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MEDIA

JOURNAL MEDIA SALLES

International edition no. 1 – year XII – May 2010

Dear readers,

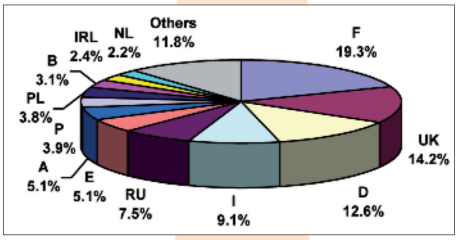
for those who follow our work, Cannes has established itself as a traditional appointment for **information on digital projection**. A monitoring project we launched in 2003, when there were just 16 digital screens in Europe and which is now proving to be far more important with the rise in figures for this transformation, which regards today the whole of Europe, although to different extents.
This is why our commitment continues, not only to the collection of figures and information - taking care to keep the exhibitors who are involved first-hand in the transition amongst our main sources - but also to facilitating the exchange of information, models and practices amongst European professional players. I am thus glad to remind you that for the seventh year running, thanks to the support of the European Union and the Italian Government, last February MEDIA Salles ran the course for cinema exhibitors **"DigiTraining Plus: European Cinemas Experiencing New Technologies"** – on which a report can be read in the following pages. We are already preparing the 2011 course and thus professionals from all over Europe will once again have the chance to bring themselves up-to-date not only on the use of digital technology but also on the forms of financing possible for this transition and how to develop the use of the theatre and differentiate programming by best exploiting the new opportunities. And the novelties do not end here: we shall shortly be coming out with a **publication** containing figures, ideas, successful experiences in the field of digital projection, collected during the last course and accompanied by a section with a wealth of tables and graphs on the state and development of digital projection. We are convinced that, today more than ever, what is needed to gain a clear view of a situation that is up-to-date information and analyses that are as objective as possible, as well as a constant exchange of ideas and experience with other professional players.

Jens Rykaer
President of MEDIA Salles

EUROPE: DIGITAL SCREENS MORE THAN TRIPLE IN 2009

Record growth for Europe's digital theatres: according to the statistics just collected by MEDIA Salles the number of screens fitted with DLP Cinema or SXRD technology at 1st January 2010 came to 4,693 with a 206.9% rise compared to the previous year. Currently most digital theatres are to be found in Western Europe: as many as 3,904 screens with a 198.2% increase compared to January 2009. The five leading markets are responsible for the lion's share, with the highest percentages out of the total for Europe (graph 1): the top market, France, has 19.3% of the total number of digital screens, the United Kingdom 14.2% and Germany 12.6%, followed by Italy with 9.1% and Spain with 5.1%.

Graph 1: Percentage of digital screens in individual countries compared to the European total



Source: MEDIA Salles

The remaining 789 digital screens are situated in Eastern Europe and the Mediterranean Rim, where there has been a considerable shift compared to January 2009 and at a higher rate than in Western Europe (+258.6%): the countries where the greatest development has taken place are Russia with 352 digital screens (7.5% of Europe's total), Poland with 176 screens (3.8%) and Turkey with 62 screens (1.3%).
Compared to the total number of screens in Europe, at January 2010 digital screens had achieved a market penetration of 13%, as against 4.1% the previous year (table 1).
The number of digital sites in Europe at January 2010 touched on 2,374, with a 191.3% rise over the previous year. The total market penetration of digital sites

(continues on page 2)

MEDIA Salles at the 63rd Cannes Film Festival

MEDIA Salles latest data on digital cinemas and screens in Europe as at 1st January 2010 will be presented in Cannes during the European Audiovisual Observatory's Afternoon Workshop: "Digital Cinema Tango! Getting the right rhythm for the digitisation of European cinemas."

CINEMA D'EUROPA
MEDIA SALLES

Marché du Film 2010, Sunday 16 May 2010, from 3.00 pm to 4.30 pm at the Salle Buñuel, Fifth Floor, Palais des Festivals, Cannes.

DGT

"DIGITRAINING PLUS": EUROPEAN EXPERIENCES COMPARED

Up-to-date information, analyses made to be as objective as possible and an exchange of experiences amongst professional figures: this is the formula of the course **"DigiTraining Plus: European Cinemas Experiencing New Technologies"** – organized by MEDIA Salles with the support of the European Union and the Italian Government, which is, up to now, the only one in the MEDIA Programme devoted to digital cinema from the cinemas' point of view. This time, thanks to cooperation from the Finnish Chamber of Films and the Finnish Film Foundation, we moved to Helsinki, from 17 to 21 February last, with the intention of facilitating participation by operators from the north of Europe. Here, the sixty or so professional players from 13 different countries came to grips with models and practices, either consolidated or yet to be experimented, for the financing of the dig-

(continues on page 4)

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Table 1: Digital cinema sites and screens in Europe (as at 1st January)

	2004	2005	2006	2007	2008	2009	2010
Digital screens	30	55	204	527	897	1,529	4,693
Digital sites	27	45	148	358	550	815	2,374
Average screens per site	1.1	1.2	1.4	1.5	1.6	1.9	2.0
Degree of penetration of digital screens	0.1%	0.2%	0.6%	1.5%	2.5%	4.1%	c. 13%
Degree of penetration of digital sites	0.2%	0.3%	0.9%	2.3%	3.6%	5.4%	c. 16%

Source: MEDIA Salles

(continues from page 1)

amounts to around 16% as against 5.4% in January 2009.
Also on the increase is the average number of screens in digital theatres which has risen in Europe from 1.6, recorded at January 2008, to 2.0 at January 2010.
The average number of digital screens per cinema varies a good deal in individual European countries (table 2).
At January 2010 the highest figures were recorded in Belgium (5.3 screens per cinema), Luxembourg (4.4), Austria (4.2), France (3.5) and Portugal (3.4). The leading markets follow at some distance: United Kingdom (1.9 screens per cinema), Germany (1.8), Italy (1.5) and Spain (1.3).
Analysing the development of digital screens from a more long-term perspective, different growth trends are to be seen in European countries (graph 2). Countries like the United Kingdom and Germany have recorded a strong tendency towards growth ever since 2006 and, after a period of deceleration, started to grow again in 2009. Other countries, instead, have experienced more gradual development, recording an exceptionally sharp increase in the last few years: since 2008 in the case of France or 2009 in the case of Belgium, Italy, Austria and Spain. Other countries again, such as Finland and Portugal, have experienced recent development, with an annual yearly increase that has been particularly high over the past three years, amounting to 263.4% for Finland and 230.8% for Portugal.
In Europe the development of digital screens seems to be highly concentrated according to exhibition company, in view of the fact that, at June 2009, 5% of the latter were responsible for 33.6% of the overall number of digital screens. The top five players are the French company CGR (with 13.1% of digital screens), Kinepolis (6.8%), operating in Belgium, France and Spain; Cineworld Group (5.6%), present in the United Kingdom and Ireland; Odeon and UCI Cinemas Group (4.8%), operating as Odeon Cinemas in the United Kingdom, as UCI in Austria, Germany, Italy and Portugal and as Cinesa in Spain; Cineplexx (3.4%), present in Austria and in Italy.
In the context of digital screens there is an increase in the percentage of market penetration by those with 3D technology, which rises from 54.4% in June 2009 to as much as 68.8% in January 2010 (table 3).
In several countries in Eastern Europe and the Mediterranean Rim, such as Cyprus, Croatia, Lithuania, Latvia, Malta, Serbia, Slovenia and Slovakia, where the numbers

Table 2: Digital cinema sites and screens in Europe (as at 1st January)

	Digital Sites			Digital Screens			Average screens per site		
Country	**2008**	**2009**	**2010**	**2008**	**2009**	**2010**	**2008**	**2009**	**2010**
Austria	17	26	57	35	84	239	2.1	3.2	4.2
Belgium	16	17	27	76	98	144	4.8	5.8	5.3
Bulgaria	2	8	12	4	17	23	2.0	2.1	1.9
Cyprus	0	0	6	0	0	6	0	0	1.0
Croatia	0	2	7	0	2	8	0	1.0	1.1
Czech Republic	1	2	42	1	2	50	1.0	1.0	1.2
Denmark	4	8	22	6	10	25	1.5	1.3	1.1
Estonia	0	1	2	0	2	5	0	2.0	2.5
Finland	1	8	35	1	12	48	1.0	1.5	1.4
France	44	72	257	66	253	904	1.5	3.5	3.5
Germany	72	70	328	151	161	592	2.1	2.3	1.8
Greece	2	6	22	2	6	31	1.0	1.0	1.4
Hungary	2	4	17	2	7	31	1.0	1.8	1.8
Iceland	2	4	4	3	7	7	1.5	1.8	1.8
Ireland	12	9	45	36	38	112	3.0	4.2	2.5
Italy	21	46	284	38	80	428	1.8	1.7	1.5
Latvia	0	1	2	0	2	3	0	2.0	1.5
Lithuania	0	0	4	0	0	5	0	0	1.3
Luxembourg	2	4	5	13	21	22	6.5	5.3	4.4
Malta	0	1	1	0	2	2	0	2.0	2.0
Netherlands	18	33	55	34	56	105	1.9	1.7	1.9
Norway	24	26	34	35	48	61	1.5	1.8	1.8
Poland	7	42	81	8	53	176	1.1	1.3	2.2
Portugal	14	36	54	14	44	181	1.0	1.2	3.4
Romania	0	3	13	0	14	41	0	4.7	3.2
Russian Federation	27	71	274	31	90	352	1.1	1.3	1.3
Serbia	0	0	4	0	0	6	0	0	1.5
Slovakia	0	0	10	0	0	10	0	0	1.0
Slovenia	2	9	9	2	9	9	1.0	1.0	1.0
Spain	21	31	177	33	53	238	1.6	1.7	1.3
Sweden	5	7	31	5	7	36	1.0	1.0	1.2
Switzerland	13	19	44	16	28	63	1.2	1.5	1.4
Turkey	1	20	51	1	20	62	1.0	1.0	1.2
United Kingdom	220	229	358	284	303	668	1.3	1.3	1.9
Total Europe	**550**	**815**	**2,374**	**897**	**1,529**	**4,693**	**1.6**	**1.9**	**c. 2.0**

Source: MEDIA Salles

Table 3: Digital 3D screens

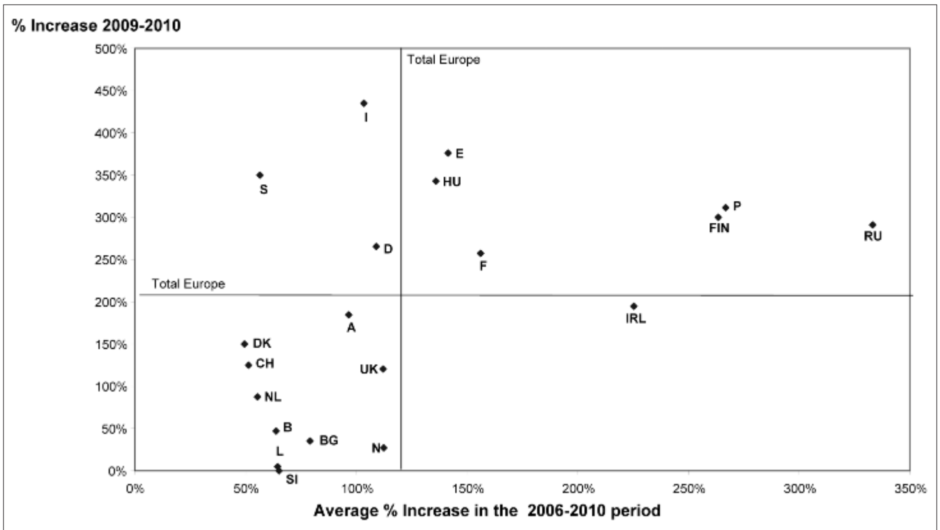
	Number of 3D screens		% penetration of total digital screens	
Country	**30/06/2009**	**01/01/2010**	**30/06/2009**	**01/01/2010**
Austria	50	101	39.1%	42.3%
Belgium	29	45	25.4%	31.3%
Bulgaria	8	12	42.1%	52.2%
Cyprus	0	6	-	100.0%
Croatia	6	8	85.7%	100.0%
Czech Republic	23	47	92.0%	94.0%
Denmark	10	23	66.7%	92.0%
Estonia	2	2	100.0%	40.0%
Finland	23	43	85.2%	89.6%
France	304	477	50.8%	52.8%
Germany	31	369	16.1%	62.3%
Greece	10	21	66.7%	67.7%
Hungary	18	28	90.0%	90.3%
Iceland	3	7	42.9%	100.0%
Ireland	16	68	34.0%	60.7%
Italy	159	392	86.9%	91.6%
Latvia	2	3	100.0%	100.0%
Lithuania	4	5	100.0%	100.0%
Luxembourg	11	15	50.0%	68.2%
Malta	2	2	100.0%	100.0%
Netherlands	51	94	63.8%	89.5%
Norway	21	28	36.2%	45.9%
Poland	78	141	95.1%	80.1%
Portugal	45	89	88.2%	49.2%
Romania	14	25	58.3%	61.0%
Russian Federation	159	346	98.8%	98.3%
Serbia	2	6	100.0%	100.0%
Spain	116	195	71.6%	81.9%
Slovakia	4	10	100.0%	100.0%
Slovenia	9	9	100.0%	100.0%
Sweden	14	28	70.0%	77.8%
Switzerland	20	54	48.8%	85.7%
Turkey	32	59	97.0%	95.2%
United Kingdom	132	473	30.6%	70.8%
Total Europe	**1,408**	**3,231**	**54.4%**	**68.8%**

Source: MEDIA Salles

of digital cinemas are still modest, 3D screens represent almost 100% of total digital screens. In fact, the percentage penetration of 3D digital screens compared to the total number of digital screens is over 80% in many countries, such as Russia, Turkey, the Czech Republic, Denmark, Italy, Hungary, Finland, the Netherlands, Switzerland, Spain and Poland. The percentage is, instead, lower in the United Kingdom, where it amounts to 70.8%, in Germany (62.3%) and in France (52.8%).

Paola Bensi
Statistician

Graph 2: Growth in digital screens in the main European countries
(situation at the start of the year)



For Finland, Bulgaria and Slovenia the average % variation refers to the 2007-2010 period. *Source: MEDIA Salles*

DIGITIZATION AND MULTIPLEXES: ANTICIPATIONS OF THE NEW MEDIA SALLES STUDY

From an analysis of the locations of the first cinemas to adopt digital technology at the start of this millennium it had emerged that the trend was for the small-medium sized exhibitors to move more rapidly on the new terrain than the powerful giants of the large chains.

To check the present trend – now that 16% of European cinemas have been fitted with at least one digital screen – MEDIA Salles has launched a study to cross check the figures on multiplexes (complexes with at least 8 screens) with those on the state of digitization and multiplexes.

The initial results show once again that, from this point of view too, the various European territories have very different characteristics.

It can be seen that out of the total number of digital cinemas on the Continent's most important markets in terms of spectators, the penetration of multiplexes is approximately a good third in Italy (36%) and the United Kingdom (39%), approximately half in France (45%) and almost two thirds in Spain (72%).

It is particularly interesting to compare Spain and the United Kingdom, which, at 1st January 2010, recorded fairly similar figures in terms of digitized multiplexes (respectively 127 and 140 out of a total of multiplexes which is in fact comparable) but quite different ones in terms of digital cinemas (177 compared to 358). It seems that this disparity may be associated with public intervention which, in the United Kingdom, financed the digitization of a considerable number of cinemas with very different characteristics. In Spain, instead, where there has not yet been a similar incentive measure, the process of digitization, moreover a more recent one than Britain's, has seen its main protagonists in the multiplex chains.

Elisabetta Brunella
Secretary General of MEDIA Salles

Participants at the DGT 2010
(Finnish Film Foundation Auditorium)

(continues from page 1)

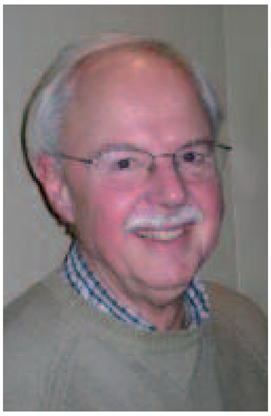
Participants at the DGT 2010 during the visit to the Flamingo Cinema, Vantaa (Finland)

ital transition, as well as new developments and projects in the field of content. They visited some of the cinemas most in the avant-garde in terms of using the new technologies and looked at novelties in the sector, thanks also to focus sessions on some nations where digital is expanding rapidly, such as Russia, or where interesting economic models have been or are being adopted, such as Norway and the Netherlands.

A basic tool for finding ones bearings on the present scenario is the recent statistical data collected by MEDIA Salles on the development of digital projection and the European cinema market, which was presented at the course by **Elisabetta Brunella**, Secretary General of MEDIA Salles.

Hosting the course this year was Finland, a country that has been very active in the shift to the new technology. Thanks to a strategy of public support, which **Leena Laaksonen**, who spoke at the course as representative of the Ministry of Education and Culture, explained as follows: "If the investments were connected solely to box-office, there would be fewer than ten digital cinemas in the whole country. Instead in Finland we have around 180 cinemas in a hundred or so different locations. It follows that around 90% of the cinemas would disappear if there were no public support."

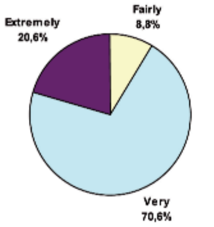
Public financing – national and European – was the focus of several talks: **Kerstin Degerman**, Head of the **MEDIA Desk Finland**, announced that the main objective of the intervention by the MEDIA Programme, the launch of which is foreseen for next summer, will be to facilitate smaller exhibitors in the adoption of digital equipment.



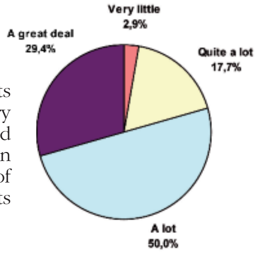
Anthony Williams, Moderator of the course

From the point of view of content, **Harri Ahokas**, Director of national distribution at the **Finnish Film Foundation**, stated that "leaving room in programming for different types of domestic productions is part of the ethics of

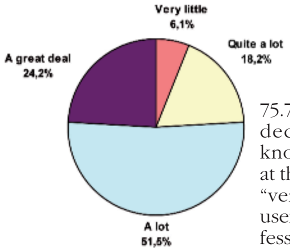
DGT 2010: ANOTHER SUCCESSFUL EDITION!



91.2% of participants declared themselves "very or extremely satisfied" with the course



79.4% of participants declared to have "very or extremely increased their knowledge on the state of the art of digital cinema and its future prospects"



75.7% of participants declared that the knowledge gained at the course will be "very or extremely useful for their profession"

public financing." Along the same lines, **Jonathan Davis**, consultant for audiovisual policies, who recalled the declaration signed last September by the national institutions dealing with the cinema in Europe, according to which the main objective of public aid in the digital transition is to support the diversification of offer in cinemas.

If public intervention is the key in the start-up phase, all the players in the chain must be involved for it to be effective: **Guillaume Thomine-Desmazures** and **Fabrice Testa** outlined the economic model for the digital transition proposed by two European leaders in the field of digital services, respectively **Arts Alliance Media** and **XDC**.

A lot of space and interest was invested in content which, thanks to digital, seems to be increasing and becoming more varied. Novelties and new trends were described by the main operators in this sector: from opera "served up at the cinema" by Europe's most prestigious opera-houses **(Erik Hamre, Emerging Pictures)**, to live satellite events in 3D, (**Walter Munarini, Open Sky**), right up to the

Sara Norberg, Sandrew Metronome, (Finland) receiving the Certificate of Attendance

realization of authentic online communities which have their meeting points at the movie theatre, as proposed by the project **"Digital Alfie"**, approved in January 2010 with the support of the MEDIA Programme, outlined by **Frauke Feuer**, of **Peaceful Fish**.

Of particular significance were the focuses on some nations where digital is expanding rapidly: **Oleg Berezin**, Managing Director of the Russian **Nevafilm**, traced the rapid development of the new technology in Russia (in just one year the number of digital screens has risen from 91 to 352, 99% of which are equipped for 3D). **Marieke Jonker**, of **Amstelfilm**, instead presented the situation in the Netherlands, seen through the eyes of an independent distributor who considers digital a chance to improve the circulation of European and art-house movies.

The visits to cinemas in the forefront of digital projection included one to the Biorex, amongst the most important in Finland, situated in Espoo, only a few kilometres from the capital – in the Sello shopping centre – and the **Flamingo** in Vantaa, a complex belonging to Finnkino, where 2 of the 6 theatres are equipped with 3D digital technology. Amongst the models of excellence there is also a single-screen cinema: the **BioGrand** of Tikkurila – founded in 1939, rebuilt in 1984, fitted with a 3D digital projector since the end of 2009.

Lastly came a glimpse of the future: **Tommi Rissanen**, consultant of **Digital Media Finland**, attempted a sortie into the next decade. What emerged was a positive picture thanks, according to Rissanen, to three keywords: "technology, interaction, experience."

The talks and presentations given during the course – moderated by **Tony Williams**, more than 40 years of career in the sector, and introduced by **Tero Koistinen**, Director General of the Finnish Chamber of Films and member of the MEDIA Salles Executive Committee – will be collected in a publication which will also contain a section with a wealth of tables and graphs on the state and development of digital projection, updated at January 2010.

More information at www.mediasalles.it

SAVE THE DATE

The eighth edition of the "DigiTraining Plus: European Cinemas Experiencing New Technologies" course will take place from 29 June to 3 July 2011

Further information will be published on our website, at the page dedicated to the course: http://www.mediasalles.it/training/training.htm