Second Quarter 2026 Earnings Conference Call Transcript
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<u>Presenters</u>
Michael Rapino, President and CEO
Joe Berchtold, President and CFO
Amy Yong, Head of Investor Relations

<u>Q&A Participants</u>
Stephen Laszczyk – Goldman Sachs
Brandon Ross – LightShed Partners
David Karnovsky – J.P. Morgan
Cameron Mansson-Perrone – Morgan Stanley
Peter Supino – Wolfe Research
Batya Levi – UBS
Peter Henderson – Bank of America
Robert Fishman – MoffettNathanson
Steven Cahall – Wells Fargo & Company

Operator
Good afternoon. My name is Joe, and I will be your conference operator today. At this time, I would like to welcome everyone to Live Nation's second quarter 2026 earnings call. I would now like to turn the call over to Ms. Amy Yong. Thank you, Ms. Yong. You may begin.

Amy Yong
Good afternoon, and welcome to the Live Nation second quarter 2026 earnings conference call. Joining us today is our President and CEO, Michael Rapino, and our President and CFO, Joe Berchtold. We would like to remind you that this afternoon's call will contain certain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ, including statements related to the company's anticipated financial performance, business prospects, new developments, and similar matters.

Please refer to Live Nation's SEC filings, including the risk factors and cautionary statements included in the company's most recent filings on forms 10-K, 10-Q and 8-K, for a description of risks and uncertainties that could impact the actual results. Live Nation will also refer to some non-GAAP measures on this call. In accordance with the SEC Regulation G, Live Nation has provided definitions of these measures and a full reconciliation to the most comparable GAAP measures in our earnings release. The release reconciliation can be found under the financial information section on Live Nation's website.

With that, we will now take your questions. Operator?

Operator
Thank you. Ladies and gentlemen, if you would like to ask a question, please press star, one, on your telephone keypad and a confirmation tone will indicate your line's in the question queue. You may press star, two, if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment please, as we poll for questions.

And our first question comes from the line of Stephen Laszczyk with Goldman Sachs. Please proceed.

Stephen Laszczyk
Hey, guys. Thanks for taking the questions. Maybe to kick us off, Michael, on the demand side, it seems like every year brings with it some reasons to be concerned about the durability of consumer demand. I was hoping if you could maybe just update us on what you're seeing on the demand front out there for live music globally as we head into the second half of the year? And maybe compare how that demand has been shaping up relative to some years in the past? And then, ultimately, what you think this means for your ability to sell through the remaining concert inventory you have out there on the market. It seems like a record year on the supply side. Would love just your thoughts on how that demand meets the supply in the marketplace.

Michael Rapino
Yeah. We're lucky, and as you can see from our numbers, we've seen no consumer issues to date, in terms of purchasing. Numbers are up across the board, whether it's international, America, clubs, amphitheaters, stadiums, all genres, all venues, and all geographies right now. I think up over 10% in terms of fan count. So we're seeing consumers buy at record levels. It'll be another record year after multiple record years.

So the comps are always tough to beat, but we're seeing the continued global growth of the concert ticket. We're seeing it onsite. Our food and beverage is up this year, year-over-year, across all of our owned and operated. So they're coming to the venue and they're consuming, and we're providing better menus and better options, but we're seeing no pullback there.

Liquor is up year-over-year, so we're not actually seeing any of those stories about the consumer not drinking as much. They seem to look at the two-hour night out at the concert as probably the night, they're not cutting back, so we're not seeing any pullback. The whole blue dot, we have fewer cancellations this year than ever. We're running below historic lows at 1.1% cancellations versus 1.6% average. So every now and then, the media blow up about a certain tour canceling is, again, it's the 1%, not the 99%.

And we're seeing deferred, record levels right now in terms of going forward. So we think 2026 is going to be an absolute record year. We're going to see a strong Q3 and Q4 in terms of finishing off the great touring year we're going to have. So no consumer concerns, just a kind of similar to World Cup in sports, what we're seeing on that side of the equation.

Stephen Laszczyk
That's great. Thanks for that. And then maybe one for Joe. I was curious if you would be willing to unpack your expectations for the concert segment in the back half of the year, just given the timing and mix shift of the slate and how that's expected to play out for the year? It seems like revenue and fan count expected to grow quite nicely in the back half. Would just be curious to get your latest sense as well on the timing of margins and cadence of margins in 3Q and 4Q.

Joe Berchtold
Sure. So as you said, I think we always start most importantly looking at the full year, given quarters move around. And I think we've stepped up our expectation now and we expect double-digit fan growth for the full year to drive, then, double-digit revenue and AOI growth, and then ultimately margin expansion. So, obviously none of that for the first half. If you look at the first half, international growth has been good, but U.S. has been impacted by stadium availability for Q2 into the first part of Q3. So for the U.S., really all the fan growth in the U.S. will be in the second half, we expect double-digit fan growth year-on-year in each of Q3 and Q4 for the U.S.

International has had a very strong first half, and we expect that to continue again with double-digit growth in fan count for each of the third and fourth quarters internationally. So the reason for confidence in that is, is that we really have our shows have been booked and confirmed. And if you looked at our deferred revenue, it's at a level now that gives us confidence that really tickets are in the bank. It's a matter of playing off the shows. And then finally, just given the faster growth on operated venues or fan count at operated venues relative to third-party venues, that's really the foundation of what sets us up for margin expansion.

Stephen Laszczyk
That's helpful. Thank you both very much.

Operator
The next question comes from the line of Brandon Ross with LightShed Partners. Please proceed.

Brandon Ross
Hey, guys. Thanks for taking the questions. Switching gears to ticketing, it seems like things have really turned the corner there finally. How do we think about the growth algorithm from here, not just for this year, but for beyond as well? And is growth going to simply be tied to fan counts or are there other levers that maybe have a secondary play into that?

Joe Berchtold
Sure. I'll get us started. Yeah, I think we're extremely happy with the performance of Ticketmaster in the quarter and how it sets us up for the full year. Increased our expectation for AOI growth for the full year to be at mid-single digits, so it certainly feels like we've turned that

corner. In terms of the growth algorithm, we've talked about in the past. We do think that the first piece that is a great tailwind to have in the business is the global concert growth. So while we're not adding a lot of new venues in the U.S., we're still growing Ticketmaster's fee-bearing ticket count by high single digits so far this year, heavily off of just more activity, more utilization in those arenas and stadiums, and we think there's a lot of room for continued growth on that.

And then internationally, you have a double or triple benefit because you have more shows that we're putting in. You have more markets that we're able to go into. Ticketmaster is very well-positioned, as we're going into Latin America and Asia markets, as having the best technology out there. So it's able to build its share in those markets. That helps on the concert side to give confidence that they can go to those markets and have a platform to sell the tickets and get the grosses you need for those shows to make sense. And then together, we're adding more venues, which only further expands the marketplace that Ticketmaster can participate in. All of those pieces continue, I think, to give a very good global growth story for Ticketmaster.

On the secondary, we gave you the pieces. Secondary now on a global GTV basis is low teens. It's low double-digit portion. The concert piece that we've been very focused on trying to shift and get more tickets into the hands of fans on the first sale is continuing to be a lower part of our business today. It's probably 5% of our global GTV. So we don't see that as anything that's going to be a major impediment to growth going forward.

Brandon Ross
Ok. And then on the Spotify Reserved deal that you guys announced, I was just curious how you weighed the financial contribution from that deal versus the strategic question of potentially making them the, quote, good guy or savior in ticketing, and potentially furthering their competitive ambitions?

Michael Rapino
I'll take that. We always look at the balance. We've done it for years. We have a much more open platform than we ever get credit for. The goal has always been, as long as we own the transaction, we'll always look for other discovery signals that can help drive ticket sales. We've done this with Facebook for years. We've done it with Snapchat. We've done it with Groupon for years, Citi, Verizon. So we always look at opportunities on, one, can we get better data, more reach for artists to sell tickets? And then two, I think I said it a year ago, the key in this one, Spotify or Amazon or Superfan, a lot of that conversation that went on was making sure that we got compensated for the asset, the presale.

So we looked at this just like we look at a Verizon deal or a Citi deal. If Spotify was willing to compensate us properly for access to some presale tickets, we think it's a great win-win for both sides. It's a very small allocation on a global basis, so they're not going to be solving the on sale problems on an Ariana Grande tour at that scale. No one can solve it. But we had a great rollout with a Role Model tour, sold a certain allocation towards their dedicated fans.

So we think it's a good win-win. We think they've been a great partner. We like working with them on the overall music business. And I think anytime we can find new partners that can help us talk to Superfans direct, it helps us in our ongoing quest to find better ways to battle the bots.

Brandon Ross
Thanks so much.

Operator
The next question comes from the line of David Karnovsky with JPMorgan. Please proceed.

David Karnovsky
Hi. Thank you. On the amphitheaters, can you comment on expected attendance trends relative to prior years? And is it still your expectation to generate 70% of the fan growth there in Q3? And Michael touched upon some of the per cap demand so far this year, but if you can give any color on the key initiatives driving that, it would be great.

Joe Berchtold
Yeah. Amps are doing great this year. We've said they're up double-digits in terms of the attendance through the first half. We continue to expect it, yes, to be mainly back half, 70% focused in terms of the growth for the year. The per caps, as Michael said earlier, per caps, onsite spending is up. It's up across the board. We're seeing continued uptake in liquor categories, high performing on ready-to-drink, the shaker cups, so it's continuing to be the big night out.

We've also introduced a number of new products, some things that we've built up our own brand on. Those are getting very high marks from fans in terms of the quality. We've introduced more sort of economy, lower cost offerings on both food and beverage. Those are doing well. So we're seeing across the board performance, ticket buying, premium is doing very well. Premium is up this year. As we noted in the release, a couple of the new amphitheaters are performing very well, showing if we build quality premium product, the audience is out there.

So overall, I think this is a great year for the amphitheaters, best year we've had.

David Karnovsky
Ok. And then with some of the recent arena acquisitions you've announced, can you just update on what's completed versus what's pending, and then how we should think about when these start to fully contribute relative to any interim investment period?

Joe Berchtold
Sure. So we've completed the acquisition of three arenas so far this year, the Impact Arena in Bangkok, ForumNet in Milan, and Movistar in Buenos Aires. We expect a few more before the

end of 2027, probably four or five in that period, which is on track for adding capacity for about 15 million fans between what we're building and buying between '26 and '27.

In terms of the cadence, generally speaking, we'll get pretty quickly up to speed on things that we buy. So if we buy something this year, next year, it should be pretty up to speed in terms of the bookings and the fan count. Sponsorship may take a bit longer depending on what deals they have in place and how long it takes for them to roll off.

For the venues that we're building, I generally think of it taking a couple of years from the year that you completed in to get fully ramped up and those performing with the full fan count and sponsorship levels.

David Karnovsky
Thanks.

Operator
The next question comes from the line of Cameron Mansson-Perrone with Morgan Stanley. Please proceed.

Cameron Mansson-Perrone
Thanks. Afternoon. Two follow-ups on Ticketmaster. First, a growing proportion of the ticket wins seem to be coming from international. You touched on it earlier, but I'm curious, is that growth being driven by just the growth in touring globally, or is it more of an intentional focus kind of operationally at Ticketmaster, reflecting maybe what you see as more attractive market dynamics internationally? And then I have one other one.

Joe Berchtold
Yeah. As I said, I think it's a couple things going on. First, as we enter new markets, we are finding that our platform is extremely attractive and quickly gets established as best-in-class. So as we've – we're now in six Latin America markets, six Asia Pacific markets, and we're finding it to be an attractive area to be able to go and get new customers.

Second is that the venues are being added in those markets, so that's naturally a place for us to be adding new customers. And then across globally, international is benefiting along with the U.S., in terms of just more concert activity going on globally. So yeah, but we see – we've talked about international. I think we're truly delivering international now. You can see that in the numbers on every segment through the first half, and we think, again, the runway is tremendous for many years on all of these pieces.

Cameron Mansson-Perrone
Yeah, that's coming through. And then on Spotify Reserved, I wanted to follow up. Any color on how you expect that partnership to grow over time, or potential for it to scale from kind of the starting point? And Michael, you touched on kind of the desire to be good stewards of tickets

and how this facilitates that. What other avenues exist for you to help kind of drive towards that aim?

Michael Rapino
Listen, our goal is – we've got an incredible global platform at TM. Time and time again, we can show clients and artists that we're the best probably place as a first stop for someone to look for a concert ticket or a sports ticket. But everyone has partners, and we always want to make sure that we're reaching as many avenues as we can for new distribution. So we don't look at Spotify as a ticketing competitor, just as we don't look at Verizon as a ticketing competitor. Not saying they can't enter that space, in this kind of deal, this is a traditional deal where someone has paid us for some of our inventory, and we've weighed those pros and cons of, is a presale and monetizing the presale a good strategic move for our business?

And when we can get a partner that we think has good reach, like a Verizon, a Citi, or a Spotify, and get monetized for it, it's a win-win. That's the way we look at it. So the scale on their side is no different than we look at, will Verizon scale their presale program? And the answer is yes, if they want to pay us a lot more. So that's the way we look at it.

We have this incredible asset we buy called the ticket. Our job is to sell every one of them. And we look at sponsors as a great distribution partner to accomplish that goal. Maybe not on the ones that sell out in three seconds, but as we know, 90% of shows don't sell out, so we're always looking for help in distribution and new consumers to help us on those 90% of shows that don't sell.

Cameron Mansson-Perrone
Makes sense. Thanks.

Operator:
The next question comes from the line of Peter Supino with Wolfe Research. Please proceed.

Peter Supino
Hi. Following up on Joe's comments on Venue Nation and the journey from opening to full revenue productivity, I wondered about the path from breaking ground to generating revenue. Should the increase in CapEx from $600 million or so in 2024 to $1 billion in 2025, should that have the most impact in the summer of '27, or is that more of a '28 event in terms of shifting from construction to sales? And then a question for Michael on Japan. I wondered if you'd discuss the growth opportunity there. And do you think about, say, on a five-year horizon, that opportunity is being measured in the tens of millions or the hundreds of millions of AOI? Thank you.

Joe Berchtold
Yeah. Just in terms of timing, I think that a build for an arena or large theater is generally two to three years. And then as I said, it's probably between about two years after you complete the

building. So when we're talking about the increases in 2024 to 2025, obviously a chunk of that we have been spending, and so some of those venues will get completed. Others aren't going to get completed until '26, '27. So I think it's probably '28 before we really start seeing the impact of that increase in CapEx. But what we focused on along the way to continue to deliver growth is why we're also augmenting it with some acquisitions. So as I've just said, we've acquired three arenas. That'll provide more of the growth catalyst in '27. We're using that to move forward more quickly.

Michael Rapino
As far as Japan, it's one of the great pop markets in the world. It's a $1 billion-plus live business. We have a very small market share today. So we think over time, we can grow our market share and capture a good percentage of that global business that is in there. 90% of business is local, Japanese business, so critical we finally found the right partner. So with our global tours as well as building our local business, venues, ticketing, all of the pieces we bring to the table, we think it's a very good business over the next five years.

Operator
And the next question comes from the line of Batya Levi with UBS. Please proceed.

Batya Levi
Great. Thank you. On the ticketing side, can you generally talk about where we are in terms of some of the new investments you've been making on the platform, use of AI, and the progress you've been making towards unsold tickets? And just a quick follow-up on the Spotify sponsorship. Did that kick in at the end of May, or is it a 3Q event? Thank you.

Joe Berchtold
Sure. First on TM, I think we've been extremely happy with the progress we've been making under Saumil over the past nine months or so under his leadership. I think he has continued to make a lot of strides in terms of the platform and now has a clear roadmap for how we're going to continue to improve the product, both online as well as with the mobile app. AI, it's a broad term, gets integrated into it in a lot of ways. We're obviously working with AI platforms because we think it's a great opportunity to unlock more long-tail discovery of what TM has when people are looking for events.

At the same time, we're using AI to help power our coding and development at Ticketmaster, and then we're also looking to integrate it more in the direct fan experience when they're onsite or in the app to continue to have discovery. I think that selling unsold tickets will be an ongoing proposition, helping fans discover the shows, helping make sure we have the right information on how to price the tickets, how to market the tickets, what promotions make sense. So that'll be an ongoing effort. I think we continue to make good progress in terms of how we use the data and lay the opportunities out in front of the fan, and that's in part being borne out by continued very strong ticket sales, and that'll continue over the next while.

Michael Rapino
We launched Spotify in May with Role Model as their first Reserved.

Batya Levi
Got it. Thank you.

Operator
And the next question comes from the line of Peter Henderson with Bank of America. Please proceed.

Peter Henderson
Great. Good afternoon and thank you for taking the question. As artist conversations and venue bookings for 2027 develop, how does the early touring pipeline compare with 2026 across stadiums, arenas, and amps? And then also, how should we think about the key growth levers, additional supply, international, new venue capacity for next year?

Michael Rapino
Well, look, on the key growth, I assume you've been to our investor day. We've been pretty consistent year after year on how we're going to grow this global business. There's a global platform out there, lots of untapped markets for us, and we're going to keep expanding and building our business on a global basis. And that alone will drive our show count, which ultimately drives all of the other pieces.

'27 looks like a strong year. We already have a big percentage of our bookings in for next year. We see another strong global year of both stadiums, arenas, and amphitheaters. Still early, but very encouraging from what we see booked in the calendar so far.

Peter Henderson
Thank you.

Operator
The next question comes from the line of Robert Fishman with MoffettNathanson. Please proceed.

Robert Fishman
Hi, good afternoon. Two questions, please. As you think about all of the success you've seen in Latin America, can you just help us think about – or how you characterize the growth from here? Maybe what inning you think you're in and what the key markets to drive that growth even higher. And then maybe just a follow-up on Venue Nation. As you think about the ramp and the updated CapEx guide for full year 2026, any early way to think about or update for '27 now that you've given us the pipeline on the larger venues? Thank you.

Michael Rapino

In Latin America, we're still in early innings. We're very underdeveloped in Brazil, which is kind of like Japan, the big market. But the other markets, we announced this morning, an arena in São Paulo, Brazil. We've announced a couple of other arenas in the Latin market, but those are still far from being operated. So we're in the second inning of the nine-inning game on a multi-billion-dollar business in Latin America.

Joe Berchtold
And then in terms of the CapEx next year, obviously, we're still early stages of the planning process, so can't get too specific. But I think what you can see is, is this is a largely organic, incremental effort. We're just up a bit more this year than we were last year. It'll be framed by the opportunities for next year, and it's a little bit lumpy based on the timing of the builds, but it'll be incremental to what we have now. We're not doubling, tripling; we're not leaping. I think we're continuing to be very focused on finding the right projects that are going to deliver the returns we're looking for and turning down a lot of projects that don't. That'll continue to be our MO.

Robert Fishman
Great. Thank you both.

Operator
The next question comes from the line of Steven Cahall with Wells Fargo & Company. Please proceed.

Steven Cahall
Thank you. A couple on Venue Nation. Just first, as investors, I think, look to understand the investments a little better. The guidance is for Venue Nation fans to grow faster than third-party. Is that just because there's more third-party venues, or is there something structurally superior about the Venue Nation portfolio where you would expect the growth rate longer term to be higher there than it is for kind of the mix of third-party assets?

Then relatedly, with the 15 million fans run rate you're looking to add by the end of next year, I mean, I think that would imply, unless the venues come online very late in the year, that you'll have another double-digit year for fan growth in '27. I was wondering if that's something you'd be willing to comment on at this point. Thank you.

Joe Berchtold
Yeah. In terms of the fan growth this year, first of all, there's way more third-party venues than there are Live Nation-operated venues. We run the small minority of venues. The growth is because we operate them. We've got a lot of effort put into continuing to build the show count. And at the same time, we're adding some new venues, so we have the double benefit of both focus on filling the buildings we have and adding new buildings. Whereas with third-party, you're focused on incremental show count. So you have more pieces that you're working with

on your operated, and I think it’s premature to talk specifically about next year and how that 15 million [fan] run rate flows in.

Operator
Thank you. Ladies and gentlemen, this concludes the question-and-answer session, and I’d like to hand the call back over to Michael Rapino for closing remarks.

Michael Rapino
Thank you, everyone. Have a great summer. Hope to see you out at a show. Talk to you soon.

Operator
Thank you. This concludes today’s conference. You may disconnect your lines at this time and enjoy the rest of your day.