

What do we know about the structure of film financing in Europe?

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what we have done

It's only a
sample analysis

It's only a sample analysis

- Only live-action fiction films
- Released in 2016
- Selection bias
- French bias

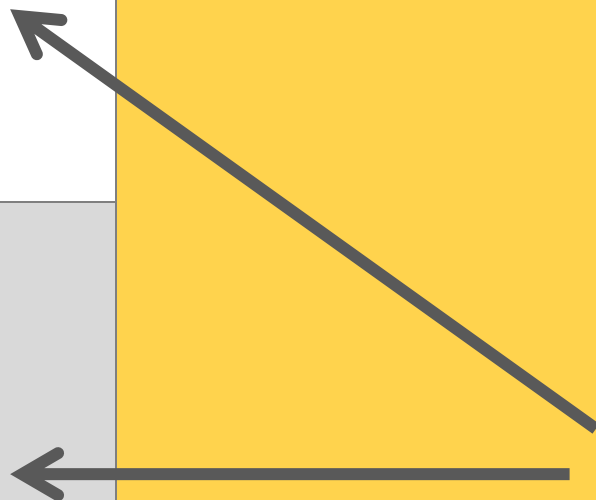
It's only a
sample analysis

but a
large one!

42%
coverage rate

EUR 1.4 bn
investment volume

but a
large one!



A black and white graphic featuring a globe in the background. The globe shows the continents of North and South America. Overlaid on the globe is the text "THE BIG PICTURE" in large, 3D block letters. The letters are white with black outlines and are arranged in two lines: "THE" on top and "BIG PICTURE" below it. The letters have a slight shadow, giving them a three-dimensional appearance.

THE BIG PICTURE

pan-European perspective

The European film landscape

is culturally
diverse

1 100

live-action fiction films
produced per year

24

official languages in the EU

> 60

minority languages

is culturally
diverse

and very
fragmented

market size

market potential

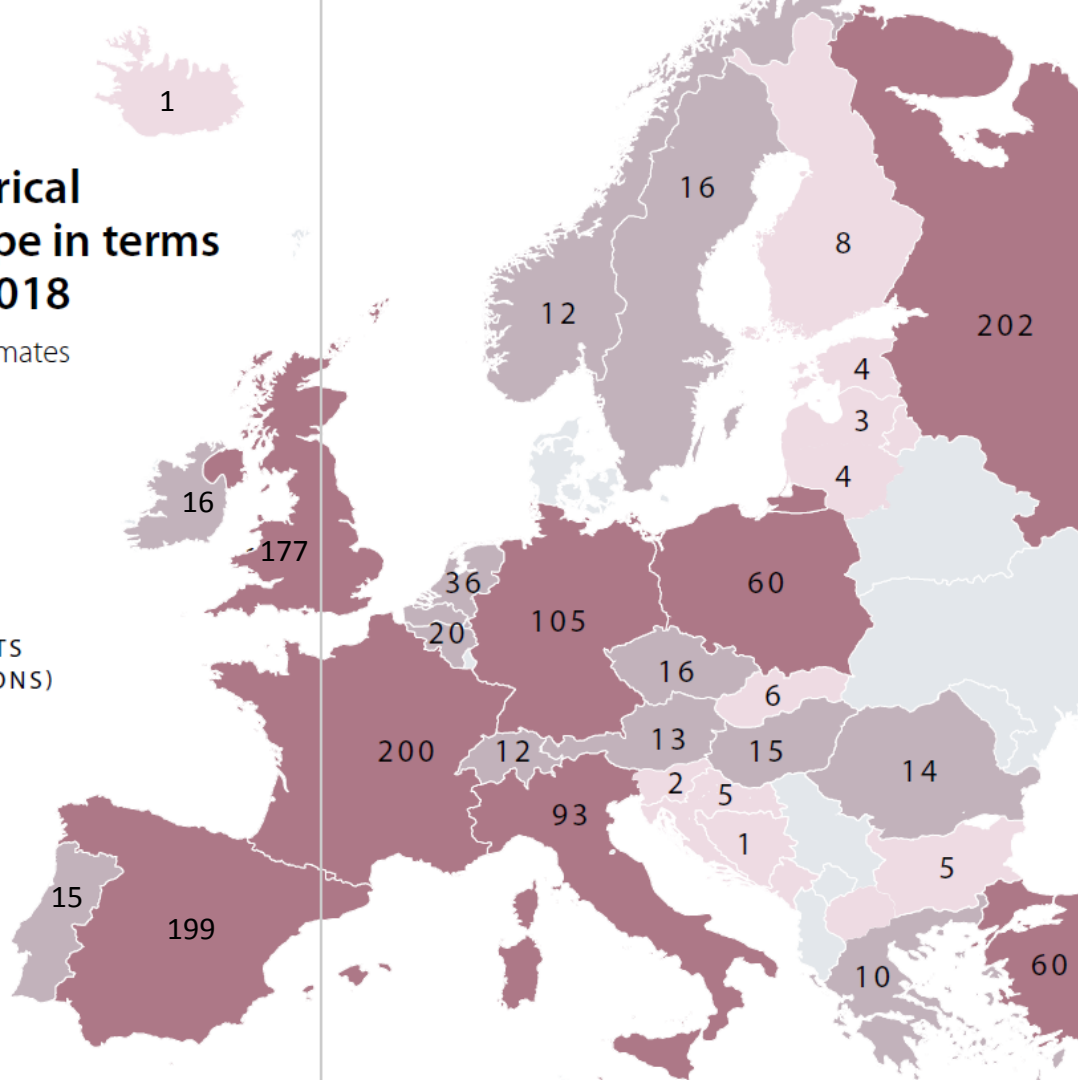
average budgets

and very
fragmented

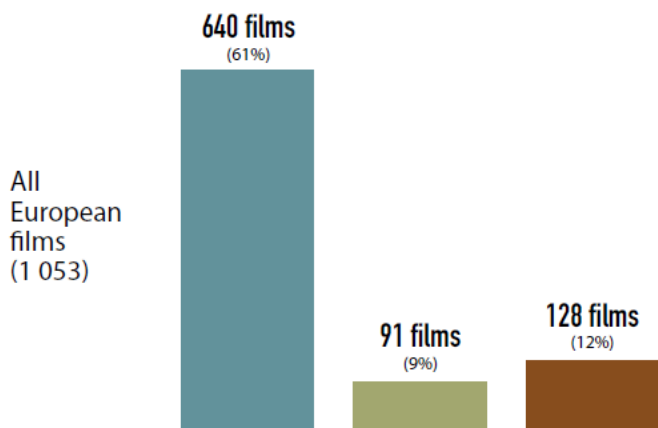
European theatrical market landscape in terms of admissions 2018

In million. Provisional estimates

-  LARGE MARKETS (> 50 MIO. ADMISSIONS)
-  MEDIUM-SIZED MARKETS (10 – 50 MIO. ADMISSIONS)
-  SMALL MARKETS (< 10 MIO. ADMISSIONS)
-  NOT COVERED BY OBS

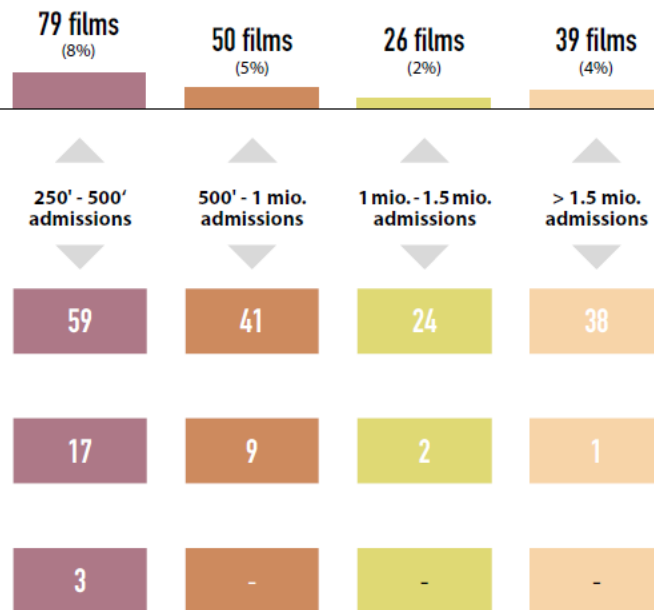
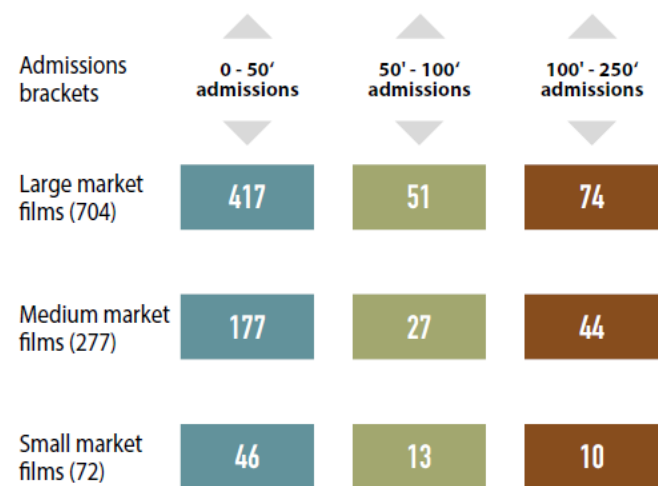


NUMBER OF EUROPEAN LIVE-ACTION FILMS PRODUCED IN 2016 BY ADMISSION BRACKETS



All European films (1 053)

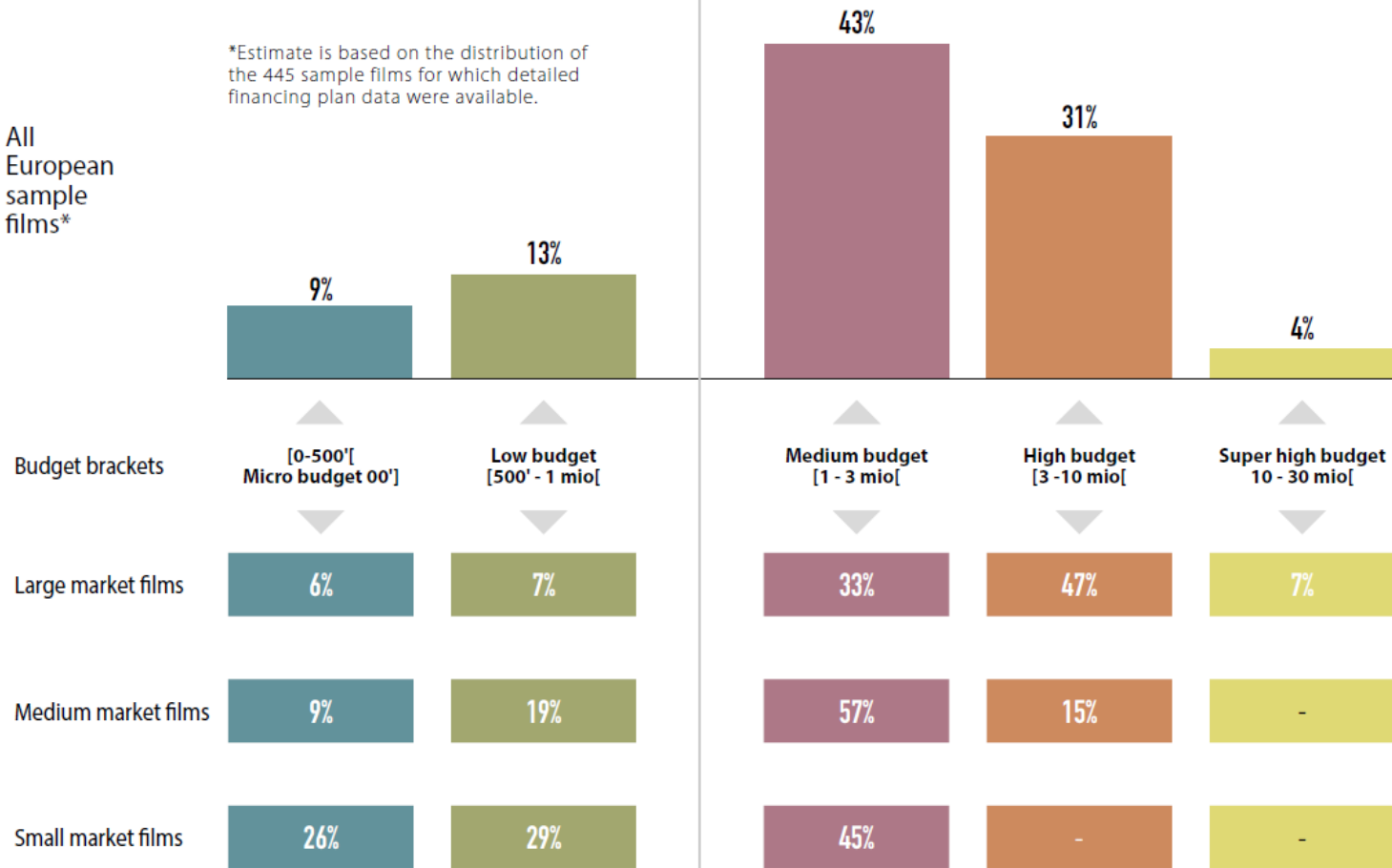
Remark: Admission brackets refer to cumulative worldwide admissions (2016 to 2018) to films produced in 2016. Worldwide admissions refer to admissions in more than 30 European and 12 non-European markets (US, CA, CN, KR, AU, NZ, AR, BR, CO, CL, MX, VE) as tracked in LUMIERE.



ESTIMATED* BREAKDOWN OF EUROPEAN LIVE-ACTION FILMS RELEASED IN 2016 BY BUDGET BRACKETS

*Estimate is based on the distribution of the 445 sample films for which detailed financing plan data were available.

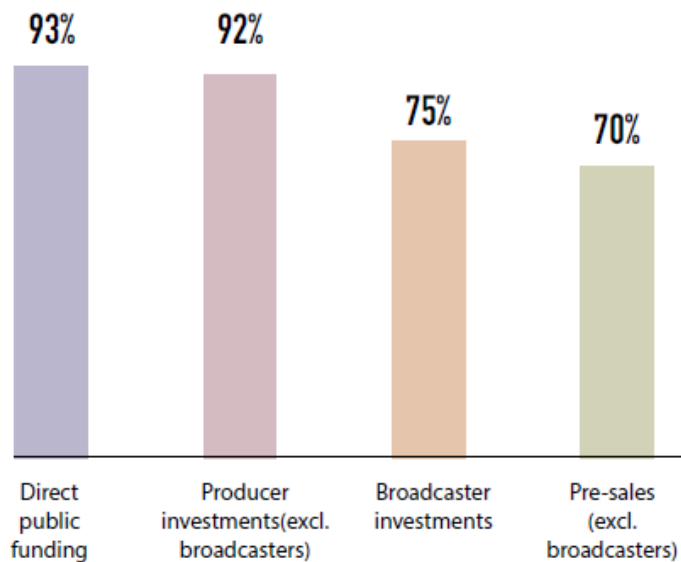
All European sample films*



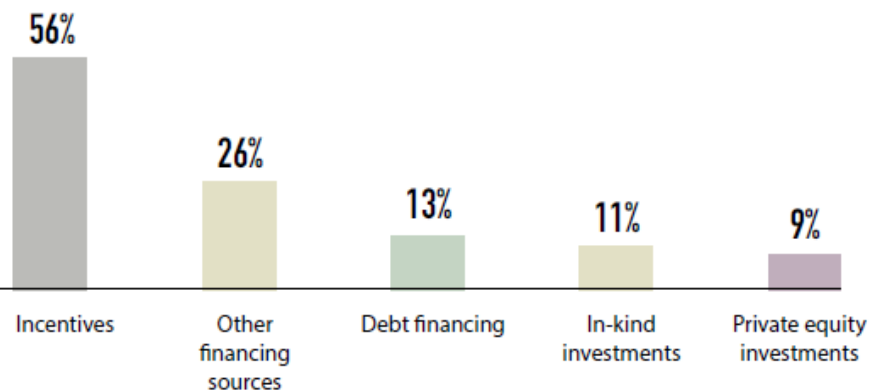
The financing

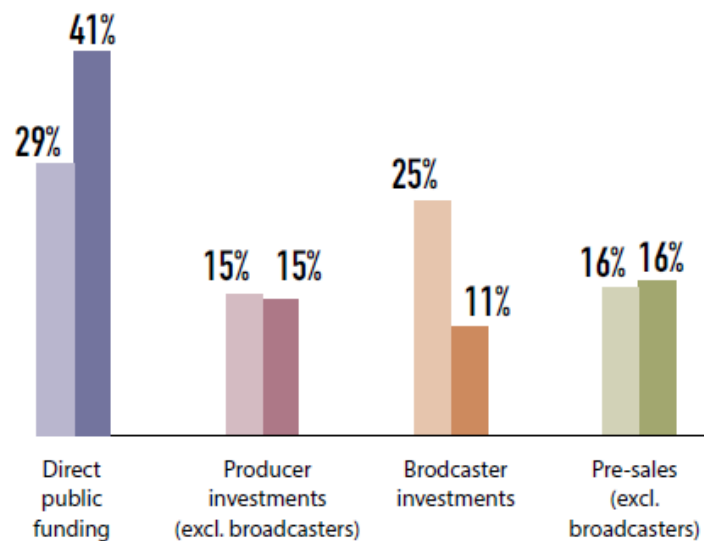
Five financing
sources are
essential...

...but
direct public
funding stands out

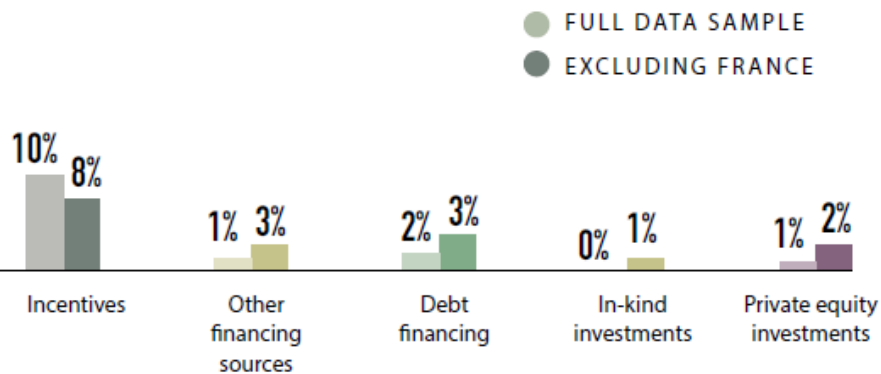


PERCENTAGE SHARE OF SAMPLE FILMS USING INDIVIDUAL FINANCING SOURCES (2016)



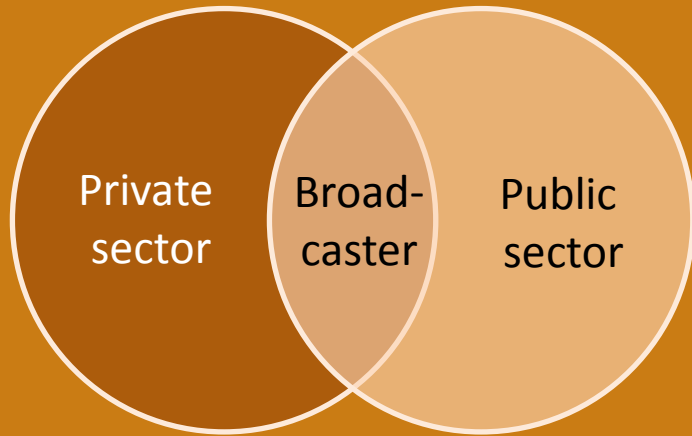


BREAKDOWN OF TOTAL SAMPLE FINANCING VOLUME BY INDIVIDUAL FINANCING SOURCES (2016)



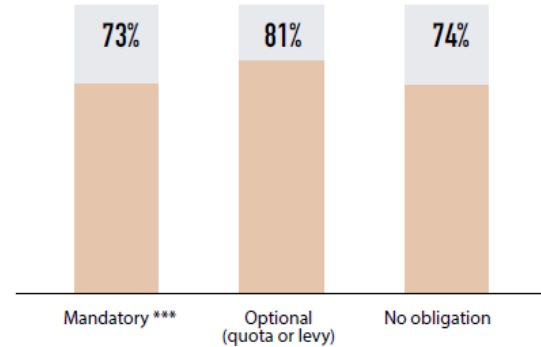
Source: OBS, Fiction film financing in Europe: A sample analysis of films released in 2016 (2018)

as broadcasters are obliged to invest

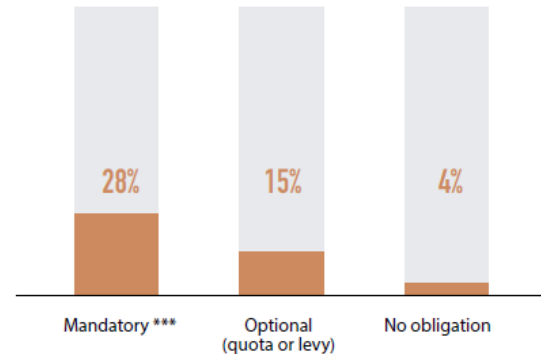


giving them a semi-public character

SHARE OF SAMPLE FILMS WITH BROADCASTER FINANCING BY OBLIGATION CLUSTERS



BROADCASTER SHARE IN SAMPLE FINANCING VOLUME BY OBLIGATION CLUSTERS



*** for public and / or private broadcasters

VOD

financing

is (still)

insignificant

at least, for films
released in 2016

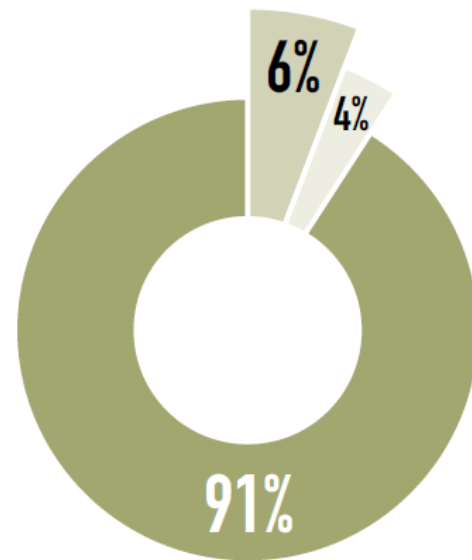
6 out of 445
sample films
financed by VOD

0.1%
investment volume

at least, for films
released in 2016

Territoriality matters

in two respects



- Pre-sales - main country of origin
- Pre-sales - minority co-producing / financing countries
- Pre-sales - multi-territory

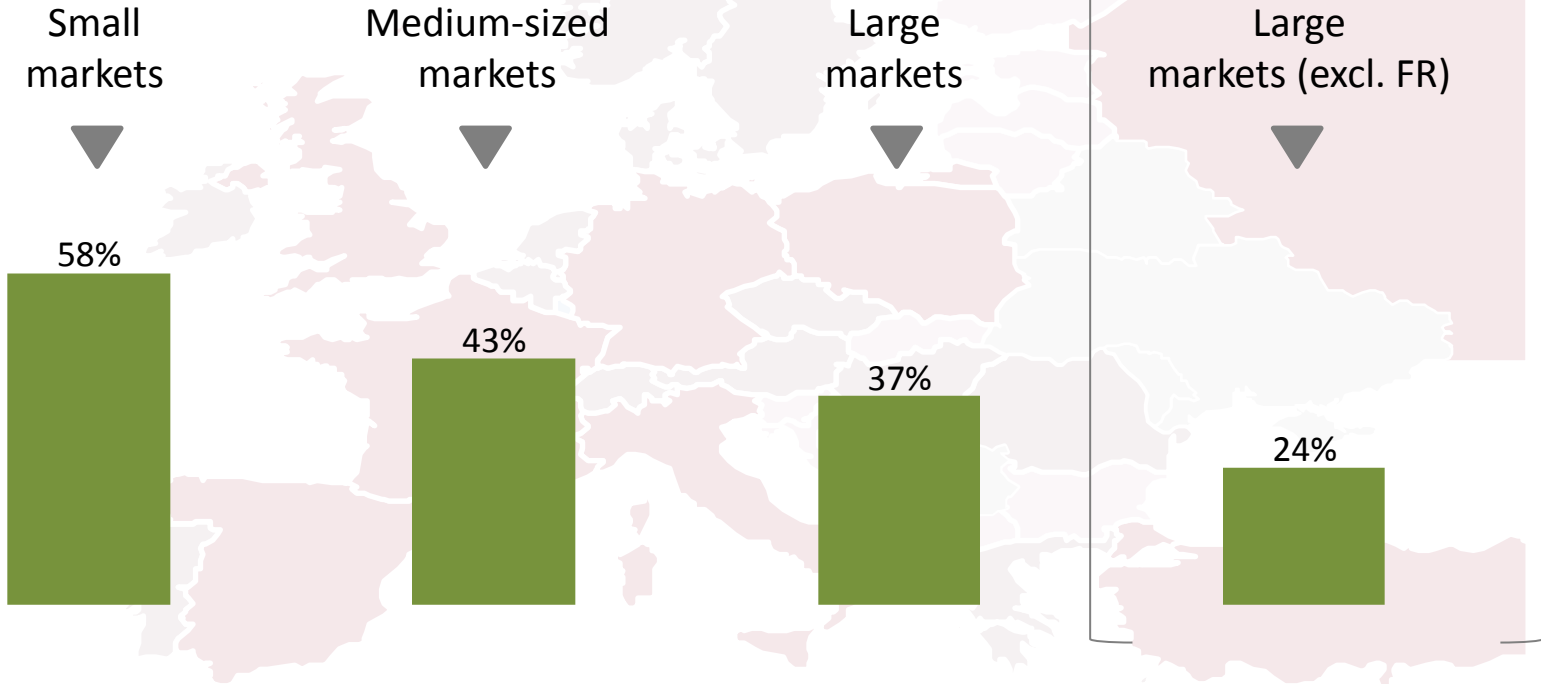
BREAKDOWN OF PRE-SALE FINANCING VOLUME BY ORIGIN

Market
potential
affects
financing
structure



the lower the
market potential,
the more important
is direct public funding

Importance of direct public funding



Importance of pre-sales (excl. broadcasters)

Small markets



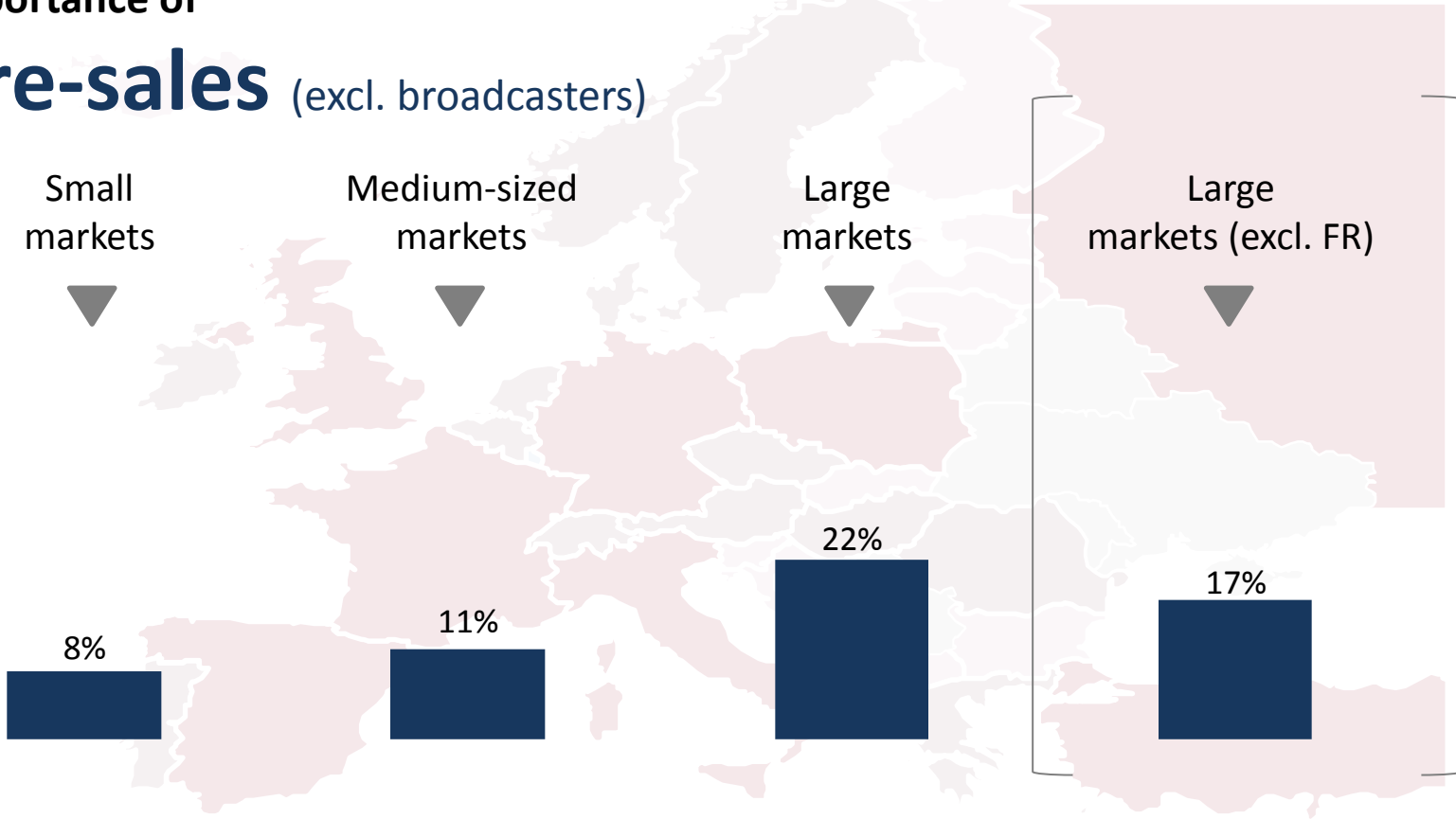
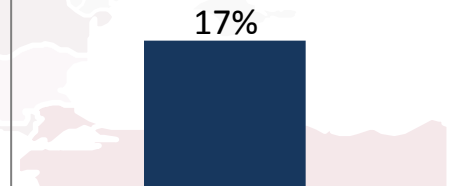
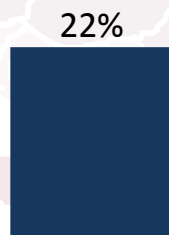
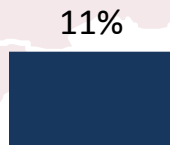
Medium-sized markets



Large markets



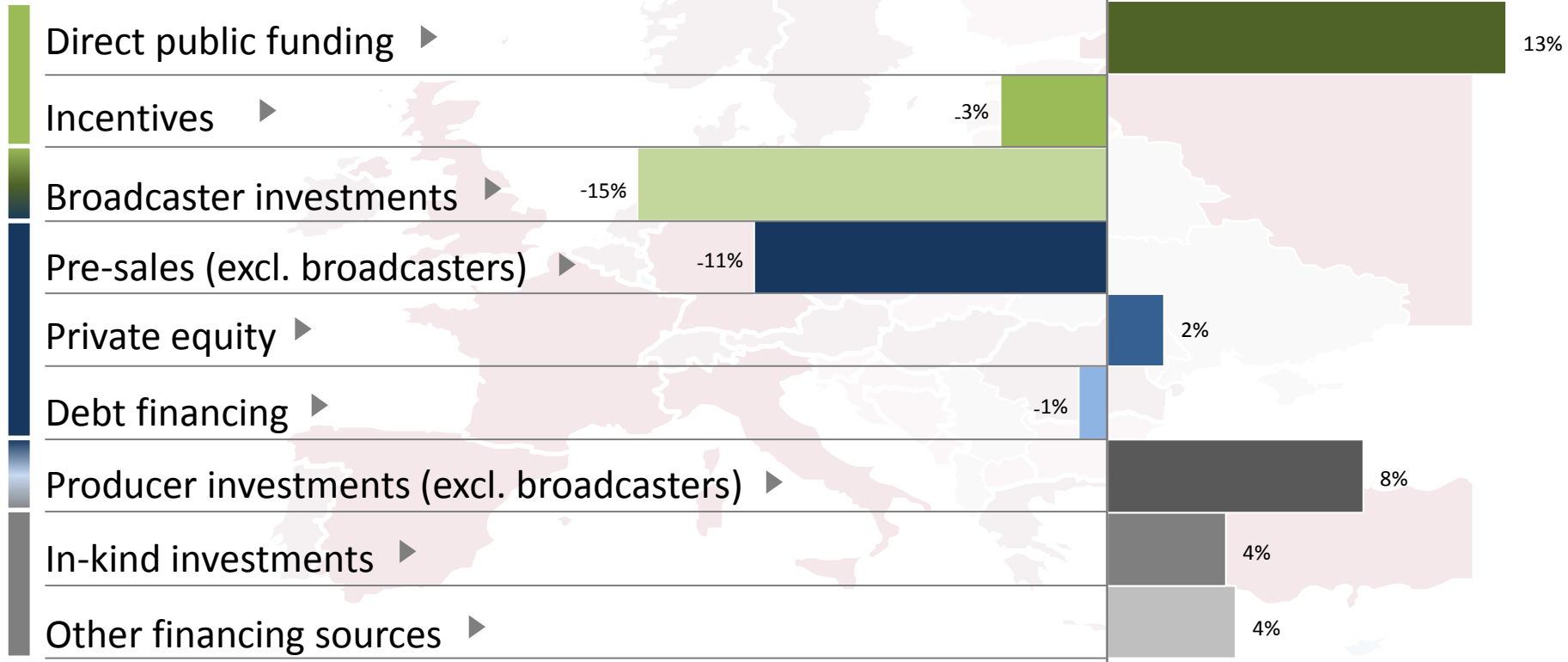
Large markets (excl. FR)



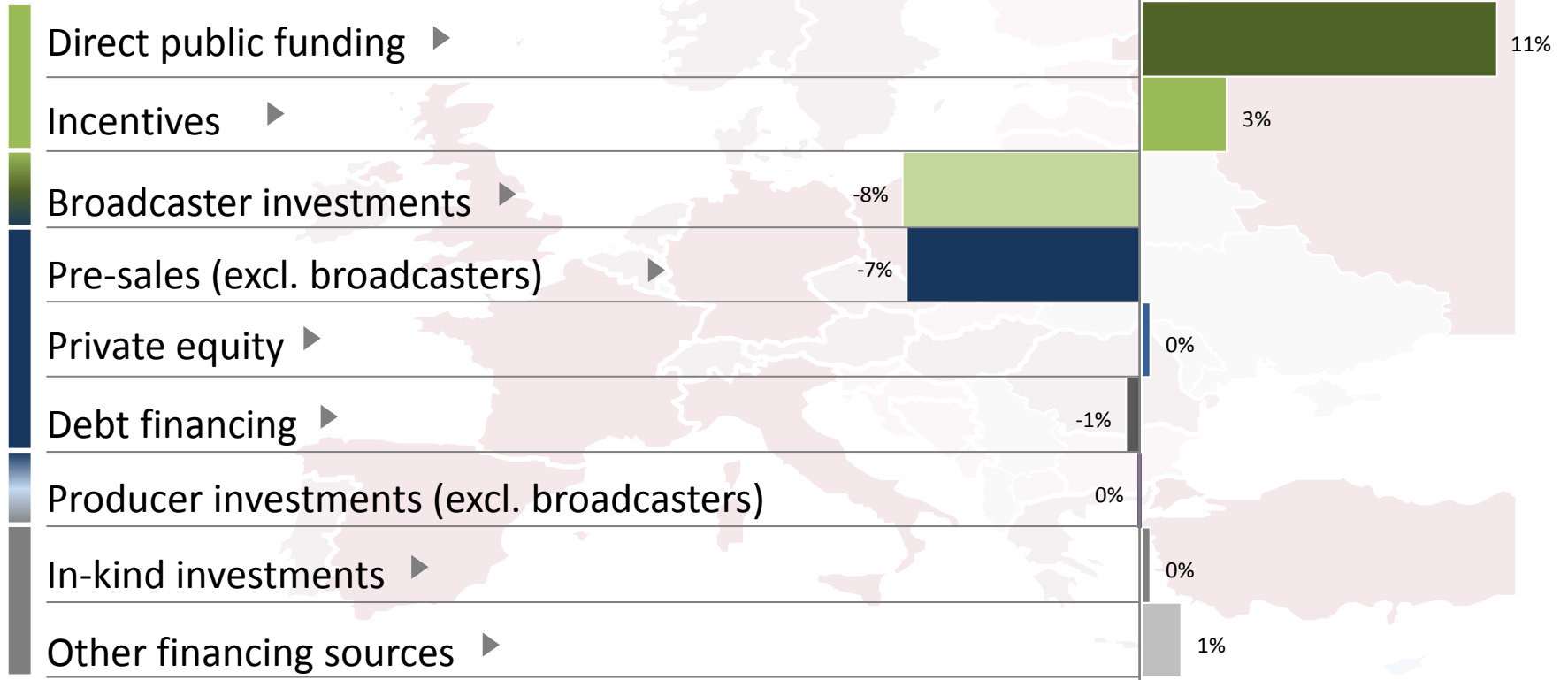


Budget
size

Relative importance of financing sources in the case of **micro-/low budget films**

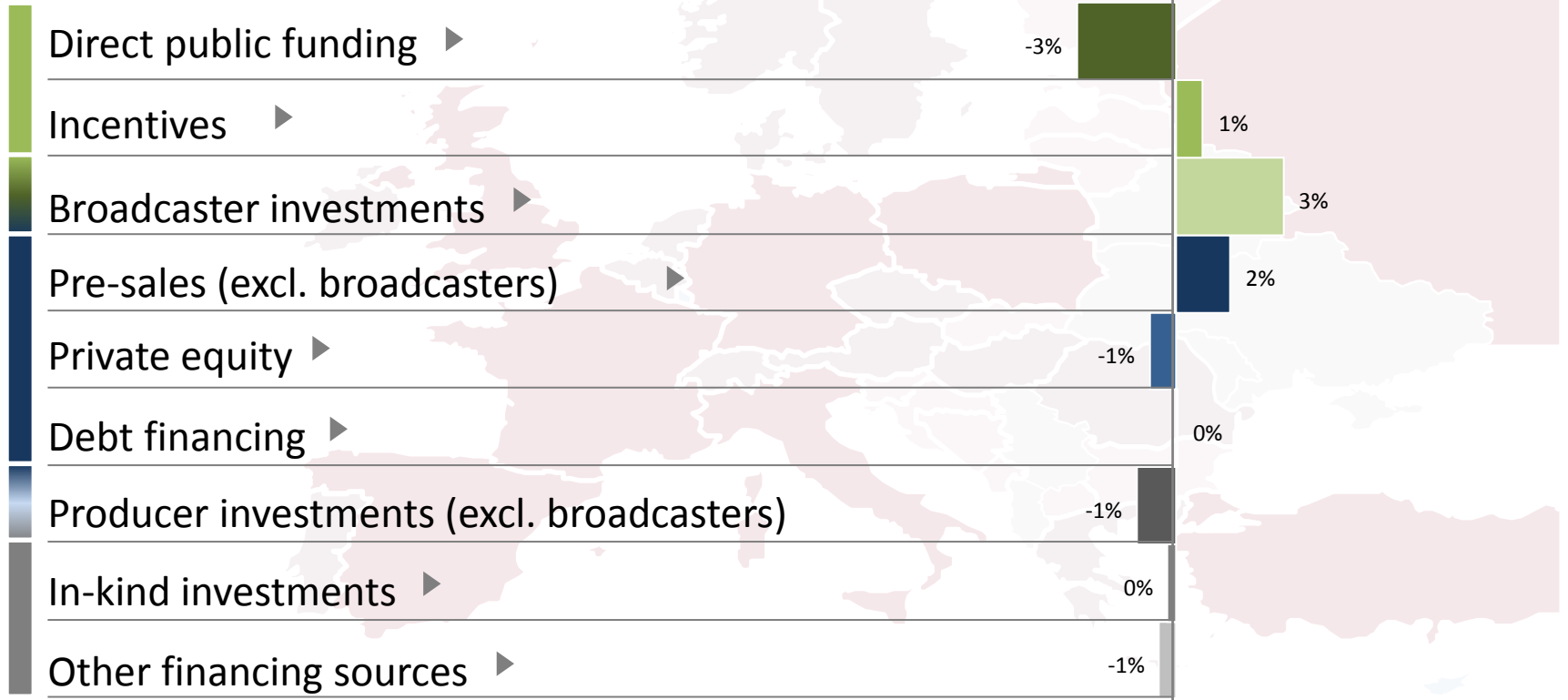


Relative importance of financing sources in the case of **medium budget films**



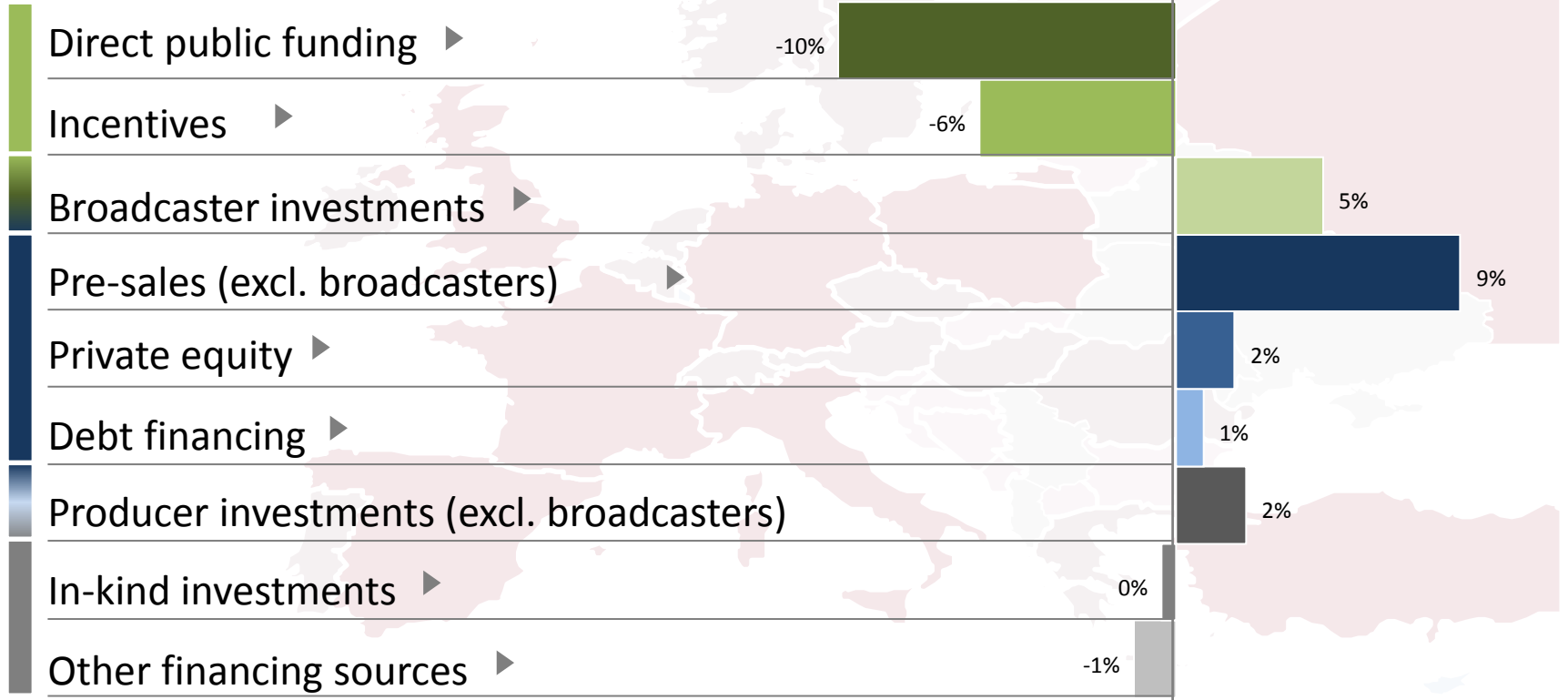
Relative importance of financing sources in the case of

high budget films



Relative importance of financing sources in the case of

super high budget films



The crucial
question is:

How will digital
distribution
affect this
complex
financing
system?

for instance

in France 2018

Broadcaster investments	-21%
Pre-sales (excl. TV)	-26%
Total film investment	-12%



Trend or
exception?