DIVERSITY, GROWTH AND INNOVATION — KEY TRENDS IN EUROPEAN CINEMA

UNIC ANNUAL REPORT 2016

UNIC
Union Internationale des Cinémas
International Union of Cinemas

WELCOME
FROM PHIL CLAPP

Welcome to this, our latest summary of key cinema trends in one of the most diverse, innovative and dynamic regions in the world – Europe. UNIC, the Union Internationale des Cinémas / International Union of Cinemas, is the European grouping of cinema trade associations and key operators, now covering 36 territories. We promote the cultural, social and economic benefits of a vibrant cinema-going culture across Europe and provide a strong and influential voice for European cinema operators on issues of shared interest.

In 2015, cinemas across UNIC territories accounted for 1.26 billion admissions and box office revenue of €8.8 billion – 24 per cent of the global theatrical market for films.

In an increasingly closely-connected and international film sector, the significant contributions of our members to the success of the wider industry and the importance of Europe as a key building block of the global motion picture value chain are becoming increasingly recognised by industry colleagues and European policy-makers.

What follows is also intended to illustrate the ways in which UNIC's concerted efforts over recent years have perhaps contributed in some small way to this welcome development.

I hope you enjoy reading this report.

Phil Clapp, CEO of the UK Cinema Association, is President of the International Union of Cinemas.

Cover: (Children) Courtesy of iStock / Photo: nullplus, (Couple) Courtesy of 123rf / Photo: dolgachov, (Woman) Courtesy of PhotoAlto / Photo: Odilon Dimier

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2015

EXECUTIVE SUMMARY

In 2015, the 36 territories represented by UNIC, covering a market of 770 million consumers and 35 different languages, saw cinema admissions increase by 6 per cent and box office by 12.5 per cent.

Underlying this positive trajectory is a European cinema sector which faces challenges as well as opportunities.

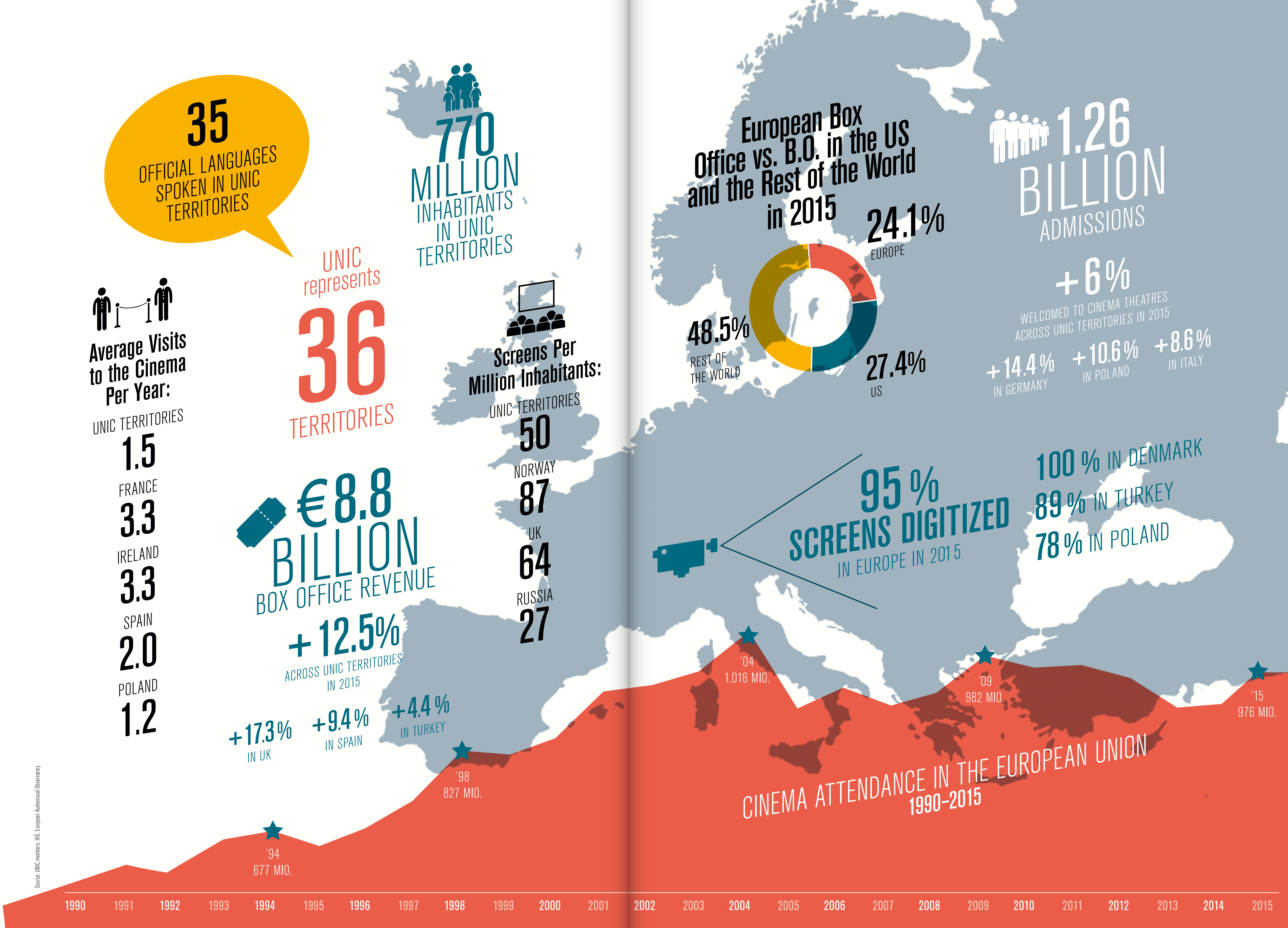
In the next few years, it is anticipated that ongoing consolidation within the industry will continue, driving further growth and efficiencies across UNIC territories. At the same time, the continuing existence of a strong tier of highly successful independent and local cinemas in many territories is complemented by dynamic local film production, ensuring the resilience of the European cinema ecosystem.

While cinema-going among younger Europeans remains strong – particularly in growing Central and Eastern European territories – the more mature markets of Western Europe are (as illustrated in this report) rising to the challenge of building new audiences by experimenting with a range of audience engagement initiatives at a time when consumers are able to access a myriad of other leisure offers.

Digital cinema has delivered on its promise of fundamentally changing the economics and the operational model of the sector, leading to the establishment of a more diverse cinema 'offer' in Europe, one characterised by greater flexibility in programming and reflective of increasingly fragmented audience tastes.

UNIC will continue to monitor these trends and support its members in keeping them up to date with the many exciting developments that influence the cinema business on a daily basis.

Our key objective is to help shape the political and legal framework in Europe such that cinemas of all kinds and sizes will remain able to thrive. What follows therefore also documents our advocacy efforts on behalf of our members in Brussels and elsewhere.



Source: UNIC members, IHS, European Audiovisual Observatory.

CINEMA-GOING ACROSS UNIC TERRITORIES IN 2015

Kino International, Berlin, Germany, Courtesy of Yorck Kinogruppe / Photo: Daniel Horn

2015 was a record-year for cinema operators in many UNIC territories. Total box office revenue reached €8.8 billion[1], a 12.5 per cent increase on the previous year[2]. Total cinema admissions increased by 6 per cent, reaching more than 1.26 billion visits.

1.26 BILLION ADMISSIONS
+6%
INCREASE FROM 2014

€8.8 BILLION
BOX OFFICE REVENUE
+12.5%
INCREASE FROM 2014

1.5 ANNUAL VISITS
TO THE CINEMA

TOP 5 UNIC TERRITORIES
IN TERMS OF ADMISSIONS:

FRANCE (205 MILLION)
RUSSIA (176 MILLION)
UK (172 MILLION)
GERMANY (139 MILLION)
ITALY (99 MILLION)

2015 WAS A RECORD YEAR FOR CINEMA OPERATORS IN MANY UNIC TERRITORIES

The foundation of this positive trend was the strong performance of key international titles including *Fifty Shades of Grey, Furious 7, Minions, SPECTRE, Jurassic World* and of course *Star Wars: The Force Awakens.*

Admissions and Box Office

A number of UNIC territories experienced exceptionally strong performance in 2015.

For example, UK box office increased by 17.3 per cent compared to 2014, whilst admissions increased by 9.2 per cent. Germany experienced similar positive results (box office +19.1 per cent / admissions +14.4 per cent).

The slight reduction of 1.8 per cent in admissions in France in 2015 can partly be explained by the huge success of French films in the previous year. Despite this, French cinemas still benefited from over 200 million visits for the second year running. A similar trend could be observed in Turkey (box office +4.4 per cent / admissions -1.3 per cent), following years of robust growth.

Positive results were seen across much of Southern Europe, most significantly in Italy (box office +10.9 per cent / admissions +8.6 per cent) and Spain (box office +9.4 per cent / admissions +7.7 per cent).

[1] Total box office for UNIC territories is calculated on the basis of Euro equivalents to national currencies.
[2] Despite the significant impact of the progressive devaluation of the Russia Ruble since 2014.

SEVERAL EUROPEAN COUNTRIES EXPERIENCED VERY POSITIVE RESULTS DUE TO STRONG LOCAL TITLES

Poland has become one of Europe's leading markets with more than 40 million admissions in 2015 – an increase of 10.6 per cent compared to the previous year – as well as significant box office growth of 13.2 per cent. Several other Central and Eastern European countries experienced equally positive market developments, notably the Czech Republic (box office +14.1 per cent / admissions +11.7 per cent) and Hungary (box office +20.1 per cent / admissions +18.4 per cent).

Admissions per Capita

Admissions per capita for all UNIC territories in 2015 averaged 1.5 visits to the cinema per year, equalling 2014. France (3.3) and Ireland (3.3) continued to experience the highest cinema-going rates. Moderate attendance rates in growth markets such as Turkey (0.8), Russia (1.2) or Poland (1.2) should be seen as an opportunity for future development.

Market Share of National Films

The market share of national films across UNIC territories slightly decreased in 2015 following a very successful 2014. However, as was the case last year, Turkey led all territories with a share of 56.8 per cent for local films. The UK came in second with 44.5 per cent, primarily as a result of the success of *Star Wars: The Force Awakens* and *SPECTRE*[3], followed by France with a national market share of 35.5 per cent. Several other European countries experienced very positive results as a result of strong local titles, such as *Fack Ju Göhte 2* in Germany, *8 Apelidos* Catalanes in Spain and *Listy do M.2* in Poland.

Digital Conversion

Digital conversion amongst cinemas across UNIC territories reached 95 per cent in 2015, confirming that this seismic change to the sector is close to completion. Impressive progress has been made in recent years in Southern European territories, most significantly in Turkey, where the share of digitised screens grew from 30 per cent in 2013 to over 90 per cent in 2015.

Total Screens

The total number of cinema screens across UNIC territories remained relatively stable in 2015, coming in at approximately 38,600. UNIC territories averaged 50 screens per million inhabitants.

[3] Both films are considered as UK qualifying films by the British Film Institute.

MORE THAN
1,900 FILMS
PRODUCED ACROSS UNIC TERRITORIES IN 2015

38,600 SCREENS
IN UNIC TERRITORIES

50 SCREENS
PER MILLION INHABITANTS IN UNIC TERRITORIES

€6.6
AVERAGE TICKET PRICE
IN THE EUROPEAN UNION IN 2015

Courtesy of Fotolia.com / Photo: Nebojsa Bobic

	Box office in local currency		Admissions					
Country (currency)	2015	change in %	2015	change in %	Per capita	National films' share	Screen density	Average ticket price in local currency
Albania (ALL)	125.0	+ 15.2%	0.3	+ 13.6%	0.1	n/d	4	412.5
Bosnia and Herzegovina (BAM)	4.6	+ 3.5%	0.9	+ 2.1%	0.2	n/d	8	5.9
Austria (EUR)	136.0	+ 15.3%	15.8	+ 12.1%	2	4.3%	66	9.5
Belgium (EUR)	166.0	+ 5.3%	21.1	+ 3.5%	1.9	10%	46	7.8
Bulgaria (BGN)	45.9	+ 11.2%	5.3	+ 8.8%	0.7	1.3%	28	8.6
Croatia (HRK)	114.9	+ 2.2%	3.9	+ 3.9%	0.9	1.7%	39	3.8
Czech Republic (CZK)	1,669.2	+ 14.1%	13.0	+ 11.7%	1.2	16.9%	81	128.8
Denmark (DKK)	1,200.0	+ 21.8%	14.2	+ 15.2%	2.5	29.3%	77	84.7
Estonia (EUR)	15.6	+ 22.0%	3.1	+ 19.0%	2.4	11.3%	62	5.0
Finland (EUR)	91.0	+ 25.5%	8.8	+ 18.9%	1.6	29%	57	10.3
France (EUR)	1,331.3	– 0.1%	205.3	– 1.8%	3.3	35.5%	87	6.5
Germany (EUR)	1,167.1	+ 19.1%	139.2	+ 14.4%	1.7	27.5%	58	7.9
Greece (EUR)	63.4	+ 9.3%	9.8	+ 9.4%	0.9	8.4%	32	6.5
Hungary (HUF)	17,537.7	+ 20.1%	13.0	+ 18.4%	1.3	4.2%	33	1,347
Ireland (EUR)	104.1	+ 4.2%	15.2	+ 5.6%	3.3	4.1%	111	7.0
Israel (ILS)	507.0	+ 10.5%	15.6	+ 8.6%	1.9	6.2%	37	32.5
Italy (EUR)*	637.3	+ 10.9%	99.4	+ 8.6%	1.6	20.7%	66	6.4
Latvia (EUR)	11.2	+ 9.7%	2.4	+ 2.0%	1.2	4.4%	29	4.8
Lithuania (EUR)	15.4	+ 7.2%	3.3	+ 3.0%	1.1	13.8%	32	4.6
Luxembourg (EUR)	9.5	+ 11.2%	1.3	+ 15.0%	2.3	2.1%	63	7.6
Macedonia (MKD)	85.0	+ 15.0%	0.4	+ 14.3%	0.2	n/d	17	183.3
Montenegro and Serbia (RSD)**	1,182.7	+ 2.8%	3.2	+ 0.2%	0.4	n/d	RS 16 / ME 29	350.2
Netherlands (EUR)	275.7	+ 10.2%	33.0	+ 7.0%	1.9	18.8%	54	8.4
Norway (NOK)	1,231.4	+ 13.8%	12.0	+ 8.6%	2.3	20.5%	87	102.3
Poland (PLN)	822.9	+ 13.2%	44.7	+ 10.6%	1.2	17.8%	33	18.4
Portugal (EUR)	75.0	+ 19.6%	14.6	+ 20.5%	1.4	6.5%	52	5.2
Romania (RON)	206.9	+ 11.7%	11.2	+ 9.8%	0.6	1.4%	18	18.5
Russia (RUB)	44,128.3	+ 2.1%	175.8	+ 0.3%	1.2	17.3%	27	246
Slovakia (EUR)	23.7	+ 13.8%	4.6	+ 11.9%	0.8	6.5%	40	5.2
Slovenia (EUR)	10.3	+ 8.4%	2.1	+ 8.6%	1.1	n/d	56	5.0
Spain (EUR)	571.6	+ 9.4%	94.2	+ 7.7%	2	19%	76	6.1
Sweden (SEK)	1,816.7	+ 10.0%	17.0	+ 4.7%	1.7	19.9%	83	106.6
Switzerland (CHF)	229.3	+ 12.1%	14.8	+ 11.6%	1.8	5.5%	70	15.5
Turkey (TRY)	681.4	+ 4.4%	60.5	– 1.3%	0.8	56.8%	31	11.3
UK (GBP)	1,240.4	+ 17.3%	171.9	+ 9.2%	2.7	44.5%	64	7.2

1.26 BILLION ADMISSIONS

+6%

WELCOMED TO CINEMA THEATRES ACROSS UNIC TERRITORIES IN 2015

€8.8 BILLION BOX OFFICE REVENUE

+12.5%

ACROSS UNIC TERRITORIES IN 2015

2014

Source: UNIC members 2014/2015
Complementary information from BU (BulgarianNational Film Center), CZ (Unie Filmovych Distributoru), EE (Eesti Filmi Instituut & Baltic Films Co-operation Platform), HR (Hrvatski Audiovizualni Centar), HU (Nemzeti Média- és Hírközlési Hatóság), LT (Lietuviu Filmu Centras & Baltic Films Co-operation Platform), LV (Nacionàlais kino centrs & Baltic Films Co-operation Platform), PL (Polski Instytut Sztuki Filmowej), PT (Instituto do Cinema e do Audiovisual), RU (Nevafilm Research), SI (Slovenski filmski center) and SK (Únia filmov´ych distribútorov).

* Cinetel: 90 per cent of the market. SIAE global results to be published in June 2016.
** Data collected for Montenegro and Serbia is combined due to local distribution practices.

Country	TOP 1	TOP 2	TOP 3	TOP 4	TOP 5
Austria	SPECTRE	Minions	Star Wars: The Force Awakens	Fack Ju Göhte 2	Fifty Shades of Grey
Belgique	Minions	Jurassic World	Star Wars: The Force Awakens	SPECTRE	Fast & Furious 7
Bulgaria	Fast & Furious 7	Star Wars: The Force Awakens	Minions	Fifty Shades of Grey	Hotel Transylavania 2
Czech Republic	Minions	Fifty Shades of Grey	Star Wars: The Force Awakens	SPECTRE	Hotel Transylavania 2
Denmark	SPECTRE	Star Wars: The Force Awakens	Klovn Forever	Inside Out	Jurassic World
Estonia	Minions	1944	Fast & Furious 7	SPECTRE	Supilinna salaselts / The Secret Society of Souptown
Finland	SPECTRE	Luokkakokous / Reunion	Star Wars: The Force Awakens	Minions	Napapiirin Sankarit 2 / Lapland Odissey 2
France	Star Wars: The Force Awakens	Minions	La Famille Bélier	Jurassic World	SPECTRE
Germany	Star Wars: The Force Awakens	Fack Ju Göhte 2	SPECTRE	Minions	Fifty Shades of Grey
Greece	SPECTRE	Fifty Shades of Grey	Fast & Furious 7	Enas Allos Kosmos	Inside Out
Hungary	Star Wars: The Force Awakens	Minions	Jurassic World	The Avengers: Age of Ultron	Fast & Furious 7
Ireland	Star Wars: The Force Awakens	SPECTRE	Minions	Jurassic World	Inside Out
Italy*	Inside Out	Minions	Star Wars: The Force Awakens	Fifty Shades of Grey	American Sniper
Latvia	Minions	Fast & Furious 7	Hotel Transylvania 2	SPECTRE	Fifty Shades of Grey
Lithuania	Minions	Nepatyres / Inexperienced	Fifty Shades of Grey	Hotel Transylvania 2	Fast & Furious 7
Luxembourg	SPECTRE	Minions	Fast & Furious 7	Star Wars: The Force Awakens	Fifty Shades of Grey
Netherlands	SPECTRE	Minions	Jurassic World	Fast & Furious 7	Star Wars: The Force Awakens
Norway	Bølgen	SPECTRE	Star Wars: The Force Awakens	Minions	Fast & Furious 7
Poland	Listy Do M. 2	Star Wars: The Force Awakens	SPECTRE	Fifty Shades of Grey	The Penguins of Madagascar
Portugal	Minions	Fast & Furious 7	Opátio das Cantigas	Fifty Shades of Grey	SPECTRE
Romania	Fast & Furious 7	Star Wars: The Force Awakens	Minions	SPECTRE	Fifty Shades of Grey
Slovakia	Minions	Fifty Shades of Grey	Hotel Transylvania 2	SPECTRE	Star Wars: The Force Awakens
Spain	8 Apelidos Catalanes	Minions	Star Wars: The Force Awakens	Jurassic World	Inside Out
Sweden	Star Wars: The Force Awakens	SPECTRE	Jurassic World	Minions	Fifty Shades of Grey
Switzerland	SPECTRE	Minions	Fast & Furious 7	Star Wars: The Force Awakens	Homig im Kopf
Turkey	Dugun Dernek: Sunnet	Mucize	Fast & Furious 7	Ali Baba ve 7 Cuceler	Kocan Kadar Konus
UK	SPECTRE	Star Wars: The Force Awakens	Jurassic World	The Avengers: Age of Ultron	Minions

National films

Non-national EU films

Source: UNIC members 2014/2015
Complementary information from BU (BulgarianNational Film Center), CZ (Unie Filmovych Distributoru), EE (Eesti Filmi Instituut & Baltic Films Co-operation Platform), HR (Hrvatski Audiovizualni Centar), HU (Nemzeti Média- és Hírközlési Hatóság), LT (Lietuviu Filmu Centras & Baltic Films Co-operation Platform), LV (Nacionàlais kino centrs & Baltic Films Co-operation Platform), PL (Polski Instytut Sztuki Filmowej), PT (Instituto do Cinema e do Audiovisual) and SK (Únia filmových distribútorov).

*Cinetel: 90 per cent of the market. SIAE global results to be published in June 2016.

Filmstaden Sergel, Stockholm, Sweden, courtesy of SF Bio

LOOKING FORWARD

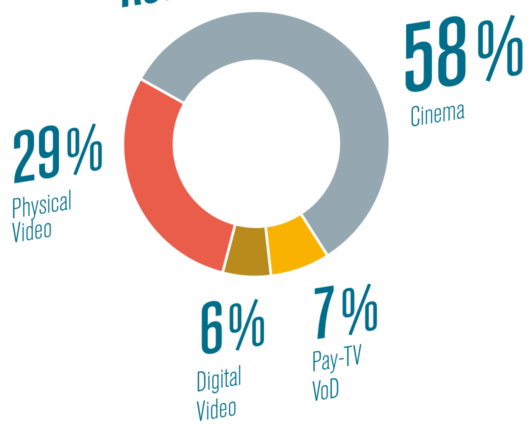
Each year, hundreds of millions of cinema-goers across UNIC territories make the most of the opportunity to enjoy films together on the big screen. These are people from all age groups and from all walks of life.

Meanwhile, the success of films in cinemas continues to drive growth across the entire film value chain. Growth in other markets – including Video on Demand – can only develop on these strong foundations and should not come at the expense of theatrical exclusivity.

While Europe is perhaps a uniquely diverse film region, its cinemas face a number of shared challenges and opportunities.

Creating and promoting an unparalleled cinema-going experience at a time when consumers have a wealth of entertainment and leisure alternatives available at their fingertips remains paramount.

EU 10* Box Office vs. Home Entertainment Revenue in 2015



Experimenting with new ways to attract younger people – traditionally our core audience – is perhaps the single most important task, given youth attendance levels in certain Western European markets. Alongside engaging and daring film offers, more sophisticated digital engagement by cinemas that creates experiences that teenagers can instantly share, the establishment of attractive events and the development of creative partnerships with distributors and outside brands all help in this endeavour.

Source: IHS

*EU10: includes Czech Republic, Denmark, France, Germany, Italy, Poland, Portugal, Spain, Sweden and UK

INTO FILM

Carey Mulligan, London, UK, courtesy of Into Film

INTO FILM IS AN EDUCATION ORGANISATION WORKING WITH CHILDREN AND YOUNG PEOPLE IN THE UK. INTO FILM ENABLES SCHOOLS AND YOUTH GROUPS TO SET UP THEIR OWN FILM CLUBS (15,900 CLUBS IN 2015), TO WATCH FILMS, TO MAKE THEIR OWN FILMS, AND OF COURSE TO EXPERIENCE FILM IN THE CINEMA.

Into Film encourages young people to submit their own film reviews and recommends the very best new cinema releases, as well as organising special events and screenings in theatres.

The Into Film Festival last year provided 2,700 free cinema screenings to over 415,000 children and young people across the UK. Central to the offer is a curated catalogue of more than 4,000 British and international films.

Not only do organisations like Into Film empower children and teenagers to develop a critical understanding of film culture, they also help encourage them to become loyal cinema-goers in the future.

WWW.INTOFILM.ORG

INTO FILM

Glasgow Film Theatre, Glasgow, Scotland, UK, courtesy of Glasgow Film Theatre

TOP 5 UNIC TERRITORIES

IN TERMS OF NATIONAL FILMS' MARKET SHARE:

TURKEY (56.8 %)
UK (44.5 %)
FRANCE (35.5 %)
DENMARK (29.3 %)
GERMANY (27.5 %)

SIGNIFICANT INVESTMENT AND CREATIVE EFFORTS

2015 confirmed that major film releases are truly global events that ignite audience demand around the world. European cinema operators greatly value the significant investment and creative efforts of both their studio partners and of major European film companies, all of whom continue to deliver the captivating stories on which our sector thrives.

There also exists an opportunity for European companies to invest in local films and in 'event cinema' – ranging from opera to mass online video games – that audiences wish to enjoy on the big screen. As delivery, content management and programming become ever more seamless and customer-centred, feature films and event cinema offers will help attract more – and increasingly diverse – audiences to our cinemas.

FRANCE'S CINEMA-GOING STRATEGY


Courtesy of iStock / nullplus

IN THE INTEREST OF INCREASING THE APPEAL OF CINEMA-GOING, THE FRENCH CINEMA EXHIBITORS' ASSOCIATION FNCF HAS IMPLEMENTED A NUMBER OF SCHEMES DESIGNED TO ENCOURAGE PEOPLE TO 'PASSER EN MODE CINÉ' – IN OTHER WORDS TO SWITCH TO 'CINEMA MODE' AND WATCH FILMS IN THEATRES.

Whilst their initiatives include discounted screenings for all ages in the form of events such as the Printemps du Cinéma and La Fête du Cinéma, French operators are also very much concerned with nurturing a passion for the big screen amongst young people, which could then serve as a catalyst for the establishment of a strong cinema-going mentality in future generations.

For instance, the 4 Euro campaign, as its name suggests, offers cheaper tickets for children under the age of 14 for any film, screened at any cinema at any time of the day. The initiative is supplemented by the fact that each year in France, nearly 1.5 million students participate in film education programmes, boosting their knowledge of the cultural, societal and economic value of cinema.

Moreover, the fact that each initiative is accompanied by an effective video campaign serves to help convey the gravity of topics such as piracy in an accessible manner.

WWW.FNCF.ORG

FEDERATION NATIONALE DES CINEMAS FRANÇAIS

EUROPA CINEMAS NETWORK

EUROPA CINEMAS IS A UNIQUE INTERNATIONAL NETWORK OF CINEMA OPERATORS, TOTALLING 2,350 SCREENS ACROSS 42 COUNTRIES AND 596 CITIES, DEDICATED TO ATTRACTING AUDIENCES FOR SPECIALISED EUROPEAN FILMS.

The European Union, in partnership with the French government, supports cinemas that programme 'non-national' European films, thereby recognising the crucial role of theatres in helping local films attract a wider international audience. The net-work is one of its kind and considered a flagship of European cultural support. Any type of cinema that meets the Europa Cinemas' threshold of showing an above average amount of 'non-national' European films is eligible for support.

WWW.EUROPA-CINEMAS.ORG

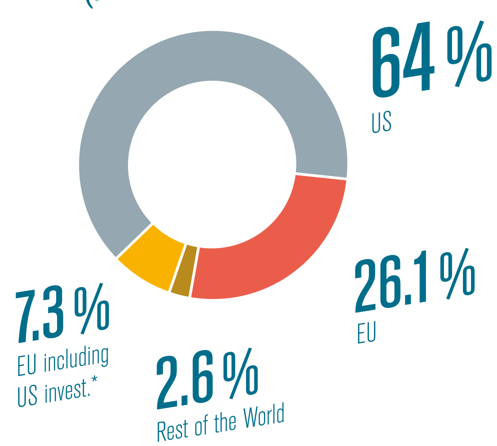
EUROPA CINEMAS
CREATIVE EUROPE - MEDIA SUB-PROGRAMME

SUPPORT FOR THE CREATION AND DISTRIBUTION OF EUROPEAN FILMS

Given the central cultural and economic role that many European governments attribute to cinema, a significant amount of public funding supports the creation and distribution of local films across Europe – a specific European trend from which operators large and small benefit. With more than 1,900 feature films made across UNIC territories each year, cinema operators continue to stress the need for more audience-focused approaches in European cinema in their dialogue with policy-makers, arguing that film funds should support the development of works that have a clear cinematic audience in mind.

Cine32, Auch, France, courtesy of Encore Heureux Architectes / Photo: Sébastien Normand

EU Market Share of Films in Cinemas in 2015 (BY COUNTRY OF ORIGIN)



Source: EAO
* Market share of European films produced in Europe with investment from the US.

Digital cinema has led to a paradigm shift across the European cinema landscape. Innovations in sound and projection quality, more flexible and efficient operations as well as more intelligent customer relationship management continue to attract increasing numbers of guests to our cinemas.

As continuous innovation and change becomes a central element of the cinema business, identifying 'game-changing' technologies, evaluating new consumer trends and ensuring that investment in upgrades leads to tangible returns have become integral challenges. UNIC's Technology Group – in partnership with key suppliers, service providers and international bodies such as the European Digital Cinema Forum, the Society of Motion Picture and Television Engineers and the International Cinema Technology Association – works to assist operators in this endeavour.

UNIC MARKETING GROUP

The UNIC Marketing Group brings together marketing executives from major European cinema operators. It shares insights and opinions regarding key audience trends across Europe and examines the latest engagement opportunities in cinema as well as in other industries.

UNIC TECHNOLOGY GROUP

The UNIC Technology Group brings together senior cinema technology executives from more than 20 member territories. It monitors and evaluates technology trends and innovation cycles in the film industry and advises UNIC's Board of Directors on key positions regarding ongoing technological developments across the cinema landscape.

UNIC RETAIL GROUP

The UNIC Retail Group brings together retail and concessions managers from leading cinema operators. In order to help European exhibitors of all sizes and locations optimise their retail business, the group conducts research, shares best practices and initiates life-experiments to make retail in cinemas more imaginative and consumer-friendly.

Courtesy of Finnkino; Courtesy of zettberlin / photocase.com

For the past 25 years, cinema professionals have been meeting at CineEurope, now UNIC's annual convention, to celebrate cinema-going and discuss many of the issues outlined in this report. With support from all of the major US studios as well as a number of leading independent and European film companies, the event grows year-on-year and has become one of the biggest cinema conventions in the international theatrical market. Together with our partners from the Film Expo Group we already invite professionals from around the world to join us at CineEurope 2017, which will take place from 19 to 22 June in Barcelona.

CineEurope
Official Convention of the International Union of Cinemas

BARCELONA
20–23 JUNE 2016 & 19–22 JUNE 2017
WWW.FILMEXPOS.COM/CINEEUROPE

Courtesy of Ververidis / Dreamstime.com

KEY EUROPEAN POLICY DEVELOPMENTS

THE EUROPEAN COMMISSION HAS CLEARLY MOVED ON FROM ANALYSIS AND STAKEHOLDER CONSULTATION TO DEVELOPING CONCRETE REFORM PROPOSALS

Two years after the EU elections, UNIC members and their partners across the film industry face a range of European as well as national policy developments that are likely to have a direct impact on cinema. The European Commission has clearly moved on from analysis and stakeholder consultation – a phase in which UNIC engaged actively – to developing reform proposals regarding copyright, European audiovisual industry rules and wider Internet governance under its 'Digital Single Market' initiative.

In the coming months, these proposals will be further fleshed out in consultation with the European Parliament and the Council of the European Union. For better or worse, the wider film sector – and cinema operators in particular – should be prepared to navigate a new European policy landscape.

While certain policy proposals seem to recognise the need to promote and protect European cinema, our overall assessment is that the sector continues to be under pressure not only from the European institutions but also from several Member States. In recent years, UNIC has made significant progress in raising awareness amongst EU stakeholders concerning the value that cinema operators specifically contribute to the wider film sector, as well as to European audiences in general. However, the view that the pan-European availability of films online is a 'silver bullet' in terms of increasing the success of European films – whatever the cost of such availability to the prospects of the sector itself – still seems one that is shared by a significant number of EU policy makers.

On the other hand, UNIC members' major concerns regarding the need to act decisively against copyright infringement, for more transparency and involvement from online intermediaries that benefit from European cinema and, of course, a recognition of the contributions that exclusive theatrical releases make across the entire value chain, seem to rank less prominently on Europe's policy agenda.

Given what's above, all of UNIC's efforts in the near future rely on ensuring that the EU continues to enable cinema operators to provide audiences with unparalleled and diverse film-viewing experiences.

OVERVIEW OF SELECTED UNIC SERVICES AND INITIATIVES IN 2016

UNIC INTELLIGENCE

UNIC offers a range of bespoke research, policy analysis and data collection to its members and partners. We continue to be the first European organisation to release estimates concerning the performance of cinemas in our 36 territories each year and pride ourselves on the accuracy of our results. Our partners IHS Technology, comScore and Vista Group International share with us their expertise concerning key developments in the industry, so we can authoritatively communicate the value of cinema in Europe.

Created by Meaghan Hendricks , Created by Pham Thi Dieu Linh

UNIC FILM PREMIERES

The best way to share our passion for the big screen is to let EU policy-makers experience cinema-going first hand, which is why UNIC – in collaboration with major European film companies and partners – has over the last two years organised a series of exclusive premieres of outstanding European films, coupled with policy debates and presentations by film industry professionals. After *Samba* (FR), *A Perfect Day* (ES) and *Our Kind of Traitor* (UK), we are already on the lookout for upcoming European cinema success stories to be showcased in the heart of Europe.

Samba, 2014, courtesy of Gaumont; A Perfect Day, 2015,courtesy of Mediapro; Our Kind of Traitor, 2016, courtesy of Studio Canal

Cine Ideal, Madrid, Spain, courtesy of Yelmo Cines

EU POLICY MUST CONTINUE TO ENABLE CINEMA OPERATORS TO PROVIDE AUDIENCES WITH UNPARALLELED AND DIVERSE FILM-VIEWING EXPERIENCES

UNIC's Board of Directors believes that our current direction of travel on advocacy is the right one, and that the organisation has to further strengthen its efforts to underline the importance of cinemas to the wider film sector, communicate the capacity of innovation and the economic and cultural value of cinema exhibition as well as take a strong position against film theft, amongst other priorities. Furthermore, UNIC will engage more closely with our European partners in the future to ensure that the Creative Europe MEDIA programme continues to support cinemas and that EU support to online platforms truly benefits all along the film value chain.

UNIC WILL FURTHER STRENGTHEN ITS EFFORTS TO UNDERLINE THE IMPORTANCE OF CINEMAS TO THE WIDER FILM SECTOR

BIG SCREEN CONFERENCE

In January 2016, in partnership with four leading Members of the European Parliament (MEP Bogdan Wenta, MEP Julie Ward, MEP Helga Trüpel and MEP Jean-Marie Cavada), UNIC organised a cinema conference exploring key trends in European cinema exhibition. The event was a major success and attracted around 120 key EU decision-makers and cinema industry stakeholders who shared experiences and views concerning the future of the big screen and European films in the digital age. A second edition is planned for 2017.

Kino Scala, Brno, Czech Republic, courtesy of Aerofilms

A KEY OBJECTIVE OF UNIC IS TO STRENGTHEN THE ORGANISATION'S RELATIONS IN CENTRAL AND EASTERN EUROPEAN TERRITORIES

CREATIVITY WORKS!

The Creativity Works! coalition was established by UNIC and our partners from across the cultural and creative sectors to share real stories and facts concerning the work of artists, creative professionals and their business partners, including, of course, cinema operators. A core objective of the coalition is to showcase how copyright contributes to cultural diversity, employment and community development across Europe.

WWW.CREATIVITYWORKS.EU

W! CREATIVITY WORKS

A further key objective of UNIC is to strengthen the organisation's relations in Central and Eastern European territories, as well as with policy-makers and industry representatives across all EU Member States. This goes hand-in-hand with the need for even closer collaboration with all film and cinema organisations based in Brussels.

These objectives are based on our shared conviction that cinemas – whatever their size or location – make tangible economic, cultural and social contributions to local communities across Europe. The spheres of creativity, business and community all come together around the cinema-going experience. This virtuous circle should be celebrated and nurtured.

EU OUTREACH DAYS

Members of the European Parliament and Commission officials value insights from and exchanges with senior executives from the European cinema industry to develop sound policies for the wider film sector. UNIC therefore organises EU outreach days, both for UNIC member associations and CEOs of key European cinema operators. We organised five such days over the past year and aim to increase that number over 2016 and beyond.

Courtesy of PhotoAlto / Photo: Odilon Dimier

UNIC'S POLICY ACTION MAP

UNIC, on behalf of its members, works with all EU institutions and its cinema sector partners to ensure that current EU policy developments continue to enable film and cinema to thrive

More information on www.unic-cinemas.org/position-papers/policy

UNIC POSITIONS

UNIC press release on promoting diversity and competitiveness in European cinema

UNIC Statement on AVMS Directive review

UNIC contribution to the consultation on the role of online platforms and intermediaries

UNIC contribution to the consultation on the enforcement of intellectual property rights

UNIC contribution to the Satellite and Cable Directive consultation

Audiovisual coalition letter on the proposed Regulation on the cross-border portability of online content services

Coalition letter on the Transatlantic Trade and Investment Partnership

EU INITIATIVES

CREATIVE EUROPE MEDIA

Upcoming mid-term review of European support programme for the cinema sector

AUDIOVISUAL MEDIA SERVICES

Reform of the AVMS Directive, regulating television and on-demand services

REWARDING INVESTMENT INTO CINEMA

European 'Follow the Money' strategy, underpinned by a review of rules related to copyright enforcement

DIGITAL SINGLE MARKET

Europe's attemps to increase consumers' cross-border access to films online via a range of reform proposals related to the portability of content services, satellite and cable services and 'geo-localisation' of AV services

TRANSATLATIC TRADE AND INVESTMENT PARTNERSHIP

Ongoing free trade talks between the US and Europe, so far excluding film and television

UNIC ENGAGEMENT

Big Screen conference in the European Parliament

UNIC research into drivers and barriers of cinema-going among young audiences

Outreach days to introduce UNIC members to EU decision makers

Exclusive premiere screenings for EU policy makers

One-to-one meetings with EU officials to present UNIC positions

Film theft workshop @ CineEurope, the official convention of UNIC

Organisation of cinema exhibition-focused expert talks during film festivals

Participation in EU expert groups around audiovisual policy

Member of the Creativity Works! coalition of European cultural and creative sectors associations

Advocacy campaigns against VAT increases on cinema tickets in Sweden, Spain, Austria

THE CULTURAL, ECONOMIC AND SOCIAL IMPACT OF CINEMA EXHIBITION

Cinema theatres are an essential component of Europe's cultural and creative industries, a leading sector that employs 7 million people and generates 4.2 per cent of EU GDP.

Cinemas are local hubs of creativity, development and community and have incredibly positive impacts on our local economies.

CINEMAS HAVE A POWERFUL SOCIAL INFLUENCE

Cinemas are modern meeting places that help stimulate dialogue on a range of important issues. Outside the theatre, cinemas contribute to the well-being of local communities and facilitate urban regeneration by attracting new workers, small businesses and new inhabitants. These local communities are provided with a highly enjoyable alternative to their everyday cares, thanks to an unparalleled entertainment experience.

CINEMAS HAVE A SIGNIFICANT ECONOMIC IMPACT

Cinemas contribute to each country's GDP, create local jobs – especially amongst younger people – and are essential to the development of the creative industries, a cornerstone of modern knowledge-based economies. They are also, of course, increasingly important to each country's image abroad and help attract investment. Across all UNIC territories, total box office revenue increased by 12.5 per cent in 2015. Research also shows that each € spent on a cinema ticket has above-the-average multiplier effects on neighbouring commercial activities, creating jobs and employment in a range of areas, including the restaurant sector and retail.

CINEMA IS AN ESSENTIAL PART OF EUROPE'S CULTURE

Across UNIC territories, more than 38,600 screens create awareness around and interest in European and international films, enabling hundreds of millions of visitors to discuss stories that entertain us, make us think and enable us to reflect on everyday life. As a result of digital technology, cinemas can now screen more films than ever and meet new demands of ever-more-fragmented audiences. In a World where fast-paced cultural experiences are increasingly triggered by interaction with mobile devices – and yet at the same time often occur in solitude – the shared and singular experience of watching a film on the big screen becomes ever more important.

Abaton Kino, Hamburg, Germany, courtesy of vierfotografen

UNIC'S KEY POLICY POSITIONS

CULTURE, BUSINESS AND COMMUNITY
DIGITAL OPPORTUNITIES
REWARDING CREATIVITY AND INVESTMENT INTO CINEMA
FILM RELEASE PRACTICES
MUSIC RIGHTS PAYMENTS
DISABILITY AND ACCESS
TAXATION

Visit our website to learn more about UNIC's policy positions on the above issues.

WWW.UNIC-CINEMAS.ORG

MEMBERS

ASSOCIATION MEMBERS

Austria
Fachverband der Kino-, Kultur-
und Vergnügungsbetriebe

Belgium
Fédération des Cinémas de Belgique

Denmark
Danske Biografer

Finland
Finnish Cinema Exhibitors' Association

France
Fédération Nationale des Cinémas Français

Germany
HDF KINO e.V.
(Hauptverband Deutscher Filmtheater)

Greece
Federation of Greek Cinemas

Hungary
Mozisok Orszagos Szovetsege

Israel
Cinema Industry Association

Italy
Associazione Nazionale Esercenti Cinema
Associazione Nazionale Esercenti Multiplex

Netherlands
Nederlandse Vereniging van Bioscoopexploitanten

Norway
Film & Kino

Russia
Kino Alliance

Spain
Federación de Cines de España

Sweden
Sveriges Biografägareförbund

Switzerland
SKV – ACS Association Cinématographique Suisse

Turkey
Turkish Cinema Operators' Association

UK
UK Cinema Association

OPERATOR MEMBERS

Cinémas Gaumont Pathé
Belgium, France, the Netherlands, Switzerland

Cinemax
Slovakia

Cineplexx
Albania, Austria, Croatia, Greece, Italy,
Macedonia, Montenegro, Serbia, Slovenia

Cineworld and Cinema City International
Israel, Ireland, Hungary, Poland,
Czech Republic, Romania, Bulgaria, Slovakia,
United Kingdom

Kinepolis Group
Belgium, France, Luxembourg, the Netherlands,
Poland, Spain, Switzerland

Kino Arena
Bulgaria

Mars Entertainment Group
Turkey

Movies@Cinemas
Ireland

Nordic Cinema Group
Estonia, Finland, Latvia, Lithuania,
Norway, Sweden

Nordisk Film Biografer
Denmark, Norway

Odeon & UCI Cinemas Group
Austria, Germany, Italy, Ireland, Portugal,
Spain, United Kingdom

Svenska Bio
Denmark, Finland, Sweden

UGC
Belgium, France

Vue International
Denmark, Germany, Ireland, Italy, Latvia,
Lithuania, Poland, Taiwan, United Kingdom

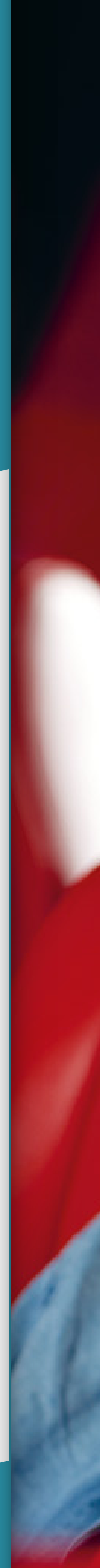
Yelmo Cines
Spain

PASSIONATE ABOUT THE BIG SCREEN

PARTNER OF EUROPEAN CINEMA EXHIBITION PROGRAMME

UNIC is proud of its partnership with leading brands in the European cinema space

DOLBY DIGITAL
HARKNESS SCREENS
Sony Digital Cinema 4K
REAL D
deluxe
technicolor
orange
IMAX
VISTA GROUP
masterImage ABSOLUTELY 3D
Coca-Cola
BARCO Visibly yours
IHS
NEC
ymagis
webedia MOVIES WITH PASSION
comScore



SHOULD YOU WISH TO JOIN UNIC, PLEASE GET IN TOUCH WITH

Jan Runge / jrunge@unic-cinemas.org

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UNIC
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International Union of Cinemas

GETTING IN TOUCH

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