RIAA MID-YEAR 2018 LATIN MUSIC REVENUE REPORT

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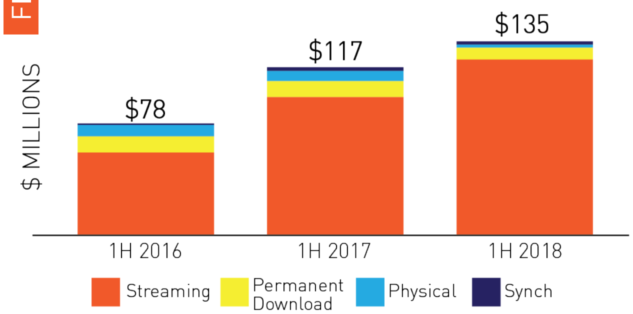
The U.S. Latin music business continued to grow in the 1H of 2018, driven by paid streaming formats. Revenues grew 15%, totaling $135 million while streaming represented a remarkable 91% of the entire market.

FIGURE 1

U.S. LATIN MUSIC REVENUES (RETAIL) 1H 2018

Source: RIAA

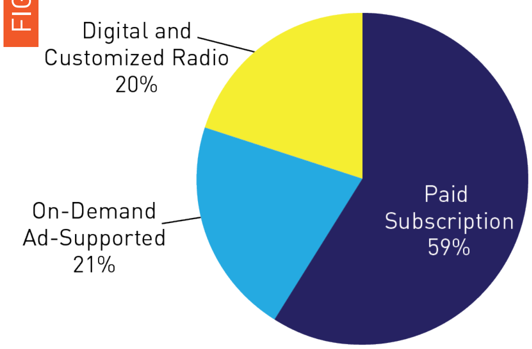


Similar to the overall U.S. market, paid subscriptions (a category that includes services like Apple Music, paid Spotify, Amazon Unlimited, Tidal, among others) were both the biggest segment of the Latin music, and the primary driver of revenue growth. Revenues from paid subscriptions grew 70% to $72 million, and comprised 59% of the total streaming market by value.

FIGURE 2

U.S. LATIN STREAMING MUSIC REVENUES 1H 2018

Source: RIAA



On demand ad-supported streams (a category that includes services like YouTube, Vevo, and the free version of Spotify) contributed $26 million in revenue, up 30% year-over-year.

"The Latin music market continued its remarkable transformation in the first half of 2018. Latin music has become a worldwide phenomenon, driven by a diverse streaming market and Latin labels making smart investments to support their artists' global ambitions. The energy and excitement around Latin music is again palpable, and that's welcome news for a genre that had weathered an especially challenging decade. With a greater dependence on ad-supported revenue sources than other genres, it has never been more important for Latin music to receive fair value across all formats."

– Mitch Glazier, President, RIAA

Latin music revenues from SoundExchange distributions and royalties from similar directly licensed services were down 28% to $25 million, but still contributed 20% of Latin streaming revenues.

For Latin music, revenues from ad-supported streaming sources made up a higher percentage of the total, while those from unit-based sales such as digital downloads and physical product indexed lower relative to the overall U.S. market.

Note – Historical data updated for 2016 and 2017, including updated revenue accounting standards starting in 2016.

Formats with no retail value equivalent included at wholesale value.

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MID-YEAR 2018 RIAA LATIN MUSIC REVENUE STATISTICS

For a list of authorized services see www.whymusicmatters.com

United States Unit Shipments and Estimated Retail Dollar Value (In Millions, net after returns)

DIGITAL STREAMING

		1H 2017	1H 2018	% CHANGE 2016-2017
(Units Shipped) (Dollar Value)	**Paid Subscription[1]**	$42.2	$71.7	70.0%
	On-Demand Streaming (Ad-Supported)[2]	$19.7	$25.6	29.7%
	SoundExchange Distributions[3]	$21.3	$16.3	-23.6%
	Other Ad-Supported Streaming[4]	$12.7	$8.3	-34.4%
	Total Streaming Revenues	**$95.9**	**$121.9**	**27.1%**

PERMANENT DOWNLOAD

		1H 2017	1H 2018	% CHANGE 2016-2017
(Units Shipped) (Dollar Value)	**Download Singles**	5.8 $7.2	4.3 $5.3	-25.7% -25.7%
	Download Albums	0.3 $3.1	0.2 $2.3	-24.6% -24.6%
	Other Downloads[5]	0.1 $0.1	0.1 $0.1	-14.7% -13.4%
	Ringtones & Ringbacks[6]	0.3 $0.7	0.2 $0.5	-28.9% -28.9%
	Total Permanent Download Units Total Permanent Download Value	**6.5 $11.1**	**4.8 $8.3**	**-25.6% 25.4%**

TOTAL DIGITAL VALUE

		1H 2017	1H 2018	% CHANGE 2016-2017
	TOTAL DIGITAL VALUE	$107.1	$130.2	21.6%
	Synchronization Royalties[7]	$2.5	$2.3	-8.1%

PHYSICAL

		1H 2017	1H 2018	% CHANGE 2016-2017
(Units Shipped) (Dollar Value)	**CD**	0.8 $7.1	0.2 $2.1	-71.8% -70.5%
	Music Video[8]	0.00 $0.03	0.00 $0.03	21.5% 31.8%
	Total Physical Units Total Physical Value	**0.8 $7.1**	**0.2 $2.1**	**-71.6% -70.1%**

TOTAL DIGITAL AND PHYSICAL

		1H 2017	1H 2018	% CHANGE 2016-2017
	Total Units Total Value	**7.2 $116.6**	**5.0 $134.6**	**-30.5% 15.4%**
	% of Shipments[9] Physical Digital	**1H 2017** 6.2% 93.8%	**1H 2018** 1.6% 98.4%	

Note: Historical data updated for 2017, including updated revenue accounting standards
Retail Value is the value of shipments at recommended or estimated list price
Formats with no retail value equivalent included at wholesale value

[1] Subscription revenues may include one-time adjustments or market estimates.
[2] Ad-supported audio and music video services not operating under statutory licenses
[3] Estimated payments in dollars to performers and copyright holders for digital radio services under statutory licenses
[4] Revenues from statutory services paid directly that are not distributed by SoundExchange and not included in other streaming categories
[5] Includes Kiosk singles and albums, and Digital Music Videos
[6] Includes Master Ringtones, Ringbacks, and Other Mobile
[7] Includes fees and royalties from synchronization of sound recordings with other media
[8] Includes DVD music video
[9] Synchronization royalties excluded from calculation