



January 8, 2019

DEG: The Digital Entertainment Group today released its Year-End 2018 Home Entertainment Report compiled by DEG members, tracking sources and retail input.*

Late Surge Boosts Home Entertainment Spending 11.5% To \$23.3 Billion in 2018

Strong 13% Rise in Fourth Quarter Lifted by Electronic Film Sales and Rentals

Electronic Sell Thru Jumped Nearly 14% in 2018, Led by a 23% Rise in Theatrical Product

Home entertainment spending jumped 11.5% in 2018 to a record \$23.3 billion as consumers continued adding their favorite films and TV shows to their libraries.

Fourth quarter results were especially strong, rising 13% to \$6.3 billion. In both fourth quarter and the full year, electronic purchases were exceptionally strong, led by electronic sell-thru spending for films that more than offset a modest decline in EST purchases of TV product.

Among the highlights for the fourth quarter and full-year in 2018:

- Overall electronic sell-through (EST) spending rose 20% in the fourth quarter and 14% for the year. Theatrical EST sales were up nearly 36% in the fourth quarter and 23% for the year, offsetting a decline of less than 5% for TV product for both the quarter and year.
- Video-on-demand (VOD) was strongest in the fourth quarter, rising nearly 22%. VOD was up 6% for the year.
- Sales of 4K UHD content continued to mirror the burgeoning sales of new equipment, rising 70% for the year and 46% in the fourth quarter. The number of 4K Ultra HD Blu-ray Disc titles available in the market grew to 445 titles; 682 4K titles are available digitally.
- Among the best-selling film titles released on 4K for the home in 2018 were: *Justice League* (Warner Bros.), *Ready Player One* (Warner Bros.), *Mission: Impossible - Fallout* (Paramount), *Jurassic World: Fallen Kingdom* (Universal), *Deadpool 2* (Twentieth Century Fox) and *Avengers: Infinity War* (Walt Disney Studios).
- 4K UHD TV penetration rose 61% over the year-earlier period, to 48 million households. Also during the year, penetration of 4K capable player devices (game consoles and set-top boxes) rose 66%, to 13 million homes.
- Subscription streaming rose 30% in both the fourth quarter and year.
- Box-office performance for the films released in the year rose nearly 15%.

***Please note, these numbers are preliminary. Please contact DEG for an updated version in early February. Hardware sales are estimates until manufacturers report industry sales.**

If you would like to discuss DEG's Year End 2018 Home Entertainment Report, please contact DEG at 424-248-3809.

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Preliminary pending final reporting

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U.S. Consumer Spending (\$ in millions)	Q-4 2017	Q-4 2018	YOY	YTD 2017	YTD 2018	YOY
Sell-Thru						
Sell-Thru Packaged Goods All	\$ 1,453.52	\$ 1,238.96	-14.76%	\$ 4,716.37	\$ 4,029.87	-14.56%
Sell-Thru Including EST	\$ 2,006.03	\$ 1,903.11	-5.13%	\$ 6,870.10	\$ 6,494.47	-5.47%
Rental						
Brick & Mortar	\$ 94.38	\$ 75.96	-19.51%	\$ 388.97	\$ 317.08	-18.48%
Subscription (Physical Only)	\$ 102.48	\$ 80.89	-21.07%	\$ 454.87	\$ 364.15	-19.94%
Kiosk	\$ 288.21	\$ 263.59	-8.54%	\$ 1,271.79	\$ 1,104.62	-13.15%
Total Rental (excluding VOD)	\$ 485.06	\$ 420.44	-13.32%	\$ 2,115.63	\$ 1,785.85	-15.59%
Total Rental (including VOD)	\$ 909.35	\$ 937.35	3.08%	\$ 4,080.86	\$ 3,872.84	-5.10%
Digital						
Electronic Sell-Thru (EST)	\$ 552.51	\$ 664.15	20.21%	\$ 2,153.72	\$ 2,464.61	14.43%
VOD	\$ 424.29	\$ 516.91	21.83%	\$ 1,965.23	\$ 2,086.99	6.20%
Subscription Streaming (SVOD)*	\$ 2,681.73	\$ 3,488.21	30.07%	\$ 9,926.62	\$ 12,911.86	30.07%
Total Digital	\$ 3,658.53	\$ 4,669.27	27.63%	\$ 14,045.57	\$ 17,463.46	24.33%
Total U.S. Home Entertainment Spending	\$ 5,597.10	\$ 6,328.67	13.07%	\$ 20,877.57	\$ 23,279.17	11.50%
Box Office in Billions	\$ 2.48	\$ 3.07	23.70%	\$ 10.45	\$ 11.99	14.74%

*SVOD data sourced from IHS Markit (technology.ihs.com). Disclaimer: The data is not an endorsement and reliance is at a third party's own risk.

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