

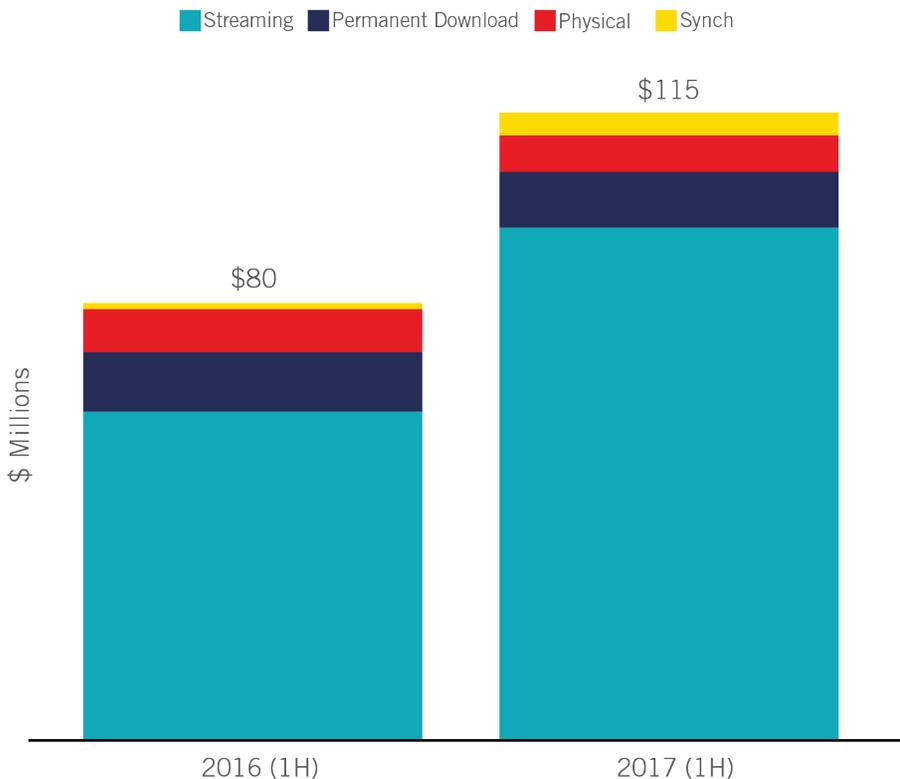
News and Notes on 2017 Mid-Year RIAA Latin Music Revenue Statistics

Revenues from Latin music in the United States for the first half of 2017 were \$115 million, up 44% versus the prior year. Latin music revenues comprised 2.9% of the total U.S. recorded music market, which totaled \$4 billion in the first half of 2017. Streaming accounted for 82% of total revenues for the Latin market. Revenues from ad-supported streaming sources made up a disproportionately higher percentage of total revenues, while those from unit-based sales such as digital downloads and physical product indexed lower.

Figure 1

U.S. Latin Music Revenues (Retail) (1H)

Source: RIAA



Note: Latin music is defined as product 51% or more Spanish language. This report only is for Latin music products.

“ One of the most gratifying and encouraging storylines of the year is the continued Latin music renaissance. For more than a decade, the Latin music sector endured precipitous declines primarily because of rampant counterfeiting. Thanks to the emergence of streaming and continued record label investments in key markets, Latin music is on the rebound.

Streaming is a global phenomenon that makes genres and geographies less relevant than they used to be, and Latin music is a primary beneficiary.

With Latin music pervading the charts and racking up billions of plays, one might logically think that free streaming would produce enormous payouts to artists and labels. Instead, this is perhaps ‘Exhibit A’ for the problem that is undermining the value of music – [the value gap](#) – with only \$20 million earned from free on-demand services like YouTube despite some Latin songs topping the most watched videos of all time.

These enormously successful and profitable companies can do better. And that’s why a united music community continues to be incredibly animated about music’s value gap and calls upon policymakers across the globe to address these inequities.”

– Cary Sherman, Chairman & CEO, RIAA

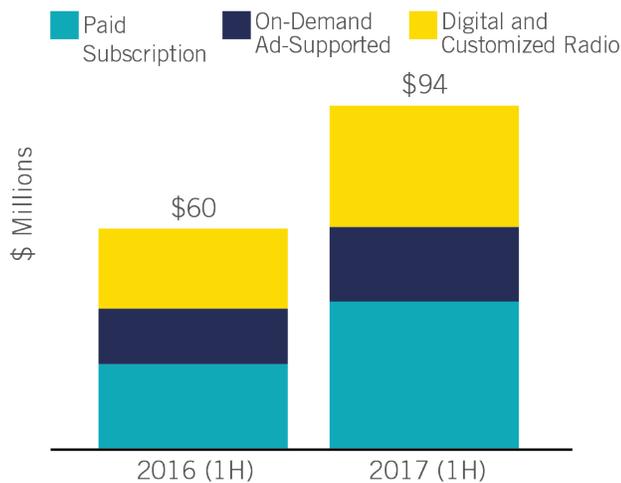
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Streaming music was the driver of revenue growth for the genre, with paid subscriptions comprising the largest share and growing the fastest of major revenue sources. Revenues from paid subscriptions grew 74% versus the prior year to \$40 million, and comprised 35% of the total market by value. On demand ad-supported streams (a category that includes services like YouTube, Vevo, and the free version of Spotify) contributed \$20 million (up 34% year-over-year) in revenue to account for 18% of total market value.

Figure 2

U.S. Latin Music Streaming Revenues (1H)

Source: RIAA



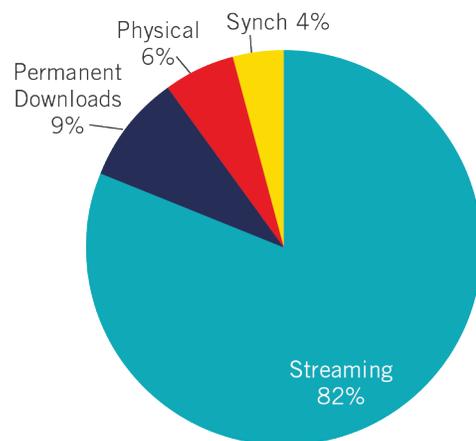
Latin music revenues from SoundExchange distributions for digital and customized radio services were only up 3% to \$23 million, but when direct payments from similar services are included the growth rate for the category jumps to 52%.

Sales of both physical and digital unit-based Latin music products decreased in the first half of 2017. Digital album downloads were down 14% by value, and track downloads were down 4%. Total digital download revenues were down 6% to \$10 million. Revenues from physical shipments of Latin music products were down 15% to \$7 million.

Figure 3

U.S. Latin Music Revenue Sources 2017 (1H)

Source: RIAA



News and notes report by Joshua P. Friedlander, SVP, Strategic Data Analysis and Matthew Bass, Associate, Strategic Data Analysis, RIAA.

Note – Data for previous years has been updated.

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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2017 Mid-Year Industry Latin Music Revenue Statistics

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

United States Estimated Retail Dollar Value and Units (in millions, net after returns)

| DIGITAL STREAMING | | 2016 (1H) | 2017 (1H) | % CHANGE 2016-2017 |
|---------------------------|---|---------------|---------------|-----------------------|
| (Units) (Dollar Value) | Paid Subscription | \$23.1 | \$40.3 | 74.2% |
| | On-Demand Streaming (Ad-Supported)¹ | \$15.2 | \$20.4 | 34.1% |
| | SoundExchange Distributions² | \$21.9 | \$22.5 | 3.1% |
| | Other Ad-Supported Streaming³ | \$0.1 | \$10.8 | 11425.5% |
| | Total Streaming Revenues | \$60.3 | \$94.0 | 55.9% |

PERMANENT DOWNLOAD

| | | | | |
|---------------------------|--|---------------|---------------|------------------|
| (Units) (Dollar Value) | Download Singles | 5.3 \$6.6 | 5.2 \$6.4 | -2.3% -3.6% |
| | Download Albums | 0.4 \$3.5 | 0.3 \$3.0 | -16.5% -14.4% |
| | Other Downloads⁴ | 0.1 \$0.1 | 0.1 \$0.1 | -17.9% -13.7% |
| | Ringtones & Ringbacks⁵ | 0.2 \$0.6 | 0.3 \$0.7 | 19.4% 19.4% |
| | Total Permanent Download Units | \$6.0 | \$5.9 | -2.5% |
| | Total Permanent Download Value | \$10.9 | \$10.2 | -5.9% |

TOTAL DIGITAL VALUE

| | | | |
|--|---------------|----------------|--------------|
| | \$71.2 | \$104.2 | 46.4% |
|--|---------------|----------------|--------------|

| | | | | |
|--|--|-------|-------|--------|
| | Synchronization Royalties⁶ | \$1.1 | \$4.2 | 281.9% |
|--|--|-------|-------|--------|

PHYSICAL

| | | | | |
|---------------------------|--------------------------------|--------------|--------------|------------------|
| (Units) (Dollar Value) | CD | 0.9 \$7.8 | 0.7 \$6.7 | -15.1% -14.8% |
| | Music Video⁷ | 0.0 \$0.1 | 0.0 \$0.0 | -58.9% -58.7% |
| | Total Physical Units | \$0.9 | \$0.7 | -15.4% |
| | Total Physical Value | \$7.9 | \$6.7 | -15.2% |

TOTAL U.S. LATIN MUSIC REVENUE

| | | | | |
|--|----------------------------------|---------------|----------------|--------------|
| | Total Units | \$6.9 | \$6.6 | -4.1% |
| | Total Value | \$80.1 | \$115.1 | 43.7% |
| | % of Revenues⁸ | 2016 | 2017 | |
| | Physical | 10% | 6% | |
| | Digital | 90% | 94% | |

Note: Latin music is defined as product 51% or more Spanish language. This report only is for Latin music products.

Note: Historical data updated for 2016

- ¹Ad-supported audio and music video services not operating under statutory licenses
- ²Estimated payments in dollars to performers and copyright holders for digital radio services under statutory licenses
- ³Revenues from services paid directly that are not distributed by SoundExchange and not included in other streaming categories
- ⁴Includes Kiosk singles and albums, and Digital Music Videos

⁴Includes Master Ringtones, Ringbacks, and Other Mobile

⁵Includes fees and royalties from synchronization of sound recordings with other media

⁷Includes DVD music video

⁸Synchronization royalties excluded from calculation

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For information on the RIAA's Premios de Oro y Platino Award celebrating the Latin music marketplace visit www.riaa.com