

Boom time ahead for 3-D cinema industry

Makers of digital movie equipment are forecasting a surge in sales as Chinese and European cinemas upgrade to tap the popularity of 3-D movies such as Avatar.

Sales at Christie Digital Systems USA, the world's largest maker of digital projectors, may double to \$400 million this year if it can meet demand, said Jack Kline, president of the Cypress, California-based company, a unit of Japan's Ushio Inc. Kortrijk, Belgium-based Barco NV, the second largest, estimates revenue will climb 50 percent to \$200 million.

The upgrades in Asia and Europe are part of a worldwide trend in theater spending. The three largest US chains are outfitting 14,000 screens for digital projection after raising \$660 million. Cinemas charge more for 3-D movies and will benefit from the 19 films scheduled for release this year, up from 14 in 2009, according to researcher Hollywood.com Box-Office. Digital systems also cut costs by eliminating film reels and projectionists.

"We didn't expect China to expand so fast," said Andrew Robinson, managing director at Harkness Screens International Ltd, the largest maker of screens for digital cinemas. Closely held Harkness, based in Dublin, sold 500 screens in China last year, Robinson said.

Harkness is running its US factory around the clock, seven days a week, Robinson said in an interview. A second plant in France is running 18 hours a day, he said. The wait for delivery is 10 weeks, up from the usual four, he said.

Like in the US, demand for 3-D theaters in China is increasing following the success of James Cameron's Avatar, the highest-grossing movie of all time, said Weng Li, a spokesman for China Film Group, the State-run company that controls most cinemas and film distribution in that nation.

There are about 2,000 digital screens in China, including 800 that are equipped to show movies in 3-D, Li said in an interview. Even small cities in China are installing 3-D equipment, he said.

Avatar has generated \$193.6 million in ticket sales in China since its release, the film's second-highest grossing nation behind the US, according to News Corp's Twentieth Century Fox.

China Film Group is seeking bids to add 500 digital projectors over the next four to six months, said John Wilmers, chief executive officer of Ballantyne Strong Inc, an Omaha, Nebraska-based seller of digital cinema equipment and services.

Time Antaeus Media Group, based in China, plans to add 500 to 700, Christie's Kline said.

Consumers may lose enthusiasm for 3-D as the format becomes more common, said Matthew Harrigan, an analyst with Wunderlich Securities in Denver.

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