

Digital Cinema

The Global and European Situation

The Business of D-Cinema

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AGENDA

❖ **Current D-Cinema deployment**

International
Europe

❖ **The Business of D-Cinema**

Financing Models
Impact of 3D

❖ **Issues for Europe**

European Digital Cinema Forum

- ❖ A membership organisation interested in the deployment of Digital Cinema technology.
- ❖ Broad membership of people from all aspects of Cinema.
- ❖ Exhibition, Distributors, Manufacturers, Governments, Post-houses, Cinematographers
- ❖ A network of interested parties who share opportunities, problems and issues.

WHY DIGITAL?

- ❖ Competition in the Home
- ❖ Competition from other media
- ❖ High quality audience experience
- ❖ Wider offering for audiences
- ❖ Non-movie options for audiences

Why has it not happened?

Distribution makes all the savings

Exhibition carries all the costs

Digital cinema headlines

❖ **35%**

- **Growth of global digital screens in 1H09**

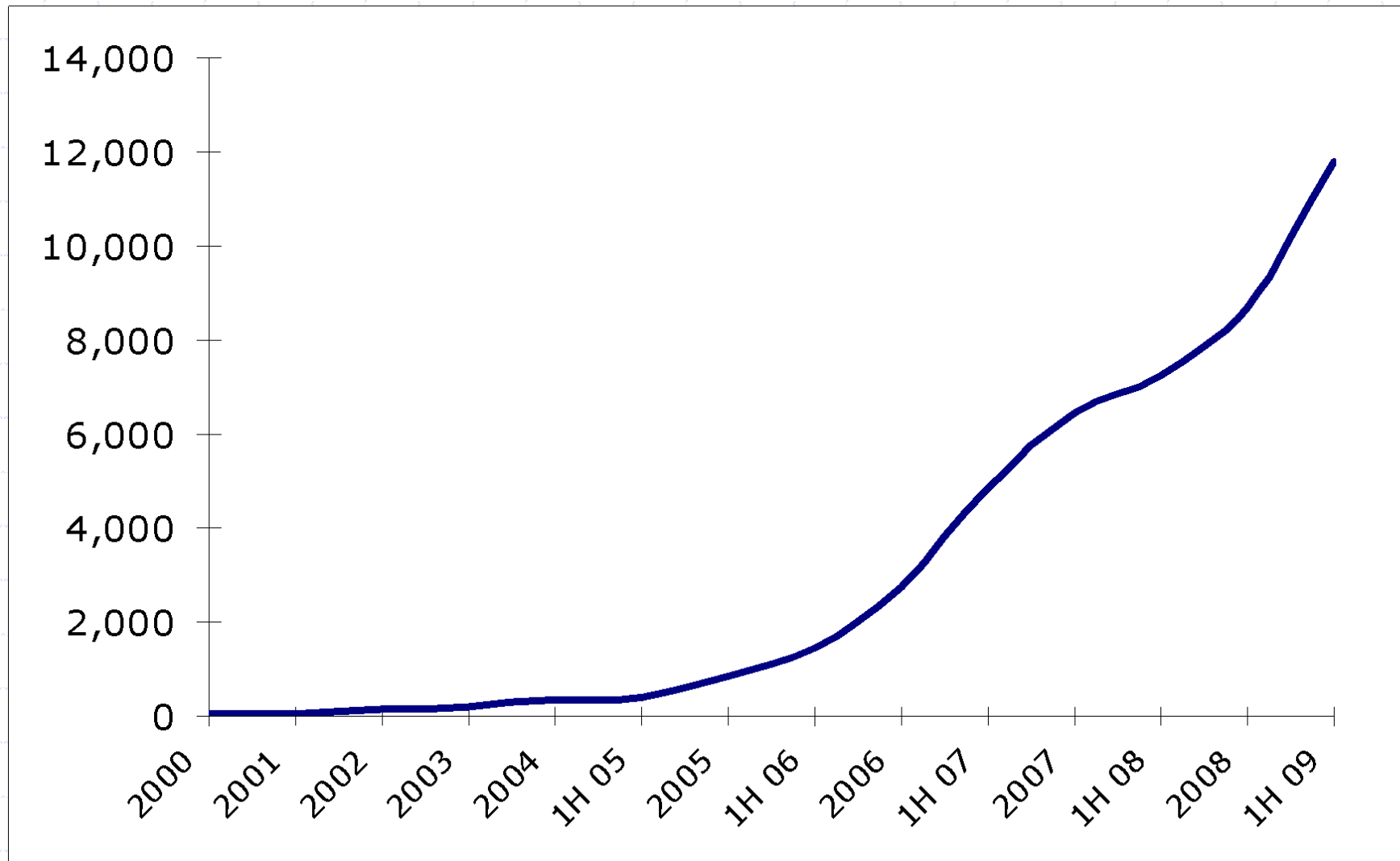
❖ **67.4%**

- **Growth of European digital screens in 1H09**

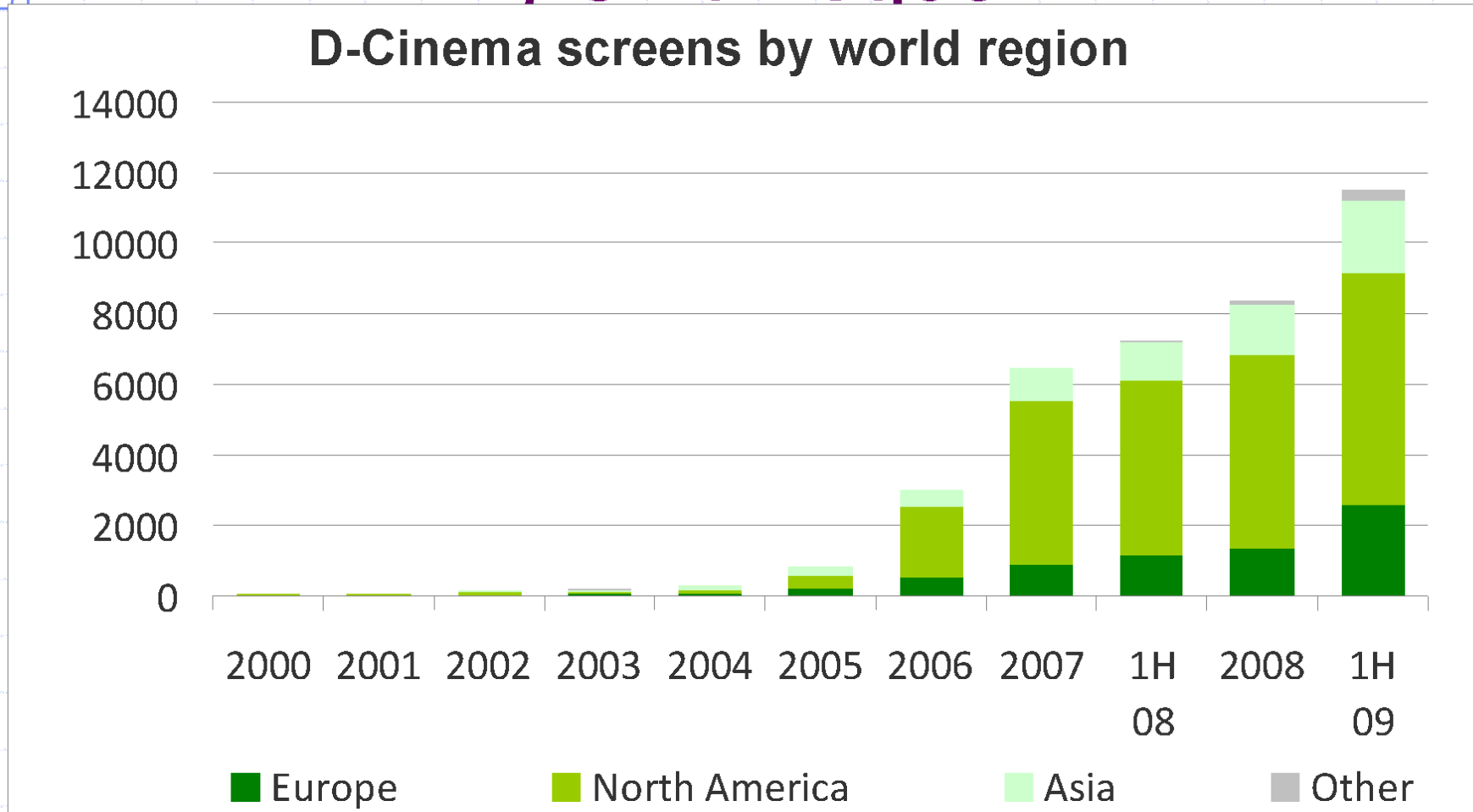
❖ **91.5%**

- **Proportion of net new installs that are attributed to 3D in 1H09**

D-screen growth curve

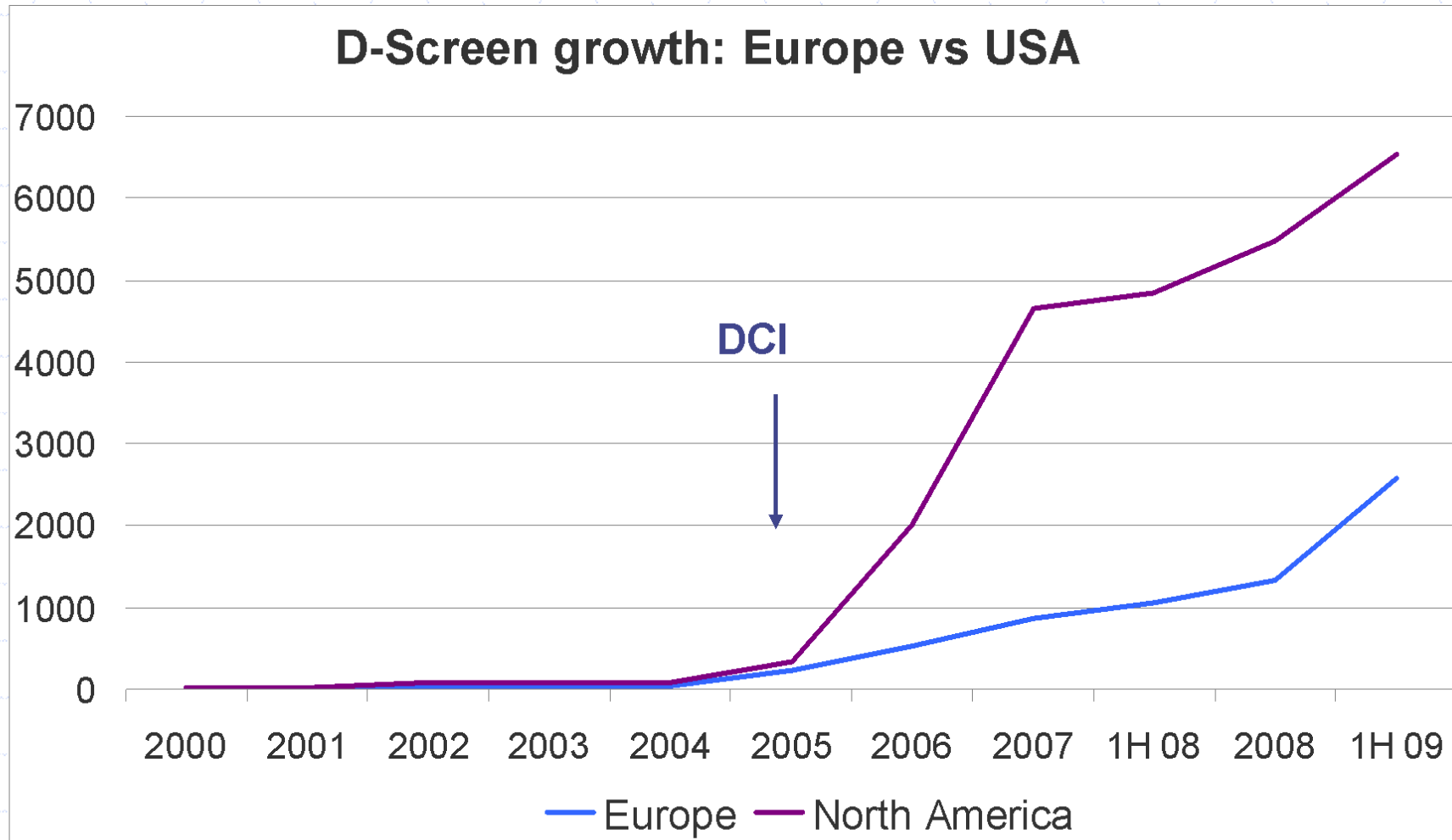


USA, Europe and Asia- growth equal

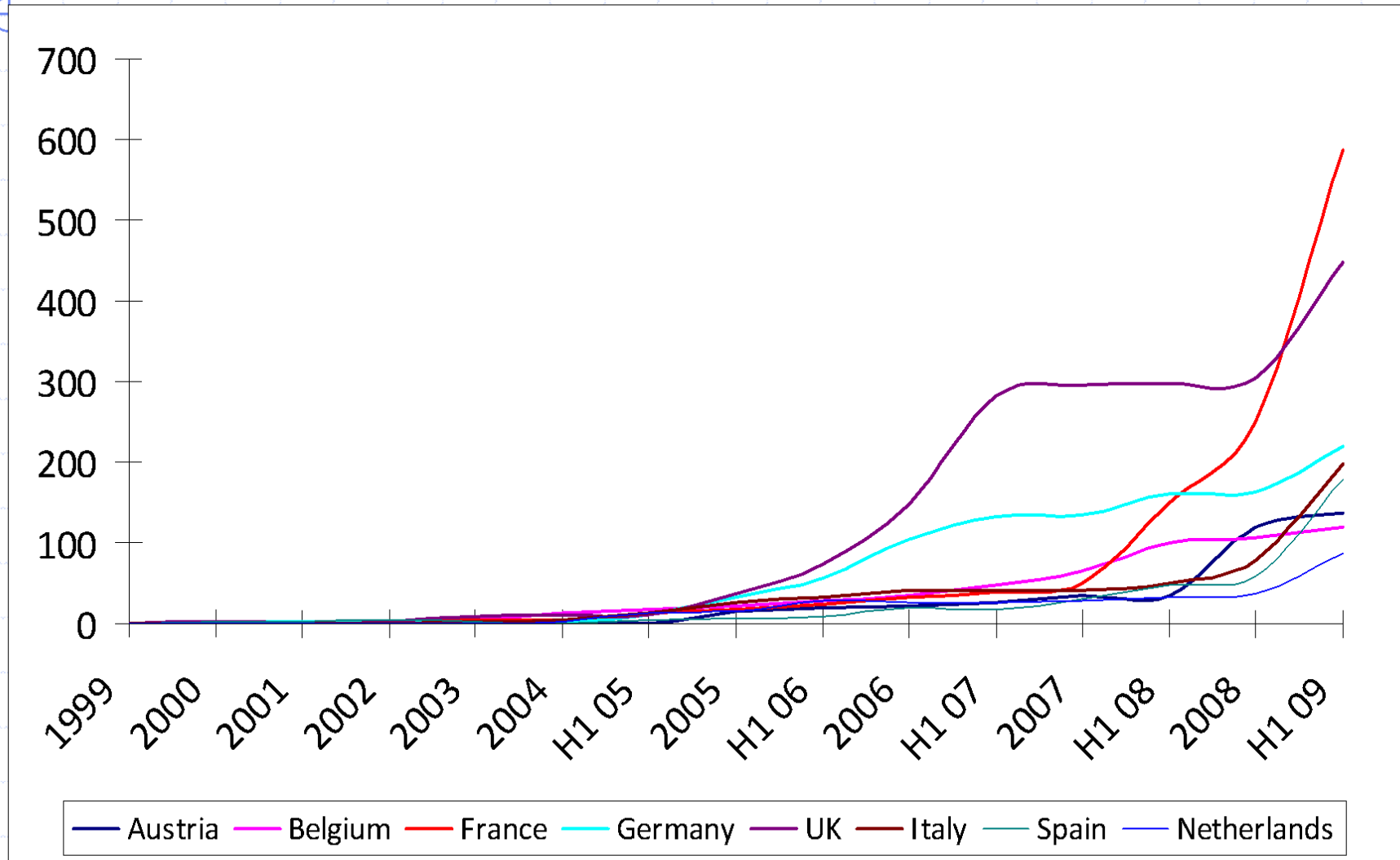


Note: 2007 2K only installations or higher

Growth back in North America, Europe's launch point?



Growth in selected European countries



D-C Business Models

❖ Public funding

UK DSN

Norwegian Project

Poland

❖ Self-financing

❖ Third-party Investment

Cinedigm

Arts Alliance Media

XDC

Ymagis

The Virtual Print Fee

- ❖ Scheme to subsidise the cost of D Cinema equipment
 - Covers Projector and Server
 - Does not include 3D equipment
 - Does not include Alternative Content equipment
 - Pays an agreed share of costs across an agreed period

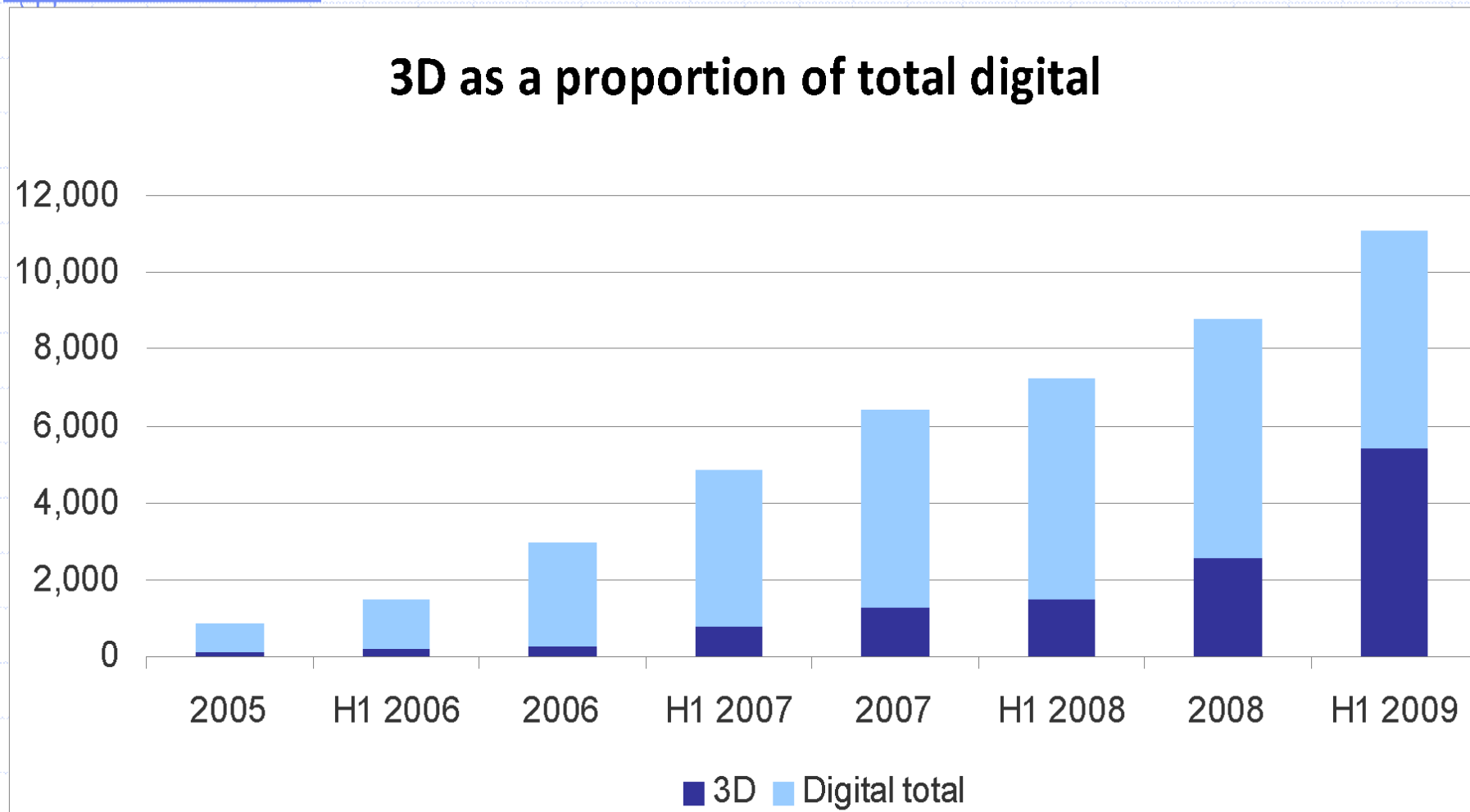
VPF Agreements

- ❖ Contracts have taken years to negotiate.
- ❖ Arts Alliance were first with 5 of the 6 Studios
- ❖ XDC the only Integrator in Europe with all 6 studios signed.
- ❖ Studios will talk to everyone but can only practically service a small number of deals.
 - Arrangements are complex.
 - Are long in nature (3 to 15 years).
 - Difficult here - Europe is complex

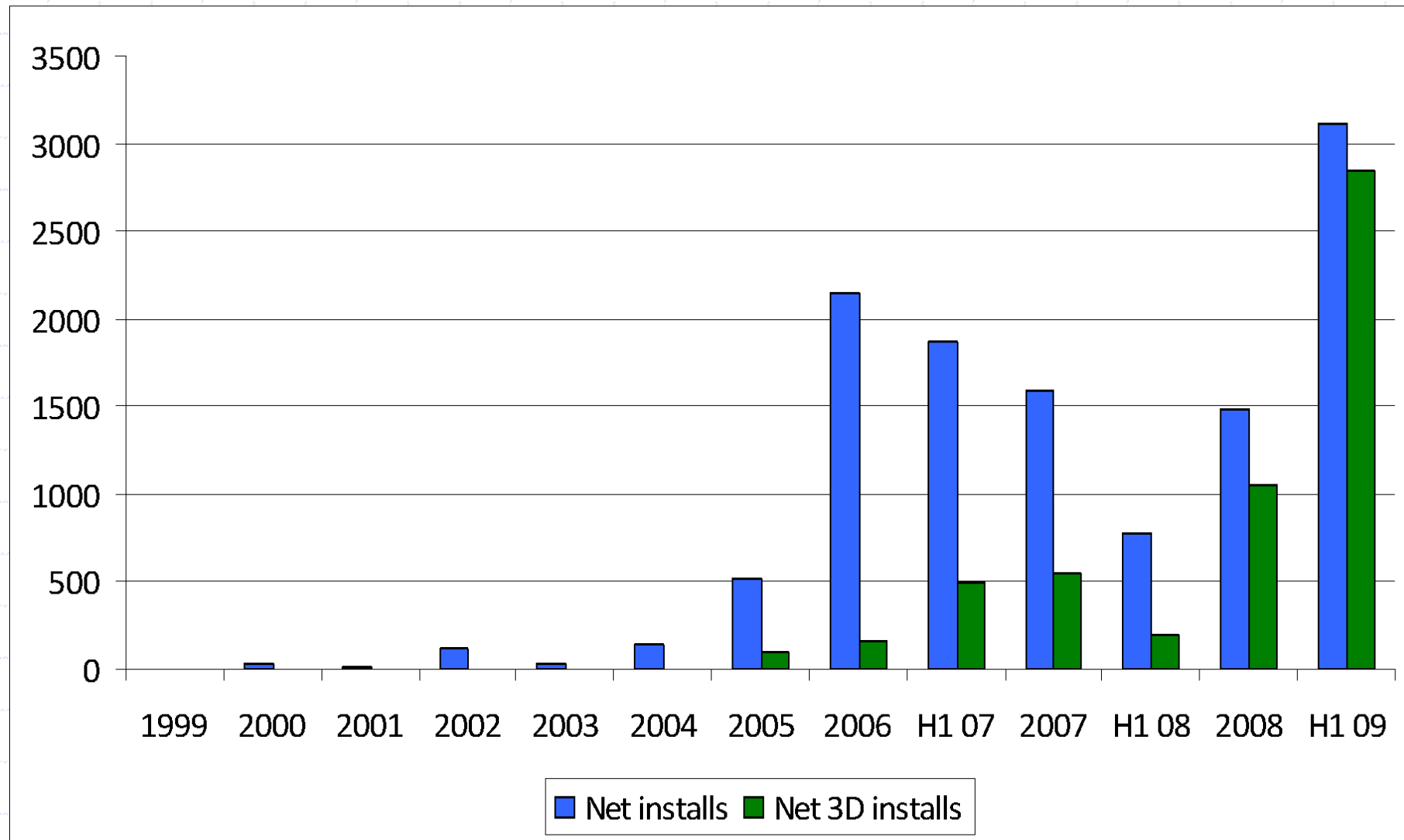
What is Driving D Cinema ?

- ❖ 3 Things have generated a new imperative for D Cinema in Europe.
 - 3D
 - 3D
 - 3D
- ❖ 3D Box Office results from Meet the Robinsons, Beowulf, Hannah Montana, Journey to the Center of the Earth, Monsters v Aliens, Bolt, UP
- ❖ Studio endorsements are compelling
 - Katzenberg, Lucas, Cameron, Zemeckis

3D major driver of digital: almost half of screens 3D

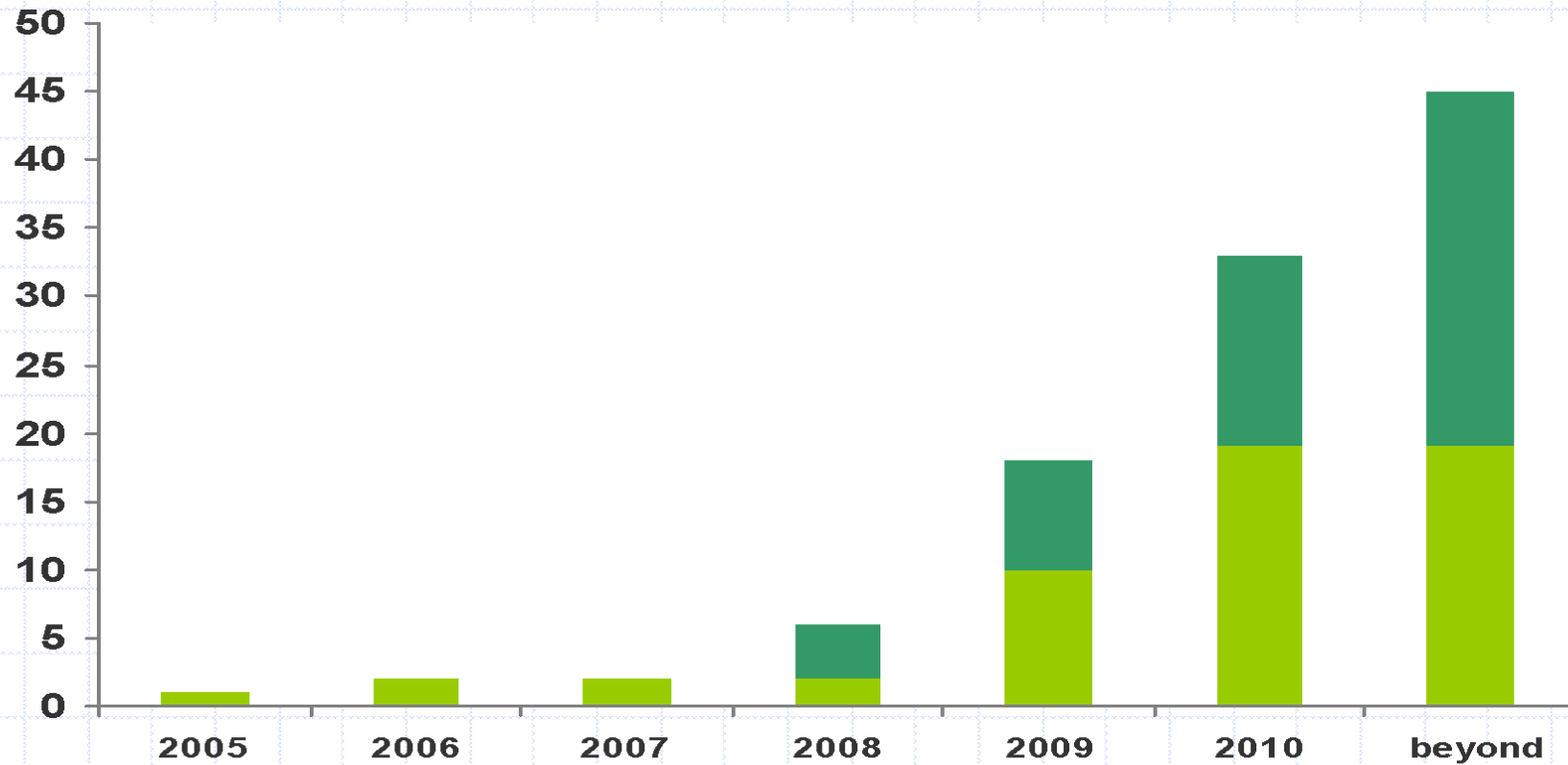


Net new installations of digital and 3D



All major Studios have committed to 3D

Number of digital 3D titles by year of release



Source: Screen Digest, * includes provisional titles

■ Animation ■ Live action

Why the excitement about 3D?

- ❖ 3D can be delivered today in Cinemas
- ❖ Not available on TV
- ❖ Not available on DVD
- ❖ Not available on Home Cinema
- ❖ Only available on some games.

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BIG BOX OFFICE!

The European issue - complexity

- ❖ European Community now comprises 27 countries
- ❖ Language, culture, geography, currency, economic wealth all influence Cinema business.
- ❖ Natural complexity is mimicked in the supply and movie distribution infrastructure.
- ❖ More than 800 Distributors active in Europe
- ❖ No Trans-European Distribution infrastructure

The BIG European issue

Small Cinemas

90% of European box office is generated by 50% of the theatres

National Film Agencies

European Commission

D - Cinema Future

❖ Have we reached launch point?

DCIP, ODEON

❖ Models not yet developed for large sections of the market

- UK: CEA Funding Group

- Italy: tax credit

- Norway: Agreed VPF and moving to rollout

- E C: developing plan (2010)

- Germany: FFA EUR40mn contribution

Watch this space!



European
Digital Cinema
Forum

www.edcf.net

