

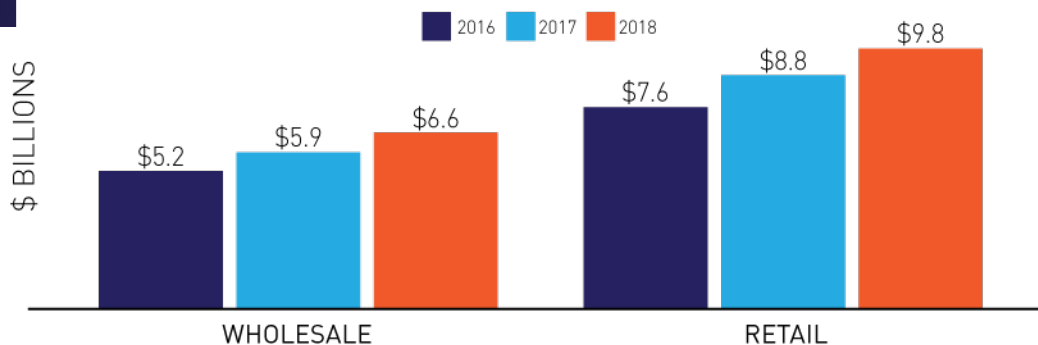
RIAA 2018 YEAR-END MUSIC INDUSTRY REVENUE REPORT

In 2018, revenues from recorded music in the United States grew 12% to \$9.8 billion at estimated retail value. For the third year in a row, double-digit growth was driven primarily by increased revenues from paid subscription services including Spotify, Apple Music, Tidal, Amazon and others, which reached more than 50 million subscriptions in the United States for the first time. Revenues measured at wholesale value also grew 12% to \$6.6 billion. Revenue growth from streaming formats continued to be offset by decreases from unit-based sales, including both digital downloads and physical goods.

U.S. MUSIC INDUSTRY YEAR-END REVENUES

Source: RIAA

FIGURE 1



STREAMING

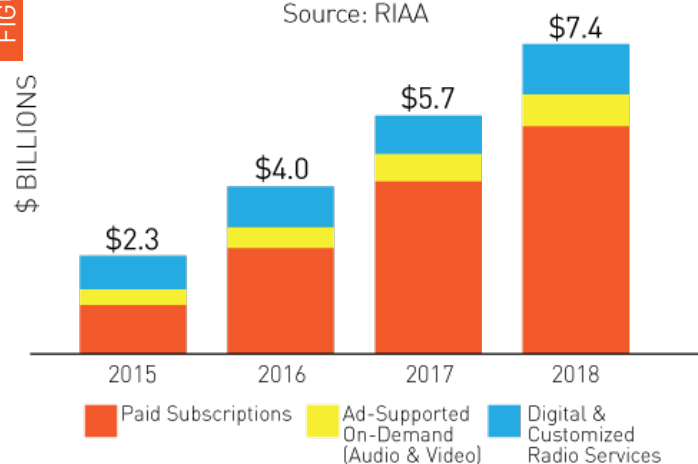
Revenues from streaming music platforms grew 30% year-over-year to reach \$7.4 billion, contributing 75% of total revenues for 2018, and accounting for virtually all the revenue growth for the year. The streaming category includes a wide variety of formats including premium paid subscription services, ad-supported on-demand services (i.e. YouTube, Vevo, and ad-supported Spotify), and streaming radio services including those that distribute revenues through SoundExchange (including Pandora, SiriusXM, and other internet radio services).

Subscriptions to on-demand streaming services remained the biggest driver of increasing revenues for the music business, and for the first time accounted for more than half of total revenues for the year.

FIGURE 3

U.S. MUSIC INDUSTRY STREAMING REVENUES

Source: RIAA

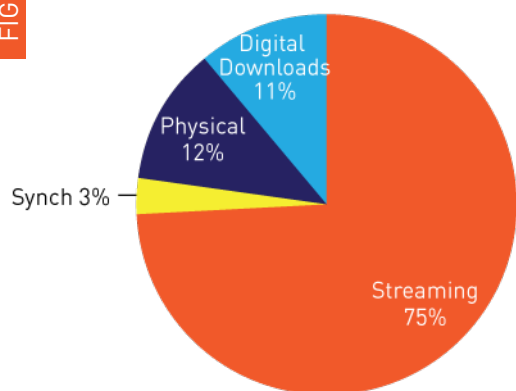


Total 2018 subscription revenues increased 32% to \$5.4 billion. Included in that figure is \$747 million in revenues from "Limited Tier" paid subscriptions (services without full mobile access, catalog availability, on-demand functionality, or device restrictions). Services including

FIGURE 2

U.S. MUSIC INDUSTRY REVENUES 2018

Source: RIAA



Note: Rounded to nearest percentage point

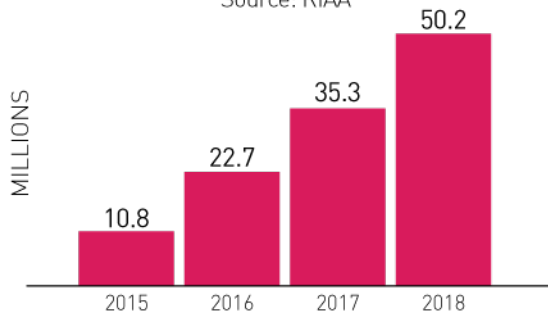


Amazon Prime, Pandora Plus, and others are included in this category.

Adoption of paid subscription services continued to grow quickly in 2018. The average number of paid subscriptions (excluding limited tier options) grew 42% compared with the prior year, exceeding 50 million for the first time ever. On average, more than one million new subscriptions were added on a monthly basis.

FIGURE 4 U.S. PAID MUSIC SUBSCRIPTIONS (ANNUAL AVERAGE)

Source: RIAA

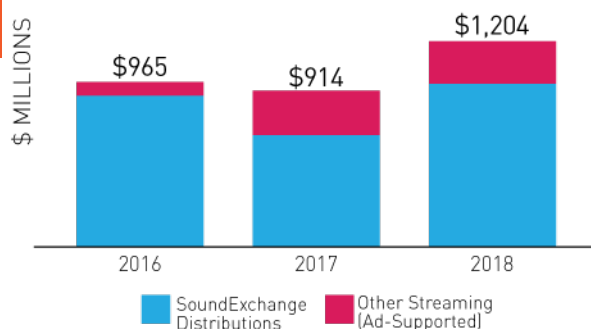


Revenues from on-demand streaming services supported by advertising (including YouTube, Vevo, and the free version of Spotify) grew 15% annually to \$760 million, a slower rate than other streaming formats. These types of services streamed more than 400 billion songs to listeners in the United States, more than one-third of an estimated total of 1.2 trillion streams, yet contributed only 8% to total revenues for the year.

Revenues from digital and customized radio services (the category that includes Pandora, SiriusXM satellite radio, iHeart Radio, and internet radio services) grew 32% year-over-year to \$1.2 billion – the first time the category exceeded one billion dollars annually. SoundExchange distributions rose 46% to a record \$953 million, driven by strong distributions in the fourth quarter. Other ad-supported streaming revenues of \$251 million comprised 21% of revenues from this category for the year.

FIGURE 5 U.S. DIGITAL AND CUSTOMIZED RADIO

Source: RIAA

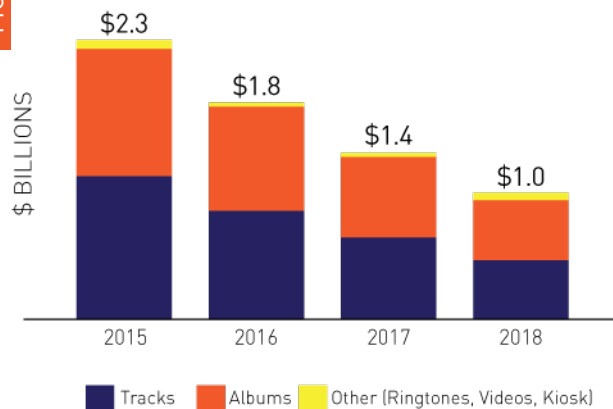


DIGITAL DOWNLOADS

Revenues from downloaded tracks and albums declined for the sixth consecutive year to \$1.04 billion. Permanent downloads of albums fell 25% to \$500 million in 2018, and individual track sales were down 28% to \$490 million. Downloads accounted for 11% of revenues for 2018, down from 42% as recently as 2013.

FIGURE 6 U.S. DIGITAL DOWNLOAD REVENUES

Source: RIAA



PHYSICAL PRODUCTS

Revenues from shipments of physical products decreased to \$1.15 billion, down 23% from 2017. At estimated retail value, CDs fell 34% to \$698 million, the first time revenues from CDs were less than one billion dollars since 1986. Vinyl records continued to be the exception to the decline of unit-based formats. Revenues from vinyl albums in 2018 totaled \$419 million, an increase of 8% versus last year, and the highest level since 1988. By value, vinyl made up more than one-third of revenues from physical formats.

PLEASE READ THE COMMENTARY OF MITCH GLAZIER, CHAIRMAN AND CEO, HERE: [MEDIUM.COM/@RIAA](https://medium.com/@riaa)

NOTE – Historical data for 2015-2017 has been updated, as well as revenue accounting standards starting in 2016. Formats with no retail value equivalent are 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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RIAA 2018 YEAR-END MUSIC INDUSTRY REVENUE STATISTICS

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

DIGITAL SUBSCRIPTION & STREAMING	2017	2018	% CHANGE 2017-2018
Paid Subscription¹	(Units) 35.3 (Dollar Value) \$3,500.5	50.2 \$4,656.0	42.4% 33.0%
Limited Tier Paid Subscription²	\$591.6	\$747.1	26.3%
On-Demand Streaming (Ad-Supported)³	\$658.6	\$759.5	15.3%
SoundExchange Distributions⁴	\$652.0	\$952.8	46.1%
Other Ad-Supported Streaming⁵	\$261.8	\$251.4	-4.0%
Total Streaming Revenues	\$5,664.5	\$7,366.8	30.1%

DIGITAL PERMANENT DOWNLOAD

Download Single	(Units) 553.5 (Dollar Value) \$678.5	399.8 \$490.4	-27.8% -27.7%
Download Album	66.4 \$668.5	49.7 \$499.7	-25.1% -25.3%
Ringtones & Ringbacks	14.3 \$35.5	10.0 \$24.9	-29.8% -29.8%
Other Digital⁶	2.7 \$21.9	2.2 \$24.1	-18.2% 9.7%
Total Digital Download Revenues	\$1,404.5	\$1,039.1	-26.0%

TOTAL DIGITAL VALUE

	\$7,069.0	\$8,405.8	18.9%
Synchronization Royalties⁷	\$232.1	\$285.5	23.0%

PHYSICAL

CD	(Units Shipped) 87.7 (Dollar Value) \$1,057.3	52.0 \$698.4	-40.7% -33.9%
LP/EP	15.6 \$388.5	16.7 \$419.2	7.2% 7.9%
Music Video	1.9 \$38.6	1.4 \$27.6	-25.7% -28.6%
Other Physical⁸	0.6 \$11.0	0.5 \$9.6	-21.8% -12.6%
Total Physical Units	105.7	70.5	-33.3%
Total Physical Value	\$1,495.5	\$1,154.8	-22.8%

TOTAL DIGITAL AND PHYSICAL

Total Units⁹	742.6	532.3	-28.3%
Total Value	\$8,796.6	\$9,846.1	11.9%
% of Shipments¹⁰	2017	2018	
Physical	17%	12%	
Digital	83%	88%	

Retail Value is the value of shipments at recommended or estimated list price
Formats with no retail value equivalent included at wholesale value

Note: Historical data updated for 2017

¹ Streaming, tethered, and other paid subscription services not operating under statutory licenses

Subscription volume is annual average number of subscriptions, excludes limited tier

² Paid streaming services with interactivity limitations by availability, device restriction, catalog limitations, on demand access, or other factors

³ Ad-supported audio and music video services not operating under statutory licenses

⁴ Estimated payments to performers and copyright holders for digital and customized radio services under statutory licenses

⁵ Revenues paid directly for statutory services that are not distributed by SoundExchange and not included in other streaming categories

⁶ Includes Kiosks, music video downloads, and other digital music licensing

⁷ Includes fees and royalties from synchronization of sound recordings with other media

⁸ Includes CD Singles, Cassettes, Vinyl Singles, DVD Audio, SACD DualDisc

⁹ Units total includes both albums and singles, and does not include subscriptions or royalties

¹⁰ Synchronization Royalties excluded from calculation

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