



Fiction film financing in Europe: A sample analysis of films released in 2018

A publication
of the European Audiovisual Observatory

EFARN



Fiction film financing in Europe: A sample analysis of films released in 2018

European Audiovisual Observatory (Council of Europe), Strasbourg, 2020

Director of publication

Susanne Nikoltchev, Executive Director

European Audiovisual Observatory

Supervising editor

Gilles Fontaine, Head of the Department for Market Information

European Audiovisual Observatory

Author

Martin Kanzler, Film Industry Analyst, Department for Market Information

European Audiovisual Observatory

Proofreading

Anthony A. Mills

Translation of Executive Summary

Erwin Rohwer (German)

France Courrèges (French)

Press and public relations

Alison Hindhaugh, alison.hindhaugh@coe.int

European Audiovisual Observatory

Publisher

European Audiovisual Observatory

76 Allée de la Robertsau, 67000 Strasbourg, France

Tel.: +33 (0)3 90 21 60 00

Fax. : +33 (0)3 90 21 60 19

info.obs@coe.int

<http://www.obs.coe.int>

Cover layout – ALTRAN, Neuilly-sur-Seine, France

Please quote this publication as

Kanzler M., *Fiction film financing in Europe: A sample analysis of films released in 2018*, European Audiovisual Observatory, Strasbourg, 2020

© European Audiovisual Observatory (Council of Europe), Strasbourg, December 2020

Fiction film financing in Europe:

A sample analysis of films released in 2018

Martin Kanzler

EFARN



Table of contents

EXECUTIVE SUMMARY	1
SYNTHÈSE	6
ZUSAMMENFASSUNG	11
 1 BACKGROUND & PURPOSE	 16
 2 DATA SAMPLE & METHODOLOGY	 17
2.1.The data sample.....	17
2.2.Size and composition of the data sample	20
2.3.Remarks on the quality of analysis insights	25
2.4.Analysis approach and structure of the report.....	28
 3 ANALYSIS OF AVERAGE PRODUCTION BUDGETS.....	 29
 4 ANALYSIS OF FINANCING STRUCTURES.....	 37
4.1.Breakdown of cumulative financing volume by financing sources	37
4.2.Distribution of film financing by film type.....	43
4.3.Direct public funding.....	46
4.3.1.Importance of direct public funding as a financing source	46
4.3.2.Forms and national origin of direct public funding	49
4.3.3.Distribution of direct public funding by film type	52
4.4.Broadcaster investments	57
4.4.1.Significance of broadcaster investments as a financing source	57
4.4.2.Forms and national origin of broadcaster investments	60
4.4.3.Distribution of broadcaster investments by film type	64
4.5.Pre-sales (excl. broadcasters).....	69
4.5.1.Importance of pre-sales as a financing source	69
4.5.2.Forms and national origin of pre-sales.....	72
4.5.3.Distribution of pre-sales by film type.....	76
4.6.Producer investments (excl. broadcasters)	81
4.6.1.Importance of producer investments as a financing source	81
4.6.2.National origin of producer investments.....	84

4.6.3.Distribution of producer investments by film types.....	86
4.7.Production incentives.....	91
4.7.1.Importance of production incentives as a financing source.....	91
4.7.2.Forms and national origin of production incentives.....	94
4.7.3.Distribution of production incentives by film type.....	97

5 DIFFERENCES BETWEEN BUDGET CLUSTERS 103

5.1.In terms of financing structure	103
5.2.In terms of role of individual financing sources.....	106

6 DIFFERENCES BETWEEN 100% NATIONAL FILMS AND INTERNATIONAL CO-PRODUCTIONS 123

6.1.In terms of budget.....	123
6.2.In terms of financing structures	127
6.3.In terms of national origin of financing.....	130
6.4.In terms of the role of individual financing sources	133

7 APPENDIX..... 139

7.1.Breakdown of total public support (direct public funding plus production incentives).....	140
7.2.Breakdown of total pre-sales including pre-sales to broadcasters	142
7.3.Breakdown of total producer investments including broadcasters (co-)production investments.....	144
7.4.Standard indicator list.....	146
7.5.Key aspects of the common methodology.....	148

Figures

Figure 1.	Definition of film data sample (2018).....	17
Figure 2.	Breakdown of number and financing volume of data sample - by market cluster (2018).....	23
Figure 3.	Breakdown of number and financing volume of sample films by budget size (2018).....	24
Figure 4.	Breakdown of number and financing volume of sample films by financing type (2018).....	25
Figure 5.	Overview of analysis approach.....	28
Figure 6.	Mean and median budgets of European fiction films by market size (2018).....	32
Figure 7.	Breakdown of number of sample films by budget range and market size (2018).....	33
Figure 8.	Breakdown of cumulative fiction film financing by film type (2018).....	44
Figure 9.	Allocation of financing funds by film type – top 5 film types (2018).....	44
Figure 10.	Breakdown of cumulative fiction film financing by film type (2018).....	45
Figure 11.	Allocation of financing funds by film type – top 5 film types (2018).....	45
Figure 12.	Share of direct public funding in financing European fiction films (2018).....	47
Figure 13.	Breakdown of cumulative funds from direct public funding by geographical level (2018).....	50
Figure 14.	Breakdown of cumulative public funding by national origin (2018).....	51
Figure 15.	Distribution of direct public funding across film budget types (2018).....	53
Figure 16.	Distribution of direct public funding between 100% national films and international co-productions (2018)....	54
Figure 17.	Breakdown of cumulative direct public funding by funding form, budget and financing type of films (2018)....	55
Figure 18.	Breakdown of cumulative direct public funding by funding form, budget and financing type of films - excl. French films (2018).....	56
Figure 19.	Share of broadcaster investments in financing European fiction films (2018).....	58
Figure 20.	Breakdown of cumulative broadcaster investments by national origin (2018).....	63
Figure 21.	Distribution of broadcaster investments across film budget types (2018).....	65
Figure 22.	Distribution of broadcaster investments between 100% national films and international co-productions (2018).....	66
Figure 23.	Breakdown of cumulative broadcaster financing volume by investment form, budget and financing type of films (2018).....	67
Figure 24.	Breakdown of cumulative broadcaster financing volume by investment form, budget and financing type of films - excl. French films (2018).....	68
Figure 25.	Share of pre-sales (excl. TV) in financing European fiction films (2018).....	70
Figure 26.	Breakdown of cumulative pre-sales by national origin (2018).....	75
Figure 27.	Distribution of pre-sales across film budget types (2018).....	77
Figure 28.	Distribution of pre-sales financing volume between 100% national films and international co-productions (2018).....	78
Figure 29.	Breakdown of cumulative pre-sales by pre-sale form, budget and financing type of films (2018).....	79
Figure 30.	Breakdown of cumulative pre-sales by pre-sale form, budget and financing type of films - excl. French films (2018).....	80
Figure 31.	Share of producer investments in financing European fiction films (2018).....	82
Figure 32.	Breakdown of cumulative producer investments by national origin (2018).....	85
Figure 33.	Distribution of producer investments across film budget types (2018).....	87
Figure 34.	Distribution of producer investments between 100% national films and international co-productions (2018)..	88
Figure 35.	Breakdown of cumulative producer investments by budget and financing type of films (2018).....	89
Figure 36.	Breakdown of cumulative producer investments by financing and budget type of films - excl. French films (2018).....	90
Figure 37.	Share of production incentives in financing of European fiction films (2018).....	92
Figure 38.	Breakdown of cumulative financing from production incentives by national origin (2018).....	96
Figure 39.	Distribution of production incentives across film budget types (2018).....	98
Figure 40.	Distribution of production incentives between 100% national films and international co-productions (2018)..	99
Figure 41.	Breakdown of cumulative production incentives by form, budget and financing type of films (2018).....	100
Figure 42.	Breakdown of cumulative production incentives by form, budget and financing type of films - excl. French films (2018).....	101
Figure 43.	Over-/undershooting of direct public funding allocation by budget cluster (2018).....	109
Figure 44.	Over-/undershooting of broadcaster investment allocation by budget cluster (2018).....	112
Figure 45.	Over-/undershooting of pre-sales allocation by budget cluster (2018).....	115

Figure 46.	Over-/undershooting of producer investment allocation by budget cluster (2018).....	118
Figure 47.	Over-/undershooting of production incentive allocation by budget cluster (2018).....	121
Figure 48.	Mean budgets of European fiction films – by financing type and market size (2018).....	125
Figure 49.	Breakdown of 100% national films and co-productions by budget range (2018).....	126
Figure 50.	Breakdown of cumulative financing volume by national and foreign source (2018).....	131
Figure 51.	Breakdown of number of sample films by financing type and market size (2018).....	132
Figure 52.	Share of direct public funding in financing volume by film type (2018).....	134
Figure 53.	Share of direct public funding by film type – excl. French films (2018).....	134
Figure 54.	Share of broadcaster investments in financing volume by film type (2018).....	135
Figure 55.	Share of broadcaster investments by film type – excl. French films (2018).....	135
Figure 56.	Share of pre-sales financing in financing volume by film type (2018).....	136
Figure 57.	Share of pre-sales financing by film type - excl. French films (2018).....	136
Figure 58.	Share of producer investments in financing volume by film type (2018).....	137
Figure 59.	Share of producer investments in financing volume – excl. French films (2018).....	137
Figure 60.	Share of production incentives in financing volume by film type (2018).....	138
Figure 61.	Share of production incentives in financing volume – excl. French films (2018).....	138
Figure 62.	Breakdown of total public support by form, budget and financing type of film (2018).....	140
Figure 63.	Breakdown of public support by form, budget and financing type of film – excl. FR (2018).....	141
Figure 64.	Breakdown of total pre-sales by form, budget and financing type of film (2018).....	142
Figure 65.	Breakdown of total pre-sales by form, budget and financing type of film – excl. FR (2018).....	143
Figure 66.	Breakdown of producer investments by form, budget and financing type of film (2018).....	144
Figure 67.	Breakdown of producer inv. by form, budget and financing type of film – excl. FR (2018).....	145

Tables

Table 1.	Number of sample films and sample financing volume by country (2018).....	20
Table 2.	Size and estimated coverage rates of data sample by country (2018).....	21
Table 3.	Definition of market clusters.....	22
Table 4.	Sample markets by market cluster (2018).....	22
Table 5.	Overview of estimated sample coverage by market cluster (2018).....	22
Table 6.	Comparison of sample composition with European release volume (2018).....	23
Table 7.	Definition of budget clusters.....	24
Table 8.	Average budget of European sample live-action fiction films (2018).....	30
Table 9.	Number of sample films by budget range (2018).....	31
Table 10.	Average sample budgets of European fiction films – country ranking (2018).....	34
Table 11.	Number of sample films by budget range and country (2018).....	35
Table 12.	Breakdown of cumulative financing volume by source (2018).....	38
Table 13.	Detailed breakdown of cumulative financing volume by source (2018).....	39
Table 14.	Breakdown of cumulative financing volume by source – excl. French films (2018).....	40
Table 15.	Detailed breakdown of cumulative financing volume by source – excl. French films (2018).....	41
Table 16.	Breakdown of cumulative financing volume by source – and by market size (2018).....	42
Table 17.	Direct public funding – differences among market clusters (2018).....	48
Table 18.	Direct public funding by geographical level (2018).....	50
Table 19.	Direct public funding by national origin (2018).....	51
Table 20.	Ranking of direct public funding – top 5 forms / film types (2018).....	55
Table 21.	Ranking of direct public funding – top 5 forms / film types excl. French films (2018).....	56
Table 22.	Broadcaster investments – differences among market clusters (2018).....	59
Table 23.	Broadcaster financing by investment form (2018).....	61
Table 24.	Broadcaster financing by investment form – and by market cluster (2018).....	62
Table 25.	Broadcaster investments by national origin (2018).....	63
Table 26.	Ranking of broadcaster financing – top 5 forms / film types (2018).....	67
Table 27.	Ranking of broadcaster financing – top 5 forms / film types excl. French films (2018).....	68
Table 28.	Pre-sales – differences among market clusters (2018).....	71

Table 29.	Pre-sales financing: Minimum guarantees vs. outright sales (2018).....	73
Table 30.	Minimum guarantees vs. outright sales – by market cluster (2018).....	74
Table 31.	Pre-sales by national origin (2018)	75
Table 32.	Ranking of pre-sales financing – top 5 forms / film types (2018).....	79
Table 33.	Ranking of pre-sales financing – top 5 forms / film types excluding French films (2018)	80
Table 34.	Producer investments – differences among market clusters (2018)	83
Table 35.	Producer investments by national origin (2018).....	85
Table 36.	Ranking of producer investments – top 5 film types (2018).....	89
Table 37.	Ranking of producer investments – top 5 film types excl. French films (2018).....	90
Table 38.	Production incentives by budget and market cluster (2018)	93
Table 39.	Breakdown of production incentives by incentive type (2018)	95
Table 40.	Production incentives by national origin (2018).....	96
Table 41.	Ranking of production incentives – top 5 forms / film types (2018).....	100
Table 42.	Ranking of production incentives – top 5 forms / film types excl. French films (2018)	101
Table 43.	Breakdown of total financing volume by source for film budget types (2018).....	104
Table 44.	Breakdown of total financing volume by source for film budget – excl. French films (2018)	105
Table 45.	Direct public funding by budget cluster (2018)	107
Table 46.	Direct public funding by budget cluster – excl. French films (2018)	108
Table 47.	Distribution of direct public funding compared to the distribution of total financing among budget clusters (2018).....	109
Table 48.	Broadcaster investments by budget cluster (2018).....	110
Table 49.	Broadcaster investments by budget clusters – excl. French films (2018).....	111
Table 50.	Distribution of broadcaster investments by budget cluster compared to distribution of total financing among budget clusters (2018).....	112
Table 51.	Pre-sales by budget cluster (2018).....	113
Table 52.	Pre-sales by budget cluster – excl. French films (2018).....	114
Table 53.	Distribution of pre-sales compared to distribution of total financing among budget clusters (2018).....	115
Table 54.	Producer investments by budget cluster (2018).....	116
Table 55.	Producer investments by budget cluster – excl. French films (2018)	117
Table 56.	Distribution of producer investments compared to distribution of total financing among budget clusters (2018).....	118
Table 57.	Production incentives by budget cluster (2018)	119
Table 58.	Production incentives by budget cluster – excl. French films (2018)	120
Table 59.	Distribution of production incentives compared to distribution of total financing among budget clusters (2018).....	121
Table 60.	Average budget of European fiction films – all sample countries (2018).....	124
Table 61.	Average budget of European fiction films – excl. France (2018).....	124
Table 62.	Breakdown of cumulative financing volume by source – 100% national films vs. international co-productions (2018)	128
Table 63.	Breakdown of cumulative financing volume by source – 100% national films vs international co-productions (2018)	129
Table 64.	Breakdown of cumulative financing volume by national origin (2018)	132
Table 65.	Total public support by budget cluster (2018).....	140
Table 66.	Total public support by budget cluster – excl. France (2018).....	141
Table 67.	Total pre-sales by budget cluster (2018).....	142
Table 68.	Total pre-sales budget cluster – excl. France (2018).....	143
Table 69.	Total producer investments by budget cluster (2018).....	144
Table 70.	Total producer investments by budget cluster (2018).....	145

EXECUTIVE SUMMARY

Purpose of the report

This report constitutes the output of an extensive collaboration project between the European Audiovisual Observatory and the European Film Agency Research Network (EFARN). The aim is to provide robust figures on how European theatrical live-action fiction films are being financed. This analysis offers a big-picture, pan-European perspective, and complements work at national levels. It provides fact-based insights on a wide variety of research questions, from those relating to quantification of the average budget of theatrical European fiction films, to those illustrating the importance of individual financing sources.

Definition and representativeness of the data sample

This analysis is based on a data sample comprising detailed financing plans for 568 European live-action fiction films - theatrically released in 2018 - from 23 European countries. The data sample includes both 100% national films as well as European majority-led co-productions. It covers a cumulative financing volume of EUR 1.80 billion. The data sample is estimated to cover 49% of the total number of European¹ fiction films released in 2018. This is - as far as the Observatory is aware - the largest pan-European data sample for the analysis of financing of European fiction films for this year.

While certain caveats² must be considered when interpreting the data, the Observatory and EFARN members regard the outcome of this sample analysis as reliable and representative at the pan-European and the market cluster levels thanks to the underlying common methodology. However, analysis results are not representative for all individual sample countries, which is why indicators have not been published on a country-by-country level.

¹ In the context of this report, Europe (EUR 35) is defined as the 28 EU member states plus Bosnia-Herzegovina, Georgia, Iceland, Montenegro, North Macedonia, Norway, and Switzerland.

² In interpreting the analysis insights, one must keep in mind that there is a systematic **selection bias**, as the data sample refers only to a very specific subset of films, namely fiction films for which national film agencies have financing plans. In most countries, this limits the sample to films receiving direct public support from national film agencies and **may exaggerate the significance of public funding**. Additionally, the overall analysis results on the pan-European level, and particularly within the large market cluster, have been heavily influenced by the overproportional weight and special characteristics of French films ("**French bias**"): on the one hand, French films represent 28% of the sample films and 44% of the cumulative sample financing volume. At the same time, the analysis reveals broadcaster financing plays an exceptionally prominent role in film financing in France, while direct public funding plays a comparatively limited role compared to most other European markets. In order to address this bias, indicators were analysed in a two-fold manner: once for the full data sample including French films; and once for the data sample excluding French films. In this context it is important to note that one cannot deduce country specific conclusions with regard to French films by comparing the two data samples. Instead one should refer to the official analysis of the financing of French films as published by the CNC.

This is also consistent with the focus here on the analysis of aggregate data on the European level, rather than on the analysis of financing structures in individual countries, most of which apply partly different methodologies adapted to the national data needs.

Average budget of European fiction films

The data sample suggests that the mean budget of a European theatrical fiction film released in 2018 amounted to EUR 3.16 million while the **median sample budget** amounted to **EUR 1.93 million**. Given the substantial impact of a comparatively small number of high budget sample films on the mean, the median possibly constitutes a more representative value for the majority of European films.

Average budgets differ widely among countries. Not surprisingly, average budgets are **higher in larger markets** and lower in countries with lower box-office potential, as exploitation in national markets remains key for most films. The median budget of a European fiction film originating in France, Germany, Italy or the UK (the large markets included in the sample) amounted to EUR 2.8 million in 2018, compared to EUR 1.7 million for fiction films produced in a medium-sized European market (markets with 10 to 50 million admissions per year), or compared to a median budget of EUR 1.2 million for fiction films from small markets (markets with fewer than 10 million admissions). The data analysis also suggests that **international co-productions tend to have higher budgets than 100% national films**, with the median budgets of co-productions exceeding those of 100% national films by EUR 500 000 to EUR 800 000.

Financing structure of European fiction films

In 2018, the **financing** of European theatrical fiction films **relied primarily on five financing sources**: direct public funding; broadcaster investments; producer investments; pre-sales; and fiscal incentives. The **two most important financing sources** clearly were **direct public funding** and **broadcaster investments**, which accounted for 26% and 21% of total financing, respectively. Accounting for 17% producer investments (excluding broadcasters) represented the third largest financing source of European theatrical films in 2018, followed by pre-sales (excl. broadcasting rights) and production incentives³ both of which accounted for 15% of total financing, respectively. Other financing sources, including private equity, debt financing or in-kind investments are negligible from a cumulative perspective.

However, the exclusion of French films from the sample analysis produces significantly different results and illustrates the ‘French bias’ resulting, in the full sample analysis, from the exceptional importance of broadcaster financing in France. **Direct public funding** clearly emerges as **by far the single-most important financing source** of European fiction films, accounting for 36% of the cumulative financing volume, far ahead of pre-sales (18%) and producer investments (16%), while production incentives³ and broadcaster investments contributed 11% and 10%, respectively, to fiction film productions **outside France**. It is

³ Including national and foreign production incentives.

important, however, to keep the selection bias in mind, which may be assumed to inflate the importance of direct public funding.

There appear to be **significant structural differences among countries** with regard to how theatrical fiction films are financed and some of these differences are apparently **linked to market size**. The two most obvious differences concern direct public funding and pre-sales. The data clearly suggest that the weight of direct public funding in film financing decreases with increasing market size. Phrased differently, **the smaller the market** (and hence the lower the national market exploitation potential), **the more important is direct public funding**. Although representing only 20% of total financing in the four large sample markets, direct public funding accounted for 43% in medium-sized and 54% in small sample markets.

In contrast, the importance of pre-sales (other than those to broadcasters) as a financing source decreases with market size. **Pre-sales tend to be most important in large markets**, where they in 2018 accounted for 17% of total financing (26% excl. French films), compared to 'only' 8% in medium-sized and small sample markets.

Differences among budget types

The sample analysis also suggests that there are **structural differences in how films of different budget sizes are financed**. Generally speaking, films with a budget of up to EUR 3 million depend to a higher degree on direct public support, while films with higher budgets finance their production with proportionally higher shares of pre-sales and broadcaster investments.

The smaller the budget, the more significant is **direct public funding**, generally accounting for at least 38% of the total budget for films with a budget of less than EUR 3 million. The share of public funding drops to 26% for films with a budget between EUR 3 and 10 million, and to 13% for films with budgets above EUR 10 million. This drop in the financing share of direct public funding is also noticeable when French films are excluded from the analysis, with the share of direct public funding increasing for all budget clusters.

The significance of **pre-sales** clearly correlates with the budget volume, increasing along with the budget - from a share of 4% for micro-budget films (less than EUR 500 000), up to 20% (and even 38% when excluding French films) for films with a budget exceeding EUR 10 million. The same appears to hold true for **broadcaster investments**, which increase from 3% for micro-budget films to 27% for super-high budget films. However, the sample data suggest that in the case of broadcaster investments this correlation applies primarily to French films and not to the majority of other European sample films.

Production incentive-related financing appears to be particularly important for high-budget and medium-budget films, but less so for films below EUR 1 million.

In the full data sample, **producer investments** appear proportionally more significant for the financing of micro- and low-budget films accounting for 33% and 25% of their respective total financing volume, compared to 14% to 16% for medium-, high- and super high-budget films.

Differences between 100% national films and co-productions

The data sample suggests distinct **differences between the financing structures of 100% national films and international co-productions**. However, some of these differences appear specific to French films and are somewhat less pronounced when such films are excluded from the analysis. Generally speaking, international co-productions depend to a larger degree on direct public funding, while 100% national films raise a proportionally higher share of their financing through pre-sales, broadcaster investments and production incentives.

Direct public funding accounted for 35% of the total financing volume of international co-productions, compared to 23% for 100% national films. The picture was similar outside France, with direct public funding accounting for 41% of international co-productions, and 33% of 100% national films.

In contrast, **pre-sales** appear more important for the financing of 100% national films than international co-productions as pre-sales (excl. broadcasters) accounted for 16% of the total financing volume of 100% national films compared to 12% in the case of international co-productions. Outside of France this was even more pronounced with pre-sales accounting for 22% of total financing for 100% national films compared to 11% in the case of co-productions.

To a limited extent, this is also true for **production incentives**, which accounted for 16% of the financing volume of 100% national films (12% when excluding French films), respectively, compared to 13% in the case of international co-productions (11% excluding French films).

Broadcaster investments were particularly important for 100% national films as they represented the most important financing source for 100% national films in the full data sample accounting for 24% of total financing, compared to 15% in the case of co-productions. This observation, however, does not hold true outside of France where broadcaster investments accounted for almost equal shares of total financing volume, 10% in the case of 100% national films and 9% in the case of international co-productions.

In this context it is also notable that films produced in small- and medium-sized European markets depend to a larger degree on foreign financing sources than films produced in large or small markets: although accounting for only 10% of total financing in large markets, foreign sources represented 15% and 20% of total sample financing in small and medium-sized markets, respectively. This is due to the comparatively high share of international co-productions in small and medium-sized markets, where they accounted for 33% and 46% of the sample films (compared to 18% in large sample markets) and the fact that co-productions, by their very nature, raise a larger share of their financing from foreign sources, i.e. sources located outside the main country of origin.

Distribution of financing sources among budget types

Breaking down the cumulative financing volume of EUR 1.80 billion by film budget cluster shows that by far the largest share of financing funds went to the production of high-budget films (46%), followed by super high-budget films (26%) and medium-budget films (24%).



Excluding France, it was also high-budget films that retained the largest apportionment (43%), but the share of medium-budget films increased to 35% as the share funds invested in super-high-budget films dropped to 15%.

The data sample also reveals some interesting insights into differences with regard to the allocation of individual financing sources. For instance, direct public funding was over-proportionally allocated to low- and medium-budget films, while pre-sales were over-proportionally allocated to high- and super-high-budget films. The latter was also true for broadcaster investments (when including French films). And medium-budget films were proportionally under-financed by producer investments.

SYNTHÈSE

Finalité du rapport

Le présent rapport est le résultat d'un vaste projet de collaboration entre l'Observatoire européen de l'audiovisuel et l'EFARN (le réseau européen des chercheurs des agences de cinéma). Il vise à fournir des chiffres fiables sur la manière dont les films de fiction européens en prises de vue réelles sont financés. Cette analyse donne une vue d'ensemble paneuropéenne et complète le travail effectué au niveau national. Elle fournit des informations factuelles sur plusieurs questions de recherche, allant de la quantification du budget moyen des films de fiction européens destinés aux salles à l'illustration de l'importance des sources de financement individuelles.

Définition et représentativité de l'échantillon de données

Cette analyse est basée sur un échantillon de données qui comprend les plans de financement détaillés de 568 films de fiction européens en prises de vue réelles – sortis en salles en 2018 – de 23 pays européens. L'échantillon de données comprend à la fois des productions 100 % nationales et des coproductions européennes majoritaires. Il couvre un volume de financement cumulé de 1,8 milliard d'EUR. L'échantillon de données est donc estimé couvrir 49 % du nombre total de films de fiction européens⁴ sortis en 2018. Il s'agit – à la connaissance de l'Observatoire – du plus grand échantillon de données paneuropéen disponible pour l'analyse du financement des films de fiction européens pour cette année.

S'il convient de garder certaines réserves⁵ à l'esprit lors de leur interprétation, l'Observatoire et les membres de l'EFARN considèrent que les résultats de cette analyse d'échantillon sont fiables et représentatifs au niveau paneuropéen et au niveau des groupes

⁴ Dans le contexte du présent rapport, l'Europe (EUR 35) est définie comme les 28 États membres de l'UE plus la Bosnie-Herzégovine, la Géorgie, l'Islande, Macédoine du Nord, le Monténégro, la Norvège et la Suisse.

⁵ Lors de l'interprétation des résultats de l'analyse, il faut toutefois garder à l'esprit qu'il existe un **biais de sélection** systématique car l'échantillon de données ne se réfère qu'à un sous-ensemble très spécifique de films, à savoir les films de fiction pour lesquels les agences nationales du film ont des plans de financement. Dans la plupart des pays, cela limite l'échantillon aux films bénéficiant d'un soutien public direct de la part des agences nationales du film et **peut exagérer l'importance des aides publiques**. De plus, les résultats globaux de l'analyse au niveau paneuropéen et surtout au niveau du groupe des grands marchés sont fortement influencés par le poids disproportionné des films français ainsi que par leurs caractéristiques particulières (le « **biais français** ») : les films français représentent 28 % de l'échantillon de films et 44 % du volume cumulé de financement de l'échantillon. Dans le même temps, l'analyse révèle que le financement des radiodiffuseurs joue un rôle exceptionnellement important dans le financement des films en France alors que les aides publiques directes jouent un rôle relativement limité par rapport à la plupart des autres marchés européens. Afin de remédier à ce biais, les indicateurs ont été analysés de deux façons, une fois pour l'échantillon complet de données incluant les films français et une fois pour l'échantillon de données excluant les films français. Dans ce contexte, il est important de noter qu'on ne peut pas tirer des conclusions spécifiques à un pays en ce qui concerne les films français en comparant les deux échantillons de données. Il faut plutôt se référer à l'analyse officielle du financement des films français telle que publiée par le CNC.

de marchés, grâce à la méthodologie commune sous-jacente. Toutefois, les résultats des analyses ne sont pas représentatifs pour tous les pays de l'échantillon, ce qui explique pourquoi les indicateurs ne sont pas publiés au niveau national. Cela est également cohérent avec l'objectif de la présente analyse, qui consiste à analyser des données agrégées au niveau européen plutôt qu'à analyser les structures de financement dans les différents pays, la plupart appliquant des méthodologies en partie dissemblables car adaptées aux besoins de données au niveau national.

Budget moyen des films de fiction européens

Dans l'échantillon de données, le budget moyen d'un film de fiction européen sorti en salles en 2018 s'élevait à 3,16 millions d'EUR alors que le **budget médian de l'échantillon** était de **1,93 millions d'EUR**. Les films à budget élevé ayant un effet significatif sur la moyenne alors qu'ils sont relativement peu nombreux dans l'échantillon, la médiane constitue peut-être une valeur plus représentative pour la majorité des films européens.

Les budgets moyens varient considérablement d'un pays à l'autre. Il n'est pas surprenant de constater que les budgets moyens sont **plus élevés sur les grands marchés** et plus bas dans les pays à plus faible potentiel de recettes au guichet, car l'exploitation sur les marchés nationaux reste essentielle pour la plupart des films. Le budget médian d'un film de fiction européen originaire de France, d'Allemagne, d'Italie ou du Royaume-Uni (les grands marchés inclus dans l'échantillon) s'élevait à 2,8 millions d'EUR en 2018, contre 1,7 million d'EUR pour les films de fiction produits sur un marché européen moyen (marchés comptant entre 10 et 50 millions d'entrées par an) ou 1,2 million d'EUR pour les films de fiction originaires de petits marchés (marchés comptant moins de 10 millions d'entrées). L'analyse des données suggère également que les **coproductions internationales ont tendance à avoir des budgets plus élevés que les films nationaux à 100 %**, les budgets médians des coproductions dépassant ceux des films nationaux à 100 % de 500 000 à 800 000 EUR.

Structure de financement des films de fiction européens

En 2018, le **financement** des films de fiction européens destinés aux salles de cinéma **reposait essentiellement sur cinq sources de financement** : les aides publiques directes, les investissements des radiodiffuseurs, les investissements des producteurs, les préventes et les incitations fiscales. Les **deux principales sources de financement** étaient clairement les **aides publiques directes** et les **investissements des radiodiffuseurs**, représentant respectivement 26 % et 21 % du financement total. Avec 17%, les investissements des producteurs (hors radiodiffuseurs) représentaient la troisième source de financement des films européens destinés aux salles de cinéma en 2018, suivis par les préventes (hors droits de radiodiffusion) et les incitations à la production⁶, qui représentaient respectivement 15% du financement total. Les autres sources de financement, notamment le capital-investissement, le financement par emprunt ou les investissements en nature, sont négligeables d'un point de vue cumulatif.

⁶ Y compris les incitations à la production nationale et étrangère.

Toutefois, l'exclusion des films français de l'analyse de l'échantillon produit des résultats très différents et illustre le « biais français » dans l'analyse de l'échantillon complet en raison de l'importance exceptionnelle du financement des radiodiffuseurs en France. **Abstraction faite des films français, les aides publiques directes** apparaissent clairement comme la **source de financement de loin la plus importante** des films de fiction européens, représentant 36 % du volume de financement cumulé, suivies à distance par les préventes (18 %) et les investissements des producteurs (16 %) tandis que les incitations à la production⁶ et les investissements des radiodiffuseurs contribuent respectivement à hauteur de 11 % et 10 % à la production de films de fiction. Il est toutefois important de garder à l'esprit le biais de sélection qui pourrait exagérer l'importance des aides publiques directes.

Il semble y avoir d'**importantes différences structurelles entre les pays** en ce qui concerne le mode de financement des films de fiction destinés aux salles et certaines de ces différences sont apparemment **liées à la taille du marché**. Les deux différences les plus évidentes concernent les aides publiques directes et les préventes. Les données suggèrent clairement que le poids des aides publiques directes dans le financement des films diminue avec l'augmentation de la taille du marché ou, en d'autres termes : plus le marché est petit (et donc le potentiel d'exploitation sur le marché national réduit), plus les aides publiques directes sont importantes. Bien qu'ils ne représentent que 20 % du financement total sur les cinq grands marchés de l'échantillon, les financements publics directs représentent 43 % sur les marchés de taille moyenne et 54 % sur les petits marchés de l'échantillon.

En revanche, l'importance des préventes (autres que celles destinées aux radiodiffuseurs) comme source de financement diminue avec la taille du marché. **Les préventes ont tendance à être plus importantes dans les grands marchés** où elles représentaient respectivement 17 % du financement total (26% hors films français) en 2018, contre « seulement » 8 % dans les marchés de taille moyenne et dans les petits marchés de l'échantillon.

Différences entre les types de budget

L'analyse de l'échantillon fait également ressortir des **différences structurelles dans le mode de financement des films de tailles budgétaires différentes**. D'une manière générale, les films disposant d'un budget inférieur à 3 millions d'EUR dépendent dans une plus large mesure d'un soutien public direct, tandis que les films disposant de budgets plus importants financent leur production avec des parts proportionnellement plus élevées de préventes et d'investissements des radiodiffuseurs.

Plus le budget est réduit, plus les **aides publiques directes** sont importantes ; elles représentent généralement au moins 38 % du budget total pour les films dont le budget est inférieur à 3 millions d'EUR. La part des aides publiques tombe à 26 % pour les films dont le budget est compris entre 3 et 10 millions d'EUR et à 13 % pour les films dont le budget est supérieur à 10 millions d'EUR. Si l'on exclut les films français de l'analyse, la part des aides publiques directes augmente pour tous les groupes de budgets mais suit le même schéma, à savoir que son importance est inversement proportionnelle à celle du budget.

En revanche, il existe un lien direct entre les **préventes** et le budget, car leur part augmente proportionnellement à ce dernier : de 4 % pour les films à petit budget (moins de 500 000 EUR) à 20 % (et même 38 % si l'on exclut les films français) pour les films dont le budget dépasse 10 millions d'EUR. Il semble en aller de même pour les **investissements des radiodiffuseurs** qui passent de 3 % pour les films à petit budget à 27 % pour les films à très gros budget. Toutefois, les données de l'échantillon suggèrent que, dans le cas des investissements des radiodiffuseurs, cette corrélation s'applique principalement aux films français, alors qu'elle ne peut pas être observée pour la majorité des autres échantillons de films européens.

Le financement lié aux **incitations à la production** semble être particulièrement important pour les films à haut et moyen budget, mais moins important pour les films dont le budget est inférieur à 1 million d'EUR.

Dans l'échantillon complet de données, les **investissements des producteurs** semblent proportionnellement plus importants pour le financement des films à très petit et à petit budget représentant entre 33 % et 25 % de leur volume de financement total respectif, contre 14 % à 16 % pour les films à budget moyen, à budget élevé et à très gros budget.

Différences entre les films 100 % nationaux et les coproductions

L'échantillon de données suggère qu'il existe de **nettes différences entre les structures de financement des films 100 % nationaux et celles des coproductions internationales**. Cependant, certaines de ces différences semblent être spécifiques aux films français et sont un peu moins prononcées lorsqu'on les exclut de l'analyse. D'une manière générale, les coproductions internationales dépendent dans une plus large mesure des aides publiques directes, tandis que les films 100 % nationaux obtiennent une part proportionnellement plus élevée de leur financement par le biais des préventes, des investissements des radiodiffuseurs et des incitations à la production.

Les **aides publiques directes** représentent 35 % du volume total de financement des coproductions internationales contre 23 % pour les films 100 % nationaux. Le tableau est similaire si l'on exclut la France, les aides publiques représentant 41 % pour les coproductions internationales et 33 % pour les films 100 % nationaux.

En revanche, les **préventes** semblent être plus importantes dans le financement des films 100 % nationaux que dans celui des coproductions internationales. Ainsi, les préventes (hors radiodiffuseurs) représentent 16 % du volume total du financement des films 100 % nationaux contre 12 % pour les coproductions internationales. Si l'on exclut la France, ce phénomène est encore plus prononcé, les préventes représentant 22 % du financement total des films 100 % nationaux contre 11 % dans le cas des coproductions.

Dans une certaine mesure, cela vaut également pour les **incitations à la production**, qui représentent 16 % du volume de financement des films 100 % nationaux (12 % si l'on exclut les films français), contre 13 % dans le cas des coproductions internationales (11 % si l'on exclut les films français).

Les **investissements des radiodiffuseurs** sont particulièrement importants pour les films 100 % nationaux car ils représentent la source de financement la plus importante pour les



films 100 % nationaux dans l'échantillon complet de données, représentant 24 % du financement total, contre 15 % dans le cas des coproductions. Cette observation ne s'applique cependant pas si l'on exclut la France, où les investissements des radiodiffuseurs représentent 10% du financement total des films 100 % nationaux, et 9 % pour coproductions internationales.

Dans ce contexte, il est également intéressant d'observer que les films produits sur les petits et moyens marchés européens dépendent davantage de sources de financement étrangères que les films produits sur les grands ou petits marchés : bien qu'elles ne représentent que 10 % du financement total sur les grands marchés, les sources étrangères représentent respectivement 15 % et 20 % du financement total sur les petits et moyens marchés. Cela s'explique par la part relativement élevée des coproductions internationales dans les petits et moyens marchés, où elles représentent 33 % et 46 % des films de l'échantillon (contre 18 % dans les grands marchés de l'échantillon) et par le fait que les coproductions – de par leur nature même – obtiennent une part plus importante de leur financement de sources étrangères, c'est-à-dire de sources situées hors du principal pays d'origine.

Répartition des sources de financement en fonction des types de budget

Si l'on ventile le volume de financement cumulé de 1,80 milliard d'EUR par groupes de budgets de films, on constate que la part de loin la plus importante des fonds de financement est allée à la production de films à budget élevé (46 %), suivis par les films à budget très élevé (26 %) et les films à budget moyen (24 %). En excluant les films français, ce sont encore les films à budget élevé qui ont pris la plus grande part (43 %), mais la part des films à budget moyen passe à 38 % alors que celle des films à très haut budget tombe à 15 %.

L'échantillon de données révèle des différences intéressantes en ce qui concerne l'affectation des différentes sources de financement. Par exemple, les aides publiques directes sont allées de façon disproportionnée aux films à petit budget et à budget moyen, tandis que les préventes ont été attribuées de façon disproportionnée aux films à budget élevé et très élevé. C'est également le cas pour les investissements des radiodiffuseurs (en incluant les films français). Et les films à budget moyen ont été proportionnellement sous-financés par les investissements des producteurs.



ZUSAMMENFASSUNG

Zweck des Berichts

Der Bericht ist das Ergebnis eines umfangreichen Gemeinschaftsprojekts zwischen der Europäischen Audiovisuellen Informationsstelle und dem EFARN-Netzwerk (*European Film Agency Research Network*), mit dem Ziel, fundierte Zahlen bereitzustellen, wie europäische Kino-Realspielfilme finanziert werden. Diese Analyse fokussiert sich auf die gesamteuropäische Perspektive und ergänzt Arbeiten, die auf nationaler Ebene ausgeführt wurden. Sie bietet faktengestützte Erkenntnisse zu einem breiten Spektrum an Forschungsfragen, von einer Quantifizierung des durchschnittlichen Budgets europäischer Kinospielefilme bis hin zu einer Veranschaulichung der Bedeutung der einzelnen Finanzquellen.

Definition und Repräsentativität der Datenauswahl

Die vorliegende Analyse stützt sich auf eine Datenauswahl, welche detaillierte Finanzierungspläne für 568 europäische Realspielfilme, die 2018 in den Kinos anliefen, aus 23 europäischen Ländern umfasst. Die Datenauswahl beinhaltet sowohl rein nationale Produktionen als auch Koproduktionen mit europäischer Mehrheitsbeteiligung. Sie umfasst ein kumulatives Finanzierungsvolumen von EUR 1,80 Milliarden. Geschätzt erfasst die Datenauswahl 49 % aller 2018 gestarteten europäischen⁷ Spielfilme. Soweit der Informationsstelle bekannt, ist dies die größte verfügbare europäische Datenauswahl zur Analyse der Finanzierung europäischer Spielfilme für dieses Jahr.

Wenngleich bei der Interpretation der Daten eine gewisse Vorsicht geboten ist⁸, betrachten die Vertreter der Informationsstelle und der EFARN dank der zugrunde liegenden gemeinsamen Methodik das Ergebnis dieser Auswahlanalyse auf der gesamteuropäischen

⁷ Im Kontext dieses Berichts ist Europa (EUR 35) definiert als die 28 EU-Mitgliedstaaten plus Bosnien-Herzegowina, Georgien, Island, Montenegro, Nordmazedonien, Norwegen und die Schweiz.

⁸ Bei der Interpretation der Erkenntnisse aus der Analyse muss jedoch berücksichtigt werden, dass es eine systematische **Selektionsverzerrung** gibt, da sich die Datenauswahl lediglich auf ein sehr spezifisches Segment an Filmen bezieht, das heißt auf Spielfilme, für die nationalen Filmbehörden Finanzierungspläne vorliegen. In den meisten Ländern begrenzt dies die Auswahl auf Filme, die direkte öffentliche Förderung von nationalen Filmbehörden erhalten, und **kann öffentlicher Förderung überhöhte Bedeutung beimessen**. Darüber hinaus werden die Gesamtergebnisse der Analyse auf gesamteuropäischer Ebene und innerhalb des großen Marktclusters stark durch das überproportionale Gewicht wie auch die besonderen Eigenheiten französischer Filme („**französische Verzerrung**“) beeinflusst werden. Einerseits machen französische Filme 28 % der Filmauswahl und 44 % des kumulativen Finanzierungsvolumens der Auswahl aus. Gleichzeitig zeigt die Analyse andererseits auf, dass Finanzierung durch Rundfunkveranstalter eine außergewöhnlich starke Rolle bei der Filmfinanzierung in Frankreich spielt, während die Rolle öffentlicher Förderung im Vergleich zu den meisten anderen europäischen Märkten vergleichsweise begrenzt ist. Um dieser Verzerrung Rechnung zu tragen, wurden die Indikatoren auf zweierlei Weise analysiert, zum einen für die gesamte Datenauswahl einschließlich französischer Filme und zum anderen ohne französische Filme. In diesem Zusammenhang ist es wichtig zu erwähnen, dass man aus dem Vergleich dieser beiden Datensets keine akkuraten Rückschlüsse auf die Finanzierungsstruktur französischer Spielfilme schliessen kann. Stattdessen sei an dieser Stelle auf die offizielle Analyse der Finanzierung französischer Film verwiesen, die vom CNC veröffentlicht wird.

und auf der Marktclusterebene als verlässlich und repräsentativ. Für die Auswahlländer im Einzelnen sind die Analyseergebnisse jedoch nicht repräsentativ, weshalb Indikatoren nicht nach Ländern veröffentlicht werden. Dies steht auch im Einklang mit dem Fokus der Analyse, der auf einer Analyse aggregierter Daten auf europäischer Ebene und nicht auf einer Analyse von Finanzierungsstrukturen in einzelnen Ländern liegt, deren Analysemethodik entsprechend nationaler Datenbedürfnisse teilweise von der in diesem Bericht angewandten Methodik abweichen kann.

Durchschnittliches Budget europäischer Spielfilme

Laut Datenauswahl beträgt das durchschnittliche Budget eines 2018 angelaufenen europäischen Kinospiefilms EUR 3,16 Mio., während sich das **mittlere Budget der Auswahl** auf **EUR 1,93 Mio.** beläuft. Angesichts des beträchtlichen Einflusses einer vergleichsweise geringen Zahl an Filmen mit hohem Budget in der Auswahl auf den Durchschnittswert hat der mittlere Wert möglicherweise für die Mehrheit der europäischen Filme eine repräsentativere Aussagekraft.

Durchschnittliche Budgets unterscheiden sich stark von Land zu Land. Es ist nicht verwunderlich, dass durchschnittliche Budgets in größeren Märkten höher und in Länder mit geringerem Zuschauerpotenzial niedriger sind, da die Verwertung auf nationalen Märkten für die meisten Filme nach wie vor entscheidend ist. Das mittlere Budget für europäische Spielfilme aus Deutschland, Frankreich, Italien oder dem Vereinigten Königreich (den großen Märkten in dieser Auswahl) beläuft sich 2018 auf EUR 2,8 Mio., verglichen mit EUR 1,7 Mio. für Spielfilme, die in einem europäischen Markt mittlerer Größe (Märkte mit 10 bis 50 Millionen Kinobesuchern pro Jahr) produziert wurden, und einem mittleren Budget von EUR 1,2 Mio. für Spielfilme von kleinen Märkten (Märkte mit weniger als 10 Millionen Kinobesuchern). Die Datenanalyse deutet auch darauf hin, dass **internationale Koproduktionen tendenziell höhere Budgets aufweisen als rein nationale Filme**, wobei das mittlere Budget von Koproduktionen das von rein nationalen Filmen um rund EUR 500.000 bis EUR 800.000 übersteigt.

Finanzierungsstruktur europäischer Spielfilme

2018 stützt sich die **Finanzierung** europäischer Kinospiefilme **in erster Linie auf fünf Finanzierungsquellen**: direkte öffentliche Förderung, Investitionen von Rundfunkveranstaltern, Investitionen von Produzenten, Vorabverkäufe und Produktionsanreize. Die **beiden wichtigsten Finanzierungsquellen** sind eindeutig **direkte öffentliche Förderung** und **Investitionen von Rundfunkveranstaltern**, welche 26 % beziehungsweise 21 % der Gesamtfinanzierung ausmachen. Mit 17 % waren Investitionen von Produzenten (ohne Rundfunkveranstalter) die drittgrößte Finanzierungsquelle für europäische Kinofilme im Jahr 2018, gefolgt von Vorabverkäufen (ohne Rundfunkrechte), und Produktionsanreizen⁹, die jeweils 15 % der Gesamtfinanzierung ausmachen. Andere Finanzierungsquellen wie Privatkapital, Fremdfinanzierung oder Sacheinlagen sind aus kumulativer Sicht vernachlässigbar.

⁹ Beinhaltet sowohl nationale als auch ausländische Produktionsanreize.

Die Herausnahme französischer Filme aus der Auswahlanalyse bringt jedoch wesentlich andere Ergebnisse hervor und veranschaulicht die „französische Verzerrung“, welche durch die außerordentliche Bedeutung der Finanzierung durch Rundfunkveranstalter in Frankreich in die Analyse der Gesamtauswahl einfließt. **Lässt man französische Filme außen vor**, erweist sich **direkte öffentliche Förderung** mit einem Anteil von 36 % am kumulativen Finanzierungsvolumen als **die bei Weitem wichtigste Einzelfinanzierungsquelle** für europäische Spielfilme, mit einigem Abstand gefolgt von Vorabverkäufen (18 %) und Investitionen von Produzenten (16 %), während Produktionsanreize⁹ und Investitionen von Rundfunkveranstaltern 11 % bzw. 10 % zu Spielfilmproduktionen außerhalb Frankreichs beitragen. Es ist jedoch wichtig, die Selektionsverzerrung im Gedächtnis zu behalten, die für die überhöhte Bedeutung direkter öffentlicher Förderung verantwortlich gemacht werden könnte.

Es scheint **wesentliche strukturelle Unterschiede zwischen den Ländern** zu geben, wenn es um die Frage geht, wie Kinospielefilme finanziert werden, und einige dieser Unterschiede stehen offensichtlich **im Zusammenhang mit der Marktgröße**. Die beiden augenfälligsten Unterschiede betreffen direkte öffentliche Förderung und Vorabverkäufe. Die Daten besagen eindeutig, dass das Gewicht direkter öffentlicher Förderung bei der Filmfinanzierung mit zunehmender Marktgröße abnimmt, oder mit anderen Worten, je kleiner der Markt (und somit je kleiner das Verwertungspotenzial auf dem nationalen Markt) ist, desto wichtiger wird direkte öffentliche Förderung. Obwohl direkte öffentliche Förderung in den fünf großen Auswahlmärkten lediglich für 20 % der Gesamtfinanzierung steht, macht sie 43 % in mittelgroßen und 54 % in kleinen Auswahlmärkten aus.

Im Gegensatz dazu nimmt die Bedeutung von Vorabverkäufen (außer an Rundfunkveranstalter) als Finanzierungsquelle mit der Marktgröße ab. **Vorabverkäufe sind eher in großen Märkten von Bedeutung**, wo sie 2018 17 % der Gesamtfinanzierung (beziehungsweise 26 % ohne französische Filme) im Vergleich zu „nur“ 8 % in mittelgroßen und in kleinen Beispielmärkten ausmachen.

Unterschiede bei den Budgetarten

Die Auswahlanalyse zeigt auch, dass es **strukturelle Unterschiede** gibt, **wie Filme mit unterschiedlichen Budgetrahmen finanziert werden**. Allgemein gesagt sind Filme mit einem Budget bis EUR 3 Mio. in höherem Maße von direkter öffentlicher Förderung abhängig, während Filme mit höheren Budgets ihre Produktion durch proportional höhere Anteile an Vorabverkäufen und Investitionen von Rundfunkveranstaltern finanzieren.

Je niedriger das Budget, desto bedeutender ist direkte öffentliche Förderung, die im Allgemeinen mindestens 38 % des Gesamtbudgets für Filme mit einem Budget unter 3 Mio. ausmacht. Der Anteil öffentlicher Förderung sinkt auf 26 % bei Filmen mit einem Budget zwischen EUR 3 Mio. und EUR 10 Mio. und auf 13 % bei Filmen mit Budgets über EUR 10 Mio. Dieser Rückgang des Anteils direkter öffentlicher Förderung ist auch zu beobachten, wenn französische Filme von der Analyse ausgenommen werden, wobei der Anteil der direkten öffentlichen Förderung für alle Haushaltscluster zunimmt.

Die Bedeutung von **Vorabverkäufen** korreliert eindeutig mit dem Budgetvolumen und steigt mit dem Budget von einem Anteil von 4 % für Filme mit Kleinstbudget (unter EUR 500.000)

auf bis zu 20 % (und sogar 38 % ohne französische Filme) bei Filmen mit einem Budget über EUR 10 Mio. Gleiches scheint für **Investitionen von Rundfunkveranstaltern** zu gelten, die von 3 % bei Filmen mit Kleinstbudget auf bis zu 27 % für Filme mit einem extrem hohen Budget steigen. Die Datenauswahl besagt jedoch, dass diese Korrelation im Fall von Investitionen von Rundfunkveranstaltern in erster Linie für französische Filme gilt, während sie für die Mehrheit der anderen europäischen Auswahlfilme nicht auszumachen ist.

Finanzierung im Zusammenhang mit **Produktionsanreizen** scheint insbesondere für Filme mit hohem und mittlerem Budget wichtig, weniger für Filme unter EUR 1 Mio. In der Gesamtdatenauswahl erscheinen die **Investitionen von Produzenten** für die Finanzierung von Filmen mit Kleinst- und niedrigem Budget mit 33 % beziehungsweise 25 % des jeweiligen Gesamtfinanzierungsvolumens im Verhältnis bedeutender zu sein, verglichen mit 14 % bis 16 % für Filme mit mittlerem, hohem und extrem hohem Budget.

Unterschiede zwischen rein nationalen Filmen und Koproduktionen

Laut Datenauswahl bestehen **ausgeprägte Unterschiede zwischen den Finanzierungsstrukturen rein nationaler Filme und internationaler Koproduktionen**. Einige dieser Unterschiede scheinen jedoch für französische Filme spezifisch zu sein und zeigen sich weniger ausgeprägt, wenn man diese Filme von der Analyse ausnimmt. Allgemein gesagt sind internationale Koproduktionen in höherem Maße von direkter öffentlicher Förderung abhängig, während sich rein nationale Filme durch einen proportional höheren Anteil an Vorabverkäufen, Investitionen von Rundfunkveranstaltern und Produktionsanreizen finanzieren.

Direkte öffentliche Förderung macht 35 % des gesamten Finanzierungsvolumens internationaler Koproduktionen aus, verglichen mit 23 % im Fall rein nationaler Filme. Ein ähnliches Bild zeigt sich außerhalb Frankreichs, wo 41 % der internationalen Koproduktionen mit direkten öffentlichen Mitteln gefördert wurden und 33 % rein nationaler Filme.

Im Gegensatz dazu scheinen **Vorabverkäufe** wichtiger für die Finanzierung rein nationaler Filme als internationaler Koproduktionen zu sein, da Vorabverkäufe (ohne Rundfunkveranstalter) 16 % des gesamten Fördervolumens rein nationaler Filme ausmachten, gegenüber 12 % bei internationalen Koproduktionen. Außerhalb Frankreichs war dies Unterschied allerdings kaum zu beobachten, da der Anteil der Vorabverkäufe an der Gesamtfinanzierung bei rein nationalen Filmen 10 % und bei internationalen Koproduktionen 9% betrug.

Bis zu einem gewissen Grad gilt dies auch für **Produktionsanreize**, die 16 % des Finanzierungsvolumens rein nationaler Filme ausmachten (12 % ohne französische Filme), gegenüber 13 % bei internationalen Koproduktionen (11% ohne französische Filme).

Investitionen von Rundfunkveranstaltern waren besonders wichtig für rein nationale Filme, da sie die wichtigste Finanzierungsquelle für rein nationale Filme in der Gesamtdatenauswahl darstellten und 24 % der Gesamtfinanzierung ausmachten, verglichen mit 15 % im Fall von Koproduktionen. Diese Beobachtung gilt jedoch nicht außerhalb Frankreichs, wo Investitionen von Rundfunkveranstaltern 17 % der



Gesamtfinanzierung für internationale Koproduktionen ausmachten, aber „nur“ 15 % im Fall von rein nationalen Filmen.

In diesem Zusammenhang ist es auch bemerkenswert, dass Filme, die in kleinen und mittleren europäischen Märkten produziert werden, stärker von ausländischen Finanzierungsquellen abhängen als Filme, die in großen oder kleinen Märkten produziert werden: Obwohl sie in großen Märkten lediglich 10 % der Gesamtfinanzierung stellten, machten ausländische Quellen 15 % beziehungsweise 20 % der Gesamtfinanzierung der Auswahl in kleinen und mittleren Märkten aus. Dies ist auf den vergleichsweise hohen Anteil internationaler Koproduktionen in kleinen und mittleren Märkten, auf die 33 % beziehungsweise 46 % der ausgewählten Filme entfielen (gegenüber 18 % in großen Auswahlmärkten), und auf die Tatsache, dass Koproduktionen aufgrund ihrer Natur einen größeren Anteil ihrer Finanzierung aus ausländischen Quellen, das heißt Quellen außerhalb des Hauptherkunftslandes beziehen, zurückzuführen.

Verteilung der Finanzierungsquellen nach Budgetarten

Eine Aufschlüsselung des kumulativen Finanzierungsvolumens von EUR 1,80 Mrd. nach Filmbudgetclustern zeigt, dass der Löwenanteil an Finanzmitteln in die Produktion von Filmen mit hohem Budget fließt (46 %), gefolgt von Filmen mit extrem hohem Budget (26 %) und Filmen mit mittlerem Budget (24 %). Außerhalb Frankreichs waren es auch die Filme mit hohem Budget, die den größten Anteil für sich verbuchten (43 %), der Anteil an Filmen mit mittlerem Budget stieg jedoch auf 35 %, während der von Filmen mit extrem hohem Budget auf 15 % sank.

Die Datenauswahl zeigt auch einige interessante Erkenntnisse zu den Unterschieden in der Aufteilung individueller Finanzierungsquellen auf. So fand sich zum Beispiel direkte öffentliche Förderung überproportional bei Filmen mit niedrigem und mittlerem Budget, während Vorabverkäufe überproportional bei Filmen mit hohem und extrem hohem Budget zu verzeichnen sind. Letzteres gilt auch für Investitionen von Rundfunkveranstaltern (einschließlich französischer Filme). Zudem wurden Filme mit mittlerem Budget proportional unterdurchschnittlich durch Investitionen von Produzenten finanziert.

1 BACKGROUND & PURPOSE

This report reflects the output of an extensive collaboration project between the European Audiovisual Observatory (Observatory) and the European Film Agency Research Network (EFARN). The project aims to **provide reliable figures on the development of budgets and financing structures of European theatrical live-action fiction films**. The project focuses on the analysis of aggregate data on the European level rather than on the analysis of financing structures in individual countries. It offers a **big-picture, pan-European perspective**, and complements work completed at national levels.

Back in October 2016, EFARN members agreed to undertake a pilot project to test the feasibility of monitoring how fiction films were being financed across Europe. The Observatory took on the project implementation, developing - in cooperation with EFARN members - a common methodology for allocating film financing monies to individual financing sources, to ensure comparability of data across countries. Financing plan data were then collected via an annual questionnaire sent to European film agencies, asking them to return anonymised financing plans on a film-by-film basis.

In 2020, the Observatory thus collected and analysed, in collaboration with EFARN members, financing plan data for European theatrical live-action fiction films released in 2018. Thanks to outstanding collaboration with film agencies, financing plan data for 568 films with a cumulative budget of EUR 1.80 billion were gathered and used to analyse financing structures of European fiction films on a pan-European level. Key results of this analysis are published in this report. They address various aspects of the two main research questions: What is the typical budget of a European live-action fiction film? How are European live-action fiction films financed?

The development of financing structures over time can obviously not be addressed by the annual snapshot analysis at hand. Monitoring the development of financing structures would require continuation of the data collection on an annual basis for a number of years to come. Ultimately this project will not only allow for the identification of structural changes in how films are being financed over time but will also enhance our ability to further evaluate the representativeness of the sample data and thereby further improve the quality of insights gained from the analysis. These insights should prove valuable for all stakeholders involved in shaping film financing amid the fundamental structural changes the film industry is undergoing due to digital transformation.

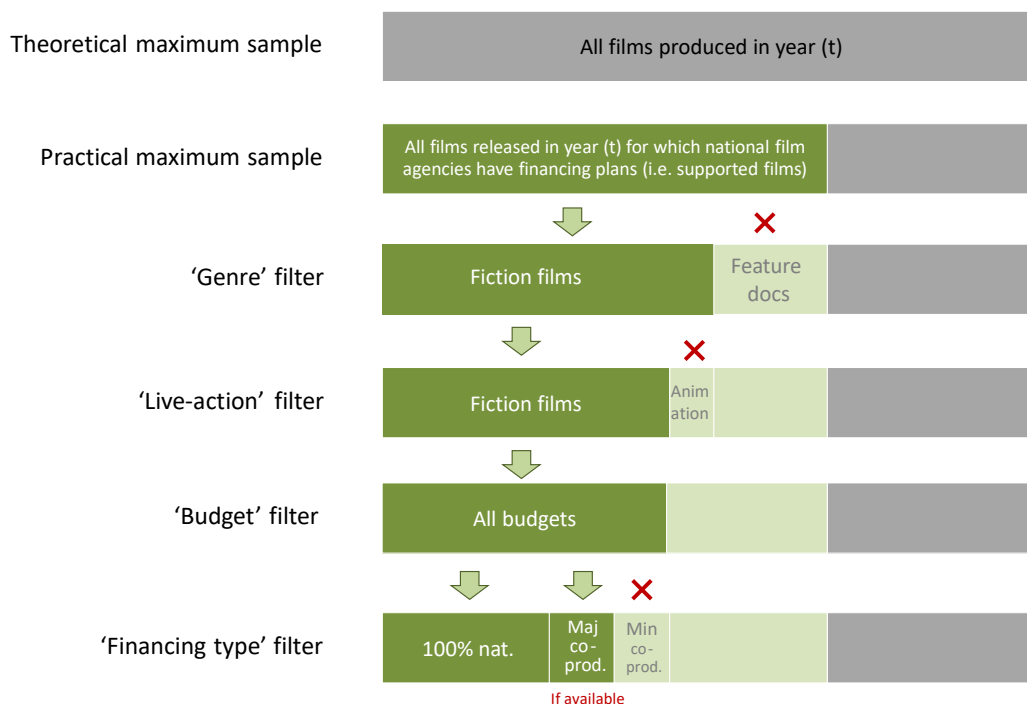
2 DATA SAMPLE & METHODOLOGY

2.1. The data sample

Which films were analysed?

This study focuses on analysis of the financing plans of European 100% national, and majority co-produced live-action fiction films theatrically released in 2018. The financing of these films is estimated to have occurred sometime between 2015 and 2018. By definition, only films for which national film agencies actually have financing plans can be included in the analysis. In most cases this applies primarily to films funded by a national film agency. This of course introduces a selection bias to the analysis which may result in exaggeration of the importance of direct public funding in the analysis results¹⁰.

Figure 1. Definition of film data sample (2018)



¹⁰ See Chapter 2.3 for further remarks on caveats with regard to the interpretation of analysis results.

- **Rationale for limitation to *films for which national agencies have financing plans readily available*:** feasibility; film agencies can obviously only share financing plan data available to them. In most countries this is only the case with films that receive funding from national film agencies, as the producers of such films are generally obliged to share their financing plans as part of the funding process. In selected countries, film agencies also have access to financing plans of other films due to other reporting obligations / practices. This is however the exception. It would go beyond the current capacity of agencies to collect financing plan data for films for which no reporting obligations exist. The data sample analysed here is thus limited to films for which national agencies have financing plan data readily available. This of course introduces a selection bias into the analysis which must be kept in mind when interpreting the analysis results.
- **Rationale for limitation to *fiction films*:** reduction of workload; the main reason for further limiting the scope of the film sample was to reduce the extra workload for film agencies and allow them to participate in the project. There are significant differences with regard to budget requirements and financing structures between fiction films and feature documentaries. The analysis of the financing of fiction films was considered to be of greater strategic importance than the analysis of the financing of feature documentaries.
- **Rationale for limitation to *live-action films*:** representativeness of data; the number of European live-action films by far exceeds the number of animation films, which tend to have exceptionally high budgets and therefore financing structures that differ from those of the vast majority of live-action fiction films. Including a very small number of big-budget, animation films in the data sample would have reduced the representativeness of analysis results for both live-action as well as animation films, since the resulting average values would not have applied to either.
- **Rationale for focusing on *100% national films and majority co-productions (wherever possible)*:** representativeness of data; the Observatory estimates that one out of four European fiction films is produced as an international co-production. When addressing the question of how European fiction films are being financed it must hence be the goal to collect financing plan data on both 100% national films as well as international co-productions. In a few countries, it is not possible for agencies to properly analyse the financing structure of international co-productions, as the financing plans available to them generally show “foreign minority co-production investments” only as a lump sum and do not allow for a more detailed breakdown by (foreign) financing source. Such a breakdown is, however, necessary for a meaningful analysis of financing structures. The vast majority of the sample countries, though, managed to allocate foreign financing sources in a sufficiently meaningful manner, so that international majority co-productions were included in the data sample, representing a significant share of the European fiction film production volume. To avoid double counting films, however, minority co-productions were not considered in the analysis.
- **Rationale for limitation to *films released theatrically in 2018*:** timeliness of analysis and reliability of financing plan data; EFARN members agreed to use the ‘release year’ rather

than the ‘financing year’ as the common reference year for the analysis, for the following reasons: on the one hand, definitions of ‘financing year’ differ widely between agencies, and mixing financing plans from different years in one data set would have impaired our ability to analyse structural changes over time. Basing the analysis on ‘release year’, though, was not only feasible for most agencies but also provided data that can be easily interpreted, is clearly allocated to a specific year, is reliable and is comparatively timely. In those cases where data collection was not practicable on a release year basis, film agencies collected data as close to the release year as possible. The reason for introducing a two-year time lag (i.e. analysing 2018 film releases in 2020, rather than 2019 film releases) was to give agencies sufficient time to collect updated financing plans which better reflect the final financing structure of the films.

Which financing plans were used?

In some agencies, financing plan data refers to “agreement financing plans”, in others to “answer print financing plans” or “final financing plans”. For the purposes of this project, EFARN members agreed to adopt a **pragmatic approach** and base the analysis on the **latest financing plan available at the time of the data collection**, provided that it was considered “sufficiently reliable”. Practically, this means that it was up to the individual film agencies to decide which financing plan to use and to assess the robustness of the financing plan data. Most agencies expressed confidence that the introduction of a two-year time lag (i.e. the analysis of financing plans of 2018 releases in 2020) would give them enough time to collect sufficiently reliable financing plans.

How was data collected and analysed?

The Observatory sent a questionnaire to all European film agencies, asking them to return anonymous financing plans on a film-by-film basis. The data collection was based on a common methodology developed in co-operation with the EFARN and can be found in the appendix of this report. Film agencies were asked to allocate the individual positions of their “national financing plans” to the corresponding financing sources as defined in the common methodology (see appendix 7.4 and 7.5) in order to ensure comparability of data across countries. The Observatory consequently collated the data sets, performed plausibility checks, and conducted the analysis. Analysis results were reviewed by all participating agencies before being published in this report, to ensure the meaningfulness of the analysis insights and avoid misleading ‘technical results’.



2.2. Size and composition of the data sample

The Observatory contacted film agencies in 35 European countries and focused especially on EU member states and countries fully participating in the MEDIA programme.

As of November 2020, 23 countries had provided the Observatory with detailed financing plans for a total of **568 sample films**. The data sample includes 406 100% national live-action fiction films and 162 European-led co-productions. The data sample covers a **cumulative financing volume of EUR 1.80 billion**¹¹ - EUR 1.25 billion for 100% national films and EUR 545 million for international co-productions (see Table 1).

Table 1. Number of sample films and sample financing volume by country (2018)

Nr	Country	100% national films		Majority co-productions		Total sample	
		Sample films	Financing volume (in MEUR)	Sample films	Financing volume (in MEUR)	Sample films	Financing volume (in MEUR)
1	AT	9	18.4	4	13.8	13	32.2
2	BE	2	2.5	18	47.9	20	50.5
3	BG	4	2.5	3	1.7	7	4.2
4	CH	10	14.7	9	24.6	19	39.3
5	CZ	10	9.2	12	17.1	22	26.3
6	DE	27	133.6	15	109.0	42	242.7
7	DK	14	26.6	10	38.2	24	64.8
8	EE	6	5.3	1	0.5	7	5.8
9	FI	19	27.0	1	3.0	20	30.0
10	FR	125	626.5	36	162.4	161	788.9
11	GB	16	69.9	0	0.0	16	69.9
12	HR	2	1.3	2	1.5	4	2.8
13	IE	7	6.4	3	12.6	10	19.0
14	IS	2	3.1	4	7.2	6	10.4
15	IT	99	214.1	7	17.0	106	231.1
16	LT	1	1.2	2	5.1	3	6.3
17	LU	0	0.0	2	7.8	2	7.8
18	LV	3	3.7	3	3.5	6	7.2
19	NL	13	19.6	11	31.1	24	50.8
20	NO	8	8.6	9	30.5	17	39.1
21	PT	8	6.3	4	2.9	12	9.3
22	RO	3	2.6	6	6.8	9	9.5
23	SE	18	47.8	0	0.0	18	47.8
Total sample		406	1 251.0	162	544.6	568	1 795.6
% share		71%	70%	29%	30%	100%	100%

Source: European Audiovisual Observatory

As shown in Table 2, the data sample represents about 63% of the estimated total number of live-action fiction films released in 2018 in the 23 sample countries. Taking into consideration the number of fiction films released in the 12 European countries that weren't able to share any financing plan data, the coverage rate of the data sample is **estimated at 49% of all national live-action films¹² released in Europe in 2018.**

¹¹ The data sample does not include the French film *Valerian and the City of a Thousand Planets* as its budget of EUR 187.7 million is uniquely exception for European films and would have introduced a bias into the analysis.

¹² In the case of international co-productions, the data sample is estimated to account for almost 44% of total co-productions released in Europe, while the coverage rate for 100% national fiction films is estimated at 51%.



Table 2. Size and estimated coverage rates of data sample by country (2018)

To estimate the coverage rate, the number of sample films was compared to the estimated number of national live-action fiction films theatrically released in the various countries.

Data sample for financing plans for European fiction films released 2018										
		Sample fiction films released 2018			Total fiction films released 2018 est.			Sample coverage rate (in %)		
		100%	Majority	Total	100%	Majority	Total	100%	Majority	Total
Nr.	Country	national films	Co-prod.	sample	national films	co-prod.		national films	co-prod.	
1	AT	9	4	13	16	4	20	56%	100%	65%
2	BE	2	18	20	13	9	22	15%	>100%	91%
3	BG	4	3	7	5	1	6	80%	>100%	>=100%
4	CH	10	9	19	24	15	39	42%	60%	49%
5	CZ	10	12	22	23	13	36	43%	92%	61%
6	DE	27	15	42	65	31	96	42%	48%	44%
7	DK	14	10	24	16	10	26	88%	100%	92%
8	EE	6	1	7	6	1	7	100%	100%	100%
9	FI	19	1	20	18	1	19	>=100%	100%	>=100%
10	FR	125	36	161	157	40	197	80%	90%	82%
11	GB	16	0	16	63	32	95	25%	0%	17%
12	HR	2	2	4	1	1	2	>=100%	>100%	>=100%
13	IE	7	3	10	12	8	20	58%	38%	50%
14	IS	2	4	6	2	5	7	100%	80%	86%
15	IT	99	7	106	128	19	147	77%	37%	72%
16	LT	1	2	3	9	2	11	11%	100%	27%
17	LU	0	2	2	0	3	3	-	67%	67%
18	LV	3	3	6	6	3	9	50%	100%	67%
19	NL	13	11	24	23	11	34	57%	100%	71%
20	NO	8	9	17	3	9	12	>=100%	100%	>=100%
21	PT	8	4	12	14	8	22	57%	50%	55%
22	RO	3	6	9	14	21	35	21%	29%	26%
23	SE	18	0	18	22	9	31	82%	0%	58%
TOTAL SAMPLE		406	162	568	640	256	896	63%	63%	63%
Fiction films from countries where no data is available*					181	72	253	n/a	n/a	n/a
TOTAL - EUROPE (35 countries)					821	328	1 149	49%	49%	49%

** Estimated number of releases for Bulgaria, Cyprus, Spain, Georgia, Greece, Hungary, North Macedonia, Malta, Montenegro, Poland, Slovenia, and Slovakia.

Source: European Audiovisual Observatory / LUMIERE

Please note that the data sample refers primarily to films theatrically released in 2018. To estimate the coverage rate, the number of sample films was compared to the estimated number of national live-action fiction films theatrically released in the various countries.

Due to the lack of official figures on this specific sub-set of film releases in several countries, the number of first releases was partly estimated based on data from the LUMIERE database. Given the only partial LUMIERE coverage in certain countries, the actual number of fiction films released may be slightly higher than the estimated values shown in Table 2.

Breakdown by market cluster

Budgets and financing structures differ among individual countries depending on, among other factors, their market size. Indicators were therefore analysed by market cluster based on annual admission levels.

Table 3 shows the definition of small, medium-sized, and large markets applied in this analysis while Table 4 lists all countries within the three market clusters for which sample data was available, as well as those countries for which no sample data was available.

**Table 3. Definition of market clusters**

Market clusters	Admissions in 2018
Small markets	< 10 million
Medium-sized markets	[10 million to 50 million]
Large markets	> 50 million

Table 4. Sample markets by market cluster (2018)

Market clusters	Sample countries	No sample data available for
Small markets	8 countries: BG, EE, FI, HR, IS, LT, LU, LV	9 countries: BA, CY, GE, GR, ME, MK, MT, SI, SK
Medium-sized markets	11 countries: AT, BE, CH, CZ, DK, IE, NL, NO, PT, RO, SE	1 country: HU
Large markets	4 countries: DE, FR, GB, IT	2 countries: ES, PL

The 2018 data sample covers 23 of 35 European markets (66%). The **country coverage** of the sample is high (92%) for medium-sized markets (11 of 12) and large markets (four of six), while it is somewhat lower for the small markets (eight of 17).

Film coverage, i.e. the share of sample films out of total national film releases, was significantly higher in medium-sized markets than in the small and large market clusters. As show in Table 5, the data sample is estimated to cover 60% of all national live-action fiction films released in medium-sized markets compared to an estimated coverage rate of 45% for small and large markets respectively.

Film coverage rates within the respective sample markets are of course higher, with sample films covering an estimated 86% of all film releases in the eight small markets for which financing data were available, 63% of all film releases in the 11 medium-sized sample markets and 61% of the film releases in the four large sample markets. The data sample can thus be assumed to properly reflect the release landscape of fiction films in the various market clusters.

Table 5. Overview of estimated sample coverage by market cluster (2018)

Market clusters	Country coverage	Film coverage all releases	Film coverage within sample countries
Small markets	47%	48%	86%
Medium-sized markets	92%	60%	63%
Large markets	67%	45%	61%
Total Europe	66%	49%	63%

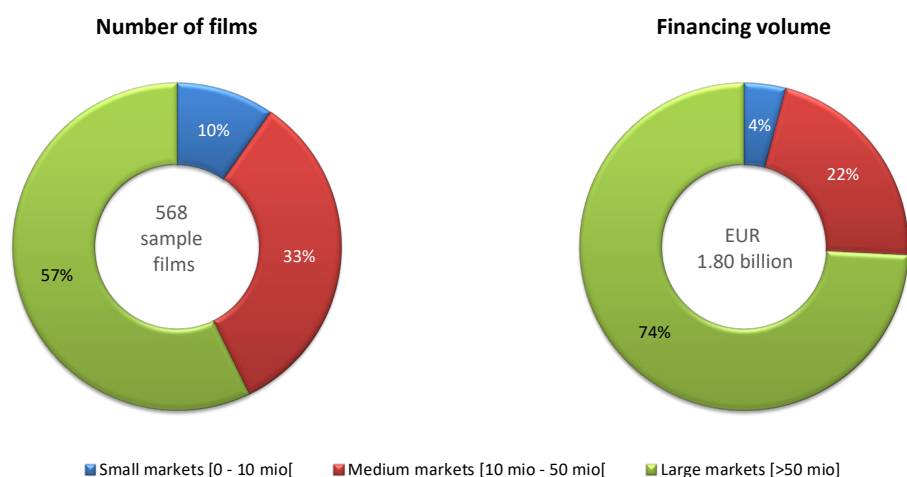
Source: European Audiovisual Observatory



A breakdown of the data sample shows that 57% of the 568 **sample films** were **produced** in a large market, 33% of the sample films originated from a medium-sized market and 10% came from a small market (see Figure 2).

In terms of **financing volume**, the weight of large-market films is, unsurprisingly, more pronounced, with 74% of the EUR 1.80 billion in film investment funds going to large-market films, 22% to films from medium-sized markets and only 4% to small-market films.

Figure 2. Breakdown of number and financing volume of data sample - by market cluster (2018)



Source: European Audiovisual Observatory

Comparing the composition of the 568 sample films with the composition of the estimated total 1 149 European live-action fiction films released in 2018 reveals that the **make-up of the data sample more or less reflects the breakdown of overall releases** even though films produced in medium-sized countries are proportionally overrepresented in the data sample while films originating in large markets are underrepresented (see Table 6): although accounting for only 27% of total releases, films from medium-sized markets represented 33% of the sample films. Large-market films, on the other hand, accounted for 63% of total releases but only 57% of sample films. The share of sample films produced in small markets closely reflects the share of small-market films out of total releases (10%, respectively).

Table 6. Comparison of sample composition with European release volume (2018)

Market clusters	Share of sample films 2018	Share of European fiction films released in 2018 (est.)
Small markets	10%	10%
Medium-sized markets	33%	27%
Large markets	57%	63%
Total Europe	568 films	1 149 films

Source: European Audiovisual Observatory



Breakdown by budget cluster

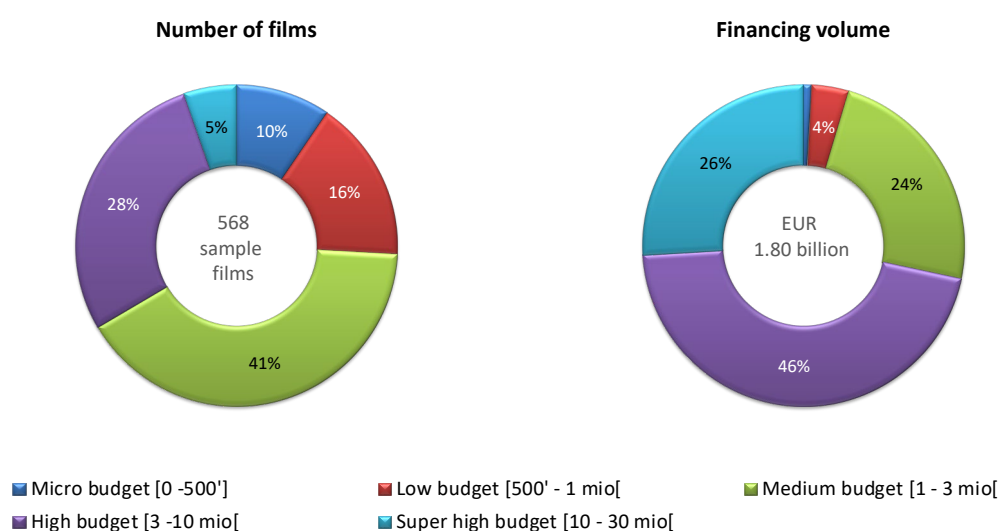
As financing structures may differ between films with different budget sizes, indicators were also analysed by budget cluster, according to the following categorisation:

Table 7. Definition of budget clusters

Film budget types	Budget bandwidth in EUR
Micro-budget films	< 500'
Low-budget films	[500' to 1 million[
Medium-budget films	[1 million to 3 million[
High-budget films	[3 million to 10 million[
Super-high-budget films	[10 million to 30 million[
Blockbuster-budget films	> 30 million

To better interpret the analysis results, it is important to keep in mind the composition of the data sample in terms of budget clusters. As illustrated in Figure 3, medium-budget films, i.e. films with budgets between EUR 1 million and EUR 3 million, represent the largest number of films in the data sample (41%), but they account for only 24% of the cumulative production spend / financing volume. The largest chunk of the cumulative sample financing volume of EUR 1.80 billion (46%) was invested in high-budget films costing between EUR 3 million and EUR 10 million while they accounted for only 28% of the sample films. While super-high-budget films costing more than EUR 10 million represent only 5% of the sample films, they account for 26% of total production spend. In sum, 26% of the sample films were low- or micro-budget productions cumulatively accounting for only 5% of total production spend. Differences between the characteristics of individual budget clusters with regard to financing structures are shown in chapter 5.

Figure 3. Breakdown of number and financing volume of sample films by budget size (2018)



Source: European Audiovisual Observatory



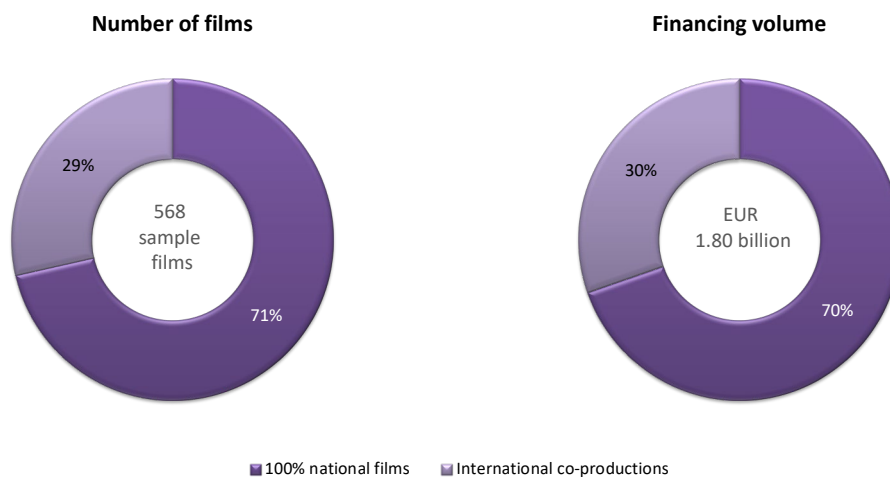
Breakdown by financing type

Financing structures, too, differ between 100% national films and international co-productions. To better interpret the analysis results, it is important to keep in mind the composition of the data sample in terms of these two film financing types.

As shown in Figure 4, 100% national films account for 71% of the 568 sample fiction films and 70% of the total sample financing volume of EUR 1.80 billion while international co-productions account for 29% of the sample films and 30% of the sample financing volume.

The breakdown of 100% national films (71%) and international co-productions (29%) among sample films corresponds exactly to the breakdown of the estimated 1 149 live-action fiction films released in 2018 in the 35 European countries approached in this study.

Figure 4. Breakdown of number and financing volume of sample films by financing type (2018)



Source: European Audiovisual Observatory

2.3. Remarks on the quality of analysis insights

This is only the third year in which the Observatory, in collaboration with EFARN members, has collected such comprehensive sample data on the financing structures and budgets of European live-action fiction films on a pan-European level. As far as the Observatory is aware, no comparable data have been published by any other organisation. There are thus no established benchmark figures that can be used to conclusively check the reliability of the analysis results.

The Observatory and EFARN members have, however, undertaken a significant effort to collect data of good quality and to render them comparable across countries. Plausibility checks were performed both at the pan-European and at the country levels. The analysis results of the 2018 data sample are closely in line with the results obtained from the 2016 and 2017 data samples - an encouraging indication of the reliability and robustness of the insights gained from this analysis. It is, however, important to address a few caveats with regard to the interpretation of the analysis results.



Representativeness of the data sample

Probably the most important question with regard to the reliability of analysis insights concerns the **representativeness of the data sample**. Is the coverage rate of the data sample sufficient to ensure representative insights as to how European theatrical fiction films are financed?

As mentioned above, the 568 sample films represent an estimated 63% of the fiction films released in the countries that provided financing plans, and 49% of the estimated total European release volume in 2018. The analysis spans a cumulative financing volume of EUR 1.80 billion. While it is impossible to make a conclusive assessment about the representativeness of the data sample, the Observatory and EFARN believe the size and quality of the data sample allow for **valid big-picture insights** into how European theatrical fiction films released in 2018 were financed **from a pan-European perspective**.

At the same time, Table 2 shows that the coverage rates - and thus the representativeness - of data samples differ significantly among individual countries. The data sample is clearly representative in nine out of 23 sample markets, where it covers more than 75% of the estimated live-action fiction film release volume in 2018. In another nine sample countries, coverage rates range between 50% and 70%, again suggesting a high likelihood of representativeness. In Switzerland coverage rate amounts 49% and in Germany to 44% and in the case of the Lithuania and Romania the sample coverage is around 26%, with sample films representing only 17% of the estimated UK film releases. Furthermore, in the case of countries with a very low production output even a 100% coverage of national film releases may not necessarily be 'representative' in terms of how films generally are financed in that country, as a single film - with a possibly exceptional financing structure - can heavily influence the overall breakdown of financing volume in such a country in a specific year. **The representativeness of the data sample can therefore not be guaranteed on a country-by-country level.** Hence, no data have been published on a country-by-country basis.

The Observatory and EFARN members also believe the size and quality of the data sample (coverage rate for all market clusters exceeds 45%) permit the formulation of **representative insights into financing structures on a market cluster basis**. As mentioned, the data sample is estimated to cover 60% of the live-action fiction films released in medium-sized markets, compared to an estimated coverage rate of 48% for small and 45% for large markets. In the case of large markets, however, one must bear in mind the *French bias* resulting from the over-proportional share of French films (see below).

Selection bias

In interpreting the analysis insights regarding financing structures, it is important to note that there is a systematic selection bias, as the data sample refers only to a very specific subset of films, namely fiction films, for which national film agencies have financing plans.

In most cases (exceptions are the Czech Republic, France, Italy, the Netherlands and Norway, where the respective national film agencies have access to financing plans for films benefitting from production incentives or due to other regulation) this limits the sample to films receiving direct public support from national film agencies so the bias may exaggerate the importance of public funding.



While the representativeness of the data sample for fiction films receiving public national support can be assumed with high confidence, it cannot be assessed for films produced without direct public national support, due to the lack of financing plans for this control group. The financing structures of films falling into the latter category may ultimately be substantially different from the results published in this report.

French bias

The overall analysis results on the pan-European level, and particularly within the large market cluster, are heavily influenced by the weight and characteristics of French films: French films represent 28% of the sample films and 44% of the cumulative financing volume in the total data sample. Within the large market cluster, French films account for 50% of the sample films and 59% of the corresponding financing volume. This is important because the analysis reveals significant structural differences in how films are financed in France compared to the vast majority of other European countries. This is particularly true with regard to the comparatively prominent role of broadcaster financing and the comparatively limited role of direct public funding. In order to address this bias, pan-European indicators have been analysed in a two-fold manner, once for the full data sample including French films, and once for the data sample excluding French films.

Comparability of financing plan data

Another important question concerns the comparability of the financing plans provided by the different countries, i.e. the consistent labelling and accounting for funds based on the common methodology. While the Observatory can neither verify nor guarantee that financing plan data have been allocated in a consistent manner across all agencies, the Observatory and EFARN members regard the data provided by the various agencies - based on several plausibility checks and discussions with film agencies - to be by and large comparable and of good quality. While the analysis results of the 2018 data sample are closely in line with the results obtained from the 2016 and 2017 data samples, it is too early to compare the analysis results over time due to slight adjustments in the methodology. A longer time series based on an identical methodology is required for a reliable analysis to which extent financing structures are changing over time.

2.4. Analysis approach and structure of the report

The purpose of this report is to make available a wide array of data shedding light on a variety of aspects so readers may use the data according to their own research needs and priorities. A relevant research question is posed at the top of each page, followed by a table and / or figure shedding light on that particular question. Additionally, selected insights that may be drawn from the corresponding table / figure are listed below the figure. In doing this, the Observatory fulfils its role as the provider of neutral facts and figures without assignment of any particular weight to any specific research angle.

Pointers referring to the three main indicators, namely the average budget, the financing structure and the role of individual financing sources, are presented on the pan-European level (with and without French films, so as to address the *French bias*) as well as the market cluster level but not at the country level, as the representativeness of data for selected countries cannot be guaranteed. Only average sample budget data are shown on a country level, to describe the characteristics of the data sample.

This analysis is complemented by two special chapters highlighting the differences between the different budget clusters as well as differences between 100% national films and international co-productions. This analysis refers only to the pan-European level, as a breakdown by market cluster offers limited added value.

Figure 5. Overview of analysis approach

	Pan-European level	Cluster level	Country level	
1 Production budget	✓	✓	✓	
2 Financing structures	✓	✓		
3 Individual financing sources	✓	✓		+ Indicator-specific details
↓				
4 Differences b/w budget clusters	✓			
5 Differences b/w 100% and co-prod	✓			

Source: European Audiovisual Observatory



3 ANALYSIS OF AVERAGE PRODUCTION BUDGETS

Please note that all figures in this report refer only to theatrical live-action fiction films.

WHAT IS THE AVERAGE BUDGET OF A EUROPEAN FICTION FILM?

- PAN-EUROPEAN PERSPECTIVE

Table 8. Average budget of European sample live-action fiction films (2018)

	Nr. of sample films	Mean budget	Median budget
All sample films	568	MEUR 3.16	MEUR 1.93
All sample films excl. FR	407	MEUR 2.47	MEUR 1.67

Source: European Audiovisual Observatory

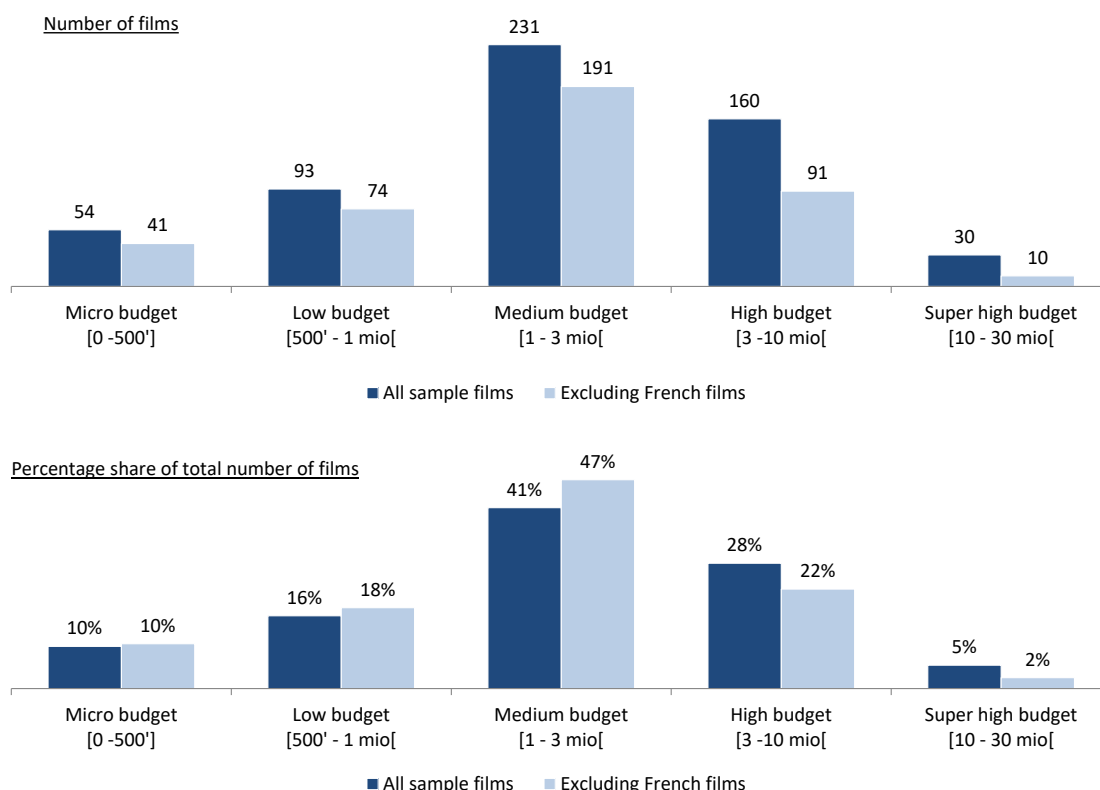
SELECTED INSIGHTS

- The data sample suggests that the mean budget of a European theatrical live-action fiction film released in 2018 amounted to EUR 3.16 million.
- The mean can of course be significantly impacted by a comparatively low number of films with very high budgets. The median budget of EUR 1.93 million hence possibly constitutes a more representative value for the majority of European films.
- Excluding French films from the analysis lowers the mean and median budgets of European theatrical fiction films significantly, to EUR 2.47 million and EUR 1.67 million, respectively. This illustrates that French films tend to have above-average budgets compared to most other European countries.
- Bearing in mind that the vast majority of films not covered in the data sample originate from large markets and tend to have higher budgets, it may be assumed that the values indicated in Table 8 may, to a degree, represent an underestimation of the average budgets for European fiction films from a pan-European perspective.
- However, the huge impact of French films on the average budget of European films clearly illustrates that typical production costs differ significantly from one country to the next, and providing one pan-European average value for the production costs of European films may offer only limited insights with regard to production realities in individual countries.

BREAKDOWN OF THE NUMBER OF FILMS BY BUDGET RANGE

- PAN-EUROPEAN PERSPECTIVE

Table 9. Number of sample films by budget range (2018)



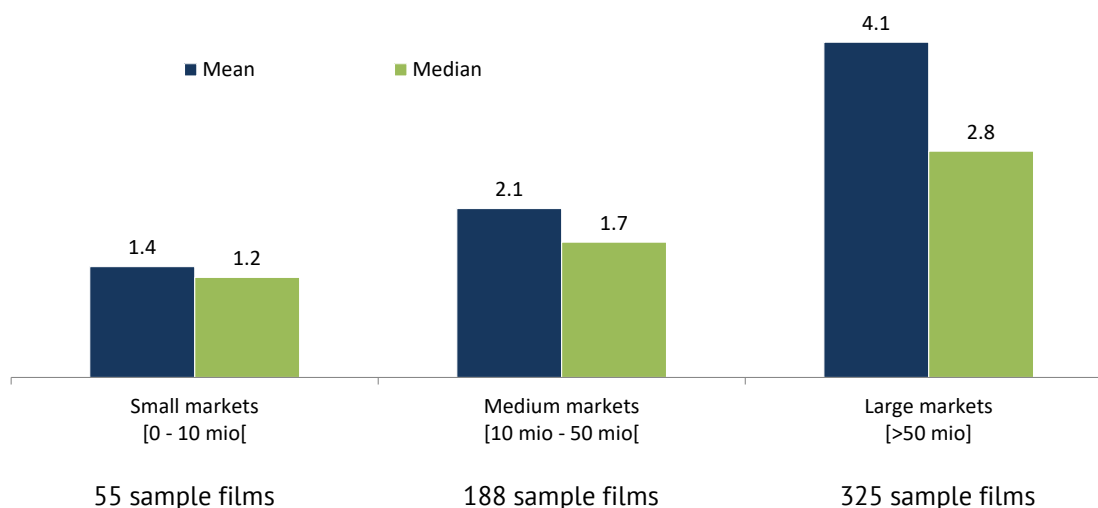
Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Consistent with mean and median budgets, the largest number of films - 231 (41%) out of 568 sample films - in the data sample fell into the medium-budget category.
- The second largest number of sample films (160 films; 28%) fell into the high-budget category ranging from EUR 3 million to EUR 10 million.
- Low-budget films (with budgets ranging from EUR 500 000 to EUR 1 million) and micro-budget films (with budgets below EUR 500 000) accounted for 93 and 54 films, representing 16% and 10% of the total sample films, respectively.
- Only 30 of the 568 sample films had a budget above EUR 10 million, and none one of them exceeded EUR 30 million.
- The distribution weights shift slightly when comparatively expensive French films are excluded from the analysis, with almost every second European fiction film falling into the medium-budget category, and only 22% of films falling into the high-budget range (compared to 28% when French films are included).

HOW DO AVERAGE BUDGETS DIFFER BETWEEN MARKET CLUSTERS? - MARKET CLUSTER PERSPECTIVE

Figure 6. Mean and median budgets of European fiction films by market size (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

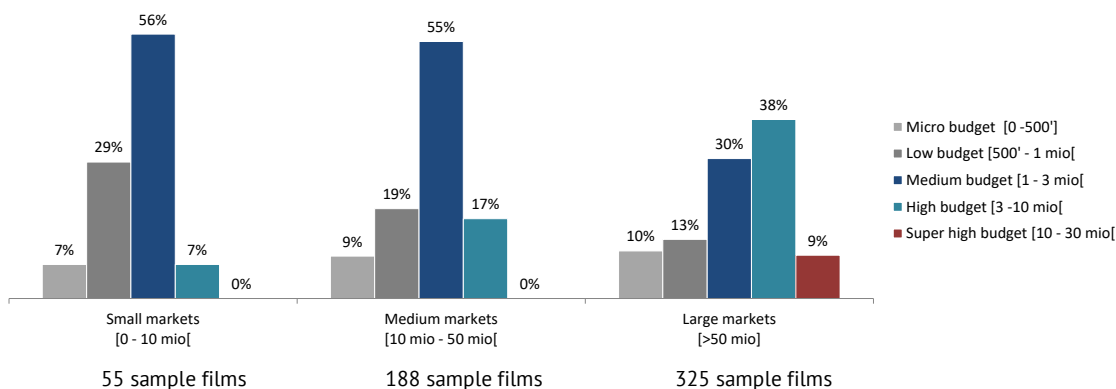
- Average budgets differ widely among countries. Not surprisingly, average budgets are higher in larger markets and lower in countries with a more limited box-office potential.
- The mean budget of a European fiction film originating in France, Germany, Italy or the UK¹³ (the large markets included in the sample) amounted to EUR 4.1 million in 2018 (EUR 2.8 million excluding French films) while the median budget amounted to EUR 2.8 million (EUR 2.3 million excluding French films).
- This is about twice as large as the average budget of a fiction film originating in a medium-sized European market (markets with 10 to 50 million admissions per year) whose mean budget amounted to EUR 2.1 million (median budget of EUR 1.7 million).
- Again, budgets appear significantly lower in small European markets (markets with fewer than 10 million admissions) where the mean budget amounted to EUR 1.4 million and the median budget ran at EUR 1.2 million.

¹³ Remark: UK sample data are based on only 16 sample films that received direct production funding from the British Film Institute (BFI). The official median budget for 177 domestic UK features shooting in 2018 was EUR 0.6 million (GBP 0.51 million) [EUR 2.3 million (GBO 2.0 million) for the 94 domestic productions with a budget exceeding GBP 500 000] and EUR 2.9 million (GBP 2.57 million) for 21 UK co-productions according to BFI figures.

BUDGET RANGE: DIFFERENCES AMONG SMALL, MEDIUM AND LARGE MARKETS? - MARKET CLUSTER PERSPECTIVE

Figure 7. Breakdown of number of sample films by budget range and market size (2018)

In % of total number of sample films released within each market cluster.



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- There are significant budget bandwidth differences among the sample films depending on the market size: the larger the market, the higher the share of films falling into higher-budget clusters.
- High-budget films accounted for the majority of fiction film releases in large markets (38%) while the majority of film releases in small- and medium-sized markets fell into the medium-budget category, accounting for 56% and 55% of films in these market clusters, respectively. Only four sample films produced in a small European market cost more than EUR 3 million.
- Films with a budget above EUR 10 million were almost exclusively produced in large markets.
- Excluding French films from the analysis, the percentage share of high-budget and super-high-budget films in the large markets cluster decreases slightly, from 38% to 34%, and 9% to 6%, respectively. In contrast, the share of medium-budget films increases from 30% to 35%.

HOW DO AVERAGE BUDGETS DIFFER AMONG COUNTRIES?

Table 10. Average sample budgets of European fiction films – country ranking (2018)

Ranked by median budget; note that these mean and median budgets represent sample averages and may differ from the official figures published by national film agencies. This is particularly true for countries where sample films represent less than 50% of the country's estimated annual production volume or where the number of film releases is very low in absolute terms.

Rank	Country		Mean budget 2018 (in MEUR)	Median budget 2018 (in MEUR)	Number of sample films 2018
Countries with a median budget > EUR 3 million					
1	DE*	Germany	5.78	4.24	42
2	LU*	Luxembourg	3.92	3.92	2
3	FR	France	4.90	3.49	161
Countries with a median budget between EUR 1 million to 3 million					
4	GB*	UK	4.37	2.82	16
5	SE	Sweden	2.65	2.56	18
6	AT	Austria	2.48	2.36	13
7	CH	Switzerland	2.07	2.35	19
8	DK	Denmark	2.70	2.12	24
9	BE	Belgium	2.52	1.84	20
10	NO	Norway	2.30	1.78	17
11	IS	Iceland	1.73	1.71	6
12	NL	Netherlands	2.11	1.69	24
13	IT	Italy	2.18	1.44	106
14	FI	Finland	1.50	1.39	20
15	LT*	Lithuania*	2.11	1.22	3
16	IE	Ireland	1.90	1.17	10
17	LV	Latvia	1.20	1.12	6
18	CZ	Czech Republic	1.20	1.05	22
19	RO*	Romania	1.05	1.05	9
Countries with a median budget between EUR 500' and EUR 1 million					
20	EE	Estonia	0.82	0.82	7
21	PT	Portugal	0.77	0.76	12
22	HR	Croatia	0.70	0.66	4
23	BG	Bulgaria	0.60	0.56	7
TOTAL SAMPLE			3.16	1.93	568

* Due to either low coverage rates or a very low number of sample films, the average values should be considered 'technical' values which describe the data sample rather than as representative values for the respective countries.

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Among the 2018 sample markets, Germany, Luxemburg and France stood out with median budgets ranging between EUR 3.5 million and EUR 4.2 million, while the median budget for the sample films from the other two large sample markets, the UK¹⁴ and Italy, were significantly lower, at EUR 2.8 million and EUR 1.4 million, respectively.
- Median budgets in medium-sized Western European markets tended to range between EUR 1.5 million and EUR 2.5 million, while median budgets in Eastern European and smaller markets were often ranging between EUR 0.6 million and EUR 1.4 million.

¹⁴ In this context, it is important to remember that the UK sample data are based on only 16 sample films that received direct production funding from the British Film Institute (BFI). The official median budget for 177 domestic UK features shooting in 2018 was EUR 0.6 million (GBP 0.51 million) [EUR 2.3 million (GBO 2.0 million) for the 94 domestic productions with a budget exceeding GBP 500 000] and EUR 2.9 million (GBP 2.57 million) for 21 UK co-productions according to BFI figures.

COUNTRY BREAKDOWN OF THE NUMBER OF FILMS BY BUDGET RANGE

Table 11. Number of sample films by budget range and country (2018)

Ranked by number of films within budget clusters

Country	Micro budget [0 - 500']	Low budget [500' - 1 mio[	Medium budget [1 - 3 mio[	High budget [3 - 10 mio[	Super high budget [10 - 30 mio[	Avg. budget 2018 (in MEUR)	Median budget 2018 (in MEUR)	Nr of sample films 2018
Countries with HIGH and SUPER HIGH BUDGET productions representing the majority of films								
LU*	0	0	0	2	0	3.92	3.92	2
DE*	0	0	8	28	6	5.78	4.24	42
FR	13	19	40	69	20	4.90	3.49	161
GB*	1	2	5	6	2	4.37	2.82	16
Countries with MEDIUM budget productions representing the largest budget cluster among films								
IS	0	0	6	0	0	1.73	1.71	6
FI	0	2	17	1	0	1.50	1.39	20
NL	1	2	18	3	0	2.11	1.69	24
AT	1	0	9	3	0	2.48	2.36	13
LV	1	1	4	0	0	1.20	1.12	6
BE	0	2	13	5	0	2.52	1.84	20
IE	2	1	6	1	0	1.90	1.17	10
SE	1	1	10	6	0	2.65	2.56	18
RO*	1	3	5	0	0	1.05	1.05	9
CH	3	2	10	4	0	2.07	2.35	19
CZ	4	6	11	1	0	1.20	1.05	22
DK	1	6	11	6	0	2.70	2.12	24
IT	19	20	44	21	2	2.18	1.44	106
NO	1	6	7	3	0	2.30	1.78	17
LT*	0	1	1	1	0	2.11	1.22	3
Countries with LOW and MICRO budget productions representing the majority of films								
BG	1	6	0	0	0	0.60	0.56	7
HR	0	4	0	0	0	0.70	0.66	4
PT	2	7	3	0	0	0.77	0.76	12
EE	2	2	3	0	0	0.82	0.82	7
TOTAL	54	93	231	160	30	3.16	1.93	568
%	10%	16%	41%	28%	5%	-	-	100%

* Due to either low coverage rates or a very low number of sample films, the average values should be considered 'technical' values which describe the data sample rather than as representative values for the respective countries.

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Productions with a budget above EUR 3 million represented the majority of sample fiction films in only four of the sample countries: France, where cumulatively 89 out of 161 films fell into the high- and super-high-budget categories; Germany, with 34 out of 42 sample films; and the UK, with eight out of 16 sample films. Both sample films from Luxembourg also fell into this category.
- Medium-budget films appear to account for the majority of national film releases in medium-sized Western European markets, while some smaller and Eastern European markets tend to produce predominantly low- or micro-budget films.

4 ANALYSIS OF FINANCING STRUCTURES

4.1. Breakdown of cumulative financing volume by financing sources

Reminder:

When interpreting the analysis results it is important to keep in mind the various caveats described in Chapter 2. This is particularly true for the selection bias which may result in over-emphasis of the role of direct public funding.

**HOW ARE EUROPEAN FICTION FILMS FINANCED?****- PAN-EUROPEAN PERSPECTIVE****Table 12. Breakdown of cumulative financing volume by source (2018)**

Ranked by percentage share; based on all 568 sample films

Rank	Financing source	Amount in MEUR	% share
1	Direct public funding	473.8	26%
2	Broadcaster investments	379.1	21%
3	Producer investments (excl. broadcasters)	300.7	17%
4	Pre-sales (excl. broadcasters)	270.1	15%
5	Production incentives	269.9	15%
6	Private equity cash investments	38.0	2%
7	Debt financing	16.4	1%
8	In-kind investments	7.6	0%
9	Other financing sources	40.0	2%
Total sample		1 795.6	100%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- In 2018, the financing of European theatrical live-action fiction films came primarily from five financing sources: direct public funding; broadcaster investments; pre-sales; producer investments; and production incentives.
- The two most significant financing sources clearly were direct public funding¹⁵ and broadcaster investments¹⁶, which accounted for 26% and 21% of total financing, respectively. Cumulatively, these two sources accounted for 47% of fiction film financing.
- They are followed by producer investments (excl. broadcasters) which accounted for 17% of total financing, pre-sales (excl. broadcasting rights)¹⁷ and production incentives which accounted for 15% of total financing, respectively.
- Other financing sources, including private equity, debt financing or in-kind investments, were negligible from an aggregate perspective.
- Video on demand (VOD) financing was insignificant, representing 0.8% of the total financing volume and is therefore not shown as a separate category in this overview¹⁸. Pre-sales to VOD service providers and (co-) production investments made by VOD companies are included in the pre-sales and producer investment categories, respectively.

¹⁵ Direct public funding includes public funding from national, regional and local bodies in the country of origin as well as from minority financing countries and supra-national sources.

¹⁶ Broadcaster investments combine co-production investments by broadcasters with pre-sales made to broadcasters based in any of the co-producing countries.

¹⁷ Pre-sales combine national and international pre-sales; pre-sales in the country of origin accounted for 80% of total pre-sales while int. pre-sales represented a minor source of film financing (see chapter 4.5.2).

¹⁸ For the sake of transparency, VOD investments are shown in the appendix as a separate category.



DETAILED FINANCING STRUCTURE – PAN-EUROPEAN PERSPECTIVE

Table 13. Detailed breakdown of cumulative financing volume by source (2018)

Financing sources	Amount in EUR	% share
Σ PUBLIC FUNDING	473 817 400	26%
- Σ Public funding from country of origin	419 732 405	23%
- National public funding	321 818 638	18%
- Regional public funding	97 545 651	5%
- Local public funding	368 116	0%
- Σ Public funding from minority financing countries	37 620 364	2%
- National public funding	31 870 233	2%
- Regional public funding	5 750 131	0%
- Local public funding		0%
- Σ Supra-national public funding	16 464 631	1%
Σ BROADCASTER INVESTMENTS	379 068 297	21%
- Σ Broadcaster investments from country of origin	371 146 294	21%
- Co-production investments	76 133 570	4%
- Pre-sales	295 012 724	16%
- Σ Broadcaster investments from minority financing countries	7 922 004	0%
- Co-production investments	5 397 166	0%
- Pre-sales	2 524 838	0%
Σ PRODUCER INVESTMENTS (excl. broadcasters)	300 695 680	17%
- Σ Producer investments from country of origin	239 990 228	13%
- Σ Independent production companies	237 460 332	13%
- Σ VOD	172 500	0%
- Σ Other	2 357 397	0%
- Σ Producer investments from minority financing countries	60 705 452	3%
- Σ Independent production companies	60 645 299	3%
- Σ VOD	0	0%
- Σ Other	60 153	0%
Σ PRE-SALES (excl. broadcasters)	269 859 463	15%
- Σ Pre-sales in country of origin	215 394 074	12%
- Outright sales	50 201 322	3%
- Minimum guarantees	165 192 752	9%
- Σ Pre-sales in minority financing countries	21 096 742	1%
- Outright sales	15 748 909	1%
- Minimum guarantees	5 347 833	0%
Σ PRODUCTION INCENTIVES	270 119 456	15%
- Σ Production incentives from country of origin	235 646 927	13%
- Σ Production incentives from minority financing countries	34 472 529	2%
Σ PRIVATE EQUITY CASH INVESTMENTS	38 035 178	2%
Σ DEBT FINANCING	16 352 182	1%
Σ IN-KIND INVESTMENTS	7 641 235	0%
Σ OTHER FINANCING SOURCES	40 038 540	2%
Σ FINANCING VOLUME	1 795 627 431	100%

Source: European Audiovisual Observatory



HOW ARE EUROPEAN FICTION FILMS FINANCED?

- PAN-EUROPEAN PERSPECTIVE EXCL. FRENCH FILMS

Table 14. Breakdown of cumulative financing volume by source – excl. French films (2018)

Ranked by percentage share; based on 407 sample films, i.e. full data sample excl. French films

Rank	Financing source	Amount in MEUR	% share
1	Direct public funding	363.2	36%
2	Pre-sales (excl. broadcasters)	177.9	18%
3	Producer investments (excl. broadcasters)	158.2	16%
4	Production incentives	112.7	11%
5	Broadcaster investments	99.9	10%
6	Private equity cash investments	38.0	4%
7	Debt financing	16.4	2%
8	In-kind investments	7.6	1%
9	Other financing sources	32.8	3%
Total sample		1 006.7	100%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Excluding French films from the sample analysis produces significantly different results and illustrates the “French bias” introduced to the full sample analysis because of significant structural differences in financing structures in France on the one hand, and the large number of French films - 28% of films and 44% of the cumulative financing volume in the data sample, respectively - on the other.
- Leaving French films aside, direct public funding clearly emerges as the single most significant financing source of European fiction films, accounting for 36% of the cumulative financing volume¹⁹.
- At a distance, pre-sales (excl. broadcasters) represent the second most significant financing source with a funding share of 18%, followed by producer investments (excl. broadcasters), which accounted for 16% of total financing.
- Broadcaster investments accounted for only 10% (compared to 21% in the full data sample), trailing production incentives which accounted for 11% of fiction film production funding outside France, illustrating the comparatively limited significance of broadcaster financing in most of the other 23 sample markets.

¹⁹ The percentage share of direct public funding may be exaggerated due to the selection bias.



DETAILED FINANCING STRUCTURE

– PAN-EUROPEAN PERSPECTIVE EXCLUDING FRENCH FILMS

Table 15. Detailed breakdown of cumulative financing volume by source – excl. French films (2018)

Financing sources	Amount in EUR	% share
Σ PUBLIC FUNDING	363 160 582	36%
- Σ Public funding from country of origin	319 498 255	32%
- National public funding	236 583 988	24%
- Regional public funding	82 546 151	8%
- Local public funding	368 116	0%
- Σ Public funding from minority financing countries	28 514 017	3%
- National public funding	22 763 886	2%
- Regional public funding	5 750 131	1%
- Local public funding		0%
- Σ Supra-national public funding	15 148 310	2%
Σ BROADCASTER INVESTMENTS	99 949 443	10%
- Σ Broadcaster investments from country of origin	92 027 440	9%
- Co-production investments	48 358 570	5%
- Pre-sales	43 668 870	4%
- Σ Broadcaster investments from minority financing countries	7 922 004	1%
- Co-production investments	5 397 166	1%
- Pre-sales	2 524 838	0%
Σ PRODUCER INVESTMENTS (excl. broadcasters)	158 182 734	16%
- Σ Producer investments from country of origin	115 726 227	11%
- Σ Independent production companies	113 196 330	11%
- Σ VOD	172 500	0%
- Σ Other	2 357 397	0%
- Σ Producer investments from minority financing countries	42 456 507	4%
- Σ Independent production companies	42 396 354	4%
- Σ VOD	0	0%
- Σ Other	60 153	0%
Σ PRE-SALES (excl. broadcasters)	177 860 699	18%
- Σ Pre-sales in country of origin	127 589 482	13%
- Outright sales	50 201 322	5%
- Minimum guarantees	77 388 160	8%
- Σ Pre-sales in minority financing countries	16 902 570	2%
- Outright sales	15 748 909	2%
- Minimum guarantees	1 153 661	0%
Σ PRODUCTION INCENTIVES	112 698 281	11%
- Σ Production incentives from country of origin	98 490 523	10%
- Σ Production incentives from minority financing countries	14 207 758	1%
Σ PRIVATE EQUITY CASH INVESTMENTS	38 035 178	4%
Σ DEBT FINANCING	16 352 182	2%
Σ IN-KIND INVESTMENTS	7 641 235	1%
Σ OTHER FINANCING SOURCES	32 846 434	3%
Σ FINANCING VOLUME	1 006 726 768	100%

Source: European Audiovisual Observatory



HOW DO FINANCING STRUCTURES DIFFER AMONG MARKET SIZES? - MARKET CLUSTER PERSPECTIVE

Table 16. Breakdown of cumulative financing volume by source – and by market size (2018)

ALL EUROPE	Small markets [0 - 10 mio[	Medium markets [10 mio - 50 mio[	Large markets [>50 mio]	Total sample
Direct public funding	54%	43%	20%	26%
Broadcaster investments	6%	13%	24%	21%
Producer investments (excl. broadcasters)	17%	12%	18%	17%
Production incentives	5%	12%	16%	15%
Pre-sales (excl. broadcasters)	8%	8%	17%	15%
Private equity cash investments	3%	2%	2%	2%
Debt financing	2%	2%	0%	1%
In-kind investments	2%	1%	0%	0%
Other financing sources	4%	6%	1%	2%
Total financing volume	74.5	388.5	1 332.6	1 795.6
Number of sample films	55	188	325	568

EXCLUDING FRENCH FILMS	Small markets [0 - 10 mio[	Medium markets [10 mio - 50 mio[	Large markets [>50 mio]	Total sample
Direct public funding	54%	43%	29%	36%
Pre-sales (excl. broadcasters)	8%	8%	26%	18%
Producer investments (excl. broadcasters)	17%	12%	18%	16%
Production incentives	5%	12%	11%	11%
Broadcaster investments	6%	13%	8%	10%
Private equity cash investments	3%	2%	5%	4%
Debt financing	2%	2%	1%	2%
In-kind investments	2%	1%	0%	1%
Other financing sources	4%	6%	2%	3%
Total financing volume	74.5	388.5	543.7	1 006.7
Number of sample films	55	188	164	407

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- There appear to be significant structural differences among countries with regard to how 2018 fiction films were financed, and some of these differences are apparently linked to market size. The three most obvious ones concern public funding, pre-sales, and private equity investments.
- The data clearly suggest that the weight of direct public funding in film financing decreases with increasing market size or, phrased differently, the smaller the market, the more important is direct public funding. While accounting for only 20% of total financing in the four large sample markets, direct public funding accounted for 43% in medium-sized, and 54% in small, sample markets.
- In contrast, the significance of pre-sales (other than those to broadcasters) as a financing source increases with market size. Pre-sales tend to be most important in large markets where they accounted for 17% (all films incl. in analysis) or 26% (excl. French films) of total financing, respectively. Pre-sales, though, contributed ‘only’ 8% to film financing in medium-sized and small markets respectively.
- While production incentives play an important role in medium-sized and large markets, accounting for 12% and 16% (11% excluding France), respectively, they do not appear available to the same extent to films produced in small sample markets where they contribute ‘only’ 8% to film financing.
- Other apparent differences, like the growing weight of broadcaster investments along with market size in the full data sample, are linked to the ‘French bias’.

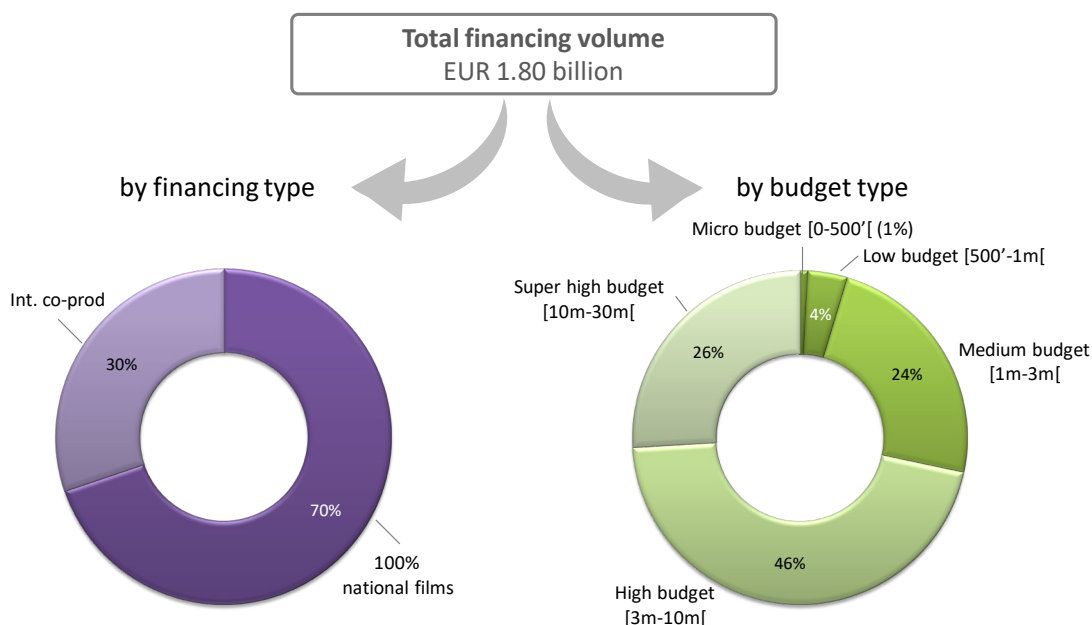


4.2. Distribution of film financing by film type

HOW IS FILM FINANCING ALLOCATED AMONG FILM TYPES?

- PAN-EUROPEAN PERSPECTIVE

Figure 8. Breakdown of cumulative fiction film financing by film type (2018)



Source: European Audiovisual Observatory

Figure 9. Allocation of financing funds by film type – top 5 film types (2018)

Rank	Budget type	Financing type	Amount in MEUR	% share of total financing
1	High budget [3 - 10 mio[	100% national	573.7	32%
2	Super high budget [10 - 30 mio[	100% national	326.0	14%
3	Medium budget [1 - 3 mio[	100% national	292.6	18%
4	High budget [3 - 10 mio[	Int. co-production	247.3	16%
5	Super high budget [10 - 30 mio[	Int. co-production	139.7	8%
Other	-	-	216.3	12%
Total financing volume			1 795.6	100%

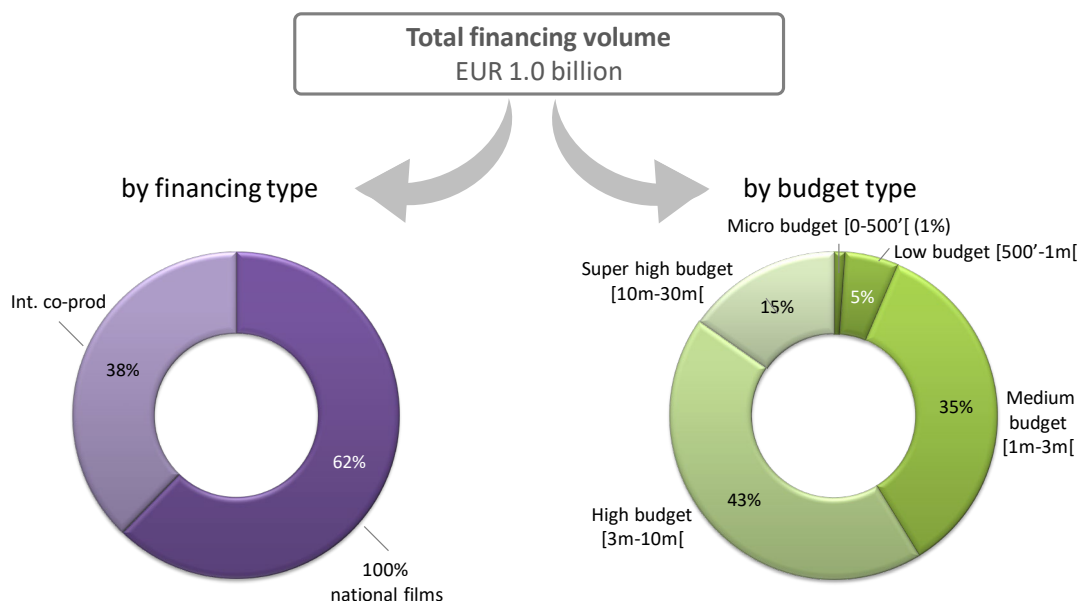
Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Accounting for 72% of the sample films, 100% national films captured 70% of the total sample financing volume, while international co-productions accounted for 28% of the sample films and 30% of the cumulative financing funds, respectively.
- Breaking down cumulative financing volume by film budget cluster shows that by far the largest share of financing went to the production of high-budget films (46%), followed by super-high-budget films (26%) and medium-budget films (24%).
- Crossing financing and budget types, the largest chunk of funds (32%) went to financing the production of high-budget 100% national films.

HOW IS FILM FINANCING ALLOCATED AMONG FILM TYPES? - PAN-EUROPEAN PERSPECTIVE EXCLUDING FRENCH FILMS

Figure 10. Breakdown of cumulative fiction film financing by film type (2018)



Source: European Audiovisual Observatory

Figure 11. Allocation of financing funds by film type – top 5 film types (2018)

Rank	Budget type	Financing type	Amount in MEUR	% share of total financing
1	High budget [3 - 10 mio[	100% national	240.3	24%
2	Medium budget [1 - 3 mio[	100% national	237.0	24%
3	High budget [3 - 10 mio[	Int. co-production	197.4	20%
4	Medium budget [1 - 3 mio[	Int. co-production	113.6	11%
5	Super high budget [10 - 30 mio[	100% national	100.0	10%
Other	-	-	118.4	12%
Total financing volume (excl. FR)			1 006.7	100%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Excluding French films, 100% national films captured 62% of the total sample financing volume while accounting for 69% of the sample films. International co-productions accounted for 38% of the cumulative financing funds and 31% of the sample films, respectively.
- In terms of distribution of financing funds by budget type, high-budget films again took the largest share (43%), but the share of medium-budget films increased from 24% to 35%, the share of super-high-budget films dropped from 26% to 15%, and the share of low-budget films increased slightly from 4% to 5%.
- Crossing financing and budget types shows that, as in the full sample, the largest chunk of funds (24%) went to financing the production of high-budget 100% national films, however in contrast to the full sample, medium budget films also attracted 24% of total financing.



4.3. Direct public funding

4.3.1. Importance of direct public funding as a financing source

Methodological remarks:

Please note that direct public funding refers to funds granted (committed) by a public film fund to finance/support the development and production of a theatrical feature film. It does not include other forms of public money, such as production incentives - which are treated as a separate financing source for reasons of transparency. In contrast to production incentives, direct public funding is (mostly) provided up-front and is not calculated as a percentage share of eligible production expenditures to be refunded ex post. It includes national, regional, and local direct public funding from agencies within the country of origin, as well as from agencies in minority-financing countries.

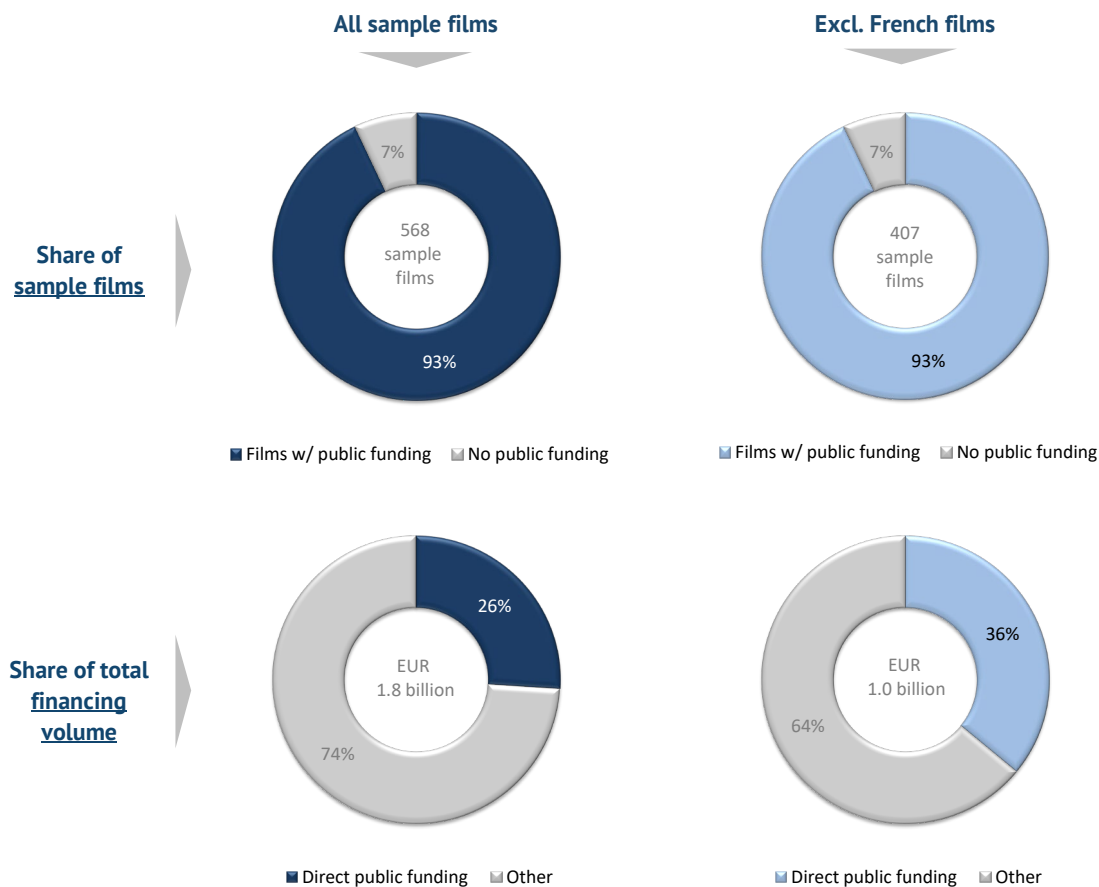
In interpreting the analysis insights regarding financing structures, one must bear in mind that the significance of direct public funding may be exaggerated due to the inherent selection bias as a result of the exclusion - in most countries - of films produced without national public support.

See Appendix 7.5 for detailed definitions.

HOW IMPORTANT IS DIRECT PUBLIC FUNDING ACROSS EUROPE?

- PAN-EUROPEAN PERSPECTIVE

Figure 12. Share of direct public funding in financing European fiction films (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Reminder: The selection bias of the data sample may result in an exaggeration of the significance of direct public funding as a financing source for films.
- A total of 93% of the sample films were partly financed by direct public support. This high share suggests either that the vast majority of European theatrical fiction films are partly financed by direct public support, or that very few films are produced without direct public funding.
- Public funding contributed EUR 474 million (26%) to the cumulative sample production spend of EUR 1.80 billion - the single most significant financing source of European fiction films in 2018. Excluding French films, the share of direct public funding increases to 36%, accounting for EUR 363 million out of a total EUR 1.0 billion.



HOW IMPORTANT IS DIRECT PUBLIC FUNDING IN MARKETS OF DIFFERENT SIZES?

- MARKET CLUSTER PERSPECTIVE

Table 17. Direct public funding – differences among market clusters (2018)

All sample films	Total sample films	Films with public funding	% share films with public funding	Total financing volume (in MEUR)	Total public funding (in MEUR)	% share public funding
Small market [0 - 10 mio[	55	55	100%	74.5	39.9	54%
Medium market [10 mio - 50 mio[	188	180	96%	388.5	167.3	43%
Large market [>50 mio]	325	293	90%	1 332.6	266.6	20%
TOTAL	568	528	93%	1 795.6	473.8	26%

Excluding French films	Total sample films	Films with public funding	% share films with public funding	Total financing volume (in MEUR)	Total public funding (in MEUR)	% share public funding
Small market [0 - 10 mio[	55	55	100%	74.5	39.9	54%
Medium market [10 mio - 50 mio[	188	180	96%	388.5	167.3	43%
Large market [>50 mio]	164	144	88%	543.7	155.9	29%
TOTAL	407	379	93%	1 006.7	363.2	36%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- The analysis of direct public funding by market cluster, based on admissions volume, clearly reveals that the importance of direct public funding as a financing source for European fiction films is closely linked to the market size of the country of origin - which typically is the film's primary exploitation market.
- The data sample shows that the weight of direct public funding in film financing increases with declining market size or, phrased differently, the smaller the market, the more important is direct public funding.
- While accounting for only 20% of total financing in the four large sample markets (29% excluding France), direct public funding accounted for 43% in medium-sized markets and 54% in small sample markets.
- Access to direct public funding does not appear to differ significantly across market clusters, with at least nine out of 10 films in medium and large markets receiving some form of direct public funding. In contrast, all sample films from small markets received direct public funding, but this is most likely due to the selection bias, as data from small markets was almost exclusively available for those films that received direct public funding from national film agencies in the respective countries.



4.3.2. Forms and national origin of direct public funding



BREAKDOWN OF DIRECT PUBLIC FUNDING BY GEOGRAPHICAL LEVEL - PAN-EUROPEAN PERSPECTIVE

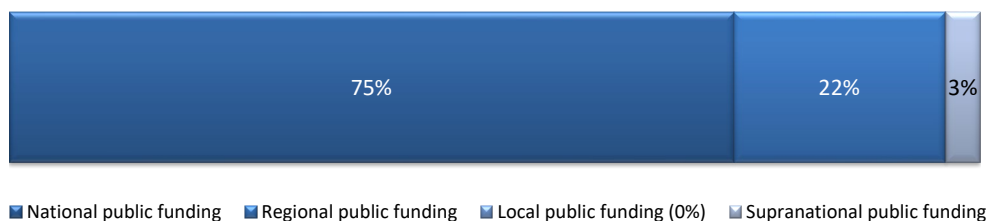
Table 18. Direct public funding by geographical level (2018)

Please note: this table shows a breakdown of direct public funding granted to sample films both in the main country of origin and in minority co-producing /-financing countries, by the geographical level on which it was granted, i.e. the amounts granted by national, regional and local funding bodies.

Geographical level	Nr. of films	% share of total	% share of public funding	Amounts in MEUR	% share of total	% share of public funding
National public funding	490	86%	93%	353.7	20%	75%
Regional public funding	294	52%	56%	103.3	6%	22%
Local public funding (0%)	12	2%	2%	0.4	0%	0%
Supranational public funding	93	16%	18%	16.5	1%	3%
Total direct public funding	528	93%	100%	473.8	26%	100%
Total sample	568	100%		1 795.6	100%	

Source: European Audiovisual Observatory

Figure 13. Breakdown of cumulative funds from direct public funding by geographical level (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Reminder: the selection bias of the data sample, which includes – for reasons of data availability – primarily films receiving funding from national film agencies, may result in an exaggeration of the significance of public funding provided by national film agencies, as it does not cover, for example, films that received only regional public funding.
- National film agencies clearly were the most significant providers of direct public funding for the films in the data sample, accounting for 75% of cumulative public funding, followed by regional public funding (22%). Local funding was negligible, while supra-national public funding contributed 3% to the total sample financing volume.
- About nine out of 10 sample films received funding from a national film agency, while half of the sample films (52%) received regional public funding. A total of 16% obtained supra-national funding and only 2% of sample films had local public funding indicated in their financing mix.



BREAKDOWN OF DIRECT PUBLIC FUNDING BY NATIONAL ORIGIN

- PAN-EUROPEAN PERSPECTIVE

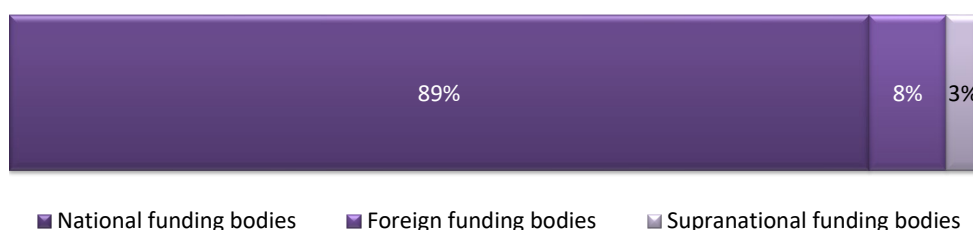
Table 19. Direct public funding by national origin (2018)

Please note: this table shows a breakdown of direct public funding by national origin of the funds, i.e. the amounts granted by funding bodies (at all geographical levels) located in the main country of origin, the amounts granted by foreign funding bodies (located in minority co-producing /- financing countries), as well as the amounts granted by supra-national bodies like Eurimages.

National origin	Nr. of films	% share of total	% share of public funding	Amounts in MEUR	% share of total	% share of public funding
National funding bodies	524	92%	99%	419.7	23%	89%
Foreign funding bodies	101	18%	19%	37.6	2%	8%
Supranational funding bodies	93	16%	18%	16.5	1%	3%
Total direct public funding	528	93%	100%	473.8	26%	100%
Total sample	568	100%		1 795.6	100%	

Source: European Audiovisual Observatory

Figure 14. Breakdown of cumulative public funding by national origin (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

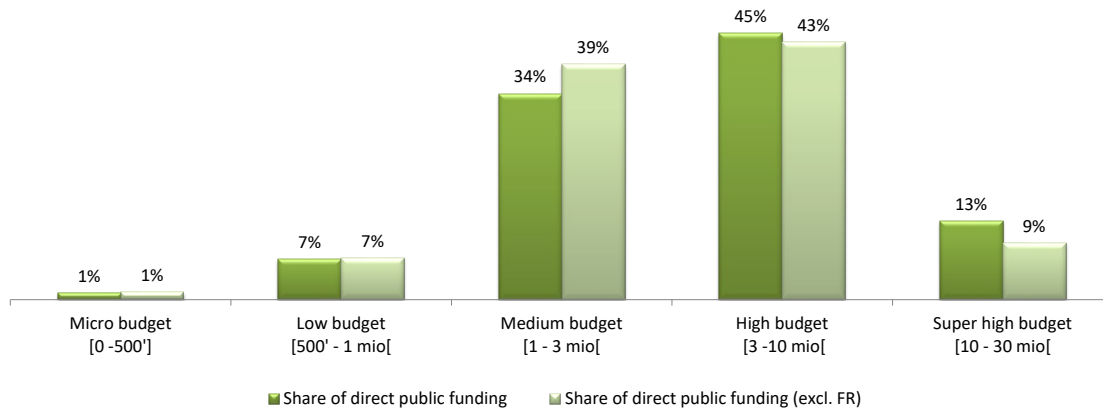
- The lion's share of direct public funding was raised within the main country of origin: 89% of cumulative direct public funding was provided by funding agencies within the main country of origin, while 8% of direct public funding was provided by funding agencies within minority-financing countries. Supra-national funding agencies contributed 3% to the cumulative direct public funding volume for European fiction films in the data sample.
- 92% of the sample films received funding from a film agency in the main country of origin, while only 18% received public funding by funding bodies located in a minority-co-producing / -financing country, and 16% of the sample films were partly financed through supra-national public funding.
- Of course, the share of national and foreign direct public funding differs significantly between 100% national films, which obtain public funding primarily from national agencies, and international co-productions, which obtain a much more significant share of their public funding from foreign film bodies (see chapter 6.3).



4.3.3. Distribution of direct public funding by film type

HOW IS DIRECT PUBLIC FUNDING DISTRIBUTED AMONG BUDGET CLUSTERS? - PAN-EUROPEAN PERSPECTIVE

Figure 15. Distribution of direct public funding across film budget types (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

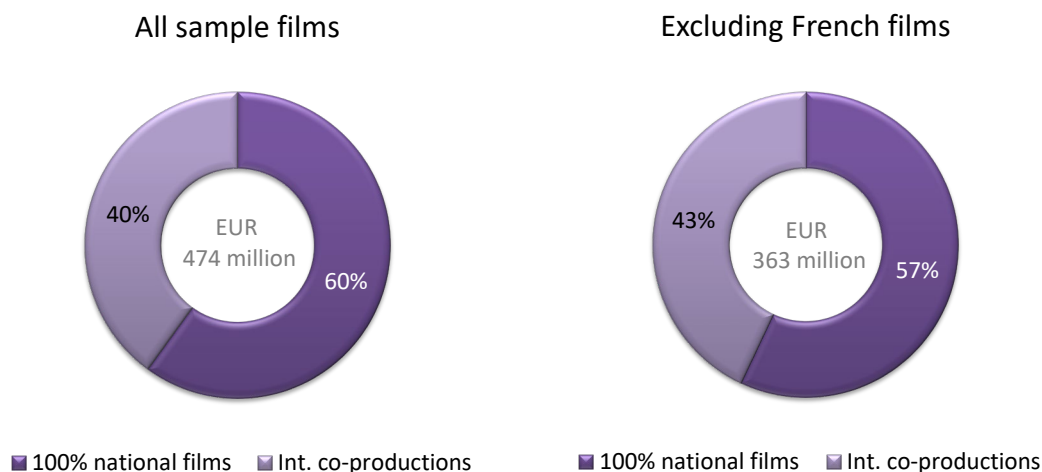
- High-budget films - which accounted for 28% of the sample films (22% excluding French films) - captured the largest share of direct public funding, comprising 45% (EUR 211 million) of a total EUR 474 million in direct public funding.
- Medium-budget films - which accounted for 41% of the sample films - obtained the second largest slice of direct public funding, accounting for 34% (EUR 163 million) of total direct public funding. Excluding French films, however, medium-budget films captured 39% (EUR 143 million) out of the EUR 363 million direct funding total.
- By far the biggest portion of direct public funding thus went to high- and medium-budget films: 79% of total direct public funding in the case of the full data sample; and 82% excluding French films.



HOW IS DIRECT PUBLIC FUNDING DISTRIBUTED BETWEEN 100% NATIONAL FILMS AND INTERNATIONAL CO-PRODUCTIONS?

- PAN-EUROPEAN PERSPECTIVE

Figure 16. Distribution of direct public funding between 100% national films and international co-productions (2018)



Source: European Audiovisual Observatory

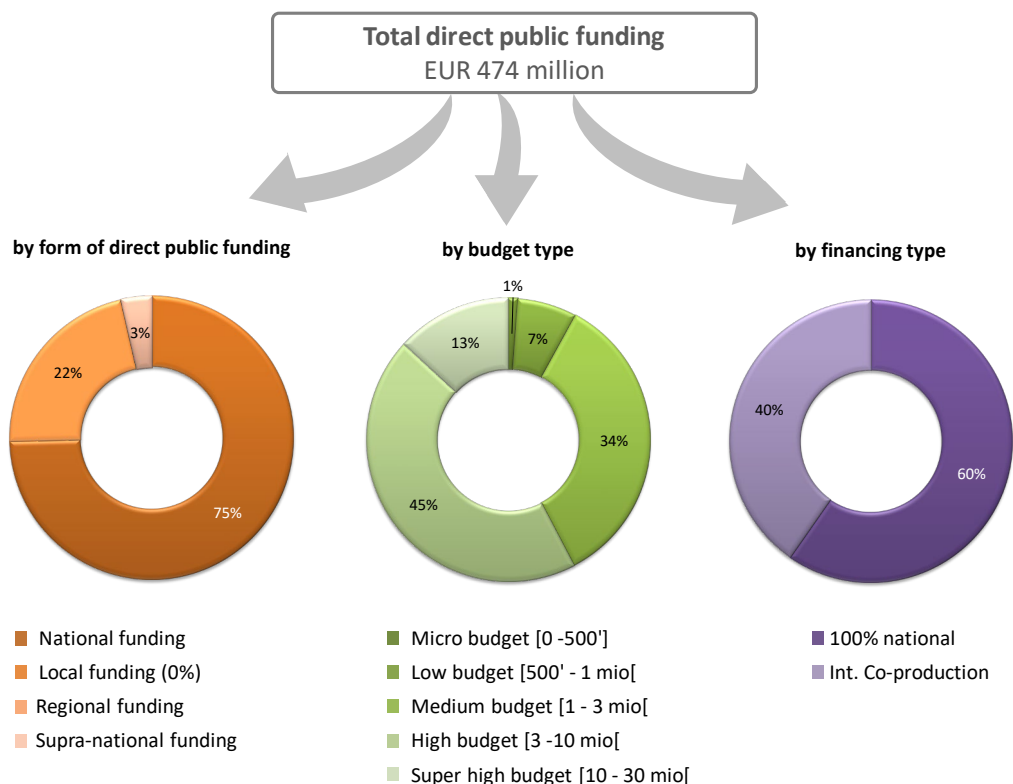
SELECTED INSIGHTS

- 100% national films accounted for 71% of the total sample films, but only 60% of cumulative direct public funding was allocated to them. By contrast, international co-productions accounted for 29% of the sample films and captured 40% of total direct public funding, illustrating that international co-productions received proportionally more direct public funding than 100% national fiction films.
- The picture remains similar when French films are excluded from the analysis: 57% of direct public funding went to the production of 100% national films (69% of sample films), and 43% went to international co-productions (31% of sample films).



AT A GLANCE: HOW IS DIRECT PUBLIC FUNDING DISTRIBUTED? - PAN-EUROPEAN PERSPECTIVE

Figure 17. Breakdown of cumulative direct public funding by funding form, budget and financing type of films (2018)



Source: European Audiovisual Observatory

Table 20. Ranking of direct public funding – top 5 forms / film types (2018)

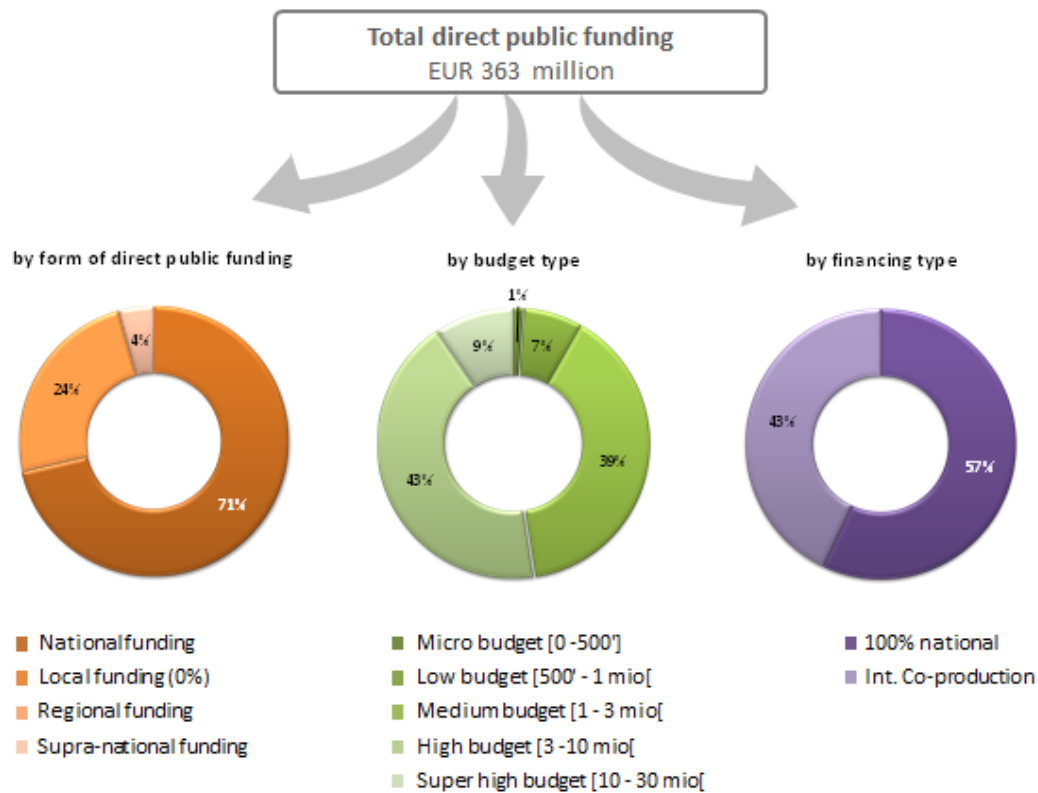
Rank	Form of direct public funding	Budget type	Financing type	Amount in MEUR	% share
1	National public funding	High budget [3 -10 mio[	100% national	89.0	19%
2	National public funding	Medium budget [1 - 3 mio[	100% national	77.6	16%
3	National public funding	High budget [3 -10 mio[	Int. co-production	60.9	13%
4	National public funding	Medium budget [1 - 3 mio[	Int. co-production	44.8	9%
5	Regional public funding	High budget [3 -10 mio[	100% national	32.1	7%
Other	-	-	-	169.6	36%
Total direct public funding				473.8	100%

Source: European Audiovisual Observatory



AT A GLANCE: HOW IS DIRECT PUBLIC FUNDING DISTRIBUTED? – EXCLUDING FRENCH FILMS

Figure 18. Breakdown of cumulative direct public funding by funding form, budget and financing type of films - excl. French films (2018)



Source: European Audiovisual Observatory

Table 21. Ranking of direct public funding – top 5 forms / film types excl. French films (2018)

Rank	Form of direct public funding	Budget type	Financing type	Amount in MEUR	% share
1	National public funding	Medium budget [1 - 3 mio[	100% national	67.6	19%
2	National public funding	High budget [3 - 10 mio[	Int. co-production	52.3	14%
3	National public funding	High budget [3 - 10 mio[	100% national	50.1	14%
4	National public funding	Medium budget [1 - 3 mio[	Int. co-production	39.1	11%
5	Regional public funding	High budget [3 - 10 mio[	100% national	26.6	7%
Other	-	-	-	127.4	35%
Total direct public funding				363.2	100%

Source: European Audiovisual Observatory

4.4. Broadcaster investments

4.4.1. Significance of broadcaster investments as a financing source

Methodological remarks:

Please note that “broadcaster investments” refer to the cumulative amount of two different types of broadcaster investments: pre-sales to broadcasters and direct producer equity cash investments undertaken by broadcasters both in the main country of origin and in minority-co-producing/-financing countries. Combining these two forms of broadcaster investments aims offers insights into the role of broadcasters in financing European fiction films – an important research angle.

Pre-sales (for financing purposes) are defined as a sale of distribution rights (licence to distribute) that takes place at any time prior to the completion of a film production. To be considered financing funds, receipts from pre-sales must enter the production account to be used to finance the production, rather than into the collection account.

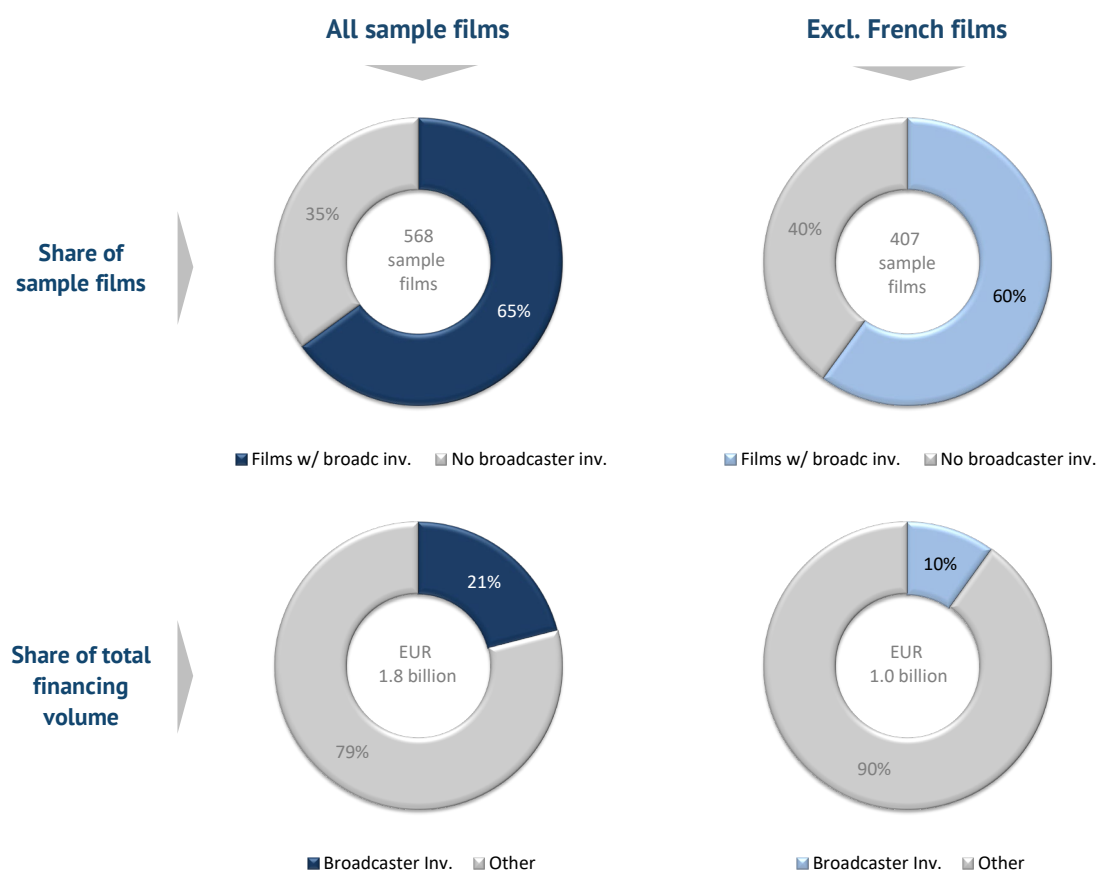
Producer production investments (own investment) are defined as funds invested by producers²⁰ in the production of the film, giving them an equity share in the film, i.e. (partial) ownership of the negative and copyrights linked to the film. This includes in-kind investments by producers but excludes in-kind investments (facilities for equity) by third parties such as equipment rental companies, studios, or post-production houses - a separate financing category. It also excludes deferments or loans by producers as they are qualified as debt financing. Producers' equity generally comes last in the recoupment schedule.

See Appendix 7.5 for detailed definitions.

²⁰ All persons, either corporate or individual, responsible for developing, packaging and making the film. Producers ultimately own and control the copyright in the finished product. This includes both the lead producer as well as co-producers but excludes production service companies, which are only engaged by the production company to make the film on its behalf but do not invest their own equity.

HOW IMPORTANT ARE BROADCASTER INVESTMENTS? - PAN-EUROPEAN PERSPECTIVE

Figure 19. Share of broadcaster investments in financing European fiction films (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- The sample analysis indicates that about two thirds of European fiction films are produced with broadcaster investments: 65% of sample films were partly financed through broadcaster investments, either via pre-sales or as direct (co-)production investments by broadcasters. Excluding French films this share drops to 60%.
- In total, broadcasters contributed 21% (EUR 379 million) to the total sample production spend of EUR 1.80 billion. Broadcasters thus represented the second-most-significant financing source for theatrical fiction films on a pan-European level.
- However, broadcaster financing is much more significant in France than it is in most other European countries. Excluding French films from the analysis fundamentally changes the picture: no longer the second-most-significant funding source, broadcaster investments comprised only 10% (EUR 100 million) to the cumulative total financing volume (EUR 1.01 billion) in this scenario, rendering it only the fifth-highest financing source for European fiction films.



HOW IMPORTANT ARE BROADCASTER INVESTMENTS AMONG MARKET CLUSTERS? - MARKET CLUSTER PERSPECTIVE

Table 22. Broadcaster investments – differences among market clusters (2018)

All sample films	Total sample films	Films with broadcaster inv.	% share films with broadcaster inv.	Total financing volume (in MEUR)	Total broadcaster inv. (in MEUR)	% share broadcaster inv.
Small markets [0 - 10 mio[	55	38	69%	74.5	4.7	6%
Medium markets [10 mio - 50 mio[	188	145	77%	388.5	50.3	13%
Large markets [>50 mio]	325	184	57%	1,332.6	324.1	24%
Total broadcaster investments	568	367	65%	1 795.6	379.1	21%

Excluding French films	Total sample films	Films with broadcaster inv.	% share films with broadcaster inv.	Total financing volume (in MEUR)	Total broadcaster inv. (in MEUR)	% share broadcaster inv.
Small market [0 - 10 mio[	55	38	69%	74.5	4.7	6%
Medium market [10 mio - 50 mio[	188	145	77%	388.5	50.3	13%
Large market [>50 mio]	164	63	38%	543.7	44.9	8%
Total broadcaster investments	407	246	60%	1 006.7	99.9	10%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- With the exception of France, where broadcaster investments are comparatively high, broadcasters appear to have contributed between 6% and 13% to the total financing volume in small, medium and large markets. The analysis therefore suggests that there are no inherent structural differences with regard to the significance of broadcaster financing between countries of different market sizes.
- In France, however, broadcasters play an exceptionally significant role in film financing, as clearly indicated by the fact that – when considering all sample films – broadcaster investments accounted for 24% of total financing volume in the large sample markets compared to only 8% if French films are excluded from the analysis.
- In the other three large sample markets, only 38% of the sample films had access to broadcaster financing. This compares to 77% and 69% of films in medium-sized and small markets, respectively.

4.4.2. Forms and national origin of broadcaster investments



BREAKDOWN OF BROADCASTER INVESTMENTS BY INVESTMENT FORM - PAN-EUROPEAN PERSPECTIVE

Table 23. Broadcaster financing by investment form (2018)

All sample films	Nr. of films	% share of total	% share of broadcaster investment	Amounts in MEUR	% share of total	% share of broadcaster investment
Broadcaster co-production	223	39%	61%	81.5	5%	22%
Broadcaster pre-sales	292	51%	80%	297.5	17%	78%
Total broadcaster investments	367	65%	100%	379.1	21%	100%
Total sample	568	100%		1 795.6	100%	

Excluding French films	Nr. of films	% share of total	% share of broadcaster investment	Amounts in MEUR	% share of total	% share of broadcaster investment
Broadcaster co-production	153	38%	62%	53.8	5%	54%
Broadcaster pre-sales	171	42%	70%	46.2	5%	46%
Total broadcaster investments	246	60%	100%	99.9	10%	100%
Total sample	407	100%		1 006.7	100%	

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- On a pan-European level, broadcasters financed fiction film production primarily through pre-sales rather than (co-)production investments: 78% of the sample broadcaster investments took the form of pre-sales while (co-)production investments accounted for only 22% of cumulative broadcaster investments of EUR 379 million.
- The picture is very different, however, when French films are excluded from the analysis. In this case, broadcaster film financing was more equally spread between pre-sales and (co-)production investments, the former accounting for 46% and the latter for 54% of cumulative sample broadcaster investments of EUR 100 million.

BREAKDOWN OF BROADCASTER INVESTMENTS BY INVESTMENT FORM - MARKET CLUSTER PERSPECTIVE

Table 24. Broadcaster financing by investment form – and by market cluster (2018)

All sample films	Films with broadcaster investments	Total broadcaster inv. (in MEUR)	Broadcaster (co-) production inv. (in MEUR)	% share of total broadcaster inv.	Broadcaster pre-sales (in MEUR)	% share of total broadcaster inv.
Small markets [0 - 10 mio[	38	4.7	0.4	9%	4.3	91%
Medium markets [10 mio - 50 mio[	145	50.3	31.6	63%	18.7	37%
Large markets [>50 mio]	184	324.1	49.5	15%	274.5	85%
Total broadcaster inv.	367	379.1	81.5	22%	297.5	78%

Excluding French films	Films with broadcaster investments	Total broadcaster inv. (in MEUR)	Broadcaster (co-) production inv. (in MEUR)	% share of total broadcaster inv.	Broadcaster pre-sales (in MEUR)	% share of total broadcaster inv.
Small markets [0 - 10 mio[	38	4.7	0.4	9%	4.3	91%
Medium markets [10 mio - 50 mio[	145	50.3	31.6	63%	18.7	37%
Large markets [>50 mio]	63	44.9	21.7	48%	23.2	52%
Total broadcaster inv.	246	99.9	53.8	54%	46.2	46%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- A comparison of broadcaster, pre-sales and co-production investments by market size suggests that pre-sales tend to be the dominant form of broadcaster investments in small and large markets, while (co-)production investments tend to be more common and financially more significant in medium-sized markets.
- There are, however, significant differences between individual markets where, according to the sample data, one of the two broadcaster investment forms generally dominates, with only six sample countries showing a fairly balanced mix between broadcaster pre-sales and direct production investments.

BREAKDOWN OF BROADCASTER INVESTMENTS BY NATIONAL ORIGIN

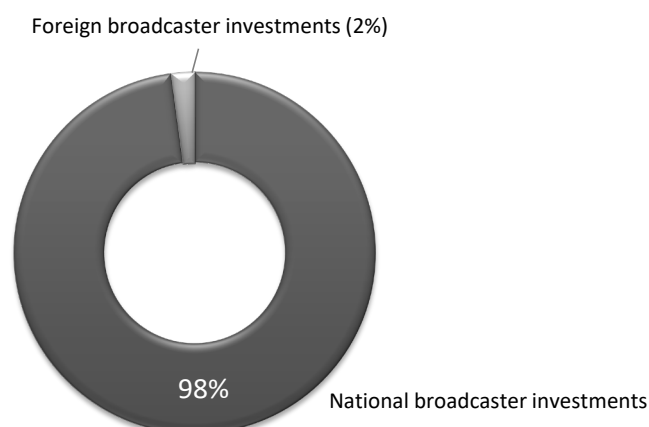
- PAN-EUROPEAN PERSPECTIVE

Table 25. Broadcaster investments by national origin (2018)

National origin	Nr of films	% share of total	% share of broadcaster investment	Amounts in MEUR	% share of total	% share of broadcaster investment
National broadcaster investments	362	64%	99%	371.1	21%	98%
Foreign broadcaster investments	41	7%	11%	7.9	0%	2%
Total broadcaster investments	367	65%	100%	379.1	21%	100%
Total sample	568	100%		1 795.6	100%	

Source: European Audiovisual Observatory

Figure 20. Breakdown of cumulative broadcaster investments by national origin (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

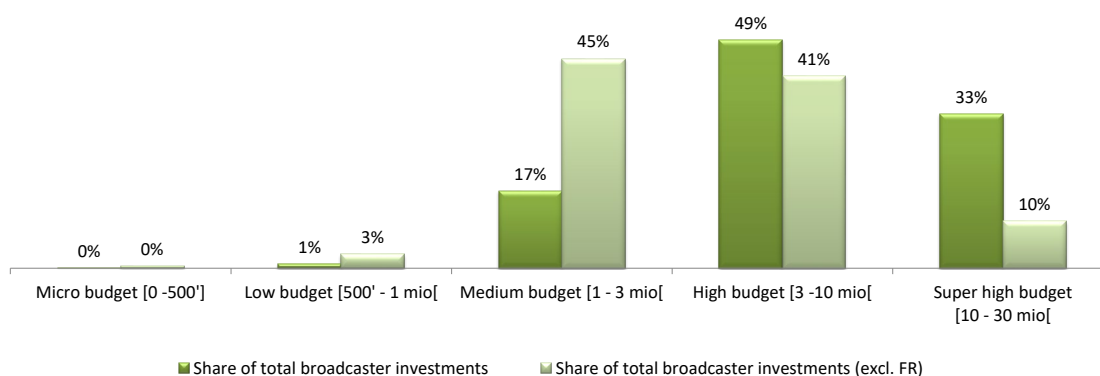
- The data analysis clearly shows that only national broadcaster investments, i.e. investments from broadcasters based in the main country of origin, really matter as a financing source of theatrical fiction films: investments from national broadcasters accounted for 98% of total broadcaster investments with only 2% coming from broadcasters based in minority-financing countries.
- This is also reflected in the number of films partly financed by broadcasters: while 64% of the sample films were partly financed by national broadcasters, only 7% were co-financed by foreign broadcasters.

4.4.3. Distribution of broadcaster investments by film type

HOW ARE BROADCASTER INVESTMENTS DISTRIBUTED AMONG BUDGET TYPES?

- PAN-EUROPEAN PERSPECTIVE

Figure 21. Distribution of broadcaster investments across film budget types (2018)



Source: European Audiovisual Observatory

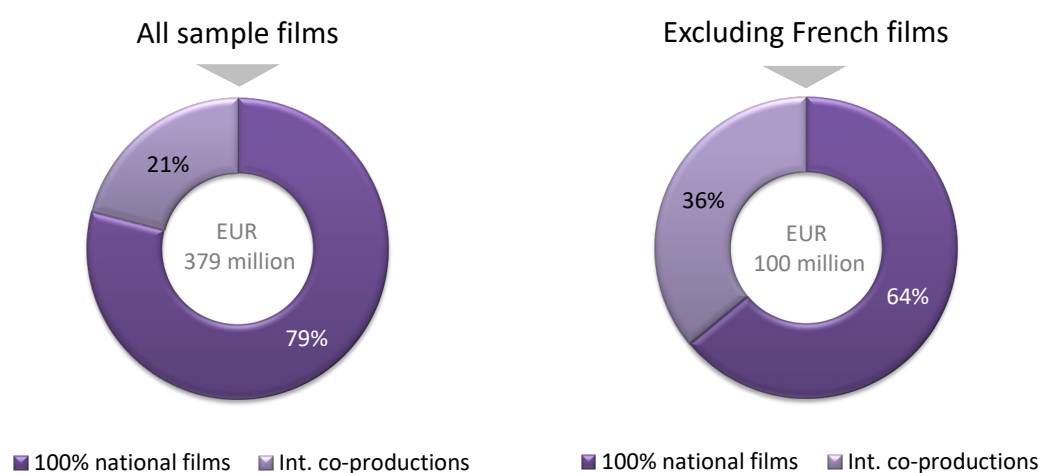
SELECTED INSIGHTS

- Including French films, the lion's share of broadcaster investments went to high-budget films (49%) and super-high-budget (33%) films, with another 17% going to medium-budget films. More than eight out of 10 Euros invested by European broadcasters in sample films were thus invested in fiction films, with budgets exceeding EUR 3 million, i.e. films with above-average budgets.
- Excluding French films changes the analysis results significantly, as the vast majority of broadcaster investments were now distributed to medium budget films (45%) and high-budget films (41%).

HOW ARE BROADCASTER INVESTMENTS DISTRIBUTED BETWEEN 100% NATIONAL FILMS AND INTERNATIONAL CO-PRODUCTIONS?

- PAN-EUROPEAN PERSPECTIVE

Figure 22. Distribution of broadcaster investments between 100% national films and international co-productions (2018)



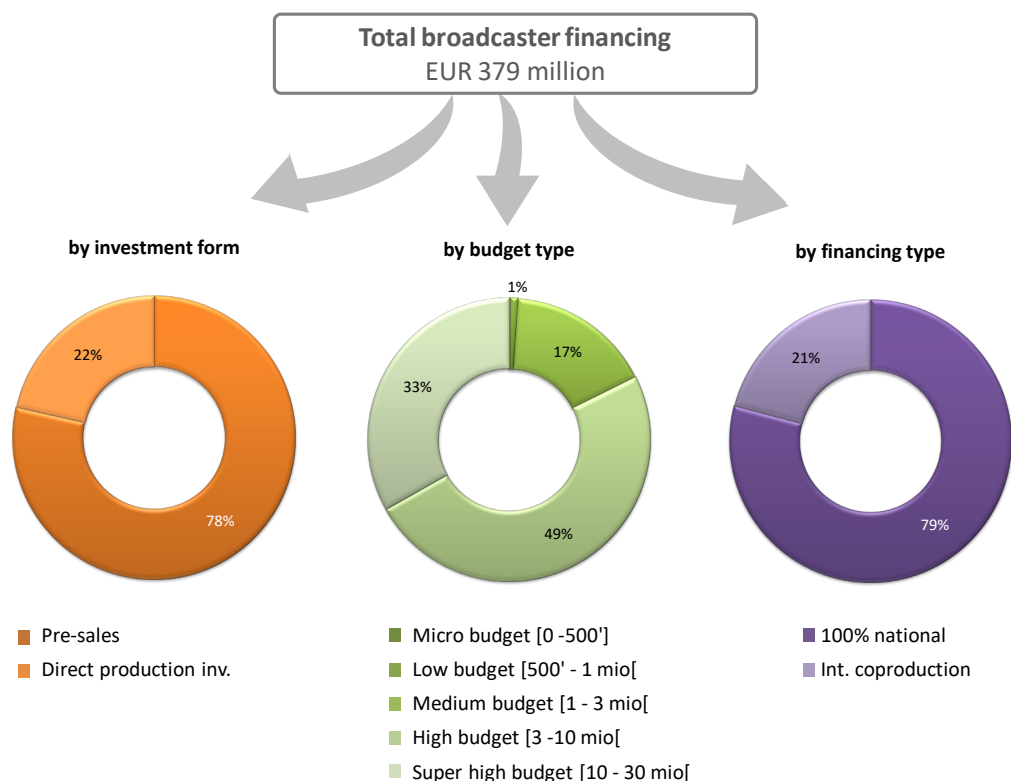
Source: European Audiovisual Observatory

SELECTED INSIGHTS

- In the 2018 data sample, broadcaster investments appear to be somewhat over-proportionally allocated to between 100% national films compared to international co-productions: 100% national films accounted for 71% of the sample films but captured 79% of cumulative broadcaster investments, while international co-productions - which comprised 29% of the sample films - captured 21% of broadcaster investments.
- This observation, however, does not hold when French films are excluded from the analysis. In this smaller data sample 100% national films accounted for 69% of the sample films but captured only 64% of cumulative broadcaster investments, while international co-productions - which comprised 31% of the sample films - captured 36% of broadcaster investments.

AT A GLANCE: HOW IS BROADCASTER FINANCING DISTRIBUTED AMONG FILM TYPES?
- PAN-EUROPEAN PERSPECTIVE

Figure 23. Breakdown of cumulative broadcaster financing volume by investment form, budget and financing type of films (2018)



Source: European Audiovisual Observatory

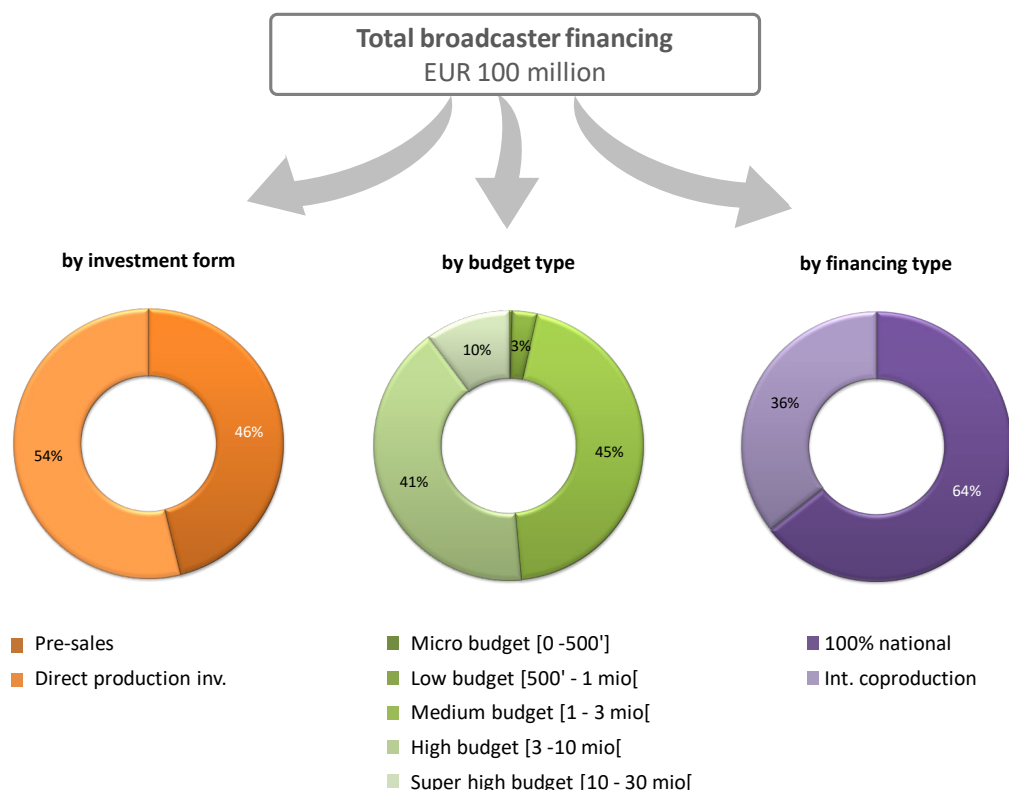
Table 26. Ranking of broadcaster financing – top 5 forms / film types (2018)

Rank	Form of broadcaster financing	Budget type	Financing type	Amount in MEUR	% share
1	Pre-sales	High budget [3 -10 mio[	100% national	124.9	33%
2	Pre-sales	Medium budget [1 - 3 mio[	100% national	32.3	9%
3	Pre-sales	High budget [3 -10 mio[	Int. co-production	22.6	6%
4	(Co-)Production investment	Medium budget [1 - 3 mio[	100% national	16.1	4%
5	(Co-)Production investment	High budget [3 -10 mio[	Int. co-production	16.0	4%
Other	-	-	-	167.2	44%
Total broadcaster investments				379.1	100%

Source: European Audiovisual Observatory

AT A GLANCE: HOW IS BROADCASTER FINANCING DISTRIBUTED AMONG FILM TYPES?
- PAN-EUROPEAN PERSPECTIVE EXCLUDING FRENCH FILMS

Figure 24. Breakdown of cumulative broadcaster financing volume by investment form, budget and financing type of films - excl. French films (2018)



Source: European Audiovisual Observatory

Table 27. Ranking of broadcaster financing – top 5 forms / film types excl. French films (2018)

Rank	Form of broadcaster financing	Budget type	Financing type	Amount in MEUR	% share
1	Pre-sales	Medium budget [1 - 3 mio[	100% national	18.7	19%
2	(Co-)Production investment	Medium budget [1 - 3 mio[	100% national	15.0	15%
3	(Co-)Production investment	High budget [3 - 10 mio[	Int. co-production	14.0	14%
4	Pre-sales	High budget [3 - 10 mio[	100% national	9.3	9%
5	Pre-sales	High budget [3 - 10 mio[	Int. co-production	9.1	9%
Other	-	-	-	33.8	34%
Total broadcaster investments				99.9	100%

Source: European Audiovisual Observatory



4.5. Pre-sales (excl. broadcasters)

4.5.1. Importance of pre-sales as a financing source

Methodological remarks:

Please note that 'pre-sales' refers to the cumulative amount of all financing raised from pre-sales of national distribution rights in the (co-)producing /-financing countries as well as multi-territory presales. In order to avoid double-counting, pre-sales to broadcasters based in (co-)producing countries are counted as broadcaster investments rather than pre-sales, for the purpose of this analysis. For research angles focusing on pre-sales rather than broadcaster financing, broadcaster pre-sales would have to be added to pre-sales. Pre-sales can either take the form of outright sales or minimum guarantees.

A pre-sale (for financing purposes) is defined as a sale of distribution rights (licence to distribute) that takes place at any time prior to the completion of a film production. To be considered financing funds, receipts from pre-sales have to go into the production account to be used to finance the production, rather than into the collection account.

In an outright sale / split rights deal, a financier pays (cash) in return for specific distribution rights. In contrast to a producer equity cash investment, which creates (partial) ownership of the negative and copyrights linked to the film, the financier in a split right deal only acquires distribution rights but does not share responsibility for actually developing, packaging and making the film. In contrast to a pre-sale based on minimum guarantees, these deals are generally structured as an outright sale in which the buying party pays the full purchase price up-front (i.e. before production is completed / started) as a one-off payment, with the producer receiving no further revenues from the subsequent exploitation of the right in question.

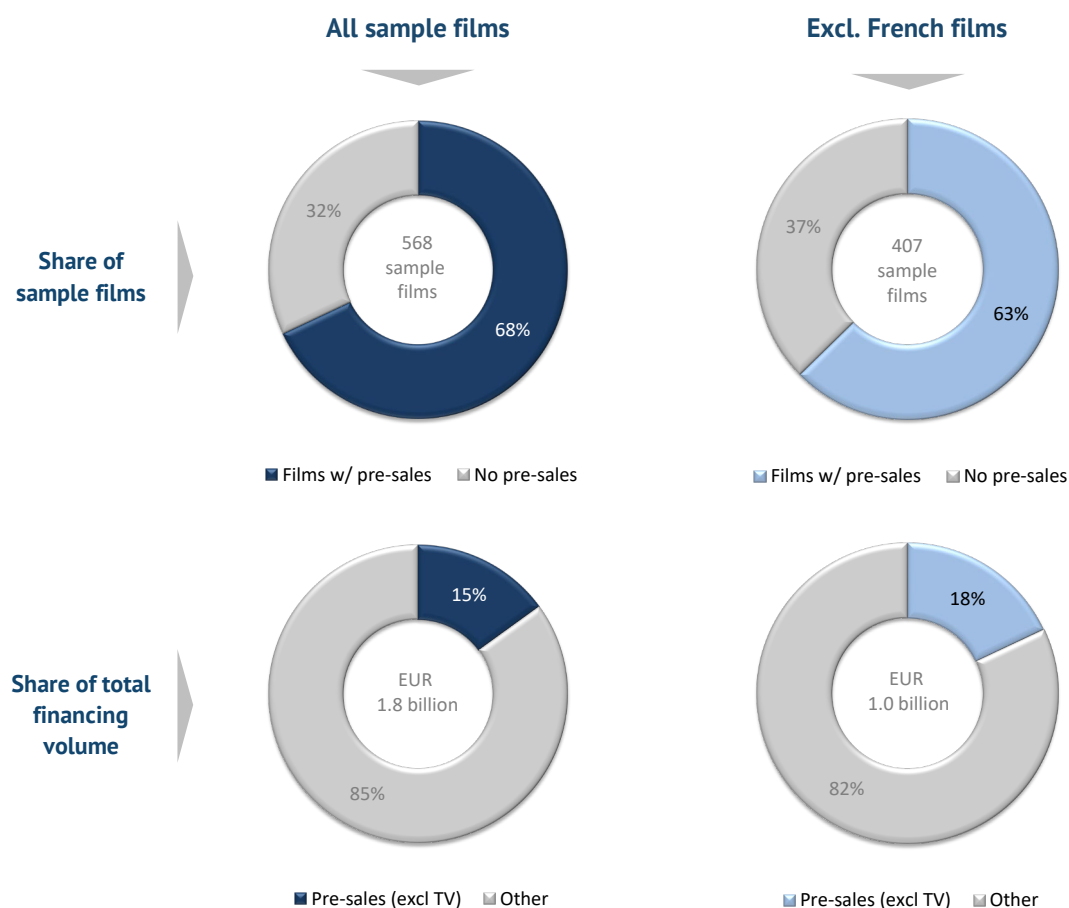
A minimum guarantee (MG) refers to the fee a distributor agrees to pay for the licence of copyright allowing them to distribute the film exclusively in their territory in the specified formats for a specified period of time. In contrast to an outright sale, the producer will participate in all revenues generated by the distributor during the lifetime of their distribution licence according to contractually defined splits. In fact, the minimum guarantee is actually an advance against future revenues payable to the producer pursuant to the distributors' sales contract.

See Appendix 7.5 for detailed definitions.

HOW IMPORTANT ARE PRE-SALES?

– PAN-EUROPEAN PERSPECTIVE

Figure 25. Share of pre-sales (excl. TV) in financing European fiction films (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Seven out of 10 sample films were partly financed by pre-sales (other than pre-sales to broadcasters), either taking the form of outright sales or minimum guarantees. The sample analysis hence suggests that the majority of European fiction films (63% to 68%) rely on pre-sales to finance their production budgets.
- In total, pre-sales contributed EUR 270 million to the cumulative sample financing volume of EUR 1.80 billion, representing 15% of the total cumulative funding volume of the data sample.
- Excluding French films from the analysis suggests a slightly more important role of pre-sales outside France in 2018 with pre-sales accounting for 18% (EUR 178 million) of the total financing volume of EUR 1.01 billion.

HOW IMPORTANT ARE PRE-SALES IN MARKETS OF DIFFERENT SIZES? – MARKET CLUSTER PERSPECTIVE

Table 28. Pre-sales – differences among market clusters (2018)

All sample films	Total sample films	Films with pre-sales	% share films with pre-sales	Total financing volume (in MEUR)	Total pre-sales (in MEUR)	% share pre-sales
Small markets [0 - 10 mio[	55	33	60%	74.5	6.0	8%
Medium markets [10 mio - 50 mio[	188	114	61%	388.5	31.7	8%
Large markets [>50 mio]	325	239	74%	1 332.6	232.2	17%
Total pre-sales (excl. TV)	568	386	68%	1 795.6	269.9	15%

Excluding French films	Total sample films	Films with pre-sales	% share films with pre-sales	Total financing volume (in MEUR)	Total pre-sales (in MEUR)	% share pre-sales
Small market [0 - 10 mio[	55	33	60%	74.5	6.0	8%
Medium market [10 mio - 50 mio[	188	114	61%	388.5	31.7	8%
Large market [>50 mio]	164	108	66%	543.7	140.2	26%
Total pre-sales (excl. TV)	407	255	63%	1 006.7	177.9	18%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Analysis of pre-sales by market cluster based on admissions volume suggests that the proportional significance of pre-sales as a financing source for European fiction films is overproportionally high in large markets where pre-sales contributed 17% (26% excl. French films) to cumulative financing volume, compared to 8% in both medium-sized and small sample markets.
- The data also suggest that access to pre-sales financing somewhat increases with market size. While 60% of the sample films produced in small markets were financed with pre-sales; the ratio increases to 61% of films in medium-sized markets and 74% in large markets (66% excluding French films).

4.5.2. Forms and national origin of pre-sales

PRE-SALES: MINIMUM GUARANTEE OR OUTRIGHT SALES? – PAN-EUROPEAN PERSPECTIVE

Table 29. Pre-sales financing: Minimum guarantees vs. outright sales (2018)

All sample films	Nr of films	% share of total	% share of pre-sales	Amounts in MEUR	% share of total	% share of pre-sales
Minimum guarantees	294	52%	76%	198.8	11%	74%
Outright sales (excl national TV)	142	25%	37%	71.1	4%	26%
Total pre-sales	386	68%	100%	269.9	15%	100%
Total sample	568	100%		1 795.6	100%	

Excluding French films	Nr of films	% share of total	% share of pre-sales	Amounts in MEUR	% share of total	% share of pre-sales
Minimum guarantees	163	40%	64%	106.8	11%	60%
Outright sales (excl national TV)	142	35%	56%	71.1	7%	40%
Total pre-sales	255	63%	100%	177.9	18%	100%
Total sample	407	100%		1 006.7	100%	

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- The data sample suggests that in 2018 minimum guarantees were the dominant form of pre-sales financing: on a pan-European level, 74% (60% excluding French films) of pre-sales financing was structured as minimum guarantees, while outright sales only accounted for 26% (40% excluding French films) of cumulative pre-sales funding.
- A total of 52% of the sample films secured a minimum guarantee to finance their budgets (40% excluding French films), while only 25% of films made an outright sale (35% excluding French films).



PRE-SALES: MINIMUM GUARANTEES OR OUTRIGHT SALES?
- MARKET CLUSTER PERSPECTIVE

Table 30. Minimum guarantees vs. outright sales – by market cluster (2018)

All sample films	Films with pre-sales	Total pre-sales (MEUR)	Minimum guarantees (MEUR)	% share of total pre-sales	Outright sales (MEUR)	% share of total pre-sales
Small markets [0 - 10 mio[	33	6.0	4.4	74%	1.6	26%
Medium markets [10 mio - 50 mio[	114	31.7	21.4	67%	10.3	33%
Large markets [>50 mio]	239	232.2	173.0	75%	59.2	25%
Total pre-sales (excl. TV)	386	269.9	198.8	74%	71.1	26%

Excluding French films	Films with pre-sales	Total pre-sales (MEUR)	Minimum guarantees (MEUR)	% share of total pre-sales	Outright sales (MEUR)	% share of total pre-sales
Small markets [0 - 10 mio[	33	6.0	4.4	74%	1.6	26%
Medium markets [10 mio - 50 mio[	114	31.7	21.4	67%	10.3	33%
Large markets [>50 mio]	108	140.2	81.0	58%	59.2	42%
Total pre-sales (excl. TV)	255	177.9	106.8	60%	71.1	40%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- The sample data shows that most countries tend, by a significant margin, to either favour minimum guarantees or outright sales, with only four sample markets showing a fairly balanced mix between minimum guarantees and outright sales. An analysis by market cluster hence provides only limited insights.
- While minimum guarantees represented the majority of pre-sales financing in all three market clusters, their dominance was more pronounced in large and small markets, where they accounted for 75% and 74% of total pre-sales financing, respectively.

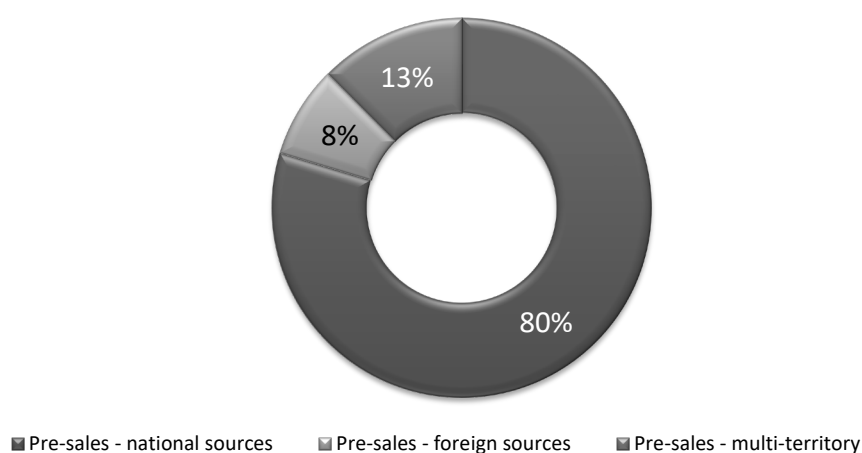
BREAKDOWN OF PRE-SALES BY NATIONAL ORIGIN – PAN-EUROPEAN PERSPECTIVE

Table 31. Pre-sales by national origin (2018)

National origin	Nr of films	% share of total	% share of pre-sales	Amounts in MEUR	% share of total	% share of pre-sales
Pre-sales - national sources	355	63%	92%	215.4	12%	80%
Pre-sales - foreign sources	54	10%	14%	21.1	1%	8%
Pre-sales - multi-territory	69	12%	18%	33.8	2%	13%
Total pre-sales	386	68%	100%	269.9	15%	100%
Total sample	568	100%		1 795.6	100%	

Source: European Audiovisual Observatory

Figure 26. Breakdown of cumulative pre-sales by national origin (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

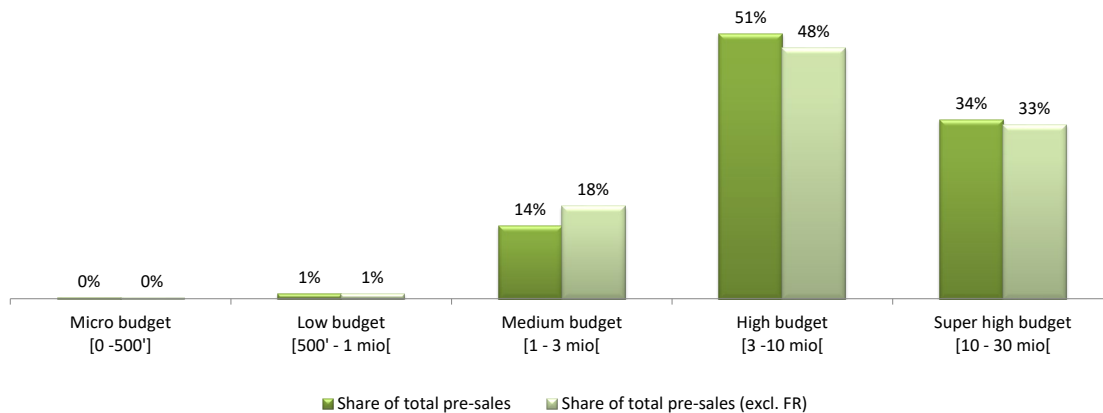
- The data analysis suggests that pre-sales financing is, for the most part, be raised only in the national market, i.e. pre-sales for the main country of origin, which accounted for 80% of the total sample pre-sales financing volume.
- Only 14% of sample films had a pre-sale outside the main country of origin, with the latter category representing 8% of total pre-sales financing.
- About two in 10 sample films were financed through a multi-territory pre-sale. Cumulatively, such pre-sales accounted for 13% of the total pre-sales financing volume.

4.5.3. Distribution of pre-sales by film type



HOW ARE PRE-SALES DISTRIBUTED AMONG BUDGET CLUSTERS? – PAN-EUROPEAN PERSPECTIVE

Figure 27. Distribution of pre-sales across film budget types (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

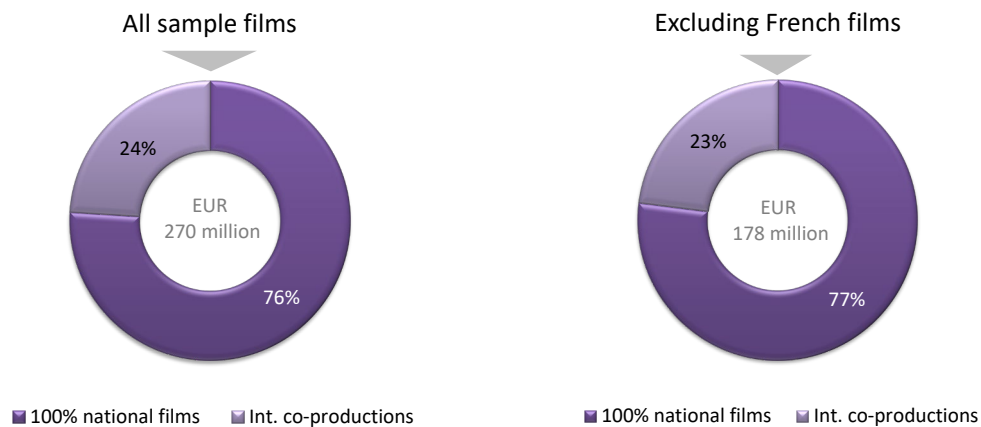
- The sample analysis suggests that pre-sales financing goes primarily to high- and super-high-budget films, i.e. films that can be expected to have a comparatively high commercial potential.
- The largest share of pre-sales financing went to the production of high-budget films, namely 51% of total pre-sales financing (48% excluding French films).
- A total of 34% of the financing amounts generated through pre-sales was invested in the production of super-high-budget films (33% excluding French films) and 14% went to medium-budget films (18% excluding French films).
- Cumulative pre-sales for low- and micro-budget films were negligible.



HOW ARE PRE-SALES DISTRIBUTED BETWEEN 100% NATIONAL FILMS AND INTERNATIONAL CO-PRODUCTIONS?

– PAN-EUROPEAN PERSPECTIVE

Figure 28. Distribution of pre-sales financing volume between 100% national films and international co-productions (2018)



Source: European Audiovisual Observatory

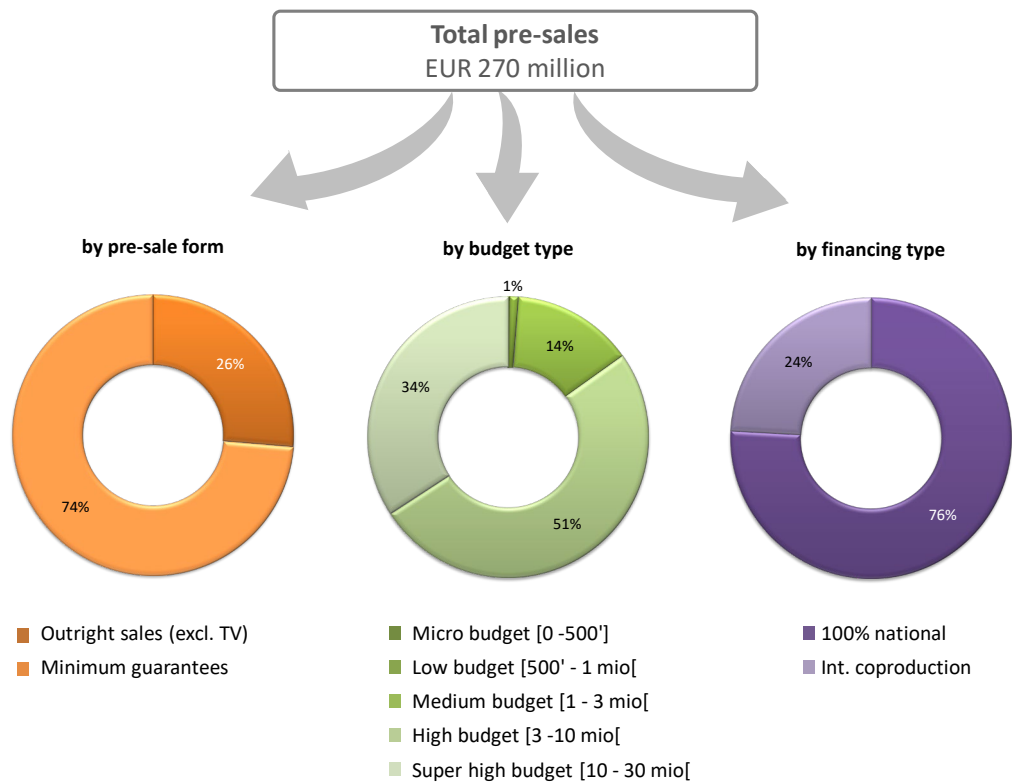
SELECTED INSIGHTS

- Pre-sales financing appears to be somewhat overproportionally allocated to 100% national films and international co-productions: 100% national films representing 71% of the sample films captured 76% of cumulative pre-sales; international co-productions accounting for 29% of the sample films captured 24% of pre-sales.
- This observation is even more pronounced when French films are excluded from the analysis, with pre-sales over-proportionally allocated to 100% national films, which accounted for 69% of the sample films but captured 77% of cumulative pre-sales. In contrast, international co-productions accounted for 31% of the sample films but captured only 23% of total pre-sales.



AT A GLANCE: HOW ARE PRE-SALES DISTRIBUTED AMONG FILM TYPES? – PAN-EUROPEAN PERSPECTIVE

Figure 29. Breakdown of cumulative pre-sales by pre-sale form, budget and financing type of films (2018)



Source: European Audiovisual Observatory

Table 32. Ranking of pre-sales financing – top 5 forms / film types (2018)

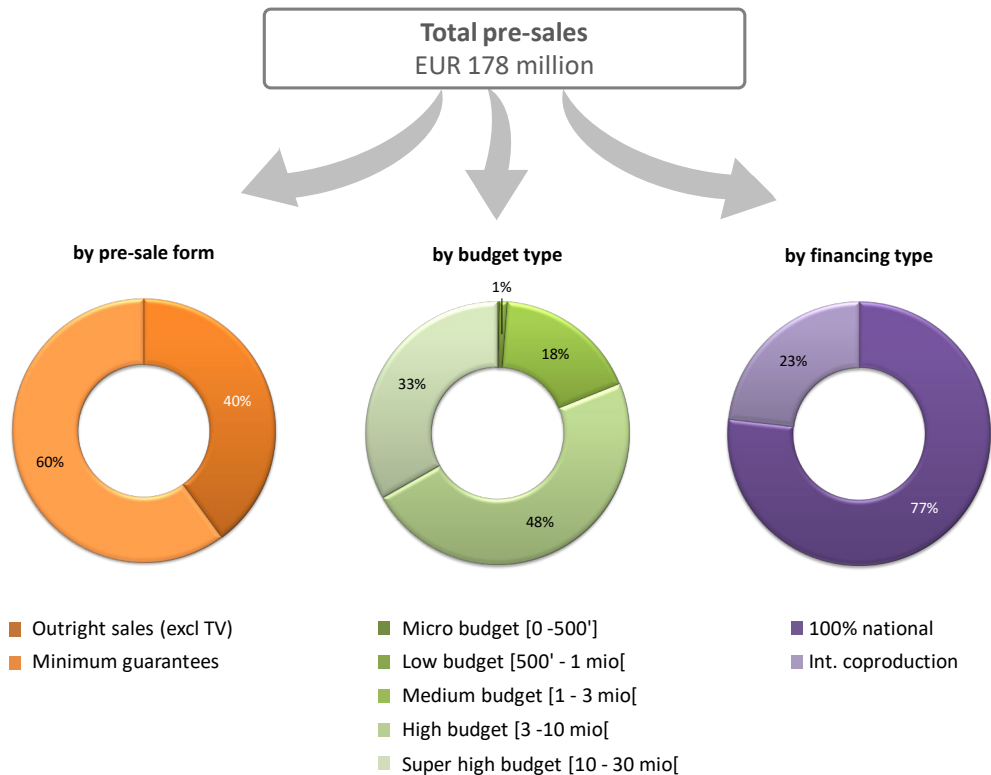
Rank	Form of pre-sales	Budget type	Financing type	Amount in MEUR	% share
1	Minimum guarantee	Super high budget [10 - 30 mio[	100% national	73.5	27%
2	Minimum guarantee	High budget [3 -10 mio[	100% national	45.8	17%
3	Outright sale (excl. TV)	High budget [3 -10 mio[	100% national	35.9	13%
4	Minimum guarantee	Super high budget [10 - 30 mio[	Int. co-production	30.2	11%
5	Minimum guarantee	High budget [3 -10 mio[	Int. co-production	24.0	9%
Other	-	-	-	60.4	22%
Total pre-sales				269.9	100%

Source: European Audiovisual Observatory



AT A GLANCE: HOW ARE PRE-SALES DISTRIBUTED AMONG FILM TYPES?
-PAN-EUROPEAN PERSPECTIVE EXCLUDING FRENCH FILMS

Figure 30. Breakdown of cumulative pre-sales by pre-sale form, budget and financing type of films - excl. French films (2018)



Source: European Audiovisual Observatory

Table 33. Ranking of pre-sales financing – top 5 forms / film types excluding French films (2018)

Rank	Form of pre-sales	Budget type	Financing type	Amount in MEUR	% share
1	Outright sale	High budget [3 -10 mio[	100% national	35.9	20%
2	Minimum guarantee	High budget [3 -10 mio[	100% national	28.3	16%
3	Minimum guarantee	Super high budget [10 - 30 mio[	100% national	27.8	16%
4	Minimum guarantee	High budget [3 -10 mio[	Int. co-production	17.8	10%
5	Outright sale	Super high budget [10 - 30 mio[	100% national	16.1	9%
Other	-	-	-	52.0	29%
Total pre-sales				177.9	100%

Source: European Audiovisual Observatory



4.6. Producer investments (excl. broadcasters)

4.6.1. Importance of producer investments as a financing source

Methodological remarks:

Please note that this category combines all production investments (own investments) from producers based either in the main production country or in one of the minority co-producing countries. To avoid double counting producer investments from broadcasters are excluded, as they are treated as broadcaster investments for the purpose of this analysis. For research angles focusing on producer rather than broadcaster financing, direct broadcaster (co-)production investments would have to be added to this category.

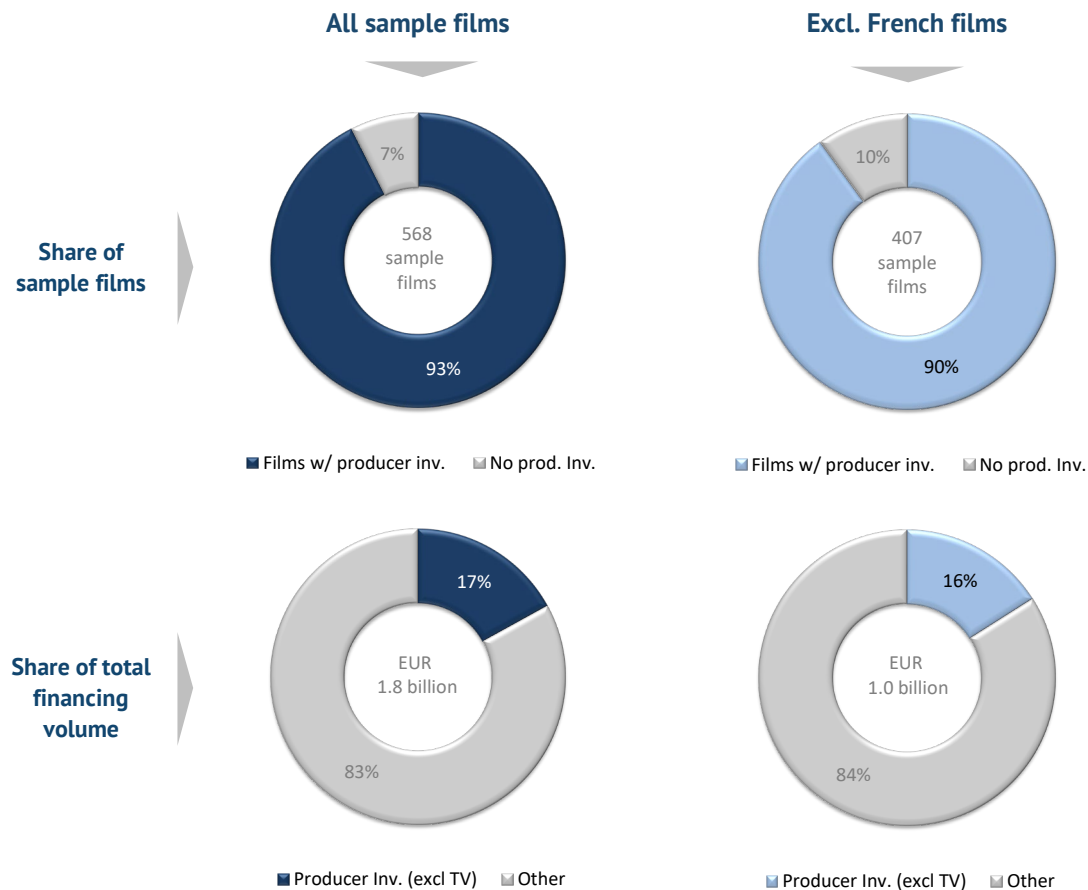
Producers are defined as persons, either corporate or individual, responsible for developing, packaging and making the film. Producers ultimately own and control the copyright in the finished product. This includes both the lead producer as well as co-producers but excludes production service companies only engaged by the production company to make the film on its behalf and not investing their own equity.

Producers investments are defined as funds invested by producers in the production of the film, giving them an equity share in the film, i.e. (partial) ownership of the negative and copyrights linked to the film. This includes in-kind investments made by producers but excludes in-kind investments (facilities for equity) made by third parties such as equipment rental companies, studios or post-production houses, which are treated as a separate financing category. This furthermore excludes payments made by broadcasters in exchange for TV rights (pre-sales to broadcasters). It also excludes deferments or loans made by producers as they are qualified as debt financing. Producers' equity generally comes last in the recoupment schedule.

See Appendix 7.5 for detailed definitions.

HOW IMPORTANT ARE PRODUCER INVESTMENTS? - PAN-EUROPEAN PERSPECTIVE

Figure 31. Share of producer investments in financing European fiction films (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Nine out of 10 sample films were partly financed through producer investments (other than producer investments made by broadcasters). Conversely, one in 10 films was produced without direct producer investment.
- In total, producer investments contributed EUR 301 million to the cumulative financing volume of EUR 1.80 billion, representing 17% of the total sample financing volume. The exclusion of French films hardly alters the analysis results.
- Producer investments thus represented the third most significant financing source for theatrical fiction films on a pan-European level (both in the full data sample as well as the sample excluding French films).



HOW IMPORTANT ARE PRODUCER INVESTMENTS? - MARKET CLUSTER PERSPECTIVE

Table 34. Producer investments – differences among market clusters (2018)

All sample films	Total sample films	Films with producer inv.	% share films with prod. inv.	Total financing volume (in MEUR)	Total producer inv. (in MEUR)	% share producer inv.
Small markets [0 - 10 mio[	55	52	95%	74.5	12.7	17%
Medium markets [10 mio - 50 mio[	188	168	89%	388.5	47.9	12%
Large markets [>50 mio]	325	309	95%	1 332.6	240.0	18%
Total producer investments (excl. TV)	568	529	93%	1 795.6	300.7	17%

Excluding French films	Total sample films	Films with producer inv.	% share films with prod. inv.	Total financing volume (in MEUR)	Total producer inv. (in MEUR)	% share producer inv.
Small market [0 - 10 mio[	55	52	95%	74.5	12.7	17%
Medium market [10 mio - 50 mio[	188	168	89%	388.5	47.9	12%
Large market [>50 mio]	164	148	90%	543.7	97.5	18%
Total producer investments (excl. TV)	407	368	90%	1 006.7	158.2	16%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Analysis of producer investments by market cluster suggests that the share of producer investments is more significant in small and large markets than in medium-sized markets: producer investments represented 17% and 18% of total financing volume in small and large markets, but contributed ‘only’ 12% of the total financing volume in medium-sized markets.
- In terms of access, the data sample suggests there are no significant differences between market clusters, with nine out of 10 sample films partly relying on producer investments.

4.6.2. National origin of producer investments

BREAKDOWN OF PRODUCER INVESTMENTS BY NATIONAL ORIGIN

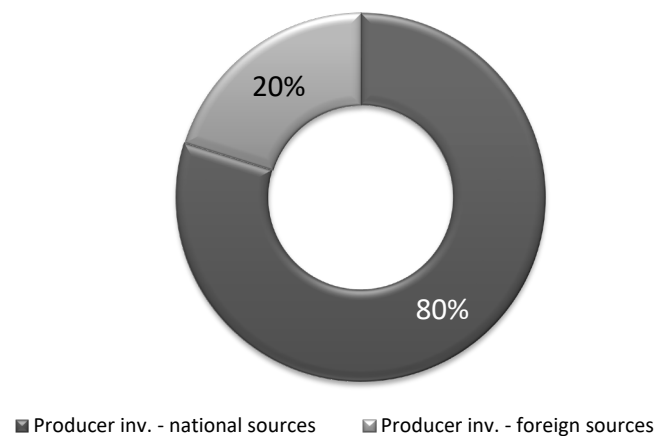
- PAN-EUROPEAN PERSPECTIVE

Table 35. Producer investments by national origin (2018)

All sample films	Nr of films	% share of total	% share of producer inv.	Amounts in MEUR	% share of total	% share of producer inv.
Producer inv. - national sour	516	91%	98%	240.0	13%	80%
Producer inv. - foreign sourc	161	28%	30%	60.7	3%	20%
Total producer investments	529	93%	100%	300.7	17%	100%
Total sample	568	100%		1 795.6	100%	

Source: European Audiovisual Observatory

Figure 32. Breakdown of cumulative producer investments by national origin (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

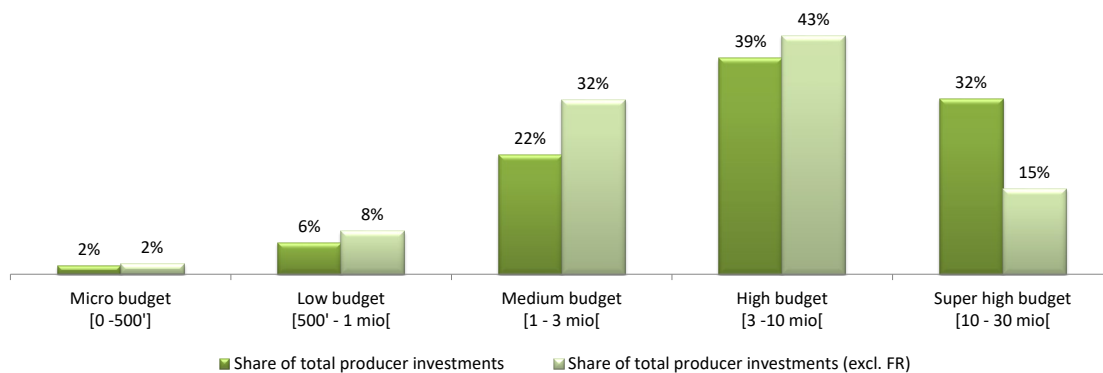
- A total of 80% of cumulative producer investments in the data sample came from national producers, i.e. producers based in the main country of origin; 20% of producer investments originated from foreign (co-)producers based in minority co-producing / financing countries.
- While nine out of 10 sample films were financed through national producer investments, less than one in three sample films was co-financed by a foreign producer.

4.6.3. Distribution of producer investments by film types

HOW ARE PRODUCER INVESTMENTS DISTRIBUTED AMONG BUDGET CLUSTERS?

- PAN-EUROPEAN PERSPECTIVE

Figure 33. Distribution of producer investments across film budget types (2018)



Source: European Audiovisual Observatory

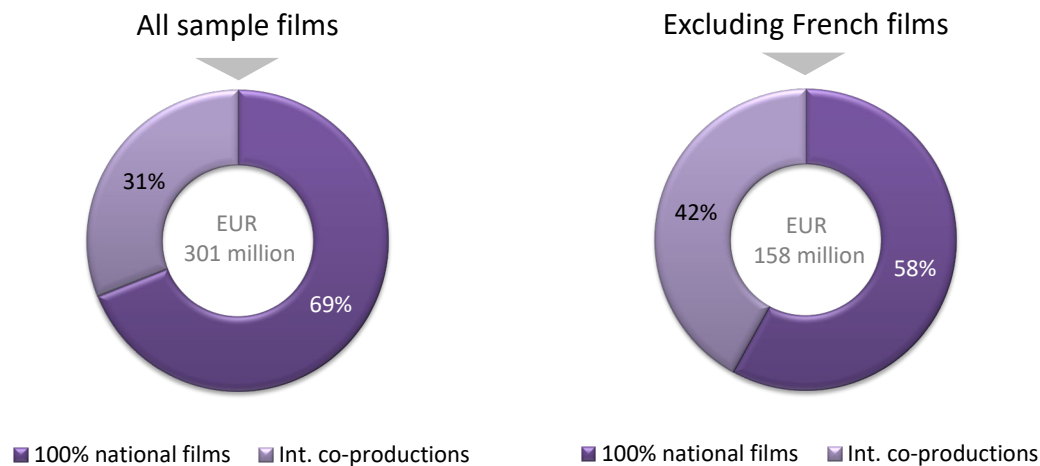
SELECTED INSIGHTS

- High-budget films attracted the largest share of producer investments, capturing 39% of cumulative producer investments.
- A total of 32% of producer investments went to finance the production of super-high budget films and 22% went to medium-budget films.
- Excluding French films, the bulk of producer investments went into the production of high-budget (43%) and medium-budget (32%) films.

HOW ARE PRODUCER INVESTMENTS DISTRIBUTED BETWEEN 100% NATIONAL FILMS AND INTERNATIONAL CO-PRODUCTIONS?

- PAN-EUROPEAN PERSPECTIVE

Figure 34. Distribution of producer investments between 100% national films and international co-productions (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Producer investments appear to be somewhat overproportionally allocated to international co-productions: accounting for 71% of sample films, 100% national films captured only 69% of total producer investments, while international co-productions represented 29% of sample films and captured 31% of total producer investments.
- These analysis results are more pronounced when French films are excluded: in this event, 100% national films accounted for 69% of the sample films and captured 58% of cumulative producer investments, while international co-productions accounted for 31% of the sample films but captured 42% of total producer investments.

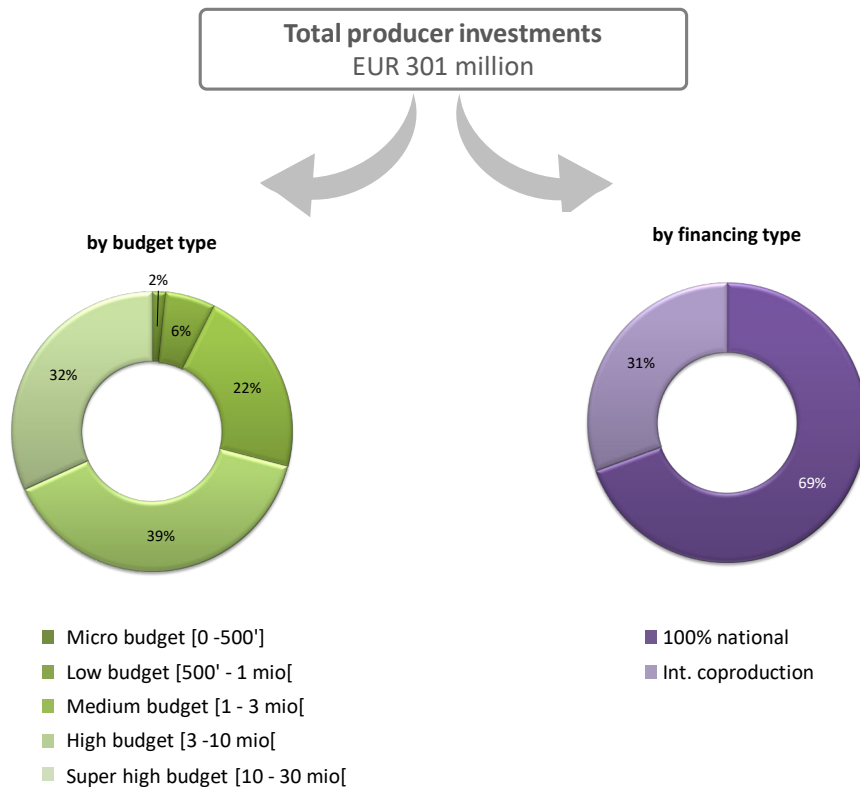


AT A GLANCE: HOW ARE PRODUCER INVESTMENTS DISTRIBUTED AMONG FILM TYPES?

- PAN-EUROPEAN PERSPECTIVE

Figure 35. Breakdown of cumulative producer investments by budget and financing type of films (2018)

Remark: 34 million in unspecified foreign producer investments (for French films) are assumed to originate with foreign independent production companies.



Source: European Audiovisual Observatory

Table 36. Ranking of producer investments – top 5 film types (2018)

Rank	Form of producer inv. (excl. TV)	Budget type	Financing type	Amount in MEUR	% share
1	Independent film production company	High budget [3 - 10 mio[	100% national	77.4	26%
2	Independent film production company	Super high budget [10 - 30 mio[	100% national	67.4	22%
3	Independent film production company	Medium budget [1 - 3 mio[	100% national	45.5	15%
4	Independent film production company	High budget [3 - 10 mio[	Int. co-production	39.7	13%
5	Independent film production company	Super high budget [10 - 30 mio[	Int. co-production	28.3	9%
Other -		-	-	42.4	14%
Total pre-sales				300.7	100%

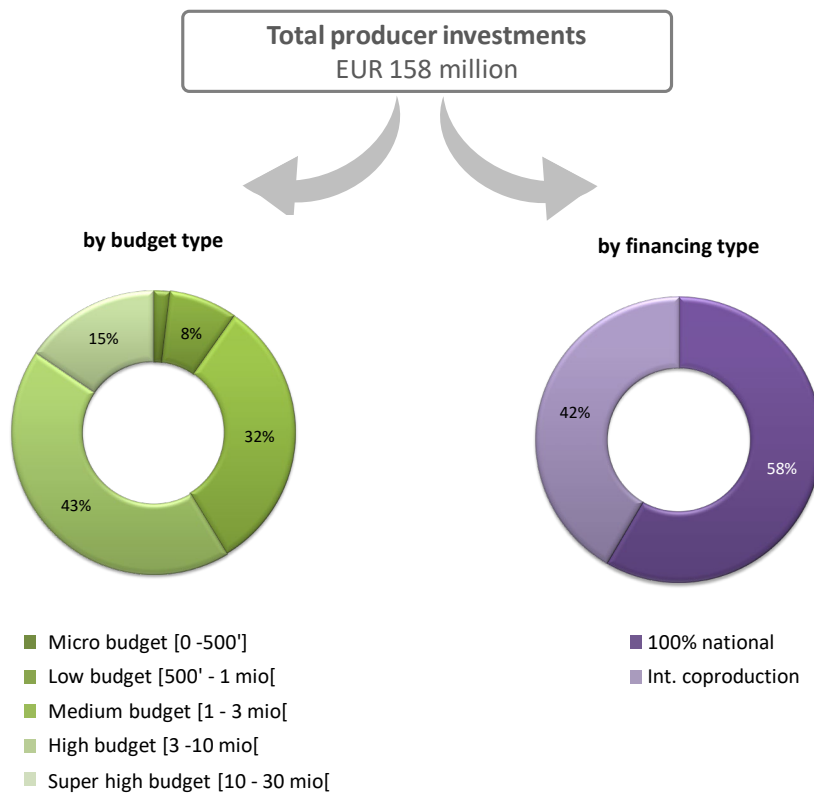
Source: European Audiovisual Observatory



AT A GLANCE: HOW ARE PRODUCER INVESTMENTS DISTRIBUTED AMONG FILM TYPES?

- PAN-EUROPEAN PERSPECTIVE EXCLUDING FRENCH FILMS

Figure 36. Breakdown of cumulative producer investments by financing and budget type of films - excl. French films (2018)



Source: European Audiovisual Observatory

Table 37. Ranking of producer investments – top 5 film types excl. French films (2018)

Rank	Form of producer inv. (excl. TV)	Budget type	Financing type	Amount in MEUR	% share
1	Independent film production company	High budget [3 -10 mio[	100% national	35.8	23%
2	Independent film production company	Medium budget [1 - 3 mio[	100% national	35.0	22%
3	Independent film production company	High budget [3 -10 mio[	Int. co-production	32.0	20%
4	Independent film production company	Super high budget [10 - 30 mio[	Int. co-production	16.7	11%
5	Independent film production company	Medium budget [1 - 3 mio[	Int. co-production	13.2	8%
Other	-	-	-	25.4	16%
Total pre-sales				158.2	100%

Source: European Audiovisual Observatory

4.7. Production incentives

4.7.1. Importance of production incentives as a financing source

Methodological remarks:

Production incentives refer to the cumulative amounts of certified funds coming from national production incentives. Production incentives can take many forms including cash rebates, tax rebates or tax credits targeting production (service) companies as well as tax shelters which encourage national private investments in film production. In contrast to direct public funding, incentive funding is generally calculated as a percentage share of eligible production expenditures and is refunded ex post.

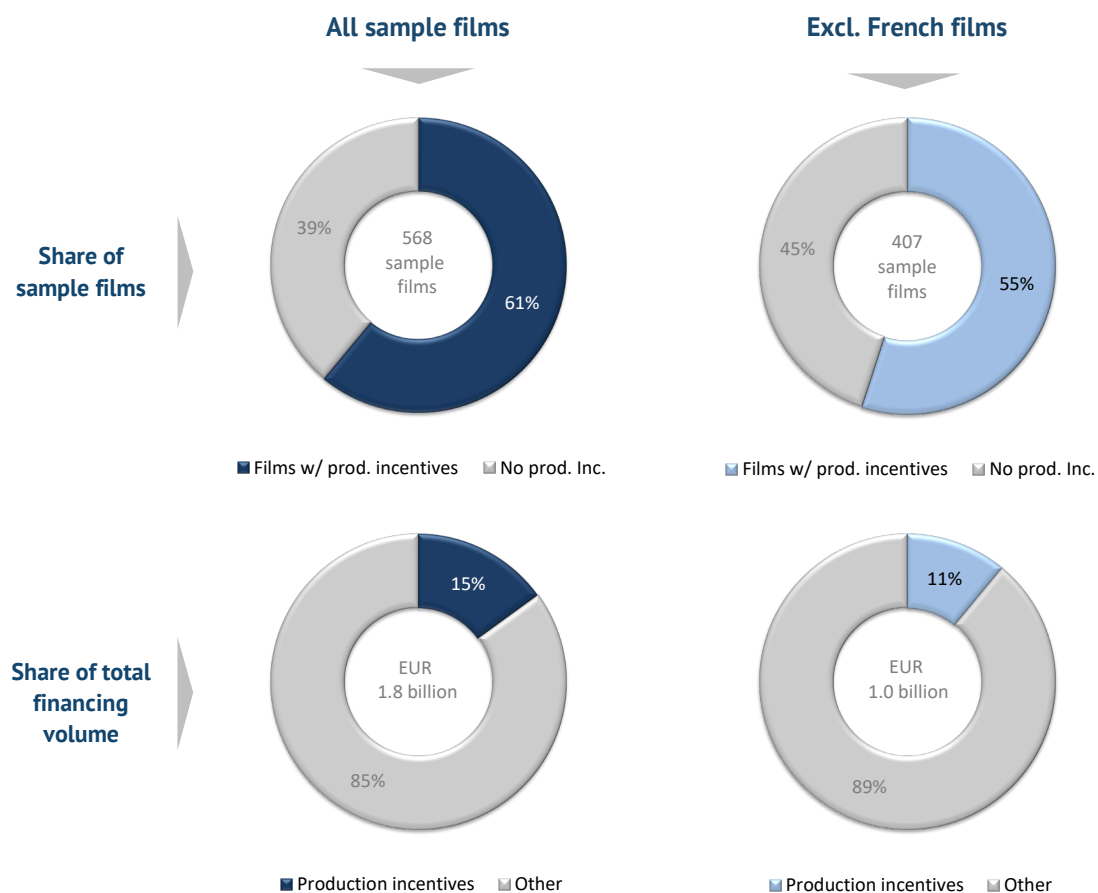
In the case of cash and tax rebates and tax credits, a certain percentage share of the film's eligible local production expenditures is paid back to the producer. In contrast, tax shelters (or tax allowances) offer an incentive for private investors to make equity cash investments in film productions (either directly in production or through the acquisition of rights), allowing them to reduce their taxable income base by the amount invested. In the case of tax shelter investments, funds thus become available to the production up-front and are provided by private investors rather than fiscal authorities or the state. Given their hybrid nature as equity investments and soft money, tax shelter funds could in principle also be grouped under "private equity investments". However, in order to facilitate the analysis of fiscal incentives as a financing source, they are shown in the "Production Incentives" section.

See Appendix 7.5 for detailed definitions.

HOW IMPORTANT ARE PRODUCTION INCENTIVES?

- PAN-EUROPEAN PERSPECTIVE

Figure 37. Share of production incentives in financing of European fiction films (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- A total of 61% of the sample films were partly financed through production incentives taking the form of cash rebates, tax rebates, tax credits, tax shelter investments or other production incentives. Excluding French films from the analysis, this ratio drops to 55%.
- In total, production incentives contributed EUR 270 million to the cumulative financing volume of EUR 1.80 billion, representing 15% of the total cumulative sample funding volume. Excluding French films, this share drops to 11% (EUR 113 million).

HOW IMPORTANT ARE PRODUCTION INCENTIVES?

- MARKET CLUSTER PERSPECTIVE

Table 38. Production incentives by budget and market cluster (2018)

All sample films	Total sample films	Films with production incentives	% share films with prod. Incentives	Total financing volume (in MEUR)	Total prod. incentives (in MEUR)	% share production incentives
Small markets [0 - 10 mio[	55	14	25%	74.5	3.5	5%
Medium markets [10 mio - 50 mio[	188	103	55%	388.5	47.3	12%
Large markets (>50 mio]	325	230	71%	1 332.6	219.3	16%
Total production incentives	568	347	61%	1 795.6	270.1	15%

Excluding French films	Total sample films	Films with production incentives	% share films with prod. Incentives	Total financing volume (in MEUR)	Total prod. incentives (in MEUR)	% share production incentives
Small market [0 - 10 mio[	55	14	25%	74.5	3.5	5%
Medium market [10 mio - 50 mio[	188	103	55%	388.5	47.3	12%
Large market (>50 mio]	164	106	65%	543.7	61.8	11%
Total production incentives	407	223	55%	1 006.7	112.7	11%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Analysis of production incentives by market cluster based on admissions volume shows that production incentives are largely available only in medium and large markets, and that production incentives play a comparatively limited role in financing films originating in small sample markets.
- Production incentives contributed 16% (11% excluding French films) and 12% of total financing volume in large- and medium-sized markets, respectively, compared to 5% in the small sample markets.
- The same is true for the share of the number of films benefitting from production incentives. 71% of sample films originating from large markets (65% excluding France) were partly financed by production incentives, compared to 55% of sample films in medium-sized markets compared to 25% of small-market films.

4.7.2. Forms and national origin of production incentives

BREAKDOWN OF PRODUCTION INCENTIVES BY INCENTIVE TYPE

- PAN-EUROPEAN PERSPECTIVE

Table 39. Breakdown of production incentives by incentive type (2018)

All sample films	Nr of films	% share of total	% share of production incentives	Amounts in MEUR	% share of total	% share of production incentives
Cash rebates	49	9%	14%	15.4	1%	6%
Tax rebates	130	23%	37%	120.3	7%	45%
Tax credits	107	19%	31%	56.4	3%	21%
Tax shelter investments	133	23%	38%	52.8	3%	20%
Other production incentives	1	0%	0%	0.1	0%	0%
Unidentified production incentives	48	8%	14%	25.2	1%	9%
Total production incentives	347	61%	n.a.	270.1	15%	100%
Total sample	568	100%		1 795.6	100%	

Excluding French films	Nr of films	% share of total	% share of production incentives	Amounts in MEUR	% share of total	% share of production incentives
Cash rebates	49	12%	22%	15.4	2%	14%
Tax rebates	25	6%	11%	13.9	1%	12%
Tax credits	107	26%	48%	56.4	6%	50%
Tax shelter investments	46	11%	21%	22.0	2%	20%
Other production incentives	1	0%	0%	0.1	0%	0%
Unidentified production incentives	14	3%	6%	4.9	0%	4%
Total production incentives	223	55%	n.a.	112.7	11%	100%
Total sample	407	100%		1 006.7	100%	

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Tax rebates represented the clear majority of production incentives used to finance theatrical fiction films, accounting for 45% of the total EUR 270 million in production incentives - ahead of tax credits (21%) and tax shelter investments (20%), with cash rebates for producers comprising 6% of cumulative production incentives.
- Excluding French films, the picture changes, with tax credits representing the most significant form of production incentives, accounting for 50% of cumulative production incentives, followed by tax shelter investments from private investors (20%) and cash rebates (14%).
- The significance of individual forms of production incentives differs between countries depending on the respective schemes offered with only few countries offering more than one type of production incentive.

BREAKDOWN OF PRODUCTION INCENTIVES BY NATIONAL ORIGIN

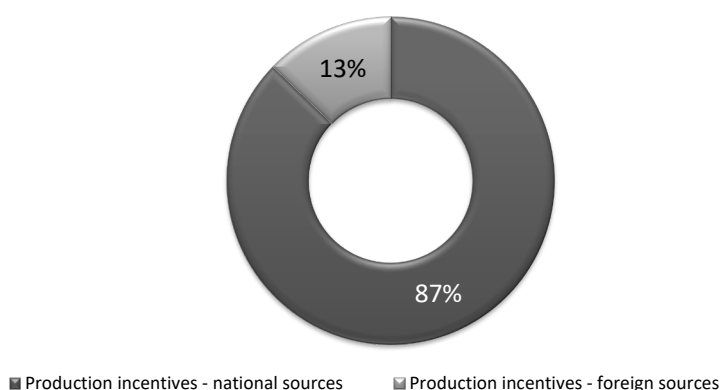
- PAN-EUROPEAN PERSPECTIVE

Table 40. Production incentives by national origin (2018)

All sample films	Nr of films	% share of total	% share of production incentives	Amounts in MEUR	% share of total	% share of production incentives
Production incentives - national sources	332	58%	96%	235.6	13%	87%
Production incentives - foreign sources	74	13%	21%	34.5	2%	13%
Total production incentives	347	61%	100%	270.1	15%	100%
Total sample	568	100%		1 795.6	100%	

Source: European Audiovisual Observatory

Figure 38. Breakdown of cumulative financing from production incentives by national origin (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

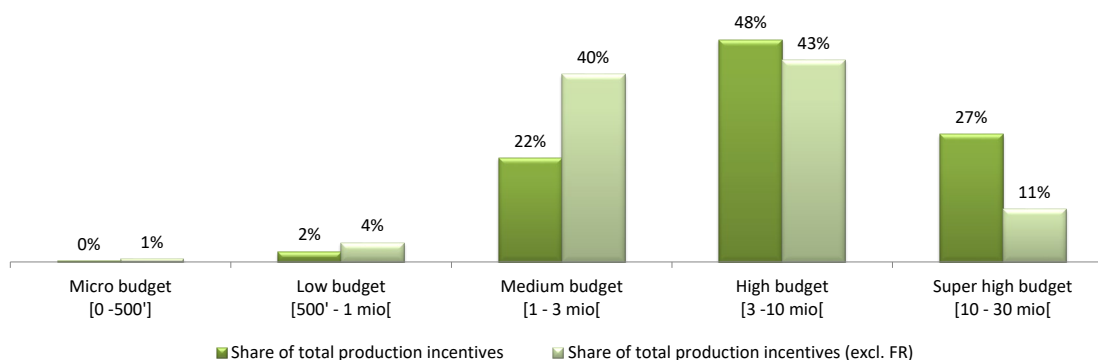
- The analysis by national origin shows that 87% of cumulative production incentives were provided by the main country of origin, and 13% were obtained in minority co-financing countries.
- This is also reflected in the number of films financed with production incentives. While 58% of the sample films were partly financed by national production incentives, only one in 10 sample films had foreign production incentives in their financing mix.

4.7.3. Distribution of production incentives by film type

HOW ARE PRODUCTION INCENTIVES DISTRIBUTED AMONG FILM BUDGET CLUSTERS?

- PAN-EUROPEAN PERSPECTIVE

Figure 39. Distribution of production incentives across film budget types (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- By far the largest share of production incentives went to the production of high-budget films (48%), while 27% went to super-high budget films and 22% went to medium-budget films.
- Excluding France, it is still high-budget films capturing the largest share of production incentives (43%) but a significantly higher share went to medium-budget films which captured 40% of total production incentives in this sub-sample group.

HOW ARE PRODUCTION INCENTIVES DISTRIBUTED BETWEEN 100% NATIONAL FILMS AND INTERNATIONAL CO-PRODUCTIONS?

- PAN-EUROPEAN PERSPECTIVE

Figure 40. Distribution of production incentives between 100% national films and international co-productions (2018)



Source: European Audiovisual Observatory

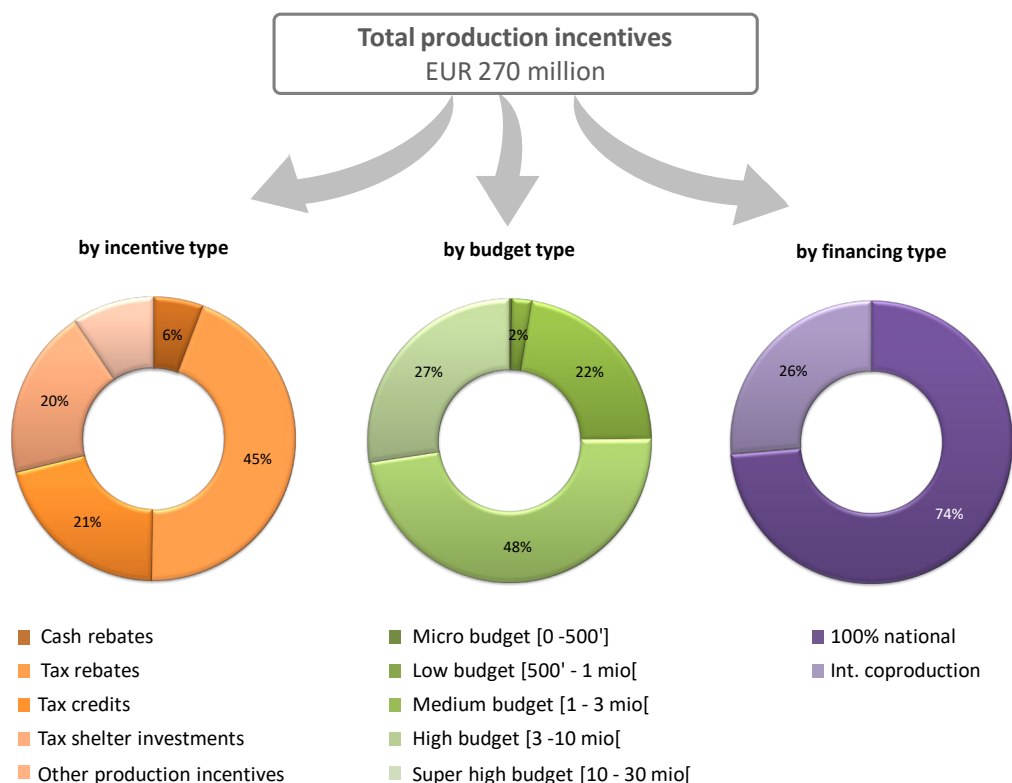
SELECTED INSIGHTS

- Production incentive financing appears to be more or less proportionally allocated to 100% national films and international co-productions: representing 71% of the sample films 100% national films captured 74% of cumulative production incentives. International co-productions account for 29% of the sample films and comprised 26%.
- The situation is different when French films are excluded, with international co-productions receiving a somewhat over-proportional share of production incentives: such productions account for 31% of the sample films but captured 36% of total production incentive financing. In contrast, 100% national films account for 69% of the sample films but captured only 64% of cumulative sample production incentives.

AT A GLANCE: HOW ARE PRODUCTION INCENTIVES DISTRIBUTED?

- PAN-EUROPEAN PERSPECTIVE

Figure 41. Breakdown of cumulative production incentives by form, budget and financing type of films (2018)



Source: European Audiovisual Observatory

Table 41. Ranking of production incentives – top 5 forms / film types (2018)

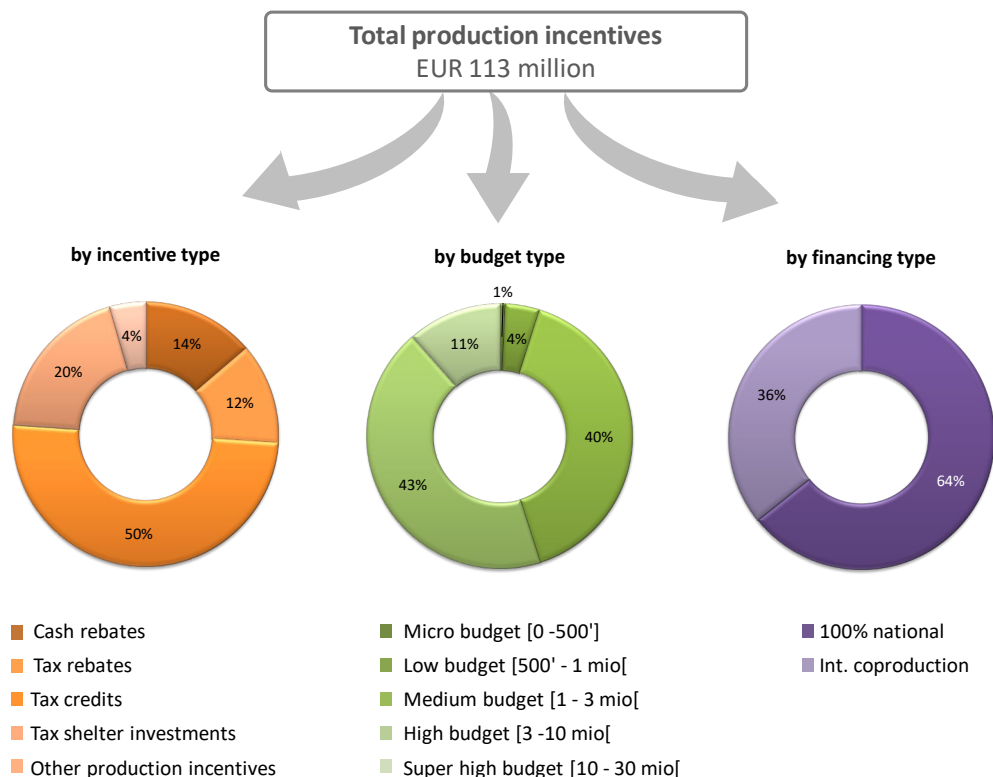
Rank	Form of production incentive	Budget type	Financing type	Amount in MEUR	% share
1	Tax rebates	High budget [3 -10 mio[	100% national	55.9	21%
2	Tax rebates	Super high budget [10 - 30 mio[	100% national	39.6	15%
3	Tax credits	High budget [3 -10 mio[	100% national	22.5	8%
4	Tax shelter based investments	High budget [3 -10 mio[	100% national	16.0	6%
5	Tax credits	Medium budget [1 - 3 mio[	100% national	15.7	6%
Other	-	-	-	120.4	45%
Total production incentives (excl. FR)				270.1	100%

Source: European Audiovisual Observatory

AT A GLANCE: HOW ARE PRODUCTION INCENTIVES DISTRIBUTED?

– PAN-EUROPEAN PERSPECTIVE EXCL. FRENCH FILMS

Figure 42. Breakdown of cumulative production incentives by form, budget and financing type of films - excl. French films (2018)



Source: European Audiovisual Observatory

Table 42. Ranking of production incentives – top 5 forms / film types excl. French films (2018)

Rank	Form of production incentive	Budget type	Financing type	Amount in MEUR	% share
1	Tax credits	High budget [3 -10 mio[	100% national	22.5	20%
2	Tax credits	Medium budget [1 - 3 mio[	100% national	15.7	14%
3	Tax shelter based investments	High budget [3 -10 mio[	Int. co-production	10.8	10%
4	Tax shelter based investments	Medium budget [1 - 3 mio[	Int. co-production	8.6	8%
5	Tax credits	Super high budget [10 - 30 mio[	100% national	7.9	7%
Other	-	-	-	47.3	42%
Total production incentives (excl. FR)				112.7	100%

Source: European Audiovisual Observatory

5 DIFFERENCES BETWEEN BUDGET CLUSTERS

5.1. In terms of financing structure

Reminder:

As financing structures are expected to differ between films with different budget sizes, indicators are also analysed here by budget cluster, according to the following categorisation scheme:

Film budget types	Budget bandwidth in EUR
Micro-budget films	< 500'
Low-budget films	[500' to 1 million[
Medium-budget films	[1 million to 3 million[
High-budget films	[3 million to 10 million[
Super-high-budget films	[10 million to 30 million[
Blockbuster-budget films	> 30 million



HOW DO FINANCING STRUCTURES DIFFER AMONG BUDGET CLUSTERS?

- PAN-EUROPEAN PERSPECTIVE

Table 43. Breakdown of total financing volume by source for film budget types (2018)

All sample films	Micro budget [0 - 500']	Low budget [500' - 1 mio[	Medium budget [1 - 3 mio[	High budget [3 - 10 mio[	Super high budget [10 - 30 mio[	All films
Direct public funding	38%	47%	38%	26%	13%	26%
Broadcaster investments	3%	5%	15%	23%	27%	21%
Producer inv. (excl. TV)	33%	25%	15%	14%	21%	17%
Pre-sales (excl. national TV)	4%	4%	9%	17%	20%	15%
Production incentives	5%	9%	14%	16%	16%	15%
Private equity cash investments	3%	3%	3%	2%	2%	2%
Debt financing	4%	2%	2%	1%	0%	1%
Other financing sources	6%	3%	3%	2%	1%	2%
In-kind investments	3%	2%	1%	0%	0%	0%
Total financ. volume (in EUR)	14 529 501	68 263 019	426 087 440	821 015 783	465 731 689	1 795 627 431
Nr of films	54	93	231	160	30	568

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- The smaller the budget, the more significant is **direct public funding**, generally accounting for at least 38% of the total financing volume of films with a budget of less than EUR 3 million. The share of public funding drops to 26% for films with a budget between EUR 3 and 10 million, and to 13% for films with a budget between EUR 10 and 30 million.
- Like direct public funding, producer investments appear to be proportionally more significant for the financing of **micro- and low-budget films**, which apparently have limited access to financing through pre-sales, production incentives and broadcasters.
- By contrast, the importance of **pre-sales** clearly correlates positively with the budget volume, increasing along with the budget: from a share of 4% for micro- and low-budget films, up to 20% for films with a super-high budget.
- The same appears to hold true for **broadcaster investments**, which increase from 3% in the case of micro-budget films, to 27% for super-high-budget films.
- **Production incentive-related financing** appears particularly significant for films with budgets exceeding EUR 1 million.



HOW DO FINANCING STRUCTURES DIFFER AMONG BUDGET CLUSTERS? - PAN-EUROPEAN PERSPECTIVE EXCL. FRENCH FILMS

Table 44. Breakdown of total financing volume by source for film budget – excl. French films (2018)

Excluding French films	Micro budget [0 - 500']	Low budget [500' - 1 mio[	Medium budget [1 - 3 mio[	High budget [3 - 10 mio[	Super high budget [10 - 30 mio[	All films
Direct public funding	39%	47%	41%	36%	22%	36%
Producer inv. (excl. TV)	27%	23%	14%	16%	16%	16%
Pre-sales (excl. national TV)	4%	3%	9%	19%	38%	18%
Broadcaster investments	4%	6%	13%	9%	7%	10%
Production incentives	7%	9%	13%	11%	8%	11%
Private equity cash investments	5%	4%	4%	3%	6%	4%
Debt financing	5%	3%	2%	1%	1%	2%
Other financing sources	6%	3%	3%	4%	2%	3%
In-kind investments	4%	2%	1%	0%	0%	1%
Total financing volume (in EUR)	11 121 332	53 632 283	350 555 743	437 713 519	153 703 891	1 006 726 768
Nr of films	41	74	191	91	10	407

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Most of the observations relating to the analysis of the full data sample on the previous page also hold true, in essence, when French films are excluded. The only exception is the role of **broadcaster financing**, for which there is no longer a clear correlation with budget size. The sample data suggests that the correlation between broadcaster investments and budget size applies primarily to French films but not to the majority of other European sample films.
- While the share of **direct public funding** remains highest for micro-, low- and medium-budget films (ranging between 39% and 47%) and decreases for films with budgets above EUR 3 million, the drops are slightly less pronounced when French films are excluded: direct public funding accounted for 36% of high-budget (compared to 26% including French films) and 22% of super-high-budget films (13% including French films), respectively.
- The significance of **pre-sales** still clearly increases along with the budget, from a share of 4% for micro-budget films, up to 19% and 38% for high-budget and super-high-budget films, respectively.



5.2. In terms of role of individual financing sources



SIGNIFICANCE OF DIRECT PUBLIC FUNDING BY BUDGET CLUSTERS - PAN-EUROPEAN PERSPECTIVE

Table 45. Direct public funding by budget cluster (2018)

Please note that with regard to monetary values in EUR, the average amount of direct public funding is calculated as the arithmetic average (mean) of those films that received direct public funding.

All sample films	Micro budget [0 - 500']	Low budget [500' - 1 mio]	Medium budget [1 - 3 mio]	High budget [3 - 10 mio]	Super high budget [10 - 30 mio]	Grand Total
Total sample films	54	93	231	160	30	568
Films with direct public funding	46	87	219	151	25	528
% share	85%	94%	95%	94%	83%	93%
Cumulative financing volume of all films	14 529 501	68 263 019	426 087 440	821 015 783	465 731 689	1 795 627 431
Cumulative funds from public funding	5 483 691	31 976 610	163 084 510	210 896 081	62 376 508	473 817 400
% share	38%	47%	38%	26%	13%	26%
Avg budget of sample films	269 065	734 011	1 844 534	5 131 349	15 524 390	3 161 316
Avg amount of public funding (when availab	119 211	367 547	744 678	1 396 663	2 495 060	897 381
% share	44%	50%	40%	27%	16%	28%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Nine out of 10 sample films received direct public funding across all budget clusters. Bearing in mind the selection bias, the data sample thus suggests that budget size per se does not have a significant impact on access to direct public funding.
- Direct public funding decreases as budgets increase, accounting for 38% and 47% of the total financing volume of micro- and low-budget films, respectively, compared to 38% for medium-budget films, 26% for high-budget films and 13% for super-high-budget films.
- In absolute terms, average direct public financial support for a European live-action fiction film ranged from EUR 119 000 for micro-budget films, EUR 368 000 for low-budget films and EUR 745 000 for medium budget films, all the way up to EUR 1.4 million for high-budget films and EUR 2.5 million for super-high-budget films.



SIGNIFICANCE OF DIRECT PUBLIC FUNDING BY BUDGET CLUSTER

- PAN-EUROPEAN PERSPECTIVE EXCL. FRENCH FILMS

Table 46. Direct public funding by budget cluster – excl. French films (2018)

Please note that with regard to monetary values in EUR, the average amount of direct public funding is calculated as the arithmetic average (mean) of those films that received direct public funding

Excluding French films	Micro budget [0 - 500']	Low budget [500' - 1 mio[	Medium budget [1 - 3 mio[	High budget [3 - 10 mio[	Super high budget [10 - 30 mio[	Grand Total
Total sample films	41	74	191	91	10	407
Films with direct public funding	36	68	180	86	9	379
% share	88%	92%	94%	95%	90%	93%
Cumulative financing volume of all films	11 121 332	53 632 283	350 555 743	437 713 519	153 703 891	1 006 726 768
Cumulative funds from public funding	4 368 691	25 444 994	142 675 316	156 329 615	34 341 967	363 160 582
% share	39%	47%	41%	36%	22%	36%
Avg budget of sample films	271 252	724 761	1 835 370	4 810 039	15 370 389	2 473 530
Avg amount of public funding (when availab	121 353	374 191	792 641	1 817 786	3 815 774	958 207
% share	45%	52%	43%	38%	25%	39%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Again, nine out of 10 sample films received direct public funding across all budget clusters. Bearing in mind the selection bias, the data sample thus suggests that budget size per se does not have a significant impact on access to direct public funding.
- The observation that the share of public funding tends to decrease significantly for films with a budget over EUR 3 million is also applicable to the reduced data sample. The share of direct public funding was, however, higher for high-budget films (36% compared to 26%) and super-high-budget films (22% compared to 13%).
- In absolute terms, the average amount of direct public financial support for a European (non-French) fiction film was generally slightly higher than in the total sample, ranging from EUR 121 000 for micro-budget films, EUR 374 000 for low-budget films and EUR 793 000 for medium-budget films, up to EUR 1.8 million for high-budget and EUR 3.8 million for super-high-budget films.



PROPORTIONAL DISTRIBUTION OF DIRECT PUBLIC FUNDING AMONG BUDGET CLUSTERS - PAN-EUROPEAN PERSPECTIVE

Table 47. Distribution of direct public funding compared to the distribution of total financing among budget clusters (2018)

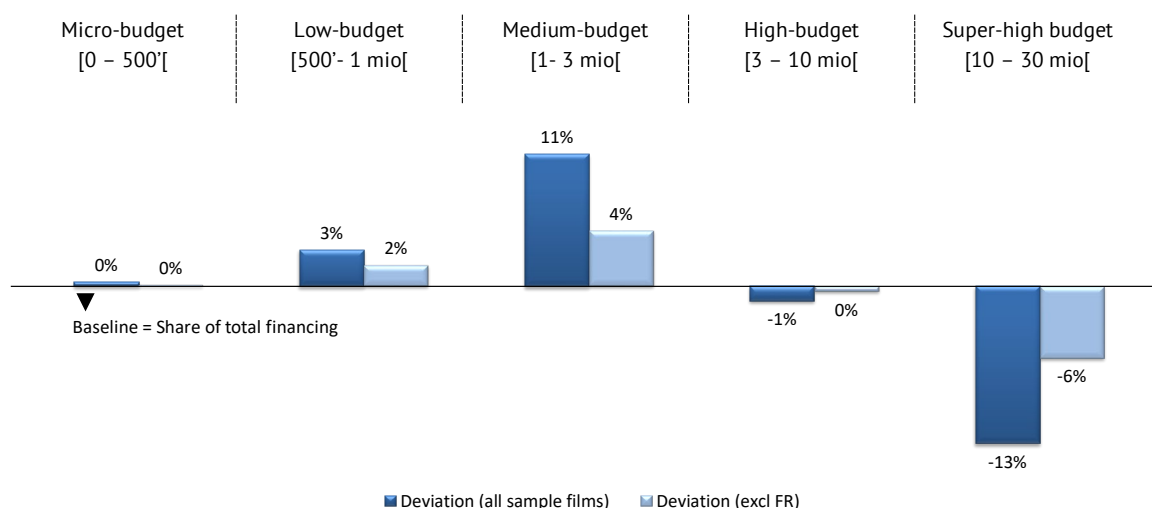
All sample films	Micro budget [0 - 500']	Low budget [500' - 1 mio]	Medium budget [1 - 3 mio]	High budget [3 - 10 mio]	Super high budget [10 - 30 mio]	Total in MEUR
Share of direct public funding	1%	7%	34%	45%	13%	473.8
Share of total financing	1%	4%	24%	46%	26%	1 795.6
Deviation (all sample films)	0%	3%	11%	-1%	-13%	-

Excluding French films	Micro budget [0 - 500']	Low budget [500' - 1 mio]	Medium budget [1 - 3 mio]	High budget [3 - 10 mio]	Super high budget [10 - 30 mio]	Total in MEUR
Share of direct public funding (excl. FR)	1%	7%	39%	43%	9%	363.2
Share of total financing	1%	5%	35%	43%	15%	1 006.7
Deviation (excl FR)	0%	2%	4%	0%	-6%	-

Source: European Audiovisual Observatory

Figure 43. Over-/undershooting of direct public funding allocation by budget cluster (2018)

Deviation in percentage points between the share of public funding allocated to a budget cluster and the share of total financing allocated to that budget cluster. Value indicates the extent to which the proportional allocation of public funding to a specific budget cluster exceeds or falls below the corresponding allocation of cumulative total financing.



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- A comparison of the distribution of direct public funding with the distribution of total financing volume among budget clusters reveals that medium- and low-budget films are proportionally over-financed through direct public funding: capturing 24% of the total financing volume, medium-budget films received a full 34% of direct public funding. Similarly, low-budget films captured 4% of total financing but 7% of direct public funding. While these observations also hold true when French films are excluded, the difference is much less pronounced.



SIGNIFICANCE OF BROADCASTER INVESTMENTS BY BUDGET CLUSTER - PAN-EUROPEAN PERSPECTIVE

Table 48. Broadcaster investments by budget cluster (2018)

Please note that with regard to monetary values in EUR, the average amount of broadcaster investments is calculated as the arithmetic average (mean) of those films partly financed by broadcaster investments.

All sample films	Micro budget [0 - 500']	Low budget [500' - 1 mio]	Medium budget [1 - 3 mio]	High budget [3 - 10 mio]	Super high budget [10 - 30 mio]	Grand Total
Total sample films	54	93	231	160	30	568
Films with broadcaster investments	9	32	179	122	25	367
% share	17%	34%	77%	76%	83%	65%
Cumulative financing volume of all films	14 529 501	68 263 019	426 087 440	821 015 783	465 731 689	1 795 627 431
Cumulative funds from broadcaster inv.	441 777	3 513 140	63 026 475	186 342 667	125 744 238	379 068 297
% share	3%	5%	15%	23%	27%	21%
Avg. budget of sample films	269 065	734 011	1 844 534	5 131 349	15 524 390	3 161 316
Avg. amount of broadcaster inv. (when available)	49 086	109 786	352 103	1 527 399	5 029 770	1 032 884
% share	18%	15%	19%	30%	32%	33%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Two out of three sample films were partly financed with broadcaster investments, in the form of co-productions and / or pre-sales of TV rights in the (co-)producing markets.
- The lower the budget the more difficult it appears to be to attract broadcaster financing: only 17% and 34% of micro and low-budget films, respectively, managed to do so. This compares to 77% of medium-, 76% of high- and 83% of super-high-budget films.
- In contrast to public funding, the significance of national broadcaster investments rises in tandem with budgets, accounting for 3% and 5% of the total financing volume of micro- and low-budget films, respectively, compared to 15% for medium-budget films, 23% for high-budget films and 27% for super-high-budget films. As will be shown, this correlation is, however, primarily true only in France and does not apply in most other countries.
- In absolute terms, average broadcaster investments for European fiction films ranged from EUR 49 000 for micro-budget films, EUR 110 000 for low-budget films and EUR 352 000 for medium-budget films, all the way up to EUR 1.5 million for high-budget films and EUR 5.0 million for super-high-budget films.



SIGNIFICANCE OF BROADCASTER INVESTMENTS BY BUDGET CLUSTERS - PAN-EUROPEAN PERSPECTIVE EXCLUDING FRENCH FILMS

Table 49. Broadcaster investments by budget clusters – excl. French films (2018)

Please note that with regard to monetary values in EUR, the average amount of broadcaster investments is calculated as the arithmetic average (mean) of those films partly financed by broadcaster investments.

Excluding French films	Micro budget [0 - 500']	Low budget [500' - 1 mio]	Medium budget [1 - 3 mio]	High budget [3 - 10 mio]	Super high budget [10 - 30 mio]	Grand Total
Total sample films	41	74	191	91	10	407
Films with broadcaster investments	9	28	150	54	5	246
% share	22%	38%	79%	59%	50%	60%
Cumulative financing volume of all films	11 121 332	53 632 283	350 555 743	437 713 519	153 703 891	1 006 726 768
Cumulative funds from broadcaster inv.	441 777	2 999 780	45 091 791	41 306 124	10 109 971	99 949 443
% share	4%	6%	13%	9%	7%	10%
Avg. budget of sample films	271 252	724 761	1 835 370	4 810 039	15 370 389	2 473 530
Avg. amount of broadcaster inv. (when available)	49 086	107 135	300 612	764 928	2 021 994	406 299
% share	18%	15%	16%	16%	13%	16%

Source: European Audiovisual Observatory

SELECTED INSIGHTS:

- Broadcaster financing of fiction films is, by quite a stretch, more significant in France than in most other European countries, so discarding French films from the analysis changes some of the observations.
- Excluding French films, the overall share of films attracting broadcaster investments is slightly lower at 60% (compared to 65% if French films are included) due to a comparatively lower share of high- and super-high-budget films partly financed by broadcasters: outside France only 59% of high-budget films (compared to 76% in the full sample) and 50% of the five super-high budget films (compared to 83% in the full sample) had broadcaster investments in the financing mix.
- The percentage share of broadcaster investments is more homogeneous among the different budget categories, accounting for 4% of budgets for micro-film budgets, 6% for low-budget films, 13% for medium-budget films, 9% for high-budget films and 7% for super-high budget films.
- Compared to the total sample, average broadcaster investments in a European fiction film are lower for all budget clusters. The biggest differences are observable with medium-, high- and super-high budget films, with EUR 300 000 rather than EUR 352 000, EUR 765 000 rather than EUR 1.5 million, and EUR 2.0 million rather than EUR 5.0 million, respectively.



PROPORTIONAL DISTRIBUTION OF BROADCASTER INVESTMENTS AMONG BUDGET CLUSTERS

- PAN-EUROPEAN PERSPECTIVE

Table 50. Distribution of broadcaster investments by budget cluster compared to distribution of total financing among budget clusters (2018)

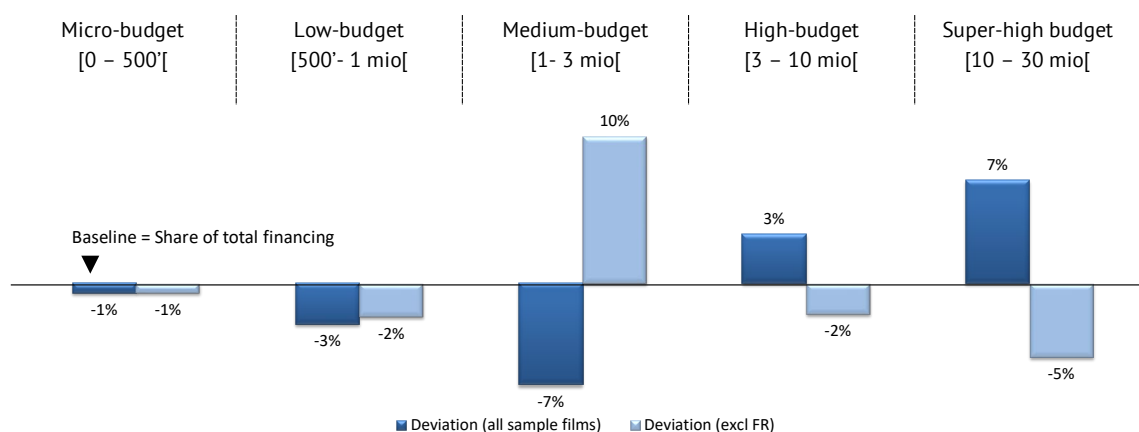
All sample films	Micro budget [0 - 500']	Low budget [500' - 1 mio]	Medium budget [1 - 3 mio]	High budget [3 - 10 mio]	Super high budget [10 - 30 mio]	Total in MEUR
Share of total broadcaster investments	0%	1%	17%	49%	33%	379.1
Share of total financing	1%	4%	24%	46%	26%	1 795.6
Deviation (all sample films)	-1%	-3%	-7%	3%	7%	-

Excluding French films	Micro budget [0 - 500']	Low budget [500' - 1 mio]	Medium budget [1 - 3 mio]	High budget [3 - 10 mio]	Super high budget [10 - 30 mio]	Total in MEUR
Share of total broadcaster investments (excl. FR)	0%	3%	45%	41%	10%	99.9
Share of total financing	1%	5%	35%	43%	15%	1 006.7
Deviation (excl FR)	-1%	-2%	10%	-2%	-5%	-

Source: European Audiovisual Observatory

Figure 44. Over-/undershooting of broadcaster investment allocation by budget cluster (2018)

Deviation in percentage points between the share of broadcaster investments allocated to a budget cluster and the share of total financing allocated to that budget cluster. Value indicates the extent to which the proportional allocation of broadcaster investments to a specific budget cluster exceeds or falls below the corresponding allocation of cumulative total financing.



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- A comparison with the distribution of total broadcaster financing among budget clusters reveals that high- and super-high-budget films were proportionally over-financed by broadcasters when including French films. This observation, however, does not hold true when excluding French films where it was medium budget films which attracted 45% of broadcaster financing while capturing only 35% of total financing.



SIGNIFICANCE OF PRE-SALES BY BUDGET CLUSTER - PAN-EUROPEAN PERSPECTIVE

Table 51. Pre-sales by budget cluster (2018)

Please note that with regard to monetary values in EUR, the average amount of pre-sales is calculated as the arithmetic average (mean) of those films partly financed by pre-sales.

All sample films	Micro budget [0 - 500']	Low budget [500' - 1 mio]	Medium budget [1 - 3 mio]	High budget [3 - 10 mio]	Super high budget [10 - 30 mio]	All Films
Total sample films	54	93	231	160	30	568
Films with pre-sales (excl national TV)	17	38	162	145	24	386
% share	31%	41%	70%	91%	80%	68%
Cumulative financing volume of all films	14 529 501	68 263 019	426 087 440	821 015 783	465 731 689	1 795 627 431
Cumulative funds from pre-sales (excl. nat. TV)	618 325	2 562 428	37 744 422	136 666 715	92 267 572	269 859 463
% share	4%	4%	9%	17%	20%	15%
Avg budget of sample films	269 065	734 011	1 844 534	5 131 349	15 524 390	3 161 316
Avg amount of pre-sales (when available)	36 372	67 432	232 990	942 529	3 844 482	699 118
% share	14%	9%	13%	18%	25%	22%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Pre-sales of distribution rights could be sold for seven out of 10 sample films.
- The data suggest that only high- and super-high-budget films, i.e. films with a budget above EUR 3 million, have no problem with the pre-selling of distribution rights; 91% and 80% of films falling into these two categories, respectively, were partly financed by pre-sales.
- The lower the budget, the less likely, it appears, that a pre-sale will be secured for a film. The budgets of only 31% of micro-budget films in the data sample were partially financed via a pre-sale. This compares to 41% of low-budget films and 70% of medium-budget sample films.
- Pre-sales contributed only 4% to 9% of the financing of films with a budget lower than EUR 3 million; the portion rose for high- and super-high-budget films, with pre-sales accounting for 17% and 20% of total cumulative production spend, respectively.
- In absolute terms, average pre-sales for European fiction films ranged from EUR 36 000 for micro-budget films, EUR 67 000 for low-budget films and EUR 233 000 for medium-budget films, all the way up to EUR 943 000 for high-budget films and EUR 3.8 million for super-high-budget films.



IMPORTANCE OF PRE-SALES BY BUDGET CLUSTERS

- PAN-EUROPEAN PERSPECTIVE EXCL. FRENCH FILMS

Table 52. Pre-sales by budget cluster – excl. French films (2018)

Please note that with regard to monetary values in EUR, the average amount of pre-sales is calculated as the arithmetic average (mean) of those films partly financed by pre-sales.

Excluding French films	Micro budget [0 - 500'€]	Low budget [500' - 1 mio€]	Medium budget [1 - 3 mio€]	High budget [3 - 10 mio€]	Super high budget [10 - 30 mio€]	All films
Total sample films	41	74	191	91	10	407
Films with pre-sales (excl national TV)	10	23	130	82	10	255
% share	24%	31%	68%	90%	100%	63%
Cumulative financing volume of all films	11 121 332	53 632 283	350 555 743	437 713 519	153 703 891	1 006 726 768
Cumulative funds from pre-sales (excl. nat. TV)	402 125	1 771 029	31 440 946	85 200 433	59 046 165	177 860 699
% share	4%	3%	9%	19%	38%	18%
Avg budget of sample films	271 252	724 761	1 835 370	4 810 039	15 370 389	2 473 530
Avg amount of pre-sales (when available)	40 213	77 001	241 853	1 039 030	5 904 616	697 493
% share	15%	11%	13%	22%	38%	28%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Excluding French films doesn't fundamentally alter the analysis results but prompts a few additional observations:
- The difficulty films with a budget of less than EUR 3 million face with pre-sales is even more pronounced outside France: only 24% of micro-budget films were partially financed via a pre-sale (compared to 31% when French films are included). And only 31% (compared to 41% including French films) of low-budget films outside France benefited from pre-sale financing.
- As in the full sample, high-budget and super high-budget films with a budget between EUR 3 and 10 million had no problem with the pre-sale of distribution rights.
- As in the full sample, pre-sales contributed only 3% to 9% to film budgets lower than EUR 3 million. The slice rose, however, for high- and super-high budget films, with pre-sales accounting for 19% and 38% of the total cumulative financing volume, respectively (compared to 17% and 20% in the full sample, respectively).
- Interestingly, average amounts of pre-sales for European fiction films were, in part, slightly higher when the large number of French sample films were excluded, ranging from EUR 40 000 for micro-budget films, EUR 77 000 for low-budget films and EUR 242 000 for medium-budget films, all the way up to EUR 1.0 million for high-budget films and EUR 5.9 million for super-high-budget films.



PROPORTIONAL DISTRIBUTION OF PRE-SALES AMONG BUDGET CLUSTERS

- PAN-EUROPEAN PERSPECTIVE EXCL. FRENCH FILMS

Table 53. Distribution of pre-sales compared to distribution of total financing among budget clusters (2018)

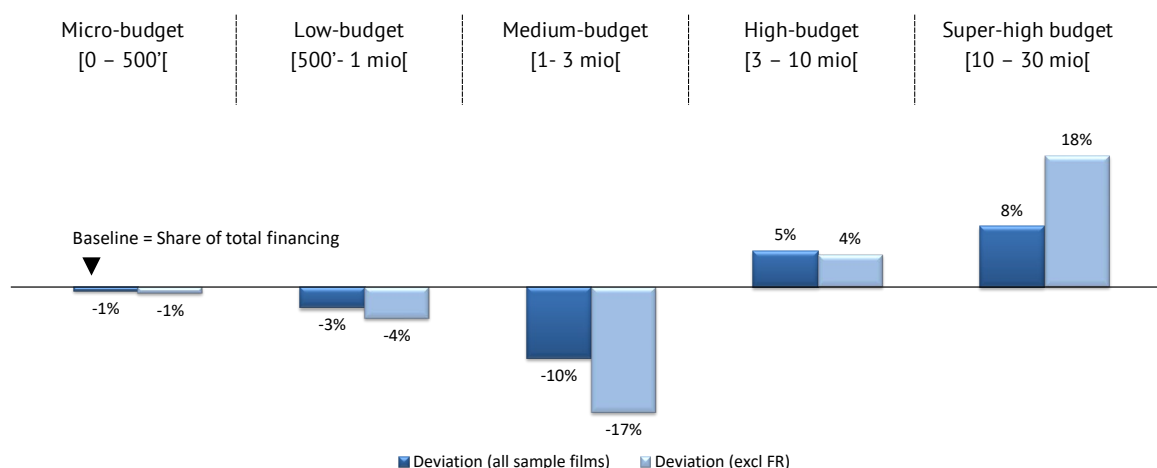
All sample films	Micro budget [0 - 500']	Low budget [500' - 1 mio]	Medium budget [1 - 3 mio]	High budget [3 - 10 mio]	Super high budget [10 - 30 mio]	Total in MEUR
Share of total pre-sales	0%	1%	14%	51%	34%	269.9
Share of total financing	1%	4%	24%	46%	26%	1 795.6
Deviation (all sample films)	-1%	-3%	-10%	5%	8%	-

All sample films	Micro budget [0 - 500']	Low budget [500' - 1 mio]	Medium budget [1 - 3 mio]	High budget [3 - 10 mio]	Super high budget [10 - 30 mio]	Total in MEUR
Share of total pre-sales (excl. FR)	0%	1%	18%	48%	33%	177.9
Share of total financing	1%	5%	35%	43%	15%	1 006.7
Deviation (excl FR)	-1%	-4%	-17%	4%	18%	-

Source: European Audiovisual Observatory

Figure 45. Over-/undershooting of pre-sales allocation by budget cluster (2018)

Deviation in percentage points between the share of pre-sales allocated to a budget cluster and the share of total financing allocated to that budget cluster. Value indicates the extent to which the proportional allocation of pre-sales to a specific budget cluster exceeds or falls below the corresponding allocation of cumulative total financing.



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Comparing the distribution of total pre-sales financing volume among budget clusters clearly shows that films with a budget of less than EUR 3 million - and in particular medium-budget films - are proportionally under-financed through pre-sales, while proportionally more financing from pre-sales is available to high- and super-high-budget films. This is true for the full data sample as well as for the reduced data sample excluding French films.



SIGNIFICANCE OF PRODUCER INVESTMENTS BY BUDGET CLUSTER PAN-EUROPEAN PERSPECTIVE

Table 54. Producer investments by budget cluster (2018)

Please note that with regard to monetary values in EUR, the average amount of producer investments is calculated as the arithmetic average (mean) of those films partly financed by producer investments.

All sample films	Micro budget [0 - 500']	Low budget [500' - 1 mio[	Medium budget [1 - 3 mio[	High budget [3 - 10 mio[	Super high budget [10 - 30 mio[	All films
Total sample films	54	93	231	160	30	568
Films with producer inv. (excl TV)	51	86	209	154	29	529
% share	94%	92%	90%	96%	97%	93%
Cumulative financing volume of all films	14 529 501	68 263 019	426 087 440	821 015 783	465 731 689	1 795 627 431
Cumulative funds from producer inv.	4 826 019	17 333 642	65 213 504	117 603 006	95 719 509	300 695 680
% share	33%	25%	15%	14%	21%	17%
Avg budget of sample films	269 065	734 011	1 844 534	5 131 349	15 524 390	3 161 316
Avg amount of producer inv. (when available)	94 628	201 554	312 026	763 656	3 300 673	568 423
% share	35%	27%	17%	15%	21%	18%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Nine out of 10 sample films were partly financed with producer investments. This ratio was more or less comparable across all budget types.
- As with direct public funding, producer investments appear proportionally more significant for lower-budget films and less significant for higher-budget films, with the share of producer investments in the financing mix decreasing as budgets increase (with the exception of super high-budget films): producer investments accounted for 33% and 25% of the total financing volume of micro- and low-budget films, respectively, compared to 15% for medium-budget films and 14% for high-budget films and 21% for super-high-budget films. As will be shown this correlation is, however, primarily true only in France and does not apply in most other countries.
- In absolute terms, average producer investment in European theatrical fiction films ranged from EUR 95 000 for micro-budget films, EUR 202 000 for low-budget films and EUR 312 000 for medium-budget films, right up to EUR 764 000 for high-budget films and EUR 3.3 million for super-high-budget films.



SIGNIFICANCE OF PRODUCER INVESTMENTS BY BUDGET CLUSTER

- PAN-EUROPEAN PERSPECTIVE EXCL. FRENCH FILMS

Table 55. Producer investments by budget cluster – excl. French films (2018)

Please note that with regard to monetary values in EUR, the average amount of producer investments is calculated as the arithmetic average (mean) of those films partly financed by producer investments.

Excluding French films	Micro budget [0 - 500']	Low budget [500' - 1 mio[	Medium budget [1 - 3 mio[	High budget [3 - 10 mio[	Super high budget [10 - 30 mio[	All films
Total sample films	41	74	191	91	10	407
Films with producer inv. (excl TV)	38	67	169	85	9	368
% share	93%	91%	88%	93%	90%	90%
Cumulative financing volume of all films	11 121 332	53 632 283	350 555 743	437 713 519	153 703 891	1 006 726 768
Cumulative funds from producer inv.	3 011 436	12 326 799	50 047 164	68 284 369	24 512 966	158 182 734
% share	27%	23%	14%	16%	16%	16%
Avg budget of sample films	271 252	724 761	1 835 370	4 810 039	15 370 389	2 473 530
Avg amount of producer inv. (when available)	79 248	183 982	296 137	803 346	2 723 663	429 844
% share	29%	25%	16%	17%	18%	17%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Excluding French films changes the analysis results somewhat, with the proportional significance of producer investments for micro- and low-budget films comparatively lower and contributing only 16% to the financing of super high-budget films (compared to 21% in the full data sample).
- The average value of producer investments is slightly lower.



PROPORTIONAL DISTRIBUTION OF PRODUCER INVESTMENTS AMONG BUDGET CLUSTERS

- PAN-EUROPEAN PERSPECTIVE

Table 56. Distribution of producer investments compared to distribution of total financing among budget clusters (2018)

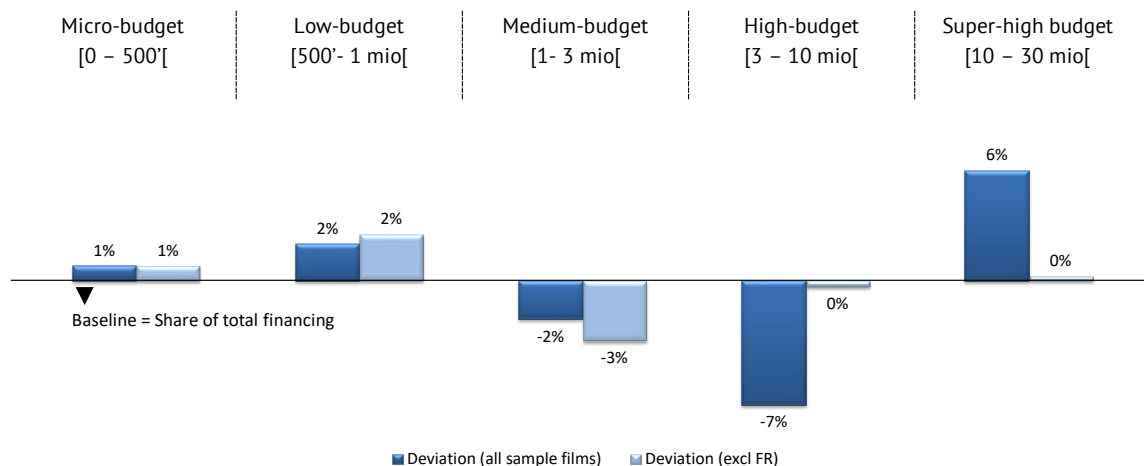
All sample films	Micro budget [0 - 500']	Low budget [500' - 1 mio]	Medium budget [1 - 3 mio]	High budget [3 - 10 mio]	Super high budget [10 - 30 mio]	Total in MEUR
Share of total producer investments	2%	6%	22%	39%	32%	300.7
Share of total financing	1%	4%	24%	46%	26%	1 795.6
Deviation (all sample films)	1%	2%	-2%	-7%	6%	-

Excluding French films	Micro budget [0 - 500']	Low budget [500' - 1 mio]	Medium budget [1 - 3 mio]	High budget [3 - 10 mio]	Super high budget [10 - 30 mio]	Total in MEUR
Share of total producer investments (excl. FR)	2%	8%	32%	43%	15%	158.2
Share of total financing	1%	5%	35%	43%	15%	1 006.7
Deviation (excl FR)	1%	2%	-3%	0%	0%	-

Source: European Audiovisual Observatory

Figure 46. Over-/undershooting of producer investment allocation by budget cluster (2018)

Deviation in percentage points between the share of producer investments allocated to a budget cluster and the share of total financing allocated to that budget cluster. Value indicates the extent to which the proportional allocation of producer investments to a specific budget cluster exceeds or falls below the corresponding allocation of cumulative total financing.



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Comparing the distribution of total producer investment financing volume among budget clusters indicates that medium- and high-budget films are, proportionally, slightly under-financed through producer investments, while producers carry a proportionally higher financing share in the case of micro- and low-budget films. This is also true for the super high-budget sample films (including France).



SIGNIFICANCE OF PRODUCTION INCENTIVES BY BUDGET CLUSTER - THE PAN-EUROPEAN PERSPECTIVE

Table 57. Production incentives by budget cluster (2018)

Please note that with regard to monetary values in EUR, the average amount of production incentives is calculated as the arithmetic average (mean) of those films partly financed by production incentives.

All sample films	Micro budget [0 - 500']	Low budget [500' - 1 mio[	Medium budget [1 - 3 mio[	High budget [3 - 10 mio[	Super high budget [10 - 30 mio[	All films
Total sample films	54	93	231	160	30	568
Films with production incentives	16	45	150	113	23	347
% share	30%	48%	65%	71%	77%	61%
Cumulative financing volume of all films	14 529 501	68 263 019	426 087 440	821 015 783	465 731 689	1 795 627 431
Cumulative funds from production incentives	755 608	6 107 931	60 290 205	128 927 723	74 037 988	270 119 456
% share	5%	9%	14%	16%	16%	15%
Avg budget of sample films	269 065	734 011	1 844 534	5 131 349	15 524 390	3 161 316
Avg amount of prod. incentives (when available)	47 225	135 732	401 935	1 140 953	3 219 043	778 442
% share	18%	18%	22%	22%	21%	25%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- A total of 61% of the sample films were partly financed with production incentives.
- The data show that the share of films benefitting from production incentives is not as high among lower-budget films as it is among films with a budget exceeding EUR 3 million: while only 30% and 48% of micro- and low-budget films, respectively, in the data sample were partly financed by production incentives, 65% of medium-budget, 71% of high-budget and 77% of super-high-budget films benefited from production incentives.
- The weight of production incentives in the financing mix appears to increase with budget size: production incentives accounted for 5% and 9% of the total financing of micro- and low-budget films, respectively, 14% for medium-budget films, 16% for both high-budget films and super-high-budget films.
- In absolute terms, the average value of production incentives in European theatrical fiction films ranged from EUR 47 000 for micro-budget films, EUR 136 000 for low-budget films and EUR 402 000 for medium-budget films all the way up to EUR 1.1 million for high-budget films and EUR 3.2 million for super-high-budget films.



SIGNIFICANCE OF PRODUCTION INCENTIVES BY BUDGET CLUSTER -PAN-EUROPEAN PERSPECTIVE EXCL. FRENCH FILMS

Table 58. Production incentives by budget cluster – excl. French films (2018)

Please note that with regard to monetary values in EUR, the average amount of production incentives is calculated as the arithmetic average (mean) of those films partly financed by production incentives.

Excluding French films	Micro budget [0 - 500']	Low budget [500' - 1 mio[	Medium budget [1 - 3 mio[	High budget [3 - 10 mio[	Super high budget [10 - 30 mio[	All films
Total sample films	41	74	191	91	10	407
Films with production incentives	16	34	120	49	4	223
% share	39%	46%	63%	54%	40%	55%
Cumulative financing volume of all films	11 121 332	53 632 283	350 555 743	437 713 519	153 703 891	1 006 726 768
Cumulative funds from production incentives	755 608	4 711 470	45 392 061	48 942 173	12 896 968	112 698 281
% share	7%	9%	13%	11%	8%	11%
Avg budget of sample films	271 252	724 761	1 835 370	4 810 039	15 370 389	2 473 530
Avg amount of prod. incentives (when available)	47 225	138 573	378 267	998 820	3 224 242	505 373
% share	17%	19%	21%	21%	21%	20%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Excluding French films decreases the significance of production incentives for all budget types, reflecting the comparative significance of production incentives as a financing source in France.
- Outside of France, the share of films benefitting from production incentives does not systematically increase with budget size: while 63% of medium-budget films were partly financed by production incentives, this ratio drops to 54% and 40% in the case of high-budget and super high-budget films, respectively.
- Similarly, the weight of production incentives in the financing mix was highest among medium-budget films (13%) and high-budget films (11%) compared to 7% to 9% for other budget categories.
- Excluding French films, average production incentives in European theatrical fiction films amounted to EUR 47 000 for micro-budget films, EUR 139 000 for low-budget films, EUR 378 000 for medium-budget films, EUR 999 000 for high-budget films and EUR 3.2 million for super-high- budget films.



PROPORTIONAL DISTRIBUTION OF PRODUCTION INCENTIVES AMONG FILM BUDGET CLUSTERS - PAN-EUROPEAN PERSPECTIVE

Table 59. Distribution of production incentives compared to distribution of total financing among budget clusters (2018)

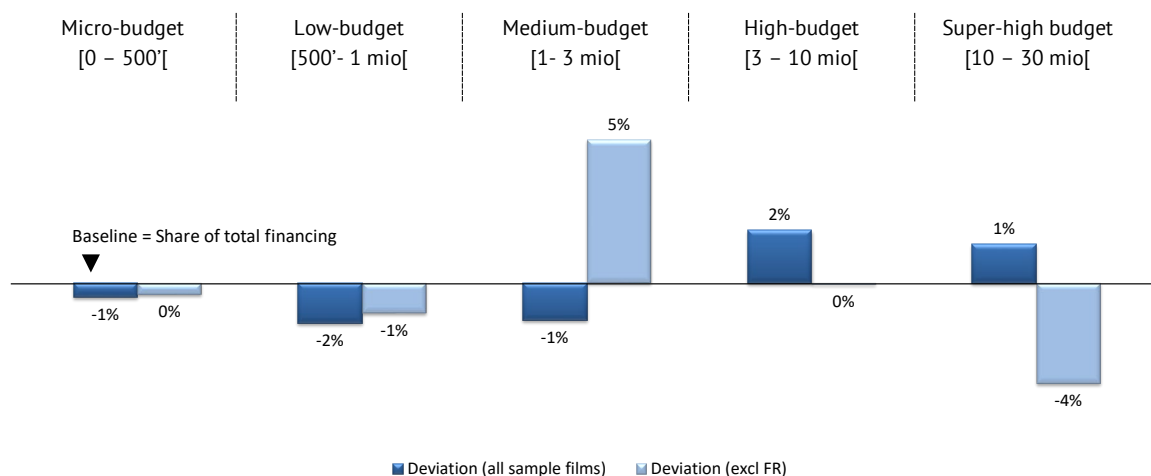
All sample films	Micro budget [0 - 500']	Low budget [500' - 1 mio]	Medium budget [1 - 3 mio]	High budget [3 - 10 mio]	Super high budget [10 - 30 mio]	Total in MEUR
Share of total production incentives	0%	2%	22%	48%	27%	270.1
Share of total financing	1%	4%	24%	46%	26%	1 795.6
Deviation (all sample films)	-1%	-2%	-1%	2%	1%	-

Excluding French films	Micro budget [0 - 500']	Low budget [500' - 1 mio]	Medium budget [1 - 3 mio]	High budget [3 - 10 mio]	Super high budget [10 - 30 mio]	Total in MEUR
Share of total production incentives (excl. FR)	1%	4%	40%	43%	11%	112.7
Share of total financing	1%	5%	35%	43%	15%	1 006.7
Deviation (excl FR)	0%	-1%	5%	0%	-4%	-

Source: European Audiovisual Observatory

Figure 47. Over-/undershooting of production incentive allocation by budget cluster (2018)

Deviation in percentage points between the share of production incentives allocated to a budget cluster and the share of total financing allocated to that budget cluster. Value indicates the extent to which the proportional allocation of production incentives to a specific budget cluster exceeds or falls below the corresponding allocation of cumulative total financing.



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- A comparison with the distribution of total production incentive financing volume among budget clusters reveals that high-budget and super high-budget films were proportionally over-financed through production incentives. Excluding French films, it was, however, medium budget films that attracted proportionally more production incentives than other sources of financing.



6 DIFFERENCES BETWEEN 100% NATIONAL FILMS AND INTERNATIONAL CO-PRODUCTIONS

6.1. In terms of budget



HOW DO AVERAGE BUDGETS DIFFER BETWEEN 100% NATIONAL FILMS AND INTERNATIONAL CO-PRODUCTIONS?

- PAN-EUROPEAN PERSPECTIVE

Table 60. Average budget of European fiction films – all sample countries (2018)

	Nr. of sample films	Mean budget	Median budget
All sample films	568	MEUR 3.16	MEUR 1.93
- 100% national films	406	MEUR 3.08	MEUR 1.80
- Int. co-productions	162	MEUR 3.36	MEUR 2.32

Source: European Audiovisual Observatory

Table 61. Average budget of European fiction films – excl. France (2018)

	Nr. of sample films	Mean budget	Median budget
All sample films (excl. FR)	407	MEUR 2.47	MEUR 1.67
- 100% national films	281	MEUR 2.22	MEUR 1.69
- Int. co-productions	126	MEUR 3.03	MEUR 2.51

Source: European Audiovisual Observatory

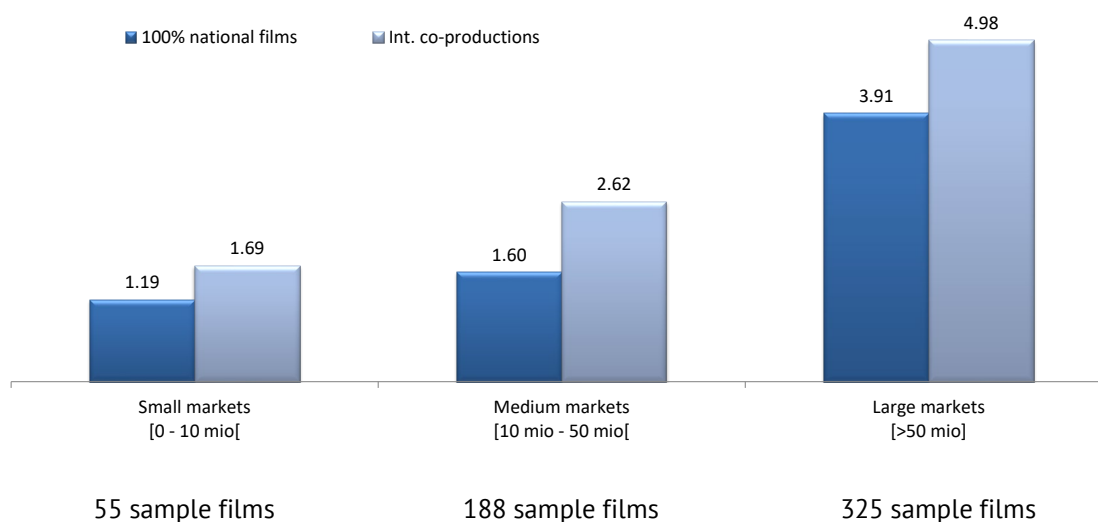
SELECTED INSIGHTS

- Median budgets for international co-productions were higher than those of 100% national films, exceeding the latter by EUR 500 000 to EUR 800 000. This means that the median budget of a European co-production was roughly 30% higher than the median budget of a 100% national film in the case of the full data sample, and 40% higher excluding French films. This is consistent with the assumption that it is, on average, easier to raise larger amounts of financing for European co-productions than for 100% national films.
- The median budget of an international co-production in the data sample amounted to EUR 2.32 million compared to EUR 1.80 million for 100% national films. Excluding French films, the median budget even increased to EUR 2.51 million for international co-productions and dropped to EUR 1.69 million for 100% national films.
- Mean budgets were higher than median budgets for both co-productions and 100% national films, reflecting the impact of the comparatively low number of films with exceptionally high budgets.

HOW DO AVERAGE BUDGETS DIFFER BETWEEN INTERNATIONAL CO-PRODUCTIONS AND 100% NATIONAL FILMS BY MARKET SIZE? - MARKET CLUSTER PERSPECTIVE

Figure 48. Mean budgets of European fiction films – by financing type and market size (2018)

In EUR million.



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- While international co-productions had higher average budgets than 100% national films in all three market types, there appear to be differences with regard to the extent to which average budgets of international co-productions exceeded those of 100% national films.
- The gap between these two film types was most pronounced in the large sample markets, where international co-productions cost on average EUR 4.98 million compared to EUR 3.91 million for 100% national films, i.e. EUR 1.1 million more. Excluding French films further widens this gap, with international co-productions from large markets costing on average EUR 5.73 million in 2018 compared to EUR 2.94 million in the case of 100% national films (EUR 2.8 million more).
- In medium-sized markets international co-productions cost EUR 1.0 million more than 100% national films, with the average budget at EUR 2.62 million compared to EUR 1.60 million for 100% national films.
- In small markets the budget gap between international co-productions and 100% national films was less pronounced, with the former costing on average EUR 1.7 million and the latter EUR 1.2 million.

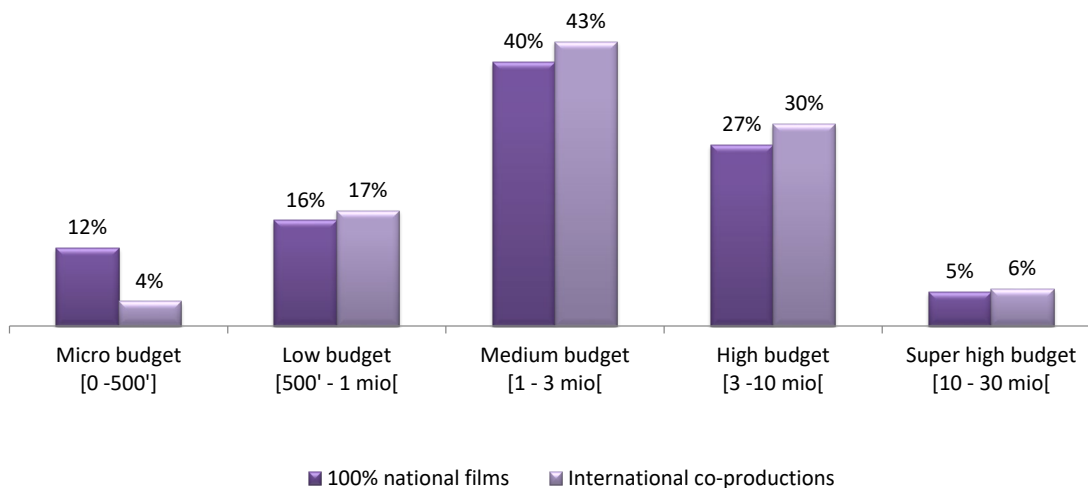


DISTRIBUTION OF SAMPLE FILMS AMONG BUDGET TYPES: DIFFERENCES BETWEEN 100% NATIONAL FILMS AND INTERNATIONAL CO-PRODUCTIONS

- PAN-EUROPEAN PERSPECTIVE

Figure 49. Breakdown of 100% national films and co-productions by budget range (2018)

In percentage of total number of 100% national films and majority co-productions in the data sample



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- In line with the observation that international co-productions have higher average budgets, more European co-productions than national films fell into budget clusters exceeding EUR 1 million and fewer European co-productions than national films had micro budgets.
- A total of 69 (43%) of the 161 European-led international sample co-productions fell into the medium-budget category, costing between EUR 1 million and EUR 3 million, while 30% of them cost between EUR 3 million and EUR 10 million.
- By contrast, 162 (40%) of the 407 100% national sample films were produced with a medium budget and 27% of them with a high budget.

6.2. In terms of financing structures



HOW DO FINANCING STRUCTURES DIFFER BETWEEN 100% NATIONAL FILMS AND INTERNATIONAL CO-PRODUCTIONS?

- PAN-EUROPEAN PERSPECTIVE

Table 62. Breakdown of cumulative financing volume by source – 100% national films vs. international co-productions (2018)

Nr	Financing sources	100% national films		Int. co-productions	
		Amount in MEUR	% share	Amount in MEUR	% share
1	Direct public funding	282.0	23%	191.9	35%
2	Broadcaster investments	299.5	24%	79.6	15%
3	Producer inv. (excl. broadcasters)	208.2	17%	92.5	17%
4	Pre-sales (excl. broadcasters)	204.4	16%	65.4	12%
5	Production incentives	198.7	16%	71.4	13%
6	Private equity cash inv.	26.3	2%	11.8	2%
7	Debt financing	8.7	1%	7.6	1%
8	Other financing sources	19.3	2%	20.7	4%
9	In-kind investments	3.9	0%	3.7	1%
Total sample financing volume		1 251.0	100%	544.6	100%
Nr. of sample films		406	71%	162	29%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- The data sample suggests significant differences between the financing structures of 100% national films and international co-productions.
- Direct public funding was notably more significant for international co-productions, accounting for 35% of their total financing volume, compared to 23% in the case of 100% national films.
- Broadcaster investments, by contrast, appear more significant for 100% national films than for international co-productions, accounting for 24% of the financing volume of 100% national films compared to only 15% of international co-productions.
- Interestingly, co-productions appear to attract less of their financing from pre-sales: while pre-sales contributed 16% to the financing of 100% national films, it was only 12% for co-productions.
- Production incentives also played a more important role in the financing mix of 100% national films than co-productions, contributing 16% compared to 13% of total financing, respectively.



HOW DO FINANCING STRUCTURES DIFFER BETWEEN 100% NATIONAL FILMS AND INTERNATIONAL CO-PRODUCTIONS?

- PAN-EUROPEAN PERSPECTIVE EXCL. FRENCH FILMS

Table 63. Breakdown of cumulative financing volume by source – 100% national films vs international co-productions (2018)

Nr	Financing sources	100% national films		Int. co-productions	
		Amount in MEUR	% share	Amount in MEUR	% share
1	Direct public funding	206.4	33%	156.8	41%
2	Pre-sales (excl. broadcasters)	136.3	22%	41.5	11%
3	Producer investments (excl. broadcaste	92.4	15%	65.8	17%
4	Production incentives	72.4	12%	40.3	11%
5	Broadcaster investments	64.3	10%	35.6	9%
6	Private equity cash investments	26.3	4%	11.8	3%
7	Other financing sources	13.8	2%	19.1	5%
8	Debt financing	8.7	1%	7.6	2%
9	In-kind investments	3.9	1%	3.7	1%
Total financing volume		624.5	100%	382.2	100%
Nr. of sample films		281	69%	126	31%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

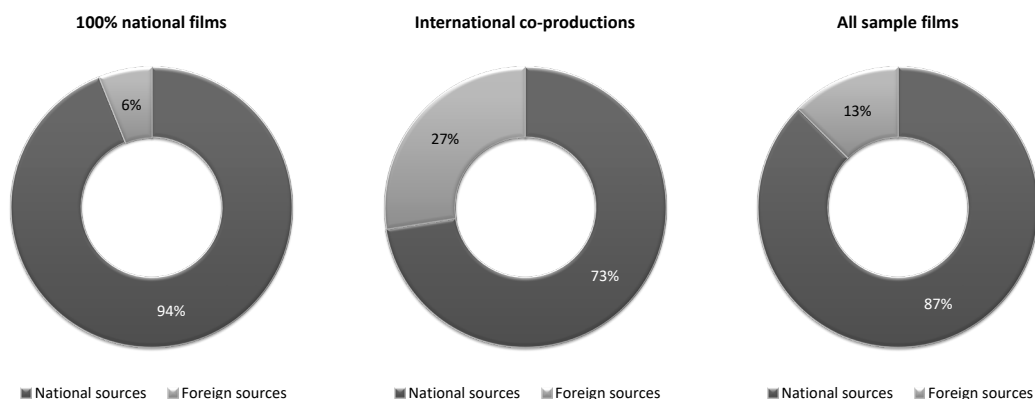
- Comparing the differences in financing structures between 100% national films and international co-productions excluding French films shows an even more pronounced over-proportional reliance of international co-productions on direct public funding.
- Outside France, direct public funding accounted for 41% of the total financing volume of international co-productions, compared to 33% in the case of 100% national films.

6.3. In terms of national origin of financing



HOW IMPORTANT ARE NATIONAL AND FOREIGN FINANCING SOURCES? - PAN-EUROPEAN PERSPECTIVE

Figure 50. Breakdown of cumulative financing volume by national and foreign source (2018)



Financing volume in MEUR	National sources	Foreign sources	Total
100% national films	1 174.6	76.4	1 251.0
International co-productions	395.0	149.6	544.6
All sample films	1 569.6	226.0	1 795.6

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Not surprisingly, there is a significant difference between 100% national films, which are by definition almost exclusively financed by national sources (94%), and international co-productions, for which national sources provided 73%, and foreign sources 27%, of funding. The exclusion of French films doesn't alter these breakdowns in any significant manner.
- National sources are defined as sources within the country of origin. In the case of international co-productions, the country of origin is defined as the country that contributes the largest share of financing among the co-producing countries.



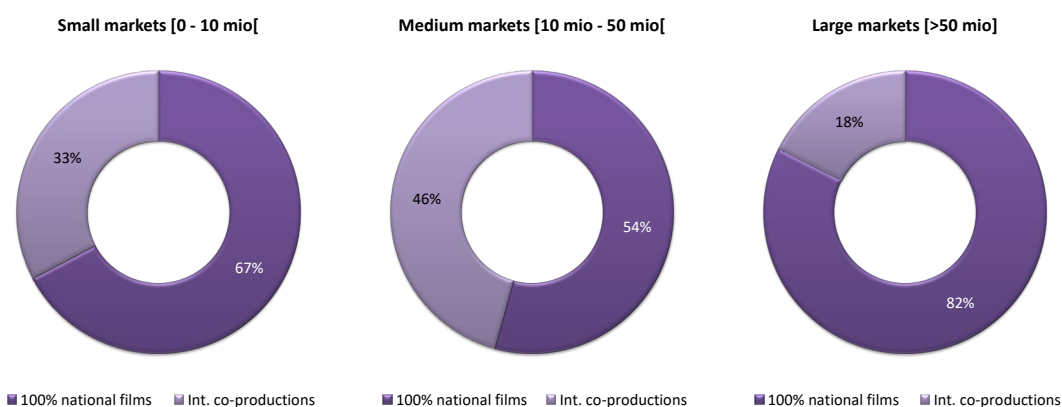
HOW IMPORTANT ARE FOREIGN FINANCING SOURCES BY FINANCING TYPE? - MARKET CLUSTER PERSPECTIVE

Table 64. Breakdown of cumulative financing volume by national origin (2018)

	National sources	Foreign sources	Total
Small markets [0 - 10 mio[	85%	15%	100%
100% national	95%	5%	100%
Majority co-prod	71%	29%	100%
Medium markets [10 mio - 50 mio[	80%	20%	100%
100% national	93%	7%	100%
Majority co-prod	70%	30%	100%
Large markets [>50 mio]	90%	10%	100%
100% national	94%	6%	100%
Majority co-prod	75%	25%	100%

Source: European Audiovisual Observatory

Figure 51. Breakdown of number of sample films by financing type and market size (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- The data sample suggests that films produced in small- and medium-sized European markets depend to a larger degree on foreign financing sources than films produced in large or small markets: while accounting for only 10% of total financing in large markets, foreign sources represented 15% and 20% of total sample financing in small and medium-sized markets, respectively. This is due to the comparatively high share of international co-productions in small- and medium-sized markets, where they accounted for 33% and 46% of the sample films (compared to 18% in large sample markets), respectively, and the fact that co-productions because of their very nature raise a larger share of financing from foreign sources, i.e. sources located outside the main country of origin.



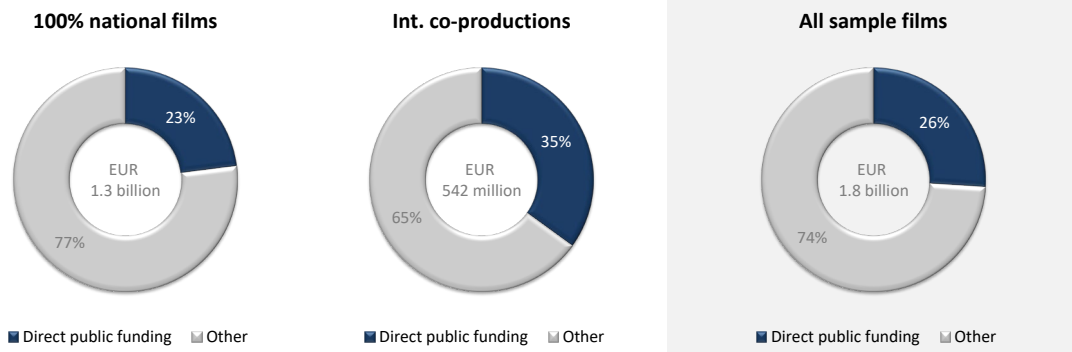
6.4. In terms of the role of individual financing sources



DIFFERENCES IN THE ROLE OF FINANCING SOURCES BETWEEN 100% NATIONAL FILMS AND INTERNATIONAL CO-PRODUCTIONS

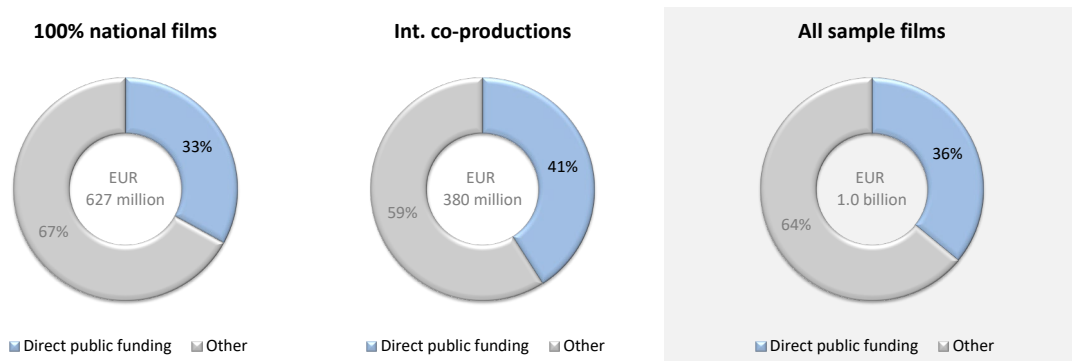
- DIRECT PUBLIC FUNDING

Figure 52. Share of direct public funding in financing volume by film type (2018)



Source: European Audiovisual Observatory

Figure 53. Share of direct public funding by film type – excl. French films (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

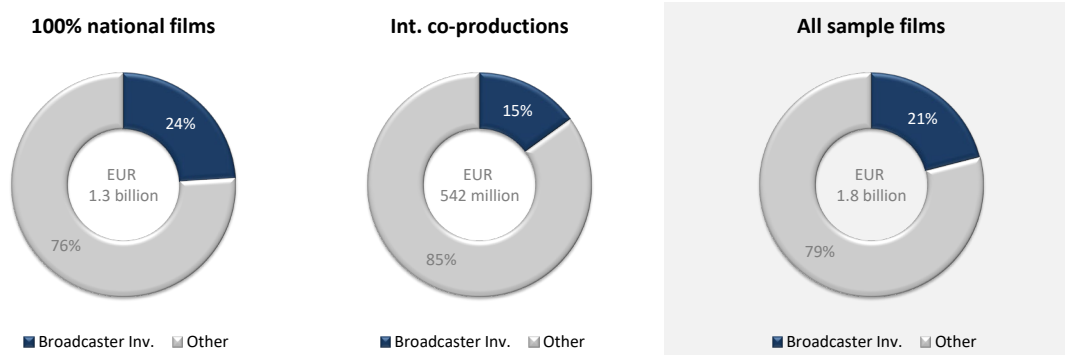
- Reminder: The selection bias of the data sample, which includes – for reasons of data availability – primarily films receiving funding from national film agencies, may result in an exaggeration of the significance of public funding as a financing source for films.
- The data sample shows a clear difference between 100% national films and international co-productions, with direct public funding playing a significantly more pronounced role in financing international co-productions compared to 100% national films: public funding accounted for 35% of the total financing volume of international co-productions compared to only 23% of 100% national films.
- Excluding French films, the significance of direct public funding increases to 33% of total financing for 100% national films and 41% for international co-productions.



DIFFERENCES IN THE ROLE OF FINANCING SOURCES BETWEEN 100% NATIONAL FILMS AND INTERNATIONAL CO-PRODUCTIONS

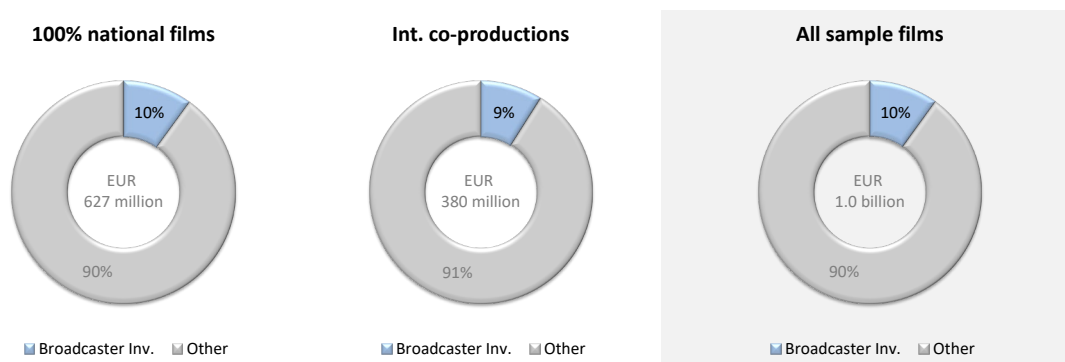
- BROADCASTER INVESTMENTS

Figure 54. Share of broadcaster investments in financing volume by film type (2018)



Source: European Audiovisual Observatory

Figure 55. Share of broadcaster investments by film type – excl. French films (2018)



Source: European Audiovisual Observatory

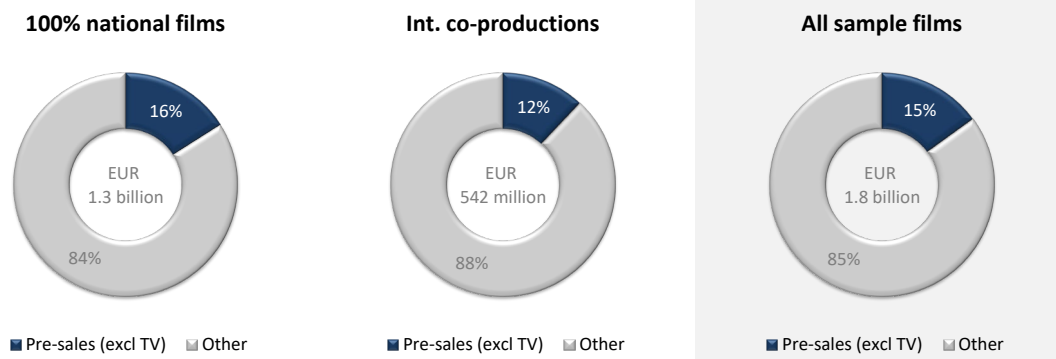
SELECTED INSIGHTS

- The data sample suggests that broadcaster investments were more important for 100% national films than for international co-productions accounting for 24% of total financing volume of the former compared to 15% for the latter.
- Excluding French films, however, shows only a marginal difference – a 10% share in the case of 100% national films and 9% in the case of international co-productions – suggesting that the comparative importance of broadcaster financing for 100% national films in the full data sample is linked to the importance of broadcaster financing for entirely French films.



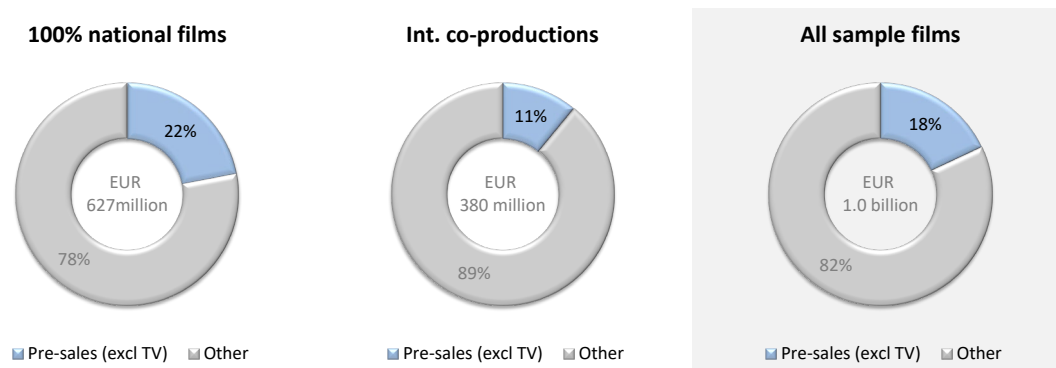
DIFFERENCES IN THE ROLE OF FINANCING SOURCES BETWEEN 100% NATIONAL FILMS AND INTERNATIONAL CO-PRODUCTIONS - PRE-SALES (EXCL. BROADCASTERS)

Figure 56. Share of pre-sales financing in financing volume by film type (2018)



Source: European Audiovisual Observatory

Figure 57. Share of pre-sales financing by film type - excl. French films (2018)



Source: European Audiovisual Observatory

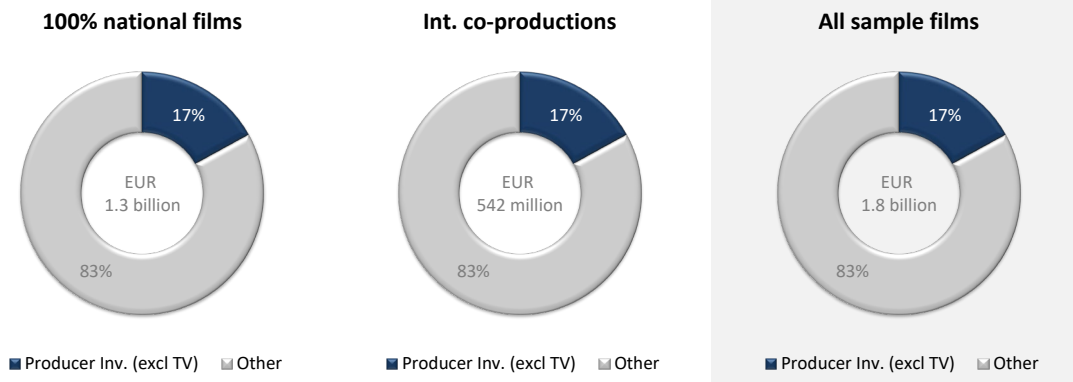
SELECTED INSIGHTS

- The data sample suggests pre-sales were more significant for 100% national films, particularly outside of France, contributing 16% (22% excluding French films) of cumulative financing, compared to international co-productions, for which they represented only 12% (11% excluding French films) of the financing mix.



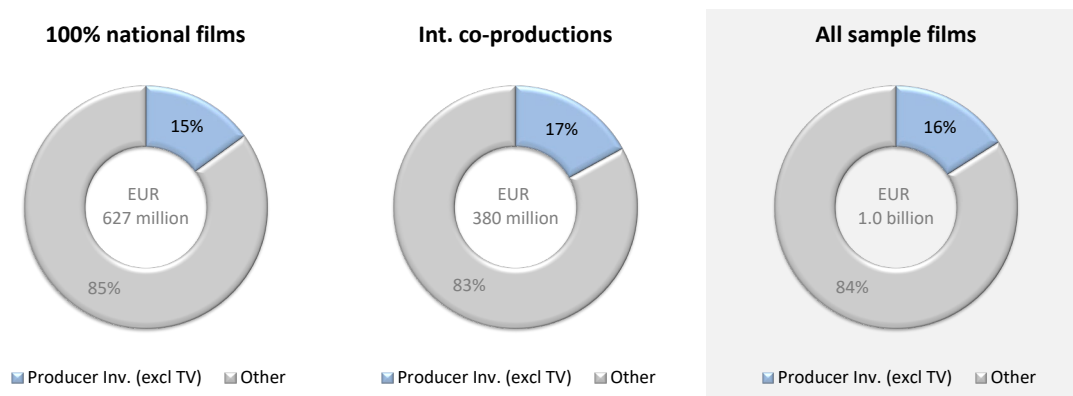
DIFFERENCES IN THE ROLE OF FINANCING SOURCES BETWEEN 100% NATIONAL FILMS AND INTERNATIONAL CO-PRODUCTIONS - PRODUCER INVESTMENTS EXCL. BROADCASTERS

Figure 58. Share of producer investments in financing volume by film type (2018)



Source: European Audiovisual Observatory

Figure 59. Share of producer investments in financing volume – excl. French films (2018)



Source: European Audiovisual Observatory

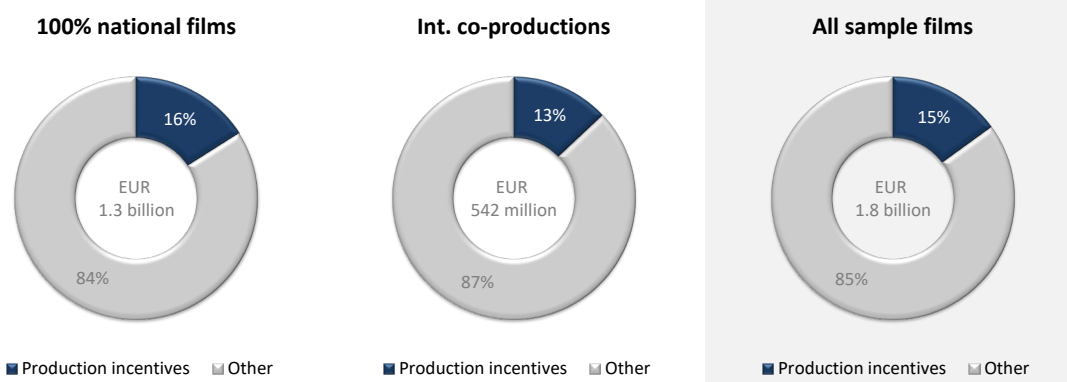
SELECTED INSIGHTS

- The data sample suggests that in 2018 there were practically no differences between the importance of producer investments for 100% national films and for international co-productions, accounting for 15% to 17% for both of them in the full data sample as well as excluding French films.



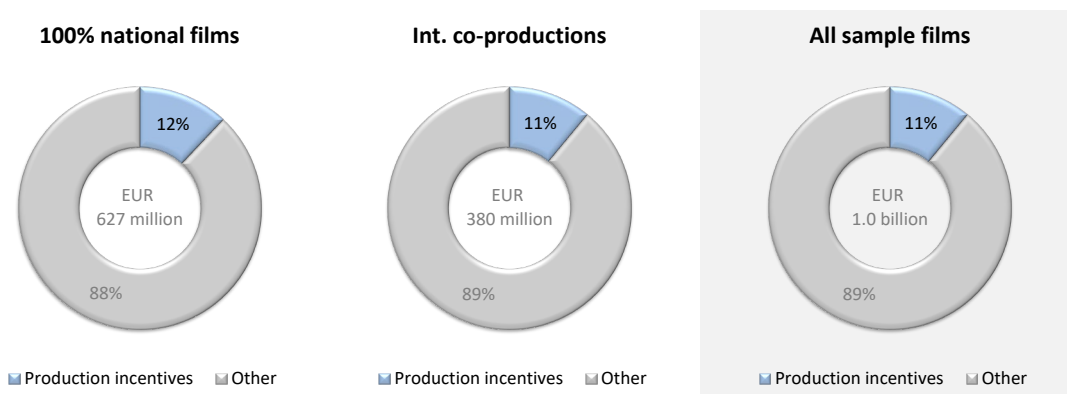
DIFFERENCES IN THE ROLE OF FINANCING SOURCES BETWEEN 100% NATIONAL FILMS AND INTERNATIONAL CO-PRODUCTIONS - PRODUCTION INCENTIVES

Figure 60. Share of production incentives in financing volume by film type (2018)



Source: European Audiovisual Observatory

Figure 61. Share of production incentives in financing volume – excl. French films (2018)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- The data sample suggests only minor differences in the role of production incentives contributing to the financing of 100% national films and international coproductions released in 2018.
- Production incentives accounted for a slightly higher share of the financing mix of 100% national films (16%; 12% excluding French films) compared to international co-productions (13%; 11% excluding French films).

7 APPENDIX

7.1. Breakdown of total public support (direct public funding plus production incentives)

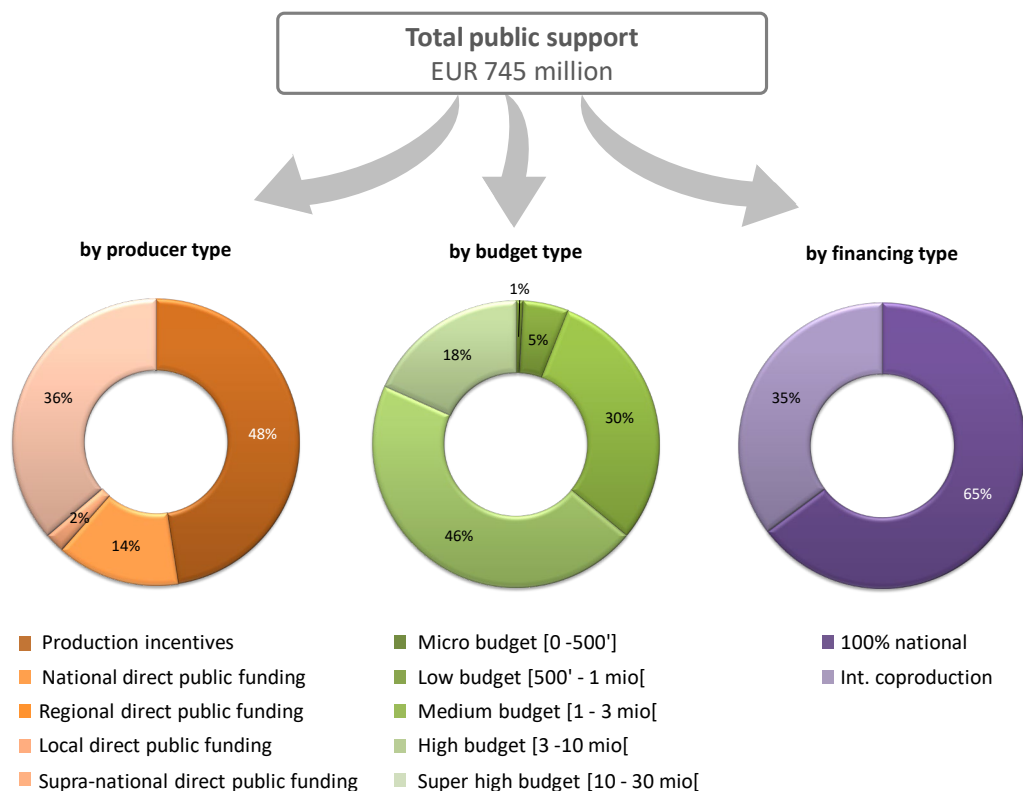
Table 65. Total public support by budget cluster (2018)

Public support refers to the sum of direct public funding and production incentives.

All sample films	Micro budget [0 - 500']	Low budget [500' - 1 mio[	Medium budget [1 - 3 mio[	High budget [3 - 10 mio[	Super high budget [10 - 30 mio[	All films
Total sample films	54	93	231	160	30	568
Films with public support	50	93	229	160	30	562
% share	93%	100%	99%	100%	100%	99%
Cumulative financing volume of all films	14 529 501	68 263 019	426 087 440	821 015 783	465 731 689	1 795 627 431
Cumulative funds from public support	6 239 299	38 084 541	223 374 715	339 823 804	136 414 497	743 936 856
% share	43%	56%	52%	41%	29%	41%
Avg budget of sample films	269 065	734 011	1 844 534	5 131 349	15 524 390	3 161 316
Avg amount of public support (when available)	124 786	409 511	975 435	2 123 899	4 547 150	1 323 731
% share	46%	56%	53%	41%	29%	42%

Source: European Audiovisual Observatory

Figure 62. Breakdown of total public support by form, budget and financing type of film (2018)



Source: European Audiovisual Observatory

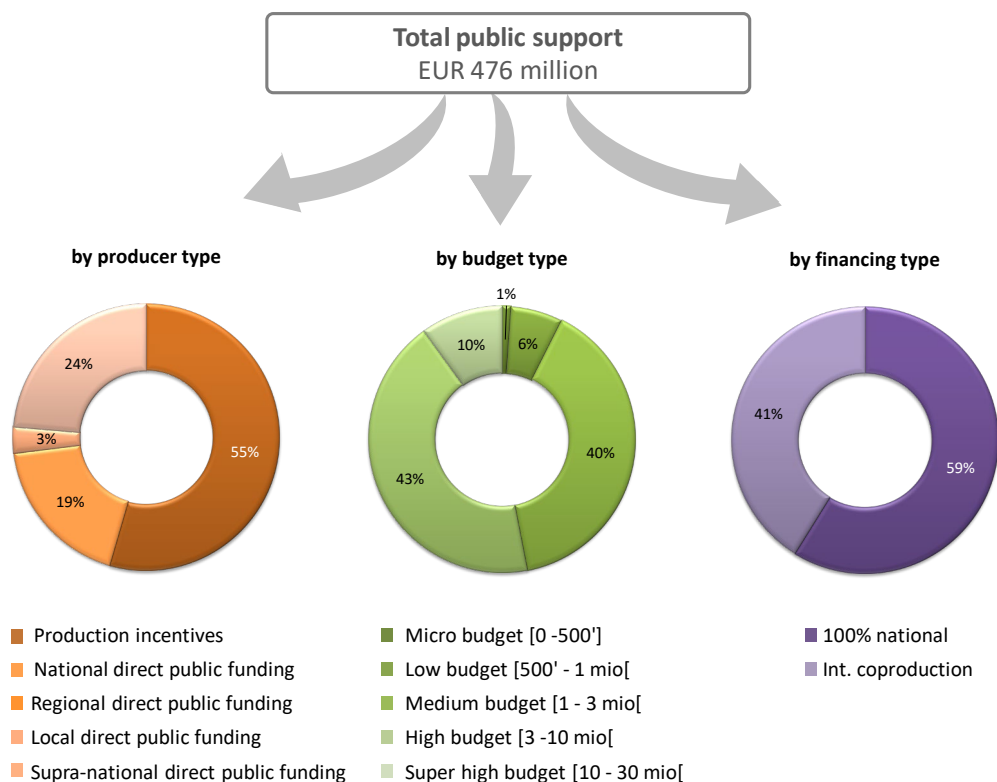
Table 66. Total public support by budget cluster – excl. France (2018)

Public support refers to the sum of direct public funding and production incentives.

Excluding French films	Micro budget [0 - 500']	Low budget [500' - 1 mio[	Medium budget [1 - 3 mio[	High budget [3 - 10 mio[	Super high budget [10 - 30 mio[	All films
Total sample films	41	74	191	91	10	407
Films with public support	40	74	190	91	10	405
% share	98%	100%	99%	100%	100%	100%
Cumulative financing volume of all films	11 121 332	53 632 283	350 555 743	437 713 519	153 703 891	1 006 726 768
Cumulative funds from public support	5 124 299	30 156 464	188 067 378	205 271 787	47 238 935	475 858 863
% share	46%	56%	54%	47%	31%	47%
Avg budget of sample films	271 252	724 761	1 835 370	4 810 039	15 370 389	2 473 530
Avg amount of public support (when available)	128 107	407 520	989 828	2 255 734	4 723 894	1 174 960
% share	47%	56%	54%	47%	31%	48%

Source: European Audiovisual Observatory

Figure 63. Breakdown of public support by form, budget and financing type of film – excl. FR (2018)



Source: European Audiovisual Observatory

7.2. Breakdown of total pre-sales including pre-sales to broadcasters

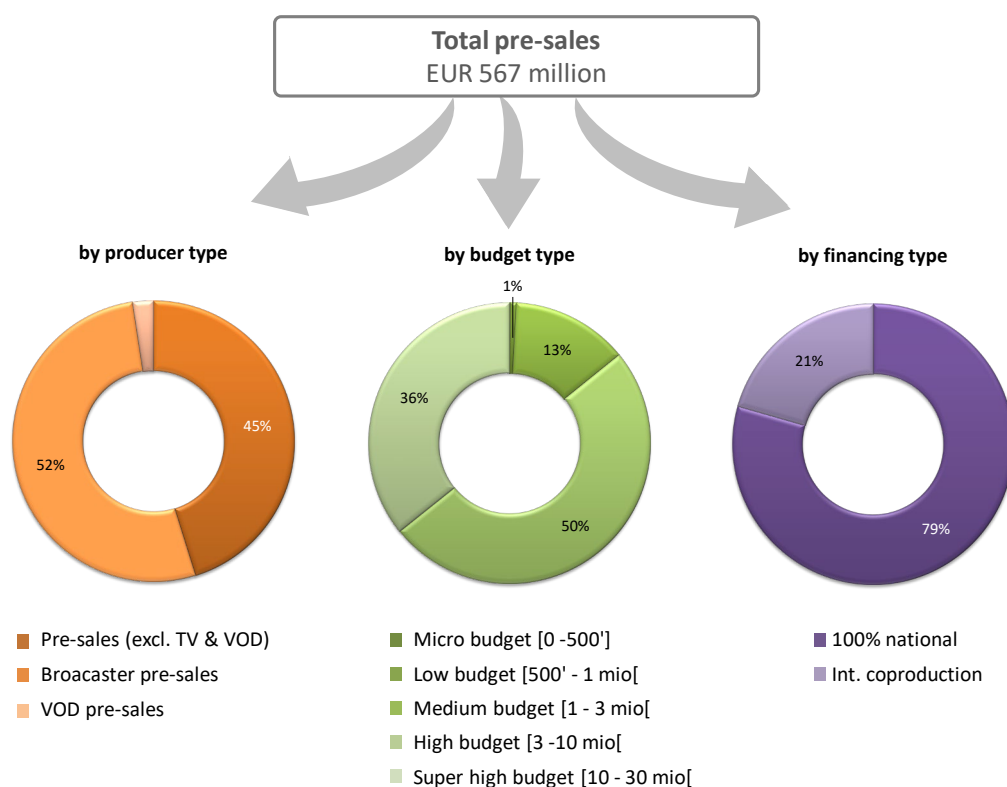
Table 67. Total pre-sales by budget cluster (2018)

Total pre-sales refers to all pre-sales including pre-sales to broadcasters.

All sample films	Micro budget [0 - 500']	Low budget [500' - 1 mio[	Medium budget [1 - 3 mio[	High budget [3 - 10 mio[	Super high budget [10 - 30 mio[	All films
Total sample films	54	93	231	160	30	568
Films with pre-sales	18	49	196	156	30	449
% share	33%	53%	85%	98%	100%	79%
Cumulative financing volume of all films	14 529 501	68 263 019	426 087 440	821 015 783	465 731 689	1 795 627 431
Cumulative funds from pre-sales	698 825	4 118 862	75 584 294	284 108 808	202 886 235	567 397 025
% share	5%	6%	18%	35%	44%	32%
Avg budget of sample films	269 065	734 011	1 844 534	5 131 349	15 524 390	3 161 316
Avg amount of pre-sales (when available)	38 824	84 058	385 634	1 821 210	6 762 875	1 263 690
% share	14%	11%	21%	35%	44%	40%

Source: European Audiovisual Observatory

Figure 64. Breakdown of total pre-sales by form, budget and financing type of film (2018)



Source: European Audiovisual Observatory



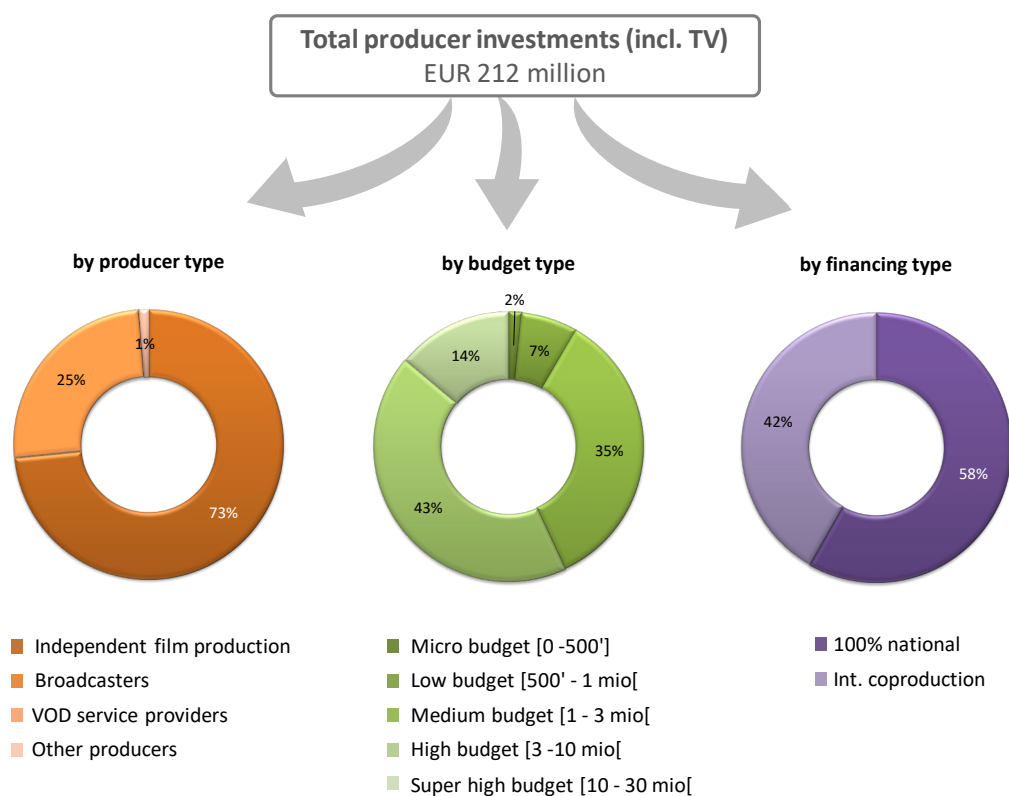
Table 68. Total pre-sales budget cluster – excl. France (2018)

Total pre-sales refers to all pre-sales including pre-sales to broadcasters.

Excluding French films	Micro budget [0 - 500']	Low budget [500' - 1 mio[	Medium budget [1 - 3 mio[	High budget [3 - 10 mio[	Super high budget [10 - 30 mio[	All films
Total sample films	41	74	191	91	10	407
Films with pre-sales	11	34	159	87	10	301
% share	27%	46%	83%	96%	100%	74%
Cumulative financing volume of all films	11 121 332	53 632 283	350 555 743	437 713 519	153 703 891	1 006 726 768
Cumulative funds from pre-sales	482 625	2 814 103	52 921 134	103 655 983	64 180 561	224 054 407
% share	4%	5%	15%	24%	42%	22%
Avg budget of sample films	271 252	724 761	1 835 370	4 810 039	15 370 389	2 473 530
Avg amount of pre-sales (when available)	43 875	82 768	332 837	1 191 448	6 418 056	744 367
% share	16%	11%	18%	25%	42%	30%

Source: European Audiovisual Observatory

Figure 65. Breakdown of total pre-sales by form, budget and financing type of film – excl. FR (2018)



Source: European Audiovisual Observatory



7.3. Breakdown of total producer investments including broadcasters (co-)production investments

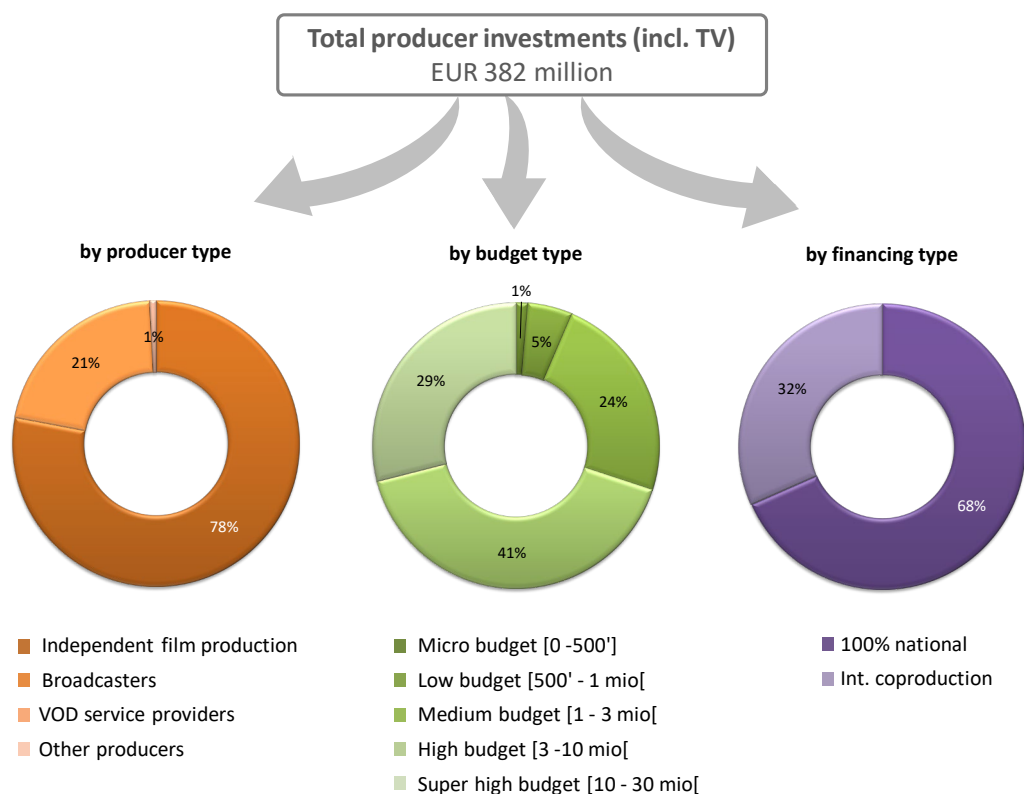
Table 69. Total producer investments by budget cluster (2018)

Total producer investments include direct (co-)production investments from broadcasters.

All sample films	Micro budget [0 - 500']	Low budget [500' - 1 mio[	Medium budget [1 - 3 mio[	High budget [3 - 10 mio[	Super high budget [10 - 30 mio[	All films
Total sample films	54	93	231	160	30	568
Films with producer inv. (incl. TV)	51	89	225	158	30	553
% share	94%	96%	97%	99%	100%	97%
Cumulative financing volume of all films	14 529 501	68 263 019	426 087 440	821 015 783	465 731 689	1 795 627 431
Cumulative funds from producer inv. (incl. TV)	5 187 296	19 290 349	90 400 108	156 503 580	110 845 084	382 226 416
% share	36%	28%	21%	19%	24%	21%
Avg budget of sample films	269 065	734 011	1 844 534	5 131 349	15 524 390	3 161 316
Avg amount of producer inv. (incl. TV) (when available)	101 712	216 745	401 778	990 529	3 694 836	691 187
% share	38%	30%	22%	19%	24%	22%

Source: European Audiovisual Observatory

Figure 66. Breakdown of producer investments by form, budget and financing type of film (2018)



Source: European Audiovisual Observatory



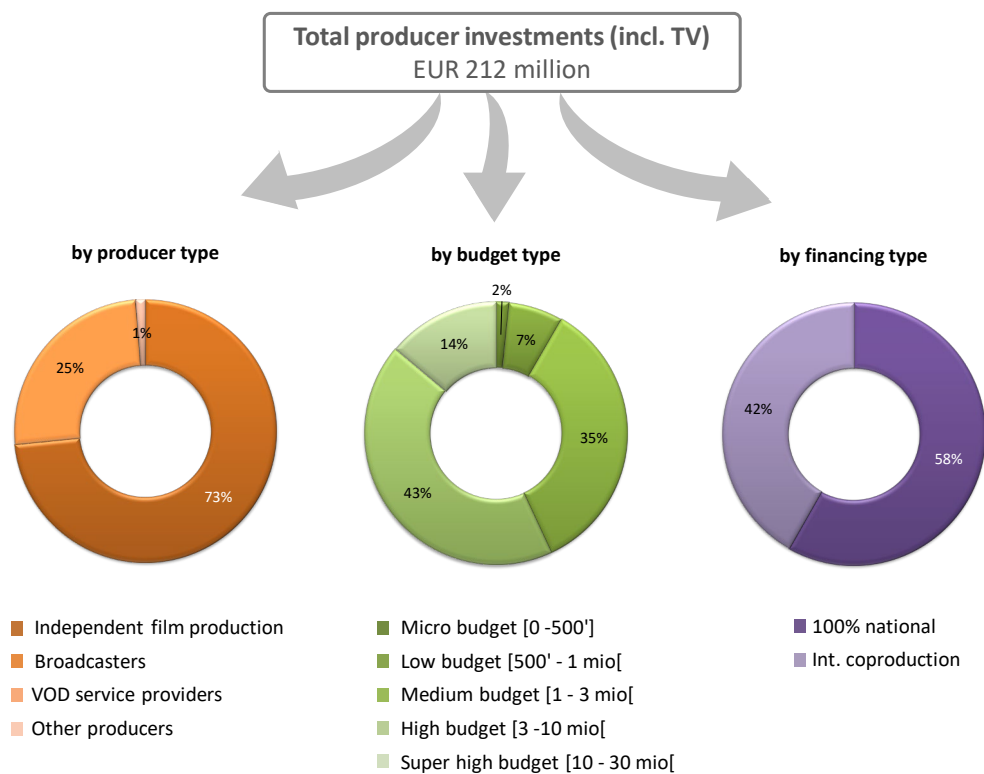
Table 70. Total producer investments by budget cluster (2018)

Total producer investments includes direct (co-)production investments from broadcasters.

Excluding French films	Micro budget [0 - 500']	Low budget [500' - 1 mio[	Medium budget [1 - 3 mio[	High budget [3 - 10 mio[	Super high budget [10 - 30 mio[	All films
Total sample films	41	74	191	91	10	407
Films with producer inv. (incl. TV)	38	70	185	89	10	392
% share	93%	95%	97%	98%	100%	96%
Cumulative financing volume of all films	11 121 332	53 632 283	350 555 743	437 713 519	153 703 891	1 006 726 768
Cumulative funds from producer inv. (incl. TV)	3 372 713	14 283 505	73 658 767	91 134 943	29 488 541	211 938 470
% share	30%	27%	21%	21%	19%	21%
Avg budget of sample films	271 252	724 761	1 835 370	4 810 039	15 370 389	2 473 530
Avg amount of producer inv. (incl. TV) (when available)	88 756	204 050	398 155	1 023 988	2 948 854	540 659
% share	33%	28%	22%	21%	19%	22%

Source: European Audiovisual Observatory

Figure 67. Breakdown of producer inv. by form, budget and financing type of film – excl. FR (2018)



Source: European Audiovisual Observatory



7.4. Standard indicator list

The following indicator forms the basis for the XLS worksheet used to collect the data (see attachment).

Nr	Indicators	CHECKBOX	Film 1	Film 2	Film 3	Film 4	...
A. FILM CHARACTERISTICS							
a)	Country of origin						
b)	Financing Type (100% national / Majority co-prod)						
c)	Genre (Fiction / Documentary / Animation)						
d)	"First work" (Yes/No)						
e)	Total budget (in EUR)						
B. FINANCING FROM NATIONAL SOURCES (MAIN PRODUCTION COUNTRY)							
1	Direct public funding	Checkbox: Repayable Checkbox: Non-repayable	0	0	0	0	0
1.1	National direct public funding		0	0	0	0	0
1.1.1	Selective funding						
1.1.2	Automatic funding						
1.2	Community & regional direct public funding		0	0	0	0	0
1.2.1	Selective funding						
1.2.2	Automatic funding						
1.3	Local direct public funding						
2	Production incentives		0	0	0	0	0
2.1	Cash rebates						
2.2	Tax rebates (excess paid out in cash)						
2.3	Tax credits (reduction of tax liabilities only)						
2.4	Tax shelter based investments from private investors		0	0	0	0	0
2.4.1	Investments from tax funds (e.g. SOFICA)						
2.4.2	Other tax shelter investments from individuals or corporations						
2.5	Other production incentives (e.g. VAT exemptions)						
3	Producer investments (own investments)		0	0	0	0	0
3.1	Film production companies		0	0	0	0	0
3.1.1	Lead production company		0	0	0	0	0
3.1.1.1	- Independent lead production company						
3.1.1.2	- Integrated lead production company						
3.1.2	National minority co-production companies						
3.2	Broadcasters		0	0	0	0	0
3.2.1	Public broadcasters						
3.2.2	Private broadcasters						
3.3	National VOD service providers						
3.4	Other producer investments						
4	In-kind investments						
5	Private equity cash investments						
6	National pre-sales		0	0	0	0	0
6.1	Split rights deals / Outright pre-sales (no MG)		0	0	0	0	0
6.1.1	Distributor						
6.1.2	Broadcasters		0	0	0	0	0
6.1.2.a	- Public broadcasters						
6.1.2.b	- Private broadcasters						
6.1.3	National VOD service providers						
6.1.4	Other national pre-sales						
6.2	Minimum Guarantees						
7	Debt financing		0	0	0	0	0
7.1	Institutional gap loan financing		0	0	0	0	0
7.1.1	Bank gap loans						
7.1.2	Private gap funds						
7.2	Deferments		0	0	0	0	0
7.2.1	Producer deferments						
7.2.2	Third-party deferrals						
7.3	Other						
8	Other		0	0	0	0	0
8.1	Sponsoring						
8.2	Product Placement						
8.3	Donations (e.g. through crowdfunding)						
8.4	Other						



C. FINANCING FROM FOREIGN SOURCES						
9	Supranational direct public funding	Checkbox: Repayable	Checkbox: Non-repayable	0	0	0
9.1	Supranational direct public funding			0	0	0
9.1.1	Selective funding					
9.1.2	Automatic funding					
10	Multi-territory pre-sales			0	0	0
10.1	Split rights deals / outright pre-sales (no MG)			0	0	0
10.1.1	International sales agents					
10.1.2	International distributors					
10.1.3	International VOD service providers					
10.1.4	International broadcasters			0	0	0
10.1.4.a	- public broadcasters					
10.1.4.b	- private broadcasters					
10.1.5	Other pre-sales					
10.2	Minimum Guarantees					
C.1	Financing funds from minority financig country 1					
1	Direct public funding	Checkbox: Repayable	Checkbox: Non-repayable	0	0	0
1.1	National direct public funding			0	0	0
1.1.1	Selective funding					
1.1.2	Automatic funding					
1.2	Community & regional direct public funding			0	0	0
1.2.1	Selective funding					
1.2.2	Automatic funding					
1.3	Local direct public funding					
2	Production incentives			0	0	0
2.1	Rebates (cash)					
2.2	Tax rebates (excess paid out in cash)					
2.3	Tax credits (reduction of tax liabilities only)					
2.4	Tax shelter based investments from private investors			0	0	0
2.4.1	Investments from tax funds (e.g. SOFICA)					
2.4.2	Other tax shelter investments from individuals or corporations					
2.5	Other production incentives (e.g. VAT exemptions)					
3	Producer investments (own investments)			0	0	0
3.1	Film production companies			0	0	0
3.1.1	Lead production company			0	0	0
3.1.1.1	- Independent lead production company					
3.1.1.2	- Integrated lead production company					
3.1.2	National minority co-production companies					
3.2	Broadcasters			0	0	0
3.2.1	Public broadcasters					
3.2.2	Private broadcasters					
3.3	National VOD service providers					
3.4	Other producer investments					
4	In-kind investments					
5	Private equity cash investments					
6	National pre-sales			0	0	0
6.1	Split rights deals / Outright pre-sales (no MG)			0	0	0
6.1.1	Distributor					
6.1.2	Broadcasters			0	0	0
6.1.2.a	- Public broadcasters					
6.1.2.b	- Private broadcasters					
6.1.3	National VOD service providers					
6.1.4	Other national pre-sales					
6.2	Minimum Guarantees					
7	Debt financing			0	0	0
7.1	Institutional gap loan financing			0	0	0
7.1.1	Bank gap loans					
7.1.2	Private gap funds					
7.2	Deferments			0	0	0
7.2.1	Producer deferments					
7.2.2	Third-party deferrals					
7.3	Other					
8	Other			0	0	0
8.1	Sponsoring					
8.2	Product Placement					
8.3	Donations (e.g. through crowdfunding)					
8.4	Other					



7.5. Key aspects of the common methodology

How to collect the raw data

In principle, all the raw data comes from the financing plans of the individual sample films: **For each film**, the financing **data must** be taken **from its financing plan** and **entered (as one column) into the agreed-upon XLS template**, which follows the standard indicator list defined below in this section. Film titles must not be shown, in order to respect confidentiality agreements. Instead **films must simply be numbered (Film 1, Film 2, etc.)**.

Clearly, the categories and level of detail used in the financing plans differ from the standard indicator list defined below. One of the key challenges is thus the correct **‘translation’ of financing plans, i.e. the allocation of financing funds as displayed in the financing plan to the appropriate standardised indicator category**.

In this context, familiarity with the details of the individual projects and their support materials may be helpful, as not all required information is evident from the financing plan itself. For instance, the financing plan may indicate the names of individual financiers but not specify their category. Someone familiar with the project, in particular the project administrator, will however know immediately how to categorise the financier.

In contrast to the actual financing plan, there is no need to indicate the actual name of the financier. **Only the cumulative amounts** coming from all financiers falling into a specific **category** need to be filled in. This means financing amounts coming from two different organisations that fall into the same category need to be summed up, and only the cumulative amount is entered in the XLS template. There is no need to indicate the names or the number of financiers falling into the category.

Example:

If a film receives EUR 100 000 in production funding from Eurimages and EUR 50 000 from MEDIA for the project development, only the cumulative EUR 150 000 needs to be indicated under the indicator “Supranational Public Funding”.

Ideally the data is entered at the most detailed level and then (automatically) summed up at each preceding higher level. However, if data is only available at the “summary level”, it can be entered in the summary line (overriding the SUM formula).

Example:

If the national TV rights are pre-sold, through a split rights deal, to a Public Broadcaster paying EUR 40 000 for the rights, this would ideally be entered in category 6.1.2.a Public broadcasters. By default, the EUR 40 000 are taken into consideration when calculating split rights deals with broadcasters (6.1.2), which in turn contributes to total financing funds from split rights deals (6.1) and ultimately forms part of total pre-sales (6). If, however, the film agency only knows the total amount of pre-sales without any further breakdown, the EUR 40 000 can be directly entered under pre-sales (6).



Detailed definition of indicators

The following section contains the definitions of all indicators listed in the standard indicator list above. EFARN members agreed to base the data collection in the pilot project on these definitions. Please note that these definitions are in a sense a work in progress, as they incorporate feedback received from agencies throughout the project and will be, if necessary, adjusted.

A FINANCING FROM NATIONAL SOURCES

This section combines all funds coming from national sources, i.e. financiers with a registered residence or paying non-resident income tax in the main production country.

Main production country:

The country which provides the (relative) majority share of financing, or, phrased differently, the country from which the largest share of financing funds originates. In the case of international co-productions, this refers to the majority co-producing country.

1. Public funding

Please note: the purpose of this category is to assess the significance of direct public funding provided by the different types of public film funds to support film production.

This category combines funds granted (committed) by a public film fund to finance / support the development and production of a theatrical feature film up-front. In contrast to production incentives direct public funding is (mostly) provided up-front and is not calculated as a percentage share of eligible production expenditures to be refunded ex post.

Public film funds:

For the purposes of this analysis, public film funds are defined as public bodies that provide subsidies and grants to film projects. This definition excludes for example private institutions, funds or foundations, and publicly funded banks or other credit institutions.

Public funding can take various forms, including for example repayable loans, grants, and equity investments, and can be granted via selective or automatic schemes. For most research questions, it was not necessary to collect data for each of these categories separately, as the crucial element of public funding, namely its soft recoupment position, is common to all these forms of public funding. It is, however, important to show which amounts are being provided by supra-national, national, regional and local film-funding bodies.

Furthermore, some agencies expressed interest in collecting separate data for selective and automatic public support, as well as in distinguishing between repayable loans and non-repayable grants. The standard indicator list has consequently been widened to include a breakdown between selective and automatic support for each “geographical type” of fund, with the exception of “local funding”, which is assumed to comprise only selective schemes. For the sake of simplicity, the qualification of a specific type of support as “repayable” or “non-repayable” is indicated via a checkbox next to the indicator name (see practical example below), rather than in the form of additional indicators with dedicated rows. This approach is based on the simplifying assumption that all selective or automatic support granted is either fully repayable, at least in principle, or not repayable at all.



Indicators	Definition
1.1 National funds	<p>Cumulative funding granted by national film fund → calculated as the sum of 1.1.1 and 1.1.2 (if breakdown between selective and automatic funding is available).</p> <p><i>National film funds:</i> National film funds – or film agencies – are administered by national authorities and provide support on a national level. National funds include for example the CNC in France, the BFI in the UK, or the Finnish Film Foundation in Finland.</p>
1.1.1 Selective funding	Cumulative funding granted by national film funds at the discretion of the relevant issuing body.
1.1.2 Automatic funding	Cumulative funding provided by national film funds to which a producer has an absolute entitlement so long as they (or the firm) meet certain prescribed conditions.
1.2 Regional funds	<p>Cumulative funding granted by regional or community film funds → calculated as the sum of 1.2.1 and 1.2.2 (if breakdown between selective and automatic funding is available).</p> <p><i>Regional film funds:</i> Regional funds cover funding put in place by regional authorities and exist for example in BE, DK, FR, HU, IT, NO, PL, GB, SE (including for example Film London, Wallimage)</p> <p><i>Community film funds:</i> Community funds exist in countries where Cantons (CH), Communities (BE, ES), Entities (BA), Länder (AT, DE) or Nations (GB) have been granted constitutional competence in the field of culture (including for example Filmfonds Wien, Zürcher Filmstiftung, Scottish Screen).</p>
1.2.1 Selective funding	Cumulative funding granted by community or regional film funds at the discretion of the relevant issuing body.
1.2.2 Automatic funding	Cumulative funding provided by community or regional film funds to which a producer has an absolute entitlement so long as they (or the firm) meet certain prescribed conditions.
1.3 Local funds	Cumulative funding granted by municipal authorities and at the level of French <i>départements</i> (including for example the Rotterdam Media Fonds). It is assumed that local funding is always of a selective character.

Practical example of how to enter public funding data:

Film 1: A German film is funded by the FFA (national funding), the Bavarian Film Fund (regional funding) and MEDIA and Eurimages (supra-national funding). The questionnaire is being filled out by the FFA based on the financing plan provided by the producer as part of its funding agreement. Clearly, the FFA knows whether its own funding is selective or automatic and whether it needs to be repaid or not. It is hence in a position to enter the corresponding amounts in the dedicated indicator line: in the example given, the FFA provided EUR 200 in non-repayable automatic funding. This amount is entered in line 1.1.1 and the “non-repayable box” is checked next to the indicator “automatic funding”.

The EUR 50 provided by the Bavarian Film Fund (regional funding) are repayable but the FFA does not know whether they come from an automatic or selective support scheme. In this case, the EUR 50 cannot be shown in the selective or automatic supranational funding line (1.2.1. or 1.2.1) but need to be added (manually) to the cumulative regional funding line (1.2). As all regional funding is known to be repayable in this scenario, the “repayable” checkbox can be ticked for the cumulative regional funding (1.2.).



B. FINANCING FROM NATIONAL SOURCES								
1	Public Funding	Checkbox: Repayable	Checkbox: Non-repayable	250	0	0	0	0
1.1	National			200	0	0	0	0
1.1.1	Selective funding							
1.1.2	Automatic funding		X	200				
1.2	Regional	X		50	0	0	0	0
1.2.1	Selective funding							
1.2.2	Automatic funding							
1.3	Local							

As support granted from an organisation outside Germany, MEDIA and EURIMAGES support (supra-national funding) must be registered in section C. FINANCING FROM FOREIGN SOURCES, or more specifically in section 9. Supra-national public funding. Let's assume the FFA does not know with absolute certainty whether the EURIMAGES (EUR 100) and MEDIA (EUR 50) support is automatic or selective, nor whether it needs to be repaid or not. In this case, the EUR 50 cannot be shown in the selective or automatic supranational funding line (9.1.1 or 9.2.1) but need to be added (manually) to the cumulative supra-national funding line (9): EUR 100 (from Eurimages) + EUR 50 (from MEDIA) makes a total of EUR 150 in supra-national funding. No checkbox can be ticked for the cumulative supra-national funding (9.1), as the character of the cumulative supra-national funding is unclear.

C. FINANCING FROM FOREIGN SOURCES								
9	Supranational Public Funding	Checkbox: Repayable	Checkbox: Non-repayable	150	0	0	0	0
9.1	Supranational public funding			150	0	0	0	0
9.1.1	Selective funding							
9.1.2	Automatic funding							

2. Production incentives

Please note: the purpose of this category is to contribute to assessing the impact of production incentives on the financing of European films. It is not meant to assess the success of production incentive schemes as such, as most of these schemes are designed to attract foreign film productions and boost the national film (service) industry.

This category combines certified funds coming from national production incentives. Production incentives can take many forms including cash rebates, tax rebates or tax credits targeting production (service) companies as well as tax shelters which encourage national private investments in film production. In contrast to direct public funding, incentive funding is generally calculated as a percentage share of eligible production expenditures and is refunded ex post.

Production incentives vs. direct public funding:

While it is sometimes not easy to draw the line between direct public funding and incentive funding, the timing and calculation of the funding can be used as pragmatic distinction criteria: direct public funding is (mostly) provided up-front while incentive funding refunds incurred expenditures ex post. Direct public funding is granted in dedicated absolute amounts while incentive funding is calculated as a percentage share of eligible local expenditures. From a more qualitative angle, one might argue that these two forms of public support are based on different goals: while direct public funding is targeted at national films with the aim of promoting the production of qualitatively strong films, incentive funding is also (indeed sometimes primarily) targeted at international films with the aim of maximising local economic effects.

Forms of production incentives:

In the case of rebates, a certain percentage share of the film's eligible local production expenditures is paid back to the producer/ applicant. Rebates can take the form of cash rebates or tax rebates. In the case of **cash rebates**, the rebate is paid out as a straight cash refund, normally after the expenditure has occurred and the accounts have been audited. Cash rebates are generally funded directly from the state



budget but can be administered and paid out through special funding bodies or other state-owned entities. **Tax rebates** may reduce the producer's tax liability. If the producer has no taxable revenue or when there is an excess still available after the tax liabilities are cleared the tax rebate is paid out in cash. The main difference compared to cash rebates lies in the fact that tax rebate payments are not handled by demarcated film funding bodies but by tax authorities.

Like tax rebates, **tax credits** are designed to permit repayment of a percentage of qualified production expenses via a deduction of the applicant's tax liability. In contrast to tax rebates, tax credits are not refundable and are only triggered when there actually is a tax liability. Relevant tax liabilities include income tax but may also include other taxes such as VAT or social contributions. Companies without tax liability cannot therefore benefit from it. In such cases, tax credits can generally be transferred / sold to third party investors who owe a sufficiently high amount of taxes and can use the tax credit as a profit-reducing loss.

In contrast, **tax shelters (or tax allowances)** provide an incentive for private investors to make equity investments in film productions (either directly in production or through the acquisition of rights) allowing them to reduce their taxable income base by the amount invested. In the case of tax shelter investments, funds thus become available to the production up-front and are provided by private investors rather than fiscal authorities or the state. Given their hybrid nature as equity investments and soft money, tax shelter funds could in principle be grouped under "Private equity investments". However, in order to facilitate the analysis of production incentives as a financing source, they are shown in the production incentives section.

Certified funds:

Funds from cash and tax rebates as well as tax credits are generally not paid out until after the production budget is spent, but they can be discounted (cash-flowed) by the producer in order to finance the production up-front. A part of the rebate or tax credit goes to financial intermediaries rather than into the production as such. Assuming that the related financing costs are properly factored into the production budget, funding from incentives can nevertheless be indicated at face value as shown in the documentation certifying the production's right to benefit from rebates or tax credits (certified funds).

Private investors:

Private investors are all equity investors other than producers or public film funds financing the film production with cash in exchange for a share of an equity share in the film, i.e. (partial) ownership of the negative and copyrights linked to the film, and/or a share in net profits. Private Investors generally demand a premium to be recouped on top of the repayment of their investment. In contrast to producers, private investors only finance the film production but are not actively involved in the making of the film. Also, they generally take a preferential recoupment position.

Indicators	Definition (draft)
2.1 Cash rebates	<p>Cumulative certified or pre-certified funds coming from cash rebates. To be indicated at face-value.</p> <p><i>Cash rebates:</i> Incentive schemes that pay back a certain percentage share of a film's eligible production expenditures to the producer as a <u>straight cash refund</u>. The rebate payment normally occurs <u>after the expenditure has taken place</u> and the accounts have been audited. Rebates are generally funded directly from the state budget but can be administered and paid out through special funding bodies or other state-owned entities. Examples include the German Federal Film Fund (DFFF) or the Greek cash rebate administered by the National Centre of Audiovisual Media and Communication.</p>



2.2 Tax rebates	<p>Cumulative certified or pre-certified funds coming from tax rebates. To be indicated at face-value, no matter whether they are transferable (and can hence be pre-sold) or not.</p> <p><i>Tax rebates:</i> Incentive schemes that pay back a certain percentage share of the film's qualified production expenses in the state as a <u>refund of local tax liabilities</u>. The tax rebate either reduces the producer's tax liability or – if the producer has no taxable revenue or when there is an <u>excess</u> still available after the tax liabilities are cleared – is <u>paid out in cash</u>. The main difference compared to cash rebates lies in the fact that tax rebate payments are not handled by demarcated film funding bodies but by tax authorities. Tax rebates can generally be claimed only by national production (service) companies at the end of their fiscal year. Examples include the French TRIP (Crédit d'impôt international).</p>
2.3 Tax credits	<p>Cumulative certified or pre-certified funds coming from tax credits. To be indicated at face-value, no matter whether they are transferable (and can hence be pre-sold) or not.</p> <p><i>Tax credits:</i> Like tax rebates, tax credits are designed to permit the repayment of a percentage of qualified production expenses via a <u>deduction of the applicant's tax liability</u>. In contrast to tax rebates, tax credits are <u>not refundable</u> and are only triggered when there actually is a tax liability. Relevant tax liabilities include income tax but may also include other taxes such as VAT or social contributions.</p> <p>Production companies without tax liability cannot therefore benefit from it. In such cases, tax credits can generally be transferred / sold to third party investors who owe a sufficiently high amount of taxes and can use the tax credit as a profit-reducing loss. Examples include the Irish tax credit Section 481 or the Italian Tax Credit for the Attraction of Film and Audiovisual Investments.</p>
2.4 Tax shelter investments	<p>Cumulative equity investments (either in the production or acquisition of rights) in films made by private investors, or tax funds which benefit from a tax shelter related to their film investments. In contrast to cash rebates or tax rebates / credits, tax shelter investments are provided up-front → calculated as the sum of 2.3.1 and 2.3.2.</p> <p><i>Tax shelter:</i> Fiscal incentive scheme permitting private investors to reduce their taxable income by deducting their investments in qualifying film productions. Examples include the French SOFICA or the Lithuanian Film Tax Incentive.</p> <p><i>Equity investments:</i> Equity (cash) investments which give investors an equity share in the film, i.e. (partial) ownership of the negative and copyrights linked to the film.</p>
2.4.1 Tax funds	<p>Cumulative equity investments (either in the production or acquisition of rights) in films made by tax funds, i.e. equity funds investing in film productions making use of tax shelters (e.g. the French SOFICA).</p>
2.4.2 Other tax shelter-related equity investments	<p>Cumulative equity investments (either in the production or acquisition of rights) in films made by private investors other than tax funds who benefit from a tax shelter related to their film investments.</p>
2.5 Other production incentives	<p>Cumulative financing coming from other production incentive schemes, e.g. schemes that offer only an exemption on certain taxes. Examples include exemptions from VAT or lodging taxes.</p>



3. Producer investments (own investments; national)

Please note: the purpose of this category is two-fold. By quantifying the percentage share of producers' own investments, it helps address the research question *How are European films financed?* The breakdown of (co-)producer investments by type of business activity also speaks to research questions related to broadcaster investments and 'new players' such as VOD service providers.

This category combines all production investments (own investments) from national producers, i.e. the part of the budget financed by companies or individuals regarded as producers.

Producers:

Persons, either corporate or individual, responsible for developing, packaging, and making the film. Producers ultimately own and control the copyright to the finished product. This includes both the lead producer as well as co-producers but excludes production service companies, which are only engaged by the production company to make the film on its behalf but do not invest their own equity. Producers can come from different business sectors including for example dedicated film production companies, broadcasters, or VOD service providers.

National producer:

Any producer with a registered residence or paying non-resident income tax in the country in question (in this context: the majority producing country).

Producer production investments:

Funds invested by producers in the production of the film, giving them an equity share in the film, i.e. (partial) ownership of the negative and copyrights linked to the film. This includes in-kind investments made by producers but excludes in-kind investments ("facilities for equity") made by third parties such as equipment rental companies, studios, or post-production houses, which are captured as a separate financing category. This also excludes payments made by broadcasters in exchange for TV rights (pre-sales to broadcasters). And it excludes deferments or loans made by producers – which are qualified as debt financing. Producers' equity generally comes last in the recoupment schedule.

Indicators	Definition (draft)
3.1 Film production company	<p>Cumulative production investments coming from national film production companies, including both the lead production company and national co-production companies → calculated as the sum of 3.1.1 and 3.1.2.</p> <p><i>Film production company:</i> Companies whose main business activity is to produce and exploit / sell exploitation rights to theatrical and / or TV films.</p>
3.1.1 Lead production company	<p>Cumulative production investments coming from the lead production company. Calculated as the sum of 3.1.1.1 and 3.1.1.2</p> <p><i>Lead production company:</i> Film production company ultimately responsible for producing the film and usually owning and controlling the copyright to the finished product. In the case of co-productions, this generally refers to the production company providing the largest share of investment, i.e. the majority rights-holder.</p>
3.1.1.1 Independent lead production company	<p>Cumulative production investments coming from an independent lead production company.</p> <p><i>Independent production company:</i> In this context, the term <i>independent</i> refers to film production companies not wholly or partly owned by a broadcaster, a VOD platform, or a US studio.</p>



3.1.1.2	Integrated lead production company	<p>Cumulative production investments coming from an integrated lead production company.</p> <p><i>Integrated production company:</i> In this context, the term <i>integrated</i> refers to film production companies wholly or partly owned (with a controlling interest) by a broadcaster, a VOD platform, or a US studio, including for e.g. Studiocanal.</p>
3.1.2	National minority co-production companies	<p>Cumulative production investments coming from all national minority co-production companies.</p> <p><i>Minority co-production company:</i> Producer contributing a minority share of producers' equity investment.</p>
3.2	Broadcasters	<p>Cumulative production investments coming from national broadcasters. If the financing plan does not allow for a split of broadcaster investments into co-production investment on the one hand and the buying of broadcasting rights on the other, we assume a 50/50 split, i.e. 50% of the total broadcaster investment to be accounted for as producer investment and 50% as a pre-sale taking the form of a split rights deal. To be calculated as the sum of 3.2.1 and 3.2.2.</p> <p><i>Broadcaster:</i> Companies whose main business activity is the broadcasting of audiovisual content.</p>
3.2.1	Public broadcasters	<p>Cumulative production investments coming from national public broadcasters.</p> <p><i>Public broadcasters:</i> TV, radio and other media outlets whose primary mission is public service. Public broadcasters are generally funded by the government, especially via annual fees.</p>
3.2.2	Private broadcasters	<p>Cumulative production investments coming from national private broadcasters.</p> <p><i>Private broadcasters:</i> TV, radio and other electronic media outlets that provide audiovisual programming for purely commercial reasons.</p>
3.3	VOD service provider	<p>Cumulative production investments coming from national VOD service providers, i.e. VOD platforms based in the main production country.</p> <p><i>VOD service providers:</i> Companies whose main business activity is the provision of VOD services.</p>
3.4	Other producer investments	<p>Cumulative production investments coming from other types of producers, possibly including distributors.</p>



4. In-kind investments (national)

Please note: the purpose of this category is to keep other categories 'clean' and thereby improve their comparability and explanatory power. In-kind investments in themselves are not the subject of any research question analysed in the context of this data collection.

This category combines all third-party in-kind investments, no matter where they come from, including for e.g. equipment rental companies, studios, laboratories, dubbing theatres or post-production houses. In-kind investments made by producers are captured as producer investments.

In-kind investments:

Any kind of provision of services or products free of charge or at favourable rates provided for example by equipment rental companies, studios, laboratories, dubbing theatres or post-production houses in exchange for a share of net profits or equity or deferments ("facilities for equity").

5. Private equity cash investments (national)

Please note: the purpose of this category is to quantify the extent to which European film productions successfully attract private equity investments that do not benefit from tax shelters. It is hence complementary to the "Tax shelter investments" indicator in the "Production incentives" category. Together, these two indicators show the full amount of private equity investments available to film productions. The two indicators are separated to enable insights with regard to the impact of tax shelters.

This category combines all non-tax shelter-related equity cash investments from national private investors, including for example private equity funds, venture capital funds, individual investors or crowd-funding campaigns.

Private investors:

Private investors are all equity investors other than producers or public film funds providing cash to the film production in exchange for a share of equity, net profits or copyrights. Private investors generally demand a premium to be recouped on top of the repayment of their investment. In contrast to producers, private investors only finance the film production but are not actively involved in the making of the film. Also, they generally take a preferential recoupment position.

National private investors:

Any private investor with a registered residence or paying non-resident income tax in the country in question (in this context: the majority producing country).

Private equity cash investments:

Complementing the tax shelter investment indicators already captured in the "Production incentives" category, this indicator refers only to equity cash investments made by private investors not benefitting from a tax shelter, i.e. unable to deduct their investment from their taxable income base.



6. Pre-sales

Please note: the purpose of this category is two-fold. By quantifying the percentage share of pre-sales available for financing the production, it forms part of the research question *How are European films financed?* The breakdown by type of pre-sales as well as distinguishing between for example distributors and broadcasters provides important additional insights in understanding the development of pre-sales and the role of broadcasters and distributors in financing film production through the acquisition of rights.

This category combines the cumulative proceeds from two different types of pre-sales made to national exploitation companies (typically for national distribution rights): split rights deals / outright pre-sales and minimum guarantees.

Pre-sale (for financing purpose)

A sale of distribution rights (licence to distribute) that takes place at any time prior to the completion of a film production. To be considered as financing funds, receipts from pre-sales have to go into the production account²¹ to be used to finance the production, rather than into the collection account²².

Split rights deal / Outright pre-sale

In a split rights deal, a financier pays (cash) in return for specific distribution rights. In contrast to a producer equity cash investment, which creates (partial) ownership of the negative and copyrights linked to the film, the financier in a split rights deal only acquires distribution rights but does not share responsibility for actually developing, packaging and making the film. In contrast to a pre-sale based on minimum guarantees, these deals are generally structured as an outright sale in which the buying party pays the full purchase price up-front (i.e. before production is completed / started) as a one-off payment, with the producer receiving no further revenues from the subsequent exploitation of the right in question. Broadcasters pre-buying broadcasting rights rather than investing in equity fall into this category. Another example would be sales agents or distributors who purchase the distribution rights for certain territories.

Minimum guarantee (MG):

The fee a distributor agrees to pay for the licence of copyright allowing them to distribute the film exclusively in their territory in the specified formats for a specified period of time. In contrast to an outright sale, the producer will participate in all revenues generated by the distributor during the lifetime of their distribution licence according to contractually defined splits. In fact, the minimum guarantee is actually an advance against future revenues payable to the producer pursuant to the distributors' sales contract (distribution agreement).

MGs are generally only paid upon satisfactory delivery of the finished film to the distributors. A certain percentage share of the MG can however be paid as a deposit already at the time of the pre-sale. The rest of the MG can be discounted, i.e. a bank lends the producer a discounted amount of money up-front and collects the corresponding MG amount directly from the distributor when the film is delivered by the producer. The bank charges interest and fees so that the actual loan made available to the producer is lower than the contractually agreed MG. The related financing costs (interests, fees) are factored into the production budget (which needs to be financed). MGs thus need to be **indicated with the full amount** as agreed in the distribution agreement (face value).

Please note: pre-sales without any proceeds, i.e. the purchase price or an MG, going into the production account, do not contribute any funds to the production and can hence not be part of the financing plan.

²¹ Production account = segregated bank account into which all the production funds are placed, and from which all production expenses are paid by the producers.

²² Collection account = the account into which income from sales is received and from which payments to financiers and profit participants is made.



Indicators	Definition (draft)
6.1 Split rights deals	<p>Cumulative amount of financing monies coming from split rights deals, i.e. cash investments made by any national financier in return for specific distribution rights (without the status of co-producer). To be calculated as the sum of 6.1.1 to 6.1.4.</p> <p><i>Split rights deal</i> In a split rights deal, a financier pays (cash) in return for specific distribution rights rather than becoming a co-producer. In contrast to pre-sales based on minimum guarantees, these deals are generally structured as an outright sale where the buying party pays the full purchase price up-front (i.e. before production is completed/started) as a one-off payment with the producer receiving no further revenues through splits from the subsequent exploitation of the right in question. Broadcasters pre-buying broadcasting rights rather than investing in equity fall into this category. Another example would be distributors who purchase the distribution rights for certain territories.</p>
6.1.1 w/ Distributors	<p>Cumulative amount paid by a national distributor in return for distribution rights for the national territory.</p> <p>Reminder: In contrast to a pre-sale based on minimum guarantees, the distributor pays the full purchase price up-front, instead of a minimum guarantee after delivery for the finished film (see definition of split rights deal above).</p>
6.1.2 w/ Broadcasters	<p>Cumulative amount paid by national broadcasters pre-buying broadcasting rights for the national market. Calculated as sum of 6.1.2.1 and 6.1.2.2.</p> <p>If the financing plan does not allow for a split of broadcaster investments into co-production investment on the one hand and the buying of broadcasting rights on the other, we assume a 50/50 split, i.e. 50% of the total broadcaster investment accounted for as producer investment and 50% as a pre-sale taking the form of a split rights deal.</p>
6.1.2.a w/ Public broadcasters	<p>Cumulative amount paid by national public broadcasters pre-buying broadcasting rights.</p> <p><i>Public broadcasters (see definition under 3.2.1).</i></p>
6.1.2.b w/ Private broadcasters	<p>Cumulative amount paid by national private broadcasters pre-buying broadcasting rights.</p> <p><i>Private broadcasters (see definition under 3.2.2).</i></p>
6.1.3 w/ VOD service providers	<p>Cumulative amount paid by a national VOD service provider in return for online distribution rights for the national territory (i.e. the main production country).</p>
6.1.4 w/ Others	<p>Cumulative amount paid by other national financiers pre-buying distribution rights for the national market.</p>
6.2 Minimum guarantees	<p>Cumulative amount of contractually agreed minimum guarantees for any single or any bundle of national distribution rights paid by a national financier / distributor. Given the fact that distribution rights can be bundled and sold in so many different combinations to one or more buyers, it does not make sense to break this indicator further down.</p> <p><i>National distribution rights:</i> The rights to commercially exploit a film on the national market (in the case of co-productions: the majority producing country).</p>



7. Debt Financing

Please note: The purpose of this category is to quantify the extent to which European film productions have access to debt financing. It forms part of the research question *How are European films financed?* In an indirect manner, this category may provide useful insights with regard to the question of whether loan guarantees are effective in increasing the availability of gap financing.

This category combines the cumulative financing funds raised through debt financing from national financiers. This includes gap financing, deferments and other debt.

Debt:

Money that is actually owed (in contrast to equity), including for example loans and deferred payments for goods and services. Debt financing generally comes with **fees and interest rates, takes priority** recoupment positions (i.e. gets paid back before any equity financiers) and generally does not involve any back-end participation (share in net profits).

Gap financing:

Loans provided to finance the gap between a film's budget and other financing raised. Gap financing is provided against the projected sales estimates²³ relating to unsold territories. This specifically excludes loans discounting rebates, tax credits, tax shelters or pre-sales, all of which are to be taken account of in their respective separate categories. Gap financing is usually provided by banks (7.1.1) but can also be offered by specialist private gap funds (7.1.2).

Deferment:

The pre-agreed delaying of payment of all or part of a fee, often referring to the producer and / or talent being paid a proportion of their contractual fee out of receipts from distribution / exploitation of the film (either before or after break-even) rather than from the production account, thereby reducing the cash budget.

Indicators	Definition
7.1 Gap financing	Cumulative amount of loans provided by national financiers as gap financing → calculated as sum of 7.1.1 and 7.1.2.
7.1.1 Bank gap loans	Cumulative amount of loans issued by a bank as gap financing. Reminder: this category refers to gap loans only, i.e. it does not include bank loans discounting rebates, tax credits, tax shelters or pre-sales.
7.1.2 Private gap funds	Cumulative amount of cash provided by private gap funds. <i>Please note: private gap funds generally offer a hybrid between a pure gap loan and equity finance, as they often require a net profit participation. However, given the fact that they recoup in first position and charge interest rates and fees, they are considered closer in character to debt financing than equity and are hence accounted for as a debt category.</i>
7.2 Deferments	Cumulative amount of all deferments made for example by producers, cast or crew.
7.3 Other debt	Cumulative amount of other debt financing.

²³ Territory-by-territory estimates of sale prices of a film considered likely and / or possible by a sales agent.

**8. Other**

Please note: The purpose of this category is to provide a catchment category for all other sources of financing assumed to not be of major relevance for public film policy considerations regarding film financing.

This catchment category combines the cumulative financing funds raised from all other national financing sources including for example sponsoring, product placement or donations.

Indicators	Definition
8.1 Sponsoring	Cumulative amount of cash or value of services provided by national sponsors solely in return for an on-screen credit.
8.2 Product placement	Cumulative amount of fees paid by national third parties in exchange for the inclusion of their commercial products in the film.
8.3 Donations	Cumulative amount of cash or value of services donated by national third parties. This category includes for example crowd-funding monies which do not establish any equity rights and / or net profit participation.
8.4 Other	Cumulative amount of funds provided by other national financing sources.

B FINANCING FROM FOREIGN SOURCES

Please note: The purpose of separating national from foreign financing funds is to address questions related to the significance of international co-productions and / or the dependence of national film productions on international co-financing.

This section combines all funds coming from foreign / non-national sources, i.e. financiers who do not have a registered residence and do not pay non-resident income tax in the main production country (in the case of international co-productions: the majority producing country).

9. Supra-national public funding

This category combines funds granted (committed) by supra-national film funds to support the development and production of a theatrical feature film.

Supra-national film fund:

For the purposes of this analysis, supranational film funds are defined as public (often international) bodies providing subsidies and grants to film projects originating from various (qualifying) countries. This category includes for example Eurimages, the MEDIA programme, Ibermedia and the Nordisk Film & TV Fond. For the sake of simplicity, this category also covers publicly financed 'outreach funds' based in Europe which primarily support filmmakers originating from outside Europe (including for example World Cinema Fund, ACP Films, Vision Sud-Est).

Please refer to section 1. *Public funding* (provided by national funds) for a practical example of how to enter data related to selective / automatic and repayable / non-repayable funding schemes.



Indicators	Definition
9 Supra-national public funding	Cumulative funding granted by supra-national film funds like Eurimages, the MEDIA programme, Ibermedia, the Nordisk Film & TV Fond, World Cinema Fund, ACP Films, Vision Sud-Est, etc.
9.1.1 Selective funding	Cumulative funding granted by supra-national film funds at the discretion of the relevant issuing body.
9.1.2 Automatic funding	Cumulative funding provided by supra-national film funds to which a producer has an absolute entitlement so long as they (or the firm) meet certain prescribed conditions.

10. Multi-territory pre-sales

Please note: the purpose of this category is to cover proceeds from pre-sales to territories other than the national market or co-producing markets. It hence complements pre-sales made for national distribution rights (Category 6) in the national market as well as in the minority co-producing countries for which financing data are available. All these categories need to be taken into consideration when addressing research questions related to pre-sales.

This category combines the cumulative proceeds from pre-sales which cover several territories and can thus not be linked exclusively to either the main country of origin or to the minority co-producing / - financing countries. Pre-sales can either take the form of split rights deals / outright pre-sales or of minimum guarantees. For the sake of simplicity, all pre-sales to sales agents are included in this category.

See 6 Pre-sales for relevant definitions.

Indicators	Definition
10.1 Split rights deals	Cumulative amount of financing monies coming from split rights deals, i.e. cash investments made by sales agents or any other non-national financier in return for specific international distribution rights (without co-producer status). Calculated as sum of 10.1.1 to 10.1.5. <i>Split rights deal → see 6.1 for definition</i>
10.1.1 w/ International sales agents	Cumulative amount paid by an international sales agent in return for distribution rights for worldwide or (certain) international territories.
10.1.2 w/ International distributors	Cumulative amount paid by an international (non-national) distributor in return for distribution rights for certain international (non-national) territories.
10.1.3 w/ Intl. VOD service providers	Cumulative amount paid by international VOD service providers pre-buying online distribution rights for several non-national territories.
10.1.4 w/ International broadcasters	Cumulative amount paid by non-national broadcasters pre-buying broadcasting rights for a non-national territory. Calculated as the sum of 10.1.3.1 and 10.1.3.2. If the financing plan does not allow for a split of broadcaster investments into co-production investment on the one hand and the buying of broadcasting rights on the other, we assume a 50/50 split, i.e. 50% of the total broadcaster investment accounted for as producer investment and 50% as a pre-sale taking the form of a split rights deal.



10.1.4.a	w/ Public broadcasters	Cumulative amount paid by non-national public broadcasters pre-buying broadcasting rights for a non-national territory. <i>Public broadcasters: → see 3.2.1 for definition</i>
10..1.4.b	w/ Private broadcasters	Cumulative amount paid by non-national private broadcasters pre-buying broadcasting rights for a non-national territory. <i>Private broadcasters: → see 3.2.2 for definition</i>
10.1.5	w/ Others	Cumulative amount paid by other non-national financiers pre-buying distribution rights for one or several non-national territories.
10..2	Minimum guarantees	Cumulative amount of contractually agreed minimum guarantees for international distribution rights paid by non-national financiers / distributors / sales agents. <i>International distribution rights:</i> The rights to commercially exploit a film on any territory other than the national market (in the case of international co-productions, the majority producing country)

C.1 / C.2. / C.3 / etc. Financing from a foreign country 1 / 2 / 3 / etc.

All financing funds coming from any foreign financier based in a minority co-producing / -financing country, i.e. any country other than the main production country.

Foreign financier:

Any financier, i.e. any person or entity providing financing funds to the film production who does not have a registered residence and does not pay non-resident income tax in the main production country.

Minority financing country:

Any country other than the main production country that contributes financing funds to the film production. In other words, any country in which a foreign financier providing a (relative) minority share of the financing is registered.

The financing raised in any foreign country needs to be indicated separately for each minority financing country. Within each minority financing country, the financing sources must be broken down by the same indicator categories as the financing from national sources (indicator categories 1 to 8).

A publication
of the European Audiovisual Observatory

