

# The right relationship for your business

At Bank Leumi, our hands-on approach and bespoke deals set us apart from the competition



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## How is Leumi positioned to support the broadcasting sector?

Leumi covers the broadcasting sector extensively. We work with independent production companies on a project basis, including mini majors and broadcasters as well in different capacities, including Genius Brands in Los Angeles and Europa Corp. The bank has had a presence in media and entertainment for nearly 20 years. Our dedicated team in London and Los Angeles has ample experience in media and entertainment. Internationally, our clients have operations in Europe, Australia, New Zealand, South Africa, the U.S. and Canada and Latin America.

Whilst we certainly benefit from the fact that The Leumi group is the second largest banking group in Israel, what really sets us apart from our competitors is our hands-on approach to meeting the financial requirements of our clients. We are not based in call centres – we have relationship managers who deal with clients from start to finish.

We pride ourselves on the fact that we do not operate by formula. Each deal is unique. Our approach to clients and deals is not a box-ticking or one-size-fits-all exercise. Our diverse portfolio exists because we look at each deal on its own merit and as a bespoke service, with a robust banking group behind it.

## What developments are you excited about?

In the past 18 months, we have seen a huge increase in the volume of production in the UK and Europe. Given that we co-finance projects and finance companies themselves, the increasing production volume is bringing us a much greater volume of TV projects.

The second generation of producers, post-consolidation, is now up and coming, certainly in the UK, which suggests that in the near future, there will be more opportunities at the corporate level.

## What are the key factors in driving this growth?

Tax breaks are certainly helping TV budgets, and we are very open to structures that combine, offered in various jurisdictions, a tax credit with the more traditional forms of financing TV. Our experience in financing independent feature films, where you tend to have a more complex financing structure, has allowed us to develop substantial expertise in adapting to these tax breaks. The TV credits either come out of existing film credits or are born concurrently, which shows that these two worlds are becoming a lot more similar.

## Our dedicated team in London and Los Angeles has ample experience in media and entertainment

But what is actually creating this golden age is the simple need for content, driven by SvoD (Subscription Video on Demand). Amazon is planning to extend its reach to 200 territories to match Netflix's footprint. Whether or not it will be sustainable in the long run is open to question, but it will undoubtedly present a host of opportunities for producers.

Producers are extremely specific as to what they want a particular programme to cost as they have access to a great deal of data and are aware of how each programme or series of a particular size and length should be priced. The current rates are fairly generous.

## How is this changing the kinds of relationships you need to have?

While Leumi retains the focus on servicing clients and working together to achieve the best result for its clients, generally, these relationships among producers, SvoD platforms and financiers are becoming much more business-like. These SvoD productions are

driven in a much more structured way, which is a positive thing both for financiers and producers. Once it is determined that they are committed, it will be easier to determine the project that will be produced. These relationships are also very commercial, while being creatively supportive in nature as well.

## What impact do you see Brexit having?

Depending on the outcome of the negotiations, British TV product may not qualify as European. This will inevitably lead to depreciation in the prices paid by European broadcasters. European content will continue to be more valuable because it will fit into the current quotas.

This is definitely a concern but we can see how most UK producers are already working towards mitigating this risk. Our producers are considering all possibilities, from setting up offices in Europe to working with European producers on co-productions.

Producers shouldn't try to second guess any exchange rates. We encourage them not to become currency traders but to try to put in place simple hedging arrangements with their respective banks.

## What are the challenges?

The biggest challenges are being able to understand and, if possible, accept and adapt to the ever-changing nature of the entertainment sector. For any lender, the big question now is what will happen to a player like Netflix. For example, the stock is clearly doing very well and releasing even more liquidity than they had expected, but questions remain. Amazon, on the other hand, has deep pockets and ample cash flow. For both, the biggest challenge is to adapt to the changing trends of the TV industry while remaining realistic.

Of late, as acquisition prices and budgets have gone up, it has become more difficult to attract the right talent, particularly writers, as the pool in the UK and elsewhere is limited. Another challenge is that the more sought-after talent are very busy and more expensive, which leads to further inflation in the budgets. How far can it go?

We are happy to embrace the challenges. We remain confident and see growth in the TV sector.

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