D-cinema financing in Europe : an overview

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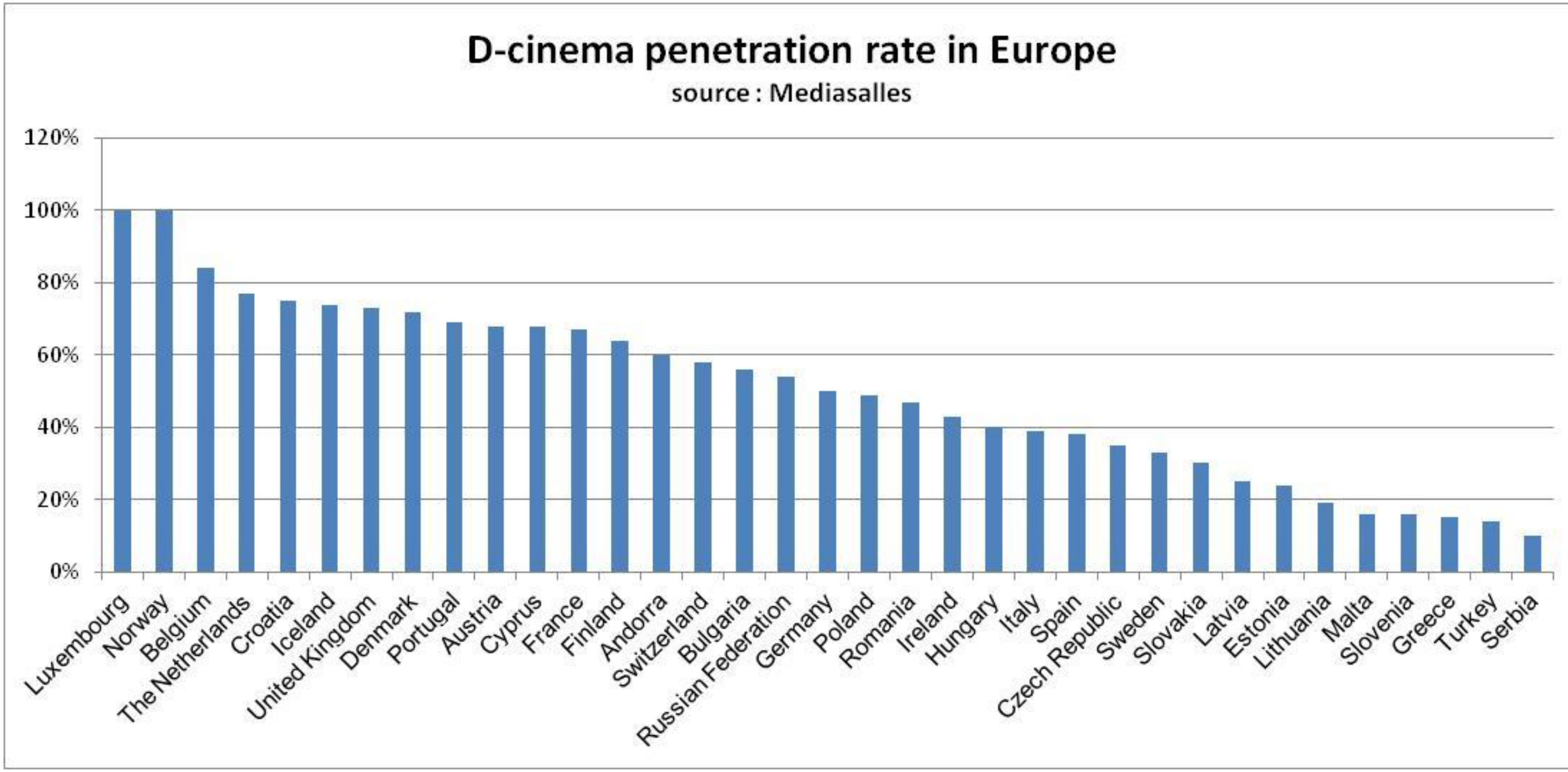
d-cinema manice understood

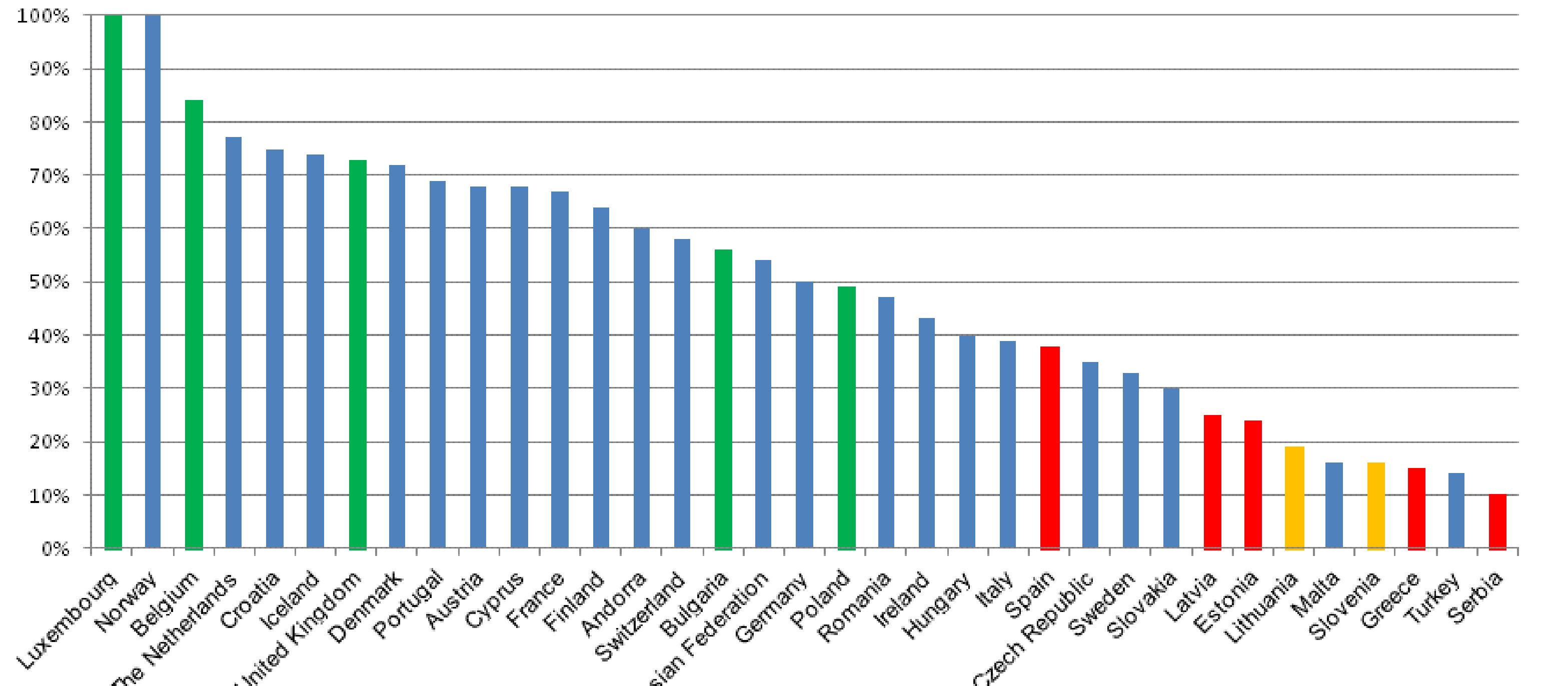
Measuring the performance of d-cinema financing



Financing doesn’t explain it all

- **Number and structure of cinema screens :**
  - small countries : Luxembourg, Bulgaria
  - countries with a high proportion of multiplex cinemas : Belgium, U.K., Poland

- **Economic situation** (current or in the recent past) **:**
  - Greece, Spain
  - Baltic countries, Serbia



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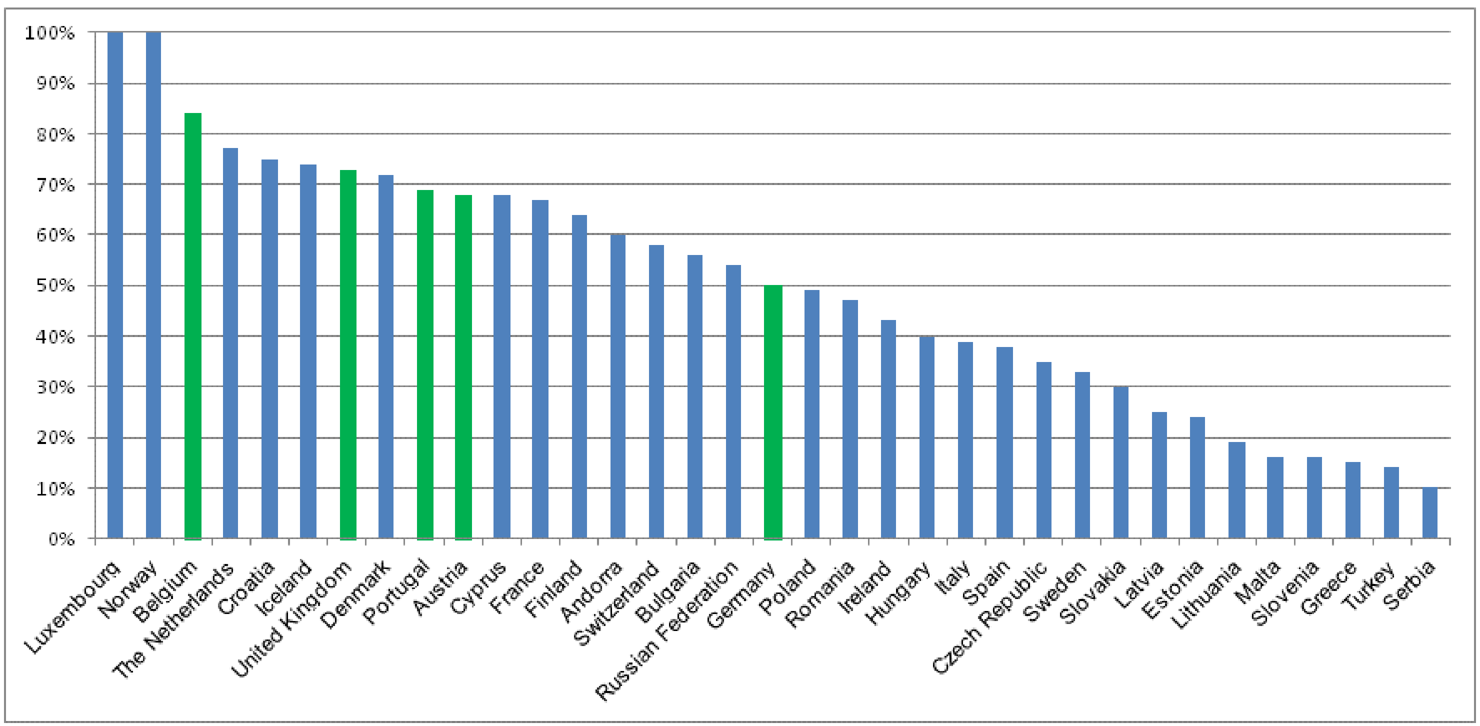
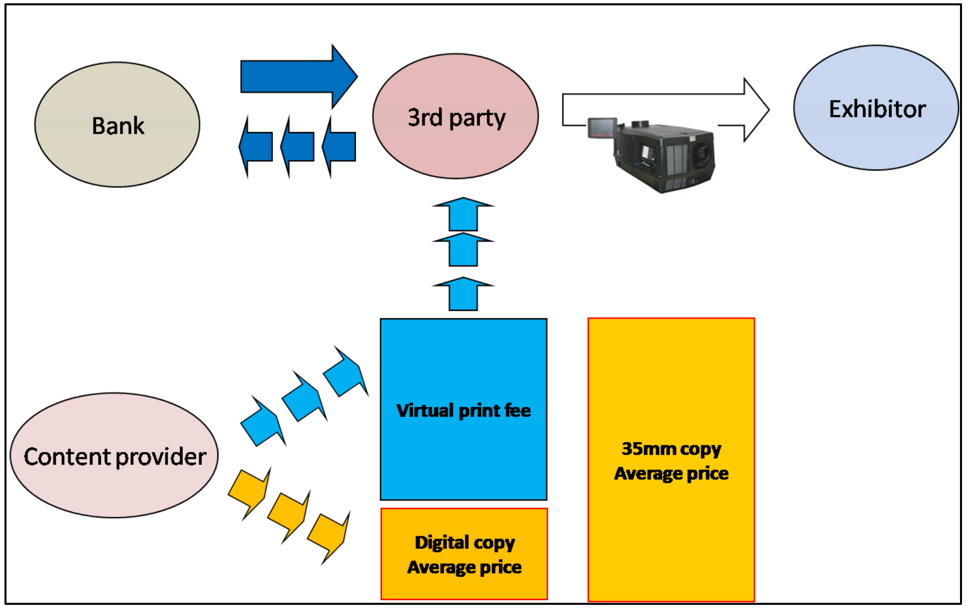
VPF : the driving force

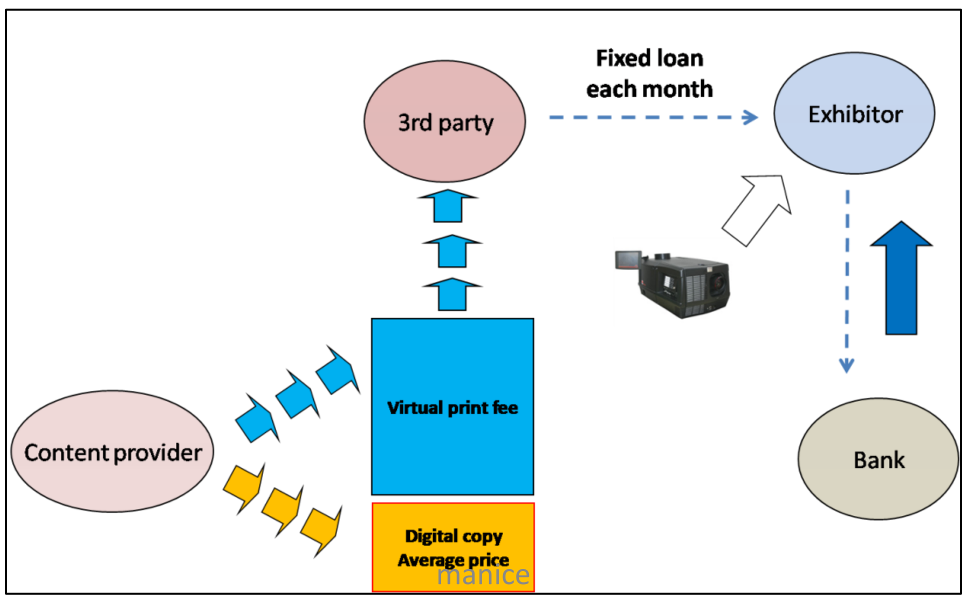
- **First in medium sized markets dominated by one exhibitor**
  - Portugal (Lusomundo) / Austria (Cineplexx) / Belgium (Kinepolis)
- **and in the big cinema chains of the main European territories**
  - Great Britain (Odeon-UCI, Vue) / France (CGR, Pathé-Gaumont, UGC)

5 000 of the main European screens digitised by the end of 2009 with VPF as main source of financing



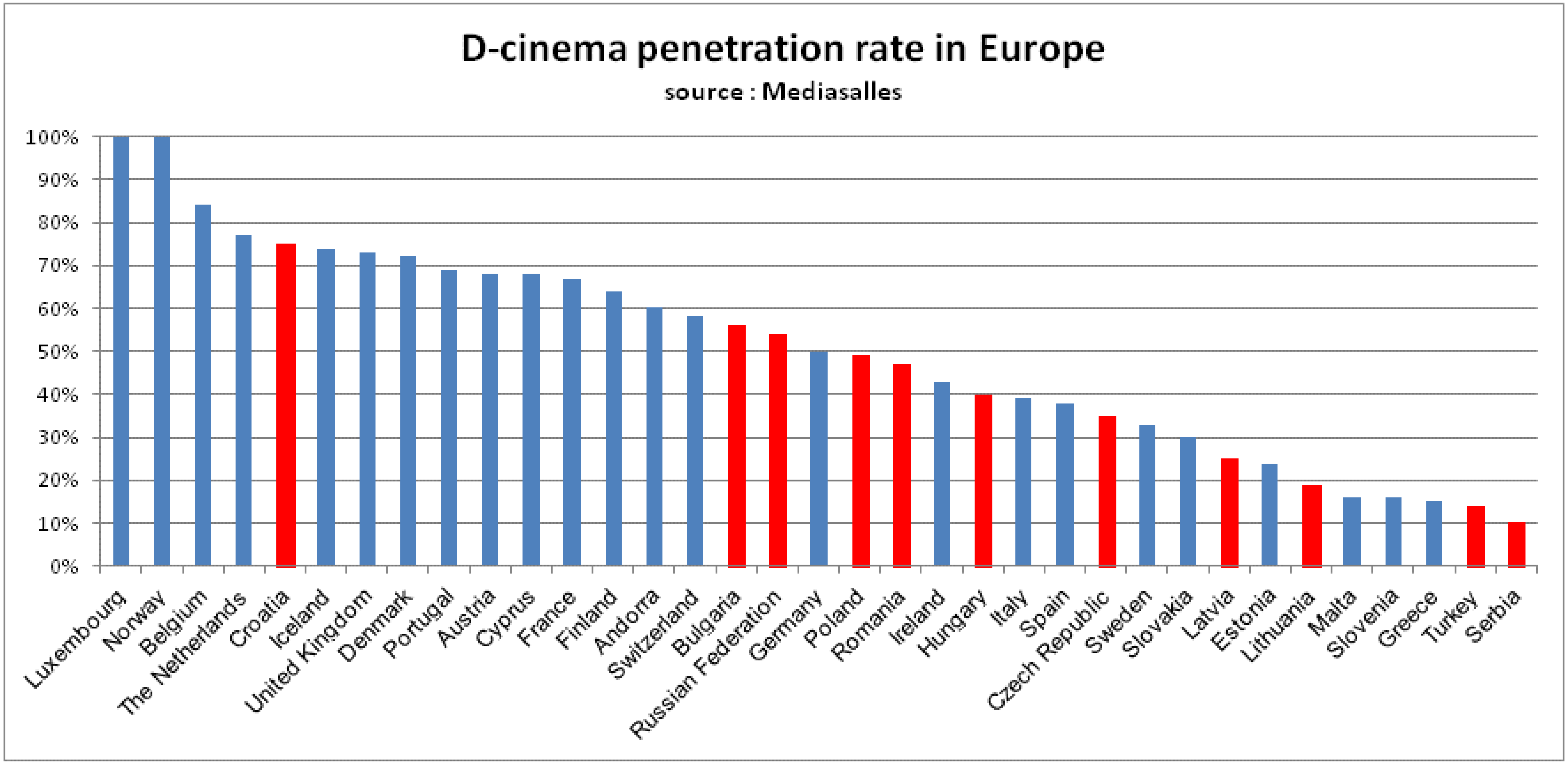
2 VPF financing mechanisms





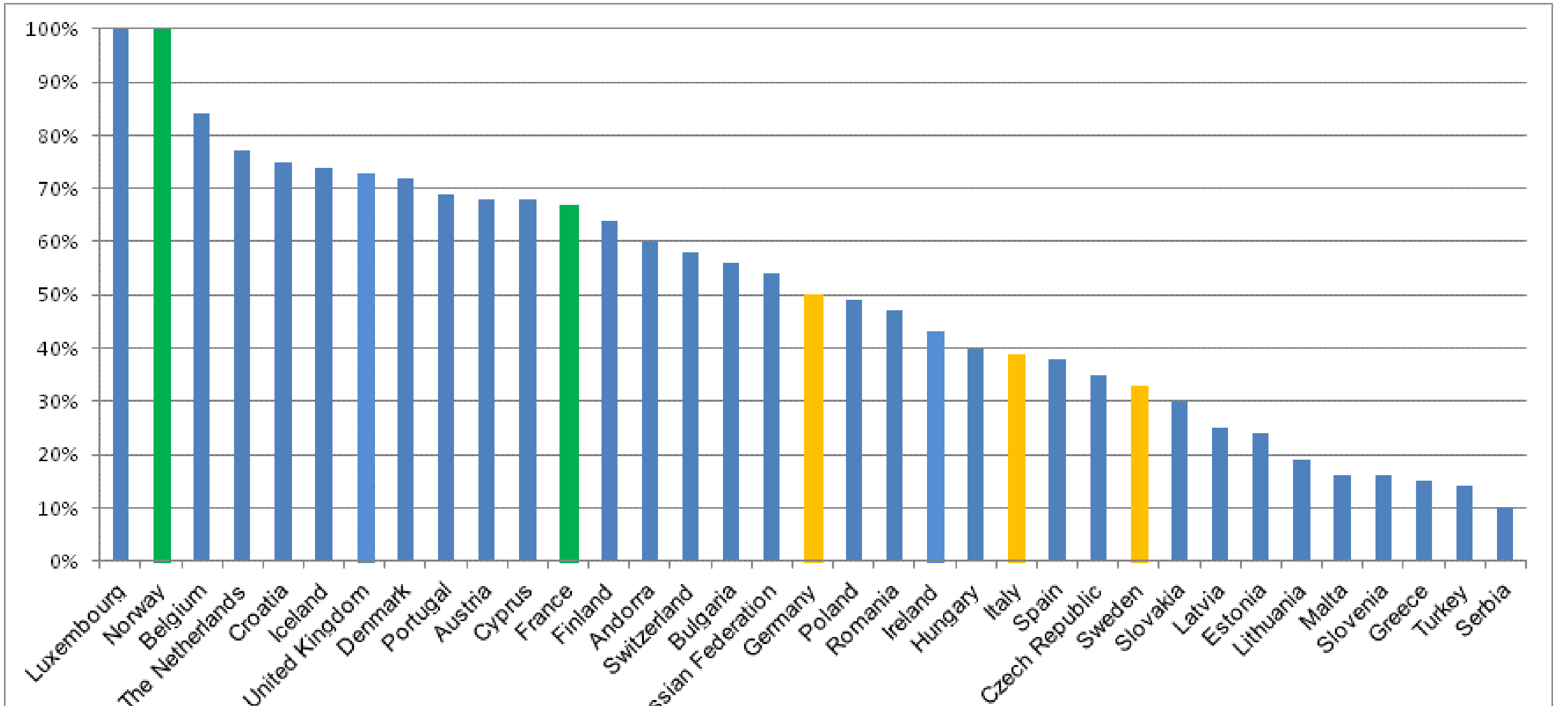
VPF : the currency problem

- 11 national currencies in Europe



National plans for independent exhibitors

- **Plans based on : VPF / national, regional or E.U. subsidies / exhibitor's contribution**
- **1st plan launched in 2009** (Norway)
- **First attempt generally not a good one :**
  - France (2008 –> 2010); Germany (2008 –>2011); U.K. (2005 – 2011); Sweden (2007 -> ?); Italy (2009 -> ?)



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What are the differences between the national plans ?

- **Norway, Netherlands, UK : cohesion required between all exhibitors**
  - all screens are considered as a single entity regarding to VPF financing
- **France, Germany: individual participation**
  - exhibitors are free to choose their VPF partner
  - higher level of subsidies (state, regions)
  - VPF made legal in France

	France **1 500**	Germany **(?)**	Norway **400**	Netherlands **500**	U.K. **400**
VPF	50%	50%	40%	63%	75%-80%
Public subsidies **(State, regions,…)**	40%	30%	60% (municipal cinemas)	21%	0%
Exhibitor **(minimum contribution)**	10%	20%		15%	25%-20%
VPF provider	AAM, XDC, Ymagis,…		NDA / AAM	AAM	XDC

In conclusion

VPF is key to the digitisation process but :

- VPF windows will close quickly even if more time has been granted in some European countries
- VPF would cover a small part of the digitisation costs of the last 35mm screens

  Single screens = 60% of European cinemas but only 11% of d-cinema screens

What may happen in the near future ?

- Other national plans to come ? More subsidies to single screens ?
- Impact of the next generation of small d-cinema projectors (price and TCO) ?