Live Nation Entertainment, Inc.
Form 10-K
February 28, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K
x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018,
or
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number 001-32601

LIVE NATION ENTERTAINMENT, INC.
(Exact name of registrant as specified in its charter)

Delaware	20-3247759
(State of Incorporation)	(I.R.S. Employer Identification No.)

9348 Civic Center Drive
Beverly Hills, CA 90210
(Address of principal executive offices, including zip code)
(310) 867-7000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
Common Stock, $.01 Par Value per Share; Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. x Yes ¨ No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ¨ Yes x No
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated

filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	¨
		Emerging growth company	¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes x No

On June 30, 2018, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the Common Stock beneficially held by non-affiliates of the registrant was approximately $6.7 billion. (For purposes hereof, directors, executive officers and 10% or greater stockholders have been deemed affiliates).

On February 21, 2019, there were 210,898,225 outstanding shares of the registrant's common stock, $0.01 par value per share, including 2,086,092 shares of unvested restricted stock awards and excluding 408,024 shares held in treasury.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of our Definitive Proxy Statement for the 2019 Annual Meeting of Stockholders, expected to be filed within 120 days of our fiscal year end, are incorporated by reference into Part III.

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LIVE NATION ENTERTAINMENT, INC.
GLOSSARY OF KEY TERMS

AOCI	Accumulated other comprehensive income (loss)
AOI	Adjusted operating income (loss)
Company	Live Nation Entertainment, Inc. and subsidiaries
FASB	Financial Accounting Standards Board
GAAP	United States Generally Accepted Accounting Principles
Liberty Media	Liberty Media Corporation
Live Nation	Live Nation Entertainment, Inc. and subsidiaries
SEC	United States Securities and Exchange Commission
VIE	Variable interest entity
Ticketmaster	The ticketing business of the Company

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PART I

"Live Nation" (which may be referred to as the "Company," "we," "us" or "our") means Live Nation Entertainment, Inc. and it subsidiaries, or one of our segments or subsidiaries, as the context requires.

Special Note About Forward-Looking Statements

Certain statements contained in this Form 10-K (or otherwise made by us or on our behalf from time to time in other reports, filings with the SEC, news releases, conferences, internet postings or otherwise) that are not statements of historical fact constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended, notwithstanding that such statements are not specifically identified. Forward-looking statements include, but are not limited to, statements about our financial position, business strategy, competitive position, potential growth opportunities, potential operating performance improvements, the effects of competition, the effects of future legislation or regulations and plans and objectives of our management for future operations. We have based our forward-looking statements on our beliefs and assumptions considering the information available to us at the time the statements are made. Use of the words "may," "should," "continue," "plan," "potential," "anticipate," "believe," "estimate," "expect," "intend," "outlook," "could," "target," "project," variations of such words and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from those in such statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to, those set forth under Item 1A.—Risk Factors as well as other factors described herein or in our quarterly and other reports we file with the SEC (collectively, "cautionary statements"). Based upon changing conditions, should any one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, actual results may vary materially from those described in any forward-looking statements. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the applicable cautionary statements. We do not intend to update these forward-looking statements, except as required by applicable law.

ITEM 1. BUSINESS

Our Company

We believe that we are the largest live entertainment company in the world, connecting over 570 million fans across all of our concerts and ticketing platforms in approximately 44 countries during 2018.

We believe we are the largest producer of live music concerts in the world, based on total fans that attend Live Nation events as compared to events of other promoters, connecting nearly 93 million fans to almost 35,000 events for over 4,500 artists in 2018. Live Nation owns, operates, has exclusive booking rights for or has an equity interest in 237 venues, including House of Blues® music venues and prestigious locations such as The Fillmore® in San Francisco, the Hollywood Palladium, the Ziggo Dome in Amsterdam, 3Arena in Ireland, Royal Arena in Copenhagen and Spark Arena in New Zealand. We believe we are one of the world's leading artist management companies based on the number of artists represented. Our artist management companies manage music artists and acts across all music genres. As of December 31, 2018, we had nearly 110 managers providing services to more than 400 artists.

We believe our global footprint is the world's largest music advertising network for corporate brands and includes one of the world's leading ecommerce websites, based on a comparison of gross sales of top internet retailers.

We believe we are the world's leading live entertainment ticketing sales and marketing company, based on the number of tickets we sell. Ticketmaster provides ticket sales, ticket resale services and marketing and distribution globally through www.ticketmaster.com and www.livenation.com and our other websites, numerous retail outlets and call centers, selling over 480 million tickets in 2018 through our systems. Ticketmaster serves approximately 12,000 clients worldwide across multiple event categories, providing ticketing services for leading arenas, stadiums, festival and concert promoters, professional sports franchises and leagues, college sports teams, performing arts venues, museums and theaters.

Our principal executive offices are located at 9348 Civic Center Drive, Beverly Hills, California 90210 (telephone: 310-867-7000). Our principal website is www.livenationentertainment.com. Live Nation is listed on the New York Stock Exchange, trading under the symbol "LYV."

Our Strategy

Our strategy is to grow our leadership position in live entertainment, to promote more shows, sell more tickets and partner with more sponsors, thereby increasing our revenue, earnings and cash flow. We serve artists, venues and teams to secure content and tickets; we invest in technology to build innovative products which advance our ticketing, advertising and mobile platforms; and we are paid by advertisers that want to connect their brands with our passionate fan base.

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Our core businesses surrounding the promotion of live events include ticketing, and sponsorship and advertising. We believe our focus on growing these businesses will increase shareholder value as we continue to enhance our revenue streams and achieve economies of scale with our global platforms. We also continue to strengthen our core operations, further expanding into global markets and optimizing our cost structure. Our strategy is to grow and innovate through the initiatives listed below.

- Expand our Concert Platform. We will deliver more shows, grow our fan base and increase our ticket sales by continuing to build our portfolio of concerts globally, expanding our business into additional top global music markets, and further building our presence in existing markets. Through our strong partnership with artist managers, we believe we can continue to expand our concert base by delivering strong and consistent services to our artist managers and their clients.
- Grow our Revenue per Show. We will grow our revenue per show across our venues through more effective ticket pricing, broader ticketing distribution and more targeted promotional marketing. We will also grow our onsite fan monetization through improved onsite products, merchandising, and enhanced buying experiences for our fans.
- Sell More Tickets and Invest in Product Improvements. We are focused on selling tickets through a wide set of sales channels, including mobile and online, and leveraging our fan database. We will continue to enhance our API features to reach a broader audience and expand our digital ticketing rollout, strengthening control distribution for all parties and creating new and unique marketing opportunities. We will grow the volume of secondary tickets sold through a trusted environment for fan ticket exchanges, allowing our fans to have a dependable, secure destination for secondary ticket acquisition for all events. We will continue to invest in our ticketing platforms and develop innovative products to build fan traffic to our sales channels, drive increased ticket sales, and continue to build our client base.
- Grow Sponsorship and Advertising Partnerships. We will continue to drive growth in our sponsorship relationships and capture a larger share of the global music sponsorship market. We will focus on expanding existing partnerships and developing new corporate sponsor partners to provide them with targeted strategic programs, accessing our nearly 93 million fans attending our shows each year. We will continue to develop and to scale new products in order to drive onsite revenue.

Our Strengths

We believe we have unique resources that are unmatched in the live entertainment industry.

- Fans. During 2018, we connected over 570 million fans to their favorite live event. Our database of fans and their interests provides us with the means to efficiently market our shows to them.
- Artists. We have extensive relationships with artists ranging from those just beginning their careers to established superstars. In 2018, we promoted shows or tours for over 4,500 artists globally. In addition, through our artist management companies, we manage more than 400 artists.
- Online Services and Ticketing. We own and operate various branded websites, both in the United States and abroad, which are customized to reflect services offered in each jurisdiction. Our primary websites, www.livenation.com and www.ticketmaster.com, together with our other branded ticketing websites, are designed to promote ticket sales for live events. We also have both Live Nation and Ticketmaster mobile apps that our fans can use to access event information and buy tickets.
- Distribution Network. We believe that our global distribution network of promoters, venues and festivals provides us with a strong position in the live concert industry. We believe we have one of the largest global networks of live entertainment businesses in the world, with offices in 40 countries worldwide. In addition, we own, operate, have exclusive booking rights for, or have an equity interest in, 237 venues located across 11 countries as of the end of 2018, making us, we believe, the second largest operator of music venues in the world. We also believe that we are one of the largest music festival producers in the world with 104 festivals globally. In addition, we believe that our global ticketing distribution network—which includes one of the largest ecommerce sites and apps, with over 61 million downloads and approximately 12,000 clients worldwide—makes us the largest ticketing network in the world.
- Sponsors. We employ a sales force of over 450 people that worked with over 1,000 sponsors during 2018, through a combination of strategic partnerships, local venue-related deals, national agreements and digital campaigns, both in North America and internationally. Our sponsors include some of the most well-recognized national and global brands including Citibank, O_2, American Express, Pepsi, Cisco, Hilton and Anheuser Busch (each of these brands is a

registered trademark of the sponsor).

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Our History

We were incorporated in Delaware on August 2, 2005 in preparation for the contribution and transfer by Clear Channel Communications, Inc. of substantially all of its entertainment assets and liabilities to us. We completed this separation on December 21, 2005, and became a publicly traded company on the New York Stock Exchange trading under the symbol "LYV."

On January 25, 2010, we merged with Ticketmaster Entertainment LLC and it became a wholly-owned subsidiary of Live Nation. Effective with the merger, Live Nation, Inc. changed its name to Live Nation Entertainment, Inc.

Our Industry

We operate in the following main industries within the live entertainment business: live music events, music venue operations, the provision of management and other services to artists, sponsorship and advertising sales, and ticketing services.

The live music industry includes concert promotion and/or production of music events or tours. Typically, to initiate live music events or tours, booking agents contract with artists to represent them for defined periods. Booking agents then contact promoters, who will contract with them or with artists directly, to arrange events. Promoters earn revenue primarily from the sale of tickets. Artists are paid by the promoter under one of several different formulas, which may include fixed guarantees and/or a percentage of ticket sales or event profits. In addition, promoters may also reimburse artists for certain costs of production, such as sound and lights. Under guaranteed payment formulas, promoters assume the risks of unprofitable events. Promoters may renegotiate lower guarantees or cancel events because of insufficient ticket sales in order to reduce their losses. Promoters can also reduce the risk of losses by entering into global or national touring agreements with artists and including the right to offset lower performing shows against higher performing shows on the tour in the determination of overall artist fees. Artist managers primarily provide services to music recording artists to manage their careers. The artist manager negotiates on behalf of the artist and is paid a fee, generally as a percentage of the artist's earnings.

For music tours, two to nine months typically elapse between initially booking artists and the first performances. Promoters, in conjunction with artists, managers and booking agents, set ticket prices and advertise events. Promoters market events, sell tickets, rent or otherwise provide venues and arrange for local production services, such as stages and equipment.

Venue operators typically contract with promoters to have their venues rented for specific events on specific dates and receive fixed fees or percentages of ticket sales as rental income. In addition, venue operators provide services such as concessions, parking, security, ushering and ticket-taking, and receive some or all of the revenue from concessions, merchandise, parking and premium seating.

The sponsorship and advertising industry within the live entertainment business involves the sale of international, national, regional and local advertising and promotional programs to a variety of companies to advertise or promote their brand, product or service. These sponsorships typically include venue naming rights, onsite venue signage, online advertisements and exclusive partner rights in various categories such as credit card, beverage, travel and telecommunications, and may include event pre-sales and onsite product activation.

Ticketing services include the sale of tickets primarily through online and mobile channels but also through phone, outlet and box office channels. Ticketing companies will contract with venues and/or promoters to sell tickets to events over a period of time, generally three to five years. The ticketing company generally gets paid a fixed fee per ticket sold or a percentage of the total ticket service charges. The ticketing company receives the cash for the ticket sales and related service charges at the time the ticket is sold and periodically remits these receipts to the venue and/or promoter after deducting its fee. Venues will often also sell tickets through a local box office at the venue using the ticketing company's technology. The ticketing company will generally not earn a fee on these box office tickets.

Ticketing resale services generally refers to the sale of tickets by a holder who originally obtained the tickets from a venue or other entity, or a ticketing services provider selling on behalf of a venue or other entity. Resale tickets are also referred to as secondary tickets. Generally, the ticket resale company is paid a service charge when the ticket is resold and the negotiated ticket value is paid to the holder.

Our Business

Our reportable segments are Concerts, Sponsorship & Advertising and Ticketing.

Concerts. Our Concerts segment principally involves the global promotion of live music events in our owned or operated venues and in rented third-party venues, the operation and management of music venues, the production of music festivals across the world, the creation of associated content and the provision of management and other services to artists. Including intersegment revenue, our Concerts business generated $8.8 billion, or 81.3%, of our total revenue during 2018. We promoted almost 35,000 live music and other events in 2018, including artists such as Beyoncé and Jay-Z, P!nk, Kevin Hart, Justin Timberlake, Imagine Dragons and Bruno Mars and through festivals such as Austin City Limits, Lollapolooza, Electric Daisy

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Carnival, Rock Werchter, Reading and Download. While our Concerts segment operates year-round, we generally experience higher revenue during the second and third quarters due to the seasonal nature of shows at our outdoor amphitheaters and festivals, which primarily occur from May through October.

As a promoter, we earn revenue primarily from the sale of tickets and pay artists under one of several formulas, including a fixed guaranteed amount and/or a percentage of ticket sales or event profits. For each event we promote, we either use a venue we own or operate, or rent a third-party venue. Revenue is generally impacted by the number of events, volume of ticket sales and ticket prices. Event costs such as artist fees and production expenses are included in direct operating expenses and are typically substantial in relation to the revenue. As a result, significant increases or decreases in promotion revenue do not typically result in comparable changes to operating income.

As a venue operator, we generate revenue primarily from the sale of concessions, parking, premium seating, rental income and ticket rebates or service charges earned on tickets sold through our internal ticketing operations or by third parties under ticketing agreements. In our amphitheaters, the sale of concessions is outsourced and we receive a share of the net revenue from the concessionaire, which is recorded in revenue with limited associated direct operating expenses. Revenue generated from venue operations typically has a higher margin than promotion revenue and therefore typically has a more direct relationship to changes in operating income.

As a festival promoter, we typically book artists, secure festival sites, provide for third-party production services, sell tickets and advertise events to attract fans. We also provide or arrange for third parties to provide operational services as needed such as concessions, merchandising and security. We earn revenue from the sale of tickets and typically pay artists a fixed guaranteed amount. We also earn revenue from the sale of concessions, camping fees and service charges earned on tickets sold. For each event, we either use a festival site we own or rent a third-party festival site. Revenue is generally impacted by the number of events, volume of ticket sales and ticket prices. Event costs such as artist fees and production expenses are included in direct operating expenses and are typically substantial in relation to the revenue. Since the artist fees are typically fixed guarantees for these events, significant increases or decreases in festival promotion revenue will generally result in comparable changes to operating income.

Sponsorship & Advertising. Our Sponsorship & Advertising segment employs a sales force that creates and maintains relationships with sponsors through a combination of strategic, international, national and local opportunities that allow businesses to reach customers through our concert, festival, venue, artist relationship and ticketing assets, including advertising on our websites. We work with our corporate clients to help create marketing programs that support their business goals and connect their brands directly with fans and artists. We also develop, book and produce custom events or programs for our clients' specific brands, which are typically presented exclusively to the clients' consumers. These custom events can involve live music events with talent and media, using both online and traditional outlets. Including intersegment revenue, our Sponsorship & Advertising business generated $504 million, or 4.7%, of our total revenue during 2018. We typically experience higher revenue in the second and third quarters as a large portion of sponsorships are typically associated with our outdoor venues and festivals, which are primarily used in or occur from May through October.

We believe that we have a unique opportunity to connect the music fan to corporate sponsors and therefore seek to optimize this relationship through strategic sponsorship programs. We continue to also pursue the sale of national and local sponsorships, both domestically and internationally, and placement of advertising, including signage, online advertising and promotional programs. Many of our venues have naming rights sponsorship programs. We believe national and international sponsorships allow us to maximize our network of venues and festivals and to arrange multi-venue or multi-festival branding opportunities for advertisers. Our local and venue-focused sponsorships include venue signage, promotional programs, onsite activation, hospitality and tickets, and are derived from a variety of client companies across various industry categories.

Ticketing. Our Ticketing segment is primarily an agency business that sells tickets for events on behalf of its clients and retains a fee, or service charge, for these services. We sell tickets for our events and also for third-party clients across multiple live event categories, providing ticketing services for leading arenas, stadiums, amphitheaters, music clubs, concert promoters, professional sports franchises and leagues, college sports teams, performing arts venues, museums and theaters. We sell tickets through websites, mobile apps, ticket outlets and telephone call centers. During the year ended December 31, 2018, we sold 52%, 43%, 4% and 1% of primary tickets through these channels, respectively. Our Ticketing segment also manages our online activities including enhancements to our websites and product offerings. Including intersegment revenue, our Ticketing business generated $1.5 billion, or 14.2%, of our total revenue during 2018, which excludes the face value of tickets sold and is net of the fees paid to our ticketing clients. Through all of our ticketing services, we sold 217 million tickets in 2018 on which we were paid fees for our services. In addition, approximately 265 million tickets were sold using our Ticketmaster systems, including through season seat packages, our venue clients' box offices, and other channels through which we do not receive a fee. Our ticketing sales are impacted by fluctuations in the availability of events for sale to the public, which may vary depending upon event scheduling by our clients. As ticket sales increase, related Ticketing operating income generally increases as well.

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We sell tickets on behalf of our clients through our ticketing platforms across the world. We generally enter into written agreements with individual clients to provide primary ticketing services for specified multi-year periods, typically ranging from three to five years. Pursuant to these agreements, clients generally determine and then tell us what tickets will be available for sale, when such tickets will go on sale to the public and what the ticket price will be, sometimes with our guidance and recommendations. Agreements with venue clients in North America and Australia generally grant us exclusive rights to sell tickets for all events presented at the relevant venue for which tickets are made available to the general public. Agreements with promoter clients in other international markets generally grant us the right to an allocation of tickets for events presented by a given promoter at any venue, unless that venue is already covered by an existing exclusive agreement with our ticketing business or another ticketing service provider. Similarly, in such international markets we have venue agreements which provide Ticketmaster an allocation of tickets for all events at those venues. Where we have exclusive venue contracts, clients may not utilize, authorize or promote the services of third-party ticketing companies or technologies while under contract with us. While we generally have the right to sell a substantial portion of our clients' tickets, venue and promoter clients often sell and distribute a portion of their tickets in-house through their box office and season ticket programs. In addition, under many written agreements between promoters and our clients, and generally subject to Ticketmaster approval, the client may allocate certain tickets for artist, promoter, agent and venue use and not make those tickets available for sale by us. Due to these and other permitted third-party ticket distribution channels, we do not always sell all of our clients' tickets, even at venues where we are the exclusive primary ticketing service provider, and the amount of tickets that we sell varies from client to client and from event to event, and also varies as to any given client from year to year.

We currently offer ticket resale services, sometimes referred to as secondary ticketing, principally through our integrated inventory platform, league/team platforms and other platforms internationally. We enter into arrangements with the holders of tickets previously distributed by a venue or other source to post those tickets for sale at a purchase price equal to a new sales price, determined by the ticket holder, plus a service fee to the buyer. The seller in this circumstance receives the new sales price less a seller service fee.

Live Nation Venue Details

In the live entertainment industry, venue types generally consist of:

- Stadiums—Stadiums are multi-purpose facilities, often housing local sports teams. Stadiums typically have 30,000 or more seats. Although they are the largest venues available for live music, they are not specifically designed for live music.
- Amphitheaters—Amphitheaters are generally outdoor venues with between 5,000 and 30,000 seats that are used primarily in the summer season. We believe they are popular because they are designed specifically for concert events, with premium seat packages and better lines of sight and acoustics.
- Arenas—Arenas are indoor venues that are used as multi-purpose facilities, often housing local sports teams. Arenas typically have between 5,000 and 20,000 seats. Because they are indoors, they are able to offer amenities that other similar-sized outdoor venues cannot, such as luxury suites and premium club memberships. As a result, we believe they are popular for higher-priced concerts aimed at audiences willing to pay for these amenities.
- Theaters—Theaters are indoor venues that are built primarily for music events, but may include theatrical performances. These venues typically have a capacity of between 1,000 and 6,500. Theaters represent less risk to concert promoters because they have lower fixed costs associated with hosting a concert and may provide a more appropriately-sized venue for developing artists and more artists in general. Because these venues have a smaller capacity than an amphitheater or arena, they do not offer as much economic upside on a per show basis.
- Clubs—Clubs are indoor venues that are built primarily for music events, but may also include comedy clubs. These venues typically have a capacity of less than 1,000 and often without full fixed seating. Because of their small size, they do not offer as much economic upside, but they also represent less risk to a concert promoter because they have lower fixed costs associated with hosting a concert and also may provide a more appropriately-sized venue for developing artists. Clubs can also be used year-round.
- House of Blues—House of Blues venues are our branded indoor venues that offer customers an integrated live music and dining experience. The live music halls are specially designed to provide optimum acoustics and typically can

accommodate between 1,000 to 2,000 guests. A full-service restaurant and bar is located adjacent to the live music hall. We believe that the strength of the brand and the quality of the food, service and unique atmosphere in our restaurants attract customers to these venues independently from an entertainment event and generate a significant amount of repeat business from local customers.

- Festival Sites—Festival sites are outdoor locations used primarily in the summer season to stage large single-day or multi-day concert events featuring several artists on multiple stages. Depending on the location, festival site capacities can range from 10,000 to over 100,000 fans per day. We believe they are popular because of the value provided to the

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fan by packaging several artists together for an event. While festival sites only host a few events each year, they can provide higher operating income because we are able to generate income from many different services provided at the event.

The following table summarizes the number of venues by type that we owned, leased, operated, had exclusive booking rights for or had an equity interest in as of December 31, 2018:

Venue Type	Capacity	Owned	Leased	Operated	Exclusive Booking Rights	Equity Interest	Total
Stadium	More than 30,000	—	—	—	1	—	1
Amphitheater	5,000 - 30,000	10	32	5	14	—	61
Arena	5,000 - 20,000	1	5	2	2	—	10
Theater	1,000 - 6,500	7	44	9	20	2	82
Club	Less than 1,000	3	22	1	13	1	40
House of Blues	1,000 - 2,000	2	9	—	—	—	11
Festival Site *	Varies	5	—	—	27	—	32
Total venues in operation		28	112	17	77	3	237
Venues currently under construction		—	7	—	—	—	7
Venues not currently in operation		1	2	—	—	—	3
Total venues in operation by location:							
North America		19	88	13	59	3	182
International		9	24	4	18	—	55

* Exclusive booking rights for festival sites includes multi-year agreements providing us the right to use public or private land for a defined period of time leading up to and continuing after the festival. We may enter into multiple agreements for a single festival site or use the same site for multiple festivals. We have aggregated the agreements for each festival site and reported them as one festival site.

Competition

Competition in the live entertainment industry is intense. We believe that we compete primarily on the basis of our ability to deliver quality music events, sell tickets and provide enhanced fan and artist experiences. We believe that our primary strengths include:

- the quality of service delivered to our artists, fans, ticketing clients and corporate sponsors;
- our track record and reputation in promoting and producing live music events and tours both domestically and internationally;
- artist relationships;
- our global footprint;
- the quality of our ticketing software and services;
- our ecommerce site and associated database;
- our diverse distribution platform (venues);
- the scope, effectiveness and expertise of our advertising and sponsorship programs; and
- our financial stability.

Although we believe that our products and services currently compete favorably with respect to such factors, we cannot provide any assurance that we can maintain our competitive position against current and potential competitors, especially those with significantly greater brand recognition, or greater financial, marketing, technical and other resources.

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In the markets in which we promote music concerts, we face competition from other promoters and venue operators. We believe that barriers to entry into the promotion services business are low and that certain local promoters are increasingly expanding the geographic scope of their operations.

Some of our competitors in the live music promotion industry are Anschutz Entertainment Group, or AEG, Frontier Touring, Another Planet Entertainment, Jam Productions, Ltd. and I.M.P in addition to numerous smaller regional companies and various casinos and venues in North America, Europe, Asia and Australia. AEG operates under a number of different names including AEG Live, Concerts West, Goldenvoice and The Messina Group. Some of our competitors in the live music industry have a stronger presence in certain markets, have access to other sports and entertainment venues and may have greater financial resources in those markets, which may enable them to gain a greater competitive advantage in relation to us.

In markets where we own or operate a venue, we compete with other venues to serve artists likely to perform in that general region. Consequently, touring artists have various alternatives to our venues when scheduling tours. Our main competitors in venue management include ASM Global, The Madison Square Garden Company, The Nederlander Organization and Bowery Presents, in addition to numerous smaller regional companies in North America, Europe and Australia/New Zealand. Some of our competitors in venue management may have more attractive or a greater number of venues in certain markets, and may have greater financial resources in those markets.

Our main competitors at the local market level for sponsorships and advertising dollars include local sports teams, which often offer state-of-the-art venues, strong brand association and attractive local media packages, as well as festivals, theme parks and other local events. On the national level, our competitors include the major sports leagues that sell sponsorships combined with significant national media packages.

The ticketing services industry includes the sale of tickets primarily through online and mobile channels, but also through telephone and ticket outlets. As online and mobile ticket purchases increase, related ticketing costs generally decrease, which has made it easier for technology-based companies to offer primary ticketing services and standalone, automated ticketing systems that enable venues to perform their own ticketing services or utilize self-ticketing systems. In the online environment, we compete with other websites, online event sites and ticketing companies to provide event information, sell tickets and provide other online services such as fan clubs and artist websites.

We experience competition from other national, regional and local primary ticketing service providers to secure new venues and to reach fans for events. Resale, or secondary, ticketing services have created more aggressive buying of primary tickets whereby certain brokers are using automated internet "bot" technology to attempt to buy the best tickets when they go on sale, notwithstanding federal and state prohibitions. The internet allows fans and other ticket resellers to reach a vastly larger audience through the aggregation of inventory on resale websites and marketplaces, and provides consumers with more convenient access to tickets for a larger number and greater variety of events.

We also face significant and increasing competition from companies that sell self-ticketing systems, as well as from venues that choose to integrate self-ticketing systems into their existing operations or acquire primary ticketing service providers. Our competitors include primary ticketing companies such as Tickets.com, AXS, Paciolan, Inc., CTS Eventim AG, Eventbrite, eTix, Ticketfly and SeatGeek; secondary ticketing companies such as StubHub, Vivid Seats, TicketNetwork and SeatGeek; and many others, including large technology and ecommerce companies that we understand have recently entered or are likely to enter these markets.

Government Regulations

We are subject to federal, state and local laws, both domestically and internationally, governing matters such as:

- privacy and the protection of personal or sensitive information;
- compliance with the United States Foreign Corrupt Practices Act, the United Kingdom Bribery Act 2010 and similar regulations in other countries;
- primary ticketing and ticket resale services;
- construction, renovation and operation of our venues;
- licensing, permitting and zoning, including noise ordinances;
- human health, safety and sanitation requirements;
- the service of food and alcoholic beverages;
- working conditions, labor, minimum wage and hour, citizenship and employment laws;

- compliance with the Americans with Disabilities Act of 1990 (“ADA”), the United Kingdom’s Disability Discrimination Act of 1995 (“DDA”) and similar regulations in other countries;

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- hazardous and non-hazardous waste and other environmental protection laws;
- sales and other taxes and withholding of taxes;
- marketing activities via the telephone and online; and
- historic landmark rules.

We believe that we are materially in compliance with these laws. We are required to comply with federal, state and international laws regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information and user data, an area that is increasingly subject to legislation and regulations in numerous jurisdictions around the world, including the European Union's GDPR (as defined and discussed below in Item 1A.—Risk Factors).

We are required to comply with the laws of the countries in which we operate and also the United States Foreign Corrupt Practices Act and the United Kingdom Bribery Act 2010 regarding anti-bribery regulations. These regulations make it illegal for us to pay, promise to pay or receive money or anything of value to, or from, any government or foreign public official for the purpose of directly or indirectly obtaining or retaining business. This ban on illegal payments and bribes also applies to agents or intermediaries who use funds for purposes prohibited by the statute.

From time to time, federal, state, local and international authorities and/or consumers commence investigations, inquiries or litigation with respect to our compliance with applicable consumer protection, advertising, unfair business practice, antitrust (and similar or related laws) and other laws, particularly as related to primary ticketing and ticket resale services.

The regulations relating to our food service operations in our venues are many and complex. A variety of regulations at various governmental levels relating to the handling, preparation and serving of food, the cleanliness of food production facilities and the hygiene of food-handling personnel are enforced primarily at the local public health department level.

We also must comply with applicable licensing laws, as well as state and local service laws, commonly called dram shop statutes. Dram shop statutes generally prohibit serving alcoholic beverages to certain persons such as an individual who is intoxicated or a minor. If we violate dram shop laws, we may be liable to third parties for the acts of the customer. Although we generally hire outside vendors to provide these services at our larger operated venues and regularly sponsor training programs designed to minimize the likelihood of such a situation, we cannot guarantee that intoxicated or minor customers will not be served or that liability for their acts will not be imposed on us.

We are also required to comply with the ADA, the DDA and certain state statutes and local ordinances that, among other things, require that places of public accommodation, including both existing and newly-constructed venues, be accessible to customers with disabilities. The ADA and the DDA require that venues be constructed to permit persons with disabilities full use of a live entertainment venue. The ADA and the DDA may also require that certain modifications be made to existing venues to make them accessible to customers and employees who are disabled. In order to comply with the ADA, the DDA and other similar ordinances, we may face substantial capital expenditures in the future.

From time to time, governmental bodies have proposed legislation that could have an effect on our business. For example, some legislatures have proposed laws in the past that would impose potential liability on us and other promoters and producers of live music events for entertainment taxes and for incidents that occur at our events, particularly relating to drugs and alcohol. Some jurisdictions have also proposed legislation that would restrict ticketing methods or mandate ticket inventory disclosure.

In addition, we and our venues are subject to extensive environmental laws and regulations relating to the use, storage, disposal, emission and release of hazardous and non-hazardous substances, as well as zoning and noise level restrictions which may affect, among other things, the hours of operations of and the type of events we can produce at our venues.

Intellectual Property

We create, own and distribute intellectual property worldwide. It is our practice to protect our trademarks, brands, copyrights, patents and other original and acquired works. We have registered many of our trademarks in the United States and in numerous foreign countries. We believe that our intellectual property has significant value and is important to our brand-building efforts and the marketing of our products and services. We cannot predict, however, whether steps taken by us to protect our proprietary rights will be adequate to prevent misappropriation of these rights.

Employees

As of December 31, 2018, we had approximately 9,500 full-time employees, including 6,200 in North America and 3,300 international employees, of which approximately 9,300 were employed in our operations departments and approximately 200 were employed in our corporate group.

Our staffing needs vary significantly throughout the year. Therefore, we also employ seasonal and part-time employees, primarily for our live music venues and festivals. As of December 31, 2018, we employed approximately 13,000 seasonal and

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part-time employees and during peak seasonal periods, particularly in the summer months, we employed as many as 29,000 seasonal and part-time employees in 2018.

The stagehands at some of our venues and other employees are subject to collective bargaining agreements. Our union agreements typically have a term of three years and thus regularly expire and require negotiation in the course of our business. We believe that we have good relationships with our employees and other unionized labor involved in our events, and there have been no significant work stoppages in the past three years. Upon the expiration of any of our collective bargaining agreements, however, we may be unable to renegotiate on terms favorable to us, and our business operations at one or more of our facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating our collective bargaining agreements. In addition, our business operations at one or more of our facilities may also be interrupted as a result of labor disputes by outside unions attempting to unionize a venue even though we do not have unionized labor at that venue currently. A work stoppage at one or more of our owned or operated venues or at our promoted events could have a material adverse effect on our business, results of operations and financial condition. We cannot predict the effect that a potential work stoppage will have on our results of operations.

Executive Officers

Set forth below are the names, ages and current positions of our executive officers and other significant employees as of February 21, 2019.

Name	Age	Position
Michael Rapino	53	President, Chief Executive Officer and Director
Ron Bension	64	President–HOB Entertainment
Joe Berchtold	54	President
Brian Capo	52	Chief Accounting Officer
Arthur Fogel	65	Chairman–Global Music and President–Global Touring
John Hopmans	60	Executive Vice President–Mergers and Acquisitions and Strategic Finance
Amy Howe	46	President–Ticketmaster North America
John Reid	57	President–Europe Concerts
Alan Ridgeway	52	Chairman–Asia Pacific
Bob Roux	61	President–US Concerts
Michael Rowles	53	General Counsel and Secretary
Jared Smith	41	President–Ticketmaster
Russell Wallach	53	President–Sponsorship and Advertising
Kathy Willard	52	Chief Financial Officer
Mark Yovich	44	President–Ticketmaster International

Michael Rapino is our President and Chief Executive Officer and has served in this capacity since August 2005. He has also served on our board of directors since December 2005. Mr. Rapino has worked for us or our predecessors since 1999.

Ron Bension is President of our HOB Entertainment division and has served in this capacity since November 2010. Mr. Bension has worked for us or our predecessors since joining us in January 2010.

Joe Berchtold is our President and has served in this capacity since December 2017. Prior to that, Mr. Berchtold served as our Chief Operating Officer since joining us in April 2011.

Brian Capo is our Chief Accounting Officer and has served in this capacity since joining us in December 2007.

Arthur Fogel is the Chairman of our Global Music group and President of our Global Touring division and has served in these capacities since 2005. Mr. Fogel has worked for us or our predecessors since 1999.

John Hopmans is our Executive Vice President of Mergers and Acquisitions and Strategic Finance and has served in this capacity since joining us in April 2008.

Amy Howe is President of Ticketmaster's North America division and has served in this capacity since February 2019. Prior to that, Ms. Howe served as Chief Operating Officer of Ticketmaster North America since January 2016. Previously, Ms. Howe served as our Chief Strategy Officer since joining us in April 2014. Prior to that, Ms. Howe was most recently a partner at McKinsey & Company, after joining them in 1999.

John Reid is President of our Europe Concerts division and has served in this capacity since joining us in January 2012.

Alan Ridgeway is Chairman of our Asia Pacific region and has served in this capacity since January 2019. Prior to that, Mr. Ridgeway served as President of our International and Emerging Markets division since November 2011. Mr. Ridgeway has worked for us or our predecessors since 2002.

Bob Roux is President of our US Concerts division and has served in this capacity since October 2010. Mr. Roux has worked for us or our predecessors since 1990.

Michael Rowles is our General Counsel and has served in this capacity since joining us in March 2006 and as our Secretary since May 2007.

Jared Smith is President of Ticketmaster and has served in this capacity since January 2018. Prior to that, Mr. Smith served as President of Ticketmaster's North America division since May 2013 and has worked for us or our predecessors since 2003.

Russell Wallach is President of our Sponsorship and Advertising division and has served in this capacity since July 2006. Mr. Wallach has worked for us or our predecessors since 1996.

Kathy Willard is our Chief Financial Officer and has served in this capacity since September 2007. Ms. Willard has worked for us or our predecessors since 1998.

Mark Yovich is President of Ticketmaster's International division and has served in this capacity since November 2011. Mr. Yovich has worked for us or our predecessors since 2000.

Available Information

We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any materials we have filed with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our filings with the SEC are also available to the public through the SEC's website at www.sec.gov.

You can find more information about us online at our investor relations website located at www.investors.livenationentertainment.com. Our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and any amendments to those reports are available free of charge on our website as soon as reasonably practicable after we electronically file such material with the SEC. The information posted on or accessible through our website is not incorporated into this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

You should carefully consider each of the following risks and all of the other information set forth in this Annual Report. The following risks relate principally to our business and operations, our leverage and our common stock. If any of the risks and uncertainties develop into actual events, this could have a material adverse effect on our business, financial condition or results of operations. In that case, the trading price of our common stock could decline.

Risks Relating to Our Business and Operations

Our business is highly sensitive to public tastes and is dependent on our ability to secure popular artists and other live music events, and we and our ticketing clients may be unable to anticipate or respond to changes in consumer preferences, which may result in decreased demand for our services.

Our business is highly sensitive to rapidly changing public tastes and is dependent on the availability of popular artists and events. Our live entertainment business depends in part on our ability to anticipate the tastes of consumers and to offer events that appeal to them. Since we rely on unrelated parties to create and perform at live music events, any unwillingness to tour or lack of availability of popular artists could limit our ability to generate revenue. In particular, there are a limited number of artists that can headline a major North American or global tour or who can sell out larger venues, including many of our amphitheaters. If those artists do not choose to tour, or if we are unable to secure the rights to their future tours, then our concerts business would be adversely affected. Our artist management business could be adversely affected if the artists it represents do not tour or perform as frequently as anticipated, or if such tours or performances are not as widely attended by fans as anticipated due to changing tastes, general economic conditions or otherwise. Our ticketing business relies on third parties to create and perform live entertainment, sporting and leisure events and to price tickets to such events. Accordingly, our ticketing business' success depends, in

part, upon the ability of these third parties to correctly anticipate public demand for particular events, as well as the availability of popular artists, entertainers and teams.
In addition, our live entertainment business typically books our live music tours two to nine months in advance of the beginning of the tour and often agrees to pay an artist a fixed guaranteed amount prior to our receiving any revenue. Therefore,

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if the public is not receptive to the tour, or we or an artist cancel the tour, we may incur a loss for the tour depending on the amount of the fixed guarantee or incurred costs relative to any revenue earned, as well as revenue we could have earned at booked venues. We have cancellation insurance policies in place to cover a portion of our losses if an artist cancels a tour but such policies may not be sufficient and are subject to deductibles. Furthermore, consumer preferences change from time to time, and our failure to anticipate, identify or react to these changes could result in reduced demand for our services, which would adversely affect our business, financial condition and results of operations.

Our business depends on relationships between key promoters, executives, agents, managers, artists and clients and any adverse changes in these relationships could adversely affect our business, financial condition and results of operations.

The live music business is uniquely dependent upon personal relationships, as promoters and executives within live music companies such as ours leverage their existing network of relationships with artists, agents and managers in order to secure the rights to the live music tours and events which are critical to our success. Due to the importance of those industry contacts to our business, the loss of any of our promoters, officers or other key personnel could adversely affect our business. Similarly, the artist management business is dependent upon the highly personalized relationship between a manager and an artist, and the loss of a manager may also result in a loss of the artist represented by the manager, which could adversely affect our business. Although we have entered into long-term agreements with many of those individuals described above to protect our interests in those relationships, we can give no assurance that all or any of these key employees or managers will remain with us or will retain their associations with key business contacts, including music artists.

The success of our ticketing business depends, in significant part, on our ability to maintain and renew relationships with existing clients and to establish new client relationships. We anticipate that, for the foreseeable future, the substantial majority of our Ticketing segment revenue will be derived from both online and mobile as well as direct sales of tickets. We also expect that revenue from primary ticketing services, which consist primarily of per ticket convenience charges and per order service fees, will continue to comprise the substantial majority of our Ticketing segment revenue. We cannot provide assurances that we will be able to maintain existing client contracts, or enter into or maintain new client contracts, on acceptable terms, if at all, and the failure to do so could have a material adverse effect on our business, financial condition and results of operations.

Another important component of our success is our ability to maintain existing and to build new relationships with third-party distribution channels, advertisers, sponsors and service providers. Any adverse change in these relationships, including the inability of these parties to fulfill their obligations to our businesses for any reason, could adversely affect our business, financial condition and results of operations.

We face intense competition in the live music and ticketing industries, and we may not be able to maintain or increase our current revenue, which could adversely affect our business, financial condition and results of operations.

Our businesses are in highly competitive industries, and we may not be able to maintain or increase our current revenue due to such competition. The live music industry competes with other forms of entertainment for consumers' discretionary spending and within this industry we compete with other venues to book artists, and, in the markets in which we promote music concerts, we face competition from other promoters and venue operators. Our competitors compete with us for key employees who have relationships with popular music artists and who have a history of being able to book such artists for concerts and tours. These competitors may engage in more extensive development efforts, undertake more far-reaching marketing campaigns, adopt more aggressive pricing policies and make more attractive offers to existing and potential artists. Due to increasing artist influence and competition to attract and maintain artist clients, we may enter into agreements on terms that are less favorable to us, which could negatively impact our financial results. Our competitors may develop services, advertising options or music venues that are equal or superior to those we provide or that achieve greater market acceptance and brand recognition than we achieve. Within the live music industry, our artist management business also competes with numerous other artist management companies and individual managers in the United States alone, both to discover new and emerging artists and to represent established artists. Across the live music industry, it is possible that new competitors may emerge and rapidly acquire significant market share.

Our ticketing business faces significant competition from other national, regional and local primary ticketing service providers to secure new and retain existing clients on a continuous basis. Additionally, we face significant and increasing challenges from companies that sell self-ticketing systems and from clients who choose to self-ticket, through the integration of such systems into their existing operations or the acquisition of primary ticket services providers or by increasing sales through venue box offices and season and subscription sales. We also face competition in the resale of tickets from auction websites and resale marketplaces and from other ticket resellers with online distribution capabilities. The advent of new technology, particularly as it relates to online ticketing, has amplified this competition. The intense competition that we face in the ticketing industry could cause the volume of our ticketing services business to decline. As we are also a content provider and venue operator we may face direct competition with our prospective or current primary ticketing clients, who primarily include live event content providers. This direct competition with our prospective or current primary ticketing clients could result in a decline in the number of ticketing clients we have and a decline in the volume of our ticketing business, which could adversely affect our business, financial condition and results of operations.

In the secondary ticket sales market, we have restrictions on our business that are not faced by our competitors, which restrictions include those that are self-imposed, imposed as a result of agreements entered into with the Federal Trade Commission ("FTC"), the Attorneys General of several individual states, and various international governing bodies, and statutory. These restrictions include: restrictions on linking from our page on the www.ticketmaster.com website that informs consumers that no tickets were found in response to their ticket request to our resale ticketing options without first obtaining approval from the State of New Jersey as to any material changes to our current linking practices; a requirement to clearly and conspicuously disclose on any primary ticketing website where a link or redirect to a resale website owned or controlled by us is posted, that the link is directing the user to a resale website and that ticket prices often exceed the ticket's original price; and a requirement to make certain clear and conspicuous disclosures and in certain instances to create separate listings when a ticket being offered for resale is not "in-hand" as well as a requirement to monitor and enforce the compliance of third parties offering tickets on our websites with such disclosure requirements. Our competitors in the secondary ticket sales market are not, to our knowledge, bound by similar restrictions. As a result, our ability to effectively compete in the secondary ticket sales market may be adversely affected, which could in turn adversely affect our business, financial condition and results of operations.

In connection with our merger with Ticketmaster Entertainment, Inc., we became subject to both a court-imposed final judgment in the United States and a consent agreement with Canadian authorities, pursuant to which we have agreed to abide by certain behavioral remedies that prevent us from engaging in retaliatory business tactics or improper tying arrangements. In addition, we are restricted from engaging in certain business activities that would be lawful for us to undertake absent the final judgment and the consent agreement. Our inability to undertake these business strategies could disadvantage us when we compete against firms that are not restricted by any such order, and we therefore face certain unquantifiable business risks as a result of compliance.

Other variables that could adversely affect our financial performance by, among other things, leading to decreases in overall revenue, the number of sponsors, event attendance, ticket prices and fees or profit margins include:

- an increased level of competition for advertising dollars, which may lead to lower sponsorships as we attempt to retain advertisers or which may cause us to lose advertisers to our competitors offering better programs that we are unable or unwilling to match;
- unfavorable fluctuations in operating costs, including increased guarantees to artists, which we may be unwilling or unable to pass through to our customers via higher ticket prices;
- inability to fund the significant up-front cash requirements associated with our touring and ticketing businesses due to insufficient cash on hand or capacity under our senior secured credit facility, which could result in the loss of key tours to competitors or the inability to secure and retain ticketing clients;
- competitors' offerings that may include more favorable terms than we do in order to obtain agreements for new venues or ticketing arrangements or to obtain events for the venues they operate;
- technological changes and innovations that we are unable to adopt or are late in adopting that offer more attractive entertainment alternatives than we or other live entertainment providers currently offer, which may lead to a reduction in attendance at live events, a loss of ticket sales or lower ticket fees; and
- other entertainment options available to our audiences that we do not offer.

The success of our ticketing business and other operations depends, in part, on the integrity of our systems and infrastructure, as well as affiliate and third-party computer systems, wifi and other communication systems. System interruption and the lack of integration and redundancy in these systems and infrastructure may have an adverse impact on our business, financial condition and results of operations.

System interruption and the lack of integration and redundancy in the information systems and infrastructure, both of our own ticketing systems and other computer systems and of affiliate and third-party software, wifi and other communications systems service providers on which we rely, may adversely affect our ability to operate websites, process and fulfill transactions, respond to customer inquiries and generally maintain cost-efficient operations. Such interruptions could occur by virtue of natural disaster, malicious actions such as hacking or acts of terrorism or war, or human error. In addition, the loss of some or all of certain key personnel could require us to expend additional resources to continue to maintain our software and systems and could subject us to systems interruptions. The large infrastructure plant that is required to operate our systems requires an ongoing investment of time, money and effort to maintain or refresh hardware and software and to ensure it remains at a level capable of servicing the demand and volume of business that Ticketmaster receives. Failure to do so may result in system instability, degradation in performance, or unfixable security vulnerabilities that could adversely impact both the business and the consumers utilizing our services.

While we have backup systems for certain aspects of our operations, disaster recovery planning by its nature cannot be sufficient for all eventualities. In addition, we may not have adequate insurance coverage to compensate for losses from a major interruption. If any of these adverse events were to occur, it could adversely affect our business, financial condition and results of operations.

Data loss or other breaches of our network security could materially harm our business and results of operations, and the processing, storage, use and disclosure of personal or sensitive information could give rise to liabilities and additional costs as a result of governmental regulation, litigation and conflicting legal requirements relating to personal privacy rights.

Due to the nature of our business, we process, store, use, transfer and disclose certain personal or sensitive information about our customers and employees. Penetration of our network or other misappropriation or misuse of personal or sensitive information and data, including credit card information, could cause interruptions in our operations and subject us to increased costs, litigation, inquiries and actions from governmental authorities, and financial or other liabilities. In addition, security breaches, incidents or the inability to protect information could lead to increased incidents of ticketing fraud and counterfeit tickets. Security breaches and incidents could also significantly damage our reputation with consumers, ticketing clients and other third parties, and could result in significant costs related to remediation efforts, such as credit or identity theft monitoring.

Although we have developed systems and processes that are designed to protect customer and employee information and to prevent security breaches or incidents (which could result in data loss or other harm or loss), such measures cannot provide absolute security or certainty. It is possible that advances in computer and hacker capabilities, new variants of malware, the development of new penetration methods and tools, inadvertent violations of company policies or procedures or other developments could result in a compromise of customer or employee information or a breach of the technology and security processes that are used to protect customer and employee information. The techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems may change frequently and as a result, may be difficult for our business to detect for long periods of time. In addition, despite our best efforts, we may be unable to anticipate these techniques or implement adequate preventative measures. We have expended significant capital and other resources to protect against and remedy such potential security breaches, incidents and their consequences, including the establishment of a dedicated cybersecurity organization within our larger technology environment, and will continue to do so in the future.

We also face risks associated with security breaches and incidents affecting third parties with which we are affiliated or with which we otherwise conduct business. In particular, hardware, software or applications we develop or procure from third parties may contain defects in design or manufacture and/or may pose a security risk that could unexpectedly compromise information security. For example, in the second quarter of 2018, we became aware that a third-party customer support product, used in certain jurisdictions outside the U.S., was infected with a malicious code that may have allowed an unauthorized party to skim customers' personal or payment information from their browsers. While we acted promptly to disable the infected third-party product, we continue to review our systems and interface with regulatory authorities as a result of this incident. Consumers are generally concerned with the security and privacy of the internet, and any publicized security problems affecting our businesses and/or third parties may discourage consumers from doing business with us, which could have an adverse effect on our business, financial condition and results of operations.

In addition to the above concerns related to network and data security, the collection, transfer, use, disclosure, security and retention of personal or sensitive information and other user data are governed by existing and evolving federal, state and international laws. We have expended significant capital and other resources to keep abreast of the evolving privacy landscape, including the establishment of a dedicated global privacy organization within our legal team. However, our business could be adversely affected if legislation or regulations are expanded to require changes in business practices or policies (including, for example, practices or policies regarding the collection, transfer, use, disclosure, security, and retention of personal or sensitive information), or if governing jurisdictions interpret or implement legislation or regulations in a manner which negatively affects our business, financial condition and/or results of operations. Due to the changes in the data privacy regulatory environment, we may incur additional costs and challenges to our business that restrict or limit our ability to collect, transfer, use, disclose, secure, or retain personal or sensitive information. These changes in data privacy laws may require us to modify our current or future products, services, programs, practices or policies, which may in turn impact the products and services available to our customers.

Regulators and government enforcement actions worldwide are imposing significant fines against companies for data privacy violations. Our business operations, including our ticketing business, involve the collection, transfer, use, disclosure, security, and disposal of personal or sensitive information in various locations around the world, including the European Union ("E.U."), where the General Data Protection Regulation ("GDPR") that governs data privacy became effective on May 25, 2018. The GDPR imposed a minimum set of rules in relation to the processing of E.U. residents' personal information, which

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each E.U. Member State is required to transpose into national law (in the United Kingdom, for example, the GDPR was given direct effect via the Data Protection Act of 2018). The GDPR therefore did not result in a harmonized system of data privacy laws in the E.U.; national law variations may apply. Failure to comply with the GDPR may result in significant monetary penalties of up to (a) 4% of a company's worldwide total revenue or (b) €20 million, whichever is the highest. We committed significant capital and personnel resources to ensure, so far as is possible, that we are in compliance with the GDPR; however, there can be no assurances that violations will not occur, particularly given the complexity of the GDPR and related local laws, our business, and the uncertainties that accompany new, comprehensive legislation.

As we expand our operations into new jurisdictions, the costs associated with compliance with applicable local data privacy laws and regulations increases. It is possible that government or industry regulation in these markets will require us to deviate from our standard processes and/or make changes to our products, services and operations, which will increase operational cost and risk.

Our failure or the failure of the various third-party vendors and service providers with which we are affiliated or otherwise conduct business to comply with applicable federal, state or international laws and regulations and/or to comply with our privacy policies and/or or any compromise of security that results in the unauthorized collection, transfer, use or disclosure of personal or sensitive information or other user data may result in negative publicity resulting in reputation or brand damage, may discourage potential users from purchasing tickets or trying our products and services, and may result in proceedings/fines by governmental agencies and/or private litigation brought by consumers; the realization of one or all of the foregoing could adversely affect our business, financial condition and results of operations.

We may be adversely affected by the occurrence of extraordinary events, such as terrorist attacks.

The occurrence and threat of extraordinary events, such as terrorist attacks, intentional or unintentional mass-casualty incidents, public health concerns such as contagious disease outbreaks, natural disasters or similar events, may deter artists from touring and/or substantially decrease the use of and demand for our services and the attendance at live music events, which may decrease our revenue or expose us to substantial liability. The terrorism and security incidents in the past, military actions in foreign locations and periodic elevated terrorism alerts have raised numerous challenging operating factors, including public concerns regarding air travel, military actions and additional national or local catastrophic incidents, causing a nationwide disruption of commercial and leisure activities.

In the event of actual or threatened terrorism events, some artists may refuse to travel or book tours, which could adversely affect our business. Attendance at events may decline due to fears over terrorism and contagious disease outbreaks, which could adversely impact our operating results. There have been terrorist attacks at events that we have promoted or with which we have otherwise been involved, which have resulted in lawsuits questioning, among other things, the adequacy of the security precautions at these events. While we are constantly evaluating the security precautions for our events in an effort to ensure the safety of the public, no security measures can guarantee safety and there can be no assurances that we won't face liabilities, which could be substantial and materially impact our operating results, in connection with such terrorist attacks at our events. In addition, we hold a large number of events at third-party venues that we do not own or operate. While we do not have direct control over the security at such venues, there can be no guarantees that victims of a terrorism or casualty event at such venues will not seek to impose, or ultimately be successful in imposing, liability on us. The occurrence or threat of future terrorist attacks, military actions by the United States or others, contagious disease outbreaks, natural disasters such as earthquakes and severe floods or similar events cannot be predicted, and their occurrence can be expected to negatively affect the economies of the United States and other foreign countries where we do business, as well as our operating results.

While we have health and safety programs designed to mitigate the risks that are inherent in the staging of concerts and other events, as well as those associated with extraordinary occurrences or actions that may take place at our events, there can be no assurances that these programs will be sufficient to fully cover every possibility. Despite our best efforts, some occurrences or actions are difficult to foresee and adequately plan for, which could lead to fan, vendor and/or employee harm resulting in fines, penalties, legal costs and reputational risk that could materially and adversely impact our business and results of operations.

We operate in international markets which subject us to risks associated with the legislative, judicial, accounting, regulatory, political and economic risks and conditions specific to such markets, which could adversely affect our business, financial condition and results of operations.

We provide services in various jurisdictions abroad through a number of brands and businesses that we own and operate, as well as through joint ventures, and we expect to continue to expand our international presence. We face, and expect to continue to face, additional risks in the case of our existing and future international operations, including:

- political instability, adverse changes in diplomatic relations and unfavorable economic and business conditions in the markets in which we currently have international operations or into which we may expand, particularly in the case of emerging markets;

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- more restrictive or otherwise unfavorable government regulation of the live entertainment and ticketing industries, which could result in increased compliance costs and/or otherwise restrict the manner in which we provide services and the amount of related fees charged for such services;
- limitations on the enforcement of intellectual property rights;
- limitations on the ability of foreign subsidiaries to repatriate profits or otherwise remit earnings;
- adverse tax consequences due both to the complexity of operating across multiple tax regimes as well as changes in, or new interpretations of, international tax treaties and structures;
- expropriations of property and risks of renegotiation or modification of existing agreements with governmental authorities;
- diminished ability to legally enforce our contractual rights in foreign countries;
- limitations on technology infrastructure, which could limit our ability to migrate international operations to a common ticketing system;
- variability in venue security standards and accepted practices;
- lower levels of internet usage, credit card usage and consumer spending in comparison to those in the United States; and
- difficulties in managing operations and adapting to consumer desires due to distance, language and cultural differences, including issues associated with (i) business practices and customs that are common in certain foreign countries but might be prohibited by United States law and our internal policies and procedures, and (ii) management and operational systems and infrastructures, including internal financial control and reporting systems and functions, staffing and managing of foreign operations, which we might not be able to do effectively or cost-efficiently.

As we expand into new markets these risks will be intensified and will have the potential to impact a greater percentage of our business and operating results. Our ability to expand our international operations into new jurisdictions, or further into existing jurisdictions will depend, in significant part, on our ability to identify potential acquisition candidates, joint venture or other partners, and enter into arrangements with these parties on favorable terms, as well as our ability to make continued investments to maintain and grow existing international operations. If the revenue generated by international operations is insufficient to offset expenses incurred in connection with the maintenance and growth of these operations, our business, financial condition and results of operations could be materially and adversely affected. In addition, in an effort to make international operations in one or more given jurisdictions profitable over the long term, significant additional investments that are not profitable over the short term could be required over a prolonged period.

In foreign countries in which we operate, a risk exists that our employees, contractors or agents could, in contravention of our policies, engage in business practices prohibited by applicable United States laws and regulations, such as the United States Foreign Corrupt Practices Act, as well as the laws and regulations of other countries prohibiting corrupt payments to government officials such as the United Kingdom Bribery Act 2010. We maintain policies prohibiting such business practices and have in place global anti-corruption compliance and training programs designed to ensure compliance with these laws and regulations. Nevertheless, the risk remains that one or more of our employees, contractors or agents, including those based in or from countries where practices that violate such United States laws and regulations or the laws and regulations of other countries may be customary, as well as those associated with newly-acquired businesses, will engage in business practices that are prohibited by our policies, circumvent our compliance programs and, by doing so, violate such laws and regulations. Any such violations, even if prohibited by our internal policies, could result in fines, criminal sanctions against us and/or our employees, prohibitions on the conduct of our business and damage to our reputation, which could adversely affect our business, financial condition and results of operations.

In addition, given our substantial operations in the United Kingdom (the “U.K.”) and the E.U., we face risks and uncertainties due to the referendum and approval by voters in the U.K. of an exit from the E.U., commonly referred to as “Brexit.” These risks and uncertainties include potential deterioration in the macroeconomic environment that could lead to less demand for concerts and other live entertainment in the U.K. and the E.U., potential legal and regulatory changes that could, among other things, impact the ease of movement between the U.K. and the E.U. for artists and touring personnel, and exchange rate risks such as the ten percent drop in the U.K. pound sterling against the U.S.

dollar that occurred the day after the Brexit referendum, which resulted in higher artist fees in pound sterling terms (see the risk factor captioned "Exchange rates may cause fluctuations in our results of operations that are not related to our operations" below for more discussion of the impact of currency fluctuations on our business). The form and specific mechanics of Brexit are still in the process of being determined, and thus the full parameters and implications of Brexit are currently unknown; however, these and other factors, if realized, could adversely affect our business, financial condition and results of operations.

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We are subject to extensive governmental regulation, and our failure to comply with these regulations could adversely affect our business, financial condition and results of operations.

Our operations are subject to federal, state and local statutes, rules, regulations, policies and procedures, both domestically and internationally, which are subject to change at any time, governing matters such as:

- privacy laws and protection of personal or sensitive information, as more particularly described above under the risk factor related to our processing, storage, use and disclosure of personal or sensitive information;
- compliance with the United States Foreign Corrupt Practices Act, the United Kingdom Bribery Act 2010 and similar regulations in other countries, as more particularly described above under the risk factor related to our international operations;
- primary ticketing and ticket resale services;
- construction, renovation and operation of our venues;
- licensing, permitting and zoning, including noise ordinances;
- human health, safety and sanitation requirements;
- the service of food and alcoholic beverages;
- working conditions, labor, minimum wage and hour, citizenship and employment laws;
- compliance with the ADA and the DDA;
- hazardous and non-hazardous waste and other environmental protection laws;
- sales and other taxes and withholding of taxes;
- marketing activities via the telephone and online; and
- historic landmark rules.

Our failure to comply with these laws and regulations could result in proceedings/fines against us by governmental agencies and private actions brought by consumers, which if material, could adversely affect our business, financial condition and results of operations. While we attempt to conduct our business and operations in a manner that we believe to be in compliance with such laws and regulations, there can be no assurance that a law or regulation will not be interpreted or enforced in a manner contrary to our current understanding of the law or regulation. In addition, the promulgation of new laws, rules and regulations could restrict or unfavorably impact our business, which could decrease demand for services, reduce revenue, increase costs and/or subject us to additional liabilities. For example, some legislatures have proposed laws in the past that would impose potential liability on us and other promoters and producers of live music events for entertainment taxes and for incidents that occur at our events, particularly relating to drugs and alcohol. New legislation could be passed that may negatively impact our business, such as provisions that have recently been proposed in various jurisdictions that would restrict ticketing methods, mandate ticket inventory disclosure and attack current policies governing season tickets for sports teams. Additionally, governmental actions such as the current sanctions by the United States Department of the Treasury’s Office of Foreign Assets Control and European regulators on certain Russian individuals and entities, as well as other sanctions elsewhere in the world, could restrict or limit our business activities in certain areas or subject us to sanction for noncompliance, even if inadvertent.

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From time to time, federal, state and local authorities and/or consumers commence investigations, inquiries or litigation with respect to our compliance with applicable consumer protection, advertising, unfair business practice, antitrust (and similar or related laws) and other laws. Our businesses have historically cooperated with authorities in connection with these investigations and have satisfactorily resolved each such material investigation, inquiry or litigation. We are currently subject to agreements with the States of New Jersey, Maryland and Illinois and the FTC which govern, and in certain cases place limitations on, our ticketing resale practices. Our competitors in the secondary ticket sales market are not, to our knowledge, bound by such limitations and as a result, we may be at a competitive disadvantage. Other states and Canadian provinces have commenced investigations or inquiries regarding the relationship between us and certain of our subsidiaries and other aspects of our ticketing business, including a suit brought by the Canadian Competition Bureau relating to alleged deceptive marketing practices. We have incurred significant legal expenses in connection with the defense of governmental investigations and litigation in the past and may be required to incur additional expenses in the future regarding such investigations and litigation. In the case of antitrust (and similar or related) matters, any adverse outcome could limit or prevent us from engaging in the ticketing business generally (or in a particular segment thereof) or subject us to potential damage assessments, all of which could have a material adverse effect on our business, financial condition and results of operations.

Unfavorable outcomes in legal proceedings may adversely affect our business and operating results.

Our results may be affected by the outcome of pending and future litigation. Unfavorable rulings in our legal proceedings may have a negative impact on us that may be greater or smaller depending on the nature of the rulings. In addition, we are currently, and from time to time in the future may be, subject to various other claims, investigations, legal and administrative cases and proceedings (whether civil or criminal) or lawsuits by governmental agencies or private parties, as further described in the immediately preceding risk factor. If the results of these investigations, proceedings or suits are unfavorable to us or if we are unable to successfully defend against third-party lawsuits, we may be required to pay monetary damages or may be subject to fines, penalties, injunctions or other censure that could have a material adverse effect on our business, financial condition and results of operations. Even if we adequately address the issues raised by an investigation or proceeding or successfully defend a third-party lawsuit or counterclaim, we may have to devote significant financial and management resources to address these issues, which could harm our business, financial condition and results of operations.

Our success depends, in significant part, on entertainment, sporting and leisure events and economic and other factors adversely affecting such events could have a material adverse effect on our business, financial condition and results of operations.

A decline in attendance at or reduction in the number of live entertainment, sporting and leisure events may have an adverse effect on our revenue and operating income. In addition, during periods of economic slowdown and recession, many consumers have historically reduced their discretionary spending and advertisers have reduced their advertising expenditures. The impact of economic slowdowns on our business is difficult to predict, but they may result in reductions in ticket sales, sponsorship opportunities and our ability to generate revenue. The risks associated with our businesses may become more acute in periods of a slowing economy or recession, which may be accompanied by a decrease in attendance at live entertainment, sporting and leisure events. Many of the factors affecting the number and availability of live entertainment, sporting and leisure events are beyond our control. For instance, certain sports leagues have experienced labor disputes leading to threatened or actual player lockouts. Any such lockouts that result in shortened or canceled seasons would adversely impact our business to the extent that we provide ticketing services to the affected teams both due to the loss of games and ticketing opportunities as well as the possibility of decreased attendance following such a lockout due to adverse fan reaction.

Our business depends on discretionary consumer and corporate spending. Many factors related to corporate spending and discretionary consumer spending, including economic conditions affecting disposable consumer income such as unemployment levels, fuel prices, interest rates, changes in tax rates and tax laws that impact companies or individuals, and inflation can significantly impact our operating results. Business conditions, as well as various industry conditions, including corporate marketing and promotional spending and interest levels, can also significantly impact our operating results. These factors can affect attendance at our events, premium seat sales, sponsorship, advertising and hospitality spending, concession and merchandise sales, as well as the financial results of sponsors of our venues, events and the industry. Negative factors such as challenging economic conditions and public concerns over terrorism and security incidents, particularly when combined, can impact corporate and consumer spending, and one negative factor can impact our results more than another. There can be no assurance that consumer and corporate spending will not be adversely impacted by current economic conditions, or by any future deterioration in economic conditions, thereby possibly impacting our operating results and growth.

Exchange rates may cause fluctuations in our results of operations that are not related to our operations.

Because we own assets overseas and derive revenue from our international operations, we may incur currency translation losses or gains due to changes in the values of foreign currencies relative to the United States Dollar. We cannot predict the effect of exchange rate fluctuations upon future operating results. For the year ended December 31, 2018, our international operations accounted for approximately 34% of our revenue. We cannot predict the future relationship between the United

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States Dollar and the currencies used by our international businesses, principally the British Pound, Euro, Australian Dollar and Canadian Dollar. We experienced a foreign exchange rate operating loss of $1.8 million for the year ended December 31, 2018 and foreign exchange rate operating income of $7.2 million and $2.1 million for the years ended December 31, 2017 and 2016, respectively, which impacted our operating income. See Item 7A.—Quantitative and Qualitative Disclosures about Market Risk.

We may enter into future acquisitions and take certain actions in connection with such transactions, including actions taken to comply with antitrust, competition and other regulations, that could affect our business and results of operations; if we are unsuccessful in our future acquisition endeavors, our business could be adversely impacted.

Our future growth rate depends in part on our selective acquisition of additional businesses. A portion of our growth has been attributable to acquisitions. We may be unable to identify other suitable targets for further acquisition or make further acquisitions at favorable prices. If we identify a suitable acquisition candidate, our ability to successfully complete the acquisition would depend on a variety of factors, and may include our ability to obtain financing on acceptable terms and requisite government approvals. In addition, the credit agreement for our senior secured credit facility restricts our ability to make certain acquisitions. In connection with future acquisitions, we could take certain actions that could adversely affect our business, including:

- using a significant portion of our available cash;
- issuing equity securities, which would dilute current stockholders' percentage ownership;
- incurring substantial debt;
- incurring or assuming contingent liabilities, known or unknown;
- incurring amortization expenses related to intangibles; and
- incurring large accounting write-offs or impairments.

In addition, acquisitions involve inherent risks which, if realized, could adversely affect our business and results of operations, including those associated with:

- integrating the operations, financial reporting, technologies and personnel of acquired companies, including establishing and maintaining a system of internal controls appropriate for a public company environment;
- managing geographically dispersed operations;
- the diversion of management's attention from other business concerns;
- the inherent risks in entering markets or lines of business in which we have either limited or no direct experience; and
- the potential loss of key employees, customers and strategic partners of acquired companies.

We are also subject to laws and regulations, including those relating to antitrust at the state, federal and international levels, that could significantly affect our ability to expand our business through acquisitions. For example, the FTC and the Antitrust Division of the United States Department of Justice with respect to our domestic acquisitions, and the European Commission (the antitrust regulator of the E.U.) and the United Kingdom Competition Commission with respect to our European acquisitions, have the authority to challenge our acquisitions on antitrust grounds before or after the acquisitions are completed. Our failure or inability to complete future acquisitions as a result of such laws and regulations, or the imposition of unfavorable terms as a condition to the completion of an acquisition, could have a material adverse effect on our business and results of operations.

We are dependent upon our ability to lease, acquire and develop live music venues, and if we are unable to do so on acceptable terms, or at all, our results of operations could be adversely affected.

Our Concerts and Sponsorship & Advertising segments require access to venues to generate revenue from live music events. For these events, we use venues that we own, but we also operate a number of our live music venues under various agreements which include leases with third parties, ownership through an equity interest or booking agreements, which are agreements where we contract to book the events at a venue for a specific period of time. Our long-term success in the live music business will depend in part on the availability of venues, our ability to lease these venues and our ability to enter into booking agreements upon their expiration. As many of these agreements are with third parties over whom we have little or no control, we may be unable to renew these agreements or enter into new agreements on acceptable terms or at all, and may be unable to obtain favorable agreements with venues. Our ability to renew these agreements or obtain new agreements on favorable terms depends on a number of other factors, many of which are also beyond our control, such as national and local business conditions and competition from other promoters. If the cost of renewing these agreements is too high or the terms of

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any new agreement with a new venue are unacceptable or incompatible with our existing operations, we may decide to forego these opportunities. There can be no assurance that we will be able to renew these agreements on acceptable terms or at all, or that we will be able to obtain attractive agreements with substitute venues, which could have a material adverse effect on our results of operations.

We may continue to expand our operations through the development of live music venues and the expansion of existing live music venues, which poses a number of risks, including:

- construction of live music venues may result in cost overruns, delays or unanticipated expenses;
- desirable sites for live music venues may be unavailable or costly; and
- the attractiveness of our venue locations may deteriorate over time.

Growth or maintenance of our existing revenue depends in part on consistent investment in our venues. Therefore, we expect to continue to make substantial capital improvements to meet long-term increasing demand, improve value and grow revenue. We frequently have a number of significant capital projects underway. Numerous factors, many of which are beyond our control, may influence the ultimate costs and timing of various capital improvements.

The amount of capital expenditures can vary significantly from year to year. In addition, actual costs could vary materially from our estimates if our assumptions about the quality of materials, equipment or workmanship required or the cost of financing such expenditures were to change. Construction is also subject to governmental permitting processes which, if changed, could materially affect the ultimate cost.

Additionally, the market potential of live music venue sites cannot be precisely determined, and our live music venues may face competition in markets from unexpected sources. Newly constructed live music venues may not perform up to our expectations. We face significant competition for potential live music venue locations and for opportunities to acquire existing live music venues. Because of this competition, we may be unable to add to or maintain the number of our live music venues on terms we consider acceptable.

Our operations are seasonal and our results of operations vary from quarter to quarter and year over year, so our financial performance in certain financial quarters or years may not be indicative of, or comparable to, our financial performance in subsequent financial quarters or years.

We believe our financial results and cash needs will vary greatly from quarter to quarter and year to year depending on, among other things, the timing of tours, tour cancellations, event ticket on-sales, capital expenditures, seasonal and other fluctuations in our operating results, the timing of guaranteed payments and receipt of ticket sales and fees, financing activities, acquisitions and investments and receivables management. Because our results may vary significantly from quarter to quarter and year to year, our financial results for one quarter or year cannot necessarily be compared to another quarter or year and may not be indicative of our future financial performance in subsequent quarters or years. Typically, we experience our lowest financial performance in the first and fourth quarters of the calendar year as our outdoor venues are primarily used, and our festivals primarily occur, during May through October. In addition, the timing of tours of top grossing acts can impact comparability of quarterly results year over year and potentially annual results. The timing of event on-sales by our ticketing clients can also impact this comparability. In addition, the seasonality of our businesses could create cash flow management risks if we do not adequately anticipate and plan for periods of decreased activity, which could negatively impact our ability to execute on our strategy, which in turn could harm our results of operations.

The following table sets forth our operating income (loss) for the last eight fiscal quarters:

Fiscal Quarter Ended	Operating income (loss) (in thousands)
March 31, 2017	$ (21,366)
June 30, 2017	$ 113,433
September 30, 2017	$ 201,347
December 31, 2017	$ (202,017)
March 31, 2018	$ (6,030)
June 30, 2018	$ 134,725
September 30, 2018	$ 234,219
December 31, 2018	$ (90,378)

There is the risk of personal injuries and accidents in connection with our live music events, which could subject us to personal injury or other claims and increase our expenses, as well as reduce attendance at our live music events, causing a decrease in our revenue.

There are inherent risks involved with producing live music events. As a result, personal injuries and accidents have occurred, and may in the future occur, from time to time, which could subject us to claims and liabilities for personal injuries. Incidents in connection with our live music events at any of our venues or festival sites that we own or rent could also result in claims, reducing operating income or reducing attendance at our events, which could cause a decrease in our revenue. We have been subject to wrongful death claims and are currently subject to other litigation. In addition, while we have security protocols in place at our events, illegal drug use or alcohol consumption at our events could result in negative publicity, adverse consequences (including illness, injury or death) to the persons engaged in such activities or others, and litigation against us. While we maintain insurance policies that provide coverage within limits that are sufficient, in management's judgment, to protect us from material financial loss for personal injuries sustained by persons at our venues or events or accidents in the ordinary course of business, there can be no assurance that such insurance will be adequate at all times and in all circumstances.

We may fail to adequately protect our intellectual property rights or may be accused of infringing upon intellectual property rights of third parties.

We regard our intellectual property rights, including patents, service marks, trademarks and domain names, copyrights, trade secrets and similar intellectual property (as applicable) as critical to our success. We also rely heavily upon software codes, informational databases and other components that make up our products and services. We have been granted patents and/or have patent applications pending with the United States Patent and Trademark Office and/or various foreign patent authorities for various proprietary technologies and other inventions. Any patent application filed may not result in a patent being issued, or existing or future patents may not be adjudicated valid by a court or be afforded adequate protection against competitors with similar technology. Likewise, the issuance of a patent to us does not mean that its processes or inventions will not be found to infringe upon patents or other rights previously issued to third parties. We rely on a combination of laws and contractual restrictions with employees, customers, suppliers, affiliates and others to establish and protect these proprietary rights. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use our intellectual property without authorization which, if discovered, might require legal action to correct. In addition, third parties may independently and lawfully develop substantially similar intellectual properties.

From time to time, we are subject to legal proceedings and claims in the ordinary course of business, including claims of alleged infringement of the intellectual property rights of third parties. Our failure to protect our intellectual property rights in a meaningful manner or challenges to related contractual rights could result in erosion of brand names or other intellectual property and could adversely affect our business, financial condition and results of operations. Therefore, litigation may be necessary in the future to enforce our intellectual property rights, protect trade secrets or determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect our business, financial condition and results of operations.

Costs associated with, and our ability to obtain, adequate insurance could adversely affect our profitability and financial condition.

We currently secure insurance programs to address our various risks with terms, conditions and costs that are appropriate for our business. However, heightened concerns and challenges regarding property, casualty, liability, business interruption and other insurance coverage have resulted from terrorist and related security incidents along with varying weather-related

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conditions and incidents. Any such events that are of a massive scale causing significant losses to insurance providers could negatively impact the insurance marketplace, and as a result, we may experience increased difficulty obtaining sufficiently high policy limits of coverage at a cost we believe to be reasonable, including coverage for acts of terrorism, cyber attacks, weather-related damage and disruptions and other perils associated with our operations. We have a material investment in property and equipment at each of our venues, which are generally located near major cities and which hold events typically attended by a large number of fans. We also have a significant investment in technology, including our ticketing systems. At December 31, 2018, we had property and equipment with a net book value of $946.6 million. We cannot guarantee that future increases in insurance costs and difficulties obtaining high policy limits will not adversely impact our profitability, thereby possibly impacting our operating results and growth. We cannot provide assurance that our insurance policy coverage limits, including insurance coverage for property, casualty, liability, artists and business interruption losses and acts of terrorism, would be adequate under the circumstances should one or multiple events occur at or near any of our business locations, or that our insurers would have adequate financial resources to sufficiently or fully pay our related claims or damages. We cannot guarantee that adequate coverage limits will be available, offered at a reasonable cost, or offered by insurers with sufficient financial soundness. The occurrence of such an incident or incidents affecting any one or more of our business facilities could have a material adverse effect on our financial position and future results of operations if asset damage and/or company liability were to exceed insurance coverage limits or if an insurer were unable to sufficiently or fully pay our related claims or damages.

We depend upon unionized labor for the provision of some of our services and any work stoppages or labor disturbances could disrupt our business; potential union pension obligations could cause us to incur unplanned liabilities.

The stagehands at some of our venues and other employees are subject to collective bargaining agreements. Our union agreements typically have a term of three years and thus regularly expire and require negotiation in the ordinary course of our business. Upon the expiration of any of our collective bargaining agreements, however, we may be unable to negotiate new collective bargaining agreements on terms favorable to us, and our business operations may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating our collective bargaining agreements. In addition, our business operations at one or more of our facilities may also be interrupted as a result of labor disputes by outside unions attempting to unionize a venue even though we do not have unionized labor at that venue currently. A work stoppage at one or more of our owned or operated venues or at our promoted events could have a material adverse effect on our business, financial condition and results of operations. We cannot predict the effect that a potential work stoppage would have on our business.

We participate in, and make recurrent contributions to, various multiemployer pension plans that cover many of our current and former union employees. Our required recurrent contributions to these plans could unexpectedly increase during the term of a collective bargaining agreement due to ERISA laws that require additional contributions to be made when a pension fund enters into critical status, which may occur for reasons that are beyond our control. In addition, we may be required by law to fulfill our pension withdrawal liability with respect to any multiemployer pension plans from which we may withdraw or partially withdraw. Our potential withdrawal liability will increase if a multiemployer pension plan in which we participate has significant underfunded liabilities. Any unplanned or greater than expected multiemployer pension liabilities could have a material adverse effect on our business, financial condition and results of operations.

Poor weather adversely affects attendance at our live music events, which could negatively impact our financial performance from period to period.

We promote and/or ticket many live music events. Weather conditions surrounding these events affect sales of tickets, concessions and merchandise, among other things. Poor weather conditions can have a material effect on our results of operations particularly because we promote and/or ticket a finite number of events. Due to weather conditions, we may be required to cancel or reschedule an event to another available day or a different venue, which would increase our costs for the event and could negatively impact the attendance at the event, as well as concession and merchandise sales. Poor weather can affect current periods as well as successive events in future periods.

Risks Relating to Our Leverage

We have a large amount of debt and lease obligations that could restrict our operations and impair our financial condition. The agreements governing our senior secured credit facility and certain of our other indebtedness impose restrictions on us that limit the discretion of management in operating our business and that, in turn, could impair our ability to meet our obligations under our debt.

The agreements governing our senior secured credit facility and certain of our other indebtedness include restrictive covenants that, among other things, restrict our ability to:

- incur additional debt;
- pay dividends and make distributions;

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- make certain investments;
- repurchase our stock and prepay certain indebtedness;
- create liens;
- enter into transactions with affiliates;
- modify the nature of our business;
- enter into sale-leaseback transactions;
- transfer and sell material assets; and
- merge or consolidate.

In addition, our senior secured credit facility includes other restrictions, including requirements to maintain certain financial ratios. Our failure to comply with the terms and covenants of our indebtedness could lead to a default under the terms of the governing documents, which would entitle the lenders to accelerate the indebtedness and declare all amounts owed due and payable.

As of December 31, 2018, our total indebtedness, excluding unamortized debt discounts and debt issuance costs of $94.9 million was $2.9 billion. Our available borrowing capacity under the revolving portion of our senior secured credit facility at that date was $276.3 million, with outstanding letters of credit of $88.7 million. We may also incur significant additional indebtedness in the future.

Our substantial indebtedness could have adverse consequences, including:

- making it more difficult for us to satisfy our obligations;
- increasing our vulnerability to adverse economic, regulatory and industry conditions;
- limiting our ability to obtain additional financing for future working capital, capital expenditures, acquisitions and other purposes;
- requiring us to dedicate a substantial portion of our cash flow from operations to fund payments on our debt, thereby reducing funds available for operations and other purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- making us more vulnerable to increases in interest rates; and
- placing us at a competitive disadvantage compared to our competitors that have less debt.

To service our debt and lease obligations and to fund potential acquisitions, artist and ticketing advances and capital expenditures, we will require a significant amount of cash, which depends on many factors beyond our control.

As of December 31, 2018, $82.1 million of our total indebtedness (excluding interest and unamortized debt discount and debt issuance costs) is due in 2019, $194.5 million is due in the aggregate in 2020 and 2021, $1.7 billion is due in the aggregate in 2022 and 2023 and $892.7 million is due thereafter. In addition, as of December 31, 2018, we had $2.5 billion in operating lease commitments, of which $195.2 million is due in 2019 and $189.0 million is due in 2020. All long-term debt without a stated maturity date is considered current and is reflected here as due in 2019. See the table in Item 7.—Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Commitments—Firm Commitments.

Our ability to service our debt and lease obligations and to fund potential acquisitions, artist and ticketing advances and capital expenditures will require a significant amount of cash, which depends on many factors beyond our control. Our ability to make payments on and to refinance our debt will also depend on our ability to generate cash in the future. This is, to an extent, subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We cannot provide assurance that our business will generate sufficient cash flow or that future borrowings will be available to us in an amount sufficient to enable us to pay our debt or to fund our other liquidity needs. If our future cash flow from operations and other capital resources is insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to reduce or delay our business activities and capital expenditures, sell assets, obtain additional equity capital or restructure or refinance all or a portion of our debt on or before maturity. In addition, the terms of our existing debt, including our senior secured credit facility, and other future debt may limit our ability to pursue any of these alternatives.

These measures might also be unsuccessful or inadequate in permitting us to meet scheduled debt service or lease obligations. We may be unable to restructure or refinance our obligations and obtain additional debt or equity financing or sell assets on satisfactory terms or at all. Capital markets have been volatile in the recent past; a downturn could negatively impact

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our ability to access capital should the need arise. As a result, the inability to meet our debt or lease obligations could cause us to default on those obligations. Any such defaults could materially harm our financial condition and liquidity.

We depend on the cash flows of our subsidiaries in order to satisfy our obligations.

We rely on distributions and loans from our subsidiaries to meet our payment requirements under our obligations. If our subsidiaries are unable to pay dividends or otherwise make payments to us, we may not be able to make debt service payments on our obligations. We conduct substantially all of our operations through our subsidiaries. Our operating cash flows and consequently our ability to service our debt is therefore principally dependent upon our subsidiaries' earnings and their distributions of those earnings to us and may also be dependent upon loans or other payments of funds to us by those subsidiaries. Our subsidiaries are separate legal entities and may have no obligation, contingent or otherwise, to pay any amount due pursuant to our obligations or to make any funds available for that purpose. Our foreign subsidiaries generate a portion of our operating cash flows. Although we do not intend to repatriate these funds from our foreign subsidiaries in order to satisfy payment requirements in the United States, we would be required to accrue and pay United States state income taxes as well as any applicable foreign withholding or transaction taxes on future repatriations. These taxes could be substantial and could have a material adverse effect on our financial condition and results of operations. In addition, the ability of our subsidiaries to provide funds to us may be subject to restrictions under our senior secured credit facility and may be subject to the terms of such subsidiaries' future indebtedness, as well as the availability of sufficient surplus funds under applicable law.

Risks Relating to Our Common Stock

Our corporate governance documents, rights agreement and Delaware law may delay, deter or prevent an acquisition of us that stockholders may consider favorable, which could decrease the value of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws and Delaware law contain provisions that could make it more difficult for a third party to acquire us without the consent of the board of directors. These provisions include supermajority voting requirements for stockholders to amend our organizational documents and to remove directors as well as limitations on action by our stockholders by written consent. In addition, the board of directors has the right to issue preferred stock without stockholder approval, which could be used to dilute the stock ownership of a potential hostile acquirer. Delaware law, for instance, also imposes some restrictions on mergers and other business combinations between any holder of 15% or more of our outstanding common stock and us. Although we believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics and thereby provide for an opportunity to receive a higher bid by requiring potential acquirers to negotiate with the board of directors, these provisions apply even if the offer may be considered beneficial by some stockholders.

We have also adopted a stockholder rights plan intended to deter hostile or coercive attempts to acquire us. Under the plan, if any person or group acquires, or begins a tender or exchange offer that could result in such person acquiring, 15% or more of our common stock, and in the case of certain Schedule 13G filers, 20% or more of our common stock, and in the case of Liberty Media and certain of its affiliates, more than 35% of our common stock, without approval of the board of directors under specified circumstances, our other stockholders have the right to purchase shares of our common stock, or shares of the acquiring company, at a substantial discount to the public market price. Therefore, the plan makes an acquisition much more costly to a potential acquirer.

In addition, the terms of our senior secured credit facility provide that the lenders can require us to repay all outstanding indebtedness upon a change of control. These provisions make an acquisition more costly to a potential acquirer. See Item 7.— Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.

We have no plans to pay dividends on our common stock, which could affect its market price.

We currently intend to retain any future earnings to finance the growth, development and expansion of our business and/or to repay existing indebtedness. Accordingly, we do not intend to declare or pay any dividends on our common stock for the foreseeable future. The declaration, payment and amount of future dividends, if any, will be at the sole discretion of the board of directors after taking into account various factors, including our financial condition, results of operations, cash flow from operations, current and anticipated capital requirements and expansion plans, the income tax laws then in effect and the requirements of Delaware law. In addition, the agreement governing our senior secured credit facility includes restrictions on our ability to pay cash dividends without meeting certain financial ratios and obtaining the consent of the lenders. Accordingly, holders of common stock will not receive cash payments on their investment and the market price may be adversely affected.

Conversion of our convertible notes may dilute the ownership interest of existing stockholders and may affect our per share results and the trading price of our common stock.

The issuance of shares of our common stock upon conversion of our convertible notes may dilute the ownership interests of existing stockholders. Issuances of stock on conversion may also affect our per share results of operations. Any sales in the

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public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock.

We can issue preferred stock without stockholder approval, which could materially adversely affect the rights of common stockholders.

Our certificate of incorporation authorizes us to issue “blank check” preferred stock, the designation, number, voting powers, preferences and rights of which may be fixed or altered from time to time by the board of directors. Our subsidiaries may also issue additional shares of preferred stock. Accordingly, the board of directors has the authority, without stockholder approval, to issue preferred stock with rights that could materially adversely affect the voting power or other rights of the common stockholders or the market value of the common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of December 31, 2018, we own, operate or lease 120 entertainment venues and 144 other facilities, including office leases, throughout North America and 37 entertainment venues and 118 other facilities internationally. We believe our venues and facilities are generally well-maintained and in good operating condition and have adequate capacity to meet our current business needs. We have a lease ending June 30, 2030 for our corporate headquarters in Beverly Hills, California, used primarily by our executive group and certain of our domestic operations management staff.

Our leases are for varying terms ranging from monthly to multi-year. These leases can typically be for terms of three to 10 years for our office leases and five to 25 years for our venue leases, and many include renewal options. There is no significant concentration of venues under any one lease or subject to negotiation with any one landlord. We believe that an important part of our management activity is to negotiate suitable lease renewals and extensions.

ITEM 3. LEGAL PROCEEDINGS

Information regarding our legal proceedings can be found in Part II—Financial Information—Item 8. Financial Statements and Supplementary Data—Note 6—Commitments and Contingent Liabilities.

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PART II—FINANCIAL INFORMATION

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock was listed on the New York Stock Exchange under the symbol "LYV" beginning on December 21, 2005. There were 3,402 stockholders of record as of February 21, 2019. This figure does not include an estimate of the indeterminate number of beneficial holders whose shares may be held of record by brokerage firms and clearing agencies.

Dividend Policy

From inception and through December 31, 2018, we have not declared or paid any dividends. We presently intend to retain any future earnings to finance the expansion of our business and to make debt repayments as they become due. Therefore, we do not expect to pay any cash dividends in the foreseeable future. Moreover, the terms of our senior secured credit facility limit the amount of funds that we will have available to declare and distribute as dividends on our common stock. Payment of future cash dividends, if any, will be at the discretion of our board of directors in accordance with applicable laws after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, plans for expansion and contractual restrictions with respect to the payment of dividends.

Recent Sales of Unregistered Securities

On December 10, 2018, we issued 28 shares of common stock to a holder of our 2.5% convertible senior notes due 2019 in respect of such holder's election to convert $1,000 principal amount of notes in accordance with the conversion rights set forth in the indenture governing the notes. The shares of common stock issued in the transaction were valued using a conversion rate of 28.8363 shares issuable per $1,000 principal amount of notes converted (with cash paid in lieu of fractional shares), as set forth in the indenture, representing an implied conversion price of $34.68 per share. We relied upon the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(a)(2) thereof for transactions not involving a public offering.

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ITEM 6. SELECTED FINANCIAL DATA

The Selected Financial Data should be read in conjunction with Item 7.—Management's Discussion and Analysis of Financial Condition and Results of Operations.

	Year Ended December 31,				
	2018	2017 (1)	2016 (1)	2015 (1)	2014 (1)
	(in thousands except per share data)				
Results of Operations Data (2):					
Revenue	$10,787,800	$9,687,222	$7,826,336	$6,776,584	$6,413,668
Operating income (3)	$272,536	$91,397	$194,940	$131,372	$7,164
Income (loss) before income taxes (3)	$131,105	$(9,380)	$48,326	$6,353	(99,820)
Net income (loss) attributable to common stockholders of Live Nation (4)	$60,249	$(6,015)	$2,942	$(32,508)	$(90,807)
Basic and diluted net loss available to common stockholders of Live Nation	$(17,651)	$(97,646)	$(47,010)	$(65,687)	$(96,467)
Basic and diluted net loss per common share available to common stockholders of Live Nation (5)	$(0.09)	$(0.48)	$(0.23)	$(0.33)	$(0.49)
Cash dividends per share	$—	$—	$—	$—	$—

	As of December 31,				
	2018	2017	2016	2015	2014
	(in thousands)				
Balance Sheet Data (2):					
Total assets	$8,496,886	$7,504,263	$6,764,266	$6,156,241	$5,968,361
Long-term debt, net (including current maturities)	$2,815,020	$2,299,959	$2,313,053	$2,045,014	$2,043,400
Redeemable noncontrolling interests	$329,355	$244,727	$347,068	$263,715	$168,855

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(1) Financial data has been adjusted for the impact of our adoption of the new revenue recognition standard on January 1, 2018. See Item 8.—Financial Statements and Supplementary Data—Note 1—The Company and Summary of Significant Accounting Policies for further discussion.

(2) Acquisitions and dispositions along with changes in foreign exchange rates can significantly impact the comparability of the historical consolidated financial data reflected in this schedule of Selected Financial Data.

(3) The year ended December 31, 2017 includes the accrual of a $110.0 million legal settlement entered into in January 2018. In addition, the years ended December 31, 2018, 2017 and 2014, include $10.5 million, $20.0 million and $135.0 million, respectively, of goodwill impairments recorded in conjunction with our annual impairment tests.

(4) The year ended December 31, 2017 includes the accrual of a $110.0 million legal settlement entered into in January 2018, and a $55.7 million income tax benefit from the 2017 United States tax reform change. See Item 8. Financial Statements and Supplementary Data—Note 8—Income Taxes for further discussion of the 2017 tax reform change. In addition, the years ended December 31, 2018, 2017 and 2014, include $10.5 million, $20.0 million and $97.4 million, respectively, of goodwill impairments, net of the noncontrolling interests share of the 2014 impairments, recorded in conjunction with our annual impairment tests.

(5) The year ended December 31, 2018 includes a loss of $0.05 per common share, on a basic and diluted basis, from the impact of the goodwill impairment. The year ended December 31, 2017 includes a loss of $0.36 per common share from the impact of the legal settlement and goodwill impairment offset by the tax benefit from the 2017 tax reform change. The year ended December 31, 2014 includes a loss of $0.48 per common share from the net impact of the goodwill impairments.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with the audited consolidated financial statements and notes to the financial statements included elsewhere in this Annual Report. This discussion contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed under Item 1A.—Risk Factors and other sections in this Annual Report.

Executive Overview

Live Nation continued to see strong demand for live events in 2018, powering the concerts center of our business flywheel and leading to another record year for all three of our segments. Our execution of our key strategic initiatives is elevating the live experience through our Concerts, Sponsorship & Advertising and Ticketing businesses to maximize benefits to the fans, to the many artists and teams with whom we work, and to our stockholders. We entered new markets during the year and introduced additional ticketing products that we believe provide growth for years to come. The rapidly changing technology landscape offers unique challenges that we met with transparency and through innovative solutions, while delivering record numbers in our key financial and operational metrics.

Our total revenue for the year was $10.8 billion, making this our thirteenth consecutive year of revenue growth and giving us, once again, our highest revenue year ever. Our Concerts, Sponsorship & Advertising and Ticketing segments all reported double-digit revenue growth as a result of both record attendance at our concerts and record ticket sales in our ticketing business. Our focus on amplifying and growing our concert flywheel continues to deliver benefits; the unique power of the live concert experience enables fans around the world to connect with artists and each other and provides us the platform to connect with the fans. Our overall revenue in 2018 increased by $1.1 billion, or 11%, on a reported and constant currency basis as compared to last year. The increase was largely driven by growth in our Concerts segment due to a higher number of events, fans, and average per show revenue we are generating from the events. Ticketing increased as well, with strong growth in concert event ticket sales in North America as well as the continued expansion of our resale business. Sponsorship & Advertising again delivered strong growth over the prior year due to a number of new strategic multi-year deals as well as growth in our European festival sponsorship business. Our operating results improved this year, compared to 2017, due to both improved business performance as well as the impact of the legal settlement accrued in 2017.

As the leading global live event and ticketing company, we believe that we are well-positioned to provide the best service to artists, teams, fans and venues and therefore drive growth across all our businesses. We believe that by leveraging our leadership position in the entertainment industry to reach fans through the live concert experience, we will sell more tickets and uniquely engage more advertising partners. By advancing innovation in ticketing technology, we will continue to improve the fan experience by offering increased and more diversified, secure choices in an expanded ticketing marketplace. This gives us a compelling opportunity to grow our fan base and our results.

Our Concerts segment was the largest contributor to our overall revenue growth in 2018, with an increase of $878.0 million, or 11%, on a reported basis as compared to last year, or $852.4 million, also 11%, without the impact of changes in foreign exchange rates. This higher revenue was due to additional arena and amphitheater shows, regional acquisitions in the United States and festival growth worldwide. Some of the biggest tours in 2018 featured Beyoncé and Jay-Z, P!nk, Justin Timberlake, Imagine Dragons and Bruno Mars. Overall, Concerts attendance grew by 6.5 million to nearly 93 million fans, a record for the company, and an increase of 8% over the prior year. We continued to expand our global festival portfolio in 2018, adding brands, including Isle of Wight, to our strong roster and growing total festival attendance. Our amphitheater shows were strong in 2018 as well, with the Dave Matthews Band, Jason Aldean and Kendrick Lamar all playing to sold out audiences over the summer. The growth of our amphitheater onsite business continued in 2018, with a focus on expanding our food and beverage point of sale systems, optimizing beverage sizing and pricing, and developing new premium programs for parking and VIP areas. These programs helped grow our ancillary revenue per fan at our amphitheaters by approximately $3 in 2018. Another

of our ongoing priorities is to grow our ticket revenue by optimizing ticket pricing based on demand. We saw success in this area globally this year, by increasing the price for our best available seats in our amphitheaters and arenas by double-digits. Our Concerts operating results for the year improved over the prior year largely due to the impact of these business improvements and strategic initiatives. We will continue to look for expansion opportunities, both domestically and internationally, as well as ways to market our events more effectively, in order to continue to expand our fan base and geographic reach and thereby sell more tickets and onsite products.
Our Sponsorship & Advertising segment revenue for the year was up $58.8 million, or 13%, on a reported basis as compared to last year, or $56.7 million, also 13%, without the impact of changes in foreign exchange rates. In 2018, we

increased our strategic sponsors globally, and grew revenue for these partners by double-digits. In our North America market, we continue to secure deals with innovative, market-leading brands. Our investment in new venue and festival products has grown our onsite sponsorship revenue while we develop new streaming opportunities and other content to support our online business. In Europe, we capitalized on our strong network of festivals, growing our sponsorship revenue on existing shows while adding revenue streams for newly-acquired events. We believe that our extensive onsite and online reach, global venue distribution network, artist relationships, ticketing operations and live entertainment content are the keys to securing long-term sponsorship agreements with major brands, and we plan to expand and enhance these assets while extending further into new markets internationally.

Our Ticketing segment revenue for 2018 increased by \$183.1 million, or 14%, on a reported basis as compared to last year, or \$181.1 million, a 13% increase, without the impact of changes in foreign exchange rates. This increase was largely due to a 6% growth in fee-bearing ticket sales globally to over 217 million tickets in 2018, largely driven by increased sales for concert events. Our digital ticketing initiative continues to accelerate: we have installed our Presence system in over 200 venues in North America through the end of 2018, with approximately 40 million fans entering venues via the platform. App installations increased by over 40% during the year, creating additional marketing opportunities for our company and driving conversion from search and discovery to purchase. On the mobile front, over 40% of our total tickets were sold via mobile and tablet devices in 2018, and our total mobile ticket sales increased by 35% year-over-year. Operating results for Ticketing were up this year due to improved business performance as well as the impact of the legal settlement accrued in 2017. We will continue to implement new features to drive further expansion of mobile ticket transactions and invest in initiatives aimed at improving the ticket search, purchase and transfer process. As a result, we expect to continue to attract more ticket buyers and enhance the overall fan and venue/artist client experience.

Segment Overview

Our reportable segments are Concerts, Sponsorship & Advertising and Ticketing.

Concerts

Our Concerts segment principally involves the global promotion of live music events in our owned or operated venues and in rented third-party venues, the operation and management of music venues, the production of music festivals across the world, the creation of associated content and the provision of management and other services to artists. While our Concerts segment operates year-round, we experience higher revenue during the second and third quarters due to the seasonal nature of shows at our outdoor amphitheaters and festivals, which primarily occur from May through October. Revenue and related costs for events are generally deferred and recognized when the event occurs. All advertising costs incurred during the year for shows in future years are expensed at the end of the year.

Concerts direct operating expenses include artist fees, event production costs, show-related marketing and advertising expenses, along with other costs.

To judge the health of our Concerts segment, we primarily monitor the number of confirmed events and fan attendance in our network of owned or operated and third-party venues, talent fees, average paid attendance, market ticket pricing, advance ticket sales and the number of major artist clients under management. In addition, at our owned or operated venues and festivals, we monitor ancillary revenue per fan and premium ticket sales. For business that is conducted in foreign markets, we also compare the operating results from our foreign operations to prior periods without the impact of changes in foreign exchange rates.

Sponsorship & Advertising

Our Sponsorship & Advertising segment employs a sales force that creates and maintains relationships with sponsors through a combination of strategic, international, national and local opportunities that allow businesses to reach customers through our concert, festival, venue, artist relationship and ticketing assets, including advertising on our websites. We drive increased advertising scale to further monetize our concerts platform through rich media offerings including advertising associated with live streaming and music-related content. We work with our corporate clients to help create marketing programs that support their business goals and connect their brands directly with fans and artists. We also develop, book and produce custom events or programs for our clients' specific brands, which are typically experienced exclusively by the clients' consumers. These custom events can involve live music events with talent and media, using both online and traditional outlets. We typically experience higher revenue in the second and third quarters, as a large portion of sponsorships are associated with shows at our outdoor amphitheaters and festivals, which primarily occur from May through October.

To judge the health of our Sponsorship & Advertising segment, we primarily review the revenue generated through sponsorship arrangements and online advertising, and the percentage of expected revenue under contract. For business that is conducted in foreign markets, we also compare the operating results from our foreign operations to prior periods without the impact of changes in foreign exchange rates.

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Ticketing

Our Ticketing segment is primarily an agency business that sells tickets for events on behalf of its clients and retains a portion of the service charges as our fee. Gross transaction value ("GTV") represents the total amount of the transaction related to a ticket sale and includes the face value of the ticket as well as the service charge. Service charges are generally based on a percentage of the face value or a fixed fee. We sell tickets through websites, mobile apps, ticket outlets and telephone call centers. Our ticketing sales are impacted by fluctuations in the availability of events for sale to the public, which may vary depending upon scheduling by our clients. We also offer ticket resale services, sometimes referred to as secondary ticketing, principally through our integrated inventory platform, league/team platforms and other platforms internationally. Our Ticketing segment manages our online activities including enhancements to our ticketing websites and product offerings. Through our websites, we sell tickets to our own events as well as tickets for our clients and provide event information. Revenue related to ticketing service charges is recognized when the ticket is sold for our outside clients. For our own events, where our concert promoters control ticketing, revenue is deferred and recognized when the event occurs.

To judge the health of our Ticketing segment, we primarily review the GTV and the number of tickets sold through our ticketing operations, the number of clients renewed or added and the average royalty rate paid to clients who use our ticketing services. In addition, we review the number of visits to our websites, cost of customer acquisition, the purchase conversion rate, the overall number of customers in our database, the number and percentage of tickets sold via mobile and the number of app installs. For business that is conducted in foreign markets, we also compare the operating results from our foreign operations to prior periods without the impact of changes in foreign exchange rates.

Key Operating Metrics

	Year Ended December 31,		
	2018	2017	2016
	(in thousands except estimated events)		
Concerts [(1)]			
Estimated events:			
North America	24,186	19,933	17,554
International	10,810	9,659	8,731
Total estimated events	34,996	29,592	26,285
Estimated fans:			
North America	61,159	54,868	48,611
International	31,607	31,363	22,408
Total estimated fans	92,766	86,231	71,019
Ticketing [(2)]			
Number of fee-bearing tickets sold	217,442	205,703	187,051
Number of non-fee-bearing tickets sold	265,080	267,713	267,767
Total tickets sold	482,522	473,416	454,818

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(1) Events generally represent a single performance by an artist. Fans generally represent the number of people who attend an event. Festivals are counted as one event in the quarter in which the festival begins, but the number of fans is based on the days the fans were present at the festival and thus can be reported across multiple quarters. Events and fan attendance metrics are estimated each quarter.

(2) The fee-bearing tickets estimated above include primary and secondary tickets that are sold using our Ticketmaster systems or that we issue through affiliates. This metric includes primary tickets sold during the year regardless of event timing, except for our own events where our concert promoters control ticketing and which are reported when the events occur. The non-fee-bearing tickets estimated above include primary tickets sold using our Ticketmaster systems, through season seat packages and our venue clients' box offices, along with tickets sold on our 'do it yourself' platform.

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Non-GAAP Measures

Reconciliation of Adjusted Operating Income (Loss)

AOI is a non-GAAP financial measure that we define as operating income (loss) before certain stock-based compensation expense, loss (gain) on disposal of operating assets, depreciation and amortization (including goodwill impairment), amortization of non-recoupable ticketing contract advances and acquisition expenses (including transaction costs, changes in the fair value of accrued acquisition-related contingent consideration obligations, and acquisition-related severance and compensation). We use AOI to evaluate the performance of our operating segments. We believe that information about AOI assists investors by allowing them to evaluate changes in the operating results of our portfolio of businesses separate from non-operational factors that affect net income (loss), thus providing insights into both operations and the other factors that affect reported results. AOI is not calculated or presented in accordance with GAAP. A limitation of the use of AOI as a performance measure is that it does not reflect the periodic costs of certain amortizing assets used in generating revenue in our business. Accordingly, AOI should be considered in addition to, and not as a substitute for, operating income (loss), net income (loss), and other measures of financial performance reported in accordance with GAAP. Furthermore, this measure may vary among other companies; thus, AOI as presented herein may not be comparable to similarly titled measures of other companies.

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The following table sets forth the reconciliation of AOI to operating income (loss):

	Operating income (loss)	Stock-based compensation expense	Loss (gain) on disposal of operating assets	Depreciation and amortization	Amortization of non-recoupable ticketing contract advances	Acquisition expenses	AOI
			(in thousands)				
2018							
Concerts	$(36,205)	$ 12,203	$10,361	$ 206,772	$ —	$ 32,851	$225,982
Sponsorship & Advertising	283,153	1,665	2	30,779	—	—	315,599
Ticketing	201,914	4,753	7	143,551	85,110	1,177	436,512
Other and Eliminations	(18,311)	—	—	817	(5,023)	—	(22,517)
Corporate	(158,015)	26,961	(1)	4,610	—	13	(126,432)
Total	$272,536	$ 45,582	$10,369	$ 386,529	$ 80,087	$ 34,041	$829,144
2017							
Concerts	$(93,589)	$ 18,872	$(1,056)	$ 226,315	$ —	$ 34,461	$185,003
Sponsorship & Advertising	251,486	1,375	—	27,669	—	—	280,530
Ticketing	90,905	4,117	49	112,727	88,050	2,011	297,859
Other and Eliminations	(17,338)	—	—	433	(4,716)	—	(21,621)
Corporate	(140,067)	18,391	38	5,057	—	(47)	(116,628)
Total	$91,397	$ 42,755	$(969)	$ 372,201	$ 83,334	$ 36,425	$625,143
2016							
Concerts	$(63,290)	$ 10,459	$(61)	$ 194,715	$ —	$ 7,315	$149,138
Sponsorship & Advertising	228,105	1,295	—	18,206	—	—	247,606
Ticketing	174,491	3,699	68	98,290	87,635	1,095	365,278
Other and Eliminations	(14,675)	234	—	2,940	(2,568)	207	(13,862)
Corporate	(129,691)	17,036	117	4,433	—	85	(108,020)
Total	$194,940	$ 32,723	$124	$ 318,584	$ 85,067	$ 8,702	$640,140

AOI Margin

AOI margin is a non-GAAP financial measure that we calculate by dividing AOI by revenue. We use AOI margin to evaluate the performance of our operating segments. We believe that information about AOI margin assists investors by allowing them to evaluate changes in the operating results of our portfolio of businesses separate from non-operational factors that affect net income (loss), thus providing insights into both operations and the other factors that affect reported results. AOI margin is not calculated or presented in accordance with GAAP. A limitation of the use of AOI margin as a performance measure is that it does not reflect the periodic costs of certain amortizing assets used in generating revenue in our business. Accordingly, AOI margin should be considered in addition to, and not as a substitute for, operating income (loss) margin, and other measures of financial performance reported in accordance with GAAP. Furthermore, this measure may vary among other companies; thus, AOI margin as presented herein may not be comparable to similarly titled measures of other companies.

Constant Currency

Constant currency is a non-GAAP financial measure. We calculate currency impacts as the difference between current period activity translated using the current period's currency exchange rates and the comparable prior period's currency exchange rates. We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations.

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Segment Operating Results

Concerts

Our Concerts segment operating results were, and discussions of significant variances are, as follows:

	Year Ended December 31,			% Change	% Change
	2018	2017	2016	2018 vs 2017	2017 vs 2016
	(in thousands)				
Revenue	$8,770,031	$7,892,076	$6,283,521	11%	26%
Direct operating expenses	7,340,757	6,641,071	5,202,097	11%	28%
Selling, general and administrative expenses	1,248,346	1,119,335	950,060	12%	18%
Depreciation and amortization	196,272	206,315	194,715	(5)%	6%
Goodwill impairment	10,500	20,000	—	(48)%	*
Loss (gain) on disposal of operating assets	10,361	(1,056)	(61)	*	*
Operating loss	$(36,205)	$(93,589)	$(63,290)	61%	(48)%
Operating margin	(0.4)%	(1.2)%	(1.0)%		
AOI **	$225,982	$185,003	$149,138	22%	24%
AOI margin	2.6%	2.3%	2.4%		

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* Percentages are not meaningful.

** AOI is defined and reconciled to operating income (loss) above.

2018 Compared to 2017

Revenue

Concerts revenue increased $878.0 million during the year ended December 31, 2018 as compared to the prior year. Excluding the increase of $25.6 million related to currency impacts, revenue increased $852.4 million, or 11%, primarily due to increased arena and festival activity globally, higher North America amphitheater activity, including increased ancillary revenue per fan, and more shows in our North America theater and clubs. These increases were partially offset by fewer shows in stadiums globally along with lower average ticket prices in our North America stadium events. Concerts had incremental revenue of $291.1 million primarily from the acquisitions of concert and festival promotion businesses.

Operating results

The improved operating results for Concerts for the year ended December 31, 2018 were primarily driven by improved overall operating results at our events discussed above partially offset by higher compensation costs associated with salary increases and headcount growth and a loss recognized on the sale of an artist management business located in the United Kingdom and the United States. Included in selling, general and administrative expenses for the year ended December 31, 2018 is $41.5 million of expenses related to new acquisitions and new venues in the Concerts segment. We recorded a $10.5 million goodwill impairment related to our artist services (non-management) business in the fourth quarter of 2018 in connection with our annual impairment test discussed in "—Critical Accounting Policies—Goodwill."

2017 Compared to 2016

Revenue

Concerts revenue increased $1.6 billion during the year ended December 31, 2017 as compared to the prior year. Excluding the increase of $23.0 million related to currency impacts, revenue still increased $1.6 billion, or 25%, primarily due to more shows and higher average attendance in our arenas, stadiums and theaters and clubs globally and increased festival activity in Europe driven by the addition of new festivals. Concerts had incremental revenue of $210.2 million primarily from the acquisitions of concert and festival promotion businesses.

Operating results

The reduced operating results for Concerts for the year ended December 31, 2017 were primarily driven by a $20.0 million goodwill impairment related to our artist services (non-management) business, higher compensation costs associated with salary increases and headcount growth, including recent acquisitions, startup costs for new venues we are now operating and changes in the fair value of contingent consideration. The goodwill impairment was recorded in the fourth quarter of 2017 in connection with our annual impairment test discussed in "—Critical Accounting Policies—Goodwill." These impacts were

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partially offset by strong operating results for our events noted above, increased ancillary revenue per fan at our amphitheaters and higher commissions in the management business.

Sponsorship & Advertising

Our Sponsorship & Advertising segment operating results were, and discussions of significant variances are, as follows:

	Year Ended December 31,			% Change	% Change
	2018	2017	2016	2018 vs 2017	2017 vs 2016
	(in thousands)				
Revenue	$503,968	$445,148	$377,618	13%	18%
Direct operating expenses	92,494	78,725	60,218	17%	31%
Selling, general and administrative expenses	97,540	87,268	71,089	12%	23%
Depreciation and amortization	30,779	27,669	18,206	11%	52%
Loss on sale of operating assets	2	—	—	*	*
Operating income	$283,153	$251,486	$228,105	13%	10%
Operating margin	56.2 %	56.5 %	60.4 %		
AOI **	$315,599	$280,530	$247,606	13%	13%
AOI margin	62.6 %	63.0 %	65.6 %		

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* Percentages are not meaningful.

** AOI is defined and reconciled to operating income (loss) above.

2018 Compared to 2017

Revenue

Sponsorship & Advertising revenue increased $58.8 million during the year ended December 31, 2018 as compared to the prior year. Excluding the increase of $2.1 million related to currency impacts, revenue increased $56.7 million, or 13%, primarily due to higher online advertising and festival sponsorships globally along with new sponsorship programs in North America.

Operating results

The increased operating income for the year ended December 31, 2018 was primarily driven by the higher online advertising, festival activity and sponsorship programs discussed above net of related fulfillment costs.

2017 Compared to 2016

Revenue

Sponsorship & Advertising revenue increased $67.5 million during the year ended December 31, 2017 as compared to the prior year. Excluding the increase of $1.1 million related to currency impacts, revenue increased $66.4 million, or 18%, primarily due to new sponsorship programs globally, higher online advertising in North America and incremental revenue of $22.1 million from the acquisitions of a sponsorship agency and festival promotion businesses.

Operating results

The increased operating income for the year ended December 31, 2017 was primarily driven by new sponsorship programs, net of higher fulfillment costs, increased online advertising and lower reserves for bad debt partially offset by increased compensation costs associated with higher headcount and incremental amortization of $5.6 million from the acquisitions noted above.

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Ticketing

Our Ticketing segment operating results were, and discussions of significant variances are, as follows:

	Year Ended December 31,			% Change	% Change
	2018	2017	2016	2018 vs 2017	2017 vs 2016
		(as adjusted)	(as adjusted)		
	(in thousands)				
Revenue	$1,529,566	$1,346,510	$1,166,029	14%	15%
Direct operating expenses	549,265	460,881	382,690	19%	20%
Selling, general and administrative expenses	634,829	681,948	510,490	(7)%	34%
Depreciation and amortization	143,551	112,727	98,290	27%	15%
Loss on disposal of operating assets	7	49	68	*	*
Operating income	$201,914	$90,905	$174,491	*	(48)%
Operating margin	13.2 %	6.8 %	15.0 %		
AOI **	$436,512	$297,859	$365,278	47%	(18)%
AOI margin	28.5 %	22.1 %	31.3 %		

* Percentages are not meaningful.

** AOI is defined and reconciled to operating income (loss) above.

2018 Compared to 2017

Revenue

Ticketing revenue increased $183.1 million during the year ended December 31, 2018 as compared to the prior year. Excluding the increase of $2.0 million related to currency impacts, revenue increased $181.1 million, or 13%, primarily due to increased North America ticket volume and higher associated fees driven by concert events along with increased ancillary revenue.

Operating results

Ticketing operating income increased for the year ended December 31, 2018 primarily due to increased operating results from higher ticket sales in North America and increased ancillary revenue along with the impact of a $110.0 million accrual in 2017 for a legal settlement entered into in January 2018. These increases were partially offset by higher credit card related costs, increased compensation costs associated with higher headcount and annual salary increases, higher professional services costs and increased depreciation expense associated with technology enhancements.

2017 Compared to 2016

Revenue

Ticketing revenue increased $180.5 million during the year ended December 31, 2017 as compared to the prior year. Excluding the increase of $4.1 million related to currency impacts, revenue increased $176.4 million, or 15%, primarily due to increased global primary ticket volume and higher associated ticket fees, driven by concert events, along with higher North America resale volume driven by concert and theatrical events.

Operating results

Ticketing operating income decreased for the year ended December 31, 2017 primarily due to the $110.0 million legal accrual discussed above and increased compensation costs associated with higher headcount partially offset by improved operating results from higher primary and resale ticket sales.

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Consolidated Results of Operations

	Year Ended December 31,					% Change 2018 vs 2017		% Change 2017 vs 2016
	2018			2017	2016			
	As Reported	Currency Impacts	Constant Currency**	As Reported (as adjusted)	As Reported (as adjusted)	As Reported	Constant Currency	As Reported
	(in thousands)							
Revenue	$10,787,800	$(29,779)	$10,758,021	$9,687,222	$7,826,336	11%	11%	24%
Operating expenses:								
Direct operating expenses	7,967,932	(19,032)	7,948,900	7,181,898	5,639,177	11%	11%	27%
Selling, general and administrative expenses	1,997,028	(10,283)	1,986,745	1,907,723	1,548,450	5%	4%	23%
Depreciation and amortization	386,529	(2,147)	384,382	372,201	318,584	4%	3%	17%
Loss (gain) on disposal of operating assets	10,369	169	10,538	(969)	124	*	*	*
Corporate expenses	153,406	(33)	153,373	134,972	125,061	14%	14%	8%
Operating income	272,536	$1,547	$274,083	91,397	194,940	*	*	(53)%
Operating margin	2.5%		2.5%	0.9%	2.5%			
Interest expense	138,505			106,722	106,506			
Loss on extinguishment of debt	2,471			1,048	14,049			
Interest income	(8,961)			(5,717)	(2,573)			
Equity in losses (earnings) of nonconsolidated affiliates	(2,747)			(1,161)	17,802			
Other expense (income), net	12,163			(115)	10,830			
Income (loss) before income taxes	131,105			(9,380)	48,326			
Income tax expense (benefit)	40,765			(17,154)	28,029			
Net income	90,340			7,774	20,297			
Net income attributable to noncontrolling	30,091			13,789	17,355			

interests			
Net income (loss) attributable to common stockholders of Live Nation	$60,249	$(6,015)	$2,942

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* Percentages are not meaningful.

** See "—Non-GAAP Measures" above for definition of constant currency.

Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended December 31, 2017 include a $110.0 million legal settlement entered into in January 2018, which was accrued in the Ticketing segment.

Corporate

Corporate expenses increased $18.4 million, or 14%, during the year ended December 31, 2018 as compared to the prior year primarily due to higher stock-based compensation expense associated with the issuance of deferred stock awards in December 2017 along with higher headcount and annual salary increases.

Interest expense

Interest expense increased $31.8 million, or 30%, during the year ended December 31, 2018 as compared to the prior year primarily due to additional interest costs from the 5.625% senior notes and the 2.5% convertible senior notes due 2023, issued in March 2018.

Our debt balances, excluding unamortized debt discounts, were $2.9 billion and $2.3 billion as of December 31, 2018 and 2017, respectively.

Loss on extinguishment of debt

We recorded a loss on extinguishment of debt of $14.0 million for the year ended December 31, 2016 in connection with the refinancing of the term loans under our senior secured credit facility and the redemption of our 7.0% senior notes in October 2016. These obligations were paid with proceeds from the amended senior secured credit facility and the issuance of 4.875% senior notes due 2024. There were no significant losses on extinguishment of debt recorded in 2018 or 2017.

Equity in losses (earnings) of nonconsolidated affiliates

Equity in losses (earnings) of nonconsolidated affiliates for the year ended December 31, 2016 includes impairment charges of $16.5 million primarily related to investments in a digital content company and an online merchandise company both located in the United States. There were no significant impairments of nonconsolidated affiliates recorded in 2018 or 2017.

Other expense (income), net

Other expense (income), net was expense of $12.2 million and $10.8 million for the years ended December 31, 2018 and 2016, respectively, and includes net foreign exchange rate losses of $11.6 million and $8.8 million, respectively, and was income of $0.1 million for the year ended December 31, 2017 and includes net foreign exchange rate gains of $3.1 million. The net foreign exchange rate gains and losses result primarily from revaluation of certain foreign currency denominated net assets held internationally.

Income taxes

For the year ended December 31, 2018, we had a net tax expense of $40.8 million on income before income taxes of $131.1 million compared to a net tax benefit of $17.2 million on a loss before income taxes of $9.4 million for 2017. In 2018, the net income tax expense consisted of a $2.2 million tax expense related to United States federal income taxes, $31.6 million tax expense related to foreign entities and $7.0 million tax expense related to state and local income taxes. The net increase in tax expense of $57.9 million is due primarily to the $55.7 million tax benefit recorded in 2017 due to the reduction in certain federal deferred tax liabilities as a result of the enactment of the Tax Cuts and Jobs Act (“TCJA”).

For the year ended December 31, 2017, we had a net tax benefit of $17.2 million on a loss before income taxes of $9.4 million compared to a net tax expense of $28.0 million on income before income taxes of $48.3 million for 2016. In 2017, net income tax benefit consisted of a $57.1 million tax benefit related to United States federal income taxes offset by tax expense of $35.1 million related to foreign entities and $4.8 million related to state and local income taxes. The net decrease in tax expense of $45.2 million is due primarily to the reduction in certain federal deferred tax liabilities as a result of the enactment of the TCJA, partially offset by additional tax expense due to an increase in and the geographical mix of pre-tax foreign earnings.

On December 22, 2017, the TCJA was enacted, which amends the Internal Revenue Code to reduce tax rates and modify policies, credits, and deductions for individuals and businesses. For businesses, the TCJA reduces the corporate federal tax rate from a maximum of 35% to a flat 21% rate. The rate reduction was effective on January 1, 2018. We have concluded that the TCJA will cause our United States deferred tax assets and liabilities to be revalued.

Deferred income taxes result from temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in years in which those temporary differences are expected to be recovered or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through income tax expense. The

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TCJA subjects a United States corporation to tax on its Global Intangible Low-Taxed Income ("GILTI"). GAAP allows companies to make an accounting policy election to either (1) treat taxes due on future GILTI inclusions in United States taxable income as a current-period expense when incurred ("period cost method") or (2) factor such amounts into the measurement of its deferred taxes. We have elected to use the period cost method. Our financial statements for the current year reflect the effects of the TCJA based on current guidance, including the effects of the one-time transition tax on certain foreign earnings previously deferred from United States income taxes, the revaluation of our deferred tax assets and liabilities, the effects of the reduced rate of United States corporate income tax and certain other provisions of the TCJA.

Net income attributable to noncontrolling interests

Net income attributable to noncontrolling interests increased $16.3 million during the year ended December 31, 2018 as compared to the prior year primarily related to improved operating results from certain festival promotion businesses located in the United States and the United Kingdom along with the acquisition of noncontrolling interests in various concert and festival promotion businesses globally.

Liquidity and Capital Resources

Our cash is centrally managed on a worldwide basis. Our primary short-term liquidity needs are to fund general working capital requirements, capital expenditures and debt service requirements while our long-term liquidity needs are primarily related to acquisitions and debt repayment. Our primary sources of funds for our short-term liquidity needs will be cash flows from operations and borrowings under our senior secured credit facility, while our long-term sources of funds will be from cash flows from operations, long-term bank borrowings and other debt or equity financings. We may from time to time engage in open market purchases of our outstanding debt securities or redeem or otherwise repay such debt.

Our balance sheet reflects cash and cash equivalents of $2.4 billion at December 31, 2018 and $1.8 billion at December 31, 2017. Included in the December 31, 2018 and 2017 cash and cash equivalents balance is $859.1 million and $769.4 million, respectively, of cash received that includes the face value of tickets sold on behalf of our ticketing clients and their share of service charges, which we refer to as client cash. We generally do not utilize client cash for our own financing or investing activities as the amounts are payable to clients on a regular basis. Our foreign subsidiaries held approximately $992.8 million in cash and cash equivalents, excluding client cash, at December 31, 2018. We generally do not repatriate these funds, but if we did, we would need to accrue and pay United States state income taxes as well as any applicable foreign withholding or transaction taxes on future repatriations. We may from time to time enter into borrowings under our revolving credit facility. If the original maturity of these borrowings is 90 days or less, we present the borrowings and subsequent repayments on a net basis in the statement of cash flows to better represent our financing activities. Our balance sheet reflects total net debt of $2.8 billion and $2.3 billion at December 31, 2018 and 2017, respectively. Our weighted-average cost of debt, excluding the unamortized debt discounts and debt issuance costs on our term loans and notes, was 4.2% at December 31, 2018.

Our cash and cash equivalents are held in accounts managed by third-party financial institutions and consist of cash in our operating accounts and invested cash. Cash held in interest-bearing operating accounts in many cases exceeds the Federal Deposit Insurance Corporation insurance limits. The invested cash is in interest-bearing funds consisting primarily of bank deposits and money market funds. While we monitor cash and cash equivalents balances in our operating accounts on a regular basis and adjust the balances as appropriate, these balances could be impacted if the underlying financial institutions fail. To date, we have experienced no loss or lack of access to our cash and cash equivalents; however, we can provide no assurances that access to our cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

For our Concerts segment, we generally receive cash related to ticket revenue at our owned or operated venues and festivals in advance of the event, which is recorded in deferred revenue until the event occurs. With the exception of some upfront costs and artist deposits, which are recorded in prepaid expenses until the event occurs, we pay the majority of event-related expenses at or after the event.

We view our available cash as cash and cash equivalents, less ticketing-related client cash, less event-related deferred revenue, less accrued expenses due to artists and cash collected on behalf of others, plus event-related prepaid expenses. This is essentially our cash available to, among other things, repay debt balances, make acquisitions and finance capital expenditures.

Our intra-year cash fluctuations are impacted by the seasonality of our various businesses. Examples of seasonal effects include our Concerts segment, which reports the majority of its revenue in the second and third quarters. Cash inflows and outflows depend on the timing of event-related payments but the majority of the inflows generally occur prior to the event. See "—Seasonality" below. We believe that we have sufficient financial flexibility to fund these fluctuations and to access the global capital markets on satisfactory terms and in adequate amounts, although there can be no assurance that this will be the case, and capital could be less accessible and/or more costly depending on economic conditions at the time. We expect cash flows from operations and borrowings under our senior secured credit facility, along with other financing alternatives, to satisfy working capital requirements, capital expenditures and debt service requirements for at least the succeeding year.

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We may need to incur additional debt or issue equity to make other strategic acquisitions or investments. There can be no assurance that such financing will be available to us on acceptable terms or at all. We may make significant acquisitions in the near term, subject to limitations imposed by our financing agreements and market conditions.

The lenders under our revolving loans consist of banks and other third-party financial institutions. While we currently have no indications or expectations that such lenders will be unable to fund their commitments as required, we can provide no assurances that future funding availability will not be impacted by adverse conditions in the financial markets. Should an individual lender default on its obligations, the remaining lenders would not be required to fund the shortfall, resulting in a reduction in the total amount available to us for future borrowings, but would remain obligated to fund their own commitments.

Sources of Cash

Senior Secured Credit Facility

In March 2018, we amended our term loan B under the senior secured credit facility to reduce the applicable interest rate. At December 31, 2018, our senior secured credit facility consists of (i) a $190 million term loan A, (ii) a $970 million term loan B and (iii) a $365 million revolving credit facility. Subject to certain conditions, we have the right to increase the facility by an amount equal to the sum of $625 million and the aggregate principal amount of voluntary prepayments of the term B loans and permanent reductions of the revolving credit facility commitments, in each case, other than from proceeds of long-term indebtedness, and additional amounts so long as the senior secured leverage ratio calculated on a pro-forma basis (as defined in the credit agreement) is no greater than 3.25x. The revolving credit facility provides for borrowings up to the amount of the facility with sublimits of up to (i) $150 million for the issuance of letters of credit, (ii) $50 million for swingline loans, (iii) $200 million for borrowings in Euros or British Pounds and (iv) $50 million for borrowings in one or more other approved currencies. The senior secured credit facility is secured by (i) a first priority lien on substantially all of the tangible and intangible personal property of our domestic subsidiaries that are guarantors and (ii) a pledge of substantially all of the shares of stock, partnership interests and limited liability company interests of our direct and indirect domestic subsidiaries and 65% of each class of capital stock of any first-tier foreign subsidiaries, subject to certain exceptions.

The interest rates per annum applicable to revolving credit facility loans and term loan A under the senior secured credit facility are, at our option, equal to either LIBOR plus 2.25% or a base rate plus 1.25%, subject to stepdowns based on our net leverage ratio. The interest rates per annum applicable to the term loan B are, at our option, equal to either LIBOR plus 1.75% or a base rate plus 0.75%. We are required to pay a commitment fee of 0.5% per year on the undrawn portion available under the revolving credit facility, subject to a stepdown based on our net leverage ratio, and variable fees on outstanding letters of credit.

For the term loan A, we are required to make quarterly payments increasing over time from $4.8 million to $28.5 million, with the balance due at maturity in October 2021. For the term loan B, we are required to make quarterly payments of $2.4 million, with the balance due at maturity in October 2023. The revolving credit facility matures in October 2021. We are also required to make mandatory prepayments of the loans under the credit agreement, subject to specified exceptions, from excess cash flow, and with the proceeds of asset sales, debt issuances and other specified events.

During the year ended December 31, 2018, we made principal payments totaling $28.7 million on these term loans. At December 31, 2018, the outstanding balances on these term loans, excluding discounts and debt issuance costs, were $1.1 billion. There were no borrowings under the revolving credit facility as of December 31, 2018. Based on our outstanding letters of credit of $88.7 million, $276.3 million was available for future borrowings.

4.875% Senior Notes

At December 31, 2018, we had $575 million principal amount of 4.875% senior notes due 2024. Interest on the notes is payable semiannually in cash in arrears on May 1 and November 1 of each year, and the notes will mature in November 2024. We may redeem some or all of the notes, at any time prior to November 1, 2019, at a price equal to 100% of the aggregate principal amount, plus any accrued and unpaid interest to the date of redemption, plus a 'make-whole' premium. We may redeem up to 35% of the aggregate principal amount of the notes from the proceeds of certain equity offerings prior to November 1, 2019, at a price equal to 104.875% of the aggregate principal amount, plus accrued and unpaid interest thereon, if any, to the date of redemption. In addition, on or after November 1, 2019, we may redeem some or all of the notes at any time at the redemption prices that start at 103.656% of their principal amount, plus any accrued and unpaid interest to the date of redemption. We must make an offer to redeem the notes at 101% of their aggregate principal amount, plus accrued and unpaid interest to the repurchase date, if we experience certain defined changes of control.

5.625% Senior Notes

In March 2018, we issued $300 million principal amount of 5.625% senior notes due 2026. Interest on the notes is payable semiannually in cash in arrears on March 15 and September 15 and the notes will mature in March 2026. We may redeem some or all of the notes at any time prior to March 15, 2021 at a price equal to 100% of the principal amount, plus any accrued and unpaid interest to the date of redemption, plus a 'make-whole' premium. We may redeem up to 35% of the aggregate principal amount of the notes from proceeds of certain equity offerings prior to March 15, 2021, at a price equal to 105.625% of the aggregate principal amount being redeemed, plus any accrued and unpaid interest thereon to the date of redemption. In addition, on or after March 15, 2021, we may redeem some or all of the notes at any time at redemption prices that start at 104.219% of their principal amount, plus any accrued and unpaid interest to the date of redemption. We must make an offer to redeem the notes at 101% of their aggregate principal amount, plus any accrued and unpaid interest to the repurchase date, if we experience certain defined changes of control.

5.375% Senior Notes

At December 31, 2018, we had $250 million principal amount of 5.375% senior notes due 2022. Interest on the notes is payable semiannually in arrears on June 15 and December 15, and the notes will mature in June 2022. We may redeem at our option some or all of the notes at redemption prices that start at 104.0313% of their principal amount, plus any accrued and unpaid interest to the date of redemption. We must make an offer to redeem the notes at 101% of the aggregate principal amount, plus any accrued and unpaid interest to the repurchase date, if we experience certain defined changes of control.

2.5% Convertible Senior Notes Due 2019

At December 31, 2018, we had $28.7 million principal amount of convertible senior notes due 2019 outstanding. The notes pay interest semiannually in arrears on May 15 and November 15 at a rate of 2.5% per annum. The notes will mature in May 2019 and may not be redeemed by us prior to the maturity date. The notes are currently convertible without condition at an initial conversion rate of 28.8363 shares of our common stock per $1,000 principal amount of notes, subject to adjustment, which represents a 52.5% conversion premium based on the last reported sale price for our common stock of $22.74 on May 19, 2014. Upon conversion, we have elected to settle the notes in shares of common stock. The maximum number of shares that will be issued to satisfy the conversion is currently 0.8 million.

If we experience a fundamental change, as defined in the indenture governing the notes, the holders of the 2.5% convertible senior notes may require us to purchase for cash all or a portion of their notes, subject to specified exceptions, at a price equal to 100% of the principal amount of the notes plus accrued and unpaid interest, if any.

2.5% Convertible Senior Notes Due 2023

In March 2018, we issued $550 million principal amount of 2.5% convertible senior notes due 2023. The notes pay interest semiannually in arrears on March 15 and September 15 at a rate of 2.5% per annum. The notes will mature in March 2023, and may not be redeemed by us prior to the maturity date. The notes will be convertible, under certain circumstances, until December 15, 2022, and on or after such date without condition, at an initial conversion rate of 14.7005 shares of our common stock per $1,000 principal amount of notes, subject to adjustment, which represents a 54.4% conversion premium based on the last reported sale price of our common stock of $44.05 on March 19, 2018. Upon conversion, the notes may be settled in shares of common stock or, at our election, cash or a combination of cash and shares of common stock. Assuming we fully settled the notes in shares, the maximum number of shares that could be issued to satisfy the conversion is currently 8.1 million.

If we experience a fundamental change, as defined in the indenture governing the notes, the holders of the notes may require us to purchase for cash all or a portion of their notes, subject to specified exceptions, at a price equal to 100% of the principal amount of the notes plus any accrued and unpaid interest.

Extinguishment of Debt

In the March 2018 refinancing noted above, we received total proceeds of $850.0 million from the notes which were used to repay $246.3 million of the outstanding principal amount of our 2.5% convertible senior notes due 2019 and to pay the related repurchase premium of $90.4 million on these notes along with accrued interest and fees of $20.8 million, leaving $492.5 million in additional cash available for general corporate purposes. We recorded a $2.5 million loss on extinguishment of debt related to this refinancing.

In October 2016, we issued $575 million principal amount of 4.875% senior notes due 2024 and amended our senior secured credit facility. The amendment to the senior secured credit facility provided the existing term loan A and term loan B lenders with an option to convert their outstanding principal amounts into the new term loans. Excluding the outstanding principal amounts for lenders who elected to convert their outstanding term loans, total proceeds of $858.5 million were used to repay $123.3 million outstanding principal amount of our borrowings under the senior secured credit facility, to repay the entire $425 million principal amount of our 7% senior notes due 2020 and to pay the related redemption premium of $14.9 million on the 7% senior notes and accrued interest and fees of $38.4 million, leaving $256.9 million in additional cash available for general corporate purposes. We recorded $14.0 million as a loss on extinguishment of debt related to this refinancing in 2016. There were no significant losses on extinguishment of debt recorded in 2017.

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Debt Covenants

Our senior secured credit facility contains a number of restrictions that, among other things, require us to satisfy a financial covenant and restrict our and our subsidiaries' ability to incur additional debt, make certain investments and acquisitions, repurchase our stock and prepay certain indebtedness, create liens, enter into agreements with affiliates, modify the nature of our business, enter into sale-leaseback transactions, transfer and sell material assets, merge or consolidate, and pay dividends and make distributions (with the exception of subsidiary dividends or distributions to the parent company or other subsidiaries on at least a pro-rata basis with any noncontrolling interest partners).

Non-compliance with one or more of the covenants and restrictions could result in the full or partial principal balance of the credit facility becoming immediately due and payable. The senior secured credit facility agreement has one covenant, measured quarterly, that relates to total leverage. The consolidated total leverage covenant requires us to maintain a ratio of consolidated total funded debt to consolidated EBITDA (both as defined in the credit agreement) of 5.0x over the trailing four consecutive quarters through September 30, 2019. The consolidated total leverage ratio will reduce to 4.75x on December 31, 2019 and 4.5x on December 31, 2020.

The indentures governing our 4.875% senior notes, 5.375% senior notes and 5.625% senior notes contain covenants that limit, among other things, our ability and the ability of our restricted subsidiaries to incur certain additional indebtedness and issue preferred stock, make certain distributions, investments and other restricted payments, sell certain assets, agree to any restrictions on the ability of restricted subsidiaries to make payments to us, merge, consolidate or sell all of our assets, create certain liens, and engage in transactions with affiliates on terms that are not on an arms-length basis. Certain covenants, including those pertaining to incurrence of indebtedness, restricted payments, asset sales, mergers, and transactions with affiliates will be suspended during any period in which the notes are rated investment grade by both rating agencies and no default or event of default under the indenture has occurred and is continuing. The 4.875% senior notes, the 5.375% senior notes and the 5.625% senior notes contain two incurrence-based financial covenants, as defined, requiring a minimum fixed charge coverage ratio of 2.0x and a maximum secured indebtedness leverage ratio of 3.5x.

Some of our other subsidiary indebtedness includes restrictions on entering into various transactions, such as acquisitions and disposals, and prohibits payment of ordinary dividends. They also have financial covenants including minimum consolidated EBITDA to consolidated net interest payable, minimum consolidated cash flow to consolidated debt service and maximum consolidated debt to consolidated EBITDA, all as defined in the applicable debt agreements.

As of December 31, 2018, we believe we were in compliance with all of our debt covenants. We expect to remain in compliance with all of our debt covenants throughout 2019.

Stock Option Exercises

During 2018, 2017 and 2016 we received $22.6 million, $51.1 million and $20.3 million, respectively, of proceeds from the exercise of employee stock options.

Uses of Cash

Acquisitions

When we make acquisitions, the acquired entity may have cash at the time of acquisition. All amounts related to the use of cash for acquisitions discussed in this section are presented net of any cash acquired. During 2018, we used $120.2 million of cash primarily for the payment of contingent consideration related to an acquisition in Europe that occurred prior to the current accounting guidance for business combinations along with the acquisitions of controlling interests in various concert promotion and artist management businesses that are all located in the United States. As of the date of acquisition, the acquired businesses had a total of $19.3 million of cash on their balance sheets, primarily related to deferred revenue for future events.

During 2017, we used $47.9 million of cash primarily for the acquisitions of a concert promotions business located in the United States, ticketing businesses located in the United States, the Czech Republic and Poland, and controlling interests in an artist management business located in the United States and a festival promotion business located in Switzerland. As of the date of acquisition, the acquired businesses had a total of $11.8 million of cash on their balance sheets, primarily related to deferred revenue for future events.

During 2016, we used $211.6 million of cash primarily for the acquisitions of a concert promoter in Germany, controlling interests in festival and concert promoters in the United Kingdom, United States and Sweden and an artist management business with locations in the United States and Canada. These businesses had a total of $39.0 million of cash on their balance sheets primarily related to deferred revenue for future events.

Purchases and Sales of Noncontrolling Interests, net

In 2018, we used $159.6 million of cash primarily for the final payment due in connection with the 2017 acquisition of the remaining interest in a concert and festival promotion business located in the United States.

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In 2017, we used $71.5 million of cash primarily for the acquisition of an additional interest in a concert and festival promotion business located in the United States and the remaining interest in a festival promotion business located in Sweden.

In 2016, we used $69.1 million of cash primarily for the acquisition of all or additional equity interests in two artist management businesses located in the United States and a festival and concert promoter located in Australia.

Capital Expenditures

Venue and ticketing operations are capital intensive businesses, requiring continual investment in our existing venues and ticketing systems in order to address audience and artist expectations, technological industry advances and various federal, state and/or local regulations.

We categorize capital outlays between maintenance capital expenditures and revenue generating capital expenditures. Maintenance capital expenditures are associated with the renewal and improvement of existing venues and technology systems, web development and administrative offices. Revenue generating capital expenditures generally relate to the construction of new venues, major renovations to existing buildings or buildings that are being added to our venue network, the development of new ticketing tools and technology enhancements. Revenue generating capital expenditures can also include smaller projects whose purpose is to increase revenue and/or improve operating income. Capital expenditures typically increase during periods when our venues are not in operation since that is the time that such improvements can be completed.

Our capital expenditures, including accruals for amounts incurred but not yet paid for but net of expenditures funded by outside parties such as landlords or replacements funded by insurance proceeds, consisted of the following:

	Year Ended December 31,		
	2018	2017	2016
	(in thousands)		
Maintenance capital expenditures	$135,022	$113,595	$92,125
Revenue generating capital expenditures	115,667	113,756	94,702
Total capital expenditures	$250,689	$227,351	$186,827

Maintenance capital expenditures for 2018 increased from the prior year primarily due to venue-related projects and leasehold improvements of certain office facilities.

Maintenance capital expenditures for 2017 increased from the prior year primarily associated with leasehold improvements of certain office facilities and technology system enhancements.

Revenue generating capital expenditures for 2017 increased from the prior year primarily due to wifi enhancements at our amphitheaters, festival site improvements and higher investment in technology.

For the years ended December 31, 2018, 2017 and 2016, $11.6 million, $20.5 million and $2.8 million, respectively, of insurance proceeds and landlord reimbursements have been excluded from capital expenditures in the table above.

We currently expect capital expenditures to be approximately $300 million for the year ending December 31, 2019.

Contractual Obligations and Commitments

Firm Commitments

In addition to the scheduled maturities on our debt, we have future cash obligations under various types of contracts. We lease office space, certain equipment and many of the venues used in our concert operations under long-term operating leases. Some of our lease agreements contain renewal options and annual rental escalation clauses (generally tied to the consumer price index), as well as provisions for our payment of utilities and maintenance. We also have minimum payments associated with non-cancelable contracts related to our operations, such as artist guarantees and client ticketing agreements. As part of our ongoing capital projects, we will enter into construction-related commitments for future capital expenditure work. The scheduled maturities discussed below represent contractual obligations as of December 31, 2018 and thus do not represent all expected expenditures for those periods.

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The scheduled maturities of our outstanding long-term debt (excluding unamortized debt discounts and issuance costs), future minimum rental commitments under non-cancelable operating lease agreements, minimum payments under other non-cancelable contracts, capital expenditure commitments and expected payments of contingent and deferred consideration liabilities as of December 31, 2018 are as follows:

	Payments Due by Period				
	Total	2019	2020-2021	2022-2023	2024 and thereafter
	(in thousands)				
Long-term debt obligations, including current maturities:					
Term loans and revolving credit facility	$1,109,898	$31,076	$154,777	$924,045	$—
4.875% senior notes	575,000	—	—	—	575,000
5.625% senior notes	300,000	—	—	—	300,000
5.375% senior notes	250,000	—	—	250,000	—
2.5% convertible senior notes due 2023 (1)	550,000	—	—	550,000	—
2.5% convertible senior notes due 2019	28,673	28,673	—	—	—
Other long-term debt	96,308	22,393	39,718	16,495	17,702
Estimated interest payments (2)	604,712	122,551	235,375	180,897	65,889
Non-cancelable operating leases (3)	2,518,689	195,160	357,327	314,942	1,651,260
Non-cancelable contracts (3)	2,051,065	1,190,326	531,299	235,522	93,918
Capital expenditures	53,313	14,428	7,901	1,654	29,330
Contingent and deferred consideration	75,262	44,929	22,703	2,704	4,926
Uncertain income tax positions (4)	—	—	—	—	—
Total	$8,212,920	$1,649,536	$1,349,100	$2,476,259	$2,738,025

(1) On or after December 15, 2022, holders may convert their 2.5% convertible senior notes.
(2) Does not include interest on the revolving credit facility as the balance was zero as of December 31, 2018.
(3) Commitment amounts for non-cancelable operating leases and non-cancelable contracts which stipulate an increase in the commitment amount based on an inflationary index have been estimated using an inflation factor of 1.7% for North America, 2.8% for the United Kingdom, 1.6% for Denmark and 1.6% for the Netherlands.
(4) Does not include $9.3 million of uncertain tax positions due to the unpredictable timing of the future payments.

Aggregate minimum rentals of $31.6 million to be paid to us in years 2019 through 2032 under non-cancelable subleases are excluded from the commitment amounts in the above table.

Guarantees of Third-Party Obligations

As of December 31, 2018 and 2017, we guaranteed the debt of third parties of approximately $15.6 million and $18.3 million, respectively, primarily related to maximum credit limits on employee and tour-related credit cards, obligations of a nonconsolidated affiliate and obligations under a venue management agreement.

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Cash Flows

	Year Ended December 31,		
	2018	2017	2016
	(in thousands)		
Cash provided by (used in):			
Operating activities	$941,586	$623,522	$598,739
Investing activities	$(496,909)	$(327,586)	$(426,477)
Financing activities	$188,784	$(127,083)	$99,212

Operating Activities

Year Ended 2018 Compared to Year Ended 2017

Cash provided by operating activities increased $318.1 million for the year ended December 31, 2018 as compared to the prior year. During 2018, we had higher net cash-related income and received more cash for future events, increasing deferred revenue. Additionally, our prepaid expenses increased due to higher event-related costs partially offset by the timing of payments of our accounts payable and accrued liabilities.

Year Ended 2017 Compared to Year Ended 2016

Cash provided by operating activities increased $24.8 million for the year ended December 31, 2017 as compared to the prior year. During 2017, our accounts payable and accrued liabilities increased based on timing of payments partially offset by an increase in prepaid event-related expenses and lower increase in deferred revenue as compared to the prior year.

Investing Activities

Year Ended 2018 Compared to Year Ended 2017

Cash used in investing activities increased $169.3 million for the year ended December 31, 2018 as compared to the prior year primarily due to higher acquisition payments, including purchases of intangible assets, and increased net notes receivable advances. See "—Uses of Cash" above for further discussion.

Year Ended 2017 Compared to Year Ended 2016

Cash used in investing activities decreased $98.9 million for the year ended December 31, 2017 as compared to the prior year due to lower net payments for acquisitions partially offset by higher purchases of property, plant and equipment. See "—Uses of Cash" above for further discussion.

Financing Activities

Year Ended 2018 Compared to Year Ended 2017

Cash provided by financing activities increased $315.9 million for the year ended December 31, 2018 as compared to cash used in financing activities in the prior year primarily due to net proceeds from the refinancing of debt in March 2018 partially offset by taxes paid for net share settlements of equity awards and an increase in purchases of noncontrolling interests.

Year Ended 2017 Compared to Year Ended 2016

Cash used in financing activities increased $226.3 million for the year ended December 31, 2017 as compared to cash provided by financing activities in the prior year primarily due to net proceeds of $267.3 million received in 2016 from the issuance of the 4.875% senior notes and increased term loan A and term loan B borrowings, after repayment of the 7% senior notes and related costs, partially offset by higher proceeds from the exercise of stock options in 2017.

Seasonality

Our Concerts and Sponsorship & Advertising segments typically experience higher operating income in the second and third quarters as our outdoor venues and festivals are primarily used in or occur from May through October. In addition, the timing of when tickets are sold and the tours of top-grossing acts can impact comparability of quarterly results year over year, although annual results may not be impacted. Our Ticketing segment revenue is impacted by fluctuations in the availability of events for sale to the public, which vary depending upon scheduling by our clients.

Cash flows from our Concerts segment typically have a slightly different seasonality as payments are often made for artist performance fees and production costs for tours in advance of the date the related event tickets go on sale. These artist fees and production costs are expensed when the event occurs. Once tickets for an event go on sale, we generally begin to receive payments from ticket sales at our owned or operated venues and festivals in advance of when the event occurs. We record these ticket sales as revenue when the event occurs.

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We expect these trends to continue in the future. See Item 1A.—Risk Factors—"Our operations are seasonal and our results of operations vary from quarter to quarter and year over year, so our financial performance in certain financial quarters or years may not be indicative of, or comparable to, our financial performance in subsequent financial quarters or years."

Market Risk

We are exposed to market risks arising from changes in market rates and prices, including movements in foreign currency exchange rates and interest rates.

Foreign Currency Risk

We have operations in countries throughout the world. The financial results of our foreign operations are measured in their local currencies. Our foreign subsidiaries also carry certain net assets or liabilities that are denominated in a currency other than that subsidiary's functional currency. As a result, our financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the foreign markets in which we have operations. Currently, we do not have significant operations in any hyper-inflationary countries. Our foreign operations reported operating income of $98.6 million for the year ended December 31, 2018. We estimate that a 10% change in the value of the United States dollar relative to foreign currencies would change our operating income for the year ended December 31, 2018 by $9.9 million. As of December 31, 2018, our most significant foreign exchange exposure included the Euro, British Pound, Australian Dollar and Canadian Dollar. This analysis does not consider the implication such currency fluctuations could have on the overall economic conditions of the United States or other foreign countries in which we operate or on the results of operations of our foreign entities. In addition, the reported carrying value of our assets and liabilities, including the total cash and cash equivalents held by our foreign operations, will also be affected by changes in foreign currency exchange rates.

We primarily use forward currency contracts, in addition to options, to reduce our exposure to foreign currency risk associated with short-term artist fee commitments. We also may enter into forward currency contracts to minimize the risks and/or costs associated with changes in foreign currency rates on forecasted operating income. At December 31, 2018, we had forward currency contracts outstanding with a notional amount of $89.4 million.

Interest Rate Risk

Our market risk is also affected by changes in interest rates. We had $2.9 billion of total debt, excluding unamortized debt discounts and issuance costs, outstanding as of December 31, 2018. Of the total amount, taking into consideration existing interest rate hedges, we had $1.8 billion of fixed-rate debt and $1.1 billion of floating-rate debt.

Based on the amount of our floating-rate debt as of December 31, 2018, each 25-basis point increase or decrease in interest rates would increase or decrease our annual interest expense and cash outlay by approximately $2.9 million when the floor rate is not applicable. This potential increase or decrease is based on the simplified assumption that the level of floating-rate debt remains constant with an immediate across-the-board increase or decrease as of December 31, 2018 with no subsequent change in rates for the remainder of the period.

Recent Accounting Pronouncements

Information regarding recently issued and adopted accounting pronouncements can be found in Item 8.—Financial Statements and Supplementary Data—Note 1—The Company and Summary of Significant Accounting Policies.

Critical Accounting Policies and Estimates

The preparation of our financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. On an ongoing basis, we evaluate our estimates that are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The result of these evaluations forms the basis for making judgments about the carrying values of assets and liabilities and the reported amount of revenue and expenses that are not readily apparent from other sources. Because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such difference could be material. Management believes that the following accounting estimates are the most critical to aid in fully understanding and evaluating our reported financial results, and they require management's most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain. The following narrative describes these critical accounting estimates, the judgments and assumptions and the effect if actual results differ from these assumptions where applicable.

Consolidation

Typically we consolidate entities in which we own more than 50% of the voting common stock and control operations and also VIEs for which we are the primary beneficiary. Investments in nonconsolidated affiliates in which we own more than 20% of the voting common stock or otherwise exercise significant influence over operating and financial policies, but not

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control of the nonconsolidated affiliate, are accounted for using the equity method of accounting. Investments in nonconsolidated affiliates in which we own less than 20% of the voting common stock and do not exercise significant influence over operating and financial policies are accounted for using the cost method of accounting. Intercompany accounts among the consolidated businesses have been eliminated in consolidation. Net income (loss) attributable to noncontrolling interests is reflected in the statements of operations for consolidated affiliates.

Business Combinations

We account for our business combinations under the acquisition method of accounting. Identifiable assets acquired, liabilities assumed and any noncontrolling interest in the acquiree are recognized and measured as of the acquisition date at fair value. Additionally, contingent consideration is recorded at fair value on the acquisition date and classified as a liability. Goodwill is recognized to the extent by which the aggregate of the acquisition-date fair value of the consideration transferred and any noncontrolling interest in the acquiree exceeds the recognized basis of the identifiable assets acquired, net of assumed liabilities. Determining the fair value of assets acquired, liabilities assumed and noncontrolling interest requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash flows, discount rates and asset lives among other items.

Property, Plant and Equipment

We test for possible impairment of property, plant and equipment whenever events or circumstances change, such as a current period operating cash flow loss combined with a history of, or projections of, operating cash flow losses or a significant adverse change in the manner in which the asset is intended to be used, which could indicate that the carrying amount of the asset may not be recoverable. If indicators exist, we compare the estimated undiscounted future cash flows related to the assets to the carrying amount of those assets. If the carrying value is greater than the estimated undiscounted future cash flows, the cost basis of the asset is reduced to reflect the current fair value. We use various assumptions in determining the current fair value of these assets, including future expected cash flows and discount rates, as well as future salvage values and other fair value measures. Our impairment loss calculations require us to apply judgment in estimating future cash flows, including forecasting useful lives of the assets and selecting the discount rate that reflects the risk inherent in future cash flows.

If actual results are not consistent with our assumptions and judgments used in estimating future cash flows and asset fair values, we may be exposed to future impairment losses that could be material to our results of operations.

Intangibles

We test for possible impairment of definite-lived intangible assets whenever events or circumstances change, such as a current period operating cash flow loss combined with a history of, or projections of, operating cash flow losses or a significant adverse change in the manner in which the asset is intended to be used, which could indicate that the carrying amount of the asset may not be recoverable.

We test for possible impairment of indefinite-lived intangible assets on at least an annual basis. Based on facts and circumstances, we perform either a qualitative or a quantitative assessment for impairment. If a qualitative assessment is performed, and the existence of events and circumstances indicate that it is more likely than not that an indefinite-lived intangible asset is impaired, we perform the quantitative impairment test by comparing the fair value with the carrying amount.

When performing quantitative assessments for impairment of our definite-lived and indefinite-lived intangible assets, we compare the estimated undiscounted future cash flows related to the asset or asset group to the carrying amount of those assets or asset group. If the carrying value is greater than the estimated undiscounted future cash flows, the cost basis of the asset or asset group is reduced to reflect the current fair value. We use various assumptions in determining the current fair value of these definite-lived and indefinite-lived intangible assets, including future expected cash flows, discount rates and royalty rates as well as other fair value measures. Our impairment loss calculations require us to apply judgment in estimating future cash flows, including forecasting useful lives of the assets and selecting the discount rate that reflects the risk inherent in future cash flows.

If actual results are not consistent with our assumptions and judgments used in estimating future cash flows and asset fair values, we may be exposed to future impairment losses that could be material to our results of operations.

Goodwill

We currently have seven reporting units with goodwill balances: International Concerts, North America Concerts, Artist Management and Artist Services (non-management) within the Concerts segment; Sponsorship & Advertising; and International Ticketing and North America Ticketing within the Ticketing segment.

We review goodwill for impairment annually, as of October 1, using a two-step process. We also test goodwill for impairment in other periods if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount or when we change our reporting units.

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The first step is a qualitative evaluation as to whether it is more likely than not that the fair value of any of our reporting units is less than its carrying value using an assessment of relevant events and circumstances. Examples of such events and circumstances include historical financial performance, industry and market conditions, macroeconomic conditions, reporting unit-specific events, historical results of goodwill impairment testing, and the timing of the last performance of a quantitative assessment.

If any reporting units are concluded to be more likely than not impaired, or if that conclusion cannot be determined qualitatively, a second step is performed for that reporting unit. Regardless, it is our policy that all reporting units undergo a second step at least once every five years. This second step, used to quantitatively screen for potential impairment and measure the impairment, if any, compares the fair value of the reporting unit with its carrying amount, including goodwill. If a reporting unit's carrying value is negative, the reporting unit passes the impairment test. Inherent in such fair value determinations are certain judgments and estimates relating to future cash flows, including our interpretation of current economic indicators and market valuations, and assumptions about our strategic plans with regard to our operations. Due to the uncertainties associated with such estimates, actual results could differ from such estimates. In this case, we will disclose the amount of goodwill allocated to that reporting unit and disclose which reportable segment the reporting unit is included in.

In both steps, discount rates, market multiples and sensitivity tests are derived and/or computed with the assistance of external valuation consultants. We perform sensitivity analyses when the most likely result is unclear in the first and second steps in our process. Generally, we test for sensitivities to discount rates, revenue growth, and market multiples, which are the most significant assumptions.

In developing fair values for our reporting units, we may employ a market multiple or a discounted cash flow methodology, or a combination thereof. The market multiple methodology compares us to similar com