

GLOBAL FILM & TELEVISION

A DEEP DIVE INTO REGIONAL FILM AND TV TRENDS

E-book



Explore More



Introduction

The last two years have been a rollercoaster for the Film and TV industries worldwide.

From closed movie theatres and locked down studios, to the rise of streaming and the global thirst for content, the industry has weathered its fair share of challenges over the course of the pandemic, but it has also seen a number of key transformations in the way visual entertainment is produced, distributed and consumed.

Following the initial shock of mass-closures and cancelled productions, 2020 proved a transformative year for film and TV. Amidst the global pandemic, audience demand surged, production spending increased and TV budgets reached an all-time high. Streaming platforms transformed consumption, with global Subscription Video on Demand (SVOD) surpassing 1.1 billion subscriptions.

New major streaming services seemed to appear overnight, and by 2021 the likes of Disney+, Apple TV and HBO Max were already holding their own against the already established Netflix, Hulu and Amazon Prime Video. Regionally, smaller SVOD services also gained traction, with Viaplay becoming the #2 streaming service in Denmark, Sweden and Finland, second only to Netflix, in 2020.



As we move toward what will hopefully be less turbulent times, the global film and TV industries have a wealth of new production streams at their disposal. The great question now is not therefore whether regional industries will thrive, but what area they will choose to focus, and where they will position themselves within the global industry network.

We hope this ebook provides you with a deeper insight into regional film and TV trends, helping you identify new and growing opportunities for relocation, targeting and investment in 2022 and beyond. Thank you for reading.



ARGENTINA

Americas Regional Coordinator at BDO, **Luz Vasquez** has vast experience working with regional start-ups and developing tech in a finance and advisory capacity. Working closely with TMT leaders in the LATAM region, and globally.



Overview

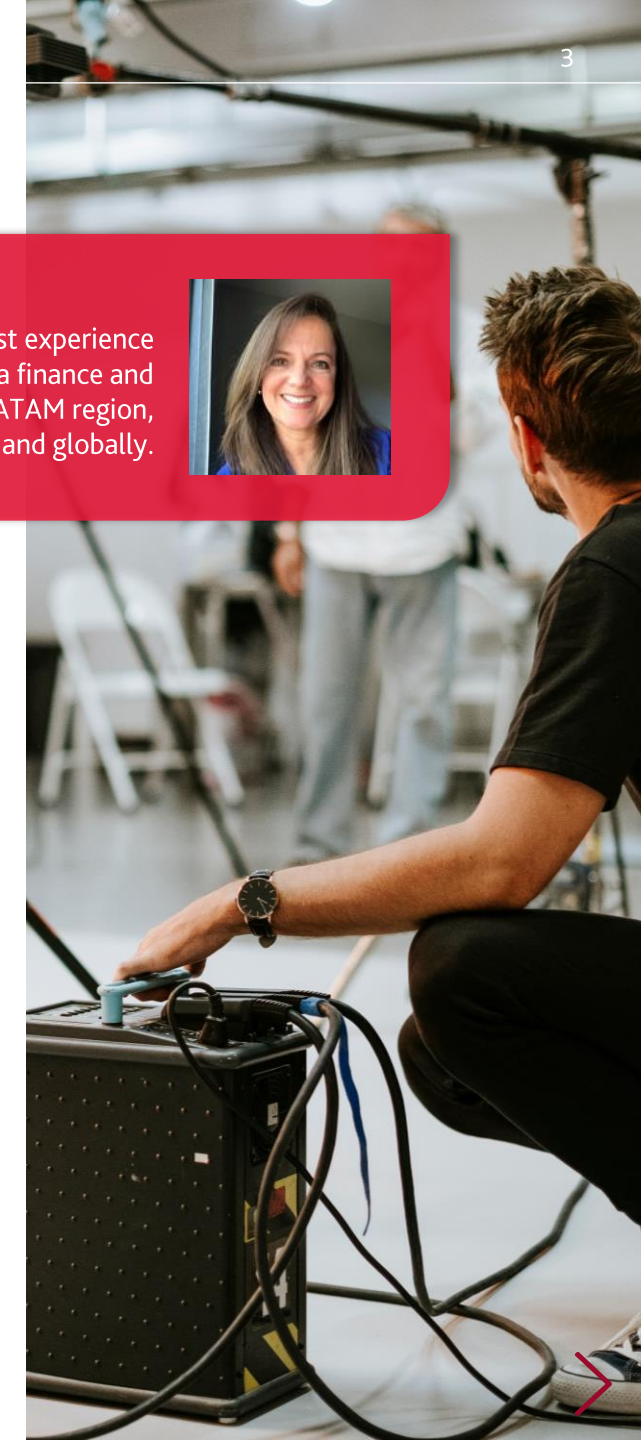
Argentina's film industry is one of the most robust in Latin America. In 2019, it benefited from the estimated USD5.7 billion invested in audiovisual productions across LATAM, but the coronavirus pandemic hit hard with many productions put on hold. Historically resilient and adaptable, as restrictions were lifted, it became one of the country's first sectors to get back on its feet and, despite Covid, the demand for audiovisual content continues to grow.

Much of the impetus is coming from the streaming platforms, supported by a vibrant start-up culture of production facilities and tech companies. It's resulted in a greater emphasis on content to engage the local market, as well as to meet the global demand for Argentine productions in both Spanish and Portuguese.

The film and TV landscape

A combination of highly skilled domestic talent, a competitive cost structure and the diversity of locations have made Argentina a destination for companies seeking high-calibre production and post-production services. Its commercial advantage is being consolidated through the growth of the country's software industry which, in recent years, has seen the creation of 17,000 new jobs.

With demand for specialist post-production services and the ongoing development of streaming platforms and new audiovisual formats, the wave of digital transformation is sweeping the country's creative industries along with it, including film and TV.



The ecosystem

Argentina's film industry has become one of the most prominent in the Spanish-speaking world. It may not have the clout of the US and Indian heavyweights, or the traditional producers of France and Italy, but it's innovative and progressive, and has received accolades in festivals around the world.

Established to create premium programming across multiple platforms, the transatlantic production powerhouse El Estudio has a head office there, targeting the largely underserved market of acculturated Spanish speaking media consumers across several key demographics and markets around the world. Meanwhile media entertainment giants Amazon, Netflix and Sony Pictures are investing in ambitious and high-profile film and TV projects, reflecting the region's ongoing appeal to international investors.



The Ventana Sur , organised by the National Institute of Cinema and Audiovisual Arts (INCAA) and the Marché du Film – Cannes Film Festival, is held in Buenos Aires and is the most important audiovisual market in LATAM. Catering for an international audience of distributors and buyers, it aligns the region with cinema's high achievers as well as spotlighting the path towards greater diversification and potential for innovation within the industry.

Talent

Would-be students of film and television have broad access to higher education, resulting in a high level of qualified resources for the film and TV industry. This is supported by lines of financing and tax benefits for companies willing to invest.

Netflix is one example and has shown its strong commitment to promoting talent within the region. In 2021, it teamed up with Ventana Sur to offer USD5,000 to the winner of a drama series competition for up-and-coming Argentine women writers, plus mentoring for the participating projects.

The media entertainment giant has also joined the 21st Century Skills Coalition in Latin America and the Caribbean, leveraging its expertise to address skills shortages and develop new opportunities for education, job creation and growth.

A multi-sector initiative led by the Inter-American Development Bank, the 21st Century Skills Coalition brings public and private stakeholders together to support a new generation of education and training policies in the IDB's 26 borrowing member countries. Netflix will share its extensive experience and expertise, collaborating with IDB to generate knowledge and better identify the skills needed to drive the Orange Economy, the transformation of creative ideas into goods and services. In Buenos Aires alone, one job in ten is generated by companies within this sector.



Government support and taxes

Over the last 20 years, Latin America and the Caribbean have made progress in the development of a regulatory and cultural framework that includes the audiovisual sector. In Argentina, the enactment of the 1994 Law for the Promotion and Regulation of the Film Industry made it possible for the resources of the local Institute (renamed INCAA) to increase significantly, by modifying and broadening its sources of income. This increase in funds lead to visible improvements and the law (with several modifications) is still in force.

However, experience has shown that having laws to promote the audiovisual industry is an important step, but not the only one. The Market of Creative Industries in Argentina (MICA) event was born as a space for training and exchange between producers, businesses and national and international professionals. It also has a wider objective of generating new business relationships through the promotion of Argentine cultural industries' competitive prices and high quality.

It's seen as the centre of a public policy system and has successfully created State-run spaces dedicated to cultural industries at the provincial level.

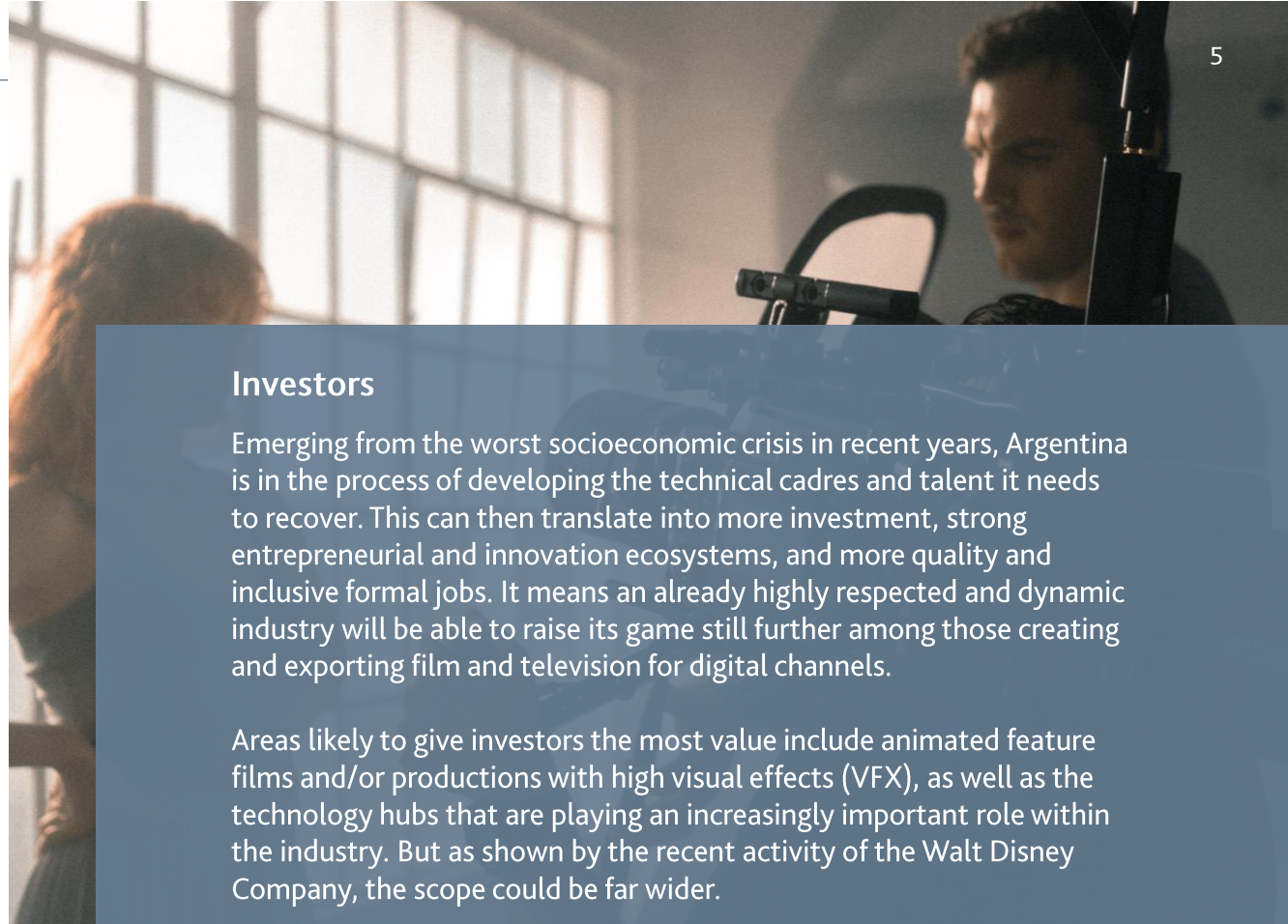
Investors

Emerging from the worst socioeconomic crisis in recent years, Argentina is in the process of developing the technical cadres and talent it needs to recover. This can then translate into more investment, strong entrepreneurial and innovation ecosystems, and more quality and inclusive formal jobs. It means an already highly respected and dynamic industry will be able to raise its game still further among those creating and exporting film and television for digital channels.

Areas likely to give investors the most value include animated feature films and/or productions with high visual effects (VFX), as well as the technology hubs that are playing an increasingly important role within the industry. But as shown by the recent activity of the Walt Disney Company, the scope could be far wider.

In November 2020, it launched the Disney+ streaming platform in Latin America and later announced that it had 71 productions in various stages of development across the region including 29 in Argentina. These include fiction stories, talk shows, documentaries and live shows.

The conscious championing of female-lead productions by Argentina's Magma Cine, plus the recent Oscars pick 'The Sleepwalkers', written and directed by Paula Hernández, also suggest that production and/or post-production services run by women could also be solid candidates for investment.



AUSTRALIA

Sebastian Stevens is the Partner-in-Charge of BDO Sydney's Advisory Group, leading the Corporate Finance team in Australia and bringing over 25 years of experience to the group.



Marcus Leonard is an experienced tax partner with BDO in Sydney. He's been in public practice for over 15 years, with one of his specialist sectors incorporating Technology, Media and Telecommunications.



Overview

The beginnings of the Australian film and TV industry as we know it today date back to the 1970s. Early Australian film was very much rooted in Australian-based stories, yet famously launched a number of international careers. From Crocodile Dundee's Paul Hogan, to Mel Gibson, Nicole Kidman and Hugh Jackman, there's no denying world-renowned Australian talent has drawn much attention to the region.

Today, Australia is the go-to destination for visual effects. Films like Mad Max, Avatar and The Matrix are just a few high-profile examples of movies you might not realise were made Down Under. Technology is a selling point of the region, while its distance from other film and TV hotspots (Europe and Hollywood) mark Australia's biggest challenge. This though is a challenge becoming easier to overcome, as media-sharing technologies improve and outsourcing post-production becomes a more widely accepted way of making films.

The film and TV landscape

Covid has had a mixed impact on the Australian film and TV landscape. On the downside, there have been an unfortunate number of international productions, previously earmarked for filming in Australia, forced to re-locate during periods of travel restrictions. However, in the months post-lockdown a promising influx of productions, owing largely to Australia's low Covid levels, have helped redress the balance.

Technology continues to be a main attraction for international filmmakers, though location is also a strong selling point. Queensland in particular is fast becoming a popular spot for film productions thanks to its relatively consistent climate. Sydney meanwhile is the go-to location for post-production, housing a number of purpose-built studios specialising in cutting-edge visual effect technology. Sydney is also home to the best music studio in the Southern Hemisphere, allowing film scores to be developed alongside post-production.



The ecosystem

There are a number of key factors that make Australia attractive within the wider film and TV ecosystem. First is the exchange rate. Compared to USD, Euro and GBP, the Australian dollar represents value for money. Second as mentioned, Australia has great infrastructure in the form of production studios and post production technologies, specialising in visual effects. And third, government incentives offer up to 30% rebates for film and TV productions that make use of Australian facilities.

The evolution of streaming services has also had a positive impact on Australian film and TV, particularly in production and distribution. In the TV space, Australia is a well-known producer of reality TV, with shows like I'm a Celebrity Get me Out of Here, MythBusters and The Bachelor being filmed and/or broadcast from the region. There's also a trend in Australia of picking up reality shows from other countries and adopting them for the local market – Big Brother and Survivor are two examples of international shows made popular through streaming that have now been fully adopted by the Australian market.

Soaps are another format where the Australian market excels overseas. This is a direct result of regulations over Australia's free-to-air channels, which are required to air a certain number of hours of local drama. Thanks in large to this rule, Australian soaps such as Home and Away and Neighbours have been going for over 35 years, selling to over 80 and 60 countries respectively.



Talent

Local drama is really important in Australia and the region prides itself on offering world-renowned arts and media education. The National Institute of Dramatic Arts (NIDA), located in Sydney, offers prestigious courses in everything from acting and direction, to live production and scenic construction. Cate Blanchett, Mel Gibson and Baz Luhrmann are among NIDA's most famous graduates.

Screen Australia, a government-run body supporting the development of Australian talent and screen production, also runs an industry development programme to help nurture emerging talent through individual funding and industry incentives.

Government support and taxes

There are two types of grant and tax relief in the Australian film and TV space. The first is Research & Development funding, granted for developments in technology or media equipment during a production. Government R&D incentives reward developers in either cash or reduced tax payments depending on the activity.

The second type of Government support is delivered through Screen Australia, which offers various funds to support the development and marketing of Australian screen content, as well as the development of Australian talent and screen production businesses.

While some of these funds will be restricted to supporting local talent, there are also a number of grants available to international filmmakers looking to produce in the region.



Investors

A notable investment trend in Australia is the growing interest from international core groups looking to buy up certain parts of the production process. The production market is very competitive right now, and that's largely because the huge success of streaming services has put a new emphasis on controlling content. If you can control production then you're in a better place to do business with the likes of Amazon, Netflix and other streaming providers.

Looking to the future, Australia will need to maintain its standing as a front-runner in the technology space, continuing to draw in those big names for visual effects and quality post-production.

This is a space that's constantly developing, with investment opportunities arising as industry expectations change. Animation is another area where development in technology is constant, attracting major players like Disney to the region by offering first-class production technology.



CANADA

Technology and media expert **Peter Matutat** has over twenty-five years' experience working with public and private companies in the technology and media space. His expertise is broad, with clients ranging from early stage development companies to publicly traded multinational enterprises in a number of sectors including TV and film.



Overview

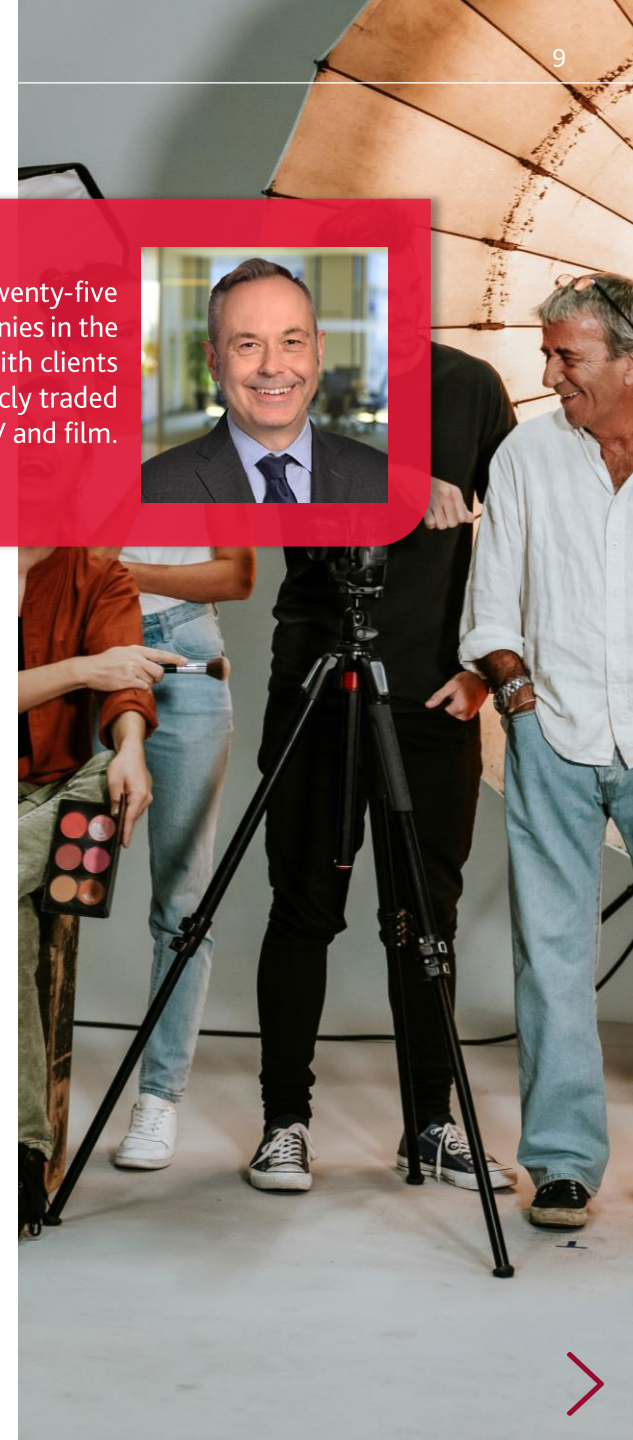
Film and TV has been a significant area of interest for the Canadian economy for decades, and activity within the industry is inherently supported by both the Canadian government and private investors. While domestic production in Canada is modest, Canadian facilities and services within the sector highly sought after by international production companies, with much of the region's media revenue being made through foreign location and service (FLS). In-keeping with global trends, film and TV output from Canada is expected to rise in the next year to meet the sharp increase in demand for content as a result of the pandemic.

Going forward, the Canadian film and TV industries will be concentrating on health and growth, acknowledging the growing reliance on FLS while keeping in mind the potential impacts on cross-border travel and investments.

The film and TV landscape

The total volume of film and television production in Canada has almost doubled in 10 years to a value of \$7.5 billion USD. Of this, FLS generated more than half (56%) of the overall revenue in 2019/20, up 8% on the previous year. Neighbouring the USA, this FLS revenue is largely drawn in from Hollywood productions that have chosen to relocate at least part of the work to Canada, whether that's filming on-site or utilising some form of post-production service. Canadian content brings in the next biggest share of revenue (12%), having made almost \$2.4 billion in 2019/20, followed by local in-house broadcaster content (12%) and Canadian feature films (3%).

The pandemic has had both positive and negative impacts on the industry. An immediate and foreseeable impact was the slight decline in revenue during 2020 due to restrictions on physical distancing and the ability for foreign productions to access Canadian facilities. However, the industry quickly picked back up, with the rise of streaming services seeing demand for content surge, putting strain on local infrastructures and causing many film producers to outsource production and services to countries with available facilities. Today, Canada's enviable film and TV infrastructure is more desirable than ever to international companies.





\$7.5 billion **\$2.4 billion**

Value of film and television production

Revenue in 2019/20

\$7.5 billion

Investment in 2019/20 in the Talent to Watch programme

Talent

There is no shortage of talent programmes for media, arts and entertainment in Canada, and not just for those wishing to be on the screen. Behind the camera is a huge part of the Canadian industry and both government and state funded programmes are continually active for people at all levels of technical ability, enabling them to get up to speed on the latest techniques and products related to production and digital editing.

In 2020/21, [Telefilm Canada](#) committed to investing \$1.6 million through their [Talent to Watch](#) programme, supporting 16 emerging filmmakers in creating their first feature and narrative web projects. [Toronto International Film Festival](#) (TIFF) also provides a great platform for new and emerging filmmakers to showcase their work and to access training, funding and events specifically designed to nurture talent in the industry.

The ecosystem

Canada's film and TV industry holds a confident space in the global marketplace, not so much for Canadian content, but for the infrastructure and services the region provides through FLS. Being so close to the US is really important to the industry, providing an often cheaper alternative for US productions to create quality content.

Canada's role as a source of infrastructure and talent means revenue is not dependent on one type of content stream – i.e. on producing certain sitcoms, adverts, or solely on content for domestic broadcasters. The industry is diverse enough to be able to produce content to meet the new and changing needs of production



Government support and taxes

The Canadian government is hugely supportive of film and TV production, supplying numerous tax incentives across the 13 provinces as well as federal credits which companies can often be claimed on top of any local benefits. Federal credits come in the form of The Canadian Film or Video Production Tax Credit (CPTC), providing filmmakers with a fully refundable tax credit at a rate of 25% of the qualified labour costs. CPTC is available for both Canadian and foreign filmmakers looking to produce their work in Canada, supporting the continued growth and development of an active production infrastructure.

On a local level, each of the country's 13 provinces offers its own tax incentive. Some examples include: The British Columbia Production Services Tax Credit, which can be used to claim back 28% of qualified BC labour expenditure; Ontario Film and Television Tax credit, offering 35% of qualified Ontario labour; and Quebec Film and Television Production Tax Credit, which grants 36% or 40% of qualified Quebec labour to French language and giant-screen films.

Investors

An increased demand for content around the globe is the key driver of investment in Canadian production, with financing primarily taking the form of pre-sales of distribution and broadcast rights to international buyers. Production facilities continue to be a strong investment, with studio space, production facilities and post production services attracting filmmakers from the US and further afield. In 2019/20, foreign investment in production was up 5% on the previous year, increasing to \$4.8 billion.

While Canadian content falls a long way short of investment through FLS in terms of market share, the value of Canadian content has grown substantially in international value over the last decade. Between 2010/11 and 2018/19, total foreign investment in production of Canadian content more than doubled – from \$337 million to \$693 million, and despite a slight decline due to the pandemic, foreign investment still accounted for 25% of the total financing for Canadian content production in 2020/21. *Schitt's Creek* is a great example of a Canadian success story, being a programme developed by and starring Canadians. Originally produced for the Canadian Broadcasting Corporation, the show was co-broadcast in Canada and the United States following a successful premier on CBC. The series was later picked up by Netflix and swept the Primetime Emmy Awards in 2020, winning 9 awards for its final season.



COLOMBIA

Americas Regional Coordinator at BDO, Luz Vazquez has vast experience working with regional start-ups and developing tech in a finance and advisory capacity. Working closely with TMT leaders in the LATAM region, and globally, Luz gives a refreshing view to the Film and TV industry in Colombia.



Overview

Since 2003, Colombia's Film and TV industry has been on an upwards trajectory, its growth supported by progressive legislation aimed at promoting national and international investment. In 2019, 371 films were produced in the region, including 45 local productions – this showcases the domestic talent now gaining global recognition and making the country a financially viable destination for international production companies such as ViacomCBS, Fox and Disney.

Following Covid-19, a thriving start-up community of production facilities and tech specialists delivering new animation and special effects techniques, along with rising streaming platforms, will continue to present opportunities for potential investors and incoming entrepreneurs looking to set up in the region.

The film and TV landscape

Supported by the growth of the hotel infrastructure, international production companies have found a destination in Colombia where the calibre of the audio-visual talent is matched by the quality of the diverse locations on offer.

The impact of Covid-19 on the Colombian film and TV landscape was significant, though not without virtue. With cinemas closed, the Colombian Fund for Cinematographic Development (FDC) was depleted without the lack of revenue from ticket sales, but overall, the pandemic did little to slow production. The Directorate of Audiovisuals, Cinema and Interactive Media certified 30 projects and 117 certificates were issued for \$5 million USD of investments and donations. Meanwhile, The Colombia Film Promotion Committee (CPFC) approved 17 projects that will open an investment of \$82 million and the creation of 1,987 jobs. \$1.1 million was also dedicated to the creation of digital content. Colombia has also benefitted from the shift towards online streaming with formats such as Netflix and Amazon Prime.



This migration to online viewing prompted an increase in the production of films and TV series for these platforms, many designed to cater for local audiences including an older, more tech-savvy generation and educational resources for children.

Focusing on cinema, Colombia Distribución currently counts 7.4 million viewers through its independent film divisions , though the film industry has yet to achieve real profitability. In this context, it's worth noting that 17 million viewers watched Colombian films illegally over the last two and a half years – presenting an indication of the potential audience and revenue achievable through a more formalised film distribution market.



The ecosystem

Based on rates of film production, Colombia lies third in the Latin American nation, behind Mexico and Brazil but has the most structured film promotion policies of the region and therefore the most developed film and TV industry.

Located between North and South America, Colombia also has a geographical advantage, with easy access to the North American, European, Asian and Latin American markets.

Given its rich diversity of towns, cities and landscapes, as well as races, cultures and climate, the possibility of simulating destinations beyond its borders makes it a versatile and economical shooting location.

The local film industry has also benefitted from Retina Latina , a free Latin American VOD platform and joint initiative between the audiovisual authorities of Bolivia, Ecuador, Mexico, Peru, Uruguay and Colombia. The website bypasses certain distribution issues giving many more people access to the diverse narratives of the region through films, shorts and documentaries.



Within the global marketplace, Colombia received unprecedented recognition in recent years with accolades at international film festivals from Cannes to Toronto as well as the Oscars.

Colombian TV series, with an emphasis on soap operas, are also being successfully exported, with audiences that include the Latin community in the US.

\$82 million

The Colombia Film Promotion Committee investment

1,987

New jobs created

7.4 million

Colombia Distribución views through its independent film divisions



Talent

The Colombian film industry brings together a new generation of young independent filmmakers alongside internationally recognised professionals in areas such as production, audiovisual arts, space and stage design and music. The quality of the film support in Bogota has been compared to that of the US. Meanwhile, schemes such as the 2019 Shooting 4K Workshop supported by Netflix aim to increase the size and skillset of the available talent pool.

Investors

Key investment opportunities in the region include audiovisual production operations and back office for cinema, TV and OTT, Viacom, Sony and HBO being prime examples.

There's also an increased demand for investment in the creation of audiovisual production (recording studios) and financial impetus into companies dedicated to sound and image post-production, which includes VFX, 3D, VR and AR.

Funding remains crucial to the success of the Colombian film and TV industry, but it has the talent to put it to good use. 'Killing Jesus' by Laura Mora is one example. With the support of the FDC, this autobiographical film was set in Medellín and features a Colombian cast. It premiered internationally and has won more than 12 awards. Killing Jesus has since been snapped up by HBO to stream in the US, Canada and Puerto Rico, and by LATAM Airlines as part of their in-flight movie selection. Meanwhile in the animation space, Encanto, the latest Disney creation set in the Colombian region, has been shortlisted for best animated film category at the 2022 Oscars.

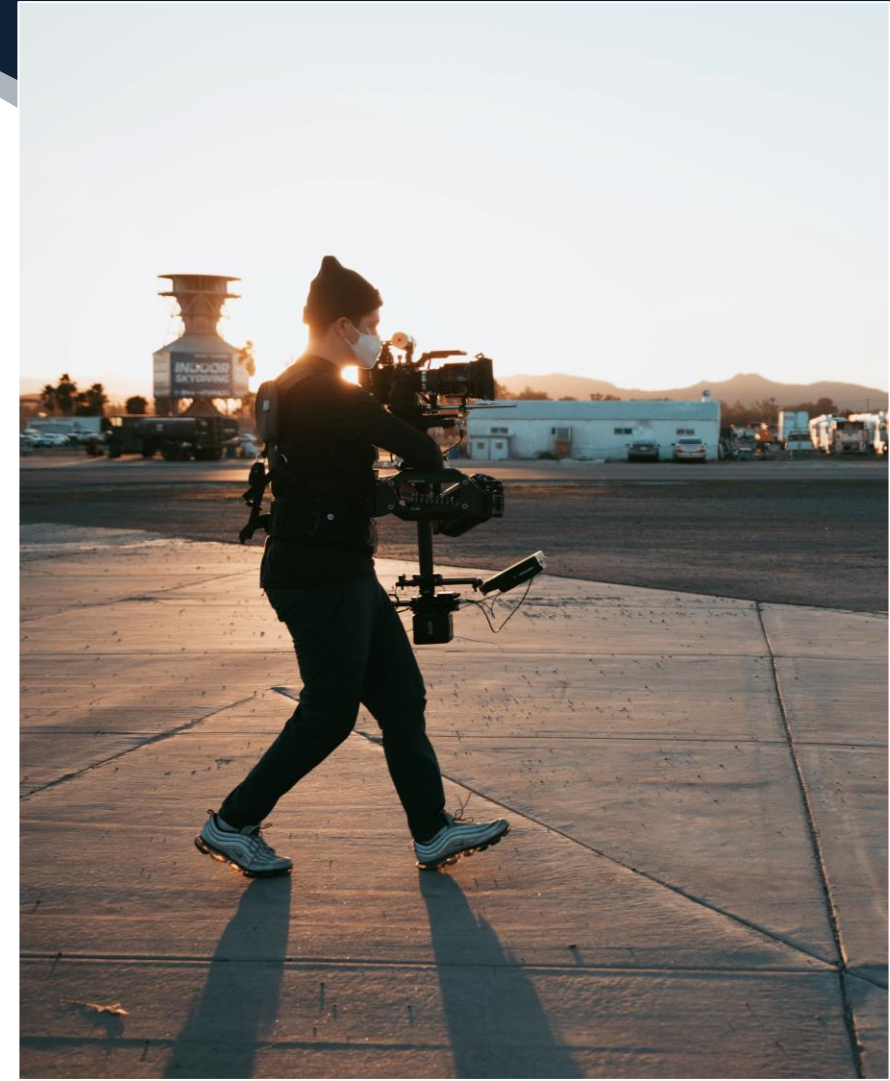


Government support and taxes

In addition to creating the National Council of Arts and Culture in Cinematography (CNACC) and the Colombia Film Promotion Committee (CPFC), chaired by the Ministry of Commerce, the Colombian government has been a robust supporter of the nation's film and TV industry. It offers a range of incentives for international production companies that hold pre-production, production, or post-production processes within the country.

The 814 Cinema Law of 2003 created the FDC and offers a tax deduction for donors and investors in Colombian film projects, taxpayers of income tax. They can deduct from their taxable base 125% of the value invested or donated (in case of donation there is a limit of 30% of the net income). The 1556 Colombia Film Law followed in 2012, along with the creation of the Colombian Film Fund. For those spending a minimum of USD 600,000 on local resources, this provides a cash rebate of up to 40% of the cost of film services, plus 20% of local expenses, such as hotels, for films partially or fully produced in Colombia. Its benefits were recently extended until 2032.

Another recent initiative is the Audiovisual Investment in Colombia Certificates (CINA), a 35% refund on a production company's local expenses provided as a certificate that can be sold to a local tax-paying citizen. It can also be traded on the stock exchange. The financial pot available is approximately \$53 million per annum with no cap per project. In the last four years, the total investments have reached more than \$898 billion through the 39 projects that have taken advantage of the scheme and generated more than 10,600 jobs.



GERMANY

Jane Evans is joint Head of Sector Centre for Technology, Media and Telecommunications at BDO Germany. Jane has more than 20 years' experience working on transactions and has worked extensively with companies in the technology, media and telecommunications industries, with a focus on mergers and acquisitions and financial advisory (debt and equity).



Overview

Germany has a rich history in film and TV, having contributed to the wider industry both artistically and through the development of new techniques and technologies. Film and TV play an important role both culturally and economically in Germany, with young German artists, creators and technicians continuing to pursue media-based careers, while international filmmakers look to the region as a prime production location and influence in the sector.

Now is an exciting time for the German market, as the nation's appetite for content and diversifying tastes inspire a new age of creativity and growth. The success of the German industry's response to the Covid-19 pandemic has seen the nation become an increasingly popular filming location for overseas productions, while the opportunities presented by growing streaming services present new avenues for artistic exploration.

The film and TV landscape

Germany has the largest media landscape in Europe, with a rich history in both film and TV production. The country's first production studio, Studio Babelsberg, was founded in 1912 just outside Berlin and remains one of Germany's biggest and most active, with blockbusters such as Matrix 4 and Uncharted recently filming there.

Germany's large population – the second biggest in Europe behind Russia – means there is significant audience for German-language films and TV shows, which are largely produced in Germany, as well as English-language productions. Two recent international successes were 'Bad Banks' (ZDF & Arte), which was nominated for Best Drama Series at the International Emmy Awards and the Netflix mini-series 'Unorthodox', which received an Emmy Award for Best Directing.



The film and TV industry is perceived as very important, both culturally and economically. There are more than 19,000 companies involved in the film production industry and over 70,000 employees. In 2018 the industry reported revenues of EUR 18.9 billion. From a cultural perspective, the Berlinale International Film Festival is one of the 'big three' film festivals alongside Cannes and Venice and attracts a number of high-profile premieres. The European Film Market (EFM) trade fair is held at the same time each year and is attended by around 10,000 international film and media industry representatives who come together to network and do business. As the first major film market of the year, the EFM acts as a barometer and pacesetter for the industry.

In terms of TV, Germany has a large consumer audience, with 38.5 million TV-owning households. As well as private channels, there are two public broadcasters, ARD and ZDF, which are the nation's most popular broadcasters, accounting for 14.7% and 13.4% of viewers respectively in December 2020. Like many nations, streaming services are rising in popularity in Germany, accelerated by the pandemic. Nearly half of all German households (20.43 million) have at least one SVoD subscription, with Amazon being the most popular.

19,000

companies involved in the film production industry

70,000

employees

38.5 million

TV-owning households

20.4 million

Households with SVoD subscription



The ecosystem

The German TV and film industries have certainly been stable in recent years – in 2019, it was the third leading feature film producer in Europe behind Italy and France. However, as the way people consume film and TV content continues to evolve, there is an opportunity for Germany to capitalise on the rising popularity of streaming services. From 2021 onwards, the European Union has decreed that 30% of streaming services catalogues need to be European productions. This has seen substantial investments into the EU film and TV industries in recent years, and thanks to its large audience share and existing production infrastructure Germany is a natural choice for companies looking to enter or grow their presence in the European market.



Germany's popularity as a filming location is growing, with the diverse landscape meaning it can be used to depict numerous locations. TV series Babylon Berlin used Berlin-based sets to depict the US, Paris, Mexico and Moscow, for example. Production companies can also take advantage of both creative and strong technical skills which are supported by film schools and technical institutes across the country.



Additionally, Germany has always been seen as a very attractive nation for start-ups, particularly Berlin, where a high proportion of TV and film companies are based and there's a thriving tech scene. This, coupled with a number of public funding programmes, provides a further draw for new companies looking for a base.

Another factor which positions Germany as a strong contender for future TV and film investment is the industry's strong response to the Covid-19 pandemic. Reports suggest that while lockdowns initially ground productions to a halt, thorough and clear regulations were swiftly put in place which enabled productions to restart quickly and with minimal interruptions. State- and federal-backed default funds also helped cover Covid-related losses. There's been a rise in productions coming over from the US, for example, as a result.

Talent

Germany has an ageing population – the number of people aged 65 and older is projected to grow by 41% to 24 million by 2050 – which is contributing to skills shortages across a number of industries, including film and TV. Production companies have spoken out about a lack of talent, with many launching their own training programmes to address the issue. Endemol Shine Germany has launched a new trainee programme, Constantin Film is launching a dual course of study and a programme to promote young talent and Leonine Studios is in talks with other production companies to start a training initiative in 2022.

The nation's film schools are also exploring new ways of nurturing and supporting future talent. The DFFB Berlin film school is updating the structure of its Next Wave professional training programme with applications open from February 2022.

In 2020, the International Filmfest Mannheim-Heidelberg (IFFMH) launched its new Cutting Edge Talent Camp to support young filmmakers from Germany and help give them a boost onto the international stage.



Government support and taxes

One of the huge advantages to producing films and/or TV programmes in Germany is the funding support and tax incentives available at federal, state and local level.

The German Federal Film Fund (DFFF) offers non-repayable grants for feature, documentary or animated films that are produced in Germany. In 2020, the DFFF approved 93 grants worth a total of EUR 37,060,872, plus a number of additional pandemic-related aid funding requests.

The Federal Government Commissioner for Culture and the Media offers a number of subsidies and prizes, while the German Federal Film Board (FFA) offers grants for film production funding under the German Film Subsidies Act, and the German Motion Picture Fund (GMPF) offers production funding for theatrical films and TV series worth up to EUR 15 million a year.

All these schemes require production to meet certain requirements regarding where the film is first released, and dubbing in German.

In addition to federal support, the majority of German states operate their own film and TV subsidy schemes, typically involving limited recourse loans to be repaid from the project's proceeds.

In May 2021, it was announced that the federal states of Berlin and Brandenburg are investing EUR 13 million annually to develop the region as a hub for digital film and TV production. The first investment is being made in Netflix's series 1899 due to be released in 2022.

While there are plenty of funding opportunities in Germany, the mix of federal and state funding can make it challenging for people to access exactly what they need. However, there is a lot of support available to help navigate the system and it's worth seeking help from local experts.

Investors

The range of funding options available means that the state is often the main investor in German-produced films and TV shows, especially those backed by public broadcasters. However, there are plenty of opportunities for private investors.

Germany has a stable government with very open and clear laws, which makes it very attractive from an investment point of view.



INDIA

Anita Somani, Partner, Audit & Assurance, India. Anita has more than 15 years' experience providing financial statement audit and accounting advisory services in India with a focus on global entities and large Indian conglomerates. She also works with clients across the technology, media and telecommunications (TMT) industries.



Overview

Indian cinema has a rich and traditional history, which has helped it maintain a strong presence on the global stage. However, the growing population and rising internet penetration has also created a multitude of opportunities within the digital content space, with rising demand for OTT content in particular.

Coupled with government support for production and a liberalised FDI system, there is plenty of opportunity for investors to get involved in this growing sector.

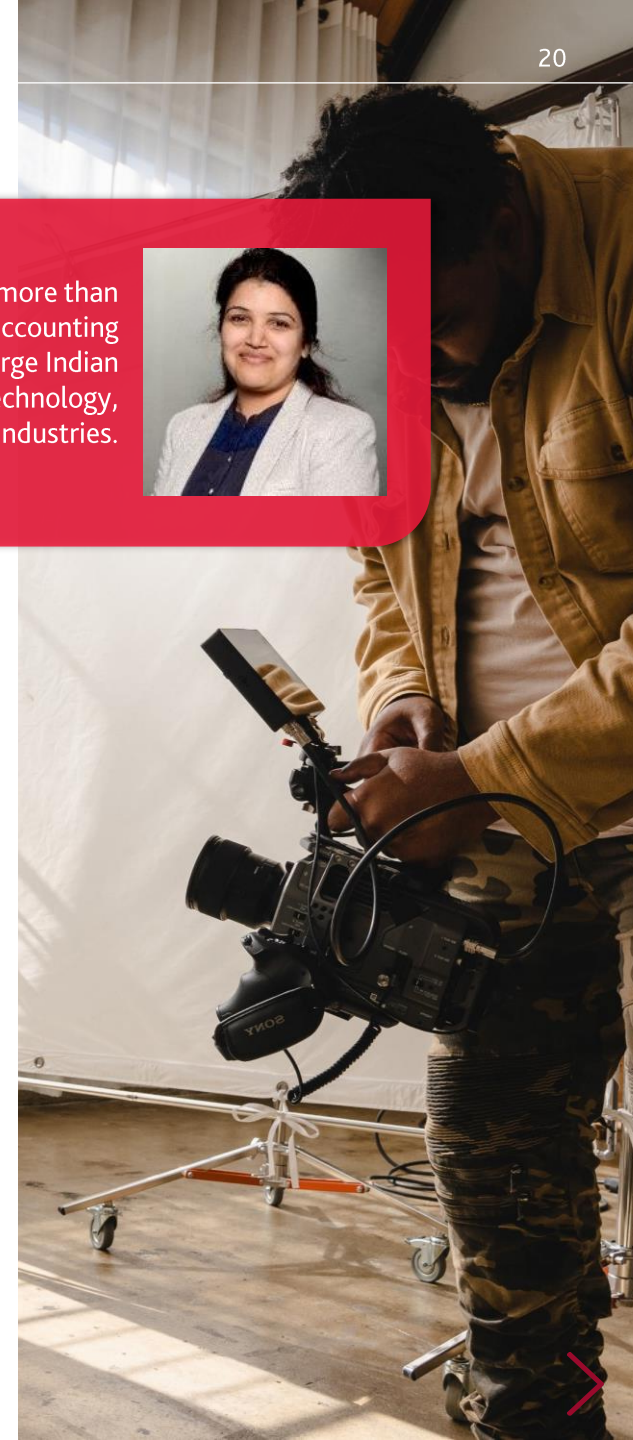
The film and TV landscape

India has a strong presence within both the film and TV industries. The nation has consistently been the world's largest producer of films since 2007, producing over 1,800 in 2018, and is also a leading consumer of films, selling the second highest number of tickets in 2020, behind only China.

In 2020, the value of the Indian film industry was around 183 billion Indian rupees, and while the Coronavirus pandemic is anticipated to have caused a significant dip in 2021, the industry is predicted to experience 196% growth in 2022.

Bollywood – Hindi cinema – is arguably the most well-known segment of the Indian film industry, accounting for 39% of box office revenue in 2020. However, the wealth of languages and cultures within India has led to the emergence of a number of regional film industries including Tollywood in West Bengal and Kollywood, the Tamil language film industry, based in Chennai. In 2020, films in languages other than Hindi or English accounted for 57% of box office takings, representing a significant rise from 41% the previous year and suggesting demand is rising.

In terms of TV, India has a vast audience, with a population of 1.38 billion. In 2019, there were 195 million TV owning households and this is expected to rise to 209 million by 2023. TV makes up the largest proportion of India's media and entertainment industry and is expected to account for 40% of the sector by 2024.



With a large millennial population and the second largest digital population in the world, India is primed to take advantage of the shift to OTT content. Invest India expects the television industry to grow at a compound annual growth rate (CAGR) of 14.7% over the next five years, thanks to strong projected rises in both advertisement and subscription revenues.

The Indian OTT streaming industry will be a significant contributor to this growth, with a report from CII and Boston Consulting Group predicting it will see revenue rising to USD 13-15 billion over the next ten years at a CAGR of 22-25%.



The ecosystem

The Indian M&E sector is expected to see 'impressive' growth in the coming years, reaching a value of \$30.6 billion by 2023.

There are a number of key factors which help India stand out from global competitors within the film and TV industries. One of the most significant is the size of the population and the appetite for media. The huge potential customer base combined with the sheer number of cinema screens means releases have the potential to recover their costs very quickly. There is also strong global demand for Indian films. Overseas box office revenue amounted to 16.7 billion Indian rupees in 2020 and, despite steep declines in 2021 due to the Covid-19 pandemic, is expected to reach 17.5 billion Indian rupees in 2022.

Secondly, India is strides ahead of other nations in terms of connectivity. Mobile data is significantly more affordable than in the UK and US, for example, and internet penetration stands at 795 million users. This has led to conditions where digital content can thrive. In 2020, 28 million Indians (rising from 10.5 million in 2019) paid for 53 million OTT subscriptions, leading to a 49% growth in digital subscription revenues. This has largely been driven by Disney+ Hotstar which put the IPL behind a paywall, however, there have also been significant content investments from Amazon and Netflix as they look to grow market share. For example, in September 2021, Netflix India signed a multi-year agreement with Excel Entertainment to strengthen its original series share in India. There are currently more than 40 OTT providers in India, including a growing number of homegrown, regional providers catering to different language demands.

Talent

Talent is plentiful in India – for both on and offscreen roles. In 2019, over 2.7 million people were employed by the TV, film and online video service industries.

The growth of self-created content via channels such as YouTube has helped many people get a start in the industry after rising to public attention.

BAFTA Breakthrough India was launched in 2020, to support emerging talent within the film and TV industries. The programme, which is supported by Netflix, offers a group of individuals working in Indian film, games and television the chance to receive mentoring and guidance over the course of a year, as well as giving them access to BAFTA events, facilitating introductions and helping with career development.

2.7 million

People employed by the TV in 2019



Government support and taxes

India provides various support schemes and tax relief measures for film production, available to both local and global filmmakers, at a state level. Currently, 18 states are providing incentives, including Goa, Assam, Kerala and Tamil Nadu.

Incentives on offer range from tax exemptions for single-screen theatres, tax breaks for patriotic themed films, exemption/concessions on Entertainment Tax for regional language films, cash subsidies, prizes for award-winning films and reimbursement of the state's share of GST collections on ticket sales.

The Ministry of Information & Broadcasting has established the national Film Facilitation Office (FFO) to act as a single window clearance and facilitation mechanism to make filming in India easier for both domestic and global producers and production companies and promote a film-friendly ecosystem.

More information on the specific support available in each state can be found on the Film Facilitation Office [website](#).

Investors

With India's M&E sector poised for continued growth, there are plenty of opportunities for investment and a number of ways to enter the industry.

To support growth, the government has liberalised foreign direct investment (FDI) in various segments. FDI in direct-to-home satellite and digital cable networks has been raised from 74% to 100%, while FDI in films is also 100% through the automatic route.

India is also very open to people establishing their own businesses in the country, and both big and small companies have found success in recent years. There are opportunities for new channels and platforms to meet growing digital demand, as well as demand for original content.

M&A activity in India is strong, and the film and TV sector is no exception. The Disney and Star merger in 2019 resulted in Disney+ Hotstar, while Sony and Zee have recently signed a definitive agreement to merger which looks set to have a significant impact on the sector.



Aaron Yamada is Tax Partner at BDO L.A. Having worked in video and entertainment for 21 years, Aaron is an expert in industry-specific tax regulations, with a deep knowledge of how to advise and facilitate new and growing businesses in the film and media space. Aaron's client base currently spans across the media industry, including talent agencies, production houses and technology clients working in visual effects and animation.



Arno Engelbrecht is a Senior Audit Manager at BDO L.A. A qualified chartered surveyor with 14 years' experience, Arno works with a wide spectrum of clients in the media and entertainment industry, from production companies and talent representation to visual effects and technology services, supporting business growth through the development of thorough and effective financial statement audit approaches.



Overview

L.A. is home to the oldest film industry in the world, and also the largest film industry in terms of revenue. From Hollywood Studios and Warner Bros to Sony Studios and Disney, L.A. is a world-renowned breeding ground for film talent, with independent contribution to the sector growing year-on-year.

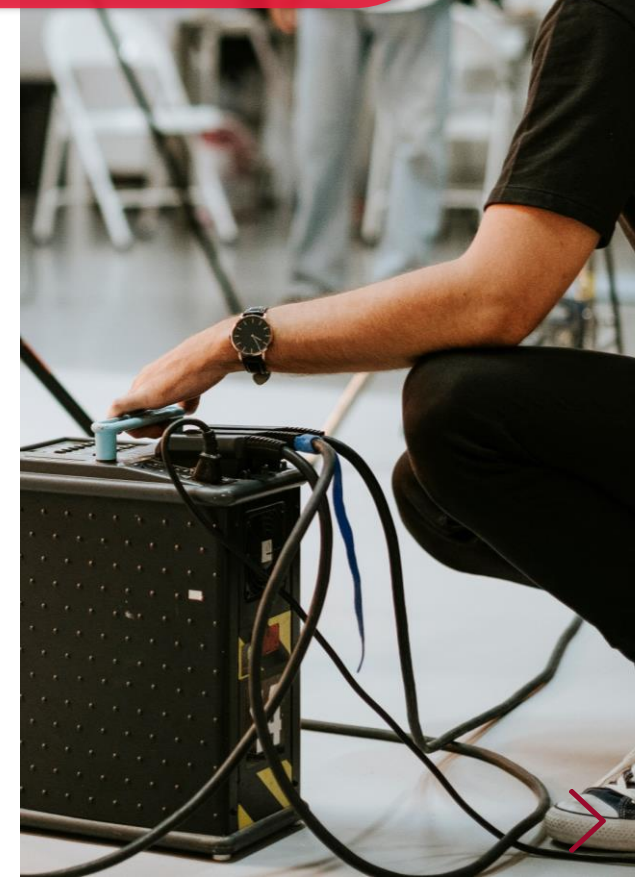
BDO L.A. has seen a real boom in the entertainment space in the last decade, kicking off with the more traditional business models such as production houses and distribution businesses, and expanding rapidly with additional ancillary services bolstering the industry.

Today, the spectrum of media-and-entertainment-based business is broader than ever, with specialist facilities in everything from visual effects and animation, to streaming rights and translation services looking to capitalise on their niche offering.

The film and TV landscape

After a slow start to the year, film production in Greater Los Angeles surged in the second half of 2021, with on-location filming reaching an all-time quarterly record of 10,780 shoot days in the fourth quarter (October-December). According to reports by FilmLA, the category of production to suffer the greatest impact from the pandemic was local Feature Films, which finished the 19.2% below the pre-Covid average shoot days. Select local features in 2021 included Jordan Peele's *Salt Snake* as well as four Netflix films – *Me Time*, *Your Place or Mine*, *The Gray Man*, and an untitled Jonah Hill project. Independent films included *He Went That Way*, *Way Down Bundy* and *Wild Chickens*.

Elsewhere, commercial production, documentary and music and industrial videos fared better across the year as a whole. However, the greatest success for regional production was in the television category, which achieved a record 18,560 shoot days in 2021, besting its previous record by 18%. Within the subcategories for television, TV drama was the most in demand, seeing a 23.8% increase from the annual pre-COVID average.



Reality TV also had huge success in 2021, growing by 129.8% as networks and streaming platforms looked for additional content to fill their schedules.

Notable local dramas shot in the last quarter of 2021 include All American (The CW), Promised Land (ABC), Snowfall (FX), Euphoria (HBO), Bel Air (Peacock) and The Flight Attendant (HBO Max).



The ecosystem

Hollywood supports more than 2 million jobs and 400,000 American businesses. Even before Covid-19, however, the film industry was undergoing significant change, as advances in technology transform the way film and TV is produced, distributed and consumed.

The film and TV business model in L.A. is moving from third-party distribution and single-ticket sales towards owned distribution and recurring revenue. This is apparent in the rapid growth of streaming and on-demand services, where recurring subscriptions produce a sustained value stream. Media companies no longer need to optimise releases for fixed schedules – primetime TV slots are continuing to decline in value as a result. Instead, focus is on increased engagement and user retention as the user demand for quality content grows.

Today, the streaming and on-demand subscription model delivers TV and film directly to the consumer. Studios are increasingly giving exclusive rights to streaming services for big movie releases, including blockbuster films. Indeed, 2021 saw Warner Bros. Pictures release all of its films directly on HBO Max. This is having a significant impact on footfall in movie theatres, while further increasing smaller studios' reliance on alternative platforms to fund and promote independent releases. Industry experts predict that cinemas will be reserved for more dedicated, niche audiences post-Covid, rather than being the first point of release.



Another significant impact of the streaming revolution is the added competition from overseas content, as witness in the recent successes of French mystery thriller series Lupin and Korean survival drama Squid Game. As the TV and film distribution process becomes increasingly digitised, L.A. – along with the worldwide film and TV industries – can expect to see greater foreign competition as long as the international content fits within popular genres.

2 million

Jobs supported by
Hollywood

400,000

American film and tv businesses
supported by Hollywood

129,8%

Growth of Reality TV
in 2021



Government support and taxes

The California Film Commission runs the Film & Television Tax Credit Program, providing tax credits for qualified productions that are produced in California. This includes TV projects, relocating TV, indie features, and non-indie features. Using this credit scheme, filmmakers can recuperate up to 25% of their spending up to the first \$100 million USD.

In 2021 it was announced that an extra \$330 million would be added to the 2022-2023 budget. This investment is set to incentivise filming within the state, where limited tax credits have seen productions retreating to film in cheaper jurisdictions such as Georgia and Canada. The added investment will also go toward increased training opportunities with a particular emphasis on diversity and inclusion within the industry.

Talent

As the world's biggest producer of TV and film, L.A. has always been a huge attraction for new and emerging talent in all areas of the industry. New Filmmakers LA (NFMLA) is the area's most recognised organisation, dedicated to harnessing new talent and helping to connect emerging filmmakers with industry professionals. A non-profit organisation, NFMLA provides a variety of opportunities, including an array of annual programs, workshops, panels, competitions, and learning and networking opportunities.

Some of their partners include the Producer's Guild of America (PGA), International Documentary Association (IDA), Sundance Institute, Toronto International Film Festival (TIFF), Film Independent, Women in Film, Disney, Sony, DreamWorks, The Hollywood Foreign Press Association (HFPA | Golden Globes), NBC Universal, Legendary, The Academy of Motion Picture Arts and Sciences (AMPAS | Oscars), HBO, Netflix, USC, TheWrap, UCLA, MovieMaker Magazine, Variety Magazine, FilmLA, NALIP, the City of Los Angeles, foreign consulates, and more.

Investors

Covid-19 has shaken up the investment landscape in L.A. While large production houses such as Sony and Universal Pictures continue to lead the way in terms of secure financing, smaller production companies who might have previously turned to banks for funding new or pilot projects may now find themselves at a dead end – the risks associated with filming having increased dramatically during the pandemic.

As mentioned above, the California State government has doubled its investment in local film and TV production for the next two years, from 2022-2023, in the hope of bridging this gap and attracting more independent investors to the region.

International investors are also showing an increased interest in the L.A. film and TV landscape, as new streaming trends pave the way for future opportunities and partnerships with overseas investors.



NORWAY

BDO Partner Norunn Byrkjeland, is based in our Oslo office, specialising in auditing and assurance within Norway's growing film and TV industry. Norunn has over 40-years' experience working closely with both film and TV production companies, and is now a leading figure within BDO Norway, supporting and advising companies of all shapes and sizes to realise their growth potential.



Overview

The last ten years has been a steady period of growth for Norway's film and TV industries. In 2018 (the sector's last review before the pandemic), Norway enjoyed a healthy 7% growth on the previous year, with film, video, and TV industry revenue amounting to roughly 8.7 billion Norwegian kroner (\$1.36 billion USD).

Market share for local films had also hit a record high of 25.2%, supported by a long awaited update to the Norwegian Film Institute (NFI) incentives, which offered a sum of \$35m (nok295m) to feature films in 2018, including grants and funds for commissioner-led development and production support, co-productions, slate funding and the launch of the New Paths talent scheme. In a post-pandemic world, growth is very much expected to continue, if not accelerate, as the industry develops and expands in line with new investment opportunities and public appetite for content.

The film and TV landscape

The most significant area of change in Norway's film and TV industry is in the upward mobility of smaller production companies. In Norway, the film and TV industry has always been made up of satellites of small production companies looking to grow, merge or sell. This used to be a huge challenge.

However, in the last couple of years the appetite for content has trebled and the big production houses are hungrier than ever to find and invest in good quality content. It is thanks to this that Norway's smaller companies are not only growing, but are even finding opportunities to be commissioned or bought out by international figureheads such as Warner and Netflix. Already, Norway is a recognised producer of popular Nordic series, with Home by Christmas, cult comedy Norsemen and political thriller Occupied just a few examples of programmes that have either been commissioned or picked up by Netflix in the past year.



Closer to home, Scandinavia's Nordic Entertainment Group (NENT) is also giving rise to a wealth of new commissioning opportunities. It launched its Viaplay streaming service in the US at the end of 2021, as well as announcing expansion into five new markets - UK, Canada, Germany, Austria and Switzerland - by the end of 2023, with the aim of locking in 12 million subscribers by 2025.

On the ground, Norway is also an increasingly popular international filming destination, with the West Cape plateau appearing in Denis Villeneuve's long-awaited re-boot Dune, while the Atlantic Ocean Road hosted a James Bond car chase in the latest instalment, No Time to Die. This trend has opened up further opportunities for investments in filming infrastructure, raising awareness of Norway as a desirable filming location and attracting new talent to the region.



The ecosystem

While the film and TV industry is in no way Norway's largest source of output, it is undoubtedly a sector that has seen significant growth over the last decade. This is largely due to advances in technology, with the rise of worldwide streaming services continuing to make international markets more accessible. The region is now selling more on the international market than it ever has in the past.

Historically, Norway has a very good relationship with other Scandinavian countries, Finland, Sweden and Denmark have always been a solid market for selling film and TV content from the region. Europe was always the next biggest market, however that could soon be set to change as the region's streaming services become available in the US, Canada and UK.

NENT is currently one of the world's fastest growing streaming groups, accelerated by investments in new market launches, premium sports rights and original content, which have increased both revenue and market growth potential. This expansion was fully funded by a \$510.6 million USD equity raise from an investment bank in February 2021.

Investors

From an investment perspective, there's a lot of movement and lot of opportunity in the Norwegian film and TV sector. Investors in the space are eager to put money into local producers and content creators, buying part shares in lots of smaller companies to form diverse groups that span across a range of scripted and non-scripted genres.

Egmont Group are the most notable investor in the film productions space, having acquired a number of small production houses including Nordisk Film, Maipo and Fantefilm. On the television side, Fremantle Group recently agreed to buy 12 NENT Studios production labels across non-scripted and factual businesses including, Rakett, Strix TV and Monster, broadening its scope for distribution through streaming platform Viaplay. Beta Film also bought a 51% share in Cinenord AS in March 2011, giving access to Film and TV series productions such as Atlantic Crossing.



Government support and taxes

Norwegian film and TV companies are hugely reliant on government grants. NFI is the primary film financing body in Norway, operating under the Royal Norwegian Ministry of Culture. The NFI have a lot of resources to give out to all types of media production companies at various stages of the production journey, with funds available for the development and production of feature films, TV drama, documentaries and games. However, demand for these resources is becoming increasingly competitive.

In 2017, the NFI received 428 applications for development funding and was able to support 173 of these projects, allocating a total of \$6.6 million USD in development support. Meanwhile, of the 347 application for production support, 86 were accepted. These received a total of \$24.6 million USD. Further funds were also available for promotion both in Norway and abroad. When considering allocation per format, feature films continue to get the largest portion of funding (as has been the case since the institute's inception).

However, over the last ten years, the split has gradually started to diversify, with drama series, documentaries and interactive games seeing the largest increase in allocated funding. This is reflective of widely diversifying trends in the way people consume content, and is expected to even out further in the coming years.



Talent

Norway recognises the need to nurture and cultivate new talent in the media and creative sectors and has in place an increasing number of talent programmes to support this venture in line with industry growth.

The NFI's talent scheme, New Paths Norway, is one such programme, offering support specifically for production companies whose projects are helping either to develop new methods of filmmaking, or upskilling artistic talent.

300

Projects supported by The Nordic Culture Fund

\$5.6 million

The Nordic Culture Fund budget

The Nordic Culture Fund is likewise working to support projects of creative and cultural quality. The grant currently holds a total budget of \$5.6 million USD and supports up to 300 projects a year. In 2022, the new Globus Opstart scheme will launch, placing a new focus on international communication and sharing content across borders. The Globus scheme will allow individuals or groups to apply for up to \$7.7k USD per project, with all projects required to demonstrate how they intend to create global relevance for the Nordic region through their work.



SOUTH AFRICA

Overview

The South African film and TV industry offers a fully integrated value chain from pre-production, production and post-production right through to distribution. Activity is localised to three major hubs: Gauteng, Cape Town, Kwazulu-Natal and Cape Town. These hubs account for about 90% of all productions and film business in the region and have led to the development of conducive film ecosystems around Cape Town, Gauteng and Kwazulu-Natal, with emerging locations in the Eastern Cape and Limpopo.

With a choice of diverse locations across the continent, 300 hours of sunshine per month between October and March and already established world-class facilities, South Africa offers a cost competitive film location with much unrealised opportunity for growth and investment.

Fayaz Mohamed is a Partner at BDO South Africa. Based in Cape Town, Fayaz is a member of the BDO Global group of Next Generation Leaders working to develop value-added initiatives to drive the ongoing development of BDO's global subsectors, including film and media.



The film and TV landscape

South Africa's (SA) film and TV industry was hit hard by the pandemic – the sector's contribution to the nation's economy shrank by 59% between 2019 and 2021 according to The National Film and Video Foundation's (NFVF) economic impact assessment. The total number of full time jobs created or sustained by activity in the film industry likewise plummeted to 12,775 in 2020/21, down from 31,444 in 2019/2021.

However, the pandemic has also provided certain opportunities in the form of streaming. In September 2021, global streaming service Netflix formed a partnership with Tourism SA to launch the Made in South Africa content collection. This is a collection featuring over 80 South African films, series, documentaries and reality TV shows created by and starring regional talent, including shows and films such as My Octopus Teacher, Blood and Water and Kings of Joburg. The collection will be accessible to Netflix's 209 million-plus subscribers from over 190 countries, drawing new attention to the SA region.



The ecosystem

While South Africa remains a premium and cost-effective destination for global film producers in terms of location and cost effectiveness, there is a distinct lack of development of local content. This is generally down to a lack of clear policy and regulation in the sector when it comes to stakeholders, contractual obligations and remuneration in terms of royalties. Rectifying this will be a key focus in the coming years in order for the SA film and TV sector to realise its full potential.

Looking at Africa more broadly, Nigeria is a leader in terms of developing original film and TV content. Whereas previously the country produced thousands of films characterised by traditional African plots, recent productions have demonstrated improved storytelling, scriptwriting, cinematography and film direction. This has attracted local and international audiences, and increased box office returns. Indeed 'Nollywood' is now the largest film industry in Africa and trails only Hollywood and Bollywood, averaging around 2500 films a year. According to research by Accenture, between 2015-2018, Nigeria invested \$428 million into the industry by commissioning local content and building production infrastructure for its DStv, GOtv, SuperSport and Africa Magic.

Investors

As a developing industry for film and TV, SA offers a number of exciting opportunities for young emerging filmmakers, production houses and technology developers to enter and thrive.

Opportunities across the value chain include film concept development, film product packaging and distribution, private equity financing, pre- and post-production management and market services. Development of feature films and documentaries is currently the largest segment in the local film industry. Animation is the smallest, but this only offers further scope for new technology and skills to unlock significant growth in the future.

Consultancy and training services provision for business and skills development programmes to support emerging filmmakers over coming year, meanwhile specialised studio spaces provide continued opportunities for foreign filmmakers to take advantage of cost-effective production services, utilising the world class facilities and competitive capabilities of SAs growing film and TV industry.



Government support and taxes

The South African Government via The Department of Trade and Industry (DTI) offers a package of incentives to promote its film production and post-production industry. The incentives consist of:

Foreign Film and TV Production and Post-Production Incentive: designed to encourage and attract large budget films and television productions, and post-production work that will contribute towards employment creation, plus enhancement of international profile. This incentive provides up to 25% of Qualifying South African Production Expenditure (QSAPE), with a cap of R50 million.

SA Film & TV Production and Co-production: offering a rebate of up to 40% QSAPE to contribute toward the making of official co-production that supports employment opportunities in the region.

SA Film and TV Production Incentive: contributes up to 35% QSAPE for eligible productions hiring at least 30% of black SA citizens at HOD level, supporting employment and skills development opportunities.

The Emerging Black Filmmakers Incentive: offers a rebate of 50% on the QSAPE for SA black-owned productions and documentaries with aim of supporting emerging black filmmakers.

Investors

On a national scale, the NFVF provides specific funding for national bursaries, international bursaries and grants to organisations that offer training and development programmes related to the audio-visual industry. National bursaries are awarded as a non-repayable grant based on merit and/or financial need, enabling young talent to be covered for 100% of the tuitions fees for education relating to film or media at an SA institution. International bursaries are also awarded as a means of addressing the skill gap in the SA film industry. This government-funded bursary awards four students with fully-funded education for a two-year period of study in any film or media related programme not offered at an SA university. The NFVF also offers four SEDIBA aimed at emerging and experienced filmmakers in the areas of scriptwriting and producing.

In addition there are a number of local hubs that have various bodies responsible for production and development within regions. These bodies also offer funding and incentives to promote and develop the industry more broadly. The Gauteng Film Commission is just one example of a programme that looks to probe both skills development and project funding for emerging filmmakers in Gauteng.



THE NETHERLANDS

Maarten Kuil is an M&A growth specialist in the digital media and technology space. With over 25 years' experience in M&A strategy, value creation, venture capital and growth financing, Maarten now leads the growing film and TV advisory arm in BDO Netherlands.



Overview

Demand for entertainment and media in Netherlands has never been greater. The spread of ever-faster broadband services to home and mobile devices means consumers can enjoy an array of digital services at any time or place.

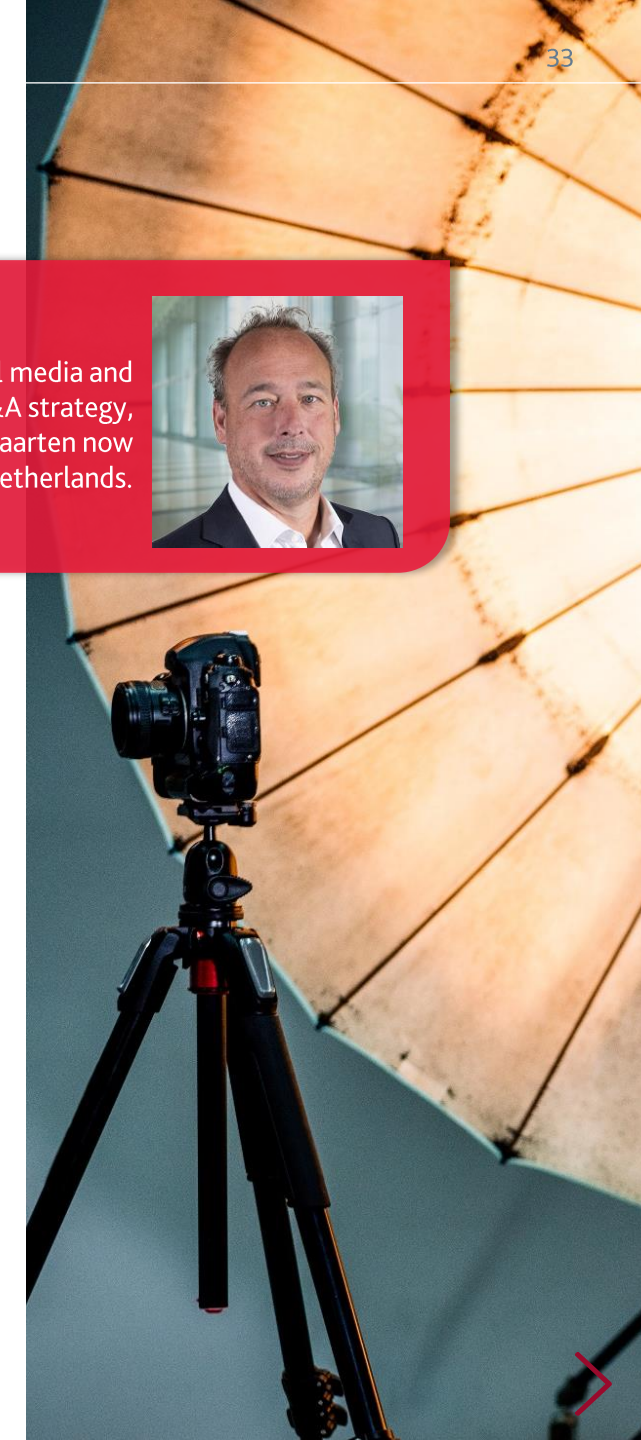
Companies from across the telecoms, media and technology landscape are ramping up investments in TV shows, series, short videos and movies to compete for the attention of both global and local audiences, while video games, podcasts, live events, e-sports and other, newer forms of entertainment and media continue to grow in popularity.

The film and TV landscape

Dutch consumers' spending on digital media has doubled in the last 4 years to \$1.8 billion USD (2018) and is expecting to rise by another 30% in the next 5 years, surpassing the \$2.2 billion mark. This growth is being driven by advances in technology, streaming and fast-improving broadband services enabling consumers to consume media on the go.

Within the Dutch ecosystem, established production companies recognise the growing power of tech giants like Netflix, HBO and YouTube. This has recently inspired the merge of Dutch media network RTL Nederland with the Talpa TV Network. The merger is a strategic move, made in view of strengthening the RTL-owned video streaming service Videoland, whose main competitor is Netflix. From January to September 2021, paying subscribers for RTL Group's RTL+ and Videoland were up 90% to 3.4 million.

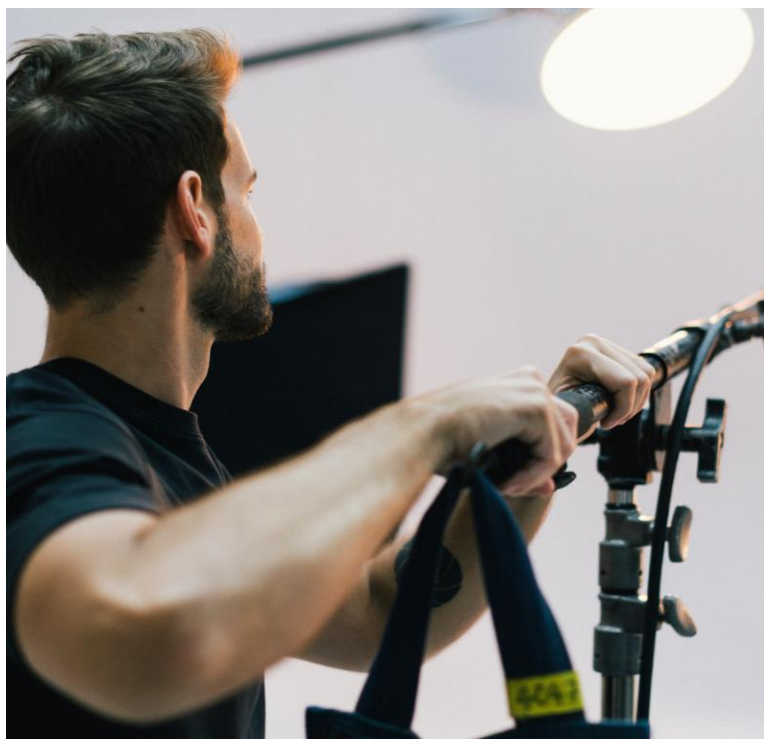
Personalisation is another growing trend in the television landscape, with Dutch advertising through VOD services becoming increasingly able to target individual consumers.



The ecosystem

The Dutch-language film is a fairly small industry producing just 20 films a year. However, the production service side of the industry is strong, offering Dutch talent and facilities to foreign filmmakers looking to produce content in the region.

TV formats are an important export product for the Dutch Media producers. Blockbusters like Big Brother and The Voice originated from Holland and are now global franchises, ear-marking The Netherlands a great test market for new formats with limited risks due to the size and a critical TV population; "If it succeeds in The Netherlands, it will succeed everywhere".



Talent

The Netherlands has a number of talent schemes set up to help nurture young creative talent in the region and inspire the next generation of Dutch filmmakers.

These are offered through national creative agencies, Filmfond and Mediafond. DeltaPlan is the most recent development fund, run in collaboration with Public Broadcasting and CoBo to give young content makers the opportunity to gain experience across a range of different genres including short films, drama, documentaries and feature-length productions, and take steps to develop their artist skills for future employment.

The Netherlands Film Festival is another huge champion for creative talent – an annual ten-day festival celebrating the best new films, documentaries and shorts from emerging filmmakers. The festival also has an education arm, taking tv and film skills workshops into both primary and secondary schools across the Netherlands.

Government support and taxes

Filmfond and Mediafond are the dedicated national agencies responsible for supporting film and TV production in the region with a focus on strengthening film culture both domestically and internationally. Both agencies offer a number of grants and funding schemes, supporting creatives in both industries along with providing a network for filmmakers to access potential funds from investors.

The Netherlands Film Production Incentive is the largest grant scheme in the region, aimed primarily at Dutch filmmakers and productions. Run through Filmfond, the incentive offers a cash subsidiary for qualifying Dutch production costs – for feature films, longform documentaries and animated projected for cinematic release. Applications can also be made for international co-productions to obtain grants up to 35% for film productions and 30% for high-end TV-series on eligible production costs.



Talent

The Netherlands' Film and TV industry first became a major focus in 1996 when Dutch-based media company Endemol B.V. went public. Endemol B.V. later merged with Elisabeth Murdoch's UK-based Shine Group to become Endemol Shine Group in 2015. In 2018 the group had 700 productions on air across 270 platforms and channels, including programmes such as Big Brother, Peaky Blinders, Black Mirror and Grantchester.

From March 2019 to July 2020 the business was jointly owned by The Walt Disney Company and Apollo Global Management, when it was acquired by French company Banijay for \$2.2 billion.

700

Productions

270

platforms

\$2.2 billion

Endemol Shine Group's price paid by
French company Banijay

Holland is considered a strong test market for new formats. This means that while foreign export in the form of locally produced content may not be huge, investors can find significant potential in the business of testing and marketing new pilots in mind of wider distribution.



UNITED KINGDOM

Peter Smithson works as an Audit Partner within the technology and media team at BDO in London. He's worked with media companies of all shapes and sizes for over 20 years, including those in marketing services, publishing and media. Today he focuses firmly on film and TV, with the aim of developing the BDO client base and helping companies develop, diversify and thrive in a fast-changing sector.



Overview

The UK's film and TV industry is growing to a level that hasn't been reached for a very long time. It's one of the sectors that's found opportunities to thrive through the pandemic, owing greatly to the so-called 'war for content'. Demand has increased massively, which has in turn impacted on the ways companies are creating content, and the willingness of investors to buy into that content.

The industry is more diversified than ever, with people consuming content in all manner of different ways on an ever-growing variety of platforms and devices. From feature films and real-life documentaries, to animations and adverts, companies have never had more opportunity to expand their offering, invest in new infrastructure and consolidate their presence in the marketplace.

The film and TV landscape

Recently-published British Film Institute (BFI) statistics reveal a \$1.7bn spend for film and high-end TV in the final quarter of 2020 – the second highest three-month spend on record. This marks a dramatic recovery for the industry post-Covid, having already returned to pre-pandemic levels of growth.

In the 18 months following the UK's first lockdown in March 2020, many productions were forced to halt as studios and live events closed. However, at the same time, demand for video content surged, with UK streaming subscriptions rising by 50% during 2020, reaching a total of 31 million homes paying for services.

This forced production companies to rethink their business strategies and formulate new ways to create and capitalise on their content. For many this meant diversifying their offering, branching out into new types of content, or otherwise, testing new ways of getting that content to the viewer. For others this meant consolidating their approach to focus on a particular market niche.



The rise of streaming services played a big part in this, with the likes of Netflix and Amazon swooping in to buy or commission content from smaller companies, while new platforms like BritBox, Discovery+ and Showtime offer new destinations to host genre specific content.

From an infrastructure perspective, this surge in demand has resulted in new investments in studio space. Now that restrictions on filming have been lifted, Netflix and Amazon are each developing their own UK-based studios, increasing production potential, while driving a new demand for talent in the region.



The ecosystem

As one of the most influential regions in the film and TV industries, the UK has always had a strong foothold in the international market, with the primary focus for sales and investment being in the US. Continued interest from international investors is apparent in recent decisions from media entertainment giants Amazon and Netflix, who are each currently building their own big studios in Surrey and Enfield respectively.

For the UK, the biggest challenge going forward will be keeping up with demand, as well as continuing to produce high quality content that's transferrable and relevant within an increasingly competitive market. To do this, UK film companies need to consider not just the production itself, but the broader opportunities around packaging that content.

Top Gear and The Great British Bake-Off are great examples of this, having not only captured international interest but created recognisable brands that help to capitalise on and exploit content for a worldwide audience.



Of the \$1.87bn total UK spend on feature film production in 2020, \$1.69bn (91%) was generated by inward investment films.

Meanwhile, UK studio-backed films (including those partly financed and controlled by US studios but featuring UK cast, crew, locations, facilities, post-production and often UK source material) shared 7% of the worldwide box office in 2020.

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total UK spend on film production

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of the worldwide box office in 2020.



Talent

There is fierce competition for talent in the UK. Attracting and retaining good quality talent, both in the service side of the industry as well as creative, is a huge challenge owing to the amount of content that needs to be produced. Growth in the film workforce has been driven by hunger for content, seeing the production sector workforce increase by 78% between 2010 and 2019, with an estimated 84,000 people working in the film industry by the end of the decade.

78%

production sector workforce increase between 2019 and 2020

84,000

people working in the film industry by the end of the decade

The UK is renowned for its investment in new skills and training. The BFI has a number of ongoing schemes to support the UK talent pool, including Screen Skills and Future Talent, which along with publicly-funded support programmes in association with the British Council, BBC and Channel 4 continue to put huge investment into ensuring the pipeline of UK talent is diverse and well supplied. International organisations such as BAFTA and the NFTS also work to support the development of new talent.

Where the UK talent pool fails to meet demand, outsourcing post-production to talent overseas is becoming increasingly easier owing to advances in data sharing and digital communications.



Government support and taxes

The UK government is supportive of the region's film and TV industries with a number of tax incentives in place including the Film Relief Tax Relief (FTR) and High-end Television Tax Relief (HETV). As of August 2020, a total of 300 British films completed in 2019-20 claimed FTR, with UK expenditure of \$3.4 billion. HETV was claimed by 110 British productions completed in the 2019-20 period, with an expenditure of \$2.0 billion.

In recognition of the challenges faced by the film and TV sectors during the pandemic, an additional fund was set up by the UK government in 2021. The one-year pilot of the Global Screen Fund, worth \$9.8m, is designed to boost international development and distribution opportunities for the UK's independent screen sector, supporting film, TV, documentary, animation and interactive narrative games content.

There are also tax incentives for businesses willing to build infrastructure in the UK's developing regions; Northern Powerhouse Investment Fund (NPIF), Local Enterprise Partnerships (LEP) and programmes specific to Scotland, Wales and Northern Ireland all provide further access to funding and tax reliefs, and have already prompted the opening of BBC locations in Manchester and the new Channel Four national headquarters in Leeds.

The UK government offers generous tax relief schemes for foreign businesses looking to set up in the UK, including R&D Tax Relief and R&D Expenditure Credit, as well as government-backed venture capital financing options such as the Enterprise Investment Scheme (EIS) and the Seed Enterprise Investment Scheme (SEIS), which offer private investors significant tax breaks when they invest in early-stage companies.


Investors

There's not a significant amount of funding in the UK film and TV space when compared to the wider media industry, however UK companies are of increasing interest to US investment banks and private investors. Historically, film and TV has been considered a fairly high-risk investment, with profitability being highly dependent on how big releases perform and constantly changing trends.

However, the streaming revolution has made the finances of content companies far more predictable – buying all the rights to projects up front making return on investment (ROI) more dependable. This has seen investors become increasingly open to buying into early-stage companies, investing at the growth stage in the view of making long-term gains.

This is particularly true if those early enterprises are associated with already established film producers, directors or creators, whose accolades provide some form of loose guarantee of ROI.



The background of the slide features a close-up, shallow depth-of-field photograph of several film reels. Some reels are in sharp focus, showing the intricate sprocket holes and the texture of the film strips. Other reels are blurred in the background. A prominent, solid red vertical bar runs down the center of the image, partially obscured by a semi-transparent blue rectangular area that contains the text.

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