



E-Cinema

- **A Cinema Exhibitors realistic views**

- **Mats Kullander**
 - **SF Bio**

BIO



Facts about SF Bio

- SF Bio is the biggest Cinema Company in Scandinavia
- SF Bio is the second oldest Cinema Company in the world still in op.
- We **actually** gave a profit last year!



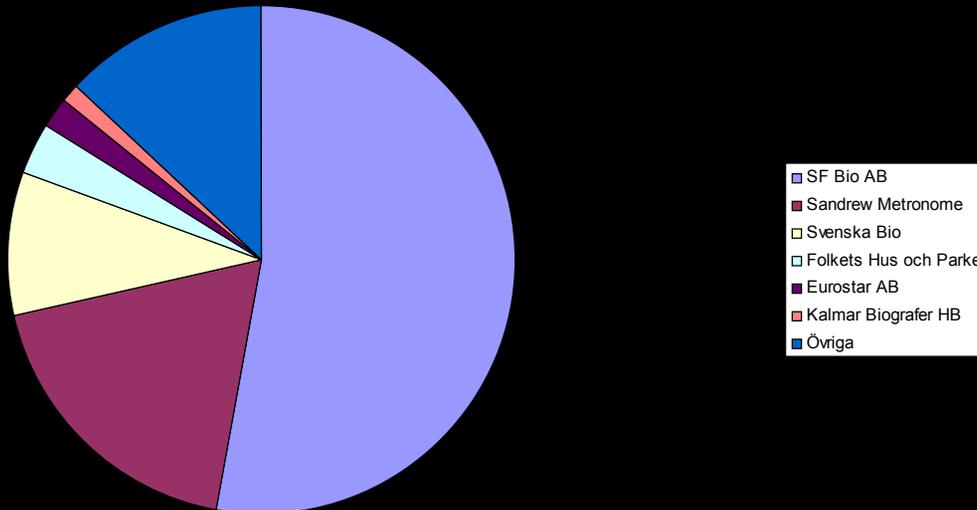
More facts about SF Bio

- 33 Cinemas
- 181 Screens
- 26.824 Chairs
- 20 Towns
- 181.000 Perf/year



Facts about Sweden

- 2000
- 1.131 screens/ 814 cinemas
- 453 screens give more than 5 perf/week
- 16.978.000 visitors





Now let's talk E-cinema!

What's good about E-cinema?



Whats good??

- Almost

- **EVERYTHING!**



(Almost) **Everything!**

- When we finally get an integrated system spanning the whole chain
- Production
- Distribution
- Exhibition

- The business opportunities will be beyond our wildest dreams!



Good!

- Suddenly it will be possible to show a film in thousands of places at the same time, all over the world, with subtitles or with dubbed sound.
- You can use the auditorium for a lot of new things like sports, events, concerts, lectures, conferences etc
- Different ethnical groups can show their films at a considerably lower cost
- You can very easily change commercials (to make them fit different films/audiences)
- And that 's only the beginning....



Q

- What about Picture Quality??



Technical facts

- **Theoretically**
the digital picture still doesn't match the quality of a standard 35 mm film (if it is a first generation print!) if you count bits and bytes and pixels etc



Who cares?

- Does the Audience care about theoretical quality?



No!

- **No!!**
They will believe what their eyes see
- *Beauty is in the eyes of the beholder*
William Shakespeare



My eyes

- I've worked in this business for 34 years and in my opinion, the digital picture is MUCH MUCH MUCH better than any 35 mm based picture (based on what my eyes actually see). It's a whole new experience!



Why?

- So, why wait???????



Little word

- The only thing stopping us is that little word
 - **Almost** (everything is better)



biggest

- because the biggest question of them all is



Investment costs for 35 mm

November 2001, SKr

| | |
|--------------------------------|---------|
| • 35 mm Projector complete | 200.000 |
| • Amplifier 5.1 excl processor | 175.000 |
| • Digital processor w reader | 100.000 |
| • Automation system etc | 30.000 |
| | |
| • Total | 505.000 |



Technical costs for a performance

Per screen in an 8-screen complex giving 936 perf/year/screen

- Transportation of filmcopy 2:50
- Make up of film to nonrew 45 min 1:25
- Taking it down for transportation 30 min 0:75
- Service by technician 20:-
- Threading film, inspection, daily maintenance 35:-
- Depreciation (7,5 years = 7.020 perf) 71:95

- **Total 131:45**



Investment costs for Digital

November 2001, SKr

- Digital Projector complete 1.500.000
- Amplifier 5.1 excl processor 175.000
- Automation system etc 30.000
- Satellite receiver incl ampl 45.000
- Hard discs, server, playback, decoder 250.000
- Cinema Mgr extended software 125.000

- **Total 2.175.000**



Technical costs for a performance

Per screen in an 8-screen complex giving 936 perf/year/screen

- Satellite time 2:00
- Programme composition 1:25
- "cleaning" harddiscs, programming etc 0:75
- Service, support fee, upgrading, sound service 165:00
- Depreciation (5 years = 4.680 perf) 464:75

- Total 633:85



Difference

- How much more does Digital cost?
- Performance 502:40
- Year (181.000 perf) 90.934.400:-
- 5 years (depreciation) 454.672.000:-



Lower price???

- If the prices on digital go down 50%?



Difference

- How much more does Digital cost?
- Performance 270:-
- Year (181.000 perf) 48.870.000:-
- 5 years (depreciation) 244.350.000:-



?

- Can we afford this?



Economy

- How much AC (alternative content) and/or AU (alternative uses) will we be able to show??
- Enough to recoup the Investment?



The Truth

- Digital cinema will be a tremendous opportunity for the whole business when
 - The picture quality is as good as or better than with 35 mm film
 - The economy is as good as or better than with 35 mm film



Today

- Today the picture quality is better
- The economy "stinks"



Not technical

- This means that E-cinema is not at all a technical issue



Excel

- It's an issue for the boys and girls with the BIG Excel Spreadsheets and wallets



Focus

- Now don't let these little matters
- (money) discourage you...

- E-cinema will come and change the whole industry



Wallet

- But who is going to pay??



THE END

- And that's The End of my electronically projected presentation