

‘D-cinema and 3D roll-out: review of global and European progress’

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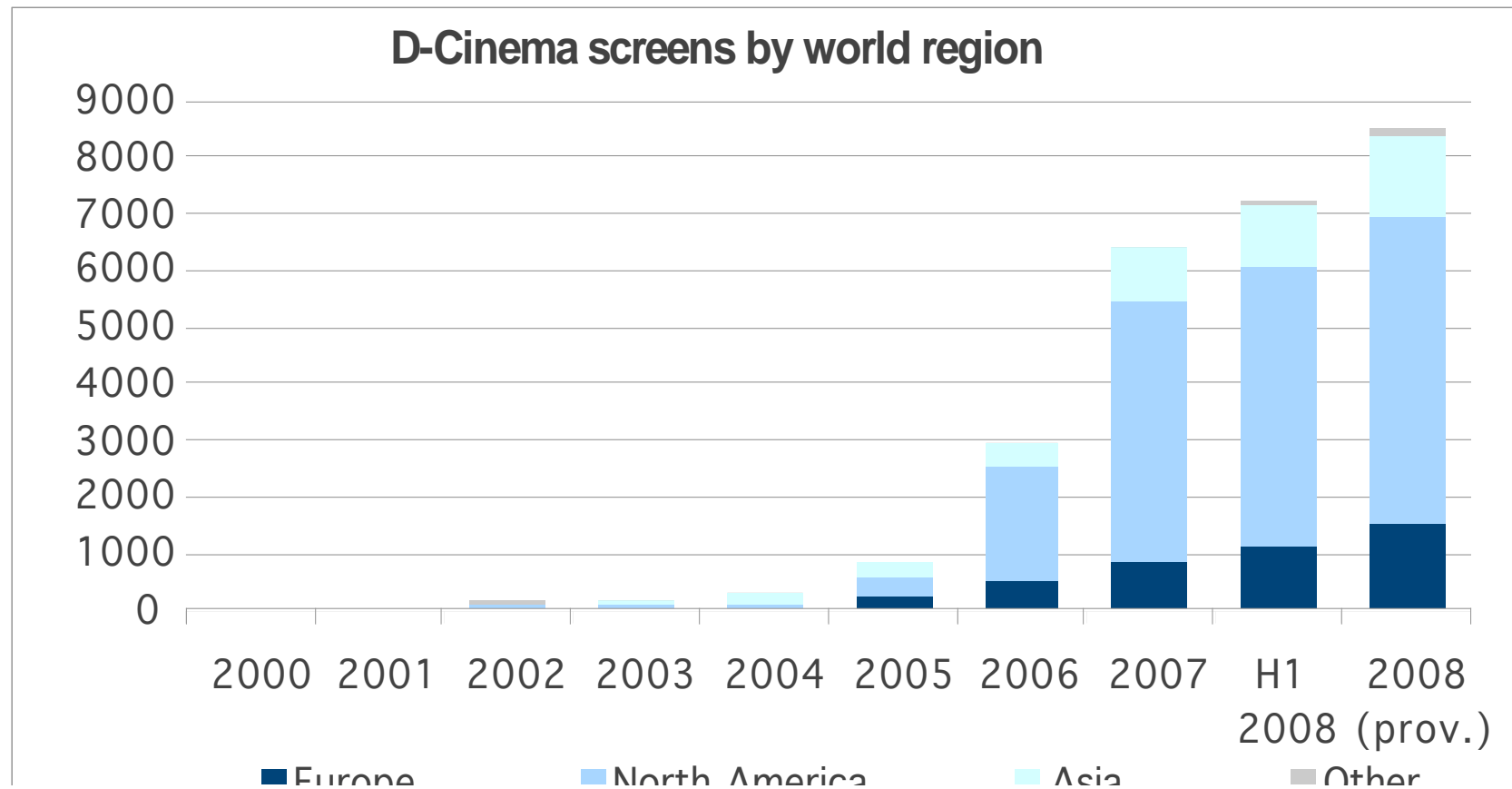
Cine Sin Fronteras

Toulouse, 23 March 2009

D-Cinema and 3D deployment:

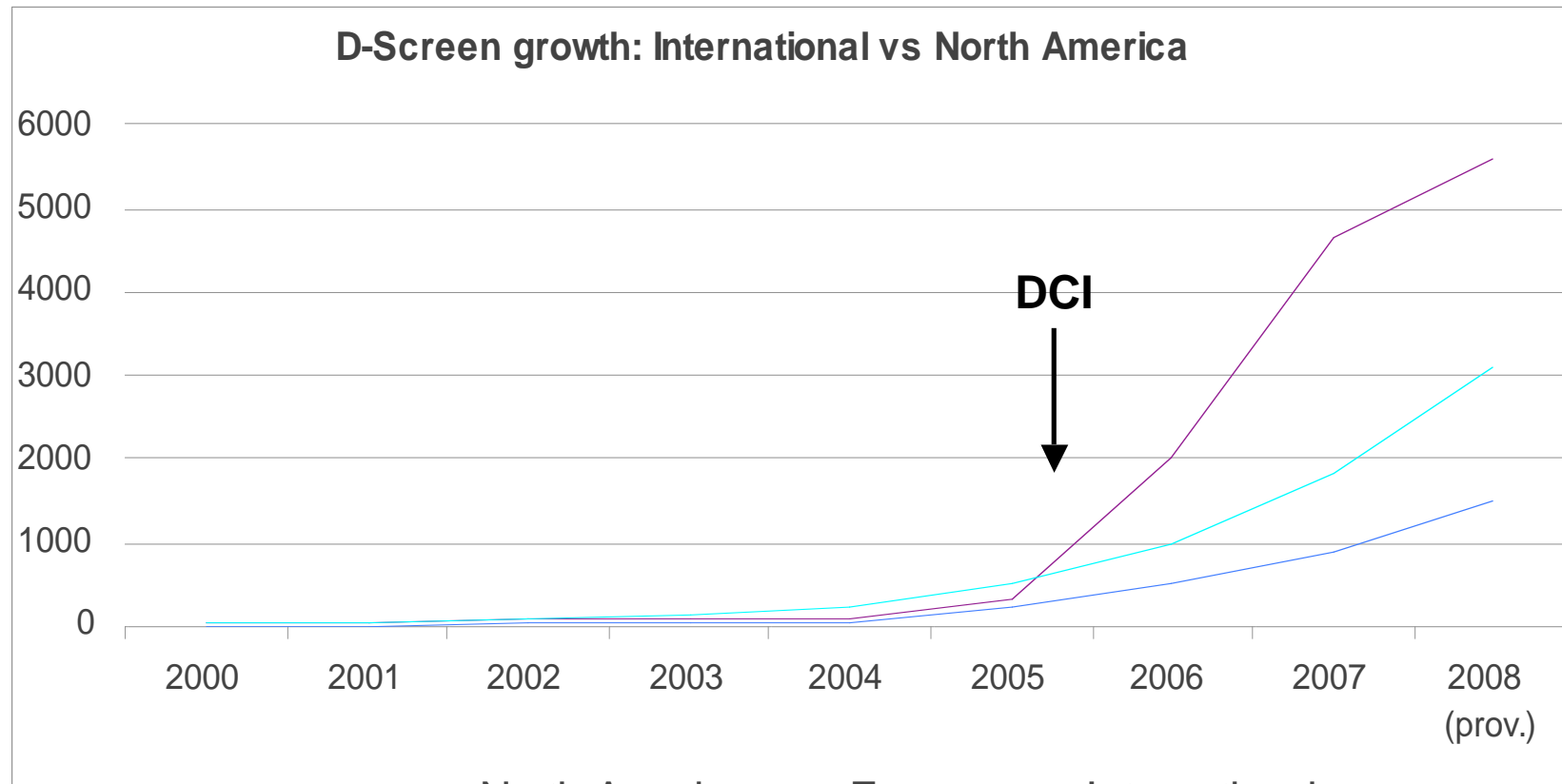
- Development of global market for digital cinema
 - Focus on Europe
 - 3D as a catalyst for roll-out
- What progress has been made?
- What are the remaining challenges?
- Forecasts and perspective

Digital screens rose by one third in 2008, pace of growth has slowed



Source: Screen Digest

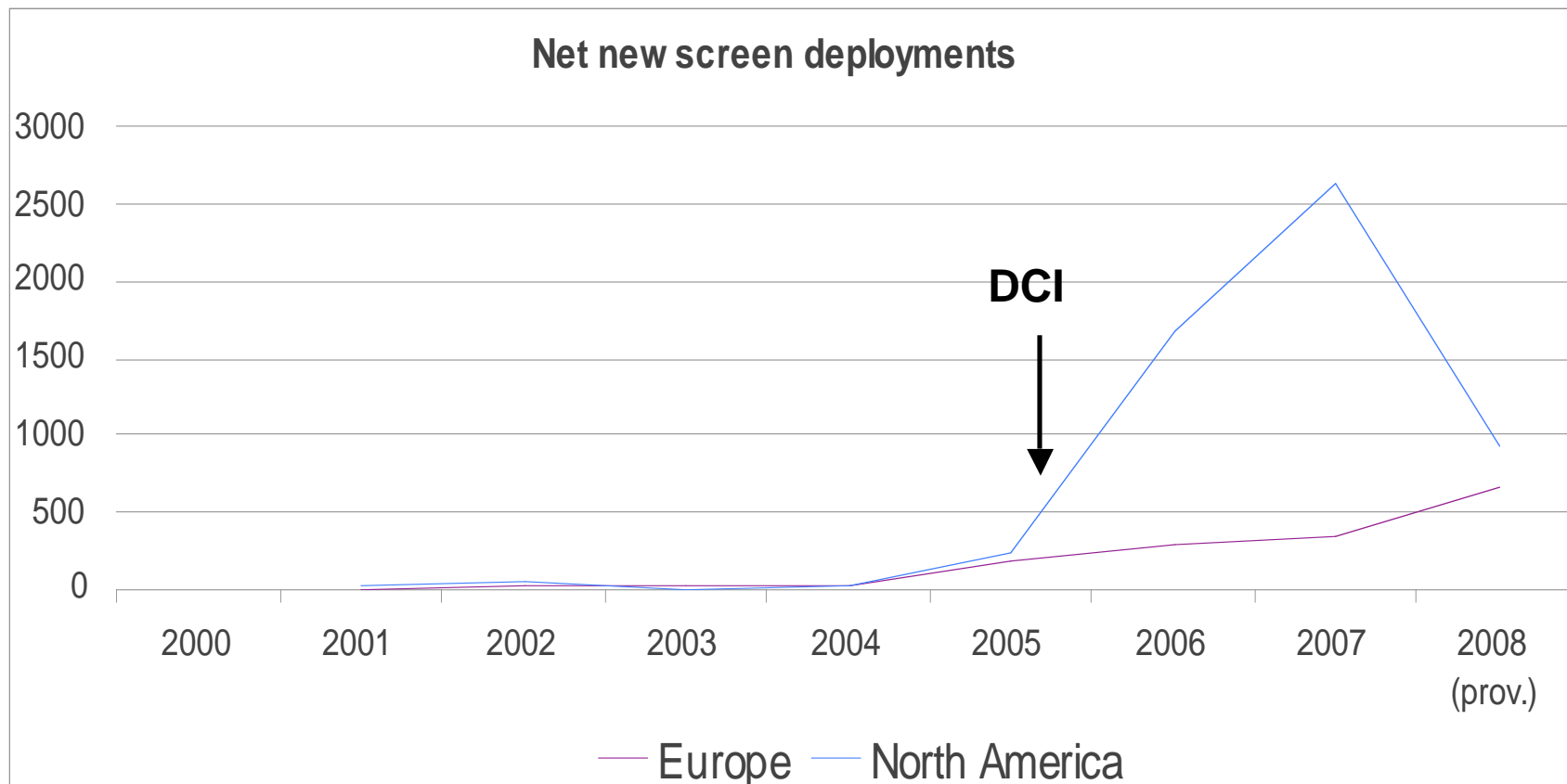
Growth has stalled in North America, more steady development internationally



Source: Screen Digest, * at Nov 2008

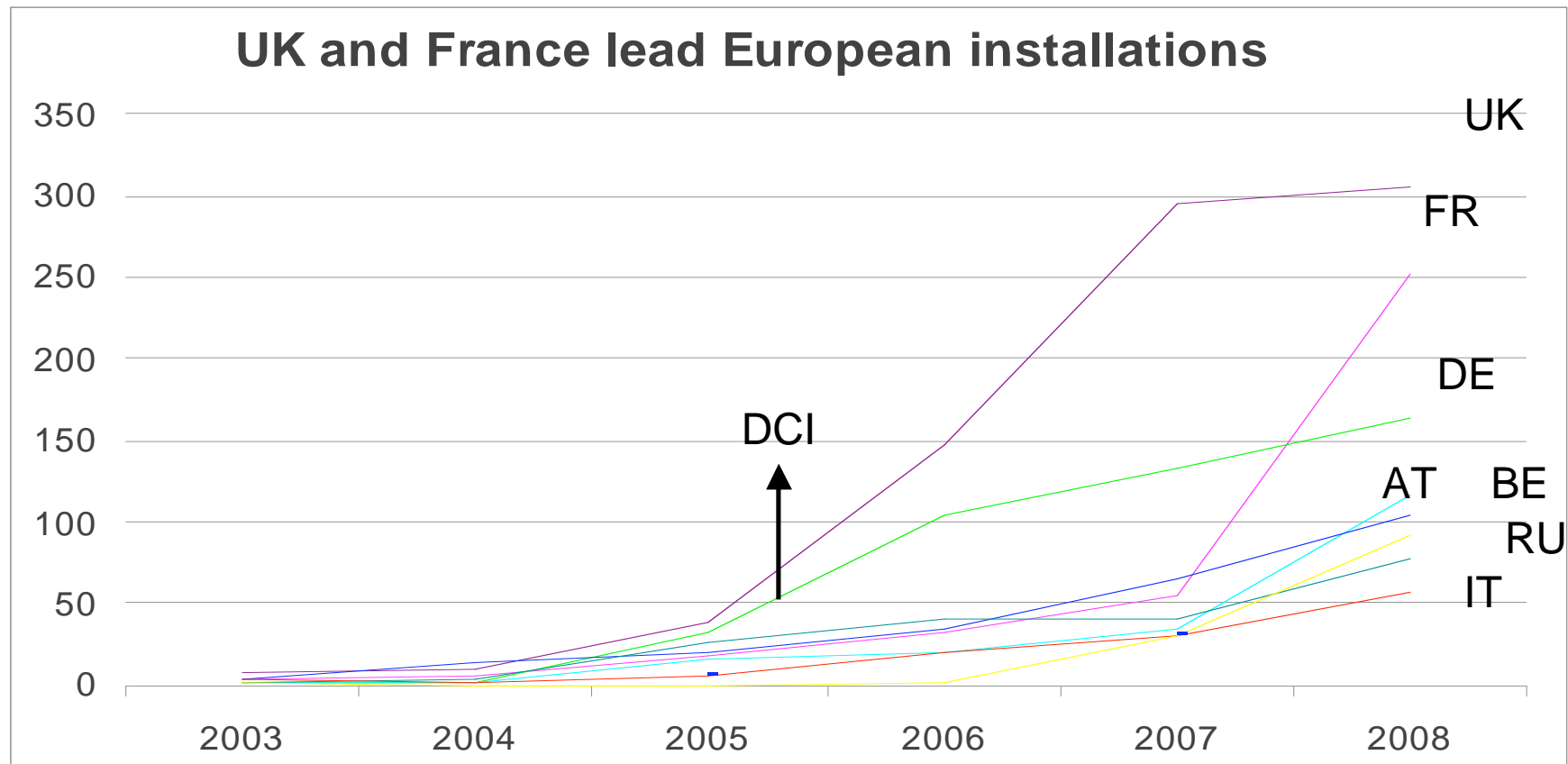
2008 most successful for European D-Cinema so far

- 75% increase in European digital screens
- Over 650 new screen additions in European in 2008 alone



Source: Screen Digest, * at Nov 2008

Focus on Europe: single territory growth but not yet reached mainstream launch point



Focus on Europe: Where is the progress?

Commercial models gaining traction

- Several third-party (TP) options
- Four circuits, plus one group have signed full commitment
- Several smaller screens (96) through Ymagis, plus Soredic
- Low number of signings
- Business models adapting
 - Direct to exhibitor
 - Inclusion of terms for independents
 - but VPF at heart of models
 - Circuits taking own approach for 3-D screens

Scheme	Studios	Screens	base model
XDC	6	8,000	VPF
AAM	5	7,000	VPF
Ymagis	4	5,500	VPF/FPF
DCSS (Sony 4K)	3	9,000*	VPF
Paramount	1	NK	VPF
Total		23,500	62% of Euro screens

* one third Europe (estimate)

Recent European Progress

- Arts Alliance: Spain 3D deployment, financing deal
- XDC: confirmed finance deal with Fortis
- Ymagis: Signed Soredic in France (up to 234 screens)
- UK: 3D wide deployment
- Ireland: 3D deployment

Focus on Europe: What are the remaining challenges?

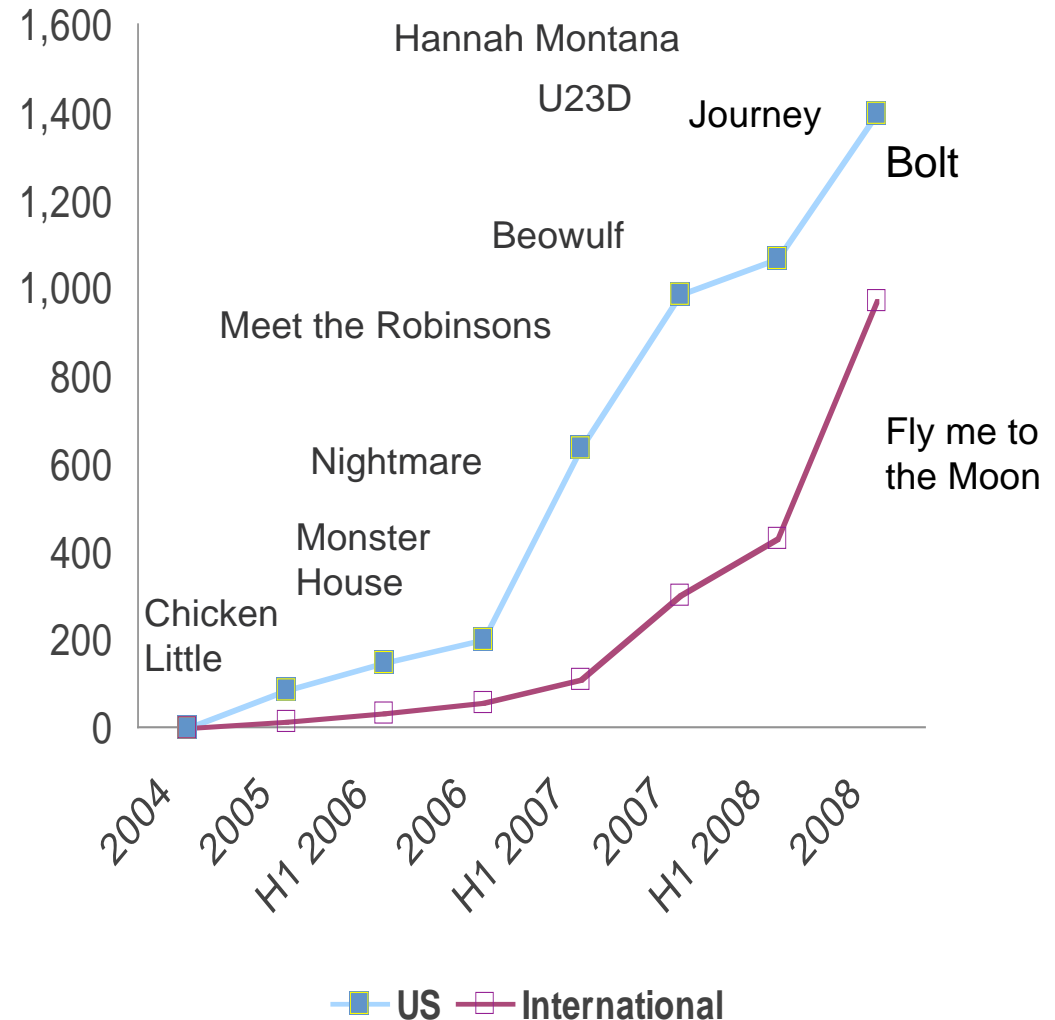
- Lack of access to large-scale financing
- Concern mounting over viability of converting single screen cinemas
- Public and pan-regional agencies looking at potential problem
- Public funding being considered in several territories
- Debate as to how commercial and public-funded can co-exist
 - **3D** will be the primary incentive for deployments in 2009/2010

Content driving 3D screen upgrades

Rapid growth in 3D screens

- c. 2,450 3D screens (2008)
 - Up from 1,248 in '07
 - 258 in '06, 95 in '05
 - c1,400 in US (59%)
 - +500 in Europe (20%)
- Top five International*
 - China 150+
 - Canada 87
 - Russia 88
 - UK + Ireland 80+
 - France 80+
- Adoption driven by content availability

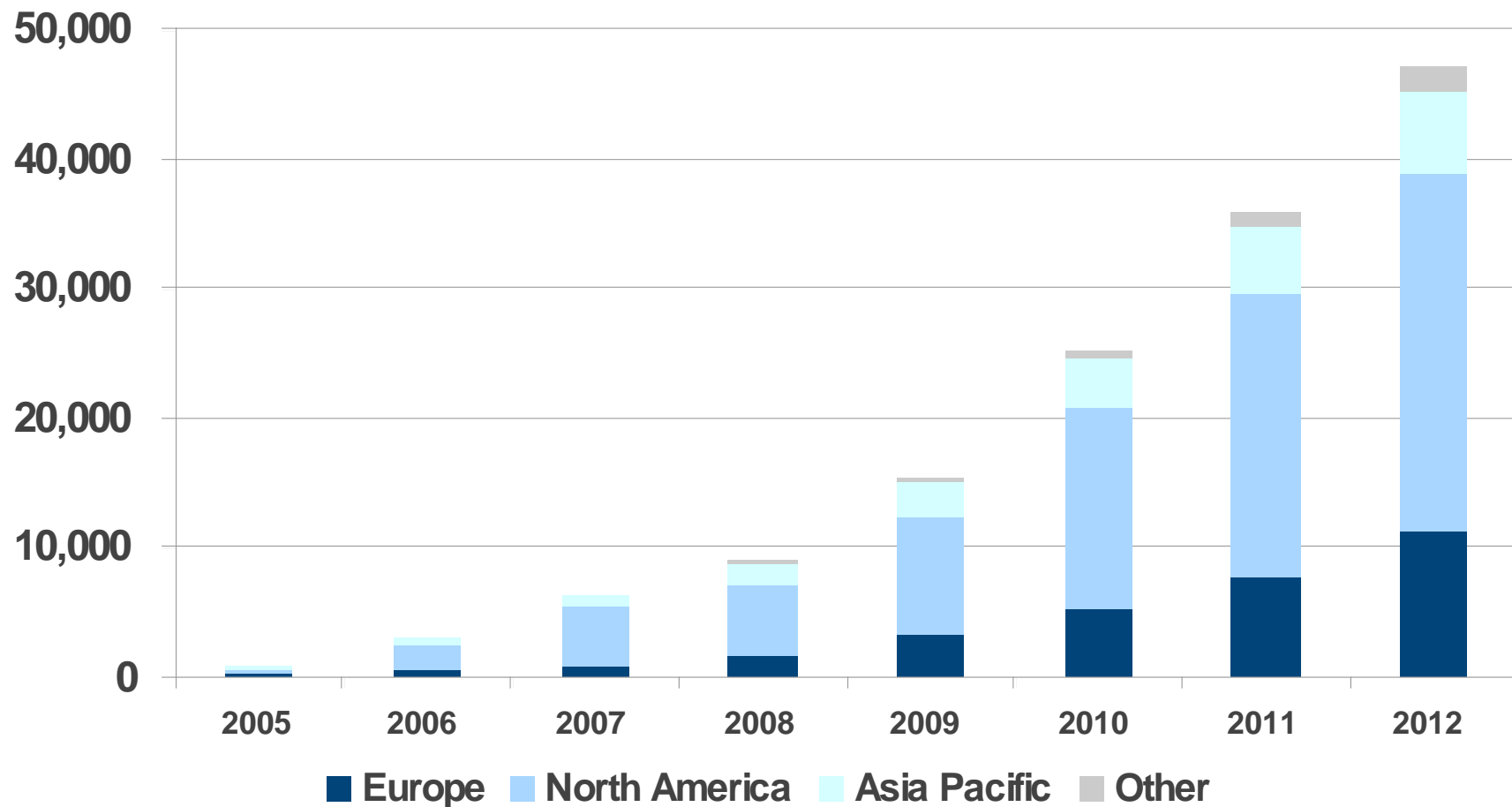
Digital 3D screen growth



Source: Screen Digest, *

By 2012, there will be over 45,000 digital screens globally, Europe will account for 23%

- 10,000+ digital screens forecast in Europe by 2012



In summary...

- More new screens in Europe in 2008, than ever before
- Slower than expected progress for Studio-backed business models
- Focus on local-level financing during credit turmoil
- Business models are becoming more creative/flexible
- Debate will continue over how to finance smaller and independent fractions of the market and whether public-funded schemes are compatible with commercial models
- Despite this, 3D is a major catalyst for digital roll-out
- Early adopters reaping rewards from use of d-cinema systems

Thank you

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