believe®

Believe Q1 2022 Revenue Call

Wednesday, 4th May 2022

Business Review

Denis Ladegaillerie

Founder and CEO

Good morning everyone. Thank you for joining us for this Q1 2022 conference call. Xavier and I will be presenting this morning. We will open the floor for Q&A after our presentation.

Key achievements in line with Believe's strategy presented at the IPO

Strong trends of 2021 continue

If we can move directly to slide 3 please. Essentially a highlight of Q1 2022 is the continuation of the strong trends that played through 2021, which is very strong attractivity for artists and labels across all geographies and segments fuelled by investment in sales and marketing and central platforms that we've been doing.

New Top Local Artists signings illustrating the strong attractivity of Believe

Moving on to slide 5 please, so key areas for Q1; very strong attractivity to artists and labels, once again across all segments, you will have noticed, from TuneCore to mid-level artists all of the way to the signing of new top artists, another record label, a level of new signings of artists and labels. This is being driven by the investments we made in sales and marketing in building our local teams.

Focus on local artists

As you know, our model is focused on signing local artists and the signing of these artists is being driven by the investment we are making in local teams on the ground in each territory and the investments we have made in the past, the investments we are continuing to make, are fuelling that attractivity to artists and labels.

Our target to be the best development platform

The second thing that is fuelling the attractivity to artists and labels, as you know, our target objective is to be the best development platform for artists in the digital world. Technology, innovation, is playing a very important role in attracting artists and a lot of the innovations we drove in 2021, that we are continuing to drive from that standpoint in 2022, and investments are continuing to drive artist attractivity, whether that is Spotify for artists, a number of YouTube investments, playlist monitoring we will speak about and plenty of other digital innovations are contributing to that attractivity for artists. That is really essentially our approach, which is very centred around digital and being the best at artist development in the digital world, is what is fuelling strong and profitable growth for us in all markets.

Shaping Music for Good

Finally, we've continued deploying our CSR policy with Shaping Music for Good, our programme, as you know, with a very strong focus on gender equality and I'll touch on that later.

New top artist signings

Illustrating the trend, on slide 6, of artist signings, we've put some of a few top artist signings that we've done there during Q1 and some of the top charting artists. This is obviously focused on the top. We also signed a record number of artists at TuneCore, so it is both a strong attractivity in terms of qualitative signings, top artists, as well as artists that have strong ability to grow. And as well as being about capture, a very strong market share of the new music-creator market, with social platforms among other things, at the TuneCore level, which is contributing to growth with some of the results in the chart. You have a few results there, two may be worth mentioning: Tulus in Indonesia, which was the top ten most-viewed music video in the world last month, and this week again we have another top ten music video of Ryan Castro with *Jordan*, and more and more top ten videos viewed globally on YouTube and contributing to fuel growth in signings.

Illustrating Investment and Profitable Growth strategy: China

One illustration about growth and attractivity to artists and labels and how we are deploying that growth strategy and investment strategy, is China, in slide 7. That really illustrates what is driving our growth in one territory. We took China, we could have taken India, where we have a leadership position, or Indonesia or other territories, the dynamics play the same way. Essentially, in a territory like China, we now manage a portfolio of thousands of artists and hundreds of labels from very large local players like Modern Sky, which is for example one of the top local booking and artist development companies, to top artists like Young Captain here, which is one artist that had more than 200 chart entries on the Tencent music platforms in 2021. This is being driven by investment in local sales and marketing teams, where, if you look at the investments we've made there, we had 60 employees at the end of the year 2021 versus 10 less than three years ago. We're continuing to hire a significant number of people in that geography to be able to continue driving an increase of market share in a market where two things are also contributing to growth.

Accelerated growth of local platforms

The first one is the accelerated growth of local platforms, TME, Netease, ByteDance, which are bringing new users and accelerating paid user subscription, as well as renegotiation of our deals with these platforms. We announced a couple of days ago the renewals of two of these deals, with TME and Netease, with terms that improved on prior existing terms, and so that therefore contribute to increased monetisation in the territory for artists.

Reinforcing global attractivity of Believe for our artists and our employees

Innovation and central platforms

Moving on to slide 8, obviously what is contributing to growth for us and attractivity is innovation. A few of the tools and the investment that we're doing in the central platforms. As you know, we've announced a number of tools, social platforms, as well as innovative tools that we released. As you know, in TuneCore we also testing a new pricing in a couple of territories, and we expect to roll out globally in the coming weeks. That will drive a strong innovation in terms of pricing and service, that we expect will further accelerate growth. We've developed additional tools. Spotify Discovery has continued to perform well for us and other tools as playlist monitoring, which allows us to monitor exactly what tracks are being put into playlists at Spotify, at YouTube, on the various services, whether that is the result of algorithm-based recommendation or editorial pitches from our teams, and that is allowing us to improve our operational efficiency in promoting artists on these platforms.

Focus on gender equality

The last area of focus for us this quarter and in the past year has been the focus on Shaping Music for Good and gender equality. We announced recently the very high score of the French index, where we performed at 99% on the gender equality index. We took the initiatives and I do think that we are the only company in the world to have done that, to actually expand that index to all of our geographies around the world, to be able to drive our efforts on gender equality in the same way and with the same criteria around the world. And we do think that gender equality in the long term will also be a key driver for us of performance for the company.

Another quarter of strong revenue growth, driven by outstanding digital sales

All of these elements, turning to page 9, are translating into strong growth, revenue growth for the quarter, with group revenues up almost 31% in Q1 of this year. I would go further, the more interesting number is the growth on digital sales, up 35.3% year over year. This is driven, once again, across the geographies and across the businesses: artist services, label and artist solutions, TuneCore. All geographies' businesses are fuelling the growth. The non-digital sales were down 6.5%, as you know reflecting the continued effort that we're doing in Germany to restructure our portfolio of physical accounts, and the impact of the Russia and Ukraine crisis on our revenues that Xavier can expand on.

Financial Highlights

Xavier Dumont

CFO and COO

Growth in all Geographies in Q1 2022, with continuous fast growth in Asia

Positioning in dynamic growth markets

I'm switching to page 10. We are growing geographies and that growth is due to positioning of Believe in the most dynamic markets in the world in terms of growth, and this is where we invest profitably in sales and marketing capacities. Asia-Pacific and Africa is again the fastest growing zone, with 56% growth. As you know, Asia is going to be the largest recording market in the world in a few years, so it's an important market for us to take market share in and to support our market positioning. The growth in the region is led mainly by the main markets within the region, which are India, China, Indonesia and the Philippines, where you know that we made a strategic partnership last year with Viva.

France

The second growing zone is France. France has 30% growth boosted by the two strategic partnerships of last year, with Play Two and Jo & Co. However, France, even without those two investments, is gaining market share on both artist services and artist and label solutions.

The Americas

Americas are growing by 29%, driven by two core performances and driven by our investments in South America.

Europe

Europe excluding France and Germany is growing by 28%, despite the impact of the Russia-Ukraine crisis. As you know from a press release, in Russia in March our business has been declining by 20%. And as most international stores have stopped monetisation in the country, and we will discuss that again in a few minutes, but this is the just the beginning as the situation is going to continue decreasing in the following months in the whole region.

Germany

Germany growth at slightly above 10%. This is the same phenomenon that we've seen in all the previous quarters, which is the restructuring of the portfolio as mentioned by Denis, and we think that restructuring will continue for the next quarters, until Q3 or Q4 of this year probably.

Revenues by segment in Q1 2022

Now switching to page 11, the revenue growth by segments reflects the strong activity of Believe platform for all artists and labels across all our segments and geographies, demonstrated by the organic growth of 31%, and even 33% if we exclude Russia and Ukraine business unit.

Our two business lines

So, our two business lines, just a quick reminder, are Automated Solutions, where we address the music creator segment, which is mainly a subscription business, very technological, and our second business line is Premium Solutions, where we address the needs of artists and labels from emerging to top artists, and the monetisation is driven through percentage of revenue generated by those artists and labels.

Premium Solutions

Now focusing on Premium Solutions, this is a growing at 30.7%, even 31.6% on organic growth. This is supported by positive market trends, by again market share gains in almost all our geographies. That also reflects the previous investments we made in our local teams. As you know, we've been consistently investing quarter after quarter, for the past years in those geographies, following not only the market growth but also gaining market share and extending our commercial offers in all these geographies when the digital market is right.

Automated Solutions

Automated Solutions, organic growth 34%. Back to strong organic growth. You may remember that last year we had very high historical levels in 2020 due to Covid, and so now we are more normalised in terms of historical levels. We have a very positive impact of the new discovery service on social platforms, that we launched last November, and that is allowing us to address the younger audience, which is a segment of the market that's growing very fast. As Denis said, we are also experimenting and testing in two selected geographies a new pricing, a new time service, that will roll out in the next few weeks. That's something that we will discuss in our next communication.

FY 2022 guidance

Continuing execution of our strategy

Now switching to page 13, about the guidance. We are going to continue executing on the strategy that we presented at IPO and that we've been executing in the past quarter. First is to continue driving strong profitable organic growth. We think that we have strong business dynamics outside of Russia and Ukraine, and so we think that outside of Russia and Ukraine, the growth is going to be 25% organically. We think that we are going to benefit from positive structural market trends and we will continue leveraging the attractivity of our global digital platform. We are at the top of our range when we communicated at IPO on our mid-term guidance.

Russia-Ukraine

The Russia-Ukraine is expected to decrease between minus 30% and minus 40% versus last year on a full-year basis, depending of course the rouble depreciation. Our assumption is that the business is going to continue as it is operating now, which is full monetisation outside of Russia and Ukraine, but in Russia monetisation will be driven mainly by Russian local stores as most of the international stores do not monetise anymore.

Investing in growth

And the second part of our strategy is to continue investing in future growth while controlling operating leverage and cash flow. We will continue investing in our central platform and our local sales and marketing teams, as we can demonstrate that we are doing so very profitably, and of course we will manage actively the investment cycle in the current environment to make sure that our investments are paying off.

Well positioned to reap the benefits of maturing markets

We think that the adjusted EBITDA margin will be around last year's level, at 4%, as our priority is really to invest to build up market positions. Digital music markets are maturing in various countries and we are very well positioned to be able to reap the benefits of that growth.

On track to deliver on mid-term objectives

We are not going to get into much details on page 14 but let's say that we are confirming one mid-term objective, which is organic growth between 22% and 25% for the period 2021 to 2025 and a mid-term adjusted EBITDA margin of 5-7% by 2025, which is a growth EBITDA margin as the long-term adjusted EBITDA margin of the group should be at 15%.

Now I give the floor to Denis for the conclusion of the meeting and then we will have some Q&A.

Concluding Remarks

Denis Ladegaillerie

Founder and CEO

On the right track to build the #1 Global Artists & Labels Development Platform

Key trends continue

Thank you very much Xavier. I think the conclusion key message there is essentially we expect the key trends of 2021 and of Q1, which once again were illustrated in Q1 2022, to continue playing through the rest of Q1 2022, which is strong artists and label attractivity. One of the things I've been saying over and over again, because it's a daily reality, every single day that passes, the world becomes more digital, and because we're a digital-first company, that makes us more attractive to artists at all stages of their career. Not only new artists but also artists signed prior to traditional labels, looking for a more digital partner. We expect that trajectory to continue to play through 2022.

Our aim: continue investing

And as Xavier just illustrated, because of that opportunity and because of our ability to drive strong profitable growth, our aim is to continue investing, continue investing in sales and marketing to drive future growth, continue to invest at a lower space in the central platforms, to be able to continue to differentiate and be the best partner for artists in the digital world. And we do expect, as Xavier was saying, that this will translate into strong growth, continued strong growth, throughout 2022.

Thank you very much. I think now we can open the floor to questions.

Q&A

Nicolas Cote-Colison (HSBC): Two questions for me. On Ukraine and Russia, what is the running costs of keeping the assets till better days? And how do you keep paying employees for example?

And my second question is on sharing daily stream stats from Chinese platforms to labels and artists. How are you different from other global platforms and do you see a trend for more transparency or more granular data received from platforms? Thank you.

Xavier Dumont: Two parts in your question. How do we pay our people there? The structure we have in Russia, as in any of our territories, is that the financing of the local structure is made through contracts that the local structure has with Believe International. Believe International is the company that holds all the DSP contracts, and so as you may know, bank transfers with Russia are sanctioned but only on a few banks. Most of the banks, bank transfers are possible, and so we finance the local operations through management contracts as we do for any other company.

The cost of running the business is roughly €3-3.5 million and this is still a profitable business for us, because even with decreasing monetisation, the level of business generated still allows us to be profitable in the country, even if of course the profitability is not at the same level as it was pre-crisis.

Denis Ladegaillerie: On the daily streams, I think getting access to the daily streams at Netease, Tencent, is a good illustration once again of the fact that how Believe thinks differently about digital innovation and why we are a digital-first partner. Why? We are the only company in the world today to be getting daily streams from TME and Netease and making them available to our artists. Why? Because we think, one, getting that daily data is absolutely critical for us to understand the development cycle of an artist. I mean, no one sells CDs in China. In China, it's all about driving streams on TME, on Netease, on ByteDance.

If you do not understand as an artist development company how to develop these artists, then you're not doing your job. And if you don't access the data, you don't know how to do your job. We started conversations two years ago with these companies telling them how important it was for us to get the data and why as part of our contract renewal cycles, we wanted to get access to the data and then we did what we had to do from a technology standpoint to be able to integrate them, get the intelligence. This is one of the things for artists that was mentioned earlier like Young Captains, why we are able to develop them, because we understand exactly what it is that we need to do to drive increased audiences for them in the digital world.

And I would say that very same logic plays in the same way with Spotify, with Amazon, with Apple Music, with all of the services, where access to the data is a core condition of all of our licencing negotiations with all of these platforms. This is something that we're driving with every single region, with every single platform around the world, because we do think it is absolutely core business.

Tom Singlehurst (Citi): One simple one and then a couple of more complicated ones. The simple one, I just wanted to really pin down the guidance. 20% organic growth. I know you talk about a 2% boost from the strategic partnerships, I just wanted to check that that 20% was also essentially the constant currency growth including M&A. I just wanted to make sure that was essentially the all-in figure for growth before any currency changes? That was the first question.

Second question, a bit more nuanced. Can you talk about market share in developed markets? You're obviously outgrowing the major record labels in markets like France, but what I'm trying to understand is whether this is a function of the long tail becoming bigger or do you think there is an actual shift in the share of listening from major record labels' artists to sort of DIY artists, effectively?

And then my final question is can you talk briefly about your ability to help artists in areas like publishing and merchandising and whether that's something that they want and demand from you?

Xavier Dumont: 20% is organic growth including Russia and Ukraine, and as you know, our organic growth includes the boost from our strategic partnership but excludes any currency variation.

Denis Ladegaillerie: The question on market share. It's a long answer but what I would say globally there are two trends that will influence global market share. The first one is that as we've been saying all along, and we are continuing to say and this is why we're investing so heavily there, there's a geographic shift. Asia is going to be the number one market in the world in 2027-2028. This is why we want to establish leadership position. And if you want to have that vision, just go on to YouTube, look at the top 100 most-viewed videos on YouTube, what you will see there is very simple. There's three US-based artists, 90 Asian artists and then maybe five or six or seven Latin American artists. The world is moving east and so our target goal there is to establish market share position across all of these markets, where traditional labels have not been operating, where they have low market share and where we are aiming for market leadership. I was mentioning Tulus, Indonesian artist, top ten most-viewed music videos on YouTube a couple of weeks ago. I could have taken a slew of other examples out of India or other territories. Market share will first be on a global basis, heavily influenced by the geographic make-up of the markets, and they are starting to shift at an accelerated pace.

The second element that is changing market share, yes, when we do analyse for 2021 market structure, what we see is that the top 200 artists, top 500, weight less and less and essentially we are going in many markets in the direction of top artists weighting about one third of the value of the number of streams and value; the mid-level artists, artists that are making a living, weighting for one third; and entry level, which is typically artists generating from zero to 10,000 dollars, euros, pounds, in terms of revenues, weighting another third of the value. And when we analyse that market switch over the past five years, what you see is very simple. You essentially see value decreasing from the top and moving to entry level, with entry level gaining 5-6-7% market share, depending on the territory, in the past five years only. And we're expecting that trend to continue because it is essentially being driven by fragmentation of audiences driven by the way algorithm-based recommendation works and that is the number-one driver of artist development. And once again, why we're investing so heavily on Spotify Discovery technologies and on digital marketing and promotion technologies, because this is where artist development is happening. Yes, we do expect continued de-concentration of the market.

Christopher Cherblanc (Societe Generale): First one is on Russia again. Just wanted to understand what's happening with the Western platform. I understand they are not monetising any longer but are they still operating? Meaning that if I'm a Spotify user can I still listen to, let's say, Vianney in Russia, and are you collecting any revenues based on maybe some minimum guarantee contract at this stage?

The second sub-question on Russia was on exports. I understand there is some consumption of Russian music by the diaspora. For instance if I'm listening to Russian music in Dubai, is it still recorded as Russian revenues? That's the first part.

The second question was on YouTube. We know that YouTube is your first client. Their growth has come down a lot in Q1 and yet you have accelerated, so it seems to suggest that the non-YouTube revenue has gone up very sharply. Is that the case?

And maybe the last one is, Denis, you have said in the past that you were optimistic about pricing. Do you have any sense of DSP starting to get their act together and maybe move in 2022? Any colour on that would be super helpful.

And if I can squeeze a very last one for Xavier, how do you operate in Turkey for your Turkish operation now? Because currency is collapsing, prices are going up, so net-net what is the impact on your revenues?

Xavier Dumont: Monetisation in Russia, so that situation differs from one store to another. YouTube is still accessible but do not monetise. Spotify has left the country so basically they don't have any subscribers or they plan to have no subscribers in the following month but as far as we know, you can still listen to the music. And Apple Music you can still subscribe to part, I think. I'm not sure, because that's changing a lot, but you can still at least listen to the music.

The export part, yes, the way we track our business is where the music comes from. And so as long as you are a Russian artist, all your revenues, worldwide revenues, are allocated to Russia. That means that in your example, yes, the revenue of Russian music outside of Russia is allocated to the Russian business unit and considered as export.

Regarding YouTube, we saw strong growth in our various geographies in the first quarter, and so we know that overall YouTube has communicated that their revenues were not growing as strongly as they thought. On the music part and on specific geographies, and given the fact of our market share gain, the growth of YouTube has been quite strong, on more or less the same trend in Q1 as in Q4. Slightly below but not by much.

Turkey, I would say the depreciation of the Turkish lira is something that has been happening consistently for the past year now along with inflation. And we operate in the country as we are operating in all our countries. Following the monetisation by the DSPs. There is nothing specific in that country versus the historic or versus other countries. We have local people, we monetise from DSPs and the question of monetisation in the countries is a question of the price of the subscription raised by the DSPs. Each DSP has their own policy there, following or not inflation, depending on their commercial strategy.

Denis Ladegaillerie: I'll answer the pricing but just to complete two things that Xavier was saying, in Turkey today about 60% of our revenues, like for Russia – not the same percentage but the same logic applies to Turkey as to Russia, which is for us our Turkish labels today generate the great majority of their revenues outside of Turkey, which means either US dollar or euro revenues. We're not dependent on Turkish lira there.

And Russia, just to complete what Xavier was saying, Spotify has actually stopped music listening in Russia. It's still present in Russia with podcasts, not with music listening, so no more monetisation there. Xavier was saying, YouTube is still there in terms of usage accessible for music but no monetisation, and Apple Music to some extent has found a way of recreating local monetisation with carrier billing rather than credit card billing, with some level of success.

On pricing, to answer your question, you might have seen Amazon announced an increase of a number of pricing plans. We still expect other DSPs to follow in the near future with price increases.

James Tate (Goldman Sachs): Two questions from me, please. Firstly, if the macro continues to deteriorate further, what impact do you expect to see on consumer spend on music? Are you starting to see users trade down their subscriptions or advertising revenue declining?

And secondly, what are the key trends you're seeing in Q2? Is the organic growth in Q1 sustainable next quarter and what will be the key drivers? Thank you.

Xavier: What we're seeing when we look at subscription numbers for Q1, when we have discussions with streaming services at this point, basically what we hear and what we see is no impact of either inflation or lower subscription rates until now. How is that going to play? We've seen some of the announcements from Netflix on other verticals, on a few other companies, there is no sign that is telling us that it has yet happened on music. How is it going to play on music is your question. We don't know yet. We've not heard any strong signal from anyone that they actually have modelled the world growth for the rest of the year, but everyone knows there's uncertainty going forwards. I'd say that's the best we can answer there.

Xavier Dumont: The growth drivers are going to be the same as in Q1. However, we do expect deceleration due first to the Russia-Ukraine demonetisation that is going to continue and accelerate, as March was just the only month impacted. However, that demonetisation is going to accelerate.

On the unsupported front, we are cautiously optimistic, i.e. what we see is that the trends are slightly lower today than they were a few months ago in terms of growth but they are still at a very solid level. This is why the growth assumptions that we took in the guidance, take into consideration, I would say, decelerating market growth in the next few months.

Christopher Cherblanc: A very last one. You indicated that you were testing pricing changes for TuneCore, so can you be a bit more specific on that. What do you expect from this? The release suggests you expect to broaden the addressable market, so what will that do to TuneCore top line in the medium term, please? Thank you.

Denis Ladegaillerie: What we expect to achieve with the new pricing and the new services is too things. One, market-share gain. We have worked on a pricing that we think will allow us to enlarge the current user base and while at the same time increasing ARPU for artists. Yes, of course we expect that to contribute to an acceleration of growth in the midterm.

Tom Singlehurst: Like Colombo, just one more question. One thing that occurred to me was M&A pipeline. I mean, obviously at the time of the IPO, I think you talked about a full pipeline of potential deals across a range of different capabilities and geographies. You have done deals and it's obviously working through but what does the M&A pipeline look like in this environment? Does the aggregate high-level uncertainty make you want to accelerate the amount of M&A you're doing or does it make you want to slow it down? Thank you.

Denis Ladegaillerie: It's a good question. The guidance that, as you know, we have given, was at the time of the IPO €100 million of M&A per year. Right now, we are pondering exactly the questions that you raised. We have a number of discussions, we have a number of opportunities that we're engaging with and some of them we're pondering whether it's better to do some of these deals now or wait a little bit more because we might have better acquisition prices. I mean, we will look at and we will have there the same approach as we've had in the past, which is essentially when we do M&A, how much shareholder value can we create and how much can we accelerate value-creation and growth for these companies, profitable growth for this company. That remains the key driver. If we think that the value is really compelling and that we have the ability to significantly accelerate, we will move forward. If we think that these might be deals that are better done a year from now rather than today, we'll wait.

I think that's one where, as we've said, there's many opportunities out there. We're still looking at opportunities, the same range of targets, mid-level, smaller level to mid-level targets, so there's still more for us to choose from rather than limitation. That's one that we're really pragmatic. We want to do deals that are value-creative and that are at the right time. That's the answer on M&A.

I realise there's one question that I didn't answer that you raised earlier, Tom, around other capabilities and business opportunities, publishing, merchandising. What we do see is a number of services are starting to build merchandising capabilities. For example, Spotify has now integrated merchandising with Shopify, Amazon is doing similar things as well as similar services. This is creating an opportunity. This is creating an opportunity for us, one that requires investment.

Same thing publishing. If I take a number of geographies like India for example, right now when we sign deals on artist services, 100% of our deals come with publishing rights in those territories. We do think that we have teams on the ground that would have the ability to significantly increase publishing revenues for us. These are areas we are exploring. As you know, we're not yet a full-stack company, unlike traditional labels we don't operate publishing at scale. We think that is an opportunity that is ahead of us. The same revenue-synergy logic that plays for traditional labels around being a publisher or a merchandising company plays for us, which is essentially great relationship with artists that are allowing us to upsell additional services to them, like we are doing for live. These are opportunities that we're exploring.

Tom Singlehurst: One very final thought, I promise this is the last time. Are there any big tender processes for major catalogues in any of your key markets that you would draw our attention to? I'm just conscious that as markets progressively become more digital, you're going to be in a better and better position to play a role in some of these big administration-type deals. Is there anything you would, at a market level, draw our attention to?

Denis Ladegaillerie: Yes, so large catalogues globally available for sale, I mean there's always a number of them. I think more so in the US than in other geographies. Our view there from a Believe standpoint is relatively simple, which is we are not going to make catalogue acquisition on our own balance sheet unless we think they are very compelling. We've done a number of them in the past at very compelling value and will continue doing the same if we see the right opportunities.

We are having a number of conversations with private equity firms that are acquiring catalogues. I would say there what we see is that there are two schools. There are the school of private equity that is essentially buying revenue streams. They are not buying the assets or control of the assets, they are buying the revenue streams associated to the assets, which is not interesting for us. Then there are a number of other private equities that are focusing on acquiring the assets themselves, and we're having a number of discussions with private equity because what we hear from artists, some of the larger artists across territories that are interested in selling their catalogue is, yes, they want to take the cheque, but they want to take the cheque ideally from someone who is going to contribute to maintaining and building their legacy. What we are telling artists is that we are interested in private investors to the extent they have control of the assets, then for back catalogue 90% of the monetisation is coming from YouTube, is coming from Spotify, that we do better than anyone else in the world. Therefore, we are having partnership conversations there but our expectation is not to do any of these deals on our balance sheet.

Website moderator: We have two questions from Richard Eary at UBS. The first question is, what discussions are you having with digital service providers around user price increases? Would you support the price increases by putting wholesale price increases on hold for a period?

Second question, still from Richard, can you provide any updates on CRB3 and CRB4 and how the outcomes will impact your business?

Denis Ladegaillerie: On the discussions with DSPs, all of our deals with DSPs are revenue-share based. Our view there is that it is the interest of the DSPs to maximise the value of their user base, and they're much smarter than we are about knowing whether the increased subscription price by €1 or €2 or $2 or $3, they're much smarter than we are and they have the data to know whether that's going to create churn, create value, or not. And so therefore our view has always been our interests from that standpoint are fully aligned with their view. It is their interest to maximise ARPU from their users and because we directly share through the revenue-share in the ARPU, then we benefit directly. Typically, they provide us with a high-level view about how they're thinking but they're the ones driving, so obviously in the decision seat. Every time they increase subscription, as Amazon just did, we benefit directly.

On the CRB3 and CRB4, as you know, this is mostly a US-based topic at this point. As far as we know, there's not been much movement there in the discussions, so we don't expect. The short answer is, do we expect there to be significant rates on the publishing side that would have an impact on the recording side? The answer is no, certainly not in the short term.

Thank you very much everyone for your attendance to the call. Thank you.

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