



National Association of Theatre Owners

Advancing the Moviegoing Experience

Comments by John Fithian

President & CEO

National Association of Theatre Owners

CinemaCon State of the Industry

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Welcome to CinemaCon 2022, everyone!

We have such an amazing week planned for you here at nato's official convention. CinemaCon's schedule is full of great exclusive footage from major new releases, as well as a few very important full movie screenings.

Sony kicked it off last evening in great style. Make sure you attend all the product presentations straight through Thursday, as you won't want to miss what Neon, Warner Bros., Disney, Universal, Focus, Paramount and Lionsgate have to offer. But of course Cinemacon isn't just about the film footage. This week we offer important panels about the future of this business, significant innovations on the trade floor and in the demonstration suites, and plenty of opportunities to network. Then the week concludes with a very special award night.

I want to start out by congratulating my friend Ellis Jacob on his well-deserved marquee award. Ellis, your passion for the exhibition industry is undeniable. I know I speak for all your colleagues and peers when i add my deepest gratitude for your leadership, integrity, and positive humanist spirit.

We also owe a big thank you to Rolando Rodriguez for strong leadership efforts as our current NATO chairman.

And I echo rolando's comments about our partnership with the MPA and Charlie Rivkin's leadership of that organization. Making it to 100 years is a massive achievement.

I'd also like to take a moment to recognize a crucially important member of the NATO management team who is about to start a new chapter. Our Vice President & Chief Operating Officer Kathy Conroy is stepping down after 15 years of dedication to the industry she loves so much. Kathy has been our train conductor who keeps us on track, who protects the integrity of this organization, and who has touched the lives of so many members. Theater operators know how important Kathy's work has been to nato's mission. Now, Kathy's beautiful humility probably means she won't like this, but I want Kathy to stand so that we can all say thank you!

Finally, a big thank you also goes out to our partners at NAC, which is led by Denise de Zutter, and ICTA, led by frank tees, as well as to NCM for designing our presentation today.

This week is all about the future of our industry. There are plenty of reasons to be optimistic about what is ahead of us.

The slate of films in 2022 and beyond is robust and full of massive box office potential. The renewed commitment of our studio partners to exhibition is on full display this week. I am grateful that a strong number of top studio executives are here this week, and believe their presence at this historic

convention signals a renewed commitment to the important role that movie-going plays in the industry ecosystem. We are thrilled that distributors are releasing movies with windows, and that studios and exhibitors are working together.

There is a diverse mix of titles to look forward to in the months to come. Blockbusters are the keystone of this industry, and we have a great slate of really big movies. But mid-range titles and films aimed specifically at families are crucial as well. We've got all of that. It's not rocket science: more movies results in more box office.

Just look at the success we've had recently as the release schedule ramps back up. *Spider-man: No Way Home* delivered historic grosses, showing that there is plenty of pent-up demand. *Sonic the Hedgehog 2* proved unequivocally that families are ready to come back by shattering pre-release expectations and toping the debut of its predecessor.

During his speech Charlie referenced the great work the MPA does to combat piracy. I mention piracy right after the box office because the two are tied very closely together. When a pristine copy of a movie makes its way online and spreads, it has a very damaging impact on our industry.

Robust theatrical windows protect against piracy. If a major title that people are clamoring to see in theaters is released too quickly to the home and then pirated, the temptation to stay home and watch pirated films becomes greater for many potential moviegoers. With the help of the global authority on digital piracy, MUSO, we closely track piracy levels. When analyzing title after title it becomes very clear that spikes in piracy are most drastic when a movie is first available to watch in the home: it doesn't matter if its available via premium video on demand or subscription video on demand.

I am pleased to announce that simultaneous release is dead as a serious business model, and piracy is what killed it. At the same time, exhibitors and distributors are continuing to work together to create evolving periods of theatrical exclusivity that maximize movies' theatrical revenue and increase the perceived value to consumers when they go to exclusive home streaming. Even as they evolve, it remains the case that theatrical windows grow our entire industry.

Speaking of prioritizing theatrical exhibition, this week you will hear a lot about the cinema foundation that nato recently launched. I am so excited about what this historic organization will accomplish in the years to come.

The mission of the cinema foundation is simple: to advance the moviegoing experience. At launch, the cinema foundation's key priorities are: moviegoing promotion and creative community involvement, a center for innovation and technology, cinema careers, education and diversity, industry data and research, and support of the industry's charities.

The foundation will broaden how our industry recruits and retains employees. It will gather the best data and research possible. It will create two major industry think tanks. It will lead exhibition into a new era.

NATO will continue to do what it does best – providing representation to a unified membership of theater operators before governments, hollywood, wall street and the media. But the cinema foundation will be made up not just of exhibitors, but vendors and suppliers and the creative community too.

The future of movie theaters will always be first and foremost about movies, but our industry is much more dynamic than it is given credit for. Through its ground-breaking initiatives, the cinema foundation will make that innovation even more prominent.

One example of that innovation is our future filmmaker program. Just as our future is movies, the future of movies is in the hands of an expanding and increasingly diverse new generation of filmmakers.

We asked dozens of young and aspiring filmmakers to tell us what makes the movie theater experience special to them. After reviewing their submissions and interviewing the ones that most excited us and our member volunteers, we settled on three of them. Their exciting work is premiering here right now on the biggest screen we could find. Please enjoy.

I'd like to recognize the filmmakers. For Oddly Satisfying Cinema: Kelly Scheisswohl and Noah Sterling. For There's Nothing Like It: Ed Hellman and Katie Staab. For Sincerely Management: Ameer Zami. They will be here all week and I encourage you to get to know them.

These films will be available for your screens and for your social media as well as additional behind the scenes material. We are really excited about this program and look to expand the pool of filmmakers to film schools around the country with the support of the cinema foundation.

Thank you for being here!