



**FOURTH QUARTER & FULL YEAR 2018  
SUPPLEMENTAL OPERATIONAL AND FINANCIAL INFORMATION**

***\*\* Information presented is as of February 28, 2019 unless otherwise indicated \*\****

**Concerts**

In 2018, the company promoted 19 of the top 25 global tours.

The company continued growing its festival portfolio in 2018, adding 7 festivals to bring the company's global portfolio to 104 festivals in 14 countries. Festival attendance increased by 6% to nearly 9 million fans in 2018, with 29 festivals that each attracted over 100,000 fans in the year.

The company's fourth quarter 2018 Concerts segment adjusted operating income was impacted by a \$15 million year-on-year increase in advertising expense related to 2019 shows, which is representative of a continued shift to earlier on-sales.

The company already has on sale 2,000 arena and amphitheater shows to be held in 2019.

**Sponsorship & Advertising**

The Sponsorship & Advertising segment's adjusted operating income growth was reflective of strength across with the board, as the North America and International sponsorship businesses were both up double digits in 2018 compared to the prior year, and both sponsorship and online advertising also grew double digits for the year.

**Ticketing**

The company experienced strong gross transaction value (GTV) growth in the fourth quarter and full year of 2018, versus the same periods in 2017:

- global GTV grew approximately 7% and 8% for the quarter and year, respectively, driven by fee-bearing GTV, which increased approximately 12% and 14% for the quarter and year, respectively;
- primary GTV, which accounts for almost 90% of the company's overall fee-bearing GTV, also increased approximately 12% and 14% for the quarter and year, respectively; and
- secondary GTV increased approximately 6% and 16% for the quarter and year, respectively, as the company continued to grow its business in the North America secondary market.

Ticketmaster's adjusted operating income in the fourth quarter of 2018 was impacted by one-time costs associated with the third-party vendor data breach that affected the company's marketplace in certain international markets; much of the cost was in the fourth quarter, and for the full year the costs totaled approximately \$15 million.

## **Outlook, Balance Sheet & Miscellaneous**

The company currently expects to continue growing all of its businesses in 2019, with:

- strong growth in operating income and adjusted operating income currently expected in the Concerts segment for the full year compared to 2018;
- double-digit growth currently expected in Sponsorship & Advertising segment operating income and adjusted operating income for the full year compared to 2018; and
- growth currently expected to continue to be delivered primarily in the second and third quarters as most of the company's concert investments are expected to play out in those quarters. The first and fourth quarters historically have each accounted for less than 10% of the company's annual adjusted operating income, meaning that it is anticipated that they will also have to absorb increased fixed costs associated with the company's overall growth, against seasonally lower activity.

For 2019, the company currently expects very little impact to its results due to foreign exchange rate changes.

For 2019, the company currently expects to record approximately \$45 million from the accretion of redeemable noncontrolling interests, which the company anticipates will be consistently spread across quarters.

The company currently expects that amortization of non-recoupable ticketing contract advances in 2019 will be approximately in line with the last few years of expense.

For 2018, total capital expenditures were \$251 million, approximately half of which was spent on revenue-generating items. For 2019, the company currently expects its total capital expenditures to be approximately \$300 million, with a similar percentage spent on revenue-generating items as in 2018.

The company accrued \$110 million in the fourth quarter of 2017 in connection with a legal settlement that reduced operating income and adjusted operating income for both the Ticketing segment and the consolidated results. Accordingly, management believes that, when comparing 2018 results against 2017 results, it is useful to also compare 2018 results against 2017 results without the impact of this legal settlement in order to assess the performance of the business without the impact of this extraordinary event:

- for the Ticketing segment, 2018 operating income was \$201.9 million, 2017 reported operating income was \$90.9 million (growth percentage not meaningful), and 2017 operating income without the legal settlement impact was \$200.9 (approximately flat year-over-year);
- for the company on a consolidated basis, 2018 operating income was \$272.5 million, 2017 reported operating income was \$91.4 million (growth percentage not meaningful), and 2017 operating income without the legal settlement impact was \$201.4 million (35% year-over-year growth);

- for the Ticketing segment, 2018 adjusted operating income was \$436.6 million, 2017 reported adjusted operating income was \$297.8 million (47% year-over-year growth), and 2017 adjusted operating income without the legal settlement impact was \$407.8 million (7% year-over-year growth); and
- for the company on a consolidated basis, 2018 adjusted operating income was \$829.1 million, 2017 reported adjusted operating income was \$625.1 million (33% year-over-year growth), and 2017 adjusted operating income without the legal settlement impact was \$735.1 million (13% year-over-year growth).

### **Forward-Looking Statements**

The supplemental information provided above contains certain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ, including statements regarding Live Nation's anticipated future operational and financial performance. Please refer to Live Nation's SEC filings (including its most recently filed Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K), available in the SEC Filings section of its website at [investors.livenationentertainment.com](http://investors.livenationentertainment.com), for a description of risks and uncertainties that could impact the actual results.