



Today, on the 16th of September, IV Film Business in Ukraine international conference will take place. It is a platform for dialogue between the most successful Ukrainian and foreign film market industry insiders, to demonstrate market situation analyze, dynamics of Ukrainian, Russian and European market trends, all possible forecasts for future film industry development, to outline existing problems and choose the most proper variants of solutions.

Film Business in Ukraine conference organizers will give the audience unique opportunity to get practical advices HOW TO RAISE FUNDS AND INVESTMENT FOR FILM PROJECTS.

Among the speakers:

- **Luke Randolph**, Managing Director Completion Guarantor, International Film Guarantors Ltd, Great Britain - Master class: international film finance models, creation & measures of value, finance versus investment, different types of finance, risk management, return of investment, how does a producer deal with all this
- **Illia Neretin**, General Producer Raccoon Cinema, Russia - State support of film industry: international experience and national realities
- **Joël Chapron**, Central and Eastern European manager for the promotion of French cinema abroad UNIFRANCE, France - Business and Art in Cinema: how the French system combines them in Eastern Europe
- **Sergei Gratchev**, Managing Partner MGAP, Russia/ Great Britain - Film finance in Russia: investment opportunities, deals structure, future trends
- **Nikita Trynkin**, CEO Bazelevs Holding, Russia - New forms of film finance during economic downturns
- **Georgi Malkov**, General Producer Enjoy movies, Russia - Case study: development and implementation of the film project "Pregnant - man"

BOX OFFICE AND MOVIE THEATRE ATTENDANCE IN UKRAINE ARE GROWING

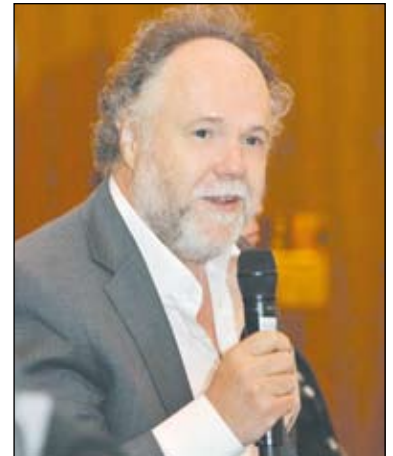
In the first three quarters of this film distribution year (December 2010 – August 2011) the total box office of the movies released in Ukraine has increased by 19 % (up to \$50,1 million) compared to the same period of last year. At the same time, movie theater attendance in Ukraine has increased too. In the 9 months of this year Ukrainian movie theaters have sold all together a little over 10 million tickets, which is 9 % more than in the December – August period of last year.

This is the main difference in the development of Ukrainian and Russian cinema distribution markets. In Russia, despite the general growth of box office by 5 % (up to \$865,6 million) in this period, the theatre attendance has decreased by 2,3 % (124,2 million tickets sold).

OPINION

LUKE RANDOLPH

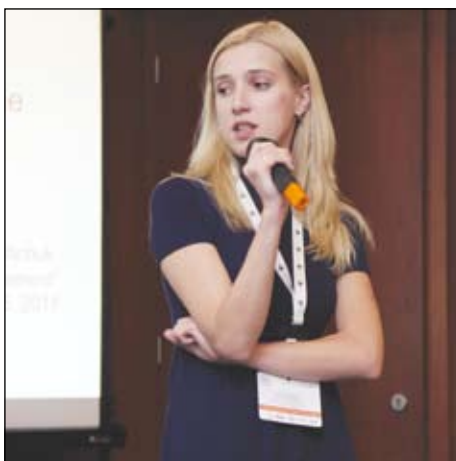
Managing Director Completion Guarantor, International Film Guarantors Ltd (Great Britain) about three main concerns that are usually encountered in working in Central and Eastern European countries.



We've worked in Russia, Romania, Hungary, Czech Republic, Serbia that I can remember. The three significant differences from Western Europe and North America are:

- 1) That commercial law and corporate governance are very much less reliable in Central/Eastern Europe than we are used to
- 2) Production management is generally weaker with people being less prepared to take initiative and communicate problems until confronted with their consequences
- 3) Unreliable book-keeping and financial accounting

These are broad generalisations – each film has its own issues, but these three concerns are usually encountered in working in Central and Eastern European countries.



UKRAINIAN TV-ADVERTISEMENT – RAPID GROWTH OF A MINIATURE MARKET

By the volume of TV-advertising market Ukraine ranks 16 among 33 European countries. In numbers it comes to around \$500 million per year or 1.26 % from the total volume of the European TV-advertising market. Such data was quoted in the report delivered by the Director of the consulting company "Media Resources Management" Victoria Yarmoshchuk at the conference "Television as Business" that

was held on September 15 within the framework of KIEV MEDIA WEEK. According to MRM research, average annual growth of Ukrainian TV-advertising market will be more than 10% in the next five years. It makes Ukraine to be among top five European countries by the TV-advertising market growth rate. At the same time, it's not all so rosy: Ukraine, unfortunately, ranks last by the amount of

TV-ad expenditure per capita. No other country in Europe spends less money on TV-advertisement than Ukraine. This country is 33rd with \$11.1 spent per head annually. Only Serbia (\$11.2) and Kazakhstan (\$11.9) have similar situation. Among the leaders are Switzerland (\$128.7), Belgium (\$110.9) and Norway (\$110.3), while the average European level comes to \$48.55.

ALEXANDER OLSHANSKY: INTERNET IS NOT PROFITABLE, UNLIKE TELEVISION



According to the Imena.ua company president Alexander Olshansky, the participant of the panel discussion "Television versus Internet", Internet protocol will win over any other means of data transmission. But if to talk about Internet as a way of spreading content, television could also switch to this distribution channel. In his opinion, the main difference lies in content production. Almost all TV-stations are profitable; otherwise they go bankrupt in two-three years. Internet is not

profitable. Amount of money invested in it is ten times higher than the amount of money earned. As for the Internet influence on other industry sectors it's worth mentioning that in the last few years music industry turnover has doubled, even though companies were complaining that pirates were stealing their content. In case of TV displacement by Internet, content will become much worse. But the main question is what the consumer wants – twice worse quality or hundred times more expensive?

7.3 MILLION UKRAINIANS ARE READY TO PAY FOR THE INTERNET-VIDEO

In August 2011 number of search requests made in Google for "video" came to 6 million, and for "video online" – to 20 million. Around 70% of internet users watch programs online. 50% of the popular TV-shows can be found in the Web within 24 hours, and 100 % - within a week. Number of internet viewers in Ukraine grows by 20-24% every year. Moreover, according to the Agency of internet rights data, 7.3 million Ukrainians are ready to pay to watch the video. At the same time, TV channels are not interested in arranging their broadcast via internet. As Eduard Akhramovych, managing partner of Agency of internet rights, has noted, they either set absurd requirements, or don't express any desire at all to talk with Internet representatives. Generally, TV-channels have quite vague idea about web integration.



OPINION

JOËL CHAPRON

Central and Eastern European manager for the promotion of French cinema abroad UNIFRANCE:

Films are not just a matter of art, it is also business – rather profitable business by the way. And East European countries are becoming more active players not only on the European, but also on the whole world film market. Perhaps having analyzed France experience in the international promotion and distribution of domestic-made films, East European film industry representatives would be able not only to avoid some mistakes, but also to develop an effective mechanism of the local content distribution to the international market.



UKRAINIAN CONTENT MARKET: EUROPEAN LEVEL

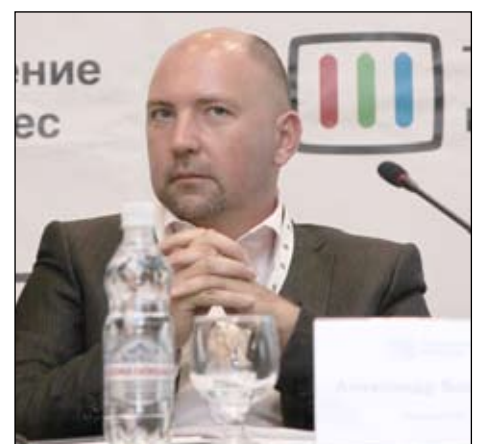
First international Ukrainian Content Market is certainly an important event for the film- and TV-production industry not just in CIS region, but in Europe in general. Participants of the event (more than 60 companies-sellers and over 70 buyers from 24 countries of Europe, North America and Asia) are very satisfied with the results of their 2-day work at the Market, during which numerous selling and content coproduction deals were signed. Though companies prefer not to reveal the details of the agreements they made (which is typical for all existing content markets), all the



sellers questioned by Content Report Daily noted high activity of the buyers, while buyers complimented wide choice of content for any taste and budget. According to Evgeniy Drachov, manager of FILM.UA Distribution, the Market is really on a European level.

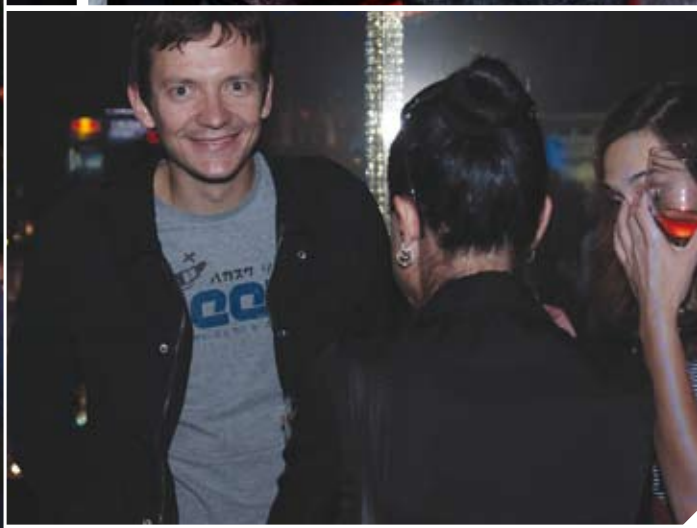
TELEVISION IN UKRAINE IS A BUSINESS FOR PHILANTHROPISTS

Ukrainian television business is developing in a highly competitive environment. According to Olexandr Bohutsky, Head of StarLightMedia Group (ICTV, STB, New Channel, M1, M2, QTV) doing television as a business in Ukraine is something similar to philanthropy. And this is why: in Ukraine there are twice more nationwide TV-channels than in Russia, but at the same time the volume of the advertising market is ten times smaller than that of Russia. Moreover, the National Television and Radio Broadcasting Council has easily made a decision to increase the number of nationwide broadcasters by 8 more TV-channels. Nevertheless, even in such highly competitive conditions, Ukrainian television is developing. But in order



for it to progress faster, Bohutsky called advertising agencies and TV channels for convince advertisers to invest in TV-commercials. "To have the number one brand, don't be a miser! Spend more on advertising", summarized media manager.





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