROLL (2011/2012 TO 2017/2018 SEASONS)

PAYROLL	RISK OF RELEGATION TO NATIONAL 1	CHANCE OF REMAINING IN LIGUE 2	CHANCE OF PROMOTION TO LIGUE 1
Group 1 (Above €10m)	0%	73%	27%
Group 2 (Between €7.5 and €10m)	8%	68%	24%
Group 3 (Below €7.5m)	26%	70%	4%

This table reads horizontally. For example, of the teams with a payroll of less than €7.5m, 26% were relegated, 70% remained in the division and 4% were promoted to Ligue 1.



2.2.3 MARKED IMPACT OF SPORTS PERFORMANCE ON REVENUE

There are three possible scenarios for Ligue 2 teams at the end of each season: relegation to National League level, remaining in Ligue 2 or promotion to Ligue 1.

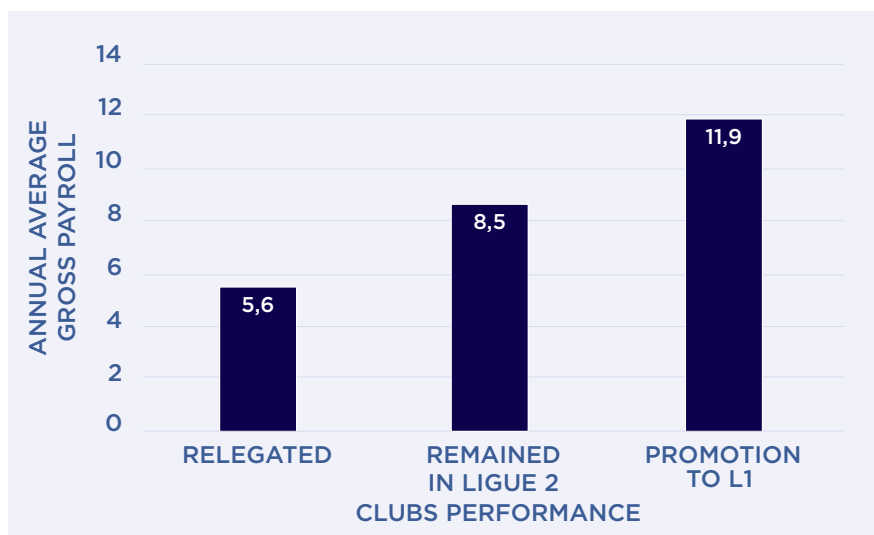
- The revenue of clubs relegated to the National Ligue decline very steeply.
- The revenue of clubs remaining in Ligue 2 vary relatively little from one season to another.

■ The non-transfer revenue of the 3 teams promoted at the end of the 2016/2017 season increased more than their operating costs between 2016/2017 and 2017/2018:

- Strasbourg's non-transfer revenue rose from €16.9m to €38.6m (i.e. x 2.3) while non-transfer expenses increased from €15.6m to €32.1m (x 2.05).
- Amiens' non-transfer revenue rose from €10.6 to €29.3m (x 2.76) while non-transfer expenses increased from €10.6 à €28.8m (x 2.71).
- Troyes' non-transfer revenue rose from €13.8 à €24.4m (x 1.76) while non-transfer expenses increased from €16.2 à €23.4m (x 1.4).



2.2.4 ANNUAL GROSS AVERAGE PAYROLL AND SPORTS PERFORMANCE



AVERAGE GROSS PAYROLL BASED ON SPORTS PERFORMANCE (2011/12 TO 2017/18 SEASONS)

€M

Over the last seven seasons:

■ Teams relegated to the National League had an average gross payroll of approximately €5.6m.

■ Teams remaining in Ligue 2 had an average gross payroll of €8.5m.

■ Teams promoted to Ligue 1 had an average gross payroll of approximately €11.9m



2.2.5 ANALYSIS BY CLUB GROUP FOR THE 2017/2018 SEASON

Given the foregoing analyses, three groups of clubs may be identified based on their total payroll costs for the 2016/2017 season:

GROUP 1 : PAYROLL ABOVE €10M

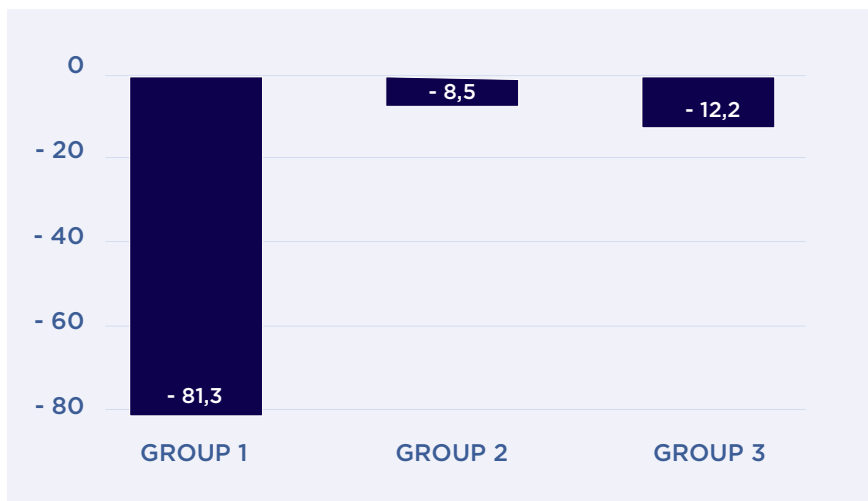


GROUP 2 : PAYROLL BETWEEN €7.5M AND €10M



GROUP 3 : PAYROLL BELOW €7.5M

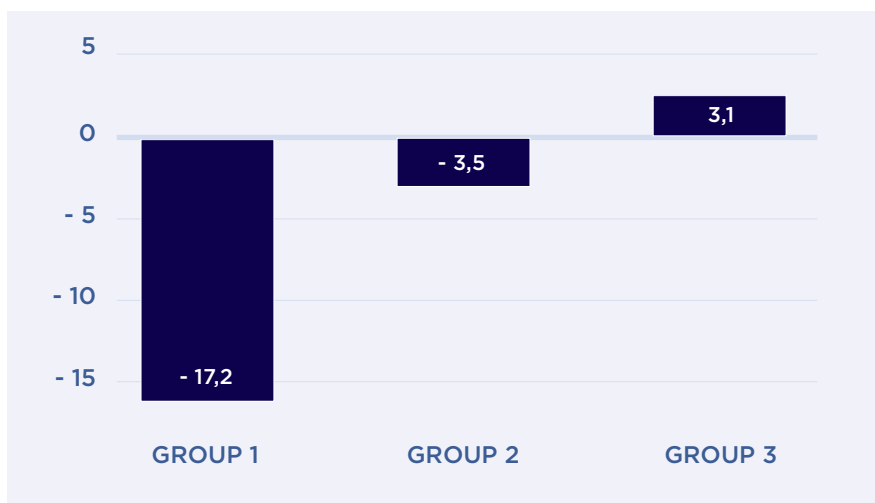




COMBINED OPERATING PROFIT (LOSS) BY GROUP (2017/2018 SEASON)

€M

■ The operating loss seen in Ligue 2 was primarily due to clubs whose total payroll costs exceeded €10m (Group 1).



COMBINED NET PROFIT (LOSS) BY GROUP (2017/2018 SEASON)

€M

■ The entire net loss in Ligue 2 was distributed between groups 1 and 2 (moderate and high budgets).

■ Clubs in group 3 recorded a combined profit of almost €3m in the 2017/2018 season.

03 EUROPEAN BENCHMARKING

2017/2018 SEASON
DNCG DOCUMENT



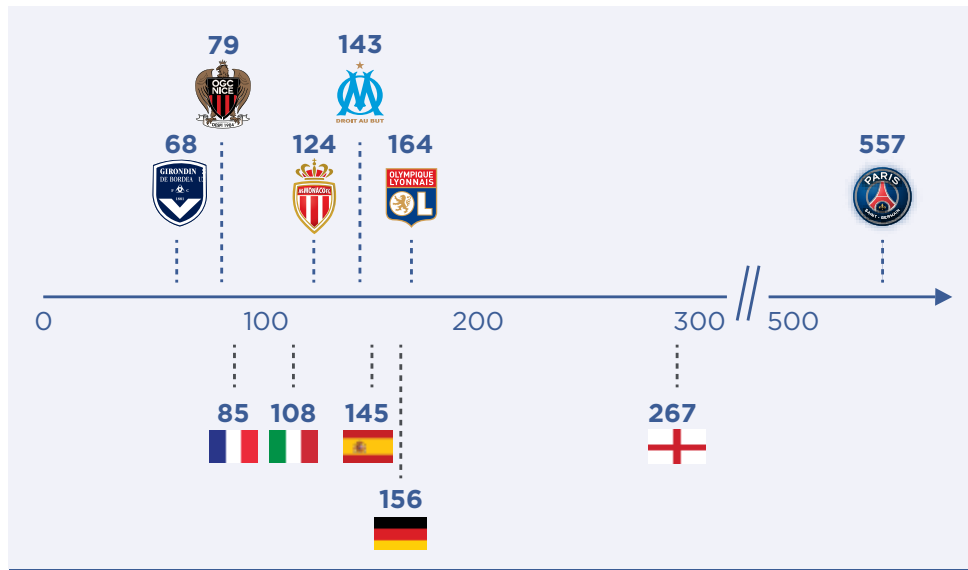


1	EUROPEAN BENCHMARKING FOR REVENUE	84
2	CORRELATION BETWEEN SPORTS RESULTS AND PAYROLL	85
3	RATIO OF TRANSFER SPENDING TO REVENUE	88

3.1 EUROPEAN BENCHMARKING FOR REVENUE

COMPARISON OF THE REVENUE* OF 6 FRENCH CLUBS PLAYING IN EUROPEAN CUP COMPETITIONS IN 2017/2018 WITH AVERAGE REVENUES IN THE 5 MAJOR EUROPEAN LEAGUES

€M



* Revenue excluding transfers; Sources: DNCG, UEFA Club Licensing Benchmarking Report 2017

Note: Figures for the 2017/2018 season for Ligue 1 and for the 2016/2017 season for the other leagues

Among French clubs playing in European cup competitions, PSG stands apart with a budget twice as high as the average Premier League budget (but lower than the largest budget in England in 2016/2017, namely that of Manchester United at €676m).

The budgets of Lyon, Marseille and Monaco are similar to the average budgets in Germany and Spain, while those of Nice and Bordeaux are lower than the average Ligue 1 budget.



3.2 CORRELATION BETWEEN SPORTS RESULTS AND PAYROLL

The price of entry to Ligue 1 is lower than that of the other major European leagues:

- Over 2 seasons, clubs in Ligue 1 had a payroll above €200m on 2 occasions vs. 9 occasions in the Premier League,
- The lowest payroll in the Premier League is €60m vs. €20m in Ligue 1.

The payroll threshold above which a club has little chance of relegation is lower in Ligue 1:

- No club in Ligue 1 with a payroll of over €30m has been relegated,
- The non-relegation threshold in the Premier League is

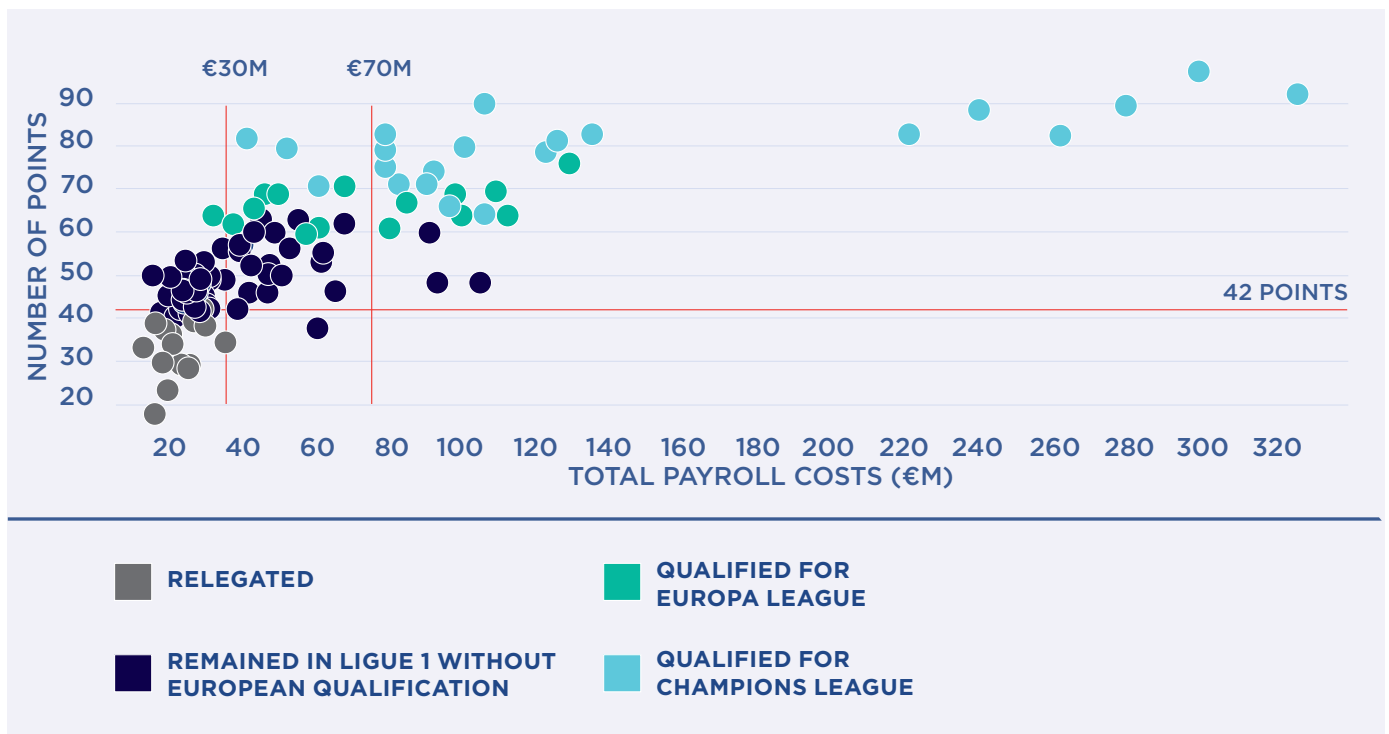
€100m,

- For 45 other clubs studied (Liga, Bundesliga, Serie A), the threshold stands at €40m.

Over 2 seasons, the cost of entry to European cups was lower in Ligue 1. The minimum payroll enabling 90% of clubs to take part in European cup football is:

- €70m in Ligue 1,
- €90m for the 45 clubs in the Liga, Bundesliga and Serie A considered here,
- Between €120m (80% of clubs taking part in a European cup competition) and €240m (100% of clubs) in the Premier League.

LIGUE 1 (2011/2012 TO 2017/2018 SEASONS)





PREMIER LEAGUE (2015/2016 À 2016/2017 SEASONS)



OTHER CLUBS IN THE LIGA , BUNDESLIGA AND SERIE A (2016/2017 SEASON)



Sample: a selection of 45 clubs in the Liga, Bundesliga and Série A in 2016/2017

Note: remuneration = staff costs



3.3 RATIO OF TRANSFER SPENDING TO REVENUE

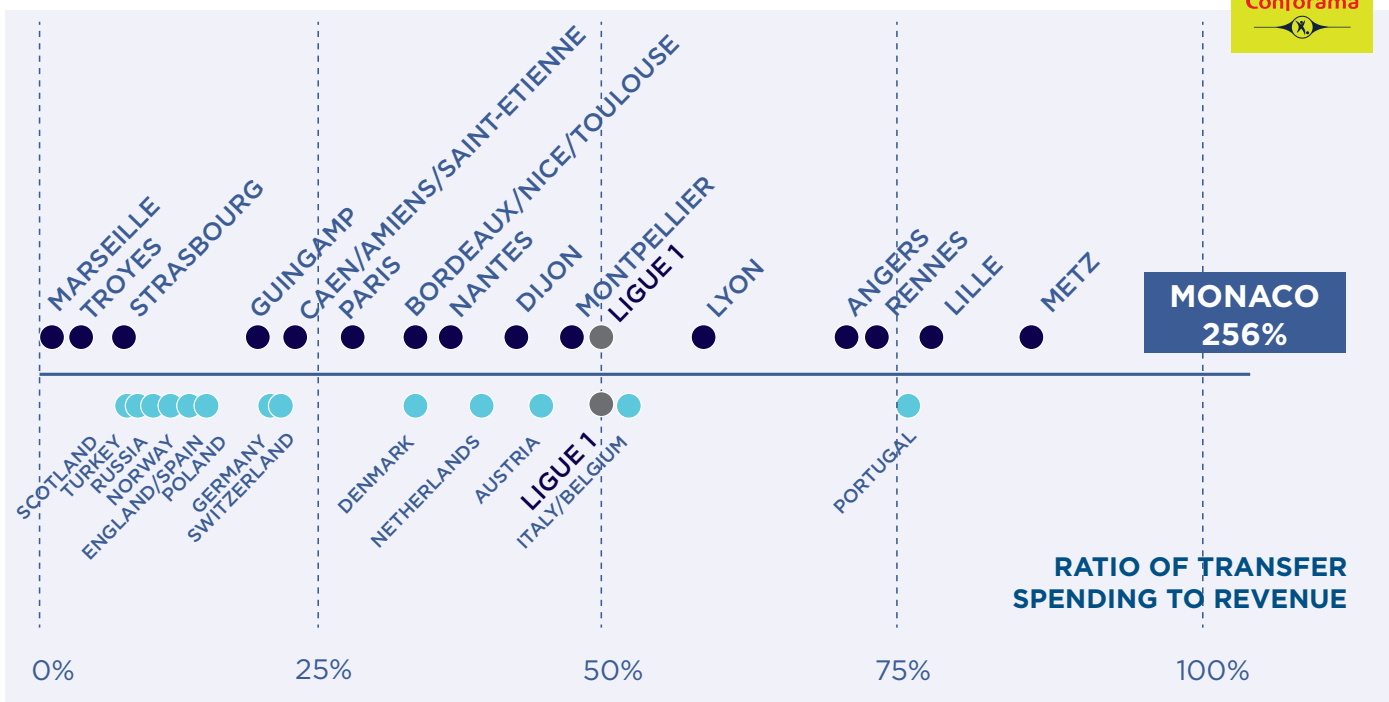
With a ratio of transfer spending to revenue of 50%, Ligue 1 is comparable to Italy and Belgium.

However, this figure is lifted by Monaco (256%), which clearly stands apart, and, to a lesser degree, by a group of 5 clubs (Lyon, Angers, Rennes, Lille

and Metz), where the ratio is around 75%, i.e. the same level as Portugal.

Conversely, over half the clubs in Ligue 1 have a ratio of below 30%, i.e. a level equivalent to clubs in Germany, Spain and England.

COMPARISON OF LIGUE 1 WITH MAJOR EUROPEAN DIVISIONS



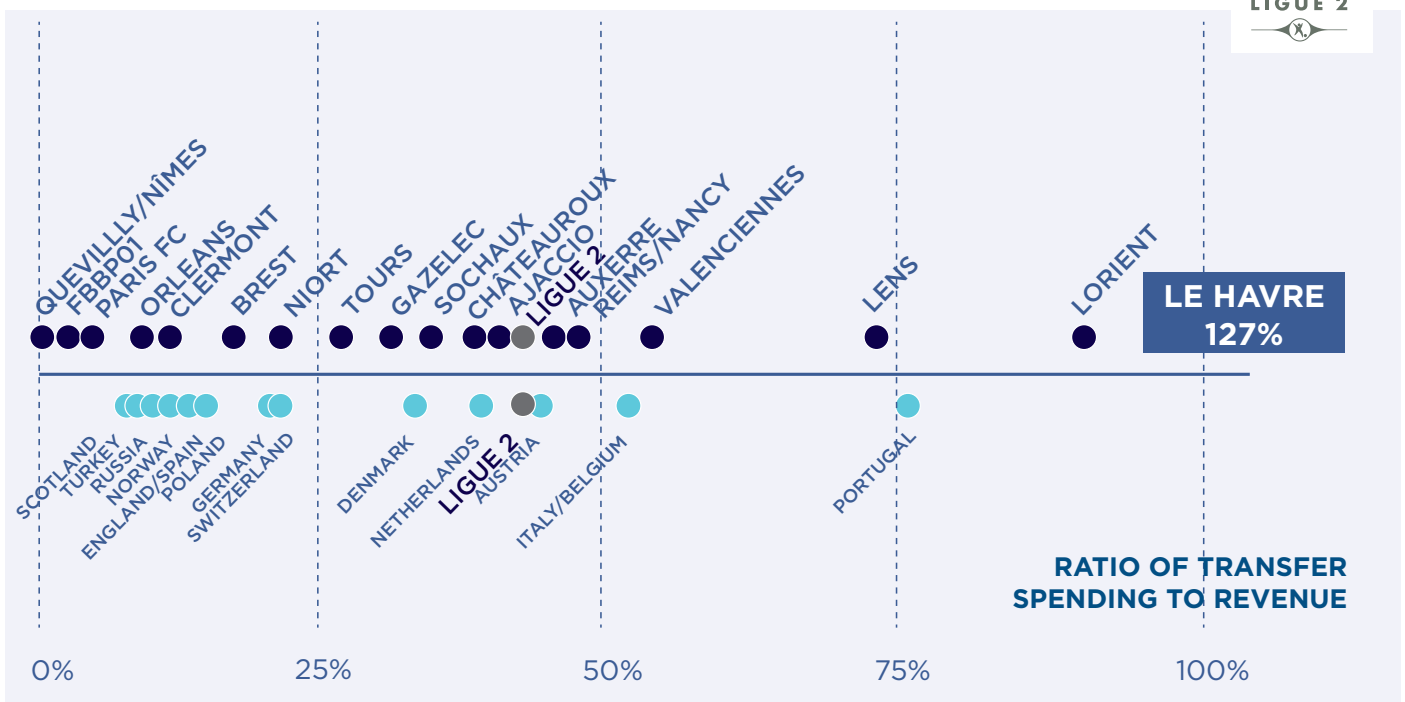
Note: there is a difference in definitions between figures for Ligue 1 and Ligue 2 and figures for other European Championships
 • European Championships: transfer spending = transfer prices (2017 for eastern European Championships, 2016/2017 elsewhere)

• Ligue 1 and Ligue 2: transfer spending = added value for transfers 2017/2018
 For example: the average added value for transfers for a Ligue 1 club represents 50% of its revenue excluding transfers.

With a ratio of transfer spending to revenue of 42%, Ligue 2 is comparable to Austria and has higher transfer revenue than Denmark, where club revenue is equivalent to that for Ligue 2 (€11m on average vs. €11m for Ligue 2).

One club stands out for its upward movement: Le Havre (127%).

COMPARISON OF LIGUE 2 WITH MAJOR EUROPEAN DIVISIONS



Note: there is a difference in definitions between figures for Ligue 1 and Ligue 2 and figures for other European Championships
 • European Championships: transfer spending = transfer prices (2017 for eastern European Championships, 2016/2017 elsewhere)

• Ligue 1 and Ligue 2: transfer spending = added value for transfers 2017/2018

For example: the average added value for transfers for a Ligue 2 club represents 42% of its revenue excluding transfers.



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