

First Quarter 2025 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

Brandon Ross – LightShed Partners

David Karnovsky – J.P. Morgan

Stephen Laszcyk – Goldman Sachs

Cameron Mansson-Perrone – Morgan Stanley

Peter Henderson – Bank of America

Benjamin Soff – Deutsche Bank

Kutgun Maral – Evercore ISI

David Joyce – Seaport Research Partners

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 First Quarter 2025 Earnings Call.

I would now like to turn the call over to Ms. Amy Yong. Thank you, Ms. Yong. You may begin your conference.

Amy Yong

Good afternoon, and welcome to the Live Nation First Quarter 2025 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 your confirmation tone will indicate your lines 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. And our first question comes from the line of Brandon Ross with LightShed Partners. Please proceed.

Brandon Ross

Hey, guys. Thanks for taking the questions. I wanted to dig deeper on the Ticketmaster results. Was really surprised to see revenue and AOI down given the amount of stadium activity. And really, the 2025 supply side in general. I see deferred is up a lot in the Q2 start, and so I assume part of this is timing related in international markets and O & O, but what are some of the other factors that influence the results, and should we expect improvement the rest of the year?

Joe Berchtold

Hey, Brandon, it's Joe. I'll start with that one. So for the TM, yeah, there are a couple of pieces, both the activity that was reported in the quarter, as well as the deferred. So for the activity that was reported in the quarter, what we had was more Live Nation concerts activity, less other promoters and less non-concerts activity. So more specifically, for the quarter, Live Nation concerts through Ticketmaster were up 12% year-on-year. Other promoters were down 2%. And then, overall, concerts were up 4% but other categories, sports, arts, family were down 9%.

When we were doing our planning and talking a few months back on expectations for the quarter, at that point, we didn't have any reason to anticipate this lower level of activity in the other parts of the business. Everything that we've seen points to its supply, no demand issues. It's just less supply year-on-year. And when we were doing some of our forecasting, we were expecting consistent levels, and therefore, the growth in Live Nation would have carried through to higher growth.

Then on the deferred side, yeah, we have deferred for Ticketmaster up 13% for the quarter. If that deferred had all been recognized, revenue for the quarter would have been up. But overall, what we have is more deferred between international volume growing, which is substantially deferred through the promoter allocation, continuing to increase our operated venue portfolio, while the flip-side is, is the cost get incurred in Q1, the AOI for those tickets doesn't get recognized until the events take place, which will be largely in Q2 and Q3. The other couple pieces of macro context is, is just what we're seeing is a bit later on sales timing, with more concerts activity in H2 than last year. So we're seeing those on sales and continued strength, particularly, as you noted, for April being up 22% globally through the first part, and we expect probably two-thirds of the Live Nation concert fan growth to be in the second half this year, in terms of when the events actually take place and that fan growth happens. So you're seeing a bit of a just a little

later timing of those on sales. And you've seen some huge on sales for Chris Brown, Lady Gaga and others this month.

And then finally, the one area that is also hitting Ticketmaster is FX this year. While FX is rebounded for a lot of markets, for Mexico and Latin America, it's still a headwind, and Ticketmaster took about 60% of that headwind in Q1, in terms of its portion of the overall company's headwind, and we project it to be kind of two-thirds of the headwinds in Q2. So it's going to have a little bit of a reported impact in the short-term. As you said, all of this is in the context of massive growth in deferred revenue for concerts and good double-digit growth in deferred revenue for Ticketmaster. So we're still confident we'll get some good growth out of Ticketmaster for the year, but we didn't see a play through in Q1 as much as we expected.

Brandon Ross

Got it. It sounds, from that answer, that you're not seeing as much headwinds from tariffs or other economic issues in the consumer yet. And you could correct me if I'm wrong but wanted to get a sense of what the potential disruption is if there is a slowdown in the consumer. And I guess two legs to that. One is how much of the year, especially concerts, is already in the bag through your on sales and sponsorship, and then for the parts that are more real time, like amphitheaters, what can you do if you do see the consumer weaken to protect AOI?

Michael Rapino

I'll start on demand, and then Joe can jump in. I mean, Brandon, on the concert side, and, you know, it's the question every CEO gets asked, and are you feeling the consumer pullback at all? We haven't felt it at all yet. So a lot of our stuff is on sale October, November, December, so that stuff would have already been to the system. The real number we look at is what have we done from April 1 to April 21st, the most relevant on sale period.

We put a lot of shows on sale in the month of April. Chris Brown sold a million tickets this month; Mumford & Sons, 300; \$uicideboy\$, Lady Gaga sold out, up 18% year-over-year. So any data we have right now up until last week, whether it's a festival on sale or a new tour or show that went on sale, complete sell-through and strong demand and beating last year's numbers. So we haven't seen a consumer pullback in any genre, club, theater, stadium, amphitheater. We haven't seen it all happen yet.

Two, sponsorship, we've got over 80% of our business contracted this year so far. We're up over last year. Again, because we deal on more longer-term relationships, we don't feel it. We don't have a weekly digital buy that can be canceled. Ours is the longer-term commitments. And we still see brands flocking and exploring, and we're attracting new brands all the time. So we've seen no sponsorship pull back yet. And as you said, the last thing that we really don't have enough data on yet would be the summer food and beverage and kind of on-site. We haven't seen anything. We had 11 amphitheaters played out so far. We had a festival on the weekend. We've had theaters and clubs. None of that yet has said that they're buying one less beer or they're consuming less on-site, on any consumer pullback. So we're actively working around our menu

for the summer, pricing it right, making sure we got affordability built into it, and a wider menu to attract and build on. But so far, those three legs of the stool, the consumer demand, sponsorship and on-site, we haven't seen what others are seeing yet.

Joe Berchtold

And just in terms of, Brandon, what we're doing is, is we're obviously tracking on a weekly and daily basis, all of those numbers, how are shows that are going on sale doing, what's the sell-through level, how are shows closing, what's happening on-site? So we're watching all of that. Michael just gave you all the stats that are current, so we're continuing to watch that. We'll adjust as need be. And while we're generally growing, we've learned during COVID, we know how to take costs out, and if we need to take cost out of the business, we're fully capable and ready to do that. We don't think we're in that situation, but we have every lever at our disposal that we'll continue to monitor.

Brandon Ross

Great. Thanks so much.

Operator

The next question comes from the line of David Karnovsky with J.P. Morgan. Please proceed.

David Karnovsky

Hey, thanks. Maybe I'll just stick with the shape of the year. You said concert margin flat for 2025. I think, historically, you've kind of shied away from giving margin guide. Obviously, the Q1 result versus '24 helps, but maybe, can you speak to the rest of your expectations, especially kind of Q4 which has some moving parts, like it's a bigger quarter, I think for OCESA, you have the advertising expense for next year. Just any kind of help there would be appreciated.

Joe Berchtold

Yeah, just, we're looking through all the pieces, and we're feeling good about how concerts is shaping up for the full year, I think, even better than we felt two or three months ago. While your profitability may not be as high in your biggest shows, you do get tremendous scale out of that, scale out of the organization, and we're driving a lot of volume and big growth in volume while continuing to manage our cost structure. So we think that this year, we'll be able to be at, around the same sort of margin level as we were at last year. It's not a target so much of as we model it out, how it feels like we're going to end up.

David Karnovsky

A bit of a separate topic, but on your purchase of Hayashi, it seems like you've been circling a deal in Japan for a long time. Just wanted to see if you can give some background on the transaction. How should we think of this in terms of financial materiality, or strategic benefits for running tours in the APAC region? Thanks.

Michael Rapino

Yeah, it's been a target for a long time. It's an incredibly important market, one of the largest music markets in the world. It also, obviously, one of the toughest markets to operate from the outside. You've got to be you've got to find local, established partners to really scale your business, similar, like, we did it in OCESA, in Latin America. Pacific Rim, we've been looking for this one to get done. There's three or four, pretty much three historic, large promoters in Japan that have had a strong control over the market for many years.

We're thrilled that we were able to finally get our deal done with HIP. Kaori, who is a young executive, daughter of the original founder. We're really, really happy to be in business with her, and her established family and business. And it's already – they met in terms of how we're planning to get avails, now we can promote directly in Japan and we're not selling off to other promoters who control the diaries of the venues. So a huge strategic deal for us to have one of the founding Japanese promoters as our partner now, and it'll be continued building upon that, in terms of our venue, our festival, and bringing more shows there. So important step, and it'll be another large AOI contributor to our overall business over time.

David Karnovsky

Thank you.

Operator

The next question comes from the line of Stephen Laszczyk with Goldman Sachs. Please proceed.

Stephen Laszczyk

Hey, guys. Thanks for taking the questions; two, if I could. In the press release, Joe, Michael, I think you mentioned the ramp in Venue Nation venues that expect to come online over the next year or so. Curious, if you'd maybe talk a little bit more about the pacing there and then, to the extent we could expect any incremental returns to flow through the P&L, AOI generation in the concert segment, for instance, how you would encourage us to think through that? And then maybe, secondly, just for Joe on regulatory. I think the latest update we got this past week is the DOJ states trying to bifurcate the case. Curious, if you just update us on the latest there and how you're thinking about the case at this point? Thank you.

Joe Berchtold

Sure, just on the venues first. Out of the 20, I think the current view is we're going to have four of those open by the end of the year. So I would take what we've given you in magnitude and probably just, that's your clear run rate addition for next year, from shows opening this year. The others will all open up next year. So I haven't modeled this out exactly, but I'd give a bit of benefit, but certainly not a full run rate, because it'll take some time to get those shows booked for the full slate. So I think you're going to get the full run rate going into '27, but next year will be a partial year. We'll guide you guys more as we get exact opening dates and a feel for how we're booking those venues.

On the regulatory front, we're still mid process at this point. Continue to have an early March 2026 date for the timing of the court case. This is a period where you're spending these months, discovery, depositions, working through. I don't think we have anything material. No surprises, nothing unusual, that we just kind of continue along in this part of the process at the moment. And we're still hoping that when the timing is right, we'll have an opportunity to get into some real discussions with them. But that hasn't happened yet.

Stephen Laszczyk

Great. Thank you.

Operator

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

Cameron Mansson-Perrone

Thanks. First, nice to see in the concert segment, a solid improvement in AOI per fan growth, meaningfully higher AOI on, I think, a similar fan volume, but any color on kind of what helped you deliver that improved per fan monetization at the concert segment this quarter?

Joe Berchtold

Yeah. You know us, we don't tend to manage super tight on quarters with some of that. There's so many moving pieces. I think, overall, what we're seeing this year, as I mentioned earlier on how it flows through to the margin, is because of the great scale of activity that we have, relative to our cost structure, we're seeing some growth in those overall numbers that we expect to hold for the full year. We don't yet have the on-site activity at the scale in our amphitheaters and festivals to have that impacted yet, but it's just a good mix so far, and some scale, and we expect that improved profitability to carry over the course of the year.

Cameron Mansson-Perrone

Got it. There's obviously been a lot of venue mix, and change has kind of been particularly active it feels like the last couple years. As we look forward to '26, do you think that we've kind of reached a point where the fluctuations year-to-year in venue mix activity start to look more stable going forward, or any commentary on kind of where you see growth across kind of venue types occurring going forward or over the next several years?

Michael Rapino

No, I mean, on a macro level, we're thrilled that there's a new level of demand that's driving stadium shows. People, for years, used to say who's going to be the next Rolling Stones? And as you can see by the lineup this year, these are young artists, new artists and established artists that are able to now sell stadiums around the world. So I think it's just a testament to the demand and the consumer demand out there. So no, I think there's things that, like, next year, there'll be the World Cup, that throws a lot of venue avails off in stadiums, so you might have more arena

dates than stadiums. The Olympics last year in Europe threw off stadiums in Europe. So there's some things like that, that drive some of the avails.

Our biggest challenge right now is finding avails in stadiums for next year and the year after on Thursday, Friday and Saturday nights. That sometimes drives you into arenas if you can't get your avails. But overall, we just think it's a testament on a global basis. We just sold out a bunch of Coldplay dates in markets like India and Seoul. So we think, globally, stadiums demand is growing, will continue to grow, will continue to be a strong market for both festivals, arenas and stadiums. And the only fluctuation was just driven by some local economics in terms of other sports or other things taking up avails.

Cameron Mansson-Perrone

Got it, very helpful. Thank you both.

Operator

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

Peter Henderson

Great. Thank you for taking the question. So there's been a lot of discussion around premium pricing and efforts to prevent leakage to scalpers and the secondary market. Just curious, how do you manage the proper pricing model, which perhaps in certain instances, doesn't mean immediate sellouts, while maintaining this perception of scarcity that perhaps helps to create a feeling of FOMO for fans? And also, where do you think you are in terms of the proper pricing model? Is there still a lot of room to fine tune that model? And finally, can you just provide some additional color on the 8% decline for the average get-in price across stadiums and how you're managing affordability initiatives with revenue optimization? Thank you.

Michael Rapino

I mean, I'll start on the macro. I mean, when you sit with the artist, the artist I always say, are the smartest brand managers out there. They're very focused on their fans, what they stand for, and making sure they're finding that fine line on affordability and paying for these fabulous shows, which are growing in costs all the time. These stadium and arena shows, you might have 50, 60, transport trucks on the road, 400 crew. You're incurring millions of dollars in weekly costs. You're bringing a Super Bowl to a stadium every night, and that artist is funding that. So they're trying to find that fine line always, in how do we maximize pricing to put a great show on? How do we make it affordable for the fan? And then the third is, how do we make sure we're just not giving it all to scalpers?

So that's the premium pricing at the front of the house, a little bit of Robin Hood strategy. Let's price the front a little bit better, so the fan doesn't buy from a scalper, it buys direct. And then let's price the back end of the house a little cheaper. That's why you see some of the stadium prices come down. So how do you make sure you make it affordable throughout the house, but also, maximize that premium inventory that is probably going to get resold anyways? So it's an

ongoing discussion. Every artist has a different philosophy on it. Every artist has a different size of show they want to produce. So you work with the artist, what type of show, how big of a cost is their weekly running costs, how much revenue they need to generate to fund the crew and the show, it's pure startups. And then where's that fine line with what others are charging and what's the market dynamic? So it's an ongoing process.

Artists are smart as can be. They got accountants, lawyers. They got smart people all around them, so they're always looking at all the data like we are, and figuring out what's that fine, sweet line where I can maximize my dollars and still be affordable for my fan. And I would say, we're still in early innings of the industry becoming better at pricing, smarter at it, and the artists and managers and agents learning too. And different markets are at different levels, right? America is very advanced. Europe's very primitive still. Asia and South America are completely primitive. So you got what stage you're in in the life cycle, and rolling out pricing across other countries, and some of the learnings we have in America will take a few more years.

So we're still in what we would call a global business. We're still in early innings of being really smart at pricing. How do you price a show on a Tuesday versus a Friday in LA versus Milan? What's the middle seat worth versus the back row? How do I maximize and sell it out? And as you said, a perfect show sells out as the doors close, right, for the first show. You want to have that idea that you priced it right and maximized the market. And it's somewhere between a science and an art right now, and we provide a lot of data for our artists' team to think through what is the best model for them. But still lots of opportunity for the industry to continue to price it better, to sell-through, as well as maximize some of the high, scarce commodity tickets.

Peter Henderson

Thank you.

Operator

The next question comes from the line of Benjamin Soff with Deutsche Bank. Please proceed.

Benjamin Soff

Yep. Good afternoon. Thanks for the question. I wanted to ask about the recent executive order directing the FTC to more rigorously enforce the BOTS Act. You've been vocal advocating for this in the past, so just curious what you think greater enforcement of BOTS would mean for your business. Thank you.

Joe Berchtold

Yeah, Ben, this is Joe. Combine both the executive order, the Ticket Act that's now underway, and some of the FTC requirements for all-in pricing. I think all of these changes are great. They are all moving towards creating more transparency for the fan and more scrutiny and regulation on the secondary market. The enforcement of the BOTS Act to make sure that we have actions being taken against bad actors that are cheating to get tickets and are doing so purely to make money for themselves, for no real benefit to the fans. Some of the things in the Ticket Act which

deters speculative ticket selling and makes increased transparency in other ways take place. So we are strong supporters of all these. We think that there will continue to be more to be done even after these happen, but we're strong believers that content should control and benefit from their shows, their ticket sales, and we think that all of this is part of the tide that is turned and is doing that.

Benjamin Soff

Appreciate the color.

Operator

The next question comes from the line of Kutgun Maral with Evercore ISI. Please proceed.

Kutgun Maral

Great. Thanks for taking the questions. I had a few on concerts. First, you provided a lot of helpful color in the release on various average ticket prices and indicated that you're implementing more price tiers across venues. I was hoping you could expand on this effort a little bit more, and maybe what the driving force behind this is in terms of, is this more of a precautionary effort, since, Michael, to your earlier point, you're not seeing any signs of softness in demand, or is it something else completely?

And then, Joe, sorry to beat a dead horse and ask about margins at concerts, but it seems pretty notable to me that you expect margins to be consistent this year on a year-over-year basis, given the inherent volatility in the mix shift skewing back towards stadiums. You talked about volume and scale benefits, is there anything different in the way that we should think about operating leverage in that side of the business, or is there just a growing margin impact of Venue Nation? And I ask the Venue Nation bit because it kind of seems like you now expect Venue Nation's fan count to be up double-digits this year versus the prior guide, implying high-single digits. So I'm not sure how much of an impact that could have, but any help would be appreciated. Thank you.

Joe Berchtold

So I'll take the second one first. Yeah, absolutely, all these pieces matter. Getting more fans into the Venue Nation buildings, where we're counting the beer money and the parking and the other pieces, also continuing to grow the per fan spend, all the various initiatives we have to make sure we're catering to every fan, from the traditional beer drinker to the person who wants non-alcoholic, to the premium person, doing everything we can to reduce friction and give everybody the best experience and extract as much money as possible from each person is going to continue to drive the economics of Venue Nation, and then that'll naturally flow through to help the margins in the concert business. Long term, part of that is just a foot race between how fast we can grow Venue Nation and how fast other parts of the business grow, which is why we don't get into too much on long-term margins. But as we sit here now, we see what buildings are opening. As you said, we're now expecting double-digit growth in fans at our venues, which gives us some confidence we're going to be getting some good margin accretion from that. We're comfortable, we think margins are going to come in around the same as last year.

Michael Rapino

I'd have to ask you to restate the pricing question. I missed that one.

Kutgun Maral

Yeah. Sure. Sorry about that. The pricing question was more a matter of you talked about how you're implementing more price tiers across the venues, and I was just trying to understand the driving force behind that effort, in terms of, is it more kind of precautionary, just in case something -- we see greater softness in demand, or is there a different reason why you're trying to broaden the aperture of what pricing looks like across the venues? And I only ask because I'm trying to reconcile that effort with the commentary that you're not seeing any demand softness and just trying to understand that move a little bit better.

Michael Rapino

Yeah. No, we've been talking the pricing for a few years. And just going from where we were as an industry, we were very, very static. We had probably three price tiers for a tour, for the same cities for the same 40 dates. So Milwaukee, New York, it was \$199, \$126 and \$69. Obviously, that doesn't make sense. New York on a Friday night, it's a different market than Pittsburgh on a Tuesday. So we've made -- when I say increase in pricing, it's to do both things. It's always -- our fundamental first goal is to sell every seat, not to maximize gross and increase ticket prices. It's to sell every seat. Our business, as you know, is run by that. The more people in that building, parking and having a beer is better for us. So we're always looking to figure out, how do you make sure you're adding lower tier prices to sell-through? Also, generally, you never, ever sell back to front, you sell front to back.

So as an industry, when we say 98% of our shows don't sell out, the tickets that don't sell are always the back to middle, never the front. So our job isn't to figure out how to sell the front better. That's already been done. It's probably price it more because there's higher demand for the better seats. Our real job is to figure out how do we sell the rest of the house? So when you're dealing with an artist and you're looking at the total gross for them, you want to be able to say, listen, we can go \$39 tickets in the back, because the middle now is going to have two more tiers at \$79, so we'll make up the same gross for you, but we'll make it more affordable for the back end of the house. And that's maybe different on a Saturday versus a Wednesday, and different in Pittsburgh versus Milan.

So we're always just looking at all those variables now and saying, how do we best price the house to sell out completely and then maximize the gross. And similar, I've seen a lot of news around the buy now, pay later, Coachella, 60%. That's similar story on payment, right? We've been looking at that for years. A payment plan is nothing new. It got way more noise, or news than it should. Festivals have had pay programs forever. I think EDC created it probably 10 years ago. So most festival goers have that similar, 40%, 50%, 60%. If you give a young consumer an option of spend \$600 today or spread it over four months, of course they're going to spread it over four

months. It's probably a better program for them. So we're looking at all ways on how do you pay for it, how do you price it, and how do we continually sell out the house as the main goal.

Kutgun Maral

Very helpful. Thank you both.

Operator

And the last question will come from the line of David Joyce with Seaport Research Partners. Please proceed.

David Joyce

Thank you. I wanted to ask about any updates you can provide on the secondary ticketing markets. What have the volumes been trending like in this environment? And what are you seeing in some of these newer regions, such as in your OCESA markets? And technically, I was wondering if you could provide an update on what portion of the tickets have to stay within your ecosystem, and what agreements do you have with other third-parties to enable the broader secondary ticketing? And just wondering how that plays into the DOJ case. Thanks.

Joe Berchtold

Sorry, David. I'm not sure I track the last part. We don't have anything where tickets would go off of our platform and directly into secondary. That doesn't exist. So that's not part of our business model, nor is it part of what we or any of the artists are doing these days. In terms of secondary market, we've talked for a long time. We consider this to be a feature, as opposed to a standalone business. It's very different between sports and concerts. It's part of the sports distribution channel, selling season tickets that then get broken down into individual games by teams, just as they're selling to other fans. A lot of brokers buy those tickets.

But for us, it's a low-teens percentage of our GTV over the course of the year. We'll continue to offer it. We'll continue to advocate for reforms to make the industry as safe and positive experience for fans as possible, and we don't see this as a growth driver. We've talked a lot in concerts. We'd love to see it decline, because it means we're doing a better job working with the artists, pricing their tickets appropriately. So I don't think there's any real change in it from our perspective.

David Joyce

All right. Thank you.

Operator

Thank you. This concludes the question-and-answer session. I'll turn the call back to Michael Rapino for closing remarks.

Michael Rapino



Thank you, everybody. Appreciate your support and have a great summer, and we'll talk to you in the middle of summer.

Operator

This concludes today's conference. You may disconnect your lines at this time. Enjoy the rest of your day.