EPC Presentation Paris Project 2010

Why are we here on this beautiful day?

- To discuss and understand the particular relationships between producers and distributors when it comes to co-production.

- The EPC being a producer association, this presentation will only give the producers' point of view of the situation.

EPC - Short Presentation

- I am the Managing Director of the EPC. Our association gathers wonderful independent producers coming from all over Europe. Our President Martin Moszkowicz is duly represented today by Raimond Goebel from Pandora Film (Germany) and Member of the Board, and John Jacobsen from Filmkameratene (Norway).

- The EPC daily works at informing its Members of the evolution of the film industry (in terms of political, tax and regulatory dispositions), represent their interests before national and European institutions, and organises events in Europe and third countries to foster international cooperation on film projects.

Why producers are setting up co-productions

- For script reason: part of the shooting has to take place in a particular country;
- For money reasons;
- To discover our great neighbors;
- To extend the circulation of their film.

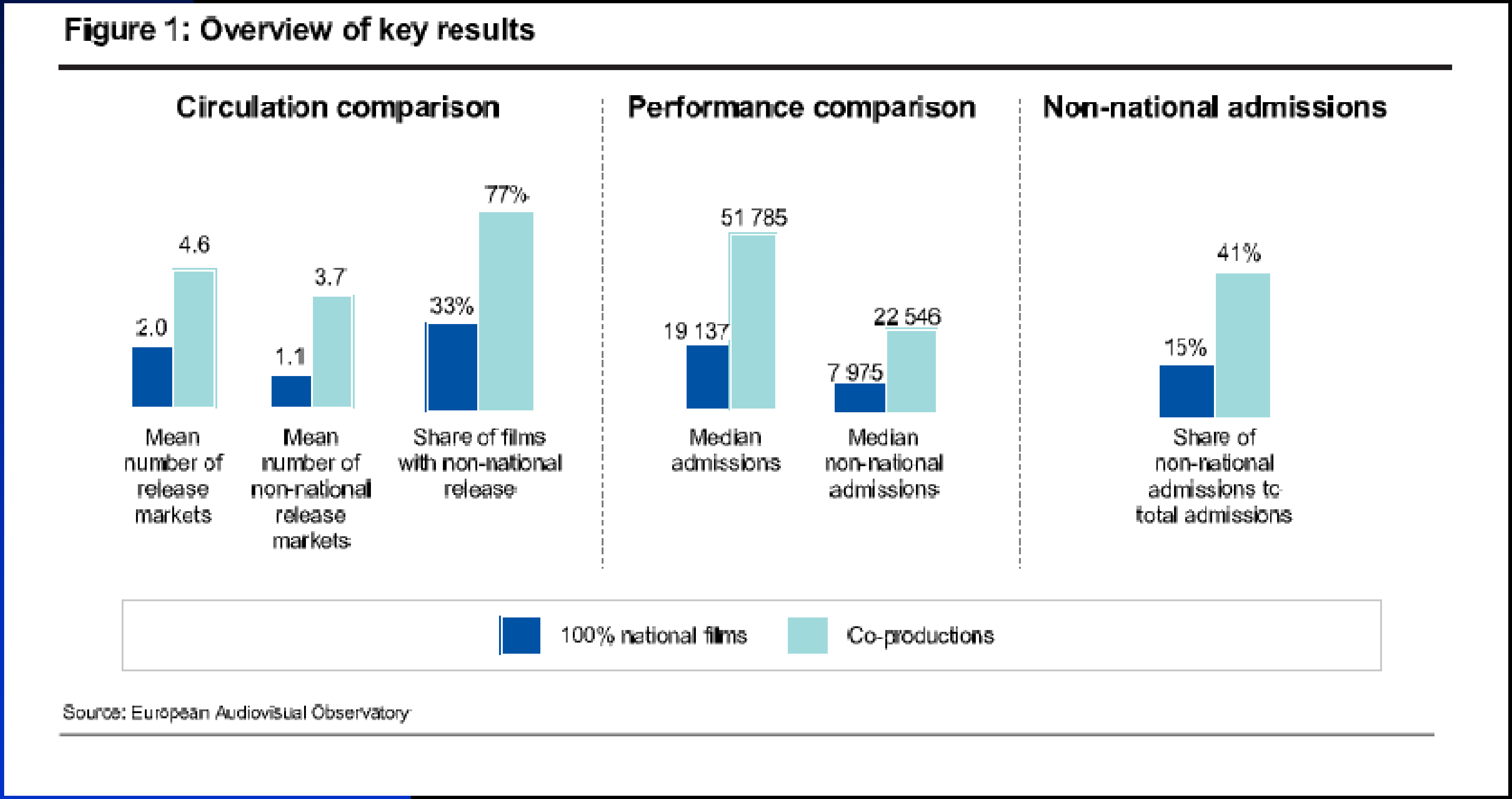
The crucial link between producers and distributors

- Allowing films to circulate throughout the world;
- At the EPC, we have always felt that co-productions are better promoted the co-producing country thanks to the involvement of the co-producer;
- A study conducted by the European Audiovisual Observatory in August 2008 demonstrated that a film co-produced circulates better than a 100% national film.

Key conclusions of the study

- The study analysed the circulation and performance of European co-productions compared to 100% national European films, both inside and outside their national market.
- Three key conclusions can be drawn:
    - European co-productions travel better than their 100% national counterparts in the sense that a co-production gets released inmore than twice as many markets as national films. In addition 77% of all co-productions get released on at least one non-national market, compared to 33% of entirely national films;
    - In terms of admission, European co-productions attract an average of 2.7 times as many admissions as their national counterparts; co-produtions also generate an average of 51 785 admissions compared to 19137 for 100% national films;
    - Non-national markets are more important for co-productions than for entirely national films in terms of admissions: non-national admissions account for 41% of total admissions to co-productions compared to 15% in the case of entirely national films.

Key conclusions of the study: some figures



A matter of choice: Co-production versus sales agent (1)

- Option 1:

  The producer could work with a sales agent, obtain an MG and include it in his financial plan (market money). Problem: no certainty as to a theatre release, the distributor could go for a DVD, Vod or TV release;

- Option 2:

  He could ask a co-producer to find a distributor that would deal with its own territory. In this case, the distribution would be better conducted.

- Option 3:

  The producer could contact a distributor for foreign territories on his own

A matter of choice: Co-production versus sales agent (2)

Each model had its own advantages:

- More money coming from the market for the sales agent in the first-case scenario, and less on a longer term due to high commissions + advantages of one-stop shops;
- Results potentially higher for the second option, as it combines the presence of the sales agents and co-producers.

The crisis solved everything!

- By decreasing the ad revenues, TV channels have decreased their prices;
- Having a hard time to access credit (credit crunch), distributors have reduced their financial risk and their MG;
- Sales agents have seen their potential buyers lower their investment. They lowered their MG, down to 0 in some cases;
- To reduce their risk, distributors have started to get more mandates on a film, and have become involved in the production field as well as on the sales field (e.g. Pandora Film and The Match Factory);
- Except for a few of them, producers have not changed, and are still facing the same high budget films, with less money.

What's next ?

- On the project side
  - We have seen a return to coproduction from the producers side;
  - A high difficulty to find some money coming from the market, at a European level

- On the market side: I think we should see a concentration of the structures from production to sales and national (European?) distribution.

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