

Slovakia: Financial consequences of COVID-19 infection prevention and control measures for the sector of audiovisual production

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Data on financial resources in the sector of audiovisual production

Financial resources for audiovisual production expected in 2020 before COVID-19:

Radio and Television Slovakia (public broadcaster):	approx. 20 000 000 EUR
Commercial TV broadcasters:	approx. 70 000 000 EUR
Foreign productions in Slovakia:	approx. 3 000 000 EUR
Commercial Advertising – audiovisual production:	approx. 10 000 000 EUR
Slovak Audiovisual Fund - annual average:	approx. 10 000 000 EUR

Expected total of financial resources in 2020: 113 000 000 EUR

Estimated financial fallout in audiovisual production:

Radio and Television Slovakia (public broadcaster):	approx. 8 000 000 EUR
Commercial TV broadcasters:	approx. 30 000 000 EUR
Foreign productions in Slovakia:	approx. 3 000 000 EUR
Commercial Advertising – audiovisual production:	approx. 2 000 000 EUR

Total: 43 000 000 EUR (38%)

In March 2020, **licensed TV broadcasters** (three biggest in Slovakia) engaged:

- 1 580 employees
- 4 420 external partners, thereof:
 - o 750 in news service
 - o 3 360 involved in programme production
 - o 189 providing for broadcasting

At the outset of COVID-19 and the introduction of the protective IPC measures, commercial TV broadcasters employed or commissioned approx. 6 000 employees, self-employed persons and further directly dependent companies, which in turn create additional employment opportunities for the self-employed persons and directly dependent companies within the structure of the audiovisual industry.

Estimated fallout in income in 2020 is 48 – 67 mil EUR, i.e. this sum of resources from TV broadcasters will not flow into the Slovak audiovisual environment.

In addition, TV broadcasters are **the biggest contributors to the public Slovak Audiovisual Fund** (60% coming from the private sector, annually approx 1 700 000 EUR; **expected fallout in 2020 is 500 000 – 600 000 EUR**).

Radio and Television Slovakia, RTVS / Rozhlas a televízia Slovenska (public broadcaster)

Slovak public broadcaster's budget for 2020 has been negatively affected by the following:

- license fee fallout – zero concessionary rate for old age pensioners: 6 000 000 EUR,
- fallout related to commercial advertising and sponsoring of big international sports events that were cancelled: 2020 Ice Hockey World Championship, 2020 UEFA European Football Championship, 2020 Summer Olympics, as well as the income from advertising in general: 5 000 000 EUR.

Advertising income fallout will cause a decrease in RTVS contribution to the Slovak Audiovisual Fund by 250 000 EUR compared to the previously expected.

Foreign audiovisual production

As based on the data provided by the Slovak Audiovisual Fund, expected foreign production investment to Slovak audiovisual industry in 2020 was estimated at 3 000 000 EUR. If the production does not re-start and cross-border collaboration is not re-opened, Slovak economy will not gain the estimated amount of financing.

Film distribution revenues in Slovak cinemas

Average audiences and box office revenues in 2019:

2019 - reality		Monthly average 2019		Daily 2019	
audiences	6 529 320	audiences	544 110	audiences	17 889
revenues	37 258 401 €	revenues	3 104 867 €	revenues	102 078 €

As based on the daily average revenues in 2019, losses recorded by the sector of film distribution in Slovakia to this day (April 22, 2020, i.e. after 43 days of closed cinemas) is 4 287 276 EUR.

During the monitored period, the cinemas (as the most important part of the AV infrastructure) are severely threatened.

Should the cinemas remain closed until the end of June 2020, the loss estimate is 11 432 736 EUR, bearing in mind that even after loosening of the measures and re-establishing the organisation of cultural events, cinema attendance is expected to be deep under average, not to mention all required hygienic measures that will need to be adopted by the cinemas.

Estimated fallout in revenues from film distribution in 2020 of 15 000 000 EUR is a rather conservative assessment calculation, not a overvalued guess. Furthermore, addition income fallout is to be considered (refreshment sales, advertising, rentals) **in an estimated amount of approx. 4 000 000 EUR.**

Revenue fallout in film distribution entails:

- decrease in VAT revenues by 3 000 000 EUR
- fallout in fees to the Slovak Performing and Mechanical Rights Society (SOZA) by 125 000 EUR
- fallout in contributions to the Slovak Audiovisual Fund by 125 000 EUR
- fallout in cinema revenues by 7 520 000 EUR (+ additional related losses of 4 000 000 EUR)
- fallout in income of film distributors (followed by the film producers) by 4 230 000 EUR.

Expected gross revenues in film distribution and related services in 2020: 53 000 000 EUR

Expected gross revenues fallout in film distribution: 19 000 000 EUR (36%)

**Estimated overall decline of the Slovak audiovisual industry in 2020 due to
COVID-19: 58 830 000 EUR**

Expected fallout in film distribution (net income):	15 830 000 EUR
Estimated financial fallout in audiovisual production:	43 000 000 EUR