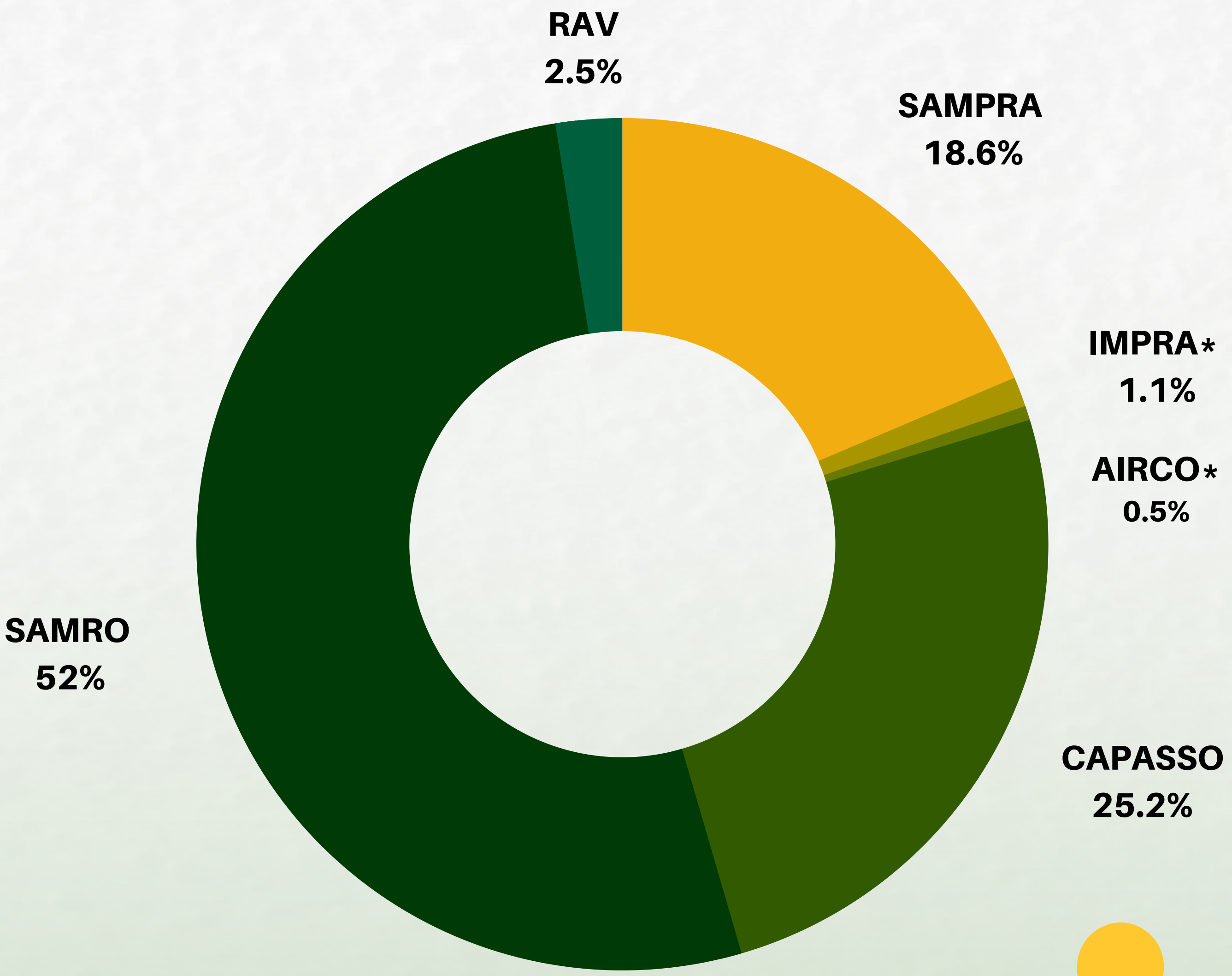
SOUTH AFRICAN MUSIC INDUSTRY BY THE NUMBERS

SOUNDS OF THE SOUTH

R900 MILLION IN ROYALTIES COLLECTED IN FY 2020



Despite global collections falling by around 9.9% in 2020, South African CMOs still managed to collectively collect just under R900 million in royalties during the FY 2020 year of assessment.

*Due to unavailability of annual reports, these collections have been estimated using mostly SABC payments

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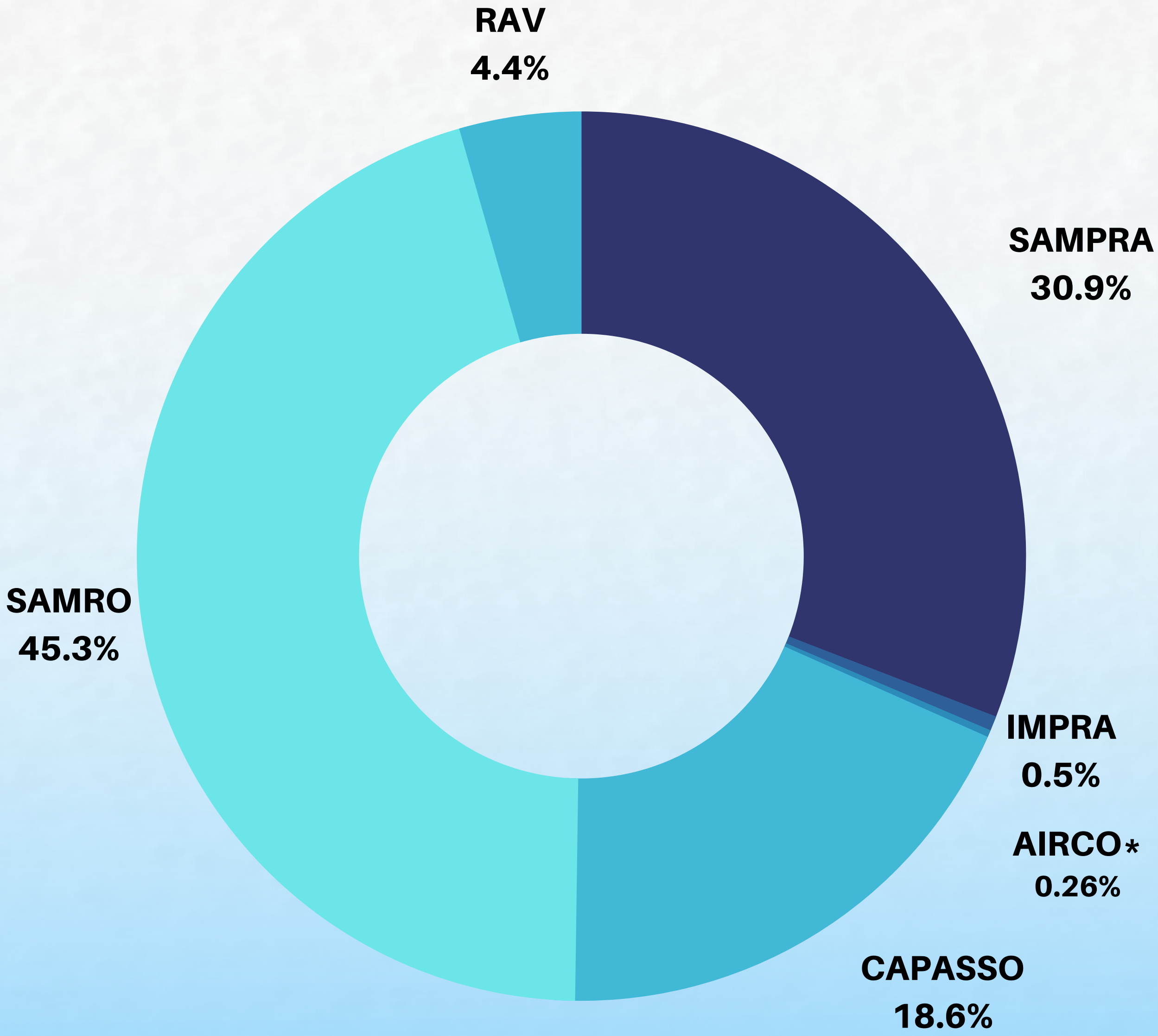
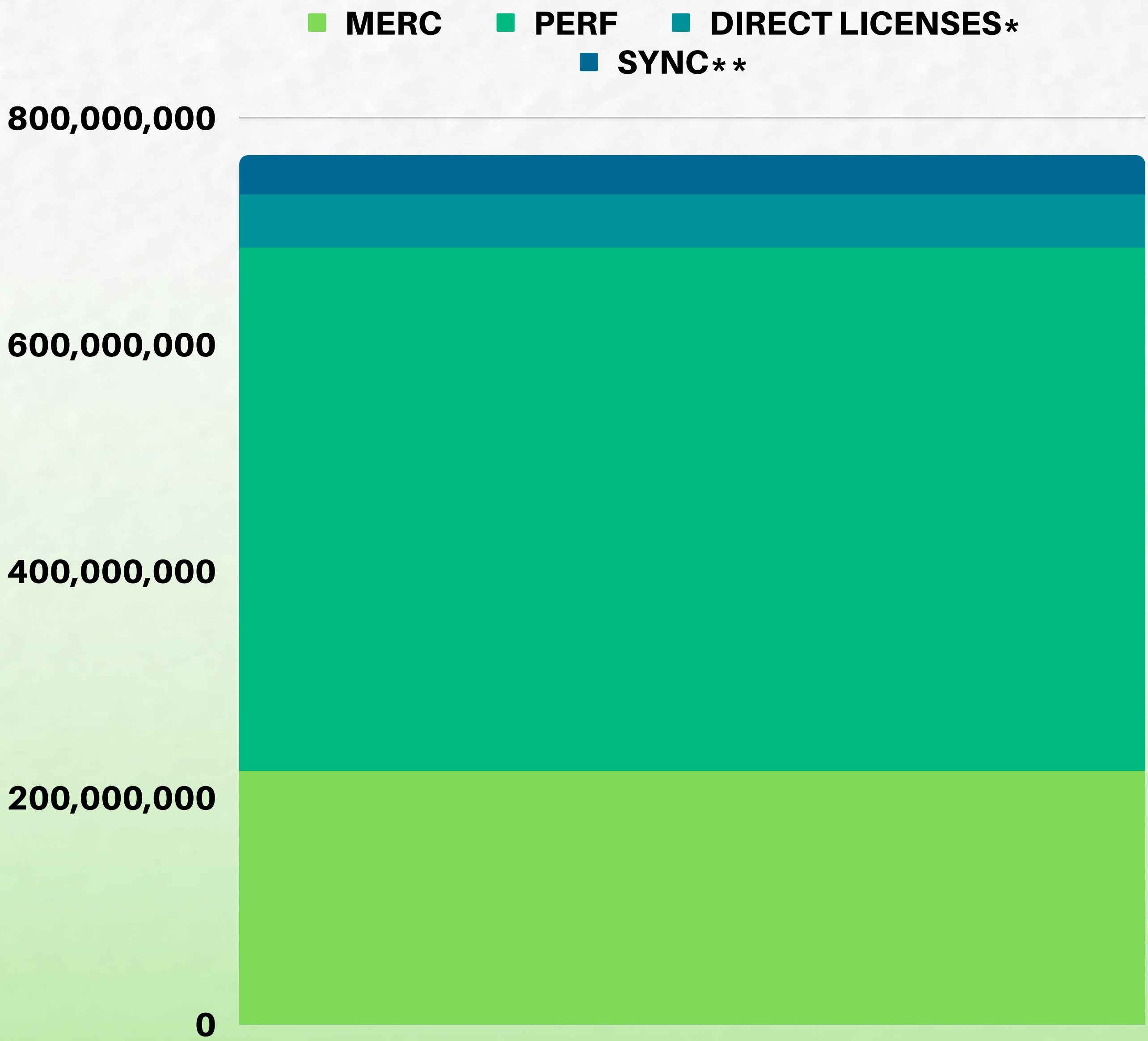
1.5 BILLION IN TOTAL ROYALTIES AVAILABLE



South African CMOs had a cumulative R1.5 billion rands in royalties as they closed off their respective financial years.

*Given the unavailability of AFS, a 20% commission was applied to the estimated collections to arrive at a net royalties figure

VALUE OF MUSIC PUBLISHING INDUSTRY



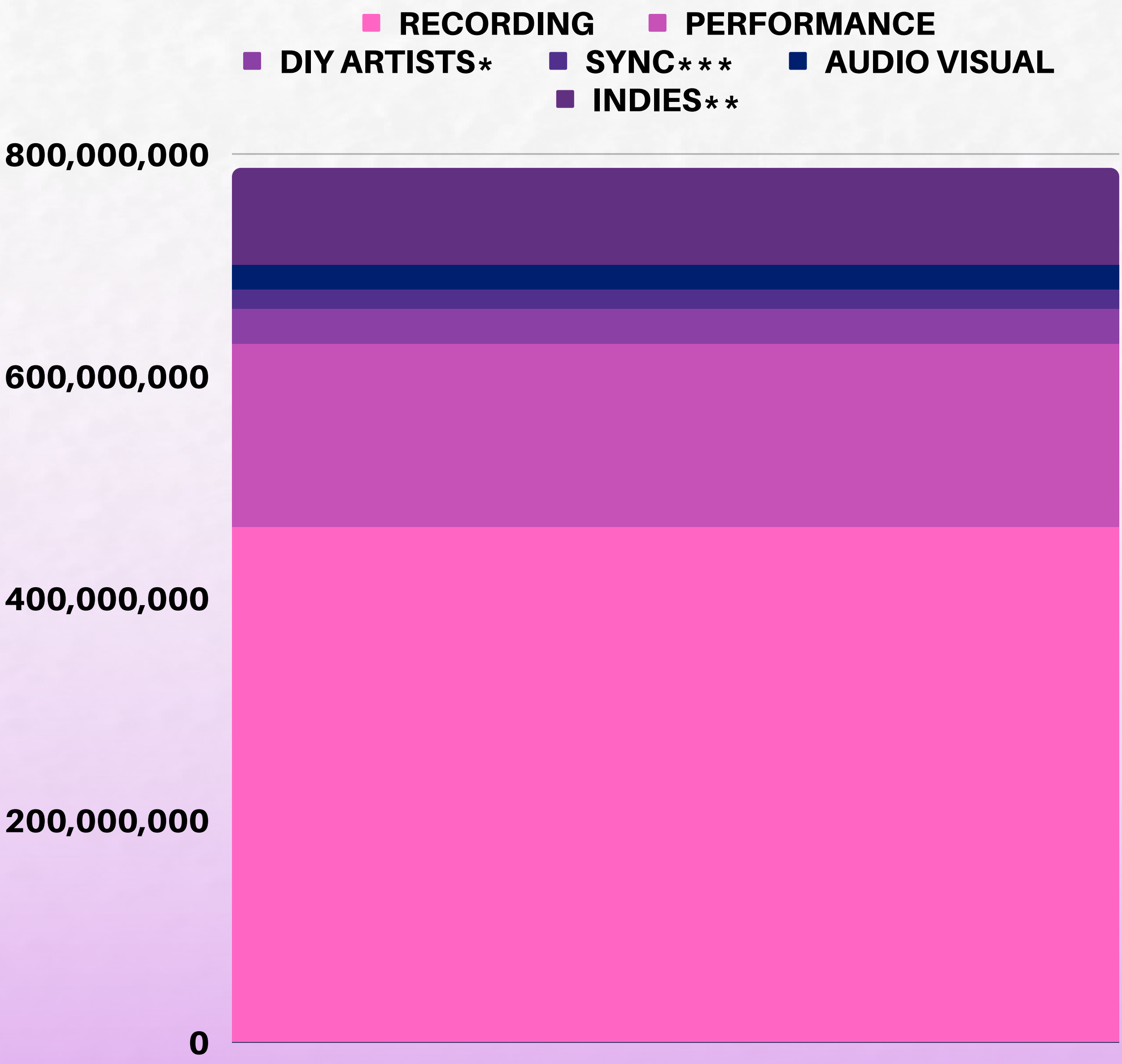
The value of Publishing Industry in FY 2020 was over R760 million rands.

This figure also accounts for any Direct Licenses which would be collected directly from DSPs as well as an estimated value of Sync royalties collected by rightsholders directly.

*Direct Licenses are estimated to account for 25% of the market.

**Sync is estimated to be double the value of collected for recordings

VALUE OF MUSIC RECORDING INDUSTRY



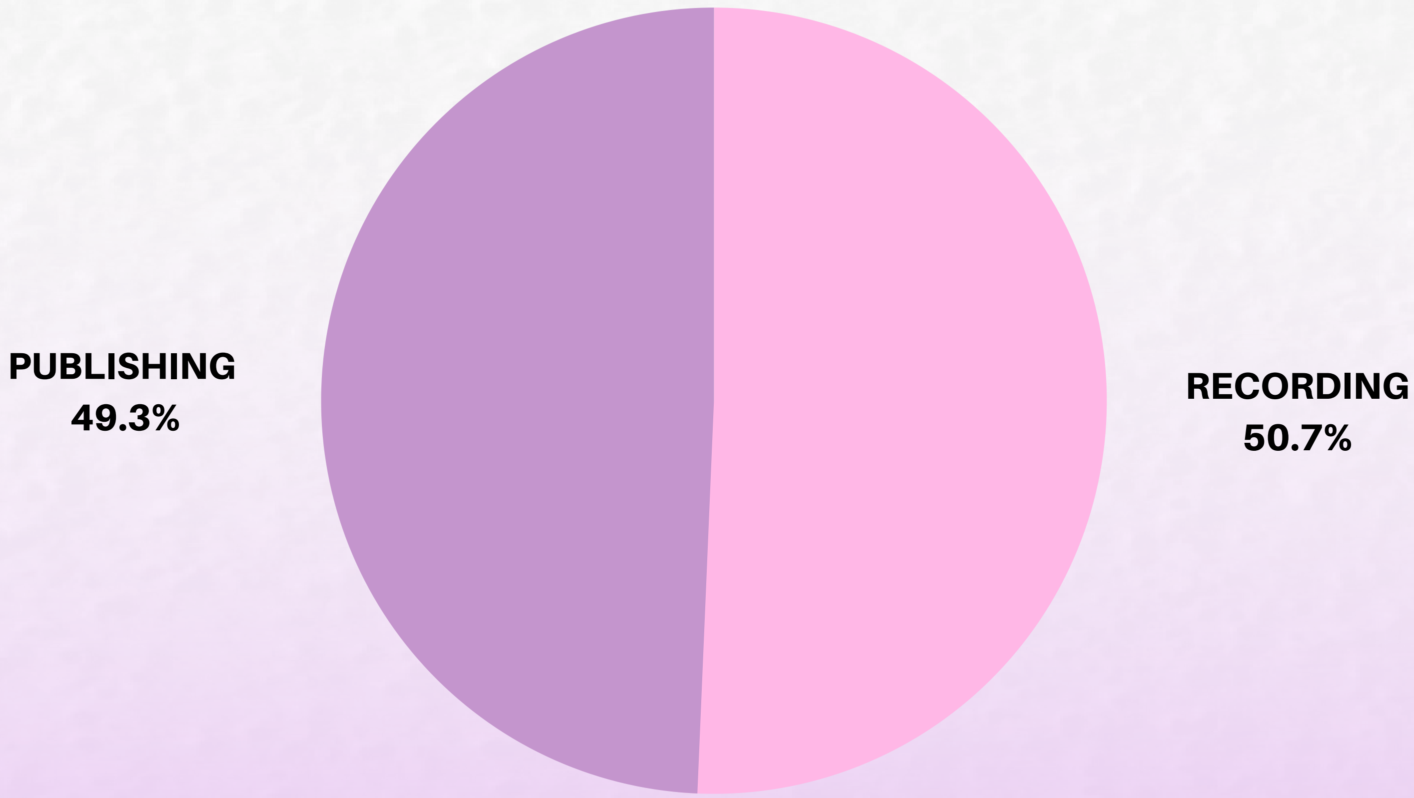
The Recording Industry is valued at just under eight hundred million (R787 mil). This would be inclusive of both Indies and DIY artists.

DIY Artists' marketshare is estimated in line with the international market, where as the Indies marketshare is estimated by on the global marketshare of indies via Merlin

*DIY Artists are estimated to be 5.4% of the market
**Indies are estimated to be 15% of the market

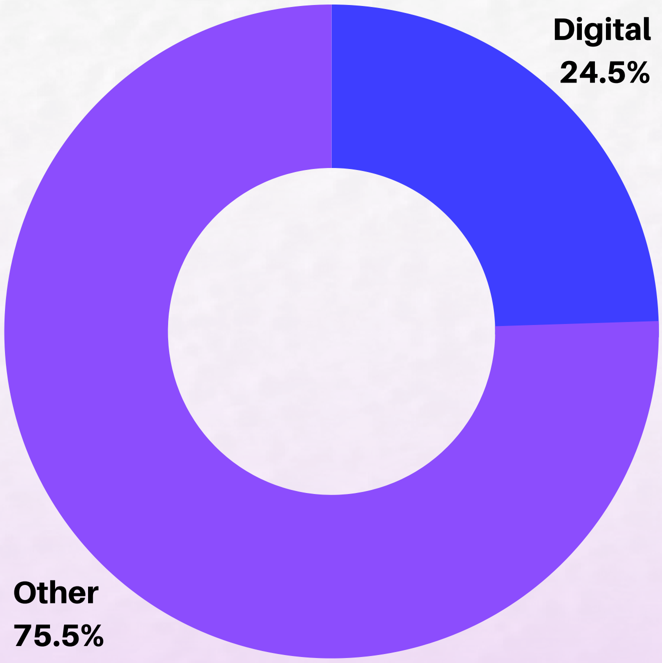
**Sync is estimated to be 3% of the total rev generated by recordings

TOTAL VALUE OF ZA MUSIC INDUSTRY

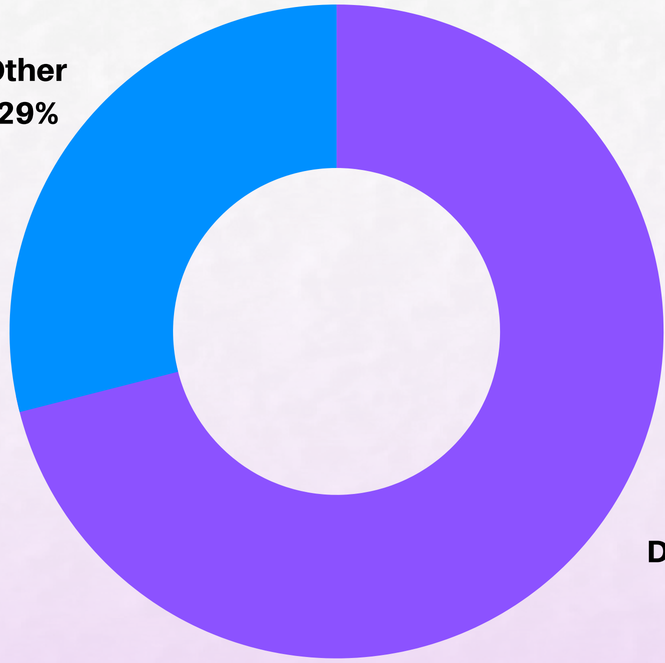


The combined value of both the Publishing and Recording industries in South Africa sat at over **R1.5 billion**. It is interesting to note that unlike with international trends where the Recording industry earnings outstrip Publishing almost 2:1, the Publishing Industry in South Africa is virtually equal in size. This may warrant further examination to ascertain where difference are found.

TOTAL VALUE OF ZA MUSIC INDUSTRY



PUBLISHING



RECORDING

A closer look at the combined **R1.5 billion** reveals an interesting picture of how this value is being sourced. For the publishing industry, only account for just under 25% of all income. Meaning, traditional income sources are still the majority drivers of revenue for the South African publishing industry. This is in stark contrast to the Recording industry where the inverse is true. Over 70% of all Recording and related income is generated from digital sources whilst others sources account for just under 30%.

2 BILLION RAND INDUSTRY

Combining all the cumulative royalties on hand at the CMOs with the revenue generated by the recording insutry during FY 2020, the South African Music Industry can be estimated to be worth over **R2 BILLION RANDS**

ABOUT REPORT

This report was an attempt to look at the progress of the South African music industry since 2011. The Copyright Review Committee Report had stated, inter alia, that South African CMOs should be collecting in excess of R1 billion annually. An interest is assessing the validity of this statement statement gave rise to this report.

The report is a first of its kind consolidated assessment of the true value of the South African music industry. The foundational data is based on publicly available data mostly from the annual reports of each of the organisations mentioned in the report. In the event where data was not available, estimates have been used based on the minimal information available. There are some inherent limitations in employing this type of data such as the fact that the financial years are not uniform. However, the accuracy provided by using this data affords an opportunity which, in the writers view outweighs the limitations. This is also the first time such data has been compiled in such a manner and thus there is an inherent room for improvement which is well understood and accepted.

Any additions, corrections, suggestions and clarity questions can be forwarded to: **info@soundsofthesouth.africa**

These are more than welcome!!