

2016

2017



Annual Performer Review
A YEAR OF STRONG UK AND INTERNATIONAL GROWTH



Contents

PPL remains committed to maximising the royalties due to you when your performances on recorded music are played in public or broadcast on TV and radio in the UK and internationally.

This review focuses on our key achievements in 2016 and outlines how we have been seeking to build on those successes in the current year.

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2016 in numbers

390,500

Licensed public performance sites

64

Public performance tariffs

11 million+

Sound recordings in PPL's repertoire database

82

International agreements

92,691

Performers and recording rightsholders paid

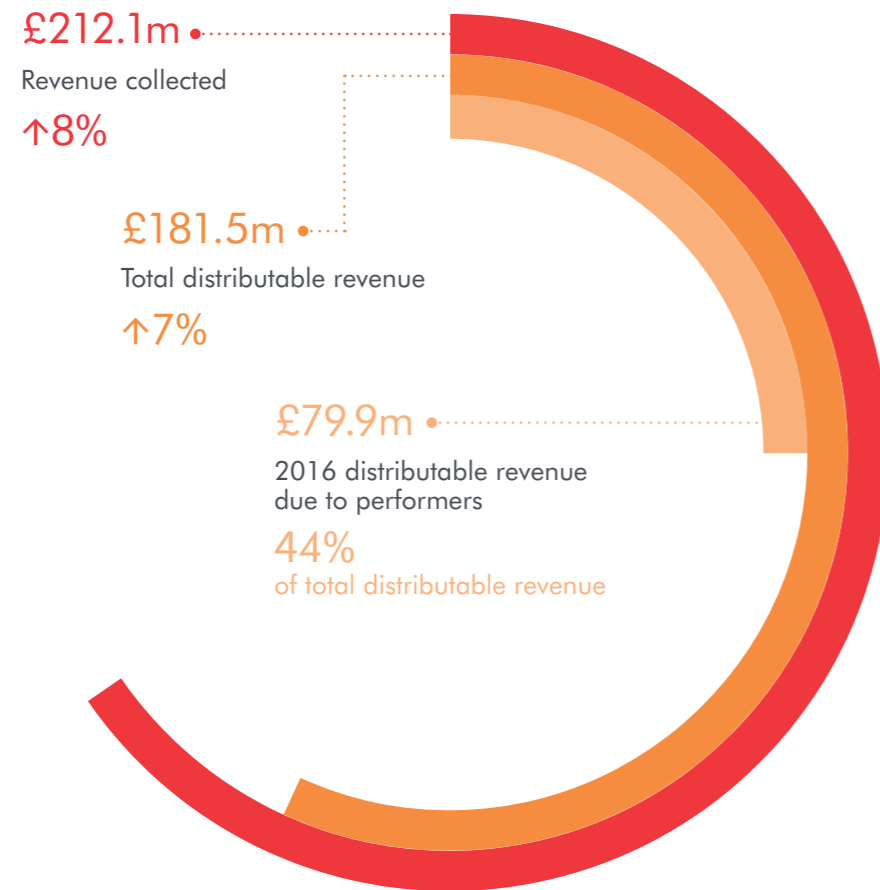
£212.1m

Revenue collected

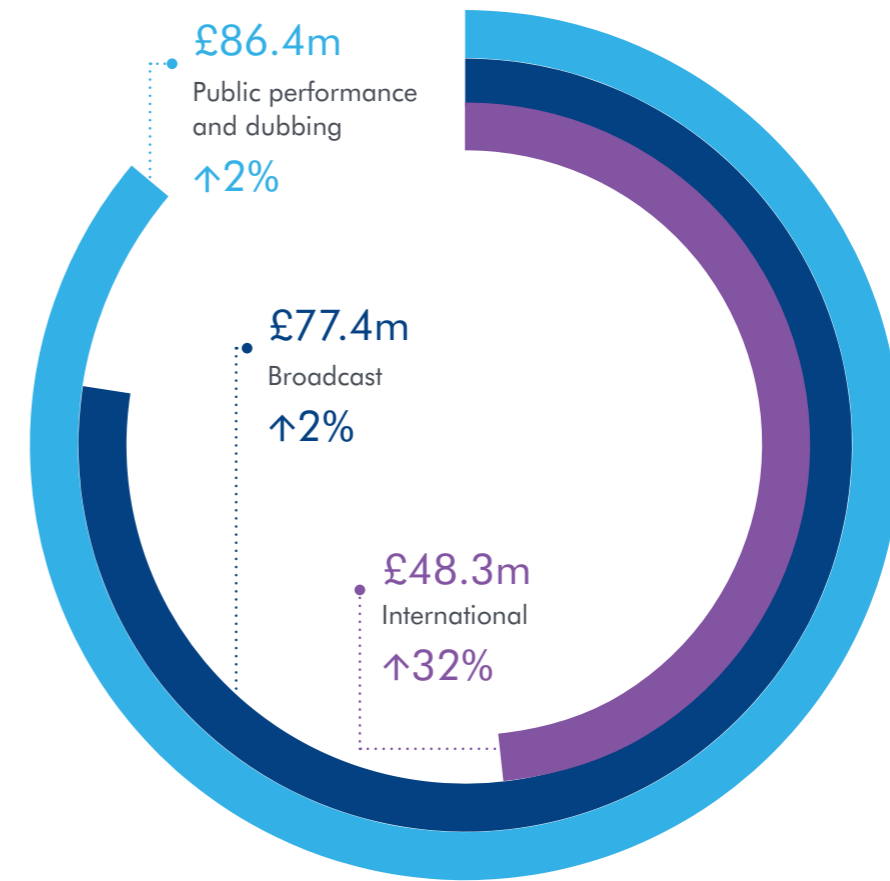
£181.5m

Distributable revenue

Our key achievements



2016 Revenue



Performer Board Chairman's statement

As the Chairman of PPL's Performer Board, I am delighted to present to you the 2016 results outlined in this year's Annual Performer Review.

Against a backdrop of an ever-evolving and competitive global rights management landscape, PPL has continued to deliver record-breaking levels of financial growth and greater levels of collaboration with its many partners here in the UK and around the world.

I've been on an eye-opening journey throughout the year, getting further acquainted with the priorities, the processes and – of course – the people behind the scenes at PPL. It has been a real privilege.

As the months have gone by, I've witnessed teams of committed individuals go to great lengths to ensure performers and all those who invest in music get the maximum return and reward for their work.

Whether it be through the continual improvement of the data matching process for existing performers and recordings, extensive outreach to engage with unregistered constituents, investment in leading technologies, the licensing of new customers or, simply, being present up and down the breadth of the UK and overseas to support members, not a stone has gone unturned.

PPL is a forward-thinking, innovative and collaborative organisation that strives to represent the interests of both performers and recording rightsholders, to protect their rights and to maximise their income.

In a political and economic climate that is unsettling for many, it is encouraging to know that PPL remains stronger and more successful than ever and entirely focused on delivering maximum return, benefit to and support for the performers and recording rightsholders it represents.

I would like to thank all of you for your continued support and would like to take this opportunity to thank each and every one of my colleagues across the organisation for their hard work and dedication to what has been an excellent year for PPL.

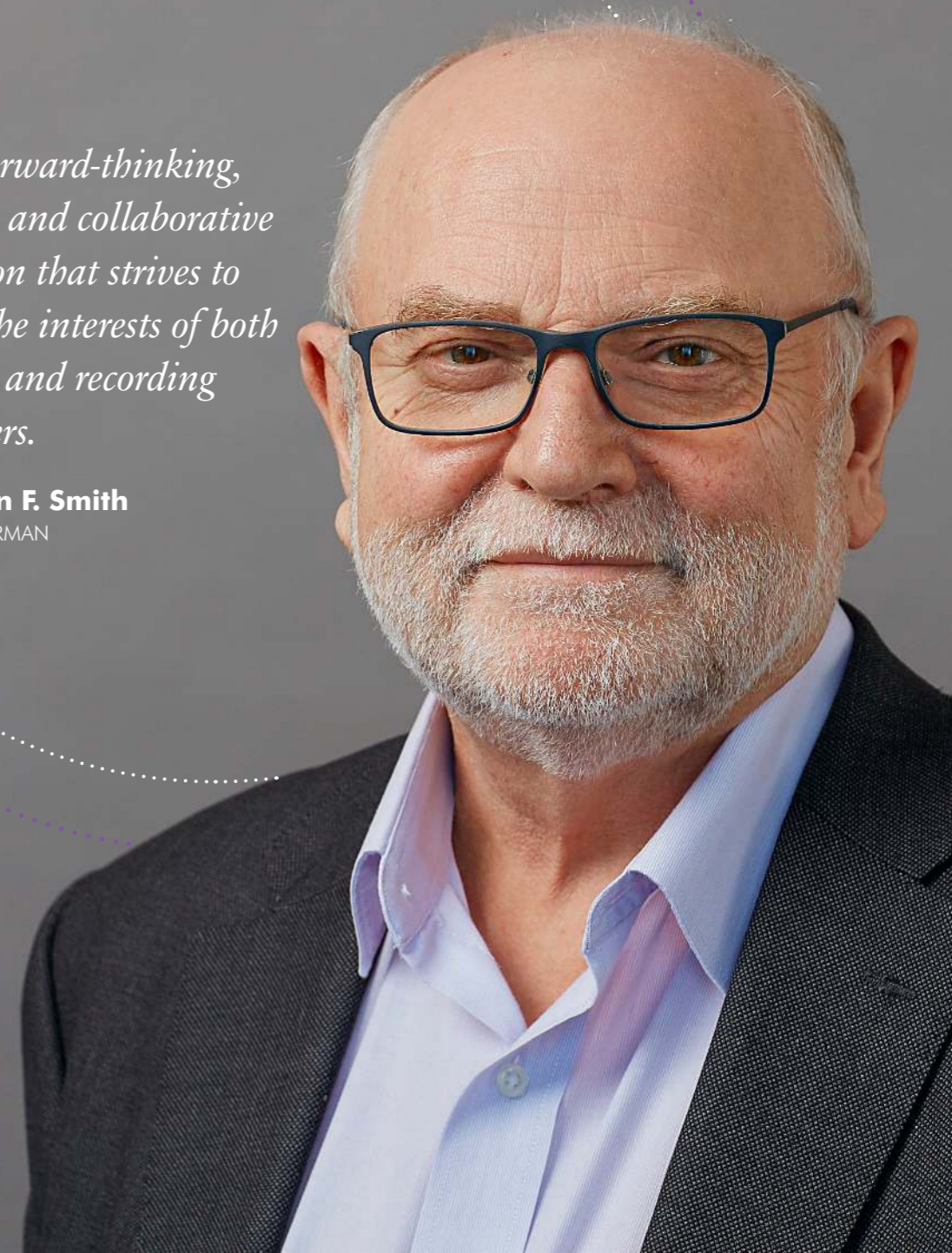
John F. Smith
CHAIRMAN

“

PPL is a forward-thinking, innovative and collaborative organisation that strives to represent the interests of both performers and recording rightsholders.

”

John F. Smith
CHAIRMAN



Chief Executive Officer's statement

2016 was a strong year for PPL in many respects. I am pleased to report that revenues were up, distributions were up and the total number of international agreements were up – completing a hat trick of successes of which any collective management organisation (CMO) would be proud.

In 2016 revenue collections experienced a new high, breaking the £200 million barrier for the first time, reaching £212.1 million. This was a significant increase of £15.1 million – or 8% – on 2015.

This achievement was supported by growth across PPL's three primary income streams – public performance and dubbing, broadcast and international. In public performance and dubbing we collected £86.4 million and in broadcast we generated £77.4 million. We celebrated our largest ever annual collections in international bringing in £48.3 million, an increase of a third (32%) on 2015, or 16% on a currency neutral basis.

PPL paid out more money to more members than ever before last year. Building on the achievements of 2015, we made at least one payment to over 83,000 performers, up from 65,000 performers.

Looking ahead, as always, we will be seeking to ensure that members are fairly paid when their recorded music is broadcast on the relevant TV, radio and digital platforms.

We will continue to expand our global footprint, driving forward discussions with other CMOs to improve data matching and embarking upon new partnerships to increase the revenue returned to members.

We are also in the final stages of preparing to launch our joint venture for public performance licensing with *PRS for Music* in Leicester – a major project that aims to streamline licensing for customers whilst providing greater returns for PPL and *PRS for Music* members.

I would like to thank everyone that has been part of our journey over the last year, especially the staff of PPL without whom I would not be able to proudly announce our achievements.

As ever, we appreciate support from you – our performers. We are proud to be able to give back to music and we are proud to work for you.

Peter Leathem
CHIEF EXECUTIVE OFFICER

“

Building on the achievements of 2015, we made at least one payment to over 83,000 performers, up from 65,000 performers.

”

Peter Leathem
CHIEF EXECUTIVE OFFICER

We are here to serve you

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

Our 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 hundreds of TV and radio broadcasters. Internationally, by the end of 2016 we

had 82 agreements with other CMOs to ensure we can collect monies on your behalf when recordings of your performances are played around the world, if you choose to use our 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 our repertoire database, which holds the details of over 11 million recordings, together with information about the 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 provide you with increasing levels of detail about your PPL payments.

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

There are a few simple things we need from you to make sure you are earning the most you can from PPL for the use of recordings of your performances:

- Register as a performer with PPL (if you have not already done so) to get access to PPL's secure online account management portal, myPPL, and the services that PPL provides.
- Check PPL's repertoire database to make sure you are linked to all of the recordings on which you have performed.
- Make claims on any recordings on which you performed but to which you are not currently linked.
- Sign up for our international collections service so we can collect royalties on your behalf when your recordings are played internationally.
- Keep all of your details, such as your bank account and contact information, up to date so we know how best to contact you and how to pay you.



Out and about with members



Public performance and dubbing

Public performance and dubbing

In 2016, the Public Performance Operations (PPO) and Dubbing teams again delivered solid growth.

Public performance and dubbing revenue for the year totalled £86.4 million, 2% up on 2015. Public performance revenue contributed £78 million to this total, an increase of £1.7 million, or 2% on 2015.

Dubbing revenue, where PPL licenses the commercial copying (dubbing) of music by specialist companies that supply music systems to businesses for the playing of recorded music, contributed £8.4 million.

PPL and PRS for Music joint venture

In early 2016, PPL and PRS for Music announced that a new joint venture would be created to serve the two companies' public performance licensing customers.

Creating this single point of contact for our customers will lead to the simplification of obtaining a licence. This joint venture is seeking to underpin a long term commitment to revenue growth and deliver operational efficiencies, together with a better customer experience.

Good progress was made in 2016 on setting up the joint venture. Competition and Markets Authority clearance was granted, PPL and PRS for Music signed a shareholders' agreement for the joint venture, premises were chosen in Leicester, and a Managing Director, Suzanne Smith, was recruited.

Further progress has been made in 2017 as we prepare to launch the joint venture in the coming months – the premises have been made work-ready, employees are being appointed and trained, and we are in the final stages of system testing.

Broadcast licensing

Broadcast licensing

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

Our overall broadcast revenue in 2016 grew by 2% to £77.4 million, driven predominantly by strong growth in commercial radio.

Radio

Commercial radio delivered 5% year-on-year growth in the licence fees paid to PPL. This was a particularly strong performance, especially when viewed in the context of the impact on radio advertising revenues of the Brexit referendum in the second quarter of the year, during which much government-funded advertising was suspended.

Television

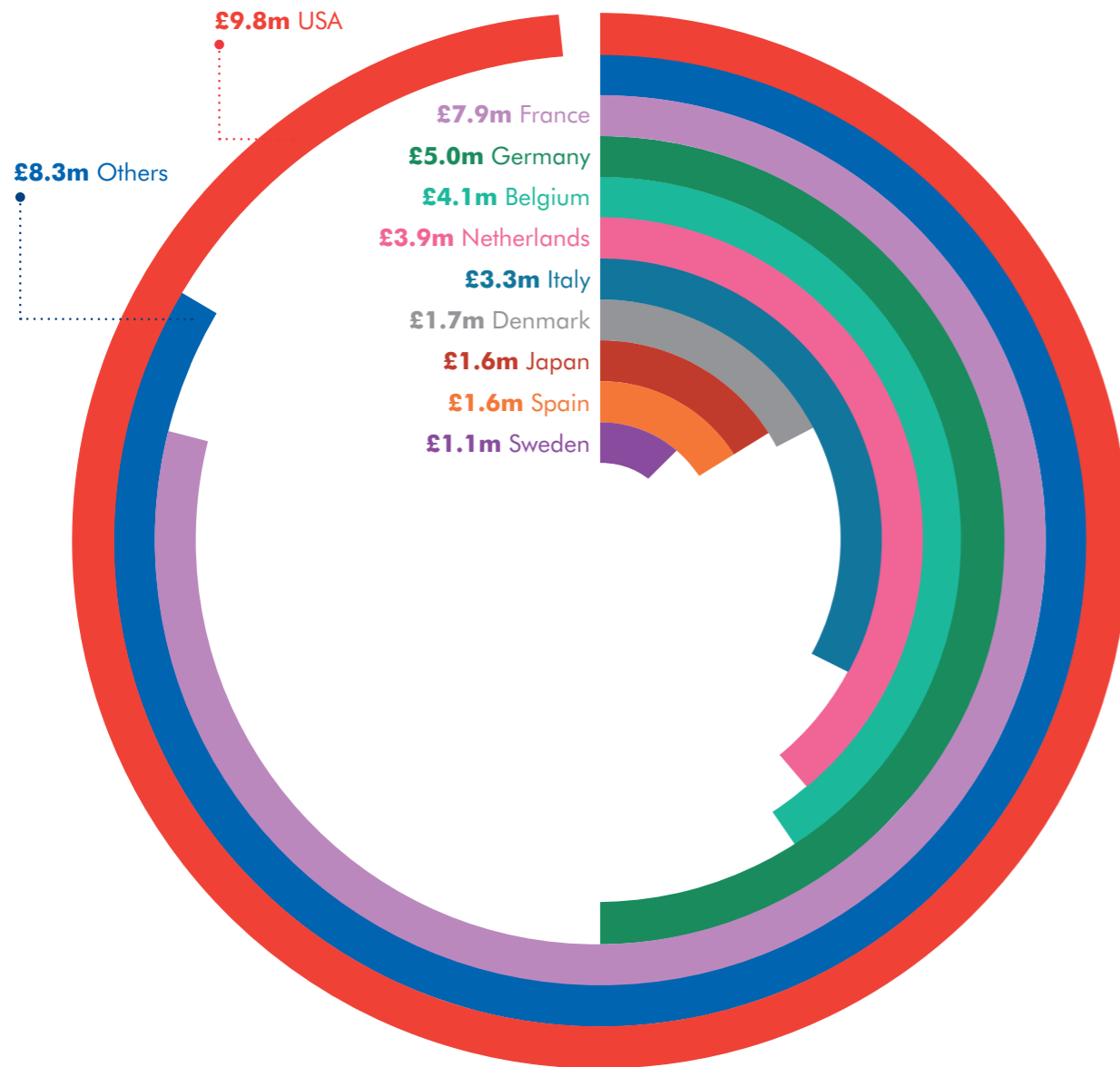
2016 saw commercial television revenues grow by 2%. During this period, the majority of PPL's major broadcaster licensees were locked into longer term deals, not yet subject to renegotiation, and so the growth came from previously agreed annual adjustment mechanisms and fees. In 2017, we have been negotiating the renewal of a number of major licences including BBC, Sky and ITV.

New joint community radio licence

In September 2016, following consultation with the market, PPL launched a new joint licence for community radio in conjunction with PRS for Music. This licence, which came into effect on 1 January 2017, provides a simple one-stop approach for community radio stations.

“ Broadcast revenue grew by 2% to £77.4 million. ”

International revenue by country



International collections

International collections

PPL achieved its largest ever annual international collections for performers and recording rightsholders of £48.3 million, up 32% on 2015. We collected revenue from 33 countries in 2016. On a currency neutral basis, international collections grew by 16%.

International agreements

In 2016, PPL added new international agreements with collective management organisations (CMOs) in Romania (CREDIDAM), Korea (RIAK) and Brazil (ASSIMI). At the end of 2016, PPL had 82 international agreements across 39 countries.

International business services

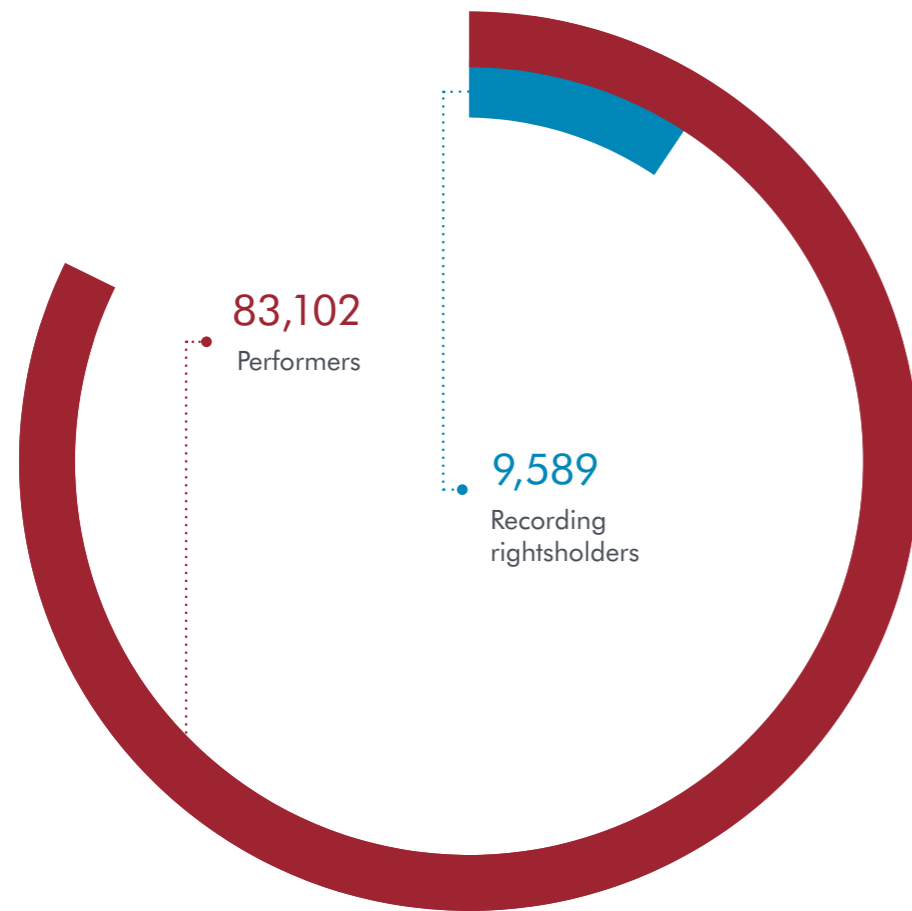
PPL has developed its operations to now provide business services to other CMOs. In October 2016, PPL signed an agreement to deliver business services to the Irish music licensing company, PPI, starting in 2017. Under this agreement, PPL uses its

IT systems and data on recordings, territorial rights and performer line-ups to calculate distribution allocations for onward payment by PPI, based on the recordings used by PPI's licensees in Ireland. In 2016 we also provided various back-office services to Audiogest in Portugal, LaIPA in Latvia, AGATA in Lithuania and EFU in Estonia.

Virtual Recording Database (VRDB)

The VRDB project, run by SCAPR (the international umbrella organisation for performer CMOs) is focused on delivering a more efficient exchange of performer data and payments between CMOs. PPL has played a leading role in its design and governance since the initiation of the project in 2014. The project achieved a significant milestone in August 2016 when technical development was completed and, by the end of the year, PPL and 10 other CMOs had between them already uploaded details of 1.3 million recordings into VRDB as part of a carefully-phased sequence that has continued during 2017.

Who we paid in 2016



Our services to you

Increased payments

We are proud that in 2016, once again, PPL paid out more money to more performers than ever before. At least one payment was made to over 83,000 performers last year, an increase of 28% on 2015.

Striving for excellence

The Member Services team is supporting an ever growing number of performers with, on average, 335 performers registering with PPL every month. We strive to provide an excellent service, as underlined by a 10% year-on-year increase in customer satisfaction scores from the regular surveys we send to those who have contacted the team.

We made numerous improvements to our systems and processes in 2016, all of which will allow us to become more efficient and give us more time to deal with members. In 2017, building on these developments, we launched an upgraded version of our myPPL portal with more user-friendly

navigation, faster searching and improved mobile and tablet compatibility.

Our efforts led us, for the third time, to the finals in the UK Business Awards and UK Customer Experience Awards, in the category of Customer-Centric Culture.

UK and international outreach

We continued to strive to meet members in our office, around the UK and overseas. Member Services attended over 100 events, conferences, seminars and festivals such as Wide Days in Edinburgh and The Great Escape in Brighton. In addition, we ensured that PPL staff were available at international events such as Eurosonic, Midem, International Artist Managers' Association (IAMA) Conference and South by South West (SXSW) in the USA. Much of our outreach has been delivered in collaboration with *PRS for Music* and PRS Foundation.

Some of your feedback

Very friendly, helpful, open and genuinely concerned to settle any queries and take full responsibility for their part.

Bethan Hunter
Orchestral performer member

Very helpful. It was one of the most productive and insightful music business calls I've had all year!

Ema Jolly
Performer member

PPL have always been the most helpful and friendly organisation and one I am proud to be a member of.

El Imber
Performer member

I have no doubt that my international and UK collections are in safe hands with PPL.

Jonathan Vears
Performer member

Some feedback from our licensees

Many clients tell me that music is the most important factor in creating the perfect atmosphere in their business.

Brian d'Souza
Open Ear Music

Whenever the music is broken in the shop it's the most painful thing in the world. Silence can be deafening in that way. Music sets the atmosphere.

Paper Dress Vintage
East London

Thank you

We would like to say a big thank you to all our performers for their support, providing us with good data, and responding to all of our requests.

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

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020 7534 1234
ppluk.com
@ppluk

Credits

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

Design and print

Preview
www.preview-design.co.uk

Photography

Page 7: John Smith, Performer Board Chairman
Page 9: Peter Leathem, CEO
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Page 12: Collage
Page 13: Collage



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