

'Market Status of 3D in Europe'

Charlotte Jones

Senior Analyst, Film and Cinema

Screen Digest

Europa Distribution

Annecy, June 2010

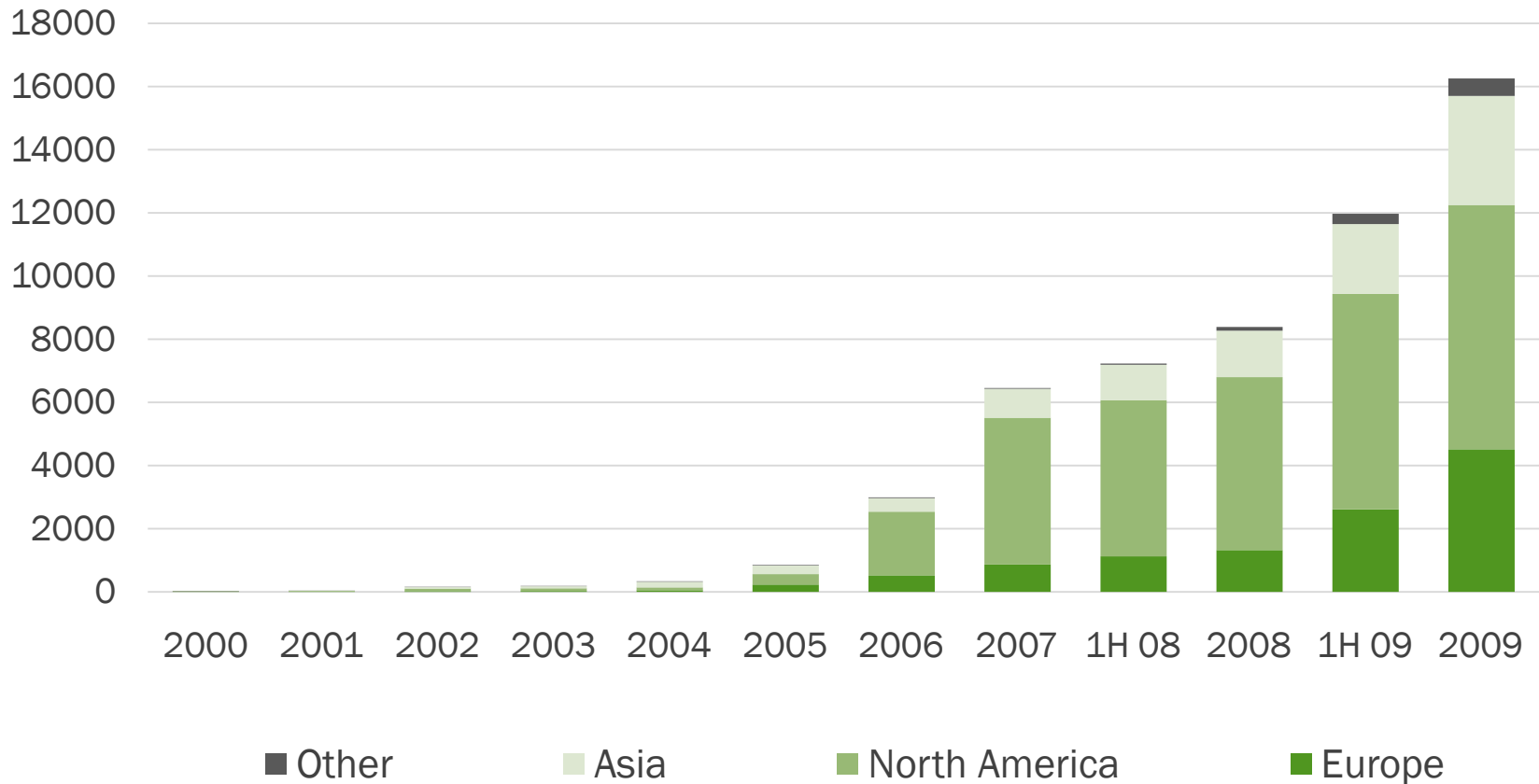
Market Status of 3D Cinema in Europe

- Introduction
- Growth of the global digital cinema screen base
- Digital 3D as a major driver of digital cinema
- Focus on Stereoscopic 3D content
 - Release slate
 - Genres
 - Box office results
- Opportunities and challenges for European producers
- Forecasts and perspectives

Global screen base rose by 87% in 2009

Asia and Europe saw higher growth in 09

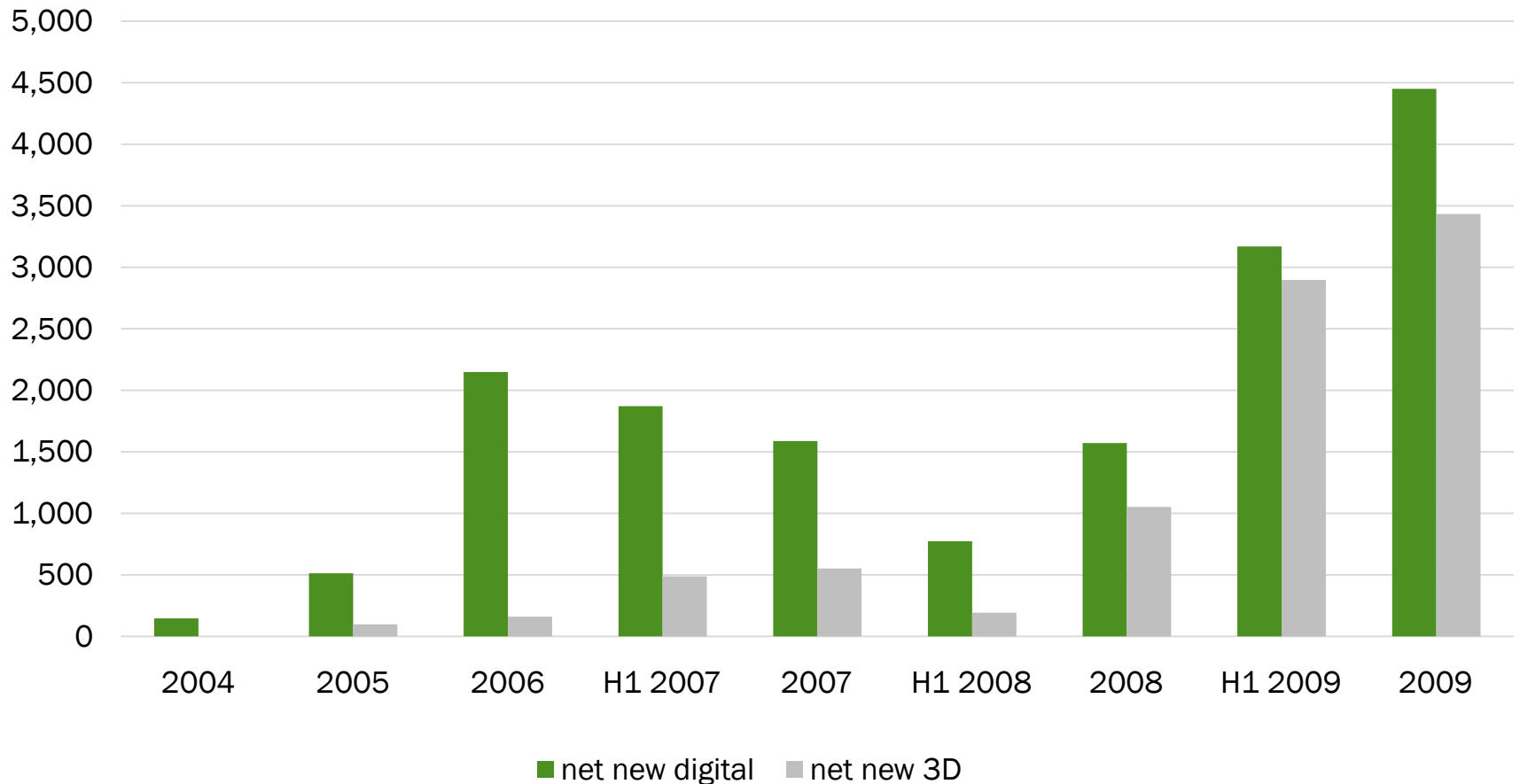
D-Cinema screens by world region



Note: 2007 2K only installations or higher

3D is the single largest driver and differential of installing a digital cinema system

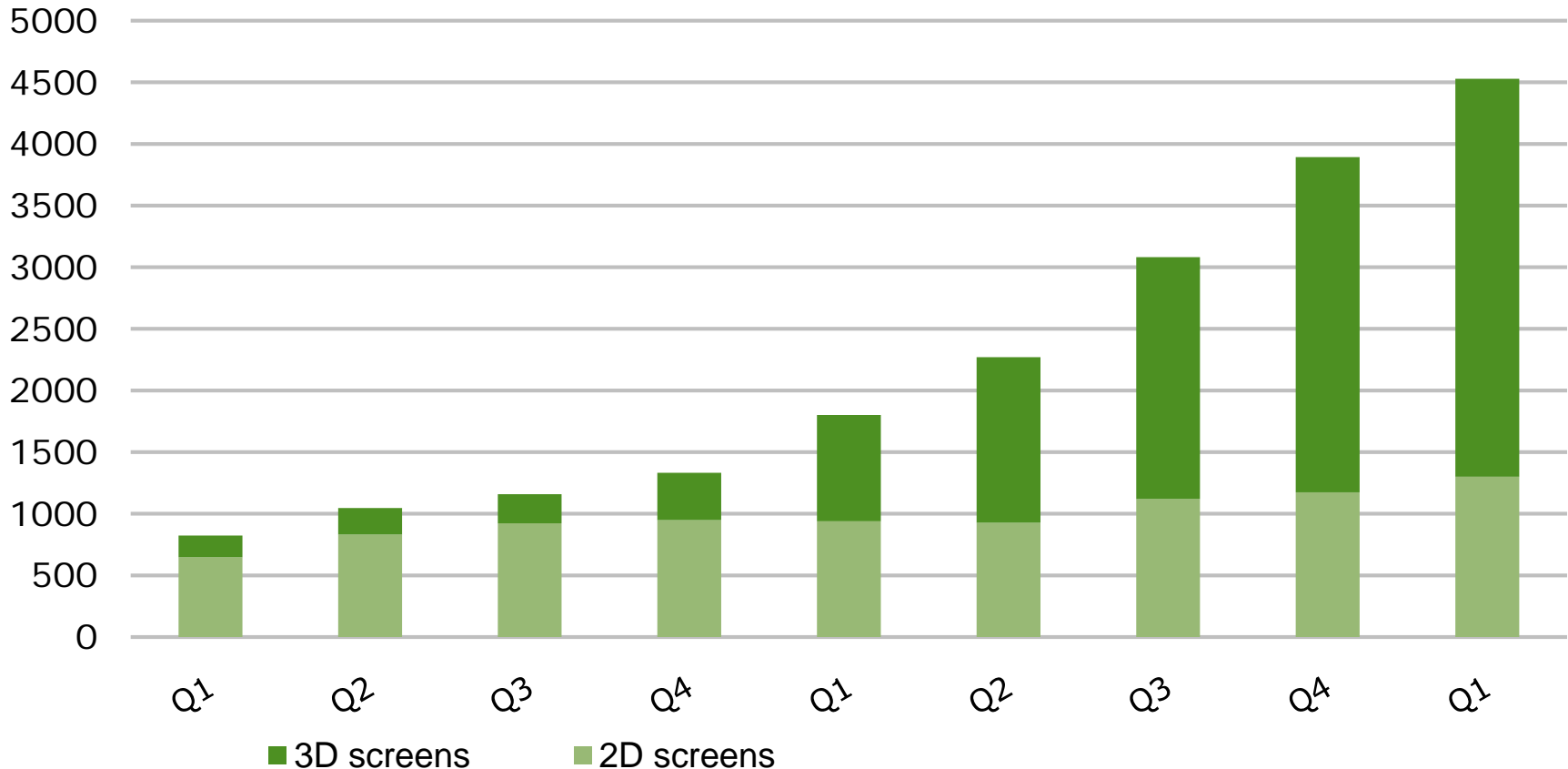
Digital/3D new installations



70% of West European digital screens are 3D

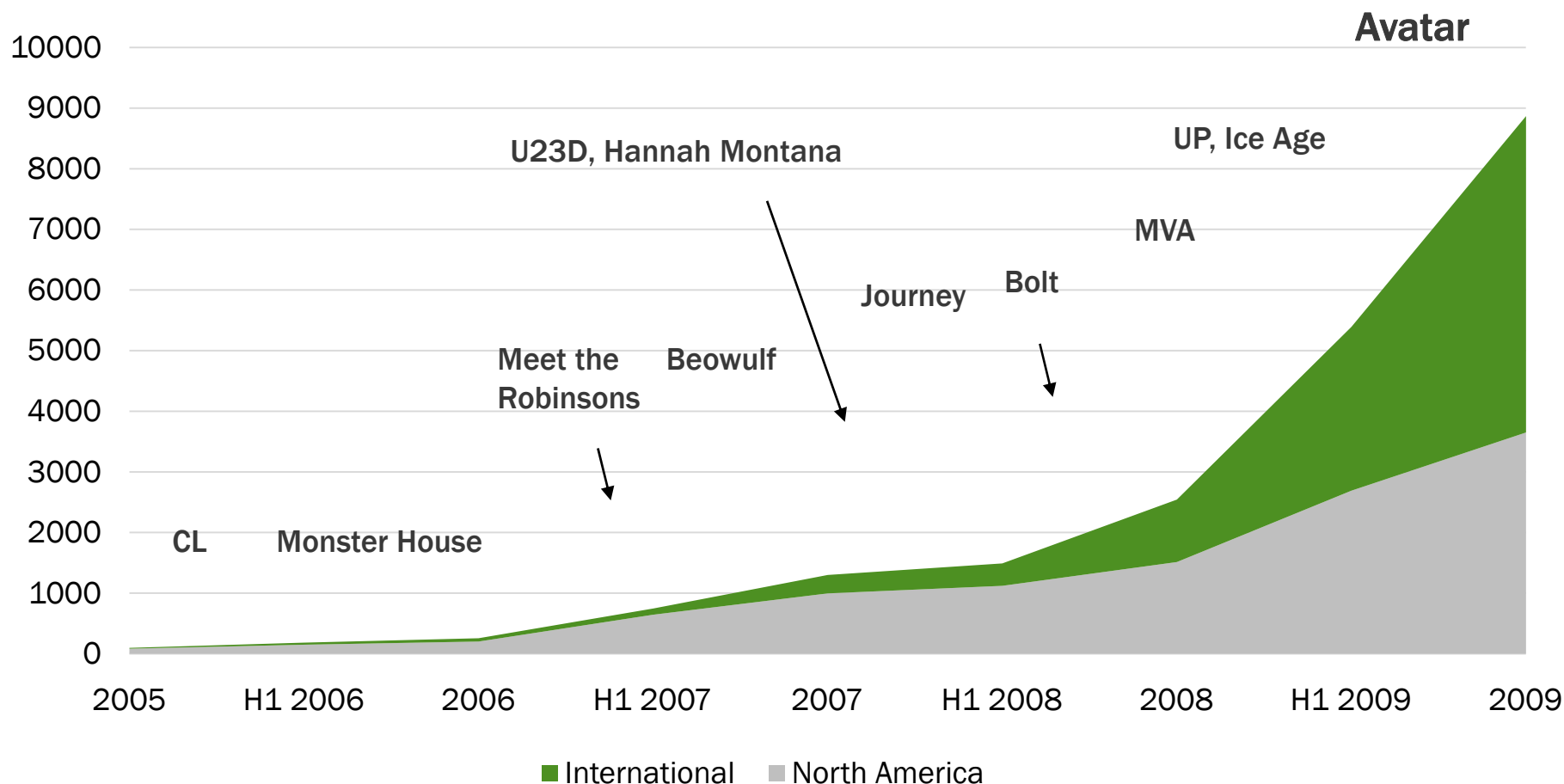
4,000+ digital 3D screens in Europe

2D and 3D digital screens in Western Europe



Digital 3D base more than tripled in 2009: turning point as International exhibitors outperform North American circuits

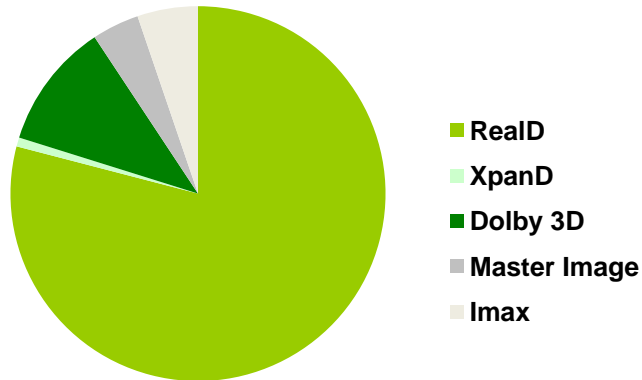
Rapid growth in digital 3D screens



International markets adopting variety of 3D formats

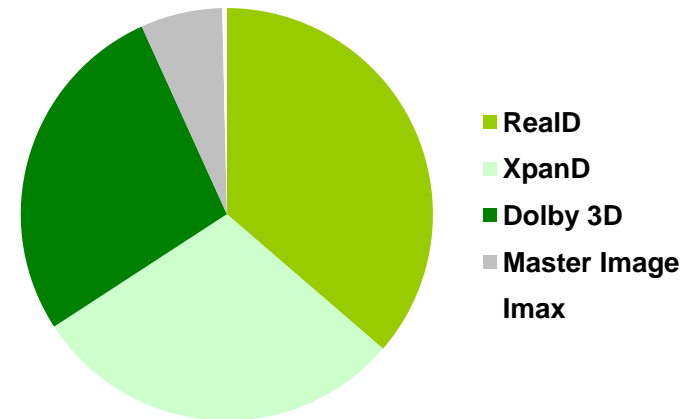
North America:

RealD is the dominant format



Europe:

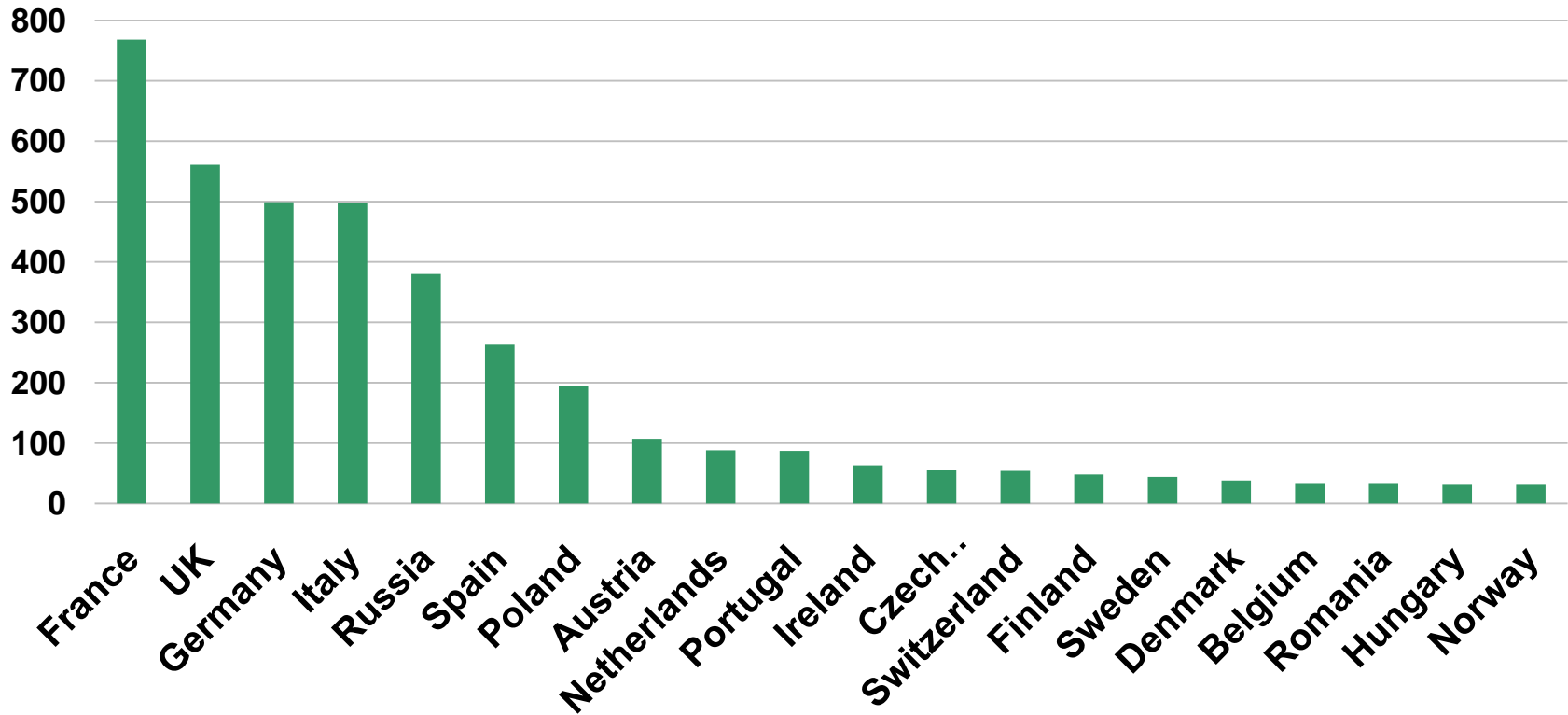
Variety of 3D formats co-exist



Source: Screen Digest 2009

France is leading territory for 3D screens: driven by competition between leading circuits

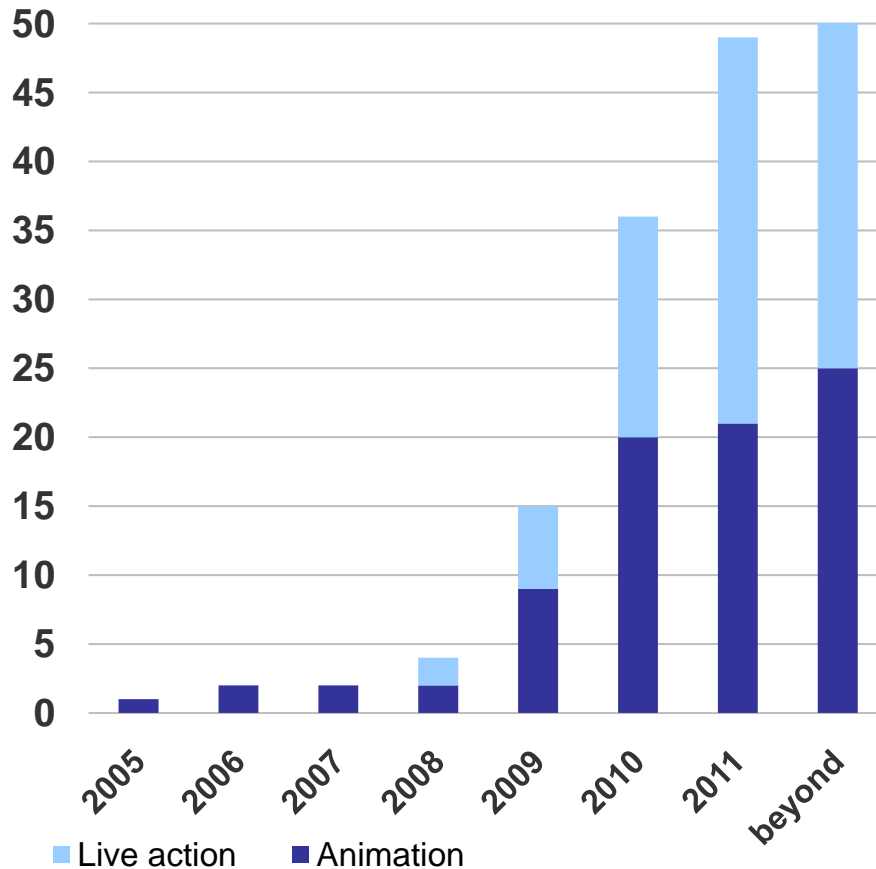
Top 20 European territories by digital 3D screens in Q1 2010



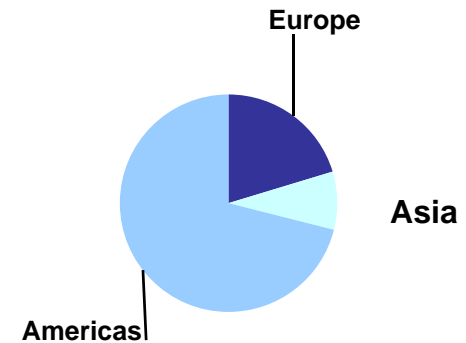
Studios turning key franchises over to 3D production

One third of 2010's titles are post-conversions

3D titles scheduled for release



Origin of 3D productions



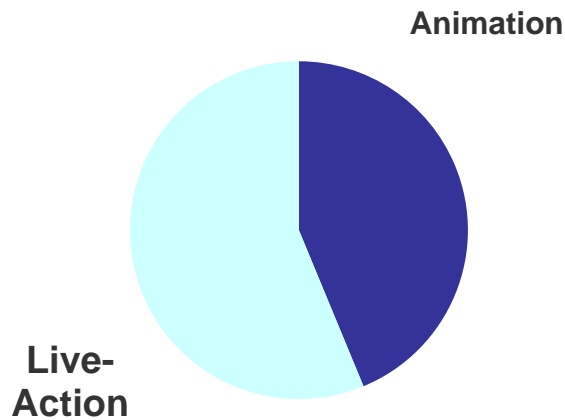
Animations driving Europe's 3D momentum

Animation firms in Europe looking to capitalise on 3D momentum

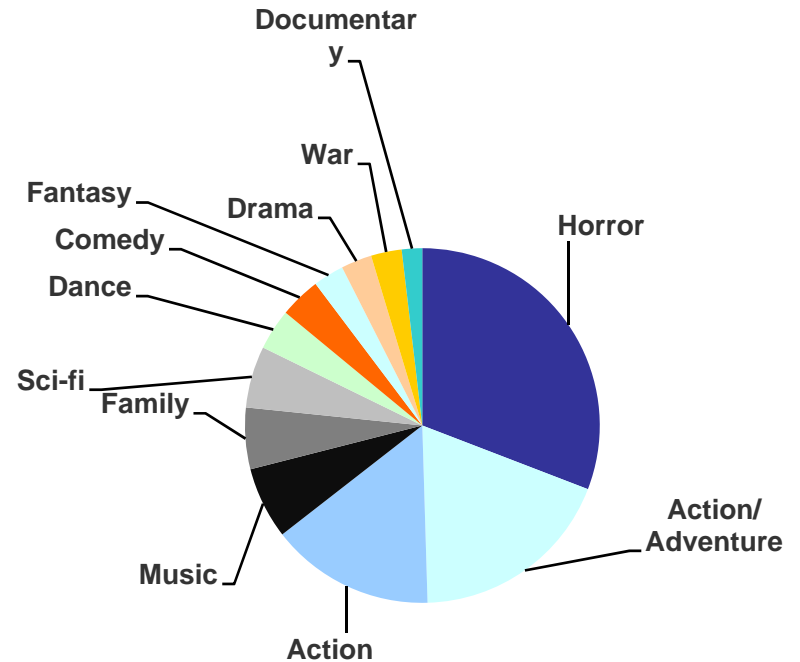
- NWave
- Maur
- Europa Corp
- Studio 37
- Nexus
- Filmkompaniet
- Constantin Film
- Medusa
- CNF Anima
- Alta Films
- Dygra Films
- Artefacto Productions

Live-action overtakes Animation as largest individual 3D production format

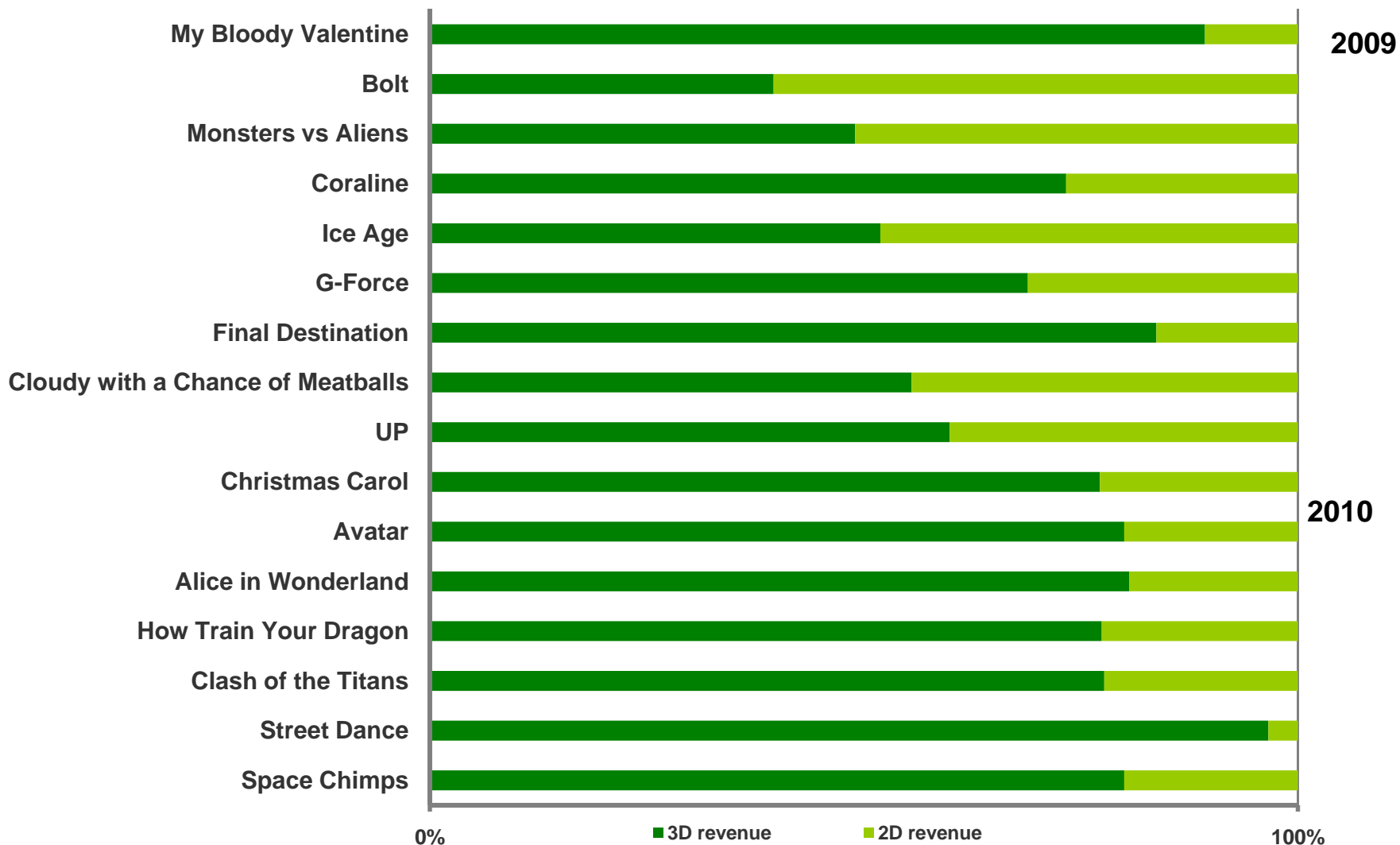
Split of total digital 3D titles by format



Breakdown of genres under Live Action



3D now a significant component of revenues of major feature films



Source: Screen Digest; UK box office

Challenges for European film industry

Production

- European producers have been slower to grasp 3D opportunities
- Increased Hollywood's dominance, piling pressure on film industry's
 - Total value of Europe's indigenous films dropped 14% in 2009
 - Collectively, European market share fell to 21.5% (25.5%)
- Increase average budgets in national film markets
- Acquire necessary skills and equipment for stereoscopy

Distribution

- 3D needs to be managed as a premium product
- Face marketing challenges – acquire and market 3D product
- Size of relevant platform (limited screens, scheduling)

Exhibition

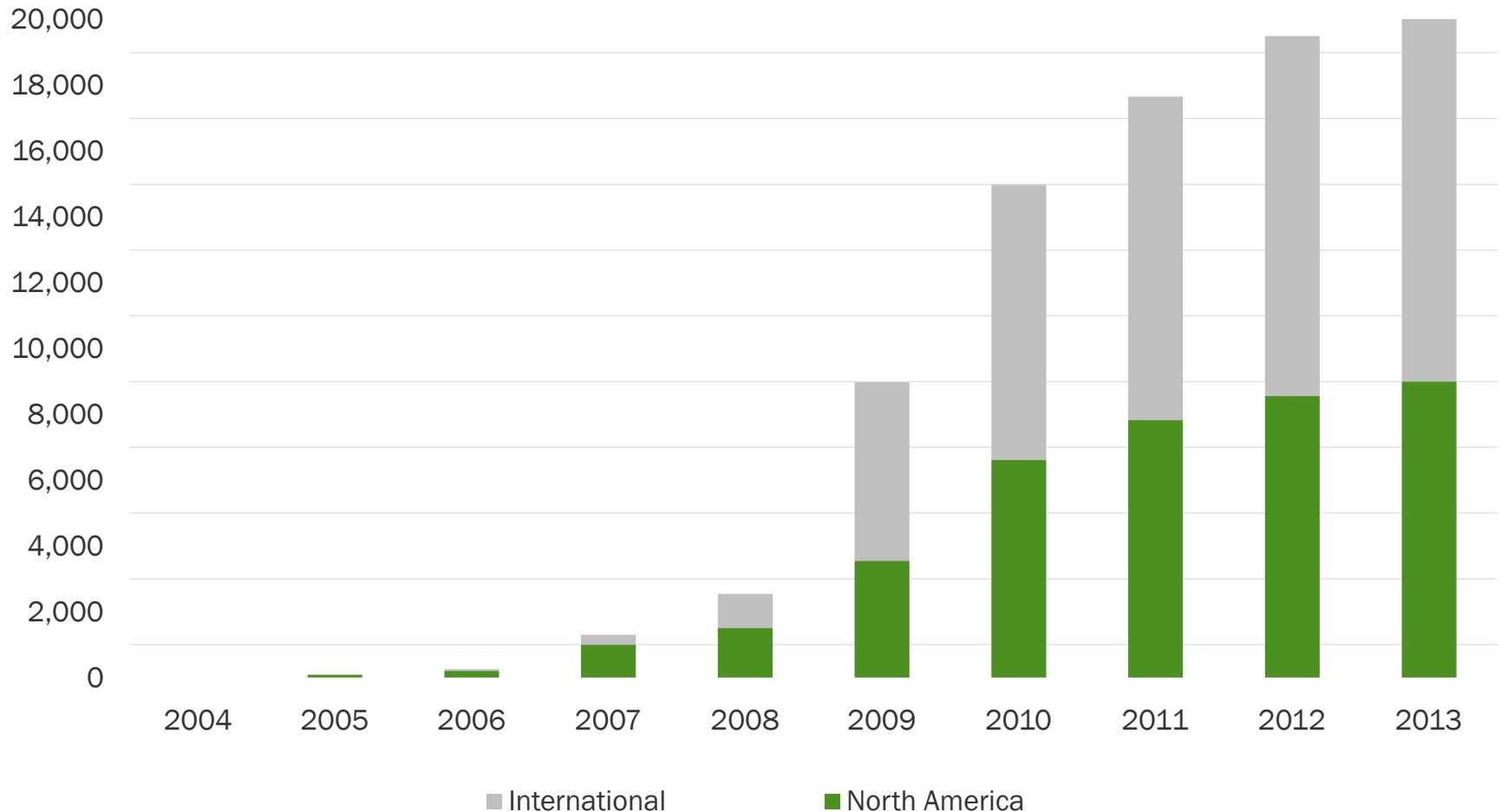
- Incremental investment required at each stage of product lifecycle

Opportunities for European 3D productions

- 3D increases potential for Internationalisation and co-production
- Decreases localisation trend, although this may impede variety
- Niche titles emerging in 3D (Wim Wenders), but need to find platform
- 3D film projects more likely to attract investment
- Access to funding schemes dedicated to 3D
 - CNC stereoscopic 3D fund
 - Paris regional fund
 - South Korea investing \$4m in 3D infrastructure
 - Singapore 3D film initiative
 - Street dance 3D (UKFC), Bait 3D (Screen Australia/Regional Funds)
- Specialist companies emerging throughout the value chain
 - Companies looking to gain expertise in stereoscopic 3D
 - StudioCanal, Constantin Film will release at least one 3D title per year

Globally, 21k digital 3D screens forecast worldwide, with major growth occurring in 2010 – 15k alone

Forecast digital 3D screens



Source: Screen Digest. Includes updated forecasts April 2010

In summary...

- 3D has set a new benchmark for the future of animated films
- 3D is more expensive, which is ok for studios but not necessarily many local producers
- However, funding could help plug the gap
- Animations are driving 3D momentum in Europe
- Increasing drive towards alternative and cultural content in 3D, particularly live events
- Stakeholders need to understand how to manage 3D films throughout the value chain
- Cinemas have set a precedent for price premium, will drive interest in recreating throughout value chain

Thank you

Charlotte.Jones@screen Digest.com