

February 27, 2018



Live Nation Entertainment Reports Fourth Quarter And Full Year 2017 Results

LOS ANGELES, Feb. 27, 2018 /PRNewswire/ --



Full Year 2017 - Another Record Year for Live Nation

- **Revenue Up 24% to \$10.3 Billion**
- **Live Nation Concerts Attendance of 86 Million, Up 21%**
- **Ticketmaster Fee-Bearing GTV Up 15% and Secondary GTV Up 16%**
- **Sponsorship & Advertising Revenue Up 18%**
- **Event-Related Deferred Revenue Up 13% to \$816 Million as of December 31**

2018 Indicators (as of Mid-February)

- **Confirmed Concerts Show Count Up 7% Year-Over-Year**
- **On-Site Spending at Amphitheaters Expected to Grow Additional \$2 Per Fan**
- **Sponsorship & Advertising Committed Net Revenue at 70% of 2018 Projections**

Live Nation Entertainment (NYSE: LYV) today released financial results for the three months and full year ended December 31, 2017.

Live Nation delivered its seventh consecutive year of record results, with revenue growth across all our divisions - concerts, sponsorship and ticketing. We continue to see the tremendous power of live events, with strong consumer demand and a robust supply of new and established artists hitting the road from clubs to stadiums. Live is truly a unique entertainment form; it cannot be duplicated and creates lifetime memories that fans are craving more than ever in this experience economy.

We believe the live business will continue to have strong growth for years to come as fans globally drive demand, artists are touring more, and sponsorship and ticketing benefit from the concerts flywheel.

Concerts Market Share Expansion Continued in 2017

Live Nation continued to grow its global market share in 2017, adding 15 million fans globally for a total of almost 86 million fans, driving concerts revenue up 26%.

Across all of the artists we work with, we invested \$5.6 billion to promote 30,000 shows in 40 countries, with Live Nation by far the largest financial supporter of artists in music. Fans, more than ever, find the live experience, from club shows to arenas to festivals, a top entertainment choice and the best way to celebrate their favorite artists and share the experience with other fans. In the United States alone, over the past 10 years consumer spending on experiences has grown \$5 billion per year, and we believe this trend will continue driving a structural increase in demand for concerts globally. In 2017, we built on our leadership position across our business, with double-digit fan growth in both North America and internationally, and across arenas, stadiums, festivals, and theaters and clubs.

In addition to growing our show count and attendance, our pricing and on-site initiatives also continue to improve our results. Average ticket prices for our shows increased by 5% in 2017, amounting to over \$250 million additional revenue as artists more effectively captured the true value from their shows. Once at the show, average per-fan spending grew as well. At our amphitheaters, this spending grew by 9% to over \$24 per head as we added more high-end products, improved the quality of our food and beverage offering and increased points of sale.

The strength of our business is continuing into 2018 with confirmed arena, amphitheater and stadium shows through February 19th up 7% compared to this time last year. Overall, we expect a very strong year across our amphitheaters, arenas and festivals, with some decline in stadium show count on a year-over-year basis. Given our plans to further monetize our fan relationships, I expect this will translate into continued strong growth in concerts operating results in 2018.

Sponsorship Continued Strong Growth in 2017

In our high-margin sponsorship division, we grew our revenue by 18% in 2017. Throughout the year, our top strategic sponsors have been a key driver of our growth, as our 50-plus sponsors that spend over \$1 million per year with us collectively spent \$285 million to reach our fans, up 19% from last year. Sponsorship revenue at our festivals grew 20%, driven by our new deals with brands including American Express, American Eagle, Samsung and Amazon Web Services.

All of this reinforces the power of our platform of 86 million fans, and the continued shift by brands to invest in the live experience. Our research indicates that 90% of brands think that Live Nation can help them reach millennials, and almost 70% of fans say they are more likely to be receptive to brand messaging at concerts.

With over 70% of budgeted sponsorship revenue for the year already committed, we are confident that we will again deliver double-digit growth in operating results for 2018.

Ticketmaster Extends Global Leadership Position

Ticketmaster continued growing its leadership position in ticketing in 2017, with fee-bearing gross transaction value, or GTV, up 15% and total platform GTV of \$30 billion, delivering 500 million tickets to fans in 29 countries and a 17% increase in ticketing revenue.

The Ticketmaster platform continues to demonstrate its effectiveness in selling tickets to fans, with the fourth quarter being our top quarter ever, selling over 50 million fee-bearing tickets which delivered over \$4.5 billion in GTV.

Our number one priority at Ticketmaster in 2017 was building products to better serve the artist community. Music has accounted for about 80% of Ticketmaster's GTV growth in recent years, making it imperative for us to extend our focus from venues to those artists who are filling the venues.

First among those product successes last year was Verified Fan, a key step in giving artists greater control over how their tickets are sold. Throughout the year, we worked with over 80 artist campaigns on Verified Fan, selling three million tickets and saving fans over \$100 million relative to what they would have spent on the secondary market to buy these tickets. As we look toward 2018, it will continue to be a top priority to evolve Verified Fan, while also building out a full suite of services that give artists greater control over how their tickets are priced and distributed.

At the same time, we have also continued to improve our marketplace, already by far the largest ticketing marketplace in the world. We remain focused on building the inventory available to fans, adding new clients and expanding our secondary listings. The addition of third-party events enabled Ticketmaster in North America to increase the number of events for which it sold tickets in 2017 by over 25%, and further reinforced our marketplace as the one-stop solution for fans needing tickets.

Collectively, these improvements drove Ticketmaster's success in 2017, and this success is continuing into 2018, as ticket sales are up 5% through February 19th. We believe this positions us for another year of growth.

2018 Growth Drivers

In 2017, we again delivered strong growth through our flywheel strategy - growing our global concerts business, and thereby driving growth in our high-margin on-site, sponsorship and ticketing businesses. This strategy has consistently delivered results for several years now, creating shareholder value through increasing operating results and cash flow growth as we have continued expanding our global business.

The combination of macro trends and our demonstrated ability to execute provide great confidence in our ability to grow the business for many years to come. In 2018, I expect us to further consolidate our global concerts position while enhancing our on-site hospitality business and capturing additional pricing opportunities.

We believe that our sponsorship business will continue driving double-digit growth as more brands look for that direct connection with music fans. And a more effective Ticketmaster marketplace, along with further alignment with artists, should continue to build on Ticketmaster's success.

Michael Rapino
President and Chief Executive Officer
Live Nation Entertainment, Inc.

The company will webcast a teleconference today at 5:00 p.m. Eastern Time to discuss its financial performance. Interested parties should visit the Events & Webcasts section of the company's website at investors.livenationentertainment.com to

listen to the webcast. Supplemental statistical and financial information to be provided on the call, if any, will be available under the Reports section at the same link. A replay of the webcast will also be available on the Live Nation website.

Notice Regarding Financial Statements

The company has provided certain financial statements at the end of this press release for reference. These financial statements should be read in conjunction with the full financial statements, and the notes thereto, set forth in the company's Annual Report on Form 10-K filed with the Securities and Exchange Commission today and available on the SEC's website at sec.gov.

About Live Nation Entertainment:

Live Nation Entertainment, Inc. (NYSE: LYV) is the world's leading live entertainment company comprised of global market leaders: Ticketmaster, Live Nation Concerts, and Live Nation Media & Sponsorship. For additional information, visit investors.livenationentertainment.com.

FINANCIAL HIGHLIGHTS – 4th QUARTER (unaudited; \$ in millions)

| | Q4 2017 Reported | Q4 2016 Reported | Growth | Q4 2017 Constant Currency | Growth at Constant Currency |
|---|---------------------|---------------------|------------|---------------------------------|-----------------------------------|
| Revenue | | | | | |
| Concerts | \$ 1,839.6 | \$ 1,203.0 | 53% | \$ 1,803.5 | 50% |
| Sponsorship & Advertising | 98.6 | 88.7 | 11% | 96.6 | 9% |
| Ticketing | 633.2 | 522.4 | 21% | 622.5 | 19% |
| Other & Eliminations | (25.2) | (16.5) | (53%) | (25.2) | (53%) |
| | <u>\$ 2,546.2</u> | <u>\$ 1,797.6</u> | <u>42%</u> | <u>\$ 2,497.4</u> | <u>39%</u> |
| Operating Income (Loss)** | | | | | |
| Concerts | \$ (139.7) | \$ (77.6) | (80%) | \$ (138.8) | (79%) |
| Sponsorship & Advertising | 48.0 | 48.2 | 0% | 46.8 | (3%) |
| Ticketing | (61.4) | 39.1 | * | (62.4) | * |
| Other & Eliminations | (9.8) | (5.5) | (78%) | (9.8) | (78%) |
| Corporate | (39.1) | (41.4) | 6% | (39.1) | 6% |
| | <u>\$ (202.0)</u> | <u>\$ (37.2)</u> | <u>*</u> | <u>\$ (203.3)</u> | <u>*</u> |
| Adjusted Operating Income (Loss)** | | | | | |
| Concerts | \$ (35.6) | \$ (23.1) | (54%) | \$ (37.1) | (61%) |
| Sponsorship & Advertising | 56.5 | 52.9 | 7% | 55.3 | 5% |
| Ticketing | (0.2) | 94.0 | * | (2.2) | * |
| Other & Eliminations | (11.3) | (5.2) | * | (11.3) | * |

| | | | | | |
|-----------|------------------|----------------|----------|------------------|----------|
| Corporate | (32.2) | (35.7) | 10% | (32.2) | 10% |
| | <u>\$ (22.8)</u> | <u>\$ 82.9</u> | <u>*</u> | <u>\$ (27.5)</u> | <u>*</u> |

* percentages are not meaningful

** The company accrued \$110 million in the fourth quarter of 2017 in connection with a legal settlement entered into in January 2018 that reduced operating income and adjusted operating income for both the Ticketing segment and the consolidated results.

FINANCIAL HIGHLIGHTS – 12 MONTHS
(unaudited; \$ in millions)

| | 12 Months 2017 Reported | 12 Months 2016 Reported | Growth | 12 Months 2017 Constant Currency | Growth at Constant Currency |
|---|-------------------------------|-------------------------------|--------------|---|-----------------------------------|
| Revenue | | | | | |
| Concerts | \$ 7,892.1 | \$ 6,283.5 | 26% | \$ 7,869.1 | 25% |
| Sponsorship & Advertising | 445.1 | 377.6 | 18% | 444.0 | 18% |
| Ticketing | 2,143.8 | 1,827.9 | 17% | 2,139.8 | 17% |
| Other & Eliminations | (143.6) | (134.1) | (7%) | (143.6) | (7%) |
| | <u>\$ 10,337.4</u> | <u>\$ 8,354.9</u> | <u>24%</u> | <u>\$ 10,309.3</u> | <u>23%</u> |
| Operating Income (Loss)** | | | | | |
| Concerts | \$ (93.6) | \$ (63.3) | (48%) | \$ (96.6) | (53%) |
| Sponsorship & Advertising | 251.5 | 228.1 | 10% | 251.0 | 10% |
| Ticketing | 90.9 | 174.5 | (48%) | 87.1 | (50%) |
| Other & Eliminations | (17.3) | (14.7) | (18%) | (17.3) | (18%) |
| Corporate | (140.1) | (129.7) | (8%) | (140.1) | (8%) |
| | <u>\$ 91.4</u> | <u>\$ 194.9</u> | <u>(53%)</u> | <u>\$ 84.1</u> | <u>(57%)</u> |
| Adjusted Operating Income (Loss)** | | | | | |
| Concerts | \$ 185.0 | \$ 149.1 | 24% | \$ 181.0 | 21% |
| Sponsorship & Advertising | 280.5 | 247.6 | 13% | 280.0 | 13% |
| Ticketing | 297.9 | 365.3 | (18%) | 294.5 | (19%) |
| Other & Eliminations | (21.6) | (13.9) | (55%) | (21.6) | (55%) |
| Corporate | (116.7) | (108.0) | (8%) | (116.7) | (8%) |
| | <u>\$ 625.1</u> | <u>\$ 640.1</u> | <u>(2%)</u> | <u>\$ 617.2</u> | <u>(4%)</u> |

** The company accrued \$110 million in the fourth quarter of 2017 in connection with a legal settlement entered into in January 2018 that reduced operating income and adjusted operating income for both the Ticketing segment and the consolidated results.

- As of December 31, 2017, total cash and cash equivalents were \$1.8 billion, which includes \$769 million in ticketing client cash and \$448 million in free cash.

- Event-related deferred revenue was \$816 million as of December 31, 2017, compared to \$722 million as of the same date in 2016.
- For the quarter ended December 31, 2017, net cash provided by operating activities was \$206 million and free cash flow — adjusted was \$(99) million (which would have been \$11 million without the negative impact of a \$110 million legal settlement).
- We currently expect capital expenditures for the full year 2018 to be approximately \$250 million, with approximately 50% to be revenue generating capital expenditures.
- We currently expect the amortization of nonrecoupable ticketing contract advances for the full year 2018 to be approximately in line with the total amount in 2017.

KEY OPERATING METRICS

| | Year Ended December 31, | | |
|--|---|---------|---------|
| | 2017 | 2016 | 2015 |
| | <i>(in thousands except estimated events)</i> | | |
| Concerts ⁽¹⁾ | | | |
| Estimated events: | | | |
| North America | 19,933 | 17,554 | 16,846 |
| International | 9,643 | 8,708 | 8,665 |
| Total estimated events | 29,576 | 26,262 | 25,511 |
| Estimated fans: | | | |
| North America | 54,868 | 48,611 | 43,622 |
| International | 31,038 | 22,330 | 19,704 |
| Total estimated fans | 85,906 | 70,941 | 63,326 |
| Ticketing ⁽²⁾ | | | |
| Number of fee-bearing tickets sold | 205,704 | 187,094 | 175,334 |
| Number of non-fee-bearing tickets sold | 292,242 | 297,766 | 297,087 |
| Total tickets sold | 497,946 | 484,860 | 472,421 |

- (1) Events generally represent a single performance by an artist. Fans generally represent the number of people who attend an event. Festivals are counted as one event in the quarter in which the festival begins, but the number of fans is based on the days the fans were present at the festival and thus can be reported across multiple quarters. Events and fan attendance metrics are estimated each quarter.
- (2) The number of fee-bearing tickets sold includes primary and secondary tickets that are sold using our Ticketmaster systems or that we issue through affiliates. This metric includes primary tickets sold during the period regardless of event timing, except for our own events where our concert promoters control ticketing and which are reported as the events occur. The non-fee-bearing tickets sold reported above includes primary tickets sold using our Ticketmaster systems, through season seat packages and our venue clients' box offices, along with tickets sold on our 'do it yourself' platform.

Reconciliation of Certain Non-GAAP Measures to Their Most Directly Comparable GAAP Measures (Unaudited)

Reconciliation of Free Cash Flow — Adjusted to Net Cash Provided by Operating Activities

| <i>(\$ in millions)</i> | Q4 2017 | Q4 2016 |
|---|-------------------|-------------------|
| Net cash provided by operating activities | \$ 205.7 | \$ 478.0 |
| Changes in operating assets and liabilities (working capital) | (250.9) | (422.5) |
| Free cash flow from earnings | \$ (45.2) | \$ 55.5 |
| Less: Maintenance capital expenditures | (31.0) | (33.7) |
| Distributions to noncontrolling interests | (23.1) | (29.8) |
| Free cash flow — adjusted | \$ (99.3) | \$ (8.0) |
| Net cash used in investing activities | \$ (92.1) | \$ (166.3) |
| Net cash provided by (used in) financing activities | \$ (101.4) | \$ 208.9 |

| <i>(\$ in millions)</i> | 12 Months 2017 | 12 Months 2016 |
|---|-------------------|-------------------|
| Net cash provided by operating activities | \$ 623.0 | \$ 597.5 |
| Changes in operating assets and liabilities (working capital) | (129.0) | (82.2) |
| Free cash flow from earnings | \$ 494.0 | \$ 515.3 |
| Less: Maintenance capital expenditures | (113.6) | (92.1) |
| Distributions to noncontrolling interests | (46.0) | (55.1) |
| Free cash flow — adjusted | \$ 334.4 | \$ 368.1 |
| Net cash used in investing activities | \$ (327.6) | \$ (426.5) |

Net cash provided by (used in) financing activities \$ (127.1) \$ 99.2

Reconciliation of Cash and Cash Equivalents to Free Cash

| (\$ in millions) | December 31, 2017 |
|--|----------------------|
| Cash and cash equivalents | \$ 1,825.3 |
| Client cash | (769.4) |
| Deferred revenue — event-related | (816.1) |
| Accrued artist fees | (41.1) |
| Collections on behalf of others | (48.1) |
| Prepays related to artist settlements/events | 297.2 |
| Free cash | \$ 447.8 |

Forward-Looking Statements, Non-GAAP Financial Measures and Reconciliations:

Certain statements in this press release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, but are not limited to, statements regarding the expected growth of an additional \$2 per fan in on-site spending at the company's amphitheatres in 2018; the growth prospects of the live business for years to come; expectations for a strong 2018 across the company's amphitheatres, arenas and festivals, with some anticipated decline in stadium show count on a year-over-year basis, and continued strong growth in concerts operating results expected in 2018; anticipated double-digit growth in the operating results of the company's sponsorship and advertising business in 2018; anticipated growth in the company's ticketing business in 2018; and the company's anticipated ability to grow its business for many years to come while continuing further consolidation of its global concerts position. Live Nation wishes to caution you that there are some known and unknown factors that could cause actual results to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements, including but not limited to operational challenges in achieving strategic objectives and executing on the company's plans, the risk that the company's markets do not evolve as anticipated, the potential impact of any economic slowdown and operational challenges associated with selling tickets and staging events.

Live Nation refers you to the documents it files from time to time with the U.S. Securities and Exchange Commission, or SEC, specifically the section titled "Item 1A. Risk Factors" of the company's most recent Annual Report filed on Form 10-K, and Quarterly Reports on Form 10-Q and its Current Reports on Form 8-K, which contain and identify other important factors that could cause actual results to differ materially from those contained in the company's projections or forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date on which they are made. All subsequent written and oral forward-looking statements by or concerning Live Nation are expressly qualified in their entirety by the cautionary statements above. Live Nation does not undertake any obligation to publicly update or revise any forward-looking statements because of new information, future events or otherwise.

This press release contains certain non-GAAP financial measures as defined by SEC Regulation G. A reconciliation of each such measure to its most directly comparable GAAP financial measure, together with an explanation of why management believes that these non-GAAP financial measures provide useful information to investors, is provided herein.

Adjusted Operating Income (Loss), or AOI, is a non-GAAP financial measure that the company defines as operating income (loss) before acquisition expenses (including transaction costs, changes in the fair value of accrued acquisition-related contingent consideration obligations, and acquisition-related severance and compensation), depreciation and amortization (including goodwill impairment), loss (gain) on disposal of operating assets and certain stock-based compensation expense. The company uses AOI to evaluate the performance of its operating segments. The company believes that information about AOI assists investors by allowing them to evaluate changes in the operating results of the portfolio of the businesses separate from non-operational factors that affect net income (loss), thus providing insights into both operations and the other factors that affect reported results. AOI is not calculated or presented in accordance with GAAP. A limitation of the use of AOI as a performance measure is that it does not reflect the periodic costs of certain amortizing assets used in generating revenue in the company's business. Accordingly, AOI should be considered in addition to, and not as a substitute for, operating income (loss), net income (loss), and other measures of financial performance reported in accordance with GAAP. Furthermore, this measure may vary among other companies; thus, AOI as presented herein may not be comparable to similarly titled measures of other companies.

Constant Currency is a non-GAAP financial measure. The company calculates currency impacts as the difference between current period activity translated using the current period's currency exchange rates and the comparable prior period's currency exchange rates. The company presents constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations.

Free Cash Flow — Adjusted, or FCF, is a non-GAAP financial measure that the company defines as net cash provided by (used in) operating activities less changes in operating assets and liabilities, less maintenance capital expenditures, less distributions to noncontrolling interest partners. The company uses FCF among other measures, to evaluate the ability of its operations to generate cash that is available for purposes other than maintenance capital expenditures. The company believes that information about FCF provides investors with an important perspective on the cash available to service debt, make acquisitions, and for revenue generating capital expenditures. FCF is not calculated or presented in accordance with

GAAP. A limitation of the use of FCF as a performance measure is that it does not necessarily represent funds available for operations and is not necessarily a measure of the company's ability to fund its cash needs. Accordingly, FCF should be considered in addition to, and not as a substitute for, net cash provided by (used in) operating activities and other measures of financial performance reported in accordance with GAAP. Furthermore, this measure may vary among other companies; thus, FCF as presented herein may not be comparable to similarly titled measures of other companies.

Free Cash is a non-GAAP financial measure that the company defines as cash and cash equivalents less ticketing-related client funds, less event-related deferred revenue, less accrued expenses due to artists and cash collected on behalf of others, plus event-related prepaids. The company uses free cash as a proxy for how much cash it has available to, among other things, optionally repay debt balances, make acquisitions and fund revenue generating capital expenditures. Free cash is not calculated or presented in accordance with GAAP. A limitation of the use of free cash as a performance measure is that it does not necessarily represent funds available from operations and it is not necessarily a measure of our ability to fund our cash needs. Accordingly, free cash should be considered in addition to, and not as a substitute for, cash and cash equivalents and other measures of financial performance reported in accordance with GAAP. Furthermore, this measure may vary among other companies; thus, free cash as presented herein may not be comparable to similarly titled measures of other companies.

Reconciliations of Non-GAAP Measures to Their Most Directly Comparable GAAP Measures (Unaudited)

Reconciliation of Adjusted Operating Income (Loss) to Operating Income (Loss)

| (\$ in millions) | Operating income (loss) | Stock-based compensation expense | Loss (gain) on disposal of operating assets | Depreciation and amortization | Acquisition expenses | Adjusted operating income (loss) | Foreign exchange impact | Adjusted operating income (loss) constant currency |
|--|-------------------------|----------------------------------|---|-------------------------------|----------------------|----------------------------------|-------------------------|--|
| Three Months Ended December 31, 2017 | | | | | | | | |
| Concerts Sponsorship & Advertising | \$ (139.7) | \$ 12.3 | \$ (0.5) | \$ 81.4 | \$ 10.9 | \$ (35.6) | \$ (1.5) | \$ (37.1) |
| Ticketing | 48.0 | 0.3 | — | 8.2 | — | 56.5 | (1.2) | 55.3 |
| Other and Eliminations | (61.4) | 1.1 | — | 59.9 | 0.2 | (0.2) | (1.9) | (2.1) |
| Corporate | (9.8) | — | — | (1.5) | — | (11.3) | — | (11.3) |
| Total Live Nation | <u>(39.1)</u> | <u>5.1</u> | <u>—</u> | <u>1.8</u> | <u>—</u> | <u>(32.2)</u> | <u>—</u> | <u>(32.2)</u> |
| Total Live Nation | \$ (202.0) | \$ 18.8 | \$ (0.5) | \$ 149.8 | \$ 11.1 | \$ (22.8) | \$ (4.6) | \$ (27.4) |
| Three Months Ended December 31, 2016 | | | | | | | | |
| Concerts Sponsorship & Advertising | \$ (77.6) | \$ 1.9 | \$ 0.1 | \$ 48.8 | \$ 3.7 | \$ (23.1) | \$ — | \$ (23.1) |
| Ticketing | 48.2 | 0.3 | — | 4.4 | — | 52.9 | — | 52.9 |
| Other and Eliminations | 39.1 | 1.4 | — | 53.1 | 0.4 | 94.0 | — | 94.0 |
| Corporate | (5.5) | 0.1 | — | 0.2 | — | (5.2) | — | (5.2) |
| Total Live Nation | <u>(41.4)</u> | <u>3.8</u> | <u>—</u> | <u>1.9</u> | <u>—</u> | <u>(35.7)</u> | <u>—</u> | <u>(35.7)</u> |
| Total Live Nation | \$ (37.2) | \$ 7.5 | \$ 0.1 | \$ 108.4 | \$ 4.1 | \$ 82.9 | \$ — | \$ 82.9 |
| Twelve Months Ended December 31, 2017 | | | | | | | | |
| Concerts Sponsorship & Advertising | \$ (93.6) | \$ 18.9 | \$ (1.1) | \$ 226.3 | \$ 34.5 | \$ 185.0 | \$ (4.0) | \$ 181.0 |
| Ticketing | 251.5 | 1.3 | — | 27.7 | — | 280.5 | (0.5) | 280.0 |
| Other and Eliminations | 90.9 | 4.2 | — | 200.8 | 2.0 | 297.9 | (3.4) | 294.5 |
| Corporate | (17.3) | — | — | (4.3) | — | (21.6) | — | (21.6) |
| Total Live Nation | <u>(140.1)</u> | <u>18.4</u> | <u>—</u> | <u>5.0</u> | <u>—</u> | <u>(116.7)</u> | <u>—</u> | <u>(116.7)</u> |
| Total Live Nation | \$ 91.4 | \$ 42.8 | \$ (1.1) | \$ 455.5 | \$ 36.5 | \$ 625.1 | \$ (7.9) | \$ 617.2 |
| Twelve Months Ended December 31, 2016 | | | | | | | | |
| Concerts Sponsorship & Advertising | \$ (63.3) | \$ 10.5 | \$ (0.1) | \$ 194.7 | \$ 7.3 | \$ 149.1 | \$ — | \$ 149.1 |
| Ticketing | 228.1 | 1.3 | — | 18.2 | — | 247.6 | — | 247.6 |
| Other and Eliminations | 174.5 | 3.7 | 0.1 | 185.9 | 1.1 | 365.3 | — | 365.3 |
| Corporate | (14.7) | 0.2 | — | 0.4 | 0.2 | (13.9) | — | (13.9) |
| Total Live Nation | <u>(129.7)</u> | <u>17.0</u> | <u>0.1</u> | <u>4.5</u> | <u>0.1</u> | <u>(108.0)</u> | <u>—</u> | <u>(108.0)</u> |

| | | | | | | | | |
|-------------------|----------|---------|--------|----------|--------|----------|------|----------|
| Total Live Nation | \$ 194.9 | \$ 32.7 | \$ 0.1 | \$ 403.7 | \$ 8.7 | \$ 640.1 | \$ — | \$ 640.1 |
|-------------------|----------|---------|--------|----------|--------|----------|------|----------|

**LIVE NATION ENTERTAINMENT, INC.
CONSOLIDATED BALANCE SHEETS**

| | <u>December 31,</u> | |
|---|--|---------------------|
| | <u>2017</u> | <u>2016</u> |
| | <i>(in thousands, except share data)</i> | |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 1,825,322 | \$ 1,526,591 |
| Accounts receivable, less allowance of \$32,755 and \$29,634 in 2017 and 2016, respectively | 725,304 | 568,936 |
| Prepaid expenses | 546,713 | 528,250 |
| Other current assets | 55,403 | 49,774 |
| Total current assets | <u>3,152,742</u> | <u>2,673,551</u> |
| Property, plant and equipment | | |
| Land, buildings and improvements | 955,937 | 838,545 |
| Computer equipment and capitalized software | 610,924 | 524,571 |
| Furniture and other equipment | 312,962 | 256,765 |
| Construction in progress | 133,906 | 125,430 |
| | <u>2,013,729</u> | <u>1,745,311</u> |
| Less accumulated depreciation | 1,127,793 | 993,775 |
| | <u>885,936</u> | <u>751,536</u> |
| Intangible assets | | |
| Definite-lived intangible assets, net | 729,265 | 812,031 |
| Indefinite-lived intangible assets | 369,023 | 368,766 |
| Goodwill | 1,754,589 | 1,747,088 |
| Other long-term assets | 612,708 | 411,294 |
| Total assets | <u>\$ 7,504,263</u> | <u>\$ 6,764,266</u> |
| LIABILITIES AND EQUITY | | |
| Current liabilities | | |
| Accounts payable, client accounts | \$ 948,637 | \$ 726,475 |
| Accounts payable | 85,666 | 55,030 |
| Accrued expenses | 1,109,246 | 781,494 |
| Deferred revenue | 925,220 | 804,973 |
| Current portion of long-term debt, net | 347,593 | 53,317 |
| Other current liabilities | 160,638 | 39,055 |
| Total current liabilities | <u>3,577,000</u> | <u>2,460,344</u> |
| Long-term debt, net | 1,952,366 | 2,259,736 |
| Long-term deferred income taxes | 137,635 | 197,811 |
| Other long-term liabilities | 174,391 | 149,791 |
| Commitments and contingent liabilities | | |
| Redeemable noncontrolling interests | 244,727 | 347,068 |
| Stockholders' equity | | |
| Preferred stock—Series A Junior Participating, \$.01 par value; 20,000,000 shares authorized; no shares issued and outstanding | — | — |
| Preferred stock, \$.01 par value; 30,000,000 shares authorized; no shares issued and outstanding | — | — |
| Common stock, \$.01 par value; 450,000,000 shares authorized; 208,483,993 and 204,475,849 shares issued and 208,075,969 and 204,067,825 shares outstanding in 2017 and 2016, respectively | 2,069 | 2,034 |
| Additional paid-in capital | 2,374,006 | 2,381,011 |
| Accumulated deficit | (1,079,472) | (1,073,457) |
| Cost of shares held in treasury (408,024 shares) | (6,865) | (6,865) |
| Accumulated other comprehensive loss | (108,542) | (176,707) |
| Total Live Nation stockholders' equity | <u>1,181,196</u> | <u>1,126,016</u> |
| Noncontrolling interests | 236,948 | 223,500 |
| Total equity | <u>1,418,144</u> | <u>1,349,516</u> |
| Total liabilities and equity | <u>\$ 7,504,263</u> | <u>\$ 6,764,266</u> |

**LIVE NATION ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS**

| <u>Year Ended December 31,</u> | | |
|---|-------------|-------------|
| <u>2017</u> | <u>2016</u> | <u>2015</u> |
| <i>(in thousands except share and per share data)</i> | | |

| | | | |
|---|---------------|--------------|--------------|
| Revenue | \$ 10,337,448 | \$ 8,354,934 | \$ 7,245,731 |
| Operating expenses: | | | |
| Direct operating expenses | 7,748,791 | 6,082,708 | 5,196,473 |
| Selling, general and administrative expenses | 1,907,723 | 1,548,450 | 1,411,855 |
| Depreciation and amortization | 455,534 | 403,651 | 397,241 |
| Loss (gain) on disposal of operating assets | (969) | 124 | 845 |
| Corporate expenses | 134,972 | 125,061 | 107,945 |
| Operating income | 91,397 | 194,940 | 131,372 |
| Interest expense | 106,722 | 106,506 | 102,881 |
| Loss on extinguishment of debt | 1,048 | 14,049 | — |
| Interest income | (5,717) | (2,573) | (3,528) |
| Equity in losses (earnings) of nonconsolidated affiliates | (1,161) | 17,802 | (1,502) |
| Other expense (income), net | (115) | 10,830 | 27,168 |
| Income (loss) before income taxes | (9,380) | 48,326 | 6,353 |
| Income tax expense (benefit) | (17,154) | 28,029 | 22,122 |
| Net income (loss) | 7,774 | 20,297 | (15,769) |
| Net income attributable to noncontrolling interests | 13,789 | 17,355 | 16,739 |
| Net income (loss) attributable to common stockholders of Live Nation | \$ (6,015) | \$ 2,942 | \$ (32,508) |
| Basic and diluted net loss per common share available to common stockholders of Live Nation | \$ (0.48) | \$ (0.23) | \$ (0.33) |
| Weighted average common shares outstanding: | | | |
| Basic and diluted | 204,923,740 | 202,076,243 | 200,973,485 |

| | | | |
|--|-------------|-------------|-------------|
| Reconciliation to net income (loss) available to common stockholders of Live Nation: | | | |
| Net income (loss) attributable to common stockholders of Live Nation | \$ (6,015) | \$ 2,942 | \$ (32,508) |
| Accretion of redeemable noncontrolling interests | (91,631) | (49,952) | (33,179) |
| Basic and diluted net loss available to common stockholders of Live Nation | \$ (97,646) | \$ (47,010) | \$ (65,687) |

**LIVE NATION ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | Year Ended December 31, | | |
|---|-------------------------|-----------|-------------|
| | 2017 | 2016 | 2015 |
| | <i>(in thousands)</i> | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income (loss) | \$ 7,774 | \$ 20,297 | \$ (15,769) |
| Reconciling items: | | | |
| Depreciation | 149,634 | 139,288 | 134,148 |
| Amortization | 305,900 | 264,363 | 263,093 |
| Deferred income tax benefit | (71,539) | (7,891) | (9,611) |
| Amortization of debt issuance costs, discounts and premium, net | 13,174 | 12,594 | 10,885 |
| Provision for uncollectible accounts receivable and advances | 20,295 | 21,681 | 19,505 |
| Loss on extinguishment of debt | 1,048 | 14,049 | — |
| Non-cash compensation expense | 42,755 | 32,723 | 33,361 |
| Unrealized changes in fair value of contingent consideration | 18,011 | (5,715) | 8,010 |
| Equity in losses (earnings) of nonconsolidated affiliates, net of distributions | 6,898 | 27,498 | 9,436 |
| Other, net | 67 | (3,587) | (11,525) |
| Changes in operating assets and liabilities, net of effects of acquisitions and dispositions: | | | |
| Increase in accounts receivable | (133,020) | (146,128) | (67,235) |
| Increase in prepaid expenses and other assets | (239,065) | (129,748) | (122,872) |
| Increase in accounts payable, accrued expenses and other liabilities | 474,301 | 193,775 | 3,480 |
| Increase in deferred revenue | 26,773 | 164,291 | 52,948 |
| Net cash provided by operating activities | 623,006 | 597,490 | 307,854 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Advances of notes receivable | (19,120) | (17,227) | (28,288) |
| Investments made in nonconsolidated affiliates | (25,170) | (28,922) | (21,998) |
| Purchases of property, plant and equipment | (238,435) | (173,827) | (142,491) |
| Cash paid for acquisitions, net of cash acquired | (47,946) | (211,624) | (89,780) |
| Purchases of intangible assets | (10,977) | (6,234) | (12,267) |

| | | | |
|--|--------------|--------------|--------------|
| Other, net | 14,062 | 11,357 | 3,839 |
| Net cash used in investing activities | (327,586) | (426,477) | (290,985) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from long-term debt, net of debt issuance costs | 60,912 | 844,451 | 57,276 |
| Payments on long-term debt including extinguishment costs | (110,855) | (606,831) | (63,569) |
| Contributions from noncontrolling interests | 10,671 | 88 | 711 |
| Distributions to noncontrolling interests | (46,036) | (55,131) | (30,645) |
| Purchases and sales of noncontrolling interests, net | (71,509) | (69,106) | (9,752) |
| Proceeds from exercise of stock options | 51,069 | 20,299 | 16,280 |
| Payments for deferred and contingent consideration | (15,883) | (20,539) | (6,770) |
| Other, net | (5,452) | (14,019) | (7,652) |
| Net cash provided by (used in) financing activities | (127,083) | 99,212 | (44,121) |
| Effect of exchange rate changes on cash and cash equivalents | 130,394 | (46,759) | (51,652) |
| Net increase (decrease) in cash and cash equivalents | 298,731 | 223,466 | (78,904) |
| Cash and cash equivalents at beginning of period | 1,526,591 | 1,303,125 | 1,382,029 |
| Cash and cash equivalents at end of period | \$ 1,825,322 | \$ 1,526,591 | \$ 1,303,125 |
| SUPPLEMENTAL DISCLOSURE | | | |
| Cash paid during the year for: | | | |
| Interest, net of interest income | \$ 87,111 | \$ 96,678 | \$ 92,620 |
| Income taxes, net of refunds | \$ 44,871 | \$ 30,312 | \$ 44,287 |

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