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The Turkish film industry

Key developments
2004 to 2013

Martin Kanzler
European Audiovisual Observatory

October 2014



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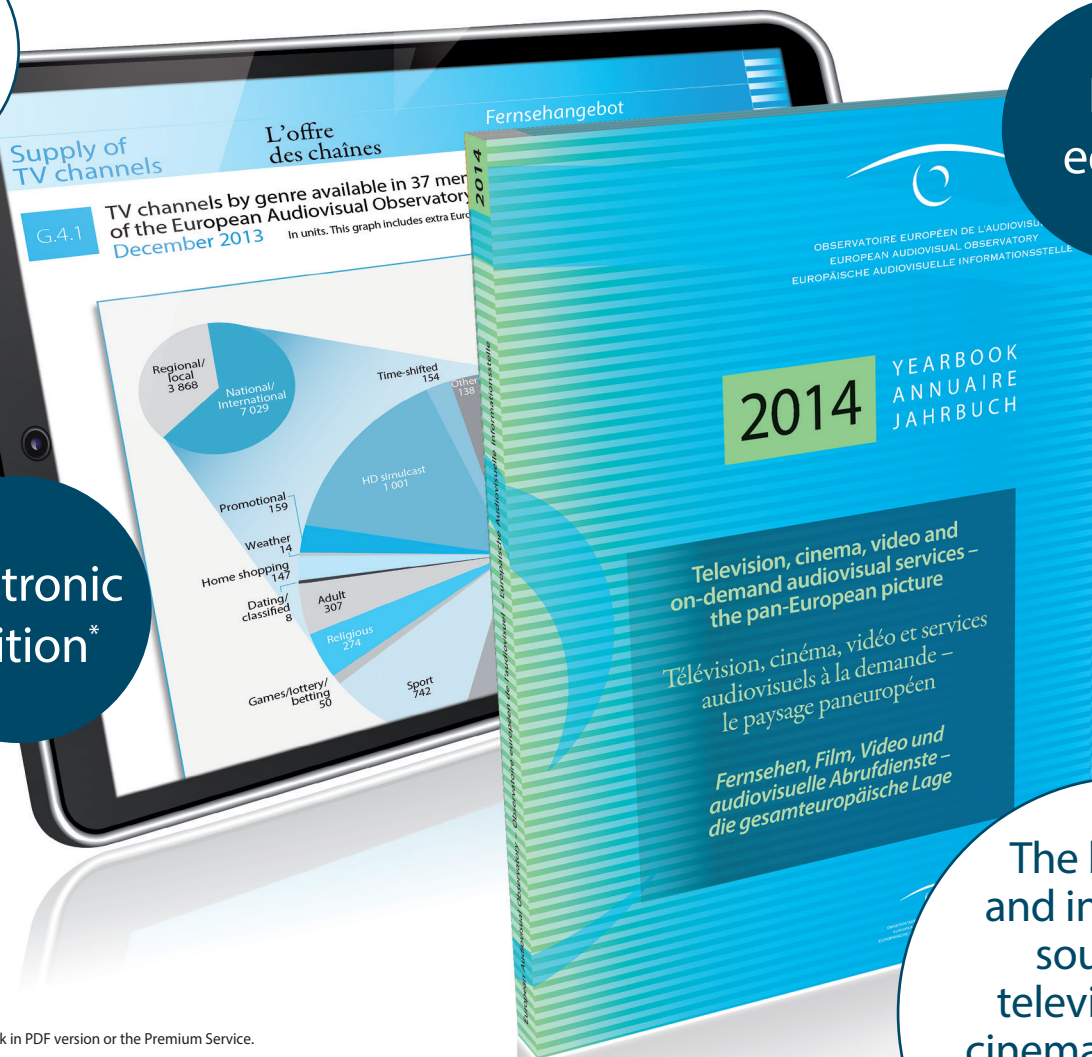
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A report by the
European Audiovisual Observatory

October 2014

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Acknowledgements

For their exceptional level of support the European Audiovisual Observatory would like to thank:

- Antrakt, which provided the majority of data on the Turkish market, in particular Deniz Yavuz.
- SE-YAP, which provided valuable insights and reviewed the report, making sure that the analysis presented actually represented market realities as perceived by a leading producers' association, in particular Serkan Çakarer and Yamaç Okur.
- The Turkish Ministry of Culture and Tourism, in particular Mesut Cem Erkul, Selçuk Yavuzkanat, Ali Atlıhan and Muhammet Faruk Bayram.
- Eurimages, which provided data on support granted to Turkish companies, in particular Thierry Hugot, Susan Newman, Sohie-Marie Peter and Eduard Lladó.
- All market experts who shared their views and insights with the Observatory.
- Dr. Zeynep Usal for her insights into the legal aspects of the report as well as her translation support.
- Finally, the Audiovisual Observatory would like to thank all of our contacts in organisations across Europe, in particular the European Film Agency Research Network, who regularly provide us with the necessary data to keep our publications and the LUMIERE database up-to-date.




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TABLE OF CONTENTS

1	Introduction	1
Executive Summary		5
2	Executive Summary	5
2.1	Key figures 2004-2013	5
2.2	Key characteristics of the Turkish theatrical film industry	6
A brief history of the Turkish film industry		11
3	A brief history of the Turkish film industry	11
3.1	The early years: 1896 to 1950	11
3.2	Yeşilçam - the golden age of Turkish cinema: 1950s to 1970s	14
3.3	Decline and crisis: 1980s - 1990s	16
3.4	Turkish Cinematic Renaissance	18
Institutional framework & film policy		21
4	Institutional framework & film policy	21
4.1	Legal framework	21
4.2	Key institutions	22
4.3	Public Film Funding in Turkey	23
4.4	Municipality tax advantages for domestic films	28
4.5	Certification	28
4.6	International film policy	29
4.7	Outlook	30
Theatrical film production		32
5	Production volume	32
6	International co-productions	34
7	Production company landscape	36
8	Production costs & financing	40
9	Production incentives	42
9.1	National support mechanisms	42
9.2	International support mechanisms	46
9.3	Incentives for foreign producers?	49

10	Exploitation	50
10.1	Exploitation on domestic market	50
10.2	Export of Turkish theatrical films	52
10.3	Award winning films at international festivals	59
Theatrical distribution & exhibition		62
11	Box office market volume & growth potential	62
11.1	Current market volume	62
11.2	Further growth potential	66
12	Which films are successful in Turkey?	70
12.1	Box office market share by country of origin	70
12.2	Local blockbusters dominate box office	74
12.3	Market potential for Turkish films	77
12.4	Market potential for imported films	80
13	Exhibition market	85
13.1	Theatrical infrastructure	85
13.2	Digital cinema	89
13.3	Leading exhibitors & market concentration	94
14	Distribution market	99
14.1	Dominance of 'rent-a-distributor' business model	99
14.2	Leading distributors & market concentration	99
14.3	Who imports / distributes foreign films?	104
14.4	Independents' fight for screen spaces & BAŞKA SİNEMA	109
15	Cinema audience profiles	112
16	Film festivals in Turkey	114
Annex		117
17	Methodological remarks	118
17.1	Remarks on data sources for Turkish market	118
17.2	Remarks on European admissions data	120
17.3	Methodological remarks & definitions	121

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1 Introduction

About this report

As Turkish cinema celebrates its 100th anniversary, the Turkish film industry looks back at a dynamic and eventful history. After creating an almost unique local film market in the 1960s and 1970s it collapsed into a deep crisis which saw production levels fall dramatically and the number of cinema screens plummet by almost 80%. Since the turn of the century the Turkish theatrical market, however, registered an impressive growth trend, firmly establishing Turkey as the second largest European growth market and the 7th largest European theatrical market, only superseded by the big five EU markets and the Russian Federation. The Turkish film market also stands out in the pan-European landscape as the only market where national films regularly outperform US films.

There is however very little information in English language available about the Turkish film industry. This report aims to fill that gap by providing a sound overview of the development and current trends in Turkish film policy, theatrical production, distribution and exhibition, as well as by analysing the export of Turkish films abroad. Apart from a brief historic overview the report focuses on key developments between 2004 and 2013 and sets the Turkish film industry into the context of other European markets, providing comparisons where meaningful and elaborating structural differences, which are important in gaining a better understanding about how the Turkish film market works. The Observatory thereby hopes to provide a valuable information tool for international film professionals interested in learning more about market structures and trends in the Turkish film industry e.g. for the purposes of co-producing, distributing films in Turkey or selling / distributing Turkish films abroad.

The report focuses exclusively on the economic analysis of the theatrical film industry and does not approach Turkish films from a critical or socio-cultural angle. Though the report addresses links between the theatrical film market and Turkish TV industry, which has developed very successfully - both at home as well as in terms of content export - over the past decade, it is beyond the scope of this report to analyse the latter in further detail.

Who is the European Audiovisual Observatory?



www.obs.coe.int

European Audiovisual Observatory

The European Audiovisual Observatory (hereafter 'Observatory') is a European public service body comprised of 40 member states and the European Union, represented by the European Commission. It operates within the legal framework of the Council of Europe and works alongside a number of partner and professional organisations from within the audiovisual industries.

The mission of the Observatory is to collect, process and publish information about the various audiovisual industries, i.e. primarily film, TV, home entertainment and on-demand industries in Europe. In these areas the Observatory systematically collects statistical data and provides market as well as legal analysis which get distributed e.g. in the form of:

- print or electronic **publications**, including a comprehensive statistical Yearbook, as well as **newsletters** and **thematic reports**;
- free **databases** on film admissions (LUMIERE), TV & On-demand services (MAVISE), audiovisual law information (IRIS Merlin) and public funding for film and audiovisual works in Europe (KORDA);
- the Observatory's **website**;
- contributions to **conferences**.

Data sources

There are not many sources systematically providing statistics and market analysis - particularly in English language - about the Turkish film industry. The only sites offering some market data in English language are the websites of the Turkish Ministry of Culture and Tourism / DG Sinema (see below) and the Istanbul Film Festival's Meetings on the Bridge website¹.

The data sources used for this report are described in detail in the appendix. Briefly summarized, local box office data, as provided by distributors, are practically the only data which are readily available. They are published e.g. by Antrakt (see below) or Box Office Türkiye². Data on cinema infrastructure, film exports, DVD or VOD sales are however practically impossible to obtain from any publicly available sources. The data concerning Turkey have been primarily provided by Antrakt, SE-YAP and the Turkish Ministry of Culture and Tourism:



www.antraktsinema.com

Antrakt

Antrakt is a private, independent and neutral film market intelligence company providing data on the Turkish box office, cinema infrastructure and sectoral developments in Turkey since 1989. On its website (in Turkish language) Antrakt publishes inter alia weekly, monthly and annual box office reports, an electronic version of its trade publication *Antrakt Sinema Gazetesi*, news as well as articles from Turkey's leading film critics. In addition Antrakt has been publishing several publications including a detailed overview of the Turkish film industry in figures for the years 1990 to 2011 (*Türkiye Sinemasinin 22 yılı*). Antrakt is the official data provider for Turkish film data for the Observatory and Deniz Yavuz, CEO of Antrakt, contributed the majority of Turkish box office, production and cinema data for this report.



www.se-yap.org.tr

SE-YAP

SE-YAP is a film producers' association based in Istanbul. Along with other producers' associations SE-YAP represents the interests of film producers and partakes in film and copyright policy related discussions with the Turkish Ministry of Culture and Tourism.

Serkan Çakarer and Yamaç Okur of SE-YAP kindly provided detailed data on public production support as well as valuable insights into the current trends and realities of theatrical filmmaking in Turkey.



www.kultur.gov.tr

www.sinema.gov.tr

Turkish Ministry of Culture and Tourism / DG Sinema

The DG Sinema is the administrative unit responsible for implementing all cinema related tasks given to the Ministry of Culture and Tourism through Law 5224. It is the central body to develop and implement film policies in Turkey. Responsibilities include among other the administration of Turkey's production, post-production and project support schemes as well as the promotion of Turkish cinema. More detailed information about the Ministry's film activities is given in Chapter 4. The Ministry kindly provided data on public funding and Turkey's film policy. The DG Sinema website offers among others information about the legal framework, data on its funding activities as well as general market data and link lists to all relevant stakeholders in the industry.

¹ <http://film.iksv.org/en/meetingsonthebridge/607>

² <http://www.boxofficeturkiye.com/>

EURIMAGES, the Council of Europe's fund for the promotion of pan-European co-productions, kindly provided data on production, distribution and exhibition support granted to Turkish companies.

Complementary data and qualitative insights were provided by a dozen industry experts including film producers, distributors, exhibitors, researchers and journalists. Other sources included publications such as *Türkiye Sinemasinin 22 yılı (2012)*³ or *Türkiye'de Film Endüstrisinin Konumu ve Hedefleri (2010)*⁴, several academic papers including *Close Encounters? Contemporary Turkish Television and Cinema (2010)*⁵ or *The new cinema of Turkey (2009)*⁶ as well as newspaper articles. All data sources are indicated either in footnotes or beneath tables and figures.

The report also includes data on the theatrical distribution of Turkish films outside of Turkey as well as comparative data from other European markets. These data have been sourced from the Observatory's LUMIERE database on film admissions and the EFARN:



www.lumiere.obs.coe.int

LUMIERE

The Observatory's LUMIERE database is a free database which tracks theatrical admissions to films in Europe since 1996. Admissions data come from a wide variety of sources, including national film agencies and statistics offices, inter-industry bodies, distributors' and exhibitors' associations, the trade press and a small number of private tracking bodies. This is supplemented and completed by data from the European Union's MEDIA Programme, on the basis of declarations made by distributors to its Automatic Distribution Support scheme. Though the LUMIERE database aims to cover all 40 member states of the European Audiovisual Observatory, in practice coverage rates vary across individual territories. The overall coverage of the database for the reference period is generally estimated at around 86% of the total European market.



European Film Agency Research Network (EFARN)

The EFARN is an informal network which brings together researchers actively involved in the collection, analysis and publication of data on the European film industry. These researchers represent a total of about 50 different bodies, principally film agencies but also a number of other organisations active in this domain. It was created in 2003 on the initiative of the UK Film Council, in the framework of the European Film Agency Directors (EFAD) group. The European Audiovisual Observatory acts as the Secretariat of EFARN and collates film data provided by individual EFARN members in order to publish pan-European statistics.

³ Edited by Deniz Yavuz (Antrakt) and published by the DG Sinema of the Turkish Ministry of Culture and Tourism in 2012

⁴ Edited by Dr. Hülya Uğur Tanrıöver (Galatasaray University) and published by the İstanbul Ticaret Odası Yayınlarının 2010

⁵ Written by Melis Behlil (Kadir Has University) and published in *Wide Screen*, Vol2, Issue 2, 2010

⁶ Written by Savaş Arslan (Bahcesehir University) and published in *New Cinemas: Journal of Contemporary Film Volume 7 number 1, 2009*

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Executive Summary

2 Executive Summary

2.1 Key figures 2004-2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL DATA										
Inhabitants (in mio)	70.7	71.6	72.5	69.7	70.6	71.5	72.6	73.7	74.7	75.6
GDP per capita (in EUR)	4 450	5 403	5 781	6 773	7 064	6 158	7 585	7 530	8 190	8 092
BOX OFFICE DATA										
Admissions (mio)	29.7	27.3	34.9	31.2	38.5	36.9	41.1	42.3	43.9	50.4
- % growth	21%	-8%	28%	-11%	23%	-4%	11%	3%	4%	15%
GBO (in M TRY)	170.5	182.4	243.2	242.3	301.7	308.2	380.2	398.4	421.9	505.3
- % growth	42%	7%	33%	0%	25%	2%	23%	5%	6%	20%
GBO (in M EUR)	94.9	108.3	134.0	135.8	158.9	142.6	190.4	171.3	182.5	200.4
- % growth	36%	14%	24%	1%	17%	-10%	33%	-10%	7%	10%
ATP in TRY	6.1	6.7	7.0	7.8	7.8	8.4	9.3	9.4	9.6	10.0
- % growth	-	10.6%	4.3%	11.4%	0.9%	6.5%	10.8%	1.7%	2.0%	4.3%
ATP in EUR	3.2	4.0	3.8	4.4	4.1	3.9	4.6	4.0	4.2	4.0
- % growth	-	24.6%	-3.5%	13.4%	-5.1%	-6.4%	19.9%	-12.7%	2.7%	-4.4%
Admissions per capita	0.4	0.4	0.5	0.4	0.5	0.5	0.6	0.6	0.6	0.7
NATIONAL MARKET SHARE										
National market share	38%	42%	52%	38%	58%	51%	53%	50%	47%	58%
FILM RELEASES										
New Releases	207	221	238	248	265	255	252	288	281	322
Holdovers	-	-	-	143	125	109	139	142	203	177
Total films on release	-	-	-	391	390	364	391	430	484	499
TURKISH FILMS RELEASED (in Turkey)										
100% national	14	22	28	37	46	61	63	62	54	77
Majority co-prod	2	4	6	5	2	8	2	7	5	8
Minority co-prod	-	1	1	2	-	1	3	1	1	2
- Fiction	23	29	37	41	49	71	64	73	72	87
- Feature documentaires	2	3	3	4	4	4	6	7	5	8
Total TR films released	16	27	35	44	48	70	68	70	60	87
TURKISH FILMS PRODUCED (estimated)										
TR films produced	25	32	40	45	53	75	70	80	77	95
PUBLIC FILM SUPPORT GRANTED										
Activity spend (in M TRY)	9.5	20.6	24.6	28.8	23.9	27.2	28.7	19.7	19.2	
- % growth	-	118%	19%	17%	-17%	14%	5%	-31%	-3%	
Activity spend (in MEUR)	5.6	11.4	13.7	15.2	11.1	13.6	12.3	8.5	7.6	
- % growth	-	103%	20%	10%	-27%	23%	-9%	-31%	-11%	
CINEMA SITES & SCREENS										
Sites	375	389	411	434	473	483	491	520	567	568
- % growth	9%	4%	6%	6%	9%	2%	2%	6%	9%	0%
Screens	1 085	1 114	1 299	1 532	1 678	1 780	1 874	1 968	2 093	2 243
- % growth	9%	3%	17%	18%	10%	6%	5%	5%	6%	7%
Screens per 100' inhabitants	1.5	1.6	1.8	2.2	2.4	2.5	2.6	2.7	2.8	3.0
DIGITAL CINEMA										
Digital sites	5	5	8	12	40	55	102	133	147	235
- % growth	-	0%	60%	50%	233%	38%	85%	30%	11%	60%
Digital screens	5	5	8	13	40	57	114	135	229	1 073
- % growth	-	0%	60%	63%	208%	43%	100%	18%	70%	369%
Digital screens per site	1.0	1.0	1.0	1.1	1.0	1.0	1.1	1.0	1.6	4.6
Digital screen penetration	0%	0%	1%	1%	2%	3%	6%	7%	11%	48%

Source: Antrakt, OBS / LUMIERE

2.2 Key characteristics of the Turkish theatrical film industry

Seventh largest European theatrical market despite low cinema going rate

With 50.4 million cinema tickets sold in 2013 Turkey further strengthened its position as Europe's 7th largest theatrical market in terms of admissions, superseded only by the 'big 5' EU markets and the Russian Federation. Gross box office reached EUR 200 million (TRY 505 million) in 2013. These are the highest levels achieved in Turkey in recent history and represent the interim climax of an impressive growth trend registered over the past ten years.

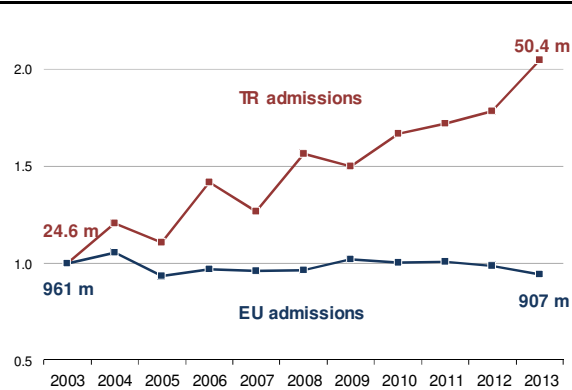
At the same time, Turkey's cinema going rate still ranks among the lowest in all of Europe. Even in the record year of 2013, admissions per capita did not surpass 0.7. This compares to an average of 1.8 tickets sold per inhabitant in the EU. This suggests a significant further growth potential.

Admissions 2013 (in million)

Rank	Country	Adm.
1	France	193.6
2	Russian Federation	177.1
3	United Kingdom	165.5
4	Germany	129.7
5	Italy est	106.7
6	Spain	78.2
7	Turkey	50.4
8	Poland	36.3
9	Netherlands	30.8
10	Belgium	20.9

Source: OBS, Antrakt

Indexed admissions growth TR vs EU (Base year = 2003)



Source: OBS

Second largest growth market in Europe

Turkey stands out as a real growth market among the other - mostly mature - European markets, where admissions have been stagnating or even declining over the past ten years as GBO growth was driven primarily by increasing ticket prices linked to 3D and digital cinema.

In contrast, Turkey has been registering a remarkable growth trend with admissions more than doubling from 24.6 million in 2003 to 50.4 million in 2013. This represents an average annual growth rate of 7.4% per year and compares to an average annual decline of -0.6% in the EU. Turkish GBO even grew by 15.4% per year on average, compared to 1.6% in the EU. Only the Russian Federation has registered higher growth rates and growth in volume over the past years.

Turkish box office growth has been largely driven by a growing number of extremely successful local blockbusters regularly selling up to 4 million tickets. Box office growth was also stimulated by the enlargement and modernisation of Turkey's screen base as a large number of modern cinema complexes were opened in the mushrooming number of newly constructed shopping malls over the past decade.

With a population of 76 million, a comparatively low cinema going rate and a growing economy, the Turkish theatrical market is believed to keep growing by 6% to 7% per year before reaching maturity in 2018.

High production volume

Stimulated by the box office success of Turkish blockbusters and benefiting from public production support Turkish feature film production volume - including minority co-productions - increased from 16 feature films released in 2004 to a new record high of 87 films released in 2013, the eight highest level in Europe.

Feature films produced 2013 (prov)			
Rank	Country	All	National ¹
1	UK ²	299	226
2	France	270	209
3	Germany	236	195
4	Spain	230	192
5	Italy	167	156
6	Russian Federation ³	109	109
7	Switzerland	104	83
8	Turkey	87	85
9	Netherlands	65	48
10	Denmark	64	50

1) Counts only 100% national and majority co-productions.
2) Excluding 50 inward investment feature films.
3) 2012.

Source: OBS, Antrakt

Reflecting the focus of the Turkish film industry on its home market, 90% of Turkish films produced between 2009 and 2013 were financed entirely within Turkey. Turkish majority co-productions accounted for 8% of total production volume while there are generally not more than one or two Turkish minority co-productions produced per year. The comparatively low levels of international co-productions can also be explained by the fact that public support is not accessible to Turkish producers holding minority positions.

Comparatively low levels of public support

The increase in production levels is particularly remarkable given the fact that Turkey provides comparatively low amounts of public film support. Between 2007 and 2009 the Ministry of Culture and Tourism, the only major source of public film funding, supported film related activities with an average of EUR 13.3 million per year, only 50% of which were allocated to film production.

Public support for film related activities is hence well below the pan-European average of EUR 53.6 million. In terms of activity spend per capita, Turkey actually granted the lowest level of support for film related activities per capita in all of Europe. In contrast to most other European markets Turkey does not provide any public support to distributors or exhibitors.

Turkey's national film support activities are administered by the DG Sinema department within the Ministry with the latter allocating a budget to DG Sinema. Turkey is hence one of the few European countries where film related support activities are entirely funded out of public sources. Though there is a 10% entertainment tax on cinema tickets, 75% of which go to the Ministry of Culture and Tourism, there is no direct connection to DG Sinema's budget, which is regularly lower than the Ministry's share in the tax on cinema tickets.

Fragmented production landscape

The Turkish production landscape is very fragmented with a large number of small production companies producing one film every couple of years. Between 1990 and 2013 a total of 687 films were produced by no less than 358 different companies. Only five, i.e. less than 1% of the companies produced more than 10 films in the period indicated.

Highest national market share in Europe ...

In 2013 Turkish films took 58% of admissions, followed by US films (38%), leaving only 3% for European films and 1% for films from other parts of the world. This makes Turkey the European market with the highest national market share.

National market shares 2013 (est)		
Rank	Country	
1	Turkey	58.0%
2	France	33.8%
3	Italy	31.0%
4	Denmark	30.0%
5	Germany	26.2%
EUR average		16.3%

Source: OBS, Antrakt

... as local blockbusters dominate market

The Turkish box office market is highly concentrated with a few local - and to a lesser extent US - blockbusters claiming the lion's share of admissions. The high national market share does hence not translate into high admissions figures for a large number of Turkish films: between 2009 and 2013 the top 10 Turkish films took on average 79% of the total number of tickets sold for all Turkish films.

Just like their European counterparts, many local films struggle to find their audiences as the Turkish theatrical distribution system is clearly geared toward the distribution of local and international blockbusters and there is no targeted public support for the distribution and screening of local films or art-house films.

Exploitation focused on national theatrical market ...

According to the producers' association SE-YAP theatrical revenues account for the vast majority - up to 90% - of total returns for most films as other domestic exploitation platforms, in particular digital platforms, offer limited revenue potential for most Turkish films.

There is no government regulation with regard to exploitation windows, with the slight exception that the funding rules for theatrical feature production support state the condition that the film should be released in cinemas before being exploited on other platforms. In practice cinema chains have a very strong position to negotiate an exclusive theatrical window. This theatrical window currently lasts about three months on average, but is expected to become shorter. After that most films get released on DVD / VOD. TV exploitation generally starts 12 to 18 months after the film was released in cinemas, but is also expected to start sooner in the future.

Compared to films produced in the European Union, Turkish films are more dependent on the theatrical exploitation on their domestic market. Between 2004 and 2013 Turkish films generated 93% of their total admissions on the Turkish market while only 7% on other European markets. EU films on the other hand generated an estimated 34% of their total admissions on other non-national European markets.

... and emigrant audiences

Despite the comparatively limited importance of non-national markets, Turkey ranks among the top 10 European countries in terms of film exports with Turkish films selling 13 million tickets between 2004 and 2013 on European markets outside of Turkey.

It is interesting to note that - in clear contrast to other European countries - the majority of 100% national Turkish films get released on more non-national markets than Turkish co-productions. It is that - on average - 100% national films generate more non-national admissions than co-productions.

Both facts can be explained by large Turkish communities in some European countries, in particular Germany, Austria and the Netherlands, whose tastes are comparable to audiences in Turkey. There is hence a considerable audience for Turkish mainstream films on selected European markets as illustrated below. Turkish majority co-productions on the other hand generally target the comparatively smaller European art-house community.

Rent-a-distributor model: producers pay P&A

In contrast to other European markets distributors generally only play a booking and collection function in Turkey, i.e. they generally do not take any financial risk by acquiring distribution rights, paying minimum guarantees or entering into pre-sale agreements. Print and advertising costs are carried by the production companies or importing companies. It is hence generally up to the production company/importer to decide upon the number of release copies as well as to manage the marketing campaign for the films.

In this business model distributor fees are accordingly lower than in most other European markets and generally amount to about 10% or even less for popular films.

Highly concentrated exhibition & distribution markets

Generally speaking the Turkish film industry is less regulated than many of its European counterparts. Following market dynamics the Turkish exhibition as well as the distribution markets are highly concentrated, showing some of the highest concentration levels in all of Europe.

The market leading exhibition chain, Mars Entertainment (Cinemaximum), accounted for 52% of the Turkish box office and 85% of the screen-advertising market in 2013, operating 26% of all screens, almost two out of three digital screens as well as all of the IMAX screens in the country. This represents the highest concentration level among the ten largest European exhibition markets.

The Turkish distribution market on the other hand is practically dominated by only three distributors, UIP, Tiglon⁷ and Warner Bros., who cumulatively accounted for almost 90% of admissions in 2013.

Shopping mall cinema culture

As of 2013 the majority of Turkey's commercial cinemas are located in shopping malls, which - in the course of Turkey's economic growth - mushroomed all over the country and have - particularly in cities - become a popular location for people to spend their free time.

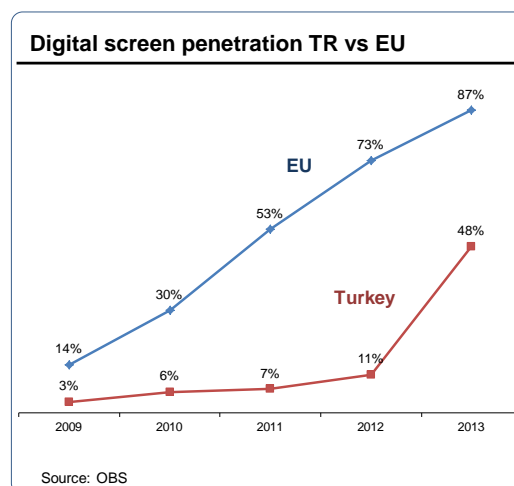
The construction of modern cinemas in shopping malls has been the main driver for cinema screens to have grown from 995 at the end of 2003 to 2 243 in 2013. Despite this increase in screens Turkey is still well below EU levels with respect to screen density: by the end of 2013 there were 3 screens per 100 000 inhabitants compared to an average of 6 cinema screens per 100 000 inhabitants in the EU.

It is also interesting to note that - in contrast to most other European markets - films are generally screened with an intermission.

Lagging behind in digital cinema

Turkey has clearly been lagging behind the rest of Europe - by about four years - when it comes to digital cinema. Digital conversion only gained momentum in 2013 when the number of digital screens more than quadrupled and digital screen penetration jumped from 11% to 48%.

Though a big year-on-year increase, digital screen penetration is still significantly lower than in the EU, where an estimated 87% of all screens in the EU had been digitised as of December 2013.



The slow adoption of digital cinema is closely linked to the limited availability of financing options particularly through VPF schemes and the lack of public support. Even though VPF schemes seem to have become more readily available in 2014, according to producer's association SE-YAP there is still no industry wide agreed VPF system in place and VPF obligations may vary between films and cinemas.

Piracy and lack of market transparency

There are no reliable estimates available on the financial damage caused by copyright infringements for audiovisual works but most experts agree that piracy poses a big challenge for the entire audiovisual industry in Turkey as it limits significantly the exploitation of Turkish feature films particularly on non-theatrical platforms.

More generally many filmmakers complain about a lack of transparency with local box office data, as provided by distributors, are practically the only data which are readily available. And even in the case of box office data some market experts believe that there is a certain amount of underreporting of ticket sales. And data on cinema going, film exports, DVD or VOD sales are practically impossible to obtain from any publicly available sources

⁷ Tiglon/Fida Film has been facing financial difficulties in 2014 when upon failing to repay debts, creditors sought to liquidate the company, but continued parts of its commercial activities at the time of writing. See chapter 14 for further information.



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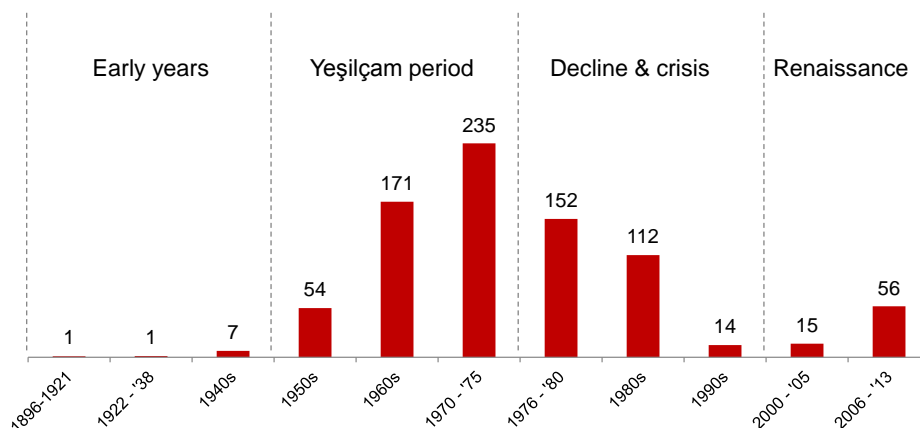
A brief history of the Turkish film industry

3 A brief history of the Turkish film industry

In 2014 Turkey celebrates 100 years of Turkish filmmaking. Though less pronounced than in the Yeşilçam period, the 'golden age' of popular Turkish cinema in the 1960s and 70s, the Turkish cinema industry still differs in many ways from most European markets. In order to better understand these special features it is helpful to look at the historical development of Turkish cinema as some aspects of current market dynamics are rooted in the dramatic changes the industry has undergone over the past 40 years as it moved from a comparatively closed national market to an increasingly international industry adhering to the market mechanisms of a globalized industry.

The average number of Turkish film releases suggests that the Turkish film industry went through four different phases over the past century (see Figure 1). While there was hardly any notable film production during the 'early years' up until 1950, the local cinema industry mushroomed in the so-called Yeşilçam period, particularly between 1960 and 1975. From the late 1970s onwards the film industry gradually declined and hit a major crisis by 1990 which practically wiped out the majority of film producers and cinema operators. From the turn of the century onwards the Turkish film industry however showed a remarkable growth development and gained significant size again.

Figure 1 Average number of Turkish films released per year 1896-2013



Sources: Antrakt, Yılmazoek, OBS

3.1 The early years: 1896 to 1950

The cinematograph was introduced to the Ottoman Empire in 1896 but no notable local film industry developed during the first decades of the 20th century. Local production remained extremely limited with only one film produced per year on average between 1914 and 1950. Cinemas were limited in numbers and primarily concentrated in the largest cities, particularly Istanbul and Izmir, and were screening almost exclusively imported films. The cinema market was consequently dominated by a few larger film import companies, particularly İpek Film and Kemal Film, which also operated their own cinema chains.

Though there was no continuous domestic film production during these 'early decades', it is interesting to highlight some important developments which were to shape the Turkish film industry of the 1950s up until the last decades of the century.

The first Turkish film productions

2014 marks the 100th anniversary of the first Turkish film production, a documentary entitled *The Demolition of the Russian Monument at St. Stephen (Ayastefanos'taki Rus Abidesi'nin Yıkılışı)* said to be shot by Fuat Uzkınay in 1914⁸.

In contrast to many European countries and the United States of America where local film industries emerged in the first two decades of the 20th century, the first cinema institution of the Ottoman Empire - The Central Military Office of Cinema (CMOC) - was established by the state in 1915 and had initially a purely military function, namely to shoot and screen e.g. troop movements at the front. At the initiative of its first director, a former agent for Pathé Frères, the CMOC also engaged in the production of two feature fiction films. In addition, some non-governmental organisations like the Disabled Veterans Society produced less than a handful of feature films to support the Turkish War of Independence, so that by the end of the latter in 1922 a total number of only six Turkish feature fiction films had been produced.

The Muhsin Ertuğrul monopoly

For the next 17 years, between 1922 and 1938 there was only one single Turkish director, Muhsin Ertuğrul, shooting feature films. They were produced by Kemal Film, one of the two leading film import companies. Kemal Film hence became the first Turkish film production company, but quickly left the production business after two box office failures. Ertuğrul continued making films with the help of İpek Film. Like Kemal Film, İpek Film was also active as a film importer and exhibitor. It remained the only Turkish production company of feature films until 1931.

It is interesting to note that Ertuğrul was also the director of the Istanbul Municipal Theatre. His films - often successful theatre plays which were shot as feature films during the summer break - had a clearly theatrical rather than cinematic language which influenced Turkish cinema throughout the 1940s and 1950s.

It is also worthwhile noting that the state did not support the Turkish film industry in any way during the first half of the century. In fact, the first state intervention relating to cinema⁹ introduced in 1939 at the onset of WW II aimed at controlling - primarily foreign - film releases to ensure state security rather than supporting domestic film production. This law included a ban on films which were *contrary to common manner, morality and national emotions*, remained unchanged until 1986 and is considered by some to have limited the diversity of Turkish cinema, as it hung over Turkish filmmakers 'like the sword of Damocles'¹⁰.

Building up the regional distribution model

Up until around 1930 cinemas practically only existed in Istanbul. During the 1930s the large Istanbul based film importers, led by İpek Film and Kemal Film, gradually expanded their distribution system to the rest of the country. They divided Turkey into seven distribution regions and established headquarters in the most significant city of each region. This 'regional operator' model would become the financial fundament of Turkey's mass production film industry during the so-called Yeşilçam period.

⁸ According to e.g. Levent Yilmazok's PHD thesis *Eurimages and Turkish Cinema* (2012), several other documentaries had been produced by non-Muslim citizens of the Ottoman empire before 1914. The above mentioned title however is generally considered the first Turkish film based on the director's, Fuat Uzkınay's, Turkish-Muslim identity. Yilmazok further argues that one could regard 1917, the production year of the first two feature fiction films, Sedat Simavi's *The Claw (Pençe)* and *The Spy (Casus)*, a more reasonable starting point of Turkish cinema.

⁹ The *Regulation Regarding Control of Films and Films Scripts* also known as the Censorship Code (Sansür Tüzüğü).

¹⁰ Levent Yilmazok: *Eurimages and Turkish Cinema* (2012)

'Beautiful faces, beautiful voices'

In 1939 the filmmaker Faruk Kenç ended the 'Muhsin Ertuğrul monopoly' with the release of his first film *Piece of Stone (Taş Parçası)*. As İpek Film, Turkey's only film studio with the ability to shoot with sound at the time, worked exclusively with Ertuğrul, Kenç shot his film without sound and it was dubbed in a studio afterwards, with only one actor giving his voice to all characters.

As other directors followed Kenç's example, this production method influenced Turkish cinema up until the 1990s. Infrastructure remained poor in Turkey for a long time with a very limited number of studio facilities and most films were shot on location without sound. On the one hand this production method had the advantage of reducing shooting time and production costs, which contributed to an increase in the number of film productions and production companies. The technical and aesthetical quality of the films suffered on the other hand. It also led to physical appearance of actors ('beautiful faces') becoming the main casting criterion as the voice work was done by stage actors ('beautiful voices'). Visual acting as a result became increasingly artificial.

But audiences did not care so much about production values at the time. They primarily cared about the themes of the films and the starring actors. Indeed, by the 1960s Turkish cinema had developed a proper star system, where star names were deciding about the commercial success rather than cinematographic quality. Screenplays were written for specific actors or rather their 'types', camera angles were chosen to reflect the stars at their best. Production schedules and shooting periods were adapted according to their availability and their wages often accounted for up to 40% of the film's total budget requiring budgetary cuts of other key personnel or technical aspects.

The origins of Turkish melodrama

During WW II the Turkish government strictly controlled the release of European films in order to keep fascist or communist propaganda out of Turkish screens. Exhibitors hence turned increasingly to US films which were imported via Egypt where Egyptian films, mostly melodramas, were added to the distribution pack. These Egyptian films proved to be extremely popular among wide segments of the Turkish population. In 1942 the government, however, prohibited the screening of films with Arabic language as part of its Westernisation policy. Seeking to benefit from the popularity of these films Turkish filmmakers started to produce equivalent Turkish melodramas. The melodramatic mode became a key characteristic of many Turkish films, particularly in the Yeşilçam period, but it is still visible in current films and TV series. These Turkish melodramas often proved successful at the box office and thereby contributed to the expansion of Turkish filmmaking in the 1940s and 50s.

Positive tax discrimination accelerates growth

It was however not until the introduction of a tax discrimination favouring domestic films in 1948 that a notable film industry started to emerge in Turkey. The municipality tax imposed on film exhibition was set at 25% for domestic films and 70% for foreign films. This positive tax discrimination was the first act of the state to support Turkish cinema and led to an increased demand for Turkish films as domestic films could be screened at significantly lower ticket prices. This in turn created an important stimulus for regional cinema operators to accumulate a portion of their box office revenues in order to finance film productions.

3.2 Yeşilçam - the golden age of Turkish cinema: 1950s to 1970s

The period which followed is generally referred to as the Yeşilçam¹¹ period, named after Yeşilçam Street in central Istanbul, where a lot of production companies were based. The Yeşilçam period is generally regarded as the golden age of Turkish filmmaking.

Boosted by cheap ticket prices cinema became the by far single most important family entertainment source for wide parts of the population. Ticket sales boomed and the number of cinemas increased to over 2 424 screens by 1970¹². Practically all cinemas at the time were monoscreens, i.e. they operated one single but generally very large cinema hall. Approximately half of the cinemas were open-air theatres operating only during the summer season.



Unfortunately box office figures of this period have not been well documented. Some sources, however, report admissions shooting to up to 247 million tickets sold in 1970¹³. The box office market was dominated by popular local productions which created their own very specific - mostly melodramatic - film language and production characteristics.

Film production activity exploded thanks to regional cinema operators financing film production, a financing model which is probably unique in Europe (see below).

Mass production at low cost

Driven by the tax reduction which increased audience interest in domestic films, the comparatively low cost of producing films without sound as well as the emergence of the so called 'regional operator' financing model, film production figures soared from 1950 onwards. At its peak in the 1960s and the first half of the 1970s between 200 and 300 Turkish films were regularly released in cinemas every year. Turkey had become the fifth largest film producing country worldwide.

The production landscape quickly became characterised by a larger number of small production companies. 126 new companies were founded throughout the 50s and another 224 and 237 film production companies were established in the 1960s and 70s. Many of these production companies, however, were short lived and produced only one or two films. As of 2014 only two of them, Arzu Film and Erler Film, still actively produce films.¹⁴

Lacking sufficient studio facilities and other infrastructural elements like cameras, laboratories and skilled crews, Yeşilçam films also continued the practice of shooting on location without sound, often using footage scenes from other films in response to a shortage of film stock and producing films in extremely short periods of time. Themes and scripts were mostly copied and adapted from foreign films¹⁵. This approach enabled the rapid increase in film output as films were produced with comparatively low budgets.

¹¹ Yeşilçam is also used as a metonym for the Turkish film industry at the time and is often referred to as the 'Turkish Hollywood'.

¹² Including unregistered cinemas the actual number of movie theatres however is believed to have even exceeded 3 000.

¹³ Levent Yılmazok: *Eurimages and Turkish Cinema* (2012)

¹⁴ Melis Behlil *Close Encounters?: Contemporary Turkish Television and Cinema* (2010)

¹⁵ Turkish film historian Giovanni Scognamiglio claims that 90% of the nearly 300 films produced in 1972 were remakes, adaptations or spin-offs of foreign films.

As a result of the insufficient supply of film stock Yeşilçam films were released on only six exhibition copies on average. This and of course the intense competition among the large number of films led to many films failing to cover their costs which explains the large number of production companies managing to produce only one or two films.

Mass audience demand for local films

Yeşilçam films were targeting a new mass audience which had emerged with an increasing number of people moving to industrialising cities, particularly Istanbul¹⁶, on the one hand and through the expansion of cinemas to rural areas thanks to improved provision of electricity and transportation facilities on the other hand. The majority of this mass audience came from the lower and middle income classes.

Families constituted the core target group at the time, as cinema going had become the most popular form of family entertainment in the country. Film screenings - particularly in open-air cinemas - often became a social event where entire families and neighbours would get together and enjoy a picnic while following the fictional fate of their favourite stars.

This new mass audience did not care so much for production values as they cared about themes, stories and characters they could relate to. And - in a way - it was these mass audiences which themselves financed the films they were going to see, as they provided regional cinema operators with the box office revenues they needed to finance film production.

Regional cinema operators 'commission' films to meet audience demand

The dramatic increase in local film production was only made possible by the emergence of the so-called 'regional operator' model which - in the absence of public funding and banks not willing to finance such a risky business - became the financial fundament of the prolific Yeşilçam period.

The regional exhibition/distribution companies - 'regional operators' - set up in the 30s, accumulated funds through ticket sales and lent producers up to 80% of the production budget of their next film in advance. In exchange the operators were given the distribution rights for the film in their region for a certain period of time and/or were granted a percentage share of the film's box office revenue to repay their loans.

The operators closely evaluated their ticket sales for each film and thereby gathered valuable information about audience preferences and tastes. According to the latter, the regional operators would 'commission' films by stipulating the casting of specific starring actors, the theme of a film, whether it should be shot in colour or black-and-white or even how long it should be.

This mechanism generally benefited both producers as well as the regional operators as it increased the probability of box office success. It established however also a rather restrictive mainstream system in terms of cinematographic language and story telling that did not give much space for filmmakers in search of innovation.

¹⁶ The importance of cinema as an entertainment source for people moving to larger cities is e.g. reflected in the average number of films viewed by an individual in Istanbul increasing from 12 in 1950 to 22 by 1970.

3.3 Decline and crisis: 1980s - 1990s

During the late 1970's the Turkish cinema industry started to slide into a crisis which became increasingly visible throughout the 1980's before breaking down completely around 1990.

Cinema admissions dropped from their 247 million peak in 1970 to 50 million in 1984 before plummeting to a mere 11 million in 1990 and reaching an absolute low point in 1992 with 8.3 million admissions. The number of cinema halls declined concurrently. In 1980 only 941 screens were left out of the 2 424 screens operated in 1970. Another ten years later the screen total had dropped to a mere 299 cinema screens and hit bottom in 1992 with only 291 active screens in the entire country. Within 20 years almost nine out of ten cinemas had shut down. Production figures collapsed from an annual average of almost 200 films to a mere 10 to 15 local productions during the 1990s, half of which were not even released in cinemas.

Table 1 Key indicators illustrating the decline of the Yeşilçam film industry

Year	Population	Films released	Screens	Admissions	Admissions per capita
1970	35.6	224	2 424	246.6	6.9
1980	44.7	68	941	62.6	1.4
1990	56.5	25	299	11.4	0.3
2000	67.8	15	606	25.3	0.4
2010	73.7	65	1 674	41.1	0.6
2013	75.6	86	2 249	50.4	0.7

Sources: Antrakt, Deniz Yavuz (*Türkiye Sinemasinin 22 yılı*), Yılmazoek (2012), Behlil (2010), OBS

Turkish films lost their market dominating position as national market share gradually declined before dropping significantly, particularly after the market entry of US distributors in 1990. In 1995 national films claimed a mere 1% of total admissions. Within 15 years the Turkish cinema industry had slid from its heyday into a veritable crisis.

A number of factors contributed to the decline of the Yeşilçam film industry, which failed to meet structural challenges as the economic and political market environment changed dramatically.

Economic crisis and political unrest drives cinema audiences to TV

It was however the sharp decline in audience figures which arguably had the largest negative impact on the Turkish cinema industry. As the economy deteriorated notably after the 1973 OPEC crises and the political turmoil in the following years, cinemas lost their core target group: families from the lower and middle classes. On the one hand they could no longer afford the increasing ticket prices, on the other hand it became increasingly dangerous to be out on the streets. So most people simply stayed at home and started to watch television. Started in 1968 as a privileged device for the upper class, TV penetration increased dramatically during the 1970s and soon replaced cinema as the main mass entertainment source, as it provided a cheaper and safer alternative to cinema.

A new target group emerged and changed the character of Turkish cinema with its different tastes and preferences. An increasing number of young, single, uneducated males went to see sex comedies, violent B-movies and Arabesk films. This new audience group was, however, significantly smaller than the broader family audiences targeted before. Between 1970 and 1980 the Turkish box office consequently shrunk by 75% to 62.6 million tickets sold. Admissions per capita dropped from 6.9 to 1.4 (see Table 1). Nevertheless, this trend helped to maintain production and admission levels at a comparatively high level during the late 1970s and early 80s, before they collapsed in the second half of the 1980s.

Regional operator financing model collapses

The sharp drop in admissions also brought about the end of the regional operator financing model, which had been the main financing source for the prolific Turkish film production in the 60s and 70s. Many of the smaller film production companies shut down while new producers started producing films for the newly emerging video market.

Initially targeting Turkish emigrant communities in Germany, video quickly became popular in Turkey throughout the 1980s and video operators actually replaced the regional cinema operators as (video) film financiers for a certain period. As a result production levels of theatrical feature films collapsed to 10 to 15 local productions during the 1990s, half of which were not even released in cinemas.

US majors enter and quickly dominate the distribution market

Following changes made to foreign capital regulations which allowed foreign distributors to enter the Turkish market without any intermediary, Warner Bros. and United International Pictures (UIP) established local offices in Turkey in 1989 and quickly gained a market leading position. The Turkish distribution market consequently turned into a sort of oligopoly dominated by with Warner Bros., UIP and Özen Film, a local distributor releasing those US films not represented by Warner Bros. and UIP.

Though Warner Bros. and UIP also distributed local films, particularly those with commercial potential, some Turkish filmmakers blamed this oligopoly - and the US distributors in particular - for not releasing enough domestic films in cinemas. Out of the 154 films released in 1993 there were only 11 domestic productions compared to 108 US films.

Introduction of public support

In response to this downward trend, the state - for the first time in history - introduced direct public film support through the adoption of the *Cinema, Video and Musical Properties Law* in 1986. A special Cinema & Copyright Directorate was formed within the Ministry of Culture and Tourism and started to provide financial support to Turkish films from 1990 onwards (see chapter 4).

Furthermore municipality tax on cinema tickets was abolished for domestic films in 1991 and set at 25% for imported films. However, this positive tax discrimination in favour of domestic films lasted only six years, as by 1997 municipality tax started to be applied on domestic films again and tax on foreign films was decreased to 10%, equalizing the two.

Another important impetus - particularly for Turkey's art-house sector - came in 1990 when Turkey joined Eurimages, the Council of Europe's international co-production support fund (also see chapter 9.2).

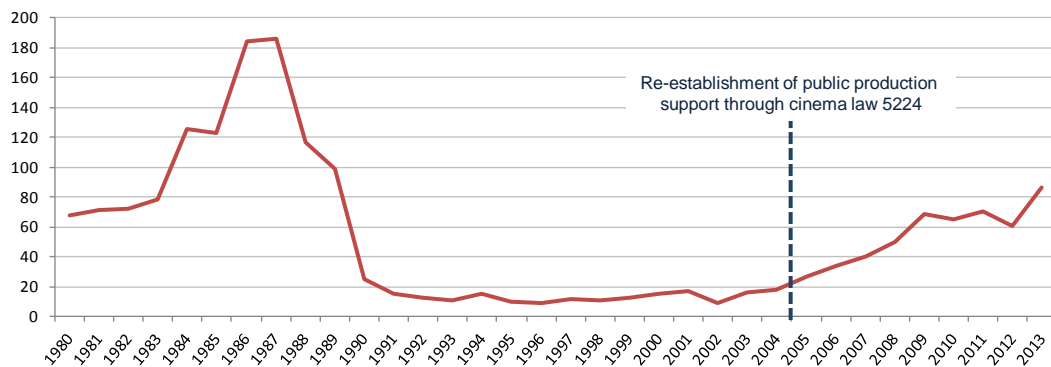
3.4 Turkish Cinematic Renaissance

Since the turn of the century things have been continuously improving for the Turkish film industry in practically every market segment. The following paragraphs just give a very brief overview of key developments since 2004 which will of course be analysed in closer detail in this report.

Public Funding as a major driver of production growth

Production figures started to continuously grow particularly since the re-establishment of public film support in 2004¹⁷ through the adoption of a new cinema law. As can be seen in Figure 2 it was only after the implementation of the current public support system in 2004 that the number of local film releases increased to over 20 films and steadily continued to grow since then.

Figure 2 Number of Turkish film releases 1980-2013



Source: Antrakt

Public production support certainly can be considered as one of the main factors contributing to the increase in Turkish production levels over the past ten years. On a cumulative level the Ministry supported 282 out of 587, i.e. 50% of all Turkish feature film productions between 2005 and 2013. Public support seems to have been particularly important to lift production levels from the very low levels seen at the turn of the century while from 2009 onwards more and more films got produced without public support. See chapters 4.3 and 9.1 for further details on public film funding.

Rise of private television contributes to revival of Turkish popular cinema

Some market observers argue that the proliferation of private television from 1993 onwards significantly contributed to renewing the strength of the Turkish film industry. Private TV channels broadcasted old 'Yeşilçam' films and thereby familiarised a new generation with Turkish films and quickly created demand for local TV series. This led to a TV production industry of considerable size and thereby laid the foundations for the renaissance of Turkish cinema by improving the audiovisual infrastructure (e.g. laboratories) and training skilled crews.

¹⁷ Public film support was stopped in 2000 due to the crisis of the Turkish economy and left Turkish filmmakers without an operational public film fund until 2004.

The production and export of TV content and/or advertising gave many companies the financial power to also produce theatrical feature films. Zeynep Çetin-Erus¹⁸ argues that the new popular cinema in Turkey was largely shaped by television and advertising showing that 14 out of 17 blockbusters (films with more than 1 million admissions) released between 1996 and 2005 were produced by companies which were heavily involved in TV and/or advertising and that their crews consisted largely of individuals from the TV sector. A continuation of this study by Melis Behlil however suggests that this strong interrelation between TV and cinematic production has waned since 2006.

TV also contributed to a revival of Turkish star culture by boosting the popularity of local actors, many of which often star in successful TV shows. When casted for theatrical films many of these stars have developed a strong pulling power in attracting cinema audiences.

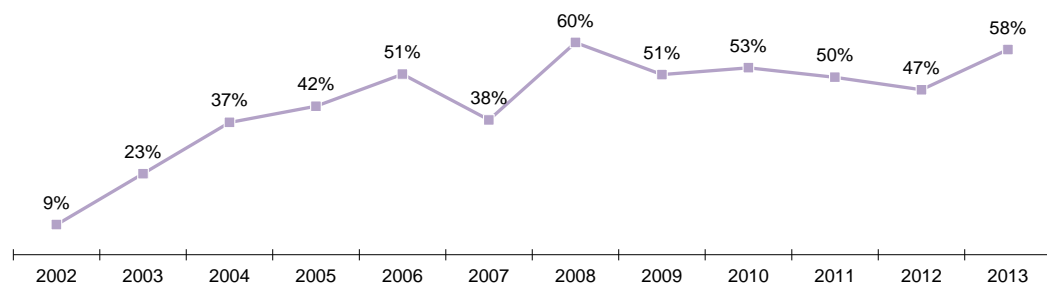
Strong increase in admissions ...

Driven primarily by an ever growing number of extremely popular local blockbusters admission levels more than doubled between 2003 (24.6 million) and 2013 (50.4 million) making Turkey the seventh largest theatrical market in Europe. This box office growth was also linked to the much needed modernisation and enlargement of Turkey's cinema infrastructure: Newly emerging cinema chains opened state-of-the-art multiplexes mostly in newly built shopping malls which mushroomed in the past decade. The overall number of screens more than doubled increasing from 996 screens at the end of 2003 to 2 243 screens by the end of 2013.

... and national market share

The box office success of these blockbusters certainly contributed not only to admissions growth but also provided financial means to stimulate the increase in production figures and gradually heaved national market shares to record levels (see Figure 3). In 2013 Turkish films captured a market share of 58% of total admissions. This is the by far highest national market share achieved by any European country.

Figure 3 Development national market share 2002-2013



Source: Antrakt

A detailed analysis of Turkey's box office growth and the development of Turkey's theatrical infrastructure is provided in chapters 11 and 13.

¹⁸ Son On Yılın Popüler Türk Sinemasında Televizyon Sektörünün Etkileri, Zeynep Çetin-Erus, Marmara İletişim Dergisi 12:123-133, 2007

Institutional framework & film policy

4 Institutional framework & film policy

4.1 Legal framework

The first legislation relating to cinema, the *Regulation Regarding Control of Films and Films Scripts*¹⁹ came into force in 1939. It gave the government the regulatory power to control the release of national as well as foreign films through a Central Film Control Commission (Merkez Film Kontrol Komisyonu). This so called *Censorship Code* (Sansür Tüzüğü) remained in force until 1986, when it was replaced by the *Cinema, Video and Musical Properties Law* (No. 3257)²⁰.

Law 3257 was the first legislation to introduce public measures to support the Turkish film industry, since the positive tax discrimination on cinema tickets for local films in 1948. Following a three year preparation period, a special Cinema & Copyright Directorate was formed within the Ministry of Culture and started to provide financial support to Turkish films from 1990 onwards. This support was however stopped in 2000 due to the crisis of the Turkish economy and left Turkish filmmakers without an operational public film fund until 2004. During this four year period the Ministry however supported 23 feature film projects with a cumulative amount of TRY 595 000 (EUR 324 000) financed through alternative resources within the Ministry.

Current 'cinema law': *Law No. 5224 on Evaluation, Classification and Support of Cinema Films*

The current film policy system is regulated by Law No. 5224 *on Evaluation, Classification and Support of Cinema Films*²¹ (hereafter 'cinema law') which came into force in 2004. The Directorate General of Copyright & Cinema was established as the administrative unit within the newly merged Ministry of Culture and Tourism responsible for all film policy related activities. By the end of 2011 the DG Copyright & Cinema was divided into two separate units within the Ministry.

The current cinema law regulates inter alia film certification as well as national support for film production, promotion and related cultural events. Further film policy instruments addressed in the law are listed in the description of DG Sinema's responsibilities (see chapter 4.2).

Protection of IP rights & fighting piracy: *Law No. 5846 on Intellectual and Artistic Works*

Piracy poses a big challenge for Turkey's audiovisual industry as it affects the entire value chain and limits significantly the exploitation of Turkish feature films, particularly on non-theatrical platforms. The Government has been making continuous progress in addressing these issues via its *Law No. 5846 on Intellectual and Artistic Works*²² which provides the basis for copyright protection in Turkey. It was last amended in 2008²³ but further amendments to e.g. better address online piracy issues are currently being discussed.

It is interesting to note, that the Law 5846 defines as 'authors' the director, scriptwriter, dialogue writer, composer of original music and animator. Before 1995, the law designated only the producers as the authors of films, which are no longer considered as authors but as related rights holders.²⁴

¹⁹ Filmlerin ve Film Senaryolarının Kontrolüne Dair Nizamname

²⁰ Sinema, Video ve Müzik Eserleri Kanunu

²¹ 5224 Sayılı Sinema Filmlerinin Değerlendirilmesi Ve Sınıflandırılması İle Desteklenmesi Hakkında Kanun <http://www.mevzuat.gov.tr/Metin1.aspx?MevzuatKod=1.5.5224&MevzuatIliki=0&sourceXmlSearch=&Tur=1&Terip=5&No=5224>

²² 5846 sayılı Fikir ve Sanat Eserleri Kanunu

²³ English PDF version available under http://www.wipo.int/wipolex/en/text.jsp?file_id=246493

²⁴ For related info see <http://merlin.obs.coe.int/iris/2008/5/article30.en.html> , <http://merlin.obs.coe.int/iris/2011/6/article33.en.html>

4.2 Key institutions

GENERAL DIRECTORATE SINEMA



<http://www.sinema.gov.tr/English/about-us.html>

The DG Sinema is the administrative unit responsible for implementing all cinema related tasks given to the Ministry of Culture and Tourism through the aforementioned Law 5224. It is hence the central body to develop and implement film policies in Turkey. As such DG Sinema is responsible e.g. for:

- operating the government's film fund which supports film production as well as festival and other cultural events to promote Turkish cinema culture;
- carrying out film certification and issuing 'screening permits' to films for theatrical release;
- fostering international co-operation and administrating foreign film shoots.

Other responsibilities include archiving and protection of Turkish film heritage, the development and support of cinema related training and education projects and of course the development of film related regulation and film policy measures in collaboration with representatives of the Turkish film professional organisations.

GENERAL DIRECTORATE COPYRIGHT



<http://www.telifhaklari.gov.tr/ana/default.asp#>

The DG Copyright is the administrative unit responsible for implementing all copyright related tasks given to the Ministry of Culture and Tourism through the aforementioned Law 5224. It is hence the central body to develop and implement IP policies in Turkey.

TRADE ASSOCIATIONS & COLLECTING SOCIETIES

Generally speaking the Turkish film industry is less regulated than many of its European counterparts with a smaller number of industry associations representing the various players along the film value chain. As of March 2014 for instance, there exists no relevant distributor or exhibitor association. As both markets are comparatively concentrated, the major players take care of their own interests and do not need to rely on a collective representation of the sector.

There are however several producers' associations such as SE-YAP (Sinema Eseri Yapımcıları Meslek Birliği), FIYAB (Film Yapımcıları Meslek Birliği) or TESİYAP (Televizyon ve Sinema Filmi Yapımcıları Meslek Birliği) as well as other collecting societies representing the interests of the authors of audio-visual works including e.g. SESAM (Turkish Film Authors' Collecting Society), SINEBİR (Film Authors' Collecting Society), SETEM (Film and Television Works Authors' Collecting Society), BSB (Documentary Filmmakers' Society), ASITEM (Anatolian Authors of Film and TV Works Association), BIROY (actors) or SENARİSTİBİR (scriptwriters). The members of these collecting societies are authors of films as defined in the aforementioned Law 5846.

The Istanbul based associations are collaborating under an umbrella called Güç Birliği on issues such as Turkey's new cinema law and copyright issues. These associations are also supposed to collect and distribute royalties to rights' owners. They are however facing practical legal issues in fulfilling this function.

4.3 Public film funding in Turkey

The financial support of the production and distribution of audiovisual works is without doubt among the most prominent film policy instruments a country can implement. In Turkey public film funding is regulated in Law 5224 and administered by the DG Sinema within the Ministry of Tourism and Culture. Along with Italy, Cyprus and Lithuania, Turkey belongs to the small number of European countries which have chosen to provide support for film related activities directly through a government department rather than to create a distinct body, which has emerged as the most popular institutional framework for administering public film support. In the absence of any regional, community or local film funds, DG Sinema operates the only public film fund existing on Turkey. According to a report published by the European Audiovisual Observatory in 2009²⁵ Turkey was - along with Bulgaria, Greece, Romania, Slovenia and Cyprus - one out of only six European countries with only one single film fund supporting the production and distribution of audiovisual works (see Table 2).

DG Sinema started to provide film support under the current regulation in 2005. As Table 1 illustrates, the Turkish film support operates with a comparatively low level of financial resources. During 2007 and 2009²⁶ the Turkish national film fund had an estimated average annual budget of about EUR 13.3 million to finance its operations, taking rank 20 out of 35 European countries for which these data were available. This compares to a pan-European average budget of EUR 58.5 million for film funds. While Turkey evidently provides higher means for film support than many other European countries, the amount of film fund's income is significantly smaller compared to the cumulative income of film funds' in other European film markets of comparable size / film production volume: Italy and Spain allocated about EUR 125 million per year to their film funds and the average income of film funds in Sweden, the Netherlands, Austria, Denmark or Belgium ranged between EUR 45 -72 million.

Table 2 Rankings by number of film funds & funds' income

<u>Number of film funds (2009)</u>			<u>Avg annual funds' income (2007-2009) in MEUR</u>		
Rank	Country	Funds	Rank	Country	Income
1	France	48	1	France	592.3
2	Germany	22	2	Germany	317.1
3	Austria	22	3	UK	147.1
4	Sweden	21	4	Italy	125.4
5	Spain	18	5	Spain	124.5
...			...		
22	Bulgaria	1	18	Hungary	20.6
-	Turkey	1	19	Czech Republic	18.3
-	Greece	1	20	Turkey est	13.3
-	Romania	1	21	Greece	10.5
-	Slovenia	1	22	Romania	8.3
-	Cyprus	1		EUR average	58.5

Source: OBS: Public Funding for Film and Audiovisual Works in Europe (2011)

While these data refer to the period 2007 and 2009 and it is possible that income for several funds may have shrunk since, it still shows that the financial means allocated to public film support in Turkey are comparatively low when set against the size of its production and box office volume.

²⁵ European Audiovisual Observatory, Public Funding for Film and Audiovisual Works in Europe (2011) <http://www.obs.coe.int/publications/2011>

²⁶ The most recent time period for which such data have been collected by the Observatory at the time of writing.

How is film funding financed in Turkey?

Turkey’s national film funding body, DG Sinema, is primarily financed out of the general budget of the Turkish Ministry of Culture and Tourism. DG Sinema also receives repayments of repayable grants, which however only marginally contribute to its annual budgets.

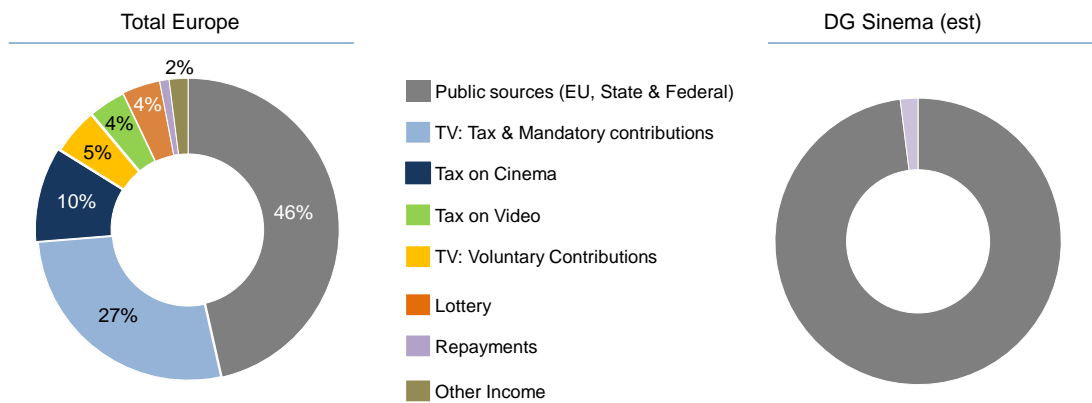
The Ministry of Culture and Tourism receives a 75% share of the cumulative tax revenues coming from a 10% entertainment tax on cinema tickets (‘cinema tax’) which is transferred from the Ministry of Finance²⁷. There is however no direct correlation between these ‘cinema tax’ revenues and the funding budget administered by DG Sinema. Up until 2009 DG Sinema’s budget exceeded the Ministry’s share of the ‘cinema tax’ while since 2009 it was regularly lower.

Turkey is one of a handful of countries where the film funding system is financed more or less entirely out of public sources. The majority of national funding bodies in Europe are financed by a more diverse mix where public sources are complemented by e.g. taxes / levies on exhibitors, video operators, broadcasters as well as mandatory or voluntary contributions from broadcasters - and more recently - cable operators or VOD service providers as well as lottery funding or repayments. As can be seen in Figure 4, public sources accounted for about 46% of the cumulative financing of national film funds in Europe in 2009²⁸. This compares to an estimated 99% in the case of Turkey.

Though there is no direct relation between DG Sinema’s funding budget and the Turkish ‘cinema tax’, it is interesting to note that taxes on cinema tickets accounted for only about 10% of the financing of national film funds in Europe while DG Sinema’s budget - at least in the past years - has actually been lower than the cumulative revenues generated from the entertainment tax on cinema tickets.

Figure 4 National funding body income by sources: Europe vs Turkey (2009)

In percentage; estimated



Source: OBS - [Public Funding for Film and Audiovisual Works in Europe \(2011\)](#), DG Sinema

²⁷ The remaining 25% of the entertainment tax on cinema tickets go to municipalities.

²⁸ The most recent year for which the Observatory did conduct a comprehensive pan-European analysis of public funding. The report can be ordered [here](#) or on the Observatory’s website www.obs.coe.int

What activities does the fund support?

Up until 2013 the Turkish film fund ran three different support schemes. It provided project, production and post-production support. Eligible types of films include theatrical feature films, documentaries, animation films, short films and amateur films. Post-production support was reserved for theatrical feature films. No support was granted to TV films/series or other audiovisual works like video games. Depending on the support scheme, support could be either granted as direct or indirect and as refundable or non-refundable support.

- **Project support** included e.g. support for research & development, script writing and other pre-production related activities. Project support is given as direct support and is non-refundable.
- **Production support** covered pre-production and production costs. It can be granted as direct or indirect support and generally takes the form of a conditionally repayable loan.
- **Post production support** covered typical post-production costs but it may also be used to cover distribution related print and advertising costs. Post-production support is repayable.

DG Sinema is currently working on a new cinema law which foresees to re-define its support schemes, adjusting the current schemes and introducing new complementary ones. Further details on the new support schemes and the development of a new cinema law are given in chapter 4.7. However, as this report covers the ten year period up until 2013, data analysis on public film support in this report refers to the 'old' structure described above. More detailed information on feature film related support activities is given in chapter 9.1.

How much support is being granted?

Except for 2005, the year in which DG Sinema started its funding operations, the Turkish national film fund has been granting between TRY 20 and 30 million (EUR 8 to 15 million) in support per year.

Table 3 Turkish film fund activity spend²⁹ 2005-2013

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Activity spend in M TRY	9.45	20.62	24.60	28.80	23.92	27.21	28.68	19.72	19.20
Activity spend in M EUR	5.63	11.44	13.73	15.15	11.05	13.61	12.32	8.52	7.61

Source: DG Sinema

Given the comparatively low budget of the Turkish film fund it is a logical consequence that activity spend, i.e. the money spent on the fund's activities, is well below the pan-European average, both in absolute terms and particularly when set in proportion to the size of its population: With an average annual activity spend of EUR 13.3 million between 2007 and 2009, Turkey took rank 20 out of 35 European markets, right behind the Czech Republic and Hungary. The pan-European average amounted to EUR 53.6 million in annual activity spend on film and audiovisual support (see Table 4).

When calculated as activity spend per capita, Turkey granted about EUR 0.16 as film support per inhabitant on average between 2007 and 2009. This was the lowest level in Europe and compares with a pan-European average activity spend per capita of EUR 2.6.

²⁹ Activity spend is defined as the funding awarded plus the amounts spent on activities organised directly by the funding body (for example promotion of national films or organisation of events) or delegated to another body (for example film archives). It excludes overheads, administration costs and awards made to other funding bodies.

Table 4 Rankings by average activity spend & activity spend per capita 2007-2009*Estimated.*

Avg activity spend (2007-2009) in MEUR			Avg activity spend per capita (2007-2009) in EUR		
Rank	Country	Spend	Rank	Country	Spend / capita
1	France	562.7	1	Iceland	14.4
2	Germany	301.6	2	Norway	11.0
3	Italy	141.5	3	Luxembourg	10.7
4	UK	132.6	4	France	8.8
5	Spain	110.9	5	Ireland	8.1
...			...		
18	Czech Republic	15.7	31	Russian Federation	0.6
19	Portugal	14.4	32	Bosnia-Herzegovina	0.5
20	Turkey	13.3	33	Albania	0.4
21	Greece	7.6	34	Romania	0.3
22	Romania	5.6	35	Turkey	0.2
	EUR average	53.6		EUR average	2.6

Source: OBS - *Public Funding for Film and Audiovisual Works in Europe* (2011)

How much support is paid to which activity?

DG Sinema does not publish an official breakdown of activity spend by the three support schemes outlined before, but rather provides a breakdown of the support awarded by the following three 'recipient types':

- Feature films, including project, production and post-production support;
- Documentaries and other films, including project and production support;
- Cultural activities, i.e. project support for film festivals and other cultural events, like Turkish cinema weeks in international markets worldwide.

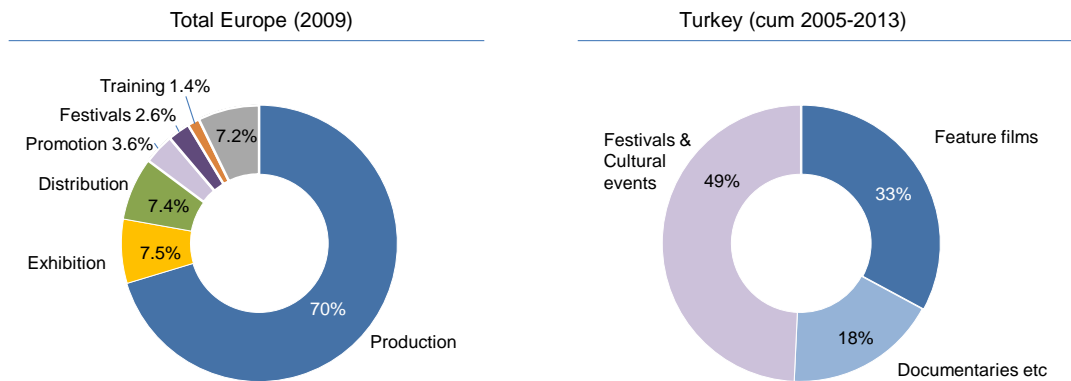
According to official figures published by the DG Sinema a total of 2 702 different projects were supported with a cumulative amount of TRY 202.2 million (EUR 99 million) in the time period 2005 to 2013. Almost half of this amount (49%) went to cultural activities such as various film festivals and Turkish film weeks organised abroad. A third was allocated to feature films (33%), primarily taking the form of production support, while around 18% were given to documentaries, short films or amateur films. More detailed information on feature film related support activities is given in chapter 9.

Although this kind of breakdown does not allow for a direct comparison with other European national film funds due to different categorisation of support activities, one can see from Figure 5 that the priorities set by the Turkish Film Fund in terms of which activities are supported do differ significantly from the 'typical' European national film fund.

On the one hand, Turkey allocates a much lower portion of its total support to film production, in particular to feature film production. While over 70% of the cumulative support granted by European national film funds in 2009 was allocated to film production, it was a significantly smaller share in the case of the Turkish film fund: though the data provided by DG Sinema do not indicate the percentage share of production support per se, it clearly accounts for less than 50% of total support granted.

Figure 5 Activity breakdown for national funds: Europe vs Turkey

Estimated.



Source: OBS - [Public Funding for Film and Audiovisual Works in Europe](#) (2011), DG Sinema

On the other hand, no other national film fund allocated such a large portion of its support budget to film festivals and cultural events promoting national films abroad (film promotion activities). On the pan-European level film festivals received only 2.6% of the cumulative support budget while 3.6% were dedicated to film promotion activities, compared to a cumulative share of 49% in Turkey.

In interpreting these figures it has to be kept in mind that these figures refer to the activities of national film funds. In many other European countries international promotion, however, does not fall under the responsibility of the national film fund, but is being supported and administered by independent film promotion agencies such as e.g. UniFrance, German Films, Flanders Image or government departments e.g. within the Ministries of Culture, Tourism, Trade or Foreign Affairs. Given the fact that in Turkey all film related support activities are managed by one department within the Ministry of Culture and Tourism, these - often separate - functions simply have been combined in the DG Sinema and the differences in the breakdown of support allocation by activity may - at least partly - be a result of different institutional structures rather than fundamentally different support policies.

It is, however, worthwhile to point out that the Turkish film fund does not provide any kind of dedicated distribution or exhibition support. Two categories which accounted for 7.4% and 7.5% of total activity spend of European national film funds respectively.

It is also worthwhile to point out that in contrast to many other European countries, Turkey does not provide public support to TV films and series or other audiovisual works like video games.

4.4 Certification

Regulation of film releases via certification requirements evidently represents another important film policy tool. As mentioned in the legal framework, the first legislation relating to cinema in 1939 was indeed exclusively aimed at controlling the release of films which remained in force until 1986.

As of 2014, the registration and certification of domestic as well as imported films for theatrical release is regulated in a by-law to Law 5224 as published on February 18, 2005 (No 25731)³⁰. According to this law, each feature film aiming to obtain a theatrical release, either as a proper commercial release or as a festival release, is required to obtain a screening permit (Eser İşletme Belgesi) from the DG Copyright. Films are reviewed and certified by a special Review and Certification Board chaired by a representative of the Ministry in collaboration with sub-committees.

Though the requirement for obtaining a screening permit *de lege* applied to commercial releases as well as festival releases, it had in practice not been applied for non-commercial or festival releases.

In early 2014 film festival organisers were consequently alerted by the government's decision to start applying the hitherto dormant regulation also for festivals and other cultural events. Festival organisers argued that this could have serious impacts on festival programming, particularly with regard to the screening of documentaries which are often shot outside of the framework of established production companies and hence could not obtain a screening permit. Concerns about this regulation were raised by over 200 Turkish film professionals in an open letter to the Ministry³¹. According to producers' association SE-YAP these certification requirements however were actually not applied to festival screenings of documentaries and short films in practice.

4.5 Municipality tax advantages for domestic films

Before introducing direct public film support, Turkey had supported the national film industry through the form of tax advantages for local films. Indeed the first state intervention to support the Turkish film industry happened in 1948, when the regulation of municipal revenues was restructured and the tax imposed on film exhibition was set at 25% for domestic films and 70% for foreign films. This positive tax discrimination led to an increased demand for Turkish films as domestic films could be screened at significantly lower ticket prices without endangering the profitability of exhibitors and filmmakers at the time.

In 1991 municipality tax on domestic films was abolished altogether while it was set at 25% for imported films³². The exemption of domestic films from municipality tax was however lifted again in 1997 and set at 10%. The tax on foreign films was lowered to the same level.

As of 2014, there is a 10% entertainment tax on cinema tickets for both domestic as well as foreign films. 25% of which go to the municipalities, the remaining 75% are collected by the Ministry of Finance and passed onto the Ministry of Culture and Tourism, which in turn finances DG Sinema's film related funding activities.

³⁰ <http://www.mevzuat.gov.tr/Metin.Aspx?MevzuatKod=7.5.7516&MevzuatIliski=0&sourceXmlSearch=Sinema%20Filmlerinin>

³¹ <http://www.todayszaman.com/news-341625-turkish-cinema-professionals-issue-open-letter-to-culture-ministry.html>

³² Eurimages and Turkish Cinema, Levent Yilmazok, University of Amsterdam, 2012: p56

4.6 International film policy

Though the Turkish theatrical film industry has a strong focus on its national market, both with respect to the production and financing of films as well as with respect to the exploitation of films, Turkey has signed a couple of international treaties to encourage international co-productions.

International treaties

- **Eurimages:** Probably one of the most important film policy decisions made by the Turkish government was its accession to Eurimages, the Council of Europe's European co-productions support scheme, in February 1990. This came at a time when the Turkish theatrical film industry was in a deep crisis and Eurimages provided important support possibilities for Turkish filmmakers to strengthen the country's ailing art-house sector.
- **European Convention on Cinematographic Co-production:** Turkey signed the European Convention on Cinematographic Co-production³³ as early as January 1997, though it was only ratified and came into force in 2005.
- **Bilateral co-production agreements:** Turkey signed bilateral co-production agreements with France (1993, entering into force in 1996), Italy (1996) and Bulgaria (2012). Negotiations concerning a co-production agreement with Greece did not prove successful and no such agreement has been signed as of March 2014.
- **German Turkish co-production development fund:** This fund represents the most recent international initiative to foster the co-operation between Turkish and German filmmakers. It was established in 2011 as a joint project between the Medienboard Berlin Brandenburg, the Film Fund Hamburg Schleswig Holstein and the Istanbul International Film Festival / Meetings on the Bridge.
- **Creative Europe Programme:** In November 2014 an agreement on Turkey's participation in the European Union's Creative Europe Programme was signed allowing Turkish organisations to apply - at least partially - to the MEDIA sub-programme from 2015 onwards. Turkey's partial participation covers activities in the fields of training, festivals, audience development and market access. The agreement does however not cover project development or distribution support³⁴.

More information about the role of Eurimages and the German-Turkish co-production development fund as well as other international support mechanisms accessible to Turkish filmmakers can be found in Chapter 9.2.

Regulations concerning international co-productions and incoming film productions

The procedures for international co-productions and foreign film projects shooting in Turkey are regulated in a by-law to Law 5224 as published on August 12, 2005 (No 25904)³⁵.

More information, e.g. about how to obtain shooting permits, is provided in English language on the website of the DG Sinema under <http://www.sinema.gov.tr/English/>.

³³ <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?NT=147&CL=ENG>

³⁴ <http://www.abgs.gov.tr/index.php?p=49765&l=2>

³⁵ http://www.sinema.gov.tr/kaynaklar/file/01%20-%20KURUMSAL/Mevzuat/SINEMATOGRAFIK_ORTAK_YAPIMLAR_VE_TURKIYEDE_TICARI_AMACLI_FILM_CEKMEK_IS_TEYEN_YERLI_VE_YABANCI_YAPIMCILAR_HAKKINDA_YONETMELIK.pdf

VAT refund for foreign film productions

As an incentive for foreign film productions to shoot in the country, Turkey introduced a VAT refund on local expenditures. The general VAT rate in Turkey is set at 18%. According to producers' association SE-YAP this VAT refund however does not offer foreign productions a significant financial benefit as the majority of their local expenses are spent on food and accommodation, which benefit from a reduced VAT rate of only 8%, while they bring their own technical equipment and staff to the country. The VAT refund on local expenditures therefore often only accounts for 1% or 2% of the film's budget, which is not really competitive with the tax rebates or tax shelters offered in many other European countries.

Discussions on other measures to attract foreign productions have been ongoing since 2001 but have not been implemented as of October 2014. The draft of a new cinema law however foresees the introduction of a rebate of up to 25% of local production spend for incoming productions. More information on incentives for foreign producers including a list of films shooting in Turkey between 2006 and 2013 is given in Chapter 9.3.

4.7 Outlook

A new cinema law is on the way

Discussions about updating Law 5224 have been led by the Government and professional stakeholders over the past years. According to industry professionals it had been foreseen to introduce a new cinema law to parliament already in 2013 but this had been postponed and it is unclear when the new cinema law will actually be implemented. DG Sinema hopes to pass it in 2015 at the latest.

According to information provided by DG Sinema and SEYAP the new cinema law will foresee:

- A broadening and expansion of support activities through the redefinition of support schemes. It is foreseen to complement the support schemes for project development, production and post-production with dedicated schemes targeting
 - the support for co-productions, though it is yet unclear whether the new cinema law will foresee the possibility for Turkish producers in a minority position to apply for public support;
 - support granted to exhibitors (conditional on the screening of domestic films);
 - dedicated distribution & promotion support for Turkish films at home and abroad;
 - a rebate on local production spend - up to 25% - for foreign films partly or wholly shot in Turkey;
 - amateur filmmakers.
- The creation of a specific Cinema Board dedicated to developing policies for the Turkish film industry as it will be regarded as a sector of strategic importance.

Details on the individual schemes and the law itself are however not yet available. On the one hand there are still ongoing discussions between DG Sinema and the various stakeholders. On the other hand many important aspects and the specific conditions of the schemes will not be defined in the law as such but will be laid down in by-laws after the new cinema law has passed.

Some significant changes may hence come the Turkish film industry's way in the soon future.

Theatrical film production

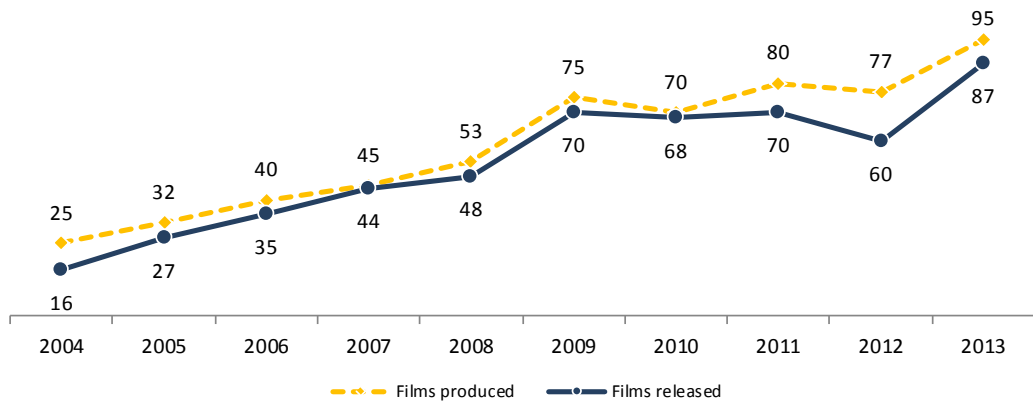
5 Production volume

Note: In the absence of an official public source collecting data on feature film productions in Turkey, the analysis of Turkish film production activity relies primarily on the analysis of film releases rather than film productions. Though the underlying data sets have been provided by Antrakt, most parts of the analysis are based on the Observatory's LUMIERE database which may deviate from Antrakt with regard to the allocation of a film to a specific country of origin. The Observatory data may hence differ from Antrakt figures. See appendix for further methodological details on the collection of production data.

Stimulated by the box office success of Turkish blockbusters and benefiting from public production support introduced in 2005 Turkish feature film production increased significantly and constantly over the past ten years as illustrated in Figure 6. Including minority co-productions, the number of Turkish film releases grew from 16 in 2004 to 87 films in 2013, the highest level since 1990. Antrakt estimates that there were actually 95 Turkish feature films produced in 2013. In the absence of any official system to capture film production activity in Turkey systematically, most film professionals however refer to the number of films released when speaking about Turkish production volume.

Figure 6 Turkish feature films produced and released 2004-2013 estimated

Note: Includes minority co-productions. Films released only refers to films released in cinemas and does not include films which only get screened on festivals.



Source: Antrakt (Films produced), OBS / LUMIERE (Films released)

Note: When interpreting the gap between films produced and films released theatrically it has to be kept in mind that the number of films produced are estimated by Antrakt and do not claim to be comprehensive. It furthermore should be noted that a film produced in 2012 might only get released in 2013 or even later. Generally speaking most market experts believe that almost all fiction films produced get a theatrical release, at least for a very limited number of screenings. The situation might look different for feature documentaries which rely more heavily on film festivals to reach their audiences.

Table 5 Turkish feature films released by financing type and genre 2004-2013 estimated

Note: Data may differ from data provided by Antrakt due to different allocation of country of origin.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
by financing type										
100% national	14	22	28	37	46	61	63	62	54	77
Majority co-prod	2	4	6	5	2	8	2	7	5	8
Minority co-prod		1	1	2		1	3	1	1	2
by genre										
Fiction	15	26	34	44	47	68	67	69	56	84
Feature documentaries	1	1	1	-	1	2	1	1	4	3
Total	16	27	35	44	48	70	68	70	60	87

Source: OBS / LUMIERE, Antrakt

Production growth has been driven primarily by low-budget fiction films financed entirely within Turkey

As can be seen in Table 5 the increase in production volume stemmed primarily from an increase in the production of 100% national fiction films. The number of 100% national film productions, i.e. films financed entirely within Turkey, increased from only 14 releases in 2004 to 77 in 2013 while the number of international co-productions remained comparatively stable with generally 4 to 8 Turkish majority co-productions and 1 or 2 minority co-productions per year. On a cumulative basis 100% national films accounted for 90% of total Turkish theatrical film production volume between 2009 and 2013 (see Figure 7).

Turkish film activity is clearly focused on the production of live action fiction films, which accounted for about 97% of the total number of films released between 2009 and 2013. Only 1 to 4 theatrical feature documentaries are released in commercial cinemas per year.

Though the box office success of a certain number of Turkish films certainly has stimulated the production of medium and high-budget productions, film producers' association SE-YAP believes that the increase in production volume stems primarily from an increase in low-budget productions, many of them receiving public support from the Ministry of Culture and Tourism. As there are no data on the number of productions by production budget available, it is however not possible to quantify this.

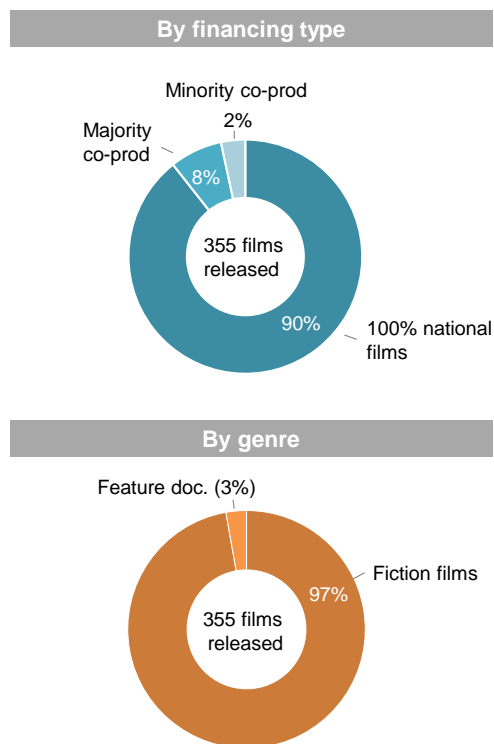
Among Europe's most prolific production countries

Thanks to this increase in production volume, particularly over the past five years, Turkey has firmly established itself among Europe's most prolific countries in terms of film production. As shown in Table 6 Turkey's, production volume cannot yet match the levels registered in Europe's six largest markets, but it has become the 8th largest film producing country in Europe with 87 feature films released in 2013.

Excluding minority co-productions Turkey actually takes rank 7 with 85 national film releases. Turkey has thus produced more national films in 2013 than any other mid-sized market, ahead of Switzerland Denmark, Sweden, the Netherlands or Austria. Please note that the direct comparability of production figures between European countries is limited due to significant methodology differences. The ranking in Table 6 hence only indicates production ranges.

Figure 7 Films by type 2009-2013

Cumulative figures



Source: OBS, Antrakt

Table 6 Ranking by films produced 2013

Feature films produced 2013 (prov)			
Rank	Country	All	National ¹
1	UK ²	299	226
2	France	270	209
3	Germany	236	195
4	Spain	230	192
5	Italy	167	156
6	Russian Federation ³	109	109
7	Switzerland	104	83
8	Turkey	87	85
9	Netherlands	65	48
10	Denmark	64	50

1) Counts only 100% national and majority co-productions.

2) Excluding 50 inward investment feature films.

3) 2012.

Source: OBS, Antrakt

6 International co-productions

Note: Please refer to the appendix for remarks on the methodology of counting co-productions.

The Observatory could identify a total of 63 international co-productions with Turkish participation produced and released between 2004 and 2013. International co-productions hence accounted for only 12% of total Turkish production volume in this time period.

International co-productions are primarily sought for art-house films which require a comparatively high budget but are faced with limited potential at the Turkish box office market where the demand focuses on commercial content with a clear local flavour.

4 out of 5 co-productions are structured as Turkish majority co-productions

As illustrated in Table 7, on average about six to seven international co-productions with Turkish involvement were produced per year on average over the past ten years. The vast majority of these films are Turkish majority co-productions as DG Sinema does not provide support to Turkish minority co-productions. In the past ten years leading up to 2013 almost 4 out of 5 co-productions were structured as a Turkish majority co-production. Most of the few minority co-productions are realised by Turkish origin directors living abroad making a Turkish films in character but with the majority share of financing coming from their new country of residence.

Table 7 Turkish international co-productions released 2004-2013 estimated

Note: By production year.

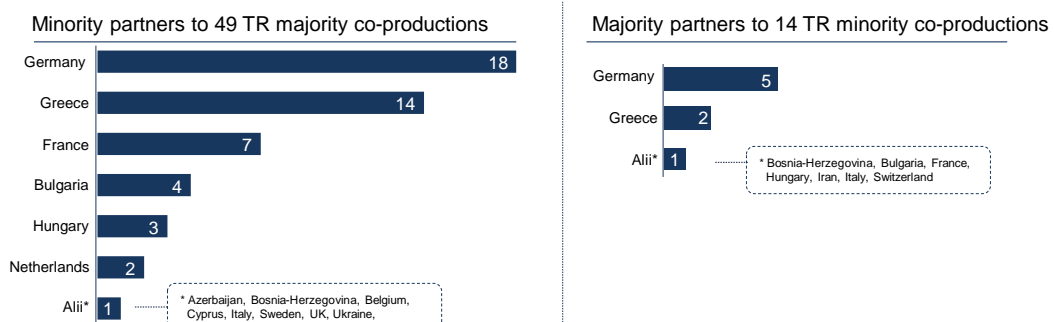
Production Year:	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Maj co-prod	4	2	7	4	6	3	3	9	5	6
Min co-prod	1	1	-	2	1	3	1	2	2	1
Total co-prod	5	3	7	6	7	6	4	11	7	7

Source: OBS / LUMIERE, Antrakt

Germany, Greece and France are the most popular co-producing partners

Turkey has signed bilateral co-production agreements with France, Italy and Bulgaria. In the vast majority of cases, however, Turkish producers opted to team up with German or Greek production companies: German minority co-production partners were involved in 18 out of the 49 Turkish led co-productions between 2004 and 2013 while 14 co-productions involved a Greek minority partner and 7 a French minority producer. Given the limited number of Turkish minority co-productions one cannot identify a preferred majority co-producing partner, with the exception of Germany, which accounted for 5 out of the 14 Turkish minority co-productions in the reference period (see Figure 8).

Figure 8 Number of co-productions by co-producing country 2004-2013 estimated



Source: OBS, Antrakt

Table 8 Turkish majority and minority co-productions by admissions in Europe 2004-2013*Estimated. Includes only films with a theatrical release on at least one European market between 2004 and 2013.*

Turkish majority co-productions						Admissions in Europe
N°	Film	Country of origin	Prod. Year	Director	Turkish production company	
1	Eğreti Gelin	TR / GR	2005	Atif Yılmaz	Yesilçam Film, Kenmovie Filmcilik	671 760
2	Mutluluk	TR / GR	2007	Abdullah Oguz	ANS Production	590 106
3	Bir zamanlar Anadolu'da	TR / BA	2011	Nuri Bilge Ceylan	Zeynofilm, 1000 Volt, TRT, İmaj, Fida Film, NBC	395 105
4	Takva	TR / DE	2006	Özer Kızıltan	Yeni Sinemacılar	366 294
5	Eve giden yol	TR / HU	2006	Semir Aslanyürek	Özen Film	360 889
6	Bal	TR / DE	2010	Semih Kaplanoğlu	Kaplan Film	297 148
7	Yazi tura	TR / GR	2004	Uğur Yücel	Mahayana Film	279 764
8	Üç maymun	TR / FR / IT	2008	Nuri Bilge Ceylan	Zeynofilm, NBC Film	262 872
9	Labirent	TR / DE	2011	Tolga Ornek	Ekip Film	252 110
10	İklimler	TR / FR	2006	Nuri Bilge Ceylan	NBC Film, İmaj	235 266
11	Eve dönüs	TR / GR	2006	Ömer Uğur	Limon Yapım	231 159
12	Romantik	TR / BG	2007	Sinan Cetin	Plato Film Production	162 028
13	Sonbahar	TR / DE	2008	Özcan Alper	Kuzey Film	150 037
14	Yangın Var	TR / DE	2011	Murat Saraçoğlu	Yol Sinema, Bulut Film	109 467
15	Pandora'nın kutusu	TR / FR / BE / DE	2008	Yeşim Ustaoglu	Ustaoglu Film	95 836
16	On the Way to School	TR / NL	2008	Özgür Doğan, Orhan Eskikoy	Perisan Film, Bulut Film	92 982
17	Usta	TR / BA	2009	Bahadır Karatas	Film Park (Usta)	80 550
18	Mahmut ile Meryem	TR / AZ	2013	Mehmet Ada Öztekin	24 Kare Film, Duka Film	66 165
19	Kalbın Zamanı	TR / BG	2004	Ali Özgentürk	Asya Film	65 571
20	Cenneti beklerken	TR / HU	2006	Dervis Zaim	Sarmasik Sanatlar, Maraton Filmcilik, Hermès F	59 663
21	Yumurta	TR / GR	2007	Semih Kaplanoglu	Kaplan Film	49 563
22	Araf (Somewhere in Between)	TR / DE / FR	2012	Yeşim Ustaoglu	Ustaoglu Film	41 798
23	Gelecek uzun sürer	TR / FR / DE	2011	Özcan Alper	Nar Film	41 362
24	Tepenin ardı	TR / GR	2012	Emin Alper	Bulut Film	38 764
25	Sev Beni	TR / UA	2013	Maryna Gorbach, Mehmet Bahadır Er	Protim Video Production	26 446
26	Kader	TR / GR	2006	Zeki Demirkubuz	Mavi Film	25 828
27	Bizim Büyük Çaresizliğimiz	TR / DE / NL	2011	Seyfi Teoman	Bulut Film	24 749
28	Ayın karanlık yüzü	TR / GR	2004	Biket İlhan	Sinevizyon Film	23 644
29	Aşk Ve Devrim	TR / DE	2011	Serkan Acar	Kuzey Film	17 412
30	Gözetleme Kulesi	TR / FR / DE	2012	Pelin Esmer	Sinefilm	17 276
31	11'e 10 kala	TR / FR / DE	2009	Pelin Esmer	Sinefilm	16 474
32	Süt	TR / FR / DE	2008	Semih Kaplanoğlu	Kaplan Film	15 564
33	Yozgat Blues	TR / DE	2013	Mahmut Fazil Coskun	Hokus Fokus	11 642
34	Yengeç oyunu	TR / HU	2009	Ali Özgentürk	Asya Film	11 286
35	Hayat var	TR / GR / BG	2008	Reha Erdem	İmaj, Atlantik Film	10 708
36	Küf	TR / DE	2012	Ali Aydın	Motiva Film, Yeni Sinemacılar	10 587
37	Yolda - Rüzgar geri getirirse	TR / BG	2005	Erden Kıral	Deniz Film	9 870
38	Jin	TR / DE	2013	Reha Erdem	İmaj, Atlantik Film, Mars Entertainment	8 225
39	Ekümenopolis	TR / DE	2011	İmre Azem	Kibrit Film	7 647
40	Meleğin Düşüşü	TR / GR	2004	Semih Kaplanoğlu	Kaplan Film	5 736
41	Do Not Forget Me Istanbul	TR / GR	2011	Hany Abu-Assad, et alii	Altinsay Film Works,	3 539
42	Hayatboyu	TR / DE / NL	2013	Aslı Özge	Bulut Film, Sodamedya Interactive	3 179
43	İyi Seneler Londra	TR / GB	2007	Berkun Oya	Krek Film	2 958
44	Saç	TR / GR	2010	Tayfun Pirselimoglu	Zuzi Film	2 936
45	Pus	TR / GR	2010	Tayfun Pirselimoglu	Zuzi Film	2 066
46	Gözümün Nuru	TR / FR	2013	Hakkı Kurtulus, Melik Saraçoğlu	İki Film	1 736
47	Kirik midyeler	TR / SE	2011	Seyfettin Tokmak	90 Film Production	465
48	Aziz Ayse	TR / FR	2012	Elfe Uluc	Kare Film	434
49	Akamas	TR / HU / GR / CY	2006	Panikos Chrissanthou	Maraton Filmcilik	124

Turkish minority co-productions

Turkish minority co-productions						Admissions in Europe
N°	Film	Country of origin	Prod. Year	Director	Turkish production company	
1	Auf der anderen Seite	DE / TR / IT	2007	Fatih Akin	Anka Film	1 932 882
2	Saturno contro	IT / FR / TR	2007	Ferzan Ozpetek	AFS Film	1 413 826
3	Fasle kargadan	IR / TR	2012	Bahman Ghobadi	BKM	68 360
4	Min Dit: The Children of Diyarbakir	DE / TR	2009	Miraz Bezar	Bezar Film	33 581
5	Otkradnati ochi	BG / TR	2005	Radoslav Spassov	Gala Film	26 381
6	Takiye: Allah yolunda	DE / TR	2010	Ben Verbong	Filmfabrik	21 197
7	Djeca	BA / DE / FR / TR	2012	Aida Begic	Kaplan Film	20 944
8	Pazar - Bir ticaret masali	DE / TR / GB / KZ	2008	Ben Hopkins	Pi Film Production	16 938
9	J.A.C.E.	GR / PT / TR / MK	2011	Menelaos Karamaghiolis	Pi Film	6 923
10	İstanbul	HU / NL / IE / TR	2011	Ferenc Török	Kuzey Film	5 428
11	Köprüdekiler	DE / TR / NL	2009	Aslı Özge	Yeni Sinemacılar	4 995
12	SarıyanLand	FR / TR / AM	2013	Lusin Dink	Nar Film	3 793
13	Omiris	GR / TR	2004	Constantine Giannaris	Sarmasik Sanatlar	1 274
14	Zara	CH / NL / TR / AT	2009	Ayten Mutlu Saray	Pantheon Film Company	257

Source: OBS/LUMIERE, Antrakt

7 Production company landscape

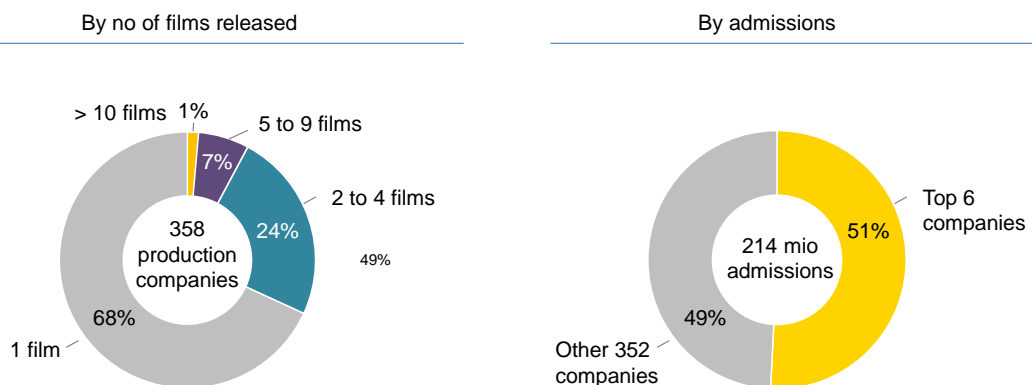
After its collapse in the 1980s, the structure of the Turkish cinema industry changed fundamentally in the course of the past 20 to 30 years. Like many other aspects of life in Turkey, the film production landscape has been very dynamic with many new companies emerging and disappearing in a short period of time. Encouraged by the box office success of a couple of local blockbusters many new companies entered into the film business while the vast majority of production companies active during the 'golden' Yeşilçam period do not exist any longer. But it is not only the companies which changed. Film language, production values and the frequency of filmmaking changed as well. While Yeşilçam companies had been producing a film practically every month, the new production companies hardly produce more than one film every two years on average.

There are no official statistics with respect to the number of companies producing theatrical feature films in Turkey. An analysis of national films released in cinemas between 1990 and 2013 however reveals that the Turkish film production landscape is extremely fragmented with a large number of small companies producing - among other things - theatrical films.

Highly fragmented production landscape but concentrated distribution of admissions

The 687 films released between 1990 and 2013 were produced by no less than 358 different companies³⁶. Most of these companies however seem to produce theatrical feature films only on a very sporadic basis: almost 70% of the companies produced only one single film in the last 24 years and another 24% produced only two to four films. Only five, i.e. less than 1% of the companies produced more than 10 films in the period indicated, as illustrated in Figure 9. This leads to a rather concentrated distribution of admissions with the top 6 production companies accounting for more than half of the total admissions to Turkish films between 1990 and 2013.

Figure 9 Number of production companies by films released & admissions 1990-2013



Source: OBS after Antrakt

These figures point towards some challenges faced by the Turkish theatrical feature film production industry and raise questions with respect to its structural strength.

³⁶ Comprehensive listings of Turkish film production companies are published e.g.: on the Ministry's DG Sinema website <http://www.sinema.gov.tr/ana/sayfa.asp?id=148> or <http://www.sadibey.com/baglantilar/film-sirketleri/#.UzA0aFNw59Q>.

Few specialised film production companies with regular film production ...

For one, they illustrate that there are very few specialised film production companies, let alone companies dedicated to the production of theatrical feature films. Practically every film production company, even the leading ones with regular output, pursues other business activities apart from film production. These other activities may range from film related activities such as TV production, film import or distribution, operating cinemas or producing commercials, but often are not related to the film business at all. For the vast majority of these companies the revenue generated from non-production activities likely exceeds their income related to film production. In fact such income is often used to cross-finance film production in the first place, as film financing remains probably the single largest challenge for Turkish producers.

The difficulty of financing a film evidently is one issue addressed by public funding. Some industry observers, however, actually link the low frequency of film output to the funding mechanisms as put in place since 2005. Funding regulations foresee that a production company which has been granted production support from the DG Sinema cannot re-apply to the Ministry for another project until the funded film is completed and the support, if it takes the form of a loan, has been repaid from exploitation revenues. Failing to repay the loan results in not being eligible to apply for additional support for a period of three years. Taking into consideration the time it takes producers to raise the financing for their films and the fact that most productions which receive public support do not generate sufficient box office in order to repay the loans to the Ministry, many production companies only receive production support every six years.³⁷

... impede building up a track record, know-how and sustainable business models

The lack of specialisation and the corresponding irregular film output leaves most production companies without a strong theatrical track record. This in turn makes it harder to raise financing for the next production. It also makes it hard for companies to build up know-how as well as reliable networks and may keep them from benefiting from their learning curves through the establishment of best practices over time.

This is particularly true when it comes to releasing and exploiting their films. In Turkey - in contrast to most other European markets - it is the production company rather than the distributor who funds and manages the marketing campaign for the theatrical release of its film and decides on the number of prints. These tasks require resources and expertise which are very different from the film production process itself and it is questionable whether the vast majority of the 358 production companies mentioned above disposes of the necessary resources and know-how. The low number of cinema tickets sold for the vast majority of Turkish productions suggests that indeed many production companies have difficulties reaching audiences with their films.

The comparatively small number of production companies with a proven track record and regular production activity may consequently pose a challenge for the development of a strong and diverse theatrical film production sector in Turkey on a long term basis.

³⁷ <http://www.todayszaman.com/news-339675-100-years-of-filmmaking-in-turkey-part-3-to-support-or-not-to-support.html>

What are the leading Turkish production companies?

Table 9 shows the 20 largest Turkish production companies ranked by admissions generated with films released in 2012 and 2013. In these two years, BKM clearly stood out as the leading film production company, both in terms of production activity as well as box office success: with seven film releases, BKM produced at least twice as many films as any of its competitors and took practically a third of total gross box office. Other high grossing production companies include Aksoy Film, CMYLMZ Fikir Sanat, Avşar Film, TMC Film or Fida Film/Tiglon which are portrayed in short profiles overleaf.

Table 9 Top 20 Turkish production companies in 2012 - 2013

Note: Cumulative admissions and GBO for the period 01/01/2012 to 23/02/2014.

Rank	Production company	No of films released	Admissions	GBO in TRY	Market share GBO	Top film
1	BKM	7	15 849 392	151 515 399	32%	<i>Düğün demek</i>
2	Aksoy Film	2	6 724 215	57 164 702	12%	<i>Fetih 1453</i>
3	CMYLMZ Fikir Sanat	1	3 842 510	37 298 488	8%	<i>CM101MMXI Fundamentals</i>
4	Avşar Film	3	4 015 939	36 966 415	8%	<i>Evim Sensin</i> ¹⁾
5	Çamaşırhane	1	2 853 772	26 601 627	6%	<i>Celal ile Ceren</i>
6	TMC Film	2	1 516 037	15 102 842	3%	<i>Benim dünyam</i>
7	Neyir Film	1	2 145 545	14 910 817	3%	<i>Selam</i>
8	Boyut Film	1	1 507 603	14 623 156	3%	<i>Romantik Komedi 2: Bekarlığa Veda</i>
9	Fono Film	4	1 557 678	13 148 982	3%	<i>Çanakkale Yolun Sonu</i> ²⁾
10	Fida Film / Tiglon	3	1 283 994	11 185 049	2%	<i>Çanakkale 1915</i>
11	Sinegraf	2	1 030 008	9 726 134	2%	<i>Uzun Hikaye</i>
12	Sugarworkz	1	929 739	8 576 507	2%	<i>Çakallarla Dans 2: Hastasiyiz Dede</i>
13	Plato Film	1	928 968	8 571 494	2%	<i>Çanakkale Çocukları</i>
14	Üçgen Film	1	841 124	7 583 639	2%	<i>Moskova'nın Sifresi Temel</i>
15	Taff	2	617 505	6 224 046	1%	<i>Tamam mıyiz?</i> ³⁾
16	Adam Film	1	404 100	4 277 647	1%	<i>Behzat Ç. Ankara yaniyor</i> ⁴⁾
17	Setra Film	1	403 000	3 874 224	1%	<i>G.D.O. KaraKedi</i>
18	Tim's	1	348 664	3 332 313	1%	<i>Mutlu aile defteri</i>
19	Çağlar Arts	1	305 874	3 008 601	1%	<i>Dag</i> ⁵⁾
20	Muhteşem Film	1	294 264	2 653 184	1%	<i>Sabit kanca</i>

Co-produced with: 1) DNZ Film, 2) TT Film, 3) Tiris, 4) Fida Film / Tiglon, 5) Mars Entertainment

Source: OBS, Antrakt

These data also confirm the high concentration levels among a very fragmented production landscape: a total of 139 Turkish films were released in 2012 and 2013. They were produced by 118 production companies. Only 12 production companies released more than one film in those two years. The top 15 production companies cumulatively accounted for almost 90% of total admissions to all Turkish films while the remaining 103 production companies cumulatively accounted for only 10%.

The top ranking production companies focus on the production of commercial blockbusters which evidently represent only a small portion of Turkish feature films but take the lion's share of admissions to domestic films. Art-house films, international co-productions and low budget productions are - in contrast - produced by a large number of smaller production companies³⁸.

³⁸ Turkish production companies regularly involved in international co-productions can be seen in Tables 8, 12 and 13.

Short profiles of selected production companies



www.bkmonline.net/

BKM - Originally founded as a theatre group in Istanbul's Beşiktaş neighbourhood in 1994, BKM entered the film business in 2000 and has become Turkey's leading film production producing 27 films. In 2012-2013 alone BKM released 7 films and generated a GBO of TRY 152 mio taking a market share of 35%. It produced blockbusters such as *Vizontele* (2001), *Vizontele Tuuba* (2004), *G.O.R.A* (2004), *Organize İşler* (2005), *Eyvah Eyvah* (2010), *Eyvah Eyvah 2* (2011) or *Kelebeğin Rüyası* (2013). BKM also produces plays, TV series and commercials. It is also an important show and event producer booking national and international artists.



www.aksoyfilm.com.tr

Aksoy Film - Aksoy Film was founded in 1996 by the Turkish film director Faruk Aksoy. By 2013 it had produced 14 films, including *Fetih 1453* (2012) which had been the highest grossing Turkish film as of December 2013, selling 6.6 million tickets and grossing TRY 56 mio, giving Aksoy Film a 12% market share in 2012-2013. It is also known for co-producing (with Özen Film) the hugely successful *Recep İvedik* film series (1-2-3) which cumulatively sold over 14 million tickets between 2008 and 2010. In the past, the company also co-produced big-budget historical TV dramas like *Hürrem Sultan*.



www.cmylmz.com/

CMYLMZ Fikir Sanat - CMYLMZ Fikir Sanat was founded in 2007 by famous stand-up comedian, actor, writer and director Cem Yılmaz. The company primarily manages and produces Cem Yılmaz's art projects, particularly his hit stand-up comedy show which he performed more than 4 000 times. It has produced a total of 6 films, including *A.R.O.G* (2008) and *CM101MMXI Fundamentals* (2013) which became two out of the top 10 grossing films between 2004 and 2013. It generated a GBO of 37 million TRY and took the 8% of the total market in 2012-2013.



www.avsarfilm.com.tr

Avşar Film – Originally founded as an exhibition chain, Avşar has become one of the leading production companies in Turkey. Up to 2013 it has produced 17 films, including blockbusters like *Babam ve Oğlum* (2005) and *Evim Sensin* (2012). In 2012-2013 it released 3 feature films and generated GBO of TRY 37 million (8% market share). Avşar Film also produces numerous popular TV series and occasionally imports foreign films. Avşar Sinema operates the second biggest cinema circuit in the country (see page 101).



www.fidafilm.com

www.tiglon.com.tr

FIDA Film / Tiglon – After its merger with Tiglon in 2011 Fida Film/Tiglon was one of Turkey's largest vertically integrated film companies. It was active in cinema advertising, where it was the market leading company in Turkey, film production, laboratory work, import of foreign films as well as theatrical and home cinema film distribution. Till 2013 it has produced a total of 14 films. In 2014, however, Tiglon/Fida Film has been facing financial difficulties when upon failing to repay debts, creditors sought to liquidate the company. Upon presentation of a rescue plan including a repayment schedule for existing debts as well as the provision of guarantees the company could postpone its liquidation and continued parts of its commercial activities at the time of writing.



www.boyutfilm.com

Boyut Film - Istanbul based Boyut Film is active in TV and theatrical film production. It is closely linked to director/actor/script writer Mahsun Kırmızıgül who was involved in four out of Boyut's six theatrical feature film productions up until 2013, including *New York'ta Beş Minare* (2010) which became Turkey's 10th highest grossing film between 2004 and 2013. Boyut Film also produced the successful *Romantik Komedi* franchise (2010, 2013).

8 Production costs & financing

Turkish blockbusters cost up to 3.0 million Euro, low budget films generally less than EUR 300 000

As there are no official statistics collected on production budgets of Turkish films, this report can only indicate typical production costs bandwidths as estimated by the industry experts interviewed for this report. When comparing budget figures between European and Turkish films it has to be kept in mind that print and advertising costs (P&A) are often included in the production budget for Turkish productions, as P&A costs are generally carried by the producer rather than the distributor (see chapter 14). In order to ensure comparability of figures, Table 10 shows the breakdown of the total budget into the core production budget and P&A costs. It also has to be pointed out that it would be misleading to quote one average budget for a 'Turkish' feature film as production costs vary significantly between the different types of films. Broadly speaking one can distinguish between large budget blockbusters, mid-range genre films, low budget films and international co-productions:

Table 10 Estimated typical production and P&A budgets for different types of Turkish films

Note: P&A costs include VPF. TRY converted at 1 TRY = 0.36 EUR.

Type	Typical production budget		P&A costs	Total
	TRY	EUR	EUR	EUR
Blockbusters / Large budget	5 to 8 mio	1.8 to 2.9 mio	900' to 1.4 mio	2.7 to 4.3 mio
Genre / Mid-range films	2 to 3 mio	0.7 to 1.1 mio	180' to 360'	900' to 1.4 mio
Low budget films	up to 800'	up to 300'	18' to 36'	up to 330'
Int. co-productions	1.5 to 3 mio	0.5 to 1.1 mio	27' to 54'	0.6 to 1.1 mio

Source: SEYAP, Antrakt, Eurimages, OBS

At current exchange rates, a typical production budget for a Turkish blockbuster can go up to EUR 3 million, though some of them may also get produced for less than EUR 2 million. P&A costs for blockbusters, including VPF, are generally significant and often amount to over 50% of the production budget, i.e. up to EUR 1.4 million.

Production budgets for so called mid-range films or genre films range between EUR 700 000 and EUR 1.1 million, with P&A investments typically ranging from EUR 180 000 to EUR 360 000. A similar budget range applies for international co-productions, though P&A costs are generally significantly lower, as their box office potential on the Turkish market is comparatively small.

Low budget films can get produced from a few thousand Euros up to EUR 300 000. These films generally do not have a budget to pay for competitive P&A expenses which in turn contributes to a generally limited box office success.

Production financing as single biggest challenge for Turkish producers

Financing is considered by many industry experts to constitute the single biggest challenge for theatrical film producers in Turkey. Again, there are no official statistics analysing the financing structure of Turkish productions. So it is practically impossible to break down the production budgets of Turkish films by their financing sources, i.e. to produce reliable figures as to which financing source typically contributes to which extent to the overall budget. But it is evident that the financing mix differs significantly between the different types of films.

Blockbusters are financed primarily by equity and bank loans

Films with promising commercial potential, i.e. the local blockbusters and many mid-range / genre films typically get financed primarily with producers' equity and bank loans. Some of these films also manage to secure sponsorship funds or conclude pre-sales agreements with distributors or broadcasters.

These big and medium budget films, thus, generally do not rely on public funding as their commercial success allows them to finance their budgets from private sources. Also, going through a - what is considered lengthy - application procedure for public support often is impractical for these films which often get produced in as short a period as half a year, from script to release.

Local blockbusters are hence practically largely financed from producers' equity generated from the profits of previous films. Taking into account the fact that almost all companies engaged in film production are also pursuing a variety of other business activities, it is fair to assume that many films are also partly cross-financed by revenues generated through these other activities.

Films with limited market potential rely on public support and personal investments

The situation naturally looks quite different for films with a lower budget / market potential, which represent the vast majority of Turkish film productions as illustrated in the previous chapters. Equity is often limited and bank loans or sponsorship funds are generally not available to these productions. Also, pre-sales to distributors or broadcasters are only available to blockbusters and can generally be neglected as a source of financing for productions with a lower commercial potential.

These films largely rely on public production support provided by the Ministry. Public support however is capped at a maximum 50% of a film's budget. Financing the remaining 50% often proves impossible for many small production companies for the reasons mentioned above. Many low budget films are partly financed through deferrals of director, producer or scriptwriter fees. Deferrals are however not officially recognised as a financing source by the Ministry.

Some productions seek to structure their films as international co-productions which allows them to finance even medium range budgets by sharing the financing burden with their international co-production partners and to tap into international public support schemes, in particular the Eurimages fund. As illustrated in the previous chapter, such an approach makes sense only for a limited number of projects, which represent a small portion of the Turkish production volume.

Many other productions hence end up being completed below their actual budget with lower production values which in turn limits their exploitation potential. When not able to repay the support loan provided by the Ministry due to low exploitation returns, these companies cannot reapply for another project for three years. As discussed in chapter 7 this may be one contributing factor to the existence of a large number of companies producing only one or two films every ten years.

The importance of public support for films with limited box office potential is also reflected in the growing number of low budget productions after the introduction of the public support scheme operated by the Ministry of Education and Culture in 2004 as illustrated in chapter 5.

Smart financing mix is crucial for survival of production companies

How to finance the production budget is probably the most important decision to be taken by Turkish producers as securing a smart financing structure is not only important for getting the film made, but is also crucial to avoid major losses and increase the chances of turning a profit with a film and be in a position to finance the next project.

9 Production incentives

9.1 National support mechanisms

As discussed in the film policy chapter, the Ministry of Culture and Tourism is the only major source of public film funding in Turkey. The film support activities are managed by its DG Sinema division.

What kind of support does the Ministry provide for theatrical feature films?

Since 2005 the Ministry has been supporting theatrical feature films primarily through two different schemes:

- Production support for feature films and first features;
- 'Post-production' support which included support for P&A costs.

As mentioned in chapter 4, the new cinema law which is currently under discussion may introduce new support schemes e.g. to support the distribution and promotion of Turkish feature films, support for foreign productions and co-productions.

Indeed DG Sinema went ahead in the first half of 2014 and redefined its support schemes. According to producers' association SE-YAP five different production related support schemes were introduced to replace the former three (project / production / post-production) support schemes:

- Project development support for feature films;
- Script writing support for feature films;
- Production support for feature films with a special support line for first time directors;
- 'After-production' support including post-production and distribution support;
- An umbrella scheme for documentaries, short films and animation films.

Support decision for feature films used to be made twice a year by a committee headed by the Ministry and composed of representatives of professional associations and selected experts. According to a new by-law there has to be at least one funding session per year.

What are the financial conditions?

Production support can be granted as direct or indirect support. Direct support takes the form of a payment given directly to the producer. In the case of indirect support the Ministry covers interest payments, taxes and other additional costs related to a commercial bank loan taken out by the producer. The loan itself, however, has to be repaid by the producer. In practice public production support is generally granted as direct support, while it hardly ever takes the form of indirect support.

In contrast to project support like development or script writing support, production and post-production support granted to theatrical feature films, direct or indirect, has to be repaid. Production support hence takes the form a conditional loan, i.e. a loan that has to be repaid from the proceeds of the film supported. Direct loans have to be repaid within two years after the film's release, indirect support within two years after the payment to the creditor institution. Should the film not generate enough income to repay the support, the Ministry may convert it to a non-repayable grant.

Production support cannot exceed 50% of the film's production budget. Post-production support cannot exceed 50% of the film's post-production and P&A budget.

Who is eligible to apply?

Applications for production support have to be made jointly by the producer and the director of the film. Only applicants based in Turkey are eligible to apply for these support schemes. The fund only supports Turkish initiative films, i.e. 100% national and majority co-productions. In the case of international co-productions the director does not have to be based in Turkey. Turkish producers taking a minority share in an international co-production are not eligible to apply.

Producers can only apply for production support for one project at a time. Slate funding is not foreseen. Producers can only apply for a second project once they have repaid their support loan or after a 'waiting period' of three years.

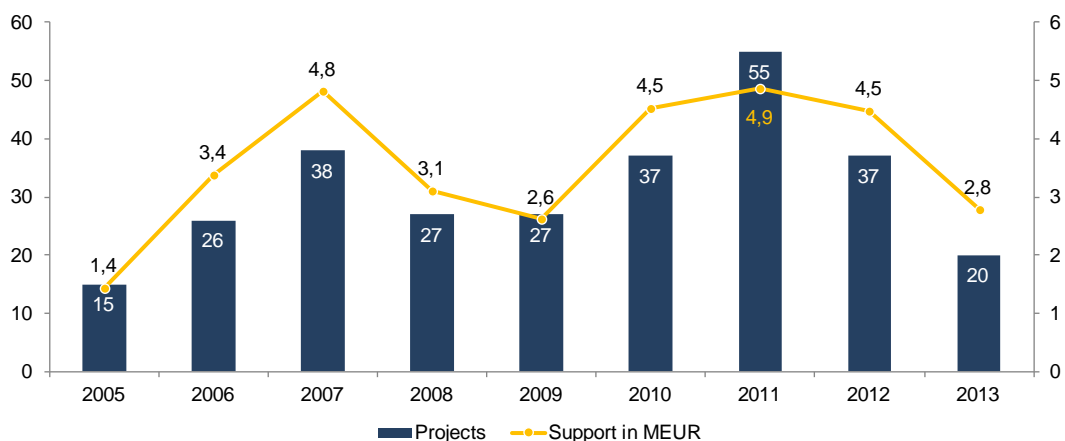
Though public support is open to all theatrical film productions, it is used primarily by international co-productions, first time directors and art-house productions and less so for bigger commercial productions. TV films and series or video games are not eligible to apply for film funding.

Support volume

According to the official statistics published by the Ministry of Culture and Tourism³⁹ the number of feature films receiving support has been generally ranging between 26 and 38 feature films per year. This range was only exceeded in 2011 when a record number of 55 feature film projects received production support. In 2013 the number of projects support dropped to only 20 films as the second funding committee session was cancelled (see Figure 10).

The annual funding volume granted to feature films generally ranged between EUR 3 million (~TRY 6 million) and EUR 4.9 million (~TRY 11 million). On a cumulative basis the Ministry supported 282 feature film projects with a total amount of EUR 32 million (TRY 66.5) between 2005 and 2013, hence awarding around EUR 114 000 on average per feature film project.

Figure 10 Feature film support granted 2005-2013



Source: DG Sinema / Ministry of Culture and Tourism, Antrakt

³⁹ <http://www.sinema.gov.tr/ana/savfa.asp?id=29>

Average feature film production support ranges between EUR 100 000 and 150 000

An analysis of all published funding decisions conducted by Yamaç Okur for SEYAP and Deniz Yavuz of Antrakt provides a further breakdown of production support granted to theatrical feature films, first time features and post-production support (see Table 11)⁴⁰.

Average production support granted for feature films increased over time from less than TRY 200 000 (EUR 100 000) in 2005 and 2006 to TRY 250 000 and up to TRY 350 000 in the years thereafter. Measured in terms of EUR the increase is less pronounced due to fluctuations in the exchange rate and generally ranged between EUR 100 000 and 150 000 per project.

Table 11 Average production & post-production support for feature films 2005-2013

Number of feature film projects supported										
Type	2005	2006	2007	2008	2009	2010	2011	2012	2013	Avg
Feature film	14	10	24	16	16	15	23	25	15	18
First feature film	-	8	11	14	11	17	23	11	7	13
Post-production	-	1	6	2	5	7	12	5	-	5
Total	14	19	41	32	32	39	58	41	22	33

Average support granted per feature film project										
in TRY Thousand	2005	2006	2007	2008	2009	2010	2011	2012	2013	Avg
Feature film	159	183	274	231	280	352	261	328	389	273
First feature film	-	250	212	204	200	215	222	215	271	224
Post-production	-	30	49	30	57	60	73	70	-	53

Average support granted per feature film project										
in EUR Thousand	2005	2006	2007	2008	2009	2010	2011	2012	2013	Avg
Feature film	95	102	153	122	129	176	112	142	154	132
First feature film	-	139	118	107	92	107	95	93	108	107
Post-production	-	17	27	16	26	30	31	30	-	25

Source: SE-YAP, Antrakt, *Türkiye sinemasının son 22 yılına* - Deniz Yavuz, OBS

According to SE-YAP's analysis 46% of total Ministry production support has been awarded to first time directors and 12% to second time directors.

Average production support for first feature films by young filmmakers generally amounted to around TRY 200 000 (EUR 100 000). Average post-production support granted per project increased consistently from TRY 30 000 (EUR 16 000) in 2006 to TRY 70 000 (EUR 30 000) in 2011 and 2012.

Even though these figures may seem modest when compared to the funding volumes dedicated to theatrical feature film productions in other European markets, it is quite evident how important this support scheme has been in stimulating production activity in Turkey.

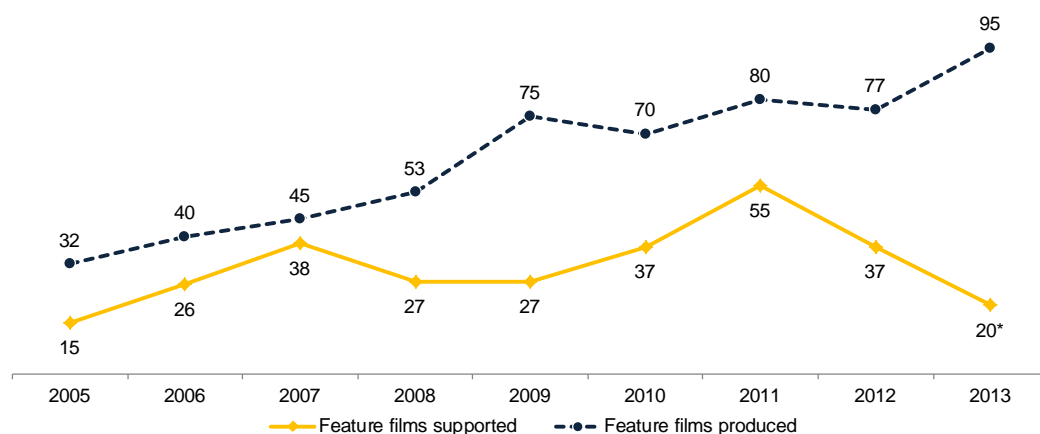
⁴⁰ TÜRK SİNEMASINDA DEVLET DESTEĞİ İSTATİSTİK (2005-2013), Yamaç Okur. This analysis is based on a project-by-project basis of the funding decisions as published by the Ministry. Headline figures differ from those figures published by the Ministry.

Impact on production volume

A comparison of the development of number of feature films produced and the number of feature film projects receiving public support illustrates the importance of public support to stimulate production growth. Though not directly comparable, as projects receiving support in a specific year may only get completed two or three years later, the figures shown in Figure 11 suggest that a significant portion of local film productions did benefit from public production support every year. On a cumulative level the Ministry supported 282 out of 587, i.e. 50% of all Turkish feature film productions between 2005 and 2013. Public support seems to have been particularly important to lift production levels from the very low levels seen at the turn of the century while from 2009 onwards more and more films got produced without public support.

Supporting one out of two productions, public production support can certainly be considered as a major factor contributing to the increase in Turkish production levels over the past ten years. On the other hand this of course means that about half of all Turkish feature films had to be financed without any public support or tax incentives. As mentioned before this does not pose too much of a problem for production companies with a track record of successful films who can finance their next blockbuster with equity and bank loans. But it poses significant problems to e.g. smaller producers and / or art-house film projects. But even films which receive production support are likely to struggle to close their financing. Keeping in mind that production budgets even for small-range films quickly go up to TRY 800 000 and TRY 3 million for mid-range films, average production grants of TRY 250 000 to 300 000 leave a significant financing gap to be filled.

Figure 11 Number of Turkish feature films supported vs films produced 2005 – 2013 (est)



* The drop in 2013 can be explained by the exceptional suspension of the second funding session in the fall and does not indicate a structural change in the Ministry's funding policy.

Source: Antrakt, DG Cinema / Ministry of Culture and Tourism

Other domestic funding opportunities

Small support amounts are also awarded through several awards allocated through the Meetings on the Bridge (Köprüde Buluşmalar) platform of the International Istanbul Film Festival <http://film.iksv.org/tr/koprudebulusmalar> and the TURSAK Fund (Turkey Cinema and Audiovisual Culture) Fund <http://www.tursak.org.tr>.

9.2 International support mechanisms

Apart from the funding provided by the Ministry of Culture and Tourism, Turkish producers involved in international co-productions can also tap into international support mechanisms like Eurimages, the Council of Europe's fund for the promotion of pan-European co-productions, the German-Turkish co-production development fund or funding opportunities provided by larger film festivals like the World Cinema Fund, the Balkan Fund or the Hubert Bals Fund.

9.2.1 Eurimages

Out of these international support schemes Eurimages clearly had the biggest impact on the Turkish production activity. Turkey joined Eurimages in 1990 at a time when the Turkish cinema industry had slipped into a period of crisis. Eurimages provides financial support for international co-productions in the form of a conditionally repayable interest-free loan. Table 12 lists all Turkish co-productions receiving Eurimages support between 2004 and 2013.

Table 12 Turkish co-productions receiving Eurimages support 2004-2013

No.	Title of project	Name of Turkish production company	Support year	Support amount in EUR
1	Winter Sleep	NBC Film, Zeynofilm	2013	450 000
2	OCTHES	Taksi Productions	2013	190 000
3	Nefesim Kesilene Kadar	Bulut Yapım, Prolog Film	2013	120 000
4	Singing Women	Atlantik Film Yapım	2012	250 000
5	Fountain of Youth	Progem	2012	220 000
6	Yozgat Blues	Hokus Fokus Film	2012	160 000
7	Ben o degilim (I am not him)	Zuzi Film	2012	150 000
8	The Blue Wave	Bulut Yapım, Fena Film	2012	110 000
9	In Flames	Bulut Yapım, Yol Sinema	2011	220 000
10	Djeca	Kaplan Film Yapım	2011	200 000
11	Lifelong	Bulut Yapım	2011	150 000
12	Watchtower	Sinefilm	2011	140 000
13	Cold of Kalandar	Kara Film Prodüksiyon	2011	100 000
14	Araf (Somewhere in Between)	Ustaoğlu Film Yapım	2010	220 000
15	Labirent	Ekip Film	2010	200 000
16	Gelecek Uzun Sürer	Nar Film Yapım Dağıtım	2010	150 000
17	Once upon a time in Anatolia	NBC Film, Zeynofilm	2009	330 000
18	Bal	Kaplan Film Yapım	2009	180 000
19	Our Grand Despair	Bulut Yapım	2009	150 000
20	Usta	Film Park (Usta)	2008	250 000
21	J.A.C.E. - Just another confused Elephant	Pi Filmprodüksiyon, Reklam Pazarlama Tic	2007	250 000
22	Three Monkeys/Uc Maymun	NBC Film, Yuzler Sesler Oyunculuk Film	2007	235 000
23	Hayat Var	Atlantik Film Yapım	2007	200 000
24	Pandora's Box	Ustaoglu Film Yapım	2007	200 000
25	Adalet (aka Yengec Oyunu)	Asya Film Filmcilik Tic. ve San	2007	150 000
26	Saturno Contro	A.F.S. Film	2006	578 500
27	Für einen Augenblick, Freiheit	Pi Filmprodüksiyon, Reklam Pazarlama Tic	2006	350 000
28	Mutuluk	ANS International	2006	230 000
29	Eve Dönus	Limon Program Yapım Tanıtım	2006	200 000
30	Eve Giden Yol	Özen Film, Alternatif Sinema Film	2006	200 000
31	Yumurta	Kaplan Film Yapım	2006	150 000
32	Cenneti Beklerken	Marathon Filmcilik	2005	220 000
33	Takva	Yeni Sinemacilik Tic. ve San.	2005	210 000
34	Kader	Mavi Film	2005	200 000
35	Ayse'yi Kim Sevmiyor	Kare Film	2005	42 145
36	Dilan	DDM Productions	2004	250 000
37	Palto (The Coat)	Yalan Dünya Film Yapım	2004	225 000
38	Borrowed Bride	Yeşilçam Filmcilik	2004	210 000
39	İklimler	Co Production C.O.P Filmcilik	2004	200 000
40	Lefka Sosonia	IFR Productions	2004	200 000

Source: Eurimages

By supporting on average four Turkish productions per year, Eurimages arguably proved to be an important contributing factor in maintaining a minimum level of art-house production activity and strengthened the Turkish film production landscape through its support of award winning films and bringing Turkish and European producers together.

The importance of Eurimages support for Turkish production is also illustrated by the fact that between 2004 and 2013 Eurimages supported 40 out of the total 72 Turkish co-productions (56%) with a cumulative amount of EUR 8.4 million. Since Turkey's accession to the fund, Eurimages supported a total of 99 Turkish films with over EUR 21 million between 1990 and 2013.

On average each project was awarded over EUR 210 000, which is well above the average feature film support granted by the DG Cinema Fund (EUR 100 000 to 150 000). More detailed information on Eurimages can be found under www.coe.int/EURIMAGES

9.2.2 German-Turkish co-production development fund

The German-Turkish Co-production Development Fund was established in February 2011 as a joint project between the Medienboard Berlin-Brandenburg (MBB), the Film Fund Hamburg Schleswig-Holstein (FFHSH) and the Istanbul International Film Festival (IIFF) - Meetings on the Bridge (MoB).

Table 13 Projects supported by German-Turkish co-production development fund

No.	Project name	Director	Country of origin	Production companies	Support in	
					EUR	Year
1	Rüzgarın Hatıraları	Özcan Alper	TR / DE	Nar Film Yapım (TR), Bredok Film Production (DE)	22 000	2013
2	Sessizlik	Seren Yüce	TR / DE	Motiva Film (TR), Wüste Film OST (DE)	20 000	2013
3	Elsa	Ezel Akay	TR / DE	90 Film Prodüksiyon (TR), Bredok Film Production (DE)	20 000	2013
4	Nefesim Kesilene Kadar	Emine Emel Balcı	TR / DE	Prolog Film (TR) / Una Film (DE)	20 000	2013
5	Kardeşler	Ömür Atay	TR / DE	Anka Film (TR), Beleza Film (DE)	15 000	2013
6	Mesafe	Rezan Yesilbas	TR / DE	Yeni Sinemacılık (TR), mİtosfilm (DE)	10 000	2013
7	Patara	Axel Koenzen	DE / TR	Axel Koenzen (DE) / Arti Films (TR)	20 000	2012
8	Orada□	Emre Yeksa	TR / DE	Yeksan Film (TR) / Kundschafter Produktion (DE)	16 000	2012
9	Hayaller□	Orhan Eskiköy	TR / DE	Perişan Film (TR) / Una Film (DE)	14 000	2012
10	Balık□	Derviş Zaim	TR / DE	Marathon Film (TR) / Numan Acar Filmproduktion (DE)	10 000	2012
11	Spätkauf	Ilker Catak, Johannes Dunckl	DE / TR	Rix Film (DE) / Bulut Film (TR)	10 000	2012
12	Eşik□	Erkan Tahhusoglu	TR / DE	Siyara Prodüksiyon (TR) / Salar Film Produktion (DE)	10 000	2012
13	İyilik□	Özgür Sevimli	TR / DE	Yeni Sinemacılar (TR) / Bredok Film Produktion (DE)	10 000	2012
14	Yaz Sonu	Semih Kaplanoğlu	TR / DE	Kaplan Film (TR) / Heimat Film (DE)	20 000	2011
15	Come to my Voice	Hüseyin Karabey	TR / DE / FR	ASI Film (TR) / Neue Mediapolis (DE) / EY Films (FR)	20 000	2011
16	Evliya	Seyfi Teoman	TR / DE	Bulut Film (TR) / Unafilm (DE)	15 000	2011
17	Auf einmal	Asli Özge	DE / TR	EEE Film (DE) / Liman Film (TR)	15 000	2011
18	A Road Named Desire	Martina Priessener	DE / TR	Inselfilm (DE) / Kaplan Film (TR)	10 000	2011
19	Ballad of Yemen	Tunç Şahin	TR / DE	Yeni Bir film (TR) / Looks Filmproduktion (DE)	10 000	2011
20	Fünfte Farbe	Heiko Aufdermauer	DE / TR	City West (DE) / Anka Film (TR)	10 000	2011

Source: Medienboard Berlin-Brandenburg

The fund can award grants up to EUR 150 000 per year and aims to support the growing number of Turkish-German co-produced film and trans-media projects that have the potential to develop into high quality films that will attract audiences not only in Turkey and in Germany but also in other European markets.

In principle the fund grants support for the development of full-length feature films or creative documentary films aimed at a cinema release in at least Turkey and Germany. In exceptional cases the support can be given as production support and may be given to trans-media or TV film projects.

A total of 20 projects have received almost EUR 300 000 between 2011 and 2013. Table 13 lists the projects which have been awarded development support.

The support is granted as a conditionally repayable, interest free, loan and must not exceed 80% of the total development costs. Producers own investment must amount to at least 20%. Further information on the fund and application guidelines can be found under: www.medienboard.de

9.2.3 International Festival Funds

World Cinema Fund (Berlin International Film Festival)

The Berlin International Film Festival launched the World Cinema Fund (WCF) in 2004, initiated by the German Federal Cultural Foundation (Kulturstiftung des Bundes) and in co-operation with the Goethe Institute, to support filmmakers in Africa, Latin America, the Middle East and the Caucasus, as well as in Central and Southeast Asia. The World Cinema Fund has an annual budget of about EUR 400 000 at its disposal and provides production support to production companies from eligible regions as well as German production companies working with a director from these regions. Production support can be awarded up to EUR 100.000 per project. Between 2004 and 2013 the following three Turkish projects benefited from WCF production support: More information and detailed guidelines and submission forms can be downloaded from www.berlinale.de

Table 14 Turkish feature films supported by World Cinema Fund 2004-2013

No.	Project name	Director	Country of origin	TR production company	Support in EUR	Year
1	Kuzu (The Lamb)	Kutlug Ataman	TR / DE	The Institute for the Readjustment of Clocks	30 000	2012
2	Araf (Somewhere in between)	Yesim Ustaoglu	TR / FR / DE	Ustaoglu Film Production	30 000	2010
3	Pandora's Box	Yesim Ustaoglu	TR / FR / BE / DE	Ustaoglu Film Production	25 000	2008
4	Süt (Milk)	Semih Kaplanoglu	TR / DE / FR	Kaplan Film	50 000	2006

Source: World Cinema Fund

Hubert Bals Fund (International Film Festival Rotterdam)

The Hubert Bals Fund is designed to help feature films from Africa, Asia, Latin America, the Middle East and parts of Eastern Europe on their road to completion. In 2013 the fund had close to EUR 500 000 at its disposal and was able to make individual grants of up to EUR 10 000 for script and project development and EUR 20 000 for post-production. More information can be found under http://www.filmfestivalrotterdam.com/professionals/hubert_bals_fund/

Balkan Fund (Thessaloniki International Film Festival)

The Balkan Fund is an initiative of the Thessaloniki International Film Festival and is co-financed by the French CNC and the Goethe Institute. It provides script development support up to EUR 10 000 to film projects originating in Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Cyprus, FYROM, Greece, Montenegro, Romania, Serbia, Slovenia or Turkey.

For more detail information see http://www.filmfestival.gr/balkan_fund/index_uk.html

9.3 Incentives for foreign producers?

As of October 2014 the only incentive offered to foreign productions to shoot in Turkey is a refund for value-added tax (VAT) for expenditures in the territory.

VAT refund

Foreign producers can request the return of VAT paid during the duration of shooting designated by the Ministry of Culture and Tourism. The standard VAT rate in Turkey is 18%, however food and accommodation generally benefit from a reduced VAT rate of only 8%. Requests can be submitted to the relevant tax office at the end of the shooting period and need to include a report prepared by a certified financial accountant.

More information, also about how to obtain a shooting permit, can be found on the website of the Turkish Ministry of Culture and Tourism <http://www.sinema.gov.tr/English/incentives.html>

Other measures like a rebate on local production expenditures⁴¹ or direct support granted by the Ministry⁴² have been discussed since 2011 but have not been implemented yet. The draft of a new cinema law however foresees the introduction of a rebate up to 25% of local production spend for incoming productions.

Thanks to the comparatively low cost of shooting and experienced crews and production infrastructure which have developed along with the success of Turkish TV and film productions, Turkey managed to attract a couple of high-profile productions like *Argo*, *Skyfall* or *Tinker, Tailor, Soldier, Spy* as seen in Table 15.

Table 15 Foreign TV and theatrical feature films shooting in Turkey 2006-2013

2013	2012	2011	2010
Bin Öfke Bir Aşk Manisnya Cinta di Cappadocia Dead or Alive Rapid Response Corps 2 Play Doom Narrow Frame of Midnight	Skyfall 82 Days in April Wolf Night falls in India Two faces of January One night in Istanbul Ancient sunlight Chto Tvoryat Muzhchini Günahkarlar	Missing Fog Hatred Picnic in Gaza Argo Ek Tha Tiger Kuma Taken 2 Istanbul Aku Datang Altın Tasma Rhino's season The reluctant fundamentalist Deep breath under the water	Ghost Rider - Spirit of Vengeance Great Persians Thank you Visus - Das Vermächtnis der Arche Will Dark Deal Boganak Tinker Tailor Soldier Spy
2009	2008	2007	2006
Love Legend Mord am Bosphorus Kafan Almanya Crooked The Bonnard Affair Son Tren Tell me o Khuda Turquaze	GARP Last Dream Teh Dealer Love on the catwalk The Rebound Adalet 66/67 Flygtningen	Mission Istanbul Halıc Name The International Gooba The Market	Zara Mr. Borisovic Last Looks On the Other Side Fay Grim

Source: DG Sinema / Ministry of Culture and Tourism

⁴¹ <http://www.todayszaman.com/news-245054-turkey-mulls-25-pct-repayment-incentive-to-filmmakers.html>

⁴² <http://www.todayszaman.com/news-309181-govt-to-establish-board-for-foreign-movies-shot-in-turkey.html>
<http://www.hurriyetdailynews.com/new-cinema-law-to-support-foreign-films-in-turkey.aspx?pageID=238&nID=23192&NewsCatID=381>

10 Exploitation

There are no statistical data on the profitability or revenue streams of Turkish feature films along their exploitation chain publicly available. However, according to the producers' association SE-YAP theatrical revenues account for the vast majority - up to 90% - of total returns for most films.

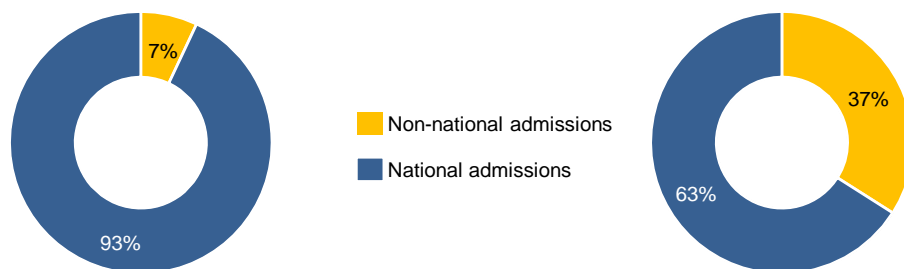
A comparison of the share of non-national admissions, i.e. cinema tickets sold outside of a film's national market, with EU films shows the comparatively high dependence of Turkish films on their domestic market. While EU films cumulatively generated an estimated 37% of their total European admissions between 2004 and 2013 on non-national markets, admissions on other European markets represented only 7% of total admissions to Turkish films in the period 2004 to 2013. 93% of their admissions were registered in Turkey (see Figure 12). One can hence conclude that most Turkish films more or less exclusively rely on theatrical box office exploitation on the domestic market.

Figure 12 National vs non-national admissions for Turkish and EU Films 2004-2013

Estimated. In percentage.

Admissions to Turkish films 2004-2013

Admissions to EU films 2004-2013



Source: OBS / LUMIERE

10.1 Exploitation on domestic market

No regulated windows

There is no government regulation with regard to exploitation windows, with the slight exception that the funding rules for theatrical feature production support state the condition that the film should be released in cinemas before being exploited on other platforms.

In principle it is entirely up to the producers and their release partners to decide about the timing of each platform release. In practice cinema chains have a very strong position to negotiate an exclusive theatrical window. This theatrical window currently lasts about three months on average, but is expected to become shorter. After that most films get released on DVD / VOD. TV exploitation generally starts 12 to 18 months after the film was released in cinemas, but is also expected to start sooner in the future.

Multi-platform releases are the exception as cinema owners would pull the films from their screens.

Theatrical revenues as main revenue source

In contrast to e.g. US productions where the share of theatrical box office of total revenues has been decreasing continuously over time, shifting to revenues from DVD, TV and digital platforms, theatrical revenues still represent the main revenue source for Turkish film producers. Depending on the type of film theatrical returns can account for up to 85% to 90% of total revenues, as other domestic exploitation platforms offer limited revenue potential for most Turkish films.

Broadcasters are generally only interested in acquiring the large commercial films and the potential of DVD and digital platforms is significantly limited by piracy and lagging behind other European markets by four to five years according to some industry experts.

Generally speaking it is the larger productions that will benefit more from non-theatrical exploitation while smaller and art-house productions do rely almost entirely on theatrical box office. In the case of art-house films, monetary prizes won at festivals may constitute a significant income source as well.

Producer's share: about 32% of ticket price

Contractual terms evidently vary from one film to another, but producers typically receive about 32% of each cinema ticket. In a simplified manner the revenues generated through cinema ticket sales can be broken down as follows: 16% go to municipalities and the Ministry of Finance (entertainment tax and VAT). The remaining net ticket price is often shared on a 50/50 basis between exhibitors and producers. From their share producers need to pay the distributors a fee of around 10%, which leaves a net share of 32% to the producer / film importer as the main income source.

Majority of Turkish films believed not to break-even

Given the lack of reliable statistics on the economics of the Turkish film industry, it is impossible to have a clear idea about how many films turn a profit and how many films do not. Industry experts however agree that there are significant differences between the different types of films as illustrated in Table 16 which lists the number of Turkish films by their 'box office' type. In 2013, for instance, 67 out of the 87 Turkish films on release fell into the low-range category selling less than 230 000 tickets, while only 10 films could be categorised as mid-range films with admissions between 230 000 and 1 million and another 10 films qualified as blockbusters with 1 million admissions or more.

Table 16 Number of Turkish feature films released by 'box office type' 2004-2013 (est)

Box office type	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Local blockbusters	4	2	4	4	7	4	7	7	4	10
Mid-range / Genre films	3	9	12	9	7	12	7	12	7	10
Low-range films	9	16	19	31	34	54	54	51	49	67
Total	16	27	35	44	48	70	68	70	60	87

Source: OBS / LUMIERE, Antrakt

When comparing the typical production cost ranges for Turkish films with the estimated theatrical net income for producers one can conclude that only local blockbusters and mid-range / genre films manage to break-even after their theatrical run. And if not, chances are high that they will recoup their production budgets via DVD and TV sales. According to one producer interviewed for this report 'it is difficult not to make money with such films'.

On the other hand it is estimated that around 90% of the low-range productions as well as most international co-productions are unlikely to recoup their production budgets through theatrical exploitation on the domestic market. In the case of international co-productions one however has to keep in mind that their business model often is not focused on theatrical exploitation on the Turkish market alone. On a cumulative basis it is therefore estimated that at least three out of four Turkish films released in 2012 and 2013 did not break even after their theatrical run. Keeping in mind that domestic theatrical box office accounts for up to 90% of total income for most of these films - with the exception of international co-productions - it can be assumed that the significant majority of Turkish film productions are not profitable and the current level of production volume is not financially sustainable in the long run without public support.

These considerations underline the importance of securing a smart financing structure which is closely linked to a realistic estimation of the exploitation potential in order to allow producers to avoid major losses and increase the chances of financing their next film.

Piracy poses a big challenge, particularly for non-theatrical exploitation

Piracy poses a big challenge for the entire audiovisual industry in Turkey as it affects the entire value chain and limits significantly the exploitation of Turkish feature films particularly on non-theatrical platforms. There are no reliable figures available estimating the financial damage caused by copyright infringements for audiovisual works, but it has for instance been estimated that the black market for pirated DVDs is two times as large as the actual legal market. Indeed when walking through Istanbul it is hard not to notice one of the numerous DVD shops selling bootleg copies of the latest films and TV series. The physical black market for audiovisual content is reported to be declining as online piracy grows.

According to the IIAP's (International Intellectual Property Alliance) 2014 Special 301 Report on Turkey there is widespread internet and mobile piracy and the online piracy threat further increases to millions of fixed broadband internet users and over 40 million mobile users with 3G wireless connections.⁴³

The Government has been making continuous progress in addressing these issues via its law on Intellectual and Artistic Works 1951, No. 5846 (last amended by Law No. 5728 in 2008) which provides the basis for copyright protection in Turkey. Further amendments to better address inter alia online piracy issues are being discussed. Most film professionals seem to be happy with the phrasing of the law as such, pointing out, that the problems are rather linked to its implementation and execution in real life.

10.2 Export of Turkish theatrical films

It is estimated that Turkish films only generate about 7% of their total admissions in other European markets. This estimation is based on an analysis of admissions data comprised in the Observatory's LUMIERE database (www.lumiere.obs.coe.int) which aims to cover annual title-by-title admission for all theatrical films released in the 40 European member states of the Observatory⁴⁴. Please refer to the methodological remarks on analysing European admissions data in the appendix in order to correctly interpret the following analysis of the success of Turkish films in other European markets.

⁴³ <http://www.iipa.com/rbc/2014/2014SPEC301TURKEY.PDF>

⁴⁴ Please note that LUMIERE data coverage is not comprehensive as it depends on data availability in the individual countries and years. The data covered in LUMIERE generally cover between 85% and 90% of total European admissions. Please refer to the appendix for further details.

About 25 Turkish films get released on other European markets per year, selling 1.3 million tickets on average

According to data captured in the Observatory's LUMIERE database, an average of 25 Turkish films - excluding co-productions with a Turkish minority share - got released every year on at least one European theatrical market outside of Turkey between 2009 and 2013. On average these 25 films cumulatively sold 1.3 million tickets on non-national European markets per year (see Table 17).

Looking at the last ten years, a total of 189 Turkish films, i.e. 100% national films and majority co-productions, produced between 2004 and 2013 were released theatrically on at least one European market outside of Turkey selling about 12.9 million tickets. Including minority co-productions, it was 200 films with Turkish production involvement generating 16 million non-national admissions.

Table 17 Theatrical distribution of Turkish films outside of Turkey 2004-2013 (prov)

By production year. Estimated.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total '04-'13	Avg '09-'13
Number of films												
100% national	8	10	11	11	16	19	20	22	25	24	166	22
Maj. co-prod.	1	1	3	1	4	1	1	6	4	1	23	3
Total excl. Min.	9	11	14	12	20	20	21	28	29	25	189	25
Min. co-prod.	-	1	-	2	1	3	-	2	2	-	11	2
Total incl. Min.	9	12	14	14	21	23	21	30	31	25	200	26
Admissions (in millions)												
100% national	1.2	1.1	1.2	0.9	1.6	1.4	1.5	0.7	1.2	1.2	11.9	1.2
Maj. co-prod.	0.0	0.0	0.2	0.0	0.2	0.0	0.3	0.3	0.0	0.0	1.0	0.1
Total excl. min.	1.3	1.1	1.4	0.9	1.8	1.4	1.7	0.9	1.2	1.2	12.9	1.3
Min. co-prod.	0.0	0.0	0.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1	0.0
Total incl. min.	1.3	1.2	1.4	3.9*	1.8	1.4	1.7	0.9	1.2	1.2	16.0	1.3

* Exceptionally high result due to the success of two Turkish minority co-productions *Auf der anderen Seite* (DE/TR/IT) and *Saturno Contro* (IT/FR/TR) which were produced in 2007 and cumulatively sold 3 million tickets.

Source: OBS / LUMIERE

Turkey among the top 10 European theatrical film export countries

Because of the exceptional box office success of Turkish films on the domestic market, the estimated 12.9 million admissions generated on non-national European markets only account for 7% of total admissions to Turkish films in Europe (including Turkey) between 2004 and 2013. This is the third lowest share among the 30 European markets for which such data are available and clearly illustrates the strong dependence of Turkish films on the domestic market, a feature which is shared by Polish and Russian films (see Table 18).

Despite the comparatively limited importance of non-national European markets for the theatrical exploitation of Turkish films, Turkey ranks among the top 10 European countries in terms of the absolute number of cinema tickets sold outside national markets. With an estimated 12.9 million tickets sold to Turkish films in European markets outside of Turkey, Turkey takes rank 9 at a clear distance to Belgium and Denmark but ahead of Finland and the Russian Federation.

Table 18 Rankings by admissions on non-national European markets 2004-2013*Estimated and provisional.*

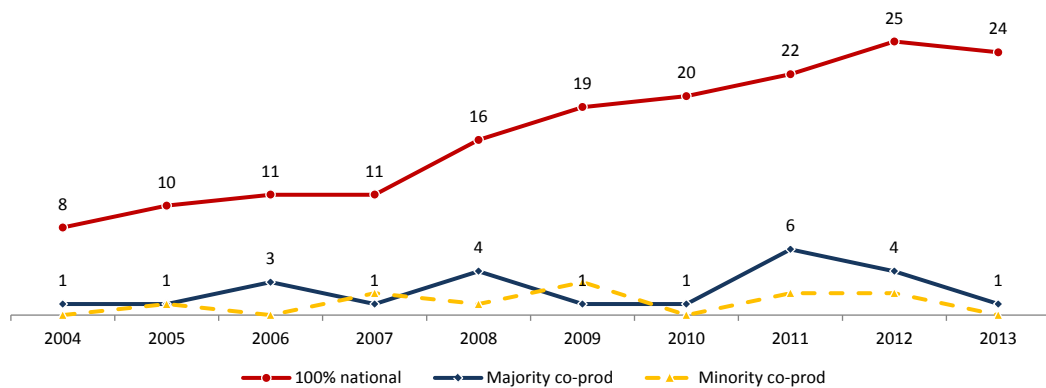
Share of non-national admissions 2004-2013			Non-national admission 2004-2013 (in mio)		
Rank	Country	% share	Rank	Country	Adm
1	Belgium	70%	1	UK	610.7
2	Iceland	69%	2	France	243.5
3	UK	67%	3	Germany	105.0
4	Romania	61%	4	Spain	54.0
5	Austria	53%	5	Italy	33.1
...			6	Sweden	23.9
26	Hungary	9%	7	Belgium	22.3
27	Croatia	7%	8	Denmark	16.4
28	Turkey	7%	9	Turkey	12.9
29	Russian Federation	6%	10	Finland	8.6
30	Poland	3%	11	Russian Federation	7.1

Source: OBS / LUMIERE

Increasing number of Turkish mainstream films exported

The number of Turkish film exports has been increasing significantly over the past ten years. While only nine Turkish films could secure a theatrical release in another European market in 2004, an average of 25 Turkish films got exported to Europe between 2009 and 2013.

As illustrated in Figure 13 This increase in the number of film exports has been more or less entirely driven by an increasing number of 100% Turkish films, most of them mainstream films which performed well on the local market, securing a theatrical release on other European markets. While only eight films which were produced in 2004 and financed entirely within Turkey got released outside of Turkey, it was 25 and 24 such films in 2012 and 2013. The number of Turkish co-productions getting exported did however not follow any particular trend, generally ranging between one and four majority co-productions and 0 to two minority co-productions per year.

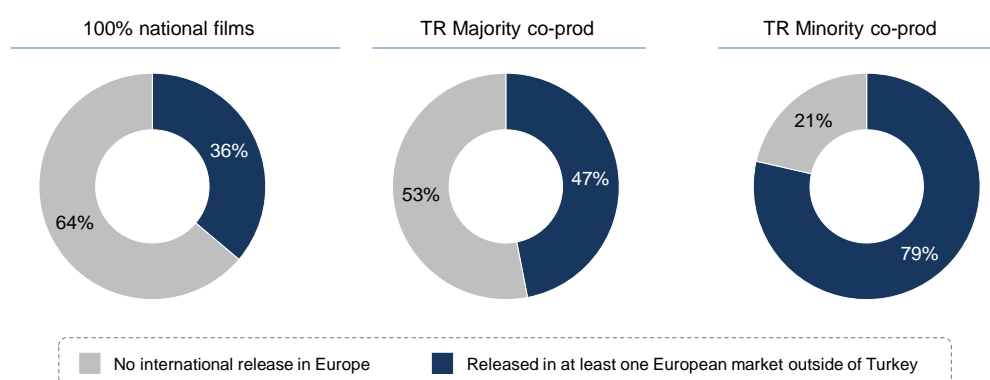
Figure 13 Number of Turkish films with European release outside of Turkey 2004-2013*By production year. Estimated.*

Source: OBS / LUMIERE

Co-productions travel better, but 100% national films sell more tickets abroad

As illustrated in Figure 14 about one out of three 100% national Turkish films produced between 2004 and 2013 managed to get an international release. This is a comparatively high share, particularly against the background of a large production volume and the fact that Turkish is not spoken on any other European market. Not surprisingly this 'export ratio' is significantly higher for international co-productions. One out of two Turkish majority and four out of five Turkish minority co-productions managed to get theatrically released on at least one European market outside of Turkey.

Figure 14 Export ratio of Turkish films by financing type 2004-2013 (est)



Source: OBS / LUMIERE

Analysing the circulation of only those Turkish films which got an international release, one detects another interesting characteristic of Turkish films: 100% national films got released on average on 3.4 non-national European markets while Turkish majority co-productions managed to get released on 4.3 European markets on average (see Table 19). While it is not surprising that international co-productions get released on more markets than 100% national films on average, it is unusual for 100% national films to get released on as many as 3.4 non-national markets on average.⁴⁵ It is also unusual for the majority of 100% national films to get released on more non-national markets than co-productions as indicated by the median values, which show that more than 50% of 100% national films get released on at least 3.5 non-national European markets, while 52% of the majority co-productions got released only on one or two markets outside of Turkey.

Table 19 Circulation of Turkish film exports to Europe by financing type 2004-2013

Data refer to the subset of Turkish films which got released on at least one European market outside of Turkey.

Financing type	No of films	Total non-nat admissions	Share of total admissions	No. of non-national release markets		Non-national admissions per film		% Share non-nat adm of total adm	
				Average	Median	Average	Median	Average	Median
100% national	166	11 892 790	6%	3.4	3.5	71 643	18 048	6%	4%
Majority co-prod	23	1 037 974	20%	4.3	2.0	45 129	9 804	31%	8%
Minority co-prod*	9	63 406	30%	2.6	2.0	7 045	6 905	56%	44%
Total*	198	12 994 170	7%	3.4	3.0	65 627	13 839	11%	5%

* Excluding *Auf Der Anderen Seite* (1.6 mio on 25 markets) and *Saturno Contro* (1.4 mio on 7 markets) because of their exceptional character.

Source: OBS / LUMIERE

⁴⁵ An analysis conducted by the Observatory comparing the circulation of European films between 2001 and 2007 found that international co-productions got released on about 3.7 non-national European markets on average while 100% national films generally only got released on one non-national European market.

It is also unusual - in Europe - that on average 100% national films generate more non-national admissions than co-productions: 100% national Turkish films sold on average about 72 000 tickets outside of Turkey, compared to about 45 000 for Turkish majority co-productions.

Both facts can be explained by the existence of large Turkish communities living in some European countries, in particular Germany, Austria and the Netherlands, whose tastes are comparable to audiences in Turkey. There is hence a considerable audience for Turkish mainstream films on selected European markets as illustrated below. Turkish majority co-productions on the other hand generally target the comparatively smaller European art-house community.

International markets are however generally more important for Turkish majority co-productions which - on average - generated 31% of their total admissions outside of Turkey, while non-national admissions accounted for only 6% of total admissions to 100% national films on average.

The differences in median and average values - particularly in the case of majority co-productions - point towards significant differences among the individual films with some very successful films like *Ba!* or *Once Upon A Time In Anatolia* which sold over 240 000 tickets outside of Turkey and got released on up to 16 other European markets and a certain number of less successful films selling less than 10 000 tickets and getting released on only one or two international markets.

As mentioned before there are very few Turkish minority co-productions, which makes a comparison of average figures less informative. Leaving aside the only two 'high-profile' productions with Turkish minority involvement, Fatih Akin's *Auf der anderen Seite* and Ferzan Ozpetek's *Saturno Contro*, the remaining 9 minority co-productions sold about 7 000 tickets on average.

Germany, Austria and the Netherlands are the most important export markets for 100% national films

Thanks to its large Turkish speaking community Germany clearly constitutes the single most important European export market for 100% national Turkish films. A total of 112 releases of Turkish films in Germany could be identified⁴⁶ between 2004 and 2013 which sold almost 9.2 million admissions (see Table 20). That means that on average every 100% Turkish film released in Germany sold about 82 000 tickets. On a cumulative basis, the German market accounted for 77% of total non-national admissions to 100% national Turkish films.

Table 20 Admissions to Turkish films in Europe by country - 2004-2013 (est)

Rank	Market	Admissions 2004-2013	% share of total non-national admissions	No of films released	Avg admissions per film
1	Germany	9 167 650	77%	112	81 854
2	Austria	963 340	8%	144	6 690
3	Netherlands	942 019	8%	86	10 954
4	UK	426 437	4%	86	4 959
5	Switzerland	227 941	2%	81	2 814
6	France	123 897	1%	15	8 260
7	Denmark	14 305	0%	3	4 768
8	Hungary	10 573	0%	2	5 287
9	Sweden	7 583	0%	3	2 528
10	Greece	3 555	0%	2	1 778
	Other 4 markets	5 490	0%	-	-
	Total	11 892 790	100%	166	62 513

Source: OBS / LUMIERE

⁴⁶ Please note that the market coverage for German admissions data is patchy, particularly for films with low number of admissions as the FFA only publishes admissions data on monthly and annual top100 lists.

But there is also a significant demand for Turkish films in Austria, the Netherlands, the UK and Switzerland where between 80 and - in the case of Austria - up to 144 Turkish films were released in the time period analysed. With the exception of France where one or two 100% Turkish films got released per year, there seems to be no other European market importing 100% national Turkish films in a systematic manner.

Big 5 are the most important export markets for Turkish majority co-productions

The situation looks different for Turkish majority co-productions, many of which fall into the art-house category. Admissions and releases are more widely spread among a larger number of countries. The 23 Turkish majority co-productions in the sample got released on 22 different European markets, compared to only 14 markets importing a 100% national Turkish film (see Table 21).

Given the fact that these films primarily target international art-house audiences, it is not surprising that it is the larger European markets, in particular the big 5 EU markets which represent the largest theatrical export potential. With 11 films released between 2004 and 2013 and 371 000 admissions France was the most important European market for Turkish majority co-productions accounting for 36% of total non-national admissions to Turkish majority co-productions in Europe. Germany followed with six films selling 198 000 tickets ahead of Italy (111 000) and the UK (96 000).

Table 21 Admissions to Turkish majority co-productions in Europe by country 2003-2012

Rank	Market	Admissions 2004-2013	% share of total non-national admissions	No of films released	Avg admissions per film
1	France	370 911	36%	11	33 719
2	Germany	197 960	19%	6	32 993
3	Italy	111 310	11%	4	27 828
4	UK	95 947	9%	7	13 707
5	Spain	84 887	8%	6	14 148
6	Switzerland	53 351	5%	10	5 335
7	Netherlands	25 769	2%	8	3 221
8	Portugal	17 992	2%	4	4 498
9	Austria	14 042	1%	9	1 560
10	Poland	14 011	1%	3	4 670
	Other 12 markets	51 794	5%	-	-
	Total	1 037 974	100%	23	45 129

Source: OBS / LUMIERE

Which Turkish films were successful outside of Turkey?

Table 22 overleaf lists the top 50 Turkish films - including minority co-productions - ranked by their admissions generated in European markets outside of Turkey between 2004 and 2013. Leaving aside the two exceptionally successful Turkish minority co-productions *Auf der anderen Seite* and *Saturno Contro*, which sold 1.6 and 1.4 million tickets on 25 and 7 European markets outside of Turkey respectively, 100% national Turkish blockbusters and commercial mid-range films comprise the most successful category in terms of admissions. This financing type is often used for commercially successful films like *Recep İvedik*, *Kurtlar Vadisi* and *Fetih 1453* which target the Turkish mainstream audiences in Turkey as well as in Europe.

Another category of successful Turkish film exports are of course prize-winning festival films realised by internationally renowned filmmakers like Nuri Bilge Ceylan, Semih Kaplanoğlu or Yeşim Ustaoglu. Most of these films got produced as international co-productions.

Table 22 Top 50 Turkish films (incl. minority co-prod) by non-national admissions in Europe 2004-2013 (est)

Rank	Film	Country of origin	Prod. Year	Director	Adm in Europe outside of Turkey	Adm in Turkey	Total adm in Europe	Share adm outside of Turkey
1	Auf der anderen Seite	DE / TR / IT	2007	Fatih Akin	1 643 186	289 696	1 932 882	85%
2	Saturno contro	IT / FR / TR	2007	Ferzan Ozpetek	1 368 122	45 704	1 413 826	97%
3	Recep Ivedik 2	TR	2009	Togan Gökbakar	571 788	4 333 116	4 904 904	12%
4	Kurtlar vadisi - Irak	TR	2006	Serdar Akar, Sadullah Sentürk	518 619	4 256 567	4 775 186	11%
5	Recep Ivedik 3	TR	2010	Togan Gökbakar	472 357	3 325 842	3 798 199	12%
6	Fetih 1453	TR	2012	Faruk Aksoy	446 517	6 572 618	7 019 135	6%
7	G.O.R.A.	TR	2004	Ömer Faruk Sorak	422 374	3 932 315	4 354 689	10%
8	Recep Ivedik	TR	2008	Togan Gökbakar	402 100	4 301 792	4 703 892	9%
9	New York'ta Beş Minare	TR	2010	Mahsun Kirmizigül	355 578	3 474 495	3 830 073	9%
10	Vizontele Tuuba	TR	2004	Yılmaz Erdogan	354 989	2 894 302	3 249 291	11%
11	Beyaz melek	TR	2007	Mahsun Kirmizigül	345 620	2 031 615	2 377 235	15%
12	Hababam sinifi askerde	TR	2005	Ferdi Eğilmez	337 927	2 586 636	2 924 563	12%
13	A.R.O.G	TR	2008	Cem Yılmaz, Ali Taner Baltacı	329 472	3 703 128	4 032 600	8%
14	Evim Sensin	TR	2012	Özcan Deniz	320 583	2 702 098	3 022 681	11%
15	Hababam sinifi merhaba	TR	2004	Kartal Tibet	314 494	1 580 535	1 895 029	17%
16	Eyyvah eyvah	TR	2010	Hakan Algül	298 471	2 459 815	2 758 286	11%
17	Organize İşler	TR	2005	Yılmaz Erdogan	267 947	916 464	1 184 411	23%
18	Bal	TR / DE	2010	Semih Kaplanoglu	265 238	31 910	297 148	89%
19	Muro: Nalet olsun içimdeki insan sevgisini	TR	2008	Zübeyr Sasmaz	263 521	2 316 056	2 579 577	10%
20	Hababam sinifi 3,5	TR	2006	Ferdi Eğilmez	261 317	2 068 165	2 329 482	11%
21	Kabadayı	TR	2007	Omer Vargi	258 750	1 999 594	2 258 344	11%
22	Celal ile Ceren	TR	2013	Togan Gökbakar	253 175	2 853 628	3 106 803	8%
23	Bir zamanlar Anadolu'da	TR / BA	2011	Nuri Bilge Ceylan	234 573	160 532	395 105	59%
24	Kurtlar Vadisi Filistin	TR	2011	Zübeyr Sasmaz	208 565	2 028 057	2 236 622	9%
25	Günesi gördüm	TR	2009	Mahsun Kirmizigül	206 437	2 491 754	2 698 191	8%
26	Maskeli Besler: Kıbrıs	TR	2008	Murat Aslan	203 805	961 854	1 165 659	17%
27	İklimler	TR / FR	2006	Nuri Bilge Ceylan	201 231	34 035	235 266	86%
28	Nefes: Vatan sagolsun	TR	2009	Levent Semerci	188 205	2 436 778	2 624 983	7%
29	Berlin Kaplani	TR	2012	Hakan Algül	168 827	1 983 077	2 151 904	8%
30	Düğün demek	TR	2013	Selçuk Aydemir	164 691	4 072 898	4 237 589	4%
31	Babam ve Oğlum	TR	2005	Cagan Irmak	163 257	1 700 704	1 863 961	9%
32	Maskeli Besler - Irak	TR	2007	Murat Aslan	160 799	1 239 902	1 400 701	11%
33	Hükümet kadın 2	TR	2013	Sermiyan Midyat	146 677	1 508 326	1 655 003	9%
34	Üç maymun	TR / FR / IT	2008	Nuri Bilge Ceylan	135 589	127 283	262 872	52%
35	Sümela'nin sıfresi: Temel	TR	2011	Adem Kiliç	134 359	1 731 311	1 865 670	7%
36	Osmanlı Cumhuriyeti	TR	2008	Gani Müjde	126 365	1 422 579	1 548 944	8%
37	Hokkabaz	TR	2006	Cem Yılmaz, Ali Taner Baltacı	123 645	1 709 783	1 833 428	7%
38	Yahşi bati	TR	2009	Ömer Faruk Sorak	117 677	2 323 061	2 440 738	5%
39	Maskeli Beşler İntikam Peşinde	TR	2005	Murat Aslan	117 005	773 544	890 549	13%
40	Gönül yarasi	TR	2005	Yavuz Turgul	110 259	897 509	1 007 768	11%
41	Benim dünyam	TR	2013	Ugur Yücel	109 326	1 378 834	1 488 160	7%
42	Hükümet kadın	TR	2013	Sermiyan Midyat	96 056	1 402 253	1 498 309	6%
43	Su ve Ates	TR	2013	Özcan Deniz	91 501	1 178 062	1 269 563	7%
44	Kelebeğin ruyasi	TR	2013	Yılmaz Erdogan	90 730	2 158 938	2 249 668	4%
45	Neseli hayat	TR	2009	Yılmaz Erdogan	90 663	1 125 601	1 216 264	7%
46	Çok filim hareketler bunlar	TR	2010	Ozan Aciktan	81 708	1 141 844	1 223 552	7%
47	Keloglan kara prens'e karsi	TR	2006	Tayfun Güneyer	71 330	997 238	1 068 568	7%
48	Çanakale 1915	TR	2012	Yesim Sezgin	69 468	916 969	986 437	7%
49	Romantik Komedi 2: Bekarliga Veda	TR	2013	Erol Özlevi	67 403	1 507 603	1 575 006	4%
50	Pandora'nin kutusu	TR / FR / BE / D	2008	Yesim Ustaoglu	66 368	29 468	95 836	69%

Source: Antrakt, OBS / LUMIERE

10.3 Award winning films at international festivals

Over the past ten years an increasing number of Turkish films and filmmakers have been selected for international film festivals and received a large number of awards.

It is beyond the scope of this report to list all Turkish award winning films worldwide, but Table 23 lists those Turkish films winning awards at the 14 Competitive Feature Film Festivals recognised by the International Federation of Film Producers Associations (FIAPF)⁴⁷ between 2004 and May 2014. Most of these films fall are either international co-productions or low-budget art-house films.

Table 23 International award winning Turkish films 2004-2014

Film	Origin	Director	Festival	Award
2014				
Kış Uykusu (Winter's Sleep)	TR / DE / FR	Nuri Bilge Ceylan	Cannes Film Festival	Palme d'Or (Best Film) FIPRESCI Prize (Competition)
Kuzu (The Lamb)	TR	Kutluğ Ataman	Int. Filmfestspiele Berlin	C.I.C.A.E. Award (Panorama)
2013				
Eve Dönüş: Sarıcamış 1915 (The Long Way Home)	TR	Alphan Eşeli	Montreal World Film Festival	Golden Zenith FIPRESCI Prize (First Films)
Zerre	TR	Erdem Tepegöz	Moscow Int. Film Festival	Golden St. George (Best Film) Best Actress
Yozgat Blues	TR / DE	Mahmut Fazıl Coşkun	Warsaw Int. Film Festival	FIPRESCI Prize
2012				
Tepenin Ardı (Beyond the Hill)	TR / GR	Emin Alper	Int. Filmfestspiele Berlin Karlovy Vary Film Festivali	First Movie Award (Forum) - Special Mention Caligari Film Award NETPAC Award
Lal Gece (Night of Silence)	TR	Reis Çelik	Int. Filmfestspiele Berlin Mar del Plata Int. Film Festival Tokyo Int. Film Festival	Crystal Bear - Generation 14plus (Best Film) Best Director Best Actor Asian Film Award
Küf (Mold)	TR / DE	Ali Aydın	Venice Int. Film Festival	Luigi De Laurentiis Award
Ateşin Düştüğü Yer (Where the Fire Burns)	TR	İsmail Güneş	Montreal World Film Festival	FIPRESCI Prize (World Competition) Grand Prix des Amériques
Araf (Somewhere In Between)	TR / DE / FR	Neslihan Atagül	Abu Dhabi Film Festival Tokyo Int. Film Festival	Black Pearl Award (Best Film) Best Actress

⁴⁷ http://www.fiapf.org/intfilmfestivals_sites.asp

Table 23 continued

Film	Origin	Director	Festival	Award
2011				
Bir Zamanlar Anadolu'da (Once Upon A Time In Anatolia)	TR / BA	Nuri Bilge Ceylan	Cannes Film Festival Karlovy Vary Film Festivali	Grand Prize of the Jury NETPAC Award
2010				
Bal (Honey)	TR / DE	Semih Kaplanoğlu	Int. Filmfestspiele Berlin	Golden Bear (Best Film) Prize of the Ecumenical Jury
Çoğunluk (Majority)	TR	Seren Yüce	Venice Int. Film Festival	Luigi De Laurentiis Award
2009				
Hayat Var (My Only Sunshine)	TR / GR / BG	Reha Erdem	Int. Filmfestspiele Berlin	Reader Jury of the Tagesspiegel
Min Dit (Before Your Eyes)	TR / DE	Miraz Bezar	San Sebastian Int. Film Festival	Youth Jury Award
Güneşi Gördüm (I Saw The Sun)	TR	Mahsun Kırmızıgül	Tokyo Int. Film Festival	Asian Film Award - Special Mention
2008				
Üç Maymun (Three Monkeys)	TR / FR / IT	Nuri Bilge Ceylan	Cannes Film Festival	Best Director
Sonbahar (Autumn)	TR / DE	Özcan Alper	Locarno Int. Film Festival	C.I.C.A.E. Award
Pazar: Bir Ticaret Masalı (The Market)	TR / DE / KZ / GB	Tayanç Ayaydın	Locarno Int. Film Festival	Best Actor
Tatil Kitabı (Summer Book)	TR	Seyfi Teoman	Montreal World Film Festival San Sebastian Int. Film Festival	Bronze Zenith Golden Sea Shell (Best Film)
Pandora'nın Kutusu (Pandora's Box)	TR / FR / BE / DE	Yeşim Ustaoglu		Best Actress
Gitmek: Benim Marlon ve Brandom	TR	Hüseyin Karabey	Tokyo Int. Film Festival	Asian Film Award
2007				
Takva (Takva: A Man's Fear of God)	TR / DE	Özer Kızıltan	Int. Filmfestspiele Berlin	FIPRESCI Prize (Panorama)
2006				
İklimler (Climates)	TR / FR	Nuri Bilge Ceylan	Cannes Film Festival	FIPRESCI Prize (Competition)
2004				
Uzak (Distant)	TR	Nuri Bilge Ceylan	Cannes Film Festival	France Culture Award - Foreign Cineaste of the Year
Karpuz Kapuğundan Gemiler Yapmak	TR	Ahmet Uluçay	San Sebastian Int. Film Festival	Best New Director - Special Mention

Source: Antrakt, OBS

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PALME D'OR
FESTIVAL DE CANNES

A FILM BY NURİ BİLGE CEYLAN

WINTER SLEEP

HALUK BİLGİNER MELİSA SÖZEN DEMET AKBAĞ

AYBERK PEKCAN SERHAT KILIÇ TAMER LEVENT NADİR SARIBACAK MEHMET ALI NUROĞLU AND NEJAT İSLER
SCREENPLAY BY EBRU CEYLAN NURİ BİLGE CEYLAN DIRECTOR OF PHOTOGRAPHY GÖKHAN TIRYAKI ART DIRECTOR GAMZE KUŞ EDITORS NURİ BİLGE CEYLAN BORA GÖKSİNGÖL
SOUND ANDREAS MÜCKE NIESVTKA SOUND EDITOR THOMAS ROBERT DIALOG EDITORS BENOIT GARGONNE SOUND MIXER LARS GINZEL ASSISTANT DIRECTOR ÖZGÜR SEVİMLİ EXEC PRODUCER SEZGİ USTON
PRODUCER ZEYNEP ÖZBATUR ATAKAN (ZEYNO FILM-TURKEY) CO-PRODUCERS ALEXANDRE MALLET GUY (MEMENTO FILMS-FRANCE) MUSTAFA DOK (BREDOK FILM-GERMANY)
IN ASSOCIATION WITH MARS ENTERTAINMENT GROUP-İMAJ-ARTE FRANCE CINEMA NATIONAL CO-PRODUCERS MUZAFFER YILDIRIM MÜGE KOLAT OLIVIER PERE REMİ BURAH
SUPPORTED BY KÜLTÜR VE TURİZM BAKANLIĞI SİNEMA GENEL MÜDÜRLÜĞÜ-MINISTÈRE DES AFFAIRES ÉTRANGÈRES-MEDIENBOARD BERLIN BRADENBURG
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Theatrical distribution & exhibition

11 Box office market volume & growth potential

11.1 Current market volume

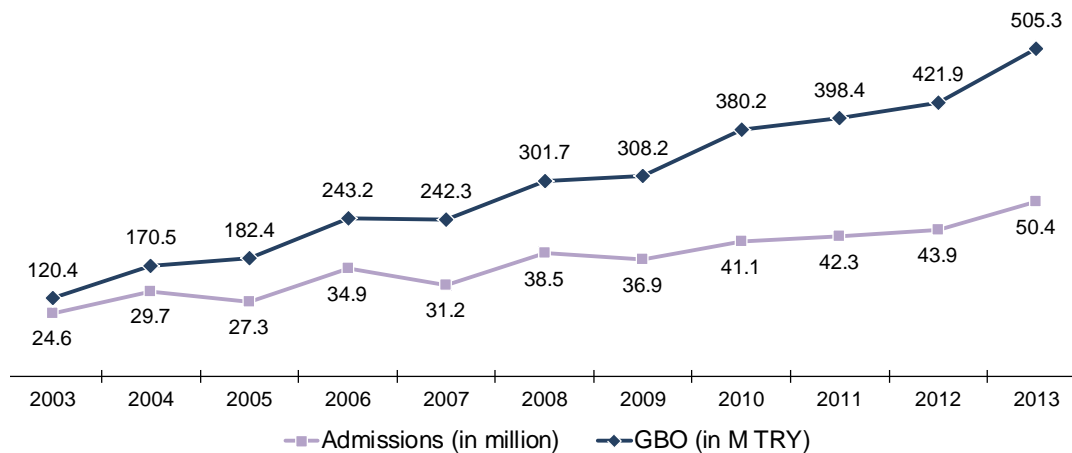
As described in chapter 3.3 the film industry in Turkey went through a veritable crisis in the early 1990s with admissions dropping to a mere 8.3 million in 1992. Admissions gradually increased, particularly towards the late 1990s but came to stagnate between 20 and 25 million between 1998 and 2003 before embarking on a remarkable growth trend from 2004 onwards.

Admissions doubled between 2003 and 2013

In 2013 the Turkish theatrical market reached a record high of 50.4 million admissions. For the time being this represents the peak of a remarkable growth trend - particularly from 2008 onwards - witnessed by the Turkish film industry over the past ten years. Admissions doubled since 2003 as ticket sales increased on average 7.4% per year. Gross box office even jumped from TRY 120 million (EUR 70 million) to TRY 505 million (EUR 200 million), growing on average 15.4% per year.

These figures are based on distributor data which are collated by Antrakt. Some market experts believe that the actual box office volume could be even larger due to underreporting of ticket sales in the range of up to 5 or even 10 million admissions. As there is no official reliable data collection of theatrical revenues this statement can however not be qualified.

Figure 15 Admissions and GBO development Turkey 2003-2013



Source: Antrakt

Table 24 Admissions and GBO development 2003-2013

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	CAGR
Admissions (mio)	24.6	29.7	27.3	34.9	31.2	38.5	36.9	41.1	42.3	43.9	50.4	
- % growth	-	21%	-8%	28%	-11%	23%	-4%	11%	3%	4%	15%	7.4%
GBO (in M TRY)	120.4	170.5	182.4	243.2	242.3	301.7	308.2	380.2	398.4	421.9	505.3	
- % growth	-	42%	7%	33%	0%	25%	2%	23%	5%	6%	20%	15.4%
GBO (in M EUR)	69.9	94.9	108.3	134.0	135.8	158.9	142.6	190.4	171.3	182.5	200.4	
- % growth	-	36%	14%	24%	1%	17%	-10%	33%	-10%	7%	10%	11.1%

Source: Antrakt

Increasing number of film releases

Over the past ten years Turkish audiences also benefited from a continuously increasing film offering. As new cinema complexes opened and screen figures multiplied, the number of theatrical film releases grew from just over 200 films in 2004 to a total of 322 new films released in 2013 (see Table 25). This corresponds to an average of 6 films released every week and is the highest number of new releases in the past decades.

Table 25 Film releases and holdovers in Turkey 2004-2013

Note: Turkish film releases include minority co-productions.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
TR film release	16	27	35	44	48	70	68	70	60	87
Imported film releases	191	194	203	204	217	185	184	218	221	235
New Releases	207	221	238	248	265	255	252	288	281	322
Holdovers	-	-	-	143	125	109	139	142	203	177
Total films on release	-	-	-	391	390	364	391	430	484	499

Source: OBS / LUMIERE, Antrakt

7th largest theatrical market in Europe

While ten years ago, Turkey still ranked behind Poland with admission levels well below 30 million, comparable to those in Belgium and the Netherlands, Turkey has become the leading mid-sized market in Europe in terms of admissions only superseded by the 'big 5' EU markets of France, the UK, Germany, Italy, Spain and the Russian Federation (see Table 26).

In terms of box office Turkey still ranks behind the Netherlands with just over EUR 200 million as Europe's eight largest box office market ahead of Sweden and Switzerland with a clear gap to the top 6 markets all of which registered GBO between EUR 504 million (Spain) up to over EUR 1 billion in France, the UK, Germany and the Russian Federation.

Table 26 Ranking by admissions and GBO 2013

Admissions 2013 prov. (in million)			GBO 2013 prov. (in M EUR)		
Rank	Country	Adm.	Rank	Country	GBO
1	France	193.6	1	United Kingdom	1 274.4
2	Russian Federation	177.1	2	France	1 250.0
3	United Kingdom	165.5	3	Germany	1 023.0
4	Germany	129.7	4	Russian Federation	1 004.4
5	Italy est	106.7	5	Italy est	646.3
6	Spain	78.2	6	Spain	504.1
7	Turkey	50.4	7	Netherlands	249.5
8	Poland	36.3	8	Turkey	200.4
9	Netherlands	30.8	9	Sweden	189.9
10	Belgium	20.9	10	Switzerland	173.0

Source: OBS

Like in practically every other market GBO growth rates exceeded the increase in underlying admissions because of increasing ticket prices. In Turkey, average nominal ticket prices increased by 66% from TRY 6.1 in 2004 to TRY 10 in 2013 (see Table 27).

Table 27 Average ticket prices (ATP) 2004-2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Growth '04 - '13
ATP in TRY	6.1	6.7	7.0	7.8	7.8	8.4	9.3	9.4	9.6	10.0	
- % growth	-	10.6%	4.3%	11.4%	0.9%	6.5%	10.8%	1.7%	2.0%	4.3%	65.6%
ATP in EUR	3.2	4.0	3.8	4.4	4.1	3.9	4.6	4.0	4.2	4.0	
- % growth	-	24.6%	-3.5%	13.4%	-5.1%	-6.4%	19.9%	-12.7%	2.7%	-4.4%	24.4%

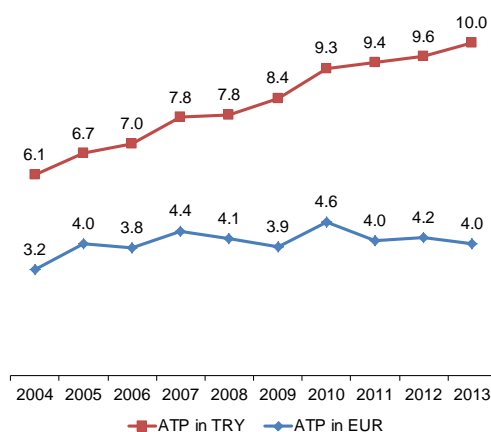
Note: Average ticket prices are calculated as arithmetic average calculated as GBO divided by admissions.

Source: OBS / LUMIERE, Antrakt

Lowest average ticket prices in Europe

Cinema going is comparatively cheap in Turkey. In 2013 a cinema ticket cost on average EUR 4.0 in Turkey. This is estimated to be the lowest average ticket price - measured in Euro - in Europe, marginally cheaper than in several Central and Eastern European markets like Croatia, Romania, Lithuania or Bulgaria (see Table 28). When comparing ticket prices in Euro, one of course has to take into consideration that these comparisons are significantly affected by fluctuations in the exchange rates of the various currencies. Because of devaluation of the Turkish Lira against the Euro, average ticket prices measured in Euro remained fairly stable over the past 10 years (see Figure 16).

Figure 16 Avg ticket prices 2004-2013



Source: Antrakt, OBS

Table 28 Ranking by avg ticket price 2013

Rank	Country	ATP in EUR
1	Switzerland	13.0
2	Norway	11.9
3	Sweden	11.4
4	Denmark	10.4
5	Finland	9.7
...		
29	Bulgaria	4.2
30	Lithuania	4.0
31	Romania	4.0
32	Croatia	4.0
33	Turkey	4.0

Based on provisional data for 33 European markets.

Source: OBS

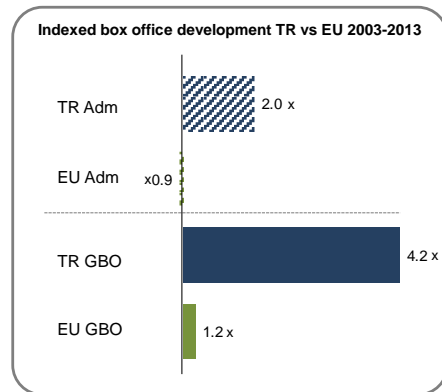
It is worthwhile noting that ticket prices to foreign films are on average 18% more expensive than tickets for local films: TRY 11.0 for imported films compared to TRY 9.3 for local films in 2013. This is primarily linked to the fact that ticket prices are significantly cheaper in the more rural areas of Anatolia, where domestic films are particularly popular while imported films primarily find their audiences in the big cities of Istanbul, Ankara or Izmir where ticket prices reach Western European levels around TRY 20 (EUR 8).

Though ticket prices are among the lowest in Europe, it is disputed that the Turkish theatrical market currently has the potential to lift ticket prices in a more pronounced manner, as will be discussed in the next chapter.

Turkey stands out as a theatrical growth market

Unlike in the more mature European markets there has been a continuous growth trend in the Turkish theatrical market which is independent from the breakout success of a few individual films which are generally responsible for the ups and downs in annual admission figures in many European markets. This is clearly illustrated for instance by a comparison of the indexed box office growth between Turkey and the European Union: Taking 2003 as a base year, Figure 17 shows that Turkish admission levels doubled while overall cinema attendance in the EU actually declined. Over the past ten years, admissions hence grew every year on average by 7.4% in Turkey, compared to an average annual decline of -0.6% in the EU.

Figure 17 Growth comparison TR vs EU



Source: OBS, Antrakt

GBO even grew by a factor of x4.2 compared to a growth factor of x1.2 in the EU. This corresponds with an average annual growth rate of 15.4% in Turkey compared to 1.6% in the EU.

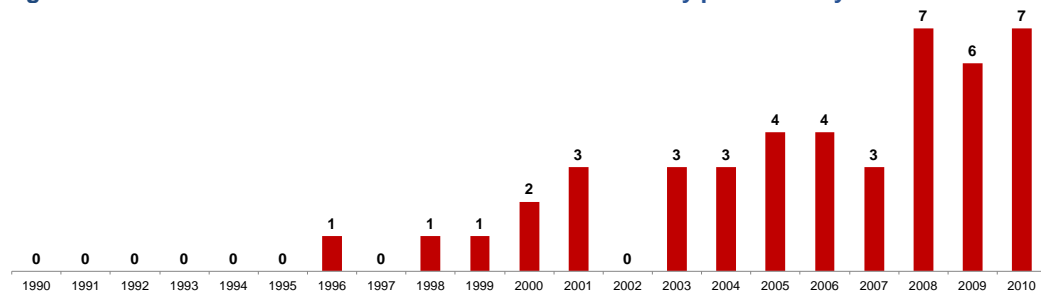
Only four other European markets, namely Lithuania, Romania, the Russian Federation and Estonia, registered higher annual growth rates. Taking into consideration the actual size of the market volume it becomes however clear that it was really the Russian Federation and Turkey which stood out as the two most significant theatrical growth markets in Europe.

Key growth drivers: renewed interest in Turkish blockbusters and growing number of shopping mall cinemas

What has driven box office growth over the past decade? Though it is almost impossible to quantify the specific impact of individual factors, it seems that the revival of Turkish popular cinema and the popularity of the increasing number of modern cinemas opening in the ever growing number of shopping malls provided a particularly strong growth impetus.

Turkish box office growth has been largely driven by the success of a growing number of extremely popular local blockbusters as the number of Turkish films selling more than 1 million tickets increased continuously over time (see Figure 18). While there were no Turkish 'blockbusters' in the first half of the 1990s, *Eskiya (The Bandit)* - released in 1996 - is often regarded as the turning point of the crisis in Turkish cinema. It sold 2.6 million admissions in total, showing that there is a market potential for domestic films and thereby inspiring others to follow its example.

Figure 18 Turkish films with more than 1 mio admissions by production year 1990-2010



Source: Antrakt, Deniz Yavuz - *Türkiye Sinemasının 22 yılı*

Not only did the number of Turkish blockbusters increase over time, they also attracted larger and larger audiences. From 2006 onwards the top blockbusters regularly sold around 4 million tickets or more. The box office success of these blockbusters certainly contributed not only to admissions growth but also provided financial means to stimulate the increase in production figures.

Some researchers argue - as outlined in chapter 3.4 - that this renewed interest in Turkish popular cinema is closely linked to the rise of private television from 1993 onwards. By broadcasting popular older Turkish films, television familiarised a new audience generation with popular Turkish film culture, thereby arguably laying the foundation for the revival of Turkish blockbusters. TV also contributed to a revival of Turkish star culture by boosting the popularity of local actors, many of which often star in successful TV shows. When casted for theatrical films many of these stars have developed a strong pulling power in attracting cinema audiences.

Other growth factors are linked to the impressive economic growth registered in Turkey over the past decade and in particular to the mushrooming number of newly constructed shopping malls which stimulated the enlargement and modernisation of Turkey's screen base as a large number of modern cinema complexes were opened in those shopping malls.

Back in 2001 Turkey had been significantly 'underscreened' with only 651 screens operated in the entire country (1 screen per 100 000 inhabitants). As new cinema chains emerged which mostly focused on the operation of newly built state-of-the-art cinemas in shopping malls, the number of screens started to grow and reached 2 243 by the end of 2013, lifting the screen density to 3 screens per 100 000 inhabitants. Cinema going hence became more accessible to large parts of the population as cinemas were brought closer to their audiences and shopping malls became a popular place for families and young people to spend their weekends and leisure time. These new cinema chains also improved the theatrical experience for audiences e.g. by providing state-of-the-art projection technology or more comfortable seats with wider leg space, thereby modernizing Turkey's cinema landscape which had not been well maintained during the crisis years.

Another contributing factor might have been an increase in disposable income. GDP - measured in nominal terms - practically tripled between 2003 and 2013, growing every year by 12% on average. Adjusted for inflation GDP growth was evidently less pronounced with GDP per capita growing by 40% from TRY 1 142 in 2003 to TRY 1 603 in 2013 (based on 1998 prices). It is likely that this increase in disposable income also had a positive effect on cinema ticket sales and contributed to increasing cinema going rates with more people willing to spend more money on leisure activities such as cinema going. Some market observers however regard this as a less important growth factor, arguing that GDP growth on the macroeconomic level did actually not translate in a significant increase in disposable income for large parts of the population.

11.2 Further growth potential

What about the future? Is it likely that the Turkish theatrical market will continue its impressive growth trend or will it level out at the current level?

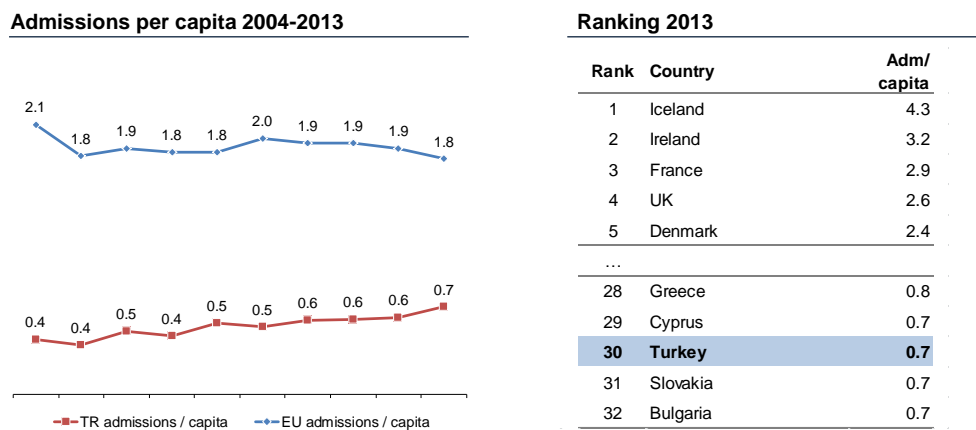
Growth rates of 6% to 7% expected until 2018

Leading market players both in the distribution as well as the exhibition sector expect the Turkish theatrical market to continue its growth trend in the years to come. For instance, Mars Entertainment, the country's leading exhibitor chain, forecasts annual market growth to continue at a rate of 6% to 7% over the next four years and expects the market to reach maturity in 2018.

Cinema going rate still among the lowest in Europe

These growth estimates are based on the existence of a large number of yet untapped audiences as indicated by Turkey’s cinema going rate which still ranks among the lowest in all of Europe. In the EU for instance, average annual admissions per capita generally range between 1.8 and 1.9, meaning that on average each EU citizen buys about 2 cinema tickets per year. In Turkey this rate increased over the years but could not surpass 0.7 even in the record year of 2013. In other words, on average only one out of two Turkish people went to the cinema once a year. Roughly speaking this is three to four times lower than in the EU and suggests a significant further growth potential.

Figure 19 Cinema going rate: Admissions per capita 2004-2013 (est)



Source. OBS, Antrakt

Targeting content and marketing to yet untapped audiences

But how to increase cinema going rates? As discussed in further detail in chapter 16, cinema going is not a passion shared by a wide range of the Turkish population. Market research estimates that as of today only about 10% of the Turkish population regularly goes to the movies. And two out of three movie goers belong to the upper and upper middle class which represents only 10.2% of the Turkish population. This leaves a huge part of the population, particularly in the working class segments, yet to be attracted to the theatrical experience of film. This could for instance be achieved by creating content - particularly domestic content - which appeals to the interests of these yet untapped audiences and developing marketing campaigns specifically addressing this target group.

More high quality screens to further improve screen coverage

Another factor to attract more audiences could be to further increase the number of high quality screens. The screen coverage of Turkey is still far below the European average. In 2013 there were only 3 cinema screens available per 100 000 inhabitants compared to around 6 in the EU. In a pan-European comparison Turkey took rank 27 in terms of screen intensity (see Table 29 overleaf).

These figures back up the argument that the construction of new high quality multiplexes, particularly in areas where there are currently no such multiplexes, would encourage new audiences to see films in theatres because of reduced drive-time access and a superior quality viewing experience.

The admissions level per screen, however, is comparatively low in Turkey as shown in Table 29.

With about 22 500 tickets sold per screen in 2013, Turkey only took rank 25 in a European ranking. This suggests low capacity utilisation of existing cinemas and one could conclude that it is not primarily the further expansion of Turkey's screens base which will be the main driver of future box office growth, at least in those areas which already have a cinema.

Table 29 Screen intensity and admissions per screen 2013

Screens per 100 000 inhabitants 2013 (est)			Admissions per screen 2013		
Rank	Country	Screens	Rank	Country	Adm/ screen
1	Iceland	12.7	1	Estonia	75 252
2	Ireland	9.5	2	Russian Federation	55 220
3	Malta	8.8	3	UK	43 369
4	Spain	8.6	4	Belgium	40 600
5	Sweden	8.5	5	Lithuania	38 774
...			...		
25	Croatia	3.8	23	Hungary	24 275
26	Latvia	3.1	24	Portugal	22 701
27	Turkey	3.0	25	Turkey	22 472
28	Poland	3.0	26	Slovenia	20 909
29	Estonia	2.8	27	Sweden	20 343

Source: OBS

Other growth factors

Other factors to stimulate cinema going include the further improvement of the film offering which may take the form of offering audiences a wider variety of film content, better programming to reduce content seasonality, more simultaneous releases across the entire country, dubbing of foreign films or further improving production values of local productions.

Development potential is also seen in improving and increasing marketing levels, more targeted pricing strategies for different age groups, enhanced mobile / online ticketing offers, attracting new cinema goers by promotional ticket sales and binding existing audiences through exhibition loyalty programs or subscriptions.

Conditio sine qua non: increase in disposable income

A comparison of cinema going rates and average ticket prices between countries with comparable GDP per capita ratios however suggests that the *conditio sine qua non* of further increasing cinema going rates on a sustainable basis will be underlying economic growth and corresponding increase in personal wealth. As shown in Table 30, cinema going rates exceeding 1.0 could generally only be achieved in countries with a significantly higher GDP per capita. Turkey's GDP per capita is still far below the EU average as shown in Figure 20, illustrating the enormous growth potential.

Obviously cinema going will be affected by a large number of different factors but economic growth that effectively translates into an increase in personal wealth among wide parts of the population is likely to be one of the main growth drivers for the future allowing the film industry to attract yet untapped audience groups by e.g. better targeting film content or building multiplexes in areas still lacking modern cinemas. It hence can be assumed that the future growth of the Turkish box office market will ultimately depend on the growth in disposable income on a personal level in the years to come.

Table 30 Growth indicator comparison 2013

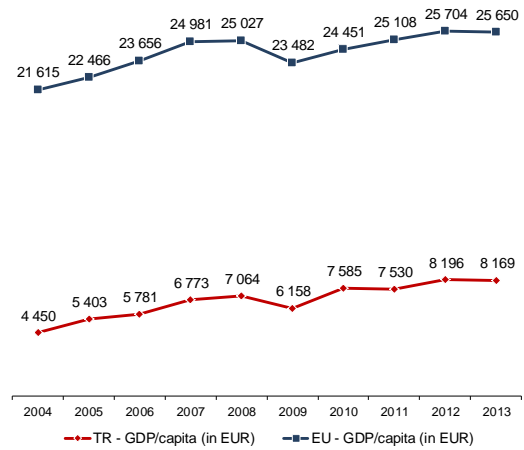
GDP per capita in nominal terms.

Country	Adm / capita	GDP/ capita in EUR	ATP in EUR
Denmark	2.4	43 685	10.4
Belgium	1.9	34 298	7.3
Netherlands	1.8	35 891	11.9
...			
Portugal	1.2	15 563	5.2
Russian Federation	1.2	11 278	5.8
Czech Republic	1.1	14 211	5.0
...			
Hungary	1.0	9 921	6.4
Poland	0.9	10 043	4.4
Croatia	0.9	10 027	4.0
Turkey	0.7	8 169	4.0
Bulgaria	0.7	5 582	4.2

Source: OBS, IMF

Figure 20 GDP / capita TR vs EU 2004-2013

In nominal terms.



Source: Eurostat, OBS

Limited growth potential from increasing ticket prices

When looking at the development of mature theatrical markets in Western Europe on the one hand, where box office growth was driven primarily by a hike in ticket prices since 2008 related to the roll-out of digital cinema and premium rates for 3D films in particular, and taking into consideration that current average ticket prices in Turkey are among the lowest in all of Europe on the other hand, one could expect another growth stimulus to come from lifting ticket prices in Turkey to average pan-European levels.

Whether or not ticket price increases would boost further GBO growth does of course depend on the price sensitivity of Turkish audiences in the upcoming years. While one could assume that the current main target groups of cinema going, i.e. the upper and upper middle classes, would be willing to pay higher ticket prices in exchange for a better cinema going experience, higher ticket prices might prove to be an obstacle in attracting new audience groups in the financially weaker population segments. Which is probably the reason why many market experts seem cautious when it comes to the possibility of increasing real ticket prices.

According to a survey conducted by Antrakt, 63% of the 4 663 participants proposed (even) lower ticket fees as the main incentive for them to go to the cinema more often. This of course suggests a significant price sensitivity among wider parts of the population. Increasing ticket fees might hence even have an adverse effect on admissions and possibly even GBO as wide parts of the population will not be willing to spend money on cinema going, not to speak of paying even higher prices for it.

This seems to be backed up by a comparison of average ticket prices in other European markets with comparable GDP per capita (see Table 30 above).

Given the comparatively low levels of disposable income - particularly among the 'yet untapped' working classes - and the uncertainty with respect to Turkey's ability to maintain its fast economic growth trend of the past years which might lead to higher inflation rates in the future, it is unlikely that ticket price increases will provide a boost to Turkish box office in the near future.

12 Which films are successful in Turkey?

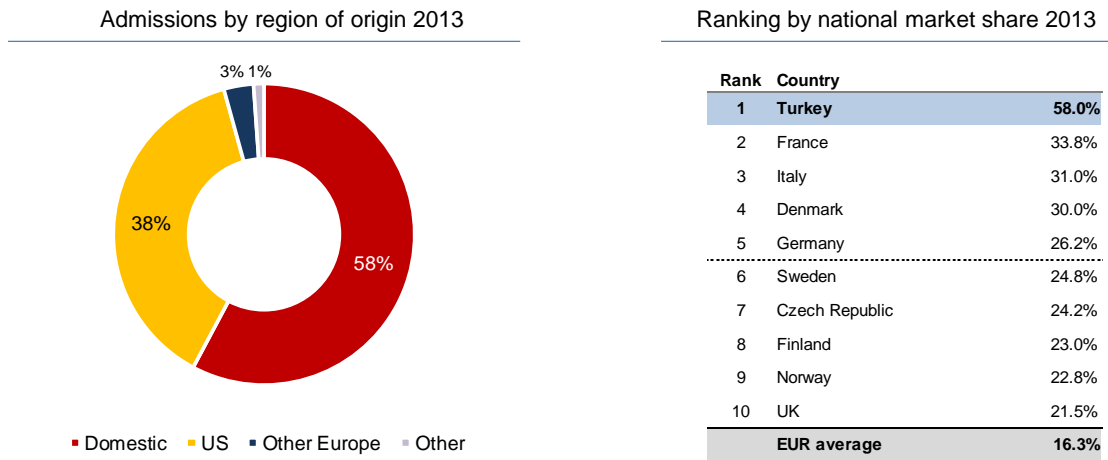
12.1 Box office market share by country of origin

One of the most striking differences between the Turkish theatrical market and other European markets is the exceptionally high market share of national films.

Local films dominate Turkish market

Turkish films regularly outperformed US films over the past 10 years and achieved a market share of 58% in 2013. With such a high national market share, Turkey clearly stands out as the only European theatrical market regularly dominated by national films rather than US productions. Taking second rank, France, traditionally the market with the strongest national market share among the other European markets, registered a national market share of ‘only’ 34%⁴⁸, followed by Italy (31%) and Denmark (30%). The average national market share among other European markets⁴⁹ generally ranges between 14% and 16% (see Figure 21).

Figure 21 Development national market share 2002-2013 (est)



Source: Antrakt

While in most other European countries national market shares generally fluctuate quite strongly depending on the break out success of one, two or three national blockbusters, national market shares kept fairly stable in Turkey as illustrated in Figure 22. After continuously increasing since the turn of the century, national market share climbed over the 50% benchmark in six out of the past eight years.

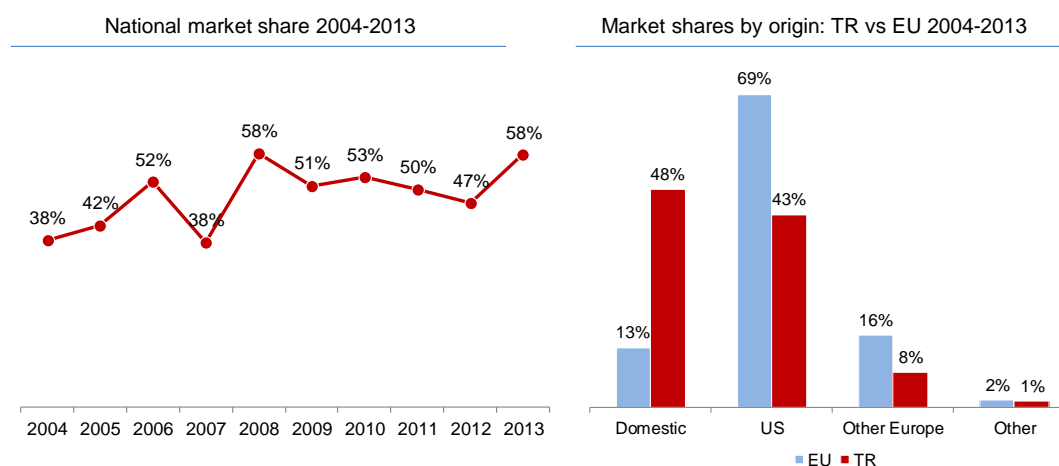
The impressive difference between the Turkish and other European box office markets is also clearly illustrated by the comparison of the breakdown of admissions by their origin: Between 2004 and 2013 Turkish films took 48% of cumulative total admissions in Turkey, outperforming US films which achieved a market share of 43%. Roughly 8% of cinema tickets were sold to European films, while

⁴⁸ This is exceptionally low, generally national market share for French films – including minority co-productions has been fluctuating between 36% and 40% between 2004 and 2013

⁴⁹ For about 30 European markets for which national market share is regularly reported

films from other parts of the world achieved a market share of only 1%. This compares to a US market share of 69% in the EU as only about 13% of total tickets were sold to European films on their home market. Another 16% of EU admissions went to European films outside of their home markets and the remaining 2% went to films from other parts of the world.

Figure 22 International comparison of national market shares: TR vs EU (est)



Source: OBS / LUMIERE, Antrakt

Market volume by country of origin

Though more US and European films were released over the past five years, Turkish films generated significantly larger admissions: between 2009 and 2013 domestic films sold on average 22.3 million tickets, compared to 17.4 tickets sold to US films and less than 3 million sold to European films. Films from other parts of the world generally do not sell more than 500 000 tickets per year.

Table 31 Admissions breakdown by country of origin 2009-2013 (est)

Note: Data based on title-by-title analysis drawn from LUMIERE database which contains slightly deviating data on the number of films released compared to the aggregate totals provided by Antrakt and communicated in other parts of the report.

Number of films on release						
Region	2009	2010	2011	2012	2013	Average
Domestic films	103	117	116	104	135	115
US films	151	155	167	183	188	169
European films	82	91	121	172	145	122
Other films	22	19	25	32	30	26
Total	358	382	429	491	498	432

Admissions in mio						
Region	2009	2010	2011	2012	2013	Average
Domestic films	18.4	22.1	21.1	20.8	29.1	22.3
US films	15.7	15.6	18.3	18.5	19.1	17.4
European films	2.0	3.2	2.6	3.6	1.6	2.6
Other films	0.4	0.3	0.2	1.5	0.6	0.6
Total	36.4	41.3	42.3	44.2	50.4	42.9

Source: OBS / LUMIERE

Reasons for high national market share

There are no quotas for Turkish films, no public distribution support for local films and in contrast to most other European markets minority co-productions are not included in calculating national market share⁵⁰. So, how to explain the exceptionally high market share for local films despite all of this?

The technical answer is comparatively simple. National market share is exceptionally high because Turkish films attract a large number of audiences while foreign, in particular US, films fail to do so. A strong - albeit not exceptionally strong - level of national admissions and a comparatively low - given the size of Turkey's population - level of total admissions logically result in an exceptionally high national market share.

As shown in Table 32 the average number of tickets sold to national films over the past five years - 22.3 million - is comparable to the levels achieved in Germany, the Russia Federation, the UK and Italy. France, however still stands out with over 77 million tickets sold to French film per year on average. When looking at admissions to US films however, it becomes evident that Turkey clearly falls short of its major European counterparts. While US films sell on average between 60 million and up to 120 million in the big 6 European markets, Turkey only takes rank 9 with an average of 17.4 million tickets sold to US films.

Table 32 Average annual admissions to national and US films 2009-2013 (est)

In million.

Avg annual admissions to national films			Avg annual admissions to US films		
Rank	Country		Rank	Country	
1	France	77.1	1	UK	118.6
2	UK	44.4	2	Russian Federation	108.9
3	Italy	31.7	3	France	98.5
4	Germany	29.6	4	Germany	84.6
5	Russian Federation	28.7	5	Spain	68.0
6	Turkey	22.3	6	IT	61.4
7	Spain	14.9	7	Poland	22.9
8	Poland	8.1	8	Netherlands	19.6
9	Netherlands	5.4	9	Turkey	17.4
10	Belgium	1.7	10	Belgium	14.7

Source: OBS/LUMIERE

Hence, the two questions to explain the high national market share in Turkey should be: Why do so many people go to the cinema to see a Turkish film? Or rather - as it is only two handful of high grossing blockbusters which are primarily responsible for the high national market share⁵¹ - why do Turkish audiences flock to see Turkish blockbusters? And why do comparatively few buy a ticket for US films?

⁵⁰ Though it has to be pointed out that there are hardly any Turkish minority co-productions as discussed in chapters 5 and 6.

⁵¹ Over the past five years the top 10 Turkish films generally accounted between 76% and 86% of total admissions to all Turkish films. The remaining 80 to 100 films cumulatively only account for 15% to 25% of tickets sold to local films. See chapter 12.3 for further details.

In response to these questions, the following factors are frequently quoted by market experts:

Cultural preferences for local content as audiences are less familiar with foreign film cultures

A distinct cultural identity is often quoted as one of the many factors affecting the high national market share. Turkish audiences like Turkish stories. The Turkish point of view and culture is in many ways more different to US than perhaps in most other European markets. This of course also applies for differences to many other European cultures.

A large part of the Turkish population is hence not very familiar with foreign (film) cultures and might find it easier - or simply more interesting - to relate to Turkish films. This is particularly true in the more rural areas where Turkish films are particularly popular.

Heavy advertising

Turkish blockbusters are generally more heavily advertised and promoted than other films. Theatrical films are primarily advertised on TV as well as via billboard advertising. Dedicated fan bases of local stars give local blockbusters an additional leverage in terms of promotion.

TV / internet cross-promotion

The pulling power of local mainstream content might be linked to the prominence of Turkish content on the large number of Turkish TV channels, the by far most consumed medium in the country. Audiences become familiarised with Turkish film culture and local stars through the widespread availability of free content - ranging from older theatrical films to TV films and particularly TV series - on TV channels as well as on the internet.

Sometimes popular TV content is turned into a theatrical franchise like in the case of *Recep İvedik*, where the three films released so far became the second, third and 11th highest grossing Turkish films of all times.

Local stars are more popular than US actors

TV also contributed to the creation of Turkish stars, as many actors are being casted for both TV works as well as theatrical feature films and prove to have a 'pulling power' to attract audiences, which even exceeds the those of Hollywood stars.

Blockbuster programming and shopping mall cinema cultures

Given the high market potential of local blockbusters and the lack of national support to exhibitors or distributors to support programming diversity which would make the screening of independent domestic as well as foreign films financially a bit more attractive, exhibitors understandably dedicate more screen time to a handful of - primarily local - blockbusters which increase their chances to fill seats and turn a profit.

A related factor could be the fact that Turkish cinemas are increasingly located in shopping malls, where cinema going becomes part of an environment which arguably leans more towards the screening of blockbusters than art-house films.

Limited dubbing for foreign films, dislike for subtitles

Up until now most foreign films - with the exception of children's and family films - are not being dubbed into Turkish language but released as original language versions with subtitling. This clearly is a factor which keeps many audiences from watching foreign films as they do not like to read subtitles.

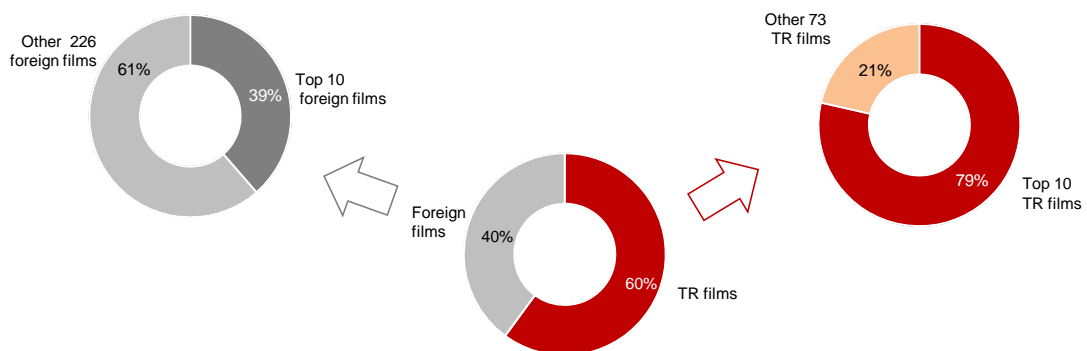
12.2 Local blockbusters dominate box office

Generally speaking, the Turkish box office market is highly concentrated with a few local - and to a lesser extent US - blockbusters claiming the lion's share of admissions. Out of the 321 films released in 2013 a total of 13 films succeeded in selling more than a million tickets. On a cumulative basis these 13 films accounted for 54% of total admissions. 10 out of these 13 blockbusters were Turkish films accounting for 47% of total admissions and three films were US blockbusters (7%)

Turkish blockbusters dominate box office

To illustrate the dominance of local blockbusters let's have a look at the breakdown of admissions to films released in 2013: Turkish films captured 60%, imported films 40% of total ticket sales as illustrated in Figure 23. The high national market share, however, does not translate into high admissions figures for a large number of Turkish films, as almost 80% of national admissions were generated solely by the ten best performing Turkish films. Concentration levels were less pronounced among imported films, where the top 10 imported films - all of them US blockbusters - cumulatively only accounted for 39% of the total admissions to foreign films.

Figure 23 Top 10 share of admissions to films released in 2013



Source: OBS, Antrakt

71 out of the top 100 films between 2004 and 2013 are Turkish films

A closer look at the 100 most successful films at the Turkish box office between 2004 and 2013 - which are listed in Table 33 overleaf - confirms these observations. Unlike in any other European market it is national, and not US blockbusters, which sell the largest number of tickets. Out of the top 100 films - measured in terms of cumulative admissions over the past ten years - 71 films were local films and only 26 were US films.

The most successful foreign film, *Avatar*, only takes rank 18. With the exception of three UK inward investment productions, three films of the *Harry Potter* franchise, not a single foreign European film made it into the top 100.

The dominance of national films is even more pronounced when measured in terms of admissions, with Turkish films accounting for 81% of total number of cinema tickets sold to the top 100 films of the past ten years, compared to US films taking 18%.

Table 33 Turkey: Top 100 films by admissions 2004 - 2013

Note: Includes only films released and admissions registered between January 2004 and December 2013.

Rank	Film	Country of origin	Prod. Year	Director	Distributor	Release date	Admissions 2004-2013
1	Fetih 1453	TR	2012	Faruk Aksoy	Tiglon	15/02/2012	6 572 618
2	Recep İvedik 2	TR	2009	Togan Gökbakar	Özen Film	13/02/2009	4 333 116
3	Recep İvedik	TR	2008	Togan Gökbakar	Özen Film	22/02/2008	4 301 792
4	Kurtlar vadisi - Irak	TR	2006	Serdar Akar, Sadullah Sentürk	Kenda	03/02/2006	4 256 567
5	Düğün dernek	TR	2013	Selçuk Aydemir	UIP	06/12/2013	4 072 898
6	Eyyvah eyvah 2	TR	2011	Hakan Algül	UIP	07/01/2011	3 947 988
7	G.O.R.A.	TR	2004	Ömer Faruk Sorak	Warner Bros.	12/11/2004	3 932 315
8	CM101MMXI Fundamentals	TR	2013	Murat Dunder	Tiglon	03/01/2013	3 842 479
9	A.R.O.G	TR	2008	Cem Yılmaz, Ali Taner Baltacı	UIP	05/12/2008	3 703 128
10	New York'ta Beş Minare	TR	2010	Mahsun Kırmızıgül	Pinema	05/11/2010	3 474 495
11	Recep İvedik 3	TR	2010	Togan Gökbakar	Özen Film	12/02/2010	3 325 842
12	Vizontele Tuuba	TR	2004	Yılmaz Erdoğan	Warner Bros.	23/01/2004	2 894 302
13	Celal ile Ceren	TR	2013	Togan Gökbakar	Tiglon	18/01/2013	2 853 628
14	İssiz adam	TR	2008	Çagan Irmak	Cinefilm	07/11/2008	2 784 527
15	Evim Sensin	TR	2012	Özcan Deniz	UIP	02/11/2012	2 702 098
16	Hababam sınıfı askerde	TR	2005	Ferdi Eğilmez	Özen Film	14/01/2005	2 586 636
17	Günesi gördüm	TR	2009	Mahsun Kırmızıgül	Pinema	12/03/2009	2 491 754
18	Avatar	US / GB	2009	James Cameron	Tiglon	18/12/2009	2 481 653
19	Eyyvah eyvah	TR	2010	Hakan Algül	UIP	26/02/2010	2 459 815
20	Nefes: Vatan sagolsun	TR	2009	Levent Semerci	Medyavizyon	16/10/2009	2 436 778
21	Ask tesadüfleri sever	TR	2011	Ömer Faruk Sorak	UIP	04/02/2011	2 418 090
22	Yahşi bati	TR	2009	Ömer Faruk Sorak	UIP	01/01/2010	2 323 061
23	Muro: Nalet olsun içimdeki insan sevgi	TR	2008	Zübeyr Sasmaz	Özen Film	05/12/2008	2 316 056
24	Allahın Sadık Kulu: Barla	TR	2011	Orhan Öztürk Esin	Özen Film	04/11/2011	2 226 738
25	Kelebeğin ruyası	TR	2013	Yılmaz Erdoğan	UIP	22/02/2013	2 158 938
26	Selam	TR	2013	Levent Demirkale	Warner Bros.	29/03/2013	2 145 545
27	Av mevsimi	TR	2010	Yavuz Turgul	Warner Bros.	03/12/2010	2 114 551
28	Hababam sınıfı 3,5	TR	2006	Ferdi Eğilmez	Özen Film	06/01/2006	2 068 165
29	Beyaz melek	TR	2007	Mahsun Kırmızıgül	Medyavizyon	16/11/2007	2 031 615
30	Kurtlar Vadisi Filistin	TR	2011	Zübeyr Sasmaz	Özen Film	28/01/2011	2 028 057
31	Kabadayı	TR	2007	Omer Vargi	UIP	14/12/2007	1 999 594
32	Berlin Kaplani	TR	2012	Hakan Algül	UIP	27/01/2012	1 983 077
33	Ice Age: Continental Drift	US	2012	Steve Martino, Mike Thurmeie	Tiglon	29/06/2012	1 880 860
34	Sümela'nın sıfresi: Temel	TR	2011	Adem Kiliç	Pinema	16/12/2011	1 731 311
35	Hokkabaz	TR	2006	Cem Yılmaz, Ali Taner Baltacı	Kenda	20/10/2006	1 709 783
36	Babam ve Oğlum	TR	2005	Çagan Irmak	Özen Film	18/11/2005	1 700 704
37	Troy	US / GB INC / MT	2004	Wolfgang Petersen	Warner Bros.	15/05/2004	1 692 458
38	Sen Kimsin	TR	2012	Ozan Acıktan	UIP	02/03/2012	1 592 471
39	Hababam sınıfı merhaba	TR	2004	Kartal Tibet	Özen Film	16/01/2004	1 580 535
40	Hükümet kadın 2	TR	2013	Sermiyan Midyat	UIP	08/11/2013	1 508 326
41	Romantik Komedi 2: Bekarlığa Veda	TR	2013	Erol Özlevi	Pinema	14/02/2013	1 507 603
42	Ice Age: Dawn of the Dinosaurs	US / CA	2009	Roland Emmerich	Warner Bros.	13/11/2009	1 496 065
43	Ice Age: Dawn of the Dinosaurs	US	2009	Carlos Saldanha, Mike Thurmeie	Tiglon	01/07/2009	1 432 422
44	Osmanlı Cumhuriyeti	TR	2008	Gani Müjde	UIP	21/11/2008	1 422 579
45	The Twilight Saga: Breaking Dawn - P.	US	2012	Bill Condon	Tiglon	16/11/2012	1 417 752
46	Hükümet kadın	TR	2013	Sermiyan Midyat	UIP	01/02/2013	1 402 253
47	Benim dünyam	TR	2013	Ugur Yücel	UIP	25/10/2013	1 378 834
48	The Twilight Saga: Breaking Dawn - P.	US	2011	Bill Condon	Tiglon	18/11/2011	1 372 187
49	New Moon	US	2009	Chris Weitz	Tiglon	20/11/2009	1 243 105
50	Maskeli Besler - Irak	TR	2007	Murat Aslan	Özen Film	12/01/2007	1 239 902

Continues overleaf

Table 33 continued

Rank	Film	Country of origin	Prod. Year	Director	Distributor	Release date	Admissions 2004-2013
51	Dedemin İnsanları	TR	2011	Cagan Irmak	Warner Bros.	25/11/2011	1 204 183
52	Anadolu kartalları	TR	2011	Omer Vargi	Tiglon	28/10/2011	1 194 624
53	Furious 6	US	2013	Justin Lin	UIP	24/05/2013	1 180 395
54	Su ve Ates	TR	2013	Özcan Deniz	UIP	15/11/2013	1 178 062
55	Pirates of the Caribbean: On Stranger	US	2011	Rob Marshall	UIP	19/05/2011	1 171 979
56	Sınav	TR	2006	Ömer Faruk Sorak	Özen Film	20/10/2006	1 164 307
57	The Smurfs	US	2011	Raja Gosnell	Warner Bros.	05/08/2011	1 149 843
58	Çok filim hareketler bunlar	TR	2010	Ozan Acıktan	Medyavizyon	26/03/2010	1 141 844
59	Neseli hayat	TR	2009	Yılmaz Erdoğan	Cinefilm	27/11/2009	1 125 601
60	The Smurfs 2	US	2013	Raja Gosnell	Warner Bros.	01/08/2013	1 115 160
61	Inception	US / GB INC	2010	Christopher Nolan	Warner Bros.	30/07/2010	1 103 147
62	Mustafa	TR	2008	Can Dündar, Hacı Mehmet Du	Warner Bros.	29/10/2008	1 101 014
63	Son osmanlı yandım ali	TR	2007	Mustafa Sevki Dogan	Özen Film	19/01/2007	1 087 449
64	Neredesin Firuze	TR	2004	Ezel Akay	UIP	20/02/2004	1 064 162
65	The Hobbit: An Unexpected Journey	US / NZ	2012	Peter Jackson	Warner Bros.	14/12/2012	1 063 679
66	The Hobbit: The Desolation of Smaug	US / NZ	2013	Peter Jackson	Warner Bros.	13/12/2013	1 055 935
67	The Twilight Saga: Eclipse	US	2010	David Slade	Tiglon	30/06/2010	1 041 920
68	120	TR	2008	Özhan Eren, Murat Saraçoğlu	Özen Film	10/02/2008	1 040 802
69	The Da Vinci Code	US	2006	Ron Howard	Warner Bros.	19/05/2006	1 028 928
70	Veda	TR	2010	Zülfü Livaneli	Tiglon	26/02/2010	1 028 270
71	Pirates of the Caribbean: Dead Man's	US	2006	Gore Verbinski	UIP	14/07/2006	1 005 052
72	Keloglan kara prens'e karsi	TR	2006	Tayfun Güneyer	Kenda	06/01/2006	997 238
73	Pirates of the Caribbean: At World's	US	2007	Gore Verbinski	UIP	25/05/2007	970 114
74	Maskeli Beşler: Kibris	TR	2008	Murat Aslan	UIP	10/01/2008	961 854
75	Hür Adam: Bediüzzaman Said Nursi	TR	2011	Mehmet Tanrisever	Özen Film	07/01/2011	955 080
76	Ice Age: The Meltdown	US	2006	Carlos Saldanha	Özen Film	14/04/2006	949 196
77	Hırsız var!	TR	2005	Oguzhan Tercan	UIP	21/01/2005	934 612
78	Çakallarla Dans 2: Hastasiyiz Dede	TR	2012	Murat Seker	Warner Bros.	07/12/2012	929 798
79	Çanakkale 1915	TR	2012	Yesim Sezgin	Tiglon	18/10/2012	916 969
80	Organize İşler	TR	2005	Yılmaz Erdoğan	Kenda	23/12/2005	916 464
81	Çilgin dersane kampta	TR	2008	Faruk Aksoy	Özen Film	10/01/2008	899 314
82	Gönül yarasi	TR	2005	Yavuz Turgul	Warner Bros.	07/01/2005	897 509
83	Kurtlar vadisi: Gladio	TR	2009	Sadullah Sentürk	Özen Film	20/11/2009	876 765
84	Dersimiz: Atatürk	TR	2010	Hamdi Alkan	Cinefilm	19/03/2010	860 645
85	The Hunger Games: Catching Fire	US	2013	Francis Lawrence	Tiglon	22/11/2013	860 282
86	Ya Sonra?	TR	2011	Baran Özcaylan, Özcan Deniz	Warner Bros.	25/02/2011	849 743
87	Moskova'nın Sifresi Temel	TR	2012	Adem Kiliç	Pinema	23/11/2012	841 124
88	Okul	TR	2004	Yagmur Taylan, Durul Taylan	Özen Film	09/01/2004	836 450
89	The Last Samurai	US / NZ / JP	2003	Edward Zwick	Warner Bros.	06/02/2004	828 794
90	300	US	2006	Zack Snyder	Warner Bros.	16/03/2007	807 443
91	Kutsal Damacana 2: İtmen	TR	2010	Korhan Bozkurt	Özen Film	22/01/2010	802 547
92	The Dark Knight Rises	US / GB	2012	Christopher Nolan	Warner Bros.	27/07/2012	799 586
93	Harry Potter and the Deathly Hallows:	GB INC / US	2010	David Yates	Warner Bros.	17/11/2010	798 432
94	Harry Potter and the Deathly Hallows:	GB INC / US	2011	David Yates	Warner Bros.	13/07/2011	798 414
95	Çilgin dersane	TR	2007	Faruk Aksoy	Warner Bros.	26/01/2007	783 199
96	Maskeli Beşler İntikam Peşinde	TR	2005	Murat Aslan	Özen Film	28/10/2005	773 544
97	World War Z	US / MT	2013	Marc Forster	UIP	21/06/2013	758 459
98	Spider-Man 2	US	2004	Sam Raimi	Warner Bros.	02/07/2004	751 753
99	Ejder kapani	TR	2010	Ugur Yücel	UIP	22/01/2010	750 913
100	Harry Potter and the Goblet of Fire	GB INC / US	2005	Mike Newell	Warner Bros.	18/11/2005	749 704

Source: Antrakt, OBS / LUMIERE

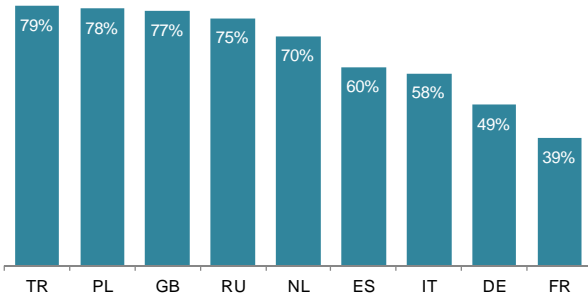
12.3 Market potential for Turkish films

High concentration of admissions for top films

As mentioned before, the Turkish theatrical distribution system is geared toward the distribution of large local and international blockbusters. Turkish art-house films and low budget productions find it very hard to secure sufficient screen space.

High national market shares, hence, do not translate into high admissions figures for a large number of Turkish films, as most of these tickets go to only a handful of local blockbusters: Between 2009 and 2013 the top 10 Turkish films accounted for 79% of total national admissions on average. This is slightly higher than Poland (78%), the UK (77%) and Russia (75%) and significantly higher than in more diverse markets like France (39%), Germany (49%), Italy (58%) or Spain (60%) and hence represents the highest concentration of admissions to local films among all European markets with a market volume of over 20 million admissions, as shown in Figure 24:

Figure 24 Top 10 share of total national admissions average 2009-2013 (est)



Source: OBS / LUMIERE, BFI, Antrakt

Limited potential for majority of Turkish films

While the top 10 Turkish films regularly account for 80% of total national admissions, the remaining majority of local productions on release - generally about 100 films per year - cumulatively share about 20% of national or less than 10% of total admissions. The market potential hence differs significantly between films.

As shown in Table 34, the distribution of films falling into different admissions bandwidths is quite polarized. Though there is a comparatively large number of films selling more than 500 000 tickets, namely 22 films (16% of the 139

Turkish films released in 2012 and 2013) there is a comparatively low number of films (15%) falling into the medium admissions range selling between 100 000 and 500 000 tickets while the vast majority of Turkish films (69%), generated less than 100 000 admissions. 56% of Turkish films generated even less than 50 000 admissions.

The differences in admissions are of course closely linked to the number of prints / screens a film gets released on. It is hence no surprise to see a similar, albeit slightly less pronounced polarisation of release scope: 19% of films got a 'wide release' with 200 copies or more, 21% of films got released on 100 to 200 screens while 60% of Turkish films got released on less than 100 screens.

The polarisation of audience potential is also reflected in the fact that practically all the 13 films which managed to sell more than 5 000 tickets per screen received a wide release of 200 copies or more whereas four out of five films released on 50 to 200 screens failed to attract more than a 1 000 viewers per screen. This might also explain the comparatively low number of 'medium range' releases, as it is difficult to compete with the few blockbusters with high pulling power.

Table 34 Number of Turkish films by admissions & print bandwidths 2012-2013 cumulative

Range	Admissions	Turkish films	% share	Σ share
High	more than 1 mio	14	10%	16%
	500' to 1 mio	8	6%	
Medium	250' to 500'	8	6%	15%
	100' to 250'	13	9%	
Low	50' to 100'	18	13%	69%
	less than 50'	78	56%	
Total films		139	100%	

Range	Prints	Turkish films	% share	Σ share
High	more than 300	4	3%	19%
	200 to 300	23	17%	
Medium	150 to 200	10	7%	21%
	100 to 150	19	14%	
Low	50 to 100	28	20%	60%
	less than 50	55	40%	
Total films		139	100%	

Source: OBS, Antrakt

Short profiles for top 10 Turkish films 2004-2013

Note: Ranked by admissions registered between January 2004 and December 2013.

1



Fetih 1453 (2012)

International title: *Constantinople*

Director: Faruk Aksoy

Producer: Aksoy Film, Medyapim

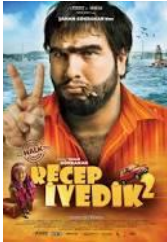
National admissions: 6.57 mio.

European admissions: 0.44 mio.

Genre: Action, Adventure, Drama, History

Plot: In 1453, the Byzantine capital of Constantinople is surrounded by Ottoman Turks. After years of tolerating the existence of Byzantium, the ambitious sultan Mehmet II launches his campaign to take Constantinople for the Ottomans, resulting in arguably the greatest siege of that age.

2



Recep İvedik 2 (2009)

International title: -

Director: Togan Gökbakar

Producer: Aksoy Film, Özen Film

National admissions: 4.33 mio.

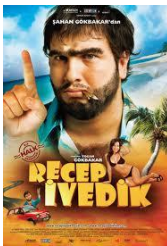
European admissions: 0.57 mio.

Genre: Comedy

Plot: This time around, Recep tries to adapt to a more civilized and decent lifestyle in accordance with his grandmother's wishes.

Comments: First out of three sequels. The film's titular comic character was created by Şahan Gökbakar for his Turkish comedy television show *Dikkat Şahan Çıkabilir*, which ran from 2005 to 2006.

3



Recep İvedik (2008)

International title: -

Director: Togan Gökbakar

Producer: Aksoy Film, Özen Film

National admissions: 4.30 mio.

European admissions: 0.40 mio.

Genre: Comedy

Plot: Recep finds a wallet on the street which belongs to a millionaire and starts his journey south to return it. As a reward, he is offered a free stay in a hotel and uses the occasion to win back his childhood love.

Comments: Initial instalment of the *Recep İvedik* franchise realised by Şahan Gökbakar (script & leading actor) and Togan Gökbakar (director).

4



Kurtlar vadisi - Irak (2006)

International title: *Valley of Wolves: Iraq*

Directors: Serdar Akar, Sadullah Sentürk

Producer: Pana Film

National admissions: 4.26 mio.

European admissions: 0.40 mio.

Genre: Action, Adventure

Plot: A Turkish commando team goes to Iraq to track down the US military commander responsible for the Hood event, when following the 2003 invasion of Iraq a group of Turkish military personnel operating in northern Iraq were captured, led away with hoods over their heads, and interrogated by the US military.

Comments: First instalment of the *Kurtlar Vadisi* franchise based on the Turkish TV series of the same name.

5



Düğün Dernek (2013)

International title: -

Directors: Selçuk Aydemir

Producer: BKM

National admissions: 4.07 mio. (Dec '13)
6.96 mio. (Sept '14)

European admissions: 0.07 mio. (Dec '13)

Genre: Comedy

Plot: A group of people in an eastern Turkish village are enlisted to throw a big and brash wedding in ten days notice.

Comments: With 6.96 million tickets sold by September 2014 *Düğün Dernek* became Turkey's highest grossing film to date.

6



Eyyvah Eyvah 2 (2011)

International title: -

Director: Hakan Algül

Producer: BKM

National admissions: 3.95 mio.

European admissions: 0.04 mio.

Genre: Comedy

Plot: Hüseyin has two loves in his life: his clarinet and Mujgan, a nurse, who lives in his small village in Turkey. After his adventures in Istanbul, Hüseyin heads back to the province to conquer Mujgan's heart.

Comments: Second instalment of the *Eyyvah Eyvah* franchise. The third instalment was released in January 2014 and sold over 3.4 million tickets by September.

7



G.O.R.A. (2004)

International title: -

Director: Ömer Faruk Sorak

Producer: BKM, Böcek Film

National admissions: 3.95 mio.

European admissions: 0.42 mio.

Genre: Comedy, Science-Fiction

Plot: Arif, a slick young Turkish used carpet salesman, is kidnapped by extraterrestrials shows his great 'humanitarian spirit' by outwitting the evil commander-in-chief of the planet of G.O.R.A.

Comments: The film spoofs various science fiction films such as *Star Wars*, *The Fifth Element* and *The Matrix*. It was followed by the sequel *A.R.O.G* in 2008. The main character is played by famous stand-up comedian / actor Cem Yılmaz who also wrote the script.

8



CM101MMXI Fundamentals (2013)

Int. title: -

Director: Murat Dündar

Producer: CMYLMZ Fikirsanat

National admissions: 3.84 mio.

European admissions: -.

Genre: Comedy, Stand-up comedy show

Plot: Theatrical release of Cem Yılmaz's stand up show CM101MMXI FUNDAMENTALS.

Comments: After the success of *G.O.R.A.* Cem Yılmaz founded its own production company, CMYLMZ Fikirsanat, which primarily produces Yılmaz's arts projects and became one of the largest grossing film production companies in Turkey.

9



A.R.O.G. (2008)

International title: -

Director: Ali Taner Baltacı, Cem Yılmaz

Producer: CMYLMZ Fikirsanat, Fida Film

National admissions: 3.70 mio.

European admissions: 0.33 mio.

Genre: Comedy, Science-Fiction,

Plot: Arif is fooled by his archenemy, commander Logar, who sends him 1 million years back in the time where Arif must civilize people from past to reach today.

Comments: Sequel to blockbuster success *G.O.R.A.* (2004).

10



New York'ta Beş Minare (2010)

Int. title: *The Terrorist*

Directors: Mahsun Kirmizigül

Producer: Boyut Film

National admissions: 3.47 mio.

European admissions: 0.36 mio.

Genre: Action, Drama

Plot: Two Turkish anti-terrorist agents are sent to New York City on a mission to find and bring back the dangerous Islamic leader codenamed 'Dajjal', believed to be hiding there. The film focuses on Islamophobia in Turkey and the US after September 11 attacks, seeking to answer the question of whether innocence or guilt even matters to one who lusts for vengeance.

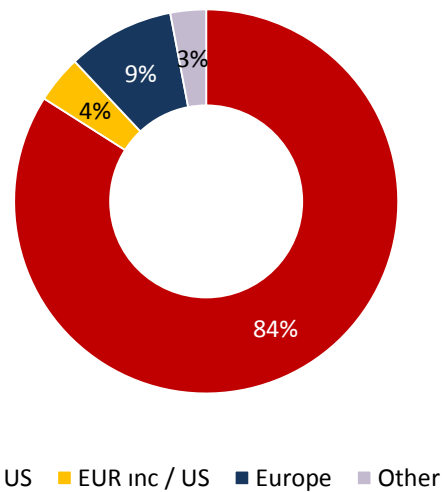
12.4 Market potential for imported films

US films take 84% of foreign admissions

Between 2009 and 2013 about 217 foreign films were released every year on the Turkish market and sold about 20.8 million admissions on average. The vast majority of these admissions, namely 84%, went to US productions leaving a rather limited market potential for European films and films from Asia, Latin America and Oceania (see Figure 25).

The concentration of foreign admissions on a small number of US blockbusters is less pronounced than among Turkish films, with a larger number of films, primarily US films, generating between 100 000 and 1 million admissions. In the past 10 years less than 20 foreign - all of them US - films managed to sell more than 1 million tickets. In fact, *Avatar*, the most successful foreign film release on Turkey, was the only film to pass the 2 million admissions hurdle. For a ranking of the top 80 foreign films released between 2004 and 2013 see Table 36 overleaf.

Figure 25 Admissions to foreign films by region of origin 2009-2013



Source: OBS / LUMIERE

US films dominate mid-range box office segment

As shown above, US films have been the only foreign films seriously competing with Turkish films for large audiences and this is most likely not going to change in the upcoming years as they are in the best position to overcome the aforementioned hurdles to box office success in Turkey.

With 253 films released in 2012 and 2013 US films represent the largest number of film releases. 16 of them managed to sell over 500 000 tickets and another 71 films generated admissions of 100 000 to 500 000, thereby clearly dominating the medium range box office segment accounting for 65% of all films falling into this segment. The vast majority of US films however gets released on less than 100 copies (77%) and does not manage to sell more than 100 000 tickets (66%).

With respect to genres one can observe that apart from animated family films - which are released in a dubbed version - like *Ice Age* or *The Smurfs*, it was particularly the big adventure franchises *Twilight Saga*, *Pirates of the Caribbean* and *The Hobbit* which proved popular with Turkish audiences.

Table 35 US films by admissions & print bandwidths 2012-2013

Range	Admissions	US films	% share	Σ share
High	more than 1 mio	6	2%	6%
	500' to 1 mio	10	4%	
Medium	250' to 500'	25	10%	28%
	100' to 250'	46	18%	
Low	50' to 100'	41	16%	66%
	less than 50'	125	49%	
Total films		253	100%	

Range	Prints	US films	% share	Σ share
High	more than 300	3	1%	4%
	200 to 300	6	2%	
Medium	150 to 200	16	6%	19%
	100 to 150	32	13%	
Low	50 to 100	74	29%	77%
	less than 50	122	48%	
Total films		253	100%	

Source: OBS, Antrakt

Table 36 Top 80 imported films in Turkey by admissions 2004-2013

Rank	Film	Country of origin	Prod. Year	Director	Distributor	Release date	Admissions 2004-2013
1	Avatar	US / GB	2009	James Cameron	Tiglon	18/12/2009	2 481 653
2	Ice Age: Continental Drift	US	2012	S. Martino, M. Thurmeier	Tiglon	29/06/2012	1 880 860
3	Troy	US / GB INC / MT	2004	Wolfgang Petersen	Warner Bros.	14/05/2004	1 692 458
4	2012	US / CA	2009	Roland Emmerich	Warner Bros.	13/11/2009	1 496 065
5	Ice Age: Dawn of the Dinosaurs	US	2009	C. Saldanha, M. Thurmeier	Tiglon	01/07/2009	1 432 422
6	The Twilight Saga: Breaking Dawn 2	US	2012	Bill Condon	Tiglon	16/11/2012	1 417 752
7	The Twilight Saga: Breaking Dawn 1	US	2011	Bill Condon	Tiglon	18/11/2011	1 372 187
8	New Moon	US	2009	Chris Weitz	Tiglon	20/11/2009	1 243 105
9	Furious 6	US	2013	Justin Lin	UIP	24/05/2013	1 180 395
10	Pirates of the Caribbean: On Stranger ...	US	2011	Rob Marshall	UIP	19/05/2011	1 171 979
11	The Smurfs	US	2011	Raja Gosnell	Warner Bros.	05/08/2011	1 149 843
12	The Smurfs 2	US	2013	Raja Gosnell	Warner Bros.	01/08/2013	1 115 160
13	Inception	US / GB INC	2010	Christopher Nolan	Warner Bros.	30/07/2010	1 103 147
14	The Hobbit: An Unexpected Journey	US / NZ	2012	Peter Jackson	Warner Bros.	14/12/2012	1 063 679
15	The Hobbit: The Desolation of Smaug	US / NZ	2013	Peter Jackson	Warner Bros.	13/12/2013	1 055 935
16	The Twilight Saga: Eclipse	US	2010	David Slade	Tiglon	30/06/2010	1 041 920
17	The Da Vinci Code	US	2006	Ron Howard	Warner Bros.	19/05/2006	1 028 928
18	Pirates of the Caribbean: Dead Man's ...	US	2006	Gore Verbinski	UIP	14/07/2006	1 005 052
19	Pirates of the Caribbean: At World's ...	US	2007	Gore Verbinski	UIP	25/05/2007	970 114
20	Ice Age: The Meltdown	US	2006	Carlos Saldanha	Özen Film	14/04/2006	949 196
21	The Hunger Games: Catching Fire	US	2013	Francis Lawrence	Tiglon	22/11/2013	860 282
22	The Last Samurai	US / NZ / JP	2003	Edward Zwick	Warner Bros.	06/02/2004	828 794
23	300	US	2006	Zack Snyder	Warner Bros.	16/03/2007	807 443
24	The Dark Knight Rises	US / GB	2012	Christopher Nolan	Warner Bros.	27/07/2012	799 586
25	Harry Potter and the Deathly Hallows 1	GB INC / US	2010	David Yates	Warner Bros.	17/11/2010	798 432
26	Harry Potter and the Deathly Hallows 2	GB INC / US	2011	David Yates	Warner Bros.	13/07/2011	798 414
27	World War Z	US / MT	2013	Marc Forster	UIP	21/06/2013	758 459
28	Spider-Man 2	US	2004	Sam Raimi	Warner Bros.	02/07/2004	751 753
29	Harry Potter and the Goblet of Fire	GB INC / US	2005	Mike Newell	Warner Bros.	18/11/2005	749 704
30	Spider-Man 3	US	2007	Sam Raimi	Warner Bros.	04/05/2007	737 889
31	Iron Man Three	US / CN	2013	Shane Black	UIP	03/05/2013	717 594
32	Sherlock Holmes: A Game of Shadows	US	2011	Guy Ritchie	Warner Bros.	16/12/2011	715 983
33	Angels & Demons	US	2009	Ron Howard	Warner Bros.	15/05/2009	705 709
34	Puss in Boots	US	2011	Chris Miller	UIP	13/01/2012	697 522
35	Cars 2	US	2011	John Lasseter, B. Lewis	UIP	19/08/2011	690 548
36	Despicable Me 2	US	2013	Pierre Coffin, C. Renaud	UIP	04/10/2013	690 113
37	Harry Potter and the Order of the ...	GB INC / US	2007	David Yates	Warner Bros.	10/08/2007	687 224
38	The Avengers	US	2012	Joss Whedon	UIP	04/05/2012	666 520
39	The Broken Hearts Club: A Romantic ...	US	2000	Greg Berlanti	Pinema	05/02/2010	666 238
40	Fast Five	US	2011	Justin Lin	UIP	06/05/2011	665 414
41	Shrek the Third	US	2007	Chris Miller, Raman Hui	UIP	15/06/2007	662 075
42	The Day After Tomorrow	US	2004	Roland Emmerich	Özen Film	28/05/2004	653 848
43	The Hunger Games	US	2012	Gary Ross	Tiglon	23/03/2012	650 382
44	Kingdom of Heaven	GB INC / DE / ES / US	2005	Ridley Scott	Özen Film	06/05/2005	649 457
45	Transformers: Dark of the Moon	US	2011	Michael Bay	Pinema	29/06/2011	646 383
46	War of the Worlds	US	2005	Steven Spielberg	UIP	01/07/2005	643 009
47	Harry Potter and the Half-Blood Prince	GB INC / US	2008	David Yates	Warner Bros.	15/07/2009	640 098
48	Skyfall	GB INC / US	2012	Sam Mendes	Warner Bros.	02/11/2012	635 649
49	Mission: Impossible - Ghost Protocol	US / AE	2011	Brad Bird	UIP	23/12/2011	626 674
50	Harry Potter and the Prisoner of ...	GB INC / US	2004	Alfonso Cuarón	Warner Bros.	04/06/2004	625 043
51	Thor: The Dark World	US	2013	Alan Taylor	UIP	01/11/2013	615 284
52	The Passion of the Christ	US	2004	Mel Gibson	Özen Film	09/04/2004	609 781
53	The Expendables 2	US	2012	Simon West	Medyavizyon	17/08/2012	586 850
54	Shrek Forever After	US	2010	Mike Mitchell	UIP	28/05/2010	579 137
55	Shrek 2	US	2004	A. Adamson, K. Asbury	UIP	27/08/2004	553 208
56	Prince of Persia: The Sands of Time	US / GB INC	2010	Mike Newell	UIP	21/05/2010	547 200
57	Immortals	US	2011	Tarsem Singh	Pinema	11/11/2011	541 454
58	Happy Feet Two	AU	2011	George Miller	Warner Bros.	20/01/2012	529 866
59	Saw IV	US	2007	Darren Lynn Bousman	Warner Bros.	26/10/2007	525 005
60	Saw 3D: The Final Chapter	US	2010	Kevin Greutert	Warner Bros.	12/11/2010	524 703
61	Saw III	US	2006	Darren Lynn Bousman	Warner Bros.	03/11/2006	505 571
62	Saw V	US	2008	David Hackl	Warner Bros.	24/10/2008	500 256
63	The Amazing Spider-Man	US	2012	Marc Webb	Warner Bros.	06/07/2012	496 894
64	National Treasure: Book of Secrets	US	2007	Jon Turteltaub	UIP	04/01/2008	495 837
65	Robin Hood	GB INC / US	2010	Ridley Scott	UIP	14/05/2010	491 609
66	Finding Nemo	US	2003	A. Stanton, L. Unkrich	UIP	23/01/2004	486 133
67	Madagascar 3: Europe's Most Wanted	US	2012	C. Vernon, T. McGrath, E. Darnell	UIP	08/06/2012	482 939
68	Clash of the Titans	US	2010	Louis Leterrier	Warner Bros.	02/04/2010	476 597
69	The Tourist	US / FR	2010	F. Henckel von Donnersmarck	Pinema	10/12/2010	474 016
70	The Chronicles of Narnia: The Lion, ...	US / NZ INC	2005	Andrew Adamson	UIP	13/01/2006	467 181
71	The Curious Case of Benjamin Button	US	2008	David Fincher	Warner Bros.	06/02/2009	465 319
72	The Wolverine	US / GB	2013	James Mangold	Tiglon	26/06/2013	455 929
73	Ocean's Twelve	US / AU INC	2004	Steven Soderbergh	Warner Bros.	04/02/2005	454 382
74	Happy Feet	AU / US	2006	George Miller	Warner Bros.	26/01/2007	453 395
75	Bee Movie	US	2007	Simon J. Smith, S. Hickner	UIP	14/12/2007	447 385
76	The Dark Knight	US / GB INC	2008	Christopher Nolan	Warner Bros.	25/07/2008	446 708
77	The Mummy: Tomb of the Dragon ...	US / DE	2008	Rob Cohen	UIP	01/08/2008	446 518
78	The Golden Compass	US / GB INC	2007	Chris Weitz	Medyavizyon	07/12/2007	442 754
79	The Incredibles	US	2004	Brad Bird	UIP	14/01/2005	441 169
80	Alvin and the Chipmunks: Chipwrecked	US	2011	Mike Mitchell	Tiglon	16/12/2011	439 385

Source: OBS/LUMIERE, Anrakt

European generally films cater to niche markets in large cities

The market potential for European films is regarded as limited but stable, albeit focused on selected key cities like Istanbul, Ankara or Izmir, with large student populations. European films are often regarded as competing with Turkish art-house films, the latter often preferred by Turkish audiences as they better meet local tastes. Improvements in the quality of exhibition of such films which in the past have often been screened as second run copies may however further encourage specialised audiences to seek these films theatrically.

A total of 163 European films were released in Turkey in 2012 and 2013. Apart from some European incoming investment films like *Skyfall* or *Harry Potter*, European films generally do not succeed in attracting large audiences. In fact 88% of European films sold less than 50 000 tickets and 88% of films get released on less than 50 copies (see Table 37).

Table 39 lists the top 80 European films in terms of admissions generated between 2004 and 2013.

Table 37 European films by admissions & print bandwidths 2012-2013

Range	Admissions	EUR films	% share	Σ share
High	more than 1 mio		0%	1%
	500' to 1 mio	1	1%	
Medium	250' to 500'	3	2%	7%
	100' to 250'	9	6%	
Low	50' to 100'	10	6%	92%
	less than 50'	140	86%	
Total films		163	100%	

Range	Prints	EUR films	% share	Σ share
High	more than 300		0%	0%
	200 to 300		0%	
Medium	150 to 200	3	2%	5%
	100 to 150	5	3%	
Low	50 to 100	12	7%	95%
	less than 50	143	88%	
Total films		163	100%	

Source: OBS, Antrakt

Very limited market potential for films from other parts of the world

The market potential for imported non-US, non-European films is even more limited. Only 35 films from other parts of the world were released in Turkey in 2012 and 2013, about half of them coming from Asia.

With the exception of some animation family films - which have the advantage of being dubbed into Turkish - like *Happy Feet Two* (AU), *Koala Kid* (KR/US) or the *Paddle Pop Adventures* (TH), hardly any of these films manages to sell more than a 100 000 tickets.

Like European films most of these films (74%) get released on less than 50 copies.

Generally speaking the Turkish box office market leaves very little room for independent foreign productions, particularly for non-US, non-European films.

Table 38 ROW films by admissions & print bandwidths 2012-2013

Range	Admissions	ROW films	% share	Σ share
High	more than 1 mio		0%	3%
	500' to 1 mio	1	3%	
Medium	250' to 500'	1	3%	14%
	100' to 250'	4	11%	
Low	50' to 100'	2	6%	83%
	less than 50'	27	77%	
Total films		35	100%	

Range	Prints	ROW films	% share	Σ share
High	more than 300		0%	6%
	200 to 300	2	6%	
Medium	150 to 200	2	6%	9%
	100 to 150	1	3%	
Low	50 to 100	4	11%	86%
	less than 50	26	74%	
Total films		35	100%	

Source: OBS, Antrakt

Table 39 Top 80 European films in Turkey by admissions 2004-2013 (including EUR inc films)

Rank	Film	Country of origin	Prod. Year	Director	Distributor	Release date	Admissions 2004-2013
1	Harry Potter and the Deathly Hallows 1	GB INC / US	2010	David Yates	Warner Bros.	17/11/2010	798 432
2	Harry Potter and the Deathly Hallows 2	GB INC / US	2011	David Yates	Warner Bros.	13/07/2011	798 414
3	Harry Potter and the Goblet of Fire	GB INC / US	2005	Mike Newell	Warner Bros.	18/11/2005	749 704
4	Harry Potter and the Order of the ...	GB INC / US	2007	David Yates	Warner Bros.	10/08/2007	687 224
5	Kingdom of Heaven	GB INC / DE / ES / US	2005	Ridley Scott	Özen Film	06/05/2005	649 457
6	Harry Potter and the Half-Blood Prince	GB INC / US	2008	David Yates	Warner Bros.	15/07/2009	640 098
7	Skyfall	GB INC / US	2012	Sam Mendes	Warner Bros.	02/11/2012	635 649
8	Harry Potter and the Prisoner of Azkaban	GB INC / US	2004	Alfonso Cuarón	Warner Bros.	04/06/2004	625 043
9	Robin Hood	GB INC / US	2010	Ridley Scott	UIP	14/05/2010	491 609
10	Slumdog Millionaire	GB	2008	D. Boyle, L. Tandan	Chantier Films	27/02/2009	338 209
11	Buddy	NO	2003	Morten Tyldum	Warner Bros.	08/02/2008	334 168
12	Resident Evil: Afterlife	DE / FR / GB	2010	Paul W.S. Anderson	Pinema	10/09/2010	331 870
13	Cold Mountain	GB INC / US / RO / IT	2003	Anthony Minghella	UIP	13/02/2004	307 259
14	Quantum of Solace	GB INC / US	2008	Marc Forster	Warner Bros.	29/08/2008	304 611
15	Alexander	GB / FR / NL / US	2004	Oliver Stone	Pinema	26/11/2004	301 862
16	Resident Evil: Retribution	DE / CA / US	2012	Paul W.S. Anderson	Warner Bros.	14/09/2012	297 089
17	Gegen die Wand	DE / TR	2004	Fatih Akin	R Film	12/03/2004	294 273
18	Auf der anderen Seite	DE / TR	2007	Fatih Akin	Medyavizyon	26/10/2007	289 696
19	Hansel & Gretel: Witch Hunters	DE / US	2013	Tommy Wirkola	UIP	01/02/2013	285 957
20	Love Actually	GB / US	2003	Richard Curtis	UIP	23/11/2004	270 024
21	Cloud Atlas	DE / US / HK / SG	2012	Tom Tykwer, A. Wachowski	Chantier Films	26/10/2012	266 853
22	Casino Royale	GB INC / US / DE / CZ	2006	Martin Campbell	Warner Bros.	17/11/2006	255 734
23	Bridget Jones: The Edge of Reason	GB / US / FR / DE / IE	2004	Beeban Kidron	UIP	03/12/2004	245 631
24	Winx Club 3D: Magica Aventura	IT	2010	Iginio Straffi	Tiglon	29/10/2010	244 800
25	Labirent	DE / TR	2011	Tolga Ornek	Tiglon	23/12/2011	242 973
26	Flushed Away	GB INC / US	2006	David Bowers, Sam Fell	UIP	15/12/2006	240 314
27	Winx club - Il segreto del regno perduto	IT	2007	Iginio Straffi	Bir Film	22/02/2008	237 648
28	Marco Macaco	DK	2012	Jan Rahbek	Tiglon	25/01/2013	222 289
29	L'empire des loups	FR / IT	2005	Chris Nahon	Warner Bros.	27/05/2005	205 430
30	Sammy's avonturen 2	BE	2012	Ben Stassen, V. Kesteloot	UIP	05/10/2012	202 809
31	Now You See Me	FR / US	2013	Louis Leterrier	Tiglon	31/05/2013	184 800
32	Pride and Prejudice	GB / FR / US	2005	Joe Wright	UIP	03/02/2006	176 030
33	Sammy's avonturen: De geheime ...	BE / US	2010	Ben Stassen	UIP	15/10/2010	175 358
34	Magnifica presenza	IT	2012	Ferzan Özpetek	Tiglon	06/04/2012	166 469
35	The King's Speech	GB INC / US	2010	Tom Hooper	UIP	18/02/2011	154 705
36	Perfume: The Story of a Murderer	DE / ES / FR	2006	Tom Tykwer	Özen Film	16/02/2007	151 693
37	One Day	GB INC / US	2011	Lone Scherfig	Warner Bros.	14/10/2011	150 144
38	Hannibal Rising	GB INC / CZ / FR / IT	2007	Peter Webber	Warner Bros.	09/02/2007	149 399
39	Wallace & Gromit in The Curse of the ...	GB INC / US	2005	Nick Park, Steve Box	UIP	28/10/2005	149 019
40	Astérix aux jeux olympiques	FR / DE / ES / IT	2008	F. Forestier, T. Langmann	35MM.	01/02/2008	144 944
41	Babylon A.D.	FR / US	2008	Mathieu Kassovitz	Tiglon	26/09/2008	142 619
42	The Secret of Moonacre	GB / HU / FR	2008	Gabor Csupo	Tiglon	17/04/2009	133 032
43	The Ugly Duckling and Me!	DK / DE / FR / IE	2006	M. Hegner, K. Kilerich	35MM.	02/03/2007	132 109
44	Underworld	GB / HU / US / DE	2003	Len Wiseman	Özen Film	30/01/2004	131 777
45	Astérix et Obélix : Au Service de Sa ...	FR / ES / IT / LT	2012	Laurent Tirard	Medyavizyon	26/10/2012	129 075
46	Anna Karenina	GB	2012	Joe Wright	UIP	28/12/2012	127 223
47	La tigre e la neve	IT	2005	Roberto Benigni	Özen Film	20/01/2006	126 760
48	Arthur Christmas	GB INC / US	2011	Barry Cook, Sarah Smith	Warner Bros.	02/12/2011	125 487
49	V for Vendetta	GB INC / DE / US	2005	James McTeigue	Warner Bros.	31/03/2006	123 495
50	The Three Musketeers	DE / GB / FR	2011	Paul W.S. Anderson	Tiglon	14/10/2011	122 368
51	Mama	ES / CA	2012	Andrés Muschietti	UIP	18/01/2013	121 124
52	Die Konferenz der Tiere	DE	2010	Holger Tappe, R. Klooss	Medyavizyon	11/03/2011	119 691
53	Taken 2	FR	2012	Olivier Megaton	Tiglon	05/10/2012	118 902
54	Stardust	GB INC / US	2007	Matthew Vaughn	UIP	05/10/2007	118 318
55	Donkey Xote	ES / IT	2007	José Pozo	Özen Film	25/01/2008	114 517
56	Elizabeth: The Golden Age	GB / FR / DE	2007	Shekhar Kapur	UIP	23/11/2007	114 498
57	Doom	GB INC / CZ / US / DE	2005	Andrzej Bartkowiak	UIP	21/10/2005	112 457
58	El Laberinto del Fauno	ES / MX	2006	Guillermo del Toro	Bir Film	06/04/2007	111 077
59	Nanny McPhee	GB / US / FR	2005	Kirk Jones	UIP	24/02/2006	110 187
60	Tad l'explorateur: À la recherche de la ...	ES	2012	Enrique Gato	Tiglon	15/03/2013	109 224
61	Astérix et les Vikings	FR / DK	2006	S. Fjeldmark, J. Møller	Özen Film	20/04/2007	107 149
62	The Woman in Black	GB INC / US / SE	2012	James Watkins	Pinema	09/03/2012	105 867
63	28 Weeks Later	GB / ES	2007	Juan Carlos Fresnadillo	Özen Film	13/07/2007	103 566
64	Urmel voll in Fahrt	DE	2008	Holger Tappe, R. Klooss	Tiglon	17/10/2008	102 990
65	The Contractor	BG / GB / US			Warner Bros.	21/10/2011	100 161
66	The Descent	GB	2005	Neil Marshall	Özen Film	21/04/2006	100 091
67	Breaking and Entering	GB / US	2006	Anthony Minghella	UIP	16/02/2007	96 373
68	In the Name of the King: A Dungeon ...	DE / CA / US	2007	Uwe Boll	Özen Film	28/03/2008	95 063
69	Der Untergang	DE / IT	2004	Oliver Hirschbiegel	Özen Film	25/03/2005	93 253
70	Naboer	NO / SE / DK	2005	Pål Sletaune	Kenda	23/09/2005	91 038
71	Transporter 3	FR / GB	2008	Olivier Megaton	UIP	26/12/2008	90 264
72	Urmel aus dem Eis	DE	2006	Holger Tappe, R. Klooss	Bir Film	18/05/2007	87 708
73	Transporter 2	FR	2005	Louis Leterrier	Özen Film	14/10/2005	87 092
74	Silent Hill: Revelation 3D	FR / US	2012	Michael J. Bassett	Pinema	09/11/2012	87 040
75	Hitman	FR / US	2007	Xavier Gens	Özen Film	07/12/2007	86 645
76	Niko - lentäjän poika	FI / DE / DK / IE	2008	M. Hegner, K. Juusonon	Tiglon	20/02/2009	85 676
77	Match Point	GB INC / US / LU	2005	Woody Allen	Warner Bros.	17/02/2006	84 920
78	The Pirates! Band of Misfits	GB INC / US	2012	Jeff Newitt, Peter Lord	Warner Bros.	20/04/2012	81 821
79	Snezhnaya koroleva	RU	2012	M. Sveshnikov, V. Barbe	UIP	05/04/2013	81 225
80	La véritable histoire du Chat Botté	FR / BE / CH	2008	Pascal Hérol, Jérôme Deschamp	Medyavizyon	11/09/2009	80 804

Source: OBS/LUMIERE, Antrakt



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13 Exhibition market

13.1 Theatrical infrastructure

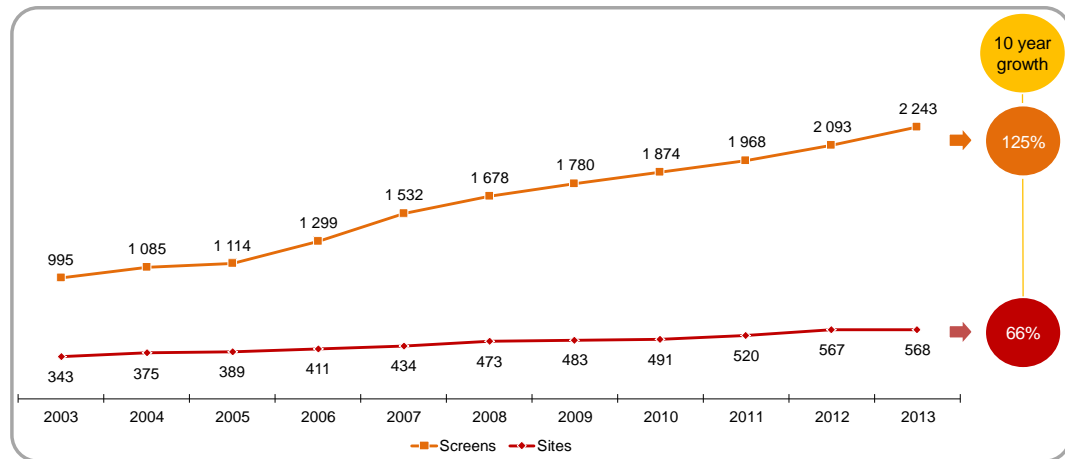
Note: There is no official public source collecting and providing data on the development of theatrical screens and sites in Turkey. All data on cinema sites, screens seats as well as digital cinema data have been provided by Antrakt, which - according to the knowledge of the Observatory - is the only company collecting and publishing such figures on a regular and systematic basis.

From large, family-run monoscreens to a circuit dominated shopping mall cinema culture

The Turkish theatrical landscape changed dramatically over time. During the Yeşilçam period most of the over 2 000 cinemas were local, family run businesses which operated only one large screen and every other cinema was an open air cinema. Concurrent with the box office decline the number of cinemas imploded, falling to less than 300 screens by 1990. Since the turn of the century however screen numbers increased significantly again, primarily driven by cinema chains like Mars Entertainment or AFM which developed modern multiplexes in the ever growing number of shopping malls. In the course of this process many small but traditional cinemas, like Istanbul's famous Emek cinema, were closed down in order to give way to new constructions projects. Today, Turkey's cinema culture can be largely characterised a 'shopping mall cinema culture' with high concentration levels.

By 2013 the number of screens has grown to 2 243, comparing to 995 screens at the end of 2003. This means that screen figures more than doubled over the past decade (see Figure 26 / Table 40). The number of cinema sites also jumped from 343 (2003) to 568 (2013). This makes Turkey the 7th largest market in terms of both screens as well as cinema sites as illustrated in Table 41 overleaf.

Figure 26 Cinema screens and sites 2003-2013



Source: Antrakt

Table 40 Cinema sites, screens and seats 2003-2013

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	CAGR
Sites	343	375	389	411	434	473	483	491	520	567	568	
- % growth	-	9%	4%	6%	6%	9%	2%	2%	6%	9%	0%	5.2%
Screens	995	1 085	1 114	1 299	1 532	1 678	1 780	1 874	1 968	2 093	2 243	
- % growth	-	9%	3%	17%	18%	10%	6%	5%	5%	6%	7%	8.5%
Seats	198 782	242 890	186 380	197 989	207 422	226 970	242 479	254 027	256 572	268 072	294 613	
- % growth	-	22%	-23%	6%	5%	9%	7%	5%	1%	4%	10%	4.0%

Source: Antrakt

Table 41 Rankings by screens and sites 2013

Cinema screens 2013 (est)			Cinema sites 2013 (est)		
Rank	Country	Screens	Rank	Country	Sites
1	France	5 587	1	France	2 025
2	Germany	4 610	2	Germany	1 637
3	Spain	3 894	6	Italy*	1 631
4	UK	3 867	4	Russian Federation	1 101
5	Italy*	3 808	5	Spain*	838
6	Russian Federation	3 479	6	UK	756
7	Turkey	2 243	7	Turkey	568
8	Poland	1 259	8	Poland	516
9	Sweden	774	9	Czech Republic	474
10	Netherlands	830	10	Sweden	424

* 2012

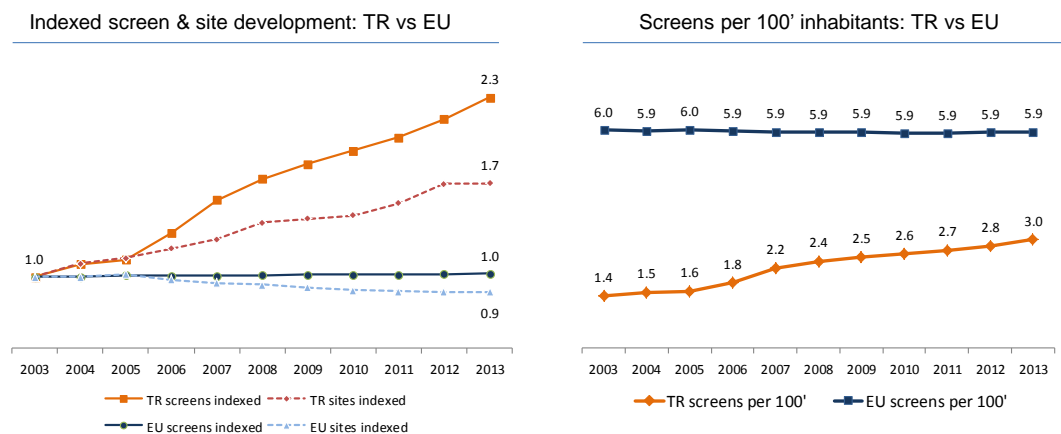
Source: OBS, Antrakt

This growth in screen figures stands in clear contrast to the stagnating or even declining number of cinema screens in the vast majority of European markets. While the number of cinema screens remained practically flat in the EU and the number of cinemas has actually been decreasing over the past years, theatrical screens more than doubled in Turkey as the number of cinema sites grew by a factor of x1.7 (see Figure 27).

Despite this increase in screens Turkey is still well below EU levels with respect to screen density. While screen density practically doubled in Turkey jumping from 1.4 by the end of 2003 to 3 screens per 100 000 inhabitants by the end of 2013, it is still only have as high as the EU average which has remained stable at 6 cinema screens per 100 000 inhabitants over the past ten years. As discussed in chapter 11.2 these data can be interpreted as Turkey still being ‘underscreened’ and a further increase in screen numbers potentially stimulating future box office growth.

Indeed, the most recent data collected by Antrakt illustrate that screen growth continued in 2014, with an additional net 109 screens opening in 23 new sites during the first nine months of the year, bringing the total number of screens and sites to 2 352 and 591 respectively.

Figure 27 Screen development Turkey vs EU 2003-2013



Source: OBS, Antrakt

Commercial vs municipal cinemas

When comparing statistics on cinema screens and the number of theatres, it is always important to define what it is being counted as a 'cinema'. Antrakt distinguishes four different types of cinemas in fixed structures, as shown in Table 42.

Table 42 Cinema screens and sites by 'commercial' type 2013

Commercial' cinema type	Screens	% share	Sites	% share
A - Regular commercial cinemas	1 974	88%	337	59%
B - Municipality cinemas with regular film screenings	124	6%	87	15%
C - Multi-purpose halls with irregular film screenings	109	5%	108	19%
D - Cultural centers, museum, etc. with occasional screenings	36	2%	36	6%
Total	2 243	100%	568	100%
Open air cinemas	11	-	11	-

Source: Antrakt

When calculating total screen and site figures for Turkey, Antrakt takes into consideration all four types, as all of them sell tickets to film screenings and hence generate box office.

By the end of 2013, there were 568 active cinemas operating 2 243 screens. Though only 60% of cinema sites were operated by commercial exhibitors (type A), they accounted for almost 90% of theatrical screens, practically constituting the commercially relevant box office market.

Municipal cinemas with regular screenings (type B) represented 15% of cinema sites and 6% of the total screens. About 5% of the screens were located in multi-purpose halls - generally run by municipalities - showing films on an irregular basis (type C). Such multi-purpose halls accounted however for 19% of the total number of sites screening theatrical films. Most municipal cinemas and multi-purpose halls generate limited box office but rather fulfil community and cultural functions allowing people in areas with no commercial cinema to view theatrical films. Finally, there were also 36 cultural centres / museums (type D) which screened theatrical films on an occasional basis.

In addition to these four types of cinemas, Antrakt counted 11 open air cinemas which are treated as a separate category and not included in the headline figures. This is consistent with the methodology used by the European Film Agency Research Network.

Cinemas by size

The most common form of cinemas by the end of 2013, were large multiplexes (cinemas operating 4 to 7 screens): 154 cinemas fell into that category, representing 36% of all cinemas with a regular commercial screening schedule (types A and B). The number of multiplexes (8 screens or more) only slightly exceeded the number of small multiplexes (2-3 screens) counting 98 and 93 sites respectively. One out of five cinemas however still operates only one screen.

In terms of screen volume multiplexes already dominate the market accounting for 929 screens or 44% of all commercial screens in Turkey. 860 screens are located in large multiplexes (41%) while 230 screens are operated in small multiplexes (11%). Monoscreens accounted for only 4% of total screens (see Table 43 overleaf).

Table 43 Cinema screens and sites by size type 2013

Refers only to cinemas with regular commercial screenings (types A+B).

Cinema size type	Screens	% share	Sites	% share
Multi- / Megaplexes (8 or more screens)	929	44%	98	23%
Large Miniplexes (4-7 screens)	860	41%	154	36%
Small Miniplexes (2-3 screens)	230	11%	93	22%
Monoscreens	79	4%	79	19%
Total	2 098	100%	424	100%

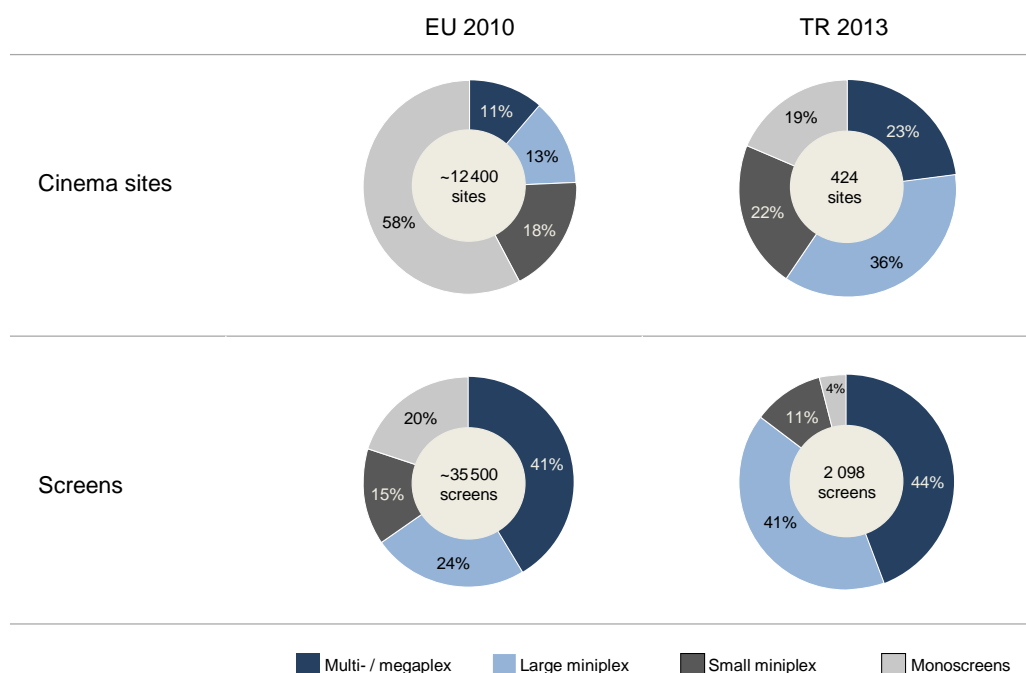
Source: Antrakt

In contrast to the European market, Turkish cinemas are fairly equally spread among the different size categories. While monoscreens still represented the largest type of cinema in Europe in 2010, accounting for almost 60% of all cinemas and about 20% of total European screens, they actually represented the smallest category of cinemas in Turkey by the end of 2013 (see Figure 28). This can be explained by the fact that the theatrical crisis of Turkey in the 1980s and 1990s had led to the closure of most monoscreen cinemas and the more recent growth in screen figures had been driven by larger cinemas such as multiplexes and large miniplexes.

It can be assumed that - without public support - the number of monoscreens will significantly decrease as Turkey switches to digital distribution and the proportion of multiplexes will increase over time.

Figure 28 Sites and screens by cinema size: Europe (2010) vs Turkey (2013) (est)

Turkish data refer only to cinemas with regular commercial screenings (types A+B).



Source: OBS

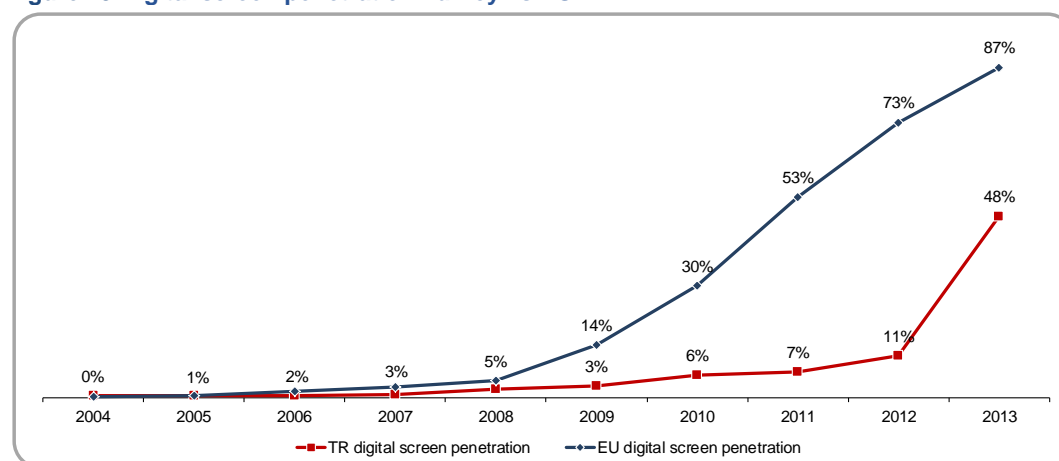
13.2 Digital cinema

Turkey has been lagging behind with respect to digital cinema

Turkey has been clearly lagging behind the rest of Europe with a time lag of about four years when it comes to digital cinema. By the end of 2012 only 11% of Turkish screens had been converted, a benchmark which had been surpassed in the EU already in 2009. As illustrated in Figure 29, digital conversion only gained momentum in 2013 when the number of digital screens more than quadrupled and digital screen penetration jumped from 11% to 48%. Though a big year-on-year increase, digital screen penetration is still significantly lower than in the EU, where an estimated 87% of all screens in the EU had been digitised as of December 2013.

So despite the surge in digital screens in 2013, Turkey still ranked among the five European countries with the lowest digital screen penetration as shown in Table 45 overleaf.

Figure 29 Digital screen penetration Turkey vs EU



Sources: OBS, Antrakt

Table 44 Digital screens & sites in Turkey 2004-2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Digital screens	5	5	8	13	40	57	114	135	229	1 073
- % of total screens	0%	0%	1%	1%	2%	3%	6%	7%	11%	48%
- 3D screens	-	-	-	-	-	-	-	-	-	433
- % of digital screens	-	-	-	-	-	-	-	-	-	40%
- 2D screens	-	-	-	-	-	-	-	-	-	640
- % of digital screens	-	-	-	-	-	-	-	-	-	60%
Digital sites	5	5	8	12	40	55	102	133	147	235
- % of total sites	1%	1%	2%	3%	8%	11%	21%	26%	26%	41%
Digital screens per site	1.0	1.0	1.0	1.1	1.0	1.0	1.1	1.0	1.6	4.6

Sources: Antrakt, OBS

 Roll-out of 2D digital screens started only in 2013

As clearly illustrated in Table 44, the roll-out of digital cinema in Turkey only took off in 2013 when digital screen figures jumped from 229 by the end of 2012 to 1 073 digital screens by end 2013.

Up until 2012 the conversion to digital cinema had been more or less restricted to equipping cinema complexes with one 3D screen in order to be able to show the big 3D blockbusters. This is clearly indicated by the fact that up until 2011 there was generally only one single digital screen per site and that one screen was equipped for 3D projection. In 2012 the average number of digital screens per site increased slightly to 1.6 but it was only in 2013 that Turkish exhibitors started to convert multiple screens in individual complexes with the average number of digital screens per site increasing to 4.6. This is among the ten highest rates among in Europe and well above the European average of 3.5 which hints at a high concentration of digital screens among the country's larger cinemas.

While 3D had obviously also had been the initial growth driver for digitisation in the rest of Europe, most other European markets had by then already made significant progress into converting several screens securing a healthy mix of digital 2D and 3D screens to optimise programming flexibility. In Turkey this only happened in 2013, with the share of 3D screens as a portion of total digital screen dropping to 40%, which is actually slightly below the average of other large European markets.

With 1 073 digital screens as of December 2013 Turkey had the seventh largest digital screen base in Europe, but remains among the three European countries with the lowest digital screen penetration (see Table 45).

Table 45 Rankings by digital screens and digital screen penetration 2013

Digital screens 2013			Digital screen penetration 2013		
Rank	Country		Rank	Country	
1	France	5 433	1	UK	100%
2	Germany	4 170	-	Netherlands	100%
3	UK	3 860	-	Finland	100%
4	Russian Federation	2 967	-	Luxembourg	100%
5	Italy	2 850	-	Norway	100%
6	Spain	2 720	...		
7	Turkey	1 073	29	Lithuania	62%
8	Poland	972	30	Latvia	55%
9	Netherlands	830	31	Turkey est	48%
10	Sweden	707	32	Slovenia	44%
...			33	Greece	27%

Sources: Media Salles, Antrakt, CNC, OBS

Digital cinema roll-out in the rest of Europe⁵²

It took a while for digital cinema to take off. While facing many challenges - such as the development of standards, availability of content, etc. - the financing question represented arguably the single biggest stumbling block towards large scale roll-out.

Initial phase driven by 3D

From an economic point of view digital cinema simply did not make much sense for exhibitors who were faced with increasing investment costs while the lion's share of the savings would go to distributors. 3D blockbusters finally provided the first viable business model for exhibitors thanks to premium ticket prices and overwhelming audience interest in promising slates of US 3D blockbusters like *Ice Age: Dawn of the Dinosaurs* (2009) and *Avatar* (2009). In hindsight it is hence not surprising that the initial phase of large scale digital cinema roll-out - which happened in most European markets during 2009 and 2010 - was more or less entirely driven by 3D installations. By the end of 2009 and 2010 3D accounted for 88% and 91% of total digital screens in Europe on average respectively. The majority of these digital screens were either financed by exhibitors themselves or through VPF⁵³ schemes, which had become available in Europe from 2007 onwards. Most of these VPF schemes were administered by Third Party Integrators like XDC, Arts Alliance Media or Ymagis, as only very few leading exhibition chains succeeded in negotiating direct VPF deals with US majors.

Full roll-out driven by VPF schemes and complementary public initiatives

Roll-out entered its second major phase in 2011 when - for the first time - it was driven by the installation of digital 2D screens and 3D screen share dropped to 66% (2012) and 56% (2013) on average across Europe.

Mainstream roll-out was clearly driven by the large commercial circuits which stood to benefit most from the increased economies of scale offered by digital cinema. Once having crossed the point of no return exhibitors made an effort to convert their entire screen base as quickly as possible in order to exploit the full benefits of programming flexibility offered by digital cinema and to avoid the high costs of maintaining digital as well as analogue projection systems. Also, if signed up to a **VPF scheme**, they were generally contractually obliged to digitise their entire screen base within a certain period of time⁵⁴. VPF schemes - which had often been used to initially finance 3D screens - hence became a major growth driver in the full conversion of the screen bases of the leading exhibition chains.

VPF financing however was only available for about 80% to 85% of European screens, leaving an estimated financing gap of 15% to 20% of the over 35 000 European screens. This led to the launch of several **public initiatives** particularly in 2010 and 2011 which came to provide the second major growth stimulus to drive digital screen penetration in the EU to 87% by the end of 2013. Public initiatives took various forms depending on the market structures in the individual countries.

⁵² See *The European Digital Cinema Report* (2011) published by the European Audiovisual Observatory for further details <http://www.obs.coe.int/publications/2011>

⁵³ The Virtual Print Fee (VPF) is a financing mechanism for funding the investment costs related to the installation of digital cinema equipment. It is based on content suppliers, i.e. generally distributors, paying a fee every time a digital copy of their content is booked on a digital screen. The amount of the VPF is negotiated on a case by case basis and there are different models as to the amount and the frequency of VPF payments ranging from one-off payments to weekly payments of digressing fees over time. The financial terms are generally confidential but can vary significantly ranging from EUR 70 to EUR 650-750, the latter communicated by Third Party Integrators in 2011. Though primarily administered through commercial Third Party Integrators like AAM or Ymagis this VPF concept can be applied in other, very different contexts such as e.g. direct VPF deals between individual exhibitors and distributors or publicly funded national roll-out schemes.

⁵⁴ Leaving contractual obligations aside, more or less all stakeholders in the film industry had an interest to keep the costly transition period - during which both the distribution of 35mm as well as digital formats was required - as short as possible.

The most common form⁵⁵ was the introduction of **direct public funding schemes** to support digital conversion, many of them targeting primarily 'cinemas at risk', i.e. generally smaller and art-house cinemas. Other countries like Norway and the Netherlands opted for comprehensive **collective solutions** essentially forming Public Buying Groups where exhibitors negotiate as an entity with total investment cost split between exhibitors, distributors and a public source of finance.

A **tax credit** for exhibitors installing digital equipment was introduced e.g. in Italy while France pursued a **legislative approach** obliging distributors to contribute to the cost of digital conversion as well as offering direct public support for cinemas failing to finance the conversion despite distributor contributions.

Differences in digital cinema roll-out in Turkey due to lack of financing options

In Turkey digital cinema followed this roll-out pattern only to a certain extent. Like in the rest of Europe digital conversion was initially driven by the larger cinema chains which converted generally one screen per cinema complex into a 3D screen. This phase however lasted much longer in Turkey, as digital roll-out did not enter into the second phase, the full conversion phase, until 2013. 3D screens continued to account for the vast majority of digital screens until 2012 when the median 3D share had already dropped to 55% in the other 10 largest European cinema markets. This delay in large scale roll-out seems to be linked to the limited availability of financing options which are related to some specific characteristics of the Turkish theatrical market.

Very limited availability of VPF financing solutions

While VPF schemes proved to be the single most important driver of full digital cinema roll-out in most European markets, VPF financing models have not been accessible to the vast majority of Turkish exhibitors.

According to Mars Entertainment, the market dominating cinema chain, Mars was the only exhibitor able to negotiate direct VPF deals with US studios as of October 2014 and has been collecting virtual print fees from all distributors since January 2014. According to market experts, discussions between Third Party Integrators - which represent US studios collectively - and other exhibitors were however still ongoing as of October 2014. While the vast majority of European exhibitors secured VPF financing via such integrator VPF schemes, no such deployment deals were signed with any Turkish exhibitor until November 2013, when Dcinex signed an agreement with Turkey's fourth largest cinema chain, Cinema PINK, for the deployment of 113 Sony 4K digital cinema systems⁵⁶. By the end of October 2014 Dcinex, now a subsidiary of Ymagis, confirmed agreements with Avşar Sinema, CIN-EMARINE and Cinema Pink for a digitisation of a cumulative 236 screens under its VPF model. No other VPF deals could be identified as of October 2014.

The dominant 'rent-a-distributor' business model for theatrical distribution where the producer - and not the distributor - has to pay the VPF in combination with the extremely fragmented producer market is a probable cause for the long absence of third party VPF schemes. In most other European markets third party integrators signed VPF deals either with large individual distributors or negotiated industrywide solutions, practically sharing parts of the conversion investment costs with those benefiting from lower print costs. Such an approach of course proves more difficult in Turkey, where it is a multitude of small production companies bearing the print costs rather than a more manageable number of distributors.

⁵⁵ In 2011 – the last time the Observatory conducted a comprehensive research on the topic – 60 direct support schemes could be identified across 13 European countries.

⁵⁶ <http://www.dcinex.com/en/news/detail/dcinex-and-cinema-pink-agree-to-deploy-new-sony-4k-projection-systems-across-113-digital-screens-in-turkey-53-12>

No collective solution or national public support

Another big difference between Turkey and most other European markets is the lack of any form of national public initiative to provide direct support for digital conversion or to facilitate collective solutions like in the Netherlands or the UK. While exhibitor and distributor associations lobbied heavily in the rest of Europe in order to convince film policy makers of the need for public initiatives to support digital conversion, particularly in the case of the independent sector, no such associations exist in Turkey which features one of the highest concentration levels in Europe.

The only public support for digitisation has been provided by Eurimages⁵⁷ in co-operation with Europa Cinemas and managed by Dcinex. However, Eurimages decided to discontinue the digital equipment support programme from January 2015. As of March 2014 only two Turkish exhibitors applied for and received this support to convert a total of three screens. The limited demand for this support scheme is possibly linked to the fact that the support comes with the obligation to screen a minimum percentage of European screenings including the obligation to dedicate at least 25% of the total screenings to non-national European films⁵⁸. This may seem like a very high percentage for Turkey where domestic and US films cumulatively account for over 90% of the total box office.

Roll-out more or less driven by Mars Entertainment

Digital cinema roll-out in Turkey has consequently been driven by the leading exhibitor chains, in particular Mars Entertainment, which have the market power to negotiate VPF deals and/or the financial means to finance the digital conversion on their own and are now charging virtual print fees to producers / distributors booking those screens. By the end of 2013 digital cinema was consequently more or less restricted to few leading cinema chains. Indeed the market leading Mars Entertainment Group alone accounted for 52% of Turkey's total digital screen base, despite operating 'only' 24% of total screens. On a cumulative level the four leading cinema chains accounted for 65% of total digital screens, illustrating the fact that digital cinema tends to further divide the Turkish theatrical landscape into a two tier market.

Current situation and outlook

According to the latest Antrakt figures, digital screen penetration increased to 55% screens with regular commercial screenings as of mid-September 2014⁵⁹. Turkey is hence still in the midst of the digital conversion phase, where dual distribution in both digital as well as analogue formats is required which poses problems for all stakeholders involved. Some industry experts regard a digital screen penetration of 75% as the critical benchmark, as this would practically cover those screens which are booked for the release of the large Turkish and US blockbusters which generate the vast majority of box office. Once this benchmark is reached - and without public support - it is likely that many small, analogue cinemas will either close in the years to come or keep operating as a niche market.

Even though VPF schemes seem to have become more readily available in 2014, according to producer's association SE-YAP there is still no industry-wide agreed VPF system in place and VPF obligations vary between films and cinemas, causing major difficulties particularly for the producers and importers of non-blockbuster films.

⁵⁷ The programme intends to support exhibitors who operate theatres assisted by the Eurimages exhibition support programme (*in Albania, "The former Yugoslav Republic of Macedonia", Russia, Serbia, Turkey, Georgia*). Under this programme, Eurimages awards a grant, capped at €30 000 per screen and/or 50% of the purchase and installation costs of the digital equipment. This sum shall be used to finance the purchase and installation of digital projectors, servers and other related options. To complete the overall financing, exhibitors must seek any additional funding from their national or local authorities or secure investments from their own equity or private sources. http://www.coe.int/t/dg4/eurimages/support/supportdigitsalles_en.asp

⁵⁸ 18% in the case of multiplexes.

⁵⁹ According to figures provided by SE-YAP, digital screen penetration had increased to 65% as of May 2014.

13.3 Leading exhibitors & market concentration

As mentioned before the structure of the Turkish exhibition market changed fundamentally since 1990, when the Turkish cinema industry was in the midst of a historic crisis and significantly 'underscreened'. The vast majority of the few cinemas remaining were operated by private individuals, families or municipalities. Most exhibitors ran only a single cinema. Big chains did not exist until the turn of the century when companies like Mars Entertainment and AFM entered the market.

These chains identified the demand for larger, modern high quality cinemas and saw the potential of locating multiplexes in the newly emerging shopping malls. Along with the economic upswing and the corresponding ever increasing number of shopping malls these newly established chains quickly came to dominate the exhibition market as they opened large miniplexes or multiplexes in those shopping malls.

Leading exhibitors

According to Antrakt there were over 200 exhibition companies active on the Turkish market in 2013. The Turkish exhibition market is however dominated by a few leading cinema chains as illustrated in Table 46.

Mars Entertainment Group clearly stands out as the market leading theatrical circuit in Turkey. In 2013 the group operated 552 screens at 63 sites in 24 cities under its Cinemaximum brand, accounting for 26% of all commercial cinema screens and even 31% of all available cinema seats in Turkey.

Avşar Sinema, Prestige Sinema and CinemaPink follow at a clear distance operating 130 to 100 screens at 13 to 16 cinema sites, accounting for 5% to 6% of total screens respectively.

On a cumulative basis the nine cinema chains active in Turkey accounted for 34% of Turkish cinema sites and 54% of screens. The remaining 66% of cinema sites are operated by a large number of private individuals which run only one or two small cinemas, accounting for a cumulative 44% of Turkey's screen base in 2013.

Table 46 Cinema sites, screens and seats by exhibitor (ranked by screens) - 2013

Rank	Theatrical Circuit	Group	Core business	Cities	Sites	Screens	Seats
1	Cinemaximum	Mars Entertainment Group	Diversified Business Group	24	63	552	82 457
2	Avşar Sinema	Avşar	Film	11	16	130	18 300
3	CinemaPink	Pink Cinema	Exhibition	8	15	107	9 791
4	Prestige Sinema	Prestige Sinema	Exhibition	9	13	100	10 639
5	CINEMARINE	Cinmarine	Exhibition	8	9	72	6 967
6	Site Sinemaları	SİTE	Exhibition	5	11	68	6 764
7	Cinetech	Torunlar	Real Estate Development	4	5	38	5 475
8	Cinens	Cinens	Exhibition	6	8	44	5 252
9	Cinecity	Alarko	Diversified Business Group	4	6	29	3 682
Other exhibitors (running one or two cinema sites)				-	278	958	120 128
Total				-	424	2 098	269 455

Source: Antrakt

Short profiles of leading exhibition companies



www.marscinemagroup.com.tr



www.marsentertainmentgroup.com.tr



www.cinemaximum.com.tr

Mars Entertainment Group / Cinemaximum

NB: As of January 2014 Mars has been operating its cinema activities as **Mars Cinema Group**. Until 2013 Mars' cinema activities were run as one out of three business units of Mars Entertainment Group, which was also active in the fitness/wellness and food/entertainment sector. The company was founded in 2001 and spearheaded the trend of building state-of-the-art multiplexes in shopping malls. Since its merger with the former market leading cinema chain AFM, Mars' cinema network, currently operating under the Cinemaximum brand, is by far Turkey's largest theatrical circuit. In 2013 the company operated 552 screens in 63 cinema sites in 24 cities across Turkey, as well as all IMAX screens in the country. Starting out solely as an exhibitor, Mars Entertainment today claims to be the only vertically integrated company in all relevant parts of the industry value chain including film acquisition, production and distribution, digital lab services, e-ticketing, and cinema advertising. It is the patron of If, the International Independent Film Festival. In 2013 Mars Entertainment Group and its founder and CEO Muzaffer Yildirim were given CineEurope's 'International Exhibitor of the Year Award'.



www.avşarsinema.com.tr

Avşar Sinema

The exhibition arm of Avşar Film, Avşar Sinema, is the second largest cinema chain in Turkey operating 130 screens in 16 cinema complexes in 11 cities in 2013. Founded in 1983 as a pure exhibitor Avşar Film soon developed into a vertically integrated film company expanding its activities to the import and distribution of film as well as to the production of theatrical and TV film and series. Avşar Film is based in Istanbul.



www.cinemapink.com

CinemaPink

Turkey's third largest cinema circuit in terms of cinema screens: In 2013 CinemaPink operated 107 screens in 15 cinema sites across 8 different cities. The company is based in Istanbul. In contrast to many of its competitors CinemaPink focuses on the exhibition business and is not active in any other film related activities.



www.prestigecinema.com.tr

Prestige Sinema

With 100 screens in 13 cinema sites across 9 different cities, Prestige Sinema was the fourth largest Turkish cinema chain in terms of cinema screens in 2013. Measured in terms of seats it was actually the third largest circuit, as Prestige Sinema operates slightly larger cinemas than CinemaPink. The company is based in Istanbul. Like CinemaPink, Prestige Sinema focuses its activities on the exhibition business.



www.cinamarine.com.tr

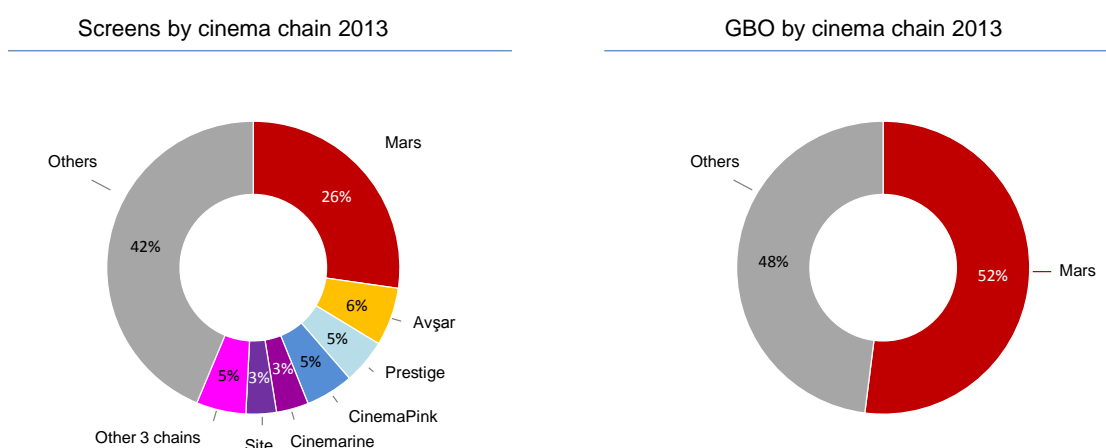
CINEMARINE

Founded in 1994 CINEMARINE operated 72 screens in 9 cinemas in 8 cities in 2013, taking rank 5 among the top theatrical circuits in Turkey. The company opened its 10th cinema site in Kayseri in 2014, adding an additional 6 screens and bringing their total seating to almost 8 000. The company is based on Bodrum. CINEMARINE is only active in the exhibition business.

Concentration

The Turkish theatrical market is clearly dominated by Mars Entertainment Group which currently operates its cinemas under the Cinemaximum brand. As illustrated in Figure 30, Mars operated 26% of all Turkish cinema screens⁶⁰ and took 52% of total box office in 2013.

Figure 30 Screens and admissions by cinema chain 2013



Source: Antrakt, Mars Entertainment

Whilst this level of screen concentration is comparatively high when compared to larger markets like France, Germany, Italy or Spain, it is not uncommon for other mid-sized markets like Poland, the Netherlands or Belgium and could also be observed in the UK (see Table 47).

Market concentration is however significantly more pronounced when it comes to other indicators: in 2013 almost two out of three digital screens as well as all of the IMAX screens in the country were operated by Mars which took 52% of the Turkish box office and 85% of the screen-advertising market. Taking into account the already secured locations to be opened by 2018, Cinemaximum expects to reach 1 000 screens and 74% of the total box office⁶¹ market.

Table 47 Box office market share of leading cinema chain: International comparison 2013 (est)

Rank	Country	Adm 2013	Leading cinema chain	Box Office Share	Screen share
1	Turkey	50.4	Mars	52%	26%
2	Netherlands	30.8	Pathé Bioscopen	46%	20%
3	Belgium	20.9	Kinepolis	44%	28%
4	Poland	36.3	Cinema City Poland	35%	27%
5	UK	129.7	Odeon	25%	23%
6	France	193.6	Les Cinémas Gaumont Pathé	24%	14%
7	Spain	78.2	Cinesa	22%	13%
7	Germany	129.7	Cinestar	19%	11%
8	Italy	106.7	UCI Cinema	n/c	12%
10	Russian Federation	177.1	Cinema Park	18%	8%

Source: OBS

⁶⁰ Screens with regular screenings (types A+B).

⁶¹ http://www.filmjournal.com/filmjournal/content_display/news-and-features/news/cinemas/e3i56a0c6ce36fec22bd6b674e96096588e

The Turkish theatrical market shows hence the highest concentration level among the ten largest European markets. In no other of the top 10 European markets did the market leading cinema chain account for a box office share of over 50%.

Generally speaking concentration levels often seem to be linked to the size of the market. In the five largest Western European markets the leading cinema chains did not take more than 25% of total box office, while market concentration tends to be higher in smaller and mid-sized markets with Pathé Bioscopen taking 46% in the Netherlands, Kinopolis 44% in Belgium and Cinema City 35% in Poland.

These figures illustrate the success of Mars (Cinemaximum) which clearly stands out in the pan-European landscape with respect to their market position in a single territory. Founded only in 2001, Mars achieved this market dominance in a comparatively short period of time. On the one hand this was achieved by the company's successful strategy of focusing on building state-of-the-art multiplex cinemas in shopping malls, thereby catering to demands of the increasing number of people being attracted by the mushrooming number of shopping malls built in the first decade of the century. The absolute market dominance was however attained by the acquisition of its main competitor AFM - the market leading cinema chain at the time - in 2011.

Merger of two leading cinema chains - Mars and AFM - in 2011

Given the potential competition concerns arising from the merger of the two largest cinema chains on the market, the merger was investigated by the Turkish Competition Board which ultimately gave its clearance based on an economic analysis of the potential effects of the merger within appropriate geographic areas⁶². Though the Competition Board's reasoned clearance decision mentioned several such geographic definitions, it ultimately applied its economic analysis on 38 geographic markets on the basis of 15-20 minute isochrones, i.e. areas within a 15-20 minute driving distance from AFM cinema locations in Istanbul, Ankara, Izmir and Antalya. Based on this approach the Competition Board identified competition concerns in only five out of the 38 micro geographic markets but did not identify such concerns on any of the wider geographic areas defined in the decision. Neither did it assume that the merged company would have any relevant adverse effects on the vertical relationships with distributors or other suppliers concluding that such anti-competitive practices would not be likely to occur due to the highly concentrated structure of the distribution market and the general nature of business practices in the industry. So, after divesting 12 cinemas in the five identified micro regions the merger was approved. The Competition Board however imposed an obligation upon Mars to provide information about the ticket prices and the price changes at the end of January for a period of five years. The merger was given clearance by the Turkish Competition Board in April 2012 after Mars and AFM agreed to certain remedy measures in order to address certain competition concerns which had been raised in the investigation phase.

Following the Competition Authority's clearance decision, however, a case was lodged before the Supreme Administrative Court requesting the annulment of the decision. With its judgement of 17 June 2014, the Supreme Administrative Court annulled the clearance decision holding that the remedy measures submitted by Mars-AFM failed to redress the competition concerns⁶³.

However, the Court also concluded that the merger could nevertheless be given clearance within the framework of new remedy measures which would take into account the current market situation. The Judgment did however not specify how these remedy measures would have to look like. At the time of writing the case is still ongoing both parties can still lodge an appeal against this judgement.

⁶² <http://www.kinstellar.com/locations/news-and-insights/detail/bucharest-romania/127/the-turkish-competition-board-approves-a-merger-in-the-movie-services-market-subject-to-remedies-mars-sinemaafm-case>

⁶³ Reference for the Supreme Administrative Court judgement: Danıştay 13. Daire (13th chamber of Supreme Administrative Court), Esas No. 2012/2013; Karar No. 2014/2507, judgement date 17/6/2014.

14 Distribution market

14.1 Dominance of 'rent-a-distributor' business model

In order to understand the Turkish distribution market it is important to know that in Turkey distributors generally only play a booking and collection function, i.e. they generally do not take any financial risk by acquiring distribution rights, paying minimum guarantees or entering into pre-sale agreements.

Print and advertising costs are carried by the production companies or importing companies. It is hence generally up to the production company/importer to decide upon the number of film copies they want to release their film on as well as to manage the marketing campaign for the films and carry all related P&A costs, including VPF. This business model is sometimes called the 'rent-a-distributor'⁶⁴ model which is generally entered into only after the film is produced.

Given the very limited financial risk carried by most distributors, distributor fees are lower in this business model than in most other European markets where distributors generally share some operational risk by paying for the distribution rights and carrying the P&A expenses. Though distributor fees may vary in individual cases they generally amount to about 10%, even less for popular films.

As mentioned in chapter 7, this distribution model tends to put smaller producers at a disadvantage as they generally do not dispose of the necessary resources, know-how and market power to develop competitive release strategies and marketing campaigns. Their films may consequently have an even harder time finding their audiences amidst the market dominating local blockbusters.

The 'rent a distributor' model may also have had an impact on the comparatively slow digitisation of cinemas as outlined in chapter 13.2.

14.2 Leading distributors & market concentration

When UIP and Warner Bros entered the Turkish market in the early 1990s they quickly established themselves as the two market leading distributors and turned the distribution market into a highly concentrated market which it has remained until today.

Turkish distribution market can be described as an oligopoly dominated by UIP, Warner Bros. and Tiglon

Though there were 11 distributors releasing films in 2013, the market - in terms of box office share - was practically dominated by only three distributors - UIP Türkiye, Warner Bros. Türkiye and Tiglon/Fida Film⁶⁵ - which cumulatively took 89% of total gross box office as shown in Table 50 and Figure 31 overleaf.

In 2013 UIP alone took 46% of total GBO, followed by the largest domestic distributor Tiglon/Fida Film (26%) and Warner Bros. (17%). Which of these three leading distributors leads the charts obviously changes from year to year depending on the success of a few blockbusters. Between 2007 and 2013 UIP proved to be the strongest distributor taking first rank in four out of seven years. Warner Bros, which led the market in 2007 consequently lost market share, generally taking third rank with a market share ranging between 14% and 19%. Özen Film used to be the largest local distributor up until 2009, even topping UIP and Warner Bros in 2009, but saw its market share drop

⁶⁴ The Feature Film Distribution Deal, p 30, John W. Cones, 1997, Southern Illinois University Press

⁶⁵ Tiglon/Fida Film has been facing financial difficulties in 2014 when upon failing to repay debts, creditors sought to liquidate the company. At the time of writing Tiglon continued parts of its commercial activities. Also see short profile on p. 109.

to 1% and below in 2012 and 2013 after losing the distribution rights of 20th Century Fox films to Tiglon Film which entered the distribution market only in 2007. Boosted by this, Tiglon Film quickly established itself as the strongest local distribution company, even topping distributor charts in 2012.

The only other distributor achieving a box office share exceeding 1% is Pinema, which secured a 7% of total GBO in 2013. Despite releasing a large number of films, like up to 54 in the case of M3 Film, the remaining distributors did not manage to capture more than 1% of total gross box office.

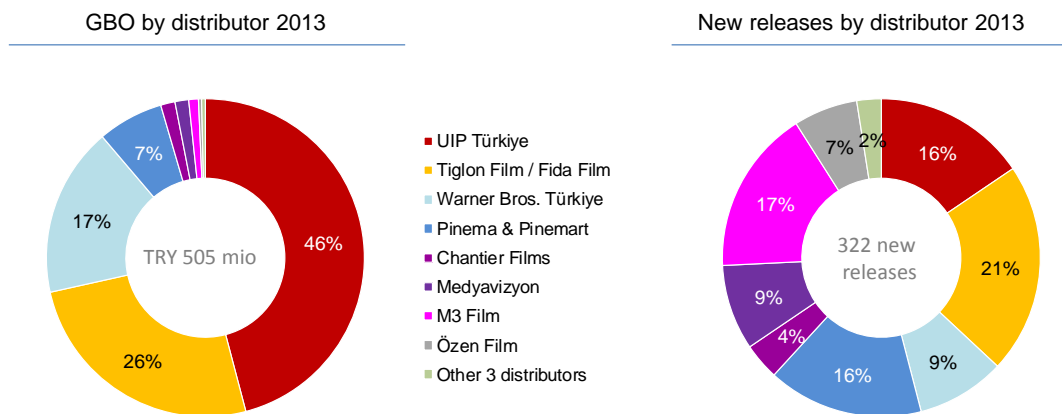
The market concentration is evidently less concentrated when it comes to the number of film releases. While the three leading distributors cumulatively took almost 90% of box office in 2013, they only released 46% of the films. With 69 releases Tiglon/Fida Film was the distributor bringing the largest number of new release to theatres, followed by M3 Film (54), Pinema (51) and UIP (50). A total of 8 distributors released 12 films or more while the three smallest distributors only released one, two and five films respectively.

Table 48 Distributor ranking by GBO 2013

Rank	Distributor	GBO in MTRY	% share	Admissions	% share	New releases	% share
1	UIP Türkiye	231.90	46%	22 848 352	45%	50	16%
2	Tiglon Film / Fida Film	129.44	26%	13 138 567	26%	69	21%
3	Warner Bros. Türkiye	87.20	17%	8 767 687	17%	29	9%
4	Pinema & Pinemart	33.83	7%	3 264 703	6%	51	16%
5	Chantier Films	7.38	1%	684 276	1%	12	4%
6	Medyavizyon	7.03	1%	815 872	2%	28	9%
7	M3 Film	4.97	1%	488 985	1%	54	17%
8	Özen Film	1.58	0%	191 698	0%	21	7%
9	Duka Film	1.54	0%	159 821	0%	5	2%
10	IFP	0.36	0%	42 385	0%	2	1%
11	Oyunçular Production	0.02	0%	1 899	0%	1	0%
12	Umut Sanat	0.00	0%	388	0%	0	0%
Total		505.26	100%	50 404 633	100%	322	100%

Source: Antrakt

Figure 31 Admissions and new releases by distributor 2013

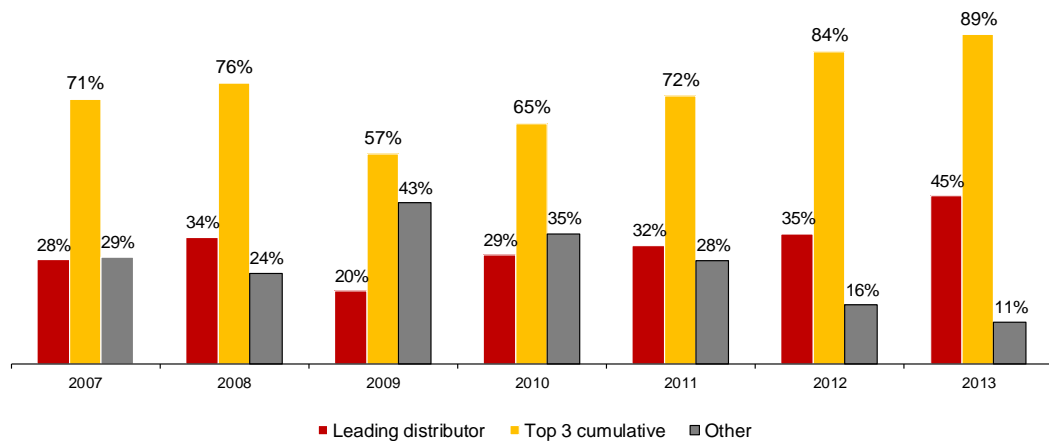


Source: Antrakt, OBS

Trend of increasing concentration levels

The recent years seem to show a trend of increasing levels of concentration as box office concentration increased year after year since 2009. The market share of the leading distributor increased from 20% in 2009 to 45% of total admissions in 2013. While the top 3 distributors cumulatively accounted for only 57% of total admissions five years ago, they took almost 90% of total admissions in 2013. Market share for the other distributors consequently declined from 43% to a mere 11% as illustrated in Figure 32.

Figure 32 Admissions concentration levels 2007-2014



Source: OBS/LUMIERE, Antrakt

Small distributors coming and going

As outlined above, there were 11 distributors bringing new releases into cinemas in 2013. The distributor directory available on the website of the Ministry of Culture⁶⁶ however lists 40 distribution companies and an analysis of the around 2 350 films released between 2005 and 2013 shows that these films were distributed by a total of 41 different distributors.

Many of these distributors however were either short lived or pursued theatrical film distribution in a rather irregular manner. Only five out of these 41 distributors did release at least one film every year in this nine year period, namely UIP, Warner Bros., Özen Film, Medyavizyon and Chantier Films. While another four companies regularly distributed films in this period - Pinema (8 years), Umut Sanat (7), Tiglon (6) and Duka (5), there were 11 distributors which released films in only two or three years, and 17 distributors which distributed films only in one single year.

The market, hence, saw a fair degree of dynamism and change as some established distributors like Bir Film, 35 Milim or KenDa stopped distributing films in 2007 when two new players, Tiglon and Pinema, entered the market and quickly established themselves as leading players.

The number of companies distributing new releases in a single year generally fluctuated between 13 and 18 but dropped to 12 and 11 companies in 2012 and 2013 respectively. The latter is the lowest level in the past 10 years and suggests an ongoing consolidation trend.

⁶⁶ <http://www.sinema.gov.tr/ana/sayfa.asp?id=153>

Clear market segmentation with regard to distributor profiles

A comparison of the average box office and number of release copies per film release clearly illustrates the different profiles of the individual distributors. There is a clear gap between the two local branches of US studios and local distributors as shown in Table 49.

Table 49 Average GBO, admissions and copies per film by distributor 2013

Rank	Distributor	Avg GBO per film	Avg adm per film	Avg copies per film	Films on release	New releases	Holdovers
1	UIP Türkiye	3 220 838	317 338	124	72	50	22
2	Warner Bros. Türkiye	2 294 712	230 729	111	38	29	9
3	Tiglon Film / Fida Film	892 719	90 611	65	145	69	76
4	Pinema & Pinemart	554 604	53 520	47	61	51	10
5	Chantier Films	320 809	29 751	47	23	12	11
6	Duka Film	256 154	26 637	44	6	5	1
7	Medyavizyon	180 306	21 193	45	28	28	0
8	IFP	178 561	20 920	50	13	2	11
9	M3 Film	65 413	6 434	10	76	54	22
10	Özen Film	46 591	5 638	30	34	21	13
11	Oyunçular Production	20 519	1 899	1	1	1	0
12	Umut Sanat	2 477	388	-	2	0	2
Total		~1 530 000	~152 000	61	499	322	177

Source: Antrakt, OBS

UIP and Warner Bros. clearly focus on films with high box office potential and generally pursue a wide release strategy. In 2013 they released their films on average on 124 and 111 copies respectively and generated a GBO of TRY 3.2 to TRY 2.3 million per release on average.

Among the local distributors Tiglon/Fida Film stands out with the largest number of film releases, comprising both domestic as well as imported (primarily US) blockbusters as well as a large number of mid-range films, resulting in average GBO of almost TRY 900 000 per film in 2013. Tiglon/Fida Film distributed its films on 65 copies on average.

Then there is a big gap to the second tier - in terms of average GBO per film - of local distributors like e.g. Pinema, Chantier Films or Medyavizyon which released their films on an average of 45 copies generating a GBO of TRY 180 000 up to 554 000 in the case of Pinema, which stands out in this group both in terms of the number of film releases as well as box office success.

The remaining three local distributors which released films in 2013 focused on smaller productions. M3 Film actually released the second largest number of films after Tiglon/Fida Film, but only in limited releases with 10 copies on average. Their 54 films generated an average GBO of TRY 65 000 in 2013. Özen Film released 21 films on an average of 30 copies generating an average GBO of TRY 46 600.

There is hence a clear market separation with generally UIP, Warner Bros and Tiglon, distributing international and local blockbusters as well as mid-range films, a market segment where they are joined by Pinema. The other distributors mainly focus on smaller Turkish productions or foreign films other than US blockbusters.

Short profiles of leading distribution companies



www.uip.com.tr

UIP Türkiye

United International Pictures (UIP), one of the world's leading film distributors, was formed in 1981 as a joint venture between Paramount Pictures and Universal Pictures. It is headquartered in London but operates distribution offices in 16 countries worldwide. UIP established its Turkish office in 1989 and quickly became one of the market leading distributors, distributing films theatrically as well as non-theatrically. In 2013 UIP released 50 films theatrically and generated TRY 232 million in GBO, thereby clearly dominating the Turkish distribution market with a 46% of total GBO. UIP Türkiye primarily distributes US studio titles from i.a. Paramount, Universal, Walt Disney or Dreamworks as well as local films with commercial potential.



www.warnerbros.com.tr

Warner Bros. Türkiye

Like UIP, Warner Bros. started directly distributing its films in Turkey in 1989 and quickly became one of the three market leading distributors. In 2013 Warner Bros. released only 29 films and generated GBO of TRY 87 million (17% market share) making it the third highest grossing distributor after UIP and Tiglon. Apart from its own titles, Warner Bros. distributes primarily other US studio titles from Sony, Columbia as well as a smaller number of Turkish and European mainstream films.



www.tiglon.com.tr

Tiglon / Fida Film

Tiglon was the by far largest Turkish distributor and as of 2013 the only local distributor able to compete with the two US majors after becoming the local distribution partner of 20th Century Fox. In 2013 Tiglon theatrically released a total of 69 films, the largest number of any distributor in Turkey, and generated TRY 129 million in GBO (26% market share). Apart from local films Tiglon/Fida Film also distributes US blockbusters from i.a. 20th Century Fox and Lionsgate as well as a larger number of European films. The company in its current form is the result of a merger between Tiglon and Fida Film in 2011. It is also active in film production as well as video distribution, screen advertising and runs laboratories.

Important note: Tiglon/Fida Film has been facing financial difficulties in 2014⁶⁷ when upon failing to repay debts, creditors sought to liquidate the company. Upon presentation of a rescue plan including a repayment schedule for existing debts as well as the provision of guarantees the company could postpone its liquidation and continued parts of its commercial activities at the time of writing.



www.pinema.com

Pinema

Pinema was founded in 1992 and has one of the longest track records among local distributors to look back onto. Pinema distributes i.a. the films produced and imported by Mars Entertainment Group, which also operates Turkey's market leading cinema chain, as well as films produced by Boyut Film. Pinema also distributes a large number of US films and has first look deals with i.a. Relativity and Morgan Creek. In 2012 Pinema introduced its PinemArt label to distribute art-house and limited release projects. In 2013 Pinema released 51 films theatrically and generated a GBO of TRY 34 million (7% market share).

⁶⁷ See http://www.radikal.com.tr/hayat/recep_ivedikin_parasi_hababam_sinifindan-1199976

14.3 Who imports / distributes foreign films?

In principle there are of course a variety of ways how to distribute a foreign film theatrically in Turkey. In most cases however the 'rent a distributor' distribution model described earlier for domestic films applies in principle also to foreign films with the importing company taking over the role of the local production company in the case of Turkish films.

After acquiring the exploitation rights from the foreign licensor, generally an international sales agent or the producer, the importer arranges the dubbing or subtitling for the film, secures the 'screening permit' and age classification required for theatrical release in Turkey, produces the film prints and manages the marketing campaign for the film release. Depending on the contract with the foreign licensor, P&A costs (including VPF) are either carried by the importing company or shared with the licensor. Booking, print logistics, handling of VPF payments, fee collection and ticket audit are again outsourced to the distributor. The foreign licensor generally only deals with the importing company.

Who are the leading film importers?

While most of the distribution companies also import films, there is a significant number of companies importing films without distributing them themselves: In 2012 and 2013 there were about three times as many companies importing films as there were distribution companies when a total of 36 companies imported a total of 449 foreign films in this time period. Table 50 ranks the top 15 Turkish film import companies by number of films imported.

Table 50 Top 15 film importing companies ranked by film imports 2012/2013 (cumulative)

Rank	Importing company	Films imported	GBO in M TRY	Admissions
1	UIP Türkiye	56	144 914 474	13 327 061
2	Fida Film / Tıglon	54	100 694 057	9 969 960
3	Bir Film	52	9 179 045	950 861
4	Calinos	46	6 747 705	680 499
5	Wamer Bros. Türkiye	42	126 916 098	11 296 729
6	Pinema	36	13 099 425	1 199 873
7	Marst Entertainment	27	10 307 502	934 721
8	Chantier	21	13 345 378	1 169 005
9	Medyavizyon	20	10 944 204	1 125 520
10	D Productions	11	4 792 880	437 500
11	Kurmaca	9	572 182	63 421
12	TMC	8	5 326 990	502 609
-	Duka Film	8	2 069 043	221 019
-	Filma	8	1 418 238	134 028
15	Özen Film	6	911 084	101 125
-	Siyah Beyaz	6	512 318	60 695
	Other 20 importers	39	12 460 558	1 253 741
	Total 36 film importers	449	464 211 179	43 428 367

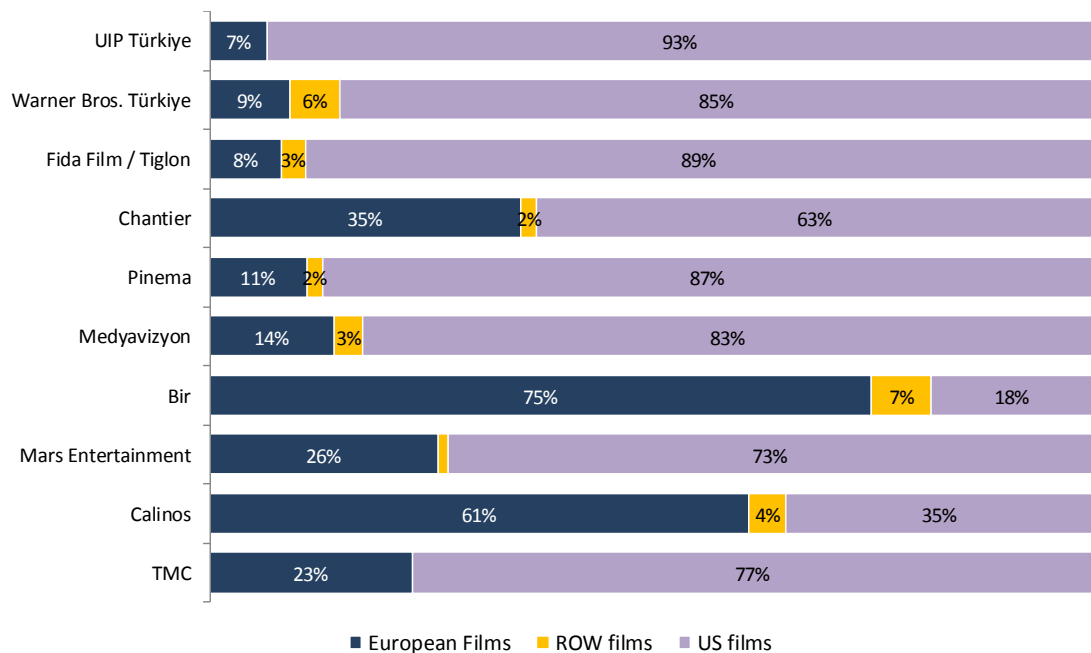
Source: Anrakt, OBS

With 56 foreign films imported UIP was the most active film importer, closely followed by Tiglon/Fida Film (54 film imports), Bir Film (52) and with a bit of a distance Calinos (46), Warner Bros. (42) and Pinema (36).

The picture evidently looks less diverse when it comes to the allocation of box office share where the three market dominating distributors / importers - UIP, Warner Bros and Tiglon/Fida Film - clearly outdistance all their competitors with cumulative admissions ranging from 10 to 13.3 million in 2012 and 2013. Led by Chantier and Pinema another six import companies generated around 1 million ticket sales with their imported films.

As shown in Figure 33, most of the ten top grossing film importers focus on the import of US films. Two of the top importers, however, seem to be specialised on European films: Bir Film (75% of their imported films were European in 2012-2013) and Calinos (61%). Though not taking the majority share European films accounted for over 20% in the film portfolios of Chantier (35%), Mars Entertainment (26%) and TMC (23%).

Figure 33 Top 10 grossing importers' film portfolio by region of origin 2012/2013



Source: OBS, Antrakt

Who imports US films?

In total 253 US films were imported for theatrical release by 23 Turkish companies in 2012 and 2013.

Not surprisingly the majority of US films were imported by either UIP, Warner Bros. or Tiglon/Fida Film which has a distribution agreements with e.g. 20th Century Fox and Lionsgate. US blockbusters and mid-range films were almost exclusively imported by these three companies which cumulatively accounted for 86% of total admissions to US films in 2012 and 2013.

Most of the other companies imported mostly low-range independent productions with some of the larger companies like Pinema, Medyavizyon, Mars Entertainment or Chantier also being active in the mid-range segment importing productions like *Ghost Rider: Spirit of Vengeance*, *Scary Movie 5*

(Pinema), *The Cabin in the Woods*, *To Rome with Love* (Mars) or *The Expandables 2*, *Parker* (Medyvizyon), *Riddick*, *Jobs* (Chantier). Table 51 ranks import companies for US films by number of imported films and admissions in 2012 and 2013.

Table 51 Top 10 importers of US films 2012-2013

Rank	Importing company	Films	% share	Avg adm per film	Rank	Importing company	Admissions	% share
1	UIP	49	20%	254 287	1	UIP	12 460 050	34%
2	Tiglon/Fida Film	43	16%	213 443	2	Warner Bros.	9 630 718	26%
3	Warner Bros.	37	15%	260 290	3	Tiglon/Fida Film	9 178 035	25%
4	Pinema	25	10%	40 672	4	Pinema	1 016 791	3%
5	Calinos	15	6%	48 170	5	Medyvizyon	930 565	3%
6	Medyvizyon	15	6%	15 761	6	Chantier	736 387	2%
7	Mars Entertainment	14	6%	66 469	7	Mars Entertainment	722 548	2%
8	Chantier	11	4%	66 944	8	TMC	387 258	1%
9	Bir Film	9	4%	19 373	9	R	288 823	1%
10	D Productions	7	3%	32 984	10	Calinos	236 416	1%
Other 13 importers		28	11%	36 894	Other 13 importers		762 186	2%
Total 23 importers		253	100%	143 675	Total 23 importers		36 349 777	100%

Source: OBS, Antrakt

Who imports European films?

The import of European films was more diversified with less films being imported by a larger number of companies and admissions being spread more equally between importing companies. A total of 158 European films were imported by 28 different companies in 2012 and 2013.

The by far largest number of European films was imported by Bir Film (35) and Calinos (28). The most successful European films at the box office were however, like with US films, imported by Warner Bros. (*Skyfall*, *Resident Evil: Retribution*) and UIP (*Hansel & Gretel: Witch Hunters*, *Sammy's Avonturen 2*, *Anna Karenina*) and Tiglon/Fida Film (*Magnifica Presenza*, *Taken 2*).

Table 52 Top 10 importers of European films 2012-2013

Rank	Importing company	Films	% share	Avg adm per film	Rank	Importing company	Admissions	% share
1	Bir Film	35	22%	20 367	1	Warner Bros.	1 014 559	20%
2	Calinos	28	18%	14 844	2	UIP	867 011	17%
3	Tiglon/Fida Film	10	6%	61 688	3	Tiglon/Fida Film	712 843	14%
-	Mars Entertainment	10	6%	13 768	4	Bir Film	616 876	12%
5	Chantier	9	6%	45 767	5	Calinos	415 618	8%
6	Filma	8	5%	16 754	6	Chantier	411 900	8%
7	UIP	7	4%	123 859	7	Mars Entertainment	158 984	3%
8	Kurmaca	6	4%	9 355	8	Medyvizyon	140 582	3%
9	Medyvizyon	5	3%	31 797	9	D Productions	137 683	3%
-	Pinema	5	3%	25 421	10	FILMA	134 028	3%
-	Siyah Beyaz	5	3%	11 092	11	Pinema	127 105	2%
Other 17 importers		30	19%	49 149	Other 17 importers		430 922	8%
Total 28 importers		158	100%	34 003	Total 28 importers		5 168 111	100%

Source: OBS, Antrakt

The box office concentration is however lower as these three leading importers cumulatively accounted for 'only' 50% of total admissions to European films as other companies also imported one or two films selling more than 100 000 tickets in Turkey, including e.g. Bir Film (*Marco Macao*), Chantier (*Cloud Atlas*), Medyayvizyon (*Astérix et Obélix : Au Service de Sa Majesté*), Calinos (*Tad l'explorateur: À la recherche de la Cité perdue*).

When analysing the percentage share of European films and their admissions in the total portfolio of the companies which imported at least 5 European films in the past two years, one can observe that only two companies import primarily European films, namely Bir Film and Calinos, while European films still account for a significant share of the portfolios of Chantier and Mars Entertainment.

Who imports films from other parts of the world?

The demand for non-US, non-European foreign films is rather limited in Turkey. In 2012 and 2013 a total of 35 of these films were imported by 20 different companies.

As shown in Table 53, Bir Film (8 films), Pinema (4) and Calinos (3) were the only three companies to import more than two films not originating from the US or Europe, practically all of them low-range independent productions. Warner Bros (*Happy Feet 2*, *The Great Gatsby*) and Tiglon/Fida Film (*Paddle Pop Adventures 2: Journey Into the Kingdom*, *The Outback*) along with Excel İletişim (*Paddle Pop Adventures - Max begins*) and Unilever (*Max Adventures in Dinoterra*) were the only companies to import films from other regions which sold over 100 000 tickets in Turkey in these two years.

Table 53 Top 6 importers of films from other parts of the world 2012-2013

Rank	Importing company	Films	% share	Avg adm per film	Rank	Importing company	Admissions	% share
1	Bir Film	8	23%	7 958	1	Warner Bros	651 452	35%
2	Pinema	4	11%	5 040	2	Excel İletişim	332 319	18%
3	Calinos	3	9%	9 488	3	Tiglon/Fida Film	274 150	15%
4	Warner Bros	2	6%	325 726	4	Unilever	202 835	11%
-	Tiglon/Fida Film	2	6%	137 075	5	D Productions	66 029	4%
-	Mir Yapım	2	6%	8 962	6	BKM	65 887	4%
	Other 14 importers	14	40%	58 217		Other 14 importers	80 017	4%
	Total 20 importers	35	100%	53 453		Total 20 importers	1 870 845	100%

Source: OBS, Antrakt

Short profiles of selected film importing companies



www.birfilm.net

Bir Film

Istanbul based Bir Film was founded in 2002 and is one of the leading independent film importers/distributors in Turkey. Following UIP and Tiglon/Fida Film, Bir Film imported the third largest number of international feature films in the period 2012-2013: 52 films which generated a GBO of TRY 9 million. In this period Bir Film was the largest importer of European films, importing one out of four European films. It owns a film library of 400 titles. Bir Film also handles TV sales and is active as a film producer.



www.calinos.com

Calinos

Calinos Films is part of Istanbul based Calinos Holding which is active in various segments of the Media and Agriculture / Live Stock Farming sectors. Calinos Films was established in 2010 and has become one of the leading companies in Turkey in terms of number of film imports. In the period 2012-2013 Calinos Films imported and released 46 theatrical feature films, 61% of them European films, which generated a GBO of TRY 6.8 million. It also distributes its acquisitions via, DVD, VOD, free-/pay-TV and internet. Within the media sector Calinos is also active in the international marketing and sales as well as co-production of TV programming (Calinos Entertainment), the production of TV series and movies as well as live studio programmes (Calinos Production Group, Media Color Company), broadcasting (i.a. Film Tivi) and marketing (i.a. MMB Media Marketing).



www.chantierfilms.com

Chantier Films

Chantier Films was founded in 2011 and is based in Istanbul. Chantier Films is active in the fields of film distribution and film import. In the period 2012-2013 Chantier Films imported and released 21 theatrical feature films, 63% of them US films and 35% of them European films, which generated a GBO of TRY 13.3 million. It also distributes its films via home video, TV and internet.



<http://www.medyavizyon.com.tr/>

Medyavizyon

Istanbul based Medyavizyon has been importing theatrical films, TV series and other TV formats since 1990. In 2012-2013 Medyavizyon imported and released 20 theatrical feature films, 83% of them US films, which generated a GBO of TRY 11 million. After co-operating with Warner Bros. as a distributor of its films for many years Medyavizyon set up its own distribution operations in 2005. In 2013 the company acted as a distributor for 28 theatrical films. Also in 2005 Medyavizyon started to engage in (co-) producing domestic films.

14.4 Independents' fight for screen space & BAŞKA SİNEMA

Highly concentrated theatrical market favours blockbusters

As illustrated by the analysis in this report, the Turkish theatrical market is highly concentrated. Not only on the exhibition side, where the leading exhibition chain Mars Entertainment (Cinemaximum) alone accounts for at least 52% of total box office⁶⁸, but also on the distribution side where only three distributors, two of which subsidiaries of US majors, control almost 90% of total box office and 80% of tickets to Turkish films are sold to the top 10 films only.

Given the strong market position of the big exhibition chains which are in a position to set distribution terms, films which do not achieve a certain minimum number of spectators in their first week of release are quickly pulled from the screens. When such a screening slot opens, another art-house distributor will book it for another film, often at the very last minute. This of course does not allow the producer/importer to do run a proper marketing campaign which in turn has a negative impact on first week admissions which consequently will lead to this film being quickly replaced by another one as well. A run time of two weeks on one screen is hence often considered as the best-case scenario for most - even price winning - independent films.⁶⁹

With shopping malls attracting large crowds spending their free time in such complexes, multiplexes located in such complexes, can screen the same blockbuster in up to three screens at the same time within the same multiplex while festival films and award winning art-house films fail to secure sufficient screen space. Turkish filmmakers have been criticising this fact for a couple of years quoting cases like Emin Alper's *Tepenin Ardı (Beyond the Hill)* which - despite winning 16 awards - managed to secure only seven screens for its theatrical release in 2012. Or Melik Saraçoğlu's and Hakkı Kurtuluş's feature *Gözümün Nuru (Eye Am)*, winner of three awards which was taken off screens a week after its release, 'apparently after not having met required number of spectators, set rigidly by a system that is monopolized by the day'.⁷⁰

The Turkish exhibition sector hence operates on a model which clearly favours large scale releases of a dozen local and US blockbusters and makes it difficult for local and international 'art-house films', debut films or small budget films to reach their - albeit limited - audiences.

No distribution / exhibition support for domestic or art-house films

While this fight for screen space in principle also applies to independent films seeking theatrical distribution in most other European markets, the situation there is somewhat alleviated due to public support granted to distributors as well as exhibitors encouraging them to give films with limited box office potential but cultural value a wider theatrical release. As of September 2014, no such support exists in Turkey, at least none provided by the Turkish government on the national level. On the European level, Eurimages offers Turkish distributors support schemes for marketing and publicity costs as well as film digitisation costs. Eurimages also offered exhibition support, e.g. to convert to

⁶⁸ According to interview with Mzafer Yildirim, co-founder, chairman and executive officer of Mars Entertainment Group in Filmjournal International published on June 24, 2013. Other interview partners estimated Mars' market share to be even higher (up to 75%).

⁶⁹ See 'A new distribution model gives Turkey's film fans their fill of foreign fare', Josh Carney, Variety, January 24, 2014 <http://variety.com/2014/film/international/a-new-distribution-model-gives-turkeys-film-fans-their-fill-of-foreign-fare-1201066391/>

⁷⁰ <http://www.hurriyetdailynews.com/baska-sinema-promises-an-alternative-cinema-experience.aspx?PageID=238&NID=57281&NewsCatID=381> or <http://www.todayszaman.com/news-334887-turkish-cinema-2013-a-new-digital-age.html>

digital projection.⁷¹ These support schemes are of course linked to the theatrical distribution and screening of European works which often makes them less attractive for Turkish exhibitors, given the comparatively low market potential of such films. Turkey is eligible for this Eurimages support programmes as it is not eligible for the distribution and exhibition support lines of Creative Europe's MEDIA support programme, to which the Eurimages scheme is complementary. However, Eurimages decided to discontinue the digital equipment support programme from January 2015.

Turkish filmmakers and distributors have been calling on the government to develop a more comprehensive film policy which includes support for distribution or promotion of Turkish art-house films nationally and internationally, taking better into account the practical realities of film exploitation and to address the distribution challenges faced by Turkish art-house films.

As mentioned in the film policy section of this report, the Turkish Ministry of Culture has been working on drafting a new cinema law. The new law may take on board these concerns expressed by the Turkish art-house sector but it remains unclear at this stage what the new cinema law will actually contain and when it will come into effect.

BAŞKA SİNEMA - a new release platform for festival films



In November 2013 M3, a distributor specialised on independent films, launched - with the financial support of the Kariyo Ababay Foundation - a new distribution model called *Başka Sinema*⁷² which aims to give festival films a wider release platform in order to help them to actually reach their audiences. Başka Sinema guarantees independent films a release period of at least four weeks on a selected number of network screens which are contractually bound to screen these films. Starting out with four dedicated screens in Istanbul and Ankara in November 2013, Başka Sinema extended its network to 13 screens in Istanbul (9), Ankara (1), Bursa (1), Eskişehir (1) and Izmir (1) by September 2014.

Films are shown in a rotating matinee system where three to four films are shown in the same theatre one after the other, addressing the problem of long distances and traffic jams which often keep potential audiences in Istanbul or Ankara from 'travelling' to a cinema to see a single film. It is also meant to create a kind of festival experience.

By selecting their film programme one month ahead of time, Başka Sinema gives the selected films a marketing platform and their rights-holders more time to promote the film and increase audience awareness. Thereby aiming to address the problem of limited visibility for many art-house films which is linked to the difficulties faced by producers/importers/distributors to run an appropriate marketing campaign given the often last minute booking availabilities mentioned above.

Başka Sinema programmes Turkish and international festival films as well as other non-mainstream, art-house films, documentaries and short films. The Başka Sinema model seems to successfully reach those niche audiences which do exist for these kinds of films. Başka Sinema screens reported capacity utilization of 60% to 70% of available seats. This is much higher than the reported average rate of 15% to 20% of seat capacity in theatres with mainstream fare⁷³.

Some market experts are however sceptical that this distribution model alone can significantly improve the exploitation potential for independent films in Turkey as the structural challenges remain.

⁷¹ http://www.coe.int/t/dg4/eurimages/default_en.asp

⁷² *Başka Sinema* translates as '(An)other Cinema'. See www.baskasinema.com

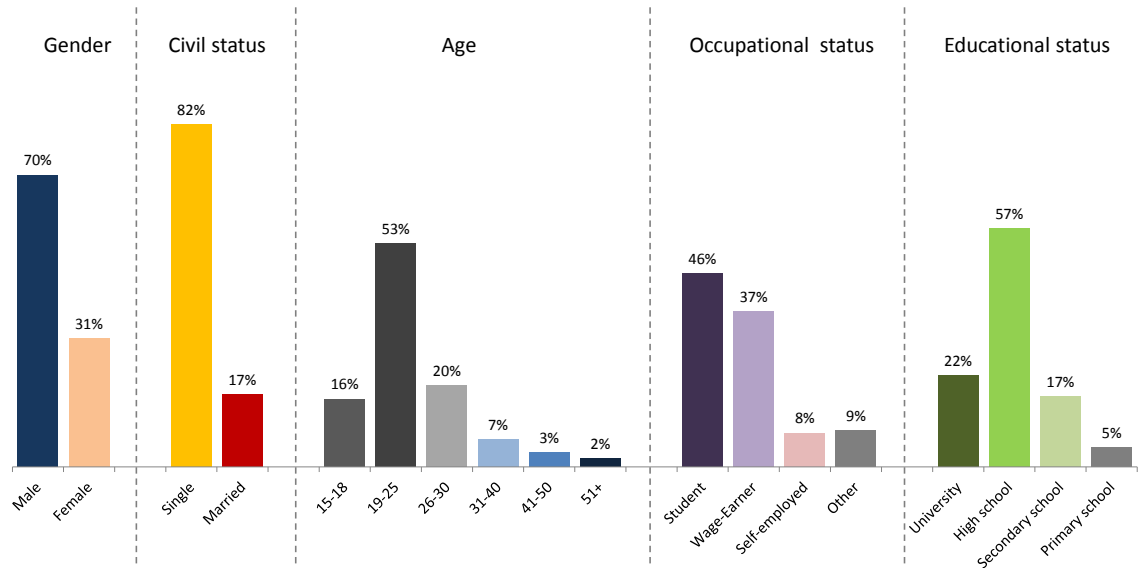
⁷³ As quoted in 'A new distribution model gives Turkey's film fans their fill of foreign fare', Variety, January 24, 2014 <http://variety.com/2014/film/international/a-new-distribution-model-gives-turkeys-film-fans-their-fill-of-foreign-fare-1201066391/>

15 Cinema audience profiles

The profile of cinema goers in Turkey changed quite significantly over time. Back in the mid-1970s the main audience was composed of families - from small children to grandparents - from the lower and middle classes for whom cinema provided an important social function. As families started to withdraw from cinemas in the late 1970s and 1980s in order to gather round TV sets and video recorders instead, the target focus of cinema shifted towards young and mostly uneducated males which went to see violent B-films, sex comedies and Arabesk films. During the slow recovery of cinema in Turkey after its implosion around 1990, the profile of cinema goers changed again as the largest share of tickets were sold to more educated young people from the middle and upper classes, the majority of which residing in cities.

Figure 34 Movie-goers' profile in the 1990s

Age group / civil / sex / educational



Source: Sinemazında Seyircinin Kimliği 1990

There is not much research on the profile of today's cinema audiences publicly available to test the validity of these figures in the current market environment. A survey conducted among 5 000 cinema goers by Antrakt in 2010⁷⁴, found 51% of them falling into the age group of 17 to 26 years old, while 38% of the sample group was between 27 and 38 years old. The survey further suggested that the share of cinema goers above 39 years increased, representing 11% of the sample group.

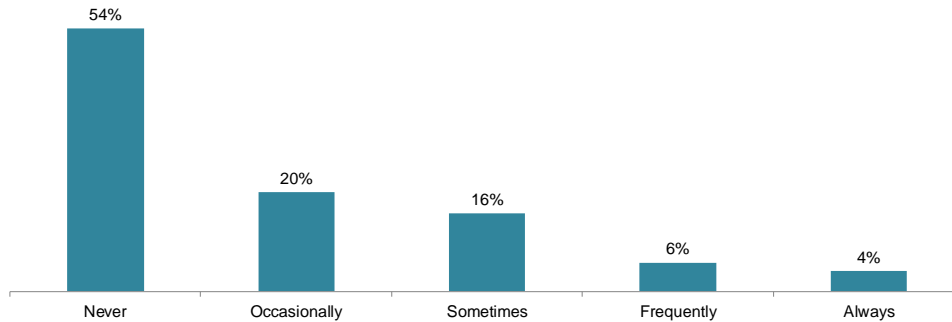
Today cinema audiences come primarily from more affluent upper and upper middle classes

More recent research shows that cinema going in Turkey is still extremely infrequent with only around 10% of the population going to the cinema/theatre/concert frequently or often, around 36% going sometimes or occasionally and 54% of the population never goes to see a film in a cinema (see Figure 35). Considering that only 0.7 cinema tickets per Turkish inhabitant these figures actually seem optimistic.

⁷⁴ *Türkiye Sinemasının 22 yılı*, edited by Deniz Yavuz, Antrakt

Figure 35 Frequency of going out to cinema / theatre / concert in Turkey 2012

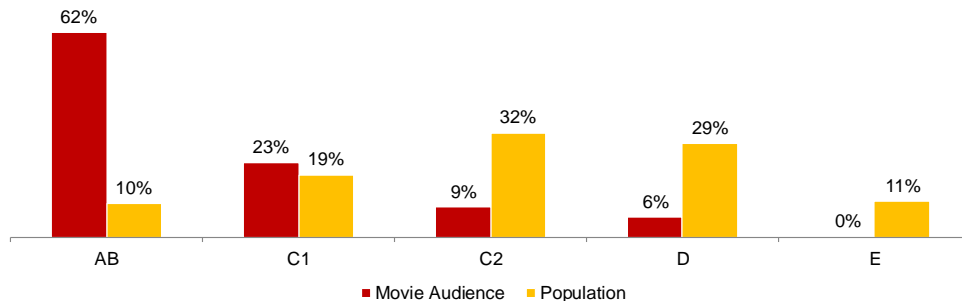
How often do you go out (movie, theatre, concert) with your family?



Source: BİAK, TİAK, Turkish advertisers association, Konda market research

The research further shows that in contrast to the heyday of Turkish popular cinema, the main audience does no longer come from the lower and middle classes, but rather from the more affluent upper and upper middle classes (SES⁷⁵ category AB) which accounted for 62% of total tickets sales but represent only 10.2% of the population. The vast majority - namely 60% - of the Turkish population falls into the skilled and lower working classes (SES categories C2 and D). Out of these groups only 9% respectively 6% ever go to the movies (see Figure 36).

Figure 36 Turkish cinema goers vs entire population by socioeconomic status 2012



Source: BİAK, TİAK, Turkish advertisers association, Konda market research

This is consistent with the findings of the research conducted for a report published by the Istanbul Chamber of Commerce in 2011⁷⁶ which concludes - based on a sample analysis of about 1 000 questionnaires given to cinema goers - that cinema going is a cultural practice inherent to educated, young people belonging to a high social economic class, primarily living in cities. A survey conducted by Antrakt in January 210 sees 52% of cinema goers falling into the upper or upper middle class and 14% falling into the SES categories D and E.

As outlined in chapter 11.2 these figures suggest a large market segment which is yet untapped. Attracting these working class segments e.g. by producing more targeted content, could indeed unlock a significant growth potential for the Turkish cinema industry and lift the currently low cinema going rate.

⁷⁵ Socioeconomic status (SES) is an economic and sociological combined total measure of a person's work experience and of an individual's or family's economic and social position in relation to others, based on income, education, and occupation. SES can be broken into the following classes: A – Upper Class; B – Middle Class; C1 – Lower Middle class; C2 – Skilled working class; D – Lower working class and E – Lowest level of income earners.

⁷⁶ *Türkiye'de Film Endüstrisinin Konumu ve Hedefleri*, Doç. Dr. Hülya Uğur Tanrıöver et.al., İstanbul Ticaret Odası, 2011

16 Film festivals in Turkey

Film festivals are a very important distribution platform for independent local films. Given the limited box office potential of many of those films, it may actually be the most important outlet in terms of prestige, audience interest and monetary gain for some films.

Some of the festivals offer monetary awards for their national competition sections, ranging from TRY 75 000 to TRY 350 000 for the winner of the best film award as well as lower awards for other categories. These awards often represent an important revenue source for the producers and directors of Turkish art-house films which are used as a financing source for their next film project or to repay debts or cover deferrals or personal investments undertaken in the first place to produce the film.

The three biggest and most prestigious festivals with international sections are the International Istanbul Film Festival, the International Antalya Golden Orange Film Festival and Adana's Golden Boll Film Festival:



KÖPRÜDE BULUŞMALAR
MEETINGS ON THE BRIDGE

<http://film.iksv.org/en>

İstanbul Film Festivali / International Istanbul Film Festival

- Next edition: Mar 28 - Apr 12 2015 (tbc) (34th edition)
- Biggest film festival in Turkey
- International competition section as well as Human Rights in Cinema section (since 2007)
- Hosts Meetings on the Bridge, a co-production platform, including German-Turkish co-production development fund <http://film.iksv.org/en/meetingsonthebridge/79>
- Main awards: Golden Tulip, FACE (Film Award of the Council of Europe),



<http://www.altinportakal.org.tr>

Antalya Altın Portakal Film Festivali / International Antalya Golden Orange Film Festival

- Next edition: Oct 10 - 18 2014 (51st edition)
- Oldest film festival in Turkey (since 1964)
- International feature film competition section since 2005
- Main award: Golden Orange



www.altinkozafestivali.org.tr

Altın Koza Film Festivali / Adana Golden Boll Film Festival

- Last edition: Sep 16 - Sep 20 2014 (21st edition)
- International Mediterranean Short Film Competition since 2008 www.goldenbollfilmfestival.com/indexeng.htm
- Main award: Golden Boll

Other important films festivals in Turkey :



<http://www.filmfestankara.org.tr/en/>

**Ankara Uluslararası Film Festivali /
Ankara International Film Festival**

- Last edition: Jun 5-15 2014 (25th edition)
- National film competition sections



www.ifistanbul.com

**If istanbul /
If istanbul Int. Independent Film Festival**

- Next edition: Feb 12-22 2015 (14th edition)
- If !Inspired International Competition open to first and second-time film directors since 2008
- Love & Change, an International Competition and a Meeting Platform, launched in 2014



<http://malatyafilmfest.org.tr/>

**Malatya Uluslararası Film Festivali /
Malatya International Film Festival**

- Last edition: Nov 21 - 27 2014 (5th edition)
- International feature film competition section
- Main award: Crystal Abricot Award

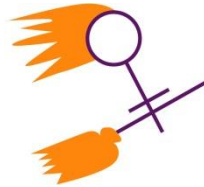


<http://www.gezicifestival.org>

<http://www.festivalonwheels.org>

**Gezici Festival /
Festival on Wheels**

- Last edition: Nov 27 - Dec 9 2013 (19th edition)
- Locations: Edremit, Ankara, Sinop
- Travelling films festival
- Organized by the Ankara Cinema Association



<http://festival.ucansupurge.org>

Flying Broom International Women's Film Festival

- Last edition: May 8-15 2014 (17th edition)
- Location: Ankara
- Turkey's first women's film festival
- International feature film competition section since 2003
- Awards: FIPRESCI award, Flying Broom Honorary Awards



<http://www.filmmor.org/>

**Uluslararası Gezici Filmmor Kadın Filmleri Festivali /
International Filmmor Women's Film Festival on Wheels**

- Last edition: Mar 15 - Apr 20 2014 (12th edition)
- Locations: Istanbul, Mersin, Adana, Bodrum, Mugla



<http://www.randevuistanbul.com>

**Istanbul Uluslararası Randevu İstanbul Film Festivali /
International Randevu Istanbul Film Festival**

- Last edition: Dec 20-26 2013 (16th edition)

Annex

17 Methodological remarks

17.1 Remarks on data sources for Turkish market

Data sources

There is no official public source collecting and providing data on e.g. feature film production volume, box office data or theatrical infrastructure in Turkey.

Most data for the period 2004 to 2013 presented in this report have been provided by Antrakt, a private company publishing a trade publication and film market intelligence.

www.antraktsinema.com

Production data

Production data have been provided by Antrakt, which - according to the knowledge of the Observatory - is the only company collecting and publishing such figures on a regular basis.

Antrakt's production figures are primarily based on the identification of films which received a theatrical release and feature in the box office lists provided by distributors.

In addition, Antrakt tries to identify through its network contacts and research additional theatrical feature film production with a runtime of at least 30 minutes which were completed in a specific year and are meant to be released theatrically. The completion of the production process in this context refers to the creation of the answer print of a film.

The total number of films produced in a specific year as provided by Antrakt is hence a mixture of feature films released in that year and a few additional films for which the production process was completed in that year.

Given the lack of the possibility to systematically track all film productions in Turkey, the identification of film productions which fail to get a theatrical release is by nature patchy.

In line with the methodology applied by many other European countries, the analysis of production data in the context of this report hence often focuses on the analysis of films released.

Co-production data

International co-productions with the involvement of Turkish producers were identified on a title-by-title list provided by Antrakt and films identified through the Observatory's LUMIERE database.

In order to avoid double counting of co-productions on a pan-European level, the Observatory allocates to each a film a unique country of origin which refers to the country which provides the majority share of production financing. Production services alone do not qualify a film as a co-production. With the support of Antrakt and SE-YAP the Observatory tried to identify the production companies for each film on the list and decided on the allocation of the film to a specific majority co-producing country on a case-by-case basis. Naturally the appreciation of the Observatory may differ from the way Antrakt or other sources count co-productions. As a result, the co-production data presented in this report may differ from data published by Antrakt or other sources.

There are slight differences in the number of film releases between the production chapter. This is due to the fact that production figures are only counting co-productions with a release in Turkey, while the analysis of co-productions takes into consideration films with a release in any European market

Public funding data

Public funding data are published by Ministry of Culture and Tourism on the website of it DG Sinema.

<http://www.sinema.gov.tr/ana/default.asp>

These data have been complemented by a detailed analysis of public support granted to feature film projects undertaken by Yamaç Okur for SE-YAP as well as analysis done by Deniz Yavuz of Antrakt, as published e.g. in *Türkiye sinemasının son 22 yılına*.

Box office data

Box office data for Turkey are provided by distributors and collated by e.g. Antrakt or Box Office Türkiye. Antrakt treats and analyses the data and publishes weekly and annual box office reports. Box office data do not include admissions to film festivals.

As of 2014 there is no collection of box office data at the exhibitor level. Some market experts believe that there is a certain degree of underreporting of ticket sales. Due to the lack of data this can however not be qualified.

Cinema data

All data on cinema sites, screens, seats as well as digital cinema data have been provided by Antrakt, which - according to the knowledge of the Observatory - is the only company collecting and publishing such figures on a regular and systematic basis.

Historical data series

As Antrakt started covering the Turkish cinema market in 1989, there are no reliable and continuous historic data series concerning the earlier periods of the 20th century.

Data on film production, film releases, number of cinemas or national market share used for Chapter 3: *A brief history of the Turkish film industry* have been taken primarily from various academic sources.

It has to be pointed out that these data have not been collected in a systematic and coherent manner over time but often represent ad-hoc glimpses at the Turkish film industry at a specific point of time. Data hence often vary significantly between the individual data sources. Given the lack of official figures it is impossible to evaluate which individual data set is more correct than the others.

Qualitative expert insights

Given the lack of reliable data sets for many aspects of the report (e.g. with regard to production budgets, financing structures, etc.), the report also relies on the qualitative insights given by a dozen industry experts including film producers, distributors, exhibitors, researchers and journalists.

Other sources

Other sources included publications such as:

- *Türkiye sinemasının son 22 yılı* (2012)
Edited by Deniz Yavuz (Antrakt) and published by the DG Sinema of the Turkish Ministry of Culture and Tourism in 2012
- *Türkiye'de Film Endüstrisinin Konumu ve Hedefleri* (2010)
Edited by Dr. Hülya Uğur Tanrıöver (Galatasaray University) and published by the İstanbul Ticaret Odası Yayınları in 2010
- *Close Encounters? Contemporary Turkish Television and Cinema* (2010)
Written by Melis Behlil (Kadir Has University) and published in *Wide Screen*, Vol2, Issue 2, 2010
- *The new cinema of Turkey* (2009)
Written by Savaş Arslan (Bahçeşehir University) and published in *New Cinemas: Journal of Contemporary Film* Volume 7 number 1, 2009
- Several newspaper articles.

All data sources are indicated in the respective paragraphs, tables or graphs.

17.2 Remarks on European admissions data

Data source

The theatrical admissions data to Turkish films in Europe come from the European Audiovisual Observatory's LUMIERE database which tracks theatrical admissions to films in Europe since 1996. The LUMIERE database is accessible free of charge.

Data on film admissions collated in the LUMIERE database comes from a wide variety of sources, including national film agencies and statistics offices, inter-industry bodies, distributors' and exhibitors' associations, the trade press and a small number of private tracking bodies. This is supplemented and completed by data from the European Union's MEDIA Programme, on the basis of declarations made by distributors to its Automatic Distribution Support scheme.

<http://lumiere.obs.coe.int>

Data scope & coverage rate

In principle LUMIERE covers all feature films on release, i.e. having at least one commercial theatrical screening in one of the markets covered. This includes holdovers, re-releases, retrospectives, paid festival screenings etc.

Though the LUMIERE database aims to cover all film admissions in all 40 member states of the European Audiovisual Observatory, in practice coverage rates and data scope vary across individual territories and years.

For the time period 2004 to 2013 LUMIERE contains admissions data for 36 European markets. More or less comprehensive data for at least eight years in this ten year period are available for 25 markets: Austria, Belgium, Bulgaria, Switzerland, Czech Republic, Germany⁷⁷, Denmark, Estonia, Spain, Finland, France, Hungary, Italy, Latvia, Netherlands, Norway, Portu-

gal, Romania, Sweden, Slovenia, Slovak Republic, Turkey, the United Kingdom/Ireland.

These data are complemented by patchy and irregular data for another 11 markets: Bosnia-Herzegovina, Cyprus, Greece, Croatia, Iceland, Lichtenstein, Lithuania, Luxembourg, FYROM and the Russian Federation.

The overall coverage of the database for the reference period is estimated at around 86% of the total European market in the sample period.

The LUMIERE database hence does not claim to be comprehensive, neither with regard to the identification of film releases nor with regard to the actual number of tickets sold. It may well be that the theatrical release of some Turkish films on another European market could not be registered in LUMIERE, as the corresponding data were not provided by the national data sources. All admissions data to Turkish films on other European markets in this report are therefore to be interpreted as minimum figures.

A point to note concerns the data available in the database for the United Kingdom and the Republic of Ireland. Admissions data for these two countries are available to the Observatory only on a cumulative basis, i.e. the admissions for an individual film cover the tickets sold both in the UK and in Ireland.

It should also be noted that 2013 data is still provisional for a number of countries as some data, e.g. full results for Spain as well as distributor declarations to the MEDIA programme, is still missing at the time of writing. This means that the coverage for 2013 is slightly less comprehensive than that for earlier years.

The Observatory invites rights holders who identify data gaps or erroneous data in LUMIERE to inform the Observatory about it and the Observatory will do its best to complement / correct the data in its LUMIERE database.

You can email to lumiere@obs.coe.int

⁷⁷ Given the importance of the German market as an export market for Turkish films, it has to be pointed out that Data coverage for limited releases and / or films with low admissions is however patchy in Germany as the FFA only publishes annual admission figures for the top 100 film as well as the top 100 German films.

17.3 Methodological remarks & definitions

Admissions

The number of cinema tickets sold for a film.

'Average' values

In the context of this study an average value can be expressed either as the 'mean' or the 'median' value. The mean refers to the arithmetical total of all the values in the array divided by the number of values. The median is found by arranging the values in order and selecting the middle value. It is pointed out at each occurrence in the text to which of the two terms the word 'average' refers.

Currency exchange rates

Monetary values like annual GBO which are collected in local currencies are converted to EUR using the average annual bid rate of the local currency. Please note, that the Turkish Lira (TRY) depreciated significantly against the Euro by the end of 2013.

Release year

The calendar year in which a film gets commercially released in cinemas in a specific country.

Production year

The calendar year in which a film gets produced. The methodology how to count film productions, i.e. the definition of production year, varies from one country to another.

Most countries apply one of the following methodologies to count 'films productions':

- films released (release year)
- films completed (year of answer print)
- films certified (year of certification)
- films supported (year in which public support is granted to a film)
- films in production (year in which principal photography starts)

These differences in methodology have to be kept in mind when comparing production figures between different countries. In some cases of diverging methodologies a direct comparison is of limited informative value.

Co-production

In the context of this report a film is counted as an international co-production when parts of the budget are financed from sources residing in different countries. Production services alone do not qualify a film as a co-production.

Country of origin

In order to calculate market shares, each film is allocated a **unique country of origin** within the LUMIERE database. This country of origin corresponds to the country of the producer(s) of the film. In the case of international co-productions the film is assigned to the country which provides the majority share of production financing.

National' vs 'non-national' admissions

National admissions are defined as admissions in the country of origin of the film. Tickets sold on all other markets - including other co-producing countries - are considered as non-national admissions.

Accordingly the country which is counted as the 'country of origin' is referred to as the national market, whereas all other territories are referred to as non-national markets.

For example Turkey is considered the national market for *Bal*, a Turkish-German co-production, while the release of *Bal* in Germany is counted as a non-national release.

'European films'

European films are all films considered to be of European origin, i.e. to **be produced and majority financed by** a producer residing in a European country.

'EUR INC' films

EUR INC films refer to films which are produced and shot in Europe but financed by incoming investment sources from US studios. They are treated as a distinct category of European films because of their untypically high box office potential they would distort admission and global circulation statistics for 'typical' European films.

'Europe'

Europe as a region of origin: all 47 member states of the Council of Europe:

See <http://hub.coe.int/>

Europe as a market: in principle the 36 European markets covered in LUMIERE. In practice this refers however primarily to the 25 European markets for which a more or less comprehensive amount of admissions data is available in the Observatory's LUMIERE database (see chapter 17.2).

'First release'

A first release is defined as the regular commercial (!) theatrical release in a territory. Festival screenings or preview screenings are not counted as first releases. Sometimes there are however practical difficulties in identifying commercial releases.

'On release'

Any film that has at least one commercial theatrical screening in a territory is considered as a film 'on release. This includes holdovers, re-releases, retrospectives, paid festival screenings etc.



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IMPACT ANALYSIS OF FISCAL INCENTIVE SCHEMES SUPPORTING FILM AND AUDIOVISUAL PRODUCTION IN EUROPE

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This analysis is carried out by one of Europe's leading screen sector development consultancies, Olsberg•SPI, providing specialist, high level advice for over 20 years to public and private sector clients in the creative industries, focusing on film, television and digital media.

TABLE OF CONTENTS*

1.	Executive Summary	7.	Quantitative Economic Impacts
2.	Background to Study	8.	Qualitative Economic Impacts
3.	Introduction	9.	Conclusions
4.	Current European Incentive Landscape	10.	Recommendations
5.	Trends in European Fiscal Incentives	11.	Methodology
6.	Analysis of Selected Schemes	12.	Appendices

*Provisional

*“Impact analysis of fiscal incentive schemes
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*« Les systèmes d'incitation fiscale et leur impact sur
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European Audiovisual Observatory

Set up in December 1992, the European Audiovisual Observatory's mission is to gather and distribute information on the audiovisual industry in Europe.

The Observatory is a European public service body of 40 member states and the European Union, represented by the European Commission. It operates within the legal framework of the Council of Europe and works alongside a number of partners and professional organisations within the industry and with a network of correspondents.

Major activities of the Observatory are

- the publication of a yearbook, newsletters and reports
<http://www.obs.coe.int/publications>
- the provision of information through the Observatory's Internet site
<http://www.obs.coe.int>
- and contributions to conferences
<http://www.obs.coe.int/events>

The Observatory also makes available free-access databases, including:

LUMIERE

Database on admissions to films released in Europe
<http://lumiere.obs.coe.int>

MAVISE

Database on TV and on-demand audiovisual services and companies in Europe
<http://mavise.obs.coe.int>

IRIS Merlin

Database on legal information relevant to the audiovisual sector in Europe
<http://merlin.obs.coe.int/>

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