Press release

10 April 2018

# GEMA stabilises its total collections with another year of growth

**GEMA's financial year 2017 marks another increase in collections for its members: By the end of financial year 2017, the collective management organisation for music reached more than one billion Euros (EUR 1,074.3m) which equals a revenue plus of about 5% compared to the previous year. It therefore continues the positive economic development for its more than 72,000 members as well as more than 2 million rights owners from all over the world.**

"GEMA could continue its successful economic path in 2017", states GEMA CEO Dr Harald Heker. "We are very content that we were able to boost our revenues by another 5% after an already successful financial year 2016. Licence collections for composers and lyricists as well as for their publishers do not just reflect an equitable remuneration for the exploitation of their works – they also act as the necessary basis for artistic freedom which ensures music diversity in all of its facets."

The revenue growth in the past financial year amounting to about EUR 50m led to total revenues of EUR 1,074.3m (2016: EUR 1,024.4m). The respective cost deductions from these revenues amounted to 15%. GEMA therefore managed to lower the cost rate for operational and strategic measures once more (2016: 15.4%, 2015: 16.3%), even though, in 2017, GEMA was facing extraordinary challenges entailed by the decision of the Berlin Higher Regional Court with regards to the publisher participation matter.

All collection categories have contributed to the extraordinary total result for financial year 2017 with revenues that remained stable overall. Thanks to the development of the revenues in the categories Regional Offices (EUR 380.5m, previous year EUR 370.1m), Radio and TV (EUR 294.2m, previous year EUR 286.2m) as well as Online (after being adjusted to allow for special items: EUR 70.0m, previous year EUR 81.6m), the decline in the category Sound Recordings which dropped significantly below the EUR 100m threshold for the first time in 2017 (EUR 96.1m, previous year EUR 104.9m) could be counterbalanced.

Another positive influencing factor in terms of the development of GEMA revenues was a further special payment by the Zentralstelle für private Vervielfältigungsrechte (ZPÜ; Central Collection Agency for Private Copying Rights), an umbrella organisation formed by GEMA and eight other collective management organisations in Germany to its member organisations. The payment relates back to the agreement made by the ZPÜ with the associations of the hardware industry in 2016 for products like smartphones, tablets and PCs.

Dr Harald Heker explains: "Our satisfying overall economic trend is evidence that we are successful if we pursue our objectives and goals tenaciously. It should, however, not belie the fact that the rapid change in terms of music usage continues to throw immense challenges at the value chain with regards to a comprehensive music exploitation and the protection of the

interests of all authors." In this context, GEMA continually reiterates the subject of the so-called "Value Gap" which exists between the revenues of the platform operators and the revenues of the creatives.

Dr Harald Heker elaborates further: "The continued debate about the modernisation of copyright shows that politicians find it hard to transfer well-established fundamental rights positions of the analogous world to the online world: There is a continued lack of a range of determining legal bases in Germany and Europe. It is the music creators that have to suffer the consequences, since it is them who are cheated out of an adequate payment for their efforts." At the same time, he once again calls on the politicians in charge: "There is an urgent need for action. After years of discussion, a copyright law which does justice to the digital transformation in the music business and which takes the rights of authors in a digital world adequately into account, must now become part of our legislation."

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

**Sound recordings**
During financial year 2017, the revenues arising from the licensing of physical sound recordings such as CDs or vinyls have, for the first time, dropped below the EUR 100m mark. The decline by 8.3% to EUR 96.1m (2016: EUR 104.9m) is proof of the slow but steady decline of music use by way of sound recordings.

**Online**
In the Online sector, just as expected, gains can be reported. The decline in revenue shown in the current report (2017: EUR 70.0m compared to 2016: EUR 81.6m) can be traced back to the new licensing agreement entered into between GEMA and online platform YouTube in 2016 with which a retroactive payment had been agreed upon. Apart from this special item, the current revenue figures are a result of the positive market trends.

**Radio and TV**
Income from TV and radio usage in the past financial year slightly rose again by 2.8%. This sector constitutes a continued strong and stable pillar of earnings in terms of music exploitation with a total collection of EUR 294.2m (2016: EUR 286.2m).

**Regional Offices (public performance of music)**
Public performance of music is a fixed component of social life. Revenues from this area, our Regional Offices, amounting to EUR 380.5m in 2017 (2016: EUR 370.1m) reflect an increase compared to the previous year of 2.8%. As a consequence, our regional offices remain GEMA's strongest pillar of earnings.

Further information regarding our financial results is included in our annual report 2017 including the transparency report 2017. You can download the pdf at **www.gema.de/geschaeftsbericht**.

GEMA represents the copyright of more than 72,000 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.

**Press contact:**
Ursula Goebel, Communications Director
E-mail: ugoebel@gema.de, Phone: +49 89 48003-426