

UNIC
ANNUAL REPORT
2014-2015



WELCOME

FROM PHIL CLAPP

Welcome to this, UNIC's latest annual report, examining key European cinema industry and public policy trends across our 36 member territories.

Over the past 12 months, UNIC has continued to raise the profile of European cinema exhibition with key policy-makers as well as our partners in the international motion picture industry.

We have further developed our services for members and partners and are delighted to announce the recent agreement of a long-term partnership with colleagues at Prometheus Global Media around CineEurope – UNIC's annual convention.

I look forward to seeing many of you this year in Barcelona. In the meantime, I hope you enjoy reading this report.

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



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1 KEY FIGURES

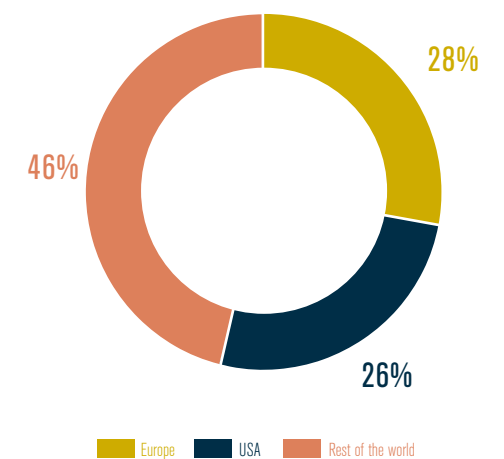
1.15 BILLION

visitors welcomed to cinema theatres
across UNIC territories in 2014



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

EUROPEAN BOX OFFICE VS. B.O. IN THE US AND THE REST OF THE WORLD IN 2014



Source: IHS

In 2014, box office revenue and cinema admissions slightly increased across UNIC territories. Total box office revenue increased by 0.6 per cent and admissions by 1.7 per cent.

1.1 CINEMA-GOING IN 2014

A slight increase in box office and admissions across UNIC territories

In 2014, average box office revenue and cinema admissions increased slightly across UNIC territories despite the football World Cup and primarily as a result of growth in a few key markets driven by the success of mostly local films. Total box office revenue in UNIC territories increased by 0.6 per cent¹ and admissions by 1.7 per cent. As has often been the case, these results varied significantly from one country to another.

Weaker performance in some territories

The UK and Germany experienced challenging conditions, with a reduction in both box office revenue (UK -2.4 per cent; DE -4.2 per cent) and admissions (UK -4.9 per cent; DE -6.2 per cent). Denmark (box office

-6.6 per cent; admissions -10.6 per cent), Finland (box office -3.3 per cent; admissions -5.1 per cent), Italy (box office -7.1 per cent; admissions -6.1 per cent) and Norway (box office -1.2 per cent; admissions -6.1 per cent) also experienced weaker market performance despite some strong local films. A number of smaller territories faced similar experiences, primarily due to the lack of a breadth of strong international titles.

¹Total box office for UNIC territories was calculated on the basis of changing foreign currencies in Euro. This does not include Russia due to strong exchange rate variations in 2014.

Source: UNIC members 2013-14 – with the exception of Belgium, Bosnia and Herzegovina and Israel
Complementary information from BU (Bulgarian National Film Center), CZ (Unie Filmových Distributoru), EE (Eesti Filmi Instituut & Baltic Films Co-operation Platform), GR (Greek Film Center), HR (Croatian Audiovisual Center), HU (Nemzeti Média- és Hírközlési Hatóság), LT (Lietuvių Filmu Centras & Baltic Films Co-operation Platform), LV (Nacionālais Kino Centrs & Baltic Films Co-operation Platform), PL (Polski Instytut Sztuki Filmowej), PT (Instituto do Cinema e do Audiovisual), RO (Centrul National al Cinematografiei), RU (Nevafilm Research), SL (Slovenian Film Center), SK (Union of Film Distributors)

*Cinetel: 90 per cent of the market. SIAE global results to be published in June 2014

**Data collected for Montenegro and Serbia are combined due to local distribution practices

Box office 2013-14 (Million, in local currency)

Country (Currency)	2014	2013	Change in %
Albania (ALL)	108.5	n/d	n/d
Austria (EUR)	117.9	123.1	-4.2%
Bulgaria (BGN)	41.3	40	+3.1%
Croatia (HRK)	112.5	121	-7%
Czech Republic (CZK)	1,462.7	1,424.2	+2.7%
Denmark (DKK)	985.6	1,055.2	-6.6%
Estonia (EUR)	12.8	11.8	+8%
Finland (EUR)	72.5	75	-3.3%
France (EUR)	1,332.7	1,250.1	+6.6%
Germany (EUR)	979.7	1,023	-4.2%
Greece (EUR)	58	59.3	-2.2%
Hungary (HUF)	14,601.6	13,490	+8.2%
Ireland (EUR)	99.9	101.9	-2%
Italy (EUR)*	574.8	618.7	-7.1%
Latvia (EUR)	10.2	10.3	-1.3%
Lithuania (EUR)	14.4	13.1	+9.3%
Luxembourg (EUR)	8.5	9.1	-6.1%
Macedonia (MKD)	73.9	n/d	n/d
Montenegro/ Serbia (RSD)**	1,150.7	n/d	n/d
Netherlands (EUR)	250.1	249.5	+0.2%
Norway (NOK)	1,082.1	1,095.1	-1.2%
Poland (PLN)	726.9	665.2	+9.3%
Portugal (EUR)	62.7	65.4	-4.1%
Romania (RON)	185.2	160.5	+15.4%
Russia (RUB)	43,316.1	41,158.7	+5.2%
Slovakia (EUR)	20.8	18.9	+10.4%
Slovenia (EUR)	9.5	11.1	-13.9%
Spain (EUR)	522.4	507.1	+3%
Sweden (SEK)	1,652.1	1,638.3	+0.8%
Switzerland (CHF)	204.5	218.5	-6.4%
Turkey (TRY)	652.9	504.3	+29.5%
UK (GBP)	1,057.7	1,083.5	-2.4%



Courtesy of Kinepolis

Strong markets in France, Poland and Turkey

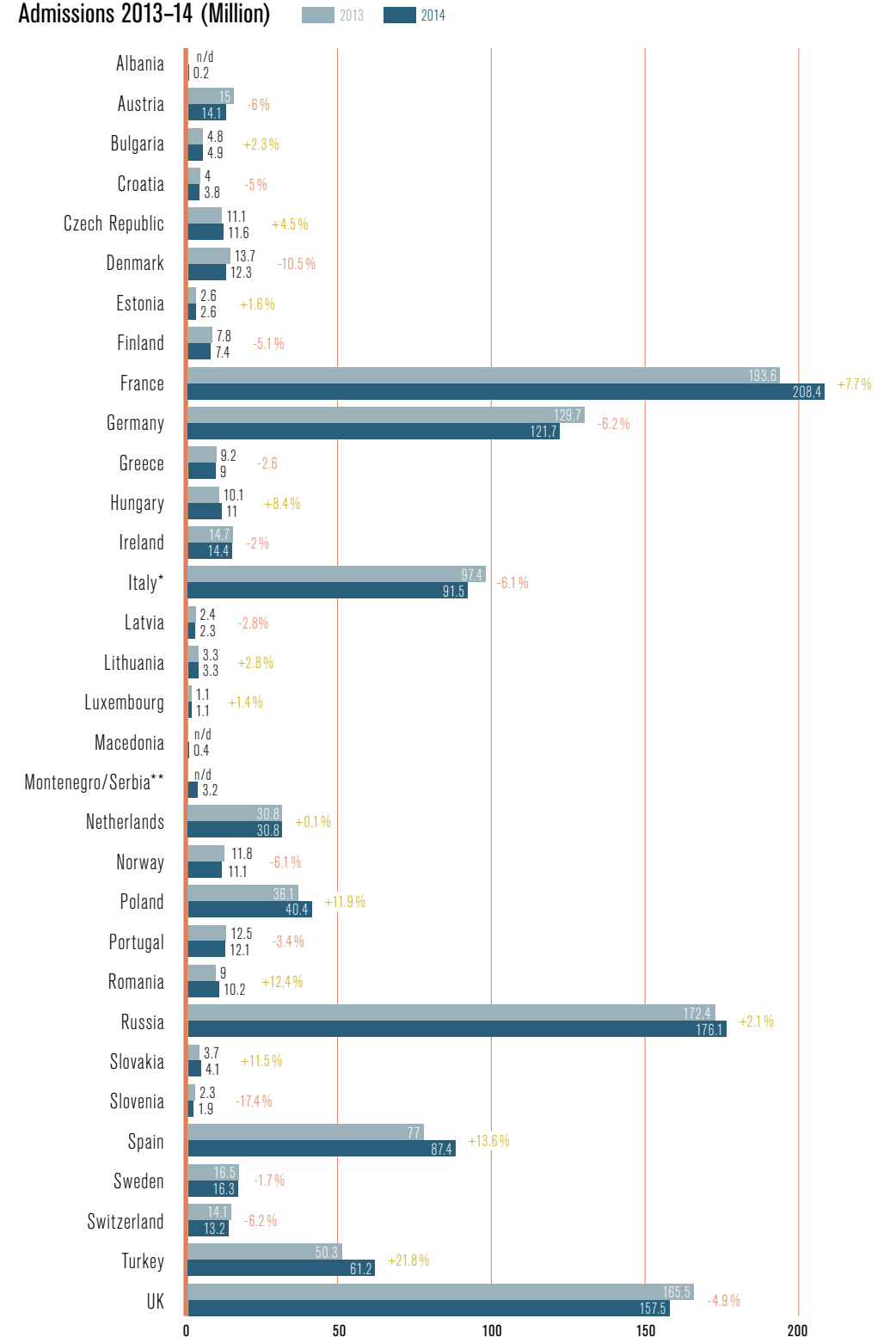
French cinema exhibitors – riding on a wave of successful local films – reached beyond the 200 million visitor mark and increased admissions by 7.7 per cent and box office by 6.6 per cent. Poland (box office +9.3 per cent; admissions +11.9 per cent) and Turkey (box office +29.5 per cent; admissions +21.8 per cent) enjoyed equally positive results based on successful local films, having developed in recent years into resilient growth markets.

Spain, after some consolidation in recent years, increased admissions by 13.6 per cent

and box office by 3.0 per cent. Several other UNIC territories also experienced positive market developments in 2014, notably the Czech Republic (box office +2.7 per cent; admissions +4.5 per cent), Hungary (box office +8.2 per cent; admissions +8.4 per cent) and Slovakia (box office +10.4 per cent; admissions +11.5 per cent).

Source: UNIC members 2013-14 – with the exception of Belgium, Bosnia and Herzegovina and Israel
 Complementary information from BU (Bulgarian National Film Center), CZ (Unie Filmowych Distributoru), EE (Eesti Filmi Instituut & Baltic Films Co-operation Platform), GR (Greek Film Center), HR (Croatian Audiovisual Center), HU (Nemzeti Média- és Hírközlési Hatóság), LT (Lietuviu Filmu Centras & Baltic Films Co-operation Platform), LV (Nacionalais Kino Centrs & Baltic Films Co-operation Platform), PL (Polski Instytut Sztuki Filmowej), PT (Instituto do Cinema e do Audiovisual), RO (Centrul National al Cinematografiei), RU (Nevafilm Research), SL (Slovenian Film Center), SK (Union of Film Distributors)
 *Cinetel: 90 per cent of the market. SIAE global results to be published in June 2014
 **Data collected for Montenegro and Serbia are combined due to local distribution practices

Admissions 2013-14 (Million)





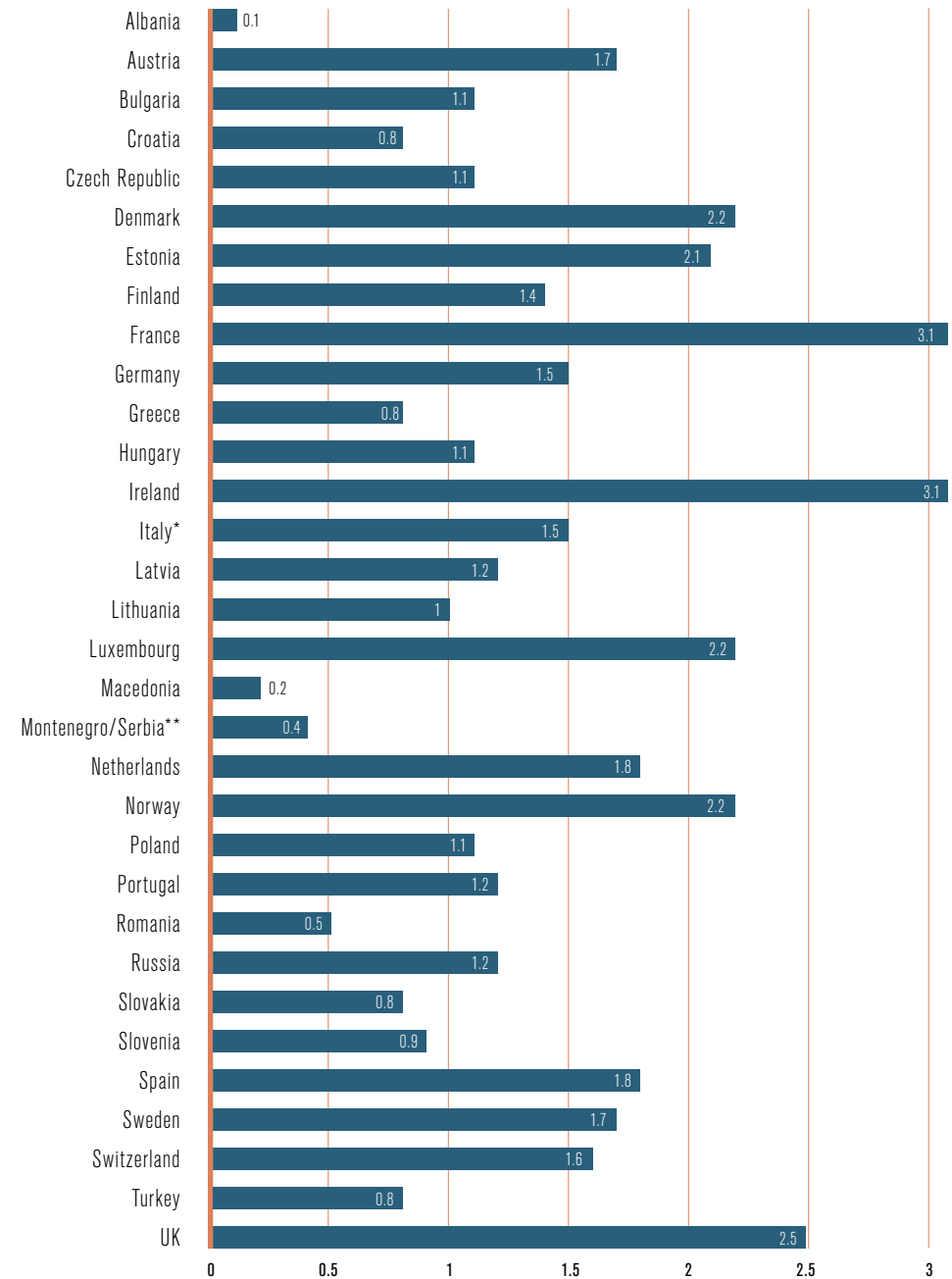
Filmstaden Sergel, Stockholm, Sweden, courtesy of SF Bio

Average 1.5 visits to the cinema per year

The average annual number of cinema visits across all UNIC territories in 2014 remained relatively stable at 1.5 visits per capita. France and Ireland experienced the highest cinema-going rates (3.1), while the rate increased in Spain (1.8) as well as in growth markets such as Poland (1.1) and Turkey (0.8). While admissions per capita remained stable in Czech Republic (1.1), Finland (1.4), the Netherlands (1.8), Portugal (1.2), Sweden (1.7) and Russia (1.2), it slightly decreased in other UNIC territories.

Source: UNIC members 2013-14 - with the exception of Belgium, Bosnia and Herzegovina and Israel
 Complementary information from BU (Bulgarian National Film Center), CZ (Unie Filmových Distributoru), EE (Eesti Filmi Instituut & Baltic Films Co-operation Platform), GR (Greek Film Center), HR (Croatian Audiovisual Center), HU (Nemzeti Média- és Hírközlési Hatóság), LT (Lietuviu Filmu Centras & Baltic Films Co-operation Platform), LV (Nacionalais Kino Centrs & Baltic Films Co-operation Platform), PL (Polski Instytut Sztuki Filmowej), PT (Instituto do Cinema e do Audiovisual), RO (Centrul National al Cinematografeii), RU (Nevafilm Research), SL (Slovenian Film Center), SK (Union of Film Distributors)
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Admissions per capita in 2014



1.2

PERFORMANCE OF INDIVIDUAL FILMS AND LOCAL FILMS' SHARE

Leading at the box office

Across UNIC territories, several films from US major studios performed remarkably well at the box office. Amongst these were: *The Hobbit: The Battle of the Five Armies*; *The Hunger Games: Mockingjay Part I*; and *How to Train Your Dragon 2*.

Local films' share in 2014

The market share of national films across UNIC territories remained stable. As was the case in 2013, Turkey led with a local share of 58.4 per cent. France came second with an impressive 44 per cent as three French films led at the box office.

Dutch and Polish success stories

The slight increase in admissions and box office revenue in the Netherlands can be partly attributed to the impressive turn-out for local films such as *Gooische Vrouwen II*. Positive results in Poland can similarly be explained by the success of several local films, led by *Bogowie*.

Positive results for Scandinavian films

Despite falls in admissions and box office revenue in most Scandinavian territories – with the exception of Sweden – national films continued on their positive trajectory across the region. On average, local films represented around 25 per cent of total admissions in those territories. Norway stood out, with 4 local films in the Top 5.

Non-national European films: continued success for French cinema abroad

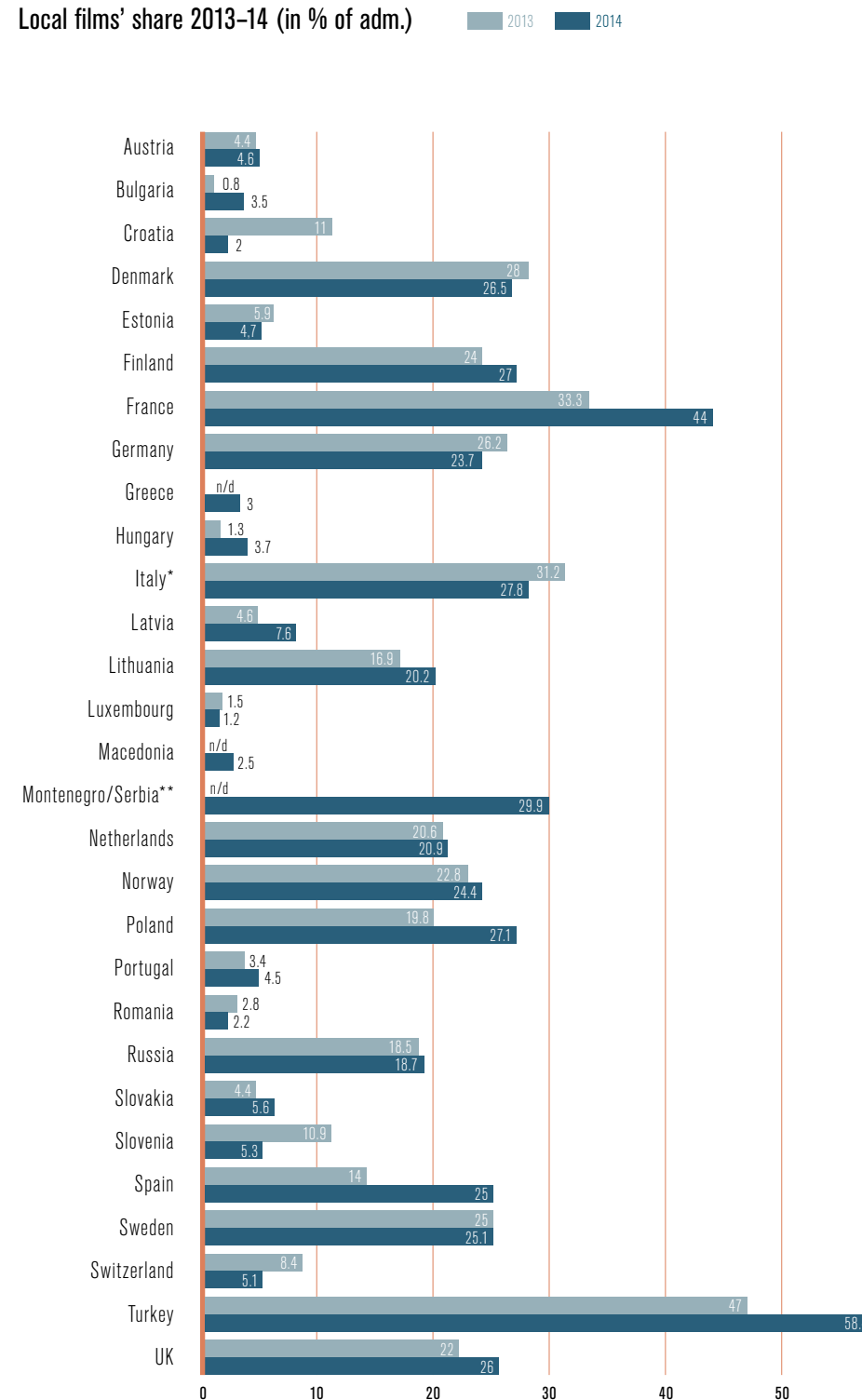
French cinema continued to succeed abroad. *Qu'est-ce qu'on a fait au Bon Dieu* achieved major results in several European countries, including Germany, Austria, Switzerland and Luxembourg. France's major production *Lucy* – built around an international cast – was amongst the most successful films world-wide in 2014.

Source: UNIC members 2013–14 – with the exception of Albania, Belgium, Bosnia and Herzegovina, Czech Republic, Ireland and Israel
Complementary information from BU (Bulgarian National Film Center), EE (Eesti Filmi Instituut & Baltic Films Co-operation Platform), GR (Greek Film Center), HR (Croatian Audiovisual Center), HU (Nemzeti Média- és Hírközlési Hatóság), LT (Lietuvių Filmu Centras & Baltic Films Co-operation Platform), LV (Nacionālais Kino Centrs & Baltic Films Co-operation Platform), PL (Polski Instytut Sztuki Filmowej), PT (Instituto do Cinema e do Audiovisual), RO (Centrul Național al Cinematografiei), RU (Nevalfilm Research), SL (Slovenian Film Center), SK (Union of Film Distributors)

*Cinetel: 90 per cent of the market. SIAE global results to be published in June 2014

**Data collected for Montenegro and Serbia are combined due to local distribution practices

Local films' share 2013–14 (in % of adm.)



12 KEY FIGURES

COUNTRY	TOP 1	TOP 2
Albania	The Wolf of Wall Street	Rio 2
Austria	The Hobbit: The Battle of the Five Armies	The Hunger Games: Mockingjay Part I
Bulgaria	Lucy	The Hobbit: The Battle of the Five Armies
Croatia	The Hobbit: The Battle of the Five Armies	The Wolf of Wall Street
Czech Republic	Tři bratři	The Hobbit: The Battle of the Five Armies
Denmark	The Absent One	The Reunion 2 - The Funeral
Estonia	The Hobbit: The Battle of the Five Armies	Frozen
Finland	The Grump	The Hobbit: The Battle of the Five Armies
France	Qu'est-ce qu'on a fait au Bon Dieu?	Supercondriaque
Germany	The Hobbit: The Battle of the Five Armies	The Hunger Games: Mockingjay Part I
Greece	300: Rise of an Empire	Interstellar
Hungary	The Wolf of Wall Street	How to Train your Dragon
Ireland	Mrs. Brown's Boys D'Movie	The Lego Movie
Italy*	Maleficent	Un Boss in Salotto
Latvia	Rio 2	Penguins of Madagascar
Lithuania	Redirected	Frozen
Luxembourg	Rio 2	The Wolf of Wall Street
Macedonia	Dumb and Dumber To	Interstellar
Montenegro & Serbia**	Montevideo 2	Mali Budo
Netherlands	Gooische Vrouwen II	The Hobbit: The Battle of the Five Armies
Norway	The Hobbit: The Battle of the Five Armies	Burning
Poland	Bogowie	The Hobbit: The Battle of the Five Armies
Portugal	The Hunger Games: Mockingjay Part I	Lucy
Russia	Transformers: Age of Extinction	Maleficent
Slovakia	How to Train your Dragon 2	The Hobbit: The Battle of the Five Armies
Slovenia	Rio 2	Dumb and Dumber To
Spain	8 Apellidos Vascos	El Niño
Sweden	The 100-Year-Old Man Who Climbed Out the Window	The Hobbit: The Battle of the Five Armies
Switzerland	Qu'est-ce qu'on a fait au Bon Dieu?	The Hobbit: The Battle of the Five Armies
Turkey	Recep Ivedik 4	Eyyvah Eyvah 3
UK	The Lego Movie	The Hobbit: The Battle of the Five Armies

Source: UNIC members 2013-14 – with the exception of Belgium, Bosnia and Herzegovina, Israel and Romania
 Complementary information from BU (Bulgarian National Film Center), EE (Eesti Filmi Instituut & Baltic Films Co-operation Platform), GR (Greek Film Center), HR (Croatian Audiovisual Center), HU (Nemzeti Média- és Hírközlési Hatóság), LT (Lietuvio Filmu Centras & Baltic Films Co-operation Platform), LV (Nacionālais Kino Centrs & Baltic Films Co-operation Platform), PL (Polski Instytut Sztuki Filmowej), PT (Instituto do Cinema e do Audiovisual), RU (Nevafilm Research), SL (Slovenian Film Center), SK (Union of Film Distributors)

13 KEY FIGURES

TOP 3	TOP 4	TOP 5
Penguins of Madagascar	Dumb and Dumber To	Interstellar
Qu'est-ce qu'on a fait au Bon Dieu?	The Wolf of Wall Street	How to Train your Dragon 2
Noah	Dracula: Untold	Maleficent
Dumb and Dumber To	How to Train your Dragon 2	Rio 2
How to Train your Dragon 2	The Wolf of Wall Street	Rio 2
The Hobbit: The Battle of the Five Armies	The Hunger Games: Mockingjay Part I	How to Train your Dragon 2
Rio 2	How to Train your Dragon 2	Let's Be Cops
Ricky Rapper and the Slick Leonard	The Hobbit: The Desolation of Smaug	Towards the Day of Doom
Lucy	The Hobbit: The Battle of the Five Armies	Dawn of the Planet of the Apes
Qu'est-ce qu'on a fait au Bon Dieu?	How to Train your Dragon 2	Der Medicus
Maleficent	Annabelle	Dracula Untold
The Hobbit: The Battle of the Five Armies	Guardians of the Galaxy	Transformers: Age of Extinction
Gone Girl	Dawn of the Planet of the Apes	The Wolf of Wall Street
The Wolf of Wall Street	The Hobbit: The Battle of the Five Armies	Il Ricco, il Povero e il Maggiordomo
How to Train your Dragon 2	The Hobbit: The Battle of the Five Armies	Frozen
Rio 2	Penguins of Madagascar	Valentinas Behind the Doors
Qu'est-ce qu'on a fait au Bon Dieu?	The Hunger Games: Mockingjay Part I	The Hobbit: The Battle of the Five Armies
The Hobbit: The Battle of the Five Armies	The Wolf of Wall Street	Maleficent
The Hobbit: The Battle of the Five Armies	Maleficent	Interstellar
The Wolf of Wall Street	The Hunger Games: Mockingjay Part I	Rio 2
Doctor Proctor's Fart Powder	Captain Sabertooth and the Treasure of Lama Rama	Casper & Emma's Christmas
Miasto '44	Jack Strong	How to Train your Dragon 2
Penguins of Madagascar	The Hobbit: The Battle of the Five Armies	Rio 2
Guardians of the Galaxy	The Hobbit: The Battle of the Five Armies	How to Train your Dragon 2
Rio 2	Interstellar	38
The Wolf of Wall Street	The Hobbit: The Battle of the Five Armies	Maya the Bee
Dawn of the Planet of the Apes	Maleficent	The Wolf of Wall Street
Frozen	The Hunger Games: Mockingjay Part I	How to Train your Dragon 2
The Wolf of Wall Street	The Hunger Games: Mockingjay Part I	How to Train your Dragon 2
Dugun Dernek	Pek Yakında	Unutursam Fisilda
The Inbetweeners 2	Dawn of the Planet of the Apes	The Hunger Games: Mockingjay Part I

■ National films ■ Non-national EU films

*Cinétel: 90 per cent of the market. SIAE global results to be published in June 2014

**Data collected for Montenegro and Serbia are combined due to local distribution practices

1.3 DIGITAL ROLL-OUT AND 3D SCREENS' SHARE

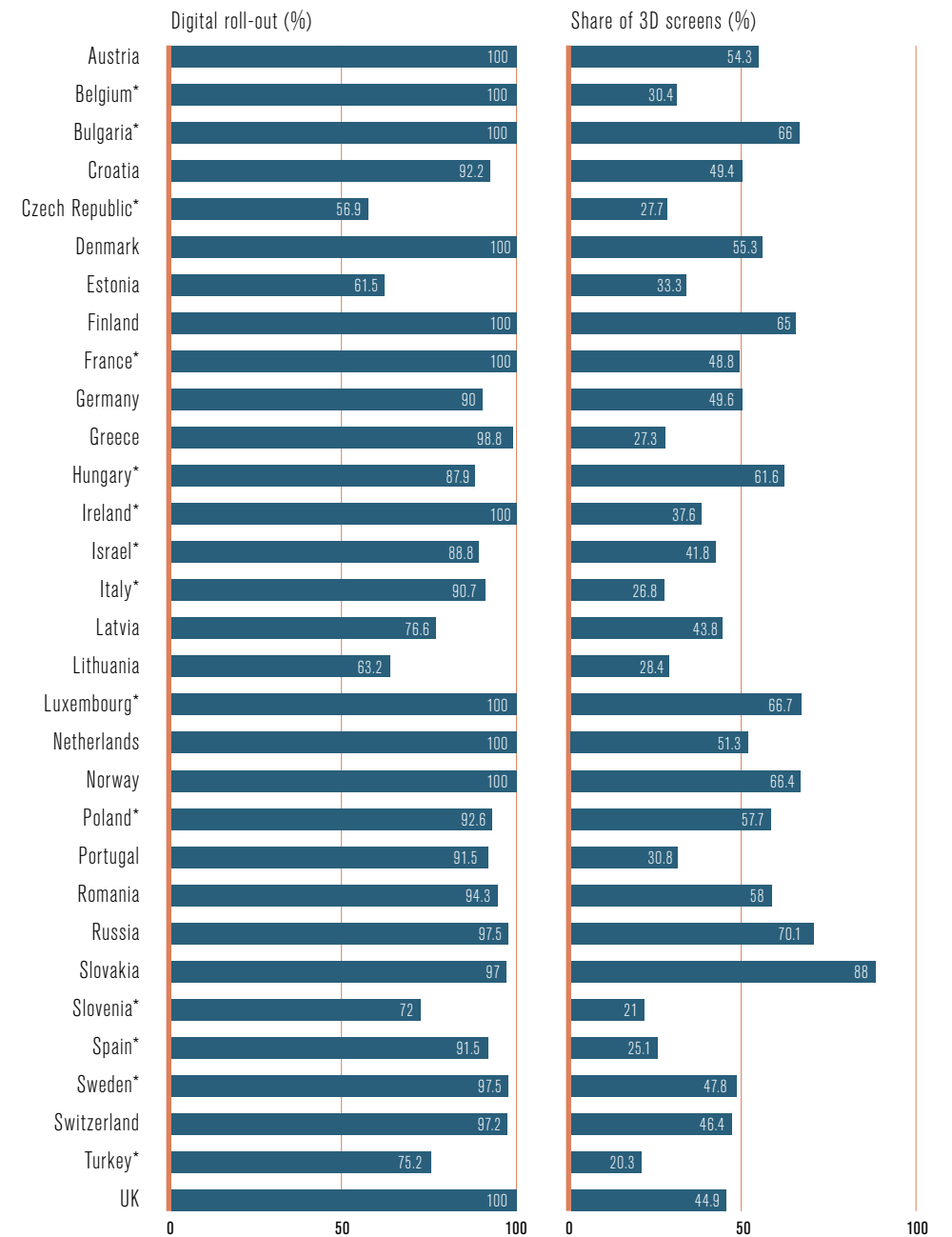


Kino Scala, Brno, Czech Republic, courtesy of Aerofilms

The digital conversion rate amongst cinemas across UNIC territories in 2014 reached 93 per cent, indicating that this seismic transition in our sector is now close to completion. Impressive progress was made in the past year in most Southern European territories, and most significantly in Turkey, where the share of digitised screens grew from 30 per cent to 75 per cent.

Data has kindly been contributed by UNIC's partner IHS
Source: IHS and UNIC members 2013-14 - with the exception of Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia
* Includes forecast for total screen

Digital roll-out and 3D screens' share in 2014



1.4 SCREEN DENSITY

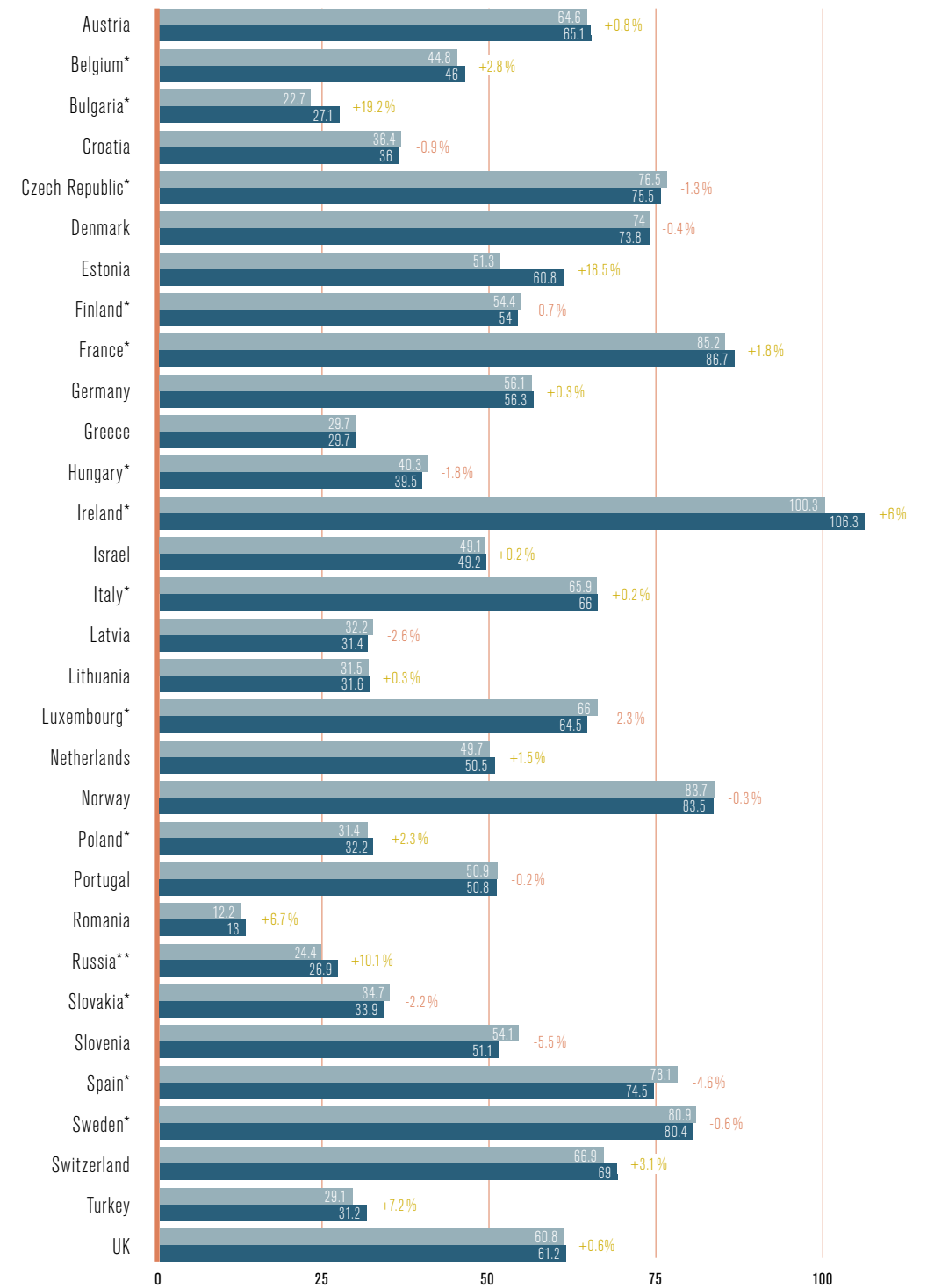


Kino International, Berlin, Germany, courtesy of Yorck Kinogruppe / Photo: Daniel Horn

The total number of cinema screens across UNIC territories remained relatively stable in 2014. UNIC territories averaged 54 screens per million inhabitants. Growth in Central Europe and Russia stabilised as these markets came closer to saturation. The greatest reduction in screen density amongst UNIC members could be observed in Spain, where an ill-advised VAT increase on cinema tickets, continued high levels of illegal film viewing and difficult economic conditions contributed to the closure of a significant number of theatres.

Data has kindly been contributed by UNIC's partner IHS
 Source: IHS
 * Includes forecast for total screen
 ** Neva Film screen data 2013-14

Screen density per million inhabitants 2013-14



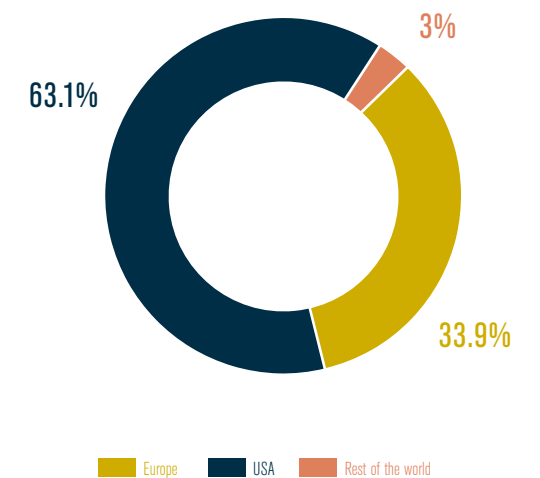
2 TAKING STOCK AND LOOKING FORWARD



93 %

of all screening rooms were equipped with cutting-edge digital technology in 2014, enabling more innovative and audience-focused programming and providing an unparalleled cinema-going experience to our visitors.

EU MARKET SHARE BY REGION OF ORIGIN IN 2014 (IN % OF ADM.)

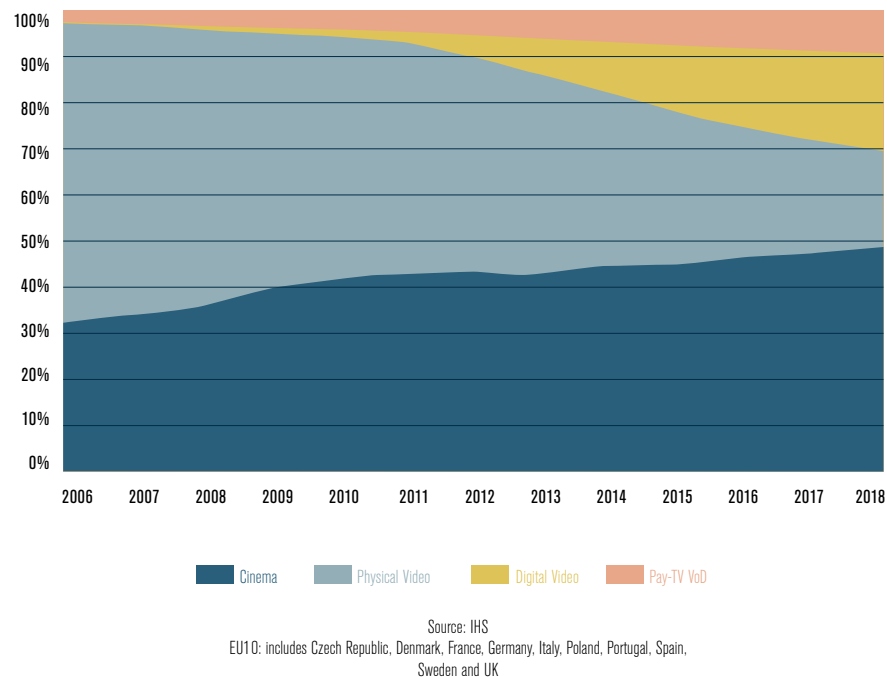


Source: EAO

European cinemas depend as much on strong local and European films as US productions in offering audiences what they want to see on the big screen. And digital technology enables them to show an increasing diversity of films and alternative content.

Sources: Qu'est-ce qu'on a fait au Bon Dieu, France, 2014, courtesy of UGC; Fasandræberne, Denmark, 2014, courtesy of NFP; Un boss in salotto, Italy, 2014, courtesy of Warner Bros.; Hundräringen som klev ut genom fönstret och försvann, Sweden, 2014, courtesy of Studio Canal; Tři bratři, Czech Republic / Denmark, 2014, courtesy of Bioscop; Klassefesten II – Begravelse, Denmark, 2014, courtesy of NFP; Bogowie, Poland, 2014, courtesy of Next Film; Recep İvedik 4, Turkey, 2014, courtesy of Tiglon Film; Ocho apellidos vascos, Spain, 2014, courtesy of LazonaFilms

EU10: BOX OFFICE VS. HOME ENTERTAINMENT



The above clearly shows how important the theatrical success of a film remains to the entire cinema eco-system. Growth in all markets should be enabled by more creative partnerships across the sector and be based on these strong foundations.

2.1 REVIEW OF KEY MARKET TRENDS

The opportunity to watch a film together on the big screen is enjoyed by billions of cinema fans of all ages and from all walks of life across the world. In 2014, global box office revenue reached € 33.5 billion, an increase of 1 per cent on the previous year, driven primarily by growth in the Asia-Pacific region.

European cinema exhibition remained a cornerstone of this global phenomenon, with 2014 admissions (+1.7 per cent) and box office revenue (+0.6 per cent¹) increasing slightly across UNIC territories despite the football World Cup and some modestly-performing international titles. The contribution of cinema box office to total European film industry revenues also grew compared to other markets for film, as illustrated by the research from IHS. In addition, UNIC territories accounted for around 28 per cent

of global theatrical revenue, further underlining how important the European market remains to the success of the international motion picture industry.

Despite the fragmented nature of the European cinema landscape, European exhibitors face a range of common challenges and development opportunities.

In 2014, audience initiatives such as the *Fiesta del Cine* (Spain) and the *14 < € 4 Campaign* (France) illustrated the broad appeal of cinema-going and realised the untapped potential of new audiences. Such campaigns – coupled with sophisticated marketing strategies involving social media, the use of ‘big data’ and mobile services – can help the sector grow attendance during periods of otherwise moderate consumer spending, demographic change and increased competition from other leisure sectors.

¹Total box office for UNIC territories was calculated on the basis of changing foreign currencies in Euro. This does not include Russia due to strong exchange rate variations in 2014.

...THERE IS A CLEAR OPPORTUNITY FOR EUROPEAN COMPANIES TO MAKE FILMS THAT AUDIENCES WANT TO SEE IN THEIR LOCAL THEATRES. POLICY-MAKERS MUST RECOGNISE THIS OPPORTUNITY AND PUT THE THEATRICAL SUCCESS OF EUROPEAN FILMS AT THE CENTRE OF THEIR SUPPORT STRATEGIES.

And at times when US studio partners seem increasingly to be targeting film production on audiences in emerging markets – particularly in Asia – there is a clear opportunity for European companies to create and promote films that European audiences want to see in their local theatres. Policy-makers in Brussels must recognise this opportunity and put the theatrical success of European films at the centre of their support strategies. Moreover, well-intentioned but often misconceived attempts to interfere with film distribution strategies need to be avoided.

To enable the cross-sector collaboration necessary to harness true innovation in film distribution, new online platforms should become active participants in, rather than mere beneficiaries of, the highly interdependent European film eco-system. Further recognition by international players – including Netflix, iTunes, Google and Amazon – of the social and cultural value of European cinema, including the role these stakeholders should play in its promotion, is therefore vital.

More needs to be done to promote responsible and fair media consumption online and raise awareness of the positive contributions of copyright amongst consumers. Cinema exhibitors will continue to work with their partners in film distribution to tackle illegal recording in cinemas as well as promoting awareness campaigns. However, there is also a real need for policy-makers to ensure that ongoing industrial scale copyright infringements are prevented, that all intermediaries contribute to fighting piracy, and that EU rules around copyright enforcement are implemented more effectively across all Member States. If current piracy trends prevail, Europe puts at risk its cultural diversity and its independent professional media sector – two essential cornerstones of the European project.



Courtesy of Finnkino

Above all else of course is the goal of offering audiences an unparalleled film-viewing experience. Digital cinema technology has already enabled exhibitors to broaden their offer and to develop more sophisticated programming strategies. It has also facilitated rapid innovation in fields as diverse as Higher Dynamic Range, Premium Large-screen Formats, 4D-seating and wrap-around-screens, further upgrading the cinema experience. Identifying the ground-breaking innovations that will truly attract more audiences to the cinema is a key challenge for our sector, and something which UNIC seeks to address through its Technology Group.

Finally, when considering the year ahead, it is clear that the upcoming slate of international as well as European films looks very promising. During CineEurope – UNIC's annual convention – the sector will explore how cinema exhibition can further increase the value of its offer and attract more visitors to its theatres. As competition on smaller screens intensifies, over the coming years cinema exhibition has to further strengthen and grow its unique market position.

FOCUS ON AUDIENCES

CINEMA EXHIBITORS ACROSS EUROPE CONTINUOUSLY STRIVE TO OFFER AN UNPARALLELED FILM-VIEWING EXPERIENCE TO THEIR AUDIENCES.

In recent years, exhibitors have upgraded their cinemas with digital technology, enabling the programming of even more films in a more customer-centred fashion, and deployed innovative marketing strategies to attract film-lovers to their theatres.

IN SPAIN, THE FIESTA DEL CINE, ORGANISED BY THE COUNTRY'S LEADING AUDIO-VISUAL ORGANISATIONS, HAS SINCE ITS LAUNCH IN 2012 QUICKLY BECOME A NATION-WIDE FAVOURITE.

Spanish cinema exhibitors have over the past ten years experienced a significant fall in admissions due to economic difficulties, high levels of piracy as well as the introduction of an ill-advised VAT increase on cinema tickets. The *Fiesta* was a concerted effort by cinema exhibitors to alter the trajectory of their sector. The concept is simple: twice a year, during the three days of the *Fiesta*, cinema tickets cost only € 2.90. As a result, the initiative attracts millions of visitors all across the country, enabling them to enjoy a great cinema-going experience. The Spanish now consider these few days per year their own 'cinema holiday'. The success of the latest edition in October 2014 has no precedent in the history of Spanish cinema. The 85 per cent of all Spanish cinemas that participated in the campaign attracted 2,196,101 cinema-goers. Coupled with a range of successful Spanish films the efforts of the sector to attract more audiences led to an increase in admissions by 13.6 per cent in 2014.

Growing attendance in cinemas during times of demographic change puts an imperative on attracting younger audiences. Film literacy initiatives work best when developed in co-operation with exhibitors as cinema theatres are the natural place to shape young people's tastes and interest in film.

IN THE UK, THE CHARITY INTO FILM ENCOURAGES CHILDREN AND YOUNG PEOPLE TO SET UP THEIR OWN FILM CLUBS, TO MAKE THEIR OWN MOVIES, AND OF COURSE TO EXPERIENCE FILMS IN CINEMAS.

Into Film reviews and recommends the very best new cinema releases for children and young people and organises special events and screenings in theatres, often in partnership with film festivals. Not only do initiatives like *Into Film* empower children and teenagers to develop critical thinking and media literacy, it also encourages them to become loyal cinema-goers in the future.



Le Métropole, Lille, France, courtesy of FNCF

2.2 LATEST POLICY DEVELOPMENTS

Following European Parliament (EP) elections and a re-organisation of the European Commission (EC) in 2014, the current policy environment across Europe presents a range of challenges and opportunities for cinema exhibitors and the wider European film sector. In this context, UNIC has over the past 12 months continued to establish its position as an increasingly-recognised international cinema industry advocacy body.

UNIC HAS OVER THE PAST 12 MONTHS CONTINUED TO ESTABLISH ITS POSITION AS AN INCREASINGLY RECOGNISED INTERNATIONAL CINEMA INDUSTRY ADVOCACY BODY.

In the Commission, Andrus Ansip (Estonia), Vice-President for the Digital Single Market, and Günther Oettinger (Germany), Commissioner for Digital Economy and Society, are now in charge of a comprehensive portfolio that encompasses Europe's Digital Single Market strategy, audiovisual policy, cinema support as well as copyright. With

the backing of President Juncker, the Commission has over recent months embarked on an accelerated – some might say rushed – review of EU copyright and audiovisual policies, with reform proposals to be unveiled in 2015 and 2016 respectively.

Given ongoing critical and at times ill-informed statements by Commission decision-makers regarding film industry distribution practices in Europe, it is essential that cinema exhibitors, together with their partners across the cinema eco-system, continue to explain convincingly how economic and cultural value is created in our sector and how our businesses as well as the diversity of European cinema depend on commercial freedoms and resilient copyright laws. This of course includes the choice of the sector to decide whether, when and where films will be released in specific markets.

UNIC strongly believes that European policy-makers should have more trust in the market to decide how films should be financed and distributed so that they can reach the widest European public possible. The Commission in our view should not interfere if stakeholders or – as is the case in a few countries – national government agencies choose to promote exclusive theatrical film releases in order to celebrate the culture of cinema-going and in order to create

unparalleled excitement around a specific film – a strategy that ultimately benefits all. The recently-launched European Film Forum, a new platform initiated by the Commission to facilitate industry dialogue, is a welcome opportunity to articulate our position and to discuss approaches to promote a truly diverse and competitive European film and cinema sector.

WE NEED TO EXPLAIN CONVINCINGLY HOW ECONOMIC AND CULTURAL VALUE IS CREATED IN OUR SECTOR AND HOW OUR BUSINESSES AS WELL AS THE DIVERSITY OF EUROPEAN CINEMA DEPEND ON COMMERCIAL FREEDOMS AND RESILIENT COPYRIGHT LAWS.

The progressive decision to exclude audio-visual services from the negotiation mandate of the EC regarding the Transatlantic Trade and Investment Partnership (TTIP) must be maintained.

Developments in the European Parliament have to be considered in the context of the above plans. The task of drafting a report on the implementation of the EU copyright directive was given to Member of the European Parliament (MEP) Julia Reda (Germany). Julia Reda is a Member of the Pirate Party. Her ill-advised proposals to reform EU copyright would significantly weaken the rights of various film industry stakeholders and are currently debated by European policy-makers. Concurrently, MEP Pavel Svoboda (EPP, Czech Republic) has drafted an action plan on the enforcement of intellectual property rights in the EU. An overall more positive report on European film in the digital era has been drafted by MEP Bogdan Wenta (EPP, Poland). The report recognises the flagship role of cinema exhibition within the European film eco-system and suggests that new online platforms should be more transparent and contribute to the financing of European films.

At another level, the EU will continue to support the Europa Cinemas network in the coming years via the Creative Europe-MEDIA programme – a laudable undertaking. Europa Cinemas should be considered a flagship initiative of EU cultural policy-making and has been one of the strongest initiatives to promote non-national European films over the past decade. Against that, continued

financial EU support for day-and-date releases in cinemas and on VOD – despite the failure of previous publicly-funded projects in this area – remains a cause of concern for UNIC. As has been clearly shown before, the value of the online market for films can only be developed in a sustainable fashion on the shoulders of a strong theatrical exhibition sector. European audiovisual policy in this context has to be re-focused to promote more creative cross-sector collaboration between film makers, distributors, cinema exhibitors and film publishers rather than follow down a path that is opposed by the overwhelming majority of theatre owners.

UNIC over the past 12 months has continued to work with its members to create more favourable framework conditions for cinema exhibition in various Member States. A recurring theme has been the need to counter unreasonable attempts by governments in some territories to raise VAT and entertainment taxes on cinema tickets despite the disastrous impacts that such increases have had for example on the Spanish exhibition sector. UNIC has also continued to highlight to national governments the need to increase efforts to limit industrial scale copyright infringements by online intermediaries. Finally – again in the case of Spain – UNIC has supported Catalanian as well as Spanish cinema exhibitors and distributors in their attempts to prevent overly-rigorous language

laws that would mandate the dubbing of international films – a choice that in our view should be left to the industry.

WHAT REMAINS IS UNIC'S PURPOSE: TO SPEAK WITH ONE VOICE TO PROMOTE AND DEFEND CINEMA EXHIBITION'S INTERESTS AND ITS SOCIAL AND CULTURAL CONTRIBUTION AMONGST OUR EUROPEAN AND INTERNATIONAL PARTNERS.

The association's various activities in relation to the above issues are listed in other sections of this Annual Report. What remains is UNIC's purpose: to speak with one voice to promote and defend cinema exhibition's interests and its social and cultural contribution amongst our European and international partners.



Le Saint Germain des Prés, Paris, France, courtesy of Étoile Cinémas

2.3 SUMMARY OF UNIC'S KEY POLICY POSITIONS

CULTURE, BUSINESS AND COMMUNITY

Cinemas are a valued community resource – creative meeting places that provide much-needed employment and have significant knock-on effects on other local businesses. By showing a diversity of films they provide an opportunity for people to understand and express their sense of identity, reach out to young and old as well as to those from different backgrounds. Cinema exhibition also remains the ‘gold standard’ for seeing a film together – on the big screen – as envisioned by the film-maker. Importantly, cinemas represent a growing market share amongst total film revenues and help finance the creation of films. The spheres of culture, business and community therefore all come together around the cinema-going experience. This virtuous circle should be celebrated and nurtured.

DIGITAL OPPORTUNITIES

Digital technology enables cinema exhibitors to curate their offer in a more nuanced and customer-centred way. As financing arrangements around the acquisition of digital cinema upgrades gradually come to an end, the full impact of digitisation will further benefit independent films as well as ‘Event Cinema’. Upgrades with regards to image and sound quality make the cinema experience ever more immersive and distinguish it further from competition in home entertainment. On a different level, social media and mobile solutions help cinemas engage with audiences in new ways and further develop the social dimensions of cinema-going.

REWARDING CREATIVITY AND INVESTMENT INTO CINEMA

Copyright nurtures film-making and facilitates investment into the production, distribution and exhibition of great films that billions of cinema-goers around the world enjoy each year. Illegal film viewing and recording – on the other hand – endangers the diversity as well as the competitiveness of European film and cinema and puts at risk much-needed jobs for millions of Europeans working in the creative industries. Cinema exhibitors therefore fight illegal recordings of films and audio tracks in theatres. UNIC at the same time encourages public awareness campaigns that highlight the positive contribution of the film and cinema sector to society. In its advocacy work, UNIC liaises with EU decision-makers and governments across Europe to ensure that copyright enforcement rules are implemented in an effective way. On another level, UNIC promotes policies that help ensure that new online operators increasingly become participants in, rather than mere beneficiaries of, European cinema. They should help fight piracy more effectively, contribute to the financing of films and become more transparent regarding to the value they add to the cinema eco-system.

DISABILITY AND ACCESS

FILM RELEASE PRACTICES

Given the diversity of European cinema and the fragmentation of film markets across Europe, UNIC strongly believes that industry stakeholders in each market should be able to adjust film financing and distribution strategies in order to meet audience demand. This includes the ability to decide when, where and how a film should be released, in line with the principles of territoriality, commercial freedom and copyright exclusivity. In addition to this, national governments can at times intervene on the basis of specific cultural policy objectives and according to the principle of subsidiarity. EU decision-makers should in this context have more trust in the market's ability to meet consumer demand.

MUSIC RIGHTS PAYMENTS

Most cinemas across Europe make significant payments to collecting societies to reward songwriters, composers and other creators for the use of their works in films and in their theatres. UNIC of course supports the right of creators to be rewarded for their efforts. But we also believe that the level of payments should be fair and that there should be a transparent way to calculate and distribute fees paid to collecting societies. Challenging collecting societies and fee levels before national courts or relevant copyright tribunals should be possible for any cinema operator.

Cinema exhibitors recognise everyone's right to enjoy the cinema-experience and as a result have made significant investments in improving access to their theatres and in relevant facilities. The exhibition sector will continue to do all it reasonably can to ensure that disabled people are able to enjoy the big screen experience. Inevitably, there are limits to how much each cinema can do and it must be for each individual cinema operator to decide when that point is reached.

TAXATION

Cinemas in many UNIC territories benefit from preferential VAT rates on tickets because of their cultural value. However, excessive taxation is increasingly endangering the livelihood of cinemas in several European territories, in particular those most affected by the recent economic recession. While these cinemas face significant falls in consumer spending and often an increased VAT rate despite their cultural offer, they also need to invest into digital cinema technology in order to survive the nearing end of 35mm film distribution. UNIC works with its members at national level to convince governments that increasing VAT, entertainment taxes or similar levies only creates a short-term boost to government returns while in the long term damaging the industry as well as the state budget.

Filmstaden Sergel, Stockholm, Sweden, courtesy of SF Bio



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 SIGNIFICANT ECONOMIC IMPACT

Cinemas contribute to a 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 a country's image abroad and help attract investment. Across all UNIC territories, total box office revenue increased by 0.6 per cent¹ in 2014. 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 30,000 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 our everyday life. Due to 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.

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.

¹Total box office for UNIC territories was calculated on the basis of changing foreign currencies in Euro. This does not include Russia due to strong exchange variations in 2014.

Glasgow Film Theatre, Glasgow, Scotland, United Kingdom, courtesy of Glasgow Film Theatre

3 THE YEAR AT UNIC

UNIC has in 2014 further developed its advocacy activities and considerably extended its political reach and impact in the EU as well as across UNIC member territories. The role of the association as a forum for exchanging insight and best practice further increased through our Retail, Marketing and Technology Groups as well as in collaboration with the participants of our Partner Programme.



Courtesy of iStock/nulplus

Representing
cinemas in
36 EUROPEAN TERRITORIES

12 PRESS RELEASES,
OFFICIAL LETTERS AND
POSITION PAPERS
published

11 ADVOCACY INITIATIVES
launched in
individual UNIC countries

10 MEETINGS
organised for
UNIC EXPERT GROUPS

3,000 PARTICIPANTS
attended CineEurope

4 EUROPEAN STUDIOS
presented their films
at CineEurope

12 PRESENTATIONS
given
at industry and policy events

Recruited
6 NEW MEMBERS
to Partner Programme

35 MEETINGS
with and 6 EU-policy events for
EU decision makers

12 ARTICLES
published in trade press /
UNIC mentioned in
30 ARTICLES

3.1 ADVOCACY

UNIC works with policy-makers and partner institutions in the EU and internationally to help shape policies and legislation that enable cinemas and film to thrive. Recognition of the fundamental role of cinema exhibition with regard to fostering the well-being of the entire film eco-system – as well as the wish to promote the cultural and economic benefits of our sector – informs our advocacy work in Brussels and across Europe.

3.2 SERVICES TO MEMBERS AND PARTNERS

UNIC offers a range of complimentary services to members and partners, including data collection, bespoke research, the organisation of industry expert groups (on Technology, Marketing and Retail respectively) and the management of a Partner Programme involving key companies across the cinema eco-system.

3.3 CINEEUROPE

UNIC's official annual convention, organised in collaboration with the Film Expo Group of Prometheus Global Media, each year brings together cinema exhibition professionals from over 50 countries. We hope to increase the success of CineEurope this year (22–25 June) even further, involving more European film companies and attracting even more participants.



ADVOCACY

- Meeting DG Competition: review of German Film Law
- **Creativity Works! letter to national ministers on copyright review**
- Letter to Commissioner Vassiliou on growing EU film audiences
- **UNIC CEOs and Board meet EC Director General (DG Connect)**
- UNIC submits position on EU copyright review
- Creativity Works! letter to Commission President on copyright review
- UNIC meets with French, Spanish and UK Permanent Representations in Brussels
- Press release commenting on the EC Film Communication
- Recommendations to Macedonian and Albanian governments regarding VAT-strategies for cinema
- Welcome letter to new Members of the European Parliament
- **Recommendation to Slovak government regarding cinema levy**
- **Media relations and advocacy in relation to content quotas in certain UNIC territories**
- Breakfast meeting in European Parliament with MEPs leading on film and copyright
- **Recommendation to Austrian government on VAT-rate for cinema ticket**
- High-level meetings with EC decision-makers on copyright and film strategy
- **UNIC meets with Commissioner Oettinger – Berlinale**
- Film executives letter to Commissioner Oettinger
- **Audiovisual coalition letter on the importance of the principle of territoriality sent to EU officials**
- Creativity Works! issue position on MEP Julia Reda’s copyright report

3.4 UNIC ACTIVITIES IN 2014–2105

In 2014–2015 UNIC has been involved in a number of diverse activities to promote the social, cultural and economic value of cinemas in Europe and abroad.

SERVICES TO MEMBERS
AND INDUSTRY

EVENTS

- **Film theft meetings with key studio executives – LA**
- **CinemaCon 2015**
- UNIC participates in TTIP chief negotiator’s briefing
- Forum de Chaillot – Paris
- UNIC attends EAO conference – Cannes
- Europa Cinemas meeting – Cannes
- **Exclusive EU film screening for 120 EU decision-makers**
- Event Cinema Association conference – London
- UNIC presentation @ Norwegian Cinema Conference
- **Jan Runge invited by EC to participate in EU film policy mission to China**
- **Meetings with international distribution heads of US studios – LA**
- Workshop inside the European Parliament on “How to make a film”
- **New Cine Forum – Krakow**
- Launch of MEP Bogdan Wenta’s EP report on film in the digital era
- EC Twitter-events #AskAnsip and #AskOettinger
- **Presentation for Catalan language committee regarding film dubbing practices – Barcelona**
- Latvian Presidency event “Strengthening the European audiovisual media market” – Riga
- **EAO Advisory Board meeting – Strasbourg**
- UNIC Technology Group Chair attends ICTA Munich meeting
- Survey: union agreements on role of cinema projectionists
- **UNIC update on cinema-going in 2014**
- **UNIC Innovation Lab on Cinema Going**
- **Survey: awareness raising initiatives regarding film theft**
- UNIC internal training at Cinema Aventure in Brussels
- **Input for film education study of uniFrance**
- **UNIC Annual Report 2014**
- **CineEurope 2014 welcomes more than 3,000 cinema professionals**
- **UNIC welcomes NEC, Harkness Screens, MasterImage 3D, Sony, Barco and Ymagis to Partner Programme**
- UNIC secure long-term involvement in CineEurope
- UNIC Technology Group meeting in collaboration with EDCF
- UNIC Marketing Group meeting
- UNIC Retail Group meeting
- UNIC and EDCF establish SMPTE-DCP roll-out project group
- Survey: market share of alternative content across Europe
- **UNIC initiates “Tales from the sector” online article-series**
- **Comparative survey: contributions of VOD, cinemas and broadcasters to national film funds**

4 MEMBERS

ASSOCIATION MEMBERS AND AFFILIATED MEMBERS*

Austria

Fachverband der Kino-, Kultur-
und Vergnügungsbetriebe

Belgium

Fédération des Cinemas de Belgique

Denmark

Danske Biographer

Finland

Finnish Cinema Exhibitors' Association

France

Fédération Nationale des Cinémas Français

Germany

Hauptverband Deutscher Filmtheater
Kino e.V.

Greece

Federation of Greek Cinematographers*

Hungary

Mozisok Országos 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
(SSID)*

UK

UK Cinema Association

OPERATOR MEMBERS

Cinemas Gaumont Pathé

France, the Netherlands, Switzerland

Cinemax

Slovakia

Cineplexx

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

Cineworld and Cinema City International

Israel, Ireland, Hungary, Poland, Czech
Republic, Romania, Bulgaria, Slovakia,
United Kingdom

Kinopolis Group

Belgium, France, Poland, Spain, Switzerland

Kino Arena

Bulgaria

Mars Entertainment Group

Turkey

Movies@Cinemas

Ireland

Nordic Cinema Group

Sweden, Finland, Estonia, Latvia, Lithuania,
Norway

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

Utopia Group

Belgium, France, Luxembourg,
the Netherlands

Vue Entertainment

Denmark, Germany, Ireland, Italy,
Latvia, Lithuania, Poland, Portugal, Taiwan,
United Kingdom

Yelmo Cines

Spain

5 PARTNERS

PARTNER ASSOCIATIONS REPRESENTING THE FILM SECTOR

Confédération Internationale
des Cinémas d'Art et d'Essai CICAÉ

Europa Cinemas

Europa Distribution

European Digital Cinema Forum EDCF

Fédération Européenne des Réalisateur
de l'Audiovisuel FERA

Fédération Internationale des Associations
de Distributeurs de Films FIAD

Fédération Internationale des Associations
de Producteurs de Films FIAPF

International Video Federation IVF

Motion Picture Association MPA

National Association of Theatre Owners
NATO



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

Jan Runge /
jrunge@unic-cinemas.org

BOARD OF DIRECTORS (2013-2015)

President

Phil Clapp (UKCA)

Senior Vice-President

Jean-Pierre Decrette (FNCF)

Vice-Presidents

Mario Mazzetti (ANEC)

Jaime Tarrazon (FECE)

Edna Epelbaum (ACS)

Kim Pedersen (Danske Biografer)

Treasurer

Andreas Kramer (HDF-Kino)

A new Board of Directors will be
appointed at UNIC's General Assembly
during CineEurope 2015.

CONTACT

UNIC
Union Internationale des Cinémas /
International Union of Cinemas
Av. Des Arts 10-11
1210 Brussels (Saint-Josse-ten-Noode)
Belgium

GETTING IN TOUCH

Tel: +32 2 880 99 39

JAN RUNGE
Chief Executive
jrunge@unic-cinemas.org

LAURA HOULGATTE
European Affairs Executive
lhoulgatte@unic-cinemas.org

GUILLAUME BRANDERS
Project Manager
gbranders@unic-cinemas.org

www.unic-cinemas.org
www.facebook.com/UNIC.Cinemas
🐦 @JAN_at_UNIC

