

Annual Performer Review



2018

2019

Standing up for
music rights



▶ **LOVE
PROTECT
RESPECT
MUSIC** ●





Annual Performer Review 2018 – 2019

Throughout 2019, PPL has been celebrating 85 years of standing up for music rights.

Founded in 1934, we are the UK music industry's music licensing company for over 110,000 performers and recording rightsholders.

We remain committed to offering excellent service to our members and to maximising the royalties due when their performances on recorded music are played in public or broadcast on TV and radio, whether in the UK or internationally.

This Annual Performer Review focuses on our key achievements in 2018 and outlines how we have been seeking to build on those successes in the current year.

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2018 in numbers

92

International agreements

2000+

TV, over the air, and online radio stations licensed

400,000+

Public performance sites licensed

£246.8 million

Revenue generated

661 billion

Seconds of airplay reported and processed

£210.1 million

Net Distributable Revenue

105,192

Performers and recording rightsholders paid

Performer Board Chairman's statement

Anniversaries offer a moment to reflect. In 2019, where we have been celebrating 85 years of PPL, we have looked back at the milestones that have defined our history and driven our success.

The primary aim of PPL always has been, and continues to be, to help ensure that those who invest their time, talent and money to make recorded music are fairly paid for their work. Over the years, we have sought to do this for our recording rightsholder members and, in more recent years since the merger of the organisations PAMRA and AURA into PPL, for the performer community.

Our clarity of vision, richness of knowledge, and diversity of talent has enabled us to generate critically important revenue for the industry, strengthen the awareness of public performance rights around the world, and contribute to building a regulatory framework that seeks to stand up for the rights of creators.

In 2018, I feel that we delivered results to support these aims more than ever before. The statistics set out in this Annual Performer Review are very impressive – a fitting tribute to PPL's 85th anniversary. Last year's efforts culminated in PPL's largest ever collection of revenue and distribution

to members, and were underpinned by a data-driven approach, collaboration with others, and investment in our people.

Such success has been achieved in both a competitive and challenging environment. In 2018, we witnessed more uncertainty around Brexit and how it could impact the future of our industry; we watched music education and arts funding continue to struggle, threatening the health of our talent pipeline; and we weathered a war of words with tech giants who continued to show disregard for the value of music rights.

We worked with UK Music and the wider industry to support calls for the new EU Copyright Directive to be adopted, to create an updated legal framework to protect creators' rights online. This included support for the industry's #LoveMusic campaign. Whilst the path to implementation may be long and uncertain, we hope that the Copyright Directive will be a significant positive step towards ensuring all music creators, including performers, are fairly rewarded when their recordings are used online.

► **OUR CLARITY OF VISION, RICHNESS OF KNOWLEDGE, AND DIVERSITY OF TALENT HAS ENABLED US TO GENERATE CRITICALLY IMPORTANT REVENUE FOR THE INDUSTRY ●**

I would like to express my sincere thanks to those who have been part of PPL's journey to date, and I am grateful that you, the performer community, continue to choose to work with us. Through your support, we are able to build a PPL that is increasingly strong, agile, and effective. Whilst we take this opportunity to reflect upon the past, we also look forward with ambition to delivering even greater revenue growth and ever-improving customer service, and to continuing to make an ever-important economic contribution to the evolving global recorded music industry.

John F. Smith
CHAIRMAN



Chief Executive Officer's statement

Neighbouring rights revenues continue to rise both in the UK and internationally and are a very important component of an evolving revenue mix for the music industry.

We, at PPL, are privileged to work on behalf of more than 110,000 performers and recording rightsholders and are proud to be making a significant contribution to the growth of this industry. Over the last 85 years of PPL's history, we have collected more than £3.2 billion for the performers and recording rightsholders that we represent. One third of this revenue has been generated in the last five years. This is the result of having a clear strategic vision, making smart investment decisions in technology, and building the expertise of our diverse workforce, all of which combine to form the modern day PPL.

I am pleased to report that 2018 was another strong year for PPL, with new highs reached in our collections and distributions. Last year, our revenues totalled £246.8 million, an increase of £28 million (or 13%) from 2017. Growth was achieved across all three of our revenue streams; broadcast licensing generated £83.6 million (up 5%) whilst revenue from public performance and dubbing grew by 3% to £92.3 million.

PPL's third revenue stream, international collections, totalled £70.9 million (up 43%), with the lion's share of this being for performers. The impressive growth in PPL's international collections – up £21.3 million from

£49.6 million – follows sustained longer-term growth over recent years. Our agenda of collaboration has led to PPL now having 92 agreements in place with collective management organisations (CMOs) around the world, allowing us to collect monies where our members' repertoire is used overseas in the territories covered by those CMOs.

We also distributed money to nearly 95,000 performers in 2018, along with over 10,000 recording rightsholders, marking the first time that PPL has ever paid over 100,000 individuals or companies in a single financial year – up from 98,012 in 2017.

These achievements are something to be proud of, particularly in the year where we launched PPL PRS Ltd, our public performance licensing joint venture with *PRS for Music*. The investment of time and effort that the formation of this new company has received from my colleagues at PPL has been significant, whilst remaining focused on growing PPL's revenues for, and delivering an excellent service to, our members.

At PPL, we have a global picture of the neighbouring rights market. Our desire to improve the quality of data being shared within this market has enabled us to

drive quality standards forward with our counterparts around the world through our leadership of and participation in international forums.

I was delighted to see our global footprint expand further in 2018, through our partnership with CMOs in Malaysia and Nigeria. Working in Asia and Africa is an exciting development for PPL; it opens a door to further opportunities in these rapidly developing markets that have the potential to drive significant future revenue growth for our members.

Underpinning PPL's success is a sharp focus on making sure we have the right people in the right positions at every level across the company, and on giving them the knowledge and skills they need to deliver exceptional performance. I would like to thank my colleagues for their unwavering support and continued commitment to our ambitious objectives.

I would also like to thank you, our performer community, for your engagement and support throughout this past year. In 2019, we have remained dedicated to investing in customer service, innovating in the data space, and to impressing upon others the importance of neighbouring rights, all with a view to delivering another year of high quality service and positive results.

Peter Leathem
CHIEF EXECUTIVE OFFICER

► **2018 WAS ANOTHER STRONG YEAR FOR PPL, WITH NEW HIGHS REACHED IN OUR COLLECTIONS AND DISTRIBUTIONS** ●



Working for performers



The legal framework

The law (Copyright, Designs and Patents Act 1988) gives performers the right to receive a fair payment (known as equitable remuneration) when recordings of their performances are played in public or broadcast on TV and radio. Performers' rights in their recorded performances are also protected, to varying degrees, under the copyright laws of other countries around the world.

UK and international revenue streams

PPL has three main revenue streams: public performance and dubbing, broadcast and international. In the UK, we license hundreds of thousands of businesses playing recorded music in public, together with thousands of TV and radio broadcasters. As of February 2018, our public performance licensing is conducted by PPL PRS Ltd, our joint venture with *PRS for Music*. Internationally, by the end of 2018, we had 92 agreements with other CMOs. These agreements ensure we can collect monies on your behalf when your music is played around the world, if you choose to use our market-leading international collections service.

Our distribution process

We process vast quantities of information, including billions of seconds of airplay data, to build up a picture of the music used by our licensees. We then match this to the PPL Repertoire Database, which contains data pertaining to over 14 million recordings, together with information about the performers and performances on those recordings. Investing in data and technology in this way enables us to distribute revenues fairly and efficiently to performers and recording rightsholders, and report to you in detail about your PPL payments.



What you can do as a performer to benefit from PPL's work

Here are five simple things you can do to make sure you are earning the most you can from your recorded performances.

01

Register as a performer with PPL to get access to PPL's secure online account management portal, myPPL, and the services that PPL provides.

02

Sign up for our market-leading international collections service so we can collect royalties on your behalf when your recordings are played internationally.

03

Check PPL's Repertoire Database to make sure you are linked to all of the recordings on which you have performed.

04

Make claims against tracks on which you have performed and are not currently linked to, but should be.

05

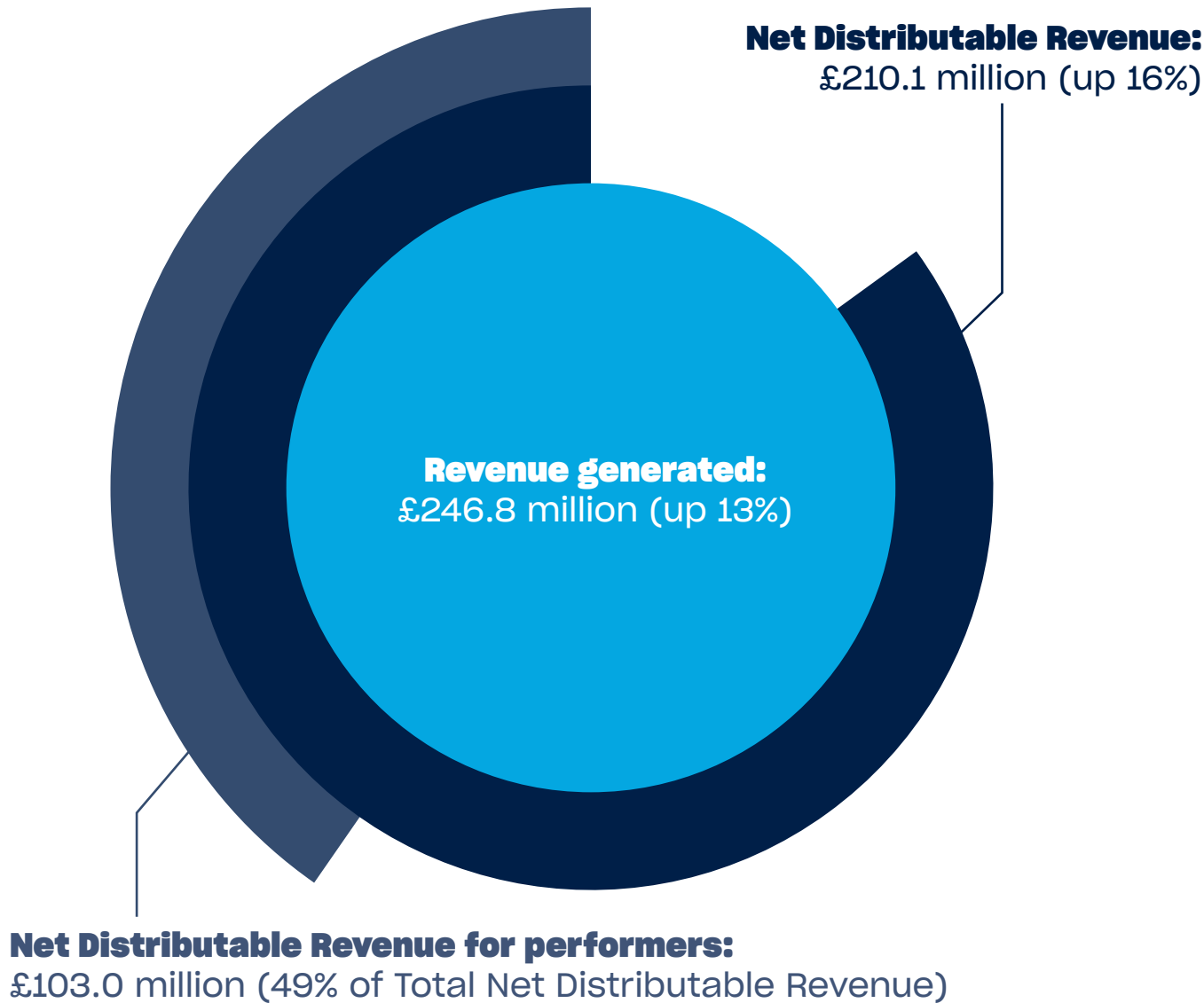
Keep all of your personal details, such as your bank account and contact information, up to date in myPPL so we know how best to contact and pay you.



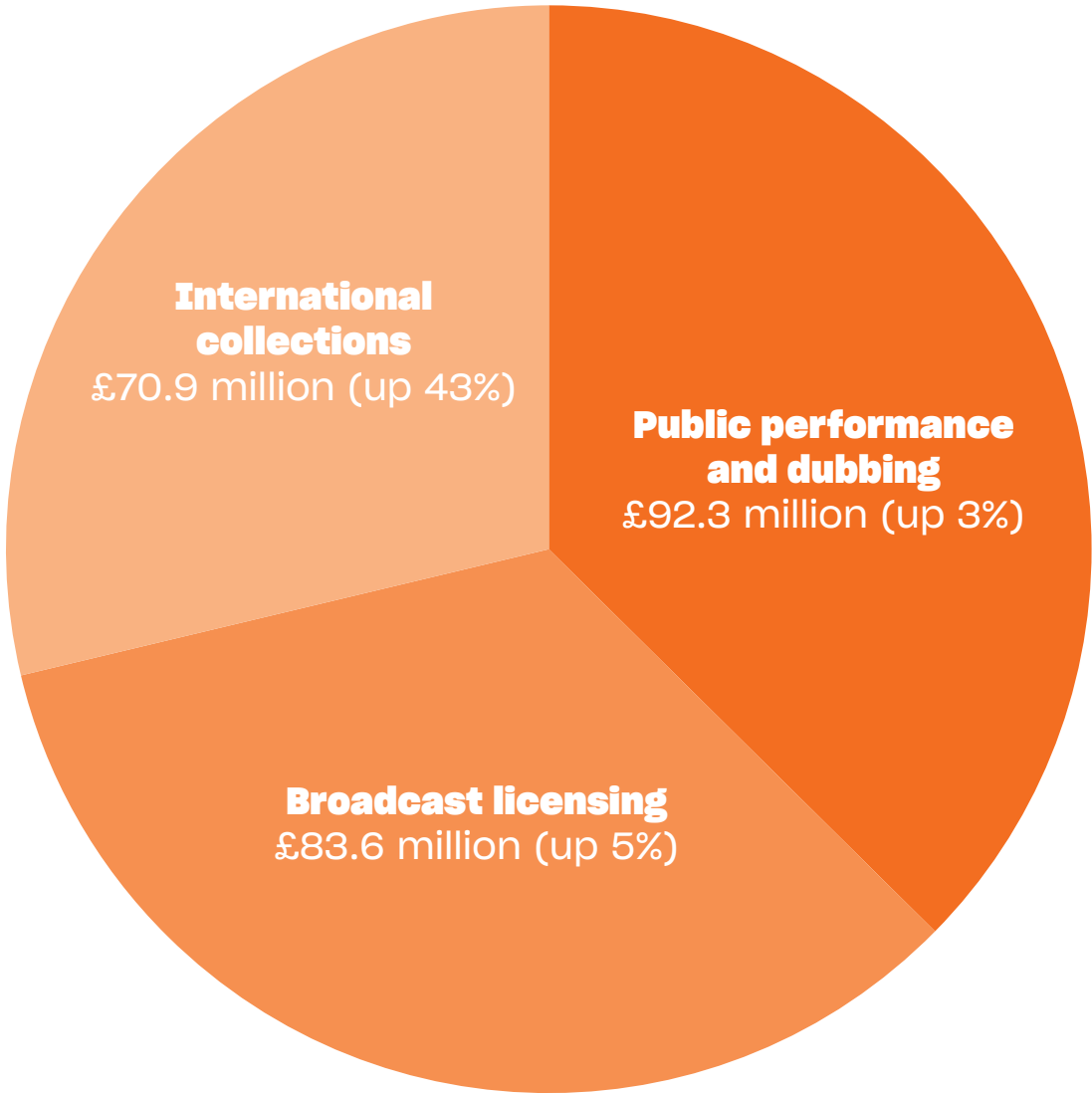
Financial summary



Financial summary



2018 revenue





Business review

UK licensing

PPL's licensing activity in the UK is centred on public performance, dubbing and broadcast licensing.

Public performance is the playing of recorded music in public such as in shops, restaurants, offices, gyms and hairdressers. Dubbing is the licensing of the commercial copying of music by specialist companies that supply music systems to businesses for the playing of recorded music.

Broadcast licensing refers to our licensing of radio stations, TV channels and some online services to include recorded music in their broadcasts.

Public performance and dubbing

Revenue from public performance and dubbing in 2018 totalled £92.3 million. This represents an increase of 3% (or £3 million) from the prior year.

Our public performance joint venture with *PRS for Music* – PPL PRS Ltd – launched in February 2018 following two years of planning and preparation. This was a significant moment for both PPL and *PRS for Music* as well as the wider industry and indeed Leicester itself. The city has welcomed the new company and much effort has gone into integrating into the business community and working closely with local colleges, universities, and cultural and creative partners.

Over the months since the launch, we have continued to work closely with our joint venture partner, *PRS for Music*, as we oversee PPL PRS Ltd transitioning our hundreds of thousands of customers to the new joint licence, TheMusicLicence. This provides a single point of contact, with one invoice and one licence, making it easier for them to be correctly licensed and to enjoy the potential benefits of music in their business or organisation.

Broadcast licensing

Broadcast licensing revenue grew year-on-year by 5% to £83.6 million in 2018, continuing the trend of annual growth maintained over the last 10+ years.

A rise in the radio sector's overall advertising income, driven by strong performances from the major commercial radio groups, contributed to this growth. We continued to grow our licensing coverage of smaller radio broadcasters and online linear webcasters. We also continued our programme of engagement with the radio sector: as a patron of the Radio Academy and supporter of its annual awards, the ARIAS; through ongoing support for community, hospital and student radio; and as a sponsor of the Jazz FM Awards and the Radio Festival.

With regard to TV licensing, last year saw the successful negotiation of licence deals for a range of public service and commercial broadcasters and TV programme distributors, including Channel 5, BBC Studios,

Fremantle and UKTV. These TV blanket licences are necessarily complex, providing access to PPL's repertoire for uses across a multitude of different platforms and services.



International collections

Performers' rights in recorded music are protected, to varying degrees, under the copyright laws of other countries around the world.

This means that royalties for performers can be generated in those other countries, for example by local licensing by the CMOs in those countries. Through a network of 92 agreements with our counterparts overseas, PPL has a market-leading service for the collection of these international royalties, which performers registered with us can benefit from.

More international revenue than ever before

International revenue grew by 43% in 2018 to reach a record £70.9 million. This impressive growth was due to a number of factors including significant payments from GVL in Germany covering a number of prior years, and strong performances across a number of CMOs in territories such as Belgium, France, the Netherlands, and the US.

More international payments to more performers

More than 56,000 performers were allocated international revenue in 2018, up from 46,000 the previous year – an impressive achievement for this part of PPL's business that only started in earnest in 2006.

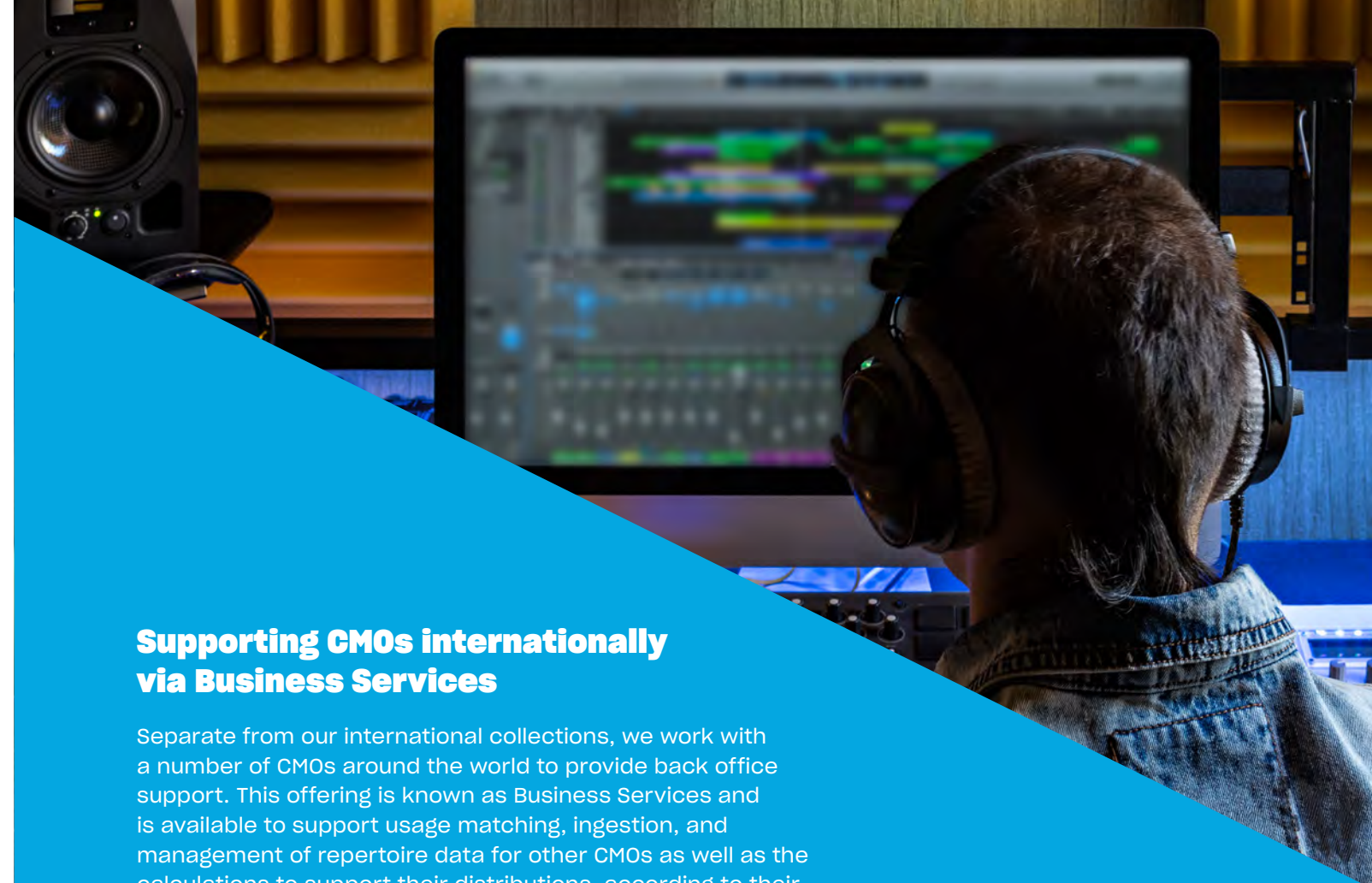
More international agreements

Six new international agreements were signed in 2018 with performer CMOs in Georgia and Albania and recording rightsholder CMOs in Brunei, Lithuania, Portugal and Romania all being added.

Supporting CMOs internationally via Business Services

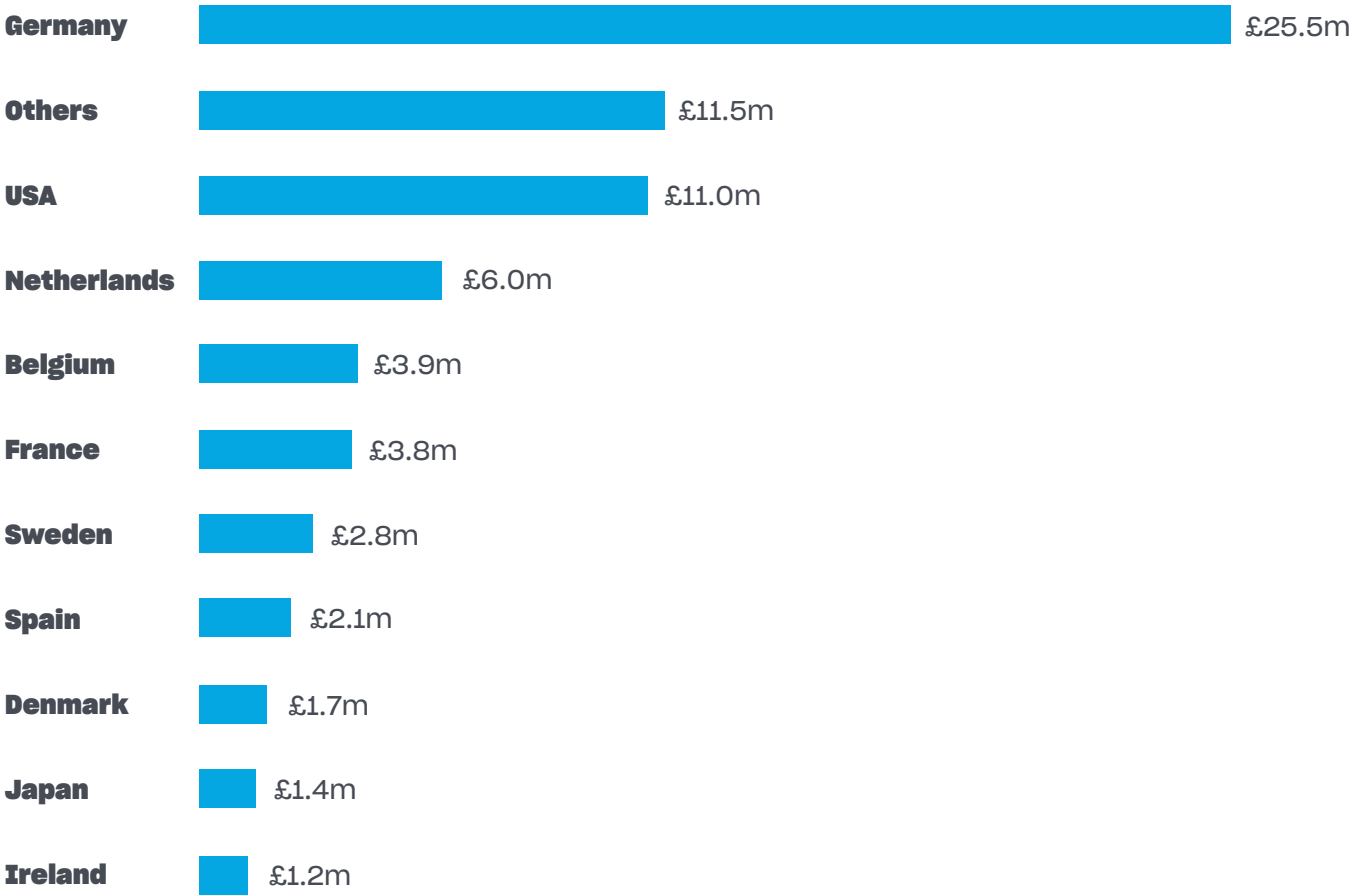
Separate from our international collections, we work with a number of CMOs around the world to provide back office support. This offering is known as Business Services and is available to support usage matching, ingestion, and management of repertoire data for other CMOs as well as the calculations to support their distributions, according to their own distribution rules. In turn, this helps drive more accurate and efficient payments by the CMOs to performers and recording rightsholders.

In 2018, we extended our back office support to CMOs based in Malaysia and Nigeria, taking our number of Business Services customers around the world to seven (with the others being Estonia, Ireland, Lithuania, Portugal, and Switzerland).





International collections



Total international collections
£70.9 million (up 43%)

Continued support for members

More payments than ever before

In 2018, we made at least one payment to nearly 95,000 performers and over 10,000 recording rightsholders – the first time we have paid over 100,000 individuals and companies in a single financial year. These include not just our direct members but also those performers and recording rightsholders we represent in the UK via the agreements that we have in place with overseas CMOs.

First “in-year distribution” delivered

Our first in-year distribution allowed us to pay out in December 2018 some of the UK revenues we collected earlier that same year, meaning more than 44,000 performers received PPL payments six months earlier than they would have done previously.

Delivering excellent service to members

We focused on delivering excellent customer service to members, dealing with 7,500 new registrations, responding to over 45,000 contacts, and the processing of 500,000 performer claims.

Supporting new music with PRS Foundation

We continued to collaborate with PRS Foundation, contributing funding for emerging talent through the charity's Momentum Music and International Showcase Funds. Through the Foundation, in 2018, we supported more than 200 diverse acts from England, Northern Ireland, Scotland and Wales to develop their careers both in the UK and around the world.

Extensive member engagement through events and outreach

We attended, sponsored or hosted more than 160 events in 2018, 40% of which were outside of London, allowing PPL to drive further regional, national and international engagement with members.

We held 15 *PPL In Session* events – free for members to attend – outside of the capital in cities including Belfast, Birmingham, Cardiff, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, Manchester, and Sheffield. Internationally, we also attended a number of events including SXSW (USA), Eurosonic (Netherlands), Reeperbahn (Germany), MIDEM (France) and Canadian Music Week.

Attending these events has helped with further strengthening PPL's relationships internationally, as well as being an opportunity to connect with members.



Driven by data

Technology is central to our drive to maximise revenue, improve data quality and enhance service levels. A number of initiatives were implemented or taken further in 2018, including the following:

In-house tool created to improve usage matching

Our Smart Match solution went live in July last year with the goal of increasing the automation of the process which matches the music used by our licensees with the repertoire in our database. This enables us to be even more efficient in prioritising how music usage is processed and means we can distribute on even more recordings and for more performers.

Trialled use of Music Recognition Technology (MRT)

We continued to work with *PRS for Music* on a pilot project to assess the use of MRT to identify music publicly performed by DJs within our licensed clubs, bars and pubs. In June 2018, we made our first distribution of public performance revenues using initial data collected via this trial, through the installation of MRT devices in a number of nightclubs and late night bars.

Virtual Recordings Database (VRDB)

We continued to take a leading role in the VRDB project – a data hub that helps CMOs around the world to exchange and improve the quality of data to support international performer collections, which in turn should lead to faster and more accurate payments. In 2018, we collaborated with CMOs in Spain (AIE) and the Netherlands (SENA) to become early adopters of VRDB. Collectively, we were the first CMOs to operationally use data exchanges with VRDB to enhance payments between CMOs for performers.

Digital Data Exchange (DDEX)

DDEX is a consortium of media companies, music licensing organisations, digital service providers and technical intermediaries, focused on the creation of digital supply chain standards. In addition to our role as a board member of DDEX, PPL is also an active contributor to several working groups. We worked as part of the DDEX MLC working group to launch an updated data standard, focused on making it easier and clearer for record companies to register data with PPL and other music licensing companies. The updated standard particularly improves the communication of information about the performer line-ups on recordings, better supporting the operations of PPL and other CMOs.

Data capture in the studio

The joint initiative between PPL and Session (formerly known as Auddly) in 2018 led to the creation of a performer verification mechanism. Session users who are PPL-registered performers can verify their PPL membership and retrieve their International Performer Number (IPN) from the Session product.

IPN numbers are a unique universal identifier allocated to every single PPL-registered performer as well as to performers who have registered with other CMOs. These numbers are used to identify performers in data exchanges around the world, meaning that the IPN plays a crucial role in ensuring performers get paid fairly.

Your Feedback



Thank you for the work that you do in collecting and sending the repeat money. Christmastime is a good time to receive it.



I absolutely love you guys and acknowledge you for being an outstanding contribution to the music industry for so many years.



I believe that you and your (Member Services) team are some of the best I have ever encountered and have done a wonderful job at projecting the positive of PPL.



Thank you very much for my very healthy PPL payment this December, makes all the hard work we've done this year even more rewarding.



PPL is going from strength to strength and doing amazing work for their members. We utterly appreciate the service we receive.



Shouts out to PPL as always. Super helpful support team who do a great job of making life that bit easier. Big up you lot.



Great talk from PPL on international royalty collections last night. I learned a lot about the different territories they collect in and what they can collect for.



Thank you for your latest payment. As you can imagine for someone who will be 80 next year and whose playing days go back to the early 60s, your organisation is a Godsend. Long may you thrive!



Thank you for my bumper December payment and thank you for all the unseen unsung work you do for us all. It is hugely appreciated.



It really makes a lovely boost to my savings for a rainy day. I really am very grateful to you.



Our team



Developing our people

At the heart of our business are our people. Our people strategy aims to develop and drive positive performance and behaviour across the company, resulting in high levels of performance, retention and engagement.

Revised company brand values

We reviewed and updated our company values to reflect the modern day PPL, taking into account the significant corporate and cultural changes for PPL arising from the move of our public performance operations to PPL PRS Ltd.

Our revised values continue to place emphasis on service, teamwork, drive and leadership. They are: Represent, Proud, Maximise and Genuine. These values will be used internally and externally to communicate and strengthen our internal culture.



Championing diversity in the workplace

We were proud to receive the Company Award for Diversity in the Workplace at the Women in Music Awards 2018. Nominated by our industry peers, we were awarded the accolade as a result of the initiatives we have driven forward in recruitment, training, apprenticeships, third party collaborations and employee engagement.

Celebrating success

We were delighted to be recognised for our efforts at the Employee Engagement Awards in 2018. We were Highly Commended in the Leadership and Customer Engagement categories as well as being shortlisted in the following categories:

- **Employee Engagement Company of the Year**

This nomination celebrated what we have achieved through our reviewed and refreshed company values, our award-winning Management Excellence Programme, and the introduction of a new learning management system alongside our improved member satisfaction.

- **Diversity and inclusion**

This nomination related to the work we continue to deliver to ensure PPL is a diverse and inclusive place to work, following the introduction of initiatives including e-learning modules on Unconscious Bias and Equality and Diversity.

- **Wellbeing**

This nomination was in recognition of our regular Wellbeing Wednesdays where, through a combination of activities like offering healthy breakfasts, meditation, yoga, and life coaching, we have aimed to provide employees with some space and time to connect with their own wellbeing needs.

First gender pay gap report published

As a business with more than 250 employees, in 2018 PPL published its first set of gender pay gap results for 2017. We had a mean gender pay gap of 6.6% in favour of men and a median gender pay gap of 4.3% in favour of women. The full report can be viewed at ppluk.com.

Employee Engagement Survey

We held our bi-annual Employee Engagement Survey with very positive results, which highlighted the value of the investment and improvements that we continue to make in areas such as learning and development, company culture, and health and wellbeing.

Executive Management Team



John Smith
Chairman



Peter Leathem
Chief Executive Officer



Christian Barton
Chief Financial Officer



Jez Bell
Chief Licensing Officer



Mark Douglas
Chief Technology Officer



Christine Geissmar
Chief Operating Officer



David Harmsworth
General Counsel /
Company Secretary




Sarah Mitchell
Director of Member
Services



Laurence Oxenbury
Director of International



Kate Reilly
Director of People &
Organisational Development



We are always happy to answer your questions. If you would like to get in touch, please contact our Member Services team.

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Our thanks to all contributors to this year's Annual Performer Review.

Photography:

Page 29 – Michael Ball, Christine Geissmar and Alfie Boe: **John Marshall**
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This review is available online at
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▶ **STANDING UP FOR MUSIC RIGHTS ●**

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