Panel Discussion: Reaching the 4K Ultra HD Consumer at Retail
Proliferation of viewing / consumption options + strong content = growth across platforms
DOMESTIC BOX OFFICE
(Past 12 months)

- $12 BILLION
- FIRST TIME EVER!
- 11% GROWTH

Black Panther
Avengers: Infinity War
Jurassic World: Fallen Kingdom

Venom
A Quiet Place
Crazy Rich Asians
A Star Is Born
Halloween
Bohemian Rhapsody
DOMESTIC HOME ENTERTAINMENT
(Q3 Consumer Sales)

- $5.7 BILLION
- +15% GROWTH
DOMESTIC HOME ENTERTAINMENT
(Q3 Consumer Sales)

<table>
<thead>
<tr>
<th>Category</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic sell-through</td>
<td>+18%</td>
</tr>
<tr>
<td>Disc sales</td>
<td>- 11%</td>
</tr>
<tr>
<td>Total sell-through</td>
<td>- 1%</td>
</tr>
<tr>
<td>Video on demand</td>
<td>+10%</td>
</tr>
<tr>
<td>Subscription</td>
<td>+31%</td>
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<tr>
<td>Description</td>
<td>Quantity</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>4K UHD TVs sold</td>
<td>4.2m</td>
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<tr>
<td>4K UHD TVs sold (all time)</td>
<td>42m</td>
</tr>
<tr>
<td>50% of TV sales 4K UHD</td>
<td></td>
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<tr>
<td>4K UHD disc sales</td>
<td>+88% Year on Year</td>
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</tbody>
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4K sales projected to double in full year 2018

2017
6M
4K UHD Discs

2018
11M+
4K UHD Discs

Source: NPD VideoScan, All Outlet sales, FutureSource 2018.
DOMESTIC HOME ENTERTAINMENT (Q3 Consumer Sales)

TITLES AVAILABLE ON 4K UHD

NOVEMBER 2018:

+ 400k disc titles

+ 600k digital titles
4K UHD CONTENT

ALMOST 1:10 NEW RELEASE SALES

- Early adopters high attach rates
- Consumers future proofing
The amount of time spent consuming movies and TV is increasing every year.

Wkly Hours Watching Movies / TV

- AUG '16: 16.5
- AUG '17: 17.5
- AUG '18: 18.5

Over 3/4 of the US population are active home entertainment consumers.

76% Home Entertainment actives

60% Transactional Home Entertainment

The majority of movie buyers are active in physical purchase.

Digital and Physical address different consumer needs.

Disc:
- Easiest way to watch on my TV
- Easier to gift
- More permanent / collectible

Digital:
- Immediacy
- Viewing flexibility across devices
- Can watch on the go

Together we are facing a complex and changing retail environment.
As consumers engage across physical and digital, movies are a key category at retail.

- Driving Trips
- Supporting New Technologies
- Creating Excitement
- Impact Beyond Category
Bringing excitement to the retail environment:
Retailtainment / Testing new technologies
Breaking new ground in technology with retail displays and fan engagement.
Home Entertainment sector invests heavily in media.

$368M Cross-Studio TV media spend in 2017

18B impressions

10 FACTS:

1. Movies bring fun and excitement to stores
2. Driving innovation – retail AR experiences
3. Movie release supports consumer products opportunities
4. Over half new release purchases are destination buys
5. Movie purchases drive increased basket size
6. 47% shoppers visit more often due to weekly new releases
7. 38% shoppers say they would “shop less for other things if no movies”
8. 66% shoppers see movies department as “fun escape”
9. 4K UHD disc most reliable source of 4K content for now
10. 50% retailers cite “shopping experience” as their main differentiator
Partnership is more important than ever…

...with the shared objective of enabling the best consumer experience.
thank you!