



## **Venture capital groups look to take advantage of their recent acquisitions following a record year for the Western European cinema industry in 2004**

London 29<sup>th</sup> July 2005: Total cinema admissions in Western Europe reached 896.6m in 2004, nearly 50m more than in 2003, as consolidation amongst major cinema groups shaped the market. In the UK, the top five cinema chains are now controlled by just three venture capital firms, including Terra Firma Capital Partners, which is now the leading pan-European operator.

According to a new report by Screen Digest - *Cinema Distribution and Exhibition in Western Europe: Market assessment and forecast to 2009*, these new owners will have to work hard to make their investments pay. Cost cutting and streamlining activities will be set against the background of a drop in attendance in 2005 and only a small increase of 7% over the next five years.

According to Screen Digest analyst and author of the report, Charlotte Jones, "The infusion of capital is expected to aid the upgrade of existing cinema stock and provide impetus for further expansion where necessary. Increased innovation through technology, including digital screening capabilities which allow for the more flexible distribution of films, will be a major focus for the industry over the next five years."

The UK, Ireland, Greece and Austria are forecast to show the strongest growth in admissions over the next five years, whilst Spain is forecast to join France the UK and Germany as a \$1bn dollar a year box office market by 2009. First half indicators suggest that there will be a slight decline in admissions for 2005, but not the dramatic decline feared by some industry observers.

The report also considers the emergence of digital cinema as the total number of high-end digital screens (those needed to screen feature films) increased by 83% in Western Europe last year. This sudden growth in screens is a clear indication that after many years of waiting in the wings digital cinema is starting to gather momentum.

However, the overall growth in screens slowed to 1.5 % across Western Europe in 2004. Historically, screen growth has been one of the major drivers for admissions. Set against this slow down in total screens growth is the continuing development of multiplexes.

By 2003, more than half of Western European screens were housed within multiplexes and this number will grow to 59% by 2009. While significant multiplex building in the larger European territories such as Germany and France seems to have slowed, Italy, Greece and Portugal still have room for growth. Multiplex screens will also continue to have an effect on pushing up ticket prices by an additional 10 per cent over the next five years from an average €5.8/\$7.3 at year end 2004.

### **Editors' Notes**

The data, forecasts and analysis contained in this press release are taken from the new Screen Digest report: "Cinema Exhibition and Distribution in Western Europe: Market assessment and Forecasts to 2009." The report provides a detailed analysis of the Western European markets for cinema exhibition and distribution.

To find out more about this please contact [sales@screendigest.com](mailto:sales@screendigest.com) or call +44 20 7424 2820

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