

January 6, 2017

DEG: The Digital Entertainment Group today released its year-end 2016 Home Entertainment Report compiled by DEG members, tracking sources and retail input.*

Home Entertainment Spending in 2016 Rises Nearly 2% to More Than \$18 billion

Consumer Purchases Surge for Digital Movies, On-Demand Content

First-Year Growth Strong for New 4K Ultra HD Products

Consumer home entertainment spending saw another annual increase in sales in 2016 powered by a double-digit rise in key digital categories. Consumers continued to embrace the convenience and accessibility of purchasing and collecting digital content. Of particular interest, 4K Ultra HD TVs, players and discs all showed strong sales in their first year of launch.

Among the highlights for 2016:

- Total U.S. home entertainment spending topped \$18 billion for the year.
- Overall electronic sell-through (EST) spending rose 5% for the year. Theatrical content was especially strong on EST, showing growth of 17% year-over-year.
- Video on Demand (VOD) was up 6% to \$2.1 billion in 2016, with the category returning to growth after falling nearly 3% in 2015.
- Subscription VOD (SVOD) was up 26% in the fourth quarter of 2016 compared to 2015 and up about 22% year-over-year.
- HDTV penetration is now at more than 112 million households of which 16 million are 4K Ultra HD TVs. All Blu-ray playback devices (including set-tops and game consoles) are at 88 million U.S. households
- First-year sales data shows consumers are enthusiastically embracing 4K Disc content, purchasing films and TV shows at a faster pace than they did in HD-Disc format when it was introduced.
- 4K Ultra HD products debuted strongly in their first year. Some 10 million 4K Ultra HD TVs shipped, representing nearly \$10 billion, and are projected to reach 30 million units by the end of 2017. Approximately 300,000 Ultra HD Blu-ray players shipped accounting for \$66 million. (Source: CTA)
- The number of 4K Ultra HD titles available to consumers continues to grow. There are now 110 4K Ultra HD titles in the market, with 250 titles projected by the DEG to be available in 2017.

- Among the best-selling titles overall (all formats) for 2016 are *Star Wars: The Force Awakens* (Walt Disney Studios), *Deadpool* (20th Century Fox Home Entertainment), *Zootopia* (Walt Disney Studios), *Batman V Superman: Dawn of Justice* (Warner Bros. Home Entertainment), *Finding Dory* (Walt Disney Studios), *The Martian* (20th Century Fox Home Entertainment), *Captain America: Civil War* (Walt Disney Studios), *The Good Dinosaur* (Walt Disney Studios), *Hunger Games: Mockingjay, Part 2* (Lionsgate) and *The Secret Life of Pets* (Universal Pictures Home Entertainment).

If you would like to discuss the DEG's Year-End 2016 Home Entertainment Report, please contact the DEG at 424-248-3809.

***Please note, these numbers are preliminary. Final numbers will be available in late January. Please contact the DEG for an updated version.**

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DEG REPORT: U.S. CONSUMER SPENDING BY FORMAT 2016 YEAR END						
U.S. Consumer Spending (in millions)						
	Q-4 2015	Q-4 2016	YOY	Through Q-4 2015	Through Q-4 2016	YOY
Sell-Thru:						
Sell-Thru Packaged Goods - All	\$ 2,171.75	\$ 1,866.43	-14.06%	\$ 6,070.17	\$ 5,490.57	-9.55%
Sell-Thru (including EST)	\$ 2,722.77	\$ 2,418.89	-11.16%	\$ 7,976.80	\$ 7,500.53	-5.97%
Rental:						
Brick and Mortar Rental	\$ 154.84	\$ 122.32	-21.00%	\$ 616.27	\$ 489.56	-20.56%
Subscription (physical only)	\$ 154.04	\$ 123.23	-20.00%	\$ 658.87	\$ 547.57	-16.89%
Kiosk	\$ 390.82	\$ 320.47	-18.00%	\$ 1,732.24	\$ 1,434.98	-17.16%
Total Rental (excluding VOD)	\$ 699.70	\$ 566.03	-19.10%	\$ 3,007.39	\$ 2,472.11	-17.80%
Total Rental (including VOD)	\$ 1,218.62	\$ 1,099.39	-9.78%	\$ 4,975.86	\$ 4,548.89	-8.58%
Digital:						
Electronic Sell-Thru	\$ 551.01	\$ 552.47	0.26%	\$ 1,906.62	\$ 2,009.97	5.42%
VOD	\$ 518.92	\$ 533.36	2.78%	\$ 1,968.47	\$ 2,076.77	5.50%
Subscription Streaming *	\$ 1,349.72	\$ 1,705.27	26.34%	\$ 5,081.88	\$ 6,230.13	22.60%
Total Digital	\$ 2,419.65	\$ 2,791.10	15.35%	\$ 8,956.97	\$ 10,316.87	15.18%
Total U.S. Home Entertainment Spending:	\$ 5,291.10	\$ 5,223.55	-1.28%	\$ 18,034.53	\$ 18,279.55	1.36%
Box Office (in billions)	\$3.33	\$3.50	5.02%	\$ 10.57	\$ 11.80	11.65%

* Paid subscribers only and does not include sVOD bundled with other

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