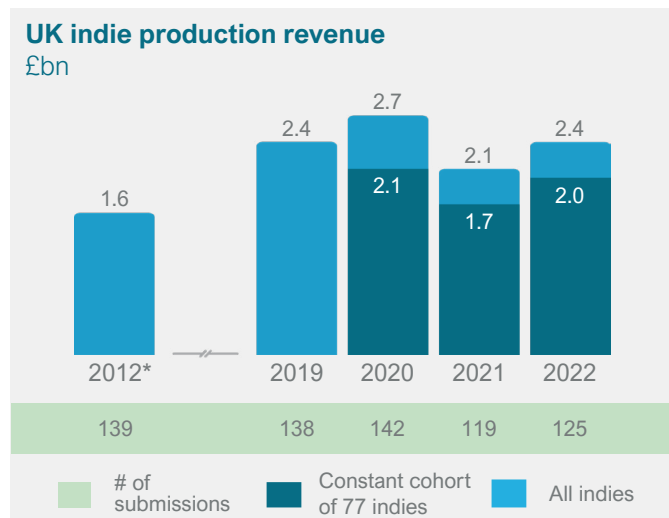




CIL annually reviews the latest release of the Broadcast Indie Survey, which allows us to look at long-term trends in production and commissioning. The 2022 survey saw a steady rewinding back towards pre-COVID revenue levels and continued growth in international commissions and regional production.

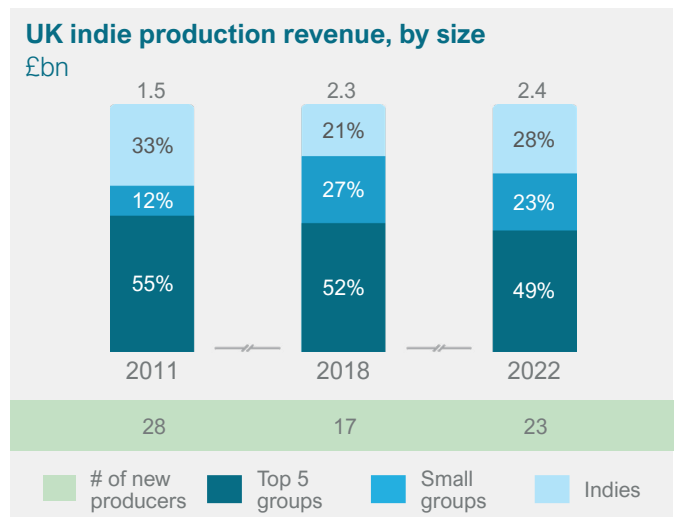
The Broadcast Indie Survey 2022 saw broadcasters begin to push play again on commissioning, with the market growing back to £2.4 billion of revenues (up £300 million on the COVID-hit year of 2021) on the basis of 125 submissions. However, like-for-like analysis of the 77 indies that submitted results consistently over the last three years, shows the market has not quite returned to 2020 levels.



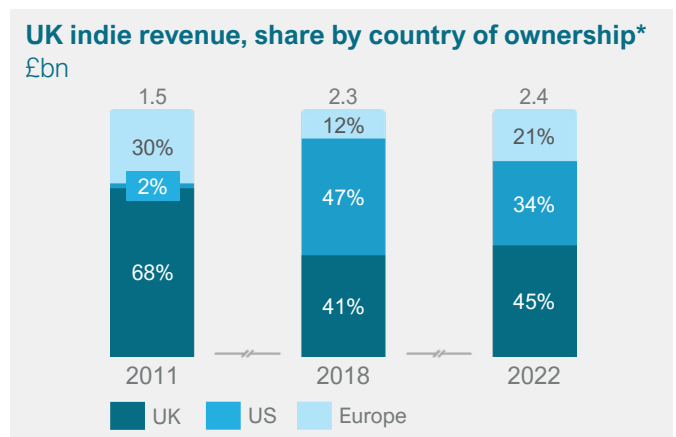
\* Years correspond with date of survey publication, not financial / calendar year. A number of exclusions have been made in order to make data comparisons over time. Source: Broadcast Indie Surveys, CIL analysis

Despite the consolidation of Endemol and Banijay, the market share of the top five groups has marginally declined. Small indies still account for a sizeable chunk of the total market (~30%) and there continues to be a good stream of new producers (23 in 2022) entering the market.

The importance of US investment in UK production has declined recently, with European and UK owners now accounting for 66% of ownership. Notably, the rise of European super-indies - such as Banijay and, more recently, Asacha, means European ownership of UK indies has nearly doubled in the last five years.



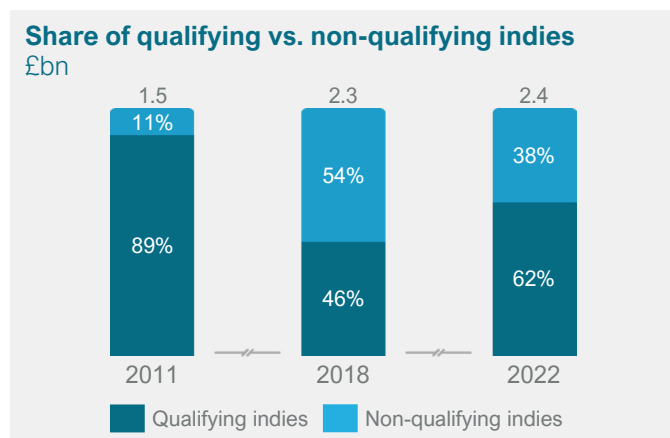
Source: Broadcast Indie Surveys, CIL analysis



\* Asacha is majority owned by Oaktree in the US, however it positions itself as a European super-indie. Source: Broadcast Indie Surveys, CIL analysis

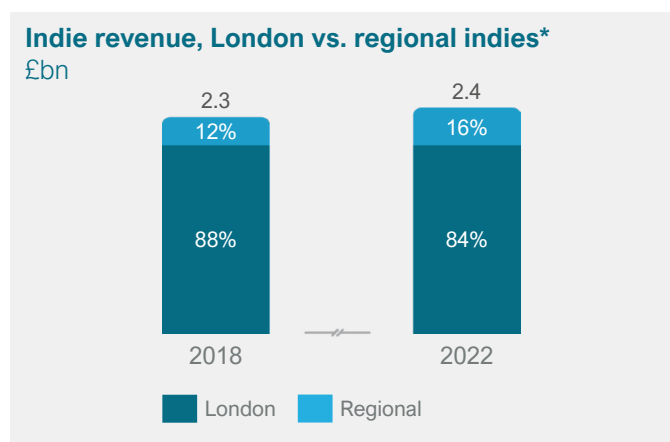
Similarly, the first five years of the last decade saw considerable consolidation into “non-qualifying” groups (i.e., production companies more than 25% owned by a player with a UK broadcast licence), typically US studio groups (e.g. Sony, Discovery etc.). The rise of non-broadcast owned European super-indies has seen the share of revenue accounted for by qualifying indies rise from 46% in 2018 to 62% in 2022.

However, the Government’s proposal to introduce a revenue cap could limit the ability of these larger groups to deliver public service broadcasters’ (‘PSBs’) qualifying indie quotas in the future.



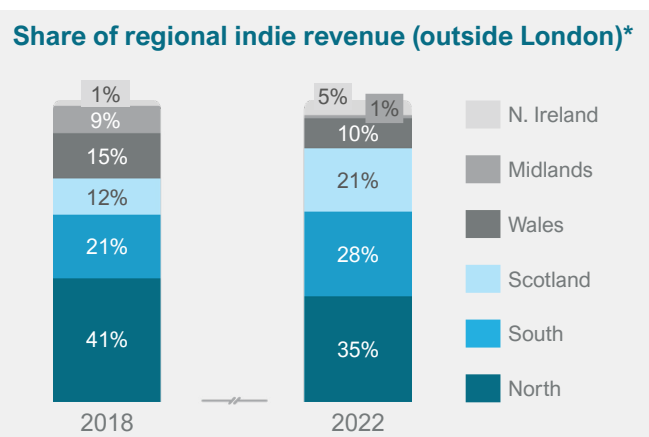
Source: Broadcast Indie Surveys, CIL analysis

London continues to be the ‘hub’ of UK production, and despite considerable commitments from all the PSBs to expand regional investment, the shift of spend to pure regional players remains achingly slow. Regional-based indies now account for ~16% of the total market up from 12% in 2018.



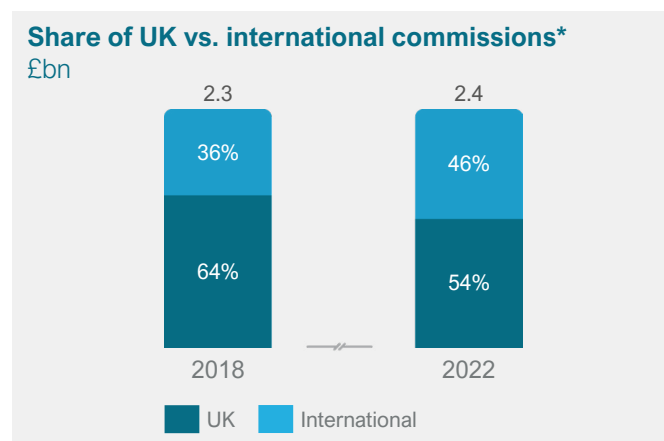
\* Includes revenue from indies identified by Broadcast as regional; it does not include regional spend by divisions of London-based indies. Source: Broadcast Indie Surveys, CIL analysis

The North (spread across Manchester, Liverpool and Leeds), the South (mostly Bristol) and Scotland (Glasgow) have shown strong growth. By comparison, revenues in Wales declined. This reflects the more cyclical nature of drama revenues, especially on large-scale productions. As an example, Cardiff-based Bad Wolf saw its revenues decline from £65 million in 2021 (primarily off the back of “His Dark Materials”) to £16 million in 2022. However, this is likely to rise with its production slate in 2023.



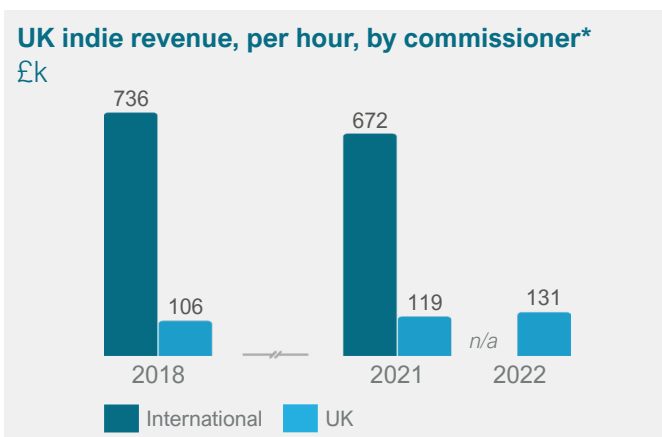
\* Includes revenue from indies identified by Broadcast as regional; it does not include regional spend by divisions of London-based indies. Source: Broadcast Indie Surveys, CIL analysis

International commissions continue to grow in importance, rising from 36% of revenues reported in 2018 to 46% in 2022.

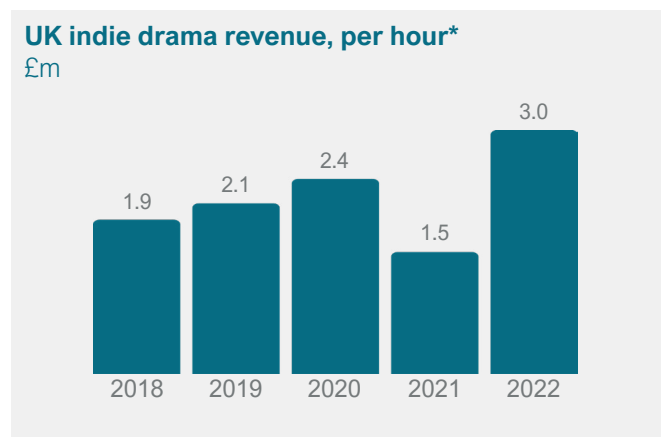


\* Data includes only companies that split out their revenues for the UK, which was 90% of submissions in 2022. Source: Broadcast Indie Surveys, CIL analysis

International hours were not recorded in the 2022 Broadcast survey. However, as has been the case historically, international revenue per hour is likely to be significantly greater than UK revenue per hour. This reflects the international skew towards higher value, prime-time programming and high-end drama commissions, and the ‘full funding’ model used by international broadcasters. This gap is likely to be narrowing as international commissioners increasingly commission across a broader range of genres.



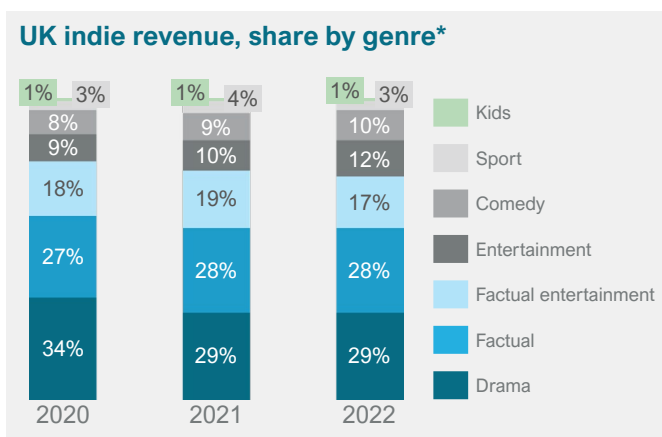
\* Data covers only companies that split out their revenues for the UK.  
Source: Broadcast Indie Surveys, CIL analysis



\* Pure plays only.  
Source: Broadcast Indie Surveys, CIL analysis

CIL's analysis shows that the pandemic impacted genres in different ways, with drama revenue hit the hardest (declining by 35% from 2020 to 2021). While drama revenues are yet to fully recover, large-scale productions are returning with average revenue per hour in drama increased significantly in 2022. This is driven by international commissions and the need for British broadcasters to compete at the higher end.

The world will be watching to see how radical the Government's rethinking of public service broadcasting is likely to be, although this will likely take a few years to play out. However, for the moment, the UK continues to be a highly attractive base for international production with strong tax incentives, a depth of production and post-production talent, and a breadth of production players attracting inward investment to complement diverse UK public and private commissioning.



\* Three major drama producers (Vertigo, Red Productions and Archery) did not submit responses for 2021. The only major drama producers to report significant growth in 2022 were House ('Trigonometry'), Pulse ('Gangs of London') and Element ('Normal People'). Data for sport and kids may be skewed due to small number of entries.

The 2023 survey should report on a full year of "normality" post-COVID with, hopefully, the end to the incremental COVID costs that have impacted the profitability of some productions. Despite the challenge facing Netflix, we do not anticipate an end to the SVOD bubble as the number of platforms competing for audiences on an international basis continues to expand. However, the economics of non-premium content will continue to feel pressure.



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