



January 9, 2018

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

Home Entertainment Spending Rises 5% to \$20.5 billion in 2017

Electronic Sell-Through Rises Nearly 6%, Led by 12% Growth in Sales of Theatrical Product

Home entertainment spending reached \$20.5 billion as consumers again showed they want access to films and TV shows at home and on the go. With growth of 5% from 2016, the results outperformed the industry's box office sales. Growth in consumer spending on theatrical titles was seen in electronic sell-through and iVOD.

Consumers continued to purchase their favorite films and television shows for their digital libraries, with electronic sell-through rising nearly 6% driven by a 12% increase in theatrical purchases. Sales of 4K Ultra HD TVs, players and content was again strong in 2017.

Some highlights for 2017:

Total U.S. home entertainment spending totaled \$20.5 billion in 2017, up 5% from 2016.

Overall electronic sell-through (EST) spending rose nearly 6% for the year compared to 2016. Theatrical content was especially strong for EST, jumping more than 12% from a year earlier.

Video on Demand (VOD) was off 7%, although growth was strong for iVOD, which climbed 11% compared to 2016.

Including streaming**, total digital sales rose nearly 20% in 2017 compared to the previous year.

Consumers continue to adopt 4K UHD technology. More than 14.6 million 4K UHD TVs were sold in 2017, bringing the total households life to date to more than 30 million. In addition, there are approximately 8 million households with 4K UHD Blu-ray playback devices (including set-top players and game consoles).

HDTV (including 4K UHD) penetration now totals more than 120 million households. Blu-ray playback devices (including set-tops and game consoles) are now in 97 million U.S. households.

The number of 4K Ultra HD titles available grew to 267 titles in the market at the end of 2017 representing some \$147 million in sales with growth of 187%.

Among the best-selling titles overall (all formats) for 2017 were *Moana* (Walt Disney Studios); *Rogue One: A Star Wars Story* (Walt Disney Studios); *Beauty and the Beast* (Walt Disney Studios); *Wonder Woman* (Warner Bros. Home Entertainment); *Trolls* (DreamWorks Animation, Twentieth Century Fox Home Entertainment); *Sing* (Universal Pictures Home Entertainment); *Guardians of the Galaxy Volume 2* (Walt Disney Studios); *Fantastic Beasts and Where to Find Them* (Warner Bros. Home Entertainment); *Logan* (Twentieth Century Fox Home Entertainment); and *Doctor Strange* (Walt Disney Studios).



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

** Please note, these numbers are preliminary. Please contact DEG for an updated final version in late January.*

*** sVOD includes bundled and unbundled services, representing a larger cross-section of sVOD activity than was reflected in previous reports.*

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**DEG REPORT: U.S. CONSUMER SPENDING BY FORMAT 2017 YEAR END****U.S. Consumer Spending (in millions)**

	Q-4 2016	Q-4 2017	YOY	Through Q-4 2016	Through Q-4 2017	YOY
Sell-Thru:						
Sell-Thru Packaged Goods - All	\$ 1,866.43	\$ 1,453.52	-22.12%	\$ 5,490.57	\$ 4,716.37	-14.10%
Sell-Thru (including EST)	\$ 2,418.89	\$ 2,006.03	-17.07%	\$ 7,527.34	\$ 6,870.10	-8.73%
Rental:						
Brick and Mortar Rental	\$ 122.32	\$ 95.84	-21.65%	\$ 488.05	\$ 390.43	-20.00%
Subscription (physical only)	\$ 123.23	\$ 102.48	-16.84%	\$ 547.57	\$ 454.87	-16.93%
Kiosk	\$ 351.79	\$ 288.21	-18.08%	\$ 1,514.87	\$ 1,271.79	-16.05%
Total Rental (excluding VOD)	\$ 597.35	\$ 486.52	-18.55%	\$ 2,550.49	\$ 2,117.10	-16.99%
Total Rental (including VOD)	\$ 1,120.12	\$ 910.81	-18.69%	\$ 4,655.55	\$ 4,075.13	-12.47%
Digital:						
Electronic Sell-Thru	\$ 552.47	\$ 552.51	0.01%	\$ 2,036.77	\$ 2,153.72	5.74%
VOD	\$ 522.77	\$ 424.29	-18.84%	\$ 2,105.06	\$ 1,958.03	-6.98%
Subscription Streaming (sVOD)*	\$ 1,988.65	\$ 2,555.58	28.51%	\$ 7,286.70	\$ 9,548.92	31.05%
Total Digital	\$ 3,063.89	\$ 3,532.38	15.29%	\$ 11,428.53	\$ 13,660.68	19.53%
Total U.S. Home Entertainment Spending:	\$ 5,527.67	\$ 5,472.42	-1.00%	\$ 19,469.59	\$ 20,494.15	5.26%
Box Office (in billions)	\$ 3.50	\$ 2.48	-29.08%	\$ 11.80	\$ 10.51	-10.96%

*sVOD includes bundled and unbundled services, representing a larger cross-section of sVOD activity than was reflected in previous reports.

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.