



ANNUAL
REPORT 2018

 **AGICOA**
The Rights People

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More content
being accessed
by more consumers
is fundamentally
good news



As hoped, 2018 brought closure to a long period of regulatory uncertainty about the licensing of audio visual works across new digitally-enabled forms of retransmission that are changing how consumers access content. When the dust has settled, the EU's decision to extend collective rights management principles established 26 years ago in its Directive for satellite and cable viewing to new delivery technologies will bring welcome stability for rightsholders.

The choice to update the existing framework in the form of a Directive rather than issue a new Regulation means that member countries have two years to enact national legislation with a further two year allowance for platforms to amend existing contracts. Significant changes at national level are unlikely.

I have no doubt that the advocacy efforts of AGICOA and its partners in Brussels and other European capitals had a positive influence on an outcome that favours both the organization and its members. In effect, the more complex the broadcast environment, the more rightsholders and platforms can gain from collective management agreements.

More content being accessed by more consumers is fundamentally good news, but it is already difficult for many producers and other rightsholders to keep track of increasingly widespread use of their work. AGICOA is in a position to do so accurately and cost-effectively.

For platforms, individual licensing can be burdensome and negotiating broader collective agreements for the forms of retransmission mandated by the new Directive makes sense. AGICOA's tracking collection and distribution systems ensure accuracy and compliance.

In the course of 2018, AGICOA offered its members the option of extending their mandate to cover certain new services already offered by platforms, some of which will be covered by the new Directive. Most reacted positively, although others may wait for the national outcome in countries of interest before making decisions. We got off to a timely start and will continue to work with them in the months ahead to deliver the level of service they require.

Many of us will look back on 2018 as a milestone year in which the increasingly unmanageable gap between regulation and today's broadcast marketplace was recognized and addressed. Some room for manoeuvre remains in areas such as direct injection of signals but this is to be expected in a fast-moving sector. Indeed, the technology story is far from over. Somewhere up ahead, for example, developments in artificial intelligence could open up entirely new possibilities in the protection of intellectual property and management of royalties.

AGICOA's commitment to members is to go on doing what it has been doing to good effect for almost four decades – negotiating licensing agreements, tracking use of their work and ensuring the timely collection and distribution of royalties. But 2018 also endorsed the value of helping them make sense of what's happening in a turbulent industry, what's likely to happen tomorrow, and of being in a position to make informed business choices

CHRIS MARCICH – AGICOA PRESIDENT

FACTS & FIGURES

Distribution reached in 2018: €145M.
A solid revenue stream for producers.

18,588

RIGHTSHOLDERS

A great collective strength; the more rightsholders; bigger the voice.

1,405,483

MANDATES

The number of declared works & rights continues to grow.

36

COUNTRIES

A unique international collection and distribution coverage.

8.35%

FEES

Low service fee further reduced to 7.96% for 2019.

2,019,668

BROADCASTS

In 2018, AGICOA processed over 2M broadcasts from 148 channels in its information system.

148

CHANNELS

1,157,409

BROADCASTS MATCHING THE AGICOA REPERTOIRE

Independently produced content excluding news programs, live sport and other live events, teleshopping, weather forecasts, infomercials, commercials and trailers.

AGICOA helps rightsholders secure licensed use of their works across a range of new digitally-enabled forms of content delivery



As technology-driven change continues to redefine consumer choice and commercial possibilities at every level of the broadcast industry, AGICOA helps audio visual rightsholders secure licensed use of their works across a range of new digitally-enabled forms of content delivery.

The scope of our member support agenda broadened significantly in 2018. We began to offer extended voluntary mandates for the collective management of royalties for new digital retransmission options, and our advocacy efforts on behalf of member interests in Brussels and elsewhere in Europe helped influence a positive outcome to the EU's regulatory rethink of licensing requirements for new signal technologies and forms of content delivery.

The EU decision that new formats including mobile options should be subject to the mandatory licensing principles that apply to satellite and cable retransmission ended a period of uncertainty and reluctance by some operators to recognize new royalty obligations. The provisions of the new EU Directive – which must be implemented by nation states within two years – will strengthen the position of AGICOA members in future collective negotiations.

Demand for linear TV is declining in the face of consumer preference for time-shifted viewing options such as Catch-up, Start from the Beginning, Pause and Resume, for location flexibility and mobile access on a range of devices, and the appeal of OTT subscription programming from Netflix, Amazon Prime and alike.

The drift away from linear viewing may continue in the short-term, but its impact on future collective management agreements and revenue streams

can be countered by bundling the licensing of retransmission and related digital services into bigger, more cost-efficient packages. The critical mass and the one-stop shopping options that AGICOA can provide are advantageous for platform operators as well as rightsholders.

Although the broadcast world is radically different to the one that existed when AGICOA was founded 40 years ago, our purpose is unchanged – to ensure the efficient collection and distribution of royalties to independent producers of audio visual works within the scope of agreed mandates.

While we are not the primary source of licensing revenue for audio visual producers, we can be an increasingly important supplementary one as the broadcast universe expands, demand for content increases, and consumer viewing options multiply. Our goal is to take advantage of the opportunities this will continue to create and contribute as fully as possible to the vitality of member businesses.

Our first duty is to inform members of licensing developments so they can take informed decisions about the royalty management options available to them. That done, we aim to provide the level of service that best meets their needs. But the choice of mandate is always theirs.

Early in 2018, our portfolio team began a round of contacts to brief rightsholders on the technological and regulatory outlook, and outlined proposals to extend AGICOA's general mandate on a voluntary basis to include a range of time-shifted and mobile retransmission formats. By year-end, 65% of those approached had opted to extend use of our services.

AGICOA is uniquely equipped to manage transactional complexity.

We also put the finishing touches to a distribution plan for revenue from these new sources. In effect, we already had a template from handling the international distribution needs of our AGICOA Alliance partners in Scandinavia where collective rights management was already mandatory for some new forms of content delivery.

In other respects, 2018 was a business-as-usual year. Despite market turbulence and a mix of old and new royalty payment challenges, distribution of revenues to members totalled €145m, maintaining recent satisfactory levels. Collections were down on the previous year at €113m pending the conclusion of on-going negotiations in some key markets.

Rightsholder demand for our services remains strong. Membership increased by 5%, totalling 18,588 at year-end, and the number of declared

works and rights passed the 1.4 million mark, reaching their highest-ever levels.

AGICOA is uniquely equipped to manage transactional complexity. The state-of-the-art IT systems at its Geneva offices – nerve center of our collective management operations – monitored over two million broadcasts from 148 channels in 36 countries in 2018, matching content use to member data to initiate royalty collection and distribution processes.

These powerful tools enable AGICOA and its Alliance partners to operate seamlessly and internationally across the complicated matrix of channels and platforms that make use of members' work. Data security is an absolute priority. Regular intrusion tests ensure exceptionally high levels of protection, and there are rapid recovery contingency plans in place to protect against physical loss or damage.

As trustees, we take pride in the prudent management of members' financial assets in transit with us. We have a duty of care to guarantee their protection and only work with leading banks that guarantee the integrity of the continuous flow of international transactions we make each year.

The objective is to 'cash out' by distributing royalty revenue as soon as possible. We conform to strict EU distribution guidelines in this respect,

and also have resolution processes in place to help ensure that conflicting royalty claims are settled and blocked revenue is released as quickly as possible.

AGICOA's internal management processes are subject to ISAE 3000 scrutiny and certification of internal controls. Our operations and governance are fully aligned with the provisions of the EU Directive on Collective Management Organizations (CMO) and with EU and Swiss data protection laws. Our annual transparency report can be accessed at www.agicoa.org.

Our operations are funded by a management fee applied to the distribution of royalty revenues. This is approved each year by the General Assembly of members, and was reduced from 9.16% to 8.35% in 2018. A further decrease to 7.96% will be applied in 2019. The General Assembly agrees an annual budget and any variance, after operating costs are deducted and any other revenue are added, is returned to rightsholder accounts. A saving of 3.40% was entirely re-allocated in this way at the end of 2018.

My AGICOA colleagues and I would like to thank members for their continuing trust and confidence, we look forward to servicing them in the future.

TOM DE LANGE – GENERAL MANAGER

DISTRIBUTION TABLE

GENERAL MANDATE

FIRST DISTRIBUTION

AUSTRALIA	2017
AUSTRIA	2014
BELGIUM	2017
CANADA	2016
DENMARK	2016
FINLAND	2016
GERMANY	2017
HUNGARY	2016-2017
ICELAND	2015
IRELAND	2017
LATVIA	2014-2015
LITHUANIA	2016
LUXEMBOURG	2017
MACEDONIA	2015-2016
NORWAY	2016
POLAND	2017
PORTUGAL	2016, 2017

SERBIA	2015-2016
SLOVAKIA	2016
SLOVENIA	2010-2016
SPAIN	2017
SWEDEN	2017
SWITZERLAND	2016
THE NETHERLANDS	2017
UNITED KINGDOM	2017

FINAL DISTRIBUTION

AUSTRALIA	2009
AUSTRIA	2001-2003
BELGIUM	2014
CANADA	2014
DENMARK	2012
FINLAND	2013
GERMANY	2014
IRELAND	2012
LUXEMBOURG	2014
NORWAY	2012, 2014
POLAND	2014
PORTUGAL	2014
SWEDEN	2014
SWITZERLAND	2010
THE NETHERLANDS	2014
UNITED KINGDOM	2014

OTHER SERVICES

FIRST DISTRIBUTION

AUSTRIA	2015-2016
ESTONIA	2016
HUNGARY	2014, 2016
LATVIA	2012-2013
POLAND	2016
PORTUGAL	2014
REPUBLIC CZECH	2015
SLOVAKIA	2015
SWITZERLAND	2010, 2014-2015
THE NETHERLANDS	2007-2015

FINAL DISTRIBUTION

HUNGARY	2012-2015
POLAND	2015
SLOVAKIA	2011-2014

Our Geneva-based operations are overseen by a **member-elected board** that agrees management fees and ensures transparency. **You're in charge.**

AGICOA MEMBERS

AGICOA's members are audio visual producers or distributors, their associations and/or collective management organizations from **all over the world**. The members, **through the General Assembly**, define AGICOA's purpose in its by-laws and fundamental rules of royalty distribution. They approve the annual operating budget and the AGICOA fee applicable over royalties put into distribution.

ARGENTINA	CAPIT	INDIA	PRODUCERS' GUILD OF INDIA	SWEDEN	FRF
AUSTRALIA	SCREENRIGHTS	IRELAND	SCREEN PRODUCERS IRELAND	SWITZERLAND	SUISSIMAGE
AUSTRIA	VAM	ITALY	ANICA	THE NETHERLANDS	ENDEMOL SHINE GROUP
BELGIUM	BAVP	LUXEMBOURG	ALGOA		FINTAGE HOUSE
	COMEDIA		SAMSA FILM		SEKAM
BOSNIA & HERZEGOVINA	UFI	NORWAY	AGICOA NORGE	TURKEY	SE-YAP
BULGARIA	FILMAUTOR	POLAND	ZAPA	UGANDA	UFMI
CANADA	CRC	PORTUGAL	GEDIPE	UKRAINE	APU
CHINA	CFCA	RUSSIA	PRODUCERS' GUILD OF RUSSIA	UNITED KINGDOM	560 MEDIA RIGHTS
DENMARK	PRD	SERBIA	FILM CENTER SERBIA		COMPACT MEDIA GROUP
FINLAND	APFI	SLOVAK REPUBLIC	SAPA		EMI MUSIC PUBLISHING
FRANCE	FIAD	SLOVENIA	AIPA		PACT
	FIAPF	SPAIN	EGEDA		APTPA-PBS
GERMANY	GWFF		IBAIA	USA	IFTA
	VDF		PAC		MPAA
	VGF		UPCT		
GREECE	SAPOE				
ICELAND	SIK				

2018 AGICOA ADMINISTRATIVE BOARD

The Administrative Board has a **supervisory** role and approves the AGICOA **strategy**.

MEMBERS

Miguel Angel Benzal Medina, EGEDA (ES)

Substitute: José Antonio Suarez

Sylwia Biadun, ZAPA (PL)

Substitute: Dominik Skoczek

Marcel Hoogenberk, Fintage (NL)

Substitute: Niels Teves

Jane Hyndman, Compact Media Group (GB)

Substitute: Mark Rowland

An Jacobs, BAVP (BE)

Substitute: Jan Huyse

John M. Jacobsen, AGICOA Norge (NO)

Substitute: Tom Ellertsen

Jean Prewitt, IFTA (USA)

Substitute: Ian Bonifield

Paulo Santos, GEDIPE (PT)

Substitute: Victor Castro Rosa

Jane Saunders, MPA (USA)

Substitute: Cristina Morgia

TREASURER

Until September 2018

Michael Brodie (GB)

Afterwards

Max Rumney, PACT (UK)

OBSERVER

Börje Hansson for FIAPF

Substitute: Johannes Klingsporn for FIAD

VICE-PRESIDENTS

Ronald Frohne, GWFF (DE)

Substitute: Gertraude Müller-Ernstberger

Until September 2018

Nicole La Bouverie, BAVP (BE)

Afterwards

Max Rumney, PACT (UK)

Substitute: Brendan Fairweather

PRESIDENT

Chris Marcich (USA)

AGICOA ALLIANCE

The AGICOA Alliance is a **unique partnership** of collective management organizations that enables the efficient international collective management of intellectual property rights. It is an international “**one-stop-shop**” where a single audio visual work declaration applies worldwide wherever we operate. Our Alliance partners subscribe to common practices and rules; so rightsholders’ interests are managed **in a consistent way** across countries and regions. It is based on a local presence (**close to the beneficiaries**) with central services (**enabling economies of scale**) and combined negotiation power.

THE AGICOA ALLIANCE

BELGIUM	AGICOA EUROPE BRUSSELS
FINLAND	APFI
FRANCE	ANGOA
GERMANY	AGICOA GMBH
LUXEMBOURG	AGICOA EUROPE ALGOA
NORWAY	AGICOA NORGE
POLAND	ZAPA
PORTUGAL	GEDIPE
SPAIN	EGEDA
SWEDEN	FRF
SWITZERLAND	AGICOA



WHO WE ARE

THE RIGHTS PEOPLE

We are a not-for-profit organization established by independent producers in 1981. We negotiate, collect and distribute royalties for retransmission and related digital services of audio visual works. We monitor life cycle use of over 1.4 million properties registered by 18,588 members. We are a revenue safety net for them, and a short-cut to compliance with licensing requirements for platforms which bring the world's finest content to viewers in 36 countries. Our Geneva-based operations are overseen by a member-elected board that agrees management fees and ensures transparency. You're in charge.

AT YOUR SERVICE

AGICOA helps finance your next project with revenue from the last one. Our members have benefited from over €2 billion in royalty distributions since 2000. Our information systems process more than 2 million broadcasts yearly, tracking the outcome of collective management agreements made on your behalf. We are also your eyes and ears on tomorrow's broadcast world and your voice in critical regulatory debates. Think of us as a well-informed association that puts unique levels of experience, resource and fire power at your disposal – and lets you concentrate on your day job.

THE FUTURE IS NOW

The broadcast industry has been transformed by digital technology, an explosion of viewing options and new business models. We are here to make sure more consumers watching more content means more revenue for its originators. For platforms agreeing terms for a wide range of programming through a blanket licence is preferable to negotiating separate contracts with many different producers. We manage complexity – and make sure members don't leave money on the table. We make collective sense of it all.

FINANCIAL STATEMENTS OF AGICOA (CHF)

SUMMARY BALANCE SHEET	2018	2017
Assets		
Current Assets		
Cash and term-deposits	18,949	24,352
Receivables from the fiduciary funds	549,703	128,276
Other receivables and prepaid expenses	792,492	771,117
	1,361,144	923,745
Non-Current Assets		
Deposits and guarantees	43,471	64,635
Investments in affiliates	99,828	99,828
Other receivables	0	71,295
Receivables ISAN International Agency	2,520,795	2,524,465
Tangible fixed assets	240,027	328,462
	2,904,121	3,088,685
Total Assets	4,265,265	4,012,430
Liabilities		
Current Liabilities		
Accounts payable	750,329	588,748
Accounts payable related to affiliates	14,032	7,276
Other short term liabilities	611,983	776,649
Accruals/provisions	368,126	115,292
	1,744,470	1,487,965
Non-Current Liabilities		
Provision ISAN International Agency	2,520,795	2,524,465
Equity	0	0
	2,520,795	2,524,465
Total Liabilities and Equity	4,265,265	4,012,430

SUMMARY STATEMENT OF INCOME	2018	2017
Operating Expenses		
Salaries and social charges	5,208,334	5,201,995
Professional fees and administrative expenses	1,692,375	2,146,247
Depreciation	155,735	115,319
Costs incurred by partner organizations	4,820,480	5,489,863
Special projects	15,000	46,885
Total Operating Expenses	11,891,924	13,000,309
Financial (Income)/Expenses		
Interest and bank charges, net	3,975	5,556
Exchange (gains)/losses, net	75,205	(93,693)
Total Financial (Income)/Expenses	79,180	(88,137)
Miscellaneous (Income)/Expenses		
External services	(423,983)	(428,411)
Rent office space	(85,120)	(62,265)
Other income	(22,000)	(22,663)
Other expenses	461,126	209,334
Total Miscellaneous Income	(69,977)	(304,005)
Total Net Expenses before Taxes	11,901,127	12,608,167
Direct Taxes	72,369	68,300
Total Net Expenses	11,973,496	12,676,467
Funding of Net Expenses		
Operational budget	12,395,416	12,895,861
Operational budget surplus	(421,920)	(219,394)
Total Funding of Net Expenses	11,973,496	12,676,467

FIDUCIARY FUNDS MANAGED BY AGICOA (EURO)

SUMMARY FIDUCIARY FUNDS BALANCE SHEET	2018	2017
Current Fiduciary Assets		
Cash and term-deposits	172,870,193	192,964,081
Other assets	2,133,440	2,366,410
	175,003,633	195,330,491
Non-Current Fiduciary Assets		
Investment property	5,183,250	5,183,250
	5,183,250	5,183,250
Total Fiduciary Assets	180,186,883	200,513,741
Fiduciary Liabilities, Reserves and Provisions		
Short-Term Fiduciary Liabilities		
Payable to rightsholders	9,596,196	13,344,505
AGICOA current account payable	488,433	109,706
Payables of/to national partner organizations	718,013	344,407
Fiduciary funds put into distribution pending allocation to rightsholders	79,191,299	79,618,318
Fiduciary funds to be put into distribution	66,093,047	84,455,489
	156,086,988	177,872,425
Fiduciary Reserves and Provisions	24,099,895	22,641,316
Total Fiduciary Liabilities, Reserves and Provisions	180,186,883	200,513,741

SUMMARY FIDUCIARY FUNDS STATEMENT OF INCOME	2018	2017
Revenues		
Royalties collected	81,497,276	100,442,675
Financial and other revenues	150,755	660,881
Total Revenues	81,648,031	101,103,556
Distributions and other Charges		
Fiduciary funds put into distribution	(92,359,625)	(92,492,037)
AGICOA fees	(8,148,219)	(8,390,692)
Bank charges	(14,181)	(11,607)
Foreign currency translation adjustment	97,161	(1,472,984)
Total Distributions and other Charges	(100,424,864)	(102,367,320)
Net Deficit prior to Allocations	(18,776,833)	(1,263,764)
Total Releases	18,776,833	1,263,764
Net Surplus after Releases	0	0

The fiduciary funds financial statements exclude the fiduciary funds managed by AGICOA Urheberrechtsschutz GmbH (Germany), ANGOA (France) and EGEDA (Spain).

FIDUCIARY FUNDS SPLIT AGICOA & PARTNER ORGANIZATIONS (EURO)

SUMMARY FIDUCIARY FUNDS BALANCE SHEET	2018	2018	2018
	AGICOA Alliance	AGICOA Geneva	Partner Organizations
Current Fiduciary Assets			
Cash and term-deposits	172,870,193	99,216,276	73,653,917
Other assets	2,133,440	735,449	1,397,991
	175,003,633	99,951,725	75,051,908
Non-Current Fiduciary Assets			
Investment property	5,183,250	5,183,250	0
	5,183,250	5,183,250	0
Total Fiduciary Assets	180,186,883	105,134,975	75,051,908
Fiduciary Liabilities, Reserves and Provisions			
Short-Term Fiduciary Liabilities			
Payable to rightsholders	9,596,196	1,444,768	8,151,428
AGICOA current account payable	488,433	488,433	0
Payables of/to national partner organizations	718,013	339,811	378,202
Fiduciary funds put into distribution pending allocation to rightsholders	79,191,299	44,527,944	34,663,355
Fiduciary funds to be put into distribution	66,093,047	40,266,077	25,826,970
	156,086,988	87,067,033	69,019,955
Fiduciary Reserves and Provisions	24,099,895	18,067,942	6,031,953
Total Fiduciary Liabilities, Reserves and Provisions	180,186,883	105,134,975	75,051,908

SUMMARY FIDUCIARY FUNDS STATEMENT OF INCOME	2018	2018	2018
	AGICOA Alliance	AGICOA Geneva	Partner Organizations
Revenues			
Royalties collected	81,497,276	45,187,017	36,310,259
Financial and other revenues	150,755	(4,979)	155,734
Total Revenues	81,648,031	45,182,038	36,465,993
Distributions and other Charges			
Fiduciary funds put into distribution	(92,359,625)	(43,809,812)	(48,549,813)
AGICOA fees	(8,148,219)	(3,559,923)	(4,588,296)
Bank charges	(14,181)	(8,915)	(5,266)
Foreign currency translation adjustment	97,161	97,161	0
Total Distributions and other Charges	(100,424,864)	(47,281,489)	(53,143,375)
Net Deficit prior to Allocations	(18,776,833)	(2,099,451)	(16,677,382)
Total Releases	18,776,833	2,099,451	16,677,382
Net Surplus after Releases	0	0	0

Report of the independent auditor on the summary financial statements

To the General Meeting of the Members of
**Association de Gestion Internationale Collective
des Œuvres Audio-Visuelles (AGICOA)**, Geneva

The accompanying summary financial statements, which comprise the summary balance sheet as at December 31, 2018, the summary statement of income for the year then ended, the summary fiduciary funds balance sheet, the summary fiduciary funds statement of income and the summary fiduciary funds split AGICOA & Partner Organizations are derived from the audited financial statements of Association de Gestion Internationale Collective des Œuvres Audio-Visuelles (AGICOA), for the year ended December 31, 2018. We expressed an unmodified audit opinion on those financial statements in our report dated April 15, 2019.

The summary financial statements do not contain all the disclosures required by Swiss law and the association's by-laws. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of AGICOA.

**Administrative Board of the Association's Responsibility
for the Summary Financial Statements**

The Administrative Board of the Association is responsible for the preparation of the summary financial statements in accordance with Swiss law and the Association's by-laws.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Swiss Auditing Standard (SAS) 810, Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of AGICOA for the year ended December 31, 2018 are consistent, in all material respects, with those financial statements, in accordance with Swiss law and the Association's by-laws.

Deloitte SA – Geneva, April 25, 2019

FABIEN BRYOIS
PARTNER



LAURE LESNIEWSKI
MANAGER





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