

GOWER
STREET

State Of The Market

Global Summary

Tuesday 24th May, 2022

This report was updated by Gower Street Analytics on Tuesday 24th May, 2022, at 12:13:00 UK time, using the latest information from Comscore Movies.

Editorial

Dear industry partners,

In these challenging times, all of us at Gower Street felt it was our duty to support the theatrical industry by doing what we do best: use data to understand where we are right now, look for ways to objectively measure recovery and make recommendations on the steps we have to take to accelerate it.

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On our website at gower.st/reports you can buy the latest reports or you can purchase subscriptions to receive them regularly. Please get in touch if you have any specific comments or questions.

Best Regards,
Dimitrios Mitsinikos

Founder & CEO, Gower Street Analytics

Data Sources

Our source for theatrical data is Comscore Movies.

We have found that the best source for epidemiological data for COVID-19 is the John Hopkins University website. They started tracking the progress of the disease by country on January 22 on a daily basis and they make the data available in CSV formats.

Main page: bit.ly/GSA_JHU

Dashboard: bit.ly/GSA_JHU_dashboard

State of the Global Theatrical Industry

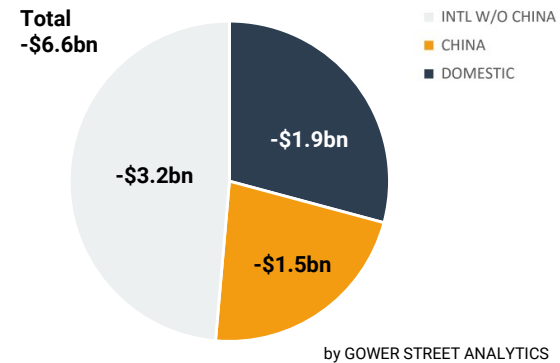
Big news came this weekend as the Domestic market reclaimed its position as the #1 global box office market from China. The market officially overtook China on Sunday (May 22) according to the latest figures from our partners at Comscore Movies.

China had overtaken the Domestic market in 2020 for the first time as its box office saw significantly faster and stronger recovery followings its first, 6-month, lockdown. It then quickly surged ahead of the Domestic market in early 2021 to easily retain its #1 box office market crown for a second year. This year, however, the market has struggled both with a lack of major import releases (top performing Domestic titles either haven't received a release in China, e.g. DOCTOR STRANGE IN THE MULTIVERSE OF MADNESS, 2021 holdover SPIDER-MAN: NO WAY HOME, or have failed to replicate Domestic and International success, e.g. THE BATMAN, UNCHARTED) and rising Covid cases resulting in cinema closures.

China is, in fact, one of just a handful of markets currently tracking behind 2021 (-37%), while the Domestic market is running 337% ahead of the same stage in 2021 and the International market (excluding China) is 170% ahead. Globally business is running approximately \$3.66 billion ahead of 2021 with Domestic \$1.89 billion up, International (excluding China) \$3.16 billion up, but China showing a near \$1.4 billion deficit.

Meanwhile it was relatively quiet weekend at the global box office this past weekend as the world waits for Paramount's long-awaited TOP GUN: MAVERICK to take flight this forthcoming weekend. DOCTOR STRANGE IN THE MULTIVERSE OF MADNESS spent a third week atop the chart as it crossed \$800 million globally.

Korean crime thriller THE ROUNDUP, a sequel to 2017's THE OUTLAWS, landed #2 on the global chart thanks to a \$24 million 4-day opening at home (rising to \$29.2m including previews). The opening was the biggest of the pandemic so far in Korea, topping the previous pandemic record, set just two weeks earlier by the DOCTOR STRANGE sequel, by 2.8%. THE ROUNDUP also opened in Taiwan, finishing fourth with \$34k.

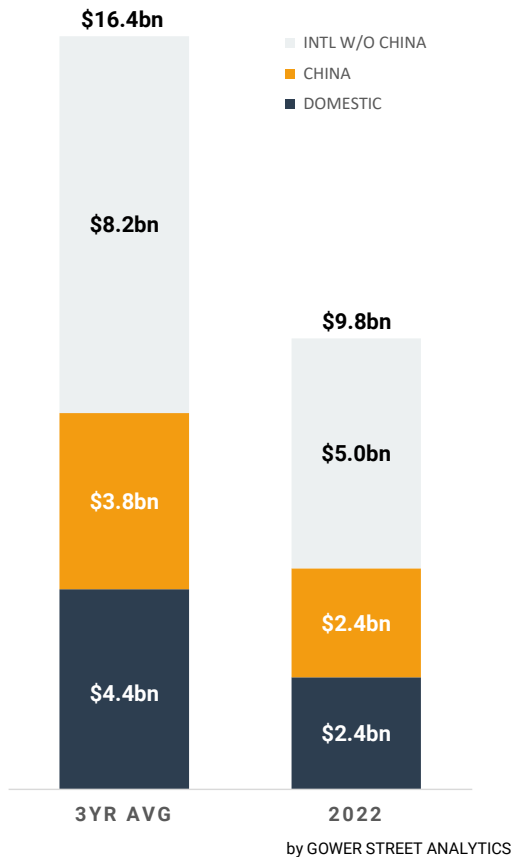


Global total GBO Gains and Losses (in \$B)

The Domestic market saw DOWNTON ABBEY: A NEW ERA bring out older audiences to the tune of \$16 million to finish second, although the launch was 49% behind the original film. Meanwhile, A24's horror MEN had to settle for \$3.3 million at #5. However, there was good news just one place further down the chart for A24 as EVERYTHING EVERYWHERE ALL AT ONCE became the indie distributor's all-time highest grossing release (\$52.3m), overtaking 2017's LADY BIRD (\$49m) and 2019's UNCUT GEMS (\$50m).

These three graphics display how business is tracking in the domestic market, in China and internationally (excluding China), with focus not only on global cumes but also where the losses are coming from.

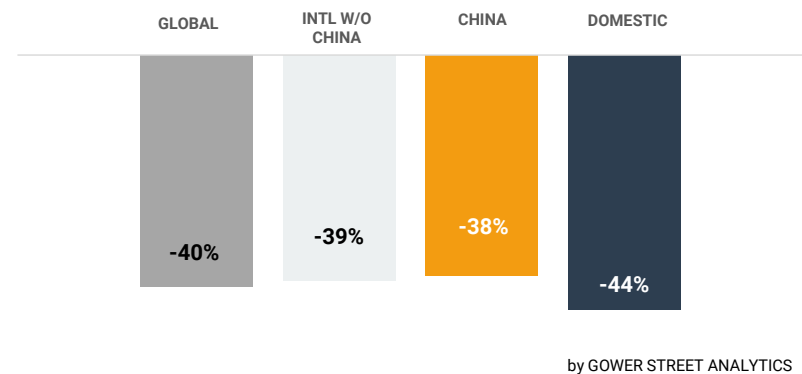
Global cases of the virus have now closing on 530 million (527.8m). Just over 6.3 million deaths have been recorded. The US now accounts for just over 85 million cases and more than 1 million deaths (1.03m). India has recorded 43.1 million cases - by far the worst hit international market for cases. Brazil has now crossed 30 million cases (30.8m) and has the highest number of deaths internationally with 666k. France is closing in on 30 million cases (29.35m). Germany follows with 26.1m and the UK with 22.2m. These are followed by Russia (18.3m), South Korea (18m), Italy (17.3m), Turkey (15.1m), Spain (12.2m), and Vietnam (10.7m). Then come Argentina (9.14m), Japan (8.6m), Netherlands (8.08m), Iran (7.23m), Australia (7m), Colombia (6.1m), Indonesia (6.05m), Poland (6.0m), Mexico (5.75m), and Ukraine (5.0m).



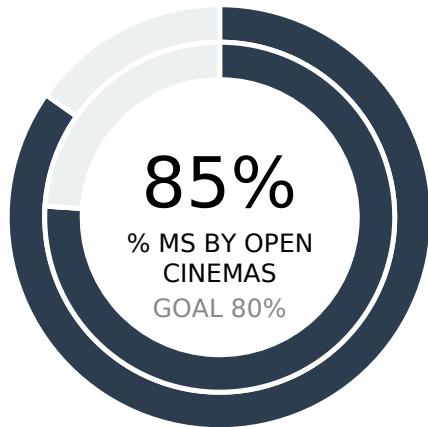
Global GBO* Cume (in \$B)

As of May 21, the global box office for 2022 is now an estimated \$9.84 billion. This is tracking 59% ahead of 2021 at the same stage, while the deficit against the average of the three pre-pandemic years (2017-2019) is now -40% (a loss of just over \$6.6bn). The Domestic market is tracking 44% behind the three-year average; China is now 38% behind the average; International (exc. China) is 39% behind. Both the Domestic and International markets continue to make slight in-roads into reducing their deficit against the pre-pandemic three-year average, however China's position continues to worsen.

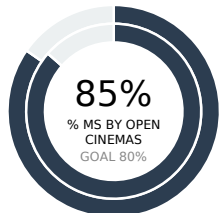
The market share of global cinemas currently stands at 84.78%, a very marginal rise from 84.75% a week ago. China as well as the EMEA and Asia Pacific (excluding China) all saw small week-on-week gains.



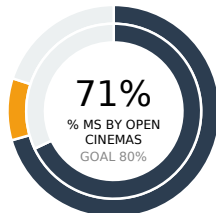
Global % GBO Gains and Losses



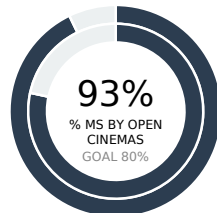
GLOBAL



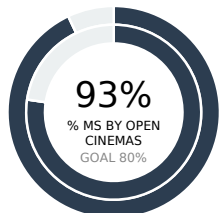
DOMESTIC



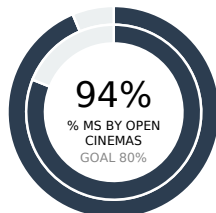
CHINA



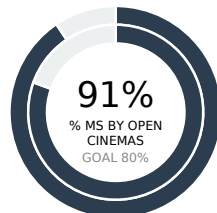
INTL W/O CHN



EMEA



APAC (w/o CHN)



LATAM

Regional Trackers

5-Stage Blueprint to Recovery

Every successful building project must start with a blueprint; before foundations are laid or a first brick can be set in place.

Everyone across our industry witnessed the devastating impact COVID-19 had around the world in 2020 and 2021. Its impact continues, though not with the same severity or consistency. Even so the ebb and flow of cases causes consternation among nervous distributors and resulting changes in the release calendar (as well as changes to distribution models) cause additional concerns for exhibition.

Though all markets have now re-opened at some point many have seen re-closures, often multiple times, impacting national and regional box office.

With these constant changes it has never been more important to identify and understand the signs of potential recovery. It is also vital to reset those signs when necessary, as well as track sustainability of business in markets that have achieved important recovery benchmarks.

It is with this in mind that Gower Street created a considered blueprint to recovery, marking five key and identifiable stages which can be applied on city, county, state, territory, regional or global scales, depending on your focus:

Stage 1: Open Day

The foundation point at which a significant majority, 80% by market share, of cinemas are ready to begin operation providing a base from which to build on.

Stage 2: Base Day

The first day of operation in which box office reaches the lowest day's box office result from the past two years. This would signify a core audience willingness to return to cinemas irrespective of the product offering.

Stage 3: Base Week

The first full-week of operation in which box office reaches the lowest week's box office result from the past two years. This would signify consistency of audience engagement over a minimum period.

Stage 4: Material Week

A significant milestone from which to build on. This would be the first full-week to achieve a median level of the weekly business seen across the past two years. This would signify broader customer comfort with returning to the cinema environment and require compelling content to bring them in.

Stage 5: Recovery Week

This would be a week with equivalent performance to those in the top quartile of weekly business in the past two years. This would be dependent on a robust release calendar.

From this point it would be hoped the market should react as normal, with an ebb and flow dependent on the release calendar.

However, with reclosers and a still inconsistent calendar we have seen many markets struggle to maintain consistent levels of business. Ideally, once achieved, a market should maintain business above a Stage 3 level with frequent Stage 4 play-weeks and some Stage 5 play-weeks.

To track this we have additionally introduced a market tracker to each market-view page of the this report. This shows where play-weeks over the past year sit within the Stage 3-5 target levels.

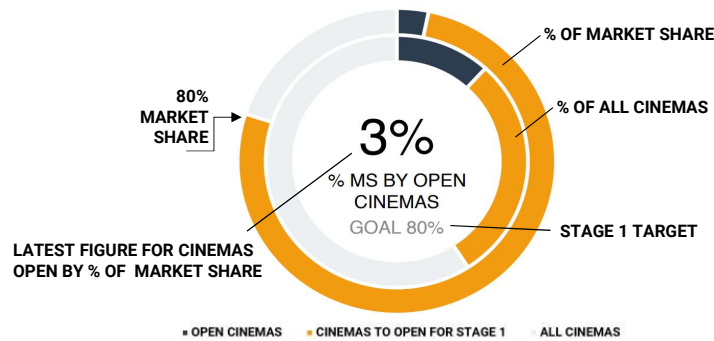
China was the first market to achieve Stage 5, back in August 2020. Japan also did so in 2020, while Russia became the first European market to achieve Stage 5 in the first play-week of 2021 (beginning Dec. 31, 2020). By the close of 2021 all but one (South Korea) of the 30 major markets tracked in this report had achieved Stage 5. 18 only did so for the first time in December 2021, including the Domestic market, while UAE and Colombia only managed it in the final week of November.

Market Growth Trackers Explained

Each market-specific page of this report features our Growth Trackers; 5 donut graphs that measure progress towards each of the 5 identified stages of our Blueprint To Recovery (see previous page for detail). With these donut graphs we aim to help individual markets measure their own growth and identify others that might provide planning guidance.

So, how do they work?

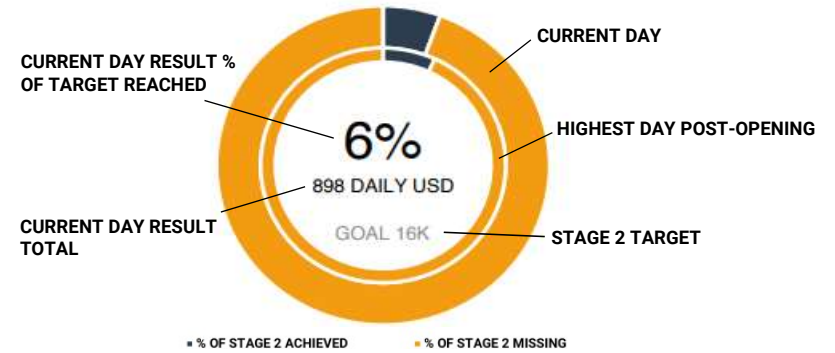
The stage 1 donut looks at cinemas open. The outer edge measures normal market share of the cinemas currently open (in blue) and progress toward the 80% requirement (orange). The grey is the remaining 20%.



Stage 1

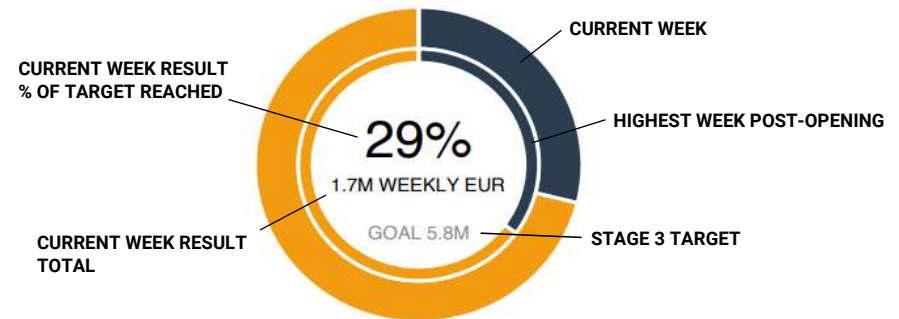
The inner edge measures the actual number of open cinemas. Here the blue section is cinemas reporting; orange is minimum number of cinemas required to hit 80% market share in a normal year; grey is total number of cinemas in the market that report to Comscore.

The latest week's figures for cinemas open by market share (and the goal) are displayed in the donut hole.



Stage 2

The stage 2-5 donuts measure box office targets. The donut hole shows the day (stage 2) or week (stages 3-5) goals alongside the result for the current day or week and the percentage of the target reached. If the target has been reached then the date this was first achieved is displayed in the donut hole.



Stage 3

Here, the outer edge of the donut shows the current day or week percentage result. The inner edge shows the best day or week result recorded so far since recovery began. This is useful in seeing any regression as well as improvement.

Additionally each market-specific page also features a graph, below the donuts, that tracks how well each market has sustained its recovery over the past year. Each play-week shows which, if any, of the full play-week stages (stages 3-5) have been achieved and where business is falling short of a "base" level.