

# THE LARGEST CMO IN UKRAINE

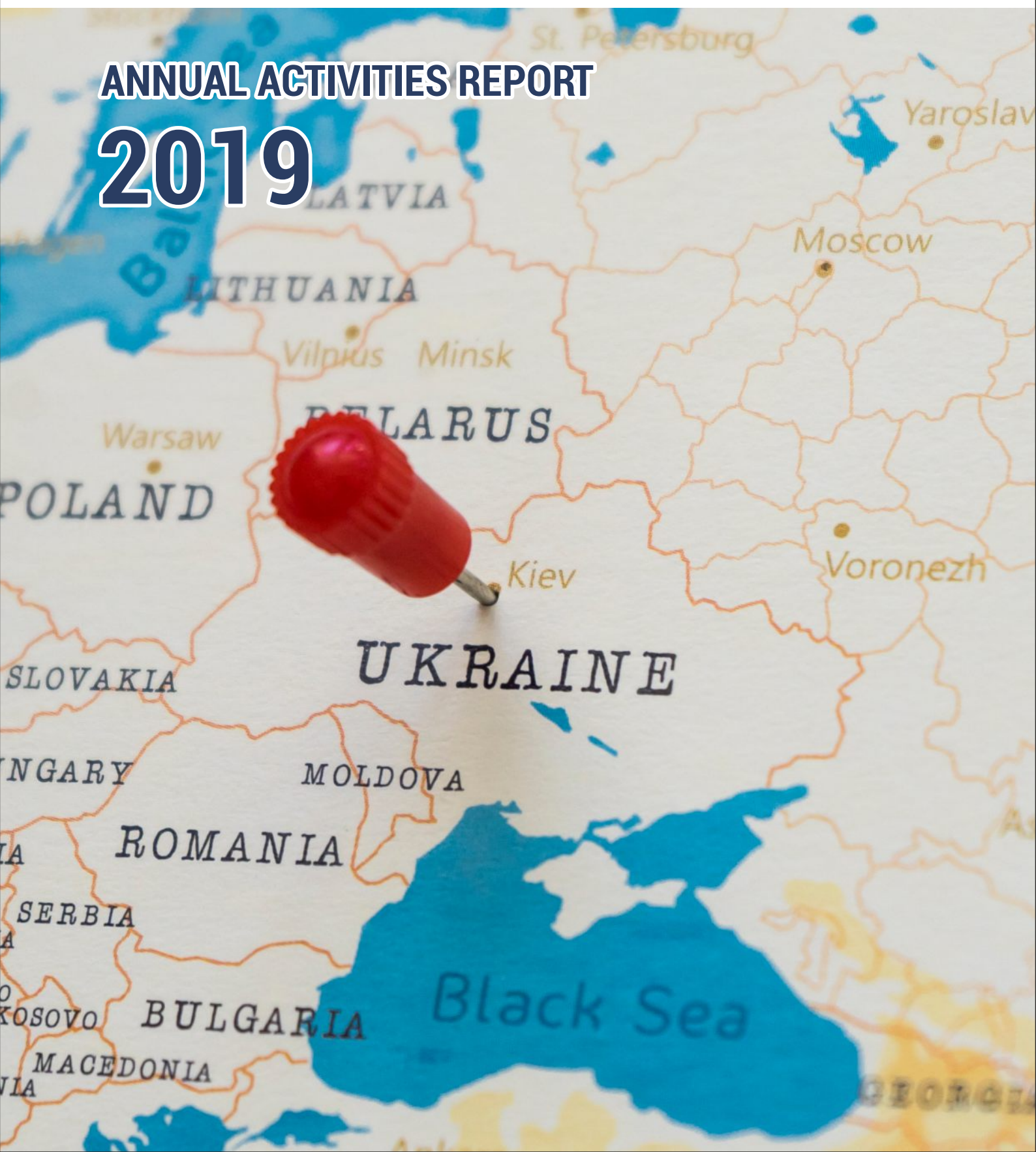


## ULCRR

Ukrainian League of Copyright and Related Rights

### ANNUAL ACTIVITIES REPORT

# 2019






## Ukrainian League of Copyright and Related Rights



is the only one collective management organisation in Ukraine that has right to collect remuneration for the public performance of phonograms and recorded performances in them.

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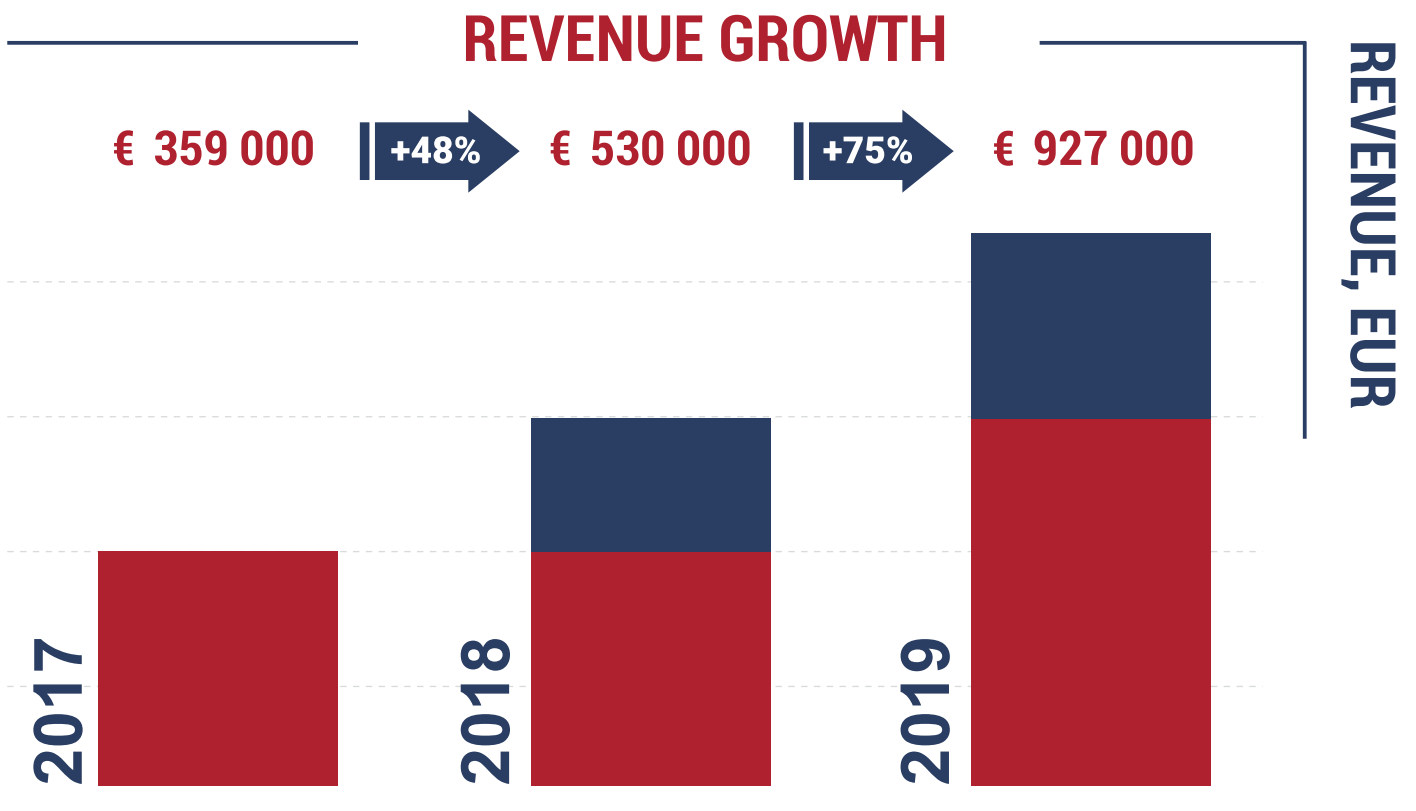


## A message from ULCRR Director General Oleksandr Nikin

The year 2019 was remarkable for ULCRR as well as for collective rights management of Ukraine. In May ULCRR got accreditation in sphere of public performance for collection of remuneration for related rights.

Status of accredited CMO means that ULCRR is the only one organisation in

Ukraine which has the right to collect remuneration for the public performance of phonograms and performances recorded in them. More of that accredited CMO has right to collect and distribute remuneration for unlimited catalogue, and file lawsuits under a simplified procedure.



## A message from ULCRR Director General Oleksandr Nikin (continued)

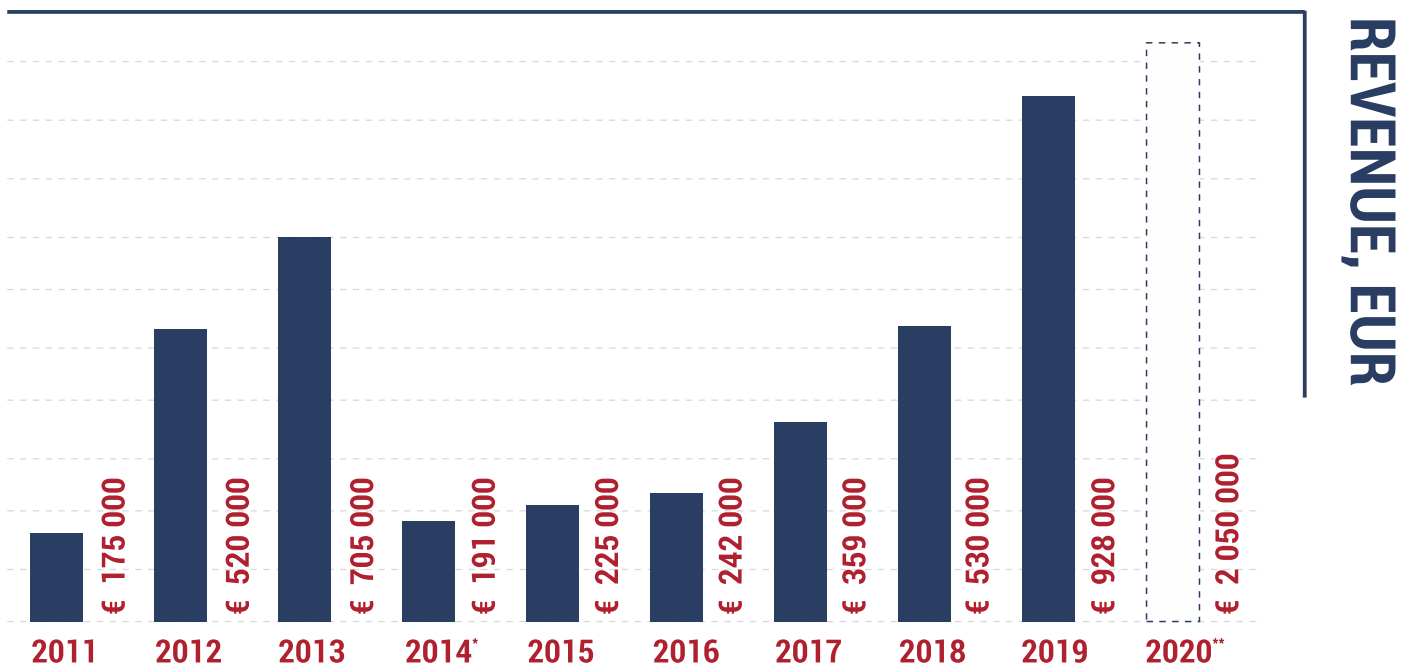
During 2019, we made a lot of efforts to participate in the development of regulations to strengthen the protection of the rights of performers. We expect to see the results of this work in 2020.

Our daily work has already brought benefits to ULCRR members. In 2019 ULCRR revenue reached 928 thousand euros, which is 75% more than in 2018. Accordingly, payments to performers and rightholders increased in almost two times. We also began to license a sphere that have never been licensed in Ukraine before - the use of phonograms

and performances recorded in them in theatre plays. Such growth is a result of number of factors, main of which are new tariffs, growth of number of licensed businesses and improvements of the work of licensing department.

In 2019 ULCRR concluded bilateral agreements with 24 foreign collective management organisations. We are looking forward to learn the best practices and to become a fully integrated member of international community.

### ULCRR'S TOTAL REVENUES OVER THE PAST NINE YEARS



\* In 2014 ULCRR revenue in hryvnia (the national currency of Ukraine) remained at the level of the year 2013. But the amount of revenue in euro decreased significantly due to weakening of the hryvnia against the euro more than in three times, caused by financial crisis in Ukraine.

\*\* Revenue expectation for 2020.

## LICENSING AND REVENUES

Increase in the number of licensing managers working in all regions of Ukraine up to 35, improvements in CRM system, enhancement PR and marketing communications brought a brilliant result – 1908 new businesses were licensed by ULCRR in 2019. The growth rate of new users on board is 80% higher than in 2018, when 1062 new businesses were licensed.

However not all of HoReCa and Retail entities are paying royalty for the use of background music. This is a long-standing problem in Ukraine, based on many economic and social factors. Therefore the main goal of ULCRR in 2020 and consequent years is that no entrepreneur will use music without paying remuneration to the performer. We are looking forward that our efforts will lead to landmark changes in this field in the next year.

A record-breaking growth of new licensed businesses and expanding the coverage by licensing new categories of users proves that ULCRR's approach to negotiation process and managing business processes brings good results. We are going to double revenue and a number of new licensed businesses in 2020.

### LICENSING GROWTH RATE

# 1908

**new businesses  
licensed in 2019**

# 1062

**new businesses  
licensed in 2018**

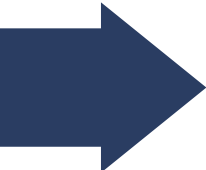
## 2019 MAIN ACHIEVEMENTS IN LICENSING FIELD



In 2019 ULCRR started to collect remuneration for the use of phonograms and performances recorded in them in theatre plays. Over **20 theatres** in different regions of Ukraine are already licensed



The number of licensed **HoReCa and Retail establishments** has increased from 17 000 up to **20 000** in 2019

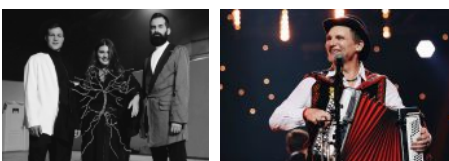
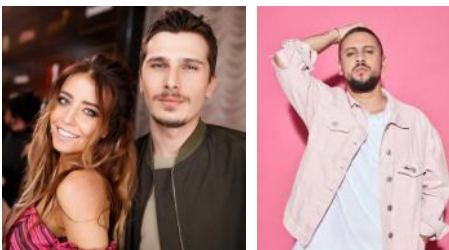


Such brands as **Radisson Hotels, ZARA, BILLA, METRO Cash & Carry, JYSK, Domino's Pizza** and many others are among ULCRR's licensees



As a result of ULCRR efforts, **the average tariff per user has increased** significantly

## MEMBERS OF ULCRR



ULCRR actively works on informing performers about their rights, including their right to receive remuneration directly from the CMO without the participation of recording companies.

As a result of this work, the number of performers whose rights are managed by ULCRR, including under direct contracts, has increased. Today ULCRR manages the rights of over than 50 thousand performers (for 12 937 of them remuneration was distributed in 2019).

ULCRR managed to find a balance between recording companies, including major labels, and performers. Therefore, there are 11 performers and 11 representatives of recording companies/ rightholders in the Supervisory Board of ULCRR. Since distribution of the collected remuneration relates specifically to the powers of the supervisory board, a way in which Supervisory Board is built allows us to avoid conflicts between both categories of rightholders.

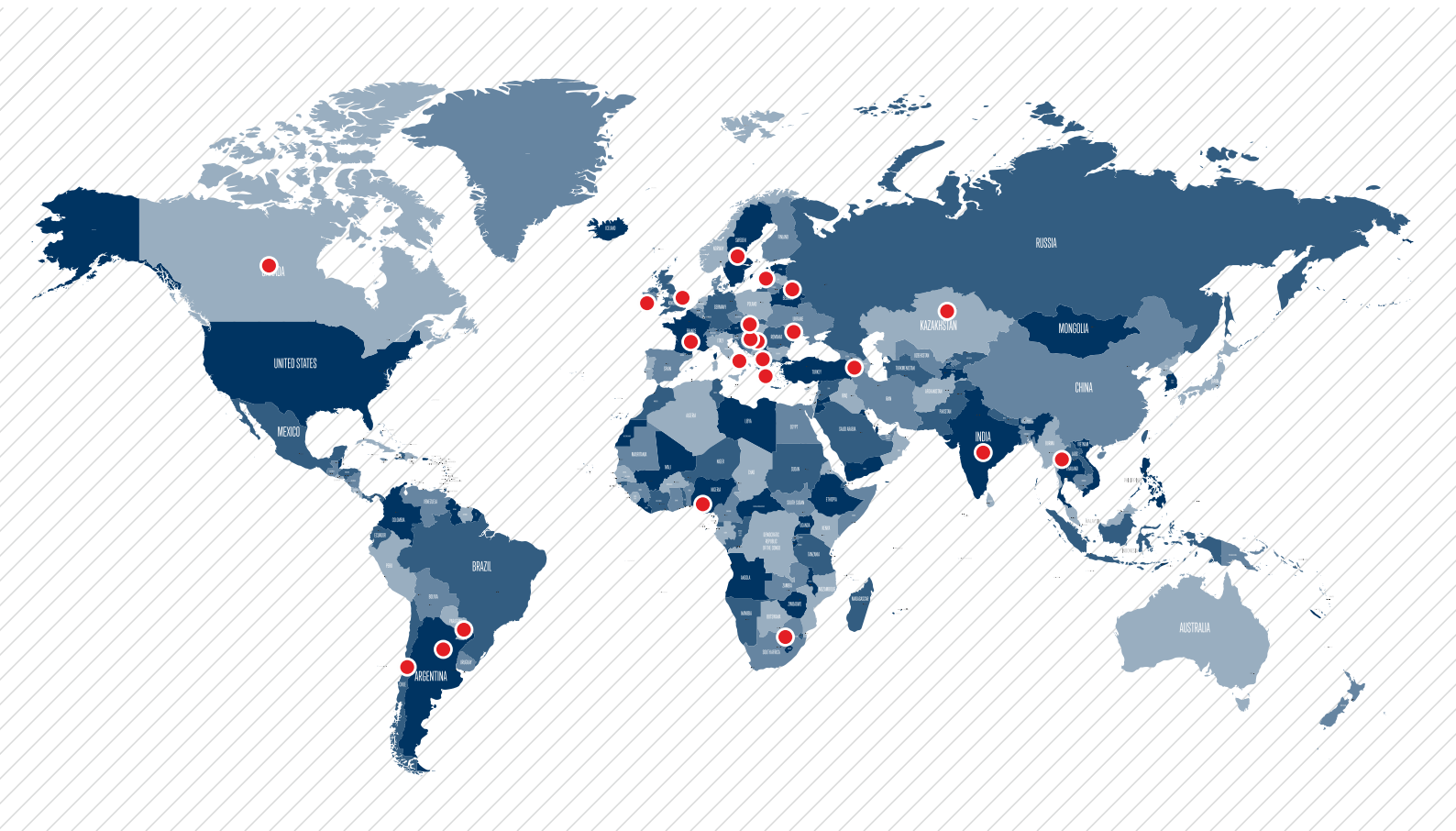
**DISTRIBUTION**

**742 000**

**euros is payable to the rightholders**

## INTERNATIONAL RELATIONS

ULCRR has agreements with 24 foreign CMOs, over 20 of which were concluded in 2019. We are looking forward to signing new agreements along with effective cooperation on existing ones in 2020.



1. **PPL** (United Kingdom)
2. **RAAP** (Ireland)
3. **PI** (Serbia)
4. **ISRA** (India)
5. **PPL India** (India)
6. **ZAPRAF** (Croatia)
7. **Phonorights** (Thailand)
8. **Re:Sound** (Canada)
9. **SAMPRA** (South Africa)
10. **GRAMMO** (Greece)
11. **SCPP** (France)
12. **SCF** (Italy)
13. **PROFOFI** (Chile)
14. **MMI** (Macedonia)
15. **SLOVGRAM** (Slovakia)
16. **COSON** (Nigeria)
17. **LAIPA** (Latvia)
18. **Ifpi Sweden** (Sweden)
19. **ANPCI** (Moldova)
20. **BOAIP** (Belarus)
21. **KOUPIS** (Kazakhstan)
22. **SGP** (Paraguay)
23. **CAPIF** (Argentina)
24. **ARMAUTHOR** (Armenia)



# LEGAL ACTIONS

Legal action is a significant part of ULCRR's work. ULCRR has licensing managers in all regions of Ukraine and each of them fixates cases of illegal use of music and these fixations are the base on which our legal team files lawsuits.

Today there has developed judicial practice in the cases of infringement of intellectual property rights. Courts make decisions in favour of ULCRR in the majority of cases and businesses pay heavy fines.

Such practise also has positive impact on marketing communication and market knowledge of ULCRR. A number cases when businesses voluntarily contact ULCRR to obtain a licence usually follows satisfaction of a lawsuit. As well we take legal action in cases when businesses have a licence but our organisation doesn't obtain payments from them.

In 2019 more than

# 1000

fixations of illegal use  
of music were held  
all over Ukraine

# 196

lawsuits  
were filed

62 lawsuits were  
granted with

# 86 000 €

of fines due to be  
paid by businesses

# 45 000 €

was recovered in  
court for debts  
of 52 businesses