

13 April 2017

### **GEMA collects more than one billion Euros for the first time**

**GEMA concludes its financial year 2016 on a very positive note: For the first time, the collective management organisation for music rights is reporting collections of more than a billion Euros (EUR 1,024.4m) on behalf of its 70,000 members and the rights owners represented by GEMA across the world.**

“GEMA has never been as successful in financial terms as it has been in 2016. A plus of nearly 15% compared to the previous year led to the one-billion-mark being crossed for the first time”, reports Dr. Harald Heker, GEMA CEO. “Such levels of licence collections ensure that composers and lyricists as well as their publishers receive a fair remuneration for the analogue and digital exploitation of creative performances.”

One of the factors contributing to this positive earnings development was the settlement with YouTube, the online platform. The fees, determined as part of a new licence agreement, entered into November 2016, were retroactively incorporated into the annual accounts for the period 2009-2016. Intensive growth in the usage of streaming services also had a positive effect on the income - albeit download exploitation declined: A total of EUR 81.6m was yielded in terms of online music usage - resulting in a doubling of figures compared to the previous year (2015: EUR 40.4m).

Furthermore, the agreement by the Zentralstelle für private Vervielfältigungsrechte (Central Collection Agency for private copying rights, ZPÜ) with the associations of the hardware industry for smartphone and tablet products had a positive effect due to the fact that a share of the resulting income is allocated to GEMA: Its income from remuneration claims increased to EUR 97.9m (previous year: EUR 16.3m).

Stable growth of further collection areas have also played their part in this extraordinary financial achievement. Turnover trends from Regional Offices (EUR 370.1m, previous year EUR 365.5m), Radio and TV (EUR 286.2m, previous year 280.6m) as well as International Royalty Income (EUR 73.5m, previous year EUR 71.3m) more than equalised the slight decline in Sound Recordings (EUR 104.9m, previous year: EUR 110.3m).

GEMA's income increase coincided with a reduction of the total cost rate to 15.4 % (2015: 16.3%) and the operating cost rate of 12.6% (2015: 13.2%), even though 2016 brought about extraordinary challenges due to the coming into force of the Act on Collective Management Organisations. As a consequence of the CMO Act (VGG), GEMA had to apply the Act on the

Modernisation of Accounting Law for the first time in 2016, which triggered an increase in pension liabilities and associated tax charges totalling several millions.

Harald Heker explains: "This rather positive result is an incentive for us to keep investing in the future sustainability of GEMA." Benchmarks for the pan-European licensing of online rights were already set by way of the international cooperation undertaking, ICE (International Copyright Enterprise). Various initiatives are additionally targeted at the challenges of the rapidly increasing data volumes geared at global markets in the online sector.

Harald Heker explains: "We focus on asserting authors' rights in a music marketplace subject to dynamic change, and to realise a stable earnings trend in future, compensating for financial losses in national and international sound recordings' markets by increasing the income from live music and online exploitation." He also appeals to politicians: "In the rather fast growing streaming sector, authors still do not participate adequately in the economic gains and successes of the providers. Online platforms can still refer to an unclear legal situation. With the distribution of works protected by copyright, they yield a high turnover, yet without adequately remunerating authors for this. Politicians are more than ever called upon to create a fair legal framework."

## **GEMA's most important income categories at a glance**

### **Sound recordings**

While the income generated from physical sound recordings such as CDs or vinyl has slightly decreased by 5%, it can still be regarded as stable compared to international developments. The result of EUR 104.9m in financial year 2016 reflects a continued high level of interest in physical sound recordings in Germany (2015: EUR 110.3m).

### **Online**

Due to retroactive licence fee payments by YouTube, the online platform, up to 2009, together with an intensive increase among other streaming services - albeit subject to a negative trend in the download sector - online results more than doubled to a total of EUR 81.6m compared to the previous year (2015: EUR 40.4m).

### **Radio and TV**

Income from TV and radio usage increased slightly, by 2%, in the past financial year. This area has therefore continued its positive trend with a total income of EUR 286.2m (2015: EUR 280.6m).

### **Regional Offices (Public performance of music)**

The results yielded by the regional offices remain consistently high. At EUR 370.1m, (2015: EUR 365.5m), the collections from public performance of music make up the strongest income sector. GEMA anticipates another improvement of its earnings in this area as a result of the new organisational structure of its regional offices: By implementing a functional structure and setting up a central customer centre, professional market penetration measures have been enhanced since last year.

Further financial information is included in our annual report 2016 which, for the first time, includes a transparency report for the past financial year. This is due to the Act on Collective Management Organisations (CMO Act, VGG) which came into force in 2016. The report thus fulfils advanced duties of transparency and documentation. The **annual report including the**

**transparency report 2016** is available as a pdf document at [www.gema.de/geschaeftsbericht 2016](http://www.gema.de/geschaeftsbericht2016).

GEMA represents the copyright of more than 70,000 members (composers, lyricists and music publishers) in Germany, and more than two million copyright owners globally. It is one of the largest societies for authors of musical works in the world.

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