

+++ Under strict embargo until 11 July 2019, 10:00 a.m. CET +++

BVMI Half-Year Report 2019:

German music industry grows by 7.9 %

Berlin, 11 July 2019 - The German music industry grew significantly in the first half of 2019, as the German Music Industry Association (BVMI) announced today: In the first six months of the current year, the industry generated a total of €783.2¹ million from audio streams and the sale of CDs, downloads and vinyl. This is 7.9 % more than in the same period of the previous year (H1 2018: €725.9 m. after the 2018 financial statements) and marks the highest growth rate since 1993. One reason for this is audio streaming, which grew by 27.7 % and further expanded its position as the number one segment by revenue. In addition, the CD (-11.7 %) stabilized slightly with a rate of decline halved compared to the same period last year, while vinyl continued to grow after a short breather (+7.4 % compared to the same period last year). Downloads, on the other hand, declined significantly (-16.3 %), but also somewhat less than in the first half of 2018.

Overall, the digital business grew by 21.1 % in the first six months of this year to reach a 66 % share of total revenues (2018: 56.7 %). Accordingly, the physical business (-11 %) accounted for 34 % of total revenues. At 56.4 %, audio streaming has the largest share of industry revenues, followed by CDs (28.2 %), downloads (6.6 %) and vinyl (4.4 %).

Thus, the German recorded market continues to be characterised by a large variety of formats, even with the significantly growing importance of audio streaming.

Dr. **Florian Drücke**, BVMI Chairman & CEO: "Streaming is now also having a leverage effect in Germany. With a digital share of two thirds, the industry shows how far it already is on the way to digital turnaround. The reasons for the dynamic growth rates in (legal) audio streaming are, above all, attractive offers, but also the prevalence of smartphones and flat rates. Fortunately, we are seeing a growing understanding that the rights of creatives and their partners must be protected in the digital environment, and that online platforms must also be held responsible in this context."

Drücke went on: "Reliable rules in the market remain essential with regards to the digital licensing business. When implementing the European copyright reform, it is therefore important that the German legislator enters into a factual discussion after the heated debate that had accompanied the adoption of the directive."

¹ Sales measured at retail prices incl. VAT

The current BVMI figures illustrate once again how little the amount is that music consumption via video streaming contributes to the industry's turnover – that is to say, via services that so far only pay the industry a fraction of what is earned by Spotify and other audio streaming providers who purchase regular licenses: Less than 3 % of total revenue is generated by video streaming compared to 56.4 % through audio streaming. YouTube, the de facto largest music-on-demand service in the world, has the largest share of music consumption via video services, with more than 1.9 billion registered users per month, according to its own figures. For comparison: At the end of the first quarter of 2019, Spotify reported around 100 million subscription customers and, together with the advertising-financed version, had around 217 million active users per month.

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About the Bundesverband Musikindustrie e. V. (German Music Industry Association):

The Bundesverband Musikindustrie (German Music Industry Association, BVMI) represents the interests of roughly 250 music industry labels and companies who themselves comprise more than 80 percent of the German music market. As the music industry's advocacy group, the BVMI works to promote and uphold the concerns of the music industry among German and European policymaking bodies. It also serves the public as the central contact partner for all issues relating to the music industry. In addition to the compilation and publication of market statistics, the BVMI portfolio also includes many other industry related services. Since 1975, the BVMI has handed out its GOLD and PLATIN awards to the most successful artists in Germany. It launched its DIAMOND Awards in 2014 and has also commissioned the compilation of the Official German Charts since 1977. In 2013, the BVMI started its PLAYFAIR initiative, which provides consumers with guidance with regard to online music consumption.

For more information, please visit: www.musikindustrie.de, www.playfair.org