

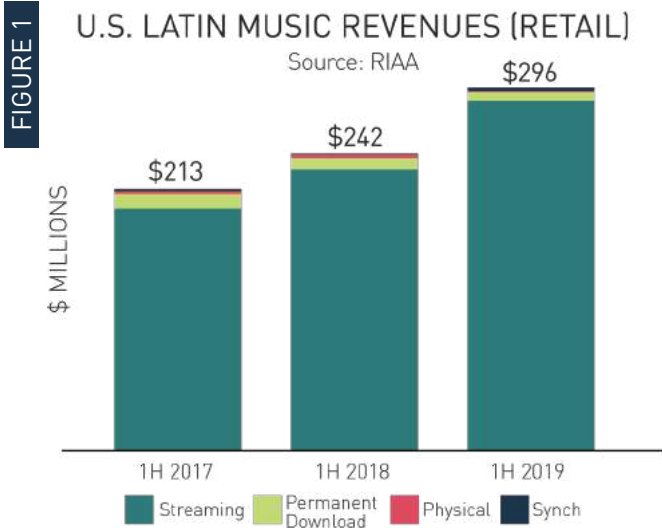
MID-YEAR 2020 LATIN RIAA REVENUE STATISTICS

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“These are difficult times for the country and many parts of the music industry. The investment music creators have made in streaming are helping to sustain the industry, but the impacts of Covid-19 are felt through closed local music venues and silent theaters and concert halls. The RIAA and its members will continue to work with the entire music community to help artists, musicians and music creators gain access to necessary aid and benefits so they can continue to make the music fans love.”

- Mitch Glazier, Chairman & CEO, RIAA

In the first half of 2020, revenues from Latin music in the U.S. grew 18.6% to \$296.1 million at retail value, the fourth consecutive year of double digit percentage growth. Latin music continued to grow its share of overall U.S. music revenues to 5.2%. Total streaming revenues grew 20.3% to \$285.2 million, accounting for 96% of the Latin music market. There were significant differences in results between Q1 and Q2 of 2020, as retail store closures, tour cancellations, and other impacts of Covid-19 affected the music industry in many significant ways.

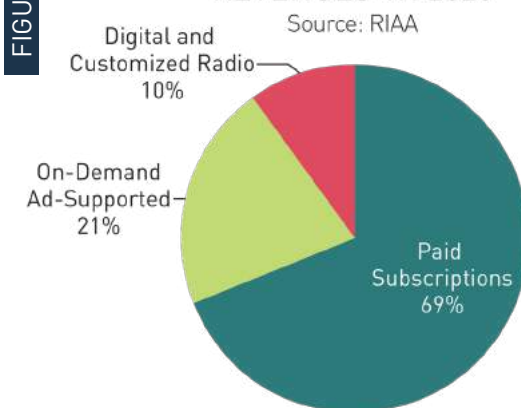


Similar to the overall U.S. market, a 24% increase in the number of paid streaming music subscriptions to 72 million was the biggest driver of growth for Latin music. Revenues from paid subscriptions grew 27.6% to \$196.2 million – accounting for more than 2/3rds of the Latin music streaming market in 1H 2020.

FIGURE 2

U.S. LATIN MUSIC STREAMING REVENUES 1H 2020

Source: RIAA



Revenues from ad-supported on-demand streams (a category that includes services like YouTube, Vevo, and the free version of Spotify) grew 10.9% year-over-year to \$59.1 million in 1H 2020. This category was significantly impacted by broader advertising declines due to Covid-19. Revenues from the category grew at similar to historical rates in Q1 2020, but for Q2 declined versus the prior year. Latin music revenues continued to over-index on ad-supported services relative to the overall market, accounting for 19.9% of the Latin market compared with 7.5% for the overall market. Revenue from digital and customized radio services were down 0.6% to \$29.9 million.

Physical and digital unit-based formats continued to shrink in sales and share of the market in 1H 2020. Digital download singles and albums declined 19.9% by value in 1H 2020, totaling \$6.8 million. Revenues from physical shipments of Latin music products fell 61.5% to \$0.8 million, with a significantly steeper decline in Q2 than Q1 2020. Combined, sales of these unit based formats accounted for just 2.7% of the market.

Note – Data for previous years has been updated.

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

DIGITAL STREAMING

	1H 2019	1H 2020	% CHANGE 1H '19 to 1H '20
(Units) (Dollar Value)			
Paid Subscription	\$153.7	\$196.2	27.6%
On-Demand Streaming (Ad-Supported) ¹	\$53.2	\$59.1	10.9%
SoundExchange Distributions ²	\$18.3	\$18.0	-1.7%
Other Ad-Supported Streaming ³	\$11.8	\$11.9	1.1%
Total Streaming Revenues	\$237.1	\$285.2	20.3%

PERMANENT DOWNLOAD

(Units) (Dollar Value)			
Download Single	5.2 \$6.0	4.0 \$4.6	-22.5% -22.8%
Download Album	0.3 \$2.4	0.2 \$2.1	-10.0% -13.1%
Other Downloads ⁴	0.1 \$0.1	0.1 \$0.1	-11.0% -6.7%
Ringtones & Ringbacks ⁵	0.2 \$0.4	0.1 \$0.3	-25.4% -25.4%
Total Permanent Download Units	5.7	4.4	-21.9%
Total Permanent Download Value	\$8.9	\$7.1	-20.2%

TOTAL DIGITAL VALUE

	\$246.0	\$292.3	18.8%
Synchronization Royalties ⁶	\$1.4	\$3.0	106.2%

PHYSICAL

(Units Shipped) (Dollar Value)			
CD	0.2 \$2.2	0.1 \$1.0	-75.4% -54.8%
Music Video ⁷	0.0 \$0.0	0.0 -\$0.2	NA NA
Total Physical Units	0.2	0.0	-80.1%
Total Physical Value	\$2.2	\$0.8	-61.5%

TOTAL U.S. LATIN MUSIC REVENUE

Total Units	5.9	4.5	-24.0%
Total Value	\$249.6	\$296.1	18.6%
% of Shipments ⁸	1H 2019	1H 2020	
Physical	0.9%	0.3%	
Digital	99.1%	99.7%	

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 2019, including updated revenue accounting standards

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 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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