Digital Cinema
An overview of the market
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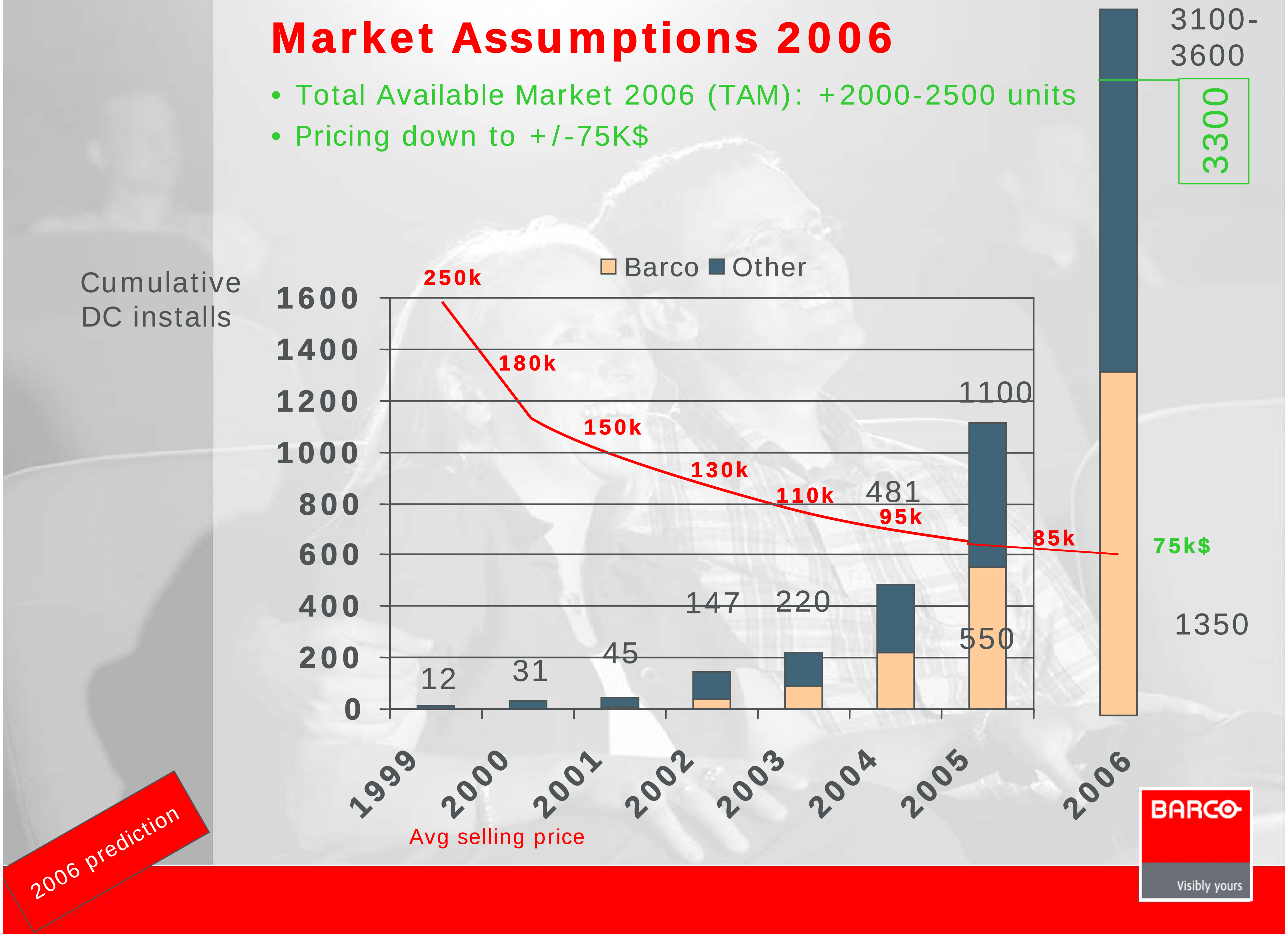
Market Assumptions 2006

- Total Available Market 2006 (TAM): +2000-2500 units
- Pricing down to +/-75K$

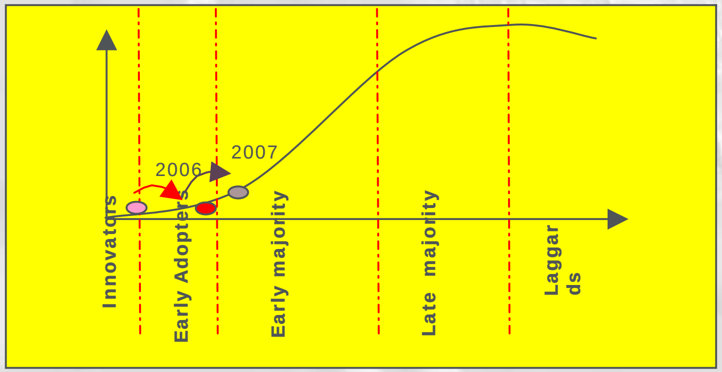


Market Assumptions 2006

- Market Readiness Customers
  - **Technology & DCI standards = OK**
  - **Financing models : Projects test bed finalized**

USA (Q1/2)	EUROPE (=)	ASIA (Q2/4)
Technicolor	XDC	CFG/Alfa Spacecom
AIX/Christie	Éclair	SINO-I
Regal	AAM	Cinetech
Dolby	UNIQUE	Warner
Kodak	UK chains	Kodak

- Product Life Cycle (PLC)



2006 prediction

Visibly yours

Market Assumptions 2006

- Competition
  - DLP versus LCOS
    - Total Cost of Ownership higher with LCOS
      - 2 lamps instead of one (5GBP/h <-> 0,47GBP/h with DLP)
      - New lamp house every 4 lamps refurbishments
      - Consumable LCD panels
    - Non-DCI compliant
      - 10 bit processing instead of required 12 bit
      - No color and brightness uniformity at DCI specs
        - » Play for an hour to equalize color uniformity -> cost
    - Availability standard servers?
      - No Cinelink
      - ⇒ only SONY proprietary servers, not existing servers
        - ⇒ No Doremi
        - ⇒ No Dolby
        - ⇒ No Kodak
        - ⇒ No EVS/XDC
        - ⇒ QUVIS
      - => no content – 4K JPEG available

2006 prediction

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Market Assumptions 2006

- Competition
  - **Amongst DLP partners**
    - **Price**
      - Same technology, + / - same prices
    - **Image quality**
      - Short term: Same technology, same starting point quality
      - Long term: Design cuts (lower purchase cost) influence TCO and long term Q
        - » Heat (cooling air or liquid; peltier elements?)
        - » Dust (sealing engine)
    - **Service**
      - Modularity of projector, defines ease of service -> cost
        - » Lamp house (lower down time, 2D-3D changeover)
        - » Modular engine (fast repairs)
        - » Easy Convergence
    - **Support**
      - Availability of support
        - » proprietary supplier teams
        - » local trusted 3rd party (35mm dealers)
      - Software support
        - » Ease of remote Access
        - » Proprietary or open SNMP software (NOC)
    - **Capacity**
      - Currently Christie and Barco 70-100 / month
      - Barco max. capacity : 300 / month

2006 prediction

BARCO Visibly yours

Market Assumptions 2006

- Recurring Sales:
  - 2005: bigger order sizes, by key early adopters
  - 2006:
    - USA:
      - test beds Q2 + Start roll-out Q4
    - EU:
      - evenly spread per quarter
      - Gradual, steady growth towards 2007
    - ASIA:
      - Korea highly innovative leaping into DC
      - China and Taiwan waiting for external money
      - Australia via advertising networks or 3D.

2006 prediction

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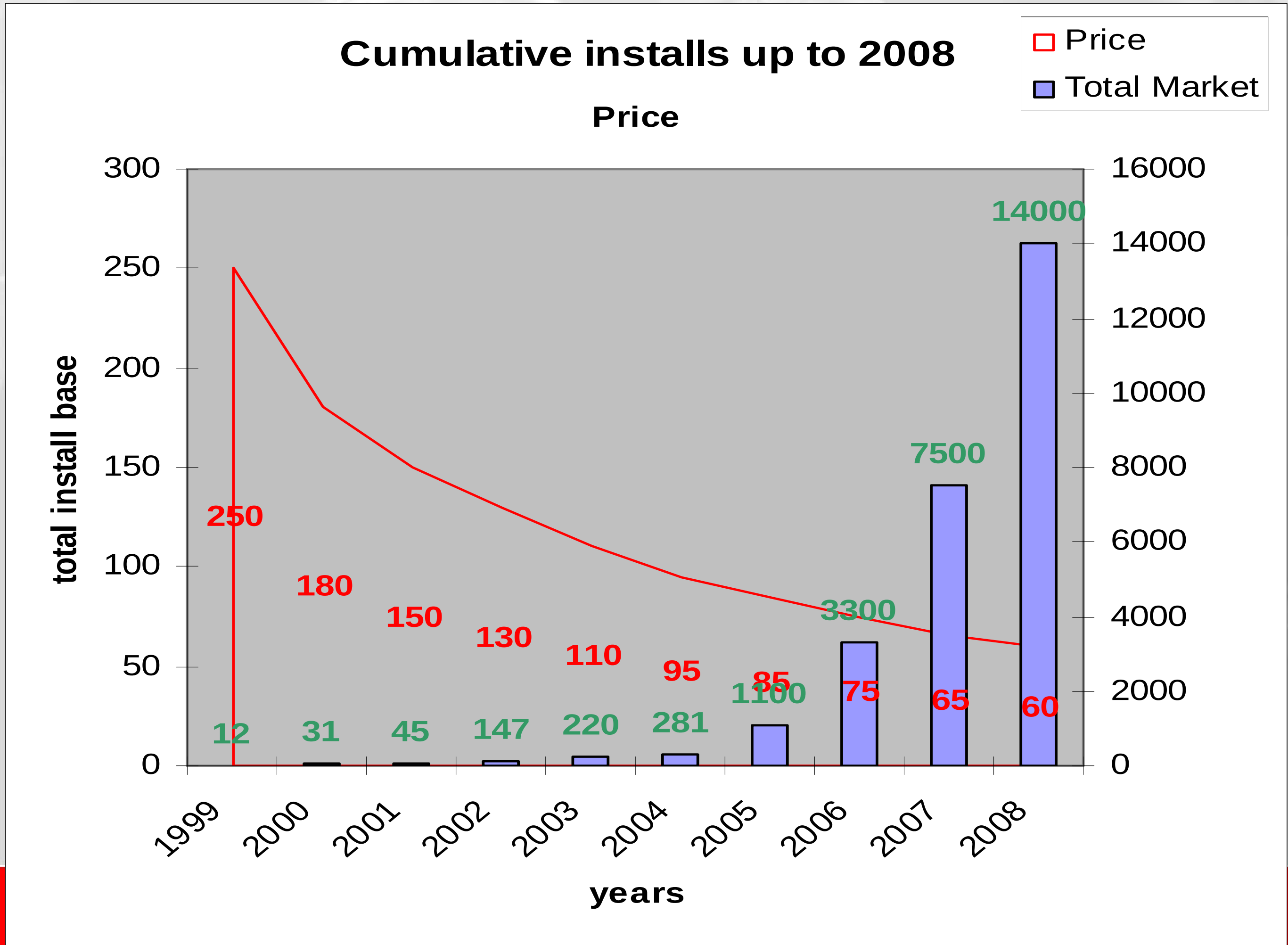
Market Forecast 2007-2008

- Total Available Market 2007 (TAM): +4000-6000 units
- Pricing down to +/-65K$



Market Forecast 2007

- Deployments 2007 (+4000)

USA (Q2/Q3)
2000 units

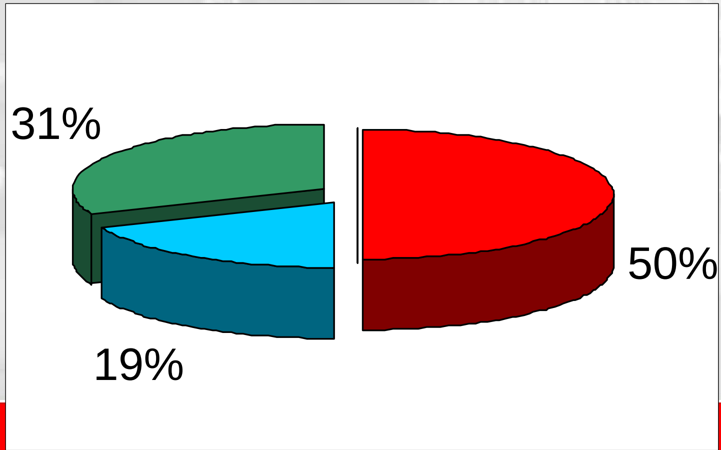
Technicolor
AIX/Christie
DCIP
Dolby
Kodak
Digiserve

EUROPE (Q4)
750 units

XDC
Éclair
AAM
UNIQUE
UK chains

ASIA (Q1+Q4)
1250 units

GDC/CFG (PRC)
SINO-I (PRC)
CGV (KOR)
Adlabs (India)
Kodak (AUZ)



New Technology !

New developments to reduce cost

1. New lenses -> NO need for anamorphic lenses
    1. **Overlapping and broader range**
2. More efficient lamps -> lower TCO than 35mm
    1. **More efficient -> less electricity consumption**

- Smaller DLP chips -> cheaper purchase cost
    - **Up to 15% cheaper**

Visibly yours

New Technology !

Availability of TI 0.98 inch DC2K chip triggered development of cheaper and more efficient Barco projector range

- TI developed a **0.98 inch DC2K chip** (traditional TI DC2K chip measured 1.2 inch). Integration of this smaller chip in our projector resulted in a *cheaper* and *more efficient* projector

- **Cheaper DMD's**
  - More chips per wafer
  - Smaller optics

- **More efficient optics**
  - Improved design of optical path
  - More efficient optical components

Cost-reduced solutions for all screen sizes and lower cost of ownership

New Technology !

It is not about longer about technology but about business models for integrators (purchase) and exhibitors (TCO)

- **What are the experienced customers DEMANDING?**
  Longer lifetime -> longer depreciation
  lower service cost
  lower TCO (~35mm)

Technical Demands	Commercial Demands	Financial Demands
Sealed Engine	Superior image quality guaranteed over time	Amortization lower
Enhanced DMD Cooling	Extended lifetime of the equipment	Amortization lower
Modular design of projector	Easier, cheaper and faster serviceable	Cost of service lower
Redundant power supplies	Improved reliability of the system	Extra “insurance” for continuous revenue stream
SNMP agent + Comm SW	Best ever software for easy installation and remote management	Cost of service lower

Thank you

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