Digital Cinema – CEA view

Media Salles
London 25 February 2009

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Overview of CEA

Trade association for UK cinema exhibition – a subscription organisation

Represents ca. 90 per cent of sector

UK sector ca. 3,600 screens across ca. 780 sites

5 companies control over 70 per cent of screens

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CEA view of digital cinema

Financial benefit to distributors clear

Benefits to exhibitors less clear

3D is important but a separate issue

Smaller exhibitors must not be left behind

Conversion must be a <u>business</u> decision for exhibitors

UK digital cinema

UK Film Council Digital Screen Network established base of ca. 240 digital screens

Progress since then slow – ca. 280 digital screens by mid 2008

Rapid escalation of installation since end of 2008 – entirely driven by 3D

Strategies adopted by UK cinema companies

- Interest in digital cinema <u>mainly</u> from largest companies
- Attempts in 2008 to secure third party ‘integrator’ deals
- Others looking to agree VPFs with individual studios
- Economic downturn has slowed (stopped?) progress
- Focus now on 3D – wider digital rollout delayed

CEA role on digital cinema

Working with Government and policy-makers

Influencing studios and distributors

Raising awareness and understanding

Exploring collective action

But <u>not</u> interfering in commercial discussions

CEA role on digital cinema

Economic slowdown has provided an opportunity to:

- **raise awareness amongst smaller operators**
- **allow them to make <u>informed</u> business decisions**
- **explore the possibility of some collective action**

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Raising awareness

- Digital ‘roadshow’ events planned for April – June 2009
- Working with UK Film Council and others to ensure widest possible attendance
- Events will cover financial, technical and operational issue
- No attempt to ‘sell’ digital – just to give information

Exploring collective action

CEA about to invite interest from all UK exhibitors in collective action to fund digital cinema

Key interest likely to be from smaller exhibitors

US experience gives us a potential direction

No commitment to develop further for all

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Key concerns for the CEA

Availability of finance

Emergence of a significant ‘tail’ of smaller exhibitors unable economically to convert to digital

Commitment of studios and distributors to current exhibitor landscape

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