LIVE NATION ENTERTAINMENT

Third Quarter 2026 Earnings Conference Call Transcript
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Presenters
Michael Rapino – President and CEO
Joe Berchtold – President and CFO
Amy Yong – Head of Investor Relations

Q&A Participants
David Karnovsky – J.P. Morgan
Stephen Laszczyk – Goldman Sachs
Brandon Ross – LightShed Partners
Cameron Mansson-Perrone – Morgan Stanley
Ian Moore – Bernstein
Kutgun Maral – Evercore ISI
Steven Cahall – Wells Fargo & Company

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

Amy Yong
Good afternoon, and welcome to the Live Nation Third 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. We will now be conducting a question-and-answer session. If you would like to ask a question, please press star, one, on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two, if you would like to remove a 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 while we poll for questions.

And the first question comes from the line of David Karnovsky with JPMorgan. Please proceed with your question.

David Karnovsky
Hey, thank you. Joe, I wanted to see if you could unpack the Q3 result a bit. It looks like fan count came in even higher than expected. So can you give some color on where you saw that added growth and how it flowed to concerts and ticketing AOI? And can you also just remind us of any preopening expense growth in the quarter?

Joe Berchtold
Thanks, David. Yeah, great quarter for concerts with attendance of over 60 million. I think the first time we've had that level of attendance, up almost 20%. Both North America and International doing well. International, in particular, was up 29% and every one of the regions, so Latin America, Europe, Asia, all up at least 15%. So we're seeing consistently strong performance globally. In North America, we had a very good amphitheater, including September being our largest amphitheater month overall.

And then globally, it was a very big stadium quarter. Stadiums drove over half of the global fan growth, up measurably in both North America and Internationally. North America, a chunk of that being the timing that we've talked about before, where the stadium timing this year was a bit later than it was in previous years, just given how we had to manage the logistics around the World Cup. So overall, excellent, and that obviously flowed through to the ticketing business. Ticketing business, 95% of their growth was from concerts, so certainly benefited from the great attendance that we had at our shows.

Operator
Thank you. And the next question comes from the line of Stephen Laszczyk with Goldman Sachs. Please proceed with your question.

Stephen Laszczyk
Hey, great. Thanks for taking the questions. Joe and Michael, maybe just digging a bit deeper into the growth at Ticketmaster. It's come in a bit better than expectations over the course of this year. I think you're now calling out high single-digit AOI growth for the full year, just would be curious if you could talk more about the strength you're seeing play out this year, the durability of those trends and then ultimately, how you would expect to close out the year for Ticketmaster.

Joe Berchtold

Sure, I'll get that started. So first of all, better than expected even in terms of the fan growth in our concert business, which we've now guided towards close to 180 million. So that obviously supports the Ticketmaster business. Ticketmaster has also continued to add a number of clients, particularly internationally, with over 20 million net new tickets so far this year. So that continues to perform well.

We had flagged a year or so ago that we thought that there was likely to be some headwinds on the secondary side as we really continue to increase the enforcement on the concert secondary, which we expected to reduce that business. And as we noted, we have some offsets with increased performance on the sports side. So we're not seeing that headwind for the year.

So with that, we took up our guidance to now expect high single-digit AOI growth for the year. It's been great year-to-date. Q3 was very strong, in part because we had a number of substantial on sales for shows next year, Harry Styles, Bruno Mars, Oasis, Metallica, all being substantial on sales in the third quarter. So that's already set us up now with some nice momentum heading into next year.

Operator
Thank you. And the next question comes from the line of Brandon Ross with LightShed Partners. Please proceed with your question.

Brandon Ross
Hey, thanks for taking the questions. First, I just wanted to get a clarification or follow-up on David's question and wanted to hone in on the impact of Venue Nation, specifically on your concert numbers. There's a lot of moving pieces there. You're acquiring venues, preopenings in others, but the O&O fans should be more profitable. So how should investors think about how that all nets out at this point in time?

Joe Berchtold
Yeah, as you said, Venue Nation is having a great year, expect to have about 75 million fans attend our venues worldwide. So we're seeing solid growth from that, continued solid growth as well from third-party fans as we're looking at roughly 20 million fan growth overall. So I would say pretty comparable contribution to our overall fan growth from the year from both operated and non-operated fans. Clearly, the operated fans are higher profitability per fan, higher margin per fan. When you look at the overall numbers, the couple of pieces you need to take into account with your math are one is the stadium fans because those are the highest-priced tickets will tend to be a lower margin.

And then preopening costs that we've talked about, which is just as we're ramping up the venue side, these early years, this year and for the next couple of years, we're also ramping up preopening costs. So that all just needs to get put into the math. And as we get into next week in our Investor Day, we'll lay out more for you guys; the ramp of what we expect in terms of the

venue fans as well as the investment overall, including the preopening costs over the next few years.

Operator
Thank you. And the next question comes from the line of Cameron Mansson-Perrone with Morgan Stanley. Please proceed with your question.

Cameron Mansson-Perrone
Thanks. Afternoon. To follow up on Venue Nation, you've acquired a handful of venues this year. Some of those like Milan, I believe, have closed. But could you give us an update on what's closed and what you're expecting in terms of the timing of acquisition closes across some of these markets like Prague, Paris, Santiago, Copenhagen, for example? Thanks.

Michael Rapino
I think you all know we have an Investor Day next week. We're trying to get today to anything that you want kind of specific around the quarter, but we're going to take you through a great presentation next week and give you much more detail around Venue Nation, what rolls out, AI impact, all the good things you want to know about the next few years on what we're rolling out to build your model. So we'll see you there next week and give you those details.

Operator
Thank you. And the next question comes from the line of Ian Moore with Bernstein Research. Please proceed with your question.

Ian Moore
Hi. Thanks again. Just to hone in again on kind of the Venue Nation openings this year in the quarter, you've acquired and obviously opened organically a number of venues. I guess of the ones that are joined this year, still ramping, what's kind of been the biggest, I guess, surprise versus your expectations and what's driving that? Is it more shows, more spend per fan, maybe sponsorship? Thank you.

Joe Berchtold
I think the main thing that we've seen this year, both at our operated and third-party, is just the strength of the consumer, right? All year, we've been reading in the press about all the concerns about consumer spending, are they going to keep going to shows? Are they going to keep spending at shows? Will shows close? Will they go on sale well? And we are absolutely seeing continued strong consumer demand globally in all these venues.

And you look at some of the amphitheaters we opened here in the U.S., had just about a full slate of shows, performed very well. Premium did well, continue to see strength there. The few arenas we've acquired in Europe, all of them doing well. Sponsorship sales on the B2B side continuing to do well. So I wouldn't call out any one of them as being particular, but I would just note the continued strong dynamics on all of the venues.

Operator
Thank you. And the next question comes from the line of Kutgun Maral with Evercore ISI. Please proceed with your question.

Kutgun Maral
Great. Thanks for taking the questions. I had a follow-up on concerts where you had a really strong quarter. If I look at the first nine months of the year, concerts AOI is up about 4%. So your outlook for double-digit growth implies that the fourth quarter loss narrows by at least $30 million or so versus last year, and I imagine it will narrow meaningfully more than that. I guess with fans now approaching 180 million for the year, that implies about 12% fan growth in Q4. Can you help unpack the main drivers of the implied AOI improvement a bit more for next quarter? Thanks.

Joe Berchtold
Yeah. I think we've said a number of things over the course of the year. I think we got into pretty good detail over the first couple of quarters, explaining what was going on with the results for each of those quarters and how we saw the full year playing out. I think we've been consistent that we expected to see AOI growth for the full year in concerts hitting double-digits, and we reiterated that today.

So no change in that overall expectation. I laid out earlier some of the puts and takes that we have, very strong overall fan growth, strong in both venues we operate as well as third-party venues. The margin and per fan economics can get impacted by what type of venue it is sometimes, but I think we've given you the pieces there, and then we've also given you the preopening costs.

The last piece that I would note as being an impact is the marketing expense that gets written off for prepaid advertising at the end of the year. We noted here that through the third quarter, that was up double-digits. So you can assume the very good news that our fourth quarter gets impacted by prepaid advertising for tours that are on sale and performing well for next year. So that's the best problem in the world to have.

Operator
Thank you. And our final question comes from the line of Steven Cahall with Wells Fargo. Please proceed with your question.

Steven Cahall
Thank you. So just wanted to understand the upgrade to fan count growth. I think it's about 3% above what you'd guided to before. Is that upside from your expectation that you're all seeing in the second half, or is it more that as you've gotten visibility into the year, you're more comfortable upgrading that? Just trying to understand how the business is performing versus your expectation as we roll into next year and if you feel like you have incremental momentum.

And then just a housekeeping one, how do we think about the partner share of venue CapEx flowing through the cash flow statement in 2026? Thank you.

Joe Berchtold
So on the upgrade to the expected attendance, I think it's – number one thing is the shows are just consistently doing well. So our sell-through rate is higher this year than it was last year. Our cancellation rate is lower. At the start of the year, we probably would have been planning for those to be in line. So for those to outperform, at our business, that can account for millions of incremental fans.

I think we've ended up stronger on our stadium volume than we thought early in the year, given what we had to manage through with the World Cup here in the U.S. Those would be your two largest factors that would have driven the increase. In terms of how we're managing all of the economics, why don't we save that one for Investor Day, so we can go through in more detail and make sure we're answering all of the questions on how the capital is being deployed, what pieces of it are ours versus partners, and what the implications that has for IRRs and rates that we're seeing every year.

Operator
Thank you. And that concludes the question-and-answer session, and that also concludes today's teleconference. We thank you for your participation. You may disconnect your lines at this time.