

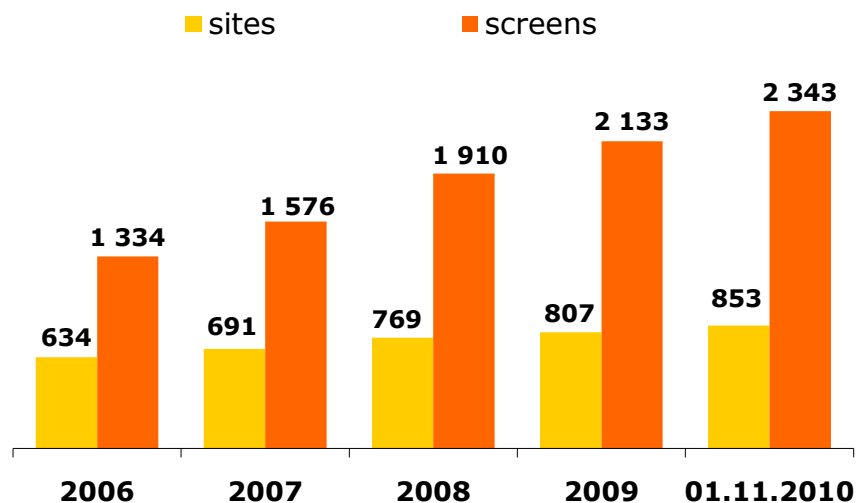
Digital Cinema in Russia:
Status of 2D/3D DC rollout

*Is 3D today still a driver
for development of cinema market?*

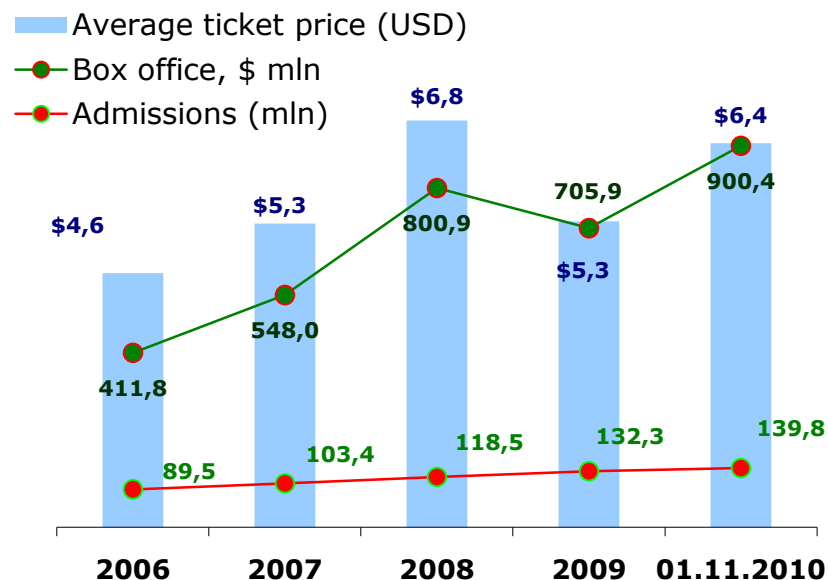
Oleg Berezin
Nevafilm, Russia

RUSSIAN CINEMA MARKET GENERAL FIGURES (35MM + DIGITAL)

Modern cinema sites and screens in Russia



Admissions, Box office and ticket prices in Russia



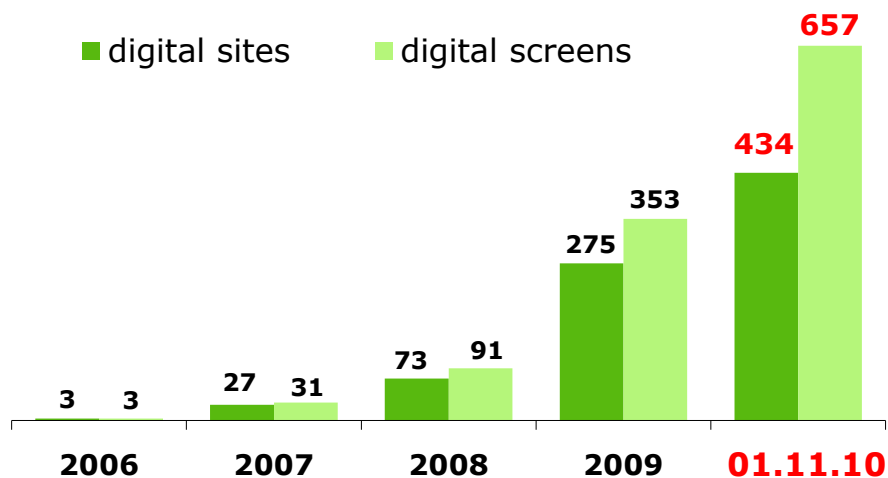
! the total Box Office 2010 at Russian Language Cinema Market* reached 1 bln. dollars !

* Russia, Kazakhstan and Belorussia

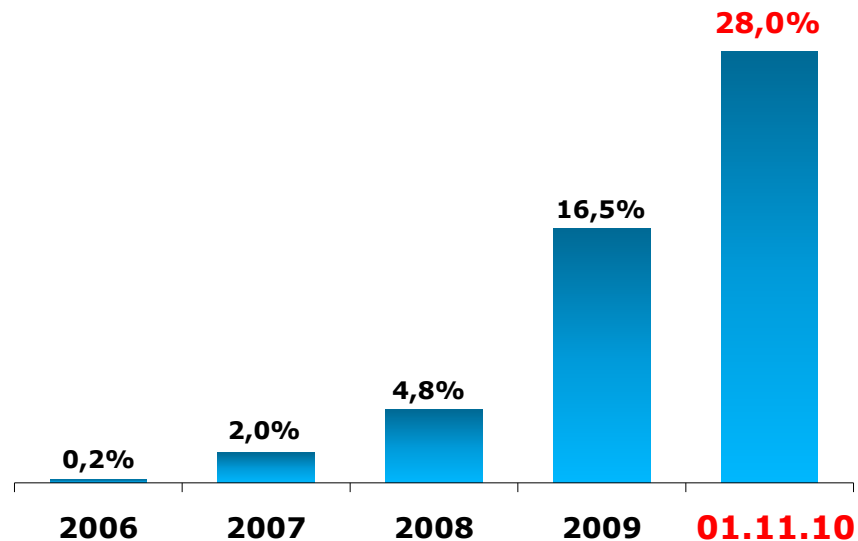
Source: Film Business Today, Nevafilm Research

RUSSIAN CINEMA MARKET **DIGITAL CINEMA**

Digital cinema sites and screens in Russia



Share of digital screens in Russia (% of the total number of screens)



Source: Nevafilm Research

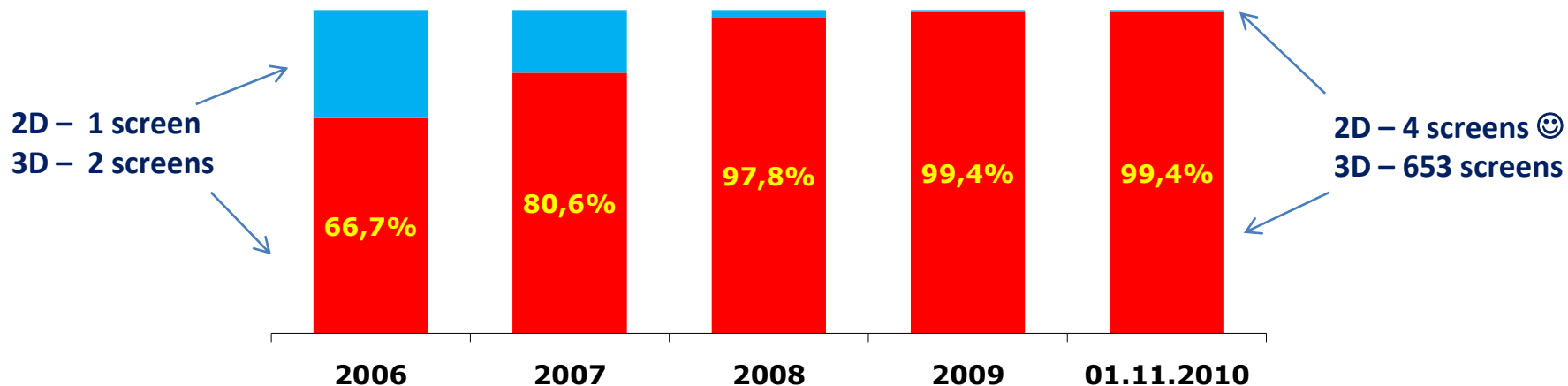
RUSSIAN CINEMA MARKET **KEY POINTS**

- ✓ **NO** *VPF deals* (except one deal Cinema Park - Paramount)
- ✓ **NO** *Public schemes of DC rollout*
- ✓ **NO** *Government support*
- ✓ **NO** *Fair credit interest rate (> 18%)*

WHAT IS DRIVING THE MARKET? → **3D**

RUSSIAN DIGITAL CINEMA MARKET **3D SCREENS DOMINATION**

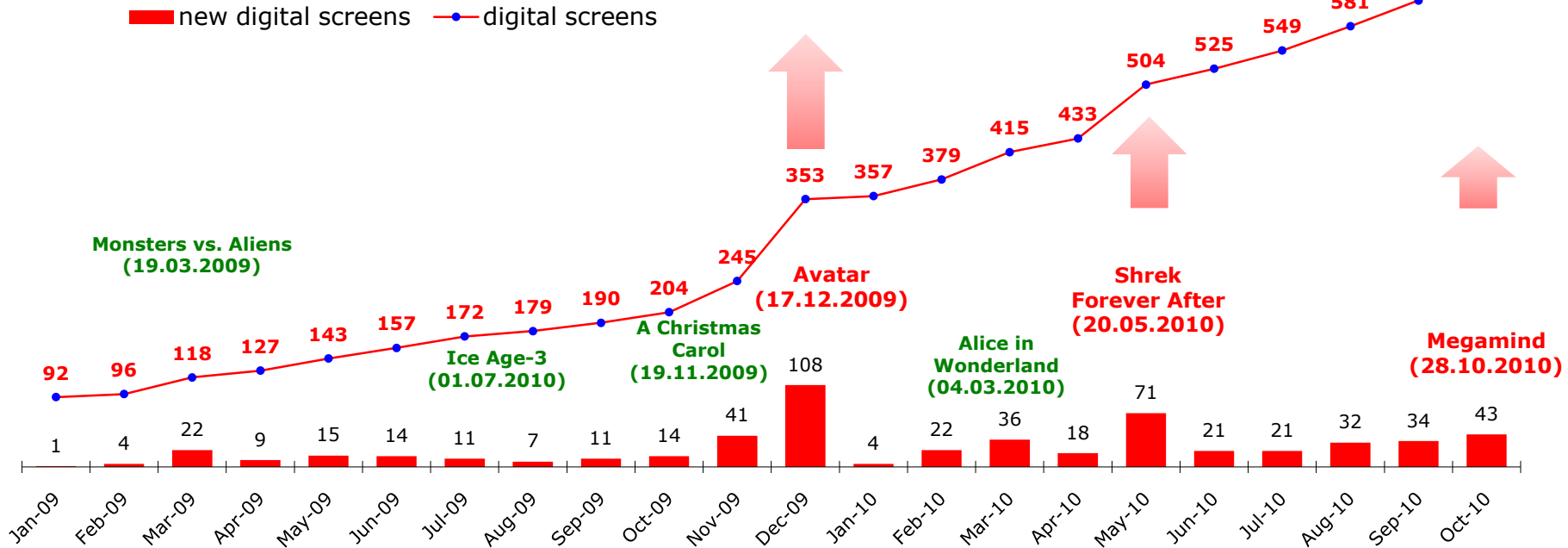
SHARE OF 3D SCREENS IN TOTAL NUMBER OF DIGITAL SCREENS



Source: Nevafilm Research

RUSSIAN DIGITAL CINEMA MARKET 3D SCREENS DRIVEN BY 3D RELEASES

Total number of digital cinema screens and new digital screen openings in Russia (2009-01.11.2010)



Source: Nevafilm Research

RUSSIAN DIGITAL CINEMA MARKET TOP 10 CINEMA CHAINS BY Q-TY OF DIGITAL SCREENS

Rank	Cinema Chain	Digital		Share by digital screens all markets 2010	Total (Digital + 35)		Share by digital screens in chain	
		Sites	Screens		Sites	Screens	2009	2010
1	Cinema Park	17	57	8,7%	17	140	30,2%	40,7%
2	Karo Film	28	46	7,0%	34	171	10,8%	26,9%
3	Rising Star Media	6	36	5,5%	6	75	18,9%	48,0%
4	Luxor	16	33	5,0%	16	86	33,8%	38,4%
5	Formula Kino	11	18	2,7%	11	62	26,2%	29,0%
6	Paradise	9	18	2,7%	9	50	19,0%	36,0%
7	Kinomax	14	17	2,6%	25	112	7,0%	15,2%
8	Premyer-Zal	13	14	2,1%	39	54	3,7%	25,9%
9	Monitor	8	14	2,1%	16	45	18,4%	31,1%
10	West	3	9	1,4%	4	22		40,9%

Source: Nevafilm Research

RUSSIAN CINEMA MARKET **SHARE OF DIGITAL SCREENS BY TYPE OF CINEMA OPERATOR**

Operators	# of players	# of cinema sites	# of screens	# of digital sites	# of digital screens	share by # of screens	share by # of digital screens	Growth 2009/2010
Federal chains	21	195	1016	138	274	43,4%	41,7%	+132
Regional chains	8	76	179	21	37	7,6%	5,6%	+7
Local chains	56	175	437	93	126	18,7%	19,2%	+75
Independent cinemas	407	407	711	171	220	30,3%	33,5%	+91
Total in Russia	492	853	2343	423	657	100%	100%	+305

Source: Nevafilm Research

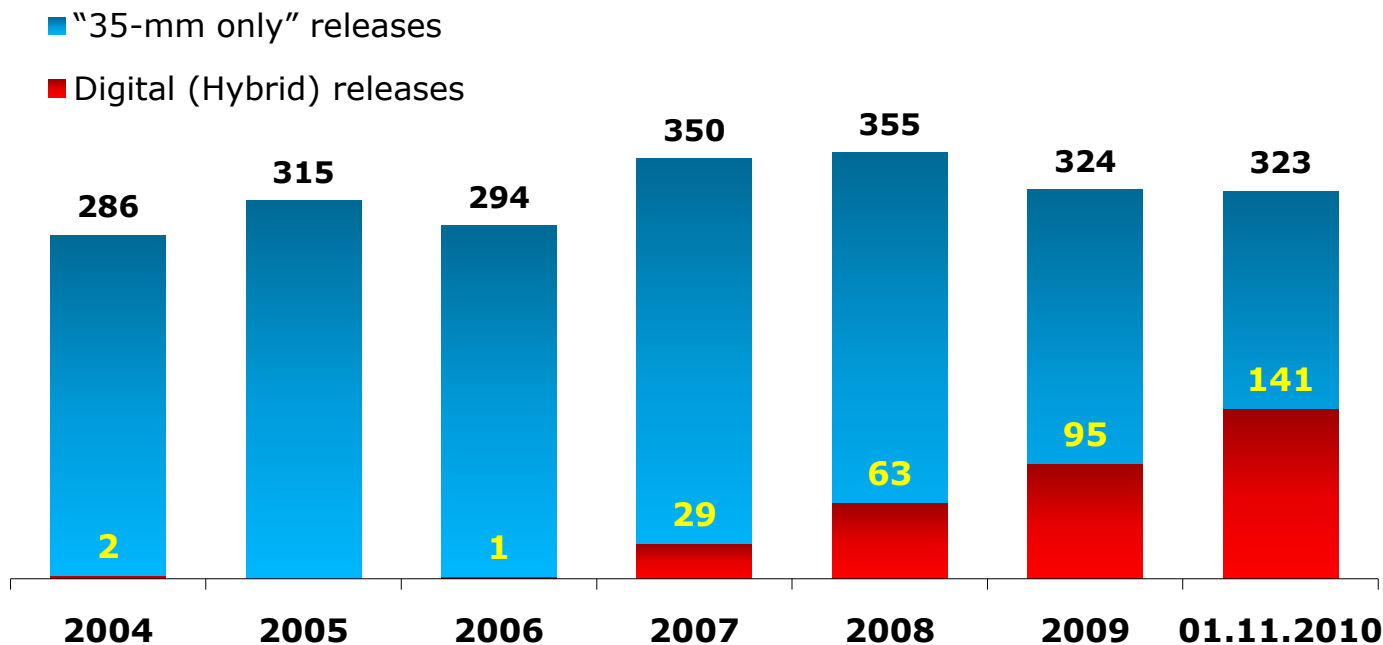
RUSSIAN DIGITAL CINEMA MARKET **NUMBER OF DIGITAL SCREENS BY SIZE OF THEATER**

Type of Theatre	Sites	Screens	Digital Sites	Digital Screens	Share of screens w/ DC	AVG DC per site
Single Screen	384	384	97	97	25%	1,0
Miniplex (2-7)	407	1389	278	397	29%	1,4
Multiplex (8+)	62	570	59	163	29%	2,8
Total Russia	853	2343	434	657	28%	1,5

Source: Nevafilm Research

RUSSIAN CINEMA MARKET **SHARE OF DIGITAL (HYBRID) RELEASES**

Digital (Hybrid) releases vs. "35-mm only" releases



Source: Nevafilm Research

RUSSIAN DIGITAL CINEMA MARKET **RELEASES BY TYPE OF DISTRIBUTOR**

Type of Distributor	Total # of releases		Incl. Digital Releases		Total # of 35-mm prints		Digital bookings	
	2009	2010	2009	2010	2009	2010	2009	2010
Majors	121	107	73	76	42 920	39 749	3 762	10 958
Independent	203	216	23	65	18 135	19 971	795	4 885
Total Russia	324	323	96	141	61 055	59 720	4 557	15 843

Source: Nevafilm Research

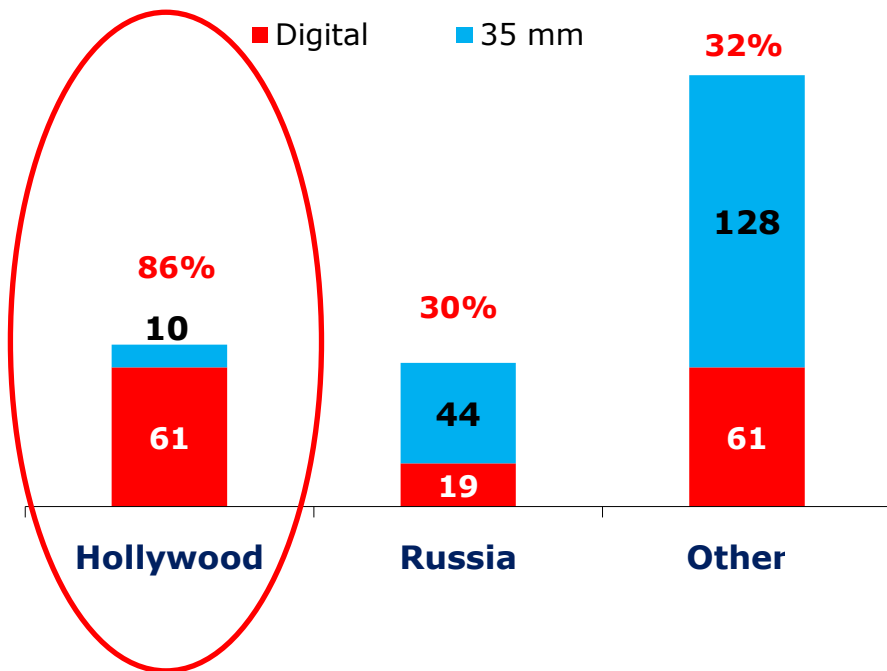
RUSSIAN DIGITAL CINEMA MARKET **NUMBER OF DIGITAL RELEASES BY ORIGIN**

Digital releases by origin	2006	2007	2008	2009	01.11.2010
Hollywood	1	20	40	60	61
Russia	0	7	15	19	19
Other	0	2	8	17	61
Total	1	29	63	96	141

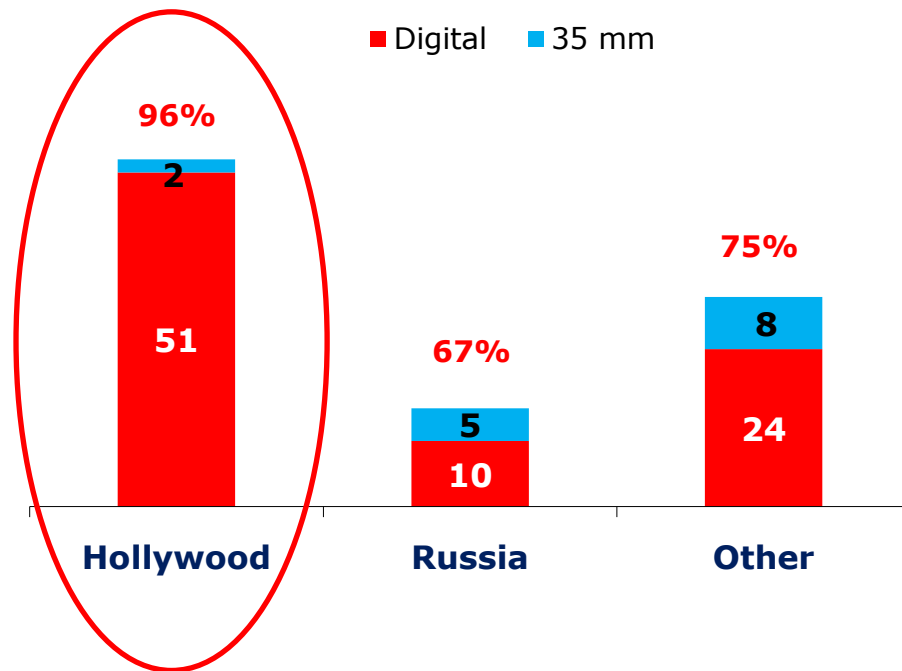
Source: Nevafilm Research

RUSSIAN CINEMA MARKET **DIGITAL (HYBRID) RELEASES BY ORIGIN** (as of 01 NOV 2010)

ALL RELEASES



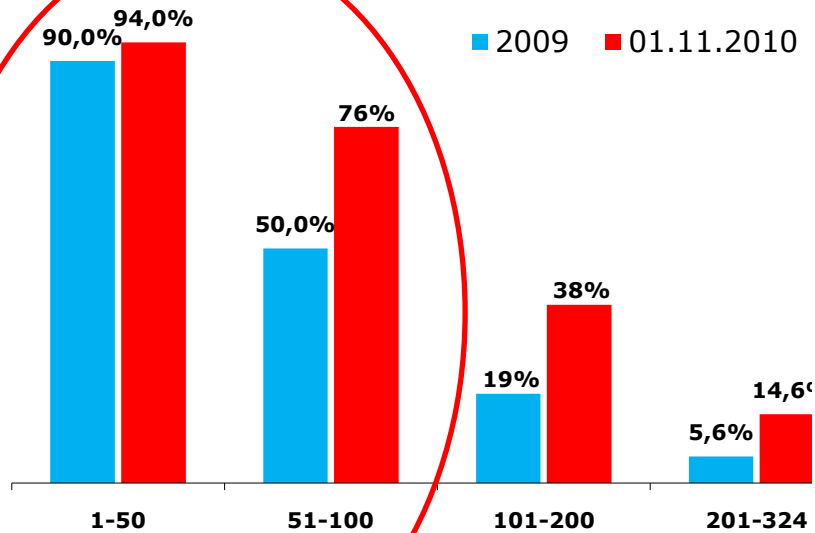
TOP 100



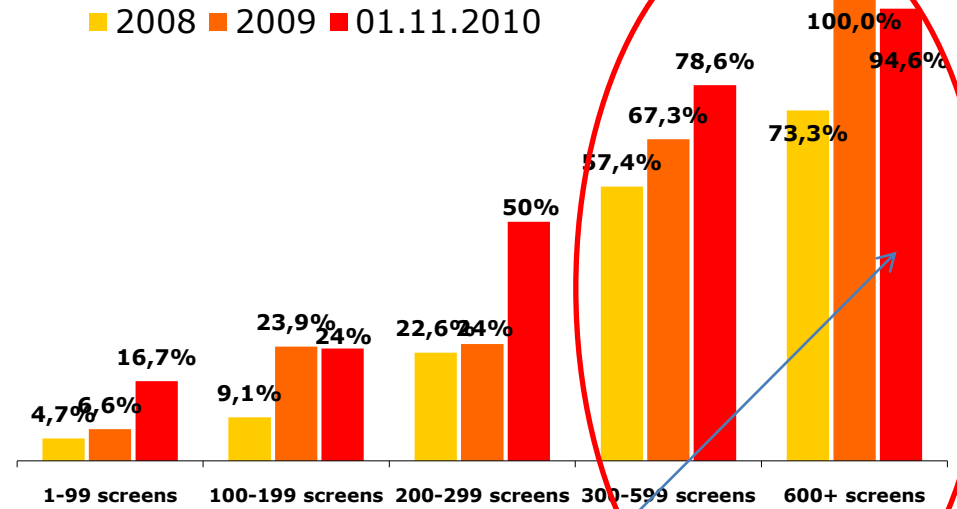
Source: Film Business Today, Nevafilm Research

RUSSIAN DIGITAL CINEMA MARKET SHARE OF DIGITAL (HYBRID) RELEASES

Share of digital releases depending on Box Office Range



Share of digital releases vs. wideness of release



"The Expendables" (Central Partnership)
and
"The Alien Girl" (20th Century Fox) were
not offered as digital releases

Source: Film Business Today, NevaFilm Research

RUSSIAN CINEMA MARKET **TOP BOX OFFICE 2010**

3D!
3D!
3D!
3D!
3D!
3D!
3D!

Rank	Title	Distributor	Box Office \$M
1	Avatar	FOX	118,2
2	Shrek Forever After	CP/Paramount	51,4
3	Alice In Wonderland	Walt Disney/WDSSPR	42,0
4	The Twilight Saga: Eclipse	West	26,4
5	Clash of the Titans	Karo/Warner Bros	25,0
6	How To Train Your Dragon	CP/Paramount	23,5
7	MegaMind	CP/Paramount	21,9

Box Office share of 3D releases 2010Y – 27%

Source: Film Business Today

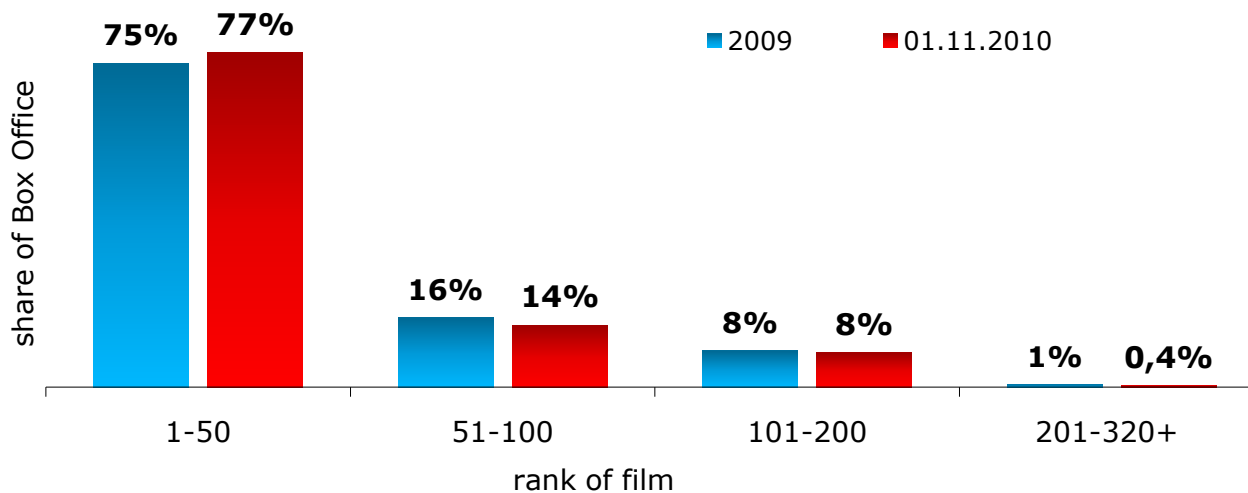
RUSSIAN DIGITAL CINEMA MARKET **NUMBER OF 3D RELEASES BY ORIGIN**

3D releases by origin	2007	2008	2009	01.11.2010
Hollywood	2	2	10	12
Russia	0	0	0	2
Other	0	6	5	16
Total	2	8	15	30

Source: Nevafilm Research

RUSSIAN DIGITAL CINEMA MARKET **BLOCKBUSTERIZATION**

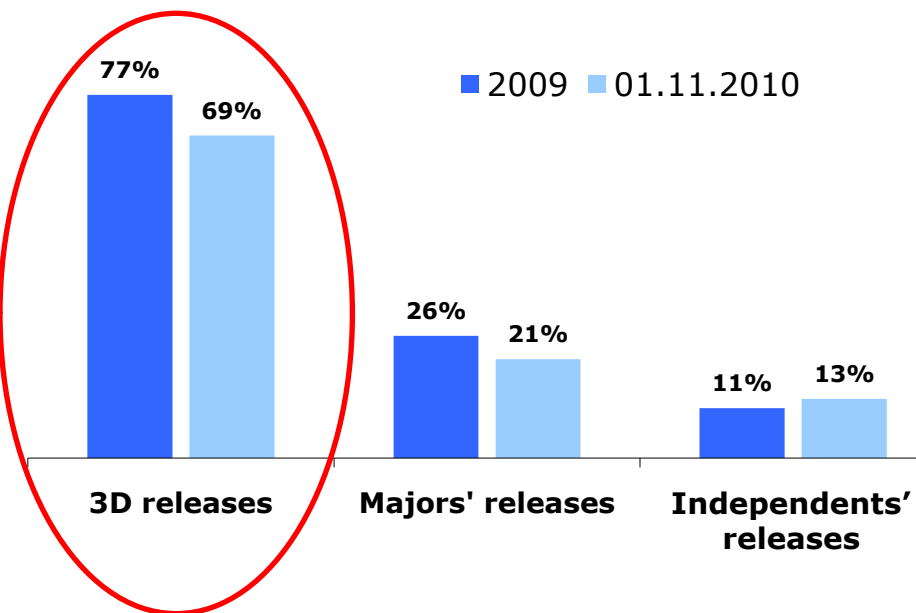
Box office depending on the films' ranking in the Russian distribution



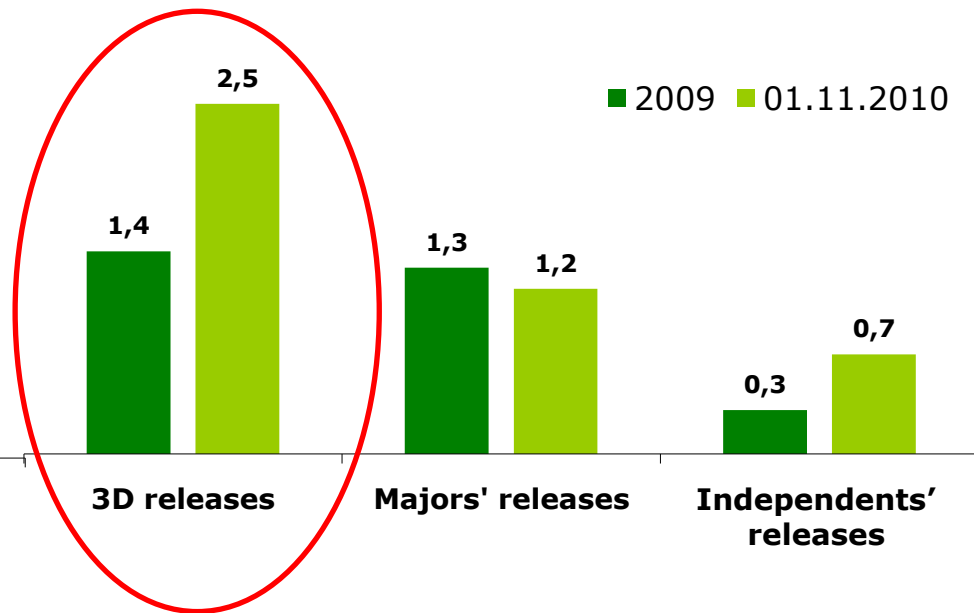
Source: Film Business Today, Nevafilm Research

RUSSIAN DIGITAL CINEMA MARKET **AVAILABILITY OF DIGITAL SCREENS FOR DIFFERENT TYPES OF FILMS**

Average number of digital screens showing different types of digital releases (%)



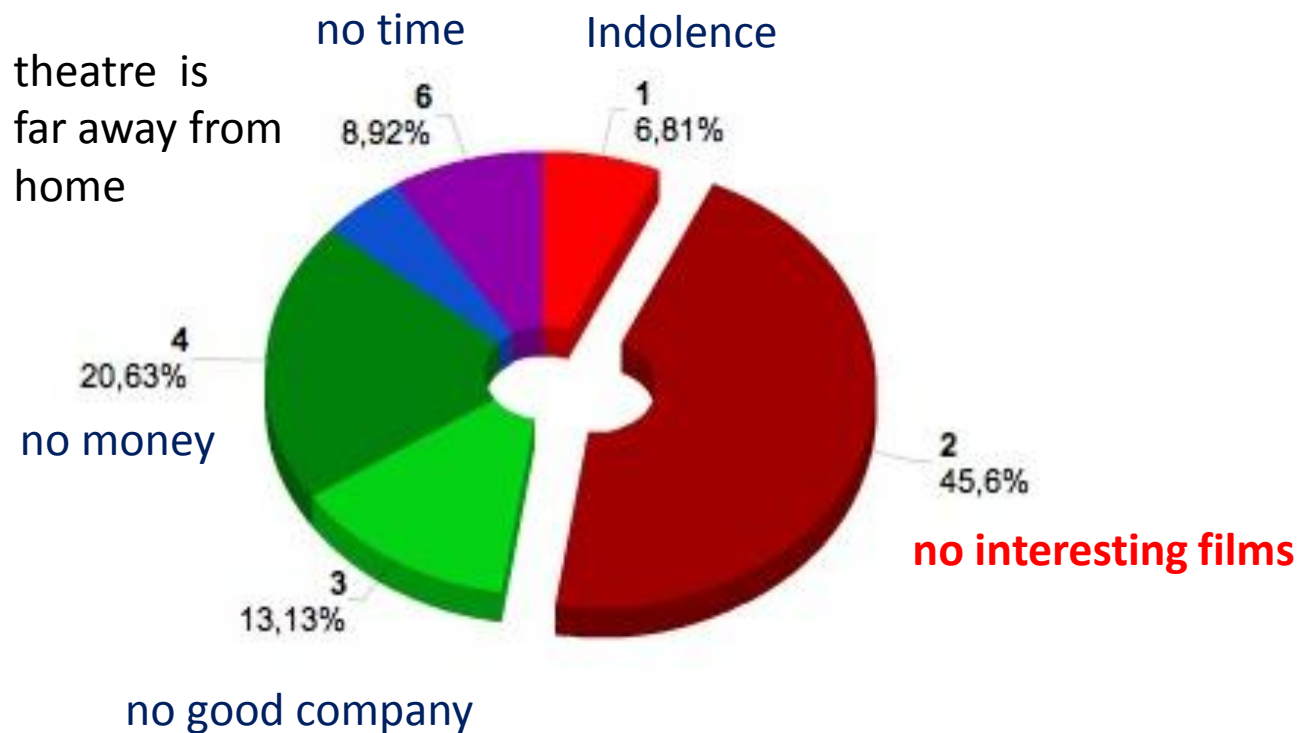
Average number of digital films PER MONTH being screened per digital screen in Russia



Source: Film Business Today, Nevafilm Research

RUSSIAN CINEMA MARKET **45,6 % SAY THAT THERE ARE NO INTERESTING FILMS FOR MOVIEGOING**

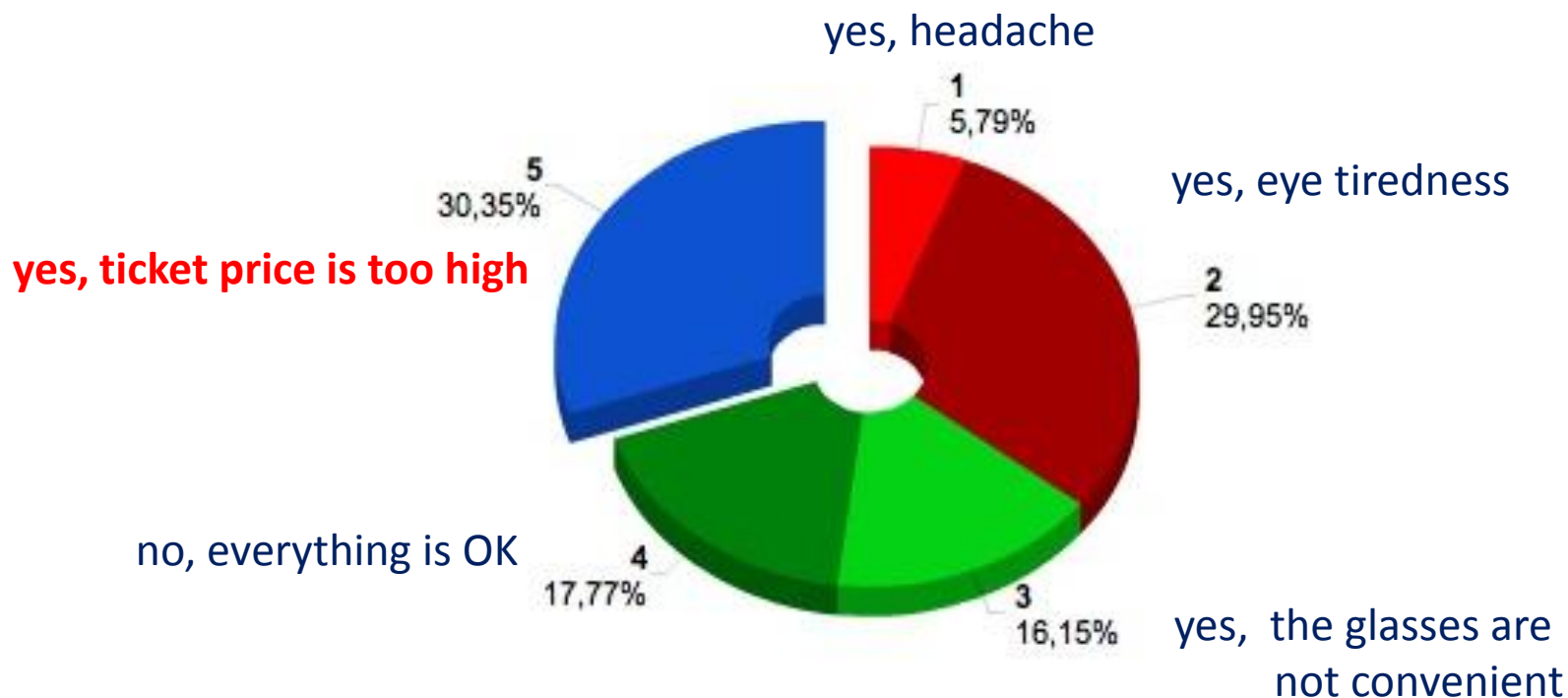
Why don't you go to the movie theater?



5'955 votes 22.NOV.2010 @ www.kinopoisk.ru

RUSSIAN CINEMA MARKET **30 % SAY THAT THE TICKET PRICE FOR 3D AT CINEMAS ARE TOO HIGH**

Do you have any inconvenience while you watching 3D in cinema?

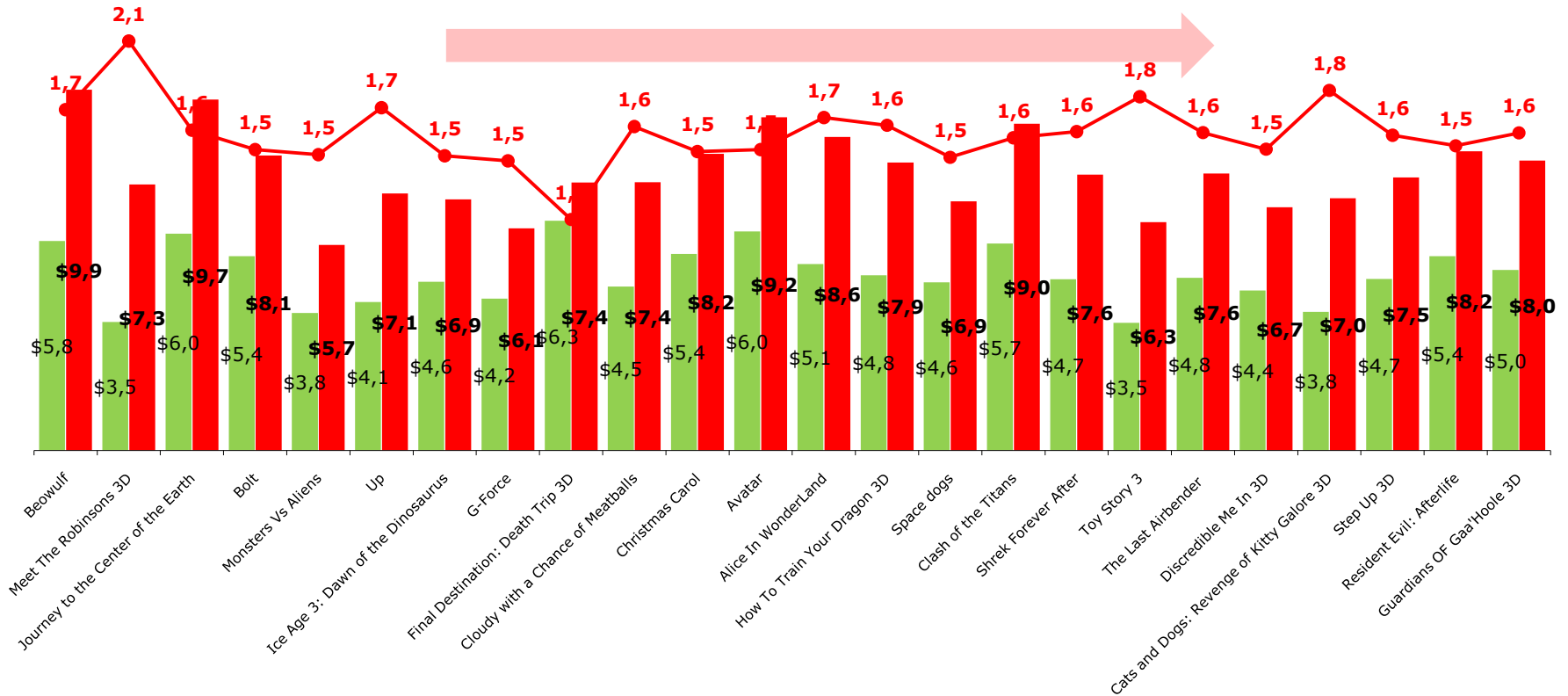


7'685 votes 20.JUN.2010 @ www.kinopoisk.ru

DIGITAL CINEMA IN RUSSIA: STATUS OF 2D/3D ROLLOUT

RUSSIAN DIGITAL CINEMA MARKET **AVERAGE TICKET PRICE - 3D vs. 2D – INSTABLE**

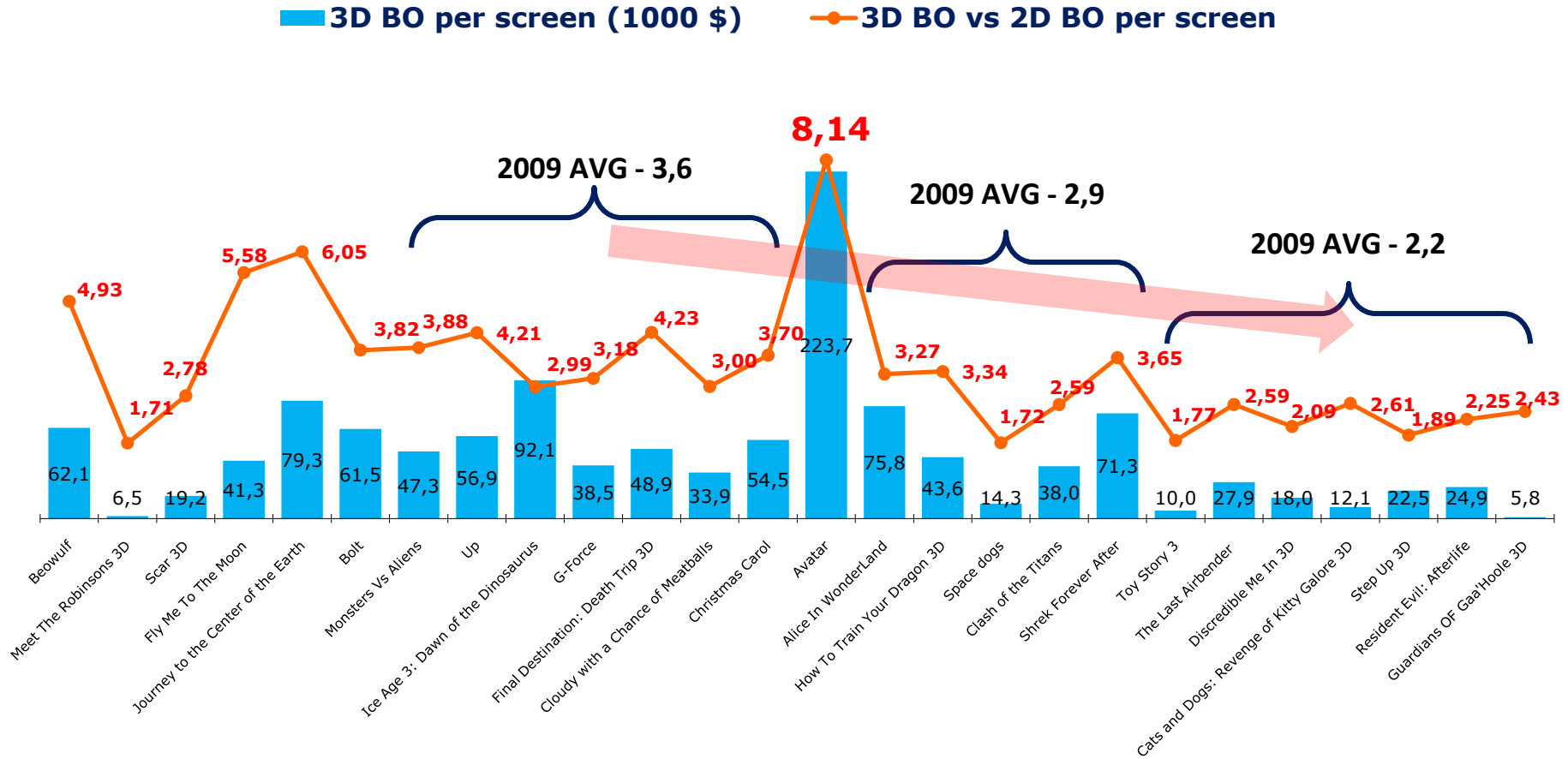
■ **AVG ticket price 35 mm** ■ **AVG ticket price digital 3D** ● **+ % from 35 mm**



Source: Booker's Bulletin, Nevafilm Research

DIGITAL CINEMA IN RUSSIA: STATUS OF 2D/3D ROLLOUT

RUSSIAN DIGITAL CINEMA MARKET **AVG BOX OFFICE PER SCREEN - 3D vs. 2D - SLOWLY GOES DOWN**



Source: Booker's Bulletin, NevaFilm Research

QUALITY OF 3D FILMS **INDUSTRY SHOULD APPRECIATE TRUST OF THE SPECTATORS**



- Viewers unhappy with 3D quality, demanded their money back
- Many viewers stated the movie is best viewed without glasses
- Viewers were unhappy with the admission fee as for a 3D show
- Viewers liked the story and the feature itself but they expected 3D and did not get it
- Appeared a new term: semi3D

RUSSIAN DIGITAL CINEMA MARKET LOCAL 3D RELEASES

«Space Dogs 3D»



2010

CGI animation
3D conversion

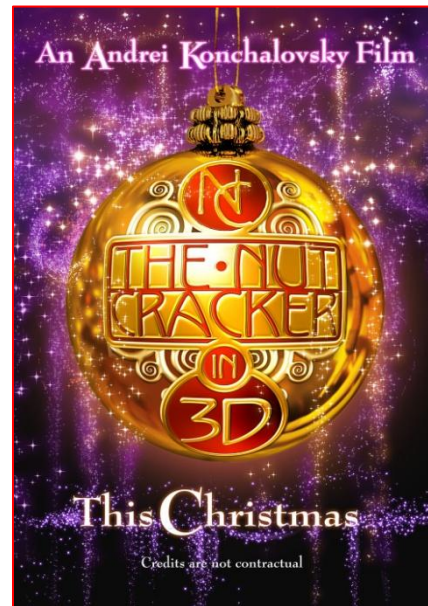
«Dark World3D»



2010

Live Action
3D Conversion 20 min

«The Nutcracker 3D»



2011

Live Action
3D conversion

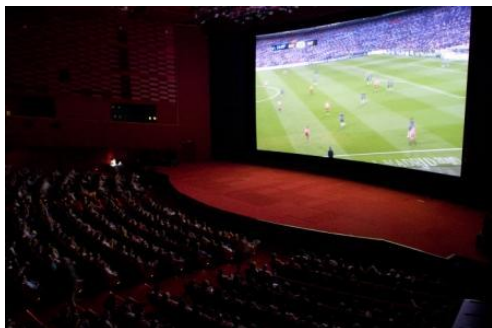
«The best film 3De»



2011

Live Action
3D shooting
dual lenses w/one camera

ALSO 3D **IN CINEMAS AND NOT ONLY IN CINEMAS**



summer 2010

*3D live @ cinemas
(Football cup)*



May 2010

*Military Parade
@ Red Square
3D shooting
for TV "Russia"*



November 2010

*3D music show
"Disco of the 80th"
27 000 attendance
at one 3D show*



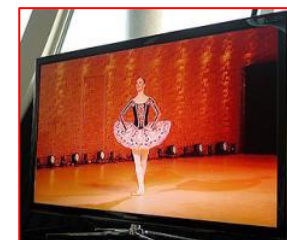
May 2010

*3D TV channel
«NTV Plus»
launched*



April 2010

*3D TV channel
«Platforma HD»
launched*



April 2010

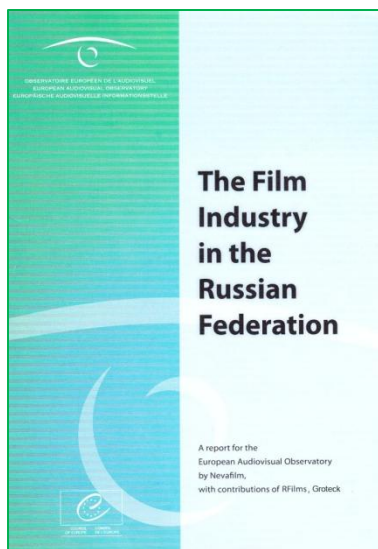
*3D Live ballet from
Mariynsky Theater*

RUSSIAN DIGITAL CINEMA MARKET **CONCLUSION**

***3D is still driving the Russian market,
but...***

- *3D grows the level of blockbusterization*
- *3D displaces other films from screens*
- *The average box office of «3D vs. 2D» goes down*
- *Viewers are unhappy with ticket price for 3D*
- *A need to increase 3D quality*

THE END . **THANK YOU!**



The film industry In Russia
Report is available at EAO website



«The film Distribution Market in Russia»
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