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GEMA to announce 2015 financial results

GEMA looks back on a successful financial year 2015. The German collective society of music rights generated a total income of EUR 893.8m for its members and maintains year-on-year growth.

GEMA, the organisation that represents about 71,000 music creators in Germany concluded its financial year 2015 with a total royalty income of EUR 893.8m and maintains year-on-year growth. The growth was achieved by the four licensing areas, Recorded Media (EUR 110.4m), Public Performance (EUR 365.6m), Television and Radio (EUR 280.5m) and Online (EUR 40.4m). Moreover, GEMA's income benefited from export revenues which turned out to be higher than projected, and from currency effects.

It is key to strengthen GEMA's operating results in the coming years and to invest into the society's sustainability accordingly. As a consequence, GEMA has spent nearly EUR 28m for strategic measures in 2015. These investments are made for projects such as the international cooperation ICE (International Copyright Enterprise) by means of which GEMA, together with its sister societies PRS for Music (England) and STIM (Sweden), is pioneering pan-European online rights licensing and sustainably securing its members' repertoire. Another project is the modernisation of GEMA's IT infrastructure so that the rapidly increasing data volumes can be processed efficiently. The outsourcing of pension obligations into a newly founded support fund as well as the restructuring of its sales force are further measures with which GEMA reacts to the changes in its economic, political and social environment in order to reinforce its competitiveness.

The cost to revenue ratio of 16.3% includes all strategic investments and is with an increase of 0.9% higher than in the previous year (2014: 15.4%). The cost rate for business operations, however, could be lowered further to 13.2% (2014: 14.1%).

GEMA's most important income categories at a glance

Recorded Media

With respect to physical sound recordings such as CDs or vinyl records, the German music market remains an exception. Unlike the rest of the world, Germany still witnesses significant sales of CDs, DVDs and vinyl records. This is also reflected in GEMA's balance for the financial year 2015: GEMA registered a slight income increase for this category to approx. EUR 110.4m (2014: EUR 109.0m, 2013: EUR 110.4m, 2012: EUR 117.0m, 2011: EUR 126.6m, 2010: EUR 161.5m).

Online

The balance still does not adequately reflect user behaviour in the online category. While streaming in particular is rapidly increasing, GEMA could just about stabilise online income at EUR 40.4m (2014: EUR 44.8m, 2013: EUR 26.4m, 2012: EUR 16.9m, 2011: EUR 21.2m, 2010: EUR 13.3m). While the previous year's income looks positive (EUR 44.8m), it actually resulted mainly from retroactive payments of amounts generated in the past.

Television and Radio

Proceeds from music usage on TV and radio continued to provide significant income to GEMA members with a revenue of EUR 280.5m (incl. cable re-transmission). Given the fact that 2014's revenue has been influenced by special events, 2015's numbers show an increase without these special effects (2014: EUR 287.3m, 2013: EUR 292.2m, 2012: EUR 260.8m, 2011: EUR 257.4m, 2010: EUR 257.1m).

Public Performance

GEMA's regional offices are a strong pillar for GEMA's earnings. In 2015 they contributed EUR 365.6m through licensing concerts and events (2014: EUR 340.6m, 2013: EUR 326.6m, 2012: EUR 323.4m, 2011: EUR 312.0m, 2010: EUR 299.1m). To keep up with the challenging economic conditions and to provide an excellent service to members and clients, GEMA has decided to restructure its sales force. Thus, GEMA intends to ensure its business sustainability and competitiveness.

Collection mandates

GEMA has assumed the mandate to act on behalf of other collective societies such as GVL, VG Musikedition and VG Wort. EUR 175.3m were collected this way in 2015 (2014: EUR 163.2m).

Further information on GEMA's financial year 2015 can be found at www.gema.de. Our **annual report 2015** can be downloaded as a pdf at www.gema.de/geschaeftsbericht_2015 and will soon be also available in English.

GEMA represents the copyright of more than 71,000 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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