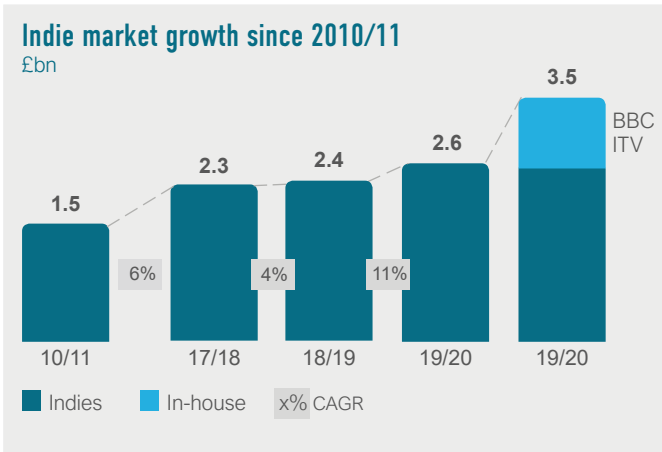


CIL BROADCAST INDIE SURVEY REVIEW 2020

While last year seems a lifetime away, CIL's 2020 Broadcast Indie Survey review shows strong growth in regional spend, a resurgence in genres other than drama and rising international investment.

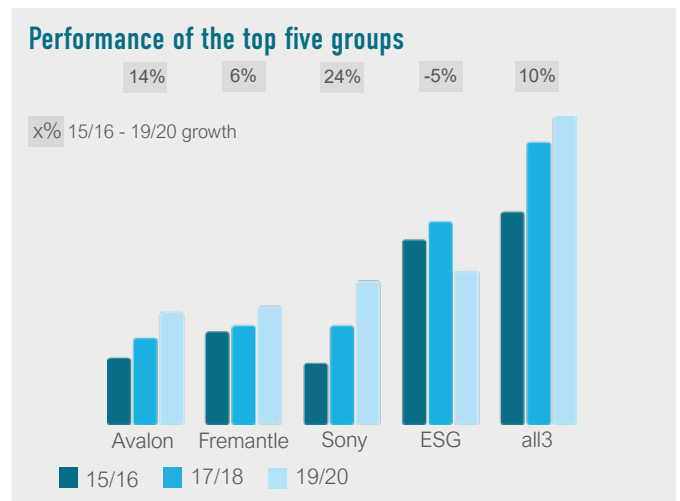
The Broadcast 2020 Indie survey showed the strongest growth in production since 12/13, up 11% in 19/20 versus just 4% in 18/19.



Note: Excludes IMG
Source: Broadcast Indie Surveys, CIL Analysis

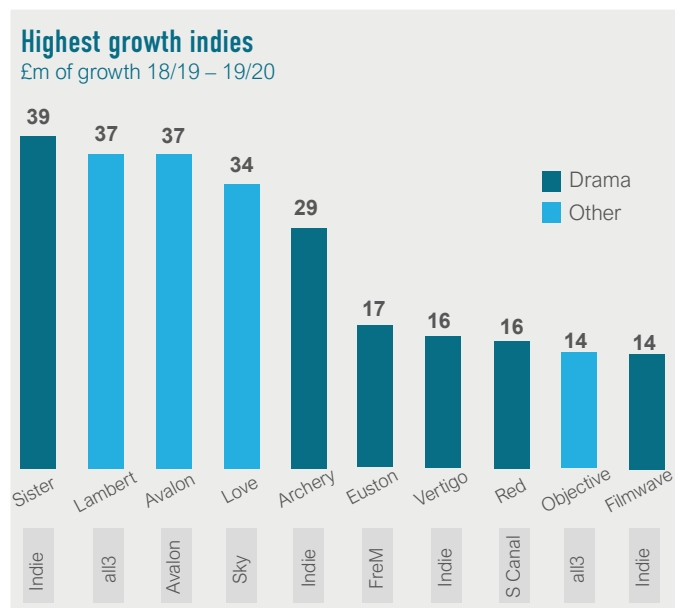
The split between major groups, smaller groups and “true indies” has remained broadly constant as has the ~50:50 split between qualifying and non-qualifying indies. This will change in 20/21 when Banijay completes its acquisition of ESG. ESG labels account for 9% of the survey and will become qualifying indies post the sale by Disney.

Of the major groups Sony enjoyed continued success with Left Bank, Avalon's comedy did well while all3 had strong performances at Lambert and Objective. By contrast Endemol saw big declines at Initial with the loss of Big Brother and saw the team behind their House of Tomorrow drama label leave to join Netflix.



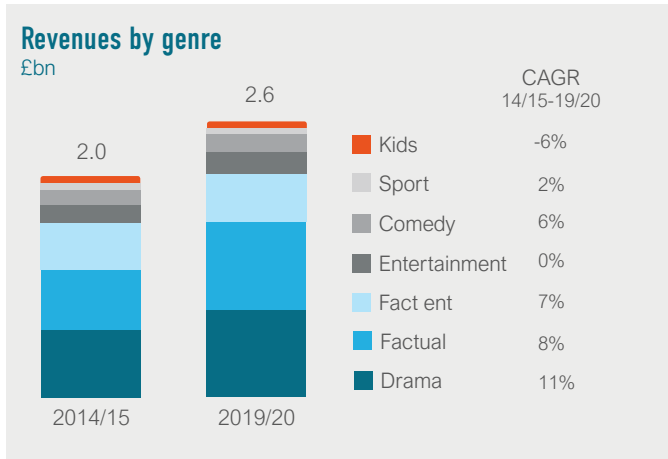
Note: Revenues are only from production label subsidiaries
Source: Broadcast Indie Surveys, CIL Analysis

Last year, 90% of the highest growth indies were drama producers; this year saw growth in labels across a broader mix of genres.



Note: Includes new entrants Archery and Filmwave, Love growth is from 17/18 as no submission in 18/19
Source: Broadcast Indie Surveys, CIL Analysis

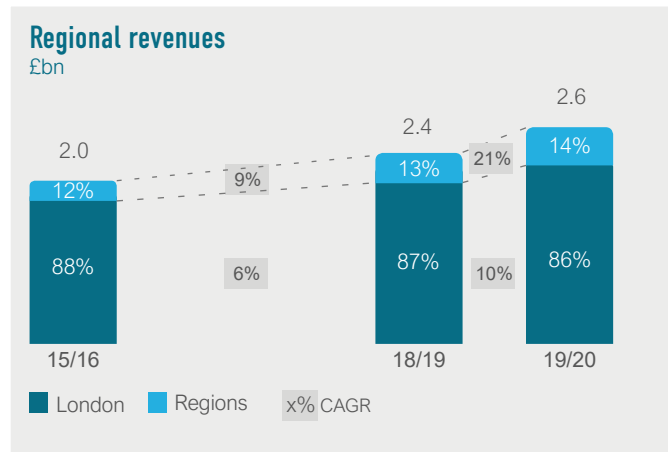
The last five years has seen growth in both drama volumes and budgets. Investment by the likes of Netflix and Sky have increased budgets for prime time drama across all commissioners. Factual and fact ent have also seen increased spend as subscription video on demand (SVOD) providers look to extend their genres mix to broaden appeal and access lower cost per hour programmes.



Source: Broadcast Indie Surveys, CIL analysis

While London still accounts for 86% of indie survey revenues, 19/20 saw significant growth in spend with regional indies (up 21% to £371m) with BBC expansion in Scotland and Channel 4's new regional commitments.

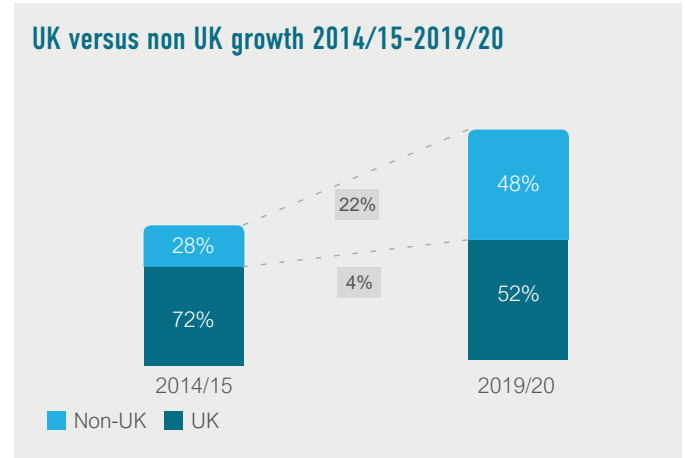
The North, South and Scotland account for 78% of regional spend, but 19/20 saw strong growth in the Midlands and Northern Ireland, albeit from a low base.



Note: Revenues from regionally based indies; excludes regional revenues from indies headquartered in London

Source: Broadcast Indie Surveys, CIL analysis

Analysis of UK and non-UK revenue show that over the last five years non-UK commissions have risen to account for nearly half of all revenues. The revenue per hour is over six times that of UK commissions probably driven by a mix of full funding and higher budgets.



Note: Reflects 78%-64% of survey respondents who split out UK revenue
Source: Broadcast Indie Surveys, CIL analysis

COVID will make the 20/21 world look very different. With advertising down ~50%, ITV, Channel 4 and Channel 5 are reducing original commission spend by over £250m – a mix of savings on live sport, low cost “isolation” productions, lower resourced “distanced” studio productions, reduced new commissions and lower tariffs. Subscription players are lining up new commissions ready to press go the moment physical production can re-commence but aiming to produce more locally with limited expensive international production and across a broader range of genres to fill their schedules more quickly and cost effectively.

Initiatives by PACT, the broadcasters, government and charities should mitigate some short-term impacts on this still fragmented, freelancer dependent industry, but there are likely to be casualties amongs smaller cash-flow strapped indies. Longer term good underlying dynamics should help the sector bounce back quickly with demand for content rising from SVODs and pay channels and with the UK still positioned as creatively strong and cost competitive with the right government support.



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