

Samro records 15.3% revenue growth in 2023 despite economic challenges

The Southern African Music Rights Organisation (Samro) recorded remarkable revenue growth in 2023, coupled with a decrease in the cost-to-income ratio. The organisation's achievements were secured amidst a challenging economic environment characterised by increased load shedding which resulted in elevated business operating costs for most licensees. Despite these obstacles, Samro's steadfast commitment to serving its members has yielded a significant improvement in overall performance.



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At the 2023 Annual General Meeting (AGM) held in December, the organisation announced that it achieved a total revenue growth of 15.3%, from R514.9m in 2022 to R593.7m in 2023.

Samro's total revenue is derived from a diverse array of sources. This includes license fees collected from private, public, and community broadcasters, as well as revenue from general licensing agreements with establishments such as malls, hospitals, and hotels for the public performance of music.

Additionally, Samro generates income through licensing agreements with Digital Service Providers (DSPs) for the distribution and streaming of music, as well as from agreements with Video-On-Demand (VOD) platforms for the provision of music content.

Revenue is also obtained from licensing agreements covering music used through User Generated Content (UGC). Furthermore, Samro collects foreign income from licensing agreements and other activities conducted outside the domestic market.

Simultaneously, the organisation successfully decreased its Cost-to-Income ratio to 25% in the same year. "The reduction in the Cost-to-Income ratio is a remarkable achievement, thanks to the implementation of prudent expenditure management strategies and operational efficiencies.

Compared to the past five years, when the organisation's Cost-to-Income ratio was as high as 40%, the significant decrease to 25% in 2023 is a testament to our commitment to creating value for our members, as lower costs mean higher royalty distributions. Our target is to bring the CTI% down to 20%," says Samro CEO, Annabell Lebethe.

Foreign royalty income, generated from the use of Samro members' music in foreign countries, witnessed an increase of 4.1%, from R24.5m in 2022 to R25.5m in 2023. "The increase signifies a positive growth trajectory in the use of Samro Members' repertoire internationally, emphasising Samro's adeptness in successfully collecting foreign income and managing mutual relationships with sister societies as per the bilateral agreements, says Lebethe.

The signing of Amazon, a new Video-on-Demand (VOD) licensee, has further bolstered Samro's revenue streams. "In addition, our new business endeavours have yielded an increase of 24.8% in license renewals compared to 2022. The increase in revenue is particularly noteworthy as many licensees faced financial challenges amid high inflation, increased interest rates and the impact of load-shedding", adds Lebethe.

Improved distributions

Samro consistently generates value for its members by licensing establishments engaged in public music performance, including but not limited to radio, TV, restaurants, malls, and clubs. The fees collected from these licensees are subsequently distributed to Samro members in the form of royalties. The usage of members' works determines the distribution of royalties, hence, the amount distributed to each member varies.

The increase in revenue had a significant positive impact on Samro's total amount available for distribution which increased by 22.2%, from R452.3m in 2022 to R552.8m in 2023. Notably, Samro distributed R73.8m in the Television category and achieved its biggest distribution in the Radio and General category to date of R147m compared to R121m in 2022.

"We have an unwavering commitment to delivering value to our members, and as part of this commitment, we have implemented a strategic plan to enhance our efforts to increase the frequency of royalty distributions to our members. This is evident in the increase in the number of distributions from 15 in 2022 to 22 in 2023", expressed Lebethe.

Samro distributes royalties in six main categories, which are Radio & General, Live, Television, Film (Cinematographic Film), Foreign Royalties, and Mobile & Internet Transmission (MIT).

"Our success in the previous year speaks volumes about our steadfast dedication to delivering unparalleled value to all our stakeholders and we take pride in the fact that our team's relentless efforts have not only resulted in achieving our goals but also in meeting the expectations of our stakeholders", concludes Lebethe.