

# Expanding music's frontiers

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Worldwide.

Online.

For our members.



PLAY | PERFORM | REPRODUCE

Licensing  
countries worldwide.

**170**

**1 billion**

uses of music processed.

A record **£623 million**  
in royalties were collected in 2009.

We visit over **7,000 venues**  
each year to ensure our members are paid for the use of their music.

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**6,658** new songwriter and  
composer members joined in 2009 including  
Cheryl Cole, Florence and the Machine and  
Vampire Weekend.

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90% of broadcasting revenue  
is paid on a pay per play basis.

And we've used the latest  
digital fingerprinting technology to make our  
royalties even more accurate.

**90%**

By minimising deductions we're  
able to pay our members nearly

**90p in every  
pound** we collect.

# Thinking creatively, acting diligently

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In a tough trading year for all of us I'm pleased we were able to collect £623m in 2009, allowing the nation's music creators to keep creating music that is heard and appreciated around the world.

One of the success stories of 2009 was the growth of international revenues: these are the monies we collect for our members when their music is used abroad. Britain is one of only three net exporters of musical works, second only to the United States, and the £166.9 million we collected from overseas both cements this position and makes a vital contribution to our members' income.

Online revenues also grew substantially, reaching £30.4 million. Though not in absolute terms a substitute for the declining CD market, we do draw encouragement from the growing willingness of consumers to sign up for paid music services. *PRS for Music* has been at the forefront of licensing an increasingly diverse range of alternatives to illegal filesharing on the internet, with agreements signed with MySpace Music, Sky Songs, Spotify and YouTube during the past year. 2009 was also the year that revenue started to flow through to *PRS for Music* from our pan-European online licensing deals.

We welcome our Parliament's recognition, in passing the Digital Economy Act, of the problems posed by illegal filesharing and will continue our engagement with all interested parties to develop the conditions under which legitimate music services can thrive. As we sit on the cusp of true high-speed broadband this issue will gain even further in significance for both the music, and other creative industries in the future.

Over the past year we have also seen a steady rise in the number of businesses benefiting from the use of music in the workplace, and our new entry level licensing scheme for small business has worked well. Public Performance Sales overall registered growth of £3.5 million as more business users derived increased benefit from the public performance of music.

Despite these very good results we are still looking at tough market conditions in 2010, both in the economy at large and in the music industry in particular, so we cannot afford to be complacent.

We will continue to think creatively and act diligently to make the most of new opportunities to generate revenue for our members, while at the same time keeping our costs as low as possible.

**Robert Ashcroft, Chief Executive *PRS for Music***

April 2010

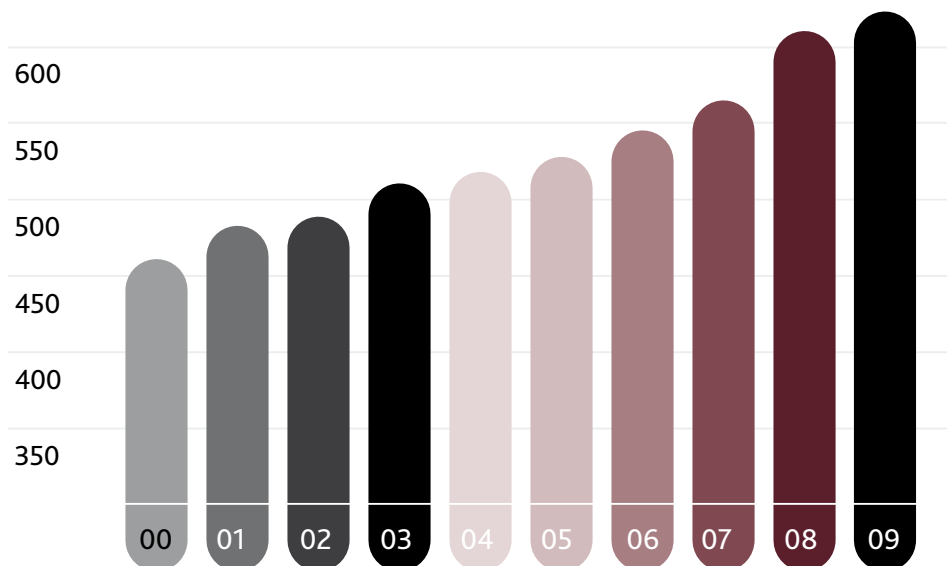
# Rewarding creativity

It's easy to take great music for granted. We're so used to having it around, sometimes we don't even think about it. TV shows, online, bars, clubs, even the radio playing at the hairdressers: we forget that, at some point, someone has put serious effort into creating something special. At *PRS for Music*, we never forget.

We play a unique role at the centre of the music industry, helping business and community groups get access to the music they need, while making sure the people who created the music are rightfully rewarded for their creativity, so they can keep on creating.

In 2009, *PRS for Music* collected over £623 million in revenue for songwriters, composers and music publishers from our customers.

Three of our four key revenue streams - Broadcast and Online, International and Public Performance Sales all brought in over £150m in 2009. And, despite a declining market, our fourth key revenue stream, Recorded Media, brought in £128m. These great results lead to an increase in overall revenue of 2.4%. We have continued to become more effective in how we collect licensing revenue and have turned the money we collected into over £553 million of income for our members, helping create a future for music.



Total money collected by *PRS for Music* (£ millions)

# Delivering more money to members

## Record revenues

*PRS for Music* earned over £553m for its members.

	2009 £million	2008 £million	%
Revenue - royalties	623.0	608.2	2.4%
Other revenues	5.6	10.8	-48.2%
Total revenue	628.6	619.0	1.6%
Costs	(73.7)	(68.5)	7.6%
Charitable donations	(1.3)	(1.3)	0%
<b>Net distributable revenue</b>	<b>553.6</b>	<b>549.2</b>	<b>1%</b>

2009 has been another record year for *PRS for Music* with a total of £623m collected for our writer, composer and music publisher members.

This represents a 2.4% increase on 2008 – a strong performance in what was quite clearly a difficult trading year.

Normal costs increased due to pension costs and exceptional costs, which included one off payments for reorganisation, redundancy and transition costs for the ICE copyright database programme. However underlying costs have remained flat between 2008 and 2009 through a series of internal measures - meaning that we were able to pay our members nearly 90p from every pound we collected.

# Breaking it down

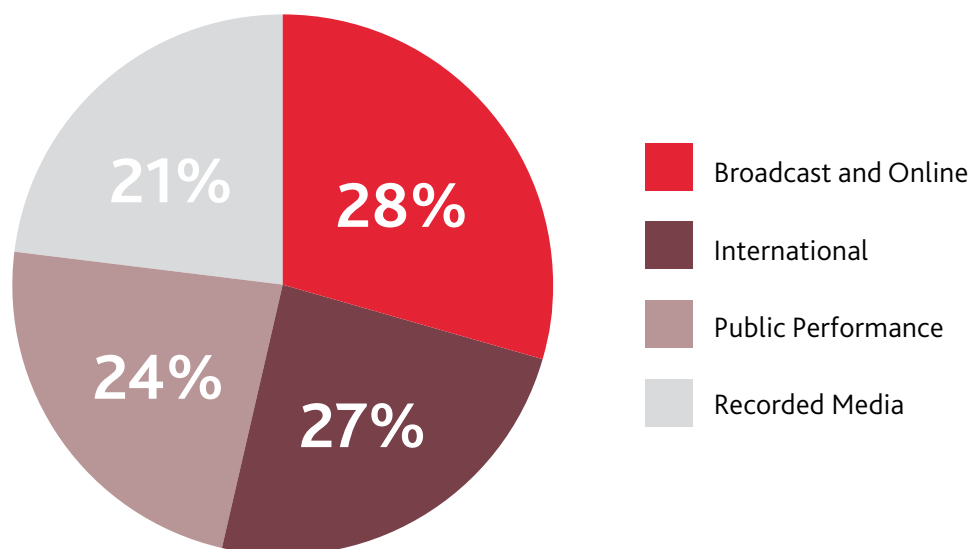
## Record revenues

	2009 £million	2008 £million	%
Broadcast and Online	177.4	180.2	-1.6%
International	166.9	139.8	19.4%
Public Performance	150.2	146.6	2.5%
Recorded Media	128.5	141.6	-9.3%
<b>Total</b>	<b>623.0</b>	<b>608.2</b>	<b>2.4%</b>

Revenue collected from abroad showed the strongest growth with increases also reported in the Public Performance Sales area as more businesses took advantage of our new entry level music licence for small businesses.

A minor dip in revenues in Broadcast and Online and the continued sliding of Recorded Media revenue complete the picture. The end result however was another good year for members.

## Revenue split %



# Expanding online frontiers

## Broadcast and Online

	2009 £million	2008 £million	%
TV	96.0	105.1	-8.7%
Radio	48.5	51.8	-6.4%
Online	30.4	17.6	72.7%
Ringtones	2.5	5.7	-56.1%
<b>Total</b>	<b>177.4</b>	<b>180.2</b>	<b>-1.6%</b>

Online revenue was up 72% as *PRS for Music* continued to lead the way in securing new licensing deals with online music services, including Spotify, YouTube, SkySongs and MySpace.

2009 was the year that pan-European licensing revenue started to flow through to *PRS for Music*, and we also signed 12 new multi-territory agreements with large European online and mobile providers during the year.

This meant that for the first time *PRS for Music* saw total online revenue growth (£12.8m up) outperform the decline in traditional CDs and DVDs (down £7.5m). Whilst online is growing, it is from a small base and we are yet to see whether this sector is on the right trajectory to take the place of the reduction in traditional CD and DVD royalties.

A tough UK market for the media industry meant a decreased share of royalties from both television and radio music use.



# Strong growth worldwide

## International

	2009 £million	2008 £million	%
Europe	105.0	90.3	16.3%
The Americas	36.4	29.3	24.2%
Asia/Australasia	17.7	13.7	29.2%
Africa/Middle East	1.7	1.6	6.3%
<i>PRS for Music Agencies</i>	6.1	4.9	24.5%
<b>Total</b>	<b>166.9</b>	<b>139.8</b>	<b>19.4%</b>

*PRS for Music* continued to support music creators globally as revenue from overseas increased by 19.4%. Our members' music is increasingly popular abroad with more royalties paid for live performances, TV and radio programming and advertising than ever before.

Not only did *PRS for Music* become more effective at gathering money from established countries such as Denmark, France, Spain, USA, Brazil and Mexico but we also saw more revenue from emerging markets such as Bosnia, Ukraine, Kenya and Kazakhstan.



# Bringing music to more places

## Public performance

	2009 £million	2008 £million	%
Pubs and clubs	37.6	39.7	-5.3%
Live	22.3	21.5	3.7%
Hotels and restaurants	18.5	18.0	2.8%
Shops	17.8	17.3	2.9%
Industrial premises	15.0	12.8	17.2%
Cinemas	6.4	6.3	1.6%
Other	32.6	31.0	5.2%
<b>Total</b>	<b>150.2</b>	<b>146.6</b>	<b>2.5%</b>

Revenue from the public performance of music increased as more small businesses than ever chose to use music; this increase was partly due to the successful introduction of our new entry level music licence. We also saw many existing customers using more music as they realised the benefits that it brings to their businesses.

The only area that saw a small decrease in revenue was pubs and clubs, this was as a result of a difficult trading year for the sector which saw many pubs closing down.



# In sync with the market

## Recorded media

	2009 £million	2008 £million	%
Audio products	95.1	103.1	-7.8%
General entertainment DVD	15.8	16.5	-4.2%
Covermounts	3.3	4.7	-29.8%
Other	14.3	17.3	-17.3%
<b>Total</b>	<b>128.5</b>	<b>141.6</b>	<b>-9.3%</b>

With close to £130 million collected in 2009, CDs and DVDs remain an important source of revenue for our members but as the general public buy less physical format music it is no surprise that licensing revenue from this area declined again.

However, through focusing on more effective licensing of record labels, our 7.8% decline in audio product royalties compares favourably with a wider industry decline in unit sales of audio products of approximately 9.5%.\*

\*Source BPI



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