The IMS Business Report 2014 covers five different aspects of the industry

1. **Music**
   Sales of tracks by country and analysis of most popular tune

2. **DJs & Live Acts**
   Profiles of leading artists, including social media following

3. **Clubs & Festivals**
   Popularity of festivals and focus on Indian market

4. **Companies & Brands**
   Key players in industry, recent M&A activity and partnerships

5. **Industry Overall**
   Updated estimate of value and growth of Dance Music globally

*Hint: follow the sections through the report by looking for the starred number at the top of each page*
In the USA, Dance was the only genre to achieve positive growth in digital track sales in 2013.

USA Digital Track Sales by Genre
(YoY % Change 2013)

- **ROCK** (12)
- **POP** (15)
- **R&B/HIP-HOP** (6)
- **COUNTRY** (2)
- **DANCE/ELECTRONIC** 8

- For the second year in a row, Dance was the highest growing genre in terms of tracks sold.
- Dance’s share of both digital tracks (5%) and albums (3%) also improved for the third consecutive year.
- In 2014, the Grammy awards for best album & record went to a dance act for the first time ever (Daft Punk).

Dance’s share of single, album & compilation sales in the UK reached a 7 year high in 2013

- Dance music share of all formats grew strongly in 2013 versus 2012
- The genre is now back to, and in some cases exceeding, the levels reached in 2005/06
- 12 of the 100 top selling albums were Dance in 2013 (vs 5 in 2012)
- These included releases from Rudimental, Calvin Harris & Disclosure

Source: Official Charts Company / BPI
Google’s music timeline shows global popularity of Electronic Music is now at an all-time high

Dance / Electronic Music – Popularity by Year
(1985 – April 2014)

* Relative popularity of Dance / Electronic music by year of release, using number of users who have an artist or album in their music library, normalised by total number of albums released in that year

Source: Google Music Timeline: http://research.google.com/bigpicture/music/#DANCE ELECTRONIC
Avicii’s ‘Wake Me Up’ is the most streamed track of any genre on Spotify, at over 200m streams.

Track achieved 100m streams in September 2013, 200m in February 2014, and could now have hit 250m!

Source: Spotify
However, YouTube has the most ‘plays’ of the track, and downloads generate the most revenue.

Avicii – Wake Me Up – Views / Plays & Estimated Track Revenue by Source*

INDICATIVE

Note: * As at April 2014; Total revenue to all stakeholders
Source: channel websites, official chart bodies, Google, BPI, Wikipedia, The Cynical Musician, IMS Analysis
Forbes (much debated) estimates suggest the earnings of the top DJs & Artists doubled in 2013

Comparing Forbes’ other earnings lists suggests Calvin Harris earned more than Cristiano Ronaldo ($44m) & Jay-Z ($42m) in 2013

Source: Forbes; Note: * Excludes ‘DJ Pauly D’
Younger DJs, such as Hardwell, have grown their Facebook fan base at 20 times the rate of Guetta.

Source: Rankingz EDM Monitor 2013
On average, DJs increased their Twitter followers by 77% in 2013, with some achieving 400% growth.

<table>
<thead>
<tr>
<th>Twitter (YTD Dec ’13)</th>
<th>Increase in Followers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dimitri Vegas &amp; Like Mike</td>
<td>400%</td>
</tr>
<tr>
<td>W&amp;W</td>
<td>300%</td>
</tr>
<tr>
<td>Nicky Romero</td>
<td>200%</td>
</tr>
<tr>
<td>Nervo</td>
<td>100%</td>
</tr>
<tr>
<td>Alesso</td>
<td>0%</td>
</tr>
<tr>
<td>Hardwell</td>
<td>0%</td>
</tr>
<tr>
<td>Knife Party</td>
<td>0%</td>
</tr>
<tr>
<td>Daft Punk</td>
<td>0%</td>
</tr>
<tr>
<td>Aly &amp; Fila</td>
<td>0%</td>
</tr>
<tr>
<td>Avicii</td>
<td>0%</td>
</tr>
<tr>
<td>Sebastian Ingrosso</td>
<td>0%</td>
</tr>
<tr>
<td>Axwell</td>
<td>0%</td>
</tr>
<tr>
<td>Calvin Harris</td>
<td>0%</td>
</tr>
<tr>
<td>Dash Berlin</td>
<td>0%</td>
</tr>
<tr>
<td>Markus Schulz</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Rankingz EDM Monitor 2013

- On average, DJs increased their Twitter followers by 77% in 2013.
- 3 of the top 4 DJs in terms of growth are duos – Dimitri Vegas & Like Mike, W&W and Nervo.
- The World’s #1 DJ, Hardwell, was 6th highest, more than doubling his Twitter followers in the year.
Ranking DJs using online data produces some different results to the 2013 DJ Mag Top 100

Source: DJ Mag Top 100, 'The Top 100 DJs of 2013, by Data' presented by JustGo + toppletrack

<table>
<thead>
<tr>
<th>2013 Ranking by Source</th>
<th>Top DJs</th>
<th>2013 Ranking</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hardwell</td>
<td>1</td>
<td>Hardwell is #1</td>
</tr>
<tr>
<td>2</td>
<td>Armin van Buuren</td>
<td>18</td>
<td>Relatively stagnant fan base</td>
</tr>
<tr>
<td>3</td>
<td>Avicii</td>
<td>6</td>
<td>Massive social media fan growth</td>
</tr>
<tr>
<td>4</td>
<td>Tiesto</td>
<td>14</td>
<td>Huge musical success</td>
</tr>
<tr>
<td>5</td>
<td>David Guetta</td>
<td>11</td>
<td>Up &amp; coming artists / DJs</td>
</tr>
<tr>
<td>6</td>
<td>Dimitri Vegas &amp; Like Mike</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Nicky Romero</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Steve Aoki</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Afrojack</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Dash Berlin</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Skrillex</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Deadmau5</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Alesso</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>W&amp;W</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Calvin Harris</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Zedd</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Knife Party</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Swedish House Mafia</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>44</td>
<td>Krewella</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>64</td>
<td>Diplo</td>
<td>34</td>
<td></td>
</tr>
</tbody>
</table>

- DJ Mag Top 100 is based on public vote
- JustGo / toppletrack methodology considers social media fans added in year (30%), total social media fans (60%) & Google mentions related to piracy notices (10%)
In one year Hardwell has quadrupled the fans he adds per day, peaking at 70k on 31st March 2014.

### Hardwell Total Fans Added by Day (5th Feb – 5th May 2013 & 2014)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg</td>
<td>7</td>
<td>27</td>
<td>382%</td>
</tr>
<tr>
<td>Max</td>
<td>16</td>
<td>70</td>
<td>431%</td>
</tr>
</tbody>
</table>

- **Ultra 2013** (2 weekends)
- **Ultra 2014** (1 weekend)

Source: Music Metric
Festivals & Clubs

Festivals have started to match DJs on social media, and exceed them on YouTube views.

Total Facebook Fans

- **DJs**: David Guetta, Tiesto, Hardwell, Tomorrowland, Ultra, EDC, Pacha, Space, Amnesia
- **Festivals**: Tomorrowland, Ultra, EDC
- **Clubs**: David Guetta, Tiesto, Hardwell, Tomorrowland, Ultra, EDC, Pacha, Space, Amnesia

#1 DJ and Top Festival have similar Facebook following.

Total Views of Most Popular Video

- **DJs**: David Guetta, Tiesto, Hardwell, Tomorrowland, Ultra, EDC, Pacha, Space, Amnesia
- **Festivals**: Tomorrowland, Ultra, EDC
- **Clubs**: David Guetta, Tiesto, Hardwell, Tomorrowland, Ultra, EDC, Pacha, Space, Amnesia

*Includes Matinee Group Video

Source: Facebook, YouTube (as at 7th May 2014)
Electronic Music fans are much more engaged on social media, especially during live events

- 11 tweets per day (Vs 1.85 twitter average)
- 1 in 3 posts are about EDM – 52% more than fans of other genres
- 17 m posts per annum from EDM concerts
- 4x more tweets about the music they listen to
- 30% more talk about concerts & events
- 1 in 4 posts about EDM occurs during a live event

Source: Eventbrite EDM Audience Analysis
The Indian festival scene exploded in 2013, with capacity almost doubling & several new events

- Sunburn has dominated the festival scene & doubled attendance since 2011, adding three new locations
- A second major festival, Supersonic, launched in December 2013
- Indian cities have also welcomed arena gigs from Swedish House Mafia (18k), Avicii (35k) & Tiesto (20k) since the beginning of 2013

Source: Percept, event websites, Wikipedia, industry press
However, the Indian festival market is still significantly under-penetrated Vs the USA

If penetration in India reached just half that of the USA, it would be equivalent to 18 new festivals the size of Tomorrowland (3m capacity)

Source: Percept, event websites, Wikipedia, CIA World Factbook, Resident Advisor, Billboard, industry press, IMS Analysis
Companies providing software and hardware for DJs & artists have experienced huge growth

- Leading manufacturers of DJ & music production software have seen huge revenue growth over the past 5 years
- Both Native Instruments & Ableton have more than trebled their turnover
- Pioneer has also cited ‘DJ equipment’ as one of the key drivers of it’s recent financial growth across all key markets (excluding Japan)
- Over the coming 12 months, Pioneer expects significant growth from the sector, especially in Europe

Source: FT, New Zealand International Business Awards, Pioneer; Note: * estimate based on range

IMS Business Report 2014 by KevinWatson.net
SFX have continued their acquisition spree and signed some significant partnerships in 2014

**SFX Entertainment Acquisitions & Partnerships by Type (Oct ‘13 to May ‘14)**

<table>
<thead>
<tr>
<th>Type</th>
<th>Companies</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Festivals &amp; Clubs</td>
<td>Totem One Love Group, Made Event, i-Motion, Opium Group, Rock in Rio (50%, $62m), React Presents, ID&amp;T</td>
<td>• Significant investments in EDM related clubs &amp; festivals&lt;br&gt;• Also 50% of Rock in Rio festival</td>
</tr>
<tr>
<td></td>
<td>Anheuser-Busch InBev, Clear Channel, Syco &amp; T-mobile (“Ultimate DJ”)</td>
<td>• Sponsorship deal with AB InBev&lt;br&gt;• Marketing &amp; content partnership with Clear Channel</td>
</tr>
<tr>
<td>Ticketing</td>
<td>Paylogic (75%, $22m), Flavorus ($18m)</td>
<td>• c.$40m spent on ticketing companies</td>
</tr>
<tr>
<td>Marketing</td>
<td>Arc 90, Fame House, Tunezy, Meta Agency, Learned Evolution</td>
<td>• Multiple additions to bolster in-house FX1 team</td>
</tr>
<tr>
<td>Other</td>
<td>TMWRK, Perryscope Productions</td>
<td>• Includes artist management and merchandising companies</td>
</tr>
</tbody>
</table>

SFX have spent in excess of $120m in the past 6 months, but partnerships such as that with AB InBev should start generating revenue of c.$25m pa
SFX Entertainment – Year In Review

Operational Performance

• In 2013, SFX entities sold over 6m tickets to 1,500 events across 23 countries in 6 continents

• In Q1 2014, festival attendance doubled to 175k, with 9 events taking place (Vs 4 the year before)

• A switch of focus away from other (smaller) events meant attendance at those dropped 28% to 260k

• Overall, SFX expects to deliver 70 festivals in 2014, with most growth in North America

Financial Performance

• In October 2013, SFX floated on the Nasdaq, selling 20m shares for $13 each, raising $260m and giving a market cap of $1bn

• Since then, the share price has fallen almost 50%, with a net loss of $63.6m reported in Q1 2014 (up from $19.3m in Q1 2013)

<table>
<thead>
<tr>
<th>IPO (Oct ‘13)</th>
<th>Now (May ’14)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share price ($)</td>
<td>13.00</td>
</tr>
<tr>
<td>Market Cap ($m)</td>
<td>1,000</td>
</tr>
</tbody>
</table>

Source: SFX, Financial press, Yahoo Finance (18th May 2014)
Electronic Music remains central to Live Nation’s strategy, hence their deal with Motorola

“In newer...genres also contributed to our growth, with...EDM as our fastest growing genre”

800k increase in festival attendance “largely due to EDM activity”

“Our strategy is to grow and innovate through ... expanding our electronic dance music, or EDM, festival and show base”

- In December 2013 Live Nation signed a deal with Motorola
  - initially covered activity such as installations at LN’s EDM festivals
- This was extended in April 2014 to cover The Discovery Project
  - a competition for undiscovered talent in music, costume design, art installations & stage design

Source: Live Nation Annual Report 2013, industry press
Four of the World’s biggest entertainment brands have entered the Electronic Music market in 2014:

- **HBO** Developing Electronic Music Comedy with Calvin Harris, Jay-Z
  - Variety, January 2014

- **Avicii**, Carlos Santana, Wyclef to Perform World Cup Closing Anthem
  - Billboard, March 2014

- **SFX, Syco Entertainment, T-Mobile** Partner for 'Ultimate DJ' TV Show
  - Billboard, April 2014

- **Disney** Gets Into EDM, Overtakes Interscope in Album Market Share
  - Billboard, May 2014

Source: Variety, Billboard, Industry Press
A combination of two methodologies has been used to estimate the value of the industry.

**Bottom-Up approach**

1. Research individual elements of each segment – e.g. total number of festivals & capacity
2. Triangulate different sources to generate estimate of overall size of segment
3. Multiply by average spend / revenue per element – e.g. spend by festival attendee

**Top-Down approach**

1. Use value of overall music industry segments, such as Recorded Music, Live & instrument sales
2. Estimate market share of Electronic music in each segment (e.g. c.5% of UK recorded music)
3. Combine and add together to give total value of Electronic Music industry

**Final Estimate**

Compare results of two approaches and produce final estimate of value of overall Electronic Music industry.
Overall, we estimate the global Electronic Music industry is now worth over $6 billion p.a.

Electronic Music Industry Revenue by Sector (2013/14)

**Music**
Includes revenue from traditional recorded music sales (c. $800m) and from streaming & video services such as Spotify (c. $600m)

**Other**
Includes sales of DJ Software & Hardware (c. $360m), DJ earnings from additional sources (c. $60m) and value of other platforms such as Soundcloud (c. $140)

**Festivals & Clubs**
Income from top 3 festivals (c. $230m), other festivals (c. $800m), clubs in Las Vegas (c. $800m) and other clubs across the globe (c. $2,400m)

Want to find out more? Contact us using the info below

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The sources used in this report & other industry insight

Danceonomics.com