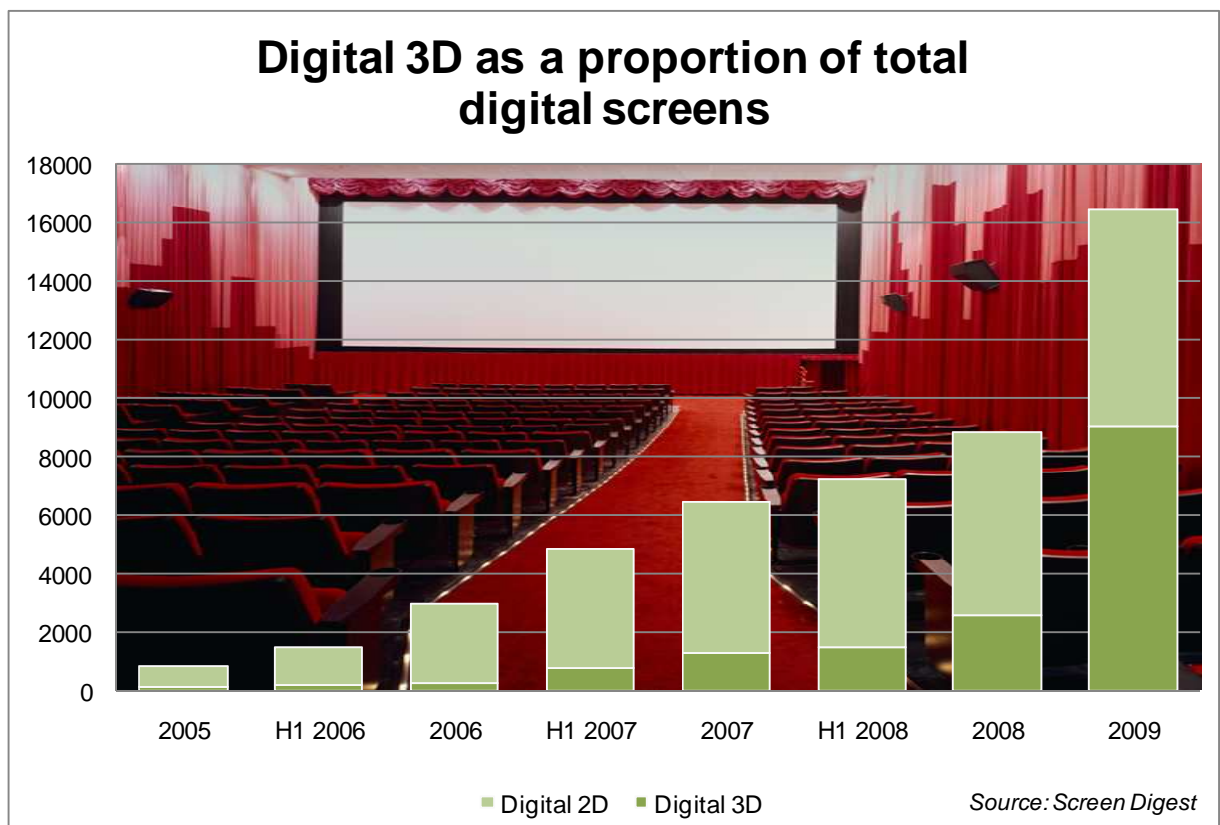


Digital Cinema building momentum as 3D drives market

London 3rd March 2010: There are 16,405 digital cinema screens around the world, an increase of 86.4 per cent on 2008, with further growth to come in 2010 as digital 3D pushes the market towards a 35mm-free cinema sector. This means that 14.8 per cent of the world's modern cinema screens are digitized, and 9,000 are also equipped with digital 3D (55 per cent of total digital screens). The eventual and inevitable conclusion of full digital cinema will take the best part of another decade to complete, although some countries will be all-digital well before then.



Progress has been especially rapid in Western Europe, with French d-screens growing 277 per cent during 2009 and are now approaching 1,000 (959 at the end of 2009), the largest market in Europe. At the end of 2009, there were 4,580 digital screens in Europe, up from 1,547 in 2008.

The rush towards equipping screens with 3D was driven by the release of Avatar in December 2009, a film that is heading towards being the highest-grossing film of the modern cinema era, and has done much to convince exhibitors that at least a proportion of their screens should be equipped with 3D. The growth of 3D screens in 2009 was nothing short of explosive, with a global growth rate of 254.5 per cent but this average is dwarfed by the growth rate of 614 per cent in Western Europe. International markets catching up with the USA are the primary driver behind the increase.

The 3D phenomenon is not just affecting how movies are watched. It is also being tested in the field of alternative content. There are regular live 3D sports broadcasts in the USA; in Europe sport and opera have both been broadcast live in 3D in cinemas in recent months.

3D driven-growth masks the impact of the credit-crunch on d-cinema

However, without the 3D-driven growth, the effects of the credit crunch are highly visible in the development of digital cinema. When the financial crisis hit in October 2008, several major circuit-wide digital deployment deals were put on hold, creating a 'wait-for-the-recovery' mentality that is still in place for a full-scale 2D digital conversion. If 3D had not been so popular, digital cinema in general would be proceeding at a much slower pace, having a knock-on impact on a whole swathe of technology and commercial support companies. During 2008, digital 3D screens accounted for 85.1 per cent of all new digital cinema installations.

2010 looks set to be a good year for rollout of d-screens

However, although it is early days, so far in 2010 the effects of the credit crunch appear to be waning, especially with DCIP moving towards a roll-out after JP Morgan is close to finalising \$660m in debt and equity needed to convert DCIP's 14,000 screens by end 2013. US deployment entity Cinedigm also received a \$100m commitment for financing its second rollout phase in autumn 2009, and European digital cinema group XDC received the backing of the European Investment Bank and other entities in February 2010 for EUR65m. This progress is a good sign for the ability of cinema circuits to begin the rollout of digital screens in 2010 and beyond.

David Hancock Screen Digest's Head of Film and Cinema concludes "The release of *Avatar* was the BC/AD moment for digital cinema, taking us from the prehistory of the first 10 years, characterized by research, false commercial starts, standards development and early pioneers, to the modern world of commercial cinema as it will be in the decades to come. Digital 3D, opera, theatre, music and comedy in cinemas, live 3D sport, and interactive adverts are all a part of cinema in the future; not just a place to watch movies but a multi-arts venue which can be the heart of small and large communities alike. The refreshment of cinema is firmly underway and it is now taking its place as an integral part of the digital media landscape on the one hand, and as a revitalised leisure venue on the other."

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For more information please contact:

Lucy Green T: +44 (0) 7817 698366 lgreen@greenfieldscommunications.com

Geraldine Gitel T: + 44 (0) 07917 855380 ggitel@greenfieldscommunications.com

Screen Digest: Fay Hamilton, PR and Promotions Manager

T: +44 (0) 20 7424 2847 fay.hamilton@screendigest.com

About this research The research in this press release is taken from Screen Digest's Cinema Intelligence service, and highlights the latest updates of end of year 2009 data. The service provides market data, key metrics, company information and analysis for the film production, theatrical distribution and cinema exhibition sectors, including extensive data about digital cinema. More information is available online at www.screendigest.com.

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