



National Association of Theatre Owners

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CinemaCon State of the Industry

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It feels really great to be back on this stage surrounded by friends again.

Technology kept us connected during the pandemic, but nothing can replace meeting face to face. Humans simply need to be together. That's why our business will thrive again. The pandemic constituted an existential challenge to the movie-going experience, but collectively we have risen to overcome that threat.

I want to take a few moments to recognize some historic efforts that have helped us through these trying times.

NATO would be nothing if not for the dedicated members who volunteer their time to support the industry they love.

Our executive board has met over Zoom more than 50 times during this pandemic to provide guidance and to take decisive action. Two chairmen have served during the pandemic—Ellis Jacob from Cineplex and Rolando Rodriguez from Marcus—and their vision and steadfast leadership have been invaluable assets. They have helped us chart a path forward when no roadmap existed.

NATO and our members have stayed more connected, more unified, and more proactive than ever before. Members from competing theater companies have worked together on grassroots lobbying, safe re-opening protocols, securing tax breaks, helping our furloughed employees, and successfully applying for grants—all of which are keeping projector lights on.

I also want to thank my NATO and CinemaCon staff colleagues for working tirelessly during the pandemic. Though every member of the team has contributed significantly to our recovery efforts, I want to give a special shout out to two individuals—Esther Baruh and Jackie Brenneman—whose leadership of the SVOG grant program has served as a lifeline to many of our members. Would Esther and Jackie please stand and be recognized?

The Directors Guild of America and the Motion Picture Association have been tremendous partners during this crisis. More than 100 directors rallied to support our industry by signing an unprecedented letter to Congress asking for help. MPA members have helped us re-open safely and have provided new films to bring customers back.

Members of the creative community have shown their support in so many ways to make one thing crystal clear: their best work is made for the big screen. I applaud artists who refuse to accept the false narrative that movie theaters are a thing of the past and that the future will be one in which every movie is consumed at home. These leading creatives know better, and they are on the right side of history.

There's no denying that our industry has changed during the last 18 months. Now we are charting a successful path forward.

Exclusive release periods remain vital to the survival and success of the theatrical experience. Theatrical windows won't be what they were before, but they can't be what they were during the pandemic either. What the future holds is up to our members and distributors to decide, but let us be clear about one thing: simultaneous release DOES. NOT. WORK. For anyone. A steady flow of strong movies released with exclusive windows is essential to exhibition's recovery, and to the profitability of the entire movie ecosystem.

This is a historic turning point for our industry. We are about to enter an era of great experimentation that I believe will only bolster the importance of the big screen experience. Movies that were starting to shy away from a theatrical release will grace our screens again. Our customers want more options, and there are content providers looking to satisfy that demand in new theatrical release models.

Our members will redefine what the theatrical experience means. Cinema is much more than a passive form of entertainment. It's immersive and life-changing. Cinema is not meant to exist on the same digital playing field as funny cat videos on YouTube, or endless TikTok scrolling.

Billions of people around the world had the option of going to the movies taken away from them during the pandemic, and the longing to return to that experience was palpable. Now that they are coming back, the excitement is invigorating.

The sense of community that cinema creates is more important than ever. Cinemas are a vital part of the small towns and big cities in which they are located. The foot traffic movie theaters create will help surrounding businesses recover from COVID-19. According to an Ernst and Young study that NATO released last week, in addition to the \$18.3 billion in direct movie theater revenue, movie-night spending on other businesses here in the U.S. amounted to \$5 billion in 2019 before the pandemic hit. We will return to that level again.

I am very excited about the week's schedule. We have a lot to discuss, and I look forward to the insights that will come out of the panels we have scheduled. It feels great to watch studio presentations in the Colosseum once again. I want to thank our partners at ICTA, led by Frank Tees, and NAC, led by Adam Gottlieb, for their help with this show. Also, special thanks to NCM for designing today's presentation. And . . . Thank you all for being here.