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PRESS RELEASE

DIGITAL FORMATS CONTINUE TO DRIVE THE GLOBAL MUSIC MARKET

- Digital sales nearly triple in 2005 to \$US 1.1 billion -

London, 31 March 2006 – Global digital music sales figures are being officially reported for the first time today as part of IFPI's total world music sales statistics showing continuing growth in online and mobile music worldwide.

Record company trade revenues from digital sales globally nearly tripled in value, from \$400 million to \$US 1.1 billion in 2005. The total number of digital single tracks downloaded online or to mobile phones rose to 470 million units, up from 160 million in 2004. The US, Japan, UK, Germany and France are the top five digital markets. In general, countries with a greater percentage of digital sales are the strongest markets for music sales overall.

Digital sales are split roughly 50:50 between online and mobile at the global level, but there are big regional differences. In Japan and parts of continental Europe, mobile dominates the digital music market, while online sales are relatively stronger in markets such as the US, UK and Germany.

Master ringtones are currently the largest segment of the mobile market accounting for 87 per cent of mobile sales. However, new mobile formats such as full track downloads to mobile and music videos grew faster (180% increase in trade revenues) than master ringtones (120%). Most of the global online market comprises a-la-carte sales and is led by Apple's iTunes. Online a-la-carte downloads account for 86 per cent of online sales globally.

Overall recorded music sales (physical and digital) fell by three per cent in 2005. Global digital and physical sales totalled \$US 21 billion in record companies' trade revenues. On a retail price basis, the global recorded music market is estimated to be worth \$US 33 billion.

Singles sales (digital and physical) increased by more than 75 per cent globally in units in 2005. Singles are now largely a digital format, with digital singles (online downloads and full track downloads to mobile) accounting for three quarters of total singles sales, compared to 45 per cent in 2004.

Sales of physical formats fell by 6.7 per cent in value (record company trade revenues) and eight per cent in units. CD album sales were down six per cent in value and 3.4 per cent in units. DVD music video dropped by 4.3 per cent in value but remained flat in unit terms.

IFPI Chairman and CEO John Kennedy said: "The global music market is fast becoming a mixed economy in the way fans and consumers are buying their music. It is encouraging that the markets with the strongest digital sales are also generally the best performing markets overall. In Japan digital has already made up for the decline in physical sales, and other markets should go this way. Physical music sales declined again for a combination of reasons, including digital and physical piracy, competition from other entertainment products and the shift in consumer spending to online and mobile.

"In 2006 we expect to see continued growth online and more innovative mobile services attracting music fans into the legal digital market. All our member record companies are now aggressively licensing and marketing music in digital formats. IFPI will continue to promote this exciting new market, helping shape good copyright laws to support the market's growth and sustaining actions against music piracy."

- Ends -

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Notes to editors:

Physical sales include: audio formats (singles, LPs, cassettes, CDs, DVD Audio, SACD, MiniDisc) and music video formats (DVD, VHS, VCD).

Digital sales include: single track downloads, album downloads, music video online downloads, streams, master ringtones, full track audio download to mobile, ringback tunes, music video downloads to mobile and subscription income. Midi files (monophonic and polyphonic ringtones) and other content to mobile (including logos/wallpaper) are excluded from these figures.

Figures were collected from IFPI members (physical sales), major record companies (digital sales) and include an estimate for non-reported sales, effectively representing 100% of the market.

Retail figures are estimates based on an estimated retail mark-up. They represent combined physical and digital sales. For the US estimated retail values reflect shipments at suggested retail list prices.

Regional and world growths are based on fixed \$US using 2005 IMF average annual exchange rates.

IFPI figures for individual markets may differ from National Group figures as a result of adjustments for non-reported sales and small differences in category definitions.

IFPI is the organisation that promotes the interests of the international recording industry worldwide. Its membership comprises over 1400 major and independent companies in more than 70 countries. It also has affiliated industry national groups in 48 countries. IFPI's mission is to fight music piracy; promote fair market access and good copyright laws; help develop the legal conditions and the technologies for the recording industry to prosper in the digital era; and to promote the value of music.

WORLD SALES 2005: THE KEY FACTS AND FIGURES

Figure 1: Top 10 Albums of 2005

	Artist	Title	Company
1	Coldplay	X & Y	EMI
2	Mariah Carey	The Emancipation Of Mimi	Universal
3	50 Cent	The Massacre	Universal
4	Black Eyed Peas	Monkey Business	Universal
5	Green Day	American Idiot	Warner
6	Madonna	Confessions on a Dance Floor	Warner
7	Kelly Clarkson	Breakaway	Sony BMG
8	Eminem	Curtain Call	Universal
9	James Blunt	Back to Bedlam	Warner
10	Robbie Williams	Intensive Care	EMI

Figure 2: Top 10 Digital Markets in 2005 (trade revenues in millions)

	Total Digital Market		Digital Sales by Channel	
	US\$	Local Currency	Online	Mobile
USA	636	USD 636	68%	32%
Japan	278	JPY 30,587	9%	91%
UK	69	GBP 38	62%	38%
Germany	39	EUR 31	66%	34%
France	28	EUR 22	47%	53%
Italy	16	EUR 13	31%	69%
Canada	15	CAD 18	71%	29%
South Korea	12	KWR 12,045	42%	58%
Australia	7	AUD 10	41%	59%
Netherlands	5	EUR 4	82%	18%

Note: Online includes subscriptions

Figure 3: Total Music Sales by Market in 2005 (physical & digital, values in millions)

		Trade Revenues 2005				Retail Value 2005	
		US\$	Local Currency	% Change	% Digital	US\$	Local Currency
1	USA	7,012	USD 7,012	-3%	9%	12,269	12,269
2	Japan	3,718	JPY 409,845	1%	7%	5,448	600,497
3	UK	2,162	GBP 1,189	-3%	3%	3,446	1,895
4	Germany	1,457	EUR 1,166	0%	3%	2,211	1,769
5	France	1,248	EUR 999	-2%	2%	1,990	1,592
6	Canada	544	CAD 659	-3%	3%	732	886
7	Australia	440	AUD 576	-10%	2%	674	883
8	Italy	428	EUR 343	0%	4%	669	535
9	Spain	369	EUR 295	-5%	1%	555	444
10	Brazil	265	BRL 645	-12%	1%	394	958
11	Mexico	263	MXP 2,863	10%	<1%	412	4,487
12	Netherlands	246	EUR 197	-14%	2%	431	345
13	Switzerland	206	CHF 257	-3%	1%	267	334
14	Russia	194	RUB 5,477	-37%	-	388	10,961
15	Belgium	162	EUR 129	-7%	2%	262	209
16	South Africa	159	ZAR 1,010	10%	<1%	254	1,618
17	Sweden	148	SEK 1,107	-9%	2%	240	1,795
18	Austria	139	EUR 111	-5%	3%	285	228
19	Norway	133	NOK 857	-12%	1%	253	1,627
20	Denmark	113	DKK 679	-2%	1%	180	1,080
	Other	1,387		-8%	6%	2,096	
	Total	20,795		-3%	5%	33,456	

Figure 4: Trade Revenues by Format (million \$US)

	2004	2005	Growth
CD	18,109	17,019	-6%
DVD	1,610	1,540	-4%
Digital sales	397	1,143	188%
Singles	821	721	-12%
Other physical *	531	372	-30%

* Cassettes, LPs, VHS and other