CINEMA D'EUROPA
MEDIA SALLES

an initiative of the European Union MEDIA Programme with the support of the Italian Government
Piazza Luigi di Savoia, 24
20124 Milano • Italy
tel. +39.02.67397823
fax +39.02.6690410
e-mail: infocinema@mediasalles.it
http://www.mediasalles.it

MEDIA

European Cinema JOURNAL MEDIA SALLES

International edition no. 2 – year XIV – August 2012

Dear readers,
as I write these lines, MEDIA Salles is about to start the ninth edition of the course "DigiTraining Plus: European Cinemas Experiencing New Technologies", held in Amsterdam this year, at the brand-new headquarters of the EYE Film Institute Netherlands, which, thanks to its great architectural interest and avant-garde technology, as well as the exceptional offer of content and initiatives, has already become an international attraction for those who love the cinema, what it has been and what it will be in the future. But what brought us to the Netherlands was mainly our intention to gain a better knowledge of the mechanisms by which this country – thanks to an alliance between public and private sectors – has managed to offer independent exhibitors a path to 100% digitalization.
Can the project "Cinema Digitaal" act as a model for those countries where digitalization has up to the present regarded mostly the large chains and cities with most inhabitants? Avoiding the transition to the new projection technologies resulting in the closure of cinemas and consequently reducing the offer to spectators – especially in more outlying or provincial places or in rural areas of Europe – this is the commitment which players in this field and public institutions should assume. And the time is right: according to the most recent statistics from MEDIA Salles which provide a snapshot of the situation at 30 June 2012, the number of digital screens has reached almost 22,000, equal to over 60% of Europe's screens. This may seem a large number, perhaps reason enough for distributors to abandon film ... but not all of the screens are included in the number!
What to do to make digitalization an inclusive process - this will therefore be the topic of the international meeting entitled "From 35mm to Digital: the switch-off," which MEDIA Salles is organizing on 5 September in collaboration with the Venice Film Festival. The programme can be found on page 3. I hope that you may also become protagonists of this debate, either by taking part directly or by following us through our publications.

Luigi Grispello,
President of MEDIA Salles

MEDIA Salles at the 69th Venice Film Festival

CINEMA D'EUROPA
MEDIA SALLES

MEDIA Salles will present its latest statistics on digitalization
"Digital screens in Europe as at 30 June 2012"

during

FROM 35MM TO DIGITAL: THE SWITCH-OFF POINT

promoted by MEDIA Salles
in collaboration with

OPEN SKY CINEMA

Spazio Incontri - Hotel Excelsior, 3rd floor
Venice Film Market
Wednesday 5th September 2012, from 3 p.m.

Supported by:
ANEC, ANICA, Ministero per i Beni e le Attività Culturali – Direzione Generale Cinema, Mostra Internazionale d'Arte Cinematografica

EUROPE'S DIGITAL SCREENS GROW BY 17% IN THE FIRST SIX MONTHS OF 2012

The European digital screens equipped with DLP™ Cinema or SXRD™ technology now touch on a figure of 22,000. According to MEDIA Salles' latest findings, they number 21,789 with a 17.4% growth rate compared to the beginning of the year, when they came to a total of 18,566.
The growth that led Europe to start 2012 with over half its screens converted to the new technologies is thus continuing. Taken as a whole digital penetration in the 35 countries monitored by MEDIA Salles had reached 60.5% at 30 June 2012.
There continue to be considerable differences on the various markets. Besides Norway and Luxembourg, which have had full digitalization for some time now, and the Netherlands, which is nearing the 100% mark, the digital penetration rate reaches to beyond the European average in Belgium (approx. 93%), in Finland (approx. 89%), in Denmark (87.9%), in the United Kingdom (approx. 86%) and in France (80.5%). Instead, it remains below the overall rate for Europe in Germany (approx. 54%), Italy (46.8%) and Spain (approx. 43%) and in particular on smaller markets such as Greece (16.9%), Slovenia (14.4%), Turkey (14.1%) and the Republic of Serbia (10.3%).
The biggest markets in terms of ticket sales also have the largest percentage of digital

(continues on page 2)

DIGITAL CINEMA AND THE ROLE OF THE SATELLITE

Switch-off for film, not for cinema

MEDIA Salles' most recent findings on digitalization in Europe (at 30 June 2012), the starting point for the conference on digital cinema taking place on 5 September at the Venice Film Festival's Venice Film Market, show that over 60% of European screens have already been converted to digital. This constant growth in digital screens is accompanied by the progressive abandonment of film by distributors, which it is estimated will be complete by 2014, at least in those territories where the transition is furthest ahead.
For the cinema industry new scenarios are thus opening up in which the "digital revolution" plays a decisive role, making it

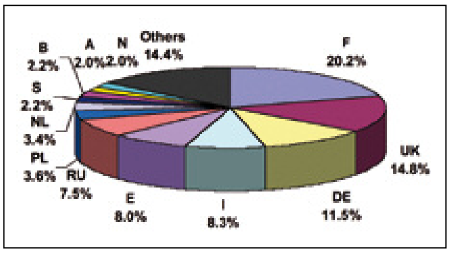
(continues on page 4)

Edito da: MEDIA Salles - Reg. Trib. Milano n. 166 del 19.3.1999.
Direttore responsabile: Elisabetta Brunella
Coordinamento redazionale: Francesca Mesiano
Redazione: Camilla Lomazzi Jørgensen, Silvia Mancini.
Grafica e impaginazione: Barbara Matteazzi | **Stampa:** Litostampa

(continues from page 1)
screens out of the overall total for Europe, so that France, with 4,397 digital screens, comes in first place with 20.2% of Europe's digital base, followed by the United Kingdom (3,216 digital screens equal to 14.8%), Germany (2,500 digital screens equal to 11.5%), Italy (1,815 digital screens equal to 8.3%), Spain (1,750 digital screens equal to 8.0%), and Russia (1,632 digital screens equal to 7.5%).
As to the 2012 growth rates, the countries where the number of digital screens has risen to above 100% compared to June 2011 are: Sweden (+142.3%, from 201 digital screens to 487), Slovakia (+117.8%, from 45 to 98 digital screens), Hungary (+104%, from 100 to 204), Finland (+103.3%, from 123 to 250) and Poland (+102.6% from 390 to 790).
As had already emerged at the end of 2011, the roll-out is now into its second major phase and continues to develop through the addition of 2D digital screens.
This is demonstrated by the figures on the penetration rate of 3D screens compared to the total of digital screens as a whole. The percentage appears to be experiencing a more or less clear decline in various different countries.
It is particularly marked on those markets that are approaching completion of their transition.
This is the case in France, for example, where, at June 2012 3D technology is adopted by 59% of screens. One year previously it had been 70%. Similar trends are shown in the Netherlands, dropping from 72% to 51%, in the United Kingdom (from 66% to 50%), in Switzerland (from 76% to 60%), in Sweden (from 87% to 59%) and in Denmark (from 81% to 64%).
The phenomenon is also affecting Russia where, in June 2011, 3D systems were being used by almost 100% of digital screens. This percentage has now dropped by three points. On observing the trend on markets that are more mature in terms of digitalization, it can be estimated that 3D penetration will settle at between 50% and 60%. A significant case is that of Norway, a pioneer country in full digitalization, where 3D is installed in 61% of theatres.

Paola Bensi
and Elisabetta Brunella

Percentage of digital screens in each European country out of the overall total as at 30th June 2012



Source: MEDIA Salles

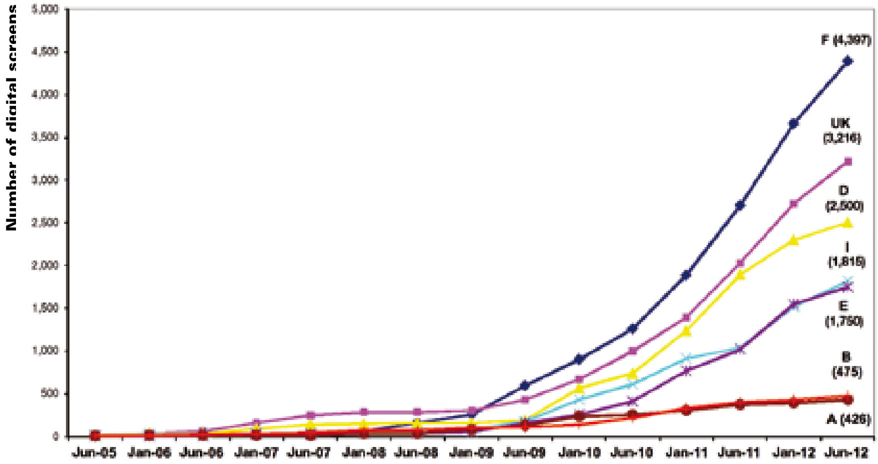
Digital screens in Europe by country

	2009		2010		2011		2012	
COUNTRY	**1 January**	**30 June**	**1 January**	**30 June**	**1 January**	**30 June**	**1 January**	**30 June**
Andorra	-	-	-	-	2	3	3	3
Austria	84	128	239	258	306	370	393	426
Belgium	98	114	144	220	331	400	427	475
Bulgaria	17	19	23	29	57	77	77	90
Croatia	7	7	8	9	9	61	90	97
Cyprus	-	1	6	6	15	15	21	21
Czech Republic	2	25	50	75	133	175	299	341
Denmark	10	15	25	72	137	176	286	349
Estonia	2	2	5	6	13	15	18	18
Finland	12	27	48	59	86	123	180	250
France	253	598	904	1,262	1,885	2,709	3,656	4,397
Germany	162	208	566	738	1,238	1,900	2,303*	2,500*
Greece	8	15	31	31	59	63	75	84
Hungary	7	20	31	40	56	100	159	204
Iceland	7	7	7	10	14	17	28	29
Ireland	38	47	112	127	142	162	192	229
Italy	80	183	434	609	912	1,040	1,519	1,815
Latvia	2	2	3	4	11	14	16	18
Lithuania	-	4	5	6	13	14	18	24
Luxembourg	21	22	22	22	24	27	33	33
Malta	2	2	2	3	6	6	6	6
The Netherlands	56	77	105	160	252	400	540	730
Norway	48	58	61	94	268	415	425	425
Poland	53	82	177	266	324	390	592	790
Portugal	44	51	181	259	317	343	387	410
Romania	14	24	40	47	61	77	111	120
Russian Federation	90	161	351	525	941	1,179	1,485	1,632
Serbia	-	2	6	6	7	7	13	13
Slovakia	-	4	10	24	36	45	75	98
Slovenia	9	9	9	17	16	17	17	17
Spain	50	162	252	412	770	1,022	1,545	1,750
Sweden	8	20	38	93	153	201	272	487
Switzerland	28	41	60	90	139	248	315	414
Turkey	20	33	62	104	205	240	266	278
United Kingdom	303	432	667	997	1,397	2,033	2,724	3,216
Total Europe	**1,535**	**2,602**	**4,684**	**6,680**	**10,335**	**14,084**	**18,566**	**21,789**

**This figure includes projectors with a resolution lower than 2K.*

Source: MEDIA Salles

Half-year trends in number of digital screens in Western Europe



Source: MEDIA Salles

The EYE Film Institute Netherlands hosted the ninth edition of the DigiTraining Plus course, organized in Amsterdam by MEDIA Salles. From 29 August to 2 September 2012, 35 participants, representing 13 nationalities, met with international experts, shared experiences and visited innovative cinemas.

For more information, have a look at the DGT online informer nos 83-87 (www.mediasalles.it).

FROM 35MM TO DIGITAL: THE SWITCH-OFF POINT

5 September 2012, 3 p.m. – 5.45 p.m.

Spazio Incontri of the Venice Film Market / International Venice Film Festival Hotel Excelsior, Lido di Venezia, 3rd floor

Luigi Cuciniello, Organization Director, International Venice Film Festival
Luigi Grispello, President of MEDIA Salles

Session 1: A snapshot of digitalization in Europe

MEDIA Salles' findings on the digital transition at 30 June 2012.
Presentation by Elisabetta Brunella, Secretary General of MEDIA Salles

Session 2: The scenario worldwide and technological developments

Digitalization worldwide: prospects and ramifications
Michael Karagosian, President, MKPE Consulting

The role of satellites: from cinema to Smart-cinema
Walter Munarini, Director, Open Sky

New technologies, a chance for new initiatives in cinemas: the "We Want Cinema" project
Marieke Jonker, Managing Director, Amstelfilm

Session 3: Best Practices in Europe

Netherlands: Cinema Digitaal, an initiative promoted by the Exhibitors' and Distributors' Associations with the support of EYE Film Institute Netherlands and the National Fund for Dutch Cinema.
Raymond Walravens, Managing Director, Rialto Film

Poland: The "Malopolska" project. Supported by the European Fund for Regional Development, the aim of the initiative is to make the most of the region's tourist appeal by improving the offer in cinemas.
Marta Materska-Samek, Vice President, Fundacja Rozwoju Kina

Session 4: Focus Italia: Prospects and doubts to be smoothed out. The viewpoint of the exhibitors and distributors. Public intervention

Richard Borg, President, Distributors section, ANICA

Lionello Cerri, President, ANEC

Mario Lorini, President, FICE

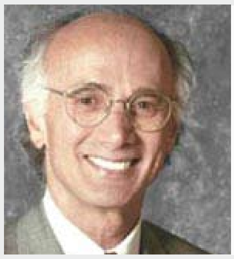
Nicola Borrelli, Director General for the Cinema, Ministry of Cultural Affairs

Conclusions by Luigi Grispello, President of MEDIA Salles

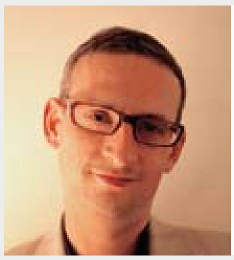
Supported by: ANEC, ANICA, Ministero per i Beni e le Attività Culturali – Direzione Generale Cinema, Mostra Internazionale d'Arte Cinematografica.

Marieke Jonker

Marta Materska-Samek



Michael Karagosian



Raymond Walravens

(continues from page 1)
possible to offer new prospects and unfold new horizons for the sector, both from the point of view of production and from that of the exhibitors and distributors.
Satellites, too, which allow the rapid dispatch of films, trailers, commercials and live events at limited costs, have found their own place within this process, integrating into a growing number of digital theatres.
"The satellite does away once and for all with the distribution bottleneck constituted by the high cost of copies on film and by the logistics involved in physically bringing them to the theatre and then picking them up again," explains Walter Munarini, a speaker at the conference in his capacity as Director of Open Sky Cinema, a company offering a range of services including satellite distribution of digital content, 2D, 3D and live events.

The satellite network

At present there are around 1,800 digital screens in 600 cinemas all over Europe, which already receive films and content from the control and assistance centre of Open Sky-Eutelsat. In Italy this network has its highest numbers, with 800 screens in 300 cinemas served by the satellite.
As regards Italy, the most striking piece of data proves to be the ratio between the number of digitalized theatres and those that have adopted the satellite platform: as many as 44% of Italy's over 1,800 digital screens are in fact integrated into this technology. This is a choice motivated by the prospect of cutting down on distribution costs and achieving greater flexibility in programming. "The advantages of digital-satellite far outweigh the expenditure necessary for upgrading protection systems," emphasizes Munarini, explaining that to equip a digitalized theatre with a satellite transmission system costs only one tenth of the cost required for the shift to a digital projector: from 4,000 to 5,000 euros, which Italian exhibitors can afford by making use of the 30% Tax Credit. In addition, with the radical new provisions in the "Decree on Growth", which modifies Tax Credit in article 50, providing for its transfer to banking agencies or companies supplying digital installations, digitalization is now accessible to small exhibitors, too.

The digital theatre and integration with the satellite

The satellite thus assumes the form of a more "democratic" distribution system than optic fibre and the hard disk, since it allows for programming that includes various types of content – for example live events – and is suited to the storage of films. In fact, by equipping the theatre with large-capacity servers, any exhibitor can set up his or her own library and thus meet the demands of the individual audiences. From a certain point of view satellite technology is perfectly coherent with the very concept of digital, since it is not necessary to "materialize" the bytes constituting the film on any support: they are transmitted directly to the projector in the theatre. Digitally. This is a process that also makes its impact on the market and on the processes of adapting the cinema sector to the new technologies. In addition, by using a satellite the costs of the logistics and delivery of the DCPs is eliminated and transmission can be made anywhere simultaneously. The satellite is the only means that makes it possible to send and receive events – both normal and in 3D – live. What is more, it simplifies the work of the cinema chain. Of the six standard steps in satellite transmission: distributor/teleport/satellite/cinema antenna/cinema decoder/cinema storage/server of individual projectors, the first is the responsibility of the distributor and the last of the exhibitor. The rest is up to the company providing the service, which deals from a distance with what goes on in the theatre.

Giandomenico Celata
A writer, he teaches Media and ICT Economy and is Scientific Director of the Multimedia Lab at the Cattid (Centre for Applications of Television and Distance Training Techniques) at the "La Sapienza" University of Rome.