

INDEPENDENT DISTRIBUTION TODAY

**Session I - 14.00 to 17.30
Susan Newman-Baudais**

Introduction

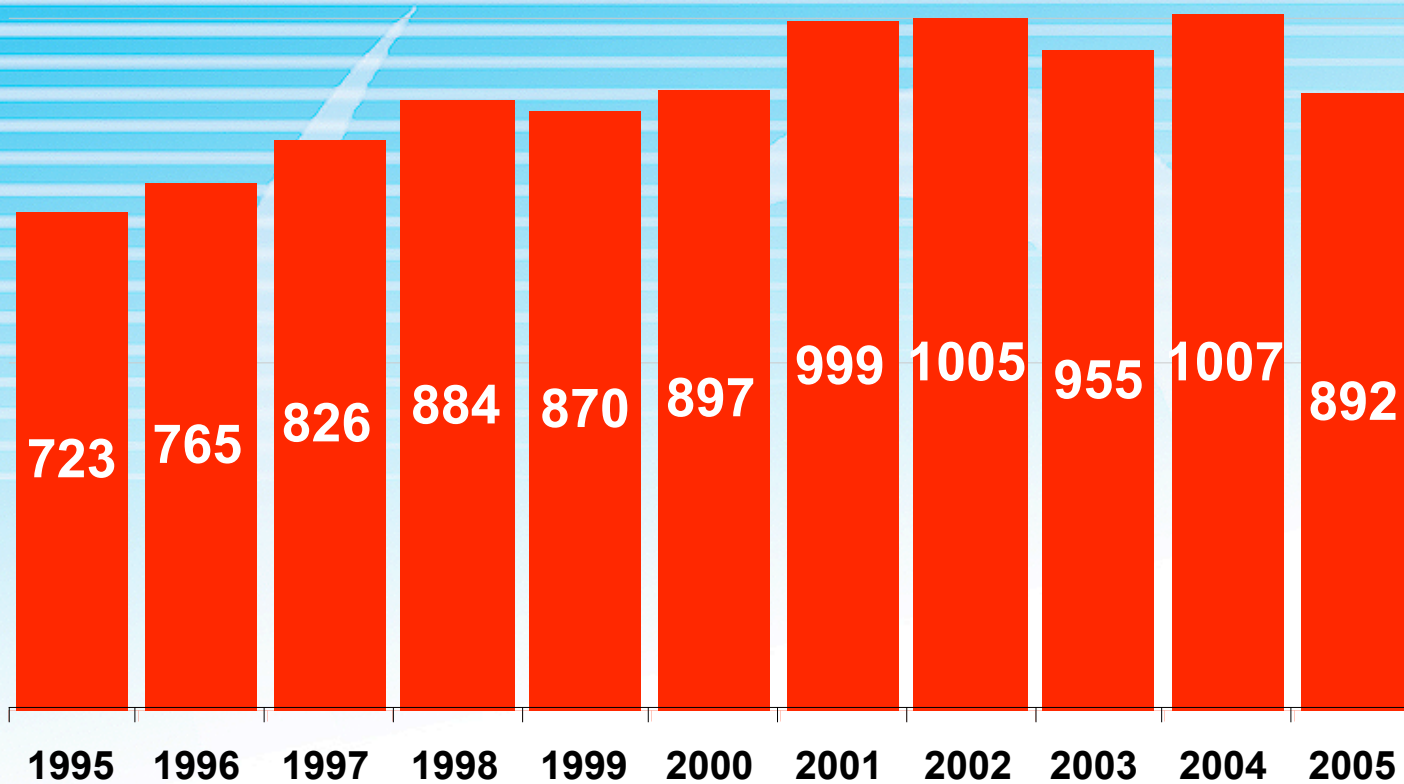
- **Background information on the current European market context**
- **Overview of the distribution sector in Europe**

KEY DATA 2005

- **European Union cinema attendance down 11% on preceding year**
- **At 25%, market share of European films stable in relation to 2004**
- **More feature films were produced in 2005 than in 2004**

CINEMA ATTENDANCE IN THE EUROPEAN UNION (1995 to 2005 - in millions)

Source: European Audiovisual Observatory

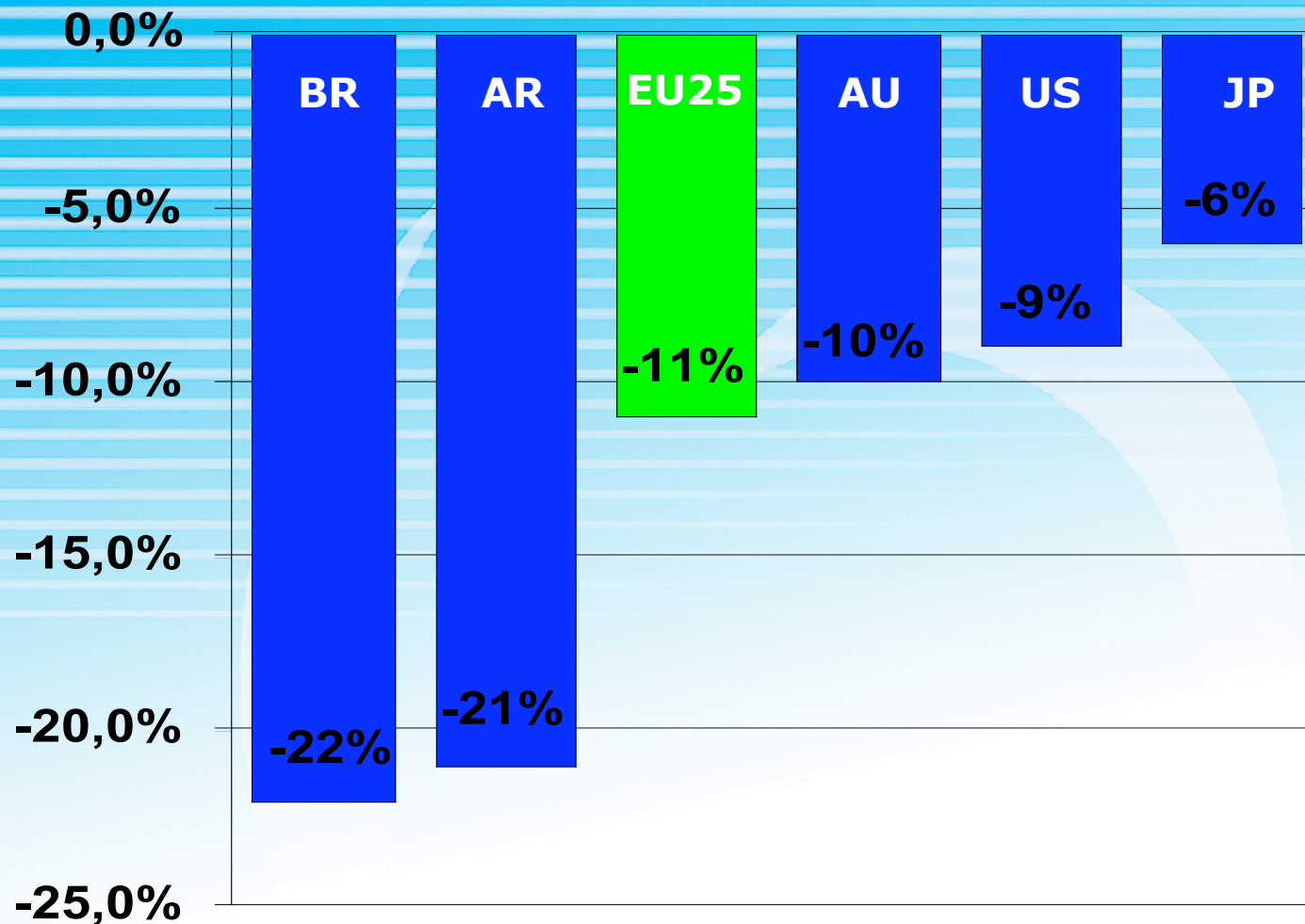


EVOLUTION OF ADMISSIONS IN WORLD MARKETS

2004 - 2005

(percentage change)

Source: European Audiovisual Observatory

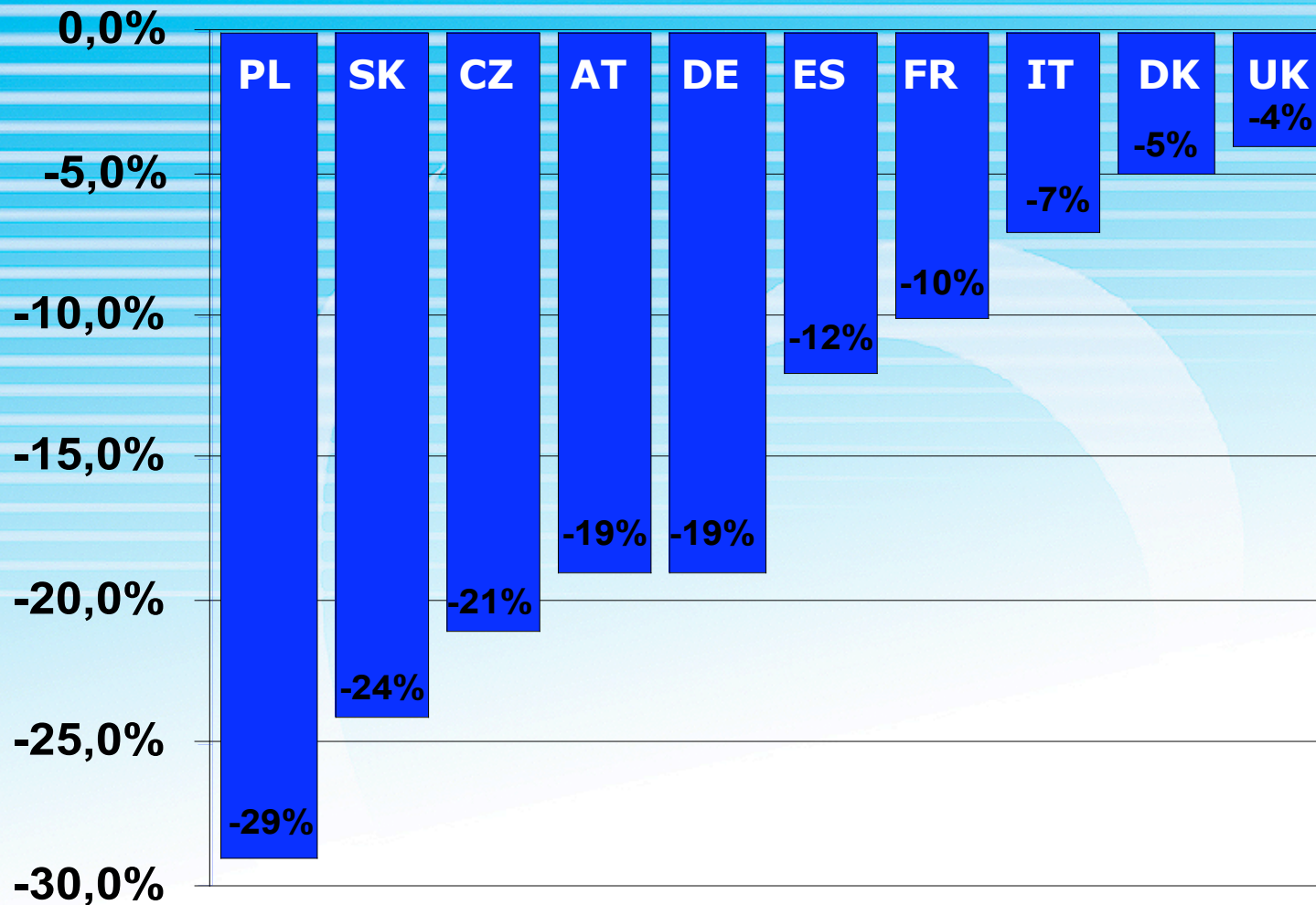


EVOLUTION OF ADMISSIONS IN EUROPEAN MARKETS

2004 - 2005

(percentage change)

Source: European Audiovisual Observatory

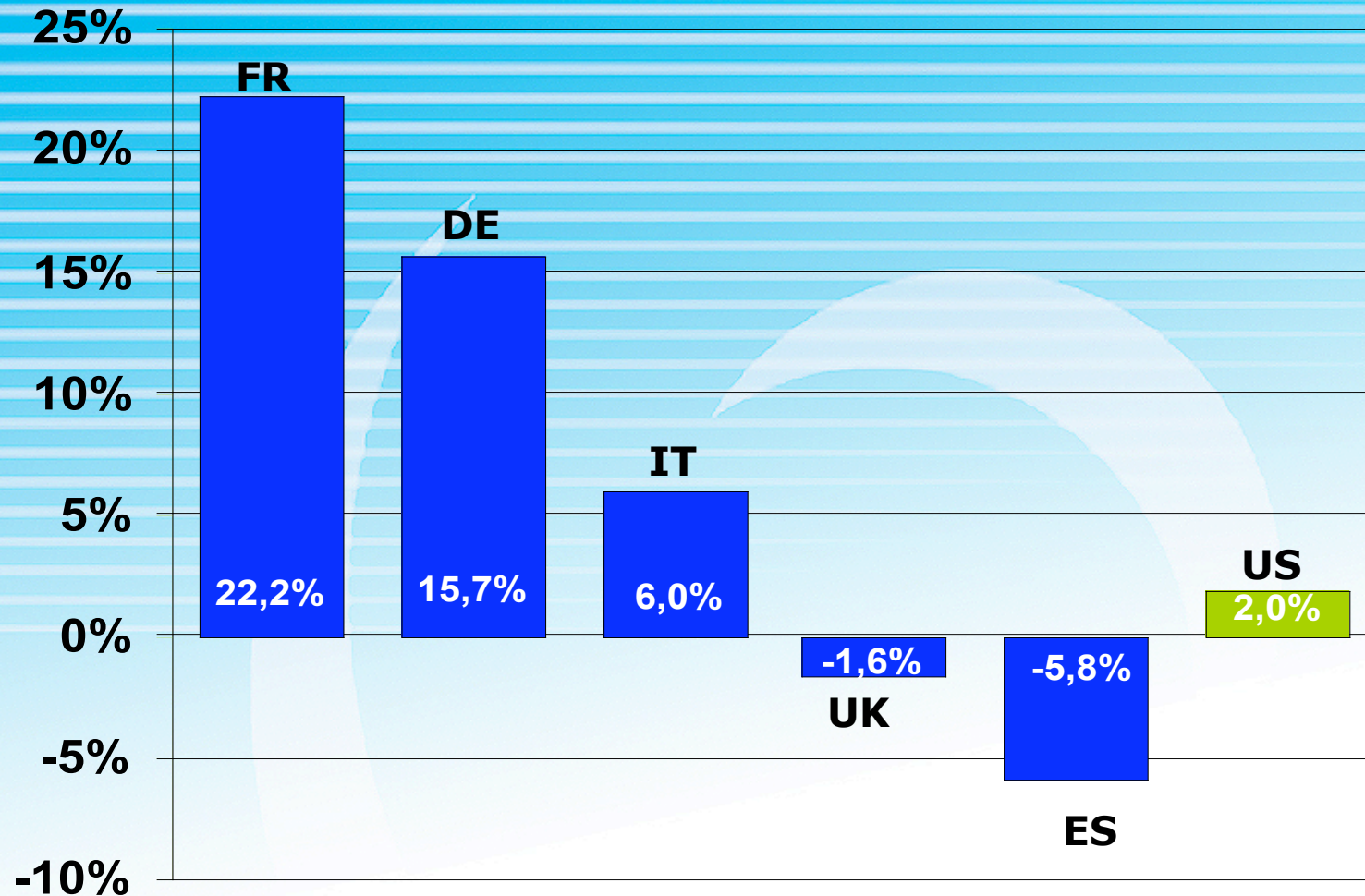


EVOLUTION OF ADMISSIONS IN MAJOR MARKETS

January to March/April/May 2005 - 2006

(percentage change)

Source: EFARN/ European Audiovisual Observatory

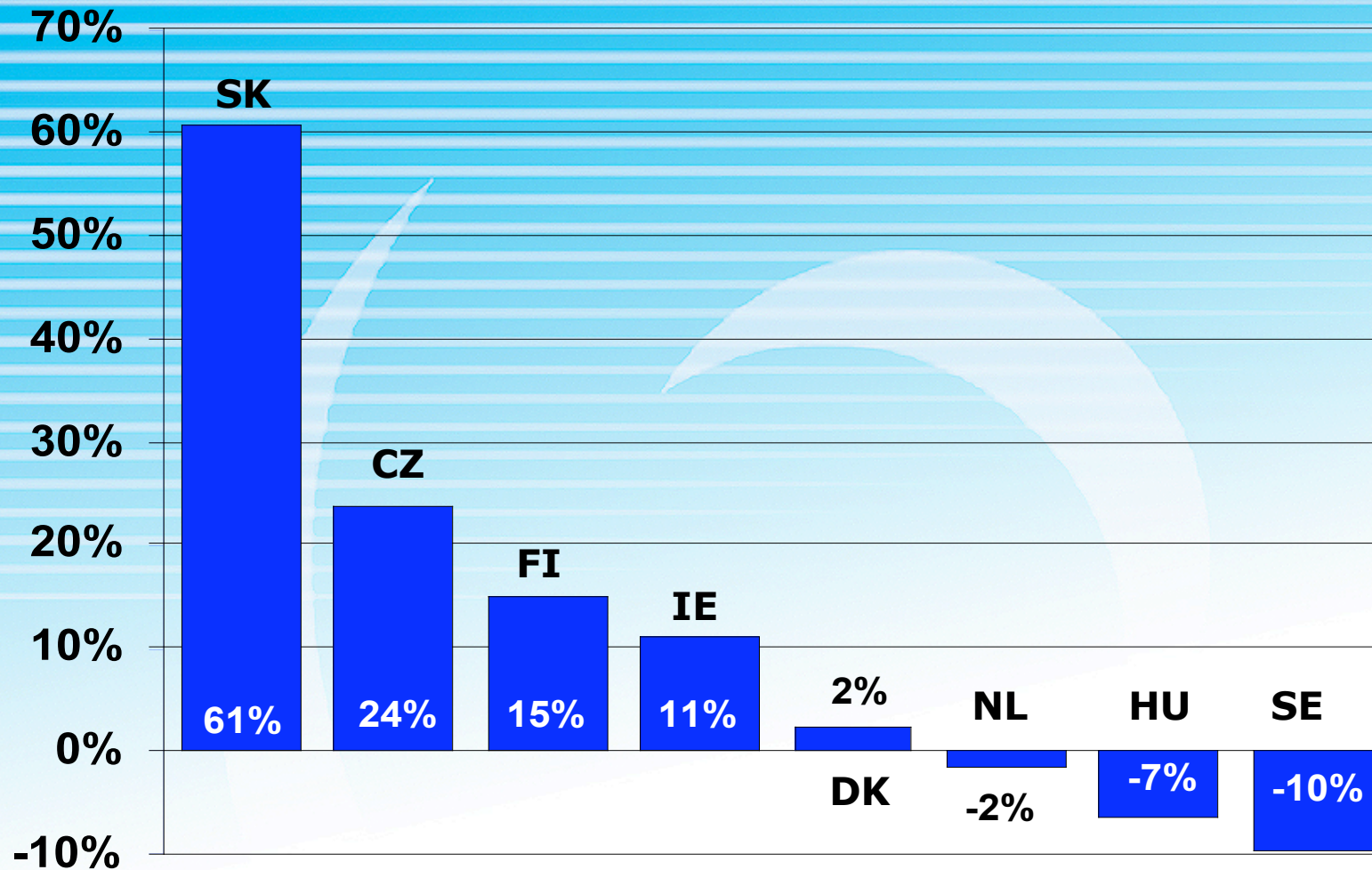


EVOLUTION OF ADMISSIONS IN SMALLER EUROPEAN MARKETS

January to March/April 2005 - 2006

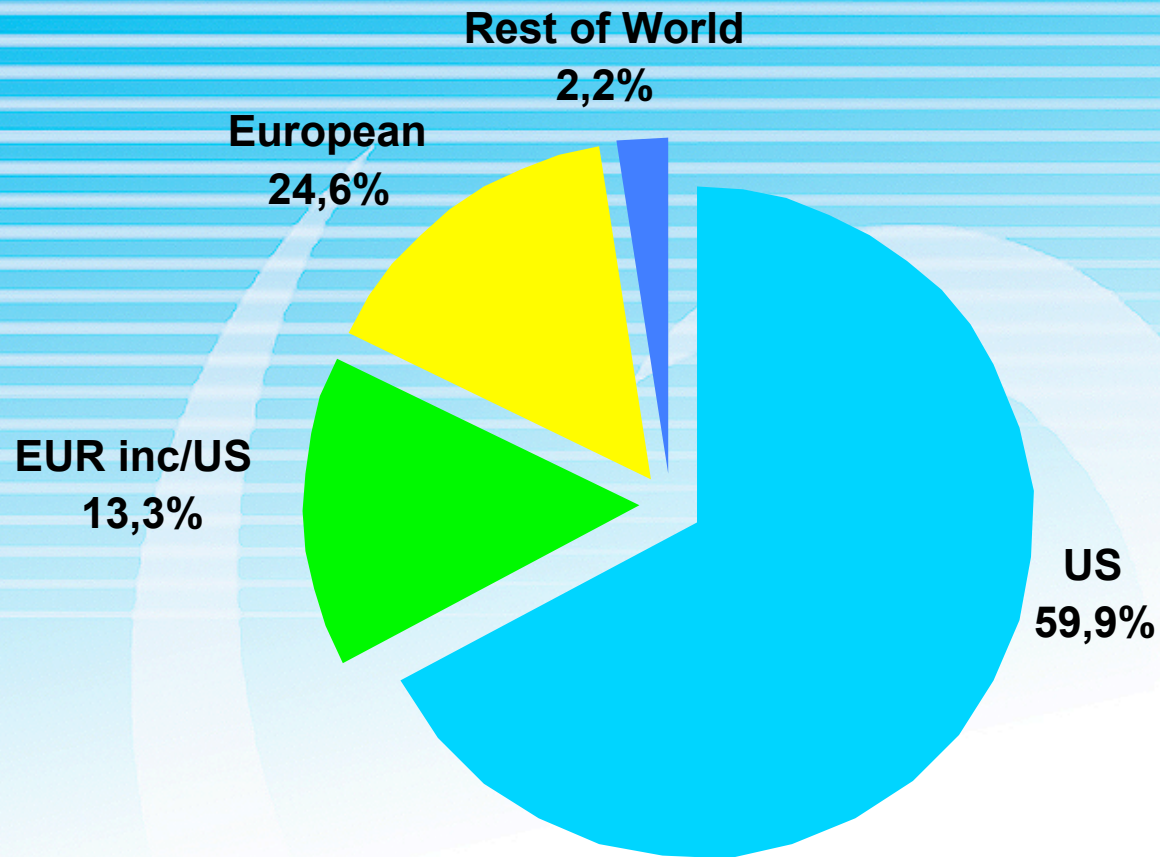
(percentage change)

Source: EFARN / European Audiovisual Observatory



BREAKDOWN BY ORIGIN OF FILM ADMISSIONS IN THE EUROPEAN UNION (EU 25 – 2005 prov.)

Source: European Audiovisual Observatory / LUMIERE database



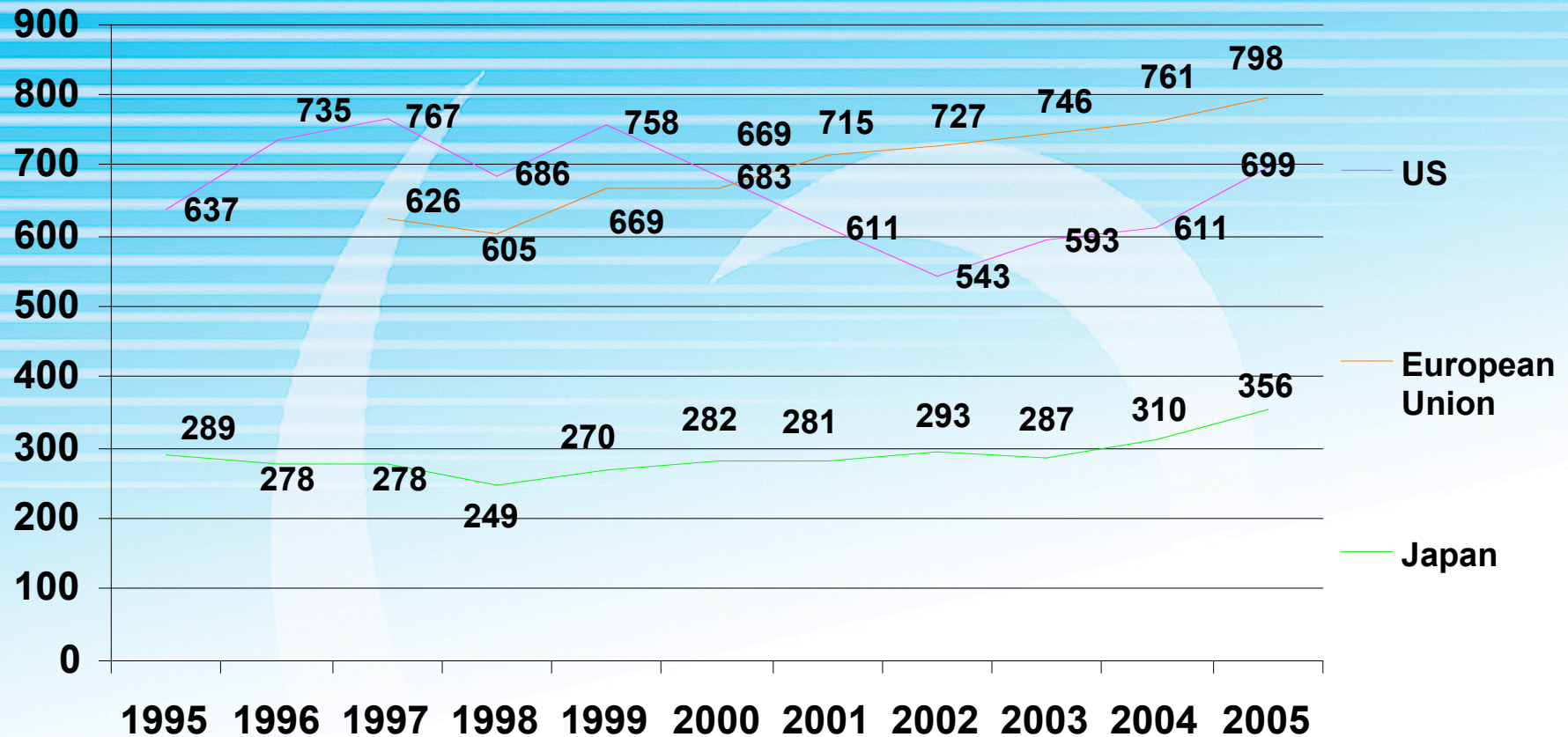
EU FEATURE FILM PRODUCTION

- **EU production total 2005 reached 798**
 - **+ 37 films in relation to 2004**
 - **+ 172 films in relation to 1997**
- **Record levels of production in:**
 - **Denmark: 41 films (+17)**
 - **France: 240 films (+37)**
 - **Germany: 146 films (+25)**
 - **Spain: 142 films (+ 9)**
- **Almost all other countries either stable or rising with the exception of Italy**

FEATURE FILM PRODUCTION IN EUROPE, THE US AND JAPAN (1995 – 2005)

Source: European Audiovisual Observatory

In millions



THEATRICAL DISTRIBUTORS IN EUROPE

- **In 2004 / 2005**

 - **644** companies active in EU 25

 - **814** companies active in wider Europe

 - European Audiovisual Observatory

- **Between 2001 and 2004**

 - **-5%** number of active distributors

 - **10% drop** in EU 15 distributors

 - **31% increase** in EU 10 distributors

 - Screen Digest

MARKET CONCENTRATION

Top 10 Distributors (2004 or 2005 as available)

Source: European Audiovisual Observatory

	Total number of active distributors	Total number of new releases	Market share Top 10 distributors	Market share others	Share of films released by top 10	Share of films released by others
France	108	550	79%	21%	39%	61%
Germany	75	447	92%	8%	45%	55%
Italy	44	392	92%	8%	56%	44%
Spain	80	569	90%	10%	35%	65%
UK	61	461	97%	3%	41%	59%

MARKET CONCENTRATION

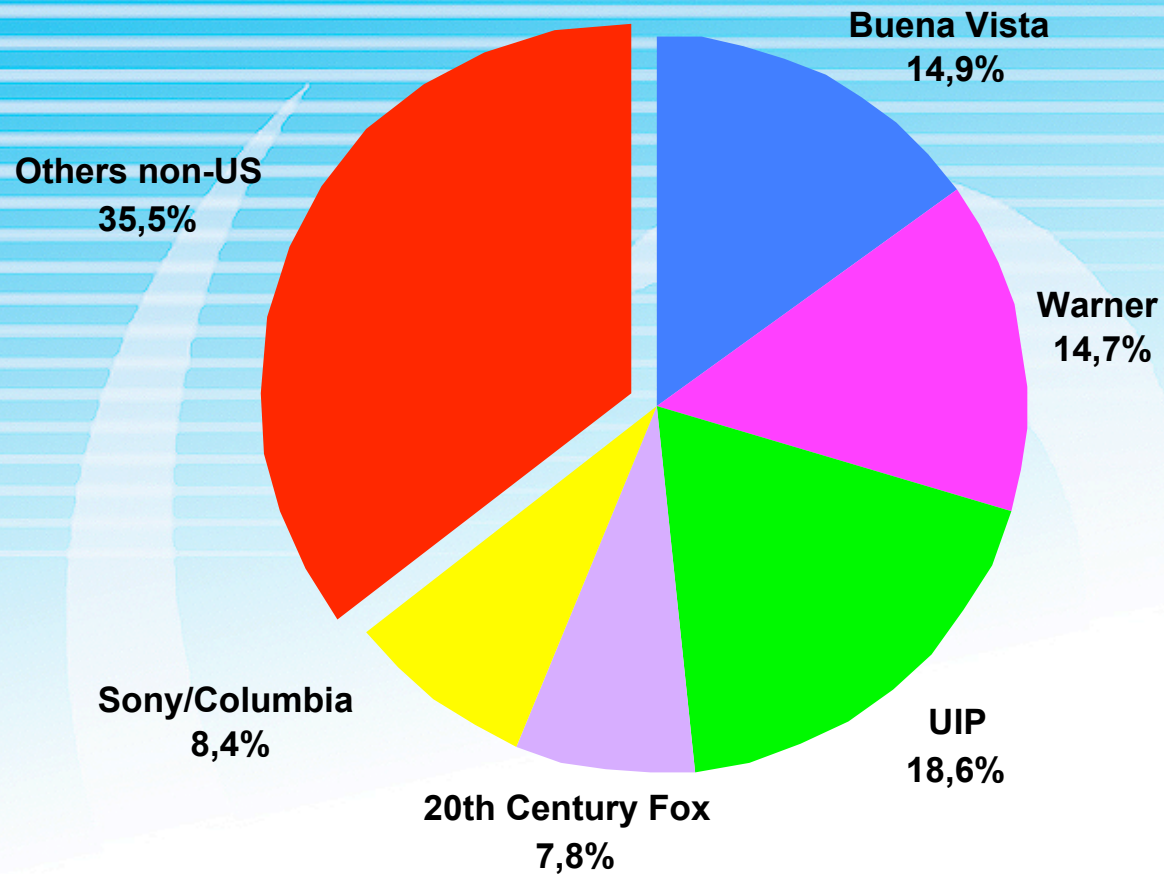
Top 5 Distributors (2004 or 2005 as available)

Source: European Audiovisual Observatory

	Total number of active distributors	Total number of new releases	Market share Top 5 distributors	Market share others	Share of films released by top 5	Share of films released by others
Czech Republic	18	193	91%	9%	68%	32%
Denmark	22	233	97%	3%	65%	35%
Estonia	11	148	99%	1%	86%	14%
Slovakia	12	174	93%	7%	72%	28%
Sweden	25	279	74%	26%	e 43%	e 57%

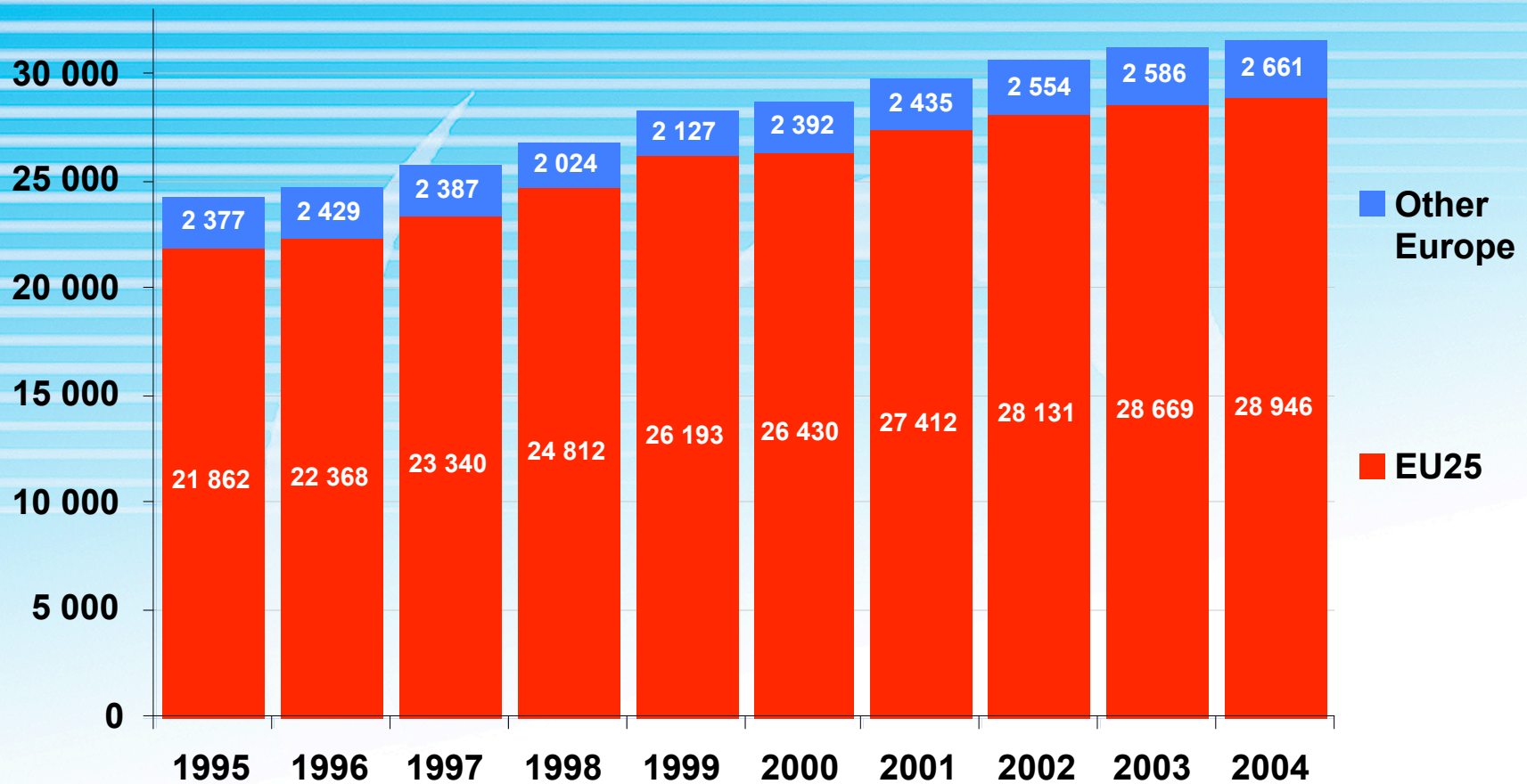
DISTRIBUTOR MARKET SHARES IN MAJOR EU MARKETS (2004)

European Audiovisual Observatory estimates



SCREENS NUMBERS IN EUROPE (1995 to 2004 - in millions)

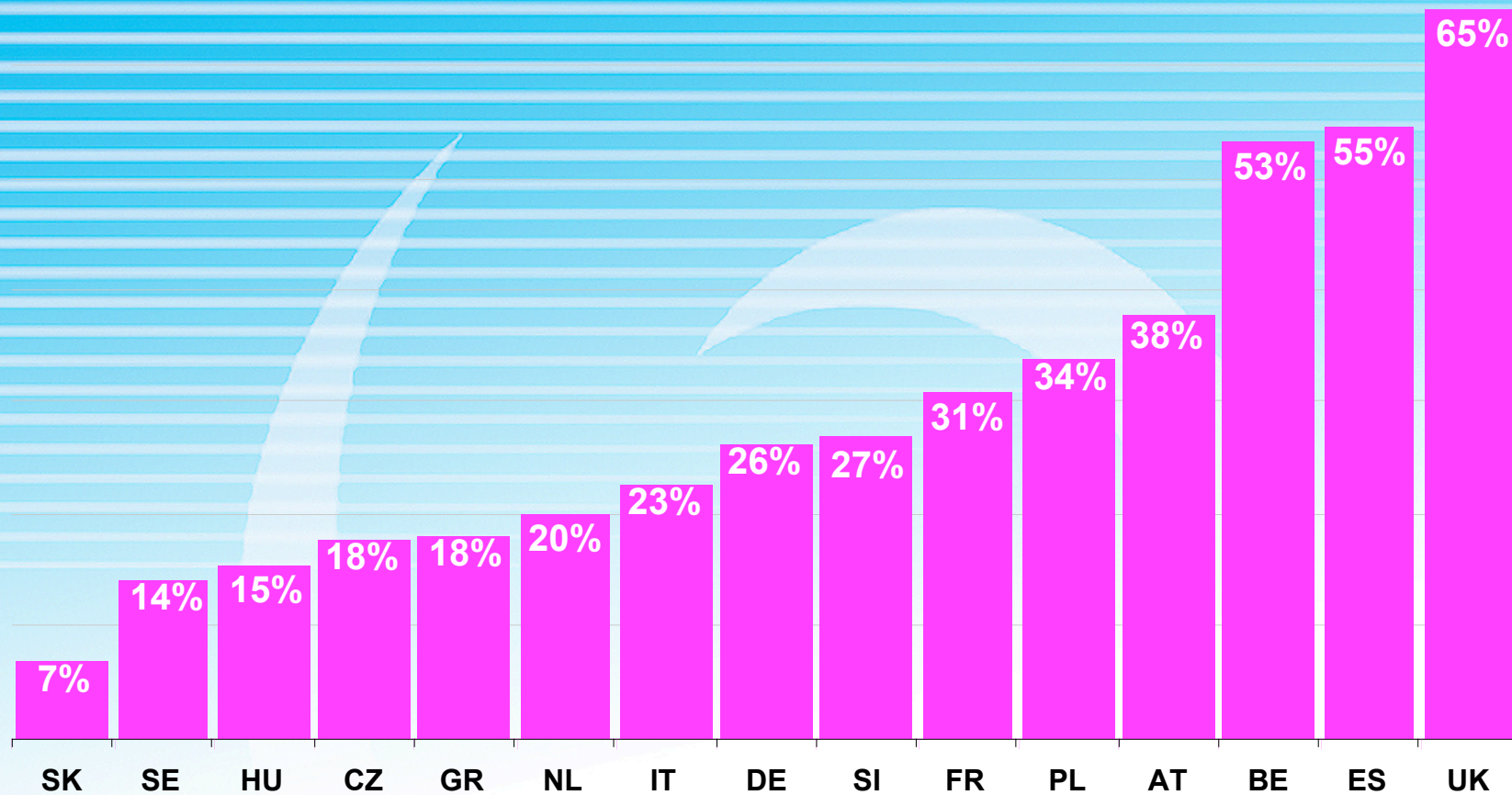
Source: European Audiovisual Observatory



DENSITY OF SCREENS IN MULTIPLEXES

2004

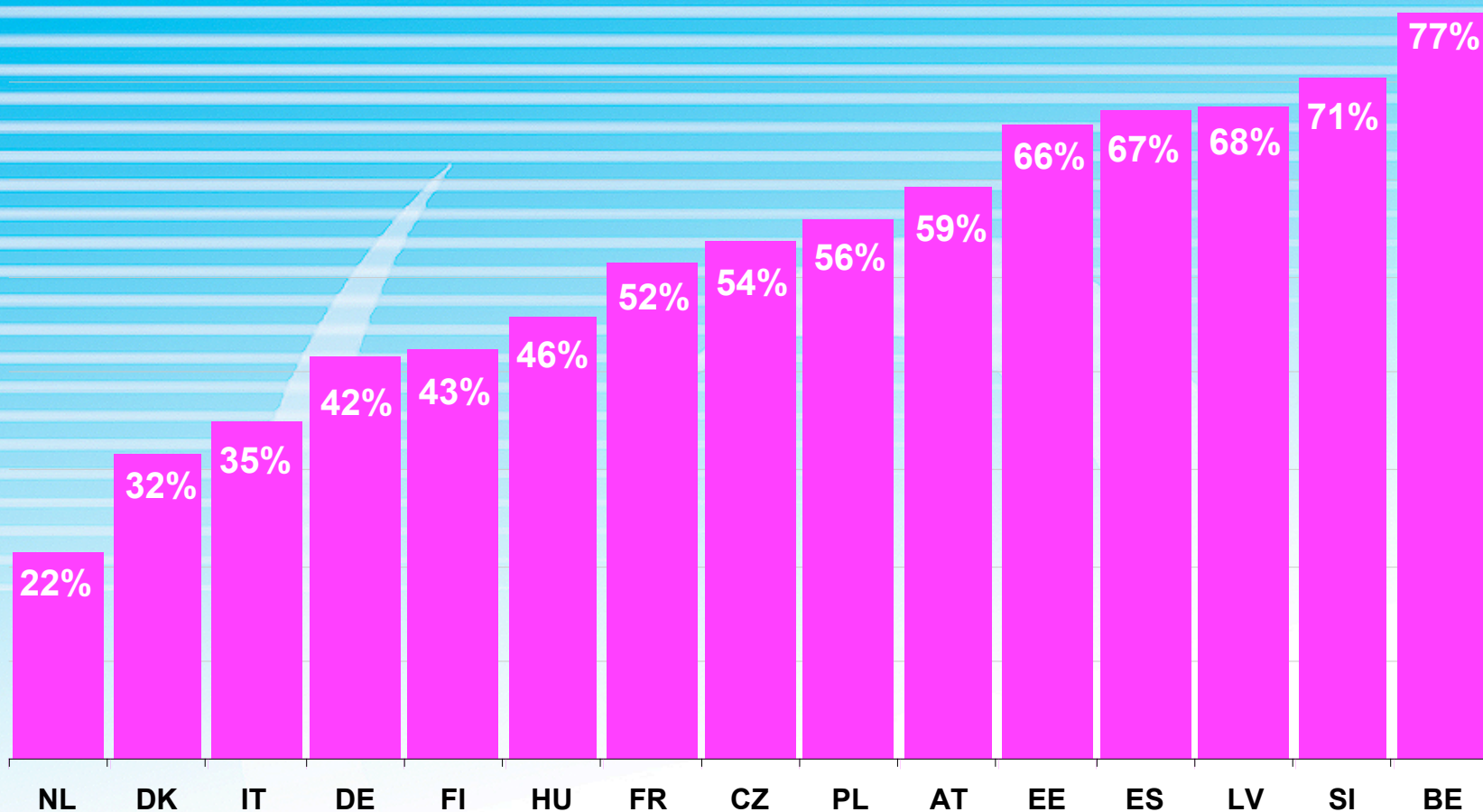
Source: MEDIA Salles



DENSITY OF ADMISSIONS IN MULTIPLEXES

2004

Source: MEDIA Salles



LEADING EUROPEAN UNION DISTRIBUTORS

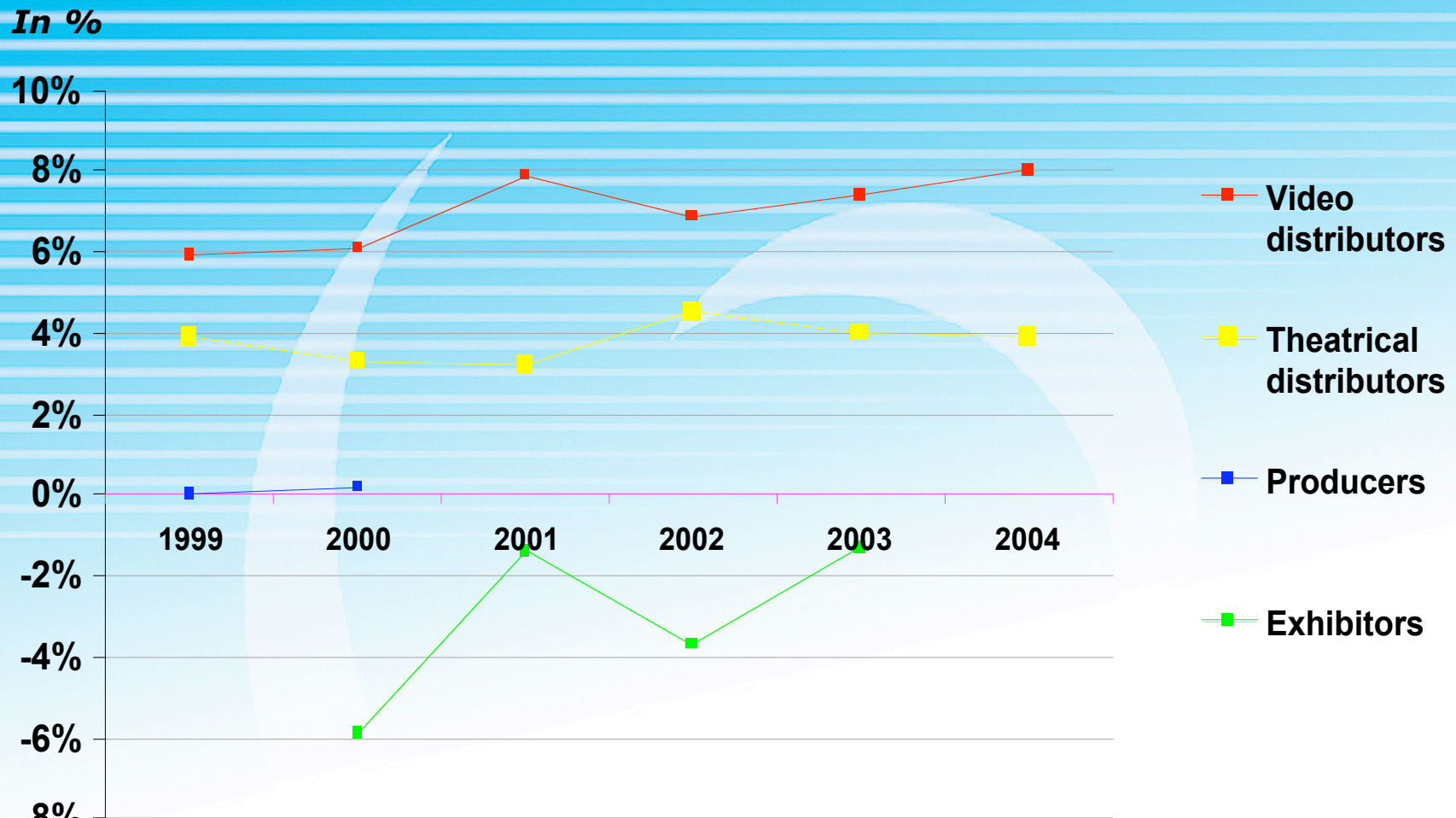
By operating revenue in million EUR

Source: European Audiovisual Observatory – Amadeus database

	Parent/ majority shareholder	2001	2002	2003	2004	2004/ 2003
Pathé Distribution (France)	Pathé	50	121	87	261	+201%
Medusa Film (Italy)	Mediaset	203	263	154	228	+48%
Metropolitan (France)	Independent	151	145	182	190	+5%
Entertainment (UK)	Independent	128	182	188	181	-4%
Eagle Pictures (Italy)	Independent	63	78	87	98	+13%
Soc Gen de Derechos Audiovisuales (Spain)	Filmax	63	77	72	81	-13%
Fandango (Italie)	Independent	8	e 15	31	59	-92%
SND (France)	M6 Télévision	12	15	59	56	-6%
Manga Films (Spain)	Independent	37	45	52	e 52	-
Bac Distrib./Films (France)	Millimages	41	42	73	51	-30%

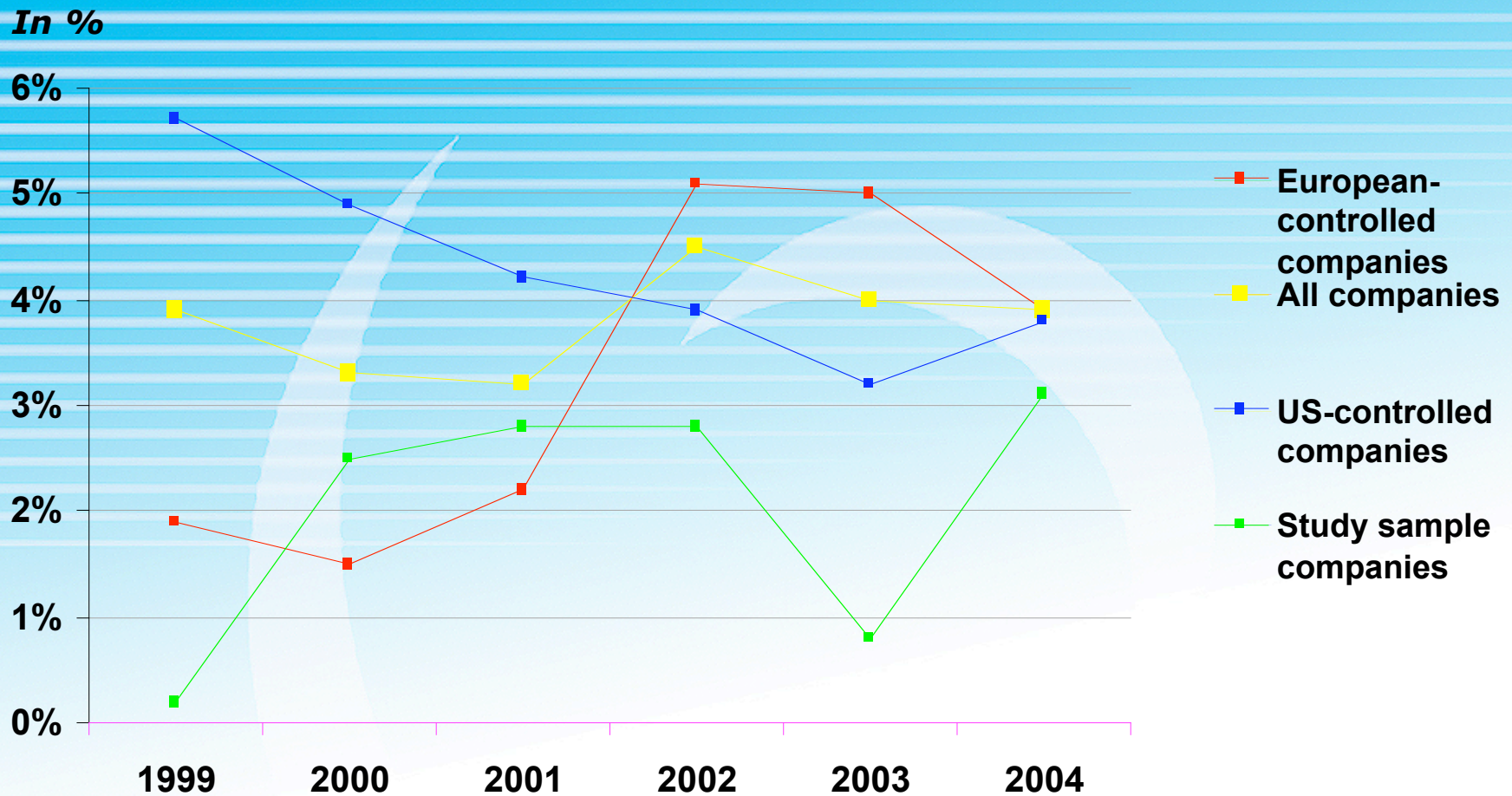
PROFIT MARGINS OF DIFFERENT BRANCHES OF THE EUROPEAN UNION FILM INDUSTRY (1999 – 2004)

Source: European Audiovisual Observatory




PROFIT MARGINS OF EUROPEAN UNION DISTRIBUTION COMPANIES (1999 – 2004)

Source: European Audiovisual Observatory



RECENT DEVELOPMENTS

- **Acquisition activity** **Optimum/StudioCanal, Redbus/Lionsgate, Scanbox/Sighvatsson**
- **Pan-European initiatives**
Wild Bunch
- **Cross-border initiatives**
Indie Circle, EEAP
- **Spanish competition court decision**
5 multinational distributors condemned
- **Emergence of VoD**
42 services in Europe at end 2005
- **Implementation of digital cinema**

The background features a series of horizontal, wavy lines in various shades of blue, creating a sense of movement and depth. A faint, semi-transparent globe is visible in the center, partially obscured by the text.

INDEPENDENT DISTRIBUTION TODAY

Brussels, 22nd & 23rd June 2006



1st Meeting of Experts on Independent Distribution in Europe

Brussels, 22nd & 23rd June 2006

INDEPENDENT DISTRIBUTION TODAY

- ***Fabien Arseguel*** ***Alamode Film, Germany***
- ***Emilia Bandel*** ***Mikado, Italy***
- ***Edward Fletcher*** ***Soda Pictures, UK***
- ***Age Hoffart*** ***Oro Film, Norway***
- ***Marcin Piasecki*** ***Kinoswiat, Poland***
- ***Carole Scotta*** ***Haut et Court, France***
- ***Peggy Carajopoulou-Vavali*** ***PCV, Greece***
- ***Monika Weibel*** ***Frenetic, Switzerland***

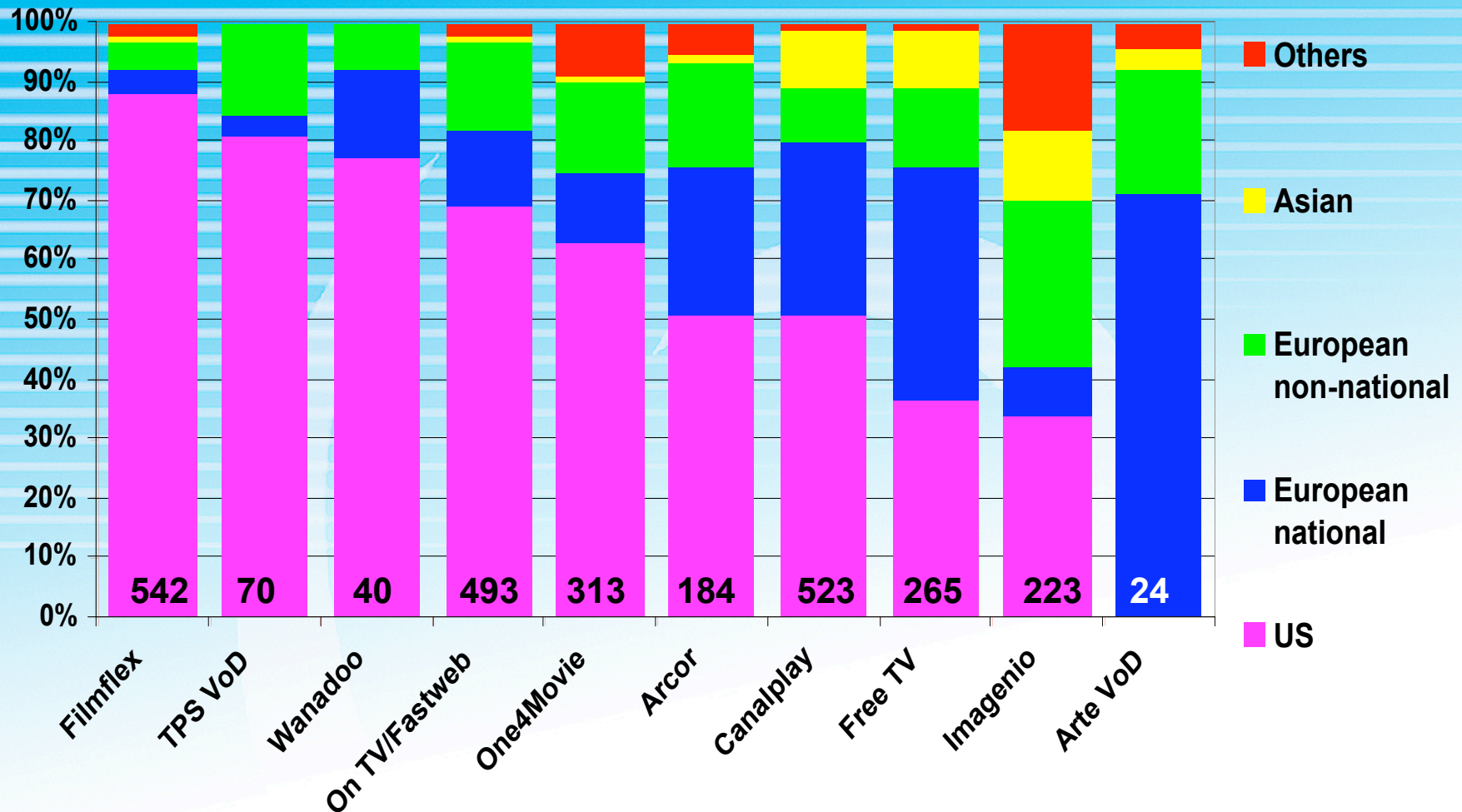
THE EMERGENCE OF VoD

- **VoD launched in Europe in 2002
(Arcor in Germany, VoD services of
Fastweb in Italy)**
- **Development of VoD facilitated by the
growth of broadband**
- **46 VoD services (film, documentaries,
music videos and TV programmes)
active in Europe in December 2005**

BREAKDOWN BY ORIGIN OF CONTENT OF EUROPEAN VoD SERVICES

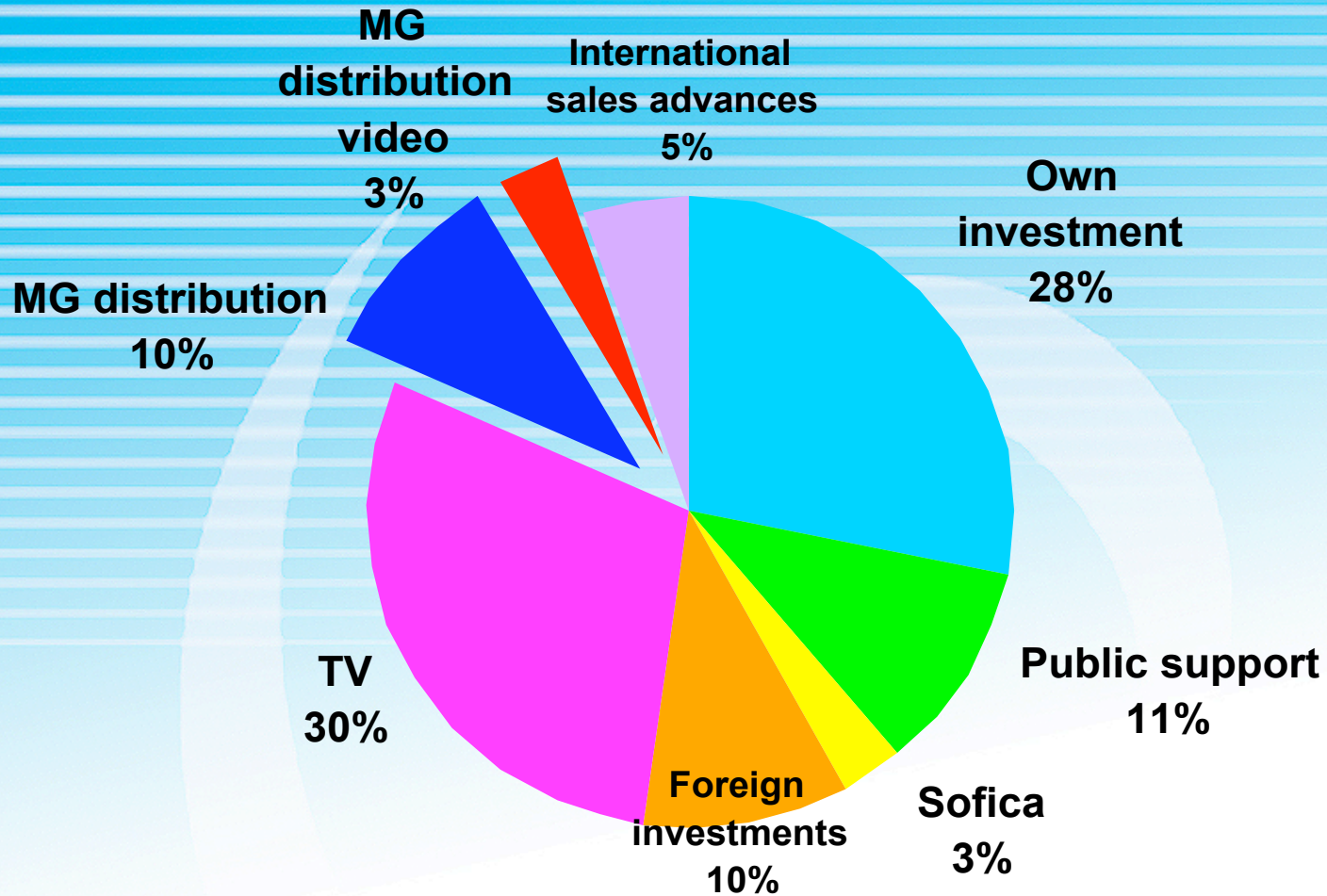
Early 2006

Source: NPA Conseil/CNC



DIRECT FINANCING OF FRENCH FILMS (2005)

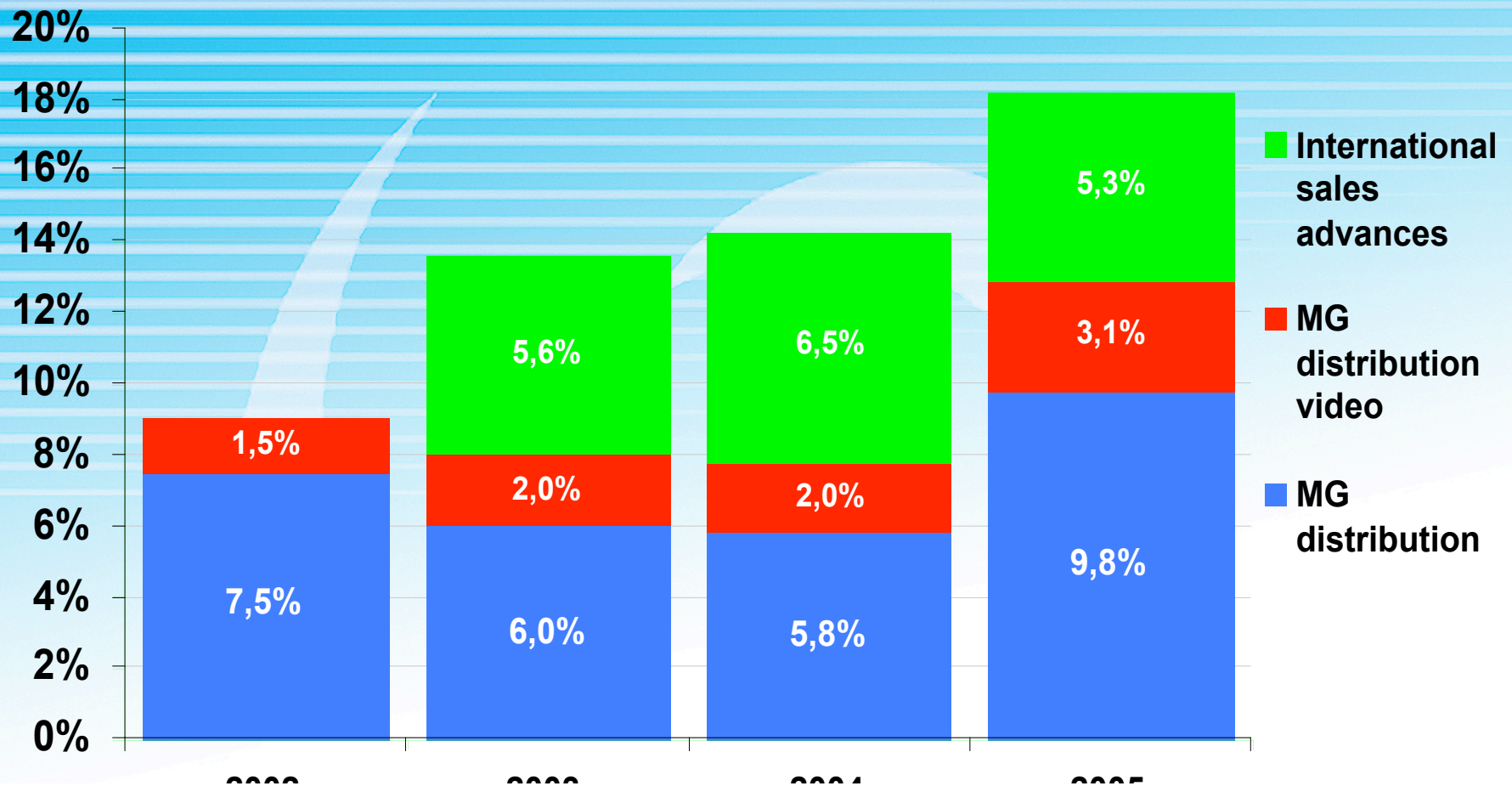
Source: CNC



DISTRIBUTORS' DIRECT CONTRIBUTION TO FILM FINANCING IN FRANCE (2002 - 2005)

Source: CNC

As a % of total investment



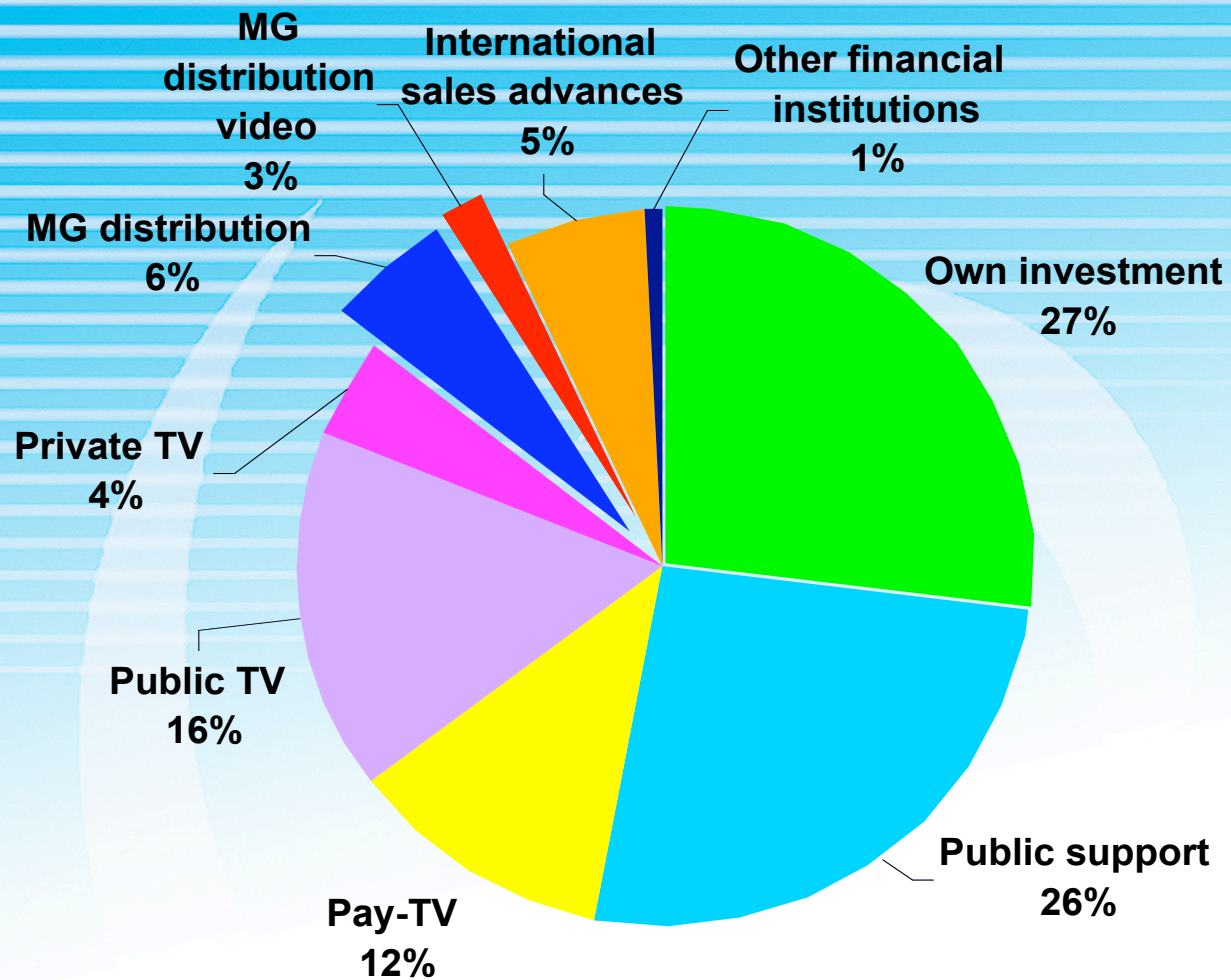
DISTRIBUTORS' DIRECT CONTRIBUTION TO THE FINANCING OF FRENCH FILMS 2003-2005

Source: European Audiovisual Observatory

	Amount 2003 (EUR M)	Amount 2004 (EUR M)	Amount 2005 (EUR M)	% change 2005/2004
Theatrical MGs	51,2	53,5	91,1	+ 70,2%
Video MGs	17,2	18,2	29,1	+ 59,7%
Advances on international sales	<i>n.c.</i>	58,2	49,9	- 14,4%
Total investment in production	847,0	892,4	933,7	+ 4,6%

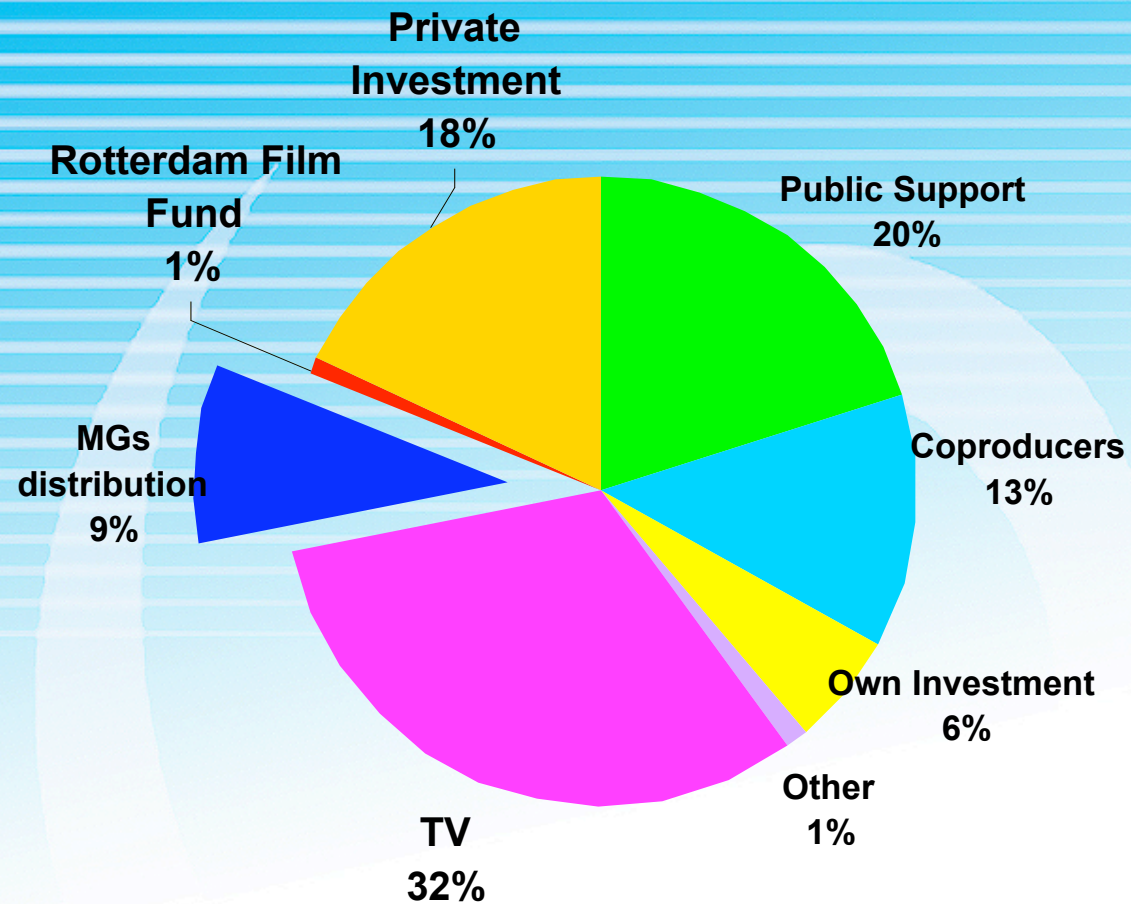
DIRECT FINANCING OF SPANISH FILMS (2003)

Source: ICAA



DIRECT FINANCING OF DUTCH FILMS (2004)

Source: Dutch Film Fund



OPERATORS OF FILM VoD SERVICES

- **Telecom operators:** T-Online, France Telecom, Belgacom, Telecom Italia, Telefonica, in 2006 : BT
- **ISP :** Fastweb (IT), Arcor (DE), Absolut Medien (DE); Tiscali (IT, NL)
- **Cableoperators:** Telenet, ntl, Telewest
- **Broadcasters:** Canal+, TPS, TF1, RAI, RTLNederland
- **Film group:** SF (Svensk Filmindustry)
- **Film archive:** Norwegian Film Institute
- **Video publisher:** TF1 Video, Editions Montparnasse
- **On-line video retailer:** Lovefilm
- **New companies, providers of content:** Cinezime, 4friends, Live Networks, Videonetwork...
- **...and tomorrow IT companies?** Apple's iTunes Music Stores already distributes music videos and TV shows

LEADING EUROPEAN DISTRIBUTORS

By operating revenue in million EUR

Source: European Audiovisual Observatory – Amadeus database

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DISTRIBUTORS OF NON-NATIONAL EUROPEAN FILMS

By operating revenue in EUR millions

Source: European Audiovisual Observatory – Amadeus database

Mid-range companies in study sample

	Parent/ majority shareholder	2001	2002	2003	2004	2004/ 2003
Belga Films (Belgium)	TVI	13	15	15	18	+21%
Nexo (Italie)	Independent	11	15	18	e 18	0%
Pyramide (France)	Independent	26	19	25	16	-35%
DeA Planeta (Spain)	DeAgostini (IT) Planeta (ES)	4	14	16	e 16	-0%
Budapest Film (Hungary)	Municipality of Budapest	9	12	12	14	+12%

DISTRIBUTORS OF NON-NATIONAL EUROPEAN FILMS

Examples of other companies included in the sample

Cinestar (Austria)	Alta Classics (Spain)	Mokep (Hungary)	Gutek Film (Poland)	Chantier Film (Turkey)
Cinéart/ Cinélibre (Belgium)	Estinfilm (Estonia)	Bergvik (Iceland)	Lusomundo (Portugal)	Frenetic (Switzerland)
Artcam (Czech Republic)	Future Film (Finland)	Mikado (Italy)	New Film Int. (Romania)	Blitz Film (Croatia)
Camera Film (Denmark)	Artificial Eye (UK)	Baltic Cinema (Latvia)	Triangelfilm (Sweden)	Arthaus (Norway)
Alamode (Germany)	Prooptiki (Greece)	A-Film (Netherlands)	A.G. Market (Slovenia)	Continental Film (Slovakia)

TOP 10 EUROPEAN FILMS BY ADMISSIONS IN EUROPE 2005

Source: European Audiovisual Observatory - LUMIERE database

	<i>Original Title</i>	<i>Origin</i>	<i>Year</i>	<i>Admissions EUROPE 2005</i>	<i>Admissions US 2005</i>
1	Alexander	GB/FR/NL/US	2004	7 497 599	5 475 040
2	Pride and Prejudice	GB/FR/US	2005	4 728 894	5 322 635
3	Brice de Nice	FR	2005	4 585 203	No release
4	La marche de l'empereur	FR	2004	4 258 873	12 080 690
5	Der Untergang	DE/IT	2004	4 111 463	859 444
6	Oliver Twist	FR/CZ/GB	2005	3 951 108	320 655
7	Torrente 3, El Protector	ES	2005	3 551 138	No release
8	Nanny McPhee	GB/US/FR	2005	3 517 382	2006 release
9	Les poupées russes	FR/GB	2005	3 304 198	2006 release
10	Bridget Jones: The Edge of Reason	GB/US/FR/DE/ IE	2004	3 133 733	6 421 578

LEADING DISTRIBUTORS IN THE EUROPEAN UNION

By operating revenue in million EUR

Source: European Audiovisual Observatory – Amadeus database

	2001	2002	2003	2004	2004/ 2003
UIP (Netherlands)	882	420	539	635	+18%
Warner (UK)	329	474	625	553	-12%
Warner (France)	250	275	401	398	-1%
Pathé – AMLF (France)	50	121	87	261	+201%
Columbia/Sony (Germany)	193	258	285	252	-12%
Medusa Film (Italy)	203	263	154	228	+48%
Metropolitan (France)	151	145	182	190	+5%
Walt Disney (Spain)	138	180	184	-	-
Entertainment (UK)	128	182	188	181	-3,5%
Sony (France)	144	158	149	-	-