



DigiTraining 2010

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FESTIVAL DE CANNES
Technical Partner

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Alternative Content – More revenues!

- Attraction of specific audiences
- Higher ticket prices (€25 live - €15 non-live)
- Optimization of off-peak times
- Additional revenues from sponsors, DVD sales, book sales, ...

BUT.....

It requires pro-activity and dynamism from exhibitor

Alternative Content – Good to know

- Saison tickets, memberships are financially more interesting
- Important to gather info on specific client groups (in order to send promotional mailings)
- Local marketing (flyers, posters, saison catalogue, radio campaign, trailers, ...) is the key to optimize the revenues

Alternative Content – Good to know

- Important to create a new/different cinema experience, which is more event-like: intro speech, Q&A with audience, ...
- Organization of drinks, after-party, special shows, ...
- Sales of merchandised affiliated products: DVD, books, T-Shirts, ...

Alternative Content – Costs for content provider

- Buy rights or share revenues but perhaps MG to be paid
- Non-live: +/- €3,000 flat fee + €120 per site
- Live: +/- €10,000 per transmission
- VPF: €20 to €70 per show
- Revenue sharing (on NBO): 50% for non-live, 35% for live

Alternative Content – Costs for exhibitor

- Satellite kit: free
- Non-live: free
- Live: €250 per event
- VPF: €20 to €70 per show IF NOT PAID BY CONTENT PROVIDER
- Revenue sharing (on NBO): 50% for non-live, 65% for live

XDC, the n°1 digital cinema company in Europe

- **1350** committed digital screens, out of which 50% have already been deployed.
- Only entity to have VPF digital cinema deployment agreements with **all 6 major US studios**, including Warner Bros.
- **Global financing** for VPF roll out - 100M € with BNP Paribas Fortis:
 - Pure OPEX operation (operational lease) put inside P&L.
 - No liability to be put inside balance sheet.
 - No buying option to give to XDC or BNP Paribas Fortis.
 - No special financial security/guarantee to be given.
- Strong expertise and experience in integration of **pre-show and advertising** system. Track record with Rowo in Germany, IP in Luxembourg, Cinecom in Austria and Mediavision in France. Advanced tools, in particular inside the central library.

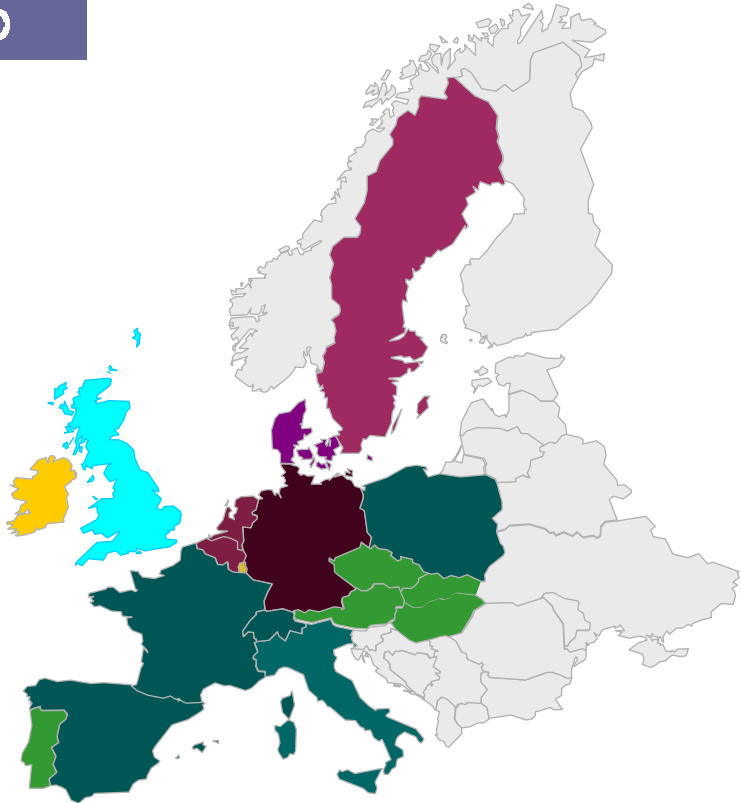
XDC, the n°1 digital cinema company in Europe

- **Efficient Extranet solutions** for labs and distributors with creation and automatic dispatch of keys. For the exhibitors, automatic reports about all the support interventions performed on the digital systems.
- A well-renowned **Digital Content Lab** having processed over 600 digital titles and working regularly for Warner Bros. as well as many European independent distributors and alternative content providers.
- An attractive proposal for **alternative content** (live and non-live).
- A comprehensive **European Network Operations Centre** (NOC) supported by a multilingual helpdesk staff.

XDC = true pan-European roll out



650 digital screens already deployed
with 7,000 further screens planned
mainly through VPF roll-out



CineMec Ede



XDC = Integrated Full Service Company

Deploying entity (VPF model)

- Studios contractor for operational roll out and equipment financing. Deals with 6 US Majors
- Revenues collection from distributor's and exhibitors



Leasing (Non-VPF model) & sales

- Equipment financing through vendor lease program
- Alternative business model for non-compliant VPF exhibitor
- Supply and logistics



Digital Systems

- Offer state-of-the-art technology to exhibitors through intensive R&D
- Design and manufacturing Cinestore Systems: Solo — Screen Management System + Plaza—Theatre Management System
- Interoperability with third parties equipment
- G3 technology is 3D capable



NOC Services & Maintenance

- Based on European integrator's network
- Servicing exhibitors through maintenance agreement or third party systems
- On-site, helpdesk, online support and monitoring (Network Operations Centre—NOC)
- CineStore Data: Central Management System as ERP



Network/Lab/Content

- Providing a full range of encoding, print and key management services to *distributors*
- Other services: archiving, versioning and subtitling, self-distribution, network services (extranet)
- Alternative Content Entertainment



DC = Benefits for both parties

Cinema exhibitor

- ❑ **Increase direct and indirect revenues**
 - Advanced cinema experience (quality, innovation, 3D)
 - Diversity and accessibility of content
 - Alternative content
 - Flexible advertising
- ❑ **Reduce operational costs**



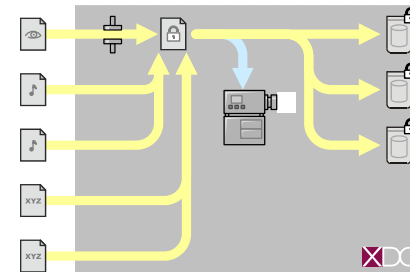
Film Distributor

- ❑ **Reduce operational costs**



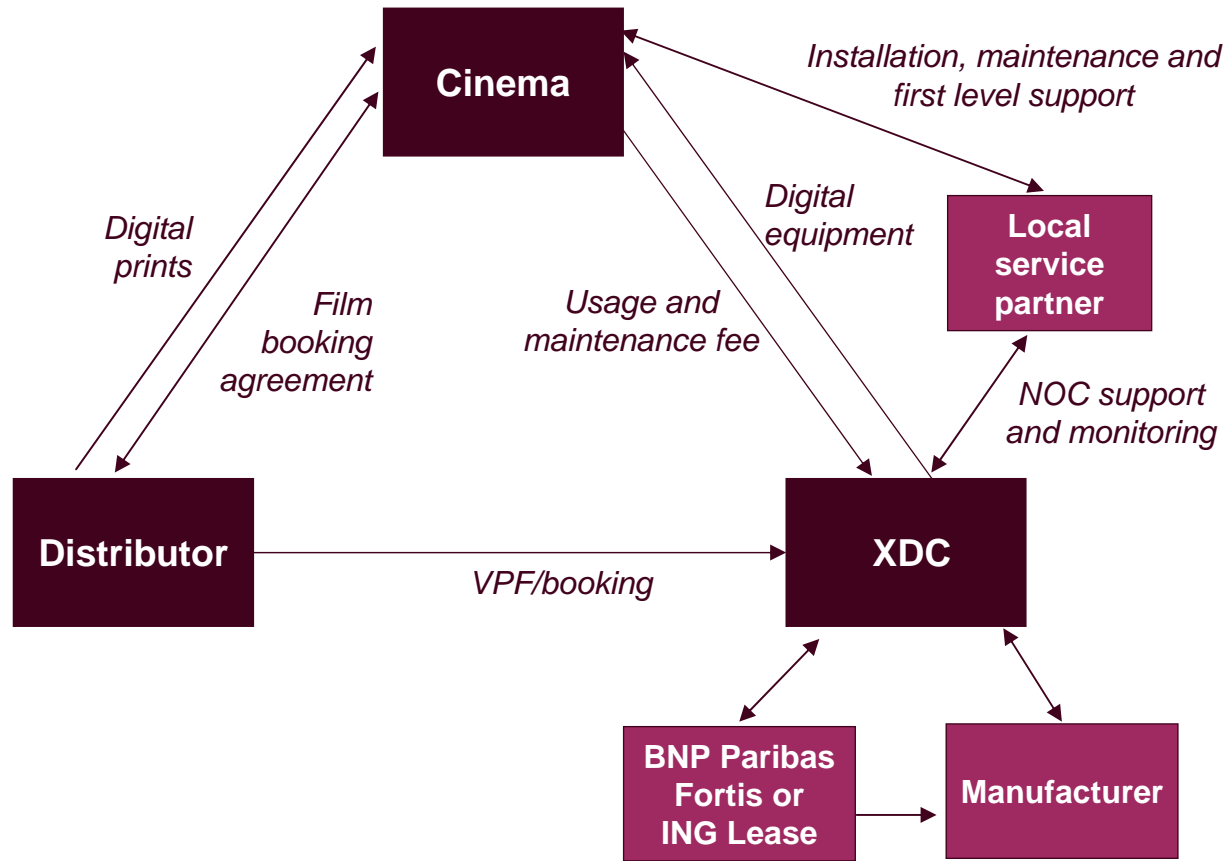
- ❑ **Increase direct and indirect revenues**

- Time-to-market
- Diversity and accessibility of content
- Copyright thefts

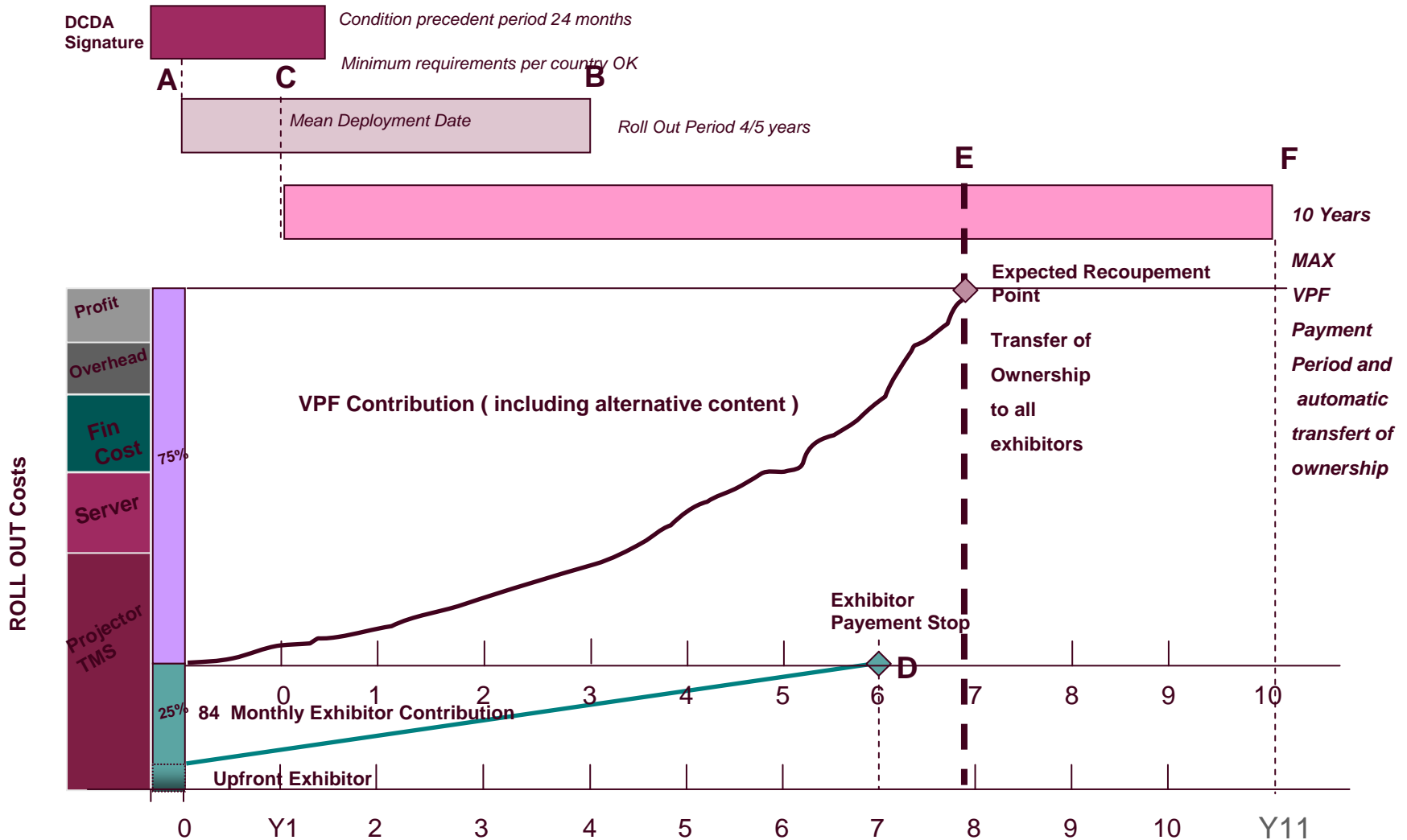
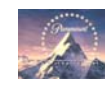


Return on digital conversion mainly for the distributor while investment realised by the exhibitor => required a specific business model !

XDC = VPF model



Summary VPF contracts



VPF – Example (1/2)

- 35 mm



VPF
to
pay

Digital
Copy

- Digital



VPF – Example (2/2)

Standard Engagement (SE) (*)	Print 1 Screen 1 Complex A	Print 2 Screen 2 Complex A	Print 3 Screen 1 Complex B	Print 3 Screen 2 Complex B	Print 1 Screen 1 Complex C	%
Booking before the NRD (**)						100%
Booking during week 1 & 2	750 €					100%
Booking during week 3	0 €	563 €				75%
Booking during week 4	0 €	0 €	450 €			60%
Booking during week 5	0 €	0 €	0 €			45%
Booking during week 6		0 €		0 €	225 €	30%
Booking during week 7 & after		0 €		0 €	0 €	0%

XDC Lab Services

- **Experienced company** (more than 600 titles digitalized) and well-known expertise (XDC is working regularly for a lot of European distributors as well as Warner Bros.)
- **Encoding, encryption and packaging all to current DCI standards** (JPEG2000) and also in MPEG2 (e.g. advertising, alternative content) + **Repackaging and Versioning**
- **Complete Quality Control** (projection room equipped with several DCI compliant servers)
- **5 working days for the production of master and copies**
- **Logistics organized by XDC** (TNT European Hub located 15min drive from XDC premises) + **Satellite and terrestrial delivery**
- **Disk-tracking service**
- **Extranet Access**
- **24/7 Support Services**
- **Archiving / Storage**

Thanks for your attention

For further information

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