

Short Term Viability of 'The Showcase with IMAX'

Understanding the overall direction of the cinema industry as well as the major financial components of 'The Showcase with IMAX' is essential for forecasting project viability.

Parameters of the Analysis:

- ✚ The Showcase with IMAX is scheduled to open in the fourth quarter of 2016.
- ✚ For the sake of this discussion,
 - **Short Term** will be defined as the first three (3) year span of a ten (10) year bank loan.
 - **Long Term** will be defined as the subsequent seven (7) years of the aforementioned.

Determining factors of the Short Term Success

Evaluation of 'The Showcase with IMAX' project in the short term, requires an understanding of four constituents of the Bahamian Cinema Market:

1. The State of the Bahamian customer base
2. The competitors in the market
3. The products available to the market
4. Facility launch strategy

The first two components have been extensively covered in the business plan. The third cog, the movie slate itself, is quite relevant and equally as important for financial viability.

Products Available to the Market: Upcoming Movie Slate

Cinemas are only as good as the products shown and the experience provided. The latter can be controlled and maintained from a managerial standpoint. However, the former is completely out of the control of exhibitors globally. Fortunately for the Showcase with IMAX, 2015-2018 are said to be "The Return of the Golden Age of

Cinema". The Film Slate in the next three (3) years, has Industry and Wall Street Observers investing in the Movie Business.

2015 Movie Slate:



The Slate from the beginning of the year until the end is impressive to say the least



Why are all of these Movie Industry Observers, so excited about 2015?

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ARTS & ENTERTAINMENT | 1/03/2014 @ 9:30AM | 5,533 views

2013 Sets All-Time Box Office Record

It's popular in some circles to insist that they don't make films as good as they used to, and that modern box office has suffered a steady decline as less people attend and the studios make less money. Well, that's all myth, as 2013 helped demonstrate by becoming the second record-setting year at the box office in a row. The 2013 box office took in at least \$10.9 billion in total **TOT +1.38%** domestic receipts, and the global figure could still adjust upward a bit more as final numbers from some foreign markets come in.

After a record breaking 2013, where only one movie (Iron Man 3) broke the \$1 Billion barrier, consumers have spoken loud and clear about what they want to watch.

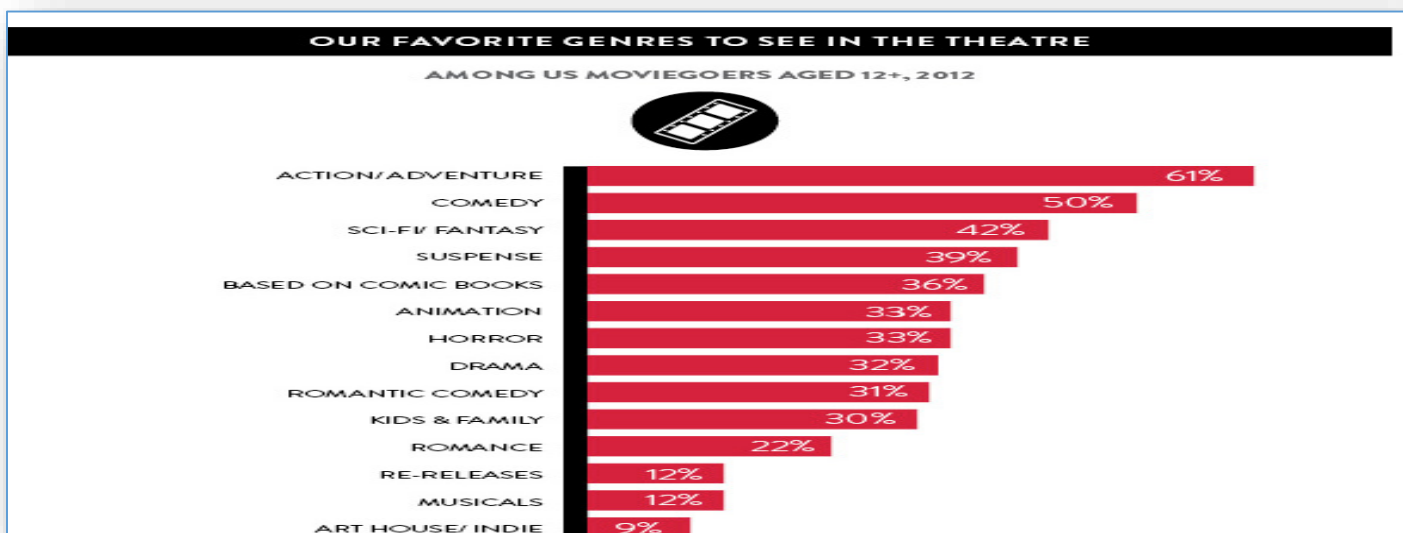
nielsen NEWSWIRE REPORTS SOLUTIONS TOPTEN ABOUT

U.S. MOVIEGOERS CAN'T GET ENOUGH ACTION

MEDIA AND ENTERTAINMENT | 02.21.2013 [ShareThis](#) 591

We won't know which film wins the Best Picture award at this year's Oscars until Feb. 24, but Nielsen knows which genre won over the most moviegoers in 2012: action/adventure. According to Nielsen NRG's 2012 American Moviegoing report, 61 percent of U.S. moviegoers indicated that action/adventure movies are the ones they like to see the most in theaters. After action/adventure, comedy (50%) and sci-fi/fantasy (42%) emerged as the second- and third-favorite movie theater genres.

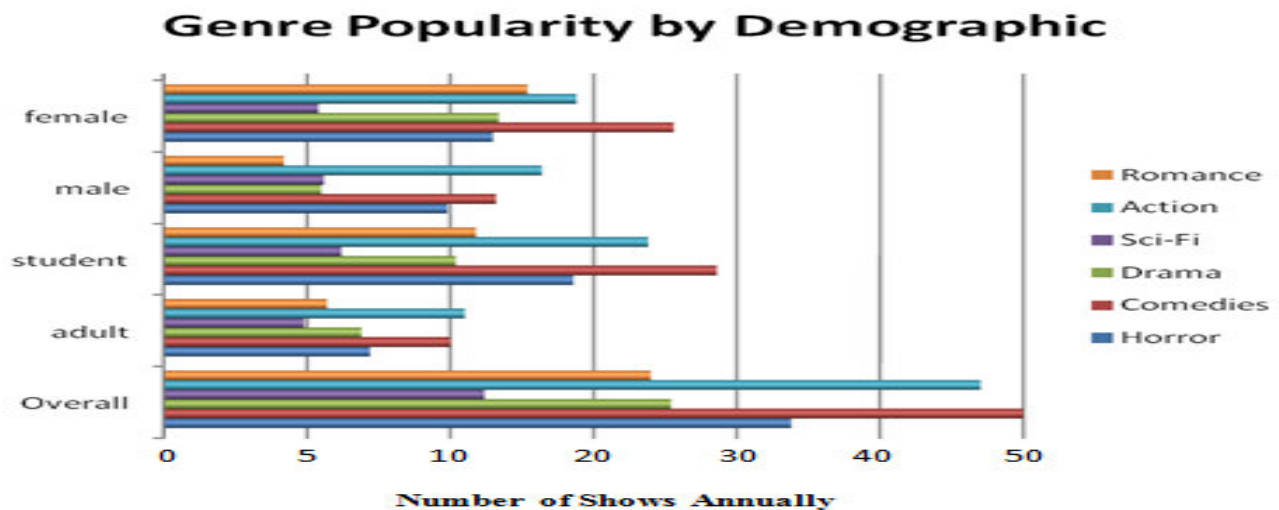
Nielson Research polled movie goers to find out what they craved. Action movies won over 60% of the audience. When comparisons between the taste of US consumers and Bahamian moviegoers are done, similarities abound.



An extensive study of the Bahamian market revealed the following:

Action and Comedies are also the two most popular genres. However, Comedies are the top category.

Bahamian Moviegoers Genre Preferences



This is very important for The Showcase's feasibility.

Why?

2015 is filled with a plethora of Action/ Adventure movies. Who is the King of this Genre?

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**IMAX Continues to Dominate
Action Blockbusters**

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Industry observers are already pointing out the companies that will dominate 2015.


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Invest in These Movie Stocks Before Blockbuster 2015

By [Chris Katje](#) - April 2, 2013 | Tickers: [CNK](#), [IMAX](#), [RGC](#), [TWX](#), [DIS](#) | [0 Comments](#)

Chris is a member of The Motley Fool Blog Network -- entries represent the personal opinion of the blogger and are not formally edited.

The year 2015 is already shaping up to be the best the movie industry has seen in quite some time. New movies being released in the year 2015 include "The Avengers 2," "Star Wars VII," "Justice League," "Mockingjay: Part 2," and "Avatar 2." This huge potential for movie companies and movie theaters should create several key buying opportunities for investors willing to sit on stocks for long term gains.

Thanks to a \$4 billion acquisition of Lucasfilm, **Walt Disney** (NYSE: [DIS](#)) will release the

Who are they choosing? IMAX Theater OWNERS.

The biggest winner from a successful 2015 box office could be the movie theaters themselves. Large screen movie operator IMAX stands out as a potential breakout candidate in 2015. IMAX has history with several of the blockbusters and their respective studios.

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Imax Corp: Buy now for big 2015


JONATHAN RATNER | January 9, 2014 | Last Updated: Jan 9 9:05 AM ET
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2016 Movie Slate

As amazing as the 2015 movie schedule is, 2016 will surpass it in every way.

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Never Mind, Summer 2015... Will 'Superman-Batman', 'The Amazing Spider-Man 3', 'X-Men: Apocalypse', And Marvel's Phase 3 Overwhelm The Box Office In 2016?

on January 22, 2014

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A row of four movie posters: Batman, Superman, Spider-Man, and Wolverine.

Why?

2015's calendar was so full that movie studios started moving their products to 2016 to maximize profitability.

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Pirates of the Caribbean 5 Moving to 2016

Posted September 11, 2013 · 18:00 by David Konow

Do we really need another *Pirates of the Caribbean* movie? A critic even joked that *The Lone Ranger* was essentially another *Pirates* flick, just in the West this time. But apparently there will indeed be another *Pirates*, just not as originally planned.

This is surprising news to us at TGD, because with *The Lone Ranger*, the *Pirates* team of John... It certainly... Gore...

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Disney/Pixar Moves 'Finding Dory' To Summer 2016, Delays 'The Good Dinosaur' To November 2015

on September 18, 2013

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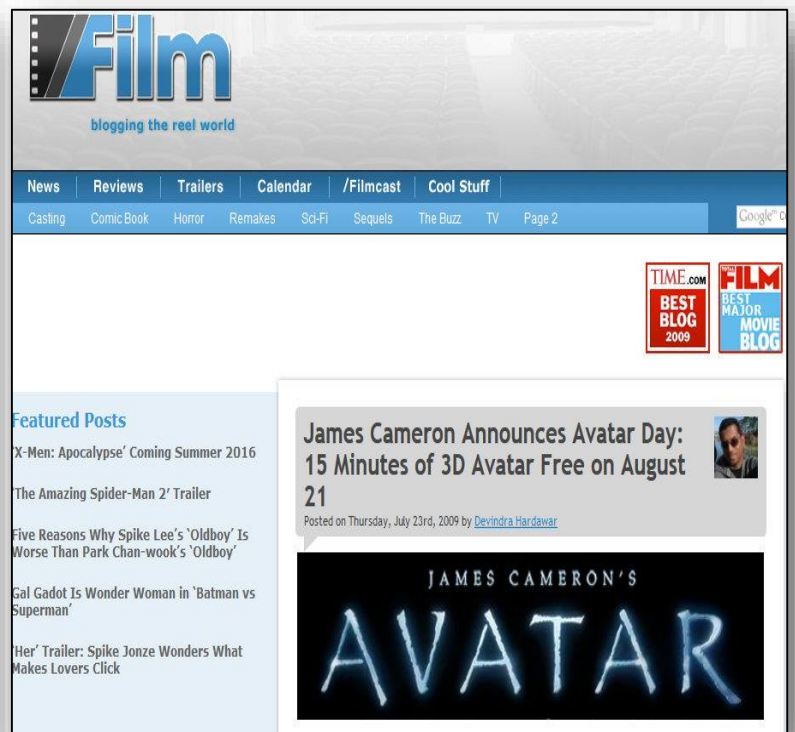
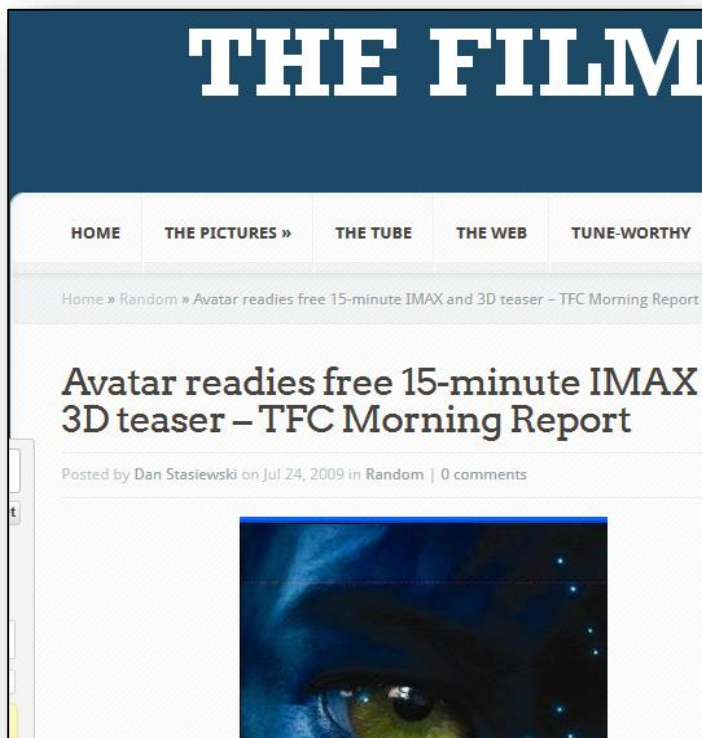
The Big 'Batman Vs. Superman' Movie Is Delayed Until 2016

The Biggest News of all was the delay of the MEGA-Franchise Avatar.



This was great news for The Showcase with IMAX. This adds further financial power to an already packed 2016 movie portfolio (Now to 2017). IMAX Franchise Owners are excited because of their special existing relationship with Fox and James Cameron.

When the first Avatar came out, IMAX owners got an extraordinary launch event.



James Cameron Announced a free 15 minute preview on IMAX Avatar Day at ALL IMAX theaters. This drove millions of movie goers into cinemas with IMAX screens worldwide.

When Industry Observers like the Wall Street Journal and Forbes Magazine evaluate Avatar, they all have the same opinion:

Forbes - New Posts Most Popular The WhatsApp Billionaires Lists The Business Of Nascar

'Avatar' Franchise Will Rule Box Office With 3 Sequels From 2016 To 2018

3 comments, 3 called-out + Comment Now + Follow Comments

The first *Avatar* made \$2.7 billion at the worldwide box office. Audiences have been waiting anxiously for the inevitable sequel, which director [James Cameron](#) says will involve the ocean-based Na'vi tribes. Now comes word of three sequels and a team of writers assembled to help get the projects ready for filming — all at the same time, it appears.

That's a pretty heavy investment, with likely production budgets totaling as much as \$1 billion or more for all three films. Which sounds pretty risky, unless you remember the first sentence of this article, where I mentioned that the first film



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Three Companies Set to Profit From Three Avatar Sequels

By [Chris Katje](#) - August 13, 2013 | Tickers: [IMAX](#), [MAT](#), [NWSA](#) | 0 Comments

One of them is..... [IMAX](#).

IMAX (NYSE: [IMAX](#)) could be the next biggest winner from three additional “Avatar” movies. Back in 2009, many consumers saw their first IMAX movie ever with “Avatar” on the unique big screens. IMAX scored big by having the blockbuster movie on its big screens and the same could be said going forward if it lands the three sequels.

Back in 2009 when “Avatar” opened, there were only 178 IMAX theaters in the United States. “Avatar” also opened on 58 international screens. Fast forward to 2016 and IMAX plans to have 977 theaters open worldwide. Imagine the possible revenue numbers this small company could post from three “Avatar” movies.

“Avatar” grossed \$228 million on IMAX screens during its theatrical run. In its first weekend in North America, the movie made \$9.5 million, which represented 12% of the North American box office, despite being on only 3% of the screens. The company benefitted from viewers

2017 Movie Slate

2017 is shaping up to be very strong indeed. With Batman, Avatar and Star Wars sequels on tap, the movie slate is brimming.





Summary

From a Short Term perspective, The Showcase with IMAX's movie calendar will lead to high profitability.



2016 is targeted for the launch of 'The Showcase with IMAX'.

From a 'products' prospective, the next three (3) years will be quite exciting from an entertainment and financial perspective.

2016 Facility Launch Strategy

An effective launch of the Showcase with IMAX, is the other essential component of short term viability. To properly understand how this will be done a case study has been prepared.

Case Study: Galaxy Cinema launch in Sparks, Arizona

Sparks, Nevada was the site of the latest IMAX/Premium cineplex. The proprietors of this project, Galaxy Cinemas, launched on February 14th, 2014.

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Region's first IMAX, Luxury theater opens in Sparks
by Garrett E. Valenzuela
9 days ago | 2345 views | 0 | 11 | |



The grand opening of northern Nevada's first IMAX theater created quite a buzz early Wednesday morning in Sparks as movie goers anxiously gathered in the lobby awaiting the midnight showing of RoboCop at the new Galaxy Luxury+ Theater at Legends.

The theater is Galaxy Theaters' fourth Nevada location and 13th overall location, spanning California, Washington and Texas. The location at Legends is only the third Luxury+ location (Henderson, N. Las Vegas)

Customer Base

The mantra of premium brands, like 4DX and IMAX, has been their entertainment choices and population density are more important for sustainability than population size.



With a population around 90,000 people, Sparks, Nevada is a prime example of this philosophy. This community, east of Reno Nevada, is small compared to New Providence. Even when adding the surrounding areas that will feed the theater customer base, 180,000 individuals is not reached.

Two Prong Theater Marketing Strategy

A well-defined market entrance approach was divided into Local and Corporate components:

Local Side of Marketing Galaxy Cinemas with IMAX:

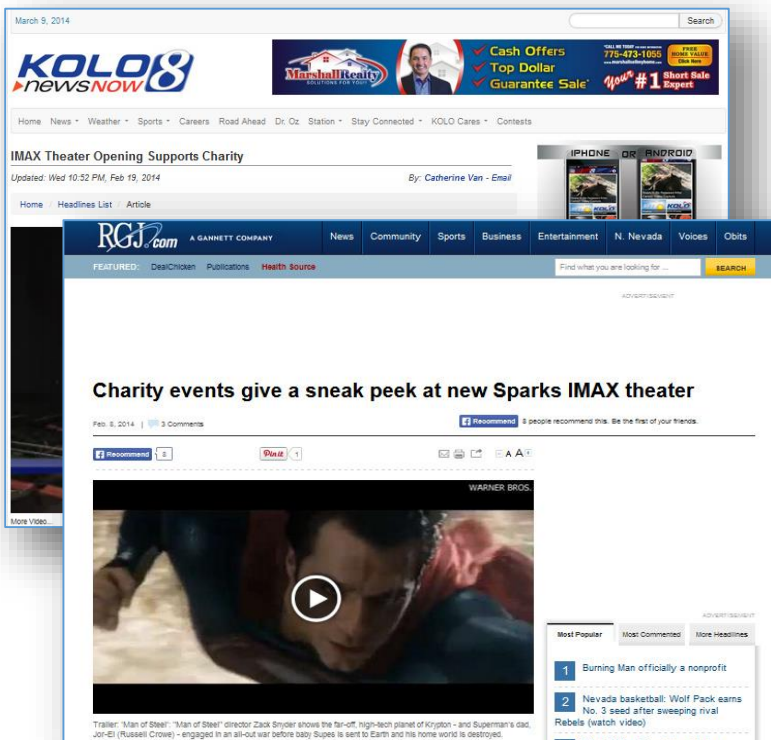
Galaxy Cinemas' marketing strategy revolved around building awareness in a small town. Three of the tactics devised were to use Charity events, Job fairs and Private VIP events (Soft Opening) to reach the community.

Charity Events:

Public screening of previously released IMAX movies were shown with all benefits going toward the family of the late Sparks Middle School teacher Michael Landsberry (killed before Christmas by a student) via the Nevada Military Support Alliance.

This served two purposes:

1. Small towns are very complicated, interknitted communities. Showing civic spirit builds loyalty FAST.
2. BIG events in SMALL towns equal FREE media exposure.



EVERY major media outlet in Sparks, Nevada covered it. The Charity event screens were completely sold out.

Job Fairs:

Job fairs in small communities are HUGE for reasons besides finding the right employees:

- Employment choices, by definition, are usually limited.
- Serve as a major marketing tool to begin brand awareness.
- Fairs become small town news events.



Private VIP Events:

Media, community leaders and local politicians were invited to a black tie event for a soft opening of Galaxy. The aforementioned were blown away.



Rave reviews from local personalities and the media drove the community into a frenzy in anticipation.

Corporate Side of Marketing Galaxy Cinemas with IMAX

Understanding what moviegoers want is the strength of premium brands like IMAX and 4DX.


Movie Goers love two things:

1. Free giveaways and exclusive promotions:

In the case of Galaxy Cinemas with IMAX, the same were schedule to open with a viewing of Robocop on February, 16 2014. Galaxy Cinemas offered the first 1000 free Robocop posters and T-Shirts



2. According to Nielson Tracking Company, Movie Goers LOVE watching trailers

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ROOM WITH A (PRE)VIEW: MOVIEGOERS' EXPERIENCE BEGINS WITH THE TRAILERS

MEDIA AND ENTERTAINMENT | 06.13.2013

Movie trailers are a curious offering. Do viewers like them? Do theater owners want to show them? Some theater owners might even say they're too long. And with summer blockbusters rolling in, do they get in the way of the main attraction?

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In fact 90% of patrons arrive early to watch previews.

But the results from a recent Nielsen NRG survey will likely clear up any questions about their likability. In fact, a whopping 90 percent of the moviegoers Nielsen surveyed indicated that they arrive at theaters early so they're there in time to catch the previews.

This is why companies like IMAX and 4DX spend so much time securing and making special previews.

What did IMAX do for network theaters during the ROBOCOP movie launch?



HOME MOVIES NEWS 300: Rise of an Empire Sneak Peak Before IMAX RoboCop Showings, New RoboCop

300: RISE OF AN EMPIRE SNEAK PEAK BEFORE IMAX ROBOCOP SHOWINGS, NEW ROBOCOP TV SPOTS

News | Den Of Geek | 2/10/2014 at 1:31PM

IMAX will be screening a special preview for 300: Rise of an Empire during all IMAX showings of RoboCop beginning this week.

The IMAX Corporation are going hard on letting you know about the possibilities of 300: Rise of an Empire for when it screens in IMAX 3D next month. Besides teasing us with a 13-minute preview of the movie's prologue last week, the corporation has now announced that another sneak peak of the swords and

Spartans movie will play before each IMAX screening of RoboCop upon its release this Wednesday.

IMAX released an amazing **Exclusive 13 minute Preview** of the much anticipated 300 sequel during the ROBOCOP launch.

Results:

The concerted local and corporate efforts of the IMAX Corp and Galaxy Cinemas were greatly rewarded:

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Sparks IMAX theater sets opening-night record

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A man Tuesday is dwarfed by the 75-foot IMAX screen during a dry run showing of RoboCop. / Tim Dunn / RGV

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Sparks IMAX Theater Sets World Records

Posted: Feb 24, 2014 1:36 PM EST
 Updated: Feb 24, 2014 1:36 PM EST

Numbers are in for the opening night of the new IMAX theater at Legends at Sparks Marina.

Representatives say the Galaxy Luxury + IMAX was the number 1 grossing theater in the world.

The new IMAX opened earlier this month with the RoboCop film. The area's only IMAX theater features a 75-foot screen with stadium-seating with high back plush rocker chairs.

Tickets and reserved seating are on sale at www.GalaxyTheatres.com.



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Amazingly this small community produced the largest Box Office **GLOBALLY** for IMAX. More importantly, because of the already documented 'Spill-Over Effect', the entire cineplex produced record regional numbers. The results were not limited to the Box Office.

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IMAX Theater at Legends in Sparks Paying Off

Posted: Mar 05, 2014 5:34 PM EST
 Updated: Mar 05, 2014 9:10 PM EST



Money Watch
IMAX Theater Boosting Business

5:30 62° Coverage You Can Count On

Surrounding restaurants and eateries in the subsequent weeks have continued to see increased revenue.

These results are not unique to Galaxy Cinemas in Sparks, Nevada. Premium brands, like 4DX and IMAX, have been using similar set-ups in smaller cities with great results.

The new 4DX theater space you will be amazed

The first salon, stimulating all the senses of the viewer, it is a fact

by Neda Kovatcheva | 23.05.2013 | 11:48 | 11 | View all photos



The first theater in the country 4DX technology is already here and it will enable the Bulgarian buffs to enter the movie theater and adopt a completely different way.

More about:

4DX

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in South Korea we are indeed watch 4D movies



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already existing theaters, Fremont and Mission Street in downtown San Luis Obispo.

IMAX BRINGS NEW LIFE TO DOWNTOWN SLO

May 8, 2012



Latest VOX 4DX Cinema Technology Storms the Box Office at VOX Cinemas

The cinemas, which opened on December 26 2013, have welcomed over 5,000 guests with numerous sessions sold out, VOX said in a statement.

Summary:

'The Showcase with IMAX' will have all of the tools of IMAX and 4DX to construct a successful launch. This is why these entities have constructed Theater Launch Windows within the confines of their exclusive studio deals.

From a short term perspective, this project has all the components of a financially profitable venture.