

RIAA 2018 YEAR-END LATIN MUSIC REVENUE REPORT

LATIN MUSIC IS EXPERIENCING A RENAISSANCE. STREAMING HAS BROKEN DOWN GEOGRAPHIC AND GENRE BARRIERS, RESULTING IN LATIN MUSIC REACHING NEW AUDIENCES AT THE TOUCH OF A FINGER.

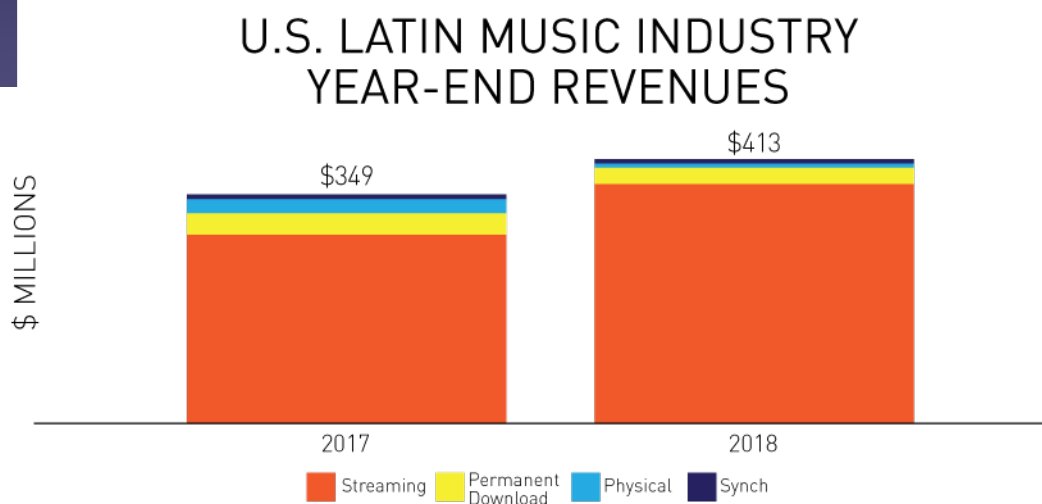
The story behind this recovery starts with great music: J Balvin, Daddy Yankee, Karol G, Ozuna, Rosalia, Luis Miguel, Bad Bunny, Sofia Reyes, and so many other talented artists who released music in 2018 helped fuel the second year of double-digit growth in the U.S. Latin music market.

Any conversation about the Latin music market starts with one word: streaming. Latin music's transformation from a physical-based business to a streaming-driven one is even faster than the overall U.S. music market's turnaround. Revenues from streaming now comprise 93% of the total Latin market, with paid subscription services fueling most of the growth. But there are inherent challenges for any market where fans have a heavier reliance on free, ad-supported services – an area that has not yet reached its full potential due to the efforts by some platforms to drive down the value of music.

Overall, the Latin music market is showing signs of strength again, and we are excited for the next chapter of this comeback story.

-Michele Ballantyne, COO, RIAA

FIGURE 1



The U.S. Latin music business grew 18% in 2018 to \$413 million. Streaming formats made up a remarkable 93% of total Latin music revenues, compared with 75% for

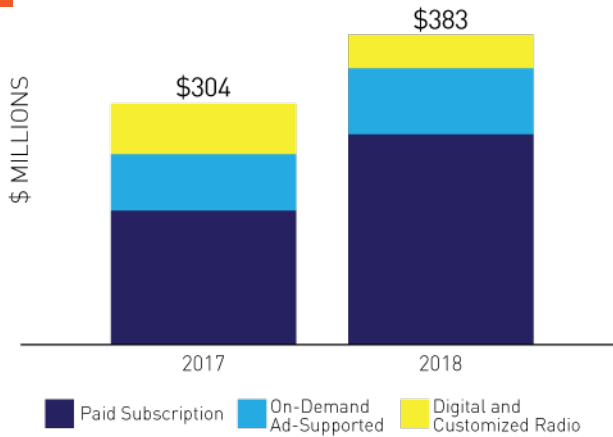
the overall U.S. music market. Latin music accounted for 4.2% of the total \$9.8 billion U.S. music business, a slight increase versus 4.0% in 2017.



FIGURE 2

U.S. LATIN MUSIC STREAMING REVENUES

Source: RIAA

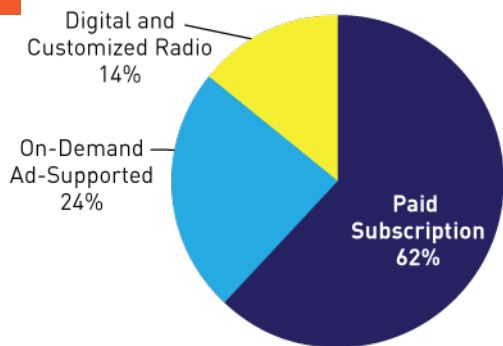


Paid subscriptions (the category that includes services like Apple Music, Spotify Premium, Amazon Unlimited, among others) grew 48% year-over-year to \$239 million, making it the biggest driver of growth for Latin music and 58% of the total U.S. Latin music market. Revenues from on-demand ad-supported services (which includes YouTube, Vevo, ad-supported Spotify, and others) grew at 34% to \$91 million. This category made up 24% of total Latin music revenues, a significantly larger proportion than the 8% it contributed to the overall U.S. music market.

FIGURE 3

U.S. LATIN MUSIC STREAMING REVENUE SOURCES

Source: RIAA

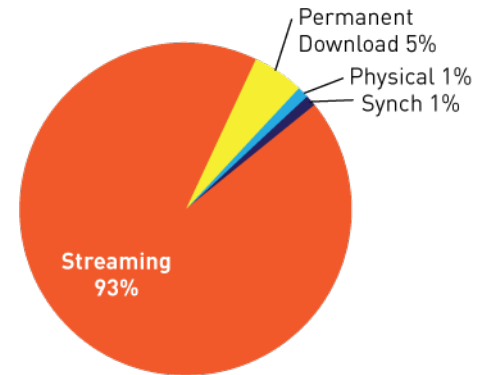


Unlike the other streaming categories, Latin music revenues from digital and customized radio decreased. Revenues from SoundExchange distributions and royalties from similar directly licensed services were down 29% to \$54 million in 2018. This category includes services like Pandora, SiriusXM, and internet radio services.

FIGURE 4

U.S. LATIN MUSIC REVENUES 2018

Source: RIAA



While streaming service revenues in aggregate grew 26% annually to \$383 million, physical and digital unit-based sales of Latin music continued to decline. Digital download sales fell 23% to \$20 million, and revenues from physical product was only \$6 million, down 63% versus 2017. Combined, they only accounted for 6% of U.S. Latin music revenues, their lowest level to date.

Note: RIAA data for U.S. Latin market now includes estimates for both major record label and indie-distributed Latin music. Data for 2017 was revised to reflect this change.

Formats with no retail value equivalent included at wholesale value.

RIAA presents the most up-to-date information available in its industry revenue reports and online statistics database: <https://www.riaa.com/u-s-sales-database>

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YEAR-END 2018 RIAA LATIN MUSIC REVENUE STATISTICS

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

DIGITAL STREAMING		2017	2018	% CHANGE 2017-2018
Paid Subscription	(Dollar Value)	\$160.8	\$238.6	48.4%
On-Demand Streaming (Ad-Supported) ¹		\$67.9	\$91.2	34.2%
SoundExchange Distributions ²		\$44.4	\$32.0	-28.0%
Other Ad-Supported Streaming ³		\$30.6	\$21.5	-29.7%
Total Streaming Revenues		\$303.7	\$383.3	26.2%

PERMANENT DOWNLOAD

Download Singles	(Units Shipped) (Dollar Value)	15.4 \$17.0	10.9 \$13.3	-29.1% -21.8%
Download Albums		0.9 \$7.7	0.7 \$5.7	-25.1% -25.8%
Other Downloads ⁴		0.1 \$0.3	0.1 \$0.2	-22.5% -21.3%
Ringtones & Ringbacks ⁵		0.6 \$1.5	0.4 \$1.0	-30.1% -30.1%
Total Permanent Download Units		17.0	12.1	-28.9%
Total Permanent Download Value		\$26.4	\$20.2	-23.4%

TOTAL DIGITAL VALUE

		\$330.1	\$403.5	22.2%
Synchronization Royalties ⁶		\$3.7	\$4.1	9.9%

PHYSICAL

CD	(Units Shipped) (Dollar Value)	1.6 \$15.3	0.6 \$5.6	-66.2% -63.3%
Music Video ⁸		0.0 \$0.1	0.0 \$0.1	13.6% 18.3%
Total Physical Units		1.6	0.6	-66.0%
Total Physical Value		\$15.4	\$5.7	-62.9%

TOTAL DIGITAL AND PHYSICAL

Total Units		18.6	12.6	-32.1%
Total Value		\$349.2	\$413.4	18.4%
% of Shipments⁹		2017	2018	
Physical		4.5%	1.4%	
Digital		95.5%	98.6%	

This report is only for Latin music products.

Note: Historical data updated for 2017.

¹ Ad-supported audio and music video services not operating under statutory licenses

² Estimated payments in dollars to performers and copyright holders for digital radio services under statutory licenses

³ Revenues from services paid directly that are not distributed by SoundExchange and not included in other streaming categories

⁴ Includes Kiosk singles and albums, and Digital Music Videos

⁵ Includes Master Ringtones, Ringbacks, and Other Mobile

⁶ Includes fees and royalties from synchronization of sound recordings with other media

⁷ Includes DVD music video

⁸ Synchronization royalties excluded from calculation

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For information on the RIAA's Premios de Oro y Platino Awards celebrating the Latin music marketplace visit <https://www.riaa.com/gold-platinum/about-awards/>.

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

