



**SECOND QUARTER 2020  
SUPPLEMENTAL OPERATIONAL AND FINANCIAL INFORMATION**

**\*\* Information presented is as of August 5, 2020 unless otherwise indicated \*\***

**Second Quarter Results**

The company’s \$432 million adjusted operating income (“AOI”) loss for the quarter was driven primarily by operational fixed costs of approximately \$334 million, inclusive of approximately \$60 million in benefits from various government payroll funding programs.

The company’s AOI was also impacted by approximately \$(98 million) in contribution margin that was largely driven by one-time events in Ticketmaster and the company’s concerts business (amounts rounded):

	<i>(in millions)</i>
Loss from Ticketmaster’s portion of service fees for recording refunds for 11 million tickets across 42 thousand shows	\$ (79)
Expense for writing off sunk costs associated with the company’s concerts that have been canceled or rescheduled for 2021 (about two-thirds of which is a write-off of advertising expenses given the calendar year shift in show timing)	(87)
Contribution margin generated by business operations and insurance recoveries for events impacted by the pandemic	68
<b>Total Contribution Margin</b>	<b>\$ (98)</b>

**Free Cash & Cash Used in the Quarter**

Changes to the company’s free cash balance from the end of the first quarter of 2020 to the end of the second quarter were as follows (amounts rounded):

	<i>(in millions)</i>
<b>Free cash balance at 3/31</b>	<b>\$ 820</b>
Cash added from additional debt	1,200
Timing benefits to free cash:	
Accrued but not-yet-paid ticket refunds	225
Working capital timing	190
Effective cash used during the quarter	(665)
<b>Free cash balance at 6/30</b>	<b>\$ 1,770</b>

The timing benefits to free cash totaling approximately \$415 million are currently expected to flip back out in the third and fourth quarters of 2020.

The company's approximately \$665 million of effective cash burn during the second quarter of 2020 consisted of (amounts rounded):

	<i>(in millions)</i>
Ticketmaster refunds for the company's portion of service fees refunded to fans during the quarter	\$ 110
Operational cash burn:	
Operational fixed costs	334
Non-cash benefit included in operational fixed costs	54
Ongoing non-operational cash burn items, including capital expenditures, acquisition activity, net advances and interest payments	217
Inflows from operations and improved cash management	(50)
<b>Effective cash burn</b>	<b>\$ 665</b>

Ongoing non-operational cash burn items, including capital expenditures, acquisition activity, net advances and interest payments (which together total \$217 million above) ran slightly higher for the second quarter due to contractually obligated payments for past acquisitions. The company currently expects this non-operational component to its cash burn to average approximately \$60 million per month for the second quarter through the rest of the year.

### **Ticket Refunds**

The global refund rate for the company's concerts that are rescheduled and are in or have gone through a refund window is 14% through the end of the second quarter of 2020.

Festivals have generally canceled this year's event, but for festivals where fans can retain their tickets for next year's show, approximately two-thirds of fans are keeping their tickets.

Across both concerts and festivals, since March the company has refunded \$218 million for rescheduled shows and \$477 million for canceled shows. Of this \$695 million total, \$230 million was from funds held by third-party venues and \$465 million was from Live Nation-held funds.

The company still has some shows in the process of rescheduling, or that are rescheduled but not yet offering refunds; if the same fan behavior and mix as noted above is applied on these events, the company currently forecasts approximately \$270 million in additional fan refunds, of which about \$180 million will be from Live Nation-held funds. Given this estimate, the company has shifted these funds from deferred revenue to accrued but not-yet-paid ticket refunds as of the end of the second quarter of 2020.

## **Event-Related Deferred Revenue**

At the end of the first quarter of 2020, the company's deferred revenue for events over the next 12 months was \$1.961 billion, whereas at the end of the second quarter, deferred revenue for events over the next 12 months was approximately \$941 million, an approximately \$1.02 billion decrease. This \$1.02 billion decrease for the second quarter was impacted by the refunds described above and other factors (amounts rounded):

	<i>(in millions)</i>
Shift from short-term deferred revenue to long-term deferred revenue due to certain concerts shifting into the second half of 2021	\$ (405)
Live Nation concert ticket refunds recorded in the quarter **	(465)
Estimated additional future refunds from Live Nation-held cash	(180)
Ticket sales in the second quarter of 2020	30
<b>Change in event-related deferred revenue</b>	<b>\$ (1,020)</b>

\*\* \$45 million of this amount is in accrued ticket refunds as of June 30, 2020; the rest was paid during the second quarter. This \$45 million, along with the \$180 million in estimated additional future refunds, totals to the \$225 million of accrued but not-yet-paid ticket refunds in the free cash presentation above.

As a result of the approximately \$405 million due to a shift from short-term deferred revenue, the company had approximately \$486 million of long-term deferred revenue at the end of the second quarter of 2020, of which the company currently estimates approximately \$400 million will shift back to short-term deferred revenue over the remainder of 2020.

The company currently forecasts that event-related deferred revenue at the end of 2020, prior to additional ticket sales and based on the company's projected refund rates, will be approximately \$1.3 billion.

## **Miscellaneous**

Capital expenditures for the second quarter of 2020 were approximately \$55 million, giving the company a total for the first six months of 2020 of approximately \$129 million. The company currently estimates that its full year spend will be approximately \$215 million, down from its initial estimate for the year of \$375 million.

Of the remaining \$86 million in capital expenditures anticipated for the year, approximately \$30 million is for capitalized labor for updates of the company's ticketing systems, with the remainder largely venue-related long-term projects.

## **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.