NEWS RELEASE

Warner Music Group Corp. Reports Results For Fiscal Second Quarter Ended March 31, 2019

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- Total revenue grew 13.2% or was up 17.6% in constant currency
- Digital revenue grew 20.8% or was up 25.0% in constant currency
- Net income was $67 million versus a net loss of $1 million in the prior-year quarter
- OIBDA was $191 million, up 25.7% from $152 million in the prior-year quarter

Warner Music Group Corp. today announced its second-quarter financial results for the period ended March 31, 2019.

“Our second-quarter results were strong,” said Steve Cooper, Warner Music Group’s CEO. “Our sustained investment in our artists and songwriters, our artist services business and our world-class operators, are delivering great results.”

“Revenue and OIBDA were both up double-digits,” added Eric Levin, Warner Music Group’s Executive Vice President and CFO. “Our cash position remains strong, with $470 million on the balance sheet at quarter-end.”

Revenue grew 13.2% (or 17.6% in constant currency). Growth in Recorded Music digital and artist services and expanded-rights revenue and growth in Music Publishing digital revenue were partially offset by a decline in Recorded Music physical and licensing revenue and Music Publishing mechanical, performance and synchronization revenue. Revenue included a net three percentage point benefit from M&A, primarily related to the acquisition of EMP and a one percentage point benefit from the adoption of FASB’s new revenue recognition standard, ASC 606. Revenue grew in all regions. Digital revenue grew 20.8% (or 25.0% in constant currency), and represented 60.6% of

total revenue, compared to 56.8% in the prior-year quarter.

Operating income was $122 million compared to $83 million in the prior-year quarter. OIBDA was $191 million, up 25.7% from $152 million in the prior-year quarter and OIBDA margin increased 1.7 percentage points to 17.5% from 15.8% in the prior-year quarter. OIBDA included a $4 million negative impact from the adoption of ASC 606. The increase in operating income, OIBDA and OIBDA margin was also the result of revenue growth and lower variable compensation expense. Adjusted OIBDA rose 9.9% to $199 million and Adjusted OIBDA margin decreased 0.5 percentage points to 18.3% from 18.8% due to the impact of ASC 606.

Net income was $67 million compared to a net loss of $1 million in the prior-year quarter and Adjusted net income was $75 million compared to $28 million in the prior-year quarter. The improvement was due to higher operating income and higher other income associated with a gain on investment and changes in exchange rates on the Company's Euro denominated debt, which were partially offset by higher tax expense due to higher pre-tax income in the quarter and a loss on extinguishment of debt in the prior-year quarter.

Adjusted operating income, Adjusted OIBDA and Adjusted net income exclude restructuring and related costs and certain costs related to the Company's Los Angeles office consolidation in the quarter, and restructuring and related costs and certain costs related to the Company's Los Angeles office consolidation and the relocation of the Company's U.S. shared service center to Nashville in the prior-year quarter. See below for calculations and reconciliations of OIBDA, Adjusted operating income, Adjusted OIBDA and Adjusted net income.

As of March 31, 2019, the Company reported a cash balance of $470 million, total debt of $2.990 billion and net debt (defined as total long-term debt, net of deferred financing costs, minus cash) of $2.520 billion.

Cash provided by operating activities was $7 million compared to a de minimis amount in the prior-year quarter. The change was related to the impact of ASC 606 on working capital and [timing of payments]. Free Cash Flow, defined below, was negative $48 million compared to negative $22 million in the prior-year quarter, reflecting higher capital expenditures related to the Company's Los Angeles office consolidation as well as higher cash paid for investments.

Recorded Music revenue grew $142 million or 18.0% (or 22.4% in constant currency). This included a $51 million increase related to the acquisition of EMP and an $8 million increase due to the adoption of ASC 606, partially offset by a $24 million decrease related to concert promotion divestitures. Growth in digital and artist services and expanded-rights revenue was partially offset by a decline in physical and licensing revenue. Digital growth reflects a continuing shift to streaming. The increase in artist services and expanded-rights revenue was largely attributable to the acquisition of EMP and higher merchandising and concert promotion revenue in international markets. The decline in physical revenue reflects industry trends and the impact of strong prior-year quarter physical revenue.

The decline in licensing was due to higher broadcast fees in the prior-year quarter and the impact of changes in exchange rates, which were partially offset by a $7 million increase attributable to the adoption of ASC 606. Recorded Music revenue grew in all regions. Major sellers included TWICE, Meek Mill, The Greatest Showman soundtrack, Ed Sheeran and Cardi B.

Recorded Music operating income was $134 million, up 67.5% from $80 million in the prior-year quarter and operating margin was up 4.3 percentage points to 14.4% versus 10.1% in the prior-year quarter. OIBDA increased 41.7% to $180 million from $127 million in the prior-year quarter and OIBDA margin increased 3.2 percentage points to 19.3%. Adjusted OIBDA was $185 million versus $153 million in the prior-year quarter with Adjusted OIBDA margin up 0.5 percentage points to 19.8%. Operating income, OIBDA and Adjusted OIBDA included $8 million related to the adoption of ASC 606. The increase in operating income, OIBDA and Adjusted OIBDA was also driven by revenue growth and lower variable compensation expense.

Music Publishing revenue declined $16 million or 9.2% (6.0% in constant currency). The adoption of ASC 606 had a $2 million positive impact. Revenue grew in digital due to the ongoing shift to streaming, but declined in performance, mechanical and synchronization. The decline in performance revenue was driven by lower market share and loss of administration rights in certain catalogs. The decline in mechanical revenue, which only relates to physical sales, was due to the ongoing shift to streaming. Synchronization revenue declined due to lower activity.

Music Publishing operating income was $27 million compared with $41 million in the prior-year quarter. Operating margin declined to 17.1% from 23.6%. Music Publishing OIBDA decreased by $13 million to $47 million and OIBDA margin declined by 4.8 percentage points to 29.7% from 34.5%. The decline in operating income and OIBDA was largely due to a negative $12 million impact from ASC 606.

Financial details for the quarter can be found in the Company's current Form 10-Q, for the period ended March 31, 2019, filed today with the Securities and Exchange Commission.

This morning, management will be hosting a conference call to discuss the results at 8:30 A.M. EST. The call will be webcast on www.wmg.com.

About Warner Music Group

With its broad roster of new stars and legendary artists, Warner Music Group is home to a collection of the best-known record labels in the music industry, including Asylum, Atlantic, Big Beat, Canvasback, East West, Elektra, Erato, FFRR, Fueled by Ramen, Nonesuch, Parlophone, Reprise, Rhino, Roadrunner, Sire, Spinnin', Warner Bros., Warner Classics and Warner Music Nashville, as well as Warner/Chappell Music, one of the world's leading music publishers with a catalogue of more than one million copyrights worldwide.

“Safe Harbor” Statement under Private Securities Litigation Reform Act of 1995

This communication includes forward-looking statements that reflect the current views of Warner Music Group about future events and financial performance. Words such as “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “forecasts” and variations of such words or similar expressions that predict or indicate future events or trends, or that do not relate to historical matters, identify forward-looking statements. All forward-looking statements are made as of today, and we disclaim any duty to update such statements. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them. However, we cannot assure you that management’s expectations, beliefs and projections will result or be achieved. Investors should not rely on forward-looking statements because they are subject to a variety of risks, uncertainties, and other factors that could cause actual results to differ materially from our expectations. Please refer to our Annual Report on Form 10-K, Quarterly Report on Form 10-Qs and our other filings with the U.S. Securities and Exchange Commission concerning factors that could cause actual results to differ materially from those described in our forward-looking statements.

We maintain an Internet site at www.wmg.com. We use our website as a channel of distribution for material company information. Financial and other material information regarding Warner Music Group is routinely posted on and accessible at https://investors.wmg.com. In addition, you may automatically receive email alerts and other information about Warner Music Group by enrolling your email address through the “email alerts” section at https://investors.wmg.com. Our website and the information posted on it or connected to it shall not be deemed to be incorporated by reference into this communication.

Basis of Presentation

The Company maintains a 52-53 week fiscal year ending on the last Friday in each reporting period. As such, all references to March 31, 2019 and March 31, 2018 relate to the periods ended March 29, 2019 and March 30, 2018, respectively. For convenience purposes, the Company continues to date its financial statements as of March 31. The fiscal year ended September 30, 2018 ended on September 28, 2018.

Supplemental Disclosures Regarding Non-GAAP Financial Measures

We evaluate our operating performance based on several factors, including the following non-GAAP financial measures:

OIBDA

OIBDA reflects our operating income before non-cash depreciation of tangible assets and non-cash amortization of intangible assets. We consider OIBDA to be an important indicator of the operational strengths and performance of our businesses, and believe the presentation of OIBDA helps improve the ability to understand our operating performance and evaluate our performance in comparison to comparable periods. However, a limitation of the use of OIBDA as a performance measure is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenue in our businesses. Accordingly, OIBDA should be considered in addition to, not as a substitute for, operating income (loss), net income (loss) and other measures of financial performance reported in accordance with U.S. GAAP. In addition, OIBDA, as we calculate it, may not be comparable to similarly titled measures employed by other companies.

Adjusted Operating Income (Loss), Adjusted OIBDA and Adjusted Net Income (Loss)

Adjusted operating income (loss), Adjusted OIBDA and Adjusted net income (loss) is operating income (loss), OIBDA and net income (loss), respectively, adjusted to exclude the impact of certain items that affect comparability. Factors affecting period-to-period comparability of the unadjusted measures in the quarter included the items listed in Figure 7 below. We use Adjusted operating income (loss), Adjusted OIBDA and Adjusted net income (loss) to evaluate our actual operating performance. We believe that the adjusted results provide relevant and useful information for investors because they clarify our actual operating performance, make it easier to compare our results with those of other companies in our industry and allow investors to review performance in the same way as our management. Since these are not measures of performance calculated in accordance with U.S. GAAP, they should not be considered in isolation of, or as a substitute for, operating income (loss), OIBDA and net income (loss) attributable to Warner Music Group Corp. as indicators of operating performance, and they may not be comparable to similarly titled measures employed by other companies.

Constant Currency

Because exchange rates are an important factor in understanding period-to-period comparisons, we believe the presentation of revenue on a constant-currency basis in addition to reported revenue helps improve the ability to understand our operating results and evaluate our performance in comparison to prior periods. Constant-currency information compares results between periods as if exchange rates had remained constant period over period. We use results on a constant-currency basis as one measure to evaluate our performance. We calculate constant-currency results by applying current-year foreign currency exchange rates to prior-year results. However, a limitation of the use of the constant-currency results as a performance measure is that it does not reflect the impact of exchange rates on our revenue. These results should be considered in addition to, not as a substitute for, results reported in accordance with U.S. GAAP. Results on a constant-currency basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not a measure of performance

presented in accordance with U.S. GAAP.

Free Cash Flow

Free Cash Flow reflects our cash flow provided by operating activities less capital expenditures and cash paid or received for investments. We use Free Cash Flow, among other measures, to evaluate our operating performance. Management believes Free Cash Flow provides investors with an important perspective on the cash available to fund our debt service requirements, ongoing working capital requirements, capital expenditure requirements, strategic acquisitions and investments, and any dividends, prepayments of debt or repurchases or retirement of our outstanding debt or notes in open market purchases, privately negotiated purchases or otherwise. As a result, Free Cash Flow is a significant measure of our ability to generate long-term value. It is useful for investors to know whether this ability is being enhanced or degraded as a result of our operating performance. We believe the presentation of Free Cash Flow is relevant and useful for investors because it allows investors to view performance in a manner similar to the method management uses.

Because Free Cash Flow is not a measure of performance calculated in accordance with U.S. GAAP, Free Cash Flow should not be considered in isolation of, or as a substitute for, net income (loss) as an indicator of operating performance or cash flow provided by operating activities as a measure of liquidity. Free Cash Flow, as we calculate it, may not be comparable to similarly titled measures employed by other companies. In addition, Free Cash Flow does not necessarily represent funds available for discretionary use and is not necessarily a measure of our ability to fund our cash needs. Because Free Cash Flow deducts capital expenditures and cash paid or received for investments from “net cash provided by operating activities” (the most directly comparable U.S. GAAP financial measure), users of this information should consider the types of events and transactions that are not reflected. We provide below a reconciliation of Free Cash Flow to the most directly comparable amount reported under U.S. GAAP, which is “net cash provided by operating activities.”