

A year of record growth



ANNUAL PERFORMER REVIEW



WELCOME

TO THE 2014/2015 ANNUAL PERFORMER REVIEW

Continually adapting to the challenges presented by a rapidly evolving landscape, PPL remains committed to maximising the royalties due to you when your performances on recorded music are played in public and broadcast on TV, radio and online.

This review outlines our key achievements in 2014/2015.

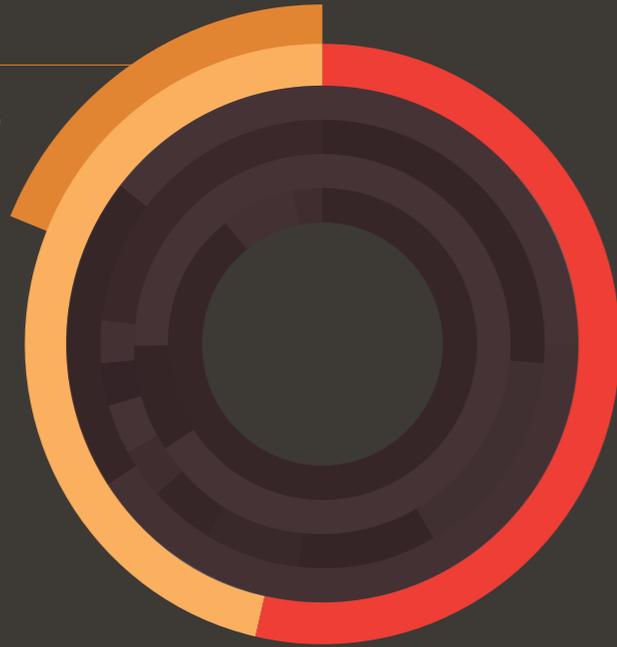
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OUR KEY ACHIEVEMENTS

£66.8m 41%

Distributable revenue due to performers



We worked hard to continue to maximise revenues for our members.

£187.1m ↑6%

Revenue collected in 2014

£161.2m ↑6%

Distributable revenue

INCOME FROM OUR THREE REVENUE STREAMS IN 2014



£76.7m ↑10%

Public Performance

£74m ↑1%

Broadcast and Online

£36.4m ↑6%

International



PERFORMER BOARD CHAIRMAN'S STATEMENT

Dear Performer Members,

I am delighted to report to you another year of continued and sustained growth at PPL.

In this age of austerity, and need for prudent financial control, the board is proud of its achievements in being able to grow the business on your behalf and achieve ever-increasing collection and distribution goals. Over the past few years, I have been reporting on our ongoing investment programme to the membership and this is now settling into place and producing the results that we set out to achieve.

There is still a way to go but the results have shown steady year-on-year growth, resulting in a record distributable revenue of £161m in 2014, a 6% increase on the previous year. This is a testimony to the company's business structure and fiscal responsibility coupled with a programme of strong, proactive policies and greater efficiencies with regard to people and technology.

We are always working to increase the efficiency and accuracy of distributions through having good performer data, the signing of more international agreements, as well as putting pressure across the industry to further performer interests and lobbying on behalf of performers for protective and fair legislation. The Performer Board, with the main PPL Board, is involved in associated issues such as investment and support for anti-piracy projects, collaborations with other collective management organisations to increase efficiency and drive revenue, and continues to work hard to provide each individual performer with a service that is efficient and user-friendly.

This year we see the retirement of PPL Chairman, and former CEO, Fran Nevvrkla OBE who, since being appointed in 2000, has taken PPL to new heights as a music industry organisation. His vision, drive and professionalism have been remarkable and his imagination and determination in bringing performers into such a dynamic organisation as PPL, following the mergers of PAMRA and AURA in 2006, was a feat from which we, as performers, have benefited tremendously. Fran, on behalf of all of us, we wish you well in your retirement and thank you for your remarkable achievements.

We are absolutely delighted to welcome John Smith as the new Chairman of PPL, a position he will be taking up in January 2016. John has a long history in regard to performer issues, coupled with recording and intellectual property experience nationally and internationally. Together with his political acumen and pragmatism he will be of tremendous value to all performers. He is General Secretary of the British Musicians' Union, President of FIM (International Federation of Musicians), as well as a past performer with the English National Opera, a national and international company. John will bring his own style, skills and personality to PPL with an immediate hands-on knowledge of the industry with contacts from performers to politicians. We look forward to the experience, positivity and leadership he will bring.

PPL continues to adapt and next year, following much fruitful discussion, sees a further re-structure in the main PPL Board with the addition of another Performer Director, taking the number from five to six. The election for this new directorship position will take place at the 2016 APM. We continue to serve the membership and we never forget that it is you, the members, on whose behalf we work.

Gerald Newson
Chairman



CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Performer Members,

As the music industry continues to evolve, PPL revenues become increasingly important and I am delighted to report another very successful year. Public Performance income, which for the first time became the biggest of our three revenue streams, grew by 10% in 2014 to £76.7 million (and overall has grown 53% in the last 5 years). Broadcast and Online grew by 1% to £74 million and International grew by 6% to £36.4 million.

We have ambitious plans in regard to what we want to achieve for you, our performer members, and to do that it is vital to have clear strategic priorities. This enables us to maximise what we deliver, both in terms of our overall performance but, particularly, the services we offer to members.

In 2014, we not only collected more revenue but also paid out more of it, faster and with even more detailed statements to more members than ever before. I was particularly proud that over 55,000 performers received at least one payment from PPL during the year. In the June 2015 payment (when we paid out the 2014 collections) we paid out on over 500,000 recordings. Needless to say, this requires the collection and management of large volumes of data and information.

On the international front, we continue to work closely with other collective management organisations (CMOs) as well as sign new deals. In 2014, for the first time, PPL provided back office services to several CMOs. This drew upon our significant and successful investment in IT systems and data quality over recent years. We

are also currently working jointly with a group of CMOs on developing new IT systems and processes to enhance efficiency and accuracy even more.

Customer service remains a key priority and the results in Public Performance licensing speak for themselves. This, again, is the result of careful strategic planning and investment but I must pay tribute to the various teams for the exemplary level of service they provide to our thousands of customers. In addition, our relationship with *PRS for Music* gets closer as we work on an increasing number of projects. We have ambitious plans together for Public Performance licensing and have also expanded this joint work to other areas of our operations.

It is fitting to finish by thanking Fran, who, as everyone knows, retires as Chairman at the end of the year. In his 15 years at PPL, Fran has presided over the most successful and radical transformation of the company in its 81-year history, virtually trebling the amount of distributable revenue. He truly is the architect of the modern day PPL and to say he will be missed by all is a massive understatement. As we all thank him and wish him well, we welcome John Smith, currently one of our Performer Directors, as the new Chairman of PPL in January 2016. His vast experience and global knowledge of the music industry and intellectual property, combined with his acumen with regard to performer issues, will be a tremendous asset to me and to PPL.

I would like to thank the Performer Board and main PPL Board, for their support, advice and governance. Above all, I would like to thank the PPL staff for all their hard work and dedication that has enabled PPL to deliver this strong set of results in 2014.

Peter Leathem
CEO

WE ARE HERE TO SERVE YOU

Legal

The law (Copyright, Designs and Patents Act 1988) gives performer and record company members the right to be paid when recorded music is played in public and broadcast on TV, radio and online.

Data and Technology

We process billions of seconds of airplay data and then match this to our ever-increasing repertoire database, which contains a range of data on millions of sound recordings, to ensure our distributions to our performer and record company members are as timely and accurate as possible.

Our Revenue Streams

PPL has three main revenue streams: public performance, broadcast and online and international. We license hundreds of thousands of businesses and thousands of broadcasters that play recorded music across the UK to seek to make sure you are fairly paid when your repertoire is used. We also currently have 79 international agreements to ensure we can collect monies on your behalf when your music is played around the world.

Payments

You receive payments for the use of your recorded music.

WHAT YOU CAN DO AS A PERFORMER TO BENEFIT FROM PPL'S WORK

- Register with PPL so that we know where to find you and how to pay you.
- Check PPL's repertoire database to make sure you are linked to all of the recordings on which you have performed.
- Make claims on tracks that you are not currently linked to, but should be.
- Keep all of your details, such as bank account and home address, up to date.

This is all that we need from you to enable us to pay you when we collect money for recordings on which you performed.

PUBLIC PERFORMANCE

£76.7m

Revenue in 2014

↑10%

Revenue on 2013

350,000+

Licensed Performance Sites

62

Public Performance Tariffs

We license over 350,000 business premises across the UK to play recorded music, including bars, pubs, clubs, restaurants, shops, offices, gyms and many other types of business.

Our public performance income grew 10% in 2014 to £76.7 million.

We have continued to work with *PRS for Music* to highlight the benefits of music to businesses and have continued to focus on our programme of joint working. We have also continued to raise awareness of the need for a licence, attended a wide range of trade events across the UK and set up a Small Business Music Users Panel (together with *PRS for Music*) to meet regularly with trade bodies representing small businesses.

“The music in our stores is extremely important to us; it’s much more than just background sound. We aim for a customised playlist to suit the TUI brand and our products to help both our colleagues and customers discover their smile. Holidays are an exciting purchase, so why wouldn’t we want to create an atmosphere to match?”

Anna Clarke
Retail Transformation Manager,
TUI UK & Ireland
(Thomson & First Choice)

BROADCAST AND ONLINE

£74m

Revenue in 2014

↑1%

Revenue on 2013

2000+

Licensed Broadcast and
Online Channels

We work with hundreds of TV and radio broadcasters to ensure they are licensed appropriately for playing our members’ repertoire. Alongside the BBC and commercial broadcasters, PPL continues to license a wide range of other services, including community radio, student radio, hospital and prison radio, as well as online radio services.

Our overall broadcast revenues grew to £74 million in 2014, an increase of 1% on 2013.

The commercial radio industry returned to growth in 2014, resulting in a 4% year-on-year increase in PPL’s receipts from this sector. For television, long term licensing agreements in place throughout 2014, covering all major commercial television partners and the BBC, meant revenue from this sector was flat year-on-year. The impact of exceptional past payments received in 2013 was offset by moderate

increases in fees across the sector in 2014. New licences and key renewals in 2014 included BT Sport, UKTV and a number of local community broadcasters.

At the end of 2014, PPL and *PRS for Music* established a joint forum with the major commercial TV broadcasters and the BBC to jointly discuss the challenges and opportunities for the licensing of music on television in an increasingly multi-platform and on-demand environment. This panel has now met a number of times and has proven to be both a healthy and constructive forum for debate between the key stakeholders in the industry.

INTERNATIONAL

£36.4m

Revenue in 2014

↑16%

Revenue on 2013

79

International Agreements

PPL recognises the value of your recorded music overseas and 2014 proved very successful for our international collections. Revenue reached £36.4 million, a £2 million (6%) year-on-year increase. This was achieved in the face of what continues to be an immature market. We also faced additional external factors, such as currency challenges. In particular, the decline in value of the Yen and Euro. On a currency neutral basis (stripping out the effect of currency fluctuations), the year-on-year growth for international was 12%.

We continued to increase PPL's global reach and the number of collective management organisations (CMOs) with which it has agreements. In 2014, nine new agreements were signed and we have continued to add to this, bringing the current total up to 79 across 37 countries. Leading the market, PPL now collects over a third of all performer neighbouring rights payments moving between CMOs throughout the world.

Revenue reached £36.4million, a £2million (6%) year-on-year increase. This was achieved in the face of what continues to be an immature market.

As PPL continues to grow its database, we have received repertoire data from CMOs around the world, with France, Germany, USA, Brazil, Jamaica, New Zealand, Czech Republic, Denmark, Finland, Spain and Italy all registering recordings with our Repertoire Database. This ensures that PPL performer members who have recorded with artists in other countries have the opportunity to claim for as many of their performances and possible.

We have also been taking part in initiatives with a host of CMOs in other countries to help streamline data exchanges and IT systems, to maximise revenues for members. In April 2014, we began a roll-out of repertoire matching and distribution services to other CMOs under the banner of 'Business Services'. We are the first CMO to offer such a service. This process reduces their workload and saves them from having to invest in similar IT systems and data. This in turn allows them to focus on

increasing local licensing income and servicing local members whilst helping to increase the accuracy of payments for PPL members.

PPL's international team regularly meet with CMO partners to develop the working relationship and improve PPL's knowledge of each CMO's IT systems, processes and distribution rules in order to maximise PPL's neighbouring rights royalty collections. These meetings help to drive operational improvements as well as identifying and helping to resolve any issues which may be impacting the pay-through of international revenue.

For several years now, PPL has been granted Qualified Intermediary (QI) status by the US Internal Revenue Service (IRS), allowing for the collection of up to 30% more in US royalties on behalf of PPL members who complete the relevant forms.

Over £226 million of international revenue has been collected by PPL for PPL members over the last 10 years, and we continue to actively work to maximise international collections.

MEMBERSHIP

7 Million+

Sound recordings

55,852

Performer members were paid at least once in 2014

We serve all performers in the recorded music industry – large and small. But we understand the different and unique needs of both successful and emerging artists. This means we will maximise your returns whatever your repertoire and experience.

We value meeting members face-to-face and in order that we can meet as many as possible, the team has attended a total of 60 events in the UK and 13 internationally in 2014. We continue to hold ‘PPL in Session’ seminars to address member queries and frequently raised issues in person or via WebEx conferencing. We also continue to update our members on PPL news and developments in our monthly email newsletter, ‘On Track’. We listen to members’ feedback on how we can improve our service via our member experience surveys.

In our quest for constant improvement, we made a number of upgrades to our processes and systems in 2014. For the myPPL system these included making it easier for performers to submit supporting evidence for claims to be added to sound recording line-ups. In addition, myPPL underwent a fundamental upgrade and restructure of its technical architecture during the year. Most myPPL users will have seen a number of improvements to date and the work done will enable us to make further improvements moving forward. The quality of our data has also been improved by the work completed for our Register Repertoire facility during 2014.

OUR MEMBERS TELL US ABOUT THE IMPORTANCE OF THEIR PPL REVENUES

“I trust PPL to protect my interests at all times and to offer expert advice - it’s good to know that I’m in safe hands, and the service I receive from PPL is very good indeed and is continually improving. It would be nigh on impossible for individual performers to ‘police’ their repertoire and collect their due revenue without PPL.”

Dave Lawson Keyboardist and Sound Designer (Greenslade, Kate Bush, Yes)

“Since the introduction of digital recording it has been easy to tag every recording with the name of the performers involved so that they could receive fair remuneration for their work when it was used by others. And yet it has taken a couple of decades for this to even start being normal practice. Musicians are busy people, often too busy to look after their long term interests. We have PPL and its predecessor PAMRA to thank for putting in the hours and dedication to take the vital first steps towards making sure that musicians on broadcast recordings are actually paid for their work.”

Steve Stirling Cello (Academy of St Martin in the Fields, London Philharmonic Orchestra)

“PPL’s customer service team have been very helpful, informative and personable during my recent phone calls. I am very impressed by the obvious commitment to performer satisfaction.”

James Ewers Singer, Songwriter and Composer

“May I take this opportunity to thank you all for your continued good work, and especially for the revised website access to PPL; so much more user-friendly & clearer than before - best wishes.”

Jhalib Tabla player (Monsoon)

“PPL in Session is interactive and crucial. I’m really starting to understand the commercialisation of music and PPL’s role in doing that.”

George Hobbs Performer Member

THANK YOU

We would like to say a big thank you to all our performer members for their support, providing us with good data, and reacting to all our requests.

We are happy to answer your queries and questions.
If you’d like to get in touch, you can contact our Member Services team on:

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