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DEG: The Digital Entertainment Group today released its Mid-Year 2017 Home Entertainment Report compiled by DEG members, tracking sources and retail input.*

Home Entertainment Spending Rises More Than 3% in Second Quarter

Results Helped by Surge in Digital Movie Sales

Sales of 4K Ultra HD TVs Continue Dramatic Growth

Home entertainment spending edged up in the second quarter of 2017, with consumers continuing to spend more on digital transactions to enjoy movies through electronic purchases and video on demand. Sales of 4K Ultra HD films and TV shows also had growth from consumers eager to watch fresh content on their next generation televisions.

Highlights for the 2017 mid-year report include:

- Total U.S. home entertainment spending reached nearly \$4.5 billion during the second quarter, up more than 3% compared to the same period in 2016. For the six months ended June 30, domestic home entertainment spending is up nearly 3%, to \$9.2 billion, from the same six months of 2016.
- Electronic Sell Thru (EST) purchases rose more than 8% for the first half of the year from a year earlier. Digital sales growth was driven by the strength of theatrical films, rising more than 21% from the same period a year ago.
- While overall VOD slowed, Internet VOD continued to show strong results, with that business up 14% in the first six months of the year.
- Although physical sales are down 10% in the first half of the year, that business saw a significant rebound in the second quarter, driven by Blu-ray Disc sales, which were up nearly 2% from a year earlier.
- More than 4.8 million 4K Ultra HD TVs sold in the first half of 2017, bringing the total number of sets sold to date exceeding 20 million. Approximately 1 million Ultra HD Blu-ray playback devices sold in the first half of the year bringing the number of players sold life to date to 4.3 million (including game consoles). The Walt Disney Studios has announced its first titles on 4K Ultra HD and content is expanding rapidly, with 166 titles in the market and consumers buying approximately 4 million units valued at approximately \$107 million in consumer spend. The DEG estimates that there are nearly 115 million HDTV households representing all U.S. households.

If you would like to discuss the DEG's Mid-Year 2017 Home Entertainment Report, please contact the DEG at 424-248-3809.

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

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2017
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DEG REPORT: U.S. CONSUMER SPENDING BY FORMAT 2017 MID YEAR									
U.S. Consumer Spending (in millions)									
	Q-1 2016	Q-1 2017	YOY	Q-2 2016	Q-2 2017	YOY	First Half 2016	First Half 2017	YOY
Sell-Thru:									
Sell-Thru Packaged Goods - All	\$ 1,375.06	\$ 1,177.91	-14.34%	\$ 1,200.44	\$ 1,130.50	-5.83%	\$ 2,575.50	\$ 2,308.41	-10.37%
Sell-Thru (including EST)	\$ 1,880.07	\$ 1,749.76	-6.93%	\$ 1,685.37	\$ 1,630.83	-3.24%	\$ 3,565.44	\$ 3,380.59	-5.18%
Rental:									
Brick and Mortar Rental	\$ 137.52	\$ 107.10	-22.12%	\$ 121.85	\$ 100.01	-17.92%	\$ 259.36	\$ 207.11	-20.15%
Subscription (physical only)	\$ 147.70	\$ 122.85	-16.82%	\$ 141.56	\$ 117.08	-17.30%	\$ 289.26	\$ 239.93	-17.06%
Kiosk	\$ 409.45	\$ 338.90	-17.23%	\$ 379.97	\$ 306.46	-19.34%	\$ 789.41	\$ 645.36	-18.25%
Total Rental (excluding VOD)	\$ 694.66	\$ 568.85	-18.11%	\$ 643.38	\$ 523.55	-18.62%	\$ 1,338.04	\$ 1,092.40	-18.36%
Total Rental (including VOD)	\$ 1,293.91	\$ 1,140.26	-11.87%	\$ 1,165.36	\$ 1,033.50	-11.31%	\$ 2,459.27	\$ 2,173.76	-11.61%
Digital:									
Electronic Sell-Thru	\$ 505.01	\$ 571.86	13.24%	\$ 484.92	\$ 500.33	3.18%	\$ 989.94	\$ 1,072.18	8.31%
VOD	\$ 599.25	\$ 571.41	-4.65%	\$ 521.98	\$ 509.95	-2.31%	\$ 1,121.23	\$ 1,081.36	-3.56%
Subscription Streaming *	\$ 1,414.72	\$ 1,787.04	26.32%	\$ 1,504.08	\$ 1,832.00	21.80%	\$ 2,918.80	\$ 3,619.04	23.99%
Total Digital	\$ 2,518.98	\$ 2,930.30	16.33%	\$ 2,510.99	\$ 2,842.28	13.19%	\$ 5,029.97	\$ 5,772.58	14.76%
Total U.S. Home Entertainment Spending:	\$ 4,588.70	\$ 4,677.06	1.93%	\$ 4,354.81	\$ 4,496.33	3.25%	\$ 8,943.51	\$ 9,173.39	2.57%
Box Office (in billions)	\$2.85	\$2.55	-10.76%	\$2.98	\$3.04	1.92%	\$5.84	\$5.59	-4.28%

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

Disclaimer: This report contains information compiled from sources that the DEG believes have accurately reported such information, but which the DEG has not independently checked or verified. As such, the DEG does not warrant its accuracy or reliability. The report is not intended to provide investment or securities advice.