



ANNUAL REPORT 2016

akm
AUTOREN | KOMPONISTEN | MUSIKVERLEGER



FIGURES 2016 AT A GLANCE

Cost rate
cut to
9.75 %

+ 2.7 %
Distribution sum

**MORE THAN
€ 100 MILLION**
total license revenues

+ 1.7 %
domestic license
income

€ 94.4 MILLION
distribution sum

€ 91.7 MILLION
domestic license
income

PUBLISHER

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GRAPHIC-DESIGN

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PHOTOS

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BUSINESS DEVELOPMENT

AKM authors, composers and music publishers registered cooperative with limited liability ("AKM"), is a collective management society according to the Austrian Law on Collective Management Societies. On the basis of the authorization granted by the Austrian Supervisory Authority for Collective Management Societies AKM administers the communication to the public rights, broadcasting rights and making available rights in musical works with or without text in Austria. AKM is connected with currently nearly 80 musical collective management societies worldwide via reciprocal representation agreements.

LICENSE REVENUES

In the year under review, domestic license revenues rose by 1.7% from € 90.211 million to € 91.714 million. At approx. 50%, the area of public performances was again the strongest earnings segment in 2016. Concerts and other events with live music continuously enjoy great popularity and contributed to the revenue increase. The online licensing segment developed particularly positively in the 2016 financial year.

DOMESTIC LICENSING REVENUES COULD BE INCREASED BY 1.7% TO € 91.714 MILLION.

A review of the license revenues by type of use produces the following picture. In the field of live performances, an increase of 2.5% to € 19.961 million was achieved in the reporting year. The area of "mechanical communication of music" (performances from audio carriers using mechanical and/or electronic devices) saw an increase of license revenues as well; these amounted to € 29.374 million in the year under review, i.e. an increase of 1.2%. While a gra-

tifying increase of 2.4% (2016: € 16.610 million) was recorded in the TV sector, the radio sector remained virtually constant (2016: € 13.827 million) compared to the previous year. The cable retransmission sector also remained almost constant (2016: € 10.591 million). The online sector developed very positively, with an increase of 26.5% in license revenues. This increase reflects the fact that the online services have established themselves and have grown further. The online segment contributed € 1.352 million to the result in the year under review. The general trend of the shift in consumer interest to streaming services is also evident in AKM, where approx. 50% of revenue from the online area stems from music on demand streaming + video on demand streaming.

In the year under review, a significant increase was recorded in the licensing revenues from sister societies abroad. Foreign revenue contributed € 11.606 million to total earnings, an increase of 7.8% compared to the previous year (2015: € 10.762 million).

In the year under review, the € 100 million threshold could thus be exceeded for total license revenues, as was the case in 2015 for the first time. The domestic and foreign license revenues amounted to € 103.320 million in the year under review and thus rose by 2.3% compared to the previous year (2015: € 100.973 million).

DOMESTIC AND FOREIGN LICENSING REVENUES AGAIN AMOUNTED TO MORE THAN € 100 MILLION AND INCREASED BY 2.3%.

EXPENSES

At € 14.211 million, the expenses in the reporting year were slightly below the previous year's figure (-0.9%). The detailed view shows the following developments. Personnel expenses were € 275,000 lower than the previous year's value (-3.2%). Depreciation expenses were higher by € 136,000 (+10.4%) compared to the previous year, mainly as a result of the full annual depreciation for building investments in the reporting year. With an increase of € 12,000 (+0.3%), other expenses (IT material expenditures, legal and other consultancy services, maintenance, communications, etc.) remained almost unchanged in the year under review.

COST RATE

The central indicator for the cost-efficiency of a company is the cost rate. AKM has been doing very well for many years by international standards, a circumstance which offers a clear competitive advantage.

THE COST RATE COULD BE KEPT UNDER 10% FOR THE SECOND TIME AND AMOUNTED TO 9.75% IN THE REPORTING YEAR.

Having succeeded to cut the cost rate below 10% for the first time last year, AKM was able to achieve another success in the reporting year. The cost rate of 9.75% in the reporting year (previous year: 9.92%) marks an all-time low (in the positive sense) in the history of AKM.

DISTRIBUTION SUM

The most important key figure for the rightsholders is the amount that results from the respective reporting year for the distribution (amount available for distribution).

The good success in license revenues (+ 2.3%) and cost rate, which was lower than ever at 9.75%, also had a positive impact on the amount available for distribution. The amount to be distributed from the reporting year 2016 increased by a gratifying 2.7% to € 94.387 million (previous year: € 91.881 million).

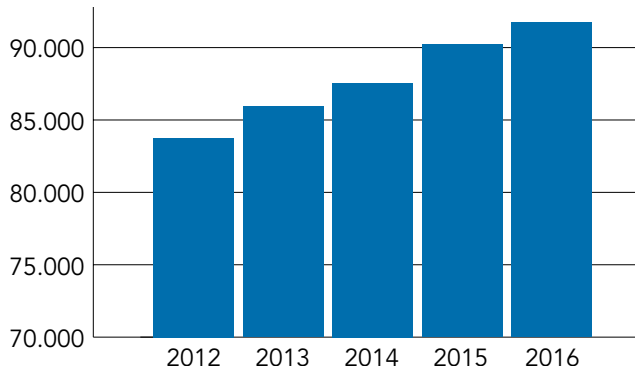
THE AMOUNT FOR DISTRIBUTION COULD BE INCREASED BY 2.7%.

SUPPORT AND SOCIAL BENEFITS

In the year under review, AKM again provided cultural and social support. The activities of AKM in these areas are anchored in its statute and the Collective Management Societies Act provides for such services by collective management societies. AKM's promotion activities include, in particular, the promotion of projects for young musicians, concert performances and ensembles, export activities, interest groups for music authors (for example, the Austrian Composers' Association), composing and songwriting competitions and targeted measures to raise the importance of copyrighted work in the perception of the public. AKM also provides social benefits in the form of old-age and survivors' pensions, as well as one-time or ongoing support in cases worthy of consideration. In both fields, the support is provided according to fixed rules to be adopted by the AKM General Assembly.

TABLES AND GRAPHS

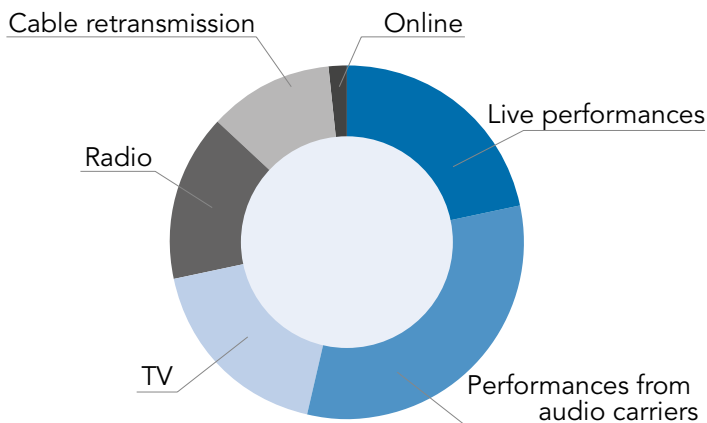
Domestic license revenues overall (in million €)



DEVELOPMENT OF DOMESTIC LICENSE REVENUES

Increase in domestic revenues by 1.7%.

Domestic license revenues 2016 by types of use



DOMESTIC LICENSE REVENUES BY TYPES OF USE

More than 50% of domestic license income stems from public performances where music is performed live or played from CD, LP, hard disk, radio etc. (espec. background music in restaurants, shops etc.)

TOP 10 in 2016 (in million €)

Germany	GEMA	5.804
Switzerland	SUISA	1.698
France	SACEM	0.593
Italy	SIAE	0.581
Japan	JASRAC	0.341
UK	PRS	0.304
USA	ASCAP, BMI	0.224
Netherlands	BUMA	0.221
Belgium	SABAM	0.216
Hungary	ARTISJUS	0.195

FOREIGN REVENUES BY COUNTRY / SOCIETY

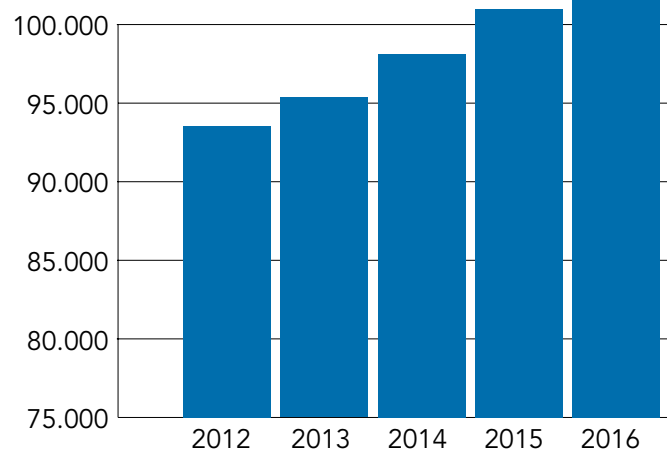
The highest foreign income traditionally comes from the German-speaking neighbouring countries of Germany and Switzerland.

TABLES AND GRAPHS

DEVELOPMENT OF LICENSE REVENUES OVERALL

More than € 100 million of domestic and foreign license revenues for the second time in a row.

License revenues overall (in million €)



LICENSE REVENUES OVERALL, OVERVIEW BY TYPES OF USE

Licensing revenues from performances in which music is performed live or played by mechanical means contribute most to the overall result.

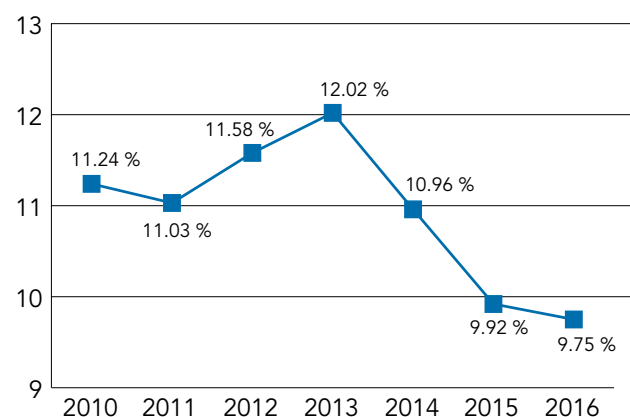
License revenues overall, overview (in million €)

	2016	2015
Live performances	19.961	19.474
Performances from audio carriers	29.374	29.039
TV	16.610	16.215
Radio	13.827	13.811
Cable retransmission	10.591	10.602
Online	1.352	1.069
Domestic license revenues	91.714	90.211
License revenues from abroad	11.606	10.762
License revenues overall	103.320	100.973

DEVELOPMENT COST RATE

The cost rate could be kept below 10% again.

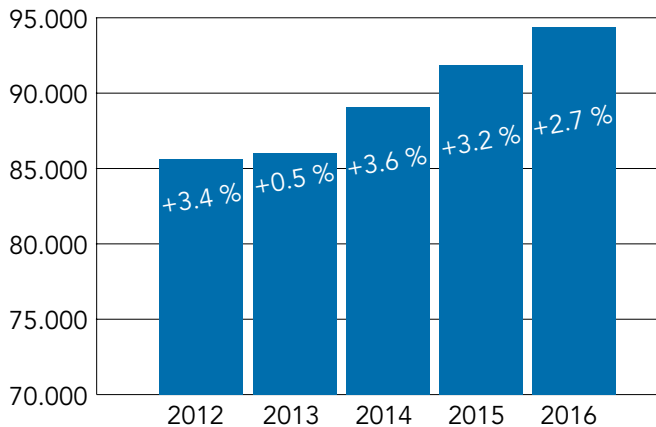
Development cost rate



TABLES AND GRAPHS

Development of the sum for distribution

Respective percentage increase compared to the previous year



DEVELOPMENT OF THE DISTRIBUTION SUM

More royalties for the rights holders. Increase of the amount available for distribution by 2.7%.

Revenues, expenses and amount for distribution

(in million €)

	2016	2015
Revenues from licenses, domestic and abroad	103.320	100.973
Other revenues	4.374	4.305
Total revenues	107.694	105.278
Other income	0.205	0.224
TOTAL	107.899	105.502
Expenses	14.211	14.338
Result from financial items	0.700	0.717
AMOUNT FOR DISTRIBUTION	94.387	91.881

REVENUES, EXPENSES, DISTRIBUTION SUM

Revenues, expenses and amount for distribution in 2016 in comparison to 2015.

Statistic of the AKM beneficiaries* 2016

(As of 31 December 2016)

Authors	20,586
Legal successors	1,575
Music publishers	707
Total	22,868

* AKM beneficiaries = all those mentioned above who have signed a rights administration agreement with AKM. AKM beneficiaries who are ordinary members (cooperative members) as of 31 December 2016: 580, of which 525 are authors, and 55 are publishers.

STATE OF THE AKM BENEFICIARIES

Already more than 22,800 authors and music publishers united in the AKM.

TABLES AND GRAPHS

NEW ADMISSIONS OF AKM BENEFICIARIES

We are happy to have admitted 919 new beneficiaries in 2016.

New admissions of beneficiaries 2016

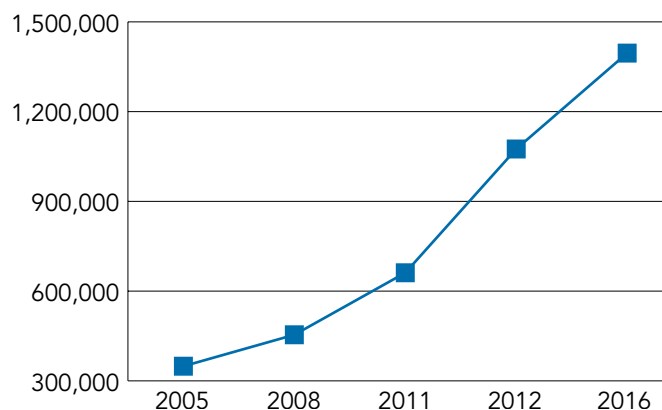
Authors	842
Legal successors	48
Music publishers	29
Total	919

12 royalty beneficiaries were granted full membership in 2016, comprising 10 composers, 1 author, and 1 publisher.

DEVELOPMENT OF WORKS REGISTRATIONS

Since 2012, more than 1 million works registrations are recorded each year, and rising. In the year under review, they already amounted to 1.4 million.

Works registrations by AKM beneficiaries



NOTIFICATIONS OF USE, SOME FIGURES FROM 2016

The royalty accounting is based on notifications of use. These must be recorded and processed. In the table, some figures from 2016, indicating the scale.

Notifications of use, some figures from 2016

Live performances (without programmes for serious music)	about 18,000 programme notifications*
On-demand streaming services example: Spotify + Deezer	about 55,000,000 data sets
Radio & TV	About 11,500,00 minutes of airtime

* These programmes usually each include a variety of events.

THE AKM COOPERATIVE

AKM is the Austrian performing rights society for composers, text authors and music publishers.

AKM is organized as a cooperative and belongs to the text authors, composers and music publishers. The Management Board and the Supervisory Board are elected from their midst every five years by the Annual General Meeting. The General Meeting consists of all ordinary AKM members (= cooperative AKM members). The royalty beneficiaries of AKM who are not ordinary members of AKM are entitled to participate in the General Meeting by representatives elected from among their ranks.

MANAGEMENT BOARD

Authors

Johann Ecker, vice president
Horst Chmela
Victor Poslusny
Adam Stassler

Composers

Robert Opratko, president
Peter Vieweger, vice president
Paul Hertel
Peter Janda

Music publishers

Edith Michaela Krupka-Dornaus, vice president
Clemens Brugger
Christian Kobel
Astrid Koblanck

The Board as a collective body and the CEO on its behalf perform the business according to the AKM statutes.

SUPERVISORY BOARD

Authors

Hermi Lechner-Fasching, 2nd deputy chairman
Werner Marinell

Composers

Richard Dünser, chairman
Kurt Brunthaler

Music publishers

Helmuth Pany, 1st deputy chairman
Horst Bichler

According to the Cooperative Societies Act, the Supervisory Board also includes three members of the AKM Works Council.

CEO AND EMPLOYEES

CEO

Gernot Graninger

As of the end of the year 2016, the number of employees slightly declined from 151 to 149 employees. 54 of these work in the nine branch offices. AKM's branch offices are each located in the state capital of the nine federal states and belong to the licenses business division. The average number of employees (converted to full-time employment) is 136 (previous year: 139).

BALANCE SHEET AS OF DECEMBER 31, 2016

ASSETS

Figures of the previous year are in 1,000 Euro (TEUR)	EUR (31.12.2016)	TEUR (31.12.2015)
A) Fixed assets		
I) intangible assets		
1) software and licenses	2,203,144.89	2,782
2) progress payments	107,002.00	73
	2,310,146.89	2,855
II) tangible assets		
1) land and buildings	4,506,911.12	4,665
2) other fixed assets, tools and equipment	614,555.20	709
3) Assets under construction	2,845,205.58	450
	7,966,671.90	5,823
III) financial assets		
1) investments in subsidiaries	54,504.42	55
2) other investments	419.00	0
3) Securities	19,078,033.60	18,694
	19,132,957.02	18,749
	29,409,775.81	27,427
B) Current assets		
I) accounts receivable and other assets		
1) receivables from trade <i>thereof payable after more than 1 year</i>	9,564,069.05 0.00	9,313 0
2) receivables from members <i>thereof payable after more than 1 year</i>	1,626,145.30 0.00	2,006 0
3) other receivables and other assets <i>thereof payable after more than 1 year</i>	506,311.79 111,300.12	537 139
	11,696,526.14	11,856
II) Cash in hand and cash at bank	63,565,204.46	60,428
	75,261,730.60	72,284
C) Prepaid expenses and deferred charges		
1) Other prepayments	74,688.60	72
	74,688.60	72
	104,746,195.01	99,784

BALANCE SHEET AS OF DECEMBER 31, 2016

LIABILITIES

Figures of the previous year are in 1,000 Euro (TEUR)	EUR (31.12.2016)	TEUR (31.12.2015)
A) Equity		
I) stockholders' equity		
1) stockholders remaining <i>thereof paid-in: EUR 4,210.80; 2015: TEUR 4</i>	4,210.80	4
2) stockholders leaving <i>thereof paid-in: EUR 79.86; 2015: TEUR 0</i>	79.86	0
	4,290.66	4
II) unappropriated income <i>thereof income brought forward EUR 0.00; 2015: TEUR 0</i>	0.00	0
	4,290.66	4
B) Provisions		
1) for severance payments	2,003,000.00	1,831
2) for pensions	3,830,000.00	4,255
3) others	838,800.00	780
	6,671,800.00	6,866
C) Liabilities		
1) accounts payable from trade <i>thereof payable within 1 year</i>	4,812,315.25 4,812,315.25	4,014 4,014
2) accounts payable from appropriated royalties <i>thereof payable within 1 year</i>	2,560,013.30 2,560,013.30	2,641 2,641
3) accounts payable to affiliated companies <i>thereof payable within 1 year</i>	474,235.31 474,235.31	455 455
4) other liabilities	5,702,925.61	5,472
<i>thereof payable within 1 year</i>	5,630,992.51	5,400
<i>thereof payable after more than 1 year</i>	71,933.10	72
<i>thereof liabilities from taxes</i>	2,369,495.99	2,099
<i>thereof payable within 1 year</i>	2,369,495.99	2,099
<i>thereof liabilities from social security</i>	157,955.25	161
<i>thereof payable within 1 year</i>	157,955.25	161
5) accounts payable from unappropriated royalties <i>thereof payable within 1 year</i>	101,950,414.88 101,950,414.88	98,814 98,814
6) <i>less prepayments of unappropriated royalties</i>	-17,429,800.00	-18,483
	98,070,104.35	92,914
<i>thereof payable within 1 year</i>	97,998,171.25	92,842
<i>thereof payable after more than 1 year</i>	71,933.10	72
	104,746,195.01	99,784

STATEMENT OF INCOME 2016

Figures of the previous year are in 1,000 Euro (TEUR)	2016 EUR	2015 TEUR
1) Sales income		
a) Domestic income	91,713,873.59	90,211
b) Income from abroad	11,605,945.08	10,762
c) Other income	4,373,827.24	4,305
	107,693,645.91	105,278
2) Other operating income		
a) income from the disposal of fixed assets other than financial assets	10,645.27	10
b) income from the reversal of provisions	56,210.62	15
d) other operating income	138,232.94	199
	205,088.83	224
3) Personnel expenses		
a) salaries	-6,103,808.20	-6,140
b) expenses for (contributions to) social security		
ba) expenses for severance payments and payments for severance funds	-312,977.42	-198
bb) expenses for pensions	-124,352.35	-436
bc) expenses for statutory social security contributions and pay-related levies and compulsory contributions	-1,670,159.29	-1,715
bd) Other	-166,139.03	-162
	-2,273,628.09	-2,512
	-8,377,436.29	-8,652
4) Depreciation and amortisation		
a) Depreciation and amortisation on intangible and fixed assets other than financial assets	-1,449,794.48	-1,314
5) Other operating expenses		
a) taxes other than taxes on income	-9,183.80	-8
b) other operating expenses	-4,374,506.75	-4,364
	-4,383,690.55	-4,372
6) Subtotal of items 1 to 5 (Earnings before interest and tax)	93,687,813.42	91,165
7) Income from securities shown under financial assets	32,635.56	45
8) Other interest and similar income	283,329.85	351
9) Income from the write-up of financial assets	384,000.00	321
10) Interest and similar expenses	-400.21	-0
11) Subtotal of items 7 to 10 (financial items)	699,565.20	717
12) Net income = royalties to be appropriated	94,387,378.62	91,881
13) Allocation to liabilities from unappropriated royalties	-94,387,378.62	-91,881
14) Annual net profit	0.00	0.00



AKM MISSION STATEMENT

AKM, FOR THE VALUE OF MUSIC!

OUR BASIC VALUES ARE:

- Our specific know-how ensures the quality of our service. Customer relationship is our core value.
- We focus on flexibility and cost awareness.
- Our action is driven by self confidence and appreciation.
- We are clear in our communication, open minded, reliable and consistent.
- Our international relations are a major concern.
- We feel committed to social and cultural values.



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