

Annual Performer Review



2017 - 2018



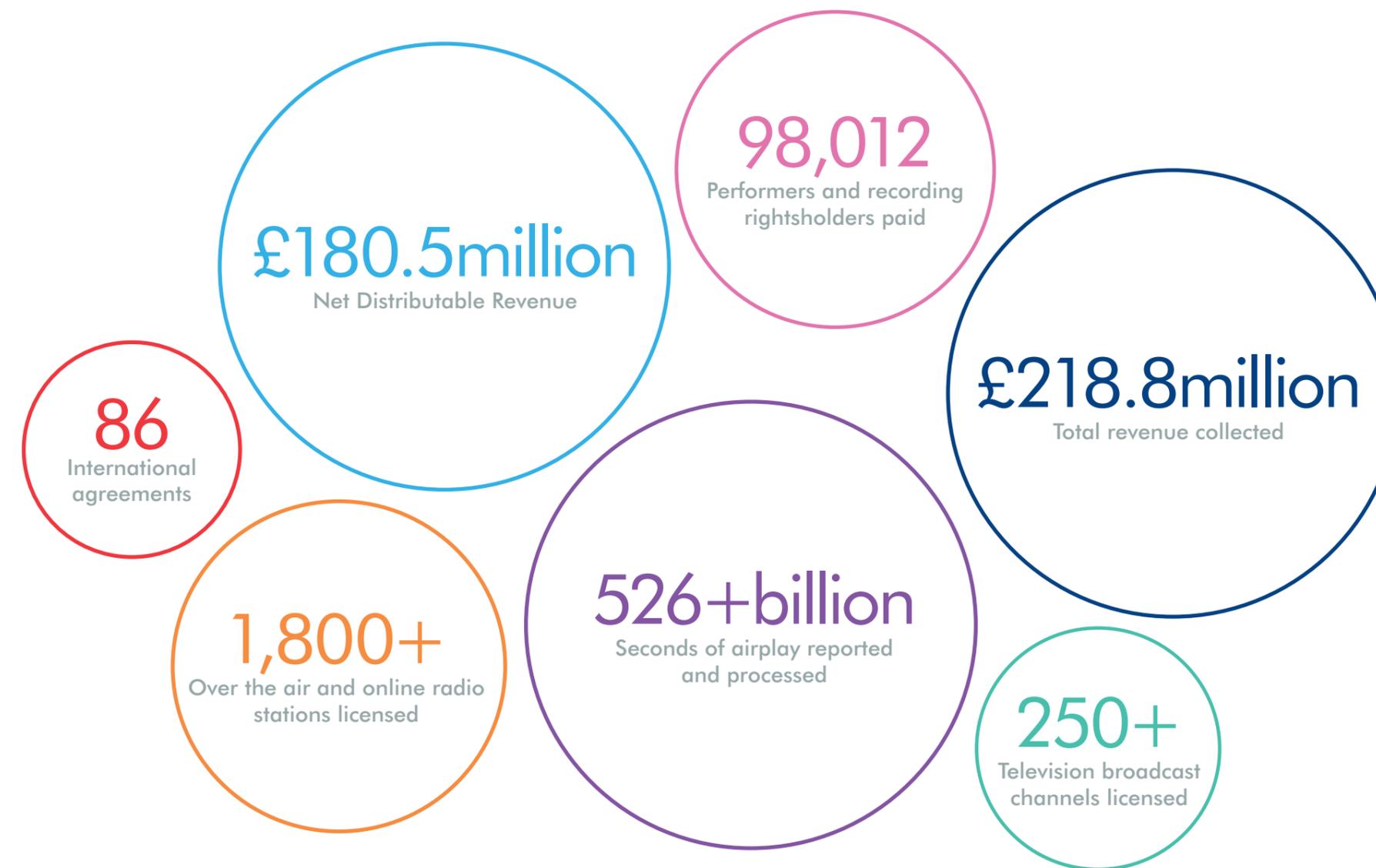
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PPL remains committed to offering a first class service to support performers and to maximising the royalties due when your performances on recorded music are played in public or broadcast on TV and radio in the UK and internationally.

This review focuses on our key achievements in 2017 and outlines how we have been seeking to build on those successes in the current year.

2017 in numbers

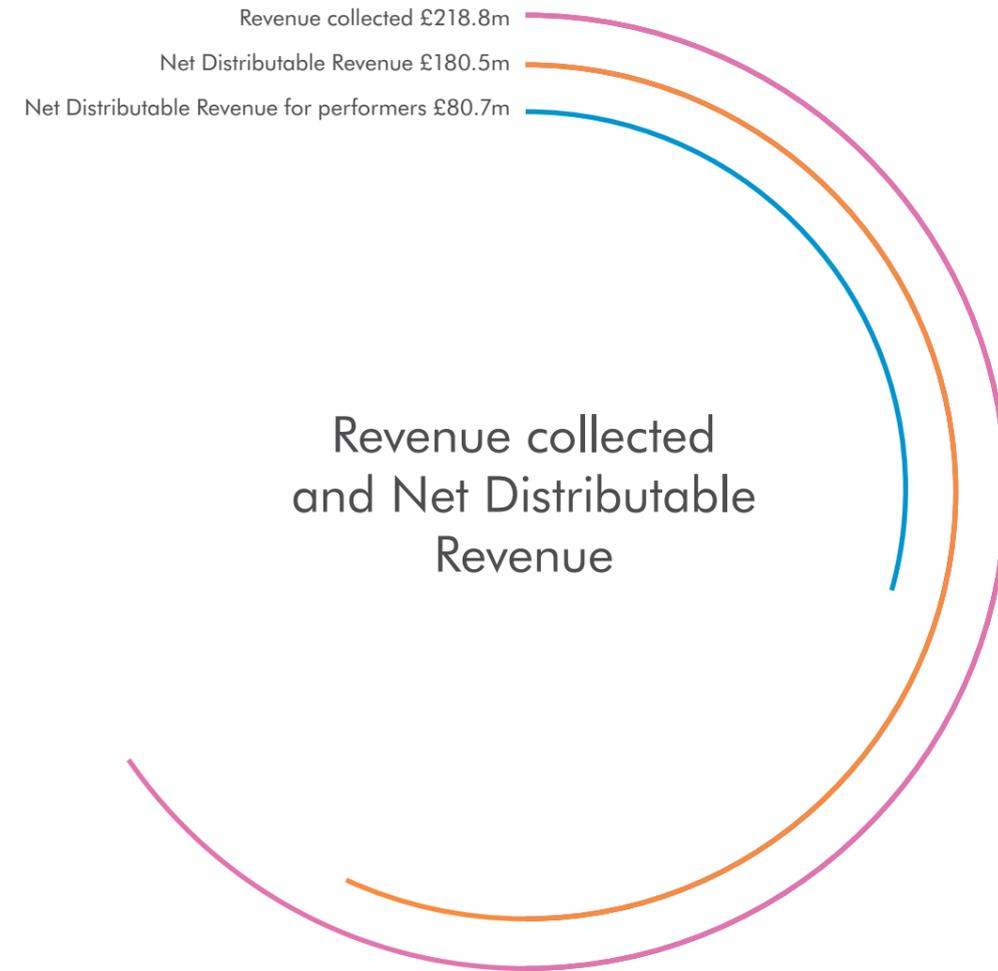


Our key achievements

Revenue collected:
£218.8m (up 3% on 2016)

Net Distributable Revenue:
£180.5m (up 1% on 2016)

Net Distributable Revenue for performers:
£80.7m (45% of Total Net Distributable Revenue)

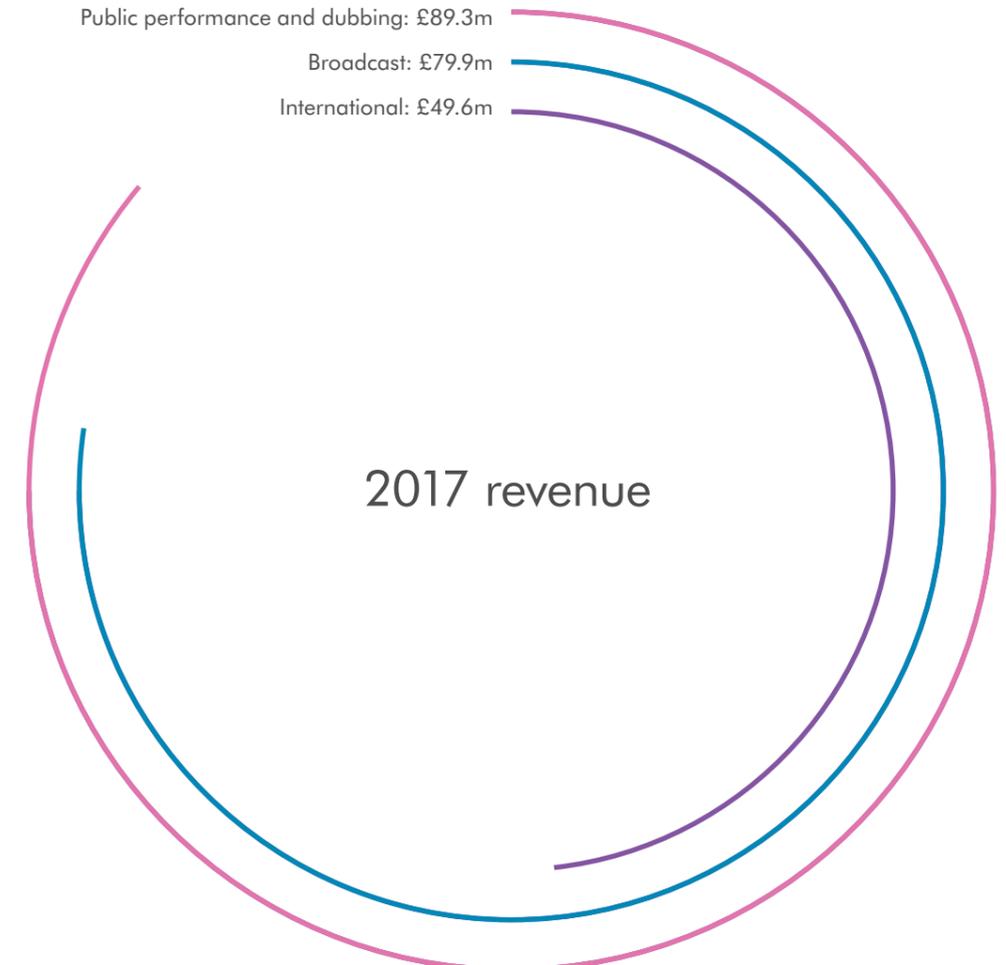


2017 revenue

Public performance and dubbing: £89.3m (up 3%)

Broadcast: £79.9m (up 3%)

International: £49.6m (up 3%)



Performer Board Chairman's statement

Progress. Evolution. Growth.

Three words that reflect PPL's activities and achievements in 2017. And, indeed, the wider industry's trajectory.

It is encouraging to hear reports of growth for the recorded music industry. In April 2018, it was announced that, last year, UK record label income experienced its fastest growth since 1995 whilst later that month it was revealed that revenues for the global recorded music industry increased by 8.1 per cent - still only two thirds of the market's peak in 1999 but music to our ears nonetheless.

PPL is very much part of this success story. As Chairman of PPL, I see how central a role the company plays in the industry. The revenue it distributes can make the difference between profit and loss, a hobby or a career, one's success or otherwise, for performers, producers and record companies.

However, the road ahead is not smooth for our industry. We face challenges from the wider ecosystem that influence the development and success of our home-grown talent. Whether it's the changes in music education, the closure of live music venues, the lack of clarity around the meaning of Brexit (at the time of writing), or the fall in the perceived value of music – all whilst the use and consumption of music is greater than it has ever been.

PPL is well positioned to support performers through these changing times. Over the past year, progress on a number of initiatives at PPL has driven forward the

increase in both the collection of monies from public performance, broadcast and international and the distribution of monies to more performers than ever before.

I have no doubt that the joint venture launched earlier this year with *PRS for Music* – PPL PRS Ltd – based in Leicester, and a clear example of positive evolution, will also generate benefits, cost efficiencies and greater return in the long term.

PPL is a force for good in this industry. It is home to many passionate individuals united by a love for music and driven by a desire to see people rewarded for the music they create.

No conflicting interests. No clouded vision. Just a clear focus on maximising revenue and delivering an ever-improving service.

I would like to thank all of you for your continued support and would like to take this opportunity to thank my colleagues across the company for their hard work and dedication to what was an excellent year for PPL.



John F Smith
CHAIRMAN



PPL is a force for good in this industry. It is home to many passionate individuals united by a love for music and driven by a desire to see people rewarded for the music they create.



John F Smith
CHAIRMAN





We have a strong and steadfast business model that forms the foundation for our future progress, and positions PPL well to deal with today's ever-changing, competitive and complex market.



Peter Leathem
CHIEF EXECUTIVE OFFICER

Chief Executive Officer's statement

PPL entered 2017 with a clear strategy and vision, aiming to continue to grow its revenue for members. Having surpassed the £200 million threshold with our revenues in 2016, I am pleased to report that in 2017 we collected £218.8 million for our performer and record company members – up 3 per cent on 2016. This accounts for an additional £6.7 million generated from our core business activities.

It is no small feat that PPL has been able to grow its revenues, particularly at a time when we were also heavily focused on building PPL PRS Ltd – the biggest joint venture of its kind in the world – as well as a range of other ground breaking projects.

Once again, we delivered growth across each of our three main revenue streams: public performance and dubbing, broadcast and international. As ever, we continued to expand our international footprint. In 2006, PPL's international collections were £6 million – a fraction of the £50 million collected in 2017. PPL has now collected over £355 million internationally for performers and record companies, and has, at the time of writing, 90 international agreements in place with overseas CMOs.

We continue to do the heavy lifting so our members do not have to and we have been able to build on the high-quality service we provide to our members. In 2017, we paid more performers than ever before – over 89,000 at least once, up more than 7 per cent on the previous year.

This continued success can be attributed to a highly-skilled, dedicated and hard-working team at PPL, our ongoing investment in technology and our focus on innovation, all of which has furthered our efforts to improve the quality of the data which underpins our business and the wider neighbouring rights market.

One of the highlights of my year was readying PPL PRS Ltd to go live. As of February 2018, public performance licensing (where recorded music is played at shops, bars, offices and other businesses across the UK) is now administered by PPL PRS Ltd, the newly-launched joint venture with PRS for Music.

PPL is a business of scale and complexity and it has the resources and the commitment from dedicated employees to deliver. However, it will be our relentless focus on meeting our members' needs that will help us to determine and achieve our goals for the long-term success of the company.

We have a strong and steadfast business model that forms the foundation for our future progress, and positions PPL well to deal with today's ever-changing, competitive and complex market. I would like to thank everyone that has been part of our journey over the last year, especially the great team of people at PPL without whom I would not be able to proudly announce our achievements.

As ever, we appreciate support from performers and the wider industry and look forward to working with you further to build on our success for the future.

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.

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.

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 2017 we had 86 agreements with other collective management organisations (CMOs) to ensure we can collect monies on your behalf when your music is played around the world, if you choose to use our international collections service. At the time of writing, this number has increased to 90.

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 contains data pertaining to over 12 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 our performer and record company members, and provide you with increasing levels of detail about your PPL payments.

Driven by data

Technology is at the heart of our drive to maximise revenue and enhance service levels. A number of initiatives are undertaken using in-house expertise to provide better insight into our data and further improve data quality. This supports our collection and distribution processes.

- **31,500+** Average number of new recordings for which we receive data every week
- **1.6 million** Number of recordings for which data was added to the PPL database in 2017
- **526+ billion** Seconds of airplay reported and processed in 2017

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

Once you have registered as a PPL member, there are a few simple things we need from you to make sure you are earning the most you can from your recordings:

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

01

02

03

04

05

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

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.

Check PPL's repertoire database to make sure you are linked to all of the recordings you have performed on.

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

Public performance and dubbing

Revenue from public performance – the playing of recorded music in public such as in hotels, restaurants, cafes, gyms and hairdressers – increased, yet again, to £80.3 million.

This was a significant achievement during 2017 in light of the impending joint venture with *PRS for Music* which created uncertainty for a number of employees. Their dedication and commitment to delivering for members was remarkable and helped to lead to this positive result.

Data analysis was undertaken to explore any potential under-licensing in markets to enable revenue growth whilst Business Relationships Executives undertook a significant contact programme across the regions to meet and support businesses in their acquisition of a licence.

As always, the quality of service was key to maintaining positive relationships with licensees, whether existing customers or new businesses.

Revenue from dubbing also continued to grow, generating £9 million in 2017. 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.

Introducing PPL PRS Ltd: the journey of our joint venture with *PRS for Music*

Significant progress was made during 2017 in readying PPL PRS Ltd – our public performance licensing joint venture with *PRS for Music* – for launch in early 2018, with a number of work strands reaching or nearing completion during the year.

Systems development and testing

Work continued with building brand new IT systems to support the licensing activity that PPL PRS Ltd now undertakes.

Recruitment

Suzanne Smith (photo right) was appointed Managing Director of PPL PRS Ltd. Prior to joining PPL PRS Ltd, she was the Managing Director of Customer Experience within the Experian PLC UK business. She previously held other senior management roles at Capital One and NatWest Bank.

Training

A training programme was carried out for recruits at the PPL PRS Ltd office in Leicester, covering topics including customer service, systems training and tariff training.

Marketing and communications

The name, logo and brand of the joint venture were announced, the PPL PRS Ltd website was designed, an explainer video was produced, and all customer documents were drafted and prepared for launch.



Broadcast licensing

Broadcast licensing

Broadcast revenue grew year-on-year by 3% to £79.9 million, continuing the trend of annual growth maintained over the last 10+ years.

Revenue growth driven by radio sector

Strong performances from commercial radio, the BBC and television secondary sales licensing (which enables the copying of programmes containing PPL repertoire for sale to other broadcasters) helped broadcast revenue to increase in 2017.

Successful joint community radio licensing scheme with *PRS for Music*

Revenue from community radio stations increased 2.3% year-on-year. This work was supported via the implementation of a new joint licensing scheme with *PRS for Music* for community radio stations, achieving 98% market penetration.

Television licensing terms secured with major broadcasters

Headline commercial terms were agreed for a new long-term PPL blanket licence with the BBC covering their public service activities. New commercial terms for licences with Channel Four were also secured.

International collections

International

International revenue grew by 3% in 2017 to reach £49.6 million. Significant payments were received from a number of collective management organisations (CMOs) including GVL in Germany, SENA in Holland, SoundExchange in the US and SAMI in Sweden.

Number of international agreements continues to grow

A number of new agreements with overseas CMOs were signed in 2017, including performer agreements with SFH in Iceland and SAMPRA in South Africa as well as a recording rightsholder agreement with Slovgam in Slovakia. This took PPL's total number of international agreements with CMOs to 86 by the end of 2017.

Greater collaboration with CMOs

PPL continued to develop successful collaborative working with international CMOs through direct and open relationships. During 2017, PPL met with over 60 CMOs to drive forward operational exchanges of data and discuss best practice to ensure performers and recording rightsholder revenues flow across the world.

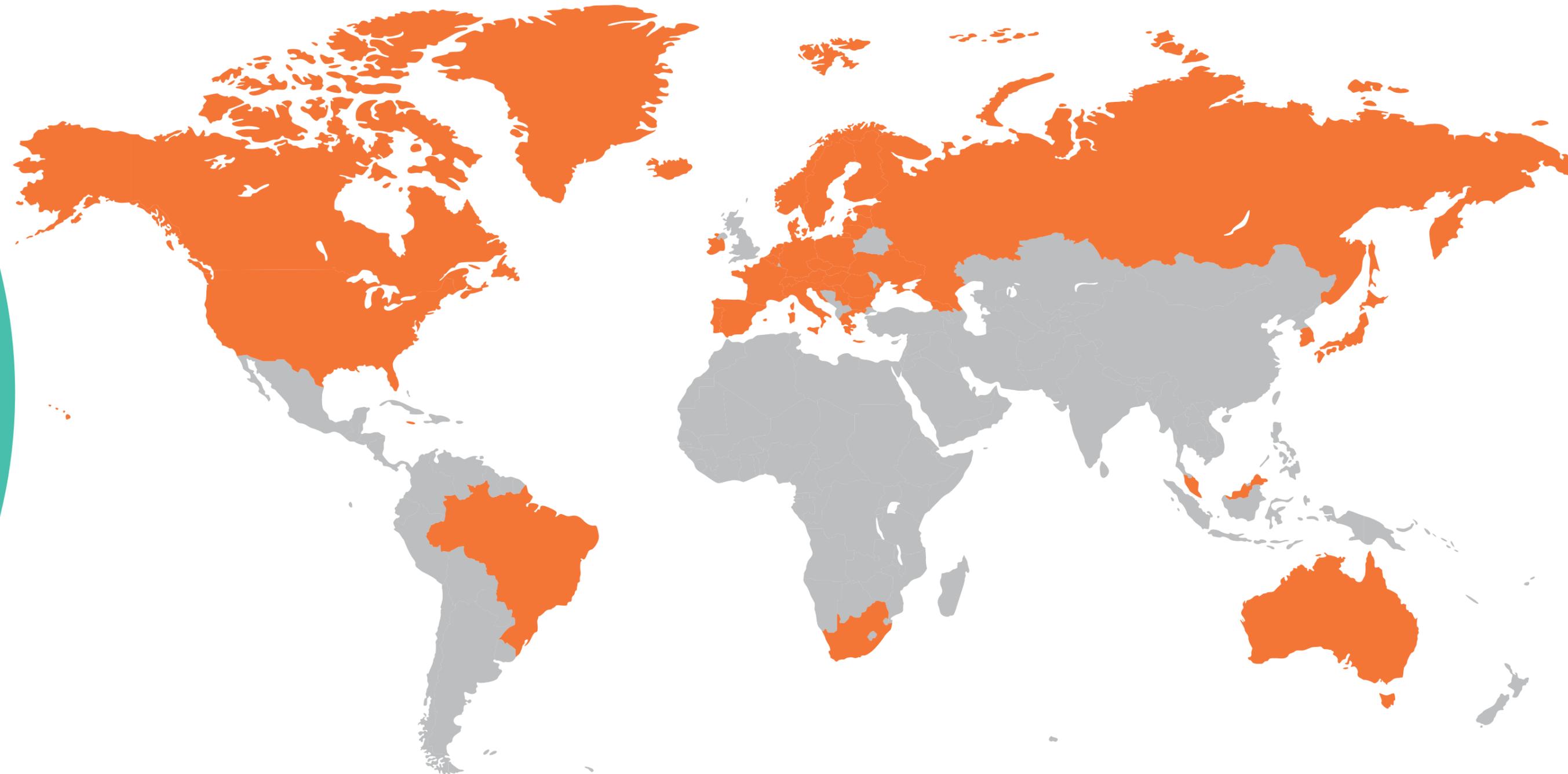
Virtual Recordings Database (VRDB)

The purpose of VRDB is to deliver a more efficient exchange of recording and performer data between CMOs. The storage and sharing of that information aims ultimately to increase payments between CMOs for performers. PPL continued in 2017 to play a pivotal role in driving the project forwards, helping to further improve the neighbouring rights industry's data capabilities and introduce standardisation across the board.

International Collections

We have arrangements with CMOs in the following countries:

- Austria
- Belgium
- Brazil
- Bulgaria
- Canada
- Croatia
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Georgia
- Germany
- Greece
- Hungary
- Iceland
- Ireland
- Italy
- Jamaica
- Japan
- Republic of Korea
- Latvia
- Lithuania
- Malaysia
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Russia
- Serbia
- Slovakia
- South Africa
- Spain
- Sweden
- Switzerland
- Ukraine
- USA



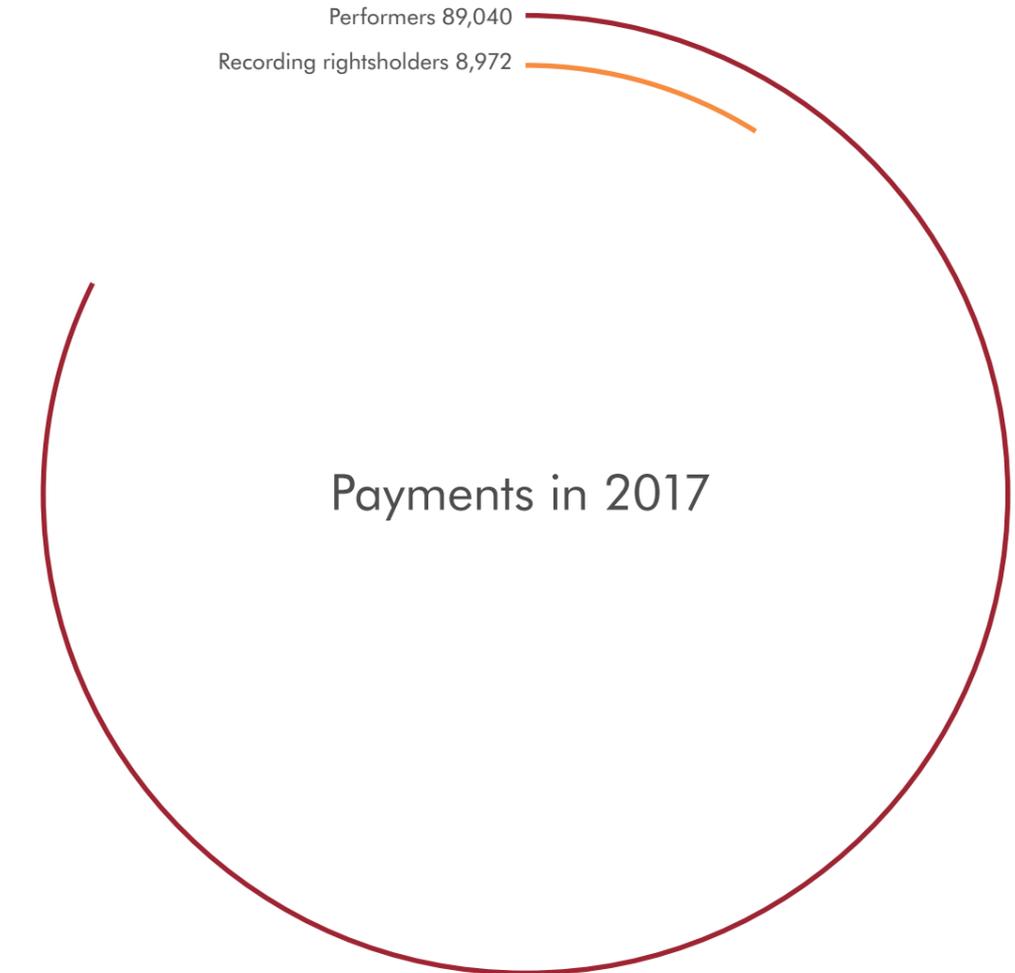
International collections

USA:	£10.3m
Others:	£9.9m
Germany:	£9.5m
Netherlands:	£5.8m
Belgium:	£2.8m
France:	£2.3m
Italy:	£2.1m
Denmark:	£2.1m
Japan:	£1.6m
Sweden:	£1.6m
Spain:	£1.6m
Total:	£49.6m



Who we paid in 2017

Performers: 89,040
Recording rightsholders: 8,972



Delivering more for members

More payments than ever before

In 2017, PPL made at least one payment to 89,040 performers, more than ever before. This figure is up 7%, or almost 6,000 performers, from the number paid in 2016 – an achievement PPL is proud of.

Improving the member experience

PPL further embraced new technologies in 2017 to enhance its services to performers. In August, we launched a new and improved version of myPPL - with more user-friendly navigation, faster searching and improved mobile and tablet compatibility. This work continued in 2018 with the launch of a new Register Repertoire tool, benefitting users with a faster process for registering recordings, providing greater control and making managing recording data easier than ever before.



Member engagement increased through multiple events

2017 saw PPL host or attend more than 150 events – averaging at three per week – to engage with members across the UK, Europe and the USA. Some of these were delivered in collaboration with our friends at PRS for Music and PRS Foundation.

We focused in 2017 on offering more PPL events outside of London. As such, we looked at where our performers are based across the UK, in order to provide opportunities for training, education and networking through our dedicated PPL in Session events and attendance at regional conferences. No fewer than 37 events were delivered across the nations and regions, concentrating on cities such as Glasgow, Belfast, Cardiff, Manchester, Liverpool, Leeds, Brighton and Leicester to name a few.

Internationally, PPL took part in panels, roundtables and 1-to-1 member meetings at 15 events outside of the UK. These included Eurosonic, Amsterdam Dance Event (ADE), South by Southwest (SXSW) and the music tech conference, FastForward.

PPL's award-winning service continued to be recognised

PPL was awarded first place in the category of 'Business Change or Transformation – B2C' at the UK Business Awards as a result of implementing changes enabling members to use electronic signatures to sign their US tax forms and then submit them digitally. This improved the member experience and facilitated the pay-out of more US revenue to members. We were also awarded second place in the 'Customer Centric Organisation' category in recognition of the work done to proactively track down the rightful beneficiaries of deceased performers' monies to ensure they are paid correctly.



Your feedback

Thank you to everyone at PPL for all their hard work and efforts on behalf of us performers. I can't believe the payment I'm getting it's incredible, thank you so much to all of you!

Cathy Thompson, Performer

Many thanks for all this info, it looks like PPL are really opening up some markets that have not paid us properly in the past. Have a good weekend, I certainly will raise a glass to you and PPL!

Eric Stewart, 10cc

The advisor I spoke to over the phone was very helpful and explained what I needed to know clearly.

Funkydon, Singer-Songwriter/
Producer

I have rarely experienced such care, clarity or patience from any telephone adviser.

Mandy Burvill, Performer

Love you guys! I wish I'd known about you in the 80s. All the best.

Andy Bassford,
Performer

My word!! Thank you and all at PPL so much for the amazing work you do for us musicians! I can't tell you how incredible this is. This was my highest distribution to date and I'm blown away.

Leo Taylor, Performer

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 questions. If you would like to get in touch, please contact our Member Services team.

memberservices@ppluk.com

020 7534 1234

ppluk.com | [@ppluk](https://www.instagram.com/ppluk)

Credits

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

Photography:

Page 7 - John Smith, Chairman

Page 8 - Peter Leatham, CEO

Both Dolly Clew

Page 19 - Peter Leatham, Stormzy and Ray BLK, Andy Fletcher

Page 19 - Peter Leatham and Emeli Sandé, Mark Allan

Page 19 - SXSW 2017, Laura Harvey

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Preview

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