

# PRESENTATION



- CANNES 2008 -

## ➡ 1. Main Features of FICA

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- ➡ Direct Investment

- ➡ Indirect Investment

## ➡ 3. Milestones

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## ➡ 5. Management Company

# 1. MAIN FEATURES OF FICA

## What is FICA?

➔ FICA - *Fundo de Investimento para o Cinema e Audiovisual*, is an:

- €83 Million
- Portuguese public / private Investment Fund
- For the production of Film & TV programs
- Established in July 2007, for an initial period of 7 years

# 1. MAIN FEATURES OF FICA

## Amount

- ➔ Subscribed Share Capital: € 83 million
- ➔ Carried out throughout the Fund's first 5 years (investment period)

€ million

Fund Inflows	1st year	2nd year	3rd year	4th year	5th year
Annual Inflow	16,6	16,6	16,6	16,6	16,6
Accumulated Capital	16,6	33,2	49,8	66,4	83,0

# 1. MAIN FEATURES OF FICA

## Duration

- ➔ 7 years as of from the beginning of activities
  - First 5 years - Investment
  - Last 2 years - Reimbursement / Divestment
- ➔ Fund duration may be extended by decision of the Participants

# 1. MAIN FEATURES OF FICA

## Participants

- ➔ **IAPMEI** - Portuguese public body for SMEs policy, Ministry of Economy (40%), represented in the Participants Assembly by **ICA** - Portuguese Film Institute
- ➔ **ZON - Multimédia** - Film distributor and pay-tv operator (30%)
- ➔ **SIC** - Broadcaster (12%)
- ➔ **TVI** - Broadcaster (12%)
- ➔ **RTP** - Broadcaster (6%)



# 1. MAIN FEATURES OF FICA

## Goals

- ➔ FICA strongly believes in the potential of Portuguese producers, talent and facilities, in the development of the Film and TV sector and hopes to contribute to:
  - Increase the value and global revenue of the Portuguese Film and Audiovisual sector
  - Increase the quantity and quality of Portuguese Film, TV and multiplatform productions and international co-productions

# 1. MAIN FEATURES OF FICA

## Goals (cont.)

- Increase the Portuguese films' national market share
- Constitute a complementary instrument of public policy relative to other financing entities and sources (ex: ICA, IBERMEDIA, EURIMAGES)
- Increase the sales potential and exports of Portuguese Film, TV and multiplatform productions
- Contribute towards the internationalization of Portuguese production companies

# 1. MAIN FEATURES OF FICA

## Entities Involved

### → Participants Assembly

- Fund decision-making body, where all its Participants are represented

### → Fund Auditor

- KPMG

### → Experts

- Appointed by the Participants Assembly
- Advise the Fund and the Management Company on all issues related to the investments, providing their recommendation on the potential of the projects/companies

# 1. MAIN FEATURES OF FICA

## Entities involved (cont.)

### ➔ Management Company (ESAF)

- Responsible for the Fund's financial management, including the evaluation and presentation of investment proposals to the Participants Assembly
- Follow-up and supervision of the Fund's investments
- In the case of indirect investments, assumes the typical duties of a venture capital / private equity manager, managing the Fund's participations in the invested companies

### ➔ Depositary Bank (BES)

- Responsible for safeguarding the Fund's assets

## 2. INVESTMENT POLICY

### Investment Beneficiaries

➡ Companies can only benefit from investment if, cumulatively:

- Are registered with the Cinematographic and Audiovisual Companies Register maintained by ICA (Portuguese Film Institute)
- Are independent production companies (art 2 of LD no. 227/06)
- Are Small and Mid-Sized Companies, in accordance with the European Commission Recommendation no. 2003/361/CE, of 6 May

## 2. INVESTMENT POLICY

### Eligible Projects

- ➔ Feature films (animation and fiction)
- ➔ Creative documentaries
- ➔ TV Movies and TV Series (Animation, Documentaries and Fiction)
- ➔ Multiplatform productions
- ➔ International co-productions are eligible if presented by an independent Portuguese co-producer
  - The evaluation of co-productions will take into consideration the general goals of the Fund

## 2. INVESTMENT POLICY

Breakdown by Types of Production and Activities:	In %	In € Millions
	100%	83,0
<b>Television or Multiplatforms:</b>	<b>45% - 50%</b>	<b>35.4 - 41.5</b>
- Animation:	10%-15%	3.5 - 6.2
- Documentaries:	10%-15%	3.5 - 6.2
- Fiction Series:	60%-70%	21.2 - 29.1
- TV Movies:	10%-15%	3.5 - 6.2
<b>Films:</b>	<b>50% - 55%</b>	<b>41.5 - 45.7</b>
- Fiction:	80%-90%	33.2 - 37.4
- Animation:	10%-20%	4.2 - 9.1

## 2. INVESTMENT POLICY

### Prohibited Investments

➔ The Fund cannot invest, directly or indirectly in productions:

- With advertising content, political propaganda or classified as pornographic
- That promote racism, xenophobia, violence, political and religious intolerance or other values and attitudes contrary to fundamental rights and freedoms
- News, broadcasts, and sports manifestations: contests, talk-shows, reality shows, variety programmes, sitcoms and soap operas
- Domestic adaptations or imported formats

## 2. INVESTMENT POLICY

### Annual goals

- ➡ Every year, before December 15, the Fund announces its investment priorities for the following year
  - Types of production and definition of limits
  - Markets / sectors to be privileged

## 2. INVESTMENT POLICY

### Decision-making process

- ➔ Investment decisions are taken exclusively by the Participants Assembly, the decision-making body formed by the fund subscribers IAPMEI, ZON-Multimedia, SIC, TVI and RTP
- ➔ All eligible projects are evaluated by ESAF and by the Fund's experts based on its distinctive characteristics (script, budget/ production value, sales potential, legal and financial aspects)

## 2. INVESTMENT POLICY

### Decision-making process (cont.)

- ➔ ESAF issues recommendations to the Participants Assembly
- ➔ All projects are assessed by the Participants Assembly, including those with unfavourable recommendations
- ➔ The Participants Assembly meetings are held at least every quarter
  - In 2008, Participants Assembly meetings will take place on: June 5, September 18 and December 11

## 2. INVESTMENT POLICY

### Direct Investment & Indirect Investment

#### ➡ Equity investment in single projects

- Return on the equity investment through a participation in the revenues / profit of a single project
- Investment directly related with the execution of the project's production plan
- Overall, may represent up to 60% of the Fund's Value

## 2. INVESTMENT POLICY - DIRECT INVESTMENT

### When to apply?

- ➔ Investment decisions are made at least four times a year, by the Participants Assembly, that are held every quarter.
- ➔ Producers must apply at least 30 days before each Assembly
- ➔ In 2008, Participants Assembly will take place in June 5, September 18 and December 11

## 2. INVESTMENT POLICY - DIRECT INVESTMENT

### How to apply?

- ➔ Application forms and list of documents requested can be found at [www.fica.pt](http://www.fica.pt)
- ➔ Main documents required: Script, Detailed Budget, Financial Plan, Production Schedule, Marketing Plan, Chain of Title, Sales Estimates
- ➔ Producers need to include a proposal on the Return on the Investment to FICA, through a participation in the revenues / profit of the project

## 2. INVESTMENT POLICY - DIRECT INVESTMENT

### Evaluation Criteria

#### ➡ Positive differentiation factors:

- Projects with high potential to generate revenue (domestic and exports, in all media, platforms, primary and ancillary markets, etc.)
- Projects with national and international distribution, broadcaster and sales agents contracts or commitments
- Projects with other sources of financing already on board (risk sharing, degree of cost coverage)
- Curricula of the promoters / Track-record of previous projects

## 2. INVESTMENT POLICY

### Direct Investment & Indirect Investment

➔ Investment in independent production companies

- Investment based on an Investment Case and a Business Plan that demonstrates the company's growth potential, slate production projects, marketing plans, estimated cost and revenues
- Similar to Venture Capital / Private Equity rationale, subject to the domestic and European standards and practices within this domain
- Investment indexed to the development and execution of the business plan
- Represents up to 40% of the Fund's investment capacity

## 2. INVESTMENT POLICY - INDIRECT INVESTMENT

### What kind of companies are eligible?

- ➔ Small and Mid-Sized Independent Portuguese production Companies registered at ICA

### How to apply?

- ➔ Production companies shall submit an Investment Case and Business Plan, providing all relevant data that can demonstrate the company's potential growth, slate production projects, marketing and distribution strategy, estimated cost and revenues as well as all other financial information considered relevant by the experts and financial analysts of the Fund
  - Full list of documents can be found at [www.fica.pt](http://www.fica.pt)

## 2. INVESTMENT POLICY - INDIRECT INVESTMENT

### When to apply?

- ➔ Indirect Investment proposals can be presented anytime. The evaluation process will depend on the specific details of each project
- ➔ The investment proposal will be presented to the Participants Assembly, only after ESAF and its consultants are satisfied with the overall evaluation and discussion of the investment conditions with the promoters (usually a 50 to 90 days process)

## 2. INVESTMENT POLICY - INDIRECT INVESTMENT

### Evaluation criteria

- ➔ Quality and potential of the slate projects presented
- ➔ Track record of the promoters and talent involved
- ➔ Marketing strategy and financial strength of the company
- ➔ Relevance and contribution of the production and business plan to the main goals of the Fund

## 2. INVESTMENT POLICY - INDIRECT INVESTMENT

### Form of investment

- ➔ Similar to Venture Capital / Private Equity, subject to the domestic and European standards and practices within this domain, and adapted to the specific needs of the company and business plan proposed
- ➔ Can either take the form of Equity investments or Shareholder's Loans
- ➔ Investment phases are indexed to the development and execution of the business plan

# 3. MILESTONES

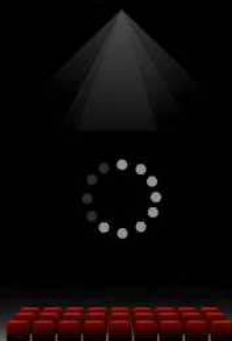
- ⇒ FICA initiated operations on July 2007
- ⇒ 7 Participants Assembly meetings held so far + 2 extraordinary meetings
- ⇒ 35 Projects submitted
- ⇒ 10 Direct Investments approved
- ⇒ 2 Indirect Investments approved
- ⇒ Total Investment committed of €13.1 Million

# 3. MILESTONES - DIRECT INVESTMENTS

Producer	Project	Type of Project	Director	Amount Invested
Filmes Fundo	How to Draw a Perfect Circle	Feature Film	Marco Martins	€ 200,000
Costa Castelo	Páre, Escute e Olhe	Documentary	Jorge Pelicano	€ 27,600
Yellow	Star Crossed	Feature Film	Mark Heller	€ 350,000
Take 2000	Assalto ao Santa Maria	Feature Film	Francisco Manso	€ 200,000
Clap Filmes	Entre os Dedos	Feature Film	Tiago Guedes Frederico Serra	€ 150,000
Plano 6	Equador	Fiction Serie	André Cerqueira Artur Ribeiro	€2,490,000
Stopline	Arte de Roubar	Feature Film	Leonel Vieira	€ 200,000
Rosa Filmes	Morrer Como Um Homem	Feature Film	João Pedro Rodrigues	€ 250,000
Filmes Tejo	As Horas do Douro	Documentary	António Barreto Joana Pontes	€ 55,000
Marginal Filmes	Eu Quero Ser Uma Estrela	Feature Film	José Carlos Oliveira	€ 200,000

### 3. MILESTONES - INDIRECT INVESTMENTS

Producer	Amount Invested
Valentim de Carvalho Filmes, S.A. (VC Filmes)	€ 4 Million
Utopia Filmes	€ 4,980 Million



## ABOUT US

[FICA](#) [APPLICATIONS](#) [INFO](#) [NEWS](#) [LEGAL INFO](#) [FAQ](#) [LINKS](#) [CONTACTS](#)

- Features
- Object
- FICA's General and Specific Objectives
- Implicit Objectives
- Fund Duration
- Fund Participants and capital subscribed
- Fund Bodies
- Fund Investment Types
- Fund Investment Policy
- Eligibility conditions of the works for FICA investment
- Necessary requisites for the candidates to FICA investment
- Breakdown of FICA's investment policy

1. Are there deadlines for submitting the applications?
2. Is there a parallel between ICA and FICA?
3. Can an ICA project apply for FICA? What about the opposite?
4. Can all Production companies in principle apply for indirect FICA?

### Press Release

05-05-2008

FICA - *Fundo de Investimento para o Cinema e Audiovisual* (Investment Fund for Cinema and Audiovisual Works), managed by ESAF - *Espírito Santo Fundos de Investimento Mobiliários, S.A.* (ESAF) and operating since September 2007, is now reporting its first results. Since that date, 30 projects have been submitted to FICA for appraisal relative to direct investment in the production of works. Up to the present date, the Fund's Assembly of Participants has deliberated on the investment in 10 of those projects, in a total amount of € 4,122,600 M.

Created as an alternative to the Aid for Cinematographic Creation provided by the Institute of Cinema and Audiovisuals (ICA) and with the object of



# 4. MANAGEMENT COMPANY

- ➔ ESAF - Espírito Santo Activos Financeiros, SGPS, SA is the Grupo Banco Espírito Santo's Asset Management Company
- ➔ Grupo Banco Espírito Santo is the third largest financial institution in Portugal and the most internationalised. It has a record of more than 100 years of history and an unique implantation in Portuguese society
- ➔ With more € 20 billion under management and operations in Portugal, Spain, Luxemburg, Brazil and Angola, ESAF is one of the largest Portuguese institutional investors, active in:
  - Mutual Funds
  - Real Estate Funds
  - Pension Funds
  - Discretionary Management

# 4. MANAGEMENT COMPANY



## **ESPIRITO SANTO** **Activos Financeiros**

**ESAF - ESPIRITO SANTO ACTIVOS FINANCEIROS, SGPS, SA**

**Av. Álvares Cabral, nº 41 - 1250-015**

**Tel. +351 21 381 08 00**

**[www.esaf.pt](http://www.esaf.pt)**