

Germany's New Media Market Bonanza

By Roland Deiser

The following article is the first output of a more comprehensive research project about the strategic dynamics of the international film licensing industry, with a focus on the role of Germany. It includes profiles of all 21 media companies that are currently listed at the German Stock Exchange. The study is supported by reelplay.com, a virtual platform for buying and selling film.

If you hang out these days in the Lobby of the "Bayrischer Hof", the traditional luxury hotel in the heart of Munich, you may think Hollywood has detected a new fancy spot for power lunches. Studio execs and major independent players find it well worth to travel 15 or more hours to the Bavarian capital just to meet with one of the new players that have become so crucial in getting a project off the ground. Today, the market capitalization of the publicly traded media companies is close to DM 40bn (\$ 20bn), more than 100 times the amount of all German public film subsidies combined. A breathtaking development that took less than 3 years has made this country a crucial variable in co-financing the global film industry. How come? And how does this change the dynamics of the industry?

History

A brief look at history of Germany as a filmmaking community helps to put these developments into context. Before World War II, Germany had a strong, viable film industry, with a large pool of creative talent, comparable with the US. The Second World War forced talent to emigrate to Hollywood and virtually destroyed the industry's domestic basis. After the war, the slate of Hollywood pictures that had been produced in the US over the previous 6-7 years provided ample fodder for the dried-out market. This situation helped a lot to establish the overwhelming dominance of US movies which, as we know, have been dominant at (not only) the German Box Office ever since.

While the abundance of American film supply was a blessing for war weary and entertainment starved audiences, it was a death knell to the industry's efforts to rebuild the shattered German domestic production infrastructure. For quite some years, there was little market for films "Made in Germany", even if talent would have returned, and even if the art of telling funny and entertaining stories would not have been seriously damaged by the trauma of the Nazi regime.

It was the advent of TV in the 60ies that laid new foundations and ultimately helped to grow domestic production again. However, the regulated, monopolistic, and political character of early public TV did not favor the development of entrepreneurial producers. Instead, it bred a generation of "producers for hire" who, in return for a risk-free producer's fee delivered whatever

the stations ordered. At the same time, film – and to certain degree also TV – was not regarded as a “business” but rather as a national cultural endeavor, an art form that required public subsidies, just like stage theater and opera. The auteur and his artistic vision were the only thing that counted; domestic films were made for his or her own self-gratification and an esoteric audience of intellectuals. It has taken 30 years – and a new generation of entrepreneurial media individuals - to change this mindset and eventually create a business-oriented media industry in Germany, as we see it today.

In the early 80ies the German government agreed to deregulate the industry and paved the way for private television. Many see this as the most important milestone that fundamentally changed the rules of the game. The public TV duopoly of ARD and ZDF was suddenly confronted with competitors who where out to conquer market share by catering to the needs of a broad customer base with commercial programming. Just as the US car industry underestimated the impact of Japanese cars, the established public players underestimated the power of the new business model and the determination of the new players to change the status quo. By the late eighties, Bertelsmann’s RTL family and Springer/Kirch’s SAT1/PRO7 family had become serious contenders, continuously eating away market share from the public networks and, at the same time, creating huge advertising revenues. Suddenly people realized that entertainment was a business after all, even a profitable one. The biggest beneficiary of this process was Leo Kirch, who, as a genius visionary, had started to collect a film library in the early 60ies when nobody thought that there was economic value in film rights. 20 years later he had a seasoned buying organization in place in Hollywood, and plenty of product to fill his channels, while Bertelsmann virtually had to start from scratch.

When it became obvious, that filmed entertainment had the potential to be a serious business, the German government realized the structural weakness of the domestic industry and started to invest in its infrastructure. In the early 90ies, the large states of Bavaria, North-Rhine Westphalia (NRW), and Brandenburg set up public subsidy funds to attract productions to their regions and, at the same time, support German producers. Today, the combined funds of the currently 6 regional subsidy institutions and the federal FFA are DM 350 mn (\$ 175mn) (see exhibits 2 and 3 for size and allocation of funds).

In the mid-90ies, Germany decided to introduce favorable tax legislation for film production. Affluent individuals got the opportunity to invest in private media funds that guaranteed a return on investment and allowed significant tax savings. The banks and asset managers entered the business. For the first time, German players other than Leo Kirch, Bertelsmann, or Herbert Kloiber were able to co-finance large scale Hollywood productions. While a change of tax legislation at the end of the year 2000 will make the scheme slightly less attractive, funds such as Cinerenta, Victory, or Hollywood Partners are still going strong. With the average cost of a movie going north, Hollywood embraced the private German funds as an interesting alternative

for gap financing or even real co-financing, sharing risks, and getting considerable benefits. Germany had always been an important territory for TV pre-sales; now, for the first time, bigger projects could be realized with the help of private equity. The combined fund volume added close to DM 2bn (\$ 1bn) per year to the game.

In 1997, the private TV network ProSieben (owned by Kirch and ReWe, a retail chain) went public on the German Stock exchange. After more than 40 years, filmed entertainment had finally made it to the front page of the business section of German newspapers. ProSieben's move, however, was only a firefly before the storm.

The New Market

The most recent milestone that changed the German media world once more was the introduction of the Neuer Markt (New Market, the German equivalent to Nasdaq) in 1997. Designed for the new economy, with less rigorous rules than the traditional DAX (the equivalent to NYSE), this new financial instrument started to attract a new type of investors. EM.TV was the first media company that took advantage of this new form of raising money, and their unbelievable success story fueled not only the media industry but created a craze for stock that was hereto unknown in Germany. At this point it is important to keep in mind that Germany is the paradigm of a welfare state; people deeply mistrusted any financial instrument other than saving accounts, and there was no need to save for retirement as the state promises to take care of it. So, other than in the US, no stock market culture had evolved.

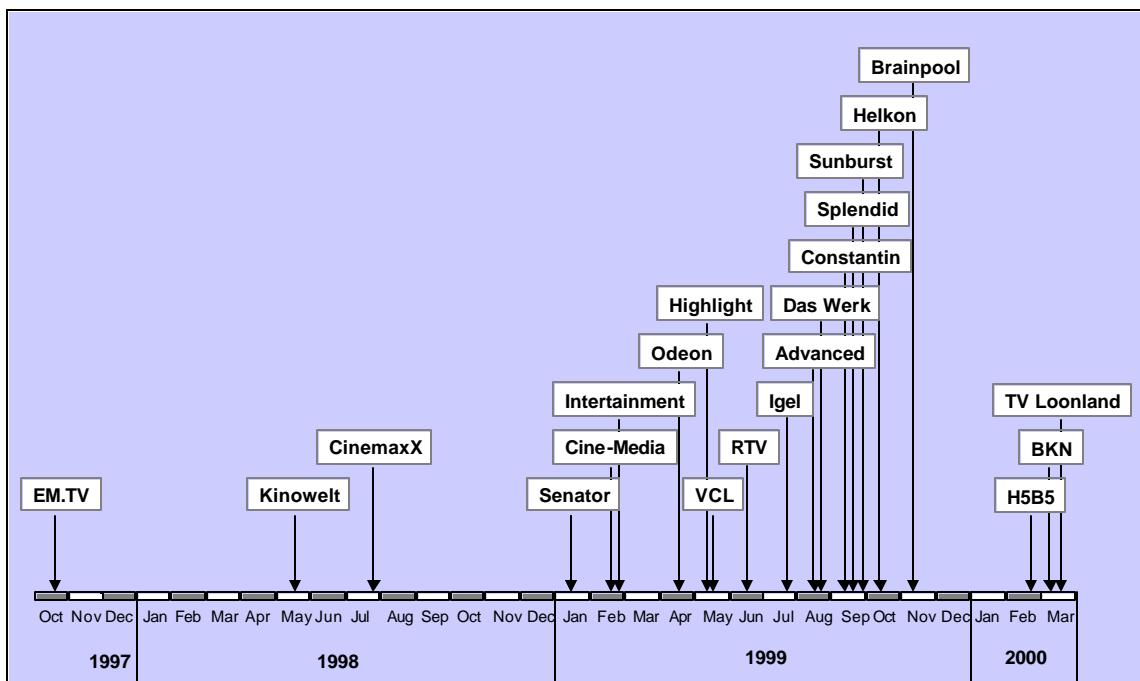
But this stock-hostile culture was about to change dramatically, and EMTV deserves a lot of credit for it: In 1996, Entertainment Munich (EM.TV's name before they went public) was a comparatively small merchandising company in Munich, with a modest stock of not very impressive licenses. In 1997 they went IPO with an initial stock price of DM 32 (\$ 16). One year later, their stock was at DM 1200 (\$ 600), and it has been climbing ever since. When EM.TV issued another round of stock in November last year, they proudly advertised that everybody who had invested DM 6500 just two years before has just become millionaire – a stock appreciation of more than 15,000% in just 2 years. Today, EM.TV's market capitalization is close to \$10 bn, and their stock has appreciated more than 22,000 % (see EM.TV.s profile for more details on the company)

In May 1998, Kinowelt followed EM.TV's example. They were the first traditional film company going public, with roots in theatrical distribution, a proven track record in film production, and with established relationships to Hollywood (Miramax at that time). In 1999 the market finally exploded with 15 additional companies trying their fortune at the New Market. At the time this study was conducted (April 2000), there were 21 media companies competing for investors'

attention, and a number of new candidates has lined up for the remainder of the year (see exhibit 4 for the history of IPOs).

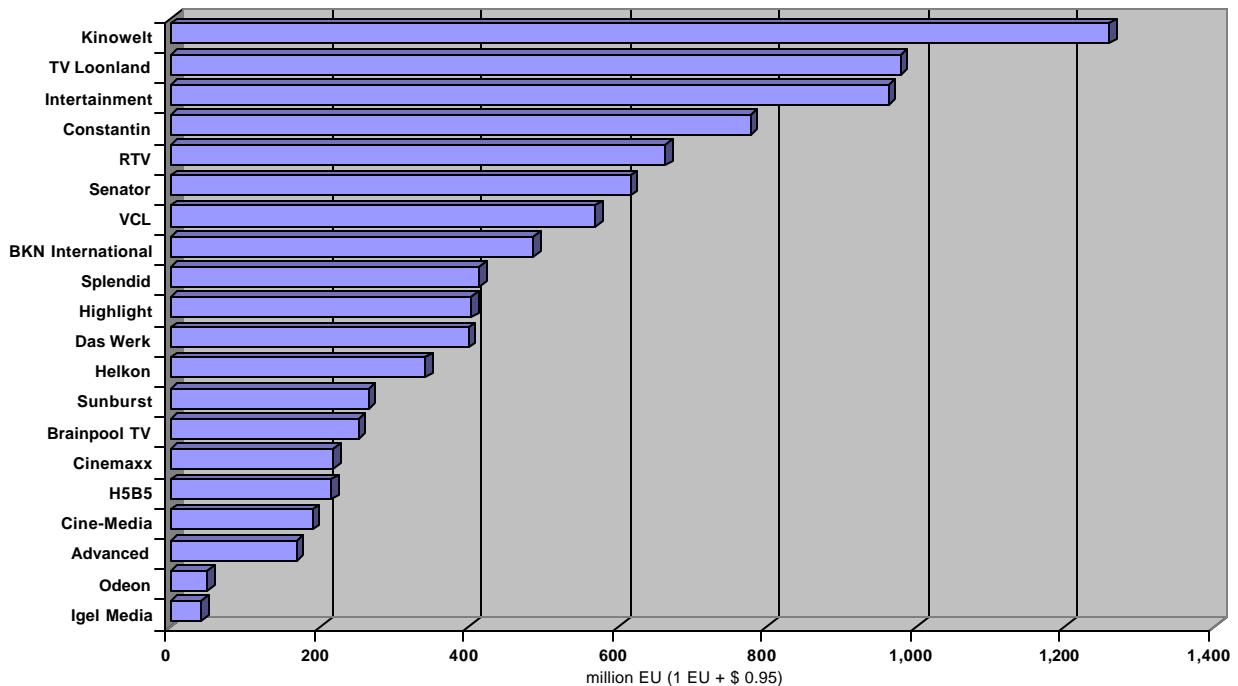
Investing in media companies has been very profitable so far, with almost all companies achieving three digit growth rates over a period of less than a year (see exhibit 5). As of April 7, the combined market capitalization of the “IPO media companies” is close to \$ 20bn, with a

IPOs of Media Companies at the German New Market



large percentage of the newly raised funds being dedicated to international co-financing and co-production (see exhibit 6 for stock performance and market caps). In light of these developments, it comes as no surprise that Media stocks have made it into the headlines of the yellow press, and almost every IPO at the New Market is oversubscribed multiple times.

Market Capitalization of Media Companies



	IPO on	IPO price	High	Low	4/7/00	Market Cap (mn)	Change since IPO
Advanced	6-Aug-99	5.60	22.50	8.50	12.60	168.21	125.00%
BKN International	9-Mar-00	30.00	77.00	55.00	63.20	486.64	110.67%
Brainpool TV	23-Nov-99	47.00	118.00	62.50	95.00	251.75	102.13%
Cinemaxx	20-Jul-98	24.00	35.20	14.60	20.00	217.96	-16.67%
Cine-Media	3-Feb-99	25.00	101.00	24.80	44.20	190.01	76.80%
Constantin	13-Sep-99	29.00	80.00	32.80	61.50	777.36	112.07%
Das Werk	25-Aug-99	20.00	53.90	27.60	39.90	399.00	99.50%
EM.TV	30-Oct-97	0.36	119.50	27.80	81.20	9,702.59	22455.56%
Helkon	7-Oct-99	19.50	46.00	18.20	32.50	341.25	66.67%
H5B5	21-Feb-00	25.00	93.50	50.10	43.00	215.00	72.00%
Highlight	11-May-99	25.50	185.00	27.00	199.00	1,710.63	680.39%
Igel Media	15-Jul-99	12.00	62.00	9.80	18.00	41.40	50.00%
Intertainment	8-Feb-99	18.00	145.00	64.00	99.50	963.13	452.78%
Kinowelt	5-May-98	7.00	89.60	39.90	51.70	1,260.45	638.57%
Odeon	12-Apr-99	32.00	52.60	21.50	24.70	49.40	-22.81%
RTV	8-Jun-99	8.30	96.00	20.50	63.90	663.28	669.88%
Senator	29-Jan-99	38.00	175.00	54.20	123.50	616.88	225.00%
Splendid	24-Sep-99	30.00	55.00	22.00	45.80	414.49	52.67%
Sunburst	27-Sep-99	17.50	86.00	18.50	69.00	265.65	294.29%
TV Loonland	22-Mar-00	25.00	153.00	65.00	153.00	979.20	512.00%
VCL	27-May-99	15.00	194.50	15.80	109.50	569.40	630.00%

exhibit 3: Financial data of Media Companies at the New Market

Implications of the IPO-mania

The glut of newcomers has created a buying frenzy at international film markets. To keep shareholders happy, the companies have become masters in investor relations, announcing spectacular deals virtually every other week (see company profiles for more detailed information

on recent international agreements and alliances). As a consequence of the exploding number of financially very liquid buyers who all have to demonstrate "successes" to their shareholders, competition for A-product has intensified and prices for German rights have gone north, from former 8-10% to now 12-15% of the budget. And the stakes are getting higher. As an example, Splendid/IEG brings in 65% of the \$100mn budget of "Gangs of New York" (with Martin Scorsese and Leonardo Di Caprio) in return for all international rights – an amount equivalent to the combined yearly subsidy pot of the three largest German states.

The deal that probably caused the biggest attention so far is Kinowelt's output deal with Warner in the amount of DM 550 mn (\$ 300 mn at the time of the deal). For the first time, one of the new players has aggressively bought its way into the market, shaking up the established and familiar competitive arena of Kirch, Bertelsmann, and ARD. It remains to be seen if the TV networks will use their bargaining power to hold back buying product from companies such as Kinowelt, or if the attractiveness of products like "The Matrix", "Magnolia", or "The Cider House Rules", etc. will eventually win over the current deadlock...

But it is not only an inflation of prices that currently pleases the Hollywood production community. To satisfy shareholder's expectations, many newcomers are under considerable pressure to present a pipeline of projects with international prestige that allows them to build a stock of rights. There is not much alternative but to enter into international deals: Local TV production may produce good cash-flow, but it leaves the companies without rights and thus does not enhance shareholder value. And domestic feature film production is not profitable enough, because most German films get released only in the German market, without good prospects for international sales.

Given the limited number international A-scripts with A-actors and A-directors attached, and given the new companies' pressure to show "results", many of the less viable projects that have been waiting in turnaround or are pet projects of A-talent finally find a home. Of course, nobody knows the success of a project before opening box office weekend. But it is quite safe to assume that as a result of this situation, we may expect an overcapacity of product in 2001 and 2002, leading to an inflation of releases that may eventually hurt the average profitability of a movie.

In their efforts to secure a steady flow of product, many of the new companies have also entered into a race for strategic alliances on the production side of the business. Intertainment's agreement with Franchise, Splendid's investment in IEG, Helkon's share in Newmarket, or Kinowelt's far reaching agreements with Alliance Atlantis Communication are examples of attempts to build lasting bridges to the international production community. On the front end of the business, newcomers that do not own distribution have cut deals with the majors to secure

theatrical release in the territories they bought rights for – such as Helkon with Buena Vista, or Intertainment with Fox and Paramount.

While strategic alliances for co-production and distribution are an important success factor, many of the new IPO companies also see the necessity for vertical integration. Almost every firm is extending its original core business. Post-production companies develop into co-producers and film rights traders, production companies establish Video and DVD labels, some move into theatrical distribution or - like Kinowelt – even consider seriously creating a proprietary TV channel outlet.

Structuring the arena

The glut of new IPO-companies can be overwhelming for those who have not been following closely these developments. Therefore, a small portfolio analysis may help to provide orientation and structure the arena. While size – in terms of market cap -certainly matters, it is not necessarily the critical differentiator (with the exception of the majors, of course, but none of them is – yet – listed at the stock market). A useful perspective is provided by a closer look at the companies' core competencies, their degree of vertical integration, and their historical power in the industry. Using these criteria, six different segments of players can be distinguished:

1. The large and established German “majors” **Kirch Group** and **Bertelsmann** that are multi billion dollar operations, shaping the global industry with highly integrated media empires that include powerful TV networks, and, in the case of Kirch, also Pay TV. With his TV outlet, his independent distribution label Concorde, and his alliances with Murdoch and Lions Gate, Herbert Kloiber’s **Telemuenchen Group** can be seen as a junior partner in this duopoly who has managed to stay influential as a serious mini-major.
2. The fairly highly integrated production companies with own independent distribution or even exhibition outlets that have the power to release films and also control Video and DVD to a certain extent. Bernd Eichinger’s **Constantin Film**, **Kinowelt**, and **Senator** belong to this group that is also very active in producing domestic movies for theatrical release.
3. The companies with little or no control over theatrical distribution who focus mainly on international co-financing and co-production deals that provide non-US territorial rights in perpetuity. **Splendid**, **Helkon**, **Intertainment**, **Advanced**, and **Highlight** belong to this group. **VCL** may also fit into this group, however their strong business focus on the Video/DVD market gives them a distinctive role among the others.
4. Companies that have a strong strategic focus on kids programs, often linked with powerful merchandising operations. **EM.TV**, **TV Loonland**, and **RTV** belong into this group, with

EM.TV being a class on its own with its recent acquisition of Henson (Muppets) and a 51% stake of Formula 1. Typically these companies sell exclusively to TV, many on a worldwide basis. A special case is **Sunburst**, which is a music merchandising company.

5. Companies that have their focus on producing TV programs, often with genre specialization, such as comedy or documentaries. **Brainpool**, **Odeon**, **Igel**, and **H5B5** belong to this group which partly is just about to enter also the international licensing arena.
6. Finally, there is **Das Werk** and **Cine-Media**, companies that have their roots in post-production and below-the-line services. Both are quickly entering the international co-production and co-financing space, which will soon make them players in the licensing business.

Exhibit 4 provides an overview of the business portfolios of the IPO companies.

	Licensing*	Production	Post-Production	Th. Distribution	Exhibition	Video/DVD	Pay TV	Free TV	Merchandising	Internet	Focus on Kids	Sports rights
Advanced	●			●	●							
BKN Int'l	●	●						●			●	
Brainpool	●	●										
Cinemaxx					●							
Cine-Media	●	●	●						●			
Constantin	●	●	●		●							
Das Werk	●	●	●								●	●
EM.TV	●	●				●		●			●	●
Helkon	●	●		●	●							
H5B5		●	●					●				
Highlight	●			●		●			●			●
Igel Media	●		●									
Intertainment	●	●		●*					●			
Kinowelt	●	●		●	●	●						●
Odeon			●									
RTV	●	●						●			●	
Senator	●	●		●	●							
Splendid	●	●	●			●						
Sunburst								●				●
TV Loonland	●	●						●	●	●	●	
VCL	●	●			●							

* Through alliance with US majors

Exhibit 4: Business Portfolio of German IPO Companies

Conclusions

Does the new money really shift powers? Some, like Intertainment's Barry Baeres, are convinced that it will strengthen the position of the independent US producer who now finds viable alternatives to the dependence on majors, especially when combined with innovative ways of distribution such as the internet. It should also strengthen the position of the German producer: For the first time, producers are able to build up equity and don't have to sign all their rights away in an early stage, just to get a project done. With a growing library of A-class product that remains in the hands of alliances of independent production partners, a new breed of entertainment entities could evolve, a breed that may eventually be challenging the monopoly of the majors.

Others argue that Hollywood is milking the German cash cow as it did in the past, the milk just has become richer and creamier – at least for a while. The critical market of the United States remains stronger than ever in the hands of consolidating entertainment agglomerates -- and success at this market remains the condition for any other exploitation of content. They also assume that the majors will be flexible and innovative enough to capitalize creatively on the opportunities of the new media, and the new players will soon run out of steam.

There is a consensus, however, that no matter which scenario will become the reality, we will see a shake-out of players 18 months down the road, when investors want to see results and are not satisfied with announcements any more. When it comes to deliver the promises, it is doubtful that all players will be able to recoup their investments, as there are just not enough screens available, and TV is reluctant (or can't afford) to pay higher prices.

And there is another clear consensus, too: These are exciting times for the industry.

About the author

Roland Deiser is an international business consultant with 20 years of experience, specializing in strategic business development and organizational design. His clients include large international corporations and government agencies as well as innovative small start-up companies, both in the U.S. and Europe. Apart from his consulting and speaker assignments, he is currently working on a book about the changing strategic dynamics of the film licensing industry.

In 1998 and 1999 Roland Deiser left his Los Angeles based consulting firm to serve as head of DaimlerChrysler's Corporate University, being responsible for the company's global activities in the area of executive education, knowledge management, and strategy dialogue. From 1994 to 1998, he taught Business Strategy and Consulting at the University of Southern California, where he also acted as an advisor to USC's School of Cinema and TV.

Roland Deiser serves on the Advisory Boards of several universities, corporations, and start-up companies. He is Chairman of the Advisory Board of *reelplay.com*, a California-based Internet company that provides a virtual B to B platform for producers, buyers, and sellers of filmed entertainment. He is member of the Supervisory Board of *Asset Media International*, a 3D-Animation Internet production firm. He also is a member of the National Advisory Board of the German Federal and State Commission on the impact of the Internet on the future of universities.

He currently splits his time equally between Europe and the U.S., with homes in Los Angeles, USA, and Munich, Germany. He can be reached by Email at rdeiser@aol.com.

Facts about Germany

Theatrical

With 1.8 movie attendances per person per year, Germany ranks very low compared to the US, France, UK, or Italy. While admissions grew by 20% over the last 5 years, there is still a lot of ground to cover if Germany wants to catch up with the average. Given the high costs of P&A and dubbing, total BO revenue of DM 1.58 bn (\$ 750mn) is not an exciting figure. This comparatively low box office income potential makes it not only more difficult to establish awareness for movies (and subsequently achieve a better price from TV and Video sales); it also leaves disproportionate buying power with the TV networks.

The number of screens has grown moderately over the last 5 years, with multiplexes grabbing an increasing share of the venues. Economies of scale are important in this low-margin business, therefore further consolidation can be expected (e.g. alliance between Kinopolis and Cinemaxx, UFA-CinemaxX merger). Exhibit 1 illustrates the change dynamic within the German film business.

Change Patterns in the German Film Industry over the Last 5 Years (in %)

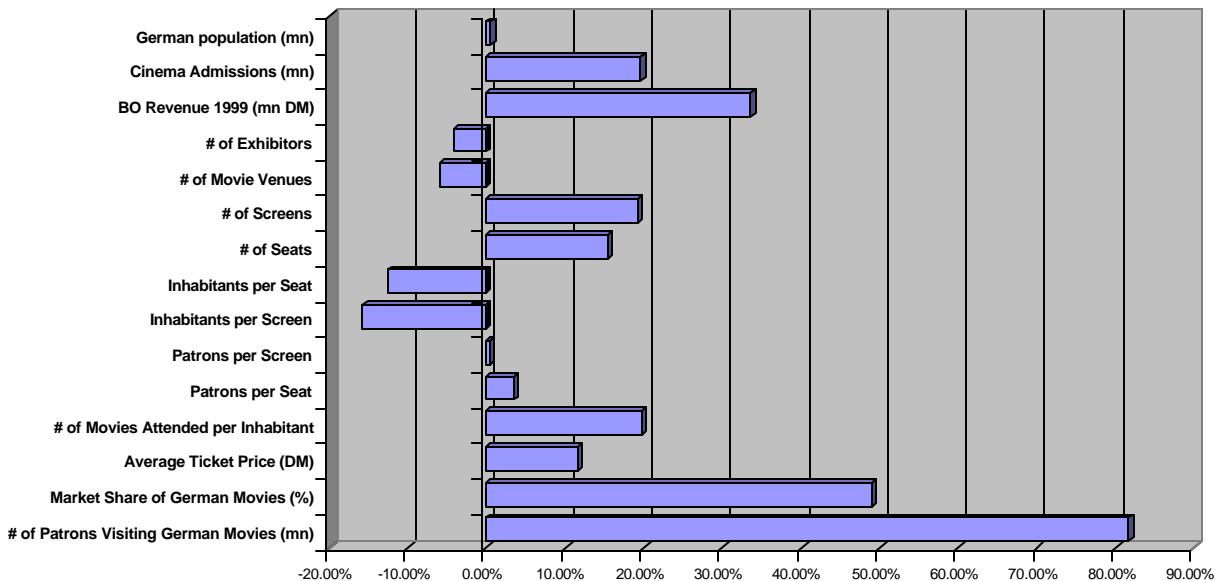


Exhibit 1

As in most countries, more than 80% of theatrical distribution is in the hands of the majors. However, some domestic companies, above all Bernd Eichinger's Constantin Film (ranking #1 in the first 4 months of Y2K!), but also Kinowelt, Senator, and Herbert Kloiber's Concorde, are challenging the oligopoly. The recent co-production deals that were brokered with money from the New Market will provide fresh and attractive output for those who are integrated enough to own distribution.

Video/DVD

With DM 1.6 bn (\$ 800mn), the German video market has stayed flat over the last few years. Household coverage with VCRs is stagnant at 65%, but the exploding DVD market should refuel the canned product industry. Video and increasingly DVD are clearly an important exploitation window that helped companies like VCL to build a strong foothold. Many of the new IPO players such as Kinowelt, Senator, Splendid, or Advanced are diversifying into the segment to control their own outlet.

Free TV

Many say that the German TV landscape is one of the most developed in the world. 34 million homes in Germany have televisions, making it number one in Europe and no. 2 worldwide, behind the USA. Other than in the US, public TV (ARD with its 8 regional sisters, ZDF, 3sat and ARTE) is still a very important player, with a consolidated market share of 45%. Private free TV is more or less split between the Bertelsmann camp (RTL, RTL2, RTL plus, VOX) and the Kirch camp (Pro7, SAT1, Kabelkanal, DSF), with Herbert Kloiber playing an interesting fence-role with his outlet tm3.

With the exception of DSF, which is a pure sports channel, all channels compete with a full program, which results in an extremely high demand for movies and TV-series. German TV has to fill more than 20,000 movie slots per year, making TV by far the most important licensee for filmed entertainment. TV networks spend close to DM 2 bn (\$ 1bn) to buy films and series. However, in light of rising prices for international product and spoiled audiences who increasingly prefer local fare over dubbed imports, local production is on a steep rise. The newly discovered business orientation leads to a quality of product that has become more attractive for international (non US) markets, slowly improving the negative trade balance.

Selling US content to German TV has become tougher, leaving only space for real A-product for prime time slots.

Pay TV

Over the last few years, the public could witness a battle of giants over the introduction of a viable Pay-TV platform. With Bertelsmann giving way, and the European Union greenlighting the deal, KirchGroup is now free to go ahead with its new platform "Premiere World". The endeavor was so expensive, however, that Kirch had to bring in Murdoch as a partner, which definitely will add flavor to the German arena. Again, Kirch is benefiting tremendously from his huge library that enables him to feed the 30+ channels of the digital platform without external help. The Internet may lurk around the corner, potentially cannibalizing the business by providing alternative ways to offer video on demand. But both Kirch and Bertelsmann have promising initiatives under way to make sure to stay put in case of expected discontinuities...

Internet

After being a laggard for the last few years, Germany is now quickly catching up with Internet usage. The biggest barrier is still the comparatively high charge on local telephone calls that make surfing a costly affair. While the Internet is not yet a substitute for TV, it is increasingly used for innovative tie-ins with TV shows, allowing amazing cross-fertilization. A good example is Endemol's "Big Brother", which has been picked up by RTL2 and can soon be seen also in the US at the eye network. After only one month of daily TV coverage of the life of a group of volunteers, the show's dedicated website has become the most popular site in Europe with more than 5 million hits a day.

Profiles

Advanced Media AG

With a 20 years+ track record in the acquisition and distribution of films, Advanced Media AG is an established player at the German market. Over the years, a library of close to 1000 movies has accrued. The company enjoys strong relationships with all the German television networks, deriving 95% of its revenues from TV sales.

Since its IPO in August 1999, Advanced's strategy has become more ambitious, with a commitment to develop into a fully vertically integrated international media company. Eighteen (18) films are in the pipeline for theatrical distribution under the Advanced label in 2000, and the company is gearing up its Video/DVD business. Co-financing and co-production will also become a major area of activity.

Already before the IPO, Advanced had cut an output deal for 15 movies over 5 years with Chuck Gordon's Daybreak Productions ("Die Hard", "Waterworld"). They also have a 10 pic co-financing alliance with Natural Nylon, (the British film production company of Ewan McGregor and Jude Law), as well as an agreement with British Granada films and with US based TV production house U.F.O. One of Advanced's bigger current projects is the \$25 mn movie "Marlowe" (with Jude Law, co-financed with Alliance Atlantis). Typically, Advanced brings in 10% - 12% of the budget for all German rights.

Fact sheet

Date of IPO:	Aug 6, 1999
IPO share price:	EU 5.60
Funds raised:	EU 23.5 mn
Share price (April 7, 2000):	EU 12.60
Market Cap (April 7, 2000):	EU 168.2 mn
Performance since IPO:	+ 125 %
Ownership Structure:	Family Jovi 38.5%, Institutional investors 15.3%, Free Float 46.2%
Top Management:	Christoph Montague, Hanns-Arndt Jovy, Veronika Morawetz
Employees:	20
Library:	960 films
Website:	www.advanced-medien.de

BKN International

Paris based BKN International is a subsidiary of US based BKN, a kid's network whose primary focus is in animation. Although based in France, the company decided to go public on the German New Market, an indication that this market has such a high profile and investor's attention, that it has become the number one choice for media companies seeking IPOs, no matter where their home base is. With a stock appreciation of more than 100% in one month, it seems that BKN was quite right to do so.

The company's business model focuses exclusively on in-house production, so BKN can retain all rights for all media's all territories. Production and distribution synergies between the US parent and the European operation provide cost advantages and make it comparatively easier to build global brands. BKN's idea is to develop global concepts for the internet-savvy target group of 7-13 year olds, that enable the company to exploit their properties through TV, DVD, internet, and merchandising tie-ins on both continents.

BKN's library in Europe is relatively small, with about 400 ½ hour episodes. Since their inception at the New Market, they have successfully sold four series of "King Kong" to 80 markets, their biggest sale to date. Other projects in BKN's pipeline include animated versions of "Treasure Island", "Invisible Man", and "Journey to the Center of the Earth". Around each of these properties, BKN wants to build a web-based interactive architecture to enhance branding and boost sales of merchandise.

Fact sheet

Date of IPO:	March 9, 2000
IPO share price	EU 30.00
Funds raised	EU 52 mn
Share price (April 7, 2000):	EU 63.20
Market Cap (April 7, 2000):	EU 486.6 mn
Performance since IPO	+ 110.7 %
Ownership Structure:	BKN Inc. 58.18%, Invesco 14.66%, Family Beecham 0.64%, Free Float 26.52%
Top Management:	Nadia Nardonnet, Leslie Nelson, Veronique Angelino
Employees:	15
Library:	400 ½ hour episodes
Website:	www.bknkids.de

Brainpool TV

Brainpool TV was founded 1994 as a development consulting firm that quickly became a producer of talk shows for private TV. 1998 the company changed its strategy and started to retain all rights on its productions to become a player in the licensing business.

Today, Brainpool is well known for its focus on comedy and erotic formats that have achieved considerable ratings in Germany. However, comedy and erotic formats are generally parochial, so growth perspectives are limited.

Brainpool TV's long term goal and objective is to create a strong branding of its formats so that internet traffic, internet-based merchandising, and property-related events should become a major source of revenue.

Fact sheet

Date of IPO:	November 23, 1999
IPO share price	EU 47.00
Funds raised	EU 30 mn
Share price (April 7, 2000)	EU 95.00
Market Cap (April 7,2000):	EU 251.7 mn
Performance since IPO	+ 102.13 %
Ownership Structure:	Family Grabosch 24%, Family Günther 18.5%, Martin Kess 17.1%, Andreas Scheuermann 5.4%, Free Float 35%
Top Management:	Jörg Grabosch
Employees:	160
Library:	1600 hours
Website:	www.brainpool.de

CinemaxX

CinemaxX is a leading German exhibition company that has been instrumental in introducing the multiplex culture. As pure exhibitor it does not really belong to the species of media firms we discuss in this report; however, in order to provide a complete listing of all publicly traded media corporations, CinemaxX has been included in the profiles.

Theatrical exhibition faces a tough business environment. Consolidation, cost competition, and a comparatively weak German attendance rate of 1.8 per year make it very difficult to stay profitable, a fact that is also reflected in CinemaxX's lackluster stock performance. The company's strategic response to these threats is to achieve cost leadership through economies of scale.

As a consequence, CinemaxX is leading the consolidation game: In 1999, the company formed a joint venture with the Belgian Kinepolis Group, and they recently announced to merge with UFA's cinemas over the next five years. These alliances are important steps in CinemaxX's strategy to become a premier European player, with close to 1000 screens.

Today, CinemaxX runs 30 multiplexes with a total of 271 screens and 72,000 seats. The company still owns another 7,800 seats in traditional theatres.

Fact sheet

Date of IPO:	Jul 28, 1998
IPO share price	EU 24.00
Funds raised	EU 9 mn
Share price (April 7, 2000)	EU 20.00
Market Cap (April 7,2000):	EU 218 mn
Performance since IPO	- 16.67 %
Ownership Structure:	Family Flebbe 70%, Free Float 30%
Top Management:	Hans-Joachim Flebbe (CEO)
Employees:	2000
Theatre Seats	80,000
Website:	www.cinemaxx.com

Cinemedia

CineMedia has a tradition of high quality and reliability in post-production that goes back some 90 years, to the early days of cinema. The company enjoys a solid 60% market share in the German printing and editing business, with well-established business contacts to the entire production community.

As the print-lab business is becoming more and more mature, it came as no surprise that after CineMedia's IPO in February 1999, the company quickly diversified into international licensing, co-financing and co-production. In January 2000, management announced its first substantial Hollywood deal, striking alliances with Icon and Millennium Films for a total of 16 movies, among them the romantic comedy "What Women Want" (Mel Gibson), "Dreaming of Julia" (Harvey Keitel), "Loving Lulu" (Melanie Griffith), "How to Kill your Neighbor's Dog" (Kenneth Branagh), "Prozac Nation" (Andie McDowell), and "Anazasi Moon" (Gary Oldman). A smaller, 3 picture deal was cut in February with London based Own2Feet Productions, and negotiations are under way for a major international co-production.

CineMedia takes all German rights for all exploitation platforms in return for contributing 13% - 15% of the budget. These deals mean a very important step towards a fully integrated Media company, allowing Cinemedia to catch up with its competitors, many of which have a long established track record in the area of co-production and distribution.

CineMedia intends also to expand into Internet activities. They recently inked a collaboration deal with an internet B to B platform for trading rights, and they have a 60% stake in www.film.de, one of the leading German B to C internet portals for filmed entertainment, that is designed to also handle the company's Internet related content distribution in Germany in the future.

Fact sheet

Date of IPO:	Feb 3, 1999
IPO share price	EU 25.00
Market Cap (April 7, 2000):	EU 190 mn
Funds raised:	EU 12 mn
Share price (April 7, 2000)	EU 44.20
Performance since IPO	+ 76.8%
Ownership Structure:	German Equity Partner B.V. 25 %, Bavaria Film GmbH 17,3%, Tschunke/Wannemacher 13%, Management 1,6%, Free Float 43%
Top Management:	Helmfried Fülling, Holger Heims, Wolfgang Grass
Employees:	700
Library:	16 films
Website:	www.cinemedia.de

Constantin Film AG

Constantin Film is one of the oldest and most established entertainment companies in Germany. Helmed by director/producer Bernd Eichinger ("The Never Ending Story", "The Name of the Rose", "The House of Spirits", "Smillas Sense of Snow"), Constantin is an integrated media group of about 20 wholly or partly owned companies in eight countries, covering the entire value chain from script development to production, distribution, license trading, marketing, and multimedia.

With a release slate of 15-20 films per year, Constantin is a leading independent distributor. Much attention is given to marketing, with campaigns being designed and implemented by a own in-house agency. The company is also a seasoned international production entity, with a 15 year old tradition of co-producing English-language feature films -- a fact that helped Constantin to build to a premier network of international partners long before the recent globalization of the industry. Important alliances include long-term agreements with Mandalay Pictures, Summit Entertainment, and KirchGroup/Beta Film. In February, Constantin closed a 20 picture output deal with US based Escape Artists (Steve Tisch, Todd Black, Jason Blumenthal) for all German rights in exchange of 10% of the production budget.

In 1996, Constantin entered the area of TV production. Constantin has also an own Video/DVD label and is about to enter the space of multimedia and internet. In September 1999, EM.TV took a 25% stake in the company. This move brought not only access to the financial wealth of the IPO superstar, but also opened the door to the profitable segment of family entertainment. Constantin's recent acquisition of a 25% stake of the German animation studio Hahn Film AG is a further proof that the company is committed to broaden its portfolio.

Constantin's behavior clearly indicates that the company intends to spend its IPO money not on large scale Hollywood co-productions, but rather uses the funds for acquiring stakes in companies to expand or complete the business portfolio.

Fact sheet

Date of IPO:	September 13, 1999
IPO share price	EU 29.00
Funds raised	EU 71 mn
Share price (April 7, 2000)	EU 61.30
Market Cap (April 7, 2000):	EU 777.4 mn
Performance since IPO	+ 112.07 %
Ownership Structure:	Bernd Eichinger 25,2%, KirchGroup 24,2%, EM.TV 16,5%, Free Float 34,1%
Top Management:	Bernd Eichinger, Jochen Kamlah, Martin Moszkowicz, Daniel Wiest, Thomas Friedl
Employees:	ca 70

Library: 261 films
Website: www.constantinfilm.de

Das Werk

In the New Market family of media companies, Das Werk AG represents a pretty unique combination. In 1999, this leading European digital post-production firm teamed up with one of Germany's most renowned director, Wim Wenders. The partnership with Wenders' company "Road Movies" is designed to utilize the synergies between digital technology and creative talent. "Das Werk" was founded in 1991 and has grown to a profitable 200 employees operation with subsidiaries in 6 German cities. LA based "Road Movies" has a tradition of 24 years and has realized films with directors such as Ken Loach, Michelangelo Antonioni, and Wim Wenders. Together, they went to the New Market in August 1999, rising DM 86 mn (\$ 43 mn).

The merger, coupled with the IPO, enables the company to enter into the co-production, rights acquisition, and licensing business. So far, the focus is on enhancing the global sales of the existing "Road Movies" library, which includes titles such as the Oscar-nominated documentary "Buena Vista Social Club", the recently completed "Million Dollar Hotel" from ICON (with Mel Gibson) and a selection of classic Wim Wenders films. The company's target is to increase their production output to 25 films per year, offering a producing platform for young European directors.

Apart from its production plans, Das Werk plans to expand its core competence in digital post-production into the area of digital distribution and also become a leading digital service provider for the advertising industry.

Fact sheet

Date of IPO:	August 25, 2000
IPO share price	EU 20.00
Funds raised:	EU 43 mn
Share price (April 7, 2000)	EU 39.90
Market Cap (April 7, 2000):	EU 399 mn
Performance since IPO	+ 99.5 %
Ownership Structure:	Ralf Drechsler 7.35 %, Stefan Jung 7.35 %, Joachim Sturmes 7.35 %, Ulrich Felsberg 7.20 %, Wim Wenders 7.20 %, Christian Leonhardt 6.75 %, Thomas Tannenberger 6.75 %, Stefan Jonas 5.85 %, other individuals 19.2%, Free Float 25%
Top Management:	Joachim Sturmes, Ulrich Felsberg, Christian Leonhard, Thomas Tannenberger, Wim Wenders
Library:	n.a.
Employees	220

Website: www.das-werk.de

EM.TV

EM.TV stands as a symbol for the possibilities of the New Market. Within less than 4 years, the company has developed from a fledgling merchandising operation into a global media powerhouse with a market capitalization of about DM 20bn (\$ 10bn). While luck, good timing, and the visionary power of co-founders Thomas and Florian Haffa were important ingredients for EM.TV's success, it is also a clear and stringent focus on a precisely defined business idea that is responsible for the company's dominant position.

Today, EM.TV is a leading provider and marketer of family programming on a worldwide scale. Their umbrella brand "Junior" contains close to 30,000 episodes of children's programming that were produced by numerous strategic partnerships, co-productions, and acquisitions. From the very outset, EM.TV develops its products with a clear branding and merchandising strategy in mind, generating quickly profitable tie-ins with manufacturers and retailers. At the same time, the proliferation of distribution channels (internet, TV platforms) and the general "entertainification" of life provides an increasing number of platforms to exploit the carefully crafted brand equity of "Junior".

Some major recent deals: On the production side of the business, EM.TV recently closed a DM 1.5 bn (\$ 750mn) co-production deal with Victory, a private German Media fund. Earlier in 1999, the firm bought a 50% stake of Australia's Yoram Gross Film Studio to secure production capacity for animated film. They also bought 45% of Telemuenchen for DM 800 mn (\$ 400mn) and 25% of Constantin Film (Bernd Eichinger). On the merchandising side, the firm has agreements with FIS (snowboard championships), the Oktoberfest, and Expo 2000 Hannover for exclusive global exploitation of these events. On the TV distribution side, the company has a 1200 episodes license agreement with the German Disney channel, a 6000+ episodes agreement with free TV network SAT1, and a prime-time deal with Fox Network in the US. EM.TV also runs 2 dedicated pay-TV channels on the digital platform "Premiere World" and just recently signed a far-reaching agreement with ZDF (German public TV).

In the last few months, EM.TV has raised global eyebrows by acquiring 100% of Jim Henson Company (Muppets) for \$ 650 mn, and one week later taking a 51% stake in the Formula1 franchise for a stock/cash deal estimated beyond \$ 1.8bn. In light of this focused growth, many say, a European Disney is on the rise.

Fact sheet

Date of IPO:	Oct 30, 1997
IPO share price	EU 0.36 (adjusted after several splits)
Funds raised:	n.a.
Share price (April 7, 2000)	EU 81.20
Market Cap (April 7, 2000):	EU 9,702.6 mn
Performance since IPO	+ 22,455.5 %
Ownership Structure:	Family Haffa 54%, Free Float 46%

Top Management: Thomas Haffa, Florian Haffa, Hans-Peter Vriens
Employees: ca 250
Library: 30,000 half hours of childrens programming
Website: www.em-ag.de

Helkon

Helkon Media AG was founded 1992 by Werner Koenig und Martin Heldmann. The firm's business model is to co-finance, co-produce, or acquire German rights of major Hollywood movies, for distribution across the entire spectrum of the value chain. To secure wide-release distribution in Germany, Helkon has a long-term agreement with Buena Vista, but also retains its own distribution label (NIL Film) for arthouse fare. The Dutch giant Endemol (recently acquired by Spanish Telefonica) is a 25% shareholder, providing serious backing and possible distribution synergies.

Buying and selling films is by far the most important business segment, contributing with more than 80% to the company's revenue. Helkon's important bridge to Hollywood is a 20% stake in Newmarket Capital Group, providing access to producers such as Lawrence Bender, John Woo, and Terence Chang. Recently acquired films include „Rules of Engagement“ (Tommy Lee Jones, Samuel L. Jackson), „Ace in the Hole“ (Bruce Willis), and „The House on Haunted Hill“ (Geoffrey Rush).

To further strengthen its international business, Helkon entered a strategic partnership with London-based distributor Redbus to jointly buy and exploit rights for Germany and UK. This alliance may also lead to joint ventures involving other European territories. Most recently, a majority stake in Michael Knobloch's (former with Kirch's Beta Film) production house Peppermint was acquired, which should strengthen production capacity and provide access to Asian markets.

Production contributes about 17% of revenue, with the bulk coming from Helkon's TV-production outlet "Sonne, Mond und Sterne". Helkon is committed to expand its production activities in the future, particularly in the area of feature film. Current films in production include "2001-Space Travesty" (Leslie Nielsen), a live-action version of the famous German cartoon "Nick Knatterton", and "Dark Blue World", the latest project of Jan Sverak ("Kolya").

Fact sheet

Date of IPO:	October 7, 1999
IPO share price	EU 19.50
Funds raised	EU 38 mn
Share price (April 7, 2000)	EU 32.50
Market Cap (April 7, 2000):	EU 341.25 mn
Performance since IPO	+ 66.67 %
Ownership Structure:	Endemol 25 %, Heldmann 17,17 %, Koenig 17,17 %, others 3.05%, Free Float 37,61 %.

Top Management: Martin Heldmann, Werner Koenig, Mark Ramakers
Employees: 20
Library: 450 films
Website: www.helkon.de

H5B5 Media AG

H5B5 is a TV production company with a focus on scientific documentary and Science Fiction. Most of the product is pre-sold to public and private TV networks, although the company retains DVD and Video rights for its documentaries. Well known for high quality work, they receive steady cash flow through a slate of established re-licensable product, especially the 200 episodes of the series "Welt der Wunder" ("World of Wonders").

H5B5's portfolio also covers a variety of media services, especially in the area of CGI. They provide production services to a growing number of industrial clients and have plans to extend their scope to that of a full-service agency in that field.

With the money raised through the IPO, H5B5 plans to finance its growth at international markets. The company's goal is to become the European market leader in the genre of Documentaries and Science Fiction, while, at the same time, expand the production portfolio towards internet broadcasting.

Fact sheet

Date of IPO:	February 21, 2000
IPO share price	EU 25.00
Funds raised	EU 36.5 mn
Share price (April 7, 2000)	EU 43.00
Market Cap (April 7,2000):	EU 215 mn
Performance since IPO	+ 72 %
Ownership Structure:	Families Hey and Hermann 71.5%, Free Float 28.5%
Top Management:	Jan Hermann, Hendrik Hey, Frank Molter
Employees:	120
Library:	200 hours
Website:	www.h5b5.de

Highlight Communications

Highlight Communications holds the distinction of being the only Swiss media company at the New Market. Founded in 1982, it started out as film licenser, also running a video retail chain. Over the last 18 years, Highlight has developed into an integrated media group, with activities in rights trading, co-production, distribution, home entertainment, sports, and multimedia.

The company's current film stock consists of 700 titles, with a commitment to grow the library volume over the coming years. One of the lynch pins in achieving this goal is a 3-year output deal Highlight entered with Artisan, which will provide 34 pictures with a total budget of approximately \$ 600mn. Another output agreement was closed with Mike Newell's production firm Fifty Cannon ("Four Weddings and a Funeral", "Enchanted April", "Donnie Brasco").

Highlight's stock was also pushed through the company's move into sports licensing. In June 1999 they acquired 80% of Team-Holding, which own rights for the UEFA Champions League (a major European soccer league) in more than 200 countries. Late last year, Highlight also created a new focus on the digital space by founding Highlight Intertechnology AG, a company dedicated to digital image processing, Web-TV, an E-shop, and other Internet applications.

Fact sheet

Date of IPO:	May 11, 1999
IPO share price	EU 25.50
Funds raised	EU 40.8 mn
Share price (April 7, 2000)	EU 47.00
Market Cap (April 7, 2000):	EU 404 mn
Performance since IPO	+ 84.3 %
Ownership Structure:	Burgener 13%, Fallscheer 13%, Camenzind 13%, others 26%, ABN Amro 10%, Free Float 25%
Top Management:	Bernhard Burgener (CEO) Andreas Fallscheer, Marci Syfrig, H. Camenzind, Ingo Mantzke
Employees:	272
Library:	700 films
Website:	www.highlight-communications.ch

Igel Media AG

Founded in 1983, IGEL Media is a TV production company that went public in July 1999 with ambitions to become a player in international co-financing, co-production, and acquisition and distribution of rights. The company's focus is divided between children's programming and documentaries. Recently, IGEL acquired 200 animated episodes from France based Gaumont for worldwide distribution. Titles include "Sky Dancers", "Dragon Flyz", "Ace Cooper - The Magician", "Space Goofs - Home to Rent" and "Oggy - and the Cockroaches".

IGEL's main distribution outlets are the German Private and Public TV networks, but the company also has deals with Discovery Channel in the US, BBC und Channel 5 in UK, Murdoch Media, ABC und SBS in Australia, and NHK in Japan.

Fact sheet

Date of IPO:	May 11, 1999
IPO share price	EU 12.00
Funds raised	EU 13.4 mn
Share price (April 7, 2000)	EU 18.00
Market Cap (April 7,2000):	EU 41.4 mn
Date of IPO:	July 15, 1999
Performance since IPO	+ 50 %
Ownership Structure:	Family Feddersen 22%, RKR Asset Management 10.8%, Future Securities 6%, others 4.5%, Free Float 40.7%
Top Management:	Stefan Draegert, Ed Galton
Employees:	15
Library:	not relevant
Website:	www.igelmedia.de

Intertainment

Intertainment was founded in 1993 as a licensing company that traded in rights for TV and accumulated a library of about 200 medium and low-budget films, mainly from independent companies. The successful IPO in February 1999 brought DM 78mn (\$ 39 mn) into the company's coffers and has allowed CEO Barry Baeres and his team to radically change Intertainment's business model.

Over the last year, Intertainment has forged a partnership with Franchise Pictures. Through this relationship, the company has become a partner in a global co-production and –financing alliance that also includes Gaga Communications (for the Asian territories) and Village Roadshow (for Australia/New Zealand). The 60 picture deal with Franchise has secured a steady float of high quality product, such as "The Whole Nine Yards" (Bruce Willis), or "Battlefield Earth" (John Travolta). Other Movies include "The Pledge" (Jack Nicholson), "Things You Can Tell by Just Looking at Her" (Cameron Diaz, Glenn Close), "Art of War" (Wesley Snipes), and "Caveman's Valentine" (Samuel B. Jackson).

Another unique feature in Intertainment's strategic architecture is the company's Pan-European distribution agreement with Warner and Fox which allows them to buy rights for all European territories – a considerable cost advantage. The deal also guarantees theatrical release of its pictures in the most important territories and makes it easier to sell to TV networks on an international basis. Some important recent TV sales include a DM 40mn (\$ 20mn) package to Berlusconi's Mediasat and a DM 140mn (\$ 70mn) deal with Britain's Redbus and France's TF1.

Exercising the same boldness that took the company from a rights acquirer to a Pan-European distributor Intertainment took a 26% stake in Sightsound.com, an Internet start-up that provides secure technology for downloading movies from the web. With this strategic investment and its policy to always acquire and retain Internet rights, Intertainment should be positioned at the forefront of the emerging digital arena.

Fact sheet

Date of IPO:	Februar 8, 1999
IPO share price	EU 18.00
Funds raised	EU 39 mn
Share price (April 7, 2000)	EU 99.50
Market Cap (April 7, 2000):	EU 963 mn
Performance since IPO	+ 452.8 %
Ownership Structure:	Barry Baeres 70%, Management 1.3%, Free Float 28.7%
Top Management:	Barry Baeres, David C. Williamson, Hans-Joachim Gerlach, Andreas Diga
Employees:	15
Library:	220 films
Website:	www.intertainment.de

Kinowelt

Kinowelt was founded in 1983, when brothers Michael and Rainer Koelmel decided to invest in movie theatres and distribution to offer a German outlet for arthouse films. These roots still can be felt, although today Kinowelt is an almost fully integrated international media group, with dozens of affiliated or wholly owned subsidiaries that are active in a wide variety of businesses. The company owns movie theatres, 2 theatrical distribution labels (Arthaus and Kinowelt), Video/DVD labels (including its own DVD lab), and production companies. On top of this, it has become the global leader in in-flight entertainment, and has stakes in 11 German soccer clubs.

With 43% of 1999 revenue, film licensing is the most important element in Kinowelt's portfolio. Through continuous acquisitions both in Germany and in the US, the company has been able to build a library of more than 10,000 titles. An important step was the acquisition of more than 1,200 titles from the Orion, Capitol Connexion, and New Regency libraries. Agreements to secure a flow of product include output deals with New Line (15 pictures per year), with Chuck Gordon's Daybreak Productions (3 pictures per year), a recently closed first look agreement with producer Gale Anne Hurd ("Terminator", "Aliens", "Armageddon"), and the much publicized \$300mn output deal with Warner Bros. Typically, Kinowelt obtains rights for the German speaking territories and often also for Eastern Europe in exchange for 10 – 15% of the production budget.

An important element in Kinowelt's corporate architecture is a far-reaching agreement with Canadian independent Alliance Atlantis Communications, which the company regards as very similar in terms of its business model (integrated group, local leadership, global strategy, publicly traded). Kinowelt took a 26% stake in the company and got two board seats. The two partners operate a 50:50 production Joint Venture in Los Angeles and a 50:50 production/distribution/home entertainment Joint Venture in the U.K.

Other recent moves that illustrate the company's drive toward size and integration are the incorporation of "Kinowelt Hungary" (a subsidiary that will provide the entire chain of Kinowelt's business to the Hungarian market), the acquisition of Volker Schlöndorffs production company "Bioskop" (adding 50+ arthouse titles to its library and strengthening its domestic production capacity), the acquisition of a 50% stake in a local animation studio (which should help to enter the lucrative children's market for the first time), the acquisition of a 50 % stake in a German merchandising company (to develop synergies with the soccer franchises), and the acquisition of US based Entertainment Concepts, LLC (propelling Kinowelt's market share in the in-flight entertainment market to 30%).

In fall 1999, Kinowelt announced plans to create its own TV channel to have a proprietary outlet for its 10.000+ titles library. However, in light of the already crowded German TV market, shareholders did not take to the idea, putting the concept on hold for now (although rumors

continue, that Kinowelt is about to team up with Herbert Kloiber's Telemünchen Group to jointly run a free-TV network).

Fact sheet

Date of IPO:	May 12, 1998
IPO share price	EU 7.00
Funds raised	EU 28 mn
Share price (April 7, 2000)	EU 51.70
Market Cap (April 7, 2000):	EU 1,260.45 mn
Performance since IPO	+ 638.6 %
Ownership Structure:	Family Kölmel 42%, Free Float 58%
Top Management:	Rainer Kölmel, Michael Kölmel, Eduard Unzeitig
Employees:	341
Library:	10,000 films
Website:	www.kinowelt-medien-ag.de

Odeon Film

Odeon was founded in 1990 as a joint venture of Bavaria Film and CarltonUK/ParamountUS. While Carlton and Paramount have left the consortium, Bavaria remained a majority shareholder, and new players have joined the firm. Since its inception, Odeon had a clear focus on providing physical production capability to the large German public and private TV networks, and that business still dominates the company's activities by contributing 80% to the bottom line.

The remaining 20% come from feature film production, an area that should grow over the next years. Odeon's most notable success in that field was the European release of "Asterix and Obelix", a live-action version of the famous French cartoon. Through its ties with Bavaria, Odeon enjoys synergies in utilizing the large studio facilities.

After the IPO, Odeon entered into a deal with Paramount to become a player in the game of international co-production and to lay the building blocks for its own library of films. Other similar agreements exist with the French company Cargo films and the British firm Gorilla Entertainment.

Odeon is also investing in an entertainment related Internet portal that should extend its scope of business. It was launched as "filmstadt.de", a virtual film town, in September 1999.

Fact sheet

Date of IPO:	April 12, 1999
IPO share price	EU 32.00
Funds raised	EU 12.8 mn
Share price (April 7, 2000)	EU 24.70
Market Cap (April 7, 2000):	EU 49.4 mn
Performance since IPO	- 22.8%
Ownership Structure:	Bavaria Film 32%, Monaco Film 21%, Management 3%, Free Float 44%
Top Management:	Reinhard Kloos, Hans Joachim Mendig, Andreas Pres
Employees:	53
Library:	not relevant
Website:	www.odeonfilm.de

RTV

RTV has its roots in the board game publisher Ravensburg who created a media outlet in the early eighties to expand its then slow core business. Over the last 20 years, RTV has grown to a major force in the German family and children's programming production arena, with an integrated activity portfolio that includes rights trading, production, co-production, licensing, and merchandising.

RTV's library includes 5000 episodes, of which 30% is animated fare. The company sources its product through an in-house production output of about 100 episodes per year, and a network of strategic alliances that provides access to international product. Early in 2000, RTV entered into a partnership with CLT-UFA, trading 4% of their stock against 1000+ episodes of family programming in a deal valued at DM 125mn (\$ 62.5 mn). RTV also bought a two third stake in the Australian animation independent production house Energee Entertainment, valued at \$ 24mn.

The focus on kid's programming and merchandising has rendered a recipe for stock market success. RTV enjoys one of the highest stock appreciations of the New Market media companies (see exhibit 5).

Fact sheet

Date of IPO:	June 8, 1999
IPO share price	EU 8.30
Funds raised	EU 16.3 mn)
Share price (April 7, 2000)	EU 63.90
Market Cap (April 7, 2000):	EU 663.28 mn
Performance since IPO	+ 670 %
Ownership Structure:	Ravensburger AG 73%, Free Float 27%
Top Management:	Peter Hille, Wolfgang Heidrich, Arno Haselhorst
Employees:	n.a.
Library:	5000 episodes of childrens programs
Website:	www.rtv-ag.de

Senator Film

Senator was founded in 1979 by Hanno Huth as an independent distributor with the original mission to release US independent art films in the German marketplace. Ten years later, the company decided to also distribute German productions, and they entered the production business themselves, utilizing the emerging opportunities of the German subsidy system. Since 1999, the New Market has opened additional business opportunities in international rights trading, with the advantage of already having a fairly high degree of vertical integration. Today, Senator consists of about 10 companies, mainly in the area of production and distribution.

Other than competitors such as Helkon, Splendid, or Intertainment, Senator has not been so much focused on rights deals that include Hollywood A-talent, but stucked to its roots by dedicating most of its energy to package, produce, and sell German and European independent projects. Some recent films include "The Harmonists" (picked up by Miramax for US limited release), "Marlene" (Marlene Dietrich biopic), "The Straight Story" (David Lynch), and "Aimee & Jaguar".

To enhance internationalization, Senator entered into a joint venture with Eric Pleskow and writer Leon deWinter in October last year. The new company Amberlon Pictures is based in London and designed for international co-production and joint global sales. Early this year, Senator entered also into a 14 picture/ \$400mn co-production alliance with the British production firm FilmFour, a subsidiary of Channel Four.

Recently, a new board member seat was created to better focus on the music and internet business, a clear indication that also Senator has intentions to become a player in this emerging area.

Fact sheet

Date of IPO:	Januar 29, 1999
IPO share price	EU 38.00
Funds raised	EU 33 mn)
Share price (April 7, 2000)	EU 123.50
Market Cap (April 7,2000):	EU 616.9 mn
Performance since IPO	+ 225 %
Ownership Structure:	Hanno Huth 42.6%, Michael Krohne 29.1%, Free Float 28.3%
Top Management:	Hanno Huth (Chairman), Hermann Lutter, Christoph Ott, Boris Brandt
Employees:	n.a.
Library:	200 films
Website:	www.senatorfilm-ag.de

Splendid Medien AG

For the last 25 years, Splendid has been active in the business of buying rights of US films to license in the German marketplace, covering theatrical distribution, video, and free TV. As it has been the case for many other IPO companies, the funds provided by floating shares moved Splendid into a different arena. Since the company went public in September 1999, it has announced prestigious production and distribution deals with US majors and leading independents. An important element in Splendid's corporate architecture is their 49% stake in Graham King's Initial Entertainment Group (IEG), allowing immediate access to high profile US projects.

The most spectacular project to date is certainly the Scorsese/DiCaprio project "Gangs of New York", where Splendid/IEG brings in \$65mn to co-finance the \$100mn picture that is scheduled for principal photography in August. Other projects in Splendid's co-financing pipeline include "The Dangerous Lives of Altar Boys" (Jodie Foster), "Traffic" (Steven Soderbergh, Michael Douglas), "Dr. T. and the Women" (Robert Altman, Richard Gere), and "Under Suspicion" (Gene Hackman, Morgan Freeman). To further establish their position as international co-producer, Splendid recently closed a deal with Catherine Zeta-Jones' Milkwood Films to produce a slate of 2-8 films in the range of \$ 5 – 50 million.

Looking at the company's recent behavior it seems clear that they aim to get early access to big budget productions that have A-talent attached, taking international rights in exchange of 65% of the budget. So far, however, it seems that the stock market remains somehow reluctant and takes on a "wait and see"-attitude towards Splendid's high stakes-no prisoners strategy...

Fact sheet

Date of IPO:	Sep 24, 1999
IPO share price	EU 30.00
Funds raised:	EU 70 mn)
Share price (April 7, 2000)	EU 45.80
Market Cap (April 7, 2000):	EU 414.5 mn
Performance since IPO	+ 52.67%
Ownership Structure:	Family Klein 64,9%, Graham King 3,8%, Management 1,3%, Free Float 30%
Top Management:	Andreas Klein, Dietmar Schmitz, Graham King
Library:	400 films
Employees:	15
Website:	www.splendid-medien.de

Sunburst Merchandising

Founded in 1994, Sunburst focuses its activities purely on merchandising and licensing in the consumer product and event arena. The company's original roots are in music merchandising, but the company quickly developed its business to also exploit the merchandising potential of films, TV series, sports, and general events, such as rock concerts, musicals, or exhibitions.

Some of Sunburst's properties with German rights include the "Harald Schmidt Show" (a German version of David Letterman), "The Simpsons", "South Park", "Godzilla", "Men in Black", and "Titanic".

The company operates a number of concessions stands in movie theatres and is also about to enter the E-commerce space.

Fact sheet

Date of IPO:	September 27, 1999
IPO share price	EU 17.50
Funds raised	EU 20.1 mn
Share price (April 7, 2000)	EU 69.00
Market Cap (April 7, 2000):	EU 265.7 mn
Performance since IPO	+ 294.3 %
Ownership Structure:	Hero Alting 30.6%, Friends and Family 34.3%, Free Float 35.1%
Top Management:	Hero Alting, Benjamin Gawlik, Oliver Butke
Employees:	30
Library:	not relevant
Website:	www.sunburst.de

TV Loonland

TV Loonland is the youngest baby at Germany's New Market, with quite a stellar initial performance. In the first two weeks following the IPO on March 22, 2000, the company's stock climbed more than 500%, suggesting that investors like the business model and the objectives TV Loonland is projecting.

TV Loonland has a strong strategic focus on cartoon kids programs which they link in an innovative way to merchandising and e-commerce exploitation of related properties. The company's current library contains about 1500 episodes, 300 of which have been produced in-house, utilizing their production facilities in Hungary which employs 200 people. The other 1200 episodes are largely from the SONY-Wonder Library, which such classics as "G.I.JOE", "Transformers", "Tarzan", "Tales of Egypt", or "My Little Pony". Their most recent coup is a \$78mn partnership with Alliance Atlantis to co-produce children's programming and to jointly develop websites. It also secures the entire kids program library of the Canadian independent.

In preparation of their IPO, TV Loonland recently created a merchandising division, overseen by a dedicated board member, to better capitalize on this rapidly growing market. An internet portal is in development, targeted for launch in summer 2000. It is designed to create not only an e-business marketplace for Loonland's merchandise but also to become a broadband distribution outlet for the company's library.

Fact sheet

Date of IPO:	March 22, 2000
IPO share price	EU 25.00
Funds Raised:	EU 34 mn)
Share price (April 7, 2000)	EU 153.00
Market Cap (April 7,2000):	EU 979.2 mn
Performance since IPO	+ 512 %
Ownership Structure:	Peter Völkle 44,08 %, M+A Beteiligungsgesellschaft 31,25 %, Völkle family members 0,82%, Free Float 23.86%
Top Management:	Peter Voelkle, Carl Woebken, Thomas Kubeile
Library:	1500 cartoon episodes
Employees:	20
Website:	www.tv-loonland.de

VCL

VCL, founded and headed by Datty Ruth, is Germany's largest independent Video and DVD wholesale distributor. Representing 30% of all available titles for the German market, the company is playing in the same league as the majors when it comes to the segment of home entertainment. VCL's dominance in this segment has been established through a highly innovative sales and marketing strategy that contributes to the overall growth of the market by offering consumers videos and DVD's at innovative points of sale. Currently the company is considering leveraging its core competence in Video/DVD sales and marketing to other European countries.

In addition to the profitable Video/DVD business, VCL is also active in the film-licensing arena. Last year the company closed a three-year all-right output deal with Crystal Sky and Paramount for 12 movies (budgets between \$20 and \$40 million), providing German rights in perpetuity and splitting the global distribution share. VCL also systematically buys available Video/DVD rights from its German colleagues, such as Telemuenchen, Helkon, or Constantin. In addition to distributing its own film stock, the company also offers its distribution services to competitors for a percentage of sales. Most recently, VCL is about to enter the field of new media: In April 2000, the company signed its first video-on-demand license deal with a German network company.

VCL's success at the stock market seems to reward strategic focus. Shares were up 630% after 11 months, and the company is now member of the prestigious DAX 100 group, the largest 100 stocks that are traded at the Frankfurt Stock exchange.

Fact sheet

Date of IPO:	May 27, 1999
IPO share price	EU 15.00
Funds raised	EU 9 mn
Market Cap (April 7,2000):	EU 569.4 mn
Share price (April 7, 2000)	EU 109.50
Performance since IPO	+ 630 %
Ownership Structure:	Datty Ruth 51,6%, Basic Management Consulting 8,8%, Silvia Ruth 7,6%, Stefan Radtke 4,4%, M. Roth + Baader Wertpapierhandelsbank AG 4,5%, Free Float 23,1%
Top Management:	Datty Ruth (CEO), Stefan Radtke, Matthias Roth
Employees:	ca 44
Library:	2400 (800 of those w/all rights)
Website:	www.vcl.de