



Film and Entertainment Industry in South Africa

Industry Profile
December 2020

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Table of Contents

Executive Summary	3
Industry Overview	4
Keys Stats	5
Industry Segments	5
Box Office Revenue	6
SA Produced Films by Genres	7
3D/4DX/IMAX Format	8
Indigenous language films	8
Country of Origin	9
Key Trends	9
Opportunities	10
Challenges	11
Major South African Film Studios	12
Major South African Film Distributors	12
Top Video Production Companies in South Africa	12
Top 10 Risk Exposure to Professional and Personal Services Industry (Globally)	13
Links	13

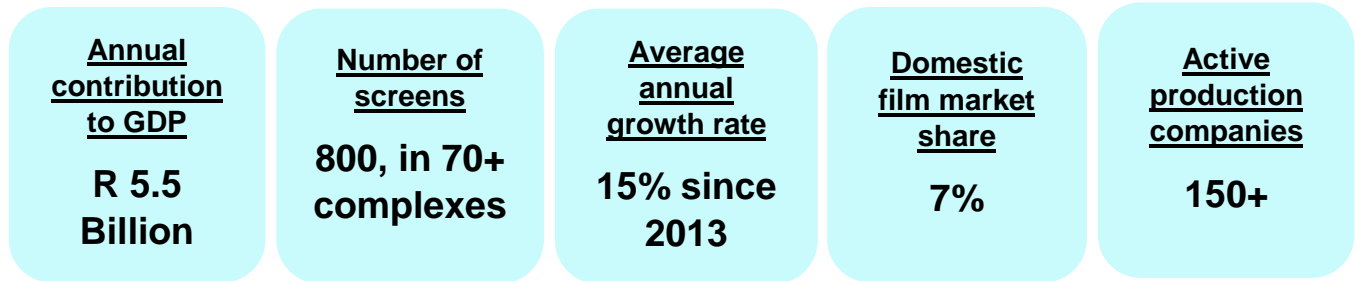
Executive Summary

- South Africa's film industry is the oldest in Africa and one of the oldest in the world, having started in 1896, soon after the Lumiere brothers' famous first commercial film screening in 1895.
- African cinema is growing but still faces hurdles as it attempts to build a sustainable and profitable film industry.
- The next big step for the continent's filmmakers was to ensure they get paid for their work, while it is operating on a sustainable basis, paying wages and meeting costs, it had yet to cash in on any of its features.
- South Africa has a reputation for having quality film production crews, which have been involved in a string of successful big-budget showcases such as Fury Road, the fourth Mad Max film; Blood Diamond with Leonardo DiCaprio and The Lord of War, the 2005 movie starring Nicholas Cage, as well as the Marvel — Avengers.
- the government has identified the local film industry as a sector with excellent potential for growth and a catalyst for both direct and indirect employment of people from different sectors of the economy.
- But despite South Africa's busy and exciting production environment for foreign films, when it comes to creating SA's own content and making money from it, the prospects are a lot less forthcoming.
- SA has the Leon Schuster phenomenon and a few Afrikaans films that have made a return on their investment, but for the rest commercial success has been almost nonexistent.
- South Africa market is just too small to make it so. To put the size into context, one only needs to compare South Africa's 800 movie screens in more than 70 complexes to the more than 40,000 screens at close to 6,000 sites in the US, to realise where the real money is made.

Industry Overview

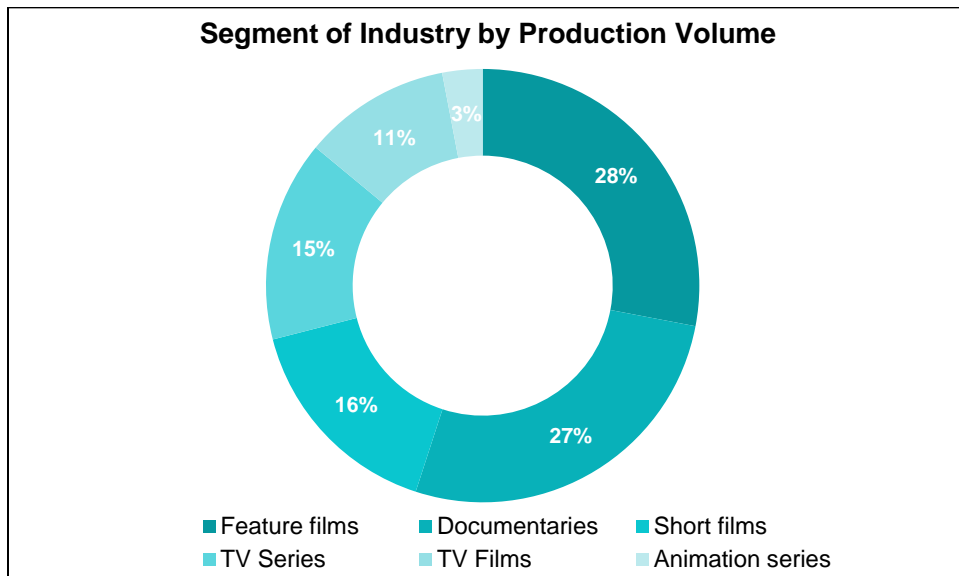
- The South African content production industry is valued at an estimated R5.5 billion (\$800-million) a year.
- The film industry contributes R2.5-billion (\$360-million) a year to the Gauteng economy.
- 80% of the over 150 registered producers in South Africa are based in Gauteng.
- Gauteng is home to approximately 70% of all South African TV productions - seven out of the top 10 SA TV shows are Gauteng-based. Just under 50% of South Africa's commercials are made in Gauteng.
- Johannesburg is one of the oldest film communities in the world, with a national newsreel dating from the beginning of the 20th century. Gauteng accounts for approximately 85% of all local film productions.
- As a film centre, the Gauteng province has a wide range of advanced film equipment and production facilities including post-production facilities for international film productions.
- The entertainment and media revenue in South Africa is expected to grow from ZAR 128.9 billion in 2018 to ZAR 171 billion in 2023.
- There are already an estimated 25,000 people working in the SA film and video industry and more content is consumed in the country than anywhere else in Africa. South Africa is also the leader in film production, satellite distribution and interactive content.
- Foreign filmmakers have been taking advantage of South Africa's diverse, unique locations — as well as lower production costs compared with the US and Europe — for years.
- The National Film and Video Foundation (NFVF) report, “The Economic Impact of the South African Film Industry”, predicts that a direct impact of R4.4-billion on economic production in 2017, could lead to a rise in total production in the economy to approximately R12.2-billion in the near term.
- It is estimated that more than 70% of the filming and television industry in South Africa is based in Gauteng, mainly in Johannesburg. The province offers support services, production companies, equipment, supplies and facilities, casting and crew as well as post-production companies and pre-production, research and development services.
- With an annual contribution in excess of R2.5-billion (US\$360-million) and direct employment of more than 8,500 workers, the Gauteng film industry plays a significant role in the provincial economy. And, given the nature of the industry, many more thousands are employed as freelancers.
- Gauteng accounts for the bulk of TV production in South Africa: seven of the top 10 most watched South African TV shows are produced in Gauteng. The province also commands 46.5% of the commercials production market, closely followed by the Western Cape.
- A total of 22 feature films were produced in South Africa in 2018, down from 23 in the previous year and 28 in 2016.

Keys Stats



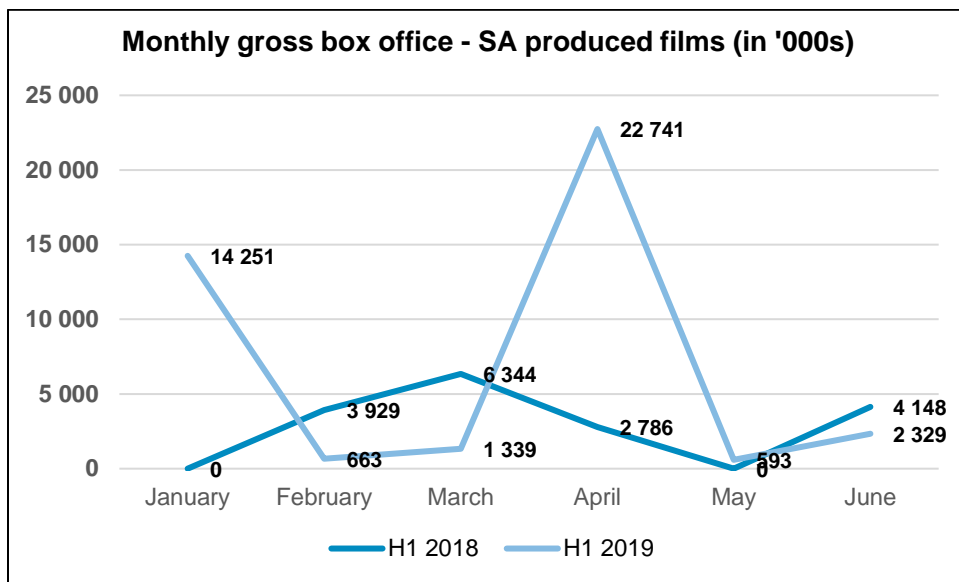
Industry Segments

- Due to excellent film infrastructure, worldclass studios and hard-working crews, South Africa has established itself as a credible and competitive film and TV production destination.
- To date the industry has recorded an average annual growth of 15% as of 2013, reflecting its vibrancy and expanding investment opportunities.
- A range of award-winning movies and TV series have been filmed and/or produced in the country.
- Over 150 production companies are active in South Africa.

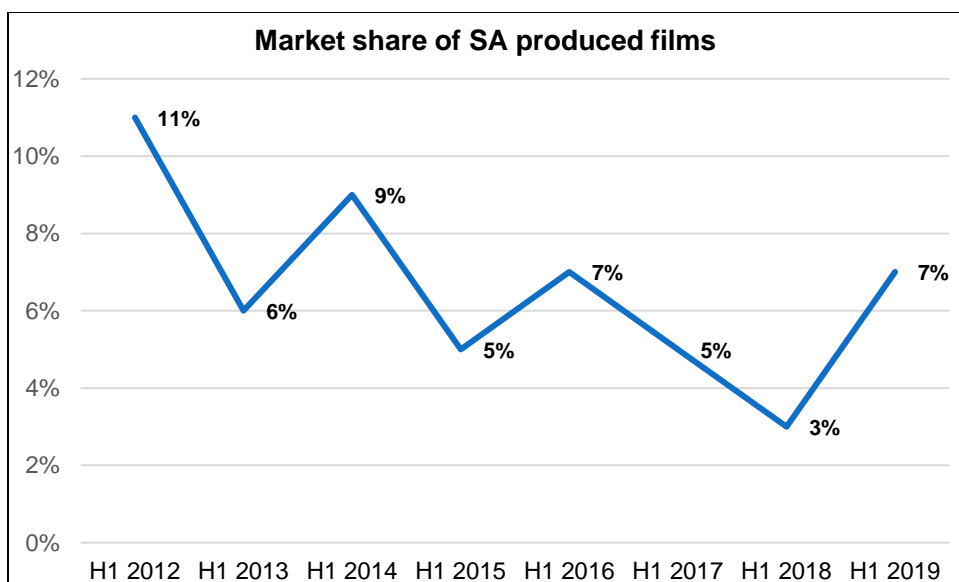


Box Office Revenue

- South Africa's performance at the box office was very impressive in the first half of the year (referred to H1 2019 hereafter). 14 local films were released with the total box office earning R42 million - an increase from R17 million in the previous period (H1 2018).
- A significant increase in box office earnings was also noted during April 2019 with the release of Kandasamy's: The Wedding, Love Lives Here, Die Seemeeu, and An Act of Defiance. The above made a combined box office gross of R23 million.



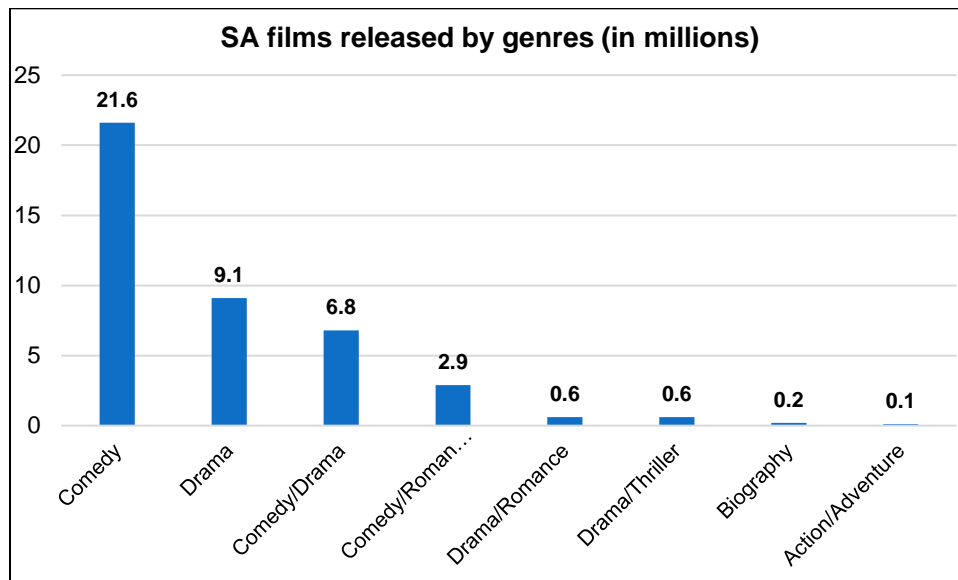
- The Market Share of South African films released in the first half of 2019 was 7% - an increase from 3% in the previous period (H1 2018). This is the result of strong performing titles released during this period.



- Films released through Filmfinity earned the largest share of the box office revenue so far (with a gross taking of R344 million - 58% of the total market share). Empire Entertainment (EE) accounted for a box office gross of R20 million (20% of the total box office gross), while United International Pictures (UIP) earned R107 million (18% of the market share).
- The highest-grossing release of this period was the Marvel Blockbuster Avengers: Endgame, which smashed box office records in South Africa, earning a massive R104 million (18% of the total box office for the period). Besides this performance in South Africa, the film made the highest box office receipts during its opening weekend in 44 other markets outside of the United States (including China, the United Kingdom, Australia, Korea, Brazil, Mexico, and Spain²); Also recording high gross box office receipts was Captain Marvel which earned R49 million in revenues; and this was then followed by Aladdin, grossing R43 million.

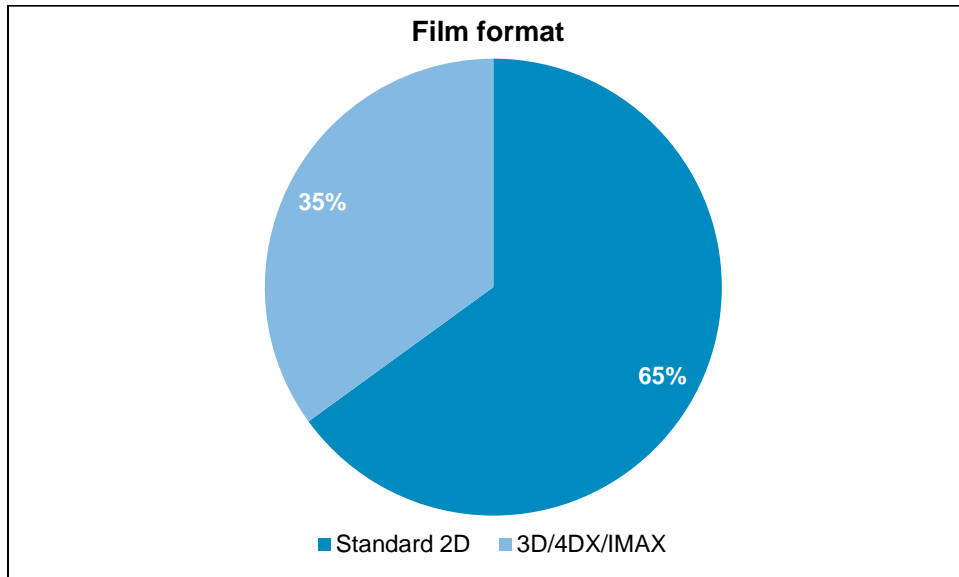
SA Produced Films by Genres

- The pattern of the box office by genre is usually apparent and revealed by a few of the high grossing releases. For locally produced films the Comedy genre was the top-earning genre (grossing R22 million), followed by Drama (R9 million), and a combination of Comedy/Drama following with earnings of R7 million.



3D/4DX/IMAX Format

- 23 3D/4DX/IMAX films were released in the first half of 2019, generating R378 million from their 3D/4DX/IMAX screenings. The combined gross revenue from these 3D/4DX/IMAX screenings accounted for 65% of the total box office revenues.



Indigenous language films

- Afrikaans language films continue to rank as the most popular local films at South African cinemas.

Indigenous language films

Language	Count of Language	Cumulative GBO
Afrikaans	5	R5 978 524
Afrikaans/IsiXhosa/English	1	R77 018
Afrikaans/IsiZulu/English	1	R246 357
English	6	R29 142 188
Setswana	1	R6 473 633
Total	14	R41 917 720

Gross Box Office = Cumulative gross up to 21 July 2019

Country of Origin

Top-performing films by country of origin

Country of Origin	Count of Movie Title	Gross Box Office	% Share
USA	57	R435 203 469	74
UK/USA	5	R51 687 678	9
South Africa	13	R41 671 363	7
Spain/USA	1	R14 450 900	2
France/USA	3	R9 103 180	2
Japan/USA	1	R5 749 121	1
Australia	1	R5 133 957	1

Key Trends

Remote Filmmaking:

Several collaborative productions were initiated almost immediately after the country's lockdown started. These included the Tim Greene-led production *Cabin Fever*. For this co-authored fiction film, actors performed scenes at home, filming themselves on whatever camera or device they had access to. The footage was then uploaded for editors, also working from home, and director viewings are done remotely using platforms like the now ubiquitous Zoom.

Remote filmmaking makes it possible to keep producing films by optimising on a collective of different creatives' skills, equipment and software. It also capitalises on creative collaboration – which had already been a feature of local production, especially documentaries – and reduces the notoriously large carbon footprint of filmmaking.

Online Distribution

South African filmmakers have been exploring independent distribution models for a while. The latest film from the critically acclaimed Oliver Hermanus, *Moffie* (2019), was scheduled for cinema release just as the lockdown started and public screening venues shut down. The film premiered in Venice in 2019 and the producers understandably did not want to delay until 2021 to get it to local audiences. It's now streaming directly from their own website on a pay-per-view basis, using their own platform and ticketing service, OneTix. They felt it made more financial sense.

Opportunities

Cape Town – A favorable ecosystem

Cape Town certainly has become the go-to African destination for film and media productions. Both the South African film industry and international creators have already shot incredible works of art in this innovative epicenter for visual storytelling. The film sector is a priority sector in the Western Cape's economy. It generates ±R5 billion and creates ±6,058 direct jobs and ±2,502 indirect jobs (and growing) a year.

Cape Town already has ±5 000 identified locations in public spaces, as well as countless privately-owned sites that are available for productions.

The Mother City boasts a variety of architectural styles, including colonial and European aesthetics, like the Cape Dutch estates. Within the CBD, locations like the V&A Waterfront (which has its own permit office), Cape Town International Convention Centre (CTICC), the Cape Town Stadium and Cape Town Civic Centre are all popular locations for scenes. Cape Nature and SANParks are also nearby to provide backdrops of incredible natural splendour.

Between 1 July 2018 and 30 June 2019 alone, a total of 13 211 locations were booked with 8 048 location permits issued during the period. These permits pertain to public locations/spaces booked and permitted. Today, the number of permits issued annually in Cape Town is on par with the number of permits issued in other major film destinations, like Toronto.

Cape Town and the broader Western Cape has a highly diverse landscape with the ability to replicate a multitude of foreign destinations at a lower cost than other locations. Time zone and ease of travel from Europe also make for a convenient destination for EU producers. Not to mention, lengthy daylight hours in summer make for better shooting durations (average of 15 hours: 5:30am to 8:00pm).

Popular movies filmed in Cape Town;

- Avengers: Age of Ultron
- District 9
- Dredd
- Lara Croft: Tomb Raider
- Mad Max: Fury Road
- Maze Runner: Death Cure
- Safe House

Choice of Diverse Location

South Africa is renowned for its natural diversity. It's a land of wide-open spaces, thick forests, sandy beaches and towering mountain peaks. The climate ranges from tropical in the north-east to Mediterranean in the south, and arid in the west.

Wild remoteness is offset by modern first-world cities comparable to counterparts in Europe and the USA. Factor in indigenous wildlife and a culturally diverse population, and you've got a film location that really does have it all.

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Authorization is required to film on public and private land. To ensure an enabling environment, city authorities have set up offices dedicated to manage film activities.

Integrated Value Chain

South Africa offers a fully integrated value chain from pre-production, production, post-production to distribution. Filmmakers have access to a range of high-end equipment through a number of gear rental companies. South Africa provides a favourable enabling environment, with various incentive programmes and support for the industry:

National-Level Incentive Programmes - The South African Film and Television Production and Co-Production Incentive. The Foreign Film and Television Production and Post-Production Incentive. The South African Emerging Black Filmmakers Incentive.\

Financial Support - The National Film & Video Foundation (NFVF) provides film- and video related funding for Education and Training, Development (of feature films, documentaries and TV concepts), Production (of feature films and documentaries) and Marketing and Distribution. The Industrial Development Corporation's Media and Motion strategic business unit offers up to R1bn to new or existing companies in the media and motion picture industry. Funding can be structured through a wide range of instruments including, debt/equity, quasi-equity, bridging finance and venture capital.

Skills Development Support - There are a number of programmes offering financial support in the industry: National Bursaries, International Bursaries, Funding for Training Providers, Sediba Programme (script writing and producing).

Co-Production Treaties - Co-production treaties with other key film producing countries: Australia, Canada, France, Germany, Italy, Ireland, the Netherlands, New Zealand, and the UK.

Challenges

Effective marketing and distribution mechanism

It is not enough just to make a film. You also have to have the means to distribute it. This is the problem that South African film has faced. The North American film industry tends to dominate global cinema and has developed extremely effective marketing and distribution mechanisms to get its product out there.

SA cinemas vs Hollywood

South Africans themselves generally flock to see Hollywood blockbusters. According to NFVF calculations, the market share average for domestic films currently hovers around 7%.

Their Box Office Report for January-June 2019 states that total earnings for the first half of the year amounted to R590 million — 8% less than in the first half of 2018 (R631 million). A total of 102 films were released in SA cinemas, 14 of which were SA-produced, earning a total of R42-million at the box office.

In 2019, 22 South African films received a local cinema release, claiming only R60 million of the R1.2 billion taken at a local box office dominated by Hollywood fare.

Major South African Film Studios

Listed alongside each distributor are the studios they represent:

- Times Media Films: 20th Century Studios, Warner Bros., New Line Cinema, DreamWorks Pictures, DreamWorks Animation.
- Ster-Kinekor: PolyGram Filmed Entertainment, Focus Features, Walt Disney Pictures, Columbia Pictures
- United International Pictures: Universal Pictures, Paramount Pictures, VideoVision Entertainment

Major South African Film Distributors

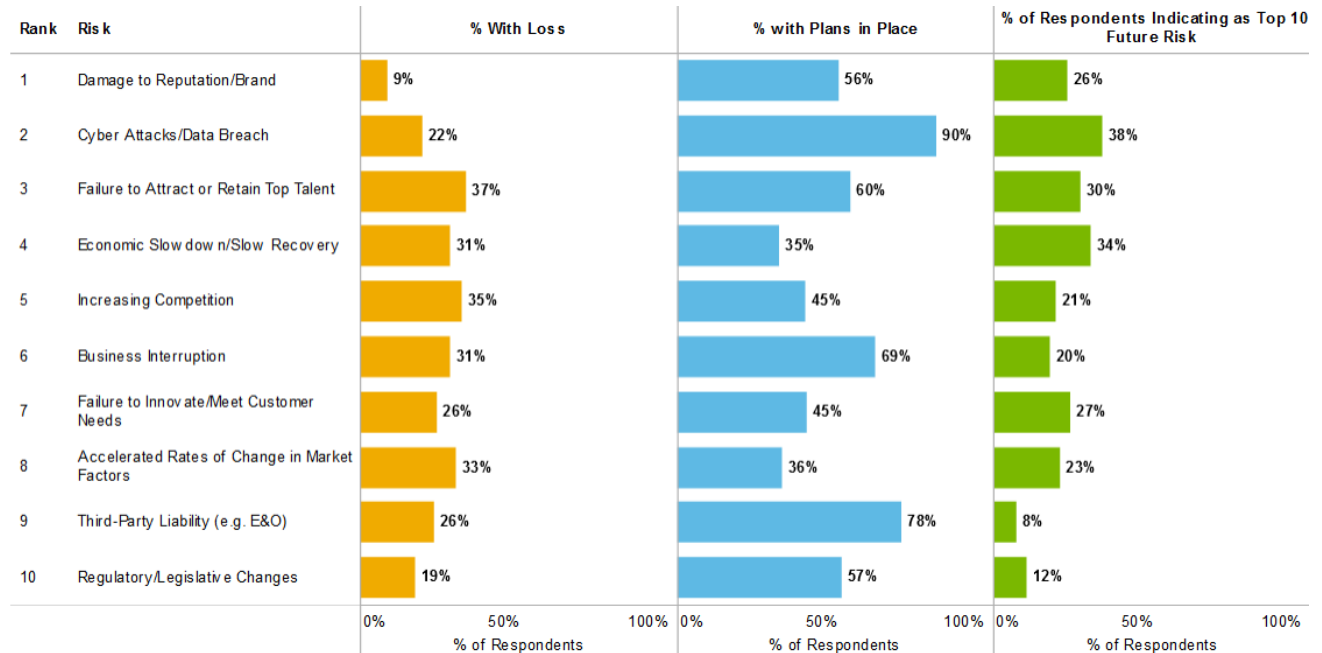
Distributor	No of releases	Gross box office	Market share (%)
Filmfinity	42	R344 263 973	58.4
Empire Entertainment	32	R119 800 106	20.3
United International Pictures	13	R106 884 690	18.1
Indigenous Film Distributors	8	R10 757 146	1.8
Black Sheep	4	R6 030 056	1.0
Gravel Road	2	R1 543 363	0.3
Nolava Film & TV Distribution	1	R598 000	0.1

Top Video Production Companies in South Africa

Name	Location	Director
0307	Cape Town	Kim Geldenhuys
7 Films	Cape Town	Jozua Malherbe
10th Street	Johannesburg	Darren Kerr
Arcade Content	Johannesburg & Cape Town	Alexa Wilson / Lebogang Rasethaba
Blacksmith Collective	Johannesburg, Cape Town & Durban	Marcus von Geyso
Bioscope Films	Cape Town & Johannesburg	Fausto Becatti / Hylton Tannenbaum / Kyla Philander
Bomb Commercials	Johannesburg	Teboho Mahlatsi / Stephina Zwane
Burley Boys	Johannesburg & Los Angeles	Daryl Burley

Butterfly Films	Cape Town	Felix Seuffert, Jasyn Howes, Dewald Brand
Carbon Films	Cape Town	Bruno Bossi / Daniel Morcos

Top 10 Risk Exposure to Professional and Personal Services Industry (Globally)



Links

- <http://www.gautengfilm.org.za/filming-in-gauteng/film-industry>
- <https://www.statista.com/statistics/618931/south-africa-box-office-revenue/>
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