



Fiction film financing in Europe: A sample analysis of films released in 2017

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Martin Kanzler

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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 576 European live-action fiction films - theatrically released in 2017 - from 24 European countries. The data sample includes both 100% national as well as European majority-led co-productions. It covers a cumulative financing volume of EUR 1.85 billion. The data sample is estimated to cover 49% of the total number of European¹ fiction films released in 2017. This is - as far as the Observatory is aware - the largest pan-European data sample available to date for the analysis of financing of European fiction films.

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 34) is defined as the 28 EU member states plus Bosnia-Herzegovina, North Macedonia, Iceland, Montenegro, 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 32% of the sample films and 52% 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.



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.

Average budget of European fiction films

The data sample suggests that the mean budget of a European theatrical fiction film released in 2017 amounted to EUR 3.21 million while the **median sample budget** amounted to **EUR 2.01 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, Poland or the UK (the large markets included in the sample) amounted to EUR 3.2 million in 2017, compared to EUR 1.5 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 0.9 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 250 000 to EUR 350 000.

Financing structure of European fiction films

In 2017, 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 24% of total financing, respectively. At a distance, the second-most important pair of financing sources were producer investments and pre-sales (excl. broadcasting rights) investments, which accounted for 18% and 15% of total financing, respectively. Apart from these four main sources, only production incentives stand out as a fifth, significant financing source, funding 12% of the sample total production spend in 2017. 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. Disregarding **French films, 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 producer investments (18%) and pre-sales (14%), while broadcaster investments and production incentives each contributed 11% to fiction film productions outside France. It is 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 21% of total financing in the five 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 2017 accounted for 17% of total financing (19% excl. French films), compared to 'only' 10% in medium-sized and 6% in 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 40% of the total budget for films with a budget of less than EUR 3 million. The share of public funding drops to 23% 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 6% for micro-budget films (less than EUR 500 000), up to 25% for films with a budget exceeding EUR 10 million. The same appears to hold true for **broadcaster investments**, which increase from 7% for micro-budget films to 33% 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. However, when French films are excluded from the analysis, the data do not show a clear pattern. Producer investments ranged between 19% and 22% of total financing for micro-, low- and high-budget films, while accounting for 'only' 13% and 17% of the financing of medium-budget and super-high budget films, respectively.

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 producer investments.

Direct public funding accounted for 33% of the total financing volume of international co-productions, compared to 22% for 100% national films. The picture was similar outside France, with direct public funding accounting for 43% of international co-productions, and 32% of 100% national films.

In contrast, **pre-sales** appear more important for the financing of 100% national films than international co-productions. This is particularly true outside France where pre-sales (excl. broadcasters) accounted for 17% of the total financing volume of 100% national films compared to 'only' 9% in the case of international co-productions.

To a certain extent, this is also true for **producer and broadcaster investments**, which accounted for 25% and 19% of the financing volume of 100% national films, respectively, compared to 23% and 16%, respectively, in the case of international co-productions. Again, the picture is similar outside France, albeit with a substantially reduced weight of broadcaster investments.

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 12% of total financing in large markets, foreign sources represented 18% 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 48% and 40% of the sample films (compared to 26% 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 1.85 billion by film budget cluster shows that by far the largest share of financing funds went to the production of high-budget films (47%), followed by medium-budget films (24%) and super-high-budget films (23%). Excluding France, high-budget films retained the largest apportionment (47%), but the share of medium-budget films increased to 38% as the share funds invested in super-high-budget films dropped to 6%.

The data sample also reveals some interesting insights into differences with regard to the allocation of individual financing sources. For instance, direct public funding and production incentives were 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. 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 576 films de fiction européens en prises de vue réelles – sortis en salles en 2017 – de 24 pays européens. L'échantillon de données comprend à la fois des coproductions 100 % nationales et des coproductions européennes majoritaires. Il couvre un volume de financement cumulé de 1,85 milliard d'EUR. L'échantillon de données est donc estimé couvrir 49 % du nombre total de films de fiction européens³ sortis en 2017. Il s'agit – à la connaissance de l'Observatoire – du plus grand échantillon de données paneuropéen disponible à ce jour pour l'analyse du financement des films de fiction européens.

S'il convient de garder certaines réserves⁴ 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 de marchés, grâce à une 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

³ Dans le contexte du présent rapport, l'Europe (EUR 34) est définie comme les 28 États membres de l'UE plus la Bosnie-Herzégovine, la Macédoine du Nord, l'Islande, le Monténégro, la Norvège et la Suisse.

⁴ 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**. Il faut également garder à l'esprit que 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 32 % de l'échantillon de films et 52 % 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.



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.

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 2017 s'élevait à 3,21 millions d'EUR alors que le **budget médian de l'échantillon** était de **2,01 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, de Pologne ou du Royaume-Uni (les grands marchés inclus dans l'échantillon) s'élevait à 3,2 millions d'EUR en 2017, contre 1,5 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) et 0,9 million d'EUR sur les petits budgets (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 250 000 à 350 000 EUR.

Structure de financement des films de fiction européens

En 2017, 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 24 % du financement total. Suivent ensuite, à distance, les investissements des producteurs et les préventes (hors droits de radiodiffusion), qui représentaient respectivement 18 % et 15 % du financement total. En dehors de ces quatre sources principales, seules les incitations à la production se distinguent comme source de financement pour 12 % des dépenses totales de production de l'échantillon en 2017. 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.

Toutefois, l'exclusion des films français de l'analyse de l'échantillon produit des résultats très différents et illustre le « biais français » qui est introduit dans l'analyse complète de l'échantillon 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 investissements des producteurs (18 %) et les préventes (14 %) alors que les



investissements des radiodiffuseurs et les incitations à la production contribuent à hauteur de 11 % à la production de films de fiction hors France. 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. Alors qu'ils ne représentaient que 21 % du financement total sur les cinq grands marchés de l'échantillon, les financements publics directs représentaient 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 (19% hors films français), contre « seulement » 10 % dans les marchés de taille moyenne et 6 % 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 40 % du budget total pour les films dont le budget est inférieur à 3 millions d'EUR. La part des aides publiques tombe à 23 % 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 : d'une part de 6 % pour les films à petit budget (moins de 500 000 EUR) à 25 % 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 7 % pour les films à petit budget à 33 % 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. Toutefois, si l'on exclut les films français de l'analyse, les données ne montrent pas de tendance claire. Les investissements des producteurs représentaient entre 19 % et 22 % du financement total des films à très petit, à petit et à gros budget, alors qu'ils ne représentaient respectivement « que » 13 % et 17 % du financement des films à budget moyen 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 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 investissements des producteurs.

Les **aides publiques directes** représentaient 33 % du volume total de financement des coproductions internationales, contre 22 % dans le cas des films 100 % nationaux. Cette observation vaut également en excluant les films français (43 % pour les coproductions internationales contre 32 % pour les films 100 % nationaux).

En revanche, les **préventes** semblent être plus importants pour le financement de films 100 % nationaux que pour les coproductions internationales. C'est particulièrement vrai hors de France où les préventes (hors radiodiffuseurs) représentaient 17 % du volume total du financement des films 100 % nationaux contre « seulement » 9 % pour les coproductions internationales.

Dans une certaine mesure, cela vaut également pour les **investissements des producteurs et des radiodiffuseurs**, qui représentaient respectivement 25 % et 19 % du volume de financement des films 100 % nationaux, contre respectivement 23 % et 16 % dans le cas des coproductions internationales. Ces observations s'appliquent également en excluant les films français, même si le poids des investissements des radiodiffuseurs est alors nettement moindre.

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 : alors qu'elles ne représentaient que 12 % du financement total sur les grands marchés, les sources étrangères représentaient respectivement 18 % 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 représentaient 48 % et 40 %



des films de l'échantillon (contre 26 % 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 1,85 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 (47 %), suivis par les films à budget moyen (24 %) et les films à budget très élevé (23 %). En excluant les films français, ce sont encore les films à budget élevé qui ont pris la plus grande part (47 %), mais la part des films à budget moyen passe à 38 % alors que celle des films à très haut budget tombe à 6 %.

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 et les incitations de production 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'était également le cas pour les investissements des radiodiffuseurs. 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 576 europäische Realspielfilme, die 2017 in den Kinos anliefen, aus 24 europäischen Ländern umfasst. Die Datenauswahl beinhaltet sowohl rein nationale Produktionen als auch Koproduktionen mit europäischer Mehrheitsbeteiligung. Sie umfasst ein kumulatives Finanzierungsvolumen von EUR 1,85 Milliarden. Geschätzt erfasst die Datenauswahl 49 % aller 2017 gestarteten europäischen⁵ Spielfilme. Soweit der Informationsstelle bekannt, ist dies die größte aktuell verfügbare europäische Datenauswahl zur Analyse der Finanzierung europäischer Spielfilme.

Wenngleich bei der Interpretation der Daten eine gewisse Vorsicht geboten ist⁶, betrachten die Vertreter der Informationsstelle und der EFARN dank einer zugrunde liegenden gemeinsamen Methodik das Ergebnis dieser Auswahlanalyse auf der gesamteuropäischen 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

⁵ Im Kontext dieses Berichts ist Europa (EUR 34) definiert als die 28 EU-Mitgliedstaaten plus Bosnien-Herzegowina, Nordmazedonien, Island, Montenegro, Norwegen und die Schweiz.

⁶ 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 ist zu berücksichtigen, dass 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 32 % der Filmauswahl und 52 % 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.



Analyse, der auf einer Analyse aggregierter Daten auf europäischer Ebene und weniger auf einer Analyse von Finanzierungsstrukturen in einzelnen Ländern liegt.

Durchschnittliches Budget europäischer Spielfilme

Laut Datenauswahl beträgt das durchschnittliche Budget eines 2017 angelaufenen europäischen Kinospiefilms EUR 3,21 Mio., während sich das **mittlere Budget der Auswahl** auf **EUR 2,01 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, Polen, Italien oder dem Vereinigten Königreich (den großen Märkten in dieser Auswahl) beläuft sich 2017 auf EUR 3,2 Mio., verglichen mit EUR 1,5 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 0,9 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 250.000 bis EUR 350.000 übersteigt.

Finanzierungsstruktur europäischer Spielfilme

2017 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 24 % der Gesamtfinanzierung ausmachen. Die beiden zweitwichtigsten Finanzierungsquellen waren mit einigem Abstand Investitionen von Produzenten und Vorabverkäufe (ohne Rundfunkrechte), die 18 % beziehungsweise 15 % der Gesamtfinanzierung ausmachen. Abgesehen von diesen vier Hauptquellen spielen nur noch Produktionsanreize als fünfte wesentliche Finanzierungsquelle eine Rolle. Sie tragen 2017 12 % zu den gesamten Produktionskosten der Auswahl bei. Andere Finanzierungsquellen wie Privatkapital, Fremdfinanzierung oder Sacheinlagen sind aus kumulativer Sicht vernachlässigbar.

Die Ausnahme 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 Investitionen von Produzenten (18 %) und Vorabverkäufen (14%), während Investitionen von Rundfunkveranstaltern und Produktionsanreize jeweils 11 % 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. Während direkte öffentliche Förderung in den fünf großen Auswahlmärkten lediglich für 21 % 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 2017 17 % der Gesamtfinanzierung (beziehungsweise 19 % ohne französische Filme) im Vergleich zu „nur“ 10 % in mittelgroßen und 6 % 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 wichtiger ist direkte öffentliche Förderung, die im Allgemeinen mindestens 40 % des Gesamtbudgets für Filme mit einem Budget unter 3 Mio. ausmacht. Der Anteil öffentlicher Förderung sinkt auf 23 % 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 man französische Filme von der Analyse ausnimmt, 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 6 % für Filme mit Kleinstbudget (unter EUR 500.000) auf bis zu 25 % bei Filmen mit einem Budget über EUR 10 Mio. Gleiches scheint für **Investitionen von Rundfunkveranstaltern** zu gelten, die von 7 % bei Filmen mit Kleinstbudget auf bis zu 33 % 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 im Verhältnis wichtiger. Nimmt man die französischen Filme von der Analyse aus, zeigen die Daten jedoch kein klares Muster. Investitionen von Produzenten lagen zwischen 19 % und 22 % der Gesamtfinanzierung bei Filmen mit Kleinst-, niedrigem und hohem Budget, während sie „nur“ 13 % beziehungsweise 17 % der Finanzierung von Filmen mit mittlerem und extrem hohem Budget ausmachten.

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 die französischen 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 Investitionen von Produzenten finanzieren.

Direkte öffentliche Förderung macht 33 % des gesamten Finanzierungsvolumens internationaler Koproduktionen aus, verglichen mit 22 % im Fall rein nationaler Filme. Diese Feststellung gilt auch außerhalb Frankreichs (43 % bei internationalen Koproduktionen im Vergleich zu 32 % im Fall rein nationaler Filme).

Im Gegensatz dazu scheinen **Vorabverkäufe** wichtiger für die Finanzierung rein nationaler Filme als internationaler Koproduktionen zu sein. Dies gilt insbesondere außerhalb Frankreichs, wo die Vorabverkäufe (ohne Rundfunkveranstalter) 17 % des gesamten Fördervolumens rein nationaler Filme ausmachten, gegenüber „nur“ 9 % bei internationalen Koproduktionen.

Bis zu einem gewissen Grad gilt dies auch für **Investitionen von Produzenten und Rundfunkveranstaltern**, die 25 % beziehungsweise 19 % des Finanzierungsvolumens rein nationaler Filme ausmachten, gegenüber 23 % beziehungsweise 16 % bei internationalen Koproduktionen. Diese Feststellungen gelten auch außerhalb Frankreichs, wenngleich mit deutlich geringerem Gewicht der Investitionen von Rundfunkveranstaltern.

In diesem Zusammenhang ist es auch interessant, 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: Während sie in großen Märkten lediglich 12 % der Gesamtfinanzierung stellten, machten ausländische Quellen 18 % 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 48 % beziehungsweise 40 % der ausgewählten Filme entfielen (gegenüber 26 % 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 1,85 Mrd. nach Filmbudgetclustern zeigt, dass der Löwenanteil an Finanzmitteln in die Produktion von Filmen mit hohem Budget fließt (47 %), gefolgt von Filmen mit mittlerem Budget (24 %) und Filmen mit extrem hohem Budget (23 %). Außerhalb Frankreichs sind es immer noch die Filme mit hohem Budget, die den größten Anteil für sich verbuchen (47 %), der Anteil an Filmen mit mittlerem Budget steigt jedoch auf 38 %, während der von Filmen mit extrem hohem Budget auf 6 % sinkt.

Die Datenauswahl zeigt auch einige interessante Erkenntnisse zu den Unterschieden in der Aufteilung individueller Finanzierungsquellen auf. So finden sich zum Beispiel direkte öffentliche Förderung und Produktionsanreize 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. Zudem sind 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 2019, the Observatory thus collected and analysed, in collaboration with EFARN members, financing plan data for European theatrical live-action fiction films released in 2017. Thanks to outstanding collaboration with film agencies, financing plan data for 576 films with a cumulative budget of EUR 1.85 billion were gathered. This represents – as far as the Observatory is aware - the largest data sample ever 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.

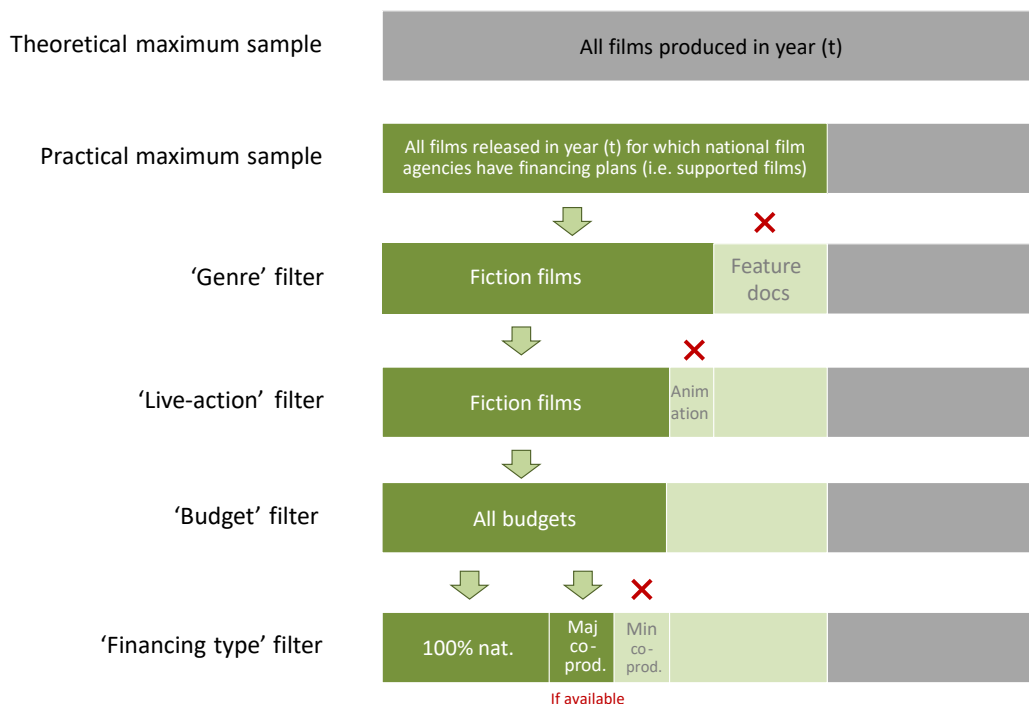
2. DATA SAMPLE & METHODOLOGY

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 2017. The financing of these films is estimated to have occurred sometime between 2014 and 2017. 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 results⁷.

Figure 1. Definition of film data sample (2017)



⁷ 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 (18 out of 21), 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 2017*:** 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 2017 film releases in 2019, rather than 2018 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 2017 releases in 2019) 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 8.2) 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 2019, 24 countries had provided the Observatory with detailed financing plans for a total of **576 sample films**. The data sample includes 386 100% national live-action fiction films and 190 European-led co-productions. The data sample covers a **cumulative financing volume of EUR 1.85 billion** - EUR 1.22 billion for 100% national films and EUR 626 million for international co-productions (see Table 1).

Table 1. Number of sample films and sample financing volume by country (2017)

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	6	22.7	5	14.8	11	37.5
2	BA	0	0.0	3	1.9	3	1.9
3	BE*	1	2.0	10	18.9	11	20.9
4	BG	5	2.9	3	3.3	8	6.3
5	CH	11	16.3	5	14.2	16	30.5
6	CZ	6	5.8	11	14.8	17	20.7
7	DE	38	158.9	14	52.0	52	211.0
8	DK	15	26.9	11	23.8	26	50.6
9	EE	1	0.6	3	3.5	4	4.1
10	FI	13	21.6	5	10.6	18	32.2
11	FR	121	634.1	64	332.1	185	966.1
12	GB	9	35.9	1	10.1	10	46.0
13	HR	3	1.5	2	3.1	5	4.6
14	IE	8	16.0	3	8.2	11	24.2
15	IS	0	0.0	3	5.3	3	5.3
16	IT	57	150.5	5	11.6	62	162.1
17	LT	1	0.5	4	3.7	5	4.2
18	LV	3	1.5	1	1.0	4	2.4
19	NL	20	26.3	15	46.8	35	73.0
20	NO	13	18.9	10	28.0	23	46.9
21	PL	20	24.8	4	7.1	24	31.9
22	PT	8	5.3	1	1.2	9	6.5
23	RO	8	5.6	7	10.2	15	15.8
24	SE	19	44.4	0	0.0	19	44.4
Total sample		386	1 222.9	190	626.2	576	1 849.1
% share		67%	66%	33%	34%	100%	100%

* The 2017 data sample for Belgium comprises only Flemish sample films. No data were available for films produced in the French Community of Belgium. Films from the two communities often differ significantly in terms of financing structures.

Source: European Audiovisual Observatory

As shown in Table 2, the data sample represents about 61% of the estimated total number of live-action fiction films released in 2017 in the 24 sample countries. Taking into consideration the number of fiction films released in the 11 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 films⁸ released in Europe in 2017.**

⁸ In the case of international co-productions, the data sample is estimated to account for almost 61% of total co-productions released in Europe, while the coverage rate for 100% national fiction films is estimated at 44%.

Table 2. Size and estimated coverage rates of data sample by country (2017)

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 2017										
Nr.	Country	Sample fiction films released 2017			Total fiction films released 2017 est.			Sample coverage rate (in %)		
		100% national films	Majority Co-prod.	Total sample	100% national films	Majority co-prod.	Total	100% national films	Majority co-prod.	Total
1	AT	6	5	11	10	7	17	60%	71%	65%
2	BA		3	3		6	6		50%	50%
3	BE*	1	10	11	15	5	20	7%	>100%	55%
4	BG	5	3	8	10	4	14	50%	75%	57%
5	CH	11	5	16	18	8	26	61%	63%	62%
6	CZ	6	11	17	16	8	24	38%	>100%	71%
7	DE	38	14	52	80	27	107	48%	52%	49%
8	DK	15	11	26	17	5	22	88%	>100%	>=100%
9	EE	1	3	4	3	4	7	33%	75%	57%
10	FI	13	5	18	20	2	22	65%	>100%	82%
11	FR	121	64	185	177	48	225	68%	>100%	82%
12	GB	9	1	10	57	33	90	16%	3%	11%
13	HR	3	2	5	7	1	8	43%	>100%	63%
14	IE	8	3	11	7	9	16	>=100%	33%	69%
15	IS		3	3	4	2	6	0%	>100%	50%
16	IT	57	5	62	131	20	151	44%	25%	41%
17	LT	1	4	5	6	4	10	17%	100%	50%
18	LV	3	1	4	3	2	5	100%	50%	80%
19	NL	20	15	35	22	12	34	91%	>100%	>=100%
20	NO	13	10	23	19	9	28	68%	>100%	82%
21	PL	20	4	24	32	4	36	63%	100%	67%
22	PT	8	1	9	12	9	21	67%	11%	43%
23	RO	8	7	15	18	4	22	44%	>100%	68%
24	SE	19		19	18	7	25	>=100%	0%	76%
TOTAL SAMPLE		386	190	576	702	240	942	55%	79%	61%
Fiction films from countries where no data is available **					170	71	241	n/a	n/a	n/a
TOTAL - EUROPE (35 countries)					872	311	1 183	44%	61%	49%

* The 2017 data sample for Belgium comprises only Flemish sample films.

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

Source: European Audiovisual Observatory / LUMIERE

Please note that the data sample refers primarily to films theatrically released in 2017. 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. This is particularly true for the UK.

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 2017
Small markets	< 10 million
Medium-sized markets	[10 million to 50 million]
Large markets	> 50 million

Table 4. Sample markets by market cluster (2017)

Market clusters	Sample countries	No sample data available for
Small markets	8 countries: BA, BG, EE, FI, IS, HR, LT, LV	8 countries: CY, LU, GE, ME, MK, MT, SI, SK
Medium-sized markets	11 countries: AT, BE, CH, CZ, DK, IE, NL, NO, PT, RO, SE	2 countries: GR, HU
Large markets	5 countries: DE, FR, GB, IT, PL	1 country: ES

The 2017 data sample covers 24 of 35 European countries (69%). The **country coverage** of the sample is high (85%) for medium-sized markets (11 of 13) and large markets (five of six), while it is somewhat lower for the small markets (eight of 16).

Table 5. Overview of estimated sample coverage by market cluster (2017)

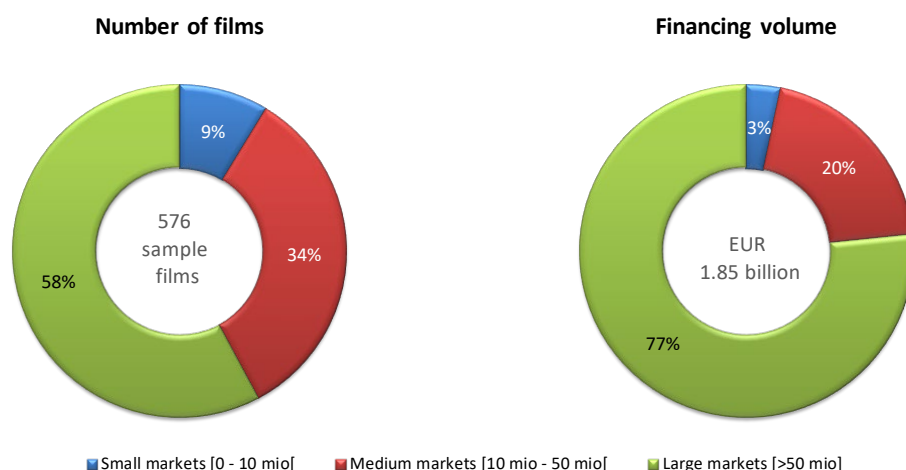
Market clusters	Country coverage	Film coverage all releases	Film coverage within sample countries
Small markets	50%	41%	64%
Medium-sized markets	85%	65%	76%
Large markets	83%	44%	55%
Total Europe	69%	49%	61%

Source: European Audiovisual Observatory

Film coverage, i.e. the share of sample films out of total national film releases, was significantly higher in small- and medium-sized countries than in the large market cluster. As shown in Table 5, the data sample is estimated to cover 65% of all national live-action fiction films released in medium-sized markets compared to an estimated coverage rate of 41% for small, and 44% for large, markets. Film coverage rates within the respective sample markets are of course higher, with sample films covering an estimated 64% of all film releases in the eight small markets for which financing data were available, 76% of all film releases in the 11 medium-sized sample markets and 55% of the film releases in the five large sample markets. The data sample can thus be assumed to properly reflect the release landscape of fiction films in the various market clusters, particularly in the medium and small markets.

A breakdown of the data sample shows that 58% of the 576 sample films were produced in a large market, 34% of the sample films originated from a medium-sized market and 9% came from a small market. In terms of financing volume, the weight of large-market films is, unsurprisingly, more pronounced, with 77% of the EUR 1.85 billion in film investment funds going to large-market films, 20% to films from medium-sized markets and only 3% to small-market films.

Figure 2. Breakdown of number and financing volume of data sample - by market cluster (2017)



Source: European Audiovisual Observatory

Comparing the composition of the 576 sample films with the composition of the total 1 183 European live-action fiction films released in 2017 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 25% of total releases, films from medium-sized markets represented 34% of the sample films. Large-market films, on the other hand, accounted for 64% of total releases but only 58% of sample films. The share of sample films produced in small markets closely reflects the share of small-market films out of total releases (9% and 10%, respectively).

Table 6. Comparison of sample composition with European release volume (2017)

Market clusters	Share of sample films 2017	Share of European fiction films released in 2017 (est.)
Small markets	9%	10%
Medium-sized markets	34%	25%
Large markets	58%	64%
Total Europe	576 films	1 183 films

Source: European Audiovisual Observatory

Breakdown by budget cluster

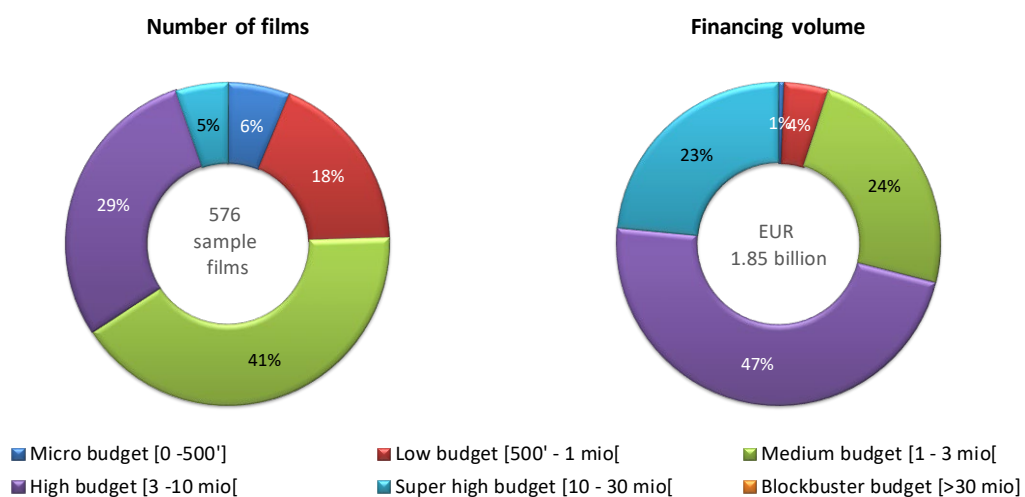
As financing structures may differ between films with different budget sizes, indicators were also analysed by budget cluster, according to the following categorisation:

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 together they account for only 24% of the cumulative production spend / financing volume. The largest chunk of the cumulative sample financing volume of EUR 1.85 billion (47%) was invested in high-budget films costing between EUR 3 million and EUR 10 million. High-budget films account for 29% 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 23% of total production spend. In sum, 24% 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 (2017)



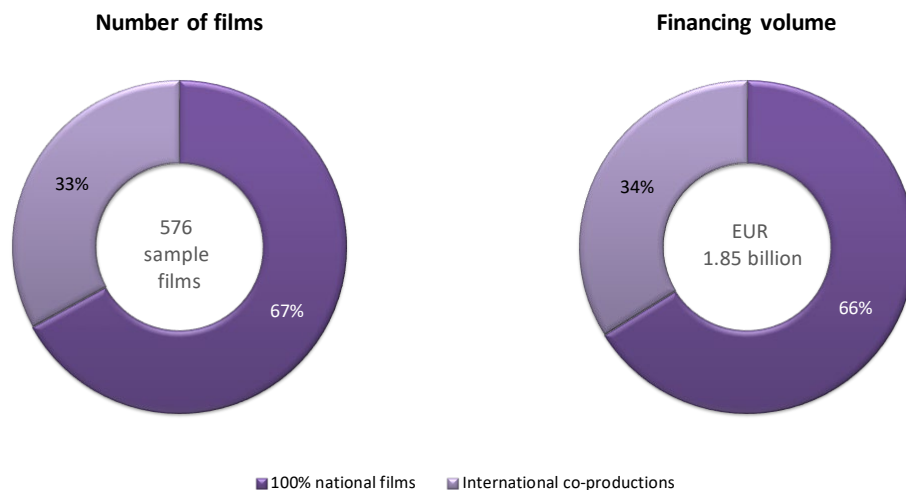
Source: European Audiovisual Observatory

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, international co-productions account for 33% of the 576 sample fiction films. In contrast, they account for an estimated 26% of the total number of live-action fiction films released in 2017 in the 35 European countries included in this study. International co-productions are hence somewhat over-represented in the data sample.

The share of international co-productions (34%) and 100% national films (66%) in the financing volume in the data sample corresponds to the respective share of the two film types in the number of sample films.



Source: European Audiovisual Observatory

2.3. Remarks on the quality of analysis insights

This is only the second 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 2017 data sample are closely in line with the results obtained from the 2016 data sample - an encouraging indication of the reliability and robustness of the insightsgained 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 fiction films are financed?

As mentioned above, the 576 sample films represent an estimated 61% of the fiction films released in the countries that provided financing plans, and 49% of the estimated total European release volume in 2017. The analysis spans a cumulative financing volume of EUR 1.85 billion. This is, as far as the Observatory knows, the largest data sample of financing plans for European films released in a single year available to date. 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 fiction films released in 2017 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 eight out of 24 sample markets, where it covers more than 70% of the estimated live-action fiction film release volume in 2017. In another 12 sample countries, coverage rates range between 50% and 70%, again suggesting a high likelihood of representativeness. In three countries the coverage rate ranges between 40% and 50% (Germany, 49%; Portugal, 43% and Italy, 41%) and in the case of the UK the sample coverage is well below 30%, with sample films representing only 11% 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 40%) permit the formulation of **representative insights into financing structures on a market cluster basis**. As mentioned, the data sample is estimated to cover 65% of the live-action fiction films released in medium-sized markets, compared to an estimated coverage rate of 41% for small, and 44% 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 cases⁹, 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 32% of the sample films and 52% of the cumulative financing volume in the total data sample. Within the large market cluster, French films account for 56% of the sample films and 68% 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.

Co-production bias

As shown in chapter 2.2, the share of international co-productions in the data sample is seven percentage points higher than it is for the estimated total release volume. Pan-European analysis results may therefore have a slight “co-production bias” in the sense that indicator values may in some cases be over-proportionally influenced by features characteristic to international co-productions. This is, however, not considered to have had a material impact on the representativeness of the data sample. Differences between the characteristics of international co-productions and 100% national films with regard to budget size and financing structures are shown in chapter 6. Keeping these in mind helps better interpret the analysis results based on the full data sample.

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 2017 data sample are closely in line with the results obtained from the 2016 data sample, it is too early to

⁹ Exceptions are Bosnia-Herzegovina, 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.

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 4. 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 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 (2017)

	Nr. of sample films	Mean budget	Median budget
All sample films	576	MEUR 3.21	MEUR 2.01
All sample films excl. FR	391	MEUR 2.25	MEUR 1.62

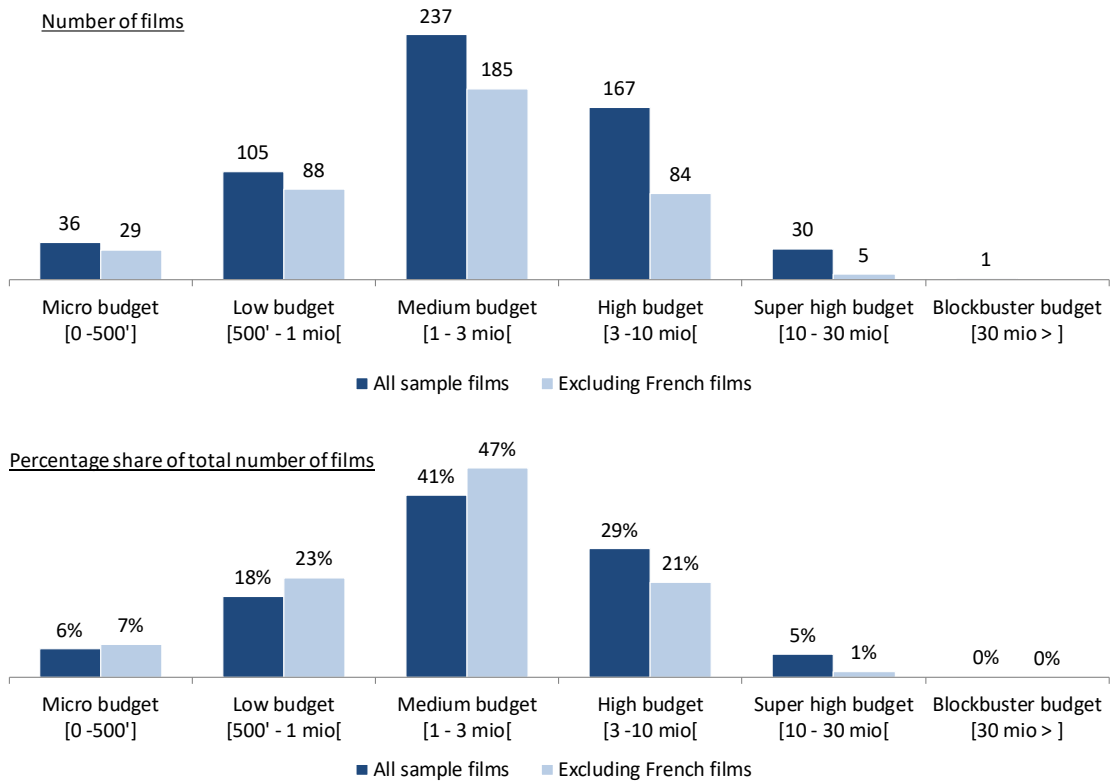
Source: European Audiovisual Observatory

SELECTED INSIGHTS

- The data sample suggests that the mean budget of a European theatrical live-action fiction film released in 2017 amounted to EUR 3.21 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 2.01 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 2.25 million and EUR 1.62 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 (2017)



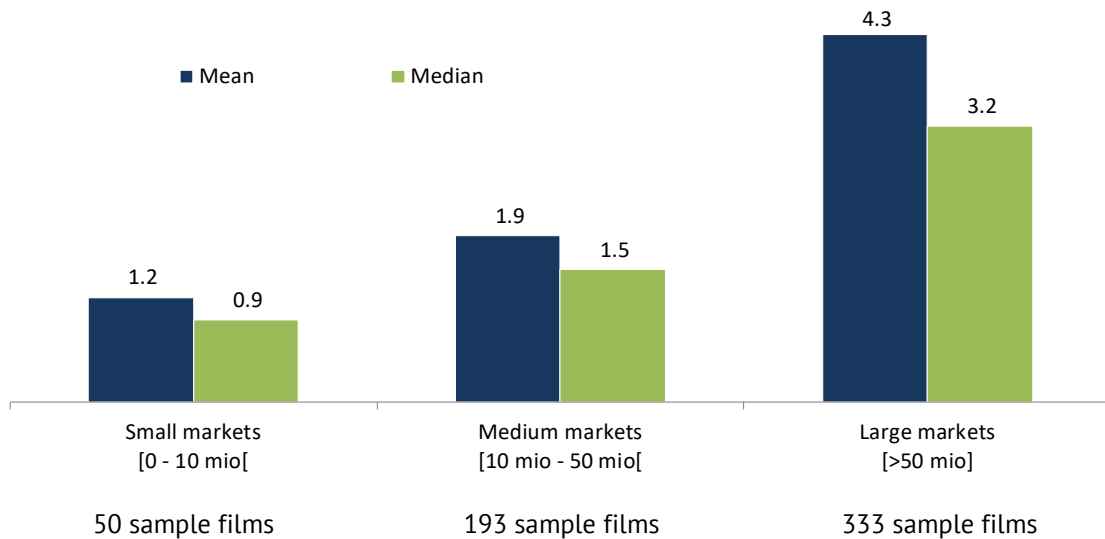
Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Consistent with mean and median budgets, the largest number of films - 237 (41%) out of 576 sample films - in the data sample fell into the medium-budget category.
- The second largest number of sample films (167 films; 29%) 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 105 and 36 films, representing 18% and 6% of the total sample films, respectively.
- Only 31 of the 576 sample films had a budget above EUR 10 million, and only one of them exceeded EUR 30 million.
- The distribution weights shift slightly when comparatively expensive French films are excluded from the analysis, with every second European fiction film falling into the medium-budget category, and only 21% of films falling into the high-budget range (compared to 29% when French films are included).

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

Figure 5. Mean and median budgets of European fiction films by market size (2017)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

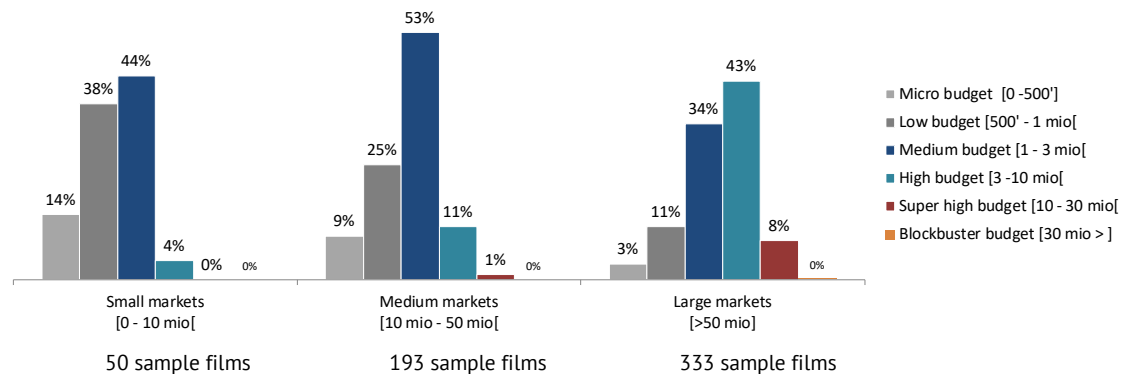
- Average budgets differ widely among countries. Not surprisingly, average budgets are higher in larger markets and lower in countries with a more limited box-office potential.
- The mean budget of a European fiction film originating in France, Germany, Italy, Poland or the UK¹⁰ (the large markets included in the sample) amounted to EUR 4.3 million in 2017 (EUR 3.2 million excluding French films) while the median budget amounted to EUR 3.2 million (EUR 2.2 million excluding French films).
- This is more than 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 1.9 million (median budget of EUR 1.5 million).
- Again, budgets appear to be twice as low when it comes to small European markets (markets with fewer than 10 million admissions) where the mean budget amounted to EUR 1.2 million and the median budget ran at EUR 0.9 million.

¹⁰ Remark: UK sample data are based on only 10 sample films that received direct production funding from the British Film Institute (BFI). The official median budget for domestic UK features was EUR 0.3 million and EUR 6.5 million for UK co-productions according to BFI figures.

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

Figure 6. Breakdown of number of sample films by budget range and market size (2017)

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 (43%) while the majority of film releases in small- and medium-sized markets fell into the medium-budget category, accounting for 53% and 44% of films in these market clusters, respectively.
- Films with a budget above EUR 10 million were almost exclusively produced in large markets; only two sample films produced in a small European market cost more than EUR 3 million.
- 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 43% to 41%, and 8% to 2%, respectively. In contrast, the share of medium-budget films increases from 34% to 41%.

HOW DO AVERAGE BUDGETS DIFFER AMONG COUNTRIES?

Table 10. Average sample budgets of European fiction films – country ranking (2017)

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 2017 (in MEUR)	Median budget 2017 (in MEUR)	Number of sample films 2017
Countries with a median budget > EUR 3 million				
1	DE Germany	4.03	4.11	52
2	GB UK*	4.60	4.03	10
3	FR France	5.22	3.61	185
Countries with a median budget between EUR 1 million to 3 million				
4	AT Austria	3.41	2.69	11
5	DK Denmark	1.95	2.15	26
6	IT Italy*	2.61	2.08	62
7	SE Sweden	2.32	1.90	19
8	BE Belgium*	1.90	1.78	11
9	IS Iceland	1.71	1.71	3
10	NO Norway	2.04	1.67	23
11	NL Netherlands	2.09	1.58	35
12	CH Switzerland	1.91	1.49	16
13	FI Finland	1.79	1.44	18
14	IE Ireland	2.21	1.39	11
15	PL Poland	1.33	1.22	24
Countries with a median budget between EUR 500' and EUR 1 million				
16	EE Estonia	1.02	0.98	4
17	CZ Czech Republic	1.22	0.88	17
18	BG Bulgaria	0.78	0.85	8
19	RO Romania	1.05	0.84	15
20	HR Croatia	0.91	0.72	5
21	PT Portugal*	0.72	0.72	9
22	BA Bosnia-Herzegovina	0.65	0.59	3
23	LV Latvia	0.61	0.59	4
24	LT Lithuania	0.80	0.57	5
TOTAL SAMPLE		3.21	2.01	576

* 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 2017 sample markets, Germany, the UK¹¹ and France stood out with median budgets ranging between EUR 4.1 million and EUR 3.6 million, while the median budget for the sample films from the other two large sample markets, Italy and Poland, were significantly lower, at EUR 2.1 million and EUR 1.2 million, respectively.
- Median budgets in medium-sized Western European markets tended to range between EUR 1 million and EUR 2 million, while average budgets in Eastern European and smaller markets were usually below EUR 1 million.

¹¹ In this context, it is important to remember that the coverage rate for the UK is only 11% of UK films releases.

COUNTRY BREAKDOWN OF THE NUMBER OF FILMS BY BUDGET RANGE

Table 11. Number of sample films by budget range and country (2017)

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[	Blockbuster budget >30 mio	Avg. budget 2017 (in MEUR)	Median budget 2017 (in MEUR)	Nr of sample films 2017
Countries with HIGH BUDGET productions representing largest cluster of sample films									
FR	7	17	52	83	25	1	5.22	3.61	185
DE	0	2	16	33	1	0	4.03	4.11	52
GB	0	2	2	4	2	0	4.60	4.03	10
Countries with MEDIUM budget productions representing the largest cluster of sample films									
IT	4	8	28	22	0	0	2.61	2.08	62
NL	5	1	25	3	1	0	2.09	1.58	35
DK	0	7	16	3	0	0	1.95	2.15	26
PL	0	9	14	1	0	0	1.33	1.22	24
NO	1	9	10	3	0	0	2.04	1.67	23
SE	1	5	7	6	0	0	2.32	1.90	19
FI	2	1	13	2	0	0	1.79	1.44	18
CZ	3	6	8	0	0	0	1.22	0.88	17
CH	1	2	12	1	0	0	1.91	1.49	16
BE	0	1	9	1	0	0	1.90	1.78	11
AT	0	1	6	3	1	0	3.41	2.69	11
IE	2	2	5	2	0	0	2.21	1.39	11
IS	0	0	3	0	0	0	1.71	1.71	3
Countries with LOW and MICRO budget productions representing the majority of films									
RO	3	9	3	0	0	0	1.05	0.84	15
PT	2	5	2	0	0	0	0.72	0.72	9
HR	1	3	1	0	0	0	0.91	0.72	5
LT	1	3	1	0	0	0	0.80	0.57	5
BG	2	4	2	0	0	0	0.78	0.85	8
EE	0	2	2	0	0	0	1.02	0.98	4
LV	1	3	0	0	0	0	0.61	0.59	4
BA	0	3	0	0	0	0	0.65	0.59	3
TOTAL	36	105	237	167	30	1	3.21	2.01	576
%	6%	18%	41%	29%	5%	0%	-	-	100%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Productions with a budget above EUR 3 million represented the majority of sample fiction films in only three countries: France, where 109 out of 185 films fell into the high- and super-high-budget categories; Germany, with 34 out of 52 sample films; and the UK, with six out of 10 sample films.
- Medium-budget films appear to account for the majority of national film releases in medium-sized Western European markets, while 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 (2017)**

Ranked by percentage share; based on all 576 sample films

Rank	Financing source	Amount in MEUR	% share
1	Direct public funding	482.2	26%
2	Broadcaster investments	445.0	24%
3	Producer investments (excl. broadcasters)	328.4	18%
4	Pre-sales (excl. broadcasters)	278.9	15%
5	Production incentives	227.7	12%
6	Private equity cash investments	40.9	2%
7	Debt financing	25.1	1%
8	Other financing sources	10.6	1%
9	In-kind investments	10.3	1%
	Total sample	1 849.1	100%

*Source: European Audiovisual Observatory***SELECTED INSIGHTS**

- In 2017, 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 funding¹² and broadcaster investments¹³, which accounted for 26% and 24% of total financing, respectively. Cumulatively, these two sources accounted for 50% of fiction film financing.
- At a distance, producer investments (excl. broadcasters) and pre-sales (excl. broadcasting rights)¹⁴ accounted for 18% and 15% of total financing, respectively.
- Apart from these four main sources, production incentives financed 12% of the total sample production spend in 2017. 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 0.2% of the total financing volume and is therefore not shown as a separate category in this overview¹⁵. 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.

¹² 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.

¹³ Broadcaster investments combine co-production investments by broadcasters with pre-sales made to broadcasters based in any of the co-producing countries.

¹⁴ Pre-sales combine national and international pre-sales; pre-sales in the country of origin accounted for 82% of total pre-sales while int. pre-sales represented a minor source of film financing (see chapter 4.5.2).

¹⁵ 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 (2017)

Financing sources	Amount in EUR	% share
Σ PUBLIC FUNDING	482 229 478	26%
- Σ Public funding from country of origin	371 359 950	20%
- National public funding	280 161 852	15%
- Regional public funding	89 356 164	5%
- Local public funding	1 841 934	0%
- Σ Public funding from minority financing countries	91 312 782	5%
- National public funding	83 335 551	5%
- Regional public funding	6 796 473	0%
- Local public funding	1 180 758	0%
- Σ Supra-national public funding	19 556 745	1%
Σ BROADCASTER INVESTMENTS	445 038 168	24%
- Σ Broadcaster investments from country of origin	439 395 851	24%
- Co-production investments	80 545 772	4%
- Pre-sales	358 850 080	19%
- Σ Broadcaster investments from minority financing countries	5 642 317	0%
- Co-production investments	3 659 010	0%
- Pre-sales	1 983 307	0%
Σ PRODUCER INVESTMENTS (excl. broadcasters)	328 411 293	18%
- Σ Producer investments from country of origin	257 980 961	14%
- Σ Independent production companies	255 054 412	14%
- Σ VOD	271 950	0%
- Σ Other	2 654 599	0%
- Σ Producer investments from minority financing countries	70 430 331	4%
- Σ Independent production companies	70 179 451	4%
- Σ VOD	0	0%
- Σ Other	250 881	0%
Σ PRE-SALES (excl. broadcasters)	278 857 706	15%
- Σ Pre-sales in country of origin	229 740 395	12%
- Outright sales	33 775 032	2%
- Minimum guarantees	195 965 363	11%
- Σ Pre-sales in minority financing countries	27 754 927	2%
- Outright sales	1 411 814	0%
- Minimum guarantees	26 343 113	1%
Σ PRODUCTION INCENTIVES	227 730 859	12%
- Σ Production incentives from country of origin	218 648 543	12%
- Σ Production incentives from minority financing countries	9 082 316	0%
Σ DEBT FINANCING	40 857 972	2%
Σ OTHER FINANCING SOURCES	25 112 382	1%
Σ PRIVATE EQUITY CASH INVESTMENTS	10 586 866	1%
Σ IN-KIND INVESTMENTS	10 289 626	1%
Σ FINANCING VOLUME	1 849 114 349	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 (2017)

Ranked by percentage share; based on 391 sample films, i.e. full data sample excl. French films

Rank	Financing source	Amount in MEUR	% share
1	Direct public funding	314.4	36%
2	Producer investments (excl. broadcasters)	159.5	18%
3	Pre-sales (excl. broadcasters)	125.4	14%
4	Broadcaster investments	100.9	11%
5	Production incentives	96.0	11%
6	Private equity cash investments	40.9	5%
7	Debt financing	25.1	3%
8	Other financing sources	10.6	1%
9	In-kind investments	10.3	1%
	Total sample	883.0	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 - 32% of films and 52% 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 volume¹⁶.
- At a distance, producer investments (excl. broadcasters) represent the second most significant financing source with a funding share of 18%, followed by pre-sales (excl. broadcasters), which accounted for 14% of total financing.
- Broadcaster investments and production incentives accounted for only 11%, respectively, of fiction film production funding outside France, illustrating the comparatively limited significance of broadcaster financing in most of the other 23 sample markets.

¹⁶ 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 (2017)

Financing sources	Amount in EUR	% share
Σ PUBLIC FUNDING	314 393 447	36%
- Σ Public funding from country of origin	272 007 931	31%
- National public funding	201 462 473	23%
- Regional public funding	68 703 523	8%
- Local public funding	1 841 934	0%
- Σ Public funding from minority financing countries	25 615 020	3%
- National public funding	17 637 789	2%
- Regional public funding	6 796 473	1%
- Local public funding	1 180 758	0%
- Σ Supra-national public funding	16 770 496	2%
Σ BROADCASTER INVESTMENTS	100 903 868	11%
- Σ Broadcaster investments from country of origin	95 261 551	11%
- Co-production investments	42 899 522	5%
- Pre-sales	52 362 030	6%
- Σ Broadcaster investments from minority financing countries	5 642 317	1%
- Co-production investments	3 659 010	0%
- Pre-sales	1 983 307	0%
Σ PRODUCER INVESTMENTS (excl. broadcasters)	159 450 844	18%
- Σ Producer investments from country of origin	123 237 086	14%
- Σ Independent production companies	120 310 536	14%
- Σ VOD	271 950	0%
- Σ Other	2 654 599	0%
- Σ Producer investments from minority financing countries	36 213 758	4%
- Σ Independent production companies	35 962 878	4%
- Σ VOD	0	0%
- Σ Other	250 881	0%
Σ PRE-SALES (excl. broadcasters)	125 363 563	14%
- Σ Pre-sales in country of origin	101 127 381	11%
- Outright sales	33 775 032	4%
- Minimum guarantees	67 352 349	8%
- Σ Pre-sales in minority financing countries	2 873 798	0%
- Outright sales	1 411 814	0%
- Minimum guarantees	1 461 984	0%
Σ PRODUCTION INCENTIVES	96 023 173	11%
- Σ Production incentives from country of origin	86 940 857	10%
- Σ Production incentives from minority financing countries	9 082 316	1%
Σ DEBT FINANCING	40 857 972	5%
Σ OTHER FINANCING SOURCES	25 112 382	3%
Σ PRIVATE EQUITY CASH INVESTMENTS	10 586 866	1%
Σ IN-KIND INVESTMENTS	10 289 626	1%
Σ FINANCING VOLUME	882 981 741	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 (2017)

ALL EUROPE	Small markets [0 - 10 mio[	Medium markets [10 mio - 50 mio[	Large markets [>50 mio]	Total sample
Direct public funding	54%	43%	21%	26%
Broadcaster investments	10%	12%	28%	24%
Producer investments (excl. broadcasters)	20%	15%	18%	18%
Pre-sales (excl. broadcasters)	6%	10%	17%	15%
Production incentives	2%	11%	13%	12%
Private equity cash investments	0%	3%	2%	2%
Debt financing	1%	4%	1%	1%
Other financing sources	5%	2%	0%	1%
In-kind investments	2%	1%	0%	1%
Total financing volume	60.9	371.1	1 417.1	1 849.1
Number of sample films	50	193	333	576

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%	27%	36%
Producer investments (excl. broadcasters)	20%	15%	20%	18%
Pre-sales (excl. broadcasters)	6%	10%	19%	14%
Broadcaster investments	10%	12%	11%	11%
Production incentives	2%	11%	12%	11%
Private equity cash investments	0%	3%	7%	5%
Debt financing	1%	4%	2%	3%
Other financing sources	5%	2%	0%	1%
In-kind investments	2%	1%	1%	1%
Total financing volume	60.9	371.1	451.0	883.0
Number of sample films	50	193	148	391

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- There appear to be significant structural differences among countries with regard to how 2017 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 21% of total financing in the five 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 19% (excl. French films) of total financing, respectively. Pre-sales, though, contributed 'only' 10% to film financing in medium-sized markets and 6% in small sample markets.
- Similarly, private equity investments appear to hew to market potential, accounting for 7% of total financing volume in large markets (omitting France), compared to 3% in medium-sized markets and 0% in small markets.
- While production incentives play an important role in medium-sized and large markets, they do not appear available to films produced in the small sample markets.
- 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'.

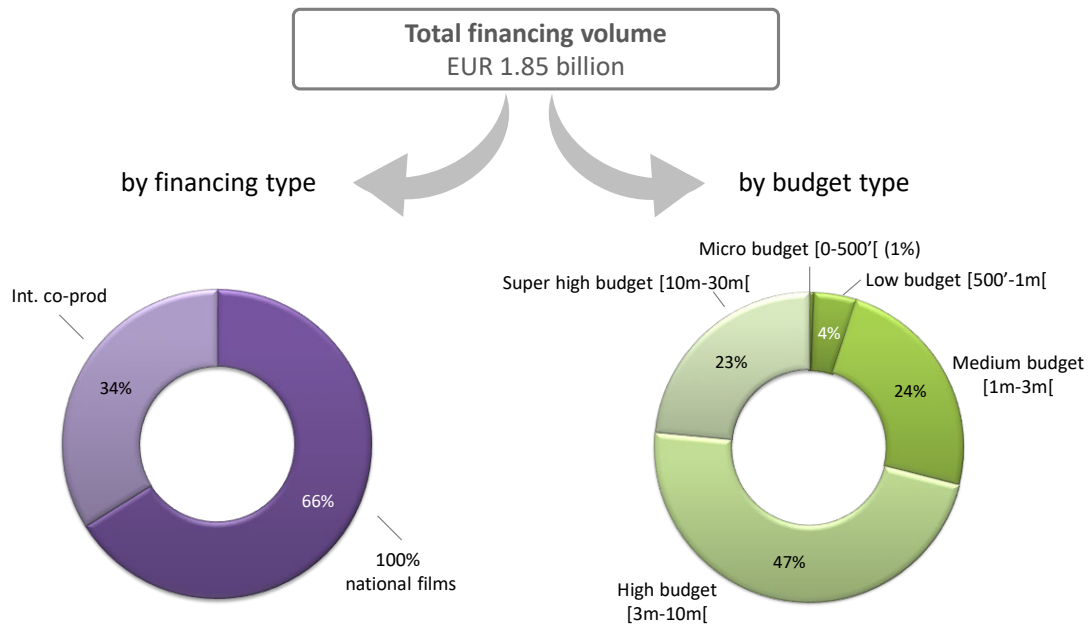


4.2. Distribution of film financing by film type



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

Figure 7. Breakdown of cumulative fiction film financing by film type (2017)



Source: European Audiovisual Observatory

Figure 8. Allocation of financing funds by film type – top 5 film types (2017)

Rank	Budget type	Financing type	Amount in MEUR	% share of total financing
1	High budget [3 -10 mio[	100% national	581.4	31%
2	High budget [3 -10 mio[	Int. co-production	283.2	15%
3	Super high budget [10 - 30 mio[	100% national	275.6	15%
4	Medium budget [1 - 3 mio[	100% national	267.0	14%
5	Medium budget [1 - 3 mio[	Int. co-production	168.1	9%
Other	-	-	273.9	15%
Total financing volume			1 849.1	100%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

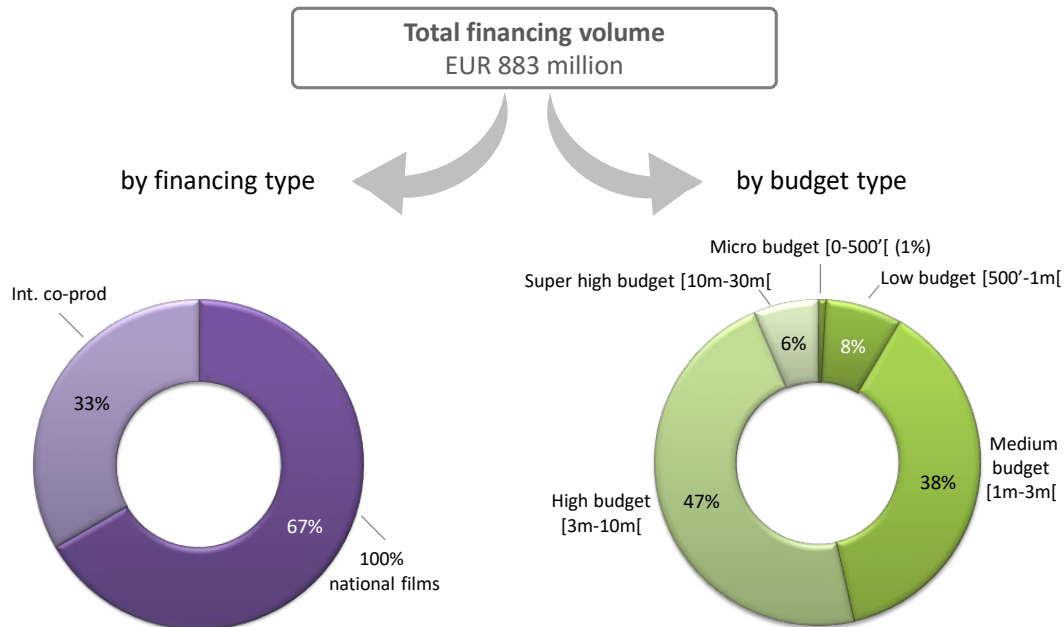
- Accounting for 67 % of the sample films, 100% national films captured 66% of the total sample financing volume, while international co-productions accounted for 33% of the sample films and 34% of the cumulative financing funds, respectively.
- Breaking down cumulative financing volume by film budget cluster shows that by far the largest share of financing went to the production of high-budget films (47%), followed by medium-budget films (24%) and super-high-budget films (23%).
- Crossing financing and budget types, the largest chunk of funds (31%) 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 9. Breakdown of cumulative fiction film financing by film type (2017)



Source: European Audiovisual Observatory

Figure 10. Allocation of financing funds by film type – top 5 film types (2017)

Rank	Budget type	Financing type	Amount in MEUR	% share of total financing
1	High budget [3 -10 mio[	100% national	300.7	34%
2	Medium budget [1 - 3 mio[	100% national	197.7	22%
3	Medium budget [1 - 3 mio[	Int. co-production	137.7	13%
4	High budget [3 -10 mio[	Int. co-production	115.7	16%
5	Low budget [500' - 1 mio[	100% national	50.3	6%
Other	-	-	71.8	8%
Total financing volume (excl. FR)			883.0	100%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Excluding French films, 100% national films captured 67% of the total sample financing volume while accounting for 68% of the sample films. Co-productions accounted for 33% of the cumulative financing funds and 32% of the sample films, respectively.
- In terms of distribution of financing funds by budget type, high-budget films again took the largest share (47%), but the share of medium-budget films increased from 24% to 38%, the share of super-high-budget films dropped from 23% to 6%, and the share of low-budget films increased from 4% to 8%.
- Crossing financing and budget types shows that, as in the full sample, the largest chunk of funds (34%) went to financing the production of high-budget 100% national films.



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.

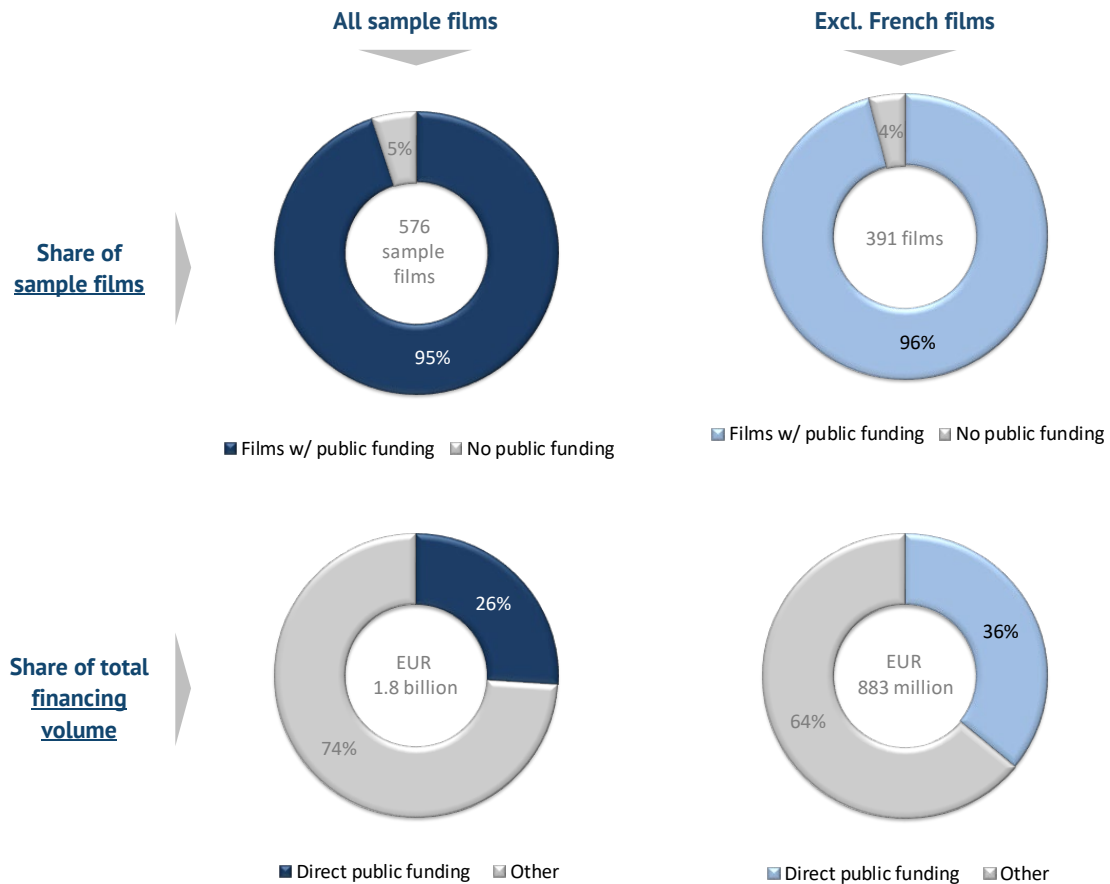
See Appendix 7.4 for detailed definitions.



HOW IMPORTANT IS DIRECT PUBLIC FUNDING ACROSS EUROPE?

- PAN-EUROPEAN PERSPECTIVE

Figure 11. Share of direct public funding in financing European fiction films (2017)



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 95% of the sample films (96% excluding French 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 482 million (26%) to the cumulative sample production spend of EUR 1.85 billion - the single most significant financing source of European fiction films in 2017. Excluding French films, the share of direct public funding increases to 36%, accounting for EUR 314 million out of a total EUR 883 million.



HOW IMPORTANT IS DIRECT PUBLIC FUNDING IN MARKETS OF DIFFERENT SIZES?
- MARKET CLUSTER PERSPECTIVE

Table 17. Direct public funding – differences among market clusters (2017)

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[	50	50	100%	60.9	32.8	54%
Medium market [10 mio - 50 mio[	193	185	96%	371.1	158.4	43%
Large market [>50 mio]	333	311	93%	1 417.1	291.0	21%
TOTAL	576	546	95%	1 849.1	482.2	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[	50	50	100%	60.9	32.8	54%
Medium market [10 mio - 50 mio[	193	185	96%	371.1	158.4	43%
Large market [>50 mio]	148	139	94%	451.0	123.1	27%
TOTAL	391	374	96%	883.0	314.4	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 21% of total financing in the five large sample markets (27% 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 more than 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

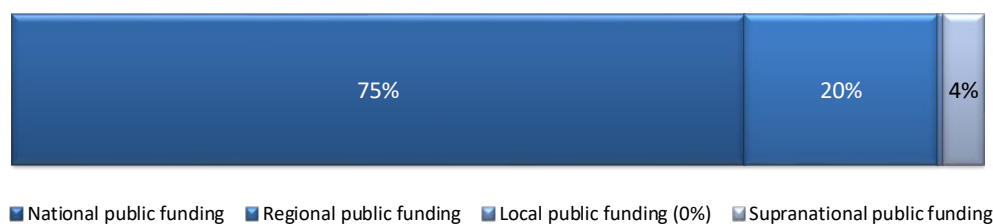
Table 18. Direct public funding by geographical level (2017)

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	526	91%	96%	363.5	20%	75%
Regional public funding	280	49%	51%	96.2	5%	20%
Local public funding (0%)	25	4%	5%	3.0	0%	1%
Supranational public funding	106	18%	19%	19.6	1%	4%
Total public funding	546	95%	100%	482.2	26%	100%
Total sample films	576	100%		1 849.1	100%	

Source: European Audiovisual Observatory

Figure 12. Breakdown of cumulative funds from direct public funding by geographical level (2017)



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 (21%). Local funding was negligible, while supra-national public funding contributed 4% to the total sample financing volume.
- More than nine out of 10 sample films received funding from a national film agency, while half of the sample films (49%) received regional public funding. A total of 18% obtained supra-national funding and only 4% had local public funding in their financing mix.



BREAKDOWN OF DIRECT PUBLIC FUNDING BY NATIONAL ORIGIN

- PAN-EUROPEAN PERSPECTIVE

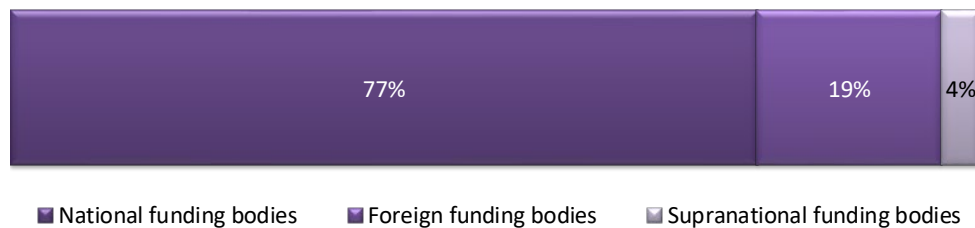
Table 19. Direct public funding by national origin (2017)

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	536	93%	98%	371.4	20%	77%
Foreign funding bodies	163	28%	30%	91.3	5%	19%
Supranational funding bodies	105	18%	19%	19.6	1%	4%
Total public funding	546	95%	100%	482.2	26%	100%
Total sample films	576	100%		1 849.1	100%	

Source: European Audiovisual Observatory

Figure 13. Breakdown of cumulative public funding by national origin (2017)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- The lion's share of direct public funding was raised within the main country of origin: 77% of cumulative direct public funding was provided by funding agencies within the main country of origin, while 19% of direct public funding was provided by funding agencies within minority-financing countries. Supra-national funding agencies contributed 4% to the cumulative direct public funding volume for European fiction films in the data sample.
- Almost all (93%) of the sample films received funding from a film agency in the main country of origin, while only 28% received public funding by funding bodies located in a minority-co-producing / -financing country, and only 18% 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).

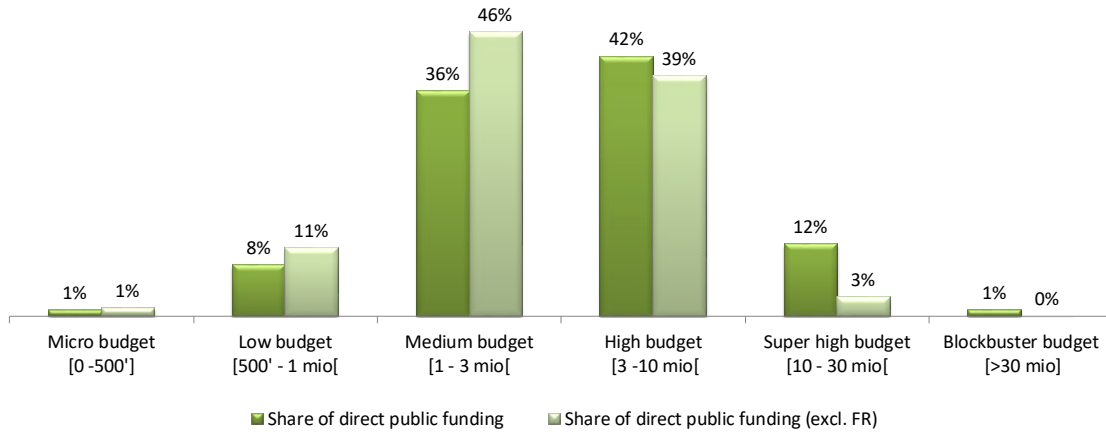


4.3.3. Distribution of direct public funding by film type



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

Figure 14. Distribution of direct public funding across film budget types (2017)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

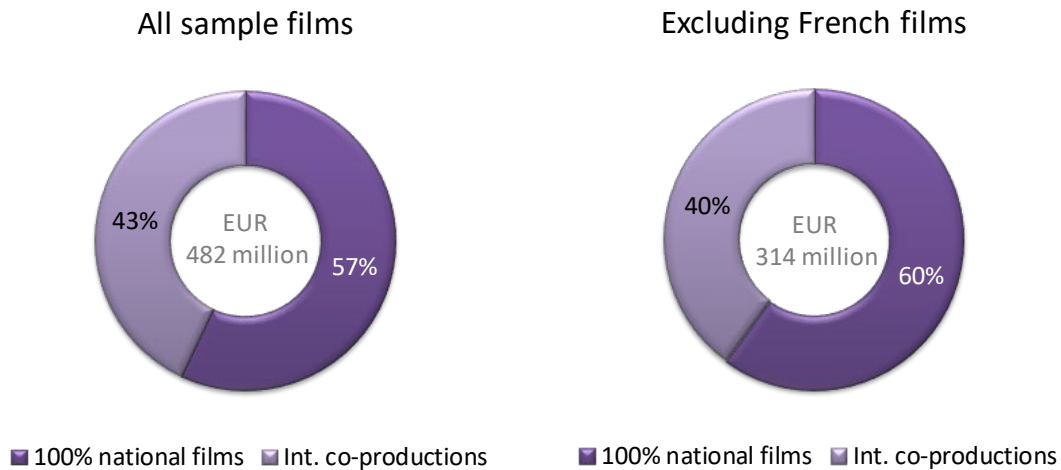
- High-budget films - which accounted for 29% of the sample films (21% excluding French films) - captured the largest share of direct public funding, comprising 42% (EUR 202 million) of a total EUR 482 million in direct public funding.
- Medium-budget films - which accounted for 41% of the sample films - obtained the second largest slice of direct public funding, accounting for 36% of total direct public funding. Excluding French films, however, it was medium-budget films that captured the largest share of direct public funding, receiving 46% (EUR 144 million) out of the EUR 314 million direct funding total.
- By far the biggest portion of direct public funding thus went to high- and medium-budget films: 78% of total direct public funding in the case of the full data sample; and 85% excluding French films.



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

- PAN-EUROPEAN PERSPECTIVE

Figure 15. Distribution of direct public funding between 100% national films and international co-productions (2017)



Source: European Audiovisual Observatory

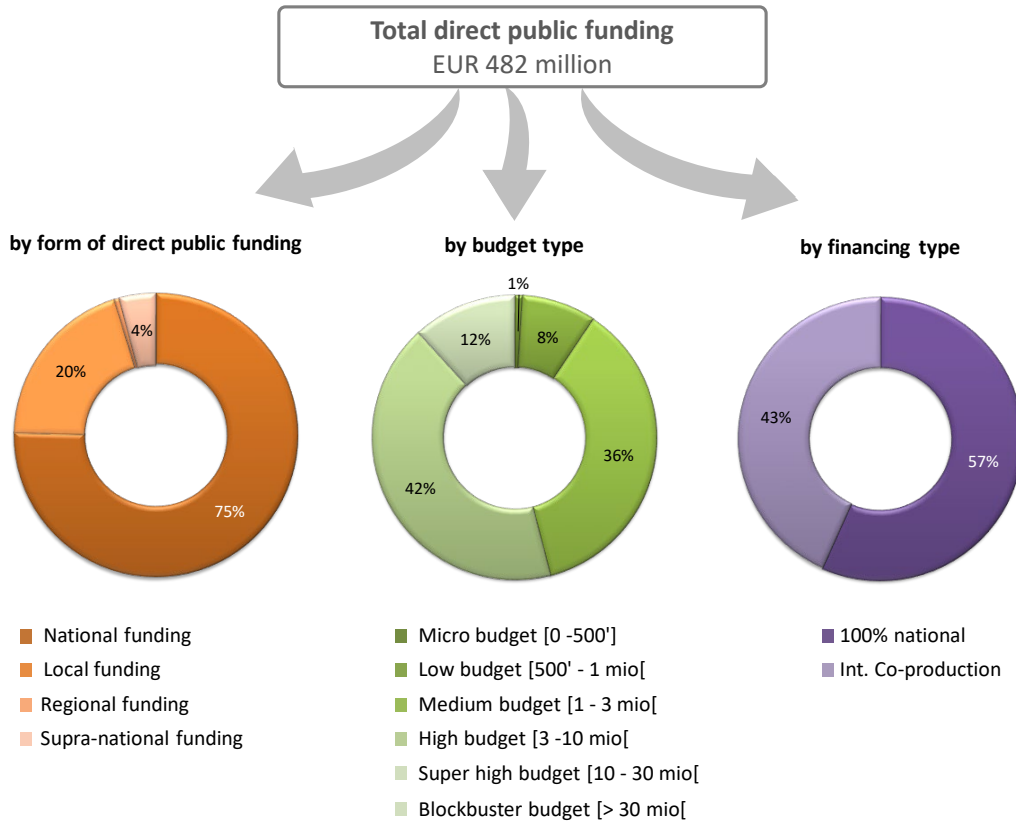
SELECTED INSIGHTS

- 100% national films accounted for 67% of the total sample films, but only 57% of cumulative direct public funding was allocated to them. By contrast, international co-productions accounted for 33% of the sample films and captured 43% 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: 60% of direct public funding went to the production of 100% national films (68% of sample films), and 40% went to international co-productions (32% of sample films).



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

Figure 16. Breakdown of cumulative direct public funding by funding form, budget and financing type of films (2017)



Source: European Audiovisual Observatory

Table 20. Ranking of direct public funding – top 5 forms / film types (2017)

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	75.1	16%
2	National public funding	High budget [3 -10 mio[	100% national	72.3	15%
3	National public funding	High budget [3 -10 mio[	Int. co-production	64.5	13%
4	National public funding	Medium budget [1 - 3 mio[	Int. co-production	58.9	12%
5	Regional public funding	High budget [3 -10 mio[	100% national	38.9	8%
Other	-	-	-	247.7	51%
Total direct public funding				482.2	116%

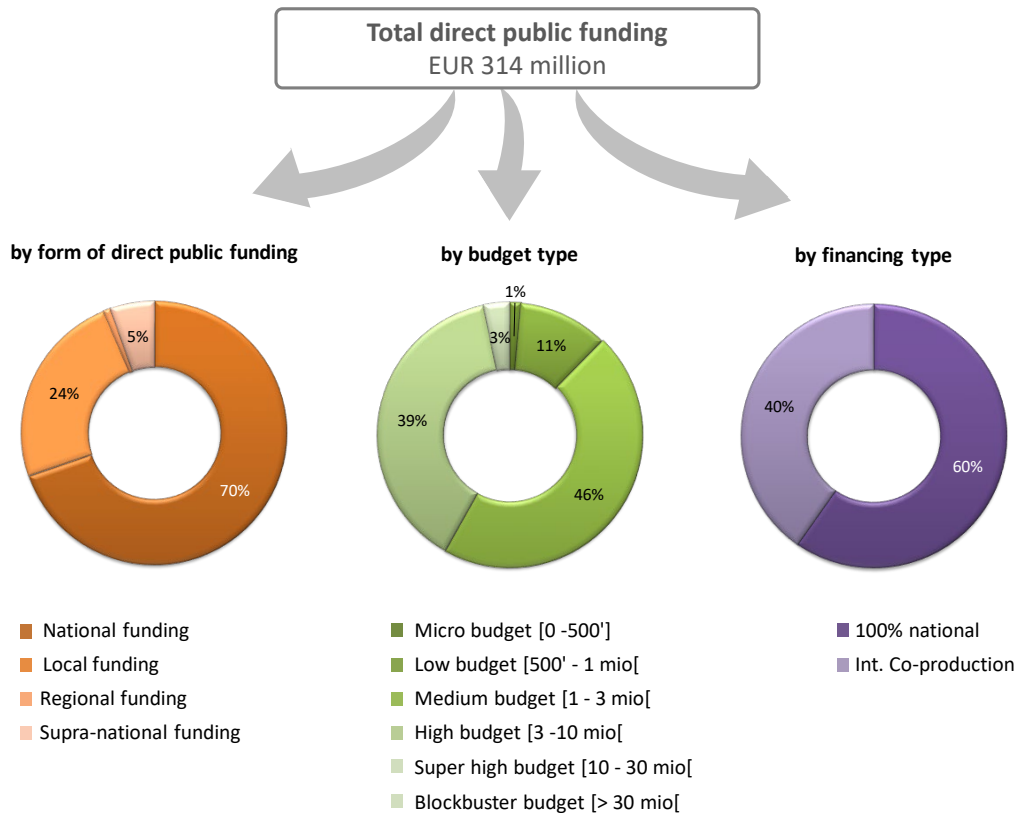
Source: European Audiovisual Observatory



AT A GLANCE: HOW IS DIRECT PUBLIC FUNDING DISTRIBUTED?

– EXCLUDING FRENCH FILMS

Figure 17. Breakdown of cumulative direct public funding by funding form, budget and financing type of films - excl. French films (2017)



Source: European Audiovisual Observatory

Table 21. Ranking of direct public funding – top 5 forms / film types excl. French films (2017)

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	60.4	19%
2	National public funding	Medium budget [1 - 3 mio[	Int. co-production	51.2	16%
3	National public funding	High budget [3 -10 mio[	100% national	40.9	13%
4	Regional public funding	High budget [3 -10 mio[	100% national	31.7	10%
5	National public funding	High budget [3 -10 mio[	Int. co-production	26.6	8%
Other	-	-	-	103.6	33%
Total direct public funding				314.4	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 producers¹⁷ 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 deferrals or loans by producers as they are qualified as debt financing. Producers’ equity generally comes last in the recoupment schedule.

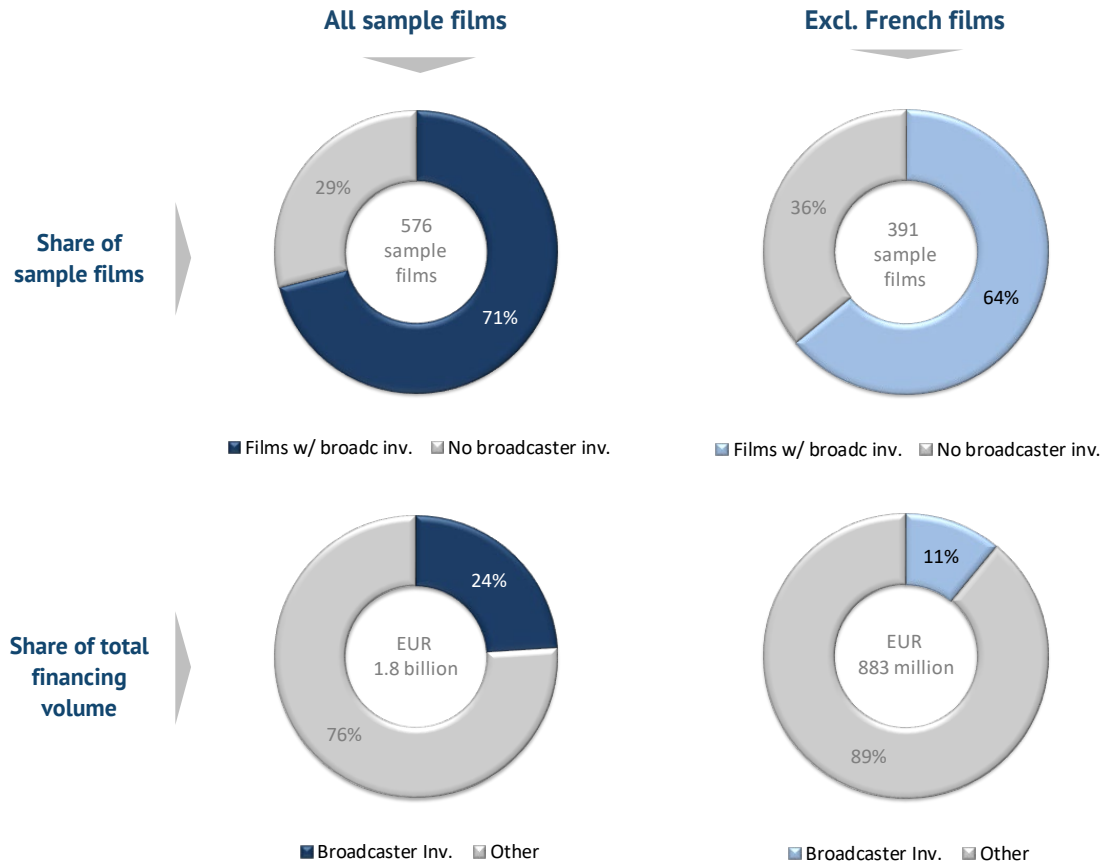
See Appendix 7.4 for detailed definitions.

¹⁷ 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 18. Share of broadcaster investments in financing European fiction films (2017)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- The sample analysis indicates that the majority of European fiction films are produced with broadcaster investments: 71% 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 64%.
- In total, broadcasters contributed 24% (EUR 445 million) to the total sample production spend of EUR 1.85 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 11% (EUR 101 million) to the cumulative total financing volume (EUR 883 million) in this scenario, rendering it only the fourth-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 (2017)

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]	50	34	68%	60.9	6.0	10%
Medium markets [10 mio - 50 mio]	193	131	68%	371.1	46.4	12%
Large markets [>50 mio]	333	244	73%	1 417.1	392.7	28%
Total broadcaster investments	576	409	71%	1 849.1	445.0	24%

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 markets [0 - 10 mio]	50	34	68%	60.9	6.0	10%
Medium markets [10 mio - 50 mio]	193	131	68%	371.1	46.4	12%
Large markets [>50 mio]	148	87	59%	451.0	48.5	11%
Total broadcaster investments	391	252	64%	883.0	100.9	11%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- With the exception of France, where broadcaster investments are comparatively high, broadcasters appear to have contributed between 10% and 12% 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 28% of total financing volume in the large sample markets compared to only 11% if French films are excluded from the analysis.
- In the other four large sample markets, 59% of the sample films had access to broadcaster financing. This compares to 68% of films in medium-sized and small markets.



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 (2017)**

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	233	40%	57%	84.2	5%	19%
Broadcaster pre-sales	338	59%	83%	360.8	20%	81%
Total broadcaster investments	409	71%	100%	445.0	24%	100%
Total sample films	576	100%		1 849.1	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	144	37%	57%	46.6	5%	46%
Broadcaster pre-sales	181	46%	72%	54.3	6%	54%
Total broadcaster investments	252	64%	100%	100.9	11%	100%
Total sample films	391	100%		883.0	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: 81% of the sample broadcaster investments took the form of pre-sales while (co-)production investments accounted for only 19% of cumulative broadcaster investments of EUR 445 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 54% and the latter for 46% of cumulative sample broadcaster investments of EUR 101 million.



BREAKDOWN OF BROADCASTER INVESTMENTS BY INVESTMENT FORM
- MARKET CLUSTER PERSPECTIVE

Table 24. Broadcaster financing by investment form – and by market cluster (2017)

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[	34	6.0	0.9	15%	5.1	85%
Medium markets [10 mio - 50 mio[	131	46.4	28.1	61%	18.3	39%
Large markets [>50 mio]	244	392.7	55.2	14%	337.5	86%
Total broadcaster inv.	409	445.0	84.2	19%	360.8	81%

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[	34	6.0	0.9	15%	5.1	85%
Medium markets [10 mio - 50 mio[	131	46.4	28.1	61%	18.3	39%
Large markets [>50 mio]	87	48.5	17.5	36%	31.0	64%
Total broadcaster inv.	252	100.9	46.6	46%	54.3	54%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

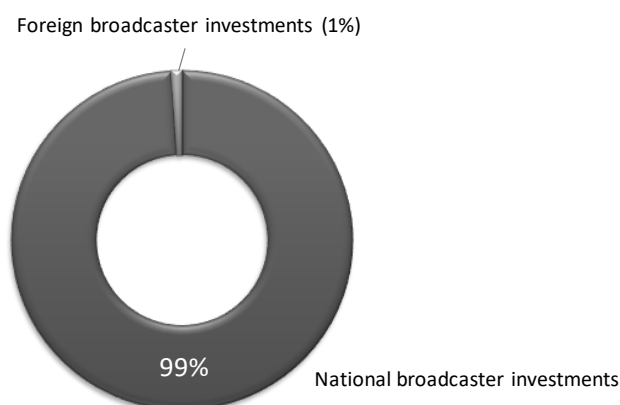
- A comparison of broadcaster, pre-sales and co-production investments by market size suggests that pre-sales tend to be the dominant form of broadcaster investments in small and large markets, while (co-)production investments tend to be more common and financially more significant in medium-sized markets.
- 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 (2017)

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	403	70%	99%	439.4	24%	99%
Foreign broadcaster investments	46	8%	11%	5.6	0%	1%
Total broadcaster investments	409	71%	100%	445.0	24%	100%
Total sample films	576	100%		1 849.1	100%	

*Source: European Audiovisual Observatory***Figure 19. Breakdown of cumulative broadcaster investments by national origin (2017)***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 99% of total broadcaster investments with only 1% coming from broadcasters based in minority-financing countries.
- This is also reflected in the number of films partly financed by broadcasters: while 70% of the sample films were partly financed by national broadcasters, only 8% were co-financed by foreign broadcasters.

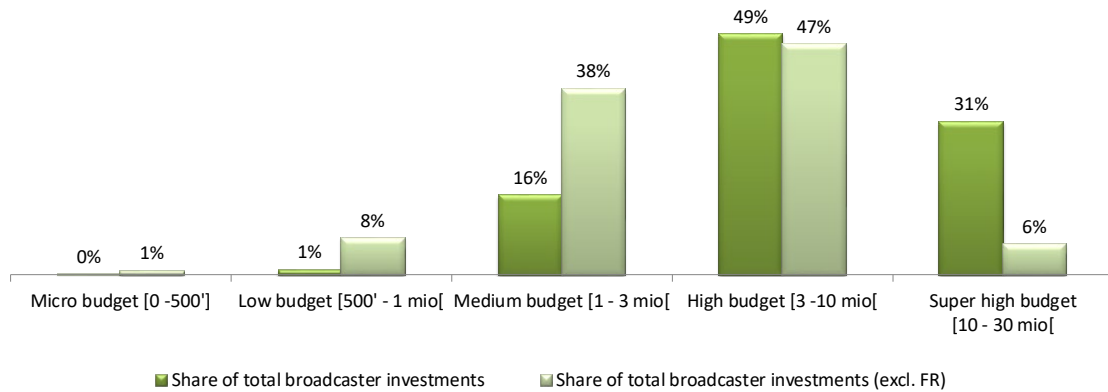


4.4.3. Distribution of broadcaster investments by film type



HOW ARE BROADCASTER INVESTMENTS DISTRIBUTED AMONG BUDGET TYPES? - PAN-EUROPEAN PERSPECTIVE

Figure 20. Distribution of broadcaster investments across film budget types (2017)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

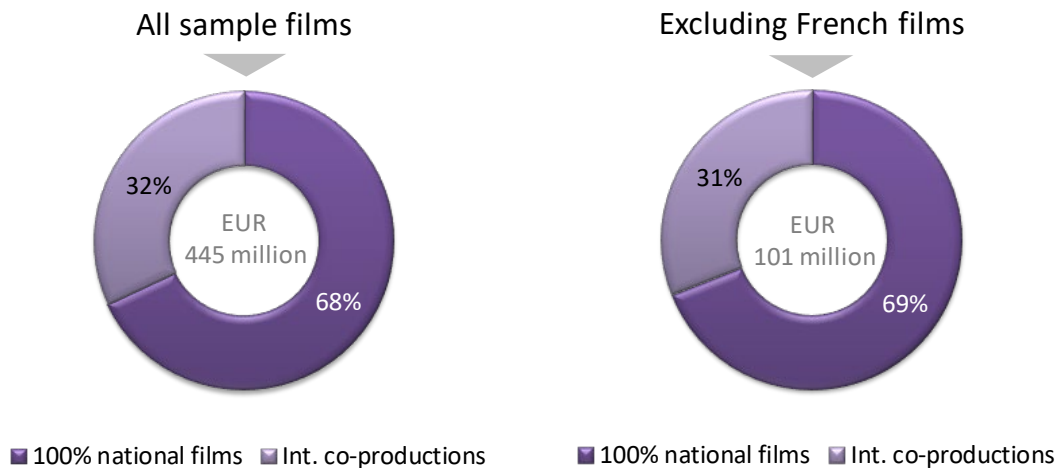
- Including French films, the lion's share of broadcaster investments went to high-budget films (49%) and super-high-budget (31%) films, with another 16% going to medium-budget films. More than eight out of 10 Euros invested by European broadcasters in sample films were thus invested in fiction films, 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 high-budget films (47%) and medium-budget films (38%).



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

- PAN-EUROPEAN PERSPECTIVE

Figure 21. Distribution of broadcaster investments between 100% national films and international co-productions (2017)



Source: European Audiovisual Observatory

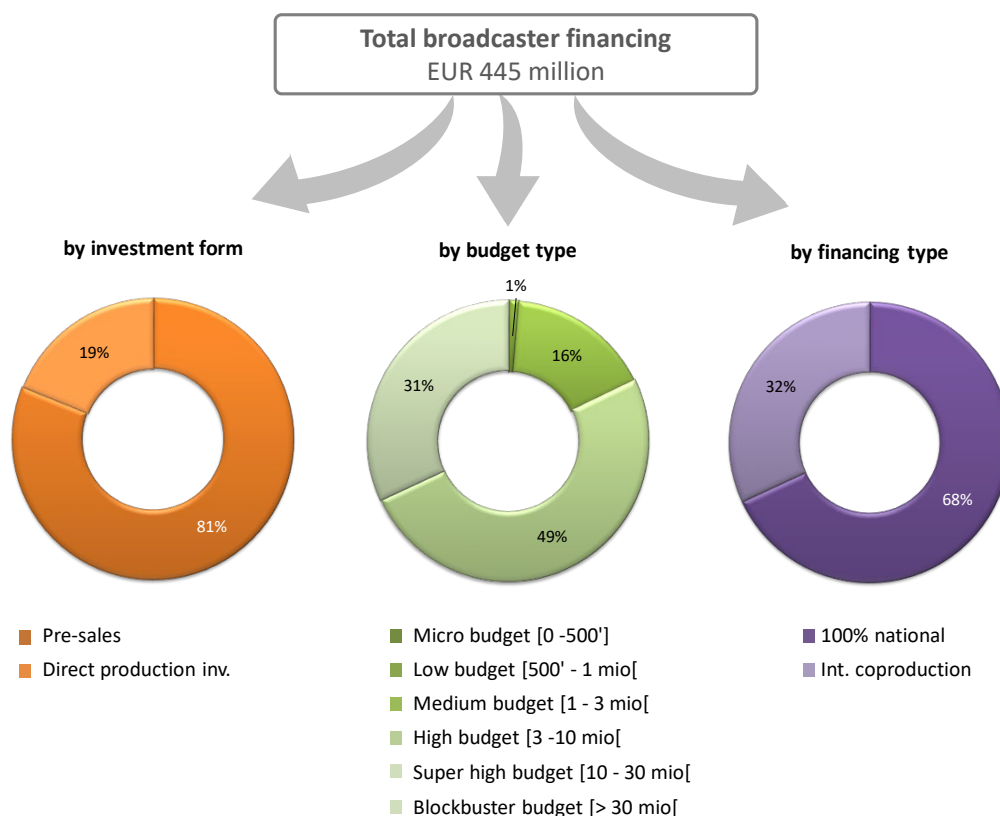
SELECTED INSIGHTS

- Broadcaster investments appear to be proportionally distributed between 100% national films and international co-productions: 100% national films accounted for 67% of the sample films and captured 68% of cumulative broadcaster investments, while international co-productions - which comprised 33% of the sample films - captured 32% of broadcaster investments. This observation also holds true when French films are excluded from the analysis.



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

Figure 22. Breakdown of cumulative broadcaster financing volume by investment form, budget and financing type of films (2017)



Source: European Audiovisual Observatory

Table 26. Ranking of broadcaster financing – top 5 forms / film types (2017)

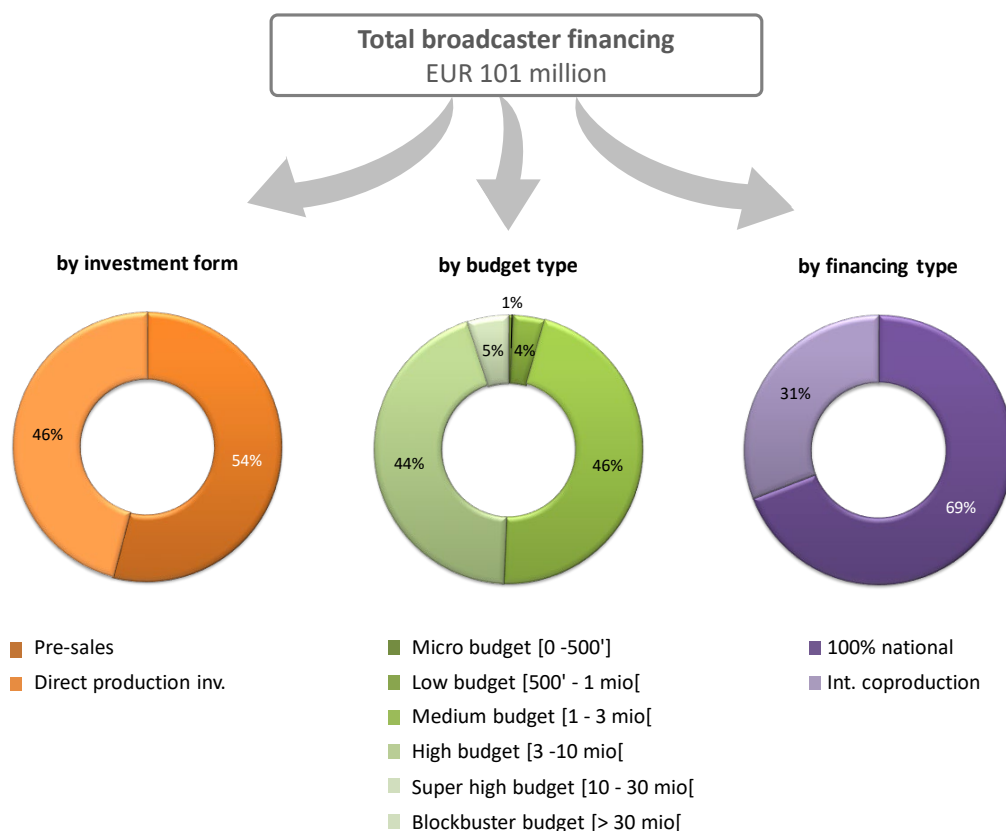
Rank	Form of broadcaster financing	Budget type	Financing type	Amount in MEUR	% share
1	Pre-sales	High budget [3 -10 mio[	100% national	125.0	28%
2	Pre-sales	Super high budget [10 - 30 mio[	100% national	82.1	18%
3	Pre-sales	High budget [3 -10 mio[	Int. co-production	54.9	12%
4	Pre-sales	Super high budget [10 - 30 mio[	Int. co-production	41.9	9%
5	Pre-sales	Medium budget [1 - 3 mio[	100% national	32.9	7%
	Other -	-	-	108.2	24%
Total broadcaster investments				445.0	100%

Source: European Audiovisual Observatory



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

Figure 23. Breakdown of cumulative broadcaster financing volume by investment form, budget and financing type of films - excl. French films (2017)



Source: European Audiovisual Observatory

Table 27. Ranking of broadcaster financing – top 5 forms / film types excl. French films (2017)

Rank	Form of broadcaster financing	Budget type	Financing type	Amount in MEUR	% share
1	Pre-sales	High budget [3 -10 mio[	100% national	22.1	22%
2	Pre-sales	Medium budget [1 - 3 mio[	100% national	16.9	17%
3	(Co-)Production investment	Medium budget [1 - 3 mio[	100% national	13.6	13%
4	(Co-)Production investment	Medium budget [1 - 3 mio[	Int. co-production	9.7	10%
5	(Co-)Production investment	High budget [3 -10 mio[	100% national	9.7	10%
	Other -	-	-	28.9	29%
Total broadcaster investments				100.9	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.

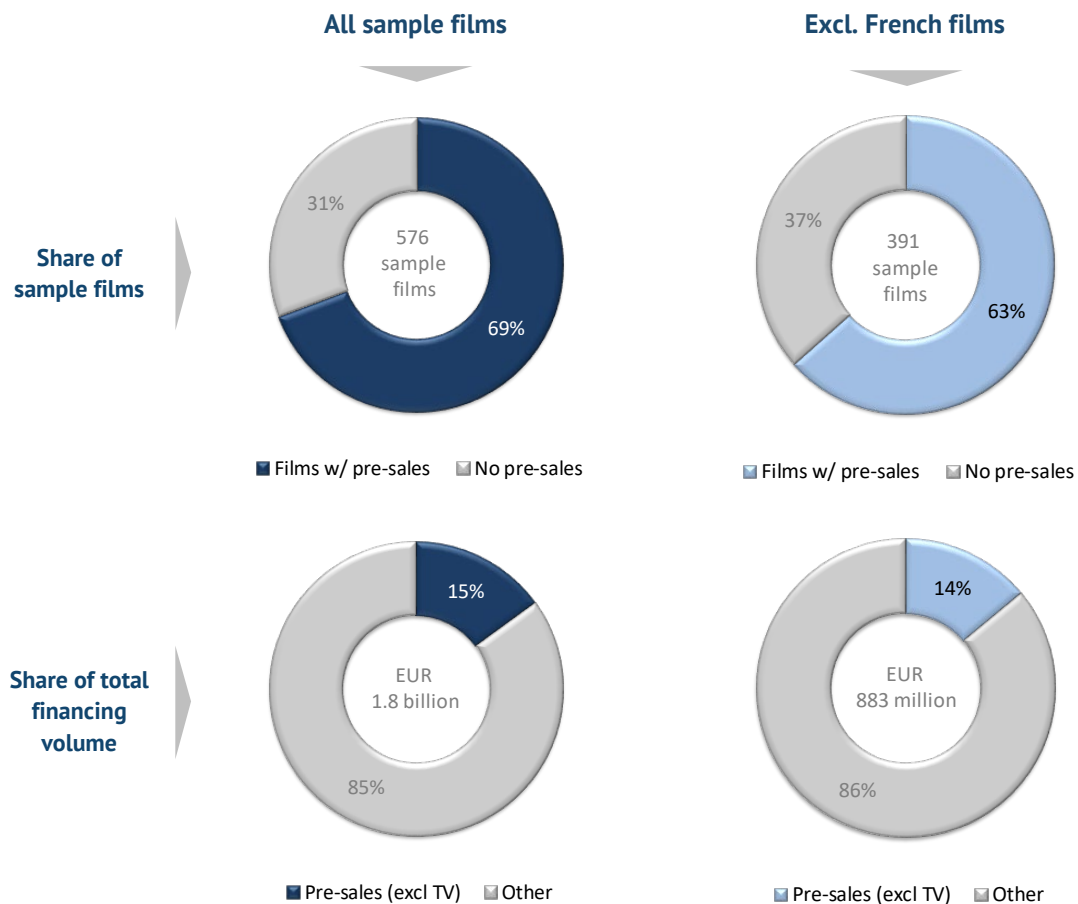
In an outright sale / split rights deal, a financier pays (cash) in return for specific distribution rights. In contrast to a producer equity cash investment, which creates (partial) ownership of the negative and copyrights linked to the film, the financier in a split right deal only acquires distribution 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 7.4 for detailed definitions.

HOW IMPORTANT ARE PRE-SALES?
– PAN-EUROPEAN PERSPECTIVE

Figure 24. Share of pre-sales (excl. TV) in financing European fiction films (2017)



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 69%) rely on pre-sales to finance their production budgets.
- In total, pre-sales contributed EUR 279 million to the cumulative sample financing volume of EUR 1.85 billion, representing 15% of the total cumulative funding volume of the data sample.
- In the case of pre-sales, the exclusion of French films from the analysis does not alter the results significantly, with pre-sales also accounting for 14% (EUR 125 million) of the total financing volume of EUR 883 million.

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

Table 28. Pre-sales – differences among market clusters (2017)

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[	50	26	52%	60.9	3.6	6%
Medium markets [10 mio - 50 mio[	193	123	64%	371.1	37.3	10%
Large markets (>50 mio]	333	250	75%	1 417.1	237.9	17%
Total pre-sales	576	399	69%	1 849.1	278.9	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 markets [0 - 10 mio[	50	26	52%	60.9	3.6	6%
Medium markets [10 mio - 50 mio[	193	123	64%	371.1	37.3	10%
Large markets (>50 mio]	148	99	67%	451.0	84.4	19%
Total pre-sales	391	248	63%	883.0	125.4	14%

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 increases with market size: pre-sales contributed 17% (19% excl. French films) to cumulative financing volume in large markets, compared to 10% in medium-sized and only 6% in small markets.
- The data also suggest that access to pre-sales financing increases with market size. Only 52% of the sample films produced in small markets were financed with pre-sales; the ratio increases to 64% of films in medium-sized markets and 75% in large markets (67% 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 (2017)

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	321	56%	80%	229.3	12%	82%
Outright sales (excl national TV)	108	19%	27%	49.5	3%	18%
Total pre-sales	399	69%	100%	278.9	15%	100%
Total sample films	576	100%		1 849.1	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	170	43%	69%	75.8	9%	60%
Outright sales (excl national TV)	108	28%	44%	49.5	6%	40%
Total pre-sales	248	63%	100%	125.4	14%	100%
Total sample films	391	100%		883.0	100%	

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- The data sample suggests that in 2017 minimum guarantees were the dominant form of pre-sales financing: on a pan-European level, 82% (60% excluding French films) of pre-sales financing was structured as minimum guarantees, while outright sales only accounted for 18% (40% excluding French films) of cumulative pre-sales funding.
- A total of 56% of the sample films secured a minimum guarantee to finance their budgets (43% excluding French films), while only 19% of films made an outright sale (28% excluding French films).



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

Table 30. Minimum guarantees vs. outright sales – by market cluster (2017)

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[	26	3.6	2.7	75%	0.9	25%
Medium markets [10 mio - 50 mio[	123	37.3	20.4	55%	16.9	45%
Large markets [>50 mio]	250	237.9	206.2	87%	31.7	13%
Total pre-sales	399	278.9	229.3	82%	49.5	18%

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[	26	3.6	2.7	75%	0.9	25%
Medium markets [10 mio - 50 mio[	123	37.3	20.4	55%	16.9	45%
Large markets [>50 mio]	99	84.4	52.7	62%	31.7	38%
Total pre-sales	248	125.4	75.8	60%	49.5	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 one sample market 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 87% and 75% of total pre-sales financing, respectively.
- In terms of access, in large markets 69% of sample films (53% excluding French films) were partly financed by minimum guarantees, but only 39% and 34% of films in medium-sized and small markets, respectively, were financed in this fashion.

BREAKDOWN OF PRE-SALES BY NATIONAL ORIGIN

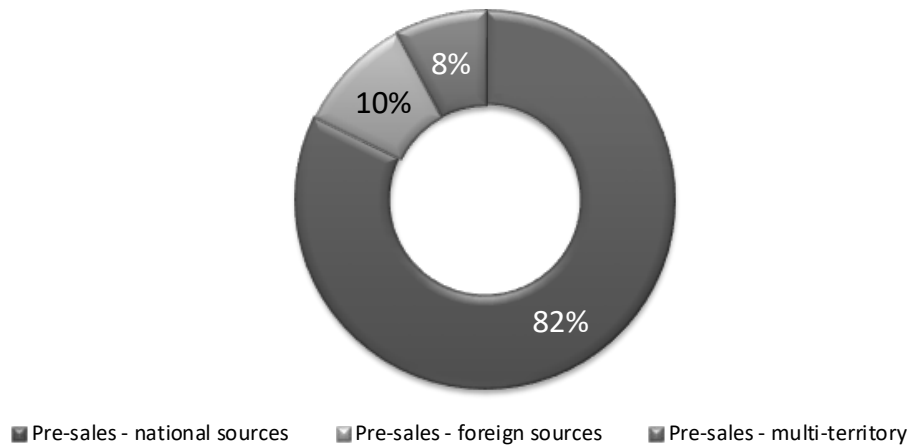
– PAN-EUROPEAN PERSPECTIVE

Table 31. Pre-sales by national origin (2017)

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	375	65%	94%	229.7	12%	82%
Pre-sales - foreign sources	79	14%	20%	27.8	2%	10%
Pre-sales - multi-territory	69	12%	17%	21.8	1%	8%
Total pre-sales	399	69%	100%	278.9	15%	100%
Total sample films	576	100%		1 849.1	100%	

Source: European Audiovisual Observatory

Figure 25. Breakdown of cumulative pre-sales by national origin (2017)



Source: European Audiovisual Observatory

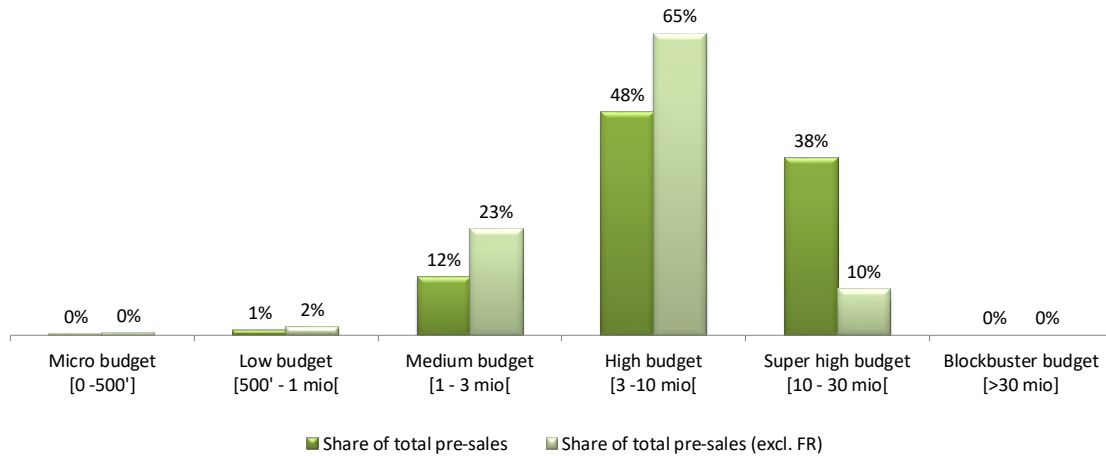
SELECTED INSIGHTS

- The data analysis suggests that pre-sales financing can, for the most part, be raised only in the national market, i.e. pre-sales for the main country of origin, which accounted for 82% of the total sample pre-sales financing volume.
- A total of 14% of sample films had a pre-sale outside the main country of origin, representing 10% of total pre-sales financing.
- Only one in 10 sample films was financed through a multi-territory pre-sale. Cumulatively, such pre-sales accounted for 8% 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 26. Distribution of pre-sales across film budget types (2017)



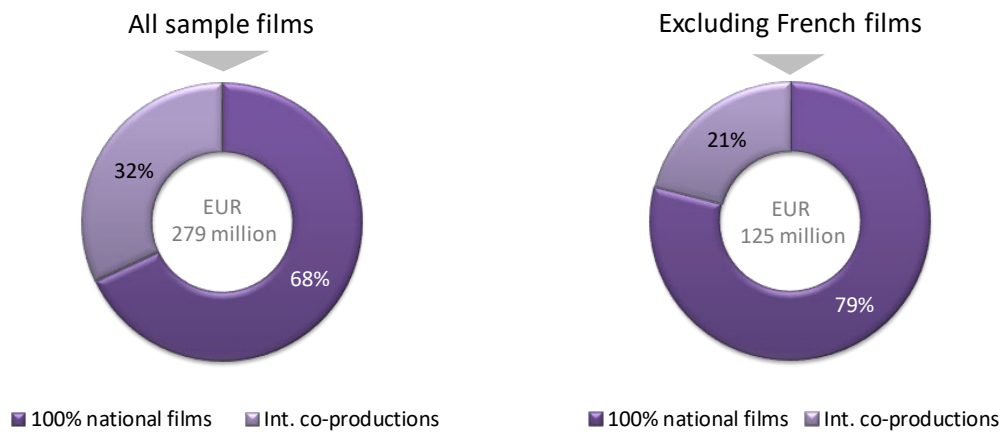
Source: European Audiovisual Observatory

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 48% of total pre-sales financing (65% excluding French films).
- A total of 38% of the financing amounts generated through pre-sales was invested in the production of super-high-budget films (10% excluding French films) and 12% went to medium-budget films (23% 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 27. Distribution of pre-sales financing volume between 100% national films and international co-productions (2017)



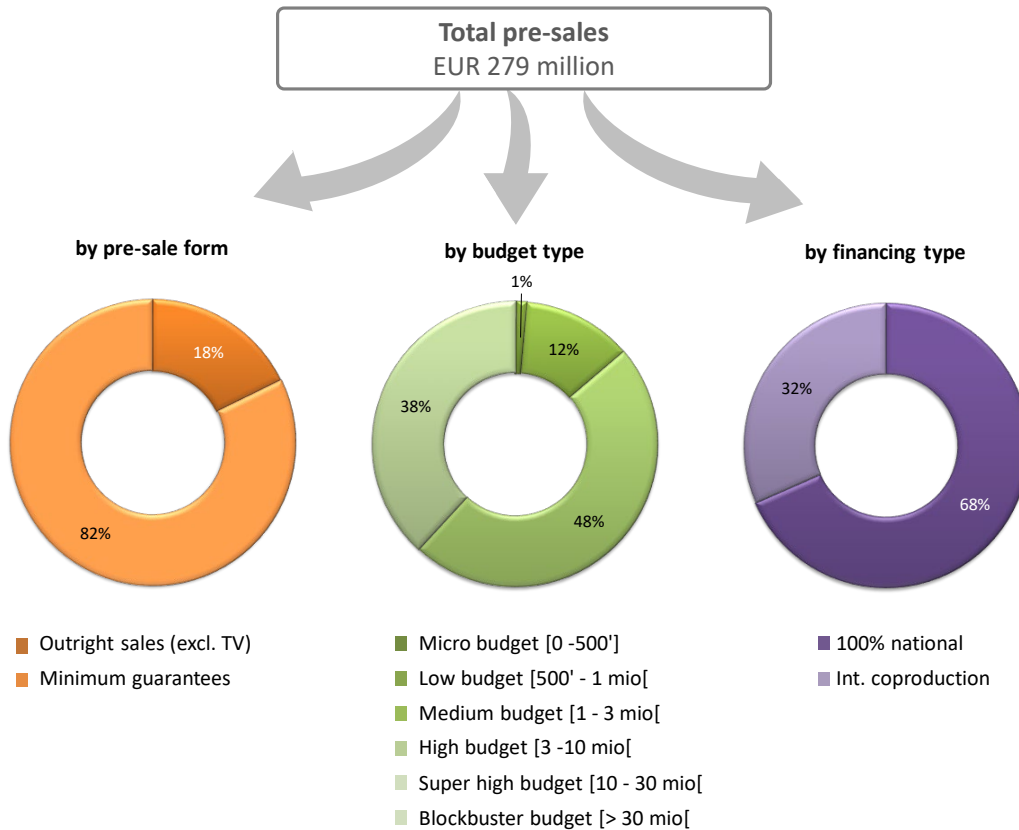
Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Pre-sales financing appears to be proportionally allocated to 100% national films and international co-productions: 100% national films representing 67% of the sample films captured 68% of cumulative pre-sales; international co-productions accounting for 33% of the sample films captured 32% of pre-sales.
- The picture changes when French films are excluded from the analysis, with pre-sales over-proportionally allocated to 100% national films, which accounted for 68% of the sample films but captured 79% of cumulative pre-sales. In contrast, international co-productions accounted for 32% of the sample films but captured only 21% of total pre-sales.

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

Figure 28. Breakdown of cumulative pre-sales by pre-sale form, budget and financing type of films (2017)



Source: European Audiovisual Observatory

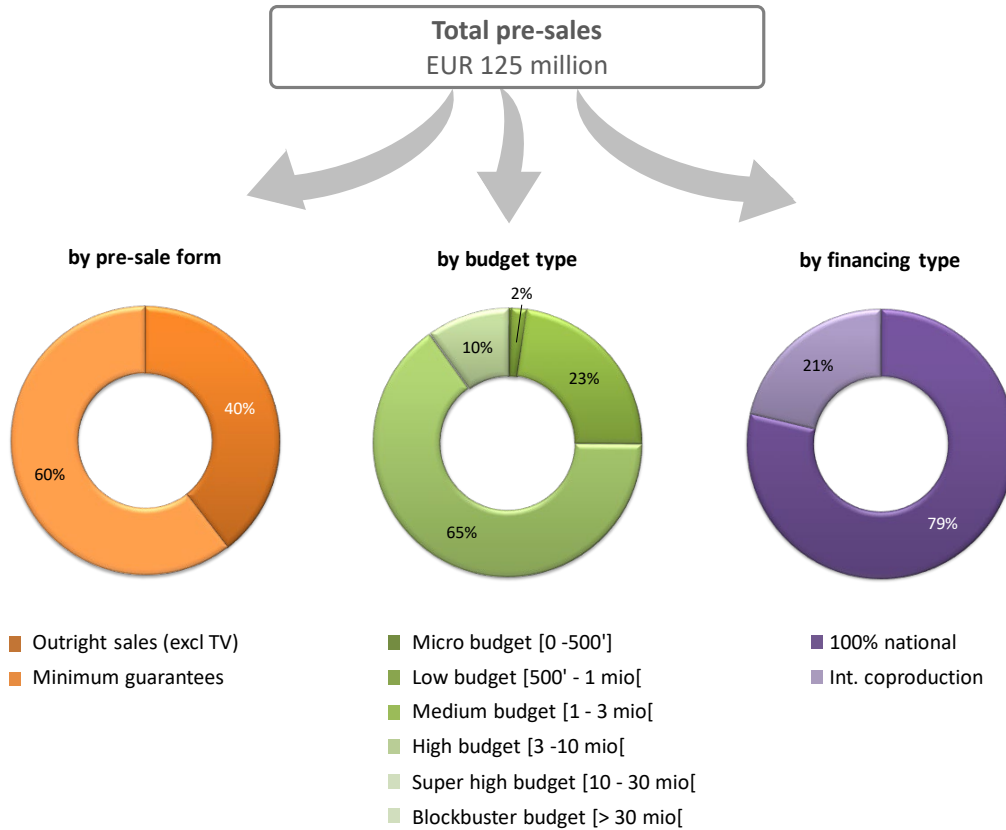
Table 32. Ranking of pre-sales financing – top 5 forms / film types (2017)

Rank	Form of pre-sales	Budget type	Financing type	Amount in MEUR	% share
1	Minimum guarantee	High budget [3 -10 mio[	100% national	74.8	27%
2	Minimum guarantee	Super high budget [10 - 30 mio[	100% national	63.3	23%
3	Minimum guarantee	Super high budget [10 - 30 mio[	Int. co-production	39.2	14%
4	Minimum guarantee	High budget [3 -10 mio[	Int. co-production	29.5	11%
5	Outright sale (excl. TV)	High budget [3 -10 mio[	100% national	25.8	9%
	Other -	-	-	46.4	17%
Total pre-sales				278.9	100%

Source: European Audiovisual Observatory

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

Figure 29. Breakdown of cumulative pre-sales by pre-sale form, budget and financing type of films - excl. French films (2017)



Source: European Audiovisual Observatory

Table 33. Ranking of pre-sales financing – top 5 forms / film types excluding French films (2017)

Rank	Form of pre-sales	Budget type	Financing type	Amount in MEUR	% share
1	Minimum guarantee	High budget [3 - 10 mio[	100% national	45.4	36%
2	Outright sale	High budget [3 - 10 mio[	100% national	25.8	21%
3	Outright sale	Medium budget [1 - 3 mio[	100% national	10.5	8%
4	Minimum guarantee	Medium budget [1 - 3 mio[	100% national	9.4	7%
5	Minimum guarantee	Medium budget [1 - 3 mio[	Int. co-production	6.3	5%
Other -				28.0	22%
Total pre-sales				125.4	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 deferrals or loans made by producers as they are qualified as debt financing. Producers' equity generally comes last in the recoupment schedule.

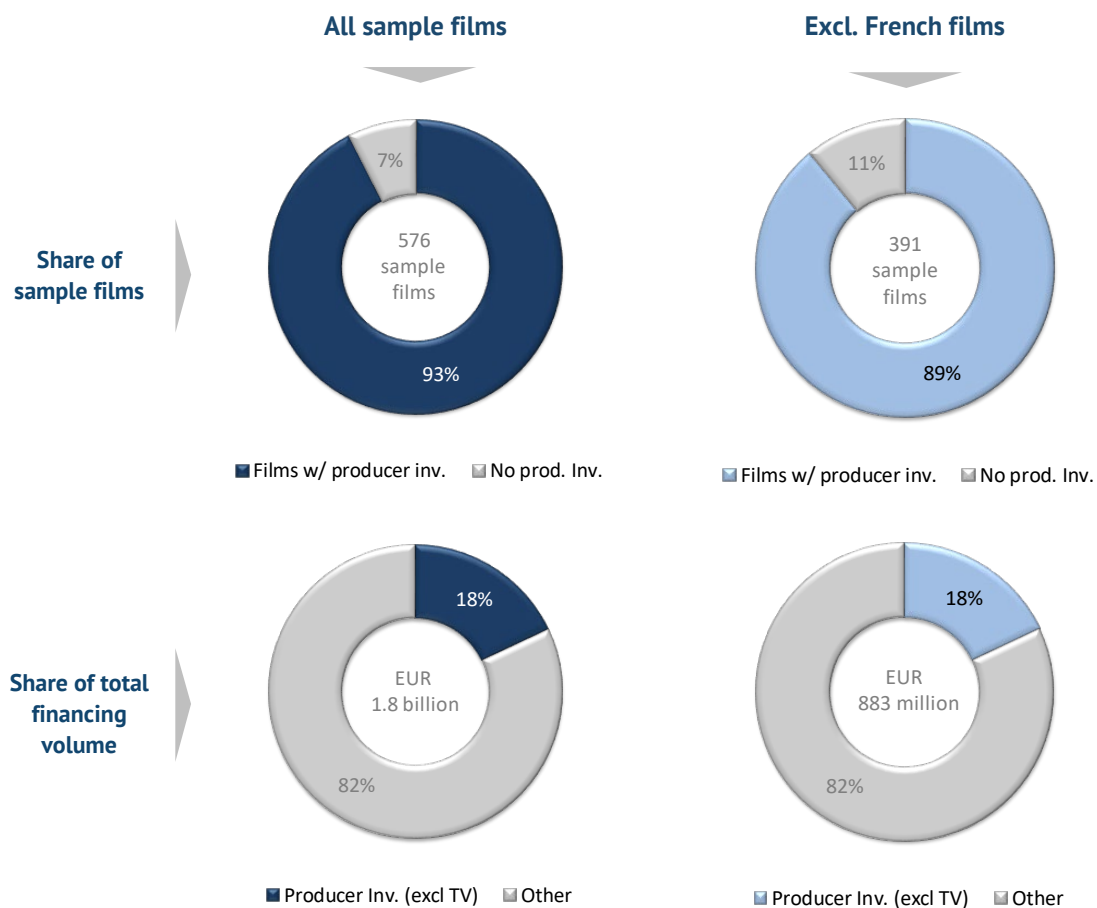
See Appendix 7.4 for detailed definitions.



HOW IMPORTANT ARE PRODUCER INVESTMENTS?

- PAN-EUROPEAN PERSPECTIVE

Figure 30. Share of producer investments in financing European fiction films (2017)



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 328 million to the cumulative financing volume of EUR 1.85 billion, representing 18% of the total sample financing volume. As in the case of pre-sales, 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, rising to second when French films are excluded.



**HOW IMPORTANT ARE PRODUCER INVESTMENTS?
- MARKET CLUSTER PERSPECTIVE**

Table 34. Producer investments – differences among market clusters (2017)

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[	50	48	96%	60.9	11.9	20%
Medium markets [10 mio - 50 mio[	193	170	88%	371.1	55.6	15%
Large markets [>50 mio]	333	314	94%	1 417.1	260.9	18%
Total producer investments (excl. TV)	576	532	92%	1 849.1	328.4	18%

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 markets [0 - 10 mio[	50	48	96%	60.9	11.9	20%
Medium markets [10 mio - 50 mio[	193	170	88%	371.1	55.6	15%
Large markets [>50 mio]	148	129	87%	451.0	91.9	20%
Total producer investments (excl. TV)	391	347	89%	883.0	159.5	18%

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 20% and 18% of total financing volume in small and large markets (20% in large markets when excluding France), but contributed ‘only’ 15% 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.

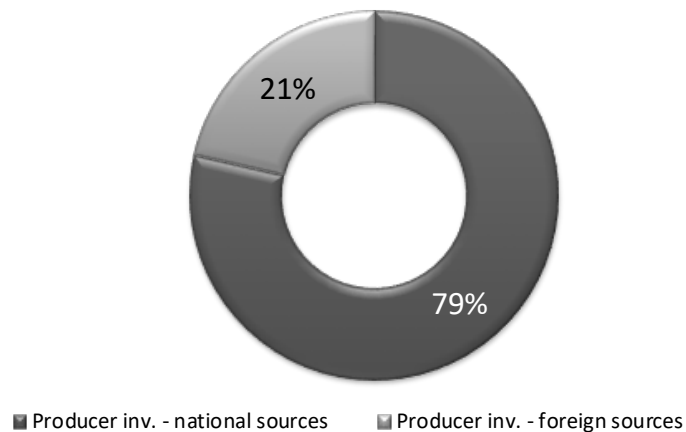


4.6.2. National origin of producer investments

**BREAKDOWN OF PRODUCER INVESTMENTS BY NATIONAL ORIGIN****- PAN-EUROPEAN PERSPECTIVE****Table 35. Producer investments by national origin (2017)**

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	521	90%	98%	258.0	14%	79%
Producer inv. - foreign sourc	190	33%	36%	70.4	4%	21%
Total producer investments	532	92%	100%	328.4	18%	100%
Total sample films	576	100%		1 849.1	100%	

Source: European Audiovisual Observatory

Figure 31. Breakdown of cumulative producer investments by national origin (2017)

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- A total of 79% of cumulative producer investments in the data sample came from national producers, i.e. producers based in the main country of origin; 21% 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, only one in three sample films was co-financed by a foreign producer.



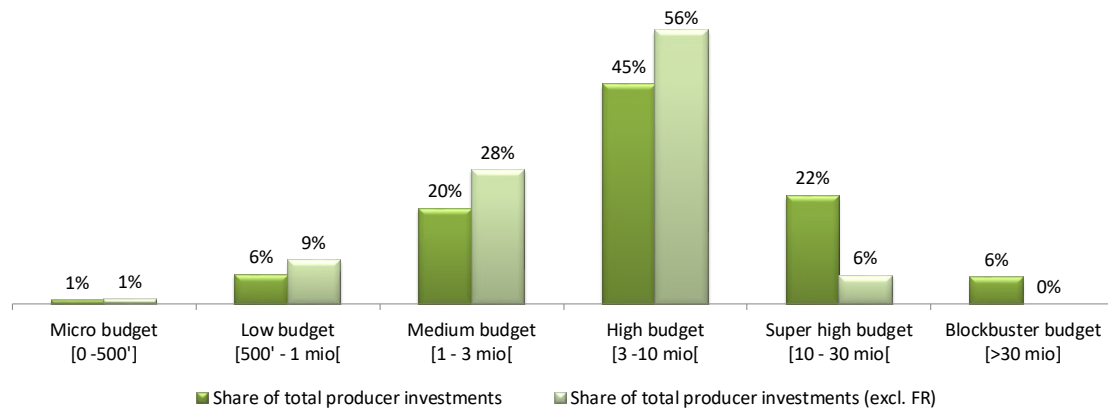
4.6.3. Distribution of producer investments by film types



HOW ARE PRODUCER INVESTMENTS DISTRIBUTED AMONG BUDGET CLUSTERS?

- PAN-EUROPEAN PERSPECTIVE

Figure 32. Distribution of producer investments across film budget types (2017)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

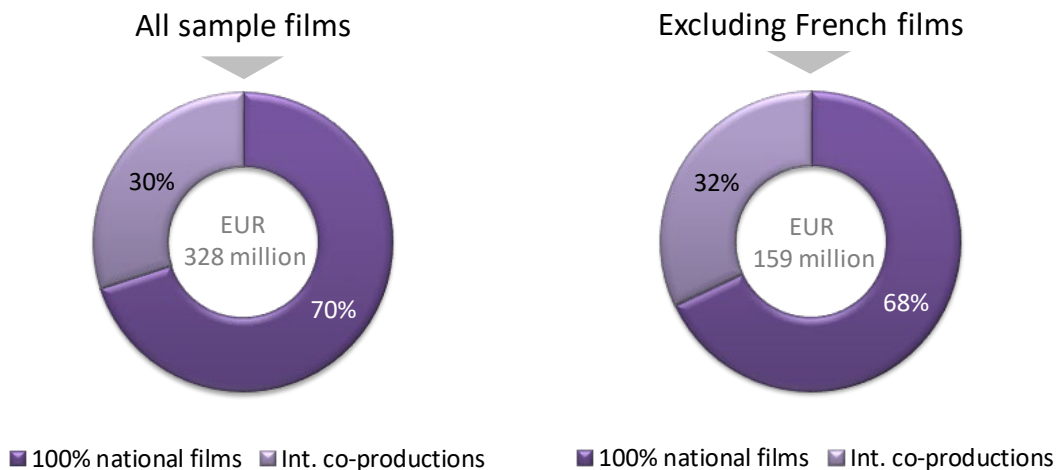
- High-budget films attracted the largest share of producer investments, capturing 45% of cumulative producer investments (56% excluding French films).
- A total of 22% of producer investments went to finance the production of super-high budget films and 20% went to medium-budget films.
- Excluding French films, the bulk of producer investments went into the production of high-budget (56%) and medium-budget (28%) films.



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

- PAN-EUROPEAN PERSPECTIVE

Figure 33. Distribution of producer investments between 100% national films and international co-productions (2017)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

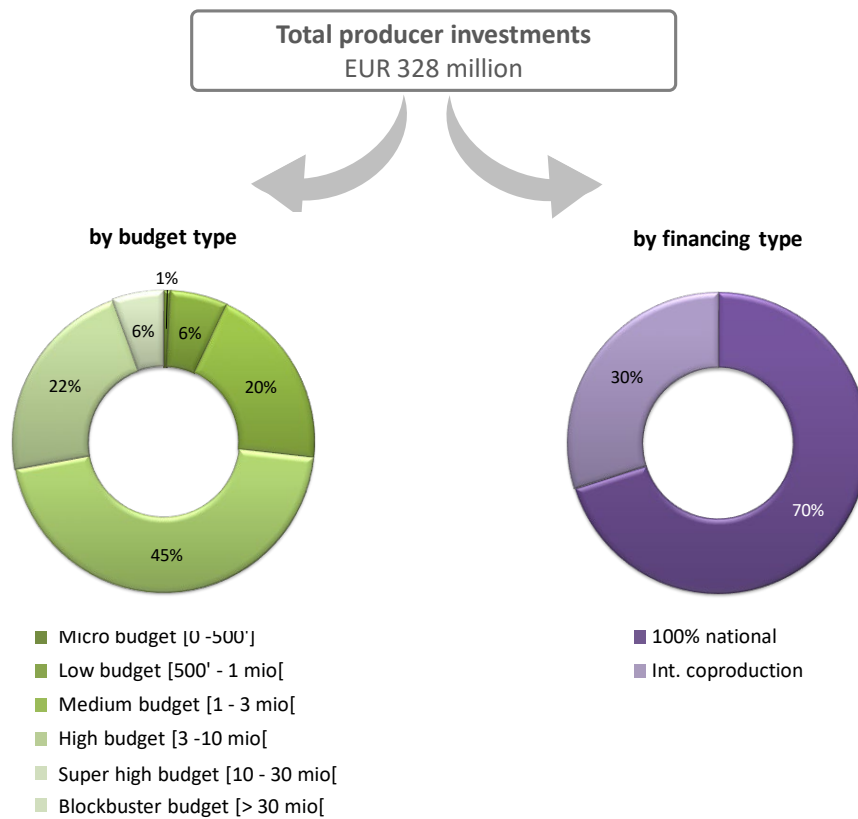
- Producer investments appear to be more or less proportionally allocated to 100% national films and international co-productions: accounting for 67% of sample films, 100% national films captured 70% of total producer investments, while international co-productions represented 33% of sample films and 30% of total producer investments.
- These analysis results do not change fundamentally when French films are excluded: in this event, 100% national films accounted for 68% of the sample films and captured 68% of cumulative producer investments, while international co-productions accounted for 32% of the sample films but captured 32% of total producer investments.



AT A GLANCE: HOW ARE PRODUCER INVESTMENTS DISTRIBUTED AMONG FILM TYPES?
- PAN-EUROPEAN PERSPECTIVE

Figure 34. Breakdown of cumulative producer investments by budget and financing type of films (2017)

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 (2017)

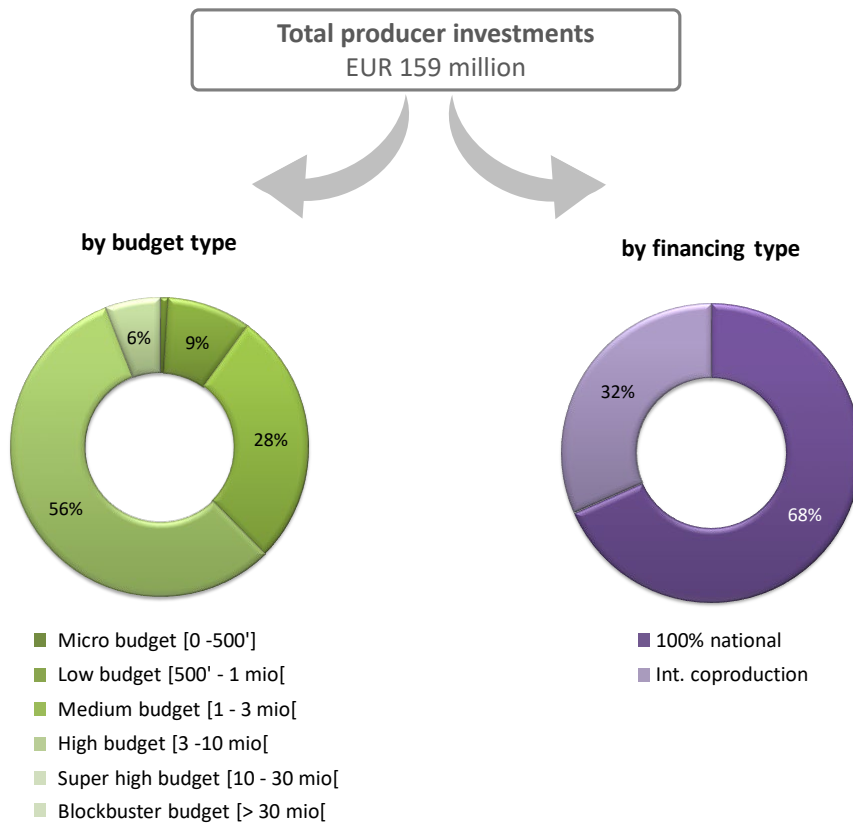
Rank	Form of producer inv. (excl. TV)	Budget type	Financing type	Amount in MEUR	% share
1	Independent film production company	High budget [3 - 10 mio[	100% national	96.0	29%
2	Independent film production company	Super high budget [10 - 30 mio[	100% national	60.9	19%
3	Independent film production company	High budget [3 - 10 mio[	Int. co-production	51.6	16%
4	Independent film production company	Medium budget [1 - 3 mio[	100% national	35.9	11%
5	Independent film production company	Medium budget [1 - 3 mio[	100% national	28.3	9%
Other	-	-	-	55.7	17%
Total producer investments				328.4	100%

Source: European Audiovisual Observatory



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

Figure 35. Breakdown of cumulative producer investments by financing and budget type of films - excl. French films (2017)



Source: European Audiovisual Observatory

Table 37. Ranking of producer investments – top 5 film types excl. French films (2017)

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	61.0	38%
2	Independent film production company	High budget [3 -10 mio[	Int. co-production	27.8	17%
3	Independent film production company	Medium budget [1 - 3 mio[	100% national	25.0	16%
4	Independent film production company	Medium budget [1 - 3 mio[	Int. co-production	18.3	11%
5	Independent film production company	Low budget [500' - 1 mio[	100% national	9.9	6%
Other	-	-	-	17.5	11%
Total producer investments				159.5	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.

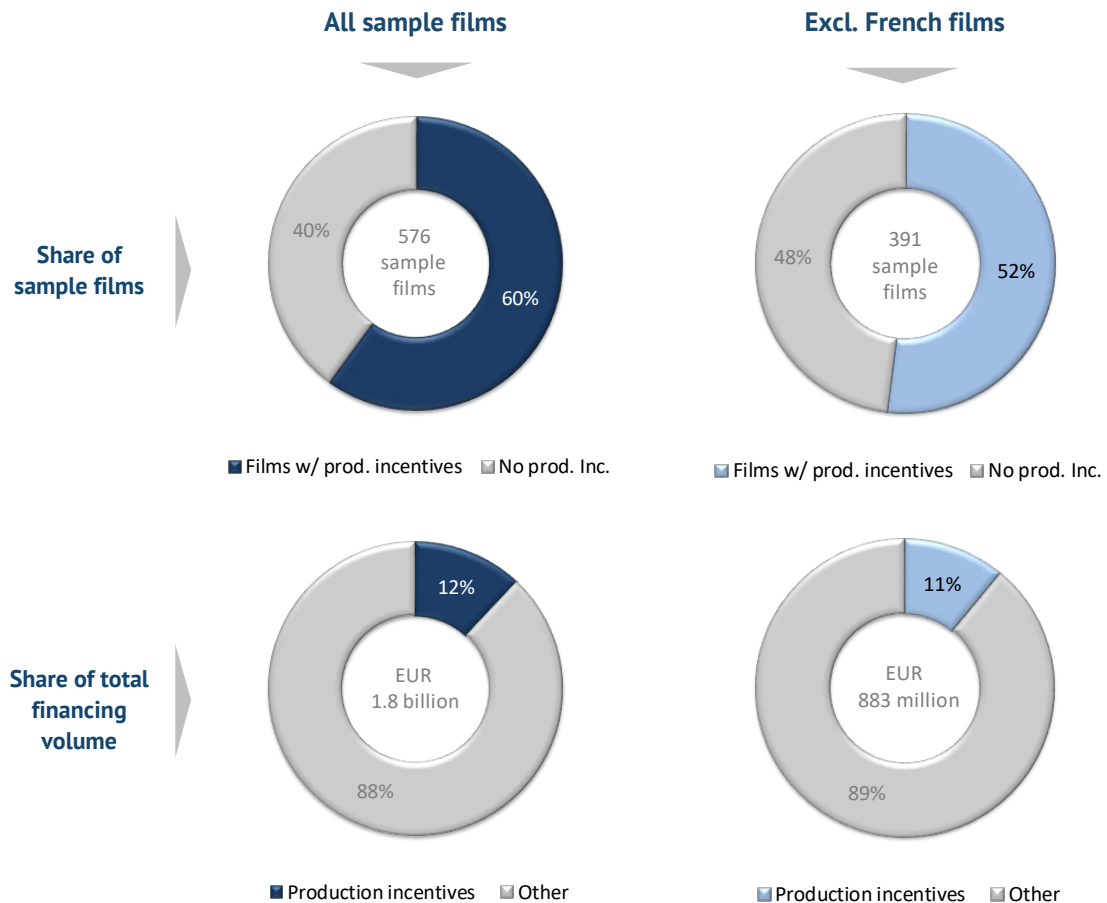
See Appendix 7.4 for detailed definitions.



HOW IMPORTANT ARE PRODUCTION INCENTIVES?

- PAN-EUROPEAN PERSPECTIVE

Figure 36. Share of production incentives in financing of European fiction films (2017)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- A total of 60% 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 52%.
- In total, production incentives contributed EUR 228 million to the cumulative financing volume of EUR 1.85 billion, representing 12% of the total cumulative sample funding volume. Excluding French films, this share drops to 11% (EUR 96 million).

**HOW IMPORTANT ARE PRODUCTION INCENTIVES?****- MARKET CLUSTER PERSPECTIVE****Table 38. Fiscal incentives by budget and market cluster (2017)**

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[	50	11	22%	60.9	1.0	2%
Medium markets [10 mio - 50 mio[	193	94	49%	371.1	40.1	11%
Large markets [>50 mio]	333	242	73%	1 417.1	186.6	13%
Total production incentives	576	347	60%	1 849.1	227.7	12%

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 markets [0 - 10 mio[	50	11	22%	60.9	1.0	2%
Medium markets [10 mio - 50 mio[	193	94	49%	371.1	40.1	11%
Large markets [>50 mio]	148	99	67%	451.0	54.9	12%
Total production incentives	391	204	52%	883.0	96.0	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 practically no role in financing films originating in small sample markets.
- Production incentives contributed 13% (12% excluding French films) and 11% of total financing volume in large- and medium-sized markets, respectively.
- The same is true for the share of the number of films benefitting from production incentives. A total of 73% of sample films originating from large markets (67% excluding France) were partly financed by production incentives, compared to 49% of sample films in medium-sized markets and only one in five 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 (2017)

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	115	20%	33%	47.2	3%	21%
Tax rebates	136	24%	39%	102.6	6%	45%
Tax credits	55	10%	16%	26.9	1%	12%
Tax shelter investments	142	25%	41%	50.9	3%	22%
Other production incentives	1	0%	0%	0.1	0%	0%
Unidentified production incentives	0	0%	0%	0.0	0%	0%
Total production incentives	347	60%	n.a.	227.7	12%	100%
Total sample films	576	100%		1 849.1	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	115	29%	56%	47.2	5%	49%
Tax rebates	16	4%	8%	8.1	1%	8%
Tax credits	55	14%	27%	26.9	3%	28%
Tax shelter investments	37	9%	18%	13.7	2%	14%
Other production incentives	1	0%	0%	0.1	0%	0%
Unidentified production incentives	0	0%	0%	0.0	0%	0%
Total production incentives	204	52%	n.a.	96.0	11%	100%
Total sample films	391	100%		883.0	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 228 million in production incentives - ahead of tax shelter investments (22%) and cash rebates (21%), with tax credits for producers comprising 12% of cumulative production incentives.
- Excluding French films, the picture changes, with cash rebates representing the most significant form of production incentives, accounting for 49% of cumulative production incentives, followed by tax shelter investments from private investors (28%).
- The significance of individual forms of production incentives differs between countries depending on the respective schemes offered. Out of the nine sample countries offering production incentives, only France, Italy and the Netherlands provided more than one type of production incentive. In the other markets, production incentives took only one form.

BREAKDOWN OF PRODUCTION INCENTIVES BY NATIONAL ORIGIN

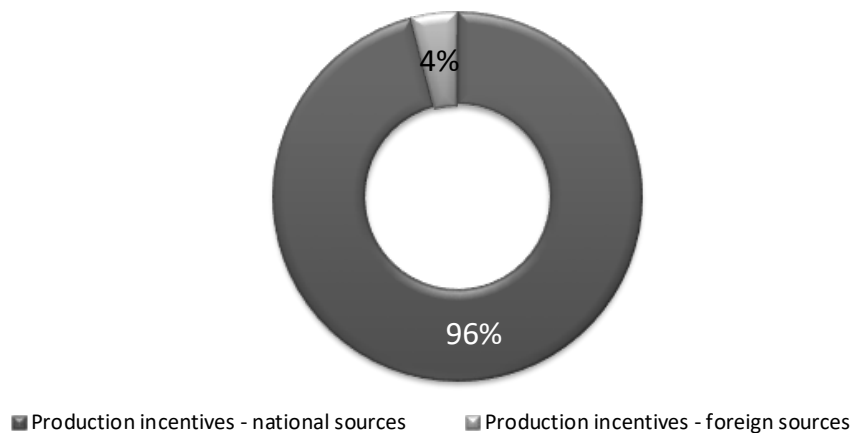
- PAN-EUROPEAN PERSPECTIVE

Table 40. Production incentives by national origin (2017)

All sample films	Nr of films	% share of total	% share of production incentives	Amounts in MEUR	% share of total	% share of production incentives
Prod. inc. - national sources	336	58%	97%	218.6	12%	96%
Prod. inc. - foreign sources	35	6%	10%	9.1	0%	4%
Total production incentives	347	60%	100%	227.7	12%	100%
Total sample films	576	100%		1 849.1	100%	

Source: European Audiovisual Observatory

Figure 37. Breakdown of cumulative financing from production incentives by national origin (2017)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

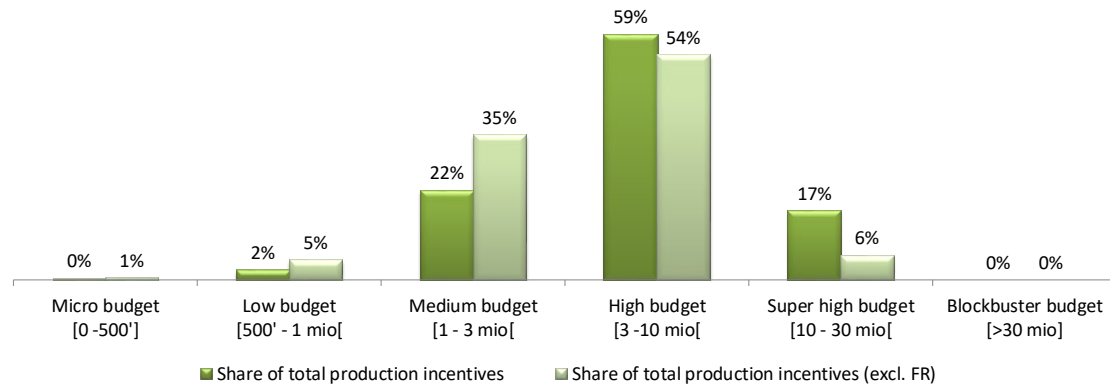
- The analysis by national origin shows that 96% of cumulative production incentives were provided by the main country of origin, and only 4% were obtained in minority co-financing countries.
- This is also reflected in the number of films financed with production incentives. While 58% of the sample films were partly financed by production incentives, fewer than 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 38. Distribution of production incentives across film budget types (2017)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

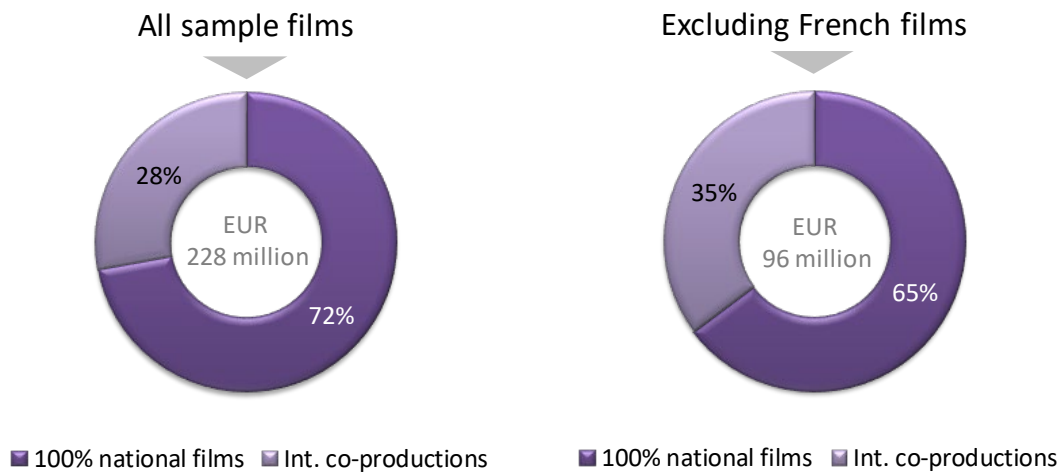
- By far the largest share of production incentives went to the production of high-budget films (59%), 22% went to medium-budget films and 17% went to super-high-budget films.
- Excluding France, a higher share went to medium-budget films (35%) although high-budget films still captured the largest share of production incentives (54%).



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

- PAN-EUROPEAN PERSPECTIVE

Figure 39. Distribution of production incentives between 100% national films and international co-productions (2017)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

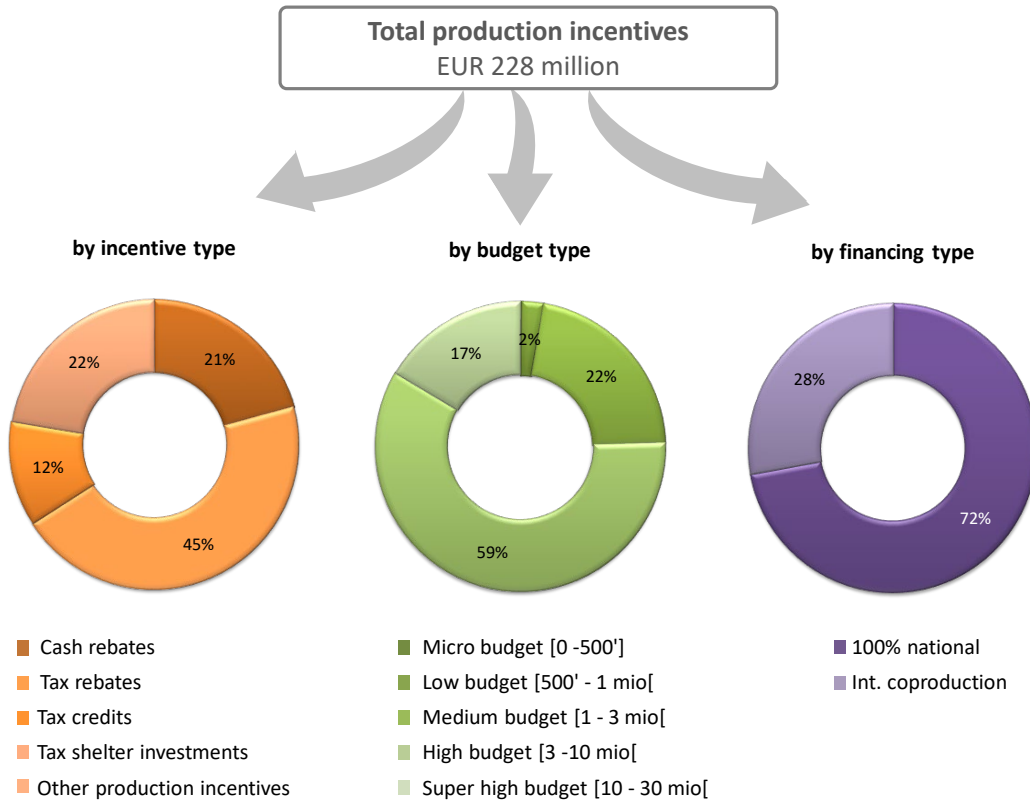
- Production incentive financing appears to have been over-proportionally allocated to 100% national films which represent 67% of the sample films but captured 72% of cumulative production incentives. International co-productions account for 33% of the sample films, but comprised only 28%.
- The situation is different when French films are excluded, with international co-productions receiving an over-proportional share of production incentives: such productions account for 32% of the sample films but captured 35% of total production incentive financing. In contrast, 100% national films account for 68% of the sample films but captured only 65% of cumulative sample production incentives.



AT A GLANCE: HOW ARE PRODUCTION INCENTIVES DISTRIBUTED?

- PAN-EUROPEAN PERSPECTIVE

Figure 40. Breakdown of cumulative production incentives by form, budget and financing type of films (2017)



Source: European Audiovisual Observatory

Table 41. Ranking of production incentives – top 5 forms / film types (2017)

Rank	Form of production incentive	Budget type	Financing type	Amount in MEUR	% share
1	Tax rebates	High budget [3 -10 mio[	100% national	47.0	21%
2	Tax rebates	Super high budget [10 - 30 mio[	100% national	22.9	10%
3	Cash rebates	High budget [3 -10 mio[	100% national	19.9	9%
4	Tax shelter based investments	High budget [3 -10 mio[	100% national	18.7	8%
5	Tax rebates	High budget [3 -10 mio[	Int. co-production	13.5	6%
Other	-	-	-	105.6	46%
Total production incentives				227.7	100%

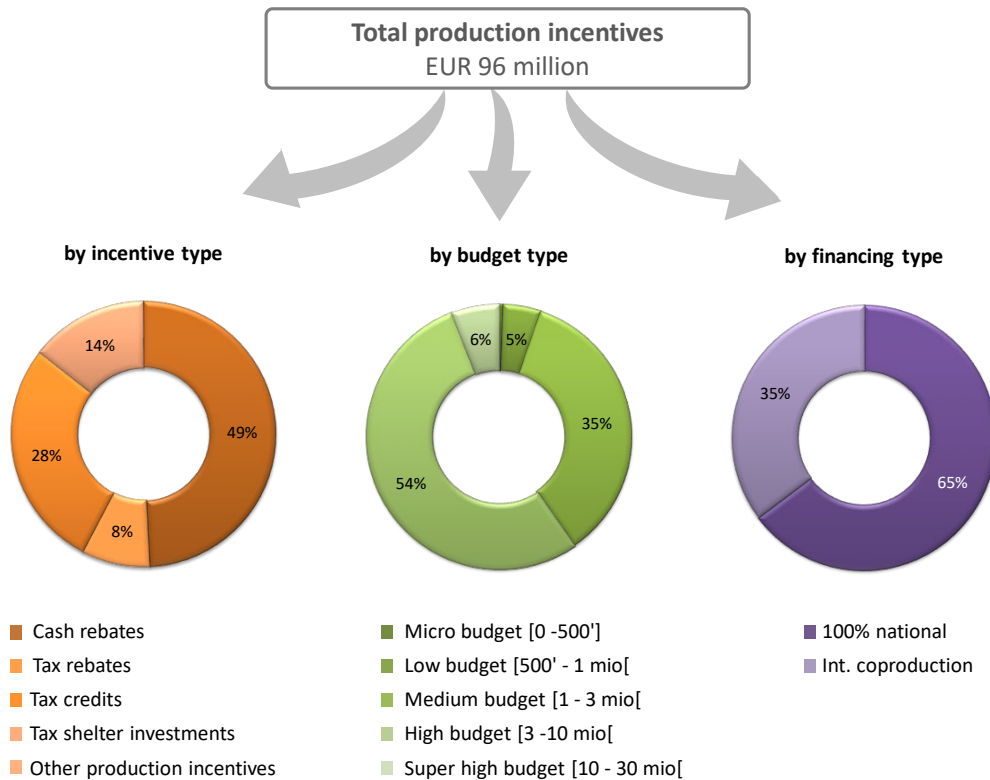
Source: European Audiovisual Observatory



AT A GLANCE: HOW ARE PRODUCTION INCENTIVES DISTRIBUTED?

– PAN-EUROPEAN PERSPECTIVE EXCL. FRENCH FILMS

Figure 41. Breakdown of cumulative production incentives by form, budget and financing type of films - excl. French films (2017)



Source: European Audiovisual Observatory

Table 42. Ranking of production incentives – top 5 forms / film types excl. French films (2017)

Rank	Form of production incentive	Budget type	Financing type	Amount in MEUR	% share
1	Cash rebates	High budget [3 -10 mio[	100% national	19.9	21%
2	Tax credits	High budget [3 -10 mio[	100% national	14.9	16%
3	Cash rebates	Medium budget [1 - 3 mio[	100% national	9.8	10%
4	Tax shelter based investments	High budget [3 -10 mio[	Int. co-production	7.7	8%
5	Cash rebates	Medium budget [1 - 3 mio[	Int. co-production	7.0	7%
Other	-	-	-	36.7	38%
Total production incentives (excl. FR)				96.0	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 (2017)

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[	Blockbuster budget [> 30 mio[	All films
Direct public funding	47%	49%	40%	23%	13%	16%	26%
Broadcaster investments	7%	6%	17%	25%	33%	27%	24%
Producer inv. (excl. TV)	28%	25%	15%	17%	17%	57%	18%
Pre-sales (excl. national TV)	6%	4%	8%	16%	25%	0%	15%
Production incentives	7%	7%	11%	16%	9%	0%	12%
Private equity cash inv.	0%	2%	4%	2%	1%	0%	2%
Debt financing	1%	3%	2%	1%	2%	0%	1%
Other financing sources	1%	1%	1%	0%	0%	0%	1%
In-kind investments	2%	3%	1%	0%	0%	0%	1%
Total finc. volume (in EUR)	10 038 021	80 637 491	435 083 998	864 574 640	426 766 617	32 013 582	1 849 114 349
Nr. of films	36	105	237	167	30	1	576

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- The smaller the budget, the more significant is **direct public funding**, generally accounting for at least 40% of the total financing volume of films with a budget of less than EUR 3 million. The share of public funding drops to 23% 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 6% for micro- and 4% for low-budget films, up to 25% for films with a super-high budget.
- The same appears to hold true for **broadcaster investments**, which increase from 7% in the case of micro-budget films, to 33% for super-high-budget films.
- **Production incentive-related financing** appears particularly significant for medium- and high-budget films, but proportionally less so for films below 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 (2017)

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[	Blockbuster budget [> 30 mio[	All films
Direct public funding	53%	52%	43%	29%	18%	-	36%
Producer inv. (excl. TV)	19%	22%	13%	22%	17%	-	18%
Pre-sales (excl. national TV)	7%	3%	9%	20%	22%	-	14%
Broadcaster investments	9%	6%	14%	11%	9%	-	11%
Production incentives	6%	7%	10%	12%	10%	-	11%
Private equity cash inv.	1%	2%	5%	4%	9%	-	5%
Debt financing	1%	4%	3%	2%	13%	-	3%
Other financing sources	2%	2%	2%	1%	1%	-	1%
In-kind investments	3%	3%	2%	0%	2%	-	1%
Total financ. volume (in EUR)	8 062 070	66 892 009	335 406 530	416 428 458	56 192 674	-	882 981 741
Nr. of films	29	88	185	84	5	-	391

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 exceptions are the role of **broadcaster financing and producer investments**, 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 53% and 43%) 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 29% of high-budget (23% excluding French films) and 18% of super-high-budget films (13% excluding French films), respectively.
- The significance of **pre-sales** still clearly increases along with the budget, from a share of 7% for micro-budget films, up to 20% and 22% 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 (2017)

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]	Blockbuster budget [>30 mio]	Grand Total
Total sample films	36	105	237	167	30	1	576
Films with direct public funding	34	99	228	157	27	1	546
% share	94%	94%	96%	94%	90%	100%	95%
Cumulative financing volume of all films	10 038 021	80 637 491	435 083 998	864 574 640	426 766 617	32 013 582	1 849 114 349
Cumulative funds from public funding	4 706 475	39 909 589	174 633 484	201 623 240	56 126 690	5 230 000	482 229 478
% share	47%	49%	40%	23%	13%	16%	26%
Avg budget of sample films	278 834	767 976	1 835 797	5 177 094	14 225 554	32 013 582	3 210 268
Avg amount of public funding (when available)	138 426	403 127	765 936	1 284 224	2 078 766	5 230 000	883 204
% share	50%	52%	42%	25%	15%	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 47% and 49% of the total financing volume of micro- and low-budget films, respectively, compared to 40% for medium-budget films, 23% for high-budget films and 13% or less for super-high-budget films.
- In absolute terms, average direct public financial support for a European live-action fiction film ranged from EUR 138 000 for micro-budget films, EUR 403 000 for low-budget films and EUR 766 000 for medium budget films, all the way up to EUR 1.3 million for high-budget films and EUR 2.1 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 (2017)

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]	Blockbuster budget [>30 mio]	Grand Total
Total sample films	29	88	185	84	5	-	391
Films with direct public funding	29	83	178	79	5	-	374
% share	100%	94%	96%	94%	100%	-	96%
Cumulative financing volume of all films	8 062 070	66 892 009	335 406 530	416 428 458	56 192 674	-	882 981 741
Cumulative funds from public funding	4 264 475	34 547 300	143 865 611	121 674 642	10 041 420	-	314 393 447
% share	53%	52%	43%	29%	18%	-	36%
Avg budget of sample films	278 002	760 136	1 813 008	4 957 482	11 238 535	-	2 258 265
Avg amount of public funding (when available)	147 051	416 233	808 234	1 540 185	2 008 284	-	840 624
% share	53%	55%	45%	31%	18%	-	37%

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 (29% compared to 23%) and super-high-budget films (18% 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 147 000 for micro-budget films, EUR 416 000 for low-budget films and EUR 808 000 for medium-budget films, up to EUR 1.5 million for high-budget and EUR 2.0 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 (2017)

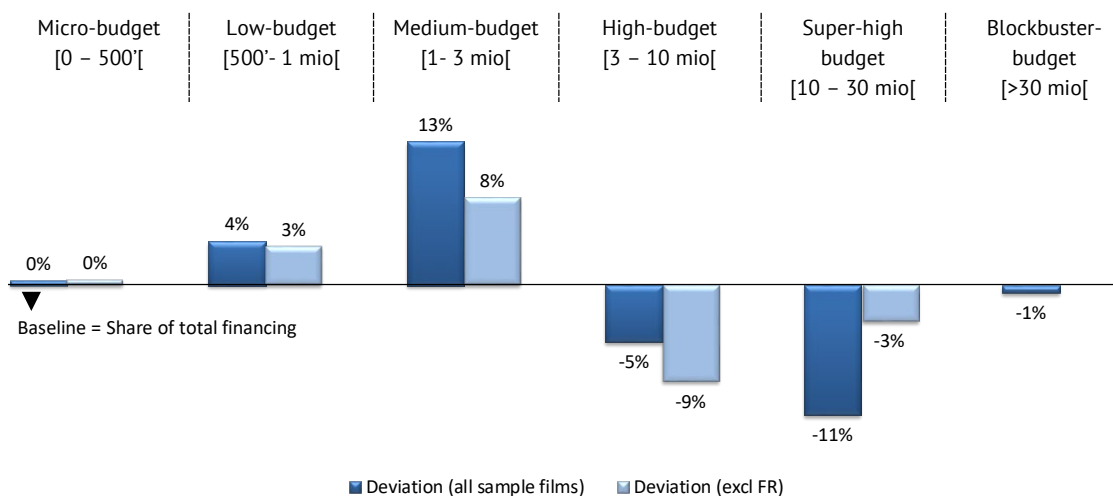
All sample films	Micro budget [0 -500']	Low budget [500' - 1 mio]	Medium budget [1 - 3 mio]	High budget [3 -10 mio]	Super high budget [10 - 30 mio]	Blockbuster budget [>30 mio]	Total in MEUR
Share of direct public funding	1%	8%	36%	42%	12%	1%	482.2
Share of total financing	1%	4%	24%	47%	23%	2%	1 849.1
Deviation (all sample films)	0%	4%	13%	-5%	-11%	-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]	Blockbuster budget [>30 mio]	Total in MEUR
Share of direct public funding (excl. FR)	1%	11%	46%	39%	3%	-	314.4
Share of total financing	1%	8%	38%	47%	6%	-	883.0
Deviation (excl FR)	0%	3%	8%	-9%	-3%	-	-

Source: European Audiovisual Observatory

Figure 42. Over-/undershooting of direct public funding allocation by budget cluster (2017)

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 36% of direct public funding. Similarly, low-budget films captured 4% of total financing but 8% 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 (2017)

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]	Blockbuster budget [>30 mio]	Grand Total
Total sample films	36	105	237	167	30	1	576
Films with broadcaster investments	10	41	191	137	29	1	409
% share	28%	39%	81%	82%	97%	100%	71%
Cumulative financing volume of all films	10 038 021	80 637 491	435 083 998	864 574 640	426 766 617	32 013 582	1 849 114 349
Cumulative funds from broadcaster inv.	742 326	4 860 679	72 512 037	218 918 207	139 389 562	8 615 358	445 038 168
% share	7%	6%	17%	25%	33%	27%	24%
Avg. budget of sample films	278 834	767 976	1 835 797	5 177 094	14 225 554	32 013 582	3 210 268
Avg. amount of broadcaster inv. (when availab	74 233	118 553	379 644	1 597 943	4 806 537	8 615 358	1 088 113
% share	27%	15%	21%	31%	34%	27%	34%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Three out of four 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: fewer than one in three micro-budget, and only 39% of low-budget films, managed to do so. This compares to 81% of medium-, 82% of high- and 97% of super-high-budget films.
- In contrast to public funding, the significance of national broadcaster investments rises in tandem with budgets, accounting for 7% and 6% of the total financing volume of micro- and low-budget films, respectively, compared to 17% for medium-budget films, 25% for high-budget films and 33% 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 74 000 for micro-budget films, EUR 119 000 for low-budget films and EUR 380 000 for medium-budget films, all the way up to EUR 1.6 million for high-budget films and EUR 4.8 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 (2017)

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]	Blockbuster budget [>30 mio]	Grand Total
Total sample films	29	88	185	84	5	-	391
Films with broadcaster investments	9	34	151	54	4	-	252
% share	31%	39%	82%	64%	80%	-	64%
Cumulative financing volume of all films	8 062 070	66 892 009	335 406 530	416 428 458	56 192 674	-	882 981 741
Cumulative funds from broadcaster inv.	727 326	3 719 179	46 669 231	44 741 759	5 046 374	-	100 903 868
% share	9%	6%	14%	11%	9%	-	11%
Avg. budget of sample films	278 002	760 136	1 813 008	4 957 482	11 238 535	-	2 258 265
Avg. amount of broadcaster inv. (when availab	80 814	109 388	309 068	828 551	1 261 594	-	400 412
% share	29%	14%	17%	17%	11%	-	18%

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 64% (compared to 71% 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 64% of high-budget films (compared to 82% in the full sample) and 80% of the five super-high budget films (compared to 97% 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 9% of budgets for micro-film budgets, 6% for low-budget films, 14% for medium-budget films, 11% for high-budget films and 9% 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 380 000, EUR 823 000 rather than EUR 1.6million, and EUR 1.3 million rather than EUR 4.8 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 (2017)

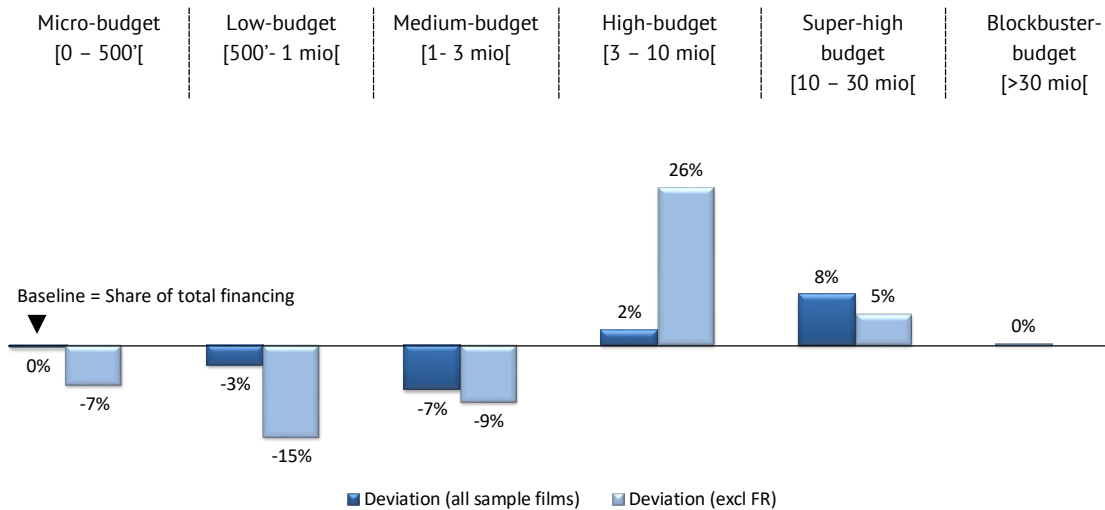
All sample films	Micro budget [0 - 500']	Low budget [500' - 1 mio]	Medium budget [1 - 3 mio]	High budget [3 - 10 mio]	Super high budget [10 - 30 mio]	Blockbuster budget [>30 mio]	Total in MEUR
Share of total broadcaster investments	0%	1%	16%	49%	31%	2%	445.0
Share of total financing	1%	4%	24%	47%	23%	2%	1 849.1
Deviation (all sample films)	0%	-3%	-7%	2%	8%	0%	-

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]	Blockbuster budget [>30 mio]	Total in MEUR
Share of total broadcaster investments (excl. F)	1%	8%	38%	47%	6%	-	100.9
Share of total financing	7%	23%	47%	21%	1%	-	883.0
Deviation (excl FR)	-7%	-15%	-9%	26%	5%	-	-

Source: European Audiovisual Observatory

Figure 43. Over-/undershooting of broadcaster investment allocation by budget cluster (2017)

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 financing among budget clusters reveals that high- and super-high-budget films were proportionally over-financed through broadcaster investments, particularly outside of France (26% and 5%, respectively), while films with a budget of less than EUR 3 million captured proportionally less broadcaster investment compared to their share of total financing.



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

Table 51. Pre-sales by budget cluster (2017)

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]	Blockbuster budget [>30 mio]	All Films
Total sample films	36	105	237	167	30	1	576
Films with pre-sales (excl national TV)	10	41	179	143	26	0	399
<i>% share</i>	28%	39%	76%	86%	87%	0%	69%
Cumulative financing volume of all films	10 038 021	80 637 491	435 083 998	864 574 640	426 766 617	32 013 582	1 849 114 349
Cumulative funds from pre-sales	625 649	3 072 738	34 668 633	134 049 153	106 441 533	0	278 857 706
<i>% share</i>	6%	4%	8%	16%	25%	0%	15%
Avg budget of sample films	278 834	767 976	1 835 797	5 177 094	14 225 554	32 013 582	3 210 268
Avg amount of pre-sales (when available)	62 565	74 945	193 680	937 407	4 093 905	0	698 891
<i>% share</i>	22%	10%	11%	18%	29%	0%	22%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Pre-sell distribution rights could only 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; 86% and 87% 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 film a pre-sale will be secured for a film. The budgets of only 28% of micro-budget films in the data sample were partially financed via a pre-sale. This compares to 39% of low-budget films and 76% of medium-budget sample films.
- Pre-sales contributed only 4%-8% 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 16% and 25% of total cumulative production spend, respectively.
- In absolute terms, average pre-sales for European fiction films ranged from EUR 63 000 for micro-budget films, EUR 75 000 for low-budget films and EUR 194 000 for medium-budget films, all the way up to EUR 937 000 for high-budget films and EUR 4.1 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 (2017)

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]	Blockbuster budget [>30 mio]	All films
Total sample films	29	88	185	84	5	-	391
Films with pre-sales (excl national TV)	7	31	136	71	3	-	248
<i>% share</i>	24%	35%	74%	85%	60%	-	63%
Cumulative financing volume of all films	8 062 070	66 892 009	335 406 530	416 428 458	56 192 674	-	882 981 741
Cumulative funds from pre-sales	565 985	2 322 413	28 601 414	81 480 424	12 393 327	-	125 363 563
<i>% share</i>	7%	3%	9%	20%	22%	-	14%
Avg budget of sample films	278 002	760 136	1 813 008	4 957 482	11 238 535	-	2 258 265
Avg amount of pre-sales (when available)	80 855	74 917	210 305	1 147 612	4 131 109	-	505 498
<i>% share</i>	29%	10%	12%	23%	37%	-	22%

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 29% when French films are included). And only 35% (compared to 39% including French films) of low-budget films outside France benefited from pre-sale financing.
- As in the full sample, high-budget films with a budget between EUR 3 and 10 million had no problem with the pre-sale of distribution rights. However, only three out of the five super-high budget films were partly financed by pre-sales.
- As in the full sample, pre-sales contributed only 3%-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 20% and 22% of the total cumulative financing volume, respectively (compared to 16% and 25% 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 81 000 for micro-budget films, EUR 75 000 for low-budget films and EUR 210 000 for medium-budget films, all the way up to EUR 1.1 million for high-budget films and EUR 4.1 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 (2017)

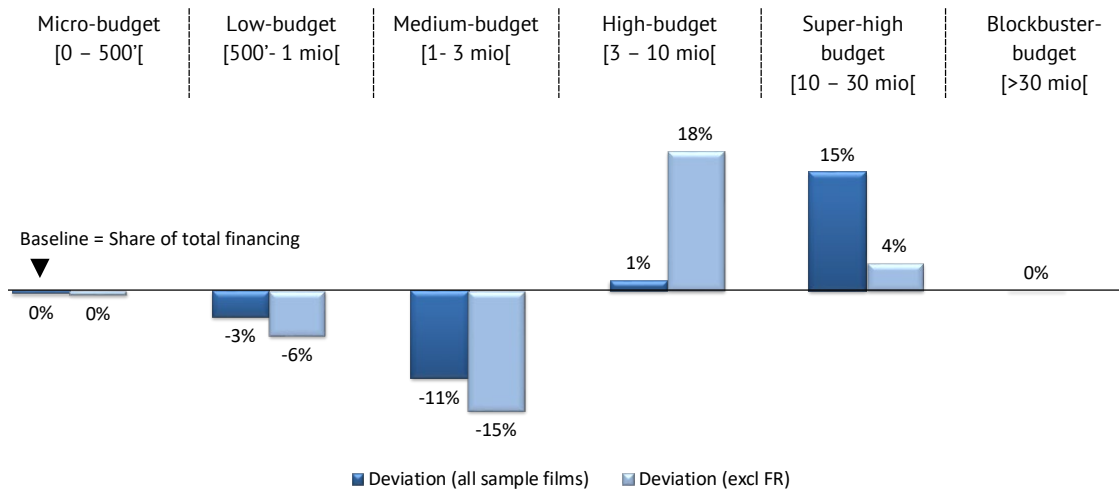
All sample films	Micro budget [0 - 500']	Low budget [500' - 1 mio]	Medium budget [1 - 3 mio]	High budget [3 - 10 mio]	Super high budget [10 - 30 mio]	Blockbuster budget [>30 mio]	Total in MEUR
Share of total pre-sales	0%	1%	12%	48%	38%	0%	278.9
Share of total financing	1%	4%	24%	47%	23%	0%	1 849.1
Deviation (all sample films)	0%	-3%	-11%	1%	15%	0%	-

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]	Blockbuster budget [>30 mio]	Total in MEUR
Share of total pre-sales (excl. FR)	0%	2%	23%	65%	10%	-	125.4
Share of total financing	1%	8%	38%	47%	6%	-	883.0
Deviation (excl FR)	0%	-6%	-15%	18%	4%	-	-

Source: European Audiovisual Observatory

Figure 44. Over-/undershooting of pre-sales allocation by budget cluster (2017)

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 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 (2017)

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]	Blockbuster budget [>30 mio]	All films
Total sample films	36	105	237	167	30	1	576
Films with producer inv. (excl TV)	30	98	216	160	27	1	532
% share	83%	93%	91%	96%	90%	100%	92%
Cumulative financing volume of all films	10 038 021	80 637 491	435 083 998	864 574 640	426 766 617	32 013 582	1 849 114 349
Cumulative funds from producer inv.	2 810 897	20 037 466	64 993 458	148 910 305	73 490 943	18 168 224	328 411 293
% share	28%	25%	15%	17%	17%	57%	18%
Avg budget of sample films	278 834	767 976	1 835 797	5 177 094	14 225 554	32 013 582	3 210 268
Avg amount of producer inv. (when available)	93 697	204 464	300 896	930 689	2 721 887	18 168 224	617 314
% share	34%	27%	16%	18%	19%	57%	19%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Nine out of 10 sample films were partly financed with producer cash 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: producer investments accounted for 28% and 25% of the total financing volume of micro- and low-budget films, respectively, compared to 15% for medium-budget films and 17% for both high-budget and 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 94 000 for micro-budget films, EUR 205 000 for low-budget films and EUR 301 000 for medium-budget films, right up to EUR 931 000 for high-budget films and EUR 2.7 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 (2017)

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]	Blockbuster budget [>30 mio]	All films
Total sample films	29	88	185	84	5	-	391
Films with producer inv. (excl TV)	23	81	164	77	2	-	347
% share	79%	92%	89%	92%	40%	-	89%
Cumulative financing volume of all films	8 062 070	66 892 009	335 406 530	416 428 458	56 192 674	-	882 981 741
Cumulative funds from producer inv.	1 526 465	14 488 059	44 001 075	90 031 323	9 403 921	-	159 450 844
% share	19%	22%	13%	22%	17%	-	18%
Avg budget of sample films	278 002	760 136	1 813 008	4 957 482	11 238 535	-	2 258 265
Avg amount of producer inv. (when available)	66 368	178 865	268 299	1 169 238	4 701 961	-	459 513
% share	24%	24%	15%	24%	42%	-	20%

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 no clear correlation between the share of producer investments and the size of the budget evident. Producer investments now represent 22% of the total financing volume of low- and high budget films, compared to only 18% in the full data sample.
- The average value of producer investments is slightly lower, with the exception of high- and super-high-budget films.



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 (2017)

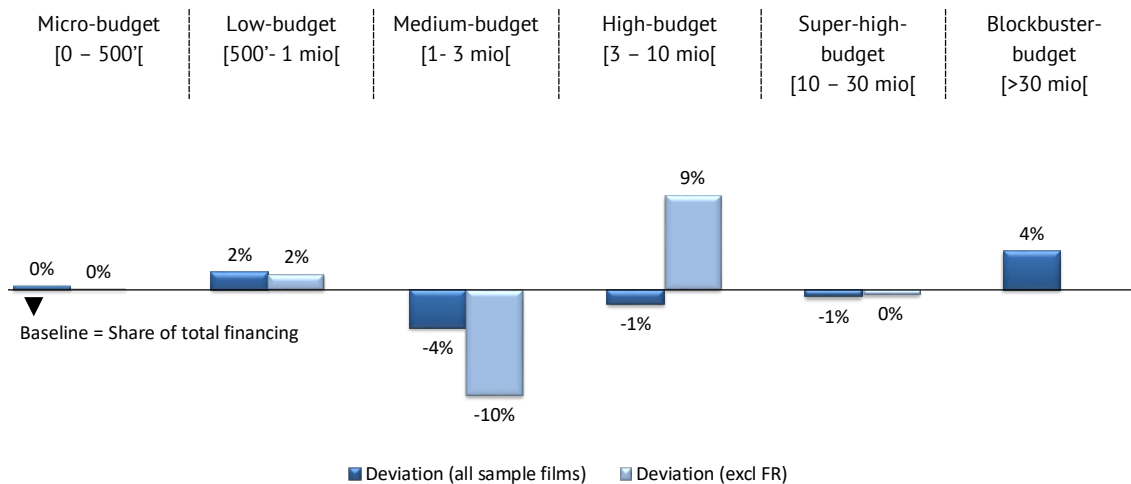
All sample films	Micro budget [0-500']	Low budget [500' - 1 mio]	Medium budget [1 - 3 mio]	High budget [3 - 10 mio]	Super high budget [10 - 30 mio]	Blockbuster budget [>30 mio]	Total in MEUR
Share of total producer investments	1%	6%	20%	45%	22%	6%	328.4
Share of total financing	1%	4%	24%	47%	23%	2%	1 849.1
Deviation (all sample films)	0%	2%	-4%	-1%	-1%	4%	-

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]	Blockbuster budget [>30 mio]	Total in MEUR
Share of total producer investments (excl. FR)	1%	9%	28%	56%	6%	-	159.5
Share of total financing	1%	8%	38%	47%	6%	-	883.0
Deviation (excl FR)	0%	2%	-10%	9%	0%	-	-

Source: European Audiovisual Observatory

Figure 45. Over-/undershooting of producer investment allocation by budget cluster (2017)

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 financing volume among budget clusters indicates that medium-, high- and super-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 high-budget sample films outside France.



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

Table 57. Production incentives by budget cluster (2017)

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]	Blockbuster budget [>30 mio]	All films
Total sample films	36	105	237	167	30	1	576
Films with production incentives	10	35	143	139	20	0	347
% share	28%	33%	60%	83%	67%	0%	60%
Cumulative financing volume of all films	10 038 021	80 637 491	435 083 998	864 574 640	426 766 617	32 013 582	1 849 114 349
Cumulative funds from production incentives	654 347	5 454 107	49 765 541	134 275 374	37 581 489	0	227 730 859
% share	7%	7%	11%	16%	9%	0%	12%
Avg budget of sample films	278 834	767 976	1 835 797	5 177 094	14 225 554	32 013 582	3 210 268
Avg amount of prod. incentives (when availabl	65 435	155 832	348 011	966 010	1 879 074	0	656 285
% share	23%	20%	19%	19%	13%	0%	20%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- A total of 60% 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 28% of micro-budget films in the data sample were partly financed by production incentives, 60% of medium-budget, 83% of high-budget and 67% of super-high-budget films benefited from production incentives.
- The weight of production incentives in the financing mix appears to increase with budget size up to high-budget films, and then drops again for super-high-budget films: production incentives accounted for 7% of the total financing of micro- and low-budget films, 11% for medium-budget films, 16% for high-budget films and 9% for super-high-budget films.
- In absolute terms, the average value of production incentives in European theatrical fiction films ranged from EUR 65 000 for micro-budget films, EUR 156 000 for low-budget films and EUR 348 000 for medium-budget films all the way up to EUR 966 000 for high-budget films and EUR 1.9 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 (2017)

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]	Blockbuster budget [>30 mio]	All films
Total sample films	29	88	185	84	5	-	391
Films with production incentives	8	28	100	64	4	-	204
% share	28%	32%	54%	76%	80%	-	52%
Cumulative financing volume of all films	8 062 070	66 892 009	335 406 530	416 428 458	56 192 674	-	882 981 741
Cumulative funds from production incentives	479 491	4 512 146	33 758 354	51 701 949	5 571 232	-	96 023 173
% share	6%	7%	10%	12%	10%	-	11%
Avg budget of sample films	278 002	760 136	1 813 008	4 957 482	11 238 535	-	2 258 265
Avg amount of prod. incentives (when availabl	59 936	161 148	337 584	807 843	1 392 808	-	470 702
% share	22%	21%	19%	16%	12%	-	21%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Excluding French films decreases the significance of production incentives for all budget types except for super-high-budget films, reflecting the comparative significance of production incentives as a financing source in France.
- Outside France, the share of films benefitting from production incentives increases with budget size: only 28% of micro-budget films were partly financed by production incentives, compared to 32% of low-budget films, 54% of medium-, 76% of high- and 80% of super-high-budget films.
- The weight of production incentives in the financing mix was lower among films with a budget below EUR 1 million (6% and 7%, respectively) compared to films costing more than EUR 1 million (10% to 12%).
- Excluding French films, average production incentives in European theatrical fiction films amounted to EUR 60 000 for micro-budget films, EUR 161 000 for low-budget films, EUR 338 000 for medium-budget films, EUR 808 000 for high-budget films and EUR 1.4 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 (2017)

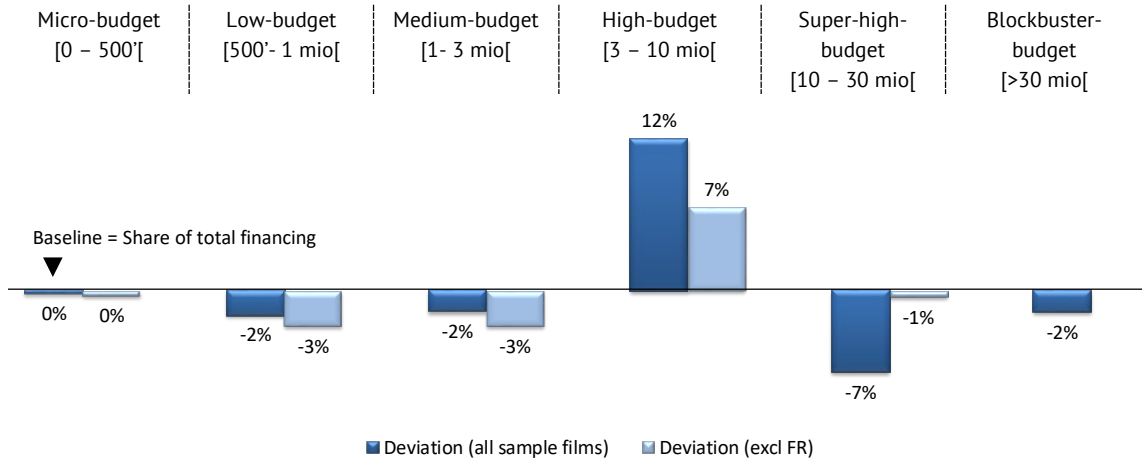
All sample films	Micro budget [0 - 500'	Low budget [500' - 1 mio[	Medium budget [1 - 3 mio[	High budget [3 - 10 mio[	Super high budget [10 - 30 mio[	Blockbuster budget [>30 mio[	Total in MEUR
Share of total production incentives	0%	2%	22%	59%	17%	0%	227.7
Share of total financing	1%	4%	24%	47%	23%	2%	1 849.1
Deviation (all sample films)	0%	-2%	-2%	12%	-7%	-2%	-

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[	Blockbuster budget [>30 mio[	Total in MEUR
Share of total production incentives (excl. FR)	0%	5%	35%	54%	6%	-	96.0
Share of total financing	1%	8%	38%	47%	6%	-	883.0
Deviation (excl FR)	0%	-3%	-3%	7%	-1%	-	-

Source: European Audiovisual Observatory

Figure 46. Over-/undershooting of production incentive allocation by budget cluster (2017)

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 financing volume among budget clusters reveals that high-budget films were proportionally over-financed through production incentives, while all other budget types received proportionally fewer production incentives.



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 (2017)**

	Nr. of sample films	Mean budget	Median budget
All sample films	576	MEUR 3.21	MEUR 2.01
- 100% national films	386	MEUR 3.17	MEUR 1.88
- Int. co-productions	190	MEUR 3.29	MEUR 2.15

*Source: European Audiovisual Observatory***Table 61. Average budget of European fiction films – excl. France (2017)**

	Nr. of sample films	Mean budget	Median budget
All sample films (excl. FR)	391	MEUR 2.25	MEUR 1.62
- 100% national films	265	MEUR 2.22	MEUR 1.50
- Int. co-productions	126	MEUR 2.32	MEUR 1.84

*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 250 000 to EUR 350 000. This means that the median budget of a European co-production was roughly 14% higher than the median budget of a 100% national film in the case of the full data sample, and 23% 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 2.15 million compared to EUR 1.88 million for 100% national films. Excluding French films, the median budget dropped to EUR 1.84 million for international co-productions and EUR 1.50 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.

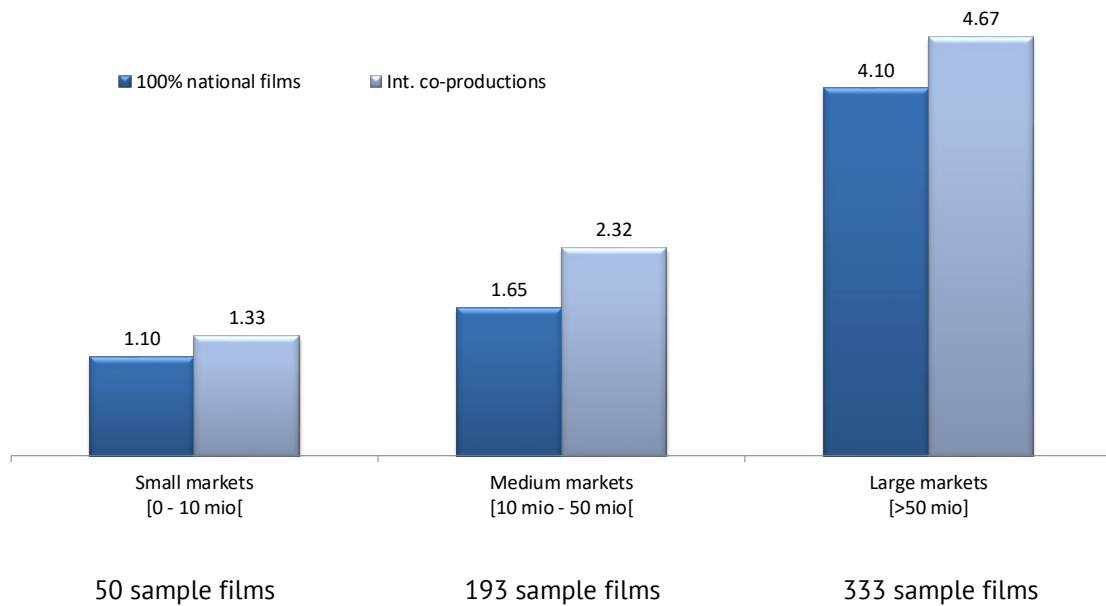


HOW DO AVERAGE BUDGETS DIFFER BETWEEN INTERNATIONAL CO-PRODUCTIONS AND 100% NATIONAL FILMS BY MARKET SIZE?

- MARKET CLUSTER PERSPECTIVE

Figure 47. Mean budgets of European fiction films – by financing type and market size (2017)

In EUR million.



Source: European Audiovisual Observatory

SELECTED INSIGHTS

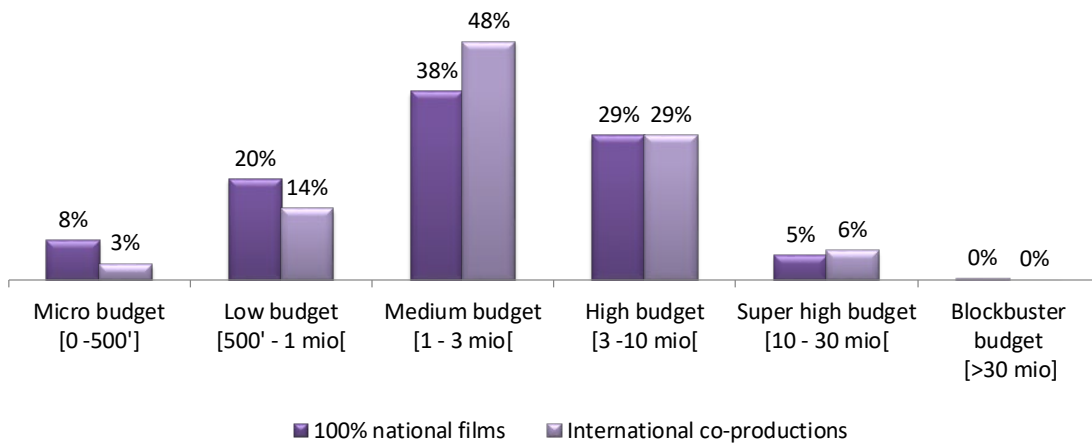
- While international co-productions had higher average budgets than 100% national films in all three market types, there appear to be differences with regard to the extent to which average budgets of international co-productions exceeded those of 100% national films: the difference between mean budgets was most pronounced in medium-sized markets where international co-productions cost almost EUR 0.7 million more than 100% national films, with the average budget at EUR 1.65 million compared to EUR 2.32 million for 100% national films.
- The gap between these two film types was also pronounced in the large sample markets, where international co-productions cost on average EUR 4.7 million compared to EUR 4.1 million for 100% national films. Excluding French films reduces this gap, with international co-productions costing on average EUR 3.3 million compared to EUR 3.0 million in the case of 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 1.3 million and the latter EUR 1.1 million.



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

Figure 48. Breakdown of 100% national films and co-productions by budget range (2017)

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 low or micro budgets.
- A total of 91 (48%) of the 190 European-led international sample co-productions fell into the medium-budget category, costing between EUR 1 million and EUR 3 million, while 29% of them cost between EUR 3 million and EUR 10 million.
- By contrast, 146 (38%) of the 386 100% national sample films were produced with a medium budget and 29% 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 (2017)

Rank	Financing sources	100% national films		Int. co-productions	
		Amount in MEUR	% share	Amount in MEUR	% share
1	Direct public funding	273.2	22%	209.0	33%
2	Broadcaster investments	303.0	25%	142.1	23%
3	Producer inv. (excl. broadcasters)	230.3	19%	98.1	16%
4	Pre-sales (excl. broadcasters)	190.8	16%	88.1	14%
5	Production incentives	164.2	13%	63.5	10%
6	Private equity cash inv.	36.9	3%	4.0	1%
7	Debt financing	13.0	1%	12.2	2%
8	Other financing sources	5.4	0%	5.2	1%
9	In-kind investments	6.3	1%	4.0	1%
Total sample financing volume		1 222.9	100%	626.2	100%
Nr. of sample films		386	67%	190	33%

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 33% of their total financing volume, compared to 22% 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 25% of the financing volume of 100% national films and 23% of international co-productions, respectively.
- 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 14% for co-productions.
- Production incentives also played a more important role in the financing mix of 100% national films than co-productions, contributing 13% compared to 10% 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 (2017)

Rank	Financing sources	100% national films		Int. co-productions	
		Amount in MEUR	% share	Amount in MEUR	% share
1	Direct public funding	187.8	32%	126.6	43%
2	Producer investments (excl. broadcaste	109.1	19%	50.4	17%
3	Pre-sales (excl. broadcasters)	98.6	17%	26.7	9%
4	Broadcaster investments	69.8	12%	31.1	11%
5	Production incentives	62.2	11%	33.9	12%
6	Private equity cash investments	36.9	6%	4.0	1%
7	Debt financing	13.0	2%	12.2	4%
8	Other financing sources	5.4	1%	5.2	2%
9	In-kind investments	6.3	1%	4.0	1%
Total financing volume		588.9	100%	294.1	100%
Nr. of sample films		265	68%	126	32%

Source: European Audiovisual Observatory

SELECTED INSIGHTS

- Comparing the differences in financing structures between 100% national films and international co-productions excluding French films confirms the over-proportional reliance of international co-productions on direct public funding and indicates a comparatively lower level of pre-sales, producer investments and broadcaster financing.
- Outside France, direct public funding accounted for 43% of the total financing volume of international co-productions, compared to 32% in the case of 100% national films.
- Outside France, co-productions appear to attract an even lower share of their financing from pre-sales, which accounted for only 9% of total financing in the case of international co-productions compared to 17% in the case of 100% national films.
- In contrast to the full data sample, production incentives played a slightly more important role in the financing mix of co-productions (12%) compared to 100% national films (11%).

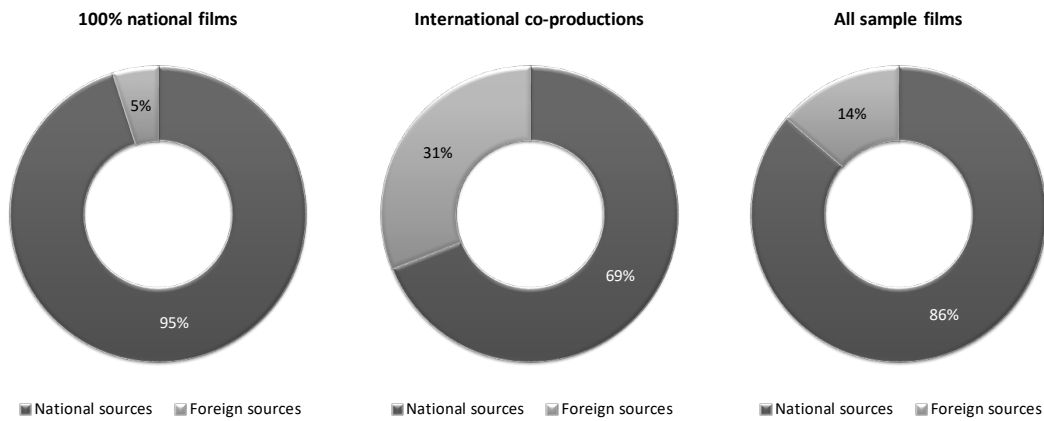


6.3. In terms of national origin of financing



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

Figure 49. Breakdown of cumulative financing volume by national and foreign source (2017)



Financing volume in MEUR	National sources	Foreign sources	Total
100% national films	1 163.2	59.8	1 222.9
International co-productions	432.1	194.1	626.2
All sample films	1 595.2	253.9	1 849.1

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 (95%), and international co-productions, for which national sources provided 69%, and foreign sources 31%, 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.



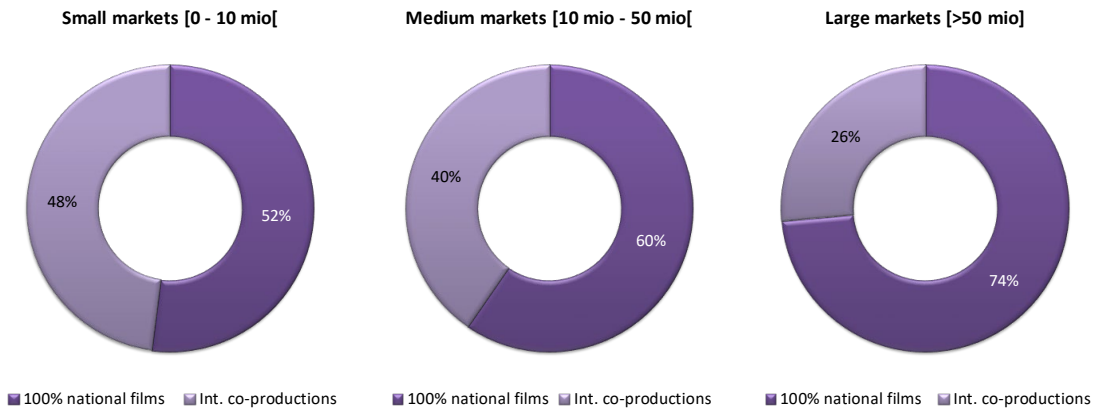
HOW IMPORTANT ARE FOREIGN FINANCING SOURCES BY FINANCING TYPE? - MARKET CLUSTER PERSPECTIVE

Table 64. Breakdown of cumulative financing volume by national origin (2017)

	National sources	Foreign sources	Total
Small markets [0 - 10 mio[	82%	18%	100%
100% national	99%	1%	100%
Majority co-prod	67%	33%	100%
Medium markets [10 mio - 50 mio[	80%	20%	100%
100% national	91%	9%	100%
Majority co-prod	68%	32%	100%
Large markets [>50 mio]	88%	12%	100%
100% national	96%	4%	100%
Majority co-prod	70%	30%	100%

Source: European Audiovisual Observatory

Figure 50. Breakdown of number of sample films by financing type and market size (2017)



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 12% of total financing in large markets, foreign sources represented 18% 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 48% and 40% of the sample films (compared to 26% 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.



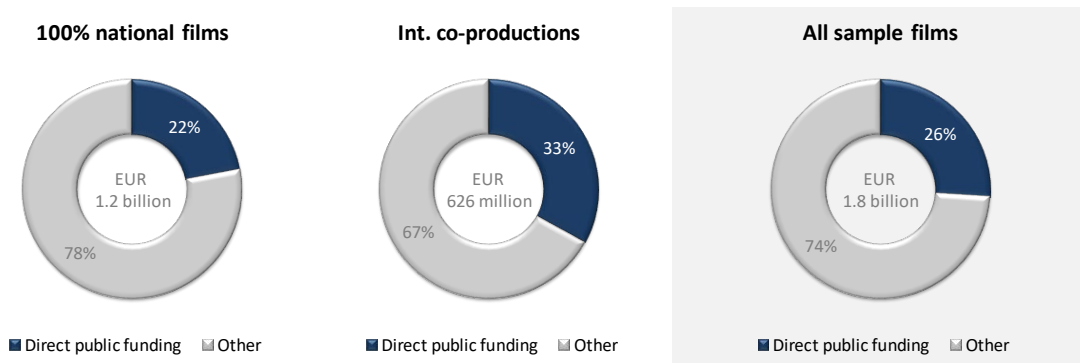
6.4. In terms of the role of individual financing sources



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

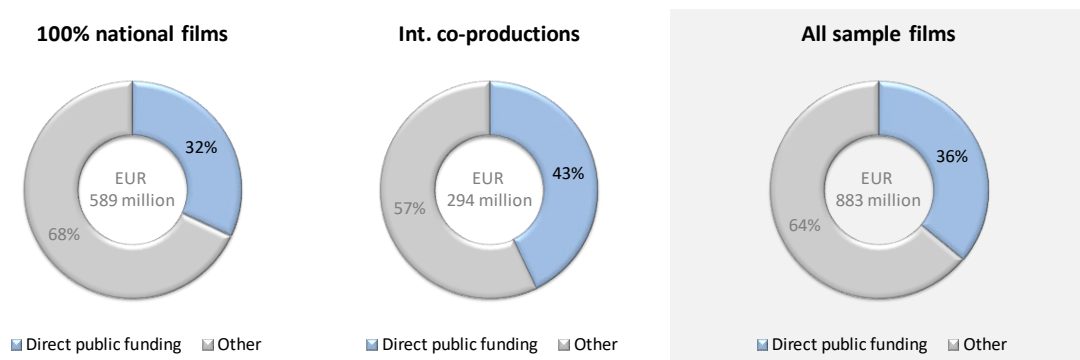
- DIRECT PUBLIC FUNDING

Figure 51. Share of direct public funding in financing volume by film type (2017)



Source: European Audiovisual Observatory

Figure 52. Share of direct public funding by film type – excl. French films (2017)



Source: European Audiovisual Observatory

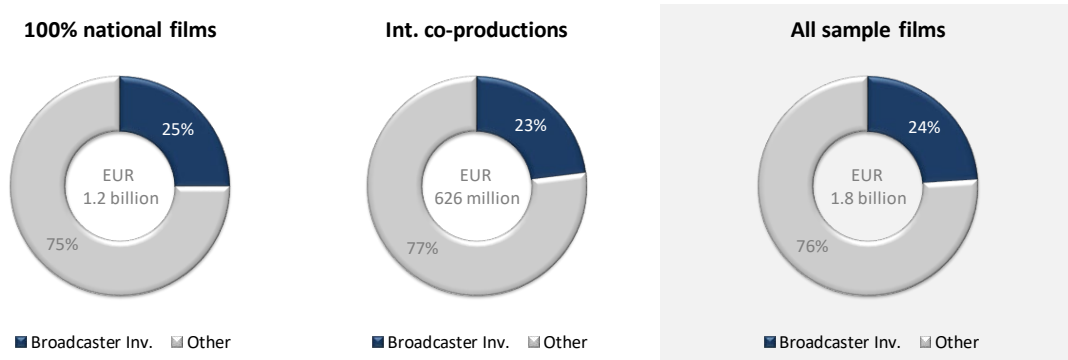
SELECTED INSIGHTS

- 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 33% of the total financing volume of international co-productions compared to only 22% of 100% national films.
- Excluding French films, the significance of direct public funding increases to 32% for 100% national films but remains below the 43% share of direct public funding for international co-productions.



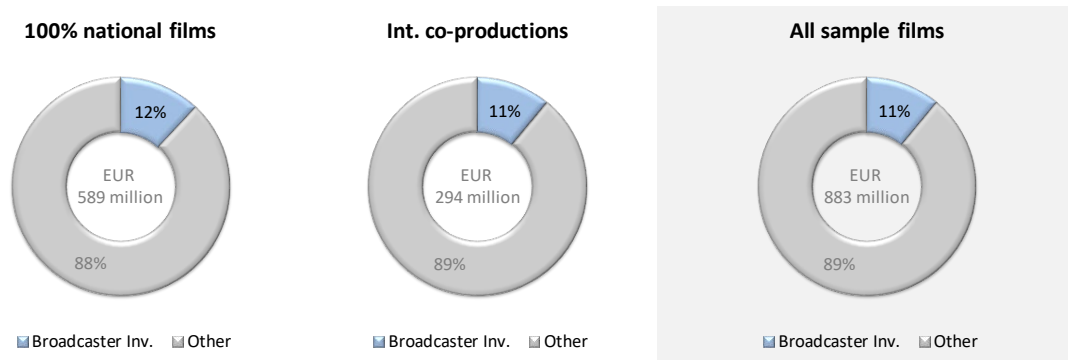
DIFFERENCES IN THE ROLE OF FINANCING SOURCES BETWEEN 100% NATIONAL FILMS AND INTERNATIONAL CO-PRODUCTIONS - BROADCASTER INVESTMENTS

Figure 53. Share of broadcaster investments in financing volume by film type (2017)



Source: European Audiovisual Observatory

Figure 54. Share of broadcaster investments by film type – excl. French films (2017)



Source: European Audiovisual Observatory

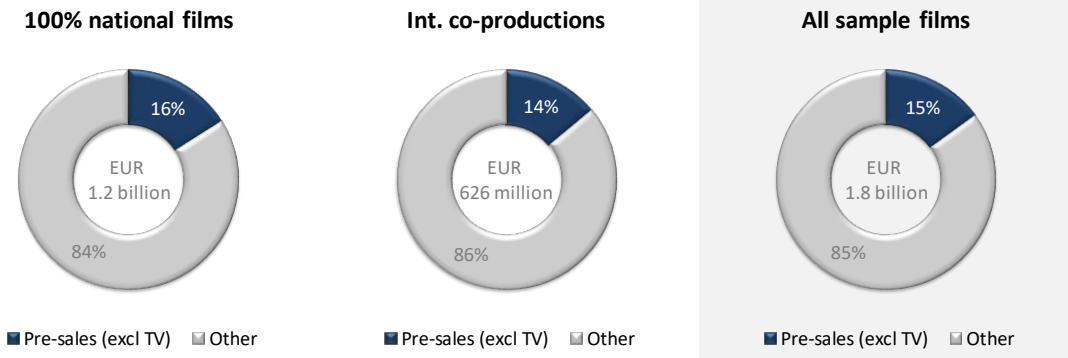
SELECTED INSIGHTS

- The data sample suggests there was only a minor difference between 100% national films and international co-productions regarding the role of broadcaster investments, with the latter playing a marginally more pronounced role in financing 100% national films compared to international co-productions.



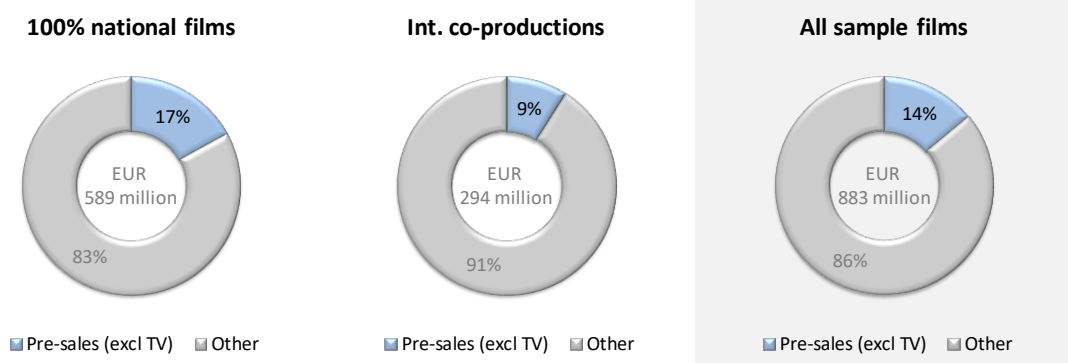
DIFFERENCES IN THE ROLE OF FINANCING SOURCES BETWEEN 100% NATIONAL FILMS AND INTERNATIONAL CO-PRODUCTIONS
- PRE-SALES (EXCL. BROADCASTERS)

Figure 55. Share of pre-sales financing in financing volume by film type (2017)



Source: European Audiovisual Observatory

Figure 56. Share of pre-sales financing by film type - excl. French films (2017)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

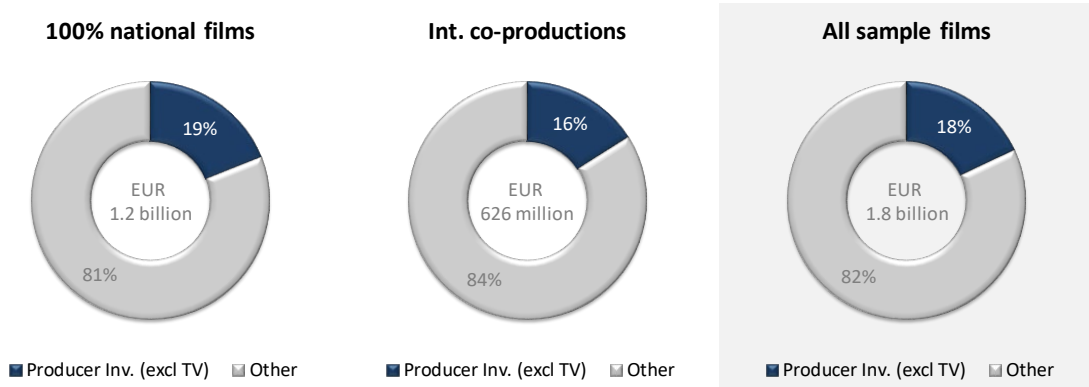
- The data sample suggests pre-sales were slightly more significant for 100% national films, contributing 16% (17% excluding French films) of cumulative financing, compared to international co-productions, for which they represented only 14% (9% excluding French films) of the financing mix.



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

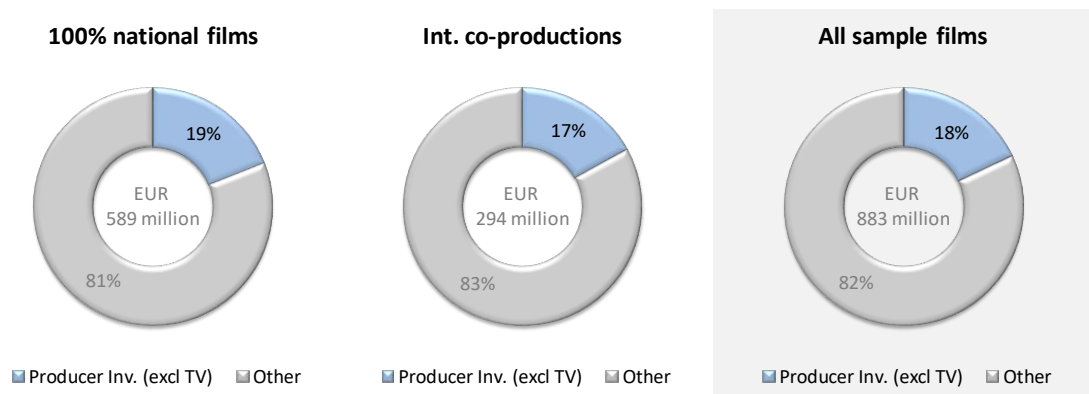
- PRODUCER INVESTMENTS EXCL. BROADCASTERS

Figure 57. Share of producer investments in financing volume by film type (2017)



Source: European Audiovisual Observatory

Figure 58. Share of producer investments in financing volume – excl. French films (2017)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

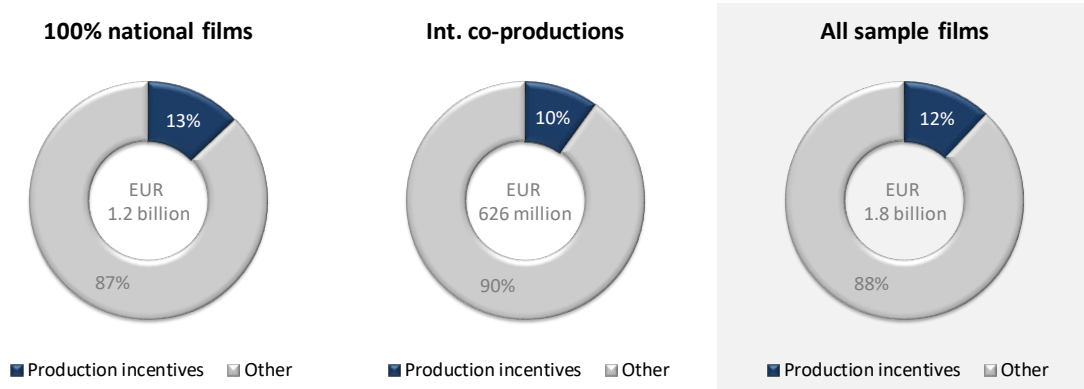
- The data sample suggests that – as with pre-sales and broadcaster investments – producer investments are slightly more important for significant co-productions, for which they contributed 16% (17% excluding French films) of cumulative financing, compared to 100% national films, for which they represented 19% of the financing mix (with and without French films).



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

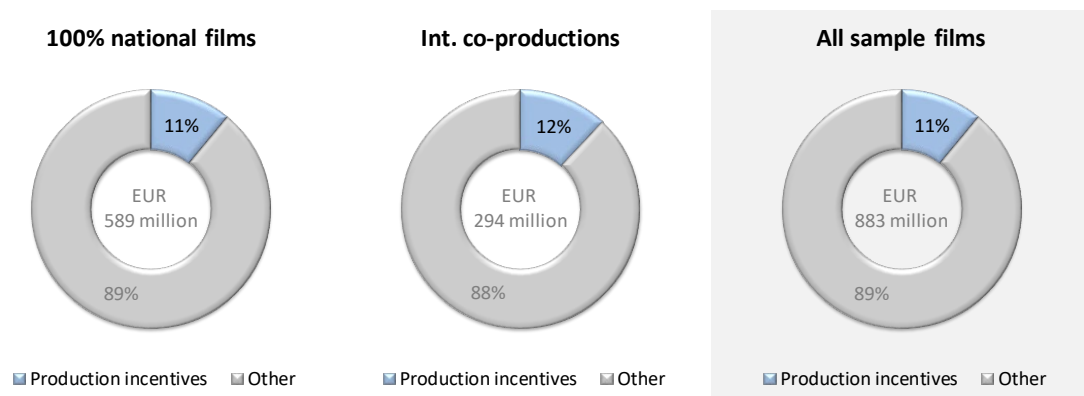
- PRODUCTION INCENTIVES

Figure 59. Share of production incentives in financing volume by film type (2017)



Source: European Audiovisual Observatory

Figure 60. Share of production incentives in financing volume – excl. French films (2017)



Source: European Audiovisual Observatory

SELECTED INSIGHTS

- The data sample suggests no significant difference in the role of production incentives contributing to the financing of 100% national films and int. coproductions.
- In the full data sample, due to the inclusion of French films, production incentives accounted for a higher share of the financing mix of 100% national films (13%) compared to international co-productions (10%).
- Excluding French films, the picture changes: production incentives now account for a slightly higher portion of the financing mix of international co-productions (12%) compared to 100% national films (11%).

7. APPENDIX

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

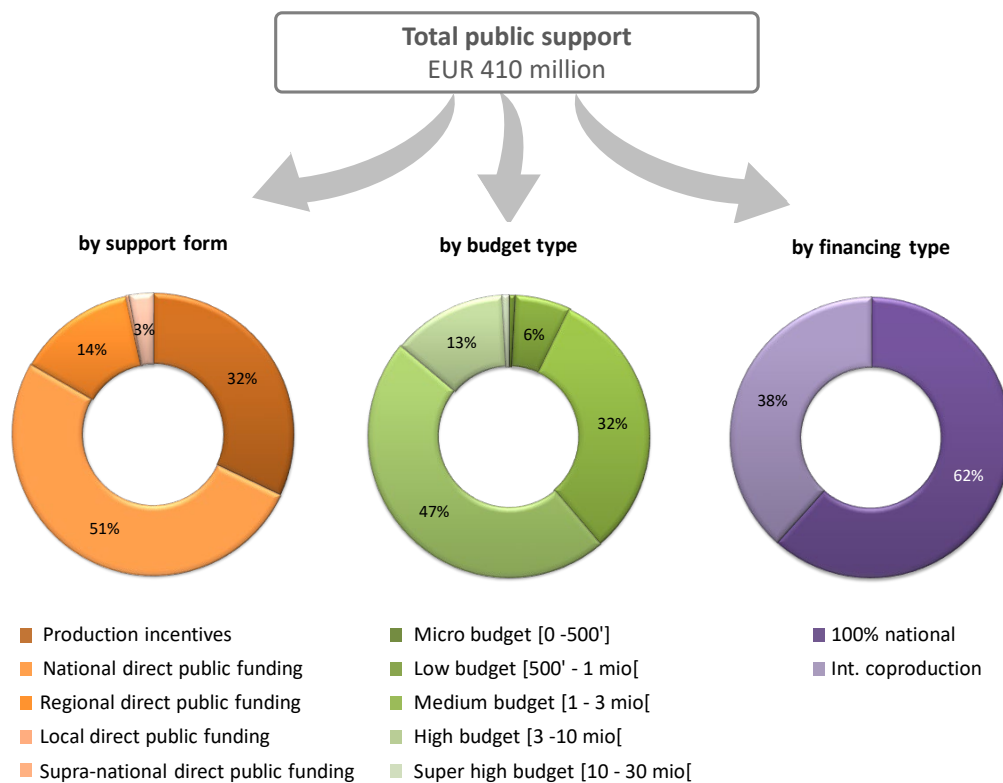
Table 65. Total public support by budget cluster (2017)

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]	Blockbuster budget [>30 mio]	All Films
Total sample films	36	105	237	167	30	1	576
Films with public support	34	103	235	162	29	1	564
% share	94%	98%	99%	97%	97%	100%	98%
Cumulative financing volume of all films	10 038 021	80 637 491	435 083 998	864 574 640	426 766 617	32 013 582	1 849 114 349
Cumulative funds from public support	5 360 822	45 363 696	224 399 025	335 898 614	93 708 180	5 230 000	709 960 337
% share	53%	56%	52%	39%	22%	16%	38%
Avg budget of sample films	278 834	767 976	1 835 797	5 177 094	14 225 554	32 013 582	3 210 268
Avg amount of public support (when available)	157 671	440 424	954 889	2 073 448	3 231 317	5 230 000	1 258 795
% share	57%	57%	52%	40%	23%	16%	39%

Source: European Audiovisual Observatory

Figure 61. Breakdown of total public support by form, budget and financing type of film (2017)



Source: European Audiovisual Observatory

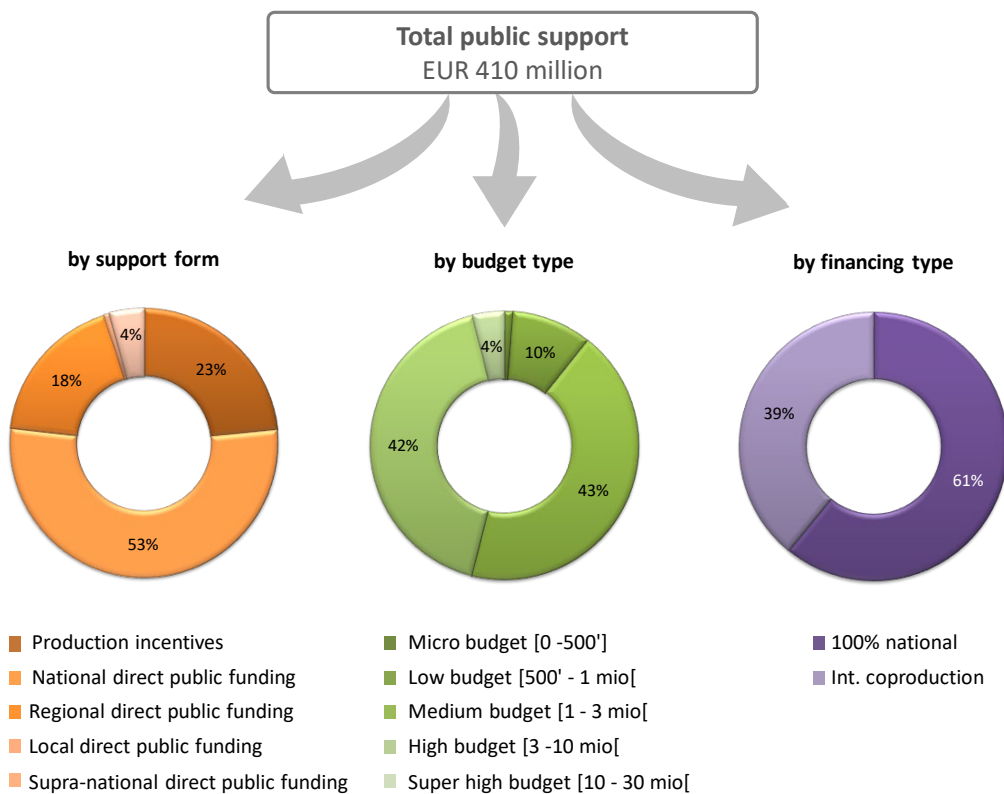
Table 66. Total public support by budget cluster – excl. France (2017)

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[	Blockbuster budget [>30 mio]	All films
Total sample films	29	88	185	84	5	-	391
Films with public support	29	86	183	80	5	-	383
% share	100%	98%	99%	95%	100%	-	98%
Cumulative financing volume of all films	8 062 070	66 892 009	335 406 530	416 428 458	56 192 674	-	882 981 741
Cumulative funds from public support	4 743 966	39 059 446	177 623 965	173 376 591	15 612 652	-	410 416 620
% share	59%	58%	53%	42%	28%	-	46%
Avg budget of sample films	278 002	760 136	1 813 008	4 957 482	11 238 535	-	2 258 265
Avg amount of public support (when available)	163 585	454 180	970 623	2 167 207	3 122 530	-	1 071 584
% share	59%	60%	54%	44%	28%	-	47%

Source: European Audiovisual Observatory

Figure 62. Breakdown of public support by form, budget and financing type of film – excl. FR (2017)



Source: European Audiovisual Observatory

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

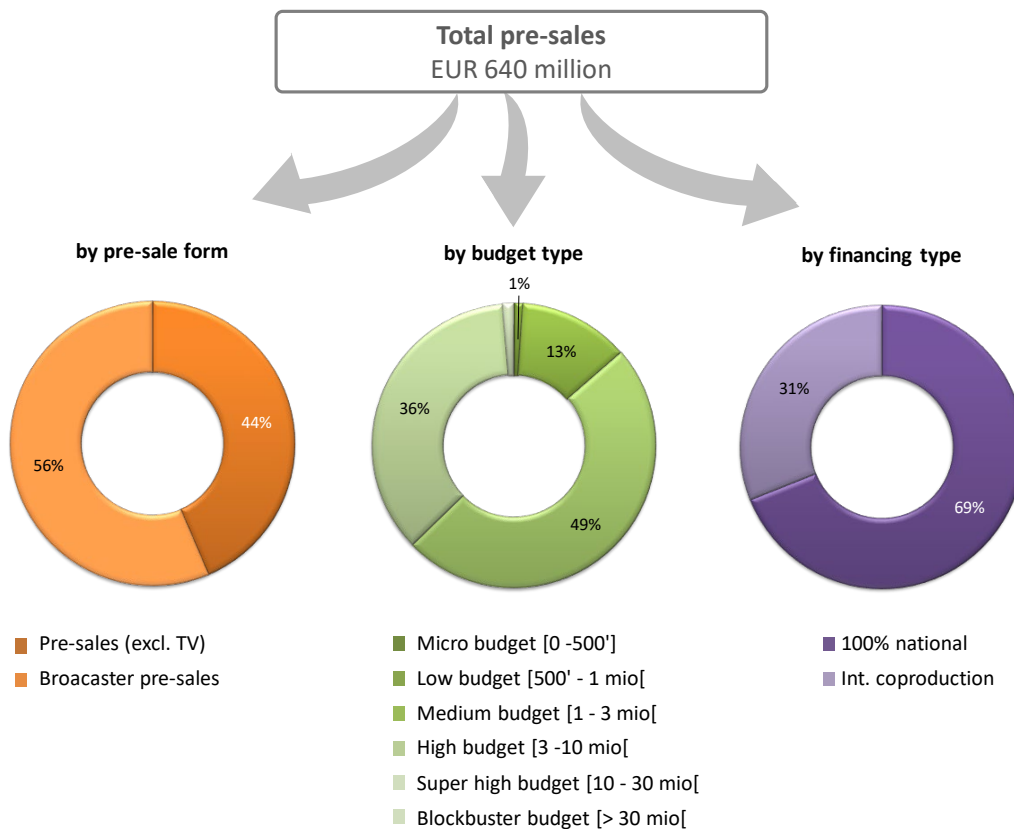
Table 67. Total pre-sales by budget cluster (2017)

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[	Blockbuster budget [>30 mio]	All Films
Total sample films	36	105	237	167	30	1	576
Films with pre-sales (excl national TV)	13	55	203	161	29	1	462
% share	36%	52%	86%	96%	97%	100%	80%
Cumulative financing volume of all films	10 038 021	80 637 491	435 083 998	864 574 640	426 766 617	32 013 582	1 849 114 349
Cumulative funds from pre-sales	904 253	5 986 269	80 329 069	313 890 103	230 466 041	8 115 358	639 691 093
% share	9%	7%	18%	36%	54%	25%	35%
Avg budget of sample films	278 834	767 976	1 835 797	5 177 094	14 225 554	32 013 582	3 210 268
Avg amount of pre-sales (when available)	69 558	108 841	395 710	1 949 628	7 947 105	8 115 358	1 384 613
% share	25%	14%	22%	38%	56%	25%	43%

Source: European Audiovisual Observatory

Figure 63. Breakdown of total pre-sales by form, budget and financing type of film (2017)



Source: European Audiovisual Observatory

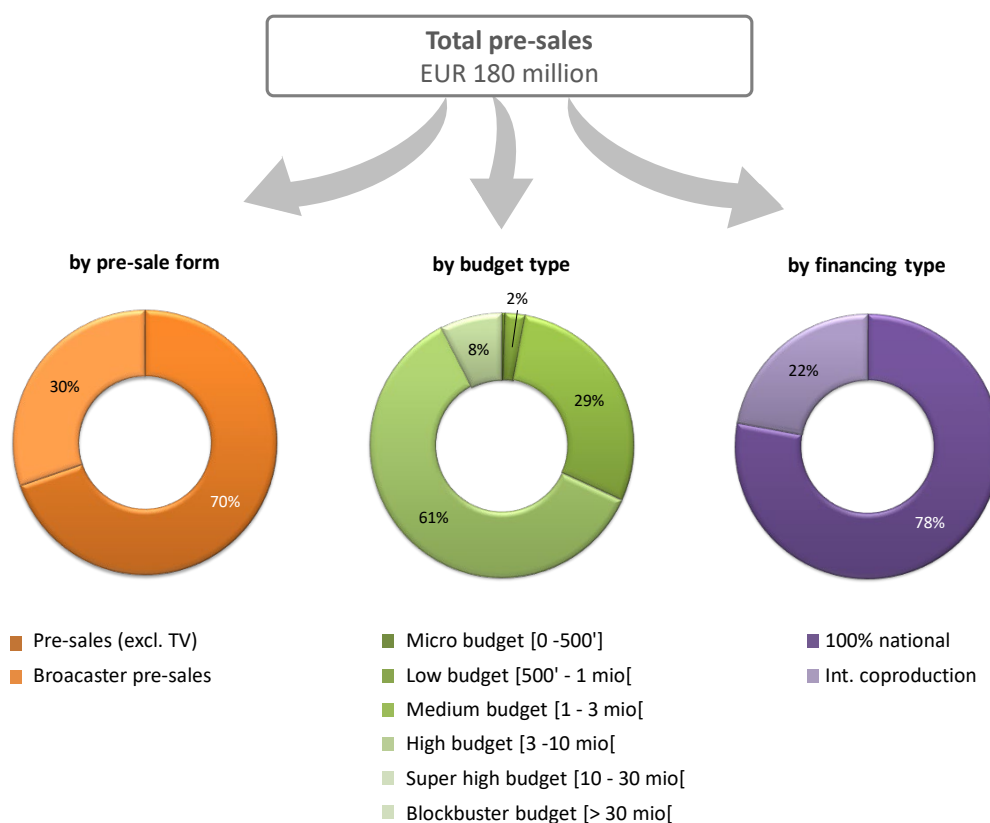
Table 68. Total pre-sales budget cluster – excl. France (2017)

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[	Blockbuster budget [>30 mio]	All films
Total sample films	29	88	185	84	5	-	391
Films with pre-sales (excl national TV)	10	44	155	78	4	-	291
% share	34%	50%	84%	93%	80%	-	74%
Cumulative financing volume of all films	8 062 070	66 892 009	335 406 530	416 428 458	56 192 674	-	882 981 741
Cumulative funds from pre-sales	829 589	4 404 444	51 924 044	109 016 176	13 534 647	-	179 708 900
% share	10%	7%	15%	26%	24%	-	20%
Avg budget of sample films	278 002	760 136	1 813 008	4 957 482	11 238 535	-	2 258 265
Avg amount of pre-sales (when available)	82 959	100 101	334 994	1 397 643	3 383 662	-	617 556
% share	30%	13%	18%	28%	30%	-	27%

Source: European Audiovisual Observatory

Figure 64. Breakdown of total pre-sales by form, budget and financing type of film – excl. FR (2017)



Source: European Audiovisual Observatory



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

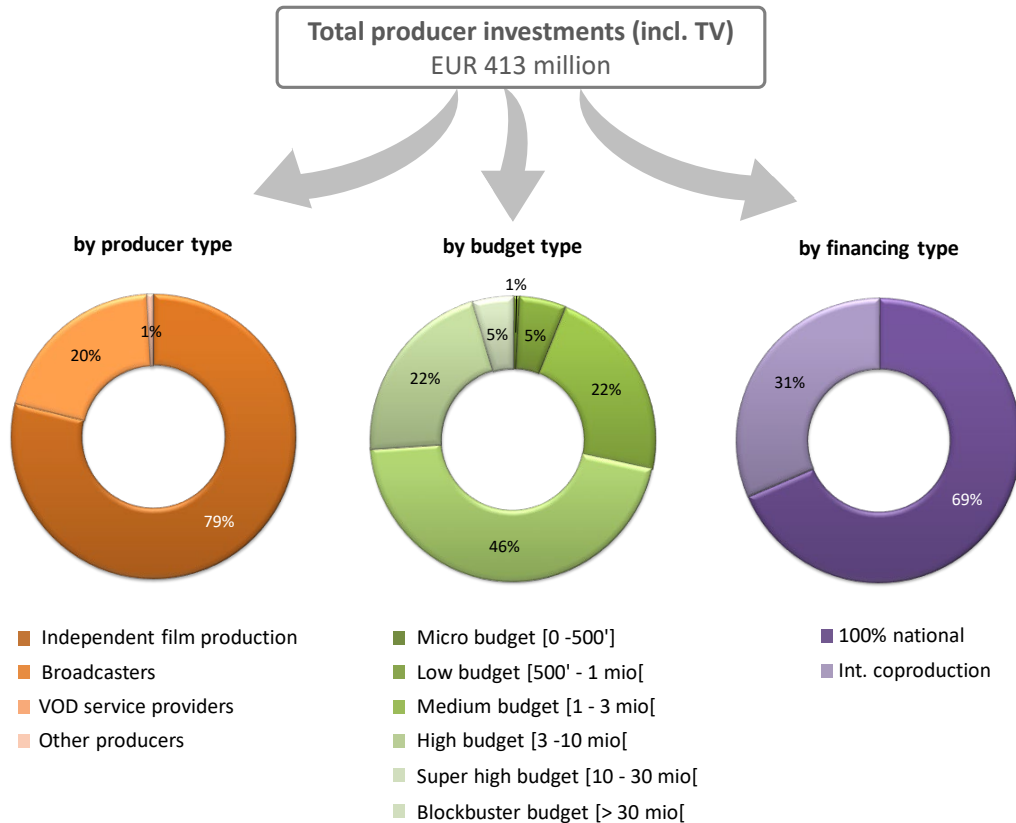
Table 69. Total producer investments by budget cluster (2017)

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[	Blockbuster budget [>30 mio]	All Films
Total sample films	36	105	237	167	30	1	576
Films with prod. Inv. (incl. TV)	31	98	227	161	28	1	546
% share	86%	93%	96%	96%	93%	100%	95%
Cumulative financing volume of all films	10 038 021	80 637 491	435 083 998	864 574 640	426 766 617	32 013 582	1 849 114 349
Cumulative funds from prod. inv. (incl. TV)	3 274 618	21 984 613	91 845 060	187 987 561	88 855 997	18 668 224	412 616 074
% share	33%	27%	21%	22%	21%	58%	22%
Avg budget of sample films	278 834	767 976	1 835 797	5 177 094	14 225 554	32 013 582	3 210 268
Avg amount of prod. inv. (when available)	105 633	224 333	404 604	1 167 625	3 173 428	18 668 224	755 707
% share	38%	29%	22%	23%	22%	58%	24%

Source: European Audiovisual Observatory

Figure 65. Breakdown of producer investments by form, budget and financing type of film (2017)



Source: European Audiovisual Observatory



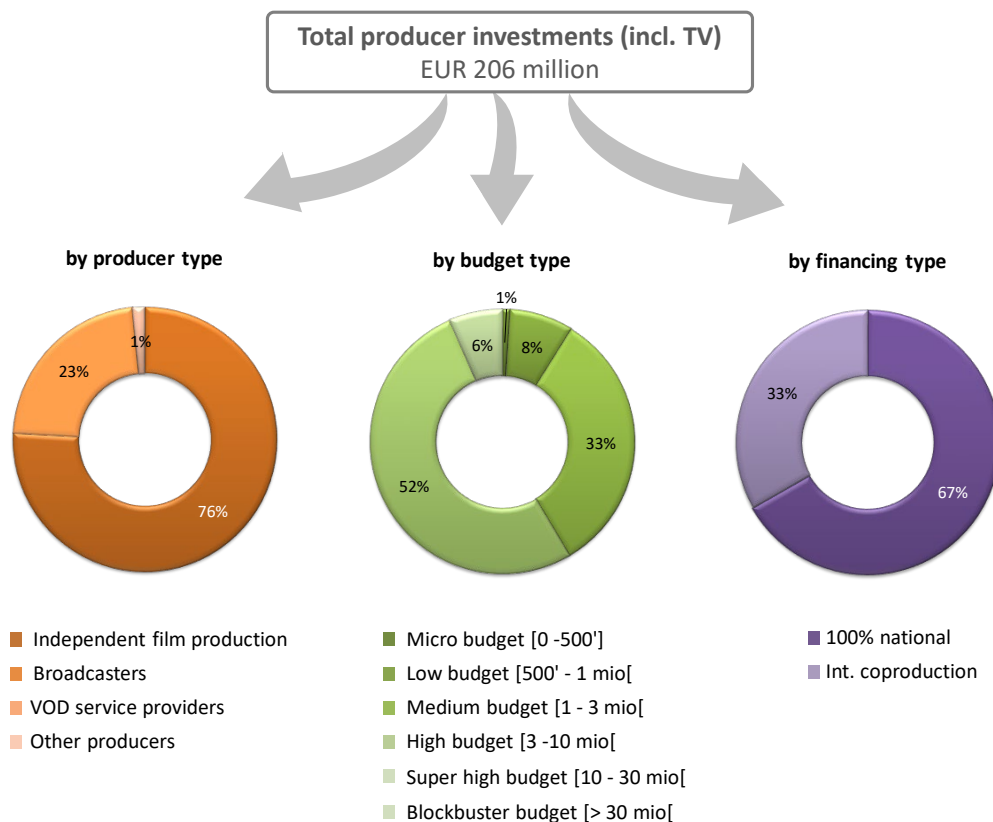
Table 70. Total producer investments by budget cluster (2017)

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[	Blockbuster budget [>30 mio]	All films
Total sample films	29	88	185	84	5	-	391
Films with prod. inv. (incl. TV)	24	81	175	78	3	-	361
% share	83%	92%	95%	93%	60%	-	92%
Cumulative financing volume of all films	8 062 070	66 892 009	335 406 530	416 428 458	56 192 674	-	882 981 741
Cumulative funds from prod. inv. (incl. TV)	1 990 187	16 125 206	67 347 677	107 237 330	13 308 975	-	206 009 375
% share	25%	24%	20%	26%	24%	-	23%
Avg budget of sample films	278 002	760 136	1 813 008	4 957 482	11 238 535	-	2 258 265
Avg amount of prod. inv. (when available)	82 924	199 077	384 844	1 374 838	4 436 325	-	570 663
% share	30%	26%	21%	28%	39%	-	25%

Source: European Audiovisual Observatory

Figure 66. Breakdown of producer inv. by form, budget and financing type of film – excl. FR (2017)



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
1.1	National direct public funding			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
1.2.1	Selective funding						
1.2.2	Automatic funding						
1.3	Local direct public funding						
2	Production incentives			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
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
3.1	Film production companies			0	0	0	0
3.1.1	Lead production company			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
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
6.1	Split rights deals / Outright pre-sales (no MG)			0	0	0	0
6.1.1	Distributor						
6.1.2	Broadcasters			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
7.1	Institutional gap loan financing			0	0	0	0
7.1.1	Bank gap loans						
7.1.2	Private gap funds						
7.2	Deferments			0	0	0	0
7.2.1	Producer deferments						
7.2.2	Third-party deferrals						
7.3	Other						
8	Other			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	0	0
9.1	Supranational direct public funding			0	0	0	0	0
9.1.1	Selective funding							
9.1.2	Automatic funding							
10	Multi-territory pre-sales			0	0	0	0	0
10.1	Split rights deals / outright pre-sales (no MG)			0	0	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	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	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	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	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							



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</p>



	<p>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 interational).</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	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. <i>Film production company:</i> Companies whose main business activity is to produce and exploit / sell exploitation rights to theatrical and / or TV films.
3.1.1 Lead production company	Cumulative production investments coming from the lead production company. Calculated as the sum of 3.1.1.1 and 3.1.1.2 <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.
3.1.1.1 <i>Independent lead production company</i>	Cumulative production investments coming from an independent lead production company. <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.



3.1.1.2	<i>Integrated lead production company</i>	<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 deferrals (“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 account¹⁸ to be used to finance the production, rather than into the collection account¹⁹.

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.

¹⁸ Production account = segregated bank account into which all the production funds are placed, and from which all production expenses are paid by the producers.

¹⁹ 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)
<p>6.1 Split rights deals</p>	<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>
<p>6.1.1 w/ Distributors</p>	<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>
<p>6.1.2 w/ Broadcasters</p>	<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>
<p>6.1.2.a w/ Public broadcasters</p>	<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>
<p>6.1.2.b w/ Private broadcasters</p>	<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>
<p>6.1.3 w/ VOD service providers</p>	<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>
<p>6.1.4 w/ Others</p>	<p>Cumulative amount paid by other national financiers pre-buying distribution rights for the national market.</p>
<p>6.2 Minimum guarantees</p>	<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, deferrals 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 estimates²⁰ 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 Deferrals	Cumulative amount of all deferrals made for example by producers, cast or crew.
7.3 Other debt	Cumulative amount of other debt financing.

²⁰ 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).

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