CINEMA D'EUROPA

MEDIA SALLES

“DigiTraining Plus:

New Technologies for European Cinemas”

28 March – 1st April 2007, Kuurne (Belgium)

MiBAC Direzione Generale per il Cinema

MEDIA A programme of the European Union

MEDIA Salles is an initiative of the MEDIA Programme of the European Union with the support of the Italian Government.

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SOUND INFORMATION ON DIGITAL CINEMAS AS BASIS FOR DECISION-MAKING

Elisabetta Brunella, Secretary General of MEDIA Salles

at the training course "DigiTraining Plus: New Technologies for European Cinemas"

Kuurne, 30 March 2007

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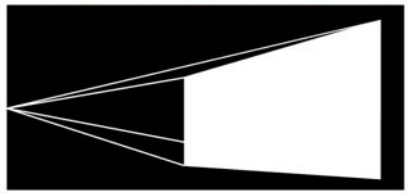

MEDIA SALLES

The MEDIA Salles' information tools on the international cinema industry:

- "European Cinema Yearbook",
- "European Cinema Journal",
- "DGT online informer",
- "Cinema Research Library"

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MEDIA SALLES

Since 1992

EUROPEAN CINEMA YEARBOOK

- Statistics on cinema-going in 34 European countries
- In four languages *(Italian, English, French, Spanish)*
- Cd rom edition
- This and previous editions available on www.mediasalles.it

– 2006 final edition –

Just presented at Berlin Film Festival

CINEMA D'EUROPA
MEDIA SALLES

EUROPEAN CINEMA YEARBOOK
– 2006 final edition –

- **5 Sections:**

  - Advance news of cinema-going in Europe in 2006

  - Cinema-going in Western and Central/Eastern European countries and Mediterranean Rim, 1989-2005

  - Cinema-going worldwide

  - Multiplexes in Europe as at October 2006

  - Digital cinema worldwide as at December 2006

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CINEMA-GOING IN 2006

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Cinema-going in 2006

Main trends

- “More admissions in Europe, but not for everybody
- “Multiplexes in Europe still increasing, but at a lower rate”,
- “Digital screens in the world increased fourfold”.

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CINEMA-GOING IN WESTERN EUROPE (17 countries)

2006

- Total admissions increased by 2.6%,

  from 843.9 to 865.8 million

- admissions on 3 of the 5 main markets increased:

  F: +8.2%, D: +7.4%, I: +1.7%.

- admissions on 2 of the 5 main markets decreased:

  E and UK: both -4.9%.

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CINEMA-GOING IN CENTRAL, EASTERN EUROPE AND THE MEDITERRANEAN RIM (12 countries)

2006:

- total admissions increased by 17.6% from 90.2 in 2005 to 106.0 million

with peaks of over 20% in the following countries:

PL: +28.2%, TR: +26.3%, SK: +55.7%,

EE: +40.1%, LV: +22.7%.

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“EUROPEAN CINEMA YEARBOOK”

Digital cinemas worldwide

(Cinemas equipped with DLP Cinema™ projectors)

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EUROPEAN CINEMA YEARBOOK
- 2006 final edition -

Digital cinemas worldwide
updated as at December 2006

Including information on:

name of the company
town
number of digital screens
type of digital projectors
resolution
projector's owner
server

for each cinema listed

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"EUROPEAN CINEMA YEARBOOK"

Digital cinemas worldwide

I cinema digitali (al dicembre 2006)
Digital cinemas (as at December 2006)
Les cinémas numériques (en décembre 2006)
Los cines digitales (hasta diciembre de 2006)

Country	Site	Town	Company	Screens	Technology	Projector	Projector's owner	Projector's type	Projector's resolution	Server
B	Kinepolis Brugge	Brugge	KINEPOLIS	2	DLP Cinema	Barco	E	DP100	2K	Dolby
I	Arcadia	Melzo, Milano	ARCADIA	3	DLP Cinema	Barco/Barco/ Christie	E	DP100/DP100/ CP2000H Series	2K	Avica//Dolby/Qu Vis

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DIGITAL SCREENS WORLDWIDE

- the evolution in 2006 -

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DIGITAL SCREENS WORLDWIDE

- From December 2005 to December 2006

Digital screens increased from 595 to 2,866

+381.7%

- From June 2006 to December 2006

digital screens increased from 1,354 to 2,866

+111.7%

	Total number of cinemas						*Total number of screens*					
	12/2005	12/2006	Var. %	06/2006	12/2006	Var. %	12/2005	12/2006	Var. %	06/2006	12/2006	Var. %
Africa		2			2			2			2	
Asia	161	253	57.1%	227	253	11.5%	204	347	70.1%	309	347	12.3%
Europe	143	359	151.0%	187	359	92.0%	198	531	168.2%	262	531	102.7%
Latin America	16	17	6.3%	15	17	13.3%	17	21	23.5%	16	21	31.3%
North America	133	343	157.9%	219	343	56.6%	173	1,957	1,031.2%	763	1,957	156.5%
Oceania	3	8	166.7%	4	8	100.0%	3	8	166.7%	4	8	100.0%
Total	456	982	115.4%	652	982	50.6%	595	2,866	381.7%	1,354	2,866	111.7%

Source: "European Cinema Yearbook – 2006 final edition"

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DIGITAL SCREENS WORLDWIDE

EUROPE

as at June 2006

- **187** cinemas

- **262** screens

- Average no. of screens per cinema: **1.4**

Source: "European Cinema Yearbook – 2006 final edition"

CINEMA D'EUROPA
MEDIA SALLES

DIGITAL SCREENS WORLDWIDE

EUROPE

as at December 2006

- **359** cinemas

- **531** screens

- Average no. of screens per cinema: **1.5**

Source: "European Cinema Yearbook – 2006 final edition"

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DIGITAL SCREENS WORLDWIDE

EUROPE

as at December 2006

Where are the digital screens?

Country	No. of digital cinemas	No. of digital screens
A	11	18
B	16	35
CH	13	14
D	48	96
DK	4	5
E	17	21
F	27	36
FIN	1	1
I	17	31
IRL	12	23
IS	1	3
L	3	16
N	16	22
NL	17	30
P	5	5
S	5	5
UK	136	161

Source: "European Cinema Yearbook – 2006 final edition"

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DIGITAL SCREENS WORLDWIDE

EUROPE

Evolution of digital screens

Country	No. of digital screens at June '06	No. of digital screens at Dec. '06	Var. % June '06 - Dec. '06
A	17	18	5,9%
B	22	35	59,1%
CH	12	14	16,7%
D	35	96	174,3%
DK	5	5	-
E	10	21	110,0%
F	19	36	89,5%
FIN	-	1	.
I	28	31	10,7%
IRL	-	23	.
IS	-	3	.
L	3	16	433,3%
N	2	22	1.000,0%
NL	20	30	50,0%
P	1	5	400,0%
S	5	5	-
UK	60	161	168,3%

Source: "European Cinema Yearbook – 2006 final edition"

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DIGITAL SCREENS WORLDWIDE

EUROPE

Degree of penetration of digital screens

Country	Total no. of screens at Dec. '06	No. of digital screens at Dec. '06	% of digital screens on total screens
A	580	18	3,1%
B	514	35	6,8%
CH	553	14	2,5%
D	4.848	96	2,0%
DK	.	5	.
E	*4.270*	21	0,5%
F	.	36	.
FIN	.	1	.
I	*3.600*	31	0,9%
IRL	415	23	5,5%
IS	.	3	.
L	24	16	66,7%
N	422	22	5,2%
NL	713	30	4,2%
P	.	5	.
S	1.140	5	0,4%
UK	.	161	.

Source: "European Cinema Yearbook – 2006 final edition"

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DIGITAL SCREENS WORLDWIDE
THE NETHERLANDS

Split-up of the digital screens as at June 2006

type of cinema	type of exhibitor	no. of screens	no. of digital screens	%
multiplex	small multinational	8	3	37,5%
multiplex	national chain	8	1	12,5%
conventional multiscreen	national chain	5	2	40%
multiplex	independent	8	2	25%
conventional multiscreen	national chain	5	2	40%
conventional multiscreen	independent	5	1	20%
conventional multiscreen	national chain	5	2	40%
new multiscreen	national chain	6	1	16,7%
conventional multiscreen	independent	4	2	50%
conventional multiscreen	provincial chain	4	1	25%
		58	17	29,3%

Source: Dr Wolff, presentation of the "European Cinema Yearbook – 2006 final edition", Berlin, 15 February 2007 .

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DIGITAL SCREENS IN EUROPE

First movers

- Kinepolis	Competitive advantage
	New business opportunities
- Folkets Hus och Parker	A quicker and better access to products
	A larger choice for the audiences
- Nordisk Film	Getting ready for the future transition

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DGT

How to know
How many digital screens will be available in the next future?
READ

- the “DGT online informer no. 12”
- and the“European Cinema Journal no.1/07”

OR WAIT UNTIL SATURDAY

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DGT

How to know more on digital cinema from the European exhibitors' perspective?

- "DGT online informer"

- "European Cinema Journal"

- "Cinema Research Library"

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DGT

“DGT online informer”:

An agile, free electronic Newsletter offering a periodical update on novelties of digital screening, interviews and brief reflections to discover the crucial themes of the digital transition.

CINEMA D'EUROPA

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DGT online informer

International Edition No. 16 - year 2 - 20 February 2007

***

"DigiTraining Plus: New Technologies for European Cinemas"
Kuurne, Belgium
28 March – 1st April 2007

In collaboration with

BARCO

Deadline to benefit from the early-bird fee of 500 euro
23 February 2007

To download the course application form, click here

The fourth edition of the training course "DigiTraining Plus: New Technologies for European Cinemas" begins on 28 March.

A message to European exhibitors from Jens Rykaer, President of MEDIA Salles

Digital? Yes! But how?

The development of D-Cinema in Europe has been and still is an on-going process involving many speculations. For instance on standards. Again at a conference in Paris last October it was repeated that one global standard was the optimal goal. This statement was backed by Anders Geertsen who is the manager of the commercial module within "European Digital Cinema Forum". It indicates that the war on standards is over. Only bigger companies would be able to handle several standards, for the smaller

The "DigiTraining Plus" 2007 course: where

Barco Kuurne: home of the manufacturing facilities of Barco's 2K digital cinema projectors

The MEDIA Salles "DigiTraining Plus" course will take place at the headquarters of Barco's Media and Entertainment Division in the West Flanders town of Kuurne in Belgium. The Kuurne site is also home of the manufacturing facilities of many of Barco visualization products including of course Barco's D-Cine Premiere range of 2K digital cinema projectors. Over the past year, Barco has made significant and vital changes to its overall digital cinema operations, with increased staff and factory capacity, plus additional dedicated clean rooms for the critical engine assembly and sealing phases of the D-CINE manufacturing process. The digital cinema revolution has truly begun and in order to meet the expected upsurge in demand, Barco is increasing its capacity from the current 300 units a month to 500 a month in the course of 2007.

Visit to a digital theatre: Kinepolis Bruges

Kinepolis Bruges, the latest

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DGT

The first 21 issues of the

"DGT online informer"

are already available
at the following page
of the MEDIA Salles' website:

http://www.mediasalles.it/dgt_online/index.htm

NEW TECHNOLOGIES: THE EXHIBITORS' TURN TO SPEAK

Digital is moving forward. And the exhibitors are not idly standing by. They are trying to understand what the truly feasible business models are, asking the distributors to get more closely involved – with a commitment to increasing the number of titles available in digital format, too – and looking into ways of putting together alternative events and regular programming. MEDIA Salles continues to stand by their side, partly through the "DigiTraining Plus New Technologies for European Cinemas" course, now in its 4th edition the first and only training initiative in the context of the MEDIA Programme to deal with digital technology applied in movie theatres. A course whose very title suggests a conviction: the theatre must not be the passive object of the digital transition and must not be "besieged" by the new technologies. It is the latter that must be there "for" the theatre. It is therefore impossible for there to be a single business model or type of equipment. To sum up, "each to his own" and it must be the exhibitor who chooses. It is no coincidence that this year's course devotes special attention to an overview of different business models and also to a confrontation with distributors, to the experiences of the first European complexes to become entirely digital and to the new frontiers in alternative content, such as interactivity. In a difficult context, in which European resources increase in name only (because in the meantime the number of countries benefiting from them have also increased and the reference period has grown longer), MEDIA Salles, too, is feeling the effort. However, we are pressing on, with new projects, too, such as "Cinemamondo" (see p. 4), because we do not want to disappoint the expectations of the exhibitors who have trusted us for so many years and who ask for our support. Support which is a duty of anyone who is convinced that, for a chain to be strong, there must be no "weak links" in it.

Ieris Rykiser
President of MEDIA Salles

BARCO'S GOALS TO ENHANCE DIGITAL PROJECTION

Interview with Glenn Wastyn

Immediately following ShoWest, the event that brings together every year in Las Vegas US exhibitors, representatives of the majors and the main world providers of services and equipment for the sector and which represents a good occasion for summing up prospects for the big screen, we said to ***Glenn Wastyn****, Marketing Director Digital Cinema of Barco, that for the fourth consecutive year, is MEDIA Salles' partner in running the "DigiTraining Plus" course.*

Mr Wastyn, traditionally ShoWest is the occasion when cinema equipment manufacturers present their new products to the international exhibitors' community. How does Barco arrive at this appointment?

With three new models of projectors, representing an evolution of the DP-100. Alongside the upper-range model, the DP-3000, suitable for larger screens – from 20 to 30 metres wide – we have also created two versions which are smaller and more compact, but still DLP Cinema® at the same 2K DCI standard. These are the DP-2000 and the DP-1500, conceived respectively for screens of up to 20 and 15 metres which, thanks to their smaller size, allow even theatres with restricted space in their projection booths to equip themselves with digital projectors based on the most advanced Texas Instruments technology, the new 0.98-inch DLP Cinema®. Reactions have been most positive: exhibitors have acknowledged our ability to interpret their demands correctly.

Barco announced at the end of 2006 that it had reached its 1,000th 2K digital cinema projector milestone. With these new products, do you think the milestone of the 2,000th projector is coming closer?

I certainly do. On the basis of the enquiries we have received so far, I foresee the 2,000 mark being reached by the end of the summer. But we are not stopping here: I expect we will reach 3,000 projectors by the end of the year.

Where do these 2,000 or so new orders that you foresee globally for 2007 come from?

China, a market where we have established a considerable presence, has already ordered 700 new projectors, through GDC. Further, several deals are crystallizing in the United States which amount to at least 1,000 projectors. We estimate that the large chains in Europe will also break onto the scene towards the end of the year.

You have mentioned providing equipment for GDC, a supplier of services operating as integrator in China which also has an eye on the other big world market characterised by exceptional economic and technological growth, India. What is Barco's position with respect to this market?

We are following its progress attentively, since it could be the big surprise of 2007. It should not be long before the leading exhibition companies – limited in number but with a strong market presence – will be changing to digital in the country's main cities, in order to increase their competitive lead over the myriad of cutting theatres equipped with electronic projectors.

In 2006 the United States experienced a far higher increase in the number of digital screens compared to the world average (1,083% compared to 382%). A key role was played here by the Access® finance model based on Christie projectors. How does Barco see its place on this scenario?

An alliance with an integrator who sets up a finance model is a crucial element for market penetration. And in the United States there are several integrators experimenting with finance models and technology on a 60 to 200-unit basis: Kodak, Technicolor, Dolby, Digisery, NCM (now DCIP)... to name just a few of them. Barco has been working with all of them.

Do you think the formulas that are being used in the United States starting from Virtual Print Fee, will come to Europe, too?

I am amongst those who think that a single business model cannot work everywhere. Alongside Virtual Print Fee, there is, for instance, a sort of "pay per screening" or "pay per week". In Europe, where there are already several well-established integrators, such as XDC, Arts Alliance or Eclair, I think things will proceed country by country. Probably smaller countries with a highly concentrated market will be the first targets for financing models in Europe.

How much do costs influence the exhibitors' decisions on digital technology? As ShoWest Millard Ochs, President of Warner Bros International Cinemas, attributed the reluctance of exhibitors to change to digital to the high cost. What is Barco's position?

A reduction in prices is certainly one of our objectives. And it isn't a new one. Now, thanks to Texas Instruments' new chip, the new projectors cost approximately 10-15% less than the previous generation. However, we are also making efforts to reduce maintenance costs, exploiting the advantages offered by new technological solutions. For example the enhanced cooling and sealed engine boosts the projector's life expectancy by around 30%. The latest lamps reduce the electricity consumed by 50%. The modular design reduces the service time and costs for the exhibitor. New lenses designed by Barco allows you to omit the use of anamorphic lenses, which reduces the total cost of the system by nearly 10,000 euro.

(continues on page 2)

SEE YOU IN CANNES

MEDIA Salles looks forward to seeing you at Cannes Film Festival, where issue no. 2/2007 of the "European Cinema Journal" will be presented.

European Cinema JOURNAL
MEDIA SALLES
International edition no. 1 – year IX – March 2007

MEDIA Salles' Newsletter:

"EUROPEAN CINEMA JOURNAL"

NEW

No. 1/2007

Special issue devoted to digital cinema

Titles of the articles:

- New technologies: the exhibitors' turn to speak
- Barco's goals to enhance digital projection
- Empire Cinemas goes digital – Interview with Justin Ribbons
- Column: At the heart of the market – 1, Profiling cinema attendance in Italy
- The spread of D-Cinema: 2006 year of the watershed
- Column: Theatre marketing – 7, Digital cinema as a relationship-building experience between the theatre and the spectator
- "Cinemamondo": New integration in cinema and culture
- A good year – The MEDIA Salles' data on European admissions in 2006

MEDIA Salles' Newsletter:

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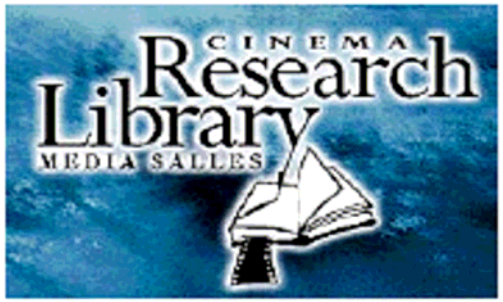

Call for papers

Cinema exhibition in Europe

Cinema exhibition worldwide

The US cinema exhibition industry

Multiplexes

Italian films throughout the world NEW

The young audience

The history of cinema exhibition

Cinemas and new technologies

Column: Digital cinema and more NEW

Cinema & Finance

Guests of the Research Library

Cinema Research Library

The MEDIA Salles' Newsletter specifically devoted to digital cinema

DGT online informer

"Catalan circuit of digital cinema"
in CineNotes no. 769 of 11 September 2006
Text by Elisabetta Brunella
(Versione italiana)

"Digital cinemas worldwide"
in CineNotes no. 704 of 28 September 2006
Synthesis of the talk by Elisabetta Brunella at the Cicae course
Venice, 30 August 2006
(Versione italiana)

Interview with Elisabetta Brunella, Secretary General of MEDIA Salles, on digital cinema
by Alléne Hébert, Digital Cinema Consulting & Projects, Barcelona, Spain
Published in "Digital Cinema Perspectives" by IP-RACINE, 12 September 2006

Digital screens in Italy as at June 2005
(versione italiana)

"Digital cinema – Expectations and prospects in Europe"
Interview with Costas Daskalakis, in "European Cinema Journal" No. 2/2005, page 1
(versione italiana)

"Producing in digital format"
Interview with Peter Aalbæk Jensen, in "European Cinema Journal" No. 2/2005, pages 1 and 3
(versione italiana)

"Digital screening and documentaries: from DocuZone to CinemaNet Europe"
in "European Cinema Journal" No. 2/2005, page 2
(versione italiana)

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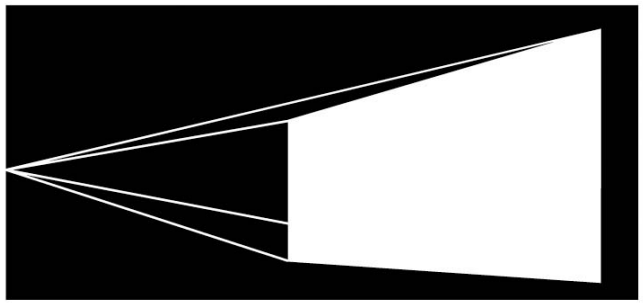

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For further information:

infocinema@mediasalles.it
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