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28

# UNIVERSAL MUSIC GROUP

## FOURTH QUARTER & FULL YEAR 2023 RESULTS



# IMPORTANT INFORMATION

## FORWARD-LOOKING STATEMENTS

THIS PRESENTATION MAY CONTAIN STATEMENTS THAT CONSTITUTE FORWARD-LOOKING STATEMENTS RELATING TO THE BUSINESS, FINANCIAL PERFORMANCE AND RESULTS OF UNIVERSAL MUSIC GROUP N.V. (THE “COMPANY” OR “UMG”) AND THE INDUSTRY IN WHICH THE COMPANY OPERATES. SUCH FORWARD-LOOKING STATEMENTS MAY BE IDENTIFIED BY THE USE OF WORDS SUCH AS "EXPECTATION", "BELIEF", "ESTIMATE", "PLAN", "TARGET", OR "FORECAST" AND SIMILAR EXPRESSIONS OR THE NEGATIVE THEREOF; OR BY THE FORWARD-LOOKING NATURE OF DISCUSSIONS OF STRATEGY, PLANS OR INTENTIONS; OR BY THEIR CONTEXT. ALTHOUGH UMG BELIEVES THAT SUCH FORWARD-LOOKING STATEMENTS ARE BASED ON REASONABLE ASSUMPTIONS, THEY ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS MAY DIFFER MATERIALLY FROM SUCH FORWARD-LOOKING STATEMENTS AS A RESULT OF A NUMBER OF RISKS AND UNCERTAINTIES, MANY OF WHICH ARE RELATED TO FACTORS THAT ARE OUTSIDE UMG’S CONTROL, INCLUDING, BUT NOT LIMITED TO, UMG’S INABILITY TO COMPETE SUCCESSFULLY AND TO IDENTIFY, ATTRACT, SIGN AND RETAIN SUCCESSFUL RECORDING ARTISTS AND SONGWRITERS, FAILURE OF STREAMING AND SUBSCRIPTION ADOPTION OR REVENUE TO GROW OR TO GROW LESS RAPIDLY THAN ANTICIPATED, UMG’S RELIANCE ON DIGITAL SERVICE PROVIDERS, UMG’S INABILITY TO EXECUTE ITS BUSINESS STRATEGY, THE GLOBAL NATURE OF UMG’S OPERATIONS, UMG’S INABILITY TO PROTECT ITS INTELLECTUAL PROPERTY AND AGAINST PIRACY, UMG’S INABILITY TO ATTRACT AND RETAIN KEY PERSONNEL, CHANGES IN LAWS AND REGULATIONS AND THE OTHER RISKS THAT ARE DESCRIBED IN THE 2022 ANNUAL REPORT AND WILL BE DESCRIBED IN THE 2023 ANNUAL REPORT. ACCORDINGLY, UMG CAUTIONS READERS AGAINST PLACING UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS ARE MADE AS OF THE DATE OF THIS PRESENTATION. UMG DISCLAIMS ANY INTENTION OR OBLIGATION TO PROVIDE, UPDATE OR REVISE ANY SUCH FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

## PRESENTATION

THE FINANCIAL INFORMATION INCLUDED IN THIS PRESENTATION IS UNAUDITED. THE 2023 FINANCIAL INFORMATION INCLUDED IN THIS PRESENTATION CONTAINS ONLY PART OF THE 2023 FINANCIAL STATEMENTS WHICH WILL BE INCLUDED IN THE 2023 ANNUAL REPORT AND STILL HAVE TO BE ADOPTED BY THE SHAREHOLDERS AT THE UPCOMING ANNUAL GENERAL MEETING OF SHAREHOLDERS. THE 2023 ANNUAL REPORT HAS NOT YET BEEN PUBLISHED AND AN AUDITORS’ OPINION HAS NOT YET BEEN ISSUED.

## NON-IFRS MEASURES

THIS PRESENTATION INCLUDES CERTAIN ALTERNATIVE PERFORMANCE MEASURES WHICH ARE NOT DEFINED IN IFRS ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD AS ENDORSED BY THE EU. FOR FURTHER INFORMATION ON NON-IFRS MEASURES USED BY THE COMPANY, SEE THE RELEVANT DEFINITIONS INCLUDED IN THE PRESS RELEASES OF THE SAME DATE AS THIS PRESENTATION AND THE RECONCILIATIONS OF SUCH NON-IFRS MEASURES INCLUDED IN THE APPENDICES TO SUCH PRESS RELEASE.

## MARKET AND INDUSTRY DATA

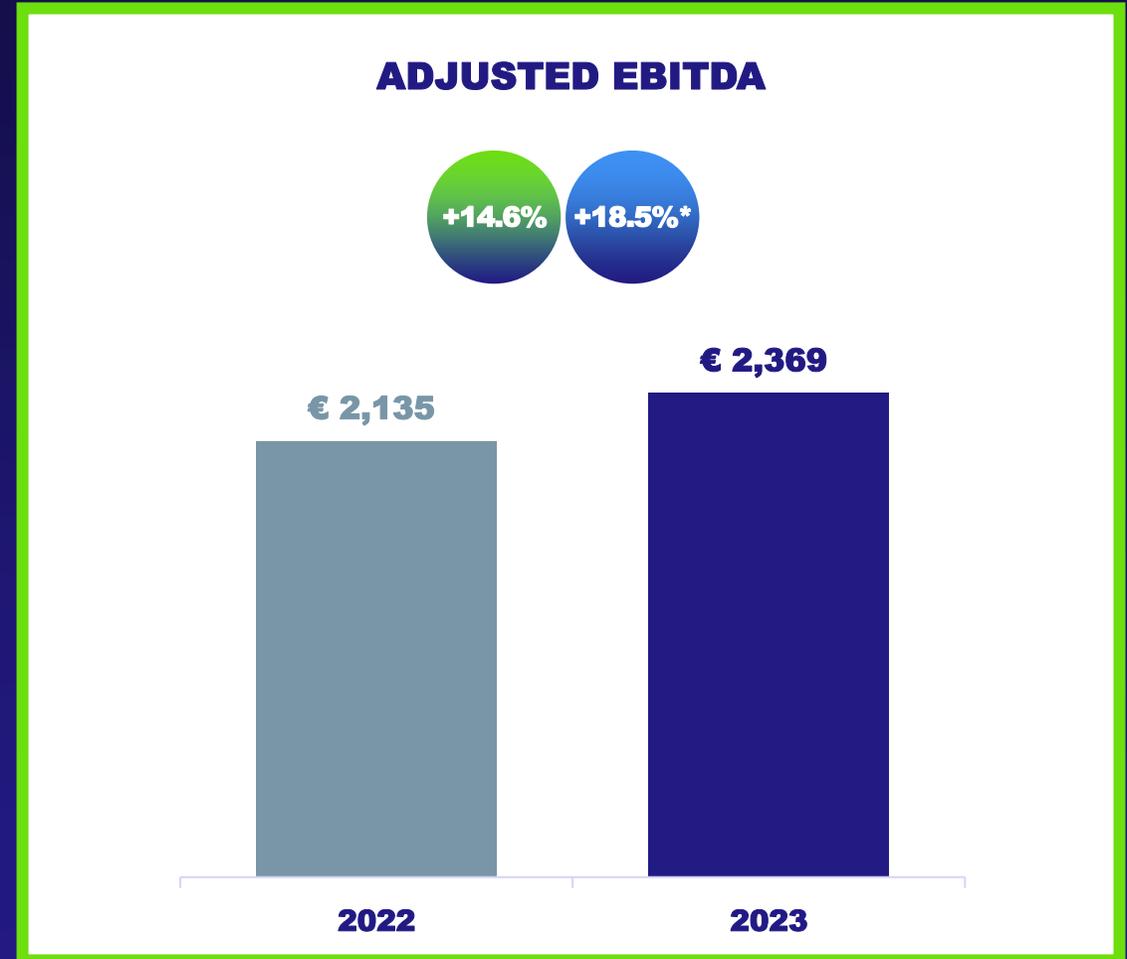
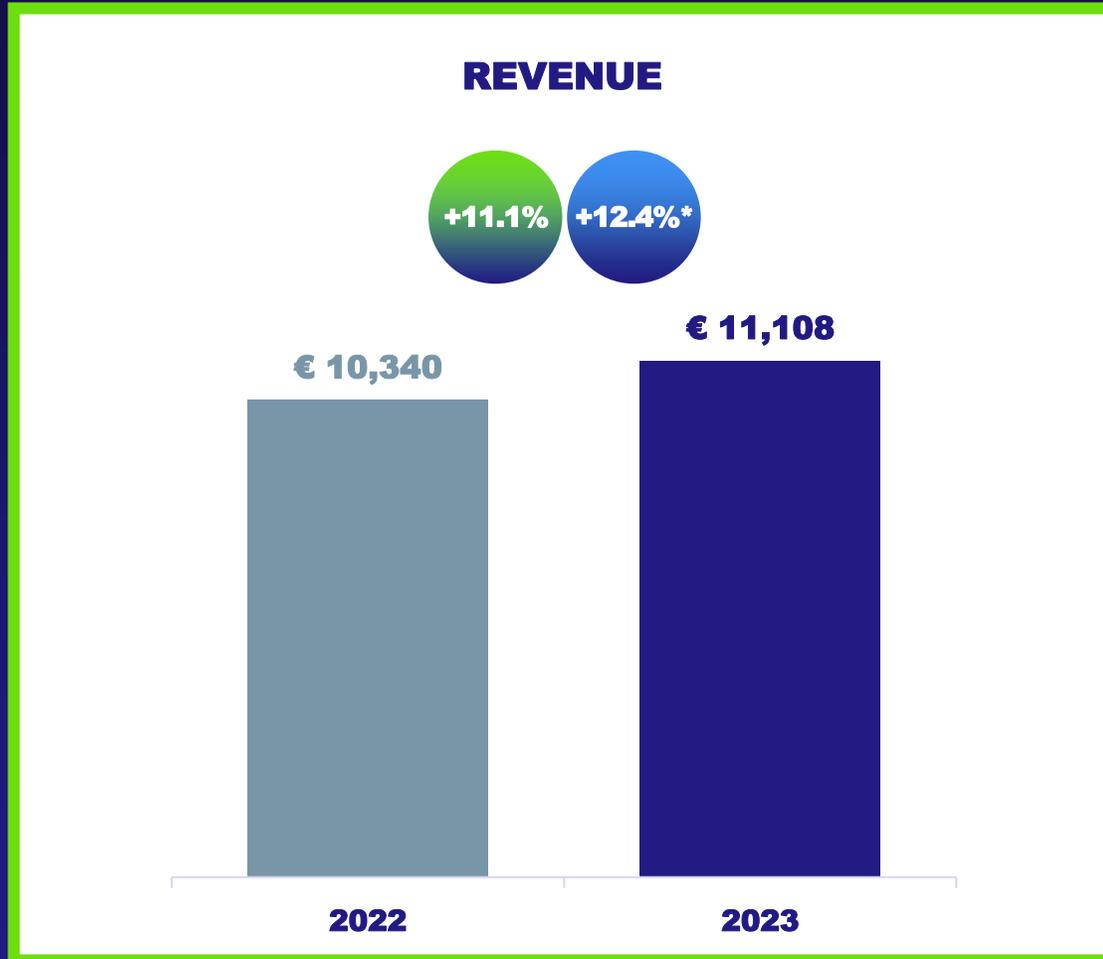
THE COMPANY OBTAINED MARKET DATA USED IN THIS PRESENTATION FROM INTERNAL SURVEYS, REPORTS AND STUDIES, WHERE APPROPRIATE, AS WELL AS MARKET RESEARCH, PUBLICLY AVAILABLE INFORMATION AND INDUSTRY PUBLICATIONS.

**SIR LUCIAN GRAINGE**

**CHAIRMAN & CEO**

**UNIVERSAL MUSIC GROUP**

# FY2023 CONSOLIDATED RESULTS



\*Excludes the CRB Phonorecords III Accrual and the Legal Provision from 2023; Excludes the Change in Society Accounting and the Legal Settlement from 2022. See Items Impacting Comparability of Results in our earnings press release for more information.

Note: € in Millions; Revenue and Adjusted EBITDA growth shown in constant currency

# 9 OF THE TOP 10 GLOBAL RECORDING ARTISTS OF 2023

1	TAYLOR SWIFT*	6	MORGAN WALLEN
2	SEVENTEEN	7	TOMORROW X TOGETHER
3	STRAY KIDS	8	NEWJEANS
4	DRAKE*	9	BAD BUNNY*
5	THE WEEKND*	10	LANA DEL REY*

SOURCE: IFPI

UNIVERSAL MUSIC GROUP

\* Universal Music Publishing Group Songwriter

# 2023 GLOBAL ARTIST SUCCESS

## SPOTIFY



**6** OF THE **TOP 10**  
GLOBAL ARTISTS

**#1** TAYLOR SWIFT  
THE WEEKND  
DRAKE  
FEID  
KAROL G  
LANA DEL REY

## APPLE MUSIC



**13** OF THE **TOP 20**  
GLOBAL SONGS

**#1** MORGAN WALLEN  
*"Last Night"*

DRAKE & 21 SAVAGE *"Rich Flex"*  
TAYLOR SWIFT *"Anti-Hero"*  
METRO BOOMIN, THE WEEKND & 21 SAVAGE *"Creepin"*  
DRAKE & 21 SAVAGE *"Spin Bout U"*  
REMA, SELENA GOMEZ *"Calm Down"*  
LIL BABY *"Freestyle"*  
TAYLOR SWIFT *"Cruel Summer"*  
SAM SMITH, KIM PETRAS *"Unholy"*  
ESLABON ARMADO, PESO PLUMA *"Ella Baila Sola"*  
NEWJEANS *"Ditto"*  
FUTURE FT. DRAKE, TEMS *"WAIT FOR U"*  
MORGAN WALLEN *"You Proof"*

## YOUTUBE



**3** OF THE **TOP 5**  
GLOBAL SONGS

**#1** TOOSII  
*"Favorite Song"*

ESLABON ARMADO, PESO PLUMA  
*"Ella Baila Sola"*

MORGAN WALLEN  
*"Last Night"*

SOURCE: SPOTIFY, APPLE MUSIC, YOUTUBE

UNIVERSAL MUSIC GROUP

# 2023 U.S. ARTIST & SONGWRITERS SUCCESS

## SPOTIFY



THE **TOP 4**  
ARTISTS IN THE U.S.

**#1** TAYLOR SWIFT  
DRAKE  
MORGAN WALLEN  
THE WEEKND

## APPLE MUSIC



**5** OF THE **TOP 7**  
SONGS IN THE U.S.

**#1** MORGAN WALLEN "Last Night"  
DRAKE & 21 SAVAGE "Rich Flex"  
DRAKE & 21 SAVAGE "Spin Bout U"  
LIL BABY "Freestyle"  
MORGAN WALLEN "You Proof"

## BILLBOARD



**6** OF THE **TOP 10**  
ALBUMS ON THE U.S. BILLBOARD 200  
YEAR-END CHART

**#1** MORGAN WALLEN *One Thing At A Time*  
TAYLOR SWIFT *Midnights*  
DRAKE & 21 SAVAGE *Her Loss*  
METROBOOMIN *Heroes & Villains*  
MORGAN WALLEN *Dangerous: The Double Album*  
TAYLOR SWIFT *Lover*

**3** OF THE **TOP 5**  
SONGWRITERS ON THE  
U.S. HOT 100 SONGWRITERS CHART  
TAYLOR SWIFT • JACK ANTONOFF • SZA

SOURCE: SPOTIFY, APPLE MUSIC, BILLBOARD

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# 2023 SUCCESS IN INDUSTRY'S TOP MUSIC MARKETS

## UNITED KINGDOM

**7** OF THE **TOP 10**  
ARTISTS

INCLUDING

**3** OF THE **TOP 5**

**#1** TAYLOR SWIFT  
DRAKE  
THE WEEKND

## JAPAN

**5** OF THE **TOP 10**  
ALBUMS

**#1** KING & PRINCE *Mr. 5*  
SEVENTEEN *FML*  
SEVENTEEN *ALWAYS YOURS*  
SEVENTEEN *SEVENTEENTH HEAVEN*  
TOMORROW X TOGETHER *SWEET*

**16 WEEKS** AT **NO. 1**  
ON BILLBOARD JAPAN'S  
WEEKLY STREAMING CHART

**ADO**  
*"Show"*

## GERMANY

**6** OF THE **TOP 10**  
ALBUMS

**#1** THE ROLLING STONES  
*Hackney Diamonds*

METALLICA  
*72 Seasons*

TAYLOR SWIFT  
*1989 (Taylor's Version)*

HERBERT GRÖNEMEYER  
*Das ist los*

TAYLOR SWIFT  
*Midnights*

KONTRA K  
*Die Hoffnung klaut mir niemand*

SOURCE: OCC, GFK, BILLBOARD

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**SIR LUCIAN GRAINGE**

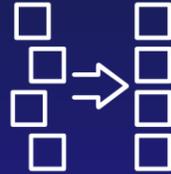
**CHAIRMAN & CEO**

**UNIVERSAL MUSIC GROUP**

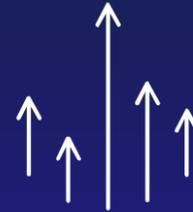
# ARTIST-CENTRIC MODEL



**BETTER VALUES  
ARTISTRY AND THE  
ARTIST / FAN  
RELATIONSHIP**



**GREATER  
ALIGNMENT  
BETWEEN ARTISTS  
AND PLATFORMS**



**ENHANCED USER  
EXPERIENCES,  
ACCELERATED  
GROWTH, BETTER  
SUBSCRIPTION  
ECONOMICS**



**PREMIUM TIERS  
AND PRODUCTS  
FOR SUPERFANS  
AND HIGH-VALUE  
CUSTOMERS**

# RESPONSIBLE AI INITIATIVE



**CENTER THE CONVERSATION  
ON ARTISTS**



**ADVANCE ARTIST-CENTRIC  
APPROACHES TO DEPLOY AI  
TOOLS AND PRODUCTS IN  
INNOVATIVE WAYS**



**DEFEND THEIR INTERESTS  
AND OUR RIGHTS**



**LEAD INDUSTRY ADVOCACY  
AND CROSS-INDUSTRY  
COALITIONS**



**FORGE NEW COMMERCIAL AND  
CREATIVE OPPORTUNITIES**

# EXPANDING OUR **GLOBAL PRESENCE**

## CHINA



JAY CHOU



EASON CHAN

## INDIA

REPRESENT

## SOUTH ASIA



## AFRICA



# CHORD MUSIC PARTNERS



**SIR LUCIAN GRAINGE**

**CHAIRMAN & CEO**

**UNIVERSAL MUSIC GROUP**

# REDESIGNING OUR GLOBAL ORGANIZATION



**EMPOWERS LABELS WITH NEW CAPABILITIES AND ADDITIONAL AGILITY**



**PROVIDES LABELS WITH ENHANCED ACCESS TO HIGHEST-PERFORMING INTERNAL TEAMS AND RESOURCES**



**ACHIEVES EFFICIENCIES IN TARGETED COST AREAS WHILE PROVIDING LABELS WITH CAPABILITIES TO DEEPEN ARTIST AND FAN CONNECTIONS VIA NEW EXPERIENTIAL, COMMERCE, AND CONTENT OFFERINGS**



**PRESERVES UNIQUE LABEL BRANDS AND ENTREPRENEURIAL CULTURES**

**SIR LUCIAN GRAINGE**

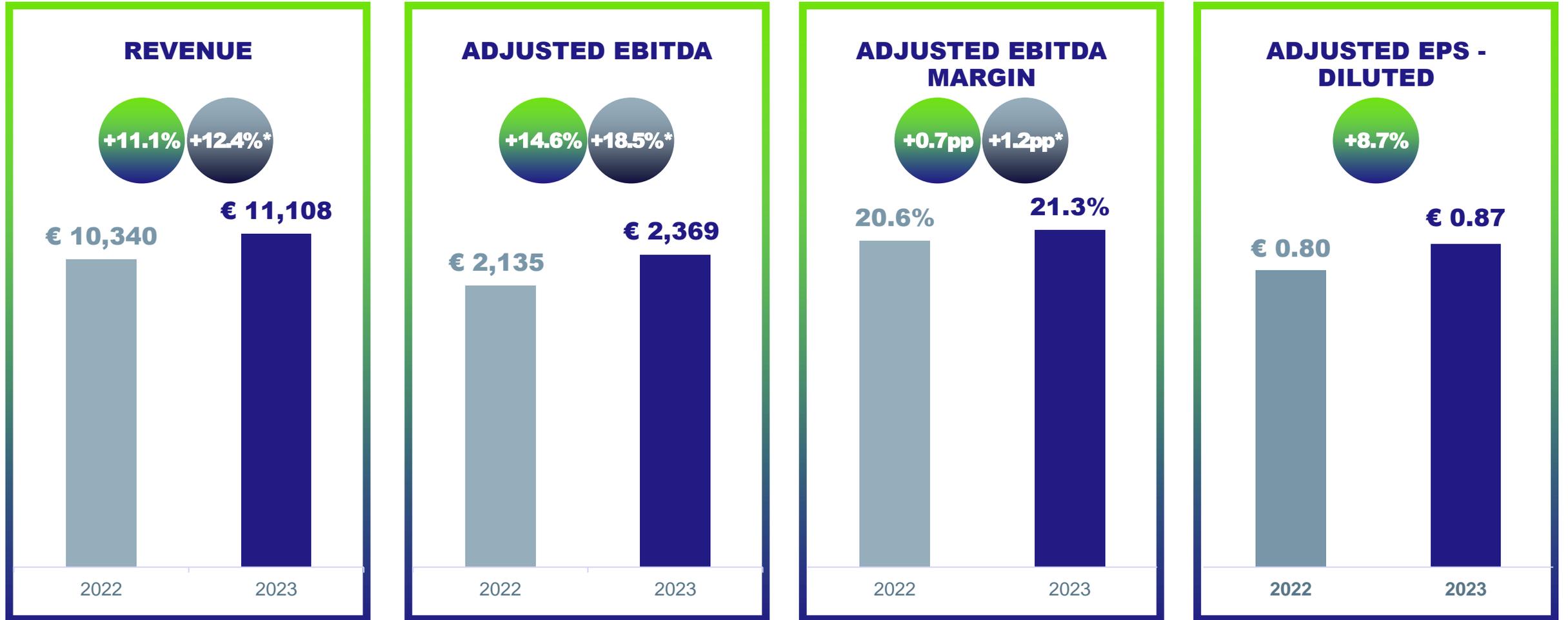
**CHAIRMAN & CEO**

**UNIVERSAL MUSIC GROUP**

**BOYD MUIR**

**EVP, CFO & PRESIDENT OF OPERATIONS  
UNIVERSAL MUSIC GROUP**

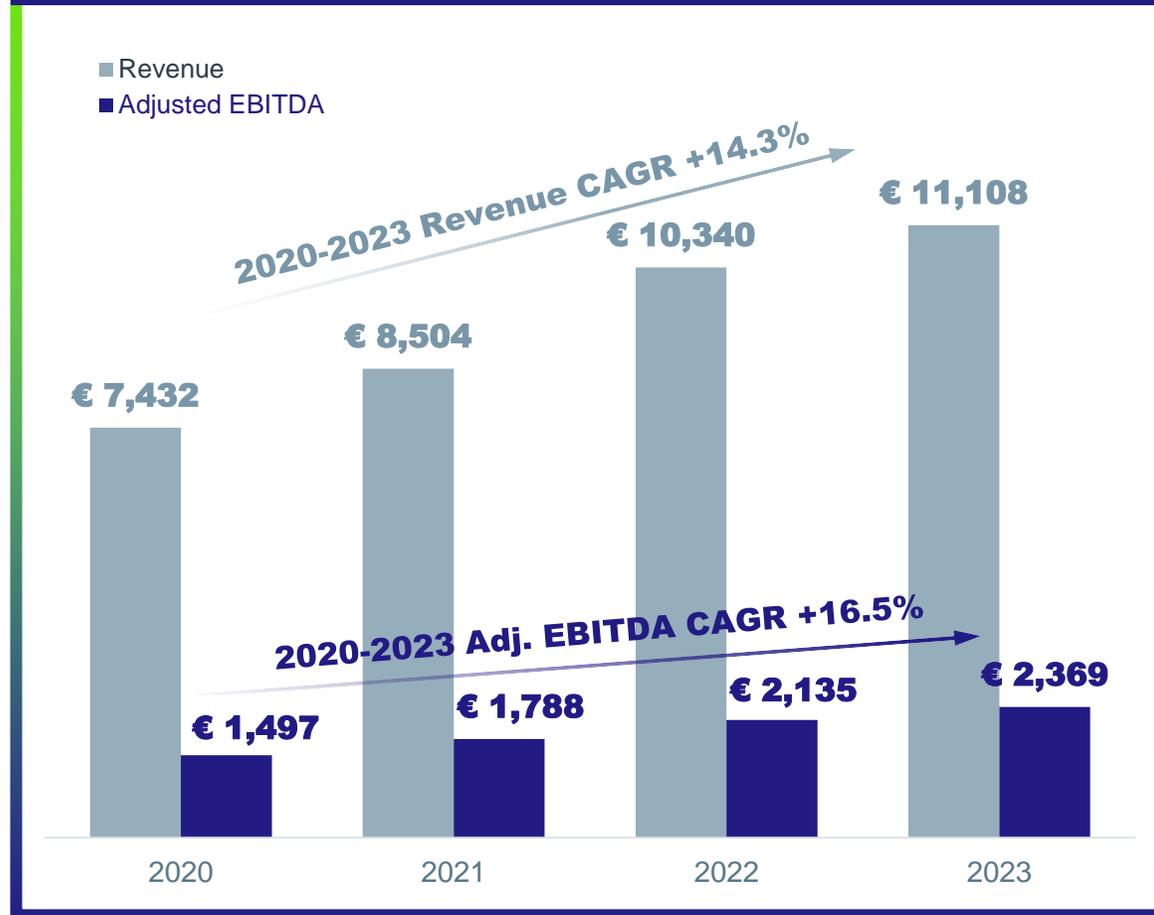
# FY2023 CONSOLIDATED RESULTS



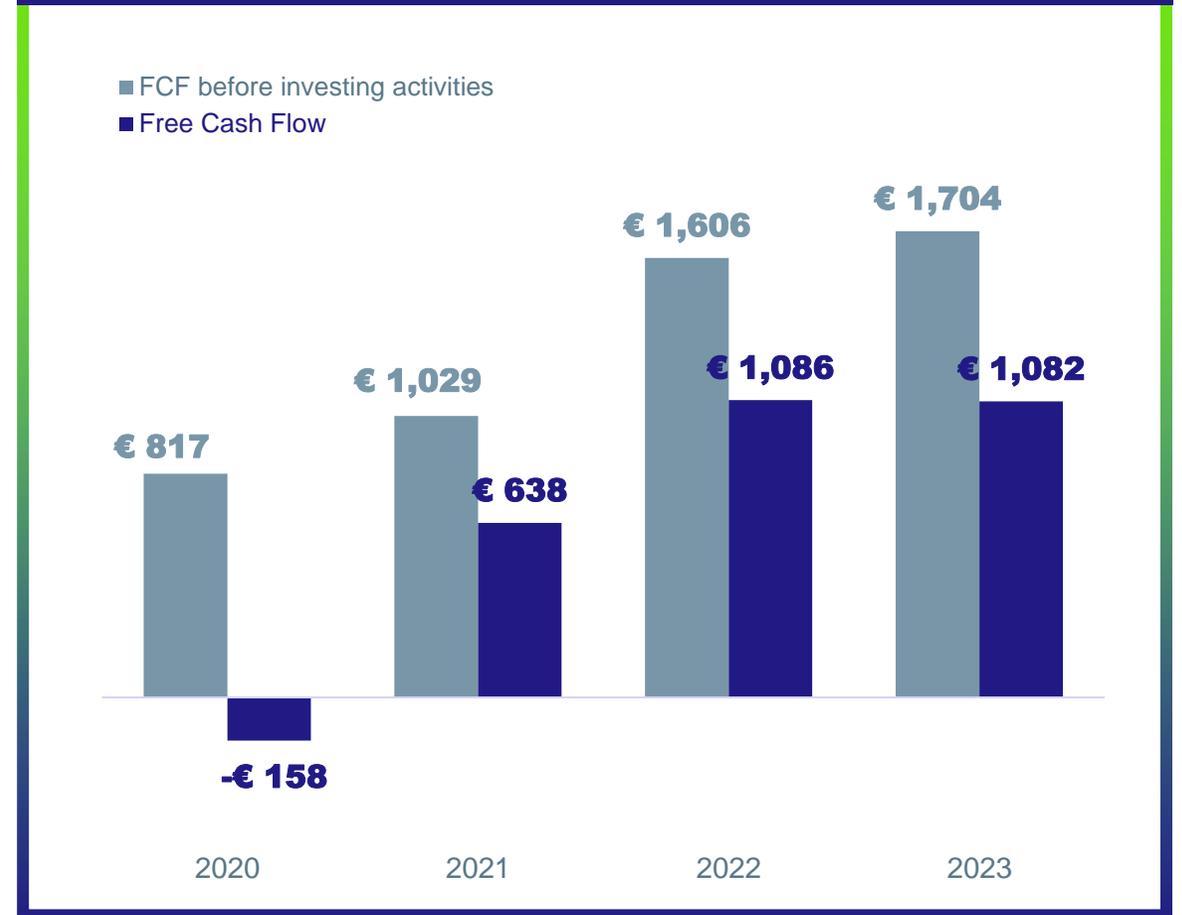
\*Excludes the CRB Phonorecords III Accrual and the Legal Provision from 2023; Excludes the Change in Society Accounting and the Legal Settlement from 2022. See Items Impacting Comparability of Results in our earnings press release for more information  
 Note: € in Millions; Revenue and Adjusted EBITDA growth shown in constant currency, Adjusted EBITDA margin change in percentage points

# HEALTHY GROWTH & CASH FLOW GENERATION SINCE LISTING

## SUSTAINED GROWTH IN REVENUE & ADJUSTED EBITDA

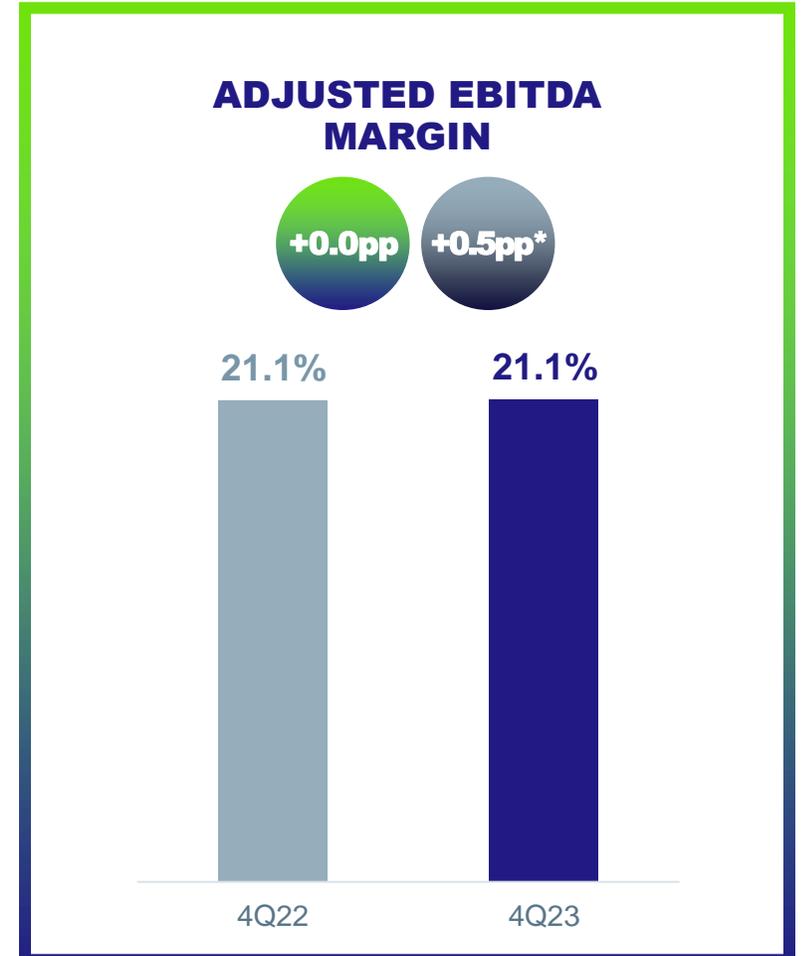
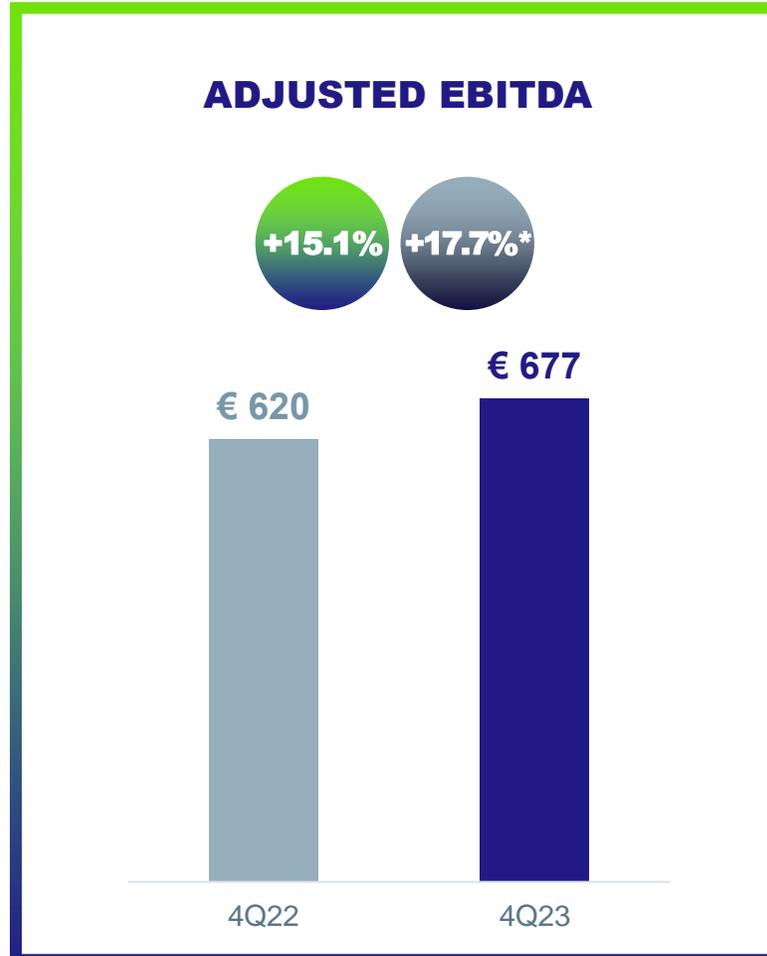
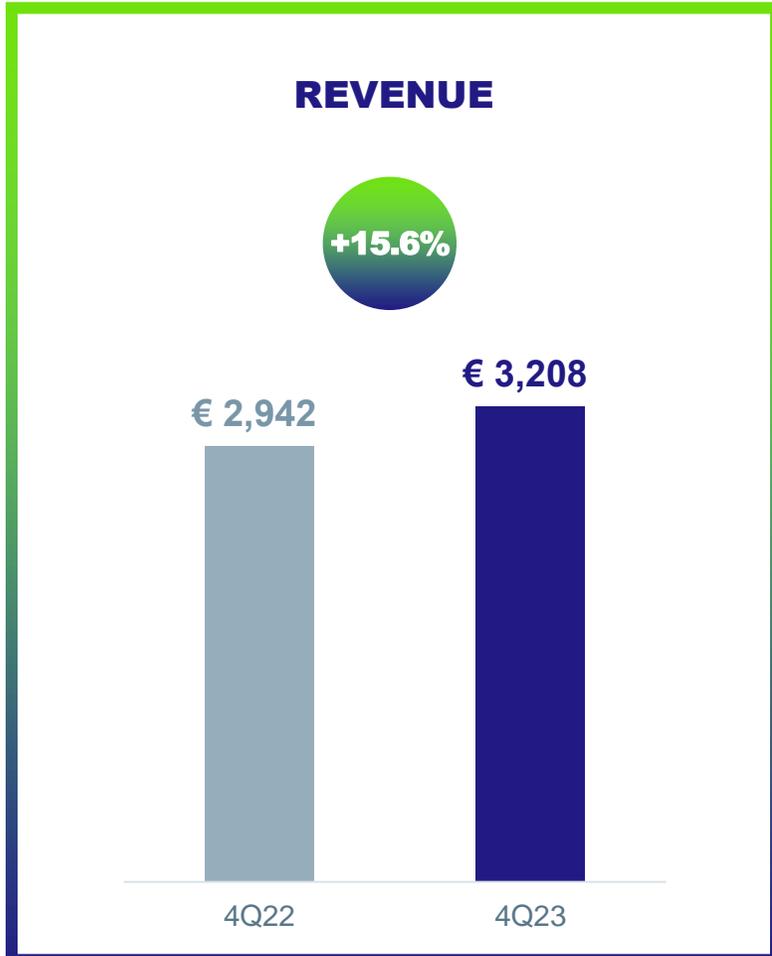


## STRONG FREE CASH FLOW GENERATION



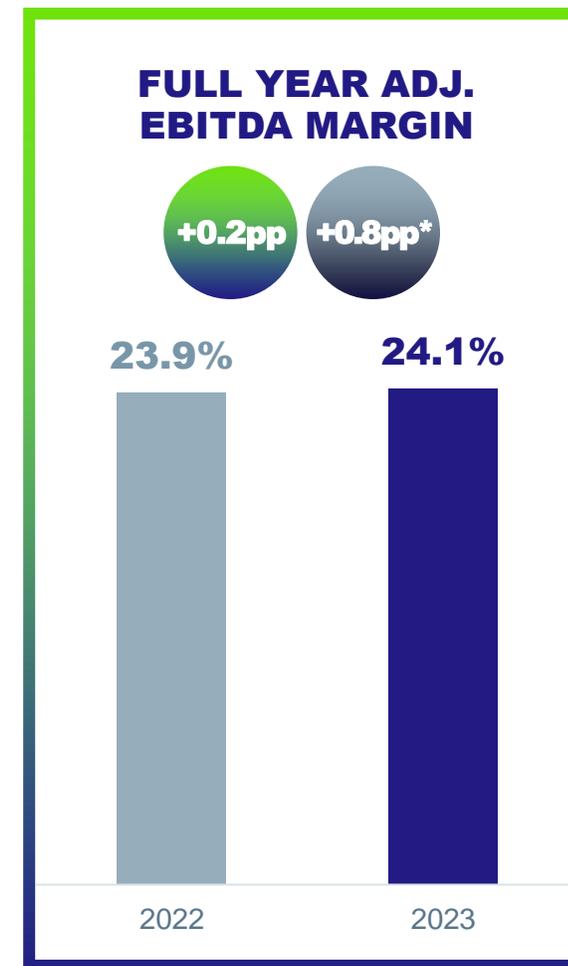
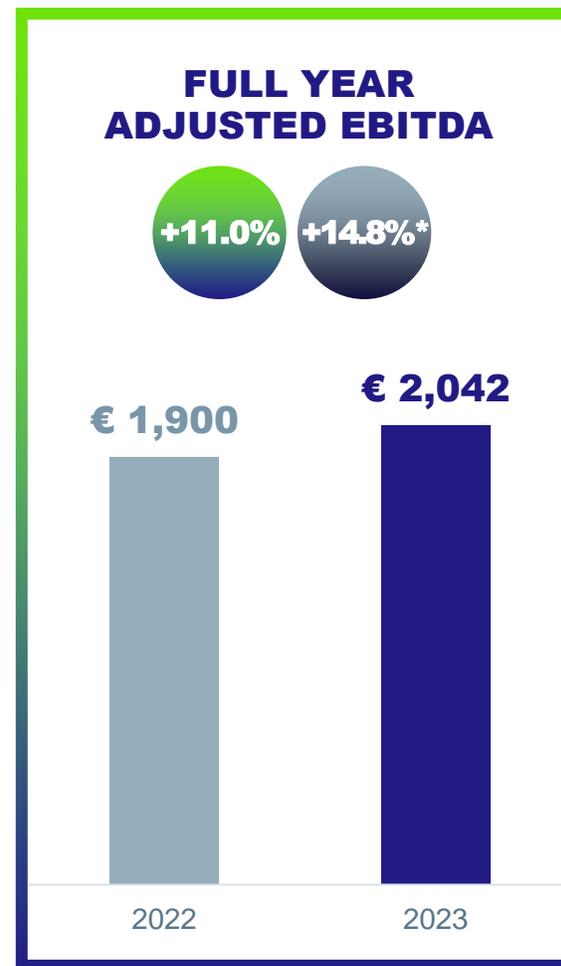
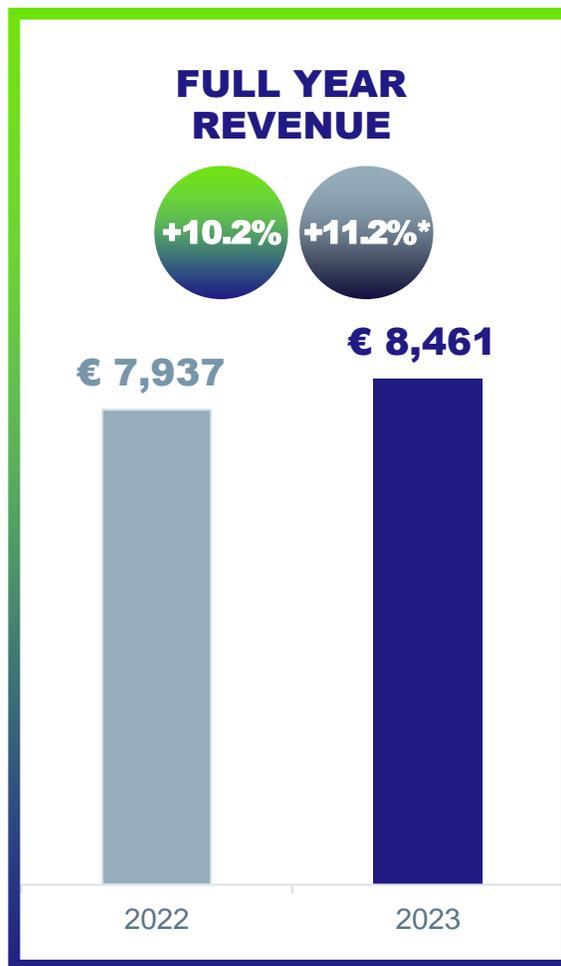
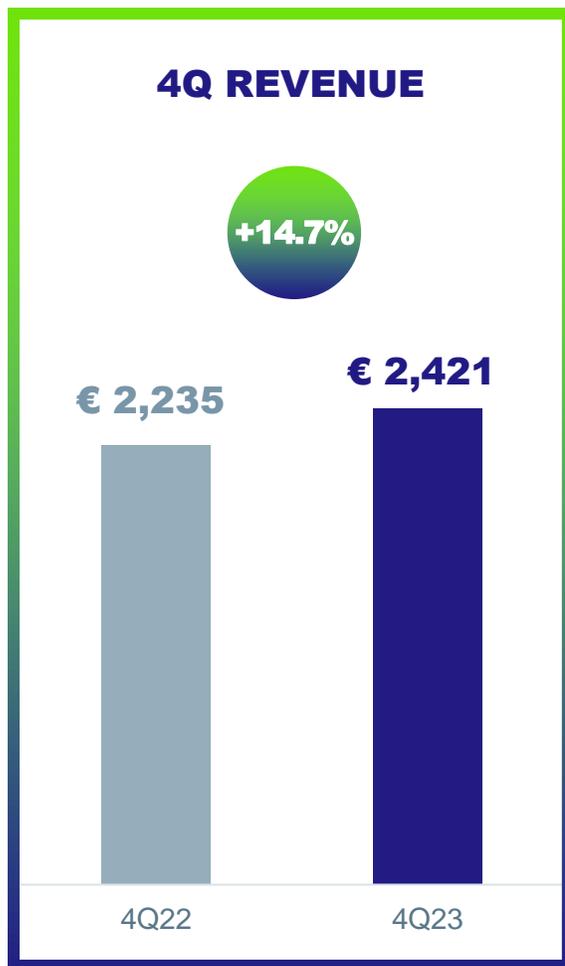
Note: € in Millions; historical financials and growth CAGRs are as reported

# 4Q23 CONSOLIDATED RESULTS



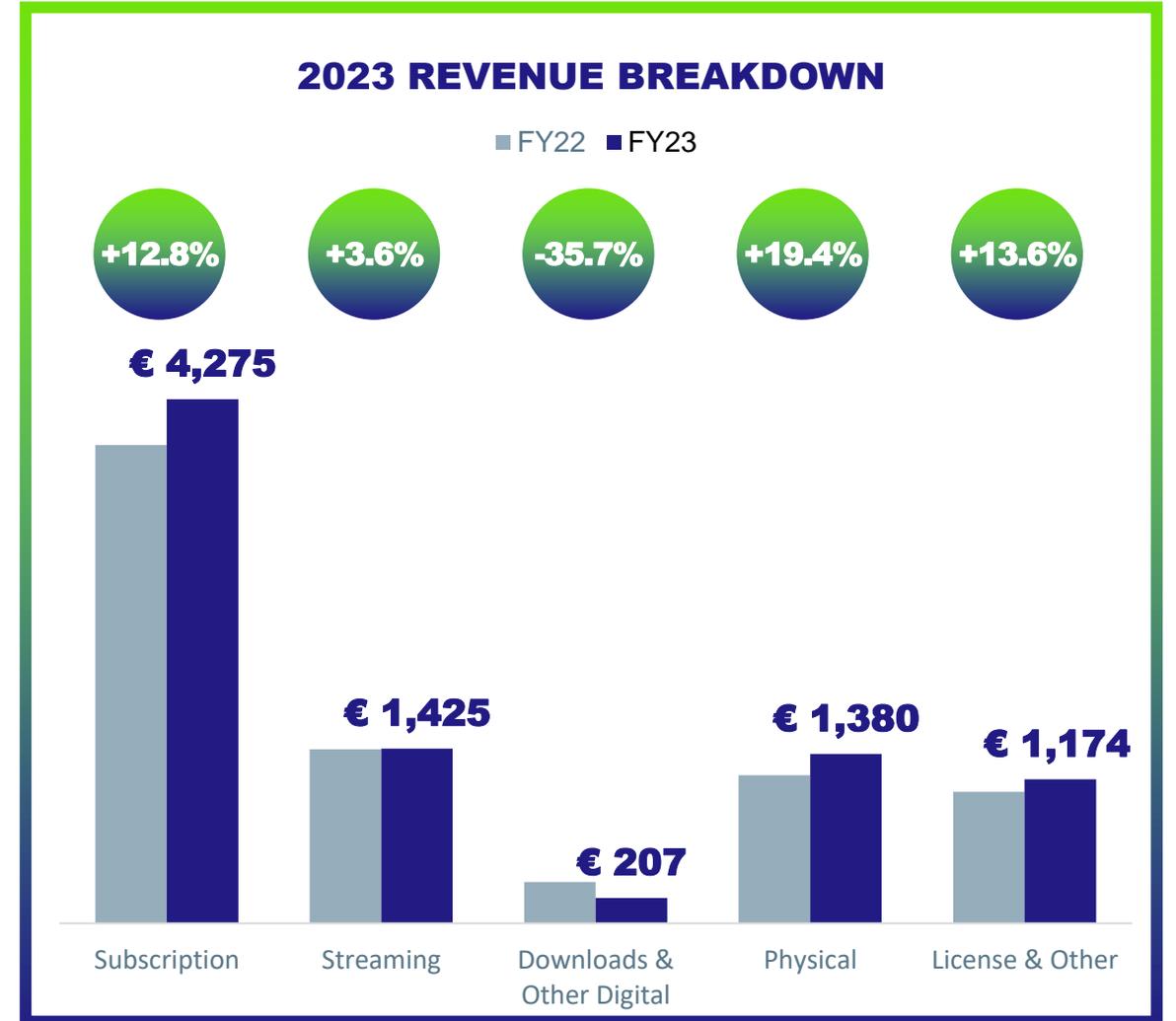
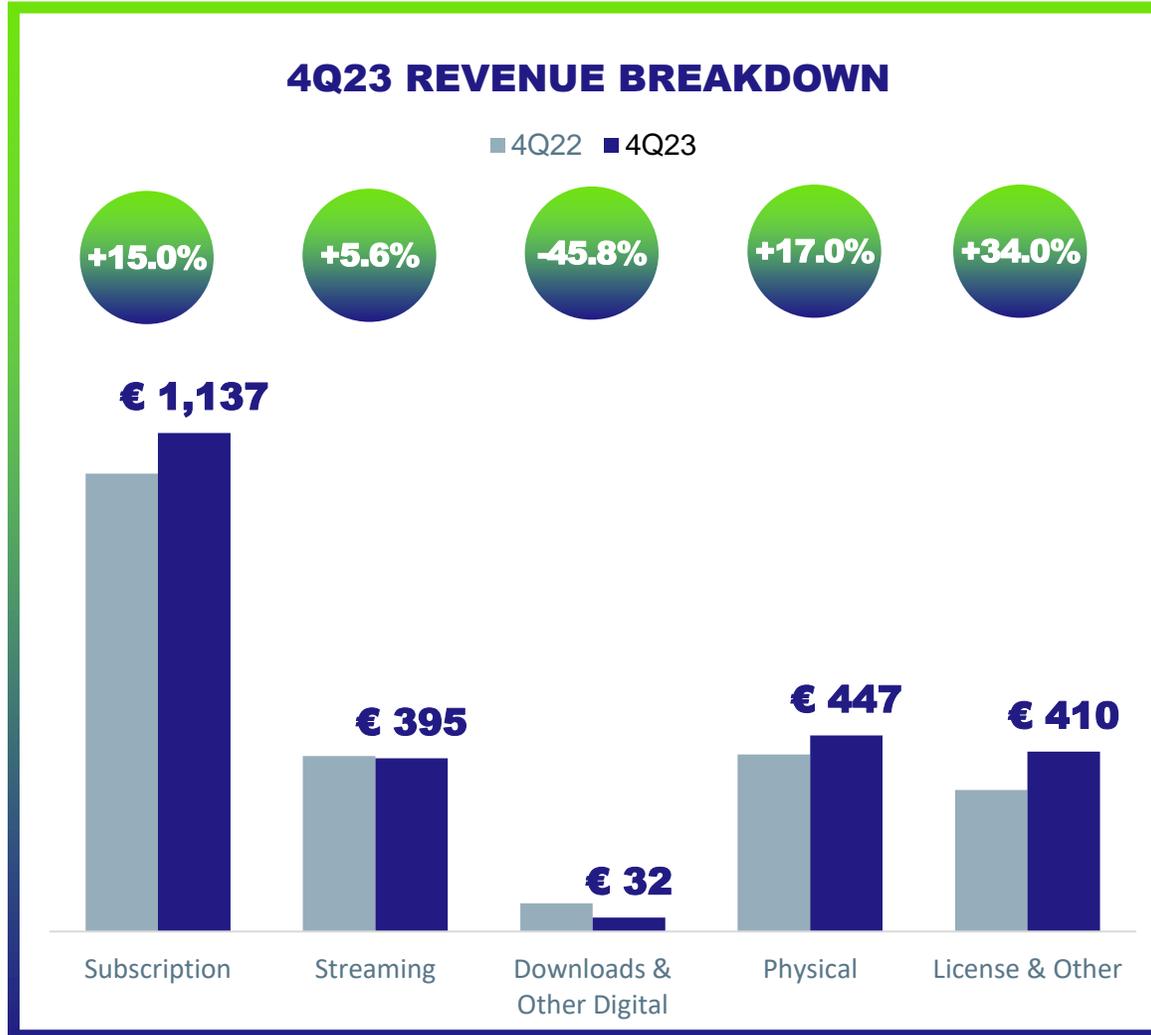
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# RECORDED MUSIC



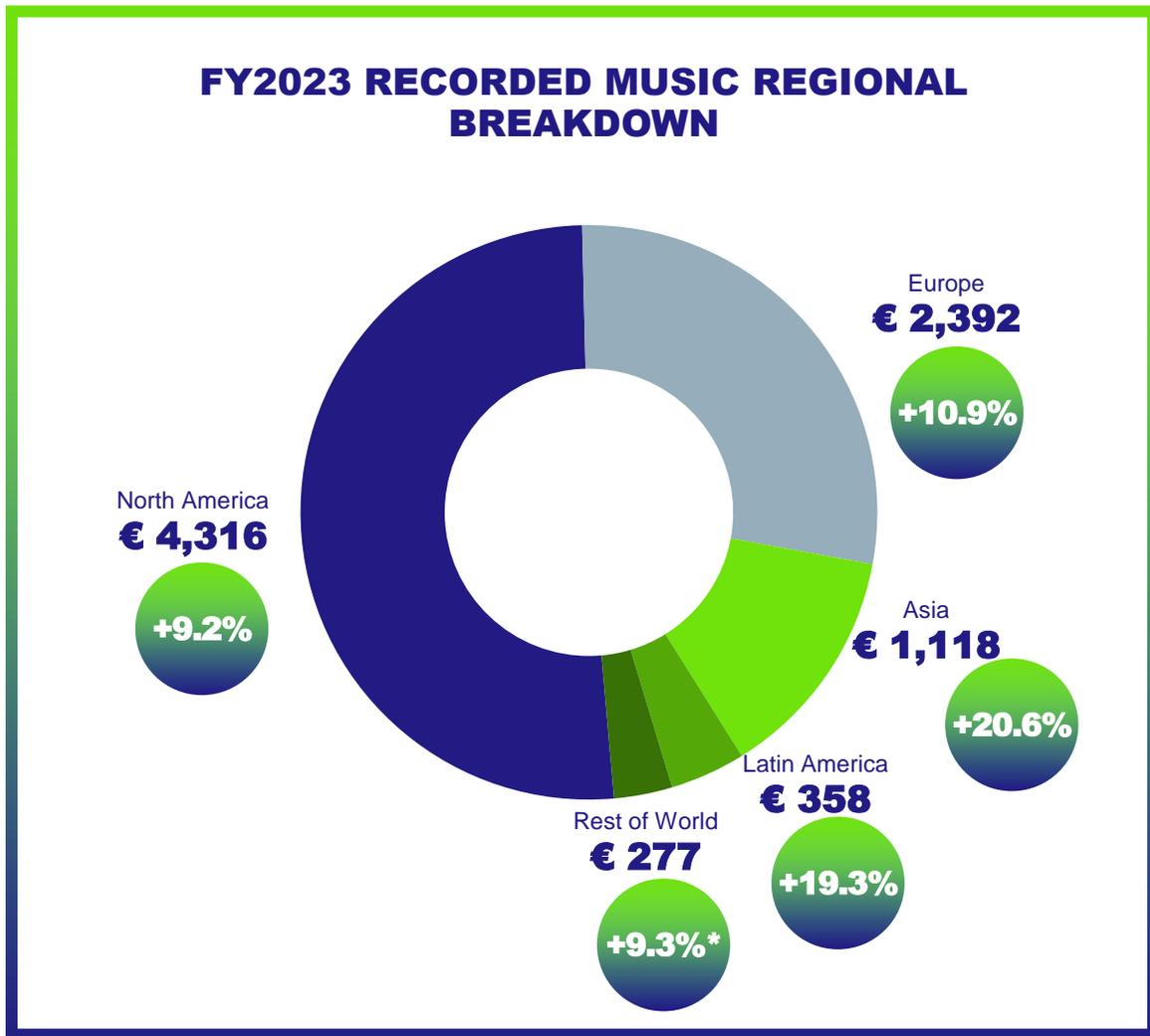
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 Note: € in Millions; All growth rates are in constant currency

# RECORDED MUSIC REVENUE



Note: € in Millions; All growth rates are in constant currency.

# RECORDED MUSIC REVENUE



Note: € in Millions. All growth rates are in constant currency.

\*Adjusted to exclude intercompany allocations.

UNIVERSAL MUSIC GROUP

# TOP SELLERS

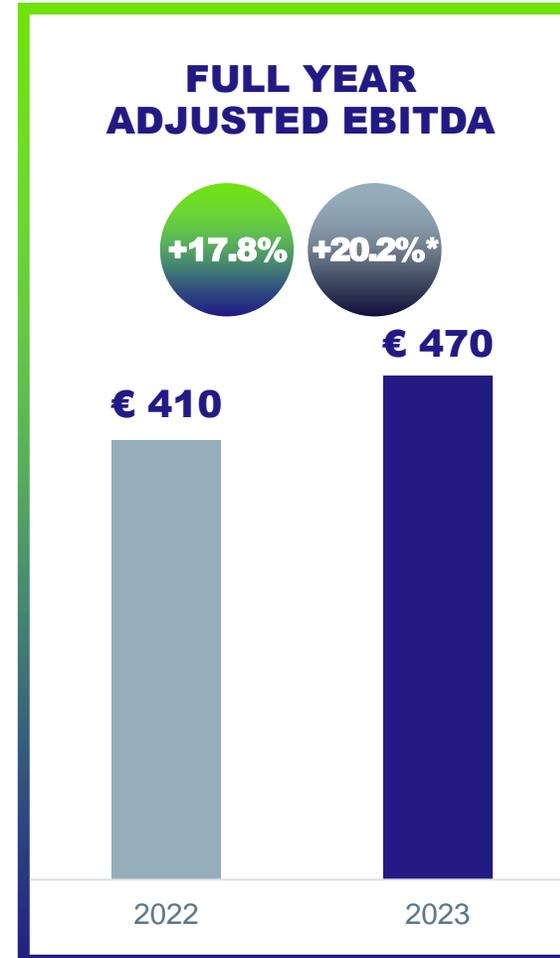
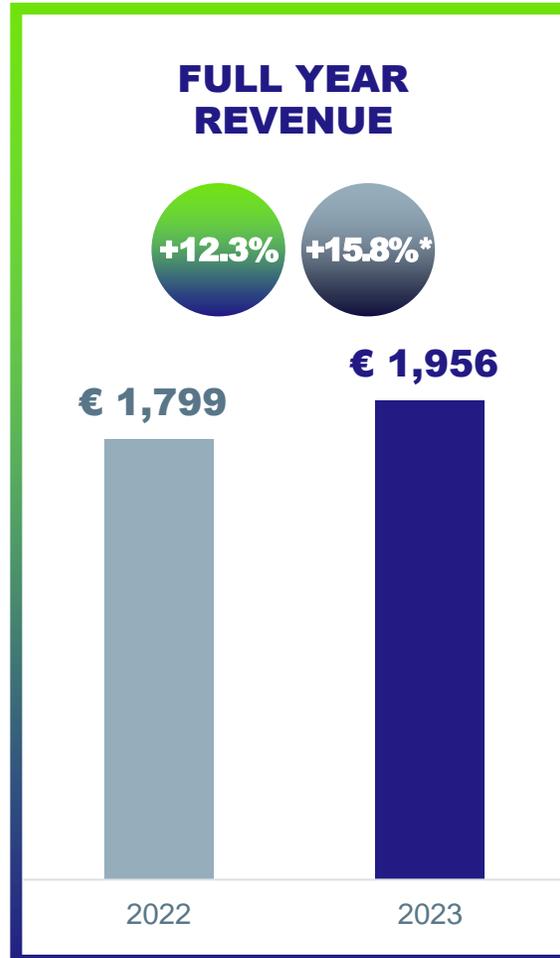
## 2023

<b>Morgan Wallen</b>	<b>Taylor Swift</b> Midnights	<b>Taylor Swift</b> 1989 (Taylor's Version)	<b>King &amp; Prince</b> Mr. 5	<b>Taylor Swift</b> Speak Now (Taylor's Version)
<b>Taylor Swift</b> Lover	<b>King &amp; Prince</b> First Dome Tour	<b>Taylor Swift</b> Folklore	<b>Karol G</b>	<b>The Weeknd</b>

## 2022

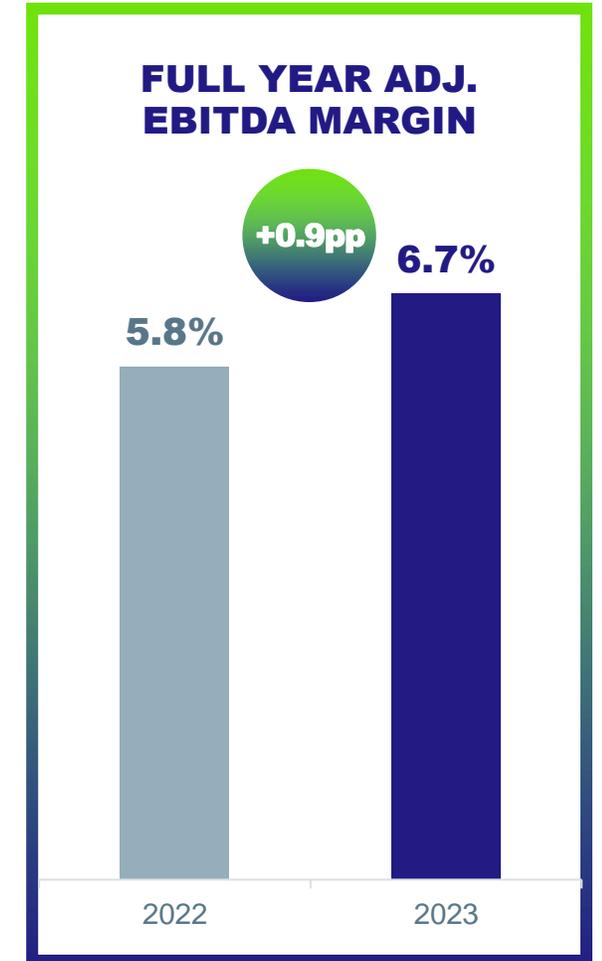
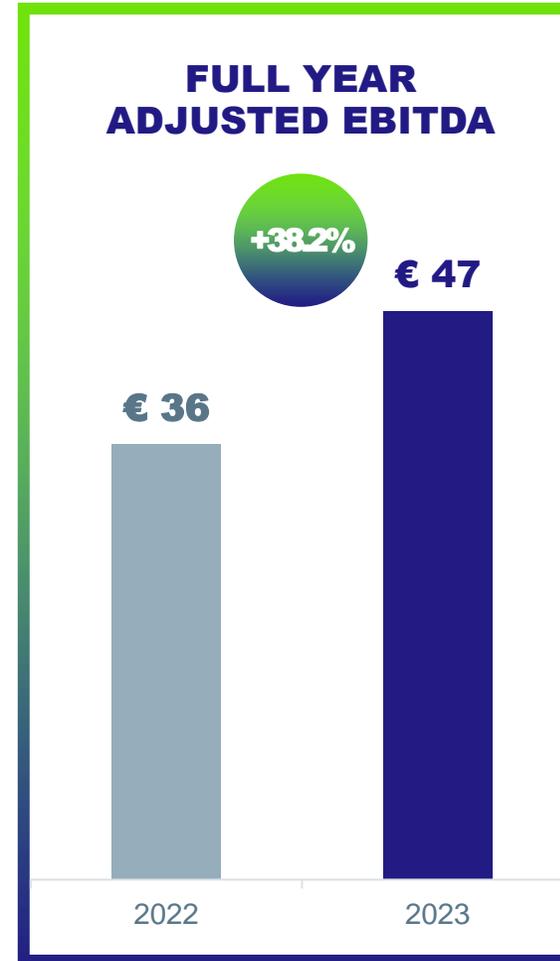
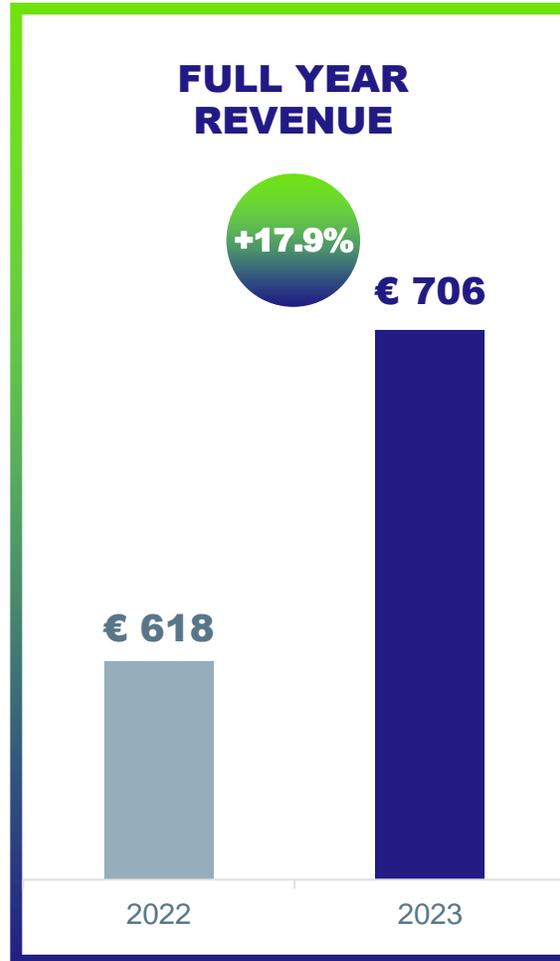
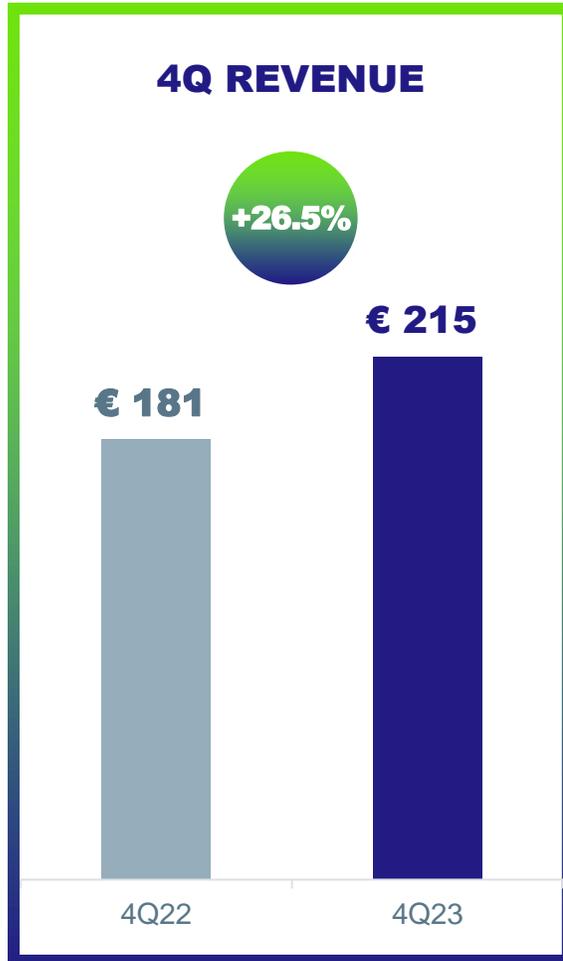
<b>Taylor Swift</b>	<b>BTS</b>	<b>Encanto OST</b>	<b>Olivia Rodrigo</b>	<b>Morgan Wallen</b>
<b>The Beatles</b>	<b>The Weeknd</b> Dawn FM	<b>Kendrick Lamar</b>	<b>The Weeknd</b> After Hours	<b>Imagine Dragons</b>

# MUSIC PUBLISHING



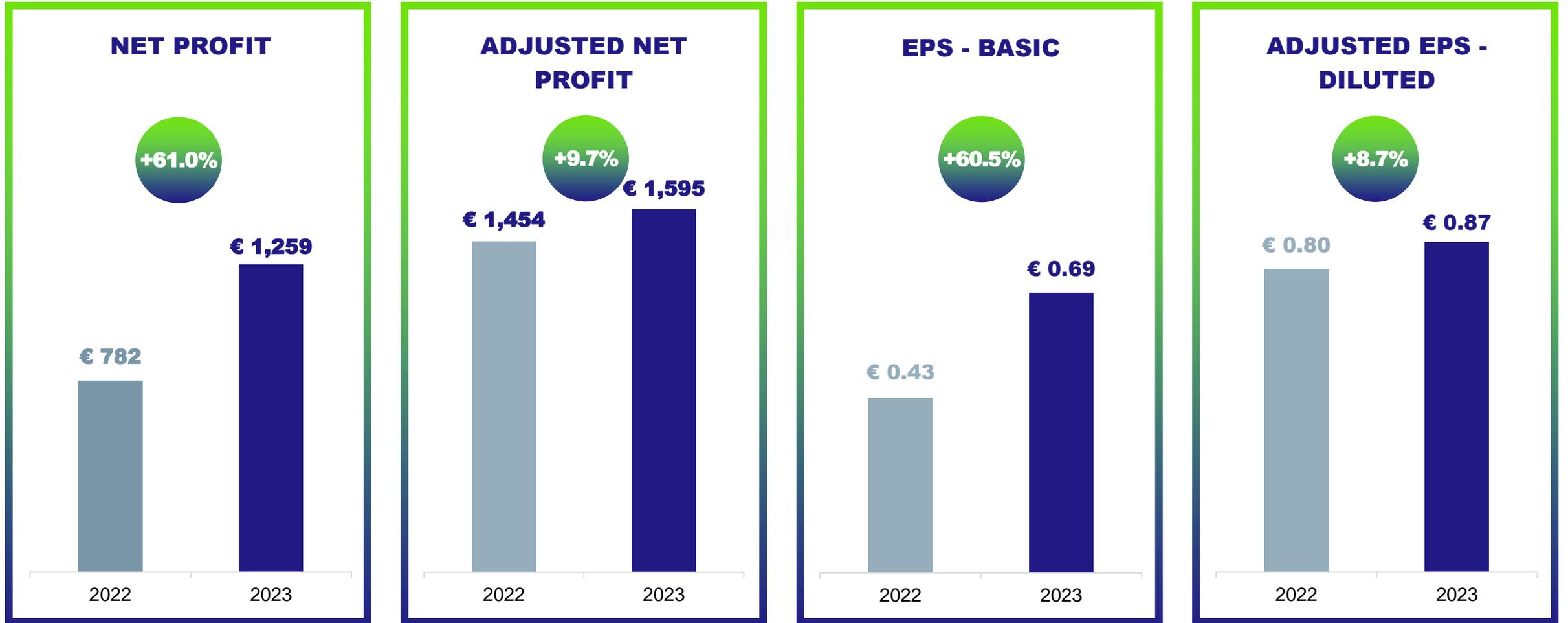
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# MERCHANDISING & OTHER



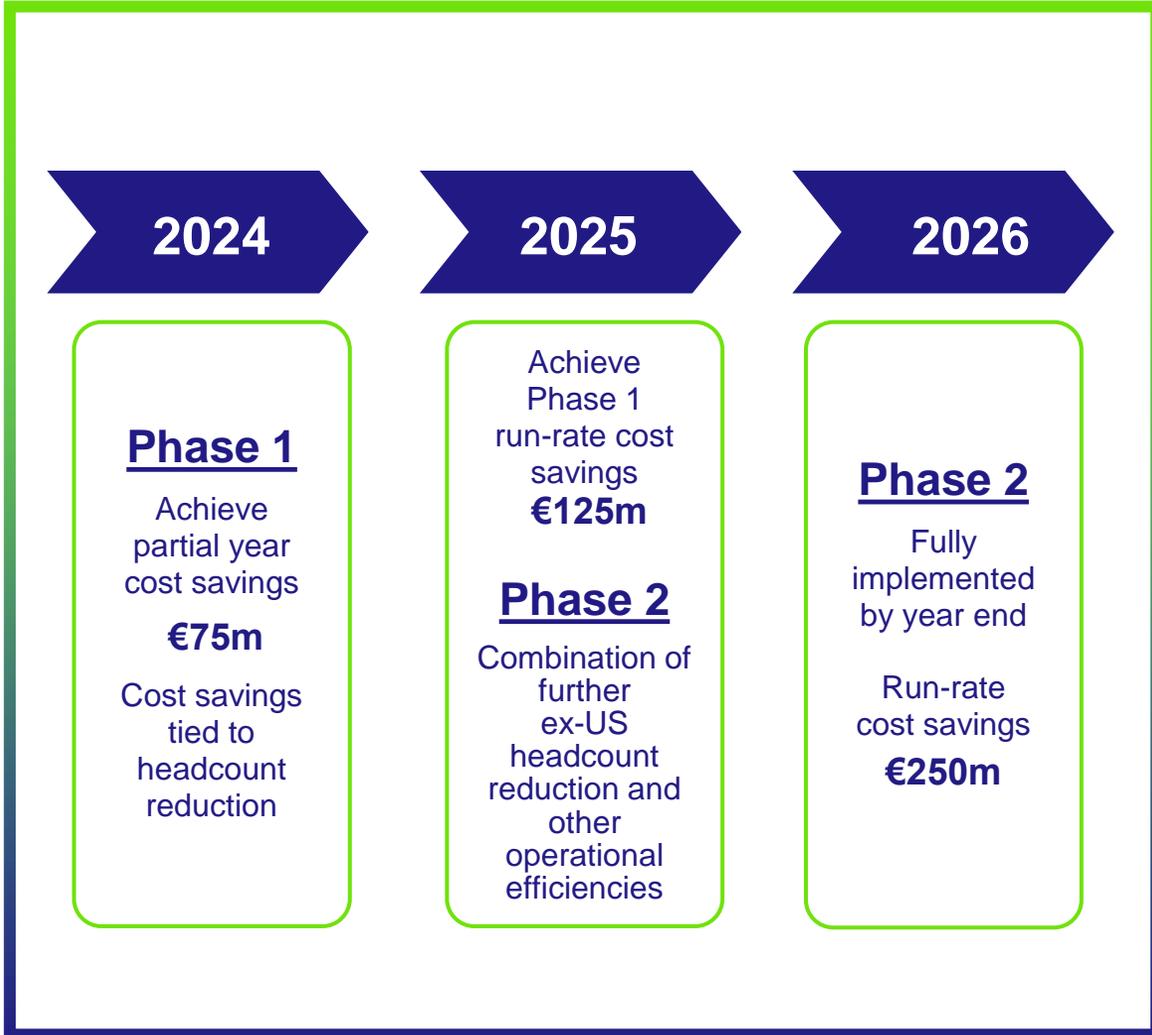
Note: € in Millions; All growth rates are in constant currency.

# NET PROFIT AND EPS



Note: Net Profit € Millions; All growth rates are YoY as reported.

# STRATEGIC ORGANIZATIONAL REDESIGN



Note: In 2024, we expect to incur €125m of restructuring charges, €100m of which will be in the first quarter.

## STRATEGY

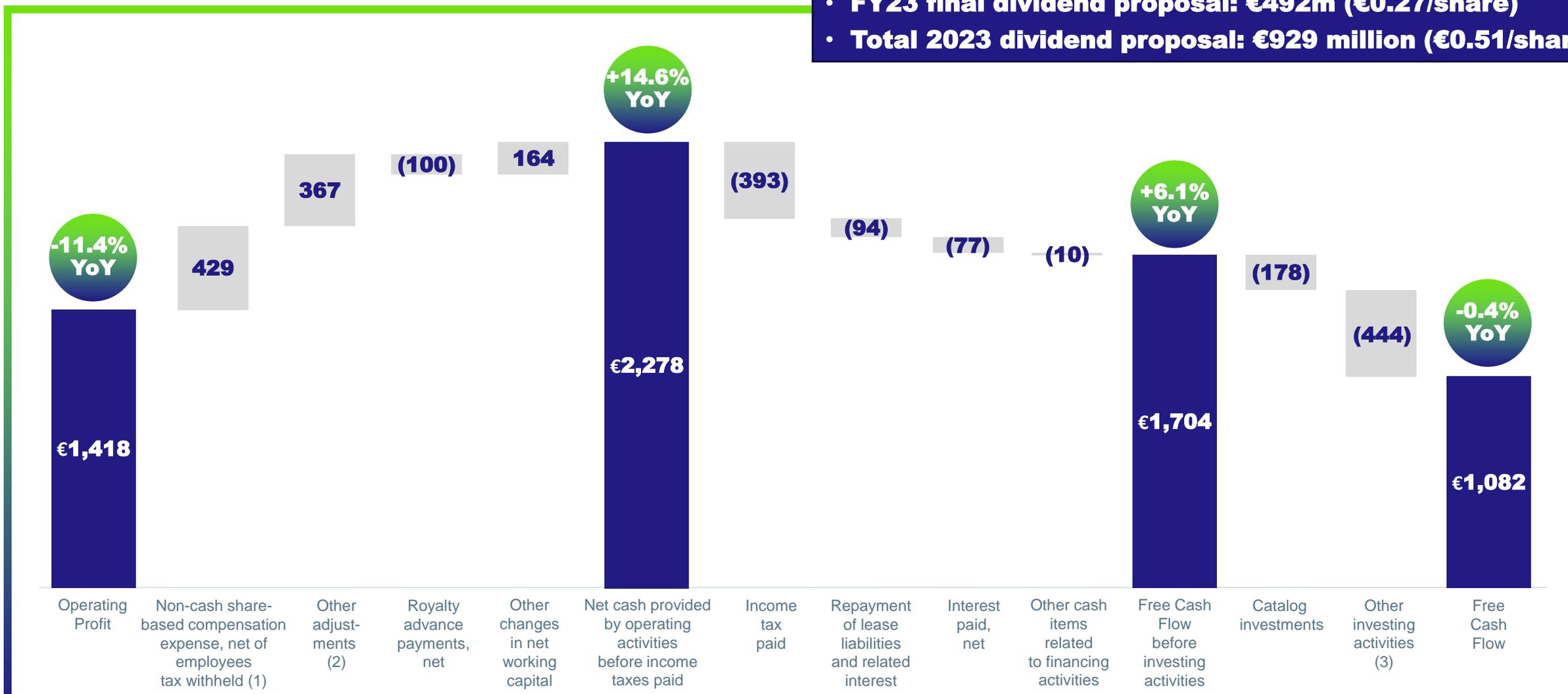
- Empowers labels with new capabilities and additional agility
- Provides labels with enhanced access to highest-performing internal teams and resources
- Achieves efficiencies in targeted cost areas while providing labels with capabilities to deepen artist and fan connections via new experiential, commerce, and content offerings
- Preserves unique label brands and entrepreneurial cultures

## IMPLEMENTATION AND IMPACT

- First phase of redesign now underway
- Run rate €250m in cost savings
- Savings to be realized through headcount reduction and other operational efficiencies

# FY2023 FREE CASH FLOW

- **€132m tax paid to cover employee withholding largely on transition grants; lessens dilutive impact of equity plan**
- **Dividend policy: 50% of adjusted net income**
- **FY23 final dividend proposal: €492m (€0.27/share)**
- **Total 2023 dividend proposal: €929 million (€0.51/share)**



Note: € in Millions; Y/Y growth rates as reported; (1) Non-cash share-based compensation expense of €561m less €132m employees tax withheld;

(2) Other adjustments include amortization and depreciation of intangible assets, change in provisions, net, and gain/(loss) on sale of assets;

(3) Other investing activities includes Other intangible assets investments, Capital Expenditures, Purchases of consolidated companies, Investments in equity affiliates, Purchase of financial assets, divestitures and dividends received.

# INVESTING ACTIVITY



Note: € in Millions; Investing Activity excludes Proceeds from divestitures (€2m), Dividends received from equity affiliates (€4m) and Dividends received from investments (€3m).

## CATALOG INVESTMENTS

- **Not required investment, opportunistic like M&A**
- **Multiple ways to finance: Chord Music Partners, operating cash flow, balance sheet capacity**
- **2023 catalog investments include acquiring the catalogs of RS Group in Thailand and Oriental Star Agencies, a British label focused on South Asian music, as well as several small artist deals**

## OTHER INVESTING ACTIVITIES

- **Low capital intensity business: Capex €47m in 2023**
- **M&A focused on high-growth music market expansion, superfan engagement and building the label of the future**
- **2023 investments include the acquisitions of: 50% stake in the entity that owns the iconic Capitol Records building, a brand services company, a niche classical music label, and UAE-based music company Chabaka; also includes €75m cash put in escrow for a catalog acquisition**

# BALANCE SHEET AND LIQUIDITY



Note: € in Millions.

## STRONG BALANCE SHEET PROVIDES STRATEGIC FLEXIBILITY

- **Net Debt/EBITDA of 0.9x**
- **Investment grade rating**
- **Average debt maturity: 4.9 years**
- **85% of gross debt at fixed rate**
- **Capital allocation priorities:**
  - Investing in core business
  - Strategic M&A (includes catalogs)
  - Returning capital to shareholders (currently through dividends)

# STRATEGIC INVESTMENT IN CHORD MUSIC PARTNERS

## DEAL HIGHLIGHTS

- **UMG invests \$240m (~€223m) at an effective multiple of 17x EBITDA for a 25.8% stake in Chord Music Partners**
  - **17x multiple includes interest in Chord as well as income from distribution/administration rights, but does not include anticipated uplift in performance of catalog from bringing distribution/administration to UMG**
- **Forms long-term strategic partnership with Dundee Partners to manage and acquire world-class music IP**
- **Provides a capital efficient vehicle for future catalog acquisitions across recorded music and music publishing**
- **Increases UMG buying power through a combination of leverage and partner equity capital**
- **UMG will begin actively managing Chord's publishing & recording catalogs in late 2024, with UMPG taking over publishing administration and Virgin Music Group taking over recorded music distribution**

## CHORD OVERVIEW

- **Formed in 2021 by Dundee Partners and KKR**
- **Existing catalog includes over 60,000 premier music copyrights across music publishing and recorded music**
- **Catalog highlights include: The Weeknd, Ryan Tedder/OneRepublic, David Guetta, Lorde, Kid Cudi, Diplo, Jimmy Jam & Terry Lewis, Ellie Goulding, ZZ Top, John Legend, Twenty One Pilots**

# Q&A

**SIR LUCIAN GRAINGE**  
**CHAIRMAN AND CEO**

**BOYD MUIR**  
**EVP, CFO & PRESIDENT OF OPERATIONS**

**MICHAEL NASH**  
**EVP, CHIEF DIGITAL OFFICER**