

Digital Cinema



- We've grown from **192** theater screens with digital projectors at the end of 2005 to more than **8,500 screens** (out of 39,547) as of April 2010.
- The three members of Digital Cinema Implementation Partners — AMC Entertainment, Cinemark, and Regal Entertainment — have secured a \$660 million funding deal to accelerate the rollout of digital projectors to 14,000 screens in North America. As many as 2,500 3D screens will be installed this calendar year by the three companies involved.
- The willingness from lenders to finance DCIP is a sign that the tightening of the global credit market that has hampered the digital rollout is abating.
- Right behind DCIP will be integrator Cinedigm and NATO's Cinema Buying Group. Critical to the mission of ensuring a smooth and fair digital transition is NATO's administration of the CGB, an organization of more than 600 independent exhibitors. Some CGB exhibitors capable of securing financing have already begun their roll-out, and broader integration funding is just around the corner.
- Digital cinema brings **consistent quality** to the movie-going experience—moviegoers will see the same crispness and clarity in the movie throughout the life of its exhibition.
- Digital cinema and networking open up multiple avenues for **alternative content**: concerts, opera, sporting events, even video games. Local cinemas can become more like entertainment meccas, gathering points for diverse communities.
- Digital cinema gives exhibitors greater **flexibility** in adding screens for surprise hits and replacing films that are not so popular.
- Digital cinema facilitates and enhances exciting new technologies like **3D**. There are nearly **4,400 3D screens** in the U.S. and Canada. The increased digital infrastructure, combined with more than 20 3D movies in 2010, is driving box office receipts higher.
- Early signs indicate that the new and improved 3D cinema experience will be a significant enticement for people to come to the theatre. In 2009, 3D receipts constituted 11% of the total North American gross — despite the fact that only 17 3D movies were released in the U.S. and Canada.
- Any remaining doubt about the power of 3D exhibition evaporated with the runaway success of Jim Cameron's *Avatar*. With over \$740 million in domestic box office and more than \$1.9 billion overseas, *Avatar* confirmed the economic potential of this new technology.
- Both production and distribution are cheaper in digital, which lowers the cost barrier for **independent films**.
- The financial benefits of digital distribution accrue to distributors, who stand to **save \$1 billion annually in print and distribution costs**. That is why current business models provide for some financing of the digital cinema transition by distributors in the form of a "virtual print fee."

Talking Points